

CyberAgent

Way

CyberAgent, Inc.
TSE4751


2021

Integrated Report

December, 2021

A grid pattern of thin, dark lines is visible on the left side of the image, set against a solid blue background. The grid consists of vertical and horizontal lines that create a series of rectangular cells.

**To break through stagnation with
new power and the internet**



CyberAgent believes that there can be no sustainable growth without innovation. We have created a variety of new businesses with our ability to adapt to change while creating a unique corporate culture through a number of creative internal initiatives.

However, Japan is facing a declining birth rate, an aging population, and an economy that has been sluggish since the bubble economy burst. The situation has become even more uncertain with the recent COVID-19 pandemic, and many social issues, such as poverty due to inequality, have come to the fore and the sense of stagnation is growing.

What can CyberAgent do in such an unprecedented time? In 2021, we reaffirmed in words what our intention has been since our inception. We will continue to do our best to create businesses that keep pace with the changing times and use our experience, technology, and creativity as an internet company to drive society forward.





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[Left]
Masaru Watanabe
Chief Development Officer of
Kiwami Prediction AI,
AI Business Unit

[Right]
Yugo Tsutsumi
Consultant, Medical DX Headquarters
MG-DX, Inc.



Sari Tsugawa
Project manager,
BanG Dream! Girls Band Party
Craft Egg, Inc.

To break through stagnation with new power and the internet

Contribute to the digital shift of all industries.

Make ABEMA the television of the future, an easily accessible social infrastructure.

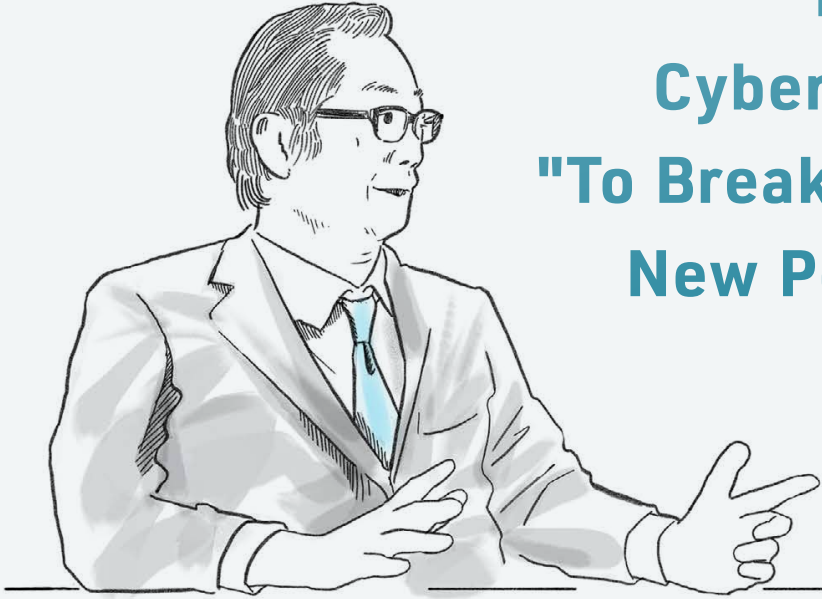
Challenge the world with a fusion of technology and creativity.

Eliminate the seniority system and embody the Japanese economy of the 21st century.

Adapt to the changing times and aim to become a global company.

Vitalize Japan with the internet.

**The Ideas Behind
CyberAgent's New Purpose
"To Break Through Stagnation with
New Power and the Internet"**



Koichi Nakamura



Susumu Fujita

and the internet

CyberAgent announced that it had defined a new "Purpose" that clearly states the significance of its existence, "To break through stagnation with new power and the internet," on October 5, 2021. In this article, President & CEO Susumu Fujita and Outside Director Koichi Nakamura discuss the background to creating the purpose and the ideas behind it.



Koichi Nakamura

Koichi Nakamura joined Japan Recruit Centre Holdings (currently Recruit Holdings Co., Ltd.) in 1981. Following positions including General Manager, Recruitment Development Department; General Manager, Central Sales Department; General Manager, Agency Business Department; and General Manager, Tokyo Metropolitan Human Resources Comprehensive Services Department, he became a Director in 1999 and Vice President in 2008. Following his appointment in 2012 as Director and Executive Advisor, he became an Outside Director at CyberAgent, Inc. in 2016 (current position).

—Background to the new purpose

Fujita: I became interested in creating a purpose due to the increasing trend among companies to emphasize their contribution to society, as seen in developments such as ESG investment and the SDGs. When I spoke with employees, I sensed that they had a strong desire to feel they were doing good for society through their work.

At CyberAgent, we make internet advertising more transparent in the ads business and helping many industries to digitalize. ABEMA has grown as a new information platform for the smartphone age, and we are taking on new challenges in sports betting services such as WINTICKET. But I could feel that, while we were entering new businesses and expanding the company, some employees must wondering how CyberAgent supports society.

We run several businesses and initiatives to benefit society, such as CA Tech Kids and Makuake. Still, I began thinking that we needed to clarify what CyberAgent commits to society.

Nakamura: Looking back at Japan's economy, companies created social value by earning profits in the high growth period. In other words, when companies sold products and services, they met consumer demand, improved living standards, and were able to pay stable salaries to workers.

However, after the bubble economy burst, the interests of stakeholders were no longer aligned. And young people's values have become more diverse, for example, placing importance on non-economic values. With such changes, people began to ask why companies exist and develop their businesses within society.

Fujita: We started with an internet business, and our businesses expanded rapidly. Up to now, growing our businesses has been aligned with the interests of our stakeholders. Many of our employees were motivated in their work based on this dynamic. But considering the current size of the company and the world's situation, I felt that now was a good time to create our purpose.

—How the purpose benefits the management of the company

Nakamura: The most significant benefit is sustainable growth. Focusing on social issues in its activities rather than simply pursuing profit will gain trust and empathy from its stakeholders – the employees, users, and shareholders. That will improve brand recognition and loyalty and ultimately increase profits. The critical point is identifying business opportunities in the intersection of purpose and economic

with new power

value and taking strategic actions to achieve long-term growth.

If I take Recruit as an example, experiencing the scandal forced us to discuss the reason for the company's existence and re-established the current management philosophy. At that time, we didn't have a defined purpose.

What grew out of that was the concept of "resolving difficulties." These difficulties included the unease, dissatisfaction, and inconvenience faced by consumers. Recruit has decided its social value is to resolve the problems of society through creating unprecedented information value by applying its management resources and capability. Then it has evolved into today's purpose, "Opportunities for Life."

By setting the standard concept of "resolving difficulties," employees started to think about why certain issues existed, the causes, and how they could resolve those. This resulted in new businesses such as Zexy and also had a big impact on hiring.

Fujita: I once participated as a judge in a new business plan contest at Recruit, and I remember that everyone was actually speaking about "resolving difficulties."

—The ideas behind the purpose and the way forward

Fujita: We started discussions about six months ago. The purpose was the first topic for the board meeting in which all outside directors participated following the shift to the current management structure. We listened to detailed stories of how Recruit created its management philosophy.

In the development process of the purpose, we were trying to make it something that came from the bottom of our hearts, not just something nice. A company's basic premise is to make profits, pay taxes, and create jobs, and I was against making something that sounded false or hypocritical.

We came up with several candidates from the values that have been rooted in CyberAgent. During the discussions, Mr. Nakamura commented that he liked the phrase "breaking through the sense of stagnation in Japan with young power and the internet."

Nakamura: It is socially meaningful for young





people to play an active role in a stagnant society, and I felt that these are the words that represent CyberAgent's character and source of energy.

Fujita: It was also my favorite. Since the beginning, I have always believed that our commitment to society is to break through the sense of stagnation in Japan using the internet. For example, we are innovating TV at ABEMA. But at the same time, Innovations can create friction and sometimes make people rather conservative, so I hope that we will not forget our aspirations, which is the origin of CyberAgent.

Fujita: However, I wasn't too happy with the phrase "the power of youth" right up until the end, as CyberAgent is a company where both young and experienced employees are energetic. So when Mr. Nakamura suggested we can change it to "new power," I agreed immediately. Because the idea didn't refer just to young people, but to anyone who can use new technology and concepts. This is how we came up with the purpose "To break through stagnation with new power and the internet."

To fulfill our vision "to create the 21st century's

leading company," we have developed a mission statement, which is our basic code of conduct, and these principles will remain unchanged in the future. The newly defined purpose reaffirms our spirit and our role in society.

I believe that when each and every employee is able to match their work and the businesses and services they are involved in with their Purpose, reaffirm the role they play, and talk about it, then the Purpose will take on full meaning.

With Purpose as our central focus, CyberAgent will continue to take on further challenges.

To break through

CyberAgent Way 2021

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CEO

MESSAGE



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

Taking the opportunity that ABEMA celebrated its 5th anniversary in 2021, we redefined it as the new TV for the future that brings the best of TV to the internet. The number of downloads reached 73 million, and it has achieved a record high of 18 million weekly active users by updating its User Interface and continuing to expand the content. There is a high level of affinity between ABEMA and sports betting service WINTICKET, and monetization diversification strategies have brought it to the phase of operating loss improvement.

Despite the impact of the COVID-19 pandemic on the industry, CyberAgent's internet advertising business performed well with a high rate of revenue increase, achieved a higher growth rate than the last four years by the operational capabilities and successful implementation of technologies, including AI. We also succeeded in boosting earnings in the game business due to new titles becoming major hits.

With all these businesses performed well, we issued two upward revisions in the fiscal year ended September 30, 2021, with net sales increasing by 39% from the previous fiscal year to 666.4 billion yen and operating income tripling from the previous fiscal year to 104.3 billion yen. We feel that this demonstrates that our performance level has reached a new level. We have started applying our knowledge and technological capabilities in the digital domain, promoting DX to help solve social issues.

Following in the footsteps of our internet advertising and game businesses, we will continue to develop media businesses centered on ABEMA, and pursuing sustainable management purposed towards "breaking through Japan's sense of stagnation through new capabilities and internet-based strategies."

Thank you for your continued support of CyberAgent.

Susumu Fujita

Representative Director
CEO, President

CyberAgent, Inc.







How We
Create Value
01

[Left]

Maako Hokinoue
Planner, AI Creative Division
Internet Ad Business

[Center]

Mayu Ohata
Manager, Cosmetics Sales Group
Internet Ad Business

[Right]

Kazuki Asano
Account Planner, Sales Division
Internet Ad Business







[Upper Left]
Rikuto Takeda
Designer, WinTicket, Inc.

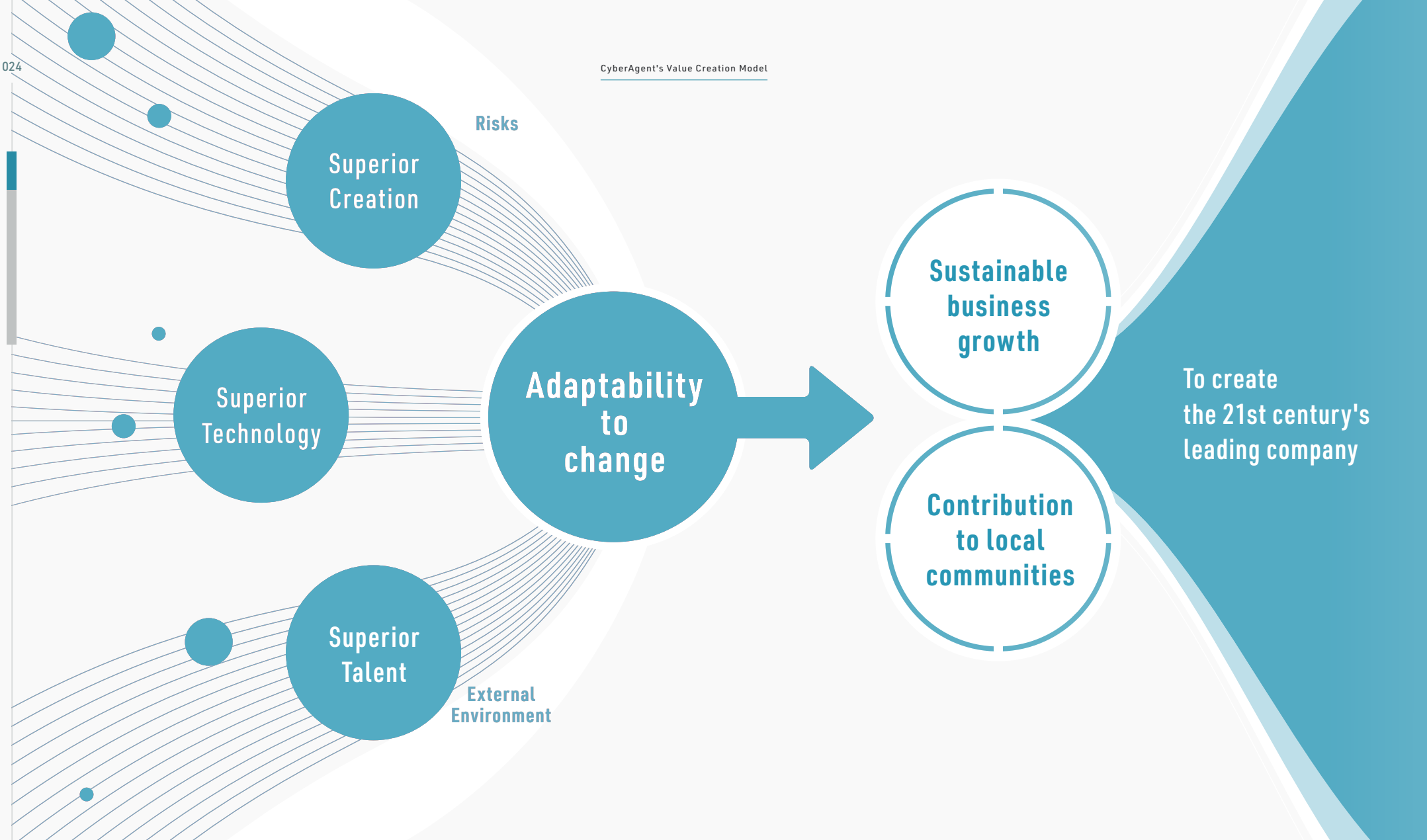
[Upper Right]
Yuto Suzuki
Director, OEN, Inc.

[Lower Right]
Haruka Ito
Designer / Art Director,
AbemaTV, Inc.



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.



Superior Creation

Risks

Superior Technology

Adaptability to change

Superior Talent

External Environment

Sustainable business growth

Contribution to local communities

To create the 21st century's leading company

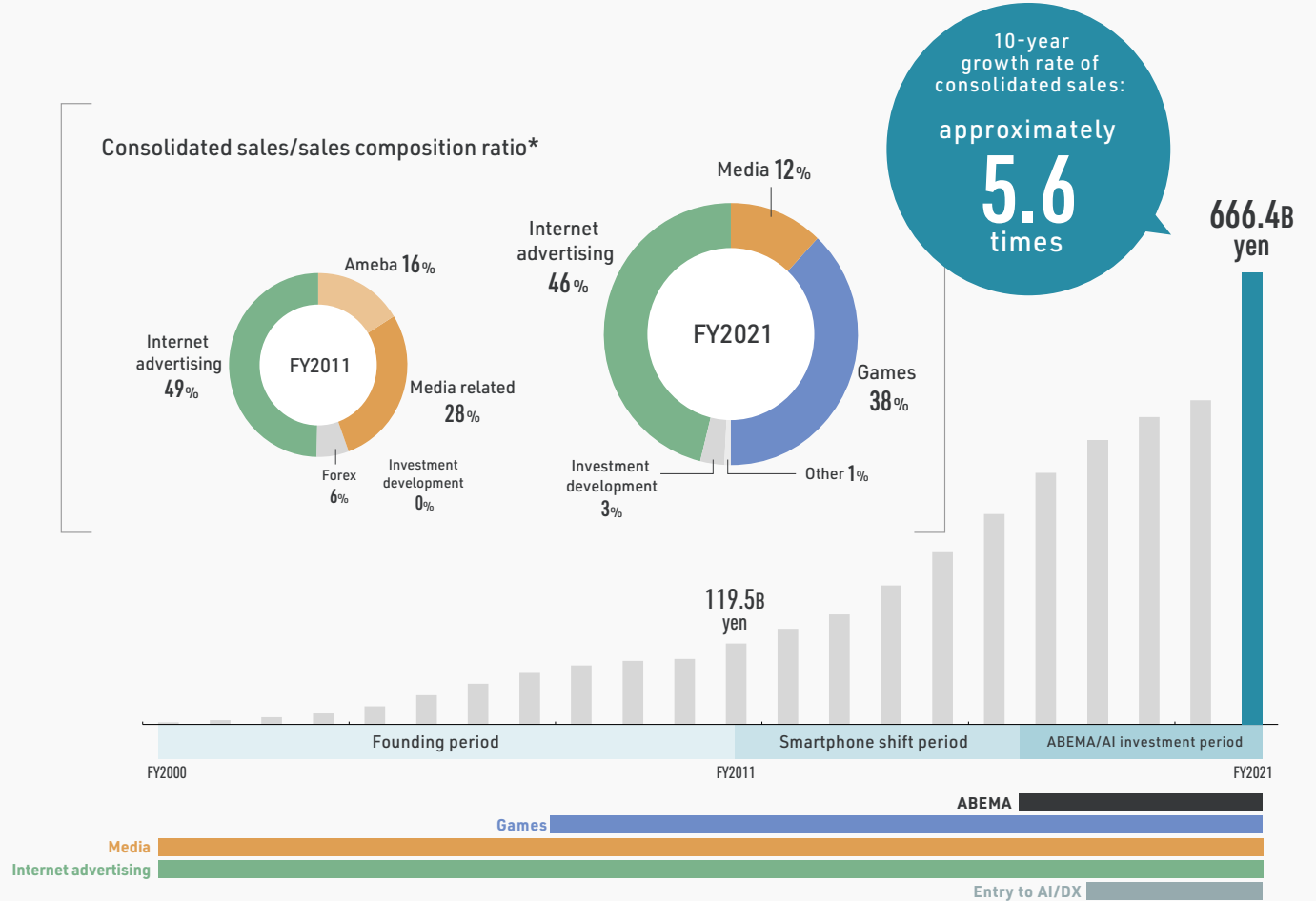
01

How We Create Value

025

History of Sustainable Growth

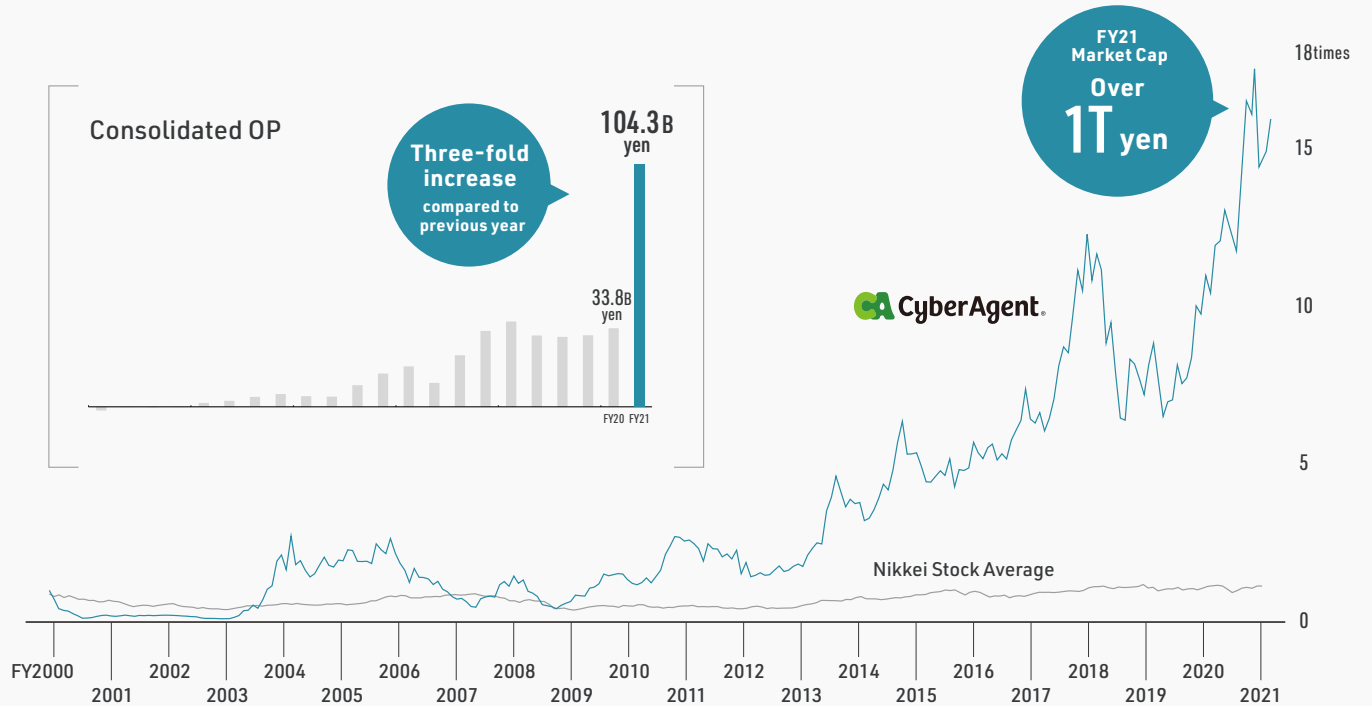
Since our foundation, we have been able to adapt to changing circumstances and technological innovations to diversify our business and increase revenue.



