

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

To Our Shareholders

Disclosed Information on the Internet at the Time of Notice of Convocation of the 25th Annual General Meeting of Shareholders

CyberAgent, Inc. (TSE Prime Market 4751)

At the submission of Notice of Convocation of the 25th Annual General Meeting of Shareholders, the documents as remarked below are posted on our website (<https://www.cyberagent.co.jp/en/ir>) based on laws and regulations, and Article 17 of the Company's Articles of Incorporation. "Major Business Contents," "Major Business Establishment, etc.," "The Situations of Major Financing Institutions," "Other Important Items Regarding the Current Situation of the Corporate Group," "The Situations of Share acquisition right, etc.," "Outline of the Liability Limitation Agreement with Directors," "Situation of the Accounting Auditor," "the Outlines of systems for securing the appropriateness of business and their operation status," the consolidated statement of changes in equity in "consolidated financial statements," and the notes, the statements of changes in equity in "financial statements" and the individual notes.

1. Major Business Contents (As of September 30, 2022)

Business Segment	Business Line
Media	ABEMA, WINTICKET, Ameba, etc.
Internet Advertisement	Advertising agency business, AI business, and DX business, etc.
Game	Mobile games for smartphones, etc.
Investment Development	Corporate venture capital, fund operation, etc.
Other	Crowdfunding service, sports business, etc.

2. Major Business Establishment, etc. (As of September 30, 2022)

CyberAgent, Inc.	Head Office: Shibuya-ku, Tokyo
Cygames, Inc.	Shibuya-ku, Tokyo
AbemaTV, Inc.	Shibuya-ku, Tokyo
CyberZ, Inc.	Shibuya-ku, Tokyo
Makuake, Inc.	Shibuya-ku, Tokyo
Colorful Palette, Inc.	Shibuya-ku, Tokyo

3. The situations of major financing institutions (As of September 30, 2022)

There are no important items to be stated.

4. Other Important Items Regarding the Current Situation of the Corporate Group

There are no important items to be stated.

5. The Situations of Share acquisition Rights, etc.

a) Status of subscription rights to shares held by Company directors issued as remuneration for the execution of duties (As of September 30, 2022)

		The 11th Subscription Rights to Shares	The 12th Subscription Rights to Shares	
Issuance Date		October 8, 2015	December 19, 2018	
Type of shares to be issued upon exercise of subscription rights to shares		Common stock	Common stock	
Amount paid for subscription rights to shares		Gratis	Gratis	
Exercise price per share at time of exercise		1 yen	1 yen	
Exercise period		From October 10, 2018 To October 9, 2025	From December 28, 2022 To December 27, 2028	
Conditions for execution of subscription rights to shares		(Additional notes)	(Additional notes)	
Director holdings	Category	Directors who are not the Audit and Supervisory committee members	Directors who are not the Audit and Supervisory committee members	Outside Directors who are not the Audit and Supervisory committee members
	Number of subscription rights to shares	153	338	45
	Number of shares to be issued upon exercise of subscription rights to shares	122,400	135,200	18,000
	Number of holders	1	3	1

		The 13th Subscription Rights to Shares
Issuance Date		December 11, 2020
Type of shares to be issued upon exercise of subscription rights to shares		Common stock
Amount paid for subscription rights to shares		Gratis
Exercise price per share at time of exercise		1 yen
Exercise period		From December 19, 2024 To December 18, 2030
Conditions for execution of subscription rights to shares		(Additional notes)
Direct or holdings	Category	Directors who are not the Audit and Supervisory committee members
	Number of subscription rights to shares	338
	Number of shares to be issued upon exercise of subscription rights to shares	135,200
	Number of holders	3

Notes:

- On October 1, 2016, the Company conducted a two-for-one stock split. Accordingly, when exercising subscription rights after the same date, the number of shares subject to the subscription rights to shares and the value of the assets per share to be capitalized upon exercise will be adjusted according to the split ratio, respectively. (However, the value of assets per share to be contributed upon exercise of the 11th, the 12th, and the 13th subscription rights to shares will remain at 1 yen.)
- On April 1, 2021, the Company conducted a four-for-one stock split. Accordingly, when exercising subscription rights after the same date, the number of shares subject to the subscription rights to shares and the value of the assets per share to be capitalized upon exercise will be adjusted according to the split ratio, respectively. (However, the value of assets per share to be contributed upon exercise of the 11th, the 12th, and the 13th subscription rights to shares will remain at 1 yen.)

