Translation

Notice : This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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

February 4, 2019

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 : February 12, 2019
Scheduled dividend payment date : ―
Supplementary explanatory materials : Yes
Financial results meeting : None

(Rounded down to the nearest million yen)

**1. Summary of consolidated financial results for the third quarter of the fiscal year (April 1, 2018 - December 31, 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 | % |
| Nine months ended December 31, 2018 | 2,002,693 | 1.4 | 36,565 | 27.9 | 44,484 | 23.2 | 34,506 | 38.8 |
| Nine months ended December 31, 2017 | 1,974,825 | 2.1 | 28,597 | 15.9 | 36,112 | 10.8 | 24,860 | 9.9 |

Note : Comprehensive income : Nine months ended December 31, 2018 ¥ 24,359 million [(27.6)%]
Nine months ended December 31, 2017 ¥ 33,655 million [19.8%]

| | Earnings per share of common stock | |
|---|---|---|
| | Basic | Diluted |
| | Yen | Yen |
| Nine months ended December 31, 2018 | 161.70 | ― |
| Nine months ended December 31, 2017 | 114.73 | ― |

(2) Consolidated financial position

| | Total assets | Net assets | Owners' equity ratio |
|---|---|---|---|
| | ¥ Million | ¥ Million | % |
| As of December 31, 2018 | 1,385,419 | 436,603 | 31.4 |
| As of March 31, 2018 | 1,337,450 | 435,934 | 32.5 |

Reference : Owners' equity : As of December 31, 2018 ¥ 435,450 million As of Marchi 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 December 31, 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 December 31, 2018 23,342,963 shares

As of March 31, 2018 18,341,083 shares

iii. Average number of outstanding shares during the period :

9M FY2018 213,402,754 shares

9M FY2017 216,677,742 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.

**Nine-month consolidated financial statements**

FY2018 consolidated balance sheets

(Millions of yen)

| | As of March 31, 2018 | As of December 31, 2018 |
|---|---|---|
| **(Assets)** | | |
| Current assets | | |
| Cash and deposits | 191,874 | 191,936 |
| Trade notes and accounts receivable | 612,920 | 652,326 |
| Marketable securities | 4,010 | 10 |
| Merchandise and finished goods | 128,726 | 155,713 |
| Work in process | 1,321 | 1,531 |
| Raw materials and supplies | 3,682 | 3,862 |
| Other | 78,418 | 82,030 |
| Allowance for doubtful accounts | (406) | (425) |
| Total current assets | 1,020,548 | 1,086,985 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures (net) | 50,345 | 53,715 |
| Land | 65,248 | 65,979 |
| Other (net) | 21,292 | 21,864 |
| Total property, plant and equipment | 136,886 | 141,559 |
| Intangible assets | | |
| Goodwill | 5,081 | 4,620 |
| Other | 7,057 | 6,394 |
| Total intangible assets | 12,138 | 11,015 |
| Investments and other assets | | |
| Investment in securities | 148,260 | 127,142 |
| Other | 23,882 | 22,937 |
| Allowance for doubtful accounts | (4,266) | (4,220) |
| Total investments and other assets | 167,876 | 145,858 |
| Total non-current assets | 316,902 | 298,433 |
| Total assets | 1,337,450 | 1,385,419 |

(Millions of yen)

