

CyberAgent

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CyberAgent, Inc.
TSE4751

2020

Integrated Report

December, 2020



New Normal



In 2020, the spread of the COVID-19 has changed the way people live and work, creating what we now call the "new normal." While prioritizing the safety and security of business partners and employees, CyberAgent has been implementing a series of measures that harness one of our key strengths — adaptability to change. These measures have led to the creation of new business opportunities, including the launch of our digitalization support business as well as the full-scale launch of our online live business. The structure of our Board of Directors, which has continued to evolve with each stage of growth, will also transition to a new configuration that provides clear separation between supervision and implementation in order to further strengthen our governance. While adapting to the new normal at CyberAgent, we are dedicated to continuing to realize sustainable growth.





Yusuke Hidaka
Executive Vice President



Susumu Fujita
CEO, President



Yasuo Okamoto
Executive Vice President



Takahiro Yamauchi
Senior Managing Executive Officer



Masahide Koike
Senior Managing Executive Officer



Go Nakayama
Senior Managing Executive Officer



Yuko Ishida
Senior Managing Executive Officer



Yuta Iizuka
Senior Managing Executive Officer



Riku Yamada
Managing Executive Officer



Tetsuhito Soyama
Managing Executive Officer, CHO



Norishige Nagase
Managing Executive Officer, CTO



Takahito Naito
Managing Executive Officer



Koki Ukita
Managing Executive Officer



Hiroyuki Ishii
Senior Executive Officer



Eiji Koike
Senior Executive Officer



Masato Sato
Executive Officer



Yosuke Sato
Executive Officer



Takehiro Takeda
Executive Officer



Tatsuhiko Taniguchi
Executive Officer



Daiki Nakata
Executive Officer



Tomohisa Nomura
Executive Officer



Takunori Fujii
Executive Officer



Gaku Miyata
Executive Officer



Yuka Yokoyama
Executive Officer

To create the 21st century's leading company

CEO Message

In 2020, despite the impact of the COVID-19 pandemic on the advertising industry, CyberAgent achieved a new record sales. Our TV & video entertainment medium, ABEMA, which launched in April 2016, has also built up a viewership under its "Check ABEMA First" concept, achieving over 59 million downloads in just four and a half years of operation. Given the current circumstances, we have diversified our peripheral businesses, including online live entertainment delivery. And we strongly feel that ABEMA has excellent media potential.

Since our founding in 1998, we have followed our vision "to create the 21st century's leading company" by continuing to expand business in the rapidly evolving internet industry. Following in the footsteps of our internet advertising and game businesses, we will continue to develop media business centered on ABEMA as a pillar of our mid-to-long-term strategy. While at the same time, creating social value through supporting sports, fostering the next generation of engineers and other initiatives, and pursuing sustainable management sets us for new growth stages.

Thank you for your continued support of CyberAgent.

Susumu Fujita

Representative Director
CEO, President

CyberAgent, Inc.



01	The New Normal at CyberAgent	012
	Corporate Governance	016
	Sustainable Development Goals	024
02	CyberAgent's Value Creation Model	027
	Value Creation Strategy	032
	Media Business	035
	Internet Ad Business	051
	Game Business	059
03	Adaptability to Change for Realizing Sustainable Growth	067
	Risks & Opportunities	071
04	ESG Topics	090
	Environment	093
	Commitment to Society	096
	Governance	109
05	Facts	113
	Financial Information	115
	Company Overview	125

01

The New Normal at CyberAgent





Top Cyber Academy



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Corporate Governance

The New Normal at CyberAgent

Changes in Our Management Structure

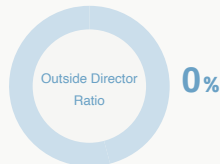
CyberAgent has been reinventing its management structure by utilizing a unique system that is tailored to the company's growth phases and business strategy. To further strengthen corporate governance, in December 2020 CyberAgent transitioned to a new executive officer structure with a clear separation between supervision and execution, and to further enhance supervisory functions, the structure ensures that half of the board members are from outside the company.

2008

Using a competitive environment to promote the execution of directors' duties and develop the management team

CA8

We introduced a system in which two of the eight directors are replaced every two years. While the system continued for 10 years, it ended in 2018 when the system reached its limits due to difficulty in replacing key positions.

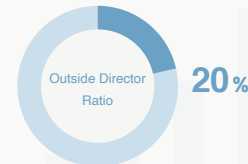


2018

Strengthening the management system in response to our diversifying business portfolio

Bulking up

In order to realize a more robust management structure in the medium to long term, the number of directors was temporarily increased to improve risk management amid diversifying business operations.

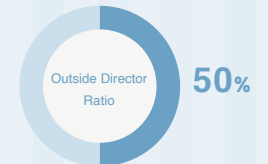


2021

Further strengthening and enhancing our management structure by making a clear separation between supervision and execution

New executive officer structure

A clear separation between supervision and execution was established to further strengthen corporate governance. In addition to transitioning to a new executive officer structure, the company also realized the structure in which half of the board members are from outside the company to further enhance the supervisory function of directors.



FY2000

FY2005

FY2008

FY2014

FY2018




FY2021

- The company launched "CA 18" an executive officer system that replaces three officers, once per year.
- Takeover defense measures have been eliminated.

Outline of the Corporate Governance Structure

Corporate governance structure	Company with Audit and Supervisory Committee
Directors who are not Audit and Supervisory Committee members (Outside directors)	5 (2)
Directors who are Audit and Supervisory Committee members (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 anti-takeover measures	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

Directors

	<p>Susumu Fujita Representative Director</p> <p>No. of Company's shares owned: 24,639,600 Board Meeting Attendance: 13/13 (100%)</p>	<p>Apr. 1997 Joined Intelligence, Ltd. (Present: PERSOL CAREER CO., LTD.) Mar. 1998 Established CyberAgent, Inc. and was appointed as President. <small>current position</small> Jun. 2012 Vice Representative Director, the Japan Association of New Economy (JANE) <small>current position</small> Apr. 2015 President, AbemaTV, Inc. <small>current position</small> Apr. 2015 President, AbemaNews, Inc. <small>current position</small> Oct. 2018 Director, Zelvia Co.,Ltd. <small>current position</small></p>	<p>Reason of appointment</p> <p>He has represented the company since its founding in 1998 and has many years of experience to ensure proper decision-making and management oversight of the company's broad range of businesses. Therefore, we appoint him for a director as he is a suitable candidate for the Group's further growth in the future.</p>
	<p>Yusuke Hidaka Director</p> <p>No. of Company's shares owned: 868,600 Board Meeting Attendance: 13/13 (100%)</p>	<p>Apr. 1997 Joined Intelligence, Ltd. (Present: PERSOL CAREER CO., LTD.) Mar. 1998 Established CyberAgent, Inc. and was appointed as Managing Director. Oct. 2010 Vice President, CyberAgent, Inc. May. 2011 Director, Cygames, Inc. <small>current position</small> Dec. 2020 Director & Executive Vice President, CyberAgent, Inc. <small>current position</small></p>	<p>Reason of appointment</p> <p>Since he founded the Company with Susumu Fujita, he has been engaged in launching various Internet businesses. Since he entered the game business in 2009, it grew rapidly along with the expansion of the smartphone game market and has become one of the Company's key businesses. Therefore, we appoint him for a director because of his contribution to the expansion and supervision of the business based on his extensive management experience.</p>
	<p>Go Nakayama Director</p> <p>No. of Company's shares owned: 373,076 Board Meeting Attendance: 13/13 (100%)</p>	<p>Apr. 1998 Joined Sumitomo Corporation. Aug. 1999 Joined CyberAgent, Inc. Dec. 2003 Director, CyberAgent, Inc. Apr. 2006 Managing Director, CyberAgent, Inc. Jul. 2015 Director, Makuake, Inc. <small>current position</small> Dec. 2020 Director & Senior Managing Executive Officer, CyberAgent, Inc. <small>current position</small></p>	<p>Reason of appointment</p> <p>He has broad experience in setting up subsidiary companies, business management, as well as head office operations since he joined the Company. Therefore, we appoint him for Director as he is conversant with a wide range of business fields and commits to improve corporate governance, compliance, risk management, and group management.</p>



Koichi Nakamura

Outside Director Independent

No. of Company's shares owned: 2,500
Board Meeting Attendance: 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 of appointment

Mr. Nakamura had contributed to business development for many years at Japan Recruit Center Co., Ltd. (currently Recruit Holdings Co., Ltd.) and served as a director and vice president. As an outside director of the Company, he provides practical and objective advice on all aspects of management and supervision of business execution with his wealth of experience and broad insights into business promotion and corporate management. Based on his track record, the Company believes that he can continue to provide appropriate advice on the decision-making process of the Board of Directors and that he will be able to adequately execute his duties as an independent director.

We have judged that he meets the Tokyo Stock Exchange's independence standards and that there is no risk of conflicts of interest with general shareholders. Therefore, we have appointed him as an independent director and outside director.



Kozo Takaoka

Outside Director Independent

No. of Company's shares owned: 0




- Apr. 1983 Joined Nestlé Japan Ltd.
- Nov. 2010 Representative Director, President & CEO, Nestlé Japan Ltd.
- Apr. 2015 Representative Director, K & Co. K.K. current position
- Aug. 2019 Representative Director, KT Digital K.K. current position
- Mar. 2020 Resigned: Representative Director, President & CEO, Nestlé Japan Ltd.
- Apr. 2020 Advisor, CyberAgent, Inc.
- Dec. 2020 Outside Director, CyberAgent, Inc. current position

Reason of appointment

Mr. Takaoka has a wealth of experience and a wide range of insights into corporate management and is a leading marketing expert in Japan, having driven management and contributed to the business's development as Representative Director and CEO of Nestlé Japan Ltd. for many years. We believe that his support for management from a highly independent and broad perspective, as well as advice on the execution of marketing operations will enhance the corporate value of the Group.

We have judged that he meets the Tokyo Stock Exchange's independence standards and that there is no risk of conflicts of interest with general shareholders. Therefore, we have appointed him as an independent director and outside director.

Directors who are the Audit and Supervisory Committee members *

	<p>Toko Shiotsuki</p> <p>Director (Full-time member of the Audit and Supervisory Committee)</p> <p>Female</p> <p>No. of Company's shares owned: 9,600 Board Meeting Attendance: 13/13 (100%)</p>	<p>Reason of appointment</p> <p>Ms. Shiotsuki is a certified junior accountant and holds a J.D. degree (professional) from the University of Tokyo. She largely contributes to appropriate decision-making and management supervision of the Board of Directors. She also brings diversity to the Board of Directors and provides practical advice from various perspectives, playing a leading part in improving auditing practices and strengthening corporate governance. Therefore, we appoint her as she oversees the Company's management based on extensive insights and broad experience in accounting, auditing, and legal affairs for operating companies.</p>
	<p>Masao Horiuchi</p> <p>Director (Member of the Audit and Supervisory Committee)</p> <p>Independent</p> <p>No. of Company's shares owned: 44,600 Board Meeting Attendance: 13/13 (100%)</p>	<p>Reason of appointment</p> <p>Since Mr. Horiuchi 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 UNEXT Co., Ltd. (currently USEN-NEXT HOLDINGS Co., Ltd.) He is a certified tax accountant and has specialized knowledge in finance, accounting and tax.</p>
	<p>Isao Numata</p> <p>Director (Member of the Audit and Supervisory Committee)</p> <p>Independent</p> <p>No. of Company's shares owned: 64,732 Board Meeting Attendance: 13/13 (100%)</p>	<p>Reason of appointment</p> <p>Mr. Numata has a wealth of experience and extensive knowledge of corporate management, the stock market, and overseas markets, having run a consulting firm for many years that helps companies go public and expand overseas. Since assuming office as an outside director of the Company, he has engaged in wide-ranging discussions from diversified viewpoints using his experience and insights and provided advice based on his extensive information network, contributing to the strengthening of the Company's audit system and corporate governance. Based on this track record, the Company believes that he will continue to be able to provide appropriate advice from an independent standpoint when making decisions at the Board of Directors and that he is well qualified to serve as an independent director.</p>

* As of the end of September 2020

• Independent director: They meet the Tokyo Stock Exchange's independence standards

• There is no risk of conflicts of interest with each director and the Company.

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. The amount of remuneration for the directors who are members of the Audit and Supervisory Committee is determined through discussions among the directors who are members of the Audit and Supervisory Committee.

Establishment of Nomination and Remuneration Advisory Committee

The Company established a Nomination and Remuneration Advisory Committee as the Board of Directors' optional advisory committee on October 30, 2019. 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 in million yen
Director who is NOT the Audit and Supervisory Committee members	12	564
(Outside director)	(1)	(16)
Director who is the Audit and Supervisory Committee members	3	19
(Outside director)	(2)	(8)
Total	15	583
(Outside director)	(3)	(24)

* The amount of remuneration for Directors includes the amount of expenses (94 million yen) during this fiscal year related to the stock acquisition rights granted as stock options.

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 Annual 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.

For the 23rd Annual General Meeting of Shareholders to be held on December 11, 2020, we have asked our shareholders to refrain from coming to the meeting in order to prevent the spread of the COVID-19 and to give top priority to the safety and security of our shareholders.

Due to the circumstances, we will not be holding a company information briefing after the shareholders' meeting as we have done in the past. The meeting will be streamed live on the internet, and videos of the business report and the resolutions of the General Meeting of Shareholders will be available on our corporate website.

Sustainable Development Goals

The New Normal at CyberAgent

SDGs

Our commitment to the Sustainable Development Goals (SDGs)

CyberAgent supports the Sustainable Development Goals (SDGs) set by the United Nations and aims to contribute the 17 goals through our various services, content, and partnerships. understanding the company.

8 Decent work and economic growth



In the growing industry of the internet, we continue to grow by creating businesses and structures throughout the Group that enable our talented people to the best of their abilities.

- Culture at CyberAgent
- CyberAgent by the Numbers
- Creating job opportunities in rural areas
- Promotion for employment of disabled people

4 Quality education



CA Tech Kids, Inc. is promoting programming education for elementary school students.

- "Tech Kids School," programming education service for elementary students Online coding course for kids "QUREO"
- Popularizing and promoting programming education at public schools with local government
- Contributing to local communities by supporting programming education

9 Industry, innovation, and infrastructure



We actively invest in research and development of the latest technology and new businesses to contribute to the development of new industries.

- "ABEMA" as an information infrastructure at the time of emergency
- Pre-marketing platform "Makuake" for new products and services
- Promote industrial transformation using AI with digital marketing at its core
- A R&D organization that contributes to business and corporate innovation through the utilization of large scale data
- Development base for the latest fundamental game technologies
- Promoting the growth of the esports industry

5 Gender equality



In order to create an environment in which excellent employees, regardless of gender, are highly motivated and can continue to work for a long time, we have a number of measures in place, including support for changes in life stages.

- Ethical Business Guideline
- Measures to support women "macalon"
- Active women at CyberAgent by the numbers

3 Good health and well-being



We are committed to supporting the healthy lives of our employees and many others.

- Industry-academia collaboration with Juntendo University | "CARTE" an app to support self-control of the autonomic nervous system
- Individual counseling for employees, regardless of gender, for medical advice, including fertility

12 Responsible consumption and production



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.

- Reducing environmental impact

16 Peace justice and strong institutions



We are committed to sustainable management with increased transparency and soundness.

- Ethical Business Guideline
- Measures to strengthen corporate governance

17 Partnerships for the goals

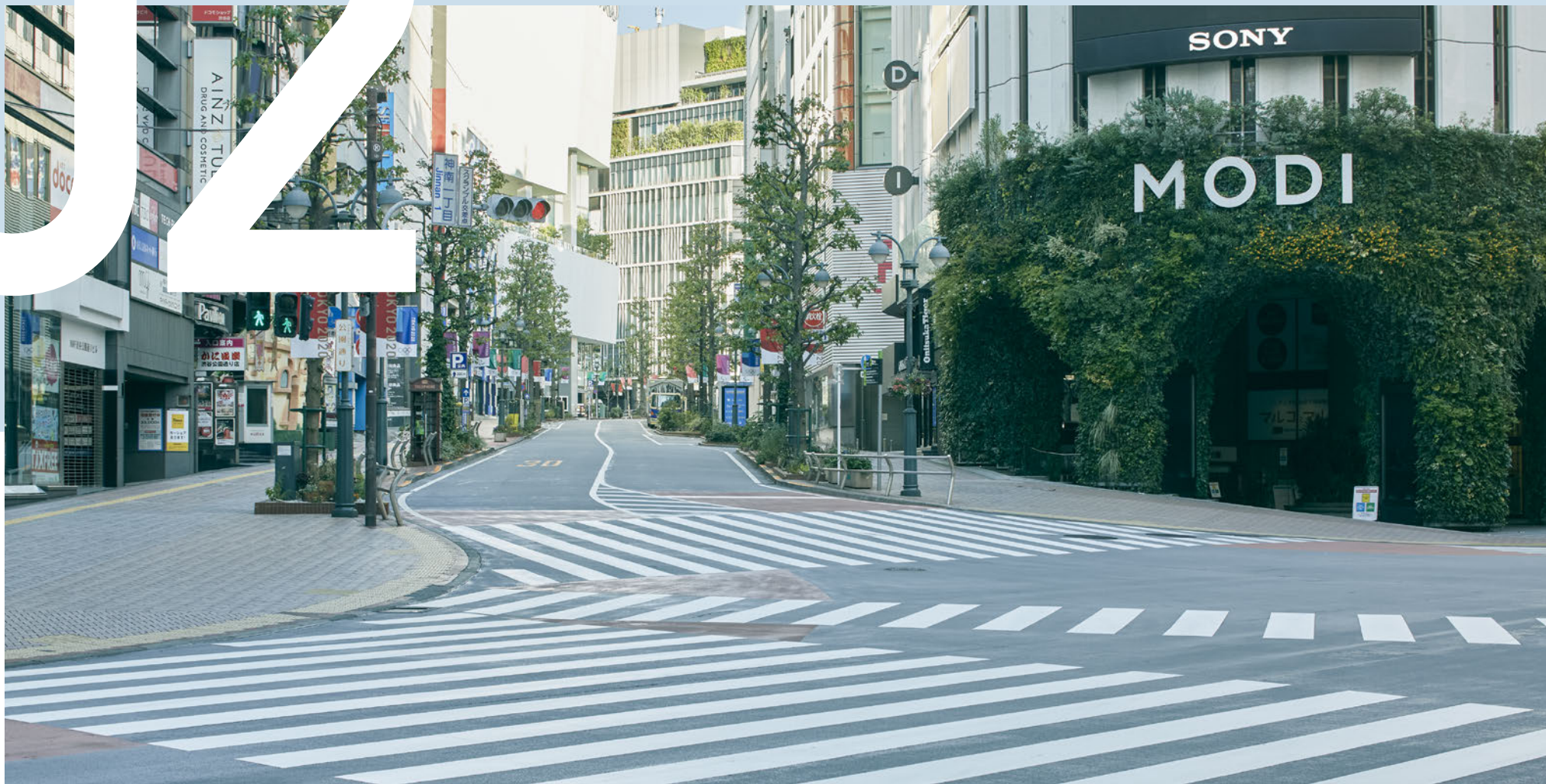


We contribute to a better society through a variety of partnerships.

