A little joy, every day.

FANCL

August 2024

Dear shareholders,

FANCL Corporation

Request to Shareholders for Application for Tender Offer for Shares, Etc. of FANCL Corporation by Kirin Holdings Company, Limited

- On August 6, 2024, Kirin Holdings Company, Limited increased the tender offer price for FANCL's shares from 2,690 yen to 2,800 yen. FANCL continues to express its affirmative opinion regarding the Tender Offer and recommend our shareholders to tender their shares in the Tender Offer.
- For shareholders who have already applied for the Tender Offer before the increase of the tender offer price does not have to re-apply and will receive 2,800 yen per share if the Tender Offer is completed.
- In order for the Tender Offer to be completed, 41,117,700 shares (shareholding ratio: 33.82%), which is the minimum number of shares to be purchased, need to be tendered by the last day of the tender offer period (at 3:30 p.m. on August 28, 2024 Japan time).
- The Tender Offer will fail if the total number of tendered shares, etc. falls short of the minimum number of tendered shares to be purchased.
- Please direct any inquiries regarding the administrative procedures for application for the Tender Offer to the head office or any of the branches of Nomura Securities Co., Ltd., the tender offer agent.

Kirin Holdings Company, Limited ("Kirin") commenced the tender offer (the "Tender Offer") for shares, etc. of FANCL Corporation ("FANCL") on June 17, 2024. Kirin extended the period of the Tender Offer by ten business days on July 29, 2024, and further, on August 6, 2024, changed the tender offer price per share in the Tender Offer from 2,690 yen to 2,800 yen. Kirin also extended the tender offer period to August 28, 2024. FANCL would like to take this opportunity to remind its shareholders about the Tender Offer again.

The history between FANCL and Kirin dates back to 2019. In 2019, FANCL entered into a capital and business alliance agreement with Kirin, with the aim of achieving continuous growth through the resolution of social issues. Since FANCL became Kirin's affiliated company accounted for by the equity method, FANCL and Kirin have been collaborated to create synergies in the areas of "Development of materials, products and brand," "Co-development of products and business," and "Mutual utilization of business platform.” In FANCL’s view, by becoming a wholly owned subsidiary of Kirin through the Tender Offer, FANCL will be able to make maximum use of the various management resources held by Kirin group, thereby accelerating both businesses of “beauty” and “health” at once and realizing maximization of the corporate value of FANCL group. Specifically, FANCL considers that the synergies, such as (i) acceleration of synergy towards attainment of aim common to the group, (ii) creation of innovation due to deepening the joint research development activities, (iii) promotion of sales strategy unified as a group, and (iv) further reinforcement of the sharing of information and management resources, can be realized, and the implementation of this transaction would contribute to the enhancement of corporate value of FANCL.

FANCL considered that the tender offer price for FANCL shares was an adequate price securing the interests which should be enjoyed by FANCL shareholders and that the Tender Offer provides a reasonable opportunity for FANCL shareholders to sell the shares, and on June 14, 2024, FANCL resolved to express its affirmative opinion regarding the Tender Offer and recommend its shareholders to tender their shares in the Tender Offer. Kirin changed the terms and conditions of the Tender Offer on August 6, 2024, and in response, FANCL resolved to continue to express its affirmative opinion regarding the Tender Offer and recommend its shareholders to tender their shares in the Tender Offer.

The reason FANCL express its affirmative opinion regarding the Tender Offer is that Kirin does not seek to acquire a portion of FANCL’s business but respects FANCL’s integrated management approach with which FANCL operates its two major businesses - cosmetics business and nutritional supplements business - and understands that its brand “FANCL” is beloved due to such approach. FANCL believes that its growth is due in large part to the support of its shareholders, and Kirin’s intention is to succeed to FANCL shares for with a view toward fostering further growth, including overseas growth.

Kirin set the minimum number of shares to be purchased in the Tender Offer at 41,117,700 shares (shareholding ratio*: 33.82%) as one of the measures to ensure the fairness of the Tender Offer to respect the interests of FANCL's minority shareholders regarding the success or failure of the Tender Offer. If the number of shares tendered is less than the minimum number of shares to be purchased, the Tender Offer will fail. In that case, it is indeed regrettable, but the future business vision and synergies that FANCL and Kirin envisioned at the time of the Tender Offer announcement will, naturally, not come to fruition. In addition, the shares tendered will not be purchased at the price of 2,800 yen per share and will be returned to the shareholders who tendered their shares, and such shareholders will be exposed to the risk of stock market price fluctuations thereafter.

According to Kirin, Kirin determined to make the tender offer price after the change (2,800 yen) final, to make no change in the tender offer price thereafter, and to make no additional extension of the tender offer period. The tender offer price after the change (2,800 yen) is an amount adding a premium of 48.58% on 1,884.5 yen, the closing price of FANCL shares in the Prime Market of the Tokyo Stock Exchange on June 13, 2024, the business day preceding June 14, 2024, the announcement date of the Tender Offer, and represents a PBR of 4.2 times FANCL's net assets per share as of June 30, 2024.

If the Tender Offer is successful, FANCL, as the core operating company of Kirin group's health science business, will further enhance the "FANCL-ness" of our brand through enhanced investment by Kirin, without changing its founding philosophy, which is the source of our strength. FANCL would like to express its gratitude once again to its shareholders for their patronage and support over the years, and FANCL hopes that its shareholders will understand the above approach and apply for the Tender Offer so that FANCL can further contribute to eliminating the "negatives" of customers related to "beauty" and "health".

For information on how to apply for the Tender Offer, please refer to "Tender Offer for Shares, Etc. of FANCL Corporation by Kirin Holdings Company, Limited" (http://www.nomura.co.jp/retail/stock/tob/4921.html) on Nomura Securities' website. Please contact your standing proxy residing in Japan, if you reside outside Japan and do not hold an account with the Tender Offer Agent (including corporate shareholders)

■Contact information for Nomura Securities regarding application procedures
+81-0120-043-335
Weekday: 8:40 - 17:10 Japan time
Saturday/Sunday: 9:00 – 17:00 Japan time
(Excluding national holidays and year-end and New Year holidays)
Please make sure to use the correct phone number.

■Contact information for FANCL
+81-045-226-1200
FANCL Corporation
Weekday: 9:00 - 17:30 Japan time

* "Shareholding ratio" is the ratio to the substantial number of shares issued, adjusted for the number of shares subject to stock acquisition rights and the number of treasury shares.

- This letter is intended solely to inform FANCL shareholders about the Tender Offer and has no other purpose.
- This letter is sent to FANCL shareholders as of the end of June 2024. Please understand that this letter is also being sent to former FANCL shareholders who have already sold their shares.