



Cybozu, Inc.

Shareholders Meet-up 2021 – One Day Talking with Cybozu – Part 3 Talking About Cybozu Together

February 27, 2021

Event Summary

[Company Name]	Cybozu, Inc.	
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[Time]	3:40 – 4:41 PM (Total: 61 minutes, Q&A: 61 minutes)	
[Venue]	Webcast	
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[Participants]		
[Number of Speakers]	8	
	Yoshihisa Aono	Representative Director & President
	Osamu Yamada	Executive Vice President
	Keita Kuriyama	Executive Officer, General Manager of Sales and Business Strategy Office
	Teppei Sato	Executive Officer, General Manager of Development, Representative Director & President of Cybozu Labs, Inc.
	Tadamasa Hayashi	Executive Officer, General Manager of Corporate Affairs
	Tamotsu Hayashida	Executive Officer, General Manager of Business Marketing
	Yumika Nakane	Executive Officer, General Manager of Human Resources and Legal and Compliance
	Yukio Ohtsuki	Manager of Corporate Branding

Question & Answer

Yamada: The third and final part is, “Let’s Talk About Cybozu.” We talked about Company in the first part, and in the second part, we explained about Cybozu itself. I hope we can discuss what was explained in the second part further during this part. Since this is a shareholders’ meet-up, I think this discussion will be the main part. Please feel free to ask your questions.



Mr. Yasutaka Shinomiya

Mr. Yokusu Kuriyama

The members who will be answering the questions are President Aono, and two shareholders who are invited as guests. Mr. Shinomiya and Mr. Kuriyama. Thank you for joining us today.

Shinomiya: Thank you very much.

Yokusu Kuriyama: Thank you very much.

Yamada: Now, please briefly introduce yourselves, Mr. Shinomiya and Mr. Kuriyama.

Shinomiya: Yes. Hello, everyone. My name is Yasutaka Shinomiya, the president of a company named JOYZO. It’s a company that specializes in Kintone system development. I’m a shareholder of Cybozu and my company is a partner of Cybozu, but it was just last year I bought Cybozu stocks for the first time.

Yamada: I see.

Shinomiya: Yes. I’ve been doing business with Cybozu for almost 20 years now, but I’ve always had the feeling that I shouldn’t own stocks. When Cybozu said it was going to completely shift to the cloud business with Kintone, I really felt close to Mr. Aono’s idea, and I wanted to be part of it. At that time, I thought it would be a good idea to hold Cybozu’s shares as a way to strengthen our ties as true partners, and that is why I became a shareholder.

Thank you for this opportunity today.

Yamada: Thank you. Now, Mr. Kuriyama, a shareholder, please introduce yourself.

Yokusu Kuriyama: My name is Yokusu Kuriyama. I work for a chemical manufacturer, doing quality assurance in the R&D stage. In terms of IT, I'm just a user. I only use it. Unfortunately, we don't use any Cybozu products in our company, but I'm personally very interested in the way Cybozu thinks about organizations, and that's why I've been to Cybozu Days (*a multi-day company event with thousands of visitors) and other seminars.

The reason why I became a shareholder is because I was not selected in the lottery for a ticket of the Teamwork Management Symposium that Mr. Horiemon (*a Japanese entrepreneur, writer and investor) attended in 2018. I thought I could attend this type of event without lottery if I were a shareholder, so I decided to become a shareholder as if I purchased an admission ticket.

The following year, I was able to attend an event because there was no lottery, and today I am very grateful to be able to participate in the session in this way. Thank you.

Yamada: Thank you. Next, let's go over today's agenda. In the third part, we will have a question-and-answer session focusing on the corporate vision to be resolved at the Annual Shareholders Meeting, the appointment of candidates for the Board of Directors, and the shareholder return policy.

A question-and-answer session sounds too formal. It's more like a casual chat.

Company vision

Purpose

Build a society brimming with teamwork

Culture

- **Share a common vision**
- **Embrace individuality**
- **Be transparent**
- **Be yourself, take responsibility**

The first point is the corporate vision. The purpose is to build a society brimming with teamwork, and the culture is comprised with 4 elements: share a common vision, be transparent, embrace individuality and be yourself, take responsibility.

Although we have always said that we value this corporate vision the most, we have never passed a resolution at an Annual Shareholders Meeting. We wondered why we haven't brought this up at the meeting, despite

the fact that shareholders had come together as a team to work together to build a society brimming with teamwork.

Not many companies put this matter before Annual Shareholders Meetings, but we decided to put it on the agenda for the next Annual Shareholders Meeting.

