

# Financial Results Briefing Material for the 2nd Quarter of the Fiscal Year Ending December 31, 2024 (half year)

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SAKATA INX CORPORATION

August 26, 2024

TSE Prime | Securities code: 4633

The performance forecasts and other forward-looking statements found in this document are based on information available at the time this document was prepared and on certain assumptions deemed reasonable by the Company. Actual performance and other outcomes may differ significantly for various reasons. Amounts shown are rounded down to the nearest whole unit.

■ Long-term Strategic Vision: Basic Policy	P3	■ FY2024/12 full-year forecasts and future plans	
■ FY2024/12 Q2 (half year) financial results overview	P4	• Full-year consolidated forecasts	P15
■ FY2024/12 Q2 (half year) financial results summary	P5	• Full-year forecasts by segment	P16
• Consolidated results	P6	• Historical and planned investments (including unconsolidated)	P17
• FY2024/12 Q2 (half year) YoY changes by main factors	P7	• Shareholder returns	P18
• Results by segment (net sales and operating income)		■ The SAKATA INX Group: Seeking to achieve sustained growth	
■ Results by segment	P8	• Tackling new business areas	P19
• Printing Inks and Graphic Arts Materials (Japan)	P9	• Strengthening ESG and sustainability initiatives with a focus on the global environment and local communities	P22
• Printing Inks (Asia)	P10		
• Printing Inks (Americas)	P11		
• Printing Inks (Europe)	P12		
• Digital and Specialty Products			
■ Consolidated Balance Sheet, Consolidated Statement of Cash Flows	P13		

From the fiscal year ending December 2024, net sales include royalty income. This was previously recorded as non-operating income. The figures on the following pages reflect retroactive application.



# — FY2024/12 Q2 (half year) financial results overview

## Half-year results

Both **sales and profits increased** due to volume growth centered on Asia, in addition to plateauing raw materials prices overseas and strong sales in Europe and the United States.

## Full-year forecast

Full-year forecasts were **revised upward** based on strong performance in the first half and sales plans and raw material trends for the second half.

## Shareholder returns

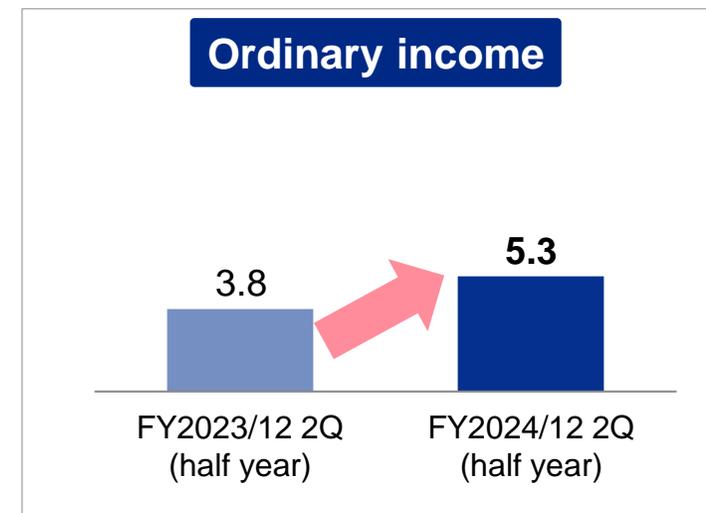
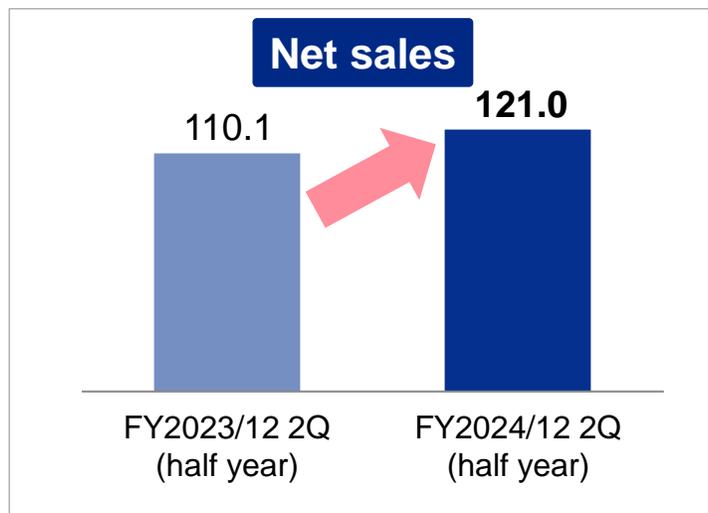
- We undertook **treasury stock purchases** totaling JPY1.0 billion (acquisition completed August 6, 2024).
- **We increased interim dividends** based on strong first half performance. **We also revised the year-end dividend forecast upward.**

## Topics

- Selected as a component of the FTSE Blossom Japan Index for the first time
- Local companies in the UK and Spain received EcoVadis Silver ratings.

# Consolidated results

(Billion yen)



