Consolidated Financial Statements
For the Six Months ended September 30, 2024 [Japanese GAAP]

November 8, 2024

Listed Company Name: INNOTECH CORPORATION
Stock Listed: Prime Market of the Tokyo Stock Exchange
Code No.: 9880
URL: https://www.innotech.co.jp/
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President and Representative Director: Nobuyuki Otsuka

(Amounts are rounded down to the nearest million yen.)

1. Consolidated Financial Highlights for the Six Months ended September 30, 2024

(April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six Months ended, FY2024	20,808	6.9	898	5.2	750	△ 37.8	459	△ 44.9
Six Months ended, FY2023	19,471	△ 1.5	854	△ 32.3	1,206	△ 21.0	833	△ 9.7

[Note] Comprehensive income Six Months ended, FY2024: 1,883 million yen (40.3%) Six Months ended, FY2023: 1,342 million yen (△24.4%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
Six Months ended, FY2024	34.12	33.96
Six Months ended, FY2023	62.75	61.79

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Six Months ended, FY2024	48,092	26,721	54.3
FY2023	47,833	25,322	51.6

[Reference] Net worth Six Months ended, FY2024: 26,094 million yen FY2023: 24,704 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
FY2023	-	35.00	-	35.00	70.00
FY2024	-	35.00			
FY2024 (outlook)			-	35.00	70.00

[Note] Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated Business Outlook for FY2024 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

	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
FY2024	41,500	0.3	1,800	△ 27.3	1,800	△ 37.5	1,350	△ 8.6	100.30

[Note] Revisions to the financial forecast most recently announced: Yes

Notes to Consolidated Financial Statements

(1) Significant changes in the scope of consolidation during the period : 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. : Yes
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:
September 30, 2024 13,700,000 shares March 31, 2024 13,700,000 shares
② Outstanding treasury shares as of:
September 30, 2024 240,314 shares March 31, 2024 241,614 shares
③ Average outstanding shares for the six months ended:
September 30, 2024 13,456,703 shares September 30, 2023 13,278,787 shares

[Note] The number of treasury shares at the end of the period includes the Company's stock held by trust accounts of ESOP (42,000 shares as of September 30, 2024; 42,000 shares as of March 31, 2024). Also, the Company's stock held by trust accounts is included in treasury shares that are deducted in the calculation of the average number of shares during the period (42,000 shares for the six months ended September 30, 2024; 42,000 shares for the six months ended September 30, 2023).

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* 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.

Semi-annual Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	8,876,950	5,244,263
Notes and accounts receivable - trade, and contract assets	10,170,499	11,063,321
Merchandise and finished goods	5,485,515	6,070,551
Work in process	1,503,906	1,955,478
Raw materials	2,192,112	2,415,667
Other	2,077,892	2,251,412
Allowance for doubtful accounts	△1,592	—
Total current assets	30,305,285	29,000,695
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,823,759	8,900,230
Accumulated depreciation	△5,557,041	△5,688,289
Buildings and structures, net	3,266,718	3,211,940
Land	5,872,784	5,872,784
Other	4,959,695	5,362,093
Accumulated depreciation	△2,469,059	△2,823,900
Other, net	2,490,636	2,538,192
Total property, plant and equipment	11,630,139	11,622,918
Intangible assets		
Goodwill	817,981	742,405
Other	1,248,338	1,277,772
Total intangible assets	2,066,320	2,020,177
Investments and other assets		
Investment securities	1,479,596	2,931,208
Other	2,352,359	2,517,991
Total investments and other assets	3,831,955	5,449,199
Total non-current assets	17,528,415	19,092,295
Total assets	47,833,701	48,092,991

