

English Translation

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FY2017 Consolidated Financial Results [Japanese GAAP]

October 26, 2017

Listed company name: CyberAgent, Inc.

Listed stock exchange: TSE 1st section

Code No.: 4751

URL <https://www.cyberagent.co.jp/en/>

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Scheduled date of the Annual General Meeting of Shareholders: December 15, 2017

Scheduled date of dividend payment start: December 18, 2017

Scheduled filing date of the Annual Securities Report: December 18, 2017

Preparation of supplementary references regarding financial results: Yes

Holding the briefing of financial results: Yes (For securities analysts and institutional investors)

(Amounts less than ¥1 million are rounded down)

1. Consolidated Financial Results for the Year Ended September 30, 2017 (October 1, 2016 - September 30, 2017)

(1) Consolidated Results of Operations

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2017	371,362	19.5	30,700	(16.6)	28,741	(18.7)	4,024	(70.4)
FY2016	310,665	22.1	36,790	12.3	35,341	9.4	13,612	(8.0)

(Note) Comprehensive income FY2017 ¥14,501 million (-21.5%) FY2016 ¥18,476 million (+2.5%)

	Basic earnings per share	Diluted earnings per share	Return on shareholders' equity	Return on assets	Operating income margin
	¥	¥	%	%	%
FY2017	32.00	31.84	5.2	17.9	8.3
FY2016	108.36	107.91	18.9	24.6	11.8

(Reference) Equity in earnings of affiliates FY2017: ¥2,200 million

FY 2016: ¥1,345 million

(Note) The Company conducted a 2-for-1 stock split of common stocks on October 1, 2016. The "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the said stock split was conducted at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
FY2017	164,009	98,785	48.1	627.30
FY2016	156,597	92,614	49.3	613.66

(Reference) Equity capital: As of Sep. 30, 2017 ¥78,908 million, as of Sep. 30, 2016 ¥77,139 million

(Note) The Company conducted a 2-for-1 stock split of common stocks as of October 1, 2016. The "Net assets per share" is calculated assuming that the said stock split was conducted at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	¥ million	¥million	¥ million	¥ million
FY2017	21,624	(20,396)	(7,233)	46,613
FY2016	28,246	(15,224)	453	51,767

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2. Dividends

	Dividends per share					Amount of dividends (Total)	Dividend ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q	2Q	3Q	Year-End	Annual			
	¥	¥	¥	¥	¥	¥ million	%	%
FY 2016	—	0.00	—	50.00	50.00	3,142	23.1	4.4
FY 2017	—	0.00	—	32.00	32.00	4,025	100.0	5.2
FY 2018 (forecast)	—	0.00	—	32.00	32.00	—	—	—

(Note) The Company conducted a 2-for-1 stock split of common stocks as of October 1, 2016. The year-end dividends for FY2016 are calculated using the figures before the stock split, while the year-end dividends for FY2017 and FY2018 are calculated using the figures after the stock split.

The annual dividend for FY2016 resulted 25 yen after the stock split. The annual dividend for FY2017 rose 7 yen from the previous year.

3. Forecast of the Consolidated Results for the Fiscal Year Ending September 30, 2018

(October 1, 2017 - September 30, 2018)

(% = Year-on-Year Change)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	
Half year (cumulative)	—	—	—	—	—	—	—	—	—
Full year	420,000	13.1	30,000	(2.3)	28,000	(2.6)	5,000	24.2	39.74

(Note 1) No forecasts have been made for the first half of the consolidated fiscal year. For details, please see “Earnings Estimates for the Next Period (October 1, 2017 to September 30, 2018)” under “1. Results of Operations” on page 3.

