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First Quarter, Fiscal Year Ending March 2020

# Financial Results

July 31, 2019



United, Inc.  
(TSE Mothers, code 2497)



# Our Vision & Mission

## 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 Segment

**A Deals**

“A Deals”  
App specialized  
ad distribution platform

**VidSpot**

“VidSpot”  
Video ad distribution platform

**Bypass**

“Bypass”  
DSP

**adstir**

“adstir”  
SSP

**HaiNa**

“HaiNa”  
Ad network

## Game Segment



“Crash Fever”



“CocoPPa Play”



“Tokyo Conception”



TriFort, Inc.

## Content Segment

**KiRAMEX**

KiRAMEX Co.



Fogg, inc.



ALAN•PRODUCTS, Inc.

**Smarpr!se**

Smarprise, Inc.



TREiS, inc.



International Sports Marketing Co., Ltd.



Apps for  
mobile carriers

## Investment Segment



Investment business of UNITED, inc.



Venture United, inc.

# Agenda

- 1 Mid-term Management Plan/  
Business Strategies FY2019 ..... P3
- 2 Financial Result Overview Q1 FY2019 ..... P7
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# Mid-term Management Target

## Quantitative Target for Mid-term Management Plan

FY2021 Operating Income (before amortization)

Challenging target ¥10 billion

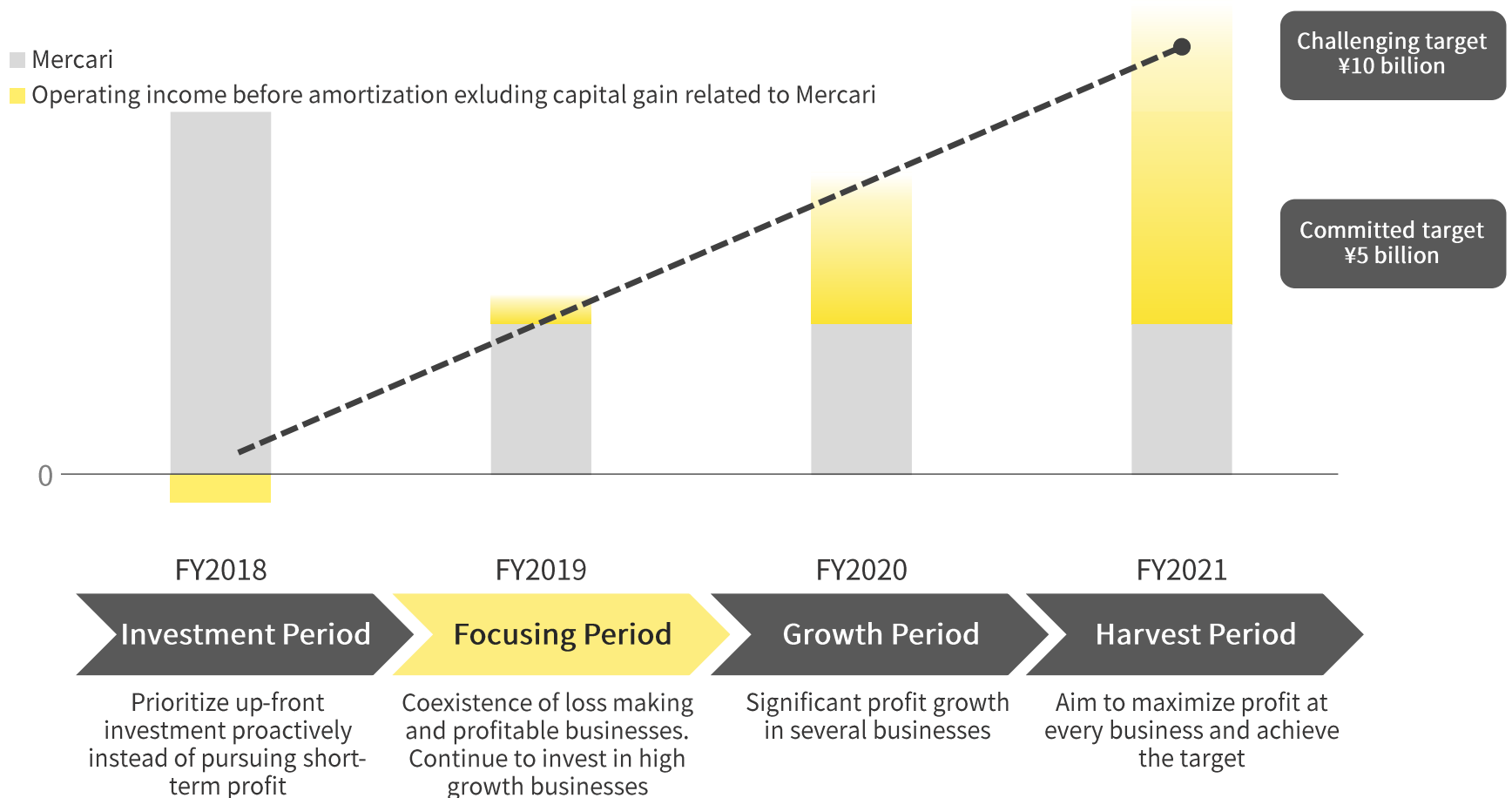
Committed target ¥5 billion

(Excluding capital gain related to Mercari)

# FY2019's Positioning Within Mid-term Management Plan

Toward achieving operating income target in FY2021, final year of mid-term management plan, FY2019 is considered as “focusing period”- continuing investment while judiciously assessing growth potential businesses

## Operating Income Trend (illustration)



<b>Overall Company Strategy</b>	<b>Continue to invest in high-growth potential businesses as “focusing period” toward achieving mid-term management plan</b>
<b>Ad Technology Segment</b>	<b>Aggressively invest management resources into high-growth app install ad area; aim for business expansion</b> <ul style="list-style-type: none"><li>• Strengthen new product development and sales force mainly in app install ad area, and expand overall value chain in Ad Technology Segment</li><li>• Maintain profitability focused operations in web ad area</li></ul>
<b>Game Segment</b>	<b>Maintain sales and profit of existing titles; develop new titles while carefully controlling risks</b> <ul style="list-style-type: none"><li>• Plan to release one new title in FY2019 with careful consideration of profitability</li><li>• Leveraging TriFort’s high technical capability, focus on contracted development</li></ul>
<b>Content Segment</b>	<b>Continue up-front investment with judiciously assessing growth potential</b> <ul style="list-style-type: none"><li>• KiRAMEX and Fogg: focus on further growth in existing core businesses and enhance related businesses</li><li>• ALAN•PRODUCTS and Smarprise: transform business model and develop new businesses</li></ul>
<b>Investment Segment</b>	<b>Expect sales and profit contribution led by capital gains from invested shares and invested fund as LP, whilst continuously executing new investment</b>

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# Consolidated Financial Highlights Q1 FY2019

Consolidated sales and operating income decreased by 61% and 86% YoY respectively  
 Consolidated sales excl. Investment Segment rose by 25% YoY but operating income excl.  
 Investment Segment decreased by ¥355 million YoY

(Unit: million yen)	FY2018 Q1		FY2019 Q1		YoY	
		Excl. Investment Segment		Excl. Investment Segment		Excl. Investment Segment
Sales	15,662	2,760	6,083	3,445	△ 61%	+25%
Gross Profit	13,462	656	3,020	505	△ 78%	△ 23%
SG&A expenses	1,112	1,098	1,326 ※2	1,302	+19%	+19%
Operating Income	12,349	△ 442	1,694	△ 797	△ 86%	△ 355
Non-operating income	3	3	4	4	+44%	+44%
Non-operating expenses	9	9	36	36	+291%	+291%
Ordinary Income	12,343	△ 448	1,662	△ 828	△ 87%	△ 380
Extraordinary profit	42	42	-	-	△ 100%	△ 100%
Extraordinary loss	236	236	159 ※3	159	△ 32%	△ 32%
Profit before income taxes	12,149	△ 642	1,503	△ 988	△ 88%	△ 346
Net Income attributable to owners of parents※1	8,317	-	764	N/A	△ 91%	N/A

