

Result Briefing for the Fiscal Year Ended September 2011

DWANGO Co., Ltd.

November 11, 2011

Cautionary Statement

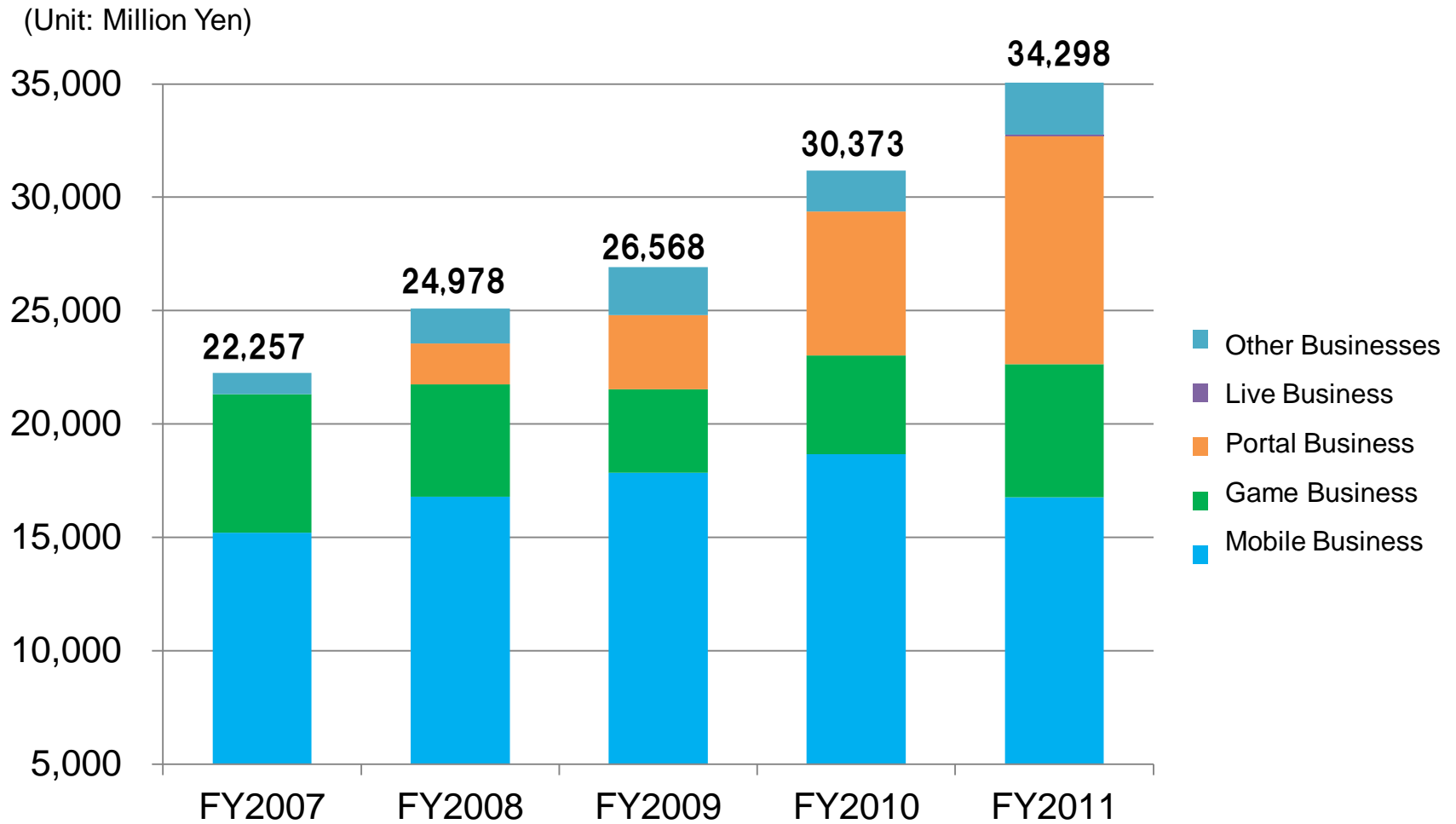
- **The forward-looking statements in this document, including earnings forecasts, are determined by the Dwango Group based on currently available information.**
- **Future figures involve various uncertainties, and actual results may differ. Please refrain from making investment decisions based entirely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

Overview of Consolidated Results for the Fiscal Year Ended September 2011
In Comparison to Previous Term

(Unit: Million Yen)

