



CA CyberAgent®

3Q FY2020 Presentation Material

April to June 2020

July 22, 2020



[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.

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

Quarterly Results

April - June 2020

1. Quarterly Results

FY2020 Q3

Results were in line with the forecast despite COVID-19 impact.

Sales: **112.8** billion yen down **0.7%** YoY
OP: **8.2** billion yen down **12.3%** YoY

Media

WAU* of "ABEMA" remain stable after lifting of the stay-at-home request.

Sales: **13.3** billion yen UP **19.2%** YoY
OP: **-4.0** billion yen

Ad

Sales stay flat year over year despite the effect of COVID-19.

Sales: **64.3** billion yen UP **0.01%** YoY
OP: **4.7** billion yen down **6.0%** YoY

Game

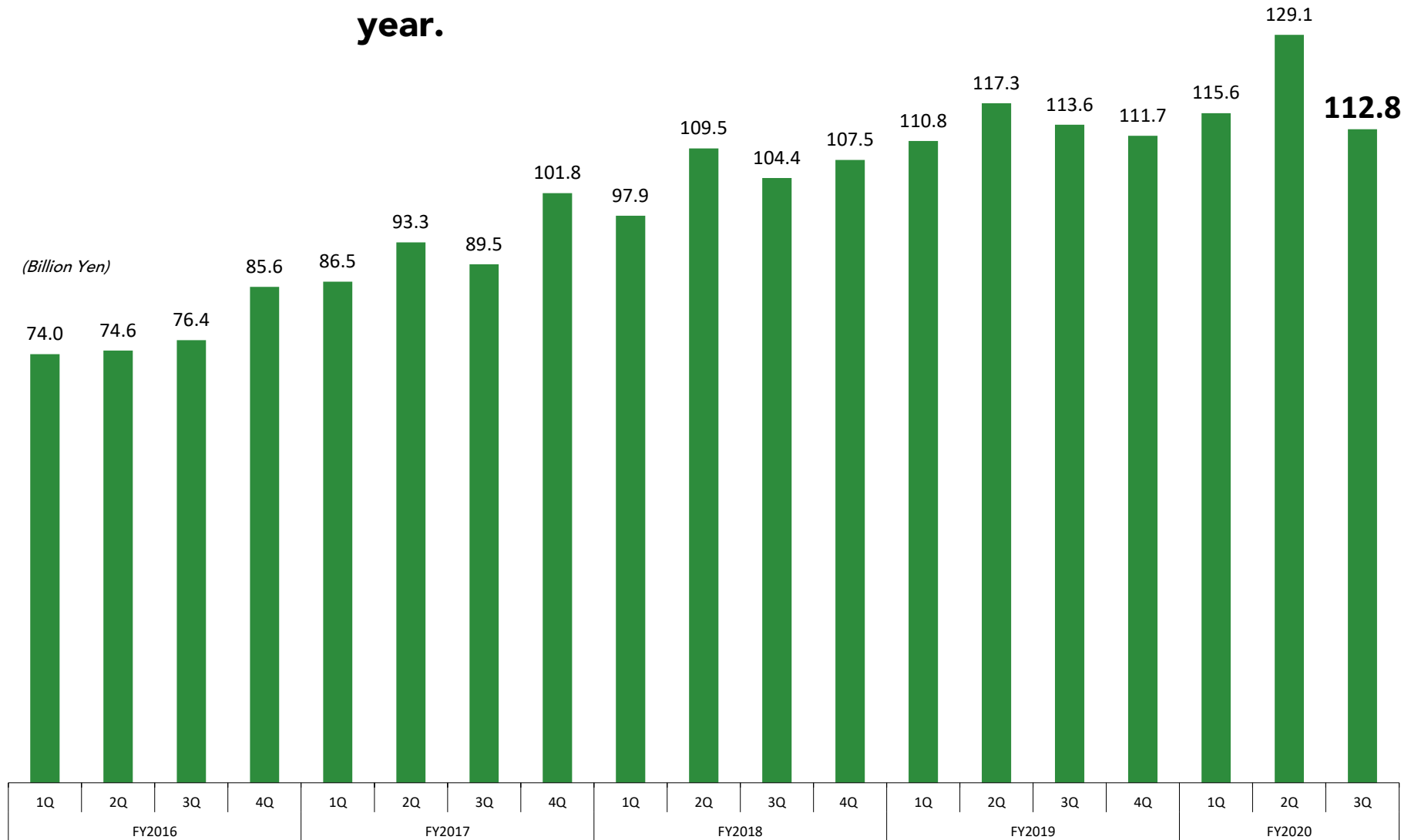
Quarterly revenue declined after the anniversaries; however overall performance went well.

Sales: **36.7** billion yen down **4.0%** YoY
OP: **7.5** billion yen down **9.5%** YoY

1. Quarterly Results

[Consolidated Sales] COVID-19 has impacted on the advertising business.

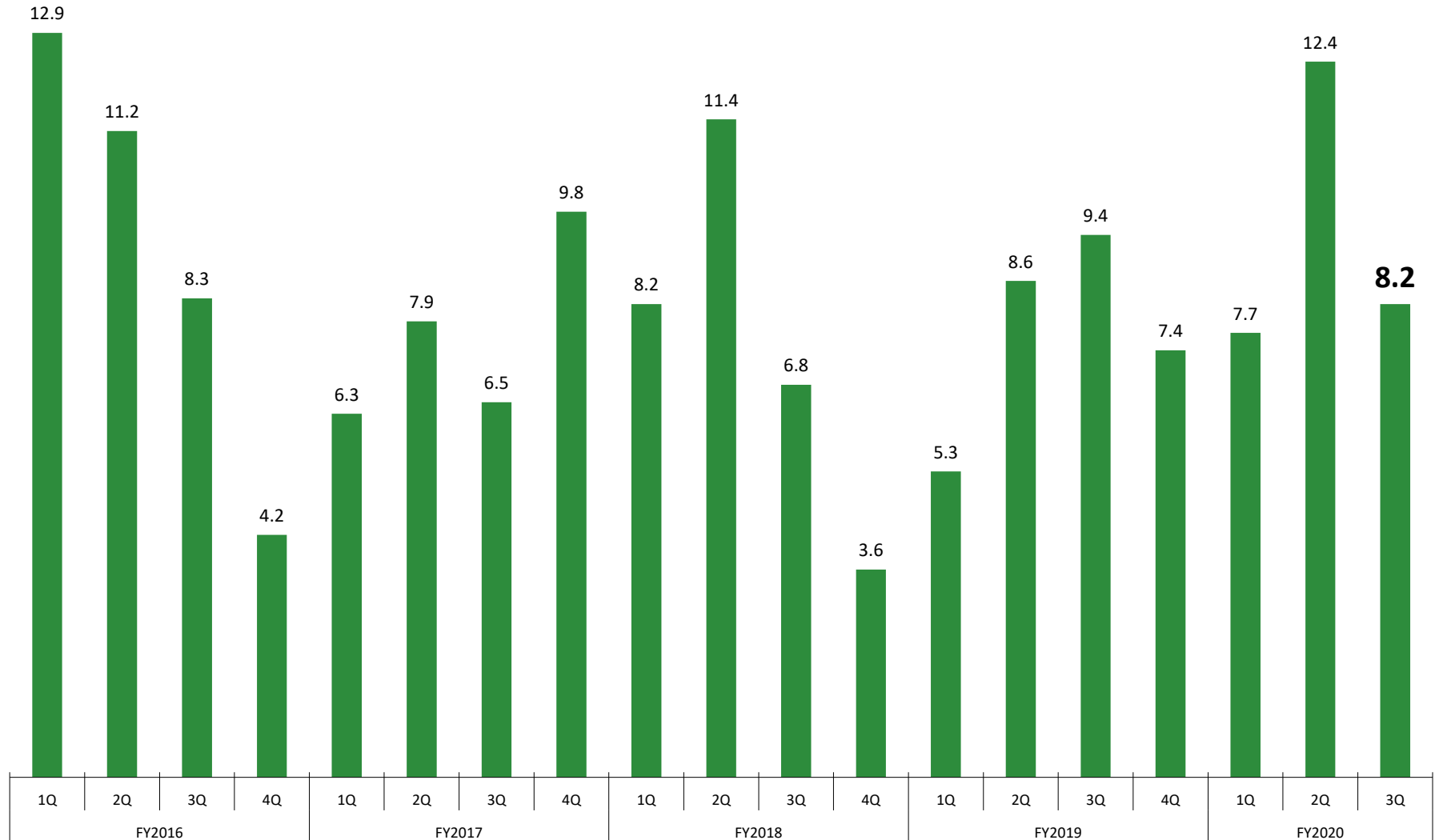
Sales were **112.8** billion yen, down **0.7%** year over year.



