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Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 [Japanese GAAP]

February 14, 2024

Company name: SAKATA INX CORPORATION
 Stock exchange listing: Tokyo
 Code number: 4633
 URL: <https://www.inx.co.jp/english/>
 Representative: Yoshiaki Ueno Representative Director, President & CEO
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Scheduled date of Annual General Meeting of Shareholders: March 27, 2024

Scheduled date of commencing dividend payments: March 28, 2024

Scheduled date of filing annual securities report: March 27, 2024

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	228,311	5.9	11,398	176.3	13,634	174.8	7,466	63.9
December 31, 2022	215,531	18.8	4,125	(44.4)	4,961	(41.7)	4,555	(7.7)

(Note) Comprehensive income: Fiscal year ended December 31, 2023: ¥ 14,487million [34.3%]

Fiscal year ended December 31, 2022: ¥ 10,783million [(15.9)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
December 31, 2023	149.22	-	8.1	7.3	5.0
December 31, 2022	85.52	-	5.3	2.9	1.9

(Note) Equity in earnings of affiliates: Fiscal year ended December 31, 2023: ¥ 1,750million

Fiscal year ended December 31, 2022: ¥ 997million

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2023	194,087	105,651	50.9	1,974.19
December 31, 2022	177,403	92,952	48.6	1,724.45

(Note) Equity: As of December 31, 2023: ¥ 98,797million

As of December 31, 2022: ¥ 86,272million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
December 31, 2023	15,372	(7,590)	(4,299)	16,218
December 31, 2022	4,945	(1,666)	(3,897)	11,721

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2022	-	15.00	-	15.00	30.00	1,500	35.1	1.9
December 31, 2023	-	15.00	-	20.00	35.00	1,751	23.5	1.9
Fiscal year ending December 31, 2024(Forecast)	-	20.00	-	20.00	40.00		24.5	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ended June 30, 2024	117,000	6.2	4,900	(2.9)	5,600	(12.9)	3,600	(5.6)	71.84
Full year	239,000	4.7	11,000	(3.5)	12,300	(9.8)	8,200	9.8	163.51

* Notes:

(1) Changes in significant subsidiaries during the period under review

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: Yes
- 4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 54,172,361shares
December 31, 2022: 54,172,361shares

2) Total number of treasury shares at the end of the period:

December 31, 2023: 4,127,549shares
December 31, 2022: 4,143,541shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2023: 50,039,895shares
Fiscal Year ended December 31, 2022: 53,264,337shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2023	68,097	3.0	649	21.5	3,372	4.1	2,266	(41.1)
December 31, 2022	66,142	0.3	534	(68.7)	3,239	(24.7)	3,846	13.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2023	45.29	-
December 31, 2022	72.21	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2023	97,193	53,424	55.0	1,067.52
December 31, 2022	93,939	51,607	54.9	1,031.56

(Note) Equity: As of December 31, 2023: ¥ 53,424million
As of December 31, 2022: ¥ 51,607million

*This consolidated financial results are not subject to audit procedures by Certified Public Accountants or audit firm.

*Explanation of appropriate use of financial forecasts and other special notes

The above financial forecasts are based on the current available information in the Company and certain reasonable assumption to the Company, and we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

*Supplementary information will be disclosed on TDnet on February 14, 2024 and will be uploaded on the Company's website.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of December 31,2022	As of December 31,2023
Assets		
Current assets		
Cash and deposits	12,120	17,013
Notes and accounts receivable - trade	53,862	59,397
Merchandise and finished goods	13,164	16,086
Work in process	1,514	1,450
Raw materials and supplies	18,669	14,506
Other	2,394	2,766
Allowance for doubtful accounts	(575)	(663)
Total current assets	101,150	110,557
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,858	19,892
Machinery, equipment and vehicles, net	10,391	10,684
Land	9,816	9,817
Leased assets, net	231	256
Construction in progress	3,814	2,223
Other, net	4,273	4,201
Total property, plant and equipment	48,385	47,075
Intangible assets		
Goodwill	441	386
Other	1,901	3,518
Total intangible assets	2,342	3,904
Investments and other assets		
Investment securities	23,942	30,118
Long-term loans receivable	32	28
Retirement benefit asset	19	339
Deferred tax assets	843	1,208
Other	1,696	1,735
Allowance for doubtful accounts	(1,010)	(880)
Total investments and other assets	25,524	32,549
Total non-current assets	76,252	83,529
Total assets	177,403	194,087

