

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

FY2024 Second Quarter Consolidated Financial Results [Japanese GAAP]

April 24, 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

Inquiries: Senior Managing Executive Officer Go Nakayama

Tel +81-3-5459-0202

Quarterly report submission date: April 24, 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 Second 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	%
2Q FY2024	408,205	12.4	27,355	56.0	27,788	55.3	9,866	240.4	15,297	88.2
2Q FY2023	363,235	0.3	17,531	(61.5)	17,891	(60.9)	2,898	(83.1)	8,128	(68.3)

	Basic earnings per share	Diluted earnings per share
	¥	¥
2Q FY2024	19.48	17.93
2Q FY2023	5.72	5.24

(2) Consolidated financial position

	Total assets	Equity	Shareholders' equity	Shareholders' equity ratio
	¥ million	¥ million	¥ million	%
As of 2Q FY2024	499,775	239,441	148,731	29.8
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	—	0.00			
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.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

*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)	
2Q FY2024: 506,273,200 shares	FY2023: 506,191,200 shares
(2) Number of shares of treasury stock issued and outstanding at end of period	
2Q FY2024: 1,045 shares	FY2023: 1,040 shares
(3) Average number of shares during the period (cumulative quarterly period)	
2Q FY2024: 506,225,993 shares	2Q FY2023: 505,988,611 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 3.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Table of Contents

1. Qualitative Information on the Quarterly Financial Results.....	2
(1) Explanation of Consolidated Financial Results.....	2
(2) Explanation of Consolidated Financial Position.....	2
(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-Looking Information.....	3
2. Quarterly Consolidated Financial Statements and Key Notes.....	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	5
(3) Quarterly Consolidated Statements of Cash Flows.....	6
(4) Notes to Quarterly Consolidated Financial Statements.....	7
(Notes Regarding the Going Concern Assumption).....	7
(Notes Regarding Significant Changes in Shareholders' Equity)	7
(Segment Information)	7

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 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 second quarter, Net sales grew 12.4% year on year to ¥408,205 million, and operating income amounted to ¥27,355 million (56.0% increase). Ordinary income amounted to ¥27,788 million (55.3% increase), and net income attributable to owners of the parent increased 240.4% to ¥9,866 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 ¥84,880 million for the period, a 26.8% year-on-year increase. Operating loss amounted to ¥829 million, compared to operating loss of ¥9,956 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 achieved a record high of Net sales. It reported ¥212,658 million in net sales, up 8.6% year on year. Operating income was ¥11,573 million, a 16.5% year-on-year increase.

(c) Game Business

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

Driven by a new hit title and the success of anniversary events of major existing titles, net sales amounting to ¥112,213 million, a 8.9% year-on-year increase. Operating income was ¥21,714 million, a 6.4% 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 ¥880 million (27.6% year-on-year decrease) and operating loss of ¥960 million, compared to operating income of ¥356 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 ¥16,199 million, a 9.6% year-on-year increase. Operating income amounted to ¥545 million (84.1 %year-on-year increase)

(2) Explanation of Consolidated Financial Position

(Financial position)

Total assets at the end of this consolidated second quarter have increased by ¥21,948 million compared to the end of the previous fiscal year and amounted to ¥499,775 million. It is mainly due to the increase in trade notes, accounts receivable, and contract assets in line with sales increase.

Total liabilities have increased by ¥14,418 million compared to the end of previous fiscal year and amounted to ¥260,333 million. This is mainly due to the increase in accounts payable and income tax payable in line with sales increase.

Equity have increased by ¥7,530 million compared to the end of the previous fiscal year and amounted to ¥239,441 million. It is mainly due to the increase in retained earnings owing to the recording of Net income attributable to owners of the parent.

(Cash flows)

As of the end of the consolidated second quarter, cash and cash equivalents increased by ¥3,795 million from the end of the previous fiscal year to ¥205,575 million.

