

Third Quarter, Fiscal Year Ending March 2014 Consolidated Financial Results

UNITED, Inc.
(TSE Mothers, Code: 2497)

February 4, 2013

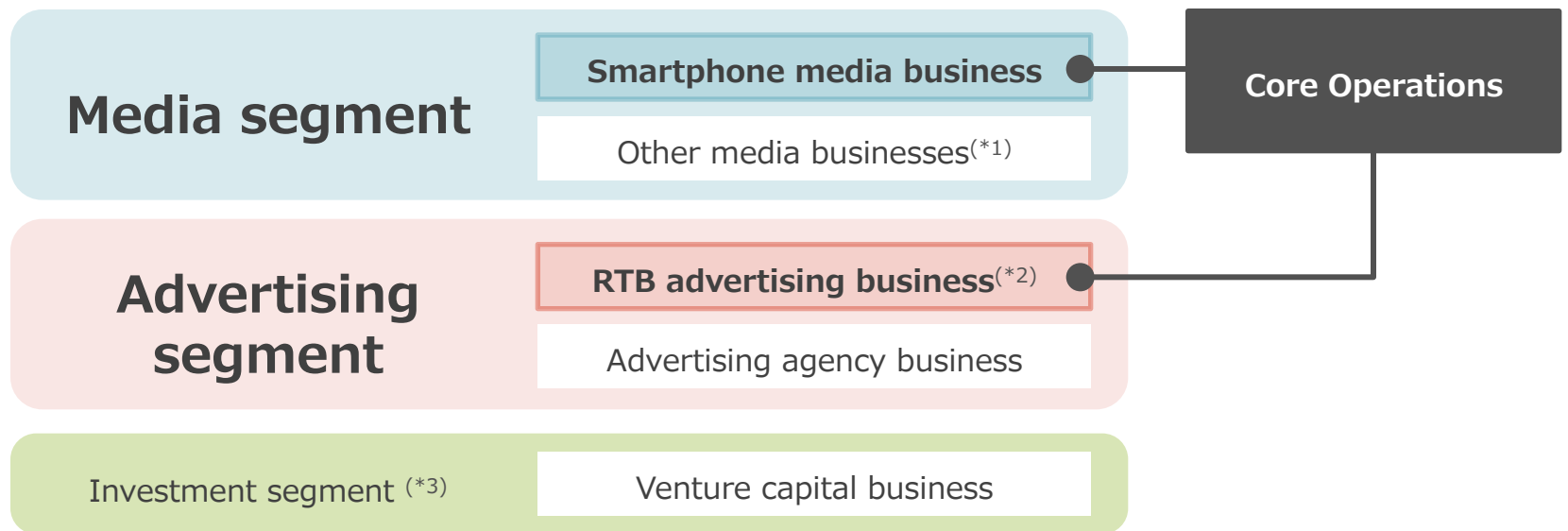
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- 1 Quarterly Consolidated Financial Results and Outlook for the Full Fiscal Year**
- 2 Reference Material**

1 Quarterly Consolidated Financial Results and Outlook for the Full Fiscal Year

Our Core Operations

We are putting effort into the **smartphone media operations and RTB advertising operations** expected to see market growth in the future, actively investing in these operations to achieve business growth.



*1 Email advertising, internet research, sports marketing

*2 RTB (real-time bidding) refers to a mechanism for conducting advertising transactions based on real-time auction.

3Q (October-December) Results Highlights

Overall

3Q Results

- **3Q cumulative (April-December) operating profit has turned around ahead of schedule. We planed it in 4Q.**
(Operating profit/loss: 2Q cumulative (April-September): -38 million yen → 3Q cumulative: 6 million yen)
- Continuing on after a profitable 2Q, the 3Q (October-December) operating profit remained in the black (44 million yen).

Core Businesses

Smartphone Media Business

- Sales decreased by 5% over the previous quarter.
- CocoPPa worldwide downloads reached **18 million** on December 15, 2013 (*1). As new revenue streams, we have started selling premium content, handling tie-up advertising and supplying Sugotoku Content®(*2).

RTB Advertising Business

- Sales increased by 4% over the previous quarter.
- The 3Q cumulative (April-December) sales from the in-house advertising platform (*3) grew by 176% year-on-year.

*1: **20 million downloads** were reached on January 26, 2014.

*2: This is a service provided by NTT DoCoMo Inc. where a select basket of roughly 100 types of content including news, weather, games, horoscopes, etc. can be used unlimited at a monthly price of ¥399 (tax included). "Sugotoku Content®" is a registered trademark of NTT DoCoMo Inc.

*3: In-house advertising platform = in-house DSP ("Bypass") and in-house SSP ("AdStir")

3Q Cumulative (April-December) Consolidated P/L Statement (Year-on-Year)

3Q cumulative operating profit went into the black (6 million yen). The expansion of the media segment due to mergers contributed.

(million yen)

	3Q Cumulative, FY ending March 2014	3Q Cumulative, FY ending March 2013	Year-on-Year Change (%)
Sales	4,339	2,802	+55%
Media segment	2,180	14	+14,997%
Advertising segment	2,047	1,898	+8%
Investment segment	145	889	△84%
Inter-segment elimination	△33	0	-
Total profit from sales	1,180	957	+23%
Media segment	679	10	+6,375%
Advertising segment	411	255	+61%
Investment segment	89	691	△87%
Operating profit	6	△52	-
Media segment	143	△67	-
Advertising segment	△43	△200	-
Investment segment	67	437	△85%
Head office expenses	△160	△222	-
Recurring profit	18	△39	-
Quarterly net profit	△21	△212	-

• The numbers for 3Q of FY ending March 2013 are the profit/losses of MotionBeat Inc. prior to the merger and do not include the profit/losses of SPiRE Inc.

3Q (October-December) Consolidated P/L Statement (Compared to Previous Quarter)

Revenue increased in both the media and advertising segments. Total profit from sales decreased due to increased costs in both segments targeting growth in 4Q and thereafter.

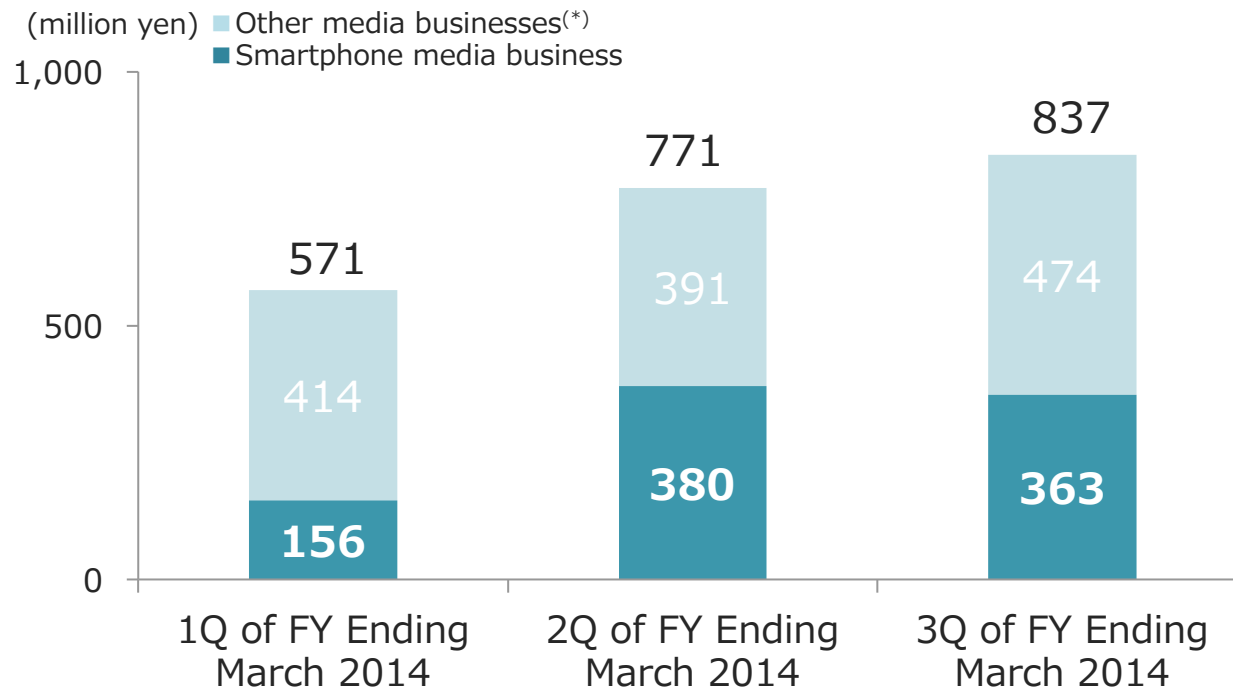
(million yen)

