

October 28, 2021

FANCL Corporation
TSE 1st Section: 4921

FANCL

Consolidated Financial Statements for the Interim Period of the Fiscal Year Ending March 31, 2022 (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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Changes in Accounting Treatment

In accordance with the adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from FY Mar/2022, the figures in this document assume that the same criteria were applied to the FY Mar/2021 results to enable a comparison that is more in line with actual conditions.

Main changes due to the adoption of the “Accounting Standard for Revenue Recognition” are as follows:

1. Amount of points provided to customers and cost of rebates to retailers
(Before) Sales promotion expenses → (After) Subtracted from sales
2. Developer commission for consignment buying contracts for store sales (mainly department stores)
(Before) Sales commissions → (After) Subtracted from sales
3. Sales promotion goods (gifts, etc.)
(Before) Sales promotion expenses → (After) Added to cost of sales

There is no impact on operating income.

◆ Main changes due to adoption of “Accounting Standard for Revenue Recognition”

		Main changes
Sales		①、②(subtracted)
Cost of sales		③(added)
SG&A Expenses		
Advertising expenses		
Sales promotion expenses	①(subtracted) points and rebates ③(subtracted) Sales promotion goods (gifts, etc.)	
Outsourcing fees and commissions	②(subtracted) Commissions for consignment buying contracts	
Other		
Operating income		

◆ Sales by Segment (Six Months)

(Millions of yen,%)

	Six Months ended Sept/20 (Previous Standard)			Six Months ended Sept/20 (Standard for Revenue Recognition)		Six Months ended Sept/21 (Standard for Revenue Recognition)			
	amount	% of total	% change	amount	% of total	amount	% of total	% change	
C o s m e	Online and catalogue	15,842	52.2	6.6	15,203	54.8	14,588	51.6	(4.0)
	Direct store	7,438	24.5	(55.1)	5,643	20.4	6,109	21.6	8.3
	Wholesale	3,659	12.1	(25.5)	3,573	12.9	3,998	14.2	11.9
	Overseas	3,408	11.2	(3.9)	3,308	11.9	3,547	12.6	7.2
	Sub total	30,349	55.9	(23.9)	27,729	55.6	28,244	56.6	1.9
S u p p l e	Online and catalogue	8,655	44.4	11.6	8,173	45.4	8,376	45.4	2.5
	Direct store	3,589	18.4	(48.3)	2,730	15.2	3,264	17.7	19.6
	Wholesale	5,746	29.5	(18.2)	5,596	31.1	4,677	25.3	(16.4)
	Overseas	1,494	7.7	20.4	1,494	8.3	2,141	11.6	43.3
	Sub total	19,485	35.9	(15.1)	17,995	36.0	18,460	37.0	2.6
O t h e r s	Online and catalogue	3,553	80.2	45.7	3,371	80.7	2,388	75.3	(29.1)
	Direct store	228	5.2	(6.4)	175	4.2	157	5.0	(10.3)
	Wholesale	634	14.3	(2.4)	618	14.8	619	19.5	0.2
	Overseas	13	0.3	268.1	13	0.3	6	0.2	(52.1)
	Sub total	4,429	8.2	32.7	4,178	8.4	3,171	6.4	(24.1)
T o t a l	Online and catalogue	28,051	51.7	11.9	26,747	53.6	25,353	50.8	(5.2)
	Direct store	11,256	20.7	(52.6)	8,549	17.1	9,532	19.1	11.5
	Wholesale	10,041	18.5	(20.2)	9,788	19.6	9,295	18.7	(5.0)
	Overseas	4,916	9.1	2.6	4,816	9.7	5,695	11.4	18.3
	Sub total	54,265	100.0	(18.0)	49,902	100.0	49,876	100.0	(0.1)

	Six Months ended Sept/20 (Previous Standard)			Six Months ended Sept/20 (Standard for Revenue Recognition)		Six Months ended Sept/21 (Standard for Revenue Recognition)			
	amount	% of total	% change	amount	% of total	amount	% of total	% change	
R i c e	Online and catalogue	550	52.0	16.9	519	51.6	469	46.5	(9.6)
	Direct store	28	2.7	(36.1)	21	2.1	19	1.9	(7.0)
	Wholesale	479	45.3	5.3	466	46.3	521	51.6	11.7
	Overseas	0	0.0	(44.3)	0	0.0	0	0.0	(34.1)
	Sub total	1,058	2.0	9.0	1,007	2.0	1,010	2.0	0.3
K a l e	Online and catalogue	891	75.2	10.8	842	76.5	772	78.8	(8.3)
	Direct store	125	10.6	(33.4)	94	8.6	104	10.6	10.4
	Wholesale	155	13.1	(19.8)	151	13.7	98	10.0	(35.1)
	Overseas	12	1.1	337.9	12	1.2	6	0.6	(52.7)
	Sub total	1,185	2.2	(0.4)	1,100	2.2	980	2.0	(10.9)

