



February 8, 2019

For Immediate Release:

Company name: Fullcast Holdings Co., Ltd.  
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President, Representative Director and CEO  
  
(Stock code: 4848; Stock Exchange listing:  
First Section of the Tokyo Stock Exchange)  
(ADR information: Symbol: FULCY, CUSIP: 35968P100)  
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## **Announcement Regarding the Decision on Matters Related to the Acquisition of Treasury Shares and Tender Offer for Treasury Shares**

At the Board of Directors' Meeting held on February 8, 2019, based on the provision of Article 156, Paragraph 1 of the Companies Act (Act No. 86, 2005, including subsequent revisions. Hereinafter referred to as the "Companies Act") as applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the Companies Act and the Articles of Incorporation of the Company, Fullcast Holdings Co., Ltd. decided to acquire treasury shares and to conduct a tender offer of treasury shares (hereinafter referred to as "the Tender Offer") as a specific method of acquiring treasury shares and to conduct market purchase after the Tender Offer. Details are as follows.

### **I. Acquisition of treasury shares**

#### **1. Reasons for acquisition of treasury shares**

Fullcast Holdings Co., Ltd. will acquire treasury shares in order to enhance capital efficiency and to provide greater returns to shareholders by realizing a total return ratio of at least 50% relative to adjusted net income\*, which is a target for shareholder returns, and as part of our execution of a flexible capital policy.

\*Fullcast Holdings Co., Ltd. defines "adjusted net income" as net income attributable to Fullcast Holdings Co., Ltd., excluding the effects of income taxes-deferred associated with the booking of deferred tax assets from losses carried forward, and uses adjusted net income as a basis for calculating the total return ratio. Furthermore, given that deferred tax assets were eliminated in the fiscal year ended December 2018, adjustments will not be made for these effects in the fiscal year ending December 2019 and thereafter.

#### **2. Details relating to the acquisition**

(1) Types of shares to be acquired: Common stock

(2) Total number of shares that can be acquired: 450,000 shares (maximum limit)

(1.17% of total number of shares issued (excluding treasury shares)) (rounded to three decimal places)

(3) Total acquisition cost: 827 million yen (maximum limit)

(4) Acquisition period: February 12, 2019 - April 26, 2019

(5) Method of acquisition

Fullcast Holdings Co., Ltd. will acquire treasury shares by means of the Tender Offer and market purchase after the Tender Offer.

With regards to the acquisition cost out of the total acquisition cost of 827 million yen not acquired based on the Tender Offer, the Company has decided to conduct market purchase (discretionary dealing by securities firm) on the Tokyo Stock Exchange, Inc. (hereinafter, referred to as "the TSE") with an acquisition period from April 4, 2019, which is the business day following the commencement date of settlement for the Tender Offer

(April 3, 2019), until April 26, 2019. See “II. Tender Offer for treasury shares” below for details of the Tender Offer.

## II. Tender Offer for treasury shares

### 1. Objective of the Tender Offer

The Company has a policy of enhancing returns of profits to shareholders with a target of achieving a total return ratio of 50% relative to adjusted net income. Going forward, we will implement shareholder returns with a target (hereinafter, referred to as “the profit return target”) of achieving a total return ratio of 50% relative to adjusted net income through dividends and share buybacks combined by enhancing profitability and further improving management efficiency. This will enable us to achieve adjusted ROE (Note 1) of 20% or higher, which is an indicator used for “improvement of corporate value.” Furthermore, the Company has established a basic policy of offering a dividend from surplus twice a year, comprising an interim dividend and a year-end dividend. The Articles of Incorporation stipulate that the Company can offer an interim dividend as prescribed in Article 454, Paragraph 5 of the Companies Act. The decision-making body for the dividend is the Board of Directors for both the interim dividend and year-end dividend. With regards to internal reserves, we plan to improve our business base in order to achieve sustainable growth through allocation to preparation for future business expansion, development of systems, and enhancement of internal programs such as employee education.

(Note 1) “Adjusted ROE” refers to ROE calculated based on adjusted net income.

Based on the profit return target, the Fullcast Holdings paid a total dividend of 26 yen per share (interim dividend: 12 yen, year-end dividend: 14 yen) in the fiscal year ended December 2017, totaling 985 million yen. In addition, at the Board of Directors’ Meeting held on February 9, 2018, it was resolved to acquire treasury shares up to a total number of shares of 340,000 (Maximum limit) and a total acquisition cost of 682 million yen (acquisition period: February 13 - March 23, 2018). In accordance with this resolution, the Company implemented the acquisition of its common stock through market purchase on the TSE (total number of shares acquired: 276,600 shares, total acquisition cost: 681,916,800 yen). As a result, profit return to shareholders totaled 1,667 million yen, and the total return ratio relative to adjusted net income of 3,261 million yen for the year ended December 2017 was 51.1% (rounded to two decimal places).

