

Consolidated Financial Results for the Fiscal Year Ended December 31, 2019 (January 1, 2019 to December 31, 2019)

Company name:	SIIX Corporation
Stock code:	7613
Stock exchange listing (Section):	Tokyo Stock Exchange, (First Section)
Head office:	Osaka, Japan
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President:	Yoshihito Kikyo
Contact:	Seiji Ono Director, Executive Officer and General Manager, Finance and Accounting Department
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Annual Meeting of Shareholders:	March 27, 2020
Scheduled date of payment of cash dividends:	March 30, 2020
Scheduled date of filing financial statement:	March 27, 2020

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2019 – December 31, 2019) (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. 2019	223,037	(8.1)	5,506	(36.2)	5,634	(35.4)
Year ended Dec. 2018	242,804	4.1	8,625	(11.1)	8,717	(17.1)

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Million yen
Year ended Dec. 2019	3,695	(42.4)	78.21	73.56
Year ended Dec. 2018	6,414	(9.6)	131.45	123.85

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
Year ended Dec. 2019	6.5	4.0	2.5
Year ended Dec. 2018	11.4	6.5	3.6

(note) Comprehensive income

Year ended December 2019: 3,436 million yen (y/y -11.2%)

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

(note) The company conducted a two-for-one stock split of its common stock on April 1, 2018. And it assumes have already conducted stock split on December 2017 that was calculated to net income per share (basic) and new income per share (diluted).

(note) “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018) has been applied since the current consolidated fiscal year, and Consolidated Results of Operations for the fiscal year ending December 2018 are described retroactively.

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

Year ended December 2019: 118 million yen

Year ended December 2018: 221 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. 2019	143,391	58,249	40.3	1,224.26
Year ended Dec. 2018	137,350	56,016	40.5	1,178.04

(Reference) Stockholders' equity:

Year ended December 2019: 57,846 million yen

Year ended December 2018: 55,655 million yen

(note) The company conducted a two-for-one stock split of its common stock on April 1, 2018. And it assumes have already conducted stock split on December 2017 that was calculated to net assets per share.

(note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) has been applied since the current consolidated fiscal year, and Consolidated Financial Position for the fiscal year ending December 2018 are described 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	Million yen
Year ended Dec. 2019	8,945	(9,602)	2,923	15,035
Year ended Dec. 2018	966	(6,515)	7,991	12,813

2. Dividends

(Base date)	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	Term-end	Annual dividends
		Yen		Yen	Yen
Year ended Dec. 2018	—	13.50	—	13.50	27.00
Year ended Dec. 2019	—	14.00	—	14.00	28.00
Year ended Dec. 2020 (forecasts)	—	14.00	—	15.00	29.00

(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. 2018	1,302	20.5	2.3
Year ended Dec. 2019	1,323	35.8	2.3
Year ended Dec. 2020 (forecasts)	—	24.9	—

3. Consolidated Business Performance Forecasts for the Year Ending December 2020 (January 1, 2020 – December 31, 2020)

(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	236,000	5.8	7,500	36.2	7,500	33.1

	Profit attributable to owners of parent		Net income per share (basic)
	Million yen	YoY change (%)	Yen
Full year	5,500	48.8	116.40

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

*** Note**

- (1) Transfer of important subsidiaries during the period (transfer of specific subsidiaries in association with changes in the scope of consolidation): None
- (2) Changes in accounting policy and accounting estimate, and restatement related to consolidated financial statements
- (i) Changes associated with the revision of accounting standards: Change
 - (ii) Changes other than those described in (i): None
 - (iii) Changes in accounting estimate: None
 - (iv) Restatement: None
- (3) Number of outstanding shares (common shares)
- (i) Number of outstanding shares at the end of the fiscal year (including treasury stock):
 - Year ended December 2019: 50,400,000 shares
 - Year ended December 2018: 50,400,000 shares
 - (ii) Number of treasury stock at the end of the fiscal year:
 - Year ended December 2019: 3,149,654 shares
 - Year ended December 2018: 3,156,256 shares
 - (iii) Average number of shares outstanding:
 - Year ended December 2019: 47,248,233 shares
 - Year ended December 2018: 48,799,209 shares

(Reference)

1. Non-consolidated Financial Results (January 1, 2019– December 31, 2019)

(1) Non-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. 2019	87,787	3.1	948	2.1	2,708	(0.7)
Year ended Dec. 2018	85,186	3.1	929	13.9	2,728	2.8

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Million yen
Year ended Dec. 2019	2,283	(3.4)	48.32	45.45
Year ended Dec. 2018	2,362	146.6	48.42	45.62

(note) The company conducted a two-for-one stock split of its common stock on April 1, 2018. And it assumes have already conducted stock split on December 2017 that was calculated to net income per share (basic) and new income per share (diluted).

