



First Section of the Tokyo Stock Exchange
June 8, 2021

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)

Notice Regarding Making OWLS, INC. a Wholly-owned Subsidiary with a Simple Stock Swap

en Japan Inc. (hereinafter “en Japan”) announces that it will make its consolidated subsidiary OWLS, INC. (Head Office, Shinjuku-ku, Tokyo / Representative Director: Takuya Nagasawa; hereinafter “OWLS”) into its wholly-owned subsidiary. To that end, en Japan has decided to perform a stock swap with en Japan serving as the stock swap wholly-owning parent company and OWLS serving as the stock swap wholly-owned subsidiary. en Japan made this decision with a written resolution in place of a resolution at a meeting of its Board of Directors based on the provisions in Article 370 of the Companies Act and Article 24 of its Articles of Incorporation. en Japan will now enter into a stock swap contract with OWLS.

en Japan plans to perform the stock swap with the procedures for a simple stock swap that does not require approval at its General Meeting of Shareholders based on the provisions in Paragraph 2 of Article 796 of the Companies Act.

Details are as follows:

1. Purpose of Making OWLS a Wholly-owned Subsidiary with the Stock Swap
As stated in its press release dated February 22, 2019, en Japan acquired 51% of the shares in OWLS on March 11, 2019. This made OWLS its consolidated subsidiary. In addition, en Japan entered into a basic agreement contract pertaining to a stock swap with en Japan serving as the stock swap wholly-owning parent company and OWLS serving as the stock swap wholly-owned subsidiary. The effective date of this will be from January 31 to August 31, 2021.

Since becoming a consolidated subsidiary of en Japan, OWLS has steadily increased the number of orders it has received. It has done this with a cooperative structure in which en Japan dispatches sales personnel to it. OWLS' sales declined temporarily last year due to the impact of COVID-19. Nevertheless, its business performance is getting better due to improvements in its profit structure including cost control.

The UI/UX-focused website and app development business that is the specialty of OWLS is a market expected to continue growing in size in the future. This means it is a promising new business area for en Japan.

en Japan will look to further accelerate the speed of growth of its new business outside of the personnel area with strong growth potential and resilience against economic downturns by making OWLS into its whole-owned subsidiary. This will allow en Japan to aim to stabilize and expand its business portfolio.

2. Overview of the Stock Swap

(1) Schedule of the Stock Swap

Written resolution of the Board of Directors approving the stock swap contract (en Japan)	June 8, 2021
Stock swap contract date (en Japan and OWLS)	June 8, 2021
Approval of the General Meeting of Shareholders for the stock swap (OWLS)	June 30, 2021 (scheduled)
Scheduled date of the stock swap (effective date)	June 30, 2021 (scheduled)

(2) Method of the Stock Swap

This will be a stock swap with en Japan serving as the wholly-owning parent company and OWSL serving as the wholly-owned subsidiary. en Japan will allocate 72,704 shares of its treasury stock as compensation for the stock swap to the shareholders of OWLS other than itself: Takuya Nagasawa, Reiji Sato, Masafumi Kikuchi and Hiroto Fujii.

(3) Details of the Allocation Pertaining to the Stock Swap

Company	en Japan Inc. (Stock Swap Wholly- owning Parent Company)	OWLS, INC. (Stock Swap Wholly- owned Subsidiary)
Allocation ratio pertaining to the stock swap	1	49.46
Number of shares to be granted with stock swap	en Japan's common shares: 72,704	

*The allocation ratio for OWLS has been rounded down to the second decimal place.

(4) Handling of Share Warrants and Warrant Bonds Accompanying the Stock Swap

OWLS has not issued any share warrants or warrant bonds.

3. Basis for Calculating the Details of the Allocation Pertaining to the Stock Swap

(1) Basis for Calculating the Stock Swap Ratio

en Japan is listed on the First Section of the Tokyo Stock Exchange. Therefore, the share price of en Japan has been calculated with reference to the market price without seeking any third-party opinions. Specifically, it is believed that the share price as close as possible to the stock swap contract date reflects the price of en Japan's shares at the time of the stock swap contract. Therefore, en Japan decided to adopt the closing price on the First Section of the Tokyo Stock Exchange of its common shares on June 7, 2021 – the business day before the day of the resolution by its Board of Directors. The result of basing its calculation on that is that en Japan calculates the price per share in it to be 3,790 yen.