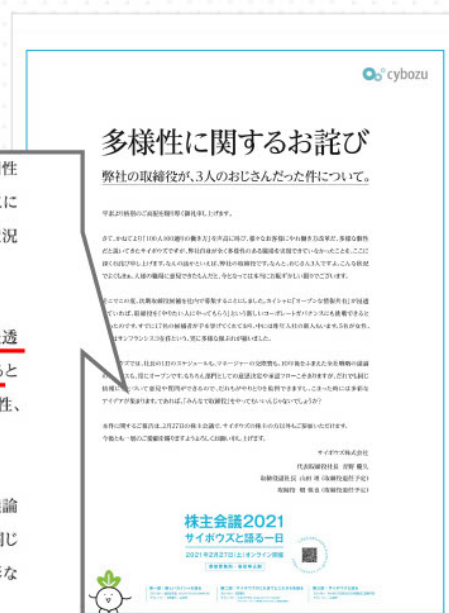
次期取締役候補を社内募集

2021年2月18日 日本経済新聞朝刊15段広告掲載

さて、かねてより「100人100通りの働き方」を声高に叫び、様々なお客様にやれ働き方改革だ、多様な個性だと説いてきたサイボウズですが、弊社自身が全く多様性のある職場を実現できていなかったことを、ここに深くお詫び申し上げます。なんの話かといえば、弊社の取締役です。なんと、おじさん3人ですよ。こんな状況でもくもまあ、人様の職場に意見できたもんだと、今となっては本当にお恥ずかしい限りでございます。

そこでこの度、次期取締役候補を社内でも募集することにしました。カイヤに「オープンな情報共有」が浸透していれば、取締役を「やりたい人にやってもらおう」という新しいコーポレートガバナンスにも挑戦できると思っただけです。すでに17名の候補者が手を挙げてくれており、中には昨年入社の新入人もいます。5名が女性、2名はサンフランシスコ在住という、実に多様な顔ぶれが揃いました。

サイボウズでは、社長の1日のスケジュールも、マネージャーの交際費も、10年後をふまえた全社戦略の議論のプロセスも、常にオープンです。もちろん部門としての意思決定や承認フローこそありますが、だれでも同じ情報にもとづいて意見や質問ができるので、だれもがやりとりを監督できますし、こまった時には多彩なアイデアが集まります。であれば、「みんなで取締役」をやってもいいんじゃないでしょうか？



The second point is about selecting candidates for the Board of Directors for the next term, which we have explained a couple of times today. We now have 17 candidates for the Board of Directors for the next term by recruiting candidates internally.

It may be a little different from the purpose of this apology ad, but our management process has been open and transparent where each member has the responsibility to ask questions and appropriate members have the responsibility to provide answers.

As such a process is already in place, then it isn't necessary that we make a decision based on opinions of the experts, or someone check and monitor our operations. This role doesn't have to be given to elected directors. If there were 100 people, all 100 could participate in the process as if they were all directors. Then directors don't have to have that much authority or power.

If that is the case, then why not ask people who want to be directors and share our vision to become directors? This is the second item on the agenda.

Shareholder Returns

We would like to work with shareholders who share our vision as a team!

Promote communication and increase touchpoints with shareholders

- In-person get-togethers
- Online Meetups
- Launch Kintone for Shareholders
- Launch of the Cybozu Team Project (tentative)



Dividends

Dividend per share	
Fiscal year ending in December 2019	JPY10.00
Fiscal year ending in December 2020	JPY11.00
Fiscal year ending in December 2021 (Projection)	JPY12.00



The third point is shareholder returns. We want our shareholders to hold Cybozu shares for a long time.

For some years now, we have been paying out dividends. The longer you hold our shares, the more returns you can receive, mainly through dividends. Separately, what we want to do is to build a society brimming with teamwork. So it would be good if shareholders can feel that they are contributing to that vision, or that they are participating in some way as a reward of being shareholders. We could perhaps call it a sense of unity.

Of course, we will continue to pay dividends. We are increasing dividends as our performance has improved, but we would like to consider other ways to return profits to shareholders. This is one of the reasons why we have put shareholder returns on the agenda.

The above is the agenda for the Annual Shareholders' Meeting on March 28. That's what I'd like to discuss today. After that long introduction, I'd like to introduce executive officers who are participating as respondents today.

Let's start with Keita Kuriyama, briefly.

Keita Kuriyama: Yes. My name is Keita Kuriyama and I am in charge of the Sales Division and Business Strategy Office. Thank you.

Yamada: Next, Teppei, please.

Sato: My name is Teppei Sato, and I'm in charge of the Development Division and Cybozu Labs. Thank you.

Yamada: Next, Tadamasa Hayashi, please.

Hayashi: Yes. My name is Tadamasa Hayashi, and I'm in charge of finance and accounting as well as corporate planning at the Corporate Affairs Division. Thank you.

Yamada: Next, Tamotsu Hayashida.

Hayashida: Yes. My name is Tamotsu Hayashida and I am in charge of marketing. Thank you.

Yamada: Yumika Nakane, please.

Nakane: My name is Yumika Nakane, and I'm in charge of human resources and legal affairs. Thank you.

Yamada: Thank you. Next, Yukio Ohtsuki.

Ohtsuki: My name is Yukio Ohtsuki and I'm in charge of public relations in the Corporate Branding Department. Thank you.

Yamada: Thank you. We have a board member named Kuriyama, and I wondered why we decided to invite a shareholder named Kuriyama out of the 25,000 shareholders. We have two Kuriyamas now. Anyways, so let's start answering the questions we received.

Can I ask you to project questions? A collection of questions. Yes. There are categories, and I'm picking up interesting ones from the top. Let's start with the top one. A question about internal recruitment of directors.

"After watching the shareholders meet-up, I'm now interested in owning your company's shares."

Excellent. Thank you.

