

Translation

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Summary of Non-Consolidated Financial Results for the Year Ended January 31, 2021 (Based on Japanese GAAP)

March 10, 2021

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 26, 2021
 Scheduled date to file Securities Report: April 27, 2021
 Scheduled date to commence dividend payments: April 27, 2021
 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, 2021 (from February 1, 2020 to January 31, 2021)

(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, 2021	5,982	0.8	607	33.1	631	40.0	422	29.7
Year ended January 31, 2020	5,932	8.7	456	21.0	451	18.4	325	22.5

	Earnings per share	Diluted earnings per share	Profit/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended January 31, 2021	31.21	30.53	22.3	20.1	10.1
Year ended January 31, 2020	24.25	23.80	21.0	18.1	7.7

(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, 2021	3,511	2,099	59.6	154.71
As of January 31, 2020	2,768	1,704	61.4	125.59

(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, 2021	606	(96)	(46)	1,712
Year ended January 31, 2020	550	(86)	(57)	1,248

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, 2020	—	0.00	—	7.00	7.00	47	14.4	3.0
Year ended January 31, 2021	—	0.00	—	3.50	3.50	47	11.2	2.5
Year ending January 31, 2022 (Forecast)	—	0.00	—	3.50	3.50		9.8	

3. Forecast of non-consolidated financial results for the year ending January 31, 2022 (from February 1, 2021 to January 31, 2022)

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, 2021	3,350	4.6	353	6.3	353	0.2	245	0.4	18.10
Full year	6,500	8.6	700	15.3	700	10.8	485	14.8	35.84

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, 2021	13,532,400 shares	As of January 31, 2020	13,522,800 shares
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Number of treasury shares at the end of the period

As of January 31, 2021	372 shares	As of January 31, 2020	372 shares
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Average number of shares during the period

Year ended January 31, 2021	13,531,179 shares	Year ended January 31, 2020	13,429,962 shares
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Non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2020	As of January 31, 2021
Assets		
Current assets		
Cash and deposits	1,248,700	1,712,044
Accounts receivable - trade	631,360	1,097,687
Merchandise	432,473	181,670
Work in process	4,291	1,712
Advance payments - trade	184,540	130,807
Prepaid expenses	21,673	19,615
Other	9,564	2,849
Allowance for doubtful accounts	(2,235)	(3,846)
Total current assets	2,530,369	3,142,540
Non-current assets		
Property, plant and equipment		
Buildings	31,386	31,386
Accumulated depreciation	(5,723)	(8,102)
Buildings, net	25,662	23,283
Tools, furniture and fixtures	132,291	147,701
Accumulated depreciation	(95,616)	(113,049)
Tools, furniture and fixtures, net	36,675	34,652
Total property, plant and equipment	62,338	57,935
Intangible assets		
Software	1,494	44,280
Other	12,634	2,528
Total intangible assets	14,129	46,809
Investments and other assets		
Investment securities	49,067	147,315
Distressed receivables	9,720	9,720
Long-term prepaid expenses	16,469	9,199
Insurance funds	24,602	30,956
Deferred tax assets	25,437	32,001
Other	45,801	44,308
Allowance for doubtful accounts	(9,720)	(9,720)
Total investments and other assets	161,377	263,781
Total non-current assets	237,845	368,526
Total assets	2,768,214	3,511,067

(Thousands of yen)

	As of January 31, 2020	As of January 31, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	420,820	494,372
Accounts payable - other	30,517	41,568
Accrued expenses	2,529	2,325
Income taxes payable	83,719	173,607
Accrued consumption taxes	31,175	70,614
Advances received	460,318	593,887
Deposits received	1,424	1,756
Unearned revenue	—	587
Other	2,608	2,042
Total current liabilities	1,033,113	1,380,762
Non-current liabilities		
Other	30,755	30,755
Total non-current liabilities	30,755	30,755
Total liabilities	1,063,868	1,411,517
Net assets		
Shareholders' equity		
Share capital	233,700	234,036
Capital surplus		
Legal capital surplus	220,700	221,036
Other capital surplus	40,000	40,000
Total capital surpluses	260,700	261,036
Retained earnings		
Other retained earnings		
Reserve for special depreciation	2,928	1,474
Retained earnings brought forward	1,201,057	1,577,551
Total retained earnings	1,203,985	1,579,026
Treasury shares	(336)	(336)
Total shareholders' equity	1,698,050	2,073,763
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	247	19,770
Deferred gains or losses on hedges	—	16
Total valuation and translation adjustments	247	19,786
Share acquisition rights	6,048	6,000
Total net assets	1,704,346	2,099,550
Total liabilities and net assets	2,768,214	3,511,067

Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended January 31, 2020	Fiscal year ended January 31, 2021
Net sales		
Net sales of goods	5,107,379	5,098,664
Service sales	825,476	883,970
Total net sales	5,932,856	5,982,634
Cost of sales		
Cost of goods sold	4,324,058	4,245,739
Cost of service sales	631,582	603,933
Total cost of sales	4,955,640	4,849,673
Gross profit	977,215	1,132,961
Selling, general and administrative expenses	521,044	525,752
Operating profit	456,170	607,209
Non-operating income		
Interest income	22	248
Foreign exchange gains	9,330	15,158
Subsidy income	7,134	9,331
Other	266	103
Total non-operating income	16,754	24,841
Non-operating expenses		
Interest expenses	64	—
Share issuance costs	—	107
Bad debts expenses	3	—
Market change costs	20,467	—
Other	1,022	0
Total non-operating expenses	21,558	108
Ordinary profit	451,367	631,942
Extraordinary income		
Gain on reversal of share acquisition rights	192	48
Total extraordinary income	192	48
Profit before income taxes	451,559	631,990
Income taxes - current	139,981	206,341
Income taxes - deferred	(14,128)	(15,296)
Income taxes for prior periods	—	18,576
Total income taxes	125,853	209,621
Profit	325,705	422,369

Non-consolidated statements of changes in equity

Fiscal year ended January 31, 2020

(Thousands of yen)

(Thousands of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholder s' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings		
					Reserve for special depreciati on	Retained earnings brought forward			
Balance at beginning of period	228,875	215,875	40,000	255,875	5,003	919,660	924,663	(253)	1,409,161
Changes 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 in items other than shareholders' equity									
Total changes during period	4,825	4,825	—	4,825	(2,075)	281,397	279,322	(82)	288,889
Balance at end of 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 period	—	(2,672)	(2,672)	6,240	1,412,728
Changes 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 in items other than shareholders' equity	247	2,672	2,920	(192)	2,728
Total changes during period	247	2,672	2,920	(192)	291,617
Balance at end of period	247	—	247	6,048	1,704,346

Fiscal year ended January 31, 2021

(Thousands of yen)

(Thousands of yen)

	Shareholders' equity								
	Share capital	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 period	233,700	220,700	40,000	260,700	2,928	1,201,057	1,203,985	(336)	1,698,050
Changes during period									
Issuance of new shares	336	336		336					672
Dividends of surplus						(47,328)	(47,328)		(47,328)
Reversal of reserve for special depreciation					(1,453)	1,453	—		—
Profit						422,369	422,369		422,369
Net changes in items other than shareholders' equity									
Total changes during period	336	336	—	336	(1,453)	376,494	375,040	—	375,712
Balance at end of period	234,036	221,036	40,000	261,036	1,474	1,577,551	1,579,026	(336)	2,073,763

	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 period	247	—	247	6,048	1,704,346
Changes during period					
Issuance of new shares					672
Dividends of surplus					(47,328)
Reversal of reserve for special depreciation					—
Profit					422,369
Net changes in items other than shareholders' equity	19,522	16	19,539	(48)	19,491
Total changes during period	19,522	16	19,539	(48)	395,203
Balance at end of period	19,770	16	19,786	6,000	2,099,550

Non-consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended January 31, 2020	Fiscal year ended January 31, 2021
Cash flows from operating activities		
Profit before income taxes	451,559	631,990
Depreciation	25,682	30,764
Amortization of goodwill	1,883	—
Market change costs	20,467	—
Share issuance costs	—	107
Bad debts expenses	3	—
Increase (decrease) in allowance for doubtful accounts	(609)	1,610
Interest and dividend income	(22)	(248)
Interest expenses	64	—
Foreign exchange losses (gains)	(4,217)	(76)
Gain on reversal of share acquisition rights	(192)	(48)
Decrease (increase) in trade receivables	170,557	(466,326)
Decrease (increase) in inventories	(151,148)	253,382
Decrease (increase) in advance payments - trade	(89,808)	53,732
Decrease (increase) in accounts receivable - other	3,477	6,146
Increase (decrease) in trade payables	(30,992)	73,551
Increase (decrease) in advances received	292,199	133,568
Increase (decrease) in accrued consumption taxes	21,435	39,439
Other, net	(3,636)	(13,596)
Subtotal	706,702	743,999
Interest and dividends received	22	248
Interest paid	(64)	—
Income taxes paid	(155,689)	(137,289)
Net cash provided by (used in) operating activities	550,971	606,958
Cash flows from investing activities		
Purchase of investment securities	(48,820)	(70,000)
Purchase of property, plant and equipment	(20,100)	(12,966)
Proceeds from sales of property, plant and equipment	168	—
Purchase of intangible assets	(10,030)	(7,491)
Purchase of insurance funds	(6,315)	(6,354)
Other, net	(1,297)	—
Net cash provided by (used in) investing activities	(86,397)	(96,812)
Cash flows from financing activities		
Proceeds from exercise of employee share options	9,650	564
Purchase of treasury shares	(82)	—
Dividends paid	(46,383)	(47,362)
Payments of market change costs	(20,467)	—
Net cash provided by (used in) financing activities	(57,283)	(46,798)
Effect of exchange rate change on cash and cash equivalents	(985)	(3)
Net increase (decrease) in cash and cash equivalents	406,305	463,344
Cash and cash equivalents at beginning of period	842,394	1,248,700
Cash and cash equivalents at end of period	1,248,700	1,712,044