

CA CyberAgent®

3Q FY2023 Presentation Material

April to June 2023

July 26, 2023



[Forward-looking statement]

The future information, such as earnings forecast, written in this document is based on our expectations and assumptions as of the date the forecast was made. Our actual results could differ materially from those described in this forecast because of various risks and uncertainties.

1. **Financial Summary** (April - June 2023)
2. **Forecast**
3. **Internet Advertisement Business**
4. **Game Business**
5. **Media Business**
6. **Medium to long-term strategy**
7. **References** - Purpose

FY23 Q3 Financial Summary

April - June 2023

1. Financial Summary

FY2023 Q3

Media and Ads increased the sales.
However, Game business earnings were lower than expected
and thus profits dropped significantly.

Sales: **171.7** billion yen down **0.2%** YoY
OP: **1.4** billion yen down **86.2%** YoY

Media

ABEMA related sales went well and improved the loss.

Sales: **33.3** billion yen up **13.1%** YoY
OP: **-1.5** billion yen +**2.4** billion yen YoY

Ad

Sales reached a record high while upfront investment
continued.

Sales: **105.4** billion yen up **9.1%** YoY*
OP: **3.8** billion yen down **37.4%** YoY

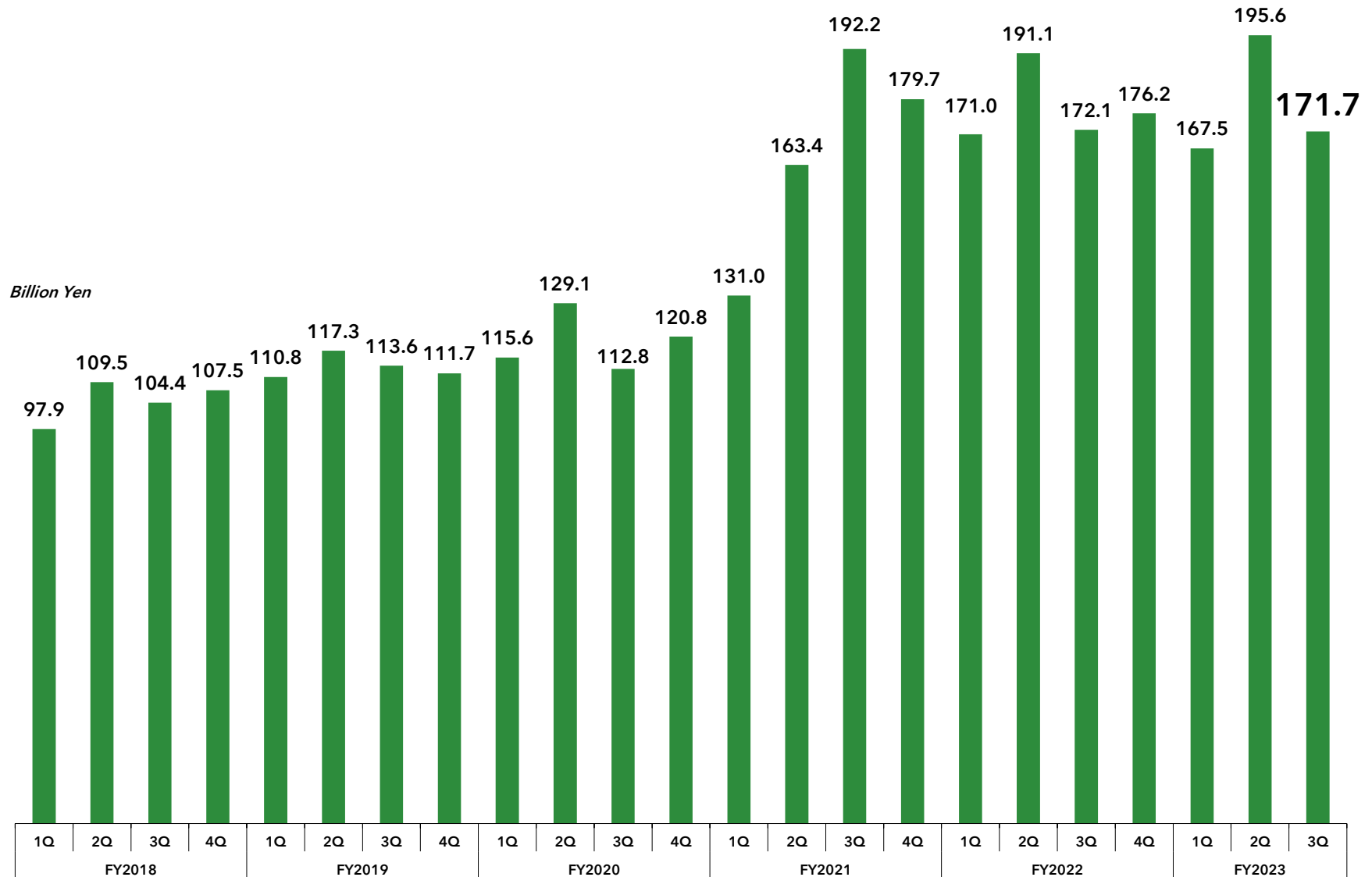
Game

Sales and profits slowed after major games' anniversaries in
Q2.

Sales: **33.7** billion yen down **27.0%** YoY
OP: **-0.1** billion yen

1. Financial Summary

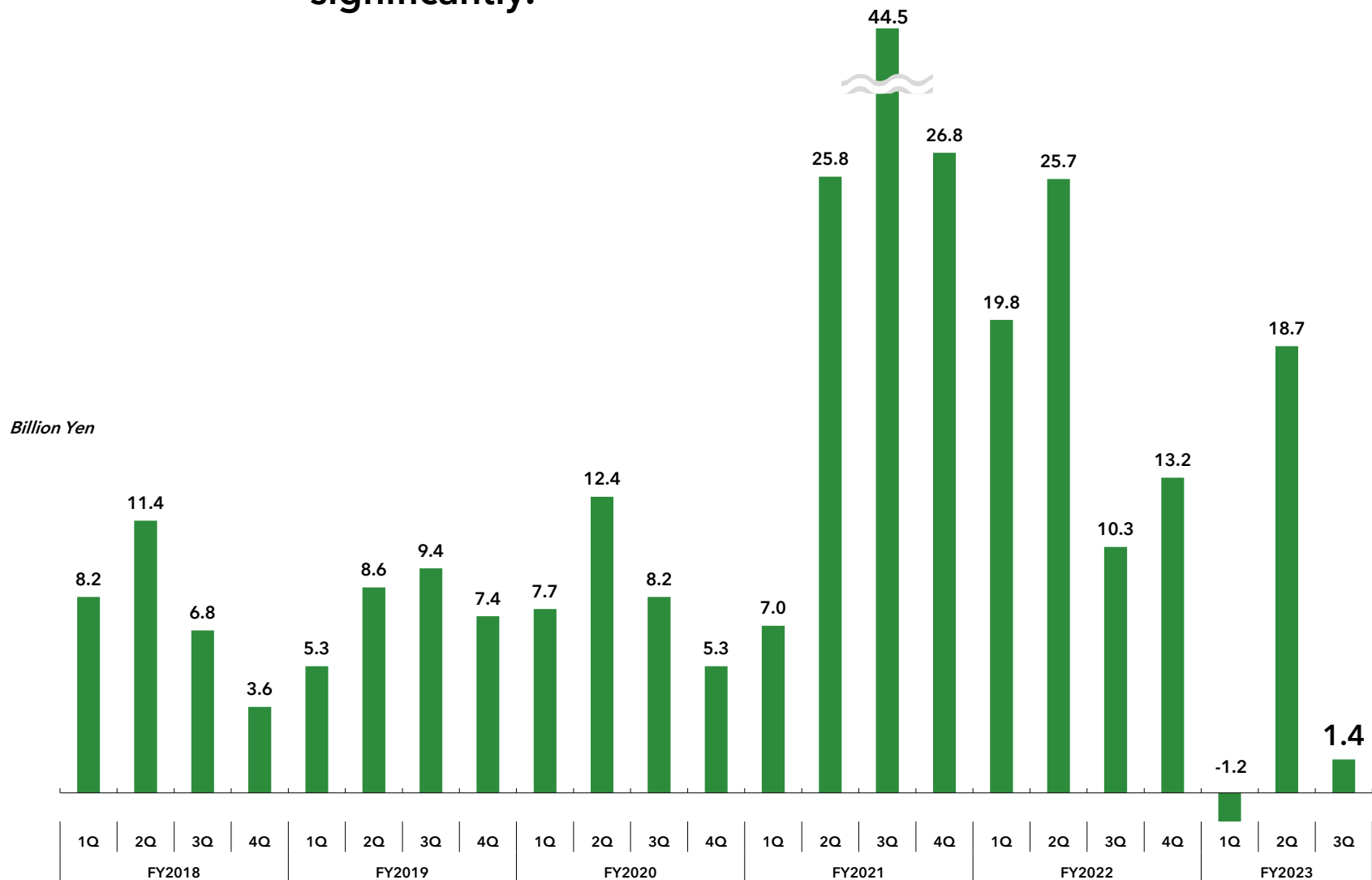
[Consolidated Sales] **171.7** billion yen (down 0.2% YoY)



