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Consolidated Financial Results for the First Six Months of the Fiscal Year Ending December 31, 2020 (under IFRS)

July 31, 2020

Company name: **GCA Corporation**
 Listing: Tokyo Stock Exchange First Section
 Securities code: 2174
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 Scheduled date of the submission of quarterly securities report: August 7, 2020
 Scheduled date to commence dividend payments: August 14, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the first six months of the fiscal year ending December 31, 2020 (from January 1, 2020 to June 30, 2020)

(1) Consolidated operating results (Non-GAAP) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2020	6,225	(33.1)	(87)	—	(149)	—	(64)	—
June 30, 2019	9,312	(10.7)	1,372	13.8	1,341	10.6	931	8.2

	Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Six months ended				
June 30, 2020	(143)	—	(3.45)	(3.45)
June 30, 2019	919	9.3	23.99	21.13

(2) Consolidated operating results (IFRS) (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2020	6,245	(32.9)	(227)	—	(289)	—	(204)	—
June 30, 2019	9,312	(10.7)	1,362	14.1	1,332	10.8	922	8.6

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
June 30, 2020	(283)	—	(1,091)	(302.4)	(6.82)	(6.82)
June 30, 2019	909	9.7	539	280.1	23.74	20.91

(3) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2020	30,638	20,760	20,433	66.7
December 31, 2019	36,677	22,038	21,790	59.4

2. Cash dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	–	17.50	–	17.50	35.00
Fiscal year ending December 31, 2020	–	17.50			
Fiscal year ending December 31, 2020 (Forecast)			–	17.50	35.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecast for the fiscal year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

The consolidated earnings forecast for the fiscal year ending December 31, 2020, is not presented as it is unsettled. This earnings forecast will be promptly disclosed once it is determined.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: two companies GB Corporation
GCA Altium Nordics Limited

- (2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

- (3) Number of issued shares (ordinary shares)

- (i) Total number of issued shares at end of the period (including treasury shares)

As of June 30, 2020	43,886,153 shares
As of December 31, 2019	41,175,375 shares

- (ii) Number of treasury shares at end of the period

As of June 30, 2020	– shares
As of December 31, 2019	1,964,922 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the six months ended June 30, 2020	41,576,608 shares
For the six months ended June 30, 2019	38,317,865 shares

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

*** Explanation of appropriate use of earnings forecasts and other explanatory notes**

(Caution regarding forward-looking statements)

Earnings forecasts and other forward-looking statements indicated in these materials are based on information available at the time and on certain assumptions deemed reasonable. These statements do not represent any guarantee of achievement by the Company. Furthermore, there is the possibility of significant changes in actual earnings due to various factors.

Condensed Quarterly Consolidated Financial Statements

(1) Condensed quarterly consolidated statement of financial position

	(Millions of yen)	
	As of December 31, 2019	As of June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	14,645	11,342
Trade and other receivables	2,983	1,200
Other financial assets	615	1,427
Income taxes receivable	440	372
Other current assets	446	384
Total current assets	19,130	14,727
Non-current assets		
Property, plant and equipment	4,599	4,391
Goodwill and intangible assets	9,785	9,026
Other financial assets	1,301	627
Other non-current assets	392	451
Deferred tax assets	1,468	1,414
Total non-current assets	17,546	15,910
Total assets	36,677	30,638

	(Millions of yen)	
	As of December 31, 2019	As of June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	595	578
Borrowings	65	1,301
Other financial liabilities	874	926
Income taxes payable	970	299
Other current liabilities	8,603	1,868
Total current liabilities	11,109	4,974
Non-current liabilities		
Borrowings	16	1,497
Other financial liabilities	2,989	2,850
Retirement benefit liability	385	411
Provisions	133	133
Other non-current liabilities	3	9
Total non-current liabilities	3,529	4,903
Total liabilities	14,638	9,877
Equity		
Share capital	1,028	1,135
Capital surplus	13,735	12,682
Retained earnings	5,581	4,611
Treasury shares	(1,585)	—
Other components of equity	3,030	2,003
Total equity attributable to owners of parent	21,790	20,433
Non-controlling interests	248	327
Total equity	22,038	20,760
Total liabilities and equity	36,677	30,638

(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income
(Condensed quarterly consolidated statement of profit or loss)

	(Millions of yen)	
	Six months ended June 30, 2019	Six months ended June 30, 2020
Revenue	9,312	6,245
Cost of sales	(6,531)	(5,059)
Gross profit	2,781	1,185
Selling, general and administrative expenses	(1,385)	(1,535)
Other operating income	1	193
Other operating expenses	(34)	(71)
Operating profit (loss)	1,362	(227)
Finance income	21	18
Finance costs	(51)	(80)
Profit (loss) before tax	1,332	(289)
Income tax expense	(409)	85
Profit (loss)	922	(204)
Profit attributable to		
Owners of parent	909	(283)
Non-controlling interests	12	79
Profit (loss)	922	(204)
Earnings per share		
Basic earnings (loss) per share (Yen)	23.74	(6.82)
Diluted earnings (loss) per share (Yen)	20.91	(6.82)