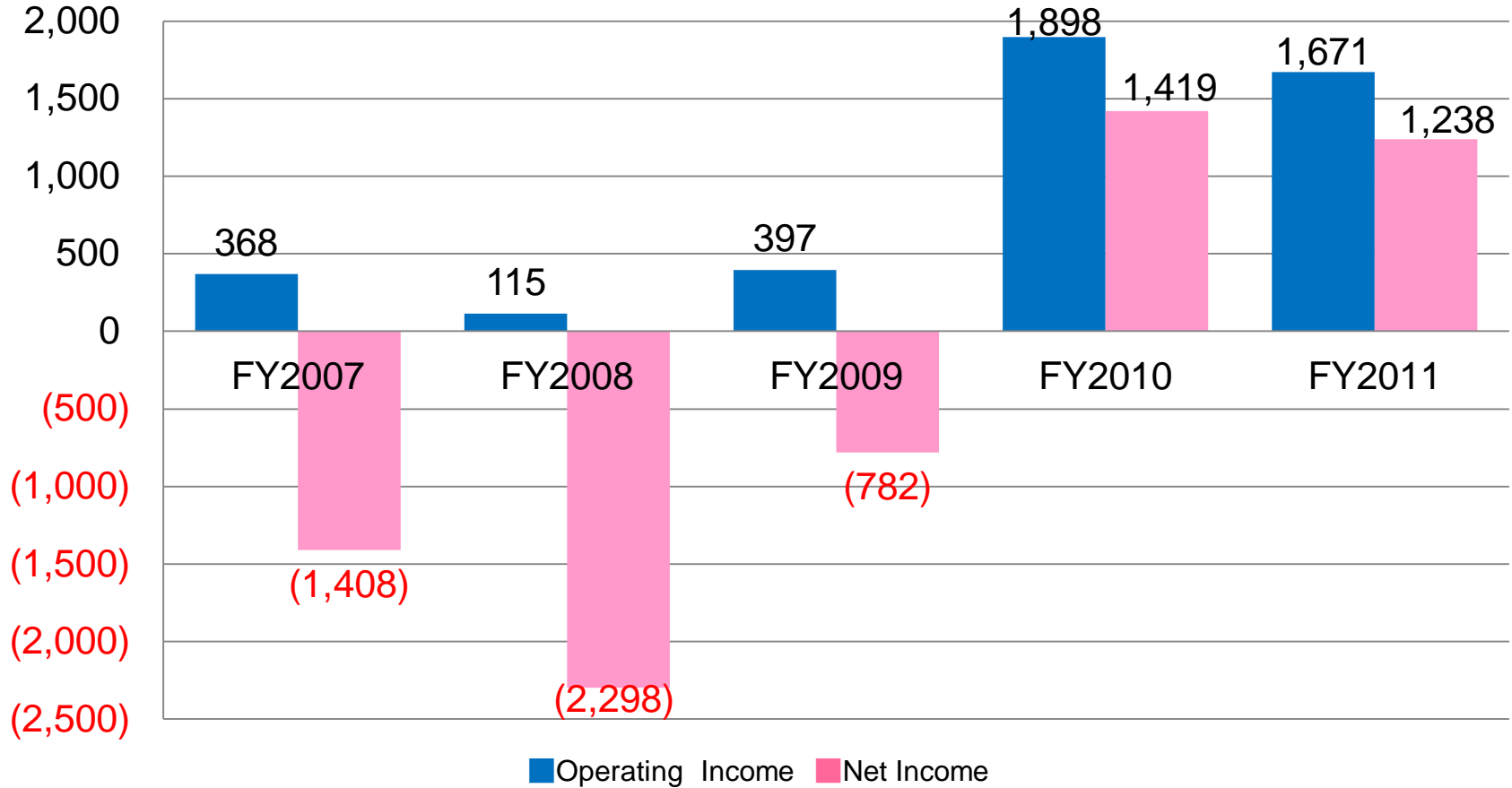
	Previous Term 2009/10-2010/9	Current Term 2010/10-2011/9	Change
Net Sales (Growth Rate)	30,373 14.3%	34,298 12.9%	3,925
Gross Profit (Growth Rate) (Gross Profit on Sales)	13,343 27.6% 43.9%	13,738 3.0% 40.1%	395
Operating Income (Growth Rate) (Gross Profit on Sales)	1,898 378.1% 6.3%	1,671 (12.0%) 4.9%	(227)
Ordinary Income (Growth Rate) (Gross Profit on Sales)	2,032 493.8% 6.7%	1,473 (27.5%) 4.3%	(558)
Net Income (Growth Rate) (Gross Profit on Sales)	1,419 - % 4.7%	1,238 (12.7%) 3.6%	(181)

Changes in Net Sales



Changes in Operating Income and Net Income

(Unit: Million Yen)



Overview of Consolidated Results for the Fiscal Year Ended September 2011 In Comparison to Forecast

(Unit: Million Yen)

	Forecast for the Fiscal Year* 2010/10-2011/9	Actual for the Fiscal Year 2010/10-2011/9	Change
Net Sales	35,000	34,298	(702)
Gross Profit (Gross Profit on Sales)	13,650 39.0%	13,738 40.1%	88
Operating Income (Operating Income Margin)	1,540 4.4%	1,671 4.9%	131
Ordinary Income (Ordinary Income Margin)	1,530 4.4%	1,473 4.3%	(57)
Net Income (Net Income Margin)	1,330 3.8%	1,238 3.6%	(92)

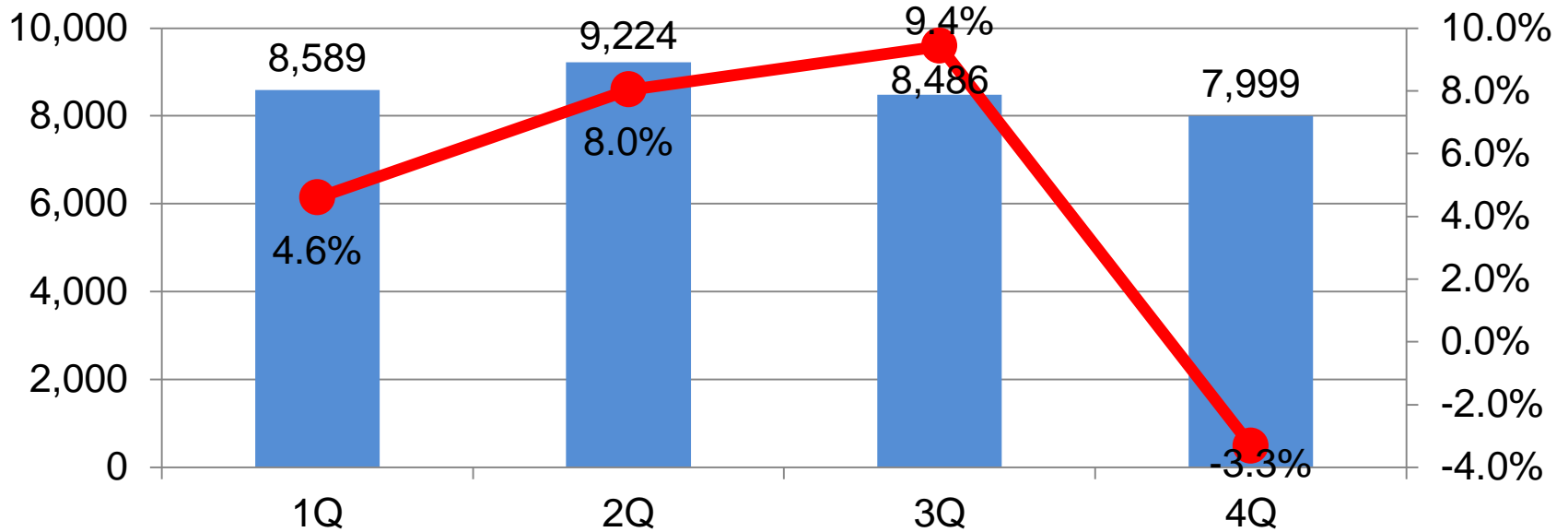
Changes in Quarterly Performance

(Unit: Million Yen)

	1Q 2010/10-2010/12	2Q 2011/1-2011/3	3Q 2011/4-2011/6	4Q 2011/7-2011/9	Total 2010/10-2011/9
Net Sales (Growth Rate)	8,589 12.6%	9,224 9.0%	8,486 22.4%	7,998 8.8%	34,298 12.9%
Gross Profit (Growth Rate) (Gross Profit on Sales)	3,458 6.3% 40.3%	3,715 0.5% 40.3%	3,632 15.6% 42.8%	2,933 (9.8%) 36.6%	13,738 3.0% 40.1%
Operating Income (Growth Rate) (Operating Income Margin)	394 (11.2%) 4.6%	741 0.5% 8.0%	800 56.8% 9.4%	(265) (228.7%) (3.3%)	1,671 (12.0%) 4.9%
Ordinary Income (Growth Rate) (Ordinary Income Margin)	358 (18.3%) 4.2%	674 (7.4%) 7.3%	795 31.1% 9.4%	(354) (237.2%) (4.3%)	1,473 (27.5%) 4.3%
Net Income (Growth Rate) (Net Income Margin)	331 9.4% 3.9%	362 (35.7%) 3.9%	550 (28.9%) 6.5%	(6) (97.0%) (0.1%)	1,238 (12.8%) 3.6%

