

English Translation

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FY2023 Consolidated Financial Results [Japanese GAAP]

November 1, 2023

Listed company name: CyberAgent, Inc. (herein referred as the "Company") Listed stock exchange: TSE Prime Market

Code No.: 4751

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

Representative: Representative Director CEO Susumu Fujita

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Scheduled date of the Annual General Meeting of Shareholders: December 8, 2023

Scheduled date of dividend payment: December 11, 2023

Scheduled filing date of the Annual Securities Report: December 8, 2023

Preparation of supplementary references regarding financial results: Yes

Holding the briefing of financial results: Yes (streaming only)

(Amounts less than ¥1 million are rounded down)

1. Consolidated Financial Results for the Year Ended September 30, 2023 (October 1, 2022 - September 30, 2023)

(1) Consolidated Results of Operations

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2023	720,207	1.4	24,557	(64.5)	24,915	(64.1)	5,332	(78.0)	12,687	(64.7)
FY2022	710,575	6.6	69,114	(33.8)	69,464	(33.6)	24,219	(41.7)	35,963	(45.0)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income on total assets	Operating income margin
	¥	¥	%	%	%
FY2023	10.53	9.60	3.7	5.8	3.4
FY2022	47.89	45.33	17.7	18.1	9.7

(Reference) Equity in gains/losses of associated companies FY2023 ¥ -91million FY2022 ¥ -313million

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity	Shareholders' equity ratio	Equity per share
	¥ million	¥ million	¥ million	%	¥
FY2023	477,826	231,911	144,422	30.2	285.31
FY2022	383,698	222,915	144,264	37.6	285.15

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	¥ million	¥million	¥ million	¥ million
FY2023	20,822	(40,290)	53,491	201,780
FY2022	17,946	(31,412)	(2,801)	168,035

2. Dividends

	Dividends per share					Amount of dividends (Total)	Dividend ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q	2Q	3Q	Year-End	Annual			
	¥	¥	¥	¥	¥	¥ million	%	%
FY 2022	—	0.00	—	14.00	14.00	7,082	29.2	5.2
FY 2023	—	0.00	—	15.00	15.00	7,592	142.5	5.3
FY 2024 (forecast)	—	—	—	15.00	15.00		—	

3. Forecast of the Consolidated Results for the Fiscal Year Ending September 30, 2024

(October 1, 2023 - September 30, 2024)

(% = 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	750,000	4.1	30,000	22.2	30,000	20.4	8,000	50.0	15.80

(Note) For detailed information related to the forecast, please refer to "1. Results of Operations (4) Forecast" on page 3.

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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) 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

(3) Number of shares issued (common stock)

(1) Number of shares issued at end of year (including treasury stock)	
FY2023: 506,191,200	FY2022: 505,924,000
(2) Number of shares of treasury stock issued end of period	
FY2023: 1,040	FY2022: 1,004
(3) Average number of shares during the year	
FY2023: 506,048,563	FY2022: 505,655,340

(Reference)

Non-consolidated Results for the Fiscal Year Ended September 30, 2023

(October 1, 2022 - September 30, 2023)

(1) Non-consolidated Results of Operations

(% = Year-on-Year Change)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2023	403,045	11.0	4,806	(60.3)	9,658	(33.4)	7,292	(27.2)
FY2022	363,045	15.3	12,102	(33.4)	14,502	(43.5)	10,018	—

	Basic earnings per share		Diluted earnings per share	
	¥		¥	
FY2023	14.41		13.23	
FY2022	19.81		18.67	

(2) Non-consolidated Financial Position

	Total assets	Equity	Shareholders' equity	Shareholders' equity ratio	Equity per share
	¥ million	¥ million	¥ million	%	¥
FY2023	197,808	37,536	35,498	17.9	70.12
FY2022	132,442	36,306	34,612	26.1	68.41

* The Consolidated Financial Results is not subject to audit by independent certified public accountants or audit.

* Appropriate Use of Earnings Forecast and Other Matters.

The earnings forecast and forward-looking statements in this report are based on the Company's expectations and assumptions as of the date of this report. Actual results may differ materially due to various factors and uncertainties.

