

Result Briefing for the Six Months Ended March 2013

May 9, 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.

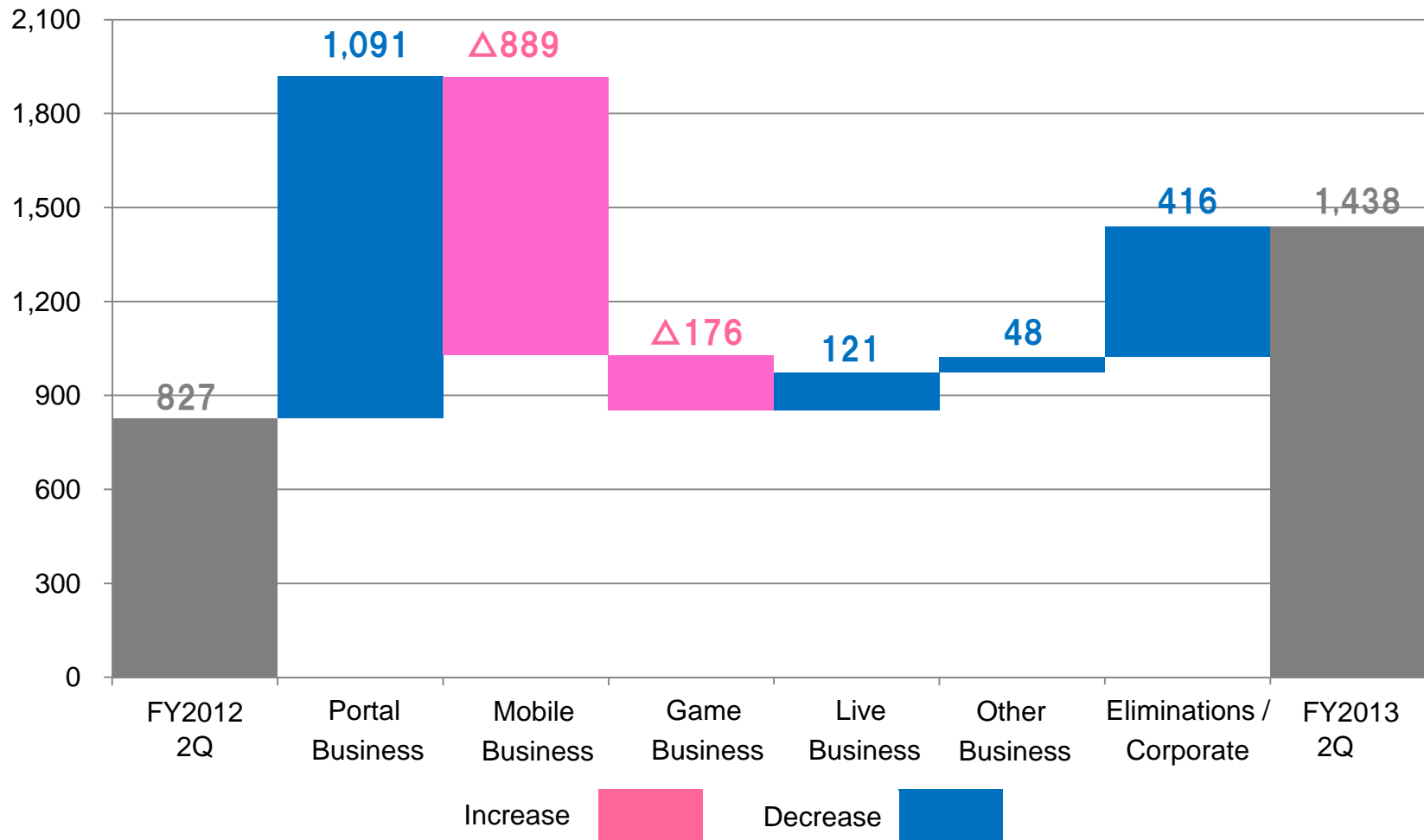
Overview of Consolidated Results for the Six Months Ended March 2013
in Comparison to Previous Term

