



July 31, 2014

**First Quarter, Fiscal Year Ending
March 2015
Consolidated Financial Results**

United, Inc.

(TSE Mothers, Code 2497)

All of the opinions, predictions, forecasts and the like presented in this document are those made by UNITED, Inc. based on information available at the time of preparation of the document, but no guarantee is made as to the accuracy of this information. Actual results may differ greatly from these forecasts due to changes in various factors. Company names and product names presented in this document are trademarks or registered trademarks of their respective owners.

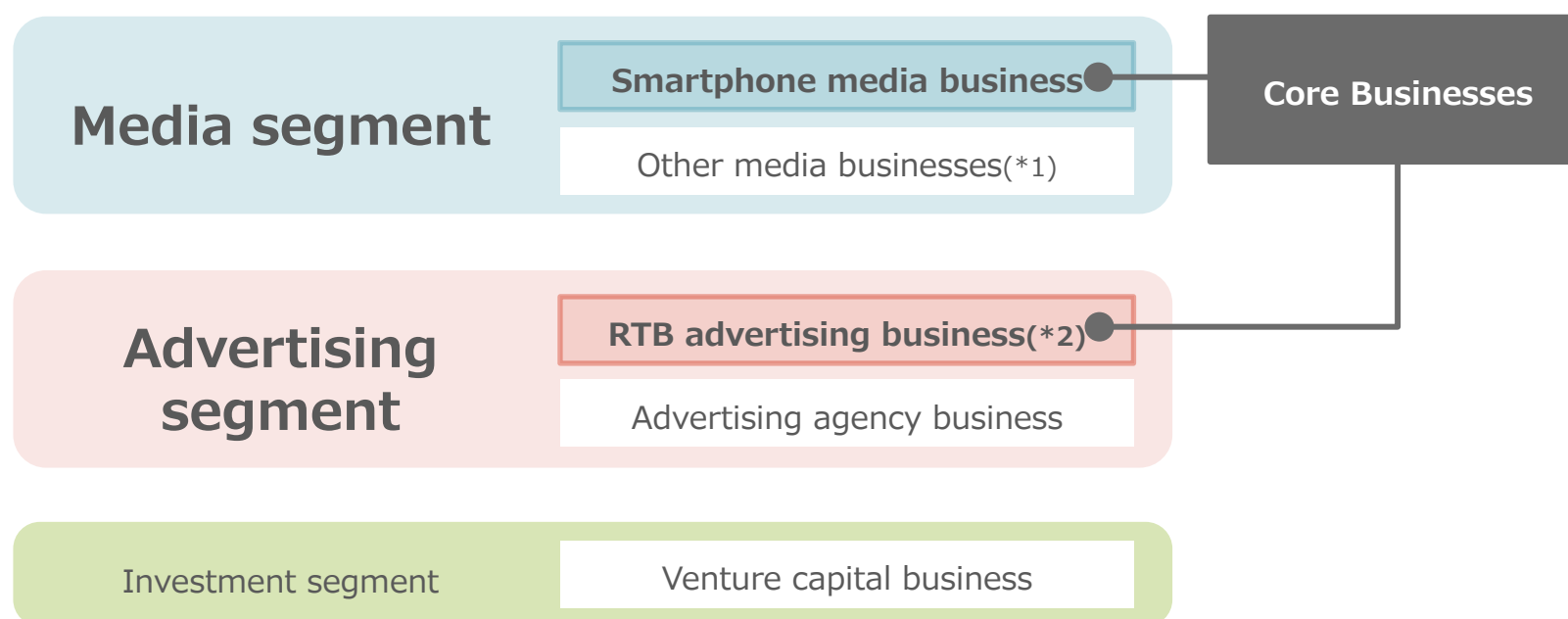
Contents

1. Financial Highlights	P2
2. Status of Smartphone Media Business and Future Direction	P9
3. Status of RTB Advertising Business and Future Direction	P17
4. Summary	P25
5. Reference Material	P27

1. Financial Highlights

Our Core Business

We are putting effort into the **RTB advertising business** and **smartphone media 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

*2 RTB (real-time bidding) refers to which ad inventory is bought and sold on a per-impression basis, via programmatic instantaneous auction

1Q (April-June) Results Highlights

Whole	1Q Consolidated Results	<ul style="list-style-type: none"> Both Sales revenue and profit increased compared to the same period last year Sales revenue 2,024 million yen (+75%) Operating profit 128 million yen (Profitability achieved: +237 million yen) Core businesses (smartphone media business + RTB advertising business) acted as a driver for growth.
Core Businesses	Smartphone Media Business	<ul style="list-style-type: none"> Sales: +239% compared to the same period last year Downloads for “CocoPPa” exceeded 25 million in May (*1). The ratio of overseas downloads was 84% The worldwide hit app “Angry Birds(*2)” was released for Sugotoku-Contents® (*3) provided by NTT DOCOMO Inc. in June.
	RTB Advertising Business	<ul style="list-style-type: none"> Sales: +190% compared to the same period last year Sales: +8% over the previous quarter. Growth was achieved by overcoming a decline in demand from the level of 4Q (Jan.-Mar.) advertising peak periods (In the previous fiscal year, 1Q sales decreased by 23% from the level of 4Q). Monthly advertising inventory for the SSP “AdStir” exceeded 35 billion ad impressions in June (+472% compared to the same month of the previous year).

*1 The number of downloads exceeded 27 million in July 2014.

*2 “Angry Birds” is a registered trademark of ROVIO ENTERTAINMENT LTD.

(c) 2014 Rovio Entertainment Ltd. Angry Birds and game characters are trademarks of Rovio Entertainment Ltd. and are protected by international laws. All rights reserved.

*3 This is a service provided by NTT DOCOMO Inc. where a select basket of roughly 150 types of content including news, weather, games, horoscopes, etc. can be used unlimited at a monthly price of ¥380 (tax not included). “Sugotoku-Contents®” is a registered trademark of NTT DOCOMO Inc.

1Q (April-June) Consolidated P/L Statement

<Y o Y> Both sales revenue(+75%) and profit(Profitability achieved: +237 million yen) increased.

<Q o Q> Sales revenue increased(+11%) and profit remained flat(△3%). SG&A increased due to factors such as hiring of new graduates.

	1Q, FY ending March 2015	Results of same period a year ago (1Q, FY ending March 2014)	Change from same period a year ago (%)	Results of previous quarter (4Q, FY ending March 2014)	Quarter-on- Quarter Change (%)
Sales revenue	2,024	1,159	+75%	1,817	+11%
Media segment	877	571	+53%	821	+7%
Advertising segment	1,108	581	+91%	1,002	+11%
Investment segment	76	11	+570%	17	+339%
Inter-segment elimination	△38	△5	-	△24	-
Total profit from sales	559	288	+94%	517	+8%
Media segment	267	166	+61%	283	△6%
Advertising segment	218	118	+85%	213	+2%
Investment segment	74	3	+1,877%	20	+259%
Inter-segment elimination	-	△0	-	-	-
Selling, general and administrative expenses	430	397	+8%	384	+12%
Operating profit	128	-109	Profitability achieved	132	△3%
Media segment	93	39	+136%	134	△31%
Advertising segment	107	△6	Profitability achieved	109	△2%
Investment segment	62	△3	Profitability achieved	13	+361%
Inter-segment elimination	△134	△138	-	△124	-
Recurring profit	134	△96	Profitability achieved	135	△1%
Quarterly net profit	81	△97	Profitability achieved	122	△34%