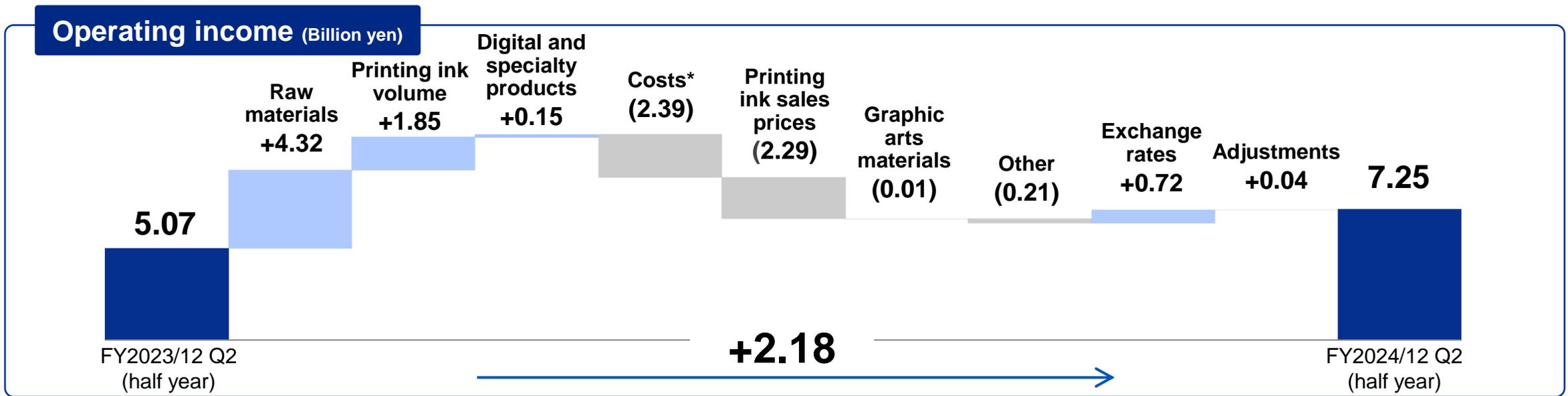
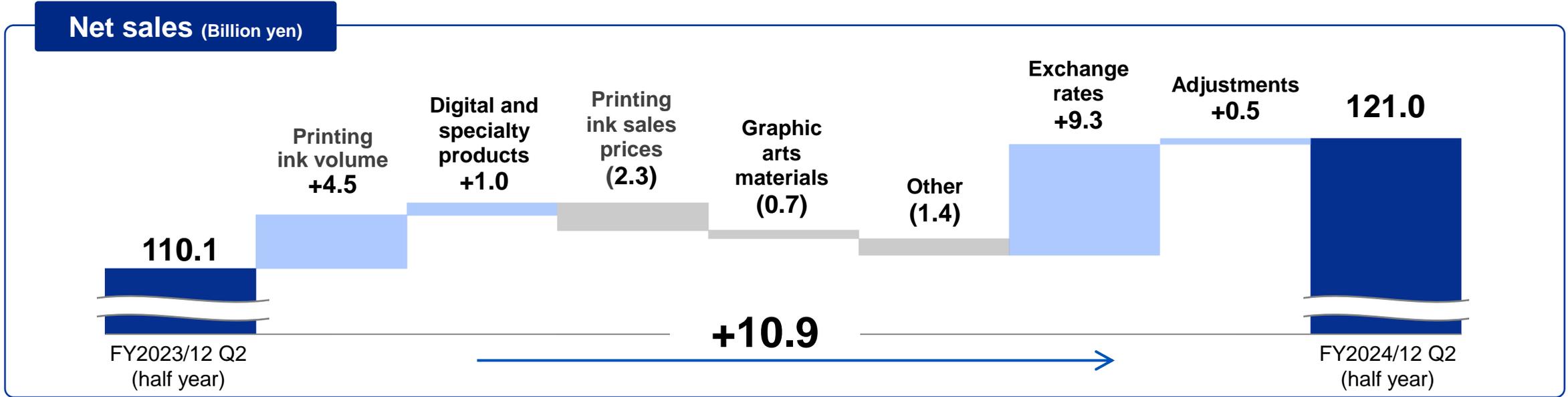
	FY2023/12 Q2 (half year)		FY2024/12 Q2 (half year)				
	Amount	Percentage of net sales (%)	Amount	Change	YoY (%)	Exchange-rate effect	Change (%) after deducting exchange-rate effect
<b>Net sales</b>	110.1		<b>121.0</b>	10.9	9.9	9.3	1.4
<b>Operating income</b>	5.0	4.5%	<b>7.2</b>	2.1	42.9	0.7	28.6
<b>Ordinary income</b>	6.4	5.8%	<b>7.1</b>	0.7	11.2	0.6	1.3
<b>Net income attributable to owners of parent</b>	3.8	3.4%	<b>5.3</b>	1.5	39.5	0.5	26.3

Exchange rate during period (USD)

JPY134.86

JPY152.25

# FY2024/12 Q2 (half year) YoY changes by main factors



\*Costs include manufacturing costs and SGA.

# Results by segment (net sales and operating income)

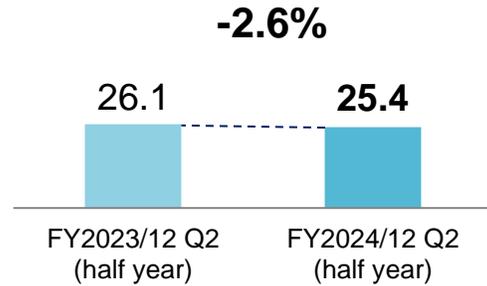
(Billion yen)		Net sales			Operating income		
		FY2023/12 Q2 (half year)	FY2024/12 Q2 (half year)	Change (%)	FY2023/12 Q2 (half year)	FY2024/12 Q2 (half year)	Change (%)
	Printing Inks and Graphic Arts Materials (Japan)	26.1	<b>25.4</b>	(2.6)	0.5	<b>0.5</b>	1.3
	Printing Inks (Asia)	24.1	<b>29.1</b>	20.7	1.5	<b>2.8</b>	82.0
	Printing Inks (Americas)	38.3	<b>42.8</b>	11.8	2.4	<b>2.7</b>	9.0
	Printing Inks (Europe)	9.5	<b>11.1</b>	16.7	(0.3)	<b>0.2</b>	—
	Digital and Specialty Products	8.1	<b>9.6</b>	17.7	0.9	<b>1.1</b>	22.5
	Reporting segments total	106.2	<b>118.1</b>	11.2	5.1	<b>7.5</b>	45.1
	Other	7.4	<b>5.9</b>	(19.2)	0.2	<b>0.0</b>	(87.1)
	Adjustments	(3.5)	<b>(3.0)</b>	—	(0.3)	<b>(0.3)</b>	—
	Total	110.1	<b>121.0</b>	9.9	5.0	<b>7.2</b>	42.9

Net sales composition by segment



- Overseas sales volumes grew, mainly in Asia and South America.
- Overseas raw materials prices stabilized.
- Sales of inkjet inks in Digital and specialty products were strong.

## Net sales (Billion yen)



FY2024/12	Q1	Q2	Q3	Q4
Net sales	12.2	13.2	-	-
YoY (%)	(5.8)	+0.5	-	-

## Operating income (Billion yen)



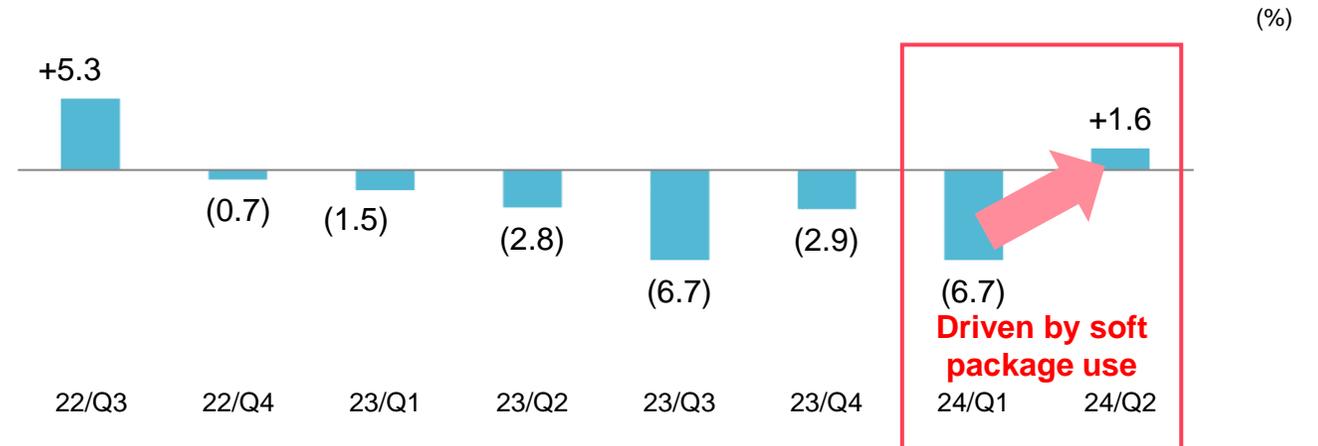
FY2024/12	Q1	Q2	Q3	Q4
Operating income	0.3	0.1	-	-
YoY (%)	+59.8	(42.0)	-	-

**Products:** Printing inks and graphic arts materials for packages and information media

**Net sales:** Despite slow sales of printing inks for information media and graphic arts materials, demand for printing inks for soft packages recovered somewhat in Q2.

