October 28, 2016

FANCL Corporation
TSE 1st Section: 4921

FANCL

Consolidated Financial Statements for the Interim Period 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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Investor Relations Group
Tel. +81 45 226-1470
Email: 4921ir@fancl.co.jp

◆Sales by Segment (Six Months)

(Millions of yen,%)

		Six Months ended 9/15			Six Months ended 9/16		
		amount	% of total	% change	amount	% of total	% change
Cosme	Mail Order	10,885	41.9	4.8	11,651	42.9	7.0
	Retail Store	9,839	37.8	24.1	9,706	35.8	(1.3)
	Wholesale	2,053	7.9	49.8	2,622	9.7	27.7
	Overseas sales	3,212	12.4	35.0	3,151	11.6	(1.9)
	Sub total	25,990	60.2	17.8	27,132	58.8	4.4
Supple	Mail Order	5,177	37.6	18.7	6,105	39.5	17.9
	Retail Store	3,537	25.7	26.9	3,744	24.3	5.8
	Wholesale	4,385	31.9	30.7	4,827	31.3	10.1
	Overseas sales	667	4.8	1.2	754	4.9	12.9
	Sub total	13,769	31.9	23.3	15,431	33.4	12.1
Others	Mail Order	2,341	68.2	2.7	2,482	68.9	6.0
	Retail Store	301	8.8	1.7	269	7.5	(10.8)
	Wholesale	777	22.6	6.5	841	23.4	8.3
	Overseas sales	12	0.4	1.2	6	0.2	(46.5)
	Sub total	3,432	7.9	3.4	3,600	7.8	4.9
Total	Mail Order	18,404	42.6	8.1	20,238	43.8	10.0
	Retail Store	13,679	31.7	24.2	13,720	29.7	0.3
	Wholesale	7,216	16.7	32.3	8,292	18.0	14.9
	Overseas sales	3,891	9.0	27.6	3,912	8.5	0.5
	Sub total	43,192	100.0	18.2	46,164	100.0	6.9

		Six Months ended 9/15			Six Months ended 9/16		
		amount	% of total	% change	amount	% of total	% change
Rice	Mail Order	642	51.2	8.1	639	51.0	(0.5)
	Retail Store	47	3.8	20.8	45	3.7	(3.7)
	Wholesale	561	44.8	9.4	565	45.2	0.7
	Overseas sales	3	0.2	(54.1)	1	0.1	(57.8)
	Sub total	1,254	2.9	8.7	1,251	2.7	(0.2)
Kale	Mail Order	902	66.2	1.6	883	64.6	(2.1)
	Retail Store	245	18.0	(1.6)	212	15.5	(13.2)
	Wholesale	206	15.1	3.5	266	19.5	28.9
	Overseas sales	9	0.7	69.2	5	0.4	(42.7)
	Sub total	1,363	3.2	1.6	1,367	3.0	0.3

◆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	25,700	43.9	8.6
	Retail Store	20,219	36.8	19.3	20,650	35.3	2.1
	Wholesale	4,360	7.9	38.6	5,470	9.4	25.5
	Overseas sales	6,767	12.3	35.4	6,680	11.4	(1.3)
	Sub total	55,016	60.6	15.9	58,500	59.1	6.3
Supple	Mail Order	11,331	39.6	21.0	13,550	41.3	19.6
	Retail Store	7,199	25.2	24.6	7,700	23.5	6.9
	Wholesale	8,690	30.4	28.8	10,200	31.1	17.4
	Overseas sales	1,390	4.8	(0.6)	1,350	4.1	(2.9)
	Sub total	28,612	31.5	22.9	32,800	33.1	14.6
Others	Mail Order	5,076	70.3	5.6	5,440	70.6	7.2
	Retail Store	596	8.3	2.4	560	7.3	(6.1)
	Wholesale	1,523	21.1	4.0	1,680	21.8	10.3
	Overseas sales	25	0.3	10.7	20	0.3	(20.2)
	Sub total	7,221	7.9	5.0	7,700	7.8	6.6
Total	Mail Order	40,078	44.1	9.7	44,690	45.2	11.5
	Retail Store	28,016	30.8	20.2	28,910	29.2	3.2
	Wholesale	14,573	16.1	28.3	17,350	17.5	19.0
	Overseas sales	8,182	9.0	27.5	8,050	8.1	(1.6)
	Sub total	90,850	100.0	17.0	99,000	100.0	9.0

