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Summary of Consolidated Financial Statements for the Second Quarter Ended September 30, 2019



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

November 6, 2019

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
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Scheduled date for filing Quarterly Securities Report : November 13, 2019

Scheduled dividend payment date : December 4, 2019

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, 2019 - September 30, 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	%
Six months ended September 30, 2019	1,367,155	5.3	22,909	17.8	27,169	11.5	18,129	8.0
Six months ended September 30, 2018	1,297,808	1.4	19,440	35.3	24,358	27.9	16,782	29.8

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

Six months ended September 30, 2018 ¥ 33,265 million [136.2%]

	Earnings per share of common stock	
	Basic	Diluted
	Yen	Yen
Six months ended September 30, 2019	85.65	—
Six months ended September 30, 2018	78.32	—

(2) Consolidated financial position

	Total assets	Net assets	Owners' equity ratio
	¥ Million	¥ Million	%
As of September 30, 2019	1,327,878	451,601	33.9
As of March 31, 2019	1,341,964	442,081	32.9

Reference : Owners' equity : As of September 30, 2019 ¥ 450,367 million

As of March 31, 2019 ¥ 440,924 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
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 March 31, 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)	177.63

* 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 September 30, 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 September 30, 2019 23,343,577 shares
 - As of March 31, 2019 23,343,237 shares
- iii. Average number of outstanding shares during the period :
 - 6M FY2019 211,674,126 shares
 - 6M FY2018 214,271,443 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

FY2019 consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
(Assets)		
Current assets		
Cash and deposits	206,300	156,741
Trade notes and accounts receivable	614,084	638,417
Marketable securities	10	—
Merchandise and finished goods	128,016	138,672
Work in process	1,723	1,422
Raw materials and supplies	3,971	4,418
Other	83,120	84,071
Allowance for doubtful accounts	(442)	(472)
Total current assets	1,036,784	1,023,273
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	53,361	53,441
Land	65,765	66,551
Other (net)	22,401	28,632
Total property, plant and equipment	141,528	148,625
Intangible assets		
Goodwill	4,970	4,524
Other	14,757	14,099
Total intangible assets	19,727	18,624
Investments and other assets		
Investment securities	123,643	118,271
Other	24,526	23,461
Allowance for doubtful accounts	(4,246)	(4,377)
Total investments and other assets	143,923	137,355
Total non-current assets	305,180	304,605
Total assets	1,341,964	1,327,878

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
(Liabilities)		
Current liabilities		
Trade notes and accounts payable	817,446	803,805
Short-term borrowings	760	620
Income taxes payable	12,645	8,334
Allowance for employees' bonuses	8,387	6,704
Other	20,670	17,658
Total current liabilities	859,911	837,123
Long-term liabilities		
Long-term borrowings	951	771
Net defined benefit liability	12,889	12,527
Other	26,130	25,854
Total long-term liabilities	39,971	39,153
Total liabilities	899,883	876,276
(Net assets)		
Shareholders' equity		
Common stock	18,454	18,454
Capital surplus	101,958	101,958
Retained earnings	288,154	300,919
Less treasury stock, at cost	(29,365)	(29,366)
Total shareholders' equity	379,201	391,965
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes	63,167	60,074
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	68
Remeasurements of defined benefit plans, net of taxes	2,142	1,936
Total accumulated other comprehensive income	61,722	58,401
Non-controlling interests	1,157	1,234
Total net assets	442,081	451,601
Total liabilities and net assets	1,341,964	1,327,878

FY2019 six-month consolidated statements of income and comprehensive income (six months ended September 30)

(Millions of yen)

	FY2018 6M (April 1, 2018 - September 30, 2018)	FY2019 6M (April 1, 2019 - September 30, 2019)
Net sales	1,297,808	1,367,155
Cost of sales	1,201,630	1,265,061
Total deduction	96,178	102,094
Reversal of allowance for returned unsold goods	696	678
Allowance for returned unsold goods	653	630
Gross profit	96,221	102,143
Selling, general and administrative expenses	76,780	79,233
Operating income	19,440	22,909
Other income		
Interest income	53	52
Dividend income	1,266	1,225
Information fees	2,979	3,110
Other	1,024	1,145
Total other income	5,323	5,533
Other expenses		
Interest expense	46	49
Equity in loss of affiliates	54	1,037
Expenses for rental property	118	116
Other	187	71
Total other expenses	406	1,274
Ordinary profit	24,358	27,169
Extraordinary profit		
Gain on sale of property, plant and equipment	896	24
Gain on sale of investment securities	64	386
Total extraordinary profit	961	410
Extraordinary loss		
Loss on sale of property, plant and equipment	0	147
Loss on disposal of property, plant and equipment	31	83
Loss on impairment of property, plant and equipment	375	2
Write-down of investment securities	0	32
Merger expenses	121	—
Other	15	1
Total extraordinary loss	545	266
Profit before income taxes	24,773	27,313
Income taxes		
Current	11,809	7,668
Deferred	(3,824)	1,431
Total income taxes	7,984	9,100
Profit	16,789	18,213
Profit attributable to :		
Owners of the parent	16,782	18,129
Non-controlling interests	6	83

