Translation

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Summary of Consolidated Financial Statements for the Year Ended March 31, 2018 [Prepared on the basis of Japan's Generally Accepted Accounting Standard (GAAP)]

May 11, 2018

Corporate name : Alfresa Holdings Corporation
Stock exchange listing : The 1st section of Tokyo Stock Exchange
Stock code : 2784
URL : http://www.alfresa.com/
Representative : Taizo Kubo, Representative Director & President
Contact person : Seiichi Kishida, Executive Officer, General Manager, Financial Planning Department
TEL : +81-3-5219-5102

Scheduled date for Annual General Meeting of Shareholders : June 26, 2018
Scheduled dividend payment date : June 5, 2018
Scheduled date for filing the Annual Securities Report : June 26, 2018
Supplementary explanatory materials : Yes
Financial results meeting : Yes (for institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Summary of consolidated financial results for FY2017 (April 1, 2017 - March 31, 2018)

(1) Consolidated operating results (Percentages indicate changes over the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY2017	2,602,917	2.0	41,756	25.7	51,861	18.9	35,589	15.2
FY2016	2,551,801	(1.0)	33,228	(26.6)	43,628	(21.4)	30,893	(11.7)

Note: Comprehensive income : FY2017 ¥ 50,236 million [45.3 %] FY2016 ¥ 34,568 million [(4.9) %]

	Earnings per share of common stock		Return on equity	Ratio of ordinary profit to total assets	Ratio of operating income to net sales
	Basic	Diluted			
	Yen	Yen	%	%	%
FY2017	164.25	—	8.6	4.0	1.6
FY2016	142.58	—	8.1	3.5	1.3

Reference: Equity in net losses of affiliates : FY2017 ¥ (166) million FY 2016 ¥ (18) million

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
As of March 31, 2018	1,343,284	435,934	32.4	2,006.53
As of March 31, 2017	1,255,922	393,550	31.2	1,810.68

Reference: Owners' equity : As of March 31, 2018 ¥ 434,768 million As of March 31, 2017 ¥ 392,334 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	¥ Million	¥ Million	¥ Million	¥ Million
FY2017	47,575	(10,154)	(9,865)	195,593
FY2016	34,342	(13,409)	(11,807)	167,554

2. Dividends per share of common stock

	Dividends per share					Total amount of dividends	Dividend payout ratio	Dividend on equity
	1Q	2Q	3Q	Year-end	Full-year			
	Yen	Yen	Yen	Yen	Yen	¥ Million	%	%
FY2016	—	17.00	—	19.00	36.00	7,800	25.2	2.1
FY2017	—	19.00	—	20.00	39.00	8,450	23.7	2.0
FY2018 (Forecast)	—	24.00	—	24.00	48.00		—	

Note: The second quarter dividend and year-end dividend for the fiscal year ending March31, 2019 each include a commemorative dividend of ¥3.00.

3. Consolidated performance forecast for FY2018 (April 1, 2018 - March 31, 2019)

(Percentages indicate changes over the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Basic earning per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
1H FY2018	1,281,500	0.1	14,400	0.2	19,400	1.9	12,400	(4.1)	57.94
FY2018	2,610,000	0.3	35,600	(14.7)	45,700	(11.9)	33,000	(7.3)	155.04

*Notes

(1) Changes in principal subsidiaries during the period
(those changes in specified subsidiaries accompanying change in scope of consolidation) : None

(2) Changes in accounting policy, changes in accounting estimates, and restatement

i. Change in accounting policy due to amendment of accounting standard : None
ii. Change in accounting policy due to reasons other than i. : None
iii. Change in accounting estimates : None
iv. Restatement : None

(3) Number of outstanding shares of common stock

i. Number of shares outstanding (including treasury stock) at end of period:
As of March 31, 2018 235,017,600 shares
As of March 31, 2017 235,017,600 shares

ii. Number of treasury stock at end of period:
As of March 31, 2018 18,341,083 shares
As of March 31, 2017 18,339,053 shares

iii. Average number of outstanding shares during the period:
FY2017 216,677,465 shares
FY2016 216,679,400 shares

Summary of non-consolidated financial results for FY2017 (April 1, 2017 - March 31, 2018)

