



CA CyberAgent®

2Q FY2020 Presentation Material

January to March 2020

April 22, 2020

- 1. Quarterly Results** (January - March 2020)
- 2. Forecast**
- 3. Internet Advertisement Business**
- 4. Game Business**
- 5. Media Business**
- 6. FY2020**

Quarterly Results

January - March 2020

1. Quarterly Results

FY2020 Q2

Q2 was strong. The impact of COVID-19 will appear from Q3 onward.

Sales: **129.1** billion yen UP **10.1%** YoY
OP: **12.4** billion yen UP **45.3%** YoY

Media

WAU* of "ABEMA" has increased drastically, reflecting high demand from stay-at-home users.

Sales: **13.8** billion yen UP **18.8%** YoY
OP: **-4.2** billion yen

Ad

**Solid growth by meeting advertisers' demand.
The impact of COVID-19 will appear from Q3 onward.**

Sales: **72.7** billion yen UP **9.2%** YoY
OP: **6.7** billion yen UP **23.7%** YoY

Game

Three anniversary titles and new titles went well.

Sales: **44.8** billion yen UP **12.4%** YoY
OP: **10.4** billion yen UP **39.8%** YoY

1. Quarterly Results

[Consolidated Sales] Hit record high sales of **129.1** billion yen,
up **10.1%** year over year.

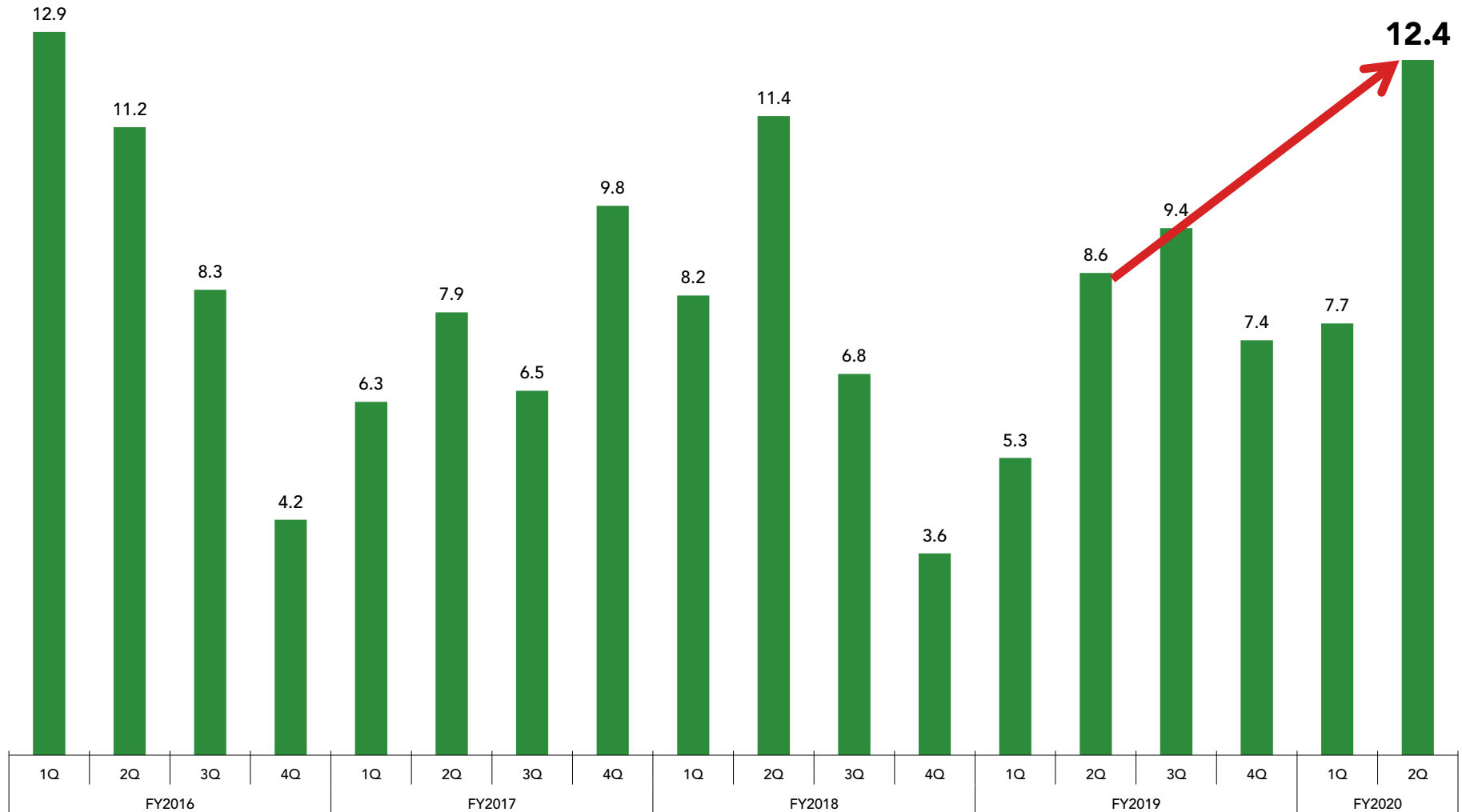


1. Quarterly Results

[Consolidated OP] **12.4** billion yen, up **45.3%** year over year

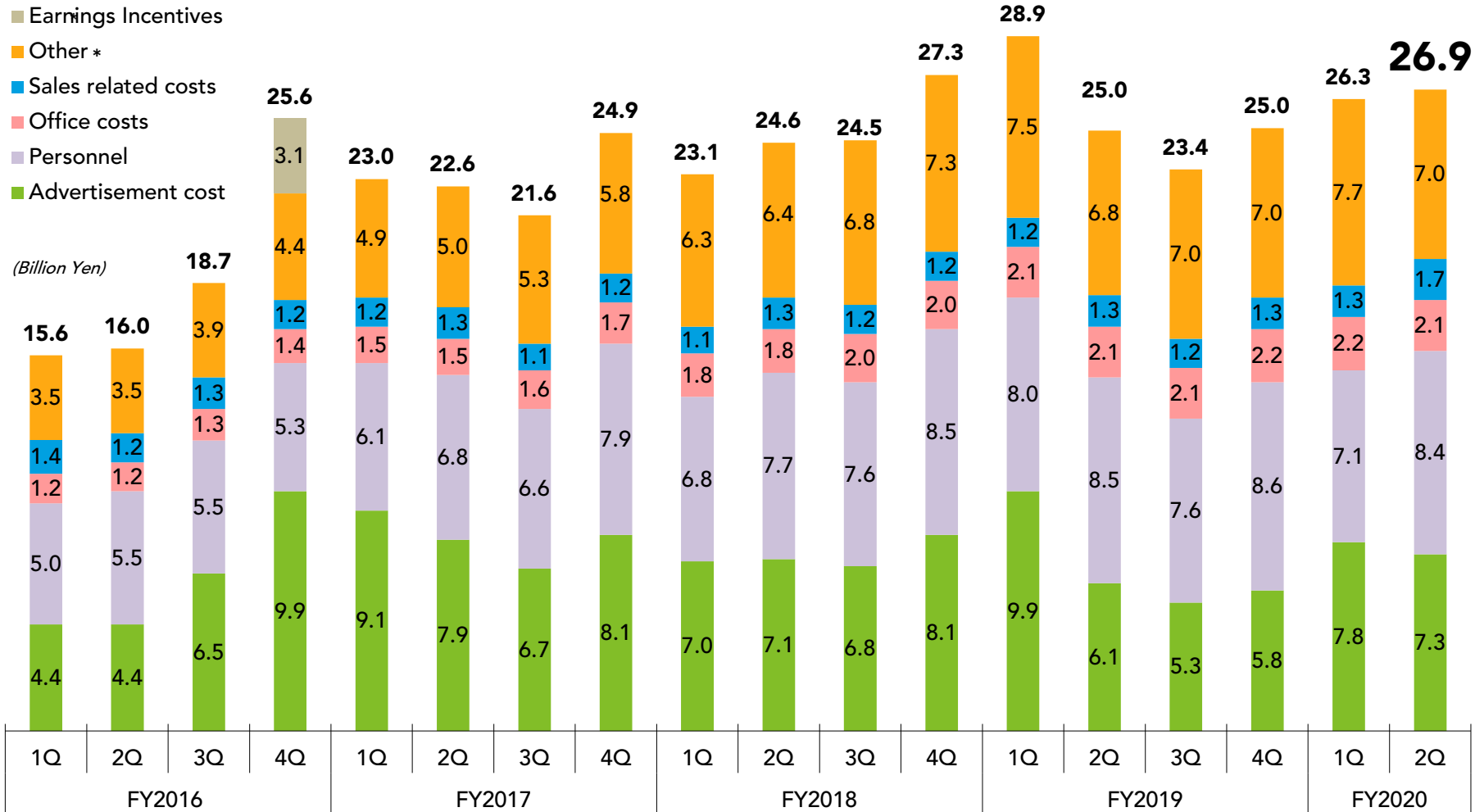
Driven by the increase in advertising and game business profit.

