

January 30, 2017

FANCL Corporation
TSE 1st Section: 4921

FANCL

Consolidated Financial Statements for the Third 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 12/15			Three Months ended 12/16		
		amount	% of total	% change	amount	% of total	% change
C o s m e	Mail Order	7,067	46.5	5.8	7,175	47.5	1.5
	Retail Store	5,388	35.4	17.1	5,155	34.2	(4.3)
	Wholesale	1,149	7.5	16.0	1,237	8.2	7.7
	Overseas sales	1,606	10.6	29.0	1,526	10.1	(5.0)
	Sub total	15,210	61.4	12.5	15,095	59.2	(0.8)
S u p p l e	Mail Order	3,154	41.4	18.1	3,742	44.2	18.6
	Retail Store	1,838	24.1	25.4	2,004	23.7	9.0
	Wholesale	2,280	30.0	28.5	2,354	27.8	3.3
	Overseas sales	341	4.5	(4.1)	365	4.3	7.2
	Sub total	7,614	30.7	21.5	8,467	33.2	11.2
O t h e r s	Mail Order	1,423	72.3	1.6	1,451	74.5	1.9
	Retail Store	154	7.9	5.3	148	7.7	(3.7)
	Wholesale	384	19.5	(4.0)	341	17.5	(11.2)
	Overseas sales	5	0.3	35.3	5	0.3	(1.0)
	Sub total	1,968	7.9	0.8	1,947	7.6	(1.1)
T o t a l	Mail Order	11,645	46.9	8.3	12,369	48.5	6.2
	Retail Store	7,380	29.8	18.8	7,308	28.7	(1.0)
	Wholesale	3,814	15.4	20.5	3,934	15.4	3.1
	Overseas sales	1,953	7.9	21.7	1,897	7.4	(2.8)
	Sub total	24,793	100.0	14.1	25,510	100.0	2.9

		Three Months ended 12/15			Three Months ended 12/16		
		amount	% of total	% change	amount	% of total	% change
R i c e	Mail Order	415	57.0	20.8	373	57.3	(10.1)
	Retail Store	29	4.0	39.8	24	3.8	(15.4)
	Wholesale	282	38.8	(1.9)	251	38.7	(10.9)
	Overseas sales	1	0.2	(17.6)	1	0.2	(6.6)
	Sub total	728	2.9	11.3	650	2.6	(10.6)
K a l e	Mail Order	509	69.5	3.2	492	70.4	(3.3)
	Retail Store	122	16.6	(1.4)	117	16.8	(3.8)
	Wholesale	97	13.3	(0.7)	85	12.2	(12.3)
	Overseas sales	4	0.6	84.5	4	0.6	1.3
	Sub total	733	3.0	2.1	699	2.7	(4.6)

◆Sales by Segment (Nine Months)

(Millions of yen,%)

		Nine Months ended 12/15			Nine Months ended 12/16		
		amount	% of total	% change	amount	% of total	% change
C o n s u m e	Mail Order	17,952	43.6	5.2	18,826	44.6	4.9
	Retail Store	15,227	36.9	21.6	14,862	35.2	(2.4)
	Wholesale	3,202	7.8	35.6	3,860	9.1	20.6
	Overseas sales	4,818	11.7	32.9	4,678	11.1	(2.9)
	Sub total	41,200	60.6	15.8	42,228	58.9	2.5
S u p p l y	Mail Order	8,332	39.0	18.5	9,847	41.2	18.2
	Retail Store	5,376	25.1	26.4	5,749	24.1	6.9
	Wholesale	6,666	31.2	30.0	7,182	30.0	7.7
	Overseas sales	1,008	4.7	(0.7)	1,119	4.7	11.0
	Sub total	21,383	31.5	22.7	23,898	33.4	11.8
O t h e r s	Mail Order	3,765	69.7	2.3	3,933	70.9	4.5
	Retail Store	456	8.5	2.9	418	7.6	(8.4)
	Wholesale	1,162	21.5	2.8	1,183	21.3	1.8
	Overseas sales	17	0.3	10.2	12	0.2	(31.7)
	Sub total	5,401	7.9	2.5	5,547	7.7	2.7
T o t a l	Mail Order	30,050	44.2	8.2	32,608	45.5	8.5
	Retail Store	21,060	31.0	22.3	21,029	29.3	(0.1)
	Wholesale	11,030	16.2	27.9	12,226	17.1	10.8
	Overseas sales	5,844	8.6	25.5	5,810	8.1	(0.6)
	Sub total	67,986	100.0	16.7	71,674	100.0	5.4

		Nine Months ended 12/15			Nine Months ended 12/16		
		amount	% of total	% change	amount	% of total	% change
R i c e	Mail Order	1,057	53.3	12.7	1,012	53.2	(4.3)
	Retail Store	76	3.9	27.4	70	3.7	(8.1)
	Wholesale	843	42.6	5.3	817	42.9	(3.2)
	Overseas sales	4	0.2	(45.3)	2	0.2	(39.3)
	Sub total	1,982	2.9	9.7	1,902	2.7	(4.0)
K a l e	Mail Order	1,411	67.4	2.2	1,376	66.6	(2.5)
	Retail Store	367	17.5	(1.5)	330	16.0	(10.1)
	Wholesale	304	14.5	2.1	352	17.0	15.6
	Overseas sales	13	0.6	73.7	9	0.4	(29.0)
	Sub total	2,096	3.1	1.8	2,067	2.9	(1.4)

