



UNITED

First Quarter, Fiscal Year Ending March 2016
Consolidated Financial Results

July 30, 2015

United, Inc.
(TSE Mothers, Code 2497)

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Our vision & mission

Vision

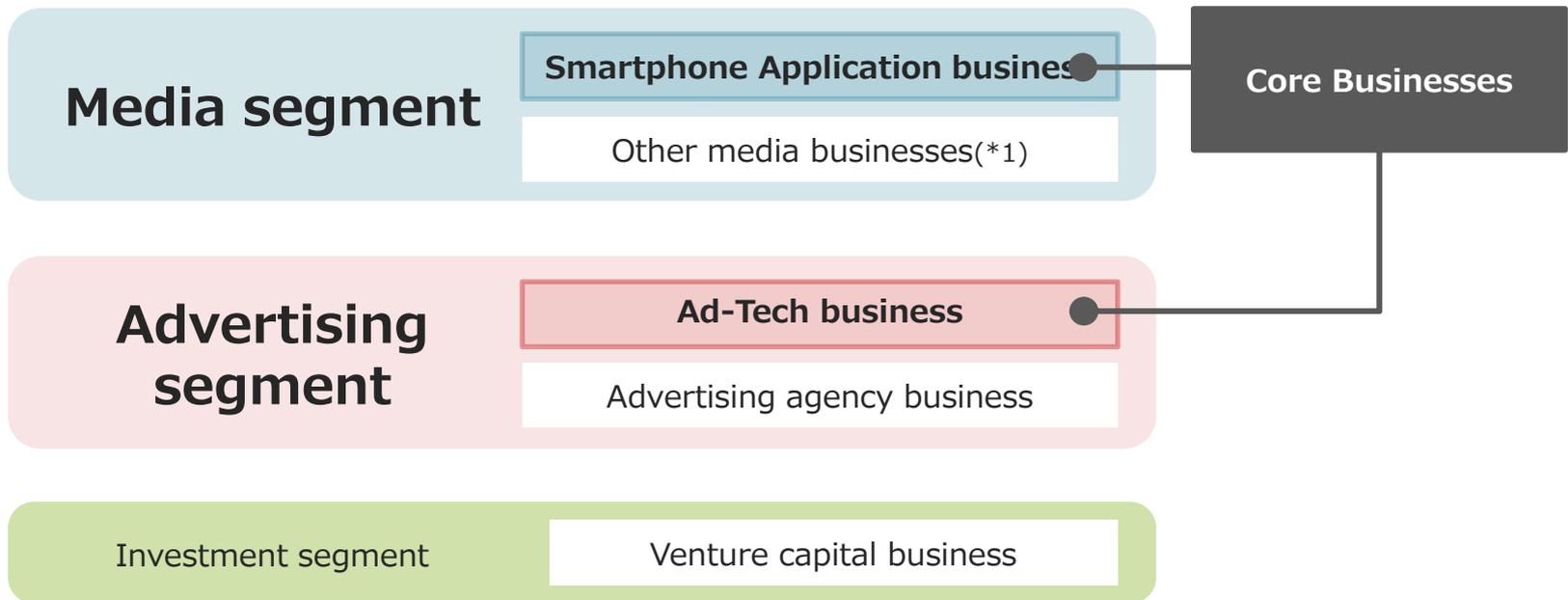
Become the leading internet firm in Japan

Mission

Create new value through continued challenges and contribute to society

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

1. Financial Highlights

1Q (April-June) Results Highlights

| | | | | | | | | | | | |
|------------------|---------------------------------------|---|-------|-------------------|-------|------------------|----------------|--------|------------|---------------|--------|
| Whole | Quarterly Consolidated Results | <ul style="list-style-type: none">• Position 1Q to enhance investment and transform the business structure of the Smartphone App business.• Operating profit exceeded “-100 million to 0 yen,” the 1Q forecast at the start of quarter <table><tbody><tr><td>Sales</td><td>1,992 million yen</td><td>(-2%)</td></tr><tr><td>Operating profit</td><td>11 million yen</td><td>(-91%)</td></tr><tr><td>Net profit</td><td>8 million yen</td><td>(-90%)</td></tr></tbody></table> <p>(Growth rate compared to the same quarter a year ago)</p> | Sales | 1,992 million yen | (-2%) | Operating profit | 11 million yen | (-91%) | Net profit | 8 million yen | (-90%) |
| Sales | 1,992 million yen | (-2%) | | | | | | | | | |
| Operating profit | 11 million yen | (-91%) | | | | | | | | | |
| Net profit | 8 million yen | (-90%) | | | | | | | | | |
| Core Businesses | Smartphone App Business | <ul style="list-style-type: none">• Sales: -24% compared to the same quarter last year (business structure transformation was promoted)• Proactive investment in idol cheering application “CHEERZ” and “Native social games” toward a jump growth in the 2nd term onward | | | | | | | | | |
| | Ad Tech Business | <ul style="list-style-type: none">• Sales: +10% sales compared to the same quarter last year• DSP “Bypass” led the growth | | | | | | | | | |

Quarterly Consolidated P/L Statement

Both revenue and profit dropped compared to the same quarter last year and the pervious quarter

Media segment: Both revenue and profit dropped due to the structural transformation of the smartphone app business.
Advertising segment: Revenue and profit grew against the same quarter last year but dropped against the pervious quarter due to a seasonal factor of retroaction to the ad demand period.

