

February 1, 2019

To Whom It May Concern,

Corporate Name: TechnoPro Holdings, Inc.
 Representative: Yasuji Nishio, President, Representative Director & CEO
 (Code: 6028, TSE First Section)
 Contact: Hiroshi Sato, Director & CFO
 (Tel. 03-6385-7998)

Announcement Concerning Acquisition of Common Shares and Absorption-Type Merger of Misystem Co., Ltd. by TechnoPro Holdings Consolidated Subsidiary

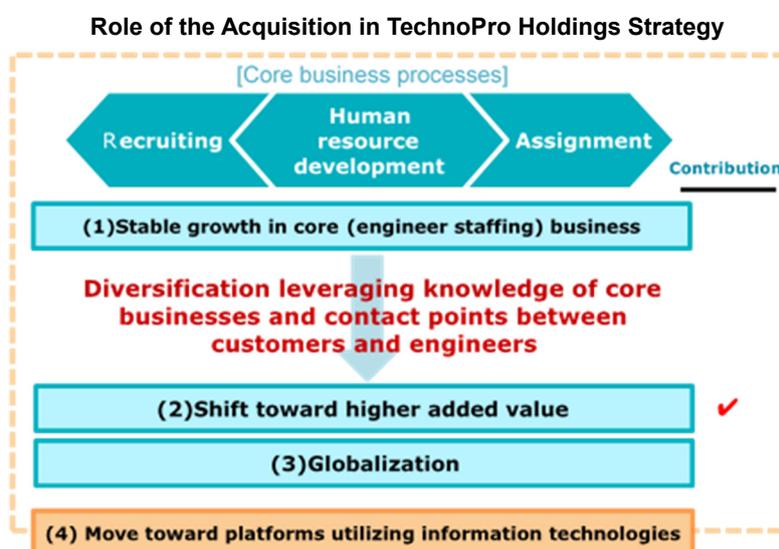
TechnoPro Holdings, Inc. and consolidated subsidiary TechnoPro, Inc. signed an agreement on February 1, 2019 for TechnoPro, Inc. to acquire all outstanding common shares of Misystem Co., Ltd., convert Misystem to a TechnoPro, Inc. subsidiary (sub-subsidiary of TechnoPro Holdings, Inc.), and subsequently absorb Misystem via merger.

I. Stock Acquisition

1. Purpose of the Acquisition

TechnoPro Holdings identified shifting toward higher added value in engineer staffing as one growth strategy. The company is moving forward in training and recruiting engineers in promising solutions business fields. The objective of this acquisition is to strengthen the company's presence in the SAP solutions sector as a step along this growth strategy.

SAP, a market leader in ERP packaged solutions, is upgrading from a prior version to S/4 HANA and shifting to cloud services. The market is suffering from a severe shortage of consultants and systems engineers with the skills to perform this work. At the same time, Misystem employs a number of consultants and systems engineers with a wealth of experience in SAP business design and implementations. TechnoPro intends to train and provide OJT programs to help current TechnoPro engineers develop into consultants and systems engineers skilled in SAP.



2. Overview of New Wholly Owned Subsidiary (Misystem Co., Ltd.)

- (1) Company Name Misystem Co., Ltd.
- (2) Head Office 2-1-1 Edobori, Nishi-ku, Osaka City
- (3) Representative (Name, Title) Tomohiko Obinata, representative director
- (4) Business Lines Business applications, web development, enterprise systems development and maintenance
- (5) Capital ¥30 million
- (6) Established December 5, 1986
- (7) Major Shareholders and Ownership Ratios TechnoPro, Inc. (51.0%); Acro Holdings Co., Ltd. (49.0%)
- (8) Relationship between TechnoPro Holdings and Misystem Co., Ltd. TechnoPro Holdings, Inc. subsidiary TechnoPro, Inc. owns 51.0% of Misystem Co., Ltd. shares.
- (9) Misystem Co., Ltd. Business Performance and Financial Condition for the Most-Recent Three Years