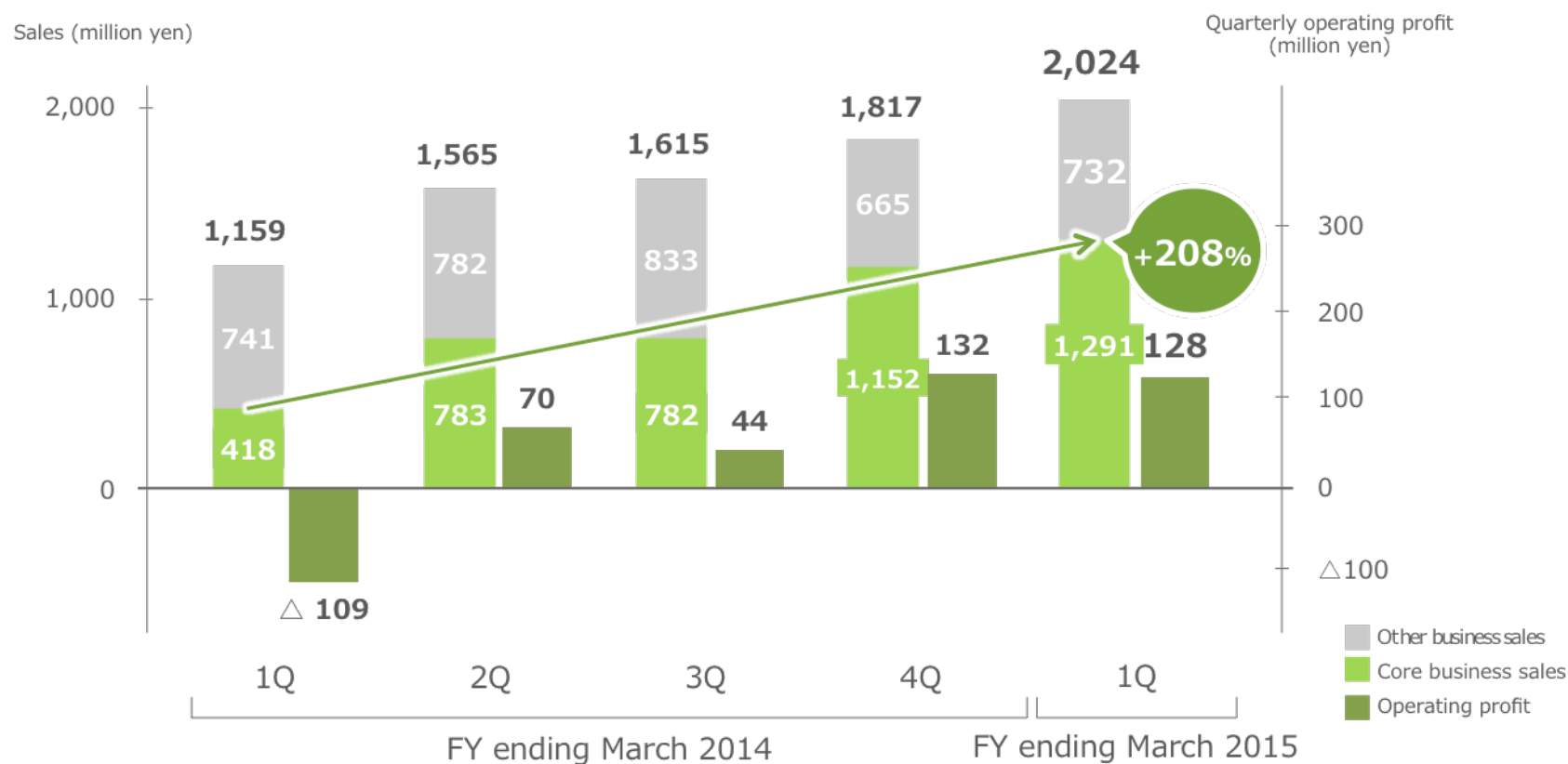
* Criteria for allocation of SG&A expenses to each business segment were changed in 1Q of FY ending March 2015. Operating profits of the same period a year ago and of the previous quarter were recalculated according to the new criteria.

Copyright © UNITED, Inc. All Rights Reserved.

Consolidated: Trend in Sales and Operating Profit by Quarter

Sales of core businesses(smartphone media business + RTB advertising business):
+208%compared to the same period last year

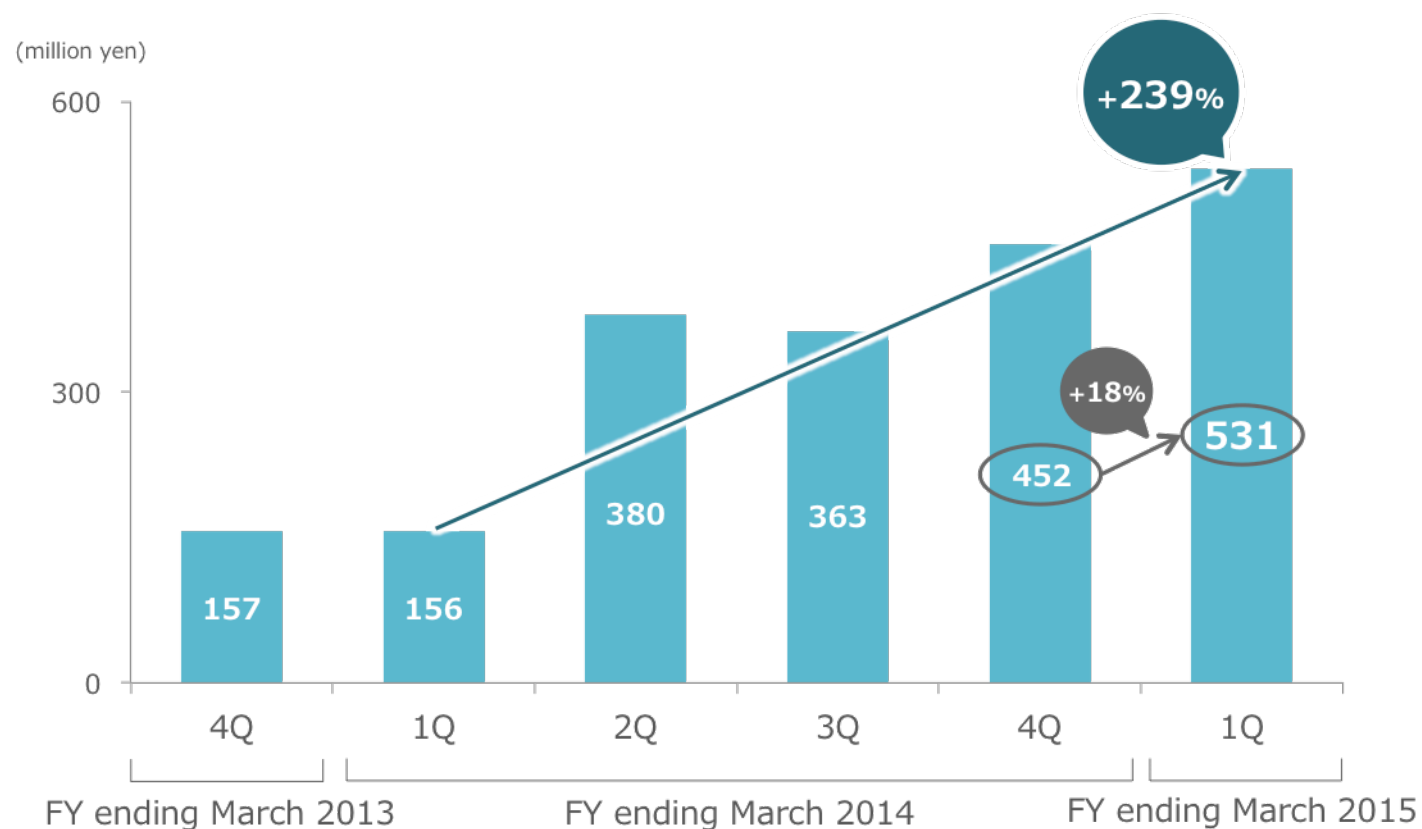
The ratio of core business sales to all the consolidated sales increased to 64% from 36% in the same period of the previous fiscal year.