	3Q of FY ending March 2014	2Q of FY ending March 2014	Quarter-on-Quarter Change (%)
Sales	1,615	1,565	+3%
Media segment	837	771	+9%
Advertising segment	749	716	+5%
Investment segment	40	93	△57%
Inter-segment elimination	△12	△16	-
Total profit from sales	432	459	△6%
Media segment	253	259	△2%
Advertising segment	143	150	△5%
Investment segment	35	50	△29%
Operating profit	44	70	△37%
Media segment	61	81	△25%
Advertising segment	△2	1	-
Investment segment	28	42	△34%
Head office expenses	△41	△55	-
Recurring profit	43	71	△38%
Quarterly net profit	24	52	△53%

Media Segment: Trend in Sales by Quarter

Sales in the smartphone business decreased by 5% over the previous quarter. This was due to the effects of programs to diversify “CocoPPa” revenue (see page 18) and reduced revenue from “apps for the career market.” Overall sales for the media segment increased due to strength in email advertising and sports marketing.

Sales in the media segment: trend by quarter

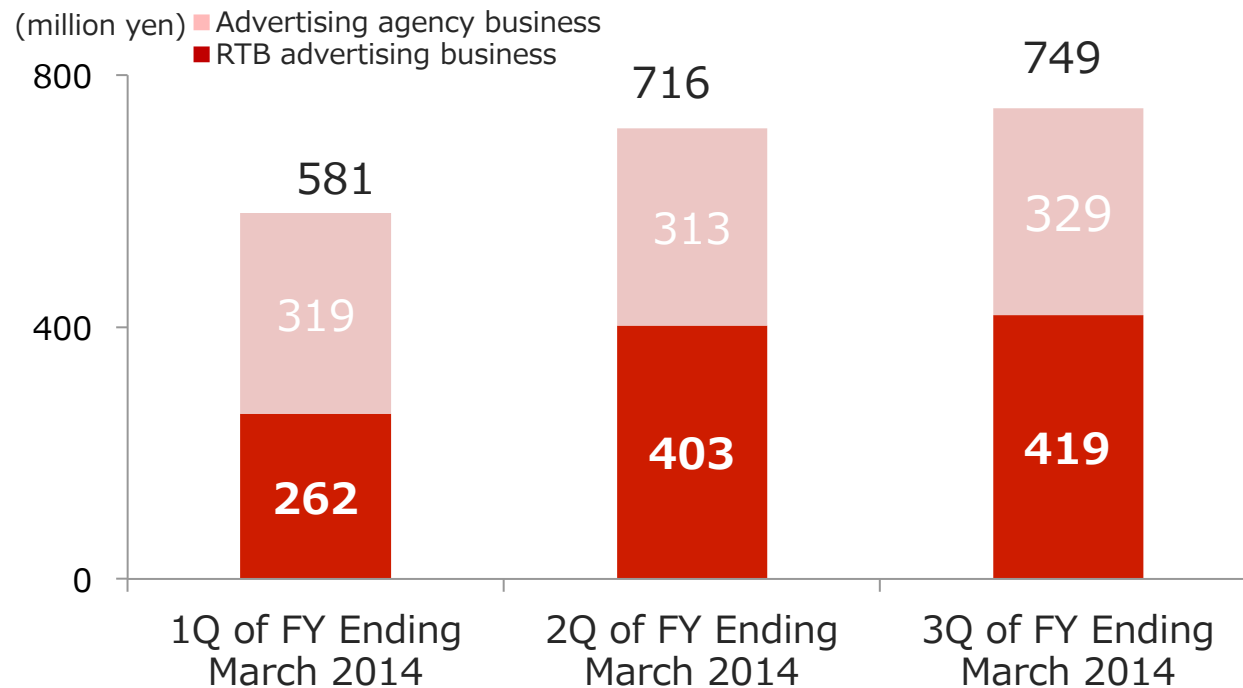


* Other media businesses: email advertising, internet research, sports marketing

Advertising Segment: Trend in Sales by Quarter

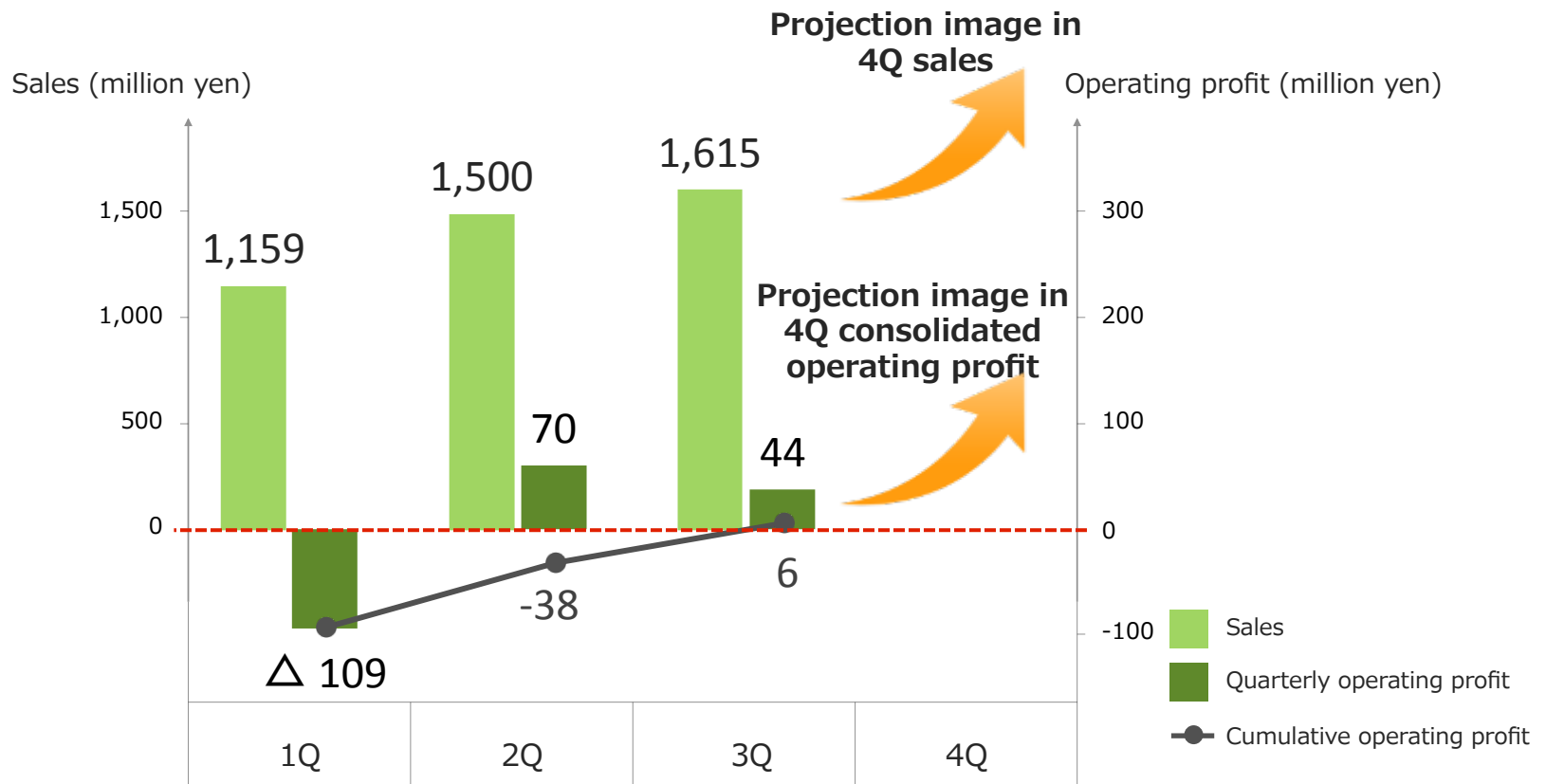
RTB advertising business sales increased by 4% over the previous quarter. Sales from the in-house advertising platform continued their growth trend.