1. Quarterly Results

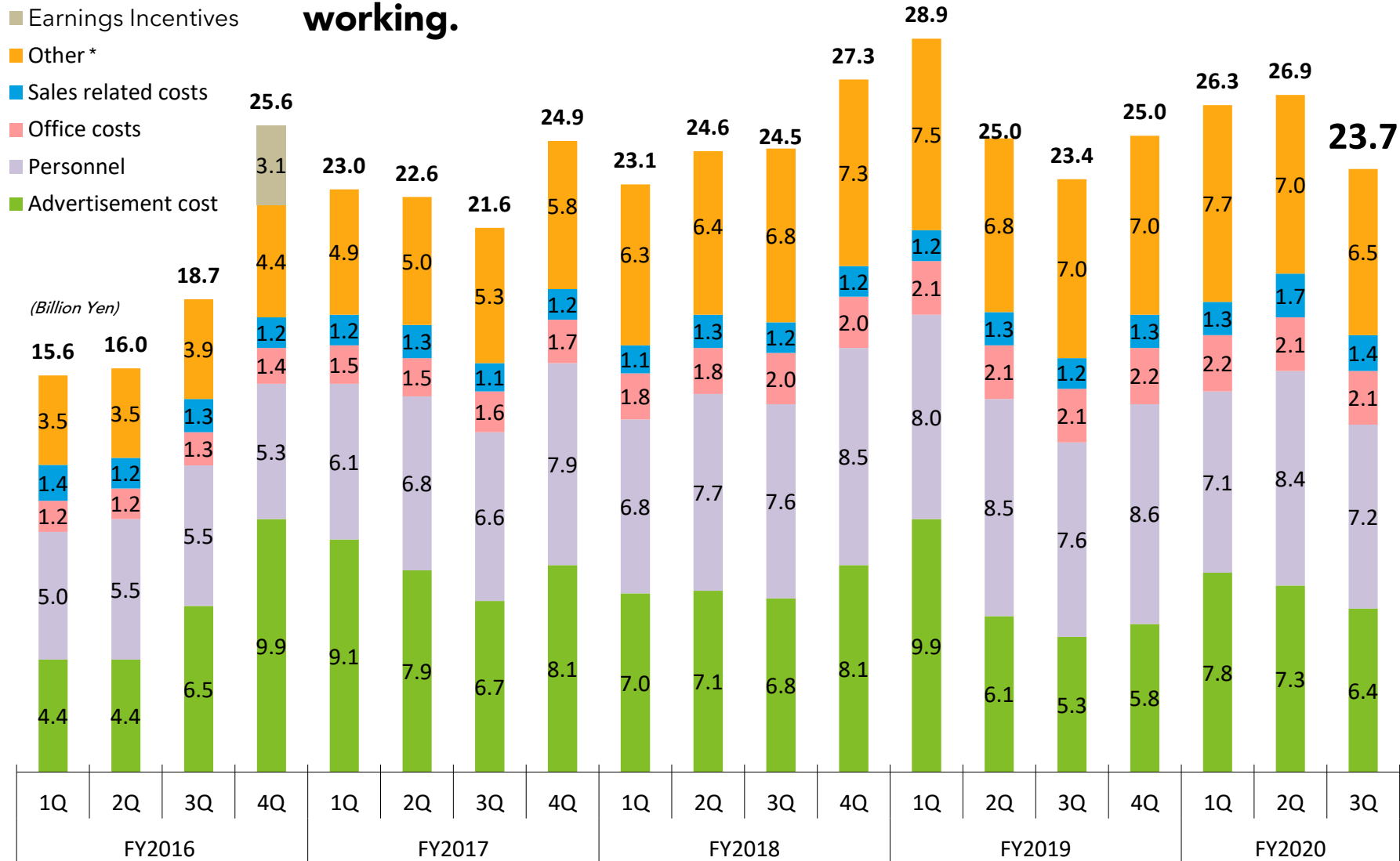
[Consolidated OP] **8.2** billion yen, down **12.3%** year over year

(Billion Yen)



1. Quarterly Results

[SG&A Expenses] Decreased 3.2 billion yen quarter on quarter to **23.7 billion yen, due to advertising expenses and cost reduction by remote working.**

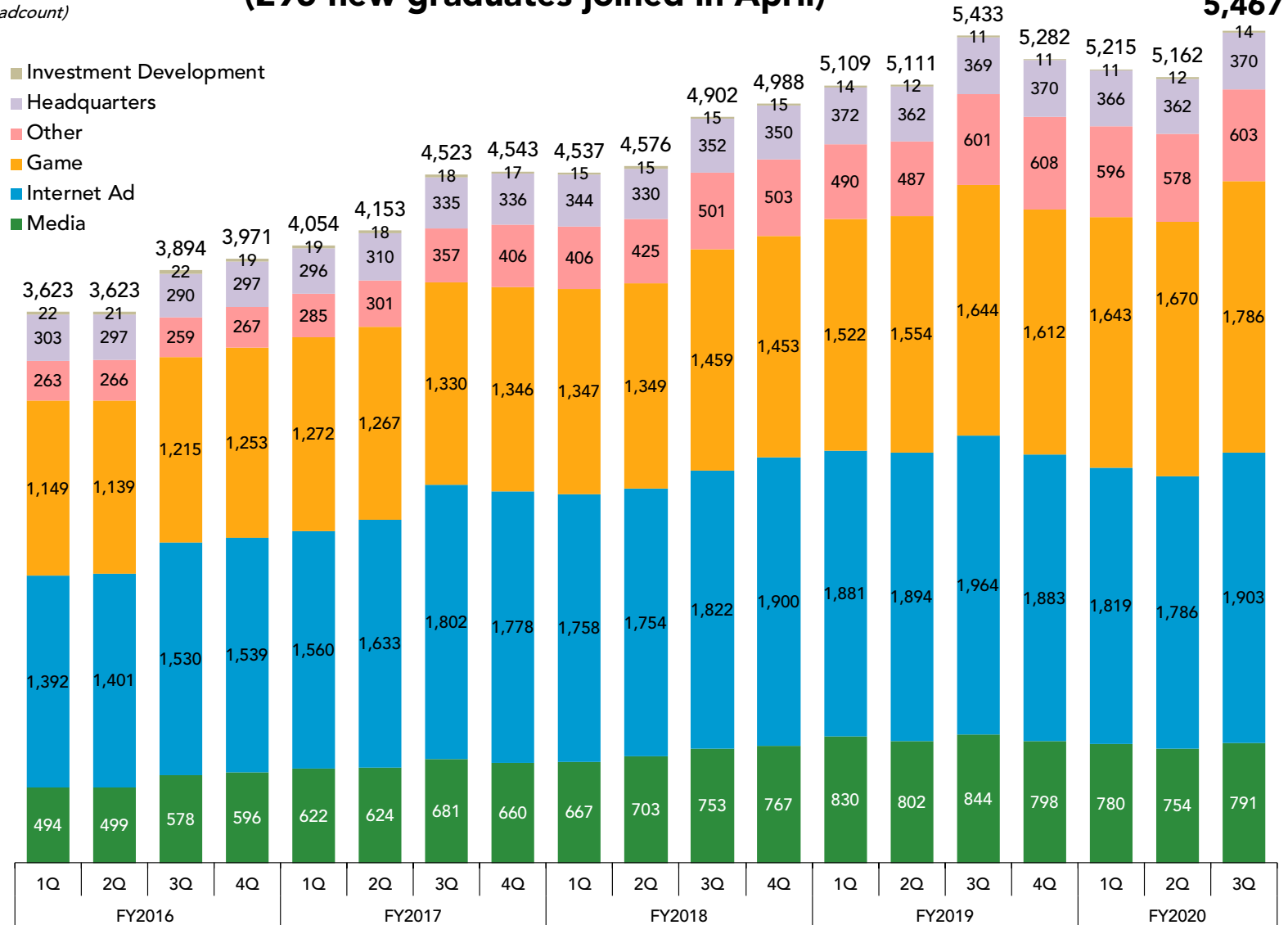


*Other: Outsourcing expenses, R&D expenses, entertainment expenses etc.

1. Quarterly Results

[No. of Employees] Total headcount was **5,467** at the end of June.
(295 new graduates joined in April)

(headcount)



*FY2020 Segment reclassification is reflected from FY2019.

1. Quarterly Results

[PL]

| million yen | FY2020 3Q Apr-Jun. 2020 | FY2019 3Q Apr-Jun. 2019 | YoY | FY2020 2Q Jan.-Mar. 2020 | QoQ |
|---------------------------------------------------------------------|----------------------------|----------------------------|--------|-----------------------------|--------|
| Net Sales | 112,854 | 113,667 | -0.7% | 129,172 | -12.6% |
| Gross profit | 32,003 | 32,917 | -2.8% | 39,422 | -18.8% |
| SG&A expenses | 23,724 | 23,473 | 1.1% | 26,924 | -11.9% |
| Operating profit | 8,279 | 9,444 | -12.3% | 12,498 | -33.8% |
| OPM | 7.3% | 8.3% | -0.9pt | 9.7% | -2.3pt |
| Ordinary profit | 8,229 | 9,444 | -12.9% | 12,509 | -34.2% |
| Extraordinary income | 7 | 112 | -93.1% | 78 | -90.1% |
| Extraordinary loss | 3,009 | 3,237 | -7.0% | 1,532 | 96.4% |
| Income before income taxes and non-controlling interests | 5,228 | 6,319 | -17.3% | 11,055 | -52.7% |
| Net profit* | 1,118 | 689 | 62.2% | 3,304 | -66.1% |