◆ Sales by Segment (Full Year)

(Millions of yen,%)

		FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Projection) (Standard for Revenue Recognition)		
		amount	% of total	% change	amount	% of total	amount	% of total	% change
C o n s u m e	Online and catalogue	32,017	49.1	10.1	30,679	51.8	31,260	52.6	1.9
	Direct store	18,078	27.8	(39.1)	13,876	23.4	13,210	22.3	(4.8)
	Wholesale	7,726	11.9	(15.1)	7,513	12.7	8,100	13.6	7.8
	Overseas	7,317	11.2	(9.1)	7,151	12.1	6,850	11.5	(4.2)
	Sub total	65,140	56.7	(14.2)	59,221	56.3	59,420	55.8	0.3
S u p p l i e	Online and catalogue	17,994	43.7	14.5	16,948	44.8	17,810	44.2	5.1
	Direct store	8,072	19.6	(35.4)	6,137	16.2	6,960	17.3	13.4
	Wholesale	11,989	29.1	(9.0)	11,633	30.7	10,910	27.0	(6.2)
	Overseas	3,134	7.6	19.8	3,134	8.3	4,650	11.5	48.3
	Sub total	41,191	35.8	(6.4)	37,854	36.0	40,330	37.9	6.5
O t h e r s	Online and catalogue	6,801	79.3	33.2	6,443	79.8	5,190	76.9	(19.4)
	Direct store	500	5.8	(3.7)	390	4.8	340	5.0	(12.9)
	Wholesale	1,253	14.6	(1.8)	1,214	15.1	1,200	17.8	(1.2)
	Overseas	22	0.3	112.1	22	0.3	20	0.3	(12.9)
	Sub total	8,578	7.5	24.1	8,071	7.7	6,750	6.3	(16.4)
T o t a l	Online and catalogue	56,813	49.4	13.9	54,071	51.4	54,260	50.9	0.3
	Direct store	26,650	23.2	(37.6)	20,404	19.4	20,510	19.3	0.5
	Wholesale	20,970	18.3	(11.0)	20,361	19.4	20,210	19.0	(0.7)
	Overseas	10,475	9.1	(1.9)	10,309	9.8	11,520	10.8	11.7
	Sub total	114,909	100.0	(9.4)	105,146	100.0	106,500	100.0	1.3

		FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Projection) (Standard for Revenue Recognition)		
		amount	% of total	% change	amount	% of total	amount	% of total	% change
R i c e	Online and catalogue	1,132	52.1	11.2	1,064	51.7	970	47.9	(8.9)
	Direct store	63	2.9	(27.7)	48	2.3	40	2.0	(16.8)
	Wholesale	976	44.9	5.8	946	46.0	1,010	49.9	6.7
	Overseas	0	0.1	(67.9)	0	0.0	5	0.2	515.1
	Sub total	2,172	1.9	6.9	2,059	2.0	2,025	1.9	(1.7)
K a i e	Online and catalogue	1,855	75.4	11.6	1,746	76.9	1,630	79.3	(6.7)
	Direct store	310	12.6	(22.1)	235	10.4	220	10.7	(6.7)
	Wholesale	274	11.1	(21.7)	265	11.7	190	9.3	(28.4)
	Overseas	22	0.9	167.2	22	1.0	15	0.7	(32.3)
	Sub total	2,462	2.1	1.7	2,270	2.2	2,055	1.9	(9.5)

◆ Segment Information (Six Months)

(Millions of yen,%)

