



SAKATA INX CORPORATION

**Financial Results Briefing Material
for the Fiscal Year Ended December 31, 2023**

- 1. FY2023/12 results**
- 2. FY2024/12 full-year forecasts**

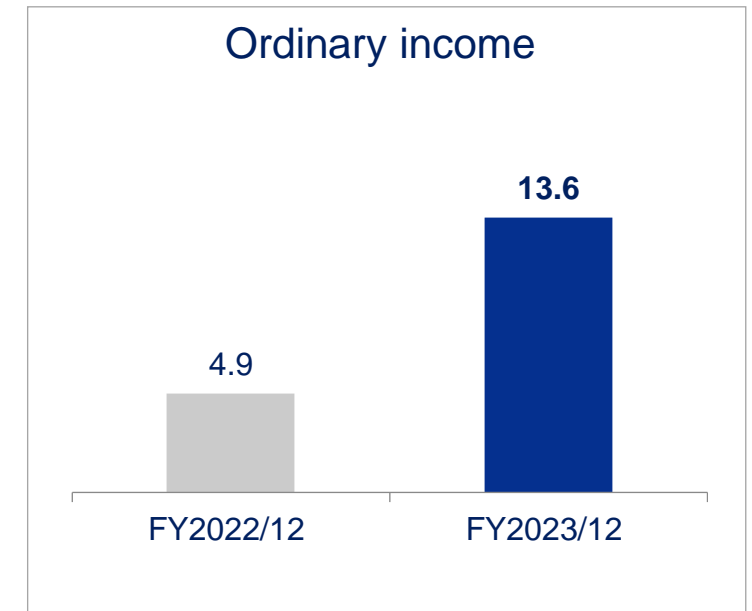
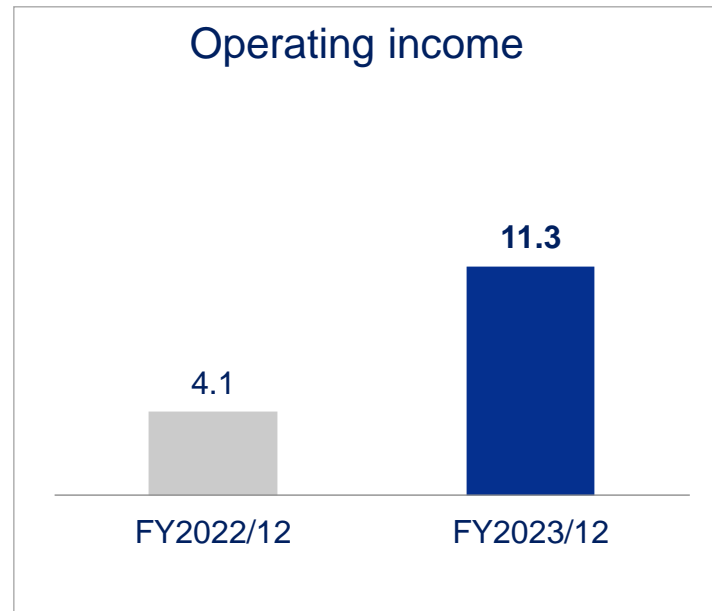
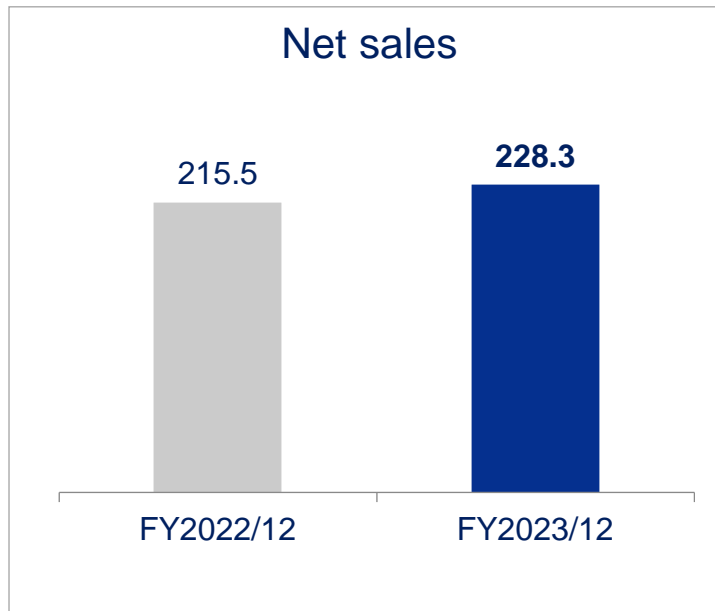
Planned figures and measures described in this document reflect management's judgments based on information currently available as of March 4, 2024 and are subject to change according to future economic, business, and other conditions. No promise or guarantee is provided concerning planned figures and measures.

Amounts shown have been rounded down to the nearest whole unit.

1. FY2023/12 results

FY2023/12 consolidated results

(Billion yen)

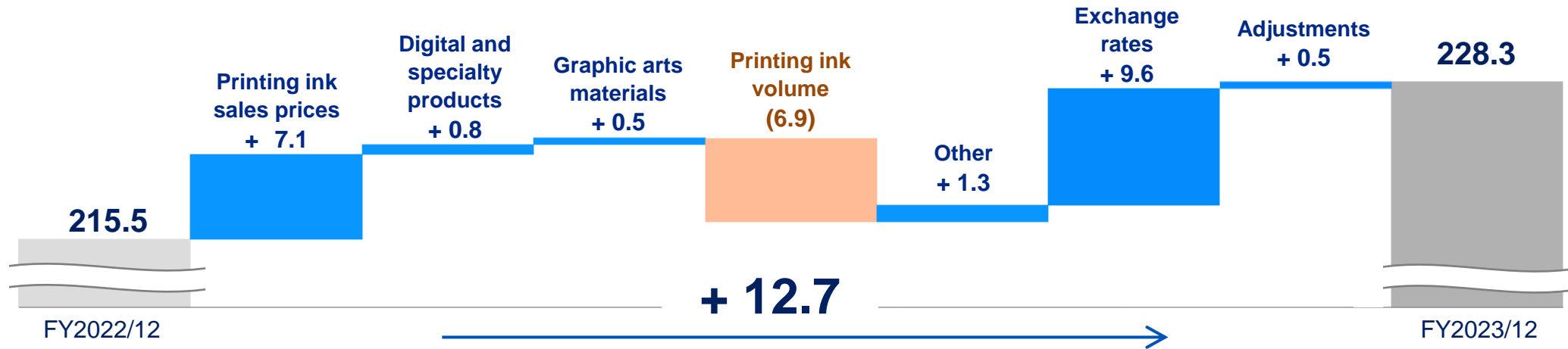


(Billion yen)

