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**Notice on the Convocation of  
the 19th Annual Meeting of Shareholders**



I would like to extend a special thank you to all shareholders for your kind support.

We have a vision of "To create the 21st century's leading company," we would like to raise our media business as a crown jewel of mid and long term.

As to FY2016, while Internet Ad Business and Game Business were growing steadily, the up-front investment to our priority business *AbemaTV*, an internet TV station has started. *AbemaTV* has launched officially in April 2016 and achieved 10 million downloads in 6 months. In the context of young generations become accustomed to watching video on their smartphone, we expect more expansion in near future.

In FY2017, with an accumulation of the revenue from Internet Ad Business and Game Business, we will strengthen the up-front investment to *AbemaTV* to strive to be a mass media. Since we started the company, our strength is a capability to respond a change. And we are expanding our business continuously by ourselves. Ongoingly, we work toward making vision a reality, and increase shareholder returns in mid and long term.

I am looking forward to your continued support.

December 2016  
Susumu Fujita

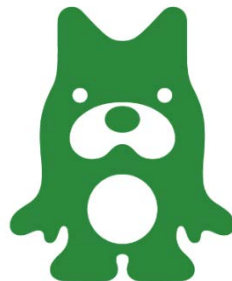
We sincerely appreciate your exceptional patronage.

As the 19th annual meeting of shareholders of our company is scheduled to be held as described below, we hope that you will attend this meeting.

Even if you cannot attend the meeting, you can exercise your voting right by writing a ye or a nay in the form for exercising a voting right, which is enclosed herewith, and sending the form to us.

**If you would like to access our website for exercising a voting right (<https://www.web54.net>), which is described in said form, and exercising your right with an electromagnetic method (the Internet) with reference to "Access Procedures with a PC or smartphone" on page 3.**

We are sorry for bothering you, but we would like you to check the later mentioned reference materials for the annual meeting of shareholders, and exercise your voting right **by 7:00 pm on Thursday, December 15, 2016.**





## Access Procedure by PC or Smartphone

Website for vote

<http://www.web54.net>

QR code is available to access the website.




※ For security reasons, there are systematic restrictions. Please contact the following administrator to ask for details.

### Voting Form

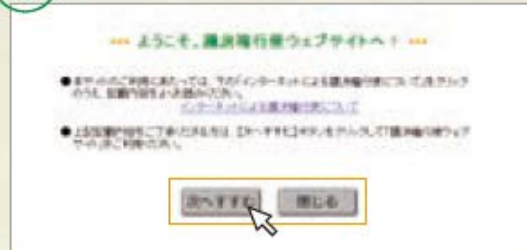
Enter Voting code  
and Password

Inquiries about the system

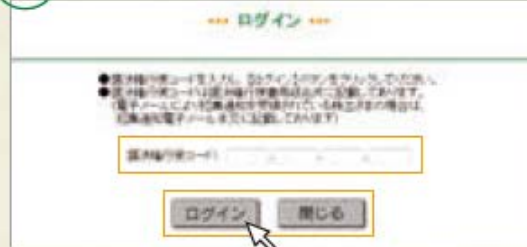
Sumitomo Mitsui Trust Bank, Limited  
Transfer Agent Web Support

 0120-652-031 (Business Hours 9am-9pm)

### 1 Access the website



### 2 Sign in



### 3 Enter your password



### 4 Please follow the instructions on the screen and entry yea or nay.

**Deadline for exercising voting rights 7:00 pm on Thursday, December 15, 2016.**

- 1. Date** 1:00 pm on Friday, December 16, 2016
- 2. Place** Ballroom on the 2nd basement of Cerulean Tower Tokyu Hotel  
At 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

### **3. Purposes**

#### **Items to be reported**

1. Contents of the business report and consolidated financial statements for the 19th term (Oct. 1, 2015 to Sep. 30, 2016), and the report on the results of the audit of consolidated financial statements by the boards of comptrollers and auditors
2. Contents of financial statements for the 19th term (Oct. 1, 2015 to Sep. 30, 2016)

#### **Items to be resolved**

- 1<sup>st</sup> item on the agenda: Regarding the appropriation of surplus
- 2<sup>nd</sup> item on the agenda: Regarding the appointment of 9 directors

© When attending the meeting, please submit the voting form enclosed herewith to the reception.

© Among the documents that should be distributed with this notification on convocation, "major business contents," "major business establishments, etc.," "the situations of major financing institutions," "other important items regarding the current situation of the corporate group," "the situations of share acquisition rights, etc.," "the outlines of systems for securing the appropriateness of business and their operation status," the consolidated statement of changes in shareholders' equity in "consolidated financial statements," the statements of changes in shareholders' equity, the notes to consolidated financial statements, and individual notes to "financial statements" are available in our website (<https://www.cyberagent.co.jp>), in accordance with law and Article 17 of the articles of incorporation of our company, so they are not described here.

