May 11, 2021

Consolidated Financial Statements

Ended March 31, 2021

INNOTECH CORPORATION

Stock Listed: Tokyo Stock Exchange Section 1

Code No.: 9880

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President and Representative Director: Nobuyuki Otsuka

U.S. Accounting Principle: Not adopted

(Amounts below one million are rounded down)

1. Consolidated Financial Highlights for FY 2020 (April 1, 2020 to March 31, 2021)

(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	%
FY2020	32,536	4.4	1,954	17.0	2,460	29.8	1,534	31.3
FY2019	31,161	4.6	1,670	△ 14.6	1,896	△ 22.9	1,168	△ 21.7

[Note] Comprehensive income FY2020: 1,265 million yen (△0.7%) FY2019: 1,274 million yen (△6.9%)

	EPS	EPS, Diluted	ROE	ROA	Operating income to net sales
	yen sen	yen sen	%	%	%
FY2020	120.74	114.46	7.8	6.8	6.0
FY2019	80.99	77.26	5.8	5.6	5.4

[Reference] Equity in earnings (losses) of affiliated companies FY2020: 6 million yen FY2019: 4 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2020	37,680	21,127	53.3	1,578.17
FY2019	34,967	20,418	55.5	1,528.53

[Reference] Net worth FY2020: 20,094 million yen FY2019: 19,416 million yen

(3) Consolidated Cash Flows

	CF from operating activities	CF from investing activities	CF from financial activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
FY2020	836	△ 2,207	685	5,432
FY2019	3,116	△ 1,713	288	6,174

2. Dividend Payment Results and Outlook

	Annual dividend per share Total					Total amount of dividends paid/payable (full-year)	Dividend payout ratio (consolidated)	Rate of dividend to net assets (consolidated)
	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	million yen	%	%
FY2019	–	20.00	–	20.00	40.00	548	49.4	2.7
FY2020	–	20.00	–	30.00	50.00	636	41.4	3.2
FY2021 (outlook)	–	30.00	–	30.00	60.00		50.9	

3. Consolidated Business Outlook for FY2021 (April 1, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		EPS
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2021	34,000	4.5	2,300	17.7	2,400	△ 2.5	1,500	△ 2.3	117.81

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2020 : None
Newly — (Name of Company) — Exception — (Name of Company) —

(2) 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

(3) Number of shares outstanding (common stock)
① Total outstanding shares including treasury shares as of:
As of March 31, 2021: 13,700,000 shares As of March 31, 2020: 13,700,000 shares
② Outstanding treasury shares as of:
As of March 31, 2021: 967,318 shares As of March 31, 2020: 997,418 shares
③ Average outstanding shares for the quarter ended:
Year ended March 31, 2021: 12,712,304 shares Year ended March 31, 2020: 14,430,121 shares

(Reference) Summary of Non-consolidated Financial Results

Non-Consolidated Financial Highlights for FY2020 (April 1, 2020 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2020	14,780	14.9	792	–	1,752	146.2	1,375	120.4
FY2019	12,863	△ 12.1	50	△ 90.6	711	△ 56.1	624	△ 49.9

	EPS	EPS, Diluted
	yen sen	yen sen
FY2020	108.18	102.55
FY2019	43.25	41.26

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2020	28,552	16,800	57.9	1,298.04
FY2019	25,537	15,929	61.3	1,232.18

[Reference] Net worth FY2020: 16,527 million yen FY2019: 15,651 million yen

[Note] Information about audit 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.

Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	6,335,546	5,626,102
Notes and accounts receivable - trade	7,392,265	8,550,611
Merchandise and finished goods	2,762,420	3,063,070
Work in process	568,944	843,715
Raw materials	543,471	886,696
Other	1,645,145	1,511,271
Allowance for doubtful accounts	△4,373	△5,260
Total current assets	19,243,419	20,476,207
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,250,949	8,490,409
Accumulated depreciation	△4,643,051	△4,859,204
Buildings and structures, net	3,607,898	3,631,205
Machinery, equipment and vehicles	1,470,589	1,788,840
Accumulated depreciation	△825,760	△1,004,311
Machinery, equipment and vehicles, net	644,829	784,529
Land	5,877,882	5,877,882
Other	1,168,445	1,304,427
Accumulated depreciation	△733,396	△884,595
Other, net	435,048	419,831
Total property, plant and equipment	10,565,659	10,713,449
Intangible assets		
Goodwill	567,864	1,270,585
Other	804,490	953,886
Total intangible assets	1,372,355	2,224,472
Investments and other assets		
Investment securities	2,013,424	2,059,944
Deferred tax assets	266,177	388,295
Retirement benefit asset	212,503	412,674
Other	1,293,479	1,405,195
Allowance for doubtful accounts	－	△45
Total investments and other assets	3,785,585	4,266,064
Total non-current assets	15,723,600	17,203,986
Total assets	34,967,020	37,680,193

