

Medium-term Management Plan (2021-2023)

SIIX Corporation

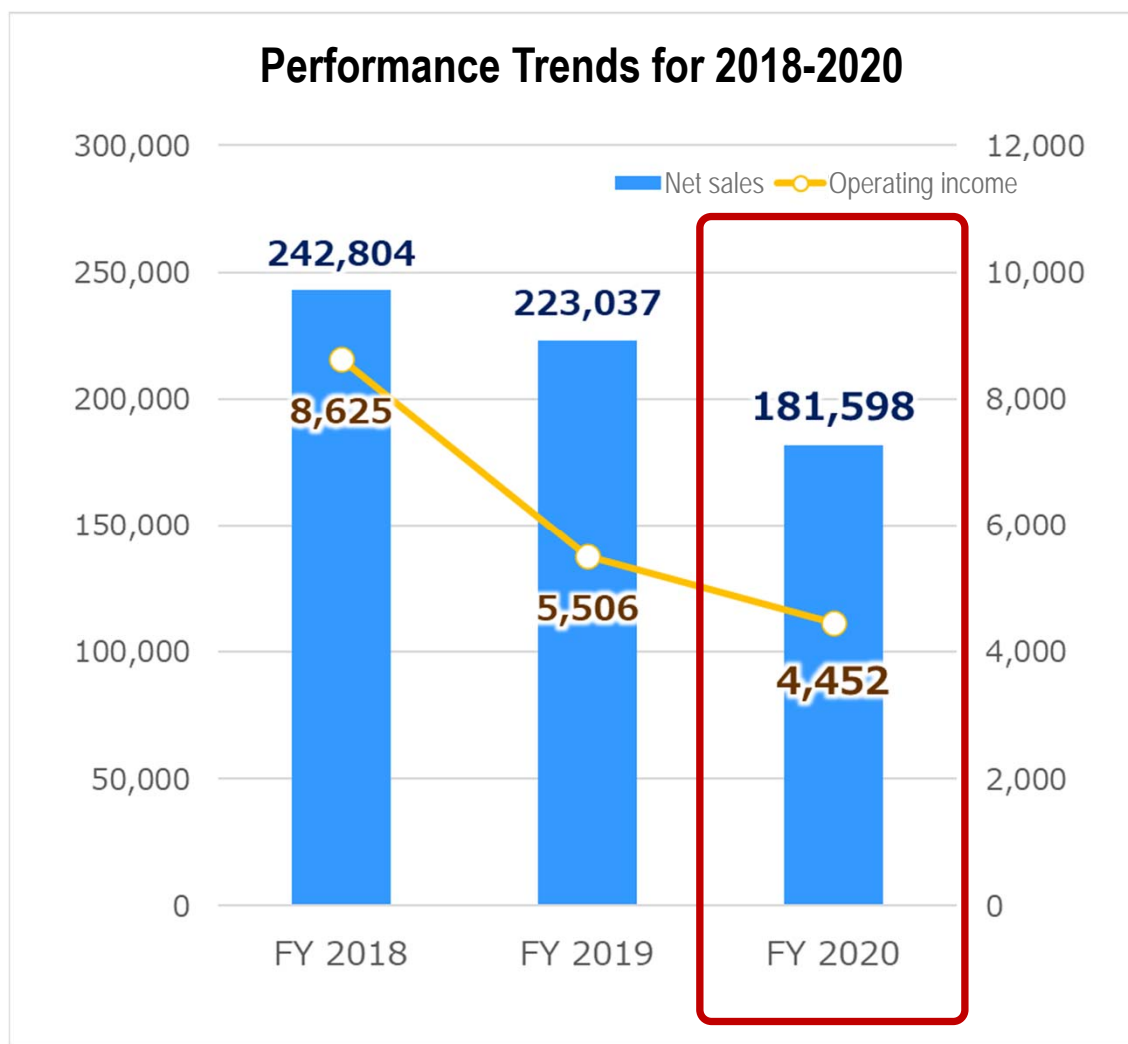
February 2021

FLEXIBLE TO CHANGE

~Earn trust with the world's No. 1 quality and service~

Review of the Previous Medium-term Management Plan (2018-2020) on Performance

Business Results



The results largely underachieved its targets for the final year of the medium-term management plan, which were consolidated net sales of 300 billion yen and consolidated operating income of 14 billion yen.

[Main reasons for the underachievement]

- 2018: Cost increase due to response to rapid demand growth at Mexico Plant
- 2019: Temporary increase in tariffs due to US-China trade friction and relocation of production bases to avoid them; China recession
- 2020: Lower utilization ratio due to COVID-19 pandemic and lower demand worldwide

Review of Business Strategy and KPI of Medium-term Management Plan

4 Topics

Review

Improvement of Profitability	<p><u>Responding to the diversification of business fields (building the next pillar of automotive field)</u></p> <ul style="list-style-type: none"> • Addressed the various digitization needs of customers in the automotive equipment field. • Support for electrical parts has progressed such as for igniter of power tool in the industrial equipment field, however, net sales remained at 2.0 billion yen in the medical-nursing device field.
Enhancement of Readiness	<p><u>Sales ratio for non-Japanese company</u></p> <ul style="list-style-type: none"> • SIIX's share of consolidated net sales increased from about 9% to 14%. Customer account opening status has been improved but fell short of its target of 20%. <p><u>Rechargeable battery business and molding business</u></p> <ul style="list-style-type: none"> • Rechargeable battery business for igniter of power tool made progress. The number of plants for the molding business increased, however, its business segment failed to generate stable revenue in the Philippines.
Innovation of SIIX's Manufacturing	<p><u>Strengthen technology of multi-process manufacturing</u></p> <ul style="list-style-type: none"> • Introduced a fully automated assembly line and established SIIX's first mass production line for battery packs. <p><u>Establishment of a knowledge-intensive manufacturing platform and global development</u></p> <ul style="list-style-type: none"> • SMAPS, a cloud database for manufacturing technology and quality information, has been established and is now in operation. <p><u>Improving quality and fostering QCD technical experts</u></p> <ul style="list-style-type: none"> • Quality has improved by about 25%, and local human resource have grown to a level where they can train personnel from other plants.
Reinforcement of Organization	<p><u>ESG</u> ⇒ The target has yet to be reached, but will remain a long-term objective.</p> <p>(S) Local executives ratio: Target 80% ⇒ About 78.9%</p> <p>Female executives ratio: Target 50% ⇒ About 31.1%</p>

KPI for achieving the Medium-term Management Plan

*Non-commodity field: Automotive and Industrial

KPI Activities	Target	2020 Results
Number of new companies	100	104
Sales ratio for non-Japanese company	20%	13.6%
Net sales of non-commodity field	80%	73.2%

Review of Investment and Its Returns over the Previous Medium-term Management Plan Period

Cumulative total of CAPEX and each segment income over the previous Medium-term Management Plan Period (2018-2020)

Regional segment	Japan	Greater China	ASEAN	Europe	Americas	Total
CAPEX	1,713	6,085	9,538	2,220	5,991	25,547
Segment income	1,823	7,314	9,751	-555	-308	18,025



➤ Europe and Americas segments are both expected to be profitable in 2021.