		Six Months ended Sept/20 (Previous Standard)			Six Months ended Sept/20 (Standard for Revenue Recognition)		Six Months ended Sept/21 (Standard for Revenue Recognition)		
		amount	% of total	% change	amount	% of total	amount	% of total	% change
C o s m e	Sales	30,349	55.9	(23.9)	27,729	55.6	28,244	56.6	1.9
	Gross Profit	22,335	73.6	(26.5)	19,378	69.9	19,730	69.9	1.8
	SGA	19,243	63.4	(15.8)	16,286	58.7	16,217	57.4	(0.4)
	Advertising	3,331	11.0	(22.9)	3,330	12.0	3,155	11.2	(5.3)
	Operating Income	3,091	10.2	(58.9)	3,091	11.2	3,512	12.4	13.6
S u p p l e	Sales	19,485	35.9	(15.1)	17,995	36.0	18,460	37.0	2.6
	Gross Profit	13,550	69.5	(14.7)	11,887	66.1	12,222	66.2	2.8
	SGA	11,140	57.2	(18.7)	9,476	52.7	9,694	52.5	2.3
	Advertising	2,297	11.8	(40.4)	2,297	12.8	1,836	9.9	(20.1)
	Operating Income	2,410	12.4	10.4	2,410	13.4	2,528	13.7	4.9
O t h e r s	Sales	4,429	8.2	32.7	4,178	8.4	3,171	6.4	(24.1)
	Gross Profit	1,916	43.3	28.8	1,629	39.0	1,393	43.9	(14.5)
	SGA	1,689	38.1	24.0	1,401	33.6	1,414	44.6	0.9
	Advertising	271	6.1	23.6	271	6.5	206	6.5	(24.1)
	Operating Income	227	5.1	79.6	227	5.4	(21)	(0.7)	-
Eliminations or Corporate		(851)			(851)		(848)		
T o t a l	Sales	54,265	100.0	(18.0)	49,902	100.0	49,876	100.0	(0.1)
	Gross Profit	37,802	69.7	(20.9)	32,895	65.9	33,346	66.9	1.4
	SGA	32,924	60.7	(15.3)	28,016	56.1	28,174	56.5	0.6
	Advertising	5,901	10.9	(29.7)	5,900	11.8	5,197	10.4	(11.9)
	Operating Income	4,878	9.0	(45.2)	4,878	9.8	5,171	10.4	6.0

◆ General and Administrative Expenses (Six Months)

(Millions of yen,%)

	Six Months ended Sept/20 (Previous Standard)			Six Months ended Sept/20 (Standard for Revenue Recognition)		Six Months ended Sept/21 (Standard for Revenue Recognition)		
	amount	% of total	% change	amount	% of total	amount	% of total	% change
Advertising	5,901	10.9	(29.7)	5,900	11.8	5,197	10.4	(11.9)
Sales Promotions	6,975	12.9	(0.3)	3,852	7.7	3,828	7.7	(0.6)
Transport	2,915	5.4	6.7	2,920	5.9	2,642	5.3	(9.5)
Communications	916	1.7	(1.8)	916	1.8	791	1.6	(13.6)
Fees/Outsourcing	5,239	9.7	(28.1)	3,531	7.1	3,923	7.9	11.1
Salaries	7,046	13.0	(13.3)	7,046	14.1	7,648	15.3	8.5
Depreciations	1,026	1.9	4.9	1,026	2.1	1,180	2.4	15.0
Others	2,903	5.4	(15.2)	2,823	5.7	2,961	5.9	4.9
Total	32,924	60.7	(15.3)	28,016	56.1	28,174	56.5	0.6

◆ Capital Investment and Depreciation

(Millions of yen)

	Six Months ended Sept/20	Six Months ended Sept/21
Capital Investment	2,870	3,752
Depreciation*	1,761	2,117

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

◆ Segment Information (Full Year)

(Millions of yen,%)

		FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Projection) (Standard for Revenue Recognition)		
		amount	% of total	% change	amount	% of total	amount	% of total	% change
C o s m e	Sales	65,140	56.7	(14.2)	59,221	56.3	59,420	55.8	0.3
	Gross Profit	48,169	73.9	(15.6)	41,412	69.9	41,720	70.2	0.7
	SGA	40,215	61.7	(11.3)	33,458	56.5	33,120	55.7	(1.0)
	Advertising	6,380	9.8	(22.4)	6,379	10.8	6,450	10.9	1.1
	Operating Income	7,954	12.2	(32.4)	7,954	13.4	8,600	14.5	8.1
S u p p l e	Sales	41,191	35.8	(6.4)	37,854	36.0	40,330	37.9	6.5
	Gross Profit	29,085	70.6	(4.3)	25,300	66.8	26,350	65.3	4.1
	SGA	24,042	58.4	(8.6)	20,257	53.5	21,250	52.7	4.9
	Advertising	4,901	11.9	(25.8)	4,901	12.9	5,240	13.0	6.9
	Operating Income	5,042	12.2	23.1	5,042	13.3	5,100	12.6	1.1
O t h e r s	Sales	8,578	7.5	24.1	8,071	7.7	6,750	6.3	(16.4)
	Gross Profit	3,856	45.0	26.0	3,235	40.1	2,990	44.3	(7.6)
	SGA	3,631	42.3	22.3	3,011	37.3	2,990	44.3	(0.7)
	Advertising	568	6.6	(0.7)	568	7.0	480	7.1	(15.6)
	Operating Income	224	2.6	146.9	224	2.8	0	0.0	-
Eliminations or Corporate		(1,644)			(1,644)		(1,700)		
T o t a l	Sales	114,909	100.0	(9.4)	105,146	100.0	106,500	100.0	1.3
	Gross Profit	81,110	70.6	(10.4)	69,948	66.5	71,060	66.7	1.6
	SGA	69,534	60.5	(9.0)	58,371	55.5	59,060	55.5	1.2
	Advertising	11,850	10.3	(23.1)	11,848	11.3	12,170	11.4	2.7
	Operating Income	11,576	10.1	(18.0)	11,576	11.0	12,000	11.3	3.7

