



HUG

Hearts United Group Co., Ltd.

Presentation Material

for the First Half of Fiscal Year Ending March 31, 2014

Hearts United Group Co., Ltd.

Tokyo Stock Exchange First Section : Code 3676

URL : <http://www.heartsunitedgroup.co.jp/en/>



Hearts United Group Co., Ltd.

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Major Moves in the First Half of FY2013

Apr. 2013	Debugging	DIGITAL Hearts	New Service	Started “Cyber Security Service” to protect information assets from vicious cyber attack
Apr. 2013	Debugging	DIGITAL Hearts		Collaboration with PIPED BITS for integrated service of “Cyber Security Service” and “SEIJIYAMA”
Apr. 2013	Debugging	DIGITAL Hearts		Established cooperative relationship with Mozilla Japan
May 2013	Debugging	DIGITAL Hearts	New Service	Collaboration with Yahoo! Japan to prepare for the internet election using “Cyber Security Service” Started to provide “Cyber Security Support”
May 2013	Debugging	DIGITAL Hearts	New Service	Started to provide new service “SEIJIYAMA Net Security Cyber Security Diagnosis” with PIPED BITS
June 2013	Others	DIGITAL Hearts		Started to distribute novel version of a play-by-web RPG “Cross Tribe” via LINE novel
June 2013	Debugging	DIGITAL Hearts		“Cyber Security Service” was introduced in the internet election campaign by the Liberal Democratic Party
June 2013	Others	DIGITAL Hearts	New Service	Officially started to distribute a play-by-web RPG “Cross Tribe”
July 2013	Debugging	DIGITAL Hearts		Expanded Sasazuka Lab to enhance the system to provide “Debugging Service” and “Cyber Security Service”
July 2013	Debugging	DIGITAL Hearts		Expand Kyoto Lab to accommodate increased orders related to consumer games
July 2013	Debugging	DIGITAL Hearts		Developed mobile security software for Android
Aug. 2013	Others	G&D		Released “YAMADABI” from Yamada Game
Sep. 2013	Debugging	DIGITAL Hearts USA		An American subsidiary doubled the office space in response to increased demand for Debugging service
Oct. 2013	I R	HUG		Hearts United Group Co., Ltd. was established and listed (Security code:3676)
Oct. 2013	I R	HUG		6 subsidiaries of DIGITAL Hearts became direct subsidiaries of Hearts United Group by subsidiary’s share dividends
Oct. 2013	I R	HUG		Signed a letter of intent regarding acquisition of shares of Network 21 (making it a subsidiary)

The First Half of FY2013 Results Summary

(Growth vs FY2012 2Q): Sales **156.4% Operating income **243.8%****

- Debugging Business showed solid growth, **achieving record high** sales and operating income for 2Q
- **Profitability improved** due to increased sales and improvement of subsidiaries' revenues

*FY2013 full year forecast was revised up on November 5, 2013







(¥ Million)	Consolidated				(FYI) DIGITAL Hearts Results		
	FY2012 2Q Actual (YoY Change)	FY2013 2Q Actual (YoY Change)	FY2013 Forecast at beginning of period (Achievement rate)	FY2013 Forecast (revised) (Achievement rate)	FY2012 2Q Actual (YoY Change)	FY2013 2Q Actual (YoY Change)	FY2013 Forecast at beginning of period (Achievement rate)
Net Sales	2,978 (113.8%)	4,659 (156.4%)	9,109 (51.1%)	9,777 (47.7%)	2,841 (108.5%)	4,078 (143.6%)	8,012 (50.9%)
Operating Income	352 (75.8%)	858 (243.8%)	1,451 (59.2%)	1,660 (51.7%)	418 (88.0%)	831 (198.4%)	1,392 (59.7%)
Operating Income Margin	11.8% (-5.9points)	18.4% (+6.6points)	15.9%	17.0%	14.7% (-3.4points)	20.4% (+5.6points)	17.4%
Ordinary Income	356 (77.0%)	859 (240.8%)	1,447 (59.3%)	1,658 (51.8%)	427 (90.2%)	836 (195.7%)	1,388 (60.3%)
Net Income	196 (80.4%)	502 (255.6%)	852 (59.0%)	956 (52.5%)	249 (97.5%)	492 (197.8%)	846 (58.2%)

Hearts United Group Co., Ltd. was established as a 100% parent company of DIGITAL Hearts Co., Ltd. by sole-share transfer on October 1, 2013. Accordingly, full-year forecast for FY2013 represents consolidated results forecast.

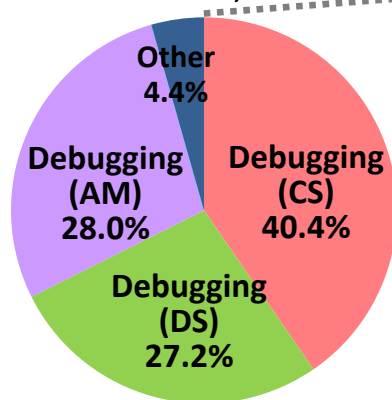
Outline of Business Segments

Accompanied by the consolidation of Aetas, Inc., which operates Media business, reporting segments are newly reclassified to **2 segments namely "Debugging Business" and "Media Business"**.

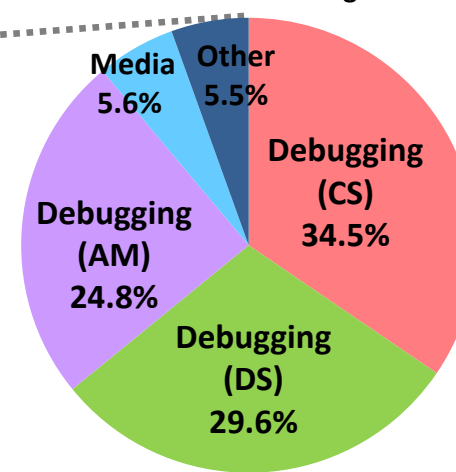
Other business units, not included in either segments, are aggregated to **"Other Businesses"**.

Segment	Business Unit	services
Debugging 	Debugging Service is a service which tests bugs in software before its release and reports to clients	
	Consumer Games (CS)	 Mainly Debugging service for consumer games and on-line games. Including service for overseas consumer games.
	Digital Solutions (DS)	 Mainly Debugging service for mobile games devices such as social games and smartphone applications. Including system verification (WEB system etc.) and services for overseas mobiles.
	Amusement (AM)	 Mainly Debugging service for Pachinko and Pachislot.
Media	Media Business	 Operating Japan's largest game portal "4Gamer.net"
Other	Development Outsourcing Project Video Production Project Fuguai.com Project DIGITAL Hearts Creators Network Project	 Receiving orders for outsourcing of development process. Providing the total service of image processing technology. Managing a bug information portal site "Fuguai.com" Operating user participating games which supports creators' growth through games.

The First Half of Fiscal Year Ended
March 31, 2013



The First Half of Fiscal Year Ending March 31, 2014



*Sales percentage includes inter segment sales and transfer

Summary of Earnings by Segment

(¥ Million)		FY2012 2Q Actual	FY2013 2Q Actual	YoY Change		Summary	
Debugging Business	Net Sales	2,850	4,163	1,313	(146.1%)	↑ Achieved record high sales for the six months ended September 30, 2013 in all relations, showing steady growth Especially DS recorded satisfactory results for two consecutive results	
	Segment Income	753	1,258	504	(166.9%)		
	Consumer Games (CS)	Net Sales	1,205	1,615	410	(134.0%)	↑ Demand for Debugging Service increased due to intensifying software development by major clients Increasing number of simultaneous releases of titles for multiple hardware accelerated outsourcing
	Digital Solutions (DS)	Net Sales	809	1,385	576	(171.2%)	↑ Increasing number of outsourcing of browser games also contributed to increases in orders Active development of native application resulted in increased number of titles
Amusement (AM)	Net Sales	835	1,161	326	(139.1%)	↑ Provision of service with high added value earned trust from clients Obtained new orders for pachislot	
Media Business	Net Sales	-	259	259	(-)	↑ Contribute to consolidated results for the full year from this fiscal year Showed steady growth from increased stable revenues	
	Segment Income	-	26	26	(-)		
Other Businesses	Net Sales	131	255	123	(193.6%)	↑ Development Outsourcing Business showed a solid growth ↓ Incurred expenses from policy change in Comprehensive Visual Image Production/initial investments in new business (DCN Project)	
	Segment Income	-65	-44	20	(-)		

※ Each segment and unit sales include intra-segment sales /transfer

※ Segment income shows operating income

※ Accompanying reclassification of reporting segment, FY2012 Actual results reflected the segment reclassification

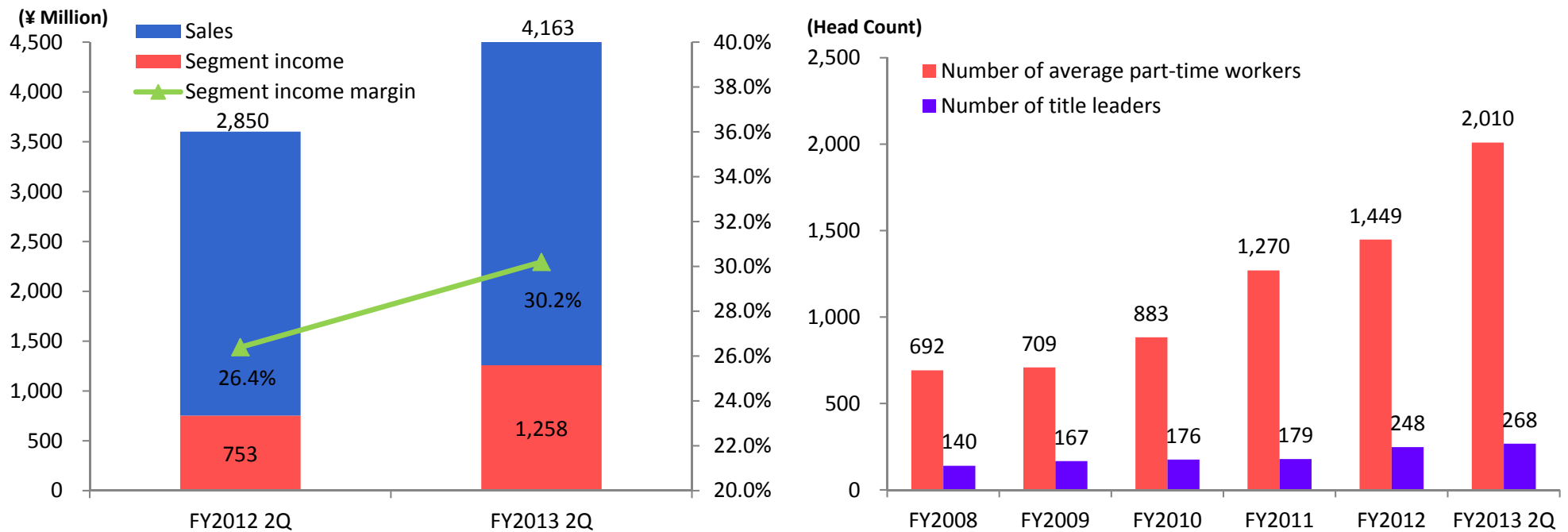
※ As Media Business started from FY2012/3Q, FY2012 Actual and YoY change was nil in Media Business