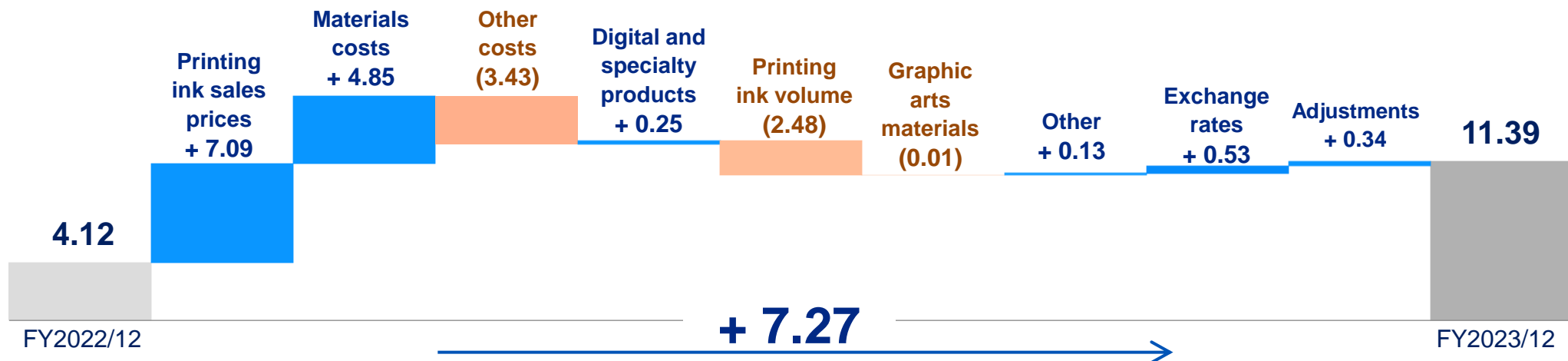
	FY2022/12		FY2023/12					
	Amount	Percentage of net sales (%)	Amount	Percentage of net sales (%)	Change	YoY (%)	Exchange-rate effect	Change (%) after deducting exchange-rate effect
Net sales	215.5	—	228.3	—	12.7	5.9	9.5	1.5
Operating income	4.1	1.9	11.3	5.0	7.2	176.3	0.5	163.4
Ordinary income	4.9	2.3	13.6	6.0	8.6	174.8	0.5	163.9
Net income attributable to owners of parent	4.5	2.1	7.4	3.3	2.9	63.9	0.3	57.0
Exchange rate during period (USD)	JPY131.43		JPY140.56					

Changes by main factors (YoY)

Net sales (Billion yen)

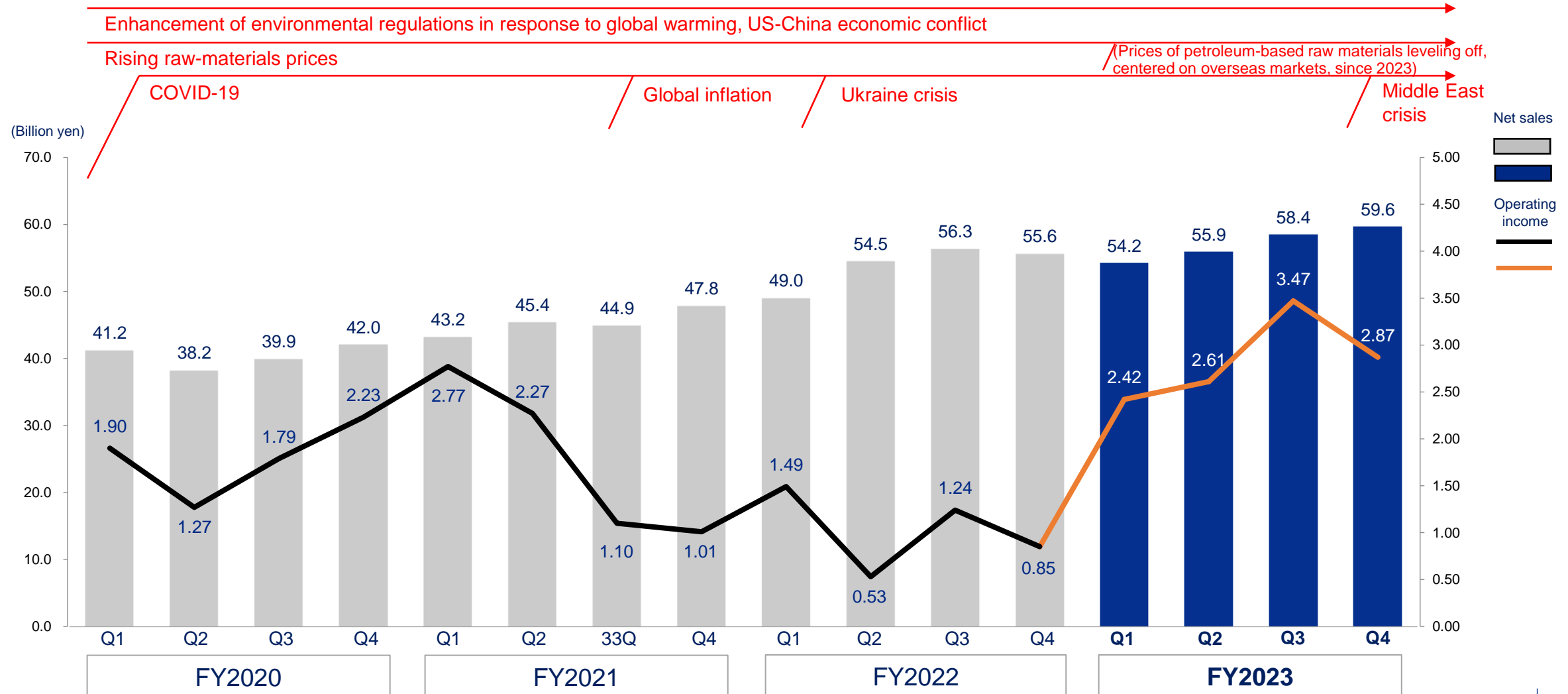


Operating income (Billion yen)



Trend in quarterly results (operating income and ordinary income)

While raw material costs and expenses continued to rise through 2022 due to global instability and rising materials costs, in 2023 operating income increased as a result of easing of materials price rises overseas and by promoting various costs savings and price revisions.



