



SIIX Corporation

2021

Integrated Report

Global Business Organizer

Corporate Philosophy

Corporate

Theme

The Corporate Theme is the SIIX business concept.

Provide the best merit for business through the best business organizing.



Corporate

Mission

The Corporate Mission is the mission SIIX should try to achieve in terms of society.

We contribute to the activation of the social system and the progress of humankind by pursuit of the effective use of the world's resources.



Corporate

Target

The Corporate Target is the vision of an extremely high level corporation which we strive to be.

We will become a company that organizes customer needs in all fields around the world to give all stakeholders a sense of affinity and charm as a "global business organizer" that creates business.



Corporate

Style

The Corporate Style is what our company should always consider very important as to how we should be as a corporation.

1st filter:
Challenging, Speedy and Fair

2nd filter:
Sophisticated, Creative and Simple



INDEX

Philosophy of SIIX	
Corporate Philosophy	1
Knowing SIIX	
SIIX in Numbers [financial and non-financial highlights]	3
History of Value Creation	5
Value Creation Process	7
Value Chain	9
Global Network	11
Value Creation Story of SIIX	
Message from the Chairman	13
Message from the President	17
Feature Article "Measures and Progress of Medium-Term Business Plan and New Medium-Term Business Plan (2021-2023)"	21
Message from the Chief Accounting Officer	23
Business Overview of SIIX	
Automotive equipment / Industrial equipment / Electric home appliances / Information devices / Machines, others, general electronics	25
ESG of SIIX	
Corporate Governance	29
Message from External Director	31
Message from Director	33
Environmental Conservation	35
Society	37
Financial Information	
Consolidated Financial Summary	39
Consolidated Financial Statements	41
Corporate Data	46

Editorial policy

We have issued the 2021 Integrated Report to explain in an easy-to-understand way the financial and non-financial aspects of SIIX's business strategy and management foundation to our stakeholders. Please refer to our official website for detailed information.

<http://www.siix.co.jp/eg/index.html>

Going forward, we will continue to work toward the realization of a sustainable and global co-creation society through our main business.

Disclaimer

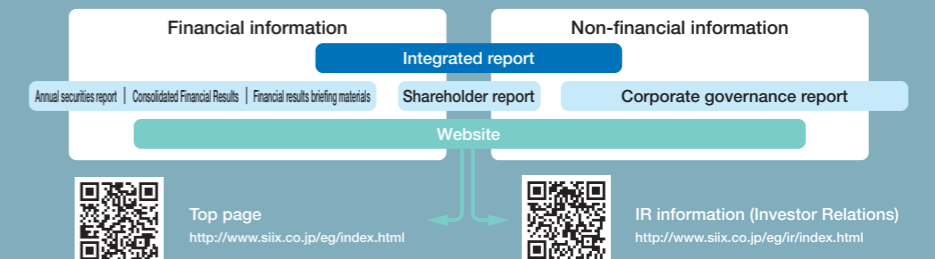
Business forecasts, outlooks, strategies and targets stated in this report, except for those relating to the past or present facts, are forward-looking statements and based on information currently available to the company and plans, expectations and judgments based on certain assumptions deemed reasonable. Accordingly, please understand that actual results may differ from the disclosed business forecasts, etc. due to variable factors with various uncertainties such as economic conditions.

Period and scope

Period: FY2020
(January 2020 to December 2020)
*Some sections of this report include information during and after December 2020.

Scope: SIIX and its subsidiaries and affiliates

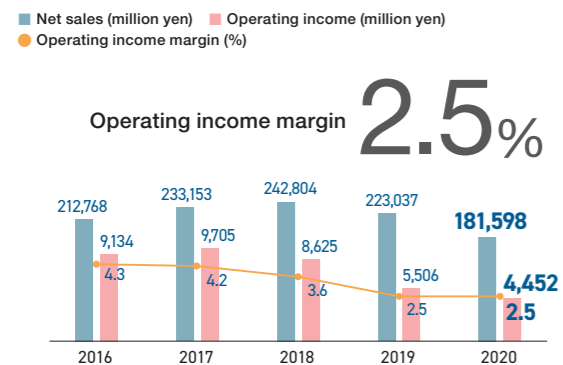
Information disclosure and communication



