



First Section of the Tokyo Stock Exchange
Jun. 20, 2019

To All Concerned Parties

Company Name: en-japan inc. (Code: 4849)
Representative: Takatsugu Suzuki, President
Contact: Tomoki Tamai, Executive Officer
and Administration Division Director
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Notice Regarding the Acquisition of Shares in JapanWork, 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. has determined the following matters with a written resolution in place of a Board of Directors resolution based on the provisions in Article 370 of the Companies Act and Article 24 of our Articles of Incorporation: (1) We will acquire some of JapanWork, INC.'s (hereinafter "JapanWork") outstanding shares (hereinafter "the Acquisition of Shares") and make JapanWork into our subsidiary, (2) we will dispose of treasury stock through a third party allocation as part of the consideration for the Acquisition of Shares, and (3) after that, we will enter into a basic agreement concerning a stock swap to make JapanWork into a stock swap wholly-owned subsidiary with en-japan inc. serving as the stock swap wholly-owning parent company. Details are as follows:

I. Overall Overview

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

en-japan inc. is expanding our business to support recruitment and success after joining companies with a focus on the management of job board for those looking to change their occupation and permanent recruitment. Our mid-term management plan, for which the final fiscal year is the year ending March 31, 2022, states that we will strengthen M&As in the field of technology as a new growth strategy.

The Revised Immigration Control and Refugee Recognition Law came into force on April 1, 2019. This allows unskilled workers to acquire work visas with the aim of expanding the acceptance of foreigners into Japan. The market for foreign workers is expected to grow significantly in the future. Meanwhile, the chronic labor shortage in the hotel and restaurant industry has become a problem. The acquisition of personnel is an urgent issue for our clients.

JapanWork, which we will now make into our subsidiary, was established in February 2016 centered on Yuto Suzuki as its representative director. The company, which operates the JapanWork bulk job search site for foreigners, started a chat concierge service to handle exchanges between companies and foreigners in December 2018. This service also utilizes technology to contribute to an improvement in the rate of successfully recruiting foreigners for which there is language barrier in addition to reducing the burden on those in charge of recruitment. As a result, the company has been increasing its customers with a focus on cleaning and factory related staffing companies since directly after the start of

this service.

en-japan inc. entered into discussions with JapanWork about making it into our wholly-owned subsidiary in February 2019 when the company sounded us out about investment. During those discussions, we proposed a scheme in which we will link incentives according to the degree to which performance in the fiscal year ending April 30, 2022 is achieved to the stock transfer value. This led to an agreement with the shareholders of JapanWork. Specifically, this is a scheme in which we will make JapanWork into our wholly-owned subsidiary in two stages. We will establish the period necessary to set up the business foundations from the first stock transfer to the second stock transfer. We will then adjust the value of the second stock transfer to match the performance of JapanWork in the fiscal year ending April 30, 2022.

We plan to impose a joint management structure with the current JapanWork management team and a management team dispatched from our company in JapanWork after making the company into our subsidiary as is scheduled to happen in July 2019. Making JapanWork into our subsidiary will contribute to further value provision and business growth for our clients through the foreign worker business. This will lead to an improvement in our corporate value.

2. Basic scheme and schedule of this matter

As mentioned later in II, en-japan inc. will acquire 51.0% of the outstanding shares in JapanWork. We will do this based on an agreement for the stock transfer (hereinafter “the Stock Transfer Agreement”) we will enter into on June 20, 2019 with Yuto Suzuki – a shareholder of JapanWwork. We will then make JapanWork into our subsidiary on July 12, 2019 – the date of the Acquisition of Shares (planned).

Moreover, as mentioned later in III, we plan to dispose of our treasury stock (hereinafter “the Treasury Stock Disposal”) through investment in kind to Yuto Suzuki with the aim of investing in the right to request the stock transfer fee in regards to our company acquired by him on July 12, 2019 – the date of the Acquisition of Shares.