* Sales composition ratio: Calculated from sales by segment (before deduction of intercompany profit) as disclosed in the annual securities report

We have identified growth industries and are building profits to continue to increase the value of our business.

Stock price trend comparison *



* Stock price trend comparison: CyberAgent stock price and the Nikkei Stock Average, using March 2000 as 1

FY2021 Highlights

Record consolidated performance after two upward revisions

Net sales +39.3% YoY

666.4B yen

Operating profit 3.1x YoY

104.3B yen

Group structure that adapts to changes

Number of consolidated companies:

105

Established/acquired:

6

Merger/withdrawal:

8

Number of officers and employees

6,089

(Male 67% Female 33%)

Percentage of women in management positions

20%^{*1}

“ABEMA”

73M
downloads

August 2021
Record-breaking WAU^{*2}

18.25M

Internet advertising business
Higher income than in the previous four years

19.3%

Customer adoption rate of AI products^{*3}

Over 80%

“Uma Musume Pretty Derby^{*4}”
Major hit starting in February 2021

September 2021

Achieved
10M
downloads

^{*1} CyberAgent non-consolidated ^{*2} WAU: Weekly Active Users

^{*3} Over 80%: Adoption rate of advertisers able to introduce AI products, such as display ads and search link ad placements, as of Q4 FY2021

^{*4} “Uma Musume Pretty Derby”: ©Cygames, Inc.

Technology and Creativity at CyberAgent

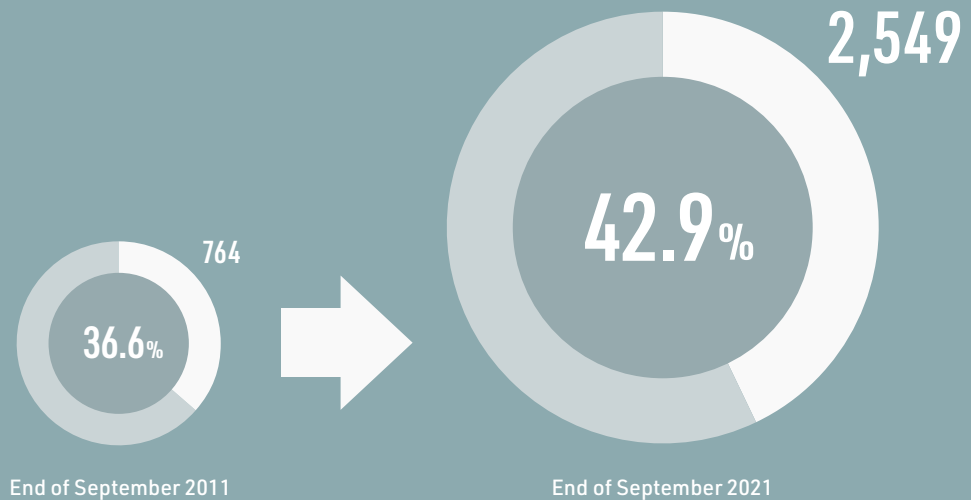
**Superior Technology of
AI**

**Superior Creation of
Digital Transformation**

**Creativity of
Game Business**

Technology is the cornerstone of internet companies' competitiveness. CyberAgent not only provides "ABEMA," the new TV for the future, "WINTICKET," a sports betting business, and numerous smartphone games, but is also engaged in a wide range of AI-driven advertising products and creatives. The number of engineers and creators at CyberAgent has grown from 764 in 2011 to 2,549 in 2021, and by fostering a culture of freedom and open-mindedness with each development team given broad discretionary power, we have built up a technical organizational structure that allows everyone to cross-organizationally share their accumulated knowledge and development assets to achieve synergistic effects.

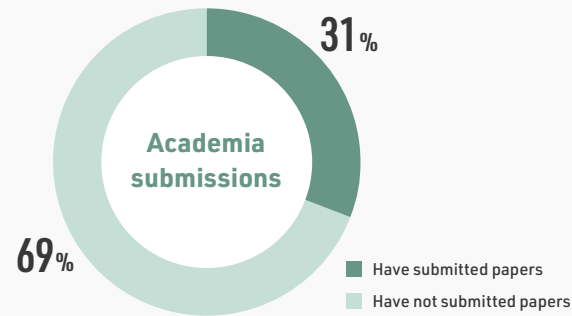
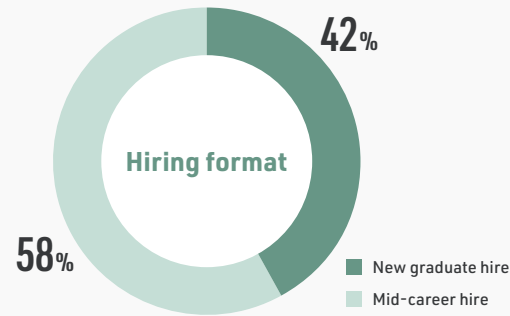
Organization comprises 2,549 engineers and creators, accounting for 43% of the staff body



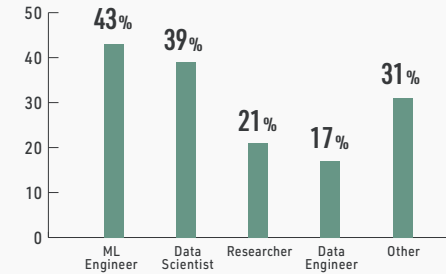
AI Technology

In 2011, CyberAgent established Media Data Tech Studio, an R&D organization that specializes in large-scale data processing, data analysis, and machine learning. In 2016, we also established AI Lab, a new R&D organization aimed at researching and developing a wide range of AI technologies related to all aspects of digital marketing. One of CyberAgent's strengths lies in its ability to put research to practical use, connecting AI technologies to actual business results. Especially in the domain of internet advertising, through our aim to realize highly effective advertising we deliver creative expressions through our innovative AI-based creative production process

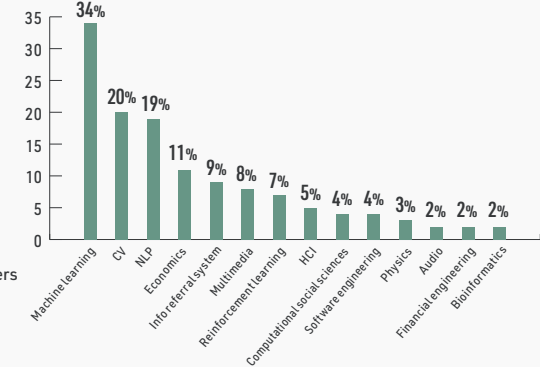
AI/Data Technology Engineer Attributes



Occupations (including multi-roles)

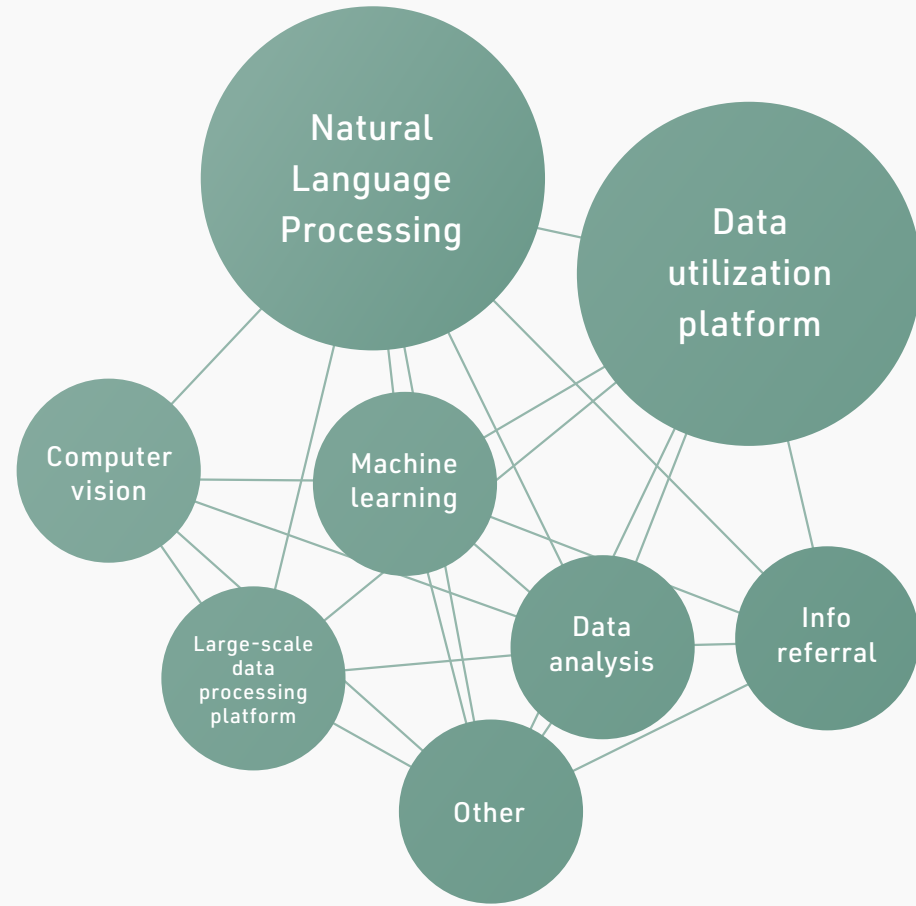


Area of Expertise



Major Areas of AI/Data Technology R&D

CyberAgent conducts research and development in a wide range of fields that include natural language processing, data utilization platforms, machine learning, and large-scale data processing platforms. Through initiatives such as compiling technical information into a database and making it accessible online, and by proactively sharing technical knowledge built up in several business areas and promoting cross-departmental and cross-occupational exchange between engineers, we are committed to further boosting technical capabilities and business growth.



AI Lab

In the field of AI which one of CyberAgent's core competencies, R&D papers from AI Lab, a research and development organization engaged in utilizing a wide range of AI technologies, have been chosen for presentation at some of the top conferences including NeurIPS, AAAI, ICML, and CVPR, the most prominent international scientific forums on AI. Our R&D system and achievements have garnered high acclaim, being selected as one of the top 7 Japanese companies (66th worldwide) in the "Top 100 Global Organizations (Industry & Academia) Leading in AI Research in 2020."

※ Gleb Chuvpilo: AI Research Rankings 2020

Strengths



Point 1

AI Lab's advanced research system covers a wide range of research fields

Point 2

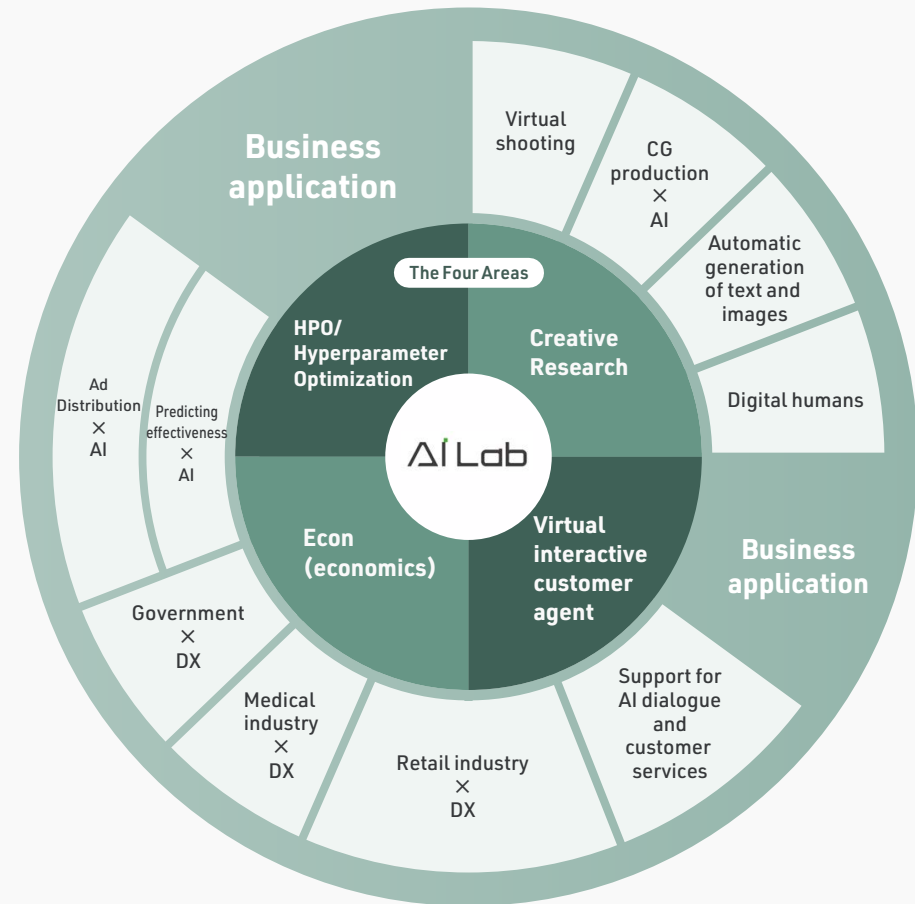
Joint research with universities engaged in cutting-edge research and "academic contribution" through the publication of papers

Point 3

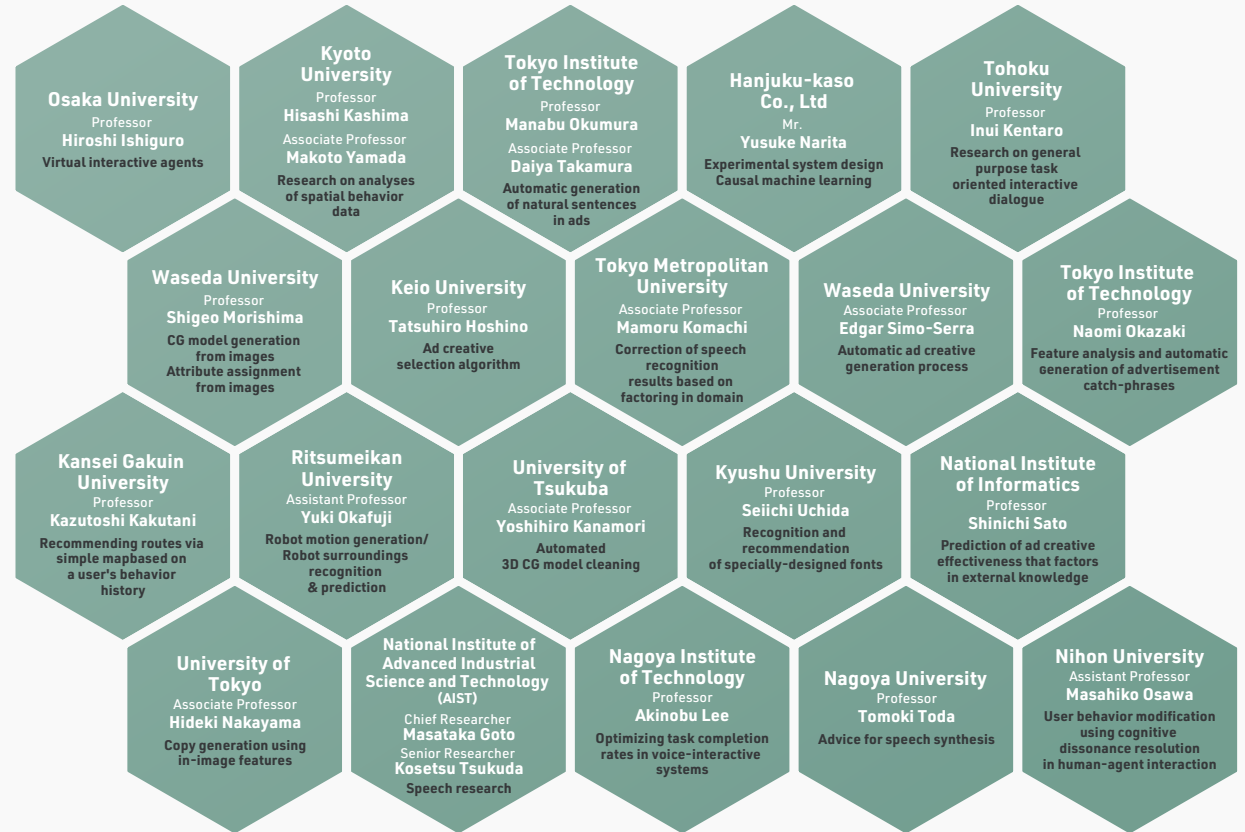
"Implementation capabilities" that connect AI to actual business results

Applying Various Technologies to Business

AI Lab utilizes technologies centered on "Creative Research," "Virtual Interactive Customer Agents," "Econ (economics)," and "HPO (Hyperparameter Optimization)" for AI-based advertising distribution, effectiveness assessment, and DX promotion.



Joint Research with Universities Engaged in Cutting-edge Research



"Implementation Capabilities" that Connect AI to Actual Business Results

In our internet advertising business, we currently offer a range of AI-driven products that have been successively launched. These include "Kiwami Prediction AI"; "Kiwami Prediction TD"; "Kiwami Prediction AI Human" which combines 3D data with CG; "Kiwami Prediction LED"; and "Digital Twin Label" which creates and manages 3DCG models to support the entertainment industry with digital spaces.



Kiwami Prediction AI

Uses AI to create highly-effective ad creative work Adopted by 81% *2 of advertisers *1



Kiwami Prediction LP

Uses "Effectiveness Prediction AI" to create landing pages whose predicted ad effectiveness is high even before the page is deployed



MIRAINAGE "Retail Feed"

Uses AI to mass generate creatives for digital signage



Kiwami Prediction TD

Uses AI to automatically generate search advertising text Adopted by 80% *2 of advertisers *1



Kiwami Prediction LED

Uses AI to predict effectiveness in real-time, enabling the shooting of highly effective creatives to continue seamlessly



Digital Twin Label

Produces official 3DCG models of celebrities with AI-driven visual expression technology



Kiwami Prediction AI Human

Uses AI to generate AI models able to deliver highly-effective ads Successfully delivered to over 600 people *2



Kiwami Prediction Trimming

AI-driven batch production of images with high predicted CTR values for each targeted search keyword



AI Messenger for Voice

An AI voice-interactive system that automates the work of handling phone calls

*1 Advertisers: Advertisers capable of introducing AI products, such as in display advertising and search advertising placements
*2 FY2021 3Q



Researcher's
Eyes

CyberAgent's Research Environment from a Researcher's Perspective

Mayu Otani Research Scientist at AI Lab

Mayu Otani joined CyberAgent in 2018 after completing the doctoral program at the Graduate School of Information Science, Nara Institute of Science and Technology. She is currently engaged in researching how video content is understood such as video summarization.

At AI Lab, an R&D lab that studies AI technology, I'm currently conducting research aimed at analyzing and automatically generating video ads. Specifically, my research is in the field of video summarization and collaborating with university researchers to study paraphrased expressions, the results of which are being presented as research papers.

This year, two papers that I co-authored have been accepted for the top international conferences. At ACM Multimedia 2021^{*1}, our paper that proposes an optimization method for constraint-aware layout generation has been received. Another paper that presents an approach to enable highly-accurate ranking learning for large-scale info referral systems has been accepted for SIGIR 2021^{*2}.

^{*1} "ACM Multimedia" is one of the foremost conferences in the multimedia field

<https://2021.acmmm.org/>

^{*2} "SIGIR 2021" is one of the most prestigious international conferences in the field of info retrieval and referral systems

<https://sigir.org/sigir2021/>

Conducting research meaningful to both academia and social implementation

Business data on digital advertising differs

greatly from the data found in academic research as it deals with edited video and image data in a mixture of text, images, and video.

The application of technology corresponding to multiple domains such as language and video is highly interesting. It is also quite profound in terms of when considering how these applications will be used in the real world.

CyberAgent's advertising business, which holds the largest market share in Japan, has built up a massive amount of practical data, and I find it rewarding to utilize this data to solve business challenges and engage in research themes with academic significance.

Able to conduct interdisciplinary research utilizing a broadly developed business range

CyberAgent's broad range of businesses is what makes it possible to conduct a variety of research at AI Lab. In addition to computer vision, which is my research subject, we have researchers engaged in a wide range of fields that include machine learning, economics,

natural language processing (NLP), as well as Human-Computer Interaction (HCI) which studies the interaction between humans and computers through cognitive psychology and other methods.

Last year, I collaborated with members researching the areas of NLP, economics, and referral technology. Our co-authored papers were even accepted to "The Web Conference 2021" and such. In the future, I hope this kind of interdisciplinary research, in which researchers from different fields work together, becomes one of the specialties of AI Lab since the researchers work close to each other even though they are engaged in different research subjects.

Research can be conducted at your own pace

While AI Lab is a corporate research organization, we don't only think about the immediate effects on business. Our scope also includes a broad range of activities that can be expected to bring value to the advertising field from a medium- to long-term perspective. To date, AI Lab has achieved

a wide range of outputs in everything from product improvements to academic research and OSS development. I mainly focus on writing papers through academia-industry cooperation.

Although there are goals for my papers, since there is no pressure to meet a certain quota, I'm generally able to conduct research at my own pace. Given the fact that research is highly unpredictable, I believe that an environment where people can work at their own pace is ideal for researchers.

Also, since I'm not currently experiencing any work-impacting events like childcare or parent caregiving, my work life is generally stress-free. People have become quickly acclimatized to remote work, and the company has an atmosphere that is relatively flexible in terms of working style.

Since joining the company, I've never experienced the problems you commonly hear about women entering the workforce. Overall, I feel that this environment allows me to concentrate on my research, be myself, and grow.