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1. Results of Operations

(1) Overview of Results of Operations

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 this consolidated fiscal year, net sales grew 1.4% year-on-year to ¥720,207 million, and operating income amounted to ¥24,557 million (64.5% decrease). Ordinary income amounted to ¥24,915 million (64.1% decrease), and net income attributable to owners of the parent decreased 78.0% to ¥5,332 million.

Earnings by business segments are discussed below.

(a) Media Business

The Media Business includes "ABEMA" and "WINTICKET", etc.

Resulted from steady growth in the related sales of "ABEMA", a new TV of the future, net sales grew and amounted to ¥141,163 million for the period, a 25.9% year-on-year increase. With the distribution of the FIFA World Cup Qatar 2022 in the first quarter, operating loss amounted to ¥11,523 million, compared to operating loss of ¥12,419 million for the same period in the prior fiscal year.

(b) Internet Advertisement Business

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

Sales growth continues to outpace the internet advertising market*, demonstrating our market share gains, Internet Advertisement Business recorded ¥405,373 million of net sales, up 7.6% year-on-year. Due to the upfront investment in artificial intelligence (AI) and Digital transformation (DX), operating income amounted to ¥18,317 million, a 25.1% year-on-year decrease.

*Internet market growth: forecast to increase by 6.8% year-on-year in FY2023.

Source: NIKKEI Advertising Research Institute / Forecast for Advertising Expenditure in FY2023 (Published in July 2023)

(c) Game Business

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

Due to the decline in revenue of the high-profitability title, net sales amounted to ¥179,119 million, a 21.6% year-on-year decrease. Operating income amounted to ¥22,708 million, a 62.5% 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 ¥3,198 million (27.9% year-on-year decrease) and operating income of ¥1,840 million (a year-on-year decrease of 27.1%).

(e) Other Businesses

The Other Businesses segment includes Makuake, Inc., and REALGATE INC., etc.

This segment reported net sales of ¥28,976 million, a 12.7% year-on-year increase. Operating income amounted to ¥358 million, compared to operating loss of 16 million for the prior fiscal year.

(2) Overview of Financial Position

Total assets at the end of this fiscal year have increased by ¥94,128 million compared to the end of the previous fiscal year and amounted to ¥477,826 million. It is mainly due to the issuance of convertible bonds and the increase in Long-term bank loans.

Total liabilities have increased by ¥85,131 million compared to the end of the previous fiscal year and amounted to ¥245,915 million. This increase is mainly due to the issuance of convertible bonds and the increase in Long-term bank loans.

Total Equity have increased by ¥8,996 million compared to the end of the previous fiscal year and amounted to ¥231,911 million. It is mainly due to increase in retained earnings owing to the recording of Net income attributable to owners of the parent and Non-controlling interests.

(3) Overview of Cash Flow

As of the end of this fiscal year, Cash and cash equivalents increased by ¥33,745 million from the end of the previous fiscal year to ¥201,780 million.

The following is a summary of the major factor affecting the cash flow in this fiscal year.

(1) Cash flows from operating activities

Net cash provided by operating activities was ¥20,822 million of inflow (¥17,946 million of inflow in the previous fiscal year). The major inflow included net income gains, and the major outflow included income tax payments.

(2) Cash flows from investing activities

Net cash used in investing activities was ¥40,290 million of outflow (¥31,412 million of outflow in the previous fiscal year). Major outflow included acquisition of Non-current assets.

(3) Cash flows from financing activities

Net cash provided by financing activities was ¥53,491 million of inflow (¥2,801 million of outflow in the previous fiscal year). Major inflow included income from Long-term bank loans, and the issuance and redemption of convertible bonds.

(4) Forecast

With respect to earnings forecasts for the next fiscal year (ending September 2024), Internet Advertisement Business and Media Business will continue to increase sales, consolidated sales are expected to be ¥750 billion (up 4.1% from the previous fiscal year). By extending the lifespan of existing titles, releasing new titles in Game Business, reducing the deficit on "ABEMA", the new TV of the future, and improving operating income in Internet Advertisement Business, Consolidated operating income is expected to be ¥30 billion (up 22.2% from the previous fiscal year). The company expects to increase revenues and profits compared to the previous fiscal year.

