

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended January 31, 2019 (Based on Japanese GAAP)

March 13, 2019

Company name: Ascentech K.K.
 Stock exchange listing: Tokyo
 Stock code: 3565 URL <https://www.ascentech.co.jp/>
 Representative: CEO Naohiro Sato
 Inquiries: CFO Masanobu Sato TEL 03(5296)9331
 Scheduled date of ordinary general meeting of shareholders: April 24, 2019
 Scheduled date to file Securities Report: April 25, 2019
 Scheduled date to commence dividend payments: April 25, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended January 31, 2019 (from February 1, 2018 to January 31, 2019)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended January 31, 2019	5,456	26.1	376	48.5	381	41.9	265	41.3
Year ended January 31, 2018	4,326	32.1	253	2.2	268	23.4	188	34.3

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended January 31, 2019	40.16	39.15	20.6	17.3	6.9
Year ended January 31, 2018	30.00	28.93	20.4	15.5	5.9

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of January 31, 2019	2,220	1,412	63.3	212.25
As of January 31, 2018	2,183	1,169	53.5	177.93

(3) Non-consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended January 31, 2019	71	19	(23)	842
Year ended January 31, 2018	(27)	(103)	305	775

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Non-consolidated)	Ratio of dividends to net assets (Non-consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended January 31, 2018	—	0.00	—	10.00	10.00	32	16.7	3.4
Year ended January 31, 2019	—	0.00	—	14.00	14.00	46	17.4	3.6
Year ending January 31, 2020 (Forecast)	—	0.00	—	7.00	7.00		16.6	

3. Forecast of non-consolidated financial results for the year ending January 31, 2020 (from February 1, 2019 to January 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending July 31, 2019	3,300	3.4	220	(10.3)	200	(20.0)	138	(20.2)	20.82
Full year	5,900	8.1	420	11.4	405	6.2	280	5.4	42.25

4. Notes

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(2) Number of issued shares (common shares)

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

As of January 31, 2019	6,626,400 shares	As of January 31, 2018	6,571,400 shares
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Number of treasury shares at the end of the period

As of January 31, 2019	146 shares	As of January 31, 2018	– shares
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Average number of shares during the period

Year ended January 31, 2019	6,618,020 shares	Year ended January 31, 2018	6,269,720 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2018	As of January 31, 2019
Assets		
Current assets		
Cash and deposits	775,447	842,394
Accounts receivable - trade	957,907	801,918
Merchandise	193,670	280,269
Work in process	4,850	5,347
Advance payments - trade	59,106	94,731
Prepaid expenses	14,009	13,772
Deferred tax assets	7,111	14,170
Other	6,455	12,262
Allowance for doubtful accounts	—	(2,844)
Total current assets	2,018,559	2,062,022
Non-current assets		
Property, plant and equipment		
Buildings	31,386	31,386
Accumulated depreciation	(964)	(3,344)
Buildings, net	30,421	28,042
Tools, furniture and fixtures	97,420	115,492
Accumulated depreciation	(56,887)	(77,527)
Tools, furniture and fixtures, net	40,533	37,965
Total property, plant and equipment	70,954	66,007
Intangible assets		
Goodwill	4,143	1,883
Software	1,152	1,518
Software in progress	—	3,000
Total intangible assets	5,295	6,401
Investments and other assets		
Investment securities	1,000	—
Claims provable in bankruptcy, claims provable in rehabilitation and other	—	9,720
Long-term prepaid expenses	172	21,833
Insurance funds	40,296	18,286
Other	47,488	45,996
Allowance for doubtful accounts	—	(9,720)
Total investments and other assets	88,957	86,116
Total non-current assets	165,207	158,525
Total assets	2,183,767	2,220,548

(Thousands of yen)

