



UNITED

Second Quarter, Fiscal Year Ending March 2016

Consolidated Financial Results

November 4, 2015

United, Inc.
(TSE Mothers, Code 2497)

Contents

1. Financial Highlight	P4
2. Status of Smartphone Application Business and Future Direction	P11
3. Status of Ad-Tech Business and Future Direction	P17
4. About Investment Business	P21
5. Summary	P23
6. Reference Material	P25

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Our vision & mission

Vision

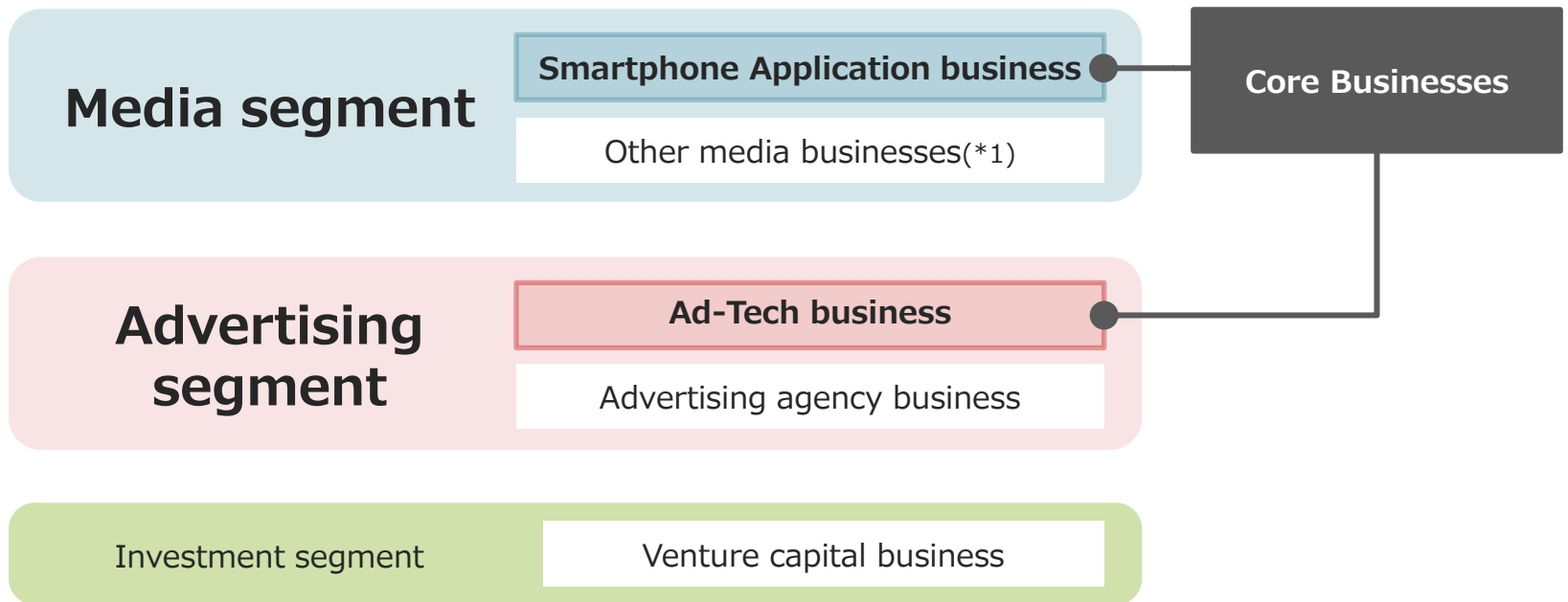
Become the leading internet firm in Japan

Mission

Create new value through continued challenges and contribute to society

Our Core Business

We are putting effort into the **ad-tech business** and **smartphone application business** expecting to see market growth in the future, actively investing in these two to achieve business growth.



*1 Email advertising, internet research, sports marketing

1. Financial Highlights

Highlights of 2Q Cumulative Financial Results (April-September)

Whole	2Q Cumulative Consolidated Results	<ul style="list-style-type: none">• Sales and profit increased as compared with the same period last year (Growth rate compared to the same period last year) Sales 5,084 million yen (+28%) Operating profit 1,121 million yen (+612%) Net profit 1,036 million yen (+789%)
Core Businesses	Smartphone App Business	<ul style="list-style-type: none">• Sales: -24% compared to the same period last year (business structure transformation was promoted)• Three applications were released in the active investment services. We aim for profit growth in 3Q onward. ("CHEERZ for MEN," young actor version of idol cheering application "CHEERZ" Social games "Crash Fever" and "Monster Beat"
	Ad Tech Business	<ul style="list-style-type: none">• +13% sales compared to the same period last year• DSP "Bypass" and SSP "AdStir" continued to grow
Other Businesses	Investment Business	<ul style="list-style-type: none">• Operating profit of 1,217 million yen was generated by the sale and sellout of stocks of Fujisan Magazine Service Co., Ltd. and fund management profit of out investing companies

2Q Cumulative (Apr-Sept) Consolidated P/L Statement

Revenue (+28%) and operating profit (+612%) grew compared to the same period last year

Media segment: Revenue and profit dropped due to structural transformation of Smartphone App Business

Advertising segment: Revenue and profit grew thanks to the growth of DSP “Bypass” and SSP “AdStir”

(Million yen)

	Year ending in March 2016 2Q cumulative	Same period last year (2Q cumulative in the year ending in March 2015)	Vs. the same period last year Increase/decrease rate
Sales	5,084	3,961	+28%
Media segment	1,263	1,614	-22%
Advertising segment	2,451	2,307	+6%
Investment segment	1,404	87	+1,514%
Inter-segment elimination	-35	-47	-
Total profit from sales	2,114	1,002	+111%
Media segment	204	481	-58%
Advertising segment	537	443	+21%
Investment segment	1,372	77	+1,674%
Inter-segment elimination	0	0	-
Selling, general and administrative expenses	992	844	+18%
Operating profit	1,121	157	+612%
Media segment	-215	129	-
Advertising segment	260	220	+18%
Investment segment	1,342	57	+2,253%
Headquarter expense	-266	-248	-
Current profit	1,245	177	+602%
Quarterly net profit	1,036	116	+789%

Changes in Quarterly Sales and Operating Profits

-1% in the sales of core businesses (Smartphone App Business + Ad Tech Business) **compared to the same period last year**

