

September 2003

Information Meeting
for Financial Results of
the Third Quarter

August 13, 2003

CYBER AGENT, LTD.
<http://www.cyberagent.co.jp/>

- ✿ **Outline of Consolidated Settlements of Quarterly Period**
- ✿ **Outline of Cyber Agent Business Activities**
- ✿ **Advertising Agency Business**
- ✿ **Internet Media Business**

Opinions, predictions, etc. described in this data are based on our company's judgment when the data was prepared, and do not guarantee the accuracy of information. It should be noted that there is the possibility that they may greatly differ from actual business performance and results depending on various factor changes.

Outline of Consolidated Settlements

The Third Quarter of September 2003

Highlights of the Third Quarter of 2003



Operating income

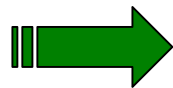


**Third Quarter
121 million yen**

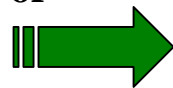


Transferred from preceding investment period to profit creating period as scheduled

Sales



**Up 37.2% over the same period of the previous year
Up 4.7% over the previous quarter**



EC (Electronic Commerce) business and mobile related business were good

Gross margin ratio



**Third Quarter
Improvement of 3.1 points
(Previous quarter 39.6%
Third quarter 42.7%)**



Due to increased sales in Internet Media Business and improved gross margin ratio in Advertising Agency Business (Previous quarter 18.4% Third quarter 20.3%)

Sales and general administrative expenses



**Sales/Sales and general administrative expenses ratio
3-point decrease (Previous quarter 42.8%
Third quarter 39.8%)**



Though the number of directors/staff members increased by 70, the expenses were down 45 million yen in comparison with the previous quarter through cost control.

Cash flow



**Operating activities cash flow
Increase of 326 million yen**



Cash flow balance 8.2 billion yen (approx.)

Summary of Consolidated Settlements (Third Quarter)



Sales up 37.2% over the same period of the previous year, transferred from preceding investment period to profit creating period, operating profit 121 million yen

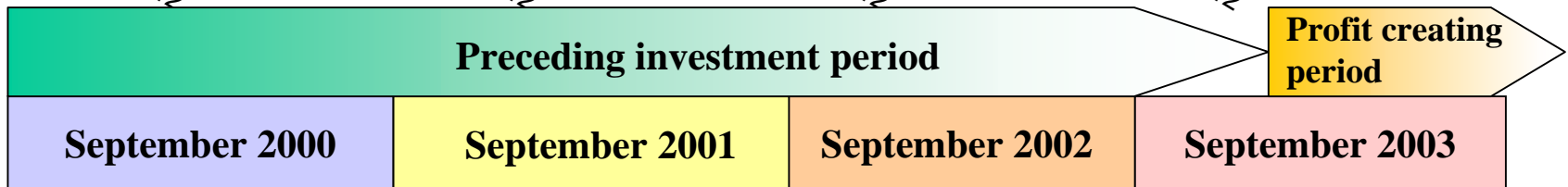
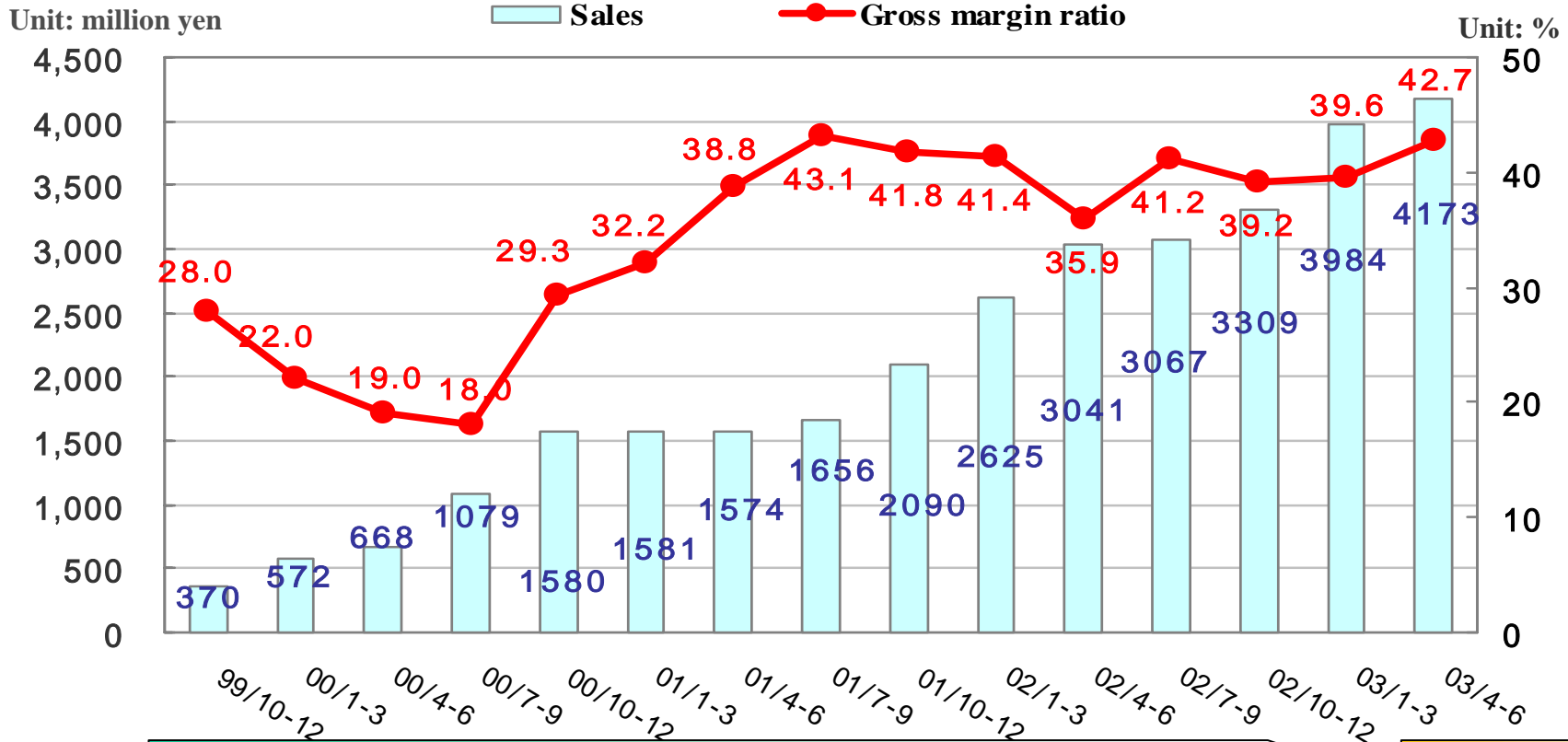
P/L

| Unit (million yen) | The 3rd of 2002 Apr. ~ Jun. 2002 | The 2nd of 2002 Jan. ~ Mar. 2003 | The 3rd of 2003 Apr. ~ Jun. 2003 |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Sales | 3,041 | 3,984 | 4,173 |
| Gross profit | 1,092 | 1,579 | 1,784 |
| (Net profit margin) | (35.9%) | (39.6%) | (42.7%) |
| Sales and general administrative expenses | 1,264 | 1,707 | 1,662 |
| (Sales and general administrative expenses ratio) | (41.6%) | (42.8%) | (39.8%) |
| Operating profit | 172 | 127 | 121 |
| (Operating profit margin) | (5.7%) | (3.2%) | (2.9%) |
| Ordinary profit | 181 | 85 | 122 |
| Profit for the current term | 250 | 1,965 | 75 |

Changing in Sales and Gross Margin Ratio



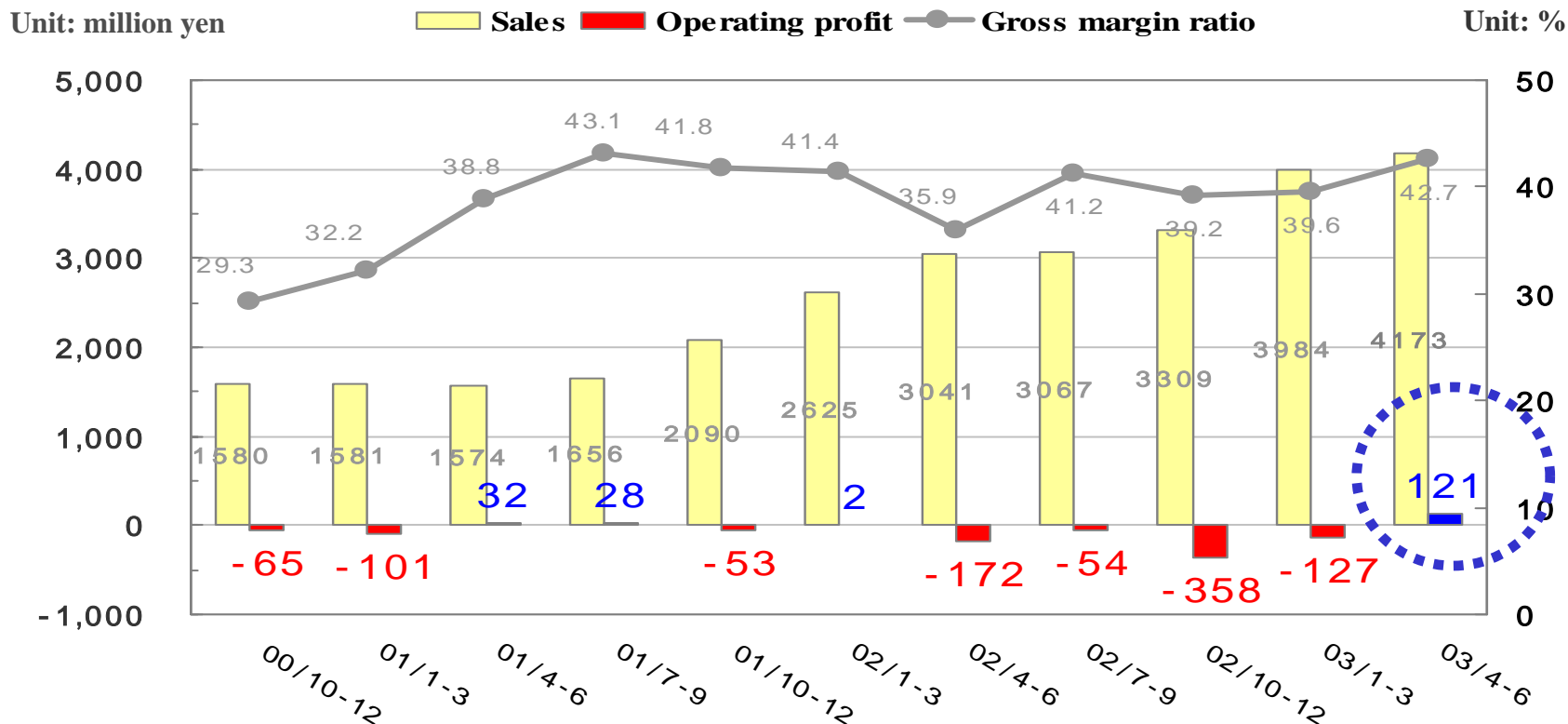
Sales exceeded the level of 4 billion yen for the first time for the quarter and gross margin ratio increased to 42.7%.