Meanwhile, at the time of the announcement of the Company’s financial results for the fiscal year ended December 2017 on February 9, 2018, we had planned to offer a total dividend of 28 yen per share (interim dividend: 14 yen, year-end dividend: 14 yen), an increase in the dividend of 2 yen from the previous fiscal year.

Under these circumstances, in early August 2018, the Company received a communication from its major and largest shareholder Hirano Associates Co., Ltd (number of shares of the Company’s common stock owned as of the date of this document (hereinafter, referred to as “shareholding”): 12,831,300 shares, percentage of ownership (Note 2): 34.12%. Hereinafter, referred to as “Hirano Associates”) to the effect that Hirano Associates intended to sell part of its shareholding. The spouse of Takehito Hirano, the Chairman of the Company, serves as Representative Director of Hirano Associates, and Hirano Associates is an asset management company in which Takehito Hirano, his spouse, and his three children each own 20% of the voting rights.

(Note 2) “Percentage of ownership” refers to the ownership as a percentage of 37,607,848 shares calculated as the total number of shares issued as of December 31, 2018 stated as 38,486,400 shares in Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2018 [Japanese Standards] (Consolidated), which the Company released on February 8, 2018, (hereinafter, referred to as “the Company’s Financial Results Summary”) less 878,552 shares of treasury shares that the Company owned as of the same date (rounded to three decimal places. The same shall apply to the calculation of the percentage of ownership hereinafter.)

In view of this, in early August 2018, the Company commenced an initial study regarding the acquisition of the said shares as treasury shares, based on a comprehensive consideration of the impact on the liquidity of the Company’s common stock in the case that a large volume of shares were to be released onto the market at once and the Company’s financial position.

Moreover, based on its strong performance trends, the Company revised the year-end dividend forecast from 14 yen per share at the time of the consolidated financial results announcement for the first half of the fiscal year ending December 2018 on August 10, 2018 to 16 yen per share, up by 2 yen. As a result, the Company planned to offer a total dividend of 30 yen per share (interim dividend: 14 yen, year-end dividend: 16 yen) for the fiscal year ended December 2018, up by 4 yen year on year, totaling 1,128 million yen, and to supplement the return of profit to shareholders required to achieve the profit return target with the acquisition of treasury shares. In conjunction with this, in early December 2018, the Company began a full-scale study concerning the acquisition of the common stock which Hirano Associates intended to sell as treasury shares. As a result of the study, the

Company determined that the acquisition of the common stock which Hirano Associates intended to sell as treasury shares would contribute to providing greater returns to shareholders by realizing a total return ratio of 50% relative to adjusted net income, which is a target for shareholder returns, and to enhancing capital efficiency, including earnings per share (EPS) and return on equity (ROE), facilitating our execution of a flexible capital policy. With regard to the specific method of acquisition of treasury shares, the Company judged that the Tender Offer method would be appropriate based on continuous consideration from the perspectives of such factors as equality among shareholders and transparency of transactions. In determining the purchase price in the Tender Offer (hereinafter, referred to as “the Tender Offer Price”), the Company took into consideration the fact that the common stock of the Company is listed on a financial instruments exchange and that the acquisition of treasury shares by listed companies is often executed by purchasing shares from the market through the financial instruments exchange, and, placing importance on ensuring the clarity and objectivity of standards, decided that we should use as a reference the market price as an appropriate price of the common stock of the Company. Furthermore, in order to prevent as much as possible an outflow of assets from the perspective of respecting the interests of shareholders who will continue to hold the common stock of the Company without applying for the Tender Offer, we concluded that it would be preferable to set the offer at a discounted price compared to the market price and decided to use cases of a Tender Offer for treasury shares conducted in the past as a reference for the discount rate. The entire amount of funds required for the Tender Offer will be appropriated from the Company’s own funds. The balance of cash and deposits on a consolidated basis as of December 31, 2018 stated in the Company’s Financial Results Summary stood at 8,467 million yen and cash flow from operations is expected to continue to accumulate going forward. Therefore, we believe that we will be able to maintain the Company’s financial soundness and stability following the Tender Offer.

Following the aforementioned considerations, the Company sounded out Hirano Associates in mid-December 2018 about the possibility that Hirano Associates would apply if the Tender Offer was carried out at a discounted price against the market price of the Company’s common stock on the First Section of the TSE, and obtained the response that Hirano Associates would positively consider tendering 400,000 shares (percentage of ownership: 1.06%), which are part of its shareholding of the Company’s common stock.