- The Japan Association of New Economy,
- Five companies including CyberAgent, and the Shibuya City Board of Education have agreed to enrich programming education in the city's public elementary and junior high schools.
- FC Machida Zelvia concludes an agreement with the Machida City Department of Community Welfare to promote efforts for the development of community welfare

02

CyberAgent's Value Creation Model





reaction Mood



Value C

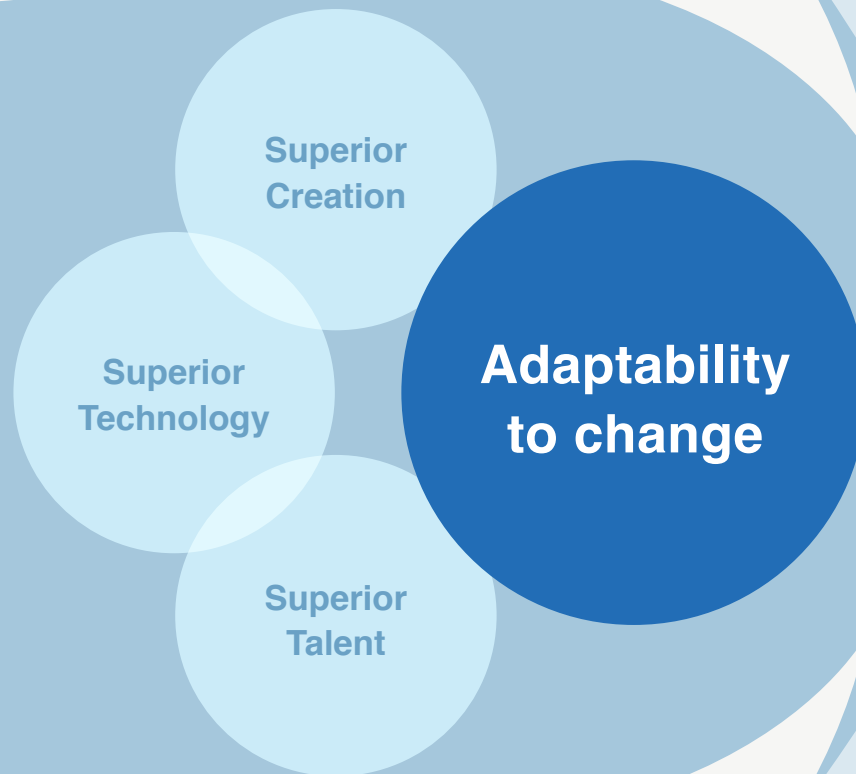
CyberAgent's Value Creation Model

Value Creation Model for Realizing Sustainable Growth

Risks

CyberAgent's Value Creation Model

Focusing on the internet, a high-growth industry, CyberAgent pursues sustainable growth by taking advantage of its adaptability to change.



Sustainable
business
growth

Contribution to
local
communities

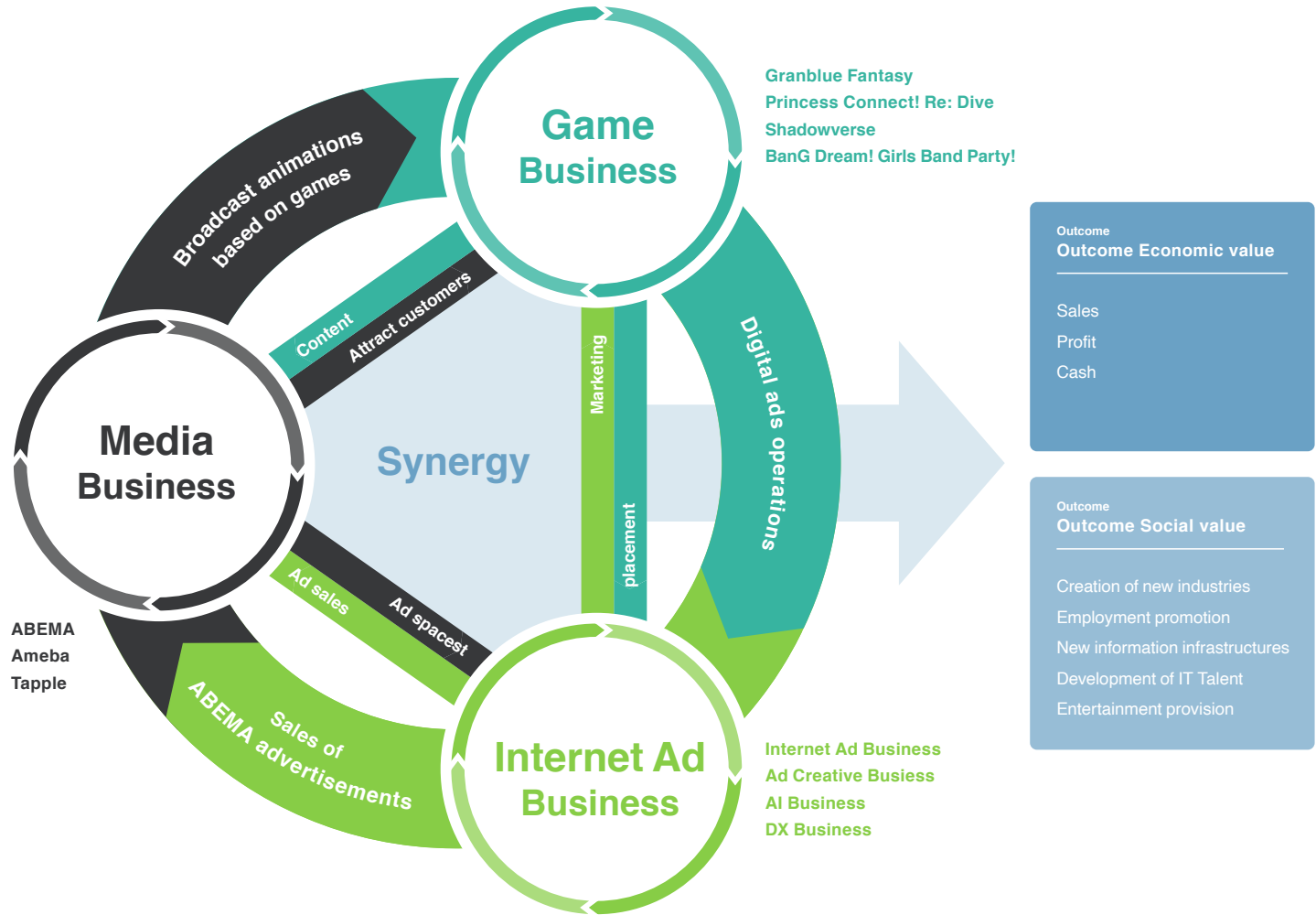
External Environment

Value Creation Strategy

Value Creation Model for Realizing Sustainable Growth

CyberAgent Business Model

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

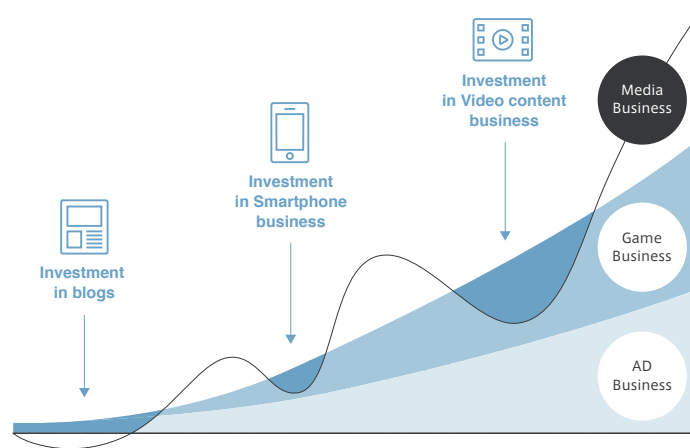


CyberAgent's Growth Strategy

We have launched new businesses in step with the evolution of the internet industry, and strengthened upfront investment while existing businesses were still strong. By maturing new businesses into future pillars of our business strategy, we have been able to achieve sustainable growth.

Mid- to Long-Term Operating Profit Overview

We have made three major investments in the past. Currently, we are building up profits in our internet advertising and game businesses while making upfront investments to make our media business, "ABEMA," a pillar of our mid- to long-term strategy.



Past Performance

With the spreading popularity of smartphones, we intensified our second upfront investment period from 2011 to 2014. We have shifted from PC and mobile phone-related services to smartphone business, which now accounts for some 90% of our consolidated sales.

2020 Top Publishers by Revenue



(Left) Source : "Top Publishers of 2020: Japan Rankings Edition," appannie.com
 Total revenue on App Store and Google Play in Japan in 2019
 (Right) Source : "Announcement of World's Top Publishers for 2020," appannie.com
 Total revenue on the App Store and Google Play in 2019

Media Business

TV & Video Entertainment "ABEMA" launched in April 2016, attracting many viewers and achieving 59 million downloads* in four and a half years. We also offer a wide variety of entertainment services that include the country's largest blog service "Ameba Blog" as well as dating app "Tapple."

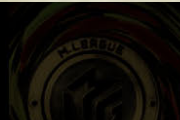
*The number of downloads: As of October 2020.



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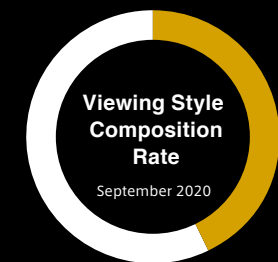
ABEMA®

TV & VIDEO ENTERTAINMENT



01

A Hybrid Service of TV and Video



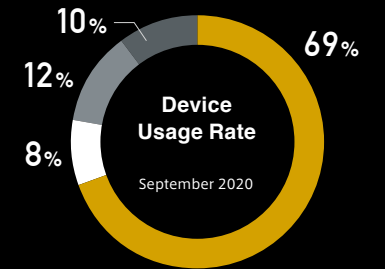
Linear On-demand

57% 43%

On-demand viewing: Viewing times for "ABEMA Video", including free and paid viewing

02

Available on Smartphones, PC, Tablets, and TV.



- Smartphones
- Tablets
- PC
- TV

03

Around 24 channels in 24-hour Format



Enhanced video (on-demand) exclusive content for premium members regardless of the programming offered on TV (linear).

Number of broadcast programs*1

TV (Linear)

About **700** series / month

About **5,500** episodes/month

(Originals*2 About 600 episodes)



Video (On-demand)

About **1,100** series

About **26,000** episodes

(Originals*2 About 8,000 episodes)



*1 Number of broadcast programs: As of March 2020

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

Exclusive Content on ABEMA Premium



ABEMA Exclusive:
LDH Festival Live Streaming
(selected live concerts)

Available since
Monday, September 28



Co-production with
Toei Video

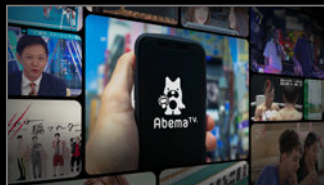
To stream on Friday, January 1 onward

©AbemaTV, Inc

Video

"5 ways to use ABEMA" - IR channel [↗](#)

This one-and-a-half minute video shows how ABEMA is used in Japan on a daily basis and its useful functions. Feel the charm and ease of use of "ABEMA", even if you live abroad.



Focusing on original content aiming to build brand awareness of ABEMA as "ABEMA is fun."



High quality shows of ABEMA have been recognized. Two original shows were awarded at the 36th ATP Award TV Grand Prix.



* ATP Award TV Grand Prix: Japan's only television awards in which the year's most outstanding programs are chosen by a jury of production company producers and directors who are actual creators.

04

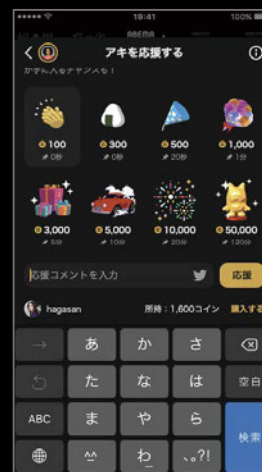
Interactive Features of ABEMA

ABEMA offers a rich set of functions unique to internet media, including the ability to comment on programs in real time and support programs with ABEMA Coins. As for ABEMA PPV ONLINE LIVE, in addition to the actual live video, it also includes a multi-angle function that allows viewers to select their preferred angle of view from multiple cameras at the live venue, providing added value that is only available online.

Comment function



Support function



Multi-angle function

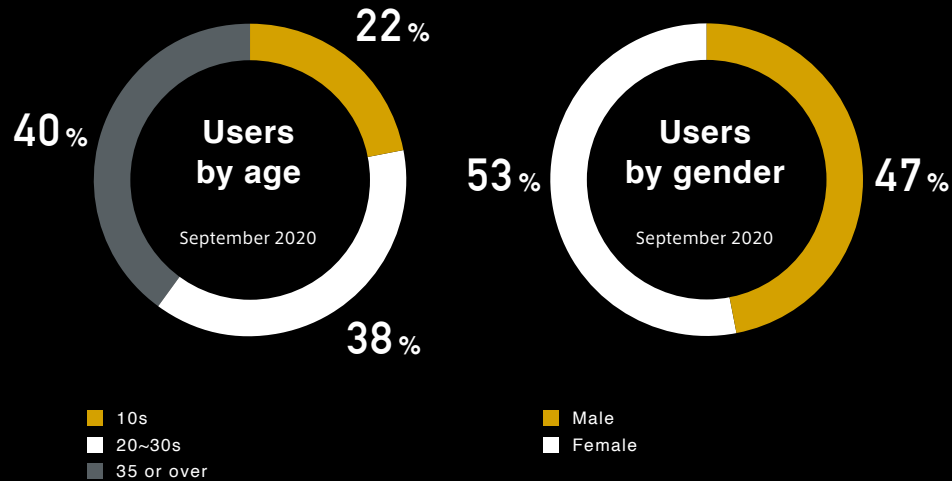


* Multi-angle function is available for iOS app, Android app, Fire TV, Android TV, and PC only.

05

The Key Demographic Is Young People.

Demographics



One in three Japanese middle and high school girls watch the dating reality shows of ABEMA.

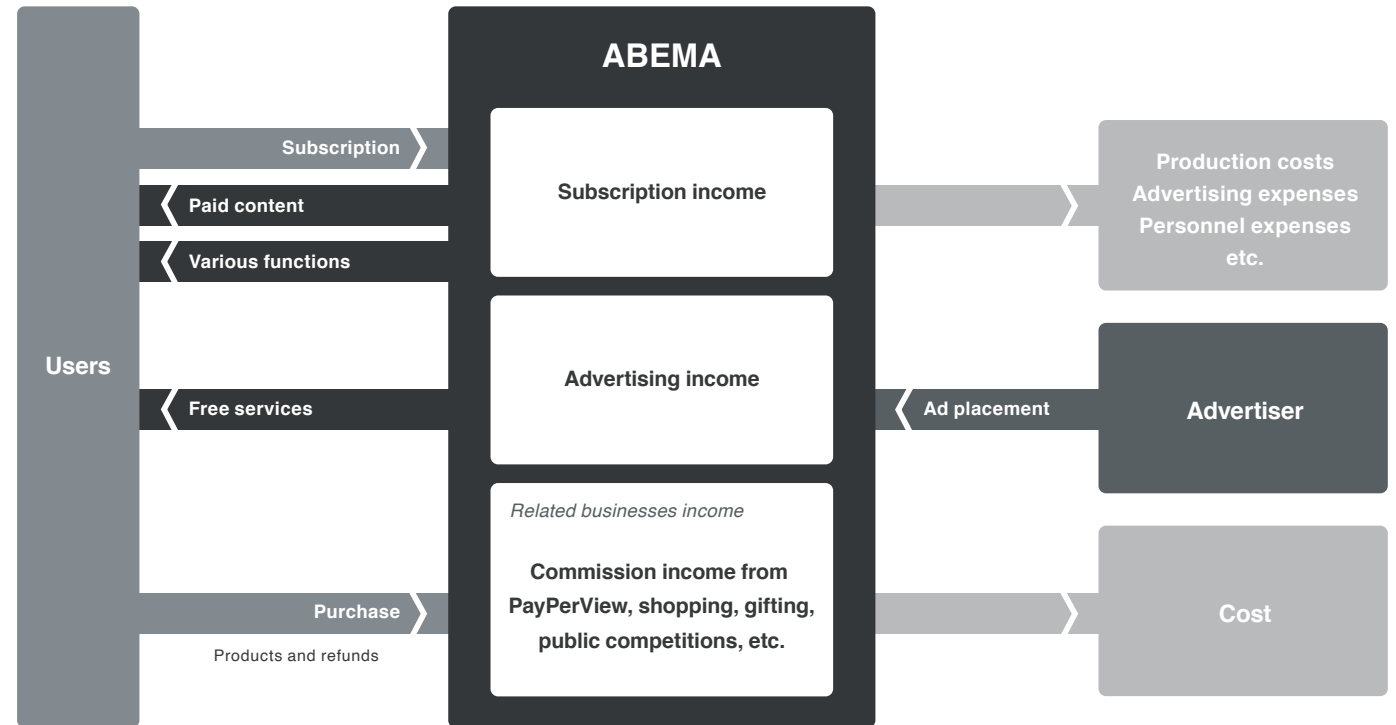


ABEMA

Business Model

[Media Business]

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.



- **Business Model**

- Growth Strategy

- Competitive Advantages

- Performance

Growth Strategy

[Media Business]

ABEMA as a Pillar of Business and a Medium with Social Influence

With 22 years of experience in providing internet services, we believe it is possible to monetize media with customer pulling power, and we have been using Weekly Active Users (WAU) as the key performance indicator (KPI) for ABEMA since its launch four and a half years ago.

With news on the COVID-19 pandemic and other disasters of recent years, ABEMA has achieved success in its full-coverage live broadcasts of press conferences, and has built up a viewership base that thinks to "check ABEMA first" whenever something happens. We are dedicated to continuing developing ABEMA as a pillar of our business and medium with social influence.

Program Lineup for Emergencies

Breaking News

Prime Minister's press conferences are broadcast live without interruption

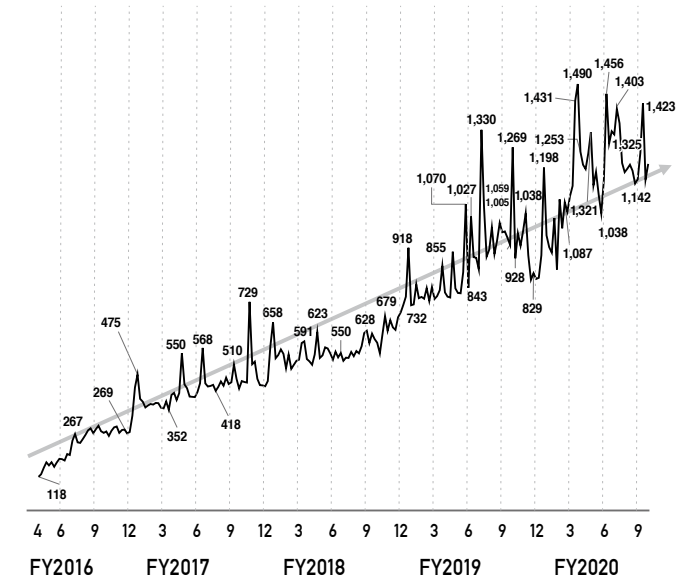


Permanent Emergency Channel

Provision of info on COVID-19



Changes in WAU*



*WAU : Weekly Active Users

Business Model

● Growth Strategy

Competitive Advantages

Performance

Growth Strategy

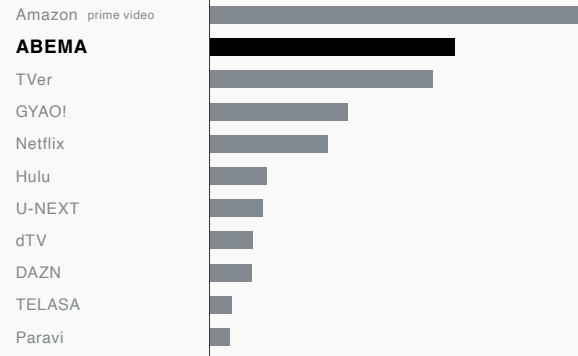
[Media Business]

Realizing Japan's Top MAU* with Many Users in the Younger Demographic

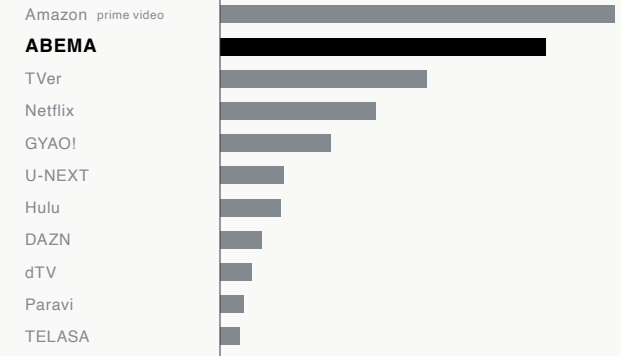
ABEMA is a hybrid service that offers both linear (TV) and on-demand viewing. It is currently the second largest video streaming service in Japan after Amazon Prime Video, due to the fact that it offers around 20 channels, 24-hours-a-day for free* and requires no membership registration. It also offers a wide range of content that targets the younger demographic who tend to view content via smartphones, and boasts the

largest number of users in their teens and 20s in Japan. By evolving its services to be unlike any others in the world, ABEMA will continue to differentiate itself from the competition and create new industries and markets.

MAU of Video Streaming Services*



MAU in teenagers to 20s*



Business Model

● Growth Strategy

Competitive Advantages

Performance

* MAU of Video Streaming Services: Based on App Ape, an app analysis tool provided by Fuller, Inc. (as of March 2020)

Competitive Advantages

[Media Business]

Business Model

Growth Strategy

Competitive Advantages

Performance

Services that Continue Evolving through Cutting-edge Technology

Responding to the push for no-spectator, no-audience events in today's post-COVID reality, in June 2020, "ABEMA" TV & Video Entertainment launched a Pay per View feature that allows users to watch events, live shows, sports and more. This new feature, which was developed entirely in-house, was swiftly implemented while working remotely after the government state-of-emergency declaration.

