

CyberAgent

Way

CyberAgent, Inc.
TSE4751

2021

Integrated Report

December, 2021

A grid pattern of thin, dark teal lines is visible on the left side of the image, extending from the top-left corner towards the center. The background is a solid, light blue color.

**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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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.

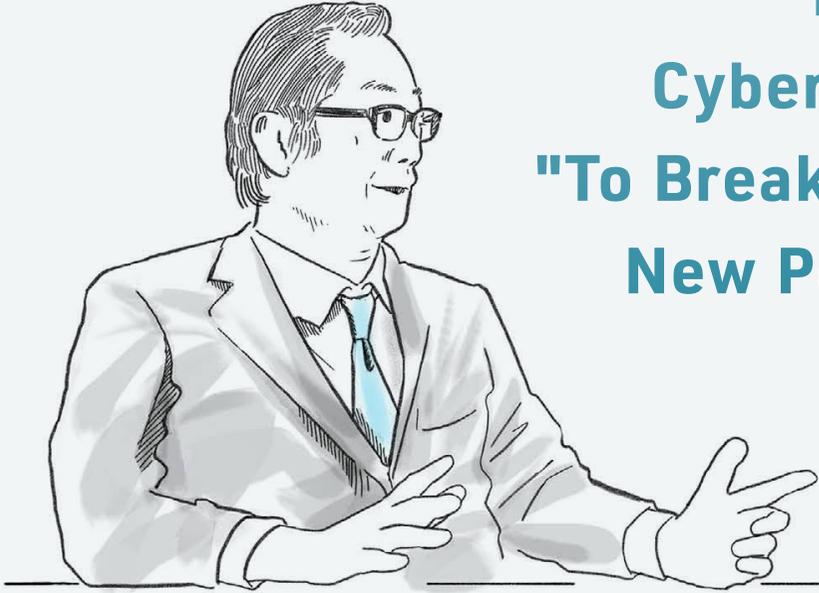
Challenge the world with a fusion of technology and creativity.

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

the internet
and

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.