(Billion Yen)



1. Quarterly Results

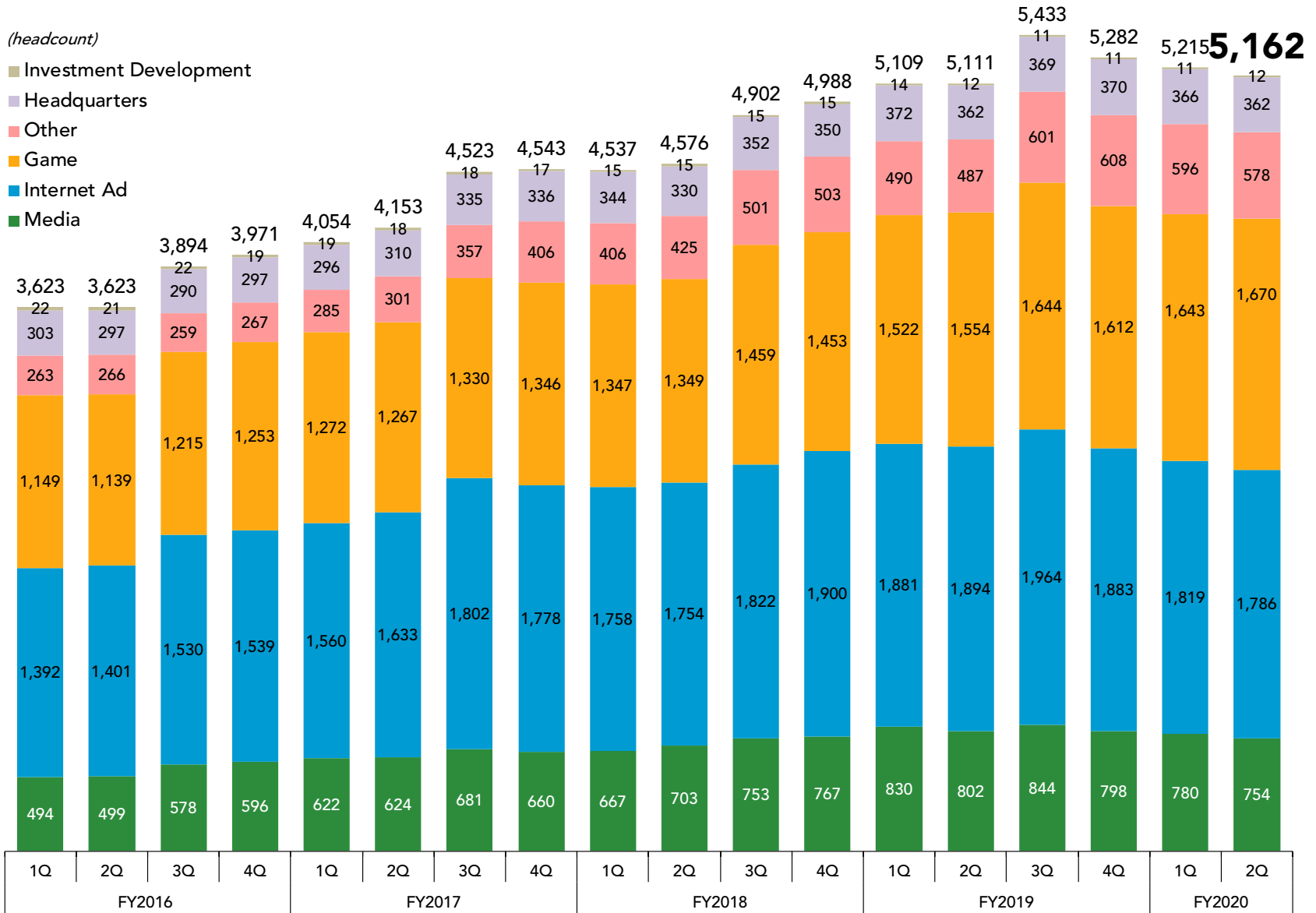
[SG&A Expenses] Up 7.7% year over year to 26.9 billion yen, due to increased promotion cost.



*Other: Outsourcing expenses, R&D expenses.

1. Quarterly Results

[No. of Employees] Total headcount was 5,162. (295 new graduates joined in April)



*FY2020 Segment reclassification is reflected from FY2019.

1. Quarterly Results

[PL]

million yen	FY2020 2Q Jan.-Mar. 2020	FY2019 2Q Jan.-Mar. 2019	YoY	FY2020 1Q Oct.-Dec. 2019	QoQ
Net Sales	129,172	117,329	10.1%	115,681	11.7%
Gross profit	39,422	33,604	17.3%	34,064	15.7%
SG&A expenses	26,924	25,001	7.7%	26,331	2.3%
Operating profit	12,498	8,602	45.3%	7,733	61.6%
OPM	9.7%	7.3%	2.4pt	6.7%	3.0pt
Ordinary profit	12,509	8,564	46.1%	7,724	62.0%
Extraordinary income	78	1	5693.1%	1	4214.8%
Extraordinary loss	1,532	3,902	-60.7%	951	61.1%
Income before income taxes and non-controlling interests	11,055	4,662	137.1%	6,774	63.2%
Net profit*	3,304	170	1837.4%	1,456	126.9%

*Net profit: Profit attributable to shareholders of parent.

Affected by the fact that AbemaTV, Inc. is exempted from consolidated tax payment, and non-controlling equity interest (minority interest) of Cygames, Inc.

1. Quarterly Results

[BS] We maintain a strong financial position.

million yen	End of Mar. 2020	End of Mar. 2019	YoY	End of Dec. 2019	QoQ
Current assets	183,524	169,021	8.6%	168,150	9.1%
Cash deposits	84,960	80,248	5.9%	82,508	3.0%
Fixed assets	57,542	55,719	3.3%	57,993	-0.8%
Total assets	241,118	224,788	7.3%	226,195	6.6%
Current liabilities	82,795	73,951	12.0%	70,591	17.3%
(Income tax payable)	8,660	5,847	48.1%	2,555	238.8%
Fixed liabilities	43,841	43,318	1.2%	44,113	-0.6%
Shareholders' equity	76,671	73,390	4.5%	72,958	5.1%
Net Assets	114,482	107,518	6.5%	111,489	2.7%

