

FANCL

正直品質。

FANCL Group Financial Results Briefing

For the period April 1, 2021 to June 30, 2021

2021/8/4

Financial Highlights

Results by segment

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(Millions of yen)	Q1 of FY to March 2021 (Previous standard)	Q1 of FY to March 2022	Change YoY	Q1 of FY to March 2021 (Standard for Revenue Recognition)	Q1 of FY to March 2022	Change YoY
Sales	26,298	25,176	(4.3%)	24,407	25,176	+3.2%
<i>Cosmetics</i>	14,716	14,506	(1.4%)	13,552	14,506	+7.0%
<i>Nutritional supplements</i>	9,093	8,988	(1.2%)	8,501	8,988	+5.7%
<i>Other</i>	2,488	1,682	(32.4%)	2,353	1,682	(28.5%)
<i>Hatsuga Genmai</i>	531	519	(2.3%)	506	519	+2.5%
<i>Kale Juice</i>	583	495	(15.2%)	545	494	(9.3%)
Operating income	2,445	3,010	+23.1%	2,445	3,010	+23.1%
Ordinary income	2,507	3,242	+29.3%	2,507	3,242	+29.3%
Net income	1,476	2,227	+50.8%	1,476	2,227	+50.8%

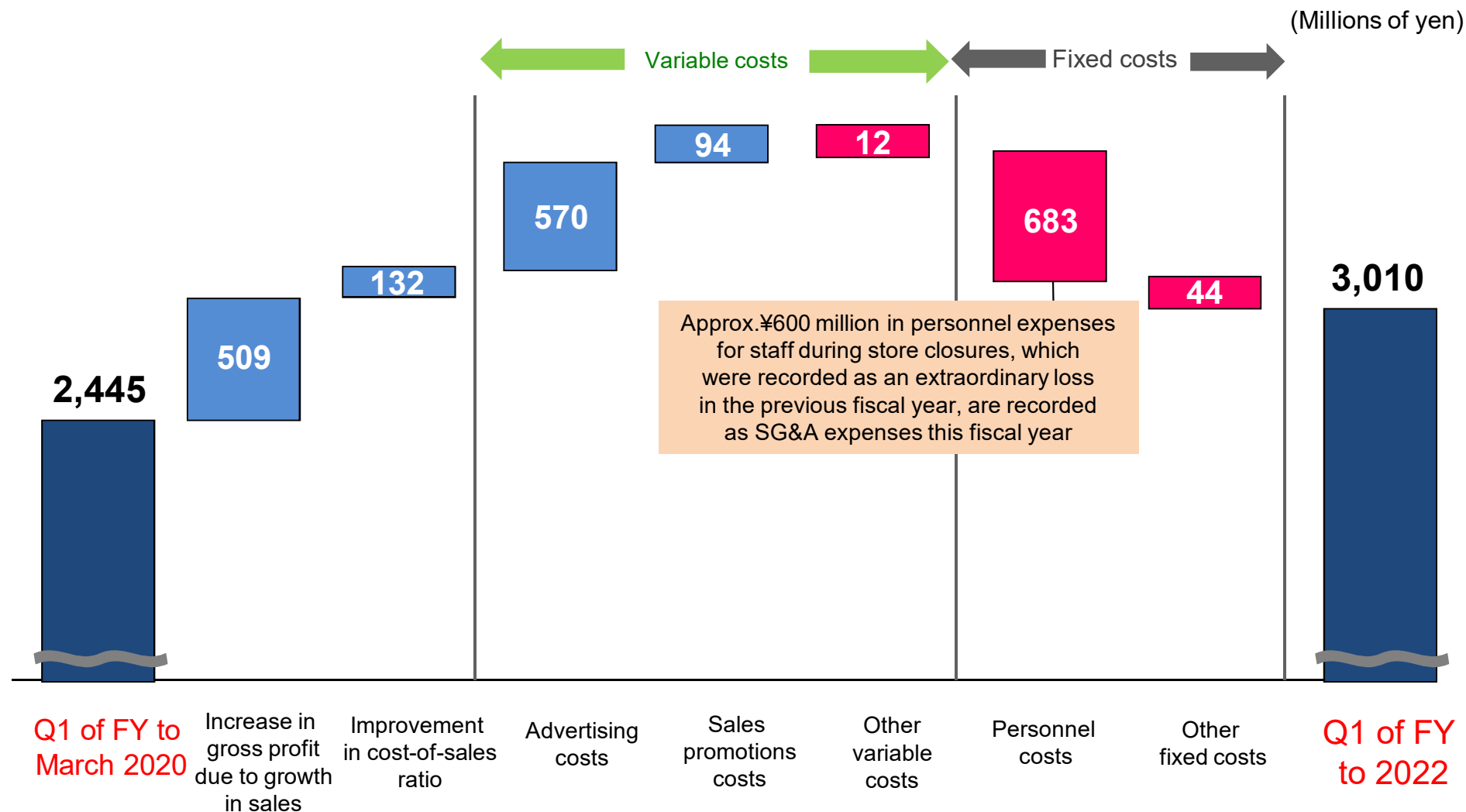
Sales breakdown (1Q)