By taking advantage of the cutting-edge virtual filming system owned by our advertising business, we have also been able to provide a much more immersive viewing experience. We will continue to evolve our services consistent with the latest trends and user preferences by leveraging our many cutting-edge technologies.

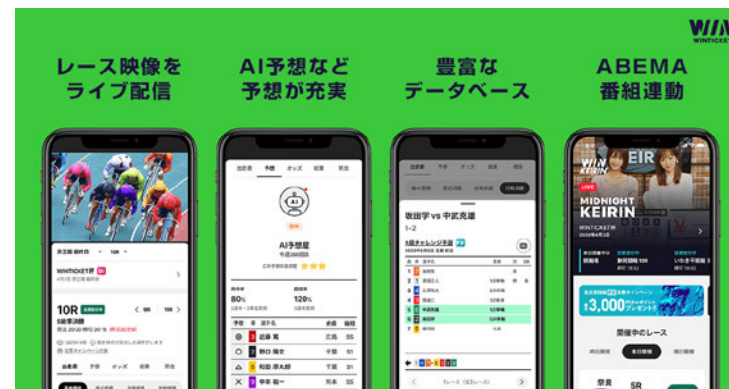


Competitive Advantages

[Media Business]

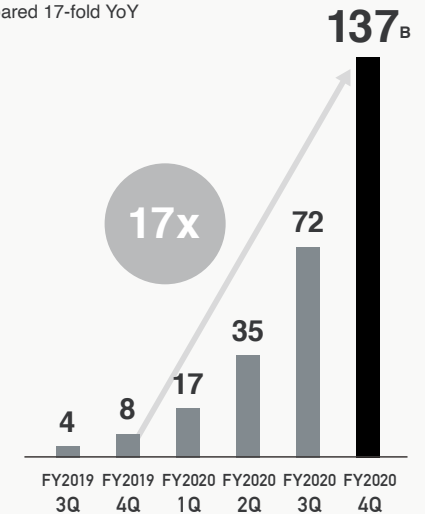
In April 2019 we launched "WINTICKET," a feature that allows users to place bets while watching races on ABEMA. We have been offering the service for cycle racing ("Keirin"), which is approved under government-controlled gambling, and also began offering the same services for auto racing (motorcycle racing) from May 2020, which has been expanding rapidly as a benefit of more people being stuck at home during the COVID-19 pandemic.

The cycle race betting market is said to be worth 660.5 billion yen*, and while it has exhibited slight growth, betting over the internet has increased by over half to 362.6 billion yen in 2019, achieving a 1.7-fold increase in five years. Despite being a latecomer to the market, market share has expanded due to collaboration with ABEMA*.



Changes in WINTICKET Quarterly Transaction Volume*

WINTICKET transaction volume has soared 17-fold YoY



Business Model

Growth Strategy

Competitive Advantages

Performance

*1 Cycle race betting market: From "Recent Developments in Cycle and Auto Racing," Manufacturing Industries Bureau, METI

*2 Quarterly transaction volume: Transaction volume of WinTicket (including points awarded) for its online betting service

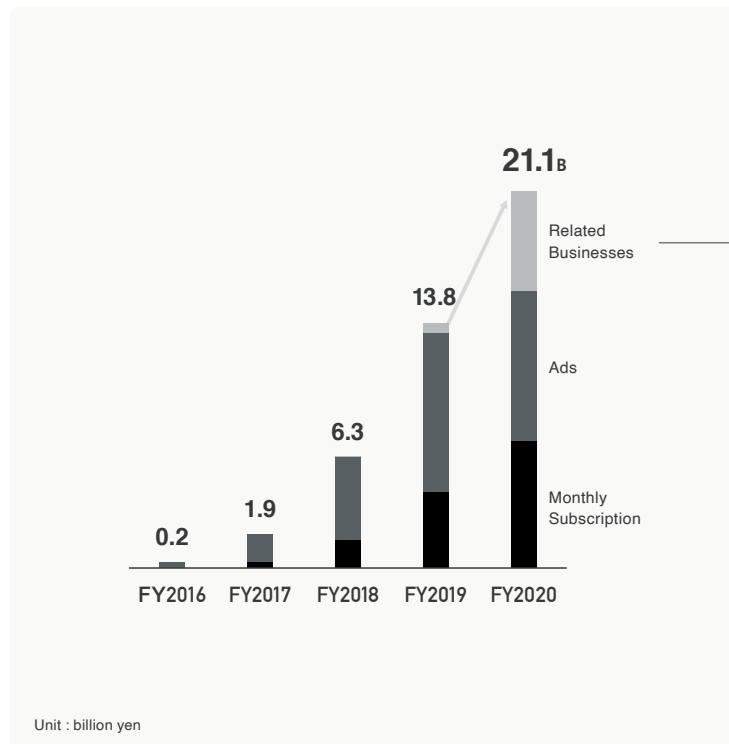
Performance

[Media Business]

Business Model
Growth Strategy
Competitive Advantages
● Performance

Sales of ABEMA & Related Businesses* (Full-year)

Increased by approx. 1.5x YoY driven by the growth of related businesses.

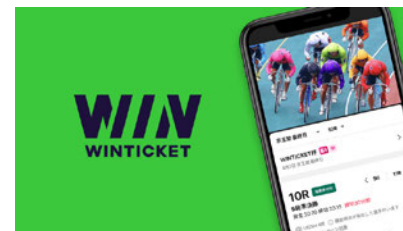


* Sales of ABEMA & Related Businesses: Advertising sales include consolidated subsidiary AJA, Inc since FY2019.

Related Businesses



“ABEMA PPV ONLINE LIVE”



Bet on Cycling Online “WINTICKET”



Official Shopping Channel of ABEMA

©AbemaTV, Inc.

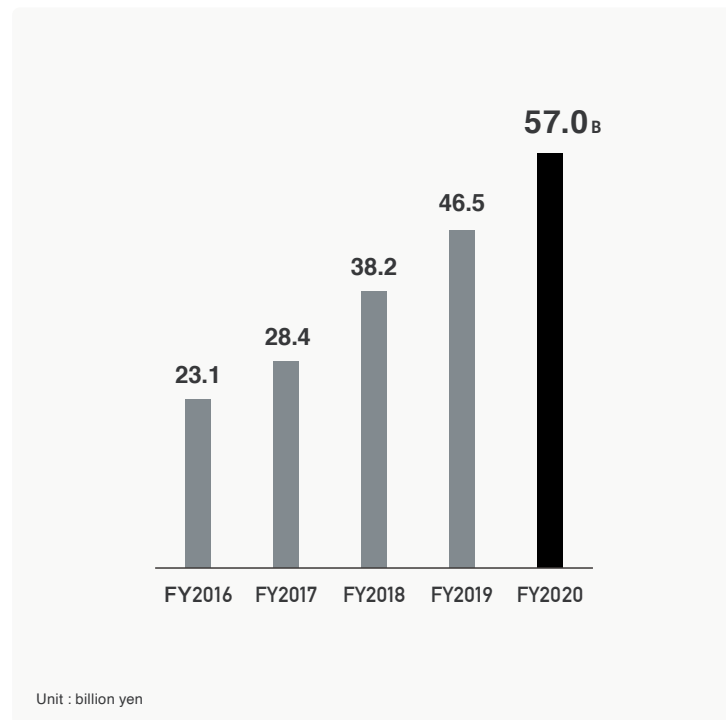
Performance

[Media Business]

Business Model
Growth Strategy
Competitive Advantages
● Performance

Full Year Sales

Sales were driven by ABEMA.(up 22.6% YoY)

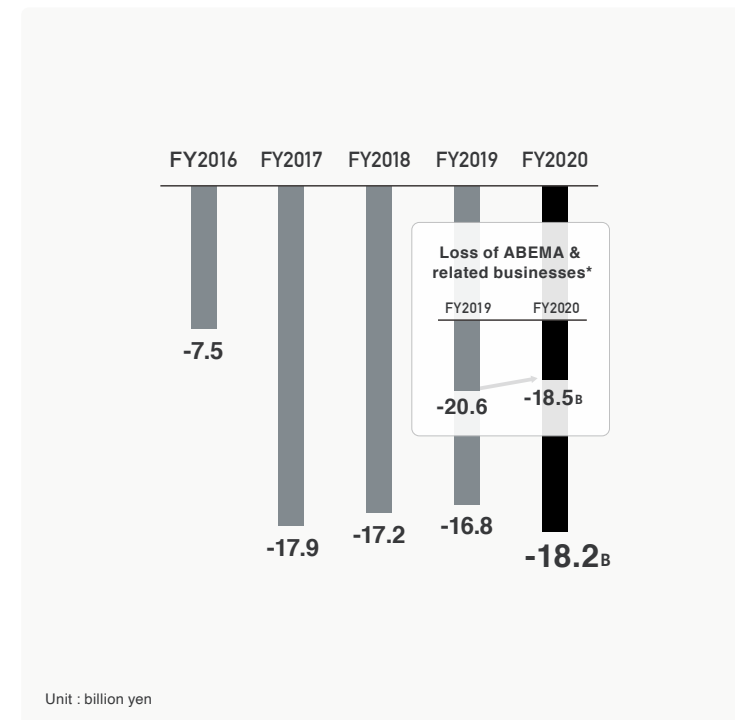


*1 Loss of ABEMA and related businesses: Sum of AbemaTV, Inc., Winticket, Inc., OEN, Inc., AJA, Inc., and Kaeru AbemaTV, Inc.

*2 Segment reclassification in FY2020: Some EC businesses that were included in Internet Advertisement Business has merged and reflected from FY2016.

Full Year OP

Loss of ABEMA and related businesses reduced.



*1 Loss of ABEMA and related businesses: Sum of AbemaTV, Inc., Winticket, Inc., OEN, Inc., AJA, Inc., and Kaeru AbemaTV, Inc.

*2 Segment reclassification in FY2020: Some EC businesses that were included in Internet Advertisement Business has merged and reflected from FY2016.

Internet Ad Business

Since its launch in 1998, CyberAgent has been expanding its internet ad business, and already boasts the top market share in Japan due to its strengths in maximizing advertising effectiveness. We currently provide comprehensive solutions that go well beyond simply selling ads to include creative production that takes advantage of cutting-edge technologies such as 3DCG and AI-driven technologies, and also leverage our recent new ventures into DX business.

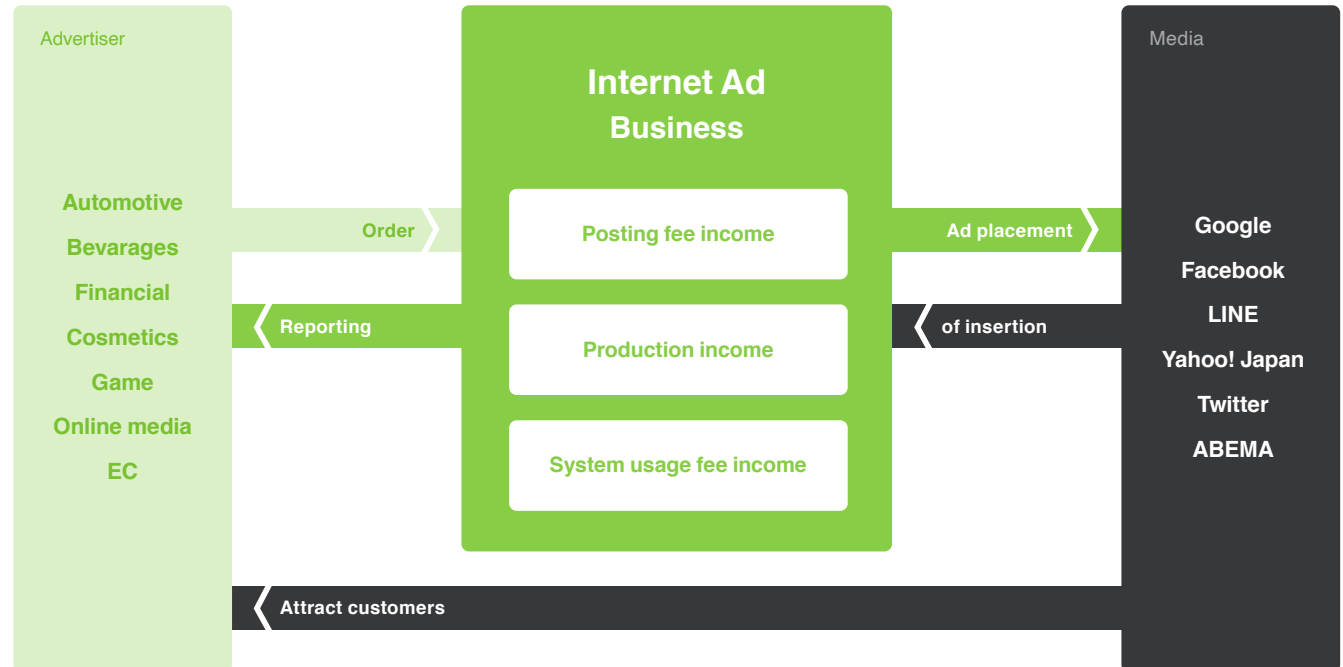




Business Model

[Internet Ad Business]

Through our internet advertising business, we sell advertising space such as Google, Facebook, Yahoo! Japan and LINE to advertisers. We are expanding business by leveraging our strengths in maximizing advertising effectiveness in internet advertising, which is said to comprise over 80% of programmatic advertising.



Business Model

Growth Strategy

Competitive Advantages

Performance

Growth Strategy

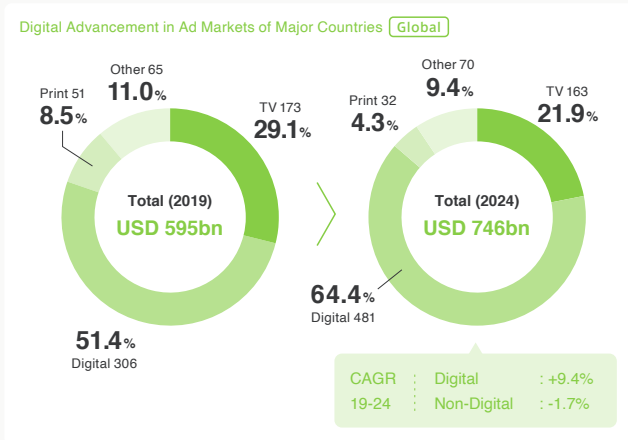
[Internet Ad Business]

Aiming to Expand Market Share in Growth Industries

The percentage of digital advertising among ad spending in Japan is still low at 30% versus 51.4% globally in 2019, indicating high potential for growth in terms of clients in Japan shifting to digital advertising.

Global Advertising Industry Trends*1

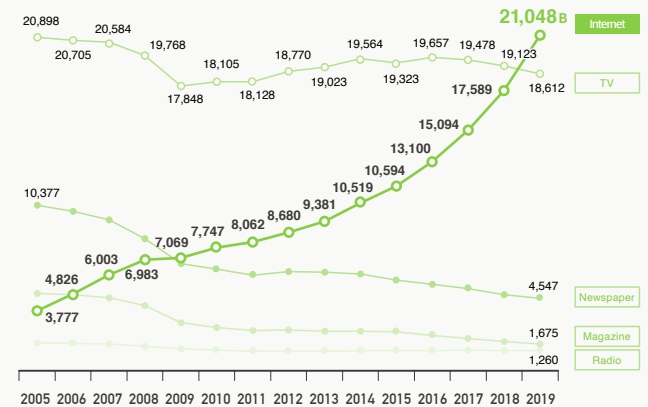
By 2024, around 65% of global advertising and over 70% of US advertising is expected to be digital.



*1 Magna Global, Advertising Expenditure Forecasts, December, 2019

Ad Spending by Media in Japan*2

Internet Ad Spending to Surpass TV Ad Spending, Reaching 2 Trillion Yen



Unit : billion yen

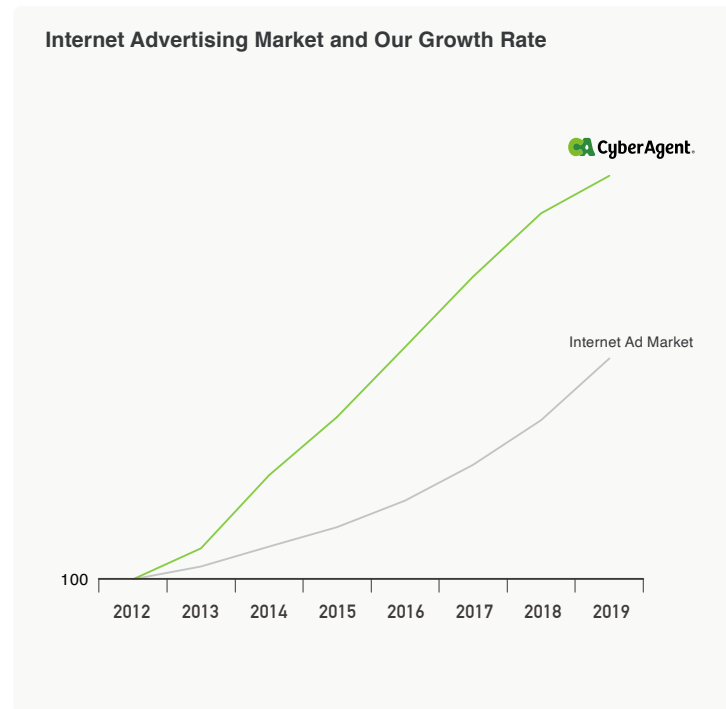
Source : Magna Global, Advertising Expenditure Forecasts, December 2019

Growth Strategy

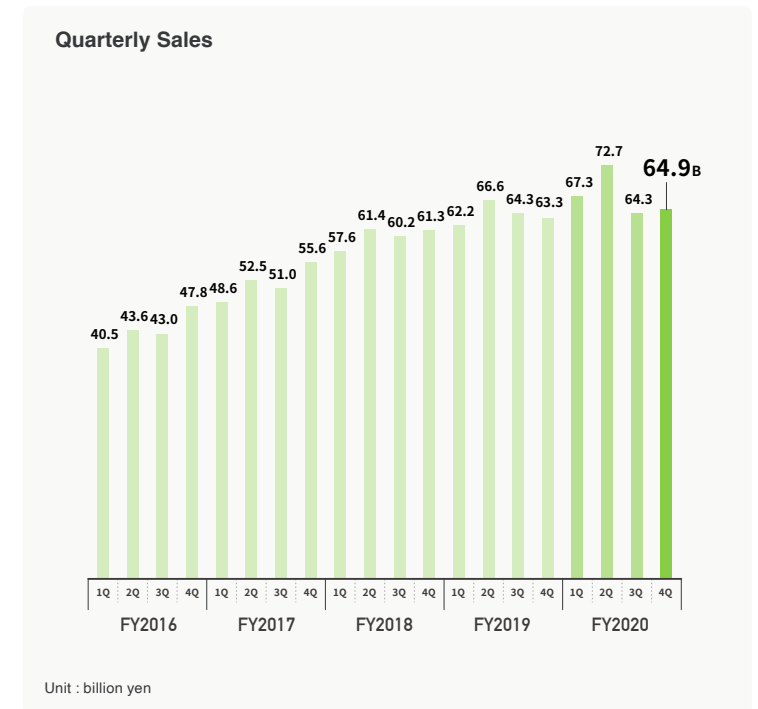
[Internet Ad Business]

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

The demand for advertising was affected by COVID-19 around March 2020. However, there has been a turnaround in year-over-year revenue growth in July quarter.



* Growth transition: Growth rate based on setting 2012 as "100"
 * Internet Ad Market: "Advertising Expenditures in Japan 2019"



* FY2020 Segment reclassification: Some EC businesses that were included in Internet Advertisement Business have transferred to Media business and the change is applied from FY2016 retrospectively.

- Business Model
- Growth Strategy
- Competitive Advantages
- Performance

Competitive Advantages

[Internet Ad Business]

Business Model

Growth Strategy

Competitive Advantages

Performance

Operational Volume + Technical Capabilities=Maximized Advertising Effectiveness

ROI (return on investment) is an important indicator in internet advertising, where the effectiveness of advertising can be quantified. High-level operational capabilities are required to maximize advertising effectiveness, and having the advanced technical capabilities to achieve this gives us a competitive advantage. We established an AI lab in 2016, which utilizes AI technology in the creative production of ads and ad text to achieve highly effective advertising. Since we hold the number one market share in Japan, we also have the largest database in advertising, and thus ads that AI is able to derive from this database are highly effective.