*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 June 2020 | End of June 2019 | YoY | End of Mar. 2020 | QoQ |
|----------------------|---------------------|---------------------|-------|---------------------|--------|
| Current assets | 181,182 | 161,862 | 11.9% | 183,524 | -1.3% |
| Cash deposits | 90,425 | 79,908 | 13.2% | 84,960 | 6.4% |
| Fixed assets | 54,629 | 53,772 | 1.6% | 57,542 | -5.1% |
| Total assets | 235,860 | 215,679 | 9.4% | 241,118 | -2.2% |
| Current liabilities | 71,661 | 63,570 | 12.7% | 82,795 | -13.4% |
| (Income tax payable) | 5,946 | 2,997 | 98.3% | 8,660 | -31.3% |
| Fixed liabilities | 43,836 | 43,329 | 1.2% | 43,841 | -0.01% |
| Shareholders' equity | 77,786 | 74,053 | 5.0% | 76,671 | 1.5% |
| Net Assets | 120,362 | 108,780 | 10.6% | 114,482 | 5.1% |

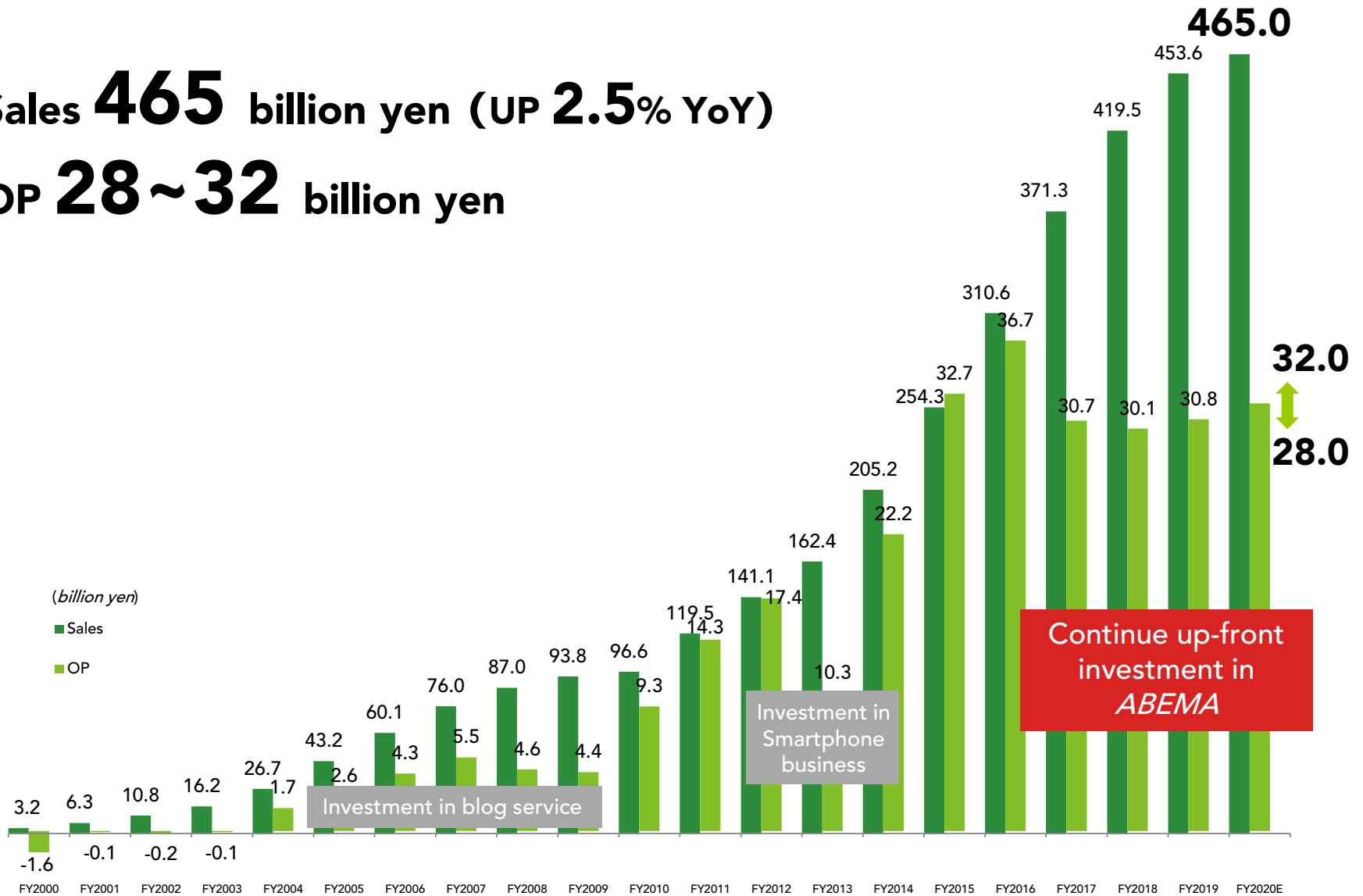
FY2020

Forecast

October 2019 - September 2020

2. Forecast

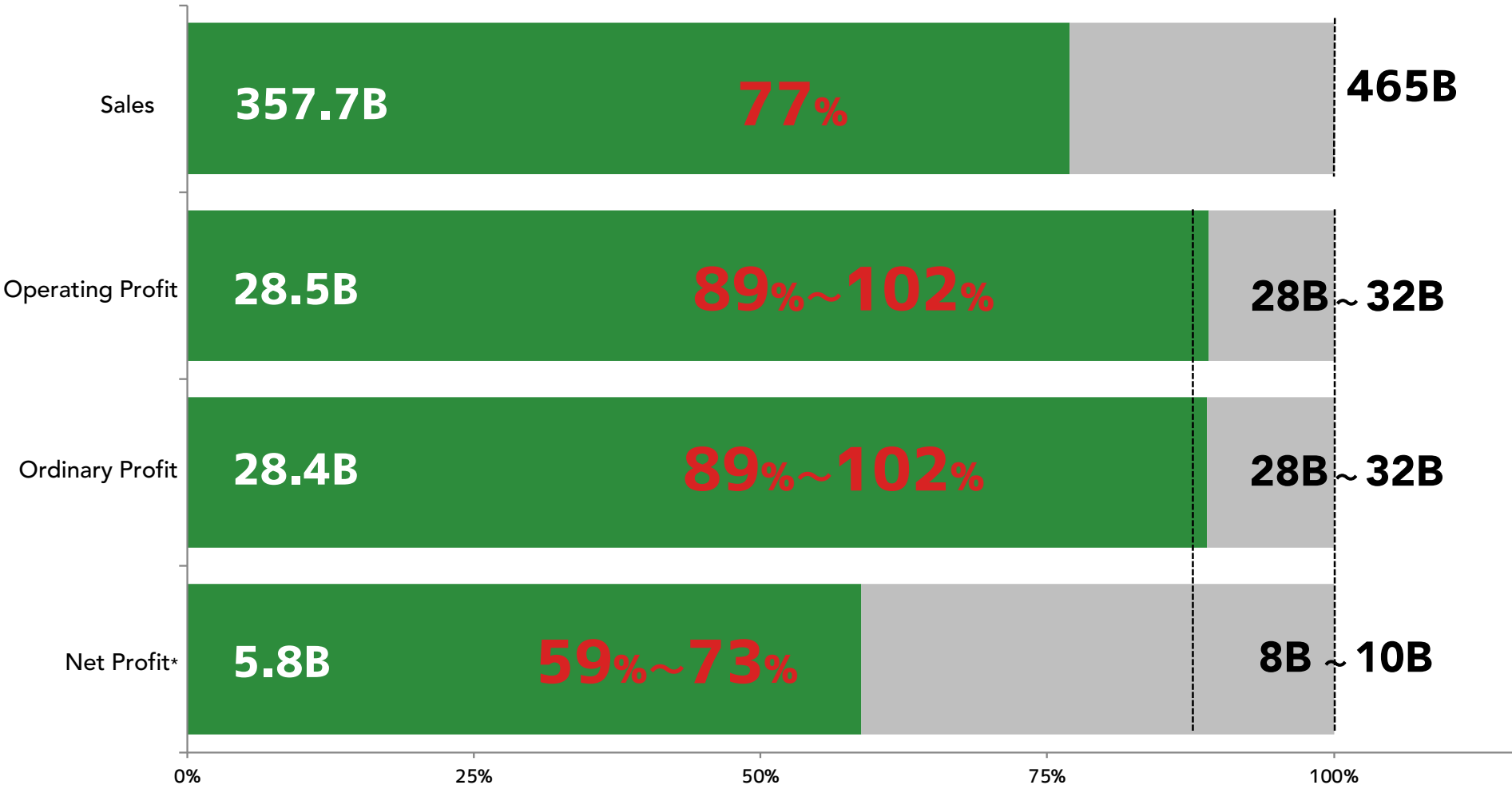
Sales **465** billion yen (UP 2.5% YoY)
OP **28~32** billion yen



2. Forecast

[Progress to Full-year Forecast]

The accumulated total of the operating profit and the ordinary profit have achieved minimum forecast.



*Net profit: Profit attributable to shareholders of parent.

