
Third Quarter, Fiscal Year Ending
March 2019

Financial Results

January 31, 2019



United, Inc.
(TSE Mothers, code 2497)



Vision

Become the leading internet firm in Japan



Mission

Create new value through continued challenges and contribute to society



Our Business-In Detail

Ad Technology Business



“Bypass”
DSP



“VidSpot”
Video ad distribution platform



“adstir”
SSP

new



“A Deals”
App specialized
ad distribution platform

new



“HaiNa”
Ad network

Game Business



“Crash Fever”



“CocoPPa Play”

new



“Tokyo Conception”



TriFort, Inc.
※ became subsidiary since
Oct 2018

Content Business

High Growth Businesses

Smarpr!se

Smarprise, Inc.

KiRAMEX

KiRAMEX
CORPORATION



Fogg, inc.



ALAN•PRODU
CTS, Inc.

Stable Growth Businesses



TREiS, inc.



International Sports Marketing
Co., Ltd.



Apps for
mobile carriers

Investment Business



Other Business



COINAGE, Inc.

Note: “Game Business” has been separated from “Content Business” from FY2018

Quantitative Target

FY2021 Operating Income (before amortization)

Challenging target ¥10 billion

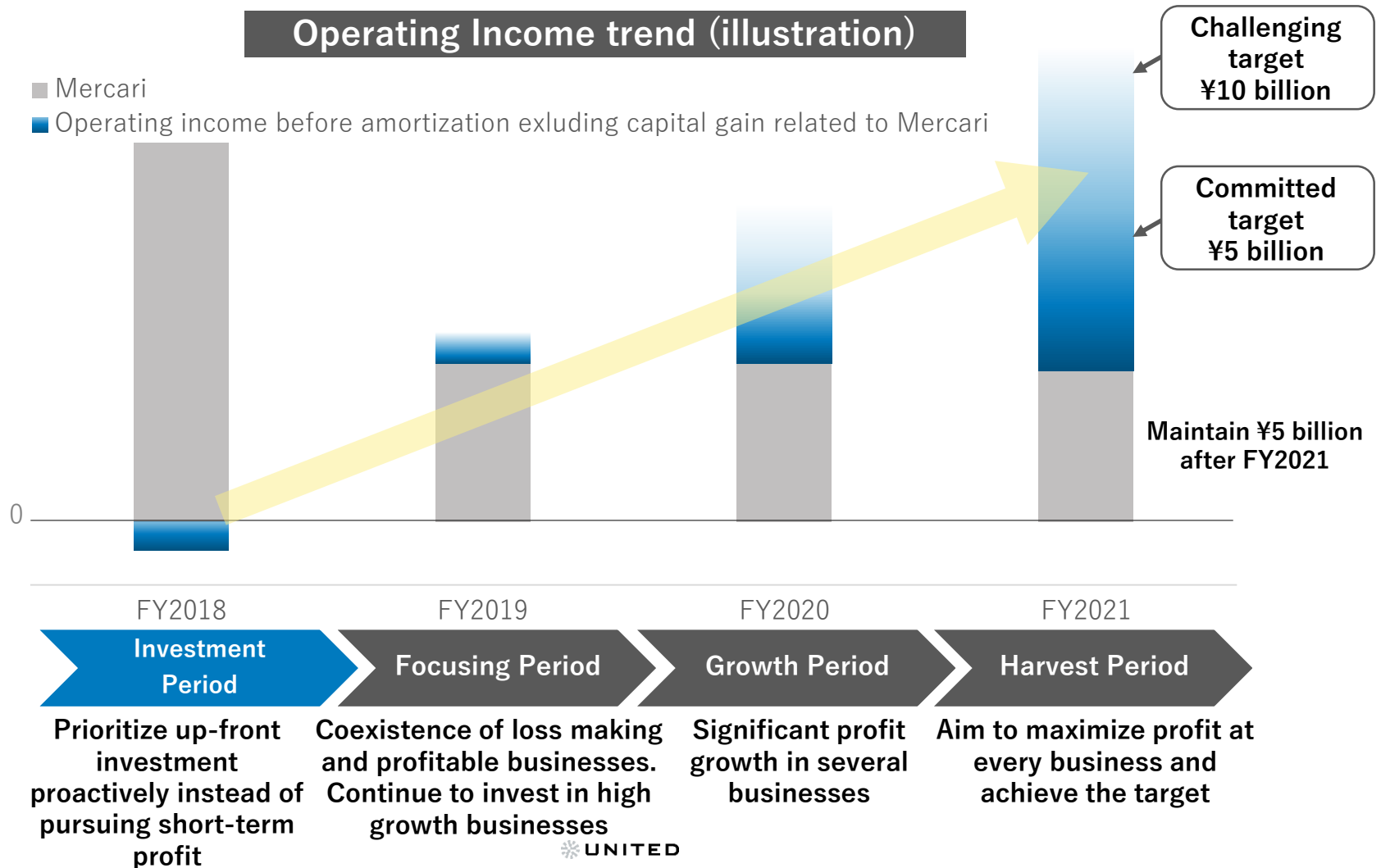
Committed target ¥5 billion

(Excluding capital gain related to Mercari)



FY2018's Positioning Within Mid-term Management Plan

Toward achieving operating income target for FY2021, the final year of mid-term management plan, FY2018 is positioned as “investment period” - aggressively investing in growth potential businesses





Financial Highlight YTD FY2018 (Nine Months Ended December 31, 2018)

This presentation contains certain statements describing future plans, strategies, and performance forecasts of United and its affiliated companies. These statements reflect forecasts based on management's assumptions and beliefs using available information as of October 31, 2018 when this presentation was produced. Actual performance may differ due to unforeseen circumstances in the operating environment. Also company names and product names are copyright material owned by each company or party.

Financial Highlights YTD FY2018

(Nine Months Ended December 31, 2018)

New record high consolidated sales and operating income in YTD (Nine months ended December 31)

Sales: up 119% (YoY), Operating income: up 906% (YoY)

Overall Segments	Consolidated	Sales: 22,921 million yen (YoY up 119%) Operating Income: 11,264 million yen (YoY up 906%) Net Income: 7,317 million yen (YoY up 1,151%)
	Ad Technology Business	Sales: 4,756 million yen (YoY down 19%) Operating Income: -60 million yen (YoY down 575 million yen)
	Game Business	Sales: 1,794 million yen (YoY up 33%) Operating Income: -288 million yen (YoY down 747 million yen)
	Content Business	Sales: 3,376 million yen (YoY up 15%) Operating Income: -153 million yen (YoY down 622 million yen)
	Investment Business	Sales: 13,055 million yen (YoY up 3,765%) Operating Income: 12,901 million yen (YoY up 5,082%)
	Other Business	Sales: - million yen (YoY - million yen) Operating Income: -204 million yen (YoY down 176 million yen)