In view of this, in mid-January 2019, the Company submitted a proposal to Hirano Associates setting the Tender Price at a discount of about 10% from the market price of the Company’s common stock on the First Section of the TSE, and obtained the response in mid-January 2019 that Hirano Associates would consider tendering 400,000 shares (percentage of ownership: 1.06%), part of its shareholding of the Company’s common stock under the aforementioned terms. Subsequently, the Company engaged in further consultation in early February 2019 with Hirano Associates on the discount rate in determining the Tender Offer Price because it recognized the possibility of recording a loss on valuation of shares related to subsidiaries and associates in the fourth quarter period of the fiscal year ended December 2018 and to sound out Hirano Associates about whether it would apply if the Tender Offer was carried out with the Tender Offer Price set at a discount rate with a level higher than 10% (including 10%) instead of an amount discounted by about 10% against the market price of the Company’s common stock on the First Section of the TSE, and obtained the response in early February 2019 that Hirano Associates would tender. On February 7, 2019, the Company engaged in final consultation with Hirano Associates about the Tender Offer Price and finally agreed with Hirano Associates to set the Tender Offer Price at an amount discounted by 10% from the closing price of the Company’s common stock on the First Section of the TSE on February 7, 2019, the business day before the date of Board of Directors’ Meeting for resolving to carry out the Tender Offer (February 8, 2019). The Company obtained the response that if the Tender Offer was carried out under the aforementioned terms, Hirano Associates would tender 400,000 shares (percentage of ownership: 1.06%), part of its shareholding of the Company’s common stock, and that it would continue to hold 12,431,300 shares of the Company’s common stock (percentage of ownership: 33.06%) not tendered in the Tender Offer. Furthermore, Ten Associates Co., Ltd., the Company’s 8th largest shareholder (shareholding: 600,000 shares, percentage of ownership: 1.60%), Daiki Associates Co., Ltd., the Company’s 8th largest shareholder (same shareholding as aforementioned Ten Associates Co., Ltd., so rank is the same) (shareholding: 600,000 shares, percentage of ownership: 1.60%), and Anan Associates Co., Ltd., the Company’s 21st largest shareholder (shareholding: 263,300 shares, percentage of ownership: 0.70%) are three asset management companies where Takehito Hirano’s spouse serves as a Director, and the Company has heard from Ten Associates Co., Ltd., Daiki Associates Co., Ltd., and Anan Associates Co., Ltd. that none of them intend to tender any of their shareholdings in the Tender Offer. With regard to the number of shares planned for purchase in the Tender Offer, it was deemed appropriate to limit the number to 440,000 shares (percentage of ownership: 1.17%) from the viewpoint of providing shareholders other than Hirano Associates with the opportunity to apply.

Based on the aforementioned process, Fullcast Holdings resolved at the Board of Directors’ Meeting held on February 8, 2019, based on the provision of Article 156, Paragraph 1 of the Companies Act as applied mutatis mutandis pursuant to the provision of Article 165, Paragraph 3 of the Companies Act and the Articles of Incorporation of the Company, to acquire the Company’s common stock and to conduct the Tender Offer of treasury shares as a specific method of acquiring treasury shares and to conduct a market purchase after the

Tender Offer with the objective of achieving the profit return target set by the Company. Finally, in conjunction with this, at the aforementioned Board of Directors' Meeting, the Company also resolved to increase the dividend by a further 2 yen from the revised year-end dividend forecast of 16 yen at the time of the announcement of the Company's financial results for the first half of the fiscal year ended December 2018 on August 10, 2018 to 18 yen (an increase of 4 yen from the 14 yen planned at the time of the announcement of the Company's financial results for the year ended December 2017 on February 9, 2018.) As a result, the Company decided to offer a total dividend of 32 yen for the fiscal year ended December 2018 (interim dividend: 14 yen, year-end dividend: 18 yen), totaling 1,203 million yen. In view of this, the return of profit to shareholders will be 2,030 million yen for the fiscal year ended December 2018 totaling (1) the total amount of dividends paid to the Company's shareholders of 1,203 million yen (full-year total per share: 32 yen); (2) 707 million yen of the Company's common stock that the Company will acquire in the event that only the Company's common stock which Hirano Associates planned to tender is tendered in the Tender Offer (the amount calculated by multiplying the Company's common stock that Hirano Associates planned to tender in the Tender Offer (400,000 shares) by the Tender Offer Price (1,767 yen). Hereinafter, referred to as "the Tendering Shareholder's Planned Sale Amount"); and (3) 120 million yen, which is the amount of the Company's common stock to be acquired through market purchase after the Tender Offer (the amount obtained by calculating (a) 827 million yen, which is the total acquisition cost relating to the acquisition of treasury shares that the Company resolved at the Board of Directors' Meeting held on February 8, 2019 less (b) 707 million yen, which is the Tendering Shareholder's Planned Sale Amount), and the total return ratio relative to adjusted net income of 3,385 million yen (excluding the impact from booking impairment loss attributable to a decline in the price of shares in subsidiaries and associates (share of loss of entities accounted for using equity method)) for the year ended December 2018 is planned to be over 50%.

