FANCL Corporation

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2024

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 factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

SUMMARY OF FINANCIAL STATEMENTS (consolidated)

Results for the Fiscal Year Ended March 31, 2024

FANCL CORPORATION

May 8, 2024

Stock exchange listings: TSE Prime Market, code number 4921

https://www.fancl.jp/en/

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CEO, President, Representative Director: Kazuyuki Shimada
Scheduled date for regular shareholders' meeting: June 22, 2024
Scheduled date for distribution of dividends: June 24, 2024
Scheduled date for submission of financial report: June 24, 2024
Appendix materials prepared to accompany this report: Yes
Investor conference call: Yes (For investors and analysts)

1) Consolidated results for the fiscal year (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(Millions of yen, rounded down)

	FY ended March 31, 2024		FY ended March 31, 2023	
		% change		% change
Net sales	110,881	7.0	103,595	(0.4)
Operating income	12,570	60.3	7,843	(19.7)
Ordinary income	12,940	51.2	8,557	(17.7)
Net income attributable to owners of the parent company	8,833	77.7	4,970	(33.0)
Net income per share (¥)	73.04	--	41.11	--
Net income per share (diluted) (¥)	72.77	--	40.95	--
Return on equity (%)	11.4	--	6.7	--
Ratio of ordinary income to total capital (%)	12.1	--	8.4	--
Ratio of operating income to net sales (%)	11.3	--	7.6	--

Notes: 1. The percentages shown above are a comparison with the same period in the previous fiscal year.
2. Comprehensive income: FY ended March 31, 2024: ¥8,976 million (78.5%)
FY ended March 31, 2023: ¥5,029 million (-33.5%)

(2) Consolidated Financial Position

(Millions of yen, rounded down)

	As of March 31, 2024	As of March 31, 2023
Total assets	110,728	103,944
Net assets	80,533	75,662
Equity ratio (%)	72.2	72.2
Shareholders' equity per share	661.38	620.72

Reference: Shareholders' equity: As of March 31, 2024: ¥79,996 million
As of March 31, 2023: ¥75,058 million

(3) Cash Flows

(Millions of yen, rounded down)

	FY ended March 31, 2024	FY ended March 31, 2023
Net cash provided by operating activities	11,323	12,952
Net cash used in investing activities	(2,201)	(1,867)
Net cash used in financing activities	(4,249)	(4,247)
Cash and cash equivalents at end of year	42,080	37,039

2) Dividends

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025 (forecast)
Interim dividend per share (¥)	17.00	17.00	17.00
Year-end dividend per share (¥)	17.00	17.00	17.00
Annual dividend per share (¥)	34.00	34.00	34.00
Total dividend payment *(millions of yen)*	4,118	4,119	
Consolidated dividend payout ratio (%)	82.9	46.6	41.2
Dividend to net assets ratio (%)	5.5	5.3	

3) Consolidated forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen, rounded down)

	Interim period ending September 30, 2024		FY Ending March 31, 2025	
		Change %		Change %
Net sales	55,730	3.1	118,500	6.9
Operating income	6,590	8.8	14,500	15.3
Ordinary income	6,600	3.7	14,500	12.0
Profit (loss) attributable to owners of parent	4,500	4.3	10,000	13.2
Net income per share (¥)	37.20	--	82.68	--

Notes: Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.

4. Other

1) Transfer of important subsidiaries during the period (transfers of specified subsidiaries resulting in changes in the scope of consolidation): None

2) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes following revisions to accounting standards: None
2. Other changes: None
3. Changes in accounting estimates: None
4. Restatements: None

3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury shares)	As of March 31, 2024	130,353,200 shares	As of March 31, 2023	130,353,200 shares
2. Number of treasury shares	As of March 31, 2024	9,399,839 shares	As of March 31, 2023	9,430,462 shares
3. Average number of shares during the period	FY ended March 31, 2024	120,948,177 shares	FY ended March 31, 2023	120,905,689 shares

Note: The number of treasury shares at the end of the fiscal year includes the Company's shares held by the BIP Trust for Directors (206,039 shares as of March 31, 2024, 209,915 shares as of March 31, 2023). The Company's shares held by the BIP Trust for Directors are included in treasury shares as a deduction in the calculation of average number of shares outstanding during the fiscal year.