1. Financial Summary

[Consolidated OP] **1.4 billion yen (down 86.2% YoY)**

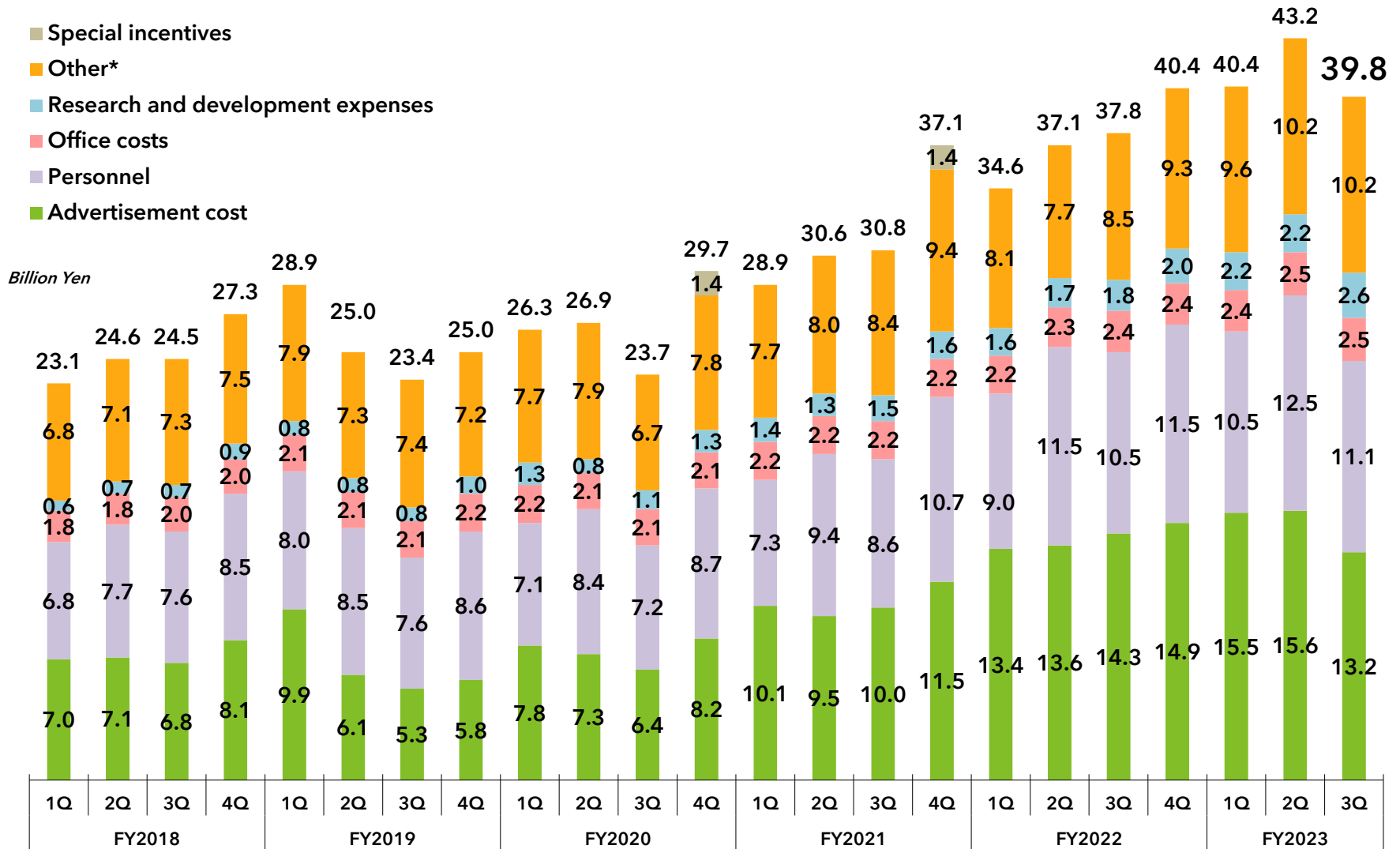
Game business which has high profitability slowed down significantly.



*FY23Q1: The expenses related to FIFA World Cup Qatar 2022 are recorded.

1. Financial Summary

[SG&A Expenses] **39.8** billion yen (up 5.2% YoY)

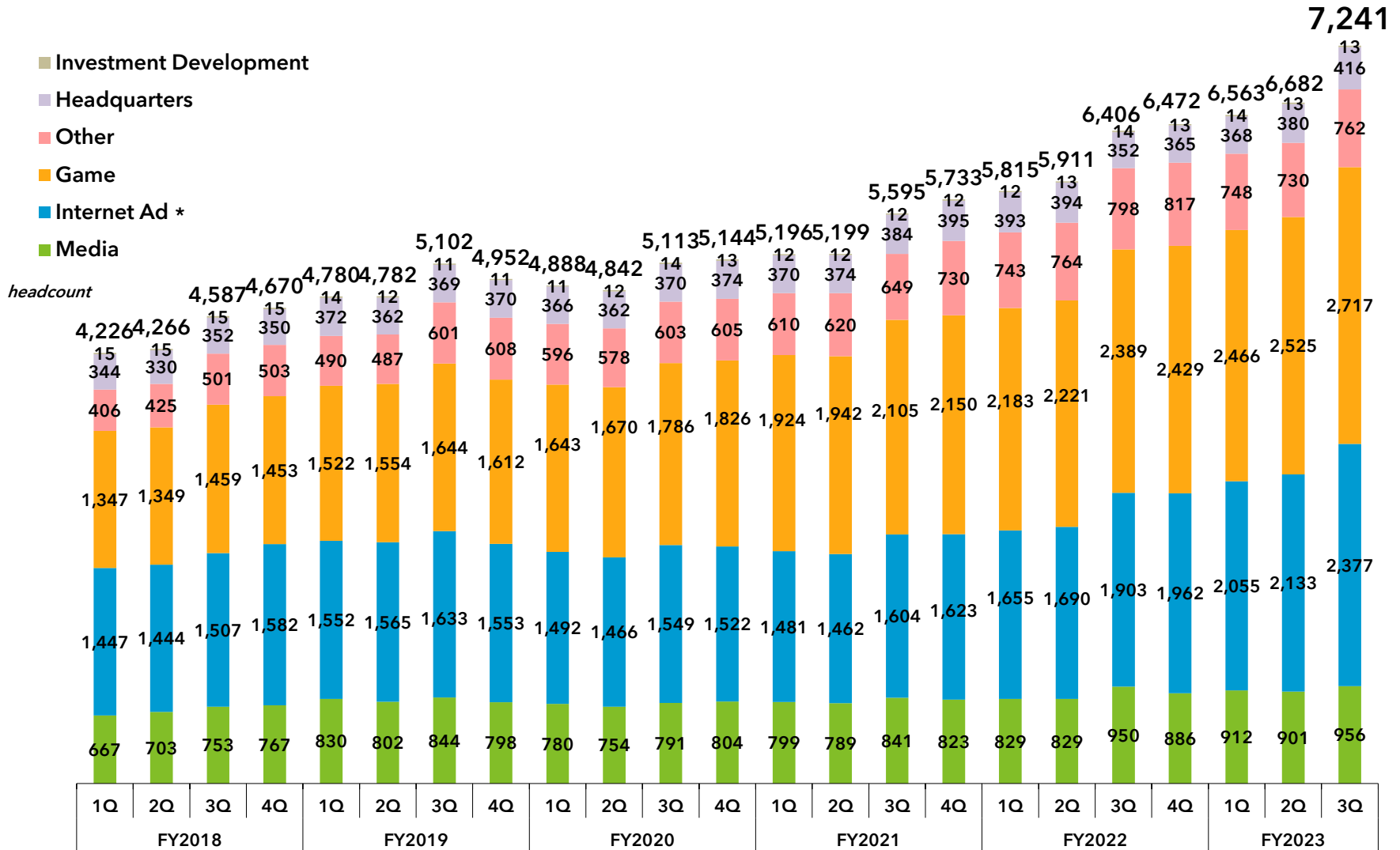


*Other: Outsourcing expenses, sales-related expenses, external standard taxation, entertainment expenses, and others.

1. Financial Summary



[No. of Employees] Total headcount was **7,241** at the end of June.
(431 new graduates joined in April.)



*Internet Ad: MicroAd, Inc. became unconsolidated on June 29, 2022, and is reflected from FY 2018 retrospectively.

1. Financial Summary

[PL]

million yen	FY2023 Q3	FY2022 Q3	YoY	FY2023 Q2	QoQ
Net Sales	171,738	172,155	-0.2%	195,657	-12.2%
Gross profit	41,264	48,227	-14.4%	62,004	-33.4%
SG&A expenses	39,828	37,855	5.2%	43,218	-7.8%
Operating profit	1,435	10,371	-86.2%	18,786	-92.4%
OPM	0.8%	6.0%	-5.2pt	9.6%	-8.8pt
Ordinary profit	1,568	10,549	-85.1%	18,830	-91.7%
Extraordinary income	65	1,209	-94.6%	93	-29.9%
Extraordinary loss	238	1,818	-86.9%	921	-74.1%
Income before income taxes and non-controlling interests	1,395	9,940	-86.0%	18,002	-92.2%
Net profit*	703	3,544	-80.2%	7,900	-91.1%

1. Financial Summary

[BS]

million yen	End of June. 2023	End of June. 2022	YoY	End of Mar. 2023	QoQ
Current assets	343,857	286,447	20.0%	329,795	4.3%
Cash deposits	203,842	167,264	21.9%	183,260	11.2%
Fixed assets	120,723	88,220	36.8%	98,943	22.0%
Total assets	464,650	374,695	24.0%	428,812	8.4%
Current liabilities	122,818	128,058	-4.1%	134,099	-8.4%
(Income tax payable)	1,801	3,201	-43.7%	9,812	-81.6%
Fixed liabilities	112,531	29,953	275.7%	71,119	58.2%
Shareholders' equity	135,012	134,629	0.3%	133,816	0.9%
Net Assets	229,301	216,683	5.8%	223,593	2.6%

FY2023 Forecast

October 2022 - September 2023

2. Forecast

[Details of Downward Revision FY2023]

Game business earnings decreased more than expected after the strong performance led by the anniversary events in the previous quarter.

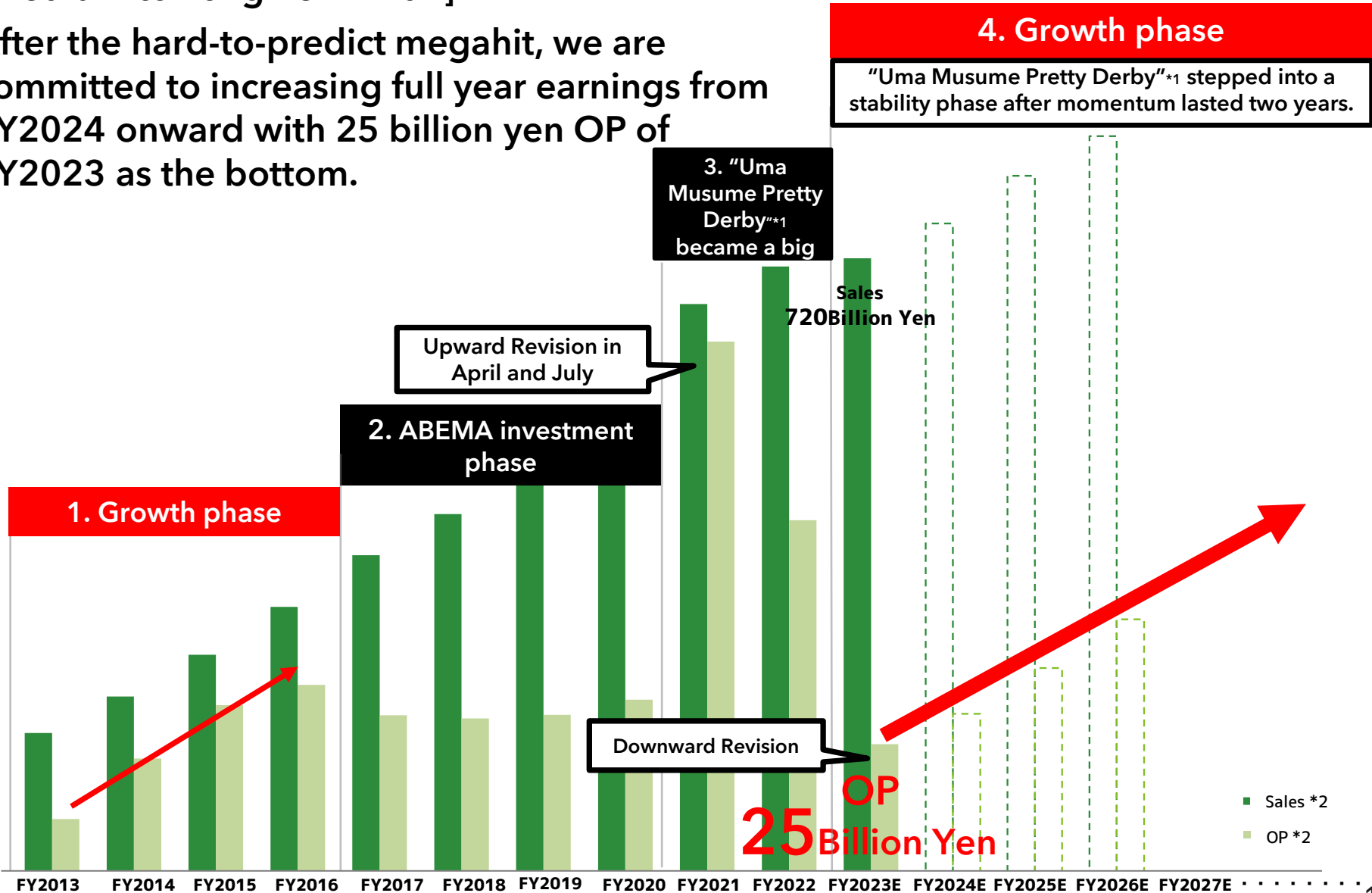
Revenue slowdown in high profitability games resulted in a downward revision of items below operating profit.

