



June 24, 2022

Company name:	DIGITAL HEARTS HOLDINGS Co., Ltd.	
Name of representative:	President and CEO	Yasumasa Ninomiya
	(Code number: 3676, Prime, Tokyo Stock Exchange)	
	Executive Vice President	Toshiya Tsukushi
Contact:	and CFO, Director	
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Notice Regarding Capital and Business Alliance with GameWith, Inc.

DIGITAL HEARTS HOLDINGS Co., Ltd. (hereinafter referred to as the "Company") announces that Board of Directors' Meeting held today resolved to conclude a capital and business alliance with GameWith, Inc. ("GameWith").

1. Reasons for the Capital and Business Alliance

The Company group has achieved high growth by developing a debugging business to detect defects in games since its foundation. Today, we have an overwhelming share of the domestic game debugging market, and we have established a firm position as a quality control partner for domestic game manufacturers by leveraging our accumulated know-how and abundant resources. In addition, in recent years, the game industry has undergone major changes, including the active overseas expansion of game titles, the expansion of NFT games created based on blockchain technology, and the integration of games and businesses utilizing Metaverse. In this context, our Group is aiming to evolve into a "Global Quality Partner" that comprehensively supports the development of domestic and overseas game manufacturers' businesses by establishing debugging methods for these new games and providing a wide range of services such as translation and LQA (Linguistic Quality Assurance), game development support, marketing support, and customer support, on a one-stop basis.

On the other hand, GameWith operates the website of "GameWith", one of the largest game media sites in Japan, providing game-playing tips and gaming reviewing information. The greatest strength of GameWith is that it has contact with a broad range of customers who are interested in games, such as light users and fans of e-sports players, in addition to core gamers, by providing the information and functions required to enjoy games, such as game-playing tips, introductions of new titles, and game related video contents. In addition, in recent years GameWith has been aggressively expanding its business in new areas in line with the evolution of the game industry, such as initiatives to expand the use of e-sports and expansion into the NFT game area.

The Company and GameWith have decided to enter into a capital and business alliance agreement. This is because the combination of the businesses and resources of both companies will enable us to more strongly support the development of the gaming industry as a whole, and both of us anticipate a dramatic improvement in our presence in the gaming industry.

This capital and business alliance aims to increase the added value of services by strengthening the system that can provide one-stop services from development support to targeted effective marketing support and operational support by aggressively cross-selling the services of both companies, and by promoting the development of new service menus that leverage our respective strengths. As a result, we expect to be able to provide highly appealing solutions not only to domestic game manufacturers but also to overseas game manufacturers entering the Japanese market. In addition, by sharing the recruiting functions and personnel pools possessed by both companies, we can expect to recruit and utilize a broad range of gamers and other personnel who are interested in games. Furthermore, by combining the resources of both companies and the industry knowledge and experience that have been cultivated for many years, we will consider the possibility of collaborating in new areas such as e-sports and NFT games.

Going forward, the Company group and GameWith will continue to strive to enhance the medium-to long-term corporate value of both companies by promoting these initiatives, while aiming to contribute to the further development of the gaming and entertainment industries.

2. Overview of Capital Alliance

The Company plan to acquire 923,600 shares of GameWith common stock (5.0% of the total number of issued shares and potential shares outstanding as of May 31, 2022) held by YJ1 Investment Partnership for an aggregate purchase price of JPY 433 million (JPY 469 per share, as a simple average closing price for the last 6 months).

3. Overview of Business Alliance

In this business alliance, our group will provide advertising space on GameWith's game media and other services to our game company clients, and GameWith will, to its clients, introduce and provide services of us, including debugging, translation and LQA of to its client companies, or developing new menus, as a business collaboration with us.

Furthermore, the two companies aim to increase their corporate value by promoting the sharing of their respective game personnel and joint efforts to acquire and utilize game personnel.

4. Overview of the Company

(1) Company name	GameWith, Inc.		
(2) Location	1-4-1 Mita, Minato-ku, Tokyo, Japan		
(3) Position and name of representative	Representative and President Takuya Imaizumi		
(4) Business activities	Media business, including provision of game-related information		
(5) Share capital	JPY 551 million		
(6) Date established	June 3, 2013		
(7) Major shareholders and shareholding ratios	Takuya Imaizumi		29.77%
	Incubate Fund II Limited Partnership		21.10%
	YJ1 Investment Partnership		11.87%
	Incubate Fund III Limited Partnership		6.20%
	The Master Trust Bank of Japan, Ltd. (Trust account)		3.60%
(8) Relationship between the listed company and the said company	Capital ties	Not applicable.	
	Personnel relations	Not applicable.	
	Business relations	Not applicable.	
	Related party status	Not applicable.	
(9) Operating results and financial position of the said company for the past three years			
Fiscal year	Fiscal year ended May 2019	Fiscal year ended May 2020	Fiscal year ended May 2021
Net assets	—	JPY 3,353 million	JPY 3,151 million
Total assets	—	JPY 3,829 million	JPY 4,818 million
Net assets per share	—	JPY 186.50	JPY 174.46
Net sales	—	JPY 2,890 million	JPY 2,880 million
Operating income	—	JPY 408 million	JPY -209 million
Ordinary income	—	JPY 408 million	JPY -224 million
Profit attributable to owners of parent	—	JPY 219 million	JPY -217 million
Net income per share	—	JPY 12.23	JPY -12.07
Dividend per share	—	—	—

* Since GameWith has been preparing its consolidated financial statements from the year ending May 2020, operating results and financial position for the year ended May 2019 are not reported here.

5. Schedule

- (1) Date of resolution by the Board of Directors : June 24, 2022
- (2) Date of conclusion of the agreement : June 24, 2022
- (3) Date of the stock acquisition : June 30, 2022 (Scheduled)

6. Future Prospects

We anticipate that the impact on our business results for the year ending March 2023 will be minor, but we will promptly notify you of the necessity to revise the performance forecast and any issues that should be published in the future.