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Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 [Japanese GAAP]

February 14, 2022

Company name: SAKATA INX CORPORATION
 Stock exchange listing: Tokyo
 Code number: 4633
 URL: <http://www.inx.co.jp/>
 Representative: Yoshiaki Ueno 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 29, 2022
 Scheduled date of commencing dividend payments: March 30, 2022
 Scheduled date of filing annual securities report: March 29, 2022
 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, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021	181,487	12.4	7,414	2.8	8,506	9.2	4,933	(6.5)
December 31, 2020	161,507	(3.4)	7,212	15.9	7,789	6.4	5,275	28.2

(Note) Comprehensive income: Fiscal year ended December 31, 2021: ¥ 12,829million [597.4%]
 Fiscal year ended December 31, 2020: ¥ 1,839million [(65.5)%]

	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, 2021	84.43	-	6.1	5.5	4.1
December 31, 2020	90.32	-	6.9	5.3	4.5

(Note) Equity in earnings of affiliates: Fiscal year ended December 31, 2021: ¥ 992million
 Fiscal year ended December 31, 2020: ¥ 314million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
December 31, 2021	166,899	92,465	51.8	1,478.18
December 31, 2020	145,272	81,421	52.6	1,307.13

(Note) Equity: As of December 31, 2021: ¥ 86,379million
 As of December 31, 2020: ¥ 76,360million

(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, 2021	7,556	(5,352)	(2,875)	12,115
December 31, 2020	10,599	(7,010)	(980)	11,678

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, 2020	-	15.00	-	15.00	30.00	1,752	33.2	2.3
December 31, 2021	-	15.00	-	15.00	30.00	1,752	35.5	2.2
Fiscal year ending	-	15.00	-	15.00	30.00		30.8	
December 31, 2022(Forecast)								

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% 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, 2022	96,800	9.2	2,700	(46.5)	3,350	(42.8)	2,200	(45.5)	37.64
Full year	198,000	9.1	7,000	(5.6)	8,300	(2.4)	5,700	15.5	97.52

* 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, 2021: 62,601,161shares
December 31, 2020: 62,601,161shares

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

December 31, 2021: 4,164,408shares
December 31, 2020: 4,182,625shares

3) Average number of shares during the period:

Fiscal Year ended December 31, 2021: 58,431,152shares
Fiscal Year ended December 31, 2020: 58,412,754shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021	65,938	7.7	1,708	124.4	4,304	50.9	3,382	22.9
December 31, 2020	61,201	(6.6)	761	(32.9)	2,852	(14.3)	2,752	2.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	57.89	-
December 31, 2020	47.12	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2021	97,196	58,517	60.2	1,001.39
December 31, 2020	92,244	56,530	61.3	967.68

(Note) Equity: As of December 31, 2021: ¥ 58,517million
As of December 31, 2020: ¥ 56,530million

*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, 2022 and will be uploaded on the Company's website.

Consolidated Financial Statements
Consolidated Balance Sheets

(Million yen)

	As of December 31,2020	As of December 31,2021
Assets		
Current assets		
Cash and deposits	12,427	12,684
Notes and accounts receivable - trade	43,083	49,363
Merchandise and finished goods	10,462	12,802
Work in process	1,119	1,227
Raw materials and supplies	9,602	14,562
Other	1,542	2,785
Allowance for doubtful accounts	(596)	(566)
Total current assets	77,640	92,860
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,134	19,642
Machinery, equipment and vehicles, net	9,282	10,293
Land	8,847	9,396
Leased assets, net	414	343
Construction in progress	3,514	3,055
Other, net	2,144	2,588
Total property, plant and equipment	40,338	45,320
Intangible assets		
Goodwill	501	453
Other	206	374
Total intangible assets	707	827
Investments and other assets		
Investment securities	25,176	25,698
Long-term loans receivable	46	46
Retirement benefit asset	221	803
Deferred tax assets	347	258
Other	1,208	2,065
Allowance for doubtful accounts	(414)	(981)
Total investments and other assets	26,586	27,890
Total non-current assets	67,632	74,039
Total assets	145,272	166,899