These notes above are applied in the following pages

- ✓ **All Unit** in Debugging Business showed **solid growth**
- ✓ **Profitability improved** due to increased sales, fixed cost reduction and profitable subsidiaries
- ✓ Expand service area by developing new services to **increase added value of service**

Net Sales, Segment income (Year Over Year)

(¥ Million)	FY2012 2Q Actual	FY2013 2Q Actual	Y o Y Change	
Net Sales	2,850	4,163	+1,313	146.1%
Segment income	753	1,258	+504	166.9%





Debugging Business (CS: Consumer Games Unit)

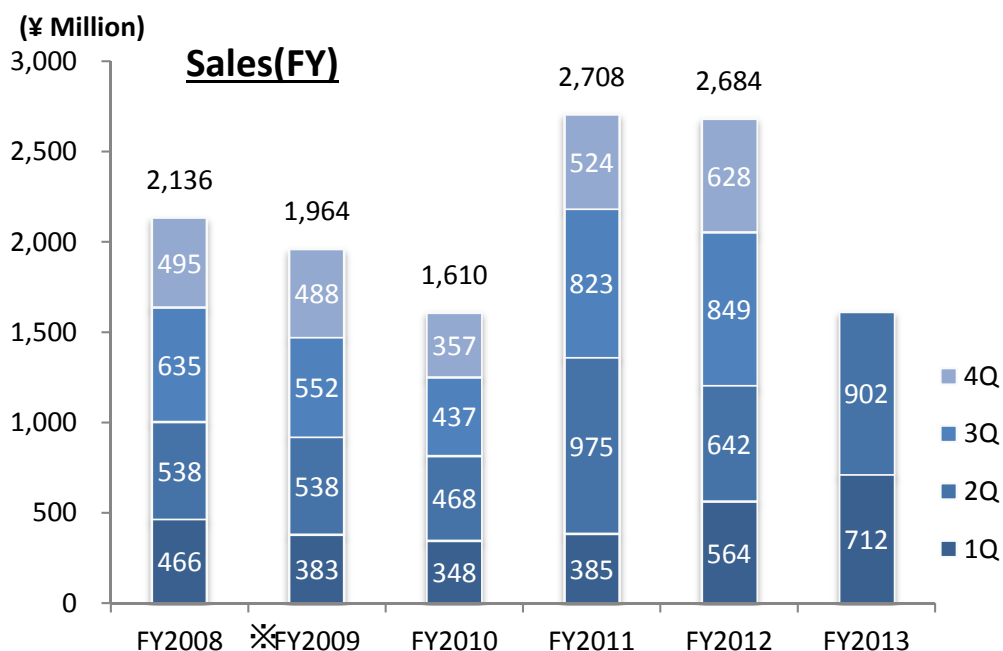
- ✓ Demands for Debugging Services for home game **increased due to increased number of titles developed** by clients
- ✓ **Outsourcing increased** as number of titles released simultaneously for multiple hardware increased
- ✓ Trust earned from clients contributed to **increased orders for comprehensive quality management service**

Net Sales (Year Over Year)

(¥ Million)	FY2012 2Q Actual	FY2013 2Q Actual	Y o Y Change	
Net Sales	1,205	1,615	+410	134.0%

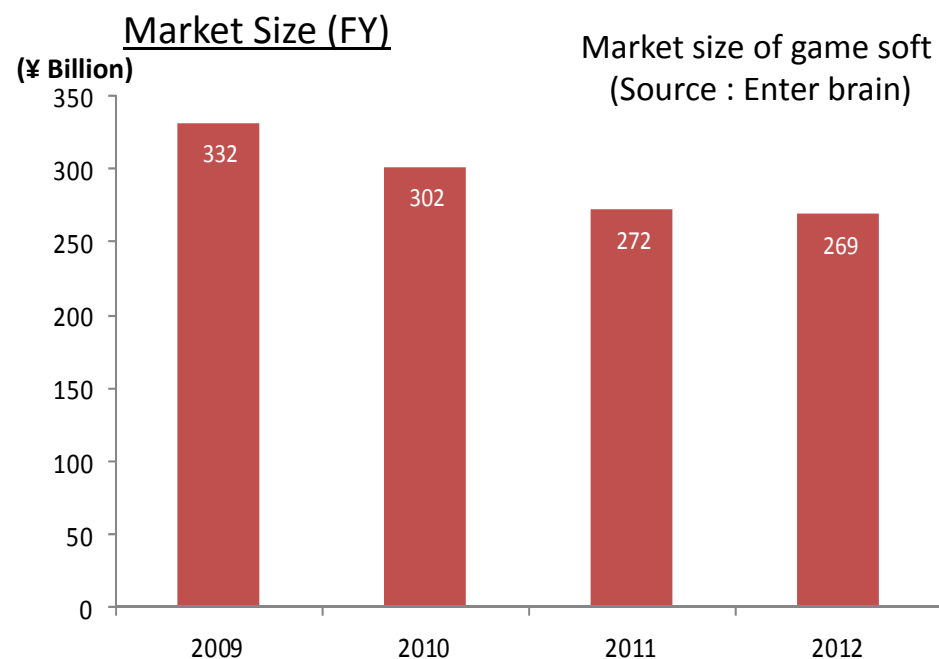
• Serviced Items:

- Debugging - consumer game software
- Debugging - online games
- Debugging - arcade games
- Translation of consumer game software (localization)
- Overseas deal – Debugging - consumer game software



*Business unit was not reclassified until FY2009.

Records do not include "Testing of home application" and "Mobile application localization"





Debugging Business (DS: Digital Solutions Unit)

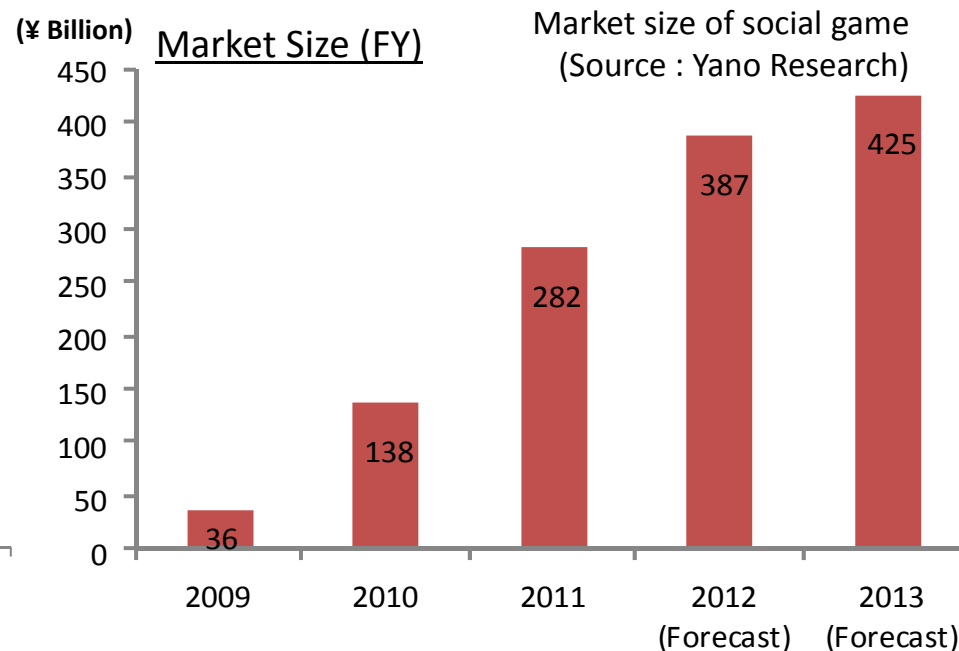
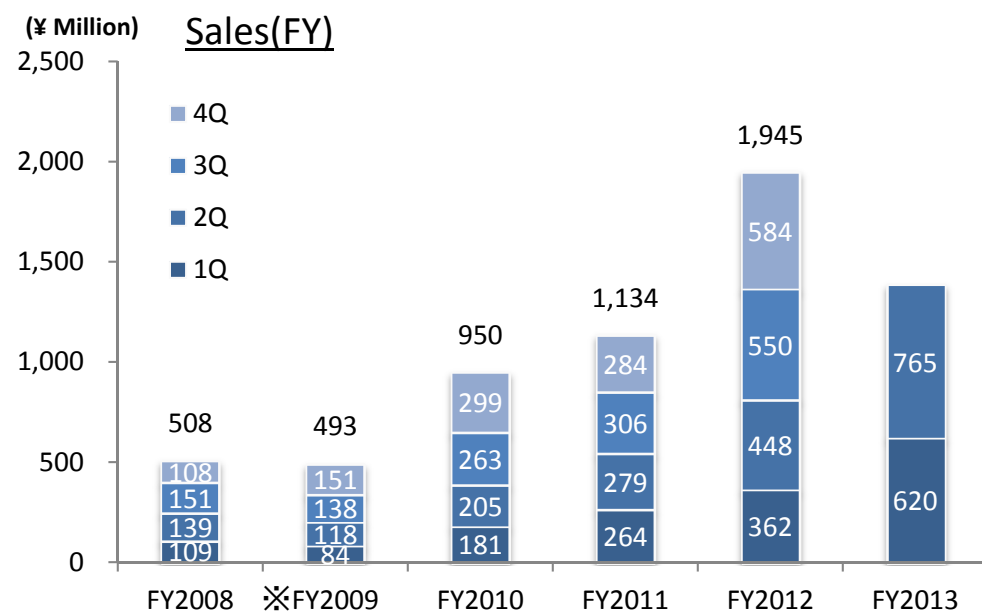
- ✓ Orders for social games increased due to **shift to development of native application**
- ✓ Provision of quality-oriented service resulted in **significant increase in large/recurring orders**
- ✓ **“Cyber Security Service”** commenced, and received orders from LDP

Net Sales (Year Over Year)

(¥ Million)	FY2012 2Q Actual	FY2013 2Q Actual	Y o Y Change	
Net Sales	809	1,385	+576	171.2%

● Serviced Items:

- Debugging - applications
- Debugging - Social Network System (SNS) games, operation support
- Testing of web system, operation system, home appliances
- SNS application operation support
- Overseas deal – Debugging - applications, localization, and operation support
- New service “Cyber Security Service”



*Business unit was not reclassified until FY2009.