© If there are any revisions to the reference materials for the annual meeting of shareholders, the contents of business reports, consolidated financial statements, or non-consolidated financial statements, we will announce them in our website (<https://www.cyberagent.co.jp>).

## **(1) Voting by proxy**

If you exercise your voting right by proxy, you can entrust another shareholder who has a voting right with voting at the general meeting of shareholders. However, it is necessary to submit a letter of proxy.

(2) If your written vote does not indicate whether you are for or against an agenda item, in the case where you exercise your voting right in writing, if you does not write whether or not you are for or against an agenda item, we will assume that you favor the agenda item.

## **(3) Double-voting**

If you exercise your voting right with a voting form and also via the Internet, or the like, we will prioritize the voting via the Internet or the like, regardless of the arrival dates of the votes.

If you exercise your voting right several times via the Internet or the like, the last vote will be effective.

## **(4) Non-uniform exercise of voting rights**

If you conduct the non-uniform exercise of voting rights, please notify our company of said matter and the reason for your non-uniform exercise of voting rights in writing at least 3 days prior to the general meeting of shareholders.

**1st item on the agenda****Regarding the appropriation of surplus**

Surplus is to be allocated as follows:

**Item regarding term-end dividend**

Our company considers that the important mission of the management is to return profits to shareholders, and aims to increase share value in the medium to long-term basis by growing our business, improving capital efficiency, etc. and keep paying dividends. We will make decisions while comprehensively considering consolidated business performance, financial soundness taking into account non-consolidated cash management, internal reserve for future business expansion, etc. The term-end dividend for the 19<sup>th</sup> term will be as follows:

**1**

**Type of dividend**  
Money

**2**

**Rate and total amount of dividend**  
50 yen per common share of our company.  
With this rate, the total amount of dividend is 3,142,555,000 yen.

**3**

**Date on which the distribution of surplus will become effective**  
Monday, December 19, 2016

Note: The term-end dividend for the 19<sup>th</sup> term is based on the number of shares before stock split which operated as of Oct.1, 2016.



## 2nd item on the agenda

## Regarding the appointment of 9 directors

The terms of 6 directors will expire at the end of this general meeting. The directors So Miyazaki and Hiroki Urabe resigned on October 7, 2016.

Therefore, we would like you to select a total of 9 new directors.

Candidate directors are as tabulated below.

Candidate No.	Name	Positions and duties in our company
1	Susumu Fujita	President, All Business administration
2	Yusuke Hidaka	Vice president, Management of Game Business
3	Yasuo Okamoto	Executive managing director, Management of Internet Ad Business
4	Go Nakayama	Managing director, Management of head office operations and Investment Development Business
5	Masahide Koike	Managing director, Management of Media Business
6	Takahiro Yamauchi	Director, Management of Internet Ad Business
7	Koki Ukita	Corporate Officer, Management of Game Business
8	Tetsuhito Soyama	Corporate Officer Management of HR
9	Koichi Nakamura	Independent Outside New



1

## Susumu Fujita

(born on May 16, 1973)

Reappointment

**Apr. 1997** Joined Intelligence, Ltd.

**Mar. 1998** Establish our company, and was appointed as representative director (current post)

**Apr. 2015** Appointed as representative director of AbemaTV, Inc. (current post)

**Oct. 2016** Appointed as representative director of 7gogo, Inc. (current post)

### [Duty] All Business administration

Since our company was founded in 1998, he has served as representative, accumulating experience of business administration. He makes efforts to make appropriate decisions, oversees business operation in our company, which conducts business in a broad range of fields, and is the right person for leading the further growth of our corporate group. Accordingly, he was continuously selected as a candidate director

No. of our company's shares owned: 12,954,800



2

## Yusuke Hidaka

(Born on Apr. 2, 1974)

Reappointment

**Apr. 1997** Joined Intelligence, Ltd.

**Mar. 1998** Established our company, and was appointed a managing director.

**Oct. 2010** Appointed as a director / vice president of our company (current post)

**May 2011** Appointed as a director of Cygames, Inc. (current post)

### [Duty] Game Business

He founded our company with Mr. Fujita, and has plentiful experience as an employer. He established the game section, which is one of our core businesses, and he is contributing to the growth of the section. Accordingly, he was continuously selected as a candidate director.