CyberAgent IR Channel

AI for Effective Advertising - AI research and business implementation capability of CyberAgent

Learn about CyberAgent's efforts to streamline the ad production process with AI. This five-minute video summarizes high advertising effectiveness of Kiwami Prediction AI, which predicts advertising results before distribution, and Kiwami Prediction TD, which automatically generates ad copy.



Using AI to create highly-effective ad creative work

Pretest *1 : 2.6 times more effective advertising



*1 "Kiwami Prediction AI" pretest: Compares win-rates between the "most effective ads among existing creative words currently deployed," the "normal production process," and "Kiwami Prediction AI-driven production process."

Using AI to automatically generate ad text that matches searches

Pretest *2 : 2.3 times more effective advertising



*2 "Kiwami Prediction TD" pretest: Compares quality score (QS) improvement rates between "search keyword quality scores" when new ad text is deployed, the "normal production process," and "Kiwami Prediction TD-driven production process."

Competitive Advantages

[Internet Ad Business]

To enable the creation of a wide variety of advertising creative works even during the COVID-19 pandemic, we have built a new virtual photography studio equipped with Japan's very first LED wall. We are also using 3DCG and other technologies that achieve a synergistic effect within the group, such as providing ABEMA Arena, a virtual venue that offers an immersive viewing experience for ABEMA's online live business.

Creative Production Using 3DCG and Other Cutting-edge Technologies

"LED STUDIO™" virtual photography studio



"ABEMA Arena" virtual live performance venue



©AbemaTV, Inc.

Business Model

Growth Strategy

Competitive Advantages

Performance

* Japan's first permanent installation of a large LED wall with LED lighting installed in the CyberAgent's Kamuro-zaka Studio (as of October 2020)
LED STUDIO™ Promo Video [🔗](#)

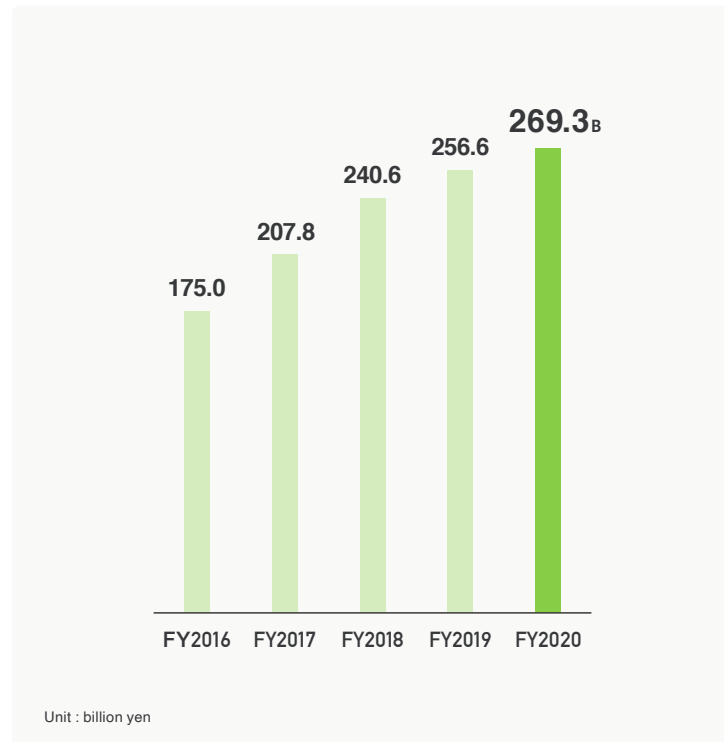
Performance

[Internet Ad Business]

Business Model
Growth Strategy
Competitive Advantages
Performance

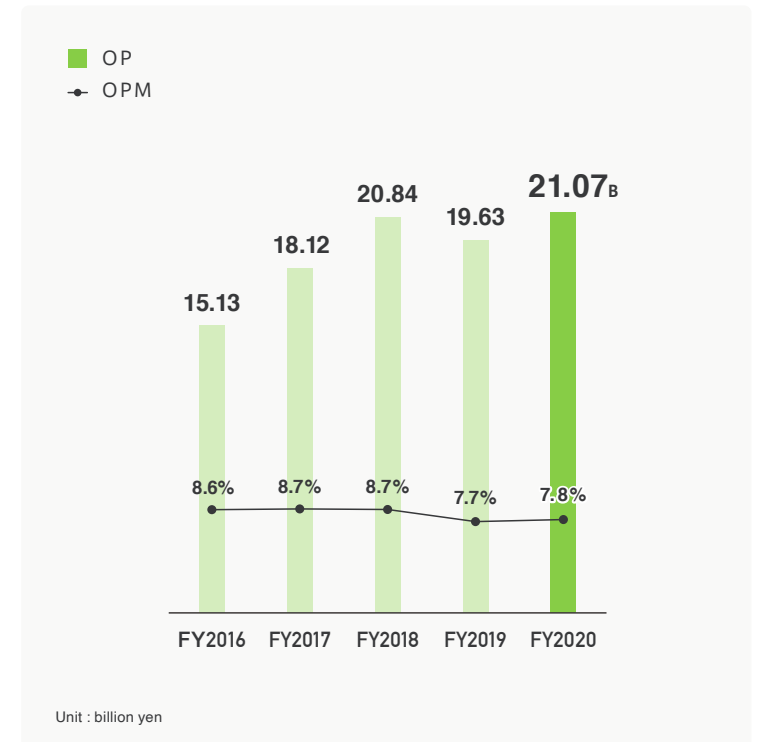
Full Year Sales

Increased 5.0% YoY despite declining ad demand due to COVID-19.



Full Year OP

A 7.3% increase YoY
OPM 7.8%



* FY2020 Segment reclassification: Some EC businesses that were included in Internet Advertisement Business have transferred to Media business and the change is applied from FY2016 retrospectively.

Game Business

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 13 subsidiaries, the largest of which is Cygames.

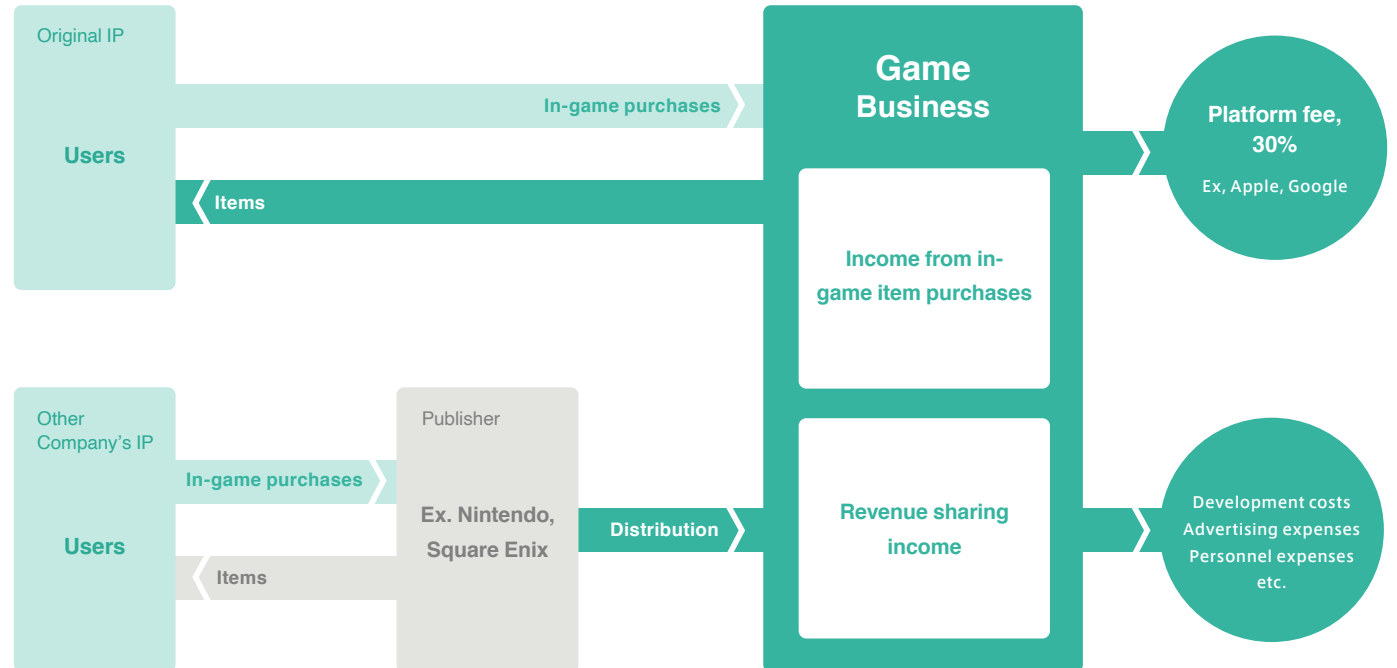




Business Model

[Game Business]

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.



Business Model

Growth Strategy

Competitive Advantages

Performance

Growth Strategy

[Game Business]

Business Model

Growth Strategy

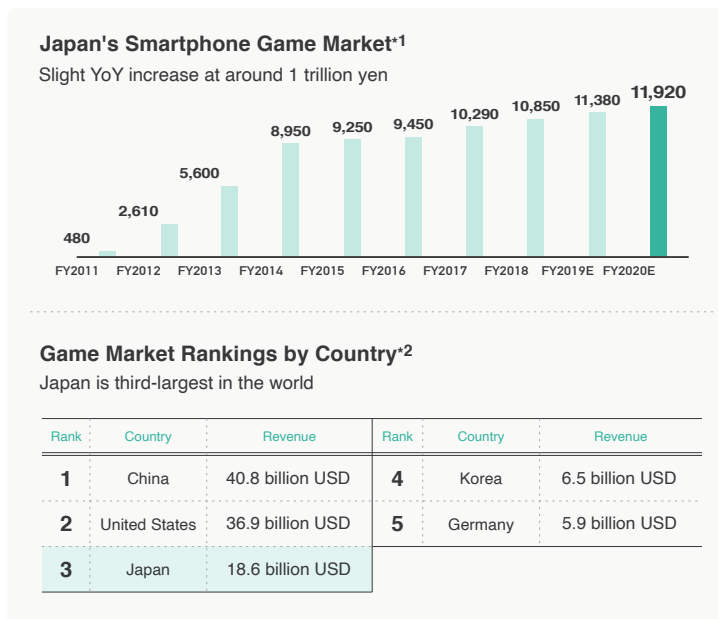
Competitive Advantages

Performance

Aiming for Profits as an Industry Survivor by Producing Continuous Hit Titles

Market Trends

Although it has been leveling off due in part to reaching market saturation, Japan's smartphone game market is still the third largest in the world in terms of size.



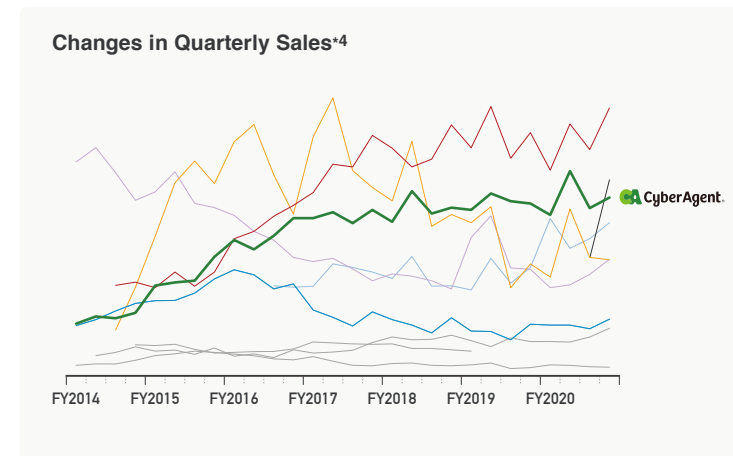
*1 Japan's smartphone game market: "2019–2020 Smartphone Game Market Trends and Company Analysis," Yano Research Institute Co.

*2 Game Market Rankings by Country : "2020 Global Games Market Report," Newzoo

Comparison against Competitors

As the market has matured and demand is focused on high-quality smartphone games, there are only a limited number of companies capable of producing continuous hits due to the need to have advanced technology as well as the financial strength to cover surging development costs.

Our game business is highly competitive, ranking among the top 3*3 in the smartphone game market as a result of delivering high-quality original games and forming collaborations with companies that hold superior IPs.



*3 Based on a competitor comparison that disclosed smartphone game sales

*4 Comparison against competitors: Internet game sales figures from the financial results briefing materials of various companies

Competitive Advantages

[Game Business]

Operational Volume + Production Capabilities=Multiple Popular Titles

CyberAgent has eight major titles in addition to providing several long-lived titles that include Granblue Fantasy, which was released in 2014 and reached its sixth year in the market. We have 13 subsidiaries engaged in developing games for smartphones. We have also been boosting our operational advantages by sharing technical know-how, implementing collaborations through horizontal deployment of technology, and fostering

competitive spirit through an environment of friendly competition, which has led to the realization of games with extremely long service lives. We have also been working to expand our fan base by leveraging group synergies, for instance, by broadcasting animations of popular original IPs on ABEMA.

Anime Broadcast on ABEMA



TV anime "Shadowverse"^{*1}

Cygames, Inc. original IP



Anime "Princess Connect! Re:Dive"^{*2}

Cygames, Inc. original IP

Business Model

Growth Strategy

Competitive Advantages

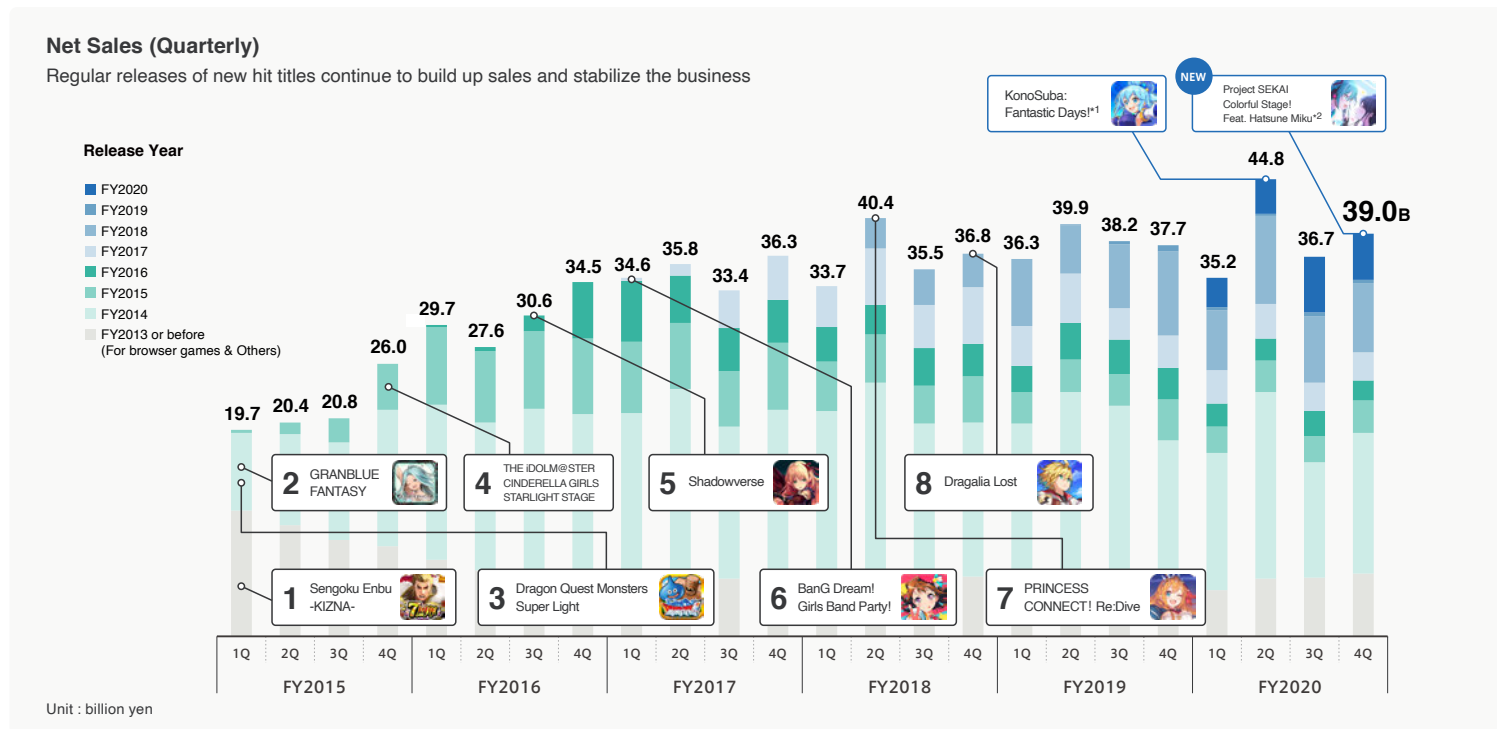
Performance

^{*1} Anime series "Shadowverse" : © Anime series "Shadowverse" Production Committee and TV Tokyo. Being aired on ABEMA, TV Tokyo Network of 6 channels.

^{*2} Anime Series "PRINCESS CONNECT! Re:Dive" : © Anime Series "PRINCESS CONNECT! Re:Dive" production committee, broadcast on ABEMA, Amazon Prime Video, TOKYO MX, BS11, WOWOW, etc.

Competitive Advantages

[Game Business]



* Balloon : Selected major titles only

2.5.7 : ©Cygames, Inc.

3 : © 2014-2019 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX All Rights Reserved. Developed by Cygames, Inc. Publisher: SQUARE ENIX

4 : ©BANDAI NAMCO Entertainment Inc. It was jointly developed and is operating by ©BANDAI NAMCO Entertainment Inc. and Cygames, Inc.

6 : ©BanG Dream! Project ©Craft Egg Inc. ©bushiroad All Rights Reserved.

8 : ©Nintendo / Cygames Publisher: Nintendo

*1 KonoSuba: God's Blessing on this Wonderful World! Fantastic Days : ©2019 Akatsuki Natsume, Mishima Kurone / KADOKAWA/ KonoSuba Movie Production Committee ©Sumzap, Inc.

*2 "Project SEKAI Colorful Stage! Feat. Hatsune Miku" :

© SEGA / © Craft Egg Inc. Developed by Colorful Palette / © Crypton Future Media, INC. www.piapro.net **piapro** All rights reserved. Production: SEGA CORPORATION / Craft Egg, Inc. Development: SEGA CORPORATION / Colorful Palette, Inc.

Business Model

Growth Strategy

Competitive Advantages

Performance

Competitive Advantages

[Game Business]

Cygames, Inc., a part of our game business, has delivered several hit titles including Granblue Fantasy. In addition to smartphone games, Cygames also released "GRANBLUE FANTASY Versus" for the PlayStation®4 in February 2020. With future plans to release the action RPG "GRANBLUE FANTASY Relink" for the PlayStation®4, Cygames commands the technical superiority that allows it to successfully develop console games with outstanding game design and one-of-a-kind 3D graphics, giving it a



Granblue Fantasy Versus*1

Battle action RPG/PS4 console
Provided by Cygames

strong competitive advantage.

Another subsidiary, Applibot, Inc., has also been intensifying collaboration with other companies with powerful IPs including the development of the smartphone game "NieR Re[in]carnation," an IP held by Square Enix Co., Ltd.



RPG "NieR Re[in]carnation"*2

Smartphone games: North American and European versions of the game are scheduled for release
Pre-registration began on September 24, 2020.
Planning and Production: Square Enix Co., Ltd.; Development: Applibot, Inc.

Business Model
Growth Strategy
Competitive Advantages
Performance

*1 Granblue Fantasy Versus: ©Cygames, Inc. Developed by ARC SYSTEM WORKS

*2 「NieR Re[in]carnation」 : © 2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by Applibot, Inc.

