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FANCL Corporation  
TSE Prime Market 4921

# FANCL

## Consolidated Financial Statements for the Fiscal Year Ended 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
<b>Sales</b>		①、②(subtracted)
<b>Cost of sales</b>		③(added)
<b>SG&amp;A Expenses</b>		
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		
<b>Operating income</b>		

## ◆ Sales by Segment

(Millions of yen,%)

		FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Standard for Revenue Recognition)			FY Mar/2023 (Projection) (Standard for Revenue Recognition)		
		amount	% of total	% change	amount	% of total	amount	% of total	% change	amount	% of total	% change
C o s m e	Online and catalogue	32,017	49.1	10.1	30,679	51.8	30,459	51.8	(0.7)	31,850	51.6	4.6
	Direct Store	18,078	27.8	(39.1)	13,876	23.4	13,213	22.5	(4.8)	13,430	21.7	1.6
	Wholesale	7,726	11.9	(15.1)	7,513	12.7	8,339	14.2	11.0	8,820	14.3	5.8
	Overseas	7,317	11.2	(9.1)	7,151	12.1	6,797	11.5	(5.0)	7,680	12.4	13.0
	Sub total	65,140	56.7	(14.2)	59,221	56.3	58,809	56.5	(0.7)	61,780	55.7	5.1
S u p p l e	Online and catalogue	17,994	43.7	14.5	16,948	44.8	17,330	45.1	2.3	18,420	43.9	6.3
	Direct Store	8,072	19.6	(35.4)	6,137	16.2	6,586	17.1	7.3	6,950	16.5	5.5
	Wholesale	11,989	29.1	(9.0)	11,633	30.7	9,898	25.7	(14.9)	10,980	26.1	10.9
	Overseas	3,134	7.6	19.8	3,134	8.3	4,655	12.1	48.5	5,660	13.5	21.6
	Sub total	41,191	35.8	(6.4)	37,854	36.0	38,471	37.0	1.6	42,010	37.8	9.2
O t h e r s	Online and catalogue	6,801	79.3	33.2	6,443	79.8	5,112	76.2	(20.7)	5,580	77.4	9.2
	Direct Store	500	5.8	(3.7)	390	4.8	378	5.6	(3.0)	430	5.9	13.5
	Wholesale	1,253	14.6	(1.8)	1,214	15.1	1,207	18.0	(0.6)	1,180	16.4	(2.3)
	Overseas	22	0.3	112.1	22	0.3	12	0.2	(44.5)	20	0.3	56.8
	Sub total	8,578	7.5	24.1	8,071	7.7	6,710	6.5	(16.9)	7,210	6.5	7.4
T o t a l	Online and catalogue	56,813	49.4	13.9	54,071	51.4	52,902	50.9	(2.2)	55,850	50.3	5.6
	Direct Store	26,650	23.2	(37.6)	20,404	19.4	20,179	19.4	(1.1)	20,810	18.8	3.1
	Wholesale	20,970	18.3	(11.0)	20,361	19.4	19,444	18.7	(4.5)	20,980	18.9	7.9
	Overseas	10,475	9.1	(1.9)	10,309	9.8	11,465	11.0	11.2	13,360	12.0	16.5
	Sub total	114,909	100.0	(9.4)	105,146	100.0	103,992	100.0	(1.1)	111,000	100.0	6.7

		FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Standard for Revenue Recognition)			FY Mar/2023 (Projection) (Standard for Revenue Recognition)		
		amount	% of total	% change	amount	% of total	amount	% of total	% change	amount	% of total	% change
R i c e	Online and catalogue	1,132	52.1	11.2	1,064	51.7	992	48.3	(6.7)	1,150	52.8	15.8
	Direct store	63	2.9	(27.7)	48	2.3	42	2.1	(11.1)	40	1.8	(6.4)
	Wholesale	976	44.9	5.8	946	46.0	1,020	49.6	7.9	990	45.4	(3.0)
	Overseas	0	0.1	(67.9)	0	0.0	0	0.0	(46.5)	0	0.0	(100.0)
	Sub total	2,172	1.9	6.9	2,059	2.0	2,056	2.0	(0.1)	2,180	2.0	6.0
K a l e	Online and catalogue	1,855	75.4	11.6	1,746	76.9	1,666	78.9	(4.6)	1,800	79.3	8.0
	Direct store	310	12.6	(22.1)	235	10.4	247	11.7	4.9	260	11.4	5.1
	Wholesale	274	11.1	(21.7)	265	11.7	184	8.8	(30.4)	190	8.4	2.8
	Overseas	22	0.9	167.2	22	1.0	12	0.6	(44.4)	20	0.9	62.3
	Sub total	2,462	2.1	1.7	2,270	2.2	2,110	2.0	(7.0)	2,270	2.0	7.5

## ◆ Segment Information

(Millions of yen,%)

		FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Standard for Revenue Recognition)			FY Mar/2023 (Projection) (Standard for Revenue Recognition)		
		amount	% of total	% change	amount	% of total	amount	% of total	% change	amount	% of total	% change
C o s t s	Sales	65,140	56.7	(14.2)	59,221	56.3	58,809	56.5	(0.7)	61,780	55.7	5.1
	Gross Profit	48,169	73.9	(15.6)	41,412	69.9	41,145	70.0	(0.6)	43,280	70.1	5.2
	SGA	40,215	61.7	(11.3)	33,458	56.5	33,563	57.1	0.3	35,330	57.2	5.3
	Advertising	6,380	9.8	(22.4)	6,379	10.8	7,090	12.1	11.1	8,450	13.7	19.2
	Operating Income	7,954	12.2	(32.4)	7,954	13.4	7,581	12.9	(4.7)	7,950	12.9	4.9
S u p p l i e	Sales	41,191	35.8	(6.4)	37,854	36.0	38,471	37.0	1.6	42,010	37.8	9.2
	Gross Profit	29,085	70.6	(4.3)	25,300	66.8	24,925	64.8	(1.5)	27,970	66.6	12.2
	SGA	24,042	58.4	(8.6)	20,257	53.5	21,022	54.6	3.8	23,590	56.2	12.2
	Advertising	4,901	11.9	(25.8)	4,901	12.9	4,977	12.9	1.6	6,700	15.9	34.6
	Operating Income	5,042	12.2	23.1	5,042	13.3	3,902	10.1	(22.6)	4,380	10.4	12.2
O t h e r s	Sales	8,578	7.5	24.1	8,071	7.7	6,710	6.5	(16.9)	7,210	6.5	7.4
	Gross Profit	3,856	45.0	26.0	3,235	40.1	3,045	45.4	(5.9)	3,500	48.5	14.9
	SGA	3,631	42.3	22.3	3,011	37.3	3,071	45.8	2.0	3,070	42.6	(0.0)
	Advertising	568	6.6	(0.7)	568	7.0	509	7.6	(10.5)	550	7.6	8.0
	Operating Income	224	2.6	146.9	224	2.8	(25)	(0.4)	-	430	6.0	-
Eliminations or Corporate	(1,644)			(1,644)		(1,687)			(1,660)			
T o t a l	Sales	114,909	100.0	(9.4)	105,146	100.0	103,992	100.0	(1.1)	111,000	100.0	6.7
	Gross Profit	81,110	70.6	(10.4)	69,948	66.5	69,116	66.5	(1.2)	74,750	67.3	8.2
	SGA	69,534	60.5	(9.0)	58,371	55.5	59,345	57.1	1.7	63,650	57.3	7.3
	Advertising	11,850	10.3	(23.1)	11,848	11.3	12,577	12.1	6.1	15,700	14.1	24.8
	Operating Income	11,576	10.1	(18.0)	11,576	11.0	9,771	9.4	(15.6)	11,100	10.0	13.6

## ◆ General and Administrative Expenses

(Millions of yen,%)

	FY Mar/2021 (Previous Standard)			FY Mar/2021 (Standard for Revenue Recognition)		FY Mar/2022 (Standard for Revenue Recognition)			FY Mar/2023 (Projection) (Standard for Revenue Recognition)		
	amount	% of total	% change	amount	% of total	amount	% of total	% change	amount	% of total	% change
Advertising	11,850	10.3	(23.1)	11,848	11.3	12,577	12.1	6.1	15,700	14.1	24.8
Sales Promotions	15,668	13.6	7.7	8,649	8.2	7,645	7.4	(11.6)	7,430	6.7	(2.8)
Transport	5,881	5.1	9.4	5,878	5.6	5,448	5.2	(7.3)	5,670	5.1	4.1
Communications	1,895	1.6	(2.0)	1,895	1.8	1,688	1.6	(10.9)	1,560	1.4	(7.6)
Fees/Outsourcing	11,584	10.1	(17.4)	7,513	7.1	8,297	8.0	10.4	8,550	7.7	3.0
Salaries	14,857	12.9	(9.1)	14,857	14.1	15,171	14.6	2.1	15,750	14.2	3.8
Depreciations	2,160	1.9	4.7	2,160	2.1	2,611	2.5	20.9	2,520	2.3	(3.5)
Others	5,635	4.9	(16.4)	5,567	5.3	5,903	5.7	6.0	6,470	5.8	9.6
Total	69,534	60.5	(9.0)	58,371	55.5	59,345	57.1	1.7	63,650	57.3	7.3

## ◆ Capital Investment and Depreciation

(Millions of yen)

	FY Mar/2021	FY Mar/2022	FY Mar/2023 (Projection)
Capital Investment	8,207	5,089	3,000
Depreciation*	3,665	4,563	4,300

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

◆Number of Shops by Region

As of 31 March, 2022

	Hokkaido	Tohoku	Kanto (except Tokyo)	TOKYO	Shinetsu Tokai, Hokuriku & Shinetsu	Kinki	Chugoku, Shikoku	Kyushu, Okinawa	Total
Fancl Shop	4	6	24	22	18	18	10	11	113
FANCL beauty&health	—	—	2	6	1	6	1	2	18
FANCL New me	—	2	2	1	1	2	4	2	14
FANCL Spot	—	—	1	—	3	—	—	—	4
FANCL Beauty Salon	—	—	—	—	—	1	—	—	1
FANCL Hybrid Shop	—	2	13	10	4	7	3	6	45
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
<b>Total</b>	<b>4</b>	<b>10</b>	<b>42</b>	<b>42</b>	<b>27</b>	<b>34</b>	<b>18</b>	<b>21</b>	<b>198</b>
ATTENIR Shop	1	1	3	9	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 March 31, 2022	As of March 31, 2023 (Projection)
Fancl Shop	—	14	59	107	115	113	116
FANCL beauty&health	—	2	3	12	16	19	18
FANCL New me	—	—	—	6	15	14	13
FANCL Spot	—	—	—	—	1	4	—
FANCL Beauty Salon	—	—	—	—	1	1	1
FANCL Hybrid Shop	168	162	125	76	53	45	38
FANCL Beauty Shop	—	1	1	1	1	1	1
FANCL Supplement Shop (FANCL Health House)	—	3	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
Others	—	1	3	3	2	1	—
<b>Total</b>	<b>168</b>	<b>201</b>	<b>197</b>	<b>204</b>	<b>212</b>	<b>211</b>	<b>198</b>
ATTENIR Shop	—	16	16	17	24	26	26