Unit: billion yen	FY2023 Original Forecast (Released on Oct.26, 2022)		FY2023 Revised Forecast (Released on Jul.26, 2023)	Difference (Amount)		Difference (%)		FY2022	YoY
	Minimum	Maximum		Minimum	Maximum	Minimum	Maximum		
Net Sales	720		720	0		0.0%		710.5	1.3%
Operating profit	40	50	25	-15	-25	-37.5%	-50.0%	69.1	-63.8%
Ordinary profit	40	50	25	-15	-25	-37.5%	-50.0%	69.4	-64.0%
Net profit*	15	20	6	-9	-14	-60.0%	-70.0%	24.2	-75.2%
Dividend	15yen		15yen	0yen		0.0%		14yen	7.1%

2. Forecast

[Medium to Long Term Plan]

After the hard-to-predict megahit, we are committed to increasing full year earnings from FY2024 onward with 25 billion yen OP of FY2023 as the bottom.



*1 "Uma Musume Pretty Derby" : ©Cygames, Inc. *2 Sales and OP assumptions may differ materially.

2. Forecast

[How we achieve earnings growth]

Media

ABEMA entered a loss reduction phase after investment phase.

Large investments in the "FIFA World Cup" occur once every four years. We maintain investment at an appropriate level in the near term.

Ad

Ad business will continue to grow in medium to long-term .

Working to commercialize AI and DX related business while at the same time striving to improve OP margins.

Game

Game business preparing many approaches to keep "Uma Musume Pretty Derby"s topicality. *1

TV anime "Uma Musume Pretty Derby Season 3" to be released in 2023, a console game will be launched in 2024 *1

Two highly anticipated games will be releasing by the end of 2023.

"FINAL FANTASY VII EVER CRISIS" *2
"Jujutsu Kaisen Phantom Parade" *3



With 25 billion yen OP in FY2023 as the bottom, we are committed to increasing full year earnings from FY2024 onward.

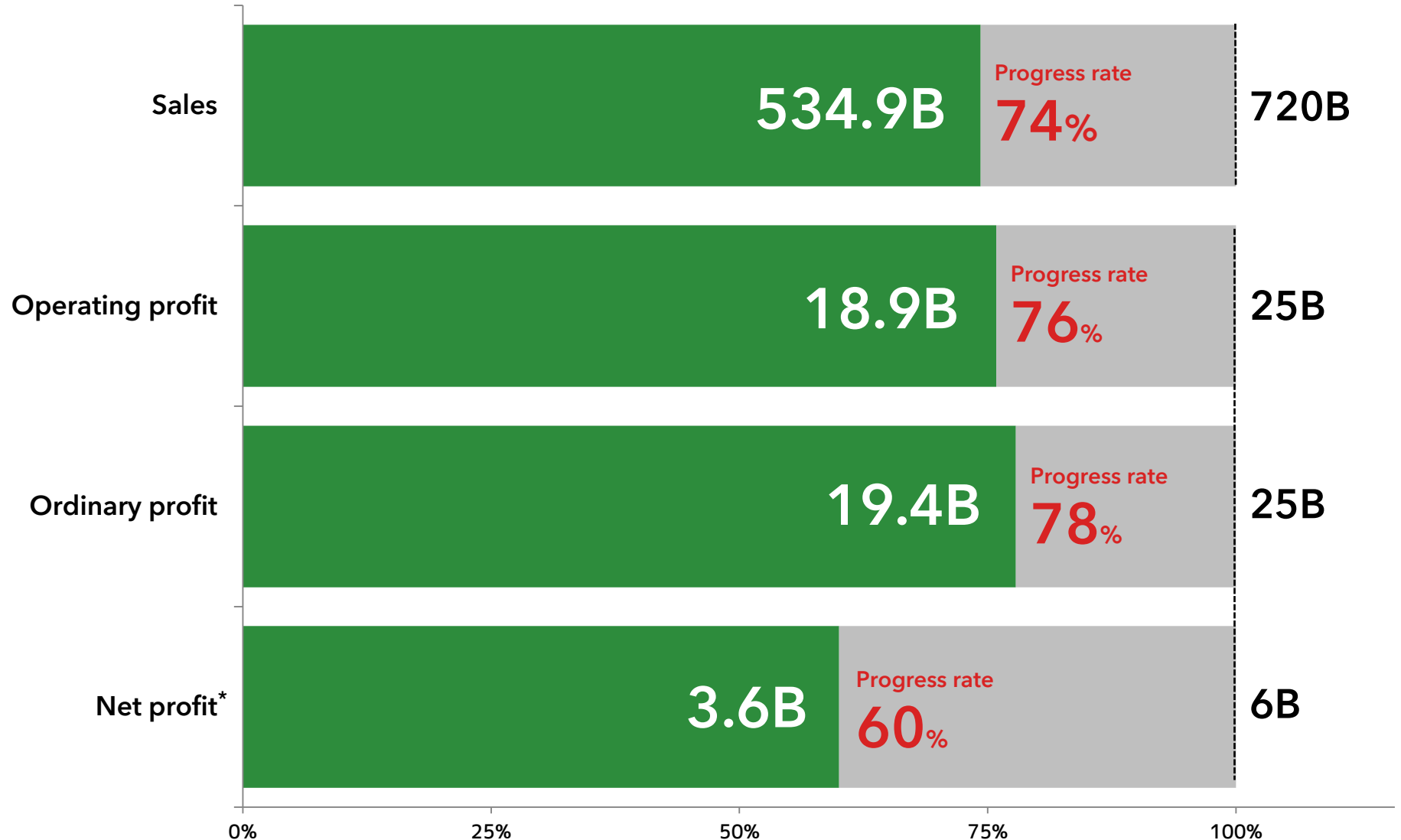
*1 "Uma Musume Pretty Derby" : ©Cygames, Inc.

*2 "FINAL FANTASY VII EVER CRISIS": © SQUARE ENIX Powered by Applibot, Inc. CHARACTER DESIGN: TETSUYA NOMURA / CHARACTER ILLUSTRATION: LISA FUJII

*3 "Jujutsu Kaisen Phantom Parade": © Gege Akutami/ Shueisha, Jujutsu Kaisen Production Committee © Sumzap, Inc./TOHO CO., LTD.

2. Forecast

[Progress toward the forecast after revision]



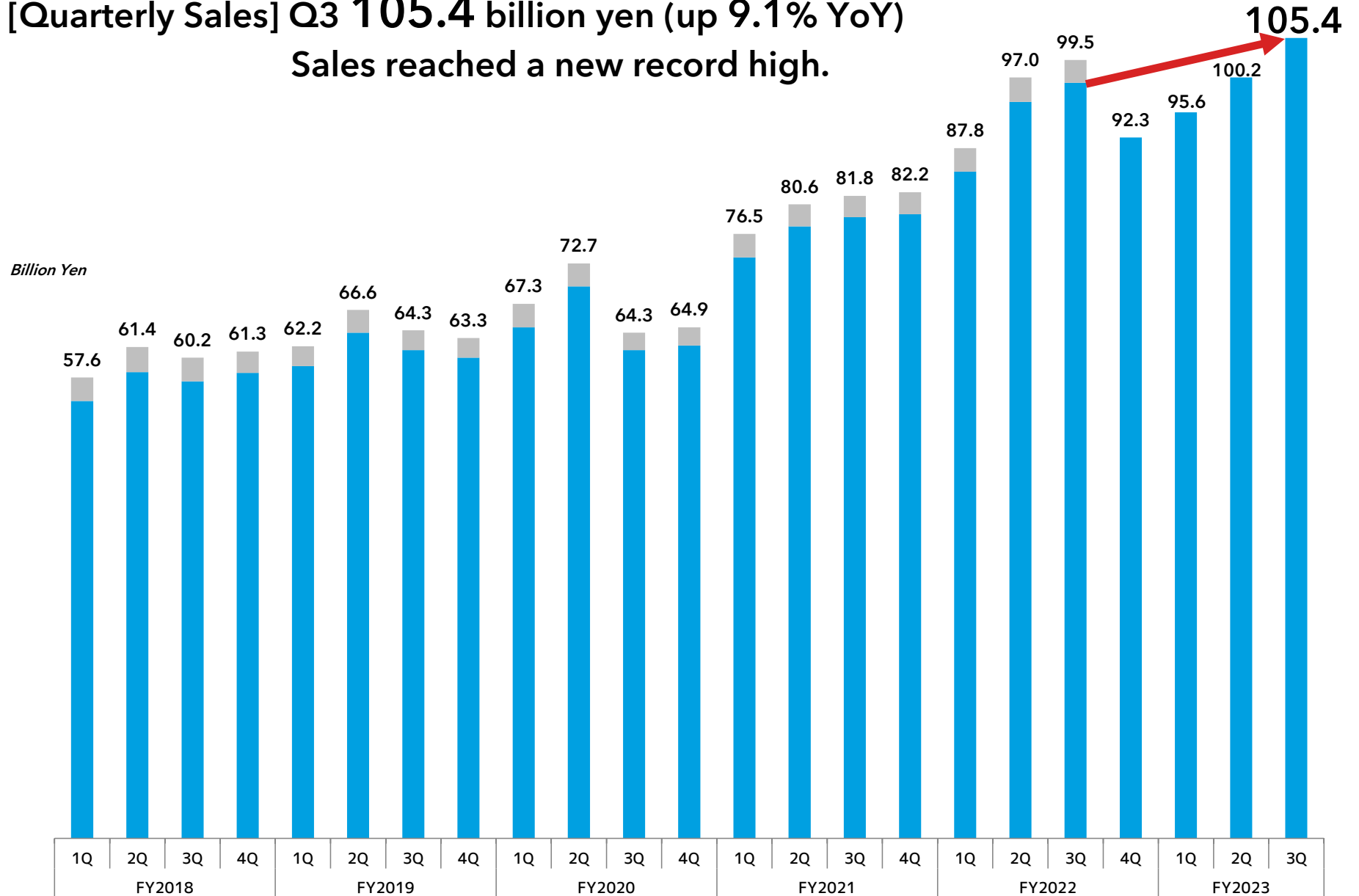
*Net profit: Profit attributable to shareholders of parent is affected by the fact that AbemaTV, Inc. is exempted from the group tax sharing system and non-controlling equity interest (minority interest) of Cygames, Inc.

