



February 3, 2015

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

**United, Inc.**  
(TSE Mothers, Code 2497)

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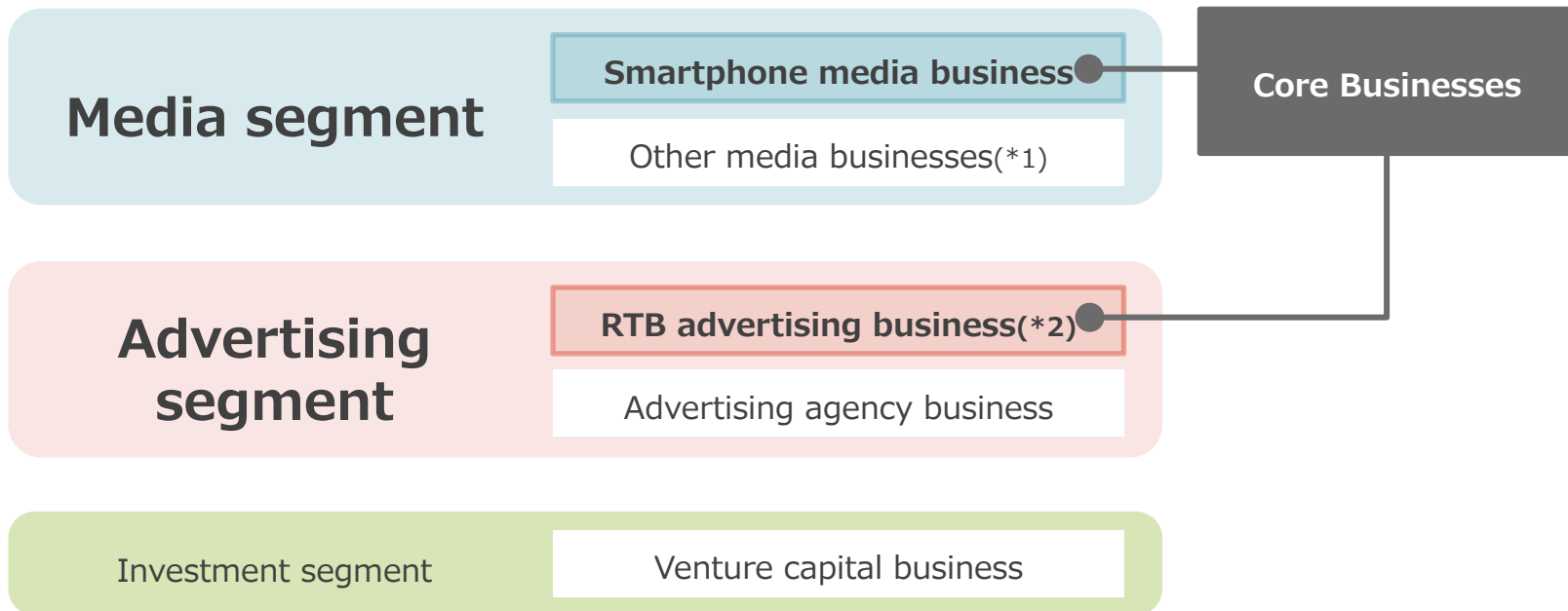
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# Our Core Business

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

# 1. Financial Highlights

# Highlights of Cumulative 3Q (April-December) Results

Whole	<b>Cumulative 3Q Consolidated Results</b>	<ul style="list-style-type: none"> <li>• <b>Both revenue and profit increased compared to the same period last year</b> (Growth rate in the same period last year) <ul style="list-style-type: none"> <li><b>Sales</b> 6,100 million yen (+41%)</li> <li><b>Operating profit</b> 219 million yen (+3,455%)</li> <li><b>Net profit</b> 708 million yen(*) (Profitability achieved: +729million yen)</li> </ul> </li> <li>* Profit generated from investment fund and stock sales due to the listing of investing company (See P.5)</li> <li>• Core businesses (smartphone media business + RTB advertising business) continue to act as drivers for growth</li> </ul>
Core Businesses	<b>Smartphone Media Business</b>	<ul style="list-style-type: none"> <li>• <b>Sales: +55% vs. the same period last year</b></li> <li>• CocoPPa-related services, primarily the avatar application “CocoPPa Play,” led the growth</li> <li>• Newly launched applications in 3Q, an idol cheering application “CHEERZ” (See p.15) and “Casual Game Application” (see p.16) contributed to the profit growth</li> </ul>
	<b>RTB Advertising Business</b>	<ul style="list-style-type: none"> <li>• <b>Sales: +125% vs. the same period last year</b></li> <li>• SSP “AdStir” led the growth. DSP “Bypass” achieved a growth in 3Q</li> </ul>

# Consolidated P/L Statement for Cumulative 3Q (April to December)

**Increase in revenue (+41%) and profit (+3,455%) vs. the same period last year**  
 Driven by the expansion of the size of advertising segment due to growth of RTB advertising business

	Cumulative 3Q of year ending March 2015	Results of the same period last year (Cumulative 3Q of year ending March 2014)	Increase/decrease rate vs. the same period last year
<b>Sales</b>	<b>6,100</b>	<b>4,339</b>	<b>+41%</b>
Media segment	2,501	2,180	+15%
Advertising segment	3,559	2,047	+74%
Investment segment	106	145	△27%
Inter-segment elimination	△66	△33	-
<b>Total profit from sales</b>	<b>1,517</b>	<b>1,180</b>	<b>+29%</b>
Media segment	737	679	+9%
Advertising segment	696	411	+69%
Investment segment	83	89	△7%
Inter-segment elimination	0	0	-
<b>Selling, general, and administrative expenses</b>	<b>1,297</b>	<b>1,174</b>	<b>+11%</b>
<b>Operating profit</b>	<b>219</b>	<b>6</b>	<b>+3,455%</b>
Media segment	217	264	△18%
Advertising segment	352	58	+500%
Investment segment	64	67	△4%
Head office expenses	△414	△384	-
<b>Current profit</b>	<b>470</b>	<b>18</b>	<b>+2,461%</b>
Equity method in earning of affiliate	249	12	+1,960%
Other	1	0	+1,598%
<b>Quarterly net profit</b>	<b>708</b>	<b>△21</b>	<b>Profitability achieved</b>
Extraordinary profit and loss	319	△9	-
Tax expense	83	33	+151%

Profit from investment fund to which equity method is applicable in 3Q: 213 million yen

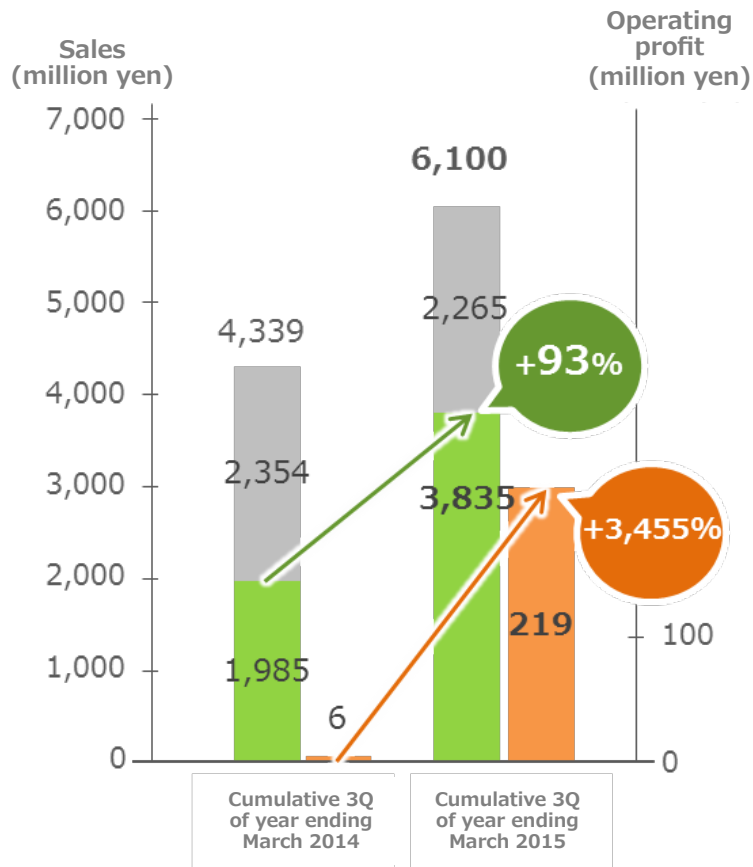
Profit from stock sales due to the listing of investing company Datasection, Inc. in 3Q: 380 million yen

\* From 1Q of year ending March 2015, we changed the standards for allocating SG&A to each business segment and recalculated the operating profit in the cumulative 3Q of the last year according to new standards.

# Consolidated: Changes in Sales and Operating Profit

Sales of core businesses (smartphone media business + RTB advertising business): **+93%** vs. cumulative 3Q of the last year

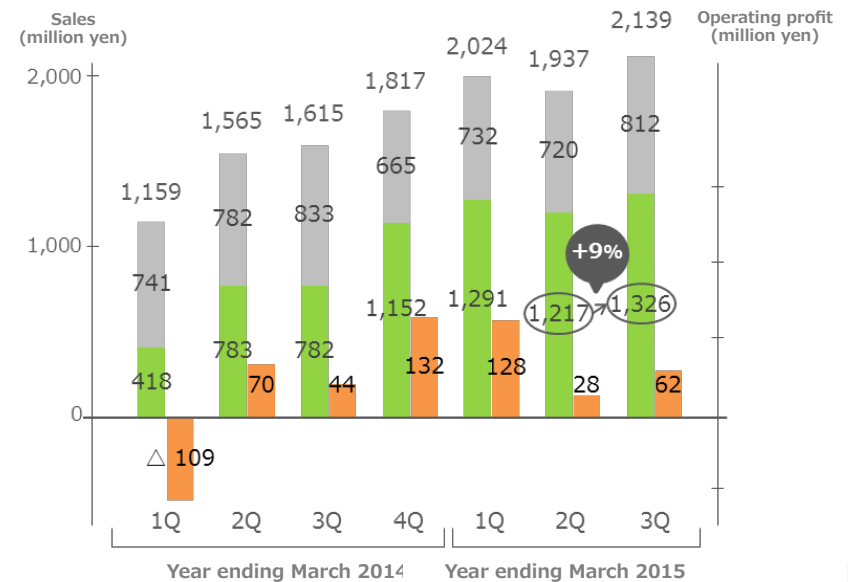
Compared to cumulative 3Q last year



Legend: Sales of other businesses (grey), Sales of core businesses (green), Operating profit (orange)

Quarterly trend

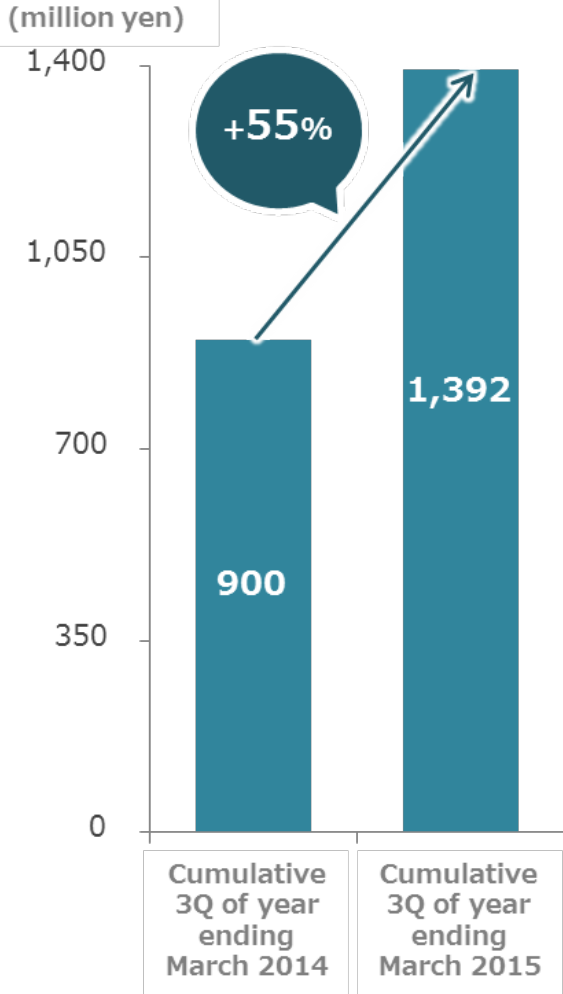
+9% sales against the previous quarter. Smartphone media business and RTB advertising business achieved the profit growth.