Progress Toward FY2018 Full-year Forecast

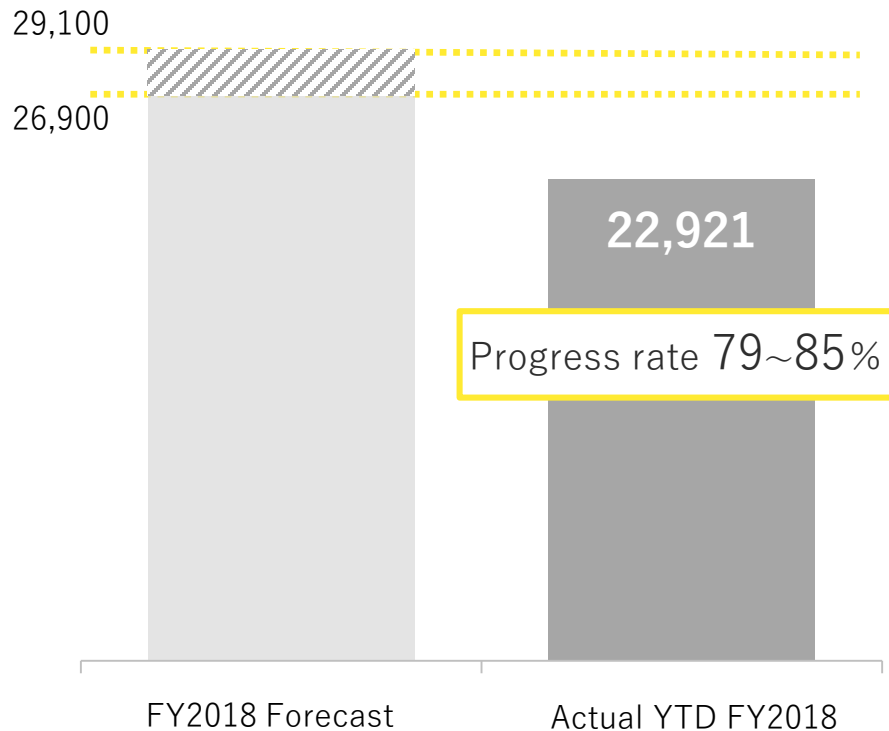
YTD FY2018 progress: 79~85% of full-year sales and 102~113% of full-year operating income ※

Expect Q4 will incur operating loss due to up-front investment, however, full-year sales and operating income will be within the FY2018 forecast range

※ Progress rates (%) are toward FY2018 forecast range announced on Oct 31, 2018

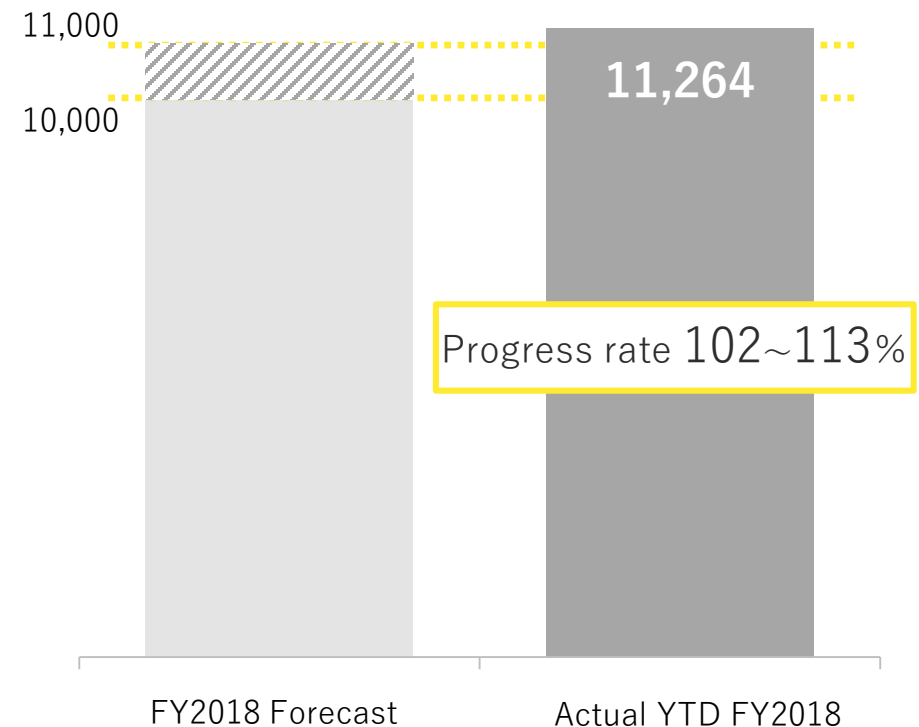
Sales Progress (%)

(Unit: million yen)



Operating Income Progress (%)

(Unit: million yen)



Consolidated P/L Statement YTD FY2018 (Nine Months Ended December 31, 2018)

YTD FY2018 net income achieved ¥7,317 million, up 1,151%, despite extraordinary loss (¥250 million) (※)