No. of our company's shares owned: 405,200

3

## Yasuo Okamoto

(Born on Aug. 7, 1975)

Reappointment

**Apr. 2000** Joined our company.

**Apr. 2007** Appointed as management division of Interned Ad Business Dept. of our company

**Oct. 2010** Appointed as a managing director of our company.

**Dec. 2014** Appointed as a senior managing director of our company (current post)

### [Duty] Internet Ad Business

As the person in charge of the Internet Ad Business, which is one of our core businesses, he grew this business into No.1 in this field, and he keeps growing it steadily. Accordingly, he was continuously selected as a candidate director.

No. of our company's shares owned: 26,100

4

## Go Nakayama

(Born on Nov. 2, 1975)

Reappointment

**Apr. 1998** Joined Sumitomo Corporation.

**Aug.1999** Joined our company.

**Dec. 2003** Appointed as a director of our company.

**Apr. 2006** Appointed as a managing director of our company (current post)

### [Duty] Head office operations and Investment Development Business

After joining our company, he established a subsidiary, served as a business manager, and managed head office operations. Like this, he is familiar with a broad range of fields, and makes efforts to improve corporate governance and compliance with law and regulations. Accordingly, he was continuously selected as a candidate director.

No. of our company's shares owned: 167,737



5

## Masahide Koike

(Born on Jul. 6, 1975)

Reappointment

**Apr. 1998** Joined Hagishima Shoji Corporation (present: AiiA Corporation)

**Jul. 2001** Joined our company.

**Dec. 2012** Appointed as a director of our company.

**Dec. 2014** Appointed as a managing director of our company (current post)

**Jul. 2016** Appointed as a director of AbemaTV, Inc. (current post)

**[Duty] Media Business**

He is the manager of the media division, including *AbemaTV*, which is one of the businesses we concentrate on. He has plentiful experience in various business fields, including advertisement and media development, and takes the roles of making judgment and decisions about important matters and executing business. Accordingly, he was continuously selected as a candidate director.

No. of our company's shares owned: 16,457



6

## Takahiro Yamauchi

(Born on Aug. 20, 1983)

Reappointment

**Apr. 2006** Joined our company.

**Apr. 2009** Appointed as representative director of CyberZ, Inc. (current post)

**Dec. 2012** Appointed as a director of our company. (current post)

**Dec. 2012** Appointed as a director of CA Reward, Inc. (current post)

**[Duty] Internet Ad Business**

As a manager of the Internet Ad Business, which is one of our core businesses, he contributed to the expansion of the smartphone ad business. He possesses excellent leadership as representative director of CyberZ, Inc. and is expected to lead the video ad-related business. Accordingly, he was continuously selected as a candidate director.

No. of our company's shares owned: 16,804



7

## Koki Ukita

(Born on Aug. 8, 1986)

New

**Apr. 2011** Joined our company.

**Jun. 2011** Appointed as a director of Applibot, Inc.

**Apr. 2014** Appointed as representative director of Applibot, Inc. (current post)

**Oct. 2015** Appointed as an operating officer of our company.

### [Duty] Game Business

Since he joined our company in 2011, he has made efforts to create and operate hit titles in the game section. Since he is expected to take a new role in the new business field, while exerting his leadership as representative director of Applibot, Inc., a game-related subsidiary, he was selected as a candidate director.

No. of our company's shares owned: 0



8

## Tetsuhito Soyama

(Born on Oct. 1, 1974)

New

**Apr. 1998** Joined Isetan Co., Ltd. (present: Isetan Mitsukoshi Holdings, Ltd.)

**Apr. 1999** Joined our company.

**Jul. 2005** Appointed as chief of HR Division, HR Dept. of our company.

**Dec. 2008** Appointed as a director of our company.

**Oct. 2014** Appointed as an operating officer of our company.

**Oct. 2016** Appointed as representative director of CyCast Inc. (current post)

### [Duty] Human Resources

Since he joined our company, he has dealt with personnel affairs, and since Jul. 2005, he has led the human resources division of our company. He has plentiful experience and profound knowledge about personnel strategies, which contribute to our business considerably. Accordingly, he was selected as a candidate director.

No. of our company's shares owned: 56,012





9

**Koichi Nakamura**

(Born on Nov. 7, 1957)

Independent

Outside

New

**Apr. 1981** Joined Japan Recruit Center Co., Ltd. (present: Recruit Holdings Co., Ltd.)

**Jun. 1999** Appointed as a director of Recruit Co., Ltd.  
(present: Recruit Holdings Co., Ltd.)

**Apr. 2008** Appointed as a director and vice president of Recruit Co., Ltd.  
(present: Recruit Holdings Co., Ltd.)

**Apr. 2012** Appointed as a director and advisor of Recruit Co., Ltd.  
(present: Recruit Holdings Co., Ltd.)

**Jun. 2014** Resigned as a director and advisor of Recruit Holdings Co., Ltd.

**Jul. 2016** Appointed as a senior advisor of our company (current post).

He joined Japan Recruit Center Co., Ltd. (present: Recruit Holdings Co., Ltd.), and was appointed as a director and then vice president in charge of business administration. Then, he accumulated experience of business administration, understood the management and value of our company, and can give practical and objective advice and oversee the business operation of our company from an independent standpoint. Accordingly, he was selected as a candidate outside director.

