February 8, 2021

Consolidated Financial Statements

For the Third Quarter ended December 31, 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 Third Quarter ended December 31, 2020

(April 1, 2020 to December 31, 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	%
Third Quarter, FY2020	23,708	8.5	1,222	14.0	1,495	23.9	884	20.3
Third Quarter, FY2019	21,848	△ 2.3	1,072	△ 31.3	1,207	△ 39.3	735	△ 46.3

[Note] Comprehensive income Third Quarter, FY2020: 774 million yen (7.5%) Third Quarter, FY2019: 720 million yen (△46.2%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
Third Quarter, FY2020	69.59	65.98
Third Quarter, FY2019	50.13	47.86

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2020	39,855	20,620	49.3
FY2019	34,967	20,418	55.5

[Reference] Net worth Third Quarter, FY2020: 19,635 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	–	20.00	–		
FY2020 (outlook)				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
	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	86.50

[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 third 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:
December 31, 2020 13,700,000 shares March 31, 2020 13,700,000 shares
② Outstanding treasury shares as of:
December 31, 2020 982,718 shares March 31, 2020 997,418 shares
③ Average outstanding shares for the third quarter ended:
December 31, 2020 12,708,999 shares December 31, 2019 14,663,425 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 Sheets

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	6,335,546	6,922,947
Notes and accounts receivable - trade	7,392,265	8,612,226
Merchandise and finished goods	2,762,420	3,395,643
Work in process	568,944	1,046,452
Raw materials	543,471	808,580
Other	1,645,145	2,102,652
Allowance for doubtful accounts	△4,373	△5,339
Total current assets	19,243,419	22,883,163
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,250,949	8,473,185
Accumulated depreciation	△4,643,051	△4,799,208
Buildings and structures, net	3,607,898	3,673,977
Land	5,877,882	5,877,882
Other	2,639,034	2,991,047
Accumulated depreciation	△1,559,156	△1,828,905
Other, net	1,079,878	1,162,141
Total property, plant and equipment	10,565,659	10,714,001
Intangible assets		
Goodwill	567,864	1,431,070
Other	804,490	823,147
Total intangible assets	1,372,355	2,254,218
Investments and other assets		
Investment securities	2,013,424	2,035,818
Other	1,772,160	1,967,878
Allowance for doubtful accounts	－	△45
Total investments and other assets	3,785,585	4,003,651
Total non-current assets	15,723,600	16,971,871
Total assets	34,967,020	39,855,034

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,408,485	2,674,831
Short-term borrowings	2,773,200	5,538,711
Current portion of long-term borrowings	566,664	563,356
Income taxes payable	341,797	304,071
Provision for bonuses	261,110	410,762
Provision for bonuses for directors (and other officers)	—	27,795
Other	3,769,699	5,243,075
Total current liabilities	10,120,957	14,762,604
Non-current liabilities		
Bonds payable	2,200,000	2,200,000
Long-term borrowings	1,391,674	1,353,316
Provision for retirement benefits for directors (and other officers)	139,762	132,610
Retirement benefit liability	235,127	255,612
Other	460,824	529,968
Total non-current liabilities	4,427,389	4,471,507
Total liabilities	14,548,347	19,234,111
Net assets		
Shareholders' equity		
Share capital	10,517,159	10,517,159
Capital surplus	4,506,361	4,473,786
Retained earnings	5,580,009	5,956,125
Treasury shares	△1,148,593	△1,131,665
Total shareholders' equity	19,454,937	19,815,406
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,235	22,714
Deferred gains or losses on hedges	△48,060	△27,970
Foreign currency translation adjustment	23,971	△152,781
Remeasurements of defined benefit plans	△30,779	△21,387
Total accumulated other comprehensive income	△38,633	△179,424
Share acquisition rights	277,867	277,048
Non-controlling interests	724,500	707,892
Total net assets	20,418,673	20,620,923
Total liabilities and net assets	34,967,020	39,855,034

Quarterly Consolidated Statements of Income

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	21,848,336	23,708,507
Cost of sales	14,981,671	16,535,255
Gross profit	6,866,664	7,173,251
Selling, general and administrative expenses	5,794,085	5,950,261
Operating profit	1,072,578	1,222,989
Non-operating income		
Rental income from real estate	343,578	357,338
Subsidy income	999	128,463
Other	80,891	136,001
Total non-operating income	425,469	621,802
Non-operating expenses		
Rental expenses on real estate	234,489	253,699
Other	56,381	95,857
Total non-operating expenses	290,871	349,557
Ordinary profit	1,207,177	1,495,235
Extraordinary income		
Gain on reversal of share acquisition rights	168	168
Total extraordinary income	168	168
Profit before income taxes	1,207,346	1,495,404
Income taxes	392,182	559,845
Profit	815,164	935,558
Profit attributable to non-controlling interests	80,022	51,085
Profit attributable to owners of parent	735,141	884,473

Quarterly Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	815,164	935,558
Other comprehensive income		
Valuation difference on available-for-sale securities	10,326	6,479
Deferred gains or losses on hedges	11,518	20,089
Foreign currency translation adjustment	△118,259	△196,718
Remeasurements of defined benefit plans, net of tax	2,182	9,391
Total other comprehensive income	△94,231	△160,756
Comprehensive income	720,932	774,802
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	642,387	743,681
Comprehensive income attributable to non-controlling interests	78,545	31,120