Reference: Outline of Non-consolidated Financial Results

Non-consolidated operating results for the fiscal year ended March 31, 2024

1) Non-consolidated Operating Results **(***Millions of yen, rounded down)*

	FY ended March 31, 2024		FY ended March 31, 2023	
		(% change)		(% change)
Sales	92,384	6.3	86,891	(0.2)
Operating income	11,407	42.3	8,015	(9.1)
Ordinary income	11,136	19.3	9,330	2.6
Net income	6,909	5.9	6,523	6.2
Net income per share (¥)	57.13		53.96	
Net income per share (diluted) (¥)	56.92		53.74	

Percentage figures for sales, operating income, etc. represent changes compared to the previous fiscal year.

2) Non-Consolidated financial position

	As of March 31, 2024	As of March 31, 2023
Total assets *(millions of yen)*	87,182	83,191
Net assets *(millions of yen)*	61,800	58,997
Equity ratio (%)	70.3	70.2
Net assets per share (¥)	506.51	482.90

Reference: Shareholders' equity:
FY ended March 2024: ¥61,264 million
FY ended March 2023: ¥58,393 million

***This financial report is not subject to audit procedures by a certified public accountant or auditor**

*** Appropriate use of financial forecasts, other special notes**

(Cautionary note regarding forward-looking statements)

Forecasts, etc., recorded in this document include forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. For further detail, please see Page 7: 1. Operating Results, Section 4, Forecasts for the fiscal year ending March 31, 2025.

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1. Operating Results

(1) Summary of business performance (consolidated)

(All comparisons are with the previous fiscal year, unless stated otherwise.)

1) Overview of the consolidated financial year under review

During the consolidated fiscal year under review, overall consolidated sales increased 7.0% to ¥110,881 million. This increase was driven by strong trending domestic sales in the core cosmetics and nutritional supplements businesses, which outweighed the impact of the release of treated nuclear power plant water into the ocean, causing consumer reluctance in China to purchase Japanese products. Operating income increased 60.3% to ¥12,570 million, mainly due to an increase in gross profit from higher sales, as well as efforts to effectively use advertising and promotion expenditure. Ordinary income increased 51.2% to ¥12,940 million, and net income attributable to owners of the parent company increased 77.7% to ¥8,833 million.

Segment results are as follows:

2) Status of operations

(1) Cosmetics Business

Sales

Sales from the Cosmetics business increased 6.5% to ¥61,206 million.

(Millions of yen, rounded down)

	FY ended March 31, 2024		FY ended March 31, 2023		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
FANCL Cosmetics	44,648	73.0	42,102	73.3	6.0
ATTENIR Cosmetics	15,193	24.8	13,447	23.4	13.0
boscia	637	1.0	783	1.4	(18.6)
Others	727	1.2	1,114	1.9	(34.8)
Totals	61,206	100.0	57,448	100.0	6.5

	FY ended March 31, 2024		FY ended March 31, 2023		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Online and catalogue sales	33,554	54.8	31,404	54.7	6.8
Direct store sales	12,783	20.9	11,825	20.6	8.1
Wholesales and others	9,179	15.0	8,800	15.3	4.3
Overseas sales	5,689	9.3	5,417	9.4	5.0
Totals	61,206	100.0	57,448	100.0	6.5

Sales of **FANCL Cosmetics** increased 6.0% to ¥44,648 million due to strong trending sales of make-up and special care products, in addition to *MILD CLEANSING OIL BLACK & SMOOTH* which was launched in April 2023.

Sales of **ATTENIR Cosmetics** increased 13.0% to ¥15,193 million, due to growth in sales on external online and catalogue platforms, in addition to strong sales of *SKIN CLEAR CLEANSE OIL*, which was renewed in November 2023.

Sales of **boscia** decreased 18.6% to ¥637 million due to sluggish wholesale sales to real stores.

Results by **sales channels** were: online and catalogue sales increased 6.8% to ¥33,554 million, direct store sales increased 8.1% to ¥12,783 million, wholesale sales through other sales channels increased 4.3% to ¥9,179 million, and overseas sales increased 5.0% to ¥5,689 million.

Operating income

Operating income increased 43.4% to ¥8,466 million, due to an increase in gross profit from higher sales, as well as efforts to effectively use advertising and promotion expenditure.

(**2) Nutritional Supplements Business**

Sales

Nutritional supplement sales increased 9.7% to ¥43,723 million.