*Comparisons based on figures after applying revenue recognition standards for both the previous and current fiscal years

Results forecasts by cosmetics brand	<i>FANCL</i>	10,507	+4.6%(Domestic:+4.8%,Overseas:+2.7%)
	<i>ATTENIR</i>	3,456	+17.8%
	<i>boscia</i>	321	-14.9%
Nutritional supplements		8,988	+5.7%(Domestic:+0.5%,Overseas:+92.5%)

Q1 Analysis of change in operating income (After adoption of revenue recognition standard)

Results



Outlook for first half / full year

Outlook for H1 of FY to March 2022

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(Millions of yen)	H1 of FY to March 2021 (Previous standard)	H1 of FY to March 2022 (plan)	Change YoY	H1 of FY to March 2021 (Standard for Revenue Recognition)	H1 of FY to March 2022 (plan)	Change YoY
Sales	54,265	52,450	(3.3%)	49,902	52,450	+5.1%
<i>Cosmetics</i>	30,349	29,430	(3.0%)	27,729	29,430	+6.1%
<i>Nutritional supplements</i>	19,485	19,590	+0.5%	17,995	19,590	+8.9%
<i>Other</i>	4,429	3,430	(22.6%)	4,178	3,430	(17.9%)
<i>Hatsuga Genmai</i>	1,058	980	(7.5%)	1,007	980	(2.7%)
<i>Kale Juice</i>	1,185	1,030	(13.1%)	1,100	1,030	(6.4%)
Operating income	4,878	5,000	+2.5%	4,878	5,000	+2.5%
Ordinary income	4,986	5,100	+2.3%	4,986	5,100	+2.3%
Net income	3,573	3,500	(2.1%)	3,573	3,500	(2.1%)

Sales breakdown (H1)

*Comparisons based on figures after applying revenue recognition standards for both the previous and current fiscal years

Results forecasts by cosmetics brand	<i>FANCL</i>	21,820	+6.0%(Domestic:+6.0%,Overseas:+6.9%)
	<i>ATTENIR</i>	6,650	+14.8%
	<i>boscia</i>	570	-44.2%
Nutritional supplements		19,590	+8.9%(Domestic:+5.6%,Overseas:+45.2%)

Outlook of FY to March 2022

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(Millions of yen)	FY to March 2021 (Previous standard)	FY to March 2022 (plan)	Change YoY	FY to March 2021 (Standard for Revenue Recognition)	FY to March 2022 (plan)	Change YoY
Sales	114,909	109,000	(5.1%)	105,146	109,000	+3.7%
<i>Cosmetics</i>	65,140	60,790	(6.7%)	59,221	60,790	+2.6%
<i>Nutritional supplements</i>	41,191	41,060	(0.3%)	37,854	41,060	+8.5%
<i>Other</i>	8,578	7,150	(16.7%)	8,071	7,150	(11.4%)
<i>Hatsuga Genmai</i>	2,172	1,930	(11.2%)	2,059	1,930	(6.3%)
<i>Kale Juice</i>	2,462	2,150	(12.7%)	2,270	2,150	(5.3%)
Operating income	11,576	12,000	+3.7%	11,576	12,000	+3.7%
Ordinary income	11,784	12,200	+3.5%	11,784	12,200	+3.5%
Net income	8,016	8,100	+1.0%	8,016	8,100	+1.0%

Sales breakdown (full year)

