

Consolidated 2nd Quarter Financial Results for the Fiscal Year Ended December 31, 2019 (January 1, 2019 to June 30, 2019)

Company name: SIIX Corporation
 Stock code: 7613
 Stock exchange listing (Section): Tokyo Stock Exchange, (First Section)
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 Scheduled date of filing quarterly financial statement: August 9, 2019
 Scheduled date of payment of cash dividends: September 2, 2019

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2019 – June 30, 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 (%)
2nd quarter ended Jun. 2019	113,743	(5.2)	3,123	(28.7)	3,202	(30.3)
2nd quarter ended Jun. 2018	119,928	7.3	4,379	(7.3)	4,595	(8.9)

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
2nd quarter ended Jun. 2019	2,234	(35.5)	47.29	44.47
2nd quarter ended Jun. 2018	3,463	(1.6)	70.31	66.28

(note) Comprehensive income

2nd quarter ended June 2019: 933 million yen (y/y -20.6 %)

2nd quarter ended June 2018: 1,176 million yen (y/y -52.2 %)

(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 net income per share (diluted).

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Million yen	Million yen	%
2 nd quarter ended Jun. 2019	138,893	56,323	40.3
Year ended Dec. 2018	137,350	56,016	40.5

(Reference) Stockholders' equity:

2nd quarter ended June 2019: 56,005 million yen

Year ended December 2018: 55,655 million yen

(note) The company has been applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28 on February, 2018) from the beginning of the consolidated fiscal year under review. Individual figures related to the period ended December 31, 2018 have had the accounting standards applied retroactively.

2. Dividends

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

(note) Changes in Forecasts for Dividends during this quarter: None

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	227,000	(6.5)	6,800	(21.2)	6,800	(22.0)

	Profit attributable to owners of parent		Net income per share (basic)
	Million yen	YoY change (%)	Yen
Full year	4,800	(25.2)	101.60

(Note) Changes in Consolidated Business Performance Forecasts for the Fiscal Year Ending December 2019 during this quarter: Change
 (Note) The company has been revised consolidated financial forecast of fiscal year ending December 2019, which was announced on February 13, 2019, in consideration of uncertain outlook of the economy due to US-China tariff policy impacted from the trade disputes, currency trends, and impact of the economic slowdown in China.

* Note

- (1) Transfer of important subsidiaries during the period (transfer of specific subsidiaries in association with changes in the scope of consolidation): None
- (2) Adoption or non-adoption of a specific method in accounting procedures: None
- (3) 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
- (4) Number of outstanding shares (common shares)
 - (i) Number of outstanding shares at the end of the fiscal year (including treasury stock):

2nd quarter ended Jun. 2019:	50,400,000 shares
Year ended Dec. 2018:	50,400,000 shares
 - (ii) Number of treasury stock at the end of the fiscal year:

2nd quarter ended Jun. 2019:	3,149,796 shares
Year ended Dec. 2018:	3,156,256 shares
 - (iii) Average number of shares outstanding:

2nd quarter ended Jun. 2019:	47,246,510 shares
2nd quarter ended Jun. 2018:	49,264,287 shares

(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 number of outstanding shares.

*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 Jun. 30, 2019
Assets		
Current assets		
Cash and deposits	12,879	8,912
Notes and accounts receivable-trade	38,936	38,730
Merchandise and finished goods	31,533	31,763
Work in process	1,481	1,779
Raw materials and supplies	11,711	10,107
Other	4,986	6,319
Allowance for doubtful accounts	(42)	(36)
Total current assets	101,487	97,577
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	11,484	11,247
Machinery, equipment and vehicles, net	9,804	11,186
Land	3,219	3,206
Other, net	3,345	8,200
Total property, plant and equipment	27,854	33,840
Intangible assets	1,509	1,800
Investments and other assets		
Investment securities	2,071	2,092
Investments in capital	915	976
Other	4,025	3,128
Allowance for doubtful accounts	(512)	(522)
Total Investments and other assets	6,499	5,675
Total noncurrent assets	35,863	41,316
Total assets	137,350	138,893