Smartphone media business: Trend in Sales by Quarter

Smartphone media business sales: +239% compared to the same period last year

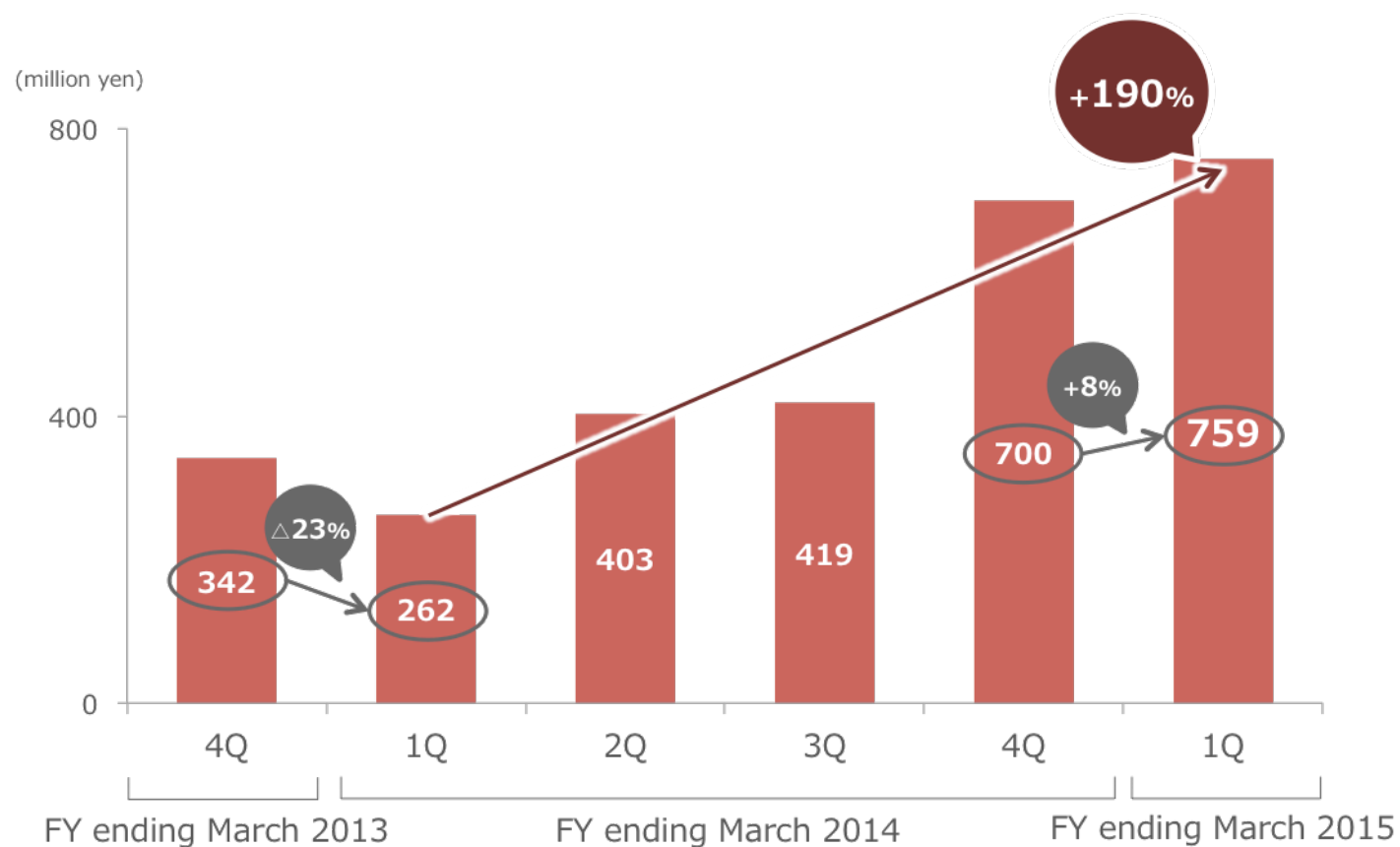
"CocoPPa", "apps for the career market" and "affiliate media" achieved growth.



RTB advertising business: Trend in Sales by Quarter

RTB advertising business sales: **+190%** compared to the same period last year

The sales grew by 8% over the previous quarter, overcoming a decline in demand from the level of Jan.-Mar. advertising peak periods. (-23% in the previous fiscal year)



2. Status of Smartphone Media Business and Future Direction

Structure of Our Smartphone Media Business

The smartphone media business consists of two pillars: “mid-long term monetization apps” and “short-term monetization apps”.

Mid-long term monetization apps

Scale-up the profit significantly

○CocoPPa (Jul. 2012~)

Smartphone customization community app



↓ Sister app of the “CocoPPa” brand

○CocoPPa Play (Mar. 2014~)

Avatar app



○iam (Jan. 2014~)

Profile exchange service developed by subsidiary Fogg



Short-term monetization apps

Earn stable profits to support the business as a whole

○Apps for the career market

- Provided to the au Smart Pass (Feb. 2012~)



- Provided to Sugotoku-Contents® (Dec. 2013~)



- 5 apps provided to XL, an Indonesia-based corporation (Jun. 2014~)



○Affiliate media (Mar. 2012~)

We operate several in-house developed affiliate media services.

○ Other new businesses

We are planning multiple services



Main Topics in the Smartphone Media Business

CocoPPa

- **CocoPPa reached cumulative 25 million downloads in May 2014 (See page 29 for breakdown of downloads).**
 - The ratio of overseas downloads was 84% (with the U.S. accounting for the largest 32% share).
 - More than one million monthly downloads have continued for more than one year.

CocoPPa

- **Launching the sister app “CocoPPa Play” on a full-scale basis (See page 12)**

CocoPPa

- **Working with the device manufacturers (Samsung Electronics, LG Electronics Japan) (See page 13)**

Apps for career market

- **Working with ROVIO ENTERTAINMENT LTD. (See page 14)**

Apps for career market

- **Enhancing the lineup of “apps for the career market” (See page 15)**

Apps for career market

- **Providing 5 apps for an unlimited app service offered by XL, an Indonesia-based leading telecommunications carrier**

Launching “CocoPPa Play” on a Full-scale Basis

The iOS version was renovated significantly in July and the Android version is planned to be released in August.

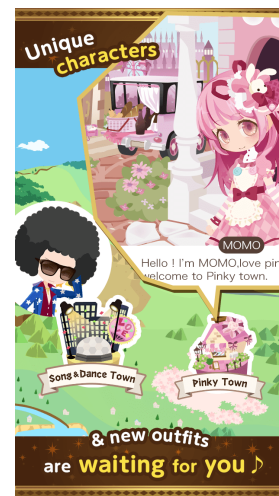


<Basic playing method>

- Users can dress up their avatars with cute clothes and accessories, show them off in fashion shows and have opportunities to, among others, make friends with one another.
- The main revenue source is paid the items such as clothes for dressing avatars.
- It is possible to set the avatars in “CocoPPa” My Page.

<Additional features after the renovation>

- Various cities have been added in the app. If missions for each city are cleared, limited-sale clothes become available for sale.
- In addition, introduction of free points, addition of sound, etc.



Working with Smartphone Manufacturers

Efforts made together with “Samsung Electronics” and “LG Electronics Japan”

We aim to further increase of “CocoPPa” users.

1) Working with Samsung Electronics

“CocoPPa” was released in the app store “Samsung Galaxy Apps” preloaded on smartphones and tablets manufactured by Samsung Electronics.

2) Working with LG Electronics Japan

“isai motion <arrange>”(*), an original function to “change home screen themes simply by shaking the smartphone” is installed on “isai FL”, LG’s 2014 summer model smartphones launched by au.
Further, “CocoPPa” has been preinstalled on those smartphones for the first time.

The images of changing home screen themes by using “isai motion <arrange>”

Before changing the themes



Icons and wallpapers are changed simply by shaking the smartphone.



After changing the themes



* Developed based on “CocoPPa” jointly by our company and LG Electronics Japan

Working with ROVIO ENTERTAINMENT LTD.

Jointly publishing “Angry Birds(*)” for “Sugotoku-Contents®” provided by NTT DOCOMO Inc.

We will continue to consider advancing the cooperation and expanding its scope.

■ Titles provided for “Sugotoku-Contents®”

[Games] Angry Birds, and following titles



[Video] ToonsTV



* “Angry Birds” is a registered trademark of ROVIO ENTERTAINMENT LTD.

(c) 2014 Rovio Entertainment Ltd. Angry Birds and game characters are trademarks of Rovio Entertainment Ltd. and are protected by international laws. All rights reserved.

Enhancing the Lineup of “Apps for the Career Market”

Apps provided for “Sugotoku-Contents®” offered by NTT DOCOMO Inc. increased.

The above-mentioned apps serve as stable revenue sources along with apps in au “Smart Pass”.

Apps for “Sugotoku-Contents®”



CocoPPa

Dec. 2013 ~



Brain Training Game Pack for Sugotoku



iQ Quiz Collection for Sugotoku

Feb. 2014 ~



Angry Birds (*)

Jun. 2014 ~

Apps for “Smart Pass”



TAP10



Psychological Tests of Love and Diagnosis



Indian Magic of Mental Calculation



Simple Recipes and Secret Tips



Recipes for Simple Side Dishes Going Well with Liquors



Trivia for Popularity★ Wine 365



Trivia for Popularity★ Sushi 365



Trivia for Popularity★ Cheese 365

* Published jointly with ROVIO ENTERTAINMENT LTD.