**Operating income:** Price revisions continue to have an impact, with additional revisions in prices for package printing inks announced in April. Raw material prices plateaued, but expenses associated with ERP system adoption and labor costs increased.

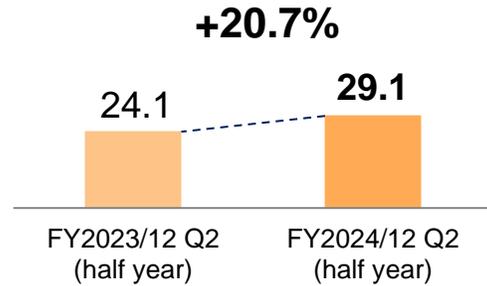
## Changes in sales volumes of inks for packages (YoY)



## Business structural reforms

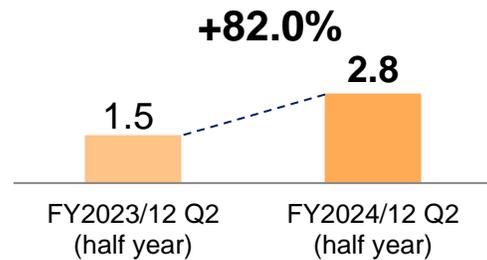
- Production efficiency improvements (discontinuation of unprofitable items, discontinuation and consolidation of production items, restructuring of production facilities)
- Use of ERP system and BPR promotion
- Revisions affecting the sales structure (closed Aomori sales office in March)
- Reassignment of human resources to priority businesses
- Joint efforts with other companies within the industry (production, logistics), etc.

## Net sales (Billion yen)



FY2024/12	Q1	Q2	Q3	Q4
Net sales	14.8	14.2	-	-
YoY (%)	+26.0	+15.7	-	-

## Operating income (Billion yen)



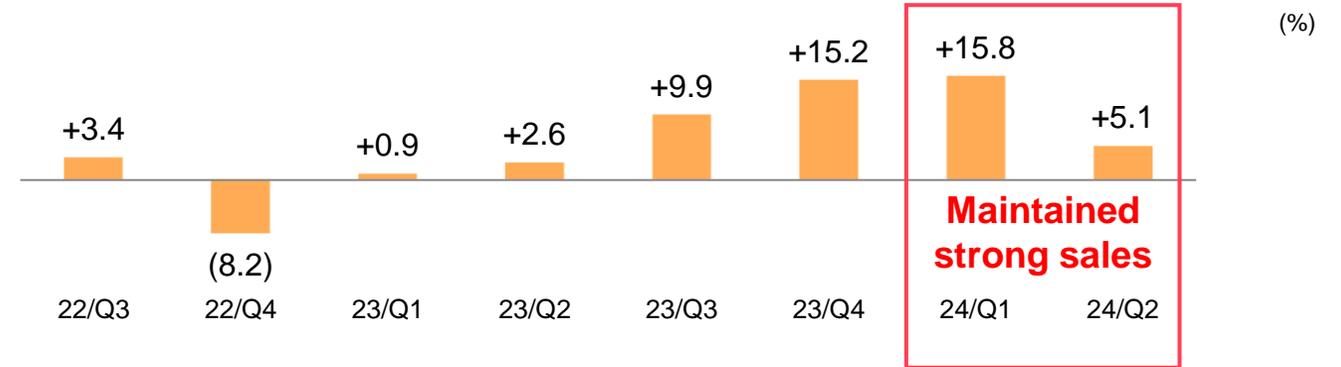
FY2024/12	Q1	Q2	Q3	Q4
Operating income	1.5	1.3	-	-
YoY (%)	+109.0	+57.2	-	-

**Products:** Printing inks for packages, information media (India and other countries), and metals (China, Vietnam, and other countries)

**Net sales:** All local companies saw higher sales YoY, excluding the Chinese offset business sold at the end of March.

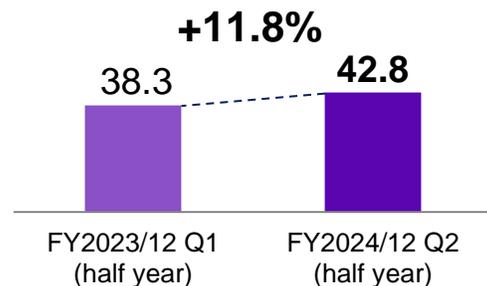
**Operating income:** Profits grew thanks to higher sales volumes and stabilizing raw materials prices.

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



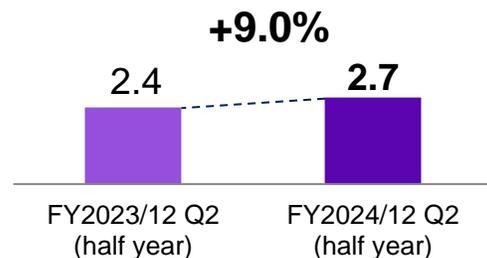
Region	Volume (YoY)	Summary
India	+6.7	While sales for newspaper use were slow, efforts to expand sales of commercial offset inks made progress. Efforts to expand sales of eco-friendly products for package use led to progress. Additionally, exports to the Middle East were strong.
Indonesia	+12.1	Demand growth and sales expansion advanced for package use in response to Indonesia's favorable economic conditions.
Vietnam	+20.9	Sales proceeded in step with the recovery of the Vietnamese economy. Additionally, sales to Cambodia grew.
Thailand	+37.1	Sales for package use grew sharply thanks to the effects of Thailand's strong economy and sales expansion to major customers.