◆ General and Administrative Expenses (Full Year)

(Millions of yen,%)

	FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Projection) (Standard for Revenue Recognition)		
	amount	% of total	% change	amount	% of total	amount	% of total	% change
Advertising	11,850	10.3	(23.1)	11,848	11.3	12,170	11.4	2.7
Sales Promotions	15,668	13.6	7.7	8,649	8.2	7,940	7.5	(8.2)
Transport	5,881	5.1	9.4	5,878	5.6	5,350	5.0	(9.0)
Communications	1,895	1.6	(2.0)	1,895	1.8	1,680	1.6	(11.4)
Fees/Outsourcing	11,584	10.1	(17.4)	7,513	7.1	7,960	7.5	5.9
Salaries	14,857	12.9	(9.1)	14,857	14.1	15,600	14.6	5.0
Depreciations	2,160	1.9	4.7	2,160	2.1	2,610	2.5	20.8
Others	5,635	4.9	(16.4)	5,567	5.3	5,750	5.4	3.3
Total	69,534	60.5	(9.0)	58,371	55.5	59,060	55.5	1.2

◆ Capital Investment and Depreciation

(Millions of yen)

	FY Mar/2021	FY Mar/2022 (Projection)
Capital Investment	8,207	5,210
Depreciation*	3,665	4,520

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

◆ Number of Shops by Region

As of 30 September,2021

	Hokkaido	Tohoku	Kanto (except Tokyo)	TOKYO	Tokai,Hokuriku& Shinetsu	Kinki	Chugoku,Shikoku	Kyusyu,Okinawa	Total
Fancl Shop	4	6	24	22	18	18	10	12	114
FANCL beauty&health	-	-	2	6	1	6	1	2	18
FANCL New me	-	2	2	1	1	3	4	2	15
FANCL Spot	-	-	1	-	3	-	1	-	5
FANCL Beauty Salon	-	-	-	-	-	1	-	-	1
FANCL Hybrid Shop	-	3	13	10	4	8	3	6	47
FANCL International Shop (Ginza Square 1F)	-	-	-	1	-	-	-	-	1
FANCL Beauty Shop (Ginza Square 3F,5F)	-	-	-	1	-	-	-	-	1
FANCL Supplement Shop (Ginza Square 4F,6F)	-	-	-	1	-	-	-	-	1
Total	4	11	42	42	27	36	19	22	203
ATTENIR Shop	1	1	2	10	2	7	1	2	26

◆ Number of Shops

	As of March 31, 2017	As of March 31, 2018	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of September 30, 2021	As of March 30, 2022 (Projection)
Fancl Shop	-	14	59	107	115	114	116
FANCL beauty&health	2	3	12	16	19	18	18
FANCL New me	-	-	-	6	15	15	14
FANCL Spot	-	-	-	1	4	5	5
FANCL Beauty Salon	-	-	-	1	1	1	1
FANCL Hybrid Shop	168	162	125	76	53	47	43
FANCL Beauty Shop	1	1	1	1	1	1	1
FANCL Supplement Shop (FANCL Health House)	3	1	1	1	1	1	1
(Old) Fancl Shop	10	6	1	-	-	-	-
Fancl House	9	4	1	-	-	-	-
Fancl House J	6	2	-	-	-	-	-
FANCL International Shop (Ginza Square 1F)	1	1	1	1	1	1	1
Others	1	3	3	2	1	-	-
Total	201	197	204	212	211	203	200
ATTENIR Shop	16	16	17	24	26	26	26