

English Translation

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FY2021 First Quarter Consolidated Financial Results [Japanese GAAP]

January 27, 2021

Listed company name: CyberAgent, Inc.

Listed stock exchange: TSE 1st section

Code No.: 4751

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Quarterly report submission date: January 28, 2021

Dividend payment start date

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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 2021

(1) Consolidated results of operations (cumulative)

(% = Year-on-Year Change.)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
1Q FY2021	131,014	13.3	7,058	(8.7)	6,932	(10.2)	2,930	101.3
1Q FY2020	115,681	4.4	7,733	44.6	7,724	49.5	1,456	58.9

(Note) Comprehensive income 1Q FY2021¥-1,262 million(—%) 1Q FY2020 ¥4,209 million (—%)

	Basic earnings per share	Diluted earnings per share
	¥	¥
1Q FY2021	23.22	21.87
1Q FY2020	11.55	10.82

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of 1Q FY2021	252,094	122,436	33.3
As of FY2020	260,766	127,678	34.3

(Reference) Equity capital: As of 1Q FY2021 ¥83,997 million As of FY2020 ¥89,528 million

2. Dividends

	Annual dividends				
	1Q	2Q	3Q	Year end	Total
	¥	¥	¥	¥	¥
FY2020	—	0.00	—	34.00	34.00
FY2021	—				
FY2021 (Forecast)		0.00	—	37.00	37.00

(Note) Revisions to most recent dividend forecast: None

3. Forecast of the Consolidated Results for the Fiscal Year Ending September 2021

(October 1, 2020 - September 30, 2021)

(% = Year-on-Year Change.)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	500,000	4.5	30,000 ~35,000	(11.5) ~3.3	30,000 ~35,000	(11.4) ~3.4	8,000 ~10,000	21.1 ~51.3	63.39 ~79.24

(Note) Revisions to most recent consolidated earnings 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: 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)	
1Q FY2021: 126,426,600 shares	FY2020: 126,426,600 shares
(2) Number of shares of treasury stock issued and outstanding at end of period	
1Q FY2021: 241,942 shares	FY2020: 297,742 shares
(3) Average number of shares during the period (cumulative quarterly period)	
1Q FY2021: 126,164,521 shares	1Q FY2020: 126,008,582 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 the Quarterly Financial Summary (3) Forecast “ on page 3

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1. Qualitative Information on the Quarterly Financial Summary

(1) Overview of Consolidated Financial Results

The scale of the Internet advertising market in 2020 is estimated to increase by 0.5% (Note) year-on-year due to the spread of COVID-19.

Under the circumstances, the CyberAgent Group has taken advantage of the growth of the smartphone market. At the same time, the group has been investing in "ABEMA", to grow it in the medium to long-term mainstay.

As a result, during the cumulative consolidated first quarter, net sales grew 13.3% year on year to ¥131,014 million, and operating income amounted to ¥7,058 million (8.7% decrease). Ordinary income amounted to ¥6,932 million (10.2% decrease), and profit attributable to shareholders of parent increased 101.3% to ¥2,930 million.

(Note) Source: NIKKEI Advertising Research Institute / Forecast for Advertising Expenditure in FY2020
(Revised in July 2020)

Earnings by business segments are discussed below.

(a) Media Business

The Media Business includes "ABEMA", "Ameba" and "Tapple", etc.

While investing in "ABEMA", net sales grew and amounted to ¥20,428 million for the period, a 67.0% year-on-year increase. Operating loss amounted to ¥3,926 million, compared to operating loss of ¥5,050 million for the same period in the prior fiscal year.

(b) Internet Advertisement Business

The Group's Internet Advertisement Business includes Internet Advertisement Division, CyberZ, Inc., etc.

This segment achieved a record high of ¥76,587 million in net sales, up 13.8% year on year. Operating income gained 0.8%, reaching ¥5,705 million.

(c) Game Business

The Game Business includes Cygames, Inc., Craft Egg, Inc., Sumzap, Inc., etc.

Due to seasonal factors of major existing titles and other factors, net sales amountin to ¥29,954 million, a 15.0% year-on-year decrease. Operating income was ¥1,137 million, a 77.8% 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 ¥5,314 million (79.9% year-on-year increase) and operating income of ¥4,636 million (a year-on-year increase of 74.0%).

(e) Other Businesses

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

This segment reported net sales of ¥5,223 million, a 12.5% year-on-year increase. Operating income amounted to ¥289 million (a year-on-year increase of 0.2%).

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(2) Overview of Consolidated Financial Position

Total assets at the end of this consolidated first quarter have decreased by ¥8,672 million compared to the end of the previous fiscal year and amounted to ¥252,094 million. It is mainly due to the decrease in Cash and deposits by corporate tax and dividend paid.

Total liabilities have decreased by ¥3,430 million compared to the end of previous fiscal year and amounted to ¥129,657 million. This decrease is mainly due to a decrease in Accrued income tax with payment of corporate tax, etc.

Total net assets have decreased by ¥5,241 million compared to the end of the previous fiscal year and amounted to ¥122,436 million. It is mainly due to decrease in valuation difference on available-for-sale securities.

(3) Forecast

Forecast of FY2021 has not been revised from its original publication on October 28, 2020.