TRANSLATED

(JPY in millions)

	As of Dec. 31, 2018	As of Jun. 30, 2019
Liabilities		
Current liabilities		
Accounts payable-trade	29,130	26,168
Short-term loans payable	25,236	24,408
Income taxes payable	1,435	1,618
Other	7,792	9,027
Total current liabilities	63,595	61,221
Noncurrent liabilities		
Bonds with subscription rights to shares	5,948	5,948
Long-term loans payable	7,455	9,564
Liabilities for retirement benefits	525	578
Other	3,809	5,257
Total noncurrent liabilities	17,738	21,348
Total liabilities	81,334	82,570
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,629	5,630
Retained earnings	51,183	52,780
Treasury stock	(5,980)	(5,968)
Total shareholders' equity	52,976	54,586
Accumulated comprehensive income		
Valuation difference on available-for-sale securities	71	51
Deferred gains or losses on hedges	23	7
Foreign currency translation adjustment	2,717	1,479
Adjustment for retirement benefits	(133)	(120)
Total accumulated comprehensive income	2,678	1,418
Subscription rights to shares	52	49
Non-controlling interests	308	268
Total net assets	56,016	56,323
Total liabilities and net assets	137,350	138,893

(2) Consolidated Statements of Income

(JPY in millions)

	Jan. 1, 2018 - Jun. 30, 2018	Jan. 1, 2019 - Jun. 30, 2019
Net sales	119,928	113,743
Cost of sales	109,701	104,567
Gross profit	10,227	9,175
Selling, general and administrative expenses	5,847	6,052
Operating income	4,379	3,123
Non-operating income		
Interest income	41	46
Dividends income	37	29
Equity in earnings of affiliates	135	59
Real estate rent	53	53
Gain on sales of goods	45	121
Gain on sales of scrap	119	111
Other	245	189
Total non-operating income	678	612
Non-operating expenses		
Interest expenses	128	238
Foreign exchange losses	230	123
Other	103	170
Total non-operating expenses	462	533
Ordinary income	4,595	3,202
Income before income taxes	4,595	3,202
Income taxes-current	1,397	1,380
Income taxes-deferred	(255)	(381)
Total income taxes-current	1,141	999
Net Income	3,453	2,202
Profit (loss) attributable to non-controlling interests	(10)	(31)
Profit attributable to owners of parent	3,463	2,234

Consolidated Statements of Comprehensive Income

(JPY in millions)

	Jan. 1, 2018 - Jun. 30, 2018	Jan. 1, 2019 - Jun. 30, 2019
Net Income	3,453	2,202
Other comprehensive income		
Valuation difference on available-for-sale securities	(256)	(19)
Deferred gains or losses on hedges	(0)	(15)
Foreign currency translation adjustment	(1,946)	(1,234)
Remeasurements of defined benefit plans	20	13
Equity equivalent of equity method affiliate	(93)	(12)
Total other comprehensive income	(2,277)	(1,269)
Comprehensive income	1,176	933
(Content)		
Comprehensive income attributable to owners of parent	1,199	974
Comprehensive income attributable to non-controlling interests	(22)	(40)

(3) Consolidated Statements of Cash Flows

(JPY in millions)