Therefore, Consolidated ordinary income is expected to be ¥30 billion and Net income attribute to owners of the parent is expected to be ¥8 billion (up 50.0% from the previous fiscal year).

Also, the Company recognizes that the return of profits to shareholders is an important management priority and intends to continue to pay dividends along with increasing the value of our shares over a medium to long-term through business growth and improving capital efficiency. Since the fiscal year 2016, the Company is investing in "ABEMA", the new TV of future, to develop it into a medium to long-term pillar, and set "DOE 5% or more" as a management indicator from the fiscal year 2017, to gain a medium to long-term support from our shareholders even during the investment period. Therefore, as a result of the publication of the full-year earnings forecast for the fiscal year 2024, the year-end dividend forecast is ¥15 yen to achieve the DOE of 5% or more.

We will submit this matter to the 27th Annual General Meeting of Shareholders to be held in December 2024.

The forecast is based on our expectations and assumptions as of the date the forecast was made. Our actual results could differ from those listed in this forecast because of various factors.

2. Basic Policy for the Selection of Accounting Standards

The Group has adopted the generally accepted accounting standards in Japan, considering the comparability of consolidated financial statements as to comparison with other periods and other companies.

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3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Unit: ¥ million)

	FY2022 (As of September 30, 2022)	FY2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	165,907	199,579
Trade notes and accounts receivable, and contract assets	72,371	83,372
Inventories	4,262	8,977
Operational investment securities	16,457	19,034
Other current assets	34,887	40,768
Allowance for doubtful receivables	(36)	(489)
Total current assets	293,850	351,242
Non-current assets		
Property and equipment		
Buildings and structures, net	11,346	12,250
Tools, furniture and fixtures, net	5,846	8,358
Other	1,781	3,977
Total property and equipment	18,974	24,586
Intangible assets		
Goodwill	4,843	7,084
Software	5,076	6,053
Software in progress	10,205	16,313
Other	1,927	4,106
Total intangible assets	22,054	33,557
Investments and other assets		
Investment securities	22,907	36,749
Long-term bank loans	226	108
Deferred tax assets	6,783	7,540
Other	18,896	24,053
Allowance for doubtful receivables	(17)	(77)
Total investments and other assets	48,797	68,375
Total non-current assets	89,826	126,519
Deferred assets	21	64
Total assets	383,698	477,826

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(Unit: ¥ million)

	FY2022 (As of September 30, 2022)	FY2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Trade accounts payable	59,212	71,597
Other payables	15,954	20,682
Short-term bank loans	2,380	3,142
Income taxes payable	5,036	3,115
Current portion of convertible bonds	20,023	—
Other	27,407	34,824
Total current liabilities	130,014	133,362
Non-current liabilities		
Convertible bonds	20,102	60,584
Long-term bank loans	3,750	43,355
Provision for long service rewards for employees	2,787	3,401
Asset retirement obligation	2,250	2,406
Deferred tax liabilities	371	1,040
Other	1,505	1,763
Total non-current liabilities	30,768	112,552
Total liabilities	160,783	245,915
Equity		
Shareholders' equity		
Common stock	7,239	7,369
Capital surplus	11,636	12,218
Retained earnings	119,204	117,448
Treasury stock	(1)	(1)
Total shareholders' equity	138,079	137,034
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,887	7,196
Foreign currency translation adjustments	298	191
Total other comprehensive income	6,185	7,388
Stock acquisition rights	1,747	2,092
Non-controlling interests	76,903	85,396
Total Equity	222,915	231,911
Total liabilities and equity	383,698	477,826

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

(Unit: ¥ million)