*Comparisons based on figures after applying revenue recognition standards for both the previous and current fiscal years

Assumption

FY Mar/2022 inbound sales are not expected

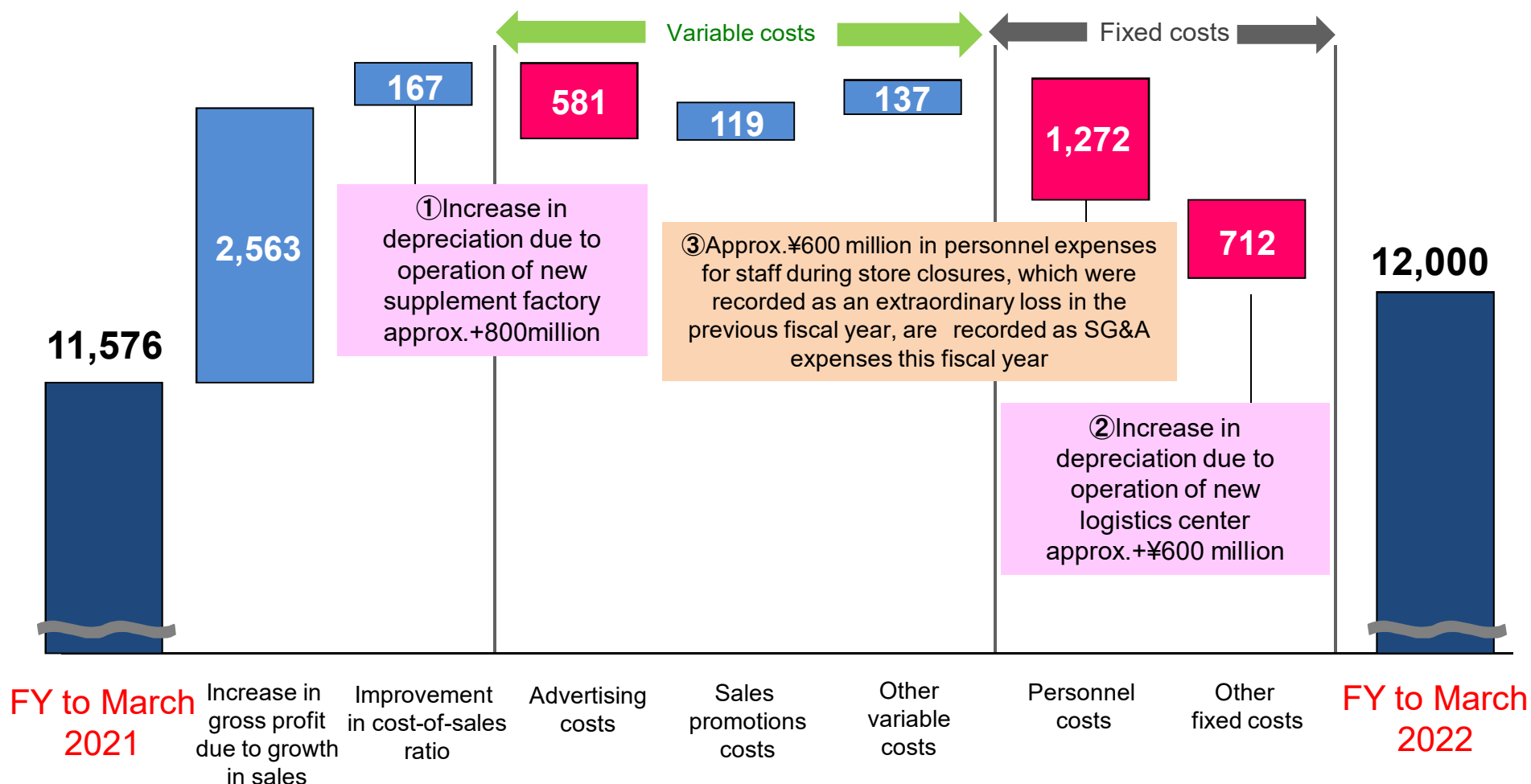
Results forecasts by cosmetics brand	<i>FANCL</i>	45,010	+1.9%(Domestic:+3.1%,Overseas:-10.6%)
	<i>ATTENIR</i>	12,910	+6.9%
	<i>boscia</i>	2,050	-9.1%
Nutritional supplements	41,060	+8.5%(Domestic:+6.0%,Overseas:+36.2%)	