(Unit: Million Yen)

	Previous Term	Current Term	Change
	2011/10-2012/3	2012/10-2013/3	
Net Sales	18,293	17,373	(920)
(Growth Rate)	2.7%	(5.0%)	
Gross Profit	7,232	8,180	947
(Growth Rate)	0.8%	13.1%	
(Gross Profit on Sales)	39.6%	47.1%	
Operating Income	827	1,438	611
(Growth Rate)	(27.1%)	73.8%	
(Gross Profit on Sales)	4.5%	8.3%	
Ordinary Income	717	1,450	734
(Growth Rate)	(30.6%)	102.4%	
(Gross Profit on Sales)	3.9%	8.4%	
Net Income	484	1,443	959
(Growth Rate)	(30.1%)	197.7%	
(Gross Profit on Sales)	2.7%	8.3%	

Operating Income : Comparison to Previous Term

(Unit: Million Yen)



Cost of Goods Sold

(Unit: Million Yen)

		Previous Term 2011/10-2012/3 <small>(% of total sales)</small>		Current Term 2012/10-2013/3 <small>(% of total sales)</small>		Change
Cost of Goods Sold		11,060	60.5%	9,193	52.9%	(1,867)
Manufacturing Costs	Personnel Costs	2,802	15.3%	2,859	16.5%	57
	Commission and Fees Paid	839	4.6%	836	4.8%	(3)
	Royalties	2,357	12.9%	1,967	11.3%	(390)
	Outsourcing Costs	2,798	15.3%	1,572	9.0%	(1,226)
	Communication Costs	1,240	6.8%	1,376	7.9%	136
	Other Expenses	1,636	8.9%	1,368	7.9%	(268)
Inventoriable Costs		308	1.7%	(110)	(0.6%)	(418)
(Account Transfers)		(921)	(5.0%)	(677)	(3.9%)	244

SG & A

(Unit: Million Yen)

	Previous Term 2011/10-2012/3		Current Term 2012/10-2013/3		Change
		(% of total sales)		(% of total sales)	
Selling, General and Administrative Expenses	6,405	35.0%	6,742	38.8%	336
Advertisement Expenses	2,204	12.1%	2,900	16.7%	695
Personnel Costs	1,244	6.8%	1,181	6.8%	(63)
Commission and Fees Paid	1,787	9.8%	1,601	9.2%	(181)
Research and Development Expenses	194	1.1%	194	1.1%	0
Others	973	5.3%	864	5.0%	(109)

Segment Overview (Total)

(Unit: Million Yen)

	Portal Business	Mobile Business	Game Business	Live Business	Other Businesses	Eliminations /Corporate	Total
Net Sales	7,651	6,980	1,847	239	1,026	(372)	17,373
(% of total sales)	16.0	(4.4)	(46.1)	39.1	(27.5)	(40.2)	(5.0)
COGS	4,112	2,702	1,069	366	1,003	(60)	9,193
(% of total sales)	(4.5)	(18.8)	(48.1)	(8.7)	(20.1)	(79.1)	(16.9)
Gross Profit	3,538	4,278	778	(126)	24	(312)	8,180
(% of total sales)	54.7	7.6	(43.2)	(44.6)	(84.6)	(6.1)	13.1
SG&A	1,286	3,721	520	40	171	1,001	6,742
(% of total sales)	10.7	49.7	(44.4)	(28.1)	(51.6)	(33.2)	5.3
Income (Loss) before Allocated	2,252	556	257	(166)	(148)	(1,313)	1,438
(% of total sales)	100.0	(62.7)	(40.6)	(41.4)	(24.1)	(28.3)	73.8
Allocated Cost	623	187	—	13	—	(825)	—
(% of total sales)	5.9	(19.6)	—	(16.7)	—	(1.6)	—
Operating Income (Loss)	1,628	368	257	(180)	(148)	(487)	1,438
(% of total sales)	203.2	(70.7)	(40.6)	—	—	(50.8)	73.8

