

English Translation

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FY2023 First Quarter Consolidated Financial Results [Japanese GAAP]

January 25, 2023

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 26, 2023

Dividend payment start date —

Preparation of Supplementary Materials for Quarterly Financial Results: Yes

Presentation of Quarterly Financial Results: Yes (live stream only)

(Amounts less than ¥1 million rounded down)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending September 2023

(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	%
1Q FY2023	167,577	(2.1)	(1,255)	—	(939)	—	(5,002)	—	(3,768)	—
1Q FY2022	171,090	30.6	19,804	180.6	19,836	186.1	6,091	107.9	8,831	—

	Basic earnings per share	Diluted earnings per share
1Q FY2023	¥ (9.88)	¥ —
1Q FY2022	12.05	11.39

(Note) Diluted earnings per share for the first quarter of the fiscal year ending September 2023 is not presented in the above table. Because basic earnings per share was negative although there are dilutive shares.

(2) Consolidated financial position

	Total assets	Equity	Shareholders' equity	Shareholders' equity ratio
As of 1Q FY2023	¥ million 423,028	¥ million 211,696	¥ million 131,975	% 31.2
As of FY2022	383,698	222,915	144,264	37.6

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	Year end	Total
FY2022	¥ —	¥ 0.00	¥ —	¥ 14.00	¥ 14.00
FY2023	—	—	—	—	—
FY2023 (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 2023

(October 1, 2022 - September 30, 2023)

(% = 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	720,000	1.3	40,000	(42.1)	40,000	(42.4)	15,000	(38.1)	29.64
			-50,000	-(27.7)	-50,000	-(28.0)	-20,000	-(17.4)	-39.53

(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: Yes

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 FY2023: 505,938,400 shares	FY2022: 505,924,000 shares
(2) Number of shares of treasury stock issued and outstanding at end of period	
1Q FY2023: 1,004 shares	FY2022: 1,004 shares
(3) Average number of shares during the period (cumulative quarterly period)	
1Q FY2023: 505,930,926 shares	1Q FY2022: 505,475,657 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 decreased 2.1% year on year to ¥167,577 million, and operating loss amounted to ¥1,255 million, compared to operating income of ¥19,804 million for the same period in the prior fiscal year. Ordinary loss amounted to ¥939 million, compared to ordinary income of ¥19,836 million for the same period in the prior fiscal year. And net loss attributable to owners of the parent amounted to ¥5,002 million, compared to net income attributable to owners of the parent of ¥6,091 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", "WINTICKET" and "Ameba", etc.

Resulting from a significant increase in sales of "ABEMA", a new TV of the future, and related businesses, net sales grew and amounted to ¥33,485 million for the period, a 34.0% year-on-year increase. Due to the distribution of the FIFA World Cup Qatar 2022 and others, operating loss amounted to ¥9,356 million, compared to operating loss of ¥3,840 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, and CyberZ, Inc., etc.

The business remained strong despite being partially affected by the economic condition. It reported ¥95,639 million in net sales, up 8.9% year on year. Operating income was ¥5,001 million, a 13.0% year-on-year decrease.

(c) Game Business

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

As the major game titles' anniversary season drew near, net sales amounted to ¥40,916 million, a 29.9% year-on-year decrease. Operating income was ¥5,212 million, a 69.6% 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 ¥139 million (94.3% year-on-year decrease) and operating loss of ¥286 million, compared to operating income of ¥1,969 million for the same period in the prior fiscal year.

(e) Other Businesses

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

This segment reported net sales of ¥6,076 million, a 4.3% year-on-year decrease. Operating loss amounted to ¥130 million, compared to operating income of ¥152 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 increased by ¥39,329 million compared to the end of the previous fiscal year and amounted to ¥423,028 million. It is mainly due to the issuance of convertible bonds.

Total liabilities have increased by ¥50,548 million compared to the end of previous fiscal year and amounted to ¥211,331 million. This increase is mainly due to the issuance of convertible bonds.

Equity have decreased by ¥11,218 million, compared to the end of the previous fiscal year and amounted to ¥211,696 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 FY2023 has not been revised from its original publication on October 26, 2022.