(million yen)

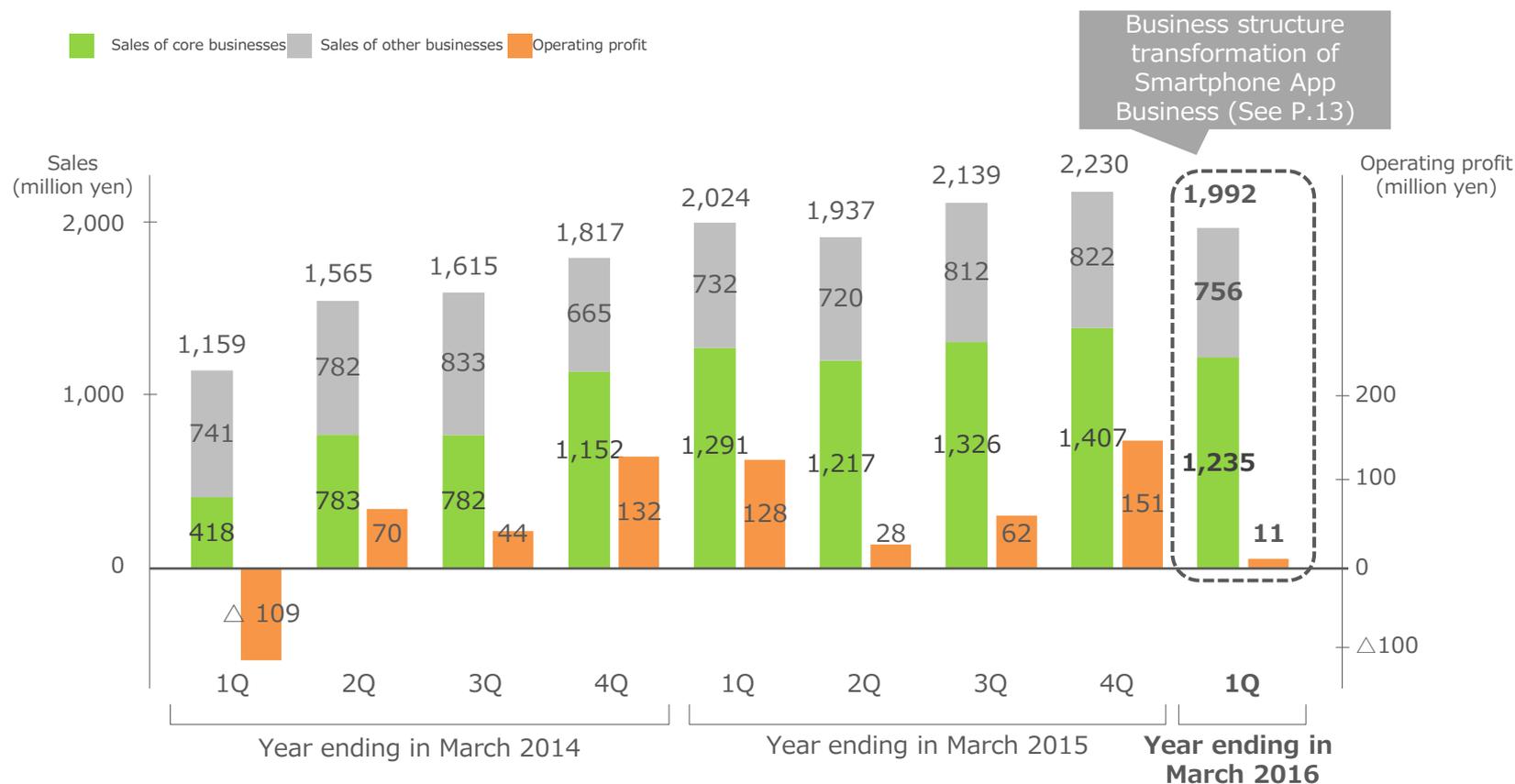
| | Year ending in March 2016 1Q | Against the same quarter last year (1Q in year ending in March 2015) | Against the same quarter last year Increase/decrease rate | Against the previous quarter (4Q in year ending in March 2015) | Against the previous quarter Increase/decrease rate |
|---|------------------------------------|---|--|---|--|
| Sales | 1,992 | 2,024 | -2% | 2,230 | -11% |
| Media segment | 674 | 877 | -23% | 855 | -21% |
| Advertising segment | 1,210 | 1,108 | +9% | 1,358 | -11% |
| Investment segment | 130 | 76 | +70% | 43 | +203% |
| Inter-segment elimination | -23 | -38 | - | -26 | - |
| Total profit from sales | 520 | 559 | -7% | 596 | -13% |
| Media segment | 123 | 267 | -54% | 246 | -50% |
| Advertising segment | 269 | 218 | +24% | 305 | -12% |
| Investment segment | 127 | 74 | +72% | 44 | +184% |
| Inter-segment elimination | 0 | 0 | - | 0 | - |
| Selling, general and administrative expenses | 508 | 430 | 18% | 444 | +14% |
| Operating profit | 11 | 128 | -91% | 151 | -92% |
| Media segment | -100 | 93 | - | 51 | - |
| Advertising segment | 133 | 107 | +24% | 196 | -32% |
| Investment segment | 111 | 62 | +80% | 37 | +198% |
| Headquarter expense | -132 | -134 | - | -133 | - |
| Current profit | 22 | 134 | -83% | 156 | -86% |
| Quarterly net profit | 8 | 81 | -90% | -157 | - |