The spouse of Takehito Hirano, the Chairman of the Company, serves as Representative Director of Hirano Associates, in which Takehito Hirano, his spouse, and his three children each own 20% of the voting rights of Hirano Associates. Considering the possibility of Takehito Hirano having a special interest with respect to the Tender Offer, he was not involved in the consultation and negotiation regarding the terms of the Tender Offer from the standpoint of the Company. Moreover, he did not participate in any of the deliberation and the resolution at the aforementioned Board of Directors' Meeting on February 8, 2019.

The method of disposal of the treasury shares to be acquired by means of the Tender Offer and market purchase after the Tender Offer is yet to be determined.

## 2. Details of the resolution of the Board of Directors on the acquisition of treasury shares

### (1) Details of resolution

See "2. Details relating to the acquisition" under "I. Acquisition of treasury shares" above.

### (2) Listed share certificates, etc. relating to own shares already acquired based on the said resolutions

There are no relevant matters.

## 3. Tender Offer outline

### (1) Schedule, etc.

1) Resolution in Board of Directors' Meeting	Friday, February 8, 2019
2) Publication date for commencing the Tender Offer	Tuesday, February 12, 2019 Electronic public notice will be posted, and the posting of the electronic public notice will be published in the Nihon Keizai Shimbun newspaper (Internet address for electronic public notice: <a href="http://disclosure.edinet-fsa.go.jp/">http://disclosure.edinet-fsa.go.jp/</a> )
3) Filing date for the Tender Offer registration statement	Tuesday, February 12, 2019
4) Period of the Tender Offer	From Tuesday, February 12, 2019 to Monday, March 11, 2019 (20 business days)

### (2) Tender Offer Price

1,767 yen per share of common stock

### (3) Basis for Calculation of Tender Offer Price

#### 1) Basis for Calculation

In calculating the Tender Offer Price, the Company took into consideration the fact that the common stock of the Company is listed on a financial instruments exchange and that the acquisition of treasury shares by listed companies is often executed by purchasing shares from the market through the financial instruments exchange, and, placing importance on ensuring the clarity and objectivity of standards, decided that we should use as a reference the market price as an appropriate price of the common stock of the Company. Moreover, in order to calculate a fair valuation for the market price of our common stock and due to the fact that it is preferable to consider stock price fluctuations over a certain period because the market stock price fluctuates on a daily basis due to economic and various other conditions, we referenced the closing price of the Company's common stock on the First Section of the TSE on February 7, 2019, the day before the date of the Board of Directors' Meeting for resolving to carry out the Tender Offer (February 8, 2019), which was 1,963 yen, the simple average of the closing price of the Company's common stock the one month prior to February 7, 2019 which was 1,842 yen (rounded to the nearest yen. Hereinafter, the same shall apply to the calculation of the simple average closing price.), and the simple average closing price of the Company's common stock for the three months prior to February 7, 2019 which was 1,968 yen. Furthermore, in order to prevent as much as possible an outflow of assets from the perspective of respecting the interests of shareholders who will continue to hold the common stock of the Company without applying for the Tender Offer, we concluded that it would be preferable to set the offer at a discounted price compared to the market price and decided to use cases of a Tender Offer for treasury shares conducted in the past as a reference for the discount rate.

Following the aforementioned considerations, the Company sounded out Hirano Associates in mid-December 2018 about the possibility of whether Hirano Associates would apply if the Tender Offer was carried out at a discounted price against the market price of the Company's common stock on the First Section of the TSE, and obtained the response that Hirano Associates would positively consider tendering 400,000 shares (percentage of ownership: 1.06%), which are part of its shareholding of the Company's common stock.

In view of this, in mid-January 2019, the Company submitted a proposal to Hirano Associates setting the Tender Price at a discount of about 10% from the market price of the Company's common stock at the First Section of the TSE, and obtained the response in mid-January 2019 that Hirano Associates would consider tendering 400,000 shares (percentage of ownership: 1.06%), which are part of its shareholding of the Company's common stock under the aforementioned terms. Subsequently, the Company engaged in further consultation in early February 2019 with Hirano Associates on the discount rate in determining the Tender Offer Price because it recognized the possibility of recording a loss on valuation of shares related to subsidiaries and associates in the fourth quarter financial results for the fiscal year ended December 2018 and to sound out Hirano Associates about whether it would apply for the Tender Offer if it was carried out with the Tender Offer Price set at a discount rate with a level higher than 10% (including 10%) instead of an amount discounted by about 10% against the market price of the Company's common stock on the First Section of the TSE, and obtained the response in early February 2019 that Hirano Associates would apply. On February 7, 2019, the Company engaged in final consultation with Hirano Associates about the Tender Offer Price and finally agreed with Hirano Associates to set the Tender Offer Price at an amount discounted by 10% from the closing price of the Company's common stock on the First Section of the TSE on February 7, 2019, the business day before the date of the Board of Directors' Meeting for resolving to carry out the Tender Offer (February 8, 2019). The Company obtained the response that if the Tender Offer was carried out under the aforementioned terms, Hirano Associates would tender 400,000 shares (percentage of ownership: 1.06%), which are part of its shareholding of the Company's common stock, and that it would continue to hold 12,431,300 shares of the Company's common stock (percentage of ownership: 33.06%) not tendered in the Tender Offer.