"In the December 3 article on the recruitment of directors, it was announced that candidates for directors are legally granted the authority, but they must have a strong mind not to use this authority for anything other than procedural purposes. Can you tell me what it means to be a director whose authority is used only for procedural purposes? Under the Companies Act, directors carry legal liabilities. I would like to hear your opinion on how the company plans to handle it."

Yamada: First, Ms. Nakane, could you answer it?

Nakane: I expected it.

Yamada: You expected it.

Nakane: I thought we might be asked such a question. I have decided to run for the position, partly because I want to do a lot of thinking in the coming year.

Yamada: That's true. Ms. Nakane is a candidate.

Nakane: Yes. Under the Companies Act, directors have legal responsibilities. As pointed out, the directors will hold responsibilities under the Companies Act. Thus, we would like the candidates to be poised to assume the position with the understanding of their legal responsibilities.

The meaning that the authority is not used outside of procedural purposes is that we want to increase transparency of discussions before final decisions are made at the board meeting; those who have voting power and don't have the power can exchange opinions openly during the discussion. Therefore, I don't think anything that has not been fully discussed will be brought up at the Board of Directors Meetings.

Therefore, the purpose is to have a proper discussion prior to the Board of Directors Meetings.

Yamada: Thank you very much.

Nakane: Is this okay?

Yamada: Thank you very much. Whether it's a director, a new graduate, or anyone else, questions can be asked at any time before decisions are made.

I know that many shareholders have asked questions about it today, and some have expressed concerns such as whether that type of decision-making works as intended. Mr. Shinomiya, what do you think about this initiative?

Shinomiya: Well, when I first heard about the internal recruitment of directors, my first impression was that it was something Cybozu would do.

I'd like to ask you a question. At Cybozu, I think you place a lot of importance on across-the-board information sharing and discussions. Are your discussions taking place solely on Kintone? For example, if there are 1,000 people, there will be a lot of opinions, but how do you finally put them together and bring them to a conclusion? Where and how are you doing it now?

I think that if this process is solid, it would be very reassuring and convincing that all discussions are over before the board meetings.

Yamada: Mr. Aono, do you have anything to add?

Aono: My answer? I wonder what we'll do. It's a real challenge. If someone comes up with something that needs to be coordinated and discussed, I want that person to take the lead because they think there is a problem to address. That person can say, "Hey, everybody. I think I'd like to put it together like this. What do you think?" and some people share their opinions in response and things move on.

I don't necessarily think some sort of authority is necessary there. An organization I have in mind is where someone comes up with a good idea, even if they don't have any authority at all or they are a new graduate, we can go on with it. On the other hand, if we don't have anyone who stands up, things could get messy.

Yamada: That's right. It'll be like all the information is just flowing.

Aono: Yes. We might be like, "can someone please take the lead here?"

Yamada: At the same time, we are working on a mechanism that decentralizes decision-making processes, like a "10 presidents plan." What I think will be very important is to have an open process for soliciting advice and to know who would be included for what topics.

In response, those who make the decisions will be responsible to offer explanations. If we keep repeating this kind of process, maybe it will be apparent who should make the decision for each category.

You may think that you should be the one to decide. We are working on such a mechanism of the organization, which we are still exploring. Thank you.

Aono: Thank you very much.

Yamada: Then, the next question. Can you show the question about the director candidates? The question number is 66.

"As a shareholder and a member of society, I look forward to Cybozu's initiatives and challenges."

"With regard to internal recruitment of directors, what will happen to the decision-making authority on personnel transfer, execution authority, and the department to which the newly appointed director belongs? If an employee who has joined the company two years ago is newly appointed as a director, it sounds strange

that the newly appointed director orders the section chief or general manager to execute operation or transfer, while it is common for the new employee to receive orders and instructions from a general manager of the same department. I would like to hear your candid answer.”

I see. Perhaps the answer was already given, but in reality, matters are not decided by a single vote of the Board members. But, it’s already decided at the previous stage, and they understand the process and approve it. So, I understand that there won’t be any problems like this.

Aono: In addition, they have no authority to make decisions on personnel changes. There is also no execution authority. In a way, though, they maybe have a lot of it. They can do what they want to do. There will be no change in their department or anything.

Yamada: That’s right. Nothing will change.

Aono: Nothing will change.

Yamada: Nothing will change. Also, I saw a question about compensation. The compensation remains unchanged.

Aono: The compensation remains unchanged. More specifically, each member at Cybozu has the right to decide on personnel changes. You can say what department you want to go to, how much you want to be paid, and where you want to work, whether in the Tokyo office or in Osaka.

Yamada: Ms. Nakane, what kind of system do we have now for personnel transfers?

Nakane: In some cases, a member requests to join a particular team. In other cases, a supervisor, a human resources manager, or a member of a team in a different department suggests a transfer. Basically, anyone, including the member himself or herself, can ask for a personnel transfer, and if the receiving department agrees, the transfer takes place.

Yamada: That’s how we do it.

Nakane: Yes.

Aono: People flee from unpopular departments.

Yamada: That’s right. People flee from unpopular departments.

Nakane: That’s right.

Yamada: That’s scary.

Nakane: So, there is no such thing as a forced transfer involving relocation.

Yamada: Thank you very much. That’s the kind of incomprehensible thing we’re doing. Let’s move on. Have you gotten interested in any question, Mr. Kuriyama?

