

FANCL

Consolidated Financial Statements for the Third Quarter 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 (Three Months)

(Millions of yen,%)

		Three Months ended 12/16			Three Months ended 12/17		
		amount	% of total	% change	amount	% of total	% change
C o s m e	Mail Order	7,175	47.5	1.5	7,876	43.8	9.8
	Retail Store	5,155	34.2	(4.3)	6,142	34.2	19.1
	Wholesale	1,237	8.2	7.7	1,972	11.0	59.3
	Overseas sales	1,526	10.1	(5.0)	1,971	11.0	29.1
	Sub total	15,095	59.2	(0.8)	17,963	60.4	19.0
S u p p l i e	Mail Order	3,742	44.2	18.6	3,760	38.3	0.5
	Retail Store	2,004	23.7	9.0	2,746	28.0	37.0
	Wholesale	2,354	27.8	3.3	2,811	28.6	19.4
	Overseas sales	365	4.3	7.2	499	5.1	36.7
	Sub total	8,467	33.2	11.2	9,818	33.0	16.0
O t h e r s	Mail Order	1,451	74.5	1.9	1,452	74.3	0.1
	Retail Store	148	7.7	(3.7)	160	8.2	8.0
	Wholesale	341	17.5	(11.2)	335	17.2	(1.8)
	Overseas sales	5	0.3	(1.0)	5	0.3	(10.2)
	Sub total	1,947	7.6	(1.1)	1,953	6.6	0.3
T o t a l	Mail Order	12,369	48.5	6.2	13,089	44.0	5.8
	Retail Store	7,308	28.7	(1.0)	9,049	30.5	23.8
	Wholesale	3,934	15.4	3.1	5,119	17.2	30.1
	Overseas sales	1,897	7.4	(2.8)	2,475	8.3	30.5
	Sub total	25,510	100.0	2.9	29,734	100.0	16.6

		Three Months ended 12/16			Three Months ended 12/17		
		amount	% of total	% change	amount	% of total	% change
R i c e	Mail Order	373	57.3	(10.1)	327	54.0	(12.3)
	Retail Store	24	3.8	(15.4)	23	3.9	(3.6)
	Wholesale	251	38.7	(10.9)	253	41.8	0.7
	Overseas sales	1	0.2	(6.6)	1	0.3	(9.3)
	Sub total	650	2.6	(10.6)	605	2.0	(7.0)
K a i e	Mail Order	492	70.4	(3.3)	497	70.2	0.9
	Retail Store	117	16.8	(3.8)	125	17.7	6.7
	Wholesale	85	12.2	(12.3)	81	11.6	(4.6)
	Overseas sales	4	0.6	1.3	3	0.5	(10.5)
	Sub total	699	2.7	(4.6)	707	2.4	1.1

◆ Sales by Segment (Nine Months)

(Millions of yen,%)

		Nine Months ended 12/16			Nine Months ended 12/17		
		amount	% of total	% change	amount	% of total	% change
C o s m e	Mail Order	18,826	44.6	4.9	20,827	42.2	10.6
	Retail Store	14,862	35.2	(2.4)	17,579	35.6	18.3
	Wholesale	3,860	9.1	20.6	5,169	10.5	33.9
	Overseas sales	4,678	11.1	(2.9)	5,811	11.7	24.2
	Sub total	42,228	58.9	2.5	49,387	60.5	17.0
S u p p l i e	Mail Order	9,847	41.2	18.2	10,235	38.1	3.9
	Retail Store	5,749	24.1	6.9	7,514	28.0	30.7
	Wholesale	7,182	30.0	7.7	7,723	28.7	7.5
	Overseas sales	1,119	4.7	11.0	1,394	5.2	24.5
	Sub total	23,898	33.4	11.8	26,867	32.9	12.4
O t h e r s	Mail Order	3,933	70.9	4.5	3,884	72.8	(1.2)
	Retail Store	418	7.6	(8.4)	456	8.5	9.0
	Wholesale	1,183	21.3	1.8	983	18.4	(16.9)
	Overseas sales	12	0.2	(31.7)	13	0.3	8.2
	Sub total	5,547	7.7	2.7	5,337	6.6	(3.8)
T o t a l	Mail Order	32,608	45.5	8.5	34,947	42.8	7.2
	Retail Store	21,029	29.3	(0.1)	25,549	31.3	21.5
	Wholesale	12,226	17.1	10.8	13,876	17.0	13.5
	Overseas sales	5,810	8.1	(0.6)	7,218	8.9	24.2
	Sub total	71,674	100.0	5.4	81,592	100.0	13.8