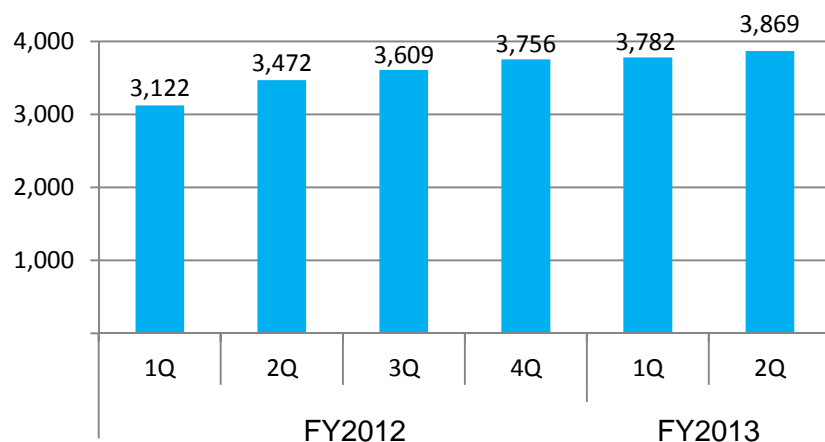
Portal Business: Comparison to Previous Term

(Unit: Million Yen)

	FY2013 2Q	FY2012 2Q	Comparison to Previous	%
Net Sales	7,651	6,595	1,056	16.0
Cost of Goods Sold	4,112	4,307	(195)	(4.5)
Gross Profit	3,538	2,287	1,251	54.7
SG&A	1,286	1,161	125	10.7
Income before Allocated	2,252	1,126	1,126	100.0
Allocated Cost	623	588	35	5.9
Operating Income	1,628	537	1,091	203.2

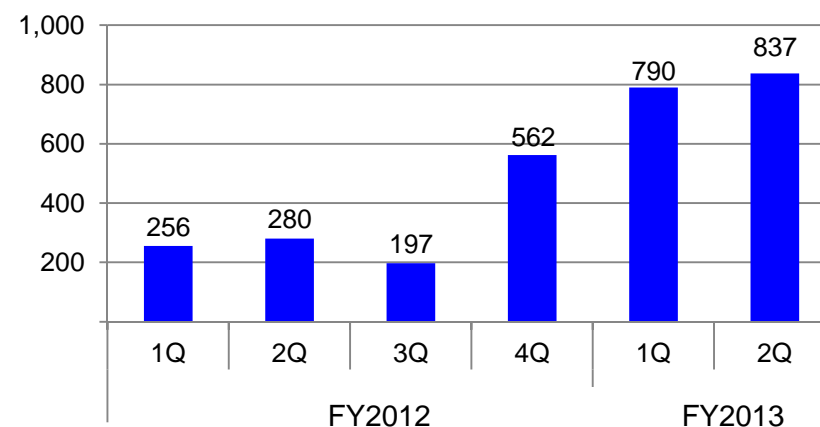
(Unit: Million Yen)

Net Sales



(Unit: Million Yen)

