

English Translation

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FY2024 Third Quarter Consolidated Financial Results [Japanese GAAP]

July 31, 2024

Listed company name: CyberAgent, Inc.

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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Dividend payment date —

Preparation of supplementary materials for financial results: Yes

Hosting a briefing session of financial results: Yes (streaming only)

(Amounts less than ¥1 million rounded down)

1. Consolidated Financial Results for the Third 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 the parent		Comprehensive income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥ million	%
3Q FY2024	598,584	11.9	35,932	89.5	36,957	89.9	15,825	339.3	20,929	95.7
3Q FY2023	534,973	0.1	18,966	(66.1)	19,460	(65.4)	3,602	(82.6)	10,696	(64.3)

	Basic earnings per share	Diluted earnings per share
3Q FY2024	¥ 31.26	¥ 28.76
3Q FY2023	¥ 7.11	¥ 6.34

(2) Consolidated financial position

	Total assets	Equity	Shareholders' equity	Shareholders' equity ratio
As of 3Q FY2024	¥ million 496,756	¥ million 245,049	¥ million 153,573	% 30.9
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	—	0.00	—	—	—
FY2024 (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 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	790,000	9.7	41,000	67.0	41,000	64.6	16,500	209.4	32.59

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

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*Notes

(1) Significant changes in the scope of consolidation during the period: None

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)	
3Q FY2024: 506,282,800 shares	FY2023: 506,191,200 shares
(2) Number of shares of treasury stock issued and outstanding at end of period	
3Q FY2024: 1,048 shares	FY2023: 1,040 shares
(3) Average number of shares during the period (cumulative quarterly period)	
3Q FY2024: 506,244,255 shares	3Q FY2023: 506,018,346 shares

*Audit of quarterly consolidated financial statements attached: None

*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.Results of Operations (3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information" on page 2.

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1. Results of Operations

(1) Overview of Results of Operations during the Period

The CyberAgent Group has taken advantage of the growth of the internet advertising market and the gaming market. At the same time, the group has been investing in ABEMA, a new TV of the future, that aims to be a social infrastructure that can be connected anytime, anywhere, with the concept of innovating TV to grow it in the medium to long-term mainstay.

As a result, during the cumulative consolidated third quarter, Net sales grew 11.9% year on year to ¥598,584 million, and Operating income amounted to ¥35,932 million (89.5% increase). Ordinary income amounted to ¥36,957 million (89.9% increase), and Net income attributable to owners of the parent increased 339.3% to ¥15,825 million.

Earnings by business segments are discussed below.

(a) Media Business

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

Resulted from steady growth in related sales of "ABEMA", a new TV of the future, net sales grew and amounted to ¥125,885 million for the period, a 25.5% year-on-year increase. Operating loss amounted to ¥489 million, compared to operating loss of ¥11,461 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, etc.

This segment achieved a record high of net sales. It reported ¥324,839 million in net sales, up 7.8% year on year. Operating income was ¥17,553million, a 27.1% year-on-year increase.

(c) Game Business

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

Driven by the new successful titles, Net sales amounting to ¥151,070 million, a 10.4% year-on-year increase. Operating income was ¥26,844 million, a 32.5% year-on-year increase.

(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 ¥1,095 million (57.6% year-on-year decrease) and operating loss of ¥1,326 million, compared to operating income of ¥1,446 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 ¥23,307 million, a 8.4% year-on-year increase. Operating income amounted to ¥498 million (a year-on-year increase of 34.8%).

(2) Overview of Financial Position during the Period

Total assets at the end of this consolidated third quarter have increased by ¥18,929 million compared to the end of the previous fiscal year and amounted to ¥496,756 million. It is mainly due to the increase in cash and deposits in line with sales increase.

Total liabilities have increased by ¥5,791 million compared to the end of previous fiscal year and amounted to ¥251,706 million. It is mainly due to the increase in income tax payable in line with sales increase. the issuance of convertible bonds and the increase in Long-term bank loans.

Equity have increased by ¥13,137 million compared to the end of the previous fiscal year and amounted to ¥245,049 million. It is mainly due to the increase in retained earnings owing to the recording of Net income attributable to owners of the parent.

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

The forecast for FY2024 has been revised from its original publication on November 1, 2023. For details, please refer to the "Notice on Revisions to FY2024 Earnings Forecast" released today (July 31, 2024).