Yokusu Kuriyama: I hadn’t looked at the questions in details yet.

Aono: You may ask your own question.

Yamada: Mr. Kuriyama is Mr. Kuriyama who is a shareholder.

Yokusu Kuriyama: Yes.

Keita Kuriyama: I reacted a little.

Yokusu Kuriyama: Hmm.

Aono: What do you think?

Yokusu Kuriyama: Let me take a look.

Aono: It doesn't have to be about directors.

Yokusu Kuriyama: You mentioned that you have a lot of open discussions within the company, and various matters are decided through those discussions. I think it's difficult for people outside the company to understand it. As Ms. Nakane said, if things are really going well, I think that recruiting directors from within the company will probably work. I thought it would be nice to know a little more about it.

Aono: I wonder if I can explain. How do we discuss and decide various matters?

Yamada: Someone, please answer.

Hayashi: Okay, I'll try.

Yamada: Yes. Tadamasa.

Hayashi: Yes. This is Hayashi of Corporate Affairs Division. I am in charge of organizing the executive meetings. Executive meetings at Cybozu are basically open to all Cybozu members. They can join us via Zoom, or can come and watch us when we are holding the meeting.

The content of the discussion will be announced on the groupware the day before, and the content of the discussion will be shared with everyone in the form of minutes by the evening, or at the latest in the morning of the next day. I think that members are now able to have general ideas of who is thinking what and where.

Aono: We are pretty open about the process, too. Of course, decisions are made at an executive meeting, but you can always put a stop. Someone can say something like, "numbers you use for this calculation are wrong."

Yokusu Kuriyama: For example, I think it's difficult to say, "No, that's not the case," to someone in a department that is not directly related to you, especially in my own company. If someone has a reasonable opinion, do you say, "I'm sorry, but you're right"?

Yamada: Even when the opinion is not that reasonable, we tend to do that. Mr. Ohtsuki?

Ohtsuki: Yes. For this newspaper ad, we received feedback from a wide range of people within the company, including people outside of the marketing department, and as a result, we were able to make some improvements to our expressions. We appreciate that process.

Aono: In that sense, the wording of the ad ("we're sorry that the directors are three middle-aged men") had already been criticized from within the company before it was criticized from outside. After receiving feedback, the person in charge should decide whether to move forward with it or not.

Yokusu Kuriyama: I understand. Yes. Thank you.

Yamada: There is one more question related to this.

“What kind of opinions do you have in favor of or against the internal recruitment of directors?”

I don't really know much about this area. We're going ahead with it because we think it's the right thing to do, but I'm sure there were many pros and cons discussed within our company. Did we have any opposing opinions or unique episodes in the company?

Is everyone in favor of this incomprehensible development? I think some members might thought these people started something incomprehensible again.

Aono: Like a negative reaction.

Yamada: Mr. Ohtsuki, do you know anything?

Ohtsuki: Regarding the directors?

Yamada: Yes, regarding internal recruitment of directors.

Ohtsuki: Well, basically, they didn't know what a director was.

Yamada: I see. Within the company, too.

Ohtsuki: Yes, that's right. Within the company. Yes. Outside the company?

Yamada: In the company. I think there were pros and cons within our company.

Ohtsuki: Yes, that's right. They don't even know what directors do. I think everyone has been discussing what the purpose of the project was. They didn't know what it meant.

Yamada: So there wasn't much opposition?

Aono: The members in Mr. Hayashida's Business Marketing Division were quick to react. They proactively raised their hands.

Hayashida: That's right. I told them that if they dared to do nothing as a director, they were welcome to run for the position, and many people did.

Aono: If you need a type of people who love new and interesting things, the Business Marketing Division is the place to look.

Yamada: That's for sure. On the contrary, there were some who wondered if it was worth the risk if the compensation does not increase. But when I asked the people who were running for the position, they said, “There's no way we don't participate in such an interesting initiative,” and several people raised their hands.

Hayashi: I was part of this project, and I was expecting about 50 to 60 people to raise their hands, so it was surprisingly much less.

Yamada: In other words, there were only 17. I thought no one would raise their hands, so I was surprised to see 17 people raise their hands.

Hayashi: Both predictions were wrong, right in the middle.

Yamada: About the middle. How do you see it, Mr. Kuriyama, when you look at it as a shareholder?

Yokusu Kuriyama: I just think it's amazing. I think that when you do a lot of new things, there is a tendency to get tired of doing new things. There are many cases that a charismatic manager shows a strong leadership, but leaves all employees behind. I don't think this is the case with Cybozu. I get the impression that everyone loves new and festive things, and that there are so many great people. If other companies try to do the same thing superficially, they may not be able to do it.

Aono: That's right. In the past 10 or 15 years, the culture where members love something festive has been created.

Yamada: I see. Thank you. I think it's time to move on to the next category. We have talked about directors. Please project questions.

Aono: What number is it?

Yamada: Number 80, regarding the corporate vision.

Aono: Yes. Number 80.

Yamada: "I have recently become a shareholder. It is interesting that you are involving shareholders. If you can involve shareholders in a positive way, rather than the fan action to save the day, as Mr. Ikeuchi mentioned, it would be future-oriented and pleasant for us. The world is changing due to COVID-19, and please let me know if you have any ideas to involve shareholders."

