

## **Recruit Holdings Announces Share Repurchase through Self Tender Offer**

TOKYO, JAPAN (May 17, 2023) – Recruit Holdings Co., Ltd. (TSE: 6098) (the “Company”) announced that its Board of Directors resolved today to conduct a share repurchase of its common stock of up to 23,000,000 shares through a tender offer (the “Self Tender Offer”) as the specific purchase method pursuant to Article 156, Paragraph 1 of the Companies Act, as applied by replacing certain terms pursuant to Article 165, Paragraph 3 of such Act, and the provisions of the Company’s Articles of Incorporation.

The Self Tender Offer will be conducted at the purchase price of 3,326 yen (rounded down to the nearest yen), a 10% discount from the simple average of the closing price of the Company’s common stock over the past three months through May 16, 2023, the business day immediately preceding the date that the Board of Directors resolved the Self Tender Offer, which was previously agreed with a Japanese business shareholder who intends to reduce its holdings of the Company’s common stock.

The Company recognizes that there has been concern in the capital markets regarding the possibility of uncoordinated sales by its Japanese business shareholders and the potential for downward pressure on its stock price. Previously, when the Company was notified that several of its shareholders intended to reduce their holdings, the Company conducted secondary equity offerings and a self tender offer to provide these shareholders with opportunities to sell a large volume of shares at the same time in a coordinated manner.

Recently, Dai Nippon Printing Co., Ltd., which holds the largest ownership percentage among the Company’s Japanese business shareholders, notified the Company of its intention to reduce by half its ownership stake in the Company’s common stock by the end of March 2024. The Company has considered the priorities of Dai Nippon Printing Co., Ltd., the potential impact on the Company’s share price from large uncoordinated sales of shares over a short period, the capacity to pursue strategic business investments, the capital markets environment, and the outlook for its financial position and has determined it is appropriate to acquire its own shares in accordance with the Company’s capital allocation policy.

Upon examining multiple transaction alternatives, the Company has decided to acquire the shares from Dai Nippon Printing Co., Ltd. through the Self Tender Offer at the purchase price of 3,326 yen and has entered into a tender offer agreement with Dai Nippon Printing Co., Ltd. pursuant to which the shareholder has agreed to subscribe to tender shares in the Self Tender Offer.

The Self Tender Offer at a discounted price from the market price enables the Company to minimize the cash outflow of acquiring its own shares, while enhancing shareholder value.



### **Outline of the Self Tender Offer**

(1) Class of Shares to be repurchased	Common Stock of the Company
(2) Method of the purchase	Self Tender Offer
(3) Purchase price	3,326 yen (10% discount from the base price <sup>1</sup> )
(4) Total number of shares to be repurchased	23,000,000 shares (Maximum) (up to 1.39% of the total number of shares issued excluding treasury stock)
(5) Total purchase price	76,498 million yen (Maximum)
(6) Self tender offer period	From Thursday, May 18 to Wednesday, June 14, 2023 (20 business days)
(7) Prospective tendering shareholders	Dai Nippon Printing Co., Ltd.

<sup>1</sup>3,696 yen (rounded down to the nearest yen), the simple average of the closing price of the Company's common stock over the past three months through May 16, 2023, the business day immediately preceding the date that the Board of Directors resolved the Self Tender Offer.

The Self Tender Offer will not be conducted, directly or indirectly, in or targeted at the United States, nor through the U.S. postal mail services or other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, e-mail, and Internet communication), nor through any stock exchange facilities in the United States. No tender of shares in the Self Tender Offer may be made through any of the aforementioned methods or means, through such stock exchange facilities, or from the United States. In addition, neither the press releases related to the Self Tender Offer nor other relevant documents will, or may, be sent or distributed in, to, or from the United States by the postal mail services or other means. No tender of shares in the Self Tender Offer that violates, directly or indirectly, any of the aforementioned restrictions will be accepted. No solicitation to purchase securities or other equivalent instruments is being made to residents in the United States or within the United States. Even if such securities or other equivalent instruments are sent to the Company by residents in the United States or from the United States, they will not be accepted.

### **1. Purpose of the Share Repurchase**

The Company's primary use of capital is to invest for its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value. The Company believes that this approach will contribute to the common interests of shareholders. The Company also considers the return of capital to its shareholders to be an important part of its capital allocation strategy.

The Company strives to continuously pay stable dividends per share considering its long-term cash needs and financial position forecast. The provisions of the Company's Articles of Incorporation provides that the Company can repurchase shares of the Company through market sales pursuant to a resolution at the meeting of its Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act in order to make it possible to implement flexible capital strategies in response to changes in the business environment and the Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

For the fiscal year ended March 31, 2023, the Company paid an interim dividend of 11.00 yen per share, which is an increase of 0.5 yen compared to the previous fiscal year, and decided to pay year-end dividend of 11.00 yen per share, which is an increase of 0.5 yen compared to the previous fiscal year, pursuant to the resolutions at the meetings of the Board of Directors held on May 15, 2023. For the fiscal year ending March 31, 2024, the Company plans to pay an interim dividend of 11.50 yen per share, which is an increase of 0.5 yen compared to the previous fiscal year, and a year-end dividend of 11.50 yen per share, which is an increase of 0.5 yen compared to the previous fiscal year.

In order to mitigate the impact on the balance of supply and demand of its shares in the aftermarket and to implement flexible capital policies in response to changes in the business environment, the Company has conducted share repurchases in conjunction with previously announced secondary offerings.