Performance

[Game Business]

Business Model
Growth Strategy
Competitive Advantages
Performance

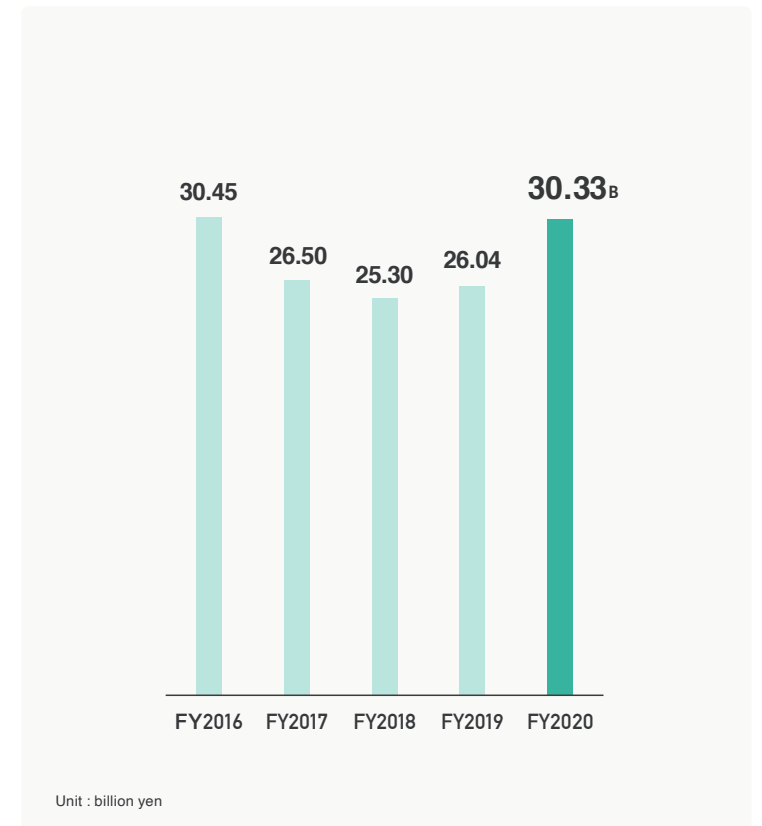
Full Year Sales

Increased 2.4% YoY, driven by new successful titles



Full Year OP

A 16.5% increase YoY



03

Adaptability to Change for Realizing Sustainable Growth





How to Change



Adaptability



Risks & Opportunities

Adaptability to Change for Realizing Sustainable Growth

Risks & Opportunities

CyberAgent has established a wide range of systems for continuing to create new opportunities in the ever-changing internet domain. Through the operation of these systems, we manage a variety of risks, including the inability to respond or slow response to change, in order to ensure sustainable growth.

Risk item	Content	Response approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
Risks to sustainable growth of the company	<p>Social Change</p> <ul style="list-style-type: none"> · Risks related to future uncertainties, including changes in social conditions, economic conditions /economic downturn, and major changes in accounting standards or taxation systems 	<p>In order to maintain growth in the fast-changing internet industry, it is important for us to respond quickly to changes in the environment and consumer preferences, and continue developing new businesses. Amid major trends, CyberAgent's greatest risk management challenges are to rapidly "create new businesses in response to change" and "turn risk into opportunity." Even during the state-of-emergency declaration and voluntary stay-at-home order in April 2020, we made the decision to move our Ashita Kaigi (Meeting for Tomorrow) meeting online, which was held just nine business days later. This resulted in passing and quickly implementing a total of 16 resolutions.</p>	<ul style="list-style-type: none"> 01 Ashita Kaigi (Meeting for Tomorrow) 02 Financial Strategy Meeting 03 CAJJ program 04 Startup JJJ 05 Cycom 	<p>To generate new value through the creation of new businesses</p>
	<p>Technological Innovation</p> <ul style="list-style-type: none"> · Existing technologies and services becoming obsolete due to the emergence of new technologies · Loss of competitiveness due to the inability to predict or slow prediction of technological innovation 	<p>The wide range of CyberAgent services — including ABEMA video media, over 50 smartphone games, and advertising products and creative work that apply the latest technologies — are created by some 2,000 engineers and creators using an extensive range of technologies. While updating our services by validating and introducing the newest technologies, which continue to evolve each year in every area of technology, we continue to cross-departmentally share the vast range of knowledge and resources built up at CyberAgent to improve the technological capabilities that are necessary to compete as an internet company. At research institutes, we are working on development of the latest technologies and their practical applications, aiming to achieve a balance between finding solutions to business challenges and contributing to academia.</p>	<ul style="list-style-type: none"> 06 Technology Map 07 AI Lab 08 Akihabara Lab 	<p>To create new value, including new services that utilize the latest in technology</p>

Risk item	Content	Response approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Risks to sustainable growth of the company</p> <p>Securing Human Resources</p>	<ul style="list-style-type: none"> Intense hiring competition making it virtually impossible to recruit and retain enough talented people Lack of management succession 	<p>To secure highly-capable personnel, we have implemented a number of HR measures that emphasize 'hiring, training, active utilization, and putting the right person in the right place.' We continue to aggressively recruit employees through such measures as holding online internships, which are popular among students even during the COVID-19 pandemic. Through a variety of measures aimed at both HR development and organizational rejuvenation, we are creating an environment and culture where each and every employee is able to reach their full potential in terms of performance.</p>	<ul style="list-style-type: none"> 09 DRAFT 10 YMCA 11 CA BASE AWARD 12 CA BASE CAMP 13 JB Career Program 14 CAramel 	<p>To boost competitiveness and achieve sustained corporate growth by bolstering human resources</p>
<p>Natural Disasters, etc.</p>	<ul style="list-style-type: none"> Changes in the business environment due to climate change 	<p>To preserve the global environment and contribute to the realization of a sustainable society, CyberAgent strives for balance in reducing environmental impact from climate change while also maintaining the efficiency of business activities at the same time.</p> <p>If an earthquake, typhoon, or other natural disaster should occur, CyberAgent has systems in place to quickly and appropriately implement crisis management and recovery measures.</p>	<p>ESG Environment</p>	<p>To create sustainable societies</p>
<p>Information Security</p>	<ul style="list-style-type: none"> System outages due to malware infection or unauthorized access, data corruption, and information theft Loss, leakage, removal or misuse of personal, technical or other important information Financial damage or loss of technological competitiveness due to a third party exploiting leaked critical information Reputation damage, incurring of damage compensation, loss of public trust, loss of opportunities, etc. arising from the above 	<p>As an internet service provider entrusted with significant amounts of personal data, we are working to reduce information security risks and protect personal information through measures based on four key elements: organization, people, technology and office.</p>	<p>Information Security 🔗 Protect Personal Information 🔗</p>	<p>To gain public trust by providing safe, secure and reliable services</p>

Risk item	Content	Response approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
Risks to sustainable growth of the company	Working Environment · Outflow of talent due to lack of a healthy, hygienic work environment for employees	We value the health of employees and provide an environment in which they can work free from mental and physical stress.	15 Healthy Workstyle	To boost hiring competitiveness and ensure growth opportunities by providing a pleasant working environment
	Legal Regulations · Impact on business activities due to tightening of regulations and the establishment of new guidelines and self-regulatory rules in our business areas	Including the Japan Association of New Economy (JANE), we belong to industry groups connected to each of our business areas, and we strive to build relationships with relevant ministries and agencies while carrying out other activities such as information gathering and making policy recommendations.	Lobbying activities	To create business opportunities
	Compliance · Loss of trust or damage to corporate value as a result of staff violating laws or infringing on the intellectual property rights of a third party	Our Mission Statement, which serves as our code of conduct, clearly states our intention to be a "highly moral company that thoroughly complies with the law." Thus, we are continuously improving our environment to ensure that all employees have a strong sense of ethics and responsibility for their actions.	16 Risk GEPP0 Management Training	To eliminate non-compliance and foster public trust

Risk item	Content	Response approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
Risks to Business Growth	<p>Media Business</p> <ul style="list-style-type: none"> · Damage to our brand image, loss of public trust or confidence, and claims for damages compensation from users, including minors, who suffer damage while using our media services. 	<p>CyberAgent is committed to sound management of all media services that we operate in order to protect underage users as well as provide a safe and secure environment for all people who use our services.</p>	<p>Safe and Sound Media Service Operation ↗ Safe and Sound Dating App Service ↗</p>	<p>To foster social trust as a safe and secure service provider by developing procedures and systems that protect users</p>
	<p>Internet Advertising Business</p> <ul style="list-style-type: none"> · Improper billing of advertising expenses from ad fraud, loss of public trust or confidence in the Company's advertising business due to damage to advertisers' brand value, compensation claims due to damages, etc. 	<p>In our advertising business, CyberAgent has been focused on improving our advertising-related compliance structure. As a leading internet advertising company, our goals are to promote sound and transparent advertising transactions, and to be an advertising agency to which advertisers can place ads with full confidence.</p>	<p>17 Advertising Compliance</p>	<p>To foster public trust as a safe and secure service provider by establishing procedures and systems that protect advertisers</p>
	<p>Game Business</p> <ul style="list-style-type: none"> · Damage to our brand image, loss of public trust or confidence, and claims for damages compensation from users, including minors, who suffer damage while using our games 	<p>In all the games that 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. To ensure this, we deliver services in strict compliance with all relevant guidelines.</p>	<p>Safe and Sound Gaming Operations ↗</p>	<p>To foster social trust as a safe and secure service provider by developing procedures and systems that protect users</p>

Social Change

01 Ashita Kaigi (Meeting for Tomorrow)

"Ashita Kaigi" is a meeting (=kaigi) led by the management team, in which new business initiatives and solutions that could improve CyberAgent's future (=ashita) are proposed and decided upon. Twice a year, each executive officer selects four people from among our business leaders and specialists to assemble teams that compete by delivering proposals. From September 2019, the format was changed from a 'ranking' format where participants compete for total score, to a 'tournament' format. This brought the 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 288* billion yen and an operating income of around 40.5* billion yen, thereby greatly contributing to business expansion.

* As of September 30, 2020



Ashita Kaigi being held online

02 Financial Strategy Meeting

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 President Fujita, 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.



Financial Strategy Meeting poster

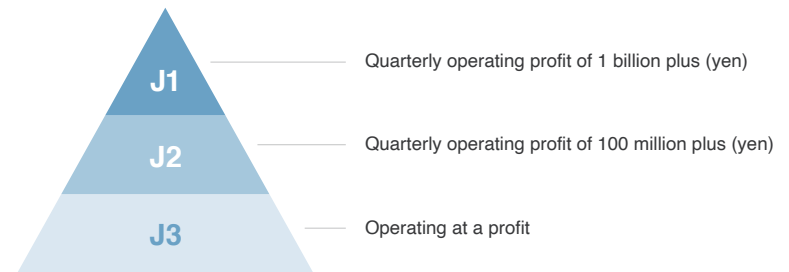
03 CAJJ program

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



Withdrawal criteria

Withdraw if income and profit decrease for two consecutive quarters

04 Startup JJJ

Startup JJJ is a training program whose name is derived from the Japanese words for new business ("Jigyō"), personnel ("Jinzaī"), and market value ("Jikasougaku"). Generally targeting start-up businesses within two years of being launched that are currently receiving upfront investment, their market value is evaluated 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.

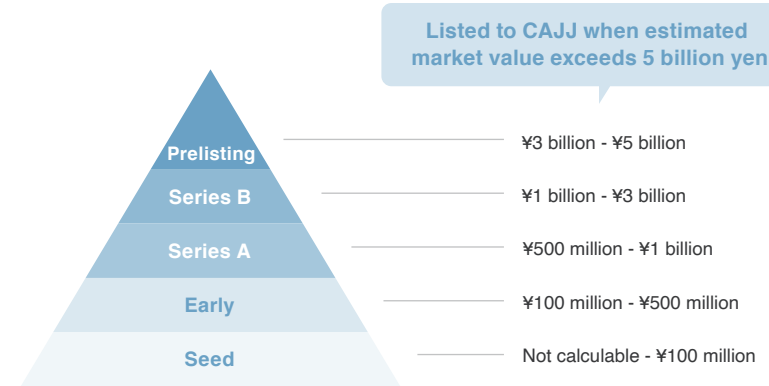
In Startup JJJ, businesses are ranked by market value and efforts are directed towards achieving growth. Under clearly established criteria for withdrawal, a business is discontinued if it exhibits no growth for six consecutive quarters or is unable to demonstrate any competitive advantage.



"Startup JJJ" Awards Ceremony

Evaluation Criteria for Business Value Improvement

Ranked by estimated market value



Withdrawal criteria

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

05 "Cycom," a New Business Creation Project

Cycom launched in October 2019 as a new project that allows regular and prospective employees to take on the challenge of proposing new business ideas. Proposers whose submissions have passed screening present their new business proposals to President Fujita, which is video streamed internally at the company. The process allows employees other than the proposer to, through feedback, also learn important aspects of the review process.

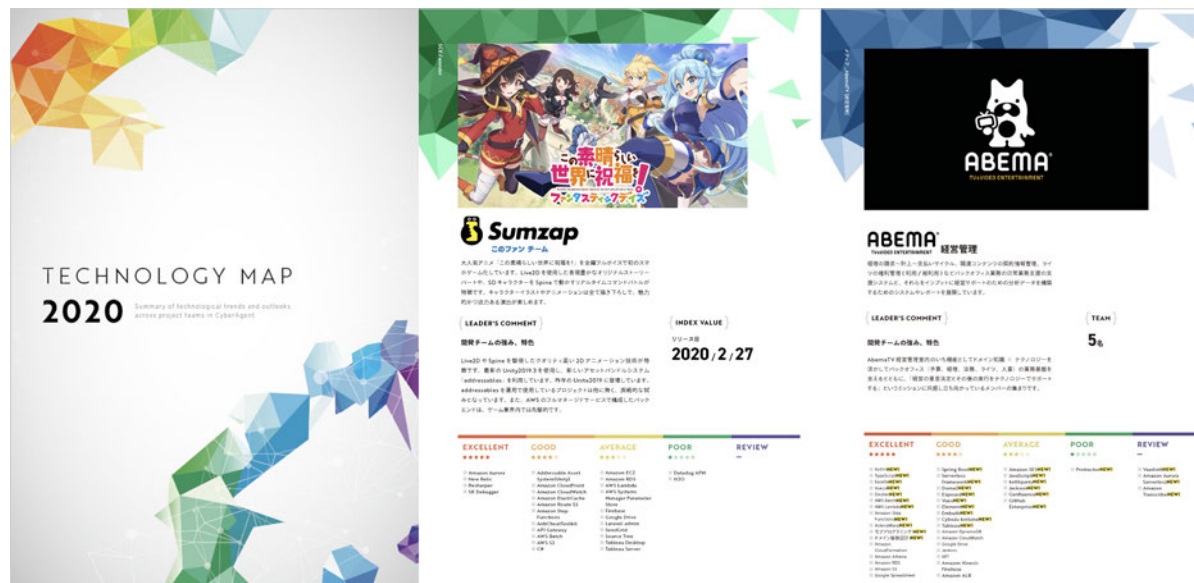


Technological innovation

06 Technology Map 2020

Technology Map is a visualization of technology use in each business area of the CyberAgent Group.

The map is designed for sharing technical know-how, including reviews and case studies based on their use in libraries and frameworks, and to establish cross-organizational technical links between businesses and subsidiaries.



07 AI Lab

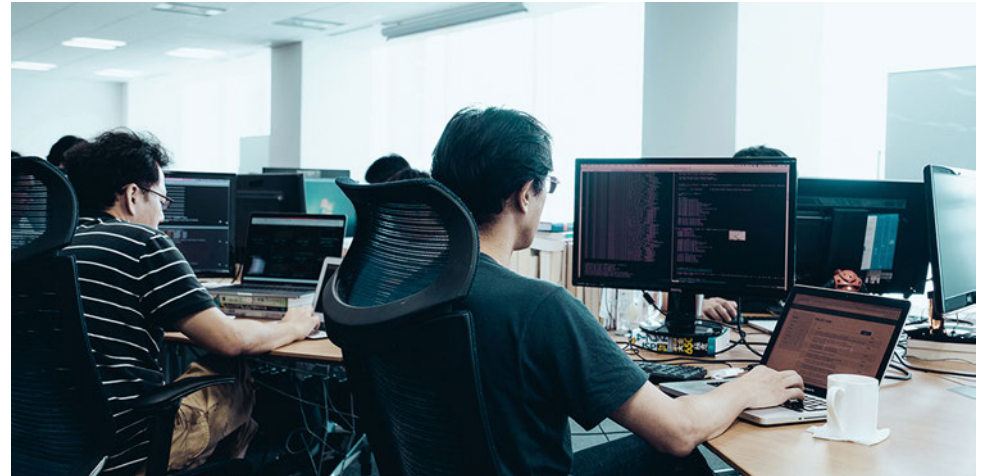
The AI Lab was established to conduct R&D on a wide range of AI technologies related to general digital marketing. The lab includes researchers who specialize in machine learning, econometrics, computer-vision, natural language processing, HAI/HRI etc., and who engage in research mainly in four areas: (1) ad creative work creation support and machine learning driven automatic content-generating technology, (2) applied research on customer service technologies using virtual interactive agents, (3) developing better and more efficient methods of decision-making through the application of economics, and (4) hyperparameter optimization to maximize the performance of machine learning models that support the advertising system.

The lab also collaborates in several fields with universities and research institutes (Osaka University, Yale University, Tokyo Institute of Technology, etc.) that hold advanced AI research technology and are actively involved in practical applications; it promotes R&D aimed at not only solving business problems but also contributing to academia; and it presents the results of research at forums such as international conferences on AI technology and the Japan Economic Association.

AI Lab

08 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. The lab provides a platform for the large-scale gathering and processing of data accumulated in media services operated by CyberAgent, and is engaged in building and providing systems that can be effectively used in services and improve user satisfaction, especially those that use machine learning, natural language processing technology, and data analysis.



Akihabara Lab

Securing Human Resources

09 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.



10 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 a 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.



第三期YM18メンバー選出!

YM18 次世代役員候補を輩出するために作られた育成プログラム。入社4年以内のメンバーで構成され、任期は1年間。



11 CA BASE AWARD

This award system recognizes engineers and creators who are playing active roles in the company. Because the jobs of engineers and creators are highly-segmented, it was decided to hold this event based on suggestions to create an opportunity to recognize engineers with a more detailed focus. The event is also primarily implemented by engineers in the field.

Due to the spread of COVID-19, it was decided to hold these awards as an online event rather than the original plan to hold an in-person event. However, to capture the same level of excitement for the online awards ceremony, it was live-streamed in a TV-show-inspired format.

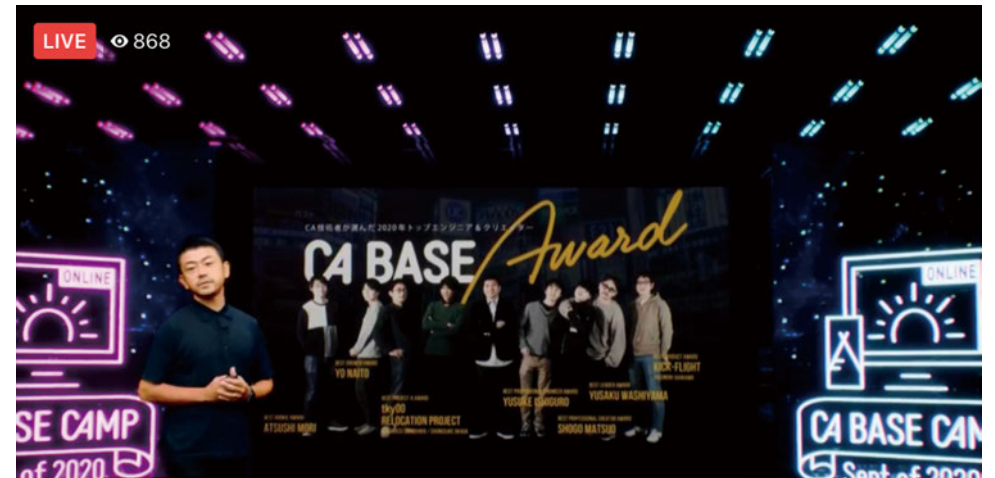


Commemorative photo of grand prize winners

12 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. In 2020, due to the impact of COVID-19, the event will be held in a remote-viewing format as "CA BASE CAMP 2020 ONLINE" rather than the usual in-person event.



The online presentation being held

13 'JB Career Program', a New Evaluation System for Engineers

With the recent increase in engineers' market value and growing importance of evaluating them, in April 2019, CyberAgent launched a company-wide standardized evaluation system for engineers. Through this program, which focuses on four key areas — 'grade unification', 'reward systemization', 'goal standardization', and 'more cogent evaluations' — we aim to accelerate the growth of engineers and help them unleash their performance as they advance in their careers.