The following is a summary of the major factor affecting the cash flow in the cumulative consolidated second quarter.

i) Cash flow from operating activities

Net cash provided by operating activities was ¥23,008 million of inflow (¥14,080 million of inflow in the same period of the previous fiscal year). The major inflow included net income gains, and the major outflow included income tax payments.

ii) Cash flow from investing activities

Net cash used in investing activities was ¥10,929 million of outflow (¥12,012 million of outflow in the same period of the previous fiscal year). Major outflow included purchase of fixed assets.

iii) Cash flow from financing activities

Net cash provided by financing activities was ¥8,429 million of outflow (¥15,410 million of inflow in the same period of the previous fiscal year). The major outflow included dividend payment.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

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

Net income attributable to owners of the parent exceeded the FY2024 forecast in this cumulative consolidated second quarter. However, the FY2024 forecast has not been revised from its original publication on November 1, 2023 due to unpredictable factors such as the quarterly reversal method for the valuation of stocks of listed subsidiaries that the Company adopted.

When it becomes necessary to revise the earnings forecast, the Company will disclose it promptly.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

	FY2023 (As of September 30, 2023)	2Q FY2024 (As of March 31, 2024)
(Unit: ¥ million)		
Assets		
Current assets		
Cash and deposits	199,579	204,506
Trade notes and accounts receivable and contract assets	83,372	96,279
Inventories	8,977	10,647
Sales investment securities	19,034	17,848
Other	40,768	39,527
Allowance for doubtful accounts	(489)	(443)
Total current assets	351,242	368,366
Non-current assets		
Property, plant and equipment	24,586	24,865
Intangible assets		
Goodwill	7,084	6,861
Other	26,473	26,021
Total intangible assets	33,557	32,882
Investments and other assets		
Other	68,452	73,687
Allowance for doubtful accounts	(77)	(82)
Total investments and other assets	68,375	73,605
Total non-current assets	126,519	131,353
Deferred assets	64	55
Total assets	477,826	499,775
Liabilities		
Current liabilities		
Trade accounts payable	71,597	72,742
Short-term bank loans	3,142	765
Income tax payable	3,115	10,521
Current portion of convertible bonds	—	20,037
Other	55,507	60,245
Total current liabilities	133,362	164,312
Non-current liabilities		
Convertible bonds	60,584	40,482
Long-term bank loans	43,355	45,558
Accrued long service rewards for employees	3,401	3,488
Asset retirement obligations	2,406	2,619
Other	2,803	3,872
Total non-current liabilities	112,552	96,021
Total liabilities	245,915	260,333
Equity		
Shareholders' equity		
Common stock	7,369	7,411
Capital surplus	12,218	12,282
Retained earnings	117,448	119,748
Treasury stock	(1)	(1)
Total shareholders' equity	137,034	139,439
Other comprehensive income		
Unrealized gain on available-for-sale securities	7,196	8,973
Foreign currency translation adjustments	191	318
Total other comprehensive income	7,388	9,291
Stock acquisition rights	2,092	2,361
Non-controlling interests	85,396	88,348
Total Equity	231,911	239,441
Total liabilities and equity	477,826	499,775

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

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

Quarterly Consolidated Statements of Income (Cumulative consolidated second quarter)

(Unit: ¥ million)

	2Q FY2023 (October 1, 2022 - March 31, 2023)	2Q FY2024 (October 1, 2023 - March 31, 2024)
Net sales	363,235	408,205
Cost of sales	262,042	292,626
Gross profit	101,192	115,578
Selling, general and administrative expenses	83,661	88,223
Operating income	17,531	27,355
Non-operating income		
Interest income	92	111
Dividends received	148	149
Rent income	237	309
Other	241	287
Total non-operating income	720	857
Non-operating expenses		
Interest expenses	25	111
Depreciation	82	92
Equity in losses of associated companies	—	16
Other	251	204
Total non-operating expenses	359	424
Ordinary income	17,891	27,788
Extraordinary income		
Gain on sale of investment securities	—	71
Gain on transfer of business	60	117
Other	1,329	113
Total extraordinary gain	1,389	302
Extraordinary loss		
Impairment loss	554	3,341
Loss on withdrawal from business	55	1,758
Other	720	360
Total extraordinary loss	1,331	5,460
Income before income taxes and non-controlling interests	17,949	22,630
Income taxes-current	10,028	9,879
Income taxes-deferred	172	(895)
Total income tax	10,201	8,983
Net income	7,748	13,646
Net income attributable to non-controlling interests	4,849	3,780
Net income attributable to owners of parent	2,898	9,866