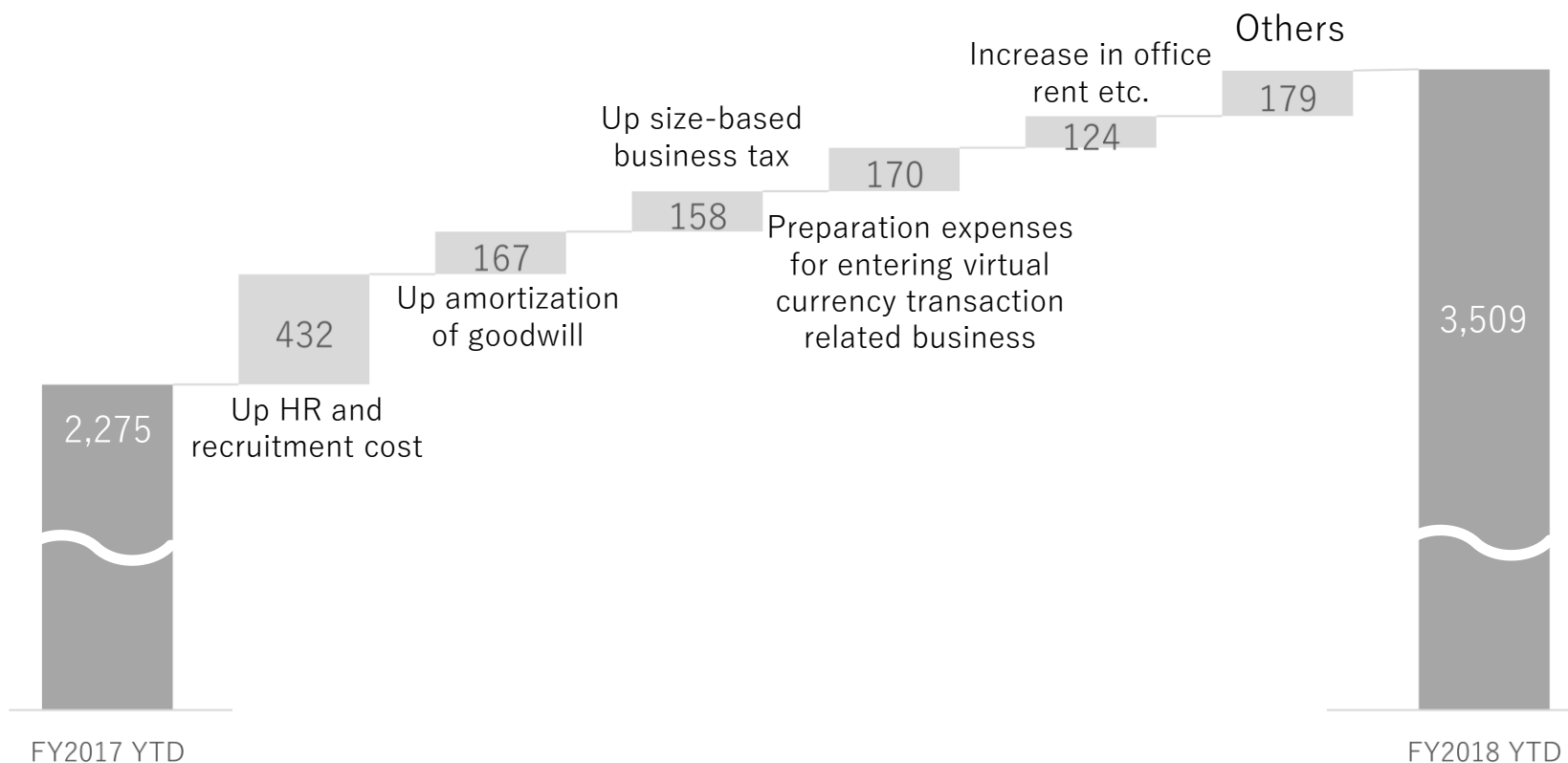
※ Q3 extraordinary profit: ¥74 million

	FY2018 YTD	FY2017 YTD	YoY
(million yen)			
Sales	22,921	10,474	+119%
Gross Profit	14,774	3,395	+335%
SG&A expenses	3,509	2,275	+54%
Operating Income	11,264	1,120	+906%
Ordinary Income	11,239	1,106	+916%
Net Income attributable to owners of parents	7,317	584	+1,151%
Extraordinary profit and loss	△ 250	△ 4	△ 245
(Valuation loss on investment securities)	△ 106	△ 4	△ 102
(Expense for office expansion)	△ 58	△ 3	△ 55
Taxes etc.	△ 3,672	△ 517	△ 3,154

YTD FY2018 SG&A Expenses Comparison

SG&A rose mainly due to increase in HR and recruitment expenses (up ¥432 million) and amortization of goodwill related to acquisition of TriFort, Inc. etc. (up ¥167 million) as subsidiary

(million yen)



Consolidated Balance Sheet for End of Q3 FY2018

Total Asset decreased by ¥20,325 million (QoQ) due to the following:
Decrease in cash & deposits due to investment in TriFort, Inc., XTech HP, Inc. and so on (down ¥6,587 million);
Drop in operational investment securities related to Mercari's market valuation (down ¥18,994 million) (※)

※ Impact on market valuation of invested stocks: Increase in Current Assets (operational investment securities), Non-current Liabilities (deferred tax liability), and Net Assets (valuation difference on available-for-sale securities)

(million yen)	End of FY2017 (Mar. 30 2018)	End of Q2 FY2018 (Sep. 31 2018)	End of Q3 FY2018 (Dec. 31 2018)	Difference	
				YoY	QoQ
Current Assets	10,591	60,944	36,154	+25,563	△ 24,789
Cash & Deposits	5,576	16,186	9,599	+4,023	△ 6,587
Operating Investment Securities	2,994	42,499	23,505	+20,511	△ 18,994
Non Current Assets	2,042	1,929	6,393	+4,351	+4,463
Amortization of Goodwill	938	852	4,389	+3,451	+3,537
Total Assets	12,633	62,873	42,548	+29,914	△ 20,325
Current Liabilities	2,338	6,214	6,922	+4,583	+707
Non Current Liabilities	13	11,881	6,005	+5,992	△ 5,875
Deferred Tax Liabilities	6	11,877	5,838	+5,831	△ 6,038
Total Liabilities	2,352	18,096	12,927	+10,575	△ 5,168
Net Assets	10,281	44,777	29,620	+19,339	△ 15,156
Unrealized Gain on Securities	492	27,531	13,622	+13,130	△ 13,909



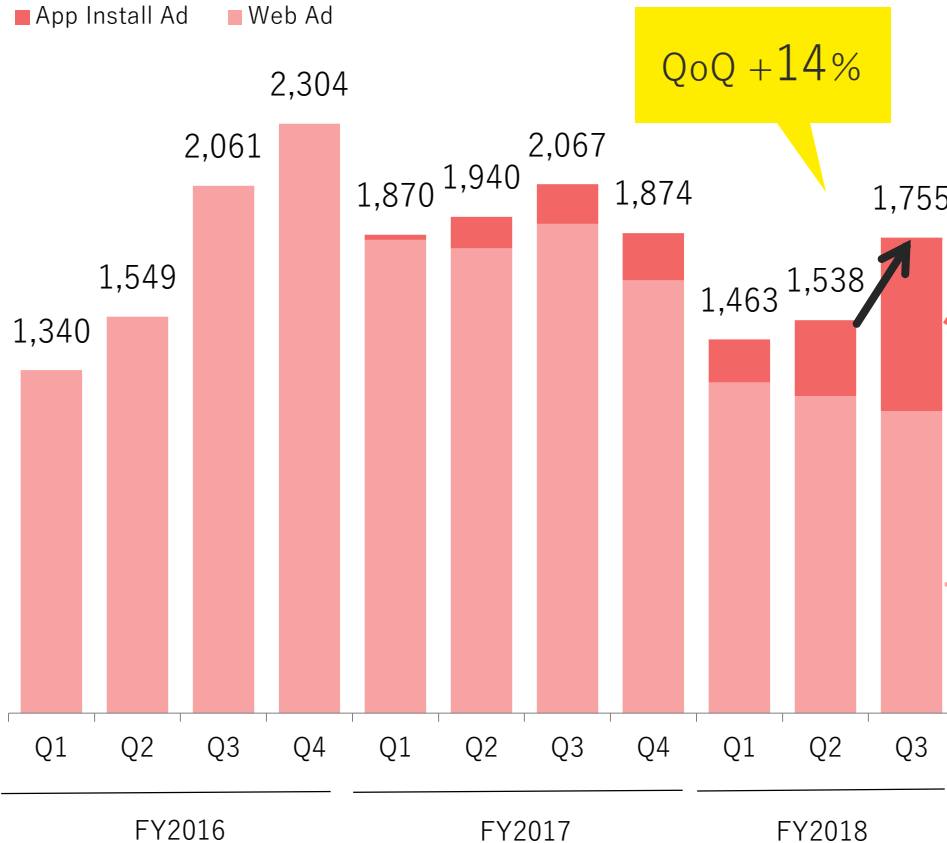
Business Review Q3 FY2018

Up 14% QoQ led by app install ad area such as “ADeals”

Quarterly Sales Trend (Continuing Businesses)

(million yen)

■ App Install Ad ■ Web Ad



App Install Ad

- Sales related to app install ad have expanded dramatically since launch of “ADeals”
- With continuous growth in Q4, app install ad sales proportion will become higher

