



February 28, 2014

Company name	Hearts United Group Co., Ltd.
Name of representative	President and CEO Eiichi Miyazawa (Code number: 3676, First Section of the Tokyo Stock Exchange)
Contact	Director Keiya Kazama (TEL. 03-6406-0081)

Notice Regarding the Basic Agreement on Stock Acquisition and
Subscription of Third-Party Allocation of Shares of Premium Agency Inc.
(Conversion into a Consolidated Subsidiary)

Hearts United Group Co., Ltd. (hereinafter referred to as the “Company”) would like to announce that the Company passed a resolution at its board of directors’ meeting held today to conclude a “basic agreement” for acquiring the shares of Premium Agency Inc. (hereinafter referred to as “Premium Agency”) and subscribing to a third-party allocation of new shares issued by Premium Agency for the purpose of converting it into a consolidated subsidiary of the Company. The details are as follows:

1. Purpose of stock acquisition and subscription of a third party allocation of shares

The Company has been contributing to an improvement of product quality through its core debugging business that detects problems in software. By focusing on consumer gaming, mobile applications and amusement devices, it provides unique debugging services at home and abroad.

In the development companies, which are the customers of the Company, the outsourcing of development and debugging processes is accelerating. This is being done in order to establish a scheme that enables speedy development of high-quality products, in response to expanding development scale and advancing user requests. To address such customers’ needs, the Company has been actively offering development outsourcing services for supporting the development activities of customers.

Premium Agency develops the social game and consumer game development business as well as the CG content for feature films, based on the technologies of the nation’s first proprietary multi-platform 3D graphical rendering engine, “Chidori.” It has sophisticated technological capabilities and customer service systems.

Through this transaction, which will enable the Company to convert Premium Agency into its consolidated subsidiary, the Company will establish a consistent order receipt system from development to debugging within the Company, by combining strengths and services of the both companies horizontally and vertically, and sharing their individual business bases.

This will make it possible for the Company to expand sales activities by optimizing the customer bases of both companies, and will allow the company to develop contents of higher and more advanced quality, by incorporating the users' perspective on debugging know-how, which was built up in the debugging business, into the upper processes of the planning and development phases. Through the expansion of services within the Company, it will strive to gain more competitive advantages.

The Company will make continuous efforts towards enhancing customer satisfaction levels and providing high quality services in order to improve its corporate value.

2. Method of acquisition

Effective April 1, 2014, the Company will acquire 2,790 shares of Premium Agency from existing shareholders among the 7,690 outstanding shares. The Company will subscribe to 1,350 shares in allocation of new shares to a third party executed by Premium Agency as of the said date. Through these transactions, the Company will acquire 4,140 Premium Agency shares (45.8%), and convert Premium Agency to its consolidated subsidiary by dispatching a majority of directors from the Company to Premium Agency.

3. Overview of the company to be acquired as a subsidiary (Premium Agency)

(1) Company name	Premium Agency Inc.		
(2) Location	3-20-1 Minami Azabu, Minato-ku, Tokyo		
(3) Position and name of representative	President: Katsunori Yamaji		
(4) Business activities	Content development business for 3D and CG, game development business, video and audio business, etc.		
(5) Share capital	216,450 thousand yen		
(6) Date established	May 9, 2003		
(7) Major shareholders and their shareholding ratios	Katsunori Yamaji		42.5%
	Technology Ventures II Venture Capital Investment Limited Partnership		17.6%
	YR Inc.		10.1%
	DeNA Co., Ltd.		6.5%
	NISSAY Capital IV Venture Capital Investment Limited Partnership		5.9%
	Mitsubishi UFJ Capital III Venture Capital Investment Limited Partnership		5.9%
	Mizuho Capital III Venture Capital Investment Limited Partnership		3.5%
	ITY Value Up Venture Capital Investment Limited Partnership		3.5%
	Ayumi Takahashi		0.7%
Kotaro Ando		0.5%	
(8) Relationship between the listed company and the said company	Capital ties	There are no notable capital ties between the Company and the said company. There are no notable capital ties between related parties/affiliates of the Company and related parties/affiliates of the said company.	
	Personnel relations	There are no notable personnel relations between the Company and the said company. There are no notable personnel relations between related parties/affiliates of the Company and related parties/affiliates of the said company.	
	Business relations	There are no notable business relations between the Company and the said company. There are no notable business relations between related parties/affiliates of the Company and related parties/affiliates of the said company.	
(9) Operating results and financial position of the said company for the past three years			
Fiscal year	Fiscal year ended May 2011 (in thousand yen except for net assets per share and net income per share)	Fiscal year ended May 2012 (in thousand yen except for net assets per share and net income per share)	Fiscal year ended May 2013 (in thousand yen except for net assets per share and net income per share)
Net assets	179,429	296,436	367,936
Total assets	721,618	843,065	1,287,560