Internet Advertisement

3. Internet Advertisement Business



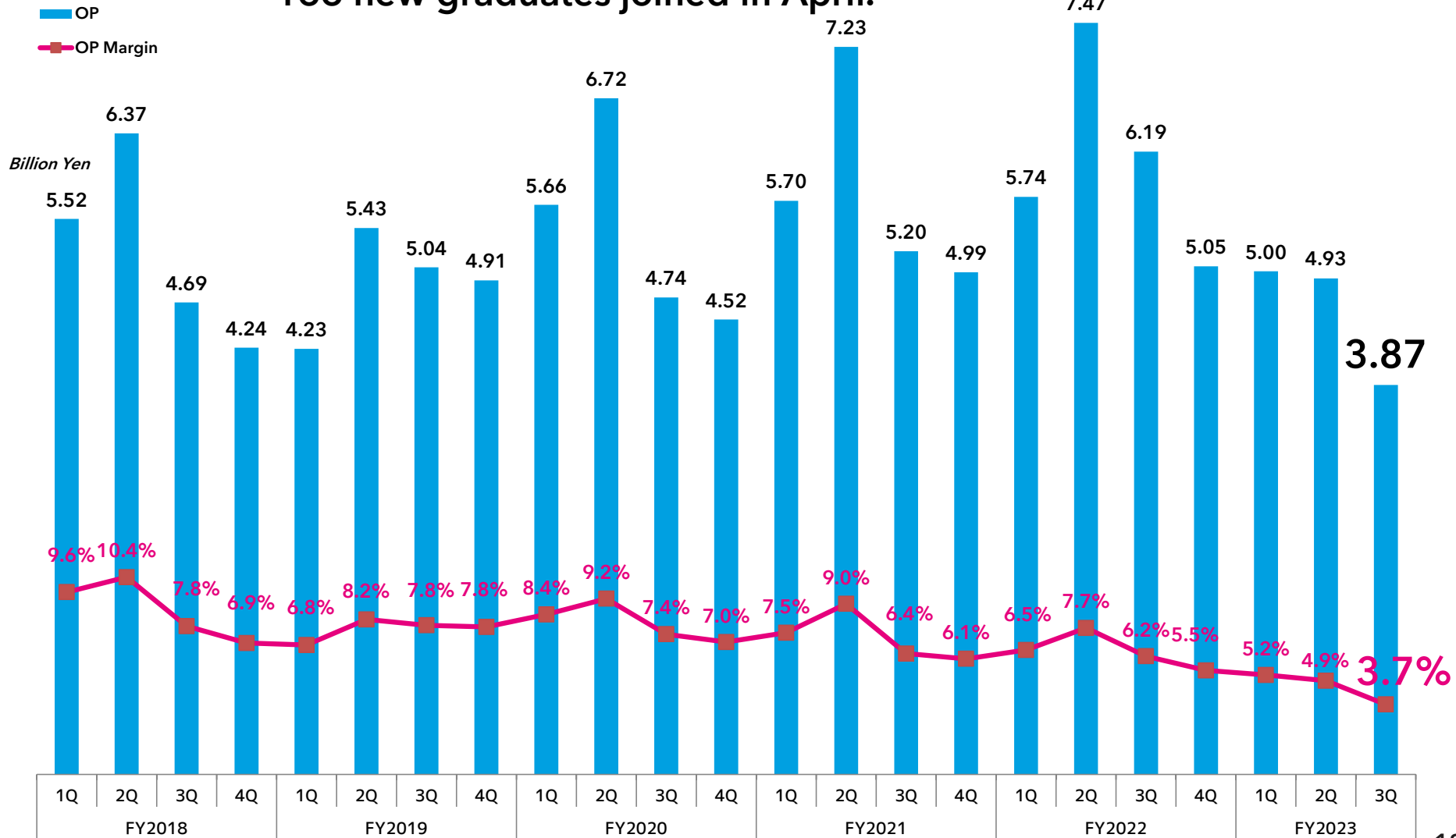
[Quarterly Sales] Q3 105.4 billion yen (up 9.1% YoY)
Sales reached a new record high.



*YoY Change: The revenue growth rate is calculated after deducting the Q3 FY 2022 sales of the non-consolidated subsidiary MicroAd, Inc (3.02 billion yen.)

3. Internet Advertisement Business

[Quarterly OP] Q3 **3.8** billion yen (down 37.4% YoY)
 We continue to invest in AI and DX businesses.
 166 new graduates joined in April.



*Quarterly OP and OPM: Special incentives in FY2020 and FY2021 are excluded.

3. Internet Advertisement Business

[Technological Capability]

We released a Japanese large language model (LLM) using generative AI to the public early on and began to use it in business.



**CyberAgent Released
Japanese LLM
with up to 6.8 Billion Parameters**

The Model Trained with Open Data | Commercial Use Available

CyberAgent.



CyberAgent.

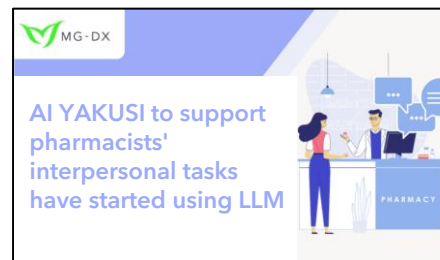
KIWAMI Prediction AI implemented ad copy generation feature using a large scale language model.



CyberAgent.

極予測 TD added repeated trial function utilizing proprietary LLM and GPT-4.

AI CyberAgent AI Lab



MG-DX

AI YAKUSI to support pharmacists' interpersonal tasks have started using LLM



CyberAgent launched New Service to Build Dedicated LLM for Customer Support.

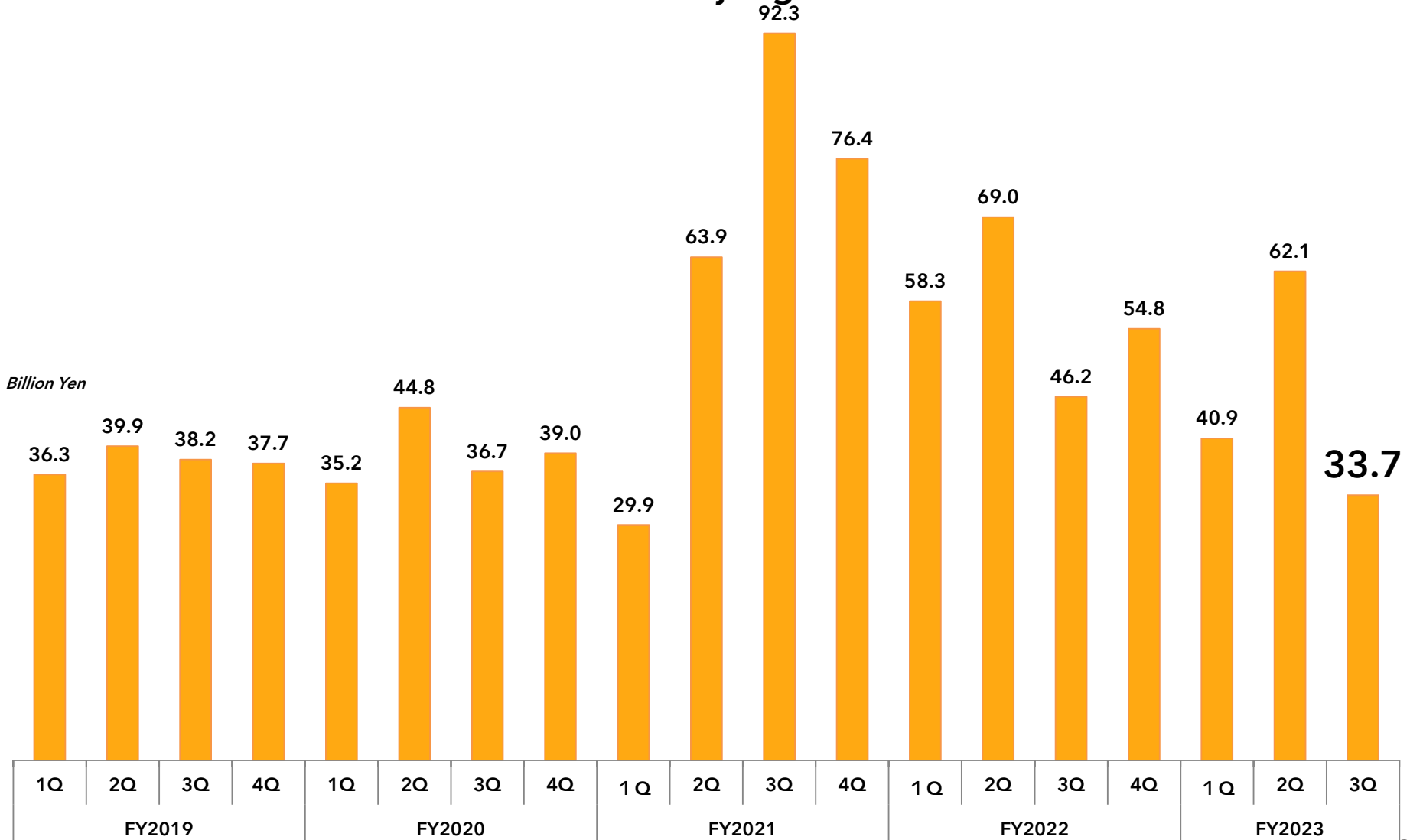
CyberAgent. AI SHIFT

Game

4. Game Business

[Quarterly Sales] Q3 **33.7** billion yen (down 27.0% YoY)

