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Summary of Consolidated Financial Statements for the Second Quarter Ended September 30, 2020



[Prepared on the basis of Japanese Generally Accepted Accounting Principles (GAAP)]

November 5, 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 : Ryuji Arakawa, Representative Director & President
 Contact person : Seiichi Kishida, Director, Senior Vice President & Executive Officer,
 General Affairs, Financial Planning, Corporate Communication, Compliance & Risk Management
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Scheduled date for filing Quarterly Securities Report : November 12, 2020

Scheduled dividend payment date : December 4, 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 the second quarter of the fiscal year (April 1, 2020 - September 30, 2020)

(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	%
Six months ended September 30, 2020	1,295,126	(5.3)	7,858	(65.7)	13,559	(50.1)	11,097	(38.8)
Six months ended September 30, 2019	1,367,155	5.3	22,909	17.8	27,169	11.5	18,129	8.0

Note : Comprehensive income : Six months ended September 30, 2020 ¥ 19,348 million [29.9%]

Six months ended September 30, 2019 ¥ 14,892 million [(55.2)%]

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
Six months ended September 30, 2020	52.43	—
Six months ended September 30, 2019	85.65	—

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	¥ Million	¥ Million	%
As of September 30, 2020	1,336,343	487,690	36.5
As of March 31, 2020	1,351,619	474,898	35.0

Reference : Owners' equity : As of September 30, 2020 ¥ 487,464 million

As of March 31, 2020 ¥ 473,702 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
FY2019	—	25.00	—	25.00	50.00
FY2020	—	26.00			
FY2020 (Forecast)			—	27.00	53.00

3. Consolidated performance forecast for FY2020 (April 1, 2020 - March 31, 2021)

(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
FY2020	2,631,000	(2.5)	20,900	(56.1)	31,300	(45.3)	19,600	(51.3)	92.60

* 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, 2020 235,017,600 shares
 - As of March 31, 2020 235,017,600 shares
 - ii. Number of treasury stock at end of period :
 - As of September 30, 2020 23,344,445 shares
 - As of March 31, 2020 23,344,229 shares
 - iii. Average number of outstanding shares during the period :
 - 6M FY2020 211,673,231 shares
 - 6M FY2019 211,674,126 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

FY2020 consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
(Assets)		
Current assets		
Cash and deposits	210,547	175,403
Trade notes and accounts receivable	595,353	594,972
Marketable securities	10	10
Merchandise and finished goods	142,896	145,313
Work in process	1,618	1,410
Raw materials and supplies	4,426	4,596
Other	80,225	79,677
Allowance for doubtful accounts	(665)	(683)
Total current assets	1,034,411	1,000,700
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	53,662	57,429
Land	67,178	67,126
Other (net)	31,337	33,739
Total property, plant and equipment	152,178	158,295
Intangible assets		
Goodwill	4,103	3,790
Other	13,518	12,795
Total intangible assets	17,621	16,585
Investments and other assets		
Investment securities	128,559	141,739
Other	24,086	23,805
Allowance for doubtful accounts	(5,238)	(4,782)
Total investments and other assets	147,407	160,763
Total non-current assets	317,207	335,643
Total assets	1,351,619	1,336,343

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	798,748	777,334
Short-term borrowings	570	461
Income taxes payable	10,543	6,778
Allowance for employees' bonuses	7,513	5,955
Other	19,602	16,967
Total current liabilities	836,978	807,496
Long-term liabilities		
Long-term borrowings	630	510
Net defined benefit liability	11,764	11,321
Other	27,347	29,325
Total long-term liabilities	39,742	41,157
Total liabilities	876,720	848,653
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	101,958	101,660
Retained earnings	317,752	323,557
Less treasury stock, at cost	(29,368)	(29,368)
Total shareholders' equity	408,797	414,303
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	66,901	75,263
Unrealized losses on deferred hedge, net of taxes	(0)	(0)
Revaluation reserve for land, net of taxes	(3,658)	(3,658)
Foreign currency translation adjustments	65	45
Remeasurements of defined benefit plans, net of taxes	1,597	1,510
Total accumulated other comprehensive income	64,905	73,160
Non-controlling interests	1,196	225
Total net assets	474,898	487,690
Total liabilities and net assets	1,351,619	1,336,343

FY2020 six-month consolidated statements of income and comprehensive income (six months ended September 30)

(Millions of yen)