Cost increases and profit improvements

Cost increases and improvement measures

Cost increases

- ◆ Raw material costs
- ◆ Logistics costs
- ◆ Labor costs
- ◆ Utility costs

While prices of petroleum-based raw materials are leveling off, centered on Asia and the Americas, logistics and utility costs remain high, and labor costs are rising.

Cost improvement measures

- ◆ Price revisions
- ◆ Facility consolidation, closure, and reorganization
- ◆ Streamlining of production equipment
- ◆ Alliances with other companies

The effects of price revisions in each segment are significant and contribute significantly to operating income.
We are proceeding with efforts such as reorganization of production and sales structures in Japan and Europe.

Trends in differences between price revisions and cost increases

(Billion yen)

	2021	2022	2023	Total since 2021
Japan	(0.0)	(0.9)	+0.5	(0.5)
Asia	(1.0)	(1.0)	+1.8	(0.2)
Americas	(2.4)	(1.0)	+5.6	+2.2
Europe	(2.1)	(0.7)	+0.6	(2.2)
Total	(5.6)	(3.6)	+8.5	(0.7)

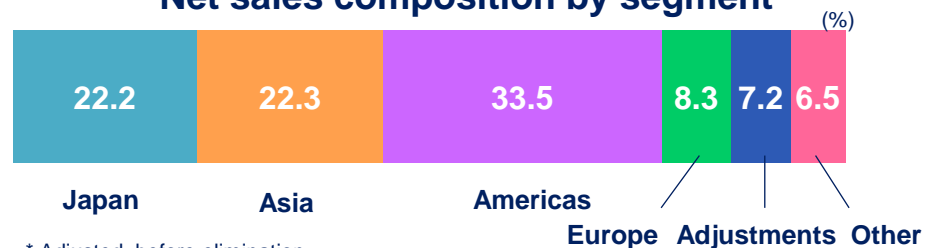
Profits improved in each segment in 2023. We will strive to continue improving profits through cost cutting and price revisions.

Results by segment (net sales and operating income)

(Billion yen)

	Net sales			Operating income			Operating profit margin
	FY2022/12	FY2023/12	YoY (%)	FY2022/12	FY2023/12	YoY (%)	FY2023/12 (%)
Printing inks and Graphic arts materials (Japan)	51.4	52.1	1.3	0.4	0.5	31.0	1.0
Printing inks (Asia)	48.0	52.4	9.1	1.7	4.3	149.0	8.3
Printing inks (Americas)	73.8	78.5	6.3	0.3	4.3	12 times	5.5
Printing inks (Europe)	19.4	19.5	0.4	(0.5)	(0.7)	—	—
Digital and Specialty products	15.5	16.8	8.6	1.5	1.8	18.8	11.2
Reporting segments total	208.3	219.4	5.3	3.5	10.3	192.3	4.7
Other	14.0	15.3	8.9	0.3	0.4	37.9	3.0
Adjustments	(6.8)	(6.4)	—	0.2	0.6	—	—
Total	215.5	228.3	5.9	4.1	11.3	176.3	5.0

Net sales composition by segment



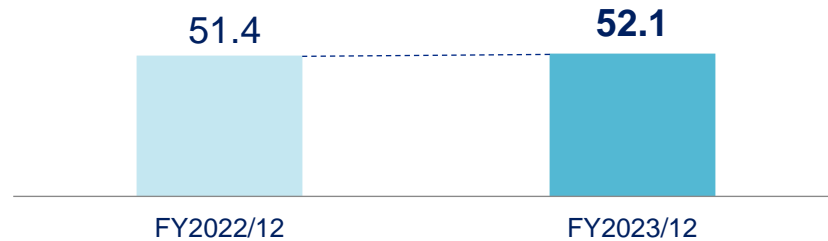
- Sales and profit growth due to progress in price revisions and stabilization of raw materials markets
- Sales volume growth in Asia and South America contributed as well.
- Sales of inkjet materials and pigment dispersions were strong also in digital and specialty products.

Printing inks and Graphic arts materials (Japan) segment results

Net sales

+1.3%

(Billion yen)

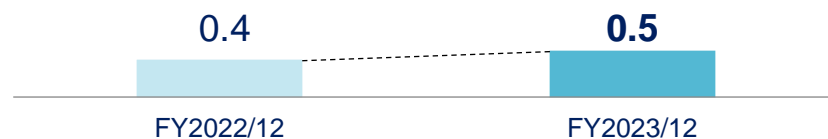


FY2023/12	Q1	Q2	Q3	Q4
Net sales	12.8	12.9	12.5	13.7
YoY (%)	+6.9	(0.1)	(3.0)	+1.8

Operating income

+31.0%

(Billion yen)



FY2023/12	Q1	Q2	Q3	Q4
Operating income	0.0	0.0	0.2	0.2
YoY (%)	(44.4)	(2.7)	+14.1	+225.0

