

# FY2006 Q3 Operating Results

The logo for DeNA, featuring the word "DeNA" in a sans-serif font. The "De" is in blue, the "e" is in orange, and "NA" is in blue.

DeNA Co., Ltd.

# FY2006 Q3 Highlights

## Results

1. Great growth trajectory in net sales & operating income
  - Net sales: ¥3,737 million (up 113% year on year)
  - Operating income: ¥1,194 million (up 83% year on year)

## Mobile

2. Moba-ge-town
  - Registered users topped 2,595,000 at the end of Dec.
  - PV in Dec. exceeds 4.8 billion (most large in mobile sites)
  - Launched series of new services  
ie. Video sharing, music and shopping contents.
3. Mobaaku
  - Paying subscribers topped 800,000 at the end of Dec.
4. Mobakore
  - Sales started to ramp up by strengthening traffic acquisition
  - Listed on i-mode menu as an official site as of Oct., 2 (ranked as No.1 site in fashion category in Nov.)
  - Started collaboration with Moba-ge-town
5. Pocket Affiliate
  - Cumulative number of media holders and sales grew continuously (330,000 media holders at the end of Dec.)

## Web Commerce

6. Strengthen mobile services
  - Pocket bidders & au Shopping Mall become a main business
  - Booming holiday season shopping

# FY2006 Q3 Highlights

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- Overview
- Web Commerce Business
- Mobile Business
- New Businesses

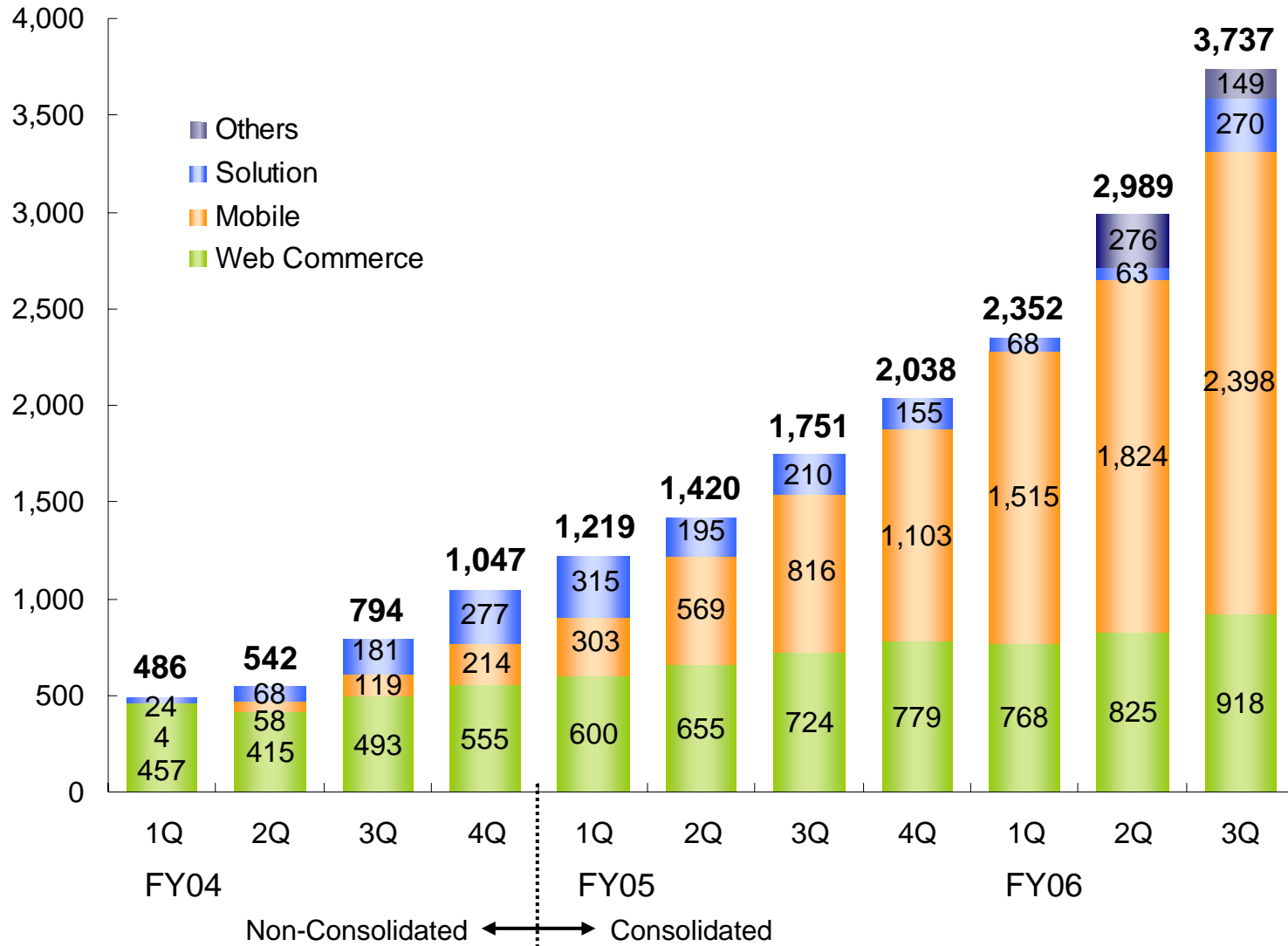
# Overview of Operations for FY2006 Q3

(Million yen)

	Q3 FY06	Q3 FY05	Change	Q2 FY06	Change	Contributing Factor
Net sales	3,737	1,751	+113%	2,989	+25%	Mobile services continued to expand steadily
Operating income	1,194	652	+83%	1,041	+15%	
Ordinary income	1,222	654	+87%	1,063	+15%	
Net income	613	498	+23%	544	+13%	Corporate tax on DeNA Co., Ltd. as of this fiscal year.

# Net Sales by Segment

(Million yen)

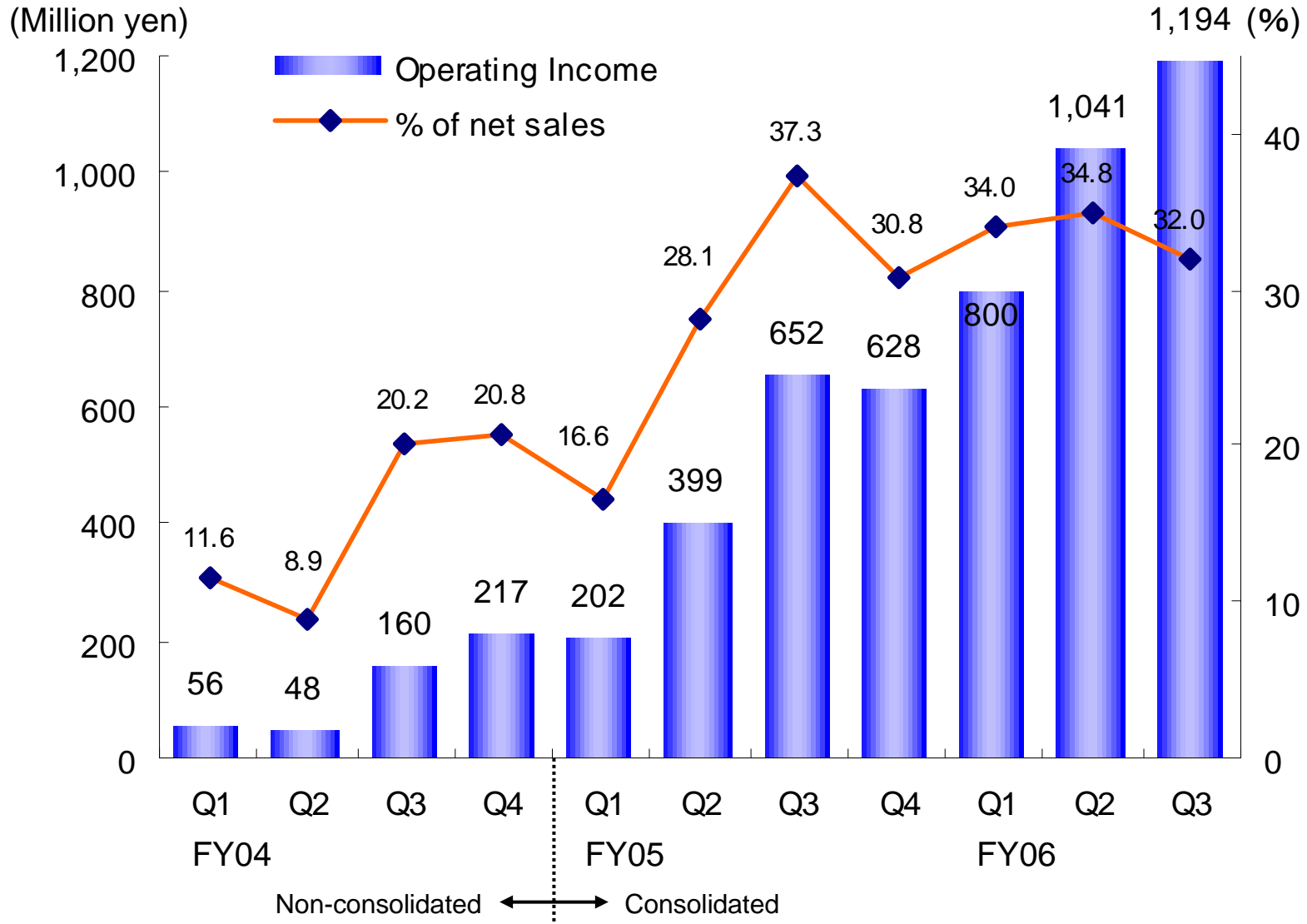


# Breakdown of Expenses

(Million yen)