# Smartphone Media Business: Changes in Sales

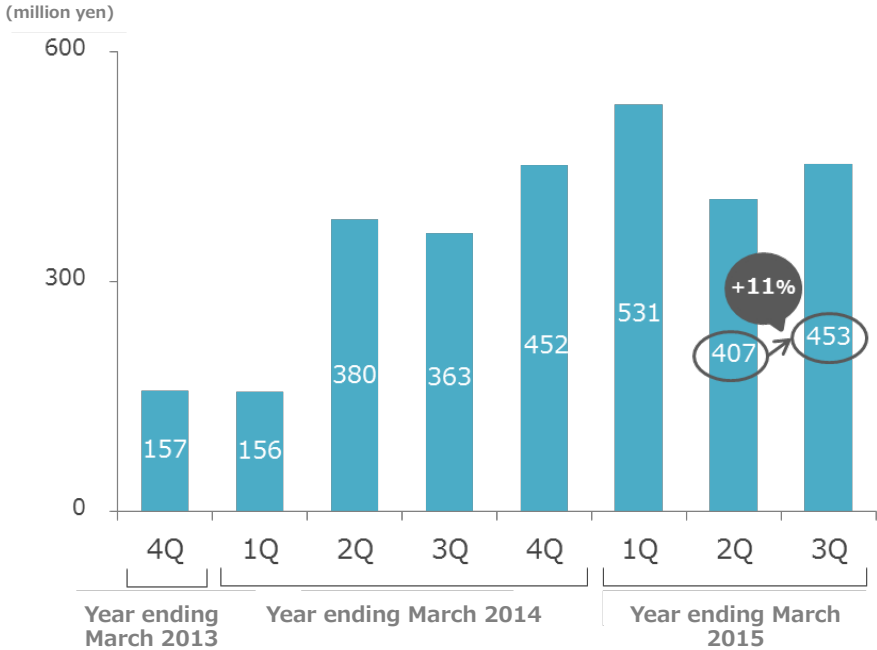
**+55%** vs. cumulative 3Q last year

Compared to cumulative 3Q last year



Quarterly trend

+11% vs. the previous quarter. "CocoPPa-related services" particularly grew.

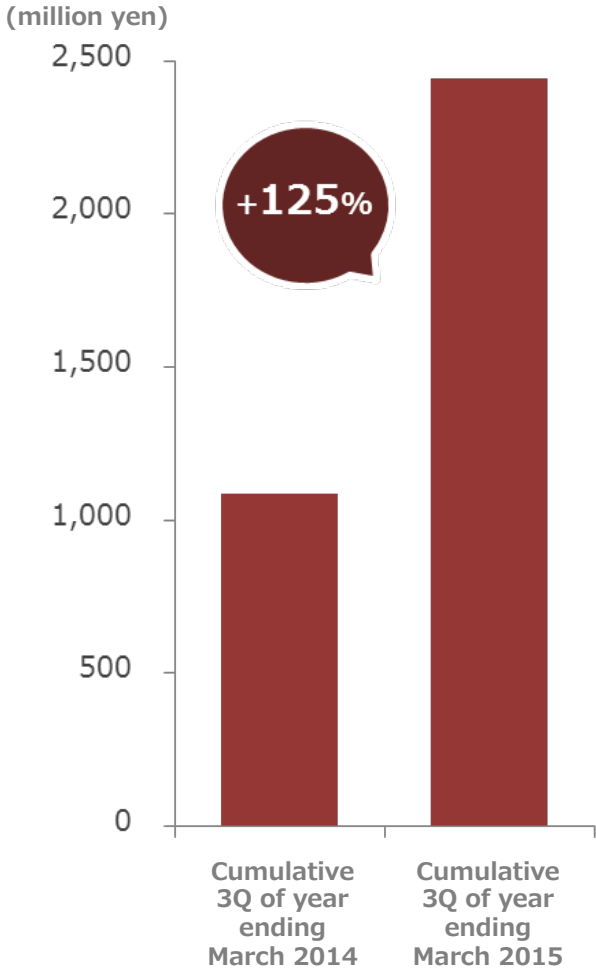




# RTB Advertising Business: Changes in Sales

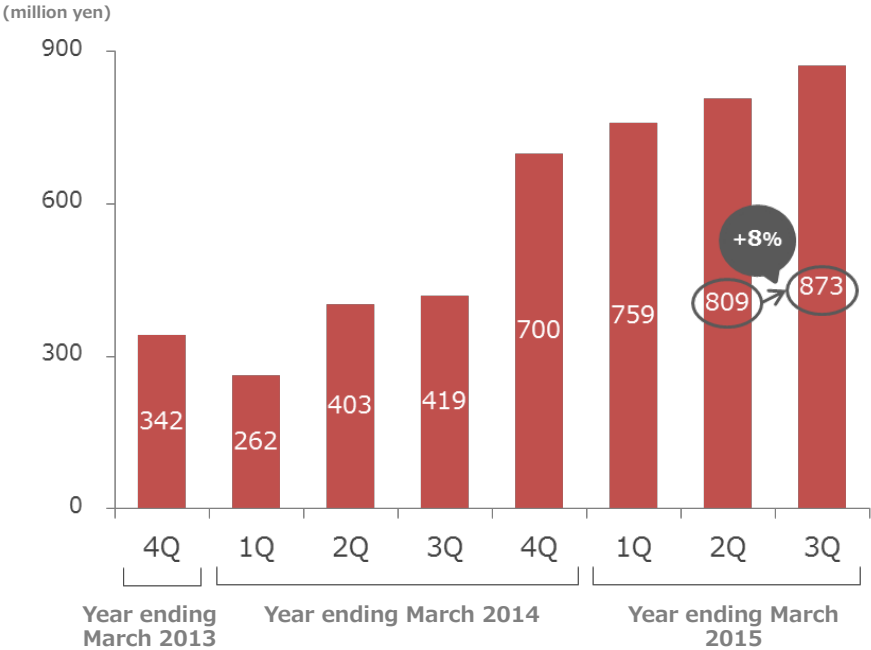
**+125%** vs. cumulative 3Q last year

Compared to cumulative 3Q last year



Quarterly trend

+8% vs. the previous quarter. Both DSP and SSP grew. DSP particularly achieved a large growth.



## **2. Status of Smartphone Media Business and Future Direction**

# Services in Smartphone Media Business

As a CocoPPa-related services, a new home application **"CocoPPa Home"** was released in 3Q. New services **"CHEERZ"** and **"Casual Game Application"** were also released in 3Q.

## CocoPPa-related services

Application group centering around the home screen customizing application "CocoPPa," which achieved 32 million downloads. "CocoPPa Home" was newly launched in 3Q.

## Applications for carrier market

Our own applications are supplied to NTT Docomo "Sugotoku-Contents", au "Smart Pass", SoftBank Mobile "App Pass", etc.

## Affiliate media

Point media developed and operated by our company

## Newly released services in 3Q

### CHEERZ

Idol cheering application with user participation

### Casual Game Application

Casual game application is provided for free, and profit is earned from advertisements displayed on the screen of application.

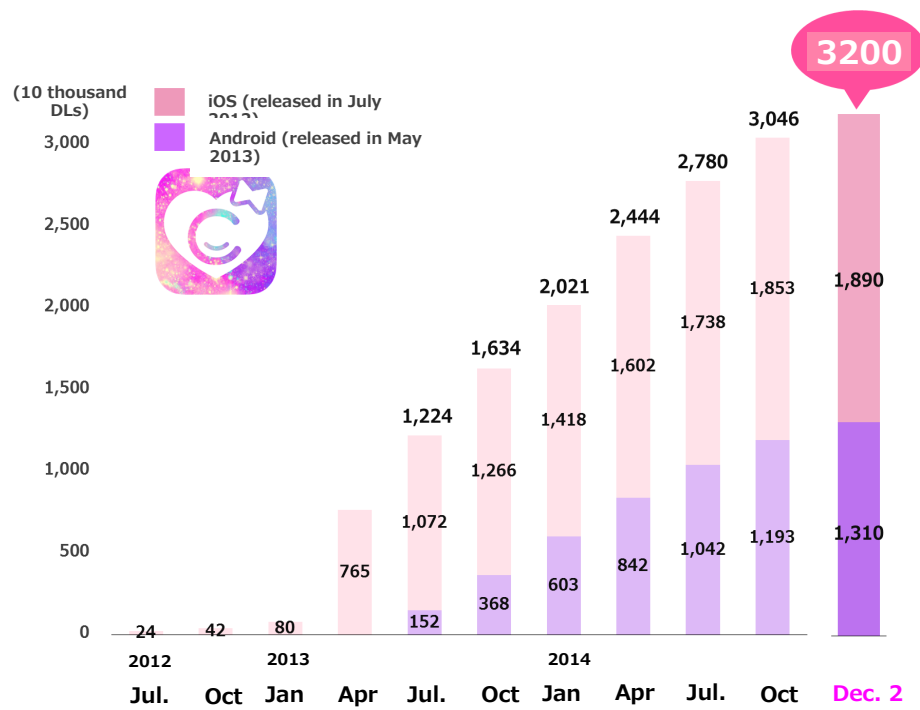
## CocoPPa-related Services

## Number of "CocoPPa" Downloads

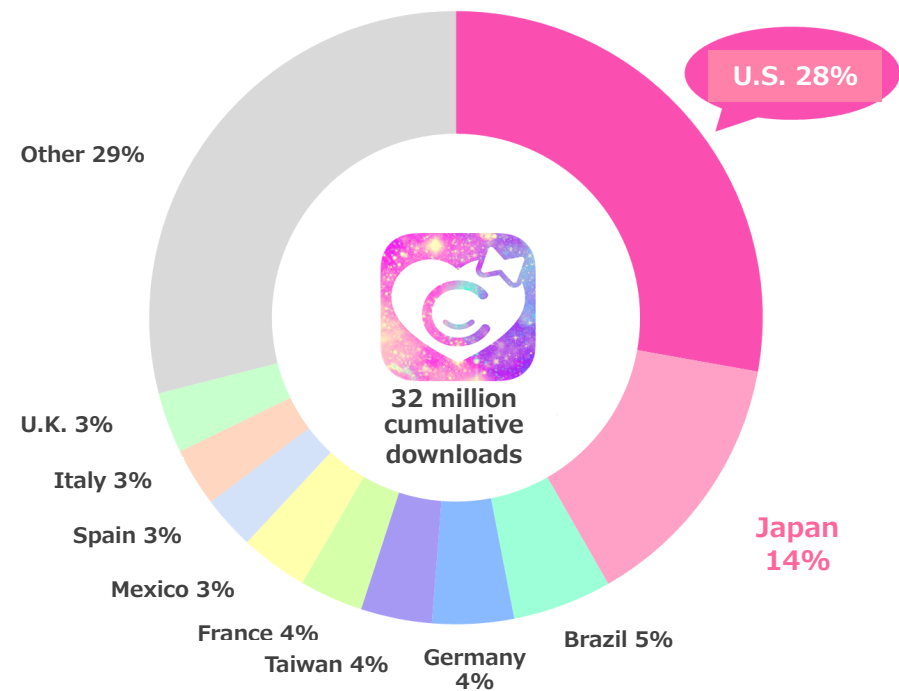
The number of downloads reached **32 million** in December 2014. (\*)

**The ratio of downloads of the Android version increased:** The number of monthly downloads of the Android version was the highest in December, exceeding 1.2 million.