In addition to this, as mentioned later in IV, we plan to enter into a basic agreement with Yuto Suzuki pertaining to a stock swap that will make en-japan inc. the stock swap wholly-owning parent company and JapanWork the stock swap wholly-owned subsidiary (hereinafter “the Stock Swap”) on June 20, 2019. The effective date for this will be on a day from May 1 to September 30, 2022.

3. Future prospects

We plan to make JapanWork into our consolidated subsidiary with the Acquisition of Shares. However, JapanWork’s latest financial results are for the fiscal year ended April 30, 2019 (January 1 to April 30, 2019). Therefore, we have plan to make September 30, 2019 as the acquisition date in regards to the incorporation into our consolidated results by making JapanWork into our subsidiary will occur. We expect that the Acquisition of Shares will have a minimal impact on our consolidated results in our current consolidated fiscal year (fiscal year ending March 31, 2020). Nevertheless, we will make a prompt announcement if matters arise that require notification in the future.

II. Overview of the Stock Acquisition

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

(As of December 31, 2018)

(1) Company name	JapanWork, INC.
(2) Address	Tokuriki Building 402., 29-36 Sakuragaoka-cho, Shibuya-ku, Tokyo
(3) Name and post of representative	Yuto Suzuki, Representative Director
(4) Main business	Job offer business for foreigners
(5) Paid-in capital	34,344,000 yen
(6) Date of established	February 12, 2016

(7)	Major shareholders and ownership ratio	Name	Ownership Ratio (%)
		Yuto Suzuki	80.3
(8)	Relationship with en-japan inc.	Capital relationship	Not applicable
		Personnel relationship	Not applicable
		Business relationship	Not applicable

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

(Unit: million yen)

Fiscal year	Fiscal Year Ended December 31, 2016	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Net assets	2	21	1
Total assets	4	35	13
Net assets per share (yen)	8,030	6,812	430
Sales	8	23	16
Operating income	△1	△11	△19
Ordinary income	△1	△12	△19
Net income	△1	△12	△19
Net income per share (yen)	△4,191	△3,934	△6,383
Dividend per share (yen)	-	-	-

Notes

JapanWork issued new shares through a third party allocation on August 1, 2016.

The company performed a stock split at a ratio of 10 shares per one common share and issued new shares through a third party allocation on October 30, 2017.

FY2019 was a period of transition with a change to the company's accounting period from the end of December to the end of April. Therefore, the accounting period for FY2019 was from January 1 to April 30, 2019.

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	1,588 (Number of voting rights: 1,588) Yoto Suzuki: 1,588 (Number of voting rights: 1,588)
(3)	Acquisition value	Total of the Sellers: 229 million yen (Acquisition value per share: 144,601 yen) Advisory expenses etc. (approximate amount): 5 million yen Total amount (approximate amount): 234 million yen
(4)	Number of shares owned after the acquisition	1,588 (Number of voting rights: 1,588) (Proportion of voting rights owned: 51.0%)

3. Schedule

(1)	Board of Directors resolution date	June 20, 2019
(2)	Stock transfer contract signing date	June 20, 2019 (scheduled)
(3)	Stock transfer date	July 12, 2019 (scheduled)

III. Overview of the Treasury Stock Disposal

1. Overview of the disposal

(1) Disposal date	July 12, 2019
(2) Number of shares to be disposed	34,800 ordinary shares in en-japan inc.
(3) Disposal value	4,050 yen per share
(4) Total amount of the disposal value	140,940,000 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	Yuto Suzuki: 34,800
(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	June 20, 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 May 1 to September 30, 2022.
Contract signing date	
Extraordinary general shareholders' meeting to approve the stock swap (JapanWork)	
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 JapanWork 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.

We have agreed to calculate the swap value of the shares in JapanWork based on the actual operating income in the fiscal year ending April 30, 2022 of JapanWork when determining the swap ratio pertaining to the Stock Swap with Yoto Suzki. This is found in the basic agreement pertaining to the Stock Swap we entered into with Yoto Suzki on June 20, 2019.

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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