Based on the above, the Company decided at the Board of Directors' Meeting held on February 8, 2019 to set the Tender Offer Price at 1,767 yen, discounted by 9.98% (rounded to three decimal places. The same applies to the calculation of the discount rate hereinafter.) from 1,963 yen (rounded to the nearest whole yen), which was the closing price of the Company's common stock on the First Section of the TSE on February 7, 2019, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 8, 2019).

In addition, 1,767 yen, the Tender Offer Price, is an amount discounted by 9.98% from the 1,963 yen closing price of the Company's common stock on February 7, 2019, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 8, 2019), by 4.07%

from the 1,842 yen simple average closing price of the Company's common stock for the one month prior to February 7, 2019, and by 10.21% from the 1,968 yen simple average closing price of the Company's common stock for the three months prior to February 7, 2019.

Furthermore, the Company acquired 276,600 shares of treasury shares totaling 681,916,000 yen through market purchase between February 13, 2018 and March 23, 2018. The simple average of the said acquisition cost was 2,465 yen (rounded to the nearest whole yen), determined based on the market price for each date of acquisition. However, as 1,767 yen, the Tender Offer Price, is a price discounted by 9.98% from 1,963 yen, the closing price of the Company's common stock on the First Section of the TSE on February 7, 2019, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 8, 2019), there is a disparity of 698 yen between the two prices.

## 2) Calculation Background

Fullcast Holdings has a policy of enhancing returns of profits to shareholders with a target of achieving a total return ratio of 50% relative to adjusted net income. Going forward, we will aim to achieve a target of a total return ratio of 50% relative to adjusted net income by enhancing profitability and further improving management efficiency as well as implementing shareholder returns with the profit return target. This will enable us to achieve adjusted ROE of 20% or higher, which is an indicator used for "improvement of corporate value." Furthermore, the Company has established a basic policy of offering a dividend from surplus twice a year, comprising an interim dividend and a year-end dividend. The Articles of Incorporation stipulate that the Company can offer an interim dividend as prescribed in Article 454 Paragraph 5 of the Companies Act. The decision-making body for the dividend is the Board of Directors for both the interim dividend and year-end dividend. With regards to internal reserves, we plan to improve our business base in order to achieve sustainable growth through allocation to preparation for future business expansion, development of systems, and enhancement of internal programs such as employee education.

Based on the profit return target, the Company paid a total dividend of 26 yen per share (interim dividend: 12 yen, year-end dividend: 14 yen) in the fiscal year ended December 2017, totaling 985 million yen. In addition, at the Board of Directors' Meeting held on February 9, 2018, it was resolved to acquire treasury shares up to a total number of shares of 340,000 (Maximum limit) and a total acquisition cost of 682 million yen (acquisition period: February 13 - March 23, 2018). In accordance with this resolution, the Company implemented the acquisition of its common stock through market purchase on the TSE (total number of shares acquired: 276,600 shares, total acquisition cost: 681,916,800 yen). As a result, profit return to shareholders totaled 1,667 million yen, and the total return ratio relative to adjusted net income of 3,261 million yen for the year ended December 2017 was 51.1% (rounded to two decimal places).

Meanwhile, at the time of the announcement of the Company's financial results for the fiscal year ended December 2017 on February 9, 2018, we had planned to offer a total dividend of 28 yen per share (interim dividend: 14 yen, year-end dividend: 14 yen), an increase in the dividend of 2 yen from the previous fiscal year.

Under these circumstances, in early August 2018, the Company received a communication from its major and largest shareholder Hirano Associates (shareholding: 12,831,300 shares, percentage of ownership: 34.12%) to the effect that Hirano Associates intended to sell part of its shareholding. The spouse of Takehito Hirano, the Chairman of the Company, serves as Representative Director of Hirano Associates, and Hirano Associates is an asset management company in which Takehito Hirano, his spouse, and his three children each own 20% of the voting rights.

In view of this, in early August 2018, the Company commenced an initial study regarding the acquisition of the said shares as treasury shares, based on a comprehensive consideration of the impact on the liquidity of the Company's common stock in the case that a large volume of shares were to be released onto the market at once and the Company's financial position.