* Notes

(1) Changes in Significant Subsidiaries during the Period: None

(Changes in specified subsidiaries due to changes in the scope of consolidation)

New companies: — (Company name: —)

Excluded companies: — (Company name: —)

(2) 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

(3) Number of shares issued (common stock)

(1) Number of shares issued and outstanding at end of period (including treasury stock)	
Fiscal Year Ended September 2017: 126,426,600	Fiscal Year Ended September 2016: 126,426,600
(2) Number of shares of treasury stock issued and outstanding at end of period	
Fiscal Year Ended September 2017: 637,129	Fiscal Year Ended September 2016: 724,400
(3) Average number of shares during the period (cumulative period)	
Fiscal Year Ended September 2017: 125,731,051	Fiscal Year Ended September 2016: 125,622,846

(Note) The Company conducted a 2-for-1 stock split of common stocks as of October 1, 2016. The “Number of shares issued (common stock)” is calculated assuming that the said stock split was conducted at the beginning of the previous fiscal year. For the details, please refer to “(Information on Value per Share) on page 15.

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(Reference)

Non-consolidated Results for the Fiscal Year Ended September 30, 2017
(October 1, 2016 - September 30, 2017)

(1) Non-consolidated Results of Operations

(% = Year-on-Year Change)

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FY2017	192,274	12.7	12,580	34.2	17,532	33.4	10,903	(11.3)
FY2016	170,599	16.1	9,374	(23.6)	13,139	7.2	12,298	66.0

	Basic earnings per share	Diluted earnings per share
	¥	¥
FY2017	86.72	86.29
FY2016	97.89	97.49

(Note) The Company conducted a 2-for-1 stock split of common stocks on October 1, 2016. The “Basic earnings per share” and “Diluted earnings per share” are calculated assuming that the said stock split was conducted at the beginning of the previous fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
FY2017	97,306	63,392	64.4	497.93
FY2016	84,774	52,965	61.9	417.33

(Reference) Equity capital: As of Sep. 30, 2017 ¥62,634 million, as of Sep. 30, 2016 ¥52,460 million

(Note) The Company conducted a 2-for-1 stock split of common stocks as of October 1, 2016. The “Net assets per share” is calculated assuming that the said stock split was conducted at the beginning of the previous fiscal year.

* The Consolidated Financial Results is not subject to audit.

* Appropriate Use of Earnings Forecast and Other Matters

This 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. Results of Operations (4) Forecast” on page 3.

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1. Results of Operations

(1) Overview of Results of Operations

Smartphone ownership of ordinary households in Japan reached 69.7% as of March 31, 2017 (Note 1). The scale of the smartphone ad market is estimated to steadily increase by 23.7% to 801.0 billion yen (Note 2) between 2016 and 2017. Especially, the video ad market (including PCs) is expected to grow rapidly. Its scale is estimated to be 117.8 billion yen in 2017, up 39.9% from the previous term, and will reach 291.8 billion yen by 2022 (Note 3).

Seizing on this trend, the CyberAgent Group has taken advantage of the growth of the smartphone market. At the same time, the group has increased up-front investments in the video business, such as “AbemaTV”, to develop it in the medium to long-term mainstay.

As a result, during this consolidated fiscal year, net sales grew 19.5% year on year to ¥371,362 million, while operating income amounted to ¥30,700 million (16.6% decrease). Ordinary income amounted to ¥28,741 million (18.7% decrease), and profit attributable to shareholders of parent came in at ¥4,024 million (70.4% decrease).

(Note 1) Source: *Economic and Social Research Institute Cabinet Office, Government of Japan, Consumer Confidence Survey, March 2017*

(Note 2) Source: *D2C/ cyber communications Inc. Internet Ad Market Size Estimation Survey 2016*

(Note 3) Source: *CyberAgent/ Digital Infact, The Survey on Japanese video advertising market trends*

Earnings by business segment are discussed below.

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. Because of the up-front investment for video business such as "Abema TV", net sales amounted to ¥25,653 million for the period, a 17.0% year-on-year increase. Operating loss amounted to ¥18,585 million, compared to operating loss of ¥8,301 million for the same period in the prior fiscal year.

(b) Game Business

The Game Business includes Cygames, Inc., Sumzap, Inc., Craft Egg, Inc. and others.

