

The Strategy of Overseas Business - Acquiring Metaps Entertainment group

2021/3/8

Tokyo Stock Exchange First Section : Code 3676
<https://www.digitalhearts-hd.com/>

Completed building a foundation of developing Enterprise Business as our second earnings pillar.

Take next initiatives as our new growth strategy.



Existing Core

Entertainment Business

Established dominant market shares in domestic Debugging business with growth for years.

⇒ New initiatives of profit reforms in matured market.



Second Pillar

Enterprise Business

As a 'Second Founding' period of the company, expanding the Enterprise Business such as System Testing by leveraging our core Debugging's base.

⇒ To be high-growth, high-profit with DX as a tailwind.



New Growth

Overseas Business

New growth driver in the entertainment field.

⇒ To become the Comprehensive Localization Service provider by acquiring new capability through M&A.

New M&A

The Influence of Chinese-made Game

The Chinese game industry continues to grow rapidly and its influence on the global game market is expanding.

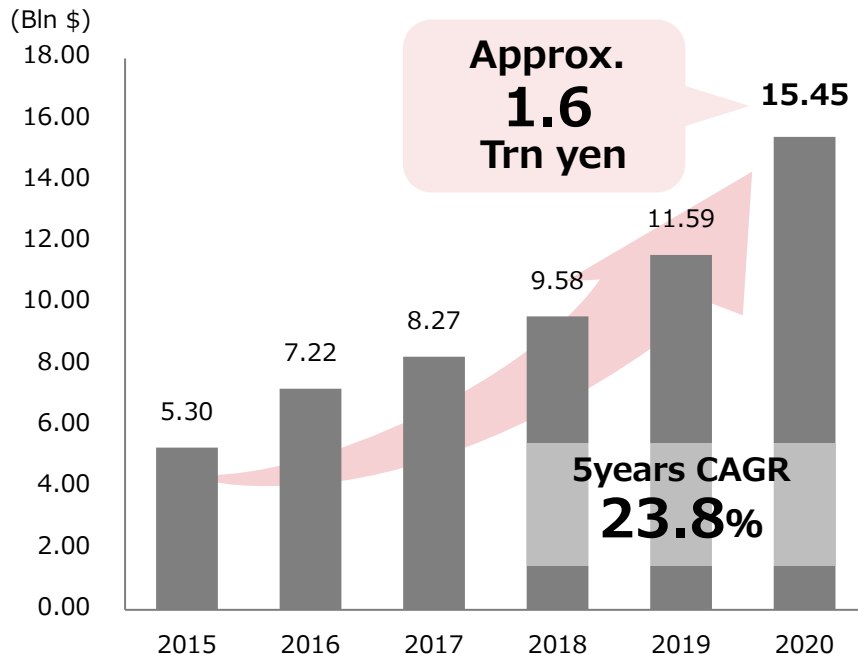
Size of game industry in China

Approx. **6** Trn yen

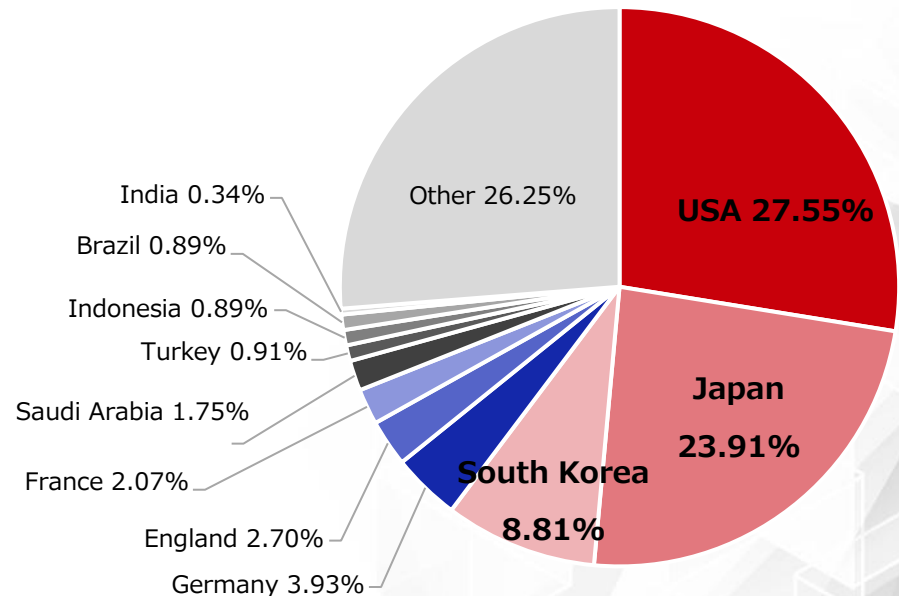
Number of game users in China

over **660** Mln people

Sales trend of Chinese-made games in overseas market



Overseas sales of Chinese-made games



*According to research by 4Gamer.net based on "the 2020 Chinese Game Industry Report" of GPC.