(Millions of yen, rounded down)

	FY ended March 31, 2024		FY ended March 31, 2023		Change (%)
	Amount in ¥ million	Percent of total	Amount in ¥ million	Percent of total	
Online and catalogue sales	19,041	43.6	18,176	45.6	4.8
Direct store sales	7,404	16.9	5,828	14.6	27.0
Wholesales and others	12,514	28.6	11,541	28.9	8.4
Overseas Sales	4,761	10.9	4,325	10.9	10.1
Totals	43,723	100.0	39,871	100.0	9.7

Overall **product sales** increased as a result of strong trending sales of *Calolimit for the Mature Aged,* which was subject to strengthened advertising, *and Age Bracket-Based Supplements*, which benefitted from the recovery in inbound demand.

Results **by sales channels** were: online and catalogue sales increased 4.8% to ¥19,041 million, direct store sales increased 27.0% to ¥7,404 million, wholesale sales through other sales channels increased 8.4% to ¥12,514 million, and overseas sales increased 10.1% to ¥4,761 million.

Operating income

Operating income increased 72.3% to ¥5,908 million, due to an increase in gross profit from higher sales as well as efforts to effectively use advertising and promotion expenditure.

(3) Other Businesses

Sales

Other businesses decreased 5.2% year on year to ¥5,952 million.

(Millions of yen, rounded down)

	FY ended March 31, 2024	FY ended March 31, 2023	Change (%)
Hatsuga genmai	1,810	1,985	(8.9)
Kale juice	1,924	2,005	(4.0)
Other	2,217	2,285	(2.9)
Totals	5,952	6,276	(5.2)

Operating income

An operating loss of ¥285 million was recorded (compared to operating income of ¥92 million in the previous comparable period) due to a decline in gross profit from lower sales.

(2) Summary of consolidated financial position

(All comparisons are with the end of the previous fiscal year, unless stated otherwise.)

Assets increased ¥6,784 million to ¥110,728 million, primarily due to an increase of ¥8,683 million in current assets and a decrease of ¥1,899 million in fixed assets. The primary factor contributing to the increase in current assets was a ¥5,040 million increase in cash and cash equivalents and a ¥2,577 million increase in accounts receivable. The primary factor contributing to the decrease in fixed assets was a ¥1,675 million decrease in tangible fixed assets due to depreciation.

Liabilities increased ¥1,913 million from the end of the previous fiscal year to ¥30,195 million. The primary contributing factors were an increase of ¥12,176 million in current liabilities and a decrease of ¥10,263 million in long-term liabilities. Factors contributing to the increase in current liabilities included a ¥10,000 million increase due to reclassification of the current portion of convertible bonds with stock acquisition rights from long-term liabilities to current liabilities, and a ¥1,055 million increase in accrued income taxes. Factors contributing to the decrease in long-term liabilities included a ¥10,050 million decrease due to reclassification of the current portion of convertible bonds with stock acquisition rights from long-term liabilities to current liabilities.

Net assets increased ¥4,870 million to ¥80,533 million. Contributing factors included an ¥8,833 million increase in retained earnings due to the recording of net income attributable to owners of the parent company, and a ¥4,119 million decrease in retained earnings due to dividend payments.

As a result, the shareholders' equity ratio remained unchanged from the end of the previous fiscal year, at 72.2%.

(3) Summary of Cash flows

Cash and cash equivalents ("funds") as of March 31, 2024, were ¥42,080 million, ¥5,040 million higher than at the end of the previous consolidated fiscal year. The main contributing factors to cash flows during the consolidated fiscal year ended March 31, 2024 are as follows:

Cash flows from operating activities

Cash flow gained from operating activities during the period under review was ¥11,323 million, compared with an inflow of ¥12,952 million in the previous consolidated fiscal year.

Factors increasing operating cash flow included income before income taxes of ¥12,814 million, and depreciation of ¥4,032 million. The main factor decreasing operating cash flow was income taxes paid of ¥3,188 million.

Cash flows from investing activities

Cash flow used in investing activities during the period under review was ¥2,201million, compared with an outflow of ¥1,867 million in the previous consolidated fiscal year. This was primarily due to outlays of ¥1,620 million for acquisitions of tangible fixed assets, and outlays of ¥816 million for acquisitions of intangible fixed assets.

Cash flows from financing activities

Cash flow used in financing activities during the period under review was ¥4,249 million, compared with an outflow of ¥4,247 million in the previous consolidated fiscal year. The main factor reducing cash flow from financing activities was ¥4,113 million for dividend payments.

