

Consolidated 3rd Quarter Financial Results

for the Fiscal Year Ended December 31, 2019

(January 1, 2019 to September 30, 2019)

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
President:	Yoshihito Kikyo
Contact:	Seiji Ono
	Director, Executive Officer and General Manager, Finance and Accounting Department
Telephone:	+81-6-6266-6415
Scheduled date of filing quarterly financial statement:	November 11, 2019
Scheduled date of payment of cash dividends:	-

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2019 – September 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 (%)
3rd quarter ended Sep. 2019	168,755	(7.6)	4,512	(33.3)	4,616	(33.1)
3rd quarter ended Sep. 2018	182,629	7.2	6,760	(2.9)	6,895	(8.5)

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
3rd quarter ended Sep. 2019	3,255	(35.4)	68.90	64.80
3rd quarter ended Sep. 2018	5,038	(3.9)	102.68	96.78

(Note) Comprehensive income

3rd quarter ended September 2019: 1,255 million yen (y/y -70.9%)

3rd quarter ended September 2018: 4,317 million yen (y/y -14.2%)

(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	%
3rd quarter ended Sep. 2019	141,568	56,063	39.3
Year ended Dec. 2018	137,350	56,016	40.5

(Reference) Stockholders' equity:

3rd quarter ended September 2019: 55,677 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
		Yen		Yen	Yen
Year ended Dec. 2018	—	13.50	—	13.50	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: None

* 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):

3rd quarter ended Sep. 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:

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

3rd quarter ended Sep. 2019:	47,247,618 shares
3rd quarter ended Sep. 2018:	49,066,449 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 Sep. 30, 2019
Assets		
Current assets		
Cash and deposits	12,879	14,010
Notes and accounts receivable-trade	38,936	35,861
Merchandise and finished goods	31,533	26,891
Work in process	1,481	1,462
Raw materials and supplies	11,711	14,719
Other	4,986	7,240
Allowance for doubtful accounts	(42)	(38)
Total current assets	101,487	100,146
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	11,484	13,074
Machinery, equipment and vehicles, net	9,804	11,645
Land	3,219	3,199
Other, net	3,345	5,874
Total property, plant and equipment	27,854	33,794
Intangible assets	1,509	1,942
Investments and other assets		
Investment securities	2,071	1,965
Investments in capital	915	985
Other	4,025	3,256
Allowance for doubtful accounts	(512)	(522)
Total Investments and other assets	6,499	5,684
Total noncurrent assets	35,863	41,421
Total assets	137,350	141,568

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(JPY in millions)

	As of Dec. 31, 2018	As of Sep. 30, 2019
Liabilities		
Current liabilities		
Accounts payable-trade	29,130	26,941
Short-term loans payable	25,236	26,215
Current portion of bonds payable	-	5,948
Income taxes payable	1,435	1,420
Other	7,792	8,700
Total current liabilities	63,595	69,225
Noncurrent liabilities		
Bonds with subscription rights to shares	5,948	-
Long-term loans payable	7,455	10,412
Liabilities for retirement benefits	525	599
Other	3,809	5,267
Total noncurrent liabilities	17,738	16,279
Total liabilities	81,334	85,504
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,629	5,630
Retained earnings	51,183	53,140
Treasury stock	(5,980)	(5,968)
Total shareholders' equity	52,976	54,946
Accumulated comprehensive income		
Valuation difference on available-for-sale securities	71	(62)
Deferred gains or losses on hedges	23	10
Foreign currency translation adjustment	2,717	897
Adjustment for retirement benefits	(133)	(114)
Total accumulated comprehensive income	2,678	731
Subscription rights to shares	52	55
Non-controlling interests	308	330
Total net assets	56,016	56,063
Total liabilities and net assets	137,350	141,568

(2) Consolidated Statements of Income

(JPY in millions)

	Jan. 1, 2018 - Sep. 30, 2018	Jan. 1, 2019 - Sep. 30, 2019
Net sales	182,629	168,755
Cost of sales	166,956	155,230
Gross profit	15,672	13,524
Selling, general and administrative expenses	8,912	9,012
Operating income	6,760	4,512
Non-operating income		
Interest income	55	61
Dividends income	109	84
Equity in earnings of affiliates	153	98
Real estate rent	80	75
Gain on sales of goods	68	187
Gain on sales of scrap	172	169
Other	321	245
Total non-operating income	962	923
Non-operating expenses		
Interest expenses	206	358
Foreign exchange losses	434	218
Other	185	242
Total non-operating expenses	826	818
Ordinary income	6,895	4,616
Income before income taxes	6,895	4,616
Income taxes-current	2,093	1,799
Income taxes-deferred	(231)	(405)
Total income taxes-current	1,862	1,393
Net Income	5,033	3,222
Profit (loss) attributable to non-controlling interests	(4)	(32)
Profit attributable to owners of parent	5,038	3,255

Consolidated Statements of Comprehensive Income

(JPY in millions)

	Jan. 1, 2018 - Sep. 30, 2018	Jan. 1, 2019 - Sep. 30, 2019
Net Income	5,033	3,222
Other comprehensive income		
Valuation difference on available-for-sale securities	(253)	(133)
Deferred gains or losses on hedges	(13)	(13)
Foreign currency translation adjustment	(396)	(1,806)
Remeasurements of defined benefit plans	28	19
Equity equivalent of equity method affiliate	(82)	(32)
Total other comprehensive income	(716)	(1,967)
Comprehensive income	4,317	1,255
(Content)		
Comprehensive income attributable to owners of parent	4,335	1,307
Comprehensive income attributable to non-controlling interests	(17)	(52)

(3) Segment Information**[Segment Information]**

I. Previous year (January 1, 2018 – September 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	33,172	44,951	67,541	8,175	28,248	182,629	-	182,629
Sales and transfers – inter segments	28,580	22,607	10,481	1,127	10,219	73,016	(73,016)	-
Total	62,292	67,559	78,022	9,303	38,468	255,646	(73,016)	182,629
Segment Profit (Operating income or loss)	578	2,717	2,527	(22)	826	6,627	133	6,760

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

(1) (73,016) million yen, sales and transfers-inter segments, is the amount of elimination of internal transactions between segments.

(2) 133 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

(1) 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.

(2) Marked increase in asset due to business expansion

Segment asset in Americas is increased 4,350 million yen in comparison to the previous fiscal year due to investment in building and production facilities and enough inventories in preparation to order increase for business expansion.

II. Current year (January 1, 2019 – September 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	37,595	40,550	51,567	8,258	30,744	168,715	40	168,755
Sales and transfers – inter segments	27,601	21,704	11,680	679	9,970	71,635	(71,635)	-
Total	65,196	62,254	63,247	8,937	40,714	240,350	(71,594)	168,755
Segment Profit (Operating income or loss)	612	1,548	2,986	(78)	(818)	4,250	261	4,512

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

(1) 40 million yen, sales-outside customers, is the amount of sales attribute to corporate segment.

(2) (71,635) million yen, sales and transfers-inter segments, is the amount of elimination of internal transactions between segments.

(3) 261 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