	Q3 FY06	Q3 FY05	Change	Q2 FY06	Change	Contributing Factor
<b>Cost of Sales</b>	<b>1,039</b>	<b>411</b>	<b>+153%</b>	<b>804</b>	<b>+29%</b>	
Labor costs	56	30	+84%	25	+118%	
Depreciation and amortization	82	54	+51%	69	+18%	
Advertising media costs	501	270	+85%	537	-7%	Growth of affiliate network
Others	398	55	+620%	171	+132%	System development, buying for Mobakore and Air Link
<b>Selling, general and administrative expenses</b>	<b>1,503</b>	<b>687</b>	<b>+119%</b>	<b>1,144</b>	<b>+31%</b>	
Employees' salaries	597	291	+105%	469	+27%	Increase of personnel
Sales promotion and advertising	426	169	+152%	268	+59%	
Others	479	226	+112%	406	+18%	Increase from business expansion

# Operating Income

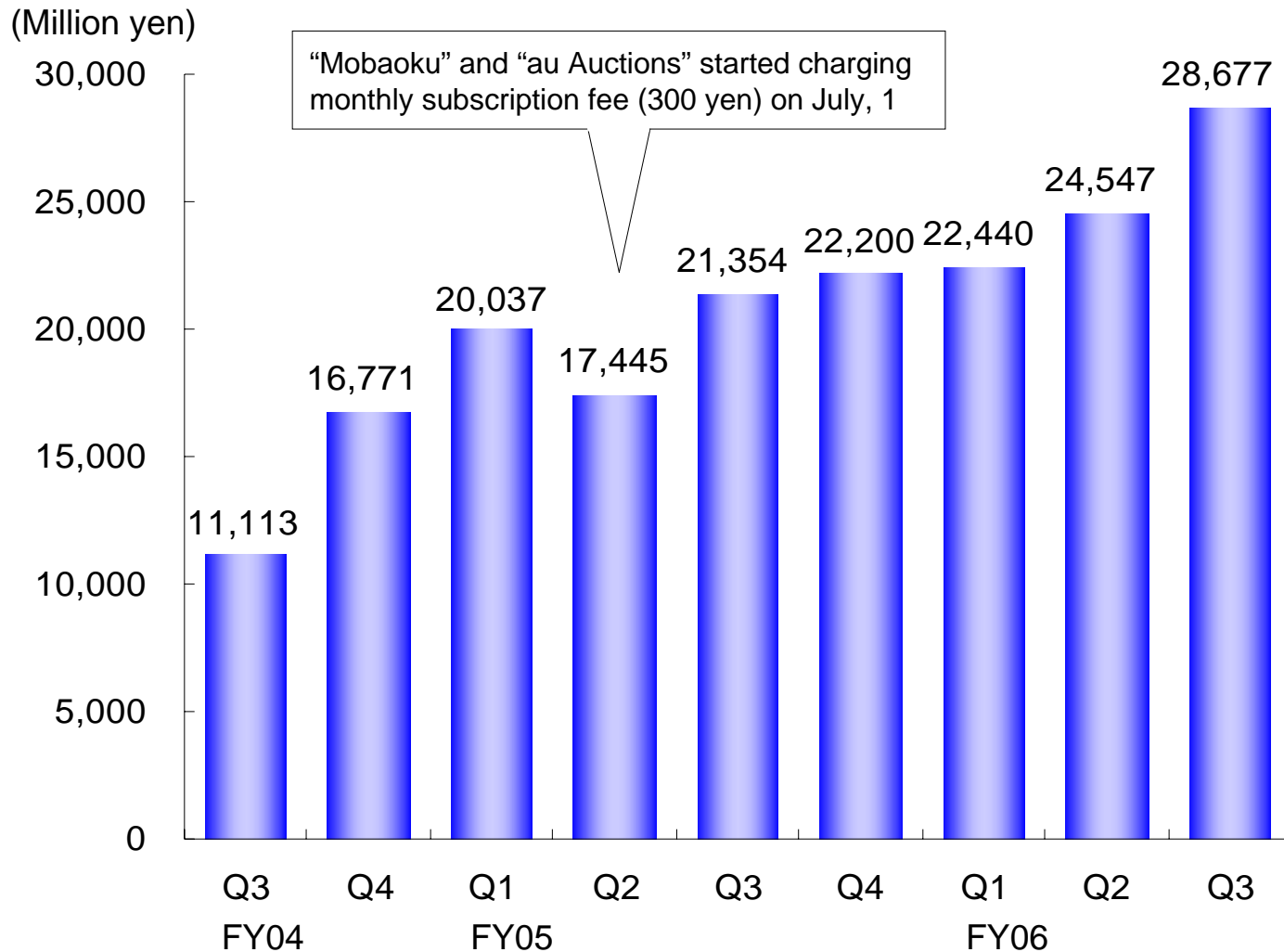


# Cash Flows

(Million yen)

	Q3 FY06	Q3 FY05	Change	Q2 FY06	Change	Contributing Factor
Cash flows from operating activities	1,309	765	+543	1,102	+206	Growth of business
Cash flows from investing activities	-173	-91	-82	-628	455	Stock acquisition of Air Link and Takimoto in FY06 Q2
Cash flows from financing activities	0	0	—	14	-13	
Cash and cash equivalents, end of quarter	14,068	6,307	+7,761	12,866	+1,202	Allocation of new stocks to a 3rd party in FY05 Q4 for DeNA

# Gross Merchandise Sales\*



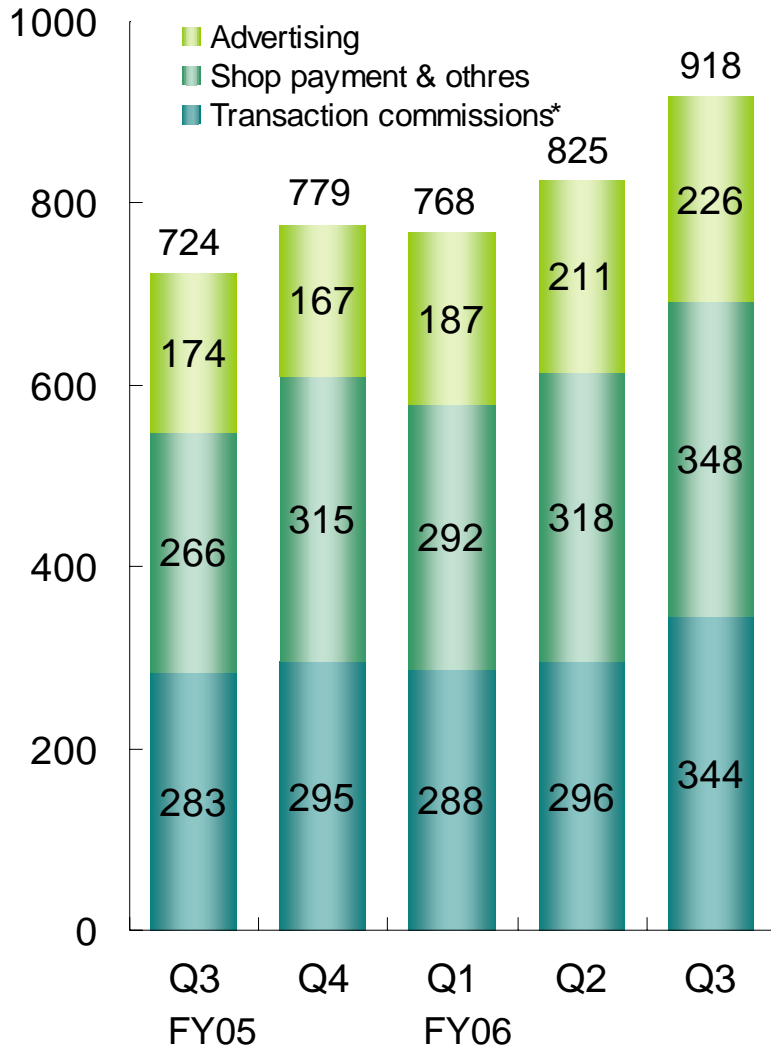
\*Includes all DeNA Group’s matching services; bidders, Pocket bidders, au Shopping Mall, Mobaoku, au Auctions, Mobakore, and Air Link (Travel).

