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Consolidated Financial Results for the Fiscal Year Ended December 31, 2018 [Japanese GAAP]

February 14, 2019

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
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 Phone: +81-6-6447-5823
 Scheduled date of Annual General Meeting of Shareholders: March 26, 2019
 Scheduled date of commencing dividend payments: March 27, 2019
 Scheduled date of filing annual securities report: March 26, 2019
 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, 2018 (January 1, 2018 to December 31, 2018)

(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, 2018	162,056	3.0	5,112	(40.4)	6,910	(38.6)	4,692	(44.0)
December 31, 2017	157,302	4.0	8,573	(15.3)	11,249	(5.2)	8,383	7.0

(Note) Comprehensive income: Fiscal year ended December 31, 2018: ¥ 756 million [(92.4) %]
 Fiscal year ended December 31, 2017: ¥ 9,946 million [55.9 %]

	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	%	%	%
Fiscal year ended December 31, 2018	80.36	-	6.3	4.7	3.2
December 31, 2017	142.76	-	11.4	7.9	5.5

(Note) Equity in earnings of affiliates: Fiscal year ended December 31, 2018: ¥ 1,572 million
 Fiscal year ended December 31, 2017: ¥ 1,783 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2018	145,857	77,397	50.9	1,272.41
December 31, 2017	145,489	78,766	52.0	1,295.39

(Note) Equity: As of December 31, 2018: ¥ 74,307 million
 As of December 31, 2017: ¥ 75,650 million

(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
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2018	5,239	(7,279)	(122)	6,788
December 31, 2017	9,201	(2,737)	(6,259)	9,351

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 December 31, 2017	-	14.00	-	16.00	30.00	1,751	21.0	2.4
December 31, 2018	-	15.00	-	15.00	30.00	1,751	37.3	2.3
Fiscal year ending December 31, 2019(Forecast)	-	15.00	-	15.00	30.00		35.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)

(% 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, 2019	85,000	7.7	2,250	(16.1)	3,000	(15.3)	2,000	(23.3)	34.25
Full year	173,600	7.1	6,000	17.4	7,500	8.5	5,000	6.5	85.62

* 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: 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, 2018: 62,601,161 shares
- December 31, 2017: 62,601,161 shares
- 2) Total number of treasury shares at the end of the period:
- December 31, 2018: 4,201,943 shares
- December 31, 2017: 4,201,482 shares
- 3) Average number of shares during the period:
- Fiscal Year ended December 31, 2018: 58,399,431 shares
- Fiscal Year ended December 31, 2017: 58,724,104 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2018 (January 1, 2018 to December 31, 2018)

(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, 2018	67,865	1.3	1,597	(41.7)	3,880	(23.1)	3,087	(34.7)
December 31, 2017	67,027	1.6	2,740	3.0	5,044	8.3	4,730	28.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
December 31, 2018	52.88	-
December 31, 2017	80.55	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of				
December 31, 2018	96,342	55,633	57.7	952.64
December 31, 2017	96,967	56,423	58.2	966.16

(Note) Equity: As of December 31, 2018: ¥ 55,633 million
As of December 31, 2017: ¥ 56,423 million

*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, 2019 and will be uploaded on the Company's website.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of December 31,2017	As of December 31,2018
Assets		
Current assets		
Cash and deposits	10,002	7,194
Notes and accounts receivable - trade	45,098	46,506
Merchandise and finished goods	9,898	9,759
Work in process	1,096	1,219
Raw materials and supplies	7,642	9,180
Deferred tax assets	613	456
Other	2,243	2,378
Allowance for doubtful accounts	(395)	(453)
Total current assets	76,199	76,241
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,823	17,298
Machinery, equipment and vehicles, net	9,472	10,778
Land	8,786	8,795
Leased assets, net	619	703
Construction in progress	918	912
Other, net	411	443
Total property, plant and equipment	37,032	38,931
Intangible assets	851	590
Investments and other assets		
Investment securities	29,207	26,504
Long-term loans receivable	952	1,491
Deferred tax assets	212	178
Other	1,497	2,182
Allowance for doubtful accounts	(463)	(262)
Total investments and other assets	31,405	30,093
Total non-current assets	69,290	69,615
Total assets	145,489	145,857

(Million yen)

	As of December 31,2017	As of December 31,2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,332	17,989
Electronically recorded obligations - operating	-	13,814
Short-term loans payable	5,343	9,059
Current portion of long-term loans payable	4,188	1,357
Lease obligations	213	225
Accrued expenses	3,623	3,182
Income taxes payable	993	179
Provision for bonuses	647	553
Other	3,625	2,870
Total current liabilities	47,968	49,233
Non-current liabilities		
Long-term loans payable	6,157	7,332
Lease obligations	328	348
Deferred tax liabilities	4,921	4,249
Net defined benefit liability	5,026	4,968
Asset retirement obligations	71	72
Other	2,249	2,254
Total non-current liabilities	18,754	19,226
Total liabilities	66,723	68,459
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,672	5,672
Retained earnings	65,638	68,430
Treasury shares	(4,046)	(4,047)
Total shareholders' equity	74,737	77,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,957	2,713
Deferred gains or losses on hedges	2	4
Foreign currency translation adjustment	(2,611)	(4,549)
Remeasurements of defined benefit plans	(1,434)	(1,389)
Total accumulated other comprehensive income	912	(3,220)
Non-controlling interests	3,116	3,090
Total net assets	78,766	77,397
Total liabilities and net assets	145,489	145,857

Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended December 31,2017	For the fiscal year ended December 31,2018
Net sales	157,302	162,056
Cost of sales	120,371	128,824
Gross profit	36,931	33,232
Selling, general and administrative expenses	28,358	28,120
Operating income	8,573	5,112
Non-operating income		
Interest income	68	58
Dividend income	310	311
Real estate rent	198	204
Equity in earnings of affiliates	1,783	1,572
Foreign exchange gains	389	-
Other	298	330
Total non-operating income	3,048	2,476
Non-operating expenses		
Interest expenses	247	266
Foreign exchange losses	-	239
Other	124	172
Total non-operating expenses	371	678
Ordinary income	11,249	6,910
Extraordinary income		
Gain on sales of investment securities	1,124	-
Insurance income	199	185
Subsidy income	100	100
Total extraordinary income	1,424	285
Extraordinary losses		
Loss on disaster	174	-
Loss on retirement of property, plant and equipment	70	71
Loss on valuation of investment securities	0	-
Plant transfer expenses	71	-
Total extraordinary losses	317	71
Income before income taxes	12,356	7,125
Income taxes - current	3,092	1,731
Income taxes - deferred	374	424
Total income taxes	3,466	2,155
Net income	8,889	4,970
Net income attributable to non-controlling interests	506	277
Net income attributable to owners of parent	8,383	4,692

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31,2017	For the fiscal year ended December 31,2018
Net income	8,889	4,970
Other comprehensive income		
Valuation difference on available-for-sale securities	971	(2,136)
Deferred gains or losses on hedges	1	0
Foreign currency translation adjustment	(246)	(1,595)
Remeasurements of defined benefit plans, net of tax	156	63
Share of other comprehensive income of affiliates accounted for using equity method	174	(545)
Total other comprehensive income	1,056	(4,213)
Comprehensive income	9,946	756
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,489	559
Comprehensive income attributable to non-controlling interests	456	196

Consolidated Statements of Changes in Net Assets

For the fiscal year ended December 31,2017

(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	59,053	(643)	71,555
Changes of items during period					
Dividends of surplus			(1,725)		(1,725)
Profit attributable to owners of parent			8,383		8,383
Purchase of treasury shares				(3,402)	(3,402)
Change of scope of consolidation in affiliates accounted for using equity method			(73)		(73)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	6,584	(3,402)	3,182
Balance at end of current period	7,472	5,672	65,638	(4,046)	74,737

	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	4,027	(0)	(2,615)	(1,604)	(193)	2,952	74,313
Changes of items during period							
Dividends of surplus							(1,725)
Profit attributable to owners of parent							8,383
Purchase of treasury shares							(3,402)
Change of scope of consolidation in affiliates accounted for using equity method							(73)
Net changes of items other than shareholders' equity	929	2	3	169	1,106	164	1,270
Total changes of items during period	929	2	3	169	1,106	164	4,452
Balance at end of current period	4,957	2	(2,611)	(1,434)	912	3,116	78,766

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 period					
Dividends of surplus			(1,810)		(1,810)
Profit 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 period							
Dividends of surplus							(1,810)
Profit 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

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31,2017	For the fiscal year ended December 31,2018
Cash flows from operating activities		
Income before income taxes	12,356	7,125
Depreciation and amortization	3,702	4,036
Increase (decrease) in allowance for doubtful accounts	(145)	(114)
Increase (decrease) in net defined benefit liability	145	202
Increase (decrease) in provision for bonuses	15	(89)
Interest and dividend income	(378)	(370)
Interest expenses	247	266
Equity in (earnings) losses of affiliates	(1,783)	(1,572)
Loss on retirement of property, plant and equipment	70	71
Loss (gain) on sales of investment securities	(1,124)	-
Loss (gain) on valuation of investment securities	0	-
Insurance income	(199)	(185)
Subsidy income	(100)	(100)
Loss on disaster	174	-
Plant transfer expenses	71	-
Decrease (increase) in notes and accounts receivable - trade	(1,608)	(2,161)
Decrease (increase) in inventories	(1,563)	(1,939)
Increase (decrease) in notes and accounts payable - trade including electronically recorded obligations - operating	1,923	2,793
Other, net	(263)	(738)
Subtotal	11,539	7,223
Interest and dividend income received	728	765
Interest expenses paid	(249)	(263)
Proceeds from insurance income	30	238
Proceeds from subsidy income	150	100
Income taxes paid	(2,996)	(2,824)
Net cash provided by (used in) operating activities	9,201	5,239
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,808)	(6,266)
Proceeds from sales of property, plant and equipment	29	57
Purchase of investment securities	(223)	(189)
Proceeds from sales of investment securities	1,965	1
Payments of loans receivable	(48)	(602)
Collection of loans receivable	55	56
Other, net	(707)	(335)
Net cash provided by (used in) investing activities	(2,737)	(7,279)

(Million yen)

	For the fiscal year ended December 31,2017	For the fiscal year ended December 31,2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,737	3,727
Proceeds from long-term loans payable	3,876	2,601
Repayments of long-term loans payable	(6,188)	(4,152)
Purchase of treasury shares	(3,402)	(0)
Cash dividends paid	(1,725)	(1,810)
Dividends paid to non-controlling interests	(292)	(223)
Other, net	(265)	(264)
Net cash provided by (used in) financing activities	(6,259)	(122)
Effect of exchange rate change on cash and cash equivalents	(151)	(400)
Net increase (decrease) in cash and cash equivalents	53	(2,562)
Cash and cash equivalents at beginning of period	9,297	9,351
Cash and cash equivalents at end of period	9,351	6,788