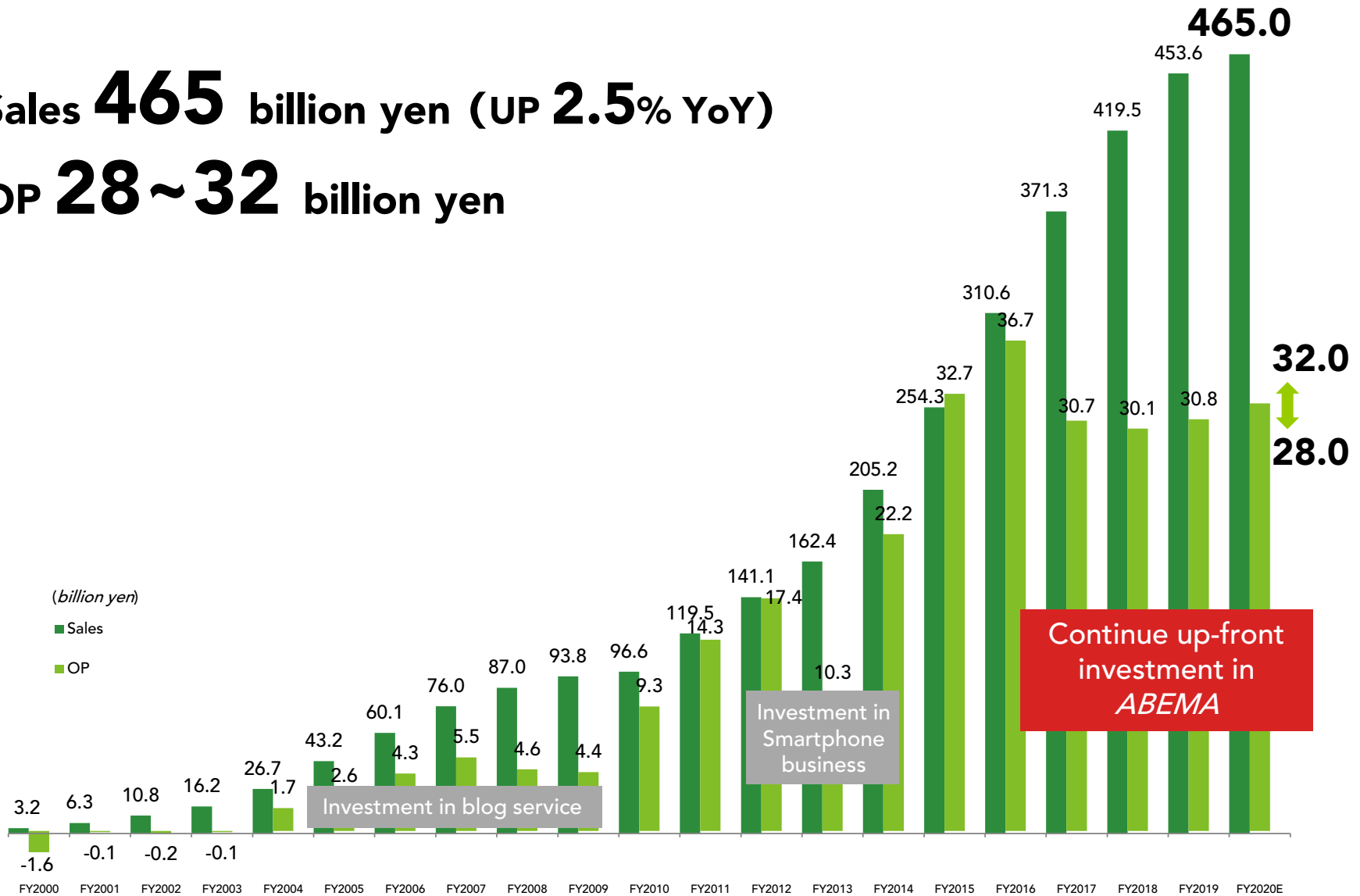
FY2020

Forecast

October 2019 - September 2020

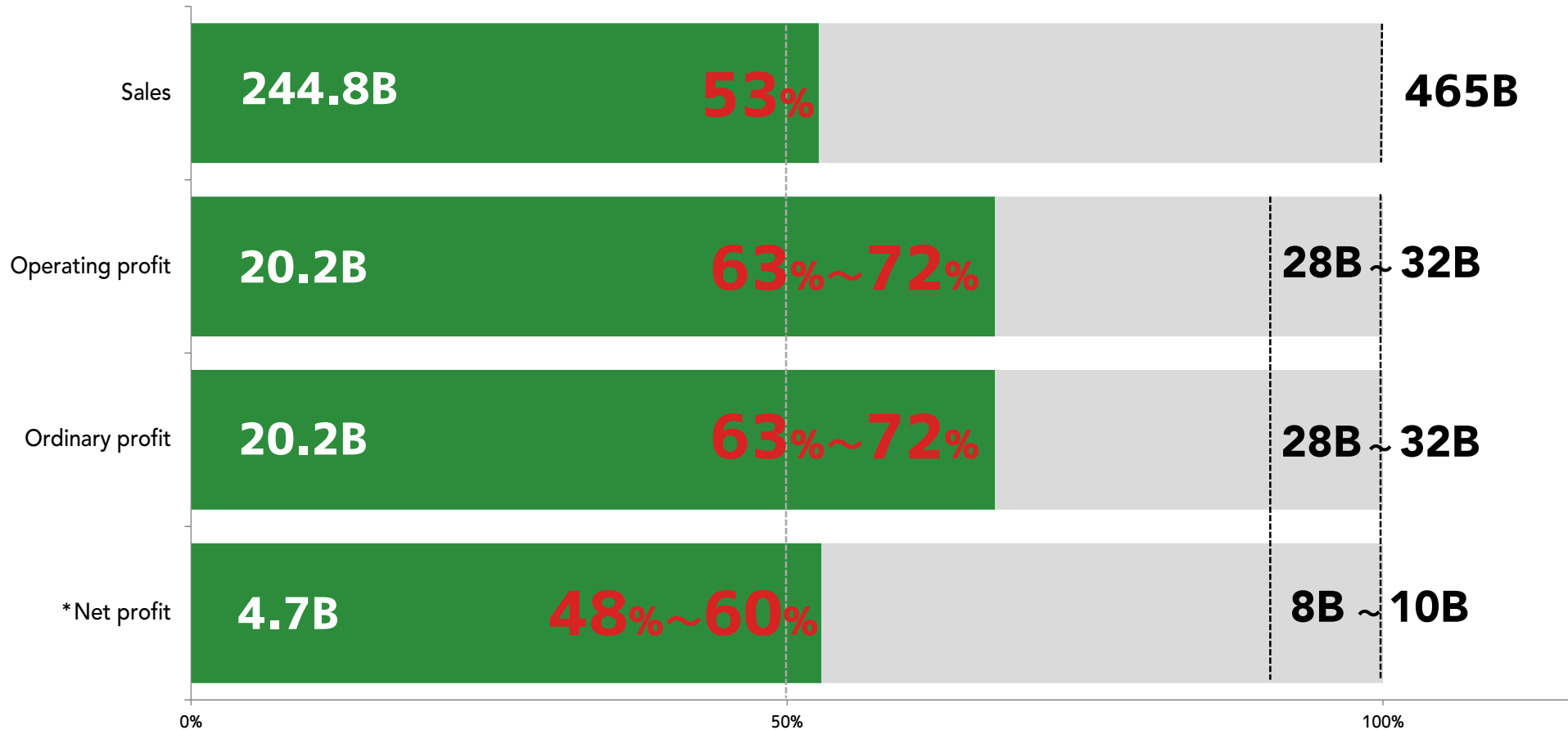
2. Forecast

Sales **465** billion yen (UP 2.5% YoY)
OP **28~32** billion yen



2. Forecast

[Progress to Full-year Forecast] The first half year had a strong performance.



*Net profit: Profit attributable to shareholders of parent.

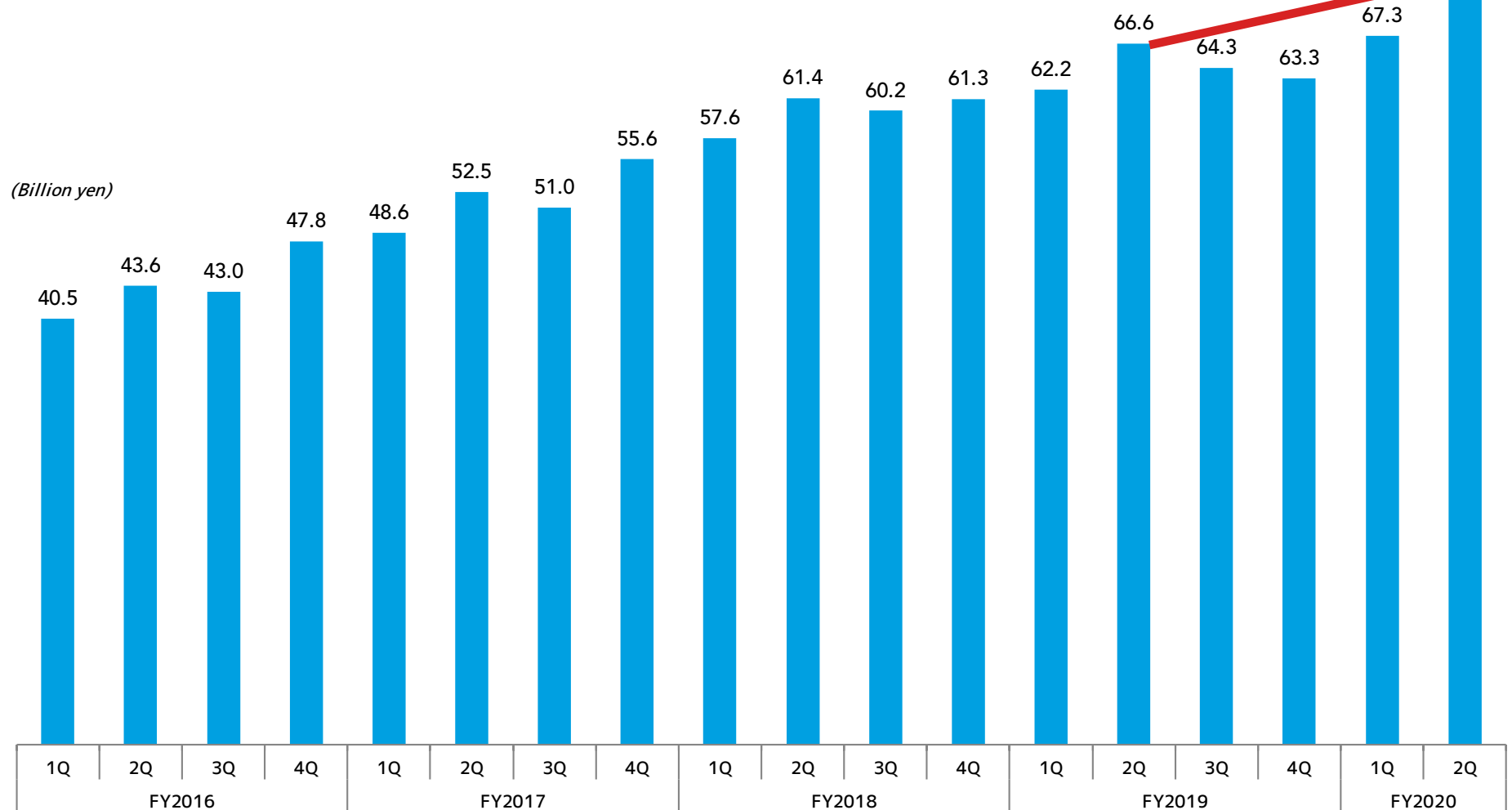
Affected by the fact that AbemaTV, Inc. is exempted from consolidated tax payment, and non-controlling equity interest (minority interest) of Cygames, Inc.