The Company repurchased its common stock pursuant to the resolution at the meeting of the Board of Directors held on August 24, 2016 through the Tokyo Stock Exchange Trading Network Off-Auction Own Share Repurchase Transaction System (ToSTNeT-3), which was the specific method of repurchase determined on August 24, 2016 (Period for the share repurchase: Friday, August 26, 2016; Total number of shares repurchased: 7,643,300 shares (ownership ratio as of the share repurchase<sup>1</sup>: 1.35%); Total purchase price: 29,999,952,500 yen).

In line with the capital allocation policy regarding share repurchases that considers the investment, dividend, strategic M&A, market environment and financial outlooks announced on May 14, 2019, the Company conducted share repurchases following the secondary offerings pursuant to the resolutions at the meetings of the Board of Directors held on August 28, 2019 and November 30, 2020, upon consideration of multiple factors including the balance of supply and demand of its shares in the aftermarket following the secondary offerings and enhancement of the return of capital to its shareholders. ((1) Share repurchase by market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with investment discretion from Thursday, September 19, 2019 through Friday, November 29, 2019 (Total number of shares repurchased: 22,259,600 shares (ownership ratio as of the share repurchase<sup>2</sup>: 1.33%); Total purchase price: 79,999,688,129 yen) and (2) Share repurchase by market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with investment discretion from Monday, December 7, 2020 through Friday, February 26, 2021 (Total number of shares repurchased: 15,157,100 shares (ownership ratio as of the share repurchase<sup>3</sup>: 0.91%); Total purchase price: 68,576,962,887 yen)).

Since the Company recognized the intention of the several Japanese business shareholders to reduce their holdings in the Company, the Company conducted a repurchase of its own shares and make a tender offer pursuant to the resolutions at the meetings of its Board of Directors held on January 28, 2022 (Self tender offer period: from Monday, January 31 to Tuesday, March 1, 2022; Total number of shares repurchased: 26,555,258 shares (ownership ratio as of the share repurchase<sup>4</sup>: 1.61%); Total purchase price: 121,649,636,898 yen) considering the impact in the capital markets regarding the possibility of uncoordinated sales by its Japanese business shareholders and the resulting potential for downward pressure on its stock price, capital allocation strategy, the capital market environment and the outlook for its financial position comprehensively.

In line with the capital allocation policy, the Company conducted share repurchases pursuant to the resolutions at the meetings of the Board of Directors held on October 17, 2022 upon consideration of multiple factors including the investment, share price, market environment and financial and enhancement of the capital efficiency and the return of capital to its shareholders. (Share repurchase by market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with investment discretion from Tuesday, October 18, 2022 through Friday, January 6, 2023 (Total number of shares repurchased: 35,004,100 shares (ownership ratio as of the share repurchase<sup>5</sup>: 2.12%); Total purchase price: 149,999,334,300 yen).

At the middle of April 2023, Dai Nippon Printing Co., Ltd (“the Prospective Tendering Shareholder”, the fifth largest shareholder of the Company, number of shares owned as of the date of the announcement: 36,600,000 shares (ownership ratio<sup>6</sup>: 2.22%)) notified the Company of its intention to sell 18,300,000 shares, which is a portion of its owned shares, held in the Company’s common stock (ownership ratio<sup>4</sup>: 1.11%) (the “Shares Intended to be Sold by the Prospective Tendering Shareholder”) resulting from an assessment of their cross-shareholdings to reduce their assets and maximize their capital efficiency in order to secure the source of investment for further growth.



Note:

- <sup>1</sup> The percentage of shares of the number of shares in the Company (rounded down to the third decimal place. The same shall apply to calculations of ownership ratio hereinafter.) of 564,777,539 shares, which is calculated by deducting the number of the Company's treasury stock of 542,471 shares from the total number of the shares issued and outstanding of 565,320,010 shares as of June 30, 2016.
- <sup>2</sup> The percentage of shares of the number of shares in the Company of 1,672,167,061 shares, which is calculated by deducting the number of the Company's treasury stock of 23,792,969 shares (which does not include the shares held in the Board Incentive Plan Trust ("BIP Trust") (1,353,822 shares)) from the total number of the shares issued and outstanding of 1,695,960,030 shares as of June 30, 2019.
- <sup>3</sup> The percentage of shares of the number of shares in the Company of 1,650,711,397 shares, which is calculated by deducting the number of the Company's treasury stock of 45,248,633 shares (which does not include the shares held in BIP Trust (1,397,998 shares)) from the total number of the shares issued and outstanding of 1,695,960,030 shares as of September 30, 2020.
- <sup>4</sup> The percentage of shares of the number of shares in the Company of 1,648,568,285 shares, which is calculated by deducting the number of the Company's treasury stock of 47,391,745 shares (which does not include the shares held in BIP Trust (1,714,565 shares) and the shares held in Employee Stock Ownership Plan ("ESOP Trust") (12,791,836 shares) ), which is mainly for employees in the HR Technology Strategic Business Unit ("SBU"), which is a business segment in the Recruit Group (the Company, its subsidiaries and its affiliates)) from the total number of the shares issued and outstanding of 1,695,960,030 shares as of June 30, 2019.
- <sup>5</sup> The percentage of shares of the number of shares in the Company of 1,649,423,676 shares, which is calculated by deducting the number of the Company's treasury stock of 46,536,354 shares (which does not include the shares held in BIP Trust (1,883,815 shares) and the shares held in ESOP Trust (36,907,512 shares)) from the total number of the shares issued and outstanding of 1,695,960,030 shares as of September 30, 2022.
- <sup>6</sup> The "ownership ratio" represents the percentage of owned shares of the number of shares in the Company of 1,646,919,013 shares, which is calculated by deducting the number of the Company's treasury stock of 49,041,017 shares (which does not include the shares held in BIP Trust (1,883,815 shares) or the shares held in ESOP Trust (65,919,972 shares, from the total number of the shares issued and outstanding of 1,695,960,030 shares as of March 31, 2023 , which is described in "the Consolidated Financial Statements for the Fiscal Year Ending March 31, 2023 (IFRS accounting standards)" released by the Company on May 15, 2023.