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,408,485	1,947,360
Short-term borrowings	2,773,200	4,590,106
Current portion of long-term borrowings	566,664	521,690
Income taxes payable	341,797	654,806
Advances received	2,020,905	2,393,416
Provision for bonuses	261,110	209,848
Other	1,748,794	1,866,509
Total current liabilities	10,120,957	12,183,738
Non-current liabilities		
Bonds payable	2,200,000	2,200,000
Long-term borrowings	1,391,674	1,233,312
Provision for retirement benefits for directors (and other officers)	139,762	137,148
Retirement benefit liability	235,127	260,216
Other	460,824	538,603
Total non-current liabilities	4,427,389	4,369,280
Total liabilities	14,548,347	16,553,018
Net assets		
Shareholders' equity		
Share capital	10,517,159	10,517,159
Capital surplus	4,506,361	4,468,928
Retained earnings	5,580,009	6,606,521
Treasury shares	△1,148,593	△1,113,930
Total shareholders' equity	19,454,937	20,478,678
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,235	43,782
Deferred gains or losses on hedges	△48,060	△89,184
Foreign currency translation adjustment	23,971	△337,861
Remeasurements of defined benefit plans	△30,779	△1,013
Total accumulated other comprehensive income	△38,633	△384,277
Share acquisition rights	277,867	273,336
Non-controlling interests	724,500	759,437
Total net assets	20,418,673	21,127,174
Total liabilities and net assets	34,967,020	37,680,193

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	31,161,788	32,536,419
Cost of sales	21,566,338	22,581,841
Gross profit	9,595,450	9,954,578
Selling, general and administrative expenses	7,925,072	8,000,221
Operating profit	1,670,377	1,954,356
Non-operating income		
Rental income from real estate	464,352	475,330
Subsidy income	1,099	159,305
Foreign exchange gains	—	154,312
Other	129,412	113,905
Total non-operating income	594,864	902,854
Non-operating expenses		
Rental expenses on real estate	302,656	334,131
Other	66,490	62,400
Total non-operating expenses	369,147	396,531
Ordinary profit	1,896,094	2,460,679
Extraordinary income		
Gain on sale of non-current assets	127	7,273
Other	168	168
Total extraordinary income	296	7,441
Extraordinary losses		
Loss on valuation of investment securities	—	10,080
Loss on sale of non-current assets	718	—
Total extraordinary losses	718	10,080
Profit before income taxes	1,895,671	2,458,041
Income taxes - current	510,467	881,705
Income taxes - deferred	90,236	△54,460
Total income taxes	600,704	827,244
Profit	1,294,967	1,630,796
Profit attributable to non-controlling interests	126,201	95,928
Profit attributable to owners of parent	1,168,765	1,534,868

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	1,294,967	1,630,796
Other comprehensive income		
Valuation difference on available-for-sale securities	△40,619	27,546
Deferred gains or losses on hedges	△17,752	△41,124
Foreign currency translation adjustment	48,261	△381,333
Remeasurements of defined benefit plans, net of tax	△10,470	29,765
Total other comprehensive income	△20,581	△365,144
Comprehensive income	1,274,385	1,265,652
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,137,532	1,189,223
Comprehensive income attributable to non-controlling interests	136,853	76,428

Consolidated Statements of Changes in Equity

FY2019 (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,517,159	4,506,159	7,261,876	△1,268,187	21,017,009
Changes during period					
Dividends of surplus			△587,767		△587,767
Profit attributable to owners of parent			1,168,765		1,168,765
Purchase of treasury shares				△2,201,137	△2,201,137
Disposal of treasury shares			△5,171	17,598	12,427
Cancellation of treasury shares			△2,303,132	2,303,132	—
Change in scope of consolidation			45,439		45,439
Change in ownership interest of parent due to transactions with non-controlling interests		201			201
Net changes in items other than shareholders' equity					
Total changes during period	—	201	△1,681,866	119,594	△1,562,071
Balance at end of period	10,517,159	4,506,361	5,580,009	△1,148,593	19,454,937