Additional Notes : Conditions for execution of subscription rights to shares

- Subject individuals must be a director or an employee of the Company or its subsidiaries when rights are exercised. However, in consideration of various circumstances, this limitation does not apply when the Board of Directors approves special cases.
- Inheritance of subscription rights to shares shall not be allowed. However, in consideration of various circumstances, this limitation does not apply when the Board of Directors approves special cases.
- Pledging or other disposal of subscription rights to shares is not permitted.
- Partial execution of subscription rights to shares is permitted.
- In addition to each of the preceding items, the terms governing the exercise of rights shall be as stipulated in the contract for granting subscription rights to shares to be concluded separately between the Company and the subject individuals.

b) Status of subscription rights to shares granted to employees, etc., in consideration of the performance of duties during the current fiscal year

No applicable items.

c) Important Matters Concerning the Convertible Bonds (As of September 30, 2022)

	Euro-yen Denominated Convertible Bonds with Subscription Rights due 2023	Euro-yen Denominated Convertible Bonds with Subscription Rights due 2025
Issuance Date	February 1, 2018	February 1, 2018
Number of subscription rights	2,000	2,000
Type of shares to be issued upon exercise of subscription rights to shares	Common stock	Common stock
Exercise price per share at time of exercise	1,615 yen	1,567.50 yen
Exercise period	From March 5, 2018 To February 3, 2023	From March 5, 2018 To February 5, 2025
Balance of convertible bonds	20,023 million yen	20,102 million yen

6. Outline of the Liability Limitation Agreement with Directors

The Company has executed an agreement with Directors (excluding Executive Directors) to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act based on the provisions of Article 427, Paragraph 1 of the same Act. The upper limit of the compensation for damages specified in said agreement is equal to the minimum liability set forth in law. The limit of compensation for damages is the minimum liability limit stipulated by law.

7. Situation of the Accounting Auditor

a) Name: Deloitte Touche Tohmatsu LLC

b) Amount of Remunerations, etc.

	Amount of Remunerations, etc.
Amount of remunerations, etc. paid to the accounting auditor for the fiscal 2022	69 million yen
The sum of the amounts to be paid by the Company and our subsidiaries to the comptroller and other property benefits	132 million yen

Notes:

1. The audit contract executed between the Company and the accounting auditor does not distinguish between the amount of audit remunerations, etc. for the audit based on the Companies Act and that for the audit based on the Financial Instruments and Exchange Act, and it is practically impossible to distinguish them. Accordingly, the sum of them was written as the amount of remunerations, etc. for the current fiscal year.
2. The Audit and Supervisory Committee discussed the appropriateness and reasonableness of the results of the audit by the accounting auditor, the performance of the accounting auditor, and the ground for estimating its remunerations, and then agreed with the remunerations, etc. of the comptroller.

c) Policy for deciding to dismiss or not to reappoint an accounting auditor

If this is considered necessary, for example, when the performance of an accounting auditor is defective, the Audit and Supervisory Committee will determine the content of a bill for dismissing or not reappointing said the accounting auditor, which is to be discussed at a general meeting of shareholders.

In addition, if an accounting auditor falls under any of the items in Article 340, Paragraph 1 of the Companies Act, we will dismiss the accounting auditor based on the consent of all auditors. In this case, an Audit and Supervisory Committee member selected by the Audit and Supervisory Committee will report the dismissal of the accounting auditor and the reason for it at the first general meeting of shareholders after the dismissal.

8. Outline of a system for securing the appropriateness of business operation and the status of operation of the system

a) System for securing the appropriateness of business operation

The following outline the determined contents regarding the system for ensuring that the business execution of directors complies with laws, regulations, and the articles of incorporation and the system for securing the appropriateness of the business of a joint-stock corporation and the business of a corporate group composed of the joint-stock corporation and its subsidiaries.

1. Items regarding the storage and management of information on business execution by the Company's directors

The board of directors selects a general manager in charge of the storage and management of information on business execution of directors from among directors, and stores the information on business execution in writing or with electromagnetic records in accordance with the regulations for handling documents and confidential information, protecting personal information, and managing insider information, etc.

2. Regulations for managing the risk of loss of the Company, and other systems

For the management of the risk of loss, the regulations for emergency response assume and classify concrete risks, and a system for swift appropriate communication and response to emergencies. The internal audit division grasps and monitors the risk status in a cross-sectoral manner in accordance with the regulations for internal audit, and regularly reports the items regarding risk control to the board of directors.

3. System to ensure that board members' professional duties are carried out efficiently.

In order to improve the efficiency and speed of the execution by directors, a part of the authority of the Board of Directors has been delegated to the Corporate Executive Office. The executive officers in charge set targets for each division. The Corporate Executive Office reviews and

approves the targets, checks progress regularly, and reports the results to the Board of Directors when necessary to ensure management efficiency.

4. System for ensuring that the business execution by the Company's directors and employees complies with laws, regulations, and the articles of incorporation.

The management section monitors the business execution of directors and employees, and offers in-house education and training if necessary. In cooperation with the Audit and Supervisory committee, the internal audit division grasps the situation of business execution of directors and employees, regularly audits it, and reports it to the board of directors.