### Changes in the cumulative downloads by OS



### Ratio of downloads by country

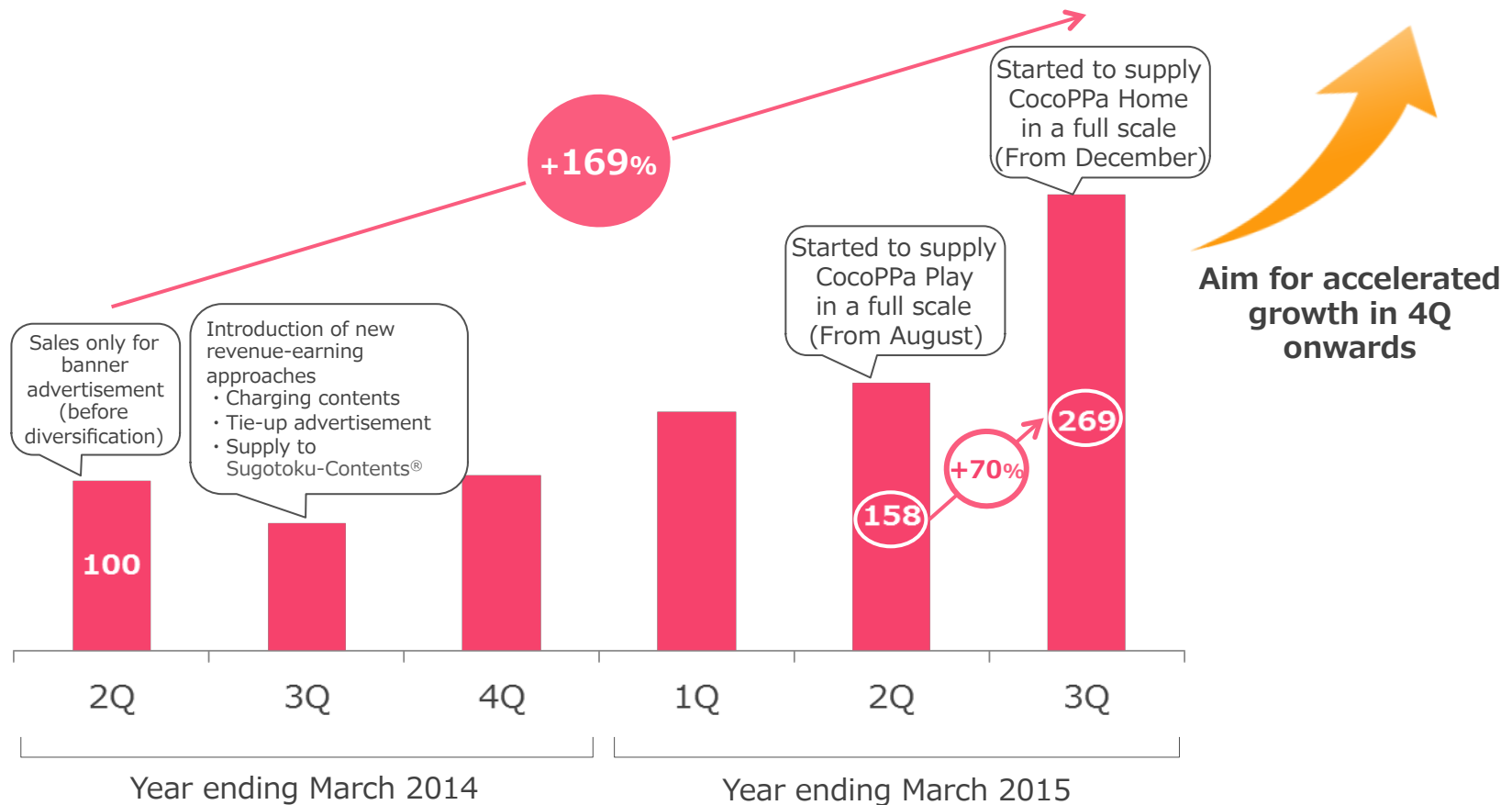


\* The number of downloads exceeded 35 million at the end of January, 2015

**+169%** compared to a time before sales measure diversification (2Q of a fiscal year ending March 2014)

We achieved a steady growth while taking new approaches. "CocoPPa Play" led the growth in 3Q.

**Changes in sales of "CocoPPa-related services" by quarter**  
 (The sales in 2Q in a fiscal year ending in March 2014 regarded as 100)



A new home application **"CocoPPa Home"** was released in December 25, 2014

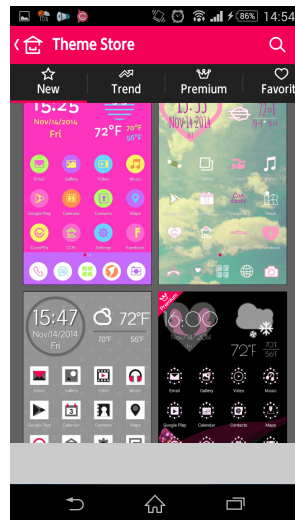
<What is "home application"?>

- Application to customize a home screen (standby screen) of a smartphone.
- A home application can be replaced under Android OS. In addition to wallpapers and icons, widgets such as clock and visual effect can also be customized.

General standby screen



Home pack of CocoPPa Home Favorite one can be selected on selection screen



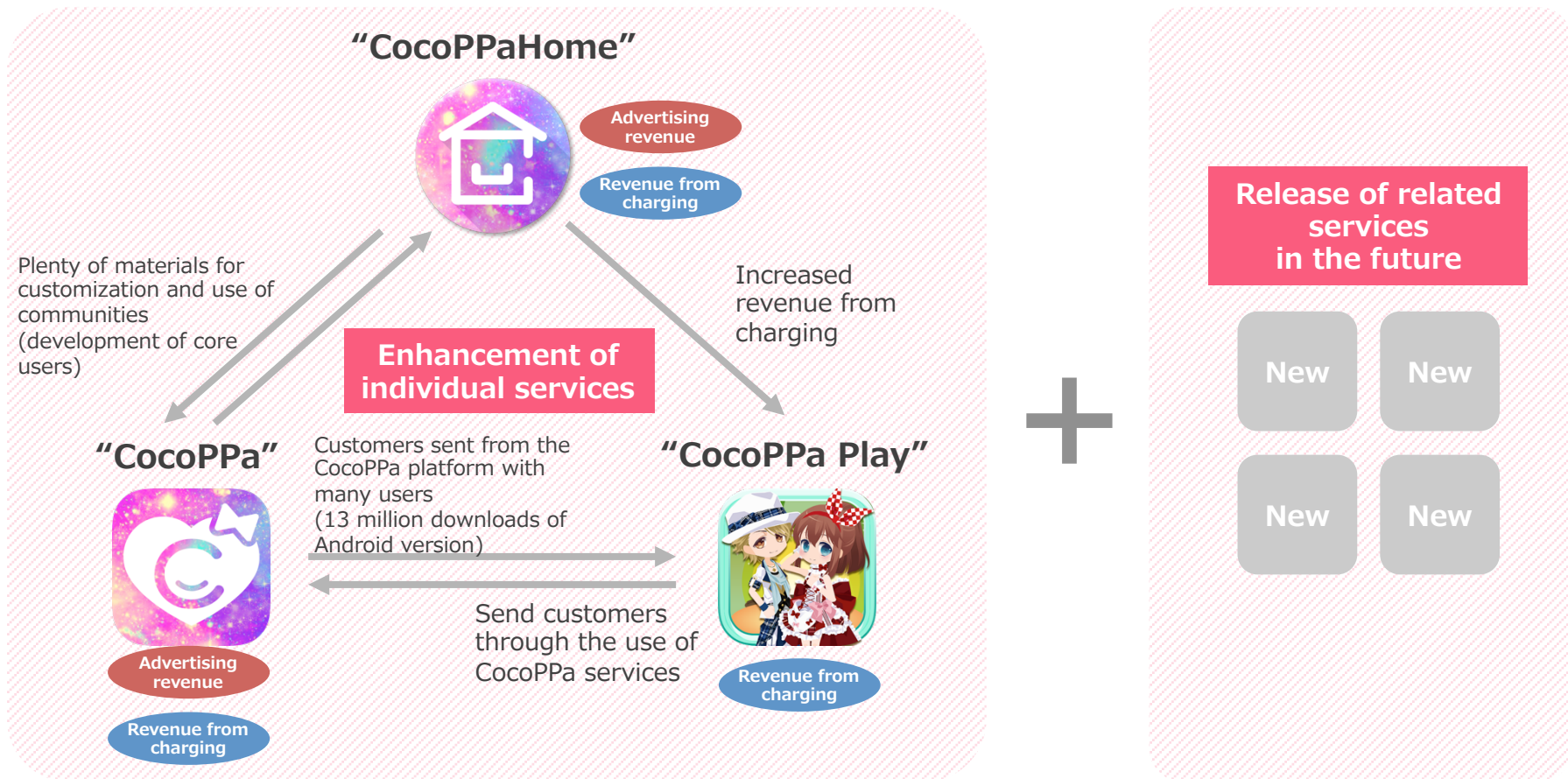
Customized home screen using CocoPPa Home (examples)



Home application of a carrier or a manufacturer is active

CocoPPa Home is active

In CocoPPa-related services, we aim for accelerated growth of the entire services through various revenue-earning measures such as charging and advertisement, by increasing the active rate of related applications including CocoPPa Home as a core.



Accelerate growth of the entire services through various revenue-earning measures

# CHEERZ Idol cheering application with user participation

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

## How to use "CHEERZ"

Photos and movies of idols appear on timeline.

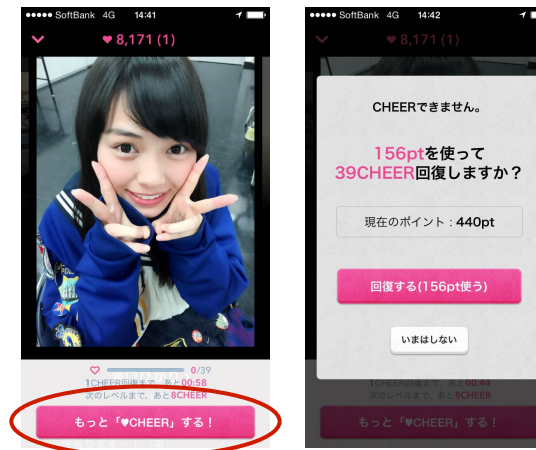
Choose your favorite idol (photo or movie) and "CHEER" her.

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.37).

\*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.



# Casual Game

## Game applications generating revenue through advertisements

Casual game applications were released since October.

Revenues through advertisements displayed on a screen while the application is in use



Five applications have already been released by the end of December, including the first application "Nekonowakusei (planet of cats)" released in end October, 2014.