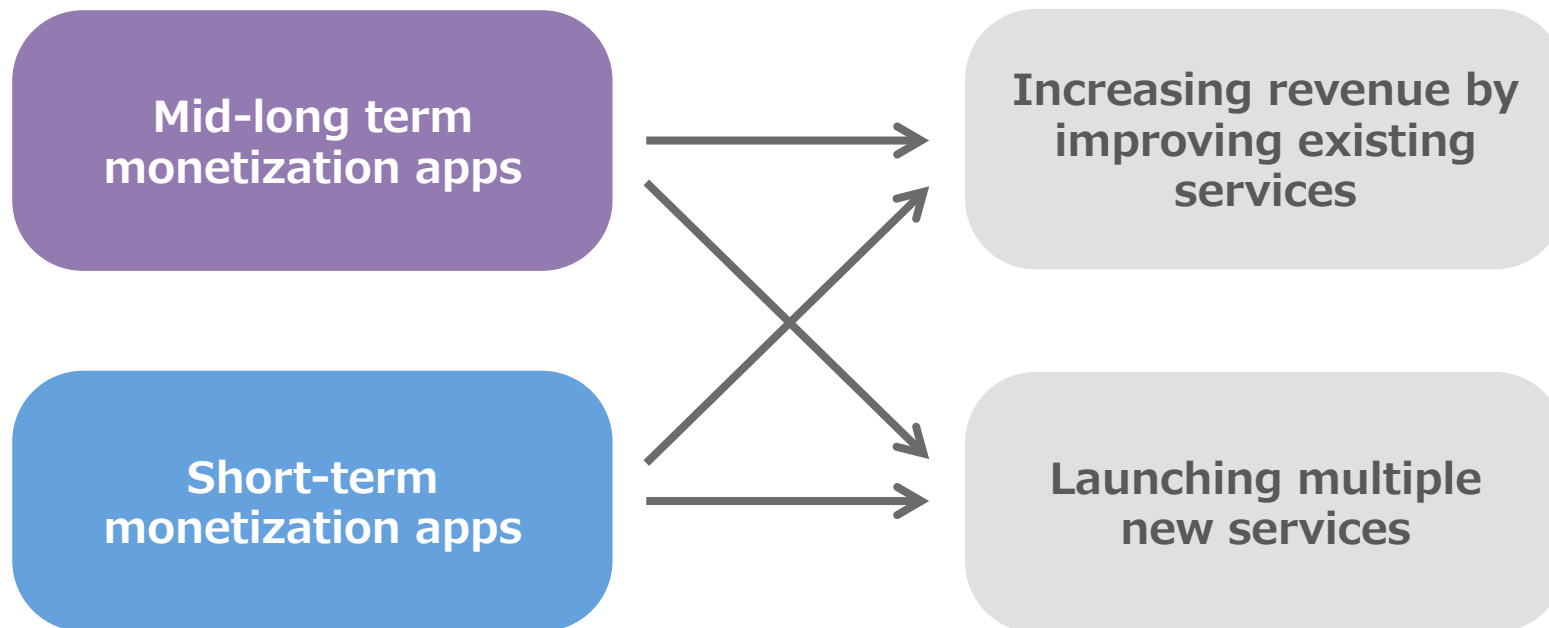
(c) 2014 Rovio Entertainment Ltd. Angry Birds and game characters are trademarks of Rovio Entertainment Ltd. and are protected by international laws. All rights reserved.

Future Measures for the Smartphone Media Business

Current status

- Revenue from existing services (CocoPPa, apps for the career market, affiliate media) continue to grow.
- All of the process for high quality apps, from planning, development and operation, can be completed in-house.

Measures



3. Status of RTB Advertising Business and Future Direction

“Characteristics” and “Advantages/Strengths” of Our RTB Advertising Business

We develop and operate our own three functions of DSP, SSP and agency on our own mainly in the smartphone segment.

Characteristics

1. Developing the business mainly in the smartphone segment

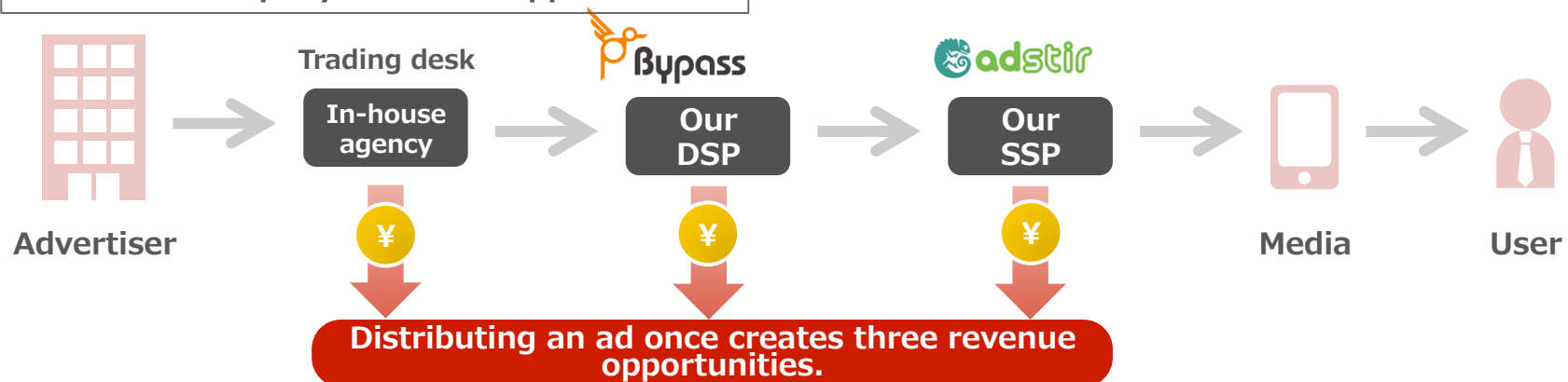
(The service was launched as a smartphone-specific SSP/DSP in April 2012)

2. Having all the three functions of DSP, SSP and agency (trading desk)

Advantages/strengths

- The market itself is expected to show significant growth.
- Abundant knowhow in the smartphone segment
- Three revenue opportunities for each ad impression (See the figure below).
- Gross profit margin is improved by increasing in-house transactions.

■ Process of RTB advertising transactions and our company's revenue opportunities



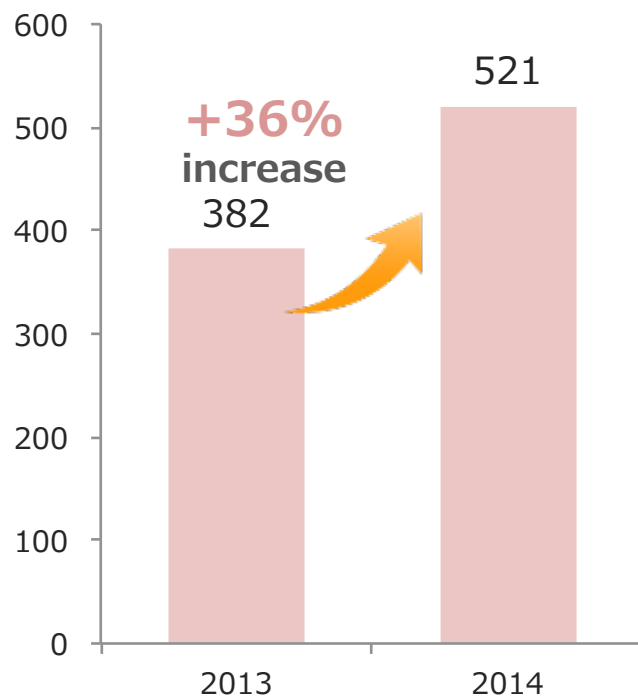
RTB Advertising Market trends and Growth Rate of Our RTB Advertising Platform Sales

Our RTB advertising platform sales increased by 193% compared to the January-June period of the previous fiscal year.

The size of Japanese RTB advertising market is estimated to grow by 36% in the period from 2013 to 2014.

