

Translation

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Summary of Non-Consolidated Financial Results for the Six Months Ended July 31, 2020 (Based on Japanese GAAP)

September 9, 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 to file Quarterly Securities Report: September 9, 2020
 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, 2020 (from February 1, 2020 to July 31, 2020)

(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, 2020	3,202	(3.7)	332	30.2	352	33.4	244	34.0
Six months ended July 31, 2019	3,325	4.2	255	4.0	264	5.6	182	5.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended July 31, 2020	18.04		17.68	
Six months ended July 31, 2019	13.66		13.31	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of July 31, 2020	4,232	1,959	46.1
As of January 31, 2020	2,768	1,704	61.4

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, 2020	–	0.00	–	7.00	7.00
Year ending January 31, 2021	–	0.00	–	–	–
Year ending January 31, 2021 (Forecast)	–	–	–	3.50	3.50

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
Full year	6,200	4.5	568	24.5	588	30.3	407	25.0	30.07

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, 2020	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 July 31, 2020	372 shares	As of January 31, 2020	372 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, 2020	13,530,320 shares	Six months ended July 31, 2019	13,339,288 shares
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Quarterly non-consolidated financial statements
Non-consolidated balance sheets

(Thousands of yen)

	As of January 31, 2020	As of July 31, 2020
Assets		
Current assets		
Cash and deposits	1,248,700	1,867,863
Accounts receivable - trade	631,360	1,583,121
Merchandise	432,473	245,780
Work in process	4,291	2,727
Other	215,778	159,973
Allowance for doubtful accounts	(2,235)	(5,566)
Total current assets	2,530,369	3,853,899
Non-current assets		
Property, plant and equipment	62,338	58,949
Intangible assets	14,129	32,075
Investments and other assets		
Other	171,097	297,472
Allowance for doubtful accounts	(9,720)	(9,720)
Total investments and other assets	161,377	287,752
Total non-current assets	237,845	378,777
Total assets	2,768,214	4,232,676
Liabilities		
Current liabilities		
Accounts payable - trade	420,820	1,515,751
Income taxes payable	83,719	118,289
Advances received	460,318	496,104
Other	68,254	112,616
Total current liabilities	1,033,113	2,242,761
Non-current liabilities		
Other	30,755	30,755
Total non-current liabilities	30,755	30,755
Total liabilities	1,063,868	2,273,517
Net assets		
Shareholders' equity		
Share capital	233,700	234,036
Capital surplus	260,700	261,036
Retained earnings	1,203,985	1,400,747
Treasury shares	(336)	(336)
Total shareholders' equity	1,698,050	1,895,484
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	247	59,149
Deferred gains or losses on hedges	—	(1,474)
Total valuation and translation adjustments	247	57,675
Share acquisition rights	6,048	6,000
Total net assets	1,704,346	1,959,159
Total liabilities and net assets	2,768,214	4,232,676

Non-consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Net sales	3,325,429	3,202,548
Cost of sales	2,808,232	2,607,806
Gross profit	517,196	594,741
Selling, general and administrative expenses	262,031	262,523
Operating profit	255,164	332,218
Non-operating income		
Interest income	18	4
Foreign exchange gains	5,047	13,695
Subsidy income	4,628	6,418
Other	167	1
Total non-operating income	9,862	20,118
Non-operating expenses		
Interest expenses	64	—
Share issuance cost	631	92
Other	292	0
Total non-operating expenses	988	92
Ordinary profit	264,038	352,244
Extraordinary income		
Gain on reversal of share acquisition rights	192	48
Total extraordinary income	192	48
Profit before income taxes	264,230	352,292
Income taxes - current	80,039	109,404
Income taxes - deferred	1,977	(1,202)
Total income taxes	82,016	108,202
Profit	182,214	244,090

Non-consolidated statements of cash flows

(Thousands of yen)

	Six months ended July 31, 2019	Six months ended July 31, 2020
Cash flows from operating activities		
Profit before income taxes	264,230	352,292
Depreciation	12,110	12,369
Amortization of goodwill	1,129	—
Share issuance cost	631	92
Increase (decrease) in allowance for doubtful accounts	827	3,331
Interest and dividend income	(18)	(4)
Interest expenses	64	—
Foreign exchange losses (gains)	(6,203)	24,017
Gain on reversal of share acquisition rights	(192)	(48)
Decrease (increase) in trade receivables	(234,100)	(951,760)
Decrease (increase) in inventories	(114,185)	188,257
Decrease (increase) in advance payments - trade	(44,407)	57,416
Decrease (increase) in accounts receivable - other	(2,318)	772
Increase (decrease) in trade payables	10,105	1,094,931
Increase (decrease) in advances received	240,032	35,785
Increase (decrease) in accrued consumption taxes	5,240	19,897
Other, net	(27,380)	719
Subtotal	105,566	838,070
Interest and dividends received	18	4
Interest paid	(64)	—
Income taxes paid	(91,764)	(76,056)
Net cash provided by (used in) operating activities	13,756	762,018
Cash flows from investing activities		
Purchase of investment securities	—	(70,000)
Purchase of property, plant and equipment	(19,045)	(5,715)
Proceeds from sales of property, plant and equipment	168	—
Purchase of intangible assets	—	(20,466)
Net cash provided by (used in) investing activities	(18,877)	(96,181)
Cash flows from financing activities		
Proceeds from exercise of employee share options	7,730	579
Dividends paid	(46,317)	(47,340)
Net cash provided by (used in) financing activities	(38,587)	(46,761)
Effect of exchange rate change on cash and cash equivalents	(1,121)	86
Net increase (decrease) in cash and cash equivalents	(44,830)	619,162
Cash and cash equivalents at beginning of period	842,394	1,248,700
Cash and cash equivalents at end of period	797,563	1,867,863