

Result Briefing for the Three Months Ended December 2012

February 7, 2013

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.

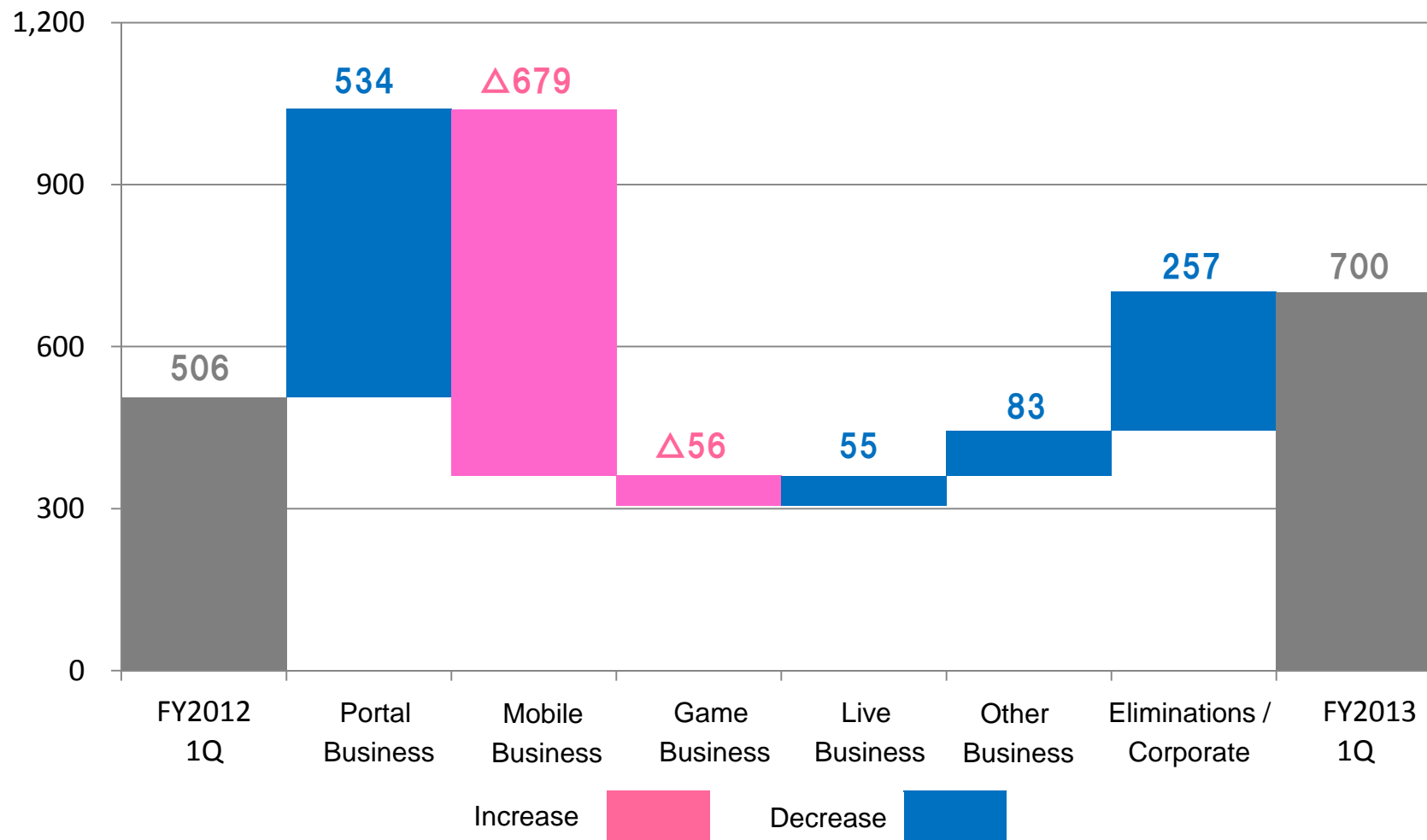
Overview of Consolidated Results for the Three Months Ended December 2012
In Comparison to Previous Term

(Unit: Million Yen)