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2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

	FY2022 (As of September 30, 2022)	1Q FY2023 (As of December 31, 2022)
(Unit: ¥ million)		
Assets		
Current assets		
Cash and deposits	165,907	198,697
Trade notes and accounts receivable and contract assets	72,371	71,879
Inventories	4,262	5,384
Sales investment securities	16,457	17,542
Other	34,887	38,114
Allowance for doubtful accounts	(36)	(37)
Total current assets	293,850	331,580
Non-current assets		
Property and equipment	18,974	19,116
Intangible assets		
Goodwill	4,843	4,764
Other	17,210	18,624
Total intangible assets	22,054	23,389
Investments and other assets		
Other	48,814	48,879
Allowance for doubtful accounts	(17)	(16)
Total investments and other assets	48,797	48,862
Total non-current assets	89,826	91,368
Deferred assets	21	79
Total assets	383,698	423,028
Liabilities		
Current liabilities		
Trade accounts payable	59,212	65,929
Short-term bank loans	2,380	3,040
Income tax payable	5,036	2,318
Other	63,385	68,627
Total current liabilities	130,014	139,914
Non-current liabilities		
Convertible bonds	20,102	60,681
Long-term bank loans	3,750	3,622
Provision for long service rewards for employees	2,787	2,942
Asset retirement obligations	2,250	2,331
Other	1,877	1,839
Total non-current liabilities	30,768	71,416
Total liabilities	160,783	211,331
Equity		
Shareholders' equity		
Capital stock	7,239	7,244
Capital surplus	11,636	11,639
Retained earnings	119,204	107,120
Treasury stock	(1)	(1)
Total shareholders' equity	138,079	126,003
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	5,887	5,896
Foreign currency translation adjustments	298	75
Total other comprehensive income	6,185	5,972
Stock acquisition rights	1,747	1,875
Non-controlling interests	76,903	77,845
Total equity	222,915	211,696
Total liabilities and equity	383,698	423,028

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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 FY2022 (October 1, 2021 - December 31, 2021)	1Q FY2023 (October 1, 2022 - December 31, 2022)
Net sales	171,090	167,577
Cost of sales	116,671	128,390
Gross profit	54,419	39,187
Selling, general and administrative expenses	34,615	40,443
Operating income (loss)	19,804	(1,255)
Non-operating income		
Interest income	36	44
Dividends received	138	138
Equity in earnings of affiliates	—	97
Rent income	2	119
Other	20	39
Total non-operating income	196	440
Non-operating expenses		
Interest expenses	12	12
Depreciation	—	41
Other	152	70
Total non-operating expenses	164	123
Ordinary income (loss)	19,836	(939)
Extraordinary income		
Gain on sales of investments in subsidiaries and associated companies	—	1,000
Other	97	296
Total extraordinary gain	97	1,296
Extraordinary loss		
Impairment loss	899	323
Other	82	86
Total extraordinary loss	981	409
Income (loss) before income taxes and non-controlling interests	18,953	(52)
Income taxes-current	4,553	2,322
Income taxes-deferred	2,892	1,354
Total income tax	7,446	3,676
Net income (loss)	11,506	(3,729)
Net income attributable to non-controlling interests	5,414	1,272
Net income (loss) attributable to shareholders of parent	6,091	(5,002)

Quarterly Consolidated Statements of Comprehensive Income

(Cumulative consolidated first quarter)

(Unit: ¥ million)

	1Q FY2022 (October 1, 2021 - December 31, 2021)	1Q FY2023 (October 1, 2022 - December 31, 2022)
Net income (loss)	11,506	(3,729)
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(2,726)	195
Foreign currency translation adjustment	48	(91)
Share of other comprehensive income (loss) in associated companies	3	(142)
Total other comprehensive income (loss)	(2,674)	(38)
Comprehensive income (loss)	8,831	(3,768)
(Comprehensive income (loss) attributable to)		
Shareholders of the parent	3,385	(5,215)
Non-controlling interests	5,446	1,446

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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.

(Notes Change in Accounting Policies)

(Application of the 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) from the beginning of the first quarter 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.

(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 first quarter of the current fiscal year. Accordingly, the Company 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), the company consider that there is no impact on the quarterly consolidated financial statements.

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(Segment Information)

I. Cumulative First Quarter of the Fiscal Year Ended September 2022 (October 1, 2021 to December 31, 2021)

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**	22,489	82,262	58,258	2,461	5,618	171,090	—	171,090
Sales to external customers	22,489	82,262	58,258	2,461	5,618	171,090	—	171,090
Inter-segment sales or transfers	2,507	5,569	70	—	729	8,876	(8,876)	—
Total	24,996	87,831	58,329	2,461	6,347	179,967	(8,876)	171,090
Segment income (loss)	(3,840)	5,746	17,130	1,969	152	21,157	(1,353)	19,804

*Reconciliations of ¥ -1,353 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 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 Business	Internet Advertisement Business	Game Business	Investment Development Business	Other Business	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