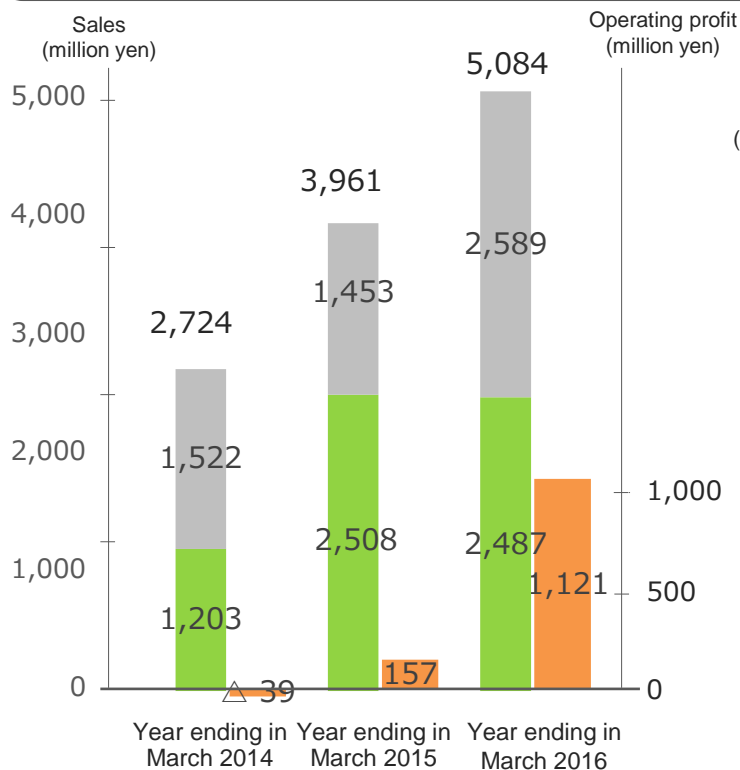
Smartphone app business : Plan to return to a growth track by the business structure transformation from 3Q onward.

Ad-tech business : continued to grow. +13% sales compared to the same period last year.

Operating Profits increased led by Investment business

Strengthen the prior investment to the Ad-tech business aiming to further accelerate the growth from 3Q onward

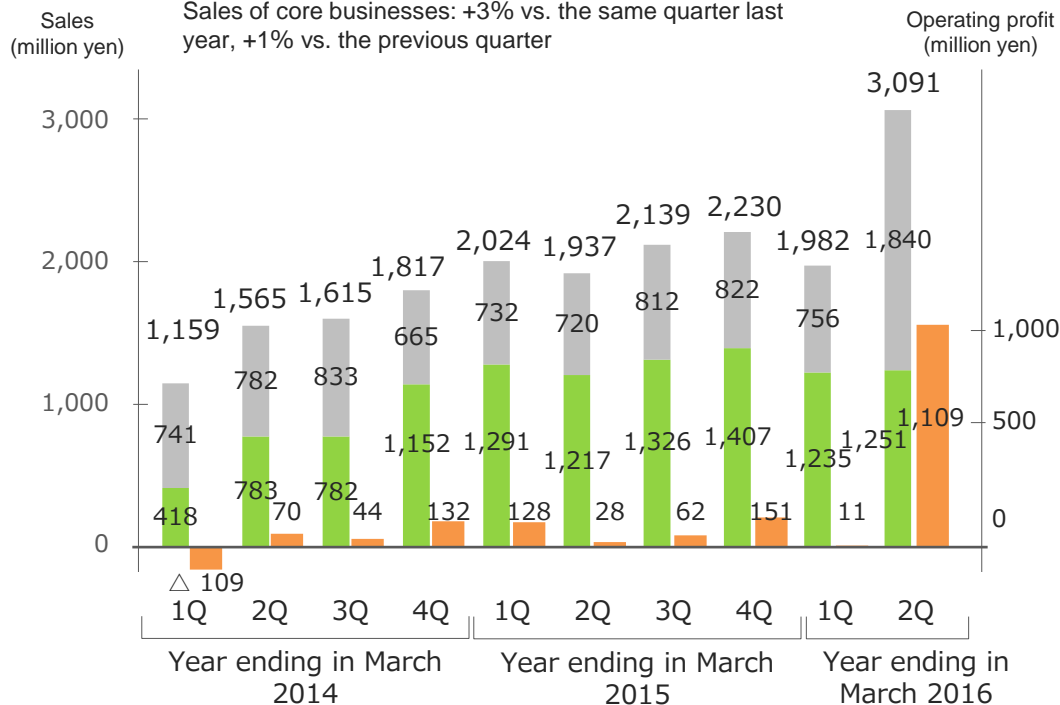
Changes in 2Q Cumulative Sales and Profits



■ Sales of core businesses
 ■ Sales of other businesses
 ■ Operating profit

Quarterly changes

Sales of core businesses: +3% vs. the same quarter last year, +1% vs. the previous quarter



Midterm Dividends

We paid midterm dividends by targeting a “consolidated dividend payout ratio of around 20%”

Details of Midterm Dividend

	Midterm Dividend of Year Ending in March 2016	Most recent dividend forecast (Announced May 11, 2015)	Actual record of previous year Midterm Dividend of Year Ending in March 2015
Reference Date	September 30, 2015	—	September 30, 2014
Dividend per share	9.00 yen	To be decided	1.00 yen
Total amount of dividends	209 million yen	—	23 million yen
Effective date	December 4, 2015	—	December 4, 2014
Dividend resource	Retained earnings	—	Retained earnings

Acquisition of Own Stocks

Acquisition details (completed October 9, 2015)

1.	Type of stocks acquired	Common stock
2.	Total number of stocks acquired	500,000 stocks (2.1% of Total Number of Issued Shares)
3.	Total amount of stocks acquired	693 million yen
4.	Acquisition period	From August 26, 2015 to October 9, 2015
5.	Acquisition method	Market buying of stocks by trust method

Consolidated Balance Sheet for this Quarter

Cash and deposits decreased due to the setting of money trust for acquiring own stocks, whereas current assets increased based on the market value of operational investment securities associated with the IPO of our investing company.