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,778,142	3,078,600
Short-term borrowings	9,479,991	8,516,286
Current portion of long-term borrowings	660,000	500,000
Income taxes payable	489,044	420,141
Advances received	4,142,390	4,738,655
Provision for bonuses	449,826	684,107
Provision for bonuses for directors (and other officers)	4,000	14,648
Other	2,257,576	1,461,019
Total current liabilities	20,260,971	19,413,460
Non-current liabilities		
Long-term borrowings	1,280,000	1,050,000
Provision for retirement benefits for directors (and other officers)	168,097	89,216
Provision for share awards	35,992	42,336
Retirement benefit liability	358,727	372,521
Other	407,601	403,921
Total non-current liabilities	2,250,418	1,957,995
Total liabilities	22,511,390	21,371,455
Net assets		
Shareholders' equity		
Share capital	10,517,159	10,517,159
Capital surplus	4,044,529	4,057,081
Retained earnings	9,242,163	9,228,739
Treasury shares	△275,721	△266,301
Total shareholders' equity	23,528,132	23,536,679
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	258,584	255,855
Deferred gains or losses on hedges	△85,861	△50,919
Foreign currency translation adjustment	864,545	2,221,778
Remeasurements of defined benefit plans	138,919	130,636
Total accumulated other comprehensive income	1,176,186	2,557,350
Share acquisition rights	21,730	21,730
Non-controlling interests	596,260	605,774
Total net assets	25,322,310	26,721,535
Total liabilities and net assets	47,833,701	48,092,991

Semi-annual Consolidated Statements of Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	19,471,374	20,808,441
Cost of sales	13,472,983	14,450,239
Gross profit	5,998,390	6,358,202
Selling, general and administrative expenses	5,143,990	5,459,348
Operating profit	854,399	898,854
Non-operating income		
Rental income from real estate	234,075	247,119
Foreign exchange gains	281,661	—
Other	100,545	49,740
Total non-operating income	616,282	296,860
Non-operating expenses		
Rental expenses on real estate	188,822	193,644
Foreign exchange losses	—	153,383
Other	75,185	97,727
Total non-operating expenses	264,008	444,755
Ordinary profit	1,206,673	750,959
Extraordinary income		
Gain on sale of non-current assets	1,612	579
Total extraordinary income	1,612	579
Profit before income taxes	1,208,286	751,539
Income taxes	345,498	276,505
Profit	862,788	475,033
Profit attributable to non-controlling interests	29,500	15,944
Profit attributable to owners of parent	833,287	459,089

Semi-annual Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	862,788	475,033
Other comprehensive income		
Valuation difference on available-for-sale securities	82,852	△2,728
Deferred gains or losses on hedges	50,327	34,942
Foreign currency translation adjustment	343,239	1,384,830
Remeasurements of defined benefit plans, net of tax	3,137	△8,283
Total other comprehensive income	479,556	1,408,761
Comprehensive income	1,342,344	1,883,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,300,507	1,840,253
Comprehensive income attributable to non-controlling interests	41,836	43,541

Semi-annual Consolidated Statements of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,208,286	751,539
Depreciation	634,250	679,499
Amortization of goodwill	118,309	115,440
Increase (decrease) in allowance for doubtful accounts	△391	△1,592
Increase (decrease) in provision for bonuses	164,114	208,228
Increase (decrease) in retirement benefit liability	△909	△19,324
Increase (decrease) in provision for share awards	8,656	6,344
Interest and dividend income	△17,888	△25,606
Interest expenses	44,078	60,248
Foreign exchange losses (gains)	△329,265	353,192
Loss (gain) on investments in investment partnerships	21,703	26,226
Decrease (increase) in trade receivables	△13,029	△635,653
Decrease (increase) in inventories and advance payments	△1,560,196	△979,031
Increase (decrease) in trade payables	△361,275	183,347
Increase (decrease) in advances received	2,094,278	535,717
Other, net	△869,771	△639,403
Subtotal	1,140,949	619,172
Interest and dividends received	17,997	28,233
Interest paid	△44,238	△66,832
Income taxes refund (paid)	△470,289	△407,863
Net cash provided by (used in) operating activities	644,419	172,710
Cash flows from investing activities		
Payments into time deposits	△147,440	△38
Proceeds from withdrawal of time deposits	—	22,050
Purchase of property, plant and equipment	△296,446	△263,190
Purchase of intangible assets	△268,926	△301,095
Purchase of long-term prepaid expenses	△27,243	△142,352
Purchase of investment securities	△60	△1,395,159
Net decrease (increase) in short-term loans receivable	—	△99,000
Proceeds from distributions from investment partnerships	—	434
Purchase of insurance funds	△16,400	△14,822
Proceeds from cancellation of insurance funds	120,778	24,863
Other, net	△1,582	150,894
Net cash provided by (used in) investing activities	△637,320	△2,017,416
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,334,874	△1,226,992
Proceeds from long-term borrowings	1,000,000	—
Repayments of long-term borrowings	△340,008	△390,000
Redemption of bonds	△1,200,000	—
Dividends paid	△459,657	△471,390
Dividends paid to non-controlling interests	△22,500	△28,350
Repayments to non-controlling shareholders	△306,826	—
Other, net	△4,589	△4,114
Net cash provided by (used in) financing activities	1,292	△2,120,847
Effect of exchange rate change on cash and cash equivalents	207,971	277,810
Net increase (decrease) in cash and cash equivalents	216,363	△3,687,742
Cash and cash equivalents at beginning of period	6,134,616	8,243,008
Cash and cash equivalents at end of period	6,350,979	4,555,265

