

## Q3 FY2009 Results Briefing Q&A Summary

DeNA held a meeting on February 1, 2010, to brief participants on the Company's performance during the third quarter of the fiscal year ending March 31, 2010. Following is a summary of major questions that were raised, along with their responses.

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Q1 *Moba-ge-town* sales from "games, etc." was up ¥3.0 billion, compared with Q2. Was this increase due to social games created in-house?

A1 That is correct.

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Q2 Did your launch of in-house social games stimulate user activity?

A2 Page views and the number of unique users both increased, and the most significant effect was that it revived the user activity which had been sluggish over time. Although we do not disclose detail figures for unique users, all segments across ages showed strong growth.

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Q3 After providing in-house social games (*Kaito Royale* and *Hoshi-tsuku*) to *mixi Mobile*, did you observe any decrease in user activity for the same titles in *Moba-ge-town*?

A3 So far, we have not observed any decrease in *Moba-ge-town* user activities and user cannibalization between *Moba-ge-town* and *mixi Mobile* titles.

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Q4 Will you begin posting *mixi Mobile* sales in January? Do you expect *mixi Mobile* sales combined would generate even larger increases in "games, etc." sales?

A4 We began posting *mixi Mobile* sales in December, but contribution to Q3 sales remained nominal because monetizing program kicked in after we had launched the games. We expect the sales combined to increase from Q4 onward.

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Q5 You began running *Moba-ge-town* TV commercials in December. Will your Q4 spending on advertising and sales promotion be in line with Q3 levels, or are you planning to increase spending?

A5 As I explained during our Q2 results briefing, our plan is to promote aggressively when we have enriched our *Moba-ge-town* contents. We will now pursue this plan proactively, but within the extent that it does not affect our income forecasts. We do not disclose specific figures for advertising and sales promotion expenses.

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Q6	What is your forecast for the operating margin on game-related sales for Q4 onward?
A6	Reaching a target profit ratio is not our overriding consideration for this business, but we expect the current structure to remain in place for Q4, with game-related sales boosting the profit ratio. As to the <i>Moba-ge Open Platform</i> , the net revenues (excluding the revenues shared to the game developers) are recognized, and operating margin will rise consequently.
Q7	Please outline the services and the business model for the mobile user-generated content (UGC) services you will provide through your joint venture with NTT docomo, Inc.
A7	It would be premature to discuss this in any detail at the present.
Q8	During Q3, were monthly sales from “games, etc.” approximately the same throughout, or did they increase month on month? What is the current outlook for January?
A8	Both sales for November and December exceeded their previous months, and we are seeing continuing trend for January as well.
Q9	It appears that avatar-related sales declined because they were cannibalized by in-house social games. What are your plans to revive avatar-related sales?
A9	We cannot say for certain competition with in-house social games is behind the decline in avatar-related sales. Although both the number of users and the sales for 3D avatar are rising steadily, it was not enough to make up for the decline in demand for 2D avatar. We plan to fuel demand through attracting new members with aggressive ad promotion and “introduce-a-friend” function, and with expanding occasions for 3D avatar usage in games.
Q10	What is the competitive situation between in-house social games and games provided through <i>Moba-ge Open Platform</i> ?
A10	We have just launched the <i>Moba-ge Open Platform</i> , and we do not observe significant competition between in-house social games and games introduced through the <i>Moba-ge Open Platform</i> . Our aim in providing an open platform is to enrich user experience by encouraging developers to offer wide selection of games. Thus, we continue to strive to make <i>Moba-ge-town</i> as a whole more attractive for our users and continue to increase revenue - even if we may see marginal cannibalization between these games.
Q11	Please outline the current status of your overseas businesses and their performance outlooks.
A11	Because they are still small in scale at the moment, we exclude overseas businesses from our scope of our consolidated report. We will report on these businesses in the future when they become significant.

Q12	Do you have any plans to develop new games for <i>mixi Mobile</i> that you will not provide on <i>Moba-ge-town</i> ?
A12	From efficiency point of view, our basic plan is to provide games on <i>mixi Mobile</i> after they have been released on <i>Moba-ge-town</i> . However, we do make modifications on games to suit the mixi platform and its “ <i>my mixi</i> ” social structure.
Q13	What specific measures are you planning to invigorate the community activities?
A13	We are working day-to-day to improve usability of our site, for instance by making the user profile page easier to navigate and by adjusting the design of our popular contents. We will continue to take timely measures as appropriate to invigorate the community activities.
Q14	Why did you choose World Co., Ltd., as your tie-up partner for <i>Buyers Club</i> , the B2B marketplace you are preparing to open? What are some features of the services you will provide?
A14	First, World is a top-class company that we respect. Second, by jointly creating the new B2B site, we expect to benefit from the synergies between World’s extensive expertise in the apparel business and our own knowledge in e-commerce and systems. With World’s support, we are seeing favorable progress in buyer and supplier member subscriptions.
Q15	Would you say that there is essentially a direct relationship between <i>Moba-ge-town</i> ’s monthly sales and number of page views?
A15	Page view is not fully correlated with sales. However, its growth is evidence of increased user activities, and user activities converts to revenue through advertising, item billing, and avatar-related sales. Therefore, the figures are linked but with some time lag and fluctuation in impact.
Q16	Approximately when do you expect avatar-related sales to pick up in conjunction with in-house social games and the <i>Moba-ge Open Platform</i> ?
A16	We are ongoing our efforts to grow avatar demand, and we will start providing full-fledged avatar API to our game developers starting next fiscal year, which we anticipate will contribute to revive avatar-related sales.
Q17	Regarding outsourcing cost within COGS, approximately what portion is for creating items for in-house social games? Are these payments classified as variable costs or fixed costs?
A17	A portion of the increase in outsourcing costs from Q2 to Q3 is item creation expenses. They are variable costs, but are very small fraction of net sales.
Q18	How is your overseas business progressing? With regard to WAPTX, the Chinese company you acquired last summer, how are membership figures and what is the status of game introduction?

A18 (Business in the United States) The SNS site operated by IceBreaker, Inc. is growing steadily though currently small. Considering the fact that the U.S. market has shifted its resources and funds to the smartphone market, we recognize there are remaining player benefits in the WAP market, so we plan to continue working in this market perseveringly. Aurora Feint Inc., which we have a 20% stake in, provides an application that lets iPhone game developers add community functionality to their games. This application is being used in more than 800 games played by a cumulative total of more than 10 million gamers. Going forward, we plan to leverage our own expertise to increase community activities in IceBreaker and Aurora Feint services.

(Business in China) We are not disclosing specific figures for WAPTX, our subsidiary that operates tx.com.cn which is China's largest mobile SNS service. Last month we introduced *Kaito Royale* and Flash-based games on a trial basis in a preparation to develop services alike *Moba-ge-town* on its site. We continue to move aggressively with business development, and hope to deliver successful figures in near future.

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Q19 What sort of response are you getting from game developers on your avatar API?

A19 Game developers are responding positively to all the profit-generation opportunities we provide, and there are developers wanting to use these API as well.

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Q20 What your assessment for the potential of smartphone market in Japan? What are your business development plans on smartphone including plans for an iPhone version of *Moba-ge-town*?

A20 We think that Japan's smartphone market has not reached to its size for us to expand our business full-scale yet. In our mid-term strategy, we will support smartphones in Japan when the market develops to a stage attractive for our business. We will begin now by building expertise in smartphone, targeted to iPhone users in English-speaking countries, mainly the United States. We would then leverage these know-how to move swiftly into the Japanese market as essential difference between these markets may be merely difference in languages.

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