DIGITAL HEARTS HOLDINGS will acquire Metaps Entertainment group who provides Chinese game companies with various marketing services for launching game titles in new overseas markets.

Main Business 1 Marketing support services

Provide Chinese game companies with supporting service entering to markets like Japan, Taiwan, Korea, Southeast Asia, etc.

Main Service

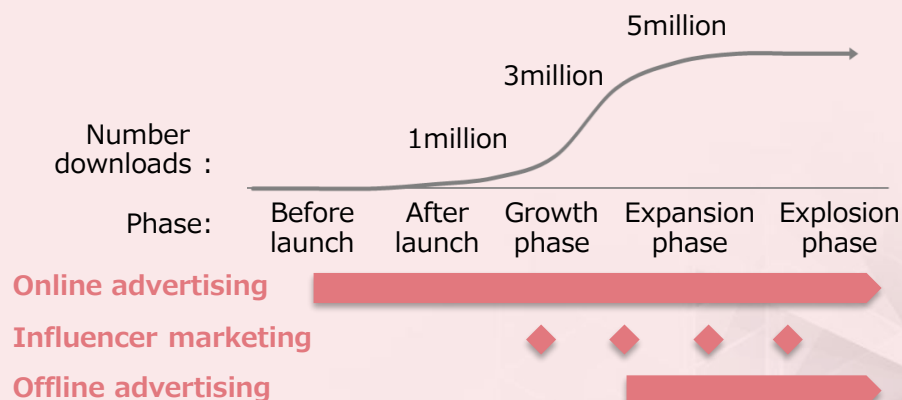
- Online advertising (Internet advertising like SNS)
- Offline advertising (TV commercial and billboard)
- Influencer marketing

Main Business 2 IP Contents businesses

Business matching related to IP (digital copyrights of games or characters) between Japanese licensors and overseas licensees.

Point

Providing one-stop promotions throughout the lifecycle of game content



Recent Cases

Licensor: SQUARE ENIX CO., LTD.
Game title: FINAL FANTASY BRAVE EXVIUS

Strong network with Chinese companies



- Strong relationship with some of major Chinese game companies.
- Rich experience of TVCM and promotion for various well-known game titles.

Powerful media resources



- Supports a wide range of online and offline media such as SNS, TV, billboards.
- The group has approx. 10,000 influencer resources and covers over 1 billion followers.

Cross-border team with rich experience in Asia



- Cross-border team familiar with the cultures and business practices in China and other Asian markets.
- Rich experiences especially in Asian markets like Japan, Taiwan and others.

Covers a wide area of Asia



- Flexibly to a wide range of requirements with offices in Tokyo, Shanghai, Taiwan, Hong Kong, and Singapore.
- Other Asian markets are covered by its staff with various nationalities such as Indonesia, Thailand, and South Korea.

Aiming to be the Comprehensive Localization Service provider to support Chinese companies' overseas expansion by leveraging strengths of **DIGITAL HEARTS group** and **Metaps Entertainment group**.

Target

Chinese game makers
Chinese digital content / service provider



DIGITAL HEARTS HLDGS.

&

metaps 
ENTERTAINMENT

Comprehensive localization services

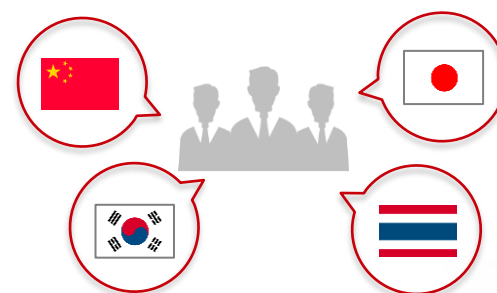
- | | | |
|------------------------------|----------------------------------|--------------------------|
| 1. Translation / LQA * | 4. Video material creation | 7. Online game operation |
| 2. 2D/3D graphic development | 5. Marketing strategy support | 8. Customer support |
| 3. Audio recording | 6. Advertising / sales promotion | 9. IP licensing |