Aono: Sales quotas for shareholders. If each shareholder sold one product, we would sell 25,000 of them.

Yamada: For now.

Aono: Isn't it amazing? I think sales activities would be a lot easier. Mr. Kuriyama of Cybozu, do you have any ideas on how to get shareholders involved?

Keita Kuriyama: You never know what kind of people there are.

Aono: We need profiles.

Keita Kuriyama: Yes. If we had profiles, we might be able to strategize a bit about what we could ask for.

Aono: Interesting. There may be people in the industry, or people who have connections in the areas we want to expand into.

Yamada: I think we can make good use of the shareholder Kintone project for this purpose.

Aono: That's a good idea. I like that. We can make an app in Kintone for shareholders.

Yamada: We can create an app, register profiles, and post their sales results there.

Aono: We graph it.

Yamada: We graph it.

Aono: Scary. I didn't say that.

Shinomiya: If you want, I can make it.

Yamada: We created the shareholder Kintone project and are recruiting members, but then maybe nobody will join. What I'm thinking about now is, of course, to clarify our corporate vision, and to have shareholders who share our corporate vision. Aside from that, I'd like to talk about the fan club, which I think was mentioned earlier today.

I'm looking for people who will not only support us, but also participate in creating a society brimming with teamwork at Cybozu. I'm thinking of starting up a team project, which I'll introduce later. It's a kind of a fan club, and I'd like to invite people who want to participate in it, not just employees, but people who want to be a part of it. For example, someone would like to see Cybozu push for more changes in the way we work. It's hard to change companies, but it's hard to wait for them to change.

But Cybozu might be able to change that. I'd like to invite people who are interested in supporting or participating in such activities. I'm thinking of starting a fan club type of project. I hope that this will give people a sense of unity, that they are involved in something.

Aono: We would like to hire a lot of development staff for software development. I'm sure there are a lot of engineers among the shareholders and a lot of people who have connections to engineers.

Yamada: That's right.

Aono: I just wanted to ask Teppei, can you think of any ideas on how to work with shareholders in development?

Sato: There may be people who can provide training in development, or who have connections to other products. In terms of getting people to participate in product development, especially during the product launch or planning phase, there may be ways to get people to participate, such as interviewing people about their ideas, or having them participate in cross-type testing.

Aono: Interesting. Like a beta user.

Sato: That's right.

Aono: That's good.

Yamada: Let's do something like that. I think it would be interesting if we could build a team that includes people like Mr. Shinomiya and others who will become shareholders in the future. That's exactly how Mr. Shinomiya started, isn't it? Evangelist.

As a partner, you were not only expanding your own business, but you were also working to help people understand the advantages of Kintone without receiving any money from our company, even though you were not a shareholder.

Shinomiya: That's right. I really feel that empathy for the vision is very important. To be alive is to work, and most adults spend most of their day doing nothing but work-related things. I always felt that if I didn't make that part fun, then what was the point?

It was fun to work with Cybozu. As an engineer, I wanted to feel the excitement of a domestic cloud vendor challenging the world together. That's when I decided to commit my company to Kintone. I think that empathy is very important.

Aono: That's true. It's exciting to work together.

Shinomiya: Exciting.

Aono: In a way, this is one reward, isn't it? If you're given a sense of excitement, you won't get angry even if the dividend decreases. I probably shouldn't have said that.

Yamada: Thank you very much.

Shinomiya: But you're right. I think the new system of directors will also be exciting. There will be a sense of excitement, of not knowing what will happen. I thought that was why you introduced such a system.

Aono: That's true. If the excitement disappears, the fans will probably leave.

Shinomiya: That's right.

Yamada: I hope that people can relate to the future that we want to create. I think they'll be excited to know that we're taking it one step further in that direction. When you don't know where you're going, and you think "What are they doing?", you feel only risk, and you probably get nervous or anxious.

When I see questions this time, I find that they are still anxious and nervous, and as a shareholder, they are opposed to things. In some cases, they can't make sense of what we're doing. It may be because we haven't fully conveyed what we want to create, what we want to do, and how this is connected to the image of a society brimming with teamwork.

Aono: Indeed. I found that we have to explain the corporate vision and our culture, include it in the articles of incorporation, and explain it repeatedly every year.

Yamada: Thank you very much. Okay, let's talk about number 69, the stock split.

Aono: Yes.

Yamada: "Since the policy is to evolve teamwork beyond the boundaries of the Company, I think a stock split would be good so that everyone can participate in the team. I think Cybozu can do it, just as it has done with the open recruitment of directors, where anyone can become a shareholder."

Aono: Osamu-san.

Yamada: I'll answer.

Aono: Didn't you say somewhere that you wanted to split up?

Yamada: Yes, like the fan club I mentioned earlier. In this way, we can encourage people to hold our stock. Now, our stock can only be purchased in units of 100 shares. Nowadays, this would require more than JPY200,000, so I'd like to make it easier for people to buy.

To begin with, this is something I really want to talk about. I think that the higher the value of your assets, the more sensitive you are to the rise and fall of their value. So you become more and more concerned with raising the stock price or getting more dividends. But let's say you buy shares for JPY2,600. It costs JPY4,000 to join the boy band Arashi's fan club. My daughter has been a fan of Arashi for over 10 years.