## Net sales (Billion yen)



FY2024/12	Q1	Q2	Q3	Q4
Net sales	20.3	22.4	-	-
YoY (%)	+8.8	+14.7	-	-

## Operating income (Billion yen)



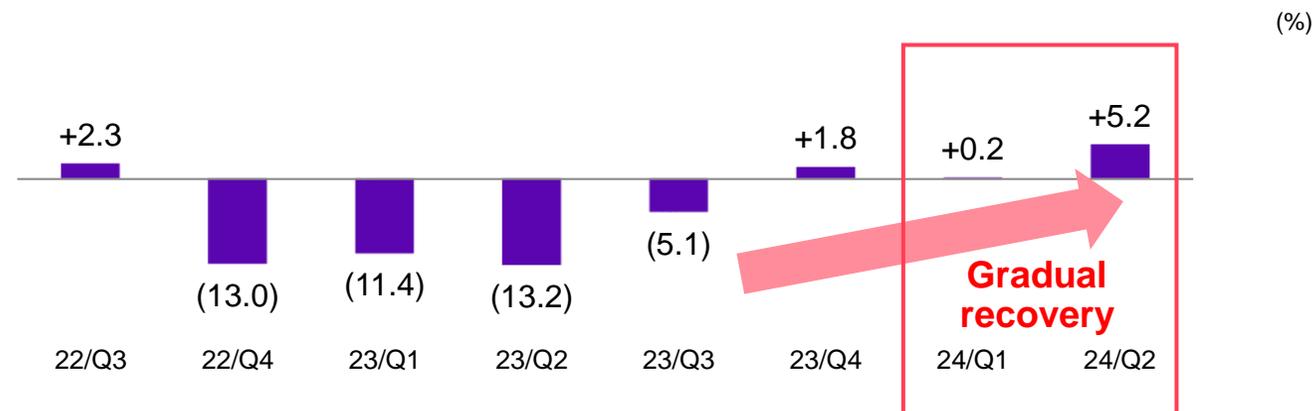
FY2024/12	Q1	Q2	Q3	Q4
Operating income	1.3	1.3	-	-
YoY (%)	+18.5	+1.0	-	-

**Products:** Printing inks for packages, information media (North America), and metals

**Net sales:** Sales volumes for printing inks for packages and metals recovered gradually.

**Operating income:** Profits grew thanks to stable raw material prices, higher volumes, and currency translation effects. Sales prices fell due to customer requests for price adjustments; soaring labor costs led to higher expenses.

## Changes in sales volumes of inks for packages and metals (YoY)



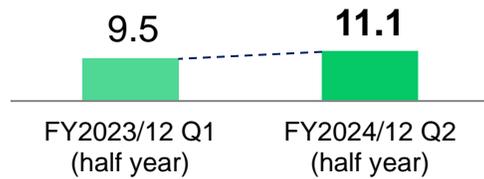
Region	Volume (YoY)	Summary
North America	+1.3	Printing inks for packages and metals trended toward recovery, while sales volumes increased.
Brazil	+12.4	Shipped volumes of printing inks for metals increased due to efforts to expand sales in South America.

# Results by segment

## Printing Inks (Europe)

### Net sales (Billion yen)

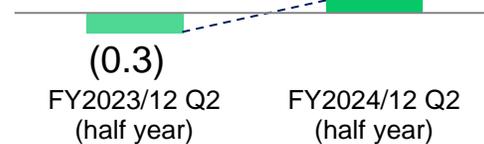
**+16.7%**



FY2024/12	Q1	Q2	Q3	Q4
Net sales	5.5	5.6	-	-
YoY (%)	+18.1	+15.4	-	-

### Operating income (Billion yen)

**0.2**



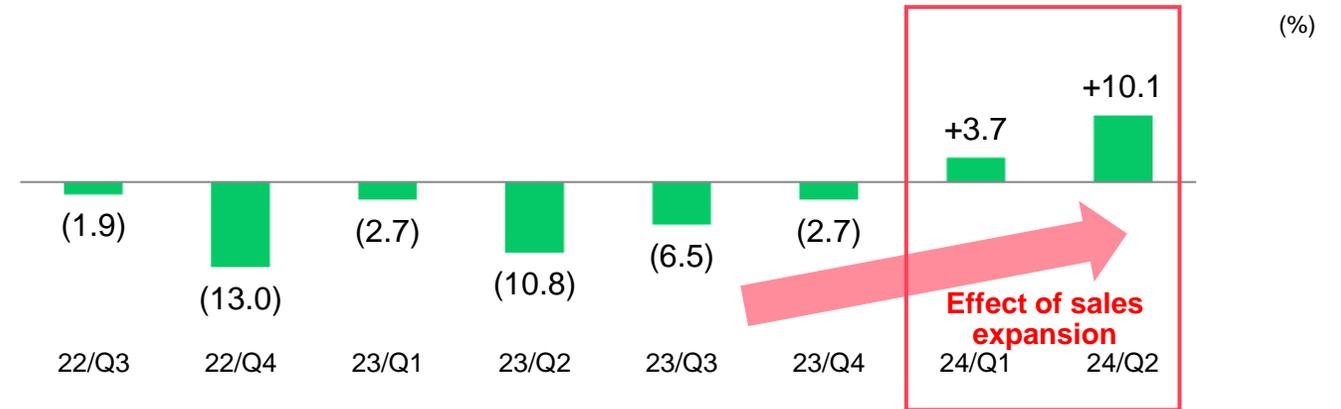
FY2024/12	Q1	Q2	Q3	Q4
Operating income	0.2	0.0	-	-
YoY (%)	-	-	-	-

**Products:** Printing inks for packages, information media, metals

**Net sales:** Sales of printing inks for packages and metals were strong due to progress with efforts to expand sales. Special applications manufactured in Germany also recovered.

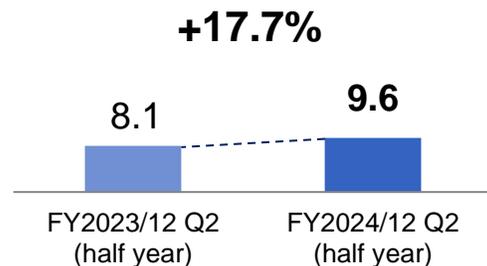
**Operating profit:** While unit prices declined due to price competition, profits grew thanks to increased volumes and stable raw materials prices, in addition to effective cost control measures. All three locations were profitable.

### Changes in sales volumes in the European segment (YoY)



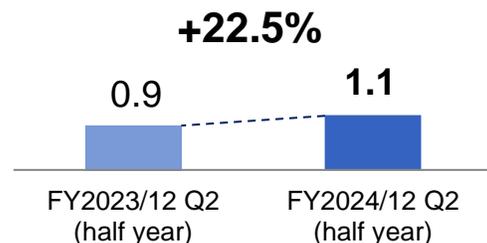
Region	Volume (YoY)	Summary
UK	+1.3	Efforts to expand sales to existing customers and sales in the Middle East and Africa made progress, offsetting the loss of the Russian market for metals.
Spain	+5.2	Sales volumes for eco-friendly packaging grew.
Germany	+16.2	Sales for special applications (for pad printing) recovered. Continued efforts to expand sales for package use.