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

(Unit: ¥ million)

	2Q FY2023 (October 1, 2022 - March 31, 2023)	2Q FY2024 (October 1, 2023 - March 31, 2024)
Net income	7,748	13,646
Other comprehensive income		
Valuation difference on available-for-sale securities	603	1,543
Foreign currency translation adjustment	(84)	81
Share of other comprehensive income(loss) of associates accounted for using equity method	(139)	25
Total other comprehensive income	380	1,651
Comprehensive income	8,128	15,297
(Comprehensive income attributable to)		
Owners of the parent	3,109	11,769
Non-controlling interests	5,018	3,527

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: ¥ million)

	2Q FY2023 (October 1, 2022 - March 31, 2023)	2Q FY2024 (October 1, 2023 - March 31, 2024)
Cash flow from operating activities		
Income before income taxes and non-controlling interests	17,949	22,630
Depreciation	3,749	5,739
Impairment loss	554	3,341
Decrease (Increase) in notes and accounts receivable-trade, and contract assets	(17,495)	(12,908)
Decrease (increase) in investment securities for sale	(1,889)	605
Decrease (Increase) in Inventories	(1,530)	(1,779)
Increase (decrease) in accounts payable-trade	9,902	1,065
Increase (decrease) in accrued consumption taxes	3,320	5,523
Loss on withdrawal from business	55	1,758
Other, net	1,903	(2,327)
Sub-total	16,520	23,648
Interest and dividends income received	162	195
Interest expenses paid	(25)	(111)
Income taxes paid	(2,577)	(723)
Net cash provided by (used in) operating activities	14,080	23,008
Cash flow from investing activities		
Purchase of property, equipment and investment property	(4,394)	(1,883)
Purchase of intangible assets	(5,562)	(6,412)
Other, net	(2,055)	(2,633)
Net cash provided by (used in) investing activities	(12,012)	(10,929)
Cash flow from financing activities		
Net increase (decrease) in short-term bank loans	3,262	(2,377)
Proceeds from long-term bank loans	171	3,304
Repayment of long-term bank loans	(823)	(1,176)
Cash dividends paid	(7,075)	(7,579)
Other, net	19,875	(602)
Net cash provided by (used in) financing activities	15,410	(8,429)
Effect of exchange rate change on cash and cash equivalents	(232)	70
Net increase (decrease) in cash and cash equivalents	17,246	3,720
Cash and cash equivalents at beginning of period	168,035	201,780
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	75
Cash and cash equivalents at the end of period	185,281	205,575

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

(4) 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 Second Quarter of the Fiscal Year Ended September 2023 (October 1, 2022 to March 31, 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**	62,651	183,793	102,858	1,217	12,713	363,235	—	363,235
Sales to external customers	62,651	183,793	102,858	1,217	12,713	363,235	—	363,235
Inter-segment sales or transfers	4,308	12,077	202	—	2,062	18,651	(18,651)	—
Total	66,960	195,871	103,061	1,217	14,775	381,886	(18,651)	363,235
Segment income (loss)	(9,956)	9,938	20,414	356	296	21,049	(3,518)	17,531

*Reconciliations of ¥ -3,518 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 Second Quarter of the Fiscal Year Ending September 2024 (October 1, 2023 to March 31, 2024)

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**	80,023	201,795	112,042	880	13,462	408,205	—	408,205
Sales to external customers	80,023	201,795	112,042	880	13,462	408,205	—	408,205
Inter-segment sales or transfers	4,856	10,863	171	—	2,736	18,627	(18,627)	—
Total	84,880	212,658	112,213	880	16,199	426,833	(18,627)	408,205
Segment income (loss)	(829)	11,573	21,714	(960)	545	32,042	(4,687)	27,355

*Reconciliations of ¥ -4,687 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