(Million yen)

	As of December 31,2022	As of December 31,2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,121	25,578
Electronically recorded obligations - operating	14,316	14,030
Short-term loans payable	11,046	8,354
Current portion of long-term loans payable	1,979	3,415
Lease obligations	647	696
Accrued expenses	4,656	5,623
Income taxes payable	524	839
Provision for bonuses	547	663
Other	2,303	2,607
Total current liabilities	59,143	61,811
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term loans payable	11,244	11,285
Lease obligations	1,337	1,151
Deferred tax liabilities	3,554	4,353
Retirement benefit liability	4,869	5,040
Asset retirement obligations	74	76
Other	3,226	3,717
Total non-current liabilities	25,307	26,624
Total liabilities	84,450	88,435
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,672	5,673
Retained earnings	71,729	77,740
Treasury shares	(4,015)	(3,999)
Total shareholders' equity	80,859	86,886
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,111	2,151
Deferred gains or losses on hedges	(0)	2
Foreign currency translation adjustment	5,010	10,169
Remeasurements of defined benefit plans	(709)	(411)
Total accumulated other comprehensive income	5,412	11,911
Non-controlling interests	6,680	6,853
Total net assets	92,952	105,651
Total liabilities and net assets	177,403	194,087

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended December 31,2022	For the fiscal year ended December 31,2023
Net sales	215,531	228,311
Cost of sales	176,312	177,985
Gross profit	39,218	50,326
Selling, general and administrative expenses	35,093	38,928
Operating income	4,125	11,398
Non-operating income		
Interest income	65	207
Dividend income	235	137
Foreign exchange gains	-	415
Real estate rent	180	180
Equity in earnings of affiliates	997	1,750
Other	347	504
Total non-operating income	1,825	3,197
Non-operating expenses		
Interest expenses	531	767
Foreign exchange losses	250	-
Commission expenses	100	-
Other	107	193
Total non-operating expenses	990	960
Ordinary income	4,961	13,634
Extraordinary income		
Gain on sales of investment securities	1,442	38
Subsidy income	100	100
Gain on sale of businesses	-	415
Total extraordinary income	1,542	553
Extraordinary losses		
Loss on sales of non-current assets	-	54
Loss on retirement of non-current assets	218	-
Impairment loss	-	2,742
Loss on valuation of shares of subsidiaries and associates	-	280
Total extraordinary losses	218	3,077
Income before income taxes	6,284	11,111
Income taxes - current	1,856	3,739
Income taxes - deferred	(508)	(141)
Total income taxes	1,348	3,597
Net income	4,935	7,513
Net income attributable to non-controlling interests	380	46
Net income attributable to owners of parent	4,555	7,466

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31,2022	For the fiscal year ended December 31,2023
Net income	4,935	7,513
Other comprehensive income		
Valuation difference on available-for-sale securities	(953)	1,087
Deferred gains or losses on hedges	2	2
Foreign currency translation adjustment	5,487	4,248
Remeasurements of defined benefit plans, net of tax	(473)	310
Share of other comprehensive income of affiliates accounted for using equity method	1,784	1,325
Total other comprehensive income	5,847	6,974
Comprehensive income	10,783	14,487
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,692	13,966
Comprehensive income attributable to non-controlling interests	1,091	521

Consolidated Statements of Changes in Net Assets
For the fiscal year ended December 31,2022

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,472	5,675	76,967	(4,010)	86,104
Changes of items during the period					
Dividends of surplus			(1,626)		(1,626)
Net income attributable to owners of parent			4,555		4,555
Purchase of treasury shares				(8,193)	(8,193)
Disposal of treasury shares		(0)		20	20
Cancellation of treasury shares		(8,167)		8,167	-
Transfer from retained earnings to capital surplus		8,165	(8,165)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(2)	(5,237)	(4)	(5,244)
Balance at end of current period	7,472	5,672	71,729	(4,015)	80,859