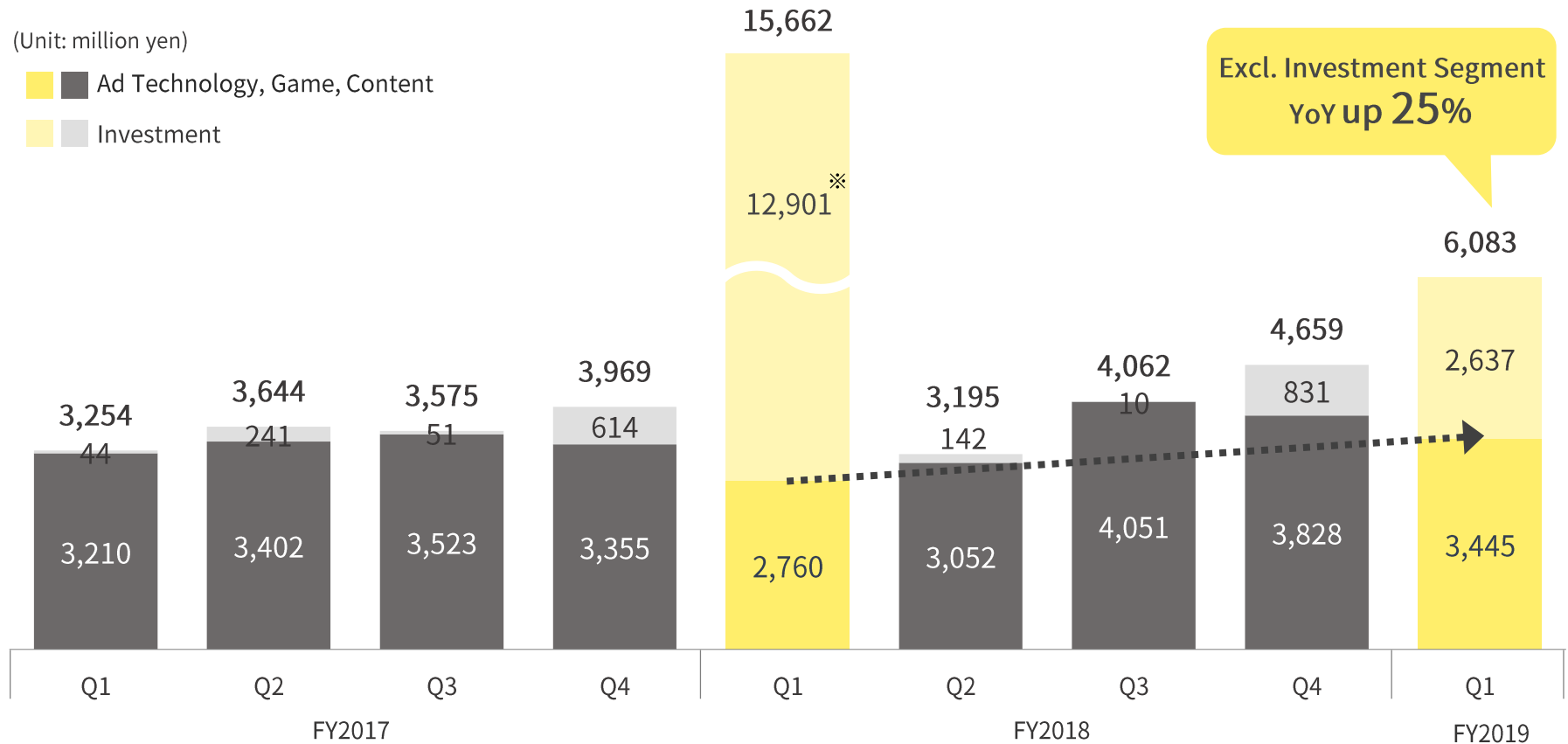
※1 Showing “quarterly profit attributable to owners of parent”

※2 Goodwill amortization increased by ¥191 million YoY

※3 Incl. ¥147 million of TriFort’s impairment loss on software and payment contribution related to contract cancellation

# Consolidated Sales - Quarterly Trend

Sales excl. Investment Segment increased by 25% YoY, due to growing app install ad in Ad Technology Segment, M&A in Game Segment, and main businesses' growth in Content Segment

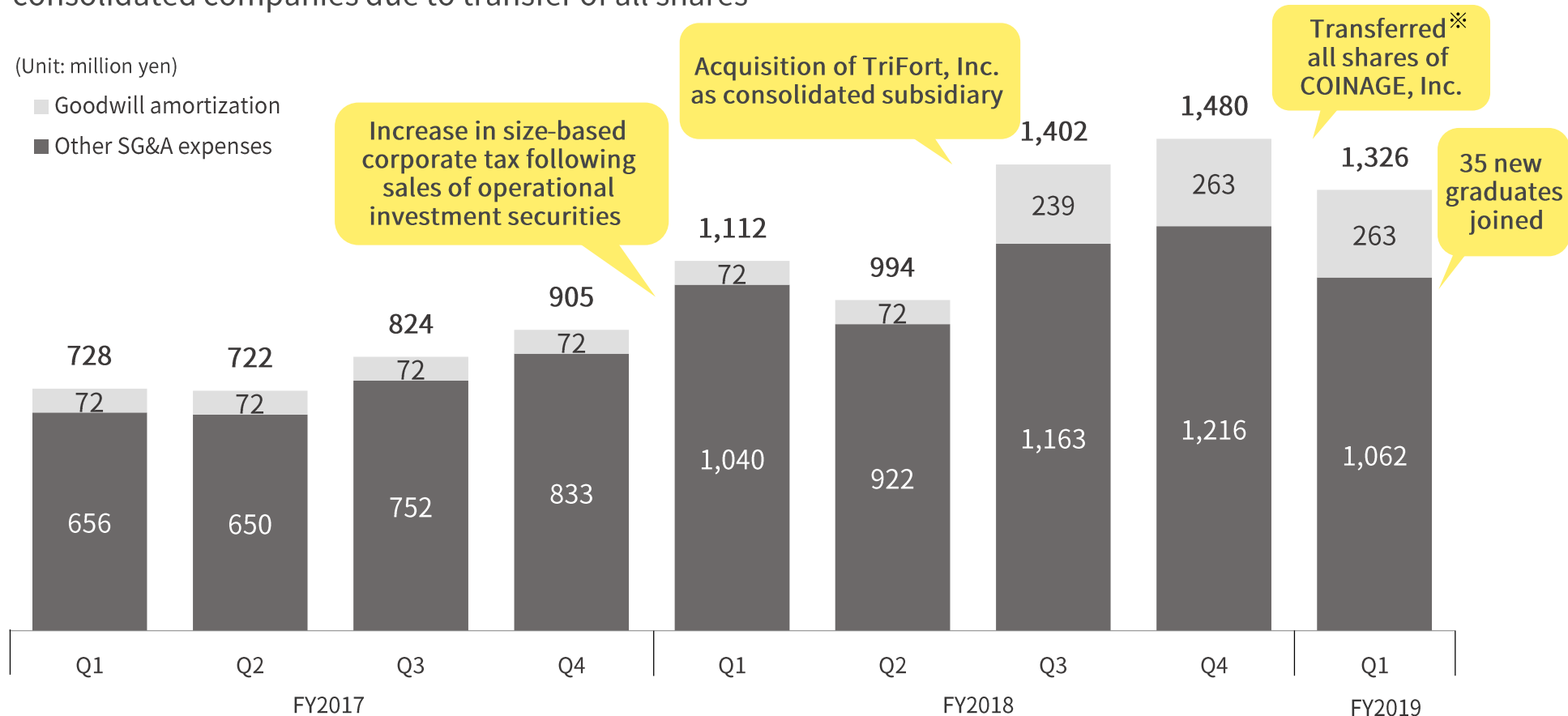


\* Impact on sales from sales of Mercari shares related to its IPO: ¥12,802 million