	FY2022 (Oct.1, 2021 to Sep.30, 2022)	FY2023 (Oct.1, 2022 to Sep.30, 2023)
Net sales	710,575	720,207
Cost of sales	491,417	527,802
Gross profit	219,158	192,404
Selling, general and administrative expenses	150,044	167,847
Operating income	69,114	24,557
Non-operating income		
Interest income	139	189
Dividends income	384	374
Rent income	163	525
Other	311	175
Total non-operating income	999	1,263
Non-operating expenses		
Interest expenses	54	127
Depreciation	56	170
Loss on valuation of investment securities	86	115
Equity in losses of associated companies	313	91
Foreign exchange losses	9	191
Other	128	207
Total non-operating expenses	648	904
Ordinary income	69,464	24,915
Extraordinary gain		
Gain on sales of investment securities	491	—
Gain on sales of investments in subsidiaries and associated companies	805	1,000
Other	336	470
Total extraordinary gains	1,633	1,470
Extraordinary losses		
Loss on impairment of long-lives assets	7,742	1,453
Loss on payment compensation	—	628
Other	557	1,772
Total extraordinary loss	8,299	3,854
Income before income taxes	62,798	22,532
Income taxes-current	21,155	12,006
Income taxes-deferred	2,229	(417)
Total income tax	23,385	11,588
Net income	39,413	10,943
Net income attributable to non-controlling interests	15,194	5,611
Net income attributable to owners of the parent	24,219	5,332

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Consolidated Statements of Comprehensive Income

(Unit: ¥ million)

	FY2022 (Oct. 1, 2021 to Sep. 30, 2022)	FY2023 (Oct. 1, 2022 to Sep. 30, 2023)
Net income	39,413	10,943
Other comprehensive income		
Unrealized gain(loss) on available-for-sale securities	(3,516)	1,829
Foreign currency translation adjustments	70	50
Share of other comprehensive income(loss) of associated companies	(3)	(136)
Total other comprehensive income(loss)	(3,450)	1,743
Comprehensive income	35,963	12,687
(Comprehensive income attributable to)		
Owners of the parent	20,649	6,534
Non-controlling interests	15,313	6,152

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(3) Consolidated Statements of Changes in Equity

FY2022 (Oct. 1, 2021 to Sep. 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 effect of changes in accounting policies			(17)		(17)
Balance at the beginning of year, as restated	7,203	11,198	100,777	(67)	119,110
Change 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 noncontrolling interests		84			84
Change in scope of consolidation		252	(231)		20
Net income attributable to owners of the parent			24,219		24,219
Net changes 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 gain on available-for sales 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 noncontrolling interests						84
Change in 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

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FY2023 (Oct. 1, 2022 to Sep. 30, 2023)

(Unit: ¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of year	7,239	11,636	119,204	(1)	138,079
Change in the year					
Issuance of new shares (Exercise of stock acquisition rights)	130	130			260
Cash dividends			(7,082)		(7,082)
Purchase of treasury stock				(0)	(0)
Change in the parent's ownership interest due to transactions with noncontrolling interests		451			451
Change in scope of consolidation			(5)		(5)
Net income attributable to owners of the parent			5,332		5,332
Net changes in the year					
Total changes of items in the year	130	581	(1,756)	(0)	(1,044)
Balance at the end of year	7,369	12,218	117,448	(1)	137,034

	Accumulated other comprehensive income			Stock acquisition rights	Non-controlling interests	Total Equity
	Unrealized gain on available-for sales securities	Foreign currency translation adjustments	Total other comprehensive income			
Balance at the beginning of year	5,887	298	6,185	1,747	76,903	222,915
Change in the year						
Issuance of new shares (Exercise of stock acquisition rights)						260
Cash dividends						(7,082)
Purchase of treasury stock						(0)
Change in the parent's ownership interest due to transactions with noncontrolling interests						451
Change in scope of consolidation						(5)
Net income attributable to owners of the parent						5,332
Net change in the year	1,308	(106)	1,202	345	8,492	10,040
Total changes of items in the year	1,308	(106)	1,202	345	8,492	8,996
Balance at the end of year	7,196	191	7,388	2,092	85,396	231,911

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(4) Consolidated Statements of Cash Flows

(Unit: ¥ million)

