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Consolidated Financial Results for the Three Months Ended March 31, 2025 [Japanese GAAP]

May 8, 2025

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
 Contact: Daisuke Sugahara General Manager, Finance & Accounting Div.
 Phone: +81-6-6447-5824
 Scheduled date of commencing dividend payments: –
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: No

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2025 (January 1, 2025 to March 31, 2025)

(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	%
Three months ended March 31, 2025	64,059	8.3	3,857	(1.8)	4,234	5.9	3,078	12.7
March 31, 2024	59,152	9.1	3,926	60.8	3,999	29.2	2,730	35.5

(Note) Comprehensive income: Three months ended March 31, 2025: ¥ (2,010) million [–%]
 Three months ended March 31, 2024: ¥ 8,044 million [108.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	62.09	–
March 31, 2024	54.57	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of March 31, 2025	215,709	114,731	50.0
December 31, 2024	221,470	119,221	50.7

(Note) Equity: As of March 31, 2025: ¥ 107,854 million
 As of December 31, 2024: ¥ 112,310 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	–	25.00	–	45.00	70.00
Fiscal year ending December 31, 2025	–				
Fiscal year ending December 31, 2025 (Forecast)		45.00	–	45.00	90.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(% 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
First half	133,000	9.8	7,300	0.6	7,600	6.4	5,100	(4.1)	102.80
Full year	268,000	9.1	15,500	17.8	16,000	24.1	10,800	19.9	217.67

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the three months ended March 31, 2025
(changes in specified subsidiaries resulting in changes in scope of consolidation): Yes
Included: SAKATA Brand Solutions Co., Ltd.
Excluded: –

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) 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

(Note) For the details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to quarterly consolidated financial statements, Changes in accounting policies” on page 9 of Attachments.

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

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

March 31, 2025:	54,172,361 shares
December 31, 2024:	54,172,361 shares

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

March 31, 2025:	4,676,075 shares
December 31, 2024:	4,567,137 shares

3) Average number of shares outstanding during the period:

Three months ended March 31, 2025:	49,577,852 shares
Three months ended March 31, 2024:	50,044,811 shares

* Review of the attached quarterly consolidated financial statements by a certified public accountant or auditing firm: None

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

1. The financial forecasts above are based on the current information available to the Company and certain reasonable assumptions. However, we do not guarantee that these forecasted numbers will be achieved. Actual results may vary due to a variety of factors.

For further information on the forecast of consolidated financial results, please refer to “1. Overview of Operating Results, etc. (3) Consolidated forecast and other forward-looking statements” on page 4 of Attachments.

2. Supplementary briefing material on financial results is disclosed on TDnet on May 8, 2025 and is posted on the Company's website.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the quarter under review

1) Consolidated financial results

During the first quarter of the fiscal year ending December 31, 2025 (the “period under review”), the global economy overall faced a concern about a slowdown due to the impact of US trade policies and its uncertainties on the global economy while geopolitical risks staying high, although the inflation had been easing.

In the U.S., although the economy remained solid, uncertainty about future led to restraints in consumer spending and capital investments as well as impact of trade policies led to concerns about inflation resurgence. In Europe, the economy continued to recover moderately due to a pickup in consumer spending backed by an improved income environment. In Asia, economic recovery continued. In China, the economy continued to recover led by domestic demand as a result of government economic stimulus measures although its economy remained weak due to stagnation in the real estate market. In Japan, the economy recovered modestly amid continued high prices for food and other items, despite an improved income environment.

Under these circumstances, this year is the second year of the Medium-term Management Plan 2026 (CCC-II), which is the phase of business growth, stronger earnings capabilities, to achieve the long-term strategic vision “SAKATA INX VISION 2030,” which is targeted for the year 2030. The Group has promoted aggressive expansion of sustainable products centered on environmentally friendly products, such as the BOTANICAL INK series. Particularly, in the packaging field, we continued to expand sales in growing regions where the middle class is expanding due to its population growth and economic development. Along with this, we promoted global management cooperation by enhancing and expanding strategic products for global accounts and streamlining purchasing, production and logistics through regional collaboration. In the Digital and Specialty product business, we expanded sales of inkjet inks, in addition to existing products, in emerging markets of apparel, food, and home furnishings. Furthermore, the Group promoted sales expansion of high-quality products of image display materials.