エンジニア向け 新評価制度
JBキャリアプログラム

14 CAramel

CAramel is a 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. This year marks the third year of CAramel, and although workstyles have been significantly impacted by COVID-19, we continue to hold events online where people can get involved and connect on how to expand CAramel's theme of everyone "working according to their own style" and redefining workstyles to fit with the times.

To date, over 220 female employees have participated in these events. 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.



CAramel 3rd members

Work Environment

15 Healthy Workstyle

In June 2016, CyberAgent launched a Health Support Office and began a variety of measures aimed at promoting a healthy workstyle based on the company's policy to emphasize interactive dialog and respect the wishes of each employee. While promoting a healthy workstyle for each employee from multiple angles, the Human Resources and Compliance Office is engaged in ensuring compliance with HR-related laws and regulations, and utilizes career agents to support career planning and ensure the right person is assigned to the right job. We are committed to creating an environment that facilitates high performance while supporting both the physical and mental health of every employee.



Health Support Office Members

Measures to Support Good Physical and Mental Health

GEPPQ

This simple questionnaire, conducted once a month to group employees, asks them to rate their current performance, team conditions, etc. using weather terms such as "sunny," "cloudy" and "rainy."

Women's Health "macalon"

Our "macalon" system promotes the success of women working at CyberAgent. It includes eight benefits programs to encourage women to continue to work through personal life events.

Stocktaking Meetings

This special meeting is used to visualize the work content of all target teams to determine work that should be abandoned, discontinued, or modified. At the same time, it offers an opportunity to identify organizational issues, aiming to reduce stress on individuals and teams and boost performance by finding points needing improvement.

Monitoring of Working Hours

We monitor working hours each day. If monthly overtime hours exceed a predetermined limit, a consultation with an Occupational Health Physician is set up to discuss their physical and mental situation and provide medical support as needed.

Establishment of Remote Work Environment

We have established an environment where employees can continue to work from anywhere without stress and without compromising performance through several measures. These include managing security based on staff ID, providing a VPN connection, implementing measures to prevent delay, introducing a video conferencing system, and moving business folders to the cloud.

Office Environment

To maintain good health among employees working from the office, alcohol disinfectant spray and general medicine are available at each floor/office.

Annual Medical Checkups

All Group employees undergo a medical checkup once a year to detect illness early and assess their overall health condition. Depending on the results, an Occupational Health Physician follows up to provide the necessary employee health care.

Vaccinations

Free vaccinations are administered in-house every year to prevent seasonal flu.

Mental Health

Consultation with an Occupational Health Physician is arranged as necessary to ensure employees are able to maintain good health and work in a comfortable environment, thereby allowing them to fully utilize their skills at work. For those interested, we also provide opportunities to consult once a month with a counselor who possesses clinical psychologist qualifications.

Compliance

To carry out compliance duties, CyberAgent established a new Legal & Compliance Office in 2016 to replace the previous Legal Office. The office has been conducting compliance education and promoting widespread understanding of compliance in all company divisions. The office has established a framework to ensure that business activities are conducted with uncompromising ethics by implementing measures necessary to establish the group-wide compliance structure and regularly hold specialized compliance workshops as required by each division.

Initiatives to Educate and Broadly Instill Compliance Practices

Compliance training is administered as soon as new graduates or mid-career employees join the company. We also provide regular training to increase knowledge and awareness of compliance issues. As examples, we not only incorporate harassment modules into training for newly-appointed managers, but also offer additional education attuned to current trends and the unique characteristics of each occupation or job activity, such as training on the 'Law for Preventing Unjustifiable Extra or Unexpected Benefit and Misleading Representation' for advertising staff, or 'Infrastructure Security' for engineers.

16 Risk GEPPPO

Four times a year, all employees take a questionnaire based on the same 3-question format as GEPPPO, on what they feel are sources of risk for the company. Questionnaire responses are read only by directors and members of the internal Risk Management Committee. This content is then discussed and countermeasures are implemented as necessary. This system is designed to proactively prevent losses that could arise in managing the company by not only identifying risks beforehand, but also raising employees' awareness of risks and focusing more attention on them.

HIYA RISK TEST: Testing Awareness of Sudden and Unexpected Risks

This is a compliance test that asks questions on how to respond to sudden and unexpected risks that can occur in a variety of situations from work to social gatherings. It was decided to administer this test company-wide during the 'YMCA Ashita Kaigi (Meeting for Tomorrow)' implemented by YMCA, an organization that supports and encourages young persons in their 20s. All employees are required to obtain a perfect score in this program, whose purpose is to educate on risk knowledge and countermeasures across the CyberAgent Group.



17 Advertising Compliance

In our advertising business, CyberAgent has been focused on improving our advertising-related compliance structure. As a leading Internet advertising company, we participate with industry organization 'JIAA' (Japan Interactive Advertising Association) to promote sound and transparent advertising transactions. CyberAgent is dedicated to being an advertising agency to which advertisers can place ads with full confidence.

Measures Against Ad Fraud

With our Advertising Compliance Committee playing the central role, we cooperate with media to which ads are placed and prevent the placement of ads on websites suspected of ad fraud. If a suspected ad fraud incident occurs, we take swift action such as by immediately taking down the ad in order to ensure sound advertising practices are maintained.

Brand Safety

To ensure that advertisers can place advertisements with full confidence, ad distribution is blocked to any illegal or harmful websites based on lists regularly provided from JIAA. We also strive to ensure high-quality ad destinations to prevent any harm to brand value from inappropriate ad placements.

Report Audits

To further improve the quality of services provided in CyberAgent Group's advertising business, a team independent from sales staff checks the ad delivery reports submitted to advertisers for any discrepancies in the management screen data, application forms and invoices.

Ad Reviews

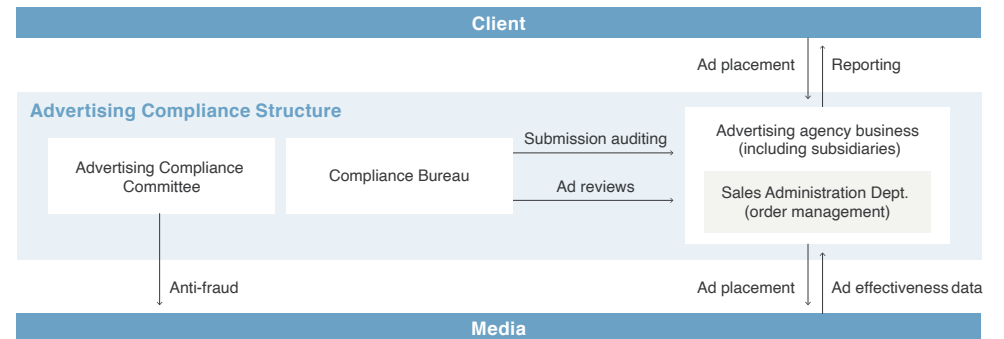
We review advertising content to ensure that ad creative work proposed to advertisers is compliant with relevant laws and regulations (e.g., Pharmaceutical and Medical Device Act), follows the JIAA (Japan Interactive Advertising Association) guidelines, and is in line with public order and morals.

Transaction Review

To improve transparency in sales management, we thoroughly strictly adhere to the set flow when receiving advertising orders and review of the integrity of relevant documents.

Efforts to Raise Awareness of Advertising Compliance

All employees, including those engaged in advertising business and limited-term employees, receive training dedicated to advertising compliance as soon as they join the company. Even after joining the company, training is held once a year on a variety of topics that include data leaks and copyright protection. If an employee is assigned to a creative team, they are also provided with training specific to the creative process. We also periodically published an internal newsletter containing compliance information to reinforce educational efforts and raise compliance awareness.



* Compliance Bureau: An organization that conducts audits and reports on order-related matters in Internet advertising business.

* Advertising Compliance Committee: A committee composed of a cross-section of members from the Advertising Business Department and Legal and Compliance Office.

04







Environment

ESG Topics

Climate Change Engagement

CyberAgent has been working on disclosing information on greenhouse gas emissions from its business activities since the fiscal year 2020.

Due to the nature of our business, which is mainly in the Internet domain, the calculation of CO₂ emissions covers emissions from our main domestic offices, emissions from the data centers for the operation of the internet services we provide, employees' commuting, and business trips, etc. We will continue to measure the environmental impact of business activities and strive to improve business efficiency and reduce total CO₂ emissions at the same time.

GHG Emissions [t-CO₂]

Scopes*	FY2018	FY2019	FY2020
Scope 1	0	0	0
Scope 2 (Location-based)	4,866	5,188	4,601
Scope 3	14,378	19,606	11,219
Total GHG Emissions	19,244	24,794	15,820

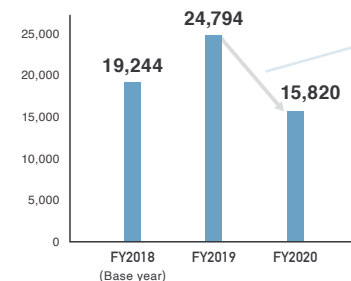
* Scopes

- Scope 1 Direct emissions from our owned or controlled sources such as offices and data centers. (Due to the combustion of gases and other fuels)
- Scope 2 Indirect emissions from the use of electricity and heat supplied by other companies in our main domestic offices and data centers.
- Scope 3 Indirect emissions other than scope 1 and scope 2 (Applicable categories only)

Scope 3 Emissions per Category (%)

Category	Scopes*	FY2018	FY2019	FY2020
1	Purchased Goods and Services	20%	17%	19%
3	Fuel- and energyrelated activities (not included in scope 1 or scope 2)	5%	4%	6%
5	Waste generated in operations	1%	1%	0.3%
6	Business travel	66%	71%	59%
7	Employee commuting	10%	7%	15%

Changes in Total GHG Emissions



Reduced electricity consumption due to the consolidation of the Shibuya-based offices between April and September 2019, and lower transportation and travel expenses due to the spread of COVID-19.

Our Commitment to Environment

"N organic," a natural lifestyle brand launched the Eco Program to collect used cosmetic containers and recycle them as a new resource

"N organic," a natural lifestyle brand operated by Shiroku, Inc. is engaged in sustainable beauty initiatives such as recycling marble (Terazo) made from crushed used cosmetic bottles into floors and sinks in its directly managed stores. In July 2020, in collaboration with TerraCycle, Inc., N organic launched the Eco Program to collect used cosmetic containers and recycle them as a new resource. All used cosmetic containers (plastic, glass, and aluminum containers) of N Organic and other brands will be collected at the Yurakucho Marui store, and customers who bring their used cosmetic containers will receive a 500 yen off coupon to be used in the store. We aim to contribute to marine plastic pollution and the reduction of waste, which are currently global problems.



Commitment to Society

ESG Topics

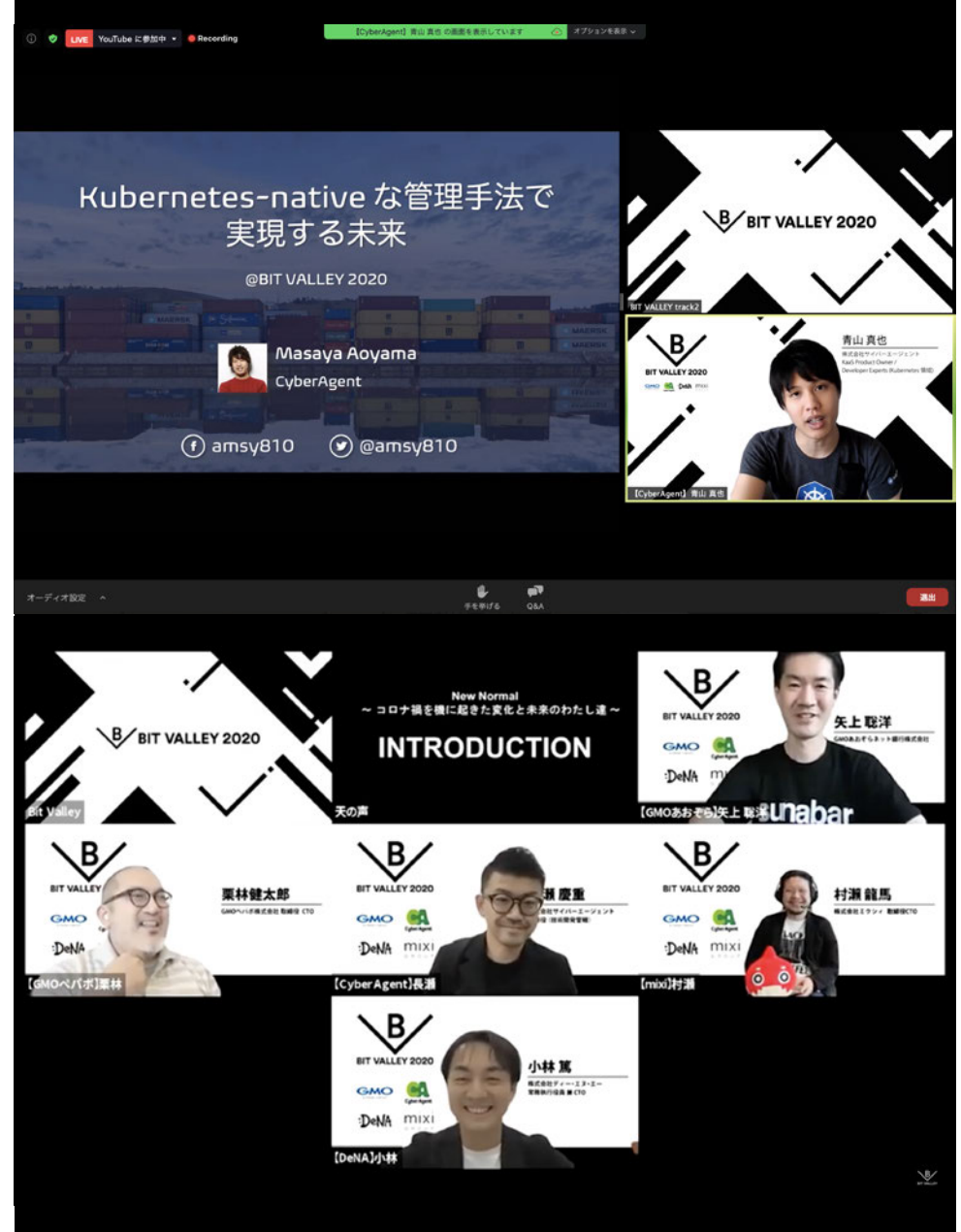
Commitment to Society

Fostering IT Talent

Tech Conference “BIT VALLEY 2020”

With the four companies of CyberAgent, DeNA, GMO Internet, and Mixi serving as organizers, BIT VALLEY 2020 was the first Industry-Government-Academia conference to be held online. In addition to support activities from the Tokyo metropolitan and Shibuya municipal governments, it also received backing in the form of special cooperation from Tokyu Corporation and newly from Aoyama Gakuin as well. Under the theme of "Next-Gen Online Meetings--A Celebration of Innovative Technology," the conference delivered content not only to students and young engineers, but also to those responsible for the next generation in a wide variety of industries and professions. The aim of this conference is to provide a venue where participants from different backgrounds can consider the next generation from their own perspective, which differs from each participant's own situation, thereby creating an opportunity to spark innovations that will pave the way to Japan's future.

* Images from the online session >

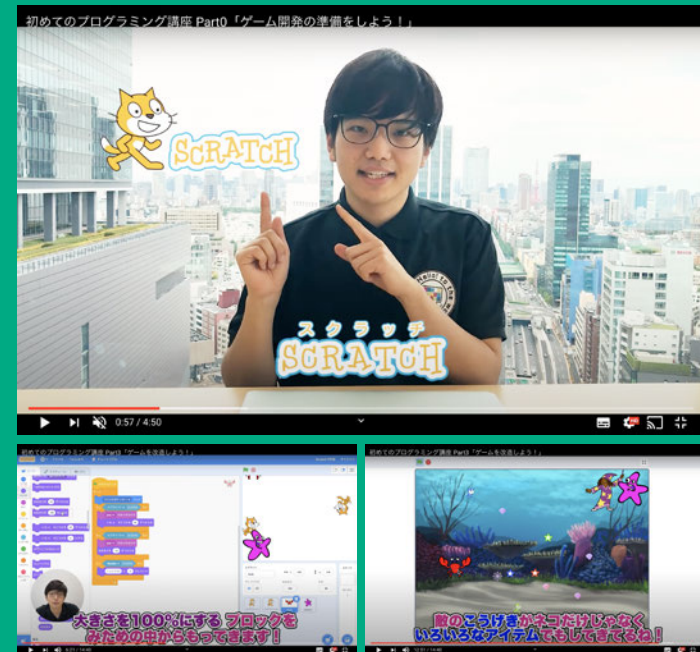


"Kids VALLEY" Future Learning Project

The "Kids VALLEY Future Learning Project" is an integrated public-private project that provides career education support for the development of IT professionals. Four Shibuya-based internet companies that include CyberAgent and Tokyu as well as the Shibuya City Board of Education provide this support, which covers support for developing programming curriculum for elementary and junior high students, in-class support, company field trips and more.

In 2020, the Kids VALLEY Future Learning Project's "Programming Summer Camp 2020" was held for elementary and junior high school students across the country. While the spread of COVID-19 has greatly impacted the places and opportunities for elementary and junior high school students to learn, by expanding the target to elementary and junior high school students nationwide and implementing online, this has created opportunities to not only inspire interest in the fields of programming and IT, but also cultivate a better understanding. With the aim of developing professionals in Shibuya who can play active roles in the world, and to also be a driving force behind programming education in Japan as a whole, we are focusing efforts on contributing to human resource development in society by systematizing and widely deploying a series of initiatives.

* Our video, "Introductory Programming Course," is available to allow those unable to participate in workshops to experience programming from home. >



Programming Contests for Elementary Students “Tech Kids Grand Prix 2020”

“Tech Kids Grand Prix” is one of the Japan's largest programming contests, which under its slogan of “You are the creators of the 21st century,” judges contest entries 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). To provide opportunities for more children to feel a sense of purpose in learning to program, this programming contest was also rolled out to several regions through cooperation with regional governments etc. throughout Japan.

* An image of the presentation(2020) >



Driving Forward Digital Transformation (DX)

The digitization of consumer behavior has been accelerating in recent years, including the digital transformation of retail stores and points-of-purchase, spread of payment services, and rapid growth of D2C business due to the increased popularity of micro e-commerce. Due to the spread of COVID-19, even the entertainment industry which mainly focuses on entertainment in real situations, has been forced to shift digitally to create new revenue opportunities. We are driving forward digital transformation by leveraging our know-how built up and refined through years of providing various services to the entertainment industry, government, and retail industries; cutting-edge technologies; and platforms both in-and-outside the company.



Entertainment field

OEN, Inc.

OEN promotes digital shifts in the entertainment industry, including high-quality live entertainment and video streaming, project support (gifting), online social gatherings, and e-commerce sales.

SUPERLIVE by OPENREC

SUPERLIVE by OPENREC supports high-quality online live performances and live streaming of artists and performances at the company's own OPENREC STUDIO, a 1,200 m², 5-meter-high studio in Tokyo.

CyberArrow, Inc.

CyberArrow plans to provide a distribution platform that enables the online deployment of events ranging from online fan interaction events to large scale events.

Ame-Pass by Ameba

Provides a platform to buy tickets for a broad range of online events, covering everything from events featuring celebrities and influencers, to live music, theatre, and sports.



エンターテインメント産業収益化のデジタルシフト支援専門会社を設立



Marketing field

CA Retail Marketing, Inc.

CA Retail Marketing assists in boosting purchasing rates by deploying advertisements and adding digital media to shops, such as the use of digital signage at retail stores.

DX Opportunity Center

Supports digital transformation (DX) in all aspects of marketing.

Ex. "Business development support for D2C brands by developing fan communities"

MG-DX, Inc.

Provides support pharmacies and pharmaceutical sales making a digital shift.
Online medication instruction

Digital Government Promotion Office

Supports the digitalization of administrative procedures in public offices and local governments.

