July 27, 2016

FANCL Corporation
TSE 1st Section: 4921

FANCL

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2017 (Additional material)

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of uncertain factors.

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◆Sales by Segment (Three Months)

(Millions of yen,%)

		Three Months ended 6/15			Three Months ended 6/16		
		amount	% of total	% change	amount	% of total	% change
Cosme	Mail Order	5,750	42.6	12.0	6,075	43.7	5.7
	Retail Store	5,127	38.0	35.1	5,063	36.5	(1.2)
	Wholesale	1,022	7.6	35.9	1,239	8.9	21.3
	Overseas sales	1,597	11.8	42.2	1,516	10.9	(5.0)
	Sub total	13,497	61.0	24.9	13,895	59.2	2.9
Supple	Mail Order	2,528	36.8	20.1	3,086	40.3	22.1
	Retail Store	1,716	25.0	33.4	1,876	24.5	9.3
	Wholesale	2,286	33.2	37.4	2,338	30.5	2.3
	Overseas sales	343	5.0	7.8	363	4.7	5.9
	Sub total	6,875	31.1	27.9	7,666	32.6	11.5
Others	Mail Order	1,197	68.9	1.6	1,274	66.3	6.4
	Retail Store	150	8.7	2.2	131	6.8	(13.1)
	Wholesale	383	22.1	9.6	512	26.7	33.6
	Overseas sales	6	0.3	40.2	3	0.2	(48.1)
	Sub total	1,738	7.9	3.4	1,921	8.2	10.5
Total	Mail Order	9,477	42.9	12.6	10,436	44.5	10.1
	Retail Store	6,995	31.6	33.7	7,071	30.1	1.1
	Wholesale	3,693	16.7	33.5	4,091	17.4	10.8
	Overseas sales	1,946	8.8	34.6	1,883	8.0	(3.3)
	Sub total	22,112	100.0	23.8	23,483	100.0	6.2

		Three Months ended 6/15			Three Months ended 6/16		
		amount	% of total	% change	amount	% of total	% change
Rice	Mail Order	327	51.0	5.9	349	50.7	6.7
	Retail Store	25	3.9	20.7	23	3.4	(7.6)
	Wholesale	288	44.9	15.5	315	45.8	9.5
	Overseas sales	1	0.2	(7.8)	0	0.1	(55.8)
	Sub total	642	2.9	10.5	688	2.9	7.3
Kale	Mail Order	444	66.9	1.7	440	59.8	(0.8)
	Retail Store	121	18.3	(1.9)	102	13.9	(15.4)
	Wholesale	93	14.1	(0.7)	191	26.0	105.2
	Overseas sales	4	0.7	67.5	2	0.3	(45.7)
	Sub total	663	3.0	0.9	737	3.1	11.2

◆Sales by Segment (Six Months)

(Millions of yen,%)

		Six Months ended 9/15			Six Months ended 9/16 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Cosme	Mail Order	10,885	41.9	4.8	11,750	42.9	7.9
	Retail Store	9,839	37.8	24.1	10,050	36.7	2.1
	Wholesale	2,053	7.9	49.8	2,560	9.3	24.7
	Overseas sales	3,212	12.4	35.0	3,040	11.1	(5.4)
	Sub total	25,990	60.2	17.8	27,400	57.1	5.4
Supple	Mail Order	5,177	37.6	18.7	6,680	39.3	29.0
	Retail Store	3,537	25.7	26.9	4,230	24.9	19.6
	Wholesale	4,385	31.9	30.7	5,470	32.2	24.7
	Overseas sales	667	4.8	1.2	620	3.6	(7.2)
	Sub total	13,769	31.9	23.3	17,000	35.4	23.5
Others	Mail Order	2,341	68.2	2.7	2,430	67.5	3.8
	Retail Store	301	8.8	1.7	250	6.9	(17.2)
	Wholesale	777	22.6	6.5	910	25.3	17.1
	Overseas sales	12	0.4	1.2	10	0.3	(17.3)
	Sub total	3,432	7.9	3.4	3,600	7.5	4.9
Total	Mail Order	18,404	42.6	8.1	20,860	43.5	13.3
	Retail Store	13,679	31.7	24.2	14,530	30.3	6.2
	Wholesale	7,216	16.7	32.3	8,940	18.6	23.9
	Overseas sales	3,891	9.0	27.6	3,670	7.6	(5.7)
	Sub total	43,192	100.0	18.2	48,000	100.0	11.1