Changes in Quarterly Performance

(Unit: Million Yen)



■ Operating Income ● Operating Income Margin

(Unit: Million Yen)

	1Q	2Q	3Q	4Q
Net Sales	8,589	9,224	8,486	7,999
Operating Income	394	741	800	(265)
Net Income	331	362	550	(6)

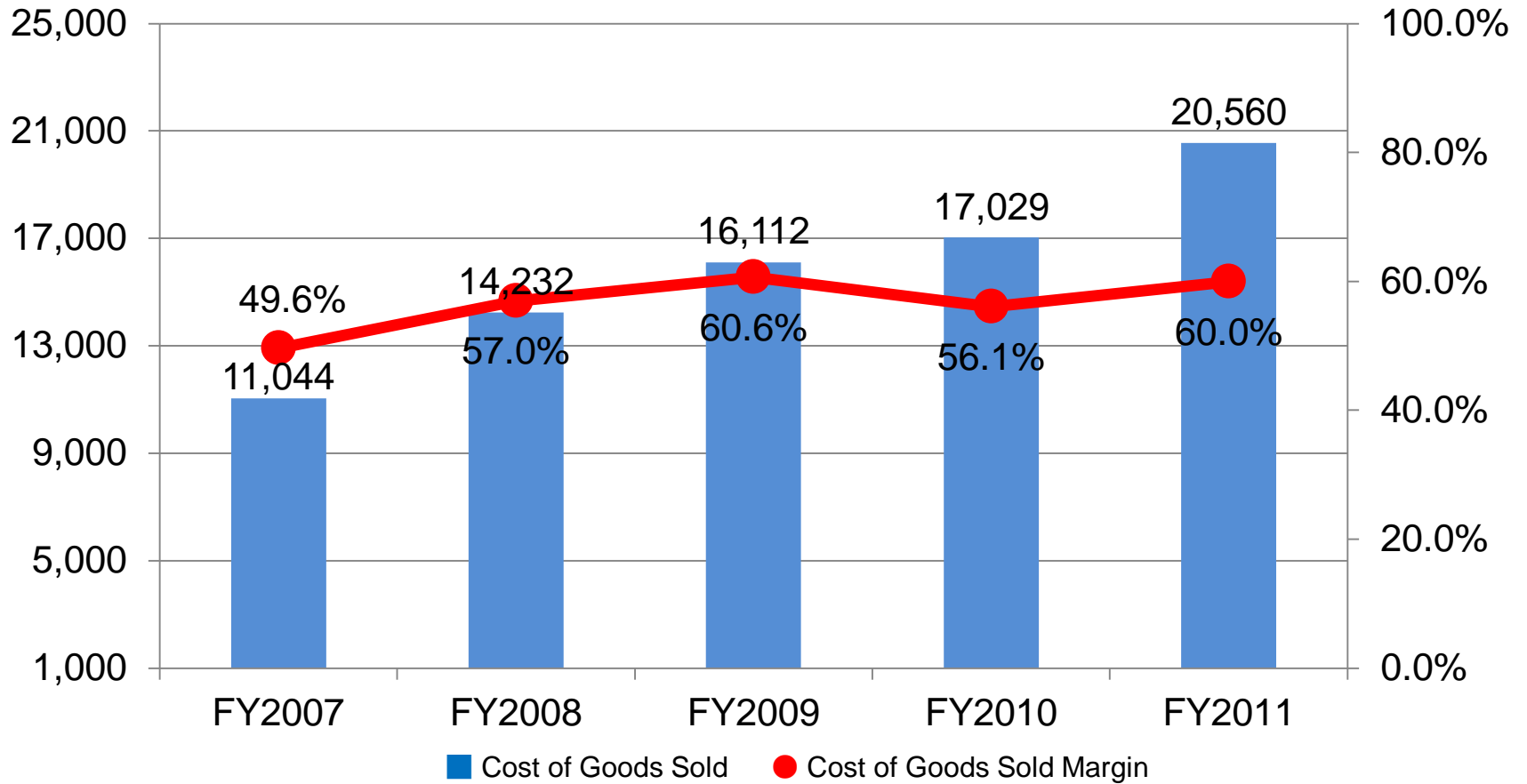
Cost of Goods Sold

(Unit: Million Yen)

		Previous Term 2008/10-2009/9		Current Term 2009/10-2010/9		Change
		(% of total sales)		(% of total sales)		
Cost of Goods Sold		17,029	56.1%	20,560	60.0%	3,530
Manufacturing Costs	Personnel Costs	4,146	13.7%	4,688	13.7%	541
	Commission and Fees Paid	1,303	4.3%	1,586	4.6%	283
	Royalties	5,600	18.4%	5,135	15.0%	(464)
	Outsourcing Costs	4,122	13.6%	5,621	16.4%	1,499
	Communication Costs	1,844	6.1%	2,109	6.2%	265
	Other Expenses	2,490	5.8%	2,859	8.3%	369
Inventoriable Costs		(239)	1.6%	244	0.7%	483
(Account Transfers)		(2,238)	(7.4%)	(1,684)	(4.9%)	553

Changes in Cost of Goods Sold

(Unit: Million Yen)