Changes in Quarterly Sales and Operating Profits

Sales of core businesses (Smartphone App Business + Ad Tech Business) **compared to the same quarter last year: -4%**

We aim for a further growth with the business structure transformation of Smartphone App Business.

Changes in Quarterly Sales and Profits



2. Correction of Financial Results Forecast for the Year Ending in March 2016

Correction of Consolidated Financial Results Forecast for the Year Ending in March 2016

Correction of Consolidated Financial Results Forecast for the Fiscal Year

| | Initial forecast (May 11, 2015) | | Corrected forecast (July 30, 2015) |
|-------------------------|---|---|---|
| Sales | 10,000 mil. yen to 12,000 mil. yen | ➔ | 11,500 mil. yen to 13,500 mil. yen |
| Operating profit | 800 mil. yen to 1,000 mil. yen | ➔ | 1,500 mil. yen to 2,000 mil. yen |

Concept of Correction of Financial Results Forecast for the Year Ending in March 2016

Since the profit generated in the investment business in 2Q of the year ending in March 2016 is expected to become greater than we initially presumed, we will invest in the core businesses to accelerate growth focusing on core business

Positive

- Record the operating profit of 1,085 million yen by sellout of the shares of Fujisan Magazine Service Co., Ltd.
- Profit is expected to be generated from fund management by reason of being listed of the portfolio companies (*)

**Make a prior investment
(positive in the medium term)**

Enhance investment in Smartphone App Business and Ad Tech Business

Accelerate growth focusing on core business

* See "Announcement of profit recording (forecast) associated with generation of profits from fund management" announced on July 24, 2015.