	FY2022 (Oct. 1, 2021 to Sep. 30, 2022)	FY2023 (Oct. 1, 2022 to Sep. 30, 2023)
Cash flows from operating activities		
Income before income taxes	62,798	22,532
Depreciation	8,685	8,104
Loss on impairment of long-lived assets	7,742	1,453
Decrease (increase) in investment securities for sale	(590)	(2,570)
Decrease (increase) in trade notes and accounts receivable and contract assets	1,325	(10,500)
Decrease (Increase) in Inventories	(964)	(2,784)
Increase (decrease) in trade notes and accounts payable	4,479	10,074
Decrease (increase) in prepaid expense	(4,207)	(2,178)
Increase (decrease) in other payable	(1,217)	2,011
Other, net	(15,171)	6,434
Sub-total	62,879	32,577
Interest and dividend income received	419	418
Interest expenses paid	(54)	(127)
Income taxes paid	(45,298)	(12,045)
Net cash provided by (used in) operating activities	17,946	20,822
Cash flows from investing activities		
Purchases of non-current assets and investment property	(16,926)	(13,078)
Purchases of intangible assets	(9,164)	(12,497)
Purchases of investment securities	(1,965)	(11,827)
Payments for sales of subsidiaries' shares resulting in a change consolidation scope	(1,637)	—
Other, net	(1,717)	(2,887)
Net cash provided by (used in) investing activities	(31,412)	(40,290)
Cash flows from financing activities		
Proceeds from long-term loans payable	3,181	40,928
Proceeds from issuance of convertible bonds	—	40,535
Payment for redemption of convertible bonds	—	(20,000)
Cash dividends paid	(5,556)	(7,075)
Other, net	(426)	(896)
Net cash provided by (used in) financing activities	(2,801)	53,491
Foreign currency transaction adjustments on cash and cash and cash equivalents	292	(278)
Net increase (decrease) in cash and cash equivalents	(15,975)	33,745
Cash and cash equivalents at beginning of year	184,082	168,035
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(72)	—
Cash and cash equivalents at end of year	168,035	201,780

(5) Notes to Consolidated Financial Statements (Notes Regarding the Going Concern Assumption)

No applicable items.

(Changes in Accounting Policies)

(Application of Implementation Guidance on 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 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.

(Changes in Presentation Method)

(Consolidated Statement of income)

Subsidy income presented separately in non-operating income section in the previous fiscal year, has been reclassified and aggregated into "other" in the current fiscal year due to decrease materiality. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in presentation.

As a result, ¥110 million of "Subsidy income" is reclassified and aggregated into "other".

Foreign exchange losses and depreciation, which were included in "other" in non-operating expenses section in the previous fiscal year, have been presented separately in the current fiscal year due to increased materiality. The consolidated fiscal statements of the previous fiscal year have been restated to reflect this change in presentation.

As a result, ¥193 million of "other" in non-operating expense in the previous fiscal year has been reclassified to "foreign exchange losses" of ¥9 million, "depreciation" of ¥56 million and "other" of ¥128 million.

Gain on sales of non-current assets presented separately in extraordinary gain section in the previous fiscal year, has been reclassified and aggregated into "other" in the current fiscal year due to decrease materiality. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in presentation.

As a result, ¥330 million of "Gain on sales of non-current assets" is reclassified and aggregated into "other".

(Consolidated Statement of Cash Flows)

Decrease (increase) in investment securities for sale and decrease (Increase) in inventories, which were included in "other" in cash flows from operating activities in the previous fiscal year, have been presented separately in the current fiscal year due to increased materiality. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in presentation.

Also, increase (decrease) in consumption taxes payable, which was presented separately in cash flows from operating activities in the previous fiscal year, have been reclassified and aggregated into "other" in the current fiscal year due to decreased materiality. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in presentation.

As a result, (¥3,940) million of "other" in cash flows from operating activities in the previous fiscal year has been reclassified to "decrease (increase) in investment securities for sale" of (¥590) million, "decrease (Increase) in inventories" of (¥964) million and "other" of (¥2,385) million. Furthermore, (¥12,786) million of "increase (decrease) in consumption taxes payable" is reclassified and aggregated into "other".

Increase(decrease) in short-term loans payable and payments of dividends to investment partners, which were presented separately in cash flows from financing activities in the previous fiscal year, have been reclassified and aggregated into "other" in the current fiscal year due to decreased materiality. The consolidated financial statements of the previous fiscal year have been restated to reflect this change in presentation.