Moreover, based on its strong performance trends, the Company revised the year-end dividend forecast from 14 yen per share at the time of the consolidated financial results announcement for the first half of the fiscal year ending December 2018 on August 10, 2018 to 16 yen per share, up by 2 yen. As a result, the Company planned to offer a total dividend of 30 yen per share (interim dividend: 14 yen, year-end dividend: 16 yen) for the fiscal year ended December 2018, up by 4 yen year on year, totaling 1,128 million yen, and to supplement the return of profit to shareholders required to achieve the profit return target with the acquisition of treasury shares. In conjunction with this, in early December 2018, the Company began a full-scale study concerning the acquisition of the common stock which Hirano Associates intended to sell as treasury shares. As a result of the study, the Company determined that the acquisition of the common stock which Hirano Associates intended to sell as treasury shares would contribute to providing greater returns to shareholders by realizing a total return ratio of 50% relative to adjusted net income, which is a target for shareholder returns, and to enhancing capital efficiency, including earnings per share (EPS) and return on equity (ROE), facilitating our execution of a flexible capital policy. With regard to the specific method of

acquisition of treasury shares, the Company judged that the Tender Offer method would be appropriate based on continuous consideration from the perspectives of such factors as equality among shareholders and transparency of transactions. In determining the Tender Offer Price, the Company took into consideration the fact that the common stock of the Company is listed on a financial instruments exchange and that the acquisition of treasury shares by listed companies is often executed by purchasing shares from the market through the financial instruments exchange, and, placing importance on ensuring the clarity and objectivity of standards, decided that we should use as a reference the market price as an appropriate price of the common stock of the Company. Furthermore, in order to prevent as much as possible an outflow of assets from the perspective of respecting the interests of shareholders who will continue to hold the common stock of the Company without applying for the Tender Offer, we concluded that it would be preferable to set the offer at a discounted price compared to the market price and decided to use cases of a Tender Offer for treasury shares conducted in the past as a reference for the discount rate.

Following the aforementioned considerations, the Company sounded out Hirano Associates in mid-December 2018 about the possibility of whether Hirano Associates would apply if the Tender Offer was carried out at a discounted price against the market price of the Company's common stock on the First Section of the TSE, and obtained the response that Hirano Associates would positively consider tendering 400,000 shares (percentage of ownership: 1.06%), which are part of its shareholding of the Company's common stock.

In view of this, in mid-January 2019, the Company submitted a proposal to Hirano Associates setting the Tender Price at a discount of about 10% from the market price of the Company's common stock on the First Section of the TSE, and obtained the response in mid-January 2019 that Hirano Associates would consider tendering 400,000 shares (percentage of ownership: 1.06%), part of its shareholding of the Company's common stock under the aforementioned terms. Subsequently, the Company engaged in further consultation in early February 2019 with Hirano Associates on the discount rate in determining the Tender Offer Price because it recognized the possibility of recording a loss on valuation of shares related to subsidiaries and associates in its fourth quarter financial results for the fiscal year ended December 2018, and to sound out Hirano Associates about whether it would apply if the Tender Offer was carried out with the Tender Offer Price set at a discount rate with a level higher than 10% (including 10%) instead of an amount discounted by about 10% against the market price of the Company's common stock at the First Section of the TSE, and obtained the response in early February 2019 that Hirano Associates would apply. On February 7, 2019, the Company engaged in final consultation with Hirano Associates about the Tender Offer Price and finally agreed with Hirano Associates to set the Tender Offer Price at an amount discounted by 10% from the closing price of the Company's common stock on the First Section of the TSE on February 7, 2019, the business day preceding the date of Board of Directors' Meeting for resolving to carry out the Tender Offer (February 8, 2019). The Company obtained the response that if the Tender Offer was carried out under the aforementioned terms, Hirano Associates would tender 400,000 shares (percentage of ownership: 1.06%), part of its shareholding of the Company's common stock, and that it would continue to hold 12,431,300 shares of the Company's common stock (percentage of ownership: 33.06%) not tendered in the Tender Offer.

Based on the above, the Company decided at the Board of Directors' Meeting held on February 8, 2019 to set the Tender Offer Price at 1,767 yen, discounted by 9.98% from 1,963 yen (rounded to the nearest whole yen), which was the closing price of the Company's common stock on the First Section of the TSE on February 7, 2019, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 8, 2019).

(4) Number of share certificates planned for purchase

Type of share certificates	Number of share certificates planned for purchase	Number of planned excess amount of shares	Total
Common stock	440,000 shares	- shares	440,000 shares

(Note 1) If the total number of tendered share certificates in response to the Tender Offer (hereinafter, referred to as "Tendered Share Certificates") does not exceed the number of share certificates planned for purchase (440,000 shares), the Company will purchase all of the Tendered Share Certificates. If the total number of Tendered Share Certificates exceeds the number of share certificates planned for purchase (440,000 shares), the Company will not purchase all or some of the surplus, and the Company will conduct delivery related to the purchase of share certificates and other settlements according to the pro rata method stipulated in Paragraph 5 of Article 27-13 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, including subsequent amendments. Hereinafter, referred to as "the Law".) which is applied mutatis mutandis pursuant to Paragraph 2 of Article 27-22-2 and Article 21 of the Cabinet Office Ordinance on Disclosure Required for Tender

Offer for Listed Share Certificates, etc. by Issuer (Ordinance of the Ministry of Finance No. 95 of 1994, including subsequent amendments) (if the number of Tendered Share Certificates includes shares less than one unit (100 shares), the number of shares to be purchased calculated using the pro rata method will be limited to the number of Tendered Share Certificates in each case).