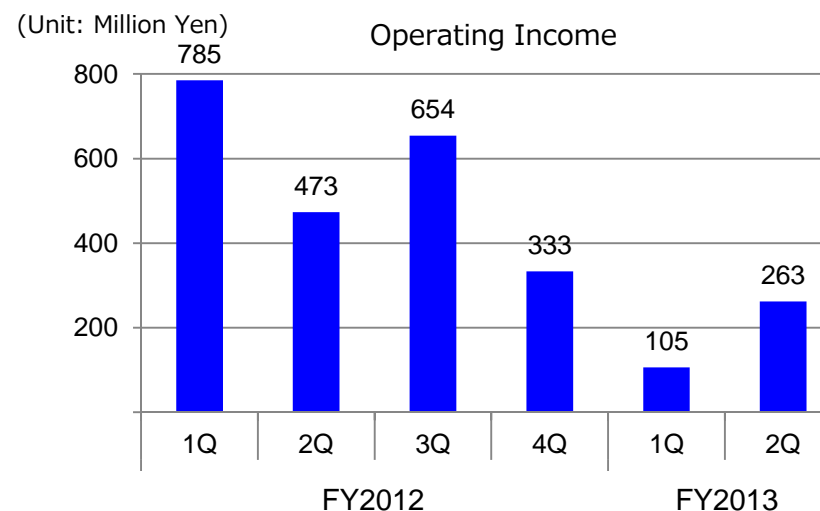
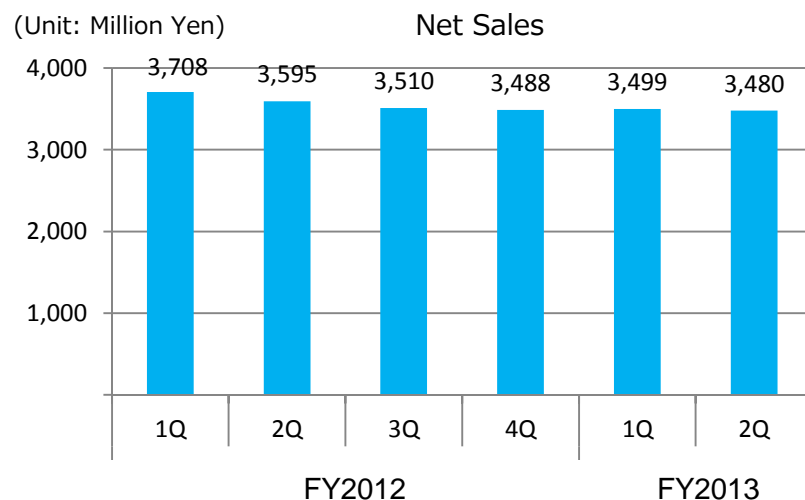
Operating Income



Mobile Business: Comparison to Previous Term

(Unit: Million Yen)

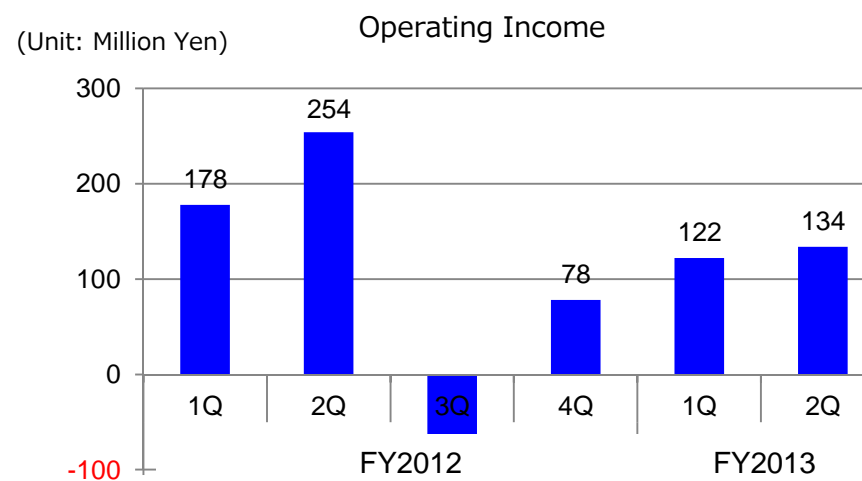
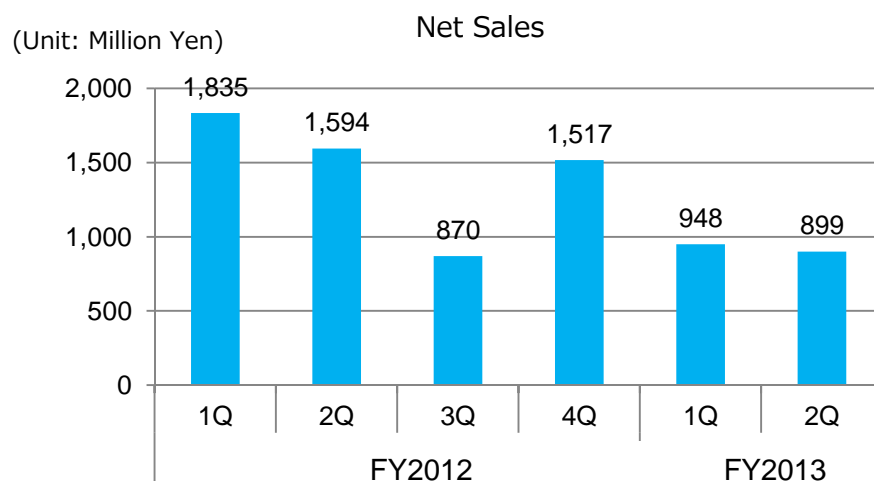
	FY2013 2Q	FY2012 2Q	Comparison to Previous	%
Net Sales	6,980	7,304	(324)	(4.4)
Cost of Goods Sold	2,702	3,326	(624)	(18.8)
Gross Profit	4,278	3,977	301	7.6
SG&A	3,721	2,485	1,235	49.7
Income before Allocated	556	1,491	(935)	(62.7)
Allocated Cost	187	233	(46)	(19.6)
Operating Income	368	1,258	(889)	(70.7)