No. of our company's shares owned: 0

## Notes

- Any special interests are not shared by candidate directors and our company.
- "No. of our company's shares owned by the person" is as of Sep. 30, 2016.
- The candidate director Koichi Nakamura is a candidate for an outside director.
- Mr. Koichi Nakamura satisfies the requirements for becoming an independent executive specified by Tokyo Stock Exchange, and we plan to notify Tokyo Stock Exchange of the appointment as an independent executive.
- Mr. Koichi Nakamura and our company are planning to sign a contract to limit liability for damages on Article 423, paragraph 1 of the Companies Act based on Article 427, paragraph 1 of the said law. The limit of damages based on such agreement is the minimum liability limit stipulated by laws and regulations.
- Mr. Koichi Nakamura served as an operating officer of Recruit Holdings Co., Ltd., which is a major business partner of our company till Jun. 2014. He has also received the remuneration as an advisor from Recruit Holdings since Jul. 2014.

# **Business Report**

**(From Oct.1, 2015 to Sep. 30, 2016)**

## (1) Business progress and results

Smartphone ownership of ordinary households in Japan reached 67.4% as of March 31, 2016 (Note 1).

The scale of the smartphone ad market is estimated to steadily increase by 22.2% to 454.2 billion yen (Note 2) between 2015 and 2016. Especially, the video ad market (including PCs) is expected to grow rapidly.

Its scale is estimated to be 80.0 billion yen in 2016, up 58.1% from the previous term, exceed 100 billion yen in 2017, and reach 200 billion yen by 2020 (Note 3).

Seizing on this trend, the CyberAgent Group has taken advantage of the growth of the smartphone market. As a result, during this consolidated fiscal year, net sales grew 22.1% year on year to ¥310,665 million, while operating income amounted to ¥36,790 million (12.3% increase). Ordinary income amounted to ¥35,341 million (9.4% increase), and profit attributable to parent company shareholders equity came in at ¥13,612 million (8.0% decrease).

(Note 1) Source: *Economic and Social Research Institute Cabinet Office, Government of Japan, Consumer Confidence Survey, March 2016*

(Note 2) Source: *CyberZ/Seed Planning, Survey on Smartphone market trends and Smartphone Advertising Market Trends, 2016*

(Note 3) Source: *CyberAgent/Seed Planning, Survey on the market trend of video ads in Japan*

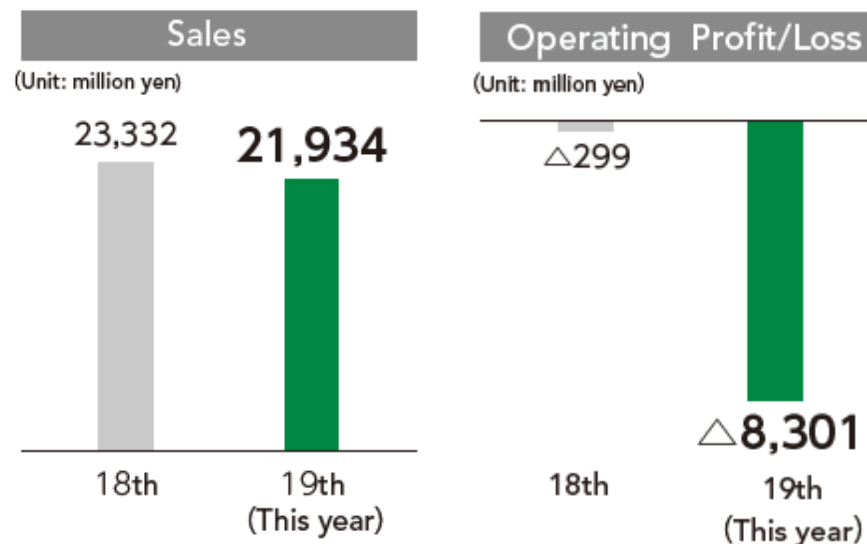
Earnings by business segment are discussed as followings.

The CyberAgent Group recategorized reportable segments during the first quarter of the year. Prior-year figures used for comparison purposes have been recalculated to reflect these new segment categories.