Nekonowakusei (Planet of cats)



Kichiku momotaro



Nyaberunoto (Nyaberu tower)



Makainotobira (Door to the devildom)



XX keijoshi (XX girl)

Several applications will be released every month in the future. We will increase revenue from advertisement by enhancing the number of active users

# 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 32 million downloads.

**We have general knowhow obtained through our abundant experience**

## Internal system

- Our own unique personnel system “U-start” (See p.37) 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**

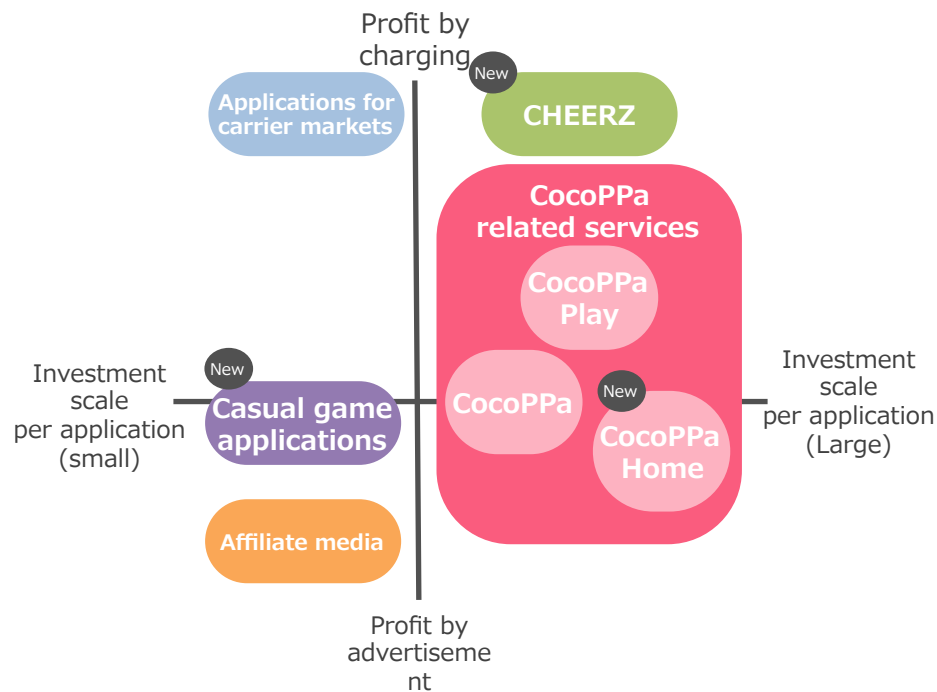
# Service Structure of Smartphone Media Business and Changes in Monthly Sales in 3Q

Our service structure has become diversified with the launch of new services in 3Q, achieving increased sales on a monthly basis.

## Service Structure

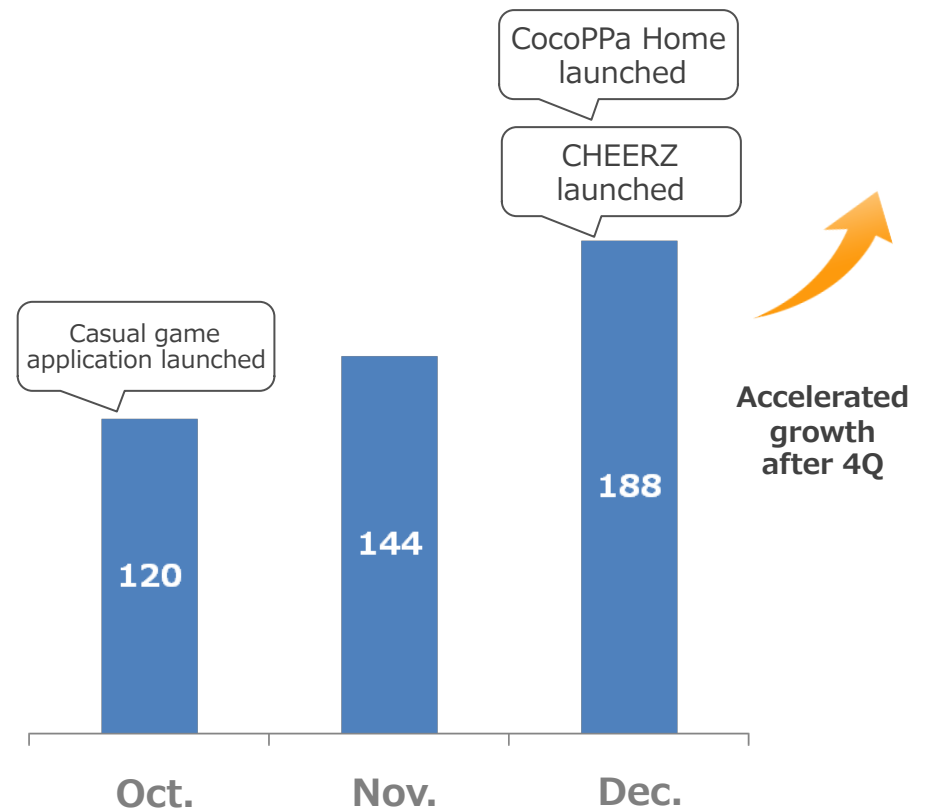
Various types of applications are speedily developed internally

**New** ...New services launched after 3Q



## Monthly Sales and Topics of Smartphone Media Business in 3Q

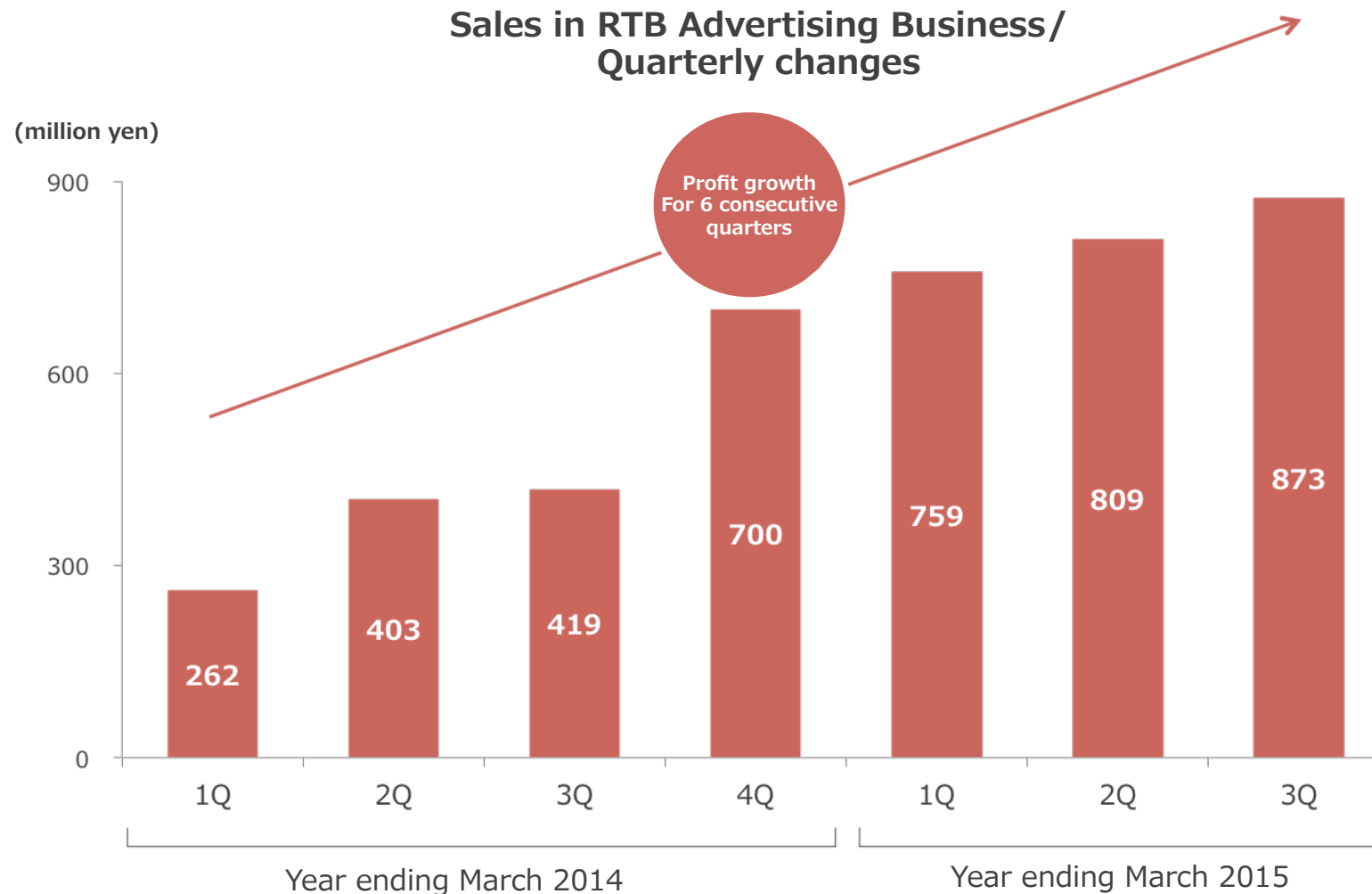
(Unit: million yen)



## **3. Status of RTB Advertising Business and Future Direction**

# RTB Advertising Business: Quarterly Changes in Sales

**Continuous profit growth for 6 consecutive quarters**  
since 1Q of year ending March 2014

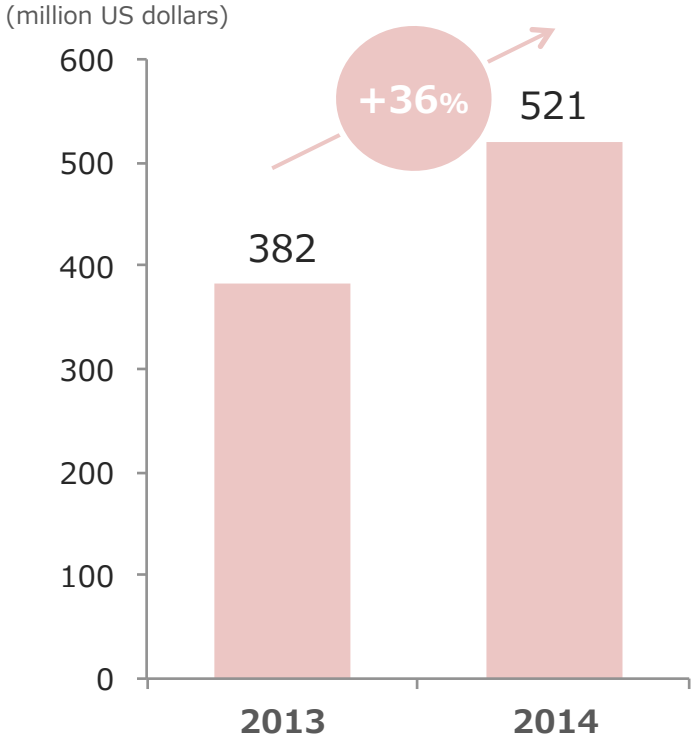


# RTB Advertising Market and Growth Rate of Our RTB Advertising Platform Sales

Our RTB advertising platform sales specialized in smartphone increased by **+144%** compared to the January-December period of the previous fiscal year.

