

Consolidated Financial Statements

For the Third Quarter ended December 31, 2021

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: Nobuyuki Otsuka
 U.S. Accounting Principle: Not adopted

(Amounts below one million are rounded down)

1. Consolidated Financial Highlights for the Third Quarter ended December 31, 2021

(April 1, 2021 to December 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	%
Third Quarter, FY2021	27,954	17.9	2,311	89.0	2,643	76.8	1,949	120.5
Third Quarter, FY2020	23,708	8.5	1,222	14.0	1,495	23.9	884	20.3

[Note] Comprehensive income Third Quarter, FY2021: 2,513 million yen (224.5%) Third Quarter, FY2020: 774 million yen (7.5%)

	Profit attributable to owners of parent per share	Diluted profit attributable to owners of parent per share
	yen sen	yen sen
Third Quarter, FY2021	150.21	145.04
Third Quarter, FY2020	69.59	65.98

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2021	41,480	22,783	52.7
FY2020	37,680	21,127	53.3

[Reference] Net worth Third Quarter, FY2021: 21,871 million yen FY2020: 20,094 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
FY2020	-	20.00	-	30.00	50.00
FY2021	-	30.00	-		
FY2021 (outlook)				35.00	65.00

[Note] Revision made in the forecast dividend as of the end of the current quarter: Yes

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		Profit attributable to owners of parent per share	
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen	
FY2021	37,000	13.7	2,600	33.0	2,900	17.9	2,100	36.8		160.21

[Note] Change made in figures of the consolidated business outlook as of the end of the current quarter from the previous announcement: Yes

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. : Yes
② Other changes : None
③ Changes in accounting estimates : None
④ Modified restatements : None

(4) Number of shares outstanding (common shares)

① Total outstanding shares including treasury shares as of:				
December 31, 2021	13,700,000 shares	March 31, 2021		13,700,000 shares
② Outstanding treasury shares as of:				
December 31, 2021	591,818 shares	March 31, 2021		967,318 shares
③ Average outstanding shares for the third quarter ended:				
December 31, 2021	12,981,312 shares	December 31, 2020		12,708,999 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, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	5,626,102	5,731,107
Notes and accounts receivable - trade	8,550,611	—
Notes and accounts receivable - trade, and contract assets	—	11,245,378
Merchandise and finished goods	3,063,070	2,941,430
Work in process	843,715	1,056,219
Raw materials	886,696	1,320,058
Other	1,511,271	1,947,800
Allowance for doubtful accounts	△5,260	△5,573
Total current assets	20,476,207	24,236,421
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,490,409	8,534,133
Accumulated depreciation	△4,859,204	△5,018,141
Buildings and structures, net	3,631,205	3,515,992
Land	5,877,882	5,832,882
Other	3,093,267	3,645,476
Accumulated depreciation	△1,888,906	△2,222,740
Other, net	1,204,360	1,422,735
Total property, plant and equipment	10,713,449	10,771,611
Intangible assets		
Goodwill	1,270,585	1,246,425
Other	953,886	1,130,398
Total intangible assets	2,224,472	2,376,824
Investments and other assets		
Investment securities	2,059,944	1,753,916
Other	2,206,165	2,341,521
Allowance for doubtful accounts	△45	—
Total investments and other assets	4,266,064	4,095,438
Total non-current assets	17,203,986	17,243,873
Total assets	37,680,193	41,480,295

(Thousands of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,947,360	1,803,011
Short-term borrowings	4,590,106	5,687,052
Current portion of long-term borrowings	521,690	480,016
Income taxes payable	654,806	417,278
Provision for bonuses	209,848	527,907
Provision for bonuses for directors (and other officers)	—	53,404
Other	4,259,926	5,724,981
Total current liabilities	12,183,738	14,693,651
Non-current liabilities		
Bonds payable	2,200,000	2,200,000
Long-term borrowings	1,233,312	873,300
Provision for retirement benefits for directors (and other officers)	137,148	150,807
Retirement benefit liability	260,216	276,537
Other	538,603	502,359
Total non-current liabilities	4,369,280	4,003,004
Total liabilities	16,553,018	18,696,655
Net assets		
Shareholders' equity		
Share capital	10,517,159	10,517,159
Capital surplus	4,468,928	4,228,916
Retained earnings	6,606,521	7,706,201
Treasury shares	△1,113,930	△681,517
Total shareholders' equity	20,478,678	21,770,759
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,782	59,711
Deferred gains or losses on hedges	△89,184	△50,511
Foreign currency translation adjustment	△337,861	92,213
Remeasurements of defined benefit plans	△1,013	△690
Total accumulated other comprehensive income	△384,277	100,722
Share acquisition rights	273,336	128,849
Non-controlling interests	759,437	783,307
Total net assets	21,127,174	22,783,640
Total liabilities and net assets	37,680,193	41,480,295

Quarterly Consolidated Statements of Income

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	23,708,507	27,954,192
Cost of sales	16,535,255	19,378,326
Gross profit	7,173,251	8,575,865
Selling, general and administrative expenses	5,950,261	6,264,297
Operating profit	1,222,989	2,311,567
Non-operating income		
Rental income from real estate	357,338	343,282
Other	264,464	331,482
Total non-operating income	621,802	674,765
Non-operating expenses		
Rental expenses on real estate	253,699	245,617
Other	95,857	97,340
Total non-operating expenses	349,557	342,958
Ordinary profit	1,495,235	2,643,374
Extraordinary income		
Subsidy income	—	57,994
Other	168	8,402
Total extraordinary income	168	66,396
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	57,760
Other	—	7,331
Total extraordinary losses	—	65,091
Profit before income taxes	1,495,404	2,644,679
Income taxes	559,845	633,847
Profit	935,558	2,010,831
Profit attributable to non-controlling interests	51,085	60,965
Profit attributable to owners of parent	884,473	1,949,866

Quarterly Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	935,558	2,010,831
Other comprehensive income		
Valuation difference on available-for-sale securities	6,479	15,929
Deferred gains or losses on hedges	20,089	38,673
Foreign currency translation adjustment	△196,718	448,124
Remeasurements of defined benefit plans, net of tax	9,391	322
Total other comprehensive income	△160,756	503,050
Comprehensive income	774,802	2,513,881
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	743,681	2,434,867
Comprehensive income attributable to non-controlling interests	31,120	79,014