Quarterly Changes in Operating Profit



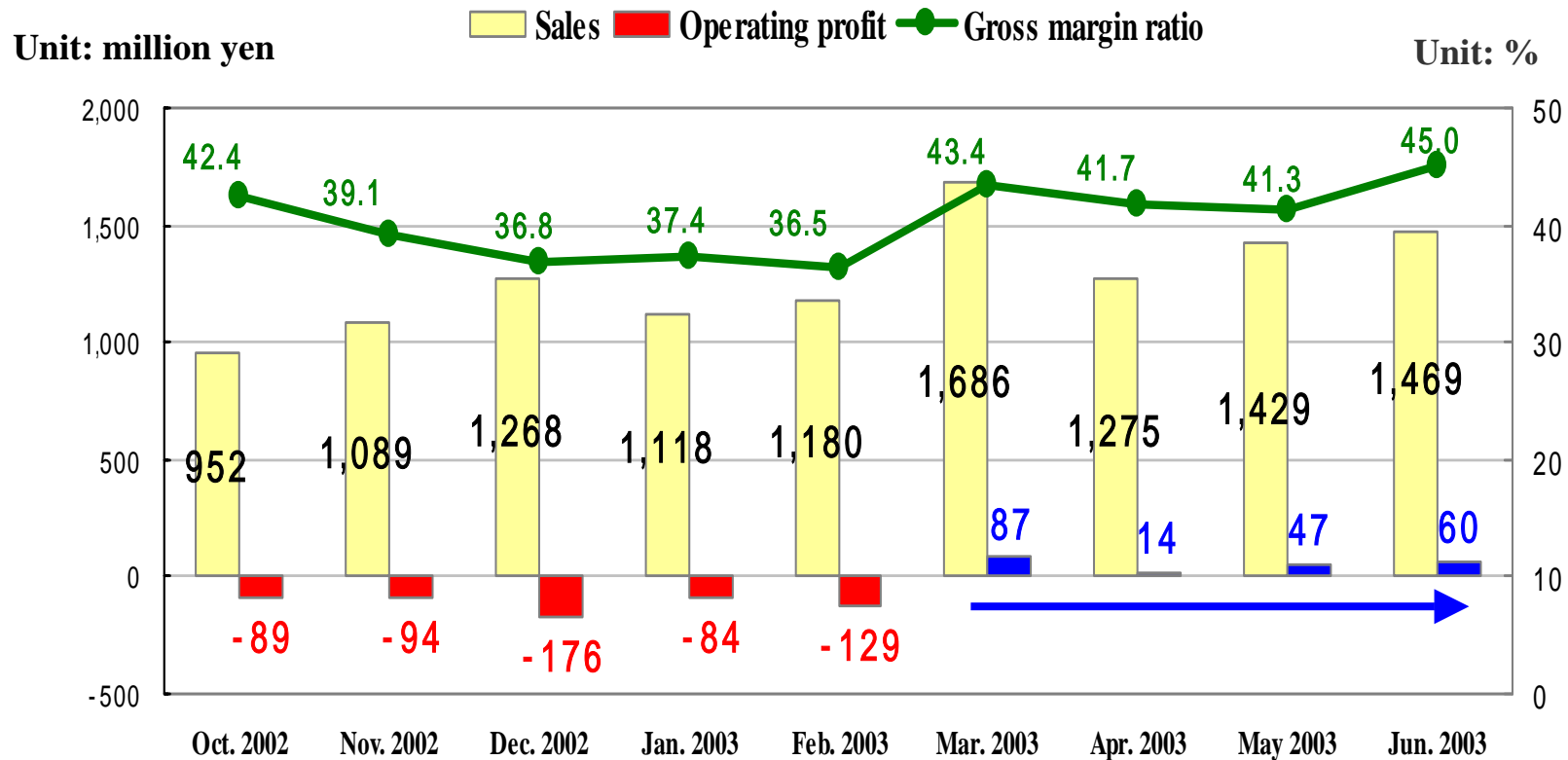
Operating Profit Up 248 Million Yen over the Previous Quarter



Monthly Changes in Operating Profit



 Monthly operating profit has been continuously in the black since March, and the gross margin ratio has been at the level of 40% since March

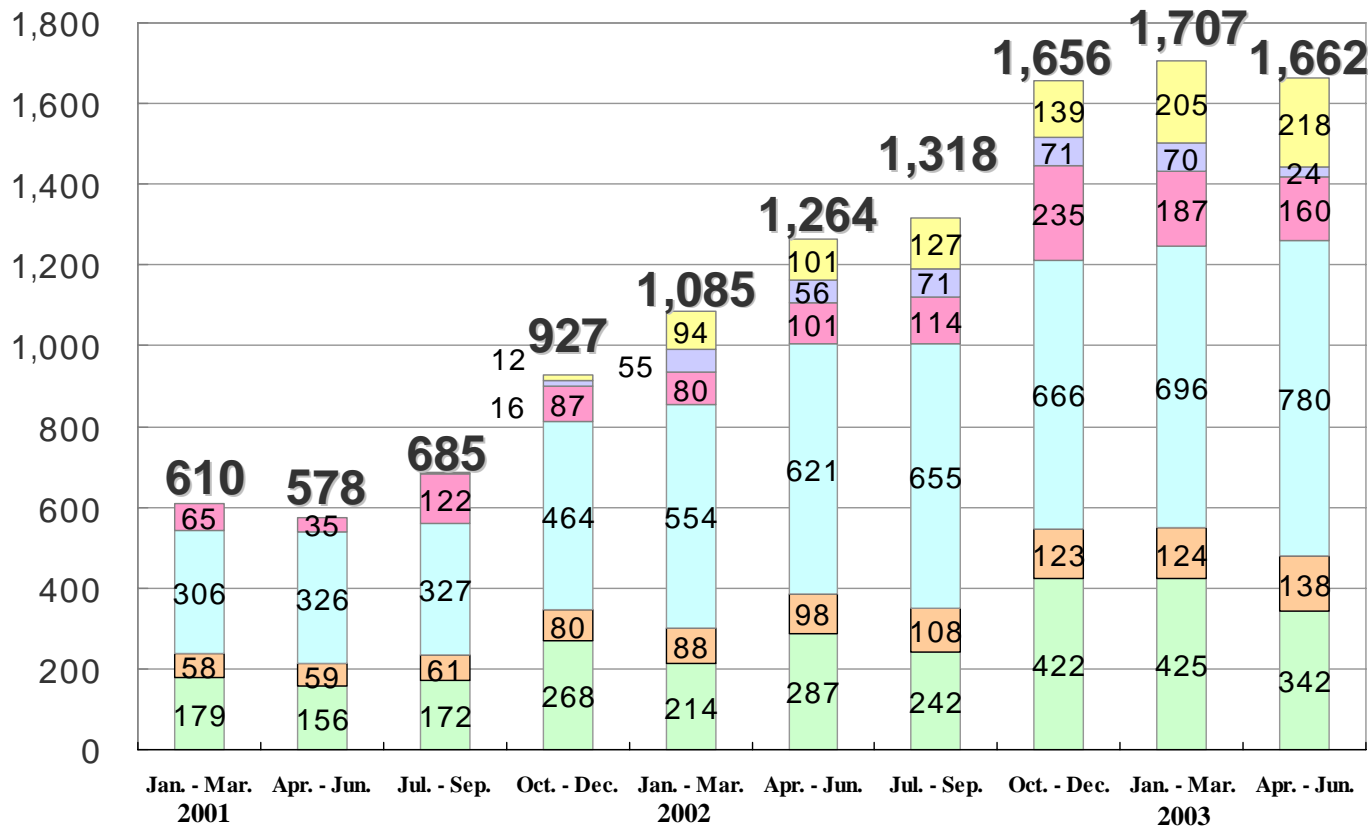


Consolidated Sales and General Administrative Expenses



Personnel costs increased due to increased number of persons by 70

Unit: million yen



In comparison with the previous quarter

Unit: million yen

| | |
|---|-------|
| Costs related to EC | |
| | + 1 3 |
| Consolidated adjustment account amortization cost | |
| | 4 6 |
| Advertising costs | |
| | 2 7 |
| Personnel costs | |
| | + 8 4 |
| Office rents and expenses | |
| | + 1 4 |
| Others | |
| | 8 3 |

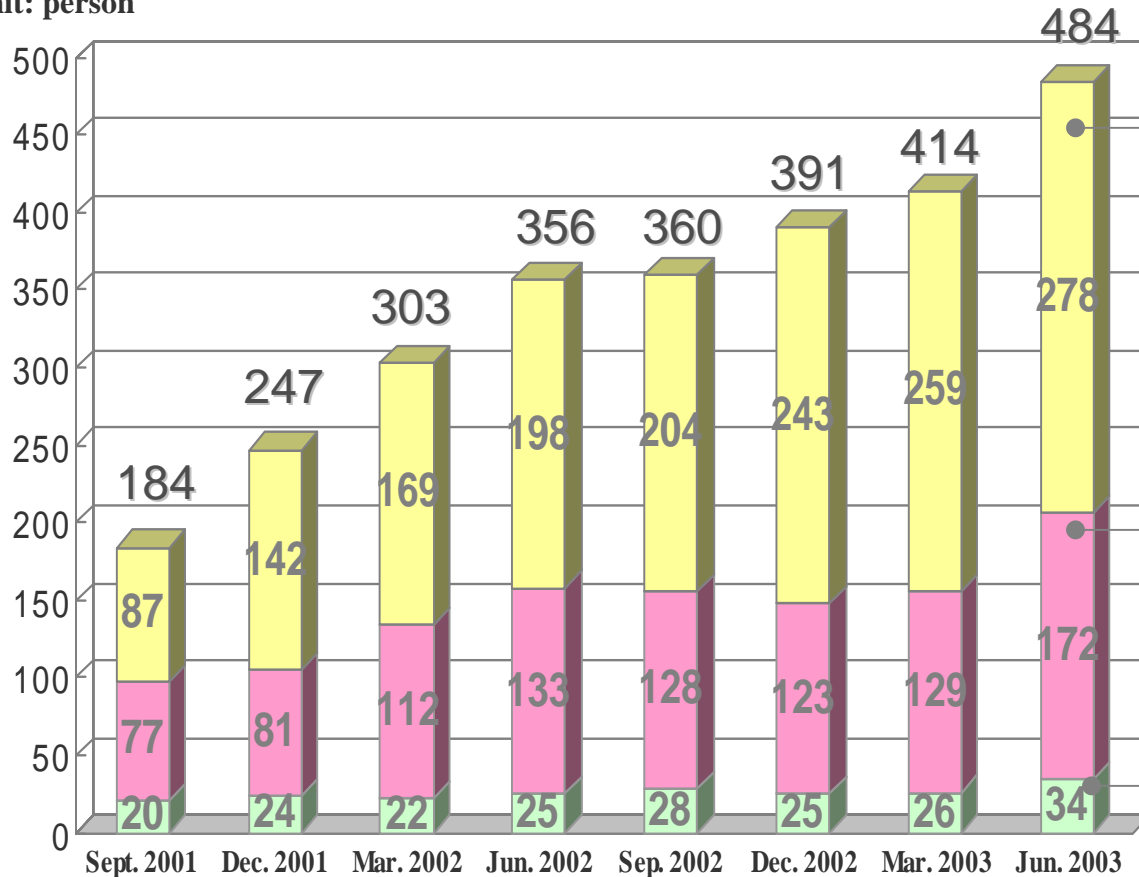
MLB license fee, etc. appropriated as extraordinary loss of the previous quarter

Consolidated Number of Directors/Staff Members



Increase of 70 persons in comparison with the previous quarter
38 new employees and increased personnel of subsidiary companies expanding business

Unit: person



By Business Type

- Internet Media Business** +19 persons
 - CA MOBILE (mobile related business) Increase of 11 persons
 - NETPRICE (electronic commerce business) Increase of 6 persons
 - Others: increase of 2 persons
- Advertising Agency Business** +43 persons
 - Of them 23 persons were newly employed in April 2003
 - Mid-career employment and transfer from Media Business Department
- Management Headquarters** +8 persons
 - Finance/Accounting: increase of 2 persons
 - Management Headquarters: 1 person
 - Attachment to Management Headquarters: increase of 3 persons
 - Legal Room: increase of 1 person
 - Information System Room: increase of 1 person