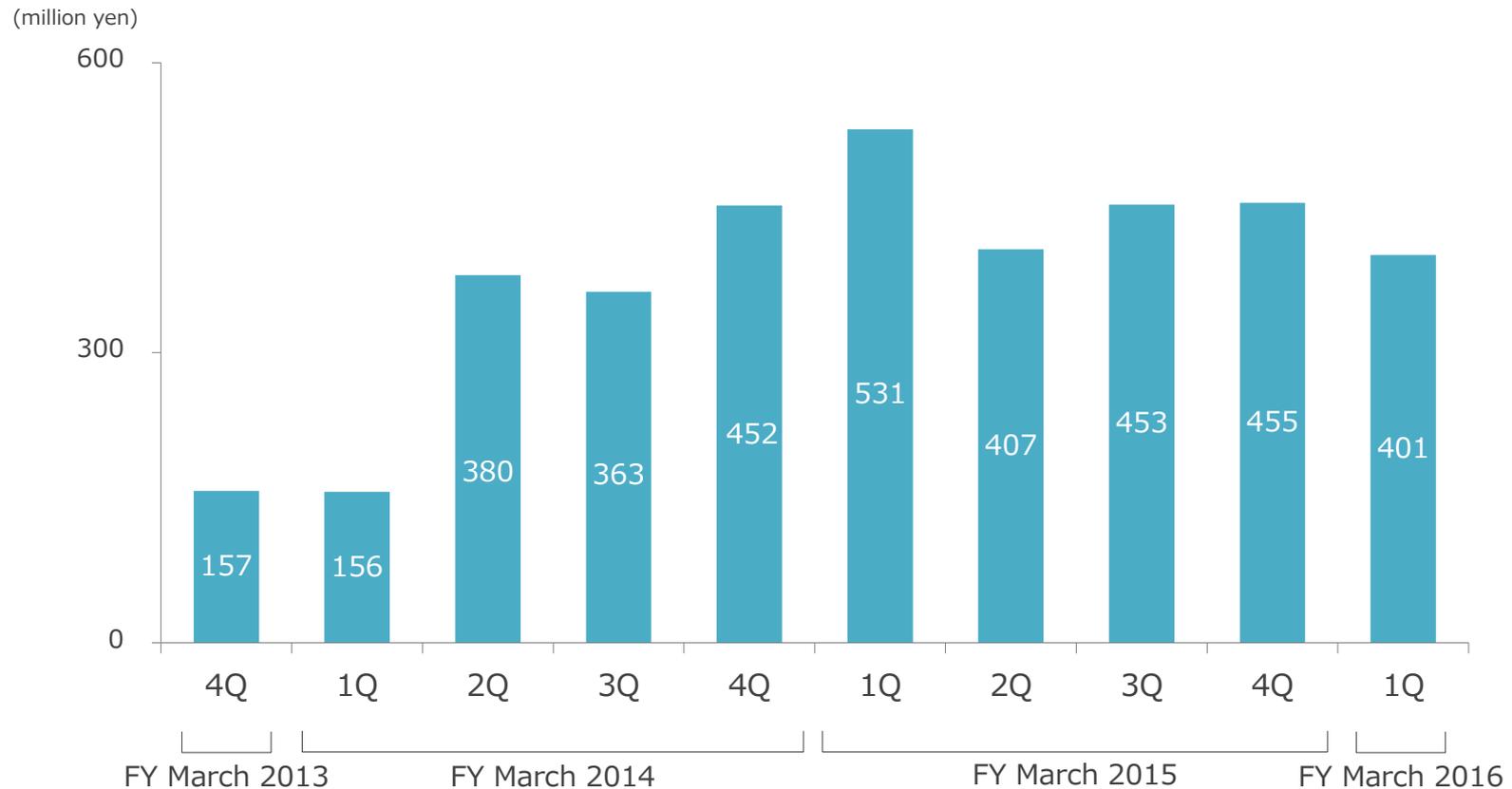
3. Status of Smartphone Application Business and Future Direction

Smartphone App Business: Changes in Sales

-24% compared to the same quarter last year

-12% compared to the previous quarter

Sales of affiliate media decreased due to changes in market environment



Future Strategy

Reform business structure by primarily focusing on the following 4 services. Invest in "CHEERZ" and "Social games" aiming for sales growth in second half FY March 2016 and thereafter.

Services investing

CHEERZ

Idol cheering app



Proactive investment through promotion and reinforced human resource

Social games

Started from 1Q of FY March 2016



Services generating stable profits

CocoPPa-related services

Group of apps related to "CocoPPa" which exceeded 40 million downloads



Transition from upfront investment to profit-generation phase

Carrier market apps

App provided to NTT Docomo "Sugotoku-Contents®" and others



Continuous contribution by stable profits

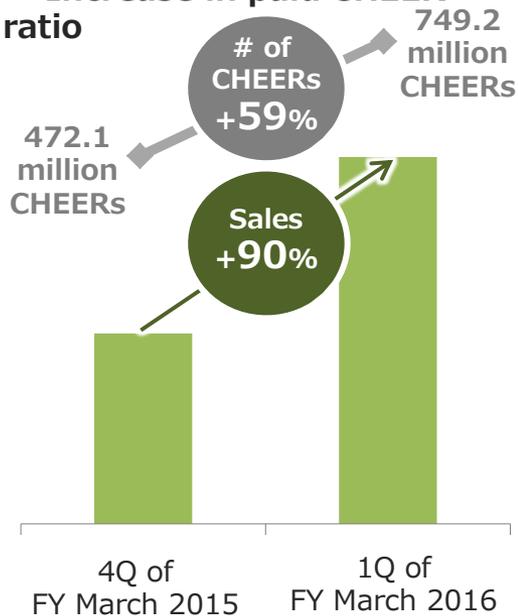
Sales growth in second half FY March 2016

Idol Cheering App “CHEERZ”

Now: Focus on service enhancement but realizing moderate sales growth
 Future: **Increase in users (core fans) × Horizontal deployment with spin-off versions** → Rapid sales growth in second half of FY March 2016

Sales growth

Sales growth pace exceeds the pace of CHEERZs growth pace
 = **Increase in paid CHEERZ ratio**



Enhancement of services

Enhanced function

In-app idol-related news and Idol videos views in CHEERZ. Web app released.



Horizontal expansion

Expansion to non-female idols such as young actor version CHEERZ



Idol Cheering App "CHEERZ" / Horizontal expansion

Signed a partnership agreement with "Shufuto Seikatsu Sha Co., Ltd." , a publisher of a female magazine "JUNON" in June 2015.
Plan to launch **Young actor version "CHEERZ"**.