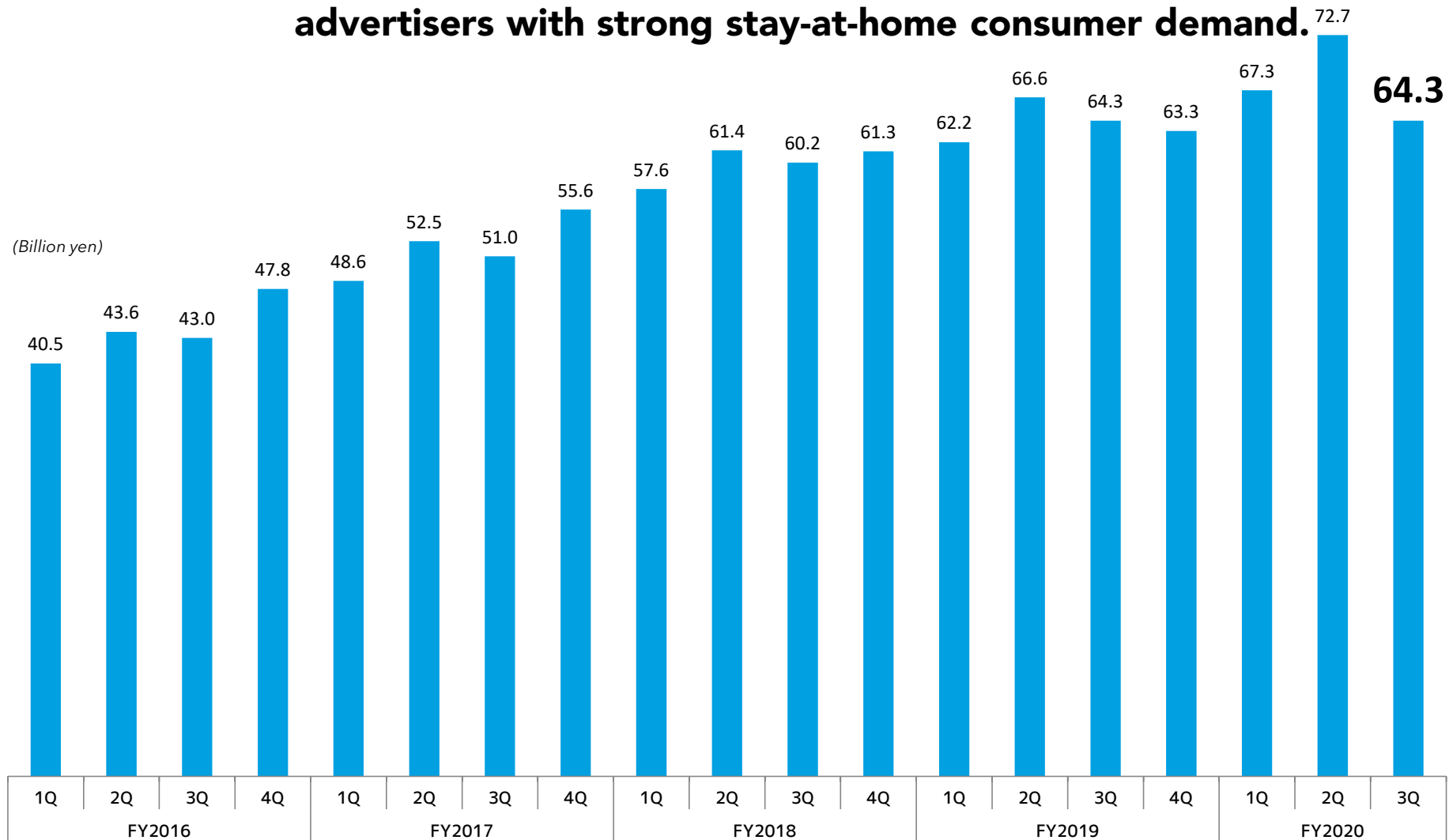
Affected by the fact that AbemaTV, Inc. is exempted from consolidated tax payment, and non-controlling equity interest (minority interest) of Cygames, Inc.

Internet Advertisement

3. Internet Advertisement Business

[Quarterly Sales] Q3 **64.3** billion yen (up 0.01% YoY)

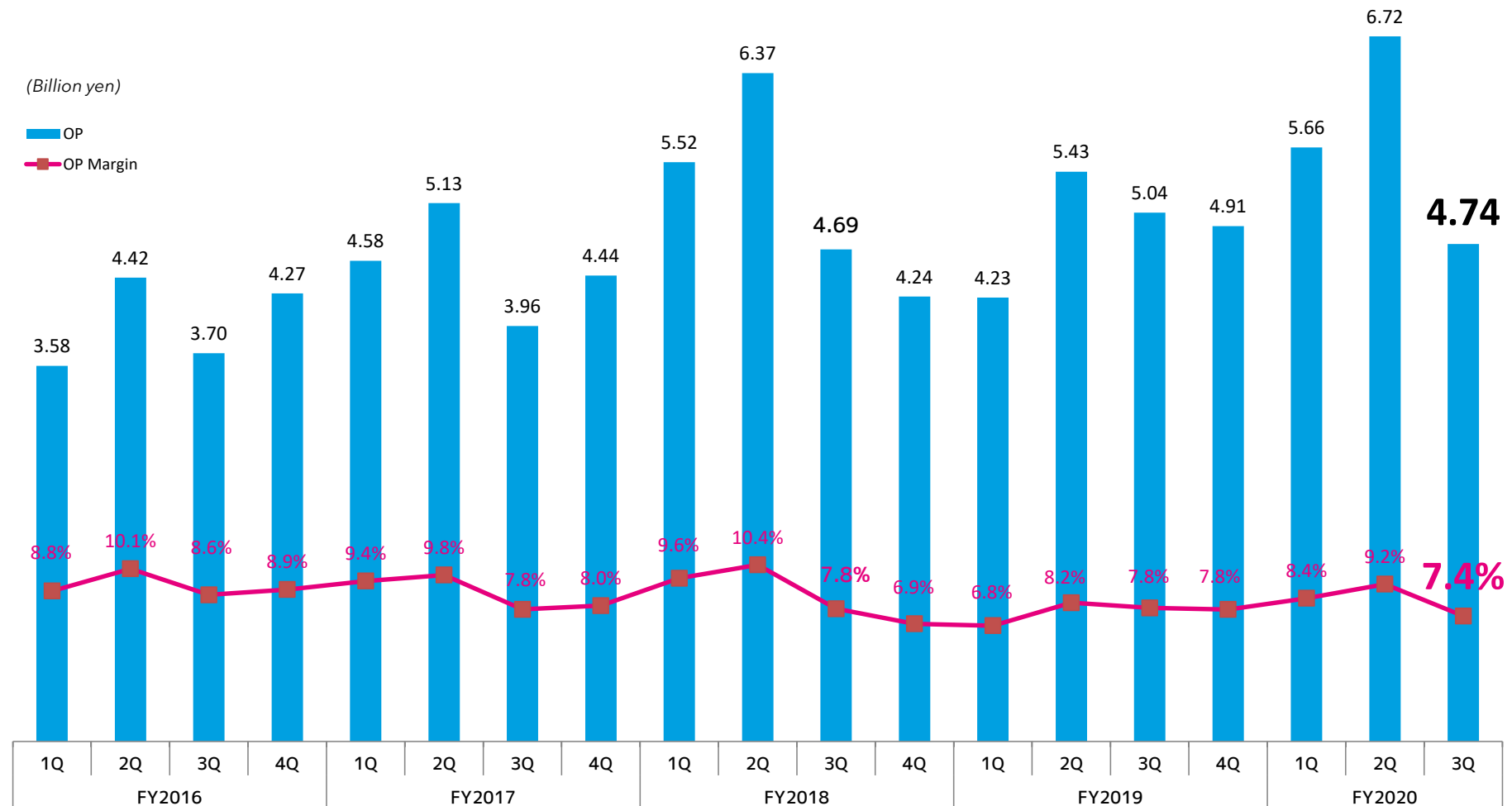
As COVID-19 has impacted on sales, we focused on advertisers with strong stay-at-home consumer demand.



*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] OP was **4.74** billion yen (down 6.0% YoY), OPM **7.4%**



*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.

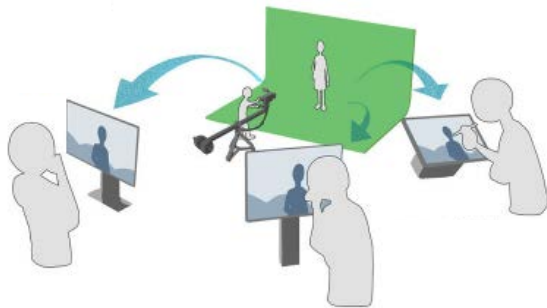
**Quarterly OP and OPM: Exclude earnings incentive until FY2016.

3. Internet Advertisement Business

[Focal Point] Innovate creative process taking full advantage of virtual production systems and 3DCG.

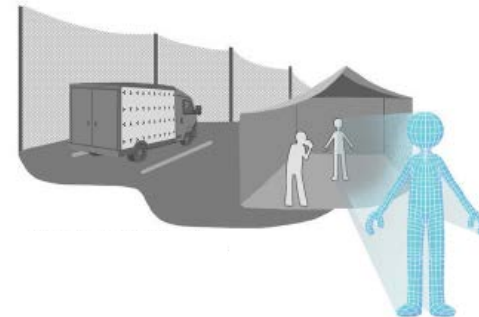
Virtual Production System*

On-set VFX that can live-composite background is installed.



Special Truck with 3D CG Scanning System*

This can eliminate geographical and time constraints of scanning.



3. Internet Advertisement Business

[Focal Point] Aim to maximize the advertising effectiveness by utilizing AI.