	Jan. 1, 2018 - Jun. 30, 2018	Jan. 1, 2019 - Jun. 30, 2019
Net cash provided by (used in) operating activities		
Income before income taxes	4,595	3,202
Depreciation and amortization	2,043	2,605
Increase (decrease) in allowance for doubtful accounts	(80)	(5)
Interest and dividends income	(78)	(76)
Interest expenses	128	238
Foreign exchange losses (gains)	262	77
Equity in (earnings) losses of affiliates	(135)	(59)
Decrease (increase) in notes and accounts receivable-trade	(244)	(323)
Decrease (increase) in inventories	(6,930)	256
Decrease (increase) in consumption taxes refund receivable	(176)	(433)
Increase (decrease) in notes and accounts payable-trade	2,078	(2,604)
Increase (decrease) in advances received	(542)	(423)
Decrease (increase) in accounts receivable-other	(143)	184
Increase (decrease) in accounts payable-other	(556)	(191)
Increase (decrease) in accrued expenses	576	814
Other	(477)	(1,034)
Subtotal	319	2,228
Interest and dividends income received	227	164
Interest expenses paid	(97)	(194)
Income taxes paid	(1,585)	(1,059)
Net cash provided by (used in) operating activities	(1,135)	1,139
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(2,162)	(5,493)
Proceeds from sales of property, plant and equipment	8	27
Purchase of intangible assets	(706)	(309)
Purchase of investment securities	(38)	(110)
Payments of loans receivable	(14)	(14)
Collection of loans receivable	12	10
Payments for investments in capital of subsidiaries and affiliates	—	(27)
Proceeds from subsidy income	—	72
Other	20	(0)
Net cash provided by (used in) investment activities	(2,880)	(5,845)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	3,003	(1,095)
Proceeds from long-term loans payable	225	3,904
Repayment of long-term loans payable	(823)	(1,089)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(640)	(637)
Other	(36)	(221)
Net cash provided by (used in) financing activities	1,728	860
Effect of exchange rate change on cash and cash equivalents	(341)	(119)
Net increase (decrease) in cash and cash equivalents	(2,629)	(3,965)
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	8,229	8,848

(3) Segment Information

[Segment Information]

I. Previous year (January 1, 2018 – June 30, 2018)

1. Sales and income/loss information for each reportable segment

(JPY in millions)

	Reportable Segment						Adjustment (notes 1)	Total (notes 2)
	Japan	Greater China	Southeast Asia	Europe	Americas	Total		
Net sales								
Sales – outside customers	22,146	29,234	44,008	5,807	18,731	119,928	-	119,928
Sales and transfers – inter segments	18,248	14,010	6,983	715	6,601	46,560	(46,560)	-
Total	40,395	43,245	50,992	6,523	25,332	166,488	(46,560)	119,928
Segment Profit (Operating income or loss)	304	1,527	1,597	32	740	4,202	177	4,379

(Note 1) The amount of adjustment is as followsings.

(1) (46,560) million yen, sales and transfers-inter segments, is the amount of elimination of internal transactions between segments.

(2) 177 million yen, operating income or loss, is the amount of elimination of internal transactions between segments.

(Note 2) Adjustments have been made to segment profit with operating profit in the consolidated quarterly statements of income.

2. Asset information for each reportable segment

Marked increase in asset due to change in consolidation scope

Segment asset in Europe is increased 2,513 million yen in comparison to the precious fiscal year because SIIX Hungary Kft. (Europe) has been consolidated since 1st quarter of this fiscal year.

II. Current year (January 1, 2019 – June 30, 2019)

1. Sales and income/loss information for each reportable segment

(JPY in millions)

	Reportable Segment						Adjustment (notes 1)	Total (notes 2)
	Japan	Greater China	Southeast Asia	Europe	Americas	Total		
Net sales								
Sales – outside customers	24,701	28,163	34,085	6,001	20,763	113,716	27	113,743
Sales and transfers – inter segments	18,454	15,996	7,023	450	7,175	49,100	(49,100)	-
Total	43,155	44,160	41,109	6,452	27,939	162,816	(49,073)	113,743
Segment Profit (Operating income or loss)	409	1,274	1,759	30	(492)	2,980	142	3,123

(Note 1) The amount of adjustment is as followsings.

(1) 27 million yen, sales-outside customers, is the amount of sales attribute to corporate segment.

(2) (49,100) million yen, sales and transfers-inter segments, is the amount of elimination of internal transactions between segments.

(3) 142 million yen, operating income or loss, is the amount of elimination of internal transactions between segments.

(Note 2) Adjustments have been made to segment profit with operating profit in the consolidated quarterly statements of income.

2. Asset information for each reportable segment

Not applicable