# Consolidated SG&A Expenses - Quarterly Trend

Up 19% YoY mainly due to increase in goodwill amortization

Other SG&A expenses had increased since Q3 FY2018 due to acquisition of TriFort, Inc. as consolidated subsidiary. However, levelled at similar level at Q1 FY2018 since COINAGE, Inc. was excluded from consolidated companies due to transfer of all shares



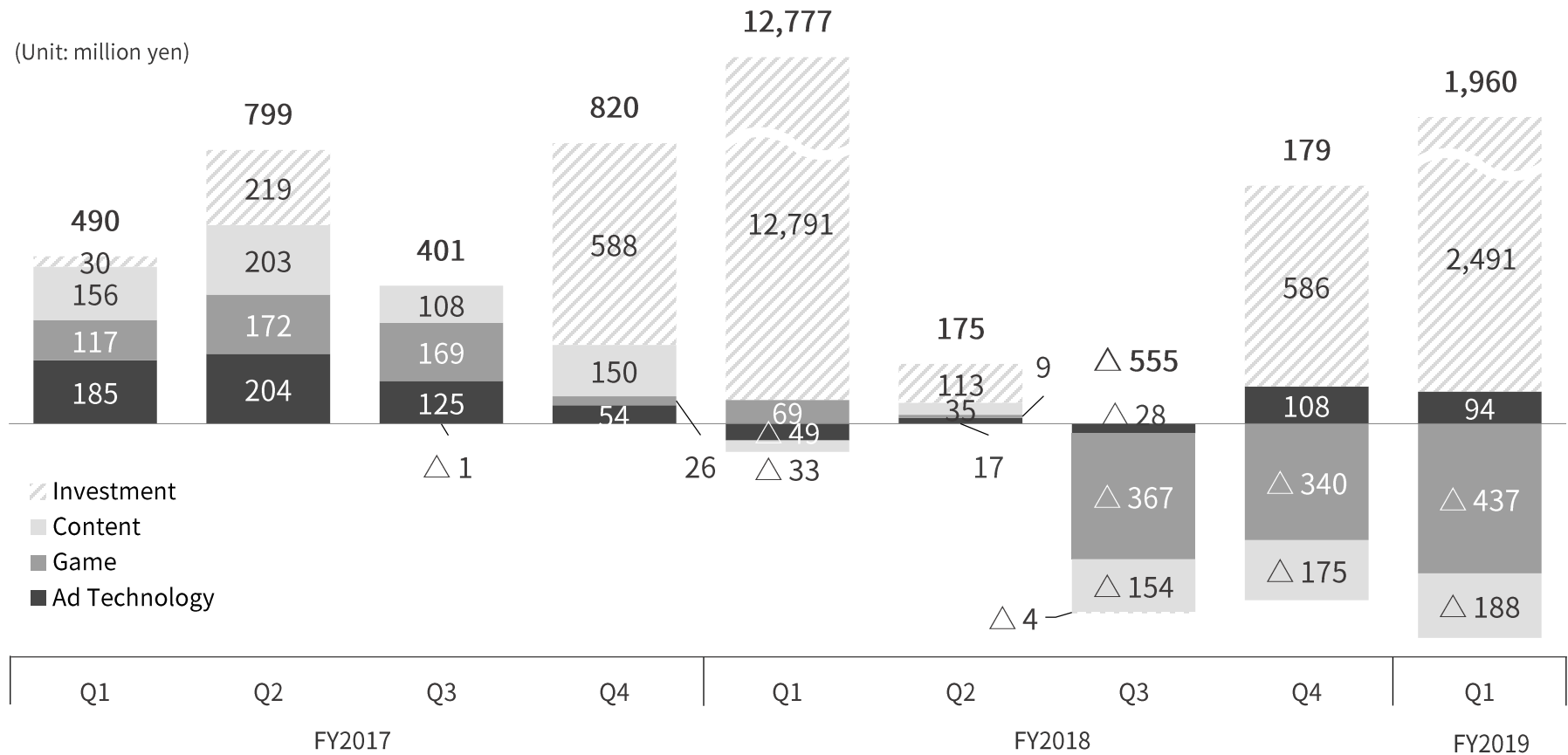
※COINAGE, Inc.: Set up in October 2017, as a company preparing for entry into virtual currency transaction related business  
In April 2019, we decided to stop preparation for entering this business and transferred all shares of the company

# Operating Income by Segment - Quarterly Trend

Ad Technology Segment: Operating income increased ¥114 million YoY to ¥94 million

Game Segment: Operating loss as impact from weak performance of new game titles continued

Content Segment: Continue up-front investment till H1 FY2019



Note: Figures exclude HQ expenses and COINAGE's operating income (up to FY2018)

# Consolidated Balance Sheet for End of Q1 FY2019

(Unit: million yen)	End of FY2018 (Mar. 31, 2019)	End of Q1 FY2019 (Jun. 30, 2019)	Difference
<b>Current Assets</b>	51,204	39,682	△ 11,521
Cash & Deposits	8,822	5,607	△ 3,215 ※1
Operating Investment Securities	39,190	31,501	△ 7,689 ※2
<b>Non Current Assets</b>	6,026	5,582	△ 444
Amortization of Goodwill	4,125	3,861	△ 263
<b>Total Assets</b>	57,230	45,264	△ 11,965
<b>Current Liabilities</b>	6,595	2,783	△ 3,812
<b>Non Current Liabilities</b>	10,533	8,739	△ 1,794
Deferred Tax Liabilities	10,198	8,248	△ 1,949 ※2
<b>Total Liabilities</b>	17,129	11,522	△ 5,606
<b>Net Assets</b>	40,100	33,741	△ 6,358
Unrealized Gain on Securities	24,501	19,085	△ 5,416 ※2

※1 QoQ difference breakdown: income taxes paid down ¥3,949 million, part of share repurchases down ¥1,000 million, dividends paid down ¥695 million, excluding COINAGE from consolidated companies down ¥393 million, and sales of operational investment securities in March and April 2019 up ¥3,298 million

※2 Impact from market valuation and sales of operational investment securities: operational investment securities down ¥7,870 million, deferred tax liability down ¥2,405 million, and valuation difference on available-for-sale securities down ¥5,449 million

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# Segment Highlights Q1 FY2019