Internet Advertisement

3. Internet Advertisement Business

[Quarterly Sales] Q2 **72.7** billion yen (up 9.2% YoY)

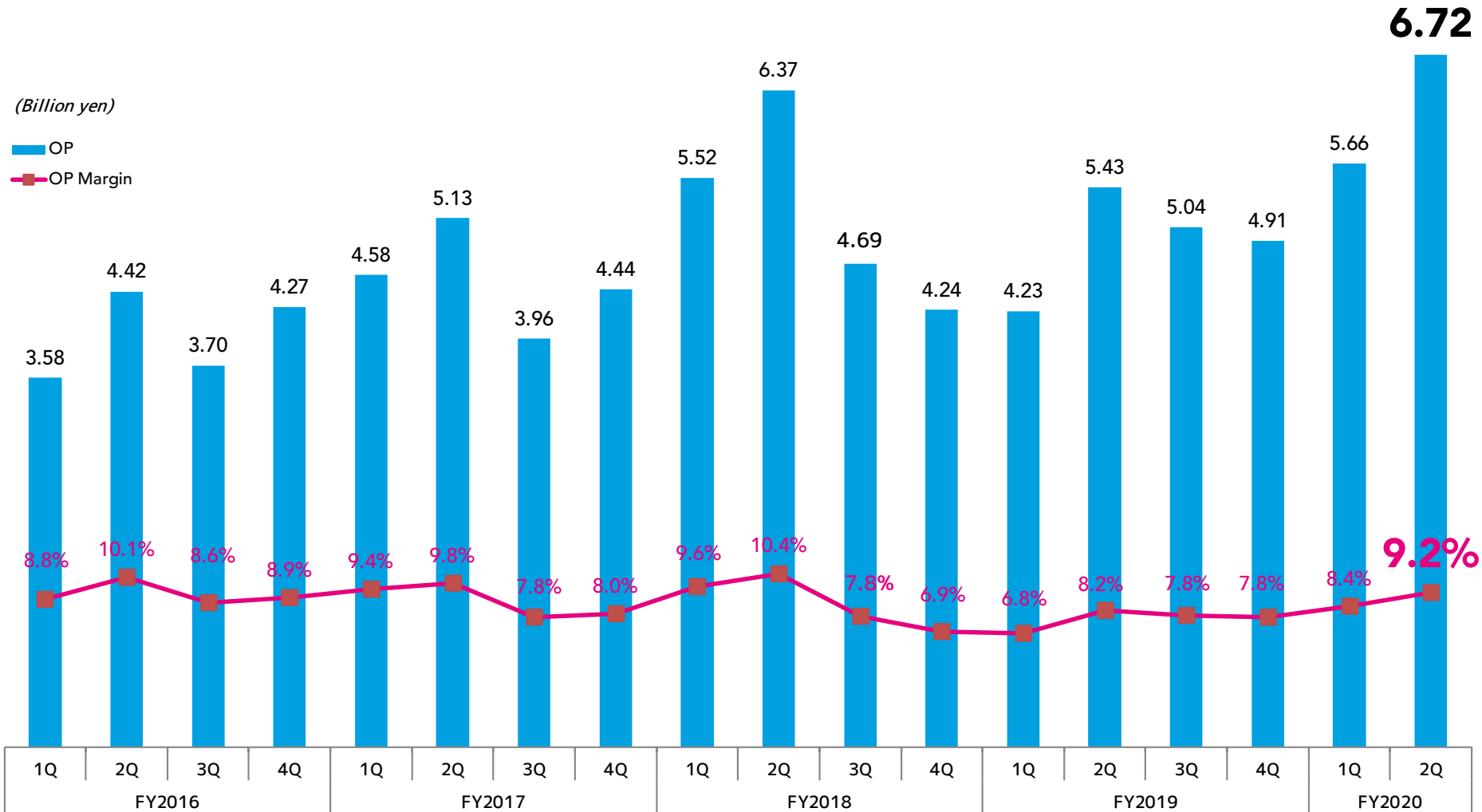
Sales growth was driven by high demands for advertising until halfway through the Q2.



*FY2020 Segment reclassification: Some EC businesses that were included in Internet Advertisement Business has transferred to Media business and reflected from FY2016.
Internet Advertisement Business includes the businesses of advertising agency, ad creative and AI.

3. Internet Advertisement Business

[Quarterly OP] Reached record high OP of **6.72** billion yen, OPM **9.2%**



*FY2020 Segment reclassification: Some EC businesses that were included in Internet Advertisement Business has transferred to Media business and reflected from FY2016. Internet Advertisement Business includes the businesses of advertising agency, ad creative and AI.

**Quarterly OP and OPM: Exclude earnings incentive until FY2016.

The Impact of COVID-19 Outbreak

**FY2020
Q2**
(Jan. - Mar.)

The strategy to increase advertising billings of newly acquired advertisers succeeded.

The COVID-19 has had an impact on the business and spread during the period.

**FY2020
Q3**
(Apr. - Jun.)

Demand for ads has declined by the state of emergency, etc.

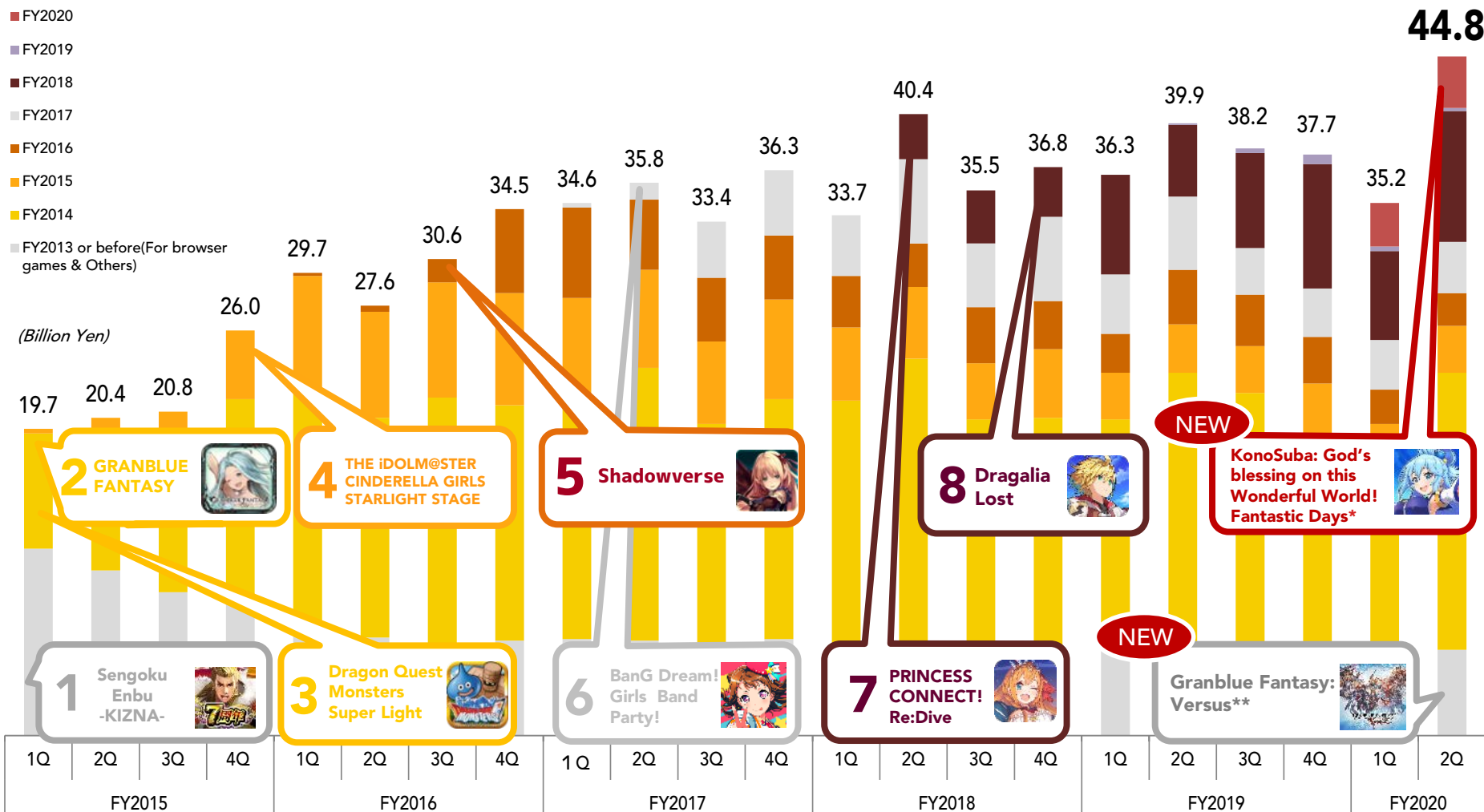
Shifted to remote working to continue the business operation.

Game

4. Game Business

[Quarterly Sales] Q2 **44.8** billion yen (up **12.4%** YoY)

Driven by the anniversary events of three popular titles and new titles.