## (a) Media Business

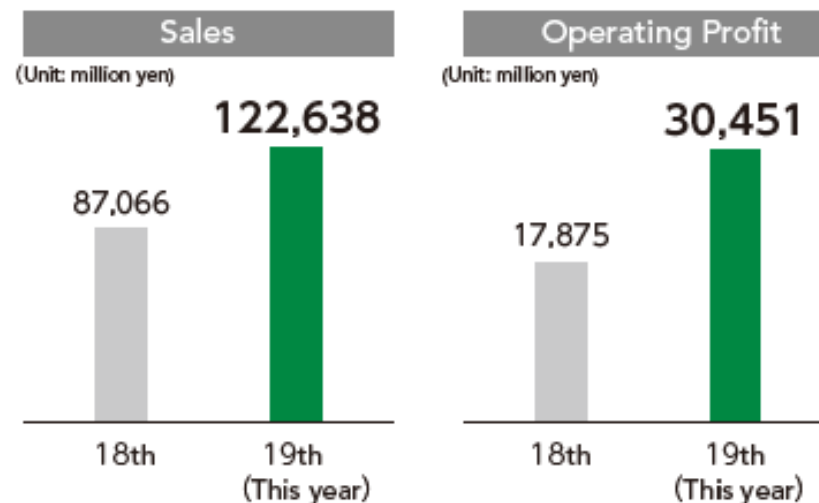
The Media Business includes "AbemaTV", "FRESH!" and "Ameba," etc. Due to the launch of "AbemaTV" on April 11, 2016, CyberAgent has begun in earnest with its investment for video business. It reported net sales of ¥21,934 million for the period, a 6.0% year-on-year decrease. The operating loss amounted to ¥8,301 million, compared to operating loss of ¥299 million for the same period in the prior fiscal year.



## (b) Game Business

The Game Business includes Cygames, Inc., Sumzap, Inc., GCREST, Inc., Applibot, Inc. and others.

Main titles have made steady performance, with net sales amounting to ¥122,638 million, a 40.9% year-on-year increase. Operating income gained 70.3% to ¥30,451 million.

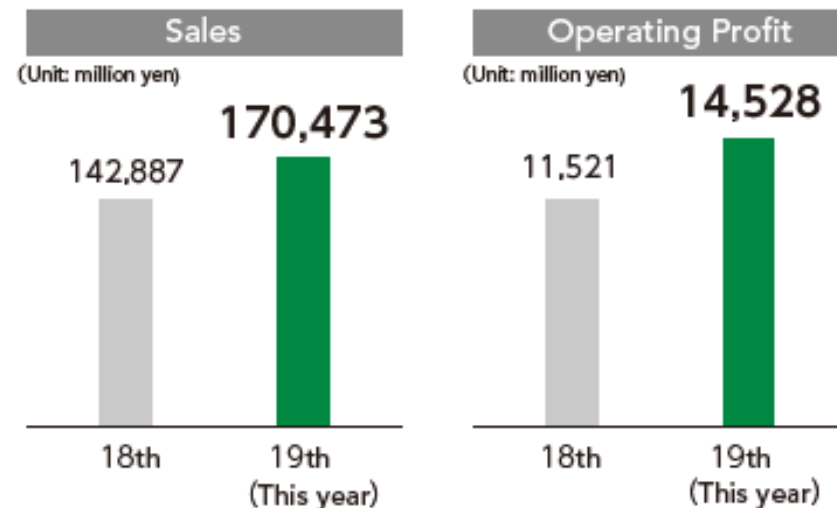


### (c) Internet Advertisement Business

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

This segment recorded ¥170,473 million in net sales, up 19.3% year on year. Operating income gained 26.1%, reaching ¥14,528 million. This is because of the healthy sales of in-feed ads (Note), video ads, etc. for smartphones.

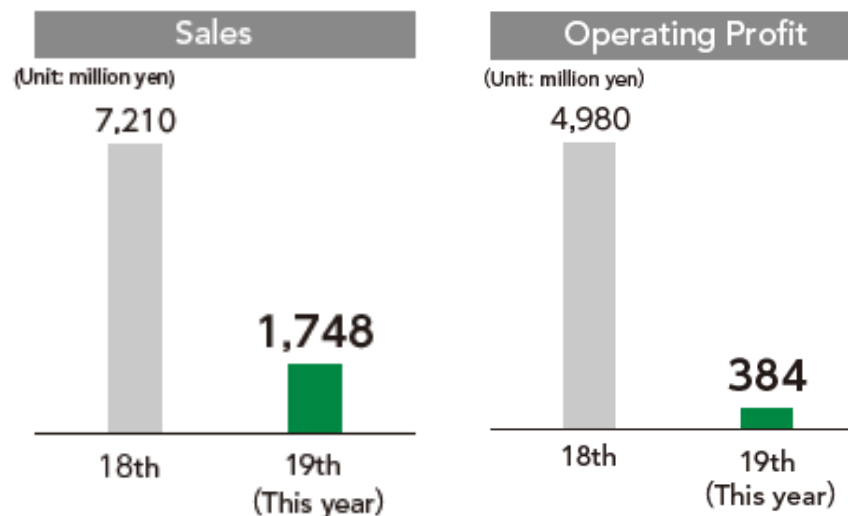
(Note) In-feed ads: Ads posted in the timelines of websites or apps, etc.