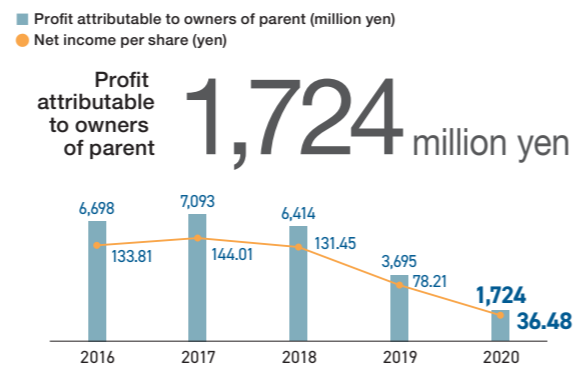
SIIX in Numbers [financial and non-financial highlights]

Financial data

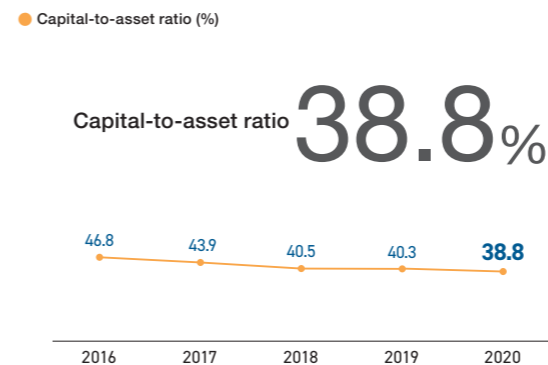
Net sales / Operating income / Operating income margin



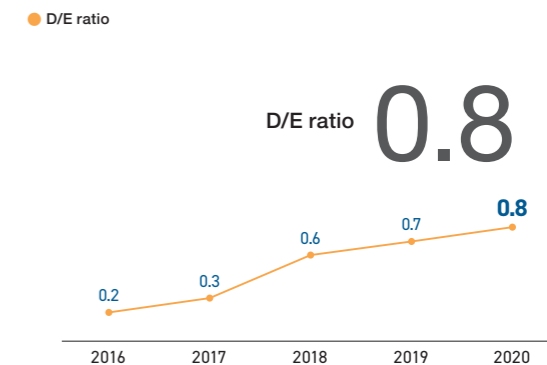
Profit attributable to owners of parent / Net income per share (EPS)