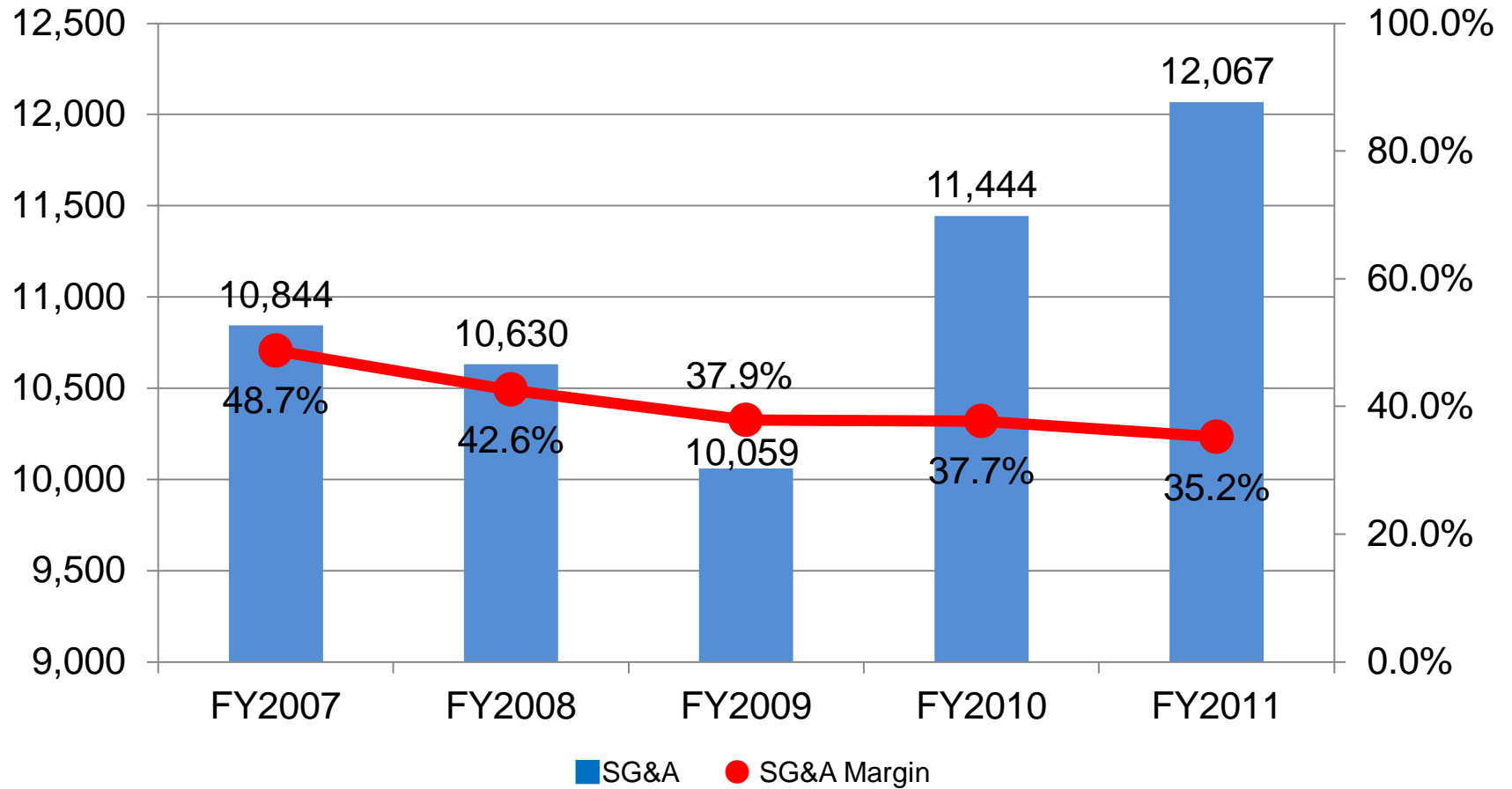
SG & A

(Unit: Million Yen)

	Previous Term 2008/10-2009/9		Previous Term 2008/10-2009/9		Change
		(% of total sales)		(% of total sales)	
Selling, General and Administrative Expenses	11,444	37.7%	12,067	35.2%	623
Advertisement Expenses	4,344	14.3%	4,599	13.4%	255
Personnel Costs	1,993	6.6%	2,084	6.1%	91
Commission and Fees Paid	3,028	10.0%	3,440	10.0%	412
Commission and Fees Paid	790	2.6%	354	1.0%	(436)
Others	1,288	4.2%	1,587	4.6%	299

Changes in SG & A

(Unit: Million Yen)



Segment Information

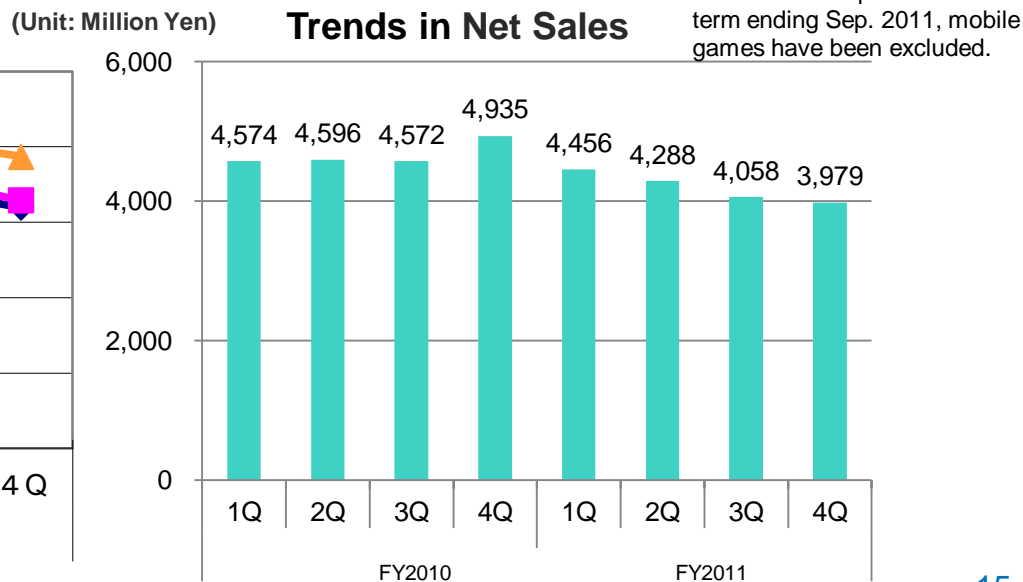
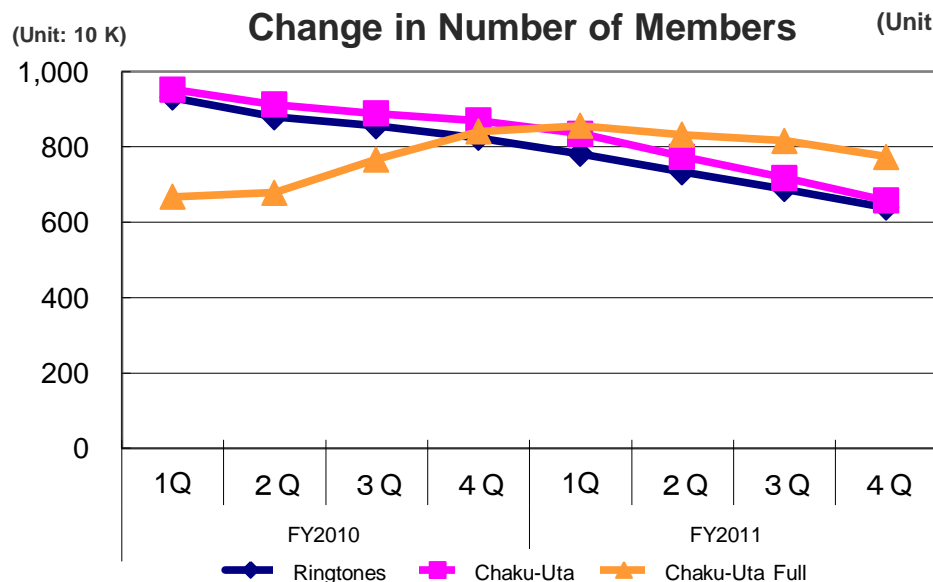
Segment Overview (Total)

