

FANCL Corporation
TSE Prime Market: 4921

**Notice of Resolutions to Approve Share Consolidation, Abolition of the Provision of Share Units
and Partial Amendment to the Articles of Incorporation**

Yokohama, November 29, 2024— FANCL Corporation (the “Company”) hereby announces that, as described in the “Notice of Share Consolidation, Abolition of the Provision of Share Units and Partial Amendment to the Articles of Incorporation” announced on October 24, 2024 (the “Press Release dated on October 24, 2024”), the Company submitted to the extraordinary general shareholders meeting held today (the “Extraordinary General Shareholders Meeting”) proposal of share consolidation and proposal related to abolition of the provisions of the share unit number and partial changes to the articles of incorporation, and each of the proposals was approved and adopted as originally proposed.

As a result, the common shares of the Company (the “Company Shares”) fall under the delisting criteria provided in the Securities Listing Regulations of the Tokyo Stock Exchange, Inc. (the “TSE”). Thereby, after the Company Shares are designated as delisted shares during the period from November 29, 2024 to December 17, 2024, the Company Shares are scheduled to be delisted as of December 18, 2024. Please take note that the Company Shares may not be traded in the prime market of the TSE after delisting.

1. Proposal 1: Share Consolidation

The Company has obtained approval for the following share consolidation (the “Share Consolidation”) at the Extraordinary General Shareholders Meeting. The details of the Share Consolidation are described in the Press Release dated on October 24, 2024.

(1) Class of shares to be consolidated
Common shares

(2) Ratio of consolidation
40,000,000 shares are to be consolidated into one (1) share

(3) Total number of issued shares to decrease
120,978,778 shares

(Note) As the Company, at the Board of Directors meeting held on November 15, 2024, resolved that it will cancel its 9,374,419 of its treasury shares (a total of all treasury share (9,191,585 shares) owned by the Company as of November 12, 2024, plus the Company Shares (182,834 shares) held by the officer compensation BIP (Board Incentive Plan) trust) as of December 19, 2024, the “Total number of issued shares to decrease” is the number of the total number of issued shares after such cancellation.

- (4) Total number of issued shares before effectuation

120,978,778 shares

(Note) As the Company, at the Board of Directors meeting held on November 15, 2024, resolved that it will cancel its 9,374,419 of its treasury shares (a total of all treasury share (9,191,585 shares) owned by the Company as of November 12, 2024, plus the Company Shares (182,834 shares) held by the officer compensation BIP (Board Incentive Plan) trust) as of December 19, 2024, the “Total number of issued shares to decrease” is the number of the total number of issued shares after such cancellation.

- (5) Total number of issued shares after cancellation.

3 shares

- (6) Total number of authorized shares on effective date

11 shares

- (7) Treatment of fractional shares less than one share and amount of money expected to be paid to shareholders as a result of such treatment

- (a) Whether the treatment under Article 235, Paragraph 1 of the Companies Act or the treatment under Article 234, Paragraph 2 of the said act as applied mutatis mutandis pursuant to Article 235, Paragraph 2 of the said act is planned, and the reasons therefor

As a result of the Share Consolidation, the number of the Company Shares owned by the shareholders other than Kirin Holdings Company, Limited (the “Tender Offeror”) is scheduled to become fractional shares less than one (1) share.

With respect to the fractional shares less than one (1) share occurring as a result of the Share Consolidation, the shares of a number equivalent to the total number thereof (if there are fractional shares less than one (1) share in the total number thereof, such fractional shares shall be disregarded) shall be sold, and the proceeds obtained by the sale thereof shall be delivered to the shareholders for whom fractional shares have occurred depending upon the fractional shares thereof. With respect to such sale, due to such matters as that since the Company Shares are scheduled to be delisted on December 18, 2024 and will become shares without a market price, it can hardly be expected that a purchaser would appear by an auction, they are scheduled to be sold to the Tender Offeror with the permission of the court in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act (Act No. 86 of 2005, as amended; the same hereinafter) which is applied mutatis mutandis by Article 235, Paragraph 2 of the said Act.

If the permission of the court above is obtained as scheduled, the sales amount in such case is scheduled to be set at a price by which monies equivalent to an amount multiplying JPY 2,800, which is the same amount as the price per Company Share in the tender offer for the Company Shares etc., by the Tender Offeror (the “Tender Offer”), by the number of the Company Shares owned by the shareholders described or recorded in the Company’s final shareholder registry as of December 19, 2024, which is the business day preceding the effectuation date of the Share Consolidation, may be delivered to each of the shareholders.