1. Non-consolidated operating results

(Percentages indicate changes over the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit	
	¥ Million	%	¥ Million	%	¥ Million	%	¥Million	%
FY2017	19,563	(2.5)	17,753	(3.0)	18,010	(2.9)	17,906	(2.8)
FY2016	20,071	44.9	18,304	49.8	18,557	50.5	18,431	49.5

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
FY2017	82.64	―
FY2016	85.06	―

2. Non-consolidated financial position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
As of March 31, 2018	252,833	239,509	94.7	1,105.38
As of March 31, 2017	242,202	229,385	94.7	1,058.64

Reference: Owners' equity : As of March 31, 2018 ¥ 239,509 million As of March 31, 2017 ¥ 229,385 million

*Summary of Consolidated Financial Statements are not required to be reviewed by an independent auditor.

*Disclaimer regarding the Appropriate Use of Performance Forecasts and Other Notes

The forward-looking statements such as performance forecasts contained herein are forecasts based on information currently possessed by the Company and are based on certain assumptions deemed to be reasonable. Actual performance may differ substantially from these forecasts due to various factors.

Consolidated Financial Statements

FY2017 consolidated balance sheets

(Millions of yen)

	Year-end FY2016 (As of March 31, 2017)	Year-end FY2017 (As of March 31, 2018)
(Assets)		
Current assets		
Cash and deposits	164,430	191,874
Trade notes and accounts receivable	601,962	612,920
Marketable securities	4,000	4,010
Merchandise and finished goods	127,540	128,726
Work in process	1,268	1,321
Raw materials and supplies	3,294	3,682
Deferred tax assets	6,226	6,467
Other receivables	52,814	76,495
Other	1,735	1,923
Allowance for doubtful accounts	(399)	(406)
Total current assets	962,872	1,027,015
Non-current assets		
Property, plant and equipment		
Buildings and structures	102,713	103,181
Less accumulated depreciation	(51,353)	(52,835)
Buildings and structures (net)	51,359	50,345
Machinery, equipment and vehicles	22,303	24,489
Less accumulated depreciation	(12,747)	(14,305)
Machinery, equipment and vehicles (net)	9,555	10,183
Tools and fixtures	11,566	11,883
Less accumulated depreciation	(8,976)	(9,284)
Tools and fixtures (net)	2,589	2,598
Land	64,577	65,248
Leased assets	10,068	6,655
Less accumulated depreciation	(6,395)	(3,142)
Leased assets (net)	3,673	3,512
Construction in progress	1,441	4,998
Total property, plant and equipment	133,196	136,886
Intangible assets		
Goodwill	6,308	5,081
Leased assets	618	653
Other	6,874	6,403
Total intangible assets	13,800	12,138
Investments and other assets		
Investment in securities	128,720	148,260
Long-term loans receivables	2,404	2,158
Deferred tax assets	842	766
Net defined benefit assets	3,375	5,035
Other	14,577	15,288
Allowance for doubtful accounts	(3,867)	(4,266)
Total investments and other assets	146,052	167,243
Total non-current assets	293,049	316,268
Total assets	1,255,922	1,343,284

(Millions of yen)

	Year-end FY2016 (As of March 31, 2017)	Year-end FY2017 (As of March 31, 2018)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	784,538	814,589
Short-term debt	549	859
Long-term lease liabilities due within one year	1,476	1,410
Income taxes payable	4,654	10,460
Allowance for employees' bonuses	7,309	7,545
Allowance for bonuses to directors and corporate auditors	370	390
Allowance for sales rebates	61	54
Allowance for sales returns	704	696
Other	14,912	18,227
Total current liabilities	814,576	854,235
Non-current liabilities		
Long-term debt due after one year	1,286	1,213
Long-term lease liabilities	3,244	3,171
Deferred tax liabilities	26,088	32,276
Deferred tax liabilities for land revaluation	446	446
Provision for loss on guarantee	61	48
Net defined benefit liabilities	14,731	14,041
Asset retirement obligations	782	797
Other	1,153	1,119
Total non-current liabilities	47,795	53,114
Total liabilities	862,372	907,349
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	101,936	101,945
Retained earnings	229,115	257,016
Less treasury stock, at cost	(16,020)	(16,025)
Total shareholders' equity	333,486	361,391
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	62,479	75,725
Unrealized losses on deferred hedge	(3)	(0)
Revaluation reserve for land	(3,948)	(3,948)
Foreign currency translation adjustments	114	133
Remeasurements of defined benefit plans, net of taxes	205	1,467
Total accumulated other comprehensive income	58,847	73,376
Non-controlling interests	1,215	1,165
Total net assets	393,550	435,934
Total liabilities and net assets	1,255,922	1,343,284

