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

May 13, 2020

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 Listing: Tokyo Stock Exchange First Section
 Securities code: 2174
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 Scheduled date of the submission of quarterly securities report: May 13, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results presentation meeting: None

The Group's consolidated operating results are presented using both internal indicators used when management makes decisions (hereinafter, "Non-GAAP indicators") and indicators based on IFRS (hereinafter, "IFRS indicators"). Non-GAAP operating profit is calculated by deducting certain items reported in IFRS operating profit that are deemed to be non-recurring items by the Group.

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

1. Consolidated financial results for the first three months of the fiscal year ending December 31, 2020 (from January 1, 2020 to March 31, 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	%
Three months ended								
March 31, 2020	3,346	(25.2)	152	(57.7)	86	(74.7)	15	(91.5)
March 31, 2019	4,474	5.7	359	(10.0)	342	(15.2)	180	(28.4)

	Profit (loss) attributable to owners of parent		Basic earnings (loss) per share	Diluted earnings (loss) per share
	Millions of yen	%	Yen	Yen
Three months ended				
March 31, 2020	(26)	–	(0.68)	(0.68)
March 31, 2019	173	(27.5)	4.57	4.04

(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	%
Three months ended								
March 31, 2020	3,354	(25.0)	146	(57.2)	81	(75.0)	9	(94.0)
March 31, 2019	4,474	5.7	342	(12.8)	324	(18.1)	162	(33.4)

	Profit (loss) attributable to owners of parent		Total comprehensive income		Basic earnings (loss) per share	Diluted earnings (loss) per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
March 31, 2020	(32)	–	(801)	–	(0.82)	(0.82)
March 31, 2019	156	(32.8)	474	–	4.11	3.63

(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	%
March 31, 2020	30,347	20,490	20,199	66.6
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	—				
Fiscal year ending December 31, 2020 (Forecast)		17.50	—	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 currently under review. This earnings forecast will be promptly disclosed once it is determined. The earnings forecast for the first six months of the fiscal year ending December 31, 2020 has not been disclosed.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(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 March 31, 2020	41,445,075 shares
As of December 31, 2019	41,175,375 shares

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

As of March 31, 2020	1,964,922 shares
As of December 31, 2019	1,964,922 shares

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

Condensed Quarterly Consolidated Financial Statements

(1) Condensed quarterly consolidated statement of financial position

	(Millions of yen)	
	As of December 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and cash equivalents	14,645	9,973
Trade and other receivables	2,983	2,219
Other financial assets	615	1,459
Income taxes receivable	440	618
Other current assets	446	432
Total current assets	19,130	14,703
Non-current assets		
Property, plant and equipment	4,599	4,355
Goodwill and intangible assets	9,785	9,100
Other financial assets	1,301	490
Other non-current assets	392	421
Deferred tax assets	1,468	1,275
Total non-current assets	17,546	15,644
Total assets	36,677	30,347

(Millions of yen)

	As of December 31, 2019	As of March 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	595	473
Borrowings	65	654
Other financial liabilities	874	877
Income taxes payable	970	216
Other current liabilities	8,603	2,556
Total current liabilities	11,109	4,778
Non-current liabilities		
Borrowings	16	1,658
Other financial liabilities	2,989	2,866
Retirement benefit liability	385	416
Provisions	133	133
Other non-current liabilities	3	3
Total non-current liabilities	3,529	5,078
Total liabilities	14,638	9,857
Equity		
Share capital	1,028	1,124
Capital surplus	13,735	13,721
Retained earnings	5,581	4,862
Treasury shares	(1,585)	(1,585)
Other components of equity	3,030	2,076
Total equity attributable to owners of parent	21,790	20,199
Non-controlling interests	248	290
Total equity	22,038	20,490
Total liabilities and equity	36,677	30,347

(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)	
	Three months ended March 31, 2019	Three months ended March 31, 2020
Revenue	4,474	3,354
Cost of sales	(3,379)	(2,354)
Gross profit	1,095	999
Selling, general and administrative expenses	(755)	(769)
Other operating income	8	2
Other operating expenses	(6)	(86)
Operating profit	342	146
Finance income	10	10
Finance costs	(27)	(76)
Profit before tax	324	81
Income tax expense	(162)	(71)
Profit	162	9
Profit attributable to		
Owners of parent	156	(32)
Non-controlling interests	6	42
Profit	162	9
Earnings per share		
Basic earnings (loss) per share (Yen)	4.11	(0.82)
Diluted earnings (loss) per share (Yen)	3.63	(0.82)