Records do not include “Testing of home application” and “Mobile application localization”

Debugging Business (AM: Amusement Unit)

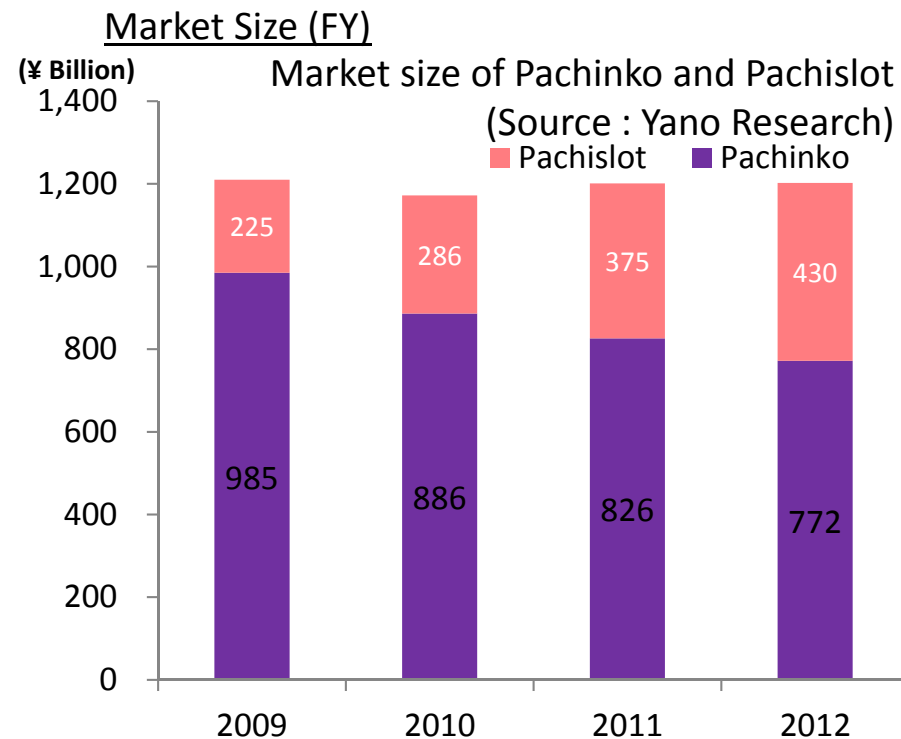
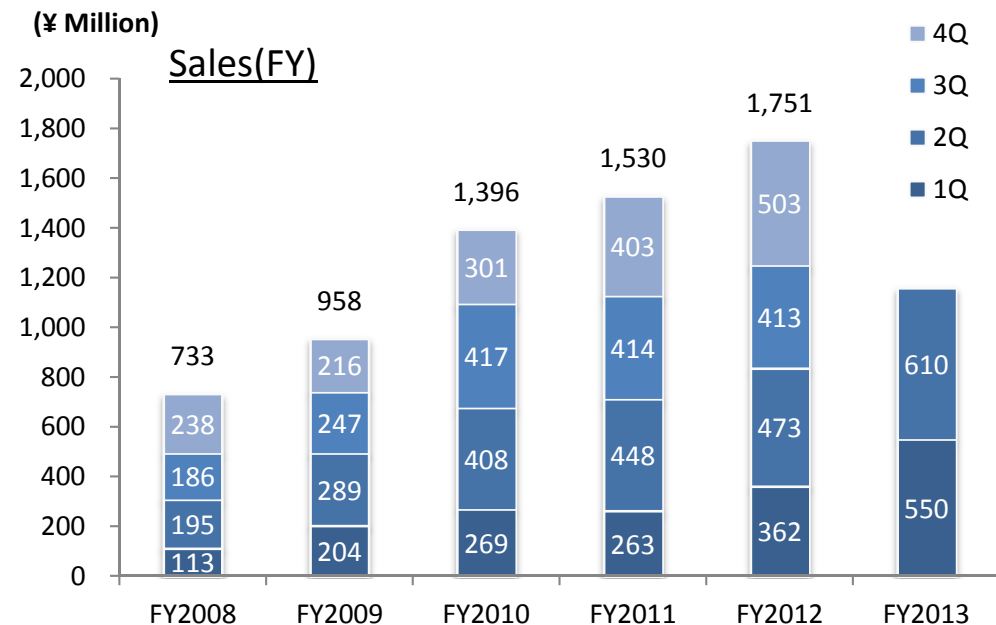
- ✓ **Earned trust** from existing/new clients by providing high added value service
- ✓ Improve quality of service by focusing on **human resource cultivation with the aim of share expansion**
- ✓ Expand transaction volume by taking in Debugging needs in the booming **pachislot market**

Net Sales (Year Over Year)

(¥ Million)	FY2012 2Q Actual	FY2013 2Q Actual	Y o Y Change	
Net Sales	835	1,161	+326	139.1%

• Serviced Items:

- Debugging - pachinko
- Debugging - pachislot
- Other development support services





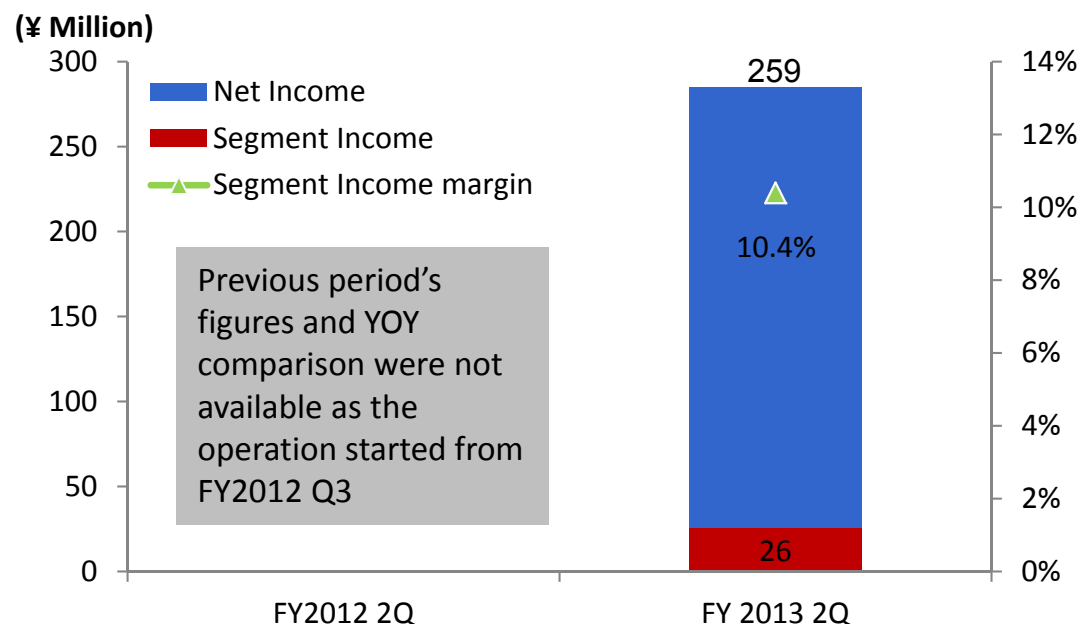
Japan's largest game portals

<http://www.4gamer.net/>

- Made Aetas, Inc. a subsidiary through acquisition of all shares on November 30, 2012 and included its **full-year results in the consolidated results** from this fiscal year
 - ✓ Opened fully renewed **smartphone website** and enhanced user contact
 - ✓ **Expanded stable revenues** by focusing on obtaining yearly contracts or long-term ad plan
 - ✓ Focused on marketing activities targeting **PC online games** which are becoming popular again

Net Sales/Segment income

(¥ Million)	FY2013 2Q Actual
Net Sales	259
Segment income	26



- **Development Outsourcing Project**

- **Focus on further client acquisition** with the rich experience in producing consumer social games

- **Video Production Project** *former “3D Contents Production Business”

- **Provide comprehensive service** of image processing technology with the accumulated know-how and technologies

- **Fuguai.com Project**

- Operate a portal site to collect and aggregate recall/defect information from manufacturers and users

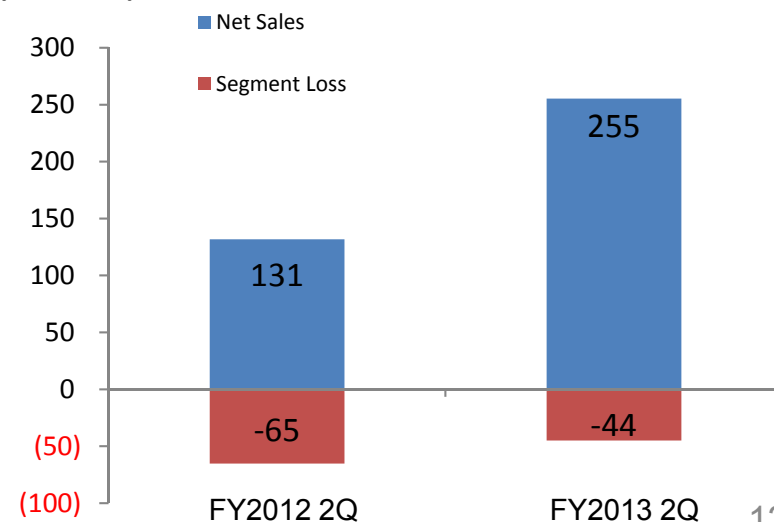
- **DIGITAL Hearts Creators Network (DCN) Project**

- Started business to support creators by connecting creators to game makers since February
- **Started to provide the game contents “Cross Tribe”** as the first service (<https://cross-tribe.jp/>)

Net Sales/Segment income

(¥ Million)	FY2012 2Q Actual	FY2013 2Q Actual	Y o Y Change	
Net Sales	131	255	+123	193.6%
Segment loss	-65	-44	+20	-