\*NETSEA (B to B Marketplace) is included as of FY2006 Q3.

# Web Commerce Business

(Million yen)

## Net Sales



\*The transaction commissions: bidders 2.5%,  
Pocket bidders & au Shopping Mall 5%

## FY06 Q3 Highlights

Net sales: Up 27% year on year

Mobile services become a main business

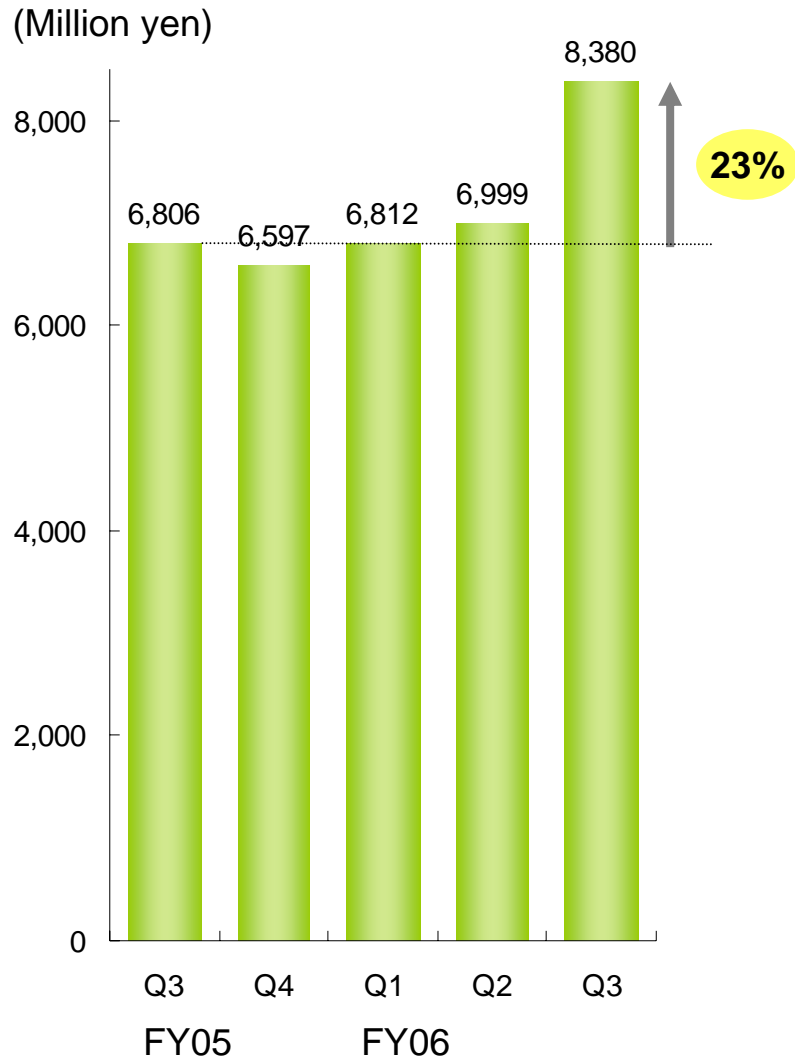
- Great leap of Gross Merchandise Sales in Pocket bidders & au Shopping Mall
- au Shopping Mall marked high growth rate especially by aggressive promotion