(Condensed quarterly consolidated statement of comprehensive income)

	(Millions of yen)	
	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit (loss)	922	(204)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	0	0
Total of items that will not be reclassified to profit or loss	0	0
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(382)	(887)
Total of items that may be reclassified to profit or loss	(382)	(887)
Other comprehensive income, net of tax	(382)	(887)
Comprehensive income	539	(1,091)
Comprehensive income attributable to		
Owners of parent	526	(1,170)
Non-controlling interests	12	79
Comprehensive income	539	(1,091)

(3) Condensed quarterly consolidated statement of changes in equity

Six months ended June 30, 2019 (from January 1, 2019 to June 30, 2019)

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
					Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share acquisition rights	Total other components of equity
Balance as of January 1, 2019	304	13,855	4,613	(795)	(389)	–	3,513	3,123
Profit (loss)			909					
Other comprehensive income					(382)	0		(382)
Total comprehensive income	–	–	909	–	(382)	0	–	(382)
Issuance of new shares	452	452						
Dividends			(666)					
Purchase of treasury shares				(440)				
Share-based payment transactions		(525)					(380)	(380)
Increase (decrease) by business combination								
Transfer from other components of equity to retained earnings			0			(0)		(0)
Total transactions with owners	452	(72)	(666)	(440)	–	(0)	(380)	(380)
Balance as of June 30, 2019	757	13,782	4,856	(1,235)	(772)	–	3,132	2,359

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of January 1, 2019	21,101	187	21,289
Profit (loss)	909	12	922
Other comprehensive income	(382)		(382)
Total comprehensive income	526	12	539
Issuance of new shares	905		905
Dividends	(666)		(666)
Purchase of treasury shares	(440)		(440)
Share-based payment transactions	(906)		(906)
Increase (decrease) by business combination	–		–
Transfer from other components of equity to retained earnings	–		–
Total transactions with owners	(1,107)	–	(1,107)
Balance as of June 30, 2019	20,521	200	20,721

Six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
					Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share acquisition rights	Total other components of equity
Balance as of January 1, 2020	1,028	13,735	5,581	(1,585)	(236)	–	3,266	3,030
Profit (loss)			(283)					
Other comprehensive income					(887)	0		(887)
Total comprehensive income	–	–	(283)	–	(887)	0	–	(887)
Issuance of new shares	106	(19)					(59)	(59)
Dividends			(686)					
Purchase of treasury shares								
Share-based payment transactions		322					(79)	(79)
Increase (decrease) by business combination		(1,356)		1,585				
Transfer from other components of equity to retained earnings			0			(0)		(0)
Total transactions with owners	106	(1,053)	(686)	1,585	–	(0)	(138)	(138)
Balance as of June 30, 2020	1,135	12,682	4,611	–	(1,123)	–	3,127	2,003

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of January 1, 2020	21,790	248	22,038
Profit (loss)	(283)	79	(204)
Other comprehensive income	(887)		(887)
Total comprehensive income	(1,170)	79	(1,091)
Issuance of new shares	27		27
Dividends	(686)		(686)
Purchase of treasury shares	–		–
Share-based payment transactions	243		243
Increase (decrease) by business combination	228		228
Transfer from other components of equity to retained earnings	–		–
Total transactions with owners	(186)	–	(186)
Balance as of June 30, 2020	20,433	327	20,760

(4) Condensed quarterly consolidated statement of cash flows

	(Millions of yen)	
	Six months ended June 30, 2019	Six months ended June 30, 2020
Cash flows from operating activities		
Profit (loss) before tax	1,332	(289)
Loss (gain) on valuation of financial instruments	–	32
Depreciation and amortization	574	616
Interest and dividend income	(21)	(18)
Interest expenses	51	48
Share-based payment expenses	9	327
Gain on bargain purchase	–	(187)
Decrease (increase) in trade and other receivables	1,412	1,739
Increase (decrease) in trade and other payables	149	(5)
Increase (decrease) in other current liabilities	(7,398)	(6,368)
Other	184	(197)
Subtotal	(3,705)	(4,303)
Interest and dividends received	21	18
Interest paid	(51)	(48)
Income taxes refund (paid)	(704)	(545)
Net cash provided by (used in) operating activities	(4,440)	(4,878)
Cash flows from investing activities		
Purchase of property, plant and equipment	(107)	(53)
Proceeds from purchase of shares of subsidiaries	–	260
Other	(4)	26
Net cash provided by (used in) investing activities	(111)	233
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	600
Proceeds from long-term borrowings	–	2,258
Repayments of long-term borrowings	–	(132)
Proceeds from exercise of share acquisition rights	1	29
Payments for purchase of treasury shares	(440)	–
Dividends paid	(666)	(686)
Repayments of lease obligations	(418)	(485)
Other	(7)	(2)
Net cash provided by (used in) financing activities	(1,531)	1,581
Net increase (decrease) in cash and cash equivalents	(6,084)	(3,063)
Cash and cash equivalents at beginning of period	15,829	14,645
Effect of exchange rate changes on cash and cash equivalents	(275)	(238)
Cash and cash equivalents at end of period	9,469	11,342