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Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2021 [Japan GAAP]

November 2, 2020

Stock Exchange Listing: Tokyo (First Section)

Company Name: GSI Creos Corporation

Code Number: 8101

URL <http://www.gsi.co.jp>

Representative: Tadaaki Yoshinaga Representative Director, President and CEO

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Scheduled Date of Quarterly Report Filing: November 6, 2020

Scheduled Date of Dividend Payments Commencement: —

Supplementary Documents for Quarterly Financial Statements: Yes

Holding of Quarterly Financial Results Meeting: No

(Note: Amounts less than one million of yen have been rounded down.)

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 to September 30, 2020)

(1) Consolidated Operating Results (Cumulative Total) (Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Second quarter ended September 30, 2020	55,958	(1.2)	2,301	274.7	2,252	287.1	1,176	103.4
Second quarter ended September 30, 2019	56,642	(17.8)	614	(38.4)	581	(44.3)	578	(21.4)
(Note) Comprehensive income	Second quarter ended September 30, 2020 : 4,213 millions of yen		847.6 %		Second quarter ended September 30, 2019 : 444 millions of yen		(20.6) %	

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter ended September 30, 2020	187.80	—
Second quarter ended September 30, 2019	91.54	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2020	58,784	23,133	39.4
March 31, 2020	58,532	19,193	32.8

(Reference) Equity capital September 30, 2020 : 23,133 millions of yen

March 31, 2020 : 19,193 millions of yen

2. Dividends

	Annual dividend per share				
	1Q	2Q	3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	—	—	45.00	45.00
Fiscal year ending March 31, 2021	—	—	—	—	—
Fiscal year ending March 31, 2021 (Forecast)	—	—	—	50.00	50.00

(Note) Revisions to the dividend forecast published most recently : No

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(Percentage figures represent changes from the same period of the previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	110,000	(4.8)	2,100	76.2	2,000	64.8	1,300	28.8	207.65

(Note) Revisions to the consolidated results forecasts published most recently : No

*** Notes**

(1) Changes in Significant Subsidiaries During the Period

(Changes in Specified Subsidiaries Associated with Changes in the Scope of Consolidation) : No

(2) Application of Special Accounting Methods to the Preparation of Quarterly Financial Statements : No

(3) Changes in Accounting Policies and Estimates, and Retrospective Restatement

i Changes in accounting policies due to revisions of accounting standards and other regulations : No

ii Changes in accounting policies other than in (i) : No

iii Changes in accounting estimates : No

iv Retrospective restatement : No

(4) Number of Shares Issued and Outstanding (Common Stock)

i Number of shares issued and outstanding at the end of period (including treasury stock)

September 30, 2020	6,464,971 shares	March 31, 2020	6,464,971 shares
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ii Number of treasury stock at the end of period

September 30, 2020	197,254 shares	March 31, 2020	204,402 shares
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iii Average number of shares during the period

Six months ended September 30, 2020	6,263,620 shares	Six months ended September 30, 2019	6,318,719 shares
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*** This quarterly report is out of scope of the quarterly review procedure performed by a certified public accountant or audit corporation.**

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results and Special Notes**

Earning forecasts presented in this report are based on information available and assumptions deemed reasonable at the time. Therefore, they do not constitute a guarantee that they will be realized. Actual results could differ significantly from forecasts due to a variety of factors.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (March 31, 2020)	Second quarter, current fiscal year (September 30, 2020)
Assets		
Current assets		
Cash and deposits	11,899	13,500
Notes and accounts receivable-trade	25,432	21,546
Merchandise	9,382	9,012
Goods in transit	264	175
Other	1,469	668
Allowance for doubtful accounts	(190)	(211)
Total current assets	48,258	44,691
Non-current assets		
Property, plant and equipment	4,425	4,027
Intangible assets	463	405
Investments and other assets		
Investment securities	2,508	7,124
Other	2,876	2,534
Total investments and other assets	5,384	9,658
Total non-current assets	10,273	14,092
Total assets	58,532	58,784
Liabilities		
Current liabilities		
Notes and accounts payable-trade	21,124	15,187
Short-term loans payable	13,757	13,993
Current portion of long-term loans payable	136	94
Income taxes payable	89	789
Provision	469	454
Other	3,021	3,563
Total current liabilities	38,599	34,083
Non-current liabilities		
Long-term loans payable	173	226
Retirement benefit liability	125	95
Other	440	1,245
Total non-current liabilities	739	1,567
Total liabilities	39,339	35,650
Net assets		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	855	855
Retained earnings	11,754	12,648
Treasury stock	(245)	(237)
Total shareholders' equity	19,550	20,453
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(284)	2,845
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(114)	(207)
Remeasurements of defined benefit plans	41	41
Total accumulated other comprehensive income	(357)	2,679
Total net assets	19,193	23,133
Total liabilities and net assets	58,532	58,784

