Translation

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Summary of Consolidated Financial Statements for the Year Ended March 31, 2020

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

May 12, 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, Senior Vice President & Executive Officer,
General Affairs, Financial Planning, Compliance & Risk Management, Internal Control
TEL : +81-3-5219-5102

Scheduled date for Annual General Meeting of Shareholders : June 25, 2020
Scheduled dividend payment date : June 4, 2020
Scheduled date for filing the Annual Securities Report : June 25, 2020
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 FY2019 (April 1, 2019 - March 31, 2020)

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

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of the parent	
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%
FY2019	2,698,511	2.2	47,645	6.4	57,170	3.7	40,273	(3.5)
FY2018	2,640,511	1.4	44,783	7.2	55,138	6.3	41,724	17.2

Note : Comprehensive income : FY2019 ¥ 43,482 million [45.7 %] FY2018 ¥ 29,837 million [(40.6) %]

	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	%	%	%
FY2019	190.26	—	8.8	4.2	1.8
FY2018	195.91	—	9.5	4.1	1.7

Reference : Equity in gain (loss) of affiliate : FY2019 ¥ (1,037) million FY 2018 ¥ 108 million

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
As of March 31, 2020	1,351,619	474,898	35.0	2,237.89
As of March 31, 2019	1,341,964	442,081	32.9	2,083.03

Reference : Owners' equity : As of March 31, 2020 ¥ 473,702 million As of March 31, 2019 ¥ 440,924 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
FY2019	33,828	(17,024)	(12,617)	209,264
FY2018	46,880	(12,947)	(24,860)	205,085

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	%	%
FY2018	—	24.00	—	24.00	48.00	10,160	24.5	2.3
FY2019	—	25.00	—	25.00	50.00	10,583	26.3	2.3
FY2020 (Forecast)	—	26.00	—	27.00	53.00		37.1	

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 FY2020 (April 1, 2020 - March 31, 2021)

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

	Net sales		Operating income		Ordinary profit		Profit attributable to owners of the parent		Basic earning per share
	¥ Million	%	¥ Million	%	¥ Million	%	¥ Million	%	Yen
1H FY2020	1,327,600	(2.9)	14,000	(38.9)	19,200	(29.3)	13,500	(25.5)	63.78
FY2020	2,700,000	0.1	36,800	(22.8)	47,200	(17.4)	30,200	(25.0)	142.67

*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, 2020 235,017,600 shares
As of March 31, 2019 235,017,600 shares

ii. Number of treasury stock at end of period:
As of March 31, 2020 23,344,229 shares
As of March 31, 2019 23,343,237 shares

iii. Average number of outstanding shares during the period:
FY2019 211,673,920 shares
FY2018 212,976,608 shares

Summary of non-consolidated financial results for FY2019 (April 1, 2019 - March 31, 2020)

1. Non-consolidated operating results

(Percentages indicate changes over the previous fiscal year)

	Net sales		Operating income		Ordinary profit		Profit	
	¥ Million	%	¥ Million	%	¥ Million	%	¥Million	%
FY2019	26,075	18.7	24,262	21.0	24,540	21.3	22,267	10.4
FY2018	21,962	12.3	20,056	13.0	20,229	12.3	20,177	12.7

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
FY2019	105.20	―
FY2018	94.74	―

2. Non-consolidated financial position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ Million	¥ Million	%	Yen
As of March 31, 2020	260,385	248,336	95.4	1,173.20
As of March 31, 2019	248,287	236,149	95.1	1,115.63

Reference : Owners' equity : As of March 31, 2020 ¥ 248,336 million As of March 31, 2019 ¥ 236,149 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.

*Alfresa Holdings Corporation finalized the provisional accounting treatment for the business combination in the year ended March 31, 2020. Consolidated financial statements for the year ended March 31, 2019 reflect the revision of the initially allocated amounts of acquisition price as Alfresa Holdings Corporation finalized the provisional accounting treatment for the business combination.