Booming holiday season shopping

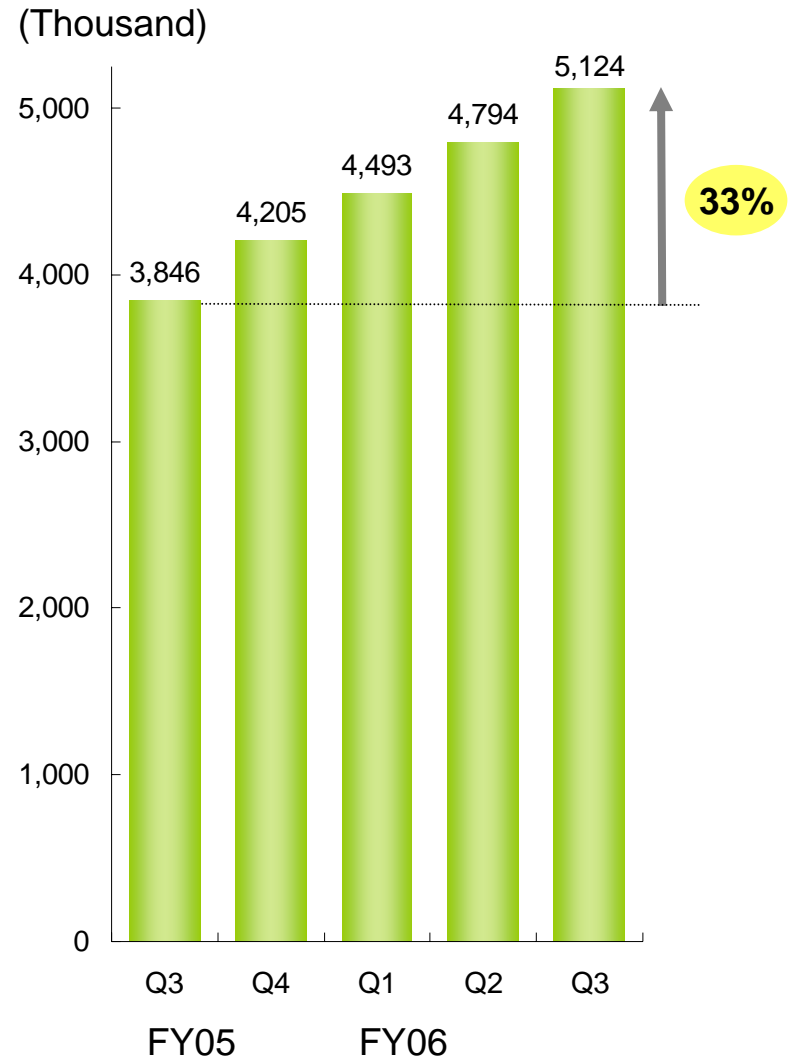
- GMS marked 23% rise year on year

# Growth of "bidders" (1)

## Gross Merchandise Sales

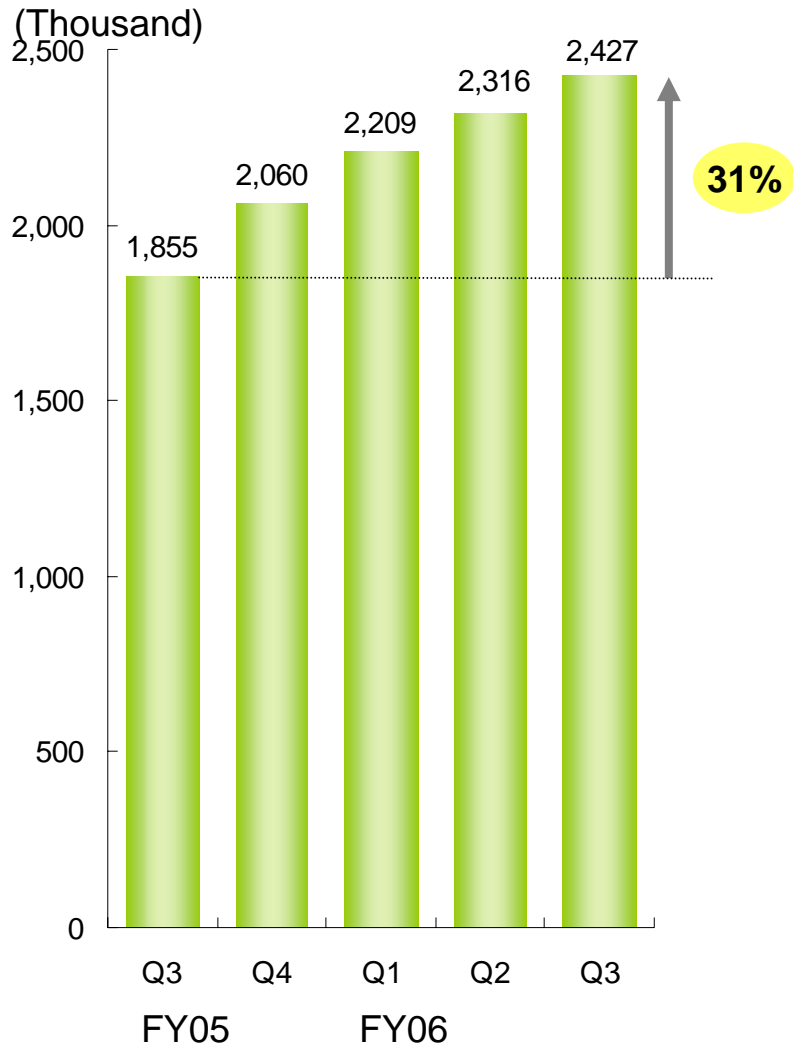


## Number of Registered Users

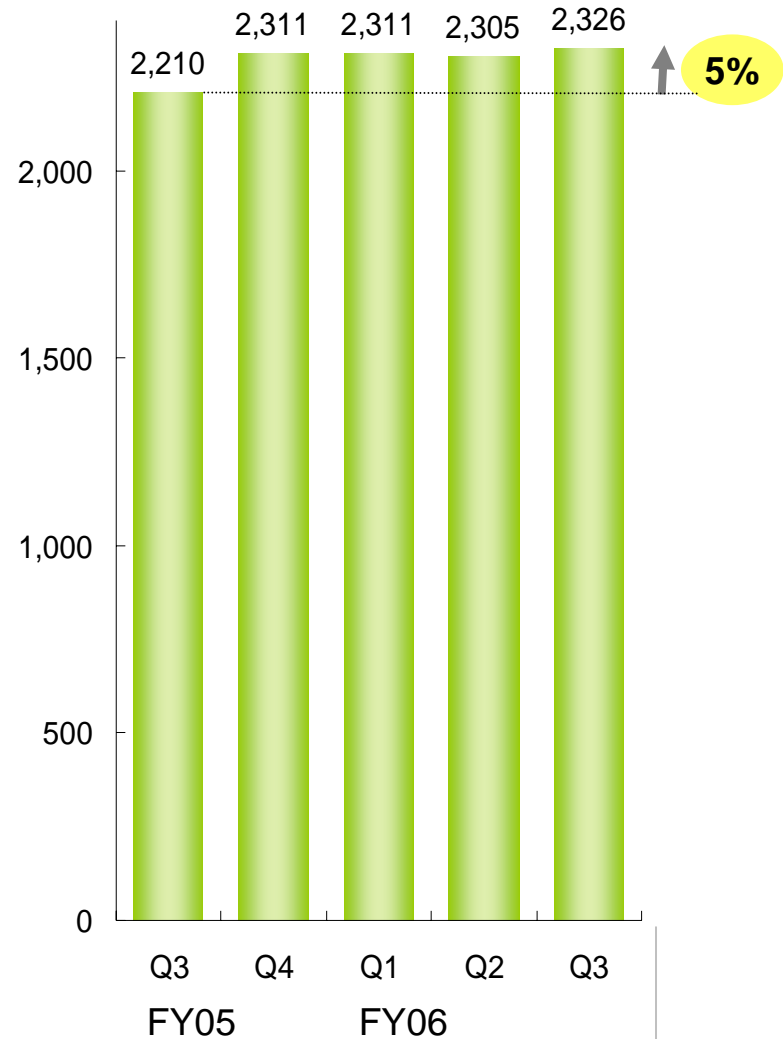


# Growth of "bidders" (2)

## Number of Items Listed



## Number of Shops



# Rapid Growth of bidders in Mobile Domain

## TVCM



**FY07 / FY06  
(Q3)**

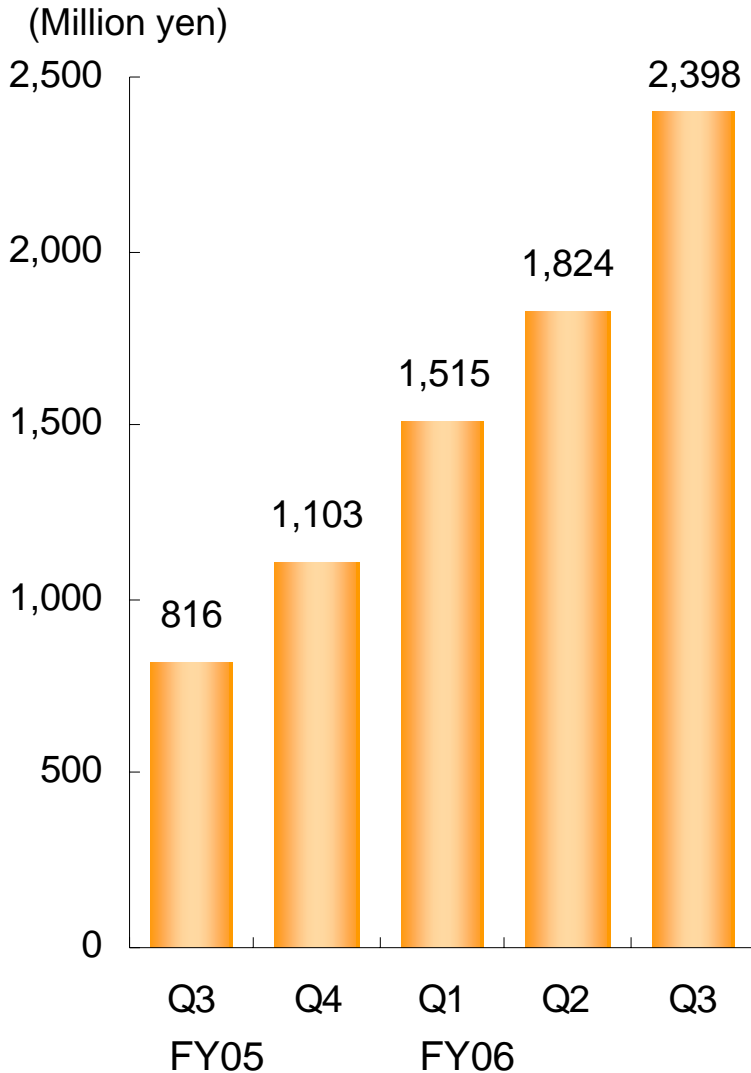
- **GMS from Shops : +46%**  
(PC + Mobile)
- **GMS from Mobile : 2.3 times**  
( - Pocket bidders  
- au Shopping Mall )
- **# of Pages Viewed : 2.3 times**
- **# of Unique Users : 2.9 times**
- **GMS of best selling shop reached ¥100M/month in mobile**

## Transportation Advertisement

\* Deployed in Nov. & Dec., 2006

# Mobile Business

## Net Sales



## Breakdown of Net Sales

Mobaoku	664 million yen
Pocket Affiliate	1,428 million yen
Mobile Game Town	810 million yen
Others	331 million yen
Write-off within segment and consolidation	837 million yen

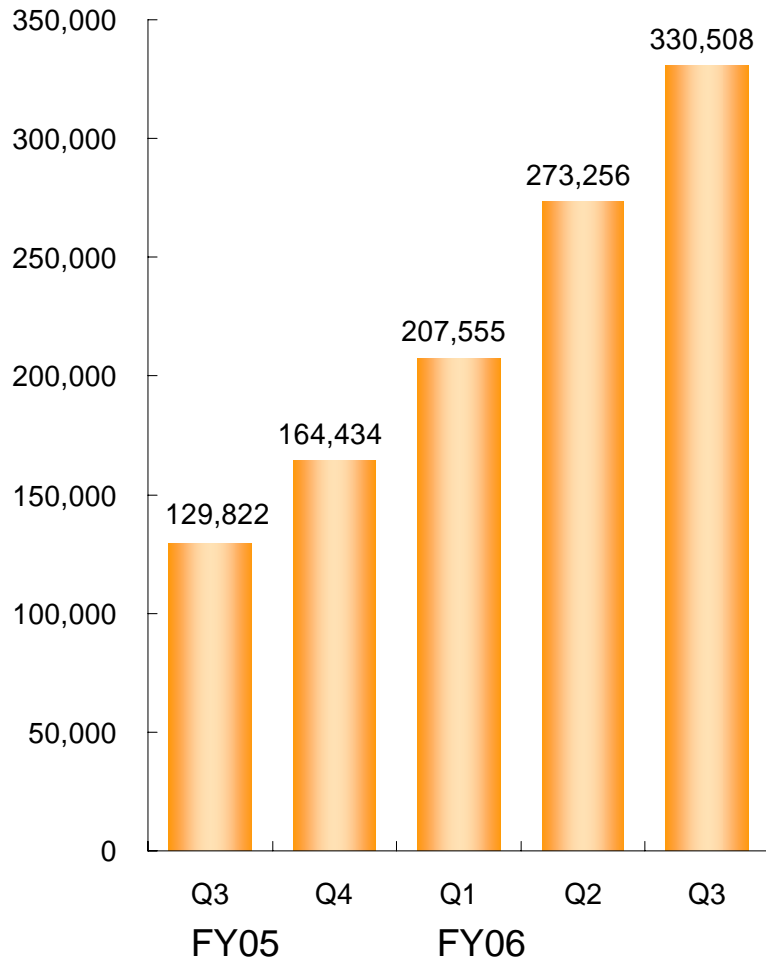
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**Segment total**      **2,398 million yen**