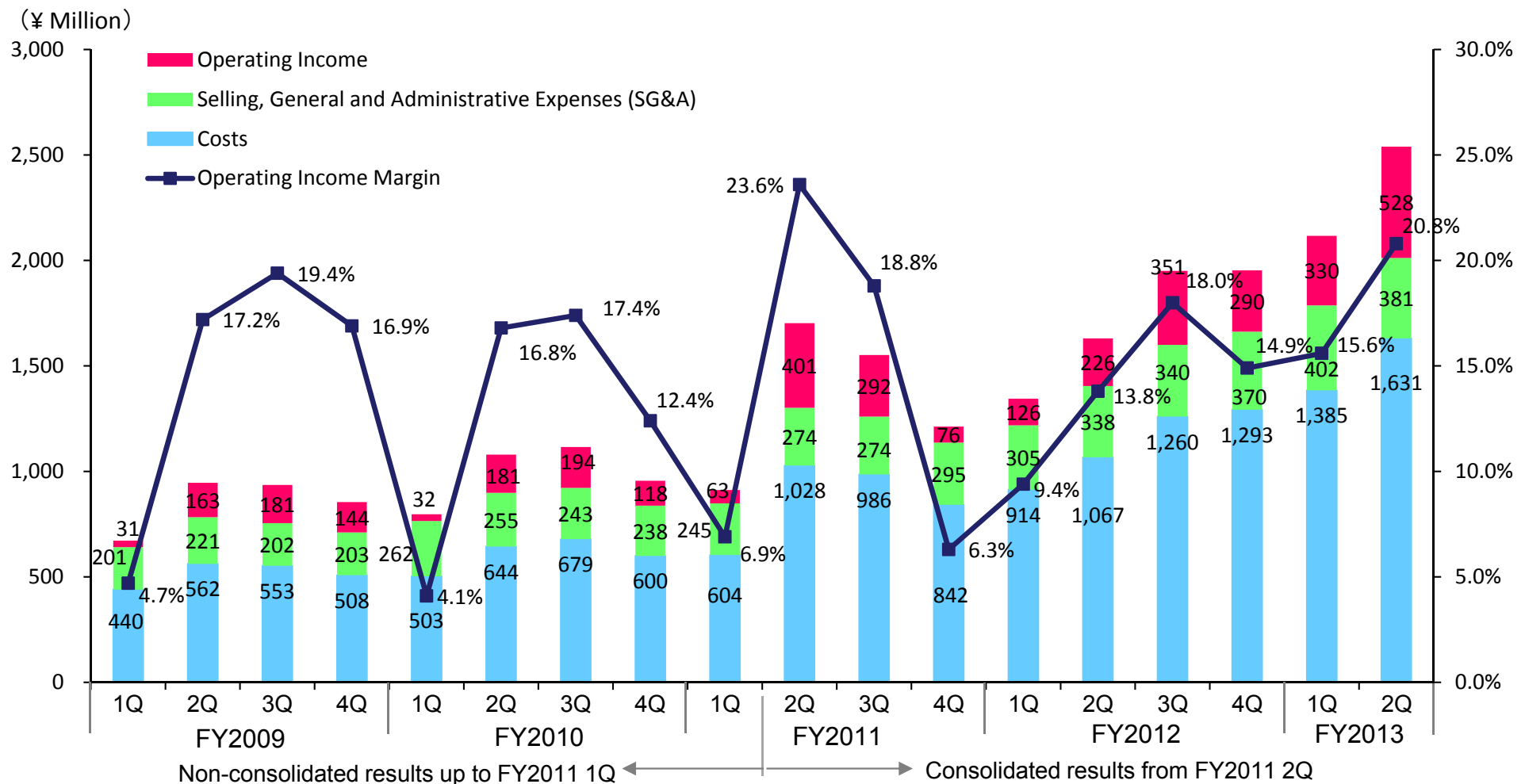
(¥ Million)



Trend in Consolidated Operating Income

- ✓ Profitability increased due to increased revenues from Debugging Business and containment of fixed costs
- ✓ Investment costs for overseas subsidiaries and new businesses decreased

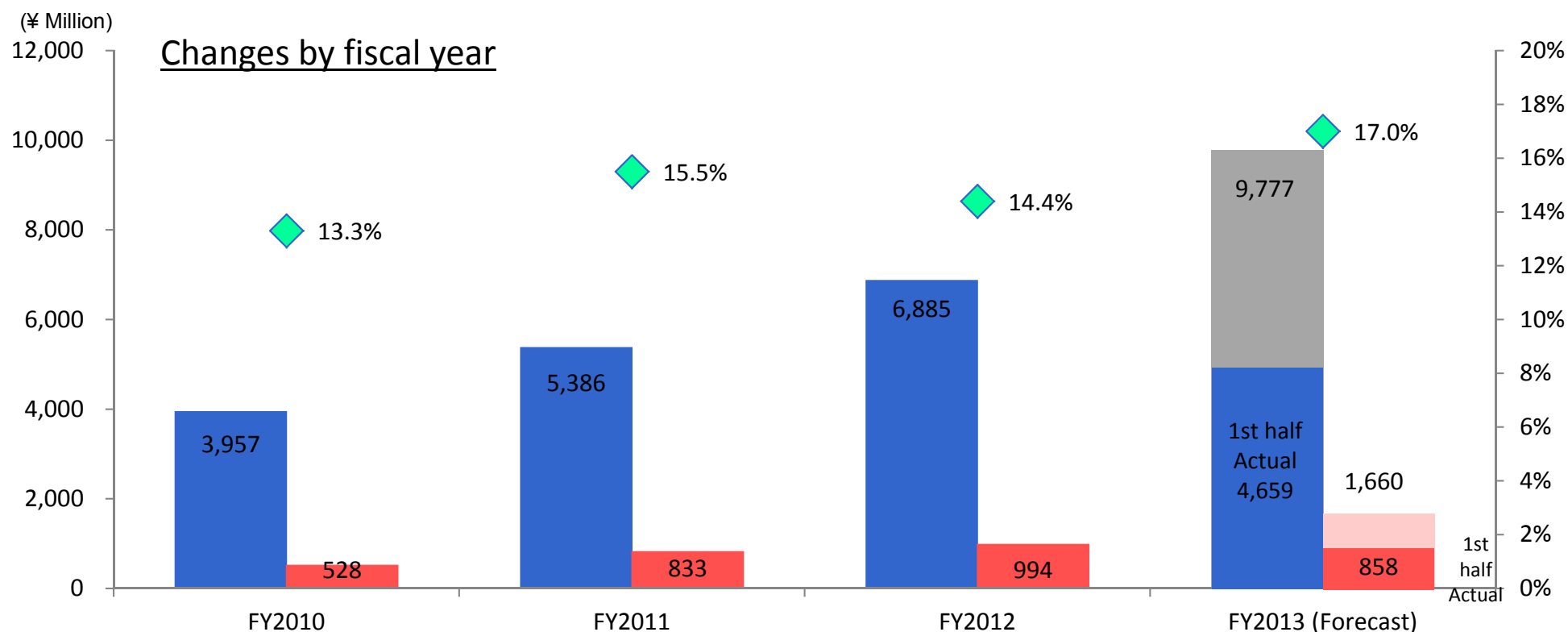
Quarterly results



Trend in Consolidated Sales/Operating Income (Fiscal Year)

Full year and half year results

(¥ Million)	FY2010 Actual			FY2011 Actual			FY2012 Actual			FY2013 Actual / Forecast		
	DIGITAL Hearts: non-consolidated results			DIGITAL Hearts: consolidated results							Hearts United Group: consolidated results forecast	
	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year	1st half	2nd half	Full year
Sales	1,881	2,076	3,957	2,618	2,767	5,386	2,978	3,907	6,885	4,659	5,117	9,777
Operating Income	214	313	528	464	368	833	352	641	994	858	802	1,660
Operating Income Margin	11.4%	15.1%	13.3%	17.8%	13.3%	15.5%	11.8%	16.4%	14.4%	18.4%	15.7%	17.0%



Consolidated Balance Sheets

(¥ Million)	FY 2012 (As of Mar. 31, 2013)	FY 2013 2Q (As of Sep. 30, 2013)	YoY Change	(¥ Million)	FY 2012 (As of Mar. 31, 2013)	FY 2013 2Q (As of Sep. 30, 2013)	YoY Change
Current assets	3,607	4,241	633	Current liabilities	2,055	2,225	169
(Of which)				(Of which)			
Cash and deposits	2,184	2,518	333	Short-term loan	1,000	1,000	-
Notes and accounts receivable-trade	1,273	1,535	261	Noncurrent liabilities	19	12	-7
Noncurrent assets	1,253	1,208	-44	Total liabilities	2,074	2,237	162
(Of which)				Shareholders' equity	2,736	3,184	448
Property, plant and equipment	262	268	5	(Of which)			
Intangible assets	608	568	-40	Capital stock	274	276	1
Investments and other assets	381	372	-9	Capital surplus	234	236	1
Total assets	4,861	5,450	589	Retained earnings	2,227	2,672	444
				Total accumulated other comprehensive income	18	20	1
				Minority interests	32	8	-23
				Total net assets	2,786	3,213	426
				Total liabilities and net assets	4,861	5,450	589

- Current assets : Increased by ¥633 million (up 17.6% YoY) mainly due to increases in cash and deposits and in notes and accounts receivable-trade
- Current liabilities : Increased by ¥169 million (up 8.3% YoY) mainly due to an increase in corporate tax payable of ¥81 million and an increase in accrued expenses of ¥70 million
- Net assets : Increased by ¥426 million (up 15.3% YoY) mainly due to an increase in retained earnings of ¥502 million from recording quarterly net income despite a decrease in retained earnings of ¥58 million from payment of year-end dividends

Increase profit distribution to shareholders

Made upward revision to interim dividend forecast (announced on August 2, 2013)

✓ Revised interim dividend forecast from ¥6 to **¥7** and annual dividend forecast from ¥12 to **¥13**

(Basic policy)

Pay dividends linked to business performance of the relevant period with the medium-term **target for consolidated dividend payout ratio of 20%**

Dividend

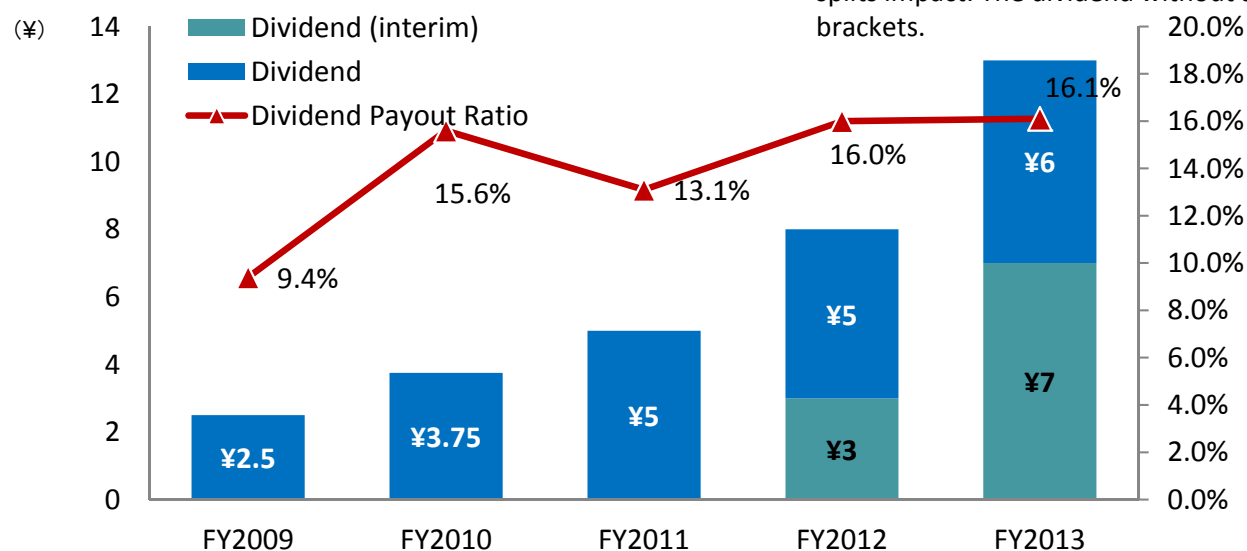
	FY2009	FY2010	FY2011	FY2012	FY2013 Forecast
Annual Dividend	2.5 yen (500 yen)	3.75 yen (750 yen) <small>(including commemorative dividend of 250 yen)</small>	5 yen (1,000 yen)	8 yen (11 yen)	13 yen (plan)
Interim dividend	0 yen	0 yen	0 yen	3 yen (6 yen)	7 yen
Year-end dividend	2.5 yen (500 yen)	3.75 yen (750 yen)	5 yen (1,000 yen)	5 yen	6 yen (plan)

Dividend Payout Ratio

	FY2009	FY2010	FY2011	FY2012	FY2013 Forecast
Dividend Payout Ratio	9.4%	15.6%	13.1%	16.0%	16.1%

※ Executed stock splits at a rate of 1:100, effective on July 1, 2012, and at a rate of 1:2, effective on October 1, 2012.