## Net sales (Billion yen)



FY2024/12	Q1	Q2	Q3	Q4
Net sales	4.4	5.1	-	-
YoY (%)	+7.3	+28.3	-	-

## Operating income (Billion yen)



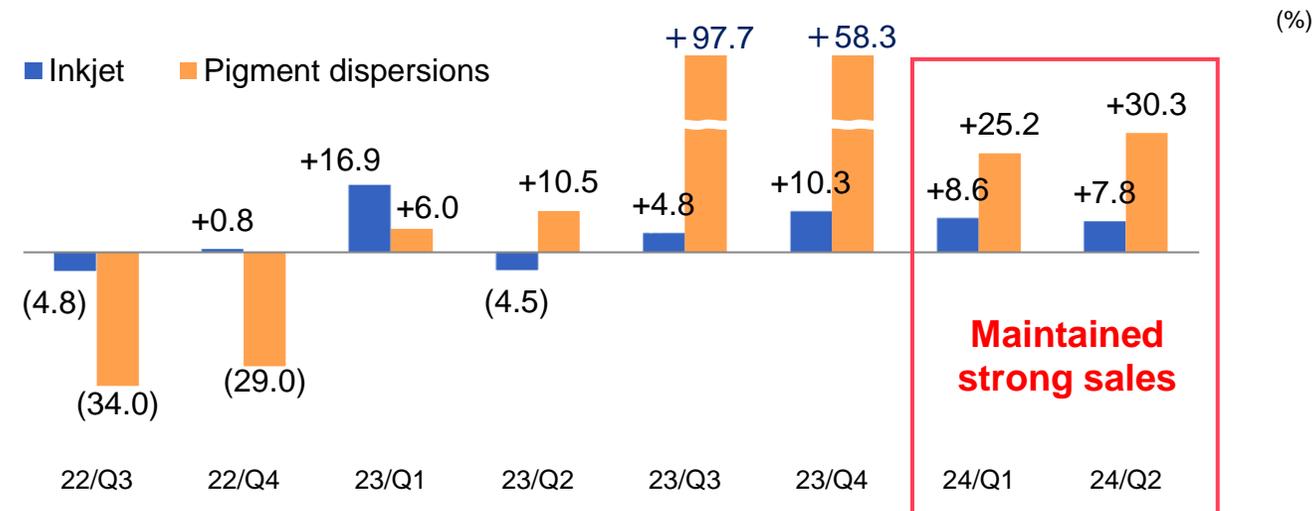
FY2024/12	Q1	Q2	Q3	Q4
Operating income	0.6	0.5	-	-
YoY (%)	+20.7	+24.6	-	-

**Product:** Industrial inkjet inks, color filter pigment dispersions, color toner

**Net sales:** Sales were strong in both Japan and overseas due to expanding sales of inkjet inks. Progress in sales of display materials (pigment dispersions) in response to favorable conditions in the LCD display market.

**Operating profit:** 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 (YoY)



Product segment	Volume (YoY)	Summary
Inkjet	+8.2	Recovering demand and expanding sales resulted in progress.
Pigment dispersions	+28.0	Despite growth in demand, production is expected to enter an adjustment phase in the second half with fading Olympics demand.

# Consolidated Balance Sheet, Consolidated Statement of Cash Flows

## Main increases/decreases on the Consolidated Balance Sheet (Billion yen)

Account	As of December 31, 2023	As of June 30, 2024	Change
Cash and deposits	17.0	17.0	0.0
Accounts receivable-trade	59.4	62.2	2.8
Current assets	110.5	118.2	7.7
Non-current assets	83.5	92.9	9.4
Total assets	194.0	211.2	17.1
Accounts payable-trade	39.6	40.5	0.9
Short-term loans payable	11.7	11.0	(0.6)
Current liabilities	61.8	63.2	1.4
Long-term loans payable	11.2	11.1	(0.0)
Non-current liabilities	26.6	29.1	2.5
Total liabilities	88.4	92.4	3.9
Equity capital *	98.7	112.0	13.2
Noncontrolling interests	6.8	6.8	(0.0)
Total net assets	105.6	118.8	13.2
Total liabilities and net assets	194.0	211.2	17.2
Ending exchange rate (USD)	JPY141.83	JPY161.07	–

## Consolidated Statement of Cash Flows (Billion yen)

Account	FY2023/12 Q2 (half year) (1/1/2023-6/30/2023)	FY2024/12 Q2 (half year) (1/1/2024-6/30/2024)
Cash flow from operating activities	3.7	4.6
Cash flow from investing activities	(4.0)	(2.5)
Cash flow from financing activities	1.1	(2.6)
Cash and cash equivalents at end of period	13.8	16.4

## Key financial metrics

### Total interest-bearing debt

2023/12/31	JPY26.4 B
<b>2024/6/30</b>	<b>JPY27.3 B</b>

### Equity ratio

2023/12/31	50.9%
<b>2024/6/30</b>	<b>53.0%</b>

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

### D/E ratio

2023/12/31	0.27
<b>2024/6/30</b>	<b>0.24</b>

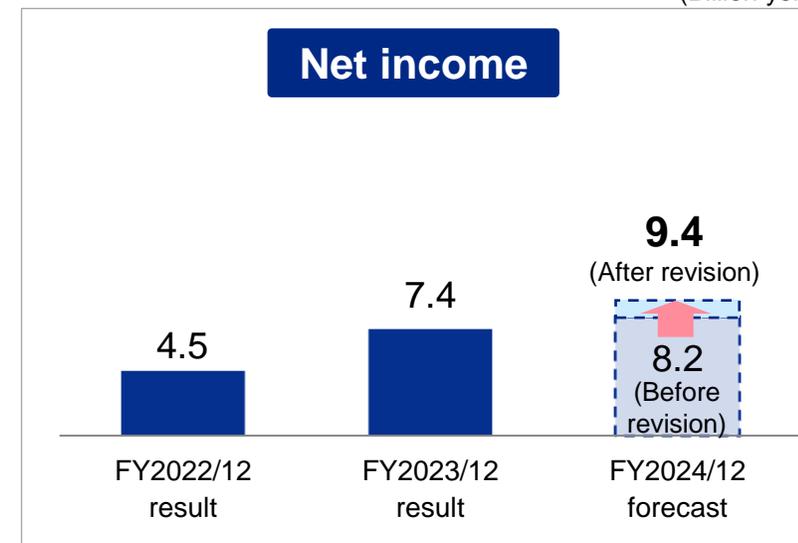
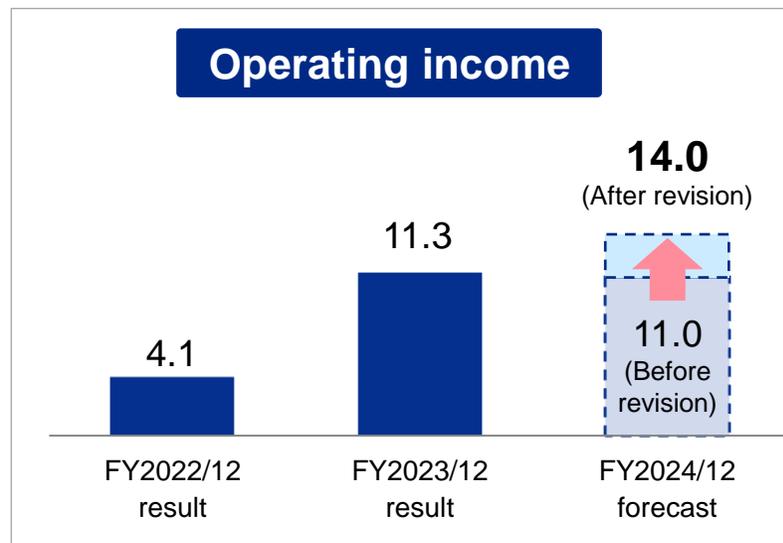
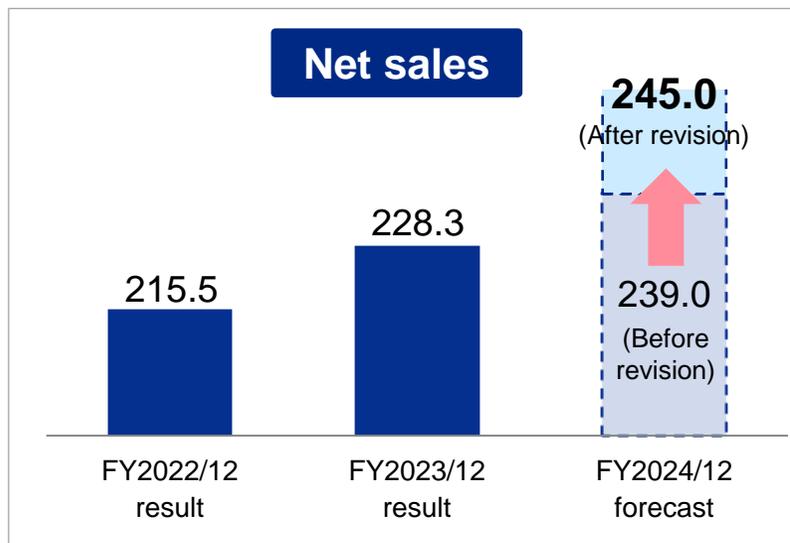
### Total asset turnover