### (d) Investment Development Business

The Investment Development Business consists primarily of the CyberAgent corporate venture capital business and the fund operations of CyberAgent Ventures, Inc. The goal of this segment is to invest for capital gains, finding promising ventures to help develop and create value.

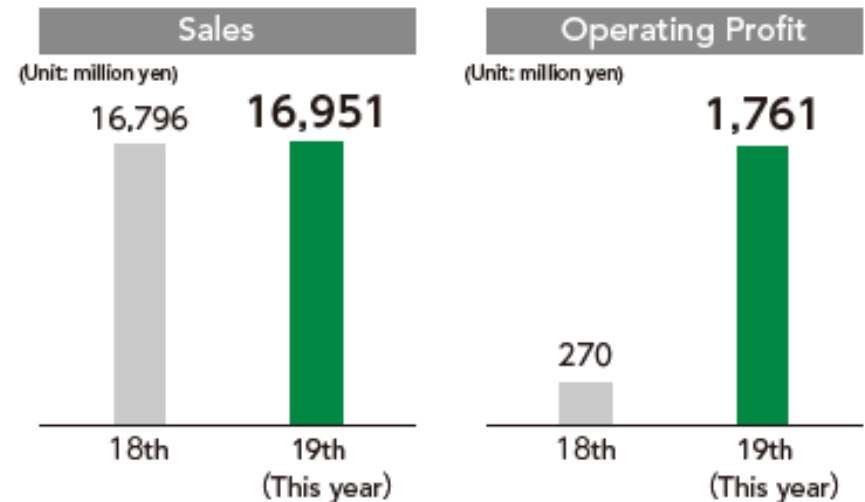
The Investment Development Business recorded net sales of ¥1,748 million (75.8% year-on-year decrease) and operating income of ¥384 million, a decrease of 92.3% year-on-year compared to the same period in the prior fiscal year.



### (e) Other Businesses

The Other Businesses segment includes CA Mobile, Ltd., Wedding Park, Ltd., and others.

This segment reported net sales of ¥16,951 million, a 0.9% year-on-year increase. Operating income amounted to ¥1,761 million (a year-on-year increase of 550.7%).



## **(2) State of equipment investment**

Total amount of the equipment investment of this consolidated fiscal year is 2,789 million yen, it is mainly due to purchases of servers and network related devices.

## **(3) State of funding**

No applicable items.

## **(4) State of business transfer, absorption-type split and incorporation-type split**

No applicable items.

## **(5) State of handed business from the other company**

No applicable items.

## **(6) State of succession of rights and obligations related to the business of other companies by absorption-type merger or absorption-type split,**

No applicable items.

## **(7) State of the acquisition or disposal of shares and other equity or stock acquisition rights of other companies**

No applicable items.

## (8) Issues the Company Should Address

The following three points recognize as the major management issues within the Group.

### **1) Media Business**

Improve profitability through the establishment of video businesses such as "AbemaTV".

### **2) Internet Advertisement Business**

Strengthen sales of In-feed ads and video ads that are expected high growth.

### **3) Strengthening of technical abilities and creativities**

Hiring and training of superior engineers and creators.

In order to resolve the management issues and continue expanding and growing the businesses, the Group will actively work to strengthen employee hiring and training as well as brand permeation of the media company centered on "AbemaTV" while also enhancing corporate governance and internal management systems in response to business expansion.