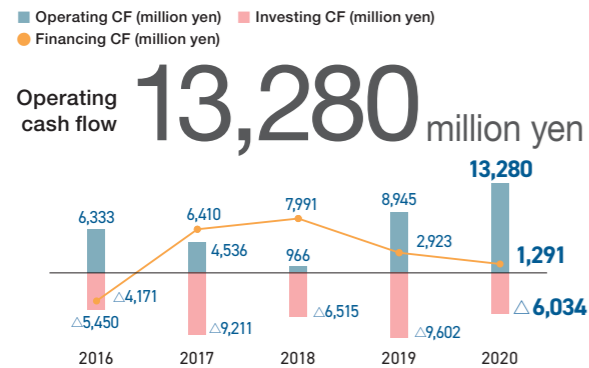
Capital-to-asset ratio



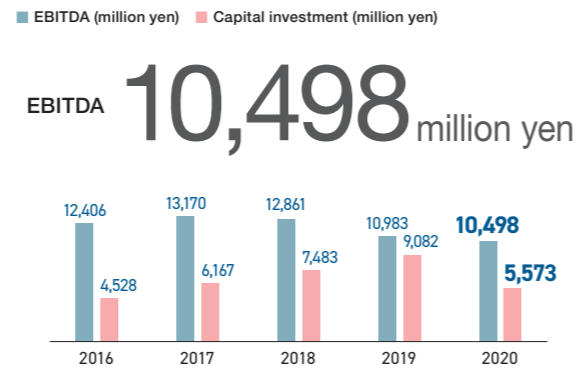
D/E ratio



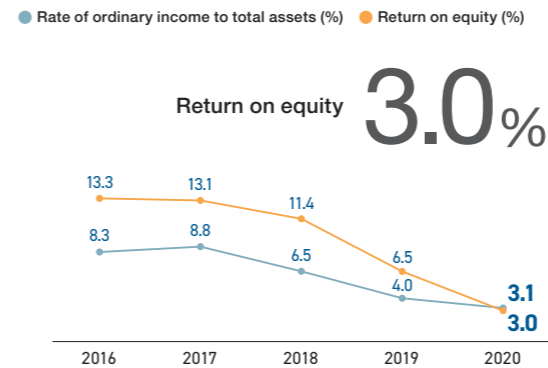
Operating cash flow / Investing cash flow / Financing cash flow



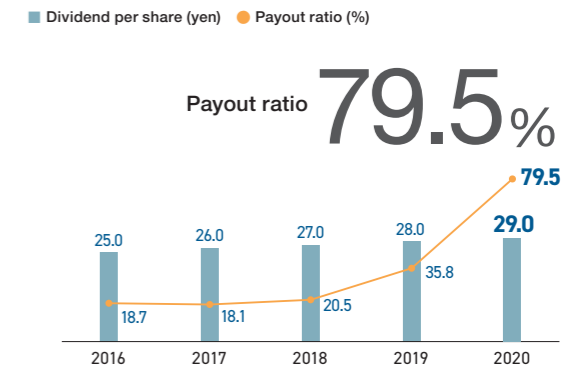
EBITDA / Capital investment



Rate of ordinary income to total assets / Return on equity

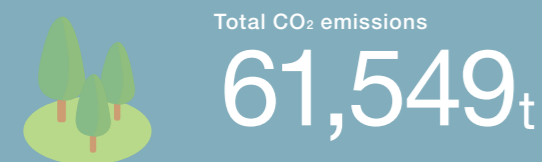


Dividend per share / Payout ratio



Non-financial data

Total CO₂ emissions (SCOPE2) (FY2020)



CO₂ emissions that may be reduced by solar panel power generation (FY2020 full year conversion)

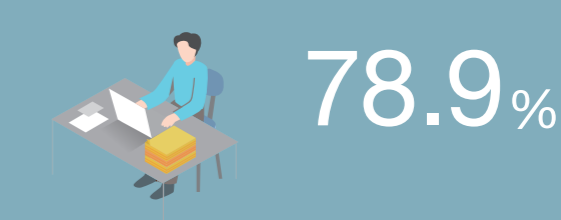


* Solar panels have been installed at Shanghai Factory. The above figure is the CO₂ emissions that may be reduced, converted into the full year amount.

Ratio of women in management positions*



Ratio of local employees in management positions*



*Management position: job level above the rank of a manager in each consolidated company

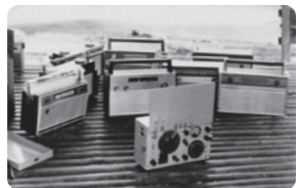
History of Value Creation

History of SIIX

The foundation of the company traces back to when an export section was created in the trading division of Sakata Shokai Co., Ltd (currently Sakata Inx Corporation), the ink-maker that was the company's predecessor, and exports of electronic components to the Philippines began. The company's business model, constructed with a focus on "overseas business" since the initial stages of its founding, is now standing right on the verge of a "global age," which will provide a stage for even greater activities.

From 1957

1957 The company's founder Murai who was in charge of export in the trading division of Sakata Shokai (currently Sakata Inx Corporation) set his eyes on the future prospects of the electronic components market and started exporting electronic components made in Japan to the Philippines (founding of the company)



1960s Invested in an electronic musical instruments manufacturer and became an exporter of its products. Commenced the export of motorcycles, chemical products, transport machinery, etc. to the Philippines. Established the company's first joint-venture company in the Philippines to strengthen sales of motorcycles and chemical products.

1970 Commenced full-fledged OEM production and export of electronic organs. Established Hammond International Japan Inc jointly with Hammond Inc in the U.S.