Sales in the advertising segment: trend by quarter



Full-Year Projections for FY Ending March 2014


Following a profitable 2Q, operating profit/loss for 3Q was also in the black, **with the 3Q cumulative operating profit/loss going into the black** (6 million yen). With expanding results in 4Q also, **we plan to bring the full-year operating profit/loss into the black.**





Smartphone Media Business

The smartphone media business comprises the following three elements.



“CocoPPa”
 The Smartphone Decoration Community App Reached 18 million downloads^(*)
 * As of December 15, 2013
20 million downloads were reached on January 26, 2014.

“Apps for the Career Market”
 8 in-house apps provided for the au Smart Pass

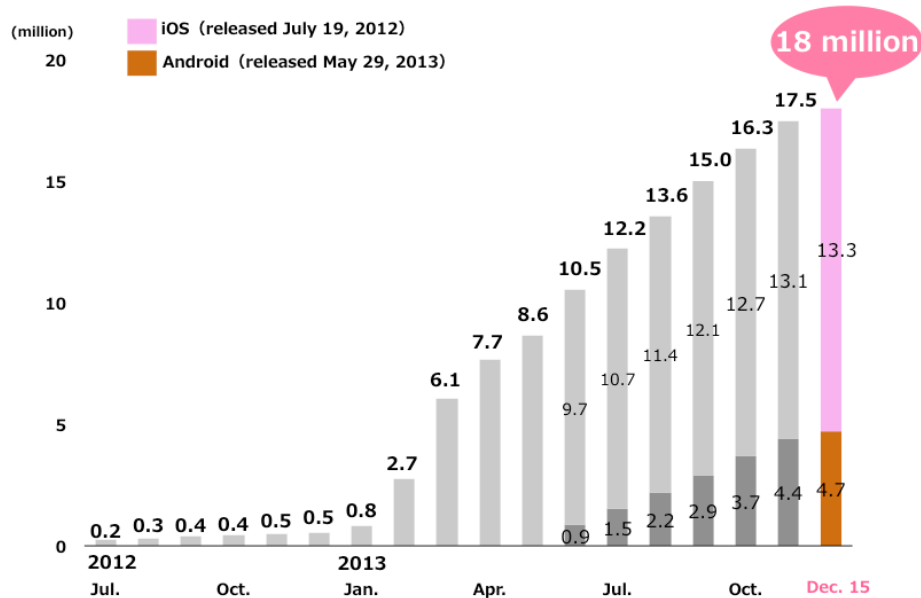
“Affiliate Media”
 In-house operated point media



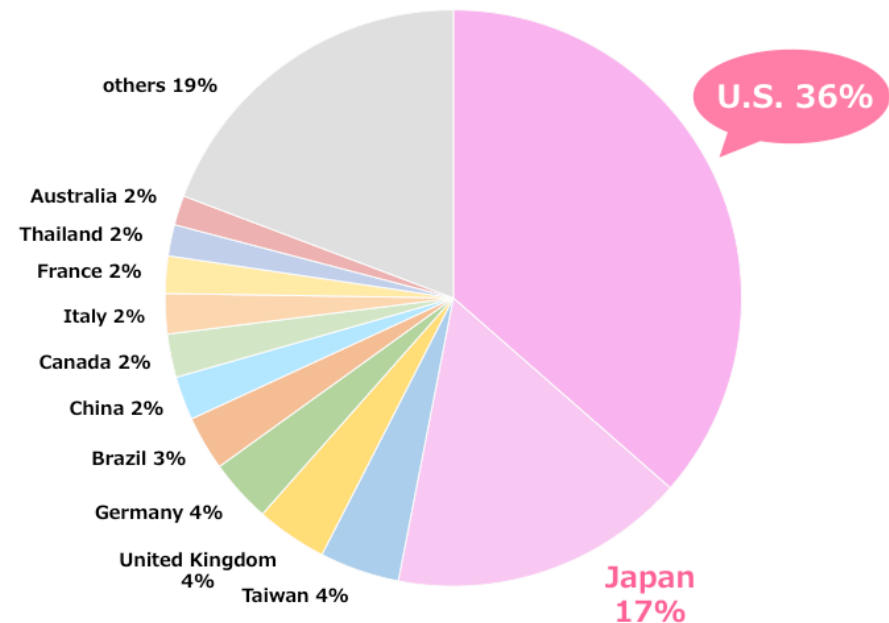
"CocoPPa" Downloads and Global Popularity

Downloads of "CocoPPa" reached **18 million** on December 15, 2013.^(*) 36% of all downloads is from U.S. and it has grown to be a global community with **83% of all users overseas**.

Monthly cumulative downloads of "CocoPPa"



Breakdown of cumulative "CocoPPa" downloads by country



*For details, refer to the press release dated December 18, 2013
20 million downloads were reached on January 26, 2014.

"CocoPPa" 3Q Programs

As planned, "sales of premium content" and "tie-up advertising" have launched. We also newly started "CocoPPa for Sugotoku."

<Programs started in 3Q as planned (from 2Q Results)>

<New programs started in 3Q>

Premium Content (Since November)

In addition to the Sanriowave characters already announced, to be delivered roughly 100 home screen themess (icons + wallpaper).

Android version launched on November 13, iOS version on November 20

Tie-Up Advertisements (to be launched in 3Q)

Get ad revenue from the sponsor. The corporate character's icons & wallpaper will be delivered.

Advertisements were launched on November 11; 3 campaigns were already held in 3Q

"CocoPPa for Sugotoku"

Provide CocoPPa for the "Sugotoku Content®" provided by NTT DoCoMo, Inc.

Launched at December 17




"CocoPPa" Premium Content Sales Progress

Sales launched in 3Q. This is a trial-and-error phase intended to contribute to future mid- to long-term revenues.

Events in 3Q

Opened the "CocoPPa Store"



(Android launch 11/13, iOS launch 11/20)

Diversification of homescreen themes

Initially 35 themes → 50 themes by the end of Dec. (to be expanded further in the future) Introduced limited-edition seasonal sets (a Sanrio winter version, etc.)



What we will do in 4Q and thereafter

Boost Awareness

Improve leads within CocoPPa and announcements

Make Store More Attractive

Sell decoration sets with additional characters and celebrities, etc.

Continuous improvements to make it the mid- to long-term revenue opportunities

“CocoPPa” Premium Content

Sales of cartoon character home screen themes (sets of icons and wallpaper) as premium content

Samples of premium content and home screens

Hello Kitty version



(C)1976,2014 SANRIO CO.,LTD.
APPROVAL NO.E-540128-1

Snoopy version



(c) 2013 Peanuts Worldwide LLC

<Flow of purchase >
(As of December 31, 2013)

1 Purchase the points for CocoPPa

- Points can be purchased from 100 point increments at a cost of 100 points = ¥100
- In the Android version, there are also monthly subscription plans where points can be purchased at a discount
 - ¥330 plan → 330 points +30 bonus points
 - ¥500 plan → 500 points +60 bonus points
 - ¥1,000 plan →1,000 points +150 bonus points



2 Points to be used to download home screen themes

- 8 icons + 2 wallpapers costs 200 points
- 16 icons + 2 wallpapers costs 300 points (excluding the sale and limited items)

