



Born in the NET, Connected by the NET.

Result Briefing for the Three Months Ended December 2011

February 9, 2012

Cautionary Statement

- **The forward-looking statements in this document, including earnings forecasts, are determined by the Dwango Group based on currently available information.**
- **Future figures involve various uncertainties, and actual results may differ. Please refrain from making investment decisions based entirely on these forecasts.**

Overview of Consolidated Results for the Three Months Ended December 2011
In Comparison to Previous Term

(Unit: Million Yen)

	Previous Term 2010/10-2010/12	Current Term 2011/10-2011/12	Change
Net Sales (Growth Rate)	8,589 12.6%	9,131 6.3%	541
Gross Profit (Growth Rate) (Gross Profit on Sales)	3,458 6.3% 40.3%	3,615 7.5% 39.6%	156
Operating Income (Growth Rate) (Gross Profit on Sales)	394 △11.2% 4.6%	506 28.6% 5.6%	112
Ordinary Income (Growth Rate) (Gross Profit on Sales)	358 △18.3% 4.2%	515 43.8% 5.6%	156
Net Income (Growth Rate) (Gross Profit on Sales)	331 9.4% 3.9%	335 1.4% 3.7%	4

Overview of Consolidated Results for the Three Months Ended December 2011
Differences Between Forecast and Results

(Unit: Million Yen)

	Forecast 2011/10-2011/12	Result 2011/10-2011/12	Change
Net Sales (Growth Rate)	9,000 4.8%	9,131 6.3%	130
Gross Profit (Growth Rate) (Gross Profit on Sales)	3,300 △4.5% 36.6%	3,615 7.5% 39.6%	315
Operating Income (Growth Rate) (Gross Profit on Sales)	200 △49.2% 2.2%	506 28.6% 5.6%	306
Ordinary Income (Growth Rate) (Gross Profit on Sales)	200 △44.1% 2.2%	515 43.8% 5.6%	315
Net Income (Growth Rate) (Gross Profit on Sales)	160 △51.7% 1.7%	335 1.4% 3.7%	175

Cost of Goods Sold

(Unit: Million Yen)

		Previous Term 2010/10-2010/12 (% of total sales)		Current Term 2011/10-2011/12 (% of total sales)		Change
Cost of Goods Sold		5,130	59.7%	5,515	60.4%	384
Manufacturing Costs	Personnel Costs	1,057	12.3%	1,364	14.9%	307
	Commission and Fees Paid	376	4.4%	331	3.6%	△44
	Royalties	1,352	15.7%	1,226	13.4%	△126
	Outsourcing Costs	1,286	15.0%	1,537	16.8%	251
	Communication Costs	507	5.9%	608	6.7%	101
	Other Expenses	615	7.2%	813	8.9%	198
Inventoriable Costs		367	4.3%	110	1.2%	257
(Account Transfers)		(431)	△5.0%	(476)	△5.2%	45

SG & A

(Unit: Million Yen)

	Previous Term 2010/10-2010/12		Previous Term 2011/10-2011/12		Change
	(% of total sales)		(% of total sales)		
Selling, General and Administrative Expenses	3,064	35.7%	3,108	34.0%	44
Advertisement Expenses	1,323	15.4%	1,040	11.4%	△283
Personnel Costs	431	5.0%	605	6.6%	174
Commission and Fees Paid	840	9.8%	854	9.4%	13
Commission and Fees Paid	141	1.6%	108	1.2%	△33
Others	329	3.8%	499	5.5%	170