In response to this, the Company immediately started considering possible measures regarding the Shares Intended to be Sold by the Prospective Tendering Shareholder. The Company recognizes that there has been concern in the capital markets regarding the possibility of uncoordinated sales by its Japanese business shareholder and the resulting potential for downward pressure on its stock price.

In order to address these concerns, the Company believes it is effective to provide an opportunity for multiple shareholders to sell a substantial amount of the Company's common shares in a coordinated manner, while also reducing the possibility of irregular market sales of the Company's common shares by shareholders for a certain period of time. As one of the measures, the Company has organized coordinated equity offerings three times in the past (the secondary offerings pursuant to the resolution at the meeting of the Board of Directors held on August 24, 2016, August 28, 2019 and November 30, 2020) when many of the Japanese business shareholders reached the Company around the same time with their intention to reduce their holdings in the Company. Also, in order to mitigate the impact on the balance of supply and demand of its shares in the aftermarket and to enhance shareholder return, the Company repurchased its own shares.

Additionally, Since the Company recognized the intention of the several Japanese business shareholders to reduce their holdings in the Company, the Company conducted a repurchase of its own shares and make a tender offer pursuant to the resolutions at the meetings of its Board of Directors held on January 28, 2022 considering the impact in the capital markets regarding the possibility of uncoordinated sales by its Japanese business shareholders and the resulting potential for downward pressure on its stock price and capital allocation strategy.



Based on the Company's intention to create an opportunity for orderly sales of the Company's shares with consideration for the Prospective Tendering Shareholder's intention and as a result of considering several factors including the potential for downward pressure on the Company's share price from large uncoordinated sales of shares over a short period, its capital allocation policy, its capacity to pursue strategic business investments mainly for its HR Technology business which operate online HR platforms in the HR Matching market and for continuous growth of its existing business, the capital market environment, and the outlook for its financial position, in the middle of April 2023, the Company concluded that purchasing of the Shares Intended to be Sold by the Prospective Tendering Shareholder through a share repurchase would be the most appropriate measure.

With regard to the specific method for purchasing the Shares Intended to be Sold by the Prospective Tendering Shareholder, the Company concluded that the most appropriate method was a purchase through a self tender offer, which provides the opportunity for shareholders other than the Prospective Tendering Shareholder to participate in the tender offer.

The Company believes this is the most appropriate method from the viewpoint of equitable treatment of shareholders, transparency of transactions, maximizing the certainty to sell all of the Shares Intended to be Sold by the Prospective Tendering Shareholder through a repurchase at a price representing a certain discount to the market price which can make the total number of shares to be tendered not to be exceeded the planned number of tendered shares, as well as, minimizing the cash outflow of the Company as much as possible.

Additionally, in determining the purchase price for the Self Tender Offer (the "Tender Offer Price"), considering that the Company's common shares are listed on financial instruments exchanges, the Company emphasizes the clarity and objectivity of the criteria and has decided to place emphasis on the market price of the Company's common shares. The Company also determined that it was desirable to purchase tendered shares at a price representing a certain discount to the market price, from the perspective of enhancing shareholder value as well as minimizing the cash outflow of the Company as much as possible.

Based on the above considerations and decisions, in the middle of April 2023, the Company asked the Prospective Tendering Shareholder whether it would intend to tender its shares if the Company made a tender offer at a price representing a certain discount to the market price of the Company's common shares on the Prime Market of the TSE.

The Company also decided that the appropriate price of the Company's common stock forming the basis of the discount rate would be desirable to be determined by taking into account the market price fluctuations during a certain period. The Company notified the Prospective Tendering Shareholder that it was intending to make a tender offer at a price representing a discount to the simple average of the closing price of the Company's common shares on the Prime Market of the TSE during the one-month or three-month period ending the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer or the closing price of the Company's common shares on the Prime Market of the TSE on the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer.

For this decision, the Company referred to previous examples of tender offers for repurchasing shares at a discounted market price during the period from January 2022 to March 2023 which shows out of 16 examples, 14 were calculated using either of the above options, and therefore determined that it is appropriate to select these as a possible measure to determine the tender price.

To determine the discount rate, the Company considered that the higher the discount rate, the higher the probability that the market price will not fall below the Tender Offer Price during the Self Tender Offer period (hereinafter, the "Self Tender Offer Period"). A market price below the Tender Offer Price minimizes the probability that the total number of tendered shares will exceed the planned number of tendered shares and increases the certainty of the sale of Shares Intended to be Sold by the Prospective Tendering Shareholder and minimizes the cash outflow of the Company as much as possible.



However, the Prospective Tendering Shareholder would not likely agree on an unreasonably high discount rate. In order to determine a reasonable discount rate, we have decided to refer to previous examples of tender offers for repurchasing shares. The Company referred to previous examples of tender offers for repurchasing shares at a discounted market price during the period from January 2022 to March 2023 which shows 10 out of 16 examples are around a 10% discount (from 9.97% to 10.00%).