Development Advantages of DX

CyberAgent is promoting Digital Transformation (DX) to solve social issues in the fields of retail, healthcare, government, and entertainment by applying our knowledge and technical capabilities in the digital domain. In the retail industry, CyberAgent not only provides support for data-driven marketing and advertising business realization, but also the media integration of stores that use signage and AI cameras. In the public sector, we provide support for streamlining administrative procedures through AI as well as support for digitization, including the proposal, operation, and execution of measures that utilize economic knowledge. In the medical field, we promote DX in drugstores and pharmacies with a particular focus on delivering medication guidance online. Meanwhile, In the entertainment industry, we help realize the generation of new revenue sources, such as the hosting of live performances online.



Strengths

- Point 1** Organizational structure includes over 300 DX specialists
- Point 2** Extensive knowledge and technologies in the digital domain
- Point 3** Advanced R&D capabilities in AI technology

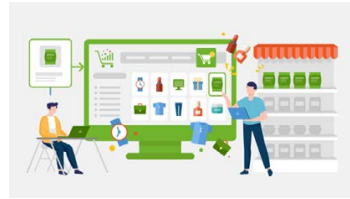
Strengthening Our DX Business

We are developing our DX business in a wide range of fields by taking advantage of our accumulated knowledge and technological capabilities.

Retail industry

Utilizing technology and data to realize a new purchasing experience that fuses the digital and real

We provide marketing support that utilizes purchase data and member information, as well as support for the media integration of shops and creation of advertising business that takes advantage of available data. We also offer integrated support for price optimization and forecasting based on economics.



Medical industry

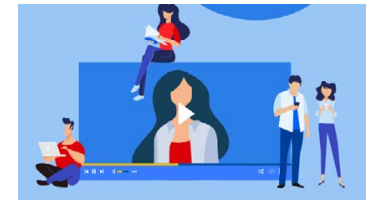
DX implementation at pharmacies and drug stores

We provide digitalization support services for medical institutions to facilitate online booking of medical appointments, appointment management, and even online medical treatment. We also offer digitalization support services for pharmacies and drugstores from booking the appointment needed for online medication advice to checking prescriptions and giving medication advice.

Government

Support for the digitalization of virtually any administrative procedure

We have been involved in building convenient and highly satisfactory services for residents while keeping costs down, including our Coronavirus Vaccine AI Phone Agent, an automated AI-driven phone response service dedicated to handling inquiries and reservations for the COVID-19 vaccination.



Entertainment

Driving the digital shift and helping to create new revenue opportunities

Including the live streaming of artists, we promote DX for monetization in the entertainment industry in everything from sports to martial arts, theater, and more. We also provide support for the creation of new revenue opportunities, such as for setting up official fan communities capable of fan-participative live streaming without the need for planning, preparation, or streaming equipment.



Collaborative Initiatives that Leverage DX



Promoting DX in retail and distribution companies

Provides solutions such as "Next-Gen Smart Advertising Platform" with NTT Communications Corporation



Consumer Electronics Store "YAMADA DENKI"

With YAMADA-DENKI Co., Ltd. we provide "Yamada Digital Ads," an official advertising menu that utilizes original purchasing data.



In-store DX "AWL x SATUDORA"

Partnering with AWL, Inc. and SAPPORO DRUG STORE CO.,LTD. to support promotion of DX in retail stores using AI cameras.



Card Transaction Data

Established CASM, Inc. with Credit Saison Co., Ltd. to provide solutions utilizing card transaction data.



Purchase Data

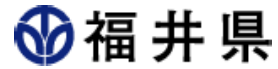
Together with ITOCHU Corporation, FamilyMart Co., Ltd. and NTT DOCOMO, Inc. we established Data One, Inc. to develop an advertising business that utilizes the purchase data of retail businesses.



In-store retail advertising

As an approved partner of LINE POP Media, we support installing a beacon and delivering advertisements in retail stores.

Examples of Digitalization at Government and Municipalities



- Fukui prefecture introduced AI voice-interactive services for inquiries on road regulation first in Japan.



- Mie prefecture utilizes an AI Phone Agent for call center after-hour operations to handle COVID-19 vaccination calls



- Tama city automated over-the-phone reservations using the COVID-19 AI Phone Agent, an AI-driven telephone support service first in Japan.
- In a joint research initiative with the University of Tokyo Market Design Center, CyberAgent launched a proof-of-concept experiment with Tama City, Tokyo to coordinate daycare center use



- In a joint research initiative with the University of Tokyo Market Design Center, CyberAgent launched a proof-of-concept experiment on digitalizing daycare center procedures and improving the algorithm for coordinating daycare center use.

Creative Advantages of Our Game Business

Through the continuous release of hit titles and extensive operational advantages, CyberAgent has grown its game business to the largest market share in Japan's smartphone game market. Behind this is the mindset of all staff, including the management team, to never compromise on quality, and also CyberAgent's work environment which enables cooperation beyond the confines of subsidiaries, culminating in better game quality and technology while also facilitating the recruitment of highly-capable staff.

The combination of CyberAgent's leading-edge game development environment with the latest equipment, world-class creativity, and extensive operational advantages have enabled us to produce a string of hit titles that include not only our own original IPs, but also prominent IPs developed in collaboration with partner companies.

Strengths

- Point 1** High successful rate of new game titles
- Point 2** Operational capability to achieve long-term hits
- Point 3** Collaborative work among subsidiaries



© Cygames, Inc.



Cygames, Inc.

Here we would like to introduce the development advantages of Cygames, which celebrated its 10th anniversary in 2021. This company continues to release hit titles that range from "Rage of Bahamut" to "Granblue Fantasy", "Princess Connect! Re: Dive," and "Uma Musume Pretty Derby."

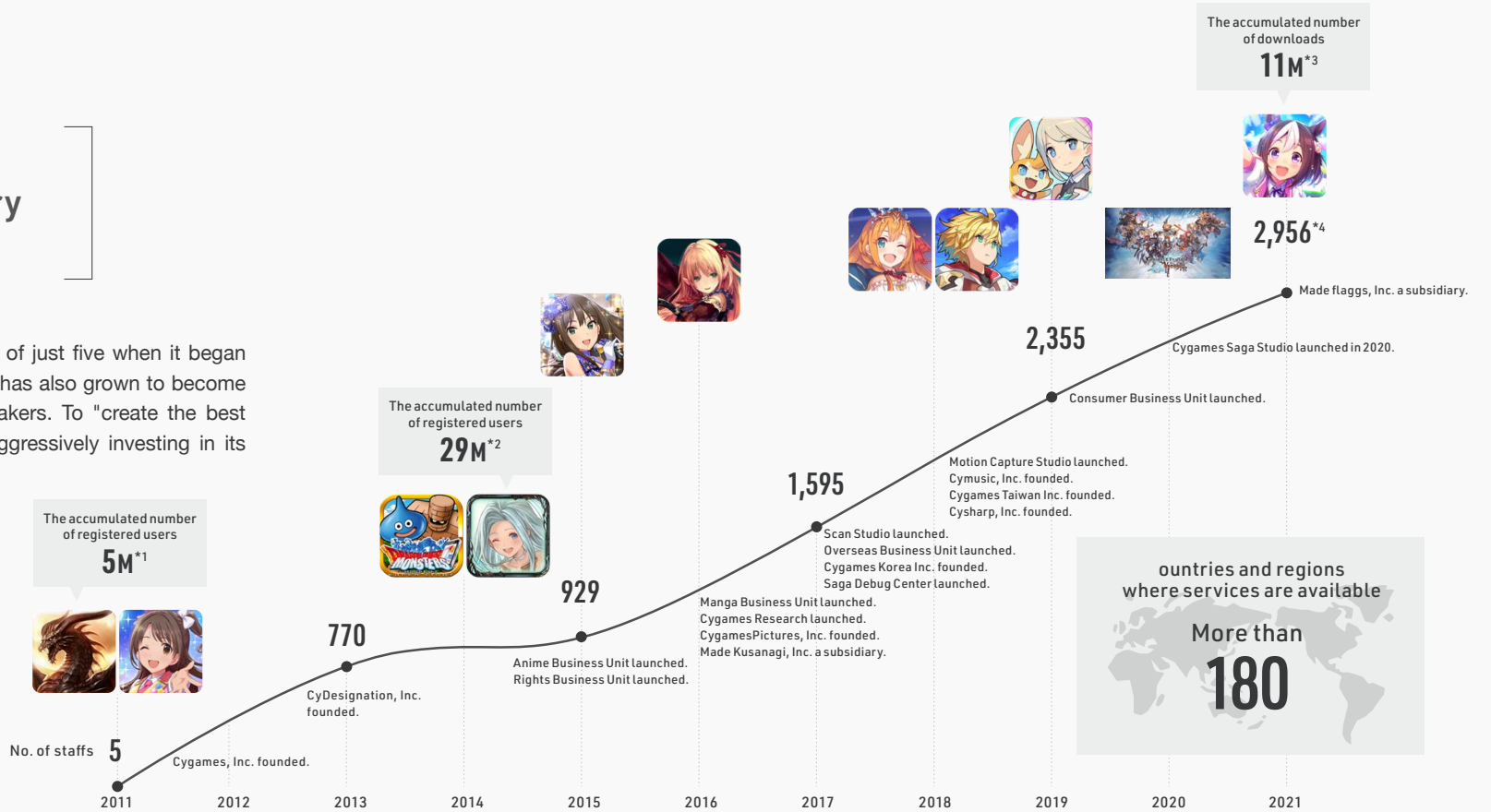


VISION ————— To create the best in entertainment



Cygames History

Cygames has grown from a staff of just five when it began in 2011, to 2,956 in April 2021. It has also grown to become one of Japan's leading game makers. To "create the best in entertainment," Cygames is aggressively investing in its development environment.



*1 As of July 15, 2016
 *2 As of October 14, 2021
 *3 As of October 29, 2021
 *4 The number of staffs as of April 1, 2021.
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Unparalleled Game Development Environment

Cygames' Scanning Studio is fully equipped with a body scanner and face scanner to quickly create 3D models from recorded images, while its Motion Capture Studio is able to convert video-captured actor movements into 3D data motions. The company has expanded its development bases to Osaka and Saga, establishing an environment where it can deliver the best entertainment even from regional cities.



Body scanner



Motion Capture Studio (Osaka)



Face scanner



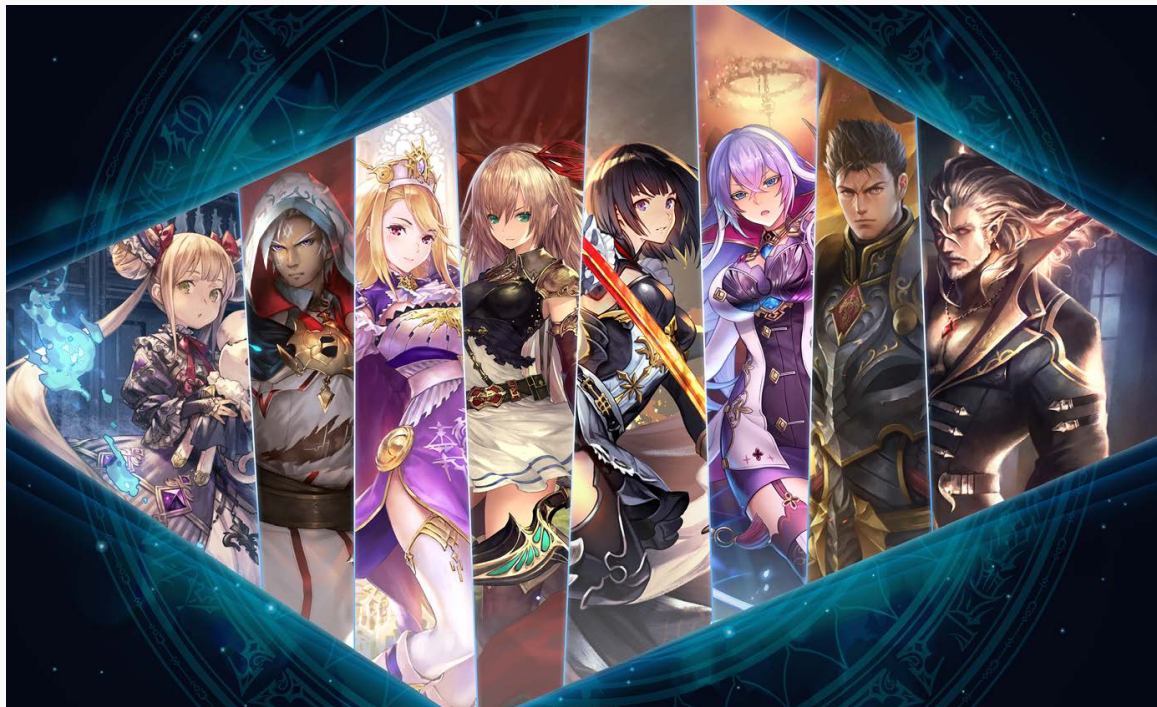
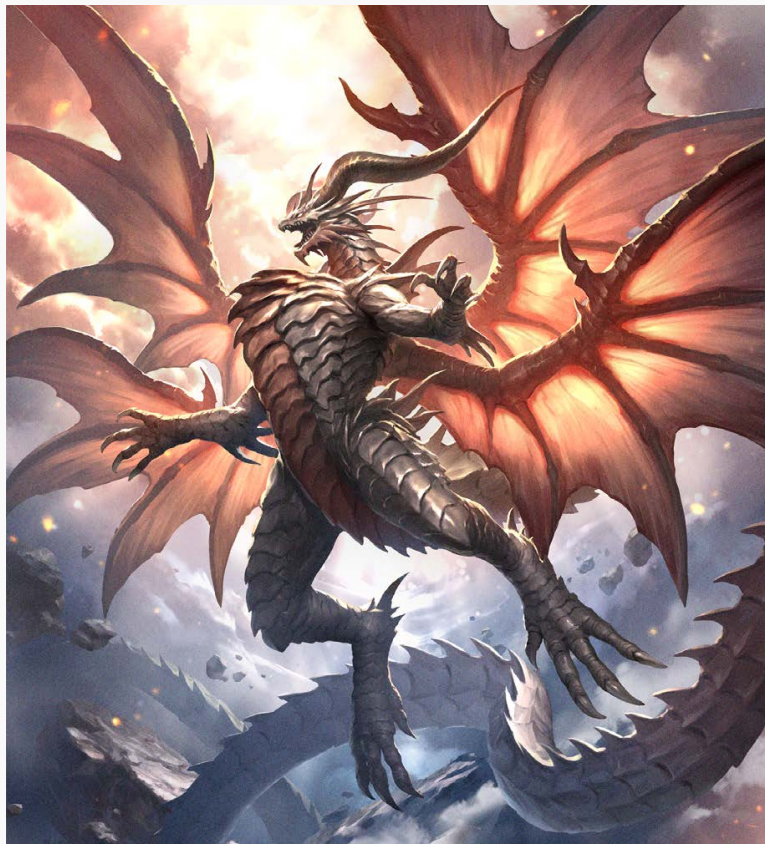
Cygames' Saga Building

World-class Creativity

One of Cygames' biggest strengths is the artwork created by its talented illustrators and designers. We also own CyDesignation Inc., home to some of the best designers in the industry in addition to a variety of other subsidiaries that produce high-quality creatives.

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Value Creation Strategy

02







FISHBOY
CyberAgent Legit
DIRECTOR



11
S



Minami Inoue
Executive Officer / N organic Brand
Manager, SIROK, Inc.





Naoto Hayashi
Promotion unit, GCREST, Inc.

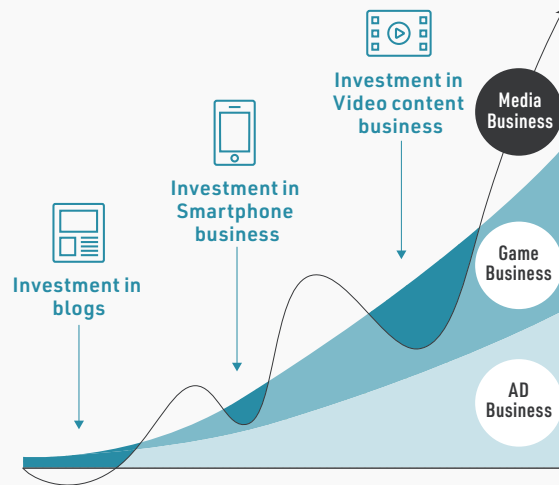
Our Business Model

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.

Medium- 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 medium- to long-term strategy.



Past Performance

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

The 2021 Level Up Top Publisher Awards

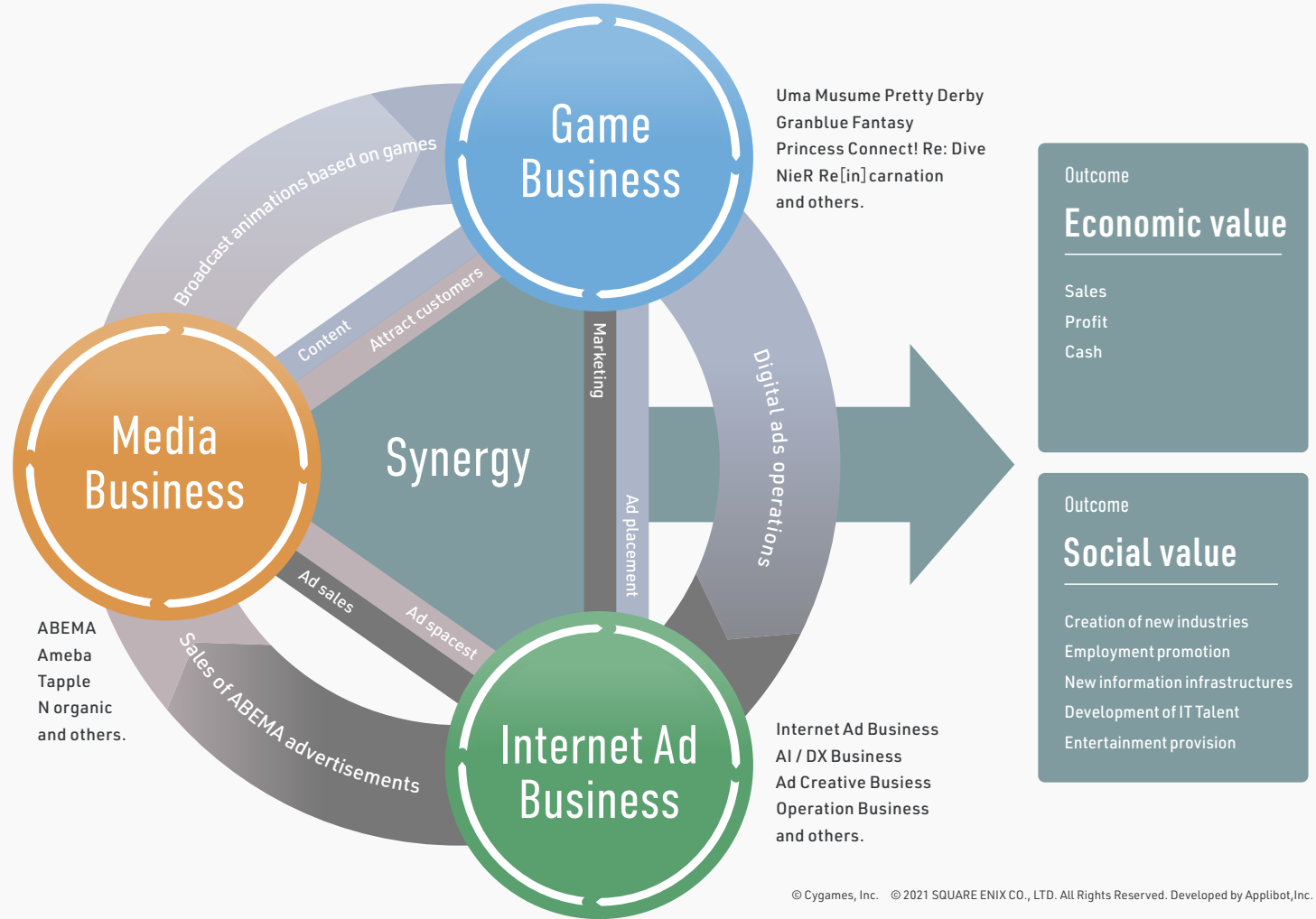


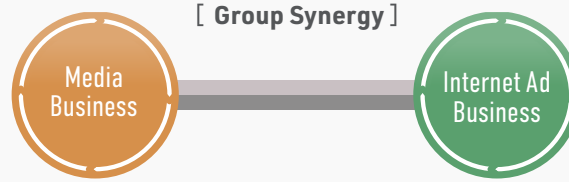
Source: appannie.com "Top Publisher Award 2021"
Total revenue on App Store and Google Play in Japan in 2020

Source: appannie.com "Top Publisher Award 2021"
Total revenue on App Store and Google Play in Japan in 2020

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.





Media Business × Internet Advertising Business

Internet Advertising Division's "ABEMA Team" Focused on Selling Video Advertising on ABEMA

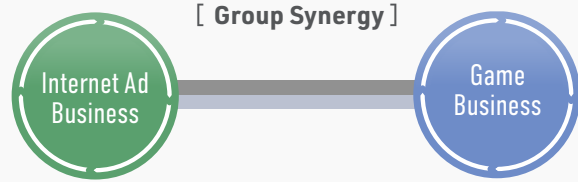
In our internet advertising business we established the ABEMA Office as a team that specializes in video advertising using ABEMA, which has been expanding our media business. While flexibly responding to a wide range of advertiser needs, this office has been working to improve advertising effectiveness in close collaboration with the development department at ABEMA.