→ Future investment capability enhanced by increase in short-term redeemable assets

(Million yen)

	End of This Quarter (Sept. 2015)	End of Previous Quarter (June 2015)	Increase/ decrease	
Current assets	9,736	8,701	+1,035	An increase of 848 million yen in operating investments in capital by the acquisition of operating investment securities and market value of fund
(Cash and deposits)	5,319	5,588	- 268	An increase of 1,085 million yen by the revenue from the sale of operating investment securities , and a decrease of 1,001 million yen by money trust and increase of own stocks
Fixed assets	733	725	+8	
Current liabilities	1,622	1,346	+276	
Fixed liabilities	—	—		An increase of 1,028 million yen by the quarterly net profit , and a decrease of 498 million yen by the acquisition of own stocks
Net assets	8,848	8,080	+767	

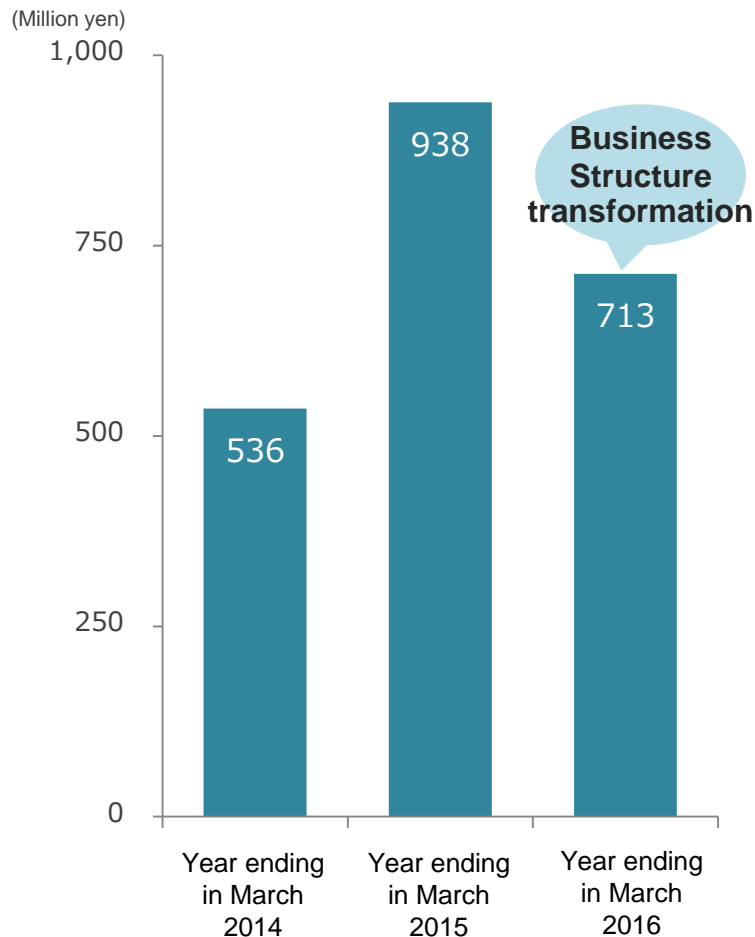
2. Status of Smartphone Application Business and Future Direction

Smartphone App Business: Changes in Sales

-24% compared to the same period (2Q cumulative) last year

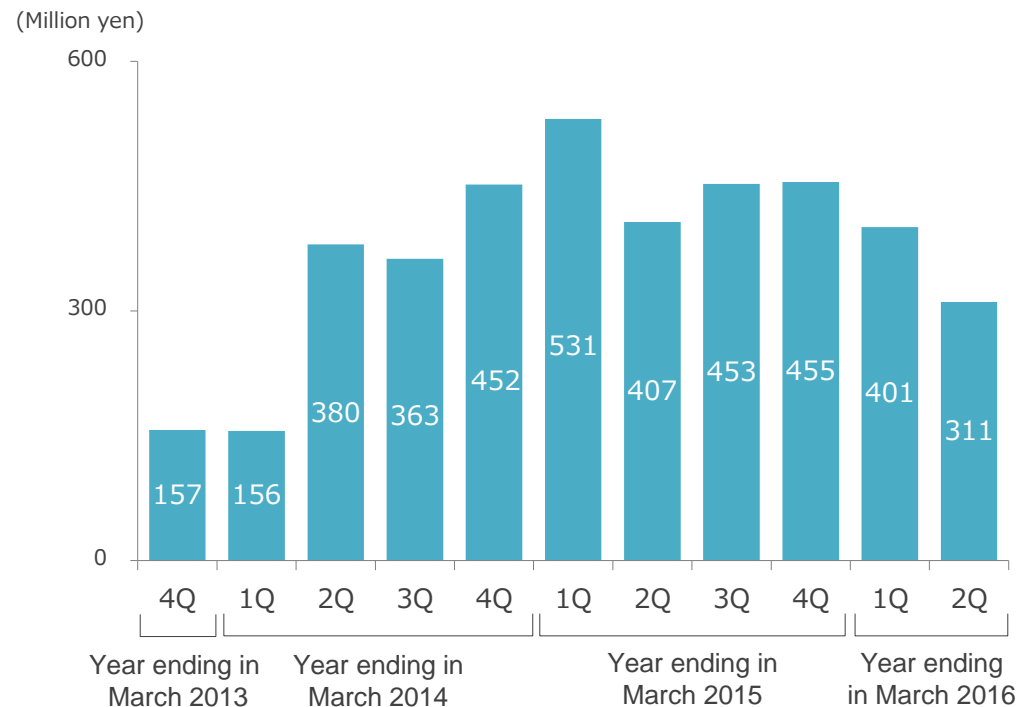
Business structure transformation led to decreased sales. We aim to grow profits in 3Q onward by the growth of active investment service.