(Note 2) Even if the shares are less than one unit, such shares are also subject to the Tender Offer. If the shareholders execute their right to demand purchase of shares less than one unit in accordance with the Companies Act, the Company may purchase its own shares during the period of the Tender Offer (hereinafter, referred to as the “Tender Offer Period”) in accordance with the legal procedure.

(5) Funds required for the Tender Offer

798,580,000 yen

(Note) The amount of funds required for the Tender Offer is the estimated total of the purchase costs (777,480,000 yen), purchase handling charges, and other expenses including expenses required for the newspaper public notice regarding the Tender Offer and printing expenses for the Tender Offer explanation and other necessary documents.

(6) Settlement method

1) Name and address of the head office of financial instruments business operator/bank that will conduct settlement of the Tender Offer

Mizuho Securities Co., Ltd. 1-5-1 Otemachi, Chiyoda-ku, Tokyo

2) Commencement date of settlement

Wednesday, April 3, 2019

3) Settlement method

When the Tender Offer Period ends, a written notice for purchase through the Tender Offer will be sent by mail without delay to the address of the shareholders who tendered in the Tender Offer (hereinafter, referred to as “Tendering Shareholders,” and standing proxies in the case of shareholders resident overseas (including corporate shareholders. Hereinafter, referred to as “Non-Japanese Shareholders.”) The purchase will be made in cash. The amount after deducting the applicable withholding tax (Note) relating to dividends from the purchase amount will be remitted to the place designated by Tendering Shareholders (standing proxies in the case of Non-Japanese Shareholders) without delay after the commencement date of settlement by the TOB agent or paid into the accounts of Tendering Shareholders registered for the application at the TOB agent.

(Note) Taxation on shares purchased through Tender Offer

(\*) Shareholders should make their own decisions after consulting a certified tax accountant or other professional with regard to any specific questions and concerns on tax matters.

(a) For individual shareholders

If the proceeds received through the application for the Tender Offer exceed the amount corresponding to the attributable shares for the purchase out of the amounts of stated capital, etc. (the amounts of consolidated individual stated capital, etc. in the case of a consolidated corporation) of the corporation issuing shares, the Tender Offer, the excess part (hereinafter, referred to as “Deemed Dividend”) will be treated as income pertaining to dividend income. In addition, the amount after deducting the Deemed Dividend from the proceeds received through the Tender Offer will be treated as income arising from the transfer of shares.

In the cases there is no Deemed Dividend, all proceeds through the Tender Offer will be treated as income arising from the transfer of shares.

As a general rule, the 20.315% withholding tax will be imposed on Deemed Dividend. (The tax rate of 20.315% comprises the income tax plus and the special income tax for reconstruction (in accordance with the Act on Special Measures for Securing the Financial Resources Necessary to Implement Measures for Reconstruction following the Great Eastern Japan Earthquake, Act No. 117 of 2011 (hereinafter, referred to as the “Special Income Tax for Reconstruction”)) of 15.315% and the 5% local inhabitant tax.) (Local inhabitant tax will not be imposed on non-residents.) Provided, however, that the if the individual shareholder corresponds to a large shareholder specified in Article 4-6-2, Paragraph 12 of the Order for Enforcement of the Act on Special Measures Concerning Taxation, the amount equivalent to 20.42% (income tax and special income tax for reconstruction only) will be withheld. In



addition, as a general rule, the amount after deducting the acquisition cost of shares from income deemed as arising from the transfer of shares is subject to separate self-assessment taxation. (Non-residents who do not own permanent establishments in Japan are not subject to taxation as a general rule.) When applying for the Tender Offer with the shares in the tax-free accounts set out in Article 37-14 (tax exemptions on income from transfers of small amounts of publicly-traded shares in tax-free accounts) in the Act on Special Measures Concerning Taxation, if such tax-free accounts are accounts at Mizuho Securities Co., Ltd., which is a financial instrument business operator, as a general rule, tax will be exempted on income from the transfer of shares in the Tender Offer. In the case that such tax-free accounts are accounts at financial instruments business operators other than Mizuho Securities Co., Ltd., the treatment may differ from the above.

(b) For corporate shareholders

As a general rule, the amount obtained by multiplying the amount of the dividend by 15.315% (income tax and special income tax for reconstruction) will be withheld for the amount of Deemed Dividend. In addition, the proceeds received through the Tender Offer excluding the Deemed Dividend will be regarded as the amount of compensation relating to the transfer of securities.

(c) Non-Japanese shareholders who qualify for the reduction or exemption of income tax and special income tax for reconstruction on the said Deemed Dividend in accordance with the applicable tax treaty, and wish to apply for the reduction or exemption, are requested to submit a registration document concerning the tax treaty to the Tender Offer Agent by the last day of the Tender Offer Period.

