

# English Translation

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## FY2023 Third Quarter Consolidated Financial Results [Japanese GAAP]

July 26, 2023

Listed company name: CyberAgent, Inc.

Listed stock exchange: TSE Prime Market

Code No.: 4751

URL <https://www.cyberagent.co.jp/en/>

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Quarterly report submission date: July 27, 2023

Dividend payment start date —

Preparation of Supplementary Materials for Quarterly Financial Results: Yes

Presentation of Quarterly Financial Results: Yes (live stream only)

(Amounts less than ¥1 million rounded down)

### 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending September 2023

#### (1) Consolidated results of operations (cumulative)

(% = Year-on-Year Change.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
3Q FY2023	534,973	0.1	18,966	(66.1)	19,460	(65.4)	3,602	(82.6)	10,696	(64.3)
3Q FY2022	534,348	9.8	55,898	(27.9)	56,266	(27.7)	20,701	(37.4)	29,927	(39.8)

	Basic earnings per share	Diluted earnings per share
	¥	¥
3Q FY2023	7.11	6.34
3Q FY2022	40.94	38.76

#### (2) Consolidated financial position

	Total assets	Equity	Shareholders' equity	Shareholders' equity ratio
	¥ million	¥ million	¥ million	%
As of 3Q FY2023	464,650	229,301	142,839	30.7
As of FY2022	383,698	222,915	144,264	37.6

### 2. Dividends

	Annual dividends				
	1Q	2Q	3Q	Year end	Total
	¥	¥	¥	¥	¥
FY2022	—	0.00	—	14.00	14.00
FY2023	—	0.00	—		
FY2023 (Forecast)				15.00	15.00

(Note) Revisions to most recent dividend forecast: No

### 3. Forecast of the Consolidated Results for the Fiscal Year Ending September 2023

(October 1, 2022 - September 30, 2023)

(% = Year-on-Year Change.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	720,000	1.3	25,000	(63.8)	25,000	(64.0)	6,000	(75.2)	11.85

(Note) Revisions to most recent consolidated earnings forecast: Yes

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### \*Notes

(1) Changes in Significant Subsidiaries during the Period: None

(Changes in specified subsidiaries due to changes in the scope of consolidation)

New : —(Company name: —)

Excluded : —(Company name: —)

(2) Application of simplified accounting methods and/or special accounting methods: None

(3) Changes in accounting policies, changes in accounting estimates, restatements

i) Changes associated with revisions of accounting standards: Yes

ii) Changes other than those included in i) : None

iii) Changes in accounting estimates: None

iv) Restatements: None

(4) Number of shares issued

(1) Number of shares issued and outstanding at end of period (including treasury stock)	
3Q FY2023: 506,097,200 shares	FY2022: 505,924,000 shares
(2) Number of shares of treasury stock issued and outstanding at end of period	
3Q FY2023: 1,040 shares	FY2022: 1,004 shares
(3) Average number of shares during the period (cumulative quarterly period)	
3Q FY2023: 506,018,346 shares	3Q FY2022: 505,576,066 shares

\*The Consolidated Financial Results is not subject to audit.

\*Appropriate Use of Earnings Forecast and Other Matters

The forecast of performance is based on our expectations and assumptions as of the date the forecast was made. Our actual results could differ materially from those listed in this forecast because of various risks and uncertainties. For information related to the forecast indicated above, please refer to "1. Qualitative Information on the Quarterly Financial Results (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" on page 2.

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### Table of Contents

1. Qualitative Information on the Quarterly Financial Results.....	2
(1) Explanation of Consolidated Financial Results.....	2
(2) Explanation of Consolidated Financial Position.....	2
(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information.....	2
2. Quarterly Consolidated Financial Statements and Key Notes.....	3
(1) Quarterly Consolidated Balance Sheets.....	3
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	4
(3) Notes to Quarterly Consolidated Financial Statements.....	5
(Notes Regarding the Going Concern Assumption) .....	5
(Notes Regarding Significant Changes in Shareholders' Equity) .....	5
(Notes Change in Accounting Policies) .....	5
(Additional Information) .....	5
(Segment Information) .....	6

### 1. Qualitative Information on the Quarterly Financial Results

#### (1) Explanation of Consolidated Financial Results

The CyberAgent Group has taken advantage of the growth of the smartphone market. At the same time, the group has been investing in ABEMA, a new TV of the future, to grow it in the medium to long-term mainstay.

As a result, during the cumulative consolidated third quarter, Net sales grew 0.1% year on year to ¥534,973 million, and Operating income amounted to ¥18,966 million (66.1% decrease). Ordinary income amounted to ¥19,460 million (65.4% decrease), and Net income attributable to owners of the parent decreased 82.6% to ¥3,602 million.

Earnings by business segments are discussed below.

##### (a) Media Business

The Media Business includes “ABEMA”, “WINTICKET” and “Ameba”, etc.

Resulted from steady growth in related sales of “ABEMA”, a new TV of the future, Net sales grew and amounted to ¥100,336 million for the period, a 22.6% year-on-year increase. With the distribution of the FIFA World Cup Qatar 2022 in the first quarter, operating loss amounted to ¥11,461 million, compared to operating loss of ¥9,779 million for the same period in the prior fiscal year.

