Translation

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Summary of Consolidated Financial Statements for the Third Quarter Ended December 31, 2019

[Prepared on the basis of Japan's Generally Accepted Accounting Standard (GAAP)]

February 7, 2020

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

Scheduled date for filing Quarterly Securities Report : February 14, 2020
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, 2019 - December 31, 2019)

(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 the parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
Nine months ended December 31, 2019	2,062,854	3.0	34,544	(5.5)	41,544	(6.6)	27,995	(18.9)
Nine months ended December 31, 2018	2,002,693	1.4	36,565	27.9	44,484	23.2	34,506	38.8

Note : Comprehensive income : Nine months ended December 31, 2019 ¥ 38,903 million [59.7%]
Nine months ended December 31, 2018 ¥ 24,359 million [(27.6)%]

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
Nine months ended December 31, 2019	132.26	―
Nine months ended December 31, 2018	161.70	―

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	¥ Million	¥ Million	%
As of December 31, 2019	1,422,171	470,320	33.0
As of March 31, 2019	1,341,964	442,081	32.9

Reference : Owners' equity : As of December 31, 2019 ¥ 469,110 million As of Marchi 31, 2019 ¥ 440,924 million

2. Dividends per share of common stock

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	―	24.00	―	24.00	48.00
FY2019	―	25.00	―		
FY2019 (Forecast)				25.00	50.00

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

3. Consolidated performance forecast for FY2019 (April 1, 2019 - March 31, 2020)

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

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of the parent		Basic earnings per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
FY2019	2,680,000	1.5	45,400	1.4	55,600	0.8	37,600	(9.9)	117.63

***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, 2019 235,017,600 shares

As of March 31, 2019 235,017,600 shares

ii. Number of treasury stock at end of period :

As of December 31, 2019 23,343,913 shares

As of March 31, 2019 23,343,237 shares

iii. Average number of outstanding shares during the period :

9M FY2019 211,674,055 shares

9M FY2018 213,402,754 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

FY2019 consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
(Assets)		
Current assets		
Cash and deposits	206,300	179,804
Trade notes and accounts receivable	614,084	666,118
Marketable securities	10	10
Merchandise and finished goods	128,016	156,733
Work in process	1,723	1,784
Raw materials and supplies	3,971	4,550
Other	83,120	88,138
Allowance for doubtful accounts	(442)	(490)
Total current assets	1,036,784	1,096,650
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	53,361	52,923
Land	65,765	67,962
Other (net)	22,401	28,158
Total property, plant and equipment	141,528	149,045
Intangible assets		
Goodwill	4,970	4,341
Other	14,757	13,668
Total intangible assets	19,727	18,010
Investments and other assets		
Investment securities	123,643	139,223
Other	24,526	23,704
Allowance for doubtful accounts	(4,246)	(4,462)
Total investments and other assets	143,923	158,465
Total non-current assets	305,180	325,520
Total assets	1,341,964	1,422,171

(Millions of yen)

	As of March 31, 2019	As of December 31, 2019
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	817,446	878,780
Short-term borrowigs	760	597
Income taxes payable	12,645	8,878
Allowance for employees' bonuses	8,387	4,140
Other	20,670	20,297
Total current liabilities	859,911	912,694
Long-term liabilities		
Long-term borrowings	951	698
Net defined benefit liability	12,889	12,297
Other	26,130	26,159
Total long-term liabilities	39,971	39,155
Total liabilities	899,883	951,850
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	101,958	101,958
Retained earnings	288,154	305,493
Less treasury stock, at cost	(29,365)	(29,367)
Total shareholders' equity	379,201	396,538
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	63,167	74,342
Unrealized losses on deferred hedge, net of taxes	(0)	(0)
Revaluation reserve for land, net of taxes	(3,676)	(3,676)
Foreign currency translation adjustments	89	48
Remeasurements of defined benefit plans, net of taxes	2,142	1,857
Total accumulated other comprehensive income	61,722	72,571
Non-controlling interests	1,157	1,209
Total net assets	442,081	470,320
Total liabilities and net assets	1,341,964	1,422,171

FY2019 nine-month consolidated statements of income and comprehensive income (nine months ended December 31)

(Millions of yen)

	FY2018 9M (April 1, 2018 - December 31, 2018)	FY2019 9M (April 1, 2019 - December 31, 2019)
Net sales	2,002,693	2,062,854
Cost of sales	1,850,227	1,908,878
Total deduction	152,466	153,976
Reversal of allowance for returned unsold goods	696	678
Allowance for returned unsold goods	719	648
Gross profit	152,443	154,006
Selling, general and administrative expenses	115,877	119,461
Operating income	36,565	34,544
Other income		
Interest income	65	64
Dividend income	1,946	1,850
Information fees	4,585	4,724
Equity in gain of affiliates	133	―
Other	1,697	1,922
Total other income	8,428	8,561
Other expenses		
Interest expense	70	73
Equity in loss of affiliates	―	1,037
Expenses for rental property	161	169
Other	278	281
Total other expenses	510	1,561
Ordinary profit	44,484	41,544
Extraordinary profit		
Gain on sale of property, plant and equipment	916	86
Gain on sale of investment securities	5,753	485
Total extraordinary profit	6,669	572
Extraordinary loss		
Loss on sale of property, plant and equipment	16	198
Loss on disposal of property, plant and equipment	113	120
Loss on impairment of property, plant and equipment	381	69
Write-down of investment securities	1	32
Merger expenses	144	―
Other	18	46
Total extraordinary loss	675	467
Profit before income taxes	50,477	41,650
Income taxes		
Current	15,022	17,927
Deferred	912	(4,331)
Total income taxes	15,935	13,596
Profit	34,542	28,053
Profit attributable to :		
Owners of the parent	34,506	27,995
Non-controlling interests	36	57

(Millions of yen)

	FY2018 9M (April 1, 2018 - December 31, 2018)	FY2019 9M (April 1, 2019 - December 31, 2019)
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(10,276)	11,172
Unrealized gains (losses) on deferred hedge, net of taxes	(0)	(0)
Foreign currency translation adjustments	(31)	(40)
Remeasurements of defined benefit plans, net of taxes	126	(296)
Share of other comprehensive loss of entities accounted for using equity method	(2)	15
Total other comprehensive income (loss)	(10,183)	10,850
Comprehensive income	24,359	38,903
Comprehensive income attributable to :		
Owners of the parent	24,323	38,845
Non-controlling interests	35	58