	Previous Term	Current Term	Change
	2011/10-2012/12	2012/10-2012/12	
Net Sales	9,131	8,586	(545)
(Growth Rate)	6.30%	(6.0%)	
Gross Profit	3,615	3,995	380
(Growth Rate)	7.50%	10.5%	
(Gross Profit on Sales)	39.60%	46.5%	
Operating Income	506	700	193
(Growth Rate)	28.60%	38.1%	
(Gross Profit on Sales)	5.60%	8.2%	
Ordinary Income	515	715	201
(Growth Rate)	43.80%	38.9%	
(Gross Profit on Sales)	5.60%	8.3%	
Net Income	335	722	387
(Growth Rate)	1.40%	115.1%	
(Gross Profit on Sales)	3.70%	8.4%	

Operating Income : Comparison to Previous Term

(Unit: Million Yen)



Cost of Goods Sold

(Unit: Million Yen)

		Previous Term 2011/10-2011/12 <small>(% of total sales)</small>		Current Term 2012/10-2012/12 <small>(% of total sales)</small>		Change
Cost of Goods Sold		5,515	60.4%	4,590	53.5%	(925)
Manufacturing Costs	Personnel Costs	1,364	14.9%	1,452	16.9%	88
	Commission and Fees Paid	331	3.6%	414	4.8%	83
	Royalties	1,226	13.4%	1,026	11.9%	(200)
	Outsourcing Costs	1,537	16.8%	828	9.6%	(709)
	Communication Costs	608	6.7%	693	8.1%	85
	Other Expenses	813	8.9%	626	7.3%	(187)
Inventoriable Costs		110	1.2%	(102)	(1.2%)	(212)
(Account Transfers)		(476)	(5.2%)	(350)	(4.1%)	126

SG & A

(Unit: Million Yen)

	Previous Term 2011/10-2011/12		Current Term 2012/10-2012/12		Change
		(% of total sales)		(% of total sales)	
Selling, General and Administrative Expenses	3,108	34.0%	3,295	38.4%	187
Advertisement Expenses	1,040	11.4%	1,409	16.4%	369
Personnel Costs	605	6.6%	597	7.0%	(8)
Commission and Fees Paid	854	9.4%	775	9.0%	(78)
Research and Development Expenses	108	1.2%	96	1.1%	(11)
Others	499	5.5%	416	4.8%	(83)

Segment Overview (Total)

(Unit: Million Yen)

	Portal Business	Mobile Business	Game Business	Live Business	Other Businesses	Eliminations /Corporate	Total
Net Sales	3,782	3,499	948	100	458	(231)	8,586
(% of total sales)	21.1	(5.6)	(48.3)	(4.8)	(28.6)	(18.6)	(6.0)
COGS	2,037	1,444	552	167	604	(56)	4,590
(% of total sales)	(0.3)	(14.9)	(51.8)	(25.3)	(26.2)	(72.0)	(16.8)
Gross Profit	1,744	2,055	396	(67)	12	(175)	3,995
(% of total sales)	61.8	2.2	(42.5)	(43.5)	(66.6)	109.9	10.5
SG&A	622	1,867	273	12	85	436	3,295
(% of total sales)	15.6	69.3	(46.5)	(20.9)	(48.0)	(43.8)	6.0
Income (Loss) before Allocated	1,126	188	122	8	(42)	(615)	700
(% of total sales)	108.5	(79.2)	(31.1)	(40.9)	(66.3)	(28.5)	38.1
Allocated Cost	335	82	—	8	—	(425)	—
(% of total sales)	18.2	(32.6)	—	13.3	—	2.4	—
Operating Income (Loss)	790	106	122	(88)	(42)	(188)	700
(% of total sales)	208.6	(86.5)	(31.1)	(37.9)	(66.3)	(57.7)	38.1

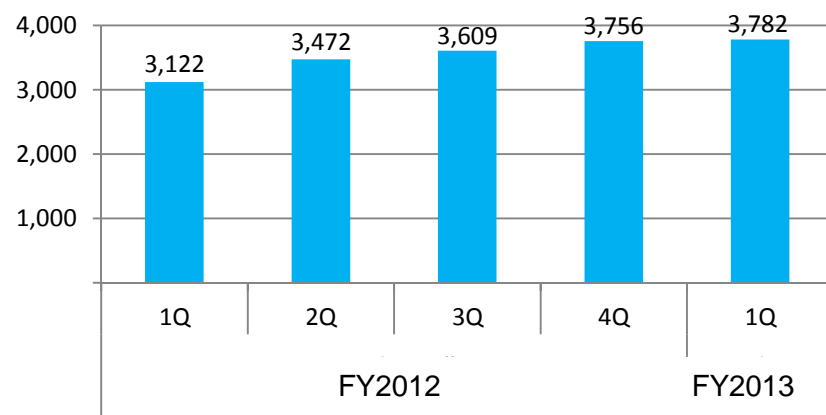
Portal Business: Comparison to Previous Term