First round of horizontal expansion of CHEERZ (Plan to be launched September 2015)

JUNON Superboy Contest

- Hosted by Shufuto Seikatsu Sha Co., Ltd.
- A beauty contest for men to find a young male star. It started in 1988, and the 28th contest will be held this year.
- Many popular actors including Teppei Koike, Yusuke Yamamoto, Junpei Mizobata, and Shohei Miura came out from this contest



Idol Cheering App "CHEERZ"



Example of the actual collaboration (Under planning)

The most supported idol in "CHEERZ for MEN" will appear as a finalist contender as a special entry in the "28th annual Junon Superboy Contest" to be held in November, 2015.

Evolve to an app that **Cheers young male actors comprehensively**
by access to additional contents and functionality addition

Social Game #1: "Crush Fever"

Released in July 2015 as a joint project with Wonderplanet, Inc., our portfolio company.

* Additional investment was decided in July 2015 to further reinforce business partnership
(See "Announcement of additional investment in Wonderplanet" released on July 30, 2015 for more details)



- Large expectation for the app; 115,000 pre-registered users and 15,000 followers for the official Twitter account at the time of app release
- Service released on July 8, 2015, the server went down due to the heavy access influx. Services resumed on July 28 after server reinforcement

We will consider further investment as needed.

■ Partnership structure

| | | |
|-------------------------|--|--|
| |  UNITED |  Wonderplanet |
| Development | Partly incur development cost | Responsible for entire app development |
| Promotion and operation | Both companies provide manpower and cost | |
| Revenue | Revenue sharing | |

Accumulate operation know-how of social games

Social Game #2: “Monster Beat”

Scheduled release in 2Q of FY 2016 March by hippos lab Co., Ltd., which became our subsidiary in May 2015 (*).

* 76.0% ownership by investment of 112 million yen.



- The 1st social game developed fully within United group.
- A simple RPG you can play just by tapping the screen. Up to 4 people can play in cooperation.
- Theme song “Monster Beat noyouni!” (Like Monster Beat!) sung by an idol group “OS☆U” participating in CHEERZ, and cartoon manga is to planned to be released

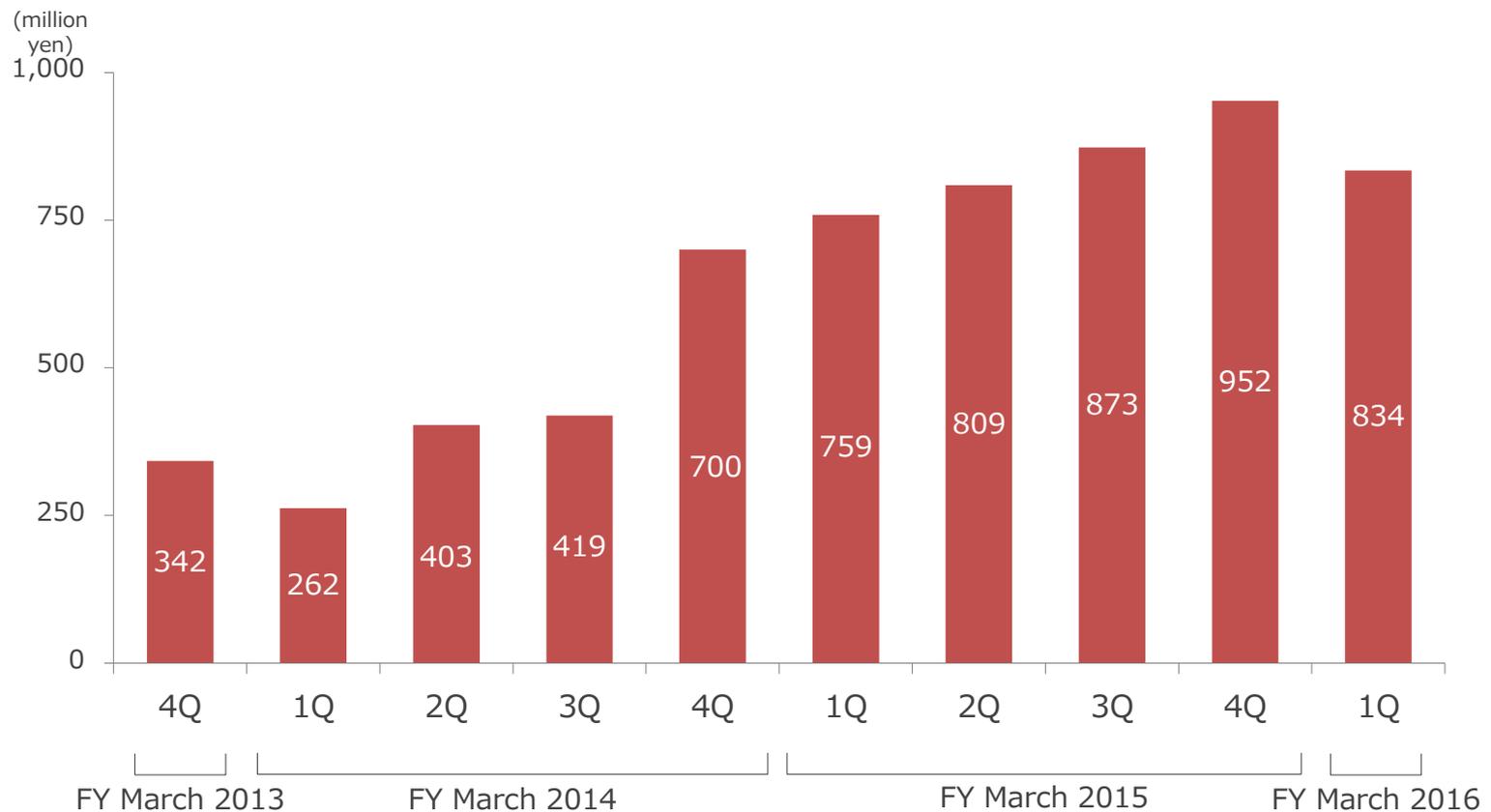
Accumulate know-how of social game development and operation within United group

