



First Section of the Tokyo Stock Exchange
Feb. 22, 2019

To All Concerned Parties

Company Name:	en-japan inc. (Code: 4849)
Representative:	Takatsugu Suzuki, President
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Notice Regarding the Acquisition of Shares in OWLS, INC. (Making It into a Subsidiary), Disposal of Treasury Stock through a Third-party Allocation as Consideration for This Stock Acquisition and the Signing of a Basic Agreement Concerning a Stock Swap to Make It into a Wholly-owned Subsidiary

en-japan inc. announces that it has resolved to do the following at a meeting of its Board of Directors held on February 22, 2019: (1) To acquire some of OWLS, INC.'s (hereinafter "OWLS") outstanding shares (hereinafter "the Stock Acquisition") and to turn it into a subsidiary, (2) to dispose of its treasury stock through a third-party allocation to pay the consideration for the applicable stock acquisition and (3) to afterward sign a basic agreement to perform a stock swap with en-japan inc. serving as the stock swap wholly-owning parent company and OWLS serving as the stock swap wholly-owned subsidiary.

Details are as follows:

I. Overall Overview

1. Purpose of making OWLS into a wholly-owned subsidiary

en-japan inc. is aiming to stabilize and expand its business portfolio. It is doing this by creating new business both inside and outside the field of human resources.

OWLS, which will now be made into a subsidiary, was established in February 2017 mainly by four people – Takuya Nagasawa, Reiji Sato, Masafumi Kikuchi and Hiroto Fujii (hereinafter "the OWLS Management Team"). It provides high-quality services in the UI/UX growth contracting business. This has led to the company steadily increasing the number of orders it receives.

en-japan inc. will advance into a highly promising market for growth and recession proofing by now making OWLS into a subsidiary. This will lead to the creation of new business and an improvement in its corporate value.

2. Basic scheme and schedule of this matter

As described later in II, en-japan inc. will make OWLS into its subsidiary on the (scheduled) date of the Stock Acquisition of March 11, 2019. It will do this by acquiring 51.0% of the outstanding shares in OWLS. This will be done based on a contract for a stock transfer (hereinafter "the Stock Transfer

Contract”) signed on February 22, 2019 between en-japan inc. and the shareholders of OWLS.

Moreover, as described later in III, en-japan inc. plans to dispose of its treasury stock (hereinafter “the Treasury Stock Disposal”) on the date of the Stock Acquisition of March 11, 2019. This will be done through a contribution in kind to the shareholders in OWLS who will sign the Stock Transfer Contract to sell part or all of the shares in OWLS that they possess to en-Japan inc. - Takuya Nagasawa, Reiji Sato, Masafumi Kikuchi, Hiroto Fujii and Reo Kasai (hereinafter these five people are collectively “the Sellers”). This contribution in kind will see the shares in en-japan inc. serving as the consideration for the acquisition of the shares in OWLS with the purpose of the contribution being the right to claim the stock transfer fee for en-japan inc. acquired by the Sellers.

In addition, as described later in IV, en-japan inc. plans to sign a basic agreement with the shareholders of OWLS to perform a stock swap in which en-japan inc. will serve as the stock swap wholly-owning parent company and in which OWLS will serve as the stock swap wholly-owned subsidiary (hereinafter “the Stock Swap”) on February 22, 2019. The effective date of this will be from January 31 to August 31, 2021.

3. Future prospects

The impact on the consolidated results for the fiscal year ending March 31, 2019 of en-japan inc. from this matter will be minimal. en-japan inc. expects that the impact on results in the next fiscal year (ending March 31, 2020) will be minimal. Nevertheless, it will make a prompt announcement in the event that matters which need to be announced arise in the future.

II. Overview of the Stock Acquisition

1. Overview of the company to be made into a subsidiary

(As of January 31, 2018)

(1) Company name	OWLS, INC.	
(2) Address	3F Nagaoka Bldg., 6-1 Ichigayachoenji-machi, Shinjuku-ku, Tokyo	
(3) Name and post of representative	Takuya Nagasawa, Representative Director Reiji Sato, Representative Director	
(4) Main business	Website and application design and development contracting business, and startup support business	
(5) Paid-in capital	4 million yen	
(6) Date of established	February 8, 2017	
(7) Major shareholders and ownership ratio	Name	Ownership Ratio (%)
	Takuya Nagasawa	34.0
	Reiji Sato	33.0
	Masafumi Kikuchi	30.0
(8) Relationship with en-japan inc.	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	en-japan inc. sells Job Board advertisements to OWLS.