	As of January 31, 2018	As of January 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	762,129	451,813
Accounts payable - other	12,577	30,891
Accrued expenses	490	1,599
Income taxes payable	37,901	100,057
Accrued consumption taxes	32,669	9,740
Advances received	121,359	168,119
Deposits received	1,986	1,920
Unearned revenue	329	1,327
Other	8,387	9,913
Total current liabilities	977,832	775,383
Non-current liabilities		
Deferred tax liabilities	5,727	1,681
Other	30,755	30,755
Total non-current liabilities	36,482	32,436
Total liabilities	1,014,315	807,820
Net assets		
Shareholders' equity		
Capital stock	227,410	228,875
Capital surplus		
Legal capital surplus	214,410	215,875
Other capital surplus	40,000	40,000
Total capital surpluses	254,410	255,875
Retained earnings		
Other retained earnings		
Reserve for special depreciation	7,427	5,003
Retained earnings brought forward	684,314	919,660
Total retained earnings	691,741	924,663
Treasury shares	–	(253)
Total shareholders' equity	1,173,562	1,409,161
Valuation and translation adjustments		
Deferred gains or losses on hedges	(4,262)	(2,672)
Total valuation and translation adjustments	(4,262)	(2,672)
Share acquisition rights	152	6,240
Total net assets	1,169,452	1,412,728
Total liabilities and net assets	2,183,767	2,220,548

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2018	Fiscal year ended January 31, 2019
Net sales		
Net sales of goods	3,756,813	4,818,482
Service sales	569,831	637,567
Total net sales	4,326,644	5,456,049
Cost of sales		
Cost of goods sold	3,207,047	4,094,751
Cost of service sales	420,919	466,277
Total cost of sales	3,627,967	4,561,029
Gross profit	698,677	895,019
Selling, general and administrative expenses	444,792	518,023
Operating profit	253,884	376,996
Non-operating income		
Interest income	63	1,107
Interest on securities	48	—
Foreign exchange gains	15,251	—
Subsidy income	4,000	6,200
Insurance premiums refunded cancellation	—	18,712
Other	2,265	1,127
Total non-operating income	21,629	27,147
Non-operating expenses		
Interest expenses	—	310
Foreign exchange losses	—	21,435
Going public expenses	3,157	—
Share issuance cost	3,729	—
Bad debts expenses	—	1,000
Other	—	217
Total non-operating expenses	6,886	22,963
Ordinary profit	268,627	381,179
Extraordinary income		
Gain on reversal of share acquisition rights	—	144
Total extraordinary income	—	144
Profit before income taxes	268,627	381,323
Income taxes - current	71,435	127,351
Income taxes - deferred	9,074	(11,806)
Total income taxes	80,510	115,544
Profit	188,116	265,779

Non-consolidated statements of changes in equity

Fiscal year ended January 31, 2018

(Thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for special depreciation	Retained earnings brought forward			
Balance at beginning of current period	71,205	58,205	40,000	98,205	8,200	495,424	503,624	—	673,036
Changes of items during period									
Issuance of new shares	156,204	156,204		156,204					312,409
Dividends of surplus									
Provision of reserve for special depreciation					1,375	(1,375)	—		—
Reversal of reserve for special depreciation					(2,148)	2,148	—		
Purchase of treasury shares									
Profit						188,116	188,116		188,116
Net changes of items other than shareholders' equity									
Total changes of items during period	156,204	156,204	—	156,204	(772)	188,889	188,116	—	500,526
Balance at end of current period	227,410	214,410	40,000	254,410	7,427	684,314	691,741	—	1,173,562

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	(1,517)	(1,517)	215	671,734
Changes of items during period				
Issuance of new shares				312,409
Dividends of surplus				
Provision of reserve for special depreciation				–
Reversal of reserve for special depreciation				–
Purchase of treasury shares				
Profit				188,116
Net changes of items other than shareholders' equity	(2,745)	(2,745)	(63)	(2,808)
Total changes of items during period	(2,745)	(2,745)	(63)	497,717
Balance at end of current period	(4,262)	(4,262)	152	1,169,452