(Unit: Million Yen)

	FY2013 1Q	FY2012 1Q	Comparison to Previous	%
Net Sales	3,782	3,123	659	21.1
Cost of Goods Sold	2,037	2,044	(7)	(0.3)
Gross Profit	1,744	1,078	666	61.8
SG&A	622	538	84	15.6
Income before Allocated	1,126	540	586	108.5
Allocated Cost	335	284	51	18.2
Operating Income	790	256	534	208.6

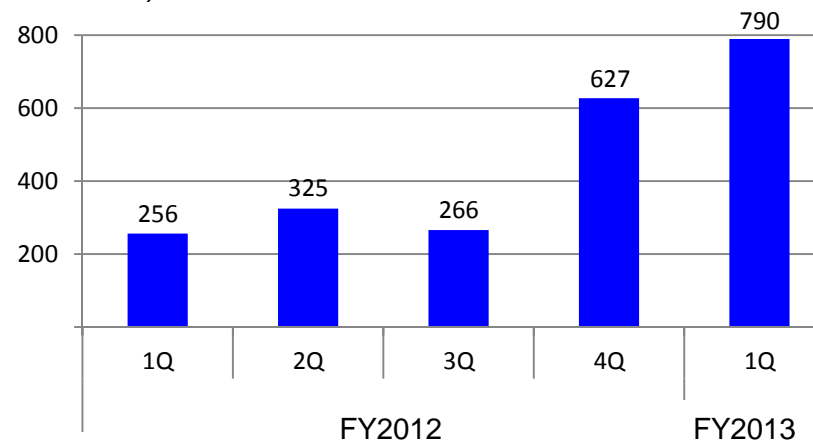
(Unit: Million Yen)

Net Sales



(Unit: Million Yen)

Operating Income

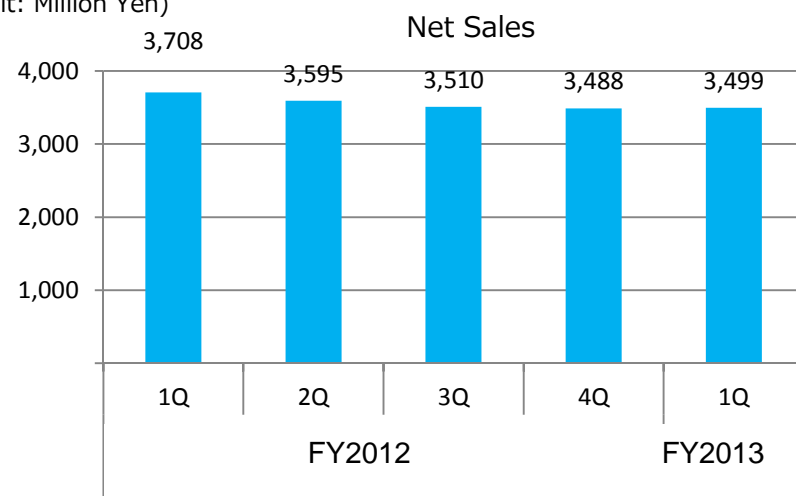


Mobile Business: Comparison to Previous Term

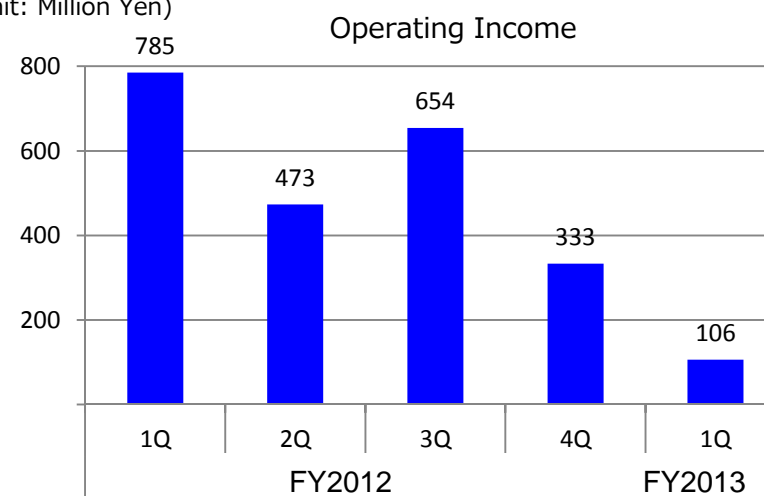
(Unit: Million Yen)