		FY2016			FY2017 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Rice	Mail Order	1,394	53.5	12.4	1,500	53.6	7.6
	Retail Store	100	3.8	18.5	110	3.9	9.8
	Wholesale	1,103	42.4	6.2	1,180	42.1	6.9
	Overseas sales	6	0.3	(23.2)	10	0.4	46.6
	Sub total	2,604	2.9	9.8	2,800	2.8	7.5
Kale	Mail Order	1,859	67.4	3.6	1,880	66.2	1.1
	Retail Store	478	17.3	(1.4)	450	15.8	(5.9)
	Wholesale	401	14.6	3.9	500	17.6	24.5
	Overseas sales	18	0.7	32.6	10	0.4	(45.2)
	Sub total	2,757	3.0	2.9	2,840	2.9	3.0

◆Segment Information (Six Months)

(Millions of yen,%)

		Six Months ended 9/15			Six Months ended 9/16		
		amount	% of total	% change	amount	% of total	% change
Cosme	Sales	25,990	60.2	17.8	27,132	58.8	4.4
	Gross Profit	19,282	74.2	18.0	20,224	74.5	4.9
	SGA	16,693	64.2	11.0	18,581	68.5	11.3
	Advertising	*3,099*	*11.9*	*15.0*	*4,117*	*15.2*	*32.8*
	Operating Income	2,588	10.0	98.9	1,642	6.1	(36.6)
Supple	Sales	13,769	31.9	23.3	15,431	33.4	12.1
	Gross Profit	9,450	68.6	21.1	10,492	68.0	11.0
	SGA	9,829	71.4	24.0	11,518	74.6	17.2
	Advertising	*2,801*	*20.3*	*62.1*	*3,569*	*23.1*	*27.4*
	Operating Income	(379)	(2.8)	—	(1,026)	(6.6)	—
Others	Sales	3,432	7.9	3.4	3,600	7.8	4.9
	Gross Profit	1,651	48.1	8.5	1,630	45.3	(1.3)
	SGA	2,928	85.3	102.1	2,023	56.2	(30.9)
	Advertising	*1,366*	*39.8*	*878.8*	*409*	*11.4*	*(70.0)*
	Operating Income	(1,276)	(37.2)	—	(392)	(10.9)	—
Eliminations or Corporate		(816)			(825)		
Total	Sales	43,192	100.0	18.2	46,164	100.0	6.9
	Gross Profit	30,384	70.3	18.3	32,347	70.1	6.5
	SGA	30,267	70.1	19.3	32,948	71.4	8.9
	Advertising	*7,268*	*16.8*	*59.3*	*8,096*	*17.5*	*11.4*
	Operating Income	116	0.3	(61.2)	(601)	(1.3)	—

◆General and Administrative Expenses (Six Months)

(Millions of yen,%)

	Six Months ended 9/15			Six Months ended 9/16		
	amount	% of total	% change	amount	% of total	% change
Advertising	7,268	16.8	59.3	8,096	17.5	11.4
Sales Promotions	5,421	12.6	26.6	5,898	12.8	8.8
Transport	1,681	3.9	11.2	1,977	4.3	17.6
Communications	774	1.8	(6.5)	1,027	2.2	32.8
Fees/Outsourcing	4,876	11.3	14.9	5,273	11.4	8.1
Salaries	6,462	15.0	3.8	6,609	14.3	2.3
Depreciations	1,100	2.5	5.3	1,109	2.4	0.8
Others	2,681	6.2	0.3	2,956	6.4	10.3
Total	30,267	70.1	19.3	32,948	71.4	8.9

