

FANCL Corporation  
TSE 1<sup>st</sup> Section: 4921

### Notice regarding revision of basic policy on shareholder returns

**Yokohama, March 23, 2018**—At a board meeting held today, FANCL Corporation (“FANCL”) resolved to revise its basic policy on shareholder returns. Details are as follows.

#### 1. Purpose of revisions

FANCL considers the distribution of profit to shareholders to be an important management issue. For the new Medium-Term Management Plan, “Action 2020”, reflecting a comprehensive consideration of factors including medium- to long-term earnings, future capital funding requirements and capital efficiency, FANCL has resolved to revise its basic policy on shareholder returns from the fiscal year ending March 2019.

#### 2. Details of revisions to basic policy on shareholder returns

Until now FANCL’s basic policy has been to maintain a dividend payout ratio of at least 40% of consolidated net income. However, with the introduction of a new DOE (dividend on equity) policy, FANCL will implement a performance-linked distribution of profit to shareholders with stable dividend payouts.

	Previous policy	Revised policy
Dividends	Maintain a dividend payout ratio of at least 40% of consolidated net income	Consider a dividend amount given a target consolidated dividend payout ratio of approximately 40% and DOE (dividend on equity) ratio of approximately 5%
Acquisition of treasury shares	Flexibly consider the acquisition of treasury shares with the aim of improving the capital efficiency ratio, while taking into account trends in the share price and future capital funding requirements	No change
Cancellation of treasury shares	Treasury shares in excess of 10% of the total number of outstanding shares will be cancelled	No change

Note: DOE (Dividend on equity) = total dividend payout ÷ consolidated net assets

#### 3. Timing of revision

This revision will be implemented from the fiscal year ending March 2019.

The dividend payout for the fiscal year ending March 2018 will be ¥58 per share, as scheduled (interim and year-end dividends of ¥29 each).

(Reference) Annual dividend per share

	FY ended March 2016	FY ended March 2017	FY ending March 2018 (forecast)
Ordinary dividend	¥34	¥34	¥34
Special dividend	—	¥24	¥24
Total	¥34	¥58	¥58

Ends

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