New hit titles came out while major existing titles remained strong, it reported net sales amounting to ¥140,301 million, a 14.4% year-on-year increase. Operating income decreased 13.0% to ¥26,503 million.

(c) Internet Advertisement Business

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

Because of strong sales of the In-feed ads and the video ads for smartphone, this segment recorded ¥208,182 million in net sales, up 18.7% year on year. Operating income gained 23.5%, reaching ¥18,718 million.

(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 Investment Development Business recorded net sales of ¥6,790 million, a 288.4% year-on-year increase. And operating income of ¥4,827 million, a 1,156.1% year-on-year increase, compared to the previous fiscal year.

(e) Other Businesses

The Other Businesses segment includes CA MOBILE, Ltd., Wedding Park, Ltd., and etc.

This segment reported net sales of ¥13,504 million, a 37.6% year-on-year increase. Operating income amounted to ¥1,797 million (a year-on-year increase of 58.6%).

(2) Overview of Financial Position

Total assets at the end of this fiscal year have increased by ¥7,411 million compared to the end of the previous fiscal year and reached ¥164,009 million. It is mainly due to an increase of Accounts and Notes receivable-trade by sales increase.

Total liabilities have increased by ¥1,240 million compared to the end of the previous fiscal year and reached ¥65,223 million. This increase is mainly due to an increase in Accounts payable-trade related to sales increase.

Total net assets have increased by 6,171 million compared to the end of the previous fiscal year and reached ¥98,785 million. It is mainly due to increase in Valuation difference on available-for-sale securities and Non-controlling interests.

(3) Overview of Cash Flow

As of the end of this fiscal year, cash and cash equivalents decreased by ¥5,154 million from the end of the previous fiscal year to ¥46,613 million.

The following is a summary of the major factor affecting the cash flow in this fiscal year.

(1) Cash flow from operating activities

Net cash provided by operating activities was ¥21,624 million of inflow (¥28,246 million of inflow in the previous fiscal year). The major inflow included net income gains, and the major outflow included income tax payments.

(2) Cash flow from investing activities

Net cash used in investing activities was ¥20,396 million of outflow (¥15,224 million of outflow in the previous fiscal year). Major outflow mainly included acquisition of property and equipment, and intangible fixed assets.

(3) Cash flow from financing activities

Net cash used in financing activities was ¥7,233 million of outflow (¥453 million of inflow in the previous fiscal year). Major outflow included dividend payments and dividend payments to investment partners.

(4) Forecast

With respect to earnings forecasts for the next fiscal year (ending September 2018), we will continue to take part in the growth market of smartphone, and consolidated sales is expected to be ¥420 billion (up 13.1% from this fiscal year).

Consolidated operating income is expected to be ¥30 billion, as we anticipate the Internet Ad Business to grow steadily and the Game Business to contribute earnings, and keep investing to video business such as “AbemaTV” etc. to make it a pillar of medium to long-term. Consolidated ordinary income is estimated at ¥28 billion and profit attributable to shareholders of parent is expected to be ¥5 billion.

We do not disclose the mid-term earnings forecast because the environment surrounding the Internet changes drastically and the Group’s operating results may fluctuate greatly in a short period of time. The above forecast is based on the information that is available at this moment.

The actual results may differ due to various uncertain elements.

(5) Basic Policy on Distribution of Profits and Dividends for This Period and Next Period

The Company considers returning profits to our shareholders to be a top management priority. Our basic policy is to increase the stock value over the medium to long-term by business growth and improving capital efficiency while constantly pay out dividends. The Company's guide of Dividend on equity is 5% or more, decisions on retained earnings for the sake of future business expansion and fiscal soundness considering consolidated results and individual cash management, will be made after comprehensive consideration.

Under this policy, the dividend for this fiscal year (ended September 2017) will be ¥32, and the dividend for the next fiscal year (ending September 2018) will be ¥32.

2. Basic Policy for the Selection of Accounting Standards

The Company has adopted the generally accepted accounting standards in Japan, by considering the comparability of periods and firms in consolidated financial statements. In regard to the adoption of the International Financial Reporting Standards (IFRS), we plan to take appropriate measures according to the situations inside and outside Japan.