(Unit: Million Yen)

	Mobile Business	Game Business	Portal Business	Live Business	Other Businesses	Eliminations /Corporate	Total
Net Sales	16,782	5,864	10,081	238	2,237	(905)	34,298
COGS	7,157	4,289	6,579	940	1,935	(342)	20,560
Gross Profit	9,625	1,574	3,502	(702)	301	(562)	13,738
SG&A	5,290	1,730	1,673	51	447	2,874	12,067
Income before Allocated	4,335	(155)	1,829	(754)	(146)	(3,437)	1,671
Allocated Cost	1,041	-	1,159	-	-	(2,200)	-
Operating Income	3,293	(155)	670	(754)	(146)	(1,236)	1,671

Mobile Business: Comparison to Forecast and Previous Term

	Result 2010/10-2011/9	Comparison to Forecast
Net Sales	16.78 billion	↓ 0.41 billion
Cost of Goods Sold	7.15 billion	↓ 0.89 billion
SG&A	5.29 billion	↓ 0.07 billion
Income before Allocated	4.33 billion	↓ 0.55 billion
Allocated Cost	1.04 Billion	-billion
Operating Income	3.29 billion	↓ 0.55 billion

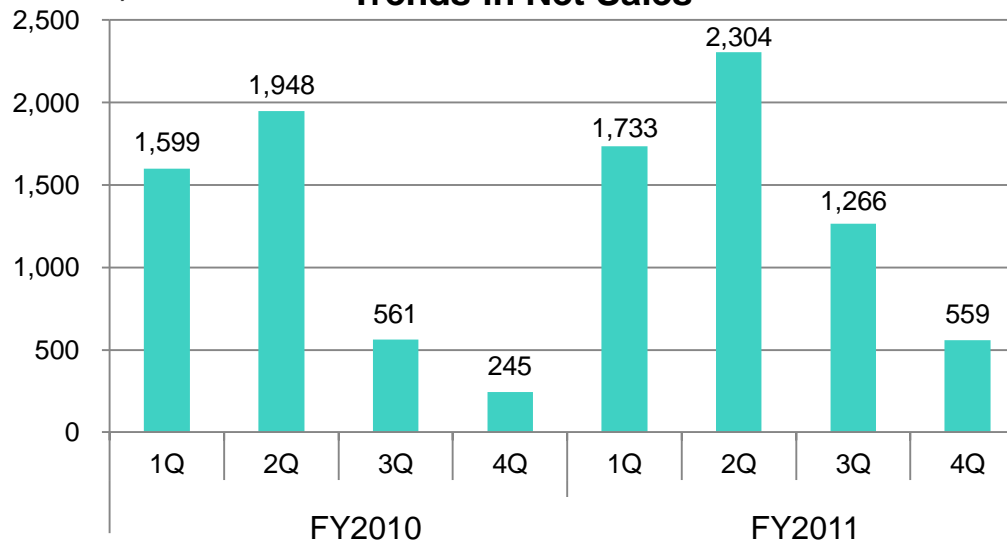


Game Business

	Result 2010/10-2011/9	Comparison to Forecast
Net Sales	5.86 billion	↓ 1.22 billion
Cost of Goods Sold	4.28 billion	↓ 0.59 billion
SG&A	1.73 billion	↓ 0.2 billion
Income before Allocated	(0.15 billion)	↓ 0.41 billion
Allocated Cost	- Billion	-billion
Operating Income	(0.15 billion)	↓ 0.41 billion

(Unit: Million Yen)

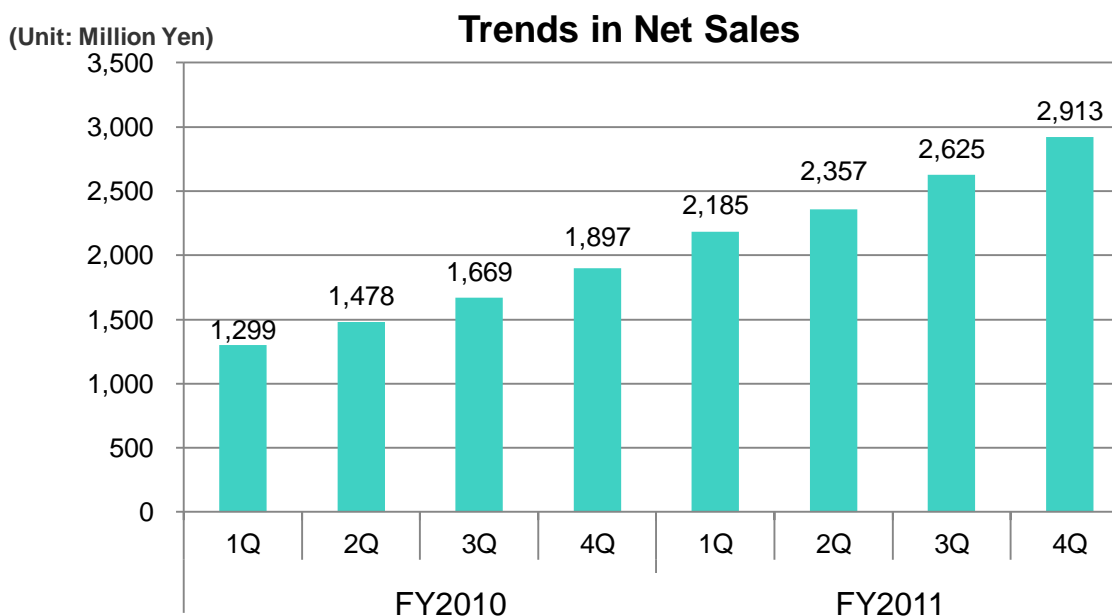
Trends in Net Sales



*From the first quarter of the term ending Sep. 2011, mobile games have been included.