	FY2013 1Q	FY2012 1Q	Comparison to Previous	%
Net Sales	3,499	3,708	(209)	(5.6)
Cost of Goods Sold	1,444	1,697	(253)	(14.9)
Gross Profit	2,055	2,012	43	2.2
SG&A	1,867	1,103	764	69.3
Income before Allocated	188	907	(719)	(79.2)
Allocated Cost	82	123	(41)	(32.6)
Operating Income	106	785	(679)	(86.5)

(Unit: Million Yen)



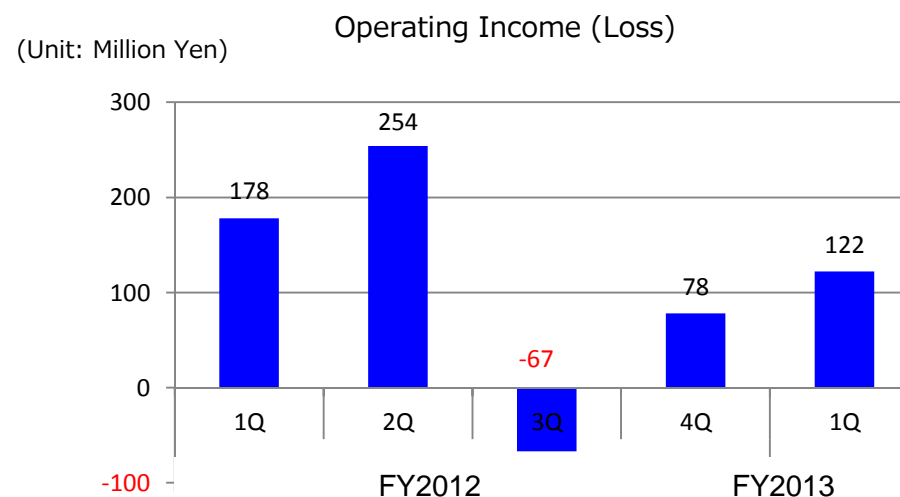
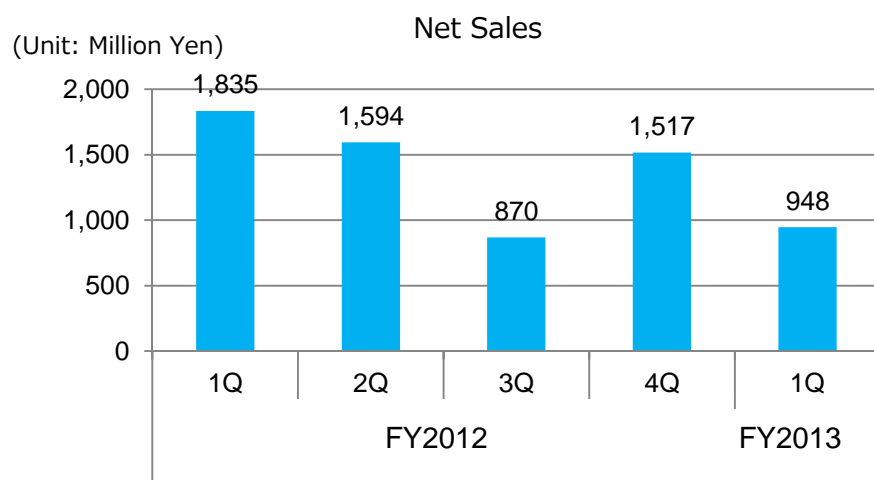
(Unit: Million Yen)



Game Business: Comparison to Previous Term

(Unit: Million Yen)