Game Business: Comparison to Previous Term

(Unit: Million Yen)

	FY2013 2Q	FY2012 2Q	Comparison to Previous	%
Net Sales	1,847	3,429	(1,582)	(46.1)
Cost of Goods Sold	1,069	2,059	(990)	(48.1)
Gross Profit	778	1,369	(592)	(43.2)
SG&A	520	936	(416)	(44.4)
Income before Allocated	257	433	(176)	(40.6)
Allocated Cost	—	—	—	—
Operating Income	257	433	(176)	(40.6)



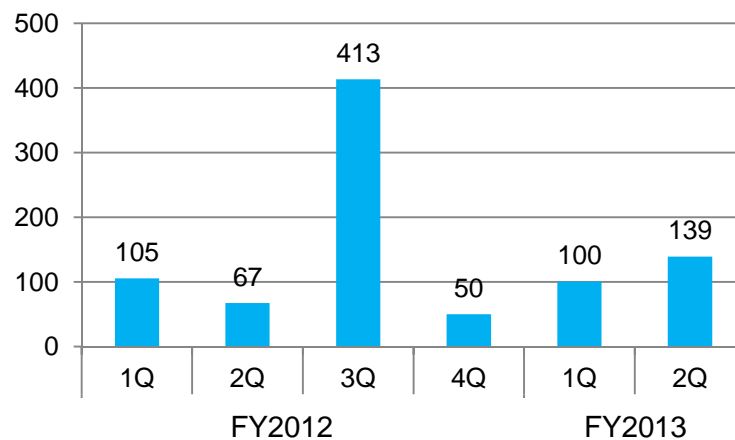
Live Business: Comparison to Previous Term

(Unit: Million Yen)

	FY2013 2Q	FY2012 2Q	Comparison to Previous	%
Net Sales	239	172	67	39.1
Cost of Goods Sold	366	401	(35)	(8.7)
Gross Profit	(126)	(228)	102	(44.6)
SG&A	40	56	(16)	(28.1)
Income before Allocated	(166)	(284)	118	(41.4)
Allocated Cost	13	16	(3)	(16.7)
Operating Loss	(180)	(301)	121	—