Net sales amounted to 64,059 million yen (up 8.3% YoY) mainly due to strong sales in the U.S. and the strong performance of the US subsidiary acquired in the fourth quarter of last year.

In terms of profit, operating income amounted to 3,857 million yen (down 1.8% YoY) primarily due to an increase in personnel expenses and other expenses associated with the full-scale operation of a new mission-critical system, despite improved profitability due to higher sales volume. Ordinary income amounted to 4,234 million yen (up 5.9% YoY). Net income attributable to owners of parent amounted to 3,078 million yen (up 12.7% YoY).

The operating results by segment are as follows.

(Million yen, unless otherwise stated)

	Net sales					Operating income			
	Previous period	Current period	Change	Change [%]	Real* [%]	Previous period	Current period	Change	Change [%]
Printing Inks and Graphic Arts Materials (Japan)	12,229	12,488	259	2.1	2.1	353	274	(79)	(22.4)
Printing Inks (Asia)	14,868	14,017	(850)	(5.7)	(7.0)	1,591	1,602	11	0.7
Printing Inks (Americas)	20,371	25,579	5,207	25.6	24.6	1,322	1,549	227	17.2
Printing Inks (Europe)	5,518	5,241	(277)	(5.0)	(5.8)	207	85	(121)	(58.8)
Digital and Specialty Products	4,428	4,859	431	9.7	8.7	726	596	(130)	(17.9)
Total of reported segments	57,417	62,186	4,769	8.3	7.5	4,201	4,108	(92)	(2.2)
Other	3,203	3,762	559	17.5	17.5	67	131	63	94.8

	Net sales					Operating income			
	Previous period	Current period	Change	Change [%]	Real* [%]	Previous period	Current period	Change	Change [%]
Adjustments	(1,467)	(1,889)	(422)	—	—	(342)	(383)	(41)	—
Total	59,152	64,059	4,906	8.3	7.5	3,926	3,857	(69)	(1.8)

(i) Printing Inks and Graphic Arts Materials (Japan)

The recovery of consumer spending remained moderate due to weaker households' sentiment about spending with cutting-back trend amid continued successive price hikes in many items, including daily necessities, food, and beverages. In the packaging related business, the sales of both gravure inks and flexo inks exceeded those of the same period of the previous year although they were somewhat sluggish. In the printing information related business, the sales of both newspaper inks and offset inks remained sluggish primarily because of structural contraction of the market due to the impact of digitization. Amid such circumstances, the sales of printing inks as a whole exceeded the same period of the previous year thanks to the effect of selling price revisions, in addition to the growth in sales volume. The graphic arts materials were weak in sales, causing the sales of both materials for printmaking and machinery to fall from the same period of the previous year. As a result, net sales amounted to 12,488 million yen (up 2.1% YoY).

In terms of profit, operating income amounted to 274 million yen (down 22.4% YoY) primarily due to an increase in personnel expenses and other expenses associated with the full-scale operation of a new mission-critical system while raw material prices remaining high, despite the favorable effect of selling price revisions.

(ii) Printing Inks (Asia)

The sales of packaging-related gravure inks, which are our mainstay products, were solid due to continued sales expansion mainly in Vietnam and Thailand. In the printing information related business, sales were strong in India. Net sales amounted to 14,017 million yen (down 5.7% YoY) primarily due to the impact of exclusion of a subsidiary in China from consolidation due to transfer of interests in the second quarter last year, although sales remained strong.

In terms of profit, operating income amounted to 1,602 million yen (up 0.7% YoY) primarily due to the strong sales and the stable prices of raw materials, despite the impact of exclusion from consolidation.