The Company decided that a discount around 10% to the market price would be desirable taking into account the market price fluctuations during a certain period as the market price may fluctuate on a daily basis due to economic conditions and various other factors, pursuing the certainty of the sale of the Company's common shares by shareholders who apply for the Self Tender Offer and reducing the possibility that the market price falls below the Tender Offer Price as well as minimizing the cash outflow of the Company as much as possible, and the Company notified the Prospective Tendering Shareholder to that effect. In response to this, the Company received the Prospective Tendering Shareholder's intention to apply the Shares Intended to be Sold by the Prospective Tendering Shareholder for the Self Tender Offer at the following day of the notification.

In response to this, after further consultations with the Prospective Tendering Shareholders, the Company proposed to make a tender offer at 3,326 yen (rounded down to the nearest yen), a 10% discount from the average of closing price for the Company's common shares on the Prime Market of the TSE for three months to May 16, 2023, the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer.

The Company decided that the appropriate price of the Company's common stock forming the basis of the discount rate would be desirable to be determined by reflecting the most recent financial results in the stock price, and as such the Company notified the Prospective Tendering Shareholders that it was intending to make a tender offer at 3,326 yen, a 10% discount from the average of closing price for the Company's common shares on the Prime Market of the TSE for three months to May 16, 2023, the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer instead of using the closing price on the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer (May 17, 2022) or the simple average of the closing prices of the Company's common shares during the one month period ending May 16, 2023 in order to pursue increased certainty of the sale of the Company's common shares by shareholders who apply for the Self Tender Offer and reducing the possibility that the market price falls below the Tender Offer Price as well as minimizing the cash outflow of the Company as much as possible.

The following day of the proposal, the Prospective Tendering Shareholders consented to the fact that, in the event that the Company conducts the Self Tender Offer under such conditions, the Prospective Tendering Shareholders will apply for the Self Tender Offer.

As a result, on May 17, 2023, the Company entered into tender offer agreements with the Prospective Tendering Shareholder, indicating that the Prospective Tendering Shareholder would tender 18,300,000 shares (ownership ratio: 1.11%), a portion of their ownership interests in the Company's stock, for the Self Tender Offer.

In the tender offer agreements for the Prospective Tendering Shareholder, there is no prerequisite for tendering their shares. The Company received an explanation from the Prospective Tendering Shareholder that it currently intend to continue holding its common shares other than Shares Intended to be Sold (18,300,000 shares (ownership ratio: 1.11%) of the Prospective Tendering Shareholder).

If the shares tendered in the Self Tender Offer ("Tendered Shares") in aggregate exceeded the planned number of shares to be purchased, the Self Tender Offer will be implemented in accordance with the proportional allocation method specified in Article 27-22-2, Paragraph 2 of the Financial Instruments and Exchange Act applicable pursuant to Article 27-13, Paragraph 5 and with Article 21 of the Cabinet Ordinance. The Company received an explanation from the Prospective Tendering Shareholder that it has not decided as to whether they will sell the portion of the Shares Intended to be Sold by them which are



not purchased if Tendered Shares in aggregate exceeded the planned number of shares to be purchased and part of the Shares Intended to be Sold were not purchased.

After the above considerations and consultations, the Company has resolved at the meeting of its Board of Directors held on May 17, 2023 to conduct a repurchase of its own shares with a tender offer to repurchase its own shares as the specific purchase method pursuant to Article 156, Paragraph 1 of the Companies Act as applied by replacing certain terms pursuant to Article 165, Paragraph 3 of the said Act and the provisions of the Company's Articles of Incorporation.

The Company has resolved at the meeting of its Board of Directors held on May 17, 2023 to conduct a repurchase of its own shares and make a tender offer at a price representing an approximate 10% discount to the average of closing price for the Company's common shares on the Prime Market of the TSE for three months to May 16, 2023.

The Company also has resolved that the planned number of shares to be repurchased should be up to 23,000,000 shares (ownership ratio: 1.39%) in order to provide other shareholders the opportunity to sell their shares owned, while considering its capital allocation policy, its capacity to pursue strategic business investments mainly for HR Technology business which operate online HR platform in the HR Matching market and for continuous growth of existing business, the capital market environment, and the outlook for its financial position.

The Company has considered that it is appropriate to set the total repurchase amount not exceeding around 80 billion yen. The Company also has resolved at the Board of Directors meeting held on May 17, 2023 that the planned number of shares to be repurchased should be up to 23,000,000 shares<sup>7</sup> (ownership ratio: 1.39%), for providing other shareholders the opportunity to sell their shares owned and considering the Company's capital allocation policy, its capacity to pursue strategic business investments mainly for HR Technology business which operate online HR platforms in the HR Matching market and for continuous growth of its existing business, the capital market environment, and the outlook for its financial position.

Note:

<sup>7</sup> The planned number of shares to be repurchased (23,000,000 shares) was calculated with the simple average of the closing price of the Company's common shares during the period from January 26 to April 25, 2023, in order to determine the number by April 26, 2023 for practical reasons.