01 Various professional services of group companies with specialists

Services	Strengths of our group after acquisition and name of service providers
Translation / LQA	Over 250 translators with rich experience of video game titles <u>Group companies</u> <ul style="list-style-type: none"> - DIGITAL HEARTS Co., Ltd. (Japan) - DIGITAL HEARTS (Shanghai) Co., Ltd. - Digital Hearts Linguitronics Taiwan Co., Ltd. - Orgosoft Co., Ltd. (South Korea)
2D/3D graphic development	Over 100 creators and engineers <u>Group company</u> <ul style="list-style-type: none"> - FLAME Hearts Co., Ltd. (Japan)
Marketing strategy support	Cross-border team familiar with Asian markets <u>Group companies</u> <ul style="list-style-type: none"> - Metaps Entertainment Limited and its seven group companies in Asia.
Advertising / Sales promotion	Own media "4Gamer.net" and strong relations with various media in Asia <u>Group companies</u> <ul style="list-style-type: none"> - Aetas, Inc. (Japan) - Metaps Entertainment Limited and its seven group companies in Asia
Online game operation support	Know-how based on rich experience <u>Group companies</u> <ul style="list-style-type: none"> - DIGITAL HEARTS Co., Ltd.(Japan) - FLAME Hearts Co., Ltd. (Japan) - Orgosoft Co., Ltd. (South Korea)

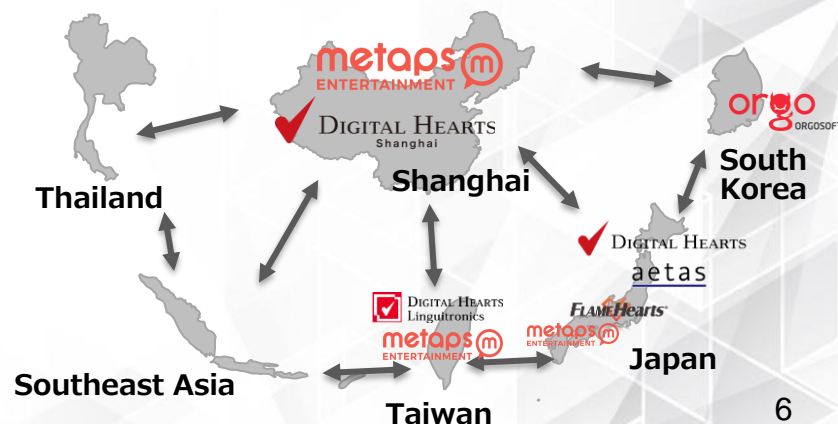
02 Abundant multi-national human resources

Multi-national human resources familiar with the culture and business customs of various Asian countries including Japan and China



03 Global one-stop service for Asian markets

Supporting expansion from various countries to countries in a wide area of Asia





Aiming to be the Comprehensive Localization Service provider.

**Stronger support
with deeper local
knowledge**

- Accumulate experience and further investigate each market for deep understanding of local needs.
- Contribute to clients' business in target markets with multiple service and rich experience for each.

Further M&A

- Acquire new functions and services in Asia and cover wider digital entertainment areas.
- Expand the business and increase market share.

