Translation

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Summary of Consolidated Financial Statements for the Second Quarter Ended September 30, 2018 [Prepared on the basis of Japan's Generally Accepted Accounting Standard (GAAP)]

November 5, 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 filing Quarterly Securities Report : November 9, 2018
Scheduled dividend payment date : December 5, 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 the second quarter of the fiscal year (April 1, 2018 - September 30, 2018)

(1) Consolidated operating results (cumulative)

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

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Six months ended September 30, 2018	1,297,808	1.4	19,440	35.3	24,358	27.9	16,782	29.8
Six months ended September 30, 2017	1,279,924	1.7	14,364	20.3	19,047	11.3	12,933	3.7

Note : Comprehensive income : Six months ended September 30, 2018 ¥ 33,265 million [136.2%]
Six months ended September 30, 2017 ¥ 14,085 million [17.0%]

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
Six months ended September 30, 2018	78.32	—
Six months ended September 30, 2017	59.69	—

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	¥ Million	¥ Million	%
As of September 30, 2018	1,332,642	450,592	33.7
As of March 31, 2018	1,337,450	435,934	32.5

Reference : Owners' equity : As of September 30, 2018 ¥ 449,467 million As of March 31, 2018 ¥ 434,768 million

2. Dividends per share of common stock

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	—	19.00	—	20.00	39.00
FY2018	—	24.00			
FY2018 (Forecast)			—	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 in the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
FY2018	2,630,000	1.0	41,900	0.3	51,900	0.1	39,000	9.6	183.12

*** Notes**

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

(2) Adoption of special accounting method for preparing quarterly consolidated financial statements : None

(3) 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

(4) Number of outstanding shares of common stock

i. Number of shares outstanding (including treasury stock) at end of period :

As of September 30, 2018	235,017,600	shares
As of March 31, 2018	235,017,600	shares

ii. Number of treasury stock at end of period :

As of September 30, 2018	23,342,191	shares
As of March 31, 2018	18,341,083	shares

iii. Average number of outstanding shares during the period :

6M FY2018	214,271,443	shares
6M FY2017	216,678,003	shares

*Quarterly financial results reports 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.

Six-month consolidated financial statements

FY2018 consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
(Assets)		
Current assets		
Cash and deposits	191,874	186,169
Trade notes and accounts receivable	612,920	591,970
Marketable securities	4,010	―
Merchandise and finished goods	128,726	133,269
Work in process	1,321	1,246
Raw materials and supplies	3,682	3,995
Other	78,418	78,440
Allowance for doubtful accounts	(406)	(412)
Total current assets	1,020,548	994,679
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	50,345	51,122
Land	65,248	65,675
Other (net)	21,292	22,656
Total property, plant and equipment	136,886	139,454
Intangible assets		
Goodwill	5,081	4,848
Other	7,057	6,457
Total intangible assets	12,138	11,305
Investments and other assets		
Investment in securities	148,260	168,027
Other	23,882	23,311
Allowance for doubtful accounts	(4,266)	(4,135)
Total investments and other assets	167,876	187,203
Total non-current assets	316,902	337,963
Total assets	1,337,450	1,332,642

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	814,589	792,719
Short-term debt	859	770
Income taxes payable	10,460	12,673
Allowance for employees' bonuses	7,545	6,587
Other	20,779	18,993
Total current liabilities	854,235	831,745
Non-current liabilities		
Long-term debt due after one year	1,213	1,141
Net defined benefit liability	14,041	13,470
Other	32,025	35,692
Total non-current liabilities	47,281	50,304
Total liabilities	901,516	882,049
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	101,945	101,958
Retained earnings	257,016	268,564
Less treasury stock, at cost	(16,025)	(29,362)
Total shareholders' equity	361,391	359,614
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	75,725	92,120
Unrealized losses on deferred hedge, net of taxes	(0)	(0)
Revaluation reserve for land, net of taxes	(3,948)	(3,948)
Foreign currency translation adjustments	133	109
Remeasurements of defined benefit plans, net of taxes	1,467	1,570
Total accumulated other comprehensive income	73,376	89,852
Non-controlling interests	1,165	1,125
Total net assets	435,934	450,592
Total liabilities and net assets	1,337,450	1,332,642

FY2018 six-month consolidated statements of income and comprehensive income (six months ended September 30)

(Millions of yen)