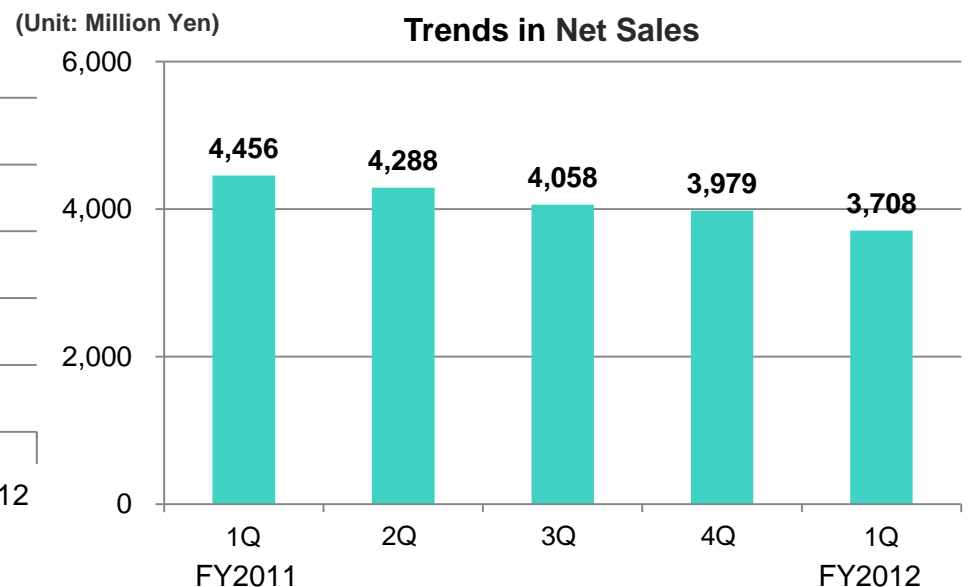
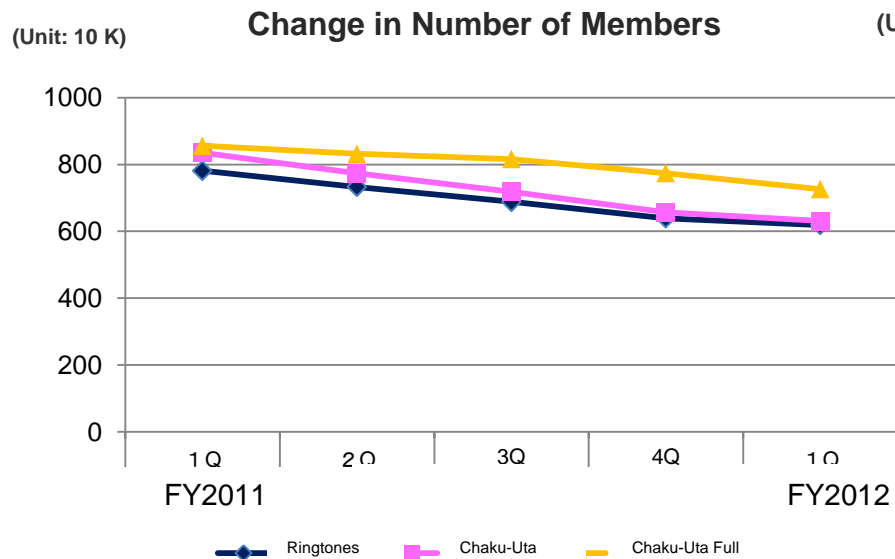
Segment Overview (Total)

(Unit: Million Yen)

	Mobile Business	Game Business	Portal Business	Live Business	Other Businesses	Eliminations /Corporate	Total
Net Sales (Growth Rate)	3,708 △16.8%	1,835 5.9%	3,123 42.9%	105	643	△283 94.4%	9,131 6.3%
COGS (Growth Rate)	1,696 △10.8%	1,146 △9.0%	2,044 29.6%	224	604	△200 △2,141.7%	5,515 7.5%
Gross Profit (Growth Rate)	2,011 △21.2%	689 45.4%	1,078 77.4%	△119	38	△83 △46.5%	3,615 4.5%
SG&A (Growth Rate)	1,103 △27.6%	511 △5.1%	493 46.3%	15	164	820 36.9%	3,108 1.4%
Income before Allocated (Growth Rate)	908 △11.8%	178 376.7%	584 116.2%	△134	△125	△904 19.7%	506 28.6%
Allocated Cost (Growth Rate)	122 △51.1%	—	284 1.5%	8	—	△415 △21.9%	—
Operating Income (Growth Rate)	785 △1.0%	178 376.7%	300 3,140.7%	△142	△125	△489 118.6%	506 28.6%