		Nine Months ended 12/16			Nine Months ended 12/17		
		amount	% of total	% change	amount	% of total	% change
R i c e	Mail Order	1,012	53.2	(4.3)	910	52.7	(10.0)
	Retail Store	70	3.7	(8.1)	69	4.1	(1.2)
	Wholesale	817	42.9	(3.2)	742	43.0	(9.1)
	Overseas sales	2	0.2	(39.3)	3	0.2	29.2
	Sub total	1,902	2.7	(4.0)	1,726	2.1	(9.2)
K a i e	Mail Order	1,376	66.6	(2.5)	1,380	69.3	0.3
	Retail Store	330	16.0	(10.1)	355	17.8	7.7
	Wholesale	352	17.0	15.6	247	12.4	(29.6)
	Overseas sales	9	0.4	(29.0)	9	0.5	1.8
	Sub total	2,067	2.9	(1.4)	1,993	2.4	(3.6)

◆ Sales by Segment (Full Year)

(Millions of yen, %)

		FY2017			FY2018 (Projection)		
		amount	% of total	% change	amount	% of total	% change
C o s m e	Mail Order	24,748	43.5	4.6	27,170	41.8	9.8
	Retail Store	20,227	35.5	0.0	23,220	35.8	14.8
	Wholesale	5,300	9.3	21.6	6,460	9.9	21.9
	Overseas sales	6,649	11.7	(1.7)	8,100	12.5	21.8
	Sub total	56,926	59.1	3.5	64,950	60.4	14.1
S u p p l e	Mail Order	13,083	40.8	15.5	13,550	38.1	3.6
	Retail Store	7,828	24.4	8.7	9,950	28.0	27.1
	Wholesale	9,595	29.9	10.4	10,050	28.3	4.7
	Overseas sales	1,577	4.9	13.5	2,000	5.6	26.7
	Sub total	32,085	33.3	12.1	35,550	33.1	10.8
O t h e r s	Mail Order	5,204	71.3	2.5	5,120	73.1	(1.6)
	Retail Store	581	8.0	(2.6)	610	8.7	4.9
	Wholesale	1,493	20.5	(2.0)	1,250	17.9	(16.3)
	Overseas sales	15	0.2	(37.5)	20	0.3	27.7
	Sub total	7,294	7.6	1.0	7,000	6.5	(4.0)
T o t a l	Mail Order	43,037	44.7	7.4	45,840	42.7	6.5
	Retail Store	28,637	29.7	2.2	33,780	31.4	18.0
	Wholesale	16,388	17.0	12.5	17,760	16.5	8.4
	Overseas sales	8,242	8.6	0.7	10,120	9.4	22.8
	Sub total	96,305	100.0	6.0	107,500	100.0	11.6

		FY2017			FY2018 (Projection)		
		amount	% of total	% change	amount	% of total	% change
R i c e	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)
K a l e	Mail Order	1,822	67.2	(1.9)	1,810	68.3	(0.7)
	Retail Store	448	16.6	(6.2)	510	19.2	13.7
	Wholesale	427	15.8	6.4	320	12.1	(25.2)
	Overseas sales	12	0.4	(33.5)	10	0.4	(17.5)
	Sub total	2,711	2.8	(1.7)	2,650	2.5	(2.3)

◆ Segment Information(Three Months)

(Millions of yen,%)

