

Risks & Opportunities

CyberAgent has implemented various initiatives to continue to create new opportunities in the ever-changing internet domain. We strive for sustainable growth by focusing on our ability to respond to change while adapting our initiatives to the situation.

	Sustainability Classification	Risk item	Content	Our 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>We are implementing a series of initiatives to enhance our ability to respond to change as we develop our business based on the internet industry, where technological innovation and consumer preferences change rapidly.</p> <p>While continuously creating new businesses and aggressively investing in areas that need strengthening for business expansion, we can flexibly change our business portfolio and achieve sustainable growth by making timely business transformation and market exit decisions. We are currently using AI technology to develop products and improve operational efficiency in various areas, including the advertising business.</p>	<p>"Ashita Kaigi" 🔗 (a meeting to decide on new business initiatives and solutions to company-wide issues)</p> <p>Financial Strategy Meeting 🔗 (strategy presentations by business managers)</p> <p>CAKK Program 🔗 (a program to manage the growth of CyberAgent's (CA) businesses and subsidiaries with the goal of continuously increasing "enterprise" (K, Japanese=kigyou) "value" (K, Japanese=kachi).</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>Our group's wide range of services—including ABEMA, over 50 titles of smartphone games, and advertising products using AI technologies—are created by over 2,500 engineers and creators. We have formed a research organization to promote industry-academia collaboration to incorporate the latest technologies across various business areas. Aiming to balance solving business challenges and contributing to academia, CyberAgent leads Japan* in the number of scientific papers adopted at international conferences in AI research.</p> <p>To promote technology management, we have also allocated highly skilled and experienced personnel as leaders who can make quick decisions with management strategy and development. Furthermore, to use cutting-edge technologies in our business, we certify individuals with outstanding knowledge and skills in specific areas as experts and support their activities internally and externally.</p> <p>* Source: "AI Research Ranking 2022," calculated based on the paper results of ICML2021 and NeurIPS2022</p>	<p>AI Lab 🔗 (R&D organization)</p> <p>Leader Certification Program (technology management)</p> <p>Developer Experts Program (enhance technical capabilities)</p> <p>CA BASE SUMMIT (“Ashita Kaigi” for technical staff)</p> <p>CA BASE CAMP (technology conference)</p>	To create new value, including new services that utilize the latest in technology

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Risks to Sustainable Growth of the Company	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 	<p>As an internet service provider entrusted with significant amounts of personal data, we are working to reduce information security risks and protect personal information through measures based on four key elements: organization, people, technology and office.</p>	<p>Information Security 🔗</p> <p>Protection of personal information 🔗</p> <p>Japan CSIRT Association</p> <p>FIRST (Forum of Incident Response and Security Teams)</p> <p>Japan Network Security Association (JNSA)</p>	<p>To gain public trust by providing safe, secure and reliable services</p>
	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 	<p>To secure highly capable personnel, we have implemented a number of HR measures that emphasize "hiring, training, active utilization, and putting the right person in the right place" and provide an environment and system in which each and every employee is able to work independently and produce results. To recruit outstanding talent from across Japan, we continue to aggressively recruit employees in line with the times, such as through internships and online recruitment conferences, and we also create a culture in which employees are actively involved in recruitment efforts.</p> <p>To develop the next generation of leaders, we also work to develop successors by providing the opportunity for approximately 20 selected members to participate in a President Training Program based on a customized curriculum.</p>	<p>DASH (onboarding policy for prospective employees)</p> <p>President Training Program (successor development)</p> <p>CyberAgent Awards 🔗 (company-wide awards)</p> <p>CA BASE AWARD 🔗 (technical awards)</p> <p>JB Career Program (technical career development)</p> <p>YMCA (youth activation)</p> <p>Reskilling Center (skill improvement)</p> <p>CA Seminar Program (skill improvement)</p>	<p>To boost competitiveness and achieve sustained corporate growth by bolstering human resources</p>

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Risks to Sustainable Growth of the Company	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 	<p>We place a high value on employee job satisfaction and strive to maintain an environment and health management system that allow employees to do their best work without experiencing physical or mental stress. We promote a number of health initiatives, including monitoring of working hours to prevent overwork, measures to increase the rate of regular health check-ups, and in-house seasonal flu vaccinations (free of charge), as well as the opportunity to meet with an occupational health physician as needed and a licensed clinical psychologist once a month for those who wish to see a counselor.</p>	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 	<p>To contribute to the realization of a sustainable society, CyberAgent strives for a balance in reducing the environmental impact of climate change while maintaining the efficiency of business activities. If an earthquake, typhoon, or other natural disaster should occur, CyberAgent has systems in place to quickly and appropriately implement crisis management and recovery measures.</p>	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 	<p>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.</p>	<p>Japan Association of New Economy (JANE) Council for Sports Ecosystem Promotion Lobbying activities</p>	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 	<p>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.</p>	<p>Mission Statement  Risk GEPP0 (pulse survey of all employees 4 times a year to identify potential risks in the company) Compliance Training</p>	To eliminate non-compliance and foster public trust

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Risks to Business Growth	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. 	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.	<ul style="list-style-type: none"> Safe and Sound Media Service Operation ↗ Safe and Sound Dating App Service ↗ Japan Internet Safety Promotion Association (JISPA) Mobile Content Forum (MCF) Marriage Support Project 	To foster social trust as a safe and secure service provider by developing procedures and systems that protect users
	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. 	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. 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.	<ul style="list-style-type: none"> Advertising Compliance ↗ Research Ethics Guideline ↗ Japan Interactive Advertising Association (JIAA) Japan Advertising Review Organization (JARO) Japan Joint Industry Committee for Digital Advertising Quality & Quality (JICDAQ) 	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.
	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 	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.	<ul style="list-style-type: none"> Safe and Sound Gaming Operations ↗ Computer Entertainment Supplier's Association (CESA) 	To foster social trust as a safe and secure service provider by developing procedures and systems that protect users

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Risks to Business Growth	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