##### (b) Internet Advertisement Business

The Group's Internet Advertisement Business includes Internet Advertisement Division, AI Division, and CyberZ, Inc., etc.

While continuing to upfront investment, this segment achieved a record high of Net sales. It reported ¥301,323 million in Net sales, up 5.9% year on year. Operating income was ¥13,816 million, a 28.8% year-on-year decrease.

##### (c) Game Business

The Game Business includes Cygames, Inc., Colorful Palette Inc., Sumzap, Inc., and Applibot, Inc. etc.

Due to the slowdown after the anniversary events of major titles, Net sales amounting to ¥136,808 million, a 21.2% year-on-year decrease. Operating income was ¥20,253 million, a 58.2% year-on-year decrease.

##### (d) Investment Development Business

The Investment Development Business consists of the CyberAgent corporate venture capital business and the fund operations of CyberAgent Capital, Inc. The Investment Development Business recorded Net sales of ¥2,586 million (22.9% year-on-year decrease) and operating income of ¥1,446 million (a year-on-year decrease of 31.7%).

##### (e) Other Businesses

The Other Businesses segment includes Makuake, Inc., REALGATE INC., Zelvía Co., Ltd. and others.

This segment reported Net sales of ¥21,496 million, a 11.2% year-on-year increase. Operating income amounted to ¥369 million (a year-on-year increase of 3.6%).

#### (2) Explanation of Consolidated Financial Position

##### (Financial position)

Total assets at the end of this consolidated third quarter have increased by ¥80,952 million compared to the end of the previous fiscal year and amounted to ¥464,650 million. It is mainly due to the issuance of convertible bonds and the increase in Long-term bank loans.

Total liabilities have increased by ¥74,566 million compared to the end of previous fiscal year and amounted to ¥235,349 million. It is mainly due to the issuance of convertible bonds and the increase in Long-term bank loans.

Equity have increased by ¥6,385 million compared to the end of the previous fiscal year and amounted to ¥229,301 million. It is mainly due to increase in Non-controlling interests.

#### (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information

The forecast of FY2023 has been revised from its original publication on October 26, 2022. For details, please refer to the “Notice on Revisions to FY2023 Earnings Forecast” released today (July 26, 2023).

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### 2. Quarterly Consolidated Financial Statements and Key Notes

#### (1) Quarterly Consolidated Balance Sheets

	(Unit: ¥ million)	
	FY2022 (As of September 30, 2022)	3Q FY2023 (As of June 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	165,907	203,842
Trade notes and accounts receivable and contract assets	72,371	68,618
Inventories	4,262	8,598
Operational investment securities	16,457	21,088
Other	34,887	42,175
Allowance for doubtful accounts	(36)	(466)
<b>Total current assets</b>	<b>293,850</b>	<b>343,857</b>
Non-current assets		
Property and equipment	18,974	23,456
Intangible assets		
Goodwill	4,843	7,399
Other	17,210	25,118
<b>Total intangible assets</b>	<b>22,054</b>	<b>32,518</b>
Investments and other assets		
Other	48,814	64,824
Allowance for doubtful accounts	(17)	(76)
<b>Total investments and other assets</b>	<b>48,797</b>	<b>64,748</b>
<b>Total non-current assets</b>	<b>89,826</b>	<b>120,723</b>
Deferred assets	21	68
<b>Total assets</b>	<b>383,698</b>	<b>464,650</b>
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	59,212	63,631
Short-term bank loans	2,380	3,160
Income tax payable	5,036	1,801
Other	63,385	54,224
<b>Total current liabilities</b>	<b>130,014</b>	<b>122,818</b>
Non-current liabilities		
Convertible bonds	20,102	60,617
Long-term bank loans	3,750	43,466
Provision for long service rewards for employees	2,787	3,203
Asset retirement obligations	2,250	2,441
Other	1,877	2,802
<b>Total non-current liabilities</b>	<b>30,768</b>	<b>112,531</b>
<b>Total liabilities</b>	<b>160,783</b>	<b>235,349</b>
<b>Equity</b>		
Shareholders' equity		
Common stock	7,239	7,325
Capital surplus	11,636	11,861
Retained earnings	119,204	115,827
Treasury stock	(1)	(1)
<b>Total shareholders' equity</b>	<b>138,079</b>	<b>135,012</b>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,887	7,657
Foreign currency translation adjustments	298	169
<b>Total other comprehensive income</b>	<b>6,185</b>	<b>7,827</b>
Stock acquisition rights	1,747	2,024
Non-controlling interests	76,903	84,436
<b>Total Equity</b>	<b>222,915</b>	<b>229,301</b>
<b>Total liabilities and equity</b>	<b>383,698</b>	<b>464,650</b>

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### (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

#### Quarterly Consolidated Statements of Income (Cumulative consolidated third quarter)

(Unit: ¥ million)

