



First Section of the Tokyo Stock Exchange
Sep. 25, 2020

To All Concerned Parties

Company Name: en Japan Inc. (Code: 4849)
Representative: Takatsugu Suzuki, President
Contact: Tomoki Tamai, Executive Officer
and Administration Division Director
(Tel: +81-3-3342-4506)

(Progress and Changes with Disclosed Matters)

Notice Regarding the Suspension of Plans to Make a Consolidated Subsidiary into a Wholly-owned Subsidiary by Canceling a Basic Agreement Concerning a Stock Swap with That Company and the Transfer (Stock Transfer) of the Consolidated Subsidiary

en Japan Inc. hereby announces as follows that we passed a resolution at a meeting of our Board of Directors held today to suspend our plans to make our consolidated subsidiary of JapanWork, Inc. (hereinafter “JapanWork”) into a wholly-owned subsidiary by canceling a basic agreement concerning a stock swap to that effect and to transfer all the shares of JapanWork.

1. Reasons for the cancelation of the basic agreement and the transfer (stock transfer)

We acquired 51% of the shares in JapanWork on July 12, 2019 as stated in our press release dated June 20, 2019. With that, JapanWork became our consolidated subsidiary. In addition, we entered into a basic agreement concerning a stock swap that would see en Japan Inc. become the stock swap wholly-owning parent company and JapanWork become a stock swap wholly-owned subsidiary to be effective on a date from May 1 to September 30, 2022.

However, since our acquisition of JapanWork, it has become necessary to significantly overhaul the business plan in regards to the core business of JapanWork that is the recruitment of foreigners. This is due to delays in the progress of orders and the drastic reduction in the demand for recruitment by client companies because of the spread of COVID-19 recently.

Under these circumstances, we have carefully examined the business plan and growth strategy of JapanWork again and held repeated discussions with JapanWork about its future business strategy.

As a result, we have determined and agreed with JapanWork that it is appropriate to cancel the basic agreement for a stock swap to make the company into our wholly-owned subsidiary and to instead transfer the shares of JapanWork held by our company to Yuto Suzuki who serves as the Representative Director of JapanWork.

JapanWork will no longer be our consolidated subsidiary with this transfer of its shares.

2. Method of transfer

en Japan Inc. will transfer all the shares we hold in JapanWork to Yuto Suzuki.

3. Overview of the company to be transferred

(As of July 31, 2020)

(1)	Company name	JapanWork, Inc.	
(2)	Address	1-18-10 Shinjuku, Shinjuku-ku, Tokyo Caterina Yanagidori Building 4th floor	
(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 (%)
		en Japan Inc.	51.0
		Yuto Suzuki	49.0
(8)	Relationship with en Japan Inc.	Capital relationship	en Japan Inc. holds 51% of the shares in JapanWork
		Personnel relationship	Two of the Directors and one of the Audit & Supervisory Board Members of JapanWork are executives of en Japan Inc.
		Business relationship	en Japan Inc. has loan funding business with JapanWork

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

(Unit: million yen)

Fiscal year	Fiscal Year Ended December 31, 2018	Fiscal Year Ended April 30, 2019	Fiscal Year Ended April 30, 2020
Net assets	1	△13	△109
Total assets	13	12	50
Net assets per share (yen)	430	△4,184	△35,057
Sales	16	5	21
Operating income	△19	△14	△95
Ordinary income	△19	△14	△95
Net income	△19	△14	△96
Net income per share (yen)	△6,383	△4,614	△30,872
Dividend per share (yen)	-	-	-

Notes

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.

4. Overview of the other party in the stock transfer

(1)	Name	Yuto Suzuki
(2)	Address	Bunkyo-ku, Tokyo
(3)	Profession	Representative Director of JapanWork, Inc.
(4)	Relationship with en Japan Inc.	Yuto Suzuki is the representative director of JapanWork, Inc., a consolidated subsidiary of en Japan Inc.

5. Number of shares to be transferred, transfer price, and shareholdings before and after the transfer

(1) Number of shares held before the transfer	1,588 (Number of voting rights: 1,588) (Proportion of voting rights owned: 51.0%)
(2) Number of shares to be transferred	1,588 (Number of voting rights: 1,588)
(3) Transfer price	Total of the Sellers: 10 yen (Acquisition value per share: 0.006 yen)
(4) Number of shares held after the transfer	0 (Number of voting rights: 0) (Proportion of voting rights owned: 0.0%)
(5) Basis for the calculation of the transfer price	It has been determined that the transfer price will be 10 yen as a result of discussions between en Japan Inc. and Yuto Suzuki based on the financial situation of JapanWork.

6. Schedule

(1) Board of Directors resolution date	September 25, 2020
(2) Stock transfer contract signing date	September 30, 2020 (scheduled)
(3) Stock transfer date	September 30, 2020 (scheduled)

7. Future prospects

en Japan Inc. has already recorded a 235-million-yen impairment loss for the goodwill of JapanWork as an extraordinary loss in our consolidated results for the first quarter of the fiscal year ending March 31, 2021.

The impact from this transfer on our financial results will be minor in our consolidated results for the second quarter (July to September) of the fiscal year ending March 31, 2021.

End