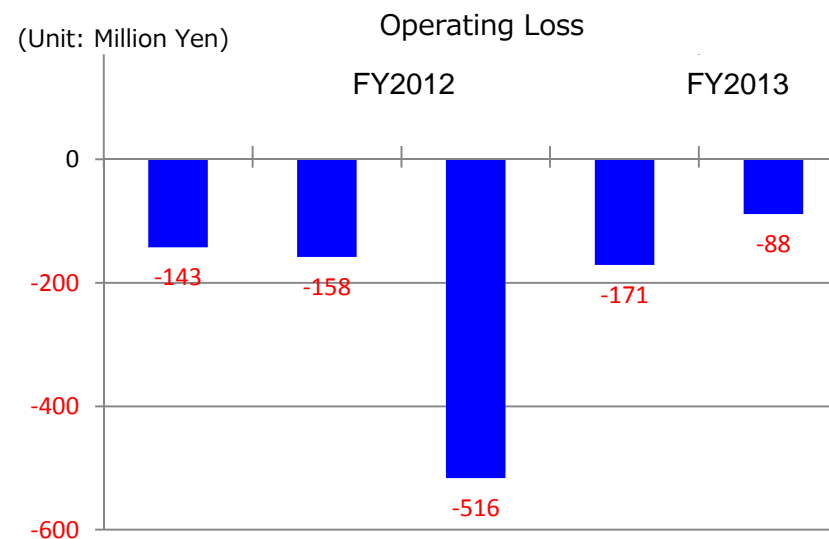
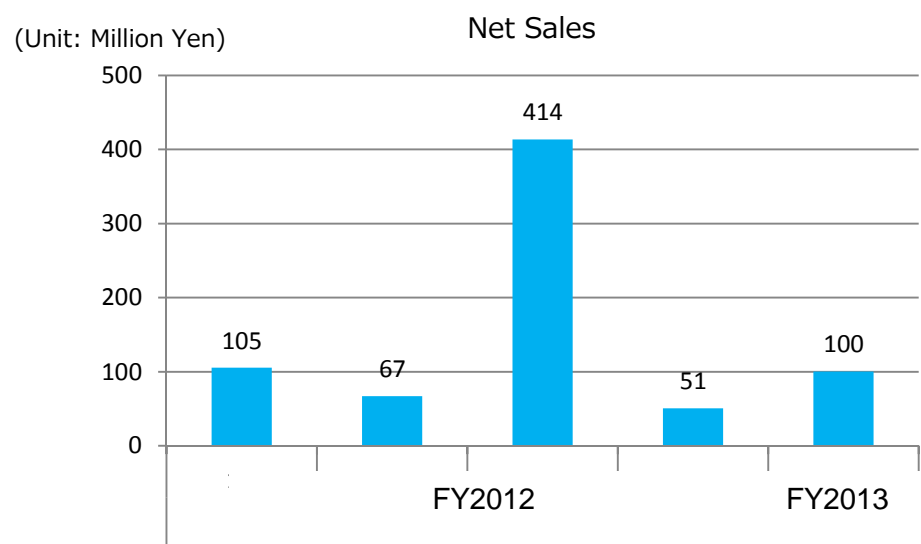
	FY2013 1Q	FY2012 1Q	Comparison to Previous	%
Net Sales	948	1,835	(887)	(48.3)
Cost of Goods Sold	552	1,146	(594)	(51.8)
Gross Profit	396	689	(293)	(42.5)
SG&A	273	511	(238)	(46.5)
Income before Allocated	122	178	(56)	(31.1)
Allocated Cost	—	—	—	—
Operating Income (loss)	122	178	(56)	(31.1)



Live Business: Comparison to Previous Term

(Unit: Million Yen)

	FY2013 1Q	FY2012 1Q	Comparison to Previous	%
Net Sales	100	105	(5)	(4.8)
Cost of Goods Sold	167	225	(58)	(25.3)
Gross Profit	(67)	(119)	52	(43.5)
SG&A	12	16	(4)	(20.9)
Income before Allocated	(79)	(135)	56	(40.9)
Allocated Cost	8	8		13.3
Operating Loss	(88)	(143)	55	(37.9)



Business Forecast for Year Ending September 2013

(Unit: Million Yen)