		Six Months ended 9/15			Six Months ended 9/16 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Rice	Mail Order	642	51.2	8.1	700	51.8	9.0
	Retail Store	47	3.8	20.8	50	3.7	5.1
	Wholesale	561	44.8	9.4	595	44.1	6.0
	Overseas sales	3	0.2	(54.1)	5	0.4	65.0
	Sub total	1,254	2.9	8.7	1,350	2.8	7.6
Kale	Mail Order	902	66.2	1.6	880	62.8	(2.5)
	Retail Store	245	18.0	(1.6)	200	14.3	(18.4)
	Wholesale	206	15.1	3.5	315	22.5	52.4
	Overseas sales	9	0.7	69.2	5	0.4	(44.8)
	Sub total	1,363	3.2	1.6	1,400	2.9	2.7

◆Sales by Segment (Full Year)

(Millions of yen,%)

		FY2016			FY2017 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Cosme	Mail Order	23,669	43.0	5.8	25,580	43.5	8.1
	Retail Store	20,219	36.8	19.3	21,400	36.4	5.8
	Wholesale	4,360	7.9	38.6	5,240	8.9	20.2
	Overseas sales	6,767	12.3	35.4	6,580	11.2	(2.8)
	Sub total	55,016	60.6	15.9	58,800	57.4	6.9
Supple	Mail Order	11,331	39.6	21.0	14,650	40.7	29.3
	Retail Store	7,199	25.2	24.6	9,050	25.2	25.7
	Wholesale	8,690	30.4	28.8	11,100	30.8	27.7
	Overseas sales	1,390	4.8	(0.6)	1,200	3.3	(13.7)
	Sub total	28,612	31.5	22.9	36,000	35.1	25.8
Others	Mail Order	5,076	70.3	5.6	5,340	69.3	5.2
	Retail Store	596	8.3	2.4	560	7.3	(6.1)
	Wholesale	1,523	21.1	4.0	1,780	23.1	16.9
	Overseas sales	25	0.3	10.7	20	0.3	(20.2)
	Sub total	7,221	7.9	5.0	7,700	7.5	6.6
Total	Mail Order	40,078	44.1	9.7	45,570	44.5	13.7
	Retail Store	28,016	30.8	20.2	31,010	30.2	10.7
	Wholesale	14,573	16.1	28.3	18,120	17.7	24.3
	Overseas sales	8,182	9.0	27.5	7,800	7.6	(4.7)
	Sub total	90,850	100.0	17.0	102,500	100.0	12.8

		FY2016			FY2017 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Rice	Mail Order	1,394	53.5	12.4	1,600	54.2	14.7
	Retail Store	100	3.8	18.5	110	3.7	9.8
	Wholesale	1,103	42.4	6.2	1,230	41.7	11.5
	Overseas sales	6	0.3	(23.2)	10	0.4	46.6
	Sub total	2,604	2.9	9.8	2,950	2.9	13.2
Kale	Mail Order	1,859	67.4	3.6	1,880	65.1	1.1
	Retail Store	478	17.3	(1.4)	450	15.6	(5.9)
	Wholesale	401	14.6	3.9	550	19.0	36.9
	Overseas sales	18	0.7	32.6	10	0.3	(45.2)
	Sub total	2,757	3.0	2.9	2,890	2.8	4.8

◆Segment Information (Three Months)

(Millions of yen,%)

		Three Months ended 6/15			Three Months ended 6/16		
		amount	% of total	% change	amount	% of total	% change
Cosme	Sales	13,497	61.0	24.9	13,895	59.2	2.9
	Gross Profit	9,991	74.0	25.0	10,367	74.6	3.8
	SGA	8,298	61.5	7.7	9,418	67.8	13.5
	Advertising	*1,502*	*11.1*	*9.0*	*2,015*	*14.5*	*34.2*
	Operating Income	1,692	12.5	485.3	949	6.8	(43.9)
Supple	Sales	6,875	31.1	27.9	7,666	32.6	11.5
	Gross Profit	4,768	69.3	27.4	5,207	67.9	9.2
	SGA	4,719	68.6	12.5	5,656	73.8	19.9
	Advertising	*1,222*	*17.8*	*20.8*	*1,689*	*22.0*	*38.2*
	Operating Income	48	0.7	―	(449)	(5.9)	―
Others	Sales	1,738	7.9	3.4	1,921	8.2	10.5
	Gross Profit	833	47.9	6.4	853	44.4	2.5
	SGA	1,557	89.6	104.4	1,083	56.4	(30.5)
	Advertising	*759*	*43.7*	*930.2*	*245*	*12.8*	*(67.6)*
	Operating Income	(724)	(41.7)	―	(229)	(11.9)	―
Eliminations or Corporate		(378)			(384)		
Total	Sales	22,112	100.0	23.8	23,483	100.0	6.2
	Gross Profit	15,592	70.5	24.6	16,428	70.0	5.4
	SGA	14,954	67.6	14.1	16,542	70.4	10.6
	Advertising	*3,484*	*15.8*	*41.4*	*3,951*	*16.8*	*13.4*
	Operating Income	638	2.9	―	(114)	(0.5)	―