1974 Commenced assembly and production of motorcycles with Kawasaki Heavy Industries, Ltd. using local capital.

1977 Started trilateral trade in Singapore which was groundbreaking in its time.



From 1979

1979 Established a joint venture company in Singapore to start the circuit board mounting business. Became a pioneer of SIIX's EMS business.

1982 Became a sales distributor of Panafacom and started sales of computers overseas, mainly in Europe. Commenced overseas sales of CRT monitors under the Sakata brand.



1988 Commenced circuit board mounting business in Thailand.

1990 Established a joint venture company in the Philippines and commenced production of wire harnesses for automobiles.

Commenced EMS business

Commenced trading activities overseas

Pioneer of EMS

In recent years, the term EMS (electronics manufacturing services) is frequently seen in newspapers and other media. However, in 1979, when the term did not exist, SIIX started this business overseas (Singapore) and became a pioneer in the Japanese EMS industry.

From 1992

1992 Spun off from Sakata Inx and established Sakata Inx International.



1993 Commenced circuit board mounting business with a joint venture in Guangdong Province, China (leading to the current Dongguan Factory).

1994 Commenced circuit board mounting business in Batam, Indonesia (leading to the current Batam Factory).

1996 Commenced sales of components to major Japanese manufacturers of automotive equipment. After making a full-fledged entry into the field of automotive equipment, the company started receiving outsourcing contracts for materials procurement, circuit board mounting, assembly, and other processes from a variety of customers around the world, allowing it to expand and grow the automotive equipment sector into the main business area of the company.

1997 Commenced production of LCD modules for European mobile phone manufacturers.

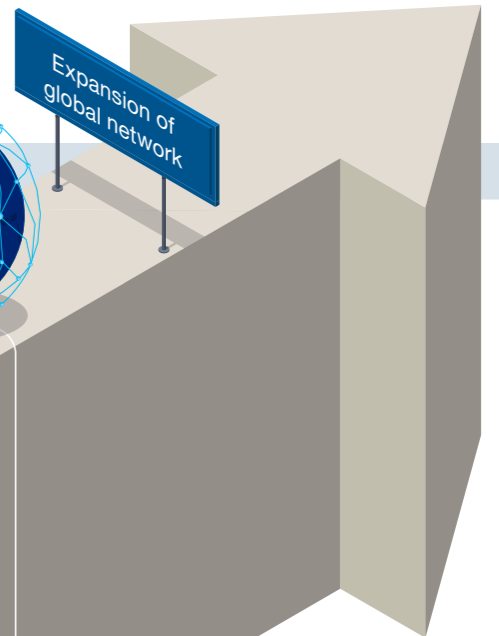
1998 Company name changed to SIIX Corporation.

2000 Established a semiconductor design and development company and commenced development and manufacture of LCD driver ICs for mobile phones (sold in March 2005).

2001 Established a joint venture company in Shanghai, China and commenced the EMS business. Established a joint venture company in Slovakia and commenced the EMS business. Commenced VMI service for major Japanese manufacturers of automotive electronic components.

2002 Commenced EMS business for automotive equipment at the Thai Factory.

2007 Opened a logistics center in Thailand.



Expanded business mainly in Asia

From 2010

2010 Established the company's first domestic manufacturing subsidiary in Sagami City, Kanagawa Prefecture. Established a manufacturing subsidiary in Jakarta, Indonesia.

2012 Established a manufacturing subsidiary in Shanghai. Established a sales subsidiary in Indonesia.

2013 Established a manufacturing subsidiary in the Philippines. Established a manufacturing subsidiary in Mexico.



2014 Established the company's first joint venture company for plastic molding and die manufacturing in the Philippines. Established Nagoya Sales Department in Sakae, Naka-ku, Nagoya City.

2015 Established a joint venture company with GD MIDEA HEATING & VENTILATING EQUIPMENT CO., LTD. Established a joint venture company with a medical device development company in Singapore and entered the robotics field.

2016 Established the Detroit Branch in the U.S. Established a manufacturing subsidiary in Hungary.

2017 Established a second joint venture company with GD MIDEA HEATING & VENTILATING EQUIPMENT CO., LTD. Established a manufacturing subsidiary in Hubei Province, China. Established a sales subsidiary in Hanoi, Vietnam.