Changes in 2Q (cumulative) by year



Quarterly changes

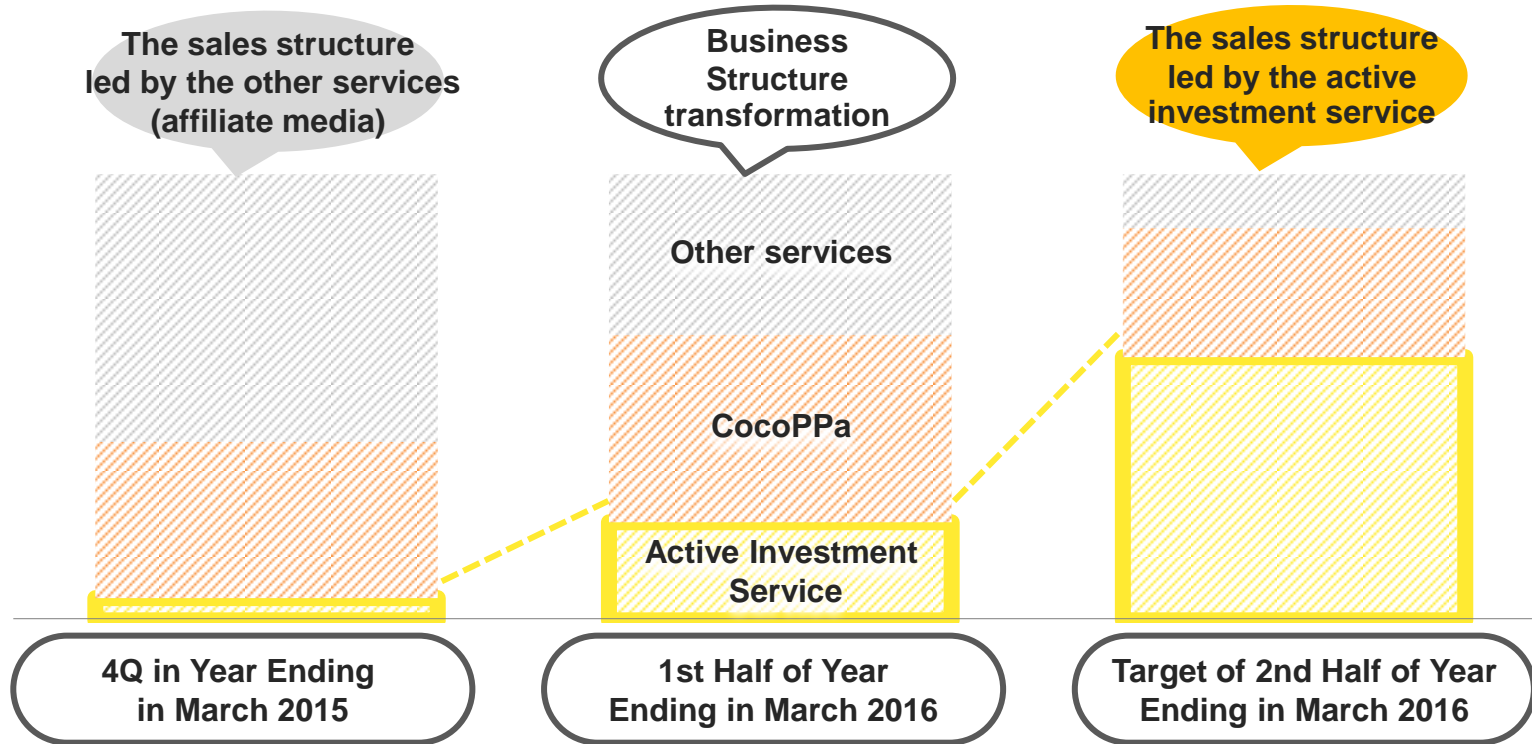
-24% vs. the same period last year, -22% vs. the previous quarter



Structure Transformation of Smartphone App Business

With the business structure transformation in first half in the year ending in March 2016, we plan to generate revenue led by **Active Investment Service (CHEERZ & Social Games)** in the second half of the year

Change of Revenue Structure of Smartphone App Business (image)



We aim to increase the revenue of Smartphone App Business by the growth of Active Investment Service in the 2nd half of the year

Idol Cheering App “CHEERZ”

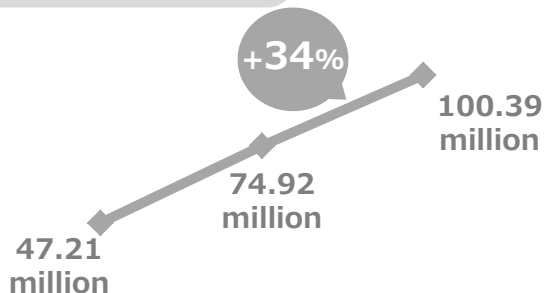
Revenue continued to grow by prioritizing service expansion.
We aim for a rapid growth in the 2nd half of the year onwards by “horizontal deployment through core user increase and spin-off versions.”

Sales growth

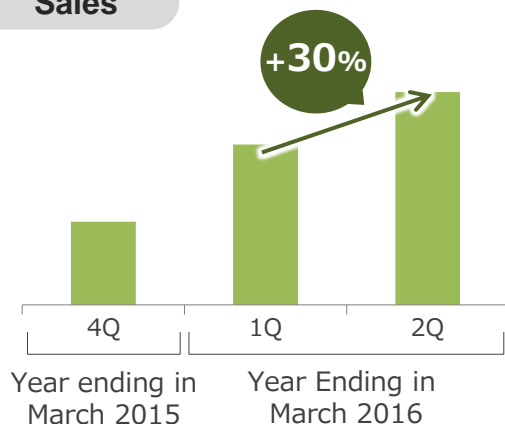
Both the number of CHEERs and sales continued to grow

MAU ratio (※) exceeds 75%

Number of CHEERs



Sales



* percentage of users starting up the app once or more per month.

Service enhancement

Grow to the service to be enthusiastically supported by core idol fans

Collaboration



Miss iD (hosted by Kodansha Ltd.)

Semifinalists of “Miss iD 2016,” a unique idol discovery audition, participated in CHEERZ



Studio Murai

Sharing of movies of idols participating in CHEERZ by YouTube channel of Max Murai, a popular YouTuber

Events

Provide many events where idols can actively participate in such as:

- Event featuring CHEERZ original photo collection “CHEERZ BOOK”
- Halloween live performance hosted by TBS
- Tokyo Girl’s Update interview

Idol Cheering App “CHEERZ”: Horizontal Deployment

“CHEERZ for MEN,” young actor cheering application, was released in September 2015. A large-scale update is scheduled for this winter, including collaboration with Marvelous Inc.

Released in
September 2015

Large-scale update
this winter (plan)

Future

Collaboration with “**JUNON Superboy Contest (sponsored by Shufu To Seikatsu Sha Co., Ltd.)**,” which is held to discover young male stars.