4. Status of RTB Ad-Tech Business and Future Direction

Ad Tech Business: Changes in Sales

+10% compared to the same quarter last year: DSP led the growth

-12% compared to the pervious quarter: Seasonal factor of retroaction in advertisement demand period of Jan. to Mar.



Actions of DSP "Bypass" for app reinforcement

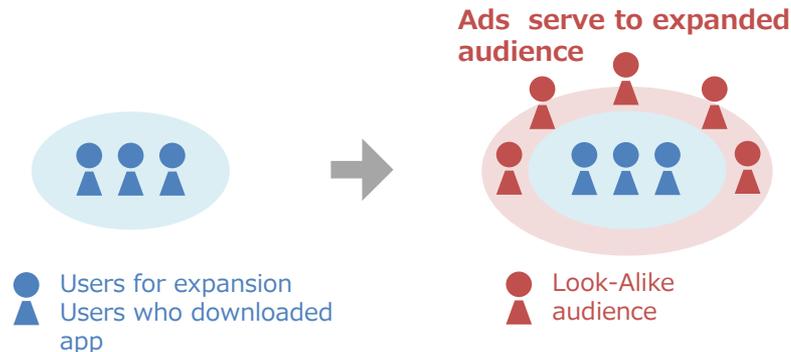
In June, DSP "Bypass" started to provide "Bypass App Promotion," new services specializing in apps

Enhance the performance of app advertisement through accuracy improvement of app targeting

New Function of "Bypass App Promotion"

1. Expand audience targeting (Look-Alike Targeting) by utilizing advertising ID (IDFA/AdvertisingID(*1))

Target audience with a similar behavior history based on advertising ID



2. App audience targeting

1

Categorize based on app installation data accumulated in Bypass
→ Example: Game, Business, etc

2

Serve ads to the audience with high affinity with the app via Bypass

Data accumulation /Categorizing



Category setting

- Game
- Business
- Life Style etc.

Categorized audience



Send ads



*1. IDFA is an identifier in iOS to identify device. Similarly to IDFA, Advertising ID is an identifier in Android.

Appendix : Smartphone users spent 1 hour and 48 minutes per day on smartphones on average, **72% of which is spent on apps** (Source: October 2014 survey by Nielsen)

Expansion of SSP Business into Southeast Asia

Plan to establish a subsidiary in Malaysia in August 2015 and enhance ad inventory in Southeast Asia

Enhancement of ad inventory in Southeast Asia in "AdStir"



Expand the scale through acquiring new inventory by looking ahead to a high growth of smartphone ad market in Southeast Asia

Appendix: Smartphone ad market scale in Southeast Asia: 28 billion yen in 2015 → 123.1 billion yen in 2018 (*)
Expected to grow approx. 4.4 times in the next 3 years(July 2015 survey by CyberZ/Seed Planning, Inc.9