(iii) Printing Inks (Americas)

In the packaging related business, which is the mainstay of the segment, the sales of flexo inks and gravure inks remained strong due to continued recovery of demand in North America as well as sales expansion in South America including Brazil. The sales of metal inks were strong, backed by a continued expansion of demand for aluminum cans from the perspective of environmental impact, along with steady sales expansion in South America. The sales of offset inks, which are related to printing information, exceeded the same period of the previous fiscal year's level primarily due to the strong sales of UV inks, despite the structural contraction of the market.

Net sales amounted to 25,579 million yen (up 25.6% YoY) primarily due to the growing sales volume and the strong performance of the US subsidiary acquired in the fourth quarter of last year.

In terms of profit, operating income amounted to 1,549 million yen (up 17.2% YoY) due to the growth in sales volume and stable prices of raw materials as well as impact from new consolidation, despite the continued high expenses, particularly personnel expenses.

(iv) Printing Inks (Europe)

Sales slightly dropped due to inventory adjustments in some parts of the market in metal inks although sales were strong in the package-related sector. Net sales amounted to 5,241 million yen (down 5.0% YoY) primarily due to a slight decrease in overall sales and the decline in selling prices.

In terms of profit, operating income amounted to 85 million yen (down 58.8% YoY) primarily due to somewhat sluggish sales, a decline in selling prices, and an impact from the special demand for certain products in the first

quarter of last year despite the stable prices of raw materials.

(v) Digital and Specialty Products

The sales of inkjet inks remained strong, particularly in the fields of food, clothing, and housing, exceeding the same period of the previous fiscal year's level. The sales of pigment dispersions for color filters exceeded the same period of the previous fiscal year's level due to strong sales backed by the recovery of panel display market conditions. The sales of toner exceeded the same period of the previous fiscal year's level primarily due to sales expansion overseas. As a result, net sales amounted to 4,859 million yen (up 9.7% YoY).

In terms of profit, operating income amounted to 596 million yen (down 17.9% YoY) primarily due to an increase in expenses and a decrease in sales of inkjet inks for information related business, despite an increase in the sales of materials for digital printing.

(2) Analysis of financial position for the quarter under review

Total assets at the end of the period under review decreased 5,760 million yen (2.6%) year on year to 215,709 million yen. This was mainly due to decreases in notes and accounts receivable – trade, property, plant and equipment, and investment securities from the impact of foreign currency translation due to continued yen appreciation, despite an increase in cash and deposits.

Liabilities decreased 1,270 million yen (1.2%) year on year to 100,978 million yen. This was mainly due to decreases in notes and accounts payable – trade as well as the impact of foreign currency translation, despite an increase in loans payable.

Net assets decreased 4,489 million yen (3.8%) year on year to 114,731 million yen primarily due to a decrease in accumulated other comprehensive income including foreign currency translation adjustment, despite an increase in retained earnings.

(3) Consolidated Forecast and Other Forward-looking Statements

We have decided to maintain our consolidated financial results forecasts for the first half and full year of the fiscal year ending December 31, 2025, which were announced on February 14, 2025. Given the many uncertainties surrounding U.S. trade policy at this time, we will closely monitor future policy developments and promptly announce any revisions as necessary.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Consolidated balance sheets

(Million yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	15,717	16,337
Notes and accounts receivable - trade	64,151	61,273
Merchandise and finished goods	19,302	19,172
Work in process	1,664	1,624
Raw materials and supplies	18,839	18,194
Other	3,751	4,230
Allowance for doubtful accounts	(665)	(630)
Total current assets	122,761	120,204
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,180	20,820
Machinery, equipment and vehicles, net	11,830	11,379
Land	10,334	10,202
Leased assets, net	199	176
Construction in progress	4,991	4,955
Other, net	5,472	5,244
Total property, plant and equipment	54,009	52,778
Intangible assets		
Goodwill	1,482	1,351
Other	5,639	5,306
Total intangible assets	7,122	6,657
Investments and other assets		
Investment securities	32,833	31,333
Other	4,839	4,829
Allowance for doubtful accounts	(97)	(93)
Total investments and other assets	37,576	36,069
Total non-current assets	98,708	95,505
Total assets	221,470	215,709