◆Capital Investment and Depreciation (Six Months)

(Millions of yen)

	Six Months ended 9/15	Six Months ended 9/16
Capital Investment	2,221	2,183
Depreciation	1,521	1,482

◆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	58,500	59.1	6.3
	Gross Profit	40,885	74.3	16.9	43,830	74.9	7.2
	SGA	34,609	62.9	17.6	38,600	66.0	11.5
	Advertising	*6,410*	*11.7*	*49.9*	*8,100*	*13.8*	*26.3*
	Operating Income	6,275	11.4	12.9	5,230	8.9	(16.7)
Supple	Sales	28,612	31.5	22.9	32,800	33.1	14.6
	Gross Profit	19,581	68.4	21.3	22,600	68.9	15.4
	SGA	21,360	74.7	32.3	22,760	69.4	6.6
	Advertising	*6,682*	*23.4*	*101.2*	*6,700*	*20.4*	*0.3*
	Operating Income	(1,779)	(6.2)	—	(160)	(0.5)	—
Others	Sales	7,221	7.9	5.0	7,700	7.8	6.6
	Gross Profit	3,411	47.2	7.3	3,400	44.2	(0.3)
	SGA	5,186	71.8	71.4	3,840	49.9	(26.0)
	Advertising	*1,941*	*26.9*	*530.4*	*600*	*7.8*	*(69.1)*
	Operating Income	(1,774)	(24.6)	—	(440)	(5.7)	—
Eliminations or Corporate		(1,517)			(1,630)		
Total	Sales	90,850	100.0	17.0	99,000	100.0	9.0
	Gross Profit	63,878	70.3	17.6	69,830	70.5	9.3
	SGA	62,673	69.0	24.6	66,830	67.5	6.6
	Advertising	*15,035*	*16.5*	*90.2*	*15,400*	*15.6*	*2.4*
	Operating Income	1,204	1.3	(69.9)	3,000	3.0	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	15,400	15.6	2.4
Sales Promotions	11,888	13.1	25.8	13,270	13.4	11.6
Transport	3,528	3.9	16.3	3,910	3.9	10.8
Communications	1,781	2.0	10.2	1,940	2.0	8.9
Fees/Outsourcing	10,015	11.0	16.7	10,620	10.7	6.0
Salaries	12,929	14.2	3.8	13,700	13.8	6.0
Depreciations	2,294	2.5	7.0	2,390	2.4	4.2
Others	5,200	5.7	1.8	5,600	5.7	7.7
Total	62,673	69.0	24.6	66,830	67.5	6.6

◆Capital Investment and Depreciation (Full Year)

(Millions of yen)

	FY2016	FY2017 (Projection)
Capital Investment	3,726	4,870
Depreciation	3,207	3,250

◆Number of Shops by Region

As of 30 September,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	7	28	27	13	29	11	13	132
Fancl Shop	—	1	8	7	4	3	3	5	31
Fancl House	1	1	4	—	3	4	2	1	16
Fancl House J	—	—	5	1	—	2	—	—	8
Fancl Ginza Square	—	—	—	1	—	—	—	—	1
Others	—	—	1	—	—	—	—	—	1
Total	**5**	**9**	**47**	**39**	**20**	**38**	**16**	**19**	**193**
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 September 30, 2016	As of March 31, 2017 (Projection)
FANCL Beauty Shop	—	—	2	4	1	1	1
FANCL Health House	—	—	2	3	3	3	3
FANCL Hybrid Shop	—	—	1	21	77	132	172
Fancl Shop	61	83	83	77	52	31	10
Fancl House	70	59	56	42	31	16	9
Fancl House J	39	26	19	15	10	8	3
Genki Station	3	3	2	—	—	—	—
Fancl Ginza Square	1	1	1	1	1	1	1
Others	3	3	1	1	1	1	1
Total	**177**	**175**	**167**	**164**	**176**	**193**	**200**
ATTENIR Shop	16	16	16	15	16	16	16