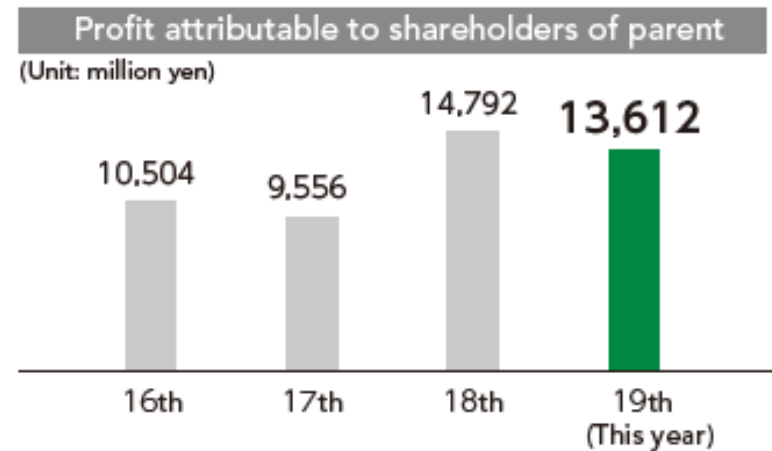
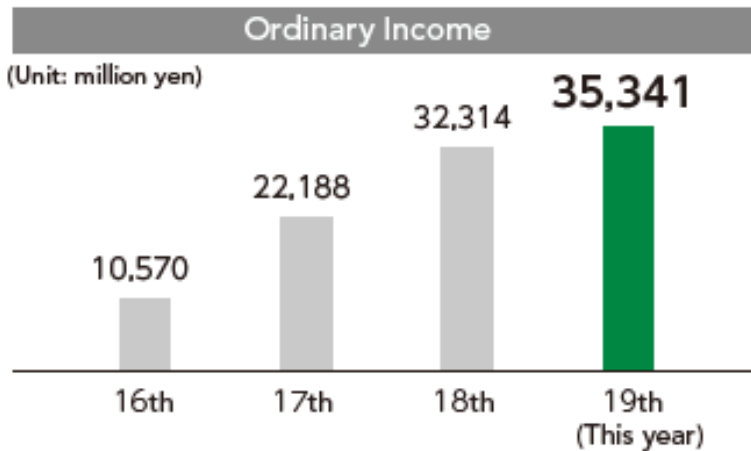
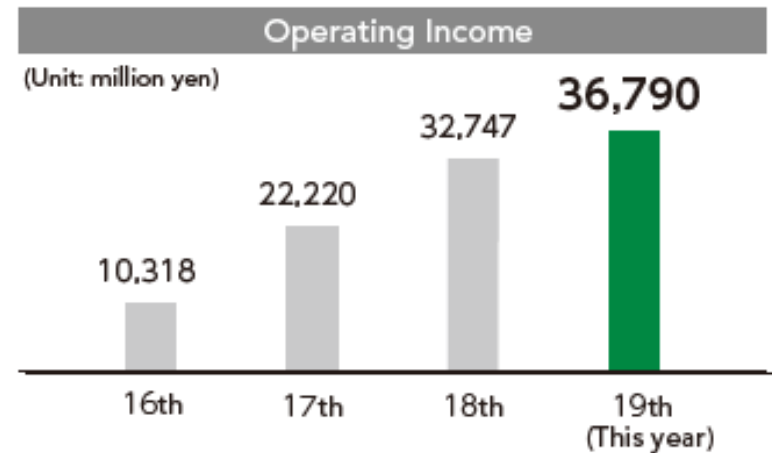
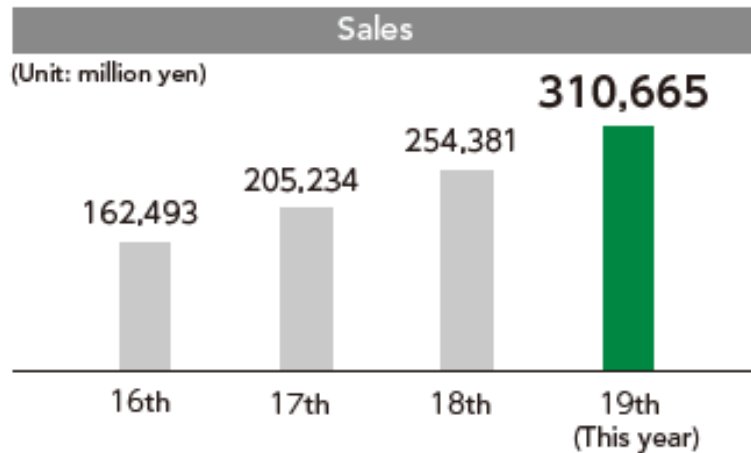
## (9) Financial position and the profit and loss

Classification	16th (FY 2013)	17th (FY 2014)	18th (FY 2015)	19th (This consolidated fiscal year)
Sales (million yen)	162,493	205,234	254,381	310,665
Operating Income (million yen)	10,318	22,220	32,747	36,790
Ordinary Income (million yen)	10,570	22,188	32,314	35,341
Profit attributable to shareholders of parent (million yen)	10,504	9,556	14,792	13,612
Basic earnings per share (yen)	83.20	76.53	118.09	108.36
Total Assets (million yen)	81,425	100,545	131,188	156,597
Net Assets (million yen)	50,587	63,175	77,702	92,614
Net Assets per share (yen)	365.93	436.34	531.37	613.66