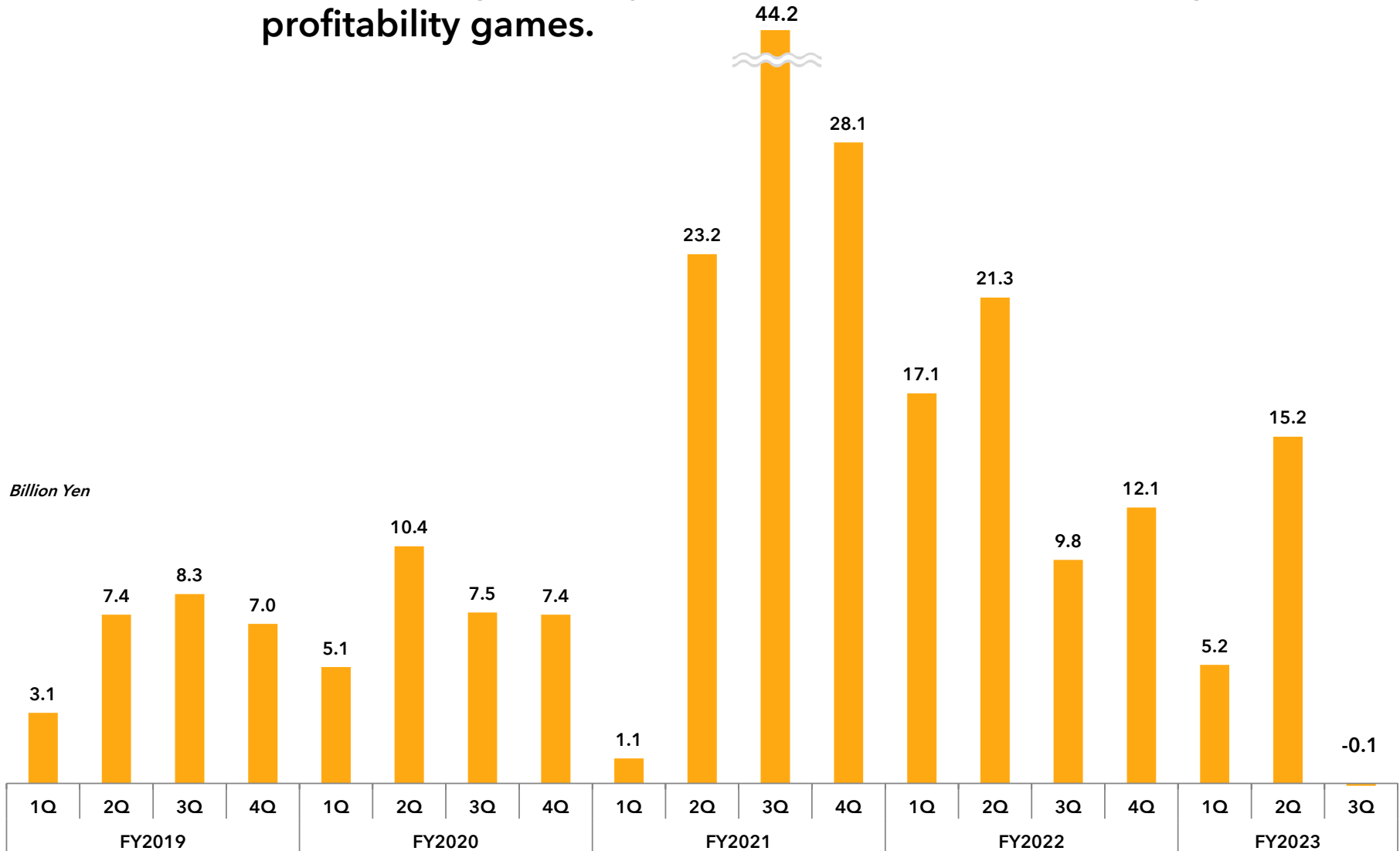
Sales decreased after major games' anniversaries in Q2.



4. Game Business

[Quarterly OP] Q3 -0.1 billion yen

Profits fell significantly due to revenue slowdown in high profitability games.



*Quarterly OP : Special incentives in FY2020 and FY2021 are excluded.

4. Game Business

[Uma Musume Pretty Derby *1] It will continue cross-media marketing to become an IP which will last more than ten years.

Anime "Uma Musume Pretty Derby: Road to the Top" *2



TV Anime "Uma Musume Pretty Derby Season 3" *3



Comic "Uma Musume Pretty Derby: Star Blossom" *4



Event "Uma Musume Pretty Derby: 5th Event Arena Tour GO BEYOND -WISH-" *5



*1.2.5 Uma Musume Pretty Derby: © Cygames, Inc.
*3 © 2023 Anime "Uma Musume Pretty Derby Season 3" Production Committee
*4 Shin Hotani, Saki Monju /Shueisha © Cygames, Inc.

4. Game Business

[Uma Musume Pretty Derby *1] “Umamusume: Pretty Derby - Party Dash” will be releasing on Nintendo Switch™, PlayStation®4, and Steam® in 2024.*2



スタートしました。先頭と後方、2つに分かれました。



凄い気流だ。スペシャルウィーク/その力強い走りにも驚かされたい!



*1.2 Uma Musume Pretty Derby: © Cygames, Inc.

4. Game Business

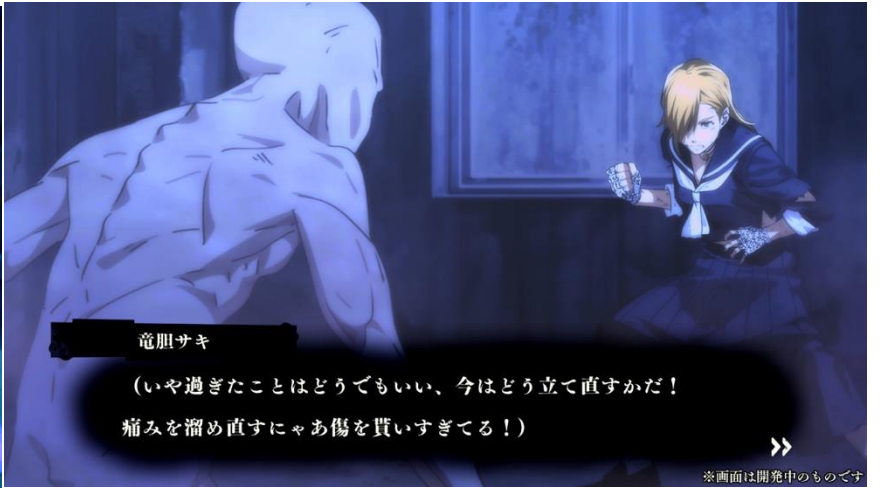
[Upcoming Games] "FINAL FANTASY VII EVER CRISIS *1" finished the closed beta test and pre-registration has started. It will be releasing by the end of year.



*1"FINAL FANTASY VII EVER CRISIS": © SQUARE ENIX Powered by Applibot, Inc. CHARACTER DESIGN: TETSUYA NOMURA / CHARACTER ILLUSTRATION: LISA FUJIS

4. Game Business

[Upcoming Games] "Jujutsu Kaisen Phantom Parade*1" is open for pre-registration. It will also be releasing by the end of year.



*1"Jujutsu Kaisen Phantom Parade": © Gege Akutami/ Shueisha, Jujutsu Kaisen Production Committee © Sumzap, Inc./TOHO CO., LTD.

4. Game Business

[Upcoming Games]

Some highly anticipated games will be coming in 2023 onward.

Owned IP

1



Sengoku Embu
-KIZNA-

2



Granblue
Fantasy

5



Shadowverse

7



PRINCESS
CONNECT!
Re:Dive

9



UMA MUSUME
Pretty Derby

Third Party IP

3



Dragon Quest
Monsters
Super Light

4



THE IDOLM@STER
CINDERELLA GIRLS
STARLIGHT STAGE

6



BanG Dream!
Girls Band
Party!