FY2017 consolidated statements of income and comprehensive income

(Millions of yen)

	FY2016 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2017 - March 31, 2018)
Net sales	2,551,801	2,602,917
Cost of sales	2,369,354	2,409,370
Total deduction	182,446	193,547
Reversal of allowance for returned unsold goods	822	704
Allowance for returned unsold goods	704	696
Gross profit	182,565	193,554
Selling, general and administrative expenses	149,336	151,798
Operating income	33,228	41,756
Other income		
Interest income	116	102
Dividend income	2,461	2,624
Information fees	5,947	6,053
Other	2,385	2,033
Total other income	10,912	10,813
Other expenses		
Interest expenses	104	94
Commission fees	12	10
Equity in losses of affiliates	18	166
Expense for rental property	133	138
Other	243	299
Total other expenses	512	708
Ordinary profit	43,628	51,861
Extraordinary profit		
Gain on sales of property, plant and equipment	3,259	361
Gain on sale of securities	209	191
Compensation income	159	12
Subsidy income	―	194
Total extraordinary profit	3,627	761
Extraordinary loss		
Loss on product recalls	―	183
Loss on sale of property, plant and equipment	63	152
Loss on disposal of property, plant and equipment	272	186
Loss on impairment of non-current assets	1,575	368
Loss on sales of shares of subsidiaries and affiliates	138	―
Write-down of securities	2	103
Merger expenses	298	―
Extra retirement payment	194	―
Other	25	60
Total extraordinary loss	2,571	1,056
Profit before income taxes	44,684	51,567
Income taxes		
Current	12,705	16,085
Deferred	896	(226)
Total income taxes	13,602	15,858
Profit	31,082	35,708
Attributable to:		
Owners of parent	30,893	35,589
Non-controlling interests	188	118

(Millions of yen)

	FY2016 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2017 - March 31, 2018)
Other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	2,935	13,247
Unrealized gains on deferred hedge	11	1
Foreign currency translation adjustments	(60)	18
Remeasurements of defined benefit plan, net of taxes	601	1,259
Share of other comprehensive income of entities accounted for using equity method	(1)	1
Total other comprehensive income	3,486	14,528
Comprehensive income	34,568	50,236
Attributable to:		
Owners of parent	34,346	50,118
Non-controlling interests	222	117

Full-year consolidated statements of changes in net assets

FY2016 (April 1, 2016 - March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Net assets at April 1, 2016	18,454	103,121	205,784	(16,017)	311,342
Changes during the fiscal year					
Cash dividends paid at ¥34.00 per share			(7,367)		(7,367)
Profit attributable to owners of parent			30,893		30,893
Treasury stock acquired				(3)	(3)
Sale of treasury stock		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(1,184)			(1,184)
Reversal of revaluation reserve for land			(194)		(194)
Other		(0)			(0)
Changes in items other than shareholders' equity during the fiscal year (net)					
Total	―	(1,184)	23,331	(3)	22,143
Net assets at March 31, 2017	18,454	101,936	229,115	(16,020)	333,486

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains on available -for-sale securities, net of taxes	Unrealized gains (losses) on deferred hedge	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Net assets at April 1, 2016	59,546	(13)	(4,143)	175	(364)	55,199	2,185	368,727
Changes during the fiscal year								
Cash dividends paid at ¥34.00 per share								(7,367)
Profit attributable to owners of parent								30,893
Treasury stock acquired								(3)
Sale of treasury stock								0
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(1,184)
Reversal of revaluation reserve for land								(194)
Other								(0)
Changes in items other than shareholders' equity during the fiscal year (net)	2,932	9	194	(60)	570	3,648	(969)	2,678
Total	2,932	9	194	(60)	570	3,648	(969)	24,822
Net assets at March 31, 2017	62,479	(3)	(3,948)	114	205	58,847	1,215	393,550

FY2017 (April 1, 2017 - March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Net assets at April 1, 2017	18,454	101,936	229,115	(16,020)	333,486
Changes during the fiscal year					
Cash dividends paid at ¥38.00 per share			(8,233)		(8,233)
Profit attributable to owners of parent			35,589		35,589
Treasury stock acquired				(4)	(4)
Sale of treasury stock		0		0	0
Increase by merger		163	544		708
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(154)			(154)
Changes in items other than shareholders' equity during the fiscal year (net)					
Total	—	8	27,900	(4)	27,905
Net assets at March 31, 2018	18,454	101,945	257,016	(16,025)	361,391