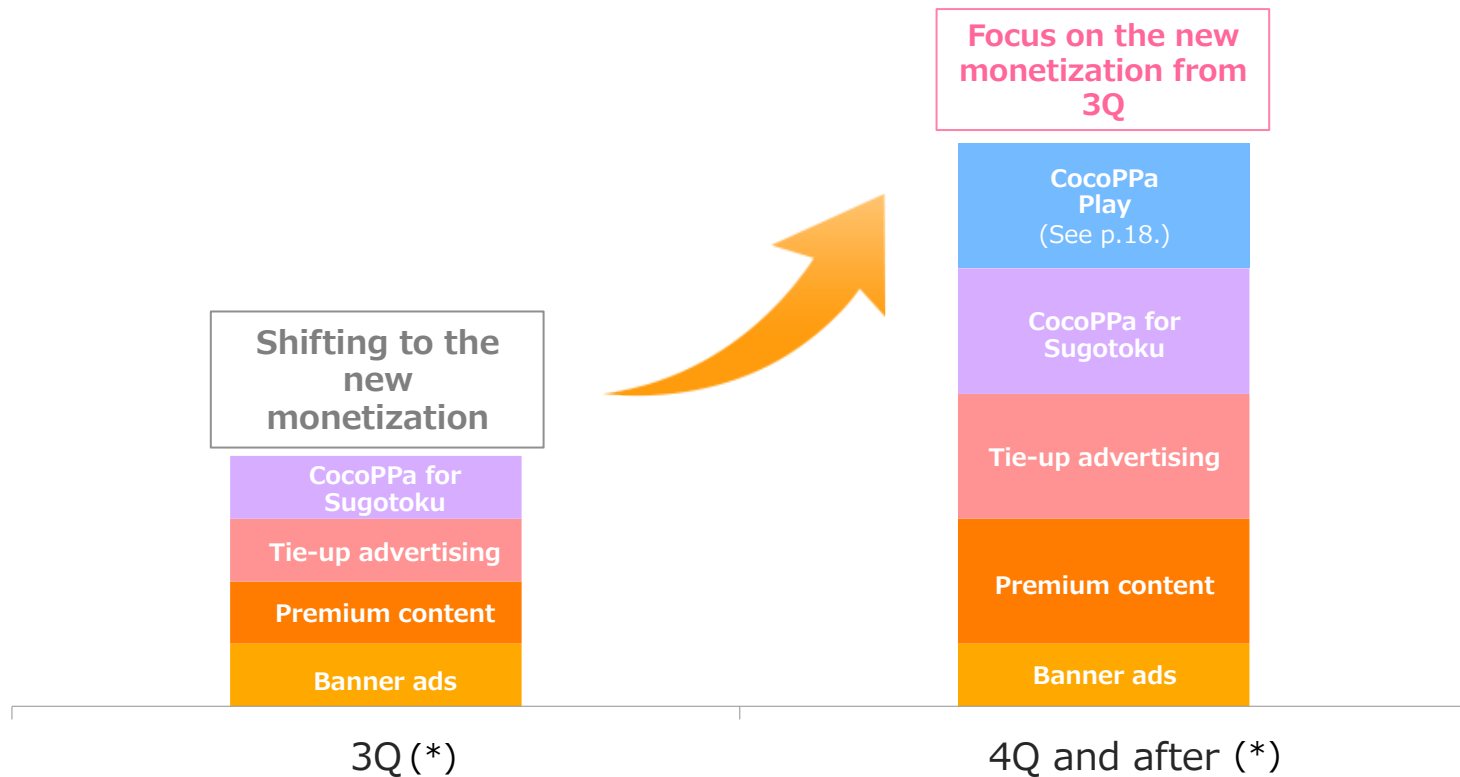
- As of the end of December 2013, sales of approximately 50 different decoration sets have started. We have finished contracting for more than 100 sets, and these will be successively introduced into the lineup.



Diversification of "CocoPPa" Revenue Opportunities

With the newly added revenue opportunities (premium content, tie-up advertising, CocoPPa for Sugotoku) in 3Q. It is expected the higher growth in the futures.

<Changes in "CocoPPa" Revenue Opportunities>



* The above graph is an image of revenue source change, and does not represent actual sales figures or plans

"CocoPPa" 4Q and After Initiatives

As a joint business with G-Crest, Inc., we plan to release an avatar(*) app called "CocoPPa Play" (for iOS in late February and for Android in late March). In advance of the release, we started taking preorders on January 14, 2014.

CocoPPa Play

- Released as a separate app from "CocoPPa."
- Users are able to dress up their avatars with cute clothes and accessories, and engage in play such as communicating with other users, and show them off in fashion shows and other events.
- The main revenue source is paid items such as clothes for dressing avatars.



Tie-ins to be able to set avatars created in "CocoPPa Play" on the "CocoPPa" mypage.

CocoPPa



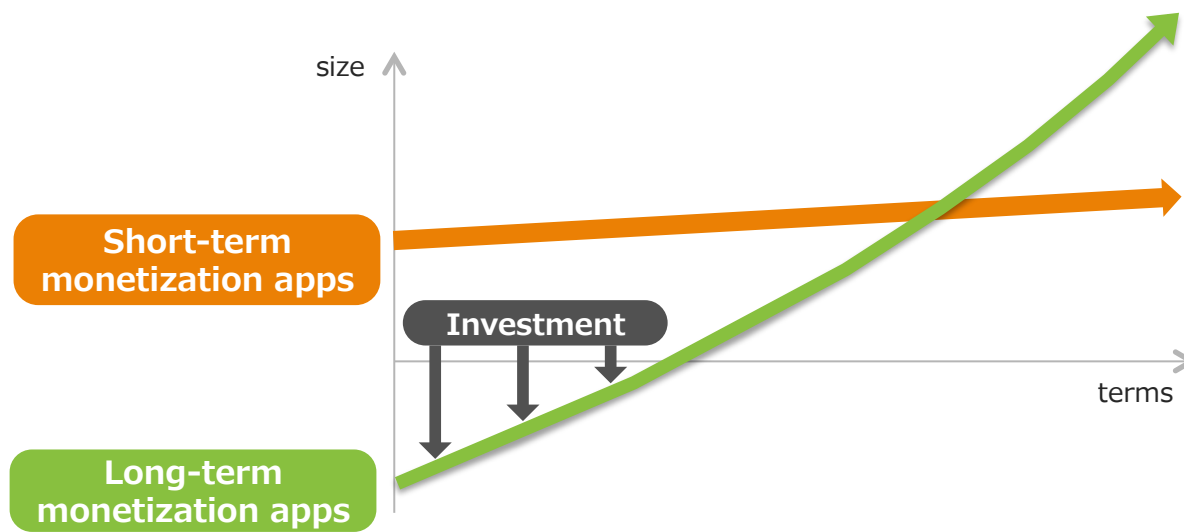
* An avatar is a character serving as a user's own features on the Internet.

Policy of UNITED's Smartphone Media Business

It is aimed to scale up the mid-term profits by producing the investment cycles from the short-term apps to the mid-terms monetization apps.

	Goal	Strength
Short-term monetization apps	To earn the stabilized profits with the early start-up of services	<ul style="list-style-type: none"> • Speed of development • Marketing know-how in ad business
Long-term monetization apps	To scale up the profit by creating the huge traffics with the services closely to lifestyle	<ul style="list-style-type: none"> • The experience of operation in the gigantic media "CocoPPa" with more than 20 million download • The know-how of development in lifestyle apps

The images of profit structure in Smartphone business



UNITED's Smartphone Media Business

Startup of the app business, we have planned, developed and operated 67 different varieties of apps.

<Long-term monetization apps>

CocoPPa (July 2012~)

Smartphone decoration community app



iam (January 2014~)

Profile exchange service developed by subsidiary Fogg



CocoPPa Play (February 2014~)

Avatar app linked to CocoPPa



Investment in a Promising App Business Company

Mercari (July 2013~)

We invested in Mercari, Inc. which operates the flea market app "mercari" (investment was in August 2013).



<Short-term monetization apps>

Apps for the career market (February 2012~)

We supply 8 apps for the au Smart Pass. Several apps to be delivered in 4Q.



- Sugotoku Contents® (December 2013~)
CocoPPa and other several apps to be delivered.



Affiliate media (March 2012~)

We operate several in-house developed affiliate media services.

We have planned and developed 67 paid and free apps to date.



RTB Advertising Business

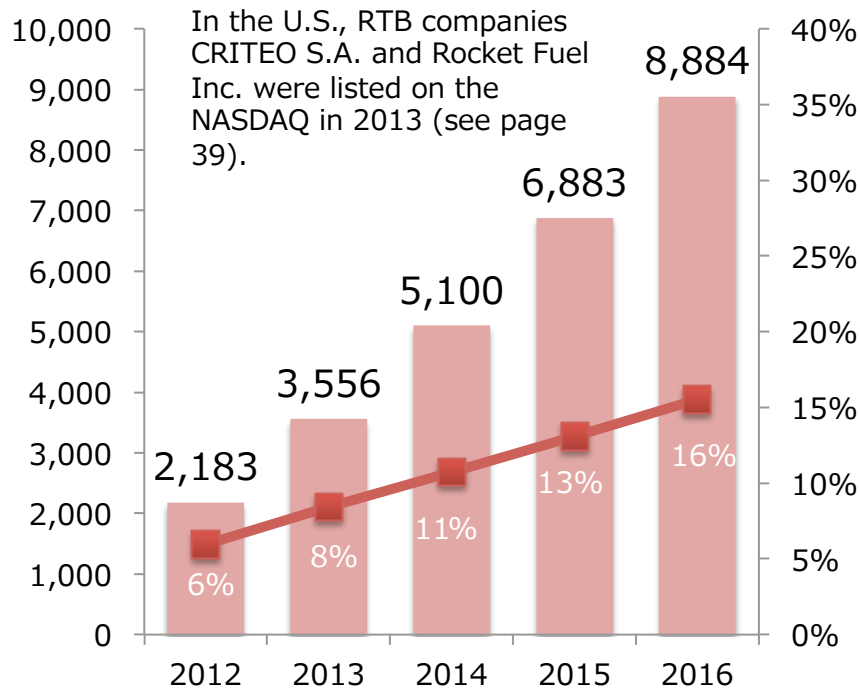


RTB Advertising Market Size and Predicted Share of Overall Display Advertising

The U.S. RTB advertising market is projected to expand to approximately \$8.9 billion in FY 2016, while the Japanese RTB advertising market is projected to expand to approximately \$1.1 billion in FY 2016. This is projected to be the highest growth rate within the display advertising market.