Portal Business

	Result 2010/10-2011/9	Comparison to Forecast
Net Sales	10.08 billion	↑ 0.36 billion
Cost of Goods Sold	6.57 billion	↓ 0.15 billion
SG&A	1.67 billion	↓ 0.06 billion
Income before Allocated	1.82 billion	↑ 0.58 billion
Allocated Cost	1.15 billion	-billion
Operating Income	0.67 billion	↑ 0.58 billion



dwango

Summary of Balance Sheets

(Unit: Million Yen)

	Previous term (End of Sep. 2010)	Current term (End of Sep. 2011)	Change	Major factor of change
Current assets	16,212	15,935	(277)	
Fixed assets	5,586	11,082	5,496	Nicofarre opened/made CELL., Co. ltd. subsidiary/business capital tie-up with Kadokawa Group Holdings
Total assets	21,798	27,018	5,219	
Current liabilities	5,895	5,904	9	
Fixed liabilities	40	563	523	
Total liabilities	5,936	6,467	531	
Net assets	15,862	20,550	4,688	Issue of new stocks/Proceeds from sales of treasury stock

Previous term
Capital investment

2,271

Current term
Capital investment

2,781

Summary of Cash Flow Statements

(Unit: Million Yen)

	2010/10- 2011/9	Major factor
Cash flows from operating activities	3,077	Decreased notes and accounts receivable and inventories. Increased income taxes paid
Cash flows from investing activities	(5,063)	Proceeds from purchase of investments in subsidiaries. Purchase of tangible and intangible assets.
Cash flows from financing activities	1,625	Issue of new stocks/Proceeds from sales of treasury stock
Cash and cash equivalents at end of term	6,997	

Business Forecast for 1st Quarter Year Ending September 2012

(Unit: Million Yen)

	Current Term 1 st Quarter 2010/10-2010/12	Next Term 1 st Quarter 2011/10-2011/12 (Forecast)	Changes
Net Sales (Growth Rate)	8,589 12.6%	9,000 4.8%	411 4.8%
Gross Profit (Growth Rate) (Gross Profit on Sales)	3,458 6.3% 40.3%	3,300 (4.5%) 36.6%	(158) (4.5%) (3.7%)
Operating Income (Growth Rate) (Operating Income Margin)	394 (11.2%) 4.6%	200 (49.2%) 2.2%	(194) (49.2%) (2.4%)
Ordinary Income (Growth Rate) (Ordinary Income Margin)	358 (18.3%) 4.2%	200 (44.1%) 2.2%	(158) (44.1%) (2.0%)
Net Income (Growth Rate) (Net Income Margin)	331 9.4% 3.9%	160 (51.7%) 1.7%	(171) (51.7%) (2.2%)

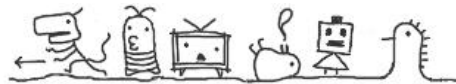
Business Forecast for 1st Quarter Year Ending September 2012 (Segment Overview)

(Unit: Million Yen)

	Mobile Business	Game Business	Portal Business	Live Business	Others	Eliminations /Corporate	Total
Net Sales	3,700	1,770	3,070	100	630	(270)	9,000
COGS	1,690	1,180	2,080	230	620	(100)	5,700
Gross Profit	2,010	590	990	(130)	10	(170)	3,300
SG&A	1,100	550	530	20	150	(750)	3,100
Income before allocated	910	40	460	(150)	(140)	(920)	200
Allocated Cost	120	-	300	-	-	(420)	-
Operating Income	790	40	160	(150)	(140)	(500)	200



ニコニコ動画
NICO NICO DOUGA



Review of FY2010 in NICO NICO DOUGA

The number of Premium members grew steadily

From 0.98 million (FY2010) to 1.39 million (FY2011), up 41.9%

Heightened visibility as a Media

In cooperation with terrestrial station, simulcasting news, etc.