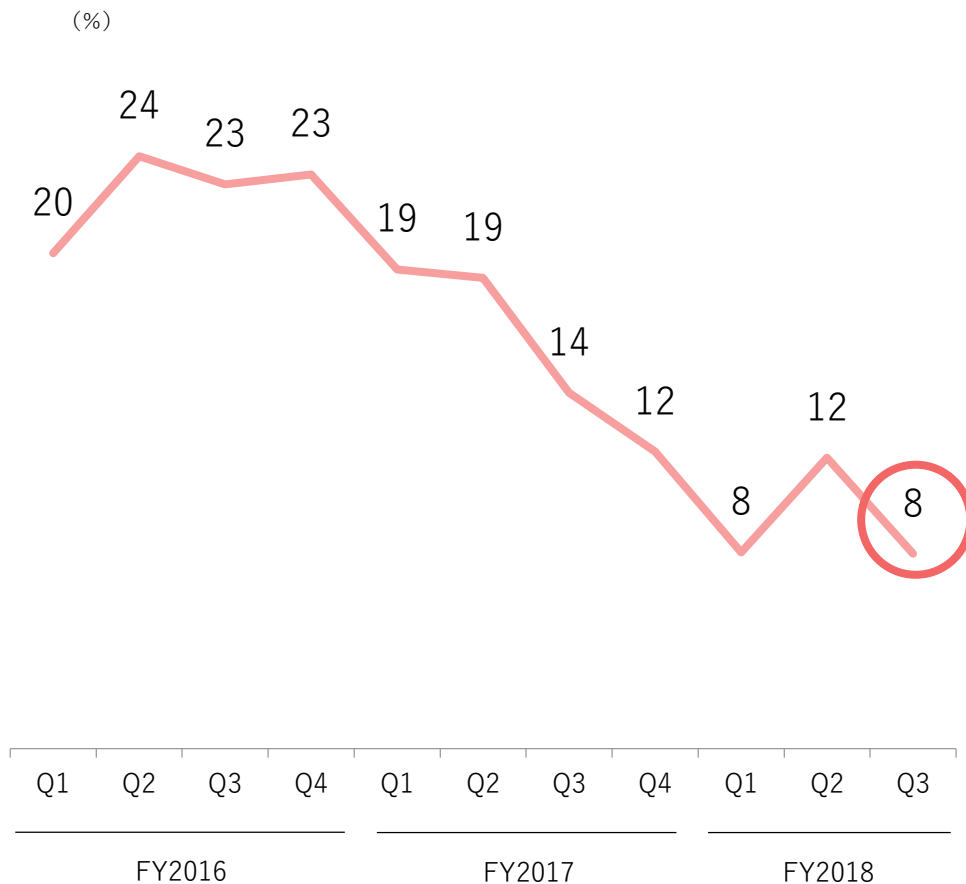
Web Ad

- Web ad sales dropped QoQ
- Specifically, downward sales trend of “adstir” continues

Ad Technology Business: Gross Margin Trends

Drop in gross margin triggered by increase in “adstir” inventory purchasing cost
In Q4, aim to improve gross margin by tightening revenue and profit management of “adstir” as well as focusing on app install ad area

Quarterly Gross Margin Trend (Continuing Businesses)



Reasons for gross margin deterioration

- Since advertisers concentrated ad budgets into global platforms, budget allocation for DSP and ad networks decreased more than expected during demand season. So purchasing media inventory from SSP slowed.
- Consequently excess inventory, purchased assuming demand on “adstir,” put pressure on profitability





Our actions going forward

- For “adstir,” tighten inventory purchasing operation further based on demand
- Focus on user acquisition ads including “ADeals” and other app install ads

Ad Technology Business: Roadmap

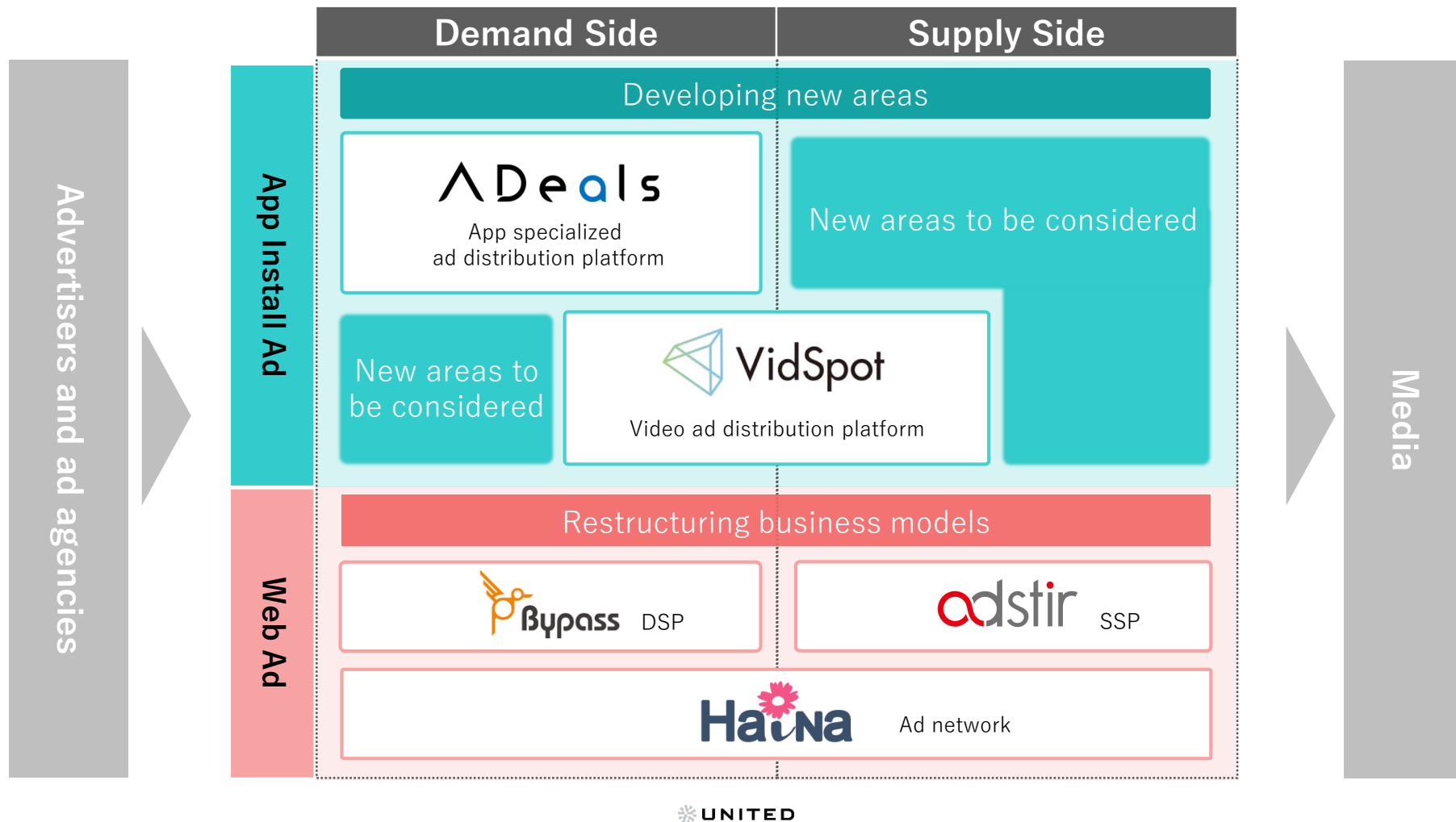
Q3: Both sales and profitability grew in app install ad area

Q4 Onward: Expect further expansion in app install ad area and aim for stable profit contribution from web ad area

Business Area	Service Description	Actual Performance		Policies Going Forward
		FY2017	Q1-Q3 FY2018	Q4 FY2018 onward
App Install Ad Growth area		Up-front investment period → Improved profit margin → Enhance profitability		
	new 	Take-off → Expand sales and profitability		
Web Ad Existing area		Primary source of sales & profit → Struggled despite aiming for stable profit contribution → Tighten revenue and profit management		
	new 	Launched by using adstir inventory → Grow by targeting clients		