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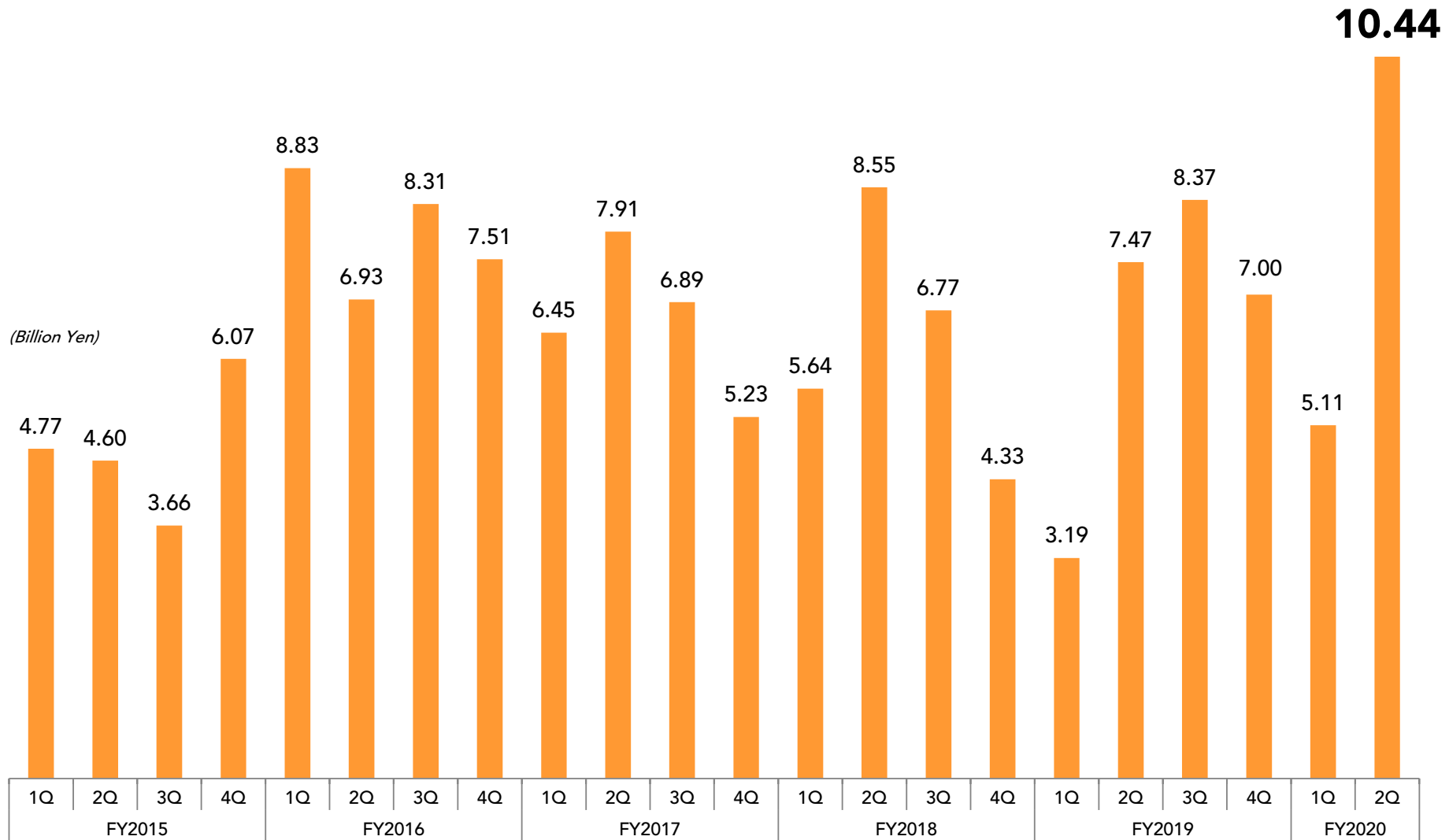
6 : ©BanG Dream! Project ©Craft Egg Inc. ©bushiroad All Rights Reserved. 8 : ©Nintendo / Cygames Publisher: Nintendo

*KonoSuba: God's Blessing on this Wonderful World! Fantastic Days : ©2019 Akatsuki Natsume, Mishima Kurone / KADOKAWA/ KonoSuba Movie Production Committee ©Sumzap, Inc.

Granblue Fantasy: Versus © Cygames, Inc. Developed by ARC SYSTEM WORKS. *Balloon : Selected major titles only

4. Game Business

[Quarterly OP] Q2 10.4 billion yen (up 39.8% YoY)



*Quarterly OP: Exclude earnings incentives until FY2016.

4. Game Business

[New Game] “KonoSuba: God’s blessing on this Wonderful World! Fantastic Days”^{*} was released on February 27, 2020. The original light novel series, including an anime version and a movie version, is a popular IP.



^{*}KonoSuba: God’s Blessing on this Wonderful World! Fantastic Days : ©2019 Akatsuki Natsume, Mishima Kurone / KADOKAWA/ KonoSuba Movie Production Committee ©Sumzap, Inc.

^{**}Number of players: As of April 13, 2020., no overlapping players.

4. Game Business

[Major Titles] Three popular titles had the anniversary months in Q2.
Long-term games has been strong utilizing their operation capability.

"Granblue Fantasy"*

Released in 2014

RPG

6th year
March 2020



"PRINCESS CONNECT! Re:Dive"*

Released in 2018

Animation RPG

2nd year
Feb. 2020



"BanG Dream! Girls Band Party! "**

Released in 2017

Rhythm & Adventure Game

3rd year
March 2020



*Granblue Fantasy, PRINCESS CONNECT! Re:Dive : © Cygames, Inc.

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4. Game Business

[Upcoming games] New games will come out aiming to become a successful title.

PRINCESS CONNECT! Re:Dive*

Anime RPG

Simplified Chinese Version
IP developed by Cygames, Inc.



Released on
Apr. 17

NieR Re[in]carnation***

RPG

Planning & Production by SQUARE ENIX CO., LTD.
Development by Applibot, Inc.

NieR Re[in]carnation™

To be
released

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UMA MUSUME Pretty Derby**

Training simulation

IP developed by Cygames, Inc.



To be released
in 2020

Shadowverse: Champions Battle**

Card battle RPG

IP developed by Cygames, Inc. Platform: Nintendo Switch(TM)



To be released
in 2020

* "PRINCESS CONNECT! Re:Dive" Simplified Chinese Version : ©Cygames, Inc. Publisher : Shanghai Hode Information Technology Co., Ltd., (bilibili) Platform : iOS/Android

** "UMA MUSUME Pretty Derby", "Shadowverse: Champions Battle" : ©Cygames, Inc.

*** "NieR Re[in]carnation": © 2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by Applibot, Inc.

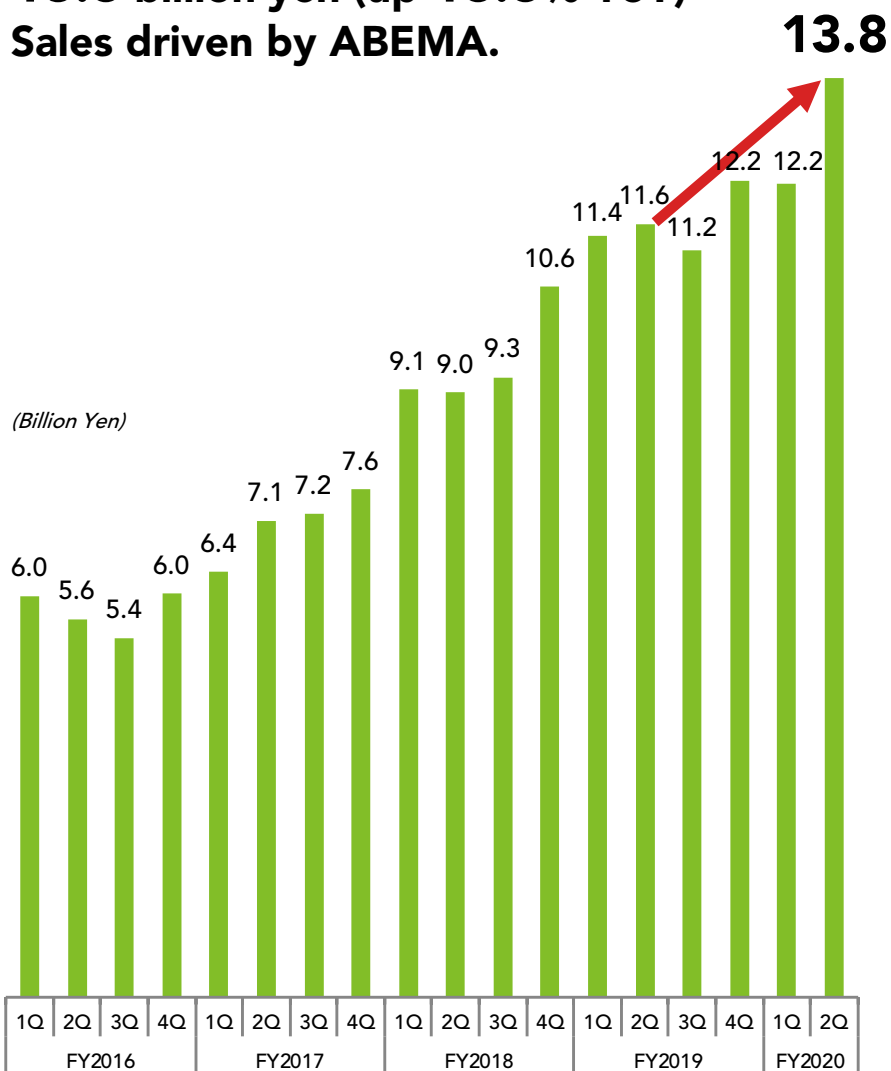
Media

5. Media Business

[Quarterly Sales]