極予測AI “KIWAMI Prediction AI”



Using AI to create highly effective creative for advertising. It achieved 2.6 times better results in a pretest*.

極予測TD “KIWAMI Prediction TD”



Automatic generation of text for search advertising by AI. It achieved 2.3 times better results in a pretest**.

CyberAgent.



「極予測AI」
ΔILab

AI to create highly effective ad creative.
Performance-based Pricing



VS



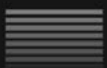
既存 1 位の広告

AI SCORE 0.8

0.9

0.7

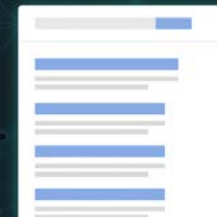
0.6



CyberAgent.

Automatically improve your keyword
quality score to your target.

Support for over a billion search terms



Quality Score

品質スコア



CPC

クリック単価



CPA

顧客獲得単価



*KIWAMI Prediction AI Pretest: Comparing the odds of winning with the current ad creative that was the most effective during the period to the ads created by the normal production process and the ads created by KIWAMI prediction AI.

**KIWAMI Prediction TD Pretest: Comparison of the rate of increase in search keyword Quality Score (QS) at the time of new ad text delivery by normal production process and production process with KIWAMI prediction TD.

The Impact of COVID-19 Outbreak

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

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

Focus on advertisers that expect strong stay-at-home consumers demand.

**FY2020
Q4**
(Jul. - Sep.)

The state of emergency is lifted.
Economic activities have slowly resumed.

Revenue hit bottom in Q3, aim to increase the revenue going forward.

Game

4. Game Business

[Quarterly Sales] Q3 **36.7** billion yen (down 4.0% YoY)

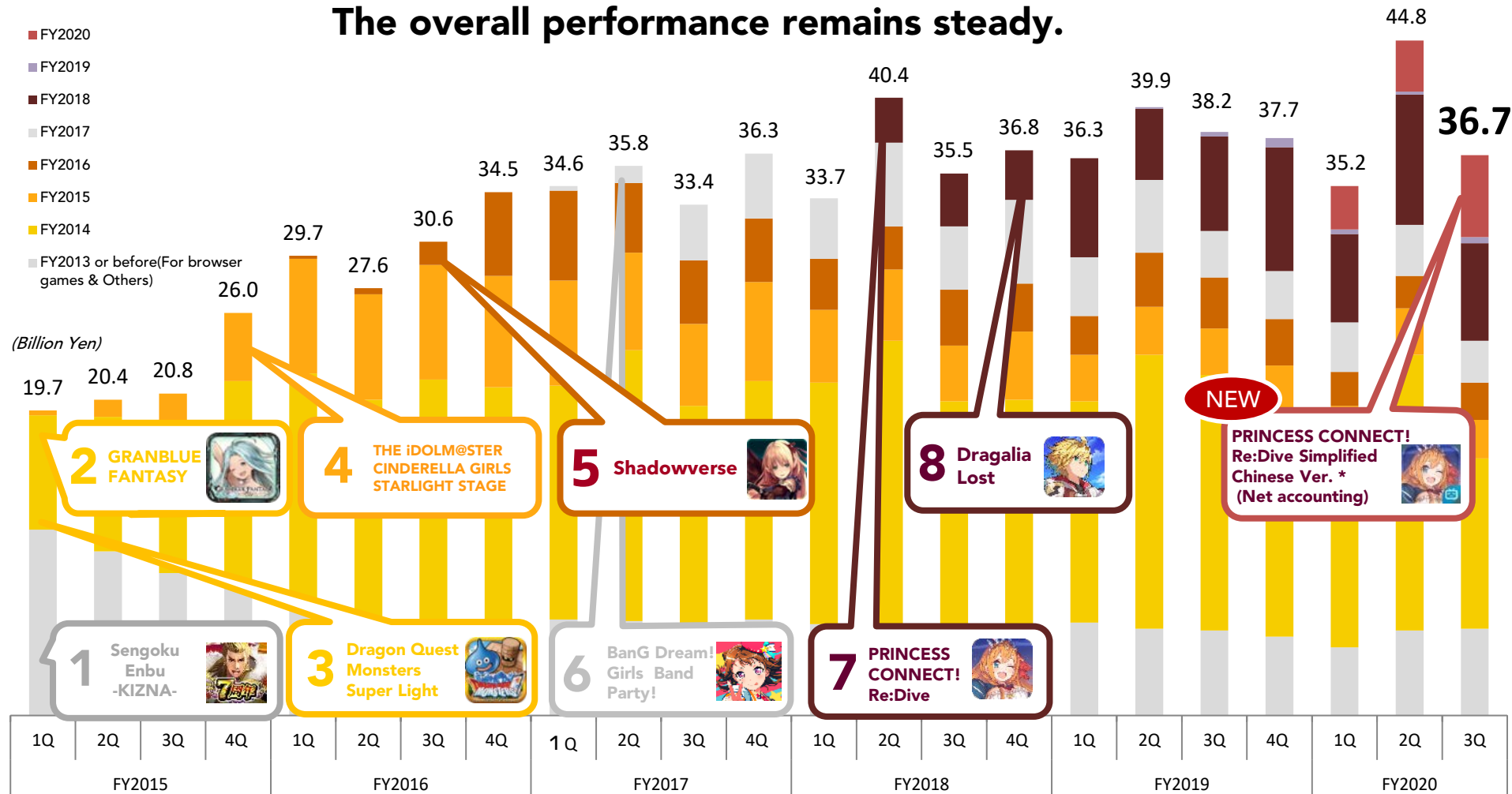
Quarterly sales declined after the anniversaries.
The overall performance remains steady.

<Release Year>

FY2020
FY2019
FY2018
FY2017
FY2016
FY2015
FY2014

FY2013 or before (For browser games & Others)

(Billion Yen)



2.5.7 : ©Cygames, Inc. 3 : © 2014-2019 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX All Rights Reserved. Developed by Cygames, Inc. Publisher: SQUARE ENIX

4 : ©BANDAI NAMCO Entertainment Inc. It was jointly developed and is operating by ©BANDAI NAMCO Entertainment Inc. and Cygames, Inc.

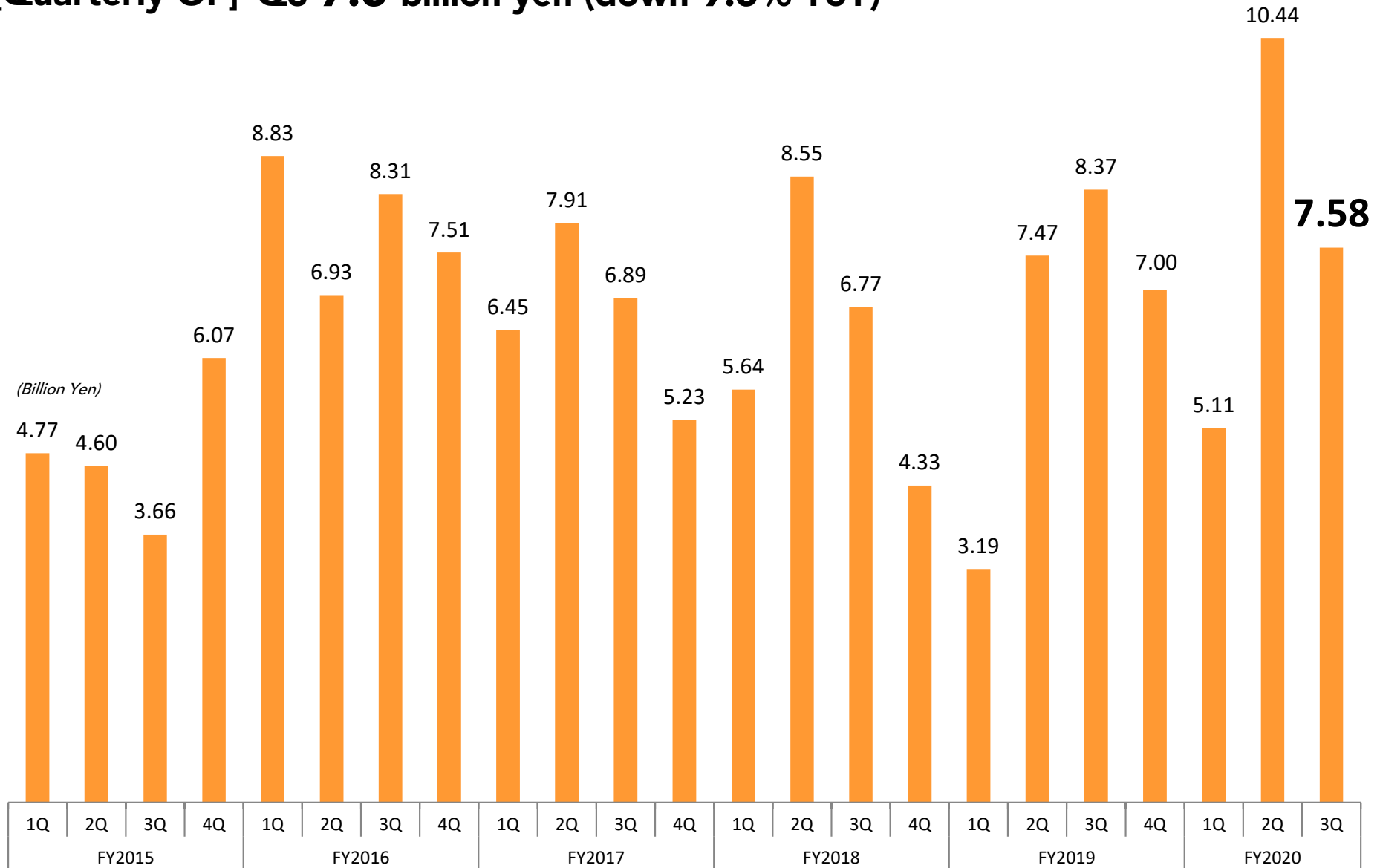
6 : ©BanG Dream! Project ©Craft Egg Inc. ©bushiroad All Rights Reserved. 8 : ©Nintendo / Cygames Publisher: Nintendo

*PRINCESS CONNECT! Re:Dive Simplified Chinese Version : © Cygames, Inc. Service provided by : Shanghai Hode Information Technology Co., Ltd., (bilibili) Available on iOS/Android

**Balloon : Selected major titles only

4. Game Business

[Quarterly OP] Q3 **7.5** billion yen (down 9.5% YoY)



*Quarterly OP: Exclude earnings incentives until FY2016.

