

[Translation]



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Notice Regarding Capital and Business Alliance with GameWith, Inc.

ARTERIA Networks Corporation (the “Company”) announced today that it has concluded a capital and business alliance with GameWith, Inc. (Head Office: Minato-ku, Tokyo; Representative and President and Chief Executive Officer: Takuya Imaizumi; hereinafter “GameWith”), as follows.

1. Reason for the Business Alliance

The ARTERIA Networks Group plans to start up a DX business as one of the strategies formulated in its Mid-Term Plan announced in May 2021. In line with this, the Group has launched Connectix(note1), as a first D2C service, constructed a service platform system for realizing D2C business, and has been eyeing entry into new business domains, including the non-telecommunications field, with a view to incorporating them into a new growth portfolio.

GameWith aims to supply and enhance three main types of content, namely game strategies, game introduction, and video streaming, through “GameWith,” one of Japan’s largest game information media services. Recently, the company has also been focusing on the esports-related domain and new domains such as NFT games and is investing proactively in creating its next earnings pillar to follow the media domain.

Against this background, in March 2022, the Company and GameWith jointly established GameWith ARTERIA Corporation (hereinafter, the “Joint Company”). The Joint Company will operate a livestreaming studio for esports competitions and provide comfortable telecommunication services for online gamers. In doing so, it will increase the number of companies and groups organizing esports competitions and promote efforts to prepare optimal environments for participating in, viewing, and supporting esports.

Furthermore, after establishing the Joint Company, the Company and GameWith continued discussions regarding a further business alliance.

Through these discussions, the Company has decided that a close merging of the GameWith brand, which has a high level of recognition and strong appeal among tens of millions of game users who use “GameWith” game information media, with the Company’s own achievements and experience in telecommunication services has potential as a strategy for promoting the D2C business, such as telecommunication services that the Company has included in its Mid-Term Plan. It has therefore decided to conclude the capital and business alliance agreement to strengthen its relationship with GameWith.

Under the capital and business alliance agreement, the Company and GameWith will jointly strive to increase the value of both companies' businesses in the esports-related domain and plan to pursue the potential for continued collaboration in new business domains, such as NFTs(note 2).

Notes:

1. Connectix uses SD-WAN technology to control the quality of telecommunications in each condo via a virtual network. It is an option service at an additional charge. SD-WAN stands for Software Defined Wide Area Network: a specific application of software defined networking (SDN) technology expanding from LAN (Local Area Network) to WAN connections. SDN offers bandwidth on demand, security, and authentication functions through software to enable shorter network connection times and easy changes to configurations and functions.
2. Non-fungible token: a unique unit of data (= the only one existing of its type) that links to a particular piece of digital art, music, video, etc.

2. Details of Business Alliance

Under the capital and business alliance, the Company will become a strategic partner in telecommunication services in the esports-related domain promoted by GameWith. In this role, the Company will use its proprietary optical fiber networks to provide high speed, low latency telecommunication services, for which there is a high demand in the online gamer market and expand the product lineup.

Furthermore, the Company will dispatch one director to GameWith and look at dispatching people on secondment, aiming to increase the corporate value of both companies by identifying and maximizing synergies through mutual provision of management resources and collaboration in the form of knowledge of and user interface with the markets of the Company's telecommunication services and GameWith.

3. Details of Share Acquisition

The Company plans to acquire 3,694,200 common shares of GameWith stock held by Incubate Fund IFLP No. 2. and Incubate Fund IFLP No. 3 (20.00% of the total number of issued and dilutive shares as of May 31, 2022, rounded to two decimal places) for the total amount of 1,733 million yen (469 yen per share, the simple average of the closing price).

4. Summary of the Business Alliance Partner

(1)	Name	GameWith, Inc.	
(2)	Location	Sumitomo Fudosan Azabu-juban Bldg. 4F, 1-4-1 Mita, Minato-ku, Tokyo, 108-0073, Japan	
(3)	Representative position and name	Representative President and Chief Executive Officer Takuya Imaizumi	
(4)	Business operations	Media business providing game information, etc.	
(5)	Capital	551 million yen (as of February 28, 2022)	
(6)	Establishment date	June 3, 2013	
(7)	Major shareholders and ownership ratios	<ul style="list-style-type: none"> • Takuya Imaizumi 29.77% • Incubate Fund ILFP No. 2 21.10% • YJ No. 1 Investment Limited Partnership 11.87% Others 	
(8)	Relationships with the Company	Capital relationship	None
		Personal relationships	None
		Trading relationships	None
		Status of relationships with related parties	None

(9) Consolidated performance and consolidated financial status of the company over the past three years			
Fiscal year ended	May 2019	May 2020	May 2021
Consolidated net assets	-	3,353 million yen	3,151 million yen
Consolidated total assets	-	3,829 million yen	4,818 million yen
Consolidated net assets per share	-	186.50 yen	174.46 yen
Consolidated net sales	-	2,890 million yen	2,880 million yen
Consolidated operating profit (loss)	-	408 million yen	(209) million yen
Consolidated ordinary profit	-	408 million yen	(224) million yen
Profit (loss) attributable to owners of parent	-	219 million yen	(217) million yen
Consolidated net profit (loss) per share	-	12.23 yen	(12.07) yen
Dividends per share	-	-	-

Note:

GameWith has prepared consolidated financial statements since the fiscal year ended May 2020, consolidated financial results and consolidated financial position for the fiscal year ended May 2019 are omitted.

5. Schedule

(1)	Date of Board of Directors resolution	June 24, 2022
(2)	Agreement conclusion date	June 24, 2022
(3)	Share acquisition date	June 30, 2022 (planned)

6. Outlook

Through this capital and business alliance, GameWith is planned to become an affiliate of the Company. The impact of this deal on the Company's business results forecast for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023) is expected to be negligible. The Company will give prompt notification of the occurrence of any events that should be disclosed.