

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Non-Consolidated Financial Results
for the Year Ended January 31, 2020
(Based on Japanese GAAP)**

March 11, 2020

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 22, 2020
 Scheduled date to file Securities Report: April 23, 2020
 Scheduled date to commence dividend payments: April 23, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Non-consolidated financial results for the year ended January 31, 2020 (from February 1, 2019 to January 31, 2020)

(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, 2020	5,932	8.7	456	21.0	451	18.4	325	22.5
Year ended January 31, 2019	5,456	26.1	376	48.5	381	41.9	265	41.3

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended January 31, 2020	48.50	47.61	21.0	18.1	7.7
Year ended January 31, 2019	40.16	39.15	20.6	17.3	6.9

(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, 2020	2,768	1,704	61.4	251.18
As of January 31, 2019	2,218	1,412	63.4	212.25

(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, 2020	550	(86)	(57)	1,248
Year ended January 31, 2019	71	19	(23)	842

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, 2019	–	0.00	–	14.00	14.00	46	17.4	3.6
Year ended January 31, 2020	–	0.00	–	7.00	7.00	47	14.4	3.0
Year ending January 31, 2021 (Forecast)	–	0.00	–	7.00	7.00		13.4	

3. Forecast of non-consolidated financial results for the year ending January 31, 2021 (from February 1, 2020 to January 31, 2021)

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, 2020	3,100	(6.8)	236	(7.5)	236	(10.6)	163	(10.5)	24.27
Full year	6,200	4.5	505	10.7	505	11.9	350	7.5	52.12

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: No

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, 2020	6,761,400 shares	As of January 31, 2019	6,626,400 shares
------------------------	------------------	------------------------	------------------

Number of treasury shares at the end of the period

As of January 31, 2020	186 shares	As of January 31, 2019	146 shares
------------------------	------------	------------------------	------------

Average number of shares during the period

Year ended January 31, 2020	6,714,981 shares	Year ended January 31, 2019	6,618,020 shares
-----------------------------	------------------	-----------------------------	------------------

Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2019	As of January 31, 2020
Assets		
Current assets		
Cash and deposits	842,394	1,248,700
Accounts receivable - trade	801,918	631,360
Merchandise	280,269	432,473
Work in process	5,347	4,291
Advance payments - trade	94,731	184,540
Prepaid expenses	13,772	21,673
Other	12,262	9,564
Allowance for doubtful accounts	(2,844)	(2,235)
Total current assets	2,047,852	2,530,369
Non-current assets		
Property, plant and equipment		
Buildings	31,386	31,386
Accumulated depreciation	(3,344)	(5,723)
Buildings, net	28,042	25,662
Tools, furniture and fixtures	115,492	132,291
Accumulated depreciation	(77,527)	(95,616)
Tools, furniture and fixtures, net	37,965	36,675
Total property, plant and equipment	66,007	62,338
Intangible assets		
Goodwill	1,883	–
Software	1,518	1,494
Other	3,000	12,634
Total intangible assets	6,401	14,129
Investments and other assets		
Investment securities	–	49,067
Claims provable in bankruptcy, claims provable in rehabilitation and other	9,720	9,720
Long-term prepaid expenses	21,833	16,469
Insurance funds	18,286	24,602
Deferred tax assets	12,489	25,437
Other	45,996	45,801
Allowance for doubtful accounts	(9,720)	(9,720)
Total investments and other assets	98,605	161,377
Total non-current assets	171,014	237,845
Total assets	2,218,866	2,768,214

(Thousands of yen)

	As of January 31, 2019	As of January 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	451,813	420,820
Accounts payable - other	30,891	30,517
Accrued expenses	1,599	2,529
Income taxes payable	100,057	83,719
Accrued consumption taxes	9,740	31,175
Advances received	168,119	460,318
Deposits received	1,920	1,424
Unearned revenue	1,327	–
Other	9,913	2,608
Total current liabilities	775,383	1,033,113
Non-current liabilities		
Other	30,755	30,755
Total non-current liabilities	30,755	30,755
Total liabilities	806,138	1,063,868
Net assets		
Shareholders' equity		
Capital stock	228,875	233,700
Capital surplus		
Legal capital surplus	215,875	220,700
Other capital surplus	40,000	40,000
Total capital surpluses	255,875	260,700
Retained earnings		
Other retained earnings		
Reserve for special depreciation	5,003	2,928
Retained earnings brought forward	919,660	1,201,057
Total retained earnings	924,663	1,203,985
Treasury shares	(253)	(336)
Total shareholders' equity	1,409,161	1,698,050
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	–	247
Deferred gains or losses on hedges	(2,672)	–
Total valuation and translation adjustments	(2,672)	247
Share acquisition rights	6,240	6,048
Total net assets	1,412,728	1,704,346
Total liabilities and net assets	2,218,866	2,768,214