◆General and Administrative Expenses (Three Months)

(Millions of yen,%)

	Three Months ended 6/15			Three Months ended 6/16		
	amount	% of total	% change	amount	% of total	% change
Advertising	3,484	15.8	41.4	3,951	16.8	13.4
Sales Promotions	2,613	11.8	24.7	2,835	12.1	8.5
Transport	829	3.7	10.4	975	4.2	17.7
Communications	364	1.6	(13.7)	474	2.0	30.4
Fees/outsourcing	2,468	11.2	13.7	2,753	11.7	11.6
Salaries	3,238	14.6	1.9	3,283	14.0	1.4
Depreciations	541	2.4	4.4	543	2.3	0.4
Others	1,414	6.4	(5.7)	1,725	7.3	21.9
Total	14,954	67.6	14.1	16,542	70.4	10.6

◆Segment Information (Six Months)

(Millions of yen,%)

		Six Months ended 9/15			Six Months ended 9/16 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Cosme	Sales	25,990	60.2	17.8	27,400	57.1	5.4
	Gross Profit	19,282	74.2	18.0	20,400	74.5	5.8
	SGA	16,693	64.2	11.0	19,600	71.5	17.4
	Advertising	*3,099*	*11.9*	*15.0*	*4,600*	*16.8*	*48.4*
	Operating Income	2,588	10.0	98.9	800	2.9	(69.1)
Supple	Sales	13,769	31.9	23.3	17,000	35.4	23.5
	Gross Profit	9,450	68.6	21.1	11,550	67.9	22.2
	SGA	9,829	71.4	24.0	12,150	71.5	23.6
	Advertising	*2,801*	*20.3*	*62.1*	*3,550*	*20.9*	*26.7*
	Operating Income	(379)	(2.8)	—	(600)	(3.5)	—
Others	Sales	3,432	7.9	3.4	3,600	7.5	4.9
	Gross Profit	1,651	48.1	8.5	1,570	43.6	(5.0)
	SGA	2,928	85.3	102.1	1,920	53.3	(34.4)
	Advertising	*1,366*	*39.8*	*878.8*	*380*	*10.6*	*(72.2)*
	Operating Income	(1,276)	(37.2)	—	(350)	(9.7)	—
Eliminations or Corporate		(816)			(850)		
Total	Sales	43,192	100.0	18.2	48,000	100.0	11.1
	Gross Profit	30,384	70.3	18.3	33,520	69.8	10.3
	SGA	30,267	70.1	19.3	34,520	71.9	14.1
	Advertising	*7,268*	*16.8*	*59.3*	*8,530*	*17.8*	*17.4*
	Operating Income	116	0.3	(61.2)	(1,000)	(2.1)	—

◆General and Administrative Expenses (Six Months)

(Millions of yen,%)

	Six Months ended 9/15			Six Months ended 9/16 (Projection)		
	amount	% of total	% change	amount	% of total	% change
Advertising	7,268	16.8	59.3	8,530	17.8	17.4
Sales Promotions	5,421	12.6	26.6	6,530	13.6	20.5
Transport	1,681	3.9	11.2	1,930	4.0	14.8
Communications	774	1.8	(6.5)	970	2.0	25.3
Fees/Outsourcing	4,876	11.3	14.9	5,600	11.7	14.8
Salaries	6,462	15.0	3.8	6,750	14.1	4.4
Depreciations	1,100	2.5	5.3	1,120	2.3	1.7
Others	2,681	6.2	0.3	3,090	6.4	15.2
Total	30,267	70.1	19.3	34,520	71.9	14.1