5. System for securing the appropriateness of business of the Company and a corporate group composed of its parent company and subsidiaries

The board of directors sets numerical goals for the entire corporate group (composed of the Company and subsidiaries) for directors in charge, and delegates the authority and responsibility for managing risks and developing a system for observing the laws and regulations to the directors in charge. The management section promotes and manages the goals in a cross-sectoral manner. In addition, we establish the regulations for managing affiliated companies to develop a system for regularly reporting the business performance of our subsidiaries so that each group company will improve its performance and contribute to the business results of the entire corporate group. Our subsidiaries are obliged to report specific important items and risk information to the board of directors of the Company in advance, and the important items are to be discussed at a meeting of the board of directors. The internal audit division regularly audits our subsidiaries, and reports the results to the board of directors of the Company.

6. Items regarding directors and employees for assisting the Audit and Supervisory Committee of the Company in their tasks

The Audit and Supervisory committee can ask the employees belonging to the internal audit division to give necessary assistance in audit tasks.

7. Items regarding the independence of employees described in the previous clause from the directors of the Company, and the securing of the effectiveness of directors serving on the Audit and Supervisory Committee's instructions toward said employees

The employees who are supposed to assist directors serving on the Audit and Supervisory Committee in their tasks will follow the instructions from the directors serving on the Audit and Supervisory Committee when assisting them. When said employees are replaced, the opinions of the Audit and Supervisory committee will be respected.

8. System for the Company's reporting to the Audit and Supervisory committee members
Directors, Operating officer, the management section, and the internal audit division regularly report the following important items regarding our corporate group to a full-time member of the Audit and Supervisory committee, and the full-time member of the Audit and Supervisory committee submit reports to the Audit and Supervisory committee.

- i. Important resolutions
- ii. Important matters of business administration
- iii. Items that could cause significant damages to the Company
- iv. State of internal audit and important items regarding risk control
- v. Serious violation of laws, regulations, and the articles of incorporation
- vi. Other important matters

9. System to ensure that those who reported the previous item shall not be treated disadvantageously for making such reports

The Company has established and disseminated the Internal Reporting Rules to ensure that those who have reported to Directors who are Audit and Supervisory Board Members are not treated disadvantageously for making such reports.

10. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by the Audit and Supervisory Committee and other policies concerning the handling of expenses or reimbursement incurred in the execution of such duties

If an Audit and Supervisory committee member requests the Company to pay the expenses in advance or the like based on Article 399-2, Paragraph 4 of the Companies Act, the section in charge will examine said charging and pay said expenses, etc. swiftly unless it is judged that said expenses, etc. are unnecessary for conducting said Audit and Supervisory committee member's tasks.

11. System for securing the effective audit of the Audit and Supervisory Committee

The Representative Director exchanges opinions with the Audit and Supervisory Committee on important management issues and other matters. The Audit and Supervisory committee can exchange opinions with external specialists such as an attorney or a certified accountant when it is necessary to conduct its duty.

b) State of operation of a system for securing the appropriateness of business

The outline of the state of operation of a system for securing the appropriateness of business of the Company in the current fiscal year is as follows.

1. Regarding the execution of duties by Directors

The company holds a regular meeting of the board of directors once a month and an irregular meeting of the board of directors when necessary. The board of directors is attended by

directors and also independent outside Directors serving on the Audit and Supervisory committee, who oversee the decision making about important business execution.

2. Regarding a risk control system

Directors, the management section, and the persons in charge of compliance of our group companies join hands to strengthen and promote our risk control system, and the regulations for responding to emergencies assume and classify concrete risks, and develop a system for swift, appropriate communication and response to emergencies. In accordance with the regulations for internal audit, the internal audit division grasps and monitors the situation of risks in a cross-sectoral manner, and regularly reports items related to risk control to the board of directors.

3. Regarding internal audit

The internal audit division checks whether each section and each group company conduct business activities properly in accordance with laws, regulations, the articles of incorporation, social norms, in-house rules, and guidelines specified by industry associations, and whether appropriate check systems are functioning in their business flow, by reviewing documents and conducting on-site investigation in cooperation with the Audit and Supervisory committee. In addition, the internal audit division audits multiple sections and each group company every quarter, produces internal audit reports, and submits them to the board of directors.

4. Regarding the business execution by the Audit and Supervisory committee members

Three Audit and Supervisory Committee members (including two outside directors) attend important meetings, such as the board meetings, or the audit the business execution of directors, based on the audit policy and plans designed by the Audit and Supervisory committee.

Full-time Audit and Supervisory committee member has a meeting with the internal audit division regularly, to receive reports on the situation and results of internal audit, exchange opinions about internal audit plans, concrete methods for audit, measures for improving business operations, etc., and interview directors and employees about situations, review documents, and conduct on-site investigation, etc. for auditing each section and each group company in cooperation with the internal audit division.

