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Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2020 [Japan GAAP]

November 1, 2019

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 8, 2019

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, 2020

(April 1, 2019 to September 30, 2019)

(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, 2019	56,642	(17.8)	614	(38.4)	581	(44.3)	578	(21.4)
Second quarter ended September 30, 2018	68,889	5.4	997	30.1	1,043	31.7	736	51.7

(Note) Comprehensive income Second quarter ended September 30, 2019 : 444 millions of yen (20.6) %

Second quarter ended September 30, 2018 : 560 millions of yen (17.3) %

	Net income per share	Diluted net income per share
	Yen	Yen
Second quarter ended September 30, 2019	91.54	—
Second quarter ended September 30, 2018	114.11	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2019	58,530	19,195	32.8
March 31, 2019	61,618	18,991	30.8

(Reference) Equity capital September 30, 2019 : 19,195 millions of yen

March 31, 2019 : 18,991 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, 2019	—	—	—	40.00	40.00
Fiscal year ending March 31, 2020	—	—	—	—	—
Fiscal year ending March 31, 2020 (Forecast)	—	—	—	45.00	45.00

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

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2020

(April 1, 2019 to March 31, 2020)

(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	123,000	(11.2)	1,700	1.0	1,700	2.3	1,200	4.1	189.99

(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, 2019	6,464,971 shares	March 31, 2019	6,464,971 shares
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ii Number of treasury stock at the end of period

September 30, 2019	139,416 shares	March 31, 2019	148,875 shares
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iii Average number of shares during the period

Six months ended September 30, 2019	6,318,719 shares	Six months ended September 30, 2018	6,451,226 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, 2019)	Second quarter, current fiscal year (September 30, 2019)
Assets		
Current assets		
Cash and deposits	12,437	12,517
Notes and accounts receivable-trade	28,675	24,977
Merchandise	9,195	9,535
Goods in transit	339	85
Other	1,138	1,130
Allowance for doubtful accounts	(209)	(207)
Total current assets	51,577	48,037
Non-current assets		
Property, plant and equipment	4,466	4,450
Intangible assets	520	477
Investments and other assets	5,054	5,564
Total non-current assets	10,041	10,492
Total assets	61,618	58,530
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,283	21,099
Short-term loans payable	13,777	14,120
Current portion of long-term loans payable	232	173
Income taxes payable	247	164
Provision	488	411
Other	2,805	2,655
Total current liabilities	41,834	38,623
Non-current liabilities		
Long-term loans payable	217	135
Net defined benefit liability	130	128
Other	443	445
Total non-current liabilities	791	710
Total liabilities	42,626	39,334
Net assets		
Shareholders' equity		
Capital stock	7,186	7,186
Capital surplus	855	855
Retained earnings	10,998	11,323
Treasury stock	(177)	(166)
Total shareholders' equity	18,862	19,199
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	66	63
Deferred gains or losses on hedges	(13)	(5)
Foreign currency translation adjustment	(3)	(138)
Remeasurements of defined benefit plans	80	75
Total accumulated other comprehensive income	129	(4)
Total net assets	18,991	19,195
Total liabilities and net assets	61,618	58,530

**(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, 2018- September 30, 2018)	Cumulative second quarter, current fiscal year (April 1, 2019- September 30, 2019)
Net sales	68,889	56,642
Cost of sales	62,242	50,444
Gross profit	6,647	6,197
Selling, general and administrative expenses	5,650	5,583
Operating profit	997	614
Non-operating income		
Interest income	10	49
Dividends income	39	44
Foreign exchange gains	56	—
Other	49	47
Total non-operating income	156	141
Non-operating expenses		
Interest expenses	87	92
Foreign exchange losses	—	30
Other	22	50
Total non-operating expenses	109	174
Ordinary profit	1,043	581
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investments in capital	—	30
Total extraordinary income	0	30
Extraordinary losses		
Loss on retirement of non-current assets	2	0
Loss on sales of golf club memberships	4	—
Total extraordinary losses	6	0
Income before income taxes	1,037	612
Income taxes-current	282	164
Income taxes-deferred	19	(130)
Total income taxes	301	33
Profit	736	578
Profit attributable to owners of parent	736	578

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

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2018- September 30, 2018)	Cumulative second quarter, current fiscal year (April 1, 2019- September 30, 2019)
Profit	736	578
Other comprehensive income		
Valuation difference on available-for-sale securities	(83)	(2)
Deferred gains or losses on hedges	44	8
Foreign currency translation adjustment	(140)	(134)
Remeasurements of defined benefit plans, net of tax	3	(5)
Total other comprehensive income	(176)	(133)
Comprehensive income	560	444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	560	444

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Cumulative second quarter, previous fiscal year (April 1, 2018- September 30, 2018)	Cumulative second quarter, current fiscal year (April 1, 2019- September 30, 2019)
Cash flows from operating activities		
Income before income taxes	1,037	612
Depreciation	138	156
Increase (decrease) in allowance for doubtful accounts	4	28
Increase (decrease) in net defined benefit liability	(0)	(0)
Interest and dividends income	(50)	(94)
Interest expenses	87	92
Foreign exchange losses (gains)	0	20
Loss (gain) on sales of property, plant and equipment	—	(0)
Loss on retirement of property, plant and equipment	2	0
Loss (gain) on sales of investments in capital	—	(30)
Loss (gain) on sales of golf club memberships	4	—
Decrease (increase) in notes and accounts receivable-trade	(1,562)	3,216
Decrease (increase) in inventories	181	(161)
Decrease (increase) in other assets	(25)	81
Increase (decrease) in notes and accounts payable-trade	1,958	(2,778)
Increase (decrease) in other liabilities	60	(132)
Other, net	22	(21)
Subtotal	1,858	989
Interest and dividends income received	50	88
Interest expenses paid	(88)	(93)
Income taxes paid	(341)	(246)
Cash flows from operating activities	1,479	737
Cash flows from investing activities		
Purchase of property, plant and equipment	(56)	(58)
Proceeds from sales of property, plant and equipment	0	2
Purchase of intangible assets	(1)	—
Purchase of investment securities	(93)	(6)
Proceeds from sales of investment securities	7	—
Payments for investments in capital	(11)	—
Proceeds from sales of investments in capital	27	8
Payments of loans receivable	—	(476)
Collection of loans receivable	15	20
Other, net	(7)	(0)
Cash flows from investing activities	(119)	(511)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,660)	372
Proceeds from long-term loans payable	50	—
Repayments of long-term loans payable	(113)	(141)
Repayments of lease obligations	(79)	(33)
Cash dividends paid	(225)	(252)
Other, net	(0)	(0)
Cash flows from financing activities	(2,029)	(55)
Effect of exchange rate change on cash and cash equivalents	(50)	(91)
Net increase (decrease) in cash and cash equivalents	(720)	79
Cash and cash equivalents at the beginning of period	12,636	12,437
Cash and cash equivalents at the end of period	11,915	12,517