Products

Printing inks and graphic arts materials for packages and information media

Net sales

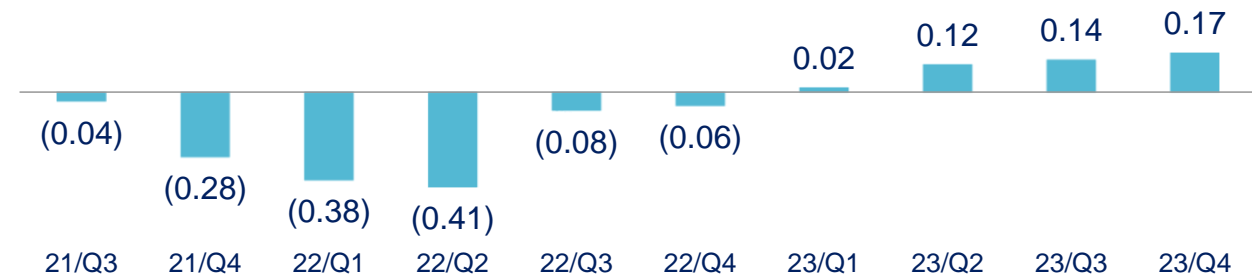
Sales volumes for package use were down due to restrained personal consumption in response to repeated price hikes on foods, beverages, and everyday items. The downward trend in sales for information media use persisted due to the effects of digitalization.

Operating income

Profits improved with progress on price revision negotiations.

Results of price revisions (unit price revision – cost increase)

(Billion yen)



Efforts toward business structural reforms

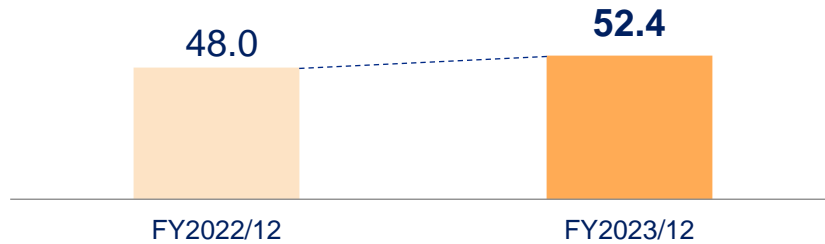
- Closure of offset ink production facility at Hanyu Plant
- Production efficiency improvements (discontinuation and consolidation of production items, revisions to production facilities)
- Closure and consolidation of sales offices
- Reassignment of human resources to priority businesses
- Cooperation with other companies in the industry (production, logistics), etc.

Printing inks (Asia) segment results

Net sales

+9.1%

(Billion yen)

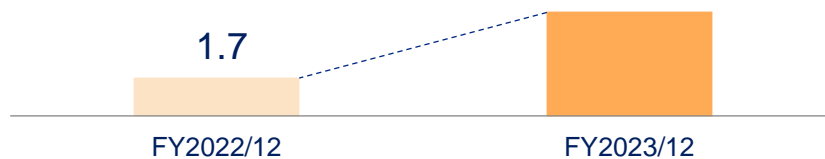


FY2023/12	Q1	Q2	Q3	Q4
Net sales	11.7	12.3	13.9	14.4
YoY (%)	+11.3	+5.8	+7.0	+12.5

Operating income

+149.0%

(Billion yen)



FY2023/12	Q1	Q2	Q3	Q4
Operating income	0.7	0.8	1.3	1.4
YoY (%)	+83.0	+871.8	+177.1	+86.5

Products

Printing inks for packages (overall), information media (India, China, and some others), and metals (China, Vietnam, and some others)

Net sales

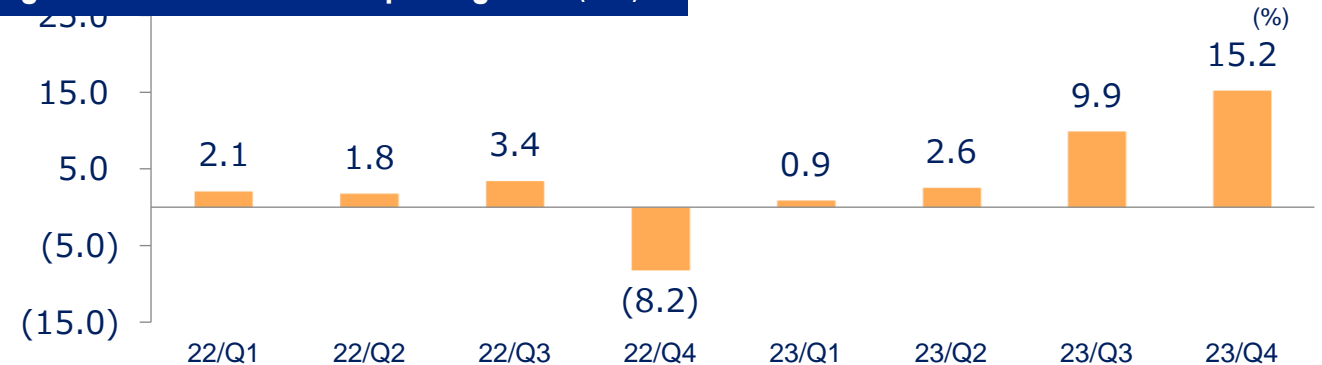
Strong sales for packages in numerous regions, including South Asia and Southeast Asia, thanks to the effects of stronger economic activity and sales expansion.

A phase of price revisions is complete. Sales in China remained unchanged YoY due to the economic downturn.

Operating income

Costs improved as raw materials largely stabilized. Operating income grew sharply thanks in part to higher sales volumes.

Changes in sales volumes for package use (YoY)



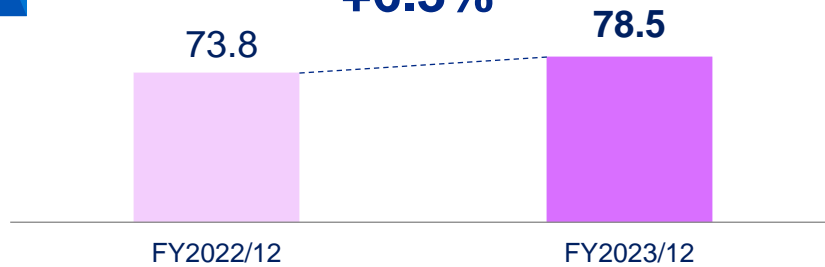
Region	Volume (YoY)	Summary
India	+3.5	While sales for packages are down YoY, sales of environmentally-friendly products are up thanks to sales expansion efforts. Sales of UV offset inks, for which we carried out capital investment last year, are growing. Newspaper sales are somewhat slow.
Indonesia	+8.8	Demand growth and sales expansion advanced for package use in response to Indonesia's favorable economic conditions. We are enhancing sustainable products such as botanical inks and gas barriers.
Vietnam	+2.4	Sales for package use were slow in the first half due to the effects of slow consumption in the US market. Sales for package use grew in the second half thanks to recovery in both domestic demand for customer products and exports.
Thailand	+15.1	Sales for package use grew sharply thanks to the effects of Thailand's strong economy and sales expansion to major customers.