2019 Established a sales subsidiary in Kuala Lumpur, Malaysia.

Value Creation Process

* What is a global business organizer?

Producing the best added value by knowing and combining resources around the world. Through such methods, the global business organizer will provide greater satisfaction.



Value Chain

Provide materials procurement, manufacturing, and logistics services as a one-stop service

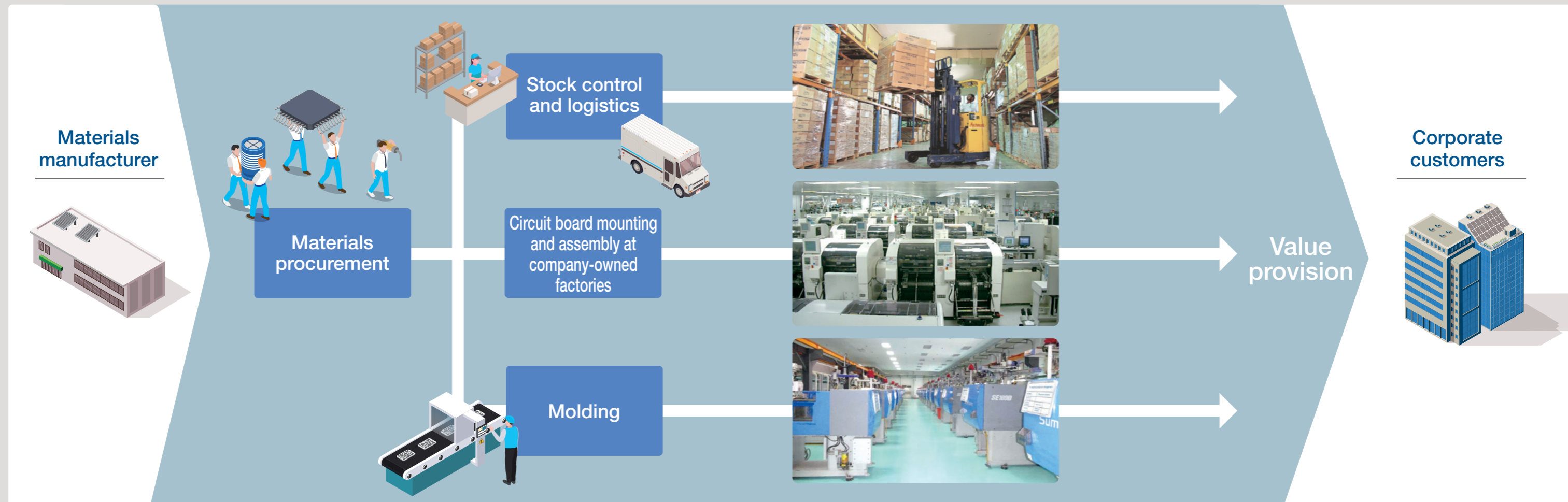
Breakdown of net sales

EMS
Approx. **80%**

Gather electronic components overseas and mount them on circuit boards on behalf of the customer, and deliver those circuit boards to the customer

Trading company
Approx. **20%**

Gather electronic components overseas on behalf of the customer, and deliver them to the customer



Strengths

- Strong purchasing power for Japanese components
- Materials procurement function for circuit board mounting instead of just procurement as a trading company (factory procurement)
- Capability in proposing alternative components that are cost-competitive
- Collaboration with technology partners on a global basis
- Materials management service in various countries around the world
- High-quality, high-precision mounting capabilities at global bases
- Factory area with adequate room for expansion (can be expanded from the current 150 lines to 300 lines)
- Deployment of molding operations in the area adjacent to the circuit board mounting area
- Provision of services to customers in diverse business fields by focusing on versatility

Issues

- Enhancement of handling of European and American components
- Search for merchandise over a wide range without being restricted to just electronic components
- Work reform to reduce inventory
- Enhancement of stock management in real time
- Further improvement in mounting quality and precision, expansion of the scope of information shared between bases
- Optimization of molding function for global deployment
- Expansion