	FY2019 6M (April 1, 2019 - September 30, 2019)	FY2020 6M (April 1, 2020 - September 30, 2020)
Net sales	1,367,155	1,295,126
Cost of sales	1,265,061	1,210,025
Total deduction	102,094	85,101
Reversal of allowance for returned unsold goods	678	634
Allowance for returned unsold goods	630	521
Gross profit	102,143	85,214
Selling, general and administrative expenses	79,233	77,356
Operating income	22,909	7,858
Other income		
Interest income	52	34
Dividend income	1,225	1,192
Information fees	3,110	2,986
Other	1,145	1,680
Total other income	5,533	5,894
Other expenses		
Interest expense	49	44
Equity in loss of affiliate	1,037	—
Expenses for rental property	116	99
Other	71	48
Total other expenses	1,274	192
Ordinary profit	27,169	13,559
Extraordinary profit		
Gain on sales of property, plant and equipment	24	44
Gain on sales of investment securities	386	2,684
Total extraordinary profit	410	2,729
Extraordinary loss		
Loss on sales of property, plant and equipment	147	5
Loss on disposal of property, plant and equipment	83	31
Loss on impairment of property, plant and equipment	2	66
Write-down of investment securities	32	4
Other	1	12
Total extraordinary loss	266	120
Profit before income taxes	27,313	16,168
Income taxes		
Current	7,668	6,346
Deferred	1,431	(1,271)
Total income taxes	9,100	5,075
Profit	18,213	11,093
Profit (loss) attributable to :		
Owners of the parent	18,129	11,097
Non-controlling interests	83	(3)

(Millions of yen)

	FY2019 6M (April 1, 2019 - September 30, 2019)	FY2020 6M (April 1, 2020 - September 30, 2020)
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(3,094)	8,361
Unrealized gains (losses) on deferred hedge, net of taxes	0	(0)
Foreign currency translation adjustments	(21)	(19)
Remeasurements of defined benefit plans, net of taxes	(205)	(86)
Total other comprehensive income (loss)	(3,320)	8,255
Comprehensive income	14,892	19,348
Comprehensive income (loss) attributable to :		
Owners of the parent	14,809	19,352
Non-controlling interests	83	(3)

FY2020 six-month consolidated statements of cash flows (six months ended september 30)

(Millions of yen)

	FY2019 6M (April 1, 2019 - September 30, 2019)	FY2020 6M (April 1, 2020 - September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	27,313	16,168
Depreciation and amortization	5,336	5,524
Loss on impairment of property, plant and equipment	2	66
Amortization of goodwill	445	313
Increase (decrease) in allowance for doubtful accounts	160	(437)
Decrease in allowance for employees' bonuses	(1,683)	(1,535)
Decrease in allowance for bonuses to directors and corporate auditors	(238)	(135)
Decrease in net defined benefit liability	(157)	(649)
Interest and dividend income	(1,277)	(1,227)
Interest expense	49	44
(Gain) loss on sales of property, plant and equipment, net	122	(38)
Loss on disposal of property, plant and equipment	83	31
Gain on sales of investment securities, net	(385)	(2,672)
Write-down of investment securities	32	4
(Increase) decrease in trade notes and accounts receivables	(24,550)	1,046
Increase in inventories	(10,802)	(2,336)
Decrease in trade notes and accounts payables	(13,640)	(21,482)
Other, net	(2,448)	(2,055)
Subtotal	(21,638)	(9,371)
Interest and dividends received	1,280	1,228
Interest paid	(46)	(42)
Income taxes paid	(11,290)	(9,328)
Net cash provided by operating activities	(31,694)	(17,514)

(Millions of yen)

	FY2019 6M (April 1, 2019 - September 30, 2019)	FY2020 6M (April 1, 2020 - September 30, 2020)
Cash flows from investing activities		
Payments into time deposits	(513)	(553)
Proceeds from maturity of time deposits	402	403
Payments for purchase of property, plant and equipment	(11,263)	(10,299)
Proceeds from sale of property, plant and equipment	347	165
Payments for purchase of intangible assets	(593)	(684)
Payments for acquisition of long-term prepaid expense	(56)	(783)
Payments for purchase of investment securities	(731)	(1,667)
Proceeds from sales of investment securities	488	3,099
Proceeds from redemption of securities	10	—
Advances of loans receivable	(22)	(33)
Repayments of loans receivable	98	133
Proceeds from liquidation of subsidiaries	211	—
Other, net	(59)	(9)
Net cash used in investing activities	(11,683)	(10,229)
Cash flows from financing activities		
Net decrease in short-term borrowings	(110)	(50)
Repayments of long-term borrowings	(210)	(179)
Repayments of lease obligations	(833)	(935)
Payments for purchase of treasury stock	(1)	(0)
Proceeds from sales of treasury stock	0	—
Cash dividends paid	(5,080)	(5,291)
Dividends paid to non-controlling interests	(6)	(6)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,265)
Net cash used in financing activities	(6,241)	(7,729)
Foreign currency translation loss on cash and cash equivalents	(7)	(8)
Net decrease in cash and cash equivalents	(49,626)	(35,482)
Cash and cash equivalents at beginning of the year	205,085	209,264
Increase in cash and cash equivalents resulting from merger	—	187
Cash and cash equivalents at end of the year	155,458	173,970