◆Sales by Segment (Full Year)

(Millions of yen,%)

		FY2016			FY2017 (Projection)		
		amount	% of total	% change	amount	% of total	% change
C o s m e	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
S u p p l e	Mail Order	11,331	39.6	21.0	13,550	41.3	19.6
	Retail Store	7,199	25.2	24.6	7,800	23.8	8.3
	Wholesale	8,690	30.4	28.8	10,000	30.5	15.1
	Overseas sales	1,390	4.8	(0.6)	1,450	4.4	4.3
	Sub total	28,612	31.5	22.9	32,800	33.1	14.6
O t h e r s	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
T o t a l	Mail Order	40,078	44.1	9.7	44,690	45.2	11.5
	Retail Store	28,016	30.8	20.2	29,010	29.3	3.5
	Wholesale	14,573	16.1	28.3	17,150	17.3	17.7
	Overseas sales	8,182	9.0	27.5	8,150	8.2	(0.4)
	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
R i c e	Mail Order	1,394	53.5	12.4	1,400	51.8	0.4
	Retail Store	100	3.8	18.5	110	4.1	9.8
	Wholesale	1,103	42.4	6.2	1,180	43.7	6.9
	Overseas sales	6	0.3	(23.2)	10	0.4	46.6
	Sub total	2,604	2.9	9.8	2,700	2.7	3.7
K a l e	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(Three Months)

(Millions of yen,%)

		Three Months ended 12/15			Three Months ended 12/16		
		amount	% of total	% change	amount	% of total	% change
C o s m e	Sales	15,210	61.4	12.5	15,095	59.2	(0.8)
	Gross Profit	11,439	75.2	15.2	11,353	75.2	(0.7)
	SGA	9,150	60.2	18.6	10,185	67.5	11.3
	Advertising	1,575	10.4	45.7	2,327	15.4	47.7
	Operating Income	2,288	15.0	3.5	1,167	7.7	(49.0)
s u p p l e	Sales	7,614	30.7	21.5	8,467	33.2	11.2
	Gross Profit	5,255	69.0	20.9	5,728	67.7	9.0
	SGA	5,555	73.0	23.0	6,179	73.0	11.2
	Advertising	1,755	23.0	73.0	1,964	23.2	11.9
	Operating Income	(299)	(3.9)	—	(450)	(5.3)	—
o t h e r s	Sales	1,968	7.9	0.8	1,947	7.6	(1.1)
	Gross Profit	929	47.2	4.0	863	44.3	(7.2)
	SGA	1,240	63.0	56.4	996	51.2	(19.7)
	Advertising	393	20.0	669.3	123	6.4	(68.5)
	Operating Income	(310)	(15.8)	—	(133)	(6.8)	—
Eliminations or Corporate		(412)			(423)		
T o t a l	Sales	24,793	100.0	14.1	25,510	100.0	2.9
	Gross Profit	17,624	71.1	16.2	17,945	70.3	1.8
	SGA	16,358	66.0	21.5	17,784	69.7	8.7
	Advertising	3,723	15.0	73.5	4,416	17.3	18.6
	Operating Income	1,266	5.1	(25.7)	160	0.6	(87.3)

◆General and Administrative Expenses(Three Months)

(Millions of yen,%)

	Three Months ended 12/15			Three Months ended 12/16		
	amount	% of total	% change	amount	% of total	% change
Advertising	3,723	15.0	73.5	4,416	17.3	18.6
Sales Promotions	3,327	13.4	17.4	3,716	14.6	11.7
Transport	965	3.9	14.4	1,124	4.4	16.5
Communications	453	1.8	10.9	532	2.1	17.4
Fees/outourcing	2,660	10.7	15.7	2,707	10.6	1.8
Salaries	3,354	13.5	3.9	3,425	13.4	2.1
Depreciations	581	2.3	7.0	587	2.3	1.0
Others	1,292	5.2	11.4	1,274	5.0	(1.4)
Total	16,358	66.0	21.5	17,784	69.7	8.7

◆Segment Information(Nine Months)

(Millions of yen,%)

