



May 10, 2019

Company name: DIGITAL HEARTS HOLDINGS Co., Ltd.
Name of representative: President and CEO Genichi Tamatsuka
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Stock Exchange)
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Notice Regarding Revision of Shareholder Return Policy and Abolition of Shareholder Benefit Program

DIGITAL HEARTS HOLDINGS Co., Ltd. (hereinafter referred to as the “Company”) announced today that it has resolved to revise its shareholder return policy and abolish its shareholder benefit program at its Board of Directors’ meeting held today.

1. Reasons for revision of shareholder return policy and abolition of shareholder benefit program

Since changing its management structure in June 2017, the Company has positioned the period as the “Second Startup period” and has pursued further growth in its mainstay entertainment business, and has been striving to expand the enterprise business to make it its second pillar of revenue. Under these circumstances, the Company has provided continuous and stable dividends under the policy of returning profits to shareholders as one of its important management issues, and has implemented its shareholder benefit program to show its appreciation for the support given by its shareholders. However, after careful consideration aiming to make its shareholder return policy as much acceptable as possible from the perspective of the shareholder equality required by the corporate governance code, and while considering the balance with internal reserves for sustainable growth in the future, the Company decided to revise its shareholder return policy to focus on returning profits through dividends, and also abolish its shareholder benefit program.

Based on the above policy, the dividend forecast for the fiscal year ending March 31, 2020 will be 14.0 yen, an increase of 1.0 yen from the annual dividend of 13.0 yen for the fiscal year ended March 31, 2019. Accordingly, the dividend payout ratio for the fiscal year ending March 31, 2020 is expected to be 24.5%, up 6.5 points from 18.0% in the previous fiscal year.

2. Details of revision of shareholder return policy

The revised shareholder return policy will be applied from the fiscal year ending March 31, 2020, as follows.

(Before change)

Positioning a continuous and stable return of profits to its shareholders as one of its important management issues and setting the consolidated medium-term dividend on equity ratio (DOE) at 7%, the Company will pay dividends in comprehensive consideration of consolidated performance and other factors.

(After change)

To aim for a breakthrough in the Second Startup period, the Company will secure the necessary internal reserves for investing for business growth and strengthening its business structure, and will pay stable dividends to its shareholders with a payout ratio of 20% as the lower limit. Under this basic policy, the Company will work to balance growth investment and shareholder return. To meet the needs of diverse shareholders in Japan and overseas, the Company will abolish its shareholder

benefit program at the end of the fiscal year ended March 31, 2019, and will return profits only through dividends.

With regard to the acquisition of treasury stock, after securing growth investments, the Company will flexibly proceed with the acquisition in consideration of the need under its capital policy as well as the impact on its financial position.

3. Timing of abolition of shareholder benefit program

The shareholder benefit program will be abolished upon completion of the provision of benefits to all shareholders stated or registered in the Company's shareholder register as of March 31, 2019 who own at least one unit (100 shares) of its shares.

(Reference) Details of shareholder benefit program before its abolition

Applicable shareholders	Shareholders stated or registered in the shareholder register as of March 31 of each year who own at least one unit (100 shares) of the Company's shares	
Details of benefits		
	Number of shares owned	Benefits
	One unit (100 shares) or more	Rice gift card (3 kg)
	Less than two units (200 shares)	
	Two units (200 shares) or more	Rice gift card (6 kg)