But they don't complain much about the price. The fact that you are participating in something or getting something from it is of great value to you. I don't mean to say that you shouldn't expect money at all. I think there should be a balance between the two, so that people don't have to care so much about money, and they don't have to become a shareholder of Cybozu just to make money. I think there is such a stock price that makes people want to participate in creating a society brimming with teamwork. In that sense, I think a stock split is one possible way.

Aono: This is an area we would really like to discuss.

Yamada: That's right.

Aono: Now, our stock price is ...

Yamada: JPY2,600, so JPY260,000.

Aono: Since you can purchase in units of 100 shares, it would cost JPY260,000. If I bought shares and the price was reduced by half, I would feel disappointed. If it's JPY2,600, it's not too bad, right?

Yamada: Yes. Since the market capitalization is now over JPY100 billion, if we divide it by JPY2,600, we would need a significant number of shareholders. So we need to attract a large number of shareholders. That's why we'd like to gather a large number of people who really share our ideals, and ask them to become shareholders.

Those of you who participated in the first part today may have heard about it, but Mr. Aono and Mr. Hata still have a lot of shares.

You're still young, but if something happens to you, the shares can be inherited, and the ownership can change depending on who owns the shares. If we want to make the Company a truly public company in the long run, I think it would be better if there are many people who share our ideals. That's why I'd like to start working on that from now on. What do you think, Mr. Kuriyama? Mr. Kuriyama, a shareholder.

Yokusu Kuriyama: As I said when I introduced myself earlier, I became a shareholder because I thought of it like an admission ticket. I can't personally afford JPY250,000 as an admission ticket. At the time, the price was about JPY500 or JPY600, so I thought it was okay. Also, when a stock goes down, you get a message that your valuation has gone down. I didn't lose any money in real life, but if I lost JPY10,000 or JPY20,000, it would hurt my heart. In that sense, I would like you to split it up and make it easier to buy.

For example, I'm not sure if high school students are allowed to own stocks, but if they want to, it would be better if they can buy a unit with pocket money.

Yamada: I see. Tadamasu, there is a possibility that people who are watching this now are saying that Cybozu might do a stock split, and they are getting excited about it. What are your thoughts on how to disclose such information?

Hayashi: I think it would be better if we could announce it when we get to the point where we're going to consider it more concretely and in earnest. Also, the stock price should be around JPY2,330 right now.

Yamada: JPY2,330.

Aono: You exaggerated the number a bit. If possible, we'd like to start the discussion process in this area openly.

Yamada: You're absolutely right.

Aono: It's like we've been hiding it for a long time, saying, "it's insider (information)" and then suddenly it just comes out of nowhere. If possible, we would like to have discussions with the shareholders as openly as possible, and then make a decision.

Yamada: I really want to have these meetings openly. I don't know if I'm allowed to say this, but we don't know at what point things like this is considered as insider information by the TSE. Insider information is called so because there is a disparity of information between the outside and the inside.

Anyway, I want to eliminate the information gap. I don't want my story to become a rumor, so I said, "I'd like to disclose this," but I was told not to disclose it at such an early stage. What should I do? I just spoke. We are so casual. We'd like to start from here. Yes. We haven't decided anything yet.

Let's move on. Do we have anything to say about our performance? There were a few questions about the US Business. I'd like to ask Mr. Kuriyama something about this.

Aono: Mr. Kuriyama from Cybozu.

Keita Kuriyama: Is it me?

Yamada: Mr. Kuriyama of Cybozu, regarding the US.

Aono: The point is that we seem to have too big of a loss.

Yamada: How far are we going to go, and what is our current situation?

Keita Kuriyama: We've changed our approach a bit since last year. Until the year before last, the US Business was conducted in the US, but last year, the Japanese sales, marketing, SE, and support departments began to monitor their respective US counterparts. This was a major change. What we've been doing for the last year is to transfer the know-how of Kintone with 18,500 customers in Japan to the US.

The US Business has been working on its own approach, but we've spent the last year transferring the approaches that worked well in Japan to the US. As a result, in the latter half of last year, the number of new customers we were able to acquire increased sevenfold or eightfold.

Although it's still small, because the original denominator is small. At the same time, as Mr. Aono mentioned in the second part, there are many new low-code products coming out, and we've been doing research on how well Kintone is performing as a product. We've also been working on finding out where we are losing and where winning. We've been able to get a lot of clarity in that area.

So, while transferring Japanese know-how to the US, it is gradually starting to pick up. Now that we have a better understanding of where we stand with our products, we asked for a lot of money to let us compete again this year, and we will use it for our US Business. This is what we are going to start doing in 2021.

Yamada: Thank you very much. Mr. Hayashida, you are also involved in various aspects of marketing in the US. Do you have anything to say?

Hayashida: What Mr. Kuriyama has just said covers the basics. A Japanese style marketing approach is introduced in the US team and we are trying to analyze available data as much as possible. Also, since we were able to increase our budget, we have a better understanding of what kind of leads we can get and where. However, there are still many things that we don't understand yet, so we would like to continue to challenge ourselves over the next two or three years and find our own way to win. That's the situation now.