Program: "Qosmetic 8"
Advertiser: eBay Japan G.K.
Broadcast of a makeup show featuring Korean cosmetics available at Qoo10, operated by eBay Japan LLC.



Program: "Pichon-kun Weather Forecast"
Advertiser: Daikin Industries, Ltd.
Broadcast a three-minute weather news program every day during nighttime, when younger viewers are most likely to view.



Internet Advertising Business × Game Business

Internet Advertising Business Deploys Web Promotions of Game Titles Provided by CyberAgent Group

Our internet advertising business deploys web promotions for titles provided by our game business, promoting everything from "IDOLY PRIDE" to "Pocolon Dungeons" and "100 Sleeping Princes & the Kingdom of Dreams." We are pursuing even further growth of our major hit titles by taking full advantage of business synergies.



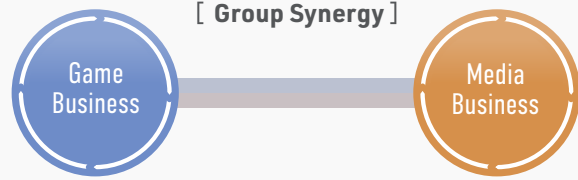
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© Project IDOLY PRIDE



© GCREST, Inc.



Game Business × Media Business

Media Promotion of Cygames' "Uma Musume Pretty Derby" Implemented Using ABEMA

All episodes of the TV anime series "Uma Musume Pretty Derby" were delivered over ABEMA. On our online live-streaming service, ABEMA PPV ONLINE LIVE, we also live-streamed "Uma Musume Pretty Derby - 3rd Event Winning Dream Stage." Delivering these streams is an example of showcasing content that is ideally suited for the ABEMA platform. The live event was viewed by a large audience, capturing major attention as it became the world's top trending topic on Twitter on the first day of the performance.



© Cygames, Inc.

Media Business

"ABEMA" launched in April 2016, attracting many viewers and achieving 73 million downloads * in five and a half years. We also offer a wide variety of entertainment services that include the country's largest blog service "Ameba", dating app "Tapple", and ecommerce cosmetics "N organic."

*The number of downloads: As of October 2021.



064

02

Value Creation Strategy

Media Business

ABEMA®

TV for the Future

ABEMA, the new TV for the Future

HYPNOSIS MIC Division Study Guide



01

A Hybrid Service of TV and Video



Viewing Style
Composition
Rate
Sept. 2021

Linear

On-demand

58%

42%

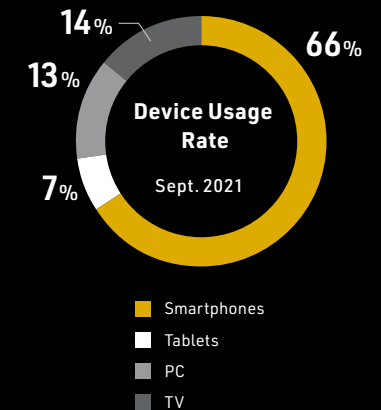
*On-demand viewing: Viewing times for "ABEMA Video", including free and paid viewing

02

Available on smartphones, PCs, tablets, and TV

After getting ABEMA buttons included on TV remotes, viewing time on TV has increased from 10% to 14%*

ABEMA®



*Comparison of September 2020 and 2021

03

Around 20 channels available 24 hours a day

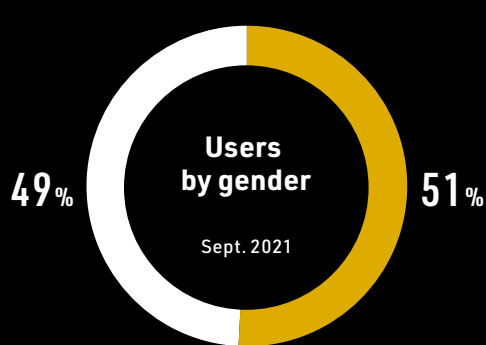
Extensive lineup of content suited to live streaming, including news, urgent press conferences, sports, and more.
Delivers a diverse lineup of everything from drama to anime and variety shows.



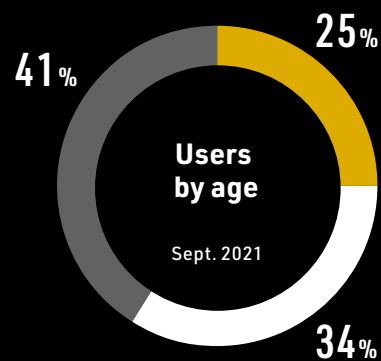
04

While most viewers are young people in their teens, 20s and 30s, there has been an increase in middle- to older-aged viewers to content such as Shogi and Mahjong, etc.

Demographics



■ Male
■ Female



■ 10s
■ 20-34
■ 35 or over

The dating shows watched by one in 2.2 Japanese middle and high school girls watch



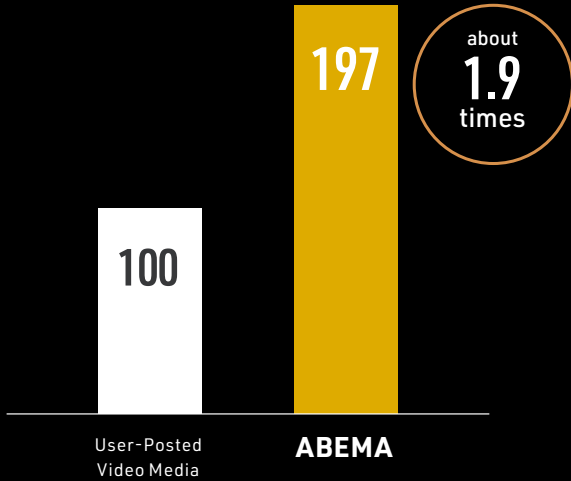
05

100% professional content

Delivering high quality TV-quality programs

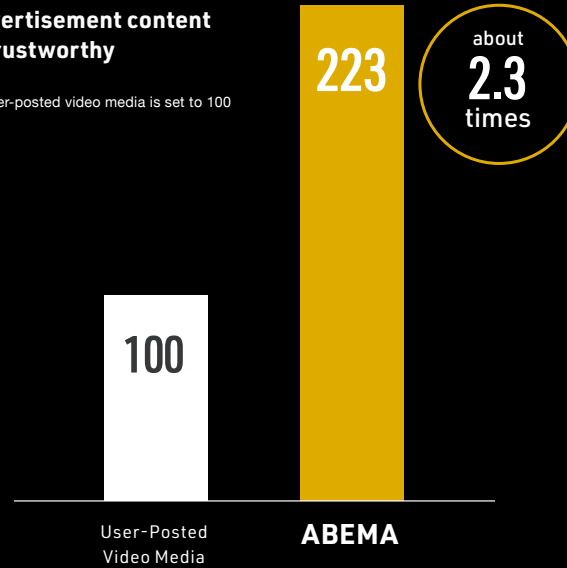
Violation-free, safe to watch programs

* When user-posted video media is set to 100



Advertisement content is trustworthy

* When user-posted video media is set to 100



* ABEMA: Users who have used ABEMA within a month (n=545)

: Users who have used user-posted video media within a month (n=3,438)(Results of a survey conducted by Macromill Inc. between February 8-11, 2021)
(Results of a survey conducted by Macromill Inc. between February 8-11, 2021)

06

Interactive features of ABEMA include commenting, cheering, and multi-angle functions available for live online viewing

Comment function



Support function



Multi-angle function



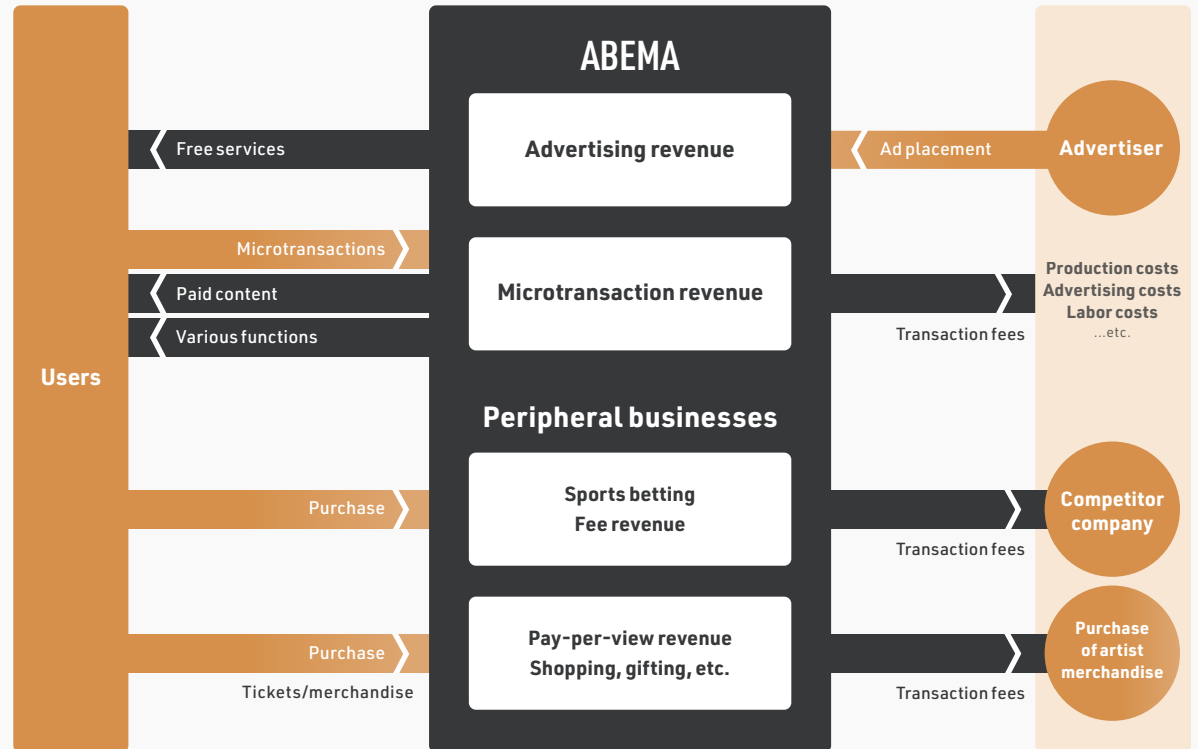
* Multi-angle function is available for iOS app, Android app, Fire TV, Android TV, and PC only.

Media Business

Business Model

ABEMA, which streams 20 channels for free 24 hours a day, bases its revenue on advertising income from its programs as well as billing income from premium members (960 yen/month) which gives them access to unlimited on-demand viewing and additional functions.

We are also expanding services that have a high level of affinity with ABEMA as peripheral businesses. Led by WINTICKET, our sports betting business launched in April 2019, we are now diversifying into other areas uniquely possible as an internet service such as live online streaming through pay-per-view (PPV), online shopping, gifting, and more.



Growth Strategy

Unparalleled Hybrid Service of Both Linear and On-demand Programming

Based on the concept of being a new future model of TV, ABEMA is committed to establishing new viewing habits, setting the WAU* as its most important indicator.

By leveraging its unique advantage of delivering free content that can be viewed anywhere, anytime to stream news, urgent press conferences, and other content, ABEMA has grown as a new info platform for the smartphone era.

It also distributes the largest number of original programs in Japan as well as sports and other exclusive programs. ABEMA delivers high-quality content that occasionally goes viral when a hot topic is viewed by countless viewers at the same time. We are dedicated to continue developing ABEMA as a pillar of our business and medium with social influence.

* WAU: Weekly active users (number of users who view the site in one week)

Breaking news

Prime Minister's Press Conference, uncut live broadcast

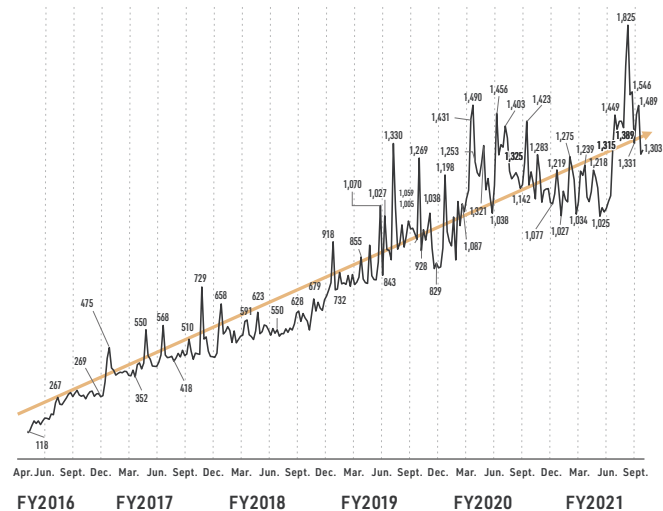


Shows only on ABEMA

Exclusive streaming of programs on popular celebrities' disbanding



Changes in WAU

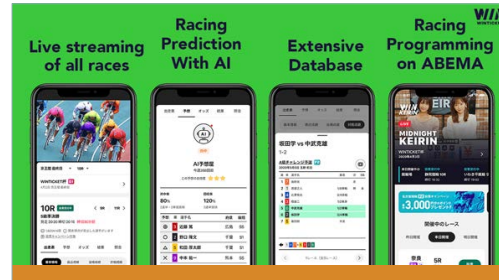


Growth Strategy

Diversifying Our Monetization Strategies

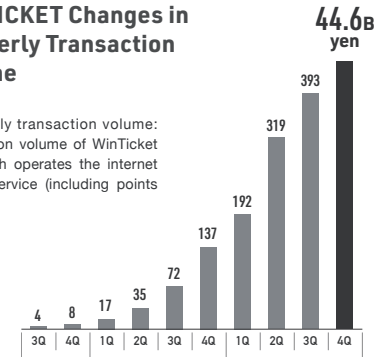
ABEMA is expanding its monetization strategy to include peripheral businesses based on advertising and billing revenues. In April 2019 we launched "WINTICKET," a service that allows users to place bets while watching races on ABEMA. WINTICKET has been mainly offering cycle racing ("Keirin") which is approved under government-controlled gambling, and its use has been rapidly expanding due to the home-nesting phenomenon under COVID-19 conditions. Betting over the internet with these sports betting businesses has been growing rapidly in recent years, and due to the high level of affinity with ABEMA, an internet media company, this area has been positioned as an area to be strengthened in the medium- and long-term.

Four Features of WINTICKET

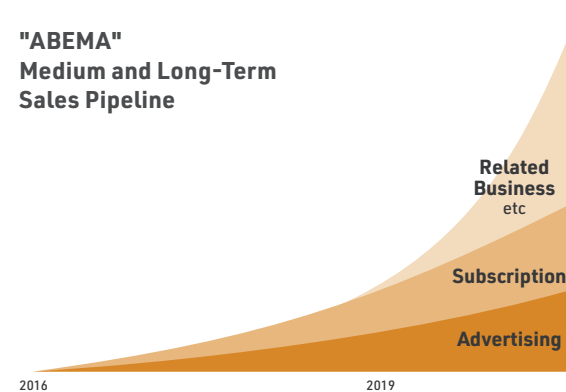


WINTICKET Changes in Quarterly Transaction Volume

* Quarterly transaction volume: Transaction volume of WinTicket Inc. which operates the internet betting service (including points awarded)



"ABEMA" Medium and Long-Term Sales Pipeline



Competitive Advantages

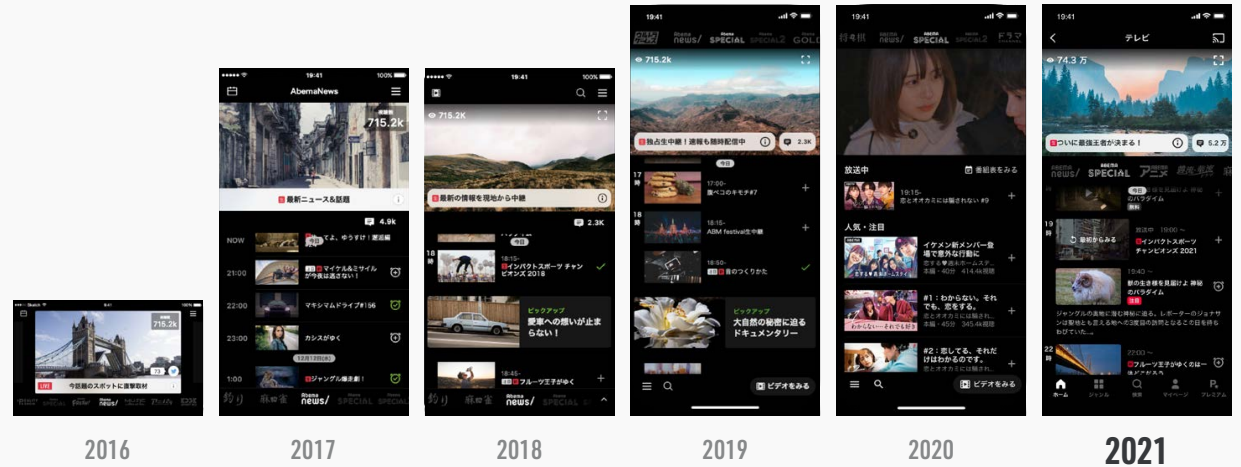
Services that Continue to Evolve Alongside Technological Capabilities

ABEMA is developed and operated in-house, and we are constantly working to make its UI more user-friendly and enhance features. In our commitment to free users from the constraints of "place" and "time," which are the typical limitations of conventional TV, our competitive advantage lies in our ability to evolve services on a daily basis, such as delivering an anywhere, anytime viewing experience, while our technological capabilities provide the driving force.

Our engineering team has been building an experimental platform since 2017. Rather than enhancing and renewing features after exhaustive preparation, we provide services on a trial basis and optimize them through PDCA while monitoring the data. Aiming to realize a more user-first service, engineers themselves take ownership of the development by extensively examining data and interacting with users. We will continue to distill CyberAgent's technological capabilities to pursue the challenge of reinventing the viewing experience.

*UI: User Interface

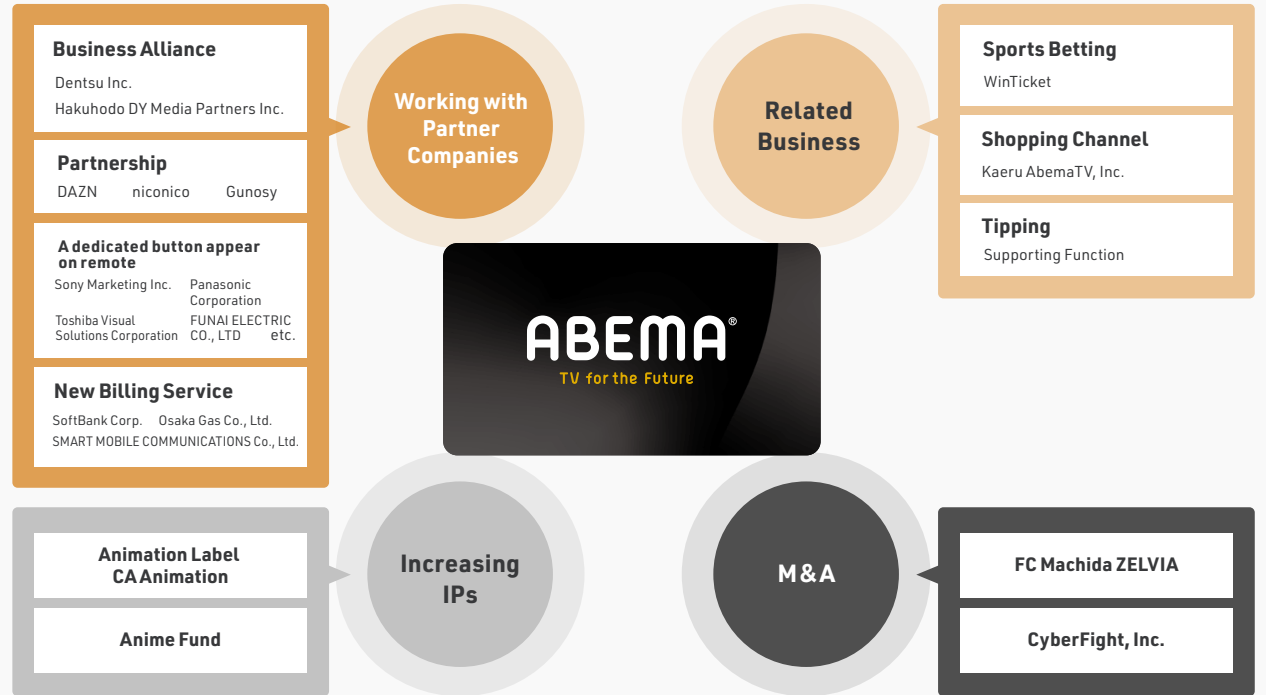
The Evolution of "ABEMA"



Competitive Advantages

Using Collaboration to Realize a Wide Range of Business Development

When ABEMA was established in 2016 as a joint venture between TV Asahi Corporation and CyberAgent Inc., this opened the door to expanding collaboration with other companies rather than relying on group synergies alone. We are working to improve our services in collaboration with several business partners with initiatives that include everything from bolstering advertising sales in capital and business alliances to getting an ABEMA button included on TV remotes released from 2019.