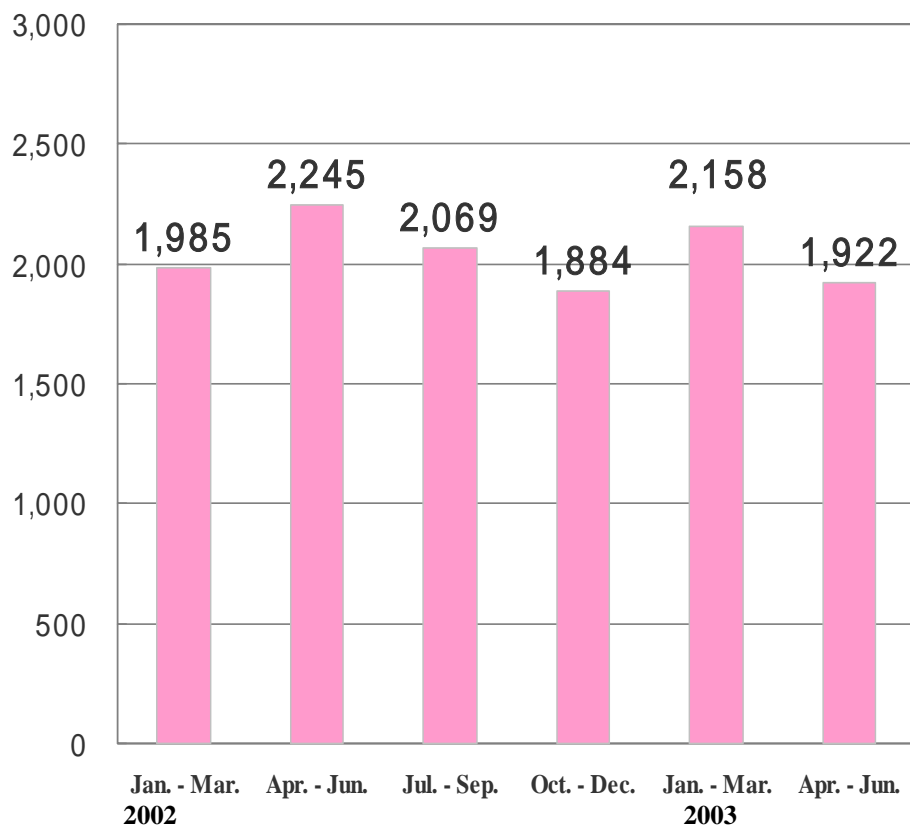
Changes in Business Performance (Sales) by Business Type



Advertising Agency Business

Advertising Business Unit

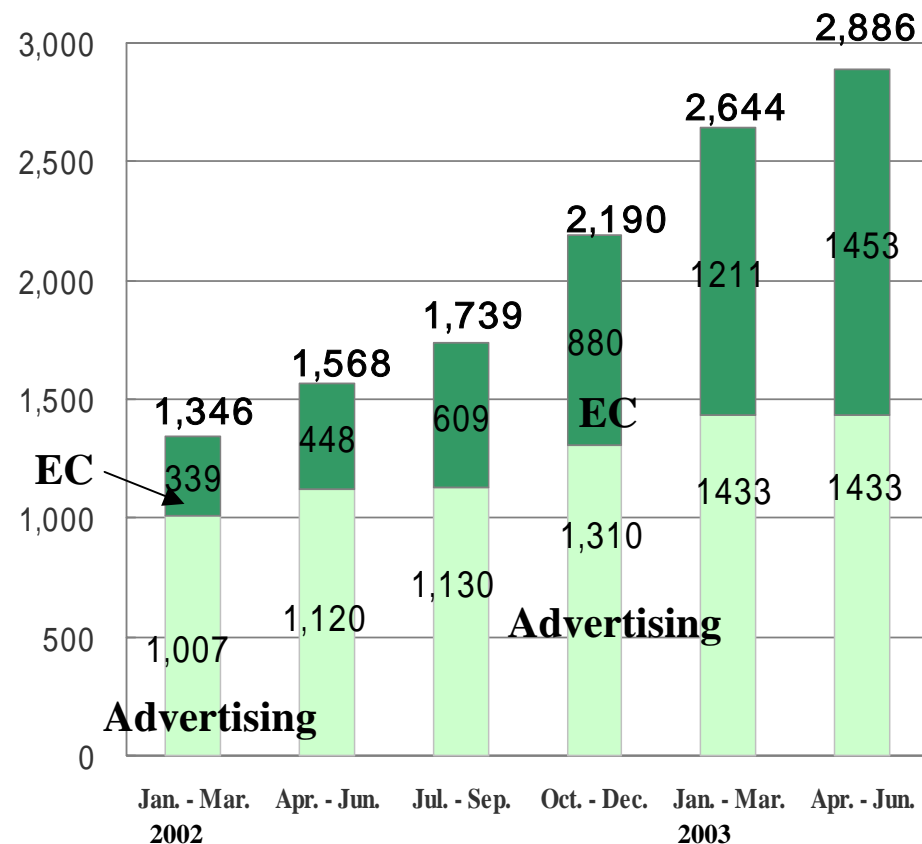
Unit: million yen



Internet Media Business

Media Business Unit

Unit: million yen



Note: Sales are reference values before internal transaction deduction

Changes in Sales and General Administrative Expenses and Operating Profit by Business Type

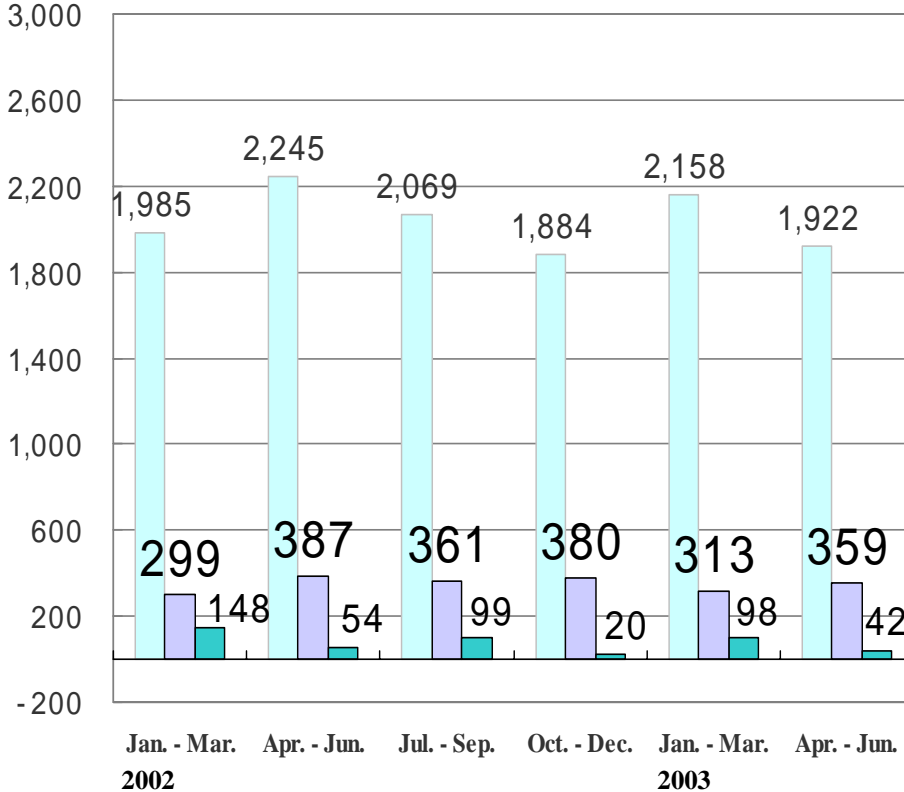


Advertising Agency Business

Advertising Business Unit

- Sales
- Total of Sales and general administrative expenses
- Operating profit

Unit: million yen

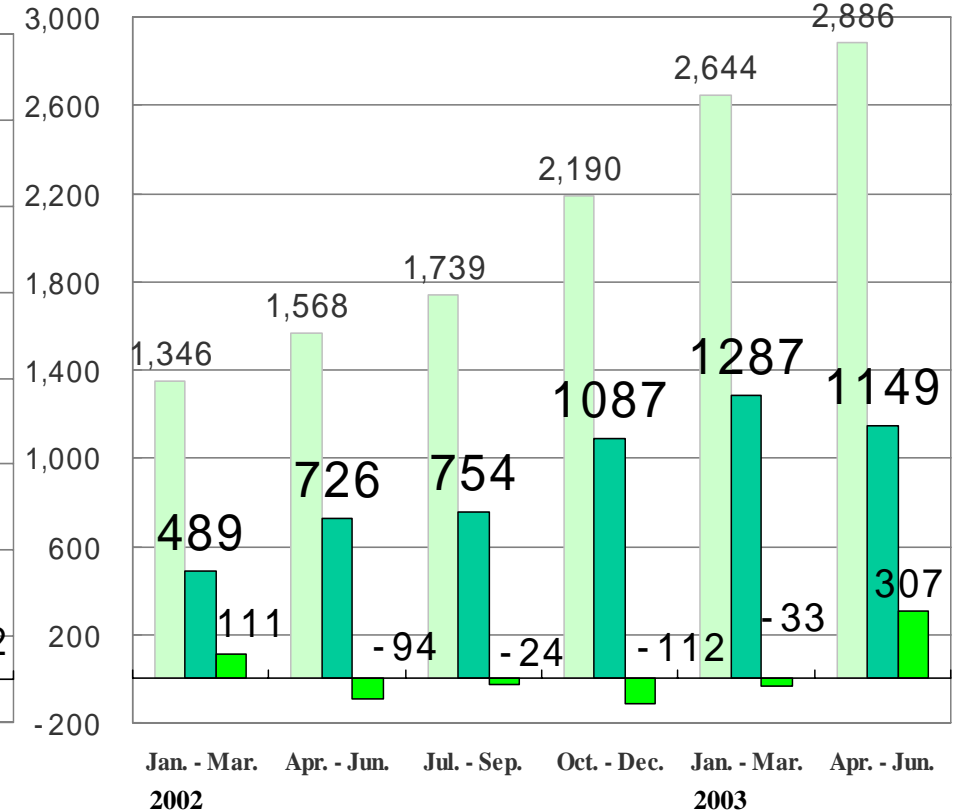


Internet Media Business

Media Business Unit

- Sales
- Sales and general administrative expenses
- Operating profit

Unit: million yen



Note: Reference values before deduction of internal transaction, consolidated adjustment account amortization and all company expenses

Profit and Loss by Business Division

Note: Sales/operating profit are reference values before deduction of internal transaction/consolidated adjustment account amortization/all company expenses



| Unit (million yen) | Projects and Group Companies | January ~ March 2003 | | April ~ June 2003 | |
|-----------------------------|---|----------------------|------------------|-------------------|------------------|
| | | Sales | Operating Profit | Sales | Operating Profit |
| Advertising Agency Business | Advertising Business Unit | 2,044 | 103 | 1,810 | 85 |
| | CA SEARCH, LTD. | | | 5 | 2 |
| | YMIRLINK, Inc. | 114 | 5 | 107 | 41 |
| Internet Media Business | CA MOBILE, LTD. | 767 | 205 | 818 | 239 |
| | NETPRICE, LTD. | 1,034 | 54 | 1,251 | 120 |
| | Axiv.com, Inc. | 240 | 56 | 244 | 36 |
| | melma! | 169 | 45 | 140 | 56 |
| | LifeMile | 63 | 16 | 63 | 19 |
| | Kensho-no-tubo (prize pot) | 66 | 11 | 56 | 16 |
| | Cyber Brains, LTD. | 117 | 1 | 100 | 18 |
| | International Sports Marketing, LTD. | 75 | 14 | 73 | 15 |
| | ChanceMaster | | | 3 | 27 |
| | MailVision | 98 | 180 | 86 | 74 |
| | MLB | 14 | 193 | 34 | 77 |