Yamada: Thank you very much.

Aono: Can I ask you something, Teppei?

Yamada: Teppei.

Aono: What do you think about products in the US?

Sato: There are so many different services that are used in the US and English-speaking countries.

You were talking about the sales side, but on the development side, there is basically one global product. That's why, from the beginning, we used global services as a benchmark for our product development, looking at the competition. I think that Kintone's strengths, or the categories in which Kintone is strong, are comparable to those of other products.

One of the strengths of Kintone, especially in Japan, is that we have a large number of developers in our ecosystem. With Mr. Shinomiya heading the list, the people who are involved in the Kintone Business and the people who help other Kintone users are all very helpful in Japan, so it's not just the power of the product.

Therefore, I think it is important for the product side to create a place where such people can participate in the global market.

Aono: That's true.

Keita Kuriyama: There are a lot of competitors out there in the US low-code market. One thing about low-code products is that we don't know how those products are used. It is left to the customer to decide how it is used. It's a very difficult product to maintain.

There are a lot of start-up ventures entering the market, but I wonder if they are okay. It's really hard to maintain. If I were to launch a startup, I would never enter this market. What do you think, Teppei?

Sato: Probably, there are actually gradations or positions depending on the product. There are start-ups that cut off the support for individual customers, and customers basically use products on their own. The other products are really geared towards IT professionals, and they're called low-code, but can be further developed (by users). I feel that there are probably two extremes.

Kintone is a good balance of those, which is Kintone's strength. The great thing about Kintone is that you can get the best of both sides.

Yamada: I see. Thank you. Then how about the human resources department? What are you working on now or planning to work on in the future as you expand your business globally? Ms. Nakane.

Nakane: In the area of human resources, well, of course, the US Business is also working hard and actively recruiting members who share our commitment to building a society brimming with teamwork. One of the areas that we are focusing on right now is Asia. In addition to focusing on sales, we are also taking on the challenge of hiring students in Japan who have experience in Asia, as well as hiring locally in the Asia region.

This is true globally, but we also want to actively hire more and more people in Japan. Some of you suggested that we should be hiring more and more engineers. I want to do it. Isn't that right, Teppei?

Sato: That's right.

Nakane: We are currently recruiting for all positions, so if you are interested, please apply. We look forward to seeing you.

Yamada: I think we have about 10 minutes left. The next question is number 8, regarding our performance.

Number 8.

“I feel that the contents of the financial results presentation are insufficient. Many other SaaS companies provide detailed explanations every quarter, showing specific management indicators such as ARR, ARPU, churn rate, et cetera. However, your company only does this once a year and the content is too simple. I ask for an improvement from this fiscal year.”

In addition to this, there were some other comments that hope for an improvement on how to present indicators as a SaaS company and a cloud company. Tadamasa.

Hayashi: Of course, we are looking at it, but Mr. Aono is the one who has a strong will on whether or not to disclose this part, so I think it would be better to have him answer.

Aono: That’s true. I really have trouble deciding what to disclose. Can I see the question one more time now? We are disclosing ARR. ARPU, churn rate. Yes. It’s not impossible to disclose it. I’d like to have a little discussion about for whom and for what purpose. To be honest, if we disclose it, we are compared to other SaaS companies. But I think this is a way to judge our company by the numbers.

To be honest, we don’t really focus on the churn rate or ARPU within the Company, and we don’t talk about reducing the churn rate or increasing the ARPU. We’re looking at it, but we don’t really think it’s that important. We’ve been working hard on the number of subdomains, the number of customers. I’m not really sure for whom or why we should disclose it.

Is it to compare us with other SaaS companies? No, no, no, I honestly don’t want to participate in that competition. To be honest, I don’t think people who buy stocks based on numbers are very good team members of us. I’m sorry if I seem to be picking a fight with you. Honestly, we want to work with people who can see what we care about together. I’d like to choose the numbers we disclose with that kind of mentality.

Yamada: I think that our answers would be less explicit at a shareholders meeting. We would like to discuss this topic from the perspective of participants in our efforts to build a society brimming with teamwork.

Cybozu members are working hard to achieve the vision instead of KPIs. So, we feel something is wrong when shareholders solely focus on numbers.

It’s not that we don’t need those numbers, and of course we are looking at them. Why do we need to disclose them, and what good will come of disclosing them? I’m not sure what good they will do for whom, as Mr. Aono said. We would like to have a discussion with participants so those who understand and agree with our way of thinking become our shareholders.

If there is a backlash that the Company doesn’t disclose information or doesn’t think about shareholders, then it is said that the Company is cold to shareholders or that its IR is terrible.

Aono: In return, we’re disclosing a lot of things that other companies don’t.

Yamada: We’re disclosing a lot of things.

Aono: We revealed information about the Company, even things like stories about salary increases after salary negotiations. I wonder if other companies can provide the same information.

That’s why I ask them to look at what we are disclosing with intentions before saying anything. We want them to read the Cybozu-shiki (company blog) articles first and then comment.

Keita Kuriyama: Can I say something? I just want to add something to this so that there are no misunderstandings. By the way, I’m watching MRR, ARR, ARPU, and churn rate very closely. I’m responsible for performance, and I’ll be watching carefully, so don’t worry, everyone.