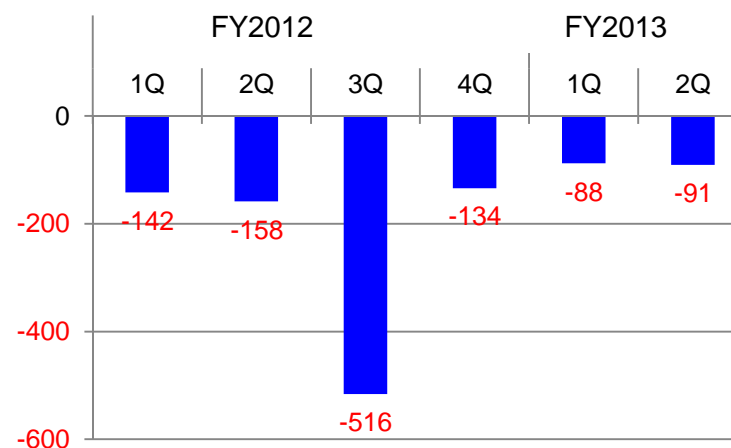
(Unit: Million Yen)

Net Sales



(Unit: Million Yen)

Operating Loss



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

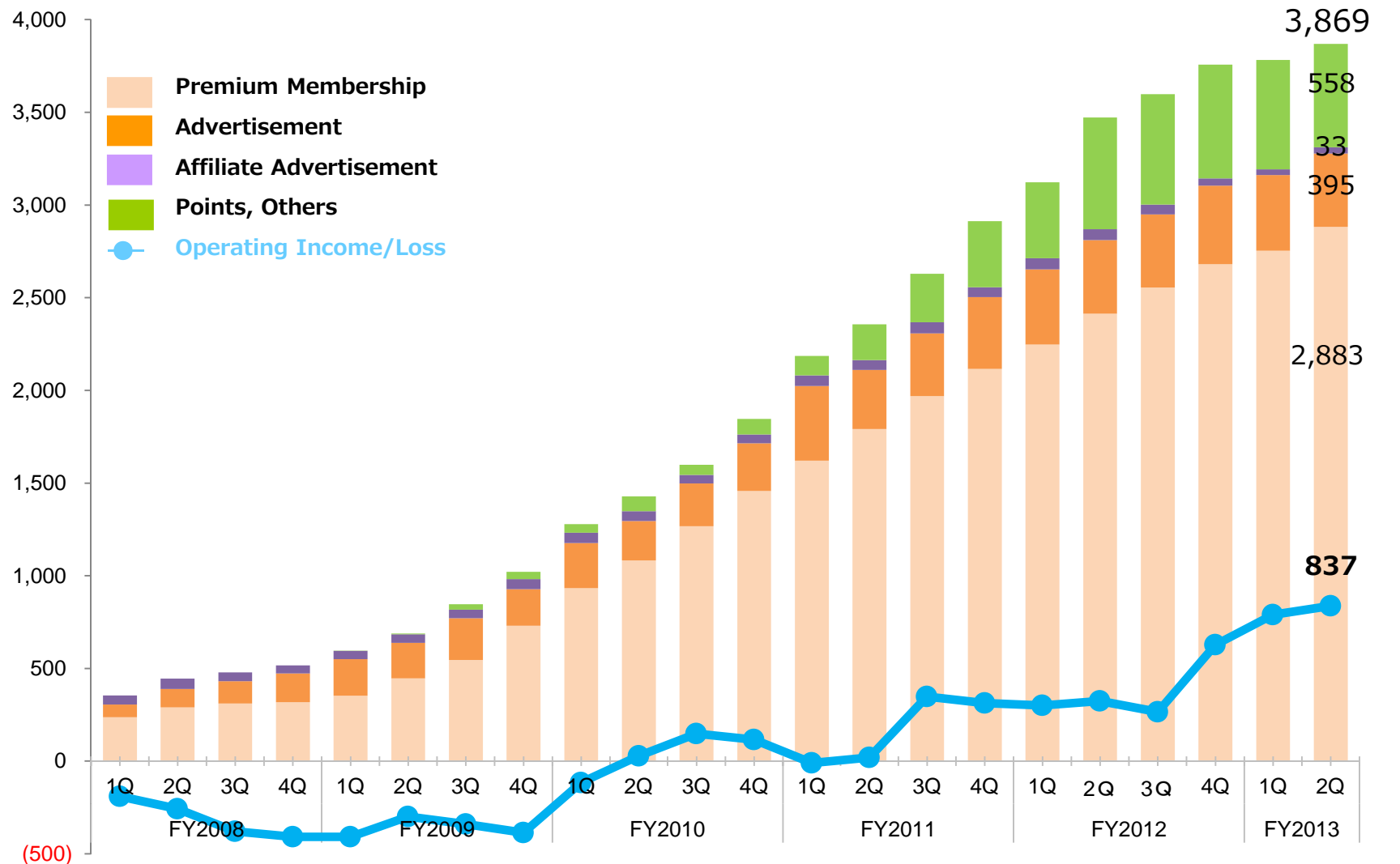
dwango



Revenues from niconico

(Unit: Million Yen)