Consolidated Financial Report

Consolidated Statements of Changes in Equity

Fiscal year 2022 (October 1, 2021 to September 30, 2022)

(Unit: ¥ million)	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of year	7,203	11,198	100,794	(67)	119,128
Cumulative effects of changes in accounting policies			(17)		(17)
Balance at the beginning of year, as restated	7,203	11,198	100,777	(67)	119,110
Changes in the year					
Issuance of new shares (Exercise of stock acquisition rights)	35	35			71
Cash dividends			(5,560)		(5,560)
Disposal of treasury stock		65		66	131
Change in the parent's ownership interest due to transactions with non-controlling interests		84			84
Change in scope of consolidation		252	(231)		(20)
Net income attributable to owners of the parent			24,219		24,219
Net change in the year					
Total changes of items in the year	35	438	18,427	66	18,968
Balance at the end of year	7,239	11,636	119,204	(1)	138,079

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total equity
	Unrealized gains on available-for-sale securities	Foreign currency translation adjustments	Total other comprehensive income			
Balance at the beginning of year	9,517	237	9,755	1,320	63,940	194,145
Cumulative effects of changes in accounting policies						(17)
Balance at the beginning of year, as restated	9,517	237	9,755	1,320	63,940	194,127
Change in the year						
Issuance of new shares (Exercise of stock acquisition rights)						71
Cash dividends						(5,560)
Disposal of treasury stock						131
Change in the parent's ownership interest due to transactions with non-controlling interests						84
Change of scope of consolidation						20
Net income attributable to owners of the parent						24,219
Net change in the year	(3,630)	60	(3,569)	426	12,962	9,819
Total changes of items in the year	(3,630)	60	(3,569)	426	12,962	28,787
Balance at the end of year	5,887	298	6,185	1,747	76,903	222,915

Note: The stated amount is rounded down to 1 million yen or less.

Notes to Consolidated Financial Statements

I. Important Items Forming Basis for Creation of Consolidated Financial Statement

(1) Items related to the scope of consolidation

① Number of consolidated subsidiaries and names of major consolidated subsidiaries

- i. Number of consolidated subsidiaries: 99
- ii. Major consolidated subsidiaries

AbemaTV, Inc.

WinTicket, Inc.

CyberZ, Inc.

Cygames, Inc.

Craft Egg, Inc.

Colorful Palette, Inc.

Sumzap, Inc.

Applibot, Inc.

CyberAgent Capital, Inc

Makuake, Inc.

REALGATE, Inc.

Zelvia Co., Ltd.

② Name of major non consolidated subsidiaries

- i. Name of major non consolidated subsidiaries

Non applicable

- ii. Reasons;

All the non consolidated subsidiaries are excluded from the scope of consolidation due to their small scale and its total net assets, net sales, net income or loss amount corresponding to the equity interest), and retained earnings (amount corresponding to the equity interest), etc. do not have a significant impact on the consolidated financial statements.

(2) Items related to the application of the equity method

① Number of equity method affiliates which are affiliated companies or non-consolidated subsidiary and names of major companies

- i. Number of equity method affiliates: 10
- ii. Name of major companies:

AWA Co., Ltd.

AbemaNews, Inc.

② Non-consolidated subsidiaries and affiliates excluded from scope of equity method:

- i. Name of major companies

Non applicable

- ii. Reasons;

All the non consolidated subsidiaries and affiliates which are excluded from scope of equity method as its impact on the consolidated financial statements is minor and there is little significance in totality, taking into account various factors, such as net income or loss (amount corresponding to the equity interest) and retained earnings (amount corresponding to the equity interest).

- ③ Name of non affiliated companies that the we own 20% or more, or 50% or less of the voting rights in our calculation.
- i. Name of the companies
Non applicable
 - ii. Reasons:
They are not categorized as affiliate companies because the purpose of our deals with those companies is not to control the companies via operating, personnel, or financial channels, but augment investment chances, our business objective.
- (3) Matters on the change in scope of consolidation and the scope of application of the equity method
1. The change in the scope of consolidation
From this consolidated fiscal year, the Company will include the following companies in the scope of consolidation; CyberAgentDX, Inc., and eight other companies as these firms have been established, and Babel Label Co., Ltd. and three other companies by the acquisition of shares, as well as Shin Octagon, Inc. due to increased materiality.
The Company has excluded the following companies in the scope of consolidation; Bizbot, Inc. and two other companies due to their dissolution, Cyber Now, Inc. and five other companies due to the absorption-type of merger, as well as MicroAd, Inc. and ten other companies due to selling shares.
 2. The change in the scope of application of equity method
From this consolidated fiscal year, the Company will include the following companies in the scope of application of equity method; Prism Partner, Inc. as this firm has been established, MicroAd, Inc. due to a decrease of ownership ratio by selling shares.
The Company has excluded the following companies from the scope of application of equity method; Croco Advertising Co., Ltd. due to selling shares, also Human Capital Technology Co., Ltd due to the absorption-type of merger.
- (4) Matters on the fiscal year of consolidated subsidiaries
The fiscal year-end of consolidated subsidiaries except six companies is September 30, the same as the consolidated fiscal year-end. The fiscal year end of the above six companies is mainly December 31.
To prepare a consolidated financial report, the settlement necessary for making the financial statements that form the basis of preparation of consolidated financial statements is conducted on the fiscal year-end.
- (5) Matters concerning Accounting Policy
1. Evaluation standards and methods for important assets
 - i. Valuation difference on available-for-sale securities (include operational investment securities)
 - a. Securities other than shares that do not have a market value
We adopt the market value method (Valuation differences are treated according to the direct net assets method, and the cost of securities sold is determined mainly by the moving-average method)
 - b. Shares that do not have a market value
We adopt cost method by the moving average method.
 - ii. Evaluation standards and methods for inventories
 - Products and work-in-progress
We adopt the cost method by individual method (With respect to the balance sheet value, the book value devaluation method based on the decline in profitability)