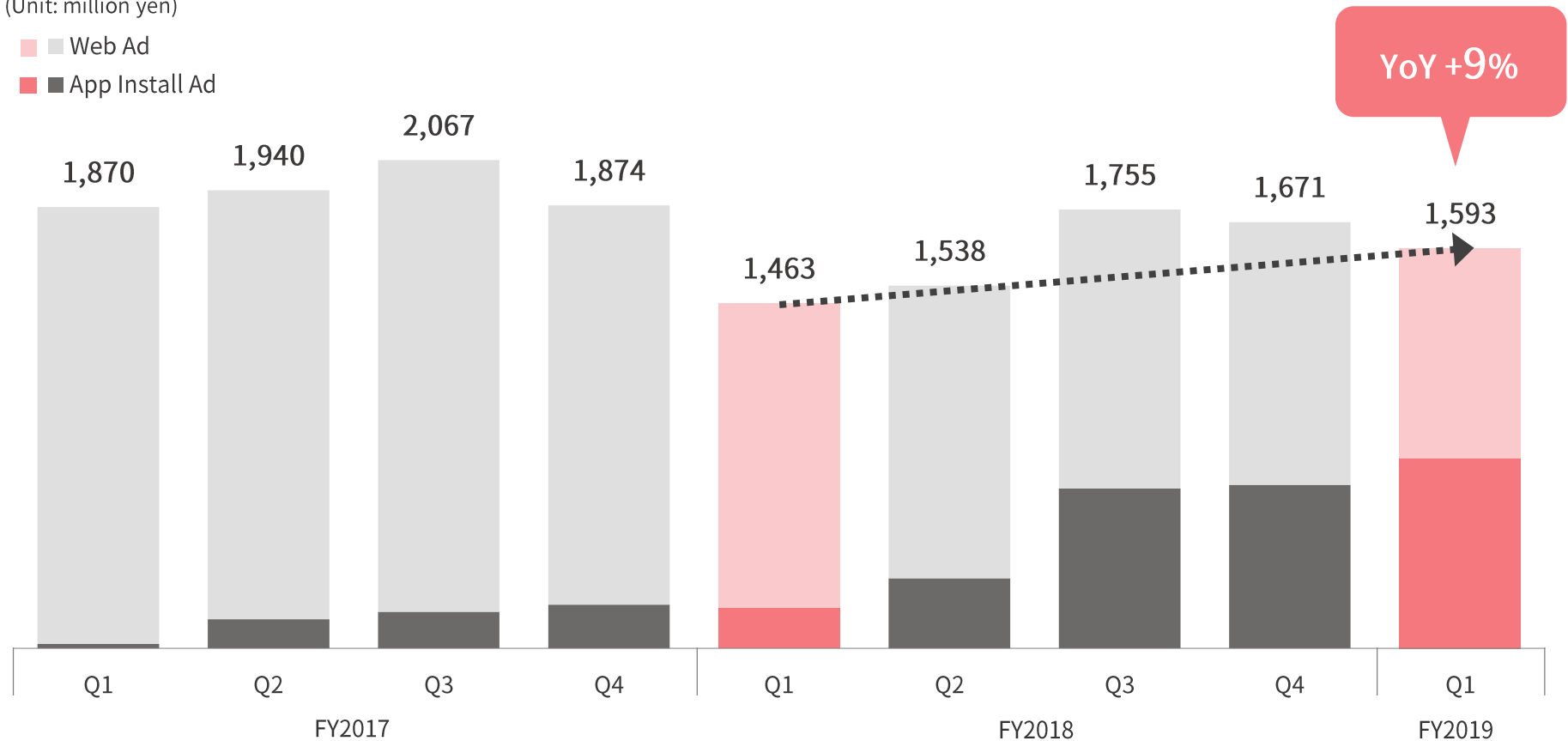
<b>Ad Technology Segment</b>	<p><b>With growing app install ad area, sales increased and operating income returned to profitability</b></p> <p>Sales : 1,593 million yen (YoY +9%)            Operating Income : 94 million yen (YoY +144 million yen)</p>
<b>Game Segment</b>	<p><b>Sales rose led by acquisition of TriFort, Inc. as consolidated subsidiary, however operating income decreased due to weak performance of new game titles</b></p> <p>Sales : 579 million yen (YoY +48%)            Operating Income : △437 million yen (YoY △507 million yen)</p>
<b>Content Segment</b>	<p><b>Increase in sales but decrease in operating income due to the mixed profitability results of main businesses in each company</b></p> <p>Sales : 1,301 million yen (YoY +43%)            Operating Income : △188 million yen (YoY △154 million yen)</p>
<b>Investment Segment</b>	<p><b>Sold invested companies' shares in operational investment securities in April 2019</b></p> <p>Sales : 2,637 million yen (YoY △80%)            Operating Income : 2,491 million yen (YoY △81%)</p>

## Ad Technology Segment: Quarterly Sales Trend

Sales up 9% YoY, led by growing new products such as “ADeals” launched in FY2018 and strengthening sales force in app install ad area

(Unit: million yen)

■ Web Ad  
■ App Install Ad





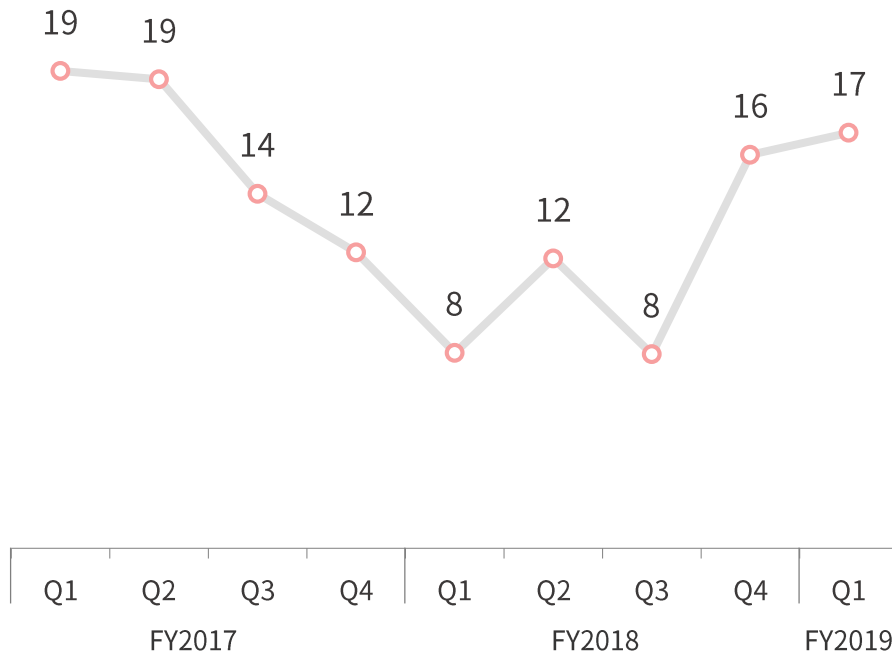
# Ad Technology Segment: Quarterly Gross Margin and Operating Income Trend

Gross margin maintained at similar level of Q4 FY2018, with continuing profitability improvement measures mainly in web ad area

Operating income up by ¥144 million YoY due to sales increase in app install ad area and gross margin improvement

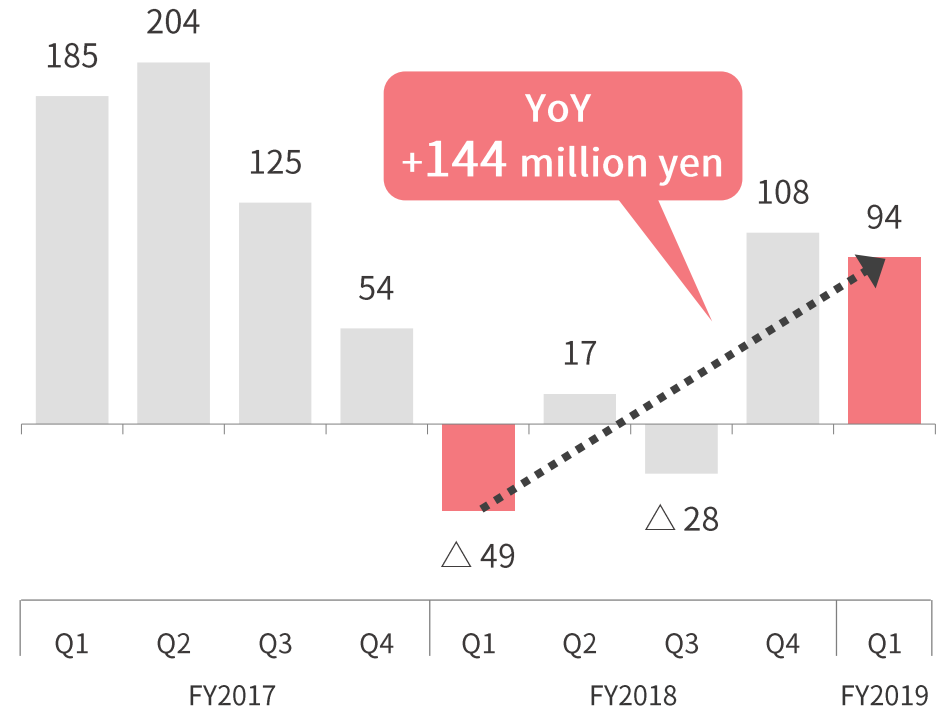
## Quarterly Gross Margin Trend

(Unit: %)