Printing inks (Americas) segment results

Net sales

+6.3%

(Billion yen)



Products

Printing inks for packages (overall), information media (North America), and metals (overall)

Net sales

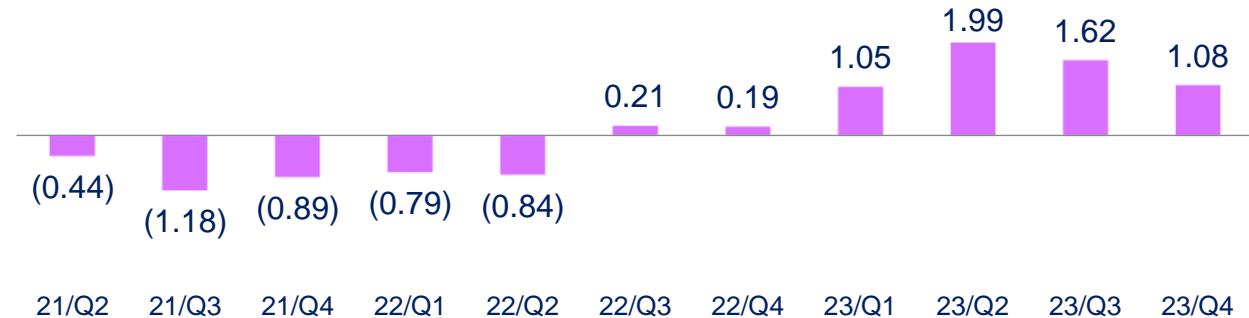
Slow sales volumes due to sluggish consumption in the US. Sales figures grew due to price revisions and the weak yen.

Operating income

Increased sharply thanks in large part to stabilization of raw-materials prices and the effects of price revisions

Results of price revisions in North America (unit price revision – cost increase)

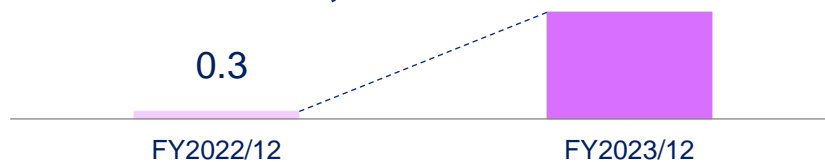
(Billion yen)



Operating income

+1,107.5%

(Billion yen)



Region	Volume (YoY)	Summary
North America	(9.1)	Slow sales for package and metal use due to the slump in consumption since the end of 2022 in the US. These are recovering gradually.
Brazil	+4.8	Steady growth in sales for package and metal use due to sales expansion in Brazil and nearby countries. Enhancing sales in northeastern South America by establishing a manufacturing facility at the Colombia branch.

FY2023/12	Q1	Q2	Q3	Q4
Net sales	18.6	19.5	20.4	19.9
YoY (%)	+14.5	+1.5	+2.4	+8.0

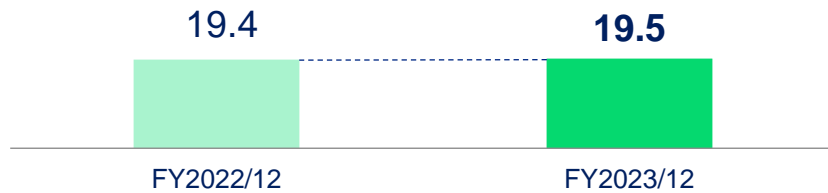
FY2023/12	Q1	Q2	Q3	Q4
Operating income	1.0	1.2	1.2	0.7
YoY (%)	+92.0	+973.3	+750.3	–

Printing inks (Europe) segment results

Net sales

(Billion yen)

+0.4%



Products

Printing inks for packages (overall), information media (Spain), metals (UK, Spain), special package applications (Germany)

Net sales

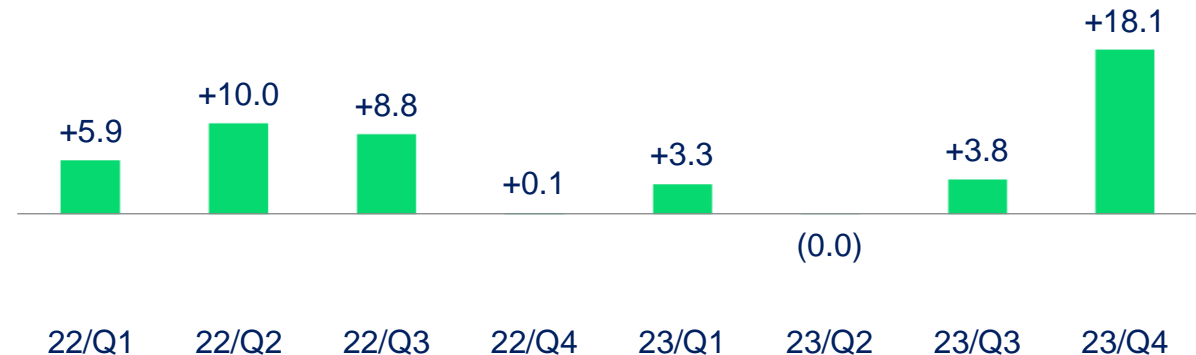
Unchanged YoY despite the effects of the economic downturn in Europe and the loss of sales to Russia, thanks to sales expansion for package use.

Operating income

Operating loss recorded due to slow sales volume overall, despite the effects of price revisions becoming apparent.

