



February 7, 2020

For Immediate Release:

Company name: Fullcast Holdings Co., Ltd.  
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(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 7, 2020, 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. Details are as follows.

### **1. Objective of the Tender Offer**

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving a total return ratio of 50%. 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% through dividends and share buybacks combined by enhancing profitability and further improving management efficiency. This will enable us to achieve an ROE of 20% or higher, which is an indicator used for "improvement of corporate value." The Company uses profit attributable to owners of parent, excluding the effects of income taxes-deferred associated with the booking of deferred tax assets from losses carried forward (Hereinafter referred to as "adjusted profit") to calculate ROE and 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 ended December 2019 and thereafter.

The Company has 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, Fullcast Holdings paid a total dividend of 32 yen per share (interim dividend: 14 yen; year-end dividend: 18 yen) in the fiscal year ended December 2018 based on the concept of achieving a 50% total return ratio relative to adjusted profit, excluding an impairment loss (share of loss of entities accounted for using equity method) associated with a decline in the share value of Advancer Global Limited, an affiliate under the equity method, totaling 1,203 million yen. In addition, at the Board of Directors' Meetings held on

February 8, 2019 and March 29, 2019 (Note 1), it was resolved to acquire treasury shares up to a total number of shares of 500,000 and a total acquisition cost of 827 million yen (acquisition period: February 12–April 26, 2019). In accordance with these resolutions, the Company implemented the acquisition of its common stock through a tender offer (acquisition period: February 12–March 11, 2019, total number of shares acquired: 400,000 shares, total acquisition cost: 706,800,000 yen, hereinafter referred to as “the 2019 Tender Offer”). Subsequently, the Company implemented the acquisition of its common stock through market purchase on the Tokyo Stock Exchange, Inc. (hereinafter referred to as the “TSE”) (acquisition period: April 9–May 7, 2019 (delivery base), total number of shares acquired: 49,800 shares, total acquisition cost: 120,193,900 yen). As a result, profit return to shareholders totaled 2,030 million yen, and the total return ratio relative to adjusted profit of 4,031 million yen for the fiscal year ended December 2018 was 50% (rounded to the nearest whole number).

(Note 1): The Board of Directors’ Meeting held on March 29, 2019 resolved to revise the details of the resolution of the Board of Directors’ Meeting held on February 8, 2019. In accordance with this resolution, the number of shares to be acquired was revised from 450,000 shares to 500,000 shares.

Other than the aforementioned, the Company has also implemented the acquisition of treasury shares in addition to paying dividends based on the profit return target in the past. The Company implemented the acquisition of its common stock through market purchase on the TSE in accordance with the resolution of the Board of Directors’ Meeting held on February 12, 2016 (acquisition period: February 25–March 2, 2016 (delivery base), total number of shares acquired: 148,500 shares, total acquisition cost: 99,957,100 yen), in accordance with the resolution of the Board of Directors’ Meeting held on February 10, 2017 (acquisition period: February 16–March 24, 2017 (delivery base), total number of shares acquired: 453,400 shares, total acquisition cost: 497,995,500 yen), and in accordance with the resolution of the Board of Directors’ Meeting held on February 9, 2018 (acquisition period: February 16–March 26, 2018 (delivery base), total number of shares acquired: 276,600 shares, total acquisition cost: 681,916,800 yen). The Articles of Incorporation stipulate that the Company can acquire treasury shares based on the resolution of the Board of Directors as prescribed in Article 165, Paragraph 2 of the Companies Act.

As for the dividends in the fiscal year ended December 2019, we had the option to offer a dividend or repurchasing shares to provide a flexible return of profits to shareholders that achieves our profit return target at the time of the announcement of the financial results for the fiscal year ended December 2018 on February 8, 2019, and we forecasted an interim dividend of 19 yen per share and a year-end dividend of 19 yen per share, for a total annual dividend of 38 yen per share, an increase in the dividend of 6 yen from the previous fiscal year.