2023/12/31	1.12
<b>2024/6/30</b>	<b>1.16</b>

# **FY2024/12 full-year forecasts and future plans**

# Full-year consolidated forecasts

(Billion yen)



	FY2022/12		FY2023/12		FY2024/12 full-year forecasts (revised)				FY2026 Medium-term Management Plan comparison	
	Amount	% of net sales	Amount	% of net sales	Amount	YoY (amount, % change)	vs. 2/14 forecast (amount, % change)		FY2026 target	% achieved (forecast)
(Billion yen)										
<b>Net sales</b>	215.5		228.3		<b>245.0</b>	16.6 7.3%	6.0 2.5%		270.0	90.7%
<b>Operating income</b>	4.1	1.9%	11.4	5.0%	<b>14.0</b>	2.5 22.3%	3.0 27.3%		18.0	77.8%
<b>Ordinary income</b>	4.9	2.3%	13.6	6.0%	<b>13.9</b>	0.2 1.9%	1.6 13.0%		19.0	73.2%
<b>Net income attributable to owners of parent</b>	4.5	2.1%	7.4	3.3%	<b>9.4</b>	1.9 25.9%	1.2 14.6%		12.7	74.0%
<b>Exchange rate during period (USD)</b>	JPY131.43		JPY140.56		JPY <b>151.00</b>					

# Full-year forecasts by segment

(Billion yen)	Net sales			Operating income		
	FY2023/12	FY2024/12 (Forecast)	YoY (%)	FY2023/12	FY2024/12 (Forecast)	YoY (%)
Printing Inks and Graphic Arts Materials (Japan)	52.9	<b>52.6</b>	(0.7)	1.4	<b>0.9</b>	(33.6)
Printing Inks (Asia)	52.4	<b>58.9</b>	15.0	4.3	<b>5.6</b>	33.8
Printing Inks (Americas)	78.8	<b>85.9</b>	11.5	4.6	<b>5.0</b>	5.2
Printing Inks (Europe)	19.5	<b>22.2</b>	16.6	(0.7)	<b>0.3</b>	—
Digital and Specialty Products	16.8	<b>19.4</b>	16.8	1.8	<b>2.2</b>	22.1
Reporting segments total	220.6	<b>239.2</b>	8.4	11.5	<b>14.3</b>	24.7
Other	15.3	<b>12.3</b>	(19.2)	0.4	<b>0.1</b>	(67.8)
Adjustments	(7.5)	<b>(6.5)</b>	—	(0.5)	<b>(0.5)</b>	—
Total	228.3	<b>245.0</b>	9.0	11.4	<b>14.0</b>	22.3

Japan: Sales for package use will recover gradually, but costs are expected to grow.