The Company plans to allocate its own funds to the Self Tender Offer for the full amount. The Company's consolidated liquidity on hand (cash and cash equivalents) as of March 31, 2023 amounted to 877,370 million yen and, after the Company repurchases its shares, the Company's consolidated liquidity on hand exceeds the 5 year average liquidity on hand from the fiscal year ended March 2019 to the fiscal year ended March 2023 (simple average of 574,426 million yen in cash and cash equivalents at the end of the last 5 fiscal years) and furthermore the Company's Free Cash Flow from business operations (the sum of cash flows from operating activities and cash flows from investment activities) for the fiscal year ended March 2023 is 405,516 million yen.

The Company considers that it will be able to secure sufficient liquidity on hand even after allocating funds for the Self Tender Offer by accumulating cash to be generated from its business. In addition, the Company concluded a 200 billion yen commitment line agreement on March 31, 2021 with financial institutions to further prepare for liquidity risk. As of the date of submission of this document, there is no outstanding loan execution balance based on the commitment agreement. We believe that this will ensure sufficient liquidity even in the event of a major change in the business environment. Therefore, as liquidity is ensured in accordance with normal business operations, we believe that there are no issues with financial soundness or safety.

The policy on the disposal of treasury stock acquired through the Self Tender Offer has not yet been determined as of the date of submission of this document; however, it may be used for strategic M&A with the Company's common stock as consideration, for the delivery of shares upon the exercise of stock acquisition rights, and for stock compensation using the Company's common stock for employees of the Group (The Company and its subsidiaries).

## 2. Details of the Board of Directors Resolution Concerning the Own-Share Repurchase

### (1) Details of the Resolution

Type of Shares	Total Number of Shares	Aggregate Purchase Amount
Common shares	23,000,100 shares (Maximum)	76,498,332,600 yen (Maximum)

Note:

<sup>1</sup> Total number of shares issued and outstanding 1,695,960,030 shares (as of May 17, 2023. The increase in the number of shares issued as a result of the exercise of the Company's stock acquisition rights from May 1, 2023 to today is not included.)

<sup>2</sup> Up to 1.35% of total number of shares issued and outstanding

<sup>3</sup> Acquisition period From May 18 to July 31, 2023

(2) Publicly-Traded Securities Relating to the Company's Own Shares Previously Acquired Pursuant to the Resolution  
Not applicable

## 3. Summary of the Self Tender Offer

### (1) Time Table

Date of Board of Directors resolution	Wednesday, May 17, 2023
Date of public notice of commencement of the Self Tender Offer Bid	Thursday, May 18, 2023 Announcement shall be made electronically with notice to that effect in the Nihon Keizai Shimbun. (URL for electronic announcement: <a href="https://disclosure2.edinet-fsa.go.jp/">https://disclosure2.edinet-fsa.go.jp/</a> )
Date of submission of Self Tender Offer Bid notice	Thursday, May 18, 2023
Self Tender Offer Period	From Thursday, May 18 to Wednesday, June 14, 2023 (20 business days)

### (2) Repurchase Price

3,326 yen per share of common stock

### (3) Basis for Calculation of the Repurchase Price

#### a. Basis of the Calculation

In determining the Tender Offer Price, considering that the Company's common shares are listed on financial instruments exchanges, the Company emphasizes the clarity and objectivity of the criteria, and has decided to place emphasis on the market price of the Company's common shares. The Company also determined that it was desirable to purchase tendered shares at a price representing a certain discount to the market price, from the perspective of shareholder value as well as minimizing the cash outflow of the Company as much as possible.

Based on the above considerations and decisions, in the middle of April 2023, the Company asked the Prospective Tendering Shareholder whether it would intend to tender its shares if the Company made a tender offer at a price representing a certain discount to the market price of the Company's common shares on the Prime Market of the TSE.



The Company also decided that the appropriate price of the Company's common stock forming the basis of the discount rate would be desirable to be determined by taking into account the market price fluctuations during a certain period. The Company notified the Prospective Tendering Shareholder that it was intending to make a tender offer at a price representing a discount to the simple average of the closing price of the Company's common shares on the Prime Market of the TSE during the one-month or three-month period ending the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer or the closing price of the Company's common shares on the Prime Market of the TSE on the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer.

For this notification, the Company considers that 10 of 16 recent publicly disclosed examples were calculated based on one of these methods, and determined that it is appropriate to select these as possible measures.

To determine the discount rate, the Company considered that the higher the discount rate, the higher the probability that the market price will not fall below the Tender Offer Price during the Self Tender Offer period. A Tender Offer Price below the market price minimizes the probability that the total number of tendered shares will exceed the planned number of tendered shares and increases the certainty of the sale of Shares Intended to be Sold by the Prospective Tendering Shareholder, while minimizing the cash outflow of the Company as much as possible.

However, the Prospective Tendering Shareholder would not likely agree on an unreasonably high discount rate. In order to determine a reasonable discount rate, we have decided to refer to previous examples of tender offers for repurchasing shares. The Company referred to previous examples of tender offers for repurchasing shares at a discounted market price during the period from January 2022 to March 2023 which showed 10 out of 16 examples with a discount around 10% (from 9.97% to 10.00%).

The Company decided that a discount around 10% to the market price would be desirable to be determined by taking into account the market price fluctuations during a certain period, as the market price may fluctuate on a daily basis due to economic conditions and various other factors, with the intention of pursuing the certainty of the sale of the Company's common shares by shareholders who apply for the Self Tender Offer and reducing the possibility that the market price falls below the Tender Offer Price as well as minimizing the cash outflow of the Company as much as possible.

The Company notified the Prospective Tendering Shareholder to that effect. In response to this, the Company received the Prospective Tendering Shareholder's intention to apply the Shares Intended to be Sold by the Prospective Tendering Shareholder for the Self Tender Offer at the following day of the notification.