2Q of FY2013



Number of Members of niconico

As of March 31, 2013

Registered Users

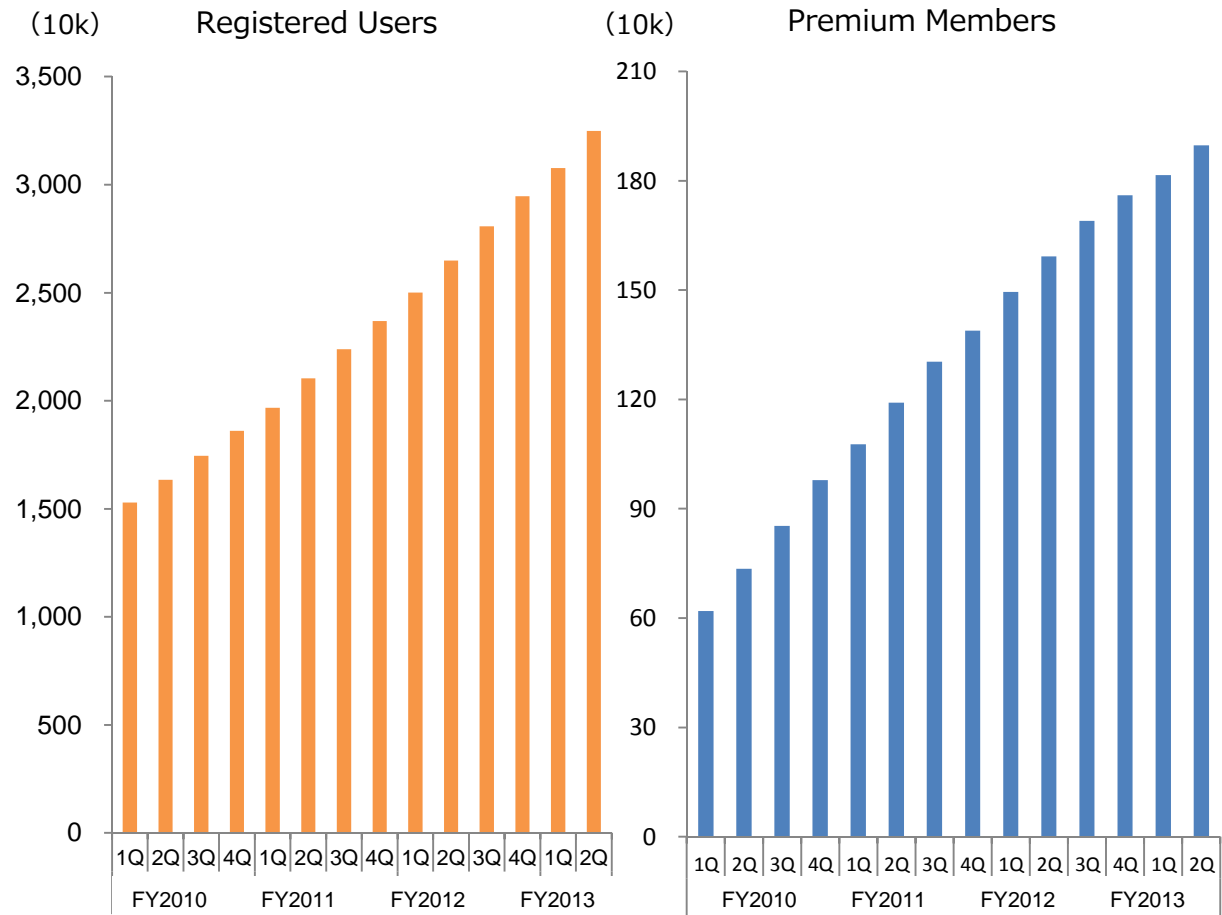
32.55million

As of Dec 31, 2012 : 30.78million

Premium Members

1.89million

As of Dec 31, 2012 : 1.81million



Usage and Attributes of niconico Users

Average of 2nd quarter period ended March 2013
 (Figures in parentheses indicate results for 1st quarter period ended December 2012)

As of March 31, 2013

niconico total

niconico LIVE

by age

■ Average PVs per day

116.23 million PV (106.29)

12.65 million PV (10.13)

■ Average visitors per month

8.30 million people (8.02)

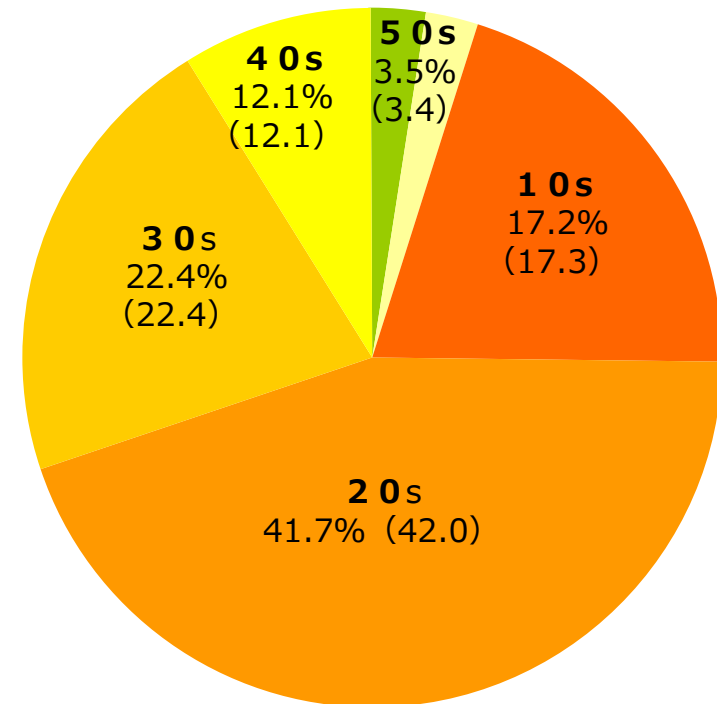
2.80 million people (2.72)

■ Average sojourn time per day

* This is the total length of stay per user.

108.6 minutes (104.0)

73.7 minutes (71.5)

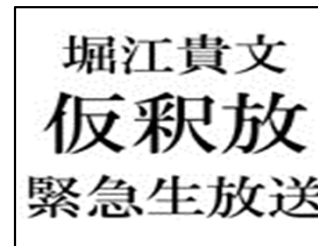


by gender

♂ **67%** ♀ **33%**

Sample of Programs on niconico LIVE

From January to the present



Subsidiaries



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

Portal Business Others



■ niwango, inc.
Holding: 80.1%
 □ 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



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

Mobil



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

Portal Business



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

Others



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

Game Business



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

Others



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

Portal Business Others

For more information:

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

E-mail: ir@dwango.co.jp