

English Translation

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FY2024 First Quarter Consolidated Financial Results [Japanese GAAP]

January 31, 2024

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: January 31, 2024 Dividend payment start date —

Preparation of Supplementary Materials for Quarterly Financial Results: Yes

Presentation of Quarterly Financial Results: Yes (streaming only)

(Amounts less than ¥1 million rounded down)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 2024

(1) Consolidated results of operations (cumulative) (% = Year-on-Year Change.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
1Q FY2024	193,075	15.2	6,284	—	6,478	—	(472)	—	(1,934)	—
1Q FY2023	167,577	(2.1)	(1,255)	—	(939)	—	(5,002)	—	(3,768)	—

	Basic earnings per share	Diluted earnings per share
1Q FY2024	¥ (0.93)	¥ —
1Q FY2023	¥ (9.88)	¥ —

(Note) There are dilutive shares; however, the basic earnings per share are negative. Therefore, diluted earnings per share are not shown in the above table.

(2) Consolidated financial position

	Total assets	Equity	Shareholders' equity	Shareholders' equity ratio
As of 1Q FY2024	¥ million 468,681	¥ million 221,914	¥ million 134,952	% 28.8
As of FY2023	477,826	231,911	144,422	30.2

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	Year end	Total
FY2023	¥ —	¥ 0.00	¥ —	¥ 15.00	¥ 15.00
FY2024	—	—	—	—	—
FY2024 (Forecast)	—	—	—	15.00	15.00

(Note) Revisions to most recent dividend forecast: None

3. Forecast of the Consolidated Results for the Fiscal Year Ending September 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) Revisions to most recent forecast: None.

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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: None

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)	
1Q FY2024: 506,215,600 shares	FY2023: 506,191,200 shares
(2) Number of shares of treasury stock issued and outstanding at end of period	
1Q FY2024: 1,045 shares	FY2023: 1,040 shares
(3) Average number of shares during the period (cumulative quarterly period)	
1Q FY2024: 506,202,815 shares	1Q FY2023: 505,930,926 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 Quarterly Financial Results (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information” on page 2.

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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 first quarter, Net sales grew 15.2% year on year to ¥193,075 million, and Operating income amounted to ¥6,284 million, compared to operating loss of ¥1,255 million for the same period in the prior fiscal year. Ordinary income amounted to ¥6,478 million, compared to ordinary loss of ¥939 million for the same period in the prior fiscal year. Net loss attributable to owners of parent amounted to ¥472 million, compared to net loss attributable to owners of parent of ¥5,002 million for the same period in the prior fiscal year.

Earnings by business segments are discussed below.

(a) Media Business

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

Due to a significant increase in sales of “ABEMA”, a new TV of the future, and related business, net sales grew and amounted to ¥42,784 million for the period, a 27.8% year-on-year increase. Operating loss amounted to ¥991 million, compared to operating loss of ¥9,356 million for the same period in the prior fiscal year.

(b) Internet Advertisement Business

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

With our strength which maximizes the advertising effectiveness, this segment remained strong. It reported ¥105,320 million in net sales, up 10.1% year on year. Operating income was ¥5,667 million, a 13.3% year-on-year increase.

(c) Game Business

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

Driven by new hit title, net sales amount into ¥45,043 million, a 10.1% year-on-year increase. Operating income was ¥3,495 million, a 32.9% 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 ¥619 million (344.0% year-on-year increase) and operating income of ¥102 million, compared to operating loss of ¥286 million for the same period in the prior fiscal year.

(e) Other Businesses

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

This segment reported net sales of ¥7,961 million, a 31.0% year-on-year increase. Operating income amounted to ¥195 million, compared to operating loss of ¥130 million for the same period in the prior fiscal year.

(2) Explanation of Consolidated Financial Position

Total assets at the end of this consolidated first quarter have decreased by ¥9,144 million compared to the end of the previous fiscal year and amounted to ¥468,681 million. It is mainly due to the decrease in Cash and deposits by corporate tax and dividend paid.

Total liabilities have increased by ¥852 million compared to the end of previous fiscal year and amounted to ¥246,767 million. This increase is mainly due to an increase in Accounts payable-trade to sales increase.

Equity have decreased by ¥9,997 million compared to the end of the previous fiscal year and amounted to ¥221,914 million. It is mainly due to decrease in retained earnings owing to the dividend payment.

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

Forecast of FY2024 has not been revised from its original publication on November 1, 2023.

