

Result Briefing for the Six Months Ended March 2011

DWANGO Co., Ltd.

May 12, 2011

Cautionary Statement

- The forward-looking statements, including earnings forecasts included in this document, are determined by the DWANGO Group based on information available at the time of writing.
- Future figures involve a number of uncertainties and actual results may differ materially. Please refrain from relying wholly on these forecasts in making investment decisions.

Overview of Consolidated Results for the Six Months Ended March 2011

(Unit: Million Yen)

	Previous Term 2009/10-2010/3	Term under Review 2010/10-2011/3	Change
Net Sales (Growth Rate)	16,090 21.8%	17,813 10.7%	1,723
Gross Profit (Growth Rate) (Gross Profit on Sales)	6,950 22.0% 43.2%	7,173 3.2% 40.3%	223
Operating Income (Growth Rate) (Operating Income Margin)	1,181 186.4% 7.3%	1,135 (3.9%) 6.4%	(46)
Ordinary Income (Growth Rate) (Ordinary Income Margin)	1,167 199.8% 7.3%	1,033 (11.5%) 5.8%	(134)
Net Income (Growth Rate) (Net Income Margin)	867 297.1% 5.4%	694 (20.0%) 3.9%	(173)

Overview of Consolidated Results for the Six Months Ended March 2011
Differences Between Forecast and Results

(Unit: Million Yen)

	Forecast for the First half 2009/10-2010/3	Actual for the First half 2010/10-2011/3	Change
Net Sales	18,540	17,813	(727)
Gross Profit (Gross Profit on Sales)	7,070 38.1%	7,173 40.3%	103
Operating Income (Operating Income Margin)	540 2.9%	1,135 6.4%	595
Ordinary Income (Ordinary Income Margin)	540 2.9%	1,033 5.8%	493
Net Income (Net Income Margin)	450 2.4%	694 3.9%	244

Changes in Quarterly Performance

(Unit: Million Yen)

	1Q 2010/10-2010/12	2Q 2011/1-2011/3	Total 2010/10-2011/3
Net Sales (Growth Rate)	8,589 12.6%	9,224 9.0%	17,813 10.7%
Gross Profit (Growth Rate) (Gross Profit on Sales)	3,458 6.3% 40.3%	3,715 0.5% 40.3%	7,173 3.2% 40.3%
Operating Income (Growth Rate) (Operating Income Margin)	394 (11.2%) 4.6%	741 0.5% 8.0%	1,135 (3.9%) 6.4%
Ordinary Income (Growth Rate) (Ordinary Income Margin)	358 (18.3%) 4.2%	674 (7.4%) 7.3%	1,033 (11.5%) 5.8%
Net Income (Growth Rate) (Net Income Margin)	331 9.4% 3.9%	362 (35.7%) 3.9%	694 (20.0%) 3.9%

Cost of Goods Sold

(Unit: Million Yen)

		Previous Term 2009/10-2010/3 (% of total sales)		Term under Review 2010/10-2011/3 (% of total sales)		Change
Cost of Goods Sold		9,139	56.8%	10,640	59.7 %	1,501
Manufacturing Costs	Personnel Costs	2,054	12.7%	2,106	11.8%	52
	Commission and Fees Paid	720	4.5%	798	4.5%	78
	Royalties	2,794	17.4%	2,637	14.8%	(157)
	Outsourcing Costs	2,136	13.3%	3,321	18.6%	1,185
	Communication Costs	903	5.6%	1,007	5.7%	104
	Other Expenses	931	5.8%	1,241	7.0%	310
Inventories		932	5.8%	350	2.0%	(582)
(Account Transfers)		(1,333)	(8.3%)	(823)	(4.6%)	510

Selling, General and Administrative Expenses

(Unit: Million Yen)

