

Consolidated Financial Statements

Ended March 31, 2022

INNOTECH CORPORATION

Stock Listed: Prime Market of the Tokyo Stock Exchange
 Code No.: 9880
 URL: <https://www.innotech.co.jp/>
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 TEL: 81-45-474-9000 / FAX: 81-45-474-9089
 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 2021 (April 1, 2021 to March 31, 2022)

(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	%
FY2021	37,238	14.5	2,585	32.3	2,984	21.3	2,194	43.0
FY2020	32,536	4.4	1,954	17.0	2,460	29.8	1,534	31.3

[Note] Comprehensive income FY2021: 2,894 million yen (128.7%) FY2020: 1,265 million yen (Δ0.7%)

	EPS	EPS, Diluted	ROE	ROA	Operating income to net sales
	yen sen	yen sen	%	%	%
FY2021	168.65	163.21	10.4	7.6	6.9
FY2020	120.74	114.46	7.8	6.8	6.0

[Reference] Equity in earnings (losses) of affiliated companies FY2021: 1 million yen FY2020: 6 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2021	40,541	23,167	54.8	1,694.65
FY2020	37,680	21,127	53.3	1,578.17

[Reference] Net worth FY2021: 22,213 million yen FY2020: 20,094 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
FY2021	2,741	Δ 1,150	Δ 900	6,480
FY2020	836	Δ 2,207	685	5,432

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	%	%
FY2020	-	20.00	-	30.00	50.00	636	41.4	3.2
FY2021	-	30.00	-	35.00	65.00	852	38.5	4.0
FY2022 (outlook)	-	35.00	-	35.00	70.00		54.0	

3. Consolidated Business Outlook for FY2022 (April 1, 2022 to March 31, 2023)

(% 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
FY2022	39,000	4.7	2,650	2.5	2,700	Δ 9.5	1,700	Δ 22.5	129.69

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during FY2021 : None
 Newly — (Name of Company) — Exception — (Name of Company) —

(2) 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

(3) Number of shares outstanding (common shares)

- ① Total outstanding shares including treasury shares as of:
 As of March 31, 2022: 13,700,000 shares As of March 31, 2021: 13,700,000 shares
 ② Outstanding treasury shares as of:
 As of March 31, 2022: 591,818 shares As of March 31, 2021: 967,318 shares
 ③ Average outstanding shares as of:
 Year ended March 31, 2022: 13,012,595 shares Year ended March 31, 2021: 12,712,304 shares

(Reference) Summary of Non-consolidated Financial Results

Non-Consolidated Financial Highlights for FY2021 (April 1, 2021 to March 31, 2022)

(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	%
FY2021	17,218	16.5	1,233	55.6	2,265	29.3	1,788	30.0
FY2020	14,780	14.9	792	—	1,752	146.2	1,375	120.4

	EPS	EPS, Diluted
	yen sen	yen sen
FY2021	137.41	132.99
FY2020	108.18	102.55

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Shareholders' equity ratio	BPS
	million yen	million yen	%	yen sen
FY2021	29,105	17,852	60.9	1,352.10
FY2020	28,552	16,800	57.9	1,298.04

[Reference] Net worth FY2021: 17,723 million yen FY2020: 16,527 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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	5,626,102	6,664,498
Notes and accounts receivable - trade	8,550,611	—
Notes receivable - trade	—	241,344
Accounts receivable - trade	—	8,532,145
Contract assets	—	53,001
Merchandise and finished goods	3,063,070	3,491,775
Work in process	843,715	1,229,036
Raw materials	886,696	1,380,964
Other	1,511,271	1,602,755
Allowance for doubtful accounts	△5,260	△5,790
Total current assets	20,476,207	23,189,730
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,490,409	8,562,810
Accumulated depreciation	△4,859,204	△5,078,938
Buildings and structures, net	3,631,205	3,483,872
Machinery, equipment and vehicles	1,788,840	2,343,246
Accumulated depreciation	△1,004,311	△1,323,616
Machinery, equipment and vehicles, net	784,529	1,019,630
Land	5,877,882	5,832,882
Other	1,304,427	1,497,163
Accumulated depreciation	△884,595	△991,419
Other, net	419,831	505,743
Total property, plant and equipment	10,713,449	10,842,129
Intangible assets		
Goodwill	1,270,585	1,212,345
Other	953,886	1,211,707
Total intangible assets	2,224,472	2,424,053
Investments and other assets		
Investment securities	2,059,944	1,771,486
Deferred tax assets	388,295	420,163
Retirement benefit asset	412,674	345,110
Other	1,405,195	1,548,554
Allowance for doubtful accounts	△45	—
Total investments and other assets	4,266,064	4,085,315
Total non-current assets	17,203,986	17,351,497
Total assets	37,680,193	40,541,227