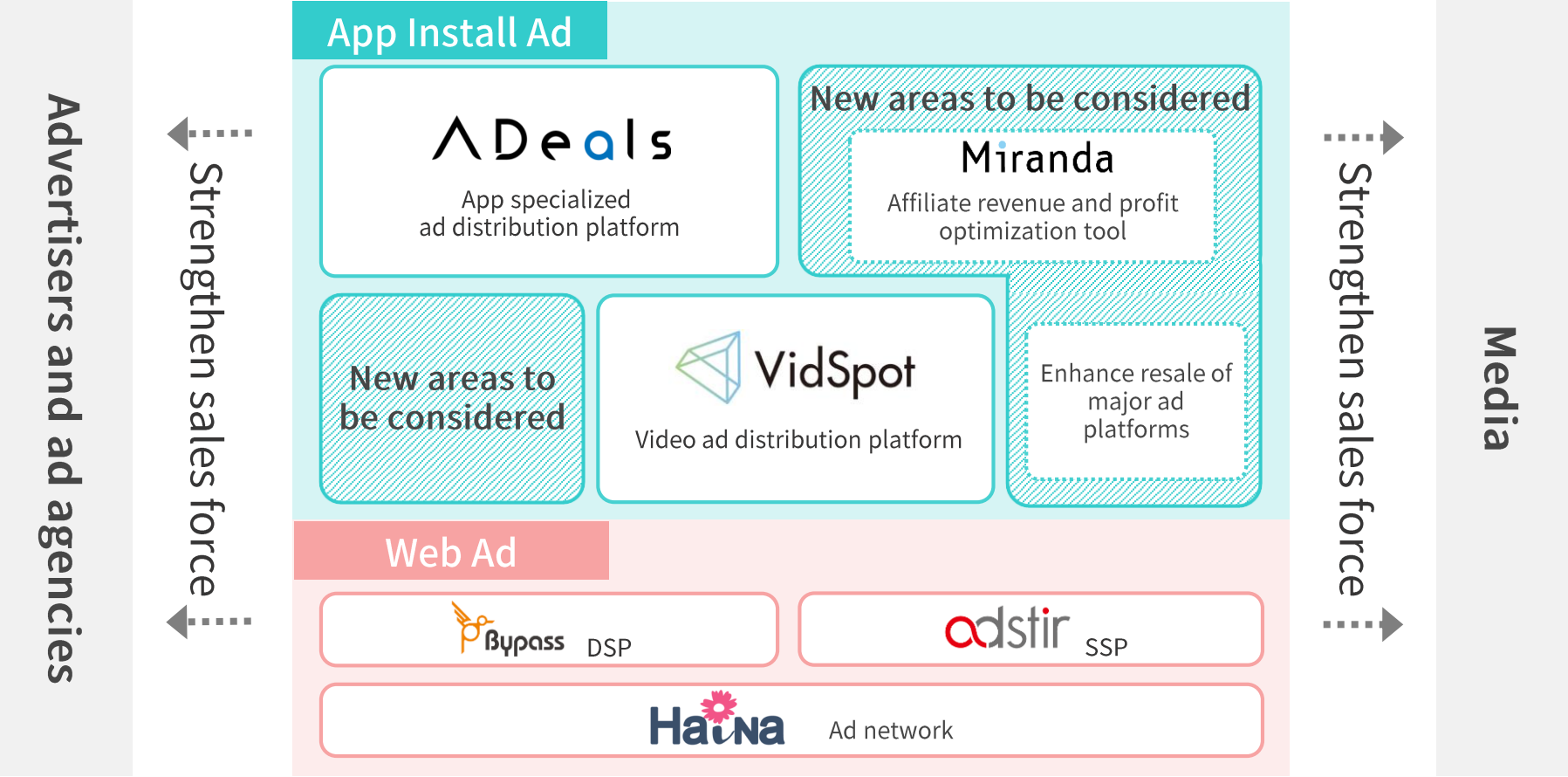
## Quarterly Operating Income Trend


(Unit: million yen)



# Ad Technology Segment: Strategy FY2019

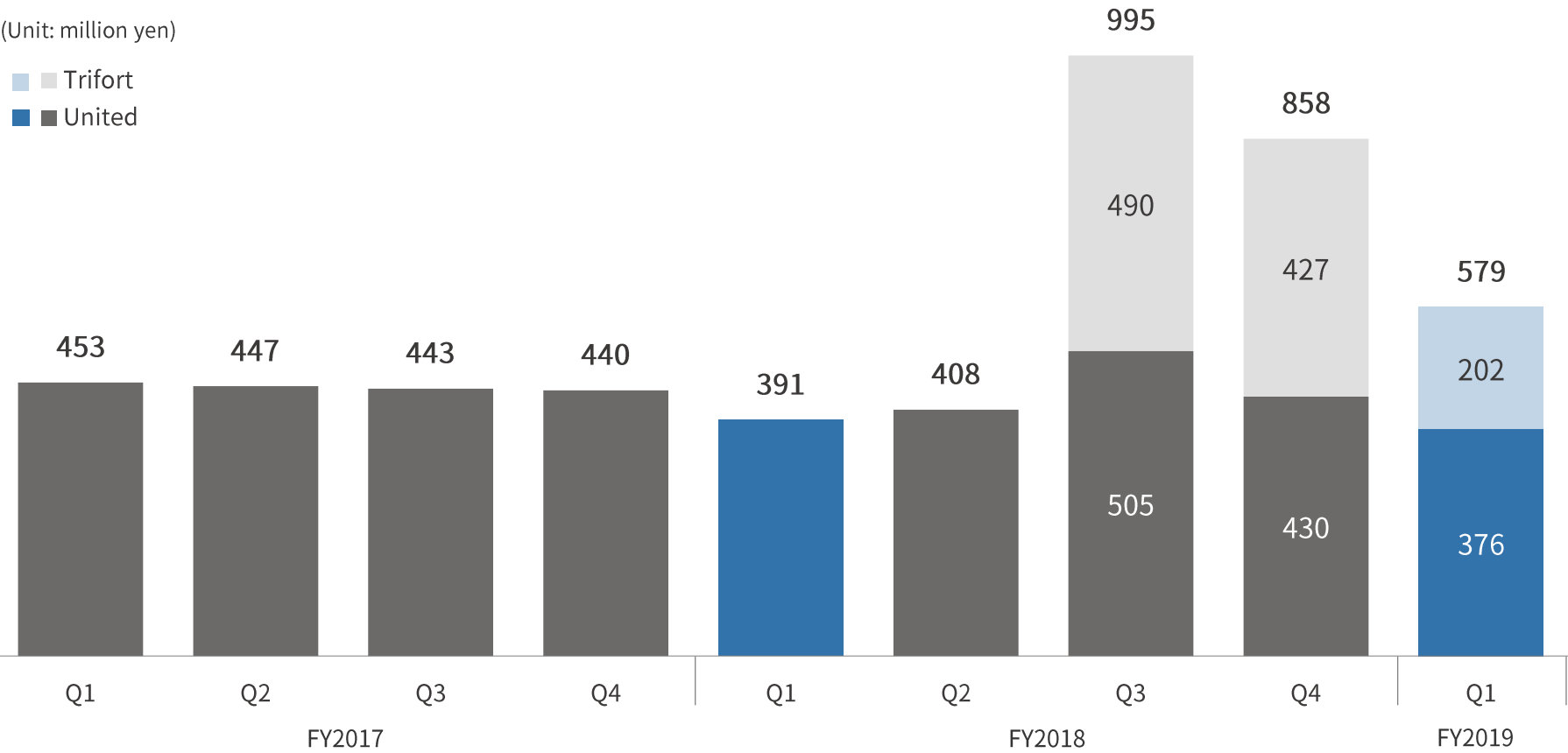
Aim to expand sales and profit by concentrating on new product development aligned with market environment, mainly in app install ad area, and by extending value chain of overall Ad Technology Segment



 Preparing new services planned for release FY2019 onward

# Game Segment: Sales Trends

Sales up 48% YoY driven by acquisition of TriFort, Inc. as consolidated subsidiary  
Down 33% QoQ with weak performance of new game titles\* released in H2 FY2018