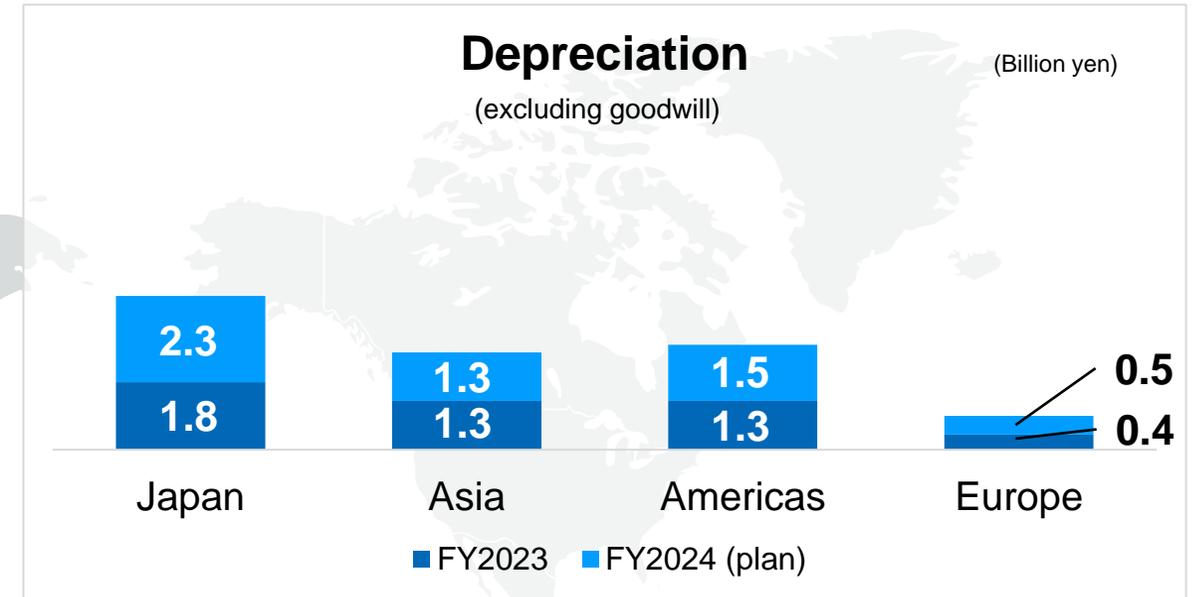
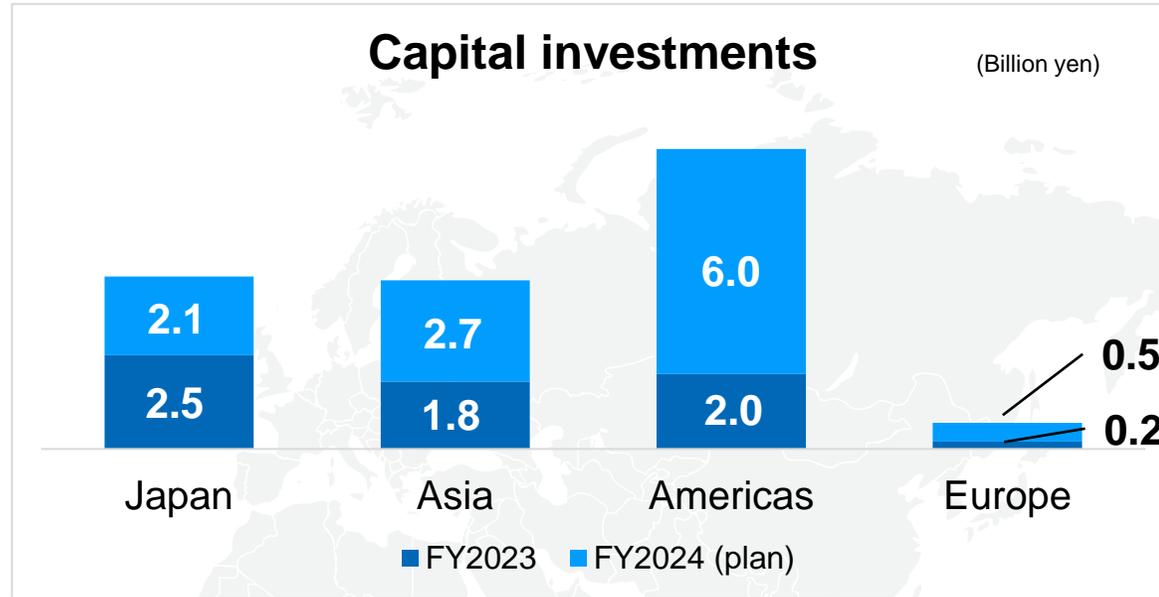
Europe: Expected to return to profit in FY2026, but ongoing expansion of efforts in sales is anticipated to bring this goal forward.

Asia: Sales for packages are expected to remain strong.

Digital and Specialty Products: Increased sales of inkjet materials and sales expansion of display materials are expected.

Americas: Sales for metal and packaging uses are expected to continue to recover. Sales in South America are expected to grow.

# Historical and planned investments (including unconsolidated)



## Major investment details

**Total capital investment**

**JPY25.0 B**

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**Depreciation**

**JPY20.0 B**

(Cumulative 2024-2026)

### FY2024

- Japan:** ERP adoption (March 2024)  
Renewal of Osaka Plant (planned for October 2024)
- Asia:** Construction of new Philippines plant (slated for completion September 2024)  
Addition of pigment dispersions equipment in Shanghai (Planned for 2024 3Q)
- Americas:** Investments associated with construction of new North American plant  
Investments associated with construction of new Brazilian plant

### Plan to 2026

- Japan:** Tokyo Plant Hazardous materials / raw materials warehouse (2026)
- Asia:** ERP adoption (India/2025)  
Addition of manufacturing equipment (Vietnam, Thailand/2025)
- Americas:** Investments associated with construction of new North American plant (2026)  
Investments associated with construction of new Brazilian plant (slated for completion January 2025)

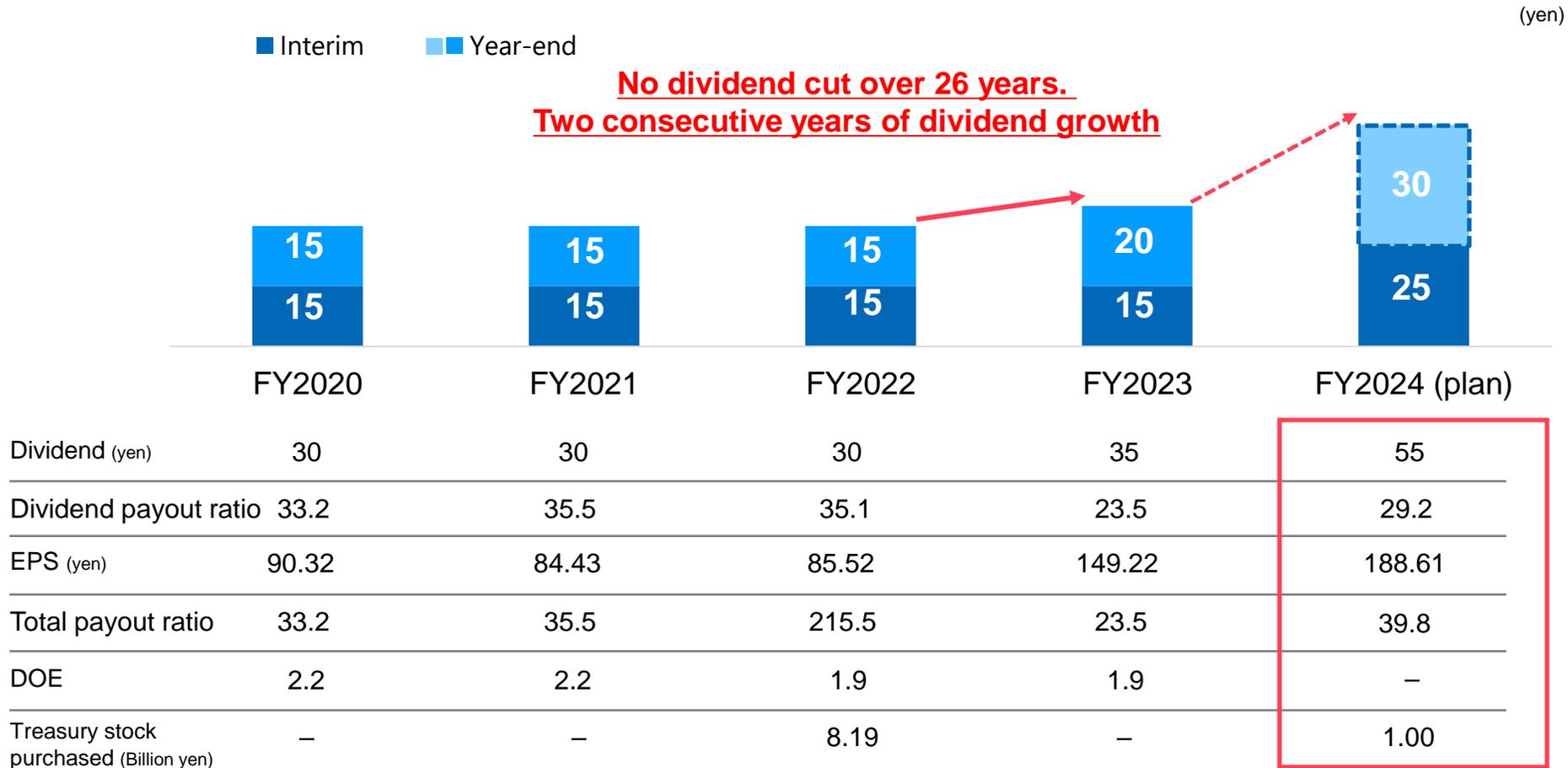
# Shareholder returns

Shareholder return policy

Proactive and stable returns of dividends and agile purchase of treasury stock

Target

Total payout ratio of **50%** or higher or DOE (dividend on equity ratio) of **2.5%** or higher by 2026, whichever results in greater returns