4. Game Business

[Major Titles] Aim to increase the fan base through animated original IPs.

Anime "PRINCESS CONNECT! Re:Dive"*

IP owned by Cygames, Inc.

Started on
Apr. 6



Anime "Shadowverse"***

IP owned by Cygames, Inc.

Started on
Apr. 7



*Anime PRINCESS CONNECT! Re:Dive : © Anime PRINCESS CONNECT! Re:Dive Production Committee. Broadcast on ABEMA, Amazon Prime Video, Tokyo MX, BS11, and WOWOW etc.

**Anime Shadowverse: © Anime Shadowverse Production Committee and TV TOKYO. Broadcast on ABEMA and 6 channels on TV TOKYO network.

4. Game Business

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

Project SEKAI Colorful Stage! feat. Hatsune Miku*

Development by SEGA Corp., CraftEgg, Inc., Colorful Palette, Inc.

Rhythm & Adventure

To be released in 2020



UMA MUSUME Pretty Derby**

Training simulation

IP developed by Cygames, Inc.

To be released in 2020



NieR Re[in]carnation***

RPG

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

Closed beta test
On Jul. 29



Shadowverse: Champions Battle**

Card battle RPG

IP developed by Cygames, Inc.

Platform: Nintendo Switch(TM)

Nov.5
On Sale



Project SEKAI Colorful Stage! feat. Hatsune Miku : © SEGA / © Craft Egg Inc. Developed by Colorful Palette / © Crypton Future Media, INC. www.piapro.net piapro All rights reserved.

Production: SEGA Corporation/Craft Egg, Inc. Development: SEGA Corporation/Colorful Palette, Inc.

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

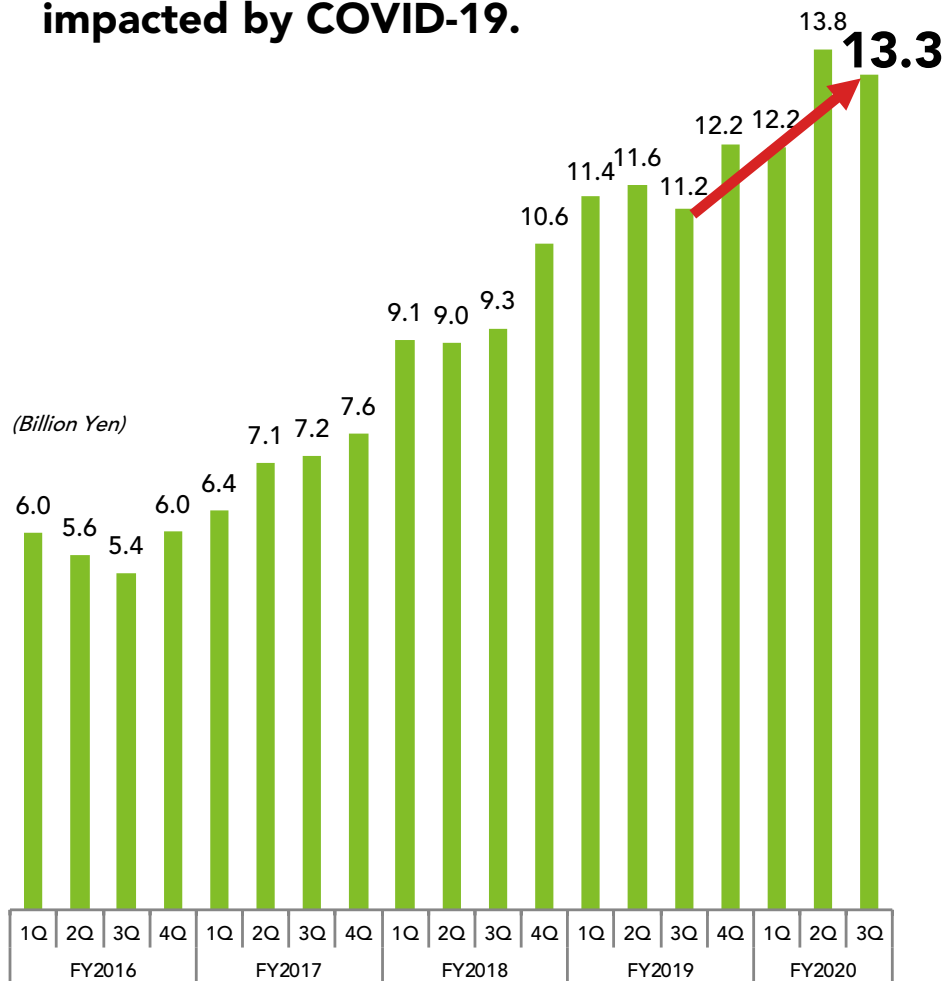
*** "NieR Re[in]carnation" : © 2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by Applibot, Inc.

Media

5. Media Business

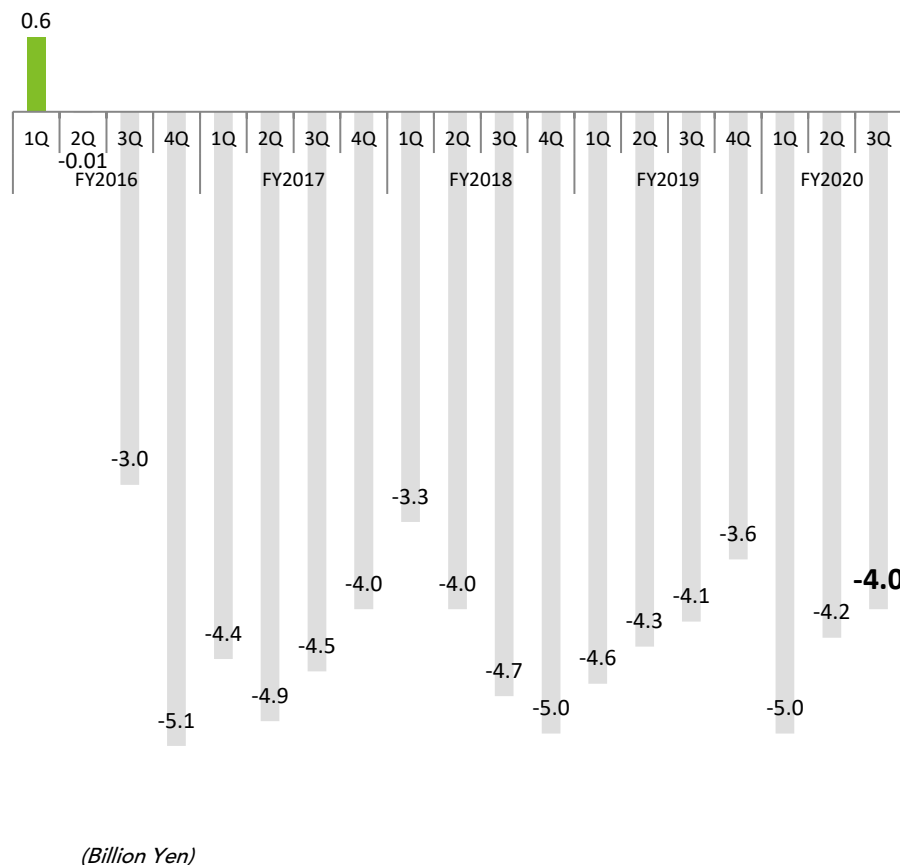
[Quarterly Sales]

13.3 billion yen (up 19.2% YoY)
Advertising revenue of ABEMA was impacted by COVID-19.



[Quarterly OP]

Operating loss was decreased to **4.0** billion yen.



5. Media Business



Exceeded **56** million downloads
in four years and three months after the launch.

