

July 29, 2024

FANCL Corporation

TSE Prime Market: 4921

(Change) Notice regarding the partial changes to the “Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited”

Yokohama, July 29, 2024—FANCL Corporation (the “Company”) hereby announces that the “Notice of Expression of Our Affirmative Opinion regarding, and Recommendation to Tender in, the Tender Offer for the Company’s Shares etc. by Kirin Holdings Company, Limited” has been changed as detailed below.

The changed portions are underlined.

3. Details of, and grounds and reasons for, the opinion on the Tender Offer
- (2) Grounds and reasons for the opinion on the Tender Offer
 - (ii) Background, purpose, and decision-making process that led to the Tender Offeror's decision to implement the Tender Offer

(Before Amendment)

<Omitted>

Accordingly, the Tender Offeror is said to have executed the Tender Offer Agreement on June 14, 2024, and to have decided to implement the Tender Offer as a part of the Transaction. For details of the Tender Offer Agreement, please refer below to “4. Matters Concerning Material Agreements Related to Tender Offer”.

(After Amendment)

<Omitted>

Accordingly, the Tender Offeror is said to have executed the Tender Offer Agreement on June 14, 2024, and to have decided to implement the Tender Offer as a part of the Transaction. For details of the Tender Offer Agreement, please refer below to “4. Matters Concerning Material Agreements Related to Tender Offer”.

The Tender Offeror then commenced the Tender Offer on June 17, 2024, and, after

taking into consideration the overall situation of, among others, the applications to the Tender Offer since its commencement, as well as the prospects for future applications, made by the shareholders of the Company and the Stock Acquisition Rights Holders, and, in order to provide the shareholders of the Company and the Stock Acquisition Rights Holders with further opportunities to make a decision on whether to tender their shares in the Tender Offer, the Tender Offeror determined, on July 29, 2024, to extend the Tender Offer Period to August 13, 2024, for a total of 40 business days. According to the Tender Offeror, the Tender Offeror believes that the purchase price of JPY 2,690 per share of the Company Shares in the Tender Offer (the “Tender Offer Price”) sufficiently reflects the value of the Company and doesn’t change the Tender Offer Price or the Stock Acquisition Right Purchase Price.

- (5) Policy on reorganization, etc. after the Tender Offer (matters relating to the so-called two-stage takeover)
 - b. Share Consolidation

(Before Amendment)

If the total number of voting rights of the Company held by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Company after the Tender Offer is completed, the Tender Offeror plans to request, promptly after the completion of the settlement of the Tender Offer, and in accordance with Article 180 of the Companies Act, that the Company hold an extraordinary meeting of shareholders (the “Extraordinary Shareholders’ Meeting”) at which the Company will present proposals to approve the consolidation of the Company Shares (the “Share Consolidation”) and, subject to the Share Consolidation becoming effective, abolish the article in the Articles of Incorporation concerning the number of shares constituting one unit. In addition, the Tender Offeror plans to request that the record date for the Extraordinary Shareholders’ Meeting be a date that is after and close to the commencement date of the settlement of the Tender Offer. The Company plans to hold the Extraordinary Shareholders’ meeting in response to the request from the Tender Offeror and the date of the Extraordinary Shareholders’ meeting is scheduled around September 2024. The Tender Offeror plans to vote in favor of each of the above proposals at the Extraordinary Shareholders’ Meeting.

<Omitted>

(After Amendment)

If the total number of voting rights of the Company held by the Tender Offeror is less than 90% of the voting rights of all shareholders of the Company after the Tender Offer is completed, the Tender Offeror plans to request, promptly after the completion of the settlement of the Tender Offer, and in accordance with Article 180 of the Companies Act, that the Company hold an extraordinary meeting of shareholders (the “Extraordinary Shareholders’ Meeting”) at which the Company will present proposals to approve the consolidation of the Company Shares (the “Share Consolidation”) and, subject to the Share Consolidation becoming effective, abolish the article in the Articles of Incorporation concerning the number of shares constituting one unit. In addition, the Tender Offeror plans to request that the record date for the Extraordinary Shareholders’ Meeting be a date that is after and close to the commencement date of the settlement of the Tender Offer. The Company plans to hold the Extraordinary Shareholders’ meeting in response to the request from the Tender Offeror and the date of the Extraordinary Shareholders’ meeting is scheduled around October 2024. The Tender Offeror plans to vote in favor of each of the above proposals at the Extraordinary Shareholders’ Meeting.