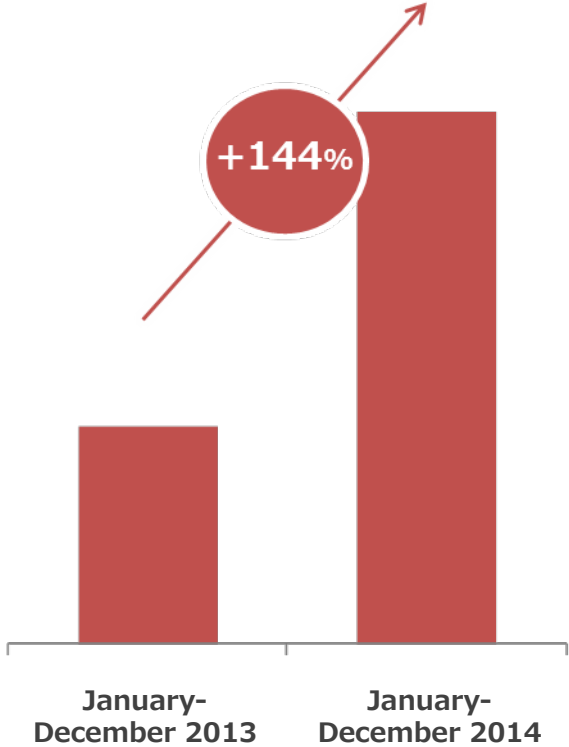
The size of Japanese RTB advertising market is estimated to grow by 36% in the period from 2013 to 2014.

**Overall market (full year)**



(Source: IDC, October 2013)

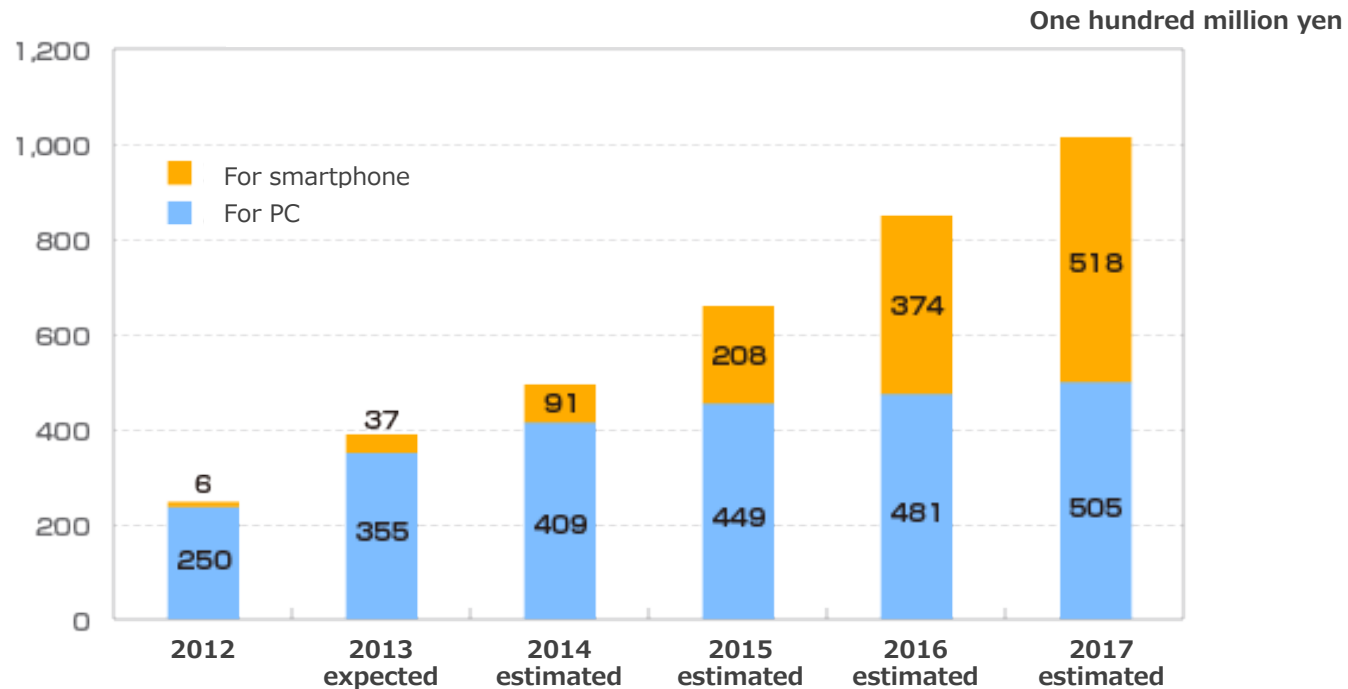
**Our company (Results in January-December)**



# Estimated Smartphone's and PC's Respective RTB Market Sizes

While RTB advertisement market slows down the growth in PC segment, the **Smartphone segment** where our RTB advertisement business belongs is estimated to **continue to grow till 2017** and **to exceed PC**.

### Estimated display-via-RTB advertisement market size in Japan



(Source: Survey by MicroAd, Inc. in January 2014)

# Factors that Differentiate SSP Services

## “Scale” 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.

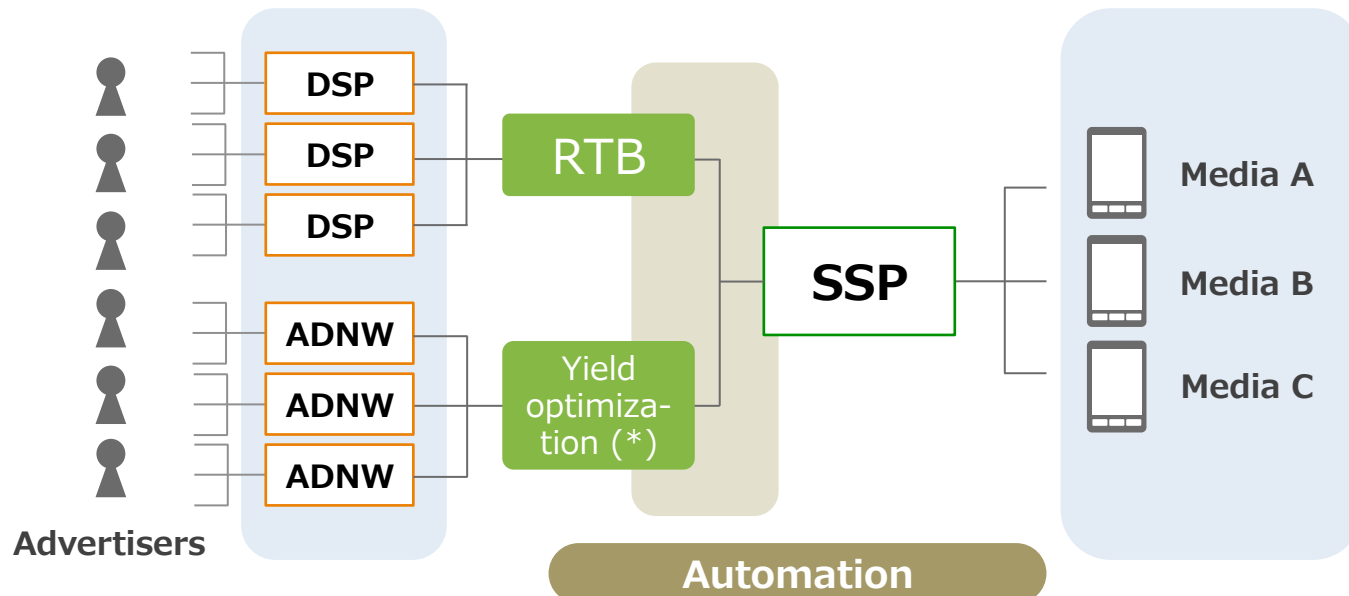
### Scale

#### Number of connections at purchaser (demand side)

The number of purchasers will increase along with the number of advertisers, making it easier to have high-price bidding.

#### Amount of advertisement inventory (supply side)

The larger the inventory is, the more prone advertisers are to meet target users.

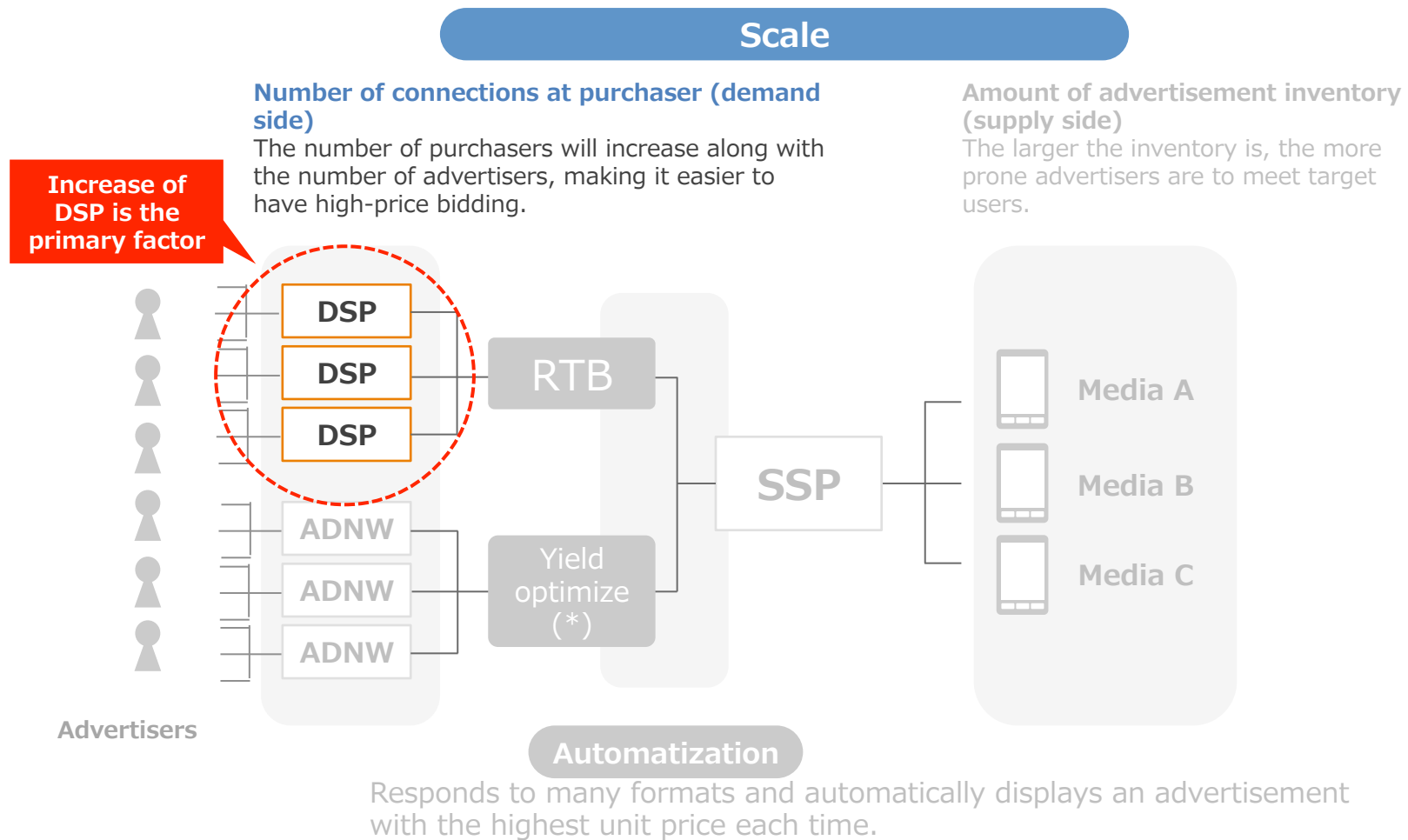


Responds to many formats and automatically displays an advertisement with the highest unit price each time.