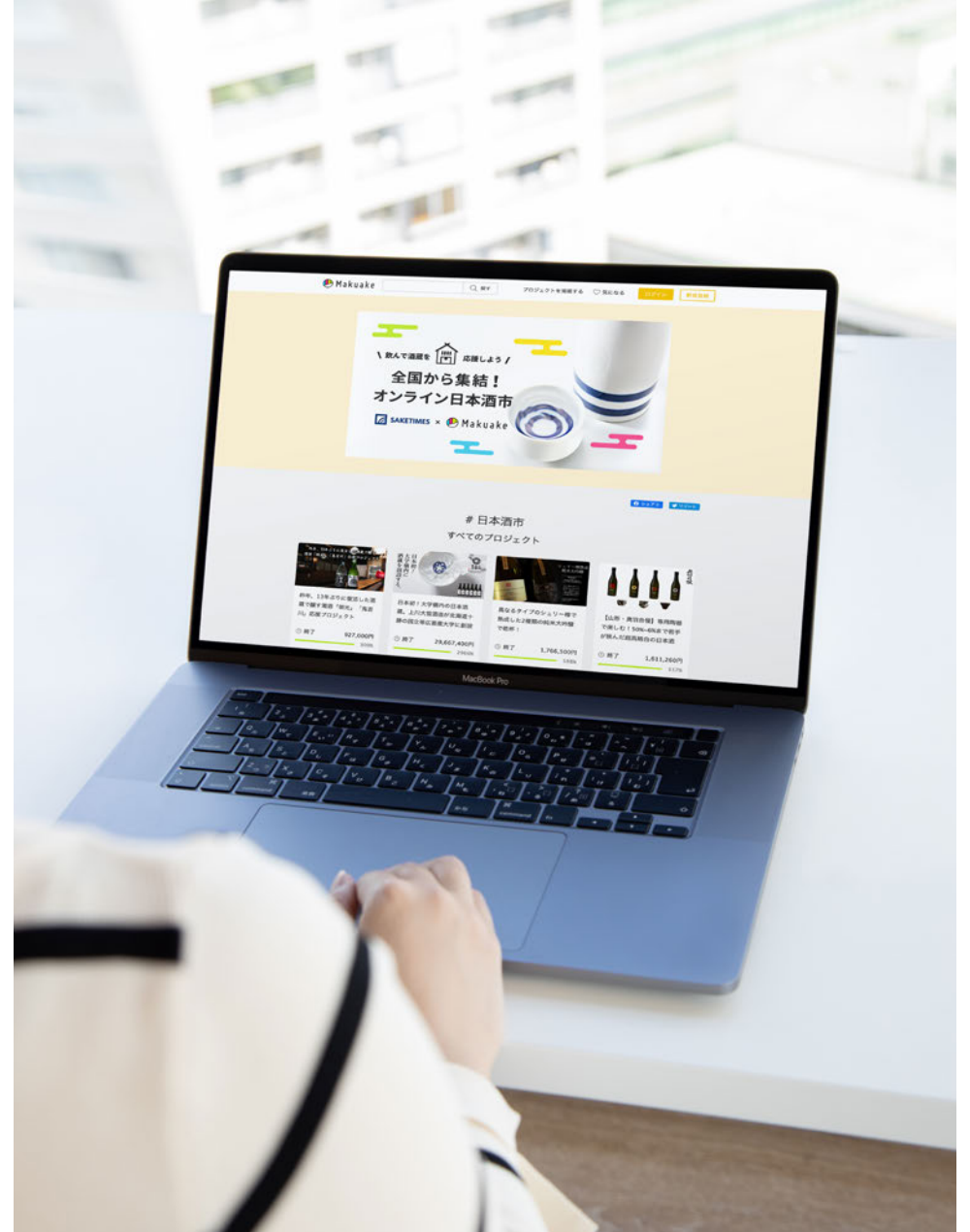
A collaborative promotional project between CA Retail Marketing, Inc. and KYORINDO DRUG STORE CO.,LTD. to maximize in-store promotion through digital signage. >



Support for Creating Social Value

Crowdfunding Platform "Makuake"

Makuake, operated by Makuake, Inc., is a crowdfunding-based industrial support platform that helps to create new products and services. It achieves this by allowing creators of products and services yet to be sold on the market to share their stories and thoughts on the Makuake platform, and these products or services are then purchased by individuals who feel a connection with them. Since the service launched in August 2013, over 10,000 new projects have been listed on Makuake, including futuristic gadgets, specialty foods, alcoholic beverages, restaurants, content, and new challenges with traditional crafts, all made in regions across Japan. Of particular note, in response to the spread of COVID-19 in 2020, a new online purchasing experience for "support purchases," in which creators and buyers are directly connected to purchase products or services, has been attracting great interest and the number of project supporters has been growing dramatically. We are also committed to supporting business development before and after a Makuake project is implemented, including support for brick-and-mortar retail spaces and expanding secondary sales channels through e-commerce.



Supporting Sports

Soccer

FC Machida ZELVIA

In October 2018, the Japan Professional Football League Club "FC Machida ZELVIA" became part of CyberAgent Group. As a member of the CyberAgent Group, the club takes advantage of group synergies to enhance the information and services provided to supporters, and attract new supporter demographics. While continuing to contribute to promoting sports culture and expanding the local economy in Tokyo and Machida, we also aim to grow FC Machida ZELVIA into a top club that is recognized around the world.

During the current suspension of public J-League matches as a measure to prevent the spread of COVID-19, the club has committed to its motto: "Let's overcome this together! #いまゼルビアにできること" (translation: #What Zelvia can do now), the team is proactively engaged in a wide variety of activities online, especially through SNS, to continue interacting with fans.

FC Machida ZELVIA >



©FCMZ

| Soccer

Juventus F.C.

With the aims of building an unparalleled brand that inspires joy and dreams in people around the world, and delivering a broad range of value to society in sports and other fields, in July 2020, Cygames Inc. entered into a sponsorship agreement with Juventus F.C.(Juventus Football Club S.P.A.), a club that boasts the most wins in Série A of Italian pro soccer's first division league.



Mahjong

CyberAgent formed a company team, "Shibuya ABEMAS," to compete in the M.League* season that kicked-off in October 2018. For a second consecutive year, the team advanced to the finals and finished the 2019 season in third place. The team will continue its efforts in M.League as it strives to boost the social status and spread awareness of mahjong, and also attract new fans to the sport. From the opening game to the final matches, all matches are streamed live on the Mahjong Channel of ABEMA, the TV & Video Entertainment source.

* 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. It has been chaired by the CyberAgent President Fujita since the league launched in October 2018. Although people across the country are familiar with mahjong and there are reportedly thousands of pro mahjong players who belong to professional organizations, its strong association with gambling and complex rules are partly responsible for the lack of improvement in its social standing. However, mahjong's recognition by the International Mind Sports Association in April 2017 led to the emergence of numerous online mahjong games, and its popularity has spread among senior citizens as a way to ward off dementia. This is an example of how mahjong is gaining recognition as a mental sport for people of all ages to enjoy.

Shibuya ABEMAS >



Pro-Wrestling

The three companies of DDT Pro-Wrestling, Noah Global Entertainment, and DDT Foods were merged on September 1, 2020 to establish CyberFight, Inc. Both DDT and Noah, which have been working to further invigorate the pro-wrestling industry, have consolidated their management operations in preparation for the "with COVID-19" and "after COVID-19" eras. By optimizing human resource allocation and expanding the pro wrestling business, they are striving towards a new era of pro wrestling management.

Pro-Wrestling Noah >
DDT Pro-Wrestling



Dance

CyberAgent participated in the planning of "D.LEAGUE," Japan's first professional dance league, and will participate as team CyberAgent Legit when it launches in January 2021. Closely attuned to the philosophy of D.LEAGUE, which aims to create new value in the fields of art, sports and business, CyberAgent is committed to establishing new forms of entertainment.

*D.LEAGUE is a professional dance league newly launched by D.League, Inc. There are said to be some 20 million people in Japan with dance experience, and after becoming part of the compulsory education curriculum in 2008, the dance population continues to increase each year. Against this backdrop, D.LEAGUE is established with the goals of developing and expanding street dance in Japan, as well as turning out street dance professionals. In the regular season, which kicks off in January 2021, a total of eight teams will compete against each other in dance performances.

CyberAgent Legit >

CyberAgent Legit



Governance

ESG Topics

Using DX to Boost Productivity and Strengthen Internal Controls

CyberAgent is promoting systematization within the company as well, for instance, by centrally managing the data of its over 100 group subsidiaries. We have been pursuing DX transformation by setting goals that promote data management and utilization, especially in our accounting, HR, and legal departments. Also, through initiatives such as shifting to digital signatures on contracts, etc., we have been contributing to the environment by reducing the use of paper resources, boosting efficiency, and strengthening internal controls.



Business Management

- Integration of accounting systems with group subsidiaries
- Digitization of financial and accounting operation



HR

- Centralized data management of HR info
- Promoting the shift to paperless in internal and administrative dealings



Legal affairs

- Group-wide centralized data management for registration info
- Digitalization of credit management, contracts and document stamping work

Interview with Leaders



Corporate Management Division,
Corporate Management
Systems Office



Masahiro Nishimura

Business Management

"Systematizing the financial closing process and accelerating the shift to paperless"

We are pursuing systematization of the settlement process with the goals of accelerating account settlement, creating a management compass, and establishing a strong governance foundation. To achieve these goals, we intend to complete compliance with the Electronic Records Retention Law for reimbursements by FY2020, and are working to accelerate the shift to paperless.



Human Resources Division,
HR Data Management Office



Yuichiro Tsutsumi

HR

"Reduction of 10,000 hours of annualized routine HR work and 50,000 sheets of paper"

We are promoting the "HR Data Consolidation Project." By preparing, consolidating, and visualizing a wide range of data on "people," our greatest management resource, we aim to build a foundation for our "data-driven HR strategy," which will enable us to further strengthen our support in areas such as developing staff talent, recruitment, and compliance. The process has already saved an annualized 10,000 hours of routine HR work and 50,000 sheets of paper.



Corporate Management Division,
Legal & Compliance Office



Yusuke Komurasaki

Legal

"Going paperless to reduce administrative costs"

By going paperless for contracts, purchase orders, invoices, and other transaction-related documents, we are reducing the paperwork burden, including mailing work to suppliers that occurs at business sites. By going paperless, we also aim to reduce administrative costs through seamless cross-departmental management between business, accounting, legal, tax and other departments. We have already completed the transition to a paperless database for legal documents such as the minutes of board meetings of group companies. We have also achieved around 60% of contracts being entered electronically, and continue to reduce revenue stamp fees as well as the costs of paperwork storage.

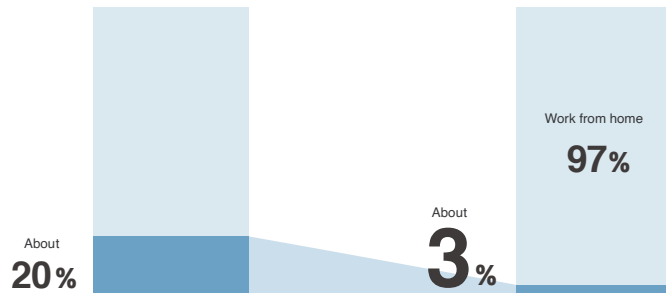
Interview

Various Efforts to Ensure a Worry-free Work Environment

CyberAgent is implementing efforts to improve business efficiency and security protection with measures that include moving business folders to the cloud, shifting to online-based contracts and invoices, and introducing video conferencing systems. By providing multiple VPN connections that ensure secure data transmission, we have established an environment where staff can continue to work without stress and without compromising performance, even when working remotely due to COVID-19.

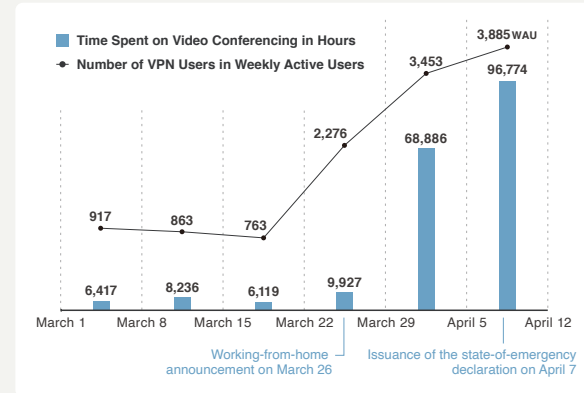
Measures to Prevent the Spread of COVID-19

Approximate percentage of staff to work from the office based on government issued the state-of-emergency declaration



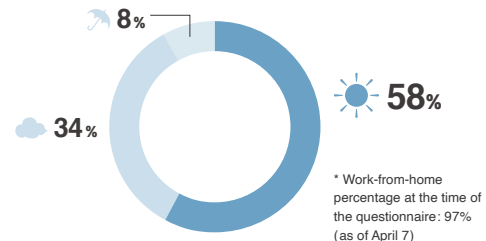
Actual percentage of staff working from office from end of March 2020 to end of April

Use of video conferencing and VPN connections before and after remote work began



After working-from-home was recommended to all employees on March 26, there was increased use of video conferencing and VPN in terms of both people and time used. However, since a better environment than previous was established, as seen below, work was able to progress smoothly without interruption.

How is remote working going for you? Describe it in terms of weather.



According to questionnaires via "GEPOO," a tool for assessing employee conditions, some 60% of employees have been able to smoothly adapt to the remote-work environment immediately after starting to work remotely, and more improvements have continued through the ingenuity of the group and its individuals.

05

Facts





Facts



Financial Information

Facts



**Consolidated
Sales**

4,785
billion yen



Subsidiaries

107



Consolidated OP

338
billion yen



Employees

(consolidated)

5,493



DOE*

5.1 %



**Female-To-Male
Management Ratio**

(Non-consolidated)

21.0 %



**Dividend Payout
Ratio**

64.9 %



**Engineers and
Creators Ratio**

(Non-consolidated)

25.5 %

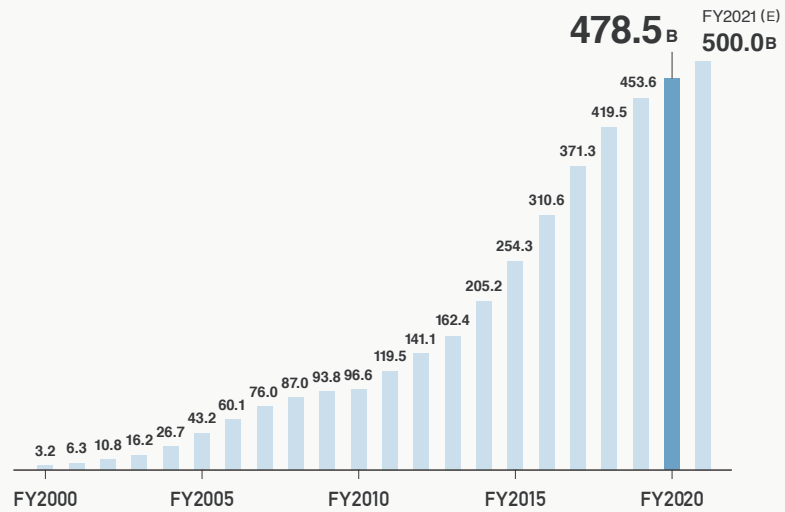
Data

Financial Information

Consolidated Sales

478.5 billion yen (up 5.5% YoY)

Marked a new record high despite the impact of COVID-19

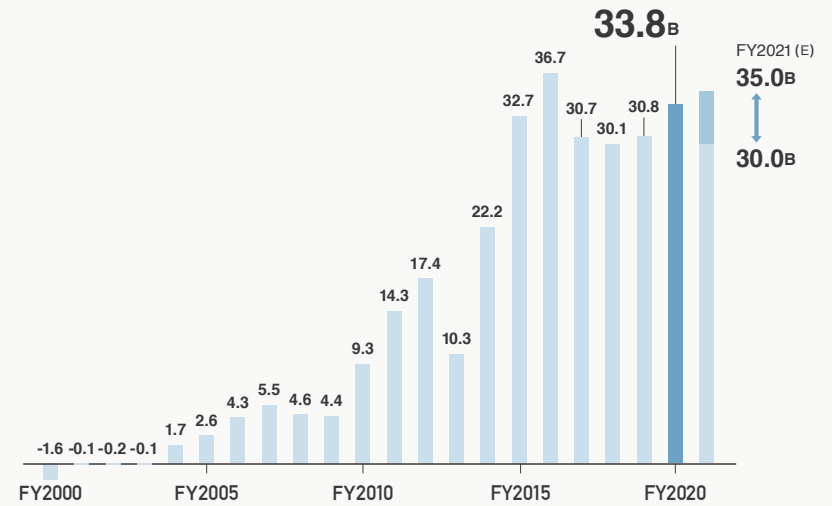


Operating Income

33.8 billion yen (up 9.9% YoY)

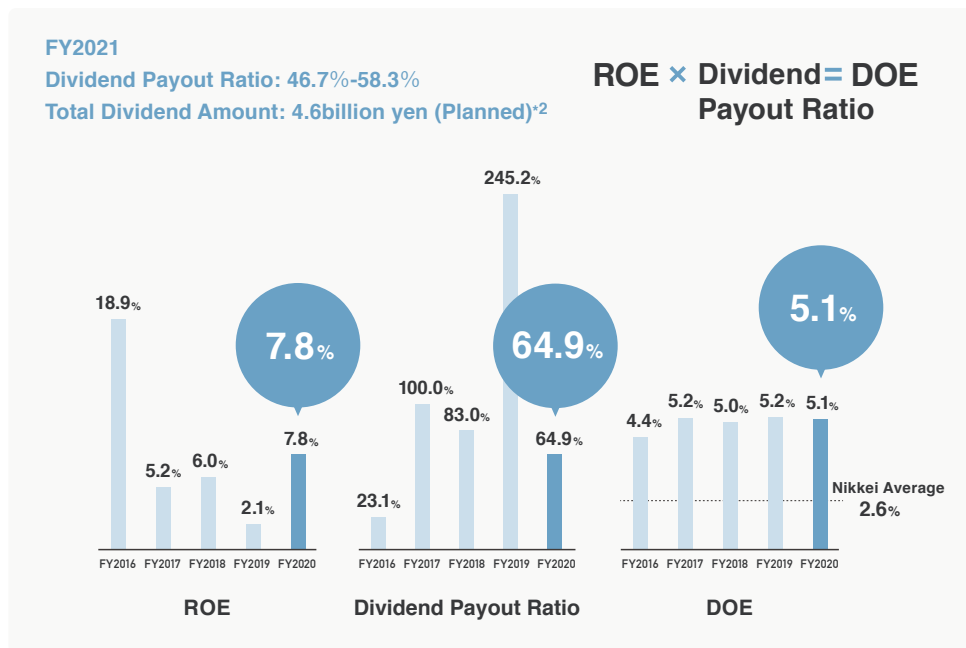
FY2020 Forecast: 28-30 billion yen

Exceeded the upper end of the forecast.



Management Index

We adopted "DOE* 5% or more" as management index to maintain shareholder returns through dividends or share buybacks, etc. during the investment phase.



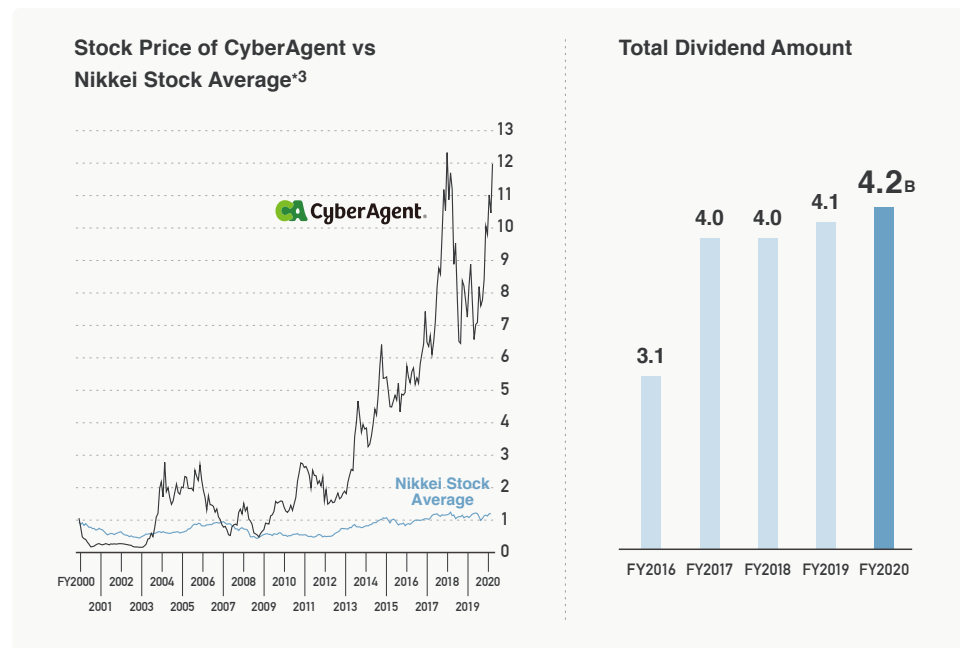
*1 DOE: Dividend on Equity (ROE x Dividend Payout Ratio)

*2 FY2021 Dividend Payout Ratio and Total Dividend Amount: Expected Dividend 37yen x Number of outstanding shares excluding treasury shares as of September 2020

Return to Shareholders

We aim to increase stock price over the medium to long-term and pay dividend continually.