56M
DL

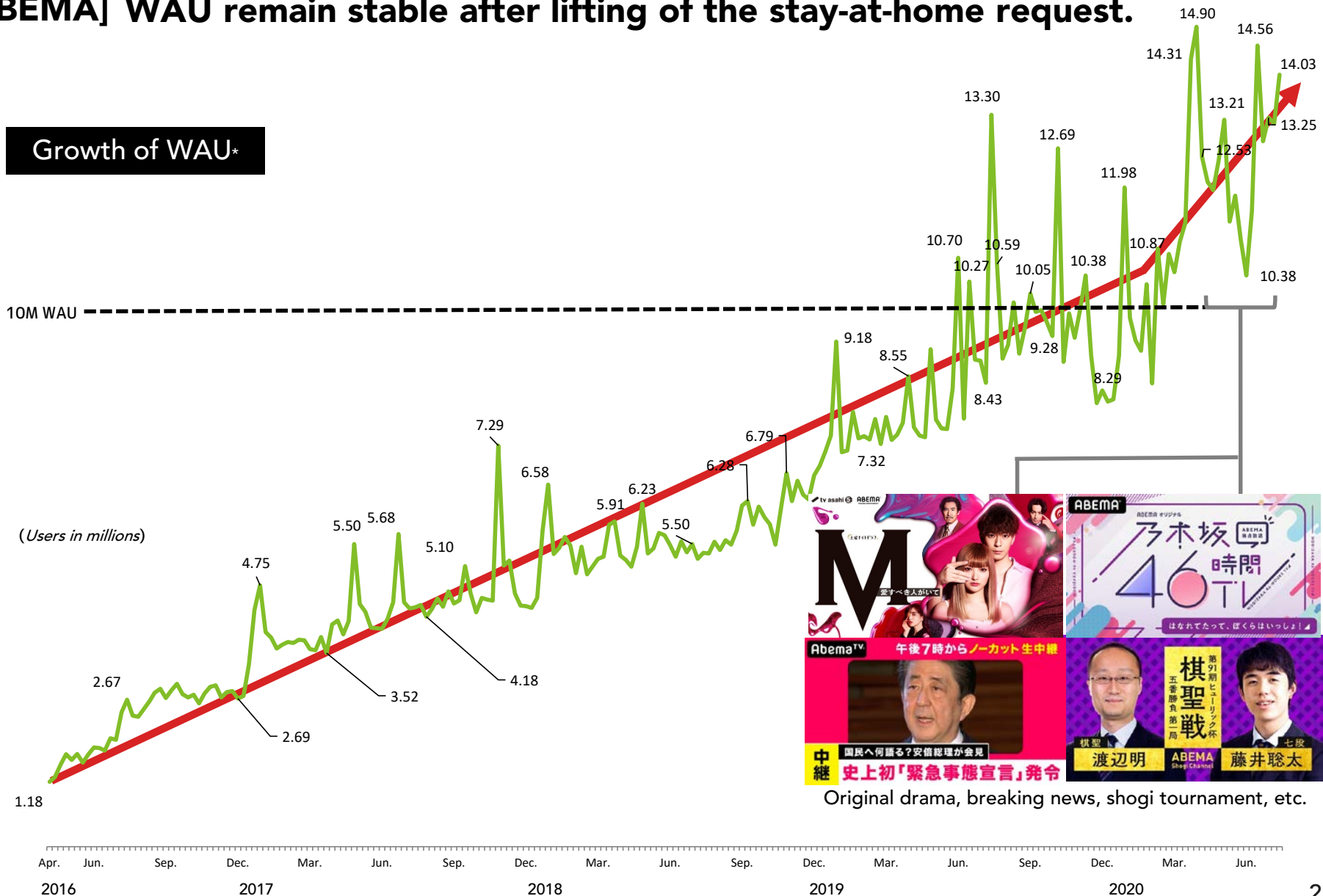
(Downloads)

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. Jun.

5. Media Business

[ABEMA] WAU remain stable after lifting of the stay-at-home request.



*WAU: Weekly Active Users

©AbemaTV, Inc.

5. Media Business

[ABEMA] 729K subscribers at the end of June.

Exclusive content for subscribers will be enhanced to reach 1 million subscribers by December.

"ABEMAPremium" Subscribers

729K

80K

Dec. 2017

Jun. 2020

Exclusive Content on ABEMAPremium

LDH Summer Festival 2020 on ABEMA
Starts on Wed. July 9th

**ONLY on
ABEMAPremium**

| | | | | | | | |
|---------------------------------------|----------|----------------------------------------|----------|-----------------------------------------------|----------|----------------------------------------|----------|
| FANTASTICS from EXILE TRIBE | | EXILE THE SECOND | | DOBERMAN INFINITY | | E-girls | |
| 7.9 Thu | 7.16 Thu | 7.10 Fri | 7.17 Fri | 7.11 Sat | 7.18 Sat | 7.12 Sun | 7.19 Sun |
| 7.23 Thu | 7.30 Thu | 7.24 Fri | 7.31 Fri | 7.25 Sat | 8.1 Sat | 7.26 Sun | 8.2 Sun |
| 夏の アベマLDH祭り | | GENERATIONS from EXILE TRIBE | | 三代 J SOUL BROTHERS from EXILE TRIBE | | THE RAMPAGE from EXILE TRIBE | |
| 7.13 Mon | | 7.20 Mon | 7.14 Tue | 7.21 Tue | 7.15 Wed | 7.22 Wed | |
| 7.27 Mon | | 8.3 Mon | 7.28 Tue | 8.4 Tue | 7.29 Wed | 8.5 Wed | |

Spin-off from popular original drama on ABEMA
Starts on Sat. June 27th

**ONLY on
ABEMAPremium**



5. Media Business

[ABEMA] Continue to focus on original shows and exclusive content distribution.

Original Shows



New series from dating reality show "You can't fool me Mr. Wolf"



The 3rd AbemaTV Tournament (Shogi -Japanese Chess)



Talent show competition

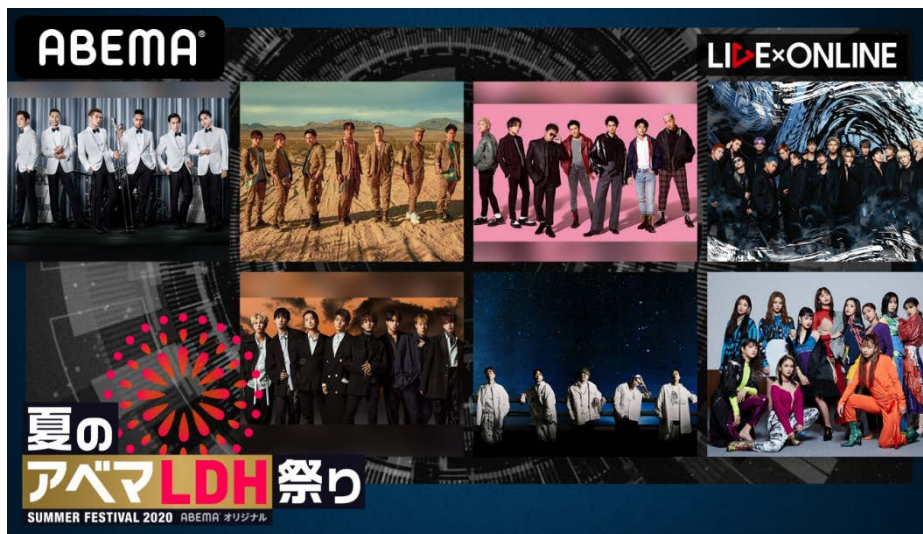


New series from dating reality show "Weekend Homestay"

5. Media Business

[ABEMA] "Pay-Per-View" feature that offers paid online live entertainment has released on June 5.

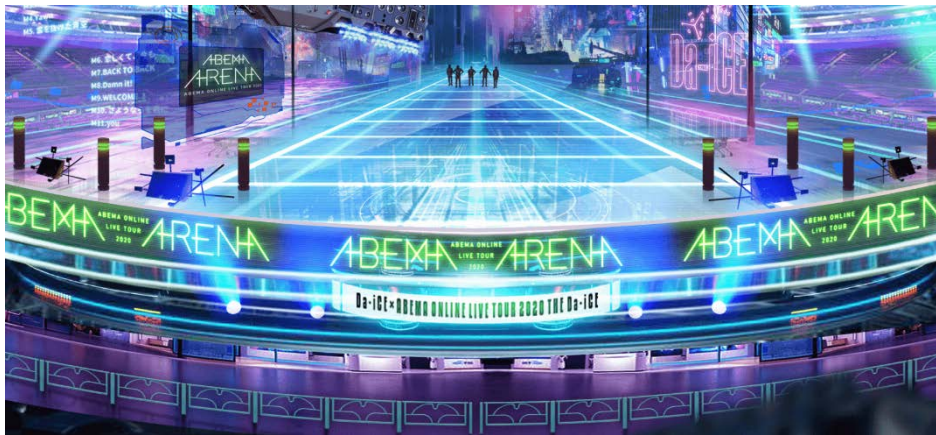
June & July Lineup



5. Media Business

[ABEMA] The virtual production system makes it possible to create a realistic viewing experience.

Virtual Live Entertainment Venue “ABEMA Arena”*



Fashion show with full virtual background



*Virtual Live Entertainment Venue “ABEMA Arena” utilizes AR and 3D computer graphics to create a concert stage.