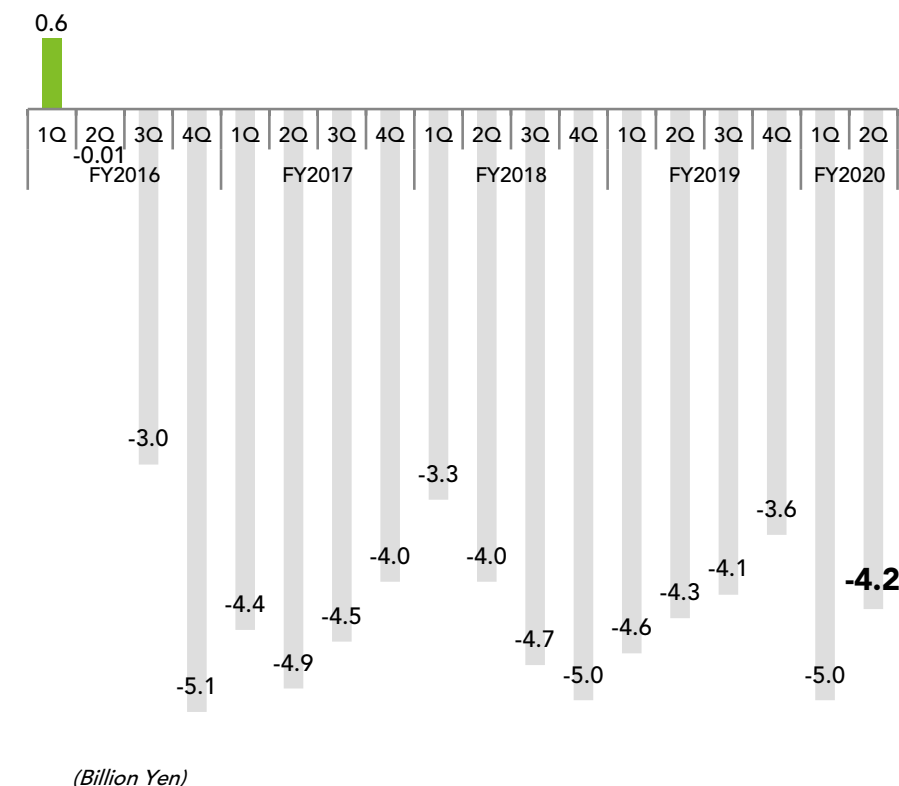
13.8 billion yen (up 18.8% YoY)

Sales driven by ABEMA.



[Quarterly OP]

Operating loss was decreased to 4.2 billion yen.



*Segment reclassification in FY2020: Some EC businesses that were included in Internet Advertisement Business has merged and reflected from FY2016. i.e. "ABEMA," "Ameba," "WinTicket," "ABEMA shopping."

**OP : Earnings incentive paid until FY2016 are excluded.

5. Media Business



Exceeded **52** million downloads
in four years after the launch.

52M
DL

(Downloads)

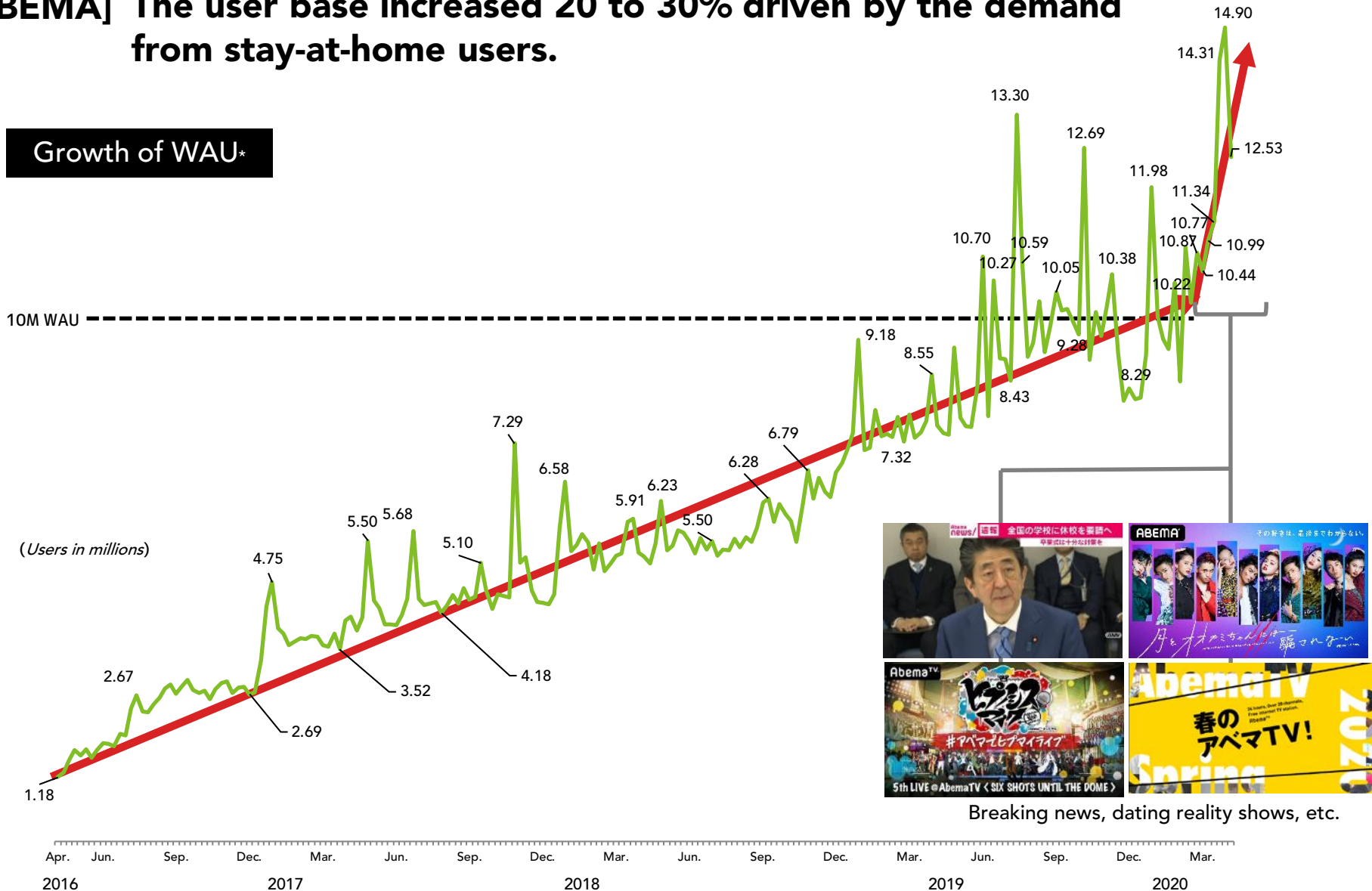
April 11
2016
Release

Apr. 2016 Jun. Sept. Dec. 2017 Mar. Jun. Sept. Dec. 2018 Mar. Jun. Sept. Dec. 2019 Mar. Jun. Sept. Dec. 2020 Mar.

5. Media Business

[ABEMA] The user base increased 20 to 30% driven by the demand from stay-at-home users.

Growth of WAU*



5. Media Business

[ABEMA] "When something happened, turn on ABEMA"
ABEMA became one of the necessary services of users' life.

Programming changes for crisis

Breaking News

Live streaming of the press conference by Prime Minister



Emergency Channel

Providing information for all aspects of the COVID-19.



Free On-demand Video

The press conferences by Governors of prefectures, etc.



New Programming Production

Casts remotely appear on the show.



[ABEMA] Shifting from AbemaTV to ABEMA.

ABEMA strengthens on-demand service and innovates TV to a video streaming service.



5. Media Business

[ABEMA] ABEMA is a hybrid of linear TV and video.

The shows broadcast on linear TV are added to the on-demand lineup.

Number of Programs*

Linear



On-demand



Approx. **700 Series /month**

Approx. **5,500 Episodes**

(Approx. **600 original episodes****)



Approx. **1,100 Series**

Approx. **26,000 Episodes**

(Approx. **8,000 original episodes****)



*The Number of programs: As of March 2020.

** Original: Programs which "ABEMA" produces such as dating reality shows, variety shows, drama, and news.

5. Media Business

[ABEMA] Focusing on original content aiming to build brand awareness of ABEMA as "ABEMA is fun."