**Continue to provide benefits to the world as a
Global Business Organizer**



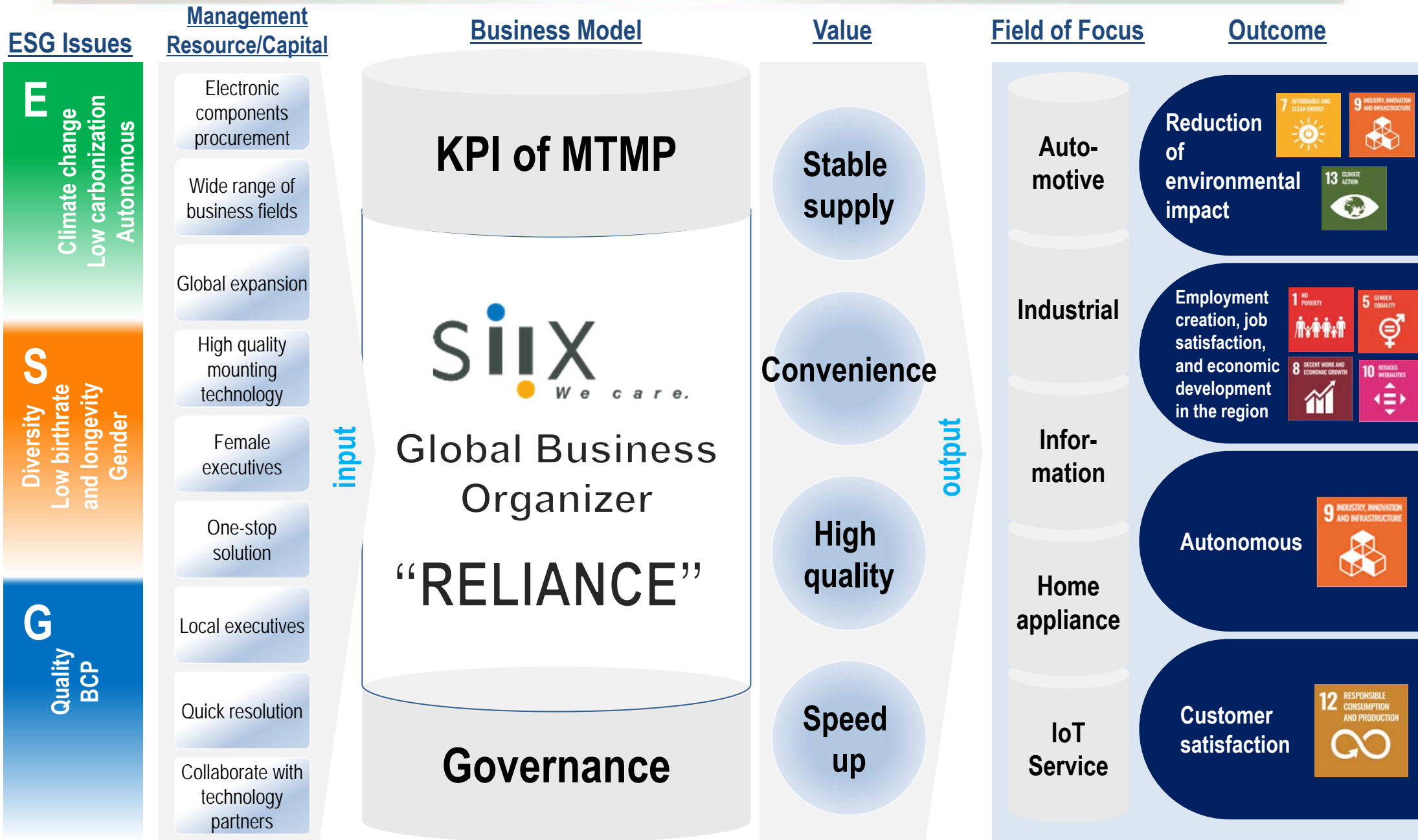
**Pursue the effective use of the world's
resources**

