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On **May 16, 2018**, Hearts United Group Co., Ltd. (HUG) announced the issuance of share acquisition rights (SARs) and their private placement with Deutsche Bank London Branch.

HUG has announced the issuance of series four to six share acquisition rights (SARs) via third party allotment and the conclusion of a SARs purchase agreement with allottee Deutsche Bank London Branch under a Target Issue Program.

SARs to be issued by HUG comprise three tranches: series four SARs (exercise price: JPY2,100; underlying shares: 2 million shares; proceeds from exercised rights: JPY4.2bn), series five SARs (JPY3,000; 1.4 million shares; JPY4.2bn); and series six SARs (JPY3,850; 680 thousand shares; JPY2.6bn). The terms of the three tranches have been set so that the rights could be exercised in sequence, allowing the company to flexibly procure funds and fortify its capital based on the progress of its businesses. The rights, which can be exercised during a three-year period ending on June 3, 2021, also include a provision to suspend exercise. When all rights are exercised, the company raises JPY11.0bn (net of expenses) at a 17.1% dilution. HUG stock closed at JPY1,666 on May 16, 2018.

Regarding the use of proceeds, the company plans to invest JPY3.5bn internally (JPY1.0bn to hire specialists like engineers from outside while nurturing internal resources, and JPY2.5bn to develop AI and testing automation tools and acquire licenses). The remaining 7.5bn will be used to obtain external management resources. The company plans on acquisitions and capital alliances, through which it hopes to gain specialized personnel, technologies, and expertise in software testing and security businesses.

This note is the most recent addition to the [full report](#).

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