Net assets per share	24,955.35 yen	38,548.36 yen	47,846.04 yen
Net sales	1,003,801	1,456,162	1,797,189
Operating income	-193,371	40,711	79,500
Ordinary income	-201,510	33,382	65,249
Net income	-241,195	62,007	71,499
Net income per share	-33,546.01 yen	8,063.44 yen	9,297.67 yen
Dividend per share	—	—	—

4. Overview of the counterparty to the stock acquisition

(1) Company name	Technology Ventures II Venture Capital Investment Limited Partnership	
(2) Location	2-5-1 Kita Aoyama, Minato-ku Tokyo	
(3) Governing law, etc.	Limited Partnership Act for Investment	
(4) Foundation purpose	Not disclosed under the investment contract	
(5) Founded	March 31, 2006	
(6) Total commitment	7.3 billion yen	
(7) Investor, investment ratio, and profile of investor	Not disclosed under the investment contract	
(8) Profile of general partner	Company name	ITOCHU Technology Ventures, Inc.
	Location	2-5-1, Kita-Aoyama, Minato-ku, Tokyo
	Position and name of representative	President: Toshihisa Adachi
	Business activities	Hands-on venture capital business focusing on support for the sales and management of venture companies in the IT and high-tech fields
	Share capital	100 million yen
(9) Relationship between the listed company and the concerned fund	Relationship between the listed company and the concerned fund	Not applicable
	Relationship between the listed company and the general partner	Not applicable
	Relationship between the listed company and the agent in Japan	Not applicable

(1) Company name	NISSAY Capital IV Venture Capital Investment Limited Partnership	
(2) Location	2-4-8 Nagata-cho, Chiyoda-ku, Tokyo	
(3) Governing law, etc.	Limited Partnership Act for Investment	
(4) Foundation purpose	To increase and recover the invested capital to a maximum extent	
(5) Founded	August 31, 2007 to December 31, 2016	
(6) Total commitment	10 billion yen	
(7) Investor, investment ratio, and profile of investor	Nippon Life Insurance Company: 90%, NISSAY CAPITAL CO., LTD: 10%	

(8) Profile of general partner	Company name	NISSAY CAPITAL CO., LTD
	Location	2-4-8 Nagata-cho, Chiyoda-ku, Tokyo
	Position and name of representative	President: Eiji Arima
	Business activities	Investment in non-listed companies Establishment and management of capital investment partnerships Consulting
	Share capital	3 billion yen
(9) Relationship between the listed company and the concerned fund	Relationship between the listed company and the concerned fund	Not applicable
	Relationship between the listed company and the general partner	Not applicable
	Relationship between the listed company and the agent in Japan	Not applicable

(1) Company name	Mitsubishi UFJ Capital III Venture Capital Investment Limited Partnership	
(2) Location	1-7-17, Nihonbashi, Chuo-ku, Tokyo	
(3) Governing law, etc.	Limited Partnership Act for Investment	
(4) Foundation purpose	Not disclosed under the investment contract	
(5) Founded	March 30, 2010	
(6) Total commitment	Not disclosed under the investment contract	
(7) Investor, investment ratio, and profile of investor	Not disclosed under the investment contract	
(8) Profile of general partner	Company name	Mitsubishi UFJ Capital Co., Ltd.
	Location	1-7-17, Nihonbashi, Chuo-Ku, Tokyo
	Position and name of representative	President :Kei Andoh
	Business activities	Venture capital
	Share capital	2.95 billion yen
(9) Relationship between the listed company and the concerned fund	Relationship between the listed company and the concerned fund	Not applicable
	Relationship between the listed company and the general partner	Not applicable
	Relationship between the listed company and the agent in Japan	Not applicable

