October 30, 2017

FANCL Corporation
TSE 1st Section: 4921

Consolidated Financial Statements for the Interim Period of the Fiscal Year Ending March 31, 2018 (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 (Six Months)

(Millions of yen,%)

		Six Months ended 9/16			Six Months ended 9/17		
		amount	% of total	% change	amount	% of total	% change
Cosme	Mail Order	11,651	42.9	7.0	12,950	41.2	11.2
	Retail Store	9,706	35.8	(1.3)	11,436	36.4	17.8
	Wholesale	2,622	9.7	27.7	3,197	10.2	21.9
	Overseas sales	3,151	11.6	(1.9)	3,839	12.2	21.8
	Sub total	27,132	58.8	4.4	31,424	60.6	15.8
Supple	Mail Order	6,105	39.5	17.9	6,475	38.0	6.1
	Retail Store	3,744	24.3	5.8	4,767	28.0	27.3
	Wholesale	4,827	31.3	10.1	4,911	28.8	1.7
	Overseas sales	754	4.9	12.9	894	5.2	18.7
	Sub total	15,431	33.4	12.1	17,049	32.9	10.5
Others	Mail Order	2,482	68.9	6.0	2,432	71.9	(2.0)
	Retail Store	269	7.5	(10.8)	295	8.7	9.6
	Wholesale	841	23.4	8.3	647	19.2	(23.0)
	Overseas sales	6	0.2	(46.5)	8	0.2	24.6
	Sub total	3,600	7.8	4.9	3,383	6.5	(6.0)
Total	Mail Order	20,238	43.8	10.0	21,858	42.2	8.0
	Retail Store	13,720	29.7	0.3	16,500	31.8	20.3
	Wholesale	8,292	18.0	14.9	8,756	16.9	5.6
	Overseas sales	3,912	8.5	0.5	4,742	9.1	21.2
	Sub total	46,164	100.0	6.9	51,857	100.0	12.3

		Six Months ended 9/16			Six Months ended 9/17		
		amount	% of total	% change	amount	% of total	% change
Rice	Mail Order	639	51.0	(0.5)	583	52.0	(8.7)
	Retail Store	45	3.7	(3.7)	45	4.1	0.2
	Wholesale	565	45.2	0.7	489	43.7	(13.4)
	Overseas sales	1	0.1	(57.8)	2	0.2	77.3
	Sub total	1,251	2.7	(0.2)	1,121	2.2	(10.4)
Kale	Mail Order	883	64.6	(2.1)	883	68.7	(0.0)
	Retail Store	212	15.5	(13.2)	230	17.9	8.2
	Wholesale	266	19.5	28.9	166	12.9	(37.7)
	Overseas sales	5	0.4	(42.7)	5	0.5	11.6
	Sub total	1,367	3.0	0.3	1,285	2.5	(6.0)

◆Sales by Segment (Full Year)

(Millions of yen,%)

		FY2017			FY2018 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Cosme	Mail Order	24,748	43.5	4.6	27,150	42.9	9.7
	Retail Store	20,227	35.5	0.0	22,480	35.5	11.1
	Wholesale	5,300	9.3	21.6	5,930	9.4	11.9
	Overseas sales	6,649	11.7	(1.7)	7,740	12.2	16.4
	Sub total	56,926	59.1	3.5	63,300	60.3	11.2
Supple	Mail Order	13,083	40.8	15.5	13,800	39.6	5.5
	Retail Store	7,828	24.4	8.7	9,250	26.6	18.2
	Wholesale	9,595	29.9	10.4	9,850	28.3	2.7
	Overseas sales	1,577	4.9	13.5	1,900	5.5	20.4
	Sub total	32,085	33.3	12.1	34,800	33.1	8.5
Others	Mail Order	5,204	71.3	2.5	5,060	73.3	(2.8)
	Retail Store	581	8.0	(2.6)	570	8.3	(1.9)
	Wholesale	1,493	20.5	(2.0)	1,250	18.1	(16.3)
	Overseas sales	15	0.2	(37.5)	20	0.3	27.7
	Sub total	7,294	7.6	1.0	6,900	6.6	(5.4)
Total	Mail Order	43,037	44.7	7.4	46,010	43.8	6.9
	Retail Store	28,637	29.7	2.2	32,300	30.8	12.8
	Wholesale	16,388	17.0	12.5	17,030	16.2	3.9
	Overseas sales	8,242	8.6	0.7	9,660	9.2	17.2
	Sub total	96,305	100.0	6.0	105,000	100.0	9.0