(Million yen)

	As of December 31,2020	As of December 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,376	23,010
Electronically recorded obligations - operating	11,309	13,234
Short-term loans payable	4,533	5,133
Current portion of long-term loans payable	2,771	5,334
Lease obligations	215	193
Accrued expenses	3,563	4,156
Income taxes payable	614	791
Provision for bonuses	555	612
Other	2,375	2,790
Total current liabilities	42,315	55,258
Non-current liabilities		
Bonds payable	-	1,000
Long-term loans payable	9,754	5,557
Lease obligations	455	561
Deferred tax liabilities	3,315	4,065
Retirement benefit liability	4,940	4,981
Asset retirement obligations	71	73
Other	2,996	2,936
Total non-current liabilities	21,535	19,176
Total liabilities	63,850	74,434
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,672	5,675
Retained earnings	73,918	76,967
Treasury shares	(4,027)	(4,010)
Total shareholders' equity	83,035	86,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,652	2,106
Deferred gains or losses on hedges	(0)	(2)
Foreign currency translation adjustment	(7,281)	(1,606)
Remeasurements of defined benefit plans	(1,045)	(222)
Total accumulated other comprehensive income	(6,674)	275
Non-controlling interests	5,060	6,085
Total net assets	81,421	92,465
Total liabilities and net assets	145,272	166,899

Consolidated Statements of Income and Comprehensive Income
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended December 31,2020	For the fiscal year ended December 31,2021
Net sales	161,507	181,487
Cost of sales	126,049	143,803
Gross profit	35,458	37,684
Selling, general and administrative expenses	28,245	30,269
Operating income	7,212	7,414
Non-operating income		
Interest income	89	70
Dividend income	337	330
Real estate rent	188	181
Equity in earnings of affiliates	314	992
Other	242	260
Total non-operating income	1,172	1,835
Non-operating expenses		
Interest expenses	267	238
Foreign exchange losses	157	294
Other	171	210
Total non-operating expenses	596	743
Ordinary income	7,789	8,506
Extraordinary income		
Gain on sales of non-current assets	83	114
Gain on sales of investment securities	3	75
Subsidy income	100	100
Total extraordinary income	187	290
Extraordinary losses		
Loss on sales of non-current assets	-	22
Loss on retirement of non-current assets	-	425
Loss on valuation of investment securities	3	-
Provision of allowance for doubtful accounts	-	565
Expense on restructuring of organization	218	-
Total extraordinary losses	221	1,013
Income before income taxes	7,755	7,784
Income taxes - current	2,245	1,796
Income taxes - deferred	(396)	357
Total income taxes	1,849	2,153
Net income	5,906	5,630
Net income attributable to non-controlling interests	630	697
Net income attributable to owners of parent	5,275	4,933

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31,2020	For the fiscal year ended December 31,2021
Net income	5,906	5,630
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,712)	354
Deferred gains or losses on hedges	-	(2)
Foreign currency translation adjustment	(1,893)	4,414
Remeasurements of defined benefit plans, net of tax	32	831
Share of other comprehensive income of affiliates accounted for using equity method	(492)	1,600
Total other comprehensive income	(4,066)	7,198
Comprehensive income	1,839	12,829
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,399	11,653
Comprehensive income attributable to non-controlling interests	439	1,175

Consolidated Statements of Changes in Net Assets
For the fiscal year ended December 31, 2020

(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	70,396	(4,047)	79,494
Changes of items during the period					
Dividends of surplus			(1,752)		(1,752)
Net income attributable to owners of parent			5,275		5,275
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(2)		19	17
Transfer to capital surplus from retained earnings		2	(2)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	3,521	19	3,540
Balance at end of current period	7,472	5,672	73,918	(4,027)	83,035