8



Project SEKAI
Colorful Stage!
Feat. Hatsune Miku

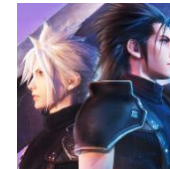
10



NieR
Re[in]carnation

Upcoming Games

11



FINAL FANTASY
VII EVER CRISIS

12



Jujutsu Kaisen
Phantom Parade

13 14



confidential

To be released



FY2013

FY2015

FY2017

FY2019

FY2021

FY2023

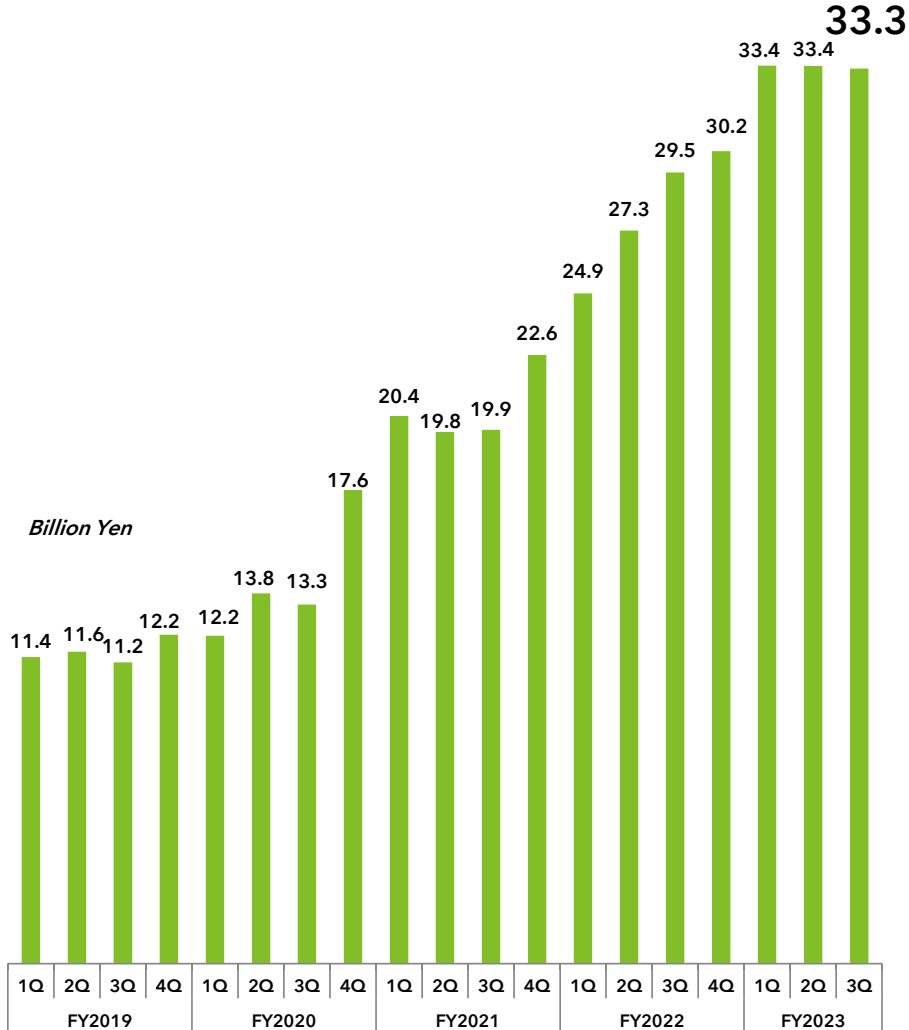
FY2025

Media

5. Media Business

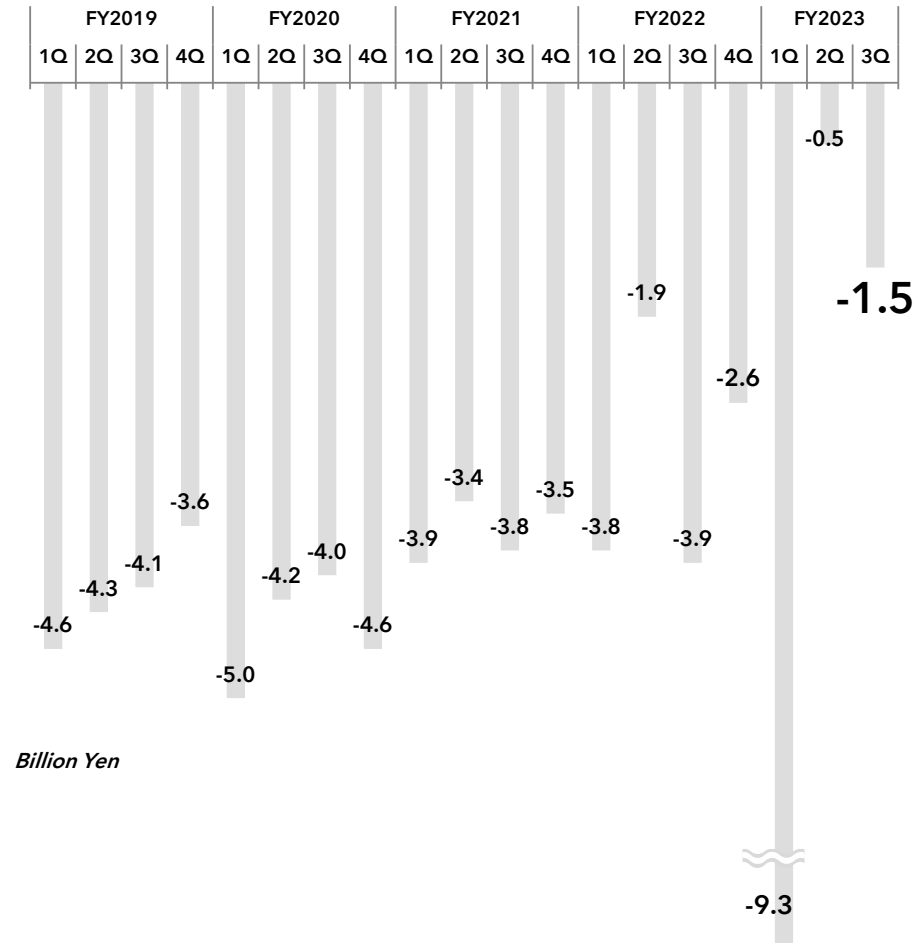
[Quarterly Sales]

33.3 billion yen (up 13.1% YoY)
Sales related to ABEMA went well.



[Quarterly OP]

1.5 billion yen operating loss in Q3.
2.4 billion yen loss is reduced year over year.



*1 Q1 FY2023: The expenses related to FIFA World Cup Qatar 2022 are recorded.

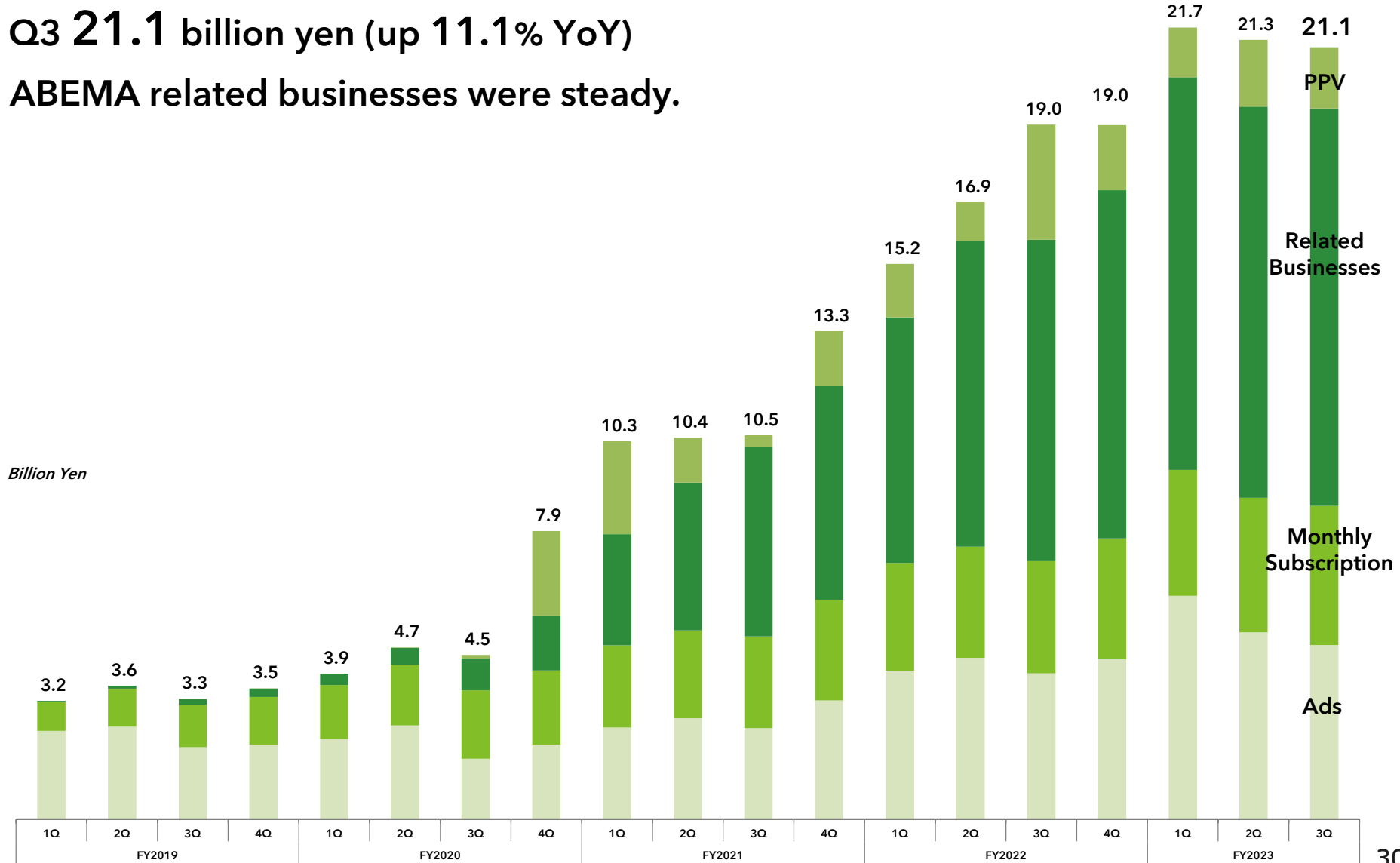
*2 Quarterly OP: Special incentives in FY2020 and FY2021 are excluded.

5. Media Business

[Sales of ABEMA & Related Businesses]

Q3 21.1 billion yen (up 11.1% YoY)

ABEMA related businesses were steady.

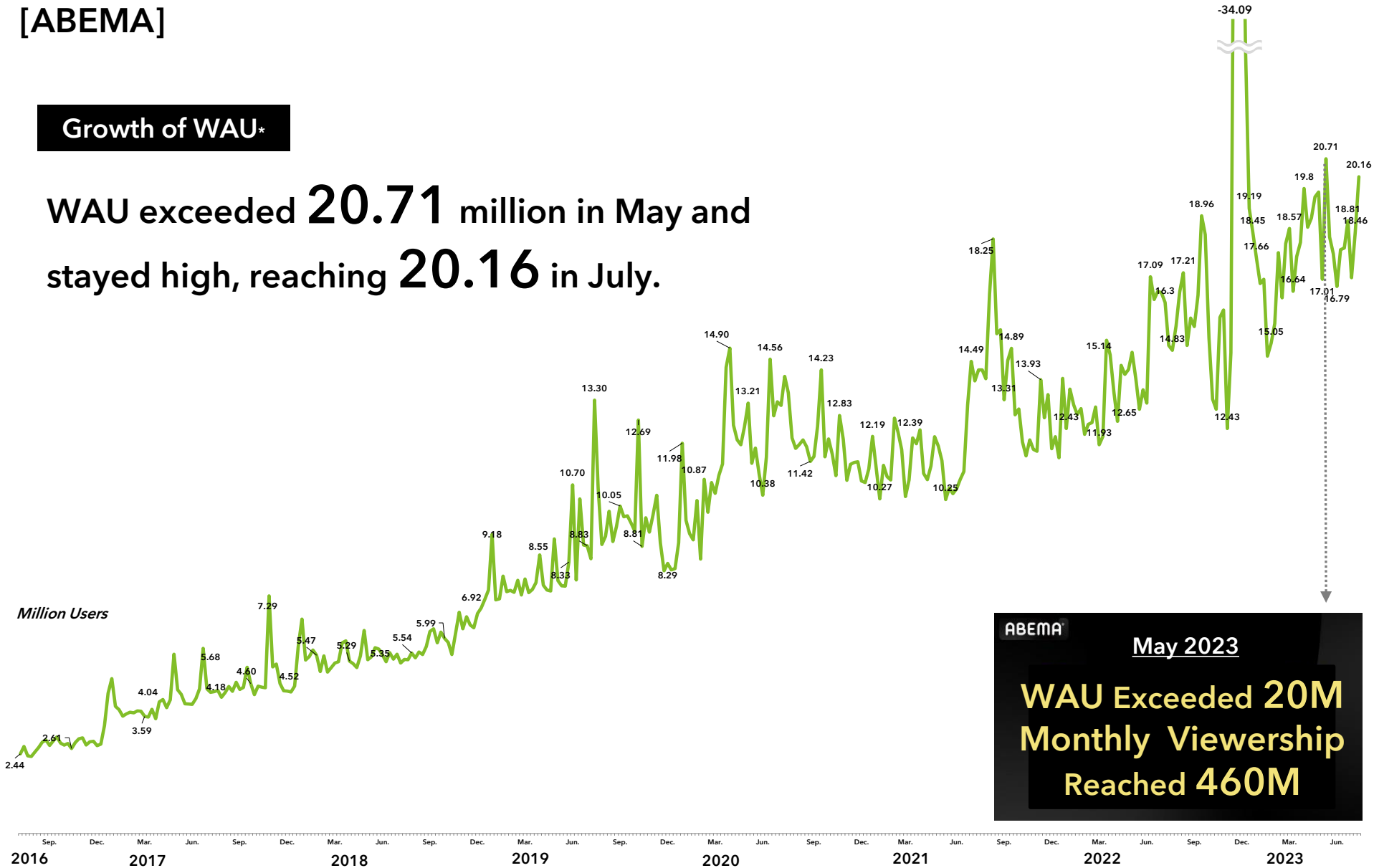


5. Media Business

[ABEMA]

Growth of WAU*

WAU exceeded **20.71** million in May and stayed high, reaching **20.16** in July.