	Previous Term 2009/10-2010/3 (% of total sales)	Term under Review 2010/10-2011/3 (% of total sales)	Change
Selling, General and Administrative Expenses	5,768 35.9%	6,038 33.9%	270
Advertisement Expenses	2,202 13.7%	2,625 14.7%	423
Personnel Costs	975 6.1%	864 4.9%	(111)
Commission and Fees Paid	1,508 9.4%	1,677 9.4%	169
Research and Development Expenses	532 3.3%	214 1.2%	(318)
Others	550 3.4%	657 3.7%	107

Segment Overview for the Six Months Ended March 2011

(Unit: Million Yen)

	Mobile Business	Game Business	Portal Business	Others	Eliminations/ Corporate	Total
Net Sales	8,744	4,037	4,543	790	(302)	17,813
COGS	3,696	3,022	3,107	822	(8)	10,640
Gross Profit	5,048	1,015	1,436	(32)	(294)	7,173
SG&A	2,774	1,040	835	152	1,234	6,038
Income before allocated	2,273	(25)	600	(184)	(1,528)	1,135
Allocated Cost	530		591		(1,121)	
Operating Income	1,743	(25)	9	(184)	△407	1,135

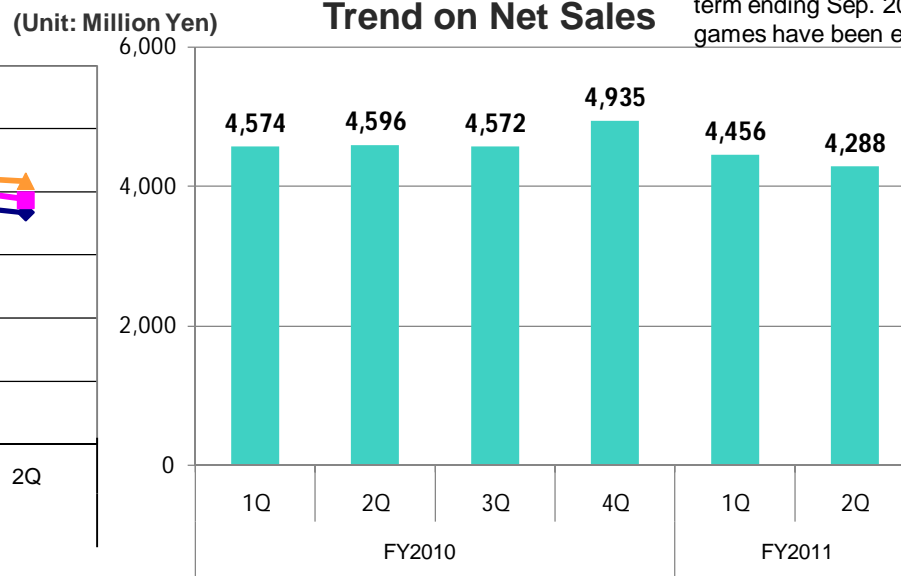
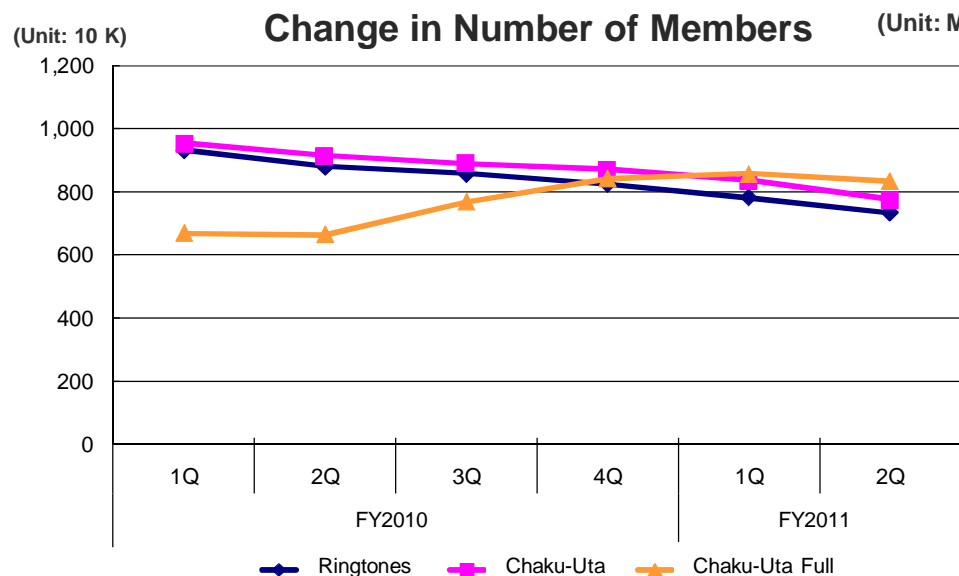
Business Forecast for Fiscal Year Ending September 2011 (Segment Overview)