Mobile Business: Comparison to Forecast and Previous Term

	Result 2011/10-2011/12	Comparison to Forecast	Comparison to Previous
Net Sales	3.70 billion	↑ 0.01 billion	↓ 0.74 billion
Cost of Goods Sold	1.69 billion	↑ 0.01 billion	↓ 0.20 billion
SG&A	1.10 billion	↓ 0.00 billion	↓ 0.42 billion
Income before Allocated	0.90 billion	↑ 0.00 billion	↓ 0.12 billion
Allocated Cost	0.12 billion	0.00 billion	↓ 0.12 billion
Operating Income	0.78 billion	↑ 0.00 billion	↑ 0.00 billion

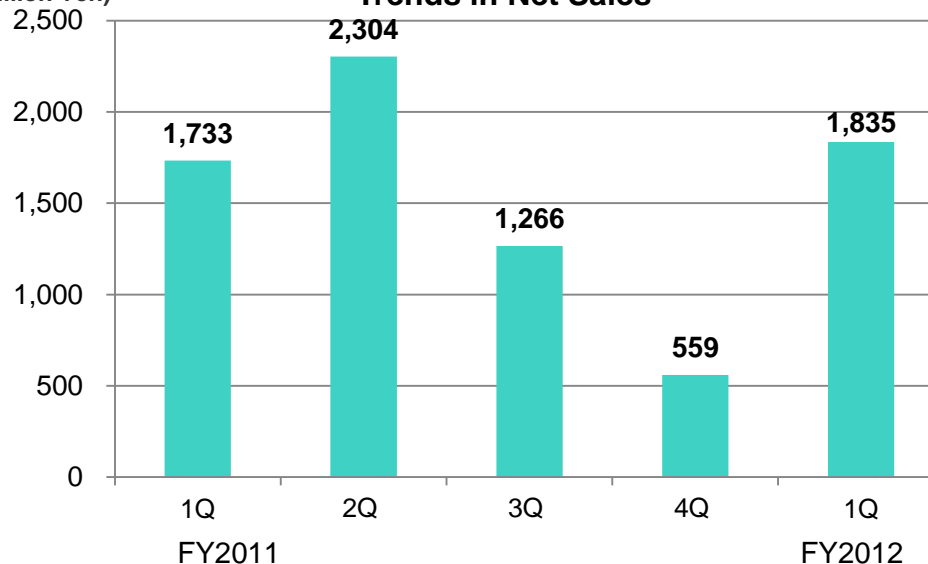


Game Business

	Result 2011/10-2011/12	Comparison to Forecast	Comparison to Previous
Net Sales	1.83 billion	↑ 0.06 billion	↑ 0.10 billion
Cost of Goods Sold	1.14 billion	↓ 0.04 billion	↓ 0.11 billion
SG&A	0.51 billion	↓ 0.04 billion	↓ 0.02 billion
Income before Allocated	0.17 billion	↑ 0.13 billion	↑ 0.24 billion
Allocated Cost	- Billion	- billion	- billion
Operating Income	0.17 billion	↑ 0.13 billion	↑ 0.24 billion