Ad Technology Business: Strategy

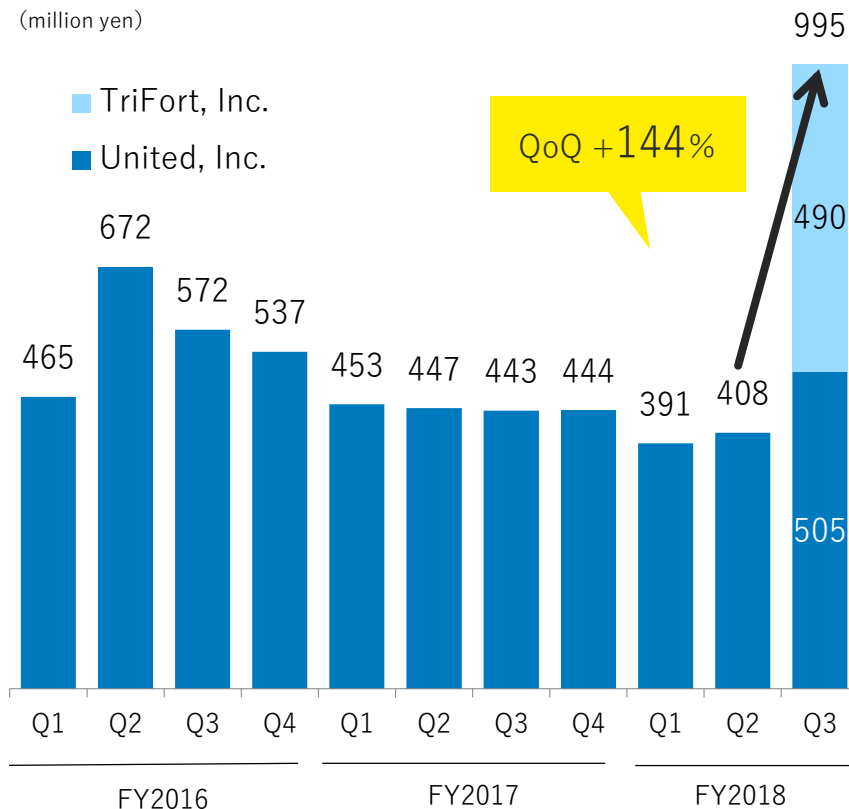
App install ad area: Through introducing new services, expand value chain
Web ad area: By restructuring business model in web ad area, aim to increase sales and profit of overall Ad Technology Business



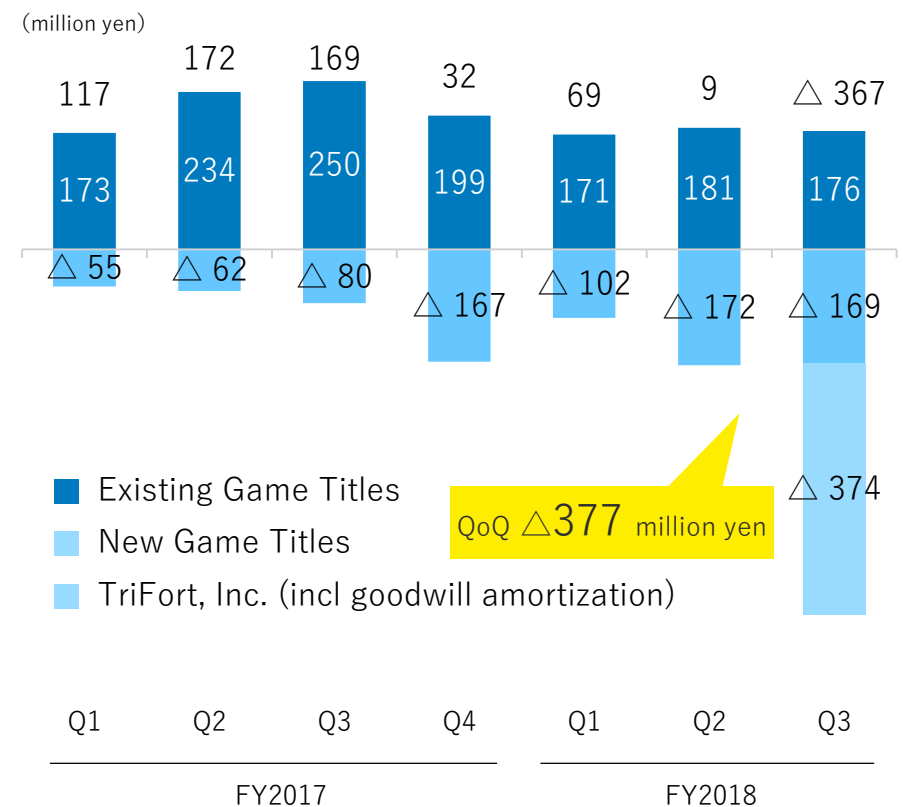
Game Business: Sales and Operating Income Trends

Q3 sales up 144% QoQ driven by acquisition of TriFort, Inc. as consolidated subsidiary, and release of new game title "Tokyo Conception"
Q3 operating income decreased by ¥377 million QoQ, and operating loss through FY2018 is expected

Quarterly Sales Trend



Quarterly Operating Income Trends



Game Business: Reasons for Q3 Operating Loss and Outlook

Q3 operating loss worse than expected, although operating loss was anticipated due to development cost for new game titles and goodwill amortization related to TriFort, Inc. Main reasons are the following:

Reasons:

United, Inc.

Sales of “Tokyo Conception,” a new game title, underperformed its initial plan

TriFort, Inc.

Sales and profit contribution were behind schedule due to delayed release of new game titles etc.

Note: As for collaborating game titles, related costs are recorded even before the title release but sales are incurred only after release

Outlook

United, Inc.

Aim to monetize by gaining new users through collaboration with external IPs and by adding contents and developing extra functions in order to improve game elements

TriFort, Inc.

Expect sales and profit contribution from “Celestial Craft Fleet,” which was transferred to TriFort as its own IP, and other popular IP titles

Content Business - High Growth Businesses ※1: Sales and Operating Income Trends

Q3 sales up 14% QoQ: New service (※2) from Smarprise, Inc. contributed to increase in sales

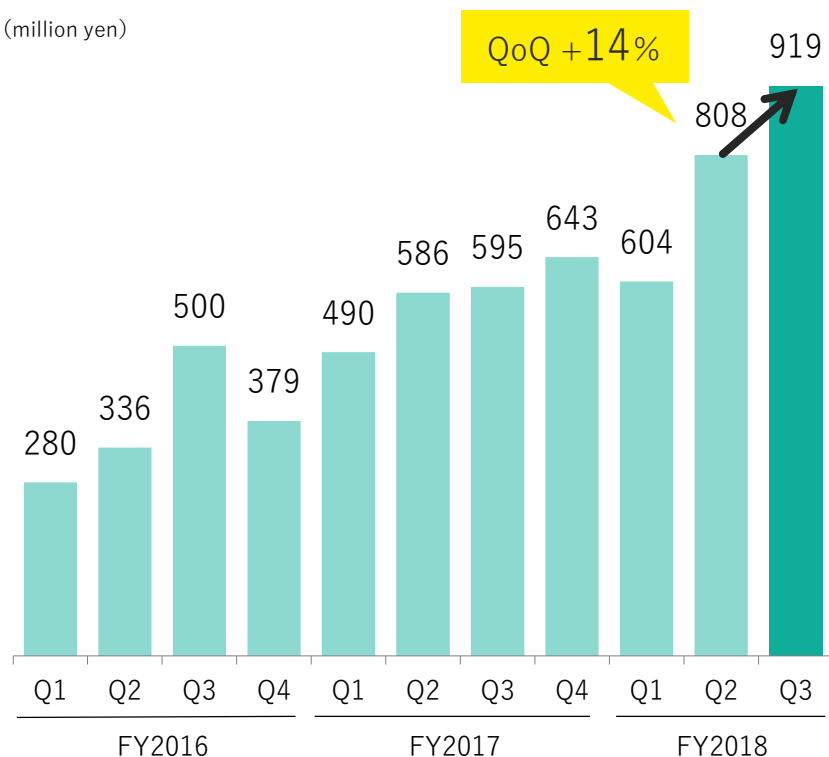
Q3 operating income decreased by ¥185 million as existing high performing businesses of Smarprise, Inc. and ALAN•PRODUCTS, Inc. shrank