	Accumulated other comprehensive income					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 current period	2,106	(2)	(1,606)	(222)	275	6,085	92,465
Changes of items during the period							
Dividends of surplus							(1,626)
Net income attributable to owners of parent							4,555
Purchase of treasury shares							(8,193)
Disposal of treasury shares							20
Cancellation of treasury shares							-
Transfer from retained earnings to capital surplus							-
Net changes of items other than shareholders' equity	(994)	2	6,616	(487)	5,136	595	5,732
Total changes of items during period	(994)	2	6,616	(487)	5,136	595	487
Balance at end of current period	1,111	(0)	5,010	(709)	5,412	6,680	92,952

For the fiscal year ended December 31, 2023

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,472	5,672	71,729	(4,015)	80,859
Changes of items during the period					
Dividends of surplus			(1,501)		(1,501)
Net income attributable to owners of parent			7,466		7,466
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		15	16
Change in scope of consolidation			(2)		(2)
Change of scope of consolidation in entities accounted for using equity method			47		47
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	6,010	15	6,026
Balance at end of current period	7,472	5,673	77,740	(3,999)	86,886

	Accumulated other comprehensive income					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 current period	1,111	(0)	5,010	(709)	5,412	6,680	92,952
Changes of items during the period							
Dividends of surplus							(1,501)
Net income attributable to owners of parent							7,466
Purchase of treasury shares							(0)
Disposal of treasury shares							16
Change in scope of consolidation							(2)
Change of scope of consolidation in entities accounted for using equity method							47
Net changes of items other than shareholders' equity	1,039	2	5,158	298	6,499	173	6,672
Total changes of items during period	1,039	2	5,158	298	6,499	173	12,698
Balance at end of current period	2,151	2	10,169	(411)	11,911	6,853	105,651

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31,2022	For the fiscal year ended December 31,2023
Cash flows from operating activities		
Income before income taxes	6,284	11,111
Depreciation and amortization	4,799	4,868
Amortization of goodwill	107	118
Increase (decrease) in allowance for doubtful accounts	(57)	(103)
Decrease (increase) in retirement benefit asset	784	(320)
Increase (decrease) in retirement benefit liability	(82)	181
Increase (decrease) in provision for bonuses	(66)	111
Loss (gain) on sales of non-current assets	-	54
Impairment loss	-	2,742
Loss on valuation of shares of subsidiaries and associates	-	280
Interest and dividend income	(301)	(345)
Interest expenses	531	767
Equity in (earnings) losses of affiliates	(997)	(1,750)
Loss (gain) on sales of investment securities	(1,442)	(38)
Loss on retirement of non-current assets	218	-
Subsidy income	(100)	(100)
Loss (gain) on sale of businesses	-	(415)
Decrease (increase) in notes and accounts receivable - trade	(860)	(3,404)
Decrease (increase) in inventories	(1,241)	3,027
Increase (decrease) in notes and accounts payable - trade including electronically recorded obligations - operating	(1,175)	1,085
Other, net	345	126
Subtotal	6,747	17,997
Interest and dividend income received	645	693
Interest expenses paid	(550)	(758)
Proceeds from subsidy income	100	100
Income taxes paid	(1,997)	(2,659)
Net cash provided by (used in) operating activities	4,945	15,372
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,817)	(4,269)
Proceeds from sales of property, plant and equipment	58	249
Purchase of intangible assets	(1,643)	(1,744)
Purchase of investment securities	(368)	(1,933)
Proceeds from sales of investment securities	4,628	46
Payments of loans receivable	(23)	(57)
Collection of loans receivable	77	65
Proceeds from sale of businesses	-	415
Other, net	423	(363)
Net cash provided by (used in) investing activities	(1,666)	(7,590)

(Million yen)

	For the fiscal year ended December 31,2022	For the fiscal year ended December 31,2023
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,763	(3,305)
Proceeds from long-term loans payable	7,581	3,647
Repayments of long-term loans payable	(5,668)	(2,541)
Cash dividends paid	(1,626)	(1,501)
Dividends paid to non-controlling interests	(642)	(348)
Proceeds from share issuance to non-controlling shareholders	146	-
Purchase of treasury shares	(8,193)	(0)
Other, net	(256)	(250)
Net cash provided by (used in) financing activities	(3,897)	(4,299)
Effect of exchange rate change on cash and cash equivalents	225	1,002
Net increase (decrease) in cash and cash equivalents	(393)	4,485
Cash and cash equivalents at beginning of period	12,115	11,721
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	12
Cash and cash equivalents at end of period	11,721	16,218