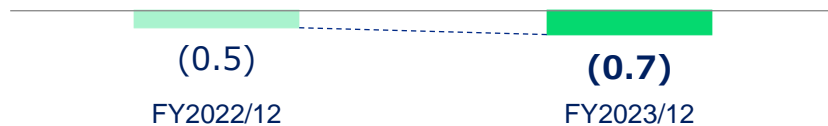
Changes in sales volumes for package use in Spain (YoY)

(%)



Operating income

(Billion yen)



FY2023/12	Q1	Q2	Q3	Q4
Operating income	(0.1)	(0.2)	(0.1)	(0.2)
YoY (%)	-	-	-	-

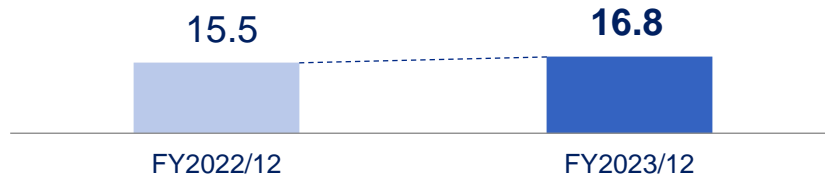
Region	Volume (YoY)	Summary
UK (metals)	(11.6)	Sales of the main product line of metal inks decreased sharply due to the loss beginning in the second half of 2022 of sales to Russia. Sales are slow for this reason and due to the effects of the general economic slowdown in Europe.
Spain	+6.0	Strong sales through sales expansion of high-performance, eco-friendly package inks in Europe, where environmental regulations are strict.

Digital and specialty products segment results

Net sales

(Billion yen)

+8.6%



Products

Industrial inkjet inks, color filter pigment dispersions, color toner

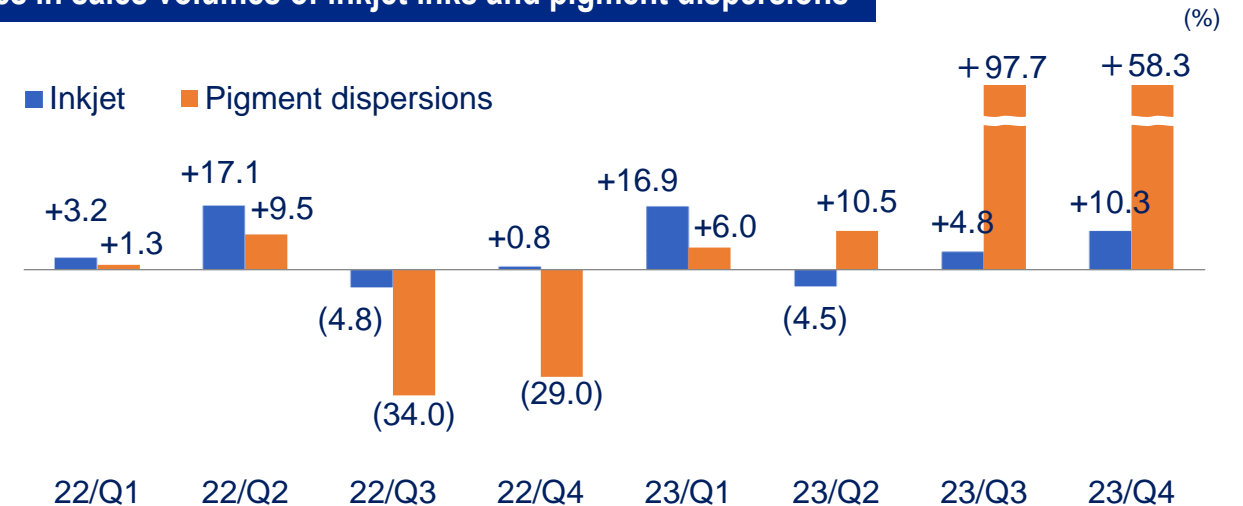
Net sales

Strong sales of inkjet inks in Japan and the Americas.
Progress in sales of display materials (pigment dispersions) in response to favorable conditions in the LCD display market.

Operating income

Income up due to growth in sales of inkjet inks and display materials (pigment dispersions).

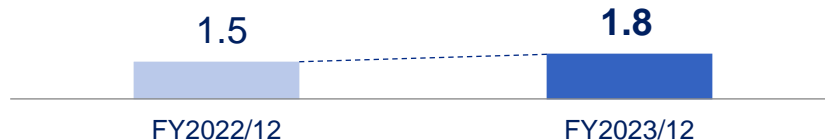
Changes in sales volumes of inkjet inks and pigment dispersions



Operating income

(Billion yen)

+18.8%



FY2023/12	Q1	Q2	Q3	Q4
Net sales	4.1	4.0	4.1	4.4
YoY (%)	+11.3	(0.4)	+14.0	+10.1

Product segment	Volume (YoY)	Summary
Inkjet	+6.3	Progress on sales expansion in Japan and the US
Pigment dispersions	+37.6	Strong demand in the LCD market through 3Q. Slowed somewhat in 4Q due to production adjustments.

Main increases/decreases on the Consolidated Balance Sheet; Consolidated Statement of Cash Flows

◆ Main increases/decreases on the Consolidated Balance Sheet

(Billion yen)

Account	As of December 31, 2022	As of December 31, 2023	Change
Cash and deposits	12.1	17.0	4.8
Accounts receivable-trade	53.8	59.3	5.5
Current assets	101.1	110.5	9.4
Non-current assets	76.2	83.5	7.2
Total assets	177.4	194.0	16.6
Accounts payable-trade	37.4	39.6	2.1
Short-term loans payable	13.0	11.7	(1.2)
Current liabilities	59.1	61.8	2.6
Long-term loans payable	11.2	11.2	0.0
Non-current liabilities	25.3	26.6	1.3
Total liabilities	84.4	88.4	3.9
Equity capital *	86.2	98.7	12.5
Noncontrolling interests	6.6	6.8	0.1
Total net assets	92.9	105.6	12.6
Total liabilities and net assets	177.4	194.0	16.6
Ending exchange rate (USD)	JPY132.70	JPY141.83	—