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3. Consolidated Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Unit: ¥ million)

	FY2016 (As of September 30, 2016)	FY2017 (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	51,774	46,614
Accounts and notes receivable-trade	42,572	47,452
Inventories	192	476
Sales investment securities	12,591	14,109
Deferred tax assets	2,190	1,184
Other	5,513	7,461
Allowance for doubtful accounts	(187)	(288)
Total current assets	114,647	117,010
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,256	5,005
Accumulated depreciation	(1,063)	(1,310)
Buildings and structures, net	3,192	3,694
Tools, furniture and fixtures	12,092	11,790
Accumulated depreciation	(6,670)	(6,856)
Tools, furniture and fixtures, net	5,421	4,933
Other	18	38
Total property, plant and equipment	8,633	8,667
Intangible assets		
Goodwill	1,821	1,652
Software	8,862	9,116
Software in progress	9,351	13,476
Other	393	277
Total intangible assets	20,429	24,523
Investments and other assets		
Investment securities	5,694	5,532
Long-term loans receivable	1,545	624
Deferred tax assets	2,424	3,795
Other	3,729	4,342
Allowance for doubtful accounts	(506)	(486)
Total investments and other assets	12,888	13,807
Total non-current assets	41,950	46,998
Total assets	156,597	164,009

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(Unit: ¥ million)

	FY2016 (As of September 30, 2016)	FY2017 (As of September 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,601	34,339
Accounts payable-other	13,138	10,953
Short-term loans payable	854	895
Income tax payable	11,169	5,374
Deferred tax liabilities	526	931
Other	8,847	10,306
Total current liabilities	62,137	62,799
Non-current liabilities		
Long-term loans payable	91	224
Accrued long service rewards for employees	762	1,014
Asset retirement obligation	890	1,063
Deferred tax liabilities	—	21
Other	101	100
Total non-current liabilities	1,845	2,423
Total liabilities	63,983	65,223
Net assets		
Shareholders' equity		
Capital stock	7,203	7,203
Capital surplus	4,780	4,827
Retained earnings	63,573	63,316
Treasury stock	(765)	(674)
Total shareholders' equity	74,791	74,672
Other comprehensive income		
Valuation difference on available-for-sale securities	2,440	4,085
Foreign currency translation adjustments	(91)	149
Total other comprehensive income	2,348	4,235
Subscription rights to shares	516	769
Non-controlling interests	14,957	19,108
Total net assets	92,614	98,785
Total liabilities and net assets	156,597	164,009

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

(Unit: ¥ million)

	FY2016 (Oct.1, 2015 to Sep.30, 2016)	FY2017 (Oct.1, 2016 to Sep.30, 2017)
Net sales	310,665	371,362
Cost of sales	197,736	248,386
Gross profit	112,928	122,976
Selling, general and administrative expenses	76,138	92,276
Operating income	36,790	30,700
Non-operating income		
Interest income	14	21
Dividends income	100	104
Foreign exchange gains	—	108
Other	96	152
Total non-operating income	212	387
Non-operating expenses		
Interest expenses	9	13
Equity in losses of affiliates	1,345	2,200
Foreign exchange losses	205	—
Other	100	132
Total non-operating expenses	1,660	2,346
Ordinary income	35,341	28,741
Extraordinary income		
Gain on sales of property	286	275
Gain on sales of investment securities	1,669	254
Gain on sales of subsidiaries and affiliates' stocks	3,152	—
Other	104	137
Total extraordinary gain	5,212	668
Extraordinary loss		
Impairment loss	4,366	3,186
Other	1,568	1,544
Total extraordinary loss	5,935	4,731
Income before income taxes and not-controlling interests	34,619	24,678
Income taxes-current	16,110	13,015
Income taxes-deferred	(61)	(635)
Total income tax	16,048	12,380
Net income	18,570	12,298
Profit attributable to non-controlling interests	4,957	8,274
Profit attributable to shareholders of parent	13,612	4,024