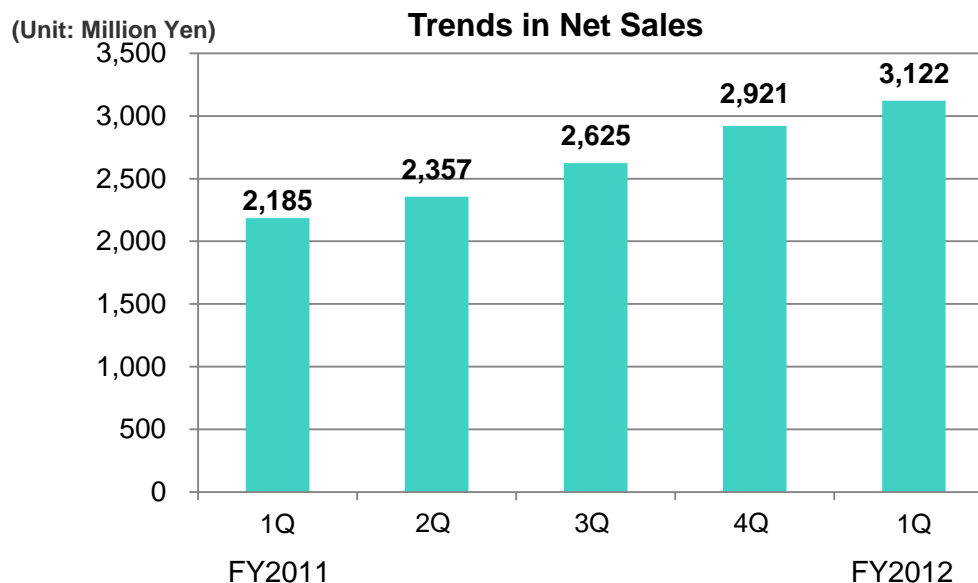
(Unit: Million Yen)

Trends in Net Sales



Portal Business

	Result 2011/10-2011/12	Comparison to Forecast	Comparison to Previous
Net Sales	3.12 billion	↑ 0.05 billion	↑ 0.93 billion
Cost of Goods Sold	2.04 billion	↓ 0.04 billion	↑ 0.46 billion
SG&A	0.49 billion	↓ 0.03 billion	↑ 0.15 billion
Income before Allocated	0.58 billion	↑ 0.12 billion	↑ 0.31 billion
Allocated Cost	0.28 billion	0.00 billion	↑ 0.00 billion
Operating Income	0.30 billion	↑ 0.12 billion	↑ 0.31 billion



Business Forecast for 2nd Quarter Year Ending September 2012

(Unit: Million Yen)

	Previous Term 2nd Quarter 2010/10-2011/3	Next Term 2nd Quarter 2011/10-2012/3 (Forecast)	Changes
Net Sales (Growth Rate)	17,813 10.7%	17,970 0.9%	157
Gross Profit (Growth Rate)	7,173 3.2%	6,830 4.9%	△343
Operating Income (Growth Rate)	1,135 △3.9%	380 △66.5%	△755
Ordinary Income (Growth Rate)	1,033 △11.5%	360 △65.2%	△673
Net Income (Growth Rate)	694 △20.0%	230 △66.9%	△464

Business Forecast for 1st Quarter Year Ending September 2012 (Segment Overview)

(Unit: Million Yen)