1. Collaboration with Marvelous Inc.

Approx. 100 artists, mainly consisting of young actors actively performing in the stage business of Marvelous, participate in “CHEERZ for MEN”



2. Service Enhancement

Establish a new business model unique for “CHEERZ for MEN” through holding events decided by the number of CHEERs and inviting fans to events

Continue to further develop the project with “JUNON Superboy Contest”

Aim for the growth of the service as a platform to cheer for young actors and artists

Social Games

“Crash Fever” and “Monster Beat” released in 2Q
Also, in collaboration with our new investing company “CreativeFrontier, inc.”,
the release of a new game “Idol Connect” has been decided
(to be released in Spring of 2016)

Crash Fever
(Released in July 2015)



Joint project with Wonderplanet, Inc., our investing company.
Repeatedly improved after release, and DARPU (daily average revenue per user) is gradually increasing



Develop these apps into bigger services in a mid to long term through repeated improvement



Accumulate the know-how of developing and managing social games for significant future profit growth

Monster Beat
(Released in September 2015)



Development by our subsidiary “hipposlab Co., Ltd.”
The first game developed within the United group. Featured as a hot app in GooglePlay immediately after the release



Develop these apps into bigger services in a mid to long term through repeated improvement



Accumulate the know-how of developing and managing social games for significant future profit growth

Idol Connect
(To be released in Spring of 2016)



Joint project with CreativeFrontier, inc., our investing company.
To be released in spring of 2016. (See the press release published on November 4, 2015 for details)



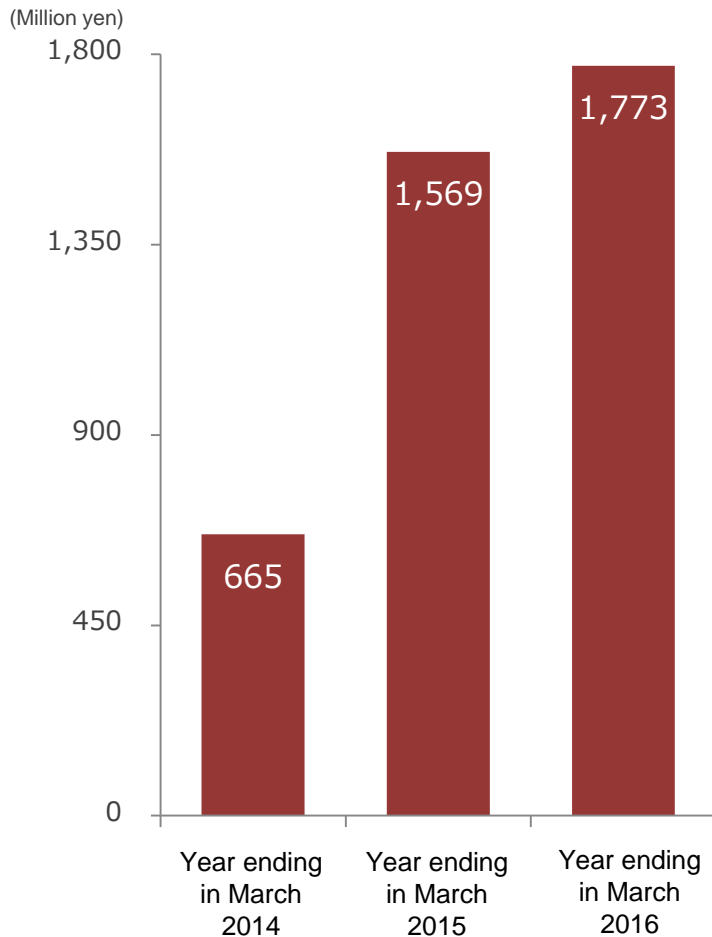
Accumulate the know-how of developing and managing social games for significant future profit growth

3. Status of RTB Ad-Tech Business and Future Direction

Ad-Tech Business: Changes in Sales

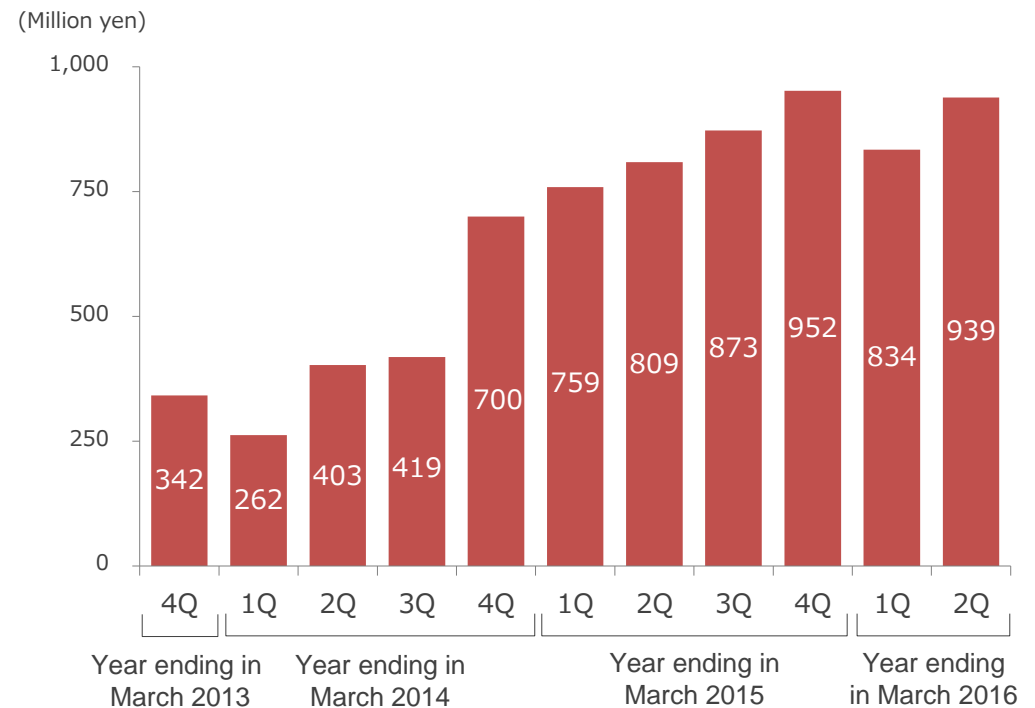
+13% compared to the same period (2Q cumulative) last year
 DSP “Bypass” and SSP “AdStir” continued to grow

Changes in 2Q (cumulative) by year



Quarterly changes

+16% vs. the same period last year, +13% vs. the previous quarter



DSP "Bypass"

Continuous steady revenue growth in 2Q

Primary factors of revenue increase in 2Q

- Improvement of bidding & CPA optimization logic
- Release of new function and functional improvement



Growth led by increased sale in direct-response type advertisers

Action in 3Q

- Further improve bidding and CPA optimization logic

Further accelerate the growth by improving advertisement performance (CTR & CVR)

SSP "AdStir"

Revenue growth by increase in the number of biddings from connected DSP and a high WinRate in RTB with high unit price