Aiming at black figures through increased sales and cost reduction

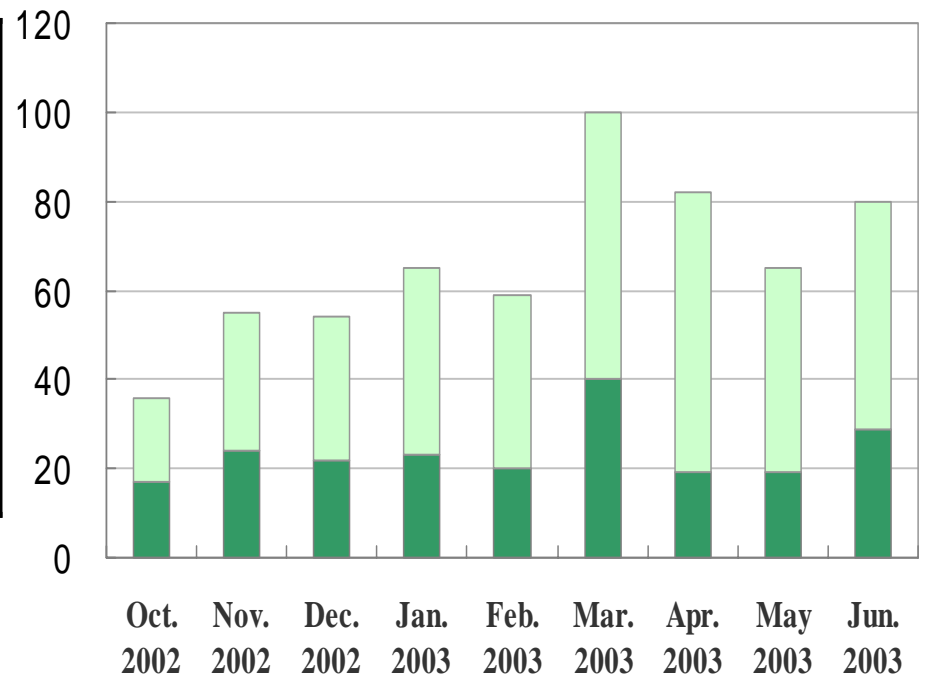
Monthly Cost

| Unit (million yen) | December (single month) | March (single month) | June (single month) |
|--|-------------------------------|----------------------------|---------------------------|
| Cost | 6 0 | 4 7 | 2 8 |
| Sales and general administrative expenses | 5 9 | 5 0 | 2 7 |
| Total Cost | 1 1 9 | 9 7 | 5 5 |

Monthly Sales

Unit: million yen

■ Advertising □ EC



Note: EC sales are total of physical distribution

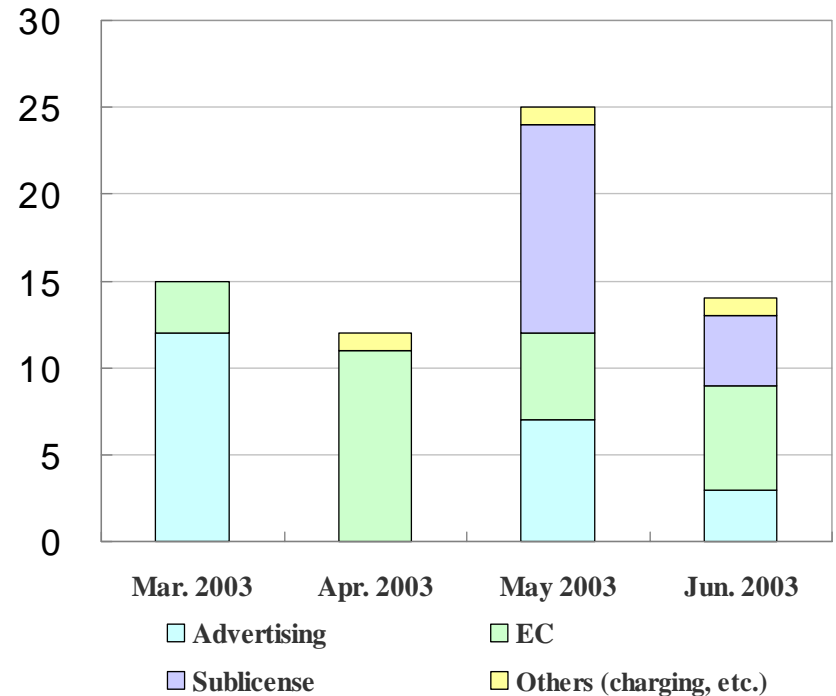
 For the following term, we aim to achieve black figures throughout the term by concentrating on fields where earnings can be expected.

Monthly Cost

| Unit (million yen) | December (single month) | March (single month) | June (single month) |
|--|----------------------------|-------------------------|------------------------|
| Cost | 1 | 2 0 | 2 5 |
| Sales and general administrative expenses | 1 0 | 5 0 | 1 4 |
| Total Cost | 1 1 | 7 0 | 3 9 |

↑
Site opened in March

Unit: million yen Monthly Sales



License contract to the end of December 2004

Out subject is to win advertisers (slow progress in third quarter)

Summary of Consolidated Settlements (Third Quarter)



B/S  **Factor of increased fixed assets is appraisal gain investment securities**

| Unit (million yen) | End of the 3rd of 2002 | End of the 2nd of 2002 | End of the 3rd of 2003 |
|--|------------------------|------------------------|------------------------|
| | June 30, 2002 | March 30, 2003 | June 30, 2003 |
| Current assets | 1 3,0 3 3 | 1 0,8 2 9 | 1 0,7 5 8 |
| (Cash on hand and in banks + securities, etc.) | 1 0,8 2 2 | 7,9 9 5 | 8,2 2 2 |
| Fixed assets | 4,2 5 1 | 4,0 6 2 | 4,8 4 8 |
| Total assets | 1 7,2 8 4 | 1 4,8 9 1 | 1 5,6 0 7 |
| Current liabilities | 1,7 8 2 | 2,2 5 1 | 1,9 9 9 |
| Fixed liabilities | 6 5 | 4 5 | 2 4 9 |
| Equity capital | 1 5,0 8 6 | 1 2,1 4 5 | 1 2,8 6 3 |

Changes in Consolidated Cash Flow (Third Quarter)

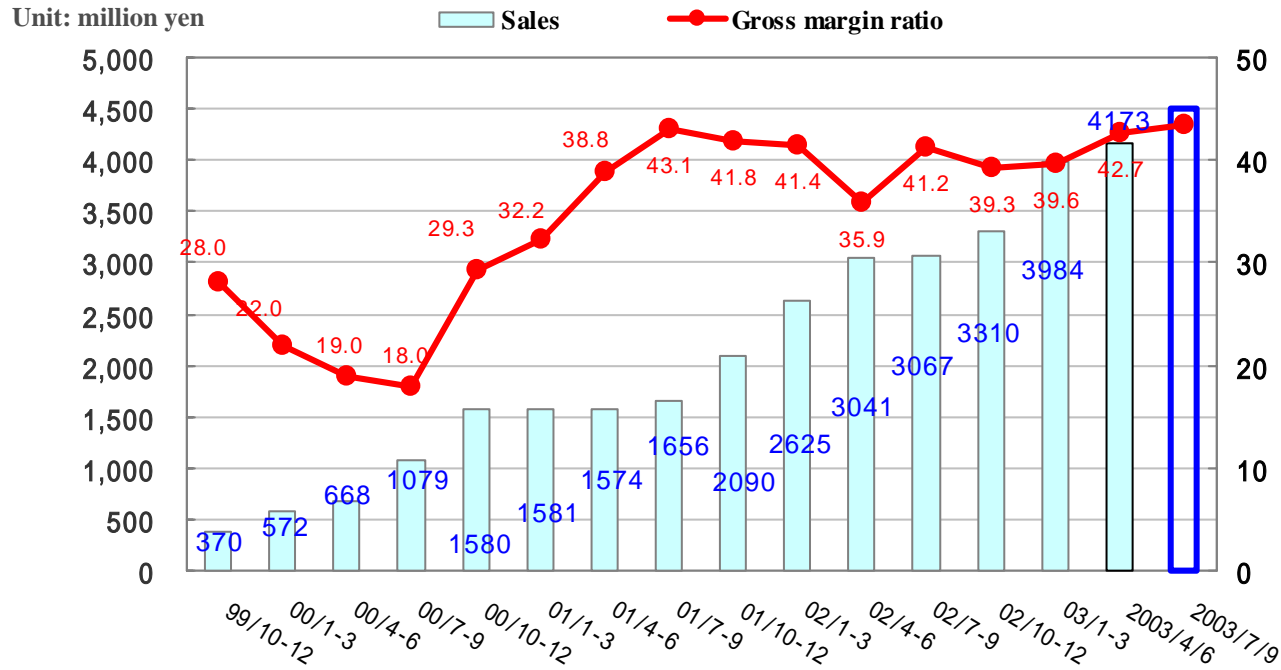


- CF from operating activities turned positive and the cash equivalent is an increase of about 226 million yen

| Unit (million yen) | The 3rd of 2002 Apr. - Jun. 2002 | The 2nd of 2002 Jan. - Mar. 2003 | The 3rd of 2003 Apr. - Jun. 2003 |
|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| CF from operating activities | 7 | 19 | 326 |
| CF from investing activities | 2,129 | 1,916 | 96 |
| CF from financing activities | 1,452 | 5 | 4 |
| Increase/decrease in cash equivalent | 3,565 | 1,891 | 226 |
| Balance at end of cash equivalent | 8,358 | 7,970 | 8,196 |

No auditing was done for the third quarter of the previous year

Outline of Cyber Agent Business



Initiation period | **Preceding investment period (3 years)** | **Profit creating period**