(Unit: Million Yen)

	Mobile Business	Game Business	Portal Business	Others	Eliminations/ Corporate	Total
Net Sales	17,200	7,080	9,720	1,900	(900)	35,000
COGS	8,060	4,880	6,740	1,200	470	21,350
Gross Profit	9,140	2,200	2,980	700	(1,370)	13,650
SG&A	5,360	1,930	1,730	1,110	1,980	12,110
Income before allocated	3,780	270	1,250	(410)	(3,350)	1,540
Allocated Cost	1,040	-	1,150	-	(2,190)	-
Operating Income	2,740	270	100	(410)	(1,160)	1,540

Mobile Business

	2Q Result	Comparison to Forecast
Net Sales	8.74 billion	30 million
Cost of Goods Sold	3.69 billion	320 million
SG&A	2.77 billion	20 million
Income before Allocated	2.27 billion	270 million
Allocated Cost	0.53 billion	
Operating Income	1.74 billion	270 million



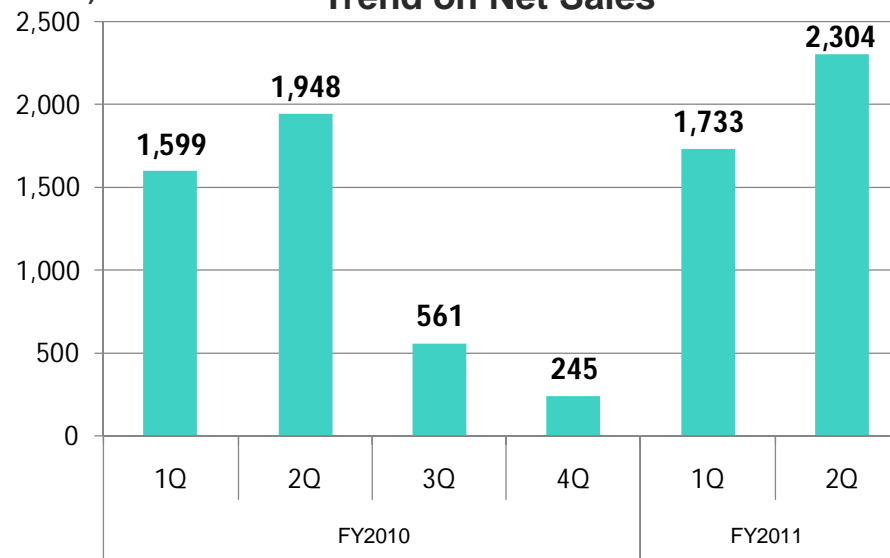
*From the first quarter of the term ending Sep. 2011, mobile games have been excluded.

Game Business

	2Q Result	Comparison to Forecast
Net Sales	4.03 billion	0.77 billion
Cost of Goods Sold	3.02 billion	0.28 billion
SG&A	1.04 billion	0.23 billion
Income before Allocated	(20 million)	0.25 billion
Allocated Cost	-	-
Operating Income	(20 million)	0.25 billion

(Unit: Million Yen)