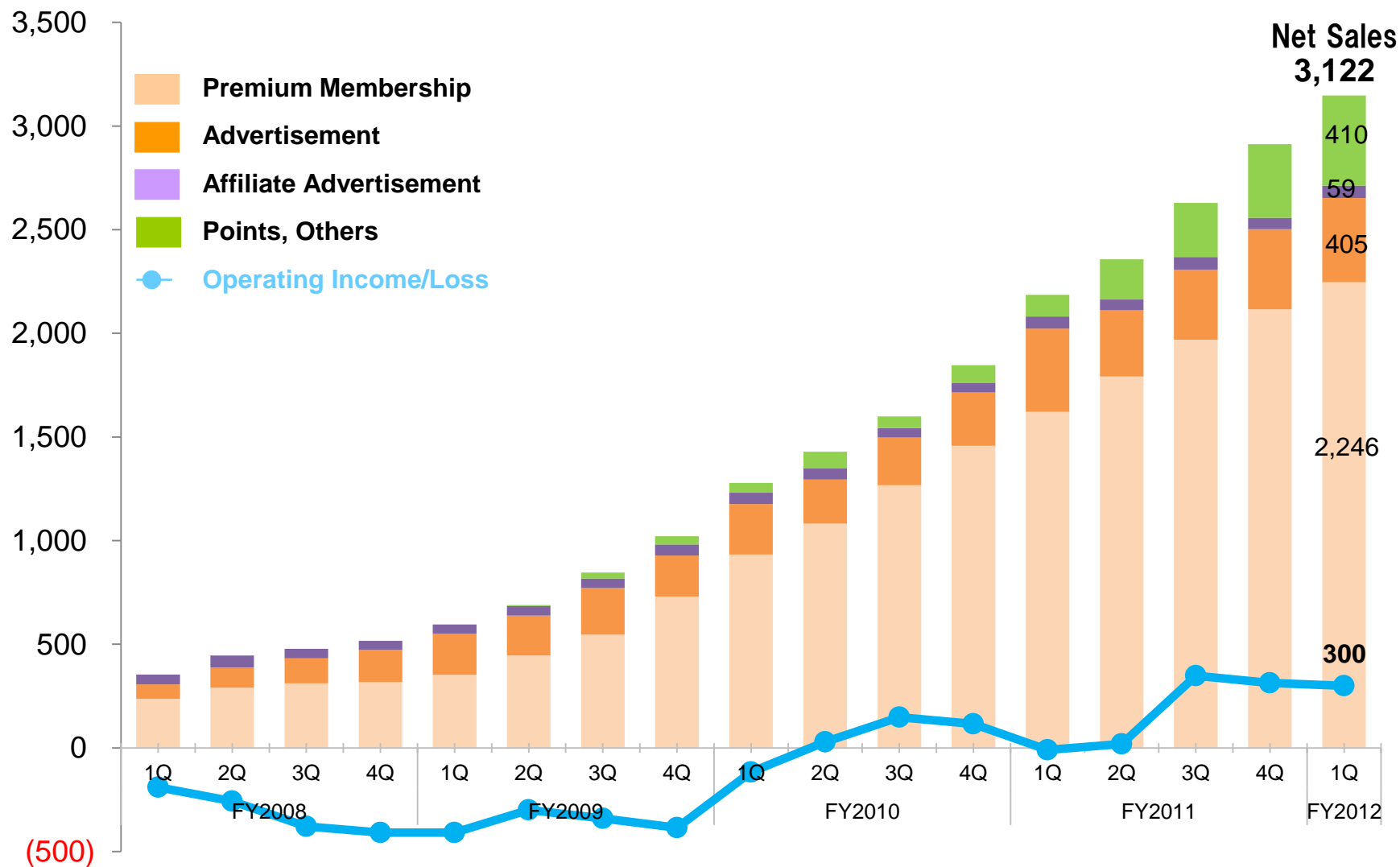
	Mobile Business	Game Business	Portal Business	Live Business	Others	Eliminations/Corporate	Total
Net Sales	7,340 △16.1%	3,130 △22.5%	6,400 40.9%	160	1,350	△410 35.8%	17,970 0.9%
COGS	3,330 △9.9%	2,010 △33.5%	4,370 40.7%	420	1,280	△260 3,150.0%	11,140 4.7%
Gross Profit	4,010 △20.6%	1,120 10.3%	2,030 41.4%	△260	70	△150 △49.0%	6,830 △4.8%
SG&A	2,290 △17.5%	960 △7.7%	1,030 23.4%	50	320	1,790 45.1%	6,450 6.8%
Income Before allocated	1,720 △24.3%	160 740.0%	1,000 66.7%	△310	△250	△1,940 27.0%	380 △66.5%
Allocated Cost	340 △35.9%	—	590 △0.2%	15	—	△945 15.7%	—
Operating Income	1,380 △20.8%	160 740.0%	410 4,455.6%	△325	△250	△995 144.5%	380 △66.5%



Revenues from NICO NICO DOUGA

(Unit: Million Yen)

