

# Translation

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## Summary of Non-Consolidated Financial Results for the Six Months Ended July 31, 2019 (Based on Japanese GAAP)

September 11, 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 to file Quarterly Securities Report: September 11, 2019  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Non-consolidated financial results for the six months ended July 31, 2019 (from February 1, 2019 to July 31, 2019)

#### (1) Non-consolidated operating results (cumulative)

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	%
Six months ended July 31, 2019	3,325	4.2	255	4.0	264	5.6	182	5.4
Six months ended July 31, 2018	3,192	45.5	245	18.9	250	22.0	172	22.5

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2019	27.32		26.63	
Six months ended July 31, 2018	26.14		25.53	

#### (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2019	2,590	1,559	60.0
As of January 31, 2019	2,218	1,412	63.4

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended January 31, 2019	–	0.00	–	14.00	14.00
Year ending January 31, 2020	–	0.00	–	–	–
Year ending January 31, 2020 (Forecast)	–	–	–	7.00	7.00

### 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
Full year	5,925	8.6	455	20.7	448	17.5	310	16.6	46.19

#### 4. Notes

(1) Application of special accounting methods for preparing quarterly non-consolidated financial statements: No

(2) 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

(3) Number of issued shares (common shares)

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

As of July 31, 2019	⋮	6,752,200 shares	As of January 31, 2019	⋮	6,626,400 shares
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Number of treasury shares at the end of the period

As of July 31, 2019	⋮	146 shares	As of January 31, 2019	⋮	146 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended July 31, 2019	⋮	6,669,644 shares	Six months ended July 31, 2018	⋮	6,610,594 shares
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**Quarterly non-consolidated financial statements**  
**Non-consolidated balance sheets**

(Thousands of yen)

	As of January 31, 2019	As of July 31, 2019
Assets		
Current assets		
Cash and deposits	842,394	797,563
Accounts receivable - trade	801,918	1,036,018
Merchandise	280,269	388,643
Work in process	5,347	11,159
Other	120,766	188,088
Allowance for doubtful accounts	(2,844)	(3,672)
Total current assets	2,047,852	2,417,801
Non-current assets		
Property, plant and equipment	66,007	73,887
Intangible assets	6,401	5,074
Investments and other assets		
Other	108,325	103,663
Allowance for doubtful accounts	(9,720)	(9,720)
Total investments and other assets	98,605	93,943
Total non-current assets	171,014	172,904
Total assets	2,218,866	2,590,705
Liabilities		
Current liabilities		
Accounts payable - trade	451,813	461,918
Income taxes payable	100,057	87,665
Advances received	168,119	408,151
Other	55,392	42,813
Total current liabilities	775,383	1,000,549
Non-current liabilities		
Other	30,755	30,755
Total non-current liabilities	30,755	30,755
Total liabilities	806,138	1,031,304
Net assets		
Shareholders' equity		
Capital stock	228,875	233,056
Capital surplus	255,875	260,056
Retained earnings	924,663	1,060,494
Treasury shares	(253)	(253)
Total shareholders' equity	1,409,161	1,553,353
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,672)	—
Total valuation and translation adjustments	(2,672)	—
Share acquisition rights	6,240	6,048
Total net assets	1,412,728	1,559,401
Total liabilities and net assets	2,218,866	2,590,705

# Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
Net sales	3,192,257	3,325,429
Cost of sales	2,693,189	2,808,232
Gross profit	499,068	517,196
Selling, general and administrative expenses	253,700	262,031
Operating profit	245,368	255,164
Non-operating income		
Interest income	730	18
Foreign exchange gains	—	5,047
Insurance premiums refunded cancellation	18,712	—
Subsidy income	2,600	4,628
Other	74	167
Total non-operating income	22,116	9,862
Non-operating expenses		
Interest expenses	56	64
Foreign exchange losses	16,273	—
Share issuance cost	105	631
Other	1,000	292
Total non-operating expenses	17,435	988
Ordinary profit	250,049	264,038
Extraordinary income		
Gain on reversal of share acquisition rights	144	192
Total extraordinary income	144	192
Profit before income taxes	250,193	264,230
Income taxes - current	82,127	80,039
Income taxes - deferred	(4,788)	1,977
Total income taxes	77,339	82,016
Profit	172,854	182,214

## Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2018	Six months ended July 31, 2019
Cash flows from operating activities		
Profit before income taxes	250,193	264,230
Depreciation	11,672	12,110
Amortization of goodwill	1,129	1,129
Share issuance cost	105	631
Surrender value of insurance	(18,712)	—
Increase (decrease) in allowance for doubtful accounts	1,000	827
Interest and dividend income	(730)	(18)
Interest expenses	56	64
Foreign exchange losses (gains)	(45)	(6,203)
Gain on reversal of share acquisition rights	(144)	(192)
Decrease (increase) in notes and accounts receivable - trade	238,068	(234,100)
Decrease (increase) in inventories	(22,250)	(114,185)
Decrease (increase) in advance payments	(41,679)	(44,407)
Decrease (increase) in accounts receivable - other	(12,629)	(2,318)
Increase (decrease) in notes and accounts payable - trade	(474,101)	10,105
Increase (decrease) in advances received	940	240,032
Increase (decrease) in accrued consumption taxes	(18,652)	5,240
Other, net	(9,330)	(27,380)
Subtotal	(95,108)	105,566
Interest and dividend income received	730	18
Interest expenses paid	(56)	(64)
Income taxes paid	(26,770)	(91,764)
Net cash provided by (used in) operating activities	(121,205)	13,756
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,850)	(19,045)
Proceeds from sales of property, plant and equipment	—	168
Purchase of intangible assets	(3,000)	—
Proceeds from cancellation of insurance funds	42,058	—
Net cash provided by (used in) investing activities	30,207	(18,877)
Cash flows from financing activities		
Proceeds from exercise of share options	1,989	7,730
Proceeds from issuance of share acquisition rights	6,384	—
Purchase of treasury shares	(68)	—
Cash dividends paid	(32,467)	(46,317)
Net cash provided by (used in) financing activities	(24,162)	(38,587)
Effect of exchange rate change on cash and cash equivalents	(2,198)	(1,121)
Net increase (decrease) in cash and cash equivalents	(117,358)	(44,830)
Cash and cash equivalents at beginning of period	775,447	842,394
Cash and cash equivalents at end of period	658,089	797,563