(4) Forecasts for the fiscal year ending March 31, 2025

Looking at the future economic environment, while oil prices are beginning to return to normal after rising sharply due to Russia's invasion of Ukraine, consumer prices are soaring in many countries across the world, and consumption trends will require close monitoring. While the Japanese economy is expected to be impacted by inflation, consumer spending is expected to increase due to the effects rising wages and other economic policies. In addition, there are also expectations for a recovery in inbound consumption due to the increase in visitors to Japan combined with the weak yen. Under these circumstances, the Group will work to respond quickly to changes in the social environment, strengthen the foundations of its domestic business, and promote its overseas expansion, guided by the policies of our Medium-Term Management Plan which begins in the fiscal year ending March 31, 2025.
In the Cosmetics Business, we will aim to increase new customer acquisitions by investing in marketing centered on the mainstay *Mild Cleansing Oil* series, along with the Mutenka skin care series *Toiro* (quazi-drug) which we launched at FANCL Cosmetics in April 2024. For Attenir, we will aim to expand sales by leveraging *Dress snow Facial Wash*, which was launched in March 2024, and through the renewal of the *Prima Moist* basic skin care line. Overseas, in addition to continuing the growth of our China cross-border e-commerce business, we will launch general trade sales. Outside of China, we will also proactively expand our business to ASEAN markets.
In the Nutritional Supplements Business, we will continue to develop our star products including the *Calolimit* series, *Naishi Support* and *Enkin* products, as well as cultivating the "female", "pre-seniors" categories, and work to expand sales. Overseas, we will continue to promote the inner-body effectiveness of FANCL supplements and strengthen communication on various social channels and e-commerce malls to promote branding and product cultivation.

In light of the above, in the fiscal year ending March 31, 2025, the Company forecasts a 6.9% increase in net sales to ¥118,500 million, a 15.3% increase in operating income to ¥14,500 million, a 12.0% increase in ordinary income to ¥14,500 million, and a 13.2% increase in net income attributable to owners of the parent company to ¥10,000 million.

2. Basic Rationale on Selection of Accounting Standards

FANCL Group currently prepares consolidated financial accounts based on Japanese accounting standards, having considered such factors as suitability for year-on-year comparisons of results.

The Group will continue to assess the situation domestically and abroad with regard to the adoption of International Financial Reporting Standards (IFRS) and will respond appropriately.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen, rounded down)

	As of March 31, 2024	As of March 31, 2023
ASSETS		
I. Current assets:		
Cash and cash equivalents	42,080	37,039
Notes receivable	14	6
Accounts receivable	14,251	11,673
Merchandise and products	6,989	5,999
Raw materials and supplies	5,859	5,532
Others	1,545	1,801
Allowance for doubtful accounts	(94)	(91)
Total current assets	70,645	61,962
II. Fixed assets:		
Tangible fixed assets		
Buildings and structures	34,327	34,216
Accumulated depreciation and accumulated impairment loss	(20,355)	(19,695)
Buildings and structures (net)	13,972	14,520
Machinery and transport equipment	17,285	16,928
Accumulated depreciation and accumulated impairment loss	(12,966)	(11,815)
Machinery and transport equipment (net)	4,319	5,113
Furniture, tools and fixtures	9,344	9,889
Accumulated depreciation and accumulated impairment loss	(8,177)	(8,677)
Furniture, tools and fixtures (net)	1,167	1,211
Land	13,897	13,914
Leased assets	241	317
Accumulated depreciation and accumulated impairment loss	(147)	(173)
Leased assets (net)	94	144
Other	138	124
Accumulated depreciation and accumulated impairment loss	(76)	(34)
Other (net)	61	89
Construction in progress	25	219
Total tangible fixed assets	33,537	35,213
Intangible fixed assets		
Other intangible fixed assets	2,430	2,485
Total intangible fixed assets	2,430	2,485
Investments and other assets		
Investment securities	125	125
Long-term loans	50	100
Deferred tax assets	2,786	2,642
Others	1,180	1,466
Allowance for doubtful accounts	(26)	(51)
Total investments and other assets	4,115	4,283
Total fixed assets	40,083	41,982
Total assets	**110,728**	**103,944**

Consolidated Balance Sheet (continued)

(Millions of yen, rounded down)