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Consolidated Statements of Comprehensive Income

(Unit: ¥ million)

	FY2016 (Oct. 1, 2015 to Sep. 30, 2016)	FY2017 (Oct. 1, 2016 to Sep. 30, 2017)
Net income	18,570	12,298
Other comprehensive income		
Valuation difference on available-for-sale securities	824	1,666
Foreign currency translation adjustment	(771)	462
Share of other comprehensive income of associates accounted for using equity method	(146)	73
Total other comprehensive income	(94)	2,203
Comprehensive Income	18,476	14,501
(Comprehensive Income Attributable to)		
Shareholders of parent	13,856	5,910
Non-controlling interests	4,620	8,590

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(3) Consolidated Statements of Changes in Shareholders' Equity

FY2016 (Oct. 1, 2015 to Sep. 30, 2016)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	7,203	2,549	55,788	(940)	64,601
Cumulative effects of changes in accounting policies		98	(3,218)		(3,119)
Restated balance	7,203	2,648	52,570	(940)	61,481
Changes of items during the period					
Dividends from surplus			(3,138)		(3,138)
Disposal of treasury stock		54		174	229
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2,077			2,077
Change of scope of consolidation			522		522
Change of scope of equity method			6		6
Profit attributable to shareholders of parent			13,612		13,612
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	2,132	11,002	174	13,309
Balance at the end of current period	7,203	4,780	63,573	(765)	74,791

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total other comprehensive income			
Balance at the beginning of current period	1,678	426	2,105	234	10,761	77,702
Cumulative effects of changes in accounting policies						(3,119)
Restated balance	1,678	426	2,105	234	10,761	74,582
Changes of items during the period						
Dividends from surplus						(3,138)
Disposal of treasury stock						229
Change in treasury shares of parent arising from transactions with non-controlling shareholders						2,077
Change of scope of consolidation						522
Change of scope of equity method						6
Profit attributable to shareholders of parent						13,612
Net changes of items other than shareholders' equity	761	(518)	243	282	4,196	4,722
Total changes of items during the period	761	(518)	243	282	4,196	18,031
Balance at the end of current period	2,440	(91)	2,348	516	14,957	92,614

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FY2017 (Oct. 1, 2016 to Sep. 30, 2017)

(Unit: ¥ million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder s' equity
Balance at the beginning of current period	7,203	4,780	63,573	(765)	74,791
Changes of items during the period					
Dividends from surplus			(3,142)		(3,142)
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		45		92	138
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1			1
Change of scope of consolidation			(1,138)		(1,138)
Profit attributable to shareholders of parent			4,024		4,024
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	47	(256)	91	(118)
Balance at the end of current period	7,203	4,827	63,316	(674)	74,672

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gain on securities	Foreign currency translation adjustments	Total other comprehensive income			
Balance at the beginning of current period	2,440	(91)	2,348	516	14,957	92,614
Changes of items during the period						
Dividends from surplus						(3,142)
Purchase of treasury stock						(1)
Disposal of treasury stock						138
Change in treasury shares of parent arising from transactions with non-controlling shareholders						1
Change of scope of consolidation						(1,138)
Profit attributable to shareholders of parent						4,024
Net changes of items other than shareholders' equity	1,645	241	1,886	252	4,150	6,289
Total changes of items during the period	1,645	241	1,886	252	4,150	6,171
Balance at the end of current period	4,085	149	4,235	769	19,108	98,785

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(4) Consolidated Statements of Cash Flows

(Unit: ¥ million)