(Million yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,644	25,937
Electronically recorded obligations - operating	14,215	10,273
Short-term loans payable	9,433	13,312
Current portion of long-term loans payable	4,817	3,868
Current portion of bonds payable	–	1,000
Lease obligations	834	804
Accrued expenses	6,985	5,613
Income taxes payable	467	808
Provision for bonuses	760	1,293
Other	3,080	2,682
Total current liabilities	66,238	65,593
Non-current liabilities		
Bonds payable	1,000	–
Long-term loans payable	17,748	18,625
Lease obligations	2,411	2,312
Deferred tax liabilities	5,723	5,440
Retirement benefit liability	4,727	4,682
Asset retirement obligations	74	75
Other	4,323	4,248
Total non-current liabilities	36,009	35,384
Total liabilities	102,248	100,978
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,814	5,814
Retained earnings	84,496	85,307
Treasury shares	(4,930)	(5,141)
Total shareholders' equity	92,853	93,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,313	2,164
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	16,838	11,957
Remeasurements of defined benefit plans	304	279
Total accumulated other comprehensive income	19,456	14,402
Non-controlling interests	6,911	6,876
Total net assets	119,221	114,731
Total liabilities and net assets	221,470	215,709

(2) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(For the first quarter of each fiscal year)

(Million yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Net sales	59,152	64,059
Cost of sales	44,860	48,257
Gross profit	14,292	15,801
Selling, general and administrative expenses	10,366	11,944
Operating income	3,926	3,857
Non-operating income		
Interest income	92	57
Dividend income	6	14
Equity in earnings of affiliates	204	346
Foreign exchange gains	—	137
Other	136	130
Total non-operating income	439	686
Non-operating expenses		
Interest expenses	162	240
Foreign exchange losses	171	—
Other	32	68
Total non-operating expenses	366	308
Ordinary income	3,999	4,234
Extraordinary income		
Gain on sales of investment securities	59	0
Total extraordinary income	59	0
Income before income taxes	4,059	4,234
Income taxes - current	1,097	1,112
Income taxes - deferred	(59)	(299)
Total income taxes	1,037	813
Net income	3,021	3,421
Net income attributable to non-controlling interests	290	343
Net income attributable to owners of parent	2,730	3,078

Consolidated statements of comprehensive income
(For the first quarter of each fiscal year)

(Million yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Net income	3,021	3,421
Other comprehensive income		
Valuation difference on available-for-sale securities	310	(149)
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	3,559	(3,951)
Remeasurements of defined benefit plans, net of tax	44	(27)
Share of other comprehensive income of affiliates accounted for using equity method	1,107	(1,305)
Total other comprehensive income	5,022	(5,432)
Comprehensive income	8,044	(2,010)
Comprehensive income attributable to:		
Owners of parent	7,411	(1,976)
Non-controlling interests	632	(34)

(3) Notes to quarterly consolidated financial statements

Changes in accounting policies

Application of accounting standard for current income taxes

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. has been applied since the beginning of the first quarter of the fiscal year ending December 31, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, “Revised Guidance 2022”). The change in accounting policies has no impact on the quarterly consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter of the fiscal year ending December 31, 2025. The change in accounting policies was applied retrospectively to the consolidated financial statements for the first quarter of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the first quarter of the previous fiscal year or the entire previous fiscal year.

Segment information, etc.

I. For the three months of the previous fiscal year ended December 31, 2024 (From January 1, 2024 to March 31, 2024)

1. Information on amounts of sales and profit or loss and on revenue breakdown by reportable segment

(Million yen)

	Reportable segment						Others (*1)	Total	Adjustment (*2)	Amount recorded in Quarterly Consolidated Statements of Income (*3)
	Printing Inks and Graphic Arts Materials (Japan)	Printing Inks (Asia)	Printing Inks (Americas)	Printing Inks (Europe)	Digital and Specialty Products	Total				
Revenues										
Revenues from contracts with customers	11,982	14,829	20,146	5,239	4,418	56,617	2,534	59,152	—	59,152
Other revenues	—	—	—	—	—	—	—	—	—	—
Sales to external customers	11,982	14,829	20,146	5,239	4,418	56,617	2,534	59,152	—	59,152
Intersegment sales and transfers	246	38	225	278	9	799	668	1,467	(1,467)	—
Total	12,229	14,868	20,371	5,518	4,428	57,417	3,203	60,620	(1,467)	59,152
Segment income	353	1,591	1,322	207	726	4,201	67	4,268	(342)	3,926

(Notes) 1. The “Others” is a business segment not included in the reportable segments and contains the chemical products business and the display service business in Japan.