(Condensed quarterly consolidated statement of comprehensive income)

	(Millions of yen)	
	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit	162	9
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	312	(811)
Total of items that may be reclassified to profit or loss	312	(811)
Other comprehensive income, net of tax	312	(811)
Comprehensive income	474	(801)
Comprehensive income attributable to		
Owners of parent	468	(844)
Non-controlling interests	6	42
Comprehensive income	474	(801)

(3) Condensed quarterly consolidated statement of changes in equity

Three months ended March 31, 2019 (from January 1, 2019 to March 31, 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			156					–
Other comprehensive income					312	0		312
Total comprehensive income	–	–	156	–	312	0	–	312
Issuance of new shares								–
Dividends			(666)					–
Share-based payment transactions							6	6
Transfer from other components of equity to retained earnings			0			(0)		(0)
Total transactions with owners	–	–	(666)	–	–	(0)	6	6
Balance as of March 31, 2019	304	13,855	4,103	(795)	(77)	–	3,519	3,441

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of January 1, 2019	21,101	187	21,289
Profit	156	6	162
Other comprehensive income	312		312
Total comprehensive income	468	6	474
Issuance of new shares	–		–
Dividends	(666)		(666)
Share-based payment transactions	6		6
Transfer from other components of equity to retained earnings	–		–
Total transactions with owners	(660)	–	(660)
Balance as of March 31, 2019	20,909	194	21,103

Three months ended March 31, 2020 (from January 1, 2020 to March 31, 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			(32)					–
Other comprehensive income					(811)	0		(811)
Total comprehensive income	–	–	(32)	–	(811)	0	–	(811)
Issuance of new shares	95	(14)					(53)	(53)
Dividends			(686)					–
Share-based payment transactions							(88)	(88)
Transfer from other components of equity to retained earnings			0			(0)		(0)
Total transactions with owners	95	(14)	(686)	–	–	(0)	(142)	(142)
Balance as of March 31, 2020	1,124	13,721	4,862	(1,585)	(1,047)	–	3,124	2,076

	Equity attributable to owners of parent	Non-controlling interests	Total equity
	Total		
Balance as of January 1, 2020	21,790	248	22,038
Profit	(32)	42	9
Other comprehensive income	(811)		(811)
Total comprehensive income	(844)	42	(801)
Issuance of new shares	28		28
Dividends	(686)		(686)
Share-based payment transactions	(88)		(88)
Transfer from other components of equity to retained earnings	–		–
Total transactions with owners	(746)	–	(746)
Balance as of March 31, 2020	20,199	290	20,490

(4) Condensed quarterly consolidated statement of cash flows

	(Millions of yen)	
	Three months ended March 31, 2019	Three months ended March 31, 2020
Cash flows from operating activities		
Profit before tax	324	81
Loss (gain) on valuation of financial instruments	0	54
Depreciation and amortization	297	306
Interest and dividend income	(10)	(10)
Interest expenses	27	21
Share-based payment expenses	17	5
Decrease (increase) in trade and other receivables	1,372	693
Increase (decrease) in trade and other payables	116	(114)
Increase (decrease) in other current liabilities	(6,354)	(5,678)
Other	(24)	(211)
Subtotal	(4,231)	(4,851)
Interest and dividends received	10	10
Interest paid	(27)	(21)
Income taxes refund (paid)	(543)	(898)
Net cash provided by (used in) operating activities	(4,792)	(5,760)
Cash flows from investing activities		
Purchase of property, plant and equipment	(29)	(38)
Other	(0)	(11)
Net cash provided by (used in) investing activities	(30)	(49)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	2,247
Proceeds from exercise of share acquisition rights	–	29
Dividends paid	(653)	(675)
Repayments of lease obligations	(209)	(233)
Other	(3)	(2)
Net cash provided by (used in) financing activities	(866)	1,365
Net increase (decrease) in cash and cash equivalents	(5,690)	(4,445)
Cash and cash equivalents at beginning of period	15,829	14,645
Effect of exchange rate changes on cash and cash equivalents	(6)	(225)
Cash and cash equivalents at end of period	10,132	9,973