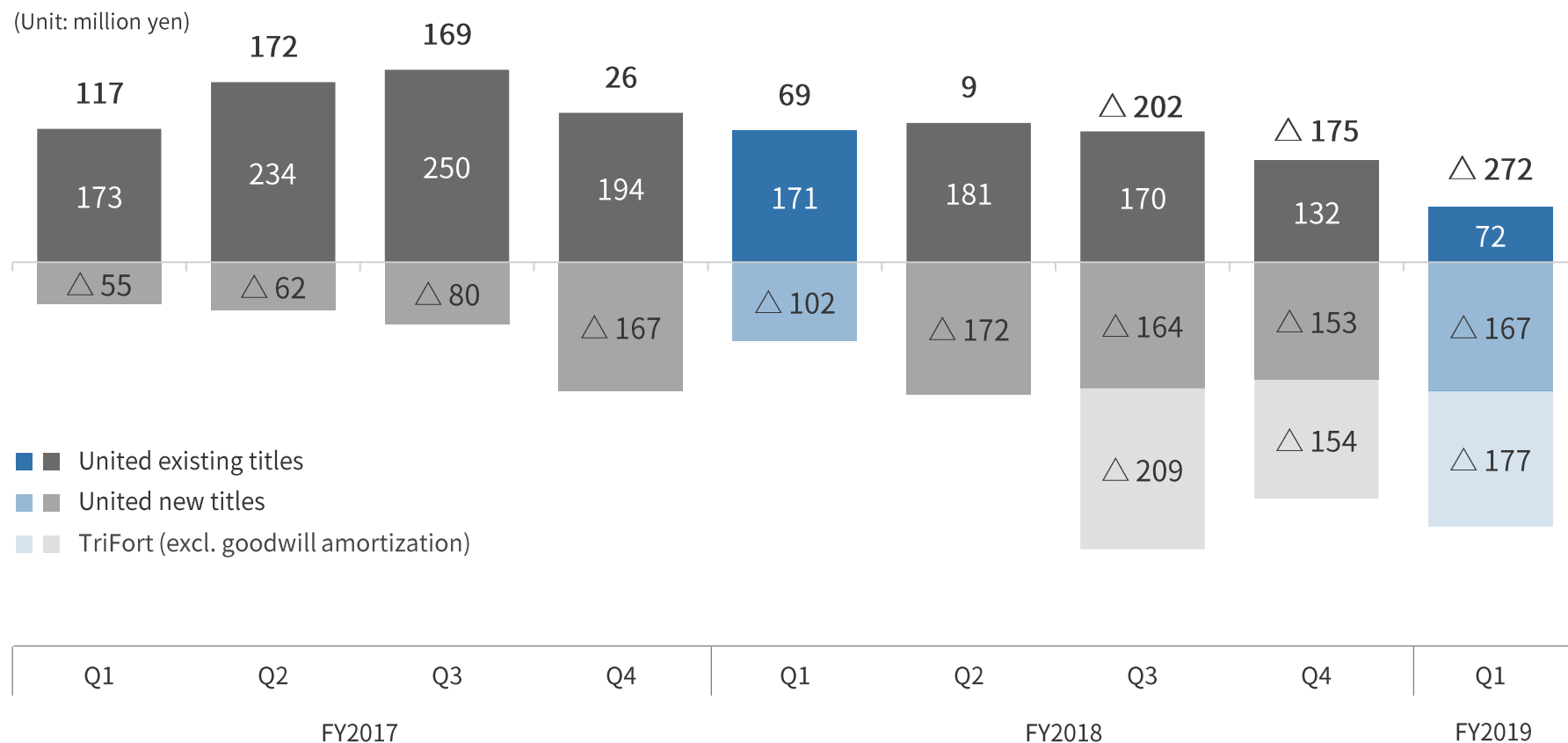


※New game titles: titles released H2 FY2018 onward by UNITED and TriFort

# Game Segment: Operating Income (excl. goodwill amortization) Quarterly Trend

Down ¥342 million YoY with continuous impact from weak performance of new game titles released in H2 FY2018

Business strategy already amended and the deficit expected to narrow Q2 FY2019 onward



Note: TriFort's Q1 FY2019 goodwill amortization was ¥164 million

## Game Segment: Strategy FY2019

Shift to an operational and development structure that minimizes risks

### United

- Optimize Tokyo Conception operating costs
- Plan to release one new title in 2019 carefully selected from development pipeline
- Maintain profitability of existing titles

### Trifort

- Focus on contracted development by leveraging TriFort's high game development capability



**Expect to narrow the deficit Q2 FY2019 onward**

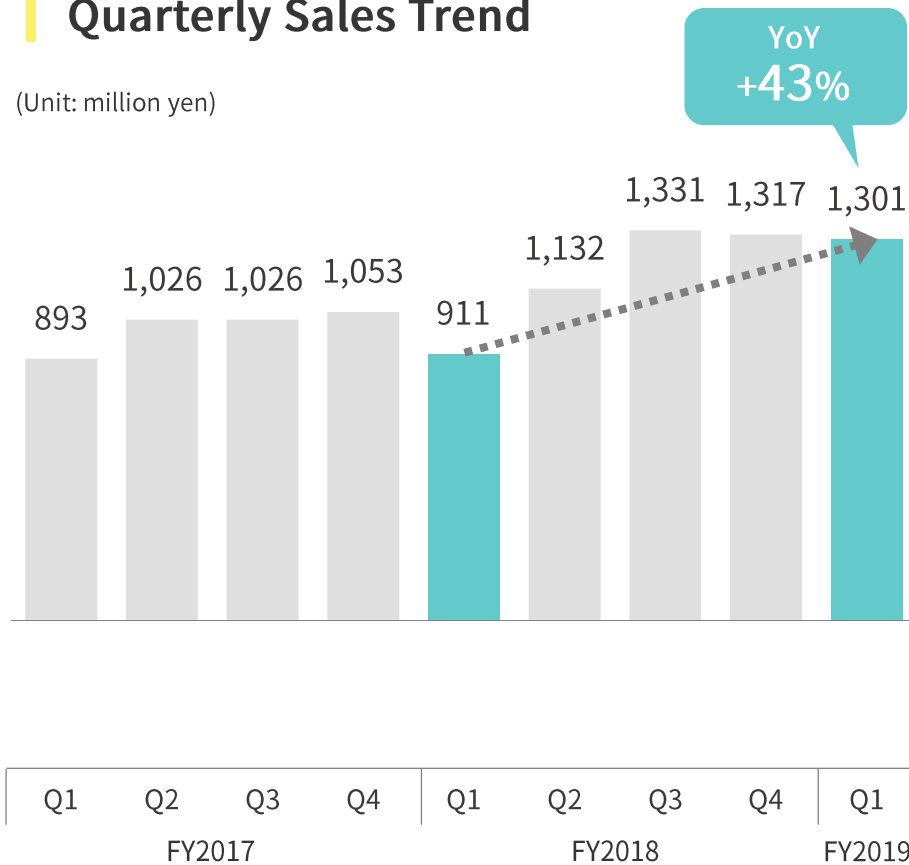
# Content segment: Sales and Operating Income (excl. goodwill amortization) Quarterly Trend

Continue up-front investment till H1 FY2019

From H2 FY2019, accelerate focus on core competence and plan to improve profitability

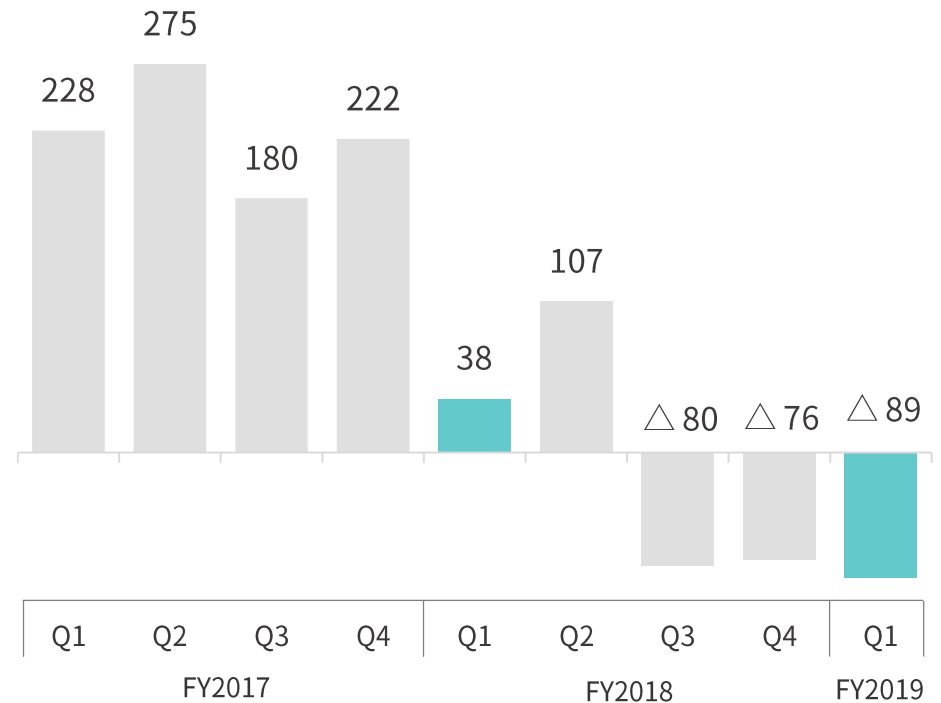
## Quarterly Sales Trend

(Unit: million yen)