5. Media Business

[ABEMA] "Pay-Per-View" feature offers not only online live entertainment but also various other functions.



| Features Available |
|--------------------|
| Comment |
| Tipping |
| Product Sales |
| Catch-up Replay |
| Time-shift Replay |

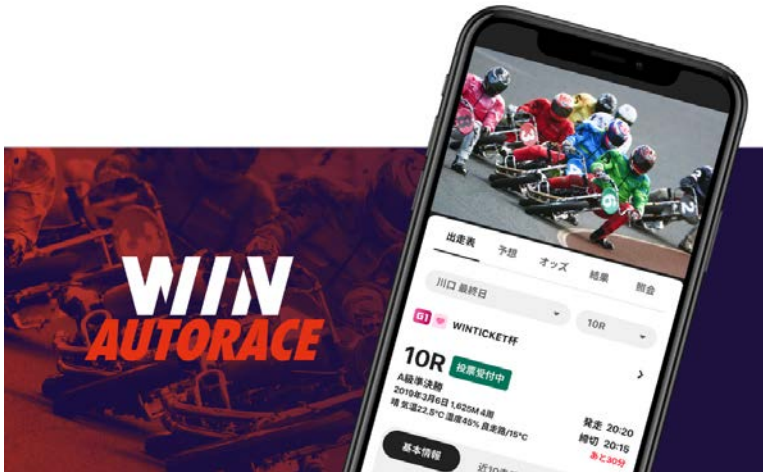
| Features to be added |
|-------------------------|
| Multi-angle View |
| Voting |

5. Media Business

[ABEMA] The transaction amount of “Keirin” channel is increasing rapidly.

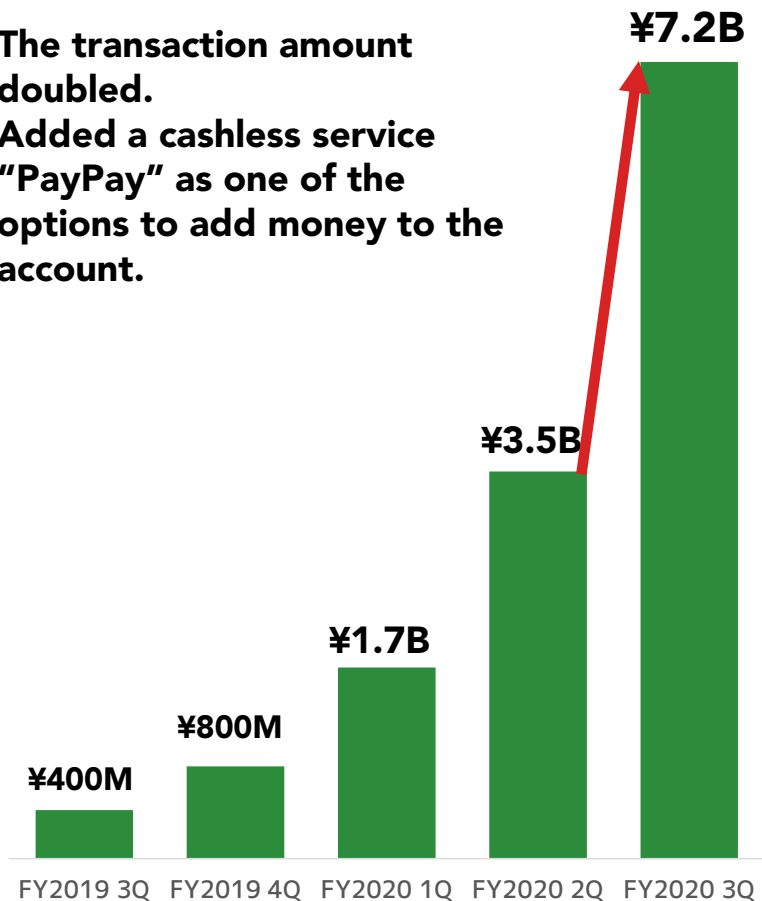
Public Gambling “WINTICKET”

Motorcycle racing became available in May.



Trends in Transaction Amount*

The transaction amount doubled.
Added a cashless service “PayPay” as one of the options to add money to the account.



*Quarterly Transaction amount: Transaction amount of WinTicket, Inc. that operates internet betting system of Keirin races. (includes loyalty point campaign)

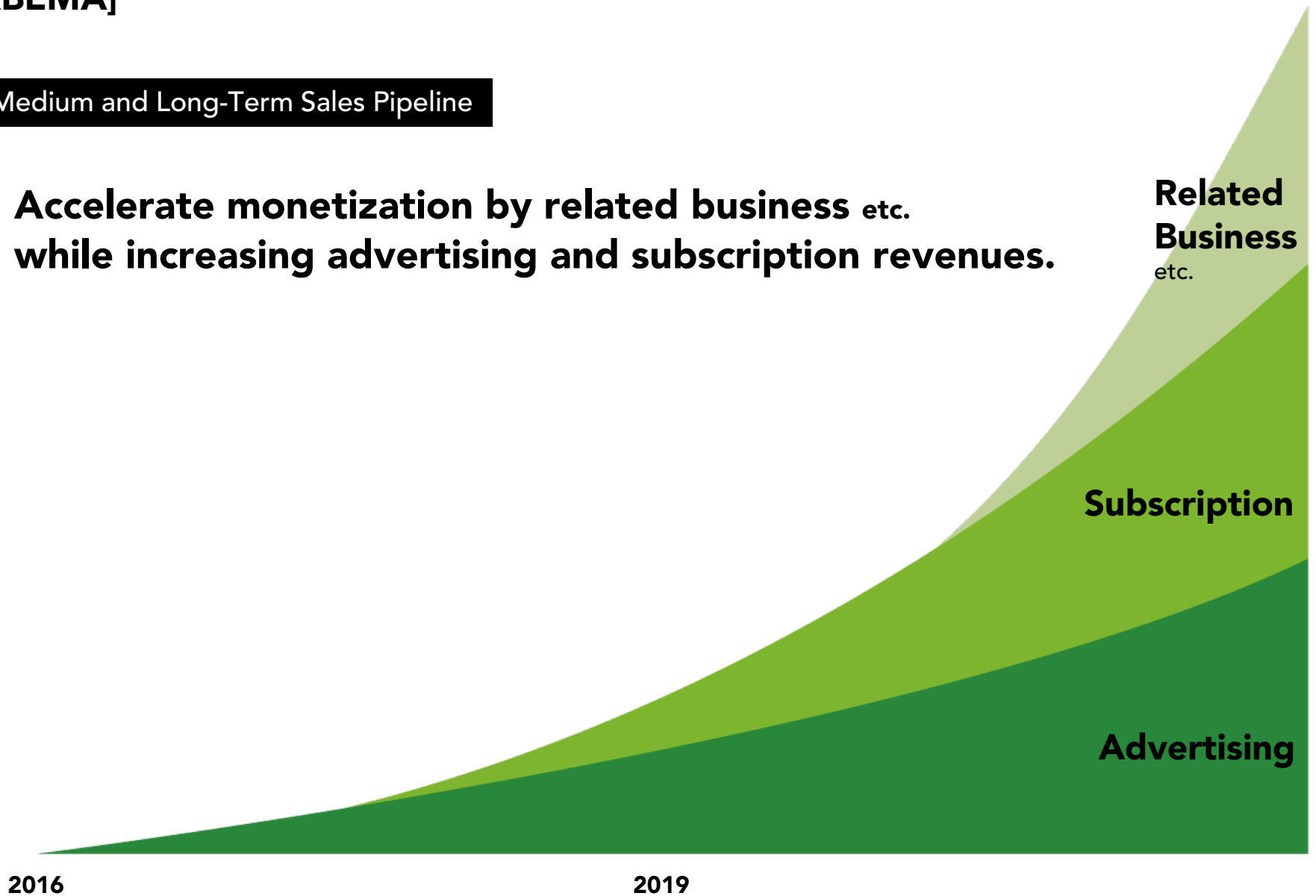
** Users can add money to their WinTicket account through PayPay or Merpay.

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



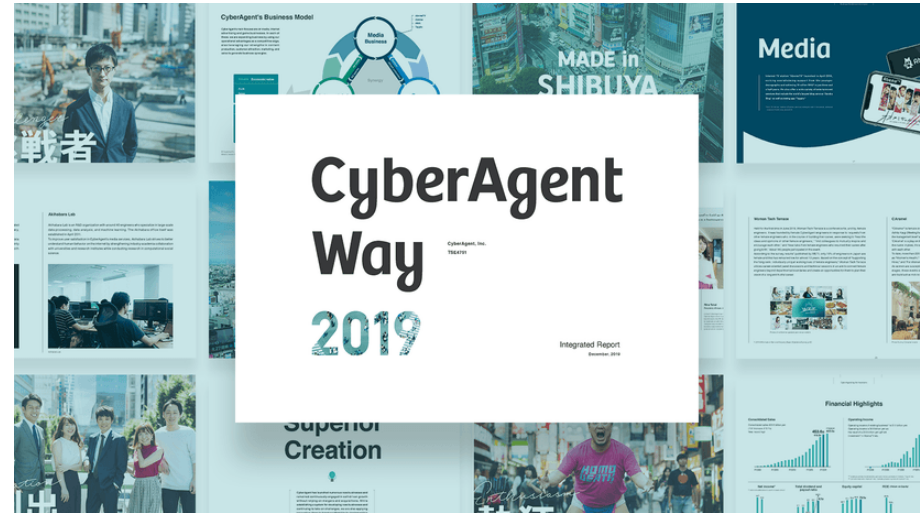
**Aiming to be a company with
medium to long-term supporters**

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!!



The financial results of full year FY2020 are scheduled to be released at 3pm or later on Wednesday, October 28, 2020.