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Consolidated Financial Results for the Year Ended December 31, 2019 [Japanese GAAP]

February 14, 2020

Company name: SAKATA INX CORPORATION
 Stock exchange listing: Tokyo
 Code number: 4633
 URL: <http://www.inx.co.jp/>
 Representative: Kotaro Morita Representative Director, President & CEO
 Contact: Daisuke Sugahara General Manager, Finance & Accounting Div.
 Phone: +81-6-6447-5823
 Scheduled date of Annual General Meeting of Shareholders: March 26, 2020
 Scheduled date of commencing dividend payments: March 27, 2020
 Scheduled date of filing annual securities report: March 26, 2020
 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, 2019 (January 1, 2019 to December 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2019	167,237	3.2	6,225	21.8	7,319	5.9	4,114	(12.3)
December 31, 2018	162,056	3.0	5,112	(40.4)	6,910	(38.6)	4,692	(44.0)

(Note) Comprehensive income: Fiscal year ended December 31, 2019: ¥ 5,339 million [605.7%]
 Fiscal year ended December 31, 2018: ¥ 756 million [(92.4)%]

	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
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2019	70.46	-	5.5	5.0	3.7
December 31, 2018	80.36	-	6.3	4.7	3.2

(Note) Equity in earnings of affiliates: Fiscal year ended December 31, 2019: ¥ 741 million
 Fiscal year ended December 31, 2018: ¥ 1,572 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2019	148,292	81,439	51.7	1,313.31
December 31, 2018	145,495	77,397	51.1	1,272.41

(Note) Equity: As of December 31, 2019: ¥ 76,696 million
 As of December 31, 2018: ¥ 74,307 million

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No.28, February 16, 2018) have been applied from the beginning of the first quarter of the current fiscal year. Consolidated financial position for the year ended December 31, 2018 was reclassified retrospectively in accordance with this accounting standard.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2019	9,819	(5,106)	(3,821)	9,361
December 31, 2018	5,239	(7,279)	(122)	6,788

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, 2018	-	15.00	-	15.00	30.00	1,751	37.3	2.3
December 31, 2019	-	15.00	-	15.00	30.00	1,751	42.6	2.3
Fiscal year ending December 31, 2020 (Forecast)	-	15.00	-	15.00	30.00		30.2	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020 to December 31, 2020)
(% 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, 2020	83,600	0.5	3,100	1.6	3,600	(3.2)	2,300	(3.6)	39.38
Full year	171,000	2.2	7,500	20.5	8,800	20.2	5,800	40.9	99.32

* 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: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 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, 2019: 62,601,161 shares
- December 31, 2018: 62,601,161 shares
- 2) Total number of treasury shares at the end of the period:
- December 31, 2019: 4,202,237 shares
- December 31, 2018: 4,201,943 shares
- 3) Average number of shares during the period:
- Fiscal Year ended December 31, 2019: 58,399,069 shares
- Fiscal Year ended December 31, 2018: 58,399,431 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2019	65,521	(3.5)	1,134	(29.0)	3,326	(14.3)	2,696	(12.7)
December 31, 2018	67,865	1.3	1,597	(41.7)	3,880	(23.1)	3,087	(34.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2019	46.17	-
December 31, 2018	52.88	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2019	95,136	57,206	60.1	979.58
December 31, 2018	96,071	55,633	57.9	952.64

(Note) Equity: As of December 31, 2019: ¥ 57,206 million
As of December 31, 2018: ¥ 55,633 million

(Note)"Partial Amendments to Accounting Standard for Tax Effect Accounting"(Accounting Standards Board of Japan(ASBJ) Statement No.28, February 16, 2018) have been applied from the beginning of the first quarter of the current fiscal year. Financial position for the year ended December 31, 2018 was reclassified retrospectively in accordance with this accounting standard.

*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, 2020 and will be uploaded on the Company's website.