	Three Months ended 12/16			Three Months ended 12/17			
	amount	% of total	% change	amount	% of total	% change	
C o s m e	Sales	15,095	59.2	(0.8)	17,963	60.4	19.0
	Gross Profit	11,353	75.2	(0.7)	13,596	75.7	19.8
	SGA	10,185	67.5	11.3	10,488	58.4	3.0
	Advertising	2,327	15.4	47.7	2,281	12.7	(2.0)
	Operating Income	1,167	7.7	(49.0)	3,108	17.3	166.1
S u p p l e	Sales	8,467	33.2	11.2	9,818	33.0	16.0
	Gross Profit	5,728	67.7	9.0	6,774	69.0	18.3
	SGA	6,179	73.0	11.2	6,194	63.1	0.2
	Advertising	1,964	23.2	11.9	1,727	17.6	(12.1)
	Operating Income	(450)	(5.3)	-	579	5.9	-
O t h e r s	Sales	1,947	7.6	(1.1)	1,953	6.6	0.3
	Gross Profit	863	44.3	(7.2)	852	43.6	(1.2)
	SGA	996	51.2	(19.7)	734	37.6	(26.3)
	Advertising	123	6.4	(68.5)	90	4.6	(27.1)
	Operating Income	(133)	(6.8)	-	117	6.0	-
Eliminations or Corporate		(423)			(507)		
T o t a l	Sales	25,510	100.0	2.9	29,734	100.0	16.6
	Gross Profit	17,945	70.3	1.8	21,223	71.4	18.3
	SGA	17,784	69.7	8.7	17,924	60.3	0.8
	Advertising	4,416	17.3	18.6	4,098	13.8	(7.2)
	Operating Income	160	0.6	(87.3)	3,298	11.1	1952.4

◆ General and Administrative Expenses(Three Months)

(Millions of yen,%)

	Three Months ended 12/16			Three Months ended 12/17		
	amount	% of total	% change	amount	% of total	% change
Advertising	4,416	17.3	18.6	4,098	13.8	(7.2)
Sales Promotions	3,716	14.6	11.7	3,371	11.3	(9.3)
Transport	1,124	4.4	16.5	1,275	4.3	13.4
Communications	532	2.1	17.4	442	1.5	(16.9)
Fees/Outsourcing	2,707	10.6	1.8	3,162	10.6	16.8
Salaries	3,425	13.4	2.1	3,786	12.7	10.5
Depreciations	587	2.3	1.0	454	1.5	(22.6)
Others	1,274	5.0	(1.4)	1,333	4.5	4.6
Total	17,784	69.7	8.7	17,924	60.3	0.8

◆ Segment Information(Nine Months)

(Millions of yen,%)

	Nine Months ended 12/16			Nine Months ended 12/17			
	amount	% of total	% change	amount	% of total	% change	
C o s m e	Sales	42,228	58.9	2.5	49,387	60.5	17.0
	Gross Profit	31,578	74.8	2.8	37,247	75.4	18.0
	SGA	28,767	68.1	11.3	29,797	60.3	3.6
	Advertising	6,445	15.3	37.8	6,251	12.7	(3.0)
	Operating Income	2,810	6.7	(42.4)	7,450	15.1	165.1
S u p p l e	Sales	23,898	33.4	11.8	26,867	32.9	12.4
	Gross Profit	16,221	67.9	10.3	18,410	68.5	13.5
	SGA	17,698	74.1	15.0	17,627	65.6	(0.4)
	Advertising	5,534	23.2	21.5	4,942	18.4	(10.7)
	Operating Income	(1,476)	(6.2)	-	782	2.9	-
O t h e r s	Sales	5,547	7.7	2.7	5,337	6.6	(3.8)
	Gross Profit	2,493	44.9	(3.4)	2,394	44.9	(4.0)
	SGA	3,019	54.4	(27.6)	2,218	41.6	(26.5)
	Advertising	533	9.6	(69.7)	362	6.8	(32.0)
	Operating Income	(526)	(9.5)	-	175	3.3	-
Eliminations or Corporate	(1,248)			(1,372)			
T o t a l	Sales	71,674	100.0	5.4	81,592	100.0	13.8
	Gross Profit	50,292	70.2	4.8	58,052	71.1	15.4
	SGA	50,733	70.8	8.8	51,017	62.5	0.6
	Advertising	12,512	17.5	13.8	11,556	14.2	(7.6)
	Operating Income	(440)	(0.6)	-	7,035	8.6	-

◆ General and Administrative Expenses(Nine Months)

(Millions of yen,%)

	Nine Months ended 12/16			Nine Months ended 12/17		
	amount	% of total	% change	amount	% of total	% change
Advertising	12,512	17.5	13.8	11,556	14.2	(7.6)
Sales Promotions	9,614	13.4	9.9	9,478	11.6	(1.4)
Transport	3,101	4.3	17.2	3,371	4.1	8.7
Communications	1,560	2.2	27.1	1,329	1.6	(14.8)
Fees/Outsourcing	7,980	11.1	5.9	8,768	10.7	9.9
Salaries	10,035	14.0	2.2	11,011	13.5	9.7
Depreciations	1,696	2.4	0.9	1,378	1.7	(18.8)
Others	4,231	5.9	6.5	4,123	5.1	(2.6)
Total	50,733	70.8	8.8	51,017	62.5	0.6