ABEMA

May 2023

WAU Exceeded 20M

Monthly Viewership

Reached 460M

* WAU: Weekly Active Users

5. Media Business

[ABEMA] ABEMA partners with KDDI to collaborate in sports content acquisition and production, and also strengthen marketing by linking data.



5. Media Business

[ABEMA] ABEMA continues to focus on sports and anime content.

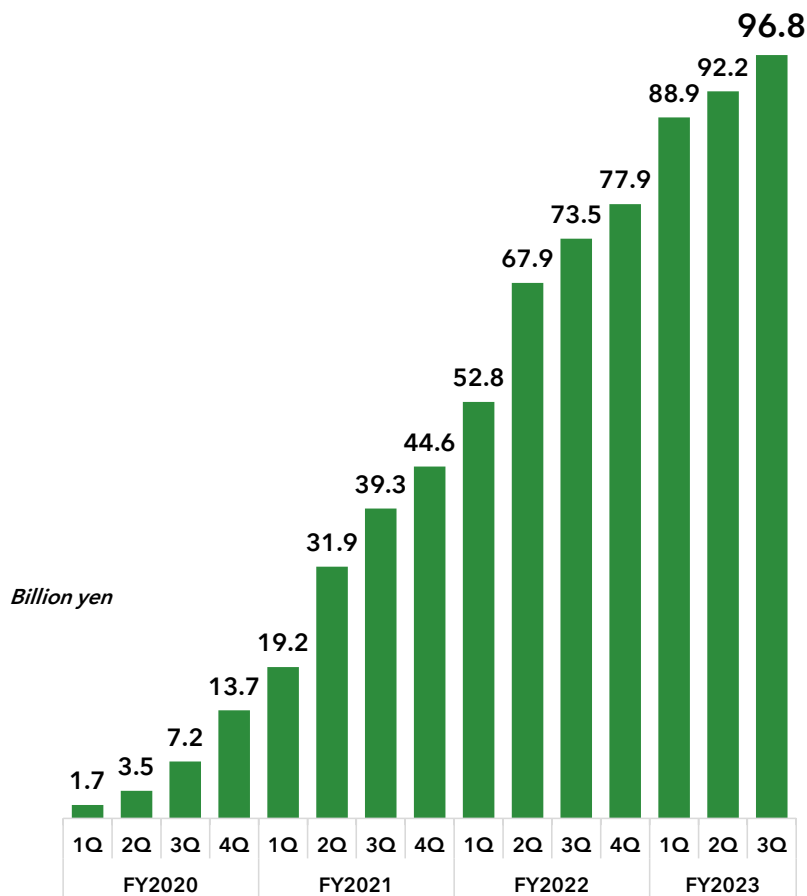


* Airing dates and copyrights are stated on the last page.

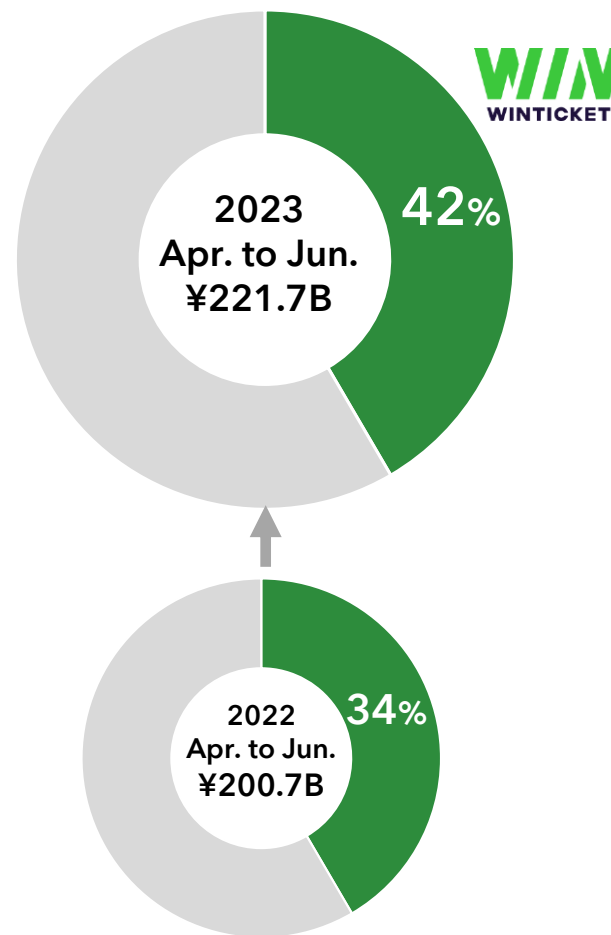
5. Media Business

[ABEMA Related Businesses] WINTICKET's transaction amount remains strong and grew 1.3 times year over year.

Quarterly Transaction Amount*1



Keirin Online Betting Market*2



*1 Quarterly Transaction Amount: Transaction amount of WinTicket, Inc. that operates internet betting system of Keirin races. (includes loyalty point campaign)

*2 Keirin Online Betting Market: The April-June 2022 and 2023 data are taken from JKA's public relations KEIRIN "Telephone Betting" sales. The estimate of June 2023 is made by CyberAgent.

5. Media Business

[ABEMA Related Businesses]

New seasons of ABEMA's hit dating reality show "Is she the Wolf?" is available on Netflix since June 11.

NETFLIX リアリティシリーズ

オオカミちゃんには
騙されない

Is She the Wolf?

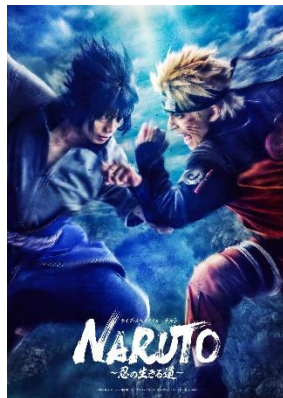
NETFLIX | 6月11日より毎週日曜夜10時
独占配信スタート

5. Media Business

[ABEMA Related Businesses] Nelke Planning Co., Ltd, a leading anime musical production company joined CyberAgent group.



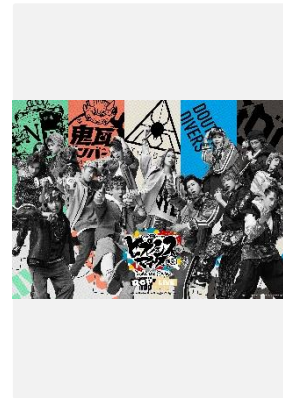
Musical "The Prince of Tennis"
6th season Seigaku vs. Rokkaku



Live Spectacle NARUTO
-The Shinobi Way of Life-



"Promise of Wizard
THE STAGE"
Festival Series Part2



HYPNOSISMIC
-Division Rap Battle Battle-
Rule the Stage



Touken Ranbu: The Musical
"Suehirogarai Ranbu
Yagaimatsuri"



MANKAI STAGE[A3!] ACT2!
~SUMMER 2023~

*1 Anime musical refers to is a type of modern Japanese musical theatre production based on Japanese anime, manga, or video games.

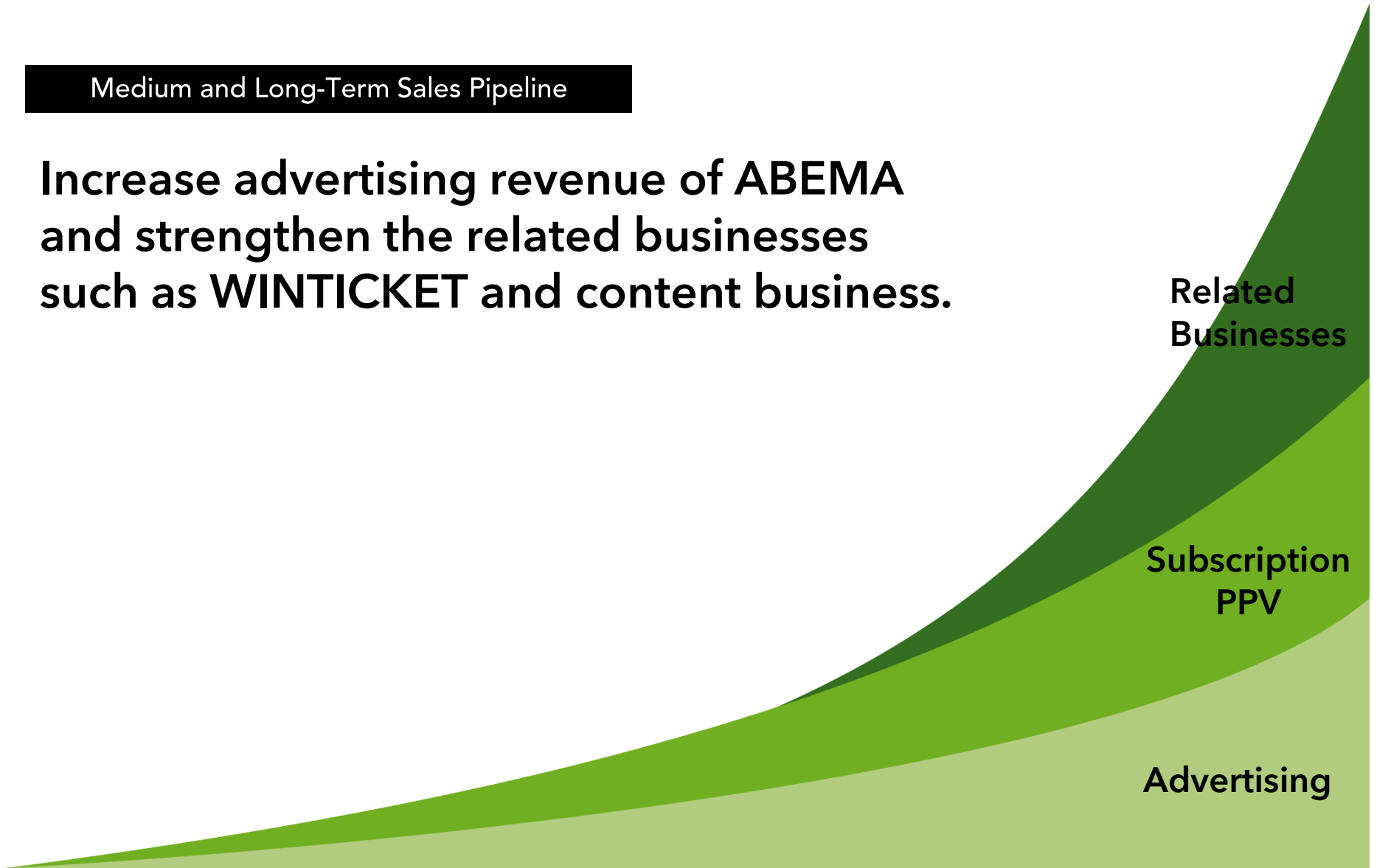
*2 Copyrights are stated on the last page.