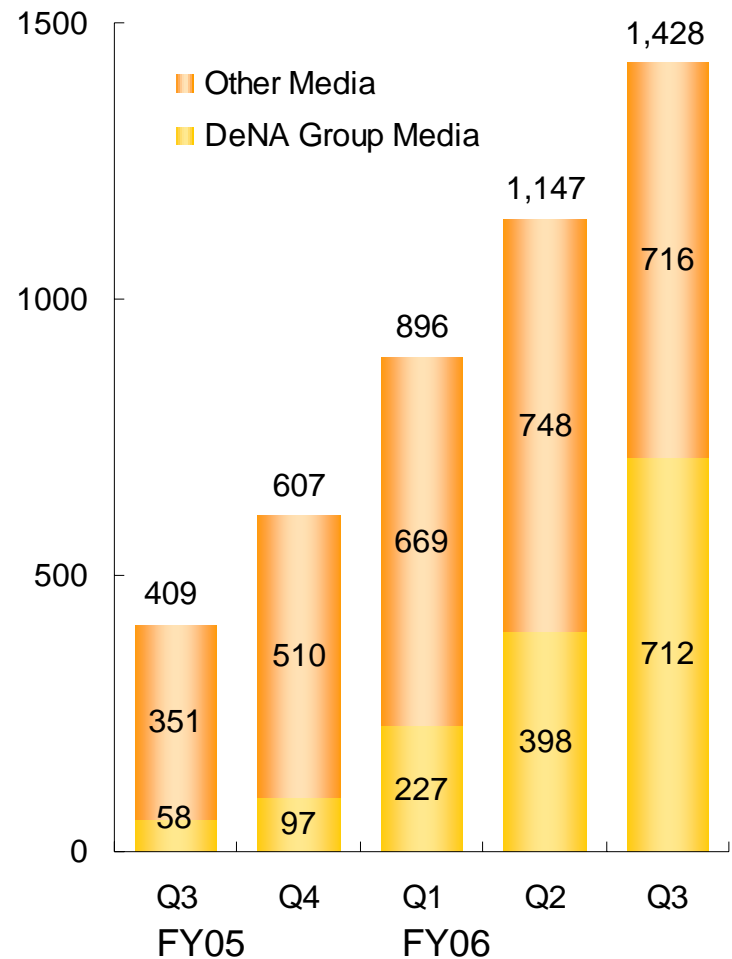
# Growth of "Pocket Affiliate"

- ◆ Moba-ge-town and steady expansion of external media contributed to growth of the revenue

**Number of Media Holders  
Networked on "Pocket Affiliate"**



**Revenues  
(Million)**

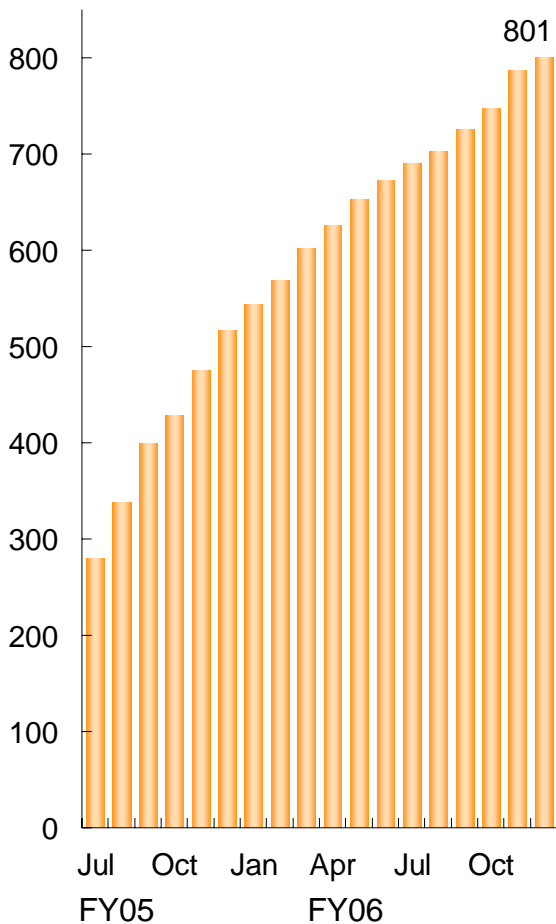


# Growth of “Mobaoku”

- ◆ Penetration of escrow payment service “Mobapay” is struggling
- ◆ Opened full-functioned PC interface on Oct., 26th

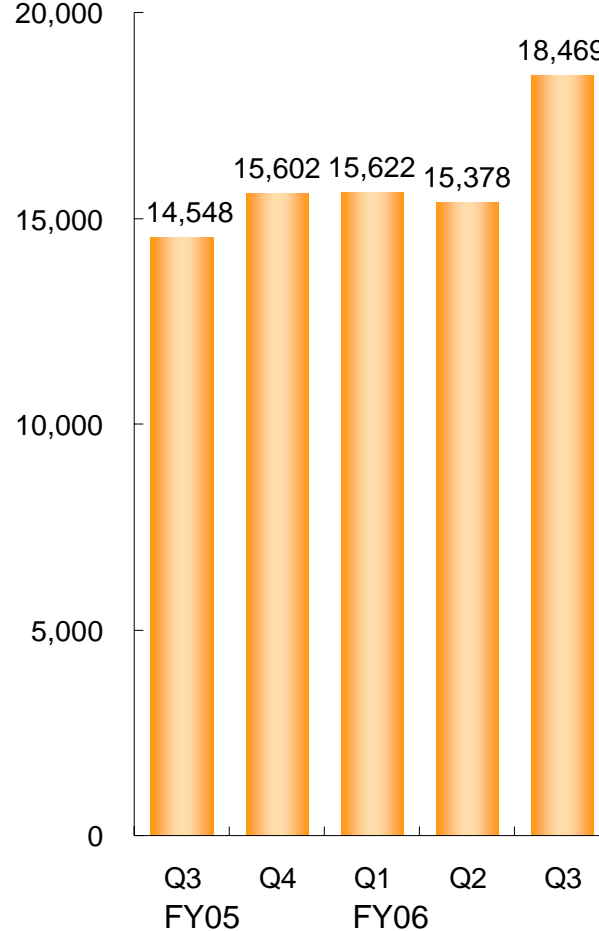
## Subscribers

(Thousands)



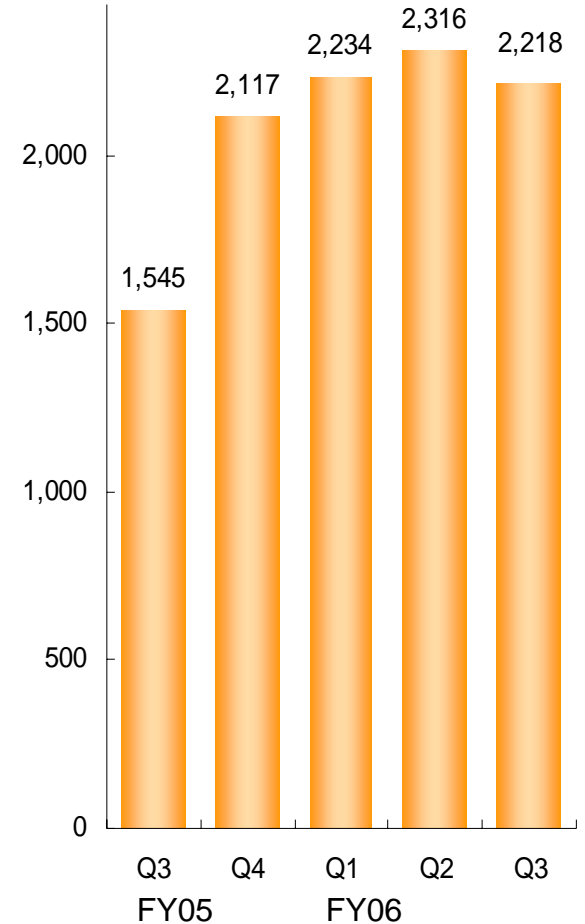
## Gross Merchandise Sales

(Million yen)