5 . Summary

Overall Summary

| | 1Q in Year Ending in March 2016 | 2Q in Year Ending in March 2016 |
|-------------------------|--|--|
| Consolidated | <p>Operating profit exceeded the initial 1Q forecast of “-100 million yen to 0 yen”</p> <p>Sales: 1,992 mil. yen (-2%) Operating profit: 11 mil. yen (-91%)</p> | <p>Upward revision of consolidated financial results forecast</p> <p>Sales: 11,500 to 13,500 mil. yen (Initial forecast: 10,000 to 12,000 mil. yen)</p> <p>Operating profit: 1,500 to 2,000 mil. yen (Initial forecast: 800 to 1,000 mil. yen)</p> |
| Smartphone App Business | <ul style="list-style-type: none">• Promoted business structure transformation• Proactively invested in “CHEERZ” and “Native social games” toward a jump growth in the 2nd term onward | <ul style="list-style-type: none">• Proactively invest in “CHEERZ” and “Native social game” through promotion and manpower increase |
| Ad Tech Business | <ul style="list-style-type: none">• Achieved growth in the smartphone segment led by our own DSP/SSP• Start of provision of new services for app reinforcement “Bypass App Promotion” in DSP “Bypass” | <ul style="list-style-type: none">• Reinforce apps in the smartphone segment and achieve growth led by our own DSP/SSP• Expand SSP business into Southeast Asia |

6 . Reference Material

Consolidated Balance Sheet for this Quarter

Current Assets: -501 million yen due to decrease in account receivable and other factors
 Cash on hand : -290 million yen due to payment of corporation tax and dividend and other factors
 Current liabilities: -291 million yen due to increase in account payable and other factors

(million yen)

| | End of This Quarter (June 2015) | End of Previous Quarter (March 2015) | Increase/ decrease |
|----------------------------|------------------------------------|---|-----------------------|
| Current assets | 8,701 | 9,203 | -501 |
| (Cash on hand) | 5,588 | 5,878 | -290 |
| Fixed assets | 725 | 595 | +130 |
| Current liabilities | 1,346 | 1,638 | -291 |
| Fixed liabilities | — | — | — |
| Net assets | 8,080 | 8,160 | -79 |

Overview of 「CHEERZ」

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.

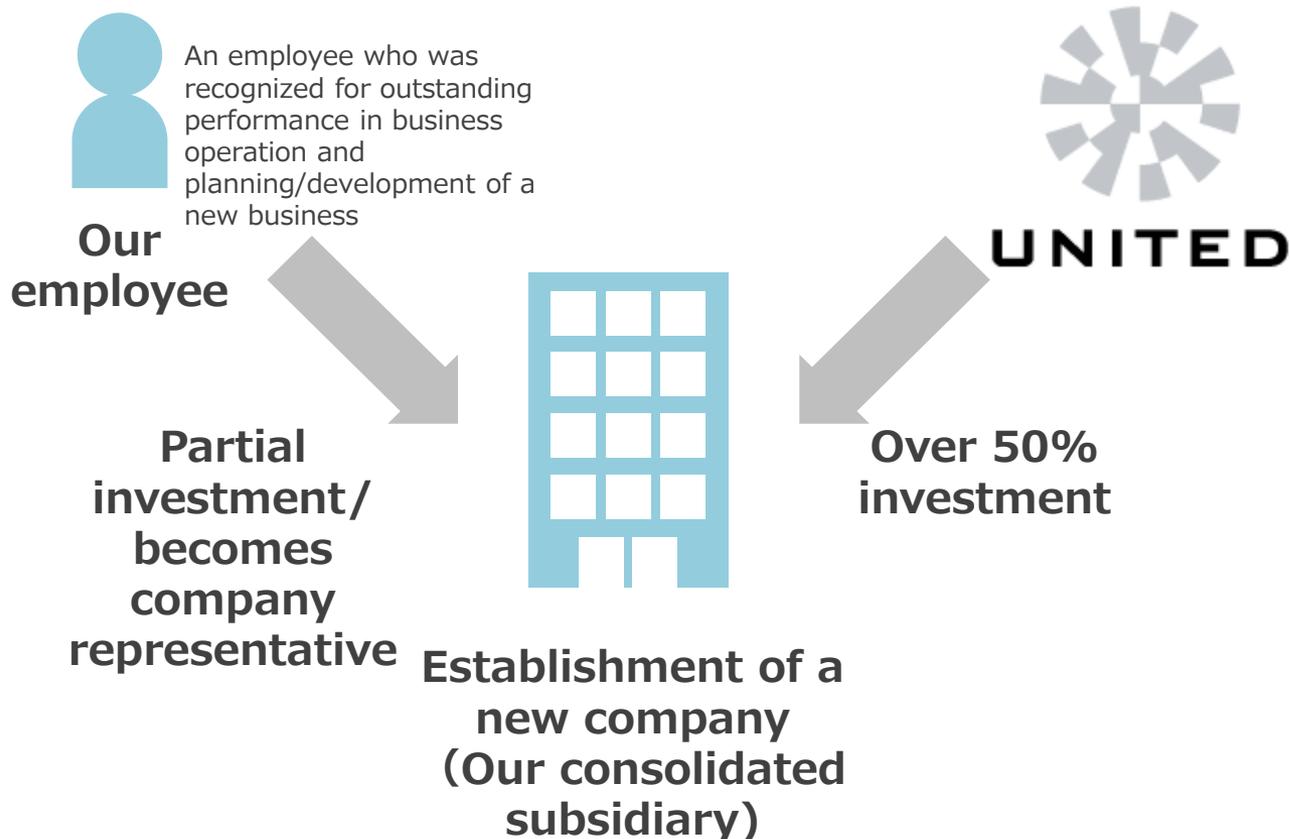
*1 A new business company established by our unique personnel system “U-start” (See p.27).