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Dec. 2019	54,049	12,232	22.5	257.61
Year ended Dec. 2018	48,865	11,270	23.0	237.45

(Reference) Stockholders' equity: Year ended December 2019: 12,171 million yen
Year ended December 2018: 11,217 million yen

(note) The company conducted a 2 for 1 stock split with an effective date of 1, April, 2018. And it assumes have already conducted stock split on December 2017 that was calculated to net assets per share.

(note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February 16, 2018) has been applied since the current consolidated fiscal year, and Non-consolidated Financial Position for the fiscal year ending December 2018 are described retroactively.

**These financial statements have not been prepared for the purpose of review procedures.*

**Explanations and other special notes concerning the appropriate use of business performance forecasts*

The consolidated business performance forecasts given above are based on the information available at the current time and assumptions of supposable market trends, etc., and thus may greatly differ from future performance for a variety of future reasons

■ Consolidated Financial Statements
(1) Consolidated Balance Sheets

(JPY in millions)

	As of Dec. 31, 2018	As of Dec. 31, 2019
Assets		
Current assets		
Cash and deposits	12,879	15,134
Notes and accounts receivable-trade	38,936	36,349
Merchandise and finished goods	31,533	25,501
Work in process	1,481	1,377
Raw materials and supplies	11,711	15,253
Other	4,986	8,414
Allowance for doubtful accounts	(42)	(39)
Total current assets	101,487	101,990
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	18,128	21,396
Accumulated depreciation	(6,643)	(7,532)
Buildings and structures, net	11,484	13,864
Machinery, equipment and vehicles	33,416	38,205
Accumulated depreciation	(23,611)	(26,669)
Machinery, equipment and vehicles, net	9,804	11,536
Tools, furniture and fixtures	2,929	3,370
Accumulated depreciation	(2,012)	(2,367)
Tools, furniture and fixtures, net	916	1,003
Land	3,219	3,244
Construction in progress	2,428	1,228
Other	—	3,218
Accumulated depreciation	—	(747)
Other, net	—	2,470
Total property, plant and equipment	27,854	33,347
Intangible assets		
Software	665	624
Other	843	1,483
Total intangible assets	1,509	2,108
Investments and other assets		
Investment securities	2,071	2,050
Investments in capital	915	963
Long-term loans receivable	63	61
Assets for retirement benefits	210	311
Deferred tax assets	1,471	2,015
Other	2,280	1,087
Allowance for doubtful accounts	(512)	(544)
Total Investments and other assets	6,499	5,945
Total noncurrent assets	35,863	41,400
Total assets	137,350	143,391

	As of Dec. 31, 2018	As of Dec. 31, 2019
Liabilities		
Current liabilities		
Accounts payable-trade	29,130	27,163
Short-term loans payable	25,236	26,585
Current portion of bonds with share acquisition rights	—	5,948
Accrued expenses	3,035	2,948
Income taxes payable	1,435	1,806
Other	4,756	4,420
Total current liabilities	63,595	68,872
Noncurrent liabilities		
Bonds with subscription rights to shares	5,948	—
Long-term loans payable	7,455	10,417
Liabilities for retirement benefits	525	723
Deferred tax liabilities	3,140	3,350
Other	669	1,777
Total noncurrent liabilities	17,738	16,268
Total liabilities	81,334	85,141
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,629	5,630
Retained earnings	51,183	53,579
Treasury stock	(5,980)	(5,968)
Total shareholders' equity	52,976	55,386
Accumulated comprehensive income		
Valuation difference on available-for-sale securities	71	(65)
Deferred gains or losses on hedges	23	3
Foreign currency translation adjustment	2,717	2,623
Adjustment for retirement benefits	(133)	(100)
Total accumulated comprehensive income	2,678	2,460
Subscription rights to shares	52	60
Non-controlling interests	308	342
Total net assets	56,016	58,249
Total liabilities and net assets	137,350	143,391