	Portal Business	Mobile Business	Game Business	Live Business	Other Businesses	Eliminations /Corporate	Total
Net Sales	15,900	15,000	4,400	1,100	2,000	(900)	37,500
(% of total sales)	13.9	4.9	(24.0)	68.5	(25.7)	23.7	3.5
COGS	10,000	6,200	2,700	1,500	1,850	(350)	21,900
(% of total sales)	10.4	(1.1)	(25.5)	6.0	(23.1)	22.2	△ 2.1
Gross Profit	5,900	8,800	1,700	(400)	150	(550)	15,600
(% of total sales)	20.4	9.6	(21.3)	47.5	(47.4)	24.7	12.5
SG&A	2,500	6,100	1,600	200	300	2,900	13,600
(% of total sales)	16.5	10.3	(7.0)	32.5	(46.1)	7.8	8.6
Income (Loss) before Allocated	3,400	2,700	100	(600)	(150)	(3,450)	2,000
(% of total sales)	21.5	0.4	(77.3)	34.4	44.6	1.0	55.9
Allocated Cost	1,200	350	—	50	—	(1,600)	—
(% of total sales)	(3.2)	(22.9)	—	35.1	—	10.1	—
Operating Income (Loss)	2,200	2,350	100	(650)	(150)	(1,850)	2,000
(% of total sales)	44.9	4.6	(77.3)	31.7	44.6	(12.8)	55.9