(Note)

1. "The Accounting Standard for Business Combination" (Corporate Accounting Standards No. 21; Sep. 13, 2013) etc. is adapted from this consolidate fiscal year, therefore "net income" is indicated as "Profit attributable to shareholders of parent".
2. The Company conducted a 2-for-1 stock split of common stocks as of October 1, 2016.  
The "Basic earnings per share" and "Net Assets per share" are calculated assuming that the said stock split was conducted at the beginning of the previous consolidated FY.
3. The "Basic earnings per share" is calculated based on the "Profit attributable to shareholders of parent".

## (9) Transition graphs of the profit and loss



## (10) State of employees (as of September 30, 2016)

### 1. State of employees of the group

Number of employees	Up or down compare to the previous consolidated fiscal year
<b>3,858 (2,094)</b>	<b>up 426 (up 111)</b>

Note: Number of employees are who are at work. Temporary employees are written in () as an approximate number of annual average strength.

### 2. State of employees of the company

Number of employees	Up or down compare to the previous fiscal year	Average age	Average length of service
<b>1,572 (426)</b>	<b>down 91 (down 61)</b>	<b>31.7</b>	<b>4.9 years</b>

Note: Number of employees are who are at work. Temporary employees are written in () as an approximate number of annual average strength.



## (11) State of important subsidiaries (as of September 30, 2016)

Company Name	Capital	% of voting rights	Main business domain
AbemaTV, Inc.	300 million yen	60.0%	Operating the internet TV station <i>AbemaTV</i> .
Cygames, Inc.	124 million yen	64.7%	Game
CyberZ, Inc.	40 million yen	100.0%	Ad agency specialized in advertising for smartphone

## 2. Items of current state of the company

### (1) State of shares (As of September 30, 2016)

Please refer our website for detailed information.

[https://www.cyberagent.co.jp/en/ir/stock\\_info/](https://www.cyberagent.co.jp/en/ir/stock_info/)

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

### (2) State of Directors and Auditors

Please refer our website for detailed information.

<https://www.cyberagent.co.jp/en/corporate/directors/>

#### Note:

1. Corporate Auditor Masao Horiuchi and Corporate Auditor Isao Numata are outside auditors.
2. Corporate Auditor Masao Horiuchi and Corporate Auditor Isao Numata are independent directors based on the rules of Tokyo Stock Exchange
3. Toko Shiotsuki, Standing Corporate Auditor has significant knowledge on accounting and auditing.
4. Director So Miyazaki and Director Hiroki Urabe have resigned on October 7, 2016.
5. We have considered to appoint a person hired from the outside as director who has appropriate understanding of our management and corporate value, is independent from our management. Therefore we submitted the item on agenda to be discussed at the meeting. For more details, see Page 12.

## A. Amount of compensation for directors and auditors

Classification	Number of issued members	Amount of compensation
Directors	8	556 million yen
Auditors (Outside)	3 (2)	15 million yen (6 million yen)
Total (Outside)	11 (2)	572 million yen (6 million yen)

Note: The amount of compensation for directors include the amount of expenses during this fiscal year related to the stock acquisition rights granted as stock options.

## B. Items about outside directors.

- Concurrent position with other corporations, and relations with other corporations and the company.  
Corporate Auditor Masao Horiuchi is a director of U-NEXT Co., Ltd. There is no special stake between U-NEXT Co., Ltd. and the company.  
Corporate Auditor Isao Numata is a CEO of 5is Network Co., Ltd. and SBL Co., Ltd. There is no special stake between U-NEXT Co., Ltd., SBL Co., Ltd. and the company.

- Main activities in this fiscal year

Name	Status of Attending and statement
Corporate Auditor, Masao Horiuchi	He has attended 13 board meetings and 13 auditor meetings which held both 13 times in this fiscal year. He mainly advice and suggest about finance, accounting, tax and internal control based on his wide experience and knowledge.
Corporate Auditor, Isao Numata	He has attended 11 board meetings and 13 auditor meetings which held both 13 times in this fiscal year. He mainly advice and suggest about corporate management and stock market based on his wide experience and knowledge.

Please refer our website for detailed information.

## **BS**

<https://www.cyberagent.co.jp/en/ir/finance/bs5year/>

## **P/L**

<https://www.cyberagent.co.jp/en/ir/finance/pl5year/>

## **Download xls.**

<http://pdf.cyberagent.co.jp/C4751/irQp/kobt/EoAg.xls>