

Consolidated Financial Results for the Fiscal Year Ended December 31, 2018 (January 1, 2018 to December 31, 2018)

Company name: SIIX Corporation
 Stock code: 7613
 Stock exchange listing (Section): Tokyo Stock Exchange, (First Section)
 Head office: Osaka, Japan
 URL: <http://www.siix.co.jp>
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 Executive Officer and General Manager,
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 Annual Meeting of Shareholders: March 28, 2019
 Scheduled date of payment of cash dividends: March 29, 2019
 Scheduled date of filing financial statement: March 28, 2019

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2018 – December 31, 2018)

(1) Consolidated Results of Operations

(The percentages in the table below represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Year ended Dec. 2018	242,804	4.1	8,625	(11.1)	8,717	(17.1)
Year ended Dec. 2017	233,153	9.6	9,705	6.3	10,513	14.9

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
Year ended Dec. 2018	6,414	(9.6)	131.45	123.85
Year ended Dec. 2017	7,093	5.9	144.01	135.76

(note) Comprehensive income

Year ended December 2018: 3,871 million yen (y/y -47.5%)

Year ended December 2017: 7,370 million yen (y/y 49.1%)

(note) The company conducted a two-for-one stock split of its common stock on April 1, 2018 and adjusted net income per share (basic) and new income per share (diluted) retroactively.

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Dec. 2018	11.4	6.5	3.6
Year ended Dec. 2017	13.1	8.8	4.2

(Reference) Equity in net earnings (losses) of affiliates

Year ended December 2018: 221 million yen

Year ended December 2017: 201 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2018	137,478	56,016	40.5	1,178.04
Year ended Dec. 2017	130,526	57,609	43.9	1,162.33

(Reference) Stockholders' equity:

Year ended December 2018: 55,655 million yen

Year ended December 2017: 57,252 million yen

(note) The company conducted a two-for-one stock split of its common stock on April 1, 2018 and adjusted net assets per share retroactively.

(3) Consolidated Cash Flows

	Net cash provided by (used in)			Cash and cash equivalents at fiscal year end
	Operating activities	Investing activities	Financing activities	
	Million yen	Million yen	Million yen	Million yen
Year ended Dec. 2018	966	(6,515)	7,991	12,813
Year ended Dec. 2017	4,536	(9,211)	6,410	10,574

2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
	Yen			Yen	Yen
Year ended Dec. 2017	—	26.00	—	26.00	52.00
Year ended Dec. 2018	—	13.50	—	13.50	27.00
Year ended Dec. 2019 (forecasts)	—	14.00	—	14.00	28.00

(Base date)	Amount of dividend (for the year)	Dividend ratio to net income (consolidated)	Dividend ratio to net assets (consolidated)
	Million Yen	%	%
Year ended Dec. 2017	1,280	18.1	2.4
Year ended Dec. 2018	1,302	20.5	2.3
Year ended Dec. 2019 (forecasts)	—	19.7	—

(note) the annual dividend for the year ended Dec 31, 2017 indicates amount before split stock which had conducted on April 1, 2018.

3. Consolidated Business Performance Forecasts for the Year Ending December 2019 (January 1, 2019 – December 31, 2019)

(The percentages in the table below represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change (%)	Million yen	YoY change (%)	Million yen	YoY change (%)
Full year	244,000	0.5	9,000	4.3	9,200	5.5

	Profit attributable to owners of parent		Net income per share (basic)
	Million yen	YoY change (%)	Yen
Full year	6,700	4.5	141.82

(note) The company discloses consolidated business performance for full year only because the company manages business performance on an annual basis.

■ Consolidated Financial Statements
 (1) Consolidated Balance Sheets

(JPY in millions)

	As of Dec. 31, 2017	As of Dec. 31, 2018
Assets		
Current assets		
Cash and deposits	10,645	12,879
Notes and accounts receivable-trade	47,131	38,936
Merchandise and finished goods	23,599	31,533
Work in process	1,456	1,481
Raw materials and supplies	9,375	11,711
Deferred tax assets	540	452
Other	3,770	4,986
Allowance for doubtful accounts	(41)	(42)
Total current assets	96,477	101,939
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	13,780	18,128
Accumulated depreciation	(5,776)	(6,643)
Buildings and structures, net	8,003	11,484
Machinery, equipment and vehicles	30,636	33,416
Accumulated depreciation	(22,672)	(23,611)
Machinery, equipment and vehicles, net	7,964	9,804
Tools, furniture and fixtures	2,513	2,929
Accumulated depreciation	(1,735)	(2,012)
Tools, furniture and fixtures, net	778	916
Land	2,550	3,219
Construction in progress	539	2,428
Total property, plant and equipment	19,835	27,854
Intangible assets		
Software	552	665
Other	376	843
Total intangible assets	929	1,509
Investments and other assets		
Investment securities	2,568	2,071
Investments in capital	7,659	915
Long-term loans receivable	60	63
Assets for retirement benefits	239	210
Deferred tax assets	1,078	1,146
Other	2,262	2,280
Allowance for doubtful accounts	(585)	(512)
Total Investments and other assets	13,283	6,174
Total noncurrent assets	34,048	35,538
Total assets	130,526	137,478