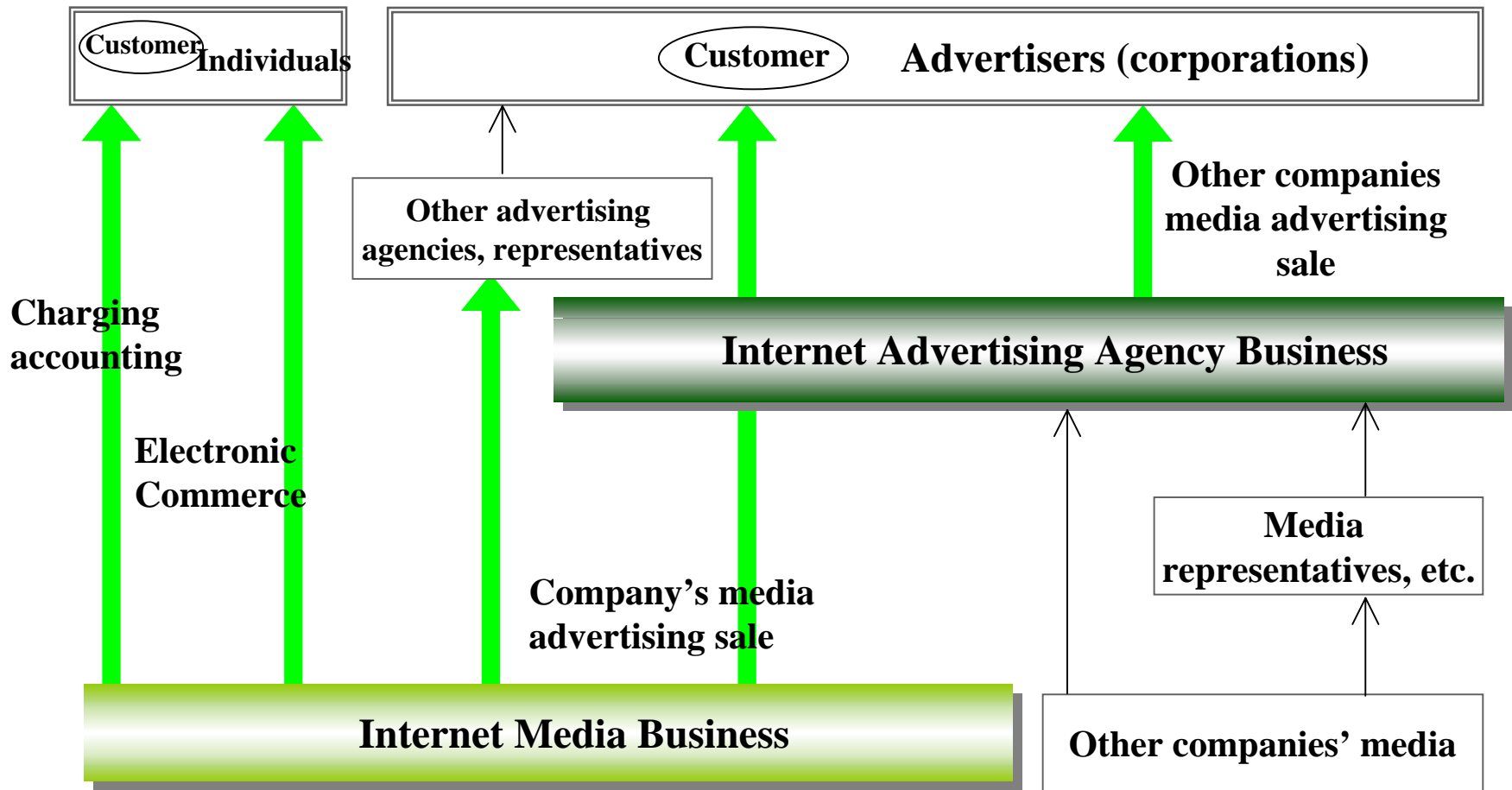
From companies of click guarantee type advertising

Annual sales: 450 million yen (September period of 1999)
 Gross margin ratio (when listed): about 20%
 Main businesses: Cyber Click
 Click Income (present melma!)

No. 1 in sales/profit among Internet advertising companies

Annual sales: 15.4 billion yen (expected in September period of 2003)
 Gross margin rate: about 40%
 Main businesses: Advertising Business Unit (monthly sales: about 700 million yen)
 melma! (monthly sales: about 50 million yen)
 Kensho-no-tubo (monthly sales: about 20 million yen)
 LifeMile (monthly sales: about 20 million yen)
 MailVision (monthly sales: about 30 million yen)
 CA MOBILE (monthly sales: about 300 million yen)
 NETPRICE (monthly sales: 400 million yen)
 Axiv.com. Inc. (monthly sales: about 100 million yen)
 Cyber Brains (monthly sales: about 40 million yen), etc.

- ✿ We made the transition to a profit creating period in March 2003, judging that we established the foundation to produce stable and continuous earnings**
- ✿ Aiming at producing profits throughout the September period of 2004 as per the original medium plan, we will cut down on large investments for the time being**
- ✿ We will, however, make investments toward growth following the period after next within a range not to adversely affect the general situation**
(We plan to establish CA Capital, Ltd. in September 2003)
- ✿ We are now formulating on medium/long-term visions after the September period of 2004**



 Composition image of about 16 billion yen in sales

| | | |
|--|--|---|
| EC: about 4 billion yen | Internet Advertising: about 12 billion yen | |
| | Other Agencies' Sale: about 4 billion yen | Company's Advertising Agency Business: about 8 billion yen |
| | Company's Media: 7.2 billion yen | Other Companies' Media: 4.8 billion yen |
| | | |

Features of Business Model

Selling Power: No. 1 in Internet advertising sales

Capable of providing solutions for advertisers not limited to media buying

Earning Power: gross margin ratio 40% or more

As the sales of advertising agency business increase, the gross profit margin ratio of our company's media advertising business increases (= a combination of labor intensive business and increasing returns type business)

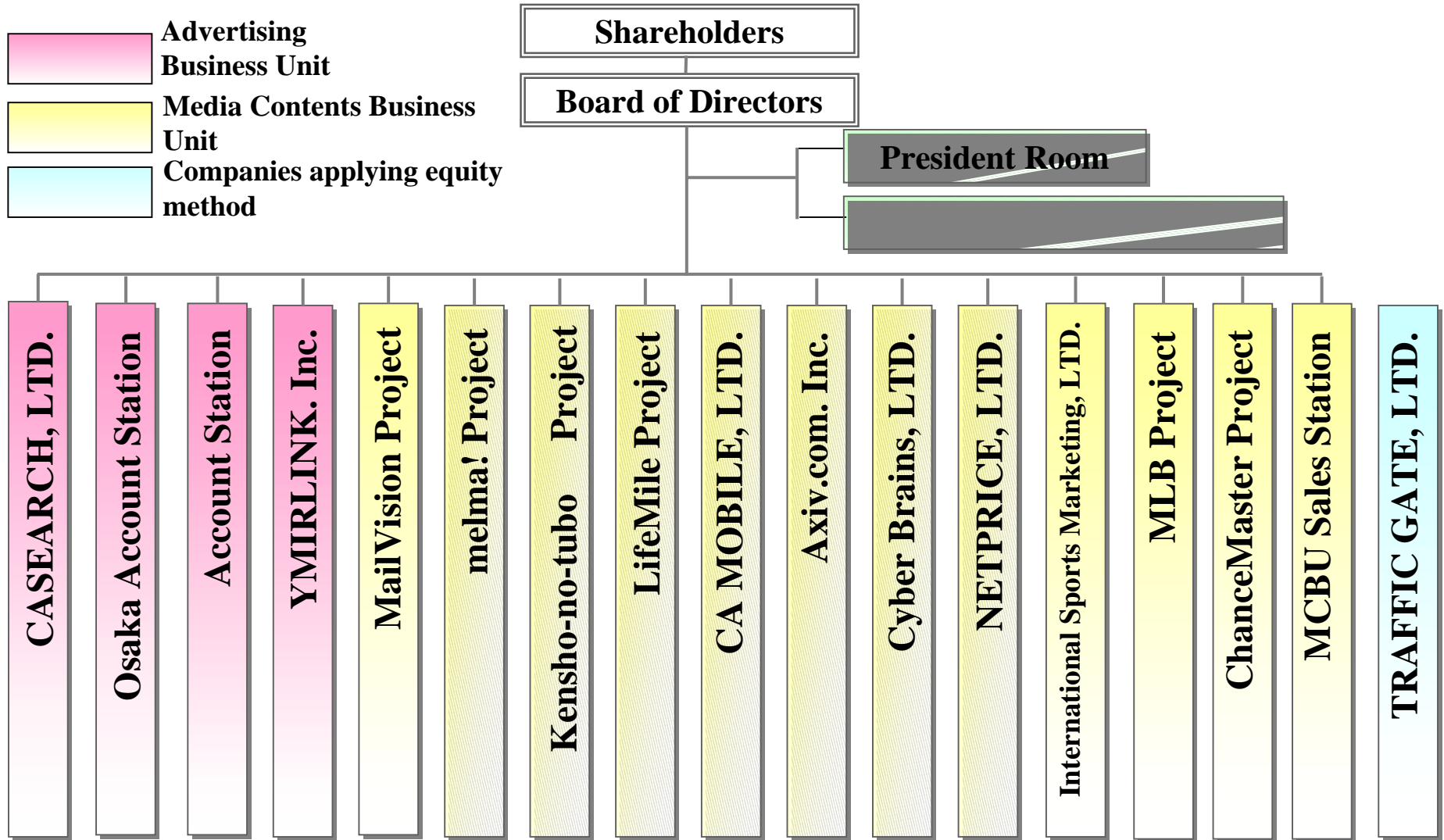
Media Power: the number of addresses possessed is 10 million or more

Since we have a very large number of users, we can easily advance into other profit opportunities such as EC and charging/accounting

Medium Developing Power

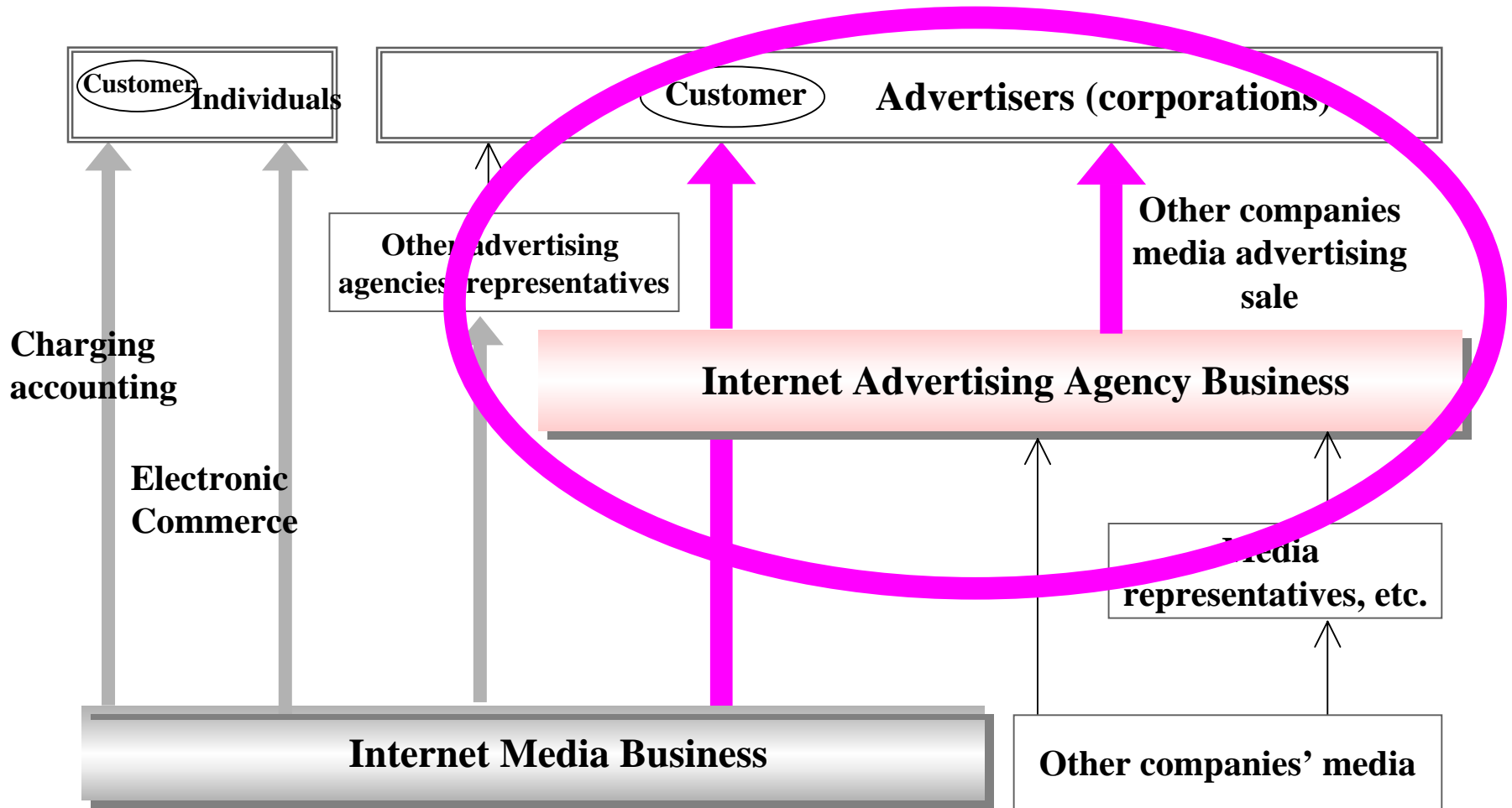
Capable of developing proper commodities having contact points with both advertisers and Internet users