Forecast of U.S. RTB advertising market size

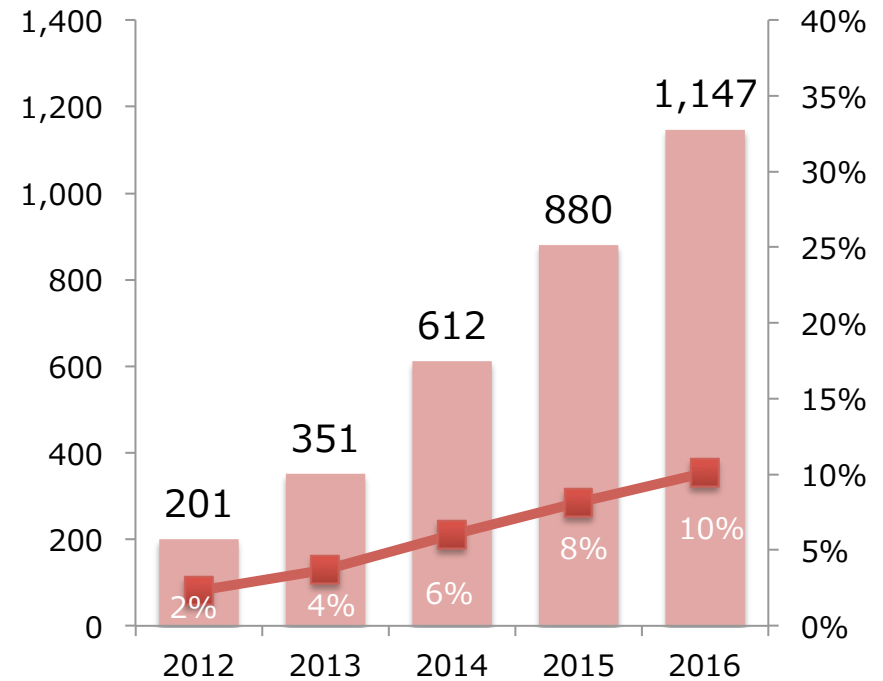
(million US dollars)



■ Size of RTB advertising market
 ■ RTB advertising share of overall internet ad market

Forecast of Japanese RTB advertising market size

(million US dollars)



■ Size of RTB advertising market
 ■ RTB advertising share of overall internet ad market

(Source: IDC October 2012 / RTB advertising share of overall market calculated by United)



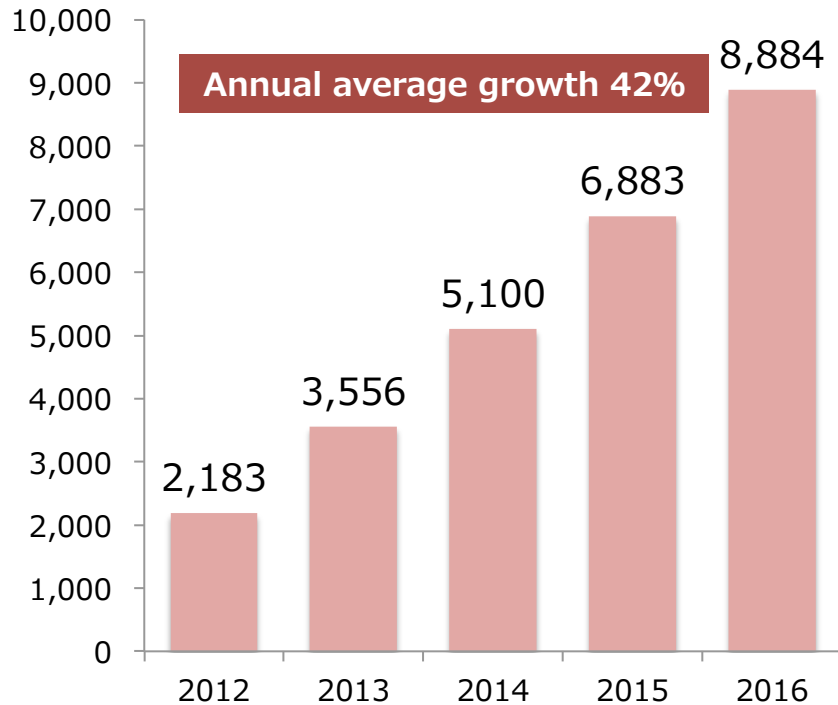
RTB Advertising Market Overview

The average growth rate of the Japanese RTB advertising market over 2012-2016 is projected to exceed that of the U.S.

• U.S. 42% < **Japan 55%**

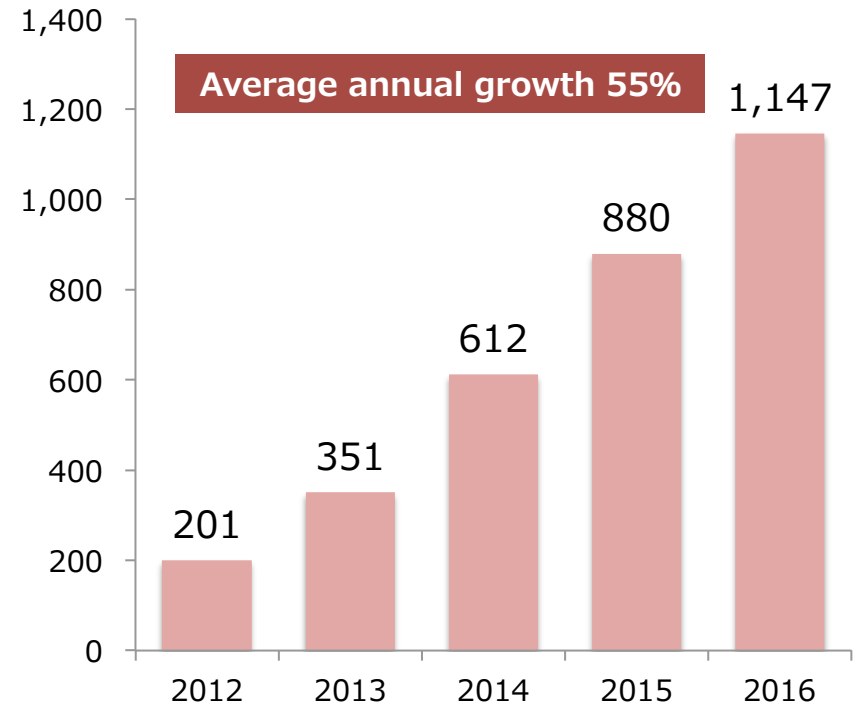
U.S. RTB advertising market size and growth rate

(million USD)



Japanese RTB advertising market size and growth rate

(million USD)



(Source: IDC October 2012)



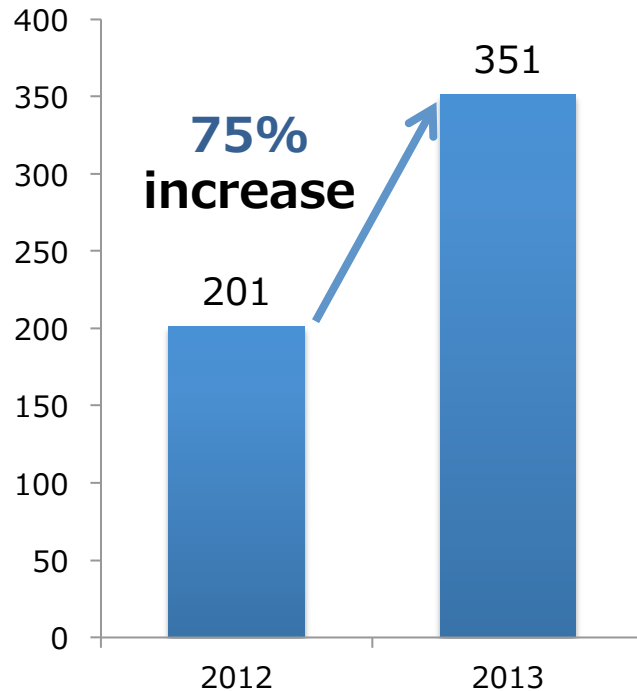
Japanese RTB Advertising Market and United's Growth Rate

With increased revenues mainly from smartphones, United has exceeded the predicted average growth rate in the Japanese domestic market.