Consolidated Financial Statements

FY2019 consolidated balance sheets

(Millions of yen)

	Year-end FY2018 (As of March 31, 2019)	Year-end FY2019 (As of March 31, 2020)
(Assets)		
Current assets		
Cash and deposits	206,300	210,547
Trade notes and accounts receivable	614,084	595,353
Marketable securities	10	10
Merchandise and finished goods	128,016	142,896
Work in process	1,723	1,618
Raw materials and supplies	3,971	4,426
Other receivables	80,317	77,806
Other	2,803	2,418
Allowance for doubtful accounts	(442)	(665)
Total current assets	1,036,784	1,034,411
Non-current assets		
Property, plant and equipment		
Buildings and structures	106,608	107,772
Less accumulated depreciation	(53,246)	(54,110)
Buildings and structures (net)	53,361	53,662
Machinery, equipment and vehicles	28,559	30,212
Less accumulated depreciation	(15,442)	(17,520)
Machinery, equipment and vehicles (net)	13,117	12,692
Tools and fixtures	12,472	13,341
Less accumulated depreciation	(9,597)	(9,996)
Tools and fixtures (net)	2,874	3,344
Land	65,765	67,178
Leased assets	7,124	7,747
Less accumulated depreciation	(3,082)	(3,405)
Leased assets (net)	4,041	4,341
Construction in progress	2,367	10,959
Total property, plant and equipment	141,528	152,178
Intangible assets		
Goodwill	4,970	4,103
Leased assets	562	467
Other	14,194	13,050
Total intangible assets	19,727	17,621
Investments and other assets		
Investment securities	123,643	128,559
Long-term loans receivables	1,807	1,841
Deferred tax assets	1,318	1,075
Net defined benefit asset	6,268	5,307
Other	15,130	15,862
Allowance for doubtful accounts	(4,246)	(5,238)
Total investments and other assets	143,923	147,407
Total non-current assets	305,180	317,207
Total assets	1,341,964	1,351,619

(Millions of yen)

	Year-end FY2018 (As of March 31, 2019)	Year-end FY2019 (As of March 31, 2020)
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	817,446	798,748
Short-term borrowings	760	570
Long-term lease obligations due within one year	1,549	1,725
Income taxes payable	12,645	10,543
Allowance for employees' bonuses	8,387	7,513
Allowance for bonuses to directors and corporate auditors	425	350
Allowance for sales rebates	69	85
Allowance for sales returns	678	634
Other	17,947	16,807
Total current liabilities	859,911	836,978
Long-term liabilities		
Long-term borrowings	951	630
Long-term lease obligations	3,493	4,243
Deferred tax liabilities	20,080	20,541
Deferred tax liabilities for land revaluation	446	446
Allowance for employees' bonuses	—	44
Allowance for bonuses to directors and corporate auditors	—	60
Provision for loss on guarantees	106	—
Net defined benefit liability	12,889	11,764
Asset retirement obligations	935	937
Other	1,068	1,072
Total long-term liabilities	39,971	39,742
Total liabilities	899,883	876,720
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	101,958	101,958
Retained earnings	288,154	317,752
Less treasury stock, at cost	(29,365)	(29,368)
Total shareholders' equity	379,201	408,797
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	63,167	66,901
Unrealized losses on deferred hedge, net of taxes	(0)	(0)
Revaluation reserve for land, net of taxes	(3,676)	(3,658)
Foreign currency translation adjustments	89	65
Remeasurements of defined benefit plans, net of taxes	2,142	1,597
Total accumulated other comprehensive income	61,722	64,905
Non-controlling interests	1,157	1,196
Total net assets	442,081	474,898
Total liabilities and net assets	1,341,964	1,351,619

FY2019 consolidated statements of income and comprehensive income

(Millions of yen)