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2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

	FY2023 (As of September 30, 2023)	3Q FY2024 (As of June 30, 2024)
(Unit: ¥ million)		
Assets		
Current assets		
Cash and deposits	199,579	206,055
Trade notes and accounts receivable and contract assets	83,372	83,077
Inventories	8,977	10,715
Sales investment securities	19,034	16,877
Other	40,768	43,669
Allowance for doubtful accounts	(489)	(377)
Total current assets	351,242	360,018
Non-current assets		
Property and equipment	24,586	27,318
Intangible assets		
Goodwill	7,084	6,750
Other	26,473	28,194
Total intangible assets	33,557	34,944
Investments and other assets		
Other	68,452	74,505
Allowance for doubtful accounts	(77)	(83)
Total investments and other assets	68,375	74,422
Total non-current assets	126,519	136,685
Deferred assets	64	52
Total assets	477,826	496,756
Liabilities		
Current liabilities		
Trade accounts payable	71,597	70,282
Short-term bank loans	3,142	600
Income tax payable	3,115	6,844
Current portion of convertible bonds	—	20,027
Other	55,507	58,510
Total current liabilities	133,362	156,265
Non-current liabilities		
Convertible bonds	60,584	40,461
Long-term bank loans	43,355	45,048
Provision for long service rewards for employees	3,401	3,452
Asset retirement obligations	2,406	2,624
Other	2,803	3,853
Total non-current liabilities	112,552	95,441
Total liabilities	245,915	251,706
Equity		
Shareholders' equity		
Common stock	7,369	7,416
Capital surplus	12,218	12,275
Retained earnings	117,448	125,708
Treasury stock	(1)	(1)
Total shareholders' equity	137,034	145,398
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	7,196	7,768
Foreign currency translation adjustments	191	406
Total other comprehensive income	7,388	8,175
Stock acquisition rights	2,092	2,510
Non-controlling interests	85,396	88,965
Total Equity	231,911	245,049
Total liabilities and equity	477,826	496,756

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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 FY2023 (October 1, 2022 - June 30, 2023)	3Q FY2024 (October 1, 2023 - June 30, 2024)
Net sales	534,973	598,584
Cost of sales	392,517	433,973
Gross profit	142,456	164,611
Selling, general and administrative expenses	123,489	128,678
Operating income	18,966	35,932
Non-operating income		
Interest income	134	228
Dividends received	371	377
Foreign exchange gains	—	380
Rent income	377	467
Other	238	316
Total non-operating income	1,121	1,770
Non-operating expenses		
Interest expenses	69	171
Depreciation	126	145
Equity in losses of associated companies	—	137
Other	431	290
Total non-operating expenses	627	745
Ordinary income	19,460	36,957
Extraordinary income		
Gain on sale of investment securities	—	77
Gain on transfer of business	100	117
Other	1,355	115
Total extraordinary gain	1,455	310
Extraordinary loss		
Impairment loss	578	3,354
Loss on withdrawal from business	55	1,758
Other	935	503
Total extraordinary loss	1,570	5,615
Income before income taxes	19,345	31,652
Income taxes-current	9,519	12,126
Income taxes-deferred	1,334	(864)
Total income tax	10,853	11,262
Net income	8,491	20,390
Net income attributable to non-controlling interests	4,889	4,564
Net income attributable to owners of the parent	3,602	15,825

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

(Unit: ¥ million)

	3Q FY2023 (October 1, 2022 - June 30, 2023)	3Q FY2024 (October 1, 2023 - June 30, 2024)
Net income	8,491	20,390
Other comprehensive income		
Unrealized gain on available-for-sale securities	2,318	341
Foreign currency translation adjustment	19	176
Share of other comprehensive income (loss) of associated companies	(133)	20
Total other comprehensive income	2,204	538
Comprehensive income	10,696	20,929
(Comprehensive income attributable to)		
Owners of the parent	5,243	16,612
Non-controlling interests	5,452	4,316

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(3) Notes to Quarterly Consolidated Financial Statement

(Segment Information)

I. Cumulative Third Quarter of the Fiscal Year Ended 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.

3. Matters related to impairment loss of non-current assets, goodwill and other information in Reportable Segment (Significant impairment loss of non-current assets)

In the "Internet Advertisement," "Game," and "Other" segments, the Company posted an extraordinary loss as an impairment loss due to the lack of expected revenues and cost reduction resulting from the decline in profitability and the discontinuation of some services. The amount of the impairment loss for the third quarter of the consolidated cumulative period is below.