New Original Content



Romantic drama



Dating reality show

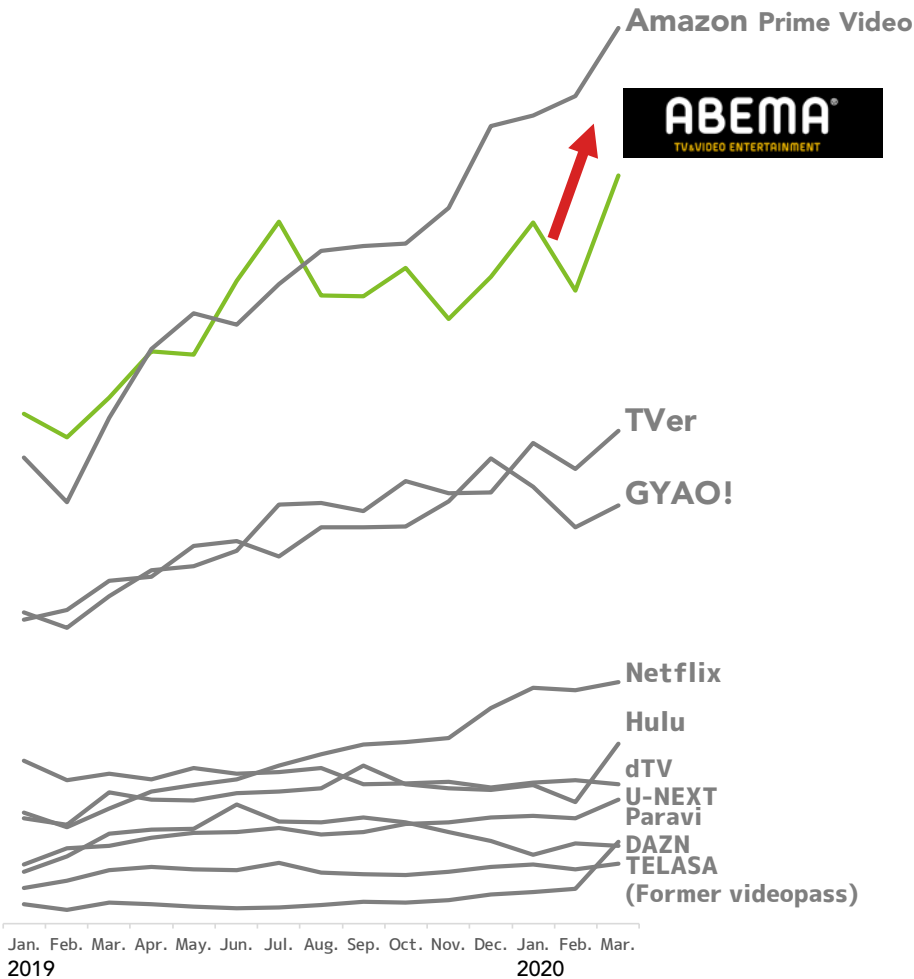


Entertainment

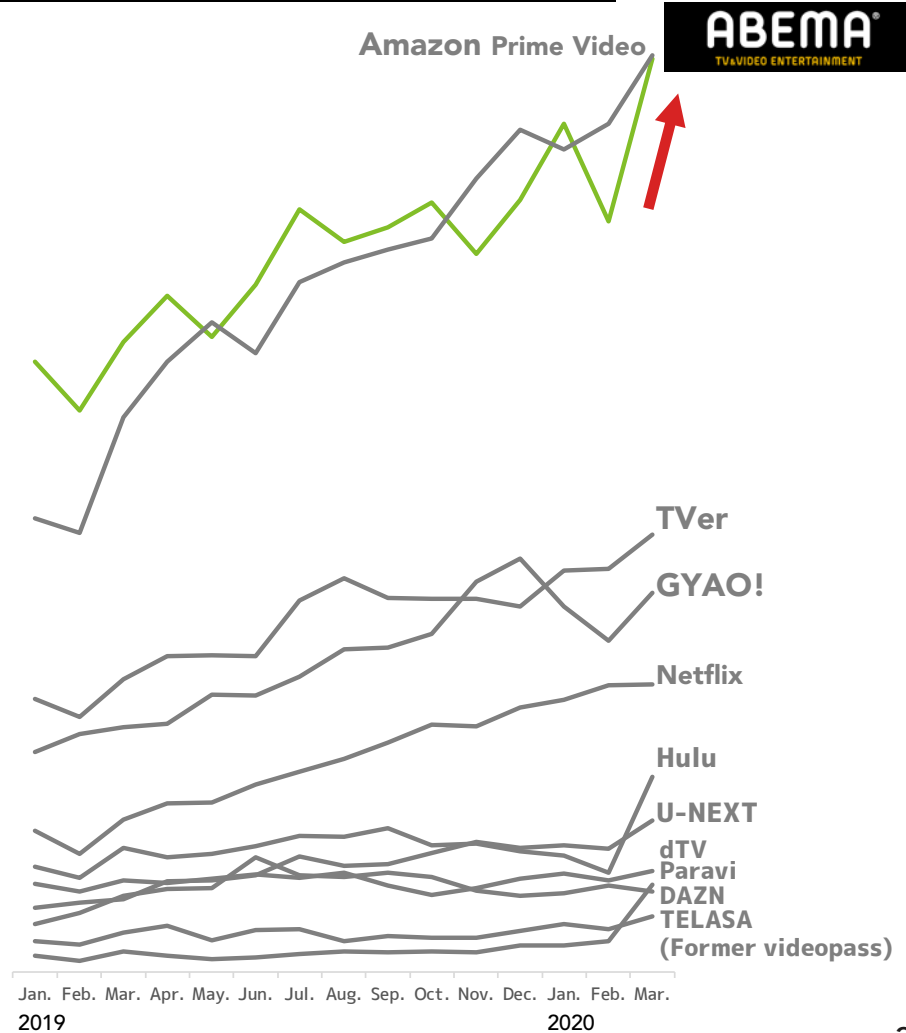
5. Media Business

[ABEMA] ABEMA has one of the largest MAUs in the country with many young users.

MAU of Video Streaming Services*



MAU in teenagers to 20s *

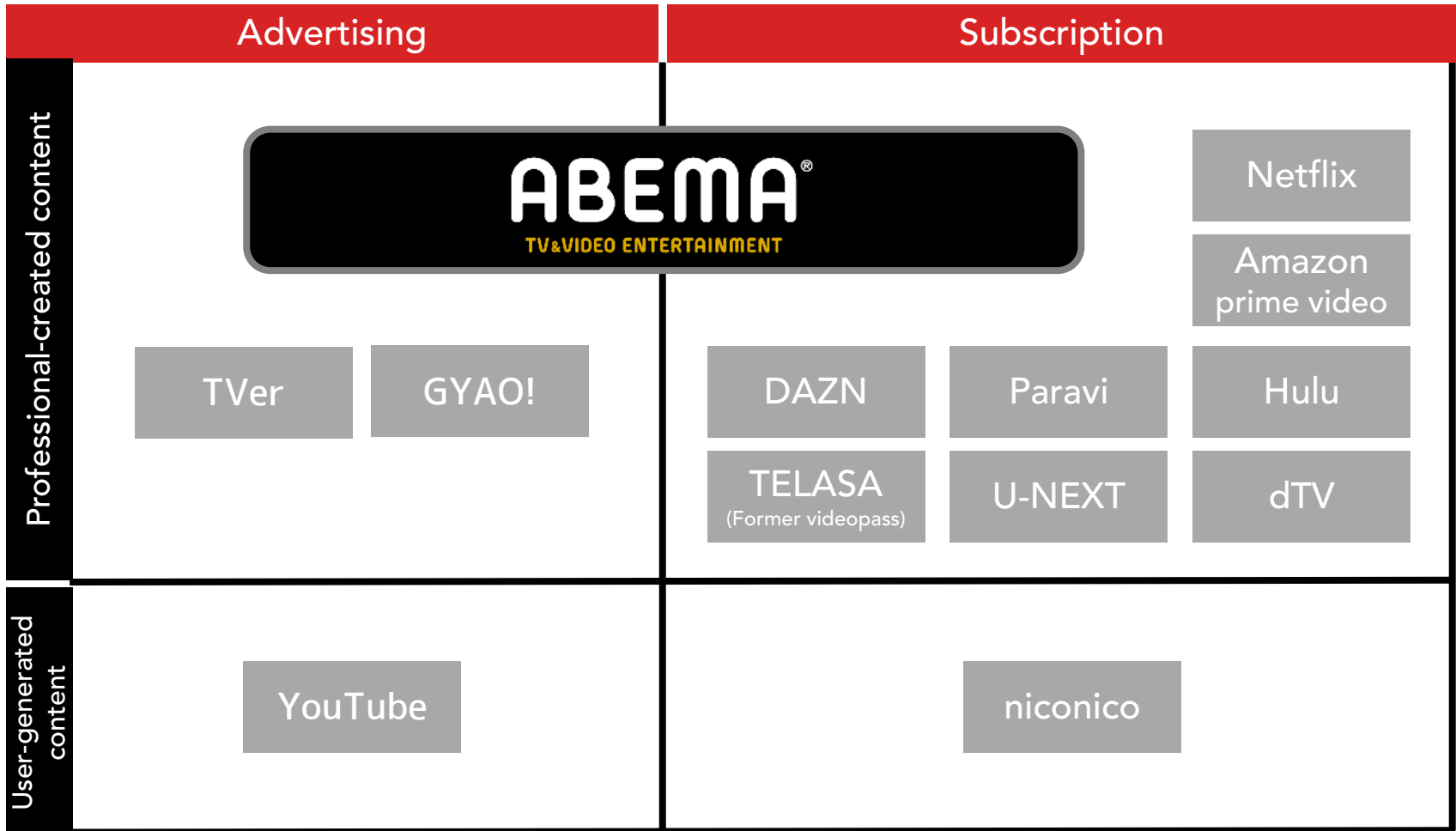


*MAU of Video Streaming Services: Based on *App Ape*, an app analysis tool provided by Fuller, Inc. (as of March 2020)

5. Media Business

[ABEMA] Revenue streams are “advertising” and “subscription”

Video streaming services map*



* Video streaming services map: Made by CyberAgent based on our research on the business model of each video streaming service. (As of March 2020)

5. Media Business

[ABEMA] ABEMAPremium subscribers reached 676K, grew 1.7 times year over year.

Paid service "ABEMAPremium" Subscribers

676K

80K

Dec. 2017

Mar. 2020

< Service Comparison >

ABEMAPremium (960yen/month*)	Basic (Free)
Free Video	Free Video
Paid Video	Paid Video
Replay on demand	Replay on demand
Download	Download
View comments	View comments

*960yen/month: tax included

5. Media Business

[ABEMA] Stepping up the campaign to boost ABEMAPremium subscribers.
Expand the limited programs and aim for 1 million users by the end of December.