Overall market

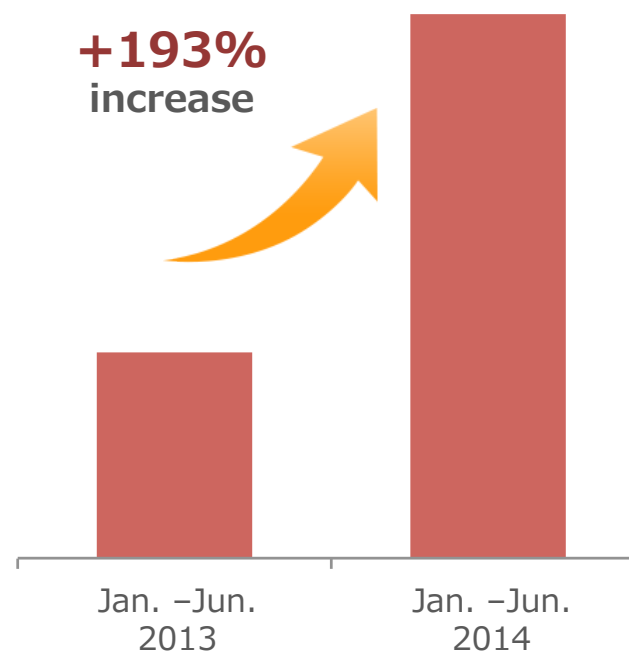
(million US dollars)



(Source : IDC, October 2013; market size prediction for the **full year**)

Our company

+193% increase



(Actual results for the **January-June period**)

Factors that Differentiate SSP Services

“Size” and “automation”

Factors that differentiate SSP services are “size” of demand and supply to increase the volume of advertisements distributed within SSP and “automation” to raise transaction unit value.

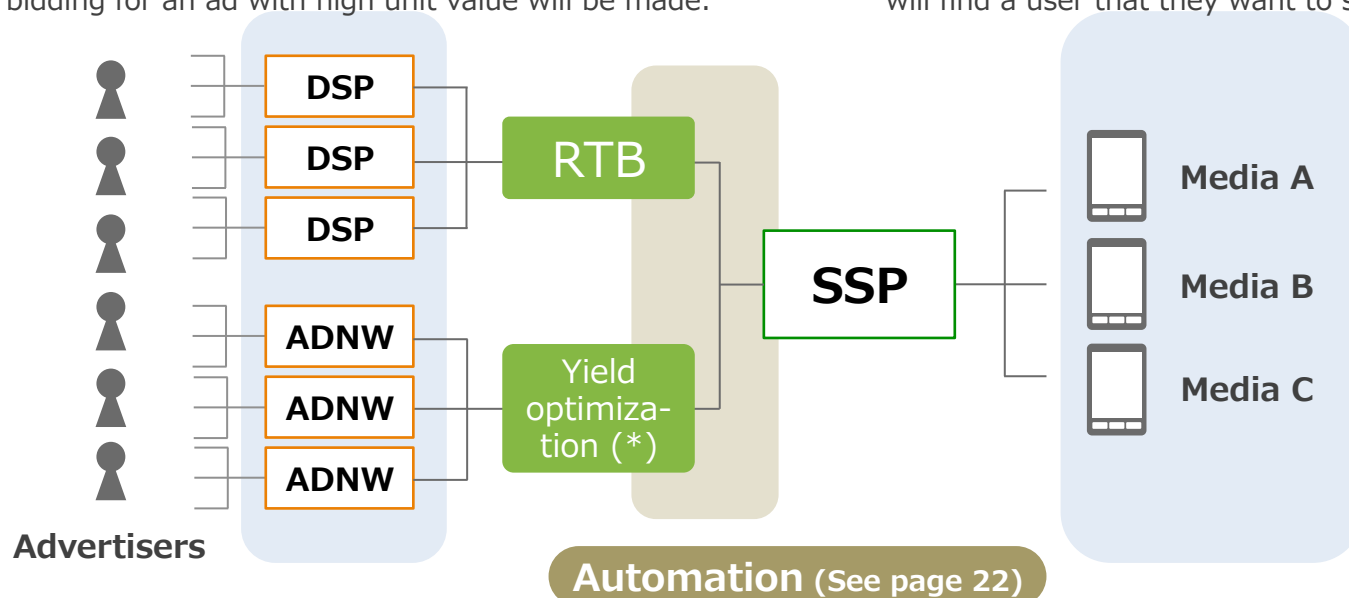
Size(See page 21)

Number of connections to advertisers (demand side)

The more advertisers means the more customers and the more likely bidding for an ad with high unit value will be made.

Volume of inventory of ads distributed (supply side)

The larger inventory means the more likely advertisers will find a user that they want to show their ad to.



An ad with the highest unit value is automatically selected and displayed each time

* A mechanism for carrying out centralized management to maximize sales from multiple ad networks

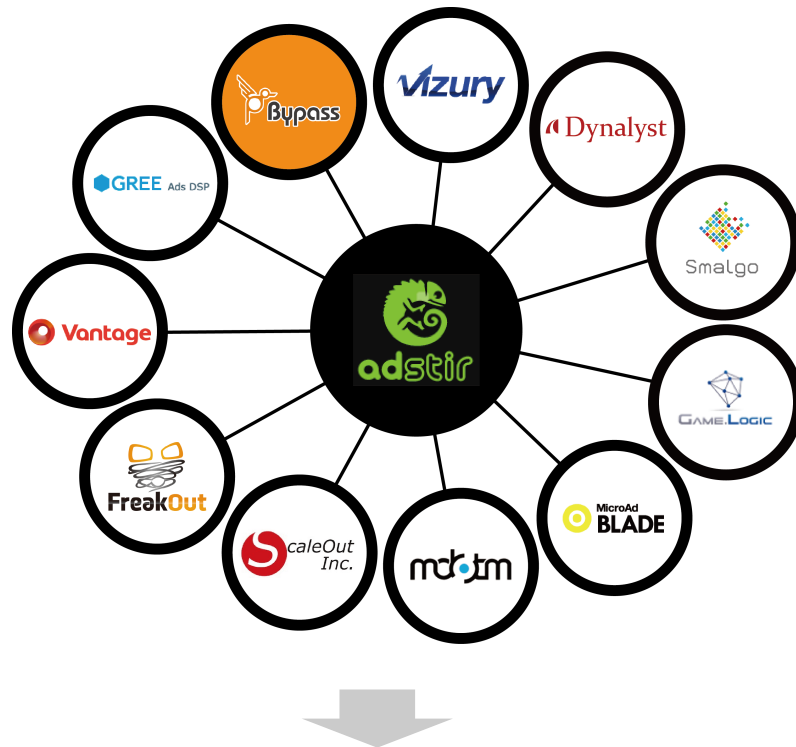
“Size” of Our SSP “AdStir”

AdStir is one of Japan’s largest smartphone SSPs.

Connected to 11 major domestic/global DSPs

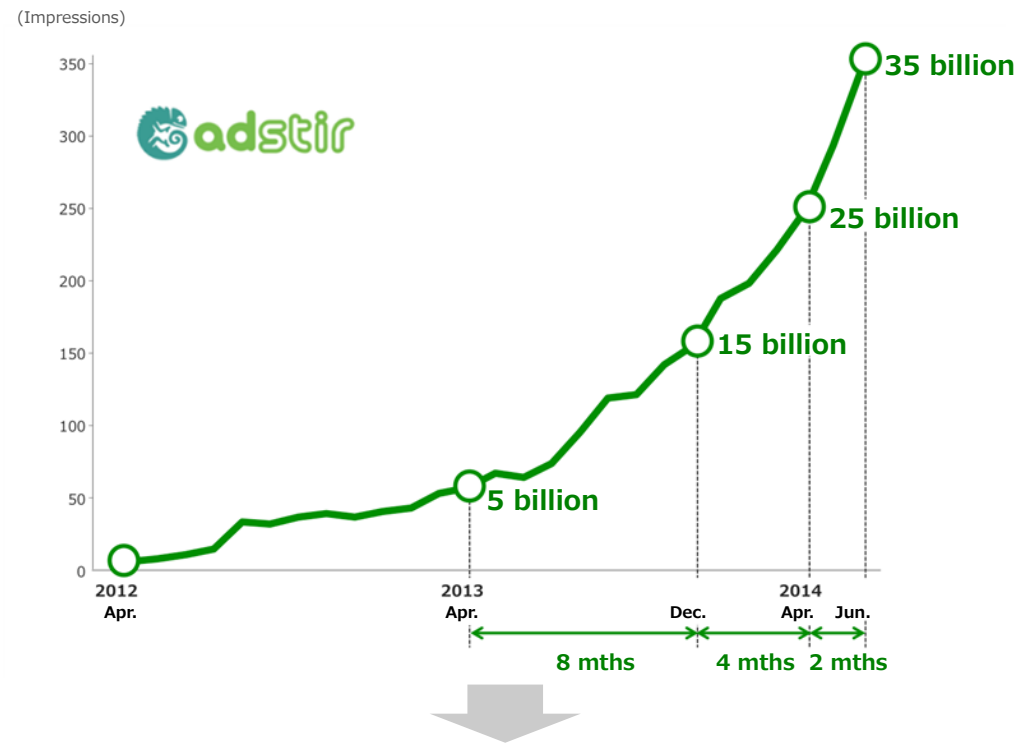
Distribution inventory has expanded, mainly driven by increase in ads for smartphone apps, and reached 35 billion ad impressions in June.