Dividends per share in previous years are adjusted to reflect share splits impact. The dividend without adjustment are shown in brackets.





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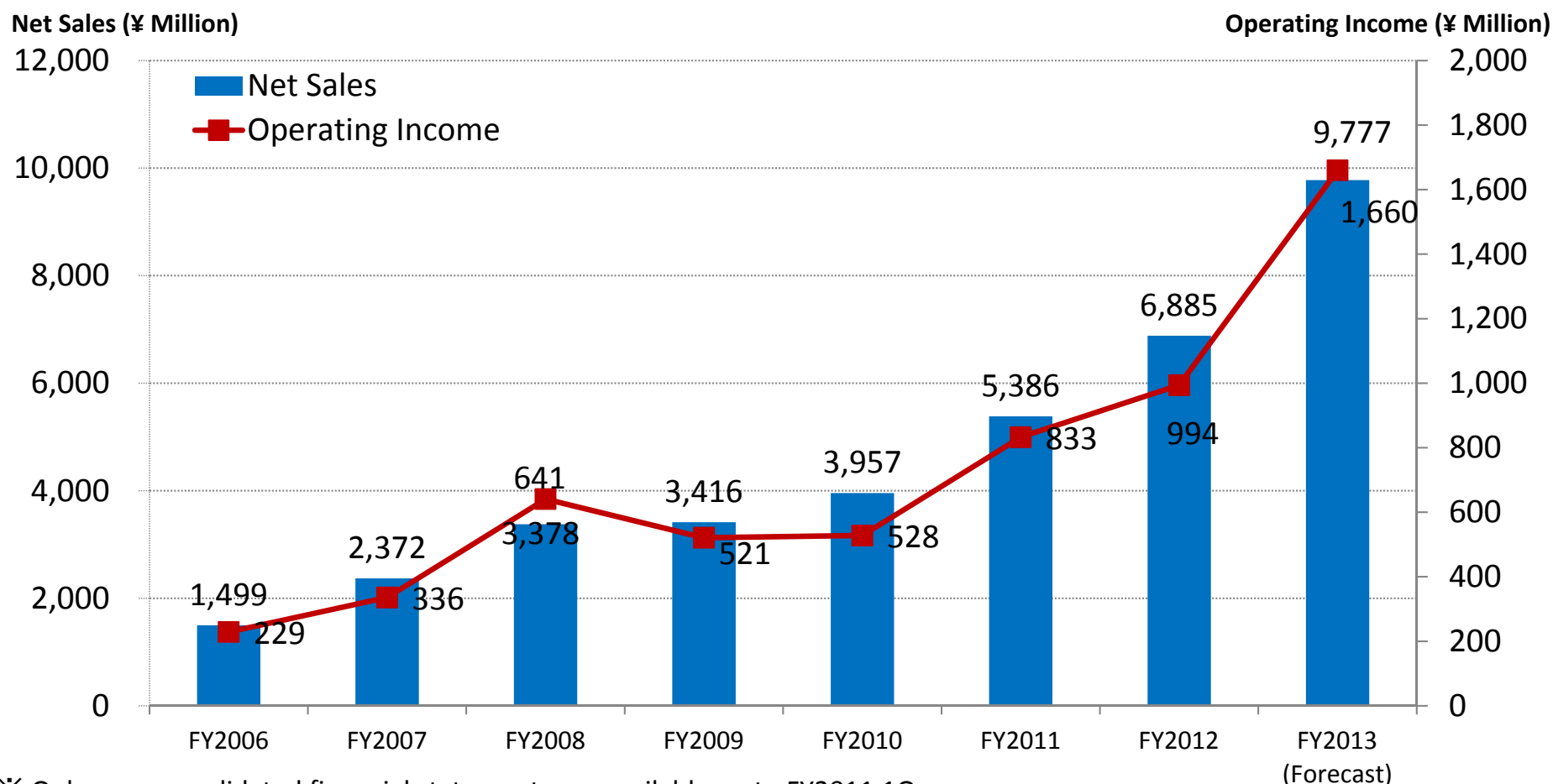
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FY2013 Earnings Forecast 1

Revised up full year forecast

Net Sales : 9,109 million → **9,777 million (YoY:142.0%)**

Operating Income : 1,451 million → **1,660 million (YoY:167.1%)**



※ Only non-consolidated financial statements are available up to FY2011 1Q

Full-year forecast for FY2013 represents consolidated results forecast of Hearts United Group Co., Ltd.

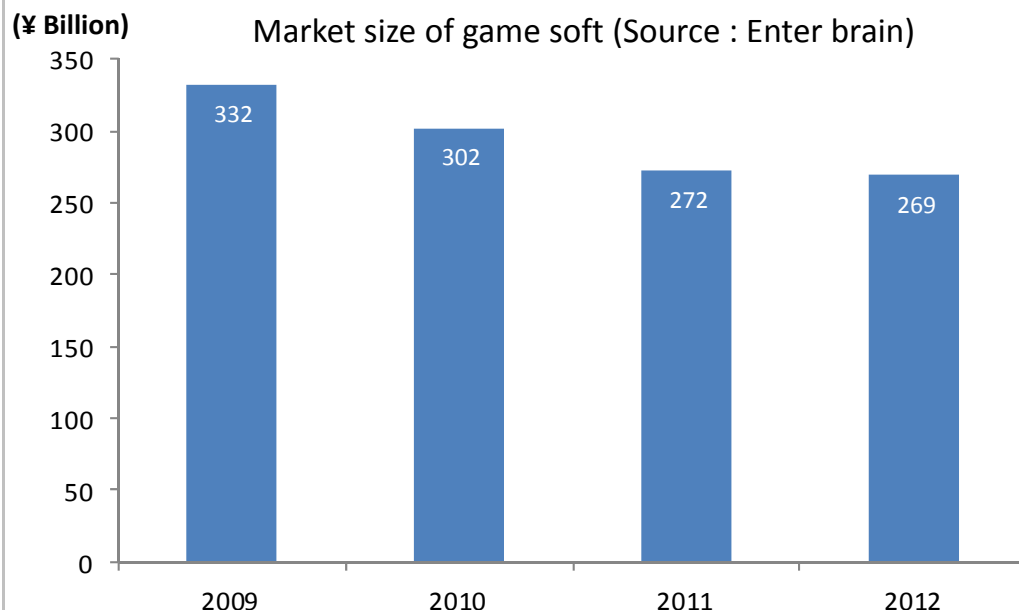
FY2013 Earnings Forecast 2

✓ All segments exceeded the forecasts, resulting in upward revision of business results forecasts

¥ Million	Consolidated				
	FY2012 full-year actual (YoY)	FY2013 full-year forecast at beginning of period		FY2013 full-year revised forecast	
		Changes from the previous period	(YoY)	Changes from the previous period	(YoY)
Net Sales	6,885 (127.8%)	9,109		9,777	
		2,223	(132.3%)	2,891	(142.0%)
Operating Income	994 (119.2%)	1,451		1,660	
		457	(146.0%)	666	(167.1%)
Operating Income Margin	14.4% (-1.1point)	15.9%		17.0%	
		-	(+1.5 point)	-	(+2.6 points)
Ordinary Income	996 (123.5%)	1,447		1,658	
		451	(145.3%)	661	(166.4%)
Net Income	579 (131.5%)	852		956	
		272	(147.1%)	376	(165.0%)

Full-year forecast for FY2013 represents consolidated results forecast of Hearts United Group Co., Ltd.

FY2013 Key Measures (Debugging CS Unit)



Main Topics

- In the 1st half, game soft market sold ¥95 billion (87.6% YoY)
- Introduction of PS4・Xbox one
- Accelerating platform borderlessness among home game hardware/PC/tablet
- 2DS was released in Europe & US
- Increasing new companies entering into new-type game hard business

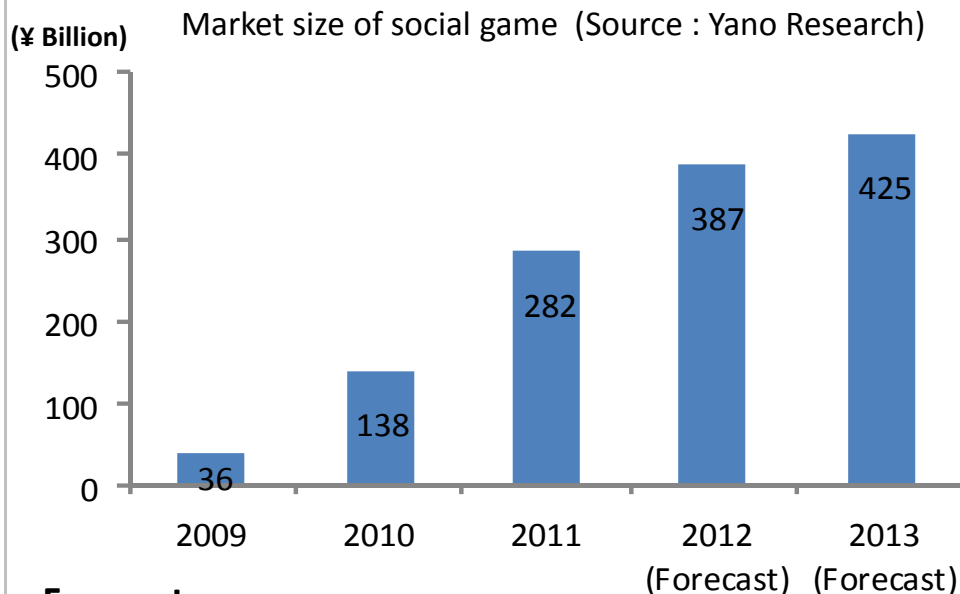
Forecast

Number of titles	Development scale	Outsourcing
◆ Titles for floor-standing hardware increased partly due to introduction of new-type hardware	◆ Keep increasing supported by diversification of hardware function.	◆ Remained stable ◆ Outsourcing development of large-scale title is increasing

FY2013 Key measures

- ✓ Focus on incorporating overseas Debugging needs mainly in North America and Asia
- ✓ Expand the market share of Online / Arcade products
- ✓ Generate additional value with expansion of Debugging related services

FY2013 Key Measures (Debugging DS Unit)



Main Topics

- In 2013, expected volume of smartphone shipment was 34 million, representing 88% of mobile phone buyers
- Operation of new smartphone platform by home game manufacturers
- Stimulated development of native application
- Expectation for accelerated globalization of social game

Forecast

Number of titles	Development scale	Outsourcing
◆ While browser application decreased, shift to development of native application increased the number of titles.	◆ Contents will become richer such as native applications	◆ Accelerated development time and expanded development scale increased demands