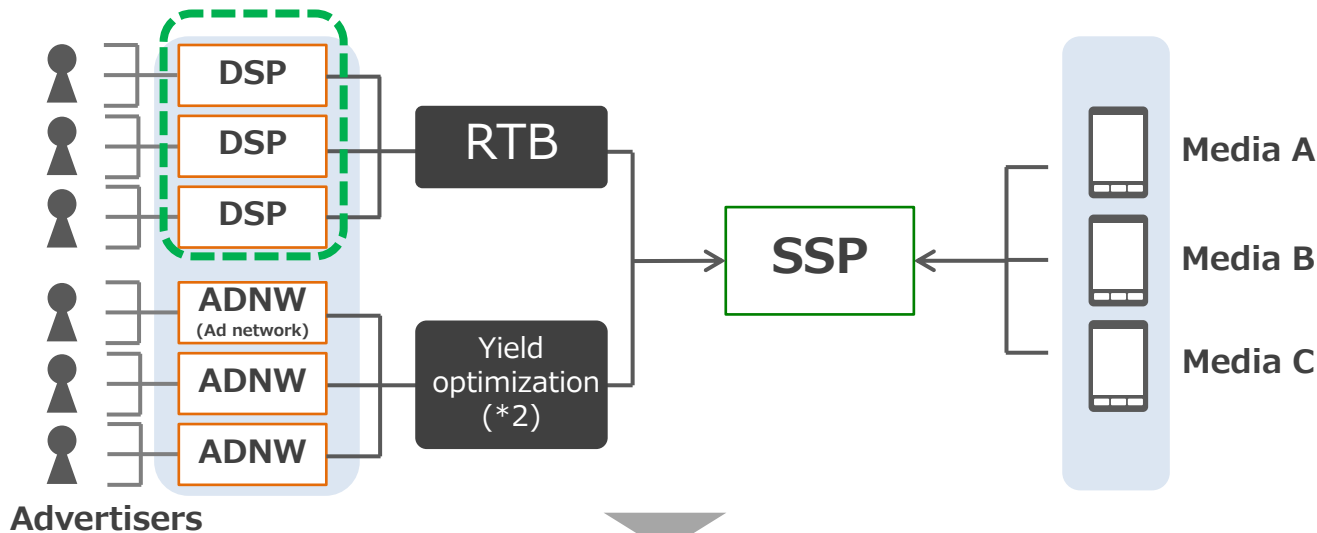
Key point in revenue increase in SSP = **Increase in ad distribution volume** × Unit price increase

Factors in ad distribution volume: **Number of biddings from DSP** /
Number of ads in ADNW / Number of inventory ads for distribution in media

Primary factors for revenue growth in 2Q:

Increased number of biddings from DSP

Increase in biddings from DSP → High WinRate in RTB with high unit price (*1) → Growth in sales



Aim for further growth in 3Q onward with demand expansion from DSP

*1 It is designed to hold an auction by setting a high price for RTB and display an ad of ADNW when no conversion occurs.

*2 A central management system to maximize sales from several ADNWs.

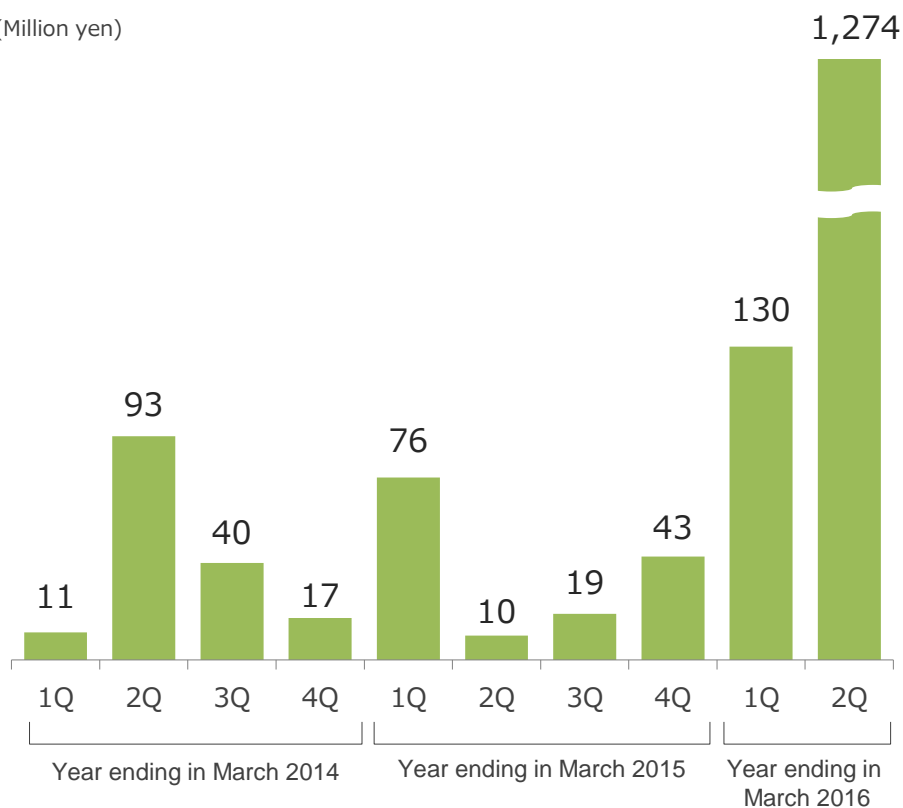
4. About Investment Business

Investment Business

Investment in Internet-related companies of Seed/Early Stage.
 Very successful current portfolio companies at present will also contribute in the future expansion of sales and operating profits

Investment Business/Quarterly Sales Changes

(Million yen)



Major investment performance



Mercari, Inc.



Wonderplanet Inc.



Music Securities, Inc.



Fujisan Magazine Service Co., Ltd.



Enigma Inc.



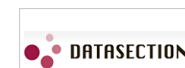
Translimit, Inc.



Orb Inc.



Metaps Inc.



Datasection Inc.



mixi, Inc.