**Effective use of existing resources
Global network
One-stop solution**



**Identify, create and utilize new
resources
(Collaborate with technology partners)**

Value Creation of SIIX



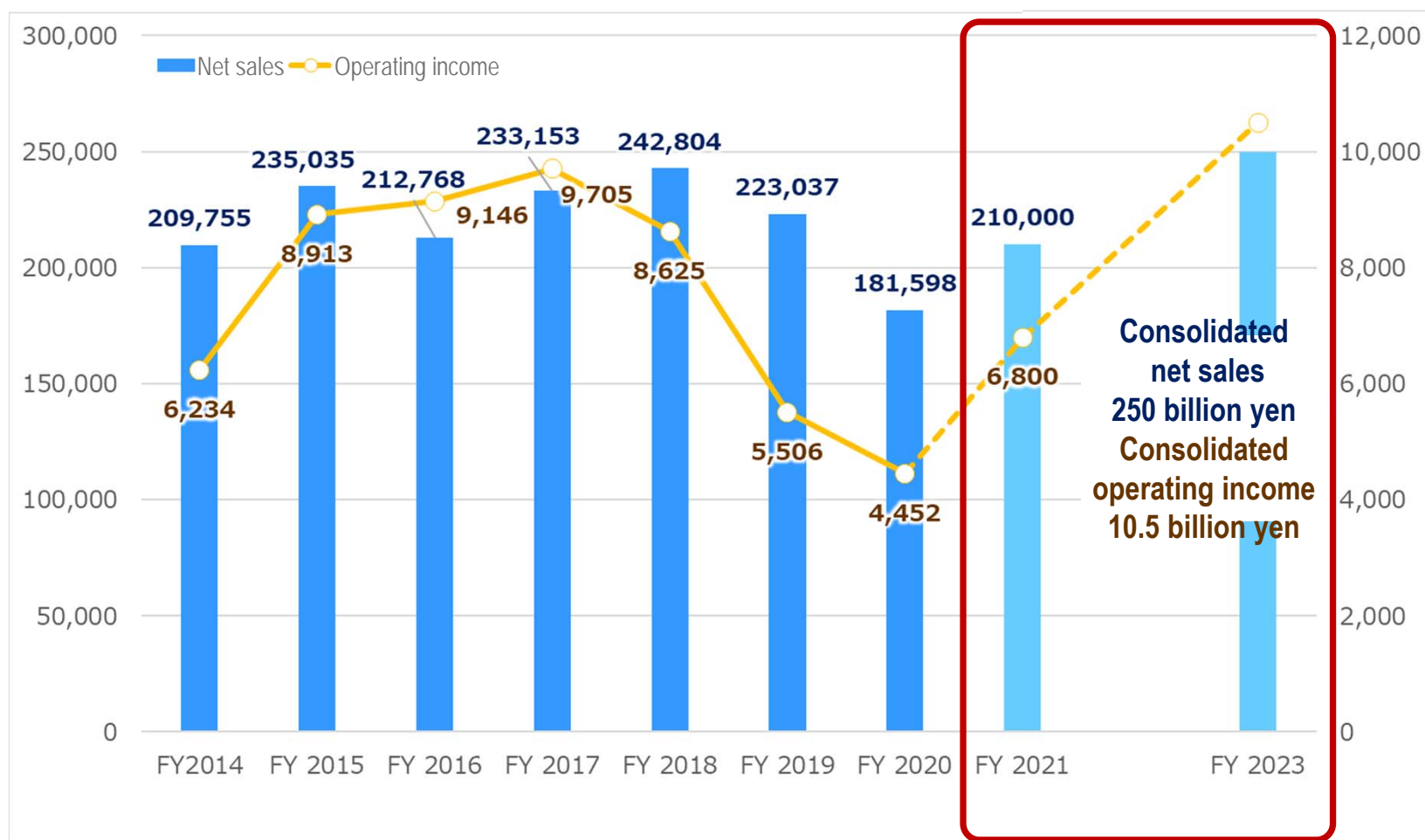
Performance Targets of the Medium-term Management Plan

Final Years' Performance Targets for 2023

- Consolidated net sales: 250 billion yen
- Consolidated operating income: 10.5 billion yen
(Operating income ratio: 4.2%)

Exchange rate

USD: ¥103



Three Targets and KPI of the Medium-term Management Plan

1 Expanding business with major global companies

- Expansion of non-Japanese ratio
- Strengthen global quality and BCP support
- Customer development in the medical field

KPI

Reinforce our ability to provide new fields and new products by utilizing our existing network.

- Non-Japanese ratio: 25%
- Reinforce alliances with technology partners: Net sales: 5 billion yen
- Medical device field
Net sales: 5 billion yen

2 Contributing to a decarbonized society through our business

- Expansion of CASE-related business
- Business expansion in the industrial equipment field, including IoT, labor and energy saving, etc.

KPI

- Non-commodity ratio: 85%
- CASE: 35 billion yen
- Battery: 10 billion yen

3 Diversity management

- Improvement of local executives ratio
- Improvement of female executives ratio

KPI

- Local executives ratio: 80%
- Female executives ratio: 50%

SIIX GLOBAL NETWORK



Our Collaboration with Technology Partners

As a “Global Business Organizer,” we will propose the necessary resources and services in collaboration with technology partner companies.

Optical and sensor

Optical lens, IR sensor, etc.



Proposal for use in medical devices, automotive equipments, smart buildings, security, vehicles, robotics, analytical equipment, etc.

Communication network and IoT

Software, monitoring systems, etc.



Proposal for use in communication devices, wireless, mobile, monitoring system, long-range wireless, factory automation, robots, smart houses, etc.

Robotics

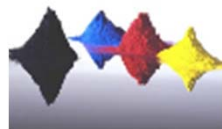
AGV, motor control, etc.



Proposal for use in medical equipment, various transport equipment, police vehicles, etc.

Raw materials and materials

Printing inks, functional materials, etc.



Proposal for use in electronics, chemicals, and other fields

Energy management

Battery packs, etc.



Proposal for use in battery packs, chargers, DC to DC converters, etc.

Information on each partner company is available on our website.
http://www.siix.co.jp/eg/business/new_products_list/index.html

COVID-19 Tracking Token

Made a successful bid for Government Technology Agency of Singapore (GovTech)

As a measure against COVID-19, the application "Trace Together" is being used to enable electronic contact tracking in Singapore.

In addition, Singapore Government has begun distributing tokens for people who, for various reasons, find it difficult to connect to their devices digitally.

A consortium of the Company's Singapore subsidiary and our technology partner, iWOW Technology, a wireless technology-focused IoT service provider, has been awarded the second phase of token design and manufacturing by Government Technology Agency of Singapore.

<Related Information>

Government Technology Agency of Singapore (GovTech)

<https://www.tech.gov.sg/media/media-releases/2020-08-21-tracetogether-token-media-statement-2>

iWOW Technology Pte Ltd.