(Unit: ¥ million)

Internet Advertisement	250
Game	293
Other	33
Total	578

(Significant change in the amount of goodwill)

No applicable items

(Significant gain from negative goodwill)

No applicable items

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II. Cumulative Third Quarter of the Fiscal Year Ending September 2024 (October 1, 2023 to June 30, 2024)

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**	118,739	308,642	150,763	1,095	19,342	598,584	—	598,584
Sales to external customers	118,739	308,642	150,763	1,095	19,342	598,584	—	598,584
Inter-segment sales or transfers	7,146	16,196	306	—	3,964	27,614	(27,614)	—
Total	125,885	324,839	151,070	1,095	23,307	626,198	(27,614)	598,584
Segment income (loss)	(489)	17,553	26,844	(1,326)	498	43,080	(7,147)	35,932

*Reconciliations of ¥ -7,147 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.

3. Matters related to impairment loss of non-current assets, goodwill and other information in Reportable Segment (Significant impairment loss of non-current assets)

In the "Media," "Internet Advertisement," "Game," and "Corporate" segments, the Company posted an extraordinary loss as an impairment loss due to the lack of expected revenues and cost reduction resulting from the decline in profitability and the discontinuation of some services.

The amount of the impairment loss for the third quarter of the consolidated cumulative period is below.

(Unit: ¥ million)

Media	123
Internet Advertisement	262
Game	2,968
Corporate	0
Total	3,354

(Significant change in the amount of goodwill)

No applicable items

(Significant gain from negative goodwill)

No applicable items

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(Notes Regarding Significant Changes in Shareholders' Equity)

No applicable items.

(Notes Regarding the Going Concern Assumption)

No applicable items.

(Note Regarding Statements of Cash Flows)

Consolidated statement of cash flow during the cumulative consolidated third quarter is not prepared.

Depreciation (including amortization of intangible assets excluding goodwill) and amortization of goodwill during the cumulative consolidated third quarter is below.

	(Unit: ¥ million)	
	3Q FY2023 (October 1, 2022 - June 30, 2023)	3Q FY2024 (October 1, 2023 - June 30, 2024)
Depreciation	5,910	8,379
Amortization of goodwill	237	334

(Significant Subsequent Events)

(Business Combination through Acquisition)

At the Board of Directors held on June 26, 2024, the Company resolved to acquire the shares of Nitroplus Co., Ltd. and make the company a consolidated subsidiary. And the Company executed a share transfer agreement as of the same date. Pursuant to such share transfer agreement, the Company acquired such shares on July 1, 2024.

1. Overview of Business Combination

(1) Name of acquired company and its type of business

Name of acquired company	Nitroplus Co., Ltd.
Type of business	Planning, developing and merchandizing of games Planning, design, developing, producing, and editing of Animation, 3D computer graphics Planning (original idea, script, scene), design, editing, developing, and producing of production concept Planning, developing and merchandizing of character items Planning, developing and merchandizing of books, CDs and DVDs Licensing business

(2) Main reasons for the business combination

Nitroplus is engaged in content production in a wide range of genres, including games, animation, novels, and illustrations, most notably *Touken Ranbu*. In recent years, the business around intellectual property (IP), which focuses on media mix strategies, has become a growing market in Japan and the rest of the world. CyberAgent is also actively strengthening its ABEMA-centered business by making BABEL LABEL, a content studio with up-and-coming creators including Michihito Fujii, a consolidated subsidiary in December 2021, and stage production company Nelke Planning, a leader in anime musicals, a consolidated subsidiary in June 2023. This acquisition is based on our decision that the aim of Nitroplus which seeks to global expansion in the IP-related business has high compatibility with CyberAgent, which develops a wide range of entertainment business in the internet domain and aims to succeed globally through the fusion of technology and creativity.

(3) Date of business combination

July 1, 2024 (share acquisition date)
August 31, 2024 (deemed acquisition date)

(4) The legal form of the business combination

Share acquisition for a cash consideration

(5) Name after business combination

Not changed

(6) Percentage of voting rights acquired

72.5%

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(7) Main basis for determining acquiring company

The Company acquired the shares for cash consideration.

2. Acquisition cost of the acquired company and breakdown by type of consideration

Type of consideration	Cash	(Unit: ¥ million)
Acquisition cost		16,683

Acquisition-related and other costs are not included in acquisition cost as they are yet to be finalized.

3. Breakdown and amount of main acquisition-related and other costs

Acquisition-related and other costs (Approx.) 20 million yen

4. The amount of goodwill that occurred, the cause for its occurrence, the amortization method, and the amortization period

Not finalized at this time.

5. Amount of assets and liabilities accepted on the date of business combination and major breakdown

Not finalized at this time.