◆Segment Information (Full Year)

(Millions of yen,%)

		FY2016			FY2017 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Cosme	Sales	55,016	60.6	15.9	58,800	57.4	6.9
	Gross Profit	40,885	74.3	16.9	44,050	74.9	7.7
	SGA	34,609	62.9	17.6	39,100	66.5	13.0
	Advertising	*6,410*	*11.7*	*49.9*	*8,100*	*13.8*	*26.3*
	Operating Income	6,275	11.4	12.9	4,950	8.4	(21.1)
Supple	Sales	28,612	31.5	22.9	36,000	35.1	25.8
	Gross Profit	19,581	68.4	21.3	24,700	68.6	26.1
	SGA	21,360	74.7	32.3	24,580	68.3	15.1
	Advertising	*6,682*	*23.4*	*101.2*	*6,900*	*19.2*	*3.3*
	Operating Income	(1,779)	(6.2)	—	120	0.3	—
Others	Sales	7,221	7.9	5.0	7,700	7.5	6.6
	Gross Profit	3,411	47.2	7.3	3,410	44.3	(0.1)
	SGA	5,186	71.8	71.4	3,850	50.0	(25.8)
	Advertising	*1,941*	*26.9*	*530.4*	*610*	*7.9*	*(68.6)*
	Operating Income	(1,774)	(24.6)	—	(440)	(5.7)	—
Eliminations or Corporate		(1,517)			(1,630)		
Total	Sales	90,850	100.0	17.0	102,500	100.0	12.8
	Gross Profit	63,878	70.3	17.6	72,160	70.4	13.0
	SGA	62,673	69.0	24.6	69,160	67.5	10.3
	Advertising	*15,035*	*16.5*	*90.2*	*15,610*	*15.2*	*3.8*
	Operating Income	1,204	1.3	(69.9)	3,000	2.9	149.1

◆General and Administrative Expenses (Full Year)

(Millions of yen,%)

	FY2016			FY2017 (Projection)		
	amount	% of total	% change	amount	% of total	% change
Advertising	15,035	16.5	90.2	15,610	15.2	3.8
Sales Promotions	11,888	13.1	25.8	14,010	13.7	17.8
Transport	3,528	3.9	16.3	4,050	4.0	14.8
Communications	1,781	2.0	10.2	2,010	2.0	12.8
Fees/Outsourcing	10,015	11.0	16.7	11,340	11.1	13.2
Salaries	12,929	14.2	3.8	13,950	13.6	7.9
Depreciations	2,294	2.5	7.0	2,440	2.4	6.3
Others	5,200	5.7	1.8	5,750	5.6	10.6
Total	62,673	69.0	24.6	69,160	67.5	10.3

◆Number of Shops by Region

As of 30 June,2016

	Hokkaido	Tohoku	Kanto (except Tokyo)	TOKYO	Tokai,Hokuriku& Shinetsu	Kinki	Chugoku,Shikoku	Kyusyu,Okinawa	Total
FANCL Beauty Shop	—	—	—	1	—	—	—	—	1
FANCL Health House	—	—	1	2	—	—	—	—	3
FANCL Hybrid Shop	4	5	20	20	9	18	8	7	91
Fancl Shop	—	2	12	12	5	7	5	8	51
Fancl House	1	2	8	—	6	8	3	1	29
Fancl House J	—	—	5	2	—	3	—	—	10
Fancl Ginza Square	—	—	—	1	—	—	—	—	1
Others	—	—	1	—	—	—	—	—	1
Total	**5**	**9**	**47**	**38**	**20**	**36**	**16**	**16**	**187**
ATTENIR Shop	1	—	4	3	1	5	1	1	16

◆Number of Shops

	As of March 31, 2012	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of June 30, 2016
FANCL Beauty Shop	—	—	2	4	1	1
FANCL Health House	—	—	2	3	3	3
FANCL Hybrid Shop	—	—	1	21	77	91
Fancl Shop	61	83	83	77	52	51
Fancl House	70	59	56	42	31	29
Fancl House J	39	26	19	15	10	10
Genki Station	3	3	2	—	—	—
Fancl Ginza Square	1	1	1	1	1	1
Others	3	3	1	1	1	1
Total	**177**	**175**	**167**	**164**	**176**	**187**
ATTENIR Shop	16	16	16	15	16	16