	FY2017 6M (April 1, 2017 - September 30, 2017)	FY2018 6M (April 1, 2018 - September 30, 2018)
Net sales	1,279,924	1,297,808
Cost of sales	1,190,465	1,201,630
Total deduction	89,459	96,178
Reversal of allowance for returned unsold goods	704	696
Allowance for returned unsold goods	627	653
Gross profit	89,536	96,221
Selling, general and administrative expenses	75,171	76,780
Operating income	14,364	19,440
Other income		
Interest income	52	53
Dividend income	1,388	1,266
Information fees	2,969	2,979
Other	827	1,024
Total other income	5,237	5,323
Other expenses		
Interest expense	47	46
Equity in losses of affiliates	330	54
Expenses for rental property	65	118
Other	111	187
Total other expenses	555	406
Ordinary profit	19,047	24,358
Extraordinary profit		
Gain on sales of property, plant and equipment, net	207	896
Gain on sales of securities, net	2	64
Compensation income	12	―
Total extraordinary profit	223	961
Extraordinary loss		
Loss on product recalls	183	―
Loss on sales of property, plant and equipment	30	0
Loss on disposal of property, plant and equipment	66	31
Loss on impairment of non-current assets	0	375
Write-down of securities	71	0
Merger expenses	―	121
Other	11	15
Total extraordinary loss	364	545
Profit before income taxes	18,906	24,773
Income taxes		
Current	5,867	11,809
Deferred	99	(3,824)
Total income taxes	5,967	7,984
Profit	12,938	16,789
Attributable to :		
Owners of parent	12,933	16,782
Non-controlling interests	5	6

(Millions of yen)

	FY2017 6M (April 1, 2017 - September 30, 2017)	FY2018 6M (April 1, 2018 - September 30, 2018)
Other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	1,033	16,395
Unrealized gains (losses) on deferred hedge, net of taxes	1	(0)
Foreign currency translation adjustments	(9)	(23)
Remeasurements of defined benefit plans, net of taxes	117	107
Share of other comprehensive income of entities accounted for using equity method	3	(3)
Total other comprehensive income	1,146	16,476
Comprehensive income	14,085	33,265
Attributable to :		
Owners of parent	14,078	33,257
Non-controlling interests	6	7

FY2018 six-month consolidated statements of cash flows (six months ended september 30)

(Millions of yen)

	FY2017 6M (April 1, 2017 - September 30, 2017)	FY2018 6M (April 1, 2018 - September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	18,906	24,773
Depreciation and amortization	4,596	4,599
Loss on impairment of non-current assets	0	375
Amortization of goodwill	962	595
Increase (decrease) in allowance for doubtful accounts	68	(125)
Decrease in allowance for employees' bonuses	(705)	(988)
Decrease in allowance for bonuses to directors and corporate auditors	(225)	(260)
Increase (decrease) in net defined benefit liability	34	(574)
Interest and dividend income	(1,440)	(1,320)
Interest expense	47	46
Gain on sales of property, plant and equipment, net	(177)	(896)
Loss on disposal of property, plant and equipment	66	31
(Gain) loss on sales of securities, net	9	(49)
Write-down of securities	71	0
Merger expenses	―	121
(Increase) decrease in trade notes and accounts receivables	(13,209)	22,525
Increase in inventories	(3,151)	(4,543)
Increase (decrease) in trade notes and accounts payables	23,167	(23,398)
Other, net	(307)	(845)
Subtotal	28,714	20,068
Interest and dividend received	1,446	1,322
Interest paid	(46)	(43)
Proceeds from compensation	12	―
Extra retirement payment	(61)	―
Payments for merger expenses	―	(24)
Income taxes paid	(3,425)	(9,166)
Net cash provided by operating activities	26,640	12,156

(Millions of yen)

	FY2017 6M (April 1, 2017 - September 30, 2017)	FY2018 6M (April 1, 2018 - September 30, 2018)
Cash flows from investing activities		
Payments into time deposits	(112)	(518)
Proceeds from maturity of time deposits	469	446
Proceeds from sale of securities	－	10
Payments for purchase of property, plant and equipment	(3,638)	(5,821)
Proceeds from sale of property, plant and equipment	733	1,447
Payments for purchase of intangible assets	(1,049)	(384)
Payments for acquisition of long-term prepaid expense	(32)	(81)
Payments for purchase of investment securities	(613)	(111)
Proceeds from sales of investment securities	1,530	145
Advances of loans receivable	(78)	(83)
Repayments of loans receivable	241	525
Other, net	(45)	(32)
Net cash used in investing activities	(2,595)	(4,458)
Cash flows from financing activities		
Net decrease in short-term debt	(20)	(50)
Proceeds from long-term debt	200	200
Repayments of long-term debt	(142)	(291)
Repayments of lease liabilities	(846)	(881)
Payments for purchase of treasury stock	(2)	(13,337)
Proceeds from sale of treasury stock	0	0
Purchase of treasury stock of subsidiaries	－	(23)
Cash dividends paid	(4,116)	(4,333)
Dividends paid to non-controlling interests	(8)	(11)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(314)	－
Net cash used in financing activities	(5,251)	(18,728)
Foreign currency translation gain (loss) on cash and cash equivalents	3	(8)
Net increase (decrease) in cash and cash equivalents	18,797	(11,039)
Cash and cash equivalents at beginning of the year	167,554	195,593
Increase in cash and cash equivalents from newly consolidated subsidiary	－	329
Cash and cash equivalents at end of the year	186,351	184,883