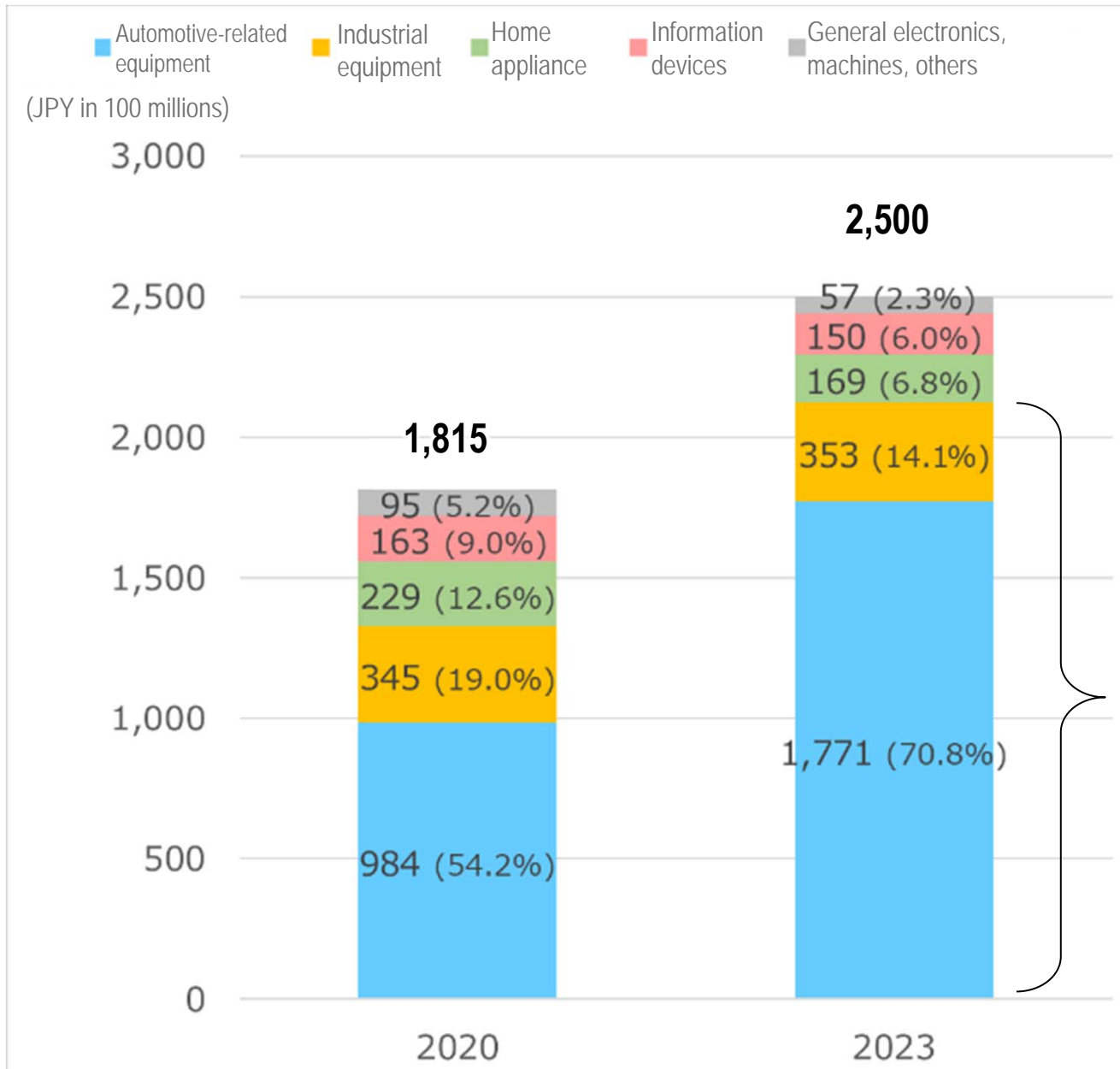
http://www.siix.co.jp/eg/business/new_products_list/iwow_technology/index.html

New Initiatives with SAKATA INX

• Three-company collaborative activities with SIIX, SAKATA INX, and Wonder Future



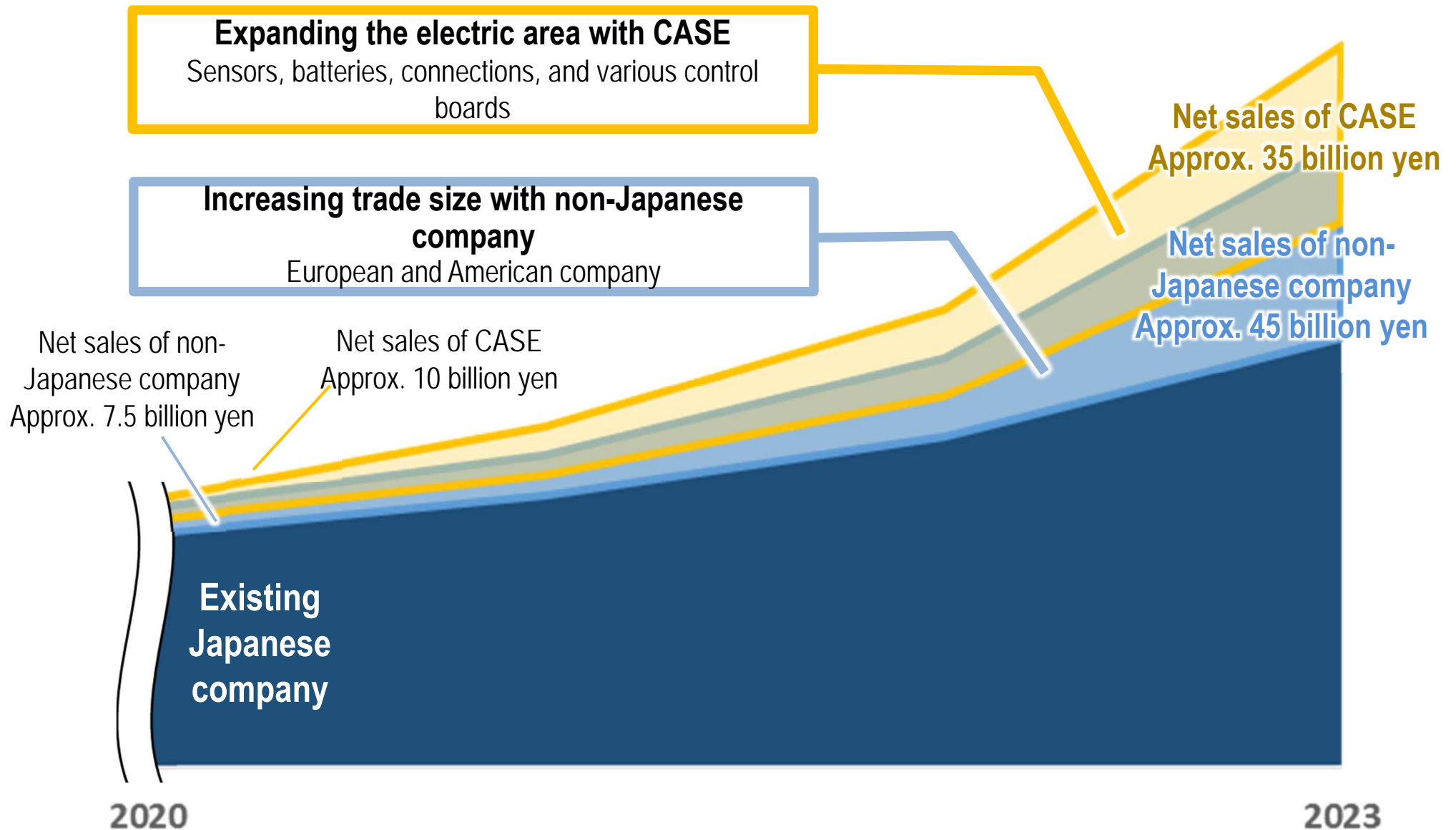
Net Sales/Non-commodity Ratio by Business