## Number of Items Listed (quarter-end)

(Thousands)



# Fashion Retail for Mobile Users "Mobakore"



## User Demography

### ○ Gender

Female : 78%

Male : 22%

### ○ Age

under 19 : 26%

20 - 29 : 58%

30 - 39 : 13%

40 over : 3%

## Break down of sales by category (Dec., 2006)

Brand : 65%

Beauty & Health : 9%

Fragrance : 6%

Watch & accessories : 6%

Mens items : 5%

Shoes / boots : 4%

Others : 3%

Bag / wallet : 2%

- CECIL McBEE
- SLY
- SWORD FISH
- goa
- COCOLULU
- LIP SERVICE
- JSG
- DONA MARIE
- RODEO CROWNS
- power to the people

## FY06 Q3 Highlights

- Strengthen MD and enhance range of goods (3,000 items in Jan., 2007)
- Launched celebrity featured content
- Listed on i-mode menu as an official site as of Oct., 2 (ranked as No.1 site in fashion category in Nov.)
- Started collaboration with Moba-ge-town

Sales started to ramp up by enhancement of product lineup and strengthening traffic acquisition

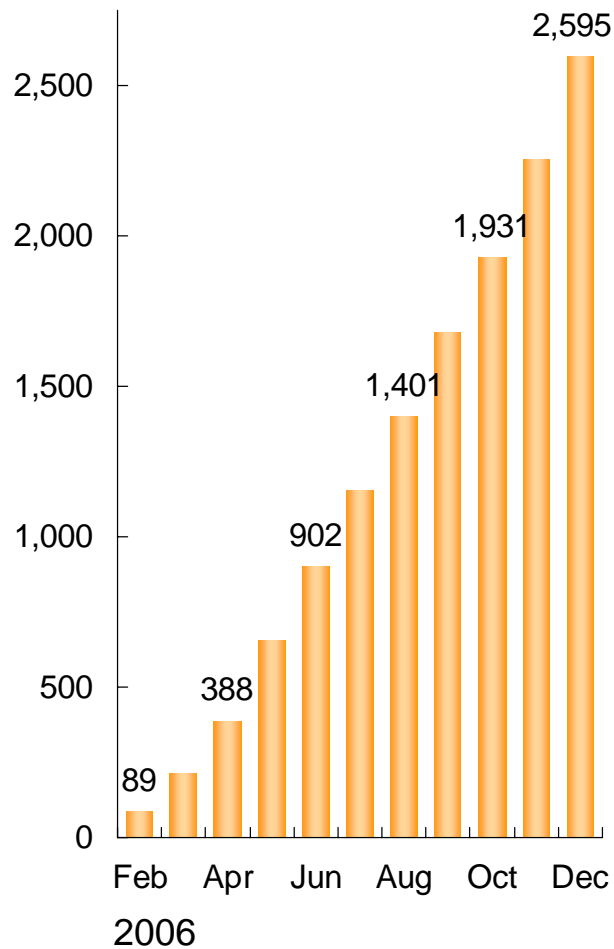
# Growth of Moba-ge-town

## New functions & contents in Q3

- Video sharing, Music, Shopping (linked with “Mobakore”)
- Selling “Premium Avatars”

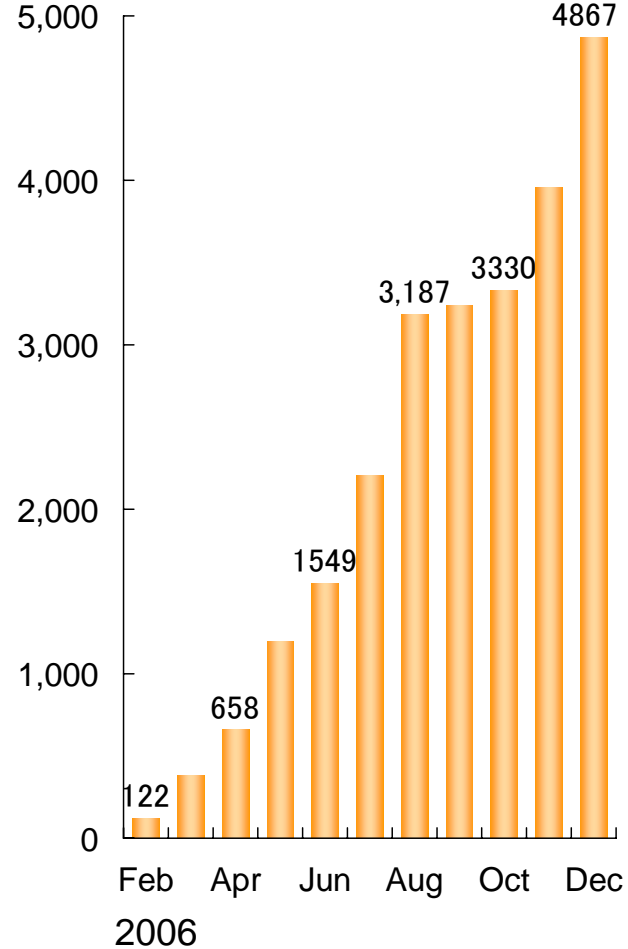
### Registered Users

(Thousands)



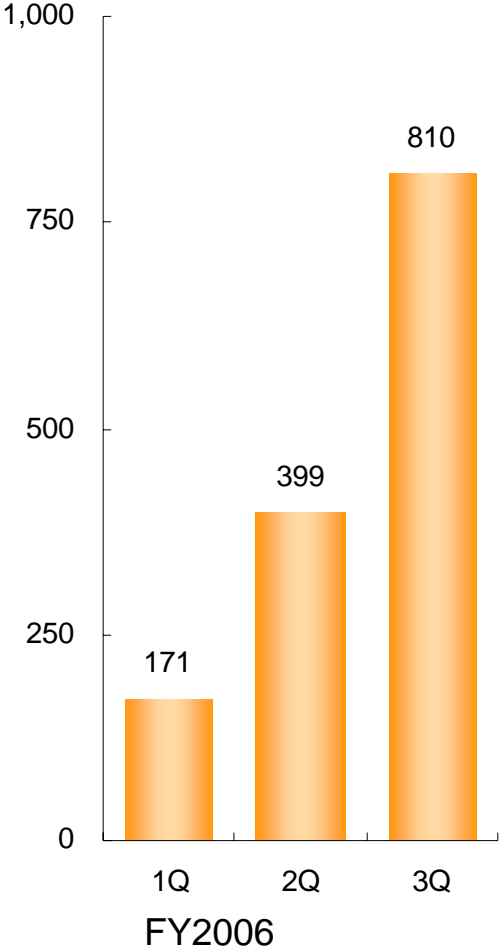
### Paged Views / Month

(Million)



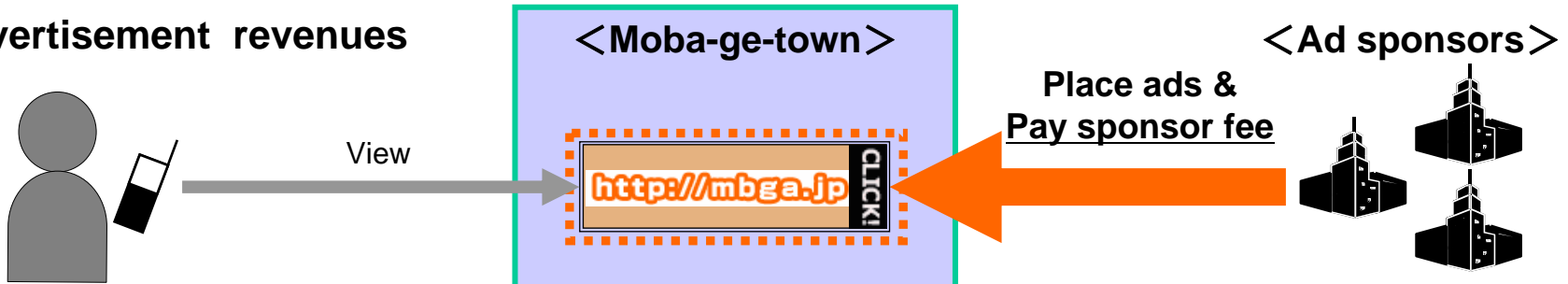
### Sales

(Million yen)