FY Mar/2022: Analysis of change in operating income (After adoption of revenue recognition standard)

Plan

Positive factors Negative factors

(Millions of yen)



Cosmetics Business

FANCL Launch of renewed *ENRICH+*

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First Mutenka quasi-drug for improving wrinkles Daily care wrinkle improvement



Launch: September 16
Price: ¥1,870 (incl. sales tax)

Three-pronged approach to aging concerns

NEW

Wrinkle
reduction

Niacinamide

Improved skin
elasticity

Triple skin elasticity
ingredients

Anti-stress care

Shiso leaf extract
OENOTHERA BIENNIS
(EVENING PRIMROSE)
SEED EXTRACT

Ref: About the Anti-Wrinkle
Cosmetics Market

Triggered by the launch of
quasi-drugs by a major
manufacturer in 2017, growth
now exceeds the overall
cosmetics market

Promotion

Expressing newly added anti-aging effect in an easy-to-understand way



Expanding the number of basic skincare users by communicating appeal through TV commercials, web advertising, sampling, etc.

Contains White Koji Sterol, a unique raw ingredient created from joint research and development with Kirin Holdings. For enhanced anti-aging functions

Joy brings us together



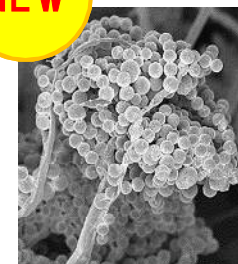
NEW



Fermented Hatsuga Genmai extract

Permeating care

×



White Koji Sterol

Multi-faceted aging care

Active against skin function decline caused by aging

Launch: October 7
Price : ¥1,595~5,280 (Incl. sales tax)

Promotion

Expanding the existing target audience from over-60s to over 50s

▶ Share information and strengthen acquisition of new customers through the web

ATTENIR

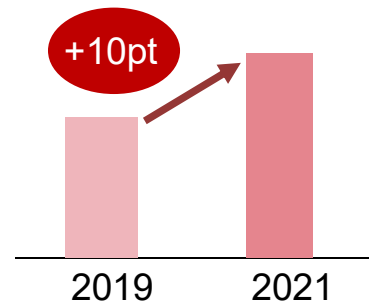
Success of *Dress snow* leading to expansion in number of skin care users

Japan

April 2021:
Launch of *Dress snow*
(Quasi-drug)



Share of skincare users

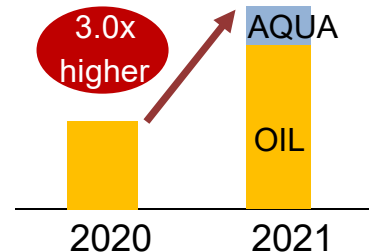


Overseas (cross-border e-commerce)

April 2021:
Launch of
**SKIN CLEAR
CLEANSE AQUA**



Sales of cleansing products



boscia

Aim to establish direct sales channels through inhouse e-commerce

Previous

Strengthening Costco sales channel to offset decline in department stores and specialty cosmetics stores.

Increased competition within Costco

Current

Aiming to achieve stable growth through both wholesale sales to retail stores and in-house e-commerce

Strengthening of digital marketing



Aggy Abby's Summer Favorites Bundle
(Dedicated kit by famous influencer)

Generating buzz through collaborations with famous bloggers and influencers and through beauty media tie-ups

Health Business

Strengthened functions to reduce belly fat. Women as new target group



Launch: September 16
Price: ¥3,888 (incl. sales tax)

Product efficacy in our body design
“barrier and release” manufacturing method
(Patent pending)