Fiscal year ended January 31, 2019

(Thousands of yen)

(Thousands of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for special depreciation	Retained earnings brought forward			
Balance at beginning of current period	227,410	214,410	40,000	254,410	7,427	684,314	691,741	—	1,173,562
Changes of items during period									
Issuance of new shares	1,464	1,464		1,464					2,929
Dividends of surplus						(32,857)	(32,857)		(32,857)
Provision of reserve for special depreciation									
Reversal of reserve for special depreciation					(2,423)	2,423	—		—
Purchase of treasury shares								(253)	(253)
Profit						265,779	265,779		265,779
Net changes of items other than shareholders' equity									
Total changes of items during period	1,464	1,464	—	1,464	(2,423)	235,346	232,922	(253)	235,598
Balance at end of current period	228,875	215,875	40,000	255,875	5,003	919,660	924,663	(253)	1,409,161

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	(4,262)	(4,262)	152	1,169,452
Changes of items during period				
Issuance of new shares				2,929
Dividends of surplus				(32,857)
Provision of reserve for special depreciation				
Reversal of reserve for special depreciation				—
Purchase of treasury shares				(253)
Profit				265,779
Net changes of items other than shareholders' equity	1,590	1,590	6,087	7,677
Total changes of items during period	1,590	1,590	6,087	243,276
Balance at end of current period	(2,672)	(2,672)	6,240	1,412,728

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2018	Fiscal year ended January 31, 2019
Cash flows from operating activities		
Profit before income taxes	268,627	381,323
Depreciation	21,661	25,399
Amortization of goodwill	2,259	2,259
Going public expenses	3,157	—
Share issuance cost	3,729	—
Surrender value of insurance	—	(18,712)
Bad debts expenses	—	1,000
Increase (decrease) in allowance for doubtful accounts	—	12,564
Interest and dividend income	(112)	(1,107)
Interest expenses	—	310
Foreign exchange losses (gains)	1,940	4,241
Gain on reversal of share acquisition rights	—	(144)
Decrease (increase) in notes and accounts receivable - trade	(602,070)	155,988
Decrease (increase) in inventories	(51,968)	(87,096)
Decrease (increase) in advance payments	(14,035)	(35,625)
Decrease (increase) in accounts receivable - other	3,039	(8,248)
Increase (decrease) in notes and accounts payable - trade	447,447	(310,316)
Increase (decrease) in advances received	39,266	46,759
Increase (decrease) in accrued consumption taxes	2,193	(22,929)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	—	(9,720)
Other, net	(19,019)	2,770
Subtotal	106,116	138,718
Interest and dividend income received	112	1,107
Interest expenses paid	—	(310)
Income taxes paid	(133,515)	(68,002)
Net cash provided by (used in) operating activities	(27,286)	71,513
Cash flows from investing activities		
Purchase of property, plant and equipment	(55,240)	(18,071)
Purchase of intangible assets	(388)	(4,253)
Purchase of insurance funds	(3,856)	—
Proceeds from cancellation of insurance funds	—	42,132
Payments for lease deposits	(47,981)	—
Collection of lease deposits	3,554	—
Net cash provided by (used in) investing activities	(103,912)	19,807
Cash flows from financing activities		
Proceeds from issuance of common shares	292,510	—
Proceeds from exercise of share options	16,106	2,777
Proceeds from issuance of share acquisition rights	—	6,384
Purchase of treasury shares	—	(253)
Cash dividends paid	—	(32,529)
Going public expenses	(3,157)	—
Net cash provided by (used in) financing activities	305,459	(23,621)
Effect of exchange rate change on cash and cash equivalents	(1,446)	(751)
Net increase (decrease) in cash and cash equivalents	172,812	66,947
Cash and cash equivalents at beginning of period	602,634	775,447
Cash and cash equivalents at end of period	775,447	842,394