1Q of FY2012



Number of Members of NICO NICO DOUGA

As of December 30, 2011

Registered Users

25.50 million

As of Sep 30, 2011: 23.69 million

Premium Members

1.49 million

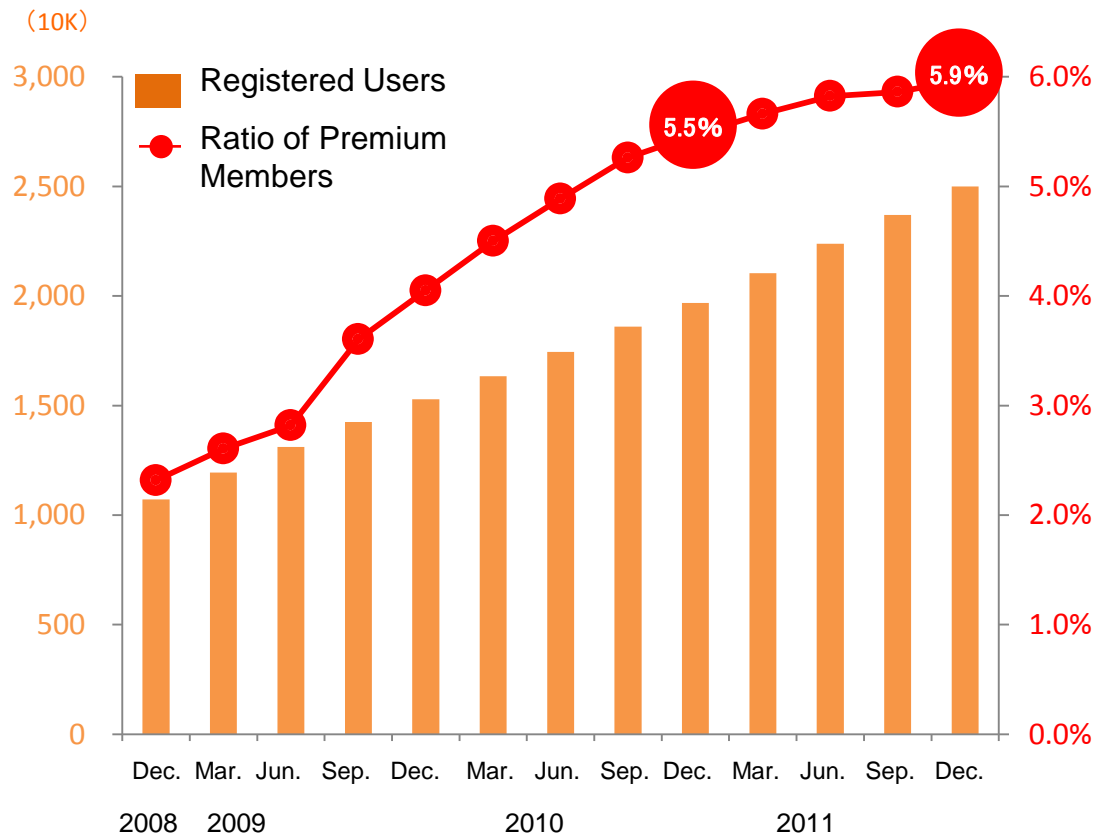
As of Sep 30, 2011: 1.39 million

Mobile Members

7.11 million

As of Sep 30, 2011: 6.87 million

The Ratio of Premium Members



Usage and Attributes of NICO NICO DOUGA Users

Average of 1st quarter period ended December 2012

(Figures in parentheses indicate results for 4th quarter period ended September 2011)

NICO NICO DOUGA

NICO NICO LIVE

Average PVs per day

93.81 million PV (92.47)

7.14 million PV (7.22)

Average visitors per month

7.63 million people (7.51)

2.29 million people (2.23)

Average sojourn time per day * This is the total length of stay per user.

101.4 minutes (107.4)