# Factors of Profit Increase from SSP "AdStir"

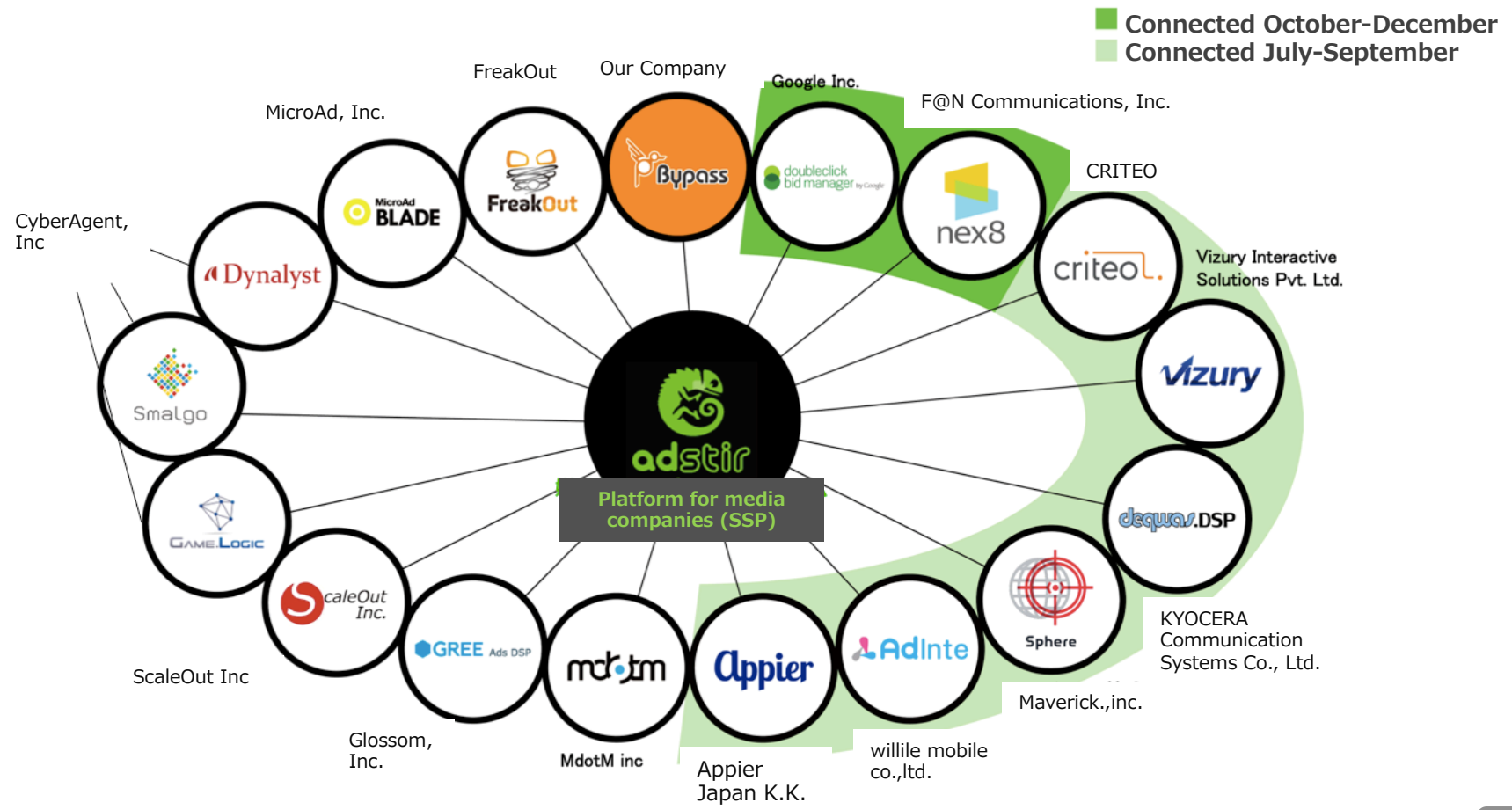
Main factors were increased RTB matching rates by increased number of connected DSPs and increased unit price by automatic detailed optimization



# Increase in the Number of Bidders for SSP "AdStir" (Number of connections at purchasers)

Newly connected to 8 DSPs since July 2014. The number of connected DSPs increased from 9 to 17 in a half-year period.

## List of DSP s connected with "AdStir"



# Factors of Profit Increase from DSP “Bypass” in 3Q and Future Efforts

In 3Q, advertising performance improved primarily by the improvement of bidding and CPA optimization logic. We will continue to work to **improve advertising performance** to achieve a high growth in the continuously expanding **smartphone DSP market**.



## Continuous efforts

- Improving bidding and CPA optimization logic
- Expansion of supply inventory

## Newly-initiated efforts this year which started to generate results

- Dynamic retargeting
- Audience expansion

Improvement of advertisement performance (CTR/CVR)

## 4. Summary

# Overall Summary

	Cumulative 3Q	4Q and after
Whole company	<p>Both revenue and profit increased compared to the same period a year ago (profitability achieved)</p> <p>Sales 6,100 million yen (+41%) Operating profit 219 million yen (+3,455%) (Growth rate in the same period last year)</p>	<p>We continued to achieve growth mainly in core businesses (smartphone media business and RTB advertising business)</p>
Smartphone media business	<p>CocoPPa-related services led the sales growth</p> <p>Start of new services accelerated sales growth</p>	<p>Achieve the growth through profit expansion of individual services and development of new businesses</p>
RTB advertising business	<p>We achieved growth focusing on our platforms in the smartphone segment</p>	<p>We continued to achieve growth focusing on our platforms in the smartphone segment</p>

# 5. Reference Material

# Consolidated P/L Statement for 3Q (October to December)

**Revenue (+32%) and profit (+17%) increased compared to the same quarter last year**  
**Revenue (+10%) and profit (+116%) increased compared to the previous quarter**

	3Q of year ending in March 2015	Results of the same quarter last year (3Q of year ending in March 2014)	Increase/decrease rate vs the same quarter last year	Results of the previous quarter (2Q of year ending March 2015)	Increase/decrease rate vs. the previous quarter
<b>Sales</b>	<b>2,139</b>	<b>1,615</b>	<b>+32%</b>	<b>1,937</b>	<b>+10%</b>
Media segment	886	837	+6%	737	+20%
Advertising segment	1,251	749	+67%	1,198	+4%
Investment segment	19	40	Δ53%	10	+88%
Inter-segment elimination	Δ18	Δ12	-	Δ9	-
<b>Total profit from sales</b>	<b>515</b>	<b>432</b>	<b>+19%</b>	<b>442</b>	<b>+16%</b>
Media segment	255	253	+1%	214	+19%
Advertising segment	253	143	+77%	225	+12%
Investment segment	6	35	Δ82%	3	+96%
Inter-segment elimination	0	0	-	0	-
<b>Selling, general and administrative expenses</b>	<b>453</b>	<b>387</b>	<b>+17%</b>	<b>413</b>	<b>+10%</b>
<b>Operating profit</b>	<b>62</b>	<b>44</b>	<b>+39%</b>	<b>28</b>	<b>+116%</b>
Media segment	88	103	Δ15%	36	+145%
Advertising segment	131	31	+318%	112	+17%
Investment segment	7	28	Δ73%	Δ5	-
Head office expenses	Δ165	Δ118	-	Δ114	-
<b>Current profit</b>	<b>292</b>	<b>43</b>	<b>+566%</b>	<b>43</b>	<b>+580%</b>
Equity in earning of affiliate	229	3	+6,615%	12	+1,752%
Other	1	Δ4	-	1	Δ15%
<b>Quarterly net profit</b>	<b>592</b>	<b>24</b>	<b>+2,297%</b>	<b>35</b>	<b>+1,586%</b>
Extraordinary profit and loss	359	0	+44,221%	Δ5	-
Tax expense	Δ60	Δ20	-	Δ2	-

\* From 1Q of year ending March 2015, we changed the standards for allocating SG&A to each business segment and recalculated the operating profit of the same quarter last year according to the new standards.

# Consolidated Balance Sheet for this Quarter

<Current assets> +1,218 million yen due to increase in operational investment securities (\*) and account receivable, and other factors

<Fixed assets> -339 million yen due to decrease in investment securities (\*) and other factors

<Current liabilities> +244 million yen due to increase in account payable and other factors

(million yen)

	End of this quarter (December 2014)	End of previous quarter (September 2014)	Increase/ decrease
Current assets	<b>8,945</b>	<b>7,727</b>	<b>+1,218</b>
(Cash on hand)	5,303	5,147	+156
Fixed assets	<b>1,078</b>	<b>1,417</b>	<b>△339</b>
Current liabilities	<b>1,599</b>	<b>1,354</b>	<b>+244</b>
Fixed liabilities	<b>0</b>	<b>0</b>	<b>+0</b>
Net assets	<b>8,424</b>	<b>7,790</b>	<b>+633</b>

\* We reviewed the management policies of securities in this quarter and partly changed the classification of "other securities".



# 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). **970,000 icons, 210,000 wallpapers** by the end of Dec.

**Post**

**Decorating users**



Smartphone screen decorated using posted material (free)

Communication between users (motivation for creators to post)



<Sample page of creators> (comments)

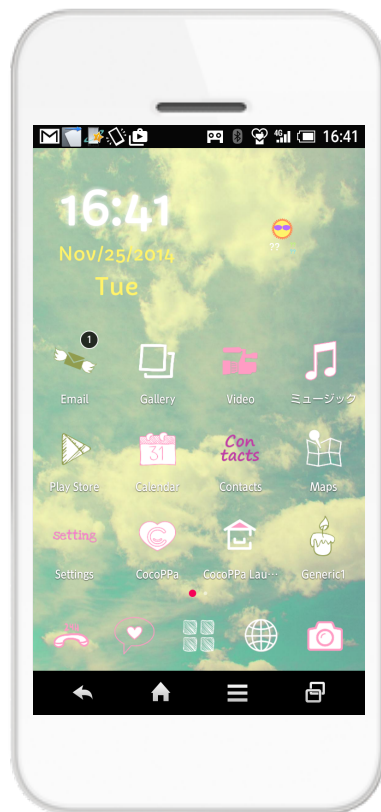
Users from all over the world write comments on the creator’s page  
**“This icon is cute.” or “I like your sense of style.”**  
 In English, Chinese, Arabic, German and many other languages

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.