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2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly Consolidated Balance Sheets

	(Unit: ¥ million)	
	FY2020 (As of September 30, 2020)	1Q FY2021 (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	102,368	96,960
Accounts and notes receivable-trade	58,550	59,994
Inventories	2,078	2,382
Sales investment securities	24,096	17,533
Other	16,674	17,034
Allowance for doubtful accounts	(93)	(125)
Total current assets	203,674	193,779
Non-current assets		
Property, plant and equipment	13,241	13,640
Intangible assets		
Goodwill	1,192	1,146
Other	23,316	23,690
Total intangible assets	24,509	24,837
Investments and other assets		
Other	19,311	19,853
Allowance for doubtful accounts	(14)	(56)
Total investments and other assets	19,296	19,796
Total non-current assets	57,047	58,274
Deferred assets	44	39
Total assets	260,766	252,094
Liabilities		
Current liabilities		
Notes and accounts payable-trade	42,966	49,508
Short-term loans payable	1,080	880
Income tax payable	9,458	1,909
Other	34,363	33,556
Total current liabilities	87,867	85,854
Non-current liabilities		
Convertible bonds	40,331	40,305
Long-term loans payable	22	20
Accrued long service rewards for employees	1,586	1,636
Asset retirement obligations	1,851	1,824
Other	1,428	16
Total non-current liabilities	45,220	43,802
Total liabilities	133,088	129,657
Net assets		
Shareholders' equity		
Capital stock	7,203	7,203
Capital surplus	8,048	8,408
Retained earnings	63,529	62,246
Treasury stock	(315)	(256)
Total shareholders' equity	78,466	77,601
Other comprehensive income		
Valuation difference on available-for-sale securities	10,952	6,387
Foreign currency translation adjustments	109	8
Total other comprehensive income	11,062	6,395
Subscription rights to shares	977	955
Non-controlling interests	37,171	37,483
Total net assets	127,678	122,436
Total liabilities and net assets	260,766	252,094

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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 FY2020 (October 1, 2019 - December 31, 2019)	1Q FY2021 (October 1, 2020 - December 31, 2020)
Net sales	115,681	131,014
Cost of sales	81,616	95,047
Gross profit	34,064	35,967
Selling, general and administrative expenses	26,331	28,908
Operating income	7,733	7,058
Non-operating income		
Interest income	36	34
Dividends received	58	50
Gain on sales of investment securities	—	37
Other	29	34
Total non-operating income	123	157
Non-operating expenses		
Interest expenses	4	3
Equity in losses of affiliates	113	110
Foreign exchange losses	—	100
Other	15	69
Total non-operating expenses	133	283
Ordinary income	7,724	6,932
Extraordinary income		
Insurance income	—	429
Other	1	24
Total extraordinary gain	1	454
Extraordinary loss		
Impairment loss	640	723
Other	311	113
Total extraordinary loss	951	837
Income before income taxes and non-controlling interests	6,774	6,550
Income taxes-current	3,075	2,784
Income taxes-deferred	599	359
Total income tax	3,675	3,143
Net income	3,099	3,406
Profit attributable to non-controlling interests	1,643	476
Profit attributable to shareholders of parent	1,456	2,930

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

(Unit: ¥ million)

	1Q FY2020 (October 1, 2019 - December 31, 2019)	1Q FY2021 (October 1, 2020 - December 31, 2020)
Net income	3,099	3,406
Other comprehensive income		
Valuation difference on available-for-sale securities	729	(4,547)
Foreign currency translation adjustment	44	(32)
Share of other comprehensive income of associates accounted for using equity method	337	(88)
Total other comprehensive income	1,110	(4,668)
Comprehensive income	4,209	(1,262)
(Comprehensive income attributable to)		
Shareholders of the parent	2,557	(1,736)
Non-controlling interests	1,652	474

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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.

(Segment Information)

I. Cumulative First Quarter of the Fiscal Year Ended September 2020 (October 1, 2019 to December 31, 2019)

1. Sales and Income (Loss) by Reportable Segment

(Unit: ¥ million)

	Reportable Segment						Adjustments [*]	Quarterly Consolidated Statements of Income
	Media	Internet Advertisement	Game	Investment Development	Other	Total		
Net sales								
Sales to external customers	10,200	63,067	35,179	2,953	4,280	115,681	—	115,681
Inter-segment sales or transfers	2,028	4,255	72	—	362	6,719	(6,719)	—
Total	12,229	67,322	35,251	2,953	4,643	122,400	(6,719)	115,681
Segment income (loss)	(5,050)	5,662	5,118	2,665	288	8,684	(951)	7,733

*Adjustment of ¥ -951 million represents corporate general and administrative expenses not allocable to a reportable segment.

II. Cumulative First Quarter of the Fiscal Year Ending September 2021 (October 1, 2020 to December 31, 2020)

1. Sales and Income (Loss) by Reportable Segment

(Unit: ¥ million)

	Reportable Segment						Adjustments [*]	Quarterly Consolidated Statements of Income
	Media	Internet Advertisement	Game	Investment Development	Other	Total		
Net sales								
Sales to external customers	18,810	72,205	29,885	5,314	4,798	131,014	—	131,014
Inter-segment sales or transfers	1,617	4,382	68	—	425	6,493	(6,493)	—
Total	20,428	76,587	29,954	5,314	5,223	137,508	(6,493)	131,014
Segment income (loss)	(3,926)	5,705	1,137	4,636	289	7,842	(783)	7,058

*Adjustment of ¥ -783 million represents corporate general and administrative expenses not allocable to a reportable segment.