

April 16, 2025

CyberAgent, Inc.
Susumu Fujita
Representative Director, CEO, and
President

TSE Prime: 4751

**Notice on Receiving Investigation Report from Internal Investigation Committee Regarding
Inappropriate Accounting Treatments at the Consolidated Subsidiary and
Expected Submission of Correction Report to Past Securities Reports**

As we announced in the Notice on Establishing an Internal Investigation Committee on March 26, 2025, CyberAgent, Inc. proceeded with an investigation by the Internal Investigation Committee, including external experts due to the discovery of inappropriate accounting for a certain amount of sales in the past fiscal years at CyberOwl, INC. (the case), a wholly owned subsidiary. We announce that we received an investigation report from the Internal Investigation Committee today.

As a result of our examination of the effect on past consolidated financial results based on the report from the Internal Investigation Committee, we expect to submit correction reports of past securities reports and internal control reports, as well as to correct past financial results. We sincerely apologize for any inconvenience and concern it may cause to our shareholders, investors, partners, and other interested parties.

1. The findings of the investigation

CyberOwl offers affiliate marketing with a performance-based commission, and its sales include a finalized amount as well as an estimated amount based on projected performance. The case was found that one individual director in charge of the business had been falsifying coefficients used as the basis for the estimated amount of sales for a long time, since 2020. We recognize the case that the individual director of CyberOwl, who was responsible for this business, falsified the basis for recording and reporting, was due in part to the fact that the director in charge of the operation and the director in charge of business administration was concurrently served by the same individual, and that our management and auditing systems were inadequate.

Although CyberOwl is the main target of this investigation, CyberAgent and its other subsidiaries were also investigated to see whether there were any similar cases, and no evidence of fraud was found.

With regard to the findings of the investigation, please refer to the attached Investigation Report (public version). Please note that the Investigation Report is published only in Japanese at this time; an English version will be



released at a later date. The investigation report has been made public after partial redaction in order to protect personal and confidential information.

The effect on the non-consolidated financial statements of CyberOwl and the consolidated financial statements of CyberAgent are as follows.

| (Unit: million Yen) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|---------------------------------------|---------|---------|---------|---------|---------|
| Consolidated Net Sales | 478,566 | 666,460 | 710,575 | 720,207 | 802,996 |
| Effect of the case | -40 | -311 | -763 | -855 | -1,759 |
| Percentage of the consolidated amount | 0.0% | 0.0% | 0.1% | 0.1% | 0.2% |

| | | | | | |
|---------------------------------------|--------|---------|--------|--------|--------|
| Consolidated Operating Income | 33,880 | 104,381 | 69,114 | 24,557 | 41,843 |
| Effect of the case | -40 | -311 | -763 | -855 | -1,759 |
| Percentage of the consolidated amount | 0.1% | 0.3% | 1.1% | 3.5% | 4.2% |

*The estimated amount for CyberOwl, which was identified as fraud by the Internal Investigation Committee, is recorded as external sales in the consolidated financial statements of CyberAgent. Therefore, the impact on the consolidated financial statements is the same amount as the impact on CyberOwl.

2. Actions to be taken

1) Past securities reports and financial statements

The effect of the case is based on the investigation findings, as stated above. (Excerpt from the Investigation Report, p. 19) After determining the effect on CyberAgent's consolidated financial statements for past periods, we will work to file the Correction Reports for the Securities Reports, Quarterly Reports, and Internal Control Reports for past periods and to correct the Financial Statements and the Quarterly Financial Statements on May 15, 2025. On the same date, May 15, 2025, we are also scheduled to submit the financial statements for the second quarter (interim) of the fiscal year ending September 30, 2025, and the 28th interim report.

2) Preventive Measures

We take this case very seriously and are committed to implementing the following preventive measures. Also, we will verify the effectiveness of the preventive measures, make further improvements, and strive to rebuild the trust of our stakeholders.

① Risk assessment and actions according to business characteristics

Affiliate commission revenue accounts for a significant part of CyberOwl's sales. There are many instances in which a certain lead time is required from the time a deal is initiated to the time a commission is approved, and a significant percentage of these deals do not reach generating affiliate commissions because they are not approved as the deal is not completed. As a risk assessment based on this characteristic, CyberOwl's accounting regulation will be revised, and only confirmed sales approved by advertisers will be recorded as sales.

② Strengthening accounting and internal audit functions

For CyberOwl, we will implement a fraud detection tool on accounting procedures and figures provided by a different audit firm from Deloitte Touche Tohmatsu LLC to function as an internal review system that does not rely on human resources. In addition, for internal control audit by the Internal Audit Office, we will assign personnel with a certain level of accounting knowledge to strengthen the internal audit function.

③ Separation of responsibilities among subsidiary directors, subsidiary accounting (business management), and head office accounting, and strengthening of the checks and balances system.

CyberOwl changes the form of governance as a company with a board of directors in order to ensure that business managers do not hold concurrent positions with accounting or business administration (including corporate accounting) and that checks and balances are maintained through the separation of authority. In addition, we will appoint Yasuo Okamoto, Executive Vice President in charge of the advertising business, and Tomoyoshi Chiba, Management Officer of Advertising Business, as Directors, and Takahiro Maeda, General Manager of the Corporate Management Division, as Corporate Auditor, to strengthen governance.

We will steadily implement the above three preventive measures as an effective means of preventing recurrence. In addition, to further enhance these preventive measures continuously, we will ensure that all executives and employees of CyberOwl are thoroughly aware of the whistle-blowing system and provide compliance training and education.

3. Impact on business performance

The impact of this case on the consolidated business performance for the fiscal year ending September 30, 2025, is expected to be negligible, and there are no revisions to the consolidated business and dividend forecasts for the fiscal year ending September 30, 2025, at this time.

4. Internal disciplinary actions

The executives concerned have taken this case very seriously, and to clarify their management responsibility, we will reduce their executive compensation as follows.



1) Details of executive compensation reduction

| | |
|--|---------------------------------------|
| Susumu Fujita, Representative Director, CEO, President | 30% of monthly executive compensation |
| Go Nakayama, Director, Senior Managing Executive Officer | 30% of monthly executive compensation |
| Keita Tanaka, Representative Director, CyberOwl, INC. | 10% of monthly executive compensation |

2) Target period

Three months from May 2025

The director of CyberOwl who was involved in this case was removed from the position.