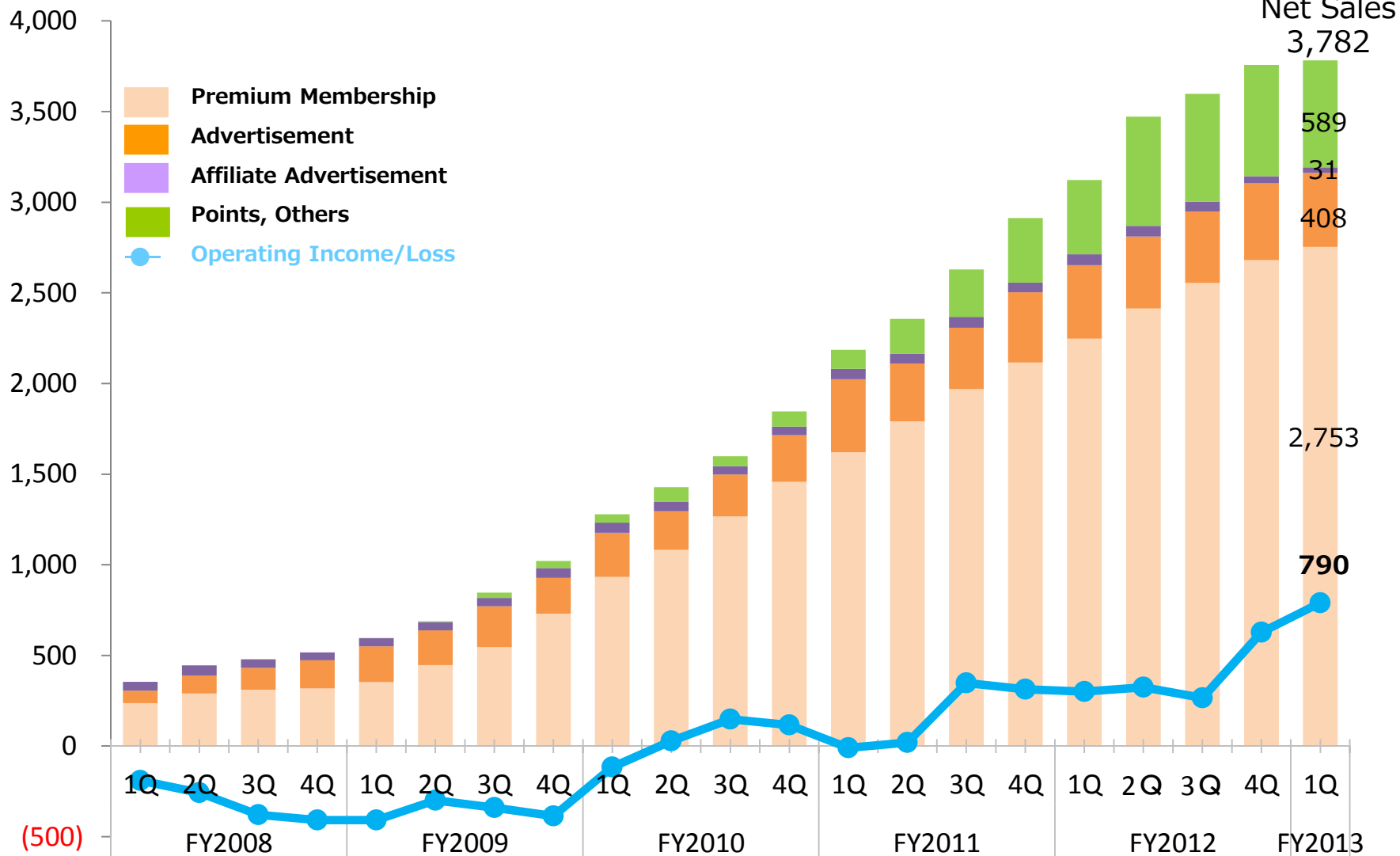
dwango



Revenues from niconico

(Unit: Million Yen)

1Q of FY2013



Number of Members of niconico

As of December 31, 2012

Registered Users

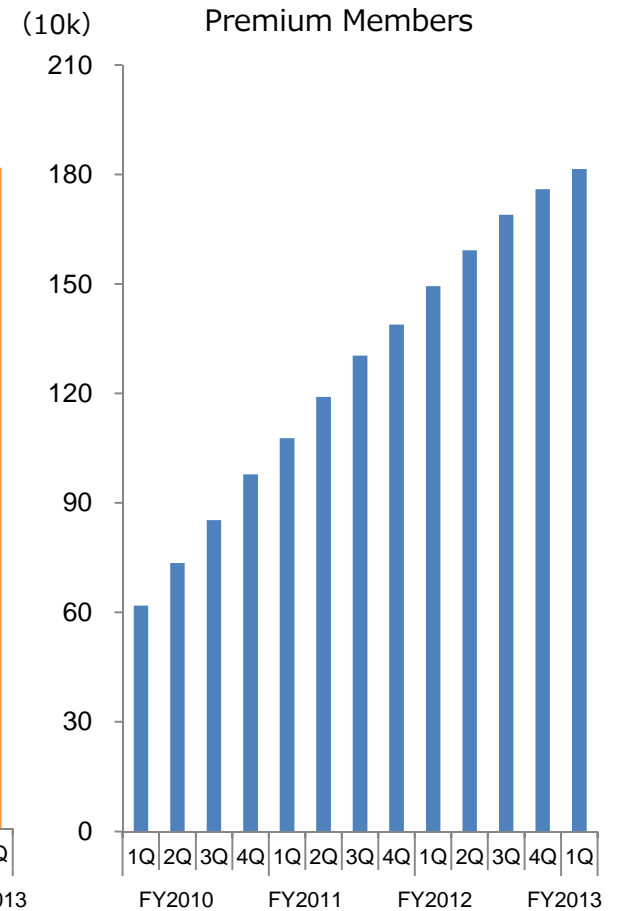
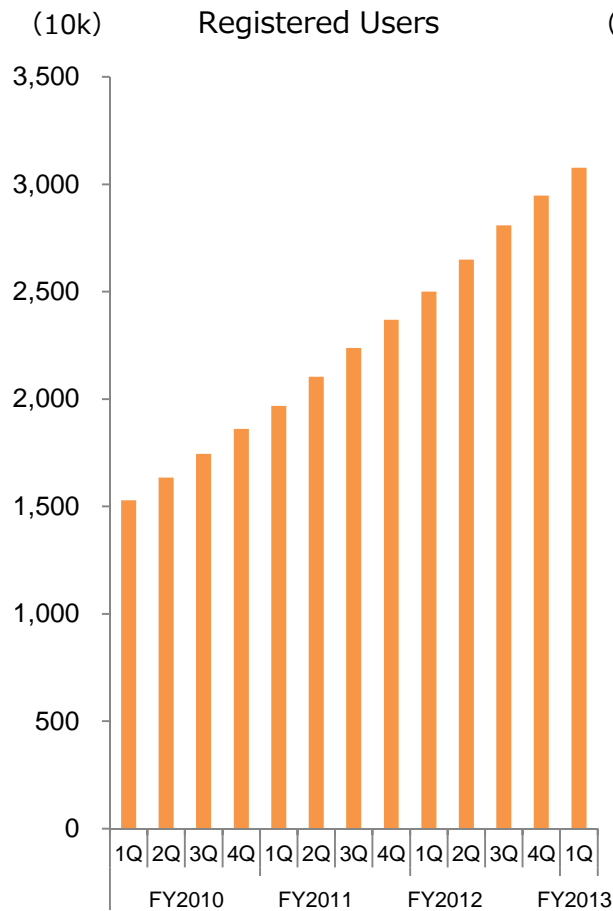
30.78million