Interest-bearing debt

December 31, 2022 JPY27.8 B

December 31, 2023 JPY26.4 B

Equity ratio

December 31, 2022 48.6%

December 31, 2023 50.9%

* Equity capital =
total shareholders' equity + cumulative total of
other comprehensive income

◆ Consolidated Statement of Cash Flows

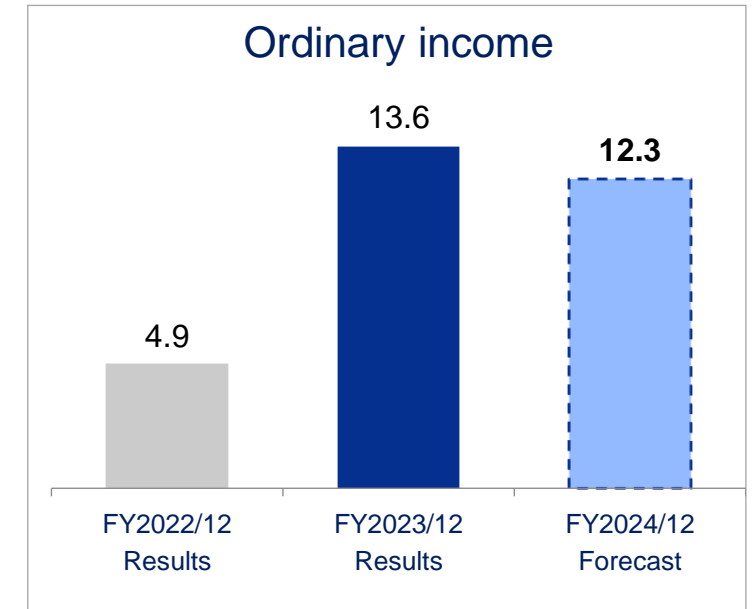
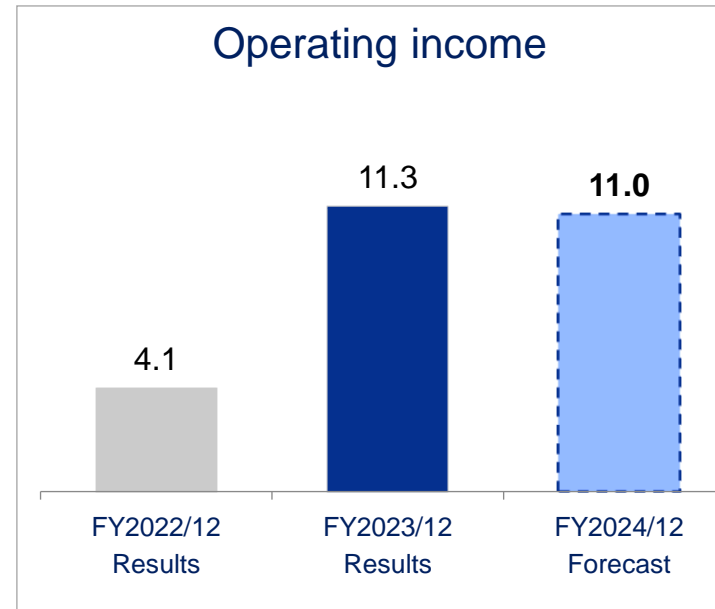
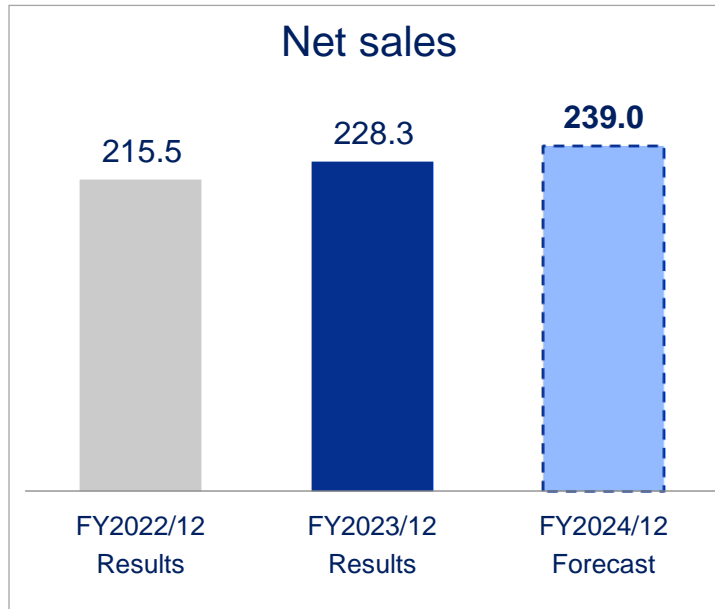
(Billion yen)

Account	FY2022/12 (Jan. 1 – December 31, 2022)	FY2023/12 (Jan. 1 – December 31, 2023)
Cash flow from operating activities	4.9	15.3
Cash flow from investing activities	(1.6)	(7.5)
Cash flow from financing activities	(3.8)	(4.2)
Cash and cash equivalents at end of period	11.7	16.2

2. FY2024/12 full-year forecasts

FY2024/12 full-year forecasts

(Billion yen)

