

Recruit Holdings Announces the Disposal of Treasury Shares through Third-party Allotment to Implement an Equity Incentive Plan primarily for HR Technology SBU Employees

Recruit Holdings Co., Ltd. (TSE 6098) (the “Company”) resolved to dispose of its treasury shares through a third-party allotment (the “Treasury Share Disposal”) to implement the Equity Incentive Plan primarily for HR Technology SBU employees at its Board of Directors meeting held today as follows.

Overview of Treasury Share Disposal

Date of disposal	November 29, 2022
Type and number of shares to be disposed of	Common shares 32,500,000 Shares
Disposal price	4,853 yen per share
Total disposal value	157,722,500,000 yen
Party to which the treasury shares are scheduled to be disposed of	The Master Trust Bank of Japan, Ltd. (trust account for Stock grant ESOP)
Other matters	The Treasury Share Disposal shall be subject to the effectiveness of the registration pursuant to the Financial Instruments and Exchange Act of Japan.

Purpose for Disposal

The Company, at its Board meeting held on November 16, 2020, resolved to introduce an Equity Incentive Plan (“Plan”) primarily for HR Technology SBU employees in order to emphasize the significance of their contributions toward enhancing the Company’s corporate value. The Plan will use a scheme called the Employee Stock Ownership Plan Trust (“Trust”).

The Treasury Share Disposal shall be conducted through third-party allotment to The Master Trust Bank of Japan, Ltd., which is the joint trustee under the ESOP trust agreement (“Trust Agreement”) for the Plan concluded between the Company and Mitsubishi UFJ Trust and Banking Corporation.

The number of shares to be disposed of shall equal the number of shares reasonably expected to be required during the trust period, which begins on November 22, 2022, and is tentatively scheduled to expire on November 21, 2025, and corresponds to 1.92% (rounded off to two decimal places) of the total number of issued shares at 1,695,960,030.

The total number of voting rights will increase when the Trust acquires the Company’s shares, resulting in a dilution of voting rights of existing shareholders. However, the number of shares to be disposed of is 32,500,000 and its dilution shall be limited in scale to 1.97% (rounded off to two decimal places) of the total voting rights at 16,492,797, as of September 30, 2022. We believe the number of shares to be disposed of relative to the number of shares issued is minimal and therefore we believe the resulting dilution will have a minimal impact on existing shareholders. In addition, the Trust will not exercise the voting rights on the Company shares.

The amount of treasury stock in the adjusted EPS calculation will not change at the time it is acquired through the Trust. When the shares are delivered to employees, treasury stock will decrease and the

total number of shares used in the adjusted EPS calculation will increase, diluting the adjusted EPS, a key performance indicator. However, the number of shares to be disposed of corresponds to 2.02% (rounded off to the nearest two decimal places) of the total number of shares used to calculate adjusted EPS at 1,610,632,349, as of September 30, 2022, so we expect that the impact on adjusted EPS shall be minimal.

For the purpose, details and the impact of the Plan, please refer to the “Recruit Holdings Announces Equity Incentive Plan primarily for HR Technology SBU employees” announced on November 16, 2020. The Company currently anticipates that this plan will be implemented on an ongoing basis and will continue to consider the acquisition of the Company's shares by the ESOP Trust in the future. The number of shares to be acquired each year will vary depending on multiple factors such as the Company's stock price and the number of eligible employees, and the timing of the acquisition will be determined on a case-by-case basis based on the business environment surrounding the Company and market trends. The Trust may acquire the Company's shares through open market transactions, through the disposal of treasury stock, or through the issuance of new shares, but in principle, the Trust plans to acquire the Company's shares through the disposal of treasury stock.

Overview of the Trust Agreement

Type of Trust	Money trust other than a specified money trust for separate investment (Third party benefit trust)
Purpose of Trust	To grant equity-based incentives to employees of the HR Technology SBU
Trust settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Employee recipients of equity grants under the plan
Trust administrator	A third person who has no conflict of interest with the Company (Certified public accountant)
Date of Trust Agreement	November 22, 2022
Trust term	From November 22, 2022 to November 21, 2025 (tentative)
Exercise of voting rights	No voting rights will be exercised

Basis for Calculating the Disposal Value, and Specific Relevant Details

By taking into consideration recent stock price movement, and with a view to eliminate the arbitrary determination of the value, the disposal value was determined at the closing price of the shares of the Company on the Tokyo Stock Exchange, Inc. (the “TSE”) on the business day immediately preceding the date of resolution at the Board of Directors regarding the Treasury Share Disposal (November 11, 2022), at the amount of 4,853 yen (rounded down to the nearest whole yen).

The Company does not consider the aforementioned disposal value to fall into the category of especially favorable terms under the Companies Act of Japan. The aforementioned disposal value price has been determined by the Company to not be particularly favorable as it is equal to either of the three amounts; i) the product of 4,494 yen (rounded down to the nearest whole yen), the average of the closing prices of Company shares on the TSE in the month (from October 12, 2022 to November 11, 2022) immediately preceding the resolution of the meeting of the Board of Directors, by 107.99% (based on a premium rate



of 7.99% ; rounding off to the nearest two decimal places; the same shall apply hereinafter), and ii) the product of 4,524 yen (rounded down to the nearest whole yen), the average of the closing prices of Company shares for the latest three months (from August 12, 2022 to November 11, 2022) immediately preceding the resolution of the meeting of the Board of Directors, by 107.27% (based on a premium rate of 7.27%), and iii) the product of 4,491 yen (rounded down to the nearest whole yen), the average of the closing prices of Company shares for the latest six months (from May 12, 2022 to November 11, 2022) immediately preceding the resolution of the meeting of the Board of Directors, by 108.06% (based on a premium rate of 8.06%). All members of the Company's Audit & Supervisory Board (a total of 4 members, two of which are outside members) have expressed their opinion that the above disposal value is not especially favorable.

Procedures in the Code of Corporate Conduct

For this Treasury Share Disposal, the dilution rate will be less than 25% and there is no change in controlling shareholders. Accordingly, it is not subject to requirements to obtain an opinion from an independent third party and confirm the intent with shareholders specified by Article 432 of the Securities Listing Regulations established by the TSE.

IR Contact:

Tokyo Investor Relations - Recruit_HD_IR@r.recruit.co.jp

<https://recruit-holdings.com/ir/>