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Consolidated Financial Results

for the Nine Months Ended September 30, 2019 [Japanese GAAP]

November 13, 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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Scheduled date of filing quarterly securities report: November 13, 2019
 Scheduled date of commencing dividend payments: -
 Availability of supplementary briefing material on quarterly financial results: Yes
 Schedule of quarterly financial results briefing session: No

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

1. Consolidated Financial Results for the Nine Months Ended September 30, 2019 (January 1, 2019 to September 30, 2019)

(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	%
Nine months ended September 30, 2019	124,612	4.4	4,876	26.5	5,596	8.4	3,495	(5.5)
September 30, 2018	119,366	2.6	3,855	(41.7)	5,163	(39.6)	3,696	(41.6)

(Note) Comprehensive income: Nine months ended September 30, 2019: ¥ 2,447 million [(2.6) %]
 Nine months ended September 30, 2018: ¥ 2,512 million [(62.5) %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2019	59.85	-
September 30, 2018	63.30	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of September 30, 2019	143,162	78,573	51.7	1,268.20
December 31, 2018	145,495	77,397	51.1	1,272.41

(Note) Equity: As of September 30, 2019: ¥ 74,061 million
 As of December 31, 2018: ¥ 74,307 million

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No.28, February 16, 2018) have been applied from the beginning of the first quarter of the current fiscal year. Consolidated financial position for the year ended December 31, 2018 was reclassified retrospectively in accordance with this accounting standard.

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, 2018	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2019	-	15.00	-		
Fiscal year ending December 31, 2019 (Forecast)				15.00	30.00

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

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
Full year	170,000	4.9	6,800	33.0	8,200	18.7	5,250	11.9	89.90

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

* Notes:

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2019
(changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (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 |
- (4) Total number of issued shares (common shares)
- | | |
|--|-------------------|
| 1) Total number of issued shares at the end of the period (including treasury shares): | |
| September 30, 2019: | 62,601,161 shares |
| December 31, 2018: | 62,601,161 shares |
| 2) Total number of treasury shares at the end of the period: | |
| September 30, 2019: | 4,202,137 shares |
| December 31, 2018: | 4,201,943 shares |
| 3) Average number of shares during the period: | |
| Nine months ended September 30, 2019: | 58,399,103 shares |
| Nine months ended September 30, 2018: | 58,399,495 shares |

*This consolidated financial results are not subject to quarterly review 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 November 13, 2019 and will be uploaded on the Company's website.

Quarterly Consolidated Financial Statements
Quarterly Consolidated Balance Sheets

(Million yen)

	As of December 31,2018	As of September 30,2019
Assets		
Current assets		
Cash and deposits	7,194	7,896
Notes and accounts receivable - trade	46,506	44,198
Merchandise and finished goods	9,759	11,414
Work in process	1,219	1,215
Raw materials and supplies	9,180	9,326
Other	2,378	2,026
Allowance for doubtful accounts	(453)	(524)
Total current assets	75,785	75,554
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,298	17,321
Machinery, equipment and vehicles, net	10,778	10,654
Land	8,795	8,809
Leased assets, net	703	448
Construction in progress	912	1,150
Other, net	443	2,280
Total property, plant and equipment	38,931	40,665
Intangible assets		
Goodwill	-	729
Other	590	410
Total intangible assets	590	1,139
Investments and other assets		
Investment securities	26,504	23,947
Other	3,946	2,198
Allowance for doubtful accounts	(262)	(343)
Total investments and other assets	30,187	25,802
Total non-current assets	69,709	67,607
Total assets	145,495	143,162

(Million yen)

	As of December 31,2018	As of September 30,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,989	16,946
Electronically recorded obligations - operating	13,814	10,561
Short-term loans payable	9,059	6,835
Current portion of long-term loans payable	1,357	1,594
Accrued expenses	3,182	3,111
Income taxes payable	179	423
Provision for bonuses	553	1,052
Other	3,095	2,860
Total current liabilities	49,233	43,386
Non-current liabilities		
Long-term loans payable	7,332	9,018
Net defined benefit liability	4,968	4,828
Asset retirement obligations	72	69
Other	6,491	7,286
Total non-current liabilities	18,864	21,202
Total liabilities	68,097	64,588
Net assets		
Shareholders' equity		
Capital stock	7,472	7,472
Capital surplus	5,672	5,672
Retained earnings	68,430	69,775
Treasury shares	(4,047)	(4,047)
Total shareholders' equity	77,528	78,874
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,713	2,728
Deferred gains or losses on hedges	4	1
Foreign currency translation adjustment	(4,549)	(6,261)
Remeasurements of defined benefit plans	(1,389)	(1,280)
Total accumulated other comprehensive income	(3,220)	(4,812)
Non-controlling interests	3,090	4,511
Total net assets	77,397	78,573
Total liabilities and net assets	145,495	143,162

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Million yen)

	For the nine months ended September 30,2018	For the nine months ended September 30,2019
Net sales	119,366	124,612
Cost of sales	94,519	97,911
Gross profit	24,847	26,700
Selling, general and administrative expenses	20,991	21,823
Operating income	3,855	4,876
Non-operating income		
Interest income	44	47
Dividend income	259	280
Equity in earnings of affiliates	1,221	660
Other	351	336
Total non-operating income	1,876	1,324
Non-operating expenses		
Interest expenses	193	234
Foreign exchange losses	281	307
Other	93	63
Total non-operating expenses	568	605
Ordinary income	5,163	5,596
Extraordinary income		
Gain on sales of investment securities	-	208
Insurance income	185	-
Total extraordinary income	185	208
Extraordinary losses		
Impairment loss	-	190
Loss on retirement of property, plant and equipment	56	39
Loss on valuation of investment securities	-	2
Total extraordinary losses	56	232
Income before income taxes	5,292	5,571
Income taxes - current	1,389	1,706
Income taxes - deferred	28	(108)
Total income taxes	1,418	1,598
Net income	3,874	3,973
Net income attributable to non-controlling interests	177	478
Net income attributable to owners of parent	3,696	3,495

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Million yen)

	For the nine months ended September 30,2018	For the nine months ended September 30,2019
Net income	3,874	3,973
Other comprehensive income		
Valuation difference on available-for-sale securities	(562)	45
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(791)	(1,210)
Remeasurements of defined benefit plans, net of tax	92	103
Share of other comprehensive income of affiliates accounted for using equity method	(100)	(464)
Total other comprehensive income	(1,361)	(1,526)
Comprehensive income	2,512	2,447
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,383	2,047
Comprehensive income attributable to non-controlling interests	128	399