Number of connections to advertisers (demand side)



We plan to continuously add more and more connections.

Volume of inventory of ads distributed (supply side)



Growth rate is being accelerated.

“Automation” Function of Our SSP “AdStir”

The newest “automation” function among those of smartphone SSPs

An advertisement with the highest unit value is **automatically** selected for display on targeted media (ad spot) from among various formats and advertisers.

Various advertising format



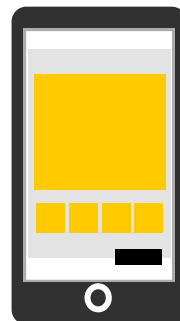
Banner advertising



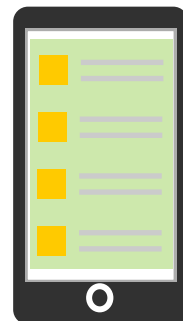
Icon advertising



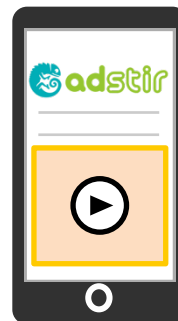
Native advertising



Interstitial advertising



Wall advertising



Rich/video advertising



Many channels

11 DSPs

Bypass
GREE ADS DSP
Vantage
FreakOut
ScaleOut
m dot m
BLADE
GAME LOGIC
Smalgo
Dynalyst
Vizury

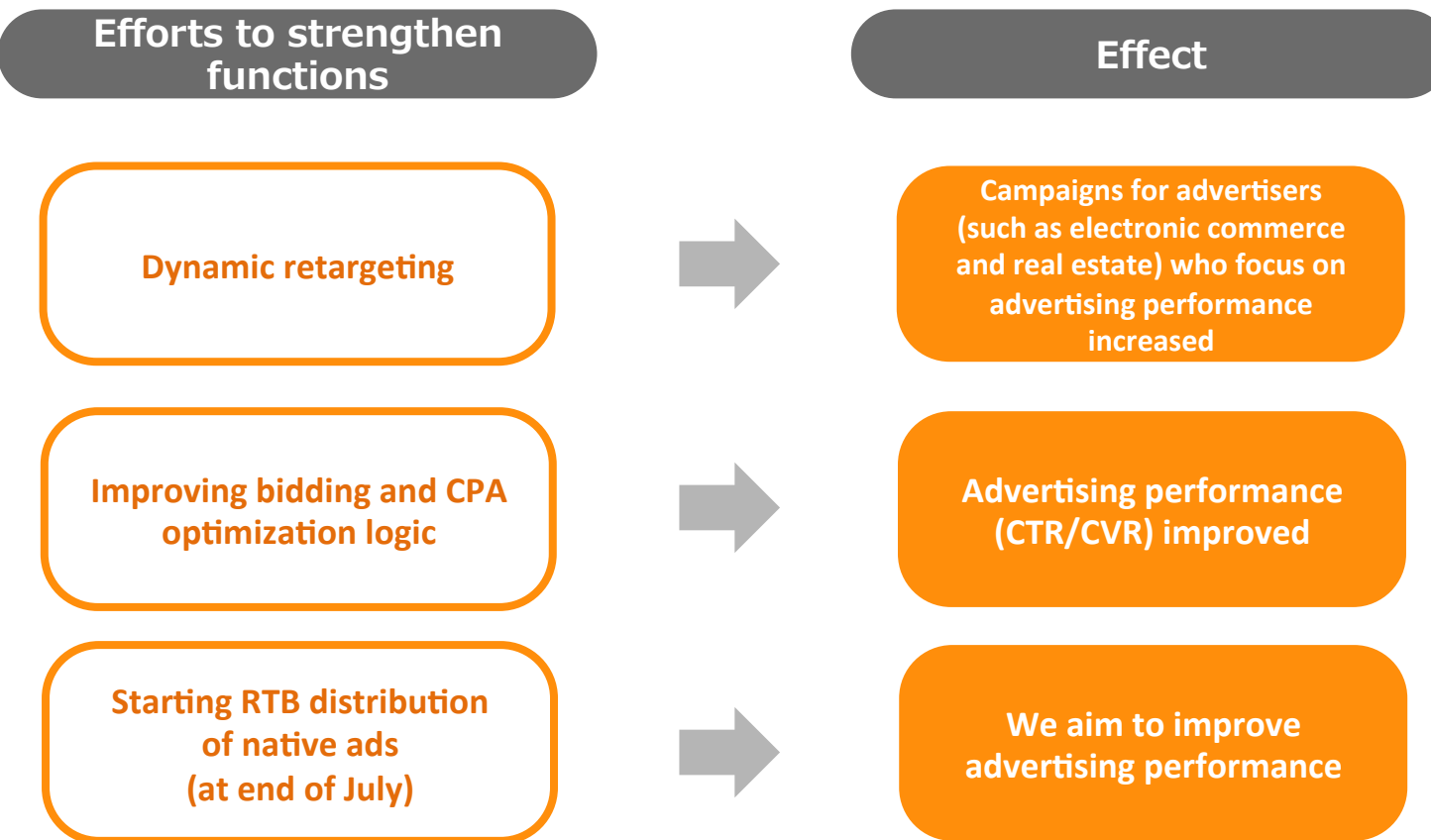
20 or more ad networks

Formats unique to smartphones have already been supported.

Strengthening Functions of Our DSP “Bypass”

Efforts to improve advertising performance

“Increase of campaigns for advertisers who focus on performance” and “improvement of CTR/CVR” have shown positive effects.



Future Measures for RTB Advertising Business

We will achieve continuous growth mainly through the following measures in the smartphone segment.



Improving advertising performance

- Improve the accuracy of distribution functions including the dynamic retargeting function launched in 1Q
- Continuously improve bidding and CPA optimization logic

Expanding inventory of target users

- Connect with new SSPs



Expanding the scale of transactions

- Continue new media recruiting to increase our advertising inventory
- Further increase the number of connections with new DSPs

Raising the transaction unit value

- Distributing advertisements with higher unit value will be made possible by supporting new formats, etc.
- Promote the function to automatically serve ads so that ads with higher unit value are automatically selected and served

4. Summary

Overall Summary

	1Q	2Q以降
Whole company	Both revenue and profit increased compared to the same period a year ago (profitability achieved)	We continue to achieve growth mainly in core businesses (smartphone media business and RTB advertising business)
Smartphone media business	"CocoPPa", "apps for the career market" and "affiliate media" continued to grow	We have launched several new businesses while aiming to achieve growth by improving existing services to increase revenue
RTB advertising business	We achieved growth mainly in the smartphone segment	We continued to achieve growth mainly in the smartphone segment

5. Reference Material

Consolidated Balance Sheet for This Quarter

- <Current assets> Increased by 318 million yen due to increase in operational investment securities, etc.
- <Fixed assets> Increased by 413 million yen due to acquisition of investment securities, etc.
- <Net assets> Increased by 558 million yen partly because the **exercise of subscription rights to shares with exercise price revision terms** allotted to Merrill Lynch Japan Securities Co., Ltd. in December 2013 was **completed in June** (fundraising of 2,018 million yen).