As a result, on May 17, 2022, the Company entered into tender offer agreements with the Prospective Tendering Shareholder. The Tender Offer Price of 3,326 yen is equivalent to the price representing a 17.06% discount (rounded down the third decimal place. The same shall apply to calculations of discount rate hereinafter) to 4,010 yen, which is the closing price of the Company's common shares on May 16, 2023, the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer (May 17, 2023), equivalent to the price representing a 12.73% discount to 3,811 yen, which is the simple average of the closing prices of the Company's common shares for the one-month period ending the date and equivalent to the price representing a 10.01% discount to 3,696 yen, which the simple average of the closing prices of the Company's common shares for the three-month period ending the date and equivalent to the price representing a 16.68% discount to 3,992 yen, which is the simple average of the closing prices of the Company's common shares for the six-month period ending the date.

Pursuant to the resolution of the Board of Directors meeting held on October 17, 2022, the Company completed a share repurchase (total number of shares acquired: 35,004,100 shares (ownership ratio at the time of acquisition: 2.12%), total acquisition price: 149,999,334,300 yen) by market purchases on the Tokyo Stock Exchange, Inc. through an appointed securities dealer with investment discretion from October 18, 2022 through January 6, 2023. The simple average purchase price per share was 4,285 yen (rounded to the nearest yen).

There is a difference of 959 yen from the tender offer price of 3,326 yen, but this difference was determined based on the market price on each purchase date. The Company was intending to make a tender offer at 3,326 yen (rounded down to the nearest yen), a 10% discount from the average of closing price for the Company's common shares on the Prime Market of the TSE for three months to May 16, 2023, which is 3,696 yen and 13.75% (round down to the 3rd decimal place) premium to 4,285yen.

b. Background to the Calculation

In determining the Tender Offer Price, considering that the Company's common shares are listed on financial instruments exchanges, the Company emphasizes the clarity and objectivity of the criteria and has decided to place emphasis on the market price of the Company's common shares. The Company also determined that it was desirable to purchase tendered shares at a price representing a certain discount to the market price, from the perspective of enhancing shareholder value as well as minimizing the cash outflow of the Company as much as possible.

Based on the above considerations and decisions, in the middle of April 2023, the Company asked the Prospective Tendering Shareholder whether it would intend to tender its shares if the Company made a tender offer at a price representing a certain discount to the market price of the Company's common shares on the Prime Market of the TSE.

The Company also decided that the appropriate price of the Company's common stock forming the basis of the discount rate would be desirable to be determined by taking into account the market price fluctuations during a certain period.

The Company notified the Prospective Tendering Shareholder that it was intending to make a tender offer at a price representing a discount to the simple average of the closing prices of the Company's common shares on the Prime Market of the TSE during the one-month or three-month period ending the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer or the closing price of the Company's common shares on the Prime Market of the TSE on the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer.

For this decision, the Company referred to previous examples of tender offers for repurchasing shares at a discounted market price during the period from January 2022 to March 2023 which shows out of 16 examples, 14 were calculated based on either of the above options, and therefore determined that it is appropriate to select these as a possible measure to determine the tender price.

To determine the discount rate, the Company considered that the higher the discount rate, the higher the probability that the market price will not fall below the Tender Offer Price during the Self Tender Offer period. A Tender Offer Price below the market price minimizes the probability that the total number of tendered shares will exceed the planned number of tendered shares and increases the certainty of the sale of Shares Intended to be Sold by the Prospective Tendering Shareholder while minimizing the cash outflow of the Company as much as possible.

However, the Prospective Tendering Shareholder would not likely agree on an unreasonably high discount rate. In order to determine a reasonable discount rate, we have decided to refer to previous examples of tender offers for repurchasing shares. The Company referred to previous

examples of tender offers for repurchasing shares at a discounted market price during the period from January 2022 to March 2023 which shows 10 out of 16 examples are around a 10% discount (from 9.97% to 10.00%).

The Company decided that a discount around 10% to the market price would be desirable by taking into account the market price fluctuations during a certain period as the market price may fluctuate on a daily basis due to economic conditions and various other factors, pursuing the certainty of the sale of the Company's common shares by shareholders who apply for the Self Tender Offer and reducing the possibility that the market price falls below the Tender Offer Price as well as minimizing the cash outflow of the Company as much as possible and the Company notified the Prospective Tendering Shareholder to that effect. In response to this, the Company received the Prospective Tendering Shareholder's intention to apply the Shares Intended to be Sold by the Prospective Tendering Shareholder for the Self Tender Offer at the following day of the notification.

In response to this, after further consultations with the Prospective Tendering Shareholder, the Company proposed to make a tender offer at 3,326 yen (rounded down to the nearest yen), a 10% discount from the average of closing price for the Company's common shares on the Prime Market of the TSE for three months to May 16, 2023, the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer.