	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	3,329	0	(5,050)	(1,078)	(2,798)	4,743	81,439
Changes of items during the period							
Dividends of surplus							(1,752)
Net income attributable to owners of parent							5,275
Purchase of treasury shares							(0)
Disposal of treasury shares							17
Transfer to capital surplus from retained earnings							-
Net changes of items other than shareholders' equity	(1,676)	(0)	(2,231)	33	(3,876)	317	(3,558)
Total changes of items during period	(1,676)	(0)	(2,231)	33	(3,876)	317	(18)
Balance at end of current period	1,652	(0)	(7,281)	(1,045)	(6,674)	5,060	81,421

For the fiscal year ended December 31,2021

(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	73,918	(4,027)	83,035
Changes of items during the period					
Dividends of surplus			(1,752)		(1,752)
Net income attributable to owners of parent			4,933		4,933
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		2		17	20
Change in scope of consolidation			(120)		(120)
Change of scope of consolidation in entities accounted for using equity method			(11)		(11)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2	3,048	17	3,068
Balance at end of current period	7,472	5,675	76,967	(4,010)	86,104

	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	1,652	(0)	(7,281)	(1,045)	(6,674)	5,060	81,421
Changes of items during the period							
Dividends of surplus							(1,752)
Net income attributable to owners of parent							4,933
Purchase of treasury shares							(0)
Disposal of treasury shares							20
Change in scope of consolidation							(120)
Change of scope of consolidation in entities accounted for using equity method							(11)
Net changes of items other than shareholders' equity	454	(2)	5,675	822	6,950	1,024	7,974
Total changes of items during period	454	(2)	5,675	822	6,950	1,024	11,043
Balance at end of current period	2,106	(2)	(1,606)	(222)	275	6,085	92,465

Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31,2020	For the fiscal year ended December 31,2021
Cash flows from operating activities		
Income before income taxes	7,755	7,784
Depreciation and amortization	4,349	4,306
Amortization of goodwill	83	86
Increase (decrease) in allowance for doubtful accounts	(18)	451
Increase (decrease) in retirement benefit liability	179	96
Increase (decrease) in provision for bonuses	29	48
Interest and dividend income	(427)	(400)
Interest expenses	267	238
Equity in (earnings) losses of affiliates	(314)	(992)
Loss (gain) on sales of investment securities	(3)	(75)
Loss (gain) on valuation of investment securities	3	-
Loss (gain) on sales and retirement of non-current assets	(83)	(92)
Loss on retirement of non-current assets	-	425
Subsidy income	(100)	(100)
Expense on restructuring of organization	218	-
Decrease (increase) in notes and accounts receivable - trade	1,791	(3,629)
Decrease (increase) in inventories	(342)	(4,809)
Increase (decrease) in notes and accounts payable - trade including electronically recorded obligations - operating	(2,396)	7,184
Other, net	1,224	(1,335)
Subtotal	12,214	9,185
Interest and dividend income received	739	747
Interest expenses paid	(264)	(233)
Proceeds from subsidy income	100	100
Income taxes paid	(2,190)	(2,243)
Net cash provided by (used in) operating activities	10,599	7,556
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,318)	(5,276)
Proceeds from sales of property, plant and equipment	293	299
Purchase of investment securities	(2,887)	(98)
Proceeds from sales of investment securities	15	160
Payments of loans receivable	(38)	(49)
Collection of loans receivable	48	49
Other, net	(121)	(437)
Net cash provided by (used in) investing activities	(7,010)	(5,352)

(Million yen)

	For the fiscal year ended December 31,2020	For the fiscal year ended December 31,2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,282)	225
Proceeds from long-term loans payable	4,907	1,044
Repayments of long-term loans payable	(2,473)	(3,003)
Proceeds from issuance of bonds	-	1,000
Cash dividends paid	(1,752)	(1,752)
Dividends paid to non-controlling interests	(239)	(278)
Proceeds from share issuance to non-controlling shareholders	117	127
Other, net	(256)	(238)
Net cash provided by (used in) financing activities	(980)	(2,875)
Effect of exchange rate change on cash and cash equivalents	(292)	679
Net increase (decrease) in cash and cash equivalents	2,317	7
Cash and cash equivalents at beginning of period	9,361	11,678
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	429
Cash and cash equivalents at end of period	11,678	12,115