	FY2018 (April 1, 2018 - March 31, 2019)	FY2019 (April 1, 2019 - March 31, 2020)
Net sales	2,640,511	2,698,511
Cost of sales	2,439,219	2,491,433
Total deduction	201,292	207,077
Reversal of allowance for returned unsold goods	696	678
Allowance for returned unsold goods	678	634
Gross profit	201,310	207,122
Selling, general and administrative expenses	156,526	159,476
Operating income	44,783	47,645
Other income		
Interest income	104	104
Dividend income	2,463	2,363
Information fees	6,076	6,200
Equity in gain of affiliate	108	―
Other	2,335	2,562
Total other income	11,088	11,231
Other expenses		
Interest expense	93	98
Commission fees	66	―
Equity in loss of affiliate	―	1,037
Expense for rental property	232	219
Other	341	350
Total other expenses	734	1,706
Ordinary profit	55,138	57,170
Extraordinary profit		
Gain on sales of property, plant and equipment	1,726	1,111
Gain on sales of investment securities	5,947	2,503
Total extraordinary profit	7,674	3,615
Extraordinary loss		
Loss on sales of property, plant and equipment	49	233
Loss on disposal of property, plant and equipment	310	169
Loss on impairment of property, plant and equipment	1,018	779
Write-down of investment securities	31	299
Merger expenses	144	―
Other	18	69
Total extraordinary loss	1,573	1,551
Profit before income taxes	61,238	59,233
Income taxes		
Current	19,707	19,664
Deferred	(233)	(751)
Total income taxes	19,473	18,913
Profit	41,765	40,320
Profit attributable to:		
Owners of the parent	41,724	40,273
Non-controlling interests	40	47

(Millions of yen)

	FY2018 (April 1, 2018 - March 31, 2019)	FY2019 (April 1, 2019 - March 31, 2020)
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(12,558)	3,728
Unrealized losses on deferred hedge, net of taxes	(0)	(0)
Foreign currency translation adjustments	(44)	(24)
Remeasurements of defined benefit plans, net of taxes	676	(557)
Share of other comprehensive income (loss) of entity accounted for using equity method	(0)	15
Total other comprehensive income (loss)	(11,927)	3,162
Comprehensive income	29,837	43,482
Comprehensive income attributable to:		
Owners of the parent	29,798	43,437
Non-controlling interests	39	45

Full-year consolidated statements of changes in net assets

FY2018 (April 1, 2018 - March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2018	18,454	101,945	257,016	(16,025)	361,391
Changes during the fiscal year					
Cash dividends paid at ¥48.00 per share			(9,413)		(9,413)
Profit attributable to owners of the parent			41,724		41,724
Treasury stock acquired				(13,340)	(13,340)
Sale of treasury stock		0		0	0
Change in scope of consolidation			(901)		(901)
Reversal of revaluation reserve for land			(272)		(272)
Other		12			12
Changes in items other than shareholders' equity during the fiscal year (net)					
Total	―	12	31,137	(13,340)	17,809
Balance at March 31, 2019	18,454	101,958	288,154	(29,365)	379,201

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on deferred hedge, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at April 1, 2018	75,725	(0)	(3,948)	133	1,467	73,376	1,165	435,934
Changes during the fiscal year								
Cash dividends paid at ¥48.00 per share								(9,413)
Profit attributable to owners of the parent								41,724
Treasury stock acquired								(13,340)
Sale of treasury stock								0
Change in scope of consolidation								(901)
Reversal of revaluation reserve for land								(272)
Other								12
Changes in items other than shareholders' equity during the fiscal year (net)	(12,557)	0	272	(44)	675	(11,654)	(8)	(11,662)
Total	(12,557)	0	272	(44)	675	(11,654)	(8)	6,147
Balance at March 31, 2019	63,167	(0)	(3,676)	89	2,142	61,722	1,157	442,081

FY2019 (April 1, 2019 - March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2019	18,454	101,958	288,154	(29,365)	379,201
Changes during the fiscal year					
Cash dividends paid at ¥50.00 per share			(10,372)		(10,372)
Profit attributable to owners of the parent			40,273		40,273
Treasury stock acquired				(2)	(2)
Sale of treasury stock		0		0	0
Reversal of revaluation reserve for land			(18)		(18)
Other			(284)		(284)
Changes in items other than shareholders' equity during the fiscal year (net)					
Total	—	0	29,598	(2)	29,595
Balance at March 31, 2020	18,454	101,958	317,752	(29,368)	408,797