2. Method of depreciation of important depreciable assets

i. Non-current assets

We adopt the straight-line method. The useful life of buildings and structures are five to thirty-eight years, five to eight years for tools, instruments and fixtures.

ii. Intangible assets

We adopt the straight-line method. For in-house use software, it is based on the anticipated available period (five years) within the company.

3. Criteria for recording important provisions

i. Allowance for doubtful accounts

To prepare for losses due to bad debts, allowance for doubtful receivables is calculated based on loan loss ratio, for specific claims such as doubtful accounts receivables, we consider collection possibility individually and record the estimated uncollectible amount.

ii. Accrued long service rewards for employees

To prepare the rewards for long service of employees, we estimated payment based on internal regulations.

4. Criteria for recording important revenues and expenses

The details of the main performance obligations in our corporate group's main businesses and the standard time of satisfaction of such performance obligations (standard time of revenue recognition) are as follows.

For transactions that are determined to be more in the nature of a principal, the Company recognizes as revenue the gross amount of consideration received from the customer. On the other hand, for transactions in which the Company does not control the goods or services in the provision of goods or services to customers and is determined to be an agent, the Company recognizes as revenue the total consideration received from the customer less any related costs or the amount of fees. The amount of consideration promised is generally received within one year and does not include a significant financial component.

i. Media Business

Revenues in the media business consist primarily of advertising and billing revenues.

The main performance obligation in advertising revenues is to distribute customers' advertisements on the Company's media. Such performance obligation is satisfied over the term of the advertising delivery and therefore revenue is recognized based on the term of the delivery.

The main performance obligation in billing revenues is to provide services to paying subscribers. The Company recognizes revenue based on the contract period because such performance obligations are satisfied over the contract period.

ii. Internet Advertising Business

The main performance obligation in the Internet advertising business is to place advertisements on the media based on the contractual terms and conditions agreed to with the customer. The performance obligation is satisfied over the term of the advertising delivery, and therefore the Company recognizes revenue according to the terms of each contract with the customer.

iii. Game Business

The main performance obligation in the game business is to maintain an environment where users can use items, etc. that they acquire using in-game currency.

The performance obligation is satisfied based on the usage of items by users, and therefore revenue is recognized based on the estimated period of the item usage.

5. Other important items to create the consolidated financial report.

i. Items concerning amortization of goodwill

We judge for each individual case and amortized in a reasonable number of years within 20 years. If the amount is insignificant, it is fully amortized when it occurs.

ii. Application of consolidated tax payment system

We adopt consolidated tax payment system.

iii. Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

The Company and some of its domestic consolidated subsidiaries will make the transition from the consolidated corporate tax system to the group tax sharing system from the next consolidated fiscal year. With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Group Tax Sharing System, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company has not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 issued March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

In addition, the Company will apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No.42 issued August 12, 2021) which set forth the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting in case of applying the group tax sharing system.

II. Changes in Accounting Policies

(Application of accounting standards for revenue recognition)

The Company has applied the “Accounting Standard for Revenue Recognition” (Accounting Standard Board of Japan(“ASBJ”) Statement No.29; March 31, 2020) and other standards from the beginning of the first quarter of the current fiscal year. The Company now recognizes revenue as the amount expected to be received in exchange for promised goods or services when control of sold goods or services is transferred to the customer.

With this change, revenue from item charges, mainly in the game business, is now recognized based on the customer’s estimated usage period, which was previously recognized when users used in-game currency to purchase items.

In applying the Accounting Standard for Revenue Recognition and other standards, the Company has complied with the transitional treatment outlined in the proviso to Article 84 of the standard. The cumulative effect of retrospectively applying the new accounting standard was added to retained earnings as of the beginnings of the current fiscal year. The effect of this accounting change on profit and loss for the current fiscal year and the beginning balance of retained earnings were insignificant. As a result of applying the revenue recognition standard, “Trade notes and accounts receivable” which was included in “Current assets” in the consolidated balance sheet for the previous fiscal year, is now included in “Trade notes and accounts receivable and contract assets” from the current fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and related standards from the beginning of the current fiscal year. The Company will prospectively apply the new accounting policies, in line with the transitional treatment specified in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the

Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This application did not have any impact on the consolidated financial statements.