Non-commodity Field

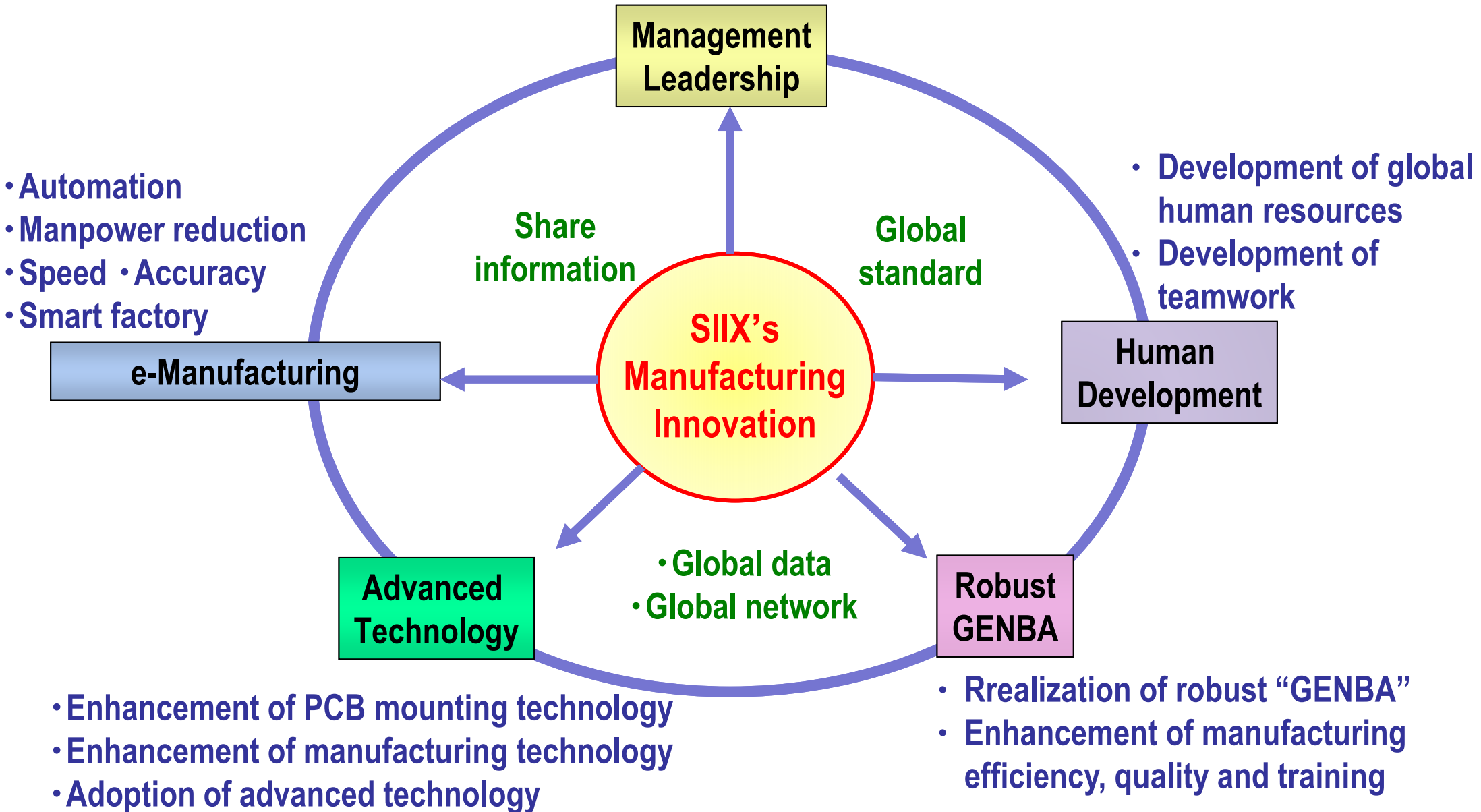
85%

Business Expansion of Automotive Field and its Prospects



SIIX's Strategic Policy for High-Quality Manufacturing

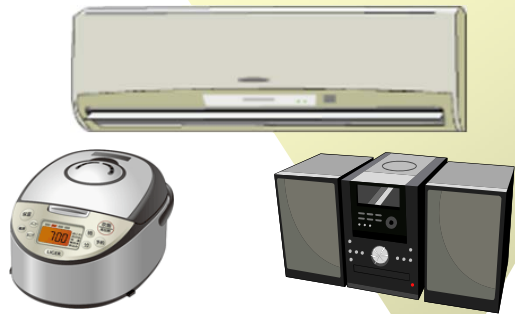
• Enhancement of Manufacturing Management



Diversification of the SIIX Business and Required Core Technologies

Consumer Equipment

High density and large-mixed mounting



High density mount, module mounting



Information and Communication Devices



IoT, 5G, AI

Development of mounting and manufacturing technologies that can respond to future DX (Digital Transformation) requirements, from mounting to assembly

Automotive Equipment



CASE



High accuracy mount, COB and MID

Heat-labile material mounting



Molding and battery

Industrial Equipment and Others



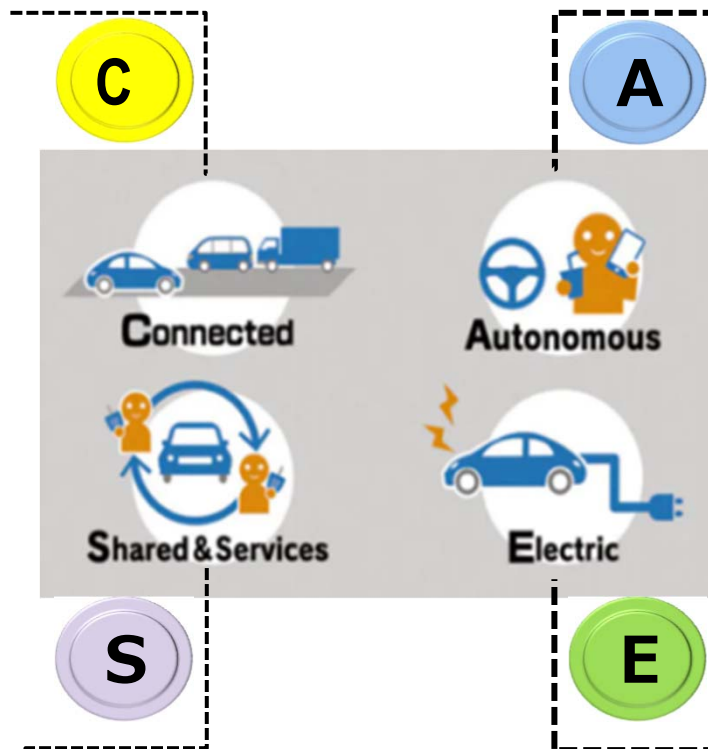
Strengthening the Readiness of CASE Automotive Business