(million yen)

	End of This Quarter (Jun. 2014)	End of Previous Quarter (Mar. 2014)	Increase/ Decrease
Current assets	7,558	7,239	+318
(Cash on hand)	(5,138)	(5,096)	(+42)
Fixed assets	1,373	960	+413
Current liabilities	1,213	1,040	+173
Fixed liabilities	0	0	+0
Net assets	7,718	7,159	+558

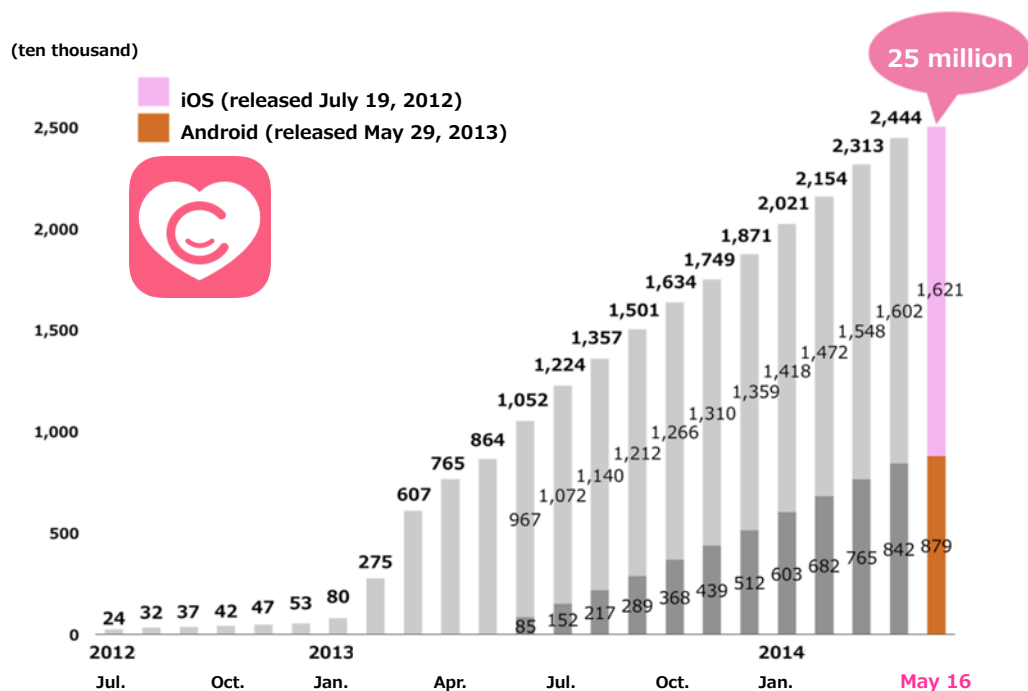
Number of “CocoPPa” Downloads

Downloads of “CocoPPa” reached **25 million** in May 2014 when 22 months passed since its release.

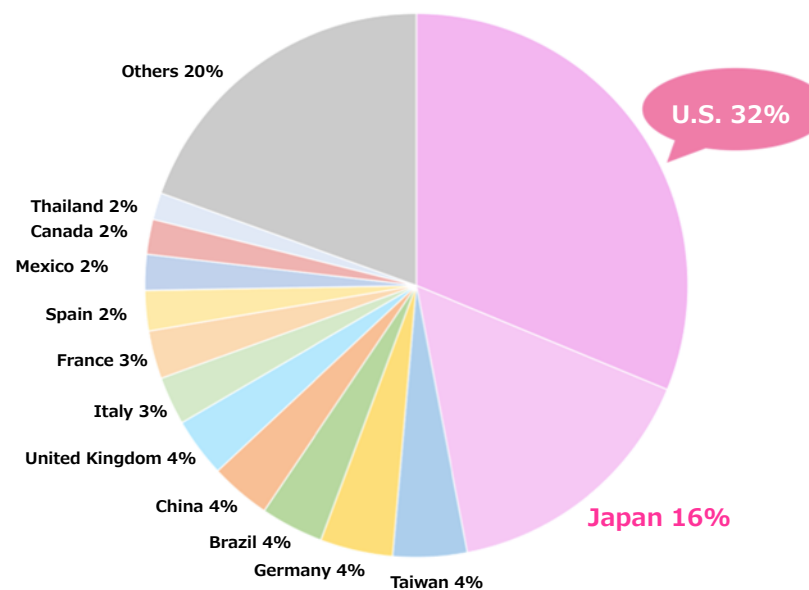
Backed by strong support from users around the world through spread of information on SNS sites and word-of-mouth publicity by users, **more than one million monthly downloads have continued for more than one year.**

The ratio to users outside of Japan is 84% (with U.S. accounting for the largest 32% share).

Monthly cumulative downloads of “CocoPPa®”



Breakdown of cumulative “CocoPPa®” downloads by country



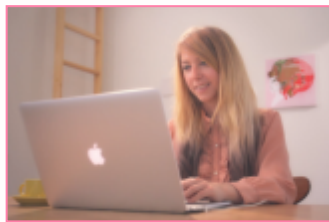
Data as of May 16, 2014 when 25 million downloads were reached

Overview of “CocoPPa” services

Icons, wallpapers and home screens posted by users are downloaded and used by other users. The translation featured by Google within “CocoPPa” is enjoyed by users for cross-border communication.

“CocoPPa” Usage Images

User posting material (creator)



Icons and wallpapers are contributed from around the world (free). **690,000 icons, 150,000 wallpapers** by the end of June

Post

Decorating users



Smartphone screen decorated using posted material (free)

Communication between users (motivation for creators to post)



<Sample page of creators>
(comments)

Users from all over the world write comments on the creator's page
“This icon is cute.” or
“I like your sense of style.”

In English, Chinese, Arabic, German and many other languages

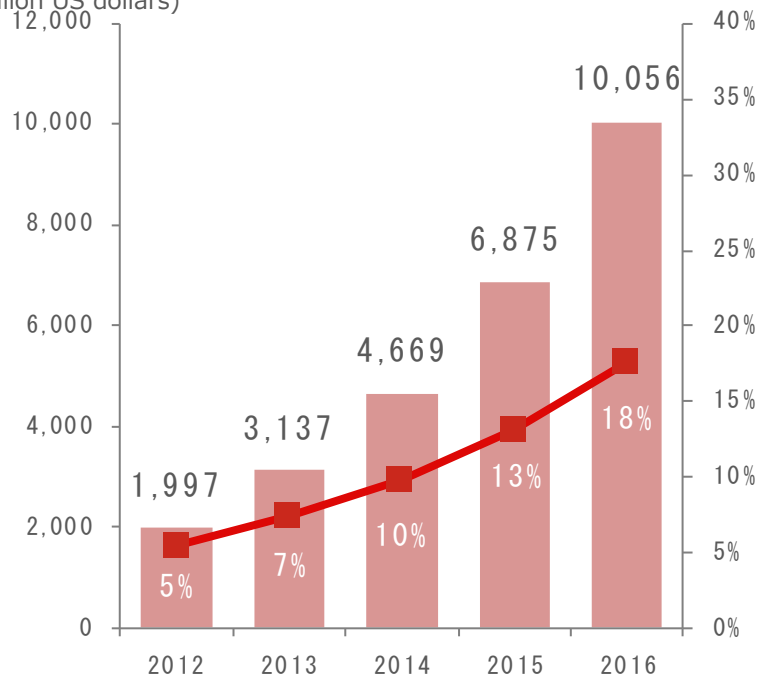
replies:
“Thank you for the comments.” “I am glad to contribute it.”
The translation features are provided in many languages

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

RTB Advertising Market Size and Predicted Share of Overall Display Advertising

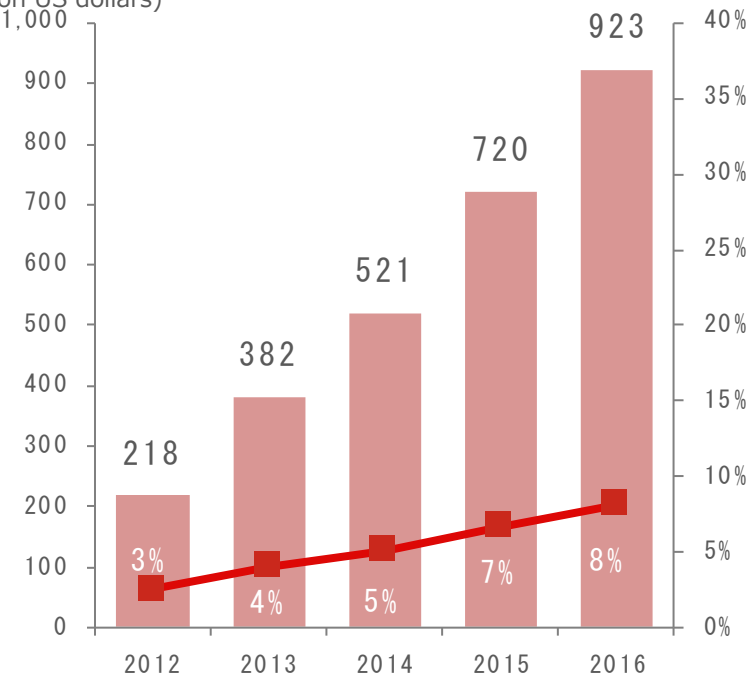
The U.S. RTB advertising market is projected to expand to approximately \$10.1 billion in FY 2016, while the Japanese RTB advertising market is projected to expand to approximately \$900 million in FY 2016. This is projected to be the highest growth rate within the display advertising market.

