

February 21, 2020

Company name: DIGITAL HEARTS HOLDINGS Co., Ltd.
 Name of representative: President and CEO Genichi Tamatsuka
 (Code number: 3676, First Section of the Tokyo Stock Exchange)
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Notice Regarding Early Redemption of First Unsecured Convertible Bonds with Equity Warrants through Third-Party Allotment

DIGITAL HEARTS HOLDINGS Co., Ltd. (hereinafter referred to as the “Company”) announces that a meeting of its Board of Directors held today resolved to undertake the early redemption of the entire outstanding amount of the first unsecured convertible bonds with equity warrants (hereinafter referred to as the “Bonds”), which were issued on June 9, 2016.

The details are as follows:

1. Reason for early redemption

The Company issued the Bonds in order to secure flexible financing in anticipation of M&A in China, etc., when the Company enters the Chinese game debugging market. Subsequently, the Company established a 100% subsidiary, DIGITAL HEARTS (Shanghai) Co., Ltd. (hereinafter referred to as “DHS”) to commence operation in China, and has been expanding its businesses proactively to the game debugging business, the translation business to support Chinese companies making entry into the Japanese market, and the video, music, and other production support business, etc. While continuing to aggressively pursue businesses in China, we have decided to redeem the entire outstanding amount of the Bonds in advance, taking into account our financial position, interest rates in the market, recent share price trends, and other factors in a comprehensive manner.

We plan to allocate funds on hand to fund the redemption, and this will not have an impact on our businesses operations in the future.

2. Outline of the Bonds for early redemption

(1) Issue for early redemption	First series of unsecured convertible bonds with stock acquisition rights
(2) Last day for requesting conversion	June 7, 2021
(3) Day of early redemption	March 6, 2020 (scheduled)
(4) Amount for early redemption	103.00 yen per face value of 100 yen
(5) Redemption funds	The funds will be redeemed from the Company's own funds.

(Reference) Outline of the First series of unsecured convertible bonds with stock acquisition rights

(1) Date of issue	June 9, 2016
(2) Total amount of issue	1,017,200,000 yen
(3) Unredeemed amount	508,600,000 yen
(4) Redemption date at time of issue	June 7, 2021
(5) Interest rate	The Convertible Bonds bear no interest.
(6) Conversion price	1,229.90 yen