Fiscal Year	December 2015	December 2016	December 2017
Net Assets	¥91 million	¥126 million	¥138 million
Total Assets	¥243 million	¥282 million	¥257 million
Net Assets per Share	¥303,429	¥421,429	¥460,567
Net Sales	¥621 million	¥669 million	¥638 million
Operating Profit	¥19 million	¥30 million	¥10 million
Ordinary Income	¥21 million	¥52 million	¥13 million
Net Income	¥15 million	¥35 million	¥11 million
Net Income per Share	¥53,284	¥117,999	¥39,289

3. Overview of Seller

- (1) Company Name Acro Holdings Co., Ltd.
- (2) Head Office 4-8-15 Nihonbashi-honcho, Chuo-ku, Tokyo
- (3) Representative (Name, Title) Katsuo Ono, CEO
- (4) Business Lines General IT services (systems development, ecommerce, venture investments, etc.)
- (5) Capital ¥286.5 million
- (6) Established March 21, 2000
- (7) Relationship between TechnoPro Holdings and Acro Holdings Co., Ltd. No equity, personal, or business relationships exist between TechnoPro Holdings and Acro Holdings Co., Ltd. Further, Acro Holdings is not a related party to TechnoPro Holdings.

4. Number of Acquired Shares, Acquisition Price, and Ownership Ratios Before and After Acquisition

- (1) No. of shares owned before transfer 153 shares
(Voting shares: 153 shares)
(Ownership ratio: 51%)
- (2) No. of shares to be acquired 147 shares (acquirer: TechnoPro, Inc.)
(Voting shares: 147 shares)
(Ownership ratio: 49%)
- (3) Acquisition Price Acquisition price not disclosed according to non-disclosure agreement executed at the request of seller.
- (4) No. of shares owned after transfer 300 shares
(Voting shares: 300 shares)
(Ownership ratio: 100%)
- (5) Purchase price calculation method After due diligence performed by outside experts (finance, tax, law), enterprise value was assigned according to the EBITDA valuation multiple and other methods calculated using normalized earnings. Net debt was calculated based on an assessment of non-operating assets, interest-bearing debt, and debt-like items. The acquisition price was determined after careful discussions reflecting the price range evaluated by outside experts.

5. Schedule

Share Transfer Date January 15, 2019

6. Future Outlook

TechnoPro Holdings does not expect this share acquisition to have a material impact on consolidated earnings for the fiscal year ending June 2019. Accordingly, the company has not revised earnings projections.

II. Merger With TechnoPro Holdings Subsidiary

1. Purpose of Merger

TechnoPro, Inc. trains professionals and operates as an organization in the SAP solutions sector. The company has entered into this merger to bolster its ability to offer SAP solutions through an integrated management structure that answers the need for more effective personnel use and business development.

2. Schedule

- (1) Merger Agreement Date February 1, 2019
- (2) Merger Schedule
(Effective Date) May 1, 2019 (tentative)

3. Merger Method

Absorption-type merger in which TechnoPro, Inc. will be the surviving entity and Misystem will be the absorbed entity.

4. Overview of Merging Parties (as of February 1, 2019)

(1) Company Name	TechnoPro, Inc. (surviving entity)	Misystem Co., Ltd. (absorbed entity)
(2) Head Office	6-10-1 Roppongi, Minato-ku, Tokyo	2-1-1 Edobori, Nishi-ku, Osaka City
(3) Representative (Name, Title)	Yasuji Nishio, representative director	Tomohiko Obinata, representative director
(4) Business Lines	Engineer staffing and subcontracting businesses related to technical fields	Business applications, web development, enterprise systems development and maintenance
(5) Capital	¥100 million	¥30 million
(6) Major Shareholders and Ownership Ratios	TechnoPro Holdings, Inc. 100%	TechnoPro, Inc. 100%

5. Circumstances Subsequent to Merger

The surviving entity, TechnoPro, Inc., will retain its current corporate name, headquarters address, representative name and title, business lines, and capital.

6. Future Outlook

As this is a merger between wholly owned subsidiaries, the transaction will have no impact on consolidated earnings.

(Reference) FY2018 Earnings Guidance (published July 31, 2018) and Consolidated Earnings for the Prior Fiscal Year

(Units: ¥ millions)

	Revenue	Operating profit	Profit before income taxes	Net profit attributable to owners of the parent company
FY Ending June 30, 2019 (Guidance)	135,000	13,500	13,500	8,900
FY Ended June 30, 2018	116,529	11,238	11,163	8,498

Note

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