(Segment Information)

I. Six Months ended, FY2023 (April 1, 2023 to September 30, 2023)

(Thousands of yen)

	Reportable segments				Reconciling items	Semi-annual consolidated financial statements
	Test Solution Business	Semiconductor Design-related Business	System and Service Business	Reportable segments		
Sales						
Testers	1,165,723	—	—	1,165,723	—	1,165,723
STAr Technologies	5,751,143	—	—	5,751,143	—	5,751,143
EDA and Others	—	4,199,466	—	4,199,466	—	4,199,466
Sanei Hytechs	—	2,054,432	—	2,054,432	—	2,054,432
MoDeCH	—	110,873	—	110,873	—	110,873
Embedded System and Others	—	—	1,402,919	1,402,919	—	1,402,919
IT Access	—	—	2,652,376	2,652,376	—	2,652,376
GAIO Technology	—	—	1,945,302	1,945,302	—	1,945,302
Regulus	—	—	189,135	189,135	—	189,135
Revenue from Contracts with Customers	6,916,867	6,364,772	6,189,734	19,471,374	—	19,471,374
Revenues from external customers	6,916,867	6,364,772	6,189,734	19,471,374	—	19,471,374
Transactions with other segments	—	746	18,862	19,609	△19,609	—
Net sales	6,916,867	6,365,519	6,208,596	19,490,983	△19,609	19,471,374
Operating profit (△loss)	△67,956	308,442	668,191	908,677	△54,277	854,399

II. Six Months ended, FY2024 (April 1, 2024 to September 30, 2024)

(Thousands of yen)

	Reportable segments				Reconciling items	Semi-annual consolidated financial statements
	Test Solution Business	Semiconductor Design-related Business	System and Service Business	Reportable segments		
Sales						
Testers	1,142,239	—	—	1,142,239	—	1,142,239
STAr Technologies	5,910,938	—	—	5,910,938	—	5,910,938
EDA and Others	—	4,587,786	—	4,587,786	—	4,587,786
Sanei Hytechs	—	1,922,246	—	1,922,246	—	1,922,246
MoDeCH	—	112,649	—	112,649	—	112,649
Embedded System and Others	—	—	1,671,259	1,671,259	—	1,671,259
IT Access	—	—	2,827,062	2,827,062	—	2,827,062
GAIO Technology	—	—	2,413,665	2,413,665	—	2,413,665
Regulus	—	—	220,594	220,594	—	220,594
Revenue from Contracts with Customers	7,053,177	6,622,682	7,132,581	20,808,441	—	20,808,441
Revenues from external customers	7,053,177	6,622,682	7,132,581	20,808,441	—	20,808,441
Transactions with other segments	—	77	10,739	10,816	△10,816	—
Net sales	7,053,177	6,622,759	7,143,320	20,819,258	△10,816	20,808,441
Operating profit (△loss)	△410,031	287,363	1,064,562	941,894	△43,039	898,854

* Matters related to changes in reportable segments, etc.

From the interim fiscal year under review, we reviewed methods for allocating corporate expenses in order to more suitably manage the performances of reportable segments, changing the method for calculating Operating profit（△loss）by reportable segments.

The segment information of the interim fiscal year of the previous term, is disclosed based on the changed method.