2. The adjustment of negative 342 million yen includes elimination of intersegment transactions of negative 40 million yen and corporate expenses not allocated to each reportable segment of negative 301 million yen. Corporate expenses mainly consist of general and administrative expenses and research and development expenses that are not attributable to any reportable segment.

3. Segment income is adjusted with operating income in the quarterly consolidated statements of income.

2. Information on impairment loss or goodwill on fixed assets by reportable segment

During the first quarter of the fiscal year under review, there are no significant impairment losses recognized on fixed assets, no significant changes recognized in the amount of goodwill, and no significant gains recognized on bargain purchases.

II. For the first quarter of the fiscal year under review ending December 31, 2025 (From January 1, 2025 to March 31, 2025)

1. Information on amounts of sales and profit or loss and on revenue breakdown by reportable segment

(Million yen)

	Reportable segment						Others (*1)	Total	Adjustment (*2)	Amount recorded in Quarterly Consolidated Statements of Income (*3)
	Printing Inks and Graphic Arts Materials (Japan)	Printing Inks (Asia)	Printing Inks (Americas)	Printing Inks (Europe)	Digital and Specialty Products	Total				
Revenues										
Revenues from contracts with customers	12,244	13,974	25,358	5,057	4,849	61,485	2,574	64,059	—	64,059
Other revenues	—	—	—	—	—	—	—	—	—	—
Sales to external customers	12,244	13,974	25,358	5,057	4,849	61,485	2,574	64,059	—	64,059
Intersegment sales and transfers	243	43	220	183	9	701	1,188	1,889	(1,889)	—
Total	12,488	14,017	25,579	5,241	4,859	62,186	3,762	65,949	(1,889)	64,059
Segment income	274	1,602	1,549	85	596	4,108	131	4,240	(383)	3,857

(Notes) 1. The "Others" is a business segment not included in the reportable segments and contains the chemical products business and the display service business in Japan.

2. The adjustment of negative 383 million yen includes elimination of intersegment transactions of 52 million yen and corporate expenses not allocated to each reportable segment of negative 435 million yen. Corporate expenses mainly consist of general and administrative expenses and research and development expenses that are not attributable to any reportable segment.

3. Segment income is adjusted with operating income in the consolidated statements of income.

2. Matters relating to change in reportable segments

From the first quarter of the fiscal year under review, the Company has been revising criteria for allocating corporate expenses to better reflect the performance of each reportable segment.

The segment information for the first quarter of the previous fiscal year has been prepared and presented based on the revised method of allocating expenses.

3. Information on impairment loss or goodwill on fixed assets by reportable segment

During the first quarter of the year under review, there are no significant impairment losses recognized on fixed assets, no significant changes recognized in the amount of goodwill, and no significant gains recognized on bargain purchases.

Significant changes in the amount of shareholders' equity

The Company acquired a total of 108,000 shares of its own stock by the end of the first quarter of the consolidated cumulative period, based on the resolution of the Board of Directors meeting held on March 19, 2025. As a result, treasury shares increased by 211 million yen in the first quarter of the fiscal year under review.

At the end of the first quarter of the consolidated accounting period, treasury shares amounted to 5,141 million yen.

Going concern assumption

Not applicable

Quarterly consolidated statements of cash flows

Quarterly consolidated statements of cash flows are not prepared for the first quarter of the fiscal year under review. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended December 31 are as follows.

(Million yen)

	For the three months ended March 31, 2024 (From January 1, 2024 to March 31, 2024)	For the three months ended March 31, 2025 (From January 1, 2025 to March 31, 2025)
Depreciation	1,271	1,514
Amortization of goodwill	31	57