On the other hand, as stated in its press release dated February 22, 2019, en Japan has agreed with the shareholders of OWLS to calculate the swap value of the shares in OWLS in the stock swap ratio calculation based on seven times the EBITDA performance in the fiscal year ended January 31, 2021 of OWLS.

(2) Matters Relating to the Calculation

As stated in its press release dated February 22, 2019, en Japan has agreed with the shareholders of OWLS to calculate the value of the shares in OWLS based on seven times the EBITDA performance in the fiscal year ended January 31, 2021 of OWLS.

Furthermore, as a result of further negotiations with OWLS, en Japan agreed to base the calculation on seven times the 80,335,000 yen that was its EBITDA after adjustment* for the fiscal year ended January 31, 2021.

The Board of Directors of en Japan examined the stock swap ratio based on the above calculation results. It determined that the stock swap ratio falls within a reasonable range. Therefore, it decided to allocate one share in en Japan per 49.46 shares in OWLS together with the stock swap ratio.

*EBITDA after adjustment: The figure after support expenses provided by en Japan have been subtracted from the EBITDA.

4. Overview of the Companies in the Stock Swap

(Current as of March 31, 2021)

(1) Company name	en Japan Inc.	OWLS, INC.
(2) Representatives	Michikatsu Ochi, Chairman Takatsugu Suzuki, President	Takuya Nagasawa, Representative Director
(3) Head office address	Shinjuku I-Land Tower, 6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Sumitomo Fudosan Shinjuku Central Park Tower, 6-18-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo
(4) Date of establishment	January 2000	February 2017
(5) Main business	Job vacancy information site operation and personnel placement services, etc.	Website and application design and development contracting business
(6) Paid-in capital	1,194 million yen	4 million yen
(7) Outstanding shares	49,716,000	3,000
(8) Accounting period	April 1 to March 31	February 1 to January 31
(9) Status of the major Shareholders	<div>Michikatsu Ochi 9.79%</div> <div>The Master Trust Bank of Japan, Ltd. (trust account) 7.87%</div> <div>en Human Capital Education Association Inc. 6.83%</div> <div>Custody Bank of Japan, Ltd. (trust account) 6.44%</div> <div>En-Kikaku Ltd. 4.88%</div>	<div>en Japan Inc. 51.0%</div> <div>Takuya Nagasawa 16.5%</div> <div>Reiji Sato 16.5%</div> <div>Masafumi Kikuchi 15.0%</div> <div>Hiroto Fujii 1.0%</div>

(10) Relationship between the concerned companies	Capital relationship	OWLS is a consolidated subsidiary of en Japan.
	Personnel relationship	Employees of en Japan are Directors of OWLS.
	Business relationship	en Japan has loaned money to OWLS
	Applicability to being a related party	OWLS is a consolidated subsidiary of en Japan. Therefore, it applies as a related party.

*The status of the major shareholders gives the ratio of shares they own based on the number of shares minus treasury stock from the outstanding shares.

5. Operating Results and Financial Condition of the Companies in the Stock Swap over the Last Three Years

(Unit: million yen)

	en Japan Inc. (Consolidated)			OWLS, INC.		
Accounting period	Fiscal Year Ended Mar 31, 2019	Fiscal Year Ended Mar 31, 2020	Fiscal Year Ended Mar 31, 2021	Fiscal Year Ended Jan 31, 2019	Fiscal Year Ended Jan 31, 2020	Fiscal Year Ended Jan 31, 2021
Net assets	35,466	38,648	36,856	4	(51)	19
Total assets	49,852	51,896	46,644	30	100	200
Total assets per share (yen)	762.51	834.74	810.66	1,570	(17,170)	6,401
Sales	48,733	56,848	42,725	92	171	330
Operating income	11,661	11,005	7,771	1	(55)	85
Ordinary income	11,834	11,057	7,939	0.8	(55)	85
Net income attributable to owners of the parent / Net income	8,144	7,125	3,502	0.6	(56)	70
EPS (yen)	178.97	156.23	78.19	230	(18,741)	23,571

6. Situation after the Stock Swap
en Japan (the stock swap wholly-owning parent company) does not expect there will be any changes to its name, address, representatives, main business, paid-in capital or accounting period due to the stock swap.

7. Outlook
OWLS is already a consolidated subsidiary of en Japan. Therefore, the impact on en Japan's consolidated results for the current consolidated fiscal year (ending March 31, 2022) due to the stock swap will be minor.

End