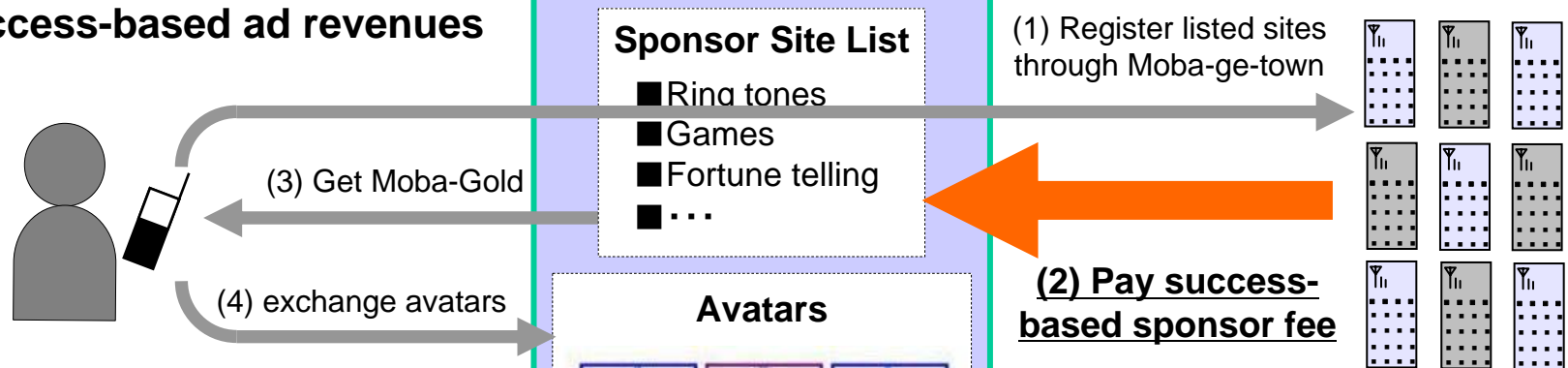


# Moba-ge-town Business Model

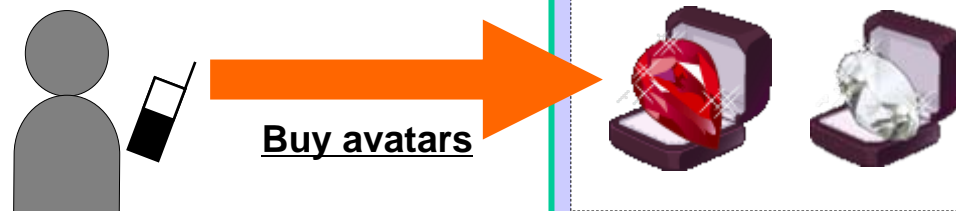
## 1. Advertisement revenues



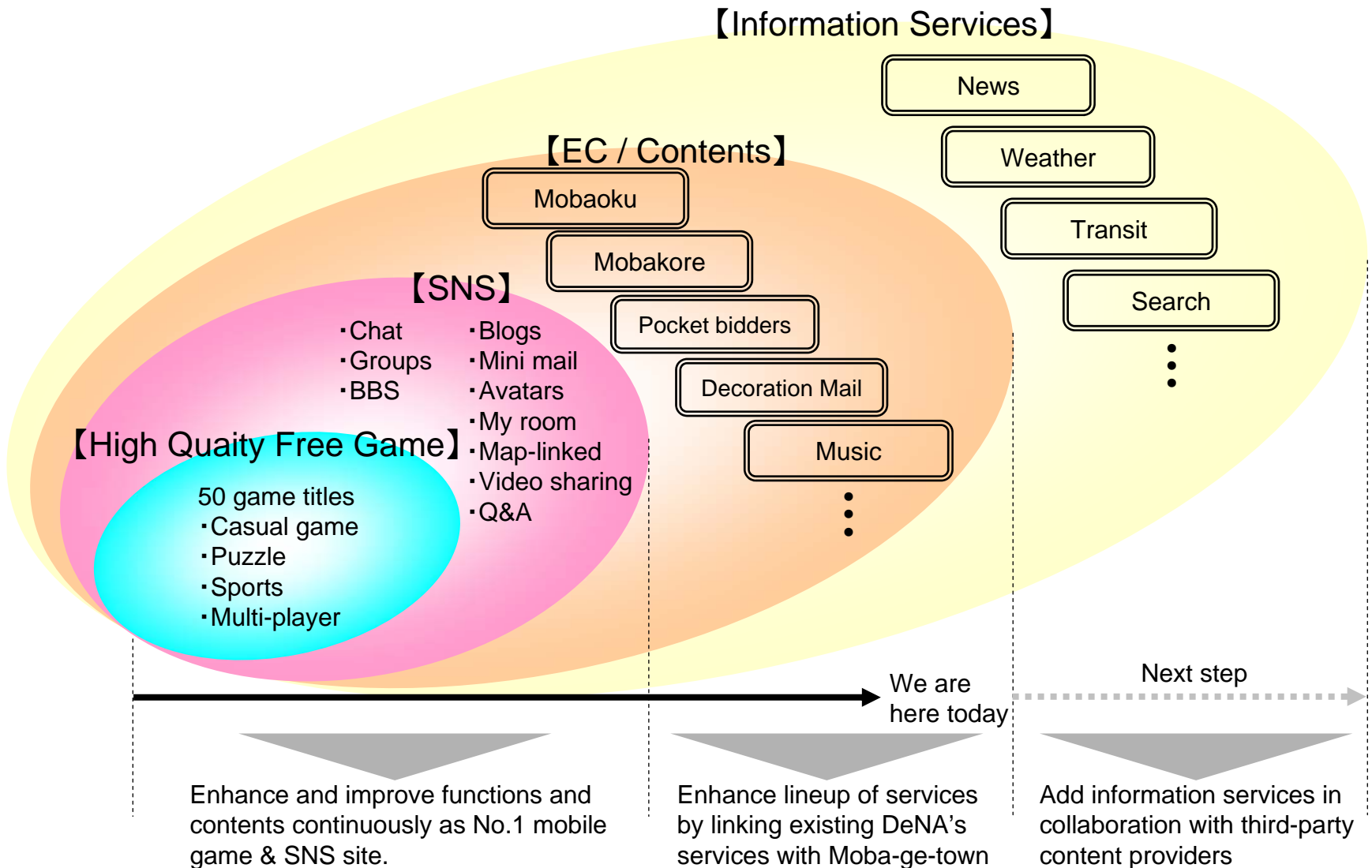
## 2. Success-based ad revenues



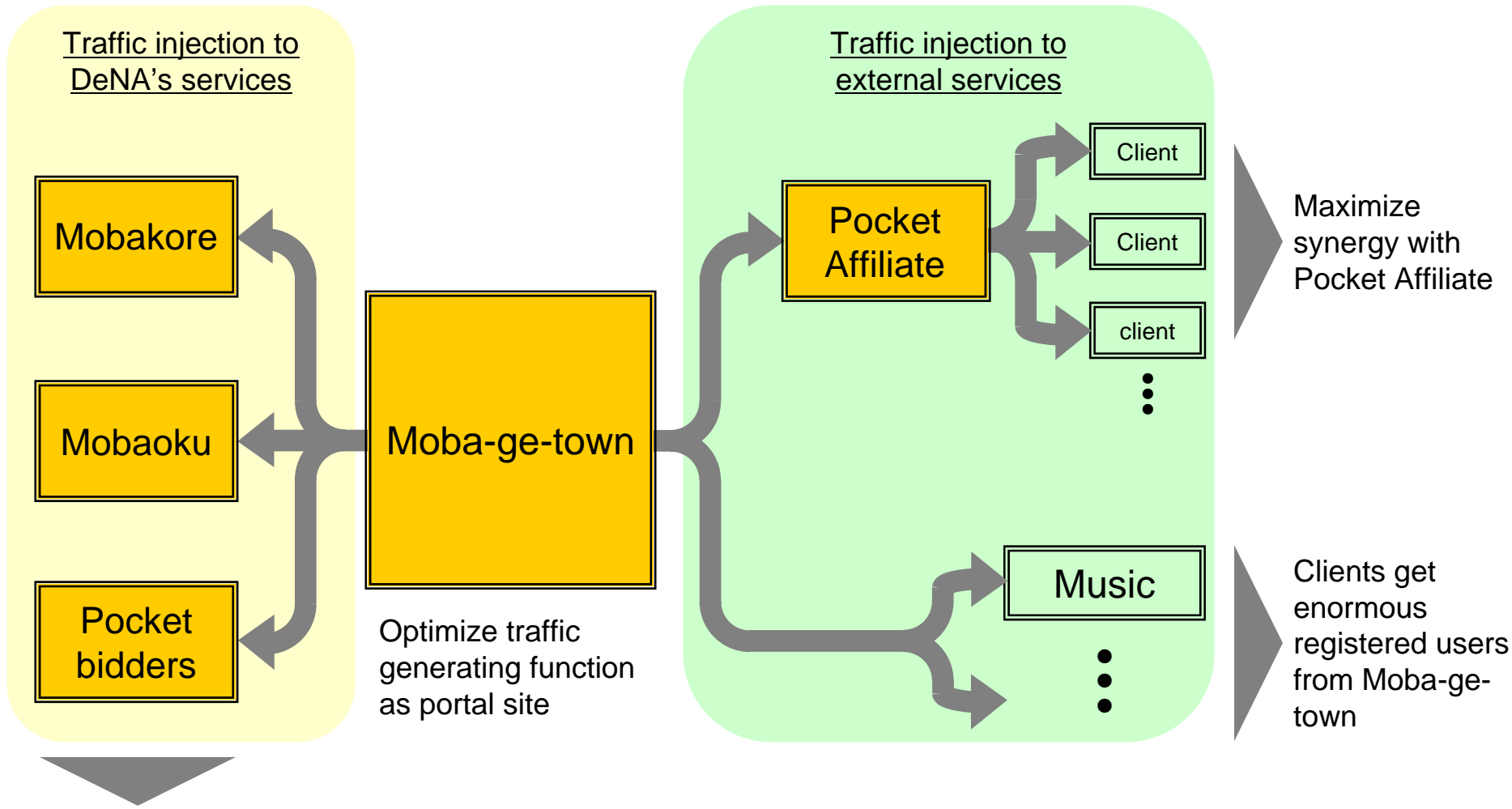
## 3. Sales of avatars



# Moba-ge-town Portal Strategy



# Moba-ge-town's Traffic Distribution Platform



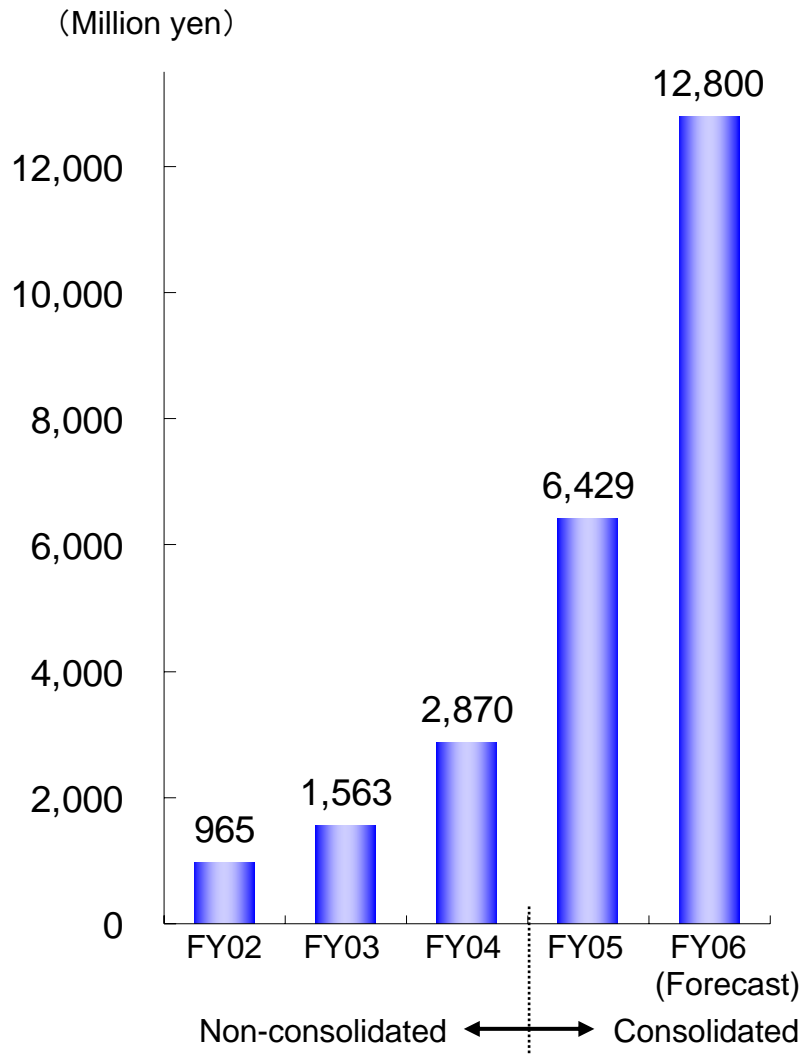
Traffic guarantee for  
DeNA's services

# Strategy for FY2006 Q4

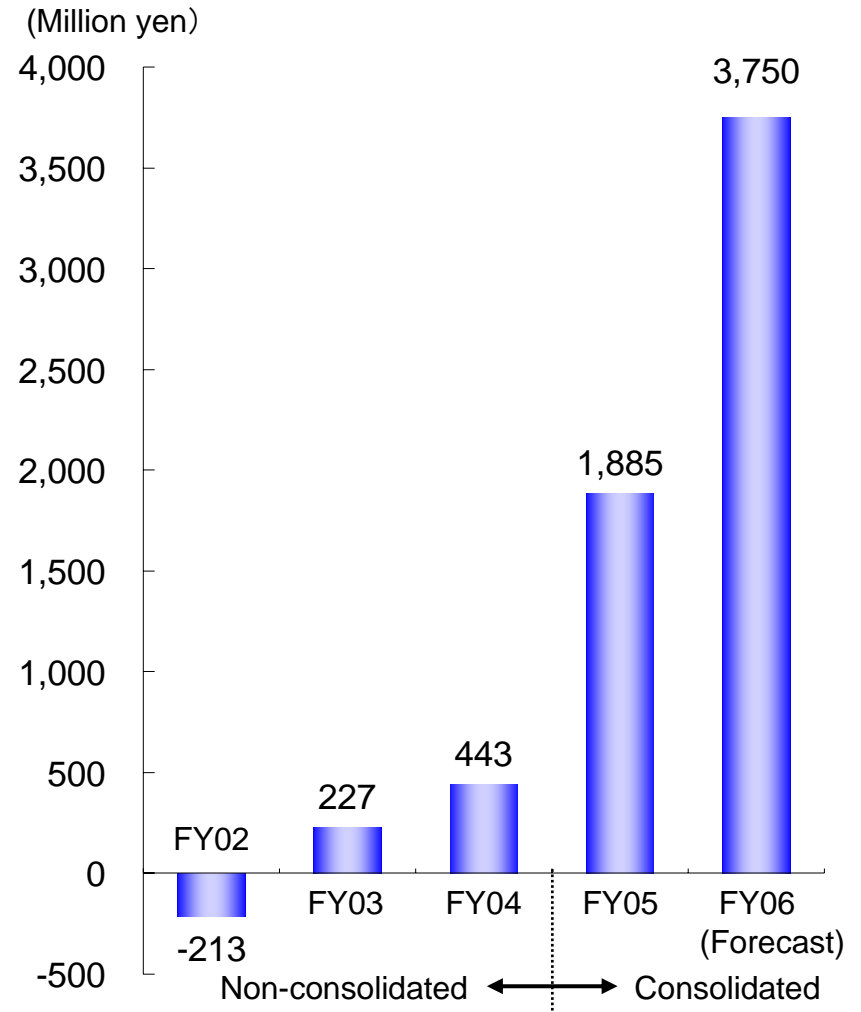
- Aggressive promotion & advertisement for Moba-ge-town
- Strategic allocation of human resources to mobile services
- New business development
  - Launched B to B marketplace “NETSEA” in Nov., 2006.  
To improve services and establish transaction between buyers and suppliers is target to work on.
  - Introduction of Paygent to “Mobakore”, “Moba-ge-town”, and “bidders” (introduction to some services is planned in next fiscal year)
  - China business has several requirements to clear before service launch.
  - Prepare for online reservation service in travel business
  - M&A positioned as a measure to expand business scope of DeNA Group.

# Financial Performance

## Net Sales



## Ordinary Income



The forecasts in this document represent management's assumptions and beliefs based on the information currently available. Readers are cautioned that these forecasts are subject to a number of risks and uncertainties and may differ materially from actual results.

The logo for DeNA, featuring the letters 'DeNA' in a bold, sans-serif font. The 'D' and 'NA' are dark blue, while the 'e' is orange.

DeNA Co., Ltd.