5. Media Business

[ABEMA]

Medium and Long-Term Sales Pipeline

Increase advertising revenue of ABEMA and strengthen the related businesses such as WINTICKET and content business.

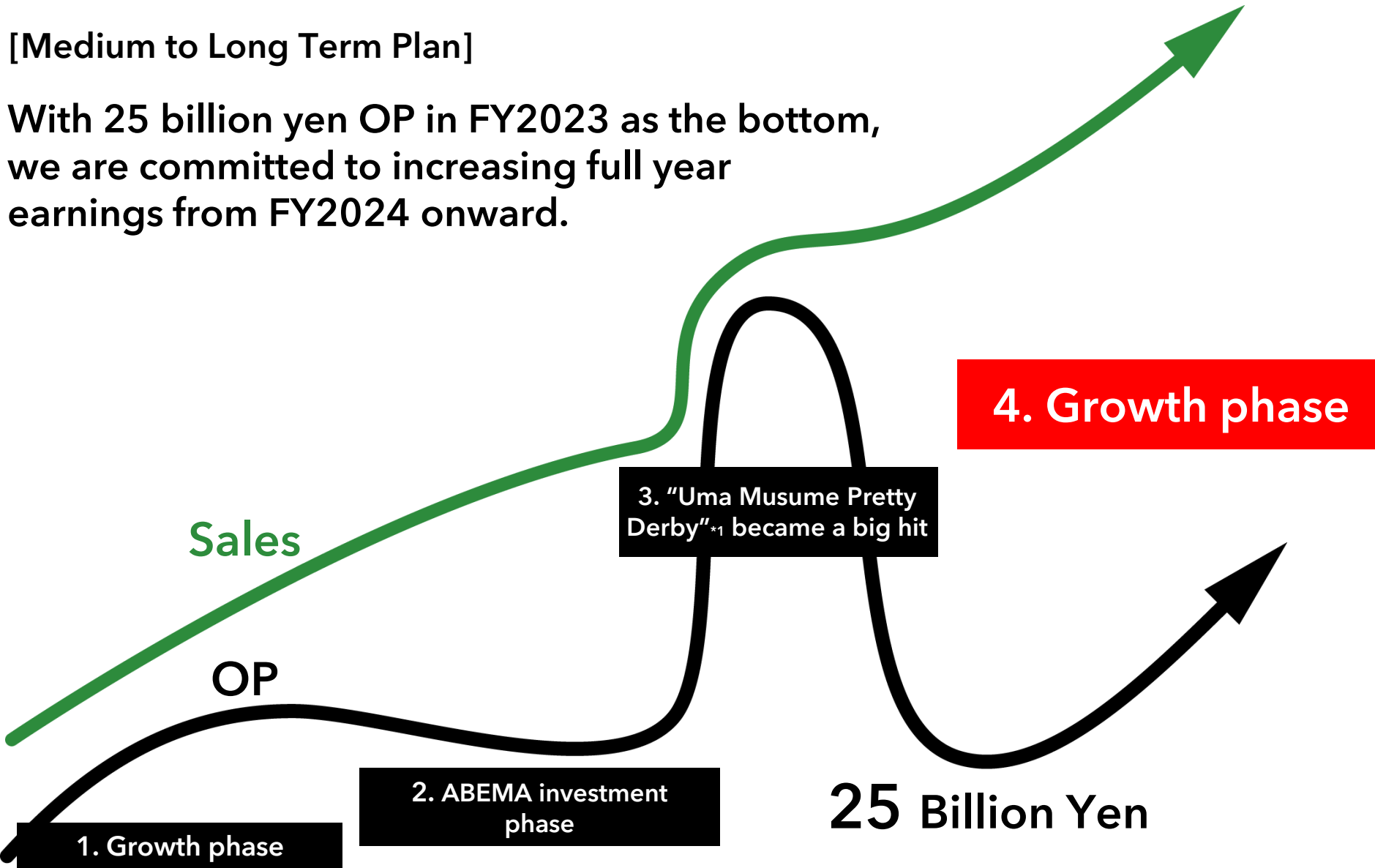


Medium to Long-Term Strategy

6. Medium to Long-Term Strategy

[Medium to Long Term Plan]

With 25 billion yen OP in FY2023 as the bottom, we are committed to increasing full year earnings from FY2024 onward.



FY2013 FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2023E FY2024E FY2025E FY2026E

*1 "Uma Musume Pretty Derby": ©Cygames, Inc. *2 Sales and OP assumptions may differ materially.



Aiming to be a company with
medium to long-term supporters

Reference

CyberAgent had defined a new "Purpose" that clearly states the significance of its existence.

 CyberAgent. | Purpose

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.

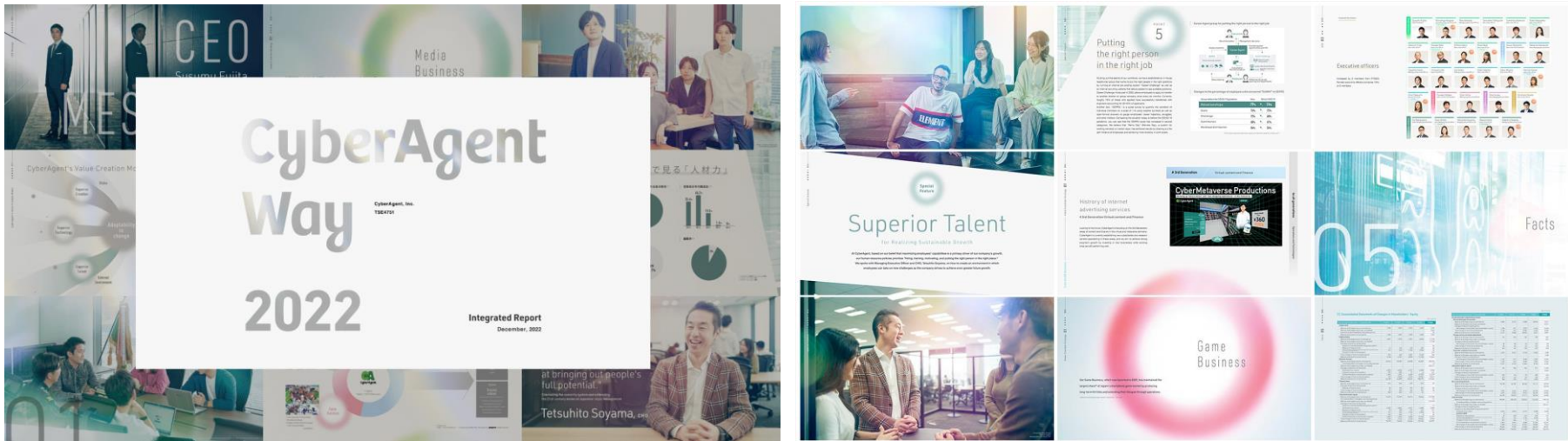
Challenge the world with a fusion of technology and creativity.

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.

Integrated Report CyberAgent Way 2022



The 2022 Integrated Report features our talent management frameworks to realize sustainable growth with soaring attention by society. It introduces our four focus areas: hiring, developing human resources, energizing the organization, and placing the right person in the right job, as well as systems to support our people to take on challenges. Visit our investor relations website to read more.

Integrated Report CyberAgent Way 2022

<https://www.cyberagent.co.jp/en/ir/library/annual/>

Click!!



FY2023 Q4 earnings release is scheduled to be released at 3 pm or later on Wednesday,
November 1, 2023.

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- 2 : ©Cygames, Inc.
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- 4 : THE IDOLM@STER & ©BANDAI NAMCO Entertainment Inc. Jointly developed and is operating by ©BANDAI NAMCO Entertainment Inc. and Cygames, Inc.
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- 12: © Gege Akutami/ Shueisha, Jujutsu Kaisen Production Committee © Sumzap, Inc./TOHO CO., LTD.

Copyrights of Media Business

- 1 Tour de France 2023: Aired on July 1 and 2, 2023
- 2 Mynavi ALL-STAR GAME 2023: Aired on July 19 and 20, 2023
- 3 ABEMA SPORTS TIME: Aired from July 2, 2023
- 4 World Aquatics Championships - Fukuoka 2023: Aired on July 23 to 30, 2023
- 5 2023 SUPER FORMULA: Aired from April 8 to October 29, 2023
- 6 ABEMA Shogi Tournament 2023: Aired on April 1, 2023
- 7 OSHI NO KO: © Aka Akasaka x Yokoyari Mengo/Shueisha · OSHI NO KO Production Committee
- 8 I Got a Cheat Skill in Another World and Became Unrivaled in the Real World, Too: ©Miku, Rein Kuwashima/KADOKAWA/Iserebe Production Committee
- 9 My Lv999 Love for Yamada-kun: ©mashirom/COMICSMART INC./ My Lv999 Love for Yamada-kun Production Committee

Copyrights of Media Business

- ©Takeshi Konomi/Shueisha · Musical The Prince of Tennis Production Committee
©MASASHI KISHIMOTO Scott/Shueisha ©Live Spectacle NARUTO Production Committee 2023
©coly/Promise of Wizard THE STAGE Production Committee
©"HYPNOSISMIC -Division Rap Battle-" Rule the Stage Production Committee
©NITRO PLUS · EXNOA LLC/Musical "Touken Ranbu" Production Committee
©Liber Entertainment Inc. All Rights Reserved. ©MANKAI STAGE "A3!" Production Committee