	3Q FY2022 (October 1, 2021 - June 30, 2022)	3Q FY2023 (October 1, 2022 - June 30, 2023)
Net sales	534,348	534,973
Cost of sales	368,816	392,517
Gross profit	165,532	142,456
Selling, general and administrative expenses	109,633	123,489
Operating income	55,898	18,966
Non-operating income		
Interest income	104	134
Dividends received	381	371
Equity in earnings of affiliates	—	109
Rent income	58	377
Other	273	129
Total non-operating income	817	1,121
Non-operating expenses		
Interest expenses	42	69
Depreciation	19	126
Foreign exchange losses	47	182
Other	341	248
Total non-operating expenses	450	627
Ordinary income	56,266	19,460
Extraordinary income		
Gain on sales of investment in subsidiaries and associated companies	805	1,000
Other	637	455
Total extraordinary gain	1,443	1,455
Extraordinary loss		
Impairment loss	3,320	578
Other	274	991
Total extraordinary loss	3,595	1,570
Income before income taxes	54,114	19,345
Income taxes-current	16,451	9,519
Income taxes-deferred	3,983	1,334
Total income tax	20,435	10,853
Net income	33,678	8,491
Net income attributable to non-controlling interests	12,977	4,889
Net income attributable to owners of the parent	20,701	3,602

#### Quarterly Consolidated Statements of Comprehensive Income (Cumulative consolidated third quarter)

(Unit: ¥ million)

	3Q FY2022 (October 1, 2021 - June 30, 2022)	3Q FY2023 (October 1, 2022 - June 30, 2023)
Net income	33,678	8,491
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(3,756)	2,318
Foreign currency translation adjustment	(12)	19
Share of other comprehensive income (loss) of associated companies accounted for by the equity method	17	(133)
Total other comprehensive income (loss)	(3,751)	2,204
Comprehensive income	29,927	10,696
(Comprehensive income attributable to)		
Owners of the parent	16,832	5,243
Non-controlling interests	13,095	5,452

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### (3)Notes to Quartely Consolidated Finantial Statement

#### (Notes Regarding the Going Concern Assumption)

No applicable items.

#### (Notes Regarding Significant Changes in Shareholders' Equity)

No applicable items.

#### (Notes Change in Accounting Policies)

##### (Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021) and other standards from the beginning of the first quarter of the current fiscal year. The new accounting policy will be applied in the future, in line with the transitional treatment specified in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the quarterly consolidated financial statements.

#### (Additional Information)

##### (Adoption of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries have made the transition from the consolidated corporate tax system to the group tax sharing system from the first quarter of the current fiscal year. Accordingly, we disclose corporate tax, local corporate tax and tax effect accounting with applying 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. In addition, based on PITF No.42 Paragraph 32 Item (1), there is no impact on the quarterly consolidated financial statements.

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### (Segment Information)

#### I. Cumulative Third Quarter of the Fiscal Year Ended September 2022 (October 1, 2021 to June 30, 2022)

##### 1. Sales and Income (Loss) by Reportable Segment

(Unit: ¥ million)

	Reportable Segment						Reconciliations*	Quarterly Consolidated Statements of Income
	Media	Internet Advertisement	Game	Investment Development	Other	Total		
Net sales								
Revenue from contracts with customers**	74,446	266,538	173,211	3,353	16,799	534,348	—	534,348
Sales to external customers	74,446	266,538	173,211	3,353	16,799	534,348	—	534,348
Inter-segment sales or transfers	7,396	17,890	340	—	2,526	28,153	(28,153)	—
Total	81,842	284,428	173,551	3,353	19,325	562,501	(28,153)	534,348
Segment income (loss)	(9,779)	19,409	48,427	2,119	356	60,533	(4,634)	55,898

\*Reconciliations of ¥ -4,634 million represents corporate general and administrative expenses not allocable to a reportable segment.

\*\*The amount of revenue other than "Revenue from contracts with customers" is insignificant. The Company does not report it separately from "Revenue from contracts with customers".

##### 2. Matters related to changes in Reportable Segment

No applicable items.

#### II. Cumulative Third Quarter of the Fiscal Year Ending September 2023 (October 1, 2022 to June 30, 2023)

##### 1. Sales and Income (Loss) by Reportable Segment

(Unit: ¥ million)

	Reportable Segment						Reconciliations*	Quarterly Consolidated Statements of Income
	Media	Internet Advertisement	Game	Investment Development	Other	Total		
Net sales								
Revenue from contracts with customers**	94,142	283,307	136,544	2,586	18,392	534,973	—	534,973
Sales to external customers	94,142	283,307	136,544	2,586	18,392	534,973	—	534,973
Inter-segment sales or transfers	6,193	18,015	263	—	3,103	27,576	(27,576)	—
Total	100,336	301,323	136,808	2,586	21,496	562,550	(27,576)	534,973
Segment income (loss)	(11,461)	13,816	20,253	1,446	369	24,424	(5,458)	18,966

\*Reconciliations of ¥ -5,458 million represents corporate general and administrative expenses not allocable to a reportable segment.

\*\* The amount of revenue other than "Revenue from contracts with customers" is insignificant. The Company does not report it separately from "Revenue from contracts with customers".

##### 2. Matters related to changes in Reportable Segment

No applicable items.