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated Other comprehensive income			
Balance at beginning of period	56,855	△30,307	△13,638	△20,308	△7,400	278,663	627,191	21,915,463
Changes during period								
Dividends of surplus								△587,767
Profit attributable to owners of parent								1,168,765
Purchase of treasury shares								△2,201,137
Disposal of treasury shares								12,427
Cancellation of treasury shares								—
Change in scope of consolidation								45,439
Change in ownership interest of parent due to transactions with non-controlling interests								201
Net changes in items other than shareholders' equity	△40,619	△17,752	37,609	△10,470	△31,232	△795	97,308	65,280
Total changes during period	△40,619	△17,752	37,609	△10,470	△31,232	△795	97,308	△1,496,790
Balance at end of period	16,235	△48,060	23,971	△30,779	△38,633	277,867	724,500	20,418,673

FY2020 (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,517,159	4,506,361	5,580,009	△1,148,593	19,454,937
Changes during period					
Dividends of surplus			△508,357		△508,357
Profit attributable to owners of parent			1,534,868		1,534,868
Disposal of treasury shares		△7,959		34,662	26,702
Capital increase of consolidated subsidiaries		△29,891			△29,891
Other		417			417
Net changes in items other than shareholders' equity					
Total changes during period	—	△37,432	1,026,511	34,662	1,023,740
Balance at end of period	10,517,159	4,468,928	6,606,521	△1,113,930	20,478,678

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	16,235	△48,060	23,971	△30,779	△38,633	277,867	724,500	20,418,673
Changes during period								
Dividends of surplus								△508,357
Profit attributable to owners of parent								1,534,868
Disposal of treasury shares								26,702
Capital increase of consolidated subsidiaries								△29,891
Other								417
Net changes in items other than shareholders' equity	27,546	△41,124	△361,833	29,765	△345,644	△4,530	34,936	△315,239
Total changes during period	27,546	△41,124	△361,833	29,765	△345,644	△4,530	34,936	708,501
Balance at end of period	43,782	△89,184	△337,861	△1,013	△384,277	273,336	759,437	21,127,174

Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	1,895,671	2,458,041
Depreciation	985,578	993,826
Amortization of goodwill	207,930	250,576
Increase (decrease) in allowance for doubtful accounts	4,373	932
Increase (decrease) in provision for bonuses	△24,483	△53,237
Increase (decrease) in retirement benefit liability	61,686	△132,596
Interest and dividend income	△13,696	△18,473
Loss (gain) on valuation of investment securities	—	10,080
Loss (gain) on investments in investment partnerships	△28,699	△19,363
Decrease (increase) in trade receivables	85,559	△1,060,877
Decrease (increase) in inventories and advance payments	240,378	△856,479
Increase (decrease) in trade payables	766,912	△494,026
Increase (decrease) in advances received	△482,799	342,002
Other, net	149,881	△100,108
Subtotal	3,848,293	1,320,296
Interest and dividends received	11,210	13,923
Interest paid	△13,046	△28,351
Income taxes paid	△729,815	△590,761
Income taxes refund	—	121,770
Net cash provided by (used in) operating activities	3,116,642	836,877
Cash flows from investing activities		
Payments into time deposits	△114,400	△35,200
Proceeds from withdrawal of time deposits	200,000	2,815
Purchase of property, plant and equipment	△678,752	△662,025
Purchase of intangible assets	△473,291	△377,086
Purchase of long-term prepaid expenses	△82,885	△134,731
Purchase of investment securities	△470,911	△80,120
Proceeds from distributions from investment partnerships	44,500	40,005
Purchase of insurance funds	△121,825	△123,447
Proceeds from cancellation of insurance funds	34,291	45,683
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△844,454
Other, net	△50,001	△38,969
Net cash provided by (used in) investing activities	△1,713,276	△2,207,530
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,409,200	1,801,706
Proceeds from long-term borrowings	1,000,000	373,312
Repayments of long-term borrowings	△366,664	△882,603
Purchase of treasury shares	△2,203,033	—
Dividends paid	△529,103	△618,094
Dividends paid to non-controlling interests	△22,166	△21,450
Proceeds from share issuance to non-controlling shareholders	—	24,568
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△1,019	—
Other, net	1,022	8,280
Net cash provided by (used in) financing activities	288,234	685,719
Effect of exchange rate change on cash and cash equivalents	△11,570	△56,803
Net increase (decrease) in cash and cash equivalents	1,680,029	△741,736
Cash and cash equivalents at beginning of period	4,288,463	6,174,541
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	206,047	—
Cash and cash equivalents at end of period	6,174,541	5,432,804