		FY2017			FY2018 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Rice	Mail Order	1,345	54.0	(3.5)	1,210	53.8	(10.1)
	Retail Store	95	3.8	(4.7)	90	4.0	(5.7)
	Wholesale	1,045	42.0	(5.2)	940	41.8	(10.1)
	Overseas sales	3	0.2	(48.0)	10	0.4	182.1
	Sub total	2,490	2.6	(4.4)	2,250	2.1	(9.7)
Kale	Mail Order	1,822	67.2	(1.9)	1,810	69.6	(0.7)
	Retail Store	448	16.6	(6.2)	460	17.7	2.5
	Wholesale	427	15.8	6.4	320	12.3	(25.2)
	Overseas sales	12	0.4	(33.5)	10	0.4	(17.5)
	Sub total	2,711	2.8	(1.7)	2,600	2.5	(4.1)

◆Segment Information (Six Months)

(Millions of yen,%)

		Six Months ended 9/16			Six Months ended 9/17		
		amount	% of total	% change	amount	% of total	% change
Cosme	Sales	27,132	58.8	4.4	31,424	60.6	15.8
	Gross Profit	20,224	74.5	4.9	23,651	75.3	16.9
	SGA	18,581	68.5	11.3	19,309	61.4	3.9
	Advertising	*4,117*	*15.2*	*32.8*	*3,970*	*12.6*	*(3.6)*
	Operating Income	1,642	6.1	(36.6)	4,341	13.8	164.3
Supple	Sales	15,431	33.4	12.1	17,049	32.9	10.5
	Gross Profit	10,492	68.0	11.0	11,635	68.2	10.9
	SGA	11,518	74.6	17.2	11,433	67.1	(0.7)
	Advertising	*3,569*	*23.1*	*27.4*	*3,214*	*18.9*	*(9.9)*
	Operating Income	(1,026)	(6.6)	-	202	1.2	-
Others	Sales	3,600	7.8	4.9	3,383	6.5	(6.0)
	Gross Profit	1,630	45.3	(1.3)	1,542	45.6	(5.4)
	SGA	2,023	56.2	(30.9)	1,484	43.9	(26.6)
	Advertising	*409*	*11.4*	*(70.0)*	*272*	*8.1*	*(33.4)*
	Operating Income	(392)	(10.9)	-	58	1.7	-
Eliminations or Corporate		(825)			(865)		
Total	Sales	46,164	100.0	6.9	51,857	100.0	12.3
	Gross Profit	32,347	70.1	6.5	36,829	71.0	13.9
	SGA	32,948	71.4	8.9	33,092	63.8	0.4
	Advertising	*8,096*	*17.5*	*11.4*	*7,457*	*14.4*	*(7.9)*
	Operating Income	(601)	(1.3)	-	3,736	7.2	-

◆General and Administrative Expenses (Six Months)

(Millions of yen,%)

	Six Months ended 9/16			Six Months ended 9/17		
	amount	% of total	% change	amount	% of total	% change
Advertising	8,096	17.5	11.4	7,457	14.4	(7.9)
Sales Promotions	5,898	12.8	8.8	6,106	11.8	3.5
Transport	1,977	4.3	17.6	2,095	4.0	6.0
Communications	1,027	2.2	32.8	887	1.7	(13.7)
Fees/Outsourcing	5,273	11.4	8.1	5,606	10.8	6.3
Salaries	6,609	14.3	2.3	7,225	13.9	9.3
Depreciations	1,109	2.4	0.8	923	1.8	(16.7)
Others	2,956	6.4	10.3	2,790	5.4	(5.6)
Total	32,948	71.4	8.9	33,092	63.8	0.4

◆Capital Investment and Depreciation (Six Months)

(Millions of yen)

	Six Months ended 9/16	Six Months ended 9/17
Capital Investment	2,183	1,149
Depreciation	1,482	1,368

*The sum of depreciation included in cost of sales and selling, general, and administrative expenses

◆Segment Information (Full Year)

(Millions of yen,%)