Under these circumstances, in late-November 2019, the Company received a communication from its major and largest shareholder Hirano Associates Co., Ltd. (Hereinafter, referred to as “Hirano Associates”, with the number of shares of the Company’s common stock owned as of the date of this document (Hereinafter, referred to as “shareholding”): 13,894,600 shares, percentage of ownership (Note 2): 37.39%) to the effect that Hirano Associates intended to sell part of its shareholding. Hirano Associates is an asset management company where the spouse of Takehito Hirano, the Chairman of the Company, serves as Representative Director, and in which Takehito Hirano owns all of the voting rights.

(Note 2): “Percentage of ownership” refers to the ownership as a percentage of 37,158,048 shares calculated as the total number of shares issued as of December 31, 2019 stated as 38,486,400 shares in Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2019 [Japanese Standards] (Consolidated), which the Company released on February 7, 2020, (Hereinafter, referred to as “the Company’s Financial Results Summary”) less 1,328,352 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 late November 2019, 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 and

share price of the Company's common stock in the case that a large volume of shares were to be released onto the market at once, the Company's forecast financial results for the fiscal year ended December 2019, and its financial position. As a result of the study, the Company determined in early January 2020 that the acquisition of the common stock which Hirano Associates owns as treasury shares would facilitate the execution of a flexible capital policy, thereby contributing to providing greater returns to shareholders by realizing a total return ratio of 50%, which is our target for the return of profit, in addition to enhancing capital efficiency, including earnings per share (EPS) and return on equity (ROE).

Based on the above decision, in early January 2020, the Company began a full-scale study concerning the acquisition of the common stock which Hirano Associates holds. 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. Additionally, in determining the number of shares to be purchased in the Tender Offer, we decided to set it at the number of shares that would achieve a 50% total return ratio relative to profit attributable to owners of parent for the fiscal year ended December 2019 because the objective of the Tender Offer is the return of profit to shareholders that achieves our profit return target. 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, 2019 stated in the Company's Financial Results Summary stood at 11,811 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, based on the acquisition as treasury shares of the number of shares that would achieve the profit return target, the Company sounded out Hirano Associates in mid-January 2020 about the possibility that Hirano Associates would apply if the number of shares planned for purchase in the Tender Offer was approximately 450,000 shares (percentage of ownership: 1.21%), and the Tender Offer was carried out at a discounted by 10% from the closing price of the Company's common stock on the First Section of the TSE on February 6, 2020, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 7, 2020). In mid-January 2020, the Company received the response that Hirano Associates would consider tendering 450,000 shares (percentage of ownership: 1.21%), which are part of its shareholding of the Company's common stock if the Tender Offer was carried out under the aforementioned terms.

On February 6, 2020, the Company engaged in final consultation with Hirano Associates about the Tender Offer and agreed with Hirano Associates to set the number of shares planned for purchase in the Tender Offer at 449,500 shares, and 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 6, 2020, the business day before the date of the Board of Directors' Meeting for resolving to carry out the Tender Offer (February 7, 2020). The Company obtained the response that if the Tender Offer was carried out under the aforementioned terms, Hirano Associates would tender 449,500 shares (percentage of ownership: 1.21%), part of its shareholding of the Company's common stock, and that it would continue to hold 13,445,100 shares of the Company's common stock (percentage of ownership: 36.18%) not tendered in the Tender Offer. If the total number of share certificates, etc. tendered in the Tender Offer (Hereinafter, referred to as the "Tendered Share Certificates") exceeds the number of

shares planned for purchase, the tender would be carried out according to the pro rata method, and the Company would acquire some of the 449,500 shares of the Company's common stock that Hirano Associates has expressed its intention to tender. The Company obtained the response from Hirano Associates to the effect that, after the Tender Offer, it would continue to hold the Company's common stock that the Company was unable to acquire despite it being tendered.

Based on the aforementioned process, Fullcast Holdings resolved at the Board of Directors' Meeting held on February 7, 2020, 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 with the objective of achieving the profit return target set by the Company. In view of this, the return of profit to shareholders will be 2,477 million yen for the year ended December 2019 totaling (1) the total amount of dividends paid to the Company's shareholders of 1,486 million yen (full-year total per share: 40 yen); (2) 991 million yen of the Company's common stock that the Company will acquire through the Tender Offer (the amount calculated by multiplying the Company's common stock that Hirano Associates planned to tender in the Tender Offer (449,500 shares) by the Tender Offer Price (2,206 yen)), and the total return ratio relative to profit of 4,644 million yen for (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 2019 is planned to be over 50%.