- (b) Name of person expected to purchase shares subject to sale

Kirin Holdings Company, Limited (Tender Offeror)

- (c) Method by which the person expected to purchase shares subject to sale secures funds to pay the sale price, and the reasonableness of the method

While the Tender Offeror is scheduled to provide for the funds required for the acquisition of the Company Shares equivalent to the total number of fractional shares occurring by the Share Consolidation by borrowing from MUFG Bank, Ltd. ("MUFG Bank"), the Company has confirmed the Tender Offeror's fund securement method by confirming the loan certificate dated August 6, 2024 related to the borrowing from MUFG Bank submitted as a document attached to the tender offer statement regarding the Tender Offer (including the matters corrected in the amended statements in connection with it). Also, according to the Tender Offeror, due to such matters as no event which may obstruct the payment of the sales proceeds of the Company Shares equivalent to the total number of fractional shares less than one (1) share occurring as a result of the Share Consolidation has occurred, neither is such event perceived to have the possibility of occurring in the future, the Tender Offeror's method to secure funds for the sales proceeds related to the purchase of the shares equivalent to fractional shares is determined to be reasonable.

- (d) Expected timing of sale and expected timing of payment of sales proceeds to shareholders

After the effectuation of the Share Consolidation, the Company plans to file for permission to the court to sell the Company Shares equivalent to the total number of fractional shares less than one (1) share occurring as a result of the Share Consolidation in accordance with the provisions of Article 234, Paragraph 2 of the Companies Act applied mutatis mutandis by Article 235, Paragraph 2 of the said Act, aiming for January 2025. While the timing of obtaining such permission may change depending upon such matters as the circumstances of the court, the Company plans to obtain the permission of the court and sell the Company Shares aiming for February 2025, and thereafter, upon making preparations required to deliver the proceeds obtained by such sale to the shareholders, to sequentially deliver the proceeds obtained by such sale to the shareholders aiming around one (1) month after the obtainment of such permission.

Taking into consideration the time period required for the series of procedures from the effectuation date of the Share Consolidation till the sale, as described above, the Company has determined that the sale of the Company Shares equivalent to the total number of fractional shares less than one (1) share occurring as a result of the Share Consolidation is prospected to be made, and delivery of the proceeds obtained by such sale is prospected to be made to the shareholders, at the respective timings.

2. Proposal 2: Partial Amendment to the Articles of Incorporation

The Company has obtained approval for the following partial amendment to the Articles of Incorporation at the Extraordinary General Shareholders Meeting. The details of the partial amendment to the Articles of Incorporation are described in the Press Release dated on October 24, 2024.

The partial amendment to the Articles of Incorporation shall take effect on December 20, 2024, on the condition that the Share Consolidation is effectuated.

- (1) In the event that the agenda related to the Share Consolidation is approved and passed as per the original proposal and the Share Consolidation is effectuated, the total number of authorized shares of the Company Shares shall decrease to 11 shares in accordance with the provisions of Article 182, Paragraph 2 of the Companies Act. In order to clarify such point, on the condition that the Share Consolidation is effectuated, Article 6 (Total Number of Authorized Shares) of the current Articles of Incorporation shall be amended.
- (2) In the event that the agenda related to the Share Consolidation is approved and passed as per the original proposal and the Share Consolidation is effectuated, the total number of authorized shares of the Company shall become 3 shares, and there would be no need to provide for the number of share units. Accordingly, on the condition that the Share Consolidation is effectuated, in order to abolish the provisions of the number of share units of the Company Shares which are currently 100 shares per one (1) share unit, Article 7 (Number of Share Units) and Article 8 (Additional Purchase of Shares Less Than One Share Unit) of the current Articles of Incorporation shall be deleted, and the provision numbers shall be moved up accompanying such amendment.
- (3) In the event that the agenda related to the Share Consolidation is approved and passed as per the original proposal and the Share Consolidation is effectuated, the Company Shares shall be delisted and only the Tender Offeror shall own one (1) or more shares of the Company Shares, and also due to the treatment of fractional shares after the Share Consolidation, only the Tender Offeror shall become the Company's shareholder; therefore, the provisions related to the record date of the annual general shareholders meeting and the provisions related to the electronic provision system of the materials of the general shareholders meeting shall lose their necessity. Accordingly, on the condition that the Share Consolidation is effectuated, the entire texts of Article 12 (Record Date of the Annual General Shareholders Meeting) and Article 14 (Electronic Provision Measures, etc.) of the current Articles of Incorporation shall be deleted, and the provision numbers shall be moved up accompanying such amendment.

3. Schedule of Share Consolidation

(i) Date of the Extraordinary General Shareholders Meeting	November 29, 2024 (Fri) (Today)
(ii) Date of designation as a stock to be delisted	November 29, 2024 (Fri) (scheduled)
(iii) Last trading date of Company Shares	December 17, 2024 (Tue) (scheduled)
(iv) Date of delisting of Company Shares	December 18, 2024 (Wed) (scheduled)
(v) Effective date of share consolidation	December 20, 2024 (Fri) (scheduled)

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