Trend on Net Sales



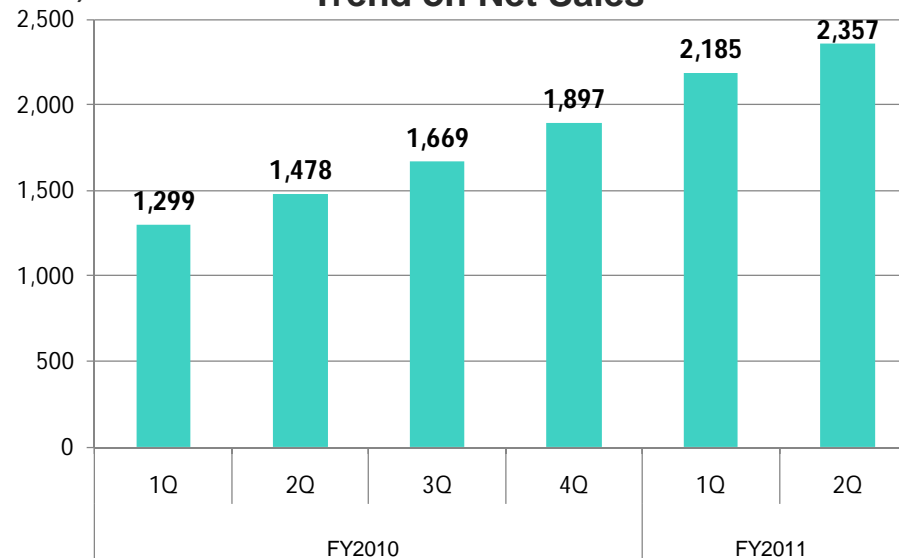
*From the first quarter of the term ending Sep. 2011, mobile games have been included.

Portal Business

	2Q Result	Comparison to Forecast
Net Sales	4.54 billion	0.10 billion
Cost of Goods Sold	3.10 billion	0.12 billion
SG&A	0.83 billion	20 million
Income before Allocated	0.60 billion	0.25 billion
Allocated Cost	0.59 billion	-
Operating Income	0.0 billion	0.25 billion

(Unit: Million Yen)

Trend on Net Sales



Summary of Balance Sheets

(Unit: Million Yen)

	Previous term (End of Sep. 2010)	Current term (End of Mar. 2011)	Change	Major factor of change
Current assets	16,212	16,109	(103)	
Fixed assets	5,586	7,937	2,351	Increase in Goodwill due to acquisition of a subsidiary, assets related to NICO NICO DOUGA, etc
Total assets	21,798	24,047	2,249	
Current liabilities	5,895	6,646	751	Increase in Short-term borrowings, Accrued income taxes, etc
Fixed liabilities	40	437	397	
Total liabilities	5,936	7,084	1,148	
Net assets	15,862	16,962	1,100	Increase in Minority interests, Net income, etc

Previous term
Capital investment

2,271

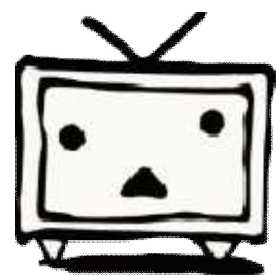
Current term
First Half
Capital investment

1,007

Summary of Cash Flow Statements

(Unit: Million Yen)

	2010/10- 2011/3	Major factor
Cash flows from operating activities	1,563	Net income before income taxes, etc.
Cash flows from investing activities	(1,665)	Acquisition of a subsidiary, assets related to NICO NICO DOUGA, etc
Cash flows from financing activities	(380)	Dividend payments, etc.
Cash and cash equivalents at end of term	6,881	