	As of Dec. 31, 2017	As of Dec. 31, 2018
Liabilities		
Current liabilities		
Accounts payable-trade	33,988	29,130
Short-term loans payable	13,383	25,236
Accrued expenses	2,731	3,035
Deferred tax liabilities	0	0
Income taxes payable	1,438	1,435
Other	5,006	4,756
Total current liabilities	56,549	63,595
Noncurrent liabilities		
Bonds with subscription rights to shares	5,995	5,948
Long-term loans payable	5,819	7,455
Liabilities for retirement benefits	516	525
Deferred tax liabilities	3,611	3,267
Other	425	669
Total noncurrent liabilities	16,367	17,865
Total liabilities	72,916	81,461
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,625	5,629
Retained earnings	46,498	51,183
Treasury stock	(2,023)	(5,980)
Total shareholders' equity	52,244	52,976
Accumulated comprehensive income		
Valuation difference on available-for-sale securities	555	71
Deferred gains or losses on hedges	11	23
Foreign currency translation adjustment	4,602	2,717
Adjustment for retirement benefits	(161)	(133)
Total accumulated comprehensive income	5,008	2,678
Subscription rights to shares	31	52
Non-controlling interests	326	308
Total net assets	57,609	56,016
Total liabilities and net assets	130,526	137,478

(2) Consolidated Statements of Income**TRANSLATED**

(JPY in millions)

	1st Jan 2017 - 31st Dec 2017	1st Jan 2018 - 31st Dec 2018
Net sales	233,153	242,804
Cost of sales	210,525	222,168
Gross profit	22,627	20,635
Selling, general and administrative expenses	12,922	12,010
Operating income	9,705	8,625
Non-operating income		
Interest income	61	78
Dividends income	73	112
Real estate rent	110	108
Equity in earnings of affiliates	201	221
Foreign exchange gains	235	—
Gain on sales of goods	107	87
Gain on sales of scrap	181	227
Other	286	454
Total non-operating income	1,258	1,289
Non-operating expenses		
Interest expenses	198	318
Foreign exchange losses	—	464
Purchase of goods	62	51
Other	189	363
Total non-operating expenses	450	1,198
Ordinary income	10,513	8,717
Extraordinary income		
Gain on sales of investment securities	—	2
Total extraordinary income	—	2
Extraordinary loss		
Nonrecurring loss	199	—
Loss on valuation of stocks of subsidiaries and affiliates	59	—
Total extraordinary loss	258	—
Income before income taxes	10,254	8,719
Income taxes-current	3,196	2,612
Income taxes-deferred	73	(310)
Total income taxes-current	3,269	2,302
Net Income	6,985	6,417
Profit (loss) attributable to non-controlling interests	(108)	2
Profit attributable to owners of parent	7,093	6,414

Consolidated Statements of Comprehensive Income

TRANSLATED

(JPY in millions)

	1st Jan 2017 - 31st Dec 2017	1st Jan 2018 - 31st Dec 2018
Net Income	6,985	6,417
Other comprehensive income		
Valuation difference on available-for-sale securities	(190)	(484)
Deferred gains or losses on hedges	7	12
Foreign currency translation adjustment	567	(2,015)
Remeasurements of defined benefit plans	23	14
Equity equivalent of equity method affiliate	(22)	(72)
Total other comprehensive income	385	(2,545)
Comprehensive income	7,370	3,871
(Content)		
Comprehensive income attributable to owners of parent	7,476	3,888
Comprehensive income attributable to non-controlling interests	(106)	(17)

(3) Consolidated statements of changes in net assets

Previous year (1st Jan 2017 – 31st Dec 2017)

(JPY in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balances at December 31, 2016	2,144	5,624	41,020	(2,027)	46,761
Changes of items during the period					
Dividends from surplus			(1,280)		(1,280)
Net income attributable to owners of parent			7,093		7,093
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		4	5
Change of scope of consolidation			(334)		(334)
Change of scope of equity-method affiliate					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	5,478	3	5,482
Balances at December 31, 2017	2,144	5,625	46,498	(2,023)	52,244