As a result, ¥2,373 million of "increase(decrease) in short-term loans payable" and (¥1,769) million of "payments of dividends to investment partners" are reclassified and aggregated into "other".

English Translation

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(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 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.

(Segment Information)

a. Segment Information

1. Overview of Reportable Segments

The Company's reportable segments are components of the Group for which separate financial information is available, and whose operating results are reviewed periodically by the Board of Directors to determine allocation of operating resources and evaluate their performance.

The Company has business headquarters and subsidiaries for each product and service which develop their business activities both in Japan and overseas, with the aim of improving services and increasing sales and profits. The Group's services are categorized based on such business headquarters and subsidiaries and are classified into five reportable segments, namely, (1) media business, (2) internet advertisement business, (3) game business, (4) investment development business, and (5) other businesses.

Principal services provided by each reportable segment are summarized below:

Reportable Segment	Details of Services Belonging to the Segment
Media Business	ABEMA and WINTICKET, etc.
Internet Advertisement Business	Advertising business and AI business, etc.
Game Business	Game application for smartphone, etc.
Investment Development Business	Venture capital, etc.
Other Businesses	Crowdfunding service, etc.

2. Calculation of net sales, profit(loss), assets, liabilities and other items of each reportable segment

Segment profit is based on operating income. Intersegment sales and transfers are determined based on prevailing market price.

3. Information about net sales, profit (loss), assets, liabilities and other items of each reportable segment, including disaggregation of revenue

FY2022 (Oct. 1, 2021 to Sep. 30, 2022)

(Unit: ¥ million)

	Reportable Segment						Reconciliations*	Consolidated
	Media Business	Internet Advertisement Business	Game Business	Investment Development Business	Other Businesses	Total		
Net Sales								
Revenue from contracts with customers**	102,532	353,220	227,987	4,438	22,396	710,575	—	710,575
Sales to external customers	102,532	353,220	227,987	4,438	22,396	710,575	—	710,575
Inter-segment sales or transfers	9,609	23,598	400	—	3,320	36,929	(36,929)	—
Total	112,142	376,819	228,387	4,438	25,716	747,504	(36,929)	710,575
Segment profit (loss)	(12,419)	24,464	60,531	2,524	(16)	75,084	(5,970)	69,114

* Reconciliations of ¥-5,970 million mainly represents corporate expenses, which comprise general and administrative expenses that are not allocable to a reportable segment.

** Revenue other than those generated from contracts with customers is not separately presented as it is insignificant.

English Translation

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FY2023 (Oct. 1, 2022 to Sep. 30, 2023)

(Unit: ¥ million)

	Reportable Segment						Reconciliations*	Consolidated statement of Income
	Media Business	Internet Advertisement Business	Game Business	Investment Development Business	Other Businesses	Total		
Net Sales								
Revenue from contracts with customers**	132,384	381,206	178,618	3,198	24,799	720,207	—	720,207
Sales to external customers	132,384	381,206	178,618	3,198	24,799	720,207	—	720,207
Inter-segment sales or transfers	8,779	24,166	501	—	4,177	37,624	(37,624)	—
Total	141,163	405,373	179,119	3,198	28,976	757,831	(37,624)	720,207
Segment income (loss)	(11,523)	18,317	22,708	1,840	358	31,699	(7,142)	24,557

* Reconciliations of ¥ -7,142 million mainly represents corporate expenses, which comprise general and administrative expenses that are not allocable to a reportable segment

** Revenue other than those generated from contracts with customers is not separately presented as it is insignificant.

b. Related information

FY2022 (Oct. 1, 2021 to Sep. 30, 2022)

1. Information on each product and each service

The description is omitted, because the same information is disclosed in the segment information.

2. Geographical information

(1) Sales

The description is omitted, because the sales to external customers in Japan exceeded 90% of the consolidated net sales.

(2) Property and equipment

The description is omitted, because the amount of property and equipment located in Japan exceeded 90% of the amount of property and equipment in the consolidated balance sheet.