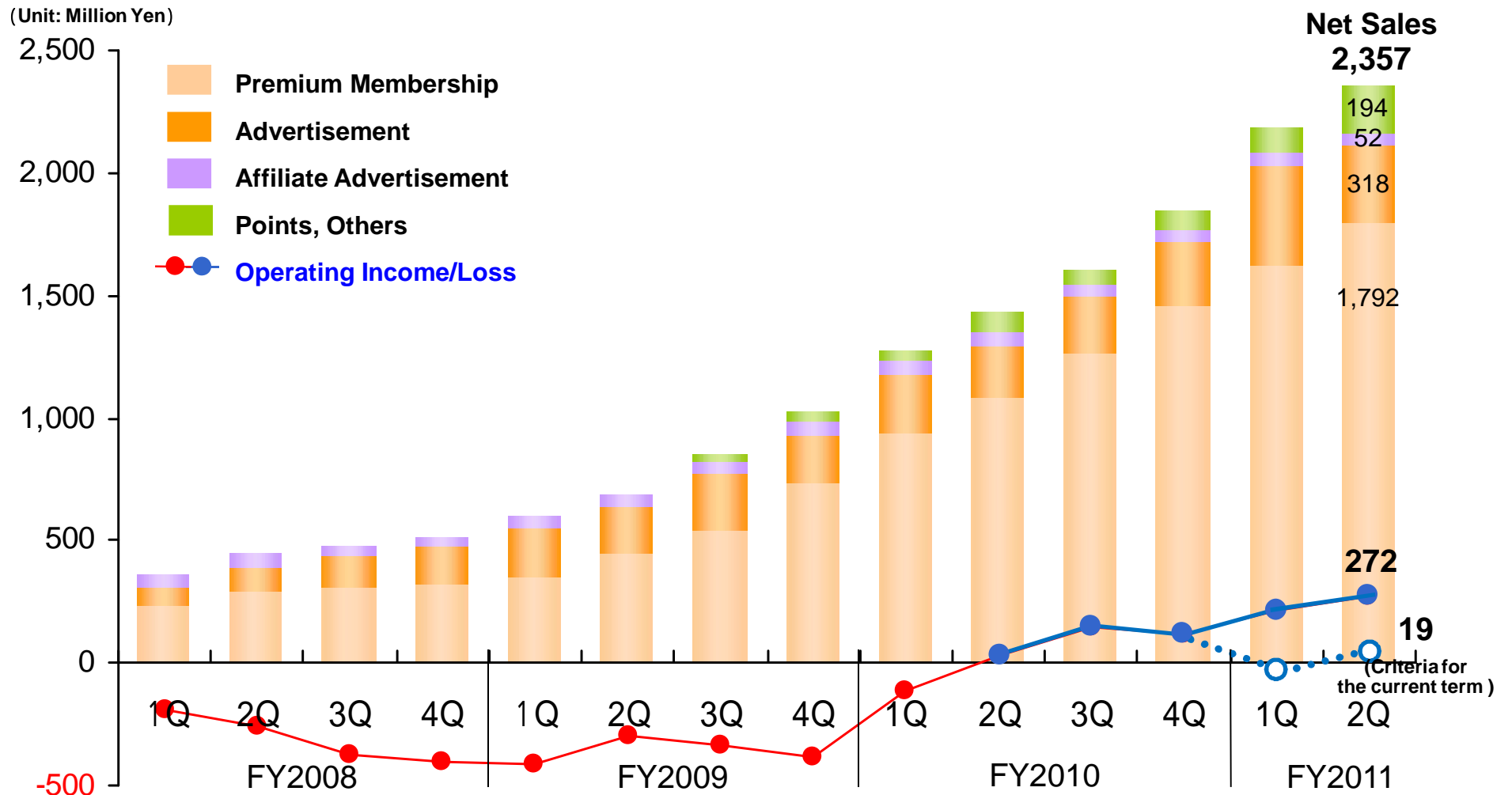


ニコニコ動画
NICO NICO DOUGA



Revenues from NICO NICO DOUGA

First Half of FY2011



Number of Members of NICO NICO DOUGA

As of March 31, 2011

Registered Users

21.03 million

As of December 31, 2010:
19.68 million

Premium Members

1.19 million

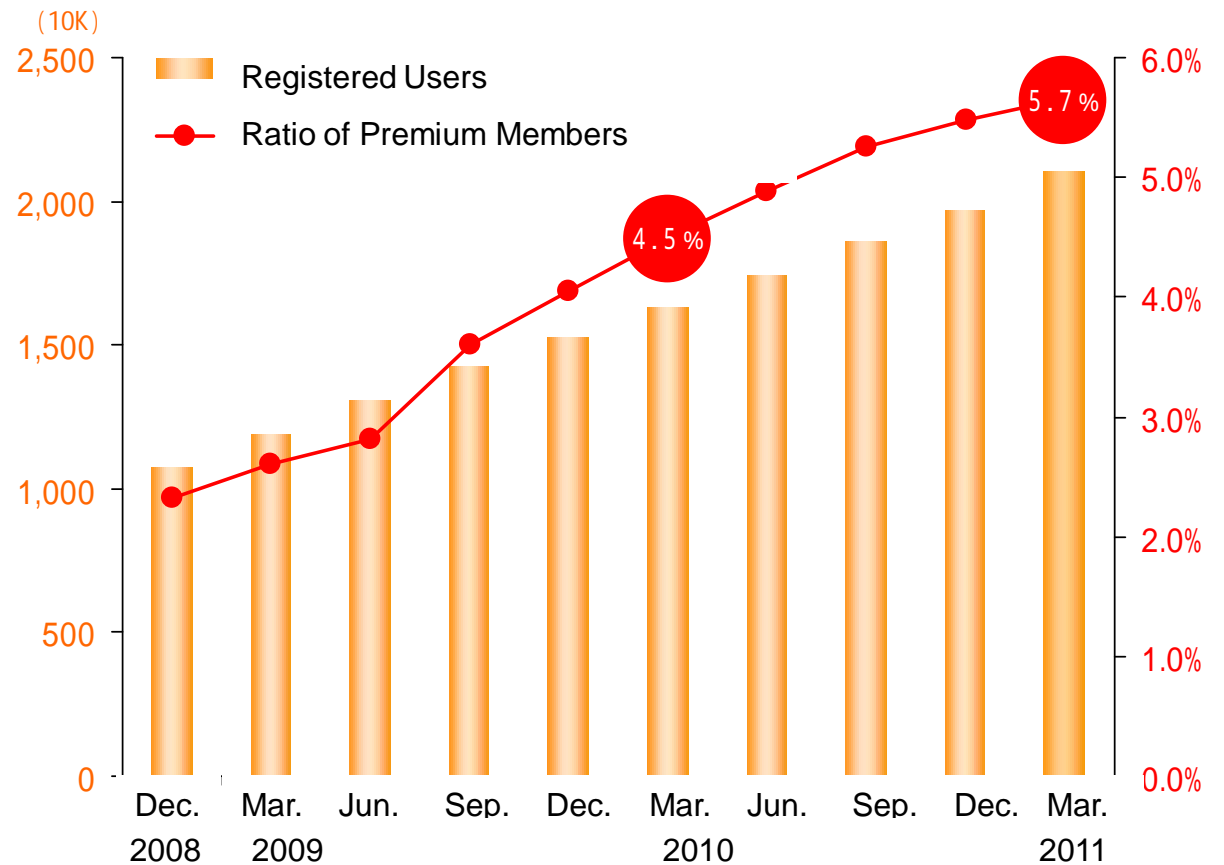
As of December 31, 2010:
1.08 million

Mobile Members

6.23 million

As of December 31, 2010:
5.86 million

The Ration of Premium Members



Usage and Attributes of NICO NICO DOUGA Users

Average of second quarter period ended March 2011

(Figures in parentheses indicate results for first quarter period ended December 2010)

NICO NICO DOUGA

NICO NICO LIVE

Average PVs per day

79.44 million PVs (76.49) | **4.02** million PVs (3.80)

Average visitors per month

7.08 million (6.70) | **2.17** million (1.74)