## Operating Income (excl. goodwill amortization) Quarterly Trend

(Unit: million yen)



Note: Content Segment's Q1 FY2019 goodwill amortization was ¥98 million

# Content Segment: Major Subsidiaries' Overview and Strategies

## Overview

## Strategies

KIRAMEX (KIRAMEX)



Operates “TechAcademy,”  
e-learning for programming

In addition to “TechAcademy,”  
deploy related services  
extensively, such as  
programming classes for  
teenagers, IT training for  
corporations etc.

Fogg (Fogg)



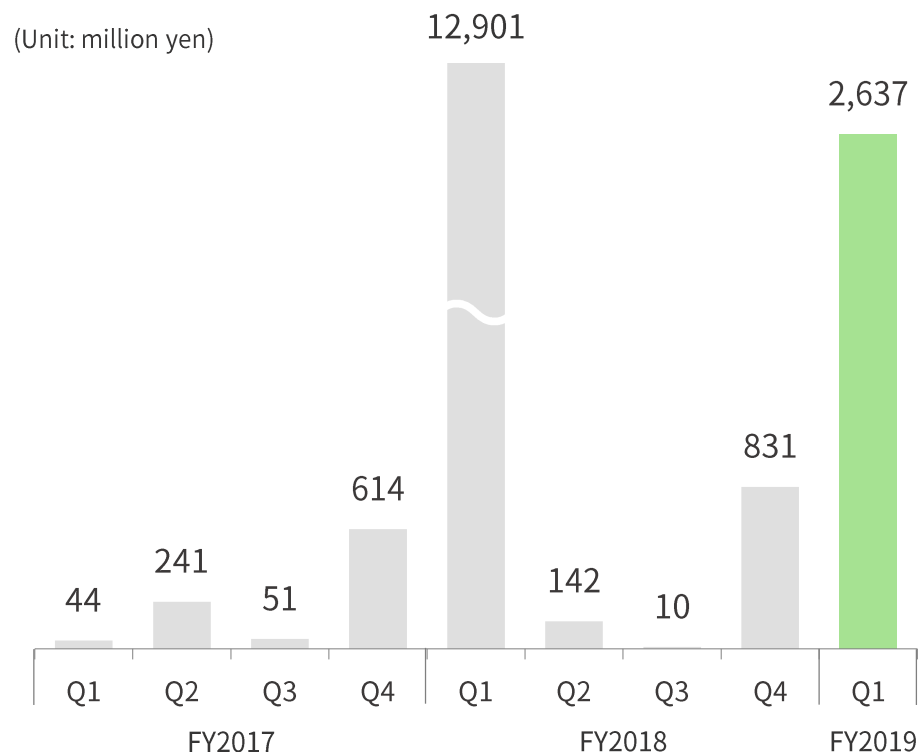
Operates “CHEERZ,”  
a fan community service for  
cheering female idols & artists

Aim to become a fan  
community’s platformer by  
developing various services  
related to “CHEERZ”

# Investment Segment: Sales Trend and Breakdown of Operational Investment Securities

Q1 sales ¥2,637 million led by sales of invested companies' shares in operational investment securities  
Operational investment securities as at end of Q1 FY2019: ¥31,501 million ※1,2

## Quarterly Sales Trend



## Breakdown of Operational Investment Securities

	Invested Companies	As at Jun. 2019 (amount on BS)
Listed shares	Mercari, inc. SOCIALWIRE Co., LTD.	Approx. ¥27.4 Bn
Private shares	More than 50 companies	Approx. ¥2.3 Bn
Invested funds as LP	More than 25 funds	Approx. ¥1.8 Bn

※1 Operational investment securities related to Mercari: ¥27,065 million (% of voting rights held: 6.3%). As at Jun. 30, 2019.

※2 Private shares and listed shares valued at book value and at market value respectively
























# Investment Segment: Investment Portfolio






Expect sales and profit contribution from existing investment

Proactively explore new investment targets with sales and profit contribution potential during current mid-term management plan

## Major Directly Invested Start-ups

Post IPO	Seed ~ Early
 	  
 	   
 	 
 	 
	  Entertainment Startup

## Major Invested Funds as LP



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## Consolidated Financial Forecast FY2019





As judiciously assessing high-growth businesses during H1 FY2019, no FY2019 financial forecast is disclosed at this point. Our outlook for FY2019 is:

Sales	Planning increase in sales (excl. Investment Segment) YoY
Operating Income	Aiming for ¥5,000 million +



FY2019 forecast will be disclosed once we are able to rationally produce a forecast

## Outlook by Segment FY2019

	<b>Ad Technology Segment</b>	<b>Expand sales mainly led by app install ad area and continue profitability improvement measures</b> <b>Aim for increase in sales and operating income YoY</b>
	<b>Game Segment</b>	<b>Plan to narrow the deficit from Q2 FY2019 onward</b> <b>One new title to be released</b>
	<b>Content Segment</b>	<b>Plan to improve profitability from H2 FY2019</b> <ul style="list-style-type: none"><li>• KiRAMEX and Fogg: grow mainly in existing core businesses</li><li>• ALAN•PRODUCTS and Smarprise: transform business model by around end of H1 FY2019 and continuously develop new businesses</li></ul>
	<b>Investment Segment</b>	<b>Plan sales of Mercari shares, targeting ¥5,000 million capital gain</b> <b>Expect sales and profit contribution from other capital gains</b>