※1 High Growth Businesses: Four companies among Content Business: KiRAMEX, CORPORATION; Smarprise, Inc.; ALAN•PRODUCTS, Inc.; Fogg, inc.

※2 “SG coin”: Points can be used within SMART GAME. After charging, points are provided, convertible to iTunes code

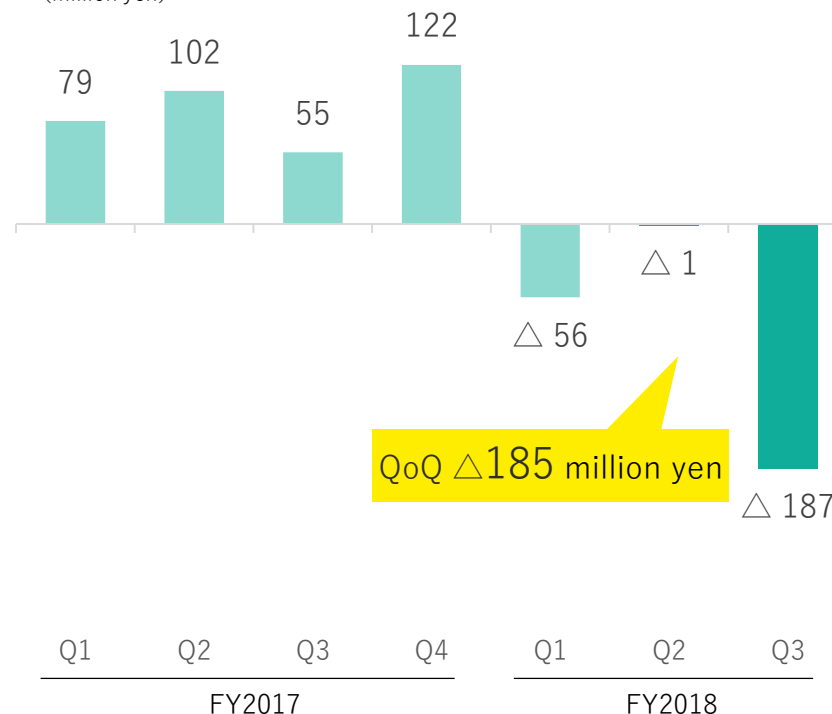
Quarterly Sales Trend

(million yen)



Quarterly Operating Income Trends





(million yen)



Content Business - High Growth Businesses: Update and Actions of Each Business

KiRAMEX and Fogg, whose main businesses are performing well, are also enhancing related new businesses

Smarprise and ALAN•PRODUCTS are preparing new businesses for growth going forward

High Growth Businesses	Update and Actions	FY2018 Full Year (YoY)	
		Sales	Operating Income
 KiRAMEX CORPORATION	<p>Update Good sales for corporate training</p> <p>Action Extend related services of “Tech Academy” such as programming classes for kids</p>	↗	↗
 Smarprise, Inc.	<p>Update Started new service as iTunes affiliate program ended</p> <p>Action Prepare new major business replacing “SMART GAME”</p>	↗	↘
 ALAN•PRODUCTS, Inc.	<p>Update “MIROR,” a fortune telling service operated by new group company RAPS Inc., performed better than expected</p> <p>Action Prepare launch of new major business replacing “Hair Labo”</p>	↘	↘
 Fogg, Inc.	<p>Update Upward sales trend of “CHEERZ” related services</p> <p>Action Plan new related businesses for “CHEERZ,” which is maintained as core</p>	↗	↗

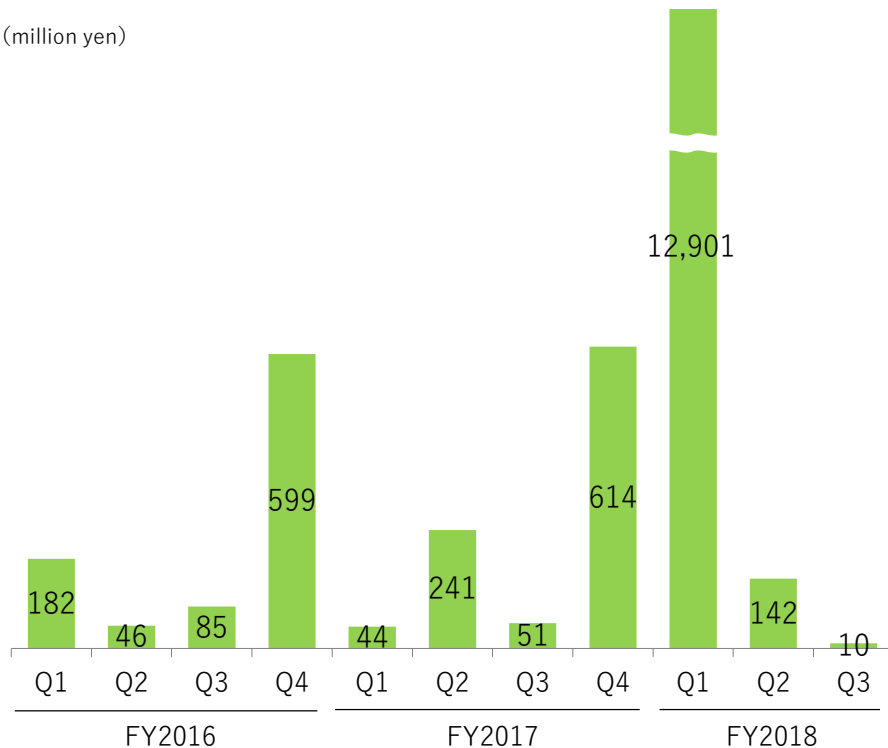
Investment Business: Sales and Operating Income Trends

Q3 sales: ¥10 million as funds' investment profit etc. were recorded
Operational investment securities as at end of Q3 FY2018: ¥23,505 million

※ Operational investment securities related to Mercari: ¥19,341 million (% of voting rights held: 7.2%). As at Dec 31, 2018.