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,947,360	2,333,841
Short-term borrowings	4,590,106	5,169,227
Current portion of long-term borrowings	521,690	480,016
Income taxes payable	654,806	542,083
Advances received	2,393,416	2,563,282
Provision for bonuses	209,848	303,804
Provision for bonuses for directors (and other officers)	—	2,160
Other	1,866,509	2,217,823
Total current liabilities	12,183,738	13,612,239
Non-current liabilities		
Bonds payable	2,200,000	2,200,000
Long-term borrowings	1,233,312	753,296
Provision for retirement benefits for directors (and other officers)	137,148	155,362
Retirement benefit liability	260,216	267,859
Other	538,603	385,234
Total non-current liabilities	4,369,280	3,761,751
Total liabilities	16,553,018	17,373,991
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	7,950,878
Treasury shares	△1,113,930	△681,517
Total shareholders' equity	20,478,678	22,015,436
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,782	65,744
Deferred gains or losses on hedges	△89,184	△93,248
Foreign currency translation adjustment	△337,861	233,787
Remeasurements of defined benefit plans	△1,013	△7,886
Total accumulated other comprehensive income	△384,277	198,397
Share acquisition rights	273,336	128,849
Non-controlling interests	759,437	824,552
Total net assets	21,127,174	23,167,236
Total liabilities and net assets	37,680,193	40,541,227

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	32,536,419	37,238,244
Cost of sales	22,581,841	26,018,813
Gross profit	9,954,578	11,219,431
Selling, general and administrative expenses	8,000,221	8,634,056
Operating profit	1,954,356	2,585,374
Non-operating income		
Rental income from real estate	475,330	456,005
Subsidy income	159,305	149,721
Foreign exchange gains	154,312	216,279
Other	113,905	86,787
Total non-operating income	902,854	908,794
Non-operating expenses		
Rental expenses on real estate	334,131	325,753
Loss on investments in investment partnerships	8,171	122,898
Other	54,228	60,784
Total non-operating expenses	396,531	509,436
Ordinary profit	2,460,679	2,984,733
Extraordinary income		
Subsidy income	—	57,994
Other	7,441	14,876
Total extraordinary income	7,441	72,870
Extraordinary losses		
Loss on valuation of investment securities	10,080	15,916
Loss on tax purpose reduction entry of non-current assets	—	57,760
Other	—	7,516
Total extraordinary losses	10,080	81,193
Profit before income taxes	2,458,041	2,976,409
Income taxes - current	881,705	823,738
Income taxes - deferred	△54,460	△130,676
Total income taxes	827,244	693,061
Profit	1,630,796	2,283,347
Profit attributable to non-controlling interests	95,928	88,804
Profit attributable to owners of parent	1,534,868	2,194,543

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,630,796	2,283,347
Other comprehensive income		
Valuation difference on available-for-sale securities	27,546	21,962
Deferred gains or losses on hedges	△41,124	△4,063
Foreign currency translation adjustment	△381,333	599,805
Remeasurements of defined benefit plans, net of tax	29,765	△6,872
Total other comprehensive income	△365,144	610,831
Comprehensive income	1,265,652	2,894,179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,189,223	2,777,218
Comprehensive income attributable to non-controlling interests	76,428	116,961