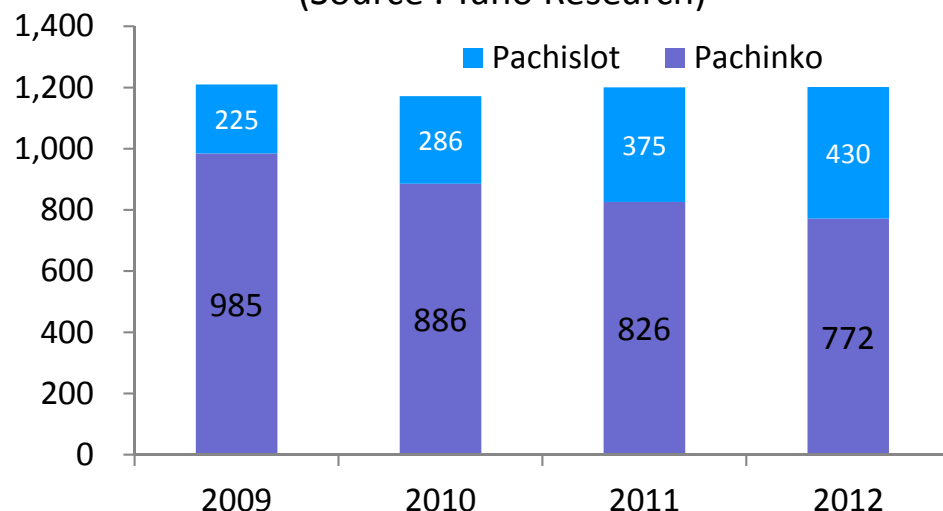
FY2013 Key measures

- ✓ Secure stable orders accompanied by increase of management type titles
- ✓ Focus on supporting service of transmitting information toward overseas by cooperating with Korean and US subsidiaries
- ✓ Develop market by focusing on sales activities in system verification area

FY2013 Key Measures (Debugging AM Unit)

(¥ Billion)

Market size of Pachinko and Pachislot
(Source : Yano Research)



Main Topics

- FY2012: Pachinko market 93.5% YoY
- FY2012: Pachislot market 114.7% YoY

Forecast

Number of titles	Development scale	Outsourcing
<ul style="list-style-type: none"> ◆ The number of Pachinko titles will remain same level ◆ The number of Pachislot will increase 	<ul style="list-style-type: none"> ◆ The volume of program will keep increasing 	<ul style="list-style-type: none"> ◆ Remained stable

FY2013 Key measures

- ✓ Expand the market share by providing high marketing sales and high quality service
- ✓ Focus on incorporating Debugging needs from Pachislot
- ✓ Generate additional value by expanding Debugging related service



FY2013 Key Measures (Media Business / Other Businesses)

Media Business Contribute profit in full year

- Increase the total value as media with original contents and development of system
- Increase appeal power to users and focus on getting long-term contracts from clients

Other Businesses

● Development Outsourcing Project

- Expand service coverage to include processes with high market needs including contents production and operation management
- Focus on development of comprehensive service taking advantage of the synergies created from the acquisition with Debugging

● Video Production Project *former "3D Contents Production Business"

- Develop promising market by expanding customer base with our competent techniques

● Fuguai.com Project

- Develop solution service connecting companies and consumers using information assets gathered by wide range users.

● DIGITAL Hearts Creators Network (DCN) Project

- Construct platform for games to liaise among game productions, creators and game users

New Service: Cyber Security Service

Demanded security measures

In general, the information security measures in Japan is insufficient, and the number of cyber attacks **doubled** in the last five years. The attack methods are becoming increasingly sophisticated and not only PCs but also **smart devices are now being targeted**.

DIGITAL Hearts, organizing
more than 8,000
registered testers



Leading researchers in the
internet realm

(Assistant professors and associate professors
from Nara Institute of Science and Technology and
The University of Tokyo)

Formed an expert group “Security debugger”

Actions

- ✓ Provide service for internet election
 - Collaborate with Yahoo! JAPAN and PIPED BITS to expand sales channel
 - Received orders from the LDP
- ✓ Expand service area to include security tool sector
 - Develop mobile security software with the cooperation of Webroot Inc.

Expand target and service area and aim at further enhancement



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◆ Company philosophy

We want to create a society with “heart”.
We want to create a business with “heart”.
We want to be a company with “heart”.
With all our colleagues with “heart”.

**To create a spiritually rich society
where “hearts” connect with each other
～ Connect with your heart ～**

Amid the diversification of information and communication technology, the raison d’être and management objectives of Hearts United Group are to create employment and to contribute to a rich society through developing such technology in a healthy and progressive way.

◆ The direction of the Group

Demonstrate new power of Japan to the world

The Group aims to be a global corporation demonstrating the power of Japan to the world through contribution to development and progress of digitalization by creating new jobs and bringing together the wisdom.

Basic Policy of Medium-term Management Plan

Positioning of the medium-term management plan

In developing the medium-term management plan,
we define the period up to the fiscal year ending March 31, 2017 as the
“period to enhance management base and
achieve challenging and significant progress”
and hold up the following basic policies

Basic policies of the medium-term management plan

Basic policy #1: Pursue growth of Debugging Business beyond
geographic and service area

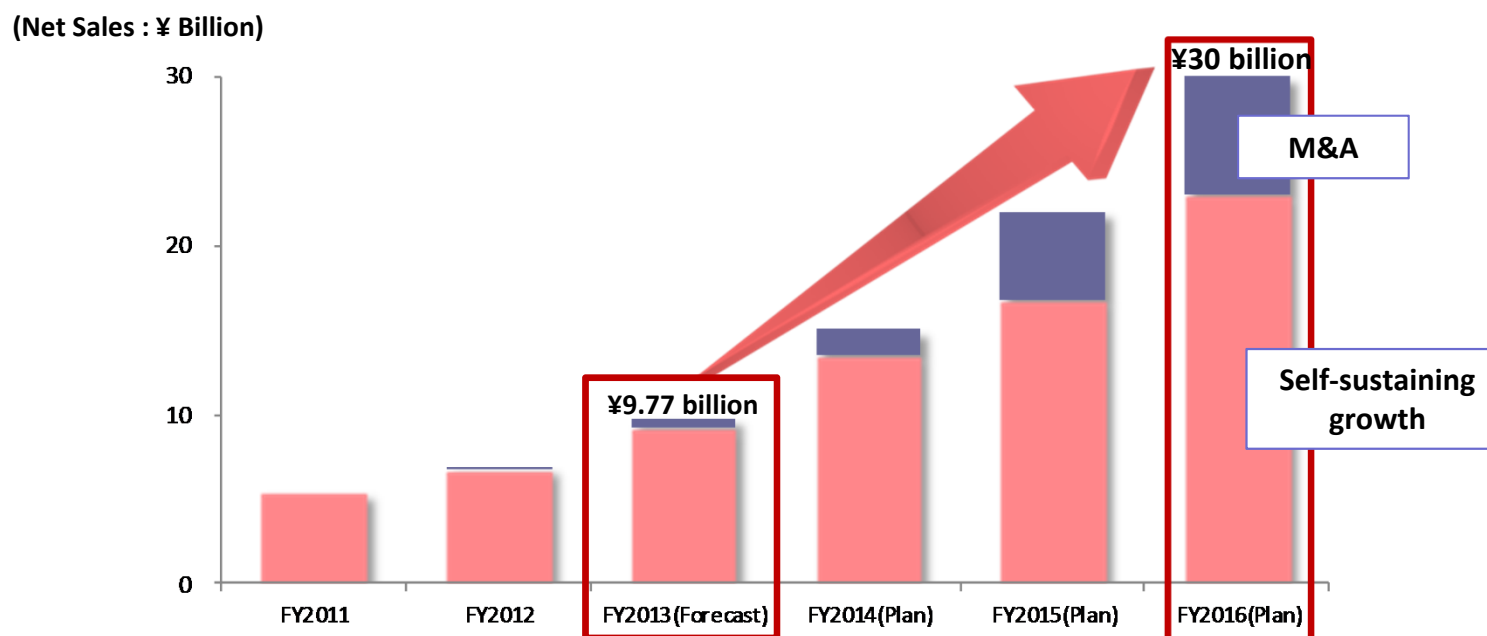
Basic policy #2: Develop service pursuing uniqueness

Basic policy #3: Strategic use of management resources

◆ Management vision

With the strong autonomic growth and the use of M&A

We aim at consolidated sales of ¥30 billion and market capitalization of ¥100 billion



- In order to achieve new management vision, we shifted to the holding company system by sole-share transfer method on October 1, 2013. Our milestone necessary for the everlasting growth of the entire group is as follows:

- Improve the management mobility with mobile and dynamic management decision capable of responding to environmental changes
- Improve the Group's management efficiency by efficient procurement and allocation of management resources

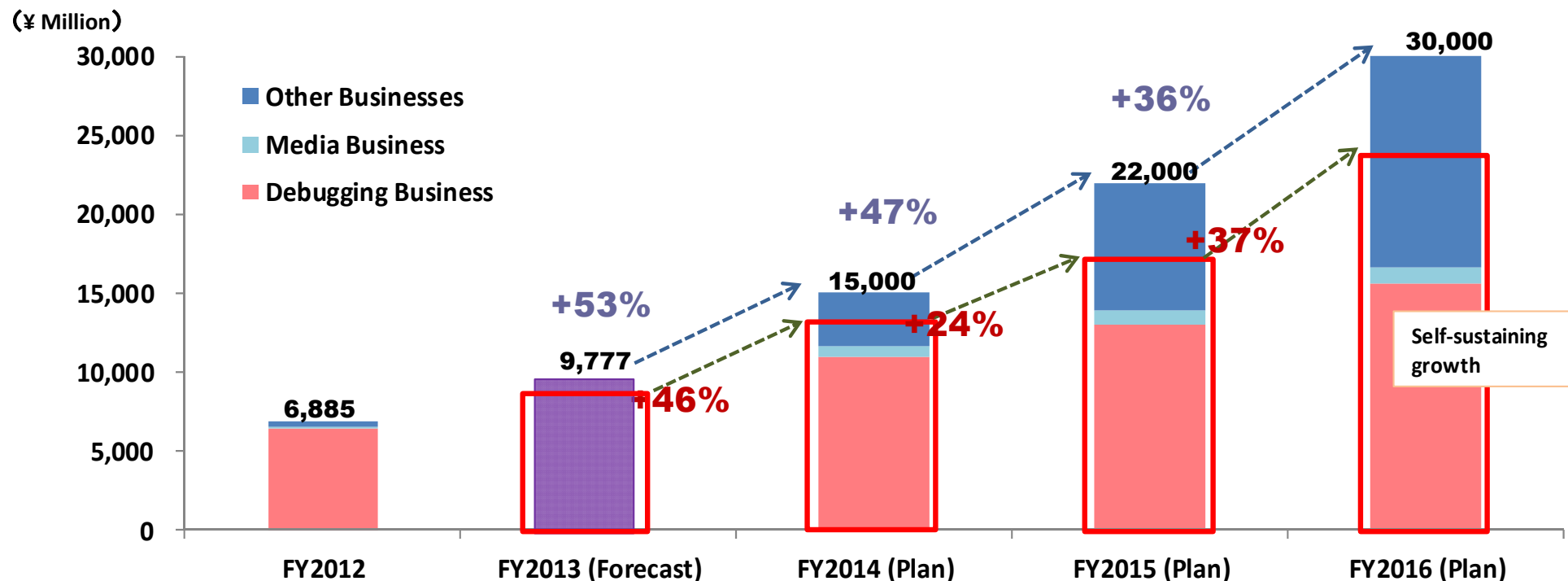
Financial Indicator of the Group

- The financial indicator to be achieved during the period of the medium-term management plan is as follows:

FY2014/3 forecast		Target increase for revenue/profit: 200%		FY2017/3 Plan
Sales	¥9.77 billion	◀	+¥20.2 billion (+207%)	¥30 billion
Operating Income margin	17.0%	◀	-	16%
Ordinary Income	¥1.65 billion	◀	+¥3.1 billion (+189%)	¥4.8 billion
ROE	30.2%	◀	+7%	37%
EPS	¥80.9	◀	+¥162 (+201%)	¥243
Dividend payout ratio	16.1%	◀	+4%	20%

Target Sales by Segment

■ Images of target sales by segment are as follows:



(¥ Million)

← M-T management plan period →

Segment	FY2012	FY2013 (Forecast)	FY2014 (Plan)	FY2015 (Plan)	FY2016 (Plan)
Debugging Business	6,381	9,777	10,900	13,000	15,600
Media Business	175		700	900	1,000
Other Businesses	345		3,400	8,100	13,400
Total	6,885	9,777	15,000	22,000	30,000

※As sales of each segment for FY13/3 include inter-segment sales or transfer, the sum of each segment's sales does not necessarily match the total presented above.

※Sales by segment for FY14/3 (forecast) is not disclosed.



Hearts United Group Co., Ltd.

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Hearts United Group Co., Ltd.

Reference

- **Corporate Profile**
- **History**
- **Our Group**
- **Segment**
- **Group Companies & Offices**
- **Debugging Business**
- **Media Business**
- **Other Businesses**
- **FYI (Glossary)**

**Established Hearts United Group Co., Ltd. on October 1, 2013
and shifted to the holding company system**










DIGITAL Hearts Co., Ltd. became a consolidated subsidiary of Hearts United Group

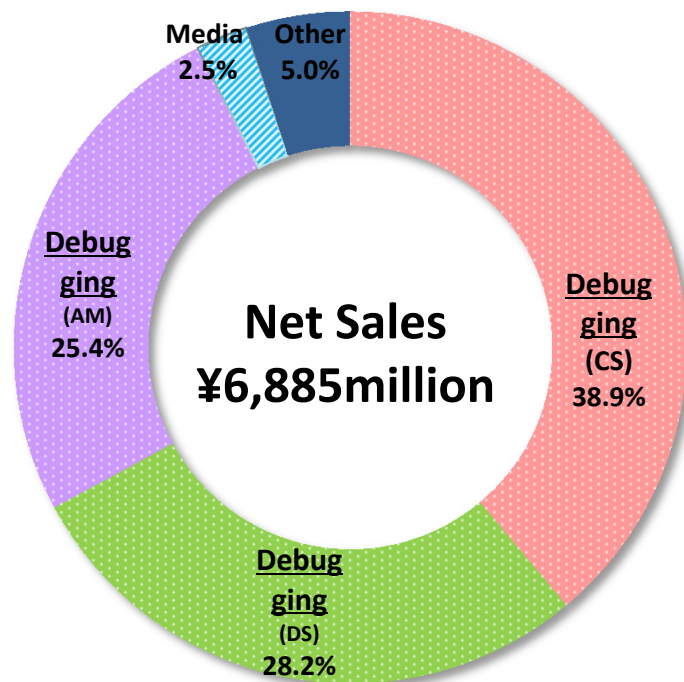
Registered Name	Hearts United Group Co., Ltd.	
Incorporated	October 1, 2013	
Date Listed	October 1, 2013 Listed on Tokyo Stock Exchange The 1st Section	
	(Information about DIGITAL Hearts Co., Ltd.)	
	February 1, 2008 Listed on TSE Mothers February 25, 2011 Moved from TSE Mothers to TSE 1st Section	
Representative	President & CEO Eiichi Miyazawa	
Location	6-10-1 Roppongi Minato-ku, Tokyo	
Services	Operation management of subsidiaries engaging in Debugging Business, Media Business, and Other Businesses and other and its incidental or associated business	
Group Businesses	<ul style="list-style-type: none"> ■ Debugging Service ■ Video Production Service ■ “Fuguai.com” Site Management 	<ul style="list-style-type: none"> ■ “4Gamer.net” Site Management ■ Development Outsourcing Service ■ Supporting creators : Managing online multiplayer games
Capitalization	¥300,000,000 (as of October 1, 2013)	
Shares Issued	11,862,600 Shares	
Group Companies	<ul style="list-style-type: none"> ■ DIGITAL Hearts Co., Ltd. ■ DIGITAL Hearts USA Inc. ■ DIGITAL Hearts Visual Co., Ltd. ■ Aetas, Inc. 	<ul style="list-style-type: none"> ■ DIGITAL Hearts Korea Co., Ltd. ■ DIGITAL Hearts (Thailand) Co., Ltd. ■ G&D Co., Ltd.
Workforce(consolidated)	203 (as of September 30, 2013)	



History

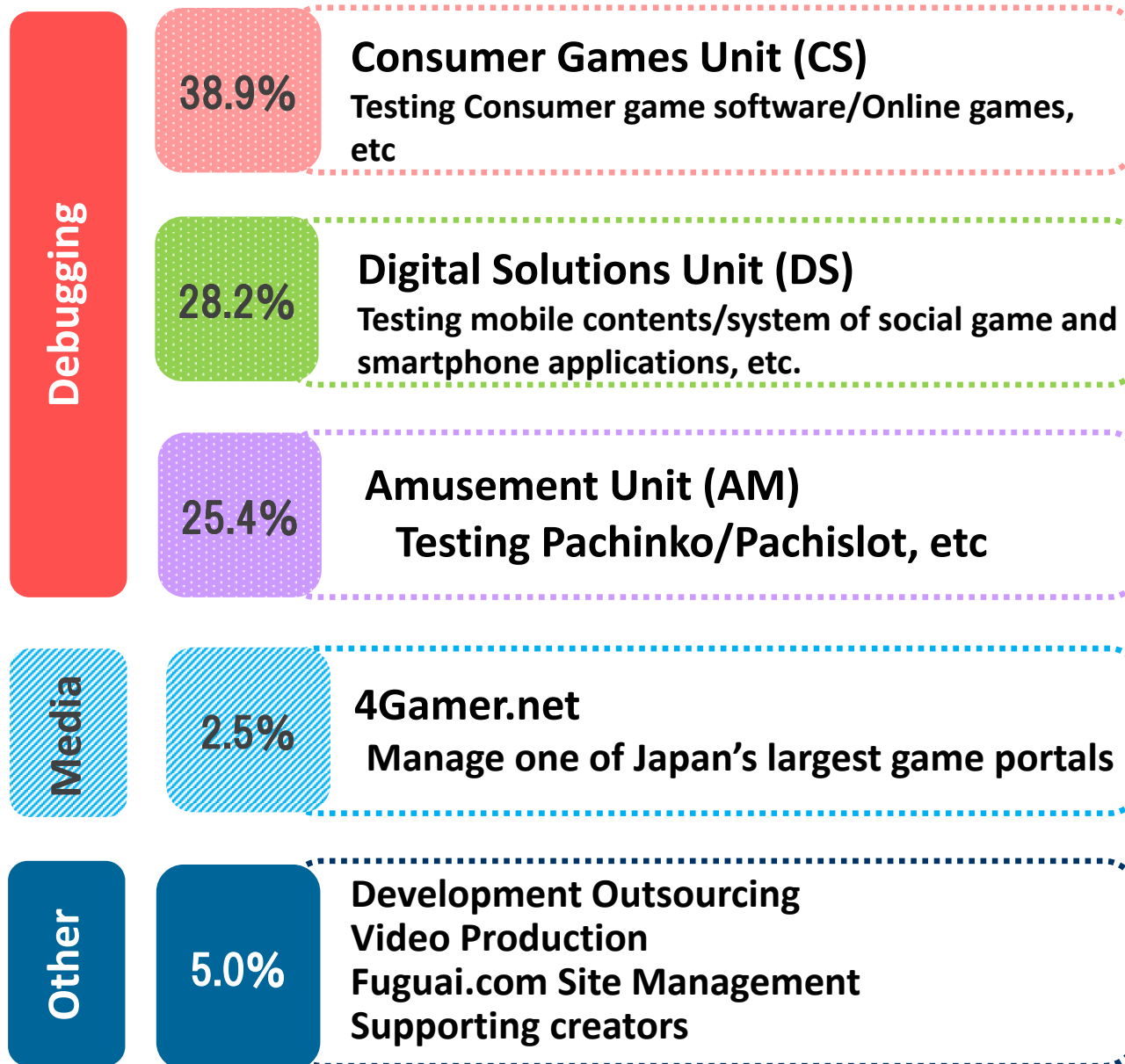
Year	Month	Corporate History
2001	April	Established DIGITAL Hearts Ltd. Began offering debugging services
2003	October	Became a public corporation
2007	September	Become first Japanese company to receive the Authorized Xbox 360 Test Program (AXTP) from Microsoft Corp. for the Xbox 360®
	October	Granted privacy mark certification
2008	February	Listed on the Mother's Market on the Tokyo Stock Exchange
2011	February	Listed on the First Section of the Tokyo Stock Exchange
	July	Established a subsidiary DIGITAL Hearts Korea Co., Ltd., in Korea
	October	Established a subsidiary DIGITAL Hearts USA Inc., in the United States of America
	December	Established a subsidiary DIGITAL Hearts (Thailand) Co., Ltd., in Thailand
2012	March	Established a subsidiary G & D Co., Ltd., in Shinjuku Ward, Tokyo
	May	Established a subsidiary DIGITAL Hearts Visual Co., Ltd., in Shinjuku Ward, Tokyo
	November	Acquired all of the company shares for Aetas, Inc. and made it a subsidiary
2013	October	Established a pure holding company, Hearts United Group Co., Ltd., by means of a stock transfer and transitioned to a pure holding company structure

	Company	Business	Segment
 HUG Hearts United Group Co., Ltd.	DIGITAL Hearts Co., Ltd.  DIGITAL Hearts	Provide User Debugging Service	Debugging Others
	DIGITAL Hearts Korea Co., Ltd.  DIGITAL Hearts Korea	Provide User Debugging Service	Debugging
	DIGITAL Hearts USA Inc.  DIGITAL Hearts USA <small>SAVE THE DIGITAL WORLD</small>	Provide User Debugging Service	Debugging
	DIGITAL Hearts(Thailand) Co., Ltd.  DIGITAL Hearts Thailand	Provide User Debugging Service	Debugging Others
	G&D Co., Ltd 	Entrusted development of consumer games and game contents for mobile terminal, etc.	Others
	DIGITAL Hearts Visual Co., Ltd.  DIGITAL Hearts Visual	Provision of movie production service, etc.	Others
	Aetas, Inc. aetas	Planning/ operation of a PC/online game information site "4Gamer.net," etc.	Media