Also, the Company has decided to provide notes on matters such as the breakdown of the fair value of financial instruments by appropriate classification in the "Notes Regarding Financial Instruments".

III. Changes to Indication Methods

(Consolidated Profit and Loss Statement)

- (1) Rent income (¥10 million in the previous fiscal year) and subsidy income (¥70 million in the previous fiscal year), which were included in "other" in non-operating income section in the previous fiscal year, have been presented separately in the current fiscal year due to increased materiality.
- (2) Provision for allowance for doubtful accounts (-¥2 million in this fiscal year) which were presented separately in non-operating expense section in the previous fiscal year, has been reclassified and aggregated into "other" in the current fiscal year due to decrease materiality.
- (3) Loss on valuation of investment securities (¥13 million in the previous fiscal year) which were included in "other" in non-operating expenses section in the previous fiscal year, has been presented separately in the current fiscal year due to increased materiality.
- (4) Gain on sales of non-current assets (¥1 million in the previous fiscal year) and Gain on sales of investment securities (¥8 million in the previous fiscal year), which was included in "other" in extraordinary income section in the previous fiscal year, has been presented separately in the current fiscal year due to increased materiality.

IV. Notes on Consolidated Statement of Balance Sheet

- (1) Trade notes and accounts receivable and contract assets arising from contracts with customers are as follows.

Trade notes	434 million yen
Accounts receivable	71,928 million yen
Contract assets	8 million yen

- (2) Collateral Assets

① Assets pledged as collateral (book value)	
Inventories	589 million yen
Buildings and structures, net	997 million yen
Others	1,044 million yen

Total	2,631 million yen
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② Secured liabilities (book value)	
Short-term bank loans	135 million yen
Long-term bank loans	2,294 million yen

Total	2,430 million yen
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- (3) Accumulated depreciation of property and equipment
Accumulated depreciation of property and equipment 14,308 million yen

V. Notes on Consolidated Statement of Changes in Shareholders' Equity

(1) Total number of outstanding shares as of the current fiscal year-end

Common stock 505,924,000

(2) Items concerning surplus allocations

(a) Amount of dividend payments

Items related to dividends determined by resolution at the 24th Annual General Meeting of Shareholders held on December 10, 2021.

Resolution	Type of Stock	Total Dividend Amount (Millions of yen)	Dividend Amount per Share (yen)	Record Date	Effective Date
December 10, 2021 Shareholders' meeting	Common stock	5,560	11	September 30, 2021	December 13, 2021

(b) Dividends for which the record date is within the current consolidated fiscal year but the effective date falls in the following consolidated fiscal year

At the 25th Annual General Meeting of Shareholders to be held on December 9, 2022, the following proposal will be made.

Resolution	Type of Stock	Total Dividend Amount (Millions of yen)	Dividend Amount per Share (yen)	Dividend Amount per Share (yen)	Record Date	Effective Date
December 9, 2022 Shareholders' meeting	Common stock	7,082	Retained earnings	14	September 30, 2022	December 12, 2022

(c) Items concerning subscription rights to shares as of the end of this consolidated fiscal year

	The 10th Subscription Rights to Shares	The 11th Subscription Rights to Shares
Issuance date	December 14, 2012	October 8, 2015
Type of shares to be issued	Common stock	Common stock
Number of shares to be issued	52,800	309,600

	Subscription Rights on Euro-yen denominated convertible bonds due 2023	Subscription Rights on Euro-yen denominated convertible bonds due 2025
Issuance date	February 1, 2018	February 1, 2018
Type of shares to be issued	Common stock	Common stock
Number of shares to be issued	12,383,900	12,759,170

VI. Notes Regarding Financial Instruments

(1) Items regarding the situations of financial instruments

① Policy for financial instruments

Our corporate group offers comprehensive internet services to internet users and advertisers through the business of media, Internet advertisement and games. For bearing costs of these services, we signed contracts for overdraft facility and commitment lines with multiple financial institutions to prepare for future demand for funds in addition to the maintenance of liquidity and the issuance of convertible bonds in hand.

② Contents and risks of financial instruments

Notes and accounts receivable, which are operating receivables, are exposed to the credit risk of customers. Operational investment securities and investment securities are mainly composed of shares, bonds, and investments in associations, which are held for the purposes of net investment and business promotion. These are exposed to the credit risk of each issuer, the fluctuation risks of interest rates and market prices. The payment deadlines for all of accounts payable, which are operating payables, are within one year.

③ Risk control systems for financial instruments

i. Management of credit risks (risks regarding business partners' failure to fulfill their duties in a contract)

Our corporate group examines new business partners, etc. and manages credit in accordance with the guidelines for them. In accordance with the accounting regulations, we manage the deadlines and remaining amounts of operating receivables for each transaction, and monitor the situations of major business partners to early grasp and reduce uncollectible accounts caused by the worsening of their financial standing, in cooperation with the management and accounting divisions of each business department.

ii. Management of market risks (fluctuation risks of exchange rates, interest rates, etc.)