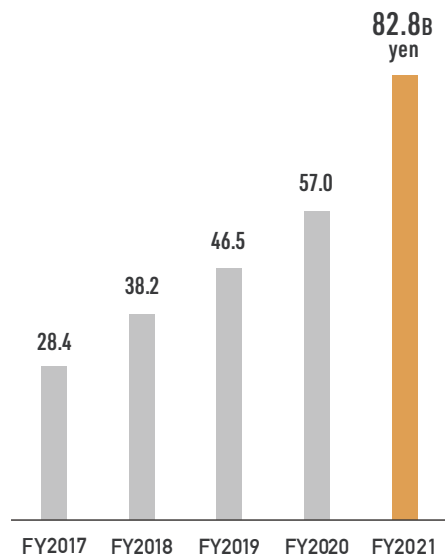
*Equity Ratio: 55.2% CyberAgent, 36.8% TV Asahi, 5.0% Dentsu, 3.0% Hakuhodo DY Media Partners

Performance

Media Business Full Year Sales

82.8 billion yen (up 45.1% YoY)

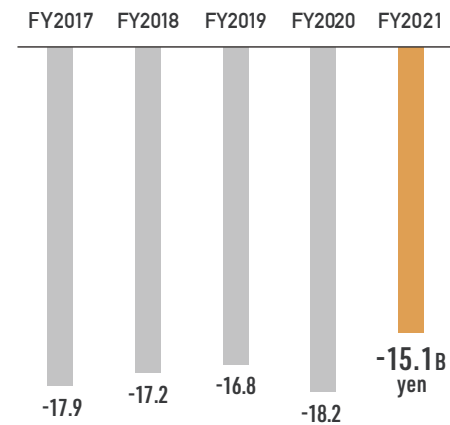
Sales increase driven by ABEMA.



Media Business Full Year OP

Operation Loss of the media business decreased to

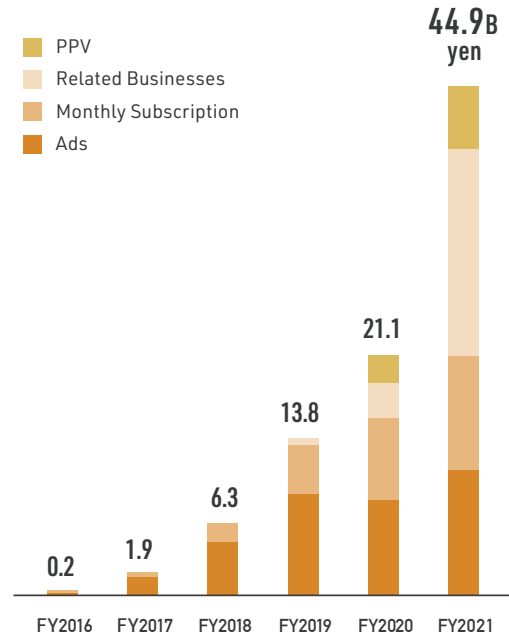
15.1 billion yen.



Performance

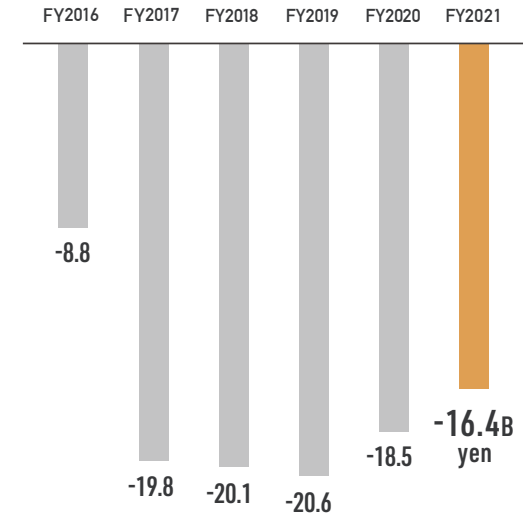
Sales of ABEMA & Related Businesses (Full-year)

Increased by 2.1x YoY driven by the growth of related businesses.



OP of ABEMA & Related Businesses (Full-year)

Entered a phase of loss reduction since FY 2020.



Internet Ad Business

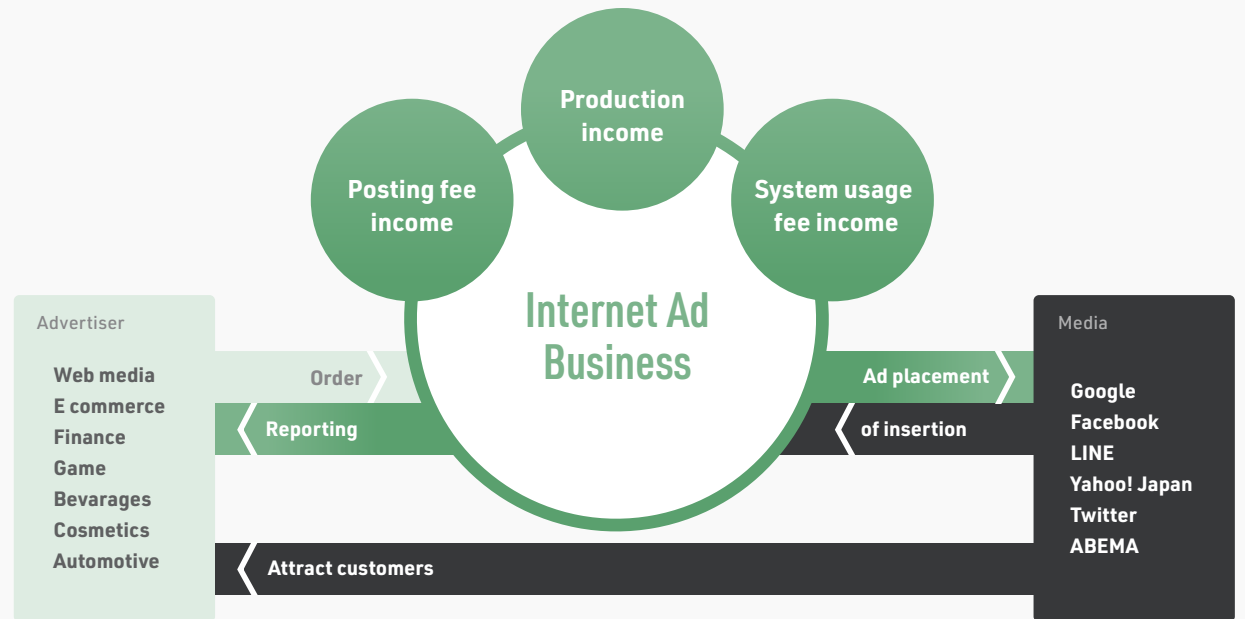
Since its launch in 1998, CyberAgent has been expanding its internet ad business, and already boasts the top market share in Japan due to its strengths in maximizing advertising effectiveness.

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.

Internet Ad Business

Business Model

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.



Growth Strategy

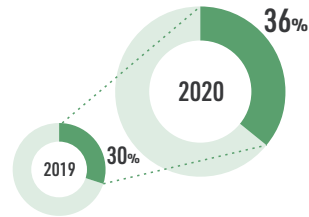
Aiming to Expand Market Share in Growth Industries

The percentage of digital advertising among ad spending in Japan is still low at 36% versus 48% globally in 2020, indicating high potential for growth in terms of clients in Japan shifting to digital advertising.

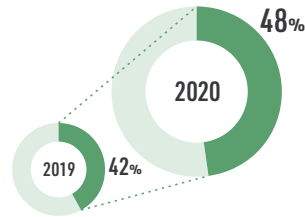
Internet Ad Spending Share

The share of internet ad spending in global ad spending is expected to be 50% in 2021 and 51% in 2022.

Japan internet ad spending share *1



Global internet ad spending share *2

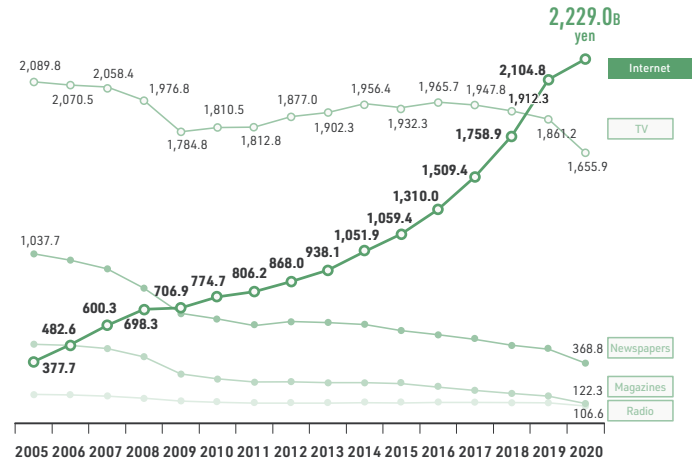


*1 Japan internet ad spending share: "2020 Advertising Spending in Japan," Dentsu Inc.

*2 Global internet ad spending share: "Global Advertising Spending Growth Rate Forecast (2020-2022)," Dentsu Inc.

Ad Spending by Media in Japan*3

Internet ad spending exceeded TV ad spending in 2019, reaching 2 trillion yen.



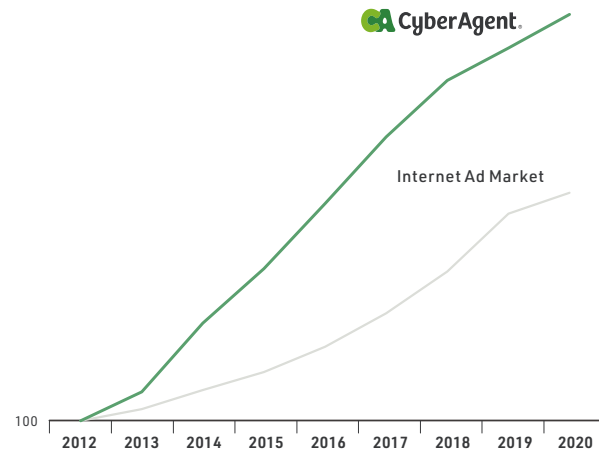
*3 Ad Spending By Media in Japan: "2020 Advertising Spending in Japan," Dentsu Inc.

Growth Strategy

CyberAgent dominates market share in Japan with a growth rate outpacing the market. We aim to further expand market share by providing highly-effective advertising.

Despite the impact of decreased advertising demand from around FY2020 3Q (January-March 2020) due to the spread of COVID-19, we have continued to achieve strong growth since 1Q of FY2021 (October-December 2020).

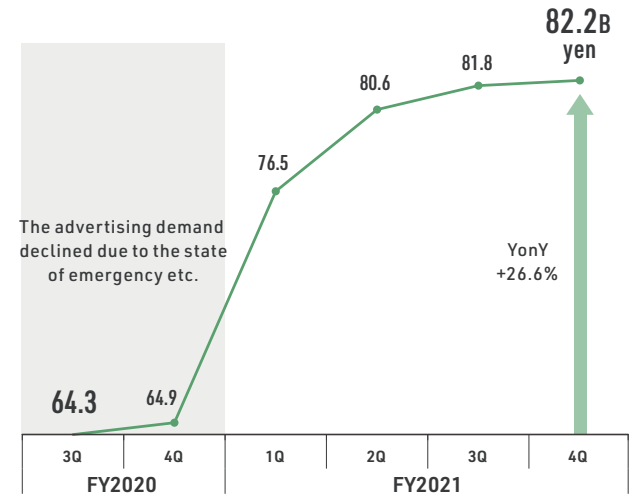
Versus the overall internet advertising market



* Growth rate trend: Growth rates with 2012 rate represented as 100

* Internet ad spending share: "2020 Advertising Spending in Japan," Dentsu Inc.

Net Sales (Quarterly)



Competitive Advantages

Cutting-edge Technology

ROI (return on investment) is an important indicator in internet advertising, where the effectiveness of advertising can be quantified. We established AI Lab in 2016 which utilizes AI technology to streamline and automate the system for realizing highly-effective advertising creatives and text content in bulk quantities. Since we hold the number one market share in Japan, we also have the largest database in advertising, which gives our AI the base from which to derive ads that yield results.



Kiwami Prediction AI

Uses AI to create highly-effective ad creatives
Adopted by 81% *2 of advertisers *1



Kiwami Prediction AI Human

Uses AI to generate AI models able to deliver highly-effective ads
Successfully delivered to over 600 people *2

*1 Advertisers: Advertisers capable of introducing AI products, such as in display advertising and search advertising placements
*2 As of 3Q FY2021



Kiwami Prediction TD

Uses AI to automatically generate ad text that matches searches
Adopted by 80% *2 of advertisers *1



Kiwami Prediction LED

Uses AI to predict effectiveness in real-time, enabling the shooting of highly effective creatives to continue seamlessly



"AI for Digital AD - Digital Ads Make a Quantum Leap with AI" by IR Channel

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

Competitive Advantages

Maximizing Advertising Effectiveness

Our advertising business is developed by CyberAgent and our 11 major consolidated subsidiaries. High-level operational capabilities are required to maximize advertising effectiveness, and having the support structure to achieve this gives us a competitive advantage. CyberAgent has been building a system with the collective capabilities to maximize advertising effectiveness by expanding its structure in line with the evolution of internet advertising and by aggressively investing in new technologies as well as cutting-edge equipment and facilities.

Advertising agency



CYBER

Cyber-ACE

AI

CyberAgent | AI Tech Studio

AI Lab



Creative production

Cadesign

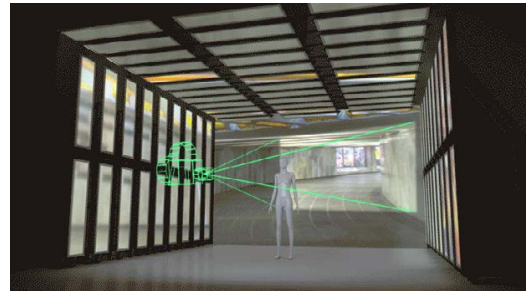


Cyber
Human
Productions

Advertisement management

CA ADVANCE

Shooting equipment



"LED STUDIO™" virtual photography studio



"The AVATAR TRUCK," a mobile 3DCG scanning vehicle

Performance

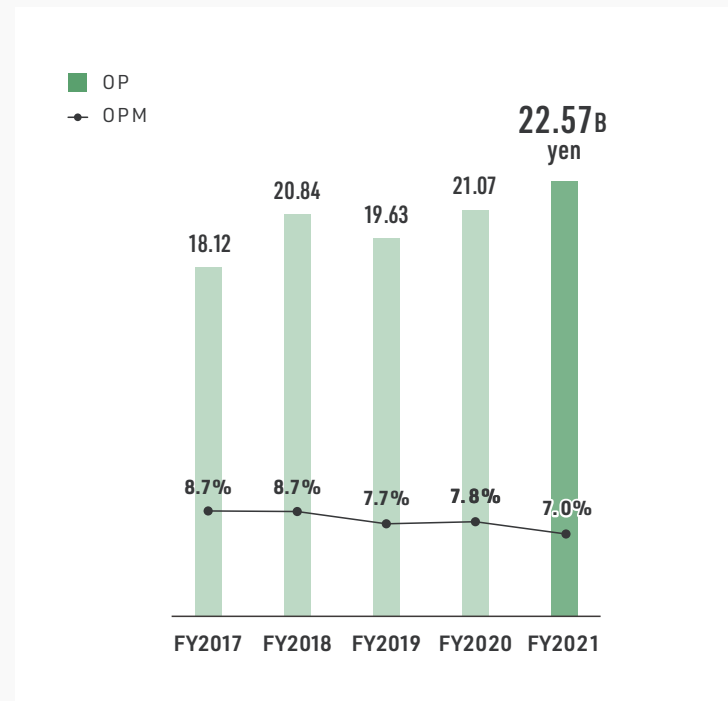
Full Year Sales

321.3 billion yen (up 19.3% YoY)
Achieved higher growth rate than the last four years.



Full Year OP

22.5 billion yen (up 7.1% YoY)



Game Business

Our game business, which we launched in 2009, has created a continuous stream of hit titles, and by FY2021 has grown to hold Japan's top market share* in the smartphone game market.

* Smartphone game market share: as of Apr–Sept 2021

Game Business

Business Model

We provide games for smartphones. We have adopted a freemium model that allows users to play for free while income is generated by charging for certain in-game items. Of our eleven major hit titles, five are original IPs. Five titles are games developed and operated under other companies' IP.

*The number of major hit titles: As of September 2021



Growth Strategy

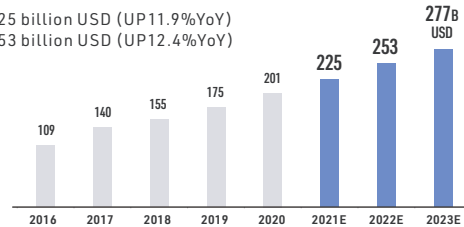
Aiming for Profits as an Industry Survivor by Producing Continuous Hit Titles

Market Trends

Japan's mobile game market is the third largest in the world, after China and the United States.

Japan's Smartphone Game Market Forecast *1

2021: 225 billion USD (UP11.9%YoY)
2022: 253 billion USD (UP12.4%YoY)



*1 Japan's Smartphone Game Market: White paper of Ministry of Internal Affairs and Communications

Game Market by Country *2

Japan has the third largest game market.

Rank	Country	Revenue(USD)	Rank	Country	Revenue(USD)
1	China	44.3B	4	South Korea	7.3B
2	United States	42.1B	5	Germany	6.0B
3	Japan	20.6B			

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

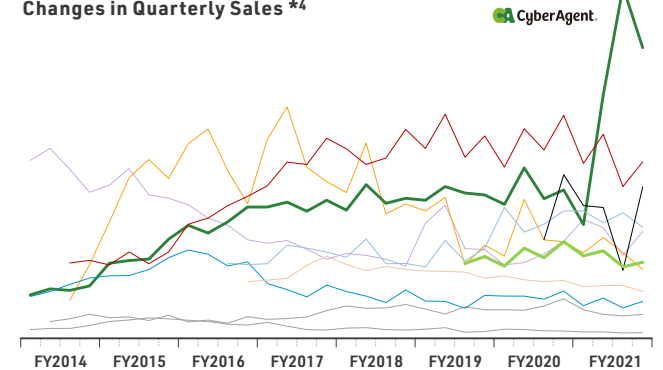
Comparison against Competitors

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 market share *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.

Changes in Quarterly Sales *4














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

Competitive Advantages

Long Term Games Realized through our Extensive Operational Advantages

In its game business, CyberAgent currently has a total of 13 major consolidated subsidiaries with Cygames Inc. at the forefront. We have constructed an optimal game portfolio that leverages the strengths of each subsidiary, and now have 11 major hit titles including our own original titles as well as IP titles from other companies. We also actively cross-share knowledge and expertise among subsidiaries to enhance our operational capabilities, enabling the delivery of long term games.

FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<p>1 Sengoku Embu -KIZNA-</p>  <p>Original IP</p> <p>Card Battle</p>	<p>2 Granblue Fantasy</p>  <p>Original IP</p> <p>RPG</p>		<p>5 Shadowverse</p>  <p>Original IP</p> <p>Esports for Smartphone</p>		<p>7 PRINCESS CONNECT! Re:Dive</p>  <p>Original IP</p> <p>Anime RPG</p>			<p>10 Uma Musume Pretty Derby</p>  <p>Original IP</p> <p>Training Simulation</p>
	<p>3 Dragon Quest Monsters Super Light</p>  <p>Others IP</p> <p>RPG</p>	<p>4 THE IDOLM@STER CINDERELLA GIRLS STARLIGHT STAGE</p>  <p>Others IP</p> <p>Idol & Rhythm</p>		<p>6 BanG Dream! Girls Band Party!</p>  <p>Others IP</p> <p>Rhythm & Adventure</p>	<p>8 Dragalia Lost</p>  <p>Others IP</p> <p>Action RPG</p>		<p>9 Project SEKAI Colorful Stage! Feat. Hatsune Miku</p>  <p>Others IP</p> <p>Rhythm Game</p>	<p>11 NieR Re[in]arnation</p>  <p>Others IP</p> <p>RPG</p>

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Competitive Advantages

Technological capabilities to create hit titles

We launch five to six new games each year in our game business and have been successful in delivering a continuous stream of hit titles. Due to the high acclaim of our track record and achievements, we are getting increasingly more opportunities to develop and operate superior IP titles owned by other companies. In 2022, we plan to distribute FINAL FANTASY VII EVER CRISIS^{*1}, the latest title in SQUARE ENIX's FINAL FANTASY VII series, to smartphones worldwide^{*2}. We are also developing "Jujutsu Kaisen: Phantom Parade"^{*3}, the first smartphone game based on the TV anime "Jujutsu Kaisen." Cygames Inc., which produced a major hit title with its original IP "Uma Musume Pretty Derby"^{*4} in February 2021, not only develops smartphone games but console games as well, which is helping to create high-quality new titles partly through the acquisition of cutting-edge technologies.

^{*1} FINAL FANTASY VII EVER CRISIS :© 1997, 2021 SQUARE ENIX CO., LTD.
All Rights Reserved. Powered by Applibot, Inc. CHARACTER DESIGN: TETSUYA NOMURA
^{*2} worldwide; excluding mainland China.

^{*3} Jujutsu Kaisen Phantom Parade: © Gege Akutami/ Shueisha, Jujutsu Kaisen Production Committee © Sumzap, Inc

^{*4} Uma Musume Pretty Derby : © Cygames, Inc.