(2) Consolidated Statements of Income

(JPY in millions)

	1st Jan 2018 - 31st Dec 2018	1st Jan 2019 - 31st Dec 2019
Net sales	242,804	223,037
Cost of sales	222,168	205,375
Gross profit	20,635	17,662
Selling, general and administrative expenses	12,010	12,155
Operating income	8,625	5,506
Non-operating income		
Interest income	78	79
Dividends income	112	86
Real estate rent	108	97
Equity in earnings of affiliates	221	118
Gain on sales of goods	87	296
Gain on sales of scrap	227	215
Other	454	416
Total non-operating income	1,289	1,309
Non-operating expenses		
Interest expenses	318	468
Foreign exchange losses	464	164
Purchase of goods	51	165
Other	363	382
Total non-operating expenses	1,198	1,181
Ordinary income	8,717	5,634
Extraordinary income		
Gain on reversal of share acquisition rights	2	—
Total extraordinary income	2	—
Income before income taxes	8,719	5,634
Income taxes-current	2,612	2,312
Income taxes-deferred	(310)	(340)
Total income taxes-current	2,302	1,971
Net Income	6,417	3,663
Profit (loss) attributable to non-controlling interests	2	(32)
Profit attributable to owners of parent	6,414	3,695

Consolidated Statements of Comprehensive Income

(JPY in millions)

	1st Jan 2018 - 31st Dec 2018	1st Jan 2019 - 31st Dec 2019
Net Income	6,417	3,663
Other comprehensive income		
Valuation difference on available-for-sale securities	(484)	(137)
Deferred gains or losses on hedges	12	(20)
Foreign currency translation adjustment	(2,015)	(111)
Remeasurements of defined benefit plans	14	33
Equity equivalent of equity method affiliate	(72)	9
Total other comprehensive income	(2,545)	(226)
Comprehensive income	3,871	3,436
(Content)		
Comprehensive income attributable to owners of parent	3,888	3,477
Comprehensive income attributable to non-controlling interests	(17)	(40)

(3) Consolidated statements of changes in net assets

Previous 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

Current year (1st Jan 2019– 31st Dec 2019)

(JPY in millions)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balances at December 31, 2018	2,144	5,629	51,183	(5,980)	52,976
Changes of items during the period					
Dividends from surplus			(1,299)		(1,299)
Net income attributable to owners of parent			3,695		3,695
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		1		12	14
Change of scope of consolidation					—
Change of scope of equity-method affiliate					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	1	2,396	12	2,410
Balances at December 31, 2019	2,144	5,630	53,579	(5,968)	55,386

	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, 2018	71	23	2,717	(133)	2,678	52	308	56,016
Changes of items during the period								
Dividends from surplus								(1,299)
Net income attributable to owners of parent								3,695
Purchase of treasury stock								(0)
Disposal of treasury stock								14
Change of scope of consolidation								—
Change of scope of equity-method affiliate								—
Net changes of items other than shareholders' equity	(137)	(20)	(93)	33	(218)	7	33	(176)
Total changes of items during the period	(137)	(20)	(93)	33	(218)	7	33	2,233
Balances at December 31, 2019	(65)	3	2,623	(100)	2,460	60	342	58,249

(4) Consolidated Statements of Cash Flows

(JPY in millions)