Connected



Shared & Services



Autonomous



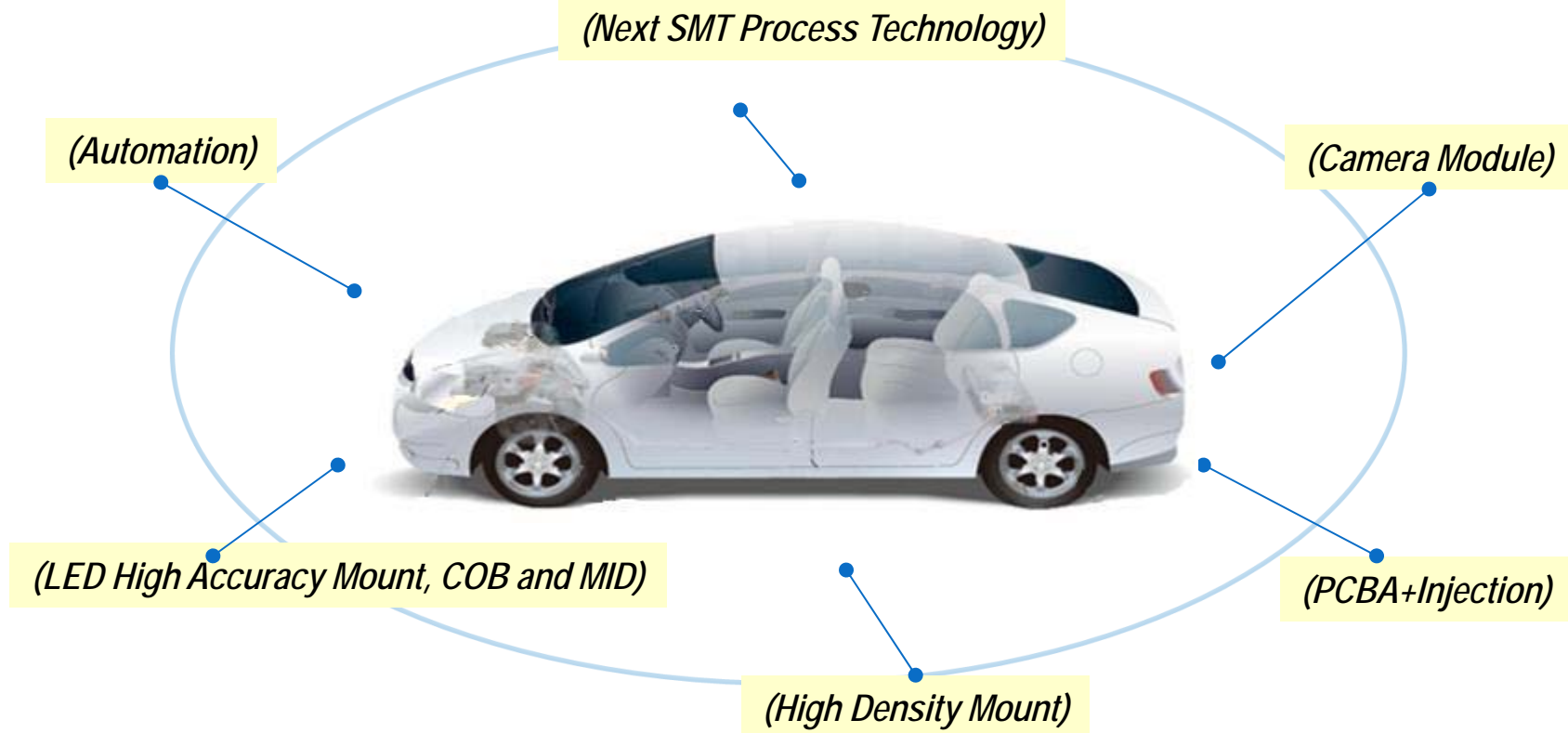
Electric

Top-class EMS for Automotive

SMT 152 Line

Towards Best QCDS for CASE

69 Molding Machines



Because we are SiIX, “Global Business Organizer”, we can realize;

Abundant technology of multi-process manufacturing and global management of manufacturing, technology, and quality across 12 factories

Measures to Strengthen Manufacturing Technology and Its Quality

■ Strengthen manufacturing technology and its quality in response to DX (Digital Transformation)

- Pursuing a development that anticipates elemental technologies (improve new businesses and new methods)
- Increasing customer satisfaction by collaborating on core technologies with key devices and key technology partners
- Further enhancement of automation and its application to production systems (promotion of Smart Factory)

■ Build Tier-1 quality system and strengthen corporate governance, share and utilize information, and enhance BCP

- Strengthening of quality governance, sharing of know-how for improvement, speeding up of utilization, and expanding information globally
- Establishing a global education system and reinforcing its training

Standardization and Sharing Information of Manufacturing, Technology, Quality, and Know-How Training

All SIIX global manufacturing meeting
in Jan. & Jul. every year



Held in Osaka, Feb 1, 2020

Management staffs of manufacturing,
technology dept. of all SIIX plant
(Participants are limited
→ Share information later)
(Mainly in Japanese)