Hayashi: Can I also add something? Within the Company, we have a performance management tool, so we can make business decisions with these indicators.

Also, in the past, we talked to other SaaS companies to discuss indicators, but I think Cybozu is looking at things a little differently than most companies.

We look at the churn rate, but at the Division to support customers, customer responses are one of the indicators they use to improve their service. We look at our unique metrics in addition to the general SaaS metrics to make decisions.

Yamada: My apologies.

Aono: Thank you very much.

Yamada: Thank you very much. What I wanted to say was that it is one of many indicators, and I didn't mean that no one is looking at them. My apologies. How about this area? Mr. Kuriyama, do you have any comment?

Yokusu Kuriyama: As you mentioned earlier, I think the motivation behind comparing them side by side by numbers is that the people doing the evaluation want to slack off. It's easy to see. But I think the value of Cybozu lies in other points. We can see that it's not just a simple theory of capital, and that it's not just about money, and I hope that the current style of thinking continues, where the receiver thinks a lot and takes it into account.

Aono: Thank you very much.

Yamada: Thank you very much. How about you, Mr. Shinomiya?

Shinomiya: When I see other questions such as, "Can you beat Google?", I think that we are no longer in an age of competition, and it is no longer an age of who wins or loses, but an age of co-creation. The ecosystem that Teppei mentioned earlier is exactly what I am talking about. It's not that one is better or worse than the other, but each has its own use. In the end, if you use Google, there's no reason why you shouldn't use Kintone, and if you want to use it, you can.

As for the numbers, if you just disclose the numbers, they end up becoming a purpose. Then, as Mr. Aono said, we don't know what we should use to make a judgment. It is not easy for people to understand that there is such a way of thinking. I think it is important for you to keep sending out information so that people can understand that there is such a way of thinking.

Aono: You're right.

Announcement

The 24th Annual Shareholders Meeting

The Annual Shareholders Meeting will be livestreamed.

No need to sign up in advance, anyone is welcome to watch the livestream!

The 24th Annual Shareholders Meeting

Date and time: 1:30 PM (JST) Sunday, March 28 2021

URL: <https://cybozu.co.jp/s1>



The above information can be found in the YouTube overview section. It will also be posted on the Cybozu official website at a later date. The above information will be sent to all participants of today's event by e-mail.



Yamada: Thank you very much. The time is almost up, so we'd like to conclude this part with a summary. Is there an announcement? Yes. Finally, yes. We will hold the Annual Shareholders Meeting on Sunday, March 28. From this year, you can also attend and vote online, so please join us.

Of course, we will accept questions there as well, so if there is anything that we have not explained fully, please ask there. Please participate in the Annual Shareholders Meeting. This can be viewed by non-shareholders as well.

Announcement

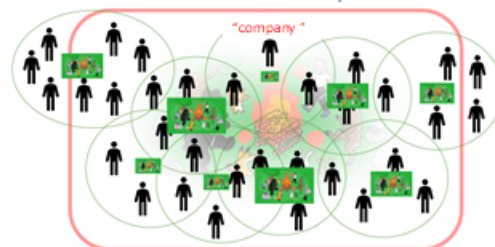
Launching of the Cybozu Team Project (tentative name)!

We would like to try something as a team with not only our shareholders,
but also everyone who share our company vision.

Current society



Future society



Please join our Facebook group!

<https://www.facebook.com/groups/2508771692762453>



The next project is the Cybozu Team Project, which is a new type of project.

We are looking for people who would like to participate in the process of deciding the name of the project, which is currently a tentative name. We have set up a Facebook group, so if you are interested, please join us there. We would like to invite anyone who is interested to attend, regardless of whether they are a shareholder or not.

Announcement **New! Shareholders' Meet-up 2021 After Party**

Would you like to have candid discussions with Cybozu members?
Anyone is welcome to sign up!

Date and time: 7:00-8:30 PM, Wednesday, March 10 2021 *Online event

Details of the after-party (tentative)

- Questions that were not answered today
- Discussion with participants on our IR activities a the future of a new 'company'
- Behind-the-scene secrets from the making of the Shareholders Meet-up 2021
- Behind-the-scene secrets of the much-buzzed-at (i.e. controversial) newspaper ad

[Click here to sign up.](#)



The above information will be sent to all participants of today's event by e-mail. Details will be announced later on the Cybozu IR official Twitter and Facebook page.



Last, but not least, a new announcement! Shareholders' Meet-up 2021 After Party. I was thinking of having an after party today. I wasn't talking about going out for drinks. Changing the date, it will be held online on March 10 from 7:00 to 8:30 PM. We'd like to have a casual discussion about what we couldn't talk about today, or about what goes on behind the scenes of the newspaper ad, etc., so please join us if you'd like.

Finally, we will be sending out a questionnaire after the event, so please help us out. We will not be able to give out towels this time, but please fill out the questionnaire. If I don't get a lot of questionnaires, I'll be in trouble. Thank you.

Thank you all for spending so much time with us. This is a new way for us to build our own company, and we have just begun. I hope that everyone will participate and support us, so please continue to support us. Thank you very much for your time today.

Aono: Thank you very much.

Yamada: Thank you very much.

[END]