Consolidated Statements of Changes in Equity

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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,517,159	4,468,928	6,606,521	△1,113,930	20,478,678
Cumulative effects of changes in accounting policies			△65,703		△65,703
Restated balance	10,517,159	4,468,928	6,540,817	△1,113,930	20,412,974
Changes during period					
Dividends of surplus			△775,225		△775,225
Profit attributable to owners of parent			2,194,543		2,194,543
Disposal of treasury shares		△240,011		432,413	192,401
Change in scope of equity method			△9,256		△9,256
Net changes in items other than shareholders' equity					
Total changes during period	—	△240,011	1,410,060	432,413	1,602,461
Balance at end of period	10,517,159	4,228,916	7,950,878	△681,517	22,015,436

	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	43,782	△89,184	△337,861	△1,013	△384,277	273,336	759,437	21,127,174
Cumulative effects of changes in accounting policies								△65,703
Restated balance	43,782	△89,184	△337,861	△1,013	△384,277	273,336	759,437	21,061,470
Changes during period								
Dividends of surplus								△775,225
Profit attributable to owners of parent								2,194,543
Disposal of treasury shares								192,401
Change in scope of equity method								△9,256
Net changes in items other than shareholders' equity	21,962	△4,063	571,649	△6,872	582,674	△144,486	65,115	503,303
Total changes during period	21,962	△4,063	571,649	△6,872	582,674	△144,486	65,115	2,105,765
Balance at end of period	65,744	△93,248	233,787	△7,886	198,397	128,849	824,552	23,167,236

Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,458,041	2,976,409
Depreciation	993,826	1,058,704
Amortization of goodwill	250,576	230,951
Increase (decrease) in allowance for doubtful accounts	932	483
Increase (decrease) in provision for bonuses	△53,237	77,235
Increase (decrease) in retirement benefit liability	△132,596	60,035
Interest and dividend income	△18,473	△19,864
Foreign exchange losses (gains)	△38,520	△239,869
Loss (gain) on investments in investment partnerships	△19,363	122,898
Loss (gain) on valuation of investment securities	10,080	15,916
Loss on tax purpose reduction entry of non-current assets	—	57,760
Decrease (increase) in trade receivables	△1,060,877	△49,503
Decrease (increase) in inventories and advance payments	△856,479	△949,673
Increase (decrease) in trade payables	△494,026	285,323
Increase (decrease) in advances received	342,002	125,149
Other, net	△61,588	△35,264
Subtotal	1,320,296	3,716,692
Interest and dividends received	13,923	19,724
Interest paid	△28,351	△32,590
Income taxes paid	△590,761	△976,954
Income taxes refund	121,770	14,999
Net cash provided by (used in) operating activities	836,877	2,741,872
Cash flows from investing activities		
Payments into time deposits	△35,200	—
Proceeds from withdrawal of time deposits	2,815	35,830
Purchase of property, plant and equipment	△662,025	△639,052
Purchase of intangible assets	△377,086	△639,794
Purchase of long-term prepaid expenses	△134,731	△215,673
Purchase of investment securities	△80,120	△100,120
Proceeds from sale of shares of subsidiaries and associates	—	41,070
Proceeds from distributions from investment partnerships	40,005	397,455
Purchase of insurance funds	△123,447	△118,898
Proceeds from cancellation of insurance funds	45,683	110,901
Payments for acquisition of businesses	—	△45,000
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△844,454	—
Other, net	△38,969	22,656
Net cash provided by (used in) investing activities	△2,207,530	△1,150,625
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,801,706	454,075
Proceeds from long-term borrowings	373,312	—
Repayments of long-term borrowings	△882,603	△521,690
Dividends paid	△618,094	△771,052
Dividends paid to non-controlling interests	△21,450	△75,639
Proceeds from share issuance to non-controlling shareholders	24,568	—
Other, net	8,280	14,239
Net cash provided by (used in) financing activities	685,719	△900,066
Effect of exchange rate change on cash and cash equivalents	△56,803	356,678
Net increase (decrease) in cash and cash equivalents	△741,736	1,047,857
Cash and cash equivalents at beginning of period	6,174,541	5,432,804
Cash and cash equivalents at end of period	5,432,804	6,480,661