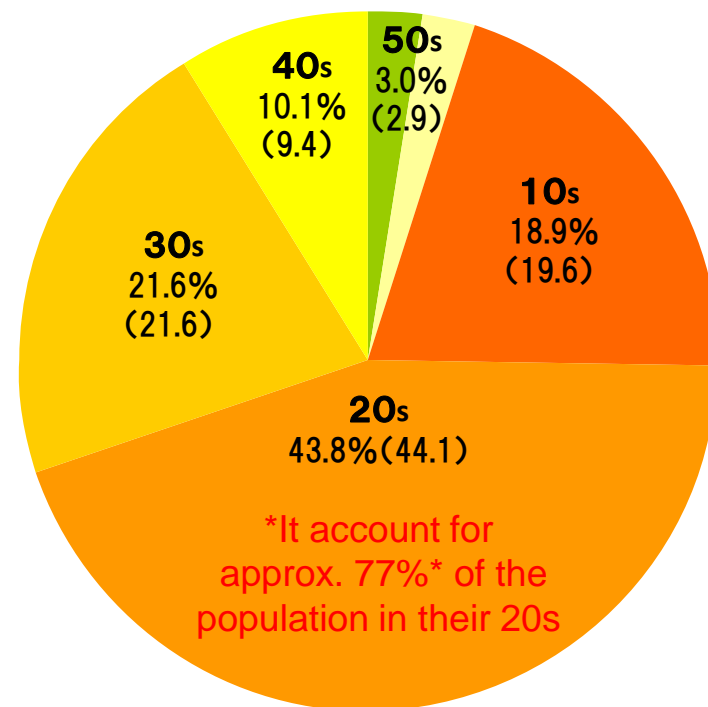
62.6 minutes (66.3)

by gender

♂ **67%** ♀ **33%**

As of December 31, 2011

by age



*This amounts to 10.94 million users for a population of about 13.53 million people (as of January, 2012), as posted by the Ministry of Internal Affairs and Communications.

Trend on NICO NICO LIVE and Viewers

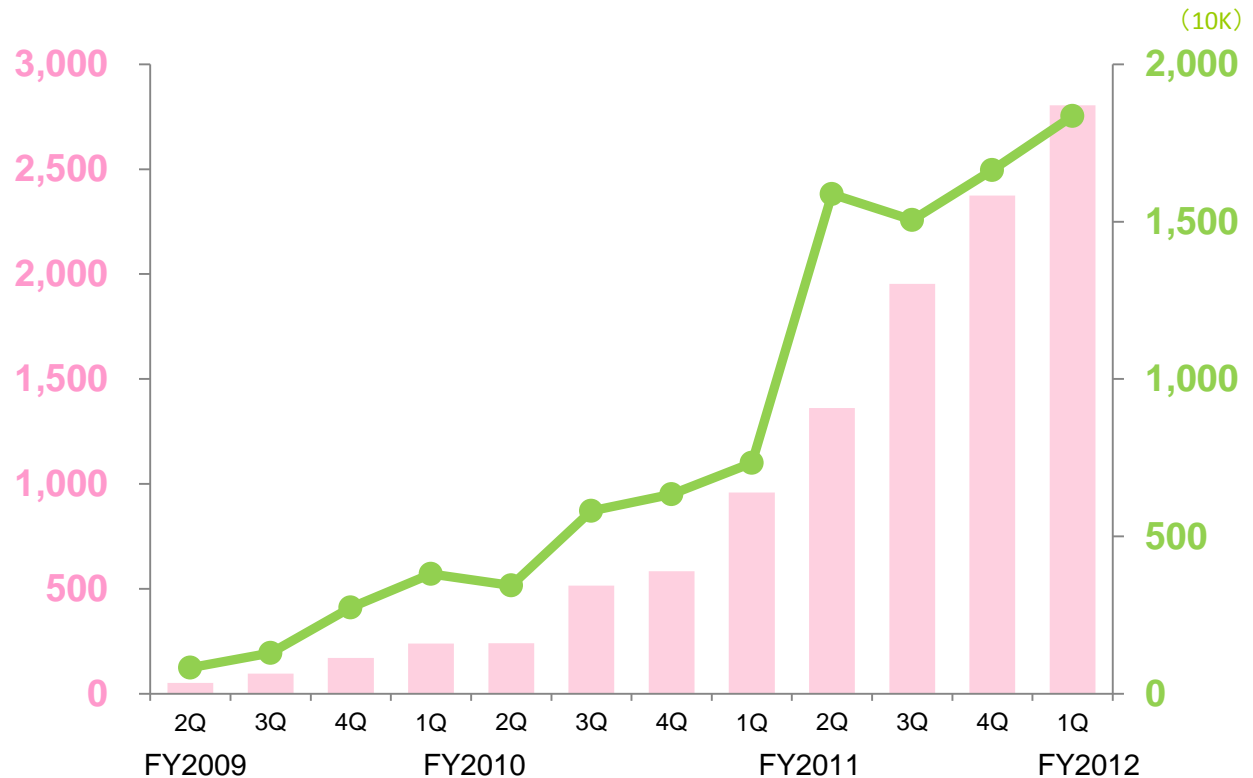
1Q Results
Oct. to Dec.