3. Information on major customers

The description is omitted, because there is no single customer that accounts for over 10% of consolidated net sales.

FY2023 (Oct. 1, 2022 to Sep. 30, 2023)

1. Information on each product and each service

The description is omitted, because the same information is disclosed in the segment information.

2. Geographical information

(1) Sales

The description is omitted, because the sales to external customers in Japan exceeded 90% of the consolidated net sales.

(2) Property and equipment

The description is omitted, because the amount of property and equipment located in Japan exceeded 90% of the amount of property and equipment in the consolidated balance sheet.

3. Information on each major customers

The description is omitted, because there is no single customer that accounts for over 10% of consolidated net sales.

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c. Significant loss on impairment of long-lived assets

FY2022 (Oct. 1, 2021 to Sep. 30, 2022)

(Unit: ¥ million)

	Reportable Segment						Corporate/ Elimination	Total
	Media Business	Internet Advertisemen t Business	Game Business	Investment Developm ent Business	Other Businesses	Subtotal		
Loss on impairment of long-lived assets	804	384	4,253	—	1,761	7,204	537	7,742

FY2023 (Oct. 1, 2022 to Sep. 30, 2023)

(Unit: ¥ million)

	Reportable Segment						Corporate/ Elimination	Total
	Media Business	Internet Advertisemen t Business	Game Business	Investment Developm ent Business	Other Businesses	Subtotal		
Loss on impairment of long-lived assets	157	261	942	—	81	1,444	9	1,453

d. Amortization and remaining balance of goodwill by reportable segments

FY2022 (Oct. 1, 2021 to Sep. 30, 2022)

(Unit: ¥ million)

	Reportable Segment						Corporate/ Elimination	Total
	Media Business	Internet Advertisemen t Business	Game Business	Investment Development Business	Other Businesses	Subtotal		
Amortization of goodwill	16	—	105	—	238	360	—	360
Remaining balance	198	—	269	—	4,375	4,843	—	4,843

FY2023 (Oct. 1, 2022 to Sep. 30, 2023)

(Unit: ¥ million)

	Reportable Segment						Corporate/ Elimination	Total
	Media Business	Internet Advertisement Business	Game Business	Investment Development Business	Other Businesses	Subtotal		
Amortization of goodwill	53	—	59	—	234	348	—	348
Remaining balance	2,733	—	209	—	4,140	7,084	—	7,084

e. Significant gains on negative goodwill

FY2022 (Oct. 1, 2021 to Sep. 30, 2022)

No applicable items.

FY2023 (Oct. 1, 2022 to Sep. 30, 2023)

No applicable items.

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(Per Share Information)

	FY2022 (Oct. 1, 2021 to Sep. 30, 2022)	FY2023 (Oct. 1, 2022 to Sep. 30, 2023)
Equity per share	¥285.15	¥285.31
Basic earnings per share	¥47.89	¥10.53
Diluted earnings per share	¥45.33	¥9.60

(Note) The basis for calculating "Basic earnings per share" and "Diluted earnings per share" is as follows.

	FY2022 (Oct. 1, 2021 to Sep. 30, 2022)	FY2023 (Oct. 1, 2022 to Sep. 30, 2023)
Basic earnings per share		
Net income attributable to owners of the parent (¥ million)	24,219	5,332
Net income not attributable to common shareholders (¥ million)	—	—
Net income attributable to common shareholders of the parent (¥ million)	24,219	5,332
Weighted-average number of common stock (shares)	505,655,340	506,048,563
Diluted earnings per share		
Adjustment on net income attributable to owners of the parent (¥ million)	-71	-110
(Interest income, net of tax) (¥ million)	(-71)	(-97)
(Dilutive shares issued by subsidiaries) (¥ million)	(-0)	(-13)
Increase in number of common stock (shares)	27,003,374	37,578,241
(Convertible Bond) (shares)	(25,143,070)	(35,893,905)
(Stock acquisition rights) (shares)	(1,860,304)	(1,684,336)
Potential common stock that are anti-dilutive and therefore excluded from the calculation of diluted earnings per share	—	—

(Significant Subsequent Events)

No applicable items.