January 12, 2018

To Whom It May Concern,

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

Announcement Concerning Acquisition of Common Shares of PROBIZMO Co., Ltd. by a TechnoPro Holdings Consolidated Subsidiary Company (PROBIZMO to become Sub-Subsidiary)

The TechnoPro Holdings, Inc. and TechnoPro, Inc. board of directors resolved via written resolution based on the provisions of Article 370 of the Companies Act) to allow consolidated subsidiary TechnoPro, Inc. to acquire 100 percent of the outstanding common shares of PROBIZMO Co., Ltd. This acquisition will make PROBIZMO a subsidiary of TechnoPro and a sub-subsidiary of TechnoPro Holdings.

1. Purpose of the Acquisition

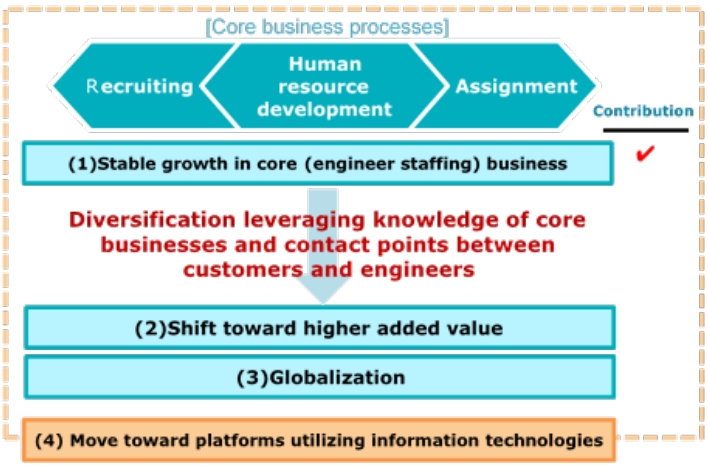
TechnoPro Holdings identified the pursuit of high-value services as one growth strategy in the new medium-term management plan published July 31, 2017. One key to this strategy is expanding the company's presence in the R&D contracting business, thereby providing more advanced solutions to our clients and improving the engineering capacity of the company through R&D contracting projects.

PROBIZMO employs nearly 120 engineers, offering IT-related contracting services in the Tokyo, Shimane, Tottori, and Osaka regions of Japan. The company has particular strengths in several technical fields:

- Web application development (Ruby, Java, etc.) and successful consulting projects in the field of robotics process automation[1].
- Nearly 20 project managers providing contract services development and proposed solutions as prime contractors
- Expertise in near-shore development through offices in the San'in region of Japan and IT infrastructure development

TechnoPro Holdings intends to use this acquisition to expand near-shore development contracting for web applications. It will accomplish this by leveraging its IT engineer staffing business customer base and employee recruiting infrastructure, while coordinating more closely with its existing IT Development Center. TechnoPro Holdings is driving growth toward becoming a global technology human resources services company, aiming at higher corporate value.

[Our Growth Strategy]



[1] Robotics Process Automation (RPA): Mechanisms for replacing and streamlining white collar labor using artificial intelligence, machine learning, etc.

2. Overview of TechnoPro, Inc.

(1)	Company Name	TechnoPro, Inc.
(2)	Head Office	6-10-1 Roppongi, Minato-ku, Tokyo
(3)	Representative (Name, Title)	Yasuji Nishio, president and representative director
(4)	Business Lines	Research and development, product development related to mechanical engineering, electrical engineering, electronics, embedded software development, information systems, information systems infrastructure, plant engineering, chemistry, biotechnology, medicine, new materials, and other technology specialties
(5)	Capital	¥100 million

3. Overview of New Sub-Subsidiary (PROBIZMO Co., Ltd.)

(1)	Company Name	PROBIZMO Co., Ltd.
(2)	Head Office	2-3-1 Ekiminamimachi, Izumo City, Shimane Prefecture
(3)	Representative (Name, Title)	Daisuke Kamada, president Nobuhiro Asada, vice president
(4)	Business Lines	Applications development, maintenance, and operations; IT consulting; IT infrastructure development; network maintenance and operations; ISP service operations
(5)	Capital	¥99.85 million
(6)	Established	May 1, 2001
(7)	Major Shareholders and Ownership Ratios	Daisuke Kamada (34.0%), Nobuhiro Asada (34.0%) *Other company shares are scheduled to be consolidated under Messrs. Kamada and Asada prior to the share transfer date.
(8)	Relationship between TechnoPro Holdings and PROBIZMO	No equity, personal, or business relationships exist between TechnoPro Holdings and PROBIZMO.

(9) PROBIZMO Business Performance and Financial Condition for the Most-Recent Three Years

Fiscal Year	March 2015	March 2016	March 2017
Net Assets	¥496 million	¥568 million	¥641 million
Total Assets	¥727 million	¥790 million	¥860 million
Net Assets per Share	¥230,407	¥276,136	¥311,799
Net Sales	¥1,429 million	¥1,322 million	¥1,272 million
Operating Profit	¥143 million	¥131 million	¥126 million
Ordinary Income	¥142 million	¥131 million	¥131 million
Net Income	¥95 million	¥91 million	¥92 million
Net Income per Share	¥44,316	¥44,176	¥44,663

4. Overview of Seller

Name	Address
Daisuke Kamada	Meguro-ku, Tokyo
Hironobu Asada	Izumo City, Shimane

No notable equity, personal, or business relationships exist between TechnoPro Holdings and the person identified above. The persons identified above are not a related party to TechnoPro Holdings.

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

(1)	No. of shares owned before transfer	0 shares (Voting shares: 0 shares) (Ownership ratio: 0%)	
(2)	No. of shares to be acquired	2,056 shares (acquirer: TechnoPro, Inc.) (Voting shares: 2,056 shares) (Ownership ratio: 100%, excluding 100 treasury shares)	
(3)	Acquisition price	Common shares of PROBIZMO stock Due diligence and other fees Total (estimate)	¥1,755,024,216 ¥10,000,000 ¥1,765,024,216
(4)	No. of shares owned after transfer	2,056 shares (Voting shares: 2,056 shares) (Ownership ratio: 100%, excluding 100 treasury shares)	
(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 parties agreed to the purchase price based on the preceding calculations after prudent discussions.	

6. Schedule

(1)	Board Resolution	January 12, 2018
(2)	Agreement Date	January 12, 2018
(3)	Stock Transfer Date	January 31, 2018 (tentative)

7. Future Outlook

TechnoPro Holdings does not expect this acquisition to have a material impact on consolidated earnings for the fiscal year ending June 2018. Accordingly, the company has not revised earnings projections. TechnoPro Holdings forecasts PROBIZMO net sales and operating profit of ¥1.5 billion and ¥0.2 billion, approximately, to be reflected in consolidated earnings for the fiscal year ending June 2019.

(Reference) FYE June 2018 Earnings Guidance (published July 31, 2017) 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 2018 (Guidance)	109,000	10,600	10,500	7,600
FY Ended June 2017	100,095	9,647	9,559	7,717

Note on translation

This is a translation of the original Japanese document and provided for informational purpose only. If there are any discrepancies between this and the original, the original Japanese document prevails.