# CocoPPa Home = The User's Very Own Home Screen

When a smartphone is turned on, this screen is always seen by the user, and comes in contact with the user many times a day



## Basic Objectives

A drastic increase of active users in the CocoPPa service group



Resulting in increase of sales in proportion to the number of active users through items such as advertising



Furthermore, reinforcing user flow to other related applications such as CocoPPa Play

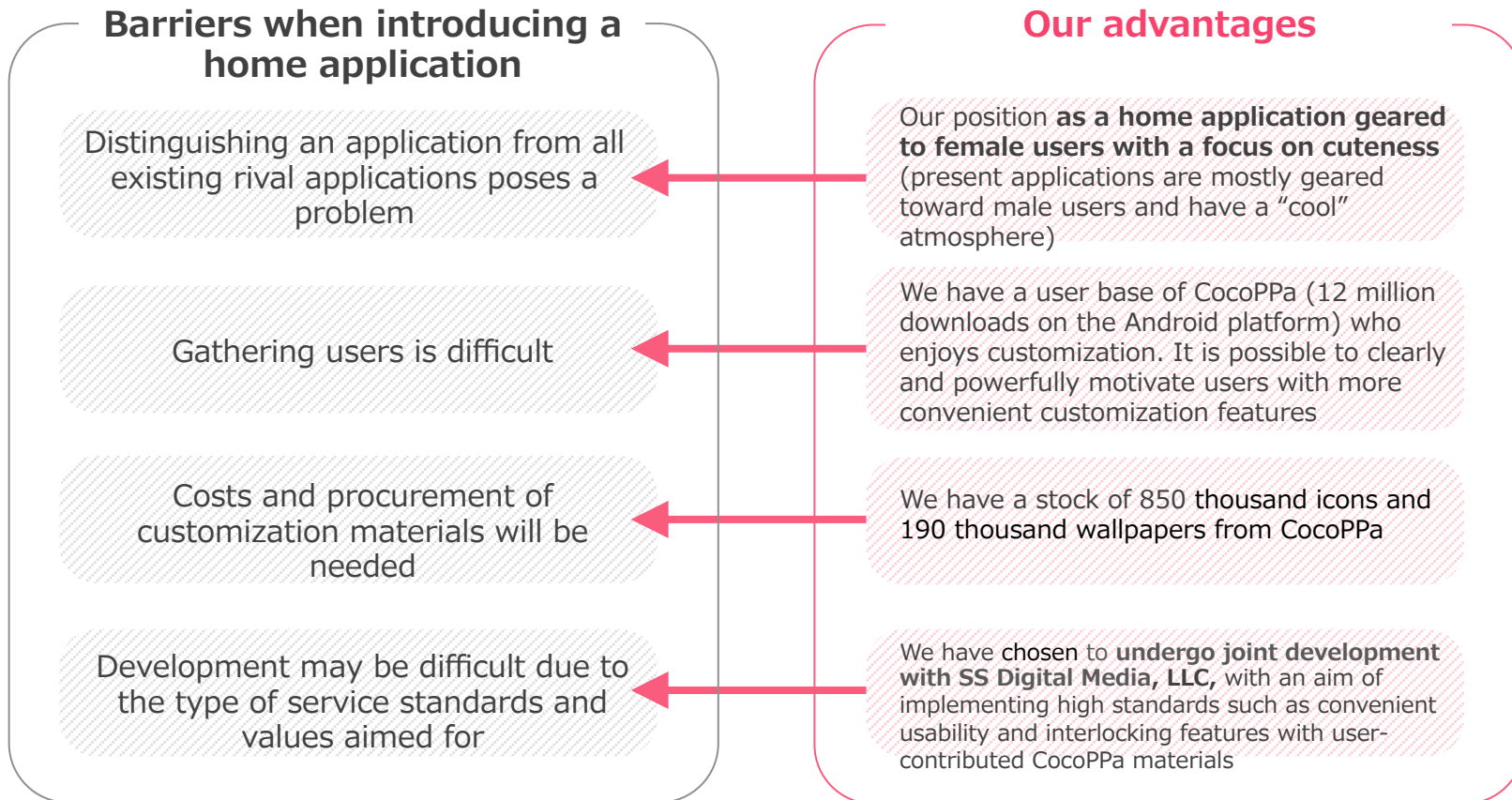
# Trends in the Global Home Application Market

Major international IT corporations are entering the market one after another  
The largest home application company, Sungy Mobile Limited, has been listed in the NASDAQ stock market

Date	Events
April 2013	<b>Facebook, Inc. (USA)</b> releases “Facebook Home”
May 2013	<b>Kakao Corp.(Korea)</b> releases “KakaoHome”
November 2013	<b>Sungy Mobile Limited (Guangzhou, China) is listed in America’s NASDAQ stock exchange</b> <ul style="list-style-type: none"><li>• Providers of the home application “GO Launcher EX”, which totals over 300 million downloads</li><li>• Their proceeds for 2013 were 54 million dollars (In which proceeds from the application category with a focus on the GO Launcher EX were 25 million dollars or approximately half of all proceeds)</li></ul>
January 2014	<b>Yahoo! Inc.(USA)</b> acquires Aviate, providers of home applications
April 2014	<b>Twitter, Inc. acquires</b> Cover, providers of home applications

# Barriers to Introducing a Home Application and our Advantages

We will strive for a constant share in the home application market by establishing a unique position using our **CocoPPa user base and implementing collaborations with external corporations**



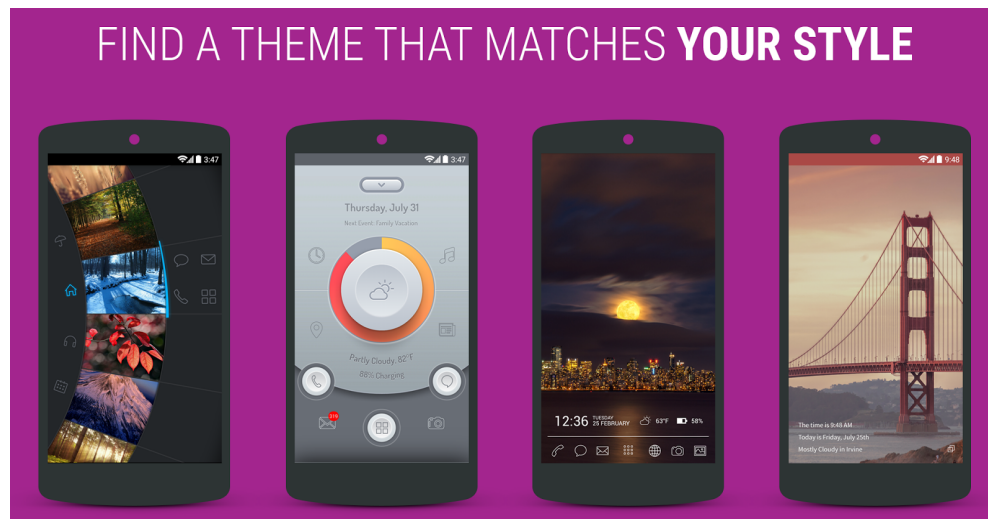
# Our Capital and Business Alliance with SS Digital Media, LLC (USA)

In June 2014, we started a capital and business alliance with SS Digital Media, LLC, who created the home application “Themer” and is a specialized startup in the same category as we are. Along with our company and our wholly owned American subsidiary CocoPPa, Inc., a joint team of the three companies are developing “CocoPPa Home” in the USA.



## Home Application “Themer”

- Released in October 2013 with over 3 million downloads
- The total downloads of home screen materials have exceeded 12.5 million since its release
- Enables home screen customization with one touch (without additional downloads of themes and widgets)
- Published in media such as the New York Times, Wired, CNET, Tech Crunch, and Lifehacker as an excellent home application



## SS Digital Media, LLC

Headquarters: California, USA

Representative: Ashvin Dhingra (CEO)