# Agenda

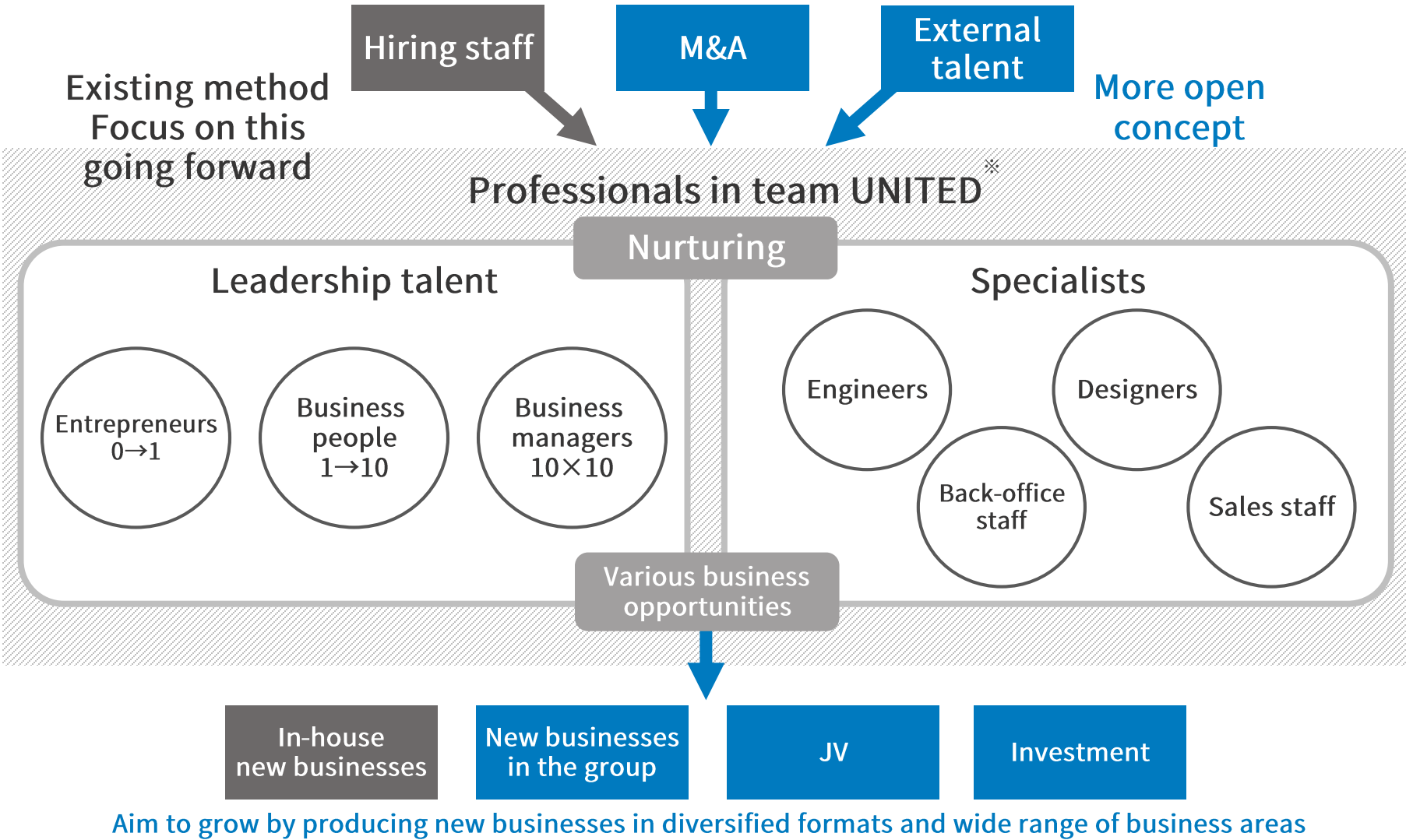
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# About UNITED Empowerment Platform (UEP)

Source: Mid-term management plan

Gather talented people and allow them to grow

Successfully produce new businesses and grow them



**Major strategic priorities:**

**Active M&A**

**Enhance new business creation**

**Accelerate growth of existing businesses**

During the current mid term management plan, thoroughly invest in the aforementioned priorities under UNITED2.0 slogan and achieve a new trajectory of growth

# Consolidated P/L Statement Q1 FY2019

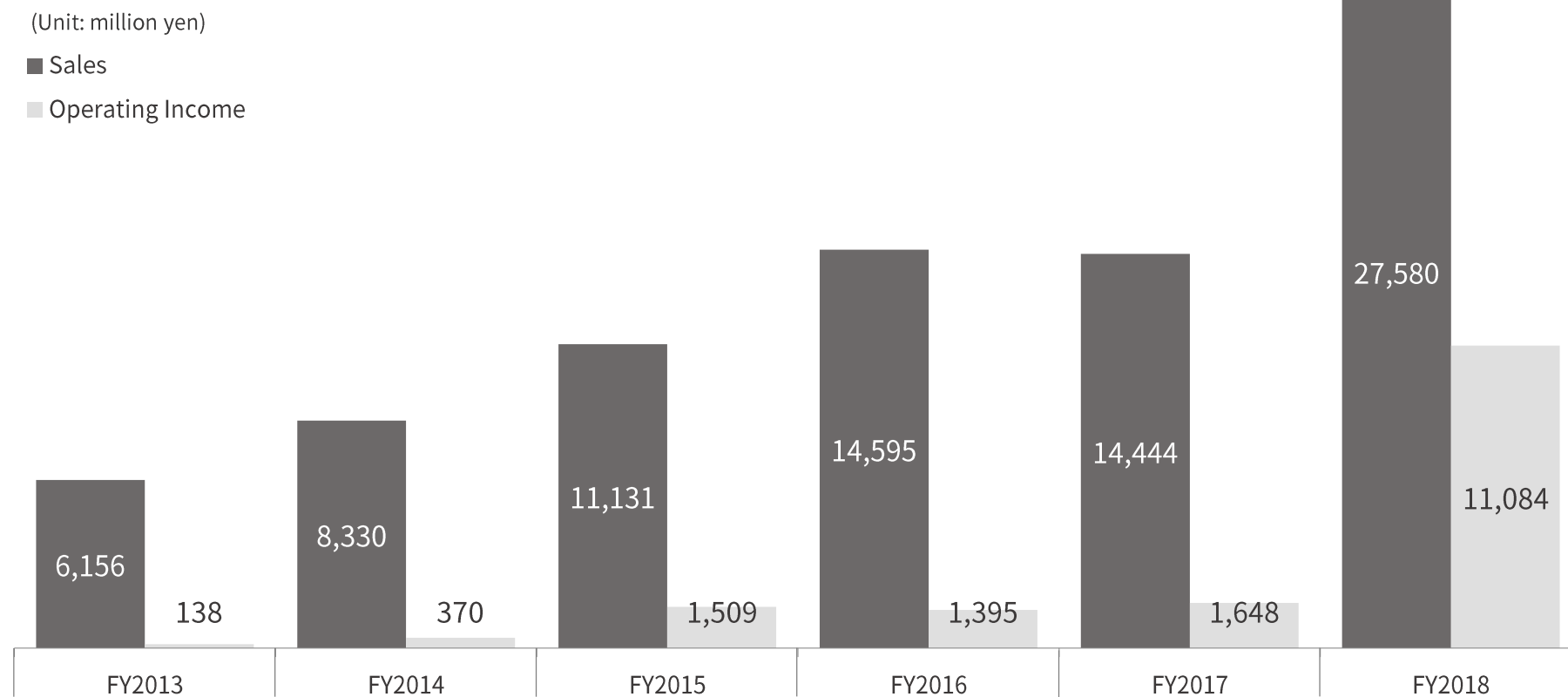
(Unit: million yen)	FY2018 Q1	FY2018 Q4	FY2019 Q1	Difference	
				QoQ	YoY
Sales	15,662	4,659	6,083	△ 61%	+31%
Ad Technology Business	1,463	1,671	1,593	+9%	△ 5%
Game Business	391	858	579	+48%	△ 33%
Content Business	911	1,317	1,301	+43%	△ 1%
Investment Business	12,901	831	2,637	△ 80%	+217%
Other Business※1	△ 5	△ 19	△ 28	△ 22	△ 8
Gross Profit	13,462	1,299	3,020	△ 78%	+132%
Ad Technology Business	115	266	268	+131%	+1%
Game Business	154	21	△ 84	△ 239	△ 106
Content Business	388	308	316	△ 19%	+3%
Investment Business	12,806	712	2,515	△ 80%	+253%
Other Business※1	△ 2	△ 9	4	+7	+13
SG&A expenses	1,112	1,480	1,326	+19%	△ 10%
Operating Income	12,349	△ 180	1,694	△ 86%	+1,874
Ad Technology Business	△ 49	108	94	+144	△ 13%
Game Business	69	△ 340	△ 437	△ 507	△ 96
Content Business	△ 33	△ 175	△ 188	△ 154	△ 12
Investment Business	12,791	586	2,491	△ 81%	+325%
Other Business※1	△ 428	△ 359	△ 266	+161	+92
Ordinary Income	12,343	△ 180	1,662	△ 87%	+1,843
Net Income attributable to owners of parents※2	8,317	△ 308	764	△ 91%	+1,072

※1 Incl. HQ expenses. Until FY2018 COINAGE, Inc. was included






※2 Showing “quarterly profit attributable to owners of parent”



# Consolidated Sales and Operating Income Trends



# Ad Technology Segment: Product Overview

	Products	Overview
App Install Ad		Comprehensive management platform for optimizing ROI of app install ads
		Mobile video ad distribution platform supporting various video ad formats
Web Ad		DSP specializing smartphones
		SSP specializing smartphones
		Ad network optimizing ad effectiveness

# Number of Consolidated Employees and Directors

(Unit: Numbers employed)