As of Sep 30, 2012 : 29.46million

Premium Members

1.81million

As of Sep 30, 2012 : 1.75million



Usage and Attributes of niconico Users

Average of 1st quarter period ended September 2013
 (Figures in parentheses indicate results for 4th quarter period ended September 2012)

niconico total

■ Average PVs per day

106.29 million PV (111.16)

niconico LIVE

10.13 million PV (10.13)

■ Average visitors per month

8.02 million people (817)

2.72 million people (286)

■ Average sojourn time per day

* This is the total length of stay per user.

104.0 minutes (100.7)

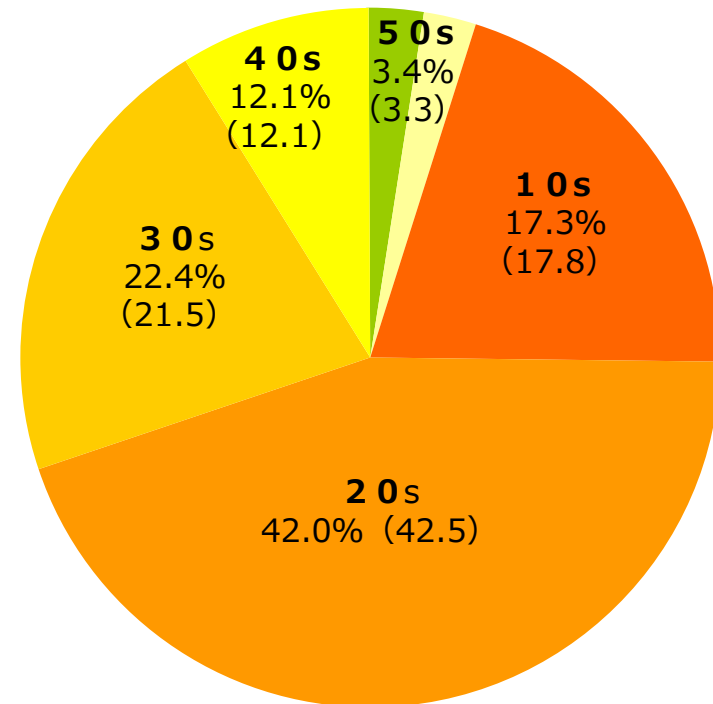
71.5 minutes (65.0)

by gender

♂ **67%** ♀ **33%**

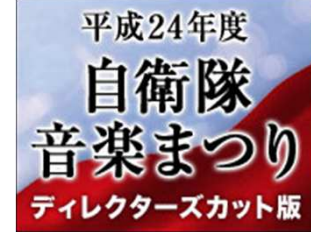
As of December 31, 2012

by age



Sample of Programs on niconico LIVE

From October to the present



Subsidiaries



■ Dwango Contents, Inc.
Holding: 100%
• Planning, Producing of Mobile Contents, Producing and Distributing Live Programs

Portal Business Others



Mobil

■ Dwango Mobil, Inc.
Holding : 100%
• Planning, Producing of Contents for mobilphone



Game Business

■ SPIKE CHUNSOFT Co., Ltd.
Holding: 100%
• Planning, development, and sales



Portal Business Others

■ niwango, inc.
Holding: 80.1%
□ Information distribution and movie distribution



Portal Business

■ Qteras, Inc.
Holding: 100%
□ Planning and development of services for consumer electronics



Portal Business Others

■ skyscraper, inc.
Holding: 96.0%
• Advertisement sales, etc.



Others

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



Others

■ Mobile Contents
Holding : 77.6%
• Contents Production and supply

Others

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



Others

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

For more information:

Investor Relations Section
Corporate Planning Division
DWANGO Co., Ltd.

E-mail: ir@dwango.co.jp