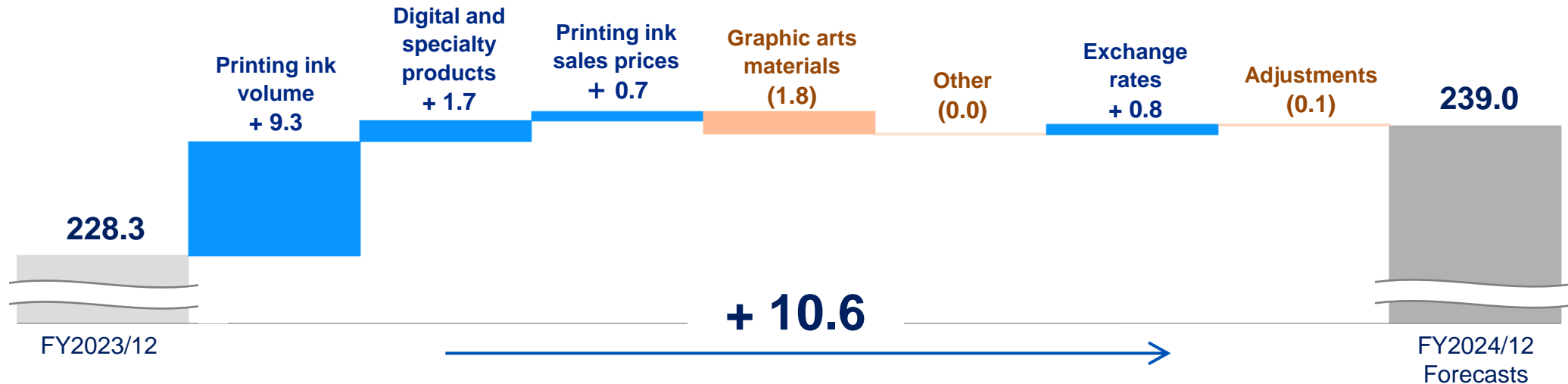


(Billion yen)

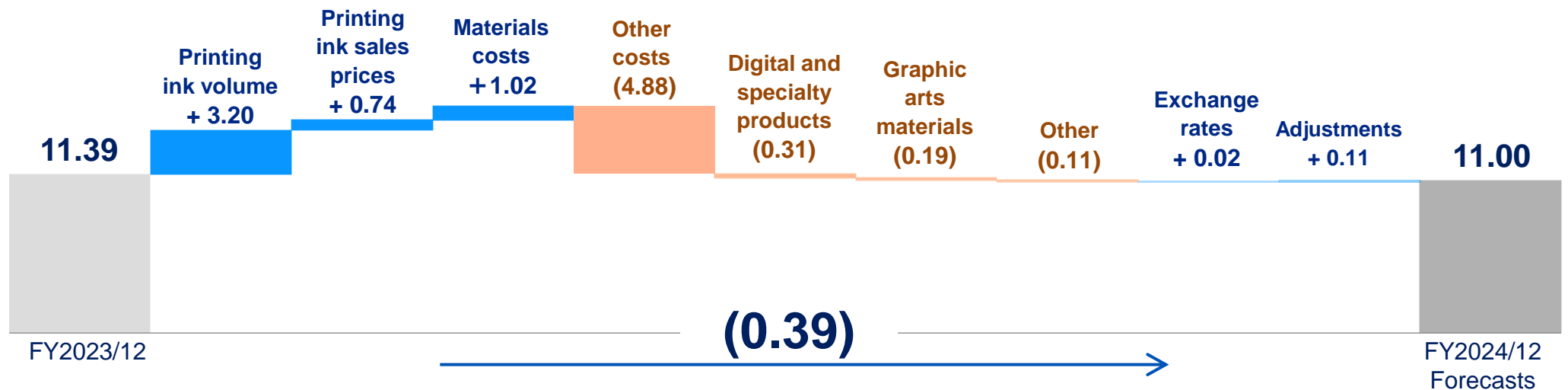
	FY2022/12	FY2023/12	FY2024/12 forecasts		
	Amount	Amount	Amount	Change	YoY (%)
Net sales	215.5	228.3	239.0	10.6	4.7
Operating income	4.1	11.3	11.0	(0.3)	(3.5)
Ordinary income	4.9	13.6	12.3	(1.3)	(9.8)
Net income attributable to owners of parent	4.5	7.4	8.2	0.7	9.8
Exchange rate during period (USD)	JPY131.43	JPY140.56	JPY140.00		

Full-year forecasts: Changes by main factors (YoY)

Net sales (Billion yen)



Operating income (Billion yen)

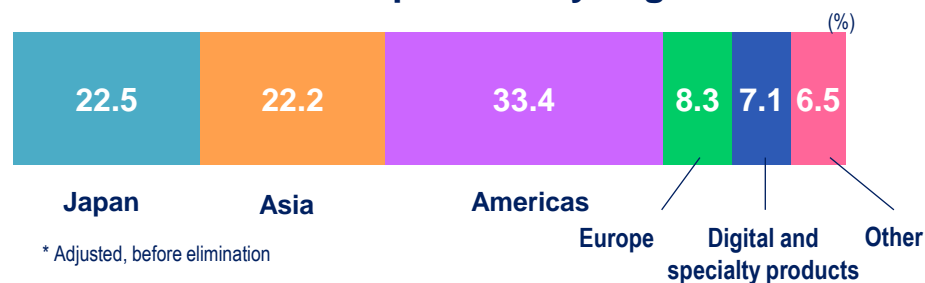


Full-year forecasts by segment

(Billion yen)

	Net sales			Operating income			Operating profit margin
	FY2023/12	FY2024/12 forecasts	YoY (%)	FY2023/12	FY2024/12 forecasts	YoY (%)	FY2024/12 forecasts (%)
Printing inks and Graphic arts materials (Japan)	52.1	53.1	2.0	0.5	0.7	41.0	2.9
Printing inks (Asia)	52.4	56.3	7.5	4.3	3.9	(8.3)	7.1
Printing inks (Americas)	78.5	80.7	2.9	4.3	3.5	(17.2)	4.8
Printing inks (Europe)	19.5	21.5	10.0	(0.7)	0.0	—	0.4
Digital and Specialty products	16.8	18.5	10.3	1.8	1.5	(16.6)	8.5
Reporting segments total	219.4	230.3	5.0	10.3	9.9	(3.0)	4.8
Other	15.3	15.2	(0.4)	0.4	0.3	(23.2)	2.3
Adjustments	(6.4)	(6.5)	—	0.6	0.6	—	—
Total	228.3	239.0	4.7	11.3	11.0	(3.6)	4.6

Net sales composition by segment



- Sales are expected to grow with sales expansion in all segments, and progress on profit improvements is expected to bring Europe into the black.
- Expenses will increase with the adoption of a new enterprise resource planning system in Japan and capital investment in Asia.
- Labor costs are projected to grow due to the labor shortage and other factors in the Americas.


SAKATA INX...

Visual Communication Technology



Contact

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