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.



*3 CyberAgent Inc. vs Nikkei Stock Average (Nikkei 225): Transition of stock price of CyberAgent vs Nikkei stock average.

Statements of Income (PL)

(Unit: million yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	310,665	371,362	419,512	453,611	478,566
Operating income	36,790	30,700	30,163	30,825	33,880
Non-operating income	212	387	372	535	519
Non-operating expenses	1,660	2,346	1,970	867	536
Ordinary income	35,341	28,741	28,565	30,493	33,863
Extraordinary income	5,212	668	981	1,912	88
Extraordinary loss	5,935	4,731	5,498	12,985	5,749
Income before income taxes and minority interests	34,619	24,678	24,047	19,420	28,202
Profit attributable to non-controlling interests	4,957	8,274	5,266	4,368	7,648
Profit attributable to shareholders of parent	13,612	4,024	4,849	1,694	6,608
Net Income	18,570	12,298	10,116	6,062	14,257
Comprehensive income	18,476	14,501	11,416	5,670	20,166

Balance Sheet (BS)

(Unit: million yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Current assets	114,647	117,010	170,411	168,662	203,674
Non-current assets	41,950	46,998	55,021	56,172	57,047
Total liabilities and net assets	156,597	164,009	225,484	224,876	260,766
Current liabilities	62,137	62,799	72,449	70,749	87,867
Non-current liabilities	1,845	2,423	43,784	43,774	45,220
Capital stock	7,203	7,203	7,203	7,203	7,203
Total shareholders' equity	74,791	74,672	76,129	74,015	78,466
Total net assets	92,614	98,785	109,250	110,352	127,678
Equity capital ratio(%)	49.3	48.1	36.2	35.2	34.3

Cash Flow Statement (CF)

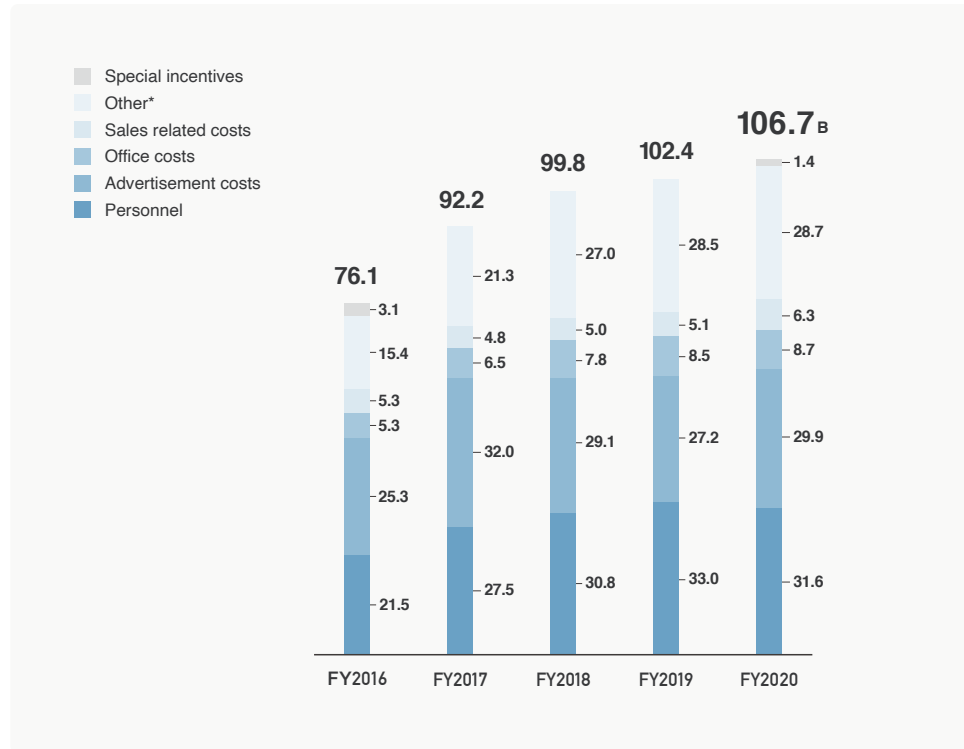
(Unit: million yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Cash flow from operating activities	28,246	21,624	28,394	14,917	37,028
Cash flow from investing activities	-15,224	-20,396	-22,410	-18,000	-16,621
Cash flow from financing activities	453	-7,233	39,748	-4,662	-2,590
Cash and cash equivalents at the end of period	51,767	46,613	92,379	84,563	102,368

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

SG&A Expenses

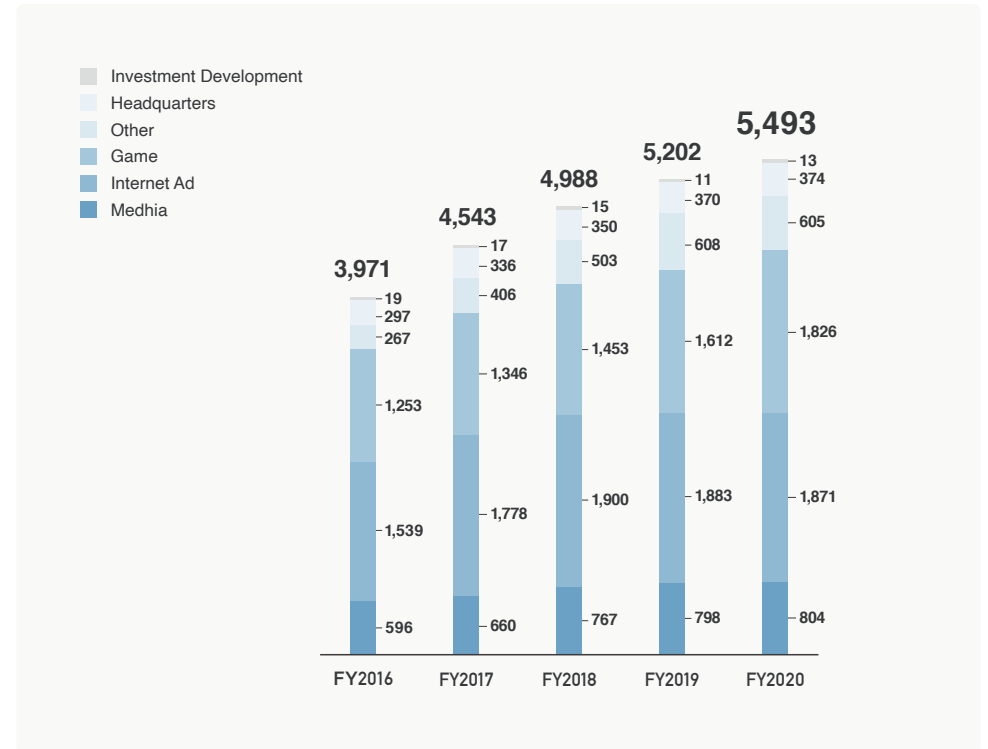
The costs are properly controlled to achieve sustainable growth.



* Other: Outsourcing expenses, R&D expenses, entertainment expenses etc.

No. of Employees

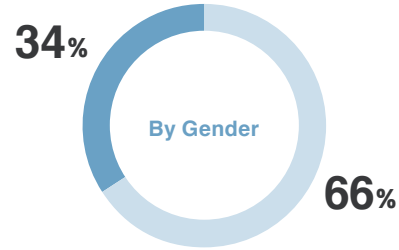
295 new employees joined in April.



* Segment reclassification in FY2020: The change is applied from FY2019 retrospectively.

Data

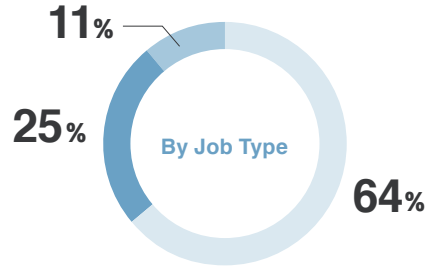
Employee Facts



Female to male ratio by job type

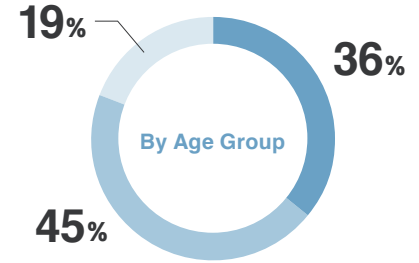
- Business** 43% to 57%
- Engineers** 9% to 91%
- Creators** 43% to 57%

■ Male
■ Female



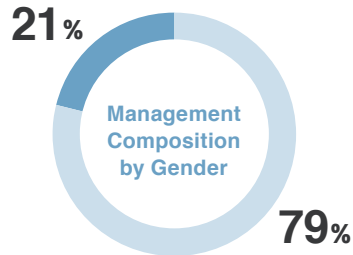
Technical positions account for 36% of our staff composition.

■ Business
■ Engineers
■ Creators



The age 20–30 demographic accounts for 81% of our staff with the younger generation playing active roles in the company

■ 20s
■ 30s
■ 40 or over



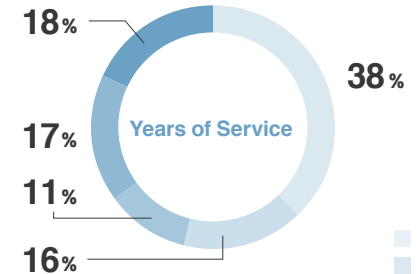
Female managers* hold at least 20% of managerial positions.

■ Male
■ Female



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

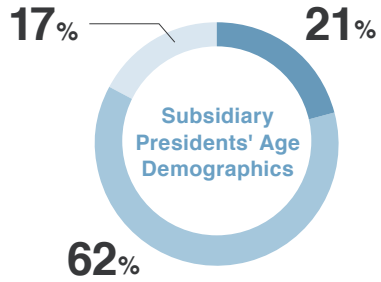
■ New Grad Hiring
■ Mid-career Professional hiring



Work environment encourages staff retention with 46% of staff staying at least 5 years.

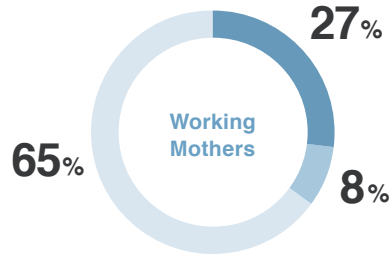
■ < 3 years
■ 3-4 years
■ 5-6 years
■ 7-9 years
■ 10+ years

* Managers: Management level or higher, and producers or directors at or above a certain grade * CyberAgent parent company executives and full-time employees, total 1,602 (as of the end of September 2020)



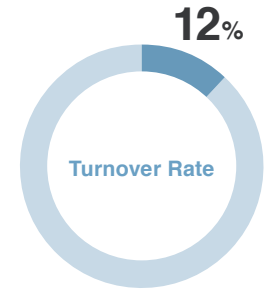
> The ratio of males is slightly higher due to the large number of engineering staff.

- 20s
- 30s
- 40 or over



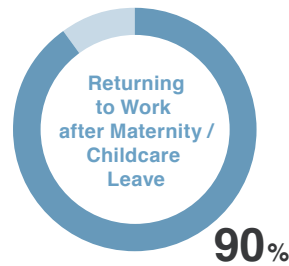
> We support working mothers, who make up 27% of our female staff.

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



> Low turnover rate continues.

- Turnover Rate



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

Company Overview

Facts

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
Representative director*	Susumu Fujita
Foundation	March 18, 1998
Capital	7,203 million yen (As of the end of september, 2020)
Employment Headcount	5,344 (As of the end of september, 2020)
AGM	December
Business Portfolio	Media Business Internet Advertisement Business Game Business Investment Development Business

Office Locations

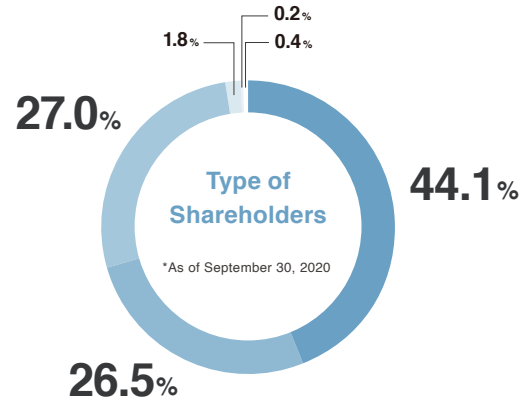
Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Sendai, Kanazawa, Kyoto, Saga, Okayama, Okinawa
 United States (New York, Guam), China (Beijing), Taiwan (Taipei), Korea (Seoul)
 Vietnam (Ho Chi Minh City), Singapore (Singapore)

* We will submit a proposal for the election of directors at the 23rd Annual General Meeting of Shareholders to be held on December 11, 2020.

Stock Information

Listed Market	First Section of the Tokyo Stock Exchange
Code	4751
Number of Shares Outstanding	126,128,858 shares
Number of Shareholders	12,946

* As of September 30, 2020



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

Top Holders

Name	Number of Shares	% O/S
1 Susumu Fujita	24,639,600	19.54%
2 The Master Trust Bank of Japan,	13,405,300	10.63%
3 Custody Bank of Japan, Ltd.	7,935,200	6.29%
4 NORTHERN TRUST CO. (AVFC) SUB A/C NON TREATY	5,082,054	4.03%
5 THE BANK OF NEWYORK MELLON 140051	3,111,500	2.47%
6 SSBTC CLIENT OMNIB US ACCOUNT	2,708,399	2.15%
7 JP MORGAN CHASE BANK 385632	2,517,120	2.00%
8 Custody Bank of Japan, Ltd. (Trust Account5)	2,455,100	1.95%
9 RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS CLIENTS-ACCOUNT	1,861,600	1.48%
10 STATE STREET BANK AND TRUST COMPANY 505225	1,741,481	1.38%

* As of September 30, 2020 * The number of Treasury stocks is 297,742

Large Shareholding Report

Institution	% O/S	Submitting Date
Baillie Gifford & Co*	10.87%	October 9, 2019
Sumitomo Mitsui Trust Asset Management Co., Ltd.*	5.96%	October 21, 2020
JPMorgan Asset Management (Japan) Ltd.*	5.46%	December 3, 2020
Nomura Asset Management Co.,Ltd.	5.39%	October 6, 2020
BlackRock Japan Co., Ltd.*	5.03%	February 6, 2019

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

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 June 2020, it was adopted by the Nikkei 300 Index 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.

FY2020 Summary of Activities

The number of institutional investors we met at the individual meetings	1327 people
Earnings presentations	4 times

Inclusion in Indexes

Nikkei 300 Index

The Nikkei Stock Index 300 is a market value-weighted index representing the overall Japanese market with a smaller number of stocks calculated and published by Nikkei Inc.

Japan New Economy Index

A weighted average of 104 companies listed on the First and Second Sections of the Tokyo Stock Exchange, TSE Mothers, and JASDAQ among the member companies of the Japan Association of New Economy.

Nikkei Stock Average (Nikkei 225)

The Nikkei 225 is a price-weighted equity index, which consists of 225 stocks in the 1st section of the Tokyo Stock Exchange.

S&P Japan 500 ESG

The S&P Japan 500 ESG Index is a broad-based, market-cap-weighted index designed to measure the performance of securities meeting sustainability criteria, consisting of 258 stocks..

MSCI Japan Index

The MSCI Japan Index is designed to measure the performance of the large and mid cap segments of the Japanese market. With 320 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

FTSE All-World Index

The FTSE All-World Index is a market-capitalisation weighted index representing the performance of the large and mid cap stocks and covers 90-95% of the global investable market capitalisation.

MSCI Japan Empowering Women Index*

The MSCI Japan Empowering Women Index (WIN), which is part of the MSCI ESG indexes, aims to represent companies' performance that is leading within their industry groups in terms of promoting and maintaining gender diversity while also meeting certain quality criteria.

Corporate

IR Awards

The All-Japan Executive Team 2020 by institutional Investor Research

CyberAgent placed in the top three in seven categories in the Gaming, Internet & Software sector.

Most Honored Company	Second place
Best CEO	Third place (Combined) Susumu Fujita
Best CFO	Third place (Combined) / First place (Buy-side) Go Nakayama
Best IR Professional	First place (Combined) / Second place (Buy-side) Sonoko Miyakawa
Best IR Program	First place (Combined) / Second place (Buy-side)
Best IR Team	Second place (Combined) / First place (Buy-side)
Best ESG	Second place (Combined)

MSCI ESG Ratings - A

MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers. As of 2020, CyberAgent received an MSCI ESG Rating of A.

2020 International ARC Awards - Silver

"CyberAgent Way 2019" won Silver award in the PDF Annual Reports category of International ARC Awards 2020.

Graphis Design Annual 2021 - Honorable Mention

"CyberAgent Way 2019" has been selected as an Honorable Mention in the Graphis Design Annual 2021, an international design competition.

"CyberAgent Way 2019"



2020 International ARC Awards - Silver

"CyberAgent Way 2019" won Silver award in the PDF Annual Reports category of International ARC Awards 2020.

Graphis Design Annual 2021 Honorable Mention

"CyberAgent Way 2019" has been selected as an Honorable Mention in the Graphis Design Annual 2021, an international design competition.

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 .

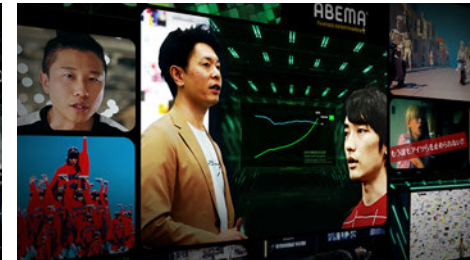
“IR Channel”

[Go to IR Channel](#) 

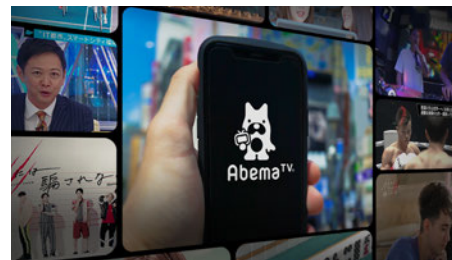
Since 2016, we have released over 20 videos providing content for shareholders and investors.



Episode 23
"AI for Effective Advertising"



Episode 22
"Evolving Ad Creative of CyberAgent"



Episode 21
"5 ways to use AbemaTV"



Episode 20
"Digital Ads Make a Quantum Leap with AI"

Find us on social media



Facebook

<https://www.facebook.com/CyberAgent-Inc-239078019444837/>



Twitter

twitter.com/CyberAgent_PR



Youtube

youtube.com/c/cyberagentofficial



LINE

[@cyberagent_ir](https://line.me/tv/p/@cyberagent_ir)



CEO Susumu Fujita on Twitter

twitter.com/susumu_fujita



Twitter for HR and recruiting

twitter.com/ca_recruit_info



Instagram for HR and recruiting

instagram.com/ca_recruit_info/

Disclosure Policy

Basic policy for disclosure

CyberAgent, Inc. (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. Simultaneously, the Company provides prompt and proactive disclosure of material information that is not subject to the timely disclosure regulations, which could influence investors' investment decisions.

Method for disclosing information

According to the rules, the Company discloses the information subject to the timely disclosure regulations on the Tokyo Stock Exchange website through the timely disclosure network (TDnet). The released information, as well as the information that is not subject to the timely disclosure regulations will be uploaded to the Company's investor relations website to inform investors accurately and equally.

Forward-looking statement

We may provide earnings forecasts in addition to the earnings forecasts we file with the Tokyo Stock Exchange, where we are listed. Also, news releases, earnings presentations, question-and-answer sessions at analyst meetings, etc., may contain information about our plans, prospects, strategies, etc. The information the Company publishes is based upon the currently available information, which involves risks and uncertainties. There can be no assurance that forward-looking statements will prove accurate or achieved, as actual results may differ materially from those anticipated in such statements.

Quiet Period

In order to prevent the leakage of important corporate information and ensure fairness, we have a quiet period "from two weeks before the end of the fiscal quarter to the earnings release day" as a general rule. In this period, the Company refrains from answering questions regarding our results and giving relevant comments. However, this does not apply to the occurrence of material events that we believe will have a significant impact on the investment decisions of investors, even during this period.

Contact

IR&SR Division, CyberAgent, Inc.

> [Investor Inquiries](#)

> [Download Fact Sheet](#)

[Excel](#)