	FY2016 (Oct. 1, 2015 to Sep. 30, 2016)	FY2017 (Oct. 1, 2016 to Sep. 30, 2017)
Cash flow from operating activities		
Income before income taxes and non-controlling interests	34,619	24,678
Depreciation	6,748	8,450
Impairment loss	4,366	3,186
Equity in losses (earnings) of affiliates	1,345	2,200
Loss (gain) on sales of stocks of subsidiaries and affiliates	(3,150)	—
Decrease (increase) in notes and accounts receivable-trade	(4,237)	(4,863)
Decrease (increase) in investment securities for sale	(417)	766
Increase (decrease) in notes and accounts payable-trade	2,031	7,108
Increase (decrease) in accounts payable-other	3,736	(2,071)
Other, net	106	759
Sub-total	45,147	40,216
Interest and dividends income received	154	110
Interest expenses paid	(9)	(13)
Income taxes paid	(17,046)	(18,688)
Net cash provided by (used in) operating activities	28,246	21,624
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,789)	(2,757)
Purchase of intangible assets	(13,392)	(14,203)
Proceeds from sales of investment securities	1,792	370
Purchases of investment securities	(511)	(109)
Proceeds from sales of stocks of subsidiaries and affiliates	4,616	—
Purchase of stocks of subsidiaries and affiliates	(950)	(820)
Payments for loans	(2,487)	(2,118)
Other, net	(1,501)	(758)
Net cash provided by (used in) investing activities	(15,224)	(20,396)
Cash flow from financing activities		
Net increase (decrease) in short-term loans payable	800	39
Proceeds from stock issuance to non-controlling shareholders	649	91
Proceeds from contributions paid by investment partners	379	—
Payments of dividends to investment partners	(234)	(4,307)
Purchase of treasury stocks of subsidiaries in consolidation	(1,202)	—
Cash dividends paid	(3,136)	(3,139)
Proceeds from the sales of subsidiaries' shares without a change in the scope of consolidation	3,402	—
Other, net	(204)	82
Net cash provided by (used in) financing activities	453	(7,233)
Effect of exchange rate change on cash and cash equivalents	(414)	344
Net increase (decrease) in cash and cash equivalents	13,060	(5,661)
Cash and cash equivalents at beginning of period	38,716	51,767
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(8)	506
Cash and cash equivalents at end of period	51,767	46,613

(5) Notes to Consolidated Financial Statements

(Notes Regarding the Going Concern Assumption)

No applicable items.

(Additional Information)

“Application guidelines on recoverability of deferred tax assets” (Corporate Accounting Standards No. 26, Mar. 28, 2016) has applied since this fiscal year.

(Changes in Presentation Method)

(Consolidated Statements of Income)

The “Subsidy income” was reported as a separate line item in Non-operating income in the previous fiscal year, but it is included in “Other” under the Non-operating income from this fiscal year since it is less than 10% of the total amount of Non-operating income. The Consolidated Financial Statements of the previous fiscal year was reclassified to reflect this change in presentation.

As a result, ¥49 million of “Subsidy income” in Non-operating income in the previous fiscal year's consolidated statement of income, is reclassified to “Other”.

(Consolidated Statements of Cash Flows)

The “Amortization of goodwill”, “Gain and loss on sales of investment securities” and “Increase (decrease) in accrued consumption taxes” were reported as a separate line in Cash flow from operating activities in the previous fiscal year. But it is included in “Other” from this fiscal year as it became immaterial. The Consolidated Financial Statements of the previous fiscal year was reclassified to reflect this change in presentation.

As a result, ¥241 million of “Amortization of goodwill”, ¥-1,305 million of “Gain and loss on sales of investment securities” and ¥-86 million of “Increase (decrease) in accrued consumption taxes” in Cash flow from operating activities in the previous fiscal year's consolidated statements of cash flow, are reclassified to “Other”.

The “Proceeds from long-term loans payable”, “Repayment of long-term loans payable” and “Proceeds from disposal of treasury stock” were reported as a separate line in Cash flow from financing activities in the previous fiscal year. But it is included in “Other” from this fiscal year as it became immaterial. The Consolidated Financial Statements of the previous fiscal year was reclassified to reflect this change in presentation.

As a result, ¥59 million of “Proceeds from long-term loans payable”, ¥119 million of “Repayment of long-term loans payable” and ¥190 million of “Proceeds from disposal of treasury stock” in Cash flow from financing activities in the previous year's consolidated statements of cash flow, are reclassified to “Other”.