The spouse of Takehito Hirano, Chairman of the Company, serves as Representative Director of Hirano Associates, in which Takehito Hirano owns all of the voting rights. Therefore, 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 7, 2020.

The method of disposal of the treasury shares to be acquired by means of 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

Type of share certificates	Total	Total acquisition cost
Common stock	449,600 shares (Upper limit)	991,817,600 yen (Upper limit)

(Note 1). Total number of shares issued: 38,486,400 shares (As of February 7, 2020)

(Note 2). Percentage of the total shares issued: 1.17% (Rounded to three decimal places)

(Note 3). Acquisition period: From Monday, February 10 to Friday, April 24, 2020

### (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 7, 2020
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2) Publication date for commencing the Tender Offer	Monday, February 10, 2020 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	Monday, February 10, 2020
4) Period of the Tender Offer	From Monday, February 10 to Tuesday, March 10, 2020 (20 business days)

(2) Tender Offer Price

2,206 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. 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, based on the acquisition as treasury shares of the number of shares that would achieve the profit return target, the Company sounded out Hirano Associates in mid-January 2020 about the possibility that Hirano Associates would apply if the number of shares planned for purchase in the Tender Offer was approximately 450,000 shares (percentage of ownership: 1.21%), and the Tender Offer was carried out at a discounted by 10% from the closing price of the Company's common stock on the First Section of the TSE on February 6, 2020, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 7, 2020). In mid-January 2020, the Company received the response that Hirano Associates would consider tendering 450,000 shares (percentage of ownership: 1.21%), which are part of its shareholding of the Company's common stock if the Tender Offer was carried out under the aforementioned terms.

On February 6, 2020, the Company engaged in final consultation with Hirano Associates about the Tender Offer and agreed with Hirano Associates to set the number of shares planned for purchase in the Tender Offer at 449,500 shares, and 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 6, 2020, the business day before the date of the Board of Directors' Meeting for resolving to carry out the Tender Offer (February 7, 2020). The Company obtained the response that if the Tender Offer was carried out under the aforementioned terms, Hirano Associates would tender 449,500 shares (percentage of ownership: 1.21%), part of its shareholding of the Company's common stock, and that it would continue to hold 13,445,100 shares of the Company's common stock (percentage of ownership: 36.18%) not tendered in the Tender Offer.

Based on the above, the Company decided at the Board of Directors' Meeting held on February 7, 2020 to set the Tender Offer Price at 2,206 yen (rounded to the nearest whole yen), discounted by 10% from

2,451 yen, which was the closing price of the Company's common stock on the First Section of the TSE on February 6, 2020, the business day before the date of the Board of Directors' Meeting that resolved to carry out the Tender Offer (February 7, 2020).

In addition, 2,206 yen, the Tender Offer Price, is an amount discounted by 10.00% (rounded to three decimal places. The same applies to the calculation of the discount rate hereinafter.) from the 2,451 yen closing price of the Company's common stock on February 6, 2020, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 7, 2020), by 10.62% from the 2,468 yen simple average closing price of the Company's common stock for the one month prior to February 6, 2020, and by 8.99% from the 2,424 yen simple average closing price of the Company's common stock for the three months prior to February 6, 2020.

Moreover, the Company recently acquired treasury shares through the 2019 Tender Offer (purchase price: 1,767 yen) and the subsequent market purchase on the TSE (acquisition period: April 9 to May 7, 2019 (delivery base), total number of shares acquired: 49,800 shares, total acquisition cost: 120,193,900 yen). The purchase price for the 2019 Tender Offer was 1,767 yen, producing disparities of 439 yen with the 2,206 yen Tender Offer Price. However, this is due to the fact that although both purchase prices were set at an amount discounted by 10% from the market price, the closing price of the Company's common stock on the First Section of the TSE on business day before the date of Board of Directors' Meeting for resolving to carry out the Tender Offer was 2,451 yen for the Tender Offer, a 24.86% increase (rounded to three decimal places) from the time of the 2019 Tender Offer of 1,963 yen. In addition, the simple average of the acquisition cost for the Tender Offer was 2,414 yen (rounded to the nearest whole yen), producing disparities of 208 yen with the 2,206 yen Tender Offer Price. However, this is due to the fact that although the simple average of the acquisition cost for the Tender Offer is determined based on the market price for each day of acquisition, and the closing price of the Company's common stock on the First Section of the TSE on February 6, 2020, the business day before the date of the Board of Directors' Meeting for resolving to carry out the Tender Offer, was 2,451 yen, a 1.53% increase (rounded to three decimal places) in the 2,414 yen simple average, the Tender Offer Price was set at an amount discounted by 10% from the market price.