Average sojourn time per visit

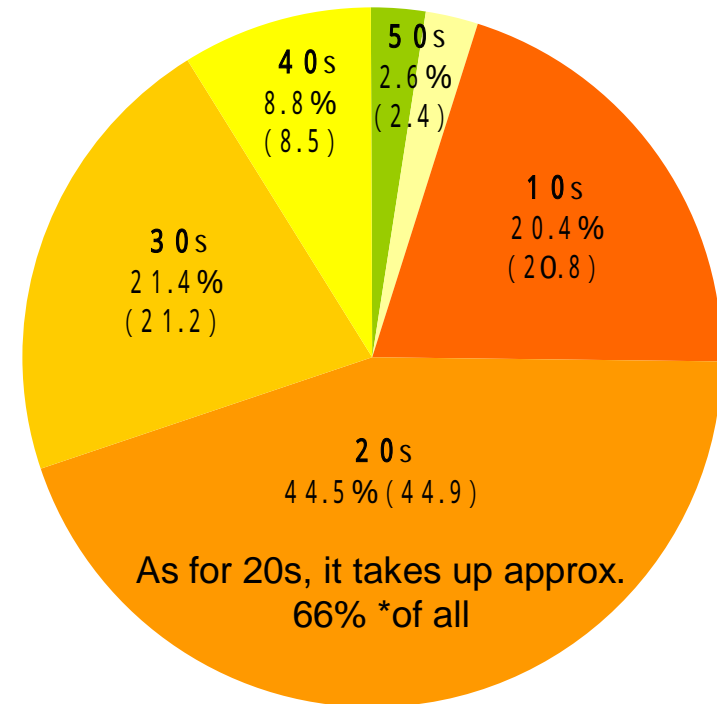
38.6 minutes (39.2) | **69.2** minutes (70.9)

by gender

68% | 32%

As of March 31, 2011

by age



*This amounts to 9.36 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.

NICO NICO LIVE and Trend on Viewers

2Q Results

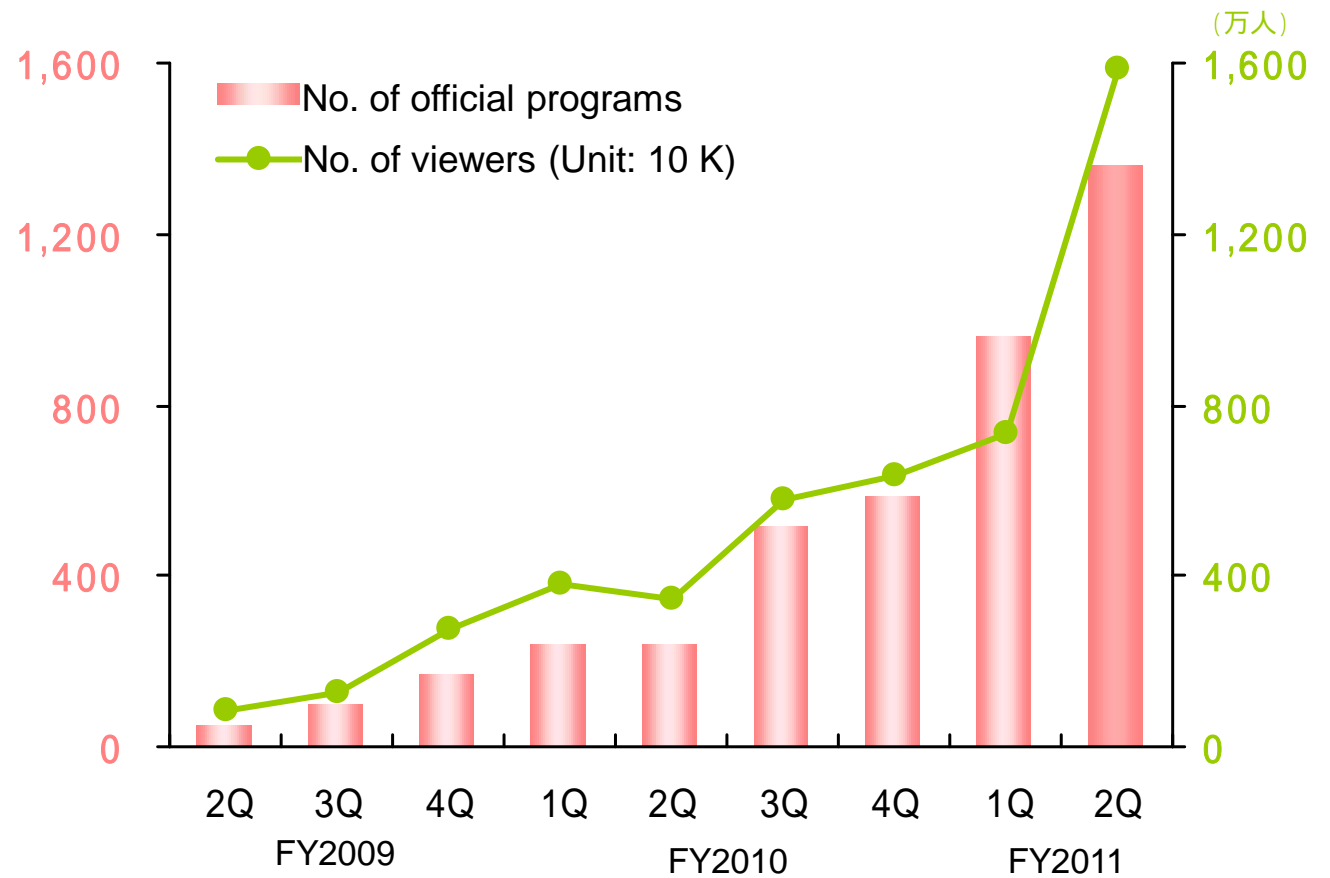
Jan. to Mar.