5. Summary

Overall Summary

	2Q in Year Ending in March 2016	3Q onward in Year Ending in March 2016
Consolidated	<ul style="list-style-type: none">• Sales and profit increased as compared with the same period last year (Growth rate vs. the same period last year) Sales 5,084 mil. yen (+28%) Operating profit 1,121 mil. yen (+612%)	<ul style="list-style-type: none">• Plan to return to a growth track by the business structure transformation of Smartphone App Business in 3Q onward.
Smartphone App Business	<ul style="list-style-type: none">• Promotion of business structure transformation. Three applications were released in the active investment service.	<ul style="list-style-type: none">• Plan to change the sales structure led by the active investment service, aiming for revenue growth in 3Q onward.
Ad Tech Business	<ul style="list-style-type: none">• DSP “Bypass” and SSP “AdStir” continued to grow	<ul style="list-style-type: none">• Aim to further accelerate the growth of DSP “Bypass” and SSP “AdStir”

6. Reference Material

Cash Flow Statement for the 2nd Quarter Consolidated Cumulative Period

“Cash flow from operating activities”

Additional inflow of 1,286 million yen by the booking of the quarterly net profits before adjustment for tax, etc., additional outflow of 419 million yen by the spending for the acquisition of operational investment securities

“Cash flow from investing activities”

Additional outflow of 107 million yen by the spending for the acquisition of tangible fixed assets

“Cash flow from financing activities”

Additional outflow of 1,002 million yen by the spending for setting money trust for the acquisition of own stocks and a additional outflow of 93 million yen by the spending for dividends

(Million yen)

	2nd Quarter Consolidated Cumulative Period (April to September 2015)
Cash flow from operating activities	610
Cash flow from investing activities	-95
Cash flow from financing activities	-1,073
Increase/decrease in cash and cash equivalent	-559
End-of-term balance of cash and cash equivalent (*)	1,919

* The cash and deposits in the balance sheet is 5,319 million yen. Among the cash and deposits included in the balance sheet, fixed-term deposits exceeding a period of 3 months are not included in the cash flow statement.

Consolidated P/L Statement for 2Q (July to September)

Revenue (+60%) and profit (+3,760%) increased compared to the same quarter last year
 Revenue (+55%) and profit (9,982%) increased compared to the previous quarter

(Million yen)

	2Q of year ending in March 2016	Results of the same quarter last year (2Q of year ending in March 2015)	Increase/decrease rate vs. the same quarter last year	Results of the previous quarter (1Q of year ending March 2016)	Increase/decrease rate vs. the previous quarter
Sales	3,091	1,937	60%	1,992	+55%
Media segment	589	737	-20%	674	-13%
Advertising segment	1,240	1,198	+3%	1,210	+2%
Investment segment	1,274	10	+12,382%	130	+880%
Inter-segment elimination	-12	-9	-	-23	-
Total profit from sales	1,593	442	+260%	520	+206%
Media segment	80	214	-62%	123	-35%
Advertising segment	267	225	+19%	269	-1%
Investment segment	1,245	3	+38,338%	127	+880%
Inter-segment elimination	0	0	-	0	-
Selling, general and administrative expenses	484	413	+17%	508	-5%
Operating profit	1,109	28	+3,760%	11	+9,982%
Media segment	-114	36	-	-100	-
Advertising segment	126	112	+12%	133	-5%
Investment segment	1,231	-5	-	111	+1,009%
Headquarter expense	-134	-114	-	-132	-
Current profit	1,223	43	+2,742%	22	+5,394%
Quarterly net profit	1,028	35	+2,828%	8	+12,739%

Overview of 「CHEERZ」

Our subsidiary, Fogg, inc. (*1) released in December 3.

How to use “CHEERZ”

Photos and movies of idols appear on timeline.

Choose your favorite idol (photo or movie) and “CHEER” her.

Idols will be ranked based on the number of “CHEERS” received.

Users will be ranked based on the number of “CHEERS” to each idol.

Charging method

Charging will be required to “CHEER” more than the specified number. Users can play for free, as there is free limited allocation of “CHEER” and recovery by time.



After the payment to the platform, the balance of the revenue will be allocated to Fogg and idols (agencies).

Motivation for CHEER (1) “Developing idols”

Idols who ranked high will be exposed to affiliated media and Monthly CHEERZ (*2) for recognition expansion

Motivation for CHEER (2) “Incentive”

Campaign such as photo presented by idols to fans who ranked high.

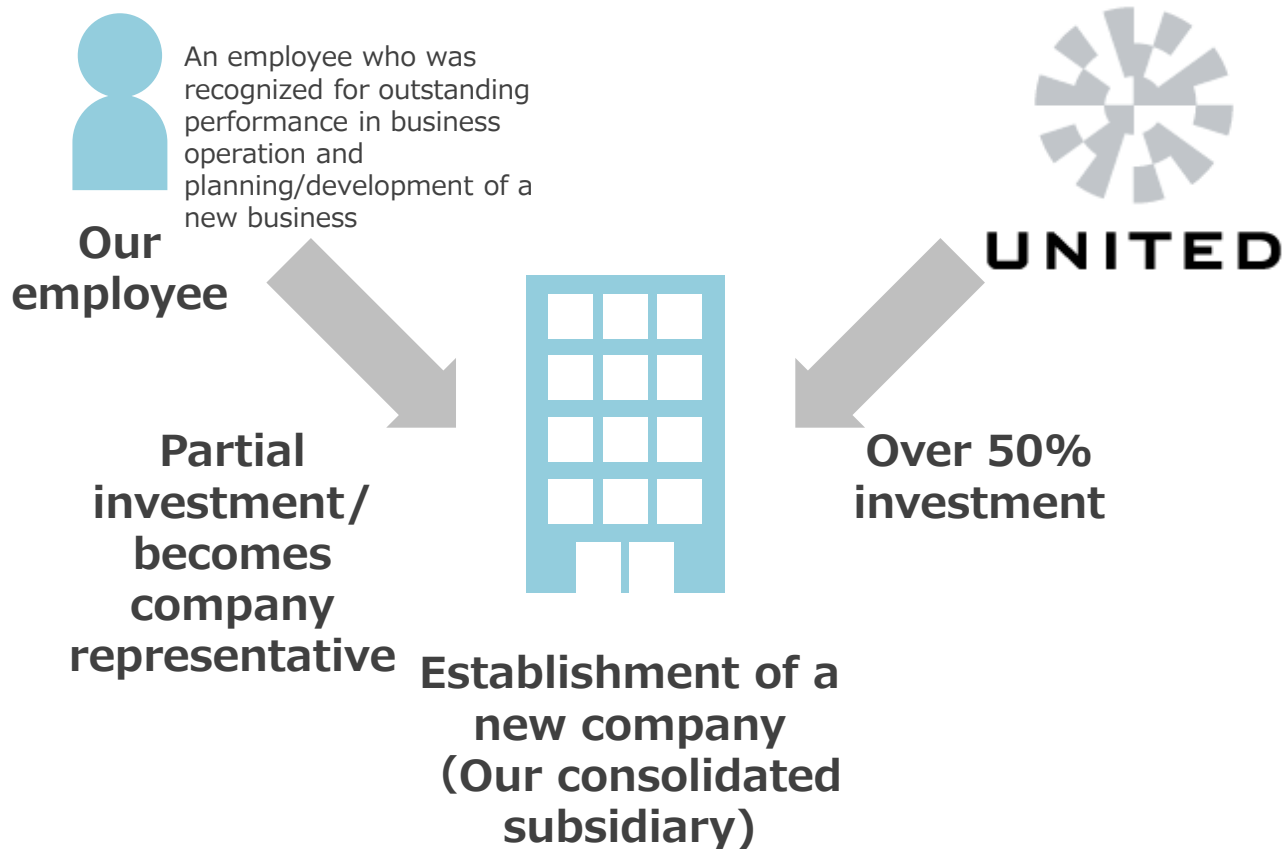
*1 A new business company established by our unique personnel system “U-start” (See p.29).