(Millions of yen)

	FY2018 6M (April 1, 2018 - September 30, 2018)	FY2019 6M (April 1, 2019 - September 30, 2019)
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,395	(3,094)
Unrealized gains (losses) on deferred hedges, net of taxes	(0)	0
Foreign currency translation adjustments	(23)	(21)
Remeasurements of defined benefit plans, net of taxes	107	(205)
Share of other comprehensive loss of entities accounted for using equity method	(3)	—
Total other comprehensive income (loss)	16,476	(3,320)
Comprehensive income	33,265	14,892
Comprehensive income attributable to :		
Owners of the parent	33,257	14,809
Non-controlling interests	7	83

FY2019 six-month consolidated statements of cash flows (six months ended september 30)

(Millions of yen)

	FY2018 6M (April 1, 2018 - September 30, 2018)	FY2019 6M (April 1, 2019 - September 30, 2019)
Cash flows from operating activities		
Profit before income taxes	24,773	27,313
Depreciation and amortization	4,599	5,336
Loss on impairment of property, plant and equipment	375	2
Amortization of goodwill	595	445
Increase (decrease) in allowance for doubtful accounts	(125)	160
Decrease in allowance for employees' bonuses	(988)	(1,683)
Decrease in allowance for bonuses to directors and corporate auditors	(260)	(238)
Decrease in net defined benefit liability	(574)	(157)
Interest and dividend income	(1,320)	(1,277)
Interest expense	46	49
(Gain) loss on sale of property, plant and equipment, net	(896)	122
Loss on disposal of property, plant and equipment	31	83
Gain on sale of investment securities, net	(49)	(385)
Write-down of investment securities	0	32
Merger expenses	121	—
(Increase) decrease in trade notes and accounts receivables	22,525	(24,550)
Increase in inventories	(4,543)	(10,802)
Decrease in trade notes and accounts payables	(23,398)	(13,640)
Other, net	(845)	(2,448)
Subtotal	20,068	(21,638)
Interest and dividends received	1,322	1,280
Interest paid	(43)	(46)
Payments for merger expenses	(24)	—
Income taxes paid	(9,166)	(11,290)
Net cash provided by operating activities	12,156	(31,694)

(Millions of yen)

	FY2018 6M (April 1, 2018 - September 30, 2018)	FY2019 6M (April 1, 2019 - September 30, 2019)
Cash flows from investing activities		
Payments into time deposits	(518)	(513)
Proceeds from maturity of time deposits	446	402
Proceeds from sale of securities	10	—
Payments for purchase of property, plant and equipment	(5,821)	(11,263)
Proceeds from sale of property, plant and equipment	1,447	347
Payments for purchase of intangible assets	(384)	(593)
Payments for acquisition of long-term prepaid expense	(81)	(56)
Payments for purchase of investment securities	(111)	(731)
Proceeds from sales of investment securities	145	488
Proceeds from redemption of securities	—	10
Advances of loans receivable	(83)	(22)
Repayments of loans receivable	525	98
Proceeds from liquidation of subsidiaries	—	211
Other, net	(32)	(59)
Net cash used in investing activities	(4,458)	(11,683)
Cash flows from financing activities		
Net decrease in short-term borrowings	(50)	(110)
Proceeds from long-term borrowings	200	—
Repayments of long-term borrowings	(291)	(210)
Repayments of lease obligations	(881)	(833)
Payments for purchase of treasury stock	(13,337)	(1)
Proceeds from sale of treasury stock	0	0
Purchase of treasury stock of subsidiaries	(23)	—
Cash dividends paid	(4,333)	(5,080)
Dividends paid to non-controlling interests	(11)	(6)
Net cash used in financing activities	(18,728)	(6,241)
Foreign currency translation loss on cash and cash equivalents	(8)	(7)
Net decrease in cash and cash equivalents	(11,039)	(49,626)
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	—
Cash and cash equivalents at end of the year	184,883	155,458