	As of March 31, 2024	As of March 31, 2023
LIABILITIES		
I. Current liabilities:		
Accounts payable	3,881	3,378
Current portion of convertible bonds with stock acquisition rights	10,000	--
Lease obligations	117	116
Accrued liabilities	4,412	4,127
Accrued income taxes	2,973	1,918
Contract liability	2,956	3,002
Provision for bonuses	1,381	1,223
Others	2,547	2,326
Total current liabilities	28,269	16,092
II. Long-term liabilities:		
Convertible bonds with stock acquisition rights	--	10,050
Lease obligations	51	135
Provision for share awards for directors	356	259
Retirement benefit liabilities	1,066	1,223
Asset retirement obligations	415	448
Others	34	72
Total long-term liabilities	1,926	12,189
Total liabilities	30,195	28,282
NET ASSETS		
Shareholders' equity:		
Common stock	10,795	10,795
Capital reserve	12,170	12,189
Retained earnings	76,337	71,623
Treasury stock	(19,379)	(19,479)
Total shareholders' equity	79,923	75,128
Other comprehensive income		
Foreign currency translation adjustment	206	242
Total adjustments related to retirement benefits	(134)	(312)
Total other comprehensive income	72	(70)
Stock acquisition rights	536	603
Total net assets	80,533	75,662
Total Liabilities and Net Assets	**110,728**	**103,944**

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen, rounded down)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Net sales	110,881	103,595
Cost of sales	36,692	34,382
Gross profit	74,189	69,213
Selling, general and administrative expenses		
Sales promotion expenses	7,424	6,887
Packing and transport expenses	5,694	5,478
Advertising expenses	13,219	14,868
Sales commission fee	3,439	3,111
Outsourcing expenses	6,167	5,413
Communications expenses	1,773	1,711
Directors' remuneration	411	415
Salaries and bonuses	11,007	11,016
Provision for accrued bonuses	1,179	1,027
Provision for share-based remuneration	110	156
Retirement benefit expenses	584	525
Compulsory welfare expenses	1,745	1,750
Welfare expenses	290	276
Depreciation	2,320	2,612
Research and development expenses	1,212	1,225
Rent expenses	1,070	1,172
Provisions for allowance for bad debt	24	28
Other	3,940	3,692
Total selling, general and administrative expenses	61,618	61,370
Operating income	12,570	7,843
Non-operating income		
Interest income	52	51
Dividend income	0	0
Foreign exchange gain	110	509
Rent income	125	119
Compensation payments received	30	17
Commissions earned	31	28
Other non-operating income	80	112
Total net operating income	432	839
Non-operating expenses		
Interest expenses	--	0
Rent expenses on fixed assets	8	8
Expense related to restricted stock	30	24
Allowance for doubtful accounts	--	50
Miscellaneous losses	22	43
Total net operating expenses	62	126
Ordinary income	12,940	8,557

Consolidated Statement of Income (continued)

(Millions of yen, rounded down)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Extraordinary income		
Income from sale of fixed assets	5	0
Gain on reversal of share acquisition rights	--	7
Total extraordinary income	5	7
Extraordinary loss		
Loss on sale of fixed assets	0	--
Loss on disposal of fixed assets	78	70
Impairment loss	22	204
Loss on store closings	22	74
Other	8	--
Total extraordinary loss	131	350
Income before income taxes	12,814	8,214
Income and other taxes	4,202	3,186
Adjustments to income and other taxes	(222)	57
Total income before income taxes	3,980	3,244
Income before minority interests	8,833	4,970
Net income	**8,833**	**4,970**

Consolidated Statement of Comprehensive Income

(Millions of yen, rounded down)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023
Income before minority interests	8,833	4,970
Other comprehensive income		
Foreign currency translation adjustment	(35)	141
Adjustments related to retirement benefits	177	(83)
Total other comprehensive income	142	58
Comprehensive income	8,976	5,029
(Breakdown)		
Comprehensive income attributable to owners of the parent company	8,976	5,029
Comprehensive income attributable to minor interests	--	--

(3) Changes in Shareholders' Equity during the Period

April 1, 2023 to March 31, 2024 (*Millions of yen, rounded down*)

	Shareholders' equity				
	Common stock	Capital reserve	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,795	12,189	71,623	(19,479)	75,128
Changes of items during period					
Dividends of surplus	--	--	(4,119)	--	(4,119)
Net income attributable to owners of the parent company	--	--	8,833	--	8,833
Purchase of treasury shares	--	--	--	(0)	(0)
Disposal of treasury shares	--	(19)	--	99	80
Net changes of items other than shareholders' equity	--	--	--	--	--
Total changes of items during period	--	(19)	4,714	99	4,794
Balance at end of current period	10,795	12,170	76,377	(19,379)	79,923

	Other comprehensive income			Stock acquisition rights	Total net assets
	Foreign currency translation adjustment	Cumulative adjustments related to retirement benefits	Total other comprehensive income		
Balance at beginning of current period	242	(312)	(70)	603	75,662
Changes of items during period					
Dividends of surplus	--	--	--	--	(4,119)
Net income attributable to owners of the parent company	--	--	--	--	8,833
Purchase of treasury shares	--	--	--	--	(0)
Disposal of treasury shares	--	--	--	--	80
Net changes of items other than shareholders' equity	(35)	177	142	(66)	75
Total changes of items during period	(35)	177	142	(66)	4,870
Balance at end of current period	206	(134)	72	536	80,533