^{*5} Console games of Cygames, Inc. : © Cygames, Inc.

FINAL FANTASY VII EVER CRISIS



Development: Applibot, Inc.
Planning & Production: SQUARE ENIX CO., LTD.

Jujutsu Kaisen Phantom Parade



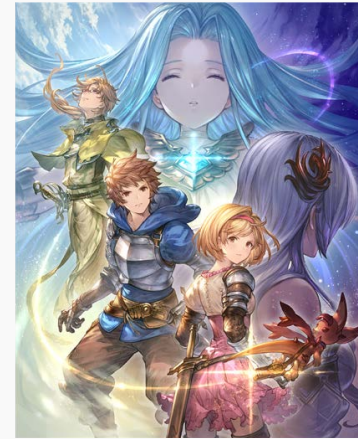
Planning & Production: Sumzap, Inc. TOHO CO., LTD.
Development & Operation: Sumzap, Inc.

Project GAMB^{*5}



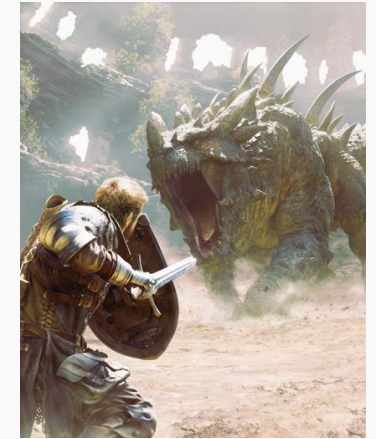
Cygames, Inc.
Release Date TBD

GRANBLUE FANTASY Relink^{*5}



Cygames, Inc.
To be released in 2022

Project Awakening^{*5}

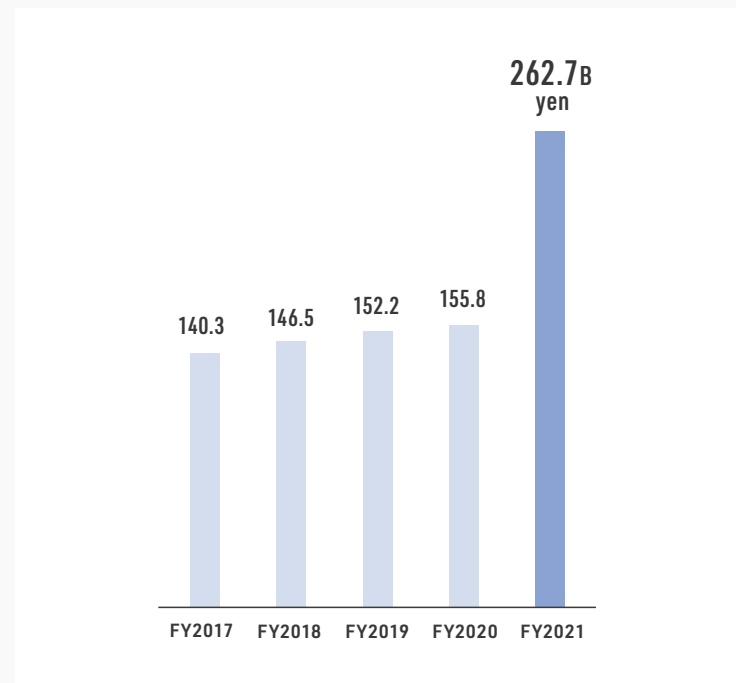


Cygames, Inc.
Release Date TBD

Performance

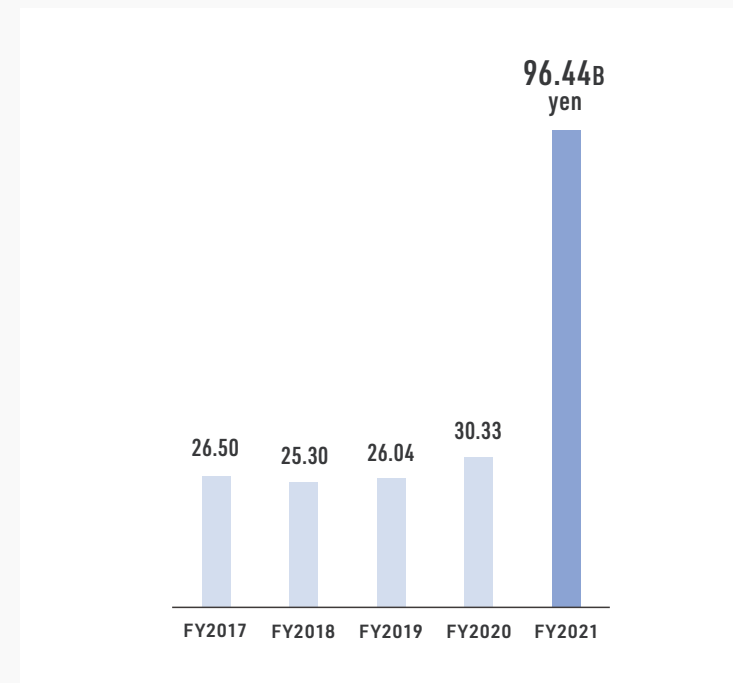
Full Year Sales

262.7 billion yen (UP 68.6% YoY)
New successful titles delivered a strong growth.



Full Year OP

96.4 billion yen (UP 217.9% YoY)




03

Opportunities

Risks &







Sayaka Kodama
Chief Manager of M-League,
Manager of Dance team
"CyberAgent Legit," D.LEAGUE,
President's Office







CyberAgent®



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.

Sustainability Classification	Risk item	Content	Response Approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)	
Risks to Sustainable Growth of the Company	Superior Creation Adaptability to change	Social Change	<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>To continue achieving growth in the internet industry, it is important for us to respond quickly to changes in the environment and consumer preferences to develop new businesses. CyberAgent's risk management challenges are to rapidly "create new businesses in response to change" and "turn risk into opportunity." We have implemented a variety of measures to pursue the challenge of launching the new businesses. In order to contribute to digital transformation (DX) of many industries, which progresses due to the COVID-19 impact, we are currently focusing efforts on commercialization opportunities.</p>	<p>CyberAgent's DX Ashita Kaigi (Meeting for Tomorrow) 🔗 Cycom 🔗 Financial Strategy Meeting 🔗 CAJJ 🔗 Startup JJJ 🔗</p>	To generate new value through the creation of new businesses
	Superior Technology Adaptability to change	Technological Innovation	<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, over 50 smartphone games, and advertising products that apply AI technologies—are created by over 2,000 engineers and creators using an extensive range of technologies. We strengthen the systems for cross-departmentally sharing the various technological assets built up across the group to improve our capabilities necessary to keep our competitive edge. At our in-house research institutes, we work on developing the latest technologies and their practical applications, aiming to achieve a balance between finding solutions to business challenges and contributing to academia. CyberAgent leads Japan in the number of scientific papers adopted at international conferences in the field of AI research.</p> <p><small>* "AI Research Ranking for 2020" by Gleb Chuvpilo, calculated based on the results of papers adopted at ICML2020 and NeurIPS2020.</small></p>	<p>CA BASE SUMMIT Ashita Kaigi (Meeting for Tomorrow) by in-house engineers and creators CA BASE CAMP Technology conference by in-house engineers and creators R&D Division (AI Lab · Media Data Tech Studio)</p>	To create new value, including new services that utilize the latest in technology

Sustainability Classification	Risk item	Content	Response Approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
Superior Technology Adaptability to change	Information Security	<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 	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.	Information Security  Protect Personal Information 	To gain public trust by providing safe, secure and reliable services
Superior Talent Adaptability to change	Securing Human Resources	<ul style="list-style-type: none"> Intense hiring competition making it virtually impossible to recruit and retain enough talented people Lack of management succession 	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," and have created an environment and culture where each and every employee is able to reach their full potential in terms of performance. To recruit outstanding talent from across Japan, we continue to aggressively recruit employees in line with the times, such as by implementing internships and recruiting conferences online. We also offer training opportunities based on a custom curriculum to some 20 selected members under the age of 30 as an effort to develop the next generation of executive leaders.	Recruitment strategy FLATOP Training and active participation measures CA BASE AWARD  CA BASE NEXT  JB Career Program YMCA	To boost competitiveness and achieve sustained corporate growth by bolstering human resources

Sustainability Classification	Risk item	Content	Response Approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
Superior Talent Adaptability to change	Working Environment	<ul style="list-style-type: none"> 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. We began administering COVID-19 vaccines to employees in July 2021, and 4,249 people, around 70% of the total, have completed their second round of vaccinations.	Healthy Workstyle ↗	To boost hiring competitiveness and ensure growth opportunities by providing a pleasant working environment
External Environment	Natural Disasters, etc.	<ul style="list-style-type: none"> Changes in the business environment due to climate change 	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. 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.	Environment ↗	To create sustainable societies
External Environment	Legal Regulations	<ul style="list-style-type: none"> 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
Governance	Compliance	<ul style="list-style-type: none"> 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 is our code of conduct, clearly states our intention to be a "highly moral company that thoroughly complies with the law." Accordingly, we require all employees to act with a strong sense of ethics and responsibility for their actions, provide the necessary training to do so, and conduct regular audits.	Mission Statement ↗ Risk GEPP0 ↗ Management Training	To eliminate non-compliance and foster public trust

Sustainability Classification	Risk item	Content	Response Approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
Governance	Media Business	<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 🔗</p> <p>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>
Governance	Internet Advertising Business	<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, changes in transaction conditions or product specifications due to restrictions on personal information in and outside Japan, guidelines and regulations on AI ethics, infringement of third party rights by AI-based algorithms and deliverables, 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>In addition, we promote the use of AI with caution, understanding the need to avoid bias and infringement of rights about the data used, the scope of use, decision criteria, the algorithms that lead to decisions, and deliverables.</p>	<p>Advertising Compliance 🔗</p>	<p>To foster public trust as a safe and secure service provider by understanding the importance of establishing procedures and systems that protect advertisers as well as AI ethics.</p>
Governance	Game Business	<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>

Risks to Business Growth	Sustainability Classification	Risk item	Content	Response Approach	Procedures and Systems that Provide Countermeasures	Opportunities (value creation)
	Adaptability to change	Investment development business	<ul style="list-style-type: none"> Situations where the performance of a company that we have invested in publicly or privately deteriorates to a point that we are unable to recover our investment. 	With investment and support areas that are specialized for the internet, we implement highly-specialized incubation activities that provide CyberAgent's internet business expertise.	CyberAgent Capital, Inc. (investment development business) 🔗 Fujita Fund (an initiative that supports entrepreneurs) Monthly Pitch (monthly event that brings together start-up companies, other VCS, etc. to pitch ideas) 🔗	To contribute to the expansion of the internet industry by supporting venture companies with commitments from seed and early stages.
	Adaptability to change	M&A (corporate acquisitions, etc.)	<ul style="list-style-type: none"> Discovery of unrecognized liabilities after an M&A, occurrence of contingent liabilities, poor business development after the acquisition, etc. 	We investigate the target company in as much detail as possible in advance, and after fully considering any risks, we rapidly proceed with the M&A if we deem it necessary for future growth.	Rapid investment action Operational support by dispatching a management team Follow-up governance support by CyberAgent Group	To strengthen business by acquiring new management resources and increase the corporate value of the target company and CyberAgent Group

04

ESG

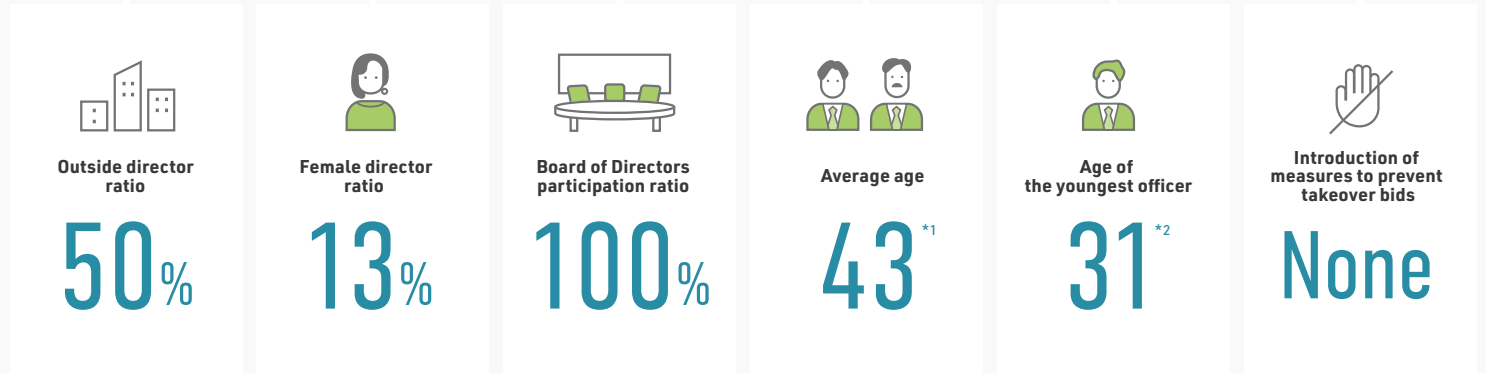
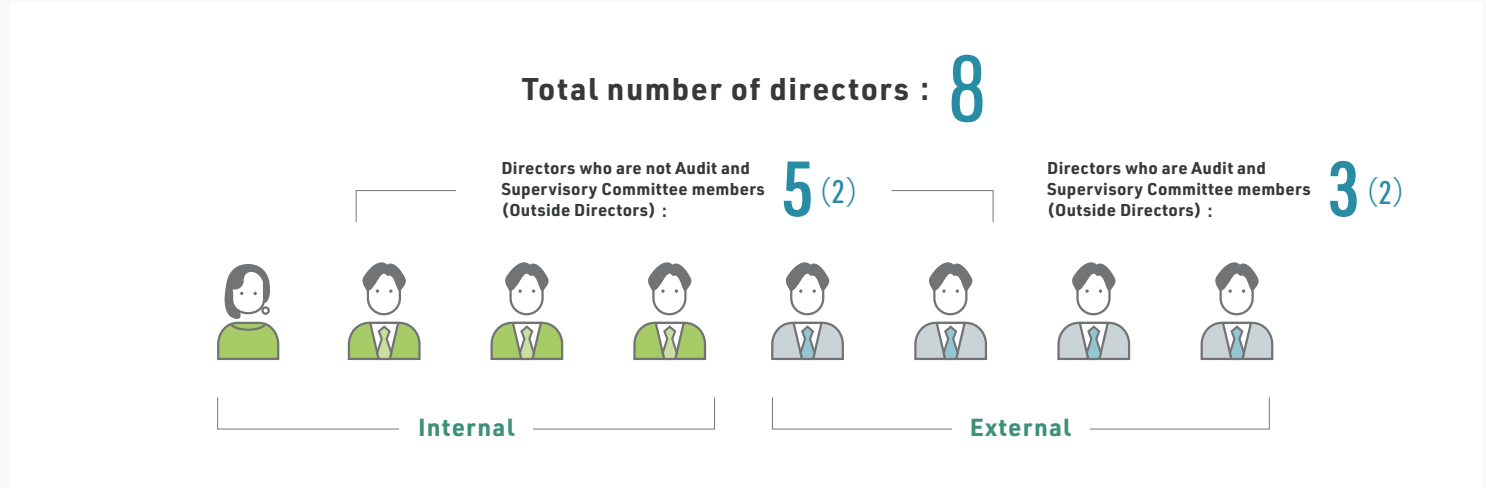




Corporate Governance

Governance Overview

CyberAgent is committed to conducting corporate activities in accordance with laws, regulations, social norms, ethics, and other rules as working to enhance the supervisory functions, transparency, and fairness of the Board of Directors.



*1 2 Figures include directors and executive officers.

Changes in Our Management Structure

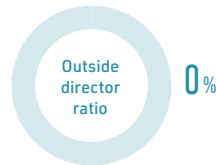
CyberAgent has been reinventing its management structure by utilizing a unique system that is tailored to the company's growth phases and business strategy. To further strengthen corporate governance, in December 2020 CyberAgent transitioned to a new executive officer structure with a clear separation 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

CAB

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.

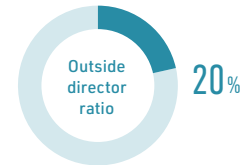


2018

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.

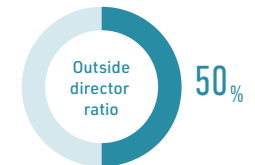


2021

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.



Directors

There are a total of eight directors, including three directors who are members of the Audit and Supervisory Committee. Of these, four are outside directors.



Susumu Fujita
Representative Director, CEO

Number of shares held: 88,961,600
Number of board meetings attended:
13/13 (100%)



Yusuke Hidaka
Director

Number of shares held: 2,914,000
Number of board meetings attended:
13/13 (100%)



Go Nakayama
Director

Number of shares held: 1,529,907
Number of board meetings attended:
13/13 (100%)



Toko Shiotsuki
Director (Full-time Audit and
Supervisory Committee member)

Female

Number of shares held: 38,400
Number of board meetings attended:
13/13 (100%)



Koichi Nakamura
Outside Director

Independent

Number of shares held: 10,000
Number of board meetings attended:
13/13 (100%)



Kozo Takaoka
Outside Director

Independent

Number of shares held: 0
Number of board meetings attended:
11/11 (100%)*



Masao Horiuchi
Outside Director
(Audit and Supervisory Committee member)

Independent

Number of shares held: 161,200
Number of board meetings attended:
13/13 (100%)



Tomomi Nakamura
Outside Director
(Audit and Supervisory Committee member)

New

Independent

Number of shares held: 0
Number of board meetings attended:
—

* The number of meetings of the Board of Directors attended by Kozo Takaoka is the number of meetings since the Ordinary General Meeting of Shareholders held on December 11, 2020, when he assumed the position of Outside Director of the Company.

Executive Officers

We transitioned to a new executive officer structure in October 2020, and now have 24 executive officers assigned to each business unit for comprehensive coverage.

Media Business	Susumu Fujita CEO, President 	Masahide Koike Senior Managing Executive Officer 	Norishige Nagase Managing Executive Officer, CTO Technology 	Riku Yamada Managing Executive Officer 	Tatsuhiko Taniguchi Executive Officer 	Tomohisa Nomura Executive Officer 				
	Yuka Yokoyama Executive Officer Female 	Takunori Fujii Executive Officer 	Yosuke Sato Executive Officer Creative work 	Advertising business	Yasuo Okamoto Executive Vice President 	Takahiro Yamauchi Senior Managing Executive Officer 	Takahito Naito Managing Executive Officer 			
	Hiroyuki Ishii Senior Executive Officer 	Eiji Koike Senior Executive Officer 	Daiki Nakata Executive Officer 		Gaku Miyata Executive Officer 	Game Business	Yusuke Hidaka Executive Vice President 	Koki Ukita Managing Executive Officer 		
	New Business	Yuta Iizuka Senior Managing Executive Officer 	Company-wide functions		Go Nakayama Senior Managing Executive Officer 		Yuko Ishida Senior Managing Executive Officer Female 	Tetsuhito Soyama Managing Executive Officer, CHO 	Masato Sato Executive Officer Technology 	Takehiro Takeda Executive Officer 

Board of Directors and Audit and Supervisory Committee

Board of Directors

The Board of Directors consists of five directors who are not members of the Audit Committee (including two outside directors) and three directors who are members of the Audit Committee (including two outside directors). Regular board meetings are held once a month and special meetings are held when necessary to make important decisions and supervise the executions and operations. In addition, the Company established the Corporate Executive Office on October 2, 2020, with the aim of separating management oversight from business execution, and delegated some of the Board's executive authority to the Corporate Executive Office. The Board of Directors and the Corporate Executive Office have developed an agile management system and are working to strengthen supervisory functions.

Questionnaire on the Effectiveness of the Board of Director Meetings

At the end of September 2021, the Board of Directors (including current Audit and Supervisory Committee members) was given a questionnaire on the effectiveness of Board of Directors meetings. The overall score of the questionnaire was high, confirming that the Board of Directors serves appropriately. Also, its effectiveness has been ensured more than ever, especially with introducing a system in which the roles of supervision and execution are more clearly separated, also with more than half of the directors being independent from the current fiscal year.

With regard to the number of times the Board of Directors convened as well as scope, quantity and content of agenda presented, the questionnaire found that there were no indications of problems and sufficient time was set aside for deliberation. The questionnaire also found that each director has an appropriate decision making process which is rooted in discussions that consider budget, earnings outlook, potential risks on business or management, etc., and that the board strives to improve corporate value, selection and concentration, and business expansion not only individual's specific realm of responsibility, but also across the entire company while working closely with outside directors.

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Directors who are Audit and Supervisory Committee members (including two independent Outside Directors), and in general the Committee holds a regular meeting once a month to audit the execution of duties by Directors.

Structure of the Audit and Supervisory Committee

Toko Shiotsuki

Audit and Supervisory Committee
Meeting attendance:13/13 (100%)

Director, full-time Audit and Supervisory
Committee member

Masao Horiuchi

Audit and Supervisory Committee
Meeting attendance:13/13 (100%)

Outside Director, Audit and Supervisory
Committee member

Outside Independent

Tomomi Nakamura

Audit and Supervisory Committee
Meeting attendance: N/A

Outside Director, Audit and Supervisory
Committee member

New Outside Independent

Director Remuneration

Basic Policy

The remuneration of the Company's Directors consists of basic remuneration as a fixed amount and performance-linked amount (both are monetary remuneration). The payment amount is determined within the limit of remuneration approved at the Annual General Meeting of Shareholders. After consulting the Nomination and Remuneration Advisory Committee, the Board of Directors determines the details based on the committee's report. Remuneration for Outside Directors will be limited to basic remuneration.