As for operating investment securities and investment securities, we regularly grasp current prices and the financial positions of issuers (business partners), and the current prices of listed shares for each quarter.

④ Supplementary explanation of items regarding the current prices, etc. of financial instruments

The current prices of financial instruments include those based on market prices and those calculated rationally when there are no market prices. Since fluctuation factors are taken into account when calculating said prices, said prices may change through the adoption of different assumptions.

(2) Items regarding the current prices, etc. of financial instruments

The following table shows the amount posted in the consolidated balance sheet, current price, and their difference as of September 30, 2022.

[unit: million yen]

	Amount posted in the consolidated balance sheet*	Current price*	Difference
(1) Operating investment securities	5,595	5,595	—
(2) Investment securities			
Other securities	17,486	17,486	—
Shares of subsidiaries and affiliates	1,062	3,424	2,362
Total assets	24,144	26,506	2,362
(1) Convertible bonds (Current portion of convertible bonds)	(40,125)	(41,900)	(1,774)
Total liabilities	(40,125)	(41,900)	(1,774)

*: The parenthesis "()" represents the amount posted in the section of liabilities.

(Note 1) "Cash and deposits," "Trade notes and accounts receivable and contract assets," "Trade accounts payable" "Other payables," " Income taxes payable," are omitted as these are cash, and their current prices are nearly equal to book values due to be all settled in a short period of time.

(Note 2) Shares that do not have a market value are not included in " Operating investment securities," and " Investment securities, ". The amounts of these financial assets in the consolidated balance sheets are as follows.

[unit: million yen]

Category	Amount posted in the consolidated balance sheet
Unlisted shares, etc	11,452

(Note 3) Investments in partnerships and other similar entities in which the Company's ownership interest is recorded on the consolidated balance sheets at a net amount are omitted. The amounts of such financial assets recognized in the consolidated balance sheets are as follows.

[unit: million yen]

Category	Amount posted in the consolidated balance sheet
Contributions to investment partnership, etc	3,768

(3) Items regarding the breakdown, etc of the fair value of financial instruments by levels

The fair value of financial instruments are classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 fair value: Fair value is calculated based on quoted market prices for assets or liabilities for which such fair value is formed in an active market among the inputs for calculating observable fair value.

Level 2 fair value: Fair value is calculated using inputs other than Level 1 inputs for the calculation of observable fair value.

Level 3 fair value: Fair value is calculated using inputs for calculating unobservable fair value.

When multiple inputs that have a significant impact on the fair value calculation are used, the fair value is classified into the level with the lowest priority in the fair value calculation among the levels to which those inputs belong.

① Financial instruments accounted on the consolidated balance sheet at fair value

[unit: million yen]

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Operating investment securities				
Shares	5,595	—	—	5,595
Investment securities				
Other securities				
Shares	17,486	—	—	17,486
Total assets	23,082	—	—	23,082

② Financial instruments other than accounted on the consolidated balance sheet at fair value

[unit: million yen]

Category	Fair Value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and affiliates				
Shares	3,424	—	—	3,424
Total assets	3,424	—	—	3,424
Convertible bonds	—	41,900	—	41,900
Total liabilities	—	41,900	—	41,900

(Note) Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value.

i. Operating investment securities

Regarding of Shares that have a market value, the market price as of the end of the current fiscal year is used as fair value and classified as Level 1 based on market activity.

ii. Investment securities

Regarding of Shares that have a market value, the market price as of the end of the current fiscal year is used as fair value and classified as Level 1 based on market activity.

iii. Shares of subsidiaries and affiliates

Regarding of Shares that have a market value, the market price as of the end of the current fiscal year is used as fair value and classified as Level 1 based on market activity.

iv. Convertible bonds

Regarding of Convertible bonds issued by the Company, are classified as Level 2, which is based on the prices quoted by the securities companies.

(4) Monetary claims and securities with maturity that are to be amortized after the consolidated fiscal year-end

[unit: million yen]

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	165,907	—	—	—
Trade notes and accounts receivable and contract assets	72,371	—	—	—

(5) Expected repayment of corporate bonds, long-term loans payable, lease obligations and other interest-bearing debts after the consolidated fiscal year-end

[unit: million yen]

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Convertible bonds	20,000	20,000	—	—

VII. Notes Regarding Revenue Recognition

(1) Information that disaggregate revenue from contracts with customers

[unit: million yen]

	Reportable Segment					
	Media Business	Internet Advertisement Business	Game Business	Investment Development Business	Other Businesses	Total
Revenue from contracts with customers	102,532	353,220	227,987	4,438	22,396	710,575
Sales to external customers	102,532	353,220	227,987	4,438	22,396	710,575

(Note) The amount of revenues other than revenues from contracts with customers is not presented separately from revenues from contracts with customers, as it is not material.