(7) Other

- 1) This Tender Offer is not carried out within the United States or aimed at the United States, directly or indirectly, or implemented using United States mail or methods or means of interstate commerce or international commerce (including but not limited to facsimile, electronic mail, internet communication, telex, and telephone) or through securities exchange facilities in the United States. Application to the Tender Offer cannot be conducted by using the aforementioned methods or means or through the aforementioned facilities or from within the United States. In addition, the Tender Offer Statement and related purchase documents will not be sent or distributed by mail or by other methods in, to or from the United States, and such sending or distribution may not be conducted. Applications for the Tender Offer that violate the aforementioned restrictions directly or indirectly cannot be accepted. When applying for the Tender Offer, Tendering Shareholders may be requested to declare and guarantee the following to the Tender Offer agent (the standing proxy in the case of overseas shareholders).

Tendering Shareholders were not located in the United States either at the time of application for the Tender Offer or at the time of sending the tender offer application form. Tendering Shareholders did not receive or send any information (including copies) related to the Tender Offer, directly or indirectly, in, to, or from the United States. Tendering Shareholders did not use United States mail or other methods or means of interstate commerce or international commerce (including but not limited to facsimile, electronic mail, internet communication, telex, and telephone) or securities exchange facilities in the United States, directly or indirectly, for purchase or providing a signature on the tender offer application form. Tendering Shareholders are not acting as proxies or trustees/delegates without discretion for other individuals (excluding the cases in which the said other individual provides all of the instructions related to the Tender Offer outside of the United States).

- 2) On February 7, 2019, the Company obtained a response from Hirano Associates to the effect that if the Tender Offer was carried out, Hirano Associates would tender 400,000 shares (percentage of ownership: 1.06%), which is part of its shareholding, and would continue to hold 12,431,300 shares (percentage of ownership: 33.06%) of the Company's common stock that it would not tender in the Tender Offer. Furthermore, Ten Associates Co., Ltd., the Company's 8th largest shareholder (shareholding: 600,000 shares, percentage of ownership: 1.60%), Daiki Associates Co., Ltd., the Company's 8th largest shareholder (same shareholding as aforementioned Ten Associates Co., Ltd., so rank is the same) (shareholding: 600,000 shares, percentage of ownership: 1.60%), and Anan Associates Co., Ltd., the Company's 21st largest shareholder (shareholding: 263,300 shares, percentage of ownership: 0.70%) are three asset management companies where Takehito Hirano's spouse serves as a Director, and the Company has heard from Ten Associates Co., Ltd., Daiki Associates Co., Ltd., and Anan Associates Co., Ltd. that none of them intend to tender any of their shareholdings in the Tender Offer.

- 3) At the Board of Directors' Meeting held on February 8, 2019, Fullcast Holdings resolved to offer a total dividend of 32 yen (interim dividend: 14 yen, year-end dividend: 18 yen) for the fiscal year ended December 2018, increasing the year-end dividend to 18 yen, up a further 2 yen from the revised year-end dividend forecast on August 10, 2018. See "Announcement Regarding Dividend of Surplus" released February 8, 2019 for details.
- 4) On February 8, 2019, Fullcast Holdings released "Announcement Regarding Recording of Loss on Valuation of Shares of Subsidiaries and Associates (Individual) and Share of Loss of Entities Accounted for Using Equity Method (Consolidated)". For its affiliates accounted for using the equity method, the Company booked loss on valuation of shares of subsidiaries and associates based on the decline in the market price relative to the book value on the Company's non-consolidated balance sheets and recorded share of loss of entities accounted for using equity method on its consolidated balance sheets. See the relevant press release for details.
- 5) On February 8, 2019, Fullcast Holdings released "Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2018 [Japanese Standards] (Consolidated)". An overview of the Company's financial results based on the relevant press release is as follows. The said content has not received an audit certificate from an audit corporation in accordance with the provision of Article 193-2, Paragraph 1 of the Companies Act. See the relevant press release for details.

Overview of Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2018 [Japanese Standards] (Consolidated)  
(January 1 to December 31, 2018)

(a) Profit and loss

Fiscal year	FY 12/18 (26th term)
Net Sales	38,852 million yen
Cost of Sales	22,196 million yen
SG&A expenses	10,760 million yen
Non-Operating Income	69 million yen
Non-Operating Expenses	679 million yen
Net Income attributable to Fullcast Holdings Co., Ltd.	3,310 million yen

(b) Performance per share

Fiscal year	FY 12/18 (26th term)
Net Income per share	87.90 yen
Dividend per share	32.00 yen
Equity per share	331.68 yen

(Reference) Status of treasury shares holdings as of February 7, 2019

Total number of shares issued (excluding treasury shares): 37,607,848 shares

Number of shares of treasury shares: 878,552 shares