— The SAKATA INX Group: Seeking to achieve sustained growth

■ Tackling new business areas

Social challenge: Decline in brand value and credibility due to flood of counterfeit products



**OpSec Security, with a wealth of security solutions, and SAKATA INX, with a diverse network in Japan, will demonstrate the capabilities needed to safeguard brand value.**

Damage from counterfeit products



Counterfeit damage  
(Global estimate)

**USD464.0 B**  
(Approximately JPY50.6 T)



Counterfeit damage  
(Estimate for Japan)

**USD29.3 B**  
(Approximately JPY3.2 T)



Percentage of companies without  
anti-counterfeit measures\*  
(Estimate for Japan)

**Approximately 80%**  
(Approximately 160,000  
corporations)

OpSec Security

**A global leader in brand protection technologies**

- Head office: 40 Phoenix Road, Washington, Tyne & Wear NE38 0AD, UK
- CEO: Selva Selvaratnam
- Number of employees: Approximately 1,300 (as of April 2023)
- Major customers: Major credit card companies, government agencies, automakers, and sports brands

\* Of corporations owning industrial property rights in FY2018

Source: Japan Patent Office: Survey and Research Project for Estimation of Counterfeit Damage of Japanese Corporations by Industry Fiscal Year 2021  
Japan Patent Office: 2019 Counterfeit Damage Survey Report

■ Tackling new business areas



**To provide safety to consumers and high security and reliability to customers based on comprehensive omnidirectional brand protection**

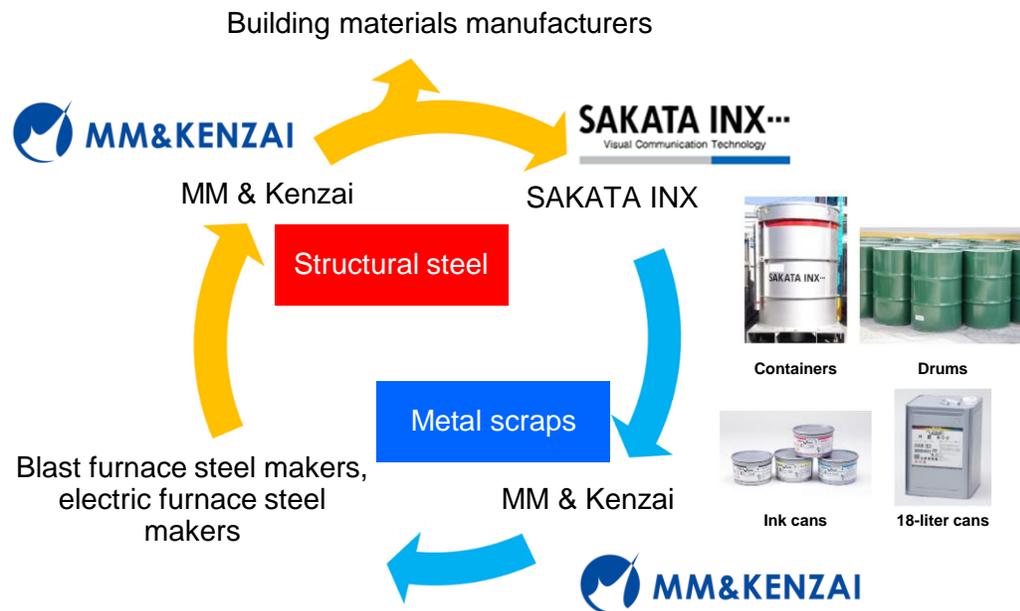
Challenges for companies	Anti-counterfeiting measures	Anti-parallel import measures	Anti-copyright/trademark infringement measures	Brand impairment, loss of sales	Content infringement
Products and solutions	<b>Product certification products</b>		<b>Digital solutions</b>		<b>Online brand protection</b>
	 Certification of brand-authorized merchandise	 Supply chain management and traceability	 Online brand protection		
	 Security film/labels	 Customer engagement	 Anti-phishing measures		
 Solutions for governments	 License management platform	 Anti-piracy measures			

— The SAKATA INX Group: Seeking to achieve sustained growth

■ Strengthening ESG and sustainability initiatives with a focus on the global environment and local communities

Launched verification tests for metal scrap recycling with MM & KENZAI Corporation, a leading iron trading company

▼ Metal scrap recycling cycle diagram



We perform verification tests to confirm the effectiveness of recycling wastes such as transportation drums, oil cans, and containers generated at our Osaka and Tokyo plants, as well as waste production equipment for disposal.

SAKATA Forest, a green space on the site of the Shiga Plant, was certified as a Natural Symbiosis Site by the Ministry of the Environment.



**SAKATA Forest**



Sympetrum darwinianum  
Shiga Prefecture's Red Data Book FY2020



Undulate speedwell  
Ministry of the Environment's Red List  
(NT: near-threatened species)

Set amid lush natural surroundings, including Lake Biwa and Mt. Ibuki, SAKATA Forest offers green spaces and waterfronts that form a linked ecosystem and contribute to biodiversity preservation for the entire region. Guided by the concept of Creation of Familiar Landscapes, we proceed in all our activities with consideration for local flora, including the planting of native tree species already occurring in surrounding mountain woodlands. A 2023 ecosystem survey identified a multitude of plants and animals, including various rare species.

— The SAKATA INX Group: Seeking to achieve sustained growth

■ Strengthening ESG and sustainability initiatives with a focus on the global environment and local communities

**Selected for the first time** to the FTSE Blossom Japan Index



**FTSE Blossom  
Japan Index**

Subsidiary receives EcoVadis **Silver rating** for sustainability

INX INTERNATIONAL UK LTD. (UK) \* **Two consecutive years**  
SAKATA INX ESPANA, S.A. (Spain) \* **First acquisition**



**Obtained B rating** in CDP's climate change and water security score report



**2024 Integrated Report**



# SAKATA INX...

Visual Communication Technology



Corporate Communications Department, SAKATA INX CORPORATION

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