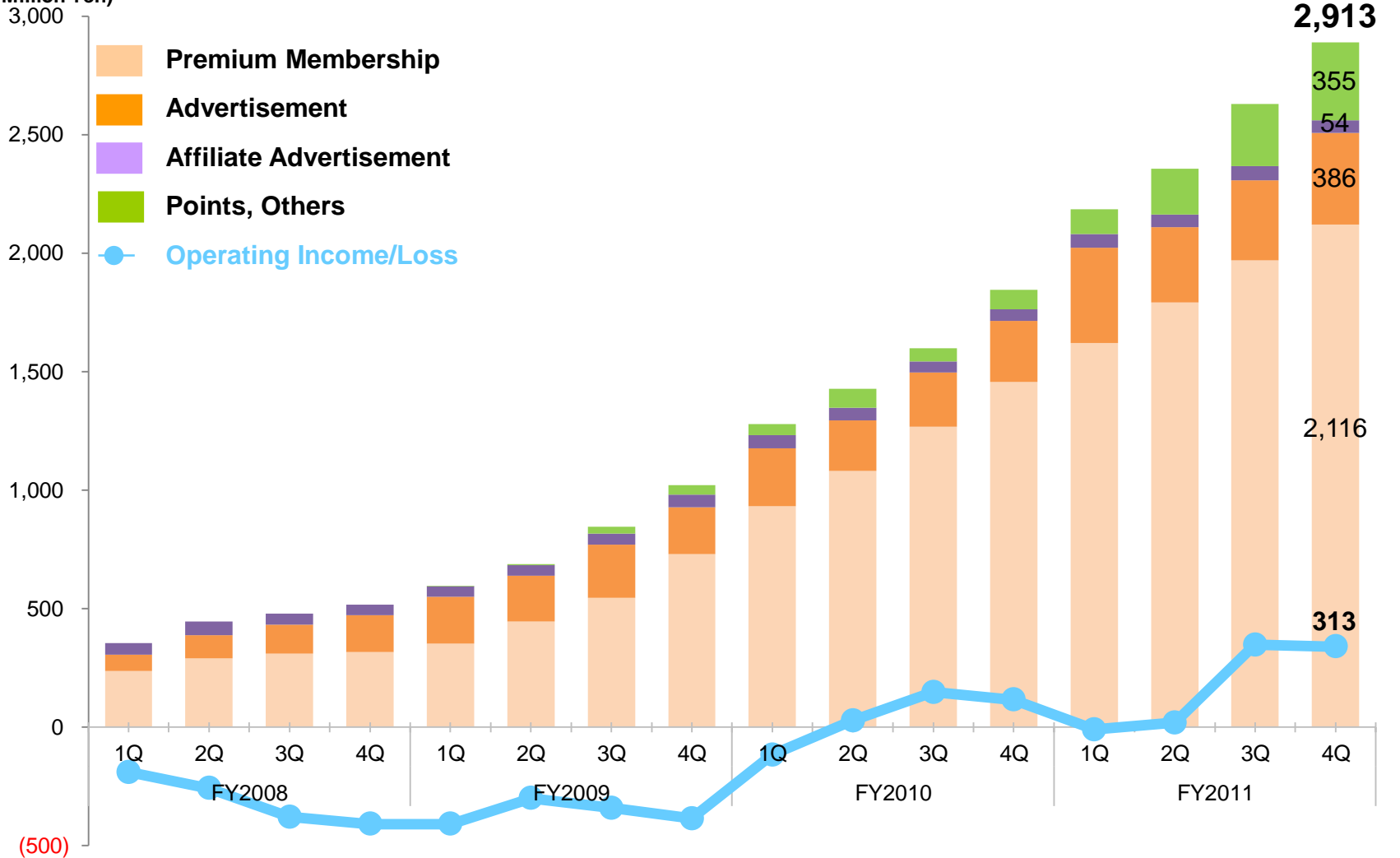
Nicofarre opened

Next-generation Live House related to NICO NICO DOUGA

Revenues from NICO NICO DOUGA

4Q of FY2011

(Unit: Million Yen)



Number of Members of NICO NICO DOUGA

As of September 30, 2011

Registered Users

23.69 million

As of June 30, 2011: 22.38 million

As of Sep 30, 2010: 18.60 million

Premium Members

1.39 million

As of June 30, 2011: 1.30 million

As of Sep 30, 2010: 0.98 million

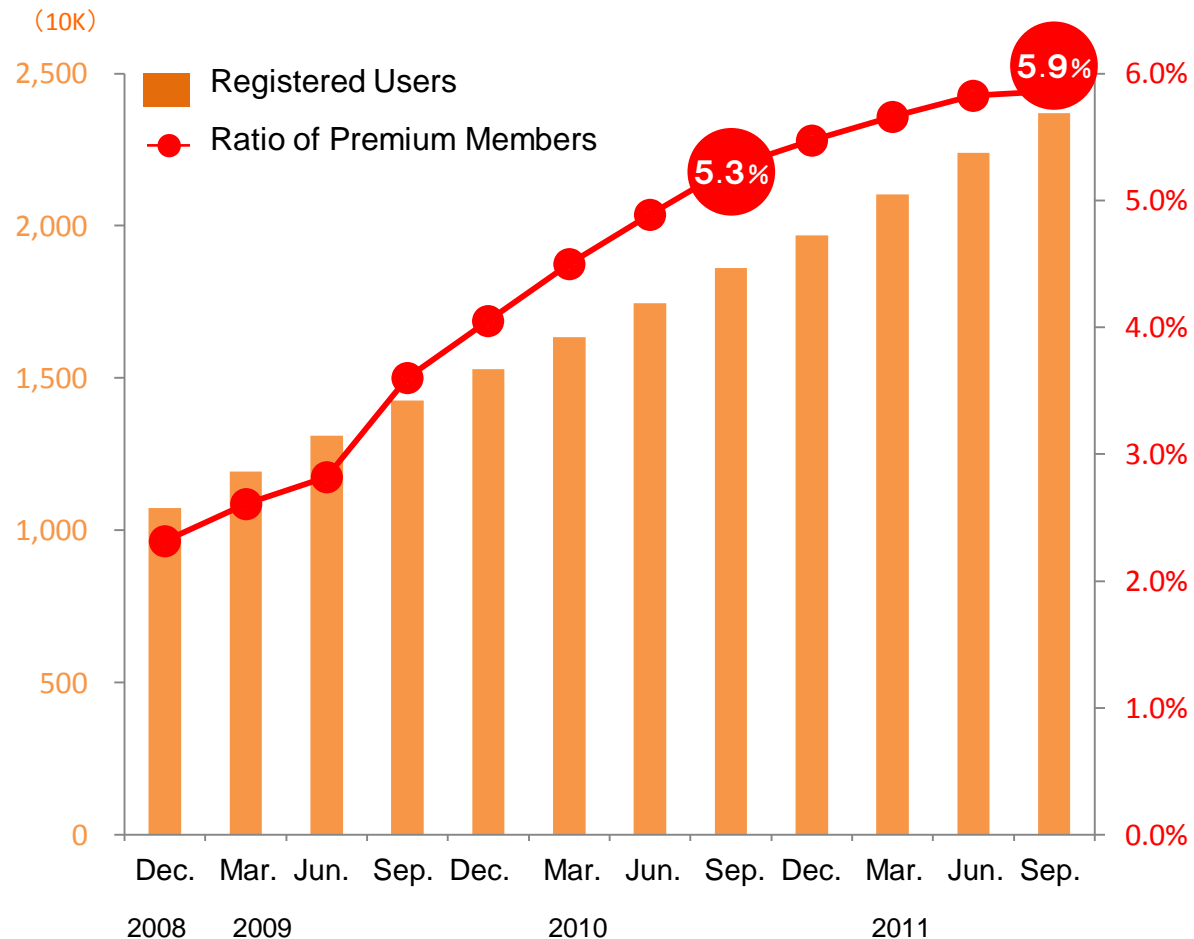
Mobile Members

6.87 million

As of June 30, 2011: 6.60 million

As of Sep 30, 2010: 5.58 million

The Ratio of Premium Members



Usage and Attributes of NICO NICO DOUGA Users

Average of Forth quarter period ended September 2011

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

As of September 30, 2011

NICO NICO DOUGA

NICO NICO LIVE

by age

Average PVs per day

92.47 million PV (85.76)

7.78 million PV (7.22)

Average visitors per month

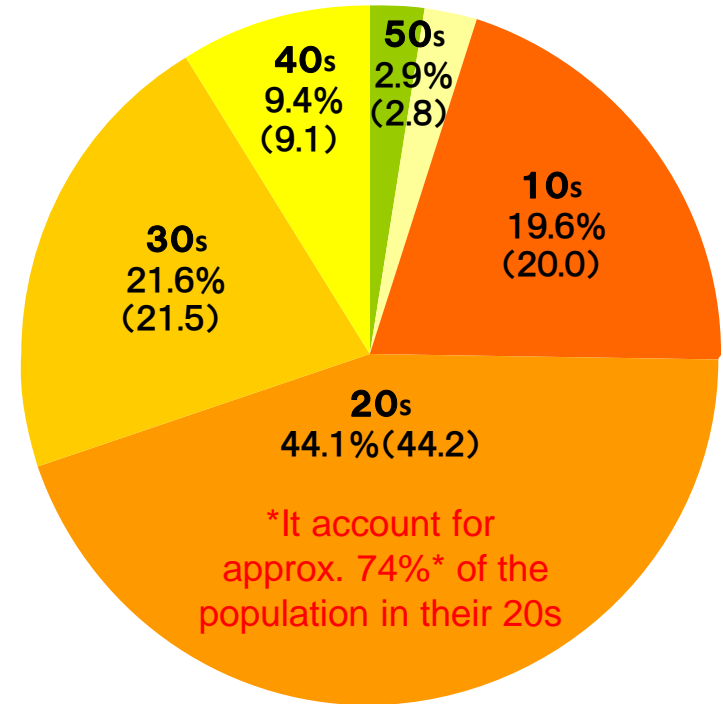
7.51 million people (745)

2.23 million people (206)

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

107.4 minutes (105.3)

66.3 minutes (66.6)



It account for approx. 74% of the population in their 20s

by gender

♂ **67%** ♀ **33%**

*This amounts to 1.043 million users for a population of about 14.08 million people (as of April 1, 2011), as posted by the Ministry of Internal Affairs and Communications.