April 1, 2022 to March 31, 2023 （*Millions of yen, rounded down*）

	Shareholders' equity				
	Common stock	Capital reserve	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	10,795	12,003	70,766	(20,003)	73,561
Changes of items during period					
Dividends of surplus	--	--	(4,114)	--	(4,114)
Net income attributable to owners of the parent company	--	--	4,970	--	4,970
Purchase of treasury shares	--	--	--	(0)	(0)
Disposal of treasury shares	--	186	--	525	712
Net changes of items other than shareholders' equity	--	--	--	--	--
Total changes of items during period	--	186	856	524	1,567
Balance at end of current period	10,795	12,189	71,623	(19,479)	75,128

	Other comprehensive income			Stock acquisition rights	Total net assets
	Foreign currency translation adjustment	Cumulative adjustments related to retirement benefits	Total other comprehensive income		
Balance at beginning of current period	100	(228)	(128)	640	74,073
Changes of items during period					
Dividends of surplus	--	--	--	--	(4,114)
Net income attributable to owners of the parent company	--	--	--	--	4,970
Purchase of treasury shares	--	--	--	--	(0)
Disposal of treasury shares	--	--	--	--	712
Net changes of items other than shareholders' equity	141	(83)	58	(36)	21
Total changes of items during period	141	(83)	58	(36)	1,589
Balance at end of current period	242	(312)	(70)	603	75,662

(4) Consolidated Statement of Cash Flows

(Millions of yen, rounded down)

	FY ended March 31, 2024	FY ended March 31, 2023
I. Cash flows from operating activities		
Income before income taxes	12,814	8,214
Depreciation	4,032	4,377
Impairment loss	22	204
Increase (decrease) in allowance for doubtful accounts	(22)	(10)
Increase (decrease) in provision for bonuses	158	(11)
Increase (decrease) in provision for share awards for directors	110	156
Increase (decrease) in retirement benefit liabilities	99	222
Interest and dividend income	(53)	(51)
Interest expenses on borrowings and bonds	--	0
Loss (gain) on foreign exchange	(155)	(25)
Loss (gain) on sale of fixed assets	(5)	(0)
Loss on retirement of fixed assets	78	70
Loss on store closings	22	74
Decrease (increase) in accounts receivable	(2,577)	303
Decrease (increase) in inventories	(1,295)	(354)
Decrease (increase) in other current assets	807	1,360
Decrease (increase) in other fixed assets	(204)	(415)
Increase (decrease) in accounts payable	498	(91)
Increase (decrease) in contract liability	(45)	540
Increase (decrease) in other current liabilities	483	457
Increase (decrease) in other fixed liabilities	(37)	18
Others	(222)	438
Sub-total	14,509	15,478
Interest and dividends received	3	1
Interest paid	--	(0)
Income taxes paid	(3,188)	(2,527)
Net cash provided by (used in) operating activities	**11,323**	**12,952**

Consolidated Statement of Cash Flows (continued)

(Millions of yen, rounded down)

	FY ended March 31, 2024	FY ended March 31, 2023
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(1,620)	(1,143)
Income from sale of tangible fixed assets	23	0
Payment for acquisition of intangible fixed assets	(816)	(882)
Other payments	(62)	(131)
Other proceeds	274	288
Net cash used in investing activities	(2,201)	(1,867)
III. Cash flows from financing activities		
Proceeds from disposal of treasury stock	0	0
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(4,113)	(4,109)
Others	(135)	(137)
Net cash used in financing activities	(4,249)	(4,247)
IV. Effect of exchange rate changes on cash and cash equivalents	168	93
V. Net increase in cash and cash equivalents	5,040	6,931
VI. Cash and cash equivalents at the beginning of the period	37,039	30,108
VIII. Cash and cash equivalents at end of period	**42,080**	**37,039**

(5) Notes to the Consolidated Financial Statements

Items related to a going concern

No applicable items

Change in presentation method

Consolidated Statement of Income

"Outsourcing expenses" which was included in "Other" under "Selling, general and administrative expenses" in the previous fiscal year, is presented as a separate item in the fiscal year under review as its amount became more material. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been retrospectively restated.