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2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

	FY2023 (As of September 30, 2023)	1Q FY2024 (As of December 31, 2023)
(Unit: ¥ million)		
Assets		
Current assets		
Cash and deposits	199,579	184,763
Trade notes and accounts receivable and contract assets	83,372	89,014
Inventories	8,977	10,144
Sales investment securities	19,034	17,842
Other	40,768	41,358
Allowance for doubtful accounts	(489)	(534)
Total current assets	351,242	342,589
Non-current assets		
Property, plant and equipment	24,586	24,770
Intangible assets		
Goodwill	7,084	3,596
Other	26,473	29,122
Total intangible assets	33,557	32,719
Investments and other assets		
Other	68,452	68,625
Allowance for doubtful accounts	(77)	(81)
Total investments and other assets	68,375	68,543
Total non-current assets	126,519	126,033
Deferred assets	64	59
Total assets	477,826	468,681
Liabilities		
Current liabilities		
Notes and accounts payable-trade	71,597	75,851
Short-term bank loans	3,142	1,342
Income tax payable	3,115	2,827
Other	55,507	52,798
Total current liabilities	133,362	132,819
Non-current liabilities		
Convertible bonds	60,584	60,552
Long-term bank loans	43,355	44,536
Accrued long service rewards for employees	3,401	3,412
Asset retirement obligations	2,406	2,608
Other	2,803	2,838
Total non-current liabilities	112,552	113,948
Total liabilities	245,915	246,767
Equity		
Shareholders' equity		
Common stock	7,369	7,381
Capital surplus	12,218	12,227
Retained earnings	117,448	109,411
Treasury stock	(1)	(1)
Total shareholders' equity	137,034	129,018
Other comprehensive income		
Unrealized gain on available-for-sale securities	7,196	5,689
Foreign currency translation adjustments	191	244
Total other comprehensive income	7,388	5,933
Stock acquisition rights	2,092	2,224
Non-controlling interests	85,396	84,738
Total Equity	231,911	221,914
Total liabilities and net assets	477,826	468,681

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

Quarterly Consolidated Statements of Income (Cumulative consolidated first quarter)

(Unit: ¥ million)

	1Q FY2023 (October 1, 2022 - December 31, 2022)	1Q FY2024 (October 1, 2023 - December 31, 2023)
Net sales	167,577	193,075
Cost of sales	128,390	143,056
Gross profit	39,187	50,019
Selling, general and administrative expenses	40,443	43,734
Operating income (loss)	(1,255)	6,284
Non-operating income		
Interest income	44	42
Dividends received	138	138
Rent income	119	154
Other	136	141
Total non-operating income	440	477
Non-operating expenses		
Interest expenses	12	56
Equity in losses of associated companies	—	46
Other	111	180
Total non-operating expenses	123	283
Ordinary income (loss)	(939)	6,478
Extraordinary income		
Gain on transfer of business	60	116
Other	1,236	52
Total extraordinary gain	1,296	168
Extraordinary loss		
Impairment loss	323	175
Amortization of goodwill	—	3,376
Other	86	5
Total extraordinary loss	409	3,556
Income (loss) before income taxes and non-controlling interests	(52)	3,090
Income taxes-current	2,322	3,076
Income taxes-deferred	1,354	207
Total income tax	3,676	3,284
Net income (loss)	(3,729)	(193)
Net income attributable to non-controlling interests	1,272	278
Net income (loss) attributable to owners of parent	(5,002)	(472)

Quarterly Consolidated Statements of Comprehensive Income (Cumulative consolidated first quarter)

(Unit: ¥ million)

	1Q FY2023 (October 1, 2022 - December 31, 2022)	1Q FY2024 (October 1, 2023 - December 31, 2023)
Net income(loss)	(3,729)	(193)
Other comprehensive income		
Unrealized gain(loss) on available-for-sale securities	195	(1,780)
Foreign currency translation adjustment	(91)	0
Share of other comprehensive income(loss) of associated companies	(142)	38
Total other comprehensive income(loss)	(38)	(1,741)
Comprehensive income(loss)	(3,768)	(1,934)
(Comprehensive income attributable to)		
Owners of the parent	(5,215)	(1,926)
Non-controlling interests	1,446	(8)

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(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

No applicable items.

(Notes Regarding Significant Changes in Shareholders' Equity)

No applicable items.

(Segment Information)

I. Cumulative First Quarter of the Fiscal Year Ended September 2023 (October 1, 2022 to December 31, 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**	31,781	89,612	40,763	139	5,279	167,577	—	167,577
Sales to external customers	31,781	89,612	40,763	139	5,279	167,577	—	167,577
Inter-segment sales or transfers	1,703	6,026	153	—	796	8,679	(8,679)	—
Total	33,485	95,639	40,916	139	6,076	176,257	(8,679)	167,577
Segment income (loss)	(9,356)	5,001	5,212	(286)	(130)	440	(1,695)	(1,255)

*Reconciliations of ¥ -1,695 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 First Quarter of the Fiscal Year Ending September 2024 (October 1, 2023 to December 31, 2023)

1. Sales and Income (Loss) by Reportable Segment

(Unit: ¥ million)

	Reportable Segment						Reconciliations*	Quarterly Consolidated Statements of Income
	Media Business	Internet Advertisement Business	Game Business	Investment Development Business	Other Business	Total		
Net sales								
Revenue from contracts with customers**	40,661	99,940	45,009	610	6,853	193,075	—	193,075
Sales to external customers	40,661	99,940	45,009	610	6,853	193,075	—	193,075
Inter-segment sales or transfers	2,122	5,380	34	8	1,107	8,654	(8,654)	—
Total	42,784	105,320	45,043	619	7,961	201,729	(8,654)	193,075
Segment income (loss)	(991)	5,667	3,495	102	195	8,468	(2,183)	6,284

*Reconciliations of ¥ -2,183 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