◆ Segment Information (Full Year)

(Millions of yen,%)

	FY2017			FY2018 (Projection)			
	amount	% of total	% change	amount	% of total	% change	
C o s m e	Sales	56,926	59.1	3.5	64,950	60.4	14.1
	Gross Profit	42,805	75.2	4.7	49,090	75.6	14.7
	SGA	37,551	66.0	8.5	40,610	62.5	8.1
	Advertising	7,656	13.5	19.4	8,010	12.3	4.6
	Operating Income	5,253	9.2	(16.3)	8,480	13.1	61.4
S u p p l e	Sales	32,085	33.3	12.1	35,550	33.1	10.8
	Gross Profit	21,728	67.7	11.0	24,300	68.4	11.8
	SGA	22,594	70.4	5.8	23,500	66.1	4.0
	Advertising	6,601	20.6	(1.2)	6,540	18.4	(0.9)
	Operating Income	(865)	(2.7)	-	800	2.3	-
O t h e r s	Sales	7,294	7.6	1.0	7,000	6.5	(4.0)
	Gross Profit	3,275	44.9	(4.0)	3,130	44.7	(4.4)
	SGA	3,874	53.1	(25.3)	2,980	42.6	(23.1)
	Advertising	558	7.7	(71.2)	460	6.6	(17.6)
	Operating Income	(599)	(8.2)	-	150	2.1	-
Eliminations or Corporate	(1,544)			(1,730)			
T o t a l	Sales	96,305	100.0	6.0	107,500	100.0	11.6
	Gross Profit	67,810	70.4	6.2	76,520	71.2	12.8
	SGA	65,565	68.1	4.6	68,820	64.0	5.0
	Advertising	14,816	15.4	(1.5)	15,010	14.0	1.3
	Operating Income	2,244	2.3	86.3	7,700	7.2	243.1

◆ 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)	15,010	14.0	1.3
Sales Promotions	12,833	13.3	8.0	13,340	12.4	3.9
Transport	4,075	4.2	15.5	4,600	4.3	12.9
Communications	2,037	2.1	14.4	1,750	1.6	(14.1)
Fees/Outsourcing	10,590	11.0	5.7	11,900	11.1	12.4
Salaries	13,321	13.8	3.0	14,780	13.7	10.9
Depreciations	2,284	2.4	(0.5)	1,850	1.7	(19.0)
Others	5,606	5.8	7.8	5,590	5.2	(0.3)
Total	65,565	68.1	4.6	68,820	64.0	5.0

◆ Capital Investment and Depreciation (Full Year)

(Millions of yen)

	FY2017	FY2018 (Projection)
Capital Investment	4,074	2,670
Depreciation *	3,185	3,080

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

◆Number of Shops by Region

As of 31 December, 2017

	Hokkaido	Tohoku	Kanto (except Tokyo)	TOKYO	Shinetsu Tokai, Hokuriku & Shinetsu	Kinki	Chugoku, Shikoku	Kyusyu, Okinawa	Total
FANCL beauty&health	-	-	-	2	-	-	-	-	2
(NEW) Fancl Shop	1	1	4	2	1	-	-	-	9
FANCL Hybrid Shop	4	8	42	32	17	37	14	17	171
FANCL Beauty Shop(Ginza Square 3F)	-	-	-	1	-	-	-	-	1
FANCL Health House(Ginza Square 6F)	-	-	-	1	-	-	-	-	1
Fancl Shop	-	-	2	-	2	-	1	1	6
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 December 31, 2017	As of March 31, 2018 (Projection)
FANCL beauty&health	-	-	-	-	2	2	3
(NEW) Fancl Shop	-	-	-	-	-	9	13
FANCL Hybrid Shop	-	1	21	77	168	171	163
FANCL Beauty Shop	-	2	4	1	1	1	1
FANCL Health House	-	2	3	3	3	1	1
Fancl Shop	83	83	77	52	10	6	6
Fancl House	59	56	42	31	9	7	4
Fancl House J	26	19	15	10	6	3	2
Fancl Ginza Square	1	1	1	1	1	1	1
Others	6	3	1	1	1	3	3
Total	175	167	164	176	201	204	197
ATTENIR Shop	16	16	15	16	16	16	16