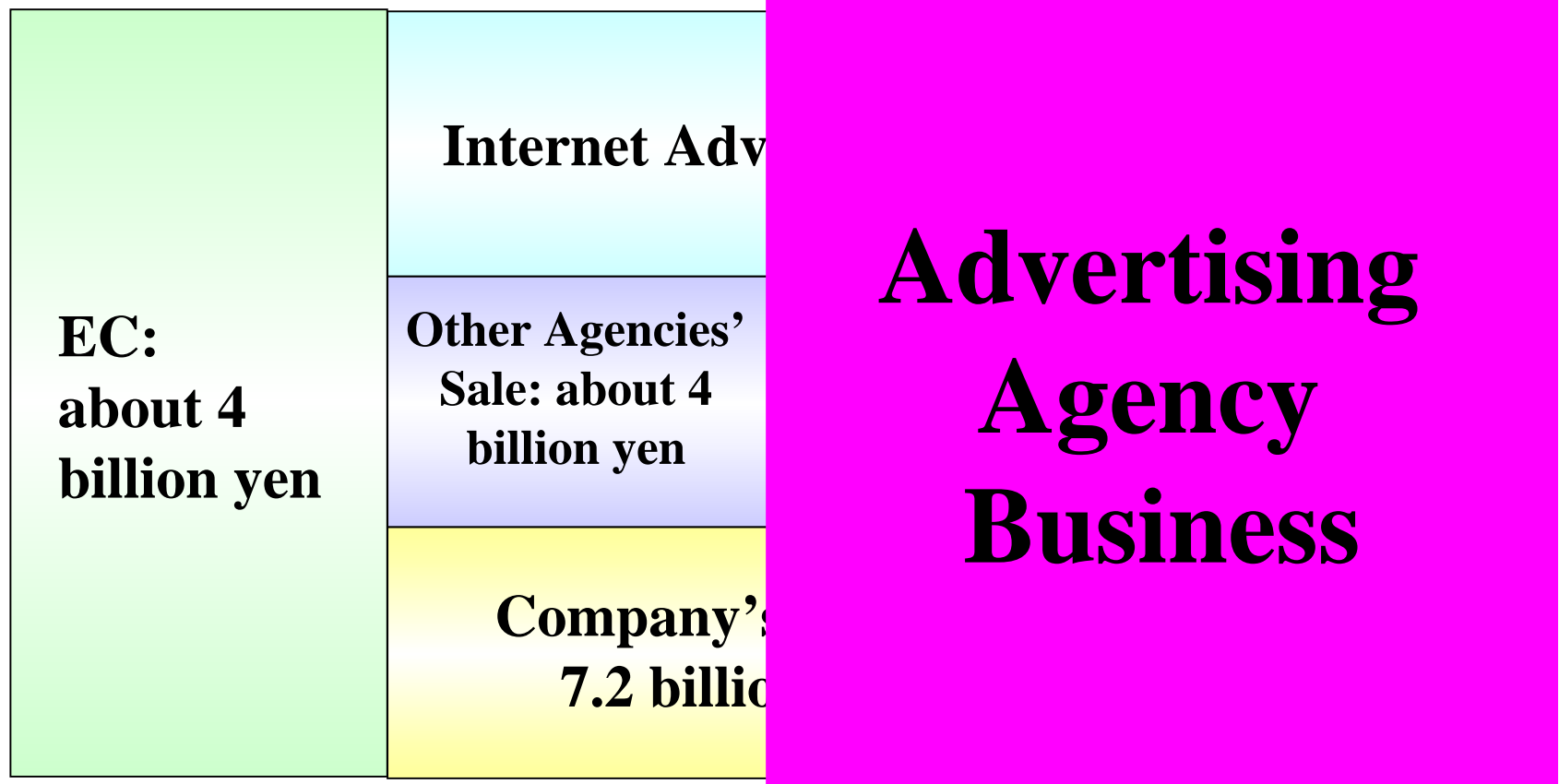
Organization Chart



Advertising Agency Business

Position of Advertising Agency Business





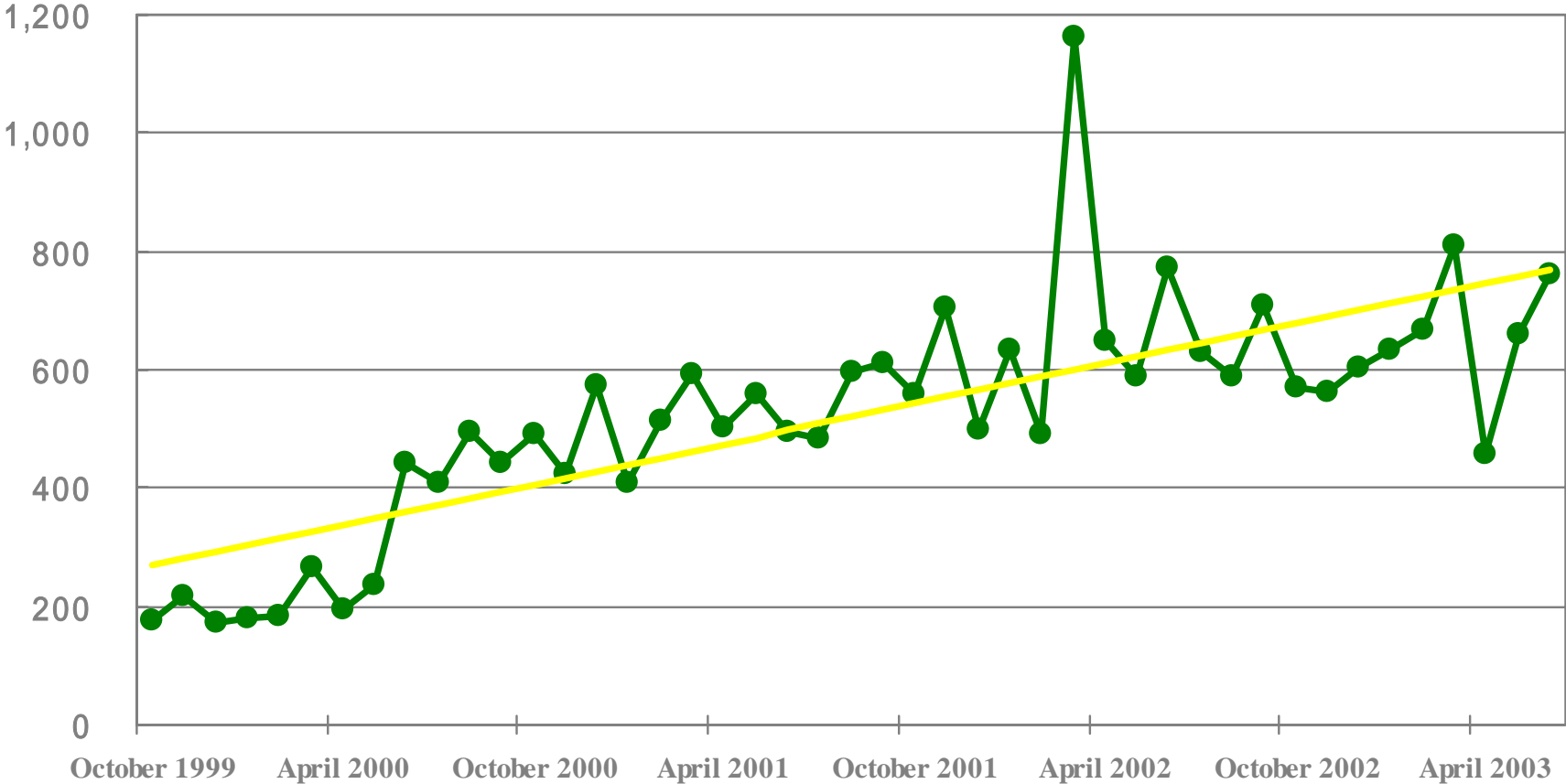
Advertising Agency Business Monthly Order Receiving



❁ The amount of orders received in April decreased, but recovery was made in May and June

Unit: million yen

● Amount of orders received — Linear (Amount of orders received)

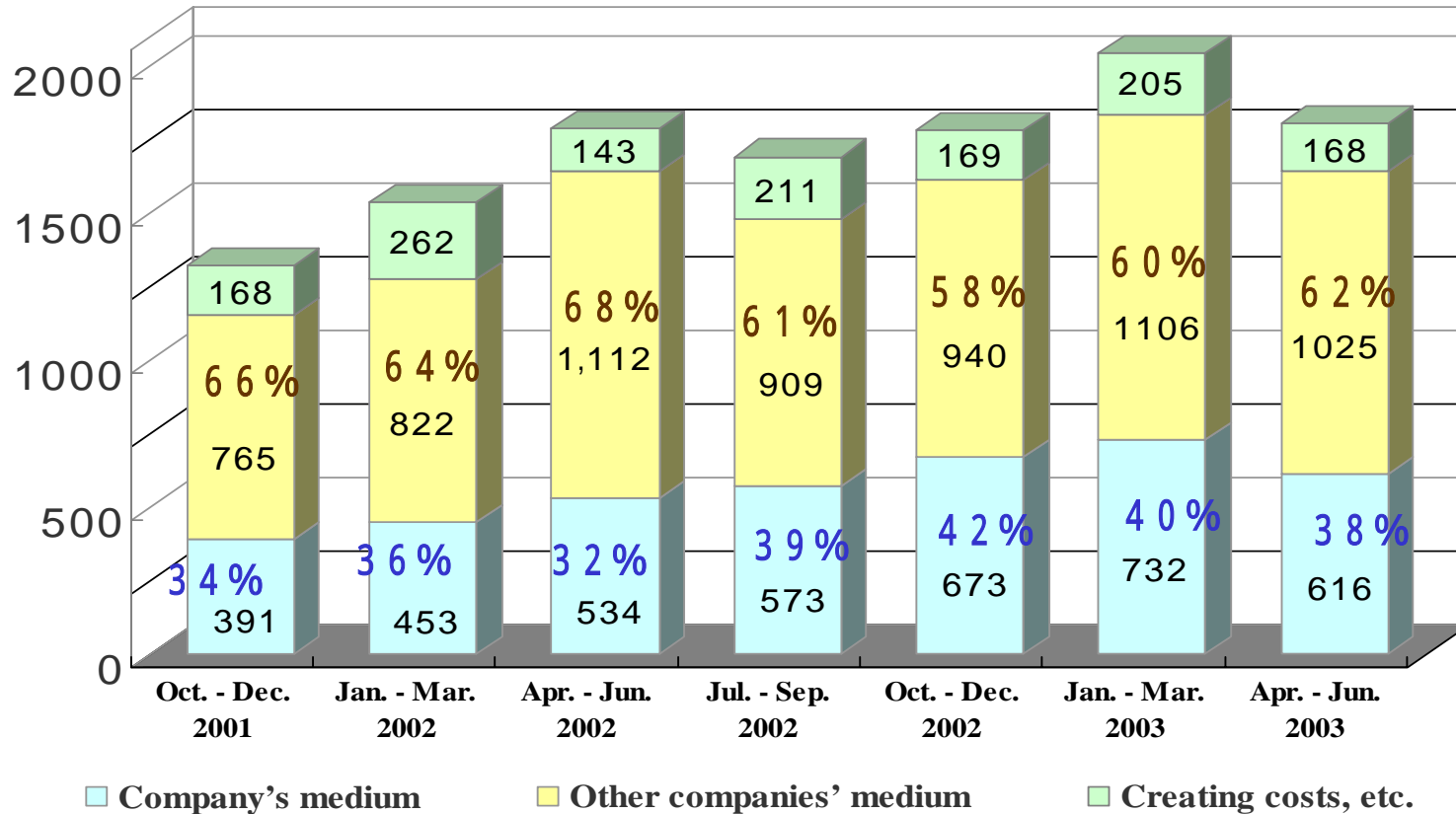


Advertising Agency Business

Changes in Sales Composition



Stable development at company's medium ratio 40% (approx.)