<Omitted>

- (6) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest
 - (ix) Establishment of measures to ensure purchase opportunities from other purchasers

<Before Amendment>

While the shortest period provided by laws and regulations in relation to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the period as thirty (30) business days. By setting the Tender Offer period for a relatively long period of time in light of the shortest period provided in laws and regulations, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Company’s shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, and also to ensure an opportunity for parties other than the Tender Offeror to purchase, etc. the Company Shares, thereby ensuring the appropriateness of the Tender Offer Price.

<Omitted>

<After Amendment>

While the shortest period provided by laws and regulations in relation to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the period as forty (40) business days. By setting the Tender Offer period for a relatively long period of time in light of the shortest period provided in laws and regulations, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Company's shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, and also to ensure an opportunity for parties other than the Tender Offeror to purchase, etc. the Company Shares, thereby ensuring the appropriateness of the Tender Offer Price.

<Omitted>

- (x) Establishment of measures to ensure opportunity for the Company's shareholders and Stock Acquisition Rights Holders to make an appropriate decision on whether to tender their shares in the Tender Offer

<Before Amendment>

<Omitted>

In addition, while the shortest period provided by laws and regulations in relation to such matters as purchase related to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the tender offer period as thirty (30) business days. By setting the Tender Offer Period for a long period of time in light of the shortest period provided in laws and regulations, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Company's shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, thereby ensuring the appropriateness of the Tender Offer Price.

<After Amendment>

<Omitted>

In addition, while the shortest period provided by laws and regulations in relation to such matters as purchase related to the Tender Offer Period is twenty (20) business days, the Tender Offeror is said to have set the tender offer period as forty (40) business days. By setting the Tender Offer Period for a long period of time in light

of the shortest period provided in laws and regulations, it is said that the Tender Offeror is contemplating to ensure an appropriate decision-making opportunity for the Company's shareholders and Stock Acquisition Rights Holders as to whether to tender in the Tender Offer, thereby ensuring the appropriateness of the Tender Offer Price.

[Regulation of Solicitation]

This press release is a press release relating to our expression of opinion regarding the Tender Offer and is not prepared for the purpose of soliciting applications for the sale, etc. of securities in connection with the Tender Offer or for the purchase, etc. of securities. When making an application for sales, etc., please be sure to read the Tender Offer Explanation relating to the Tender Offer and make such an application at the discretion of the shareholders and the Share Acquisition Rights Holders. This press release shall not constitute or be a part of an offer to sell or purchase securities or a solicitation of offer to sell or purchase securities, and the fact of this press release (or any part thereof) or the distribution thereof shall not be the basis for, and may not be relied upon in entering into, any agreement relating to the Tender Offer.

[Forecast]

This press release and the reference documents of this press release may contain forward-looking statements, including words such as "anticipate", "forecast", "predict", "intend", "will," "believe," "schedule", "estimate", "presume" and similar expressions. Such expressions are based on the tender offer related party or the Company's current business outlook, and may change depending on future conditions. The tender offer related party or the Company, or any of their affiliates assume no obligation to present forward-looking statements about this information to reflect actual results, circumstances or developments or changes in conditions.

[U.S. regulations]

The Tender Offer covers common stock and the Stock Acquisition Rights of the Company, a company incorporated in Japan. The Tender Offer is made in compliance with the processes and information disclosure standards stipulated in the Financial Instruments and Exchange Law of Japan, however these procedures and standards are not necessarily the same as the procedures and information disclosure standards in the United States. In particular, the provisions of Article 13(e) or Article 14(d) of the Securities Exchange Act of 1934 of the United States (Securities Exchange Act of 1934, as amended, the "US Securities Exchange Act of 1934") and the rules set forth thereunder shall not apply to the Tender Offer and the Tender

Offer shall not be in accordance with these procedures and standards. The financial information included in this press release and in the reference documents of this press release is not based on U.S. GAAP. Because the Tender Offer and the Company is a corporation incorporated outside the United States and none of its officers are U.S. residents, it may be difficult to exercise or claim rights on the basis of U.S. securities-related laws. In addition, the Company may not be able to initiate legal proceedings in a court outside the United States against a corporation or its officers outside the United States on the basis of a violation of securities-related laws in the United States. In addition, a corporation outside the United States or its officers or related (affiliate) of such corporation may not be admitted to the jurisdiction of the United States courts.

All procedures relating to the Tender Offer shall be in Japanese unless otherwise stated. All or part of the documents relating to the Tender Offer shall be prepared in English. However, in the event of any discrepancy between the applicable documents in English and those in Japanese, the documents in Japanese shall prevail.