The Company decided that the appropriate price of the Company's common stock forming the basis of the discount rate would be desirable to be determined by reflecting the most recent financial results in the stock price, and as such the Company notified the Prospective Tendering Shareholders that it was intending to make a tender offer at 3,326 yen (rounded down to the nearest yen), a 10% discount from the average of closing price for the Company's common shares on the Prime Market of the TSE for three months to May 16, 2023, the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer (May 17, 2023) instead of using the closing price of the Company's common shares on the Prime Market of the TSE on the business day immediately preceding the date of the meeting of the Board of Directors resolving the Self Tender Offer (May 17, 2023) or the simple average of the closing prices of the Company's common shares during the one-month period ending May 16, 2023 in order to pursue increased certainty of the sale of the Company's common shares by shareholders who apply for the Self Tender Offer and reducing the possibility that the market price falls below the Tender Offer Price as well as minimizing the cash outflow of the Company as much as possible. The following day of the proposal, the Prospective Tendering Shareholders consented to the fact that, in the event that the Company conducts the Self Tender Offer under such conditions, the Prospective Tendering Shareholders will apply for the Self Tender Offer.

As a result, on May 17, 2023, the Company entered into tender offer agreements with the Prospective Tendering Shareholder.

After the above considerations and consultations, the Company has resolved at the meeting of its Board of Directors held on May 17, 2023 to conduct a repurchase of its shares and make a tender offer at a price representing an approximate 10% discount to the average of closing price for the Company's common shares on the Prime Market of the TSE for three months to May 16, 2023, the business day immediately preceding the date of the meeting of the board of directors resolving the Self Tender Offer (May 17, 2023).

#### (4) Planned Number of Shares to be Purchased

Type of Shares	Planned Number of Shares to be Purchased	Expected Number of Excess Shares	Total
Common shares	23,000,000 shares	--	23,000,000 shares

- <sup>1</sup> If the total number of shares tendered does not exceed the planned number of shares to be purchased (23,000,000 shares), the Company will purchase all tendered shares. If the total number of shares tendered exceeds the planned number of shares to be purchased (23,000,000 shares), the Company will not purchase all or some of the excess portion and will implement delivery-versus-payment settlement with regard to the share certificates in accordance with the proportional allocation method specified in Article 27-22-2, Paragraph 2 of the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended; referred to as the “Act”) applicable pursuant to Article 27-13, Paragraph 5 and with Article 21 of the Cabinet Ordinance on Disclosure of Tender Offer Bids for Publicly-Traded Stock Certificates, etc. by the Issuer (Ministry of Finance Ordinance No. 95 of 1994, as amended).
- <sup>2</sup> Fractional shares shall be subject to the Self Tender Offer. In the case where a shareholder exercises the right to demand purchase of fractional shares pursuant to the Companies Act, the Company will purchase its own shares during the Self Tender Offer Period in accordance with the procedures specified by law.

(5) Funds Necessary for the Purchase  
76,537,000,000 yen

- <sup>1</sup> The amount of funds necessary for the purchase is the total of the estimated purchase proceeds (76,498,000,000 yen), purchase procedure fees, and various expenses for announcements relating to the Self Tender Offer and printing expenses for Self Tender Offer explanatory documents and other necessary documents.
- <sup>2</sup> There are other expenses to be paid to the Tender Offer agent and attorney fees, but the amount has not yet been determined.
- <sup>3</sup> The above amounts do not include consumption tax.

(6) Settlement Method and Commencement Date

- a. Name of the financial instruments broker or bank that will perform settlement relating to the purchase and address of its main branch  
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. 1-9-2 Otemachi, Chiyoda-ku, Tokyo, Japan (the “Tender Offer agent”)
- b. Settlement Commencement Date  
Thursday, July 6, 2023
- c. Settlement Method  
Promptly after the end of the Self Tender Offer Period, notice of purchase pursuant to the Self Tender Offer will be sent to tendering shareholders (in the case of a foreign shareholder, the shareholder’s standing proxy) at their address or location.

Purchases will be made in cash. The amount equal to the purchase proceeds relating to the purchased share certificates less applicable withholding taxes (see note) will be remitted by the Tender Offer agent to the location specified by the tendering shareholder (in the case of a foreign shareholder, the shareholder’s standing proxy) without delay after the settlement commencement date in accordance with instructions from the tendering shareholder (in the case of a foreign shareholder, the shareholder’s standing proxy).

Individual Shareholders

- i. In the case where the tendering shareholder is a resident or a non-resident with a permanent domestic establishment<sup>1</sup>

If the amount of money received for tendering and delivering shares pursuant to the Self Tender Offer exceeds the amount of the portion corresponding to the shares that are the basis of the

delivery included in the Self Tender Offeror's capital (i.e., the purchase price per share exceeds the purchaser's capital per share), the amount of the excess portion is deemed to be dividends and is subject to taxation. Furthermore, the amount of the monies received for tendering and delivering shares pursuant to the Self Tender Offer minus the amount deemed to be dividends is income from the transfer of shares. If there is no amount that is deemed to be dividends (i.e., the purchase price per share is no more than the Tender Offeror's capital per share), all of the monies received for tendering and delivering shares pursuant to the Self Tender Offer is income from the transfer of shares.

The portion considered dividends is subject to withholding equal to 20.315% (15.315% in income taxes and the Special Reconstruction Income Tax under the Act on Special Measures concerning Securing Financial Resources Necessary for Implement Measures for Reconstruction in Response to the Great East Japan Earthquake (Law No. 117 of 2011, as amended; referred to as the "Special Reconstruction Income Tax") and 5% in resident taxes; nonresidents with a permanent domestic establishment are specially exempt from the 5% resident tax); provided, however, that in the case where a shareholder is a large shareholder specified in Article 9-3 of the Act on Special Measures Concerning Taxation (Law No. 26 of 1957, as amended; referred to as the "Act on Special Measures Concerning Taxation") ("Large Shareholder, etc."), 20.42% of the payment is withheld (income tax and Special Reconstruction Income Tax only). In addition, the amount of income from the transfer of shares minus acquisition expenses relating to the shares is in principle subject to separate self-assessment taxation.