(2) Information that provides a basis for understanding revenue from contracts with customers

Information that provides a basis for understanding revenue from contracts with customers is included in "Notes to Consolidated Financial Statements (Important Items Forming Basis for Creation of Consolidated Financial Statement) (5) Matters concerning Accounting Policy 4 Criteria for recording important revenue and expense"

(3) Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows resulting from such contracts. And the amount and timing of revenue from contracts with customers that existed at the end of the current fiscal year, are expected to be recognized in the following fiscal year or later.

i. Balance of contract assets and contract liabilities, etc.

[unit: million yen]

	This fiscal year
Receivables from contracts with customers (beginning balance)	75,300
Receivables from contracts with customers (ending balance)	72,363
Contract assets (beginning balance)	—
Contract assets (ending balance)	8
Contract liabilities (beginning balance)	12,419
Contract liabilities (ending balance)	13,948

ii. Transaction prices allocated to remaining performance obligations

Our corporate groups do not have any significant transactions with an expected contract term exceeding one year. In addition, there are no material amounts of consideration from contracts with customers, not included in the transaction price.

VIII. Notes Regarding Per-share Information

(1)	Equity per share	285.15 yen
(2)	Basic earnings per share	47.89 yen

IX. Notes regarding important subsequent events

No applicable items.

Notes to non-consolidated financial statements

1. Notes Concerning Transactions with Related Parties

(1) Parent company and major shareholders (companies only) of the Company

No applicable items.

(2) CyberAgent, Inc., subsidiaries and affiliate companies

Type	Company name	Ratio of voting rights held (ownership) (%)	Relationship with related party	Transaction details (Note 1)	Transaction amount (Millions of yen)	Classification	Year-end balance (Millions of yen)
Subsidiary	AbemaTV, Inc.	(Owned) Direct: 55.2	Concurrent director postings, etc.	Lending of funds	14,100	Affiliate company Long-term loan (Note 2)	116,800
				Receipt of interest	333	—	—
	7gogo, Inc.	(Owned) Direct: 51.0	Concurrent director postings, etc.	Lending of funds	—	Affiliate company Long-term loan (Note 3)	3,280
				Receipt of interest	8	—	—
	Applibot, Inc.	(Owned) Direct: 100	Concurrent director postings, etc.	Lending of funds	2,340	Affiliate company Long-term loan	2,740
				Receipt of interest	4	—	—
	CyberFight, Inc.	(Owned) Direct: 100	Financial Assistance, etc	Lending of funds	720	Affiliate company Long-term loan (Note 4)	1,435
				Receipt of interest	3	—	—
	SIROK, Inc.	(Owned) Direct: 80.0	Secondment of employees, etc	Deposit of funds (Note5)	1,500	Deposit(received)	1,500
				Payment of interest (Note5)	0	—	—
	Colorful Palette, Inc.	(Owned) Direct: 90.0	Concurrent director postings, etc.	Deposit of funds (Note5)	1,500	Deposit(received)	1,500
				Payment of interest (Note5)	0	—	—
Affiliated Company	AWA, Co., Ltd.	(Owned) Direct: 48.5	Concurrent director postings, etc.	Lending of funds	—	Affiliate company Long-term loan (Note 6)	3,000
				Receipt of interest	17	—	—
	AbemaNews, Inc.	(Owned) Direct: 50.0	Concurrent director postings, etc.	Lending of funds	150	Affiliate company Long-term loan	4,200
				Receipt of interest	12	—	—

Note 1: Lending of funds is determined rationally considering market interest rates.

Note 2: Allowance for doubtful accounts of ¥90,000 million was recorded in the current fiscal year.

Note 3: Allowance for doubtful accounts of ¥3,280 million was recorded in the current fiscal year.

Note 4: Allowance for doubtful accounts of ¥1,185 million was recorded in the current fiscal year.

Note 5: Deposit of funds is determined considering market interest rates.

Note 6: Allowance for doubtful accounts of ¥3,000 million was recorded in the current fiscal year.

(3) Company directors and major shareholders (individuals only)

Type	Name	Ratio of voting rights held (Ownership) (%)	Relationship with related party	Transaction details	Transaction amount (Million yen)	Classification	Year-end balance (Million yen)
Directors and close relatives	Susumu Fujita	(Owned) Direct: 17.62 Indirect: —	Representative Director, CEO	Exercised stock options	35	—	—

Transaction conditions and policy for determining transaction conditions

Note: The stated exercise of stock options granted in the current fiscal year was resolved at the Annual General Meetings of Shareholders held on December 14, 2012.

The "Transaction amount" column shows the amount obtained from the number of shares granted by the exercise of stock options in the current fiscal year multiplied by the amount paid.

2. Notes Regarding Revenue Recognition

The same information regarding to the basis for understanding revenue from contracts with customers is presented in the "Notes to Revenue Recognition" in the Notes to Consolidated Financial Statements in the consolidated financial statements. Therefore, notes related to such information have been omitted.

3. Notes Regarding Per Share Information

(1) Equity per share	¥68.41
(2) Basic earnings per share	¥19.81

4. Significant Subsequent Events

No applicable items.