		FY2017			FY2018 (Projection)		
		amount	% of total	% change	amount	% of total	% change
Cosme	Sales	56,926	59.1	3.5	63,300	60.3	11.2
	Gross Profit	42,805	75.2	4.7	47,720	75.4	11.5
	SGA	37,551	66.0	8.5	41,020	64.8	9.2
	Advertising	*7,656*	*13.5*	*19.4*	*7,670*	*12.1*	*0.2*
	Operating Income	5,253	9.2	(16.3)	6,700	10.6	27.5
Supple	Sales	32,085	33.3	12.1	34,800	33.1	8.5
	Gross Profit	21,728	67.7	11.0	23,800	68.4	9.5
	SGA	22,594	70.4	5.8	22,950	65.9	1.6
	Advertising	*6,601*	*20.6*	*(1.2)*	*6,140*	*17.6*	*(7.0)*
	Operating Income	(865)	(2.7)	-	850	2.4	-
Others	Sales	7,294	7.6	1.0	6,900	6.6	(5.4)
	Gross Profit	3,275	44.9	(4.0)	3,140	45.5	(4.1)
	SGA	3,874	53.1	(25.3)	3,060	44.3	(21.0)
	Advertising	*558*	*7.7*	*(71.2)*	*500*	*7.2*	*(10.5)*
	Operating Income	(599)	(8.2)	-	80	1.2	-
Eliminations or Corporate		(1,544)			(1,630)		
Total	Sales	96,305	100.0	6.0	105,000	100.0	9.0
	Gross Profit	67,810	70.4	6.2	74,660	71.1	10.1
	SGA	65,565	68.1	4.6	68,660	65.4	4.7
	Advertising	*14,816*	*15.4*	*(1.5)*	*14,310*	*13.6*	*(3.4)*
	Operating Income	2,244	2.3	86.3	6,000	5.7	167.3

◆General and Administrative Expenses (Full Year)

(Millions of yen,%)

	FY2017			FY2018 (Projection)		
	amount	% of total	% change	amount	% of total	% change
Advertising	14,816	15.4	(1.5)	14,310	13.6	(3.4)
Sales Promotions	12,833	13.3	8.0	13,690	13.0	6.7
Transport	4,075	4.2	15.5	4,600	4.4	12.9
Communications	2,037	2.1	14.4	2,020	1.9	(0.9)
Fees/Outsourcing	10,590	11.0	5.7	12,000	11.4	13.3
Salaries	13,321	13.8	3.0	14,530	13.8	9.1
Depreciations	2,284	2.4	(0.5)	1,900	1.8	(16.8)
Others	5,606	5.8	7.8	5,610	5.3	0.1
Total	65,565	68.1	4.6	68,660	65.4	4.7

◆Capital Investment and Depreciation (Full Year)

(Millions of yen)

	FY2017	FY2018 (Projection)
Capital Investment	4,074	3,170
Depreciation	3,185	3,160

*The sum of depreciation included in cost of sales and selling, general, and administrative expenses

◆Number of Shops by Region

As of 30 September,2017

	Hokkaido	Tohoku	Kanto (except Tokyo)	TOKYO	Tokai,Hokuriku& Shinetsu	Kinki	Chugoku,Shikoku	Kyusyu,Okinawa	Total
FANCL Beauty Shop	-	-	-	1	-	-	-	-	1
FANCL Health House	-	-	-	1	-	-	-	-	1
FANCL Hybrid Shop	5	8	46	33	18	37	14	17	178
FANCL beauty&health	-	-	-	2	-	-	-	-	2
Fancl Shop	-	1	2	1	2	-	1	1	8
Fancl House	1	-	-	1	-	3	1	1	7
Fancl House J	-	-	3	-	-	-	-	-	3
Fancl Ginza Square	-	-	-	1	-	-	-	-	1
Others	-	-	2	1	-	-	-	-	3
Total	**6**	**9**	**53**	**41**	**20**	**40**	**16**	**19**	**204**
ATTENIR Shop	1	-	4	3	1	5	1	1	16

◆Number of Shops

	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of September 30, 2017	As of March 31, 2018 (Projection)
FANCL Beauty Shop	-	2	4	1	1	1	1
FANCL Health House	-	2	3	3	3	1	1
FANCL Hybrid Shop	-	1	21	77	168	178	193
FANCL beauty&health	-	-	-	-	2	2	2
Fancl Shop	83	83	77	52	10	8	2
Fancl House	59	56	42	31	9	7	5
Fancl House J	26	19	15	10	6	3	2
Genki Station	3	2	-	-	-	-	-
Fancl Ginza Square	1	1	1	1	1	1	1
Others	3	1	1	1	1	3	5
Total	**175**	**167**	**164**	**176**	**201**	**204**	**212**
ATTENIR Shop	16	16	15	16	16	16	16