



April 22, 2016

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 and CFO Keiya Kazama (TEL. +81-3-6406-0081)

Notice Regarding Acquisition of Additional Shares in Consolidated Subsidiary (Conversion into a Wholly Owned Subsidiary)

Hearts United Group Co., Ltd. (hereinafter referred to as the “Company”) would like to announce that it passed a resolution at its board of directors’ meeting held today to acquire additional shares in NetWork21 Co., Ltd. (hereinafter referred to as “NetWork21”). This is a consolidated subsidiary of the Company, and the purpose of the acquisition is to make NetWork21 a wholly owned subsidiary.

1. Purpose of Conversion into a Wholly Owned Subsidiary

The Company made NetWork21 its consolidated subsidiary in December 2013 and has striven to strengthen business platforms in the system verification area—the top priority area in our Group’s core debugging business—where further growth and business expansion are expected.

In line with the recent proliferation of computers, smartphones, and tablet devices, more and more people are accessing the Internet using smart devices. In addition, the IoT (Internet of Things) is increasingly diversified with the goal of evolving wearable devices and facilitating the practical application of self-driving cars and drones. With the implementation of government-led initiatives to create a world-class IT-based society with an eye on the 2020 Tokyo Olympics and Paralympic Games, the use of IoT is expected to expand rapidly.

In order to secure system reliability and safety as well as to increase user convenience, it is essential to carry out system verification, including a large number of functional and usability testing of a broad range of software products in consideration of operating environment. For this reason, system verification needs are expected to increase in the future.

In response to these situations, the Company has decided to make NetWork21 its wholly owned subsidiary and strengthen its structure. The Company believes that the development of solid business platforms along with speedy sharing and implementation of business strategies are necessary to respond flexibly to verification needs in a fast-changing, growth market with potential for further expansion. Through the process, the Company aims to make group-wide efforts to evolve the debugging business and maximize synergy effects.

2. Overview of the subsidiary

(1)	Company name	NetWork21 Co., Ltd.	
(2)	Location	2-4-9 Yoyogi, Shibuya-ku, Tokyo	
(3)	Position and name of representative	Hiroshi Tsunoda, President	
(4)	Business activities	System development, etc.	
(5)	Share capital	15,250 thousand yen	
(6)	Date established	December 8, 1998	
(7)	Major shareholders and their shareholding ratios	Hearts United Group Co., Ltd. 66.4% Hiroshi Tsunoda 33.6%	
(8)	Relationship between the listed company and the said company	Capital ties	The Company owns 66.4% of the shares of the said company.
		Personnel relations	One Auditor of the Company concurrently serves as the Auditor of the said company. In addition, two employees of the Company concurrently serve as the Directors of the said company.
		Business relations	There are no notable business relations between the Company and the said company.

3. Overview of the counterparty of stock acquisition

(1)	Name	Hiroshi Tsunoda
(2)	Location	Chuo-ku, Tokyo
(3)	Relationship between the listed company and the said individual	None

4. Number of stock to be acquired and status of stock ownership before and after acquisition

(1)	Number of stocks owned before transfer	156 shares (Ownership percentage: 66.4%)
(2)	Number of stock to be acquired	79 shares
(3)	Number of stock owned after transfer	235 shares (Ownership percentage: 100.0%)

5. Schedule

(1)	Stock transfer agreement signed	April 22, 2016
(2)	Stock acquisition	April 28, 2016 (Plan)

6. Future prospects

The Company expects the said conversion into a wholly owned subsidiary to have a minor impact on its consolidated financial performance.