## 2) Calculation Background

We maintain a policy of enhancing returns of profits to shareholders with a target of achieving a total return ratio of 50%. Going forward, we will aim to achieve a target of a total return ratio of 50% relative to adjusted profit 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 an ROE of 20% or higher, which is an indicator used for "improvement of corporate value." The Company uses adjusted profit for profit attributable to owners of parent to calculate ROE and 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 ended December 2019 and thereafter.

The Company has 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, Fullcast Holdings paid a total dividend of 32 yen per share (interim dividend: 14 yen, year-end dividend: 18 yen) in the fiscal year ended December 2018 based on the concept of achieving a 50% total return ratio relative to adjusted profit, excluding an impairment loss (share of loss of entities accounted for using equity method) associated with a decline in the share value of Advancer Global Limited, an affiliate under the equity method), totaling 1,203 million yen. In addition, at the Board

of Directors' Meetings held on February 8, 2019 and March 29, 2019, it was resolved to acquire treasury shares up to a total number of shares of 500,000 and a total acquisition cost of up to 827 million yen (acquisition period: February 12–April 26, 2019). In accordance with these resolutions, the Company implemented the acquisition of its common stock through a tender offer and market purchase on the TSE after the tender offer (total number of shares acquired: 449,800 shares, total acquisition cost: 826,993,900 yen). As a result, profit return to shareholders totaled 2,030 million yen, and the total return ratio relative to adjusted profit of 4,060 million yen for the fiscal year ended December 2018 was 50% (rounded to the nearest whole number).

As for the dividends in the fiscal year ended December 2019, we had the option to offer a dividend or repurchasing shares to provide a flexible return of profits to shareholders that achieves our profit return target at the time of the announcement of the financial results for the fiscal year ended December 2018 on February 8, 2019, and we forecast an interim dividend of 19 yen per share and a year-end dividend of 19 yen per share, for a total annual dividend of 38 yen per share, an increase in the dividend of 6 yen from the previous fiscal year.

Under these circumstances, in late-November 2019, the Company received a communication from Hirano Associates (shareholding: 13,894,600 shares, percentage of ownership: 37.39%) to the effect that Hirano Associates intended to sell part of its shareholding.

In view of this, in late November 2019, 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, the Company's forecast financial results for the fiscal year ended December 2019, and its financial position. As a result of the study, the Company determined in early January 2020 that the acquisition of the common stock which Hirano Associates owns as treasury shares would facilitate the execution of a flexible capital policy, thereby contributing to providing greater returns to shareholders by realizing a total return ratio of 50%, which is our target for the return of profit, in addition to enhancing capital efficiency, including earnings per share (EPS) and return on equity (ROE).

Based on the above decision, in early January 2020, the Company began a full-scale study concerning the acquisition of the common stock which Hirano Associates holds. 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. Additionally, in determining the number of shares to be purchased in the Tender Offer, we decided to set it at the number of shares that would achieve a 50% total return ratio relative to profit attributable to owners of parent for the fiscal year ended December 2019 because the objective of the Tender Offer is the return of profit to shareholders that achieves our profit return target. 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, based on the acquisition as treasury shares of the number of shares that would achieve the profit return target, the Company sounded out Hirano Associates in mid-January 2020 about the possibility that Hirano Associates would apply if the number of shares planned for purchase in the Tender Offer was approximately 450,000 shares (percentage of ownership: 1.21%), and the Tender Offer was carried out at a discounted by 10% from the closing price of the Company's common

stock on the First Section of the TSE on February 6, 2020, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 7, 2020). In mid-January 2020, the Company received the response that Hirano Associates would consider tendering 450,000 shares (percentage of ownership: 1.21%), which are part of its shareholding of the Company's common stock if the Tender Offer was carried out under the aforementioned terms.