As a result, ¥9,105 million presented in "Other" under "Selling, general and administrative expenses" in the previous fiscal year has been reclassified as "Outsourcing expenses" of ¥5,413 million and "Other" of ¥3,692 million.

Additional Information

Performance-linked stock price-based compensation plan

At the 41st Ordinary General Meeting of Shareholders held on June 26, 2021, the Company resolved to introduce a performance-linked stock compensation plan (hereafter "Plan") for FANCL Corporation Directors and Executive Officers (excluding Outside Directors and non-residents of Japan; hereafter "Company Directors, etc.") and subsidiary Directors (excluding Outside Directors and non-residents of Japan; hereafter "applicable Directors, etc." when combined with Company Directors, etc.), with the goal of enhancing the link between the remuneration of applicable Directors, etc. and the Company's business performance and shareholder value, to raise awareness of the contribution to increasing long-term business performance and increasing shareholder value, in the pursuit of achieving FANCL Group's Medium-Term Management Plan and enhancing corporate value.

(1) Outline

The Plan will use a system known as an officer compensation BIP (Board Incentive Plan) trust (hereafter the "Trust"). In the Plan, Company shares and money equivalent to the conversion of Company shares into cash (hereafter "Company Shares, etc.") in proportion to the job positions of the applicable Directors, etc. and the degree to which they have achieved their targets, will be granted and paid (hereafter "Granted, etc.") to the applicable Directors, etc.

(2) Company shares remaining in the trust

The Company's shares remaining in the Trust are recorded at their book value in the Trust (excluding the amount of incidental expenses) as treasury stock under net assets.

The book value and number of such treasury stock were ¥728 million and 209,915 shares, respectively, at the end of the previous fiscal year, and ¥714 million and 206,039 shares, respectively, at the end of the fiscal year under review.

Segment Information

1) Overview of Reportable Segments

The reportable segments of the FANCL Group consist of business components for which separate financial statements are available. The reportable segments are the subject of periodical review by board of directors' meetings for the purpose of making decisions on the allocation of business resources and evaluating business performance.

The FANCL Group is engaged in a wide range of businesses focusing primarily on the manufacture and sale of cosmetics and nutritional supplements. Within the Company and its consolidated subsidiaries, there are some companies that do not manufacture a single product, but rather manufacture and sell multiple products, and the FANCL Group pursues its business by formulating overriding strategies for Japan and overseas for each product handled.

Therefore, the FANCL Group is comprised of segments delineated by product based on the products handled, and the Group has three reportable segments, Cosmetics Business, Nutritional Supplements Business and Other Businesses.

Cosmetics-related Business consists of the manufacture and sale of cosmetics and supply for OEMs. Nutritional Supplement-related Business comprises the manufacture and sale of nutritional supplements. Other Businesses comprise of sundries, personal effects, comfort undergarments, Hatsuga genmai (germinated brown rice), and Kale juice.

2) Accounting methods for sales, income and losses, assets and liabilities and other items in each reportable segment

Accounting methods for reportable segments are identical to those described in the “Significant items for the Preparation of Consolidated Financial Statements” in the most recent Annual Securities Report (issued June 26, 2023).

Reportable segment income figures are on an operating income basis.

3) Sales, income and losses, assets and liabilities and other items by reportable segment

For the fiscal year April 1, 2023 to March 31, 2024 *(Millions of yen)*

	Reportable segments			Total	Adjustments*2	Consolidated*3
	Cosmetics Business	Nutritional Supplements Business	Other Businesses*1			
1. Sales and operating income:						
(1) Sales to external customers	61,206	43,723	5,952	110,881	--	110,881
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	61,206	43,723	5,952	110,881	--	110,881
Segment income (loss)	8,466	5,908	(285)	14,089	(1,518)	12,570
Segment Assets	39,758	30,737	4,039	74,535	36,193	110,728
Others						
Depreciation	1,953	1,795	212	3,961	71	4,032
Impairment losses	16	6	0	22	--	22
Increase in tangible and intangible fixed assets	1,299	963	120	2,383	60	2,443

Notes:

1. Other businesses: Sundries, personal effects, comfort undergarments, Hatsuga genmai (germinated brown rice), and Kale juice.
2. Adjustments are as follows
   (1) The adjustment amount on segment income (loss) of (¥1,518 million) includes total company expenses not distributed to each reportable segment and consist primarily of costs related to the General Affairs section of the parent company not included in the reportable segments.
   (2) The adjustment on segment assets of ¥36,193 million, include total company expenses not distributed to each reportable segment and consist primarily of cash and deposits, land, and buildings of the parent company not included in the reportable segments.
3. Segment income (loss) is adjusted for operating income as recorded in the consolidated financial statements.