(1) Company name	Mizuho Capital III Venture Capital Investment Limited Partnership	
(2) Location	1-2-1 Uchisaiwaicho, Chiyoda-ku, Tokyo	
(3) Governing law, etc.	Limited Partnership Act for Investment	
(4) Foundation purpose	Not disclosed under the investment contract	

(5) Founded	March 11, 2008	
(6) Total commitment	Not disclosed under the investment contract	
(7) Investor, investment ratio, and profile of investor	Not disclosed under the investment contract	
(8) Profile of general partner	Company name	Mizuho Capital Co., Ltd.
	Location	1-2-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
	Position and name of representative	President :Masakazu Kawabata
	Business activities	Management and operation of limited partnerships for venture capital investment Private equities business
	Share capital	902,400 thousand yen
(9) Relationship between the listed company and the concerned fund	Relationship between the listed company and the concerned fund	Not applicable
	Relationship between the listed company and the general partner	Not applicable
	Relationship between the listed company and the agent in Japan	Not applicable

(1) Company name	ITY Value Up Venture Capital Investment Limited Partnership	
(2) Location	4-7-1 Hacchobori, Chuo-ku, Tokyo	
(3) Governing law, etc.	Limited Partnership Act for Investment	
(4) Foundation purpose	Perform investment in line with the management status of small and medium-sized enterprises and support development of new business	
(5) Founded	February 22, 2007	
(6) Total commitment	1 billion yen	
(7) Investor, investment ratio, and profile of investor	Not disclosed under the investment contract	
(8) Profile of general partner	Company name	Toyo Capital Co., Ltd.
	Location	4-7-1 Hacchobori, Chuo-ku, Tokyo 104-0032, Japan
	Position and name of representative	President :Nobuaki Kurisu
	Business activities	Other financial business
	Share capital	480 million yen
(9) Relationship between the listed company and the concerned fund	Relationship between the listed company and the concerned fund	Not applicable
	Relationship between the listed company and the general partner	Not applicable
	Relationship between the listed company and the agent in Japan	Not applicable

5. Number of stock to be acquired, acquisition cost and status of stock ownership before and after acquisition

(1) Number of stock owned before transfer	Zero (Number of voting rights: Zero) (Ownership percentage of voting rights: 0%)
(2) Number of stock to be acquired	4,140 (Number of voting rights: 4,140) Among the above; Number of common stock by third party allocation 1,350 shares (Number of voting rights: 1,350) Number of preferred stock A type by share transfer 2,790 shares (Number of voting rights: 2,790)
(3) Number of stock owned after transfer	4,140 (Number of voting rights: 4,140) (Ownership percentage of voting rights: 45.8%)

(Note) The acquisition cost will be announced as soon as it is determined since discussions for concluding a share transfer agreement will start based on the basic agreement.

6. Schedule

- (1) Date of the Board of Directors' resolution regarding the basic agreement : February 28, 2014
- (2) Date of conclusion of the share transfer agreement and the subscription agreement of third-party allocation of shares : April 1, 2014 (Plan)
- (3) Date of execution of the share transfer and subscription of third-party allocation of shares : April 1, 2014 (Plan)

7. Future prospects

The stock transfer and third-party allocation of shares is to be executed on April 1, 2014 and this transaction will not affect the consolidated earnings results for the fiscal year ending March 2014. However, the consolidated earnings forecasts for the fiscal year ending March 2015, which will be announced at the beginning of May 2014, will reflect those of Premium Agency.

(Reference) Consolidated earnings forecasts for the current period and consolidated operating performance for the previous period.

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Consolidated earnings forecasts for the current period (Fiscal year ending March 2014)	9,777	1,660	1,658	956	Yen 80.91
Consolidated operating performance for the previous period* (Fiscal year ended March 2013)	6,885	994	996	579	Yen 49.95

* The Company was established by solo share transfer on October 1, 2013. Therefore, the earnings results for the previous period listed above are the consolidated earnings results for the previous period of DIGITAL Hearts Co., Ltd.