August 7, 2019

Consolidated Financial Statements

For the First Quarter ended June 30, 2019

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 1

Code No.: 9880

URL: https://www.innotech.co.jp/

Headquarters: 3-17-6, Shinyokohama, Kouhoku-ku, Yokohama-shi 222-8580 JAPAN

TEL: 81-45-474-9000

President and CEO: Toshihiko Ono

U.S. Accounting Principle: Not adopted

(Amounts below one million are rounded down)

1. Consolidated Financial Highlights for the First Quarter ended June 30, 2019

(April 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results (% represents the change from the same period in the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2019	6,402	0.1	31	△ 83.1	34	△ 86.1	4	△ 97.4
First Quarter, FY2018	6,398	△ 7.6	188	109.5	250	158.0	156	111.5

[Note] Comprehensive income First Quarter, FY2019: 99 million yen (−%) First Quarter, FY2018: △33 million yen (−%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
First Quarter, FY2019	0.27	0.26
First Quarter, FY2018	9.15	8.77

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Quarter, FY2019	34,173	21,747	61.0
FY2018	32,880	21,915	63.9

[Reference] Net worth First Quarter, FY2019: 20,838 million yen FY2018: 21,009 million yen

2. Dividend Payment Results and Outlook

	Annual dividend per share Total				
	As of Q1-end	As of Q2-end	As of Q3-end	As of Fiscal Year-end	Full Year
	yen sen	yen sen	yen sen	yen sen	yen sen
FY2018	−	20.00	−	20.00	40.00
FY2019	−				
FY2019 (outlook)		20.00	−	20.00	40.00

[Note] Revision made in the forecast dividend as of the end of the current quarter: None

3. Consolidated Business Outlook for FY2019 (April 1, 2019 to March 31, 2020)

(% represents the change from the same period in the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2019	30,000	0.7	1,600	△ 18.2	1,750	△ 28.9	1,100	△ 26.3	74.89

[Note] Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: None

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the first quarter : None

(2) Application of peculiar methods for accounting procedures : None

(3) Changes in accounting procedures:

① Related to accounting standard revisions etc.	: None
② Other changes	: None
③ Changes in accounting estimates	: None
④ Modified restatements	: None

(4) Number of shares outstanding (common stock)

① Total outstanding shares including treasury shares as of:

June 30, 2019	15,700,000 shares	March 31, 2019	15,700,000 shares

② Outstanding treasury shares as of:

June 30, 2019	1,011,618 shares	March 31, 2019	1,011,618 shares

③ Average outstanding shares for the first quarter ended:

June 30, 2019	14,688,382 shares	June 30, 2018	17,088,770 shares

[Note] Information about quarterly review procedure execution:
This earnings release report is not subject to audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the audit procedures for the financial statements are in progress.

[Note] Request for appropriate use of the business outlook and other special remarks:
The information provided in this documentation includes forward looking statements based on current expectations, forecasts or beliefs. Such forward looking statements include a number of preliminary assumptions about future events that are subject to factors and uncertainties that could cause actual results to differ materially from those described in the forward looking statements.

Quarterly Consolidated Balance Sheet

（Unit: thousand yen）

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	4,498,187	5,584,215
Notes and accounts receivable - trade	7,428,417	6,510,882
Merchandise and finished goods	2,951,313	3,048,414
Work in process	495,908	712,215
Raw materials	475,322	438,690
Other	1,551,091	2,496,472
Allowance for doubtful accounts	—	△4,964
Total current assets	17,400,241	18,785,926
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,103,451	8,159,352
Accumulated depreciation	△4,457,036	△4,502,746
Buildings and structures, net	3,646,414	3,656,605
Land	5,721,345	5,721,345
Other	2,382,879	2,451,896
Accumulated depreciation	△1,379,734	△1,423,357
Other, net	1,003,145	1,028,538
Total property, plant and equipment	10,370,905	10,406,490
Intangible assets		
Goodwill	775,795	723,813
Other	713,800	788,283
Total intangible assets	1,489,596	1,512,096
Investments and other assets		
Investment securities	1,850,568	1,588,148
Other	1,769,557	1,880,680
Total investments and other assets	3,620,126	3,468,828
Total non-current assets	15,480,628	15,387,415
Total assets	32,880,869	34,173,341
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,637,306	1,510,618
Short-term borrowings	361,000	1,260,000
Current portion of long-term borrowings	366,664	366,664
Income taxes payable	433,645	128,116
Advances received	2,498,582	3,693,075
Provision for bonuses	281,151	303,775
Provision for bonuses for directors	—	100
Other	1,576,783	1,434,302
Total current liabilities	7,155,133	8,696,652
Non-current liabilities		
Bonds payable	2,200,000	2,200,000
Long-term borrowings	958,338	866,672
Provision for retirement benefits for directors	120,226	124,919
Retirement benefit liability	208,698	217,572
Other	323,009	320,366
Total non-current liabilities	3,810,272	3,729,530
Total liabilities	10,965,406	12,426,183
Net assets		
Shareholders' equity		
Share capital	10,517,159	10,517,159
Capital surplus	4,506,159	4,506,159
Retained earnings	7,261,876	7,017,564
Treasury shares	△1,268,187	△1,268,187
Total shareholders' equity	21,017,009	20,772,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	56,855	48,572
Deferred gains or losses on hedges	△30,307	△16,882
Foreign currency translation adjustment	△13,638	54,174
Remeasurements of defined benefit plans	△20,308	△19,581
Total accumulated other comprehensive income	△7,400	66,283
Share acquisition rights	278,663	278,494
Non-controlling interests	627,191	629,682
Total net assets	21,915,463	21,747,158
Total liabilities and net assets	32,880,869	34,173,341

Quarterly Consolidated Statement of Income

(Unit: thousand yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Net sales	6,398,612	6,402,761
Cost of sales	4,422,359	4,492,256
Gross profit	1,976,252	1,910,505
Selling, general and administrative expenses	1,787,592	1,878,552
Operating profit	188,660	31,952
Non-operating income		
Rental income from real estate	114,097	114,531
Other	31,993	27,745
Total non-operating income	146,090	142,276
Non-operating expenses		
Rental expenses on real estate	75,583	78,418
Foreign exchange losses	2,572	44,915
Other	6,318	16,027
Total non-operating expenses	84,473	139,362
Ordinary profit	250,277	34,867
Extraordinary income		
Gain on sales of non-current assets	885	—
Gain on reversal of share acquisition rights	—	168
Total extraordinary income	885	168
Profit before income taxes	251,163	35,036
Income taxes	87,114	14,557
Profit	164,048	20,478
Profit attributable to non-controlling interests	7,672	16,461
Profit attributable to owners of parent	156,375	4,016

Quarterly Consolidated Statement of Comprehensive Income

(Unit: thousand yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	164,048	20,478
Other comprehensive income		
Valuation difference on available-for-sale securities	△10,201	△8,282
Deferred gains or losses on hedges	△84,150	13,425
Foreign currency translation adjustment	△101,003	73,375
Remeasurements of defined benefit plans, net of tax	△1,972	727
Total other comprehensive income	△197,327	79,246
Comprehensive income	△33,279	99,724
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△38,402	77,700
Comprehensive income attributable to non-controlling interests	5,123	22,024