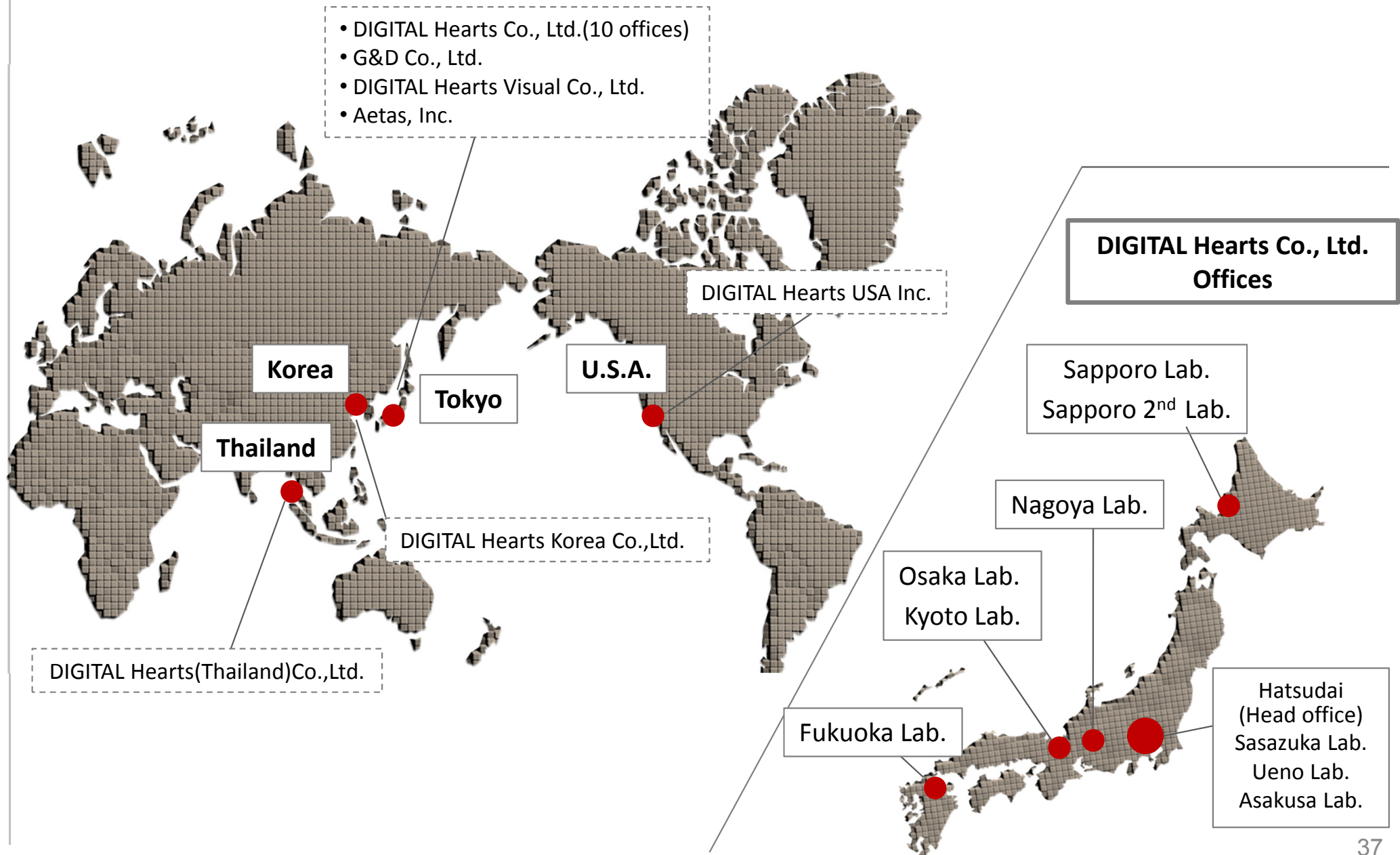


Sales composition ratio for FY2013/3

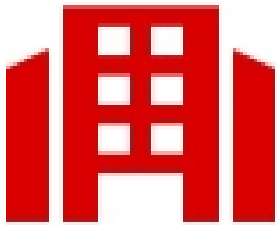
※sales composition ratio is calculated
including inter-company sales



Group Companies & Offices



Clients



- Game Industry
- Mobile Device Industry
- Pachinko & Pachislot Industry
- Home Appliance Industry
- System Industry
- Others

Request to test bugs



Testing process

Bug information report
(daily)



Fee payment



- # of personnel involved
×
of man-hours
×
price per unit (inclusive
of know-how fee)
- Payment at 1 month
after sight

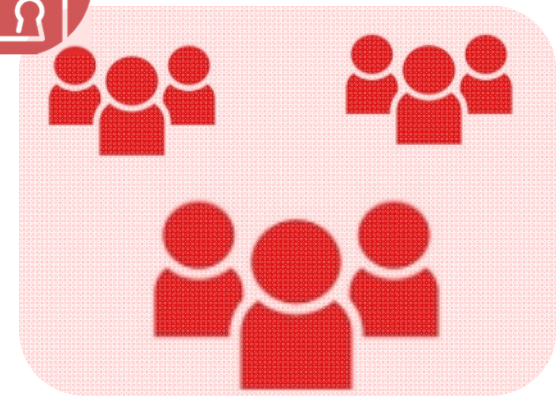


Our Group

DIGITAL Hearts Co., Ltd.
DIGITAL Hearts Korea Co.,Ltd.
DIGITAL Hearts USA Inc.
DIGITAL Hearts (Thailand) Co.,Ltd.



Registered staff



- Safe security environment with fingerprint authentication and security cameras
- Personal reference system applied to all registered testers

4Gamer.net <http://www.4gamer.net/>

Manage one of Japan's largest game portals for game fans.

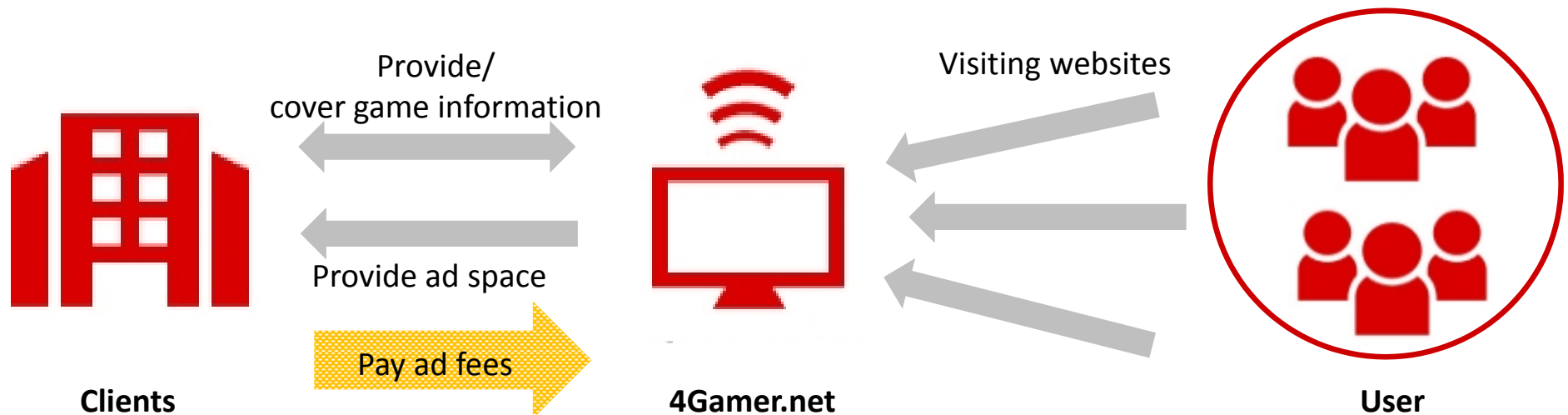
Dealing with the world wide game related information. Our strength is frequency of information update. The information includes breaking news, review articles, hardware information and the series of articles uniquely featured by editors.

Built the strong position as mainstream media as shown by below number.

The number of page views : 65 million PV/ Month

The number of unique users : 3.3 million UU/ Month

(As of December 2011, not including the same access from same IP within 30 days and measured by Google Analytics)



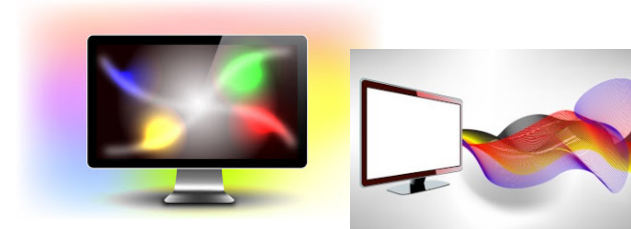
Development Outsourcing Project

Provide total outsourcing service throughout the development processes such as entrusted development of consumer games and mobile contents, by taking advantage of synergy effect with Debugging Business and the global network



Video Production Project

Providing the total service of image processing technology, e.g. converting 2D media into 3D and VFX which shows visual effects using computer generated imagery.



Fuguai.com Project

We manage a bug information portal site with the aim to improve products' quality, by collecting and posting a wide variety of both disclosed information and consumers feedback.



<http://www.fuguai.com/>

Supporting creators : Managing online multiplayer games

Managing online multiplayer games where online players communicate each other to progress the story. At the same time creators in different fields, such as illustrators, scenario writers and voice talents, create and provide the game contents based on the players' requests with the consideration from the players.



First shot : Cross Tribe

<https://cross-tribe.jp>

Word	Meaning
Bug	A bug is an error, flaw, or fault in a computer program.
Debugging	In general, debugging refers to identification and correction of errors in computer program (i.e. bug). Debugging Service of the Group specializes in "identifying and reporting bugs" without correcting them.
Outsourcing	Outsourcing is to entrust all or part of the company's work or process to another company who specializes in such work or process.
Lab.	The Group refers to the location for debugging work to "Lab."
Tester	The Group refers to staff who carries out debugging service as a "tester." The Group adopts the part-time registration system, and a "registered tester" refers to a staff registered with the Group.
Consumer games	A home video game is a game played on the home video game player (floor-standing type or portable type).
On-line games	Online game is a video game played by multiple people simultaneously over the internet.
SNS	Social Networking Service (SNS) is a general term for web-based service to create community promoting social network among people or community to provide means to interact over the internet.
Social games	Social network game is a type of online game that is played through social networks with other users.
Browser game	Browser game is a game that is played over the internet using a web browser without downloading or installation.
Native application (game)	Native application game is an application game developed by a program operating on a platform such as smartphone. It can be played by downloading or installing.