- Japanese RTB advertising market growth rate 75% **< in-house advertising platform growth rate 176%**

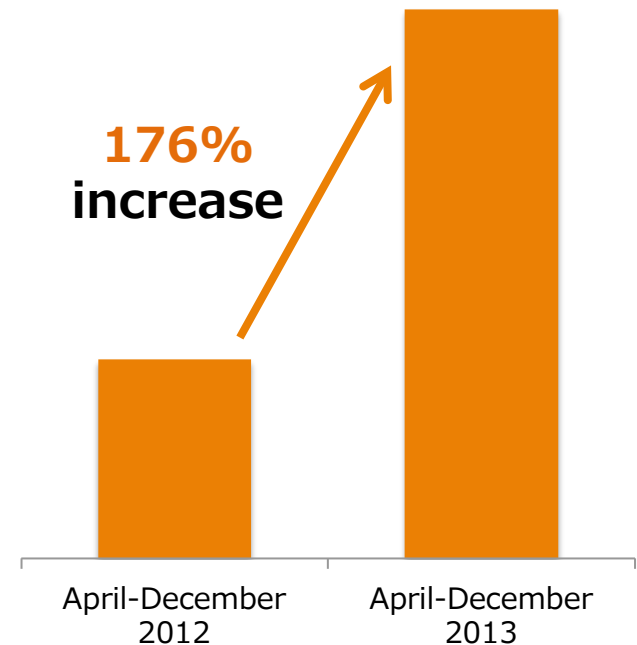
Japanese RTB advertising market size and growth rate

(million US dollars)



Source: IDC, October 2012

Growth rate of in-house advertising platform sales





Factors Behind Higher Growth in Smartphone Devices

Although PC site visitor numbers are decreasing, the smartphone application user numbers and traffic are both in increasing trends.

- The number of average monthly visitors to PC sites in 2013 **decreased by 9% year-on-year.**
(Year-on-year comparison of total for top 10 sites *1)
- The number of monthly users of smartphone apps has, in the most recent half-year, **increased by 19%**
(April-December 2013 comparison of total for top 10 apps *1)
- Mobile data traffic in Japan has **roughly tripled Year on Year** (*2)

*1: Nielsen Japan survey December 2013

*2: Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2012–2017 February 2013

As an “Platform specialized to mobile RTB ads” we intend to continue growth mainly in the smartphone RTB segment.



Situation of the In-House Advertising Platform

By making an early advance investment to on smartphone RTB advertising inventory, our in-house advertising platform has grown to be the largest domestic service in smartphone RTB advertising.



- Number of advertisers broke the 1,500 company mark
- Largest number of integrated partner SSPs^(*1)



- The number of ad requests increased to 41.3 billion, or 1.5 times those in the previous quarter.
- The current advertisement inventory in smartphone RTB is the largest among domestic SSPs^(*2)

*1 In-house survey. Connected to 7 SSPs as of the end of December 2013.

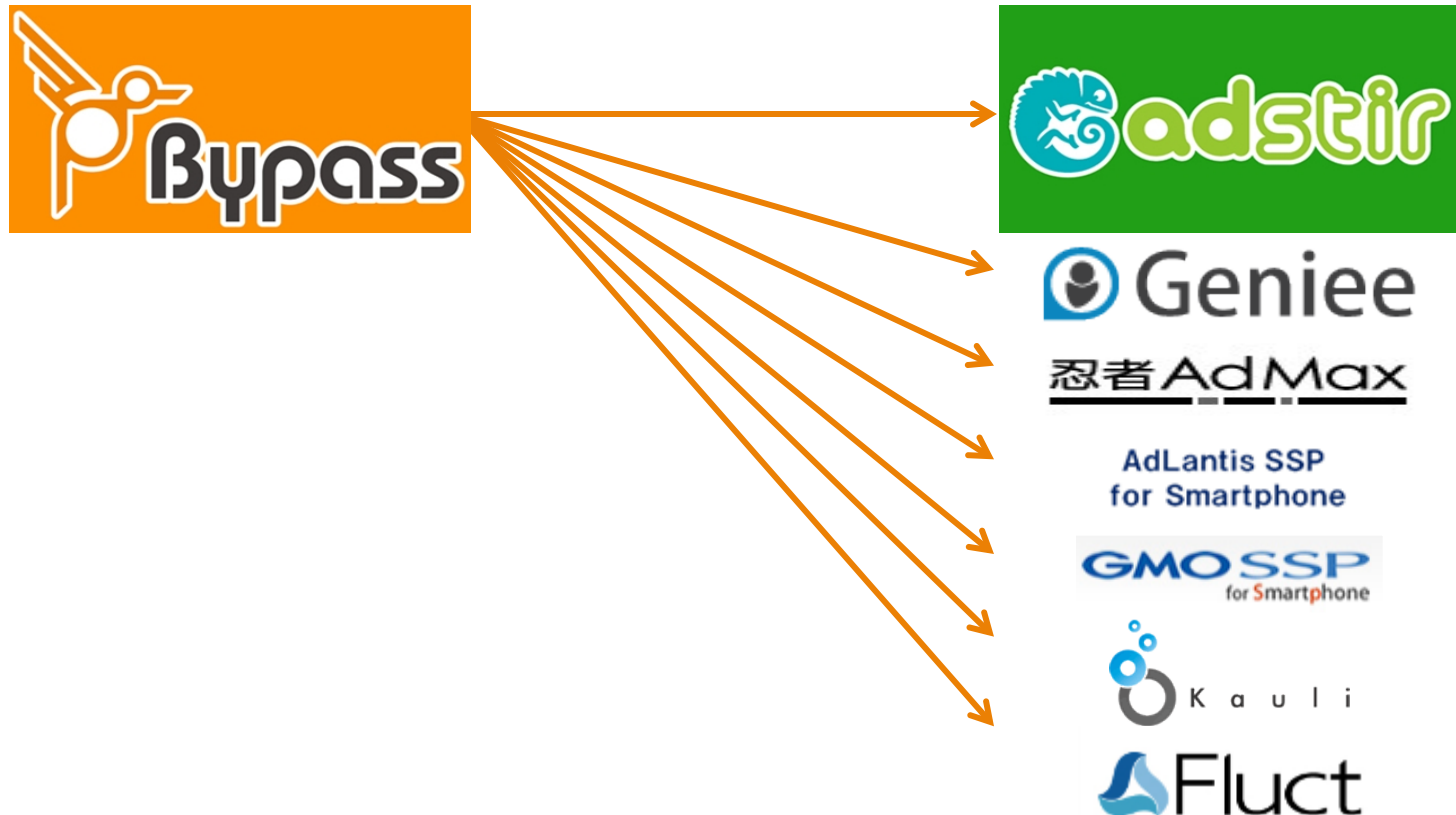
*2 In-house survey.