Speed up
the information
expansion



Held quarterly



Held in July and Oct 2020 and Jan 2021
Online conference

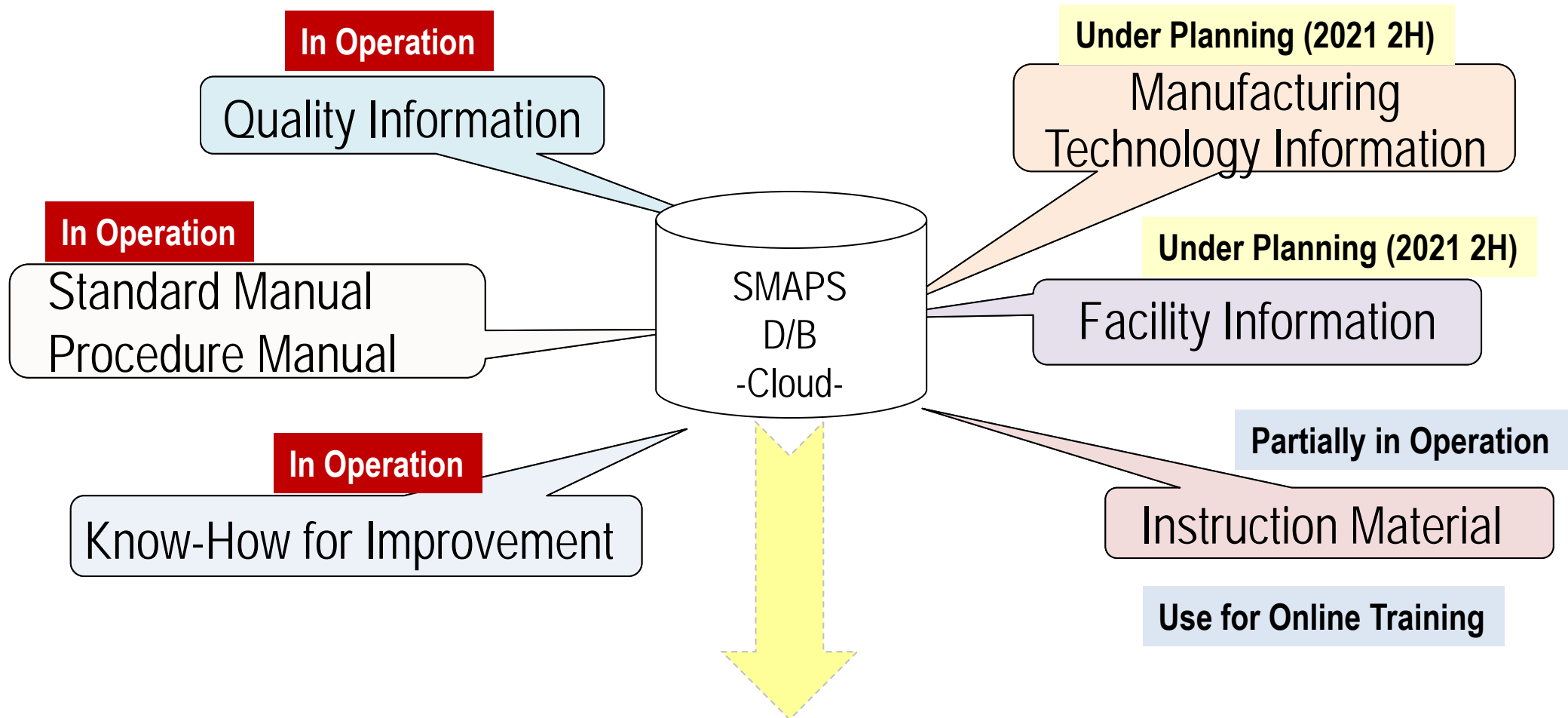


Local key staffs of manufacturing,
technology, quality, etc.
(Unrestricted participation
→ Share information immediately)
(Mainly in English)

Free discussion and sharing of quality policy and its improvement, manufacturing technology, manufacturing efficiency improvement, automation, educational training.

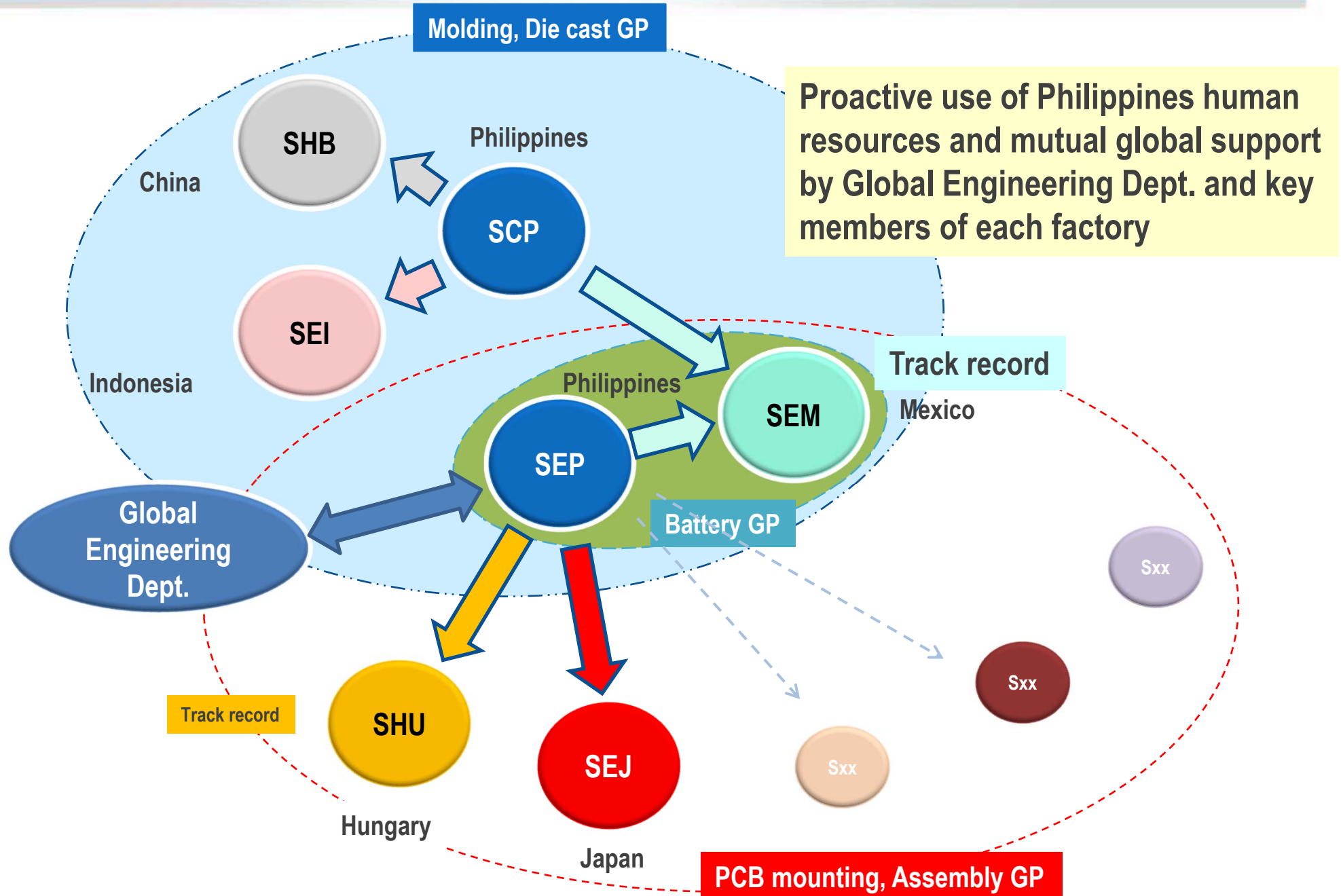
Education Support System for Manufacturing, Technology, Quality, etc.

