May 17, 2021

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.

1. Overview of Treasury Share Disposal

Date of disposal	June 2, 2021
Type and number of shares to be disposed of	Common shares 12,794,100 Shares
Disposal price	4,930 yen per share
Total disposal value	63,074,913,000 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.

2. 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 delivered to the eligible employees during the trust period pursuant to the Plan, and corresponds to 0.75% (rounded off to two decimal places) of the total number of shares outstanding 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 12,794,100 and its dilution shall be limited in scale to 0.78% (rounded off to two decimal places) of the total voting rights at 16,355,336, as of March 31, 2021. We believe that the impact on existing shareholders and that the number of shares to be disposed of, as well as its scale of dilution shall be minimal. 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 which is a key performance indicator. However, the number of shares to be disposed of corresponds to 0.78% (rounded off to the nearest two decimal places) of the total number of shares used to calculate

adjusted EPS at 1,634,196,466, as of March 31, 2021, 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.

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	May 25, 2021
Trust term	From May 25, 2021 to May 24, 2024（tentative）
Start of the Plan:	May 25, 2021
Exercise of voting rights	No voting rights will be exercised

3. 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 (May 17, 2021), at the amount of 4,930 yen（rounded down to the nearest whole yen）.

The Company does not consider the aforementioned disposal value to fall into the category of particularly 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 5,047 yen (rounded down to the nearest whole yen), the average of the closing prices of Company shares on the TSE in the month (from April 15, 2021 to May 14, 2021) immediately preceding the resolution of the meeting of the Board of Directors, by 97.68% (based on a discount rate of 2.32% ; rounding off to the nearest two decimal places; the same shall apply hereinafter), and ii) the product of 5,178 yen (rounded down to the nearest whole yen), the average of the closing prices of Company shares for the latest three months (from February 15, 2021 to May 14, 2021) immediately preceding the resolution of the meeting of the Board of Directors, by 95.21% (based on a discount rate of 4.79%), and iii) the product of 4,808 yen (rounded down to the nearest whole yen), the average of the closing prices of Company shares for the latest six months (from November 13, 2020 to May 14, 2021) immediately preceding the resolution of the meeting of the Board of Directors, by 102.54% (based on a premium rate of 2.54%).

4. 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.

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