On February 6, 2020, the Company engaged in final consultation with Hirano Associates about the Tender Offer and agreed with Hirano Associates to set the number of shares planned for purchase in the Tender Offer at 449,500 shares, and 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 6, 2020, the business day before the date of the Board of Directors' Meeting for resolving to carry out the Tender Offer (February 7, 2020). The Company obtained the response that if the Tender Offer was carried out under the aforementioned terms, Hirano Associates would tender 449,500 shares (percentage of ownership: 1.21%), part of its shareholding of the Company's common stock, and that it would continue to hold 13,445,100 shares of the Company's common stock (percentage of ownership: 36.18%) not tendered in the Tender Offer. If the total number of Tendered Share Certificates exceeds the number of shares planned for purchase, the tender would be carried out according to the pro rata method, and the Company would acquire some of the 449,500 shares of the Company's common stock that Hirano Associates has expressed its intention to tender. The Company obtained the response from Hirano Associates to the effect that, after the Tender Offer, it would continue to hold the Company's common stock that the Company was unable to acquire despite it being tendered.

Based on the above, the Company decided at the Board of Directors' Meeting held on February 7, 2020 to set the Tender Offer Price at 2,206 yen, discounted by 10% from 2,451 yen, which was the closing price of the Company's common stock on the First Section of the TSE on February 6, 2020, the business day before the date of the Board of Directors' Meeting which resolved to carry out the Tender Offer (February 7, 2020).

(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	449,500 shares	- shares	449,500 shares

Note 1: If the total number of tendered share certificates does not exceed the number of share certificates planned for purchase (449,500 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 (449,500 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

1,012,697,000 yen

Note: The amount of funds required for the Tender Offer is the estimated total of the purchase costs (991,597,000 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

Thursday, April 2, 2020

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 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 6, 2020, the Company obtained a response from its major and largest shareholder Hirano

Associates to the effect that if the Tender Offer was carried out, Hirano Associates would tender 449,500 shares (percentage of ownership: 1.21%), which is part of its shareholding, and would continue to hold 13,445,100 shares (percentage of ownership: 36.18%) of the Company's common stock that it would not tender in the Tender Offer. If the total number of Tendered Share Certificates exceeds the number of shares planned for purchase, the tender would be carried out according to the pro rata method, and the Company would acquire some of the 449,500 shares of the Company's common stock that Hirano Associates has expressed its intention to tender. The Company obtained the response from Hirano Associates to the effect that, after the Tender Offer, it would continue to hold the Company's common stock that the Company was unable to acquire despite it being tendered.

- 3) At the Board of Directors' Meeting held on February 7, 2020, Fullcast Holdings resolved to offer a total dividend of 40 yen (interim dividend: 19 yen, year-end dividend: 21 yen) for the fiscal year ended December 2019. See "Announcement Regarding Dividend of Surplus" released February 7, 2020 for details.
- 4) On February 7, 2020, Fullcast Holdings released "Announcement Regarding Recording of Loss on Valuation of Shares of Subsidiaries and Associates (Non-consolidated) 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 7, 2020, Fullcast Holdings released "Consolidated Financial Results Announcement for the Fiscal Year Ended December 31, 2019 [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, 2019 [Japanese Standards] (Consolidated)  
(January 1 to December 31, 2019)

(a) Profit and loss

Fiscal year	FY 12/19 (27th term)
Net Sales	44,479 million yen
Cost of Sales	25,665 million yen
SG&A expenses	11,590 million yen
Non-operating profit	125 million yen
Non-operating expenses	285 million yen
Profit attributable to owners of parent	4,644 million yen

(b) Performance per share

Fiscal year	FY 12/19 (27th term)
Earnings per share	124.59 yen
Dividend per share	40.00 yen
Equity per share	415.71 yen

(Reference) Status of treasury shares holdings as of February 7, 2020

Total number of shares issued (excluding treasury shares): 37,158,048 shares

Number of treasury shares: 1,328,352 shares