		Nine Months ended 12/15			Nine Months ended 12/16		
		amount	% of total	% change	amount	% of total	% change
C o s m e	Sales	41,200	60.6	15.8	42,228	58.9	2.5
	Gross Profit	30,721	74.6	16.9	31,578	74.8	2.8
	SGA	25,843	62.7	13.5	28,767	68.1	11.3
	Advertising	4,675	11.3	23.8	6,445	15.3	37.8
	Operating Income	4,877	11.8	38.9	2,810	6.7	(42.4)
s u p p l e	Sales	21,383	31.5	22.7	23,898	33.4	11.8
	Gross Profit	14,706	68.8	21.0	16,221	67.9	10.3
	SGA	15,384	71.9	23.7	17,698	74.1	15.0
	Advertising	4,556	21.3	66.1	5,534	23.2	21.5
	Operating Income	(678)	(3.2)	—	(1,476)	(6.2)	—
o t h e r s	Sales	5,401	7.9	2.5	5,547	7.7	2.7
	Gross Profit	2,581	47.8	6.8	2,493	44.9	(3.4)
	SGA	4,168	77.2	85.9	3,019	54.4	(27.6)
	Advertising	1,760	32.6	822.6	533	9.6	(69.7)
	Operating Income	(1,587)	(29.4)	—	(526)	(9.5)	—
Eliminations or Corporate		(1,228)			(1,248)		
T o t a l	Sales	67,986	100.0	16.7	71,674	100.0	5.4
	Gross Profit	48,008	70.6	17.5	50,292	70.2	4.8
	SGA	46,625	68.6	20.1	50,733	70.8	8.8
	Advertising	10,992	16.2	63.8	12,512	17.5	13.8
	Operating Income	1,382	2.0	(31.0)	(440)	(0.6)	—

◆General and Administrative Expenses(Nine Months)

(Millions of yen,%)

	Nine Months ended 12/15			Nine Months ended 12/16		
	amount	% of total	% change	amount	% of total	% change
Advertising	10,992	16.2	63.8	12,512	17.5	13.8
Sales Promotions	8,748	12.9	23.0	9,614	13.4	9.9
Transport	2,646	3.9	12.3	3,101	4.3	17.2
Communications	1,227	1.8	(0.8)	1,560	2.2	27.1
Fees/Outsourcing	7,537	11.1	15.2	7,980	11.1	5.9
Salaries	9,816	14.4	3.8	10,035	14.0	2.2
Depreciations	1,682	2.5	5.9	1,696	2.4	0.9
Others	3,974	5.8	3.7	4,231	5.9	6.5
Total	46,625	68.6	20.1	50,733	70.8	8.8

◆Segment Information (Full Year)

(Millions of yen,%)

		FY2016			FY2017 (Projection)		
		amount	% of total	% change	amount	% of total	% change
C o s t m e	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	38,280	65.4	10.6
	Advertising	6,410	11.7	49.9	7,800	13.3	21.7
	Operating Income	6,275	11.4	12.9	5,550	9.5	(11.6)
s u p p l e	Sales	28,612	31.5	22.9	32,800	33.1	14.6
	Gross Profit	19,581	68.4	21.3	22,200	67.7	13.4
	SGA	21,360	74.7	32.3	22,700	69.2	6.3
	Advertising	6,682	23.4	101.2	6,600	20.1	(1.2)
	Operating Income	(1,779)	(6.2)	—	(500)	(1.5)	—
o t h e r s	Sales	7,221	7.9	5.0	7,700	7.8	6.6
	Gross Profit	3,411	47.2	7.3	3,440	44.7	0.8
	SGA	5,186	71.8	71.4	3,890	50.5	(25.0)
	Advertising	1,941	26.9	530.4	620	8.1	(68.1)
	Operating Income	(1,774)	(24.6)	—	(450)	(5.8)	—
Eliminations or Corporate		(1,517)			(1,600)		
T o t a l	Sales	90,850	100.0	17.0	99,000	100.0	9.0
	Gross Profit	63,878	70.3	17.6	69,470	70.2	8.8
	SGA	62,673	69.0	24.6	66,470	67.1	6.1
	Advertising	15,035	16.5	90.2	15,020	15.2	(0.1)
	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	15,020	15.2	(0.1)
Sales Promotions	11,888	13.1	25.8	13,170	13.3	10.8
Transport	3,528	3.9	16.3	4,250	4.3	20.4
Communications	1,781	2.0	10.2	2,140	2.2	20.1
Fees/Outsourcing	10,015	11.0	16.7	10,720	10.8	7.0
Salaries	12,929	14.2	3.8	13,400	13.5	3.6
Depreciations	2,294	2.5	7.0	2,300	2.3	0.2
Others	5,200	5.7	1.8	5,470	5.5	5.2
Total	62,673	69.0	24.6	66,470	67.1	6.1

◆Capital Investment and Depreciation (Full Year)

(Millions of yen)

	FY2016	FY2017 (Projection)
Capital Investment	3,726	4,650
Depreciation*	3,207	3,150

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

◆Number of Shops by Region

As of 31 December, 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	8	34	28	14	32	12	14	146
Fancl Shop	—	1	5	6	4	2	2	4	24
Fancl House	1	—	4	—	2	4	2	1	14
Fancl House J	—	—	5	1	—	1	—	—	7
Fancl Ginza Square	—	—	—	1	—	—	—	—	1
Others	—	—	1	—	—	—	—	—	1
Total	5	9	50	39	20	39	16	19	197
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 December 31, 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	146	170
Fancl Shop	61	83	83	77	52	24	9
Fancl House	70	59	56	42	31	14	9
Fancl House J	39	26	19	15	10	7	7
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	197	201
ATTENIR Shop	16	16	16	15	16	16	16