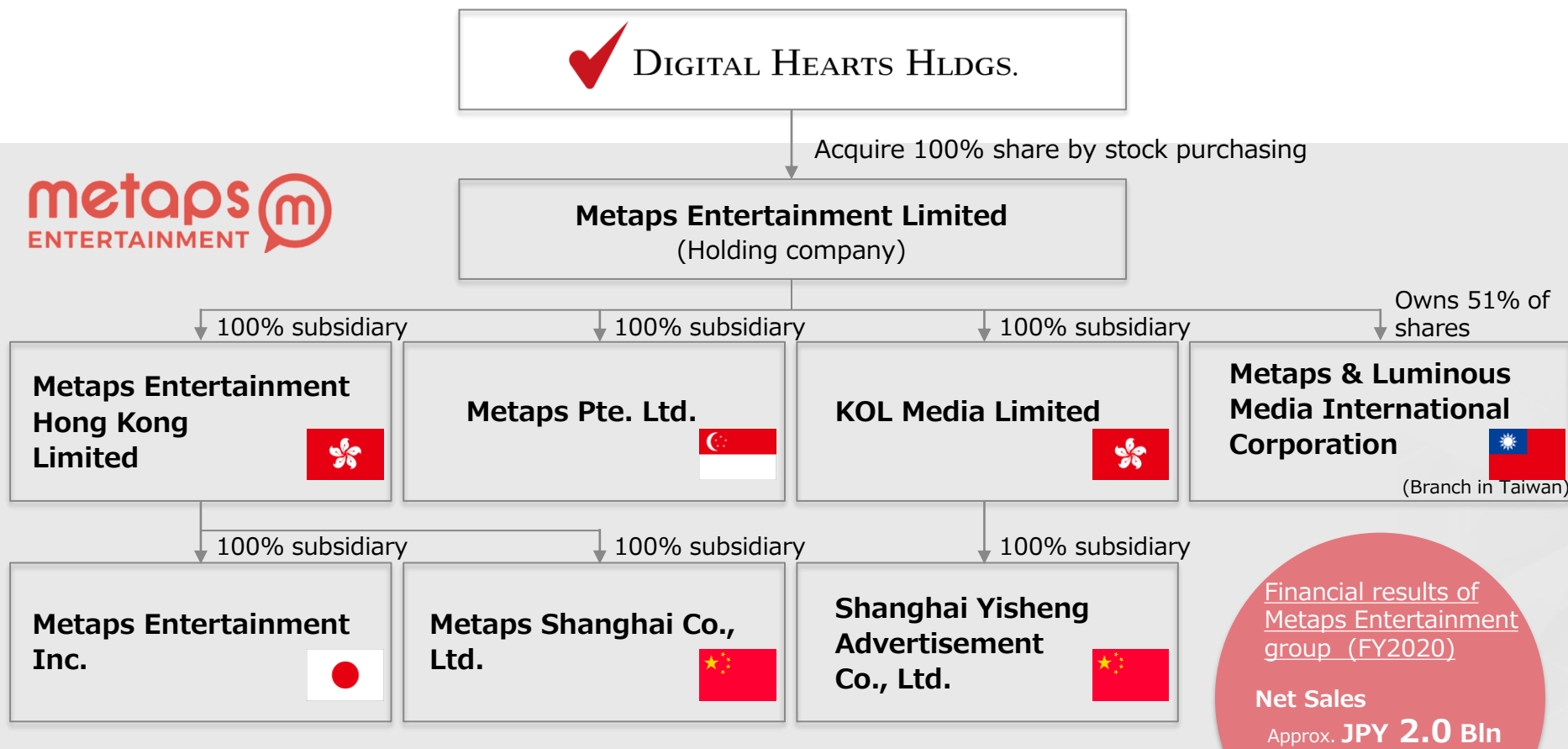
**Expansion to
U.S. and Europe**

- Establish business in rapid growing Asian market.
- Develop new businesses foundation and enter to the U.S. and European markets.

Aiming to achieve sales JPY 5.0 Bln of Overseas Business

(ref) Structure of the Acquisition

To purchase 100% share of Metaps Entertainment Limited and to acquire total eight companies as Metaps Entertainment group.



Financial results of
Metaps Entertainment
group (FY2020)

Net Sales

Approx. JPY 2.0 Bln

Operating income

Approx. JPY 0.2 Bln

(ref) Schedule

Date of conclusion of the stock purchase agreement: March 8, 2021

Date of the stock acquisition: March 29, 2021 (Scheduled)



DIGITAL HEARTS HLDGS.

<Contact>

Investor and Public Relations Division

Phone : +81-3-3373-0081

Email : ir_info@digitalhearts.com

HP : <https://www.digitalhearts-hd.com>

This presentation has been developed strictly for the purposes of investor relations activities and does not in any way attempt to influence or facilitate investment decisions or represent a solicitation for investment. While the information provided herein is based on that believed to be reliable at the time of submission, the Company does not guarantee its accuracy, be it partial or overall. Furthermore, because this presentation features the views and assessments of the Company at the time of its writing, it may therefore be subject to change without prior notice due to unforeseen developments in the Company's operating environment. The Company and its affiliated companies, as well as their executive officers, may hold positions in the securities and/or financial products featured in this presentation, and may stand to profit or incur losses from their positions. The relevant parties may also purchase or sell securities and/or financial products, either in person or by proxy. This presentation is protected under exclusive copyright of the Company. To quote, reproduce or transfer any section, either partially or in its entirety, is prohibited by law. Those who wish to quote from, reproduce or transfer the information contained herein must therefore acquire in advance the written consent of the copyright holder.