*2 A visual book with photos of idols who received high numbers of cheers per month. It is planned to be sold at bookstores, convenience stores located nationwide and Amazon.

Our Unique Personnel System “U-Start”

As an organizational effort to continue to develop new promising businesses, in April 2013 we have introduced a system to give our employee with outstanding performance a right to invest in a new company to be started.

Start-up Support System “U-Start”



Organizational Strengths of Our Smartphone Media Business

We have generated profits from various types of services backed by our various “strengths and systems” as an organization.

We will continuously develop and introduce our new services.

Features of human resources and organization

- “People with strength in net business, internally transferred from other section,” “mid-hires with specialized skills,” and “new graduates with high potential” work integrally.
- Corporate culture enabling cooperation beyond the lines of work categories.

We can start various projects with right people at right locations in harmony with market changes

Internal development skills

- High capability to plan and develop applications internally and business development ability
- Internally-developed potent applications (with strong user base) suppresses the cost for attracting users

Planning & development, business establishment, and promotion can be efficiently made within our company

Empirical value

- Entered the application market in June 2010 during its dawn. Released over 100 applications to date.
- Have developed from scratch a large-scale service “CocoPPa,” which achieved 40 million downloads.

We have general knowhow obtained through our abundant experience

Internal system

- Our own unique personnel system “U-start” (See p.27) Offer a unique business start-up support system for our employees with high entrepreneurship and excellent results. Fogg, inc., an operator of “CHEERZ,” is the first company this system applied.

We turn entrepreneurship of our excellent employees into business power of the group

Organizational Strengths of Ad-Tech Business

Continues to grow in the future based on the background of the strengths of organization supporting the current high growth

Owns its own DSP, SSP,
ad agency

- Able to speedily perform new actions within the company such as RTB distribution of native ads, from testing to implementation
- Able to provide feedback such as functional improvement from a different viewpoint

Highly-experienced
development members

- Team mainly consists of members who have long engaged in business since the time of ad network and are very familiar with ad tech and our own system

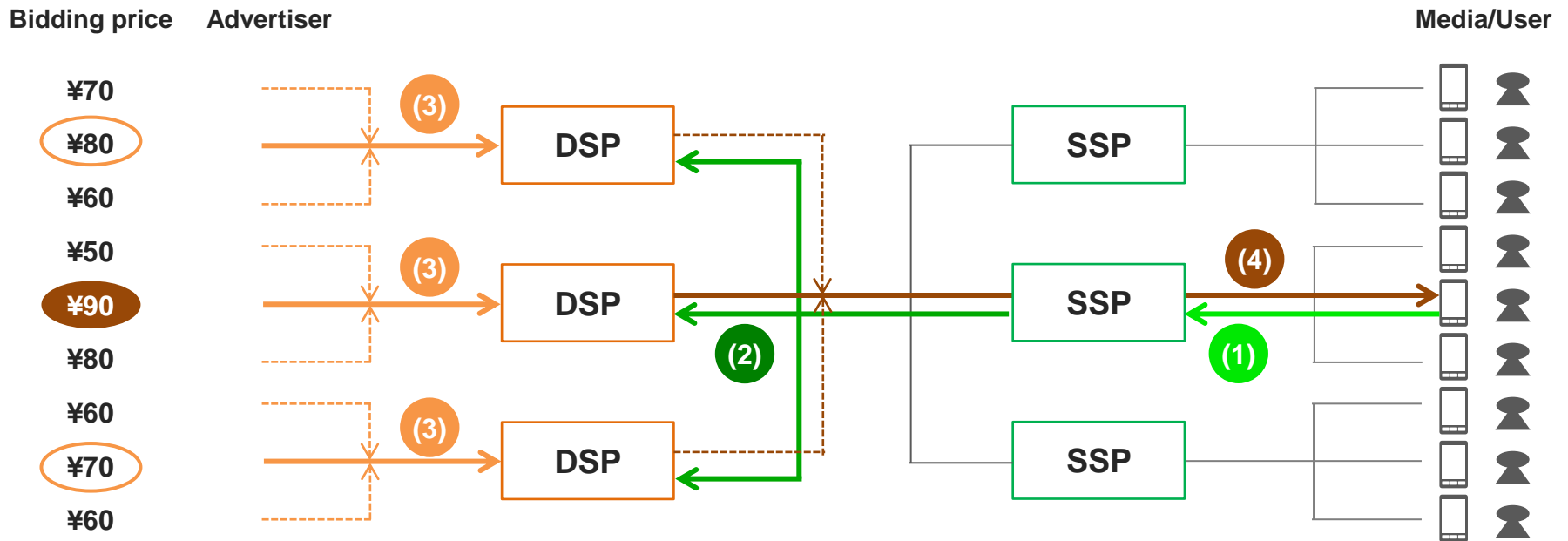
Sales and operation
members from various
backgrounds

- Collaboration among members with various net advertisement backgrounds, such as ad agents, media reps, and sales persons from media company sales

Flow of RTB Advertisement

Flow of RTB Advertisement Transaction until Closing [(1) to (4) below take place within 0.05 second)

- (1) Impression occurs
- (2) Through SSP, device (browser) information such as frame size and user ID is sent to DSP as a bid request.
- (3) Based on information of the bid request, an auction takes place at a preset price within DSP, selecting the advertiser with the highest bidding price.
- (4) The advertiser with the highest bidding price among DSPs wins the bidding and their ad is displayed.



Advantages for advertisers

Able to efficiently place ads for each impression only to users they wish to display ads

Advantages for media

Able to offer ad space for bidding to multiple advertisers and maximize profits