Consolidated Financial Statements

Consolidated Balance Sheets

(Million yen)

	As of December 31,2018	As of December 31,2019
Assets		
Current assets		
Cash and deposits	7,194	10,122
Notes and accounts receivable - trade	46,506	45,828
Merchandise and finished goods	9,759	11,480
Work in process	1,219	1,178
Raw materials and supplies	9,180	9,024
Other	2,378	1,943
Allowance for doubtful accounts	(453)	(513)
Total current assets	75,785	79,064
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,298	17,439
Machinery, equipment and vehicles, net	10,778	10,455
Land	8,795	8,831
Leased assets, net	703	445
Construction in progress	912	1,683
Other, net	443	2,317
Total property, plant and equipment	38,931	41,173
Intangible assets		
Goodwill	-	738
Other	590	344
Total intangible assets	590	1,083
Investments and other assets		
Investment securities	26,504	25,311
Long-term loans receivable	1,491	57
Retirement benefit asset	-	167
Deferred tax assets	272	339
Other	2,182	1,628
Allowance for doubtful accounts	(262)	(533)
Total investments and other assets	30,187	26,970
Total non-current assets	69,709	69,227
Total assets	145,495	148,292

(Million yen)

	As of December 31,2018	As of December 31,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,989	17,632
Electronically recorded obligations - operating	13,814	13,008
Short-term loans payable	9,059	6,010
Current portion of long-term loans payable	1,357	2,159
Lease obligations	225	249
Accrued expenses	3,182	3,639
Income taxes payable	179	566
Provision for bonuses	553	527
Other	2,870	2,521
Total current liabilities	49,233	46,317
Non-current liabilities		
Long-term loans payable	7,332	8,059
Lease obligations	348	505
Deferred tax liabilities	3,888	4,503
Retirement benefit liability	4,968	4,769
Asset retirement obligations	72	70
Other	2,254	2,627
Total non-current liabilities	18,864	20,535
Total liabilities	68,097	66,852
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,672	5,672
Retained earnings	68,430	70,396
Treasury shares	(4,047)	(4,047)
Total shareholders' equity	77,528	79,494
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,713	3,329
Deferred gains or losses on hedges	4	0
Foreign currency translation adjustment	(4,549)	(5,050)
Remeasurements of defined benefit plans	(1,389)	(1,078)
Total accumulated other comprehensive income	(3,220)	(2,798)
Non-controlling interests	3,090	4,743
Total net assets	77,397	81,439
Total liabilities and net assets	145,495	148,292

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended December 31,2018	For the fiscal year ended December 31,2019
Net sales	162,056	167,237
Cost of sales	128,824	131,507
Gross profit	33,232	35,730
Selling, general and administrative expenses	28,120	29,504
Operating income	5,112	6,225
Non-operating income		
Interest income	58	78
Dividend income	311	330
Real estate rent	204	194
Equity in earnings of affiliates	1,572	741
Other	330	349
Total non-operating income	2,476	1,693
Non-operating expenses		
Interest expenses	266	305
Foreign exchange losses	239	109
Other	172	186
Total non-operating expenses	678	600
Ordinary income	6,910	7,319
Extraordinary income		
Gain on sales of investment securities	-	211
Insurance income	185	-
Subsidy income	100	100
Total extraordinary income	285	311
Extraordinary losses		
Impairment loss	-	190
Loss on retirement of property, plant and equipment	71	39
Loss on valuation of investment securities	-	2
Expense on restructuring of organization	-	216
Total extraordinary losses	71	448
Income before income taxes	7,125	7,181
Income taxes - current	1,731	2,039
Income taxes - deferred	424	387
Total income taxes	2,155	2,427
Net income	4,970	4,754
Net income attributable to non-controlling interests	277	639
Net income attributable to owners of parent	4,692	4,114

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31,2018	For the fiscal year ended December 31,2019
Net income	4,970	4,754
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,136)	647
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(1,595)	(307)
Remeasurements of defined benefit plans, net of tax	63	287
Share of other comprehensive income of affiliates accounted for using equity method	(545)	(42)
Total other comprehensive income	(4,213)	584
Comprehensive income	756	5,339
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	559	4,680
Comprehensive income attributable to non-controlling interests	196	658

Consolidated Statements of Changes in Net Assets
For the fiscal year ended December 31,2018

(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	65,638	(4,046)	74,737
Changes of items during the period					
Dividends of surplus			(1,810)		(1,810)
Net income attributable to owners of parent			4,692		4,692
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation in affiliates accounted for using equity method			(90)		(90)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,791	(0)	2,790
Balance at end of current period	7,472	5,672	68,430	(4,047)	77,528