Policy for determining the content and amount of basic remuneration

The basic remuneration shall be determined within the range of amounts determined in consideration of the position, grade, role, etc.

Policy on Determination of Performance-linked Remuneration

Performance-linked remuneration shall be funded from a certain percentage of the operating profit for each fiscal year, and shall be determined for Directors in charge of business execution, taking into consideration their performance and the degree of their contribution for the relevant fiscal year.

Other Remuneration Policies

In the event that other non-monetary remuneration is to be paid, the Board of Directors will determine the policy regarding the content, calculation method of such remuneration in accordance with laws and regulations.

Total amount of remuneration of Directors

Classification	Number of Recipients	Amount of remuneration (¥ million)	Subtotals for each type of remuneration (¥ million)	
			Monetary remuneration	Stock options
Director who is NOT the Audit and Supervisory Committee members (Outside)	13 (2)	325 (31)	232 (27)	92 (4)
Director who IS the Audit and Supervisory Committee members (Outside)	3 (2)	19 (8)	19 (8)	- -
Total (Outside)	16 (4)	344 (40)	252 (35)	92 (4)

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.

Management Transparency

Basic policy for information disclosure

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

Initiatives to 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 (released on November 8, 2021.), 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.

Social Responsibility

To ensure that we provide an environment where employees can work with peace of mind in the long term, we have established a personnel system that brings out people's full potential while also implementing a variety of measures related to support a healthy work style.

We will strive to contribute to building a sustainable society by utilizing the expertise we have accumulated through the services and businesses we operate.

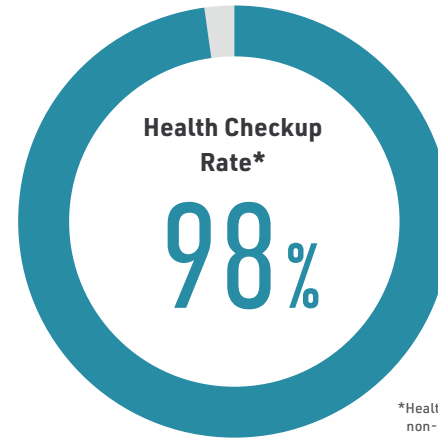
Healthy Workstyle

Based on the belief that the health of workers contributes to company growth, our Health Support Office, launched in 2016, plays a central role in creating an environment where employees can maximize their potential while also supporting their physical and mental health. We also provide free vaccinations in the company every year during flu season. CyberAgent promotes annual health checkups for directors and employees in order to detect illnesses as soon as possible and monitor health, and up to 98% of the staff are already taking advantage of this service.

As measures to deal with COVID-19, we provide an environment that maintains the efficiency level of employees' work even when working from home and have implemented a number of initiatives to monitor their condition and improve relationships. Also, to accelerate the vaccination process, we promptly implemented the government-recommended vaccination program at the workplace, treating the time spent for vaccination and movement as work time, as well as granting employees up to two days of special leave if rest is needed due to an adverse reaction to the vaccine.



Scenes of the workplace vaccination



*Health checkup rate:
non-consolidated CyberAgent

GEPPO, a Tool for Putting the Right Person in the Right Job and Assessing Staff Conditions

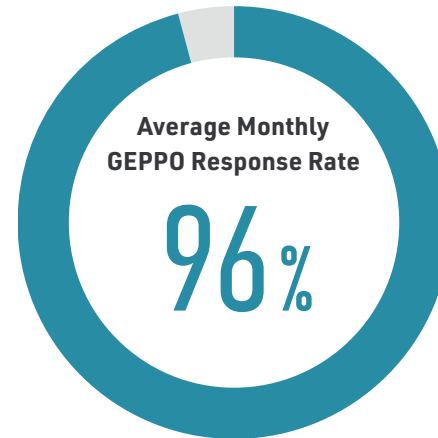
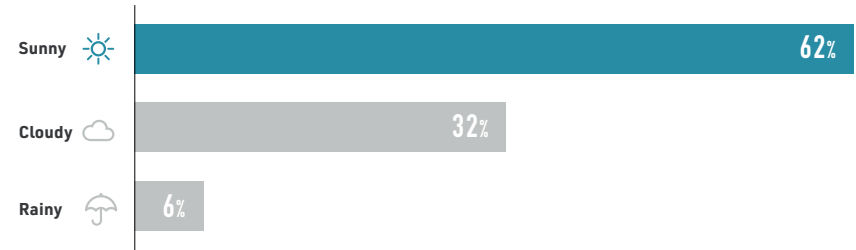
Once a month, we use GEPPO, a web-based questionnaire developed in-house, to survey employees about their performance and team conditions. By using weather symbols that make it easy to answer, the questionnaire has achieved an excellent response rate of 96%. Each month, different questions are used to gain insight into employees' career trajectory, struggles, and other matters. A free comment space is also included to open a dialogue with staff, which helps us identify issues and individuals/departments under

stress. Then, through communication, we work together to solve issues and ensure that the right person is assigned to the right job.

We also implement "Risk GEPPO" every quarter, where we survey employees on the risks they perceive within the company. 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.

Example Responses to GEPPO Performance Questions *

* GEPPO responses: Average of monthly responses from October 2020 to June 2021



"Remo Day" (Remote Work Day), a System for Working from Home on Specific Days of the Week

In June 2020, we launched "Remo Day," a system where employees work remotely on specific days of the week, adopting a hybrid work style that combines both working at office and from home. In our monthly web survey "GEPP0," 79% of people responded that "the work environment was supportive to take on challenges" even when working from home, and the system has achieved positive results in terms of workload distribution and creating a sense of team unity.

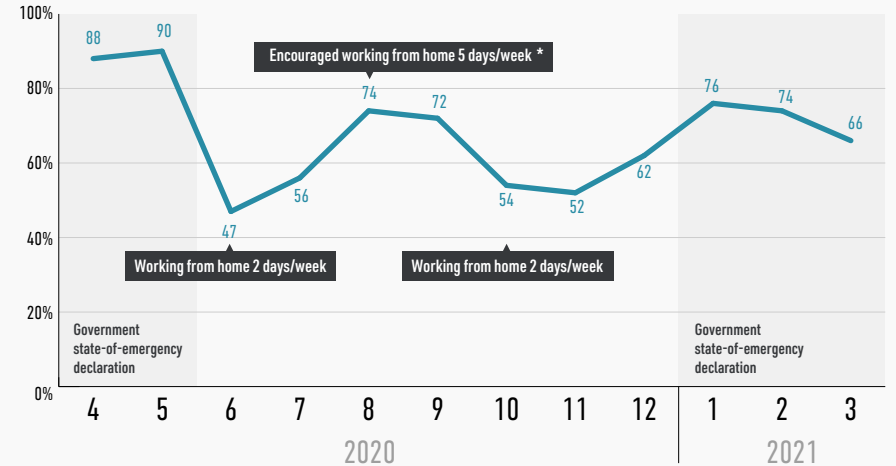
In other initiatives, we also live-streamed the joining ceremony for 2021 new graduate hires by using a "virtual shooting system." The ceremony incorporated production elements only possible under an online format that also allowed all employees to watch the ceremony, making it a great opportunity for the whole company to welcome new employees. Going forward, we will continue to strive to combine the advantages of remote work, teamwork, and dynamism.



Online joining ceremony using the virtual shooting system

Working from Home Ratio

* Encouraged voluntarily, proactive remote working due to the increase of infected people in Tokyo





Our commitment to the Sustainable Development Goals (SDGs)

In support of the Sustainable Development Goals (SDGs) adopted at the 2015 United Nations Summit, CyberAgent is committed to contributing to the SDG goals by utilizing the know-how we have built up over the years through the services and businesses we operate.

SUSTAINABLE DEVELOPMENT GOALS





FC Machida ZELVIA Works with Local Community

Through its "Hometown Activities," the football club FC Machida ZELVIA holds online exchange events with elementary schools in Machida, Tokyo; participates in Fan Football School; and implements a project in which supporters donate uniforms to children living in Machida. In the area of health and welfare, the football club is also engaged in

contributing to local community through sports. For example, it has donated stuffed toys of its mascot "Zelvy" as gifts to newborn babies, and also entered into a "Comprehensive Collaborative Agreement for Health Promotion" with the Machida City Health Center to participate in health promotion initiatives such as heat stroke and cancer prevention.



Online exchange event with players at an elementary school



"Connect Together" project delivers uniforms donated by fans and supporters to children in Machida City



Production and provision of after-school English class teaching materials that feature video appearances by players



Visits to football schools to participate in training and mini games



ABEMA as an Emergency Information Infrastructure during Disasters

ABEMA not only provides free access to the latest news and information, but we have also added an emergency channel that delivers real-time information for disaster-affected persons 24-hours-a-day in the event of a disaster or other emergency such as an Earthquake Early Warning. During the Kumamoto earthquake which occurred when the channel first launched in April 2016, it broadcast an earthquake bulletin immediately after the earthquake strike, and continued to deliver the latest earthquake-related information for around 49 and a half hours, including

special programs only available on the AbemaNews Channel, which was also used as a means of gathering information in the disaster-affected area. In addition, its full-coverage live broadcasts of press conferences and focus on speed in delivering breaking news have been successful in building up a viewership base that thinks to "Check ABEMA First" whenever something happens. Going forward, ABEMA recognizes the importance of its role in society as a new information infrastructure in the age of the internet, and will continue to fulfill it.



Breaking news: Press conferences are broadcast live and uncut



Permanent emergency channel: Delivers constant info on COVID-19



Programming Project is Developing the Engineers of the Future

With a view to a highly-developed future IT society, programming education has become compulsory in elementary schools from FY2020. CA Tech Kids Inc. had played a part in the lobbying process. Since its launch in 2013, it has provided opportunities to learn programming to over 30,000 children through its programming schools and workshops in various locations. In addition to its directly-operated schools, CA Tech Kids is also actively involved in supporting programming education throughout Japan, especially

in rural areas. For elementary schools and local governments that face issues such as a shortage of instructors, CA Tech Kids provides on-site classes, instructor development training, and curricula that facilitate the realization of independent and sustainable programming education in those municipalities. It also holds the "Tech Kids Grand Prix," a contest to discover Japan's top kids programmer, and collaborates with local government to hold regional contests for local elementary school students free of charge.



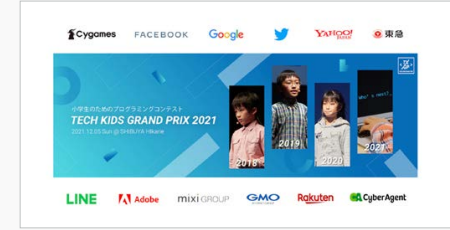
Full Support for Realizing Independent Programming Education in Rural Areas

CA Tech Kids contributes to realizing an environment for independent programming education by providing on-site classes, instructor training, and curricula to local governments and elementary schools, including those on remote islands.



Providing Online Learning Materials to Cram Schools and Other Learning Service Providers Nationwide

CA Tech Kids has developed the "QUREO Programming Classroom," a programming class for elementary school students that has grown to over 2,300 classes in all 47 prefectures (No.1 in Japan for number of programming classes for elementary school students).



Programming Contests for Elementary School Students Nationwide

Under its slogan, "You are the creators of the 21st century," it holds "Tech Kids Grand Prix," Japan's largest programming contest, and provides free support for regional contests in collaboration with local governments.



Promoting Programming Education through Public-private Partnerships

In cooperation with Shibuya Ward where its head office is located, CA Tech Kids implements the "Kids VALLEY Future Learning Project" with the aim of producing human resources with the qualities and abilities necessary for the next generation through programming education provision.



(Online) Company Visits for Junior and Senior High School Students

CyberAgent makes it possible for junior high and high school students across Japan to visit companies in an online format. We provide opportunities for students to envisage their future career and occupation by introducing our business and services, and familiarizing them with the working styles of employees. Aiming to promote a better understanding of the internet industry and our company, this initiative provides an opportunity to choose a future career

by getting acquainted with internet services and the latest technology. It also provides career education for children, who will be the leaders of the future, through communication with employees working in the real world. Launched in August 2020, 19 students from 7 schools participated in FY2020, but this dramatically increased to 186 students from 16 schools in FY2021, providing an opportunity for many junior/high school students to participate.



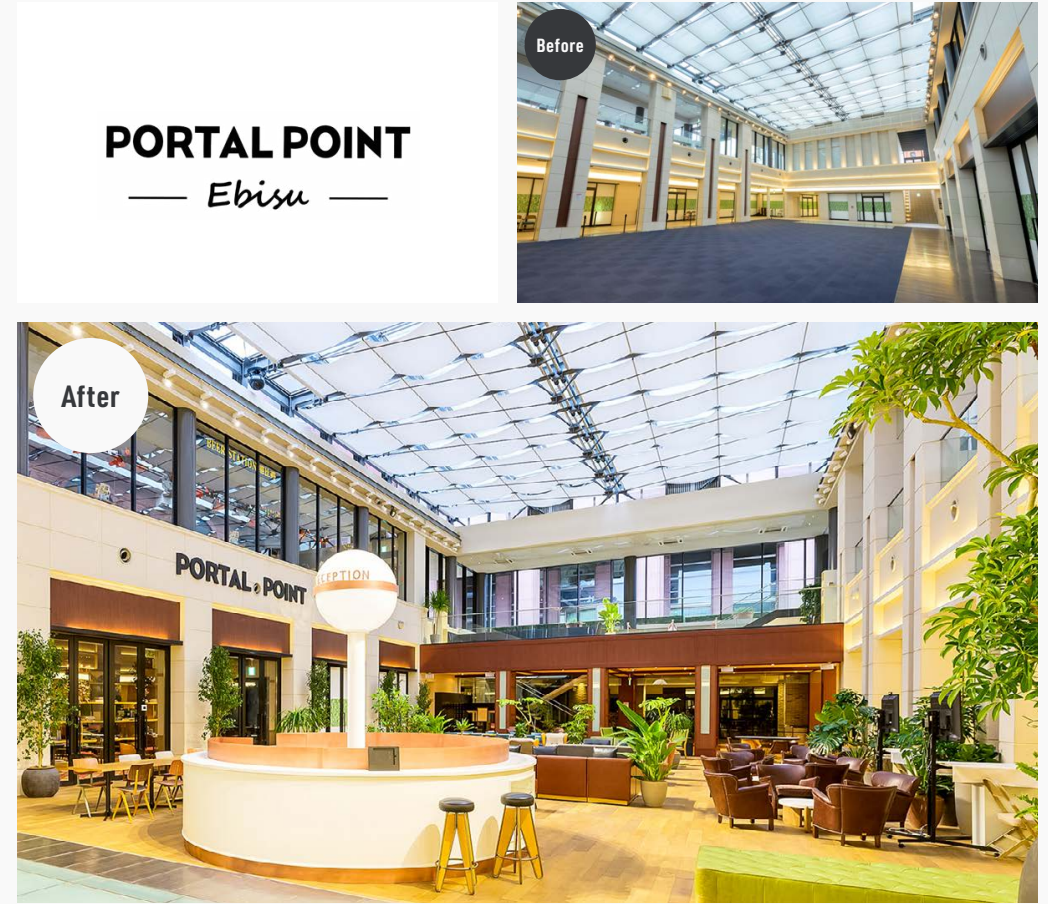
A scene from an online company visit



Revitalizing Older Buildings in Central Tokyo by Development into Shared Offices

REALGATE Inc., which joined the Group in July 2021, has a track record of revitalizing over 60 old buildings in central Tokyo, especially around Shibuya, to provide shared office spaces to start-up companies. For aging buildings that have lost competitiveness due to deterioration, REALGATE not only performs seismic retrofits and repurposes them, but also boosts their value by realizing creative spaces with stylish design, and reinvents them as attractive properties that have increased

social value. REALGATE pursues the creation of a recycling-oriented society by effectively utilizing existing resources and enhancing their value. By drawing on our technological capabilities and expertise in the digital field, we are not only promoting DX in the real estate sector but also contributing to the creation of flexible workplaces and urban development by combining IT with the creative real estate capabilities of REALGATE.



Renovation example: PORTAL POINT - Ebisu-



Support for Creating Social Value

Makuake, Inc. supports industries by providing a platform “Makuake” where the creators of products and services can share the stories and thoughts behind the development of their products and services, and these products or services are then purchased by individuals who feel a connection with them. Through this, the platform helps facilitate the birth of new products and services.

In 2021, in response to the government-issued state-of-emergency, we implemented an Online Sake Market to support the sake breweries and retailers who continue to face unfavorable

conditions due to reduced hours at food and drink establishments. This online market has supported the challenge of sake breweries and retailers, allowing them to attract supporters by sharing their commitment to sake brewing and recommended ways to drink sake in their own words to motivate supporters to purchase the products they wish to support.

Makuake has also contributed greatly to the revitalization of local economies, with local projects accounting for as much as 70% of all projects on the platform.



Providing opportunities to try sake from sake breweries across Japan to counteract the negative impact of COVID-19

Over 40 sake breweries from across Japan have collected some 160 million yen by taking advantage of the cultural trend of drinking at home, which has emerged from stay-at-home requests due to COVID-19.



Supporting new product planning that reflects consumer response at an apparel company

Through apparel-related company BEAMS, support is provided to develop new products based on consumer response and market needs, as well as internal recruitment aimed at identifying outstanding employees.



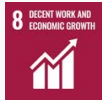
Efforts to develop products that prevent inventory loss

Several supporters purchased cooking utensils created in Tsubame-Sanjo in Niigata prefecture where many small metalworking companies are concentrated.



Private technical college project aims to open a school in Kamiyama, Tokushima prefecture

Kamiyama Marugoto Technical College (tentative name) aims to realize a school that fosters design, technology, and entrepreneurship while providing its students with the technical and interpersonal skills needed to survive in today's world.



Creation of Employment Opportunities

CyberAgent creates employment opportunities through the establishment of regional subsidiaries such as CA Advance, Inc. where roughly 1,200 employees at bases in Okinawa, Sendai and other locations carry out internet advertising activities and handle customer support for the media business.

In 2007, we launched subsidiary CyberAgent Will, Inc. based on the 'Act on Employment Promotion of Persons with Disabilities' to proactively employ persons with disabilities. Through participation in joint explanatory

meetings and interviews at various locales, we have enhanced recruitment abilities and systematically expanded employment opportunities. CyberAgent Will is engaged in proactively hiring disabled persons who possess high-level computer operating and technical skills. CyberAgent is committed to ensuring a comfortable work environment for staff from a variety of backgrounds, for example, by establishing a leave system that allows regular hospital visits, and providing monthly meetings with external counselors to discuss issues.



Photo of the CA Advance, Inc. office



Providing an AI-driven Automated Phone Response Service for Making COVID-19 Vaccination Reservations

The need to establish implementation systems, streamline administrative work, and secure consultation systems in municipalities across the country for COVID-19 vaccinations have quickly arised. The GovTech Development Center, a specialized team that supports the digital transformation (DX) of public offices and municipalities, started to provide the Coronavirus Vaccine AI Phone Agent, an automated AI-driven phone response service dedicated to handling inquiries and reservations for the COVID-19 vaccination.

This service was first introduced in Mie Prefecture and Tama

City in Tokyo, and since then, it has been used by local governments across Japan where it has successfully processed more than ten thousand COVID-19 vaccination reservations using the Coronavirus Vaccine AI Phone Agent. We are committed to continuing to support the digital transformation (DX) of companies, governments, and municipalities by leveraging our strengths in digital marketing and operations, our extensive knowledge of AI and DX, and our industry-academia collaborations in our aim to create "great services that are actually used" and provide high levels of convenience and satisfaction for citizens.



Project to Promote and Raise Awareness of SDGs Among Staff

We have launched a project to Promote and Raise Awareness of SDGs among staff, providing opportunities to gain a better understanding through internal newsletters and other means. This project is a measure to raise awareness of SDGs by encouraging employees to communicate, in their own words, what SDGs initiatives deliberately carry out in their daily lives such as environmentally-

conscious habits, as well as effective approaches that incorporate when developing services.

Also, through the introduction of original characters, the "SDGees," created by an in-house creator, we are expanding opportunities for exposure to SDGs in a more approachable way, and we continue to find ways to keep the project exciting.