Designed to dissolve ingredients where required

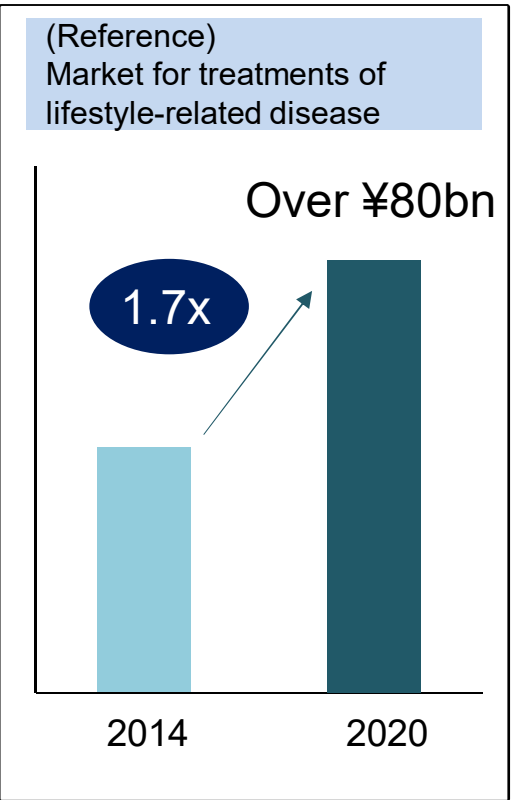
- ① Black ginger dissolves in stomach
- ② Live bifidobacterial are protected from stomach acid to reach the intestines and function

Without product efficacy in our body design

Bacteria killed when in contact with stomach acid

With product efficacy in our body design

Live bacteria successfully delivered to intestines



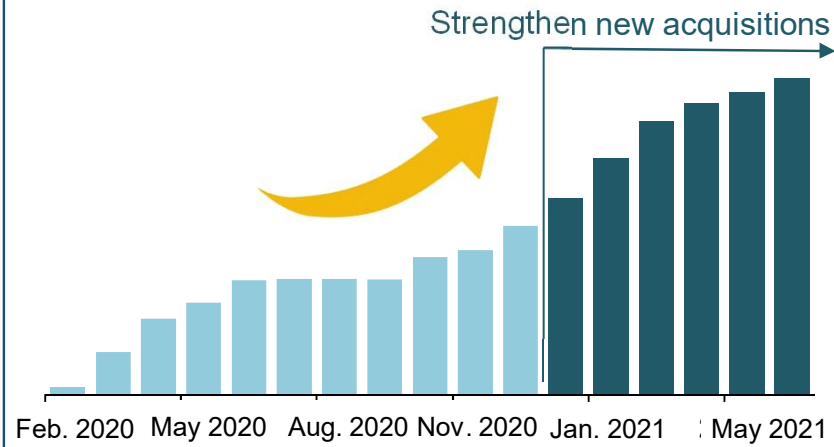
Promotion

Targeting women in addition to main users of men over 40

▶ Planning TV commercials, online ads, and counselling fairs

Steady increase in customers. Strengthen approach to customers with high affinity for *Personal ONE*

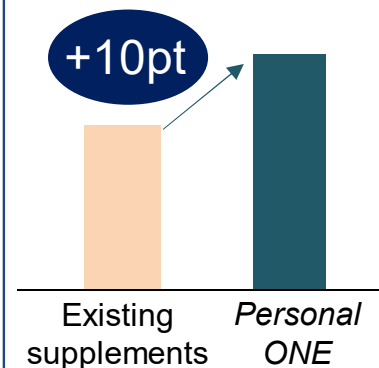
Customer trends (subscription)



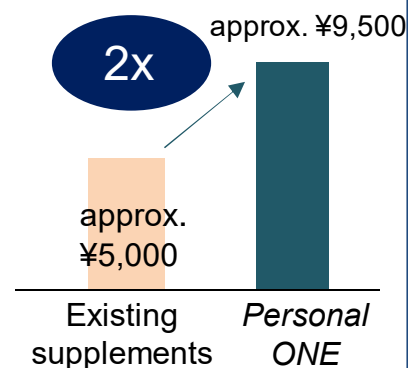
Promotion



Retention rate



Purchase unit price



Targeted promotion via Facebook



Develop marketing activities in collaboration with Sinopharm Steadily expand general trade sales channels

Cross-border e-commerce

Enhance promotion

Live commerce



FANCL staff taking part

Wechat x mini-program



Develop branding that emphasizes research capabilities and quality

Beauty supplements as a 2nd pillar



- Collagen, other jelly products to be launched in July
- Develop into strategic product targeting Generation Z (under 25)
- Plan large-scale promotions

General trade sales (Health food)

Main targets

E-commerce	
Department store	
Supermarket	
Drugstore/ duty free	

Offering at 100 stores ▶ Continuing to expand

Application

Aiming to launch 10 vitamins and minerals by end of fiscal year through close cooperation with Sinopharm