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains on available -for-sale securities, net of taxes	Unrealized gains (losses) on deferred hedge	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Net assets at April 1, 2017	62,479	(3)	(3,948)	114	205	58,847	1,215	393,550
Changes during the fiscal year								
Cash dividends paid at ¥38.00 per share								(8,233)
Profit attributable to owners of parent								35,589
Treasury stock acquired								(4)
Sale of treasury stock								0
Increase by merger								708
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(154)
Changes in items other than shareholders' equity during the fiscal year (net)	13,246	2	—	18	1,261	14,529	(50)	14,478
Total	13,246	2	—	18	1,261	14,529	(50)	42,383
Net assets at March 31, 2018	75,725	(0)	(3,948)	133	1,467	73,376	1,165	435,934

FY2017 consolidated statements of cash flows

(Millions of yen)

	FY2016 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2017 - March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	44,684	51,567
Depreciation and amortization	9,151	9,258
Loss on impairment of non-current assets	1,575	368
Amortization of goodwill	1,866	1,306
Increase (decrease) in allowance for doubtful accounts	(1,082)	405
Increase (decrease) in allowance for employees' bonuses	(820)	187
Increase (decrease) in allowance for bonuses to directors and corporate auditors	(2)	20
Decrease in directors' retirement benefits	(62)	―
Decrease in net defined benefit liabilities	(3,428)	(744)
Interest and dividend income	(2,578)	(2,726)
Interest expenses	104	94
Gain on sale of property, plant and equipment	(3,195)	(208)
Loss on disposal of property, plant and equipment	272	186
Gain on sale of securities	(186)	(130)
Write-down of securities	6	103
Compensation income	(159)	(12)
Subsidy income	―	(194)
Merger expenses	298	―
Extra retirement payments	194	―
(Increase) decrease in trade notes and accounts receivable	12,985	(11,165)
(Increase) decrease in inventories	2,785	(1,444)
Increase in other receivables	(168)	(24,979)
Increase (decrease) in trade notes and accounts payable	(10,997)	29,362
Other, net	2,099	3,898
Subtotal	53,343	55,150
Interest and dividend received	2,585	2,731
Interest paid	(103)	(93)
Proceeds from compensation income	159	12
Proceeds from subsidy income	―	194
Extra retirement payment	(133)	(61)
Payments for merger expenses	(307)	―
Income taxes paid	(21,200)	(10,359)
Net cash provided by operating activities	34,342	47,575

(Millions of yen)

	FY2016 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2017 - March 31, 2018)
Cash flows from investing activities		
Payments into time deposits	(177)	(46)
Proceeds from maturity of time deposits	996	679
Payments for purchase of property, plant and equipment	(10,648)	(9,800)
Proceeds from sale of property, plant and equipment	6,150	1,397
Payments for purchase of intangible assets	(2,960)	(2,568)
Payments for acquisition of long-term prepaid expenses	(78)	(114)
Payments for purchase of investment securities	(1,186)	(1,665)
Proceeds from sale of investment securities	1,125	1,881
Advance of loans receivable	(449)	(157)
Repayments of loans receivable	442	337
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,459)	―
Other, net	(165)	(96)
Net cash used in investing activities	(13,409)	(10,154)
Cash flows from financing activities		
Net increase in short-term loans payable	70	230
Proceeds from long-term debt	400	400
Repayments of long-term debt	(623)	(334)
Repayments of lease liabilities	(1,908)	(1,600)
Payments for purchase of treasury stock	(3)	(4)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock of subsidiaries	(2)	―
Cash dividends paid	(7,367)	(8,233)
Dividends paid to non-controlling interests	(15)	(8)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,358)	(314)
Net cash used in financing activities	(11,807)	(9,865)
Foreign currency translation gain (loss) on cash and cash equivalents	(32)	15
Net increase in cash and cash equivalents	9,092	27,571
Cash and cash equivalents at beginning of the year	158,462	167,554
Increase in cash and cash equivalents resulting from merger	―	467
Cash and cash equivalents at end of the year	167,554	195,593