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Adjustment for retirement benefits	Total accumulated other comprehensive income			
Balances at December 31, 2016	745	4	4,008	(187)	4,570	—	241	51,573
Changes of items during the period								
Dividends from surplus								(1,280)
Net income attributable to owners of parent								7,093
Purchase of treasury stock								(0)
Disposal of treasury stock								5
Change of scope of consolidation			53		53		190	(89)
Change of scope of equity-method affiliate								—
Net changes of items other than shareholders' equity	(189)	7	540	25	383	31	(106)	308
Total changes of items during the period	(189)	7	593	25	437	31	84	6,035
Balances at December 31, 2017	555	11	4,602	(161)	5,008	31	326	57,609

Current year (1st Jan 2018– 31st Dec 2018)

(JPY in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balances at December 31, 2017	2,144	5,625	46,498	(2,023)	52,244
Changes of items during the period					
Dividends from surplus			(1,305)		(1,305)
Net income attributable to owners of parent			6,414		6,414
Purchase of treasury stock				(4,000)	(4,000)
Disposal of treasury stock		4		42	47
Change of scope of consolidation			(458)		(458)
Change of scope of equity-method affiliate			34		34
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	4	4,685	(3,957)	732
Balances at December 31, 2018	2,144	5,629	51,183	(5,980)	52,976

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Adjustment for retirement benefits	Total accumulated other comprehensive income			
Balances at December 31, 2017	555	11	4,602	(161)	5,008	31	326	57,609
Changes of items during the period								
Dividends from surplus								(1,305)
Net income attributable to owners of parent								6,414
Purchase of treasury stock								(4,000)
Disposal of treasury stock								47
Change of scope of consolidation			223		223			(234)
Change of scope of equity-method affiliate			(27)		(27)			7
Net changes of items other than shareholders' equity	(484)	12	(2,081)	28	(2,525)	21	(17)	(2,521)
Total changes of items during the period	(484)	12	(1,885)	28	(2,329)	21	(17)	(1,592)
Balances at December 31, 2018	71	23	2,717	(133)	2,678	52	308	56,016

(4) Consolidated Statements of Cash Flows

(JPY in millions)

	1st Jan 2017 - 31st Dec 2017	1st Jan 2018 - 31st Dec 2018
Net cash provided by (used in) operating activities		
Income before income taxes	10,254	8,719
Depreciation and amortization	3,465	4,235
Increase (decrease) in allowance for doubtful accounts	6	1
Interest and dividends income	(135)	(190)
Interest expenses	198	318
Foreign exchange losses (gains)	(393)	376
Equity in (earnings) losses of affiliates	(201)	(221)
Decrease (increase) in notes and accounts receivable-trade	(4,329)	7,495
Decrease (increase) in inventories	(5,349)	(11,187)
Decrease (increase) in consumption taxes refund receivable	(297)	(139)
Increase (decrease) in notes and accounts payable-trade	2,696	(4,580)
Increase (decrease) in advances received	924	(426)
Decrease (increase) in accounts receivable-other	(791)	(195)
Increase (decrease) in accounts payable-other	438	(369)
Increase (decrease) in accrued expenses	348	301
Other	200	(182)
Subtotal	7,035	3,953
Interest and dividends income received	222	371
Interest expenses paid	(225)	(299)
Income taxes paid	(2,494)	(3,060)
Net cash provided by (used in) operating activities	4,536	966
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(5,344)	(6,040)
Proceeds from sales of property, plant and equipment	74	28
Purchase of intangible assets	(275)	(899)
Proceeds from sales of investment securities	0	—
Purchase of investment securities	(1)	(38)
Payments of loans receivable	(22)	(25)
Collection of loans receivable	26	24
Payments for investments in capital of subsidiaries and affiliates	(3,687)	—
Proceeds from subsidy income	—	433
Other	17	1
Net cash provided by (used in) investment activities	(9,211)	(6,515)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,796	10,119
Proceeds from long-term loans payable	5,678	4,812
Repayment of long-term loans payable	(2,696)	(1,524)
Purchase of treasury stock	(0)	(4,036)
Cash dividends paid	(1,281)	(1,305)
Other	(85)	(73)
Net cash provided by (used in) financing activities	6,410	7,991
Effect of exchange rate change on cash and cash equivalents	(52)	(487)
Net increase (decrease) in cash and cash equivalents	1,682	1,954
Cash and cash equivalents at beginning of period	8,776	10,574
Increase in cash and cash equivalents from newly consolidated subsidiary	114	284
Cash and cash equivalents at end of period	10,574	12,813