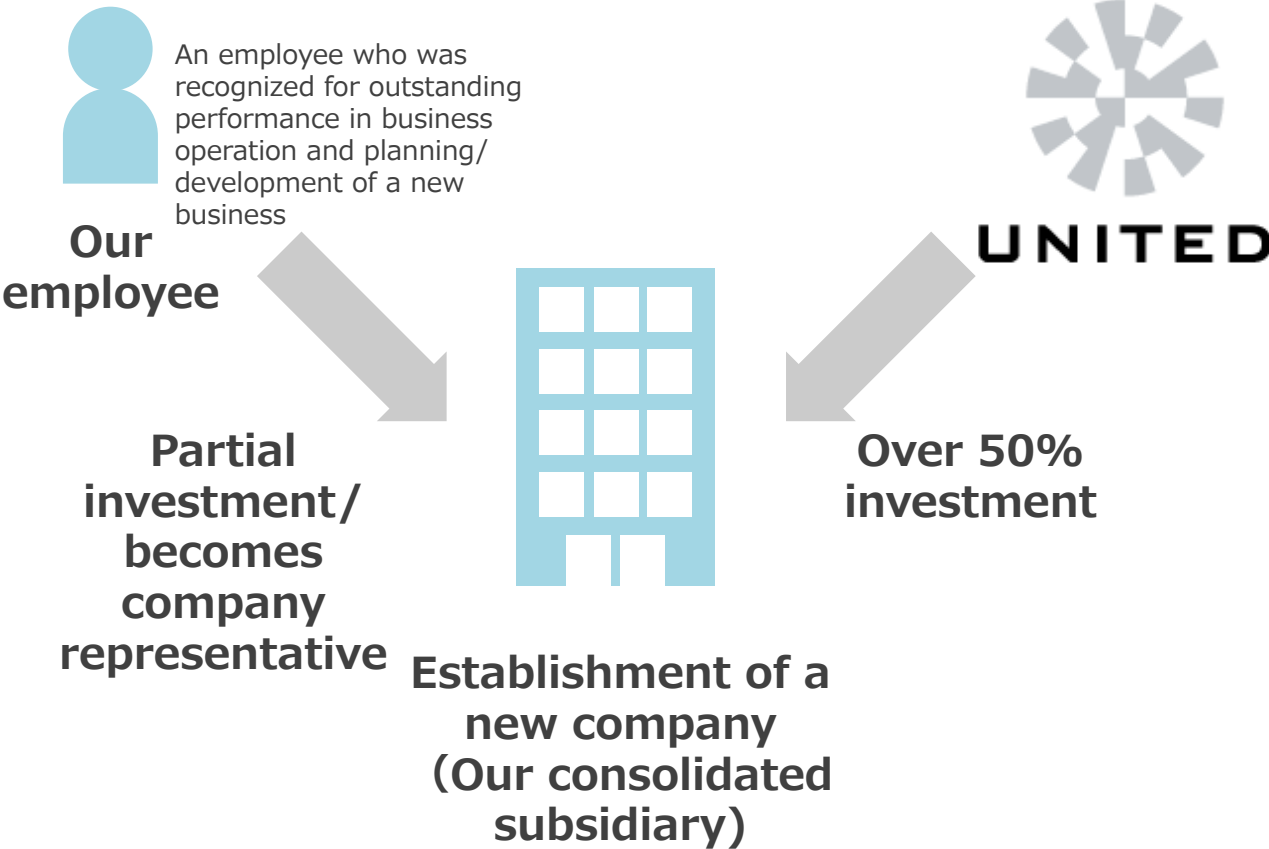
URL : <http://themerapp.com/>

As of June 2014, we acquired an equity stake of 19.9%

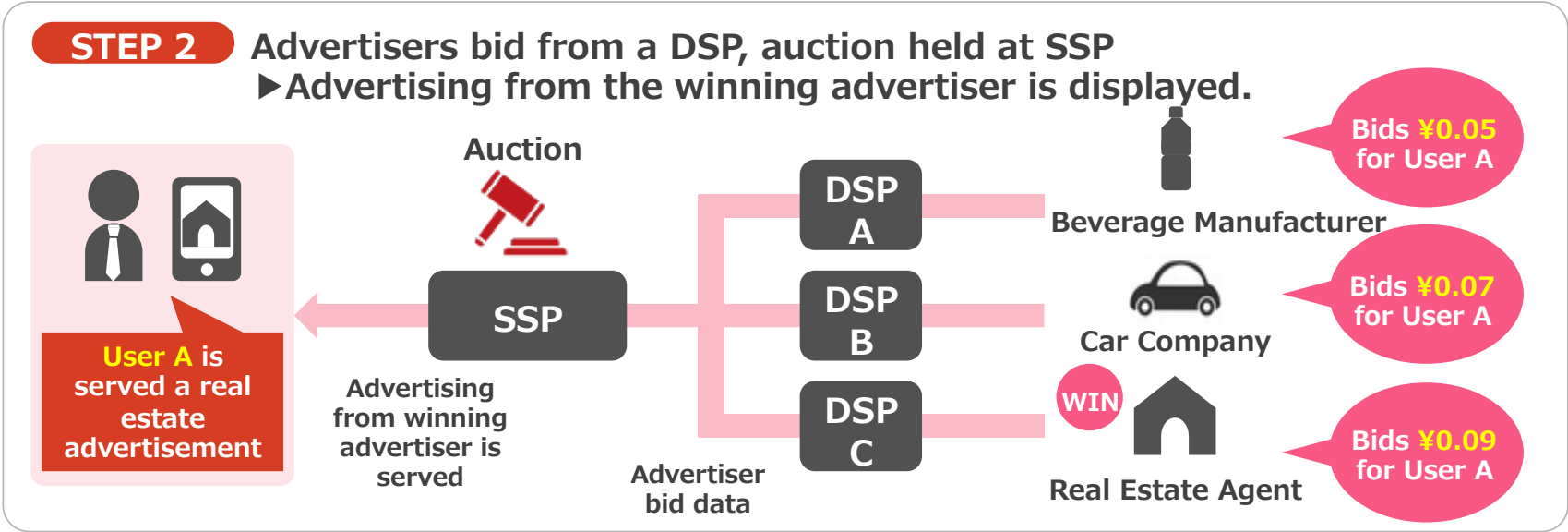
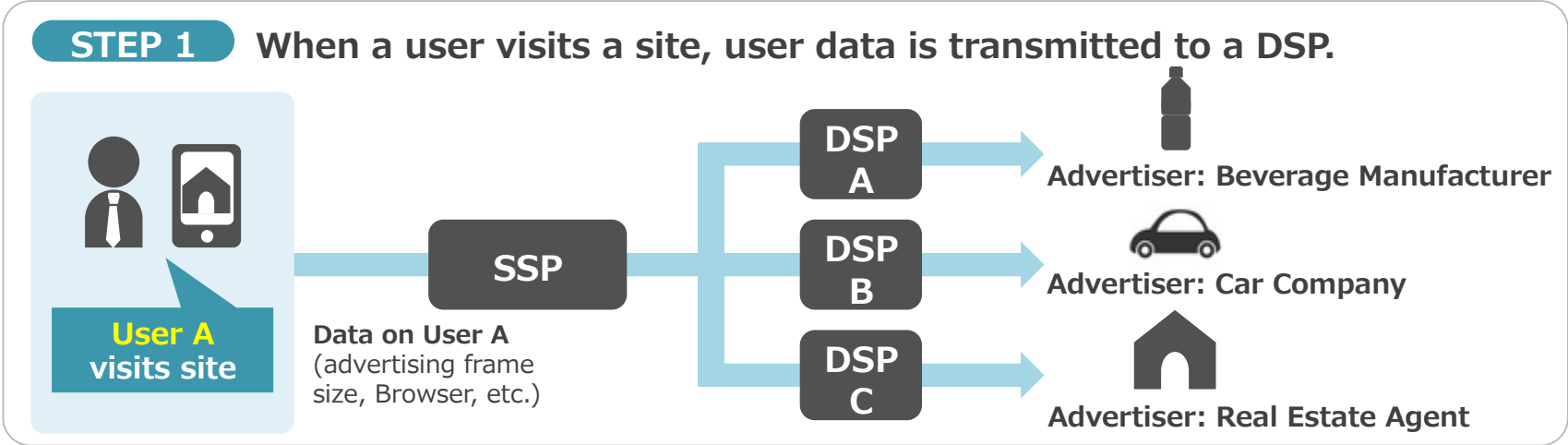
# Our Unique Personnel System “U-Start”

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”



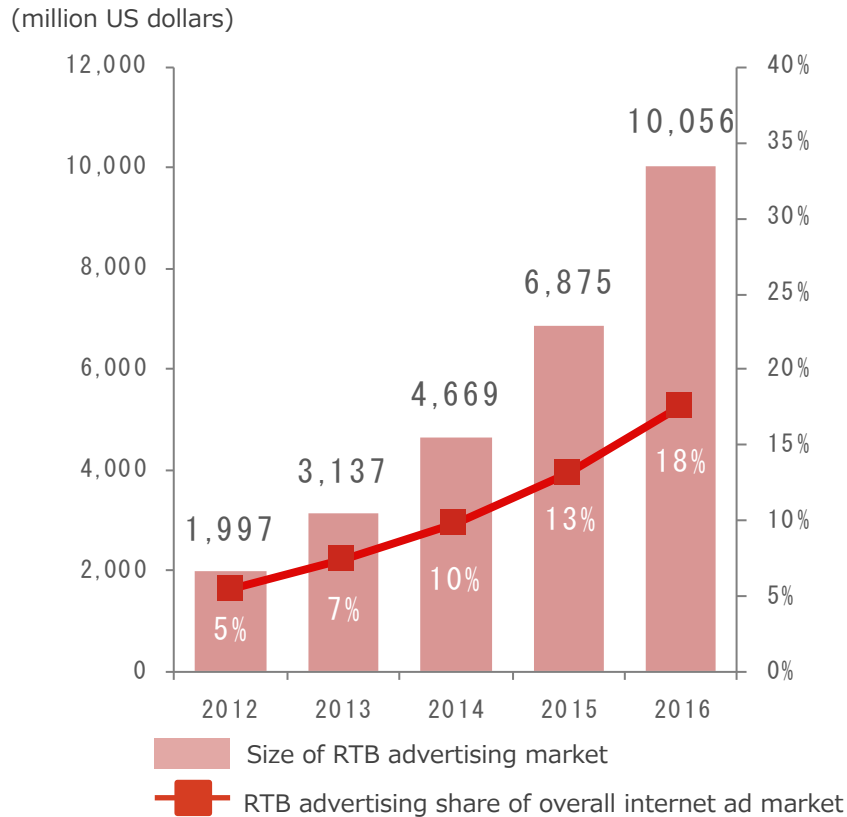
# Real-Time Bidding Setup



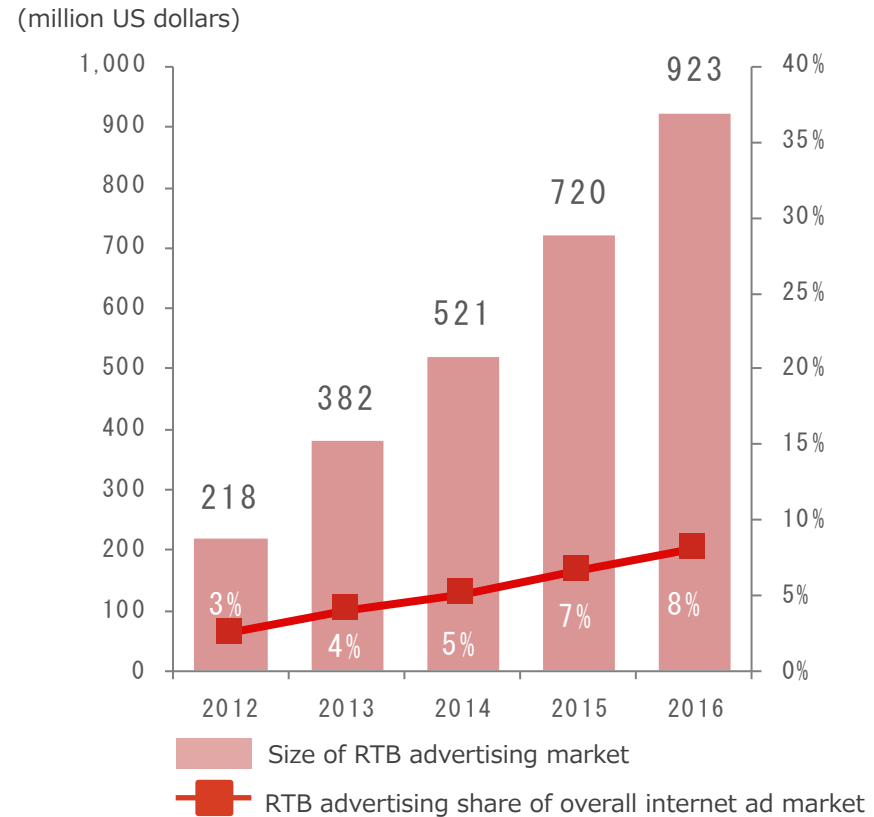
# RTB Advertising Market Size and Predicted Share of Overall Display Advertising

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**



**Forecast of Japanese RTB advertising market size**



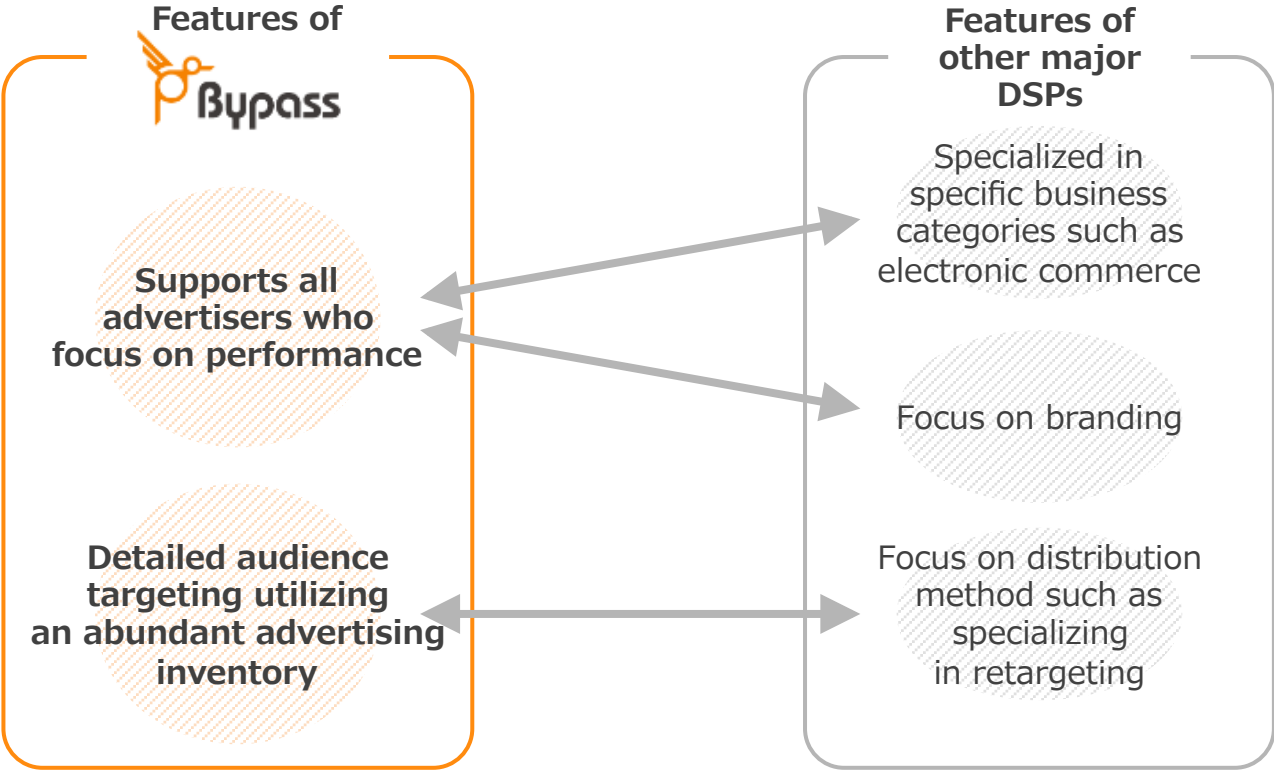
(Source: IDC October 2013 / RTB advertising share of overall market calculated by United)



# 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



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## **Vision**

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Become the leading internet firm in Japan

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## **Mission**

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Create new value through continued challenges and contribute to society