ESG Data

Items		Non-consolidated	Coverage	Consolidated	Coverage
Total no. of employees: gender composition (%)	Total	1,702	100%	5,944	100%
	Male(%)	66.2%	99.5%	66.7%	88.6%
	Female(%)	33.8%	99.5%	33.3%	88.6%
No. of employees in managerial positions (Employees who perform managerial or supervisory duties and employees above a certain grade such as managers)	Total	270	100%	478	69.0%
	Male(%)	80.0%	100%	79.9%	69.0%
	Female(%)	20.0%	100%	20.1%	69.0%
% of female in Directors	Ratio (%)	12.5%	100%	-	-
% of female in Corporate Officers & Managers	Ratio (%)	20.0%	100%	-	-
% of new appointments to managerial positions	Total	48	100%	-	-
	Male(%)	70.8%	100%	-	-
	Female(%)	29.2%	100%	-	-
No. of employees hired	Total	339	100%	735	100%
	Male(%)	74.6%	100%	-	-
	Female(%)	25.4%	100%	-	-
No. of mid-career hires to new full-time hires	Total	134	100%	412	100%
	Male(%)	76.1%	100%	-	-
	Female(%)	23.9%	100%	-	-
% of employees with disabilities in overall workforce (Employees working at CyberAgent Will, Inc. a special-purpose subsidiary)	Ratio (%)			2.35%	100%*
Average length of service	years	6.3	100%	-	-
Turnover Rate	Ratio (%)	8.0%	100%		100%*

Average age	age	34.1	100.0%	-	-
Age distribution of employees	20s (%)	36.2%	99.4%	37.6%	87.8%
	30s (%)	43.9%	99.4%	44.4%	87.8%
	40s (%)	19.1%	99.4%	17.0%	87.8%
	50s (%)	0.8%	99.4%	0.9%	87.8%
	60s (%)	0.0%	99.4%	0.0%	87.8%
Average annual salary of employees	Total (JPY)	7,711,000	100%	-	-
% of employees taking childcare leave	Male	6.3%	100%	-	-
	Female	100%	100%	-	-
Return to work ratio after childcare leave	Total	100%	100%	-	-
No. of employees working shorter hours for childcare reasons	Male	0	100%	-	-
	Female	69	100%	-	-
% of employees taking stress test	Total	65.0%	100%	-	-
% of employees who responded they are satisfied with their job in the stress test	Total	87.0%	100%	-	-
% of employees taking regular medical checkups	Total	98.0%	100%	-	-
No. of employees using work from home program (Utilization rate during recommended remote work periods, such as the state of emergency declarations)	Total	1,634	100%	-	-
	Ratio (%)	96.0%	100%	-	-

*Employees of a consolidated subsidiary that is certified as special-purpose subsidiaries are covered. (As of June 1, 2021)

Climate Change Engagement

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. As a result of the consolidation of dispersed offices from March 2019 and a decrease in travel and business expenses due to the encouragement of telecommuting at the time of spread of coronavirus infection, total emissions (location-based) decreased by 35% in FY2020 compared to FY2019 and by 20% in FY2021 compared to the previous year. In addition, the emissions intensity per net sales (t-CO2/million yen, location-based) for FY2021 is very low at 0.0113. We expect to expand our business continuously in coming years and increase the number of employees accordingly. However, we will strive to reduce the emissions intensity per net sales (t-CO2/million yen) by improving our business efficiency and work environment.

GHG Emissions [t-CO2]

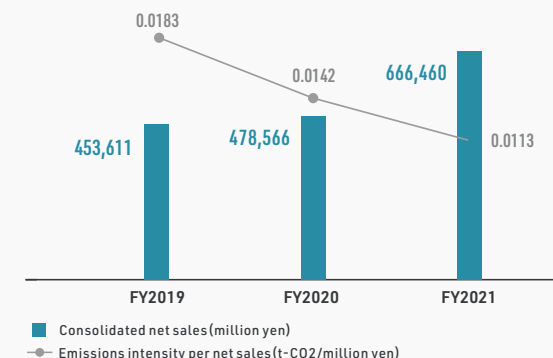
Scopes *2	FY2019	FY2020	FY2021
Scope 1	0	0	0
Scope 2 (Market-based)	6,023	6,155	8,480
Scope 2 (Location-based)	5,739	5,856	8,033
Scope 3	19,755	11,403	7,141
Total GHG Emissions (Market-based)	25,778	17,558	15,621
Total GHG Emissions (Location-based)	25,494	17,259	15,174

Scope 3 Emissions per Category (%)

Category		FY2019	FY2020	FY2021
1	Purchased Goods and Services	17%	18%	31%
3	Fuel- and energyrelated activities (not included in Scope 1 or Scope 2)	6%	9%	17%
5	Waste generated in operations	1%	0.3%	1%
6	Business travel	69%	58%	32%
7	Employee commuting	7%	15%	19%

Emissions Intensity per Net Sales*3

	FY2019	FY2020	FY2021
Emissions intensity in t-CO2 per net sales (t-CO2/million yen) *market-based Scope 2	0.0188	0.0166	0.0120
Emissions intensity in t-CO2 per net sales (t-CO2/million yen) *location-based Scope 2	0.0183	0.0142	0.0113
Consolidated net sales (million yen)	453,611	478,566	666,460



*1 Scope of coverage: Scope 2 and category 1, 3, 5, 6, 7 of Scope 3

*2 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 2 (Applicable categories only)

*3 Emissions intensity per net sales: (Scope 1+2 emissions) / Consolidated net sales (million yen)

05



Facts



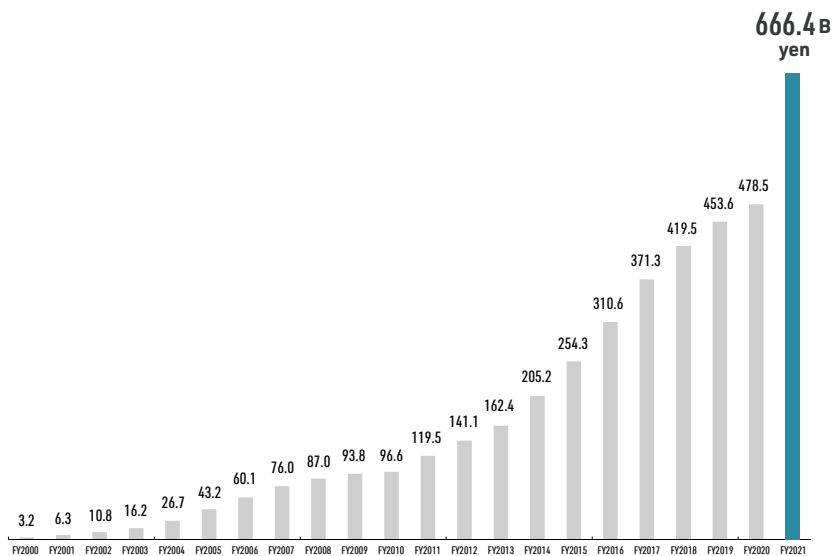


Financial Information

Consolidated Sales

666.4 billion yen (up 39.3% YoY)

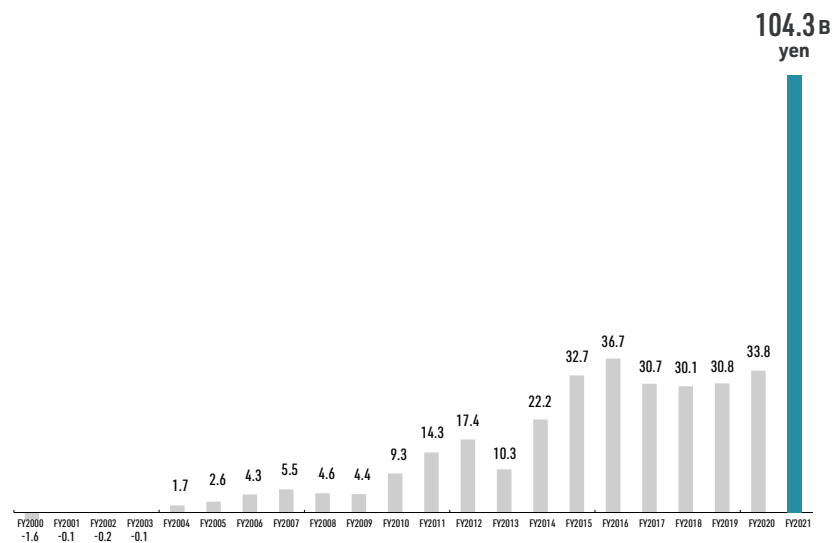
All segments performed well and achieved a record high sales.



Consolidated OP

104.3 billion yen (up 208.1% YoY)

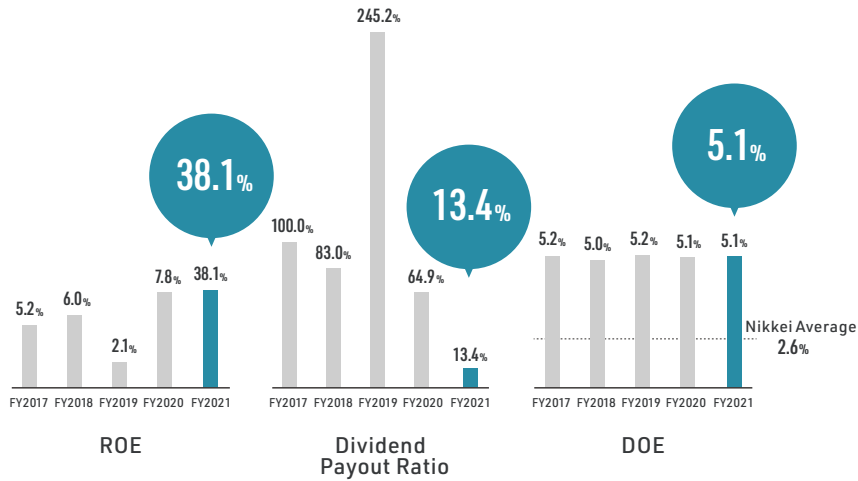
Profits increased 3.1 times year over year driven by the game business.



Management Index

We adopted “DOE *1 5% or more” as management index to maintain shareholder returns through dividends or share buybacks, etc. during the investment phase.

$$\text{ROE} \times \text{Divident Payout Ratio} = \text{DOE}$$



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

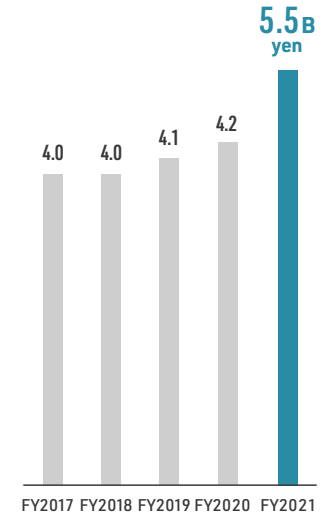
Return to Shareholders

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

Stock Price of CyberAgent vs Nikkei Stock Average*2



Total Dividend Amount



*2 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)

	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	371,362	419,512	453,611	478,566	666,460
Operating income	30,700	30,163	30,825	33,880	104,381
Non-operating income	387	372	535	519	861
Non-operating expenses	2,346	1,970	867	536	548
Ordinary income	28,741	28,565	30,493	33,863	104,694
Extraordinary income	668	981	1,912	88	2,201
Extraordinary loss	4,731	5,498	12,985	5,749	6,173
Income before income taxes and minority interests	24,678	24,047	19,420	28,202	100,722
Profit attributable to non-controlling interests	8,274	5,266	4,368	7,648	25,117
Profit attributable to shareholders of parent	4,024	4,849	1,694	6,608	41,553
Net Income	12,298	10,116	6,062	14,257	66,671
Comprehensive income	14,501	11,416	5,670	20,166	65,376

Balance Sheet (BS)

(Unit: million yen)

	FY2017	FY2018	FY2019	FY2020	FY2021
Current assets	117,010	170,411	168,662	203,674	301,650
Non-current assets	46,998	55,021	56,172	57,047	80,885
Total assets	164,009	225,484	224,876	260,766	382,578
Current liabilities	62,799	72,449	70,749	87,867	140,714
Non-current liabilities	2,423	43,784	43,774	45,220	47,718
Capital stock	7,203	7,203	7,203	7,203	7,203
Total shareholders' equity	74,672	76,129	74,015	78,466	119,128
Total net assets	98,785	109,250	110,352	127,678	194,145
Equity capital ratio (%)	48.1	36.2	35.2	34.3	33.7

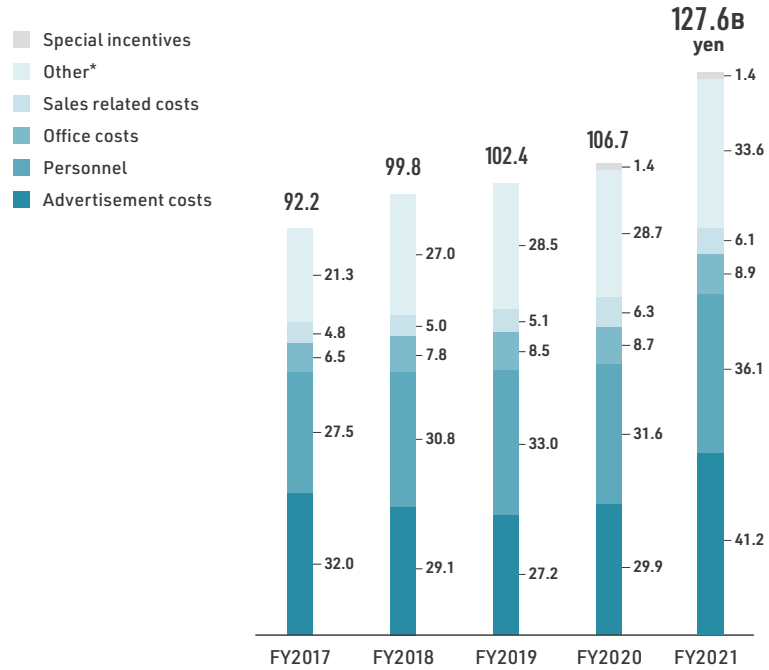
Cash Flow Statement (CF)

(Unit: million yen)

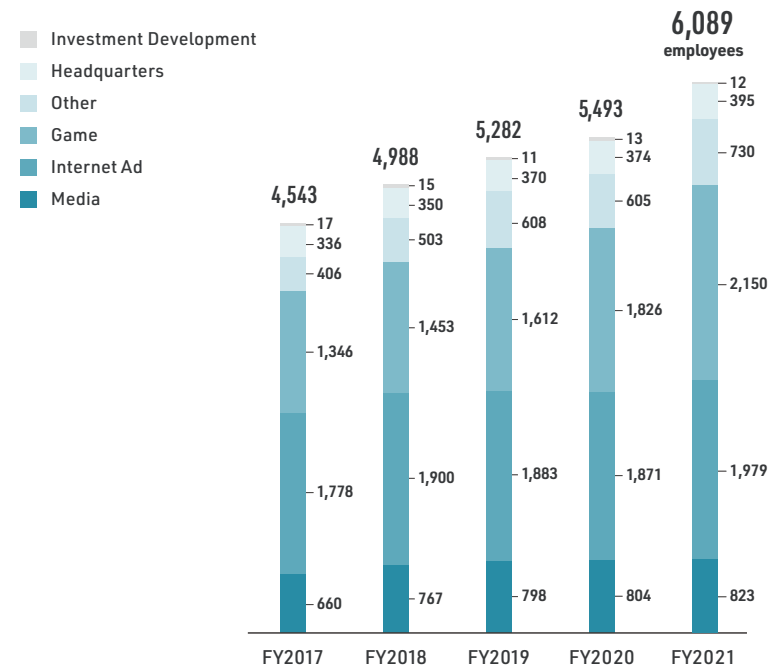
	FY2017	FY2018	FY2019	FY2020	FY2021
Cash flow from operating activities	21,624	28,394	14,917	37,028	109,609
Cash flow from investing activities	-20,396	-22,410	-18,000	-16,621	-28,537
Cash flow from financing activities	-7,233	39,748	-4,662	-2,590	374
Cash and cash equivalents at the end of period	46,613	92,379	84,563	102,368	184,082

※"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



No. of Employees



*Other: Outsourcing expenses, research and development expenses, external standard taxation, entertainment expenses, etc.

Company Overview

Vision

**To create the 21st century's
Leading company**

Mission Statement

Focus on Internet growth markets.

Seize opportunities to enter adjacent markets.

Always keep things FRESH!

Build teams that emphasize character over talent.

Commit ourselves fully to recruitment.

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

Eliminate the disadvantages of scale.

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

Create an environment that attracts talented, loyal employees.

Holds ourselves to consistently high standards in obeying the law.

Remember that hubris leads to failure.

Risk takers deserve second chances.

Compete creatively.

Always remember that we are Team CyberAgent.

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

General Information

Company Name	CyberAgent, Inc.	Office Locations	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, Sendai, Kanazawa, Kyoto, Saga, Okayama, Okinawa United States (Guam), China (Beijing), Taiwan (Taipei), Korea (Seoul), Vietnam (Ho Chi Minh City), Singapore (Singapore)
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 end of September, 2021))		
Employment Headcount	6,089 (As of the end of September, 2021)		
AGM	December		
Business Portfolio	Media Business Internet Advertising Business Game Business Investment Development Business		

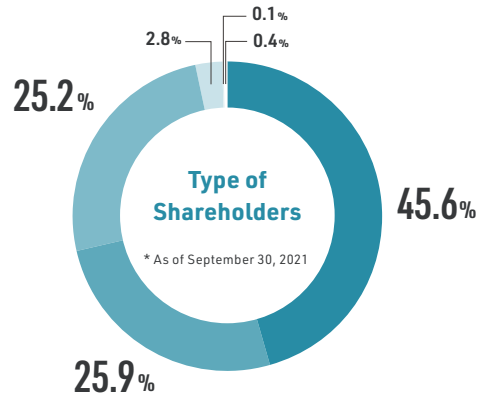
*Main operating locations including consolidated subsidiaries

Stock Information

Listed Market	First Section of the Tokyo Stock Exchange
Code	4751
Number of Shares Outstanding	505,706,400 shares
Number of Shareholder	39,873

* As of September 30, 2021

Type of Shareholders



■ Foreign Institutions and Individuals	■ Financial Institutions
■ Individual, other	■ Treasury Stocks
■ Financial Institutions	■ Domestic Corporations

Top Holders

	Name	Number of Shares	% O/S
1	Susumu Fujita	88,961,600	17.6%
2	The Master Trust Bank of Japan,	78,070,900	15.4%
3	Custody Bank of Japan, Ltd.	29,573,200	5.8%
4	NORTHERN TRUST CO.(AVFC) SUBA/C NON TREATY	16,530,502	3.3%
5	THE BANK OF NEW YORK MELLON 140051	12,263,300	2.4%
6	SSBTC CLIENT OMNIBUS ACCOUNT	11,324,285	2.2%
7	JP MORGAN CHASE BANK 385632	8,683,542	1.7%
8	RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS-CLIENTS ACCOUNT	7,775,500	1.5%
9	BNYMASAGT/CLTS 10 PERCENT	6,791,750	1.3%
10	STATE STREET BANK AND TRUST COMPANY 505225	6,479,616	1.3%

*As of September 30, 2021

*The number of Treasury stocks is 251,404

Large Shareholding Report

Institution	% O/S	Submitting Date
Baillie Gifford & Co *	9.84%	January 22, 2021
Sumitomo Mitsui Trust Asset Management Co., Ltd. *	6.07%	December 6, 2021
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.

CyberAgent promotes understanding of its management policies and business strategies mainly through information disclosure on its investor relations website, meetings with institutional investors, and participation in conferences. CyberAgent is dedicated to delivering prompt and fair information disclosure and continuing to improve our IR activities.

Investor Relations Activities

Inclusions

Nikkei Stock Average	Nikkei Stock Index 300	Nikkei 500 Stock Average	Japan New Economy Index
MSCI Japan ESG Select Leaders Index	MSCI Japan Empowering Women Select Index	MSCI Japan Empowering Women Index (WIN)	MSCI Japan Index
MSCI ACWI Index	FTSE All-World Index	FTSE JAPAN Index	S&P/JPX Carbon Efficient Index

ESG Rating

We are working to improve our ESG rating by disclosing ESG information, which has become increasingly important in recent years, on our corporate website.

MSCI
ESG RATINGS



CCC B BB BBB **A** AA AAA

THE USE BY CyberAgent, Inc. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF CyberAgent, Inc. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

Sustainalytics

ESG Risk Rating

18.3 Low Risk



Source: Sustainalytics Company ESG Risk Ratings <https://www.sustainalytics.com/esg-rating/cyberagent-inc/1014368441>

FY2021 Summary of Activities

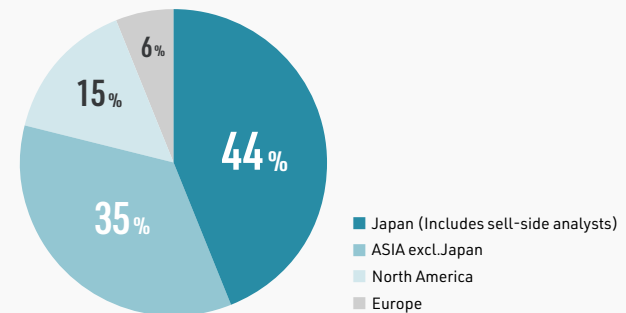
Number of Meetings with Institutional Investors

1,253

Number of Videos on IR channels

26 (as of end of November 2021)


Percentage of Institutional Investors by Region



Strengthening Communication with our Investor Website

Our corporate website enhances the company's ability to communicate information with owned media and to ensure compatibility with all types of device. In addition to earnings and financial information, we proactively use SNS to not only communicate qualitative information on financial and operating results, but also technological capabilities, competitive advantage, governance, empowering women, and more.

"IR Channel"

[Go to IR Channel→](#) 

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



Become a Dreamer Behind the Scene -
CyberHuman Productions, Inc



Episode 23
"AI for Effective Advertising"



Episode 22
"Evolving Ad Creative of CyberAgent"



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

Find us on social media



LINE
[@cyberagent_ir](#)



CEO Susumu Fujita on Twitter
[twitter.com/susumu_fujita](#)



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



Twitter
[twitter.com/CyberAgent_PR](#)



Youtube
[youtube.com/c/cyberagentofficial](#)

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



Forward-looking statement

The future information, such as the earnings forecast, written in this document 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.

