

November 26, 2018

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 SOFTWARES Co., Ltd. by TechnoPro Holdings Consolidated Subsidiary (SOFTWARES to Become Sub-Subsidiary Company)

TechnoPro Holdings, Inc. and consolidated subsidiary TechnoPro, Inc. signed an agreement on November 26, 2018 for TechnoPro, Inc. to acquire all outstanding common shares of SOFTWARES Co., Ltd., convert SOFTWARES to a TechnoPro, Inc. subsidiary (sub-subsidiary of TechnoPro Holdings, Inc.), and subsequently absorb SOFTWARES via merger.

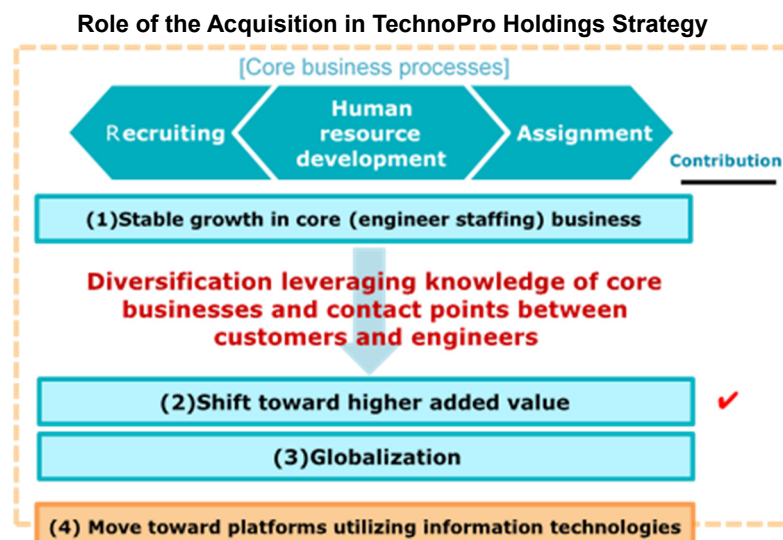
I. Stock Acquisition

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. The purpose of this acquisition is to raise the level of added value offered by group engineers by adding SOFTWARES to the TechnoPro Group. For more than 20 years, SOFTWARES has been engaged in embedded software development for automotive applications in the Tokai region of Japan. The company offers the TechnoPro Group even greater technology and expertise in upstream processes for business areas important to the group.

SOFTWARES employs nearly 40 engineers in the Aichi region, mainly providing contract services for embedded software development related to automotive applications. Over many years, the company has developed stable relationships with customers in the automotive industry, establishing a reputation of trust. SOFTWARES is receiving numerous orders from customers and has reached the stage in which the company cannot respond to all orders given its current resources.

By joining the TechnoPro Group, SOFTWARES will have access to TechnoPro engineers, allowing SOFTWARES to expand its business in the embedded software field. At the same time, SOFTWARES will contribute its technical capacity and expertise, leading to greater levels of TechnoPro technical capacity and engineering professional development. In addition, TechnoPro, Inc. will hire and develop more engineers in the Tokai region of Japan, expanding the centers for contract development in the area.



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

- (1) Company Name SOFTWARES Co., Ltd.
- (2) Head Office 1-5-27 Nishiki, Naka-ku, Nagoya City, Aichi Prefecture
- (3) Representative (Name, Title) Hiroshi Saito, representative director
Hiroshi Chojahara representative director
- (4) Business Lines Development of automotive systems and factory automation systems;
engineer dispatch
- (5) Capital 10 million yen
- (6) Established January 23, 1997
- (7) Major Shareholders and Ownership Ratios Hiroshi Saito (50.0%); Hiroshi Chojahara (50.0%)
- (8) Relationship between TechnoPro Holdings and SOFTWARES Co., Ltd. No equity, personal, or business relationships exist between TechnoPro Holdings and SOFTWARES Co., Ltd.
- (9) SOFTWARES Co., Ltd. Business Performance and Financial Condition for the Most-Recent Three Years

Fiscal Year	November 2015	November 2016	November 2017
Net Assets	¥195 million	¥197 million	¥198 million
Total Assets	¥249 million	¥249 million	¥250 million
Net Assets per Share	¥977,170	¥983,590	¥989,987
Net Sales	¥467 million	¥411 million	¥406 million
Operating Profit	¥24 million	(¥2) million	¥0 million
Ordinary Income	¥24 million	¥1 million	¥1 million
Net Income	¥14 million	¥1 million	¥1 million
Net Income per Share	¥72,175	¥6,420	¥6,397

3. Overview of Seller

Name	Address
Hiroshi Saito	Chiryu City, Aichi Prefecture
Hiroshi Chojahara	Chikusa-ku, Nagoya City

4. 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 200 shares (acquirer: TechnoPro, Inc.)
(Voting shares: 200 shares)
(Ownership ratio: 100%)
- (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 200 shares
(Voting shares: 200 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 November 22, 2018

6. Future Outlook

TechnoPro Holdings does not expect this stock 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. is growing its subcontracting business to raise the level of added value offered. The company has identified the automotive sector is one in which technical demand is likely to grow in the future, including needs for self-driving technologies and model-based development. TechnoPro, Inc. has been particularly active in the field this year, establishing the Automotive Device System Development Center (Kariya Office) under the Automotive Engineering Department within TechnoPro Design Company. TechnoPro has decided to execute this merger, deeming an integrated business management structure to be a necessary measure to accomplish the goals of the stock acquisition described above.

2. Merger Schedule (Effective Date)

December 31, 2018 (tentative)

3. Merger Method

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

4. Overview of Merging Parties (as of November 26, 2018)

(1) Company Name	TechnoPro, Inc. (surviving entity)	SOFTWARES Co., Ltd. (absorbed entity)
(2) Head Office	6-10-1 Roppongi, Minato-ku, Tokyo	1-5-27 Nishiki, Naka-ku, Nagoya City, Aichi Prefecture
(3) Representative (Name, Title)	Yasuji Nishio, representative director	Nobuyuki Tanaka, representative director Hiroshi Chojahara, representative director
(4) Business Lines	Engineer staffing and subcontracting businesses related to technical fields	Development of automotive systems and factory automation systems; engineer dispatch
(5) Capital	¥100 million	¥10 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, 2018 (Guidance)	135,000	13,500	13,500	8,900
FY Ended June 30, 2017	116,529	11,238	11,163	8,498

Note

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