	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, net of taxes	Revaluation reserve for land, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans, net of taxes	Total accumulated other comprehensive income		
Balance at April 1, 2019	63,167	(0)	(3,676)	89	2,142	61,722	1,157	442,081
Changes during the fiscal year								
Cash dividends paid at ¥50.00 per share								(10,372)
Profit attributable to owners of the parent								40,273
Treasury stock acquired								(2)
Sale of treasury stock								0
Reversal of revaluation reserve for land								(18)
Other								(284)
Changes in items other than shareholders' equity during the fiscal year (net)	3,734	0	18	(24)	(545)	3,182	38	3,221
Total	3,734	0	18	(24)	(545)	3,182	38	32,817
Balance at March 31, 2020	66,901	(0)	(3,658)	65	1,597	64,905	1,196	474,898

FY2019 consolidated statements of cash flows

(Millions of yen)

	FY2018 (April 1, 2018 - March 31, 2019)	FY2019 (April 1, 2019 - March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	61,238	59,233
Depreciation and amortization	9,565	10,885
Loss on impairment of property, plant and equipment	1,018	779
Amortization of goodwill	1,191	892
Increase in allowance for doubtful accounts	14	1,215
Increase (decrease) in allowance for employees' bonuses	811	(829)
Increase (decrease) in allowance for bonuses to directors and corporate auditors	25	(14)
Decrease in net defined benefit liability	(1,432)	(948)
Interest and dividend income	(2,568)	(2,468)
Interest expense	93	98
Gain on sales of property, plant and equipment, net	(1,677)	(877)
Loss on disposal of property, plant and equipment	310	169
Gain on sale of investment securities, net	(5,929)	(2,434)
Write-down of investment securities	31	299
Merger expenses	144	―
Decrease in trade notes and accounts receivables	384	17,719
(Increase) decrease in inventories	1,460	(15,229)
(Increase) decrease in other receivables	(3,407)	2,220
Increase (decrease) in trade notes and accounts payables	1,151	(18,698)
Other, net	(234)	1,287
Subtotal	62,193	53,300
Interest and dividends received	2,573	2,467
Interest paid	(92)	(98)
Payments for merger expenses	(144)	―
Income taxes paid	(17,649)	(21,841)
Net cash provided by operating activities	46,880	33,828

(Millions of yen)

	FY2018 (April 1, 2018 - March 31, 2019)	FY2019 (April 1, 2019 - March 31, 2020)
Cash flows from investing activities		
Payments into time deposits	(980)	(1,048)
Proceeds from maturity of time deposits	1,044	936
Proceeds from sale of securities	10	―
Payments for purchase of property, plant and equipment	(11,202)	(18,992)
Proceeds from sale of property, plant and equipment	2,523	2,583
Payments for purchase of intangible assets	(2,467)	(1,584)
Payments for acquisition of long-term prepaid expense	(138)	(123)
Payments for purchase of investment securities	(393)	(2,260)
Proceeds from sales of investment securities	8,524	3,353
Proceeds from redemption of securities	―	10
Advances of loans receivable	(230)	(265)
Repayments of loans receivable	779	238
Proceeds from liquidation of subsidiaries	―	211
Payments for acquisition of businesses	(10,401)	―
Other, net	(13)	(83)
Net cash used in investing activities	(12,947)	(17,024)
Cash flows from financing activities		
Net decrease in short-term borrowings	(30)	(110)
Proceeds from long-term borrowings	200	―
Repayments of long-term borrowings	(511)	(400)
Repayments of lease obligations	(1,729)	(1,726)
Payments for purchase of treasury stock	(13,340)	(2)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock of subsidiaries	(23)	―
Cash dividends paid	(9,413)	(10,372)
Dividends paid to non-controlling interests	(11)	(6)
Net cash used in financing activities	(24,860)	(12,617)
Foreign currency translation loss on cash and cash equivalents	(12)	(8)
Net increase in cash and cash equivalents	9,060	4,176
Cash and cash equivalents at beginning of the year	195,593	205,085
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	329	―
Increase in cash and cash equivalents resulting from merger	102	2
Cash and cash equivalents at end of the year	205,085	209,264