Campaign for "ABEMAPremium"

DON'T MISS! New ABEMAPremium

1 Unlimited Hollywood Movies & Foreign Dramas



2 Exclusive to ABEMAPremium



3/29(日) 23:00配信開始
第一夜 恋の悔恨



4/5(日) 22:00配信開始
第二夜 恋の告解



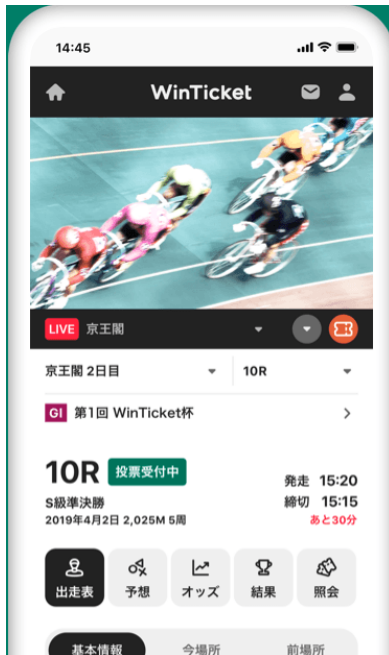
4/12(日) 22:00配信開始
第三夜 恋の一本道

5. Media Business

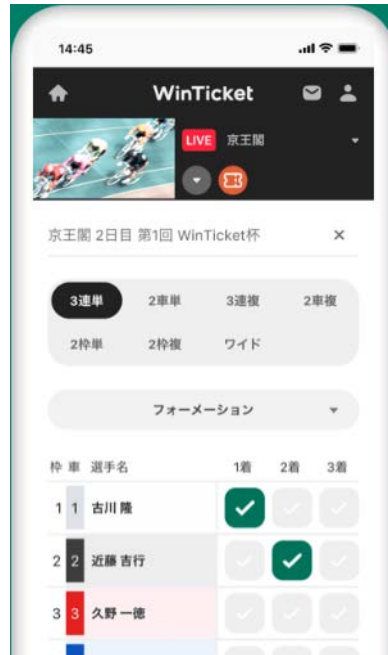
[ABEMA] “Keirin” channel opened a year ago, the transaction amount grew rapidly.

Public Gambling “WinTicket”

Following Keirin, motorcycle racing will be introduced.



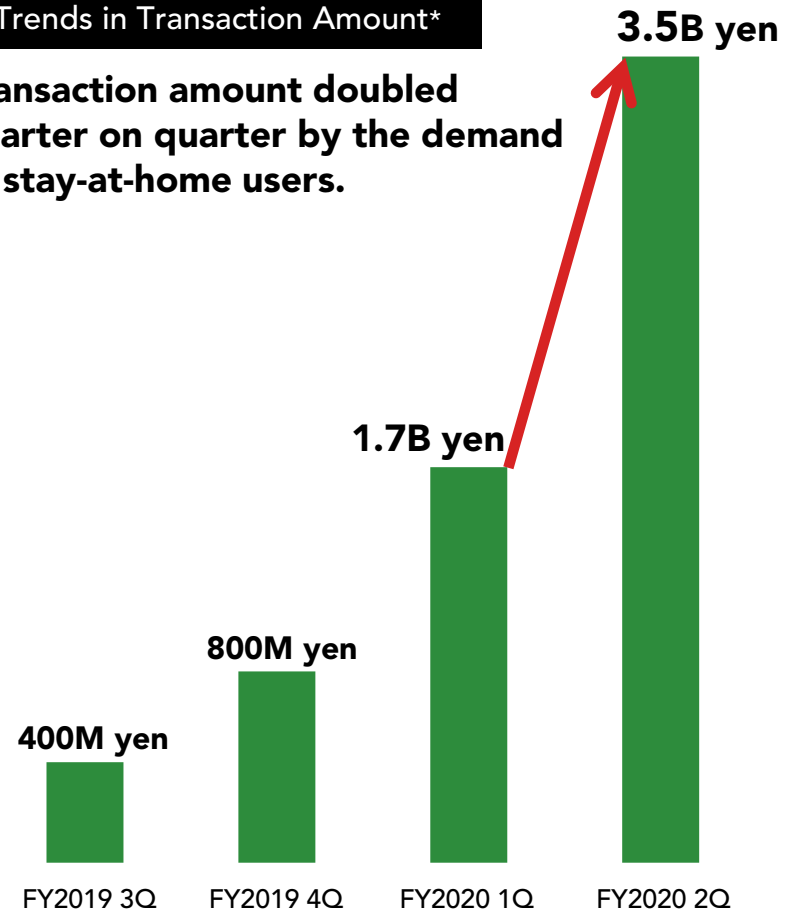
Live streaming of Keirin races



Place bet while you watch the race

Trends in Transaction Amount*

Transaction amount doubled quarter on quarter by the demand of stay-at-home users.



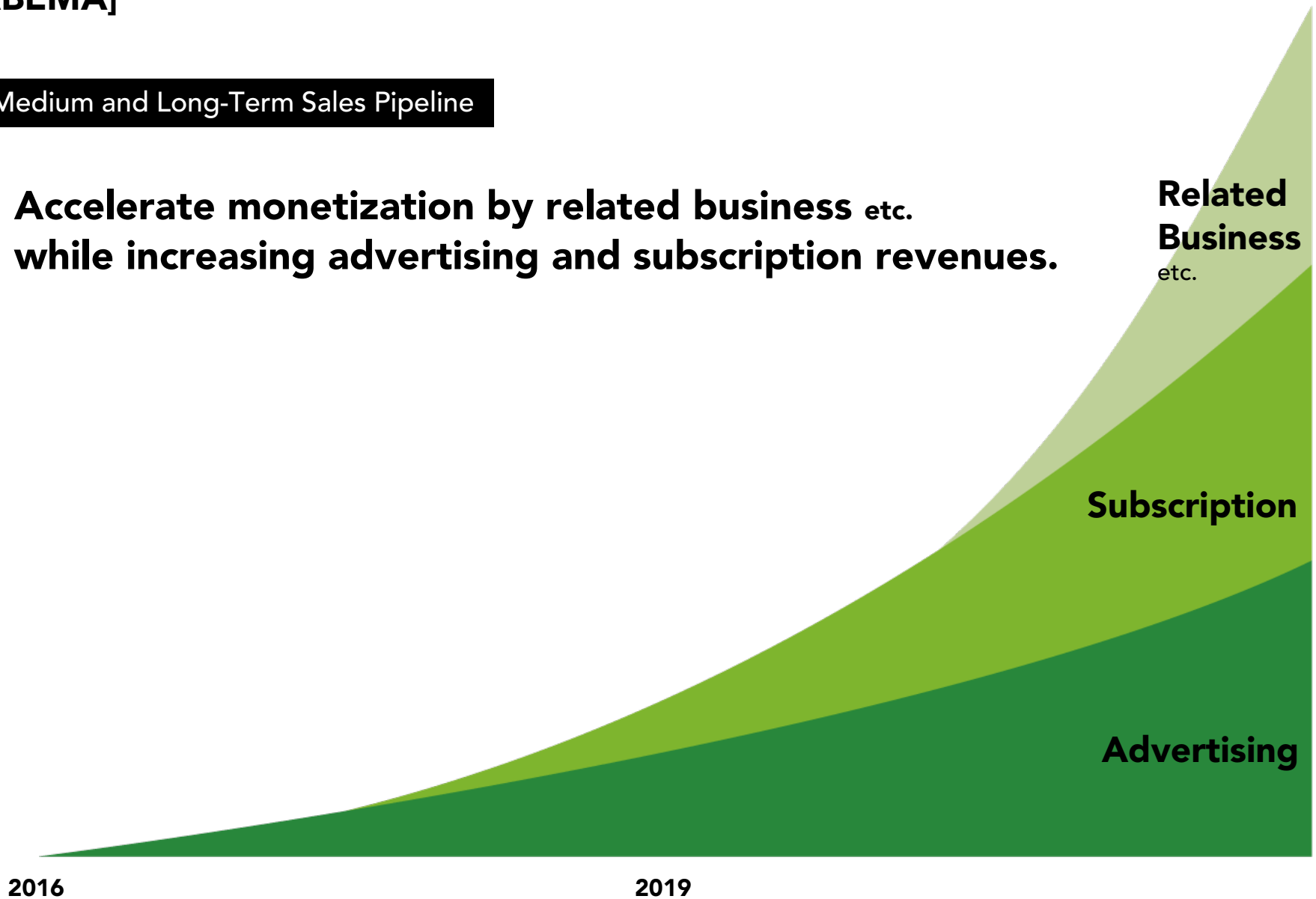
*Quarterly Transaction amount: Transaction amount of WinTicket, Inc. that operates internet voting system of Keirin races.

5. Media Business

[ABEMA]

Medium and Long-Term Sales Pipeline

**Accelerate monetization by related business etc.
while increasing advertising and subscription revenues.**



FY2020

Grow ABEMA as a medium to long-term pillar

Media

Improve ABEMA monetization

Ad

Aim to increase market share by maximizing advertising effectiveness

Game

Make successful games and enhance the operational capability to run long term games



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

Integrated Report CyberAgent Way 2019

This year's integrated report has a special feature on our value creation system that supports CyberAgent's sustainable growth.

In addition to financial information, it covers a wide range of ESG information, including information security initiatives. View or download the original report at our investor website.



“CyberAgent Way 2018” won the Silver award in Corporate Activity Report category at The 40th Japan BtoB Advertising Awards hosted by Japan BtoB Advertising Association.

Integrated Report CyberAgent Way 2019

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

Click!!





[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.

The financial results of FY2020 Q3 are scheduled to be released at 3pm or later on Wednesday, July 22, 2020.

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