This press release and reference documents to this press release contain “forward-looking statements” (forward-looking statements) as defined in section 27A of the Securities Act of 1933 of the United States (including any subsequent amendments) and section 21E of the US Securities Exchange Act of 1934. Known or unknown risks, uncertainties or other factors may cause actual results to differ materially from those expressed or implied by the forward-looking statements. No assurance can be given that the Tender Offeror, the Company or any related person will achieve the projections expressed or implied by the “forward-looking statements.” The “forward-looking statements” in this press release and the reference documents of this press release are prepared on the basis of the information of the Tender Offeror or the Company as of the date of this press release and the reference documents of this press release, and except as required by law, the Tender Offeror, the Company, or any of their affiliates are not obligated to update or modify the reference documents to reflect future events or circumstances.

The Tender Offeror, the Financial Advisors of the Tender Offeror and the Company and Tender Offer Agents (including their affiliates) may, within their normal scope and to the extent permitted by the laws and regulations relating to Japanese financial Instruments transactions related laws and regulations, and other applicable laws and regulations, make a purchase of the Company Shares for their own account or for the account of customers of the Company prior to the commencement of the Tender Offer or during the Tender Offer Period or take any action towards it, subject to the requirements of 14e-5 (b) of the US Securities Exchange Act of 1934. In the event that information relating to such purchase is disclosed in Japan, such disclosure shall also be made in the English language on the website (or other means of

disclosure) of the person who made such purchase or any of its affiliates.

The Company may purchase its own shares in accordance with legal procedures during the Tender Offer Period from any shareholder who exercises the right under the Companies Act (Act No. 86 of 2005, as amended; the “Companies Act”) to require the Company to purchase shares constituting less than one unit.

As stated in the “Notice regarding introduction of performance-linked stock price-based compensation plan” announced by the Company on May 19, 2021, the Company has introduced a trust-type performance-linked stock compensation plan (the “Performance-Linked Stock Compensation Plan”) that includes Directors (excluding Outside Directors and non-residents of Japan) of the Company among the persons covered by the plan. Under the Performance-Linked Stock Compensation Plan, (i) each Director of the Company covered by such plan will be granted points at certain times of each year in accordance with his/her job position, number of months in office, and the degree to which his/her targets under the Medium-Term Management Plan have been achieved, (ii) the right (trust beneficial interest) of such Director to receive the delivery of the Company Shares in the number corresponding to such points will vest, and (iii) such Director will receive the delivery of the above-mentioned number of Company Shares. With respect to Mr. Kazuyuki Shimada, Mr. Tomochika Yamaguchi, Mr. Yasushi Sumida and Mr. Shinro Fujita, who are Directors of the Company, in accordance with the Performance-Linked Stock Compensation Plan on July 1, 2024, (a) the right to receive the delivery of 1,100 Company Shares (ownership ratio (as defined in “1. Purpose of Tender Offer,” “(1) Overview of the Tender Offer” of the Tender Offer Commencement Press Release; hereinafter the same): 0.00%), 700 Company Shares (ownership ratio: 0.00%), 600 Company Shares (ownership ratio: 0.00%), and 600 Company Shares (ownership ratio: 0.00%) (total: 3,000 shares, ownership ratio: 0.00%), respectively, vested during the Tender Offer Period, and (b) such number of the Company Shares was delivered to the above Directors on July 16, 2024, which also falls during the Tender Offer Period. After the delivery of each of the Company Shares stated above, the ownership ratio of each of the above Directors is less than 5%. The vesting of these rights and the delivery of the Company Shares were conducted in accordance with the service agreements that were entered into between the Directors and the Company prior to the date of public notice of commencement of the Tender Offer and in accordance with the Performance-Linked Stock Compensation Plan that applies to such Directors based on such service agreements. Accordingly, pursuant to the provision to Article 27-5 of the Act and Item 1 of the same article, the above-mentioned Directors, who are pro forma Specially Related Parties of the Tender Offeror, are entitled to the vesting of the right to receive the delivery of, and to actually receive delivery of, such Company Shares even during the Tender Offer Period without the

application of the main clause of Article 27-5 of the Act, and, in accordance with the conditions of Rule 14e-5(b) (7) of the U.S. Securities Exchange Act of 1934, such vesting of the right and such delivery were conducted without the application of the provisions prohibiting purchases outside of a tender offer under Rule 14e-5. The vesting of the right to receive the delivery of the Company Shares and the delivery of the Company Shares have been conducted as a form of stock compensation to each of the above-mentioned Directors, and no money has been delivered by each of the above-mentioned Directors to the Company [Other countries]

In some countries or regions, statutory restrictions may be imposed on the announcement, issue or distribution of this press release. In such a case, please pay attention to and comply with those restrictions. It shall not be regarded as soliciting applications for the purchase of share certificates or sales of share certificates in connection with the Tender Offer, but simply as distribution of materials as information.

END

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