SMAPS (*Siix Manufacturing Platform System*)



SMAPS enables us to utilize the real-time data of manufacturing technology at GENBA

Global Education Reinforcement System



SIIX's ESG Improvement and CO₂ Reduction Activities



Building 2

Building 1

SIIX Shanghai Plant (Began operation in January 2021)

<Specifications of Solar Panel>

Substation capacity: 1,841KVA

Number of panels: 3,960

Annual power generation (25-year average): 1,823,000 KVA

Roof area covered: approx. 15,000 m²

Reduces daily power consumption by approx. 15%



Indonesia Plant (2021)
Mexico Plant (2022)
Planning to install in sequence

Environment

		<u>Current</u>	<u>Target</u>
Reduce CO2 emission intensity (basic units)	<u>Installation of solar panels</u>		
	<ul style="list-style-type: none"> Installed at Shanghai plant (January 2021) Reduction effect of 1,817.5 tons per year Planning to install at the Jakarta and Mexico plants in sequence. 	0.34t/ million yen	Year-on-Year reduction

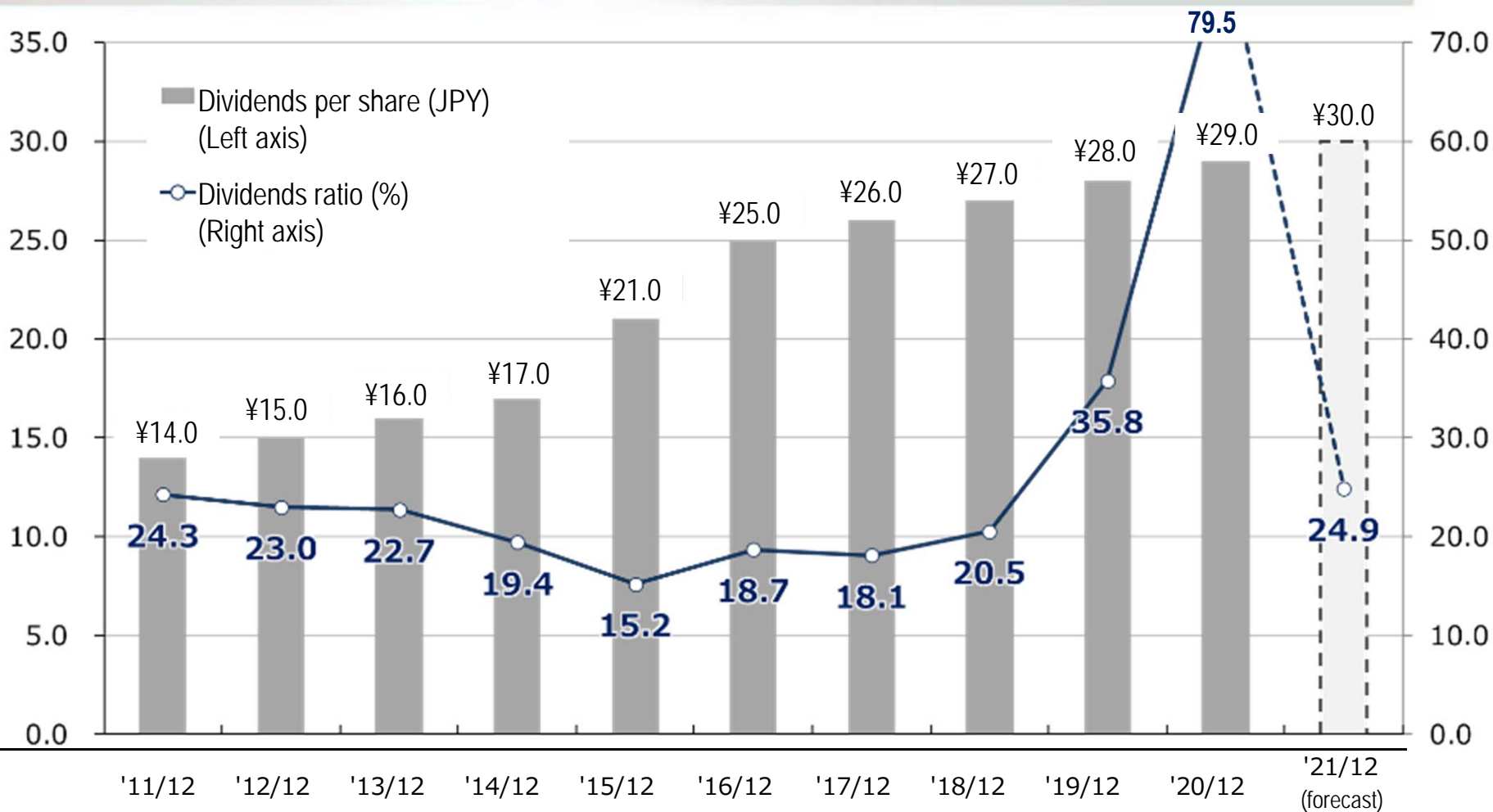
Social

		<u>Current</u>	<u>Target</u>
Local executives ratio	*Executives: Manager and above		
	Ratio of local executives in management of all SIIX Group plants	78.9%	80%
Female executives ratio	Female executives ratio	31.1%	50%

Governance

Strengthen the governance system	<u>Strengthen compliance with the Corporate Governance Code</u>	
	Addressing remaining issues as SIIX	

Shareholder Return



Dividends per share (JPY) (Left axis)	14.0	15.0	16.0	17.0	21.0	25.0	26.0	27.0	28.0	29.0	30.0
Dividends ratio (%) (Right axis)	24.3	23.0	22.7	19.4	15.2	18.7	18.1	20.5	35.8	79.5	24.9

# of treasury stock acquisition	-	-	-	-	-	508,900	-	2.03 mil.	-	-	-
Amount of treasury stock acquisition (JPY)	-	-	-	-	-	2,000 mil.	-	4,000 mil.	-	-	-

* includes commemorative dividend 1.00 yen

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