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)

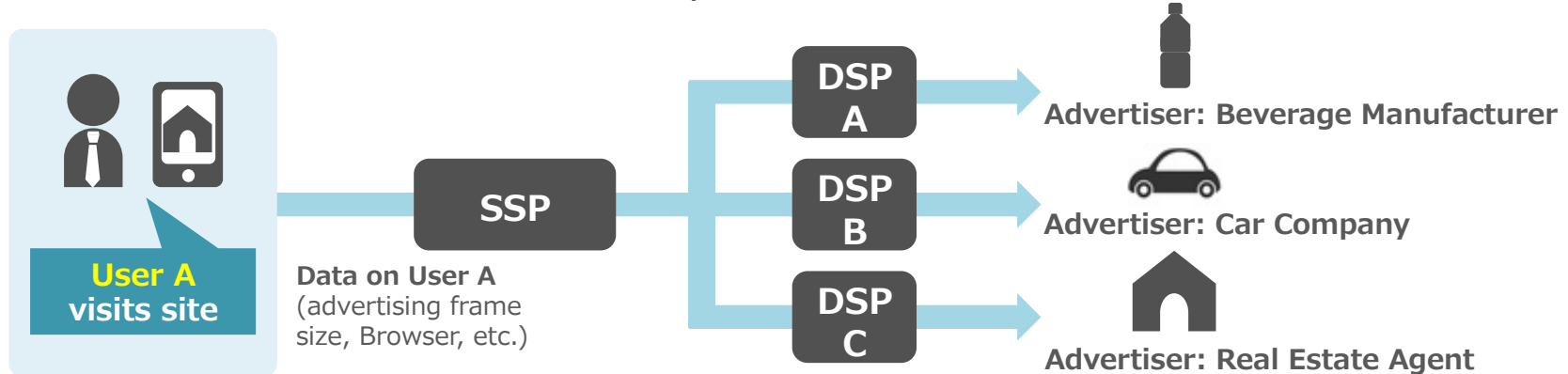


Size of RTB advertising market
RTB advertising share of overall internet ad market

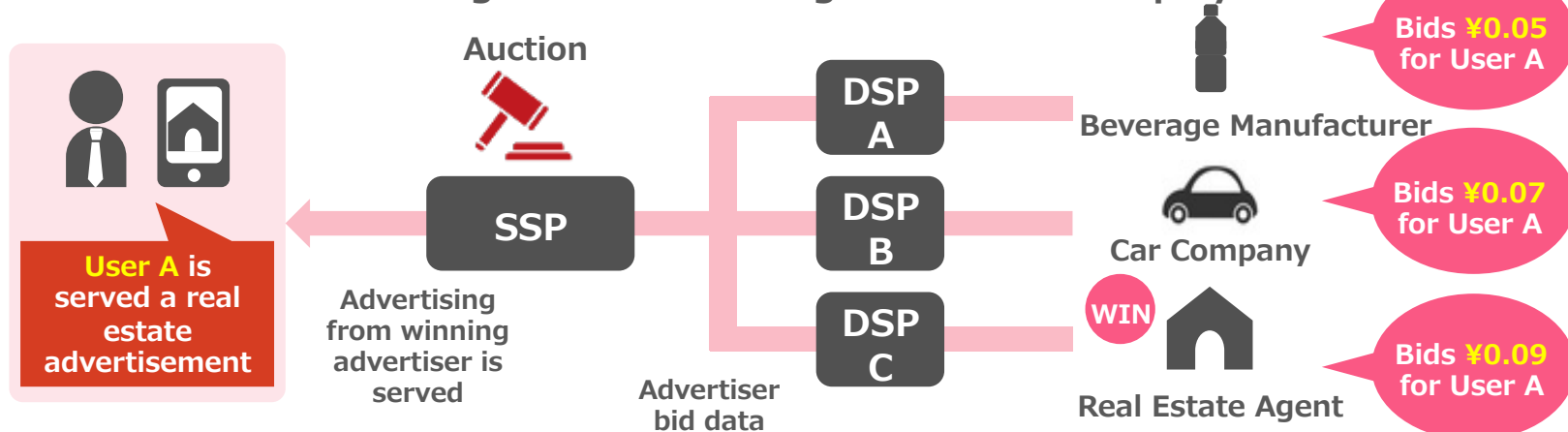
(Source: IDC October 2013 / RTB advertising share of overall market calculated by United)

Real-Time Bidding Setup

STEP 1 When a user visits a site, user data is transmitted to a DSP.



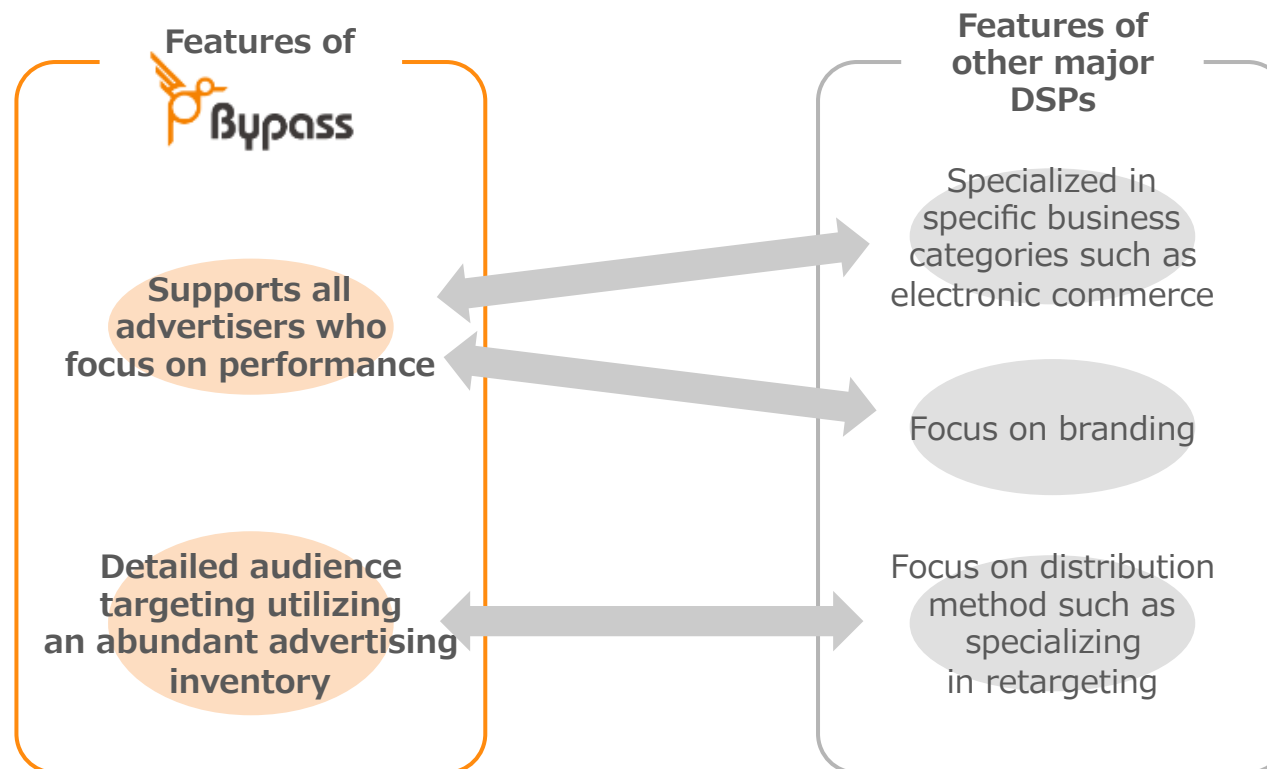
STEP 2 Advertisers bid from a DSP, auction held at SSP ►Advertising from the winning advertiser is displayed.



Comparison of “Bypass” with Other DSPs

In the smartphone RTB advertising market, there are several unique DSPs from other companies including a new entrant but “Bypass” has unique features that differentiate it from other major DSPs.

Comparison of “Bypass” with the Other Major Smartphone DSPs



Vision

Become the leading internet firm in Japan

Mission

Create new value through continued challenges and contribute to society