| | As of March 31, 2018 | As of December 31, 2018 |
|---|---|---|
| **(Liabilities)** | | |
| Current liabilities | | |
| Trade notes and accounts payable | 814,589 | 874,815 |
| Short-term debt | 859 | 755 |
| Income taxes payable | 10,460 | 7,661 |
| Allowance for employees' bonuses | 7,545 | 3,882 |
| Other | 20,779 | 19,583 |
| Total current liabilities | 854,235 | 906,699 |
| Non-current liabilities | | |
| Long-term debt due after one year | 1,213 | 1,046 |
| Net defined benefit liability | 14,041 | 13,165 |
| Other | 32,025 | 27,903 |
| Total non-current liabilities | 47,281 | 42,115 |
| Total liabilities | 901,516 | 948,815 |
| **(Net assets)** | | |
| Shareholders' equity | | |
| Common stock | 18,454 | 18,454 |
| Capital surplus | 101,945 | 101,958 |
| Retained earnings | 257,016 | 281,202 |
| Less treasury stock, at cost | (16,025) | (29,364) |
| Total shareholders' equity | 361,391 | 372,250 |
| Accumulated other comprehensive income | | |
| Unrealized gains on available-for-sale securities, net of taxes | 75,725 | 65,450 |
| Unrealized losses on deferred hedge, net of taxes | (0) | (0) |
| Revaluation reserve for land, net of taxes | (3,948) | (3,943) |
| Foreign currency translation adjustments | 133 | 101 |
| Remeasurements of defined benefit plans, net of taxes | 1,467 | 1,591 |
| Total accumulated other comprehensive income | 73,376 | 63,199 |
| Non-controlling interests | 1,165 | 1,153 |
| Total net assets | 435,934 | 436,603 |
| Total liabilities and net assets | 1,337,450 | 1,385,419 |

FY2018 nine-month consolidated statements of income and comprehensive income (nine months ended December 31)

(Millions of yen)

| | FY2017 9M (April 1, 2017 - December 31, 2017) | FY2018 9M (April 1, 2018 - December 31, 2018) |
|---|---|---|
| Net sales | 1,974,825 | 2,002,693 |
| Cost of sales | 1,832,846 | 1,850,227 |
| Total deduction | 141,979 | 152,466 |
| Reversal of allowance for returned unsold goods | 704 | 696 |
| Allowance for returned unsold goods | 686 | 719 |
| Gross profit | 141,996 | 152,443 |
| Selling, general and administrative expenses | 113,399 | 115,877 |
| Operating income | 28,597 | 36,565 |
| Other income | | |
| Interest income | 64 | 65 |
| Dividend income | 2,073 | 1,946 |
| Information fees | 4,555 | 4,585 |
| Equity in earnings of affiliates | ― | 133 |
| Other | 1,339 | 1,697 |
| Total other income | 8,032 | 8,428 |
| Other expenses | | |
| Interest expense | 71 | 70 |
| Equity in losses of affiliates | 207 | ― |
| Expenses for rental property | 101 | 161 |
| Other | 137 | 278 |
| Total other expenses | 516 | 510 |
| Ordinary profit | 36,112 | 44,484 |
| Extraordinary profit | | |
| Gain on sales of property, plant and equipment | 322 | 916 |
| Gain on sales of securities | 188 | 5,753 |
| Compensation income | 12 | ― |
| Total extraordinary profit | 523 | 6,669 |
| Extraordinary loss | | |
| Loss on product recalls | 183 | ― |
| Loss on sales of property, plant and equipment | 101 | 16 |
| Loss on disposal of property, plant and equipment | 165 | 113 |
| Loss on impairment of non-current assets | 0 | 381 |
| Write-down of securities | 71 | 1 |
| Merger expenses | ― | 144 |
| Other | 60 | 18 |
| Total extraordinary loss | 582 | 675 |
| Profit before income taxes | 36,053 | 50,477 |
| Income taxes | | |
| Current | 10,135 | 15,022 |
| Deferred | 964 | 912 |
| Total income taxes | 11,099 | 15,935 |
| Profit | 24,954 | 34,542 |
| Attributable to : | | |
| Owners of parent | 24,860 | 34,506 |
| Non-controlling interests | 93 | 36 |

(Millions of yen)

| | FY2017 9M (April 1, 2017 - December 31, 2017) | FY2018 9M (April 1, 2018 - December 31, 2018) |
|---|---|---|
| Other comprehensive income | | |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | 8,516 | (10,276) |
| Unrealized gains (losses) on deferred hedge, net of taxes | 1 | (0) |
| Foreign currency translation adjustments | 5 | (31) |
| Remeasurements of defined benefit plans, net of taxes | 172 | 126 |
| Share of other comprehensive income of entities accounted for using equity method | 5 | (2) |
| Total other comprehensive income | 8,701 | (10,183) |
| Comprehensive income | 33,655 | 24,359 |
| Attributable to : | | |
| Owners of parent | 33,558 | 24,323 |
| Non-controlling interests | 96 | 35 |