August 7, 2020

Consolidated Financial Statements

For the First Quarter ended June 30, 2020

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 Representative Director: 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, 2020

(April 1, 2020 to June 30, 2020)

(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, FY2020	6,782	5.9	88	177.9	201	478.8	83	—
First Quarter, FY2019	6,402	0.1	31	△ 83.1	34	△ 86.1	4	△ 97.4

[Note] Comprehensive income First Quarter, FY2020: △36 million yen (—%) First Quarter, FY2019: 99 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, FY2020	6.55	6.21
First Quarter, FY2019	0.27	0.26

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Quarter, FY2020	36,812	20,059	52.0
FY2019	34,967	20,418	55.5

[Reference] Net worth First Quarter, FY2020: 19,146 million yen FY2019: 19,416 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
FY2019	–	20.00	–	20.00	40.00
FY2020	–				
FY2020 (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 FY2020 (April 1, 2020 to March 31, 2021)

(% 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
FY2020	32,000	2.7	1,650	△ 1.2	1,800	△ 5.1	1,100	△ 5.9	86.60

[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
Newly — (Name of Company) — Exception — (Name of Company) —

(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, 2020	13,700,000 shares	March 31, 2020	13,700,000 shares

② Outstanding treasury shares as of:

June 30, 2020	997,418 shares	March 31, 2020	997,418 shares

③ Average outstanding shares for the first quarter ended:

June 30, 2020	12,702,582 shares	June 30, 2019	14,688,382 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, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	6,335,546	6,663,798
Notes and accounts receivable - trade	7,392,265	5,901,601
Merchandise and finished goods	2,762,420	3,444,094
Work in process	568,944	905,540
Raw materials	543,471	639,617
Other	1,645,145	2,470,458
Allowance for doubtful accounts	△4,373	△4,639
Total current assets	19,243,419	20,020,471
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,250,949	8,253,925
Accumulated depreciation	△4,643,051	△4,692,828
Buildings and structures, net	3,607,898	3,561,097
Land	5,877,882	5,877,882
Other	2,639,034	2,809,919
Accumulated depreciation	△1,559,156	△1,688,357
Other, net	1,079,878	1,121,561
Total property, plant and equipment	10,565,659	10,560,542
Intangible assets		
Goodwill	567,864	1,561,529
Other	804,490	786,162
Total intangible assets	1,372,355	2,347,692
Investments and other assets		
Investment securities	2,013,424	2,071,655
Other	1,772,160	1,812,322
Allowance for doubtful accounts	—	△45
Total investments and other assets	3,785,585	3,883,932
Total non-current assets	15,723,600	16,792,167
Total assets	34,967,020	36,812,639
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,408,485	2,217,630
Short-term borrowings	2,773,200	3,699,475
Current portion of long-term borrowings	566,664	788,834
Income taxes payable	341,797	161,727
Advances received	2,020,905	3,711,572
Provision for bonuses	261,110	298,414
Provision for bonuses for directors	—	629
Provision for loss on order received	—	21,875
Other	1,748,794	1,552,056
Total current liabilities	10,120,957	12,452,215
Non-current liabilities		
Bonds payable	2,200,000	2,200,000
Long-term borrowings	1,391,674	1,250,000
Provision for retirement benefits for directors	139,762	123,543
Retirement benefit liability	235,127	238,846
Other	460,824	488,948
Total non-current liabilities	4,427,389	4,301,338
Total liabilities	14,548,347	16,753,554
Net assets		
Shareholders' equity		
Share capital	10,517,159	10,517,159
Capital surplus	4,506,361	4,506,361
Retained earnings	5,580,009	5,409,199
Treasury shares	△1,148,593	△1,148,593
Total shareholders' equity	19,454,937	19,284,127
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,235	19,644
Deferred gains or losses on hedges	△48,060	△41,441
Foreign currency translation adjustment	23,971	△87,749
Remeasurements of defined benefit plans	△30,779	△27,648
Total accumulated other comprehensive income	△38,633	△137,195
Share acquisition rights	277,867	277,867
Non-controlling interests	724,500	634,283
Total net assets	20,418,673	20,059,084
Total liabilities and net assets	34,967,020	36,812,639

Quarterly Consolidated Statement of Income

（Unit: thousand yen）

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	6,402,761	6,782,231
Cost of sales	4,492,256	4,750,556
Gross profit	1,910,505	2,031,675
Selling, general and administrative expenses	1,878,552	1,942,862
Operating profit	31,952	88,812
Non-operating income		
Rental income from real estate	114,531	119,685
Gain on investments in investment partnerships	4,089	64,790
Other	23,655	40,954
Total non-operating income	142,276	225,431
Non-operating expenses		
Rental expenses on real estate	78,418	84,639
Foreign exchange losses	44,915	—
Other	16,027	27,784
Total non-operating expenses	139,362	112,423
Ordinary profit	34,867	201,819
Extraordinary income		
Gain on reversal of share acquisition rights	168	—
Total extraordinary income	168	—
Profit before income taxes	35,036	201,819
Income taxes	14,557	127,228
Profit	20,478	74,591
Profit (loss) attributable to non-controlling interests	16,461	△8,649
Profit attributable to owners of parent	4,016	83,241

Quarterly Consolidated Statement of Comprehensive Income

（Unit: thousand yen）

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	20,478	74,591
Other comprehensive income		
Valuation difference on available-for-sale securities	△8,282	3,408
Deferred gains or losses on hedges	13,425	6,618
Foreign currency translation adjustment	73,375	△124,251
Remeasurements of defined benefit plans, net of tax	727	3,130
Total other comprehensive income	79,246	△111,093
Comprehensive income	99,724	△36,502
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	77,700	△15,320
Comprehensive income attributable to non-controlling interests	22,024	△21,181