No. of official programs

1,362 programs

Total No. of viewers

15.87 million



Sample of Programs in NICO NICO LIVE

From January to most recent



2011 May Technical Examination Tournament of Grand Sumo

All sumo matches were streaming live on NICO NICO LIVE for the first time. On the first day, May 8th, about 160,000 users visited NICO NICO LIVE to watch the Tournament free of charge. More than 200,000 comments were written while watching.



Workshop with
Ministry of Economy,
Trade and Industry



The U.S. President
Obama's State of the Union
Address



Cyndi Lauper's
Japan Tour



McDonald's Japan's
New Manhattan Burger



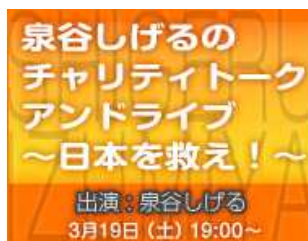
All Japan Keirin Tournament



AFC Asian Cup- Qatar 2011



Galette des rois at
The Embassy of France



Shigeru Izumiya's
Charity Live



Keynote lectures at
North American International
Auto Show



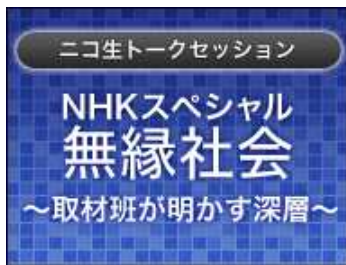
The H-II Transfer Vehicle
"KOUNOTORI2" (HTV2) 's
Space Mission

Examples of New Approaches as Media

Partnering with Major TV Media

NHK and NICO NICO LIVE created a cross-media program.
After finishing a TV program, a sequel online program was distributed.

More Than 200,000 viewers
and 380,000 comments
on NICO NICO LIVE



NICO NICO LIVE

Partnering with Major Publishers

NICO NICO SEIGA distributed a popular weekly magazine
"Shonen Jump, No.15 and 16" online for free, in an emergency move
due to the earthquake crisis.

NICO NICO SEIGA



Major Japanese news networks were streaming their news
coverage of the earthquake crisis on NICO NICO LIVE

- NHK
Japan
Broadcasting
Corporation
- FUJI
Fuji Television
Network
- TBS
Tokyo
Broadcasting
System Holdings
- IBS
Ibaraki
Radio
- TBC
Tohoku
Broadcasting
Services

Subsidiaries



Others

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

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

Others



Portal Business Others

skyscraper, inc.
Holding: 90.9%
 Mobile advertisement sales



Portal Business Others

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



Others

Mobile Contents
Holding: 70.1%
 Contents Production and supply



Portal Business Others

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



Others

AG-ONE Co., Ltd.
Holding: 46.9%
 Planning and production of animation, school business, event business etc.



Game Business

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

For more information:

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