In the case where shares in a tax-free account ("Tax-Free Account") specified in Article 37-14 of the Act on Special Measures Concerning Taxation (tax-free status of income from transfers relating to small amounts of publicly-traded shares in Tax-Free Accounts) are tendered pursuant to the Self Tender Offer and the financial instruments broker with which the tax-free account was opened is Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., income from the transfer of shares pursuant to the Self Tender Offer is in principle tax free. If the tax-free account was opened with a financial instruments broker other than Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., the treatment described above may not apply.

- ii. In the case where the tendering shareholder is a non-resident without a permanent domestic establishment<sup>1</sup>

The amount deemed to be dividends is subject to 15.315% withholding (income tax and Special Reconstruction Income Tax only). If the shareholder is a major shareholder, then the deemed dividends are subject to 20.42% withholding (income tax and Special Reconstruction Income Tax only). Further, income arising from the transfer of shares is in principle not subject to taxation in Japan.

#### Corporate Shareholders<sup>1</sup>

In the case where a tendering shareholder is a corporate shareholder, if the amount of money received for tendering and delivering shares pursuant to the Self Tender Offer exceeds the amount of the portion corresponding to the shares that are the basis of the delivery included in the Self Tender Offeror's capital (i.e., the purchase price per share exceeds the purchaser's capital per share), the amount of the excess portion is deemed to be dividends and is subject to 15.315% withholding (income tax and Special Reconstruction Income Tax only).

Foreign shareholders (here and hereafter, shareholders who are residents of a foreign country specified in an applicable tax treaty (including corporate shareholders)) who wish to have the income tax and Special Reconstruction Income Tax on the deemed dividend amount reduced or exempted pursuant to an applicable tax treaty must inform the Tender Offer agent by June 14, 2023 that written notice regarding the tax treaty will be submitted and submit the notice to the



Tender Offer agent by the business day (July 5, 2023) immediately prior to the payment commencement date.<sup>1</sup>

<sup>1</sup> Please consult with your tax accountant or other professional concerning specific tax related questions and make your own determinations.

(7) Other

- a. The Self Tender Offer is not being conducted in the United States or for the United States, either directly or indirectly, and is not being conducted by means of U.S. mail or other interstate or international commerce methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail and internet communications), and also is not being conducted through any securities exchange facilities in the United States. No subscriptions to the Self Tender Offer may be made through any of the aforementioned methods or means, or through the aforementioned facilities, or from the United States.

Furthermore, this document and related documents regarding the Self Tender Offer are not being sent to or distributed, and may not be sent or distributed, in the United States or from the United States by means of mail or any other method. The Company will not accept any subscriptions to the Self Tender Offer that directly or indirectly violate the aforementioned restrictions.

Subscribing shareholders and other relevant parties (standing proxies in case of foreign shareholders) are requested to make the following representations and warranties to the Tender Offer agent when tendering shares pursuant of the Self Tender Offer.

Subscribing shareholders and other relevant parties: (i) are not in the United States at the time of subscription and submission of the tender offer subscription; (ii) have not received or sent any information regarding the Self Tender Offer (including any copies), directly or indirectly, in the United States, to the United States, or from the United States; (iii) have not used, directly or indirectly, any U.S. mail, other interstate or international commercial methods or means (including, but not limited to, telephone, telex, facsimile, electronic mail and internet communications), or any securities exchange facilities in the United States, when signing and delivering any offer or tender offer subscription forms; and (iv) are not acting as any other party's agent, trustee or mandatary without discretionary power (except when such other party gives all instructions regarding the offer from the outside of the United States).

- b. On May 17, 2023, the Company entered into a tender offer agreement with the Prospective Tendering Shareholder to accept the Self Tender Offer for 18,300,000 shares (ownership ratio: 1.11%) , a portion of its ownership interests in the Company's stock. In the tender offer agreement for Dai Nippon Printing, there is no prerequisite for tendering its shares.
- c. On May 15, 2023, the Company published "the Consolidated Financial Statements for the Fiscal Year Ending March 31, 2023 (IFRS accounting standards)". The summary of the Company's financial results based on the announcement is as follows. Please note that the content of this announcement has not been audited by an auditing firm pursuant to the provisions of Article 193-2, Paragraph 1 of the Act. For details, please refer to the content of the announcement.



Outline of the Consolidated Financial Statements for the Fiscal Year Ending March 31, 2023 (IFRS accounting standards)  
(From Friday, April 1, 2022 to Friday, March 31, 2023)

i. Consolidated Operating Results

(In millions of yen, unless otherwise stated)	FY2022
Revenue	3,429,519
Cost of sales	1,432,643
Selling, general and administrative expenses	1,603,242
Other operating income	4,559
Other operating expenses	53,888
Profit attributable to owners of the parent	269,799

ii. Status per share

Basic earnings per share	168.59 yen
Dividend per share	22.00 yen

Reference

Treasury stock held as of March 31, 2023

Total number of shares outstanding (excluding treasury stock) 1,646,919,013 shares

Total number of shares of Treasury stock<sup>1</sup> 49,041,017 shares

<sup>1</sup> Treasury stock does not include the shares held in the Bord Incentive Plan trust (1,719,165 shares) and the shares held in an equity-settled Employee Stock Ownership Plan (ESOP) trust (12,794,100 shares)

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