Partner SSP of our in-house DSP

Our in-house DSP “Bypass” is connected to the most SSPs of any domestic service

<SSP Connections of “Bypass”>



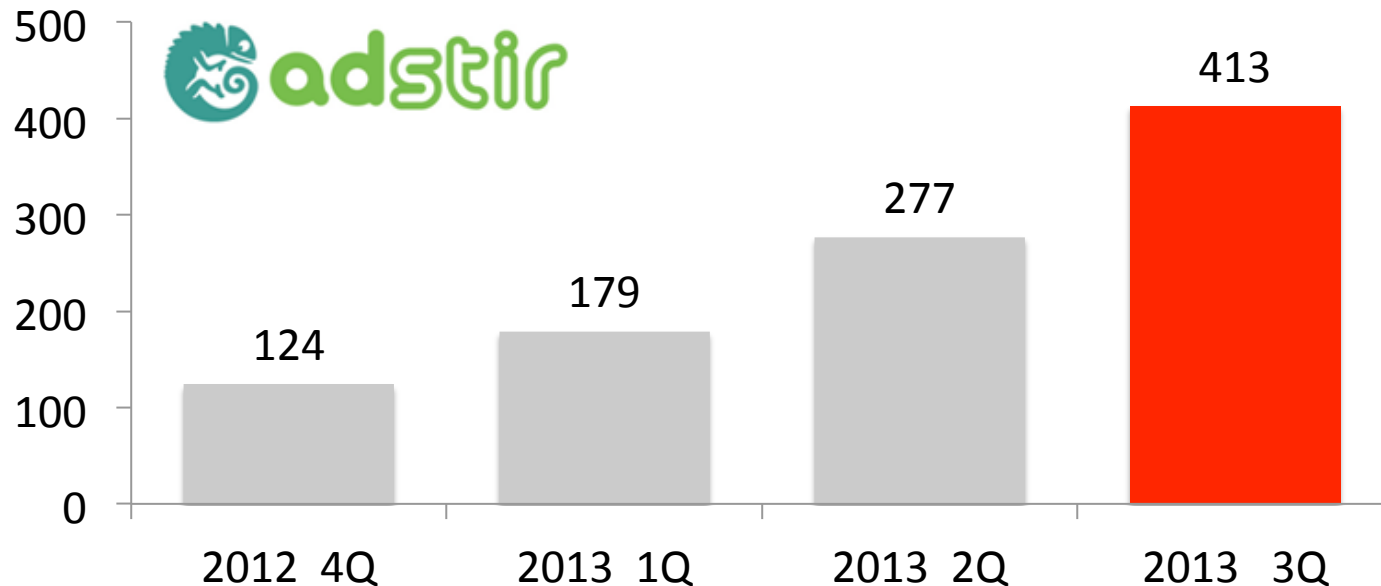


Growth in Advertising Inventory of In-House SSP

The current advertising inventory (*) of the in-house SSP “AdStir” was, through continuous media recruiting, **raised to 1.5 times that in the previous quarter.**

“AdStir” current advertising inventory (by quarter)

(Ad views: units of 100 million)



* Current advertising inventory: total number of ad views on media with “AdStir” installed. This indicates the size of the inventory that “AdStir” can serve upon receiving bids from DSPs.



Summary of our RTB Advertising Business

Our RTB advertising business is growing faster than the market projections, mainly in smartphone RTB advertising. The future RTB advertising market is projected to show a trend where smartphones outpace the PC growth rate.

External Factors

- Growth rate of domestic RTB advertising market over 2012-2016 projected to be an average of 55%. Higher growth than display advertising overall
- Growth in smartphone traffic

Internal Factors

- Increase in sales in our RTB advertising business exceeding the year-on-year growth rate predicted for the RTB advertising market
- Having the largest domestic advertising inventory in smartphone RTB advertising, and continuing to expand
- A wealth of knowhow in smartphone RTB advertising

Solidify position as number one in smartphone RTB advertising

About financing

The Moving Strike Warrants intended allottee for Merrill Lynch Japan Securities Co., Ltd. has exercised to 69%. (raised 1.46 billion yen)

▶ Raised funds will be used within about 6 years at appropriate timing.

Exercising Moving Strike Warrants

The number of grant stock at February 3, 2014 (Total)	550,000
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The number of used subscription warrants (The use ratio for the publication total number of the subscription warrant)	5,500 (69.62%)
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The amount of funds at February 3, 2014	1,468 million yen
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Number of Warrants which have not been exercised at February 3, 2014	2,400
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* For more information, please see our homepage (<http://united.jp/ir/ir-release/>)

Utilization policy of funds being raised

- Planned payment period : Between 2014 and 2020
- Invested funds for growth of our first priority smartphone media and RTB advertising
- Equity participation and M&A costs in smartphone media and RTB businesses or new Internet-related businesses

Overall Summary

- 3Q cumulative operating profit has turned around ahead of schedule. We planed it in 4Q.
- **In the smartphone media business**, we continued measures to diversify “CocoPPa” revenue sources in 3Q, aiming for medium-term growth.
- **In the RTB advertising business**, growth continued to outpace the growth of the overall RTB advertising market. Our in-house platforms were the drivers of growth.



4Q Key Policy: Diversify “CocoPPa” revenue sources, and continue growth trends by contribution to revenue of in-house smartphone apps in addition to “CocoPPa”



4Q Key Policy: Get increased sales in advertising peak periods, and secure domestic number one position of smartphone RTB advertising platform

2 Reference Material

3Q (October-December) Consolidated P/L Statement (Year-on-Year)

With growth in the smartphone business in the media segment, the company-wide quarterly operating profit went into the black.

(million yen)

	3Q of FY ending March 2014	3Q of FY ending March 2013	Year-on-Year Change (%)
Sales	1,615	931	+73%
Media segment	837	8	+10,340%
Advertising segment	749	631	+19%
Investment segment	40	291	△86%
Inter-segment elimination	△12	0	-
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Recurring profit	43	35	+29%
Quarterly net profit	24	44	△25%

• The numbers for 2Q of FY ending March 2013 are the profit/losses of MotionBeat Inc. prior to the merger and do not include the profit/losses of SPiRE Inc.

Consolidated Balance Sheet for this Quarter

Cash on hand increased by 372 million yen due to the return of entrusted moneys for treasury stock acquisition and the exercise of warrants with exercise price revision terms, etc. Fixed assets increased by 102 million yen due to investments in Wonderplanet Inc. and other factors.

(million yen)

	End of This Quarter (Dec. 2013)	End of Previous Quarter (Sept. 2013)	Increase/ Decrease
Current assets	5,566	5,508	+58
(Cash on hand)	(3,681)	(3,309)	(+372)
Fixed assets	942	840	+102
Current liabilities	979	1,044	△65
Fixed liabilities	0	0	0
Net assets	5,529	5,304	+225

Outline of the "CocoPPa" Service

Icons, wallpapers and home screens posted by users are downloaded and shared in the community. The translation featured by Google within "CocoPPa" is enjoyed by users for cross-border communication.

«"CocoPPa" Usage Images»

User posting material (creator)

Icons and wallpaper are contributed from around the world (free). **380,000 icons, 90,000 wallpapers** by the end of December

Post

Decorating users

Smartphone screen decorated using posted material (free)

Exchanges between users (motivation for creators to post)



Sample page of creators (comments)

"This icon is cute." or "I like your sense of style."
*In English, Chinese, Arabic, German and many other languages

replies: "Thank you for the comments." "I am glad to contribute it."
*The translation features are many of the languages.