No. of official programs

2,804 programs

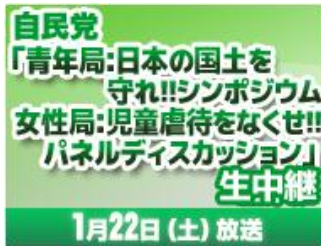
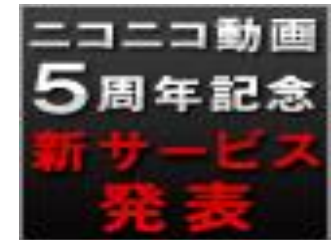
Total No. of viewers

18.36 million



Sample of Programs on NICO NICO LIVE

From October to the present



Video On Demand Services has been Started

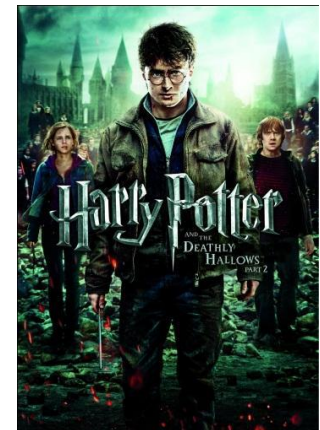
SNS Watching Program

“Niconico Screening Program ” was started

**Premium members are available for
new movies at 100 yen,
old one at 50yen**

- Films Produced by Warner Brothers. are delivered.
- SNS Watching Program, “Niconico Screening Program”, that enable them to share emotions through the comment, was started.
- VOD services are also launched.(Premium member as well as general member is same fee for watching

The first Niconico Screening Program
*“Harry Potter and the Deathly Hallows
PART 2”*



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Subsidiaries

dwango mobile

Mobil

■ dwango mobil
Holding: 100%
□ Planning, Producing of Contents for mobilphone

CELL

■ CELL
Holding: 55.0%
□ Planning, Producing of Mobile Contents, Producing and Distributing Live Programs

Portal Business Others

SKYSCRAPER

■ skyscraper.inc.
Holding: 90.9%
□ Advertisement sales, etc.

Portal Business Others

ニワンゴ

■ niwango, inc.
Holding: 75.1%
□ Information distribution and movie distribution

Portal Business Others

Others

■ 多玩國股份有限公司(Taiwan)
Holding: 98.8%
□ Market Research for Mobile Contents

mobile contents

■ Mobile Contents
Holding: 70.1%
□ Contents Production and supply

Others

dme
Dwango Music entertainment, Inc.

■ Dwango Music entertainment, Inc.
Holding: 100%
□ Production of master recordings, management of music copyrights, sale of CDs and DVDs

Others

MAGES.

■ MAGES.
Holding: 46.9%
□ Planning and production of animation, school business, event business etc.

Others

GamesArena

■ GAMES ARENA Co., Ltd.
Holding: 67.2%
□ Supervision

Game Business

CHUN SOFT

■ CHUNSOFT Co., Ltd.
Holding: 100% (GAMES ARENA Co., Ltd.)
□ Planning, development, and sales

Game Business

Spike

■ Spike Co., Ltd.
Holding: 100% (GAMES ARENA Co., Ltd.)
□ Planning, development, and sales

Game Business

T&E SOFT

■ T&E SOFT Inc.
Holding: 100% (GAMES ARENA Co., Ltd.)
□ Planning and development

Game Business

For more information:

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