For the fiscal year April 1, 2022 to March 31, 2023 *(Millions of yen)*

	Reportable segments			Total	Adjustments*2	Consolidated*3
	Cosmetics Business	Nutritional Supplements Business	Other Businesses*1			
1. Sales and operating income:						
(1) Sales to external customers	57,448	39,871	6,276	103,595	--	103,595
(2) Inter-segment sales or transfers	--	--	--	--	--	--
Total sales	57,448	39,871	6,276	103,595	--	103,595
Segment income	5,905	3,429	92	9,427	(1,584)	7,843
Segment Assets	38,168	28,923	4,445	71,536	32,407	103,944
Others						
Depreciation	2,098	1,960	247	4,306	68	4,377
Impairment losses	152	49	3	204	--	204
Increase in tangible and intangible fixed assets	1,099	888	153	2,141	51	2,192

Notes:

1. Other businesses: Sundries, personal effects, comfort undergarments, Hatsuga genmai (germinated brown rice), and Kale juice.
2. Adjustments are as follows
   (3) The adjustment amount on segment income of (¥1,584 million) includes total company expenses not distributed to each reportable segment and consist primarily of costs related to the General Affairs section of the parent company not included in the reportable segments.
   (4) The adjustment on segment assets of ¥32,407 million, include total company expenses not distributed to each reportable segment and consist primarily of cash and deposits, land, and buildings of the parent company not included in the reportable segments.
3. Segment income is adjusted for operating income as recorded in the consolidated financial statements.

Related Information

Fiscal year under review (April 1, 2023 to March 31, 2024)

1. Information by product and service
   This information is omitted because the same information is disclosed in Segment Information.

2. Information by region
   (1) Net sales
   Information about net sales has been omitted as the amount of net sales located in Japan exceeds 90% of the amount in the consolidated statement of income.
   (2) Tangible fixed assets
   Information about tangible fixed assets has been omitted as the amount of tangible fixed assets located in Japan exceeds 90% of the amount on the consolidated balance sheet.

3. Information by major customer
   This information is omitted as there is no single customer who accounts for 10% or more of the net sales in the consolidated statements of income.

Previous fiscal year (April 1, 2022 to March 31, 2023)

1. Information by product and service
   This information is omitted because the same information is disclosed in Segment Information.

2. Information by region
   (1) Net sales
   Information about net sales has been omitted as the amount of net sales located in Japan exceeds 90% of the amount in the consolidated statement of income.
   (2) Tangible fixed assets
   Information about tangible fixed assets has been omitted as the amount of tangible fixed assets located in Japan exceeds 90% of the amount on the consolidated balance sheet.

3. Information by major customer
   This information is omitted as there is no single customer who accounts for 10% or more of the net sales in the consolidated statements of income.

Per Share Information

	FY ended March 31, 2024	FY ended March 31, 2023
Net assets per share	661.38	620.72
Net income per share	73.04	41.11
Net income per share (diluted)	72.77	40.95

Note:
1. For the purpose of calculating Net income per share and Net income per share (diluted), the Company's shares held by the BIP Trust for Directors are included in treasury shares as a deduction in the calculation of average number of shares outstanding during the fiscal year. The number of such treasury stock deducted was 209,915 shares in the previous fiscal year and 206,039 shares in the fiscal year under review, and the average number of shares was 210,895 shares in the previous fiscal year and 207,048 shares in the fiscal year under review
2. The basis for the calculation of net income per share and the Net income per share (diluted) for residual securities is as follows.

	FY ended March 31, 2024	FY ended March 31, 2023
Net income per share		
Net income attributable to owners of the parent company(¥ million)	8,833	4,970
Amount not attributable to common shareholders (¥ million)		--
Net income attributable to common shares (¥ million)	8,833	4,970
Average number of outstanding common shares during the year	120,948,177	120,905,689
Net income per share (diluted)		
Net income adjustments (¥ million)	--	--
Breakdown of additional common shares used for calculating net income per share New share warrants	444,545	481,444
Residual securities not included in the calculation of the net income after adjustment for residual securities due to the fact that these securities had no dilutive effect	Euro-yen convertible bonds with stock acquisition rights, due 2024 (1,000 stock acquisition rights with a face value of ¥10,000 million)	Euro-yen convertible bonds with stock acquisition rights, due 2024 (1,000 stock acquisition rights with a face value of ¥10,000 million)

Important information after the preparation of this report

No applicable items