	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	4,957	2	(2,611)	(1,434)	912	3,116	78,766
Changes of items during the period							
Dividends of surplus							(1,810)
Net income attributable to owners of parent							4,692
Purchase of treasury shares							(0)
Change of scope of consolidation in affiliates accounted for using equity method							(90)
Net changes of items other than shareholders' equity	(2,243)	2	(1,937)	45	(4,133)	(26)	(4,159)
Total changes of items during period	(2,243)	2	(1,937)	45	(4,133)	(26)	(1,368)
Balance at end of current period	2,713	4	(4,549)	(1,389)	(3,220)	3,090	77,397

For the fiscal year ended December 31,2019

(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	68,430	(4,047)	77,528
Changes of items during the period					
Dividends of surplus			(1,751)		(1,751)
Net income attributable to owners of parent			4,114		4,114
Purchase of treasury shares				(0)	(0)
Change of scope of consolidation in affiliates accounted for using equity method			(396)		(396)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,966	(0)	1,966
Balance at end of current period	7,472	5,672	70,396	(4,047)	79,494

	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	2,713	4	(4,549)	(1,389)	(3,220)	3,090	77,397
Changes of items during the period							
Dividends of surplus							(1,751)
Net income attributable to owners of parent							4,114
Purchase of treasury shares							(0)
Change of scope of consolidation in affiliates accounted for using equity method							(396)
Net changes of items other than shareholders' equity	615	(4)	(500)	311	421	1,653	2,075
Total changes of items during period	615	(4)	(500)	311	421	1,653	4,041
Balance at end of current period	3,329	0	(5,050)	(1,078)	(2,798)	4,743	81,439

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31,2018	For the fiscal year ended December 31,2019
Cash flows from operating activities		
Income before income taxes	7,125	7,181
Depreciation and amortization	4,036	4,340
Impairment loss	-	190
Amortization of goodwill	-	108
Increase (decrease) in allowance for doubtful accounts	(114)	267
Increase (decrease) in retirement benefit liability	202	179
Increase (decrease) in provision for bonuses	(89)	(25)
Interest and dividend income	(370)	(408)
Interest expenses	266	305
Equity in (earnings) losses of affiliates	(1,572)	(741)
Loss on retirement of property, plant and equipment	71	39
Loss (gain) on sales of investment securities	-	(211)
Loss (gain) on valuation of investment securities	-	2
Insurance income	(185)	-
Subsidy income	(100)	(100)
Expense on restructuring of organization	-	216
Decrease (increase) in notes and accounts receivable - trade	(2,161)	1,611
Decrease (increase) in inventories	(1,939)	(469)
Increase (decrease) in notes and accounts payable - trade including electronically recorded obligations - operating	2,793	(1,884)
Other, net	(738)	71
Subtotal	7,223	10,675
Interest and dividend income received	765	707
Interest expenses paid	(263)	(305)
Proceeds from insurance income	238	-
Proceeds from subsidy income	100	100
Income taxes paid	(2,824)	(1,358)
Net cash provided by (used in) operating activities	5,239	9,819
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,266)	(5,095)
Proceeds from sales of property, plant and equipment	57	21
Purchase of investment securities	(189)	(130)
Proceeds from sales of investment securities	1	480
Payments of loans receivable	(602)	(54)
Collection of loans receivable	56	44
Other, net	(335)	(373)
Net cash provided by (used in) investing activities	(7,279)	(5,106)

(Million yen)

	For the fiscal year ended December 31,2018	For the fiscal year ended December 31,2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,727	(3,137)
Proceeds from long-term loans payable	2,601	3,097
Repayments of long-term loans payable	(4,152)	(1,521)
Cash dividends paid	(1,810)	(1,751)
Dividends paid to non-controlling interests	(223)	(167)
Other, net	(264)	(340)
Net cash provided by (used in) financing activities	(122)	(3,821)
Effect of exchange rate change on cash and cash equivalents	(400)	254
Net increase (decrease) in cash and cash equivalents	(2,562)	1,146
Cash and cash equivalents at beginning of period	9,351	6,788
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	1,426
Cash and cash equivalents at end of period	6,788	9,361