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Cumulative Second Quarter)

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2019- September 30, 2019)	Cumulative second quarter, current fiscal year (April 1, 2020- September 30, 2020)
Net sales	56,642	55,958
Cost of sales	50,444	48,341
Gross profit	6,197	7,617
Selling, general and administrative expenses	5,583	5,316
Operating profit	614	2,301
Non-operating income		
Interest income	49	60
Dividends income	44	48
Other	47	76
Total non-operating income	141	185
Non-operating expenses		
Interest expenses	92	85
Foreign exchange losses	30	87
Other	50	61
Total non-operating expenses	174	235
Ordinary profit	581	2,252
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investments in capital	30	—
Total extraordinary income	30	—
Extraordinary losses		
Impairment loss	—	328
Loss on retirement of non-current assets	0	3
Loss on valuation of investment securities	—	18
Loss on valuation of investments in capital	—	20
Total extraordinary losses	0	370
Income before income taxes	612	1,881
Income taxes-current	164	780
Income taxes-deferred	(130)	(75)
Total income taxes	33	705
Profit	578	1,176
Profit attributable to owners of parent	578	1,176

(Quarterly Consolidated Statements of Comprehensive Income)
(Cumulative Second Quarter)

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2019- September 30, 2019)	Cumulative second quarter, current fiscal year (April 1, 2020- September 30, 2020)
Profit	578	1,176
Other comprehensive income		
Valuation difference on available-for-sale securities	(2)	3,129
Deferred gains or losses on hedges	8	0
Foreign currency translation adjustment	(134)	(93)
Remeasurements of defined benefit plans, net of tax	(5)	(0)
Total other comprehensive income	(133)	3,036
Comprehensive income	444	4,213
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	444	4,213

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2019- September 30, 2019)	Cumulative second quarter, current fiscal year (April 1, 2020- September 30, 2020)
Cash flows from operating activities		
Income before income taxes	612	1,881
Depreciation	156	174
Impairment loss	—	328
Increase (decrease) in allowance for doubtful accounts	28	44
Increase (decrease) in retirement benefit liability	(0)	(34)
Interest and dividends income	(94)	(105)
Interest expenses	92	85
Foreign exchange losses (gains)	20	(5)
Loss on retirement of property, plant and equipment	0	3
Loss (gain) on sales of property, plant and equipment	(0)	—
Loss (gain) on valuation of investment securities	—	18
Loss (gain) on sales of investments in capital	(30)	—
Loss on valuation of investments in capital	—	20
Decrease (increase) in notes and accounts receivable-trade	3,216	3,395
Decrease (increase) in inventories	(161)	426
Decrease (increase) in other assets	81	786
Increase (decrease) in notes and accounts payable-trade	(2,778)	(5,771)
Increase (decrease) in other liabilities	(132)	(49)
Other, net	(21)	642
Subtotal	989	1,842
Interest and dividends income received	88	110
Interest expenses paid	(93)	(85)
Income taxes paid	(246)	(79)
Cash flows from operating activities	737	1,787
Cash flows from investing activities		
Purchase of property, plant and equipment	(58)	(44)
Proceeds from sales of property, plant and equipment	2	—
Purchase of investment securities	(6)	(1)
Purchase of shares of subsidiaries and associates	—	(43)
Proceeds from sales of investments in capital	8	—
Payments of loans receivable	(476)	(9)
Collection of loans receivable	20	10
Other, net	(0)	22
Cash flows from investing activities	(511)	(66)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	372	264
Proceeds from long-term loans payable	—	100
Repayments of long-term loans payable	(141)	(89)
Repayments of lease obligations	(33)	(47)
Cash dividends paid	(252)	(281)
Other, net	(0)	(0)
Cash flows from financing activities	(55)	(54)
Effect of exchange rate change on cash and cash equivalents	(91)	(65)
Net increase (decrease) in cash and cash equivalents	79	1,601
Cash and cash equivalents at the beginning of period	12,437	11,899
Cash and cash equivalents at the end of period	12,517	13,500