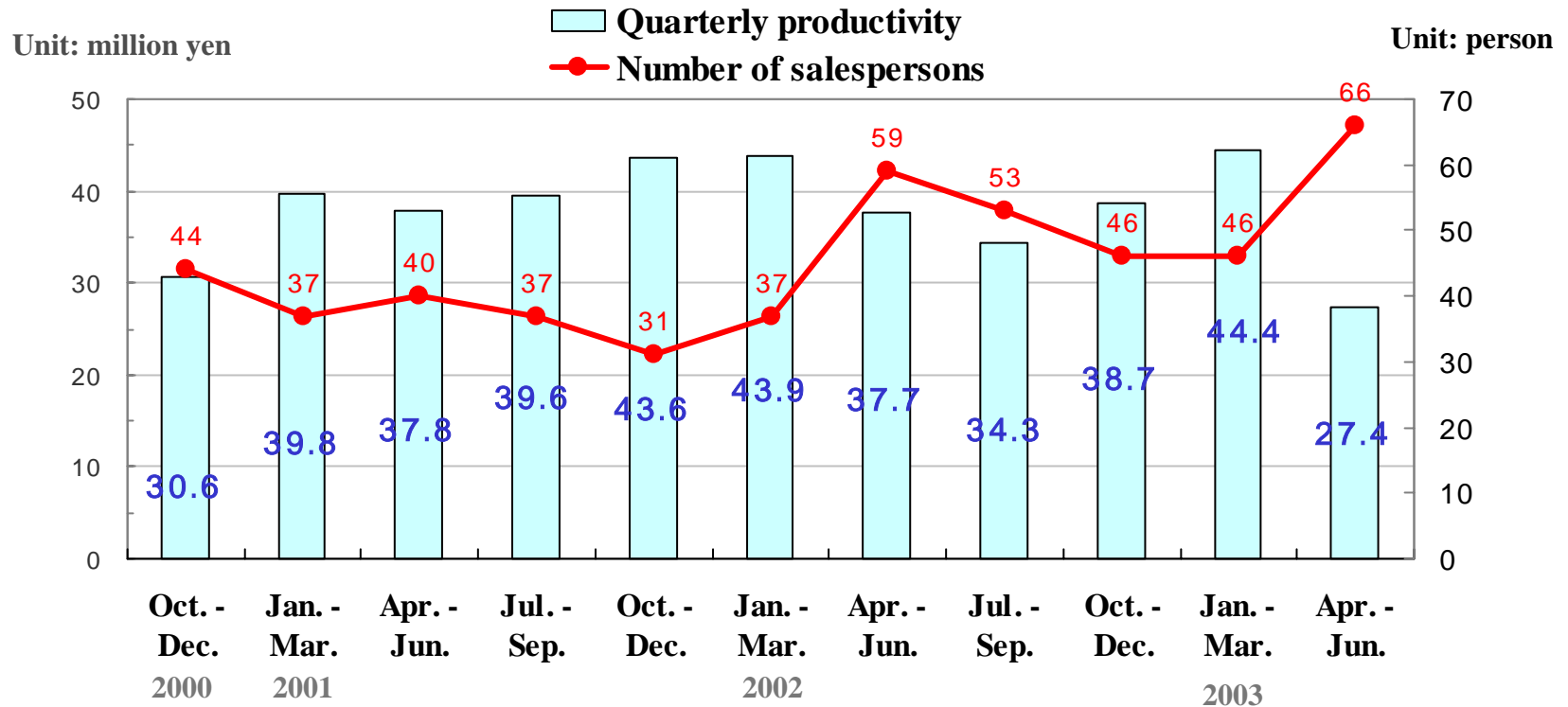
Note 1: The sales of Interactive Company for the September period of 2002, and sales of Account Station of Advertising Agency Business for the September period of 2003 or later (before deduction of internal transaction)

Note 2: The percentage is the rate with the sales excluding creating costs as 100%.

Quarterly Productivity per Salesperson



The productivity temporarily decreased in April to June due to assigning of 23 new employees, but recovery is expected in July to September or later



Note 1: Sales per salesperson (belonging to Interactive Company, Osaka Company)

Note 2: Totaled by adding Osaka Company to Interactive Company from the second quarter of No. 5 period

Note 3: Sales per salesperson belonging to Advertising Business Unit from the first quarter of No. 6 period

Advertising Agency Business

Sales Component Ratio



| | Jan. – Mar. 2003 | Apr. – Jun. 2003 | Increase/decrease | |
|--|-------------------------------------|------------------|-------------------|-------|
| Other Companies' Media | YAHOO! | 10.5% | 14.1% | +3.6% |
| | MSN | 9.7% | 9.5% | -0.2% |
| | GMO Media | 7.9% | 8.7% | +0.8% |
| | Site Listing 3 companies | 4.2% | 5.9% | +1.7% |
| | DEMAIL | 5.1% | 5.1% | — |
| | Rakuten Media | 2.3% | 3.3% | +1.0% |
| | Other other companies' media | 20.4% | 15.8% | -4.6% |
| Company's Media | CA MOBILE | 17.9% | 16.0% | -1.9% |
| | melma! | 7.0% | 7.0% | — |
| | MailVision | 3.5% | 3.7% | +0.2% |
| | Kensho-no-tubo | 2.7% | 2.7% | — |
| | LifeMile | 2.9% | 2.3% | -0.6% |
| | Other company's media | 5.9% | 5.9% | — |
| Total media sales (excluding manufacturing costs, etc.) | 100% | 100% | | |

Word Auction advertising sales of Advertising BU

| Unit (1,000 yen) | Oct. to Dec. of 2002 | Jan. to March of 2003 | April to June of 2003 |
|--------------------|----------------------|-----------------------|-----------------------|
| Google | 38,276 | 56,232 | 60,107 |
| overture | 448 | 11,511 | 36,798 |
| BTLookSmart | 192 | 416 | 414 |
| Site Listing Total | 38,917 | 68,160 | 97,319 |

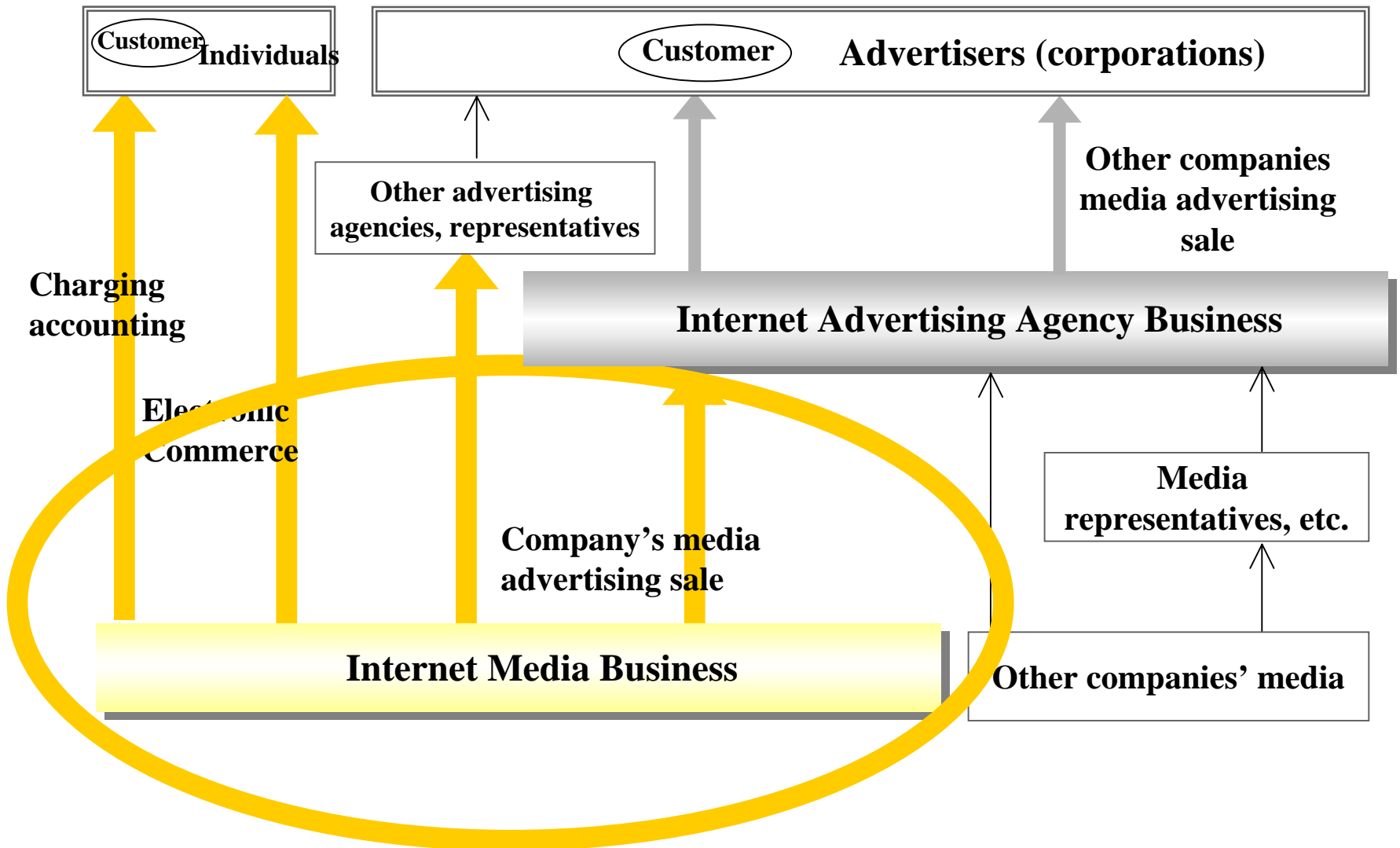


CASERCH, LTD.: Search engine marketing company was established on May 1, 2003.

Sales in June were 5 million yen, and the sales in July are expected to be 10 million yen.