(Segment Information)

a. Segment Information

1. Overview of Reportable Segments

The Company's reportable segments are possible to separately acquire financial information among the Company's structural units, and are subject to reviews that are carried out periodically to make a decision on allocations of management resources and to evaluate performance by the board of directors.

The Company has business headquarters and subsidiaries for each product and service, and each business headquarters and subsidiary develop business activities both within Japan and overseas, with the aim of improving services and increasing sales and profit. Therefore, the Company is comprised of service-specific segments that are based on business headquarters and subsidiaries. We have five reportable segments: Media Business, Game Business, Internet Advertisement Business, Investment Development business and Other businesses.

In the consolidated first quarter of FY2017, the CyberAgent Group conducted business reorganization for the purpose of further expanding and improving the Internet Advertising Business. Accordingly, considering the business situation, the group transferred the advertising business of CA MOBILE, LTD., which had been categorized into Other Businesses, to Internet Advertising Business.

Information on segments in the previous fiscal year was prepared by using the revised classification.

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.

Services provided by each segment are summarized below:

Reportable Segment	Details of Services Belonging to the Segment
Media Business	AbemaTV, Ameba, etc.
Game Business	Smartphone game business, etc.
Internet Advertisement Business	Advertising business, Video ad business, Ad technology business, etc.
Investment Development Business	Corporate venture capital business, fund operation, etc.
Other Businesses	Operation of smartphones media, etc.

2. Method for calculating monetary amounts for net sales and profit/loss for each segment

The profit for each segment is based on operating income. Internal rate of return and transfer to other accounts among segments are based on prevailing market rates.

3. Information concerning monetary amounts for net sales and profit/loss for each reportable segment

FY2016 (Oct. 1, 2015 to Sep. 30, 2016)

(Unit: ¥ million)

	Reportable Segment						Adjustment	Consolidated statement of Income
	Media Business	Game Business	Internet Advertisement Business	Investment Development Business	Other Businesses	Total		
Net Sales								
Sales to external customers	13,332	121,740	164,862	1,748	8,980	310,665	—	310,665
Inter-segment sales or transfers	8,601	897	10,586	—	837	20,921	(20,921)	—
Total	21,934	122,638	175,449	1,748	9,817	331,587	(20,921)	310,665
Segment income (loss)	(8,301)	30,451	15,160	384	1,133	38,828	(2,037)	36,790

(Note) Adjustment of -¥2,037 million represents corporate general and administrative expenses are not allocable to a reportable segment.

FY2017 (Oct. 1, 2016 to Sep. 30, 2017)

(Unit: ¥ million)

	Reportable Segment						Adjustment	Consolidated statement of Income
	Media Business	Game Business	Internet Advertisement Business	Investment Development Business	Other Businesses	Total		
Net Sales								
Sales to external customers	19,057	139,775	193,565	6,790	12,173	371,362	—	371,362
Inter-segment sales or transfers	6,595	525	14,616	—	1,331	23,069	(23,069)	—
Total	25,653	140,301	208,182	6,790	13,504	394,431	(23,069)	371,362
Segment income (loss)	(18,585)	26,503	18,718	4,827	1,797	33,262	(2,561)	30,700

(Note) The adjustment of -¥2,561 million represents corporate general and administrative expenses are not allocable to a reportable segment.

English Translation

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b. Related information

FY2016 (Oct. 1, 2015 to Sep. 30, 2016)

1. Information on each product and each service

The description is omitted, because the same information is included in the segment information.

2. Information on each region

(1) Sales

The description is omitted, because the sales toward the external customers inside Japan exceeded 90% of the sales in the consolidated profit-and-loss statement.

(2) Property, plant and equipment

The description is omitted, because the amount of property, plant, and equipment located inside Japan exceeded 90% of the amount of property, plant, and equipment in the consolidated balance sheet.

3. Information on each major client

The description is omitted, because there are no clients that account for over 10% of sales in the consolidated profit-and-loss statement for the sales toward foreign customers.