(9) Operating results and financial condition of OWLS over the last three years

(Unit: million yen)

Fiscal year			Fiscal Year Ended January 31, 2018
Net assets			4
Total assets			12
Net assets per share (yen)			1,340
Sales			28
Operating income			5
Ordinary income			5
Net income			3
Net income per share (yen)			1,330
Dividend per share (yen)			-

*OWLS was established in February 2017. Therefore, only the results for the fiscal year ended January 31, 2018 are given.

2. Number of shares to be acquired, acquisition value, and shareholdings before and after the acquisition

(1) Number of shares owned before the acquisition	0 (Number of voting rights: 0) (Proportion of voting rights owned: 0.0%)
(2) Number of shares to be acquired	1,530 (Number of voting rights: 1,530) Takuya Nagasawa: 525 (Number of voting rights: 525) Reiji Sato: 495 (Number of voting rights: 495) Masafumi Kikuchi: 450 (Number of voting rights: 450) Hiroto Fujii: 30 (Number of voting rights: 30) Reo Kasai: 30 (Number of voting rights: 30)
(3) Acquisition value	Total of the Sellers: 400 million yen (Acquisition value per share: 261,438 yen) Advisory expenses etc. (approximate amount): 3 million yen Total amount (approximate amount): 403 million yen
(4) Number of shares owned after the acquisition	1,530 (Number of voting rights: 1,530) (Proportion of voting rights owned: 51.0%)

3. Schedule

(1) Board of Directors resolution date	February 22, 2019
(2) Stock transfer contract signing date	February 22, 2019 (scheduled)
(3) Stock transfer date	March 11, 2019 (scheduled)

III. Overview of the Treasury Stock Disposal

1. Overview of the disposal

(1) Disposal date	March 11, 2019
(2) Number of shares to be disposed	103,700 ordinary shares in en-japan inc.

(3)	Disposal value	3,845 yen per share
(4)	Total amount of the disposal value	398,726,500 yen The above is according to an all contribution in-kind payment method.
(5)	Disposal method	Disposal through a third-party allocation
(6)	Scheduled disposal destination	Takuya Nagasawa: 35,600 Reiji Sato: 33,600 Masafumi Kikuchi: 30,500 Hiroto Fujii: 2,000 Reo Kasai: 2,000
(7)	Other	The above items are subject to the effectiveness of the notification based on the Financial Instruments and Exchange Act.

IV. Overview of the Stock Swap

1. Overview of the Stock Swap

(1) Schedule of the Stock Swap

Basic agreement signing date	February 22, 2019 (scheduled)
Stock swap contract approval and Board of Directors resolution date (en-japan inc.)	en-japan inc. will make a prompt announcement as soon as these matters have been determined. The effective date is scheduled to be a date from January 31 to August 31, 2021.
Contract signing date	
Extraordinary general shareholders' meeting to approve the stock swap (OWLS)	
Scheduled stock swap date (effective date)	

Note: The Stock Swap is expected to be applicable to a simple stock swap as stipulated in Paragraph 2 of Article 796 of the Companies Act for the stock swap wholly-owning parent company of en-japan inc. Therefore, approval of the stock swap contract by a general meeting of shareholders will not be required. The Stock Swap is scheduled to take place through the simple stock swap procedures.

(2) Method of the Stock Swap

The Stock Swap will be one using treasury stock with en-japan inc. serving as the stock swap wholly-owning parent company and OWLS serving as the stock swap wholly-owned subsidiary.

(3) Content of the allocation concerning the Stock Swap and the basis for its calculation

These matters have not been determined at this time. en-japan inc. will make a prompt announcement as soon as these matters have been determined.

It has been agreed in the basic agreement concerning the Stock Swap to be signed with the OWLS Management Team on February 22, 2019 to calculate the swap value of the shares in OWLS based on seven-times the EBITDA performance in the fiscal year ending January 31, 2021 of OWLS when determining the swap ratio for the Stock Swap.

The content of this agreement will become effective on the applicable date subject to the execution of the Stock Acquisition.

2. Situation after the Stock Swap

There will be no change to the company name, address, name and post of representatives, main business, paid-in capital and fiscal year due to the Stock Swap in the stock swap wholly-owning parent company of en-japan inc.

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