Quarterly Sales Trend

(million yen)



Breakdown of Operational Investment Securities

	Invested Companies	As at Dec 2018 (amount on BS)
Listed shares	Mercari, inc. SOCIALWIRE CO., LTD.	Approx. ¥19.8 Bn
Private shares	More than 50 companies	Approx. ¥2.3 Bn
Invested funds as LP	More than 20 funds	Approx. ¥1.3 Bn

Expect sales and profit contribution from existing investment and proactively explore new investment targets

Directly Invested Start-ups

Post IPO

mercari SocialWire Group

Middle ~ Later

CyberBuzz dely
WonderPlanet SMARTCAMP
vis^{ヒリスク}asQ
cluster translimit

Seed ~ Early

SORA FAST JAPAN Jiraffe
Hacobu™
TECH FUND NEXT INNOVATION FULL KAITEN
snaq.me Payke
Spice Inc. mewcket
GRACIA zens

Invested Funds as LP

XTech Ventures East Ventures
anri SKYLAND VENTURES if IncubateFund
INFINITY VENTURES Samurai Incubate Inc.
CyberAgent Capital WiL WORLD INNOVATION LAB
GMO VENTURE PARTNERS
The Seed Capital Full Commit Partners



FY2018 Forecast

Expect record high sales and operating income
Effectively using capital gain related to Mercari and regard FY2018 as up-front investment period toward achieving mid-term management plan “UNITED 2.0”

	Forecast (million yen)	YoY
Consolidated Sales Forecast	26,900~29,100	+86~+101%
Consolidated Operating Income Forecast	10,000~11,000	+507~+567%

Ad Technology Business

Sales: 7,000~7,600 million yen YoY: $\triangle 10 \sim \triangle 2\%$
Operating Income: 0~300 million yen YoY: $\triangle 100 \sim \triangle 47\%$

Game Business

Sales: 2,800~3,900 million yen YoY : $+56 \sim +118\%$
Operating Income: $\triangle 300 \sim 50$ million yen YoY: $\triangle 790 \sim \triangle 440$ million yen

Content Business

Sales: 4,200~4,500 million yen YoY : $+5 \sim +13\%$
Operating Income: $\triangle 650 \sim \triangle 450$ million yen YoY: $\triangle 863 \sim \triangle 663$ million yen

Investment Business

Sales: 13,100~13,200 million yen YoY: $+1,276 \sim +1,286\%$
Operating Income: 12,800~12,850 million yen YoY: $+1,428 \sim +1,434\%$

Other Business

Sales: — million yen YoY: — %
Operating Income: $\triangle 400 \sim \triangle 350$ million yen YoY: $\triangle 327 \sim \triangle 277$ million yen

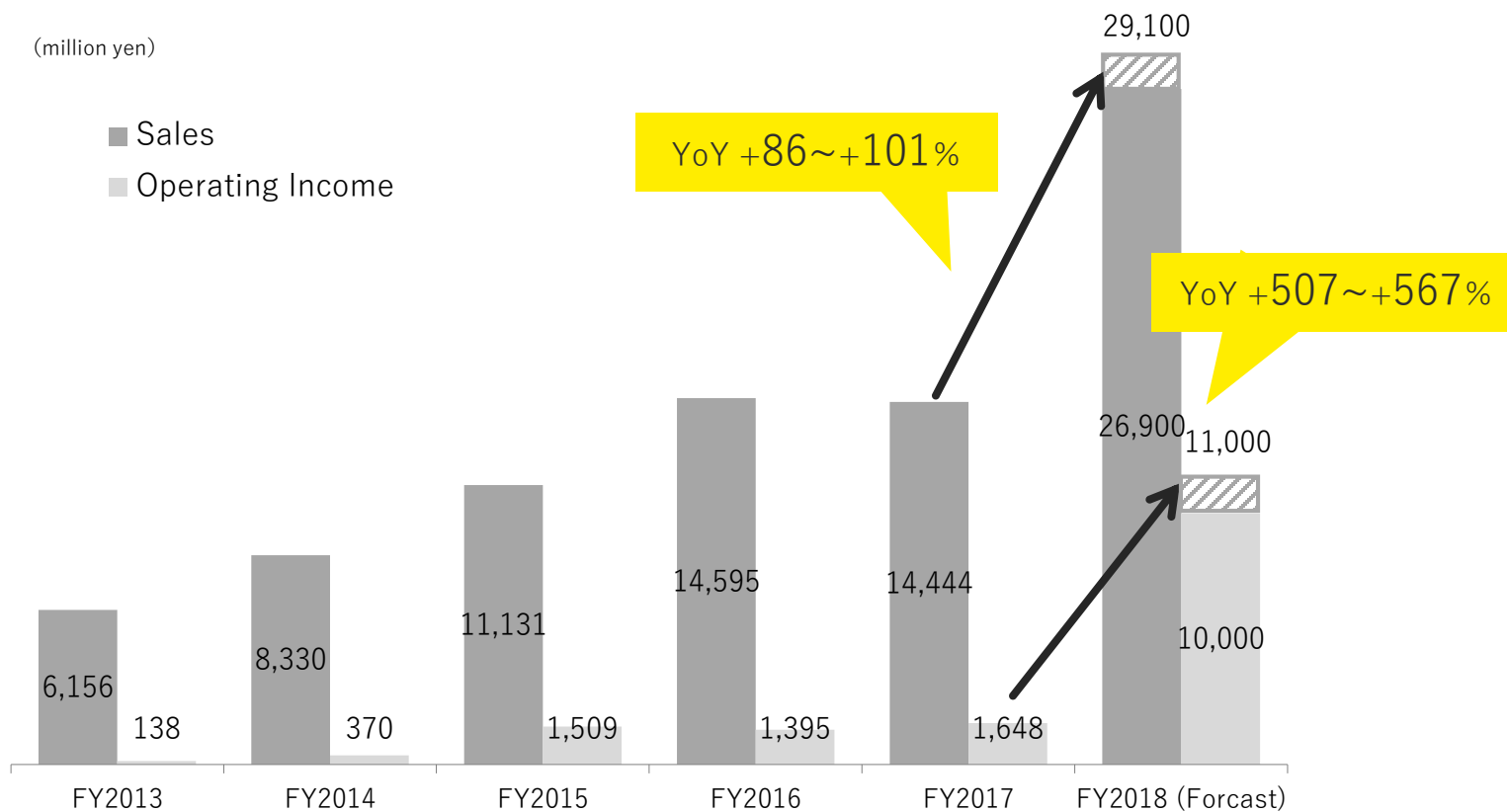


Appendix

Consolidated P/L Statement Q3 FY2018

(million yen)	FY2017 Q3	FY2018 Q2	FY2018 Q3	Difference	
				YoY	QoQ
Sales	3,575	3,195	4,062	+14%	+27%
Ad Technology Business	2,067	1,538	1,755	△ 15%	+14%
Game Business	443	408	995	+124%	+144%
Content Business	1,026	1,132	1,331	+30%	+18%
Investment Business	51	142	10	△ 79%	△ 92%
Other Business	-	-	-	-	-
Gross Profit	993	864	447	△ 55%	△ 48%
Ad Technology Business	296	180	138	△ 53%	△ 23%
Game Business	239	100	3	△ 98%	△ 96%
Content Business	452	462	306	△ 32%	△ 34%
Investment Business	7	127	10	+40%	△ 92%
Other Business	△ 2	△ 3	△ 2	+0	+0
SG&A expenses	824	994	1,402	+70%	+41%
Operating Income	169	△ 129	△ 955	△ 1,124	△ 825
Ad Technology Business	125	17	△ 28	△ 153	△ 45
Game Business	169	9	△ 367	△ 536	△ 377
Content Business	108	35	△ 154	△ 263	△ 189
Investment Business	△ 1	113	△ 4	△ 2	△ 117
Other Business	△ 28	△ 80	△ 77	△ 49	+2
Ordinary Income	161	△ 136	△ 967	△ 1,128	△ 830
Net Income attributable to owners of parents	18	△ 237	△ 763	△ 781	△ 526