	1st Jan 2018 - 31st Dec 2018	1st Jan 2019 - 31st Dec 2019
Net cash provided by (used in) operating activities		
Income before income taxes	8,719	5,634
Depreciation and amortization	4,235	5,477
Increase (decrease) in allowance for doubtful accounts	1	(2)
Interest and dividends income	(190)	(165)
Interest expenses	318	468
Foreign exchange losses (gains)	376	140
Equity in (earnings) losses of affiliates	(221)	(118)
Decrease (increase) in notes and accounts receivable-trade	7,495	2,389
Decrease (increase) in inventories	(11,187)	2,390
Decrease (increase) in consumption taxes refund receivable	(139)	(970)
Increase (decrease) in notes and accounts payable-trade	(4,580)	(1,860)
Increase (decrease) in advances received	(426)	(125)
Decrease (increase) in accounts receivable-other	(195)	(97)
Increase (decrease) in accounts payable-other	(369)	(8)
Increase (decrease) in accrued expenses	301	(95)
Other	(182)	(2,287)
Subtotal	3,953	10,769
Interest and dividends income received	371	259
Interest expenses paid	(299)	(487)
Income taxes paid	(3,060)	(1,595)
Net cash provided by (used in) operating activities	966	8,945
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(6,040)	(8,797)
Proceeds from sales of property, plant and equipment	28	41
Purchase of intangible assets	(899)	(743)
Purchase of investment securities	(38)	(115)
Payments of loans receivable	(25)	(24)
Collection of loans receivable	24	23
Payments for investments in capital of subsidiaries and affiliates	—	(27)
Proceeds from subsidy income	433	70
Other	1	(30)
Net cash provided by (used in) investment activities	(6,515)	(9,602)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	10,119	1,279
Proceeds from long-term loans payable	4,812	6,798
Repayment of long-term loans payable	(1,524)	(3,462)
Purchase of treasury stock	(4,036)	(0)
Cash dividends paid	(1,305)	(1,298)
Proceeds from share issuance to non-controlling shareholders	—	74
Other	(73)	(468)
Net cash provided by (used in) financing activities	7,991	2,923
Effect of exchange rate change on cash and cash equivalents	(487)	(44)
Net increase (decrease) in cash and cash equivalents	1,954	2,222
Cash and cash equivalents at beginning of period	10,574	12,813
Increase in cash and cash equivalents from newly consolidated subsidiary	284	—
Cash and cash equivalents at end of period	12,813	15,035

■ Information of net sales, income or loss, assets, and other items by reportable segment

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

(JPY in millions)

	Reportable Segment						Adjustment (note 1)	Consolidated income statement (note 2)
	Japan	China	ASEAN	Europe	Americas	Total		
Sales								
Sales to third parties	46,377	59,694	87,040	10,913	38,751	242,777	27	242,804
Intersegment sales and transfers	38,809	30,875	14,260	1,451	13,849	99,245	(99,245)	—
Total	85,186	90,569	101,301	12,364	52,600	342,022	(99,218)	242,804
Segment income or loss	929	3,658	3,531	(20)	324	8,422	202	8,625
Segment assets	48,483	44,050	50,268	9,692	24,124	176,620	(39,269)	137,350
Other								
Depreciation	111	1,501	1,479	387	640	4,120	114	4,235
The increase of property, plant and equipment and intangible assets	553	1,697	1,856	172	3,251	7,532	(48)	7,483

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 27 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -99,245 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, 202 million yen, is the amount of elimination of internal transactions between segments.
4. The amount of adjustment in segment asset, -39,269 million yen, is the amount of elimination of internal transactions between segments.
5. The amount of adjustment in depreciation, 114 million yen, is the amount of elimination of internal transactions between segments.
6. The amount of adjustment in the increase of property, plant and equipment and intangible assets, -48 million yen, is the amount of elimination of internal transactions between segments.

(note 2) Operating income or loss refers to elimination of intersegment transactions adjustment.

Current year (1st Jan 2019 – 31st Dec 2019)

(JPY in millions)

	Reportable Segment						Adjustment (note 1)	Consolidated income statement (note 2)
	Japan	China	ASEAN	Europe	Americas	Total		
Sales								
to third parties	50,632	54,209	67,326	10,909	39,907	222,985	52	223,037
Intersegment sales and transfers	37,155	27,650	16,895	852	13,167	95,720	(95,720)	—
Total	87,787	81,860	84,221	11,762	53,074	318,705	(95,667)	223,037
Segment income or loss	948	1,971	3,705	(97)	(1,314)	5,214	291	5,506
Segment assets	53,767	42,347	54,486	9,611	22,947	183,160	(39,768)	143,391
Other								
Depreciation	121	1,846	2,003	387	1,022	5,381	95	5,477
The increase of property, plant and equipment and intangible assets	580	2,194	3,841	1,024	1,370	9,010	71	9,082

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 52 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -95,720 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, 291 million yen, is the amount of elimination of internal transactions between segments.
4. The amount of adjustment in segment asset, -39,768 million yen, is the amount of elimination of internal transactions between segments.
5. The amount of adjustment in depreciation, 95 million yen, is the amount of elimination of internal transactions between segments.
6. The amount of adjustment in the increase of property, plant and equipment and intangible assets, 71 million yen, is the amount of elimination of internal transactions between segments.

(note 2) Operating income or loss refers to elimination of intersegment transactions adjustment.