Trend on NICO NICO LIVE and Viewers

4Q Results

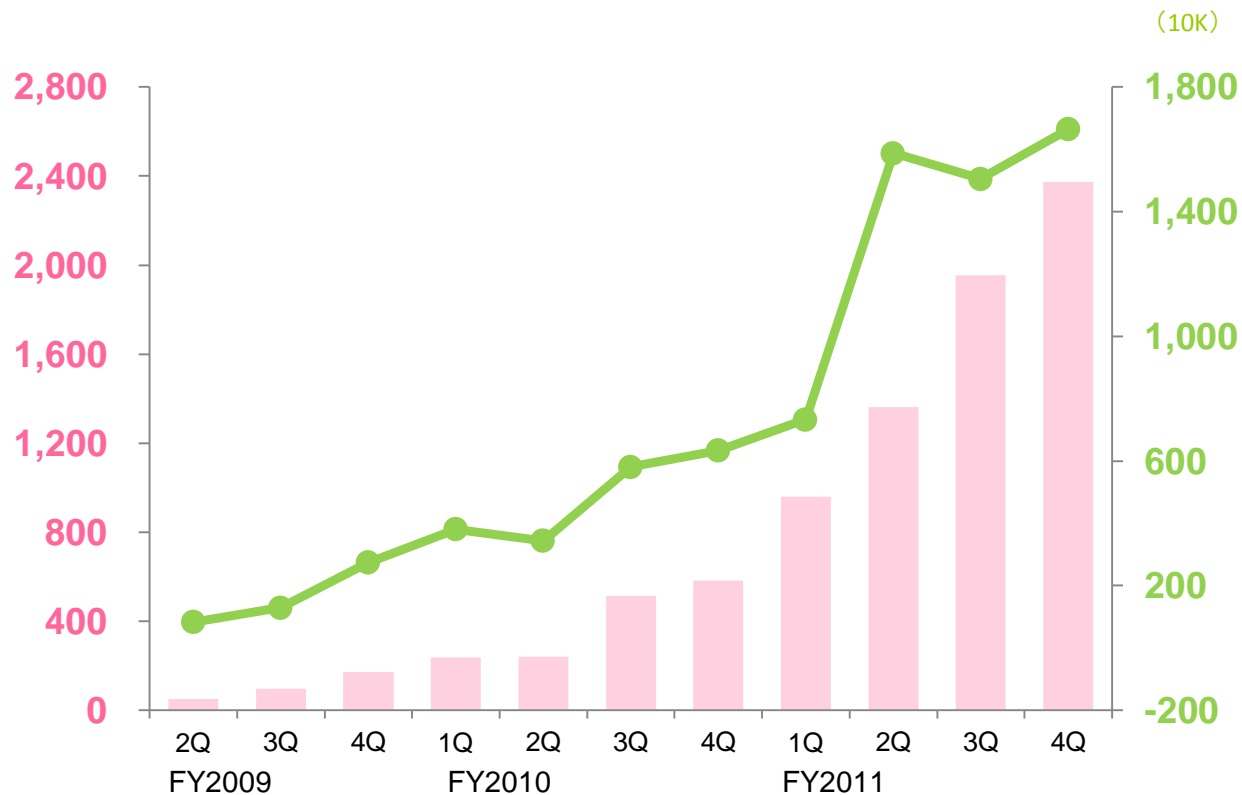
July. to Sep.

No. of official programs

2,375 programs

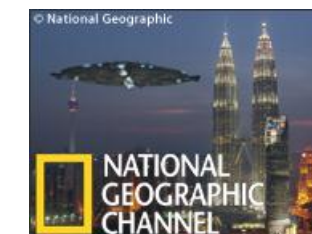
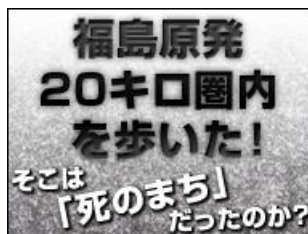
Total No. of viewers

16.64 million



Sample of Programs on NICO NICO LIVE

From July to the present



NICO NICO DOUGA' s Next Approach

Increase in service quality

Broaden the active members which are the base source of premium members

Launch new services

Utilize contents held by kadokawa Group in electronic book and NICO NICO channel

Develop NICO NICO DOUGA for mobile terminal

Expanding NICO NICO DOUGA in Smart Phone and Tablet terminal

Work With KADOKAWA GROUP HOLDINGS

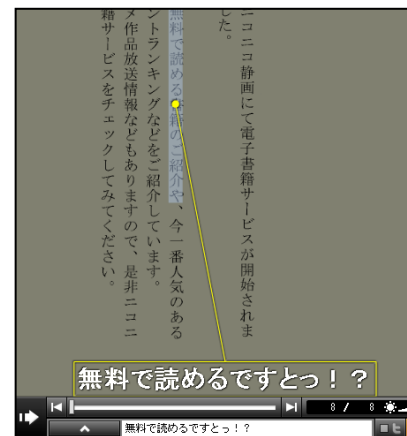
— Social Reading enters a new era —

“NICONICO SEIGA” ,electronic book, linked SNS, Start

- Share comments on electronic book
- “NICO NICO A(ace),” a collection of KADOKAWA’s popular contents, is published for NICONICO members



For PC



Comment



For iPad

Subsidiaries



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

Others

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

Others



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

Portal Business Others



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

Portal Business Others



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

Others



■ **CELL**
 Holding: 55:0%
 Planning, Producing of Mobile Contents, Producing and Distributing Live Programs

Portal Business Others



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

Others



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

Game Business



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

Game Business



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

Game Business



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

Game Business

For more information:

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

E-mail: ir@dwango.co.jp