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2019	Fiscal year ended January 31, 2020
Net sales		
Net sales of goods	4,818,482	5,107,379
Service sales	637,567	825,476
Total net sales	5,456,049	5,932,856
Cost of sales		
Cost of goods sold	4,094,751	4,324,058
Cost of service sales	466,277	631,582
Total cost of sales	4,561,029	4,955,640
Gross profit	895,019	977,215
Selling, general and administrative expenses	518,023	521,044
Operating profit	376,996	456,170
Non-operating income		
Interest income	1,107	22
Foreign exchange gains	–	9,330
Subsidy income	6,200	7,134
Insurance premiums refunded cancellation	18,712	–
Other	1,127	266
Total non-operating income	27,147	16,754
Non-operating expenses		
Interest expenses	310	64
Foreign exchange losses	21,435	–
Bad debts expenses	1,000	3
Market change costs	–	20,467
Other	217	1,022
Total non-operating expenses	22,963	21,558
Ordinary profit	381,179	451,367
Extraordinary income		
Gain on reversal of share acquisition rights	144	192
Total extraordinary income	144	192
Profit before income taxes	381,323	451,559
Income taxes - current	127,351	139,981
Income taxes - deferred	(11,806)	(14,128)
Total income taxes	115,544	125,853
Profit	265,779	325,705

Non-consolidated statements of changes in equity

Fiscal year ended January 31, 2019

(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)
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
	Valuation difference on available-for-sale securities	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)
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

Fiscal year ended January 31, 2020

(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	228,875	215,875	40,000	255,875	5,003	919,660	924,663	(253)	1,409,161
Changes of items during period									
Issuance of new shares	4,825	4,825		4,825					9,650
Dividends of surplus						(46,383)	(46,383)		(46,383)
Reversal of reserve for special depreciation					(2,075)	2,075	-		-
Purchase of treasury shares								(82)	(82)
Profit						325,705	325,705		325,705
Net changes of items other than shareholders' equity									
Total changes of items during period	4,825	4,825	-	4,825	(2,075)	281,397	279,322	(82)	288,889
Balance at end of current period	233,700	220,700	40,000	260,700	2,928	1,201,057	1,203,985	(336)	1,698,050

	Valuation and translation adjustments			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	-	(2,672)	(2,672)	6,240	1,412,728
Changes of items during period					
Issuance of new shares					9,650
Dividends of surplus					(46,383)
Reversal of reserve for special depreciation					-
Purchase of treasury shares					(82)
Profit					325,705
Net changes of items other than shareholders' equity	247	2,672	2,920	(192)	2,728
Total changes of items during period	247	2,672	2,920	(192)	291,617
Balance at end of current period	247	-	247	6,048	1,704,346

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2019	Fiscal year ended January 31, 2020
Cash flows from operating activities		
Profit before income taxes	381,323	451,559
Depreciation	25,399	25,682
Amortization of goodwill	2,259	1,883
Market change costs	–	20,467
Surrender value of insurance	(18,712)	–
Bad debts expenses	1,000	3
Increase (decrease) in allowance for doubtful accounts	12,564	(609)
Interest and dividend income	(1,107)	(22)
Interest expenses	310	64
Foreign exchange losses (gains)	4,241	(4,217)
Gain on reversal of share acquisition rights	(144)	(192)
Decrease (increase) in notes and accounts receivable - trade	155,988	170,557
Decrease (increase) in inventories	(87,096)	(151,148)
Decrease (increase) in advance payments	(35,625)	(89,808)
Decrease (increase) in accounts receivable - other	(8,248)	3,477
Increase (decrease) in notes and accounts payable - trade	(310,316)	(30,992)
Increase (decrease) in advances received	46,759	292,199
Increase (decrease) in accrued consumption taxes	(22,929)	21,435
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(9,720)	–
Other, net	2,770	(3,636)
Subtotal	138,718	706,702
Interest and dividend income received	1,107	22
Interest expenses paid	(310)	(64)
Income taxes paid	(68,002)	(155,689)
Net cash provided by (used in) operating activities	71,513	550,971
Cash flows from investing activities		
Purchase of investment securities	–	(48,820)
Purchase of property, plant and equipment	(18,071)	(20,100)
Proceeds from sales of property, plant and equipment	–	168
Purchase of intangible assets	(4,253)	(10,030)
Purchase of insurance funds	–	(6,315)
Proceeds from cancellation of insurance funds	42,132	–
Other, net	–	(1,297)
Net cash provided by (used in) investing activities	19,807	(86,397)
Cash flows from financing activities		
Proceeds from exercise of share options	2,777	9,650
Proceeds from issuance of share acquisition rights	6,384	–
Purchase of treasury shares	(253)	(82)
Cash dividends paid	(32,529)	(46,383)
Payments of market change costs	–	(20,467)
Net cash provided by (used in) financing activities	(23,621)	(57,283)
Effect of exchange rate change on cash and cash equivalents	(751)	(985)
Net increase (decrease) in cash and cash equivalents	66,947	406,305
Cash and cash equivalents at beginning of period	775,447	842,394
Cash and cash equivalents at end of period	842,394	1,248,700