Internet Media Business

Position of Internet Media Business



Internet Media Business

Advertising: about 12 billion yen

Company's Advertising
Agency Business:
about 8 billion yen

Media:
n yen

Other Companies'
Media:
4.8 billion yen

PC (WEB & Mail)

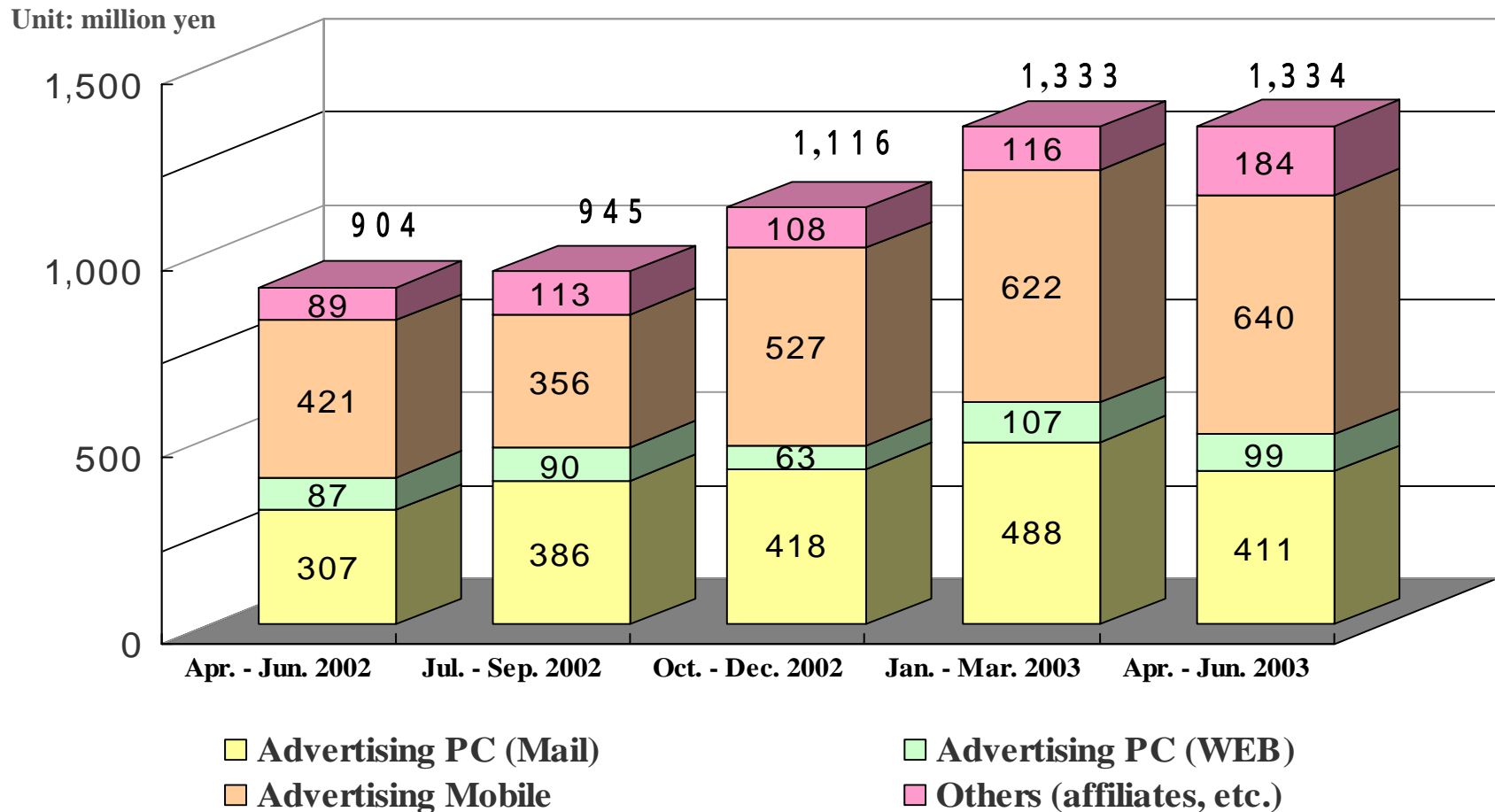


Mobile



* Tie-up with News Service Center

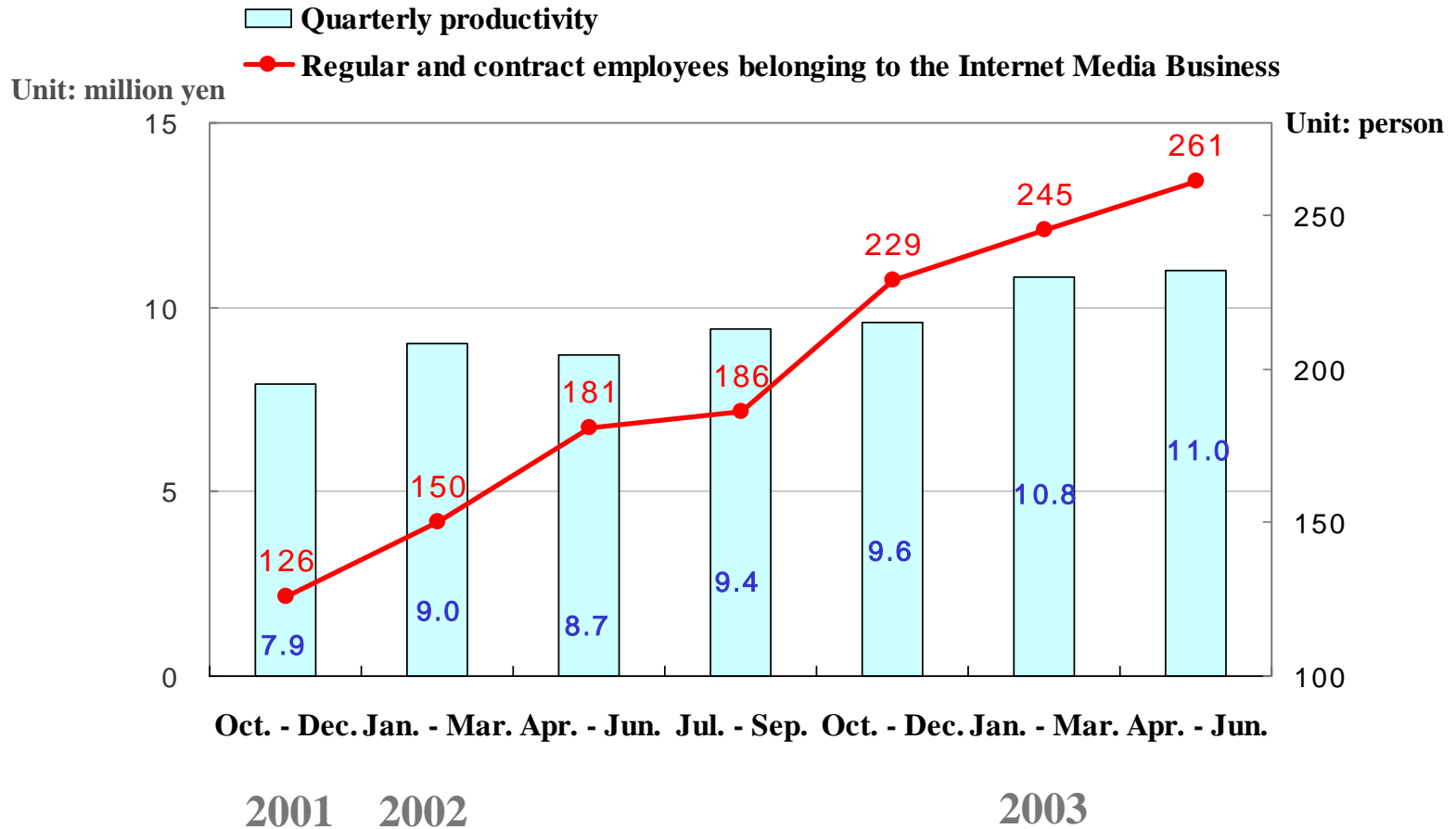
Advertising related sales show no marked changes in the third quarter



Quarterly Productivity of Internet Media Business



Productivity per employee belonging to the Internet Media Business is about 10 million yen



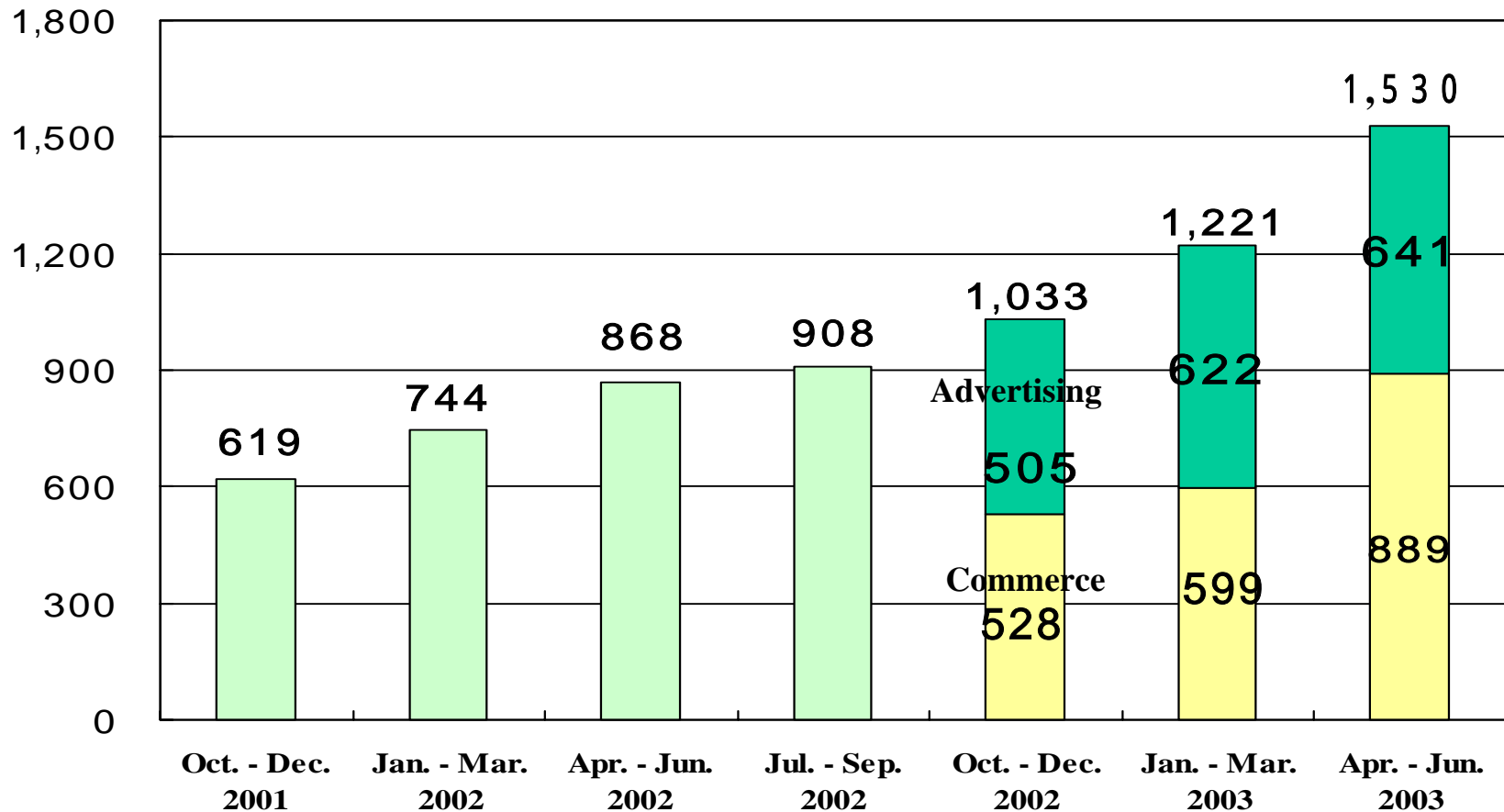
Mobile Related Sales of Internet Media Business



Mobile business is developing smoothly, up 25.3% over the previous period

The mobile commerce accounts for 58.1% of the total sales of mobile

Unit: million yen



Commerce Sales of Internet Media Business



- ✿ The sales of electronic commerce business are developing smoothly, up 20.0% over the previous period

Unit: million yen **The mobile commerce business accounts for 61.1% of the total sales of EC**