*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.

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”



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 40 million downloads.

We have general knowhow obtained through our abundant experience

Internal system

- Our own unique personnel system “U-start” (See p.27) 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

Organizational Strengths of Ad-Tech Business

Continues to grow in the future based on the background of the strengths of organization supporting the current high growth

Owns its own DSP, SSP,
ad agency

- Able to speedily perform new actions within the company such as RTB distribution of native ads, from testing to implementation
- Able to provide feedback such as functional improvement from a different viewpoint

Highly-experienced
development members

- Team mainly consists of members who have long engaged in business since the time of ad network and are very familiar with ad tech and our own system

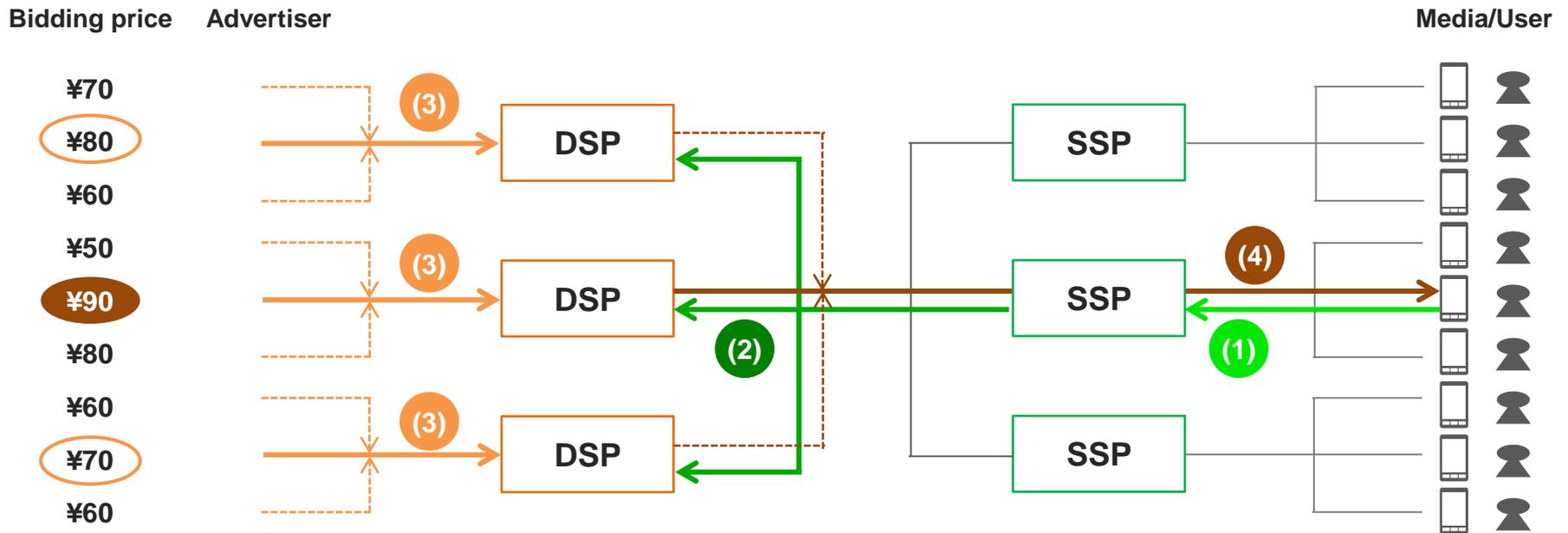
Sales and operation
members from various
backgrounds

- Collaboration among members with various net advertisement backgrounds, such as ad agents, media reps, and sales persons from media company sales

Flow of RTB Advertisement

Flow of RTB Advertisement Transaction until Closing [(1) to (4) below take place within 0.05 second)

- (1) Impression occurs
- (2) Through SSP, device (browser) information such as frame size and user ID is sent to DSP as a bid request.
- (3) Based on information of the bid request, an auction takes place at a preset price within DSP, selecting the advertiser with the highest bidding price.
- (4) The advertiser with the highest bidding price among DSPs wins the bidding and their ad is displayed.



Advantages for advertisers

Able to efficiently place ads for each impression only to users they wish to display ads

Advantages for media

Able to offer ad space for bidding to multiple advertisers and maximize profits