Channel

Live commerce viewers' brand loyalty clearly improving

By FANCL

Purpose

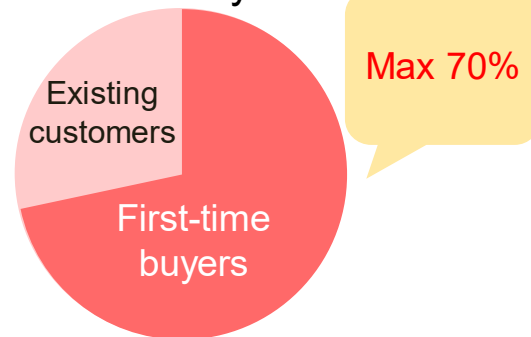
Improve customer experience, focusing on existing customers
 Aim to make them brand loyalists



Held 70 times
 Total viewers:
 310,000 people

Live commerce results

Breakdown of product buyers



Increased retention rate

LTV (Customer Lifetime Value)
 +15%

Working with commercial facilities

Purpose

Participate in live commerce events at commercial facilities, gain new customers

Live streaming from stores



Diver City Tokyo Plaza



AEON MALL Fukuoka

Held at:

AEON Mall Fukuoka, Natori ,
 &mall, Diver City Tokyo Plaza, etc.

Management foundation ▪ SDGs

Expanded shipping capacity and reduced logistics costs


Kansai Logistics Center (Kadoma, Osaka)

- Investment: Approx. ¥4.0bn
- Shipping capacity: 1.4 times higher
- Next-day delivery to Chugoku, Shikoku and Kyushu regions, and reduction in delivery costs by approx. ¥230mn per year
- FANCL Group's largest scale installation of solar power generation equipment

Kanto Logistics Center (FANCL)

Shiga Logistics Center (ATTENIR)

Transfer of management of 35% of FANCL online/catalogue and store shipments




Transfer of management of 100% of ATTENIR shipments

Kansai Logistics Center

Reduced workforce through automation

Workforce reduced by **approx. 40%**
 approx. 190 staff ➔ 110 staff
*Compared to Kanto Logistics Center


① Receiving and storage



Automatic pallet warehouse
16 staff ➔ 5 staff (-11)

② Picking, inspection, and packing

For online and catalogue



Picking robot
162 staff ➔ 94 staff (-68)

For Stores

11 staff ➔ 8 staff (-3)

FANCL is the main operator of the center

FANCL Recycling Program: Spreading Flowers and Greenery Launch: (July 20)

FANCL has established its own system for collecting containers
Achieving environmental awareness, expanding opportunities for people with disabilities,"
and "contributing to the local community

Sustainability Policy

Employ the 4Rs* to achieve 100% sustainable packaging by FY Mar/ 2031
*4R:Reduce, Reuse, Recycle + Renewable

Empty container returns

- At Direct stores
Starting with 6 stores
- 15 product bottle types made from PET

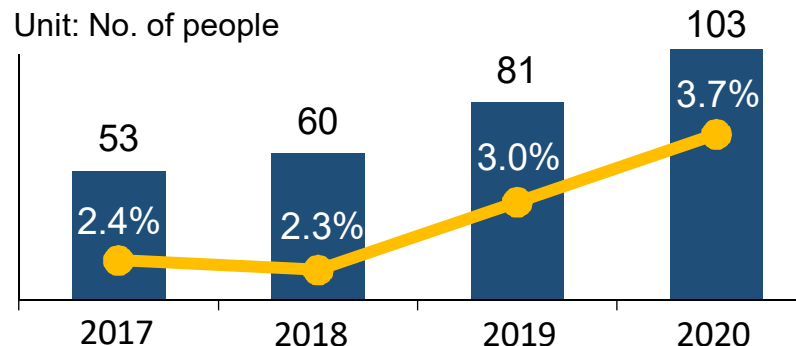


Container collection box

Separation, Cleaning

FANCL Smile
(Employing people with disabilities)

(Ref.) No. of employees with disabilities /
ratio of employees with disabilities



Collection, Recycling

In collaboration with
partner company,
recycling into plant pots

Community Contribution

Donation to
"Garden Necklace
YOKOHAMA"
organized by
Yokohama City