Consolidated Sales and Operating Income Trends

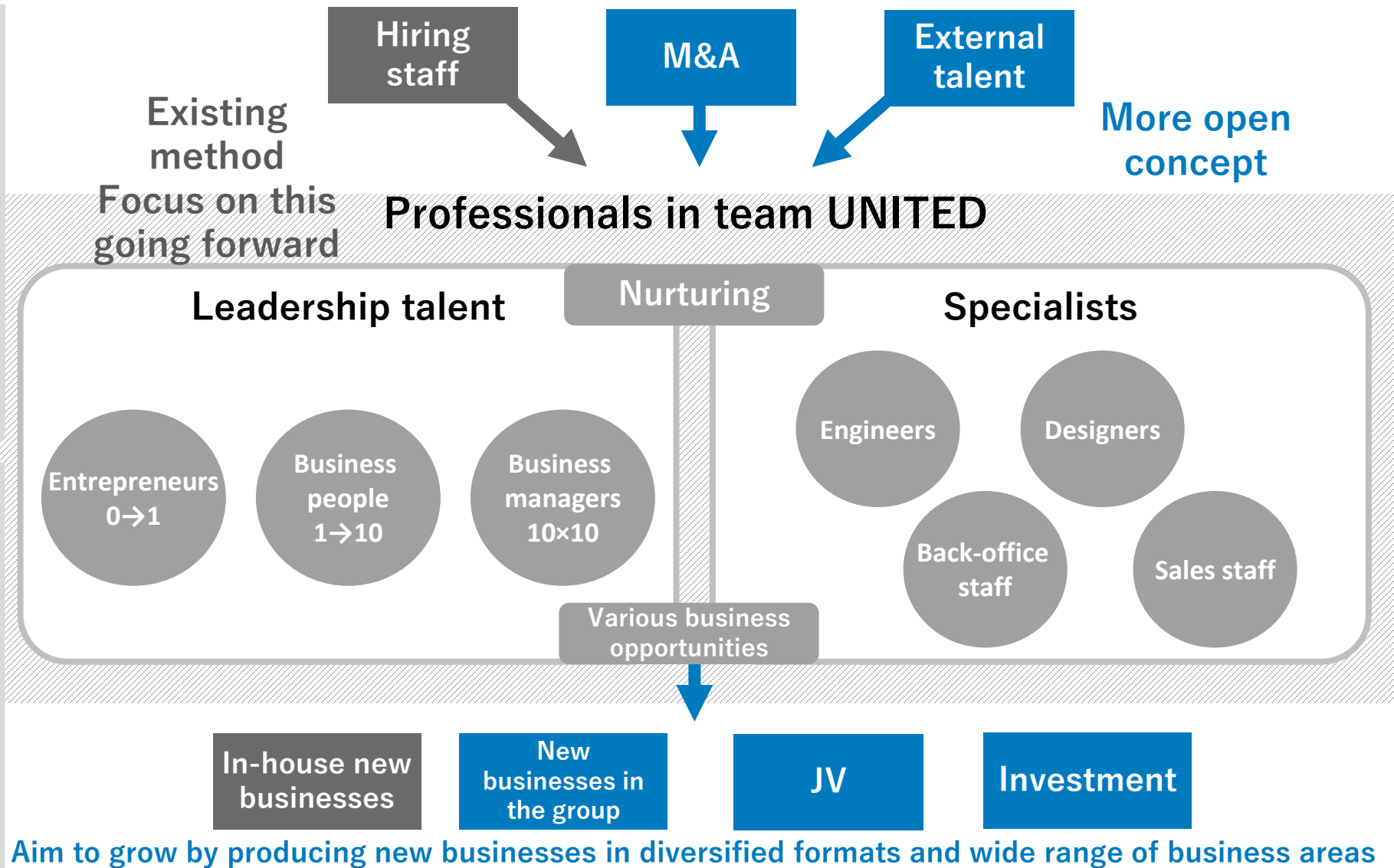


Establish UNITED Empowerment Platform (UEP)

UEP is the platform with entrepreneurs, business people, managers and specialists, allowing UNITED to grow as a team

Gather diversified talents: entrepreneurs who start business from scratch; business people who can grow business seed; managers who can manage 10 different established businesses; and specialists such as engineers, designers, back-office staff etc. Those people demonstrate their potential in various ways. Aim to establish the platform allowing individuals and organizations to grow through internet business.





Gather talented people and allow them to grow

Successively produce new businesses and grow them

Game Business: “Tokyo Conception”

Aim to raise user loyalty by deploying proactive measures to deepen relationship with game users and then expanding fan community



“Tokyo Conception”

Released on Oct 23, 2018;
500K DL currently

Livestreaming of game characters



Livestreaming via Mirrativ (※) enables game users to communicate with game characters

Collaboration events with VTuber



Collaboration events with “Kizuna Ai,” a popular VTuber

Fan meetings



Hold fan meetings with game users across Japan

※ Livestreaming platform allows anybody to broadcast any content on their smartphone (<https://www.mirrativ.com>)

Released multiple co-development and co-operation titles with famous IPs and major publishers
In non-game business area, planning and development of new businesses in progress based on their accumulated development capability

Company Overview

Company name	TriFort, Inc.
Representative	CEO Shintaro Otake
Founded	Aug 2, 2012
Address	E Space Tower 4F, 3-6 Maruyama cho, Shibuya, Tokyo, 150-0044
No of employees	178 (as at end of Dec 2018, incl. temp staff)
Businesses	Development and operation of smartphone apps and web services
URL	https://trifort.jp/

Major Game Titles and Services

“Celestial Craft Fleet”



Own title

Released on
Feb 10, 2018

- Air fleet action battle game
- Operation transferred to TriFort from KLab Inc. on Nov 6, 2018

「甲鉄城のカバネリ -乱-」 (English game title tbc)



Collaboration title

Released on
Dec 19, 2018

- Official sequel game title of TV anime “Kabaneri of the Iron Fortress”
- Co-project with DMM GAMES LCC

“RELEASE THE SPYCE secret fragrance”



Collaboration title

Planned release
Spring 2019

- First game title of TV anime “RELEASE THE SPYCE”
- Co-project with Alt Plus Inc. and KADOKAWA CORPORATION

“GooMe”



Own service

β version
released on
Dec 17, 2018

- App for 3D livestreaming by virtual idols & artists, and viewing, by leveraging AI and 3D technologies

KIRAMEX

KIRAMEX CORPORATION

Operates “TECH ACADEMY,” e-learning for programming and app development



ALAN•PRODUCTS, Inc.

Operates several media such as “Hair Labo,” a comprehensive information website related to hair issues etc.



Smarpr!se

Smarprise, Inc.

Plans and operates the following services:
“SMART GAME,” Japan’s largest class
platform for F2P game users; VTuber “Fuji
Aoi (※)”

※ more than 180K subscribers as at end of Jan 2019



Fogg, Inc.

Operates “CHEERZ,” a fan community
service for cheering female idols & artists
More than 1,500 idols & artists participating



Number of Consolidated Employees and Directors

(Numbers employed)