FY2017 (Oct. 1, 2016 to Sep. 30, 2017)

1. Information on each product and each service

The description is omitted, because the same information is included in the segment information.

2. Information on each region

(1) Sales

The description is omitted, because the sales toward the external customers inside Japan exceeded 90% of the sales in the consolidated profit-and-loss statement.

(2) Property, plant and equipment

The description is omitted, because the amount of property, plant, and equipment located inside Japan exceeded 90% of the amount of property, plant, and equipment in the consolidated balance sheet.

3. Information on each major client

The description is omitted, because there are no clients that account for over 10% of sales in the consolidated profit-and-loss statement for the sales toward foreign customers.

English Translation

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c. Significant impairment loss for non-current assets

FY2016 (Oct. 1, 2015 to Sep. 30, 2016)

(Unit: ¥ million)

	Reportable Segment						Company-wide/Deletion	Total
	Media Business	Game Business	Internet Advertisement Business	Investment Development Business	Other Businesses	Subtotal		
Impairment loss	186	3,862	252	—	65	4,366	—	4,366

FY2017 (Oct. 1, 2016 to Sep. 30, 2017)

(Unit: ¥ million)

	Reportable Segment						Company-wide/Deletion	Total
	Media Business	Game Business	Internet Advertisement Business	Investment Development Business	Other Businesses	Subtotal		
Impairment loss	313	2,513	349	—	10	3,186	—	3,186

d. Significant changes in amount of goodwill and the information on unamortized balance

FY2016 (Oct. 1, 2015 to Sep. 30, 2016)

(Unit: ¥ million)

	Reportable Segment						Company-wide/Deletion	Total
	Media Business	Game Business	Internet Advertisement Business	Investment Development Business	Other Businesses	Subtotal		
Amortization amount for the current term	2	43	54	—	142	241	—	241
Balance at the end of the current term	—	424	457	—	939	1,821	—	1,821

FY2017 (Oct. 1, 2016 to Sep. 30, 2017)

(Unit: ¥ million)

	Reportable Segment						Company-wide/Deletion	Total
	Media Business	Game Business	Internet Advertisement Business	Investment Development Business	Other Businesses	Subtotal		
Amortization amount for the current term	—	58	59	—	132	250	—	250
Balance at the end of the current term	—	366	478	—	807	1,652	—	1,652

e. Significant gains on negative goodwill

FY2016 (Oct. 1, 2015 to Sep. 30, 2016)

No applicable items.

FY2017 (Oct. 1, 2016 to Sep. 30, 2017)

No applicable items.

English Translation

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(Information on Value per Share)

	FY2016 (Oct. 1, 2015 to Sep. 30, 2016)	FY2017 (Oct. 1, 2016 to Sep. 30, 2017)
Net assets per share	¥613.66	¥627.30
Basic earnings per share	¥108.36	¥32.00
Diluted earnings per share	¥107.91	¥31.84

(Note)

1. The Company conducted a 2-for-1 stock split of common stocks as of October 1, 2016. The "Net asset per share", "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the said stock split was conducted at the beginning of the previous consolidated FY.

2. The base for calculating "Basic earnings per share" and "Diluted earnings per share" is as follows.

	FY2016 (Oct. 1, 2015 to Sep. 30, 2016)	FY2017 (Oct. 1, 2016 to Sep. 30, 2017)
Basic earnings per share		
Profit attributable to shareholders of parent (¥ million)	13,612	4,024
Amount not attributable to common shareholders (¥ million)	—	—
Profit attributable to shareholders of parent on common shares (¥ million)	13,612	4,024
Average number of common shares during period (shares)	125,622,846	125,731,051
Diluted earnings per share		
Adjustment of profit attributable to shareholders of parent (¥ million)	—	—
Increase in common shares (Subscription rights to shares)	515,004 (515,004)	622,944 (622,944)
Brief description of residual shares excluded from diluted earnings per share, because it does not have the dilutive effect.	—	—

(Significant Subsequent Events)

No applicable items.