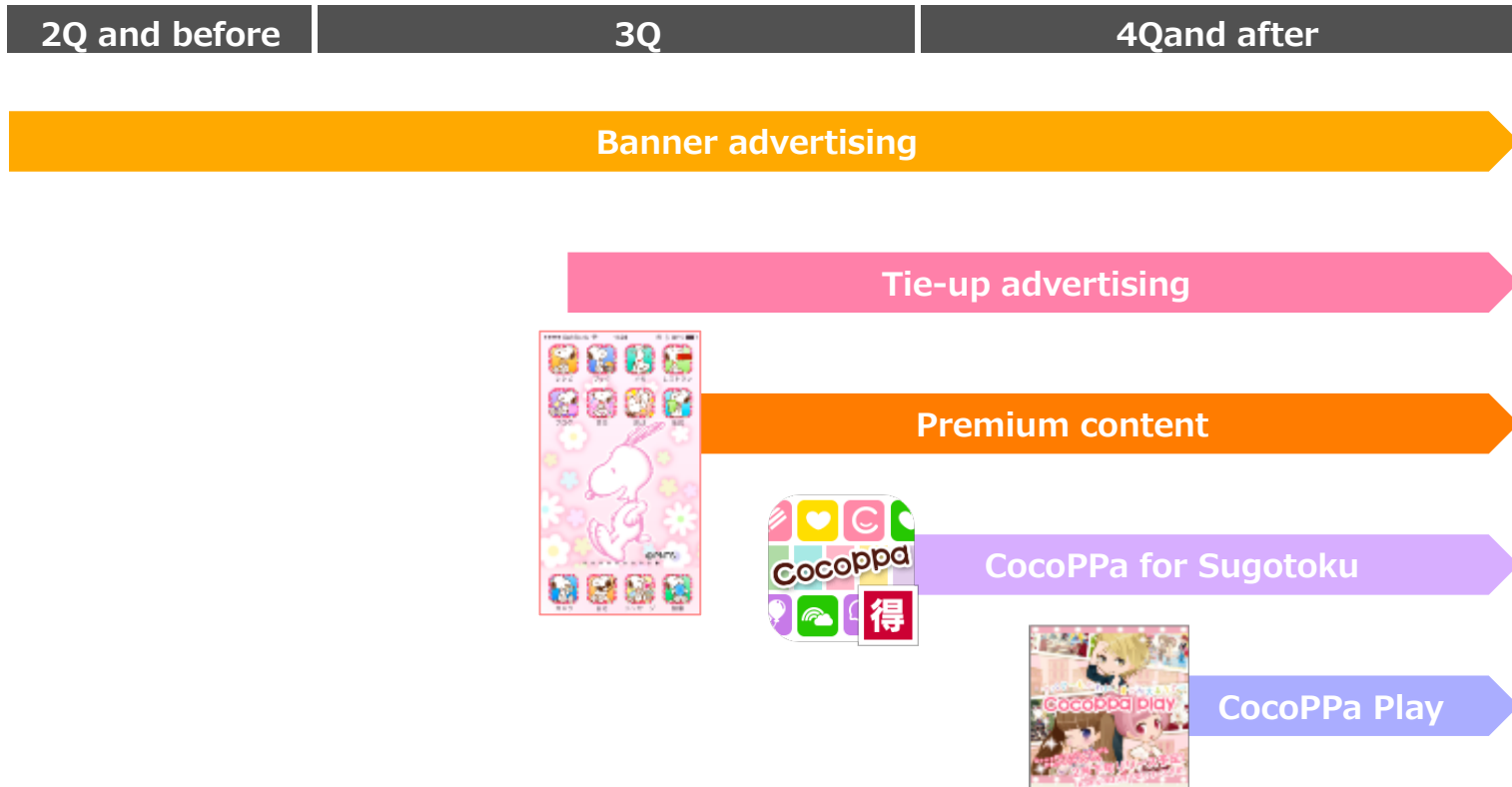
There is ample communication among users based on posted materials, etc.



Diversification of “CocoPPa” Revenue Opportunities: Time Line

Up until 2Q, banner advertising was the only revenue source. In 3Q, we released “tie-up advertising,” “premium content” and “CocoPPa for Sugotoku” as new revenue opportunities. In 4Q, we also plan to release the avatar app “CocoPPa Play” (see the next page for details).

Diversification of “CocoPPa” Revenue Sources



About new app "iam"

As the 1st case of "U-start", Fogg corp which has established at May 2013 has released the β version of new app "iam" at 5th October and the official version was released at 23rd January, 2014

"iam Usage Images"



In addition to pictures, phone numbers and users can register information on multiple social networking services as profile cards within the "iam" app.



By exchanging a single card with friends or acquaintances, all information can be shared. The information to be exchanged can be selected as follows.



Exchange with Mr. A
→ Facebook/E-mail/Phone



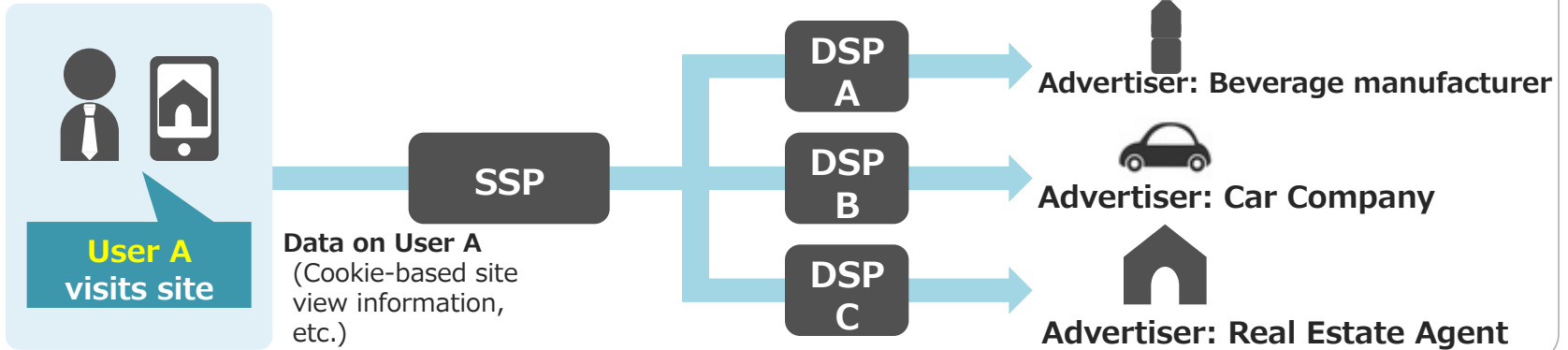
With Friend B
→ twitter/LINE/Phone

* As an organizational program for creating promising new businesses, we will introduce a system that gives experienced United employees the right to make investments and start up new business companies starting from this April.

Real-Time Bidding Setup

STEP 1

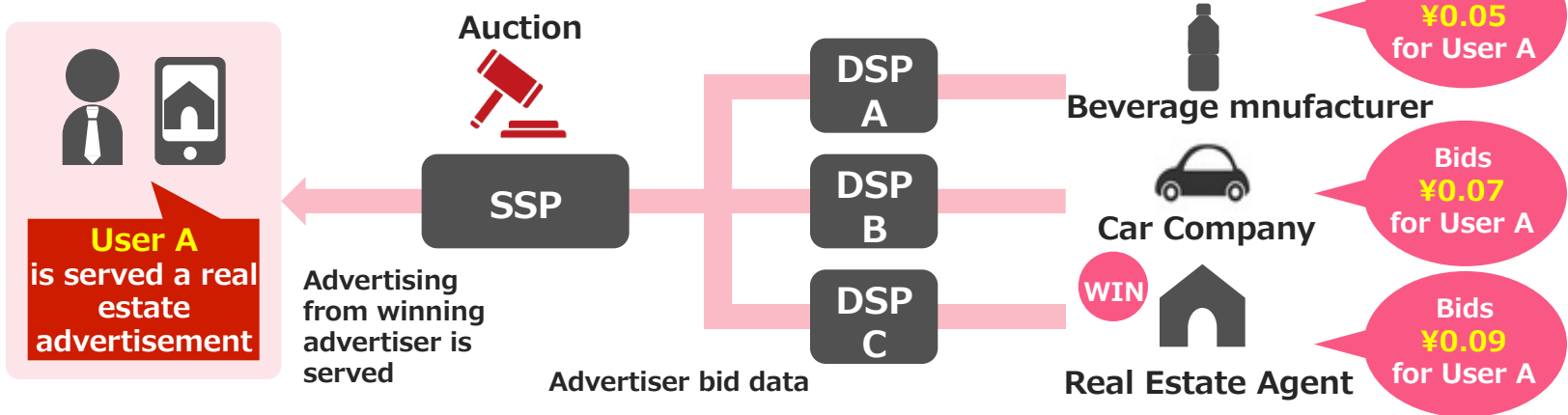
When a user visits a site, user data is transmitted to a DSP(*1)



STEP 2

Advertisers bid from a DSP, auction held at SSP(*2)

▶ Advertising from the winning advertiser is displayed.



*1 DSP (Demand Side Platform): System for optimizing advertising buys by the advertiser (ad buyer)

*2 SSP (Supply Side Platform): System for optimizing media advertising revenue

	CRITEO S.A.	Rocket Fuel Inc.
Listed market : Ticker symbol	NASDAQ : CRTO	NASDAQ : FUEL
Listing date	October 30, 2013	September 20, 2013
Market capitalization (billion US dollars) • Closing price in the listing day	1.9	1.8
• December 31, 2013	1.8	2.0
Results for the fiscal year ended December 2012	(million euros)	(million US dollars)
Sales	271.8	106.5
Income from operations	8.9	△7.7
Net income(loss)	0.9	△10.3
Number of full-time employees	700	552

Reference : 1 Exchange rate : 1US\$ = ¥102、1€ = ¥139 (January 29, 2014)

2 Sales prediction for the fiscal year ended December 2013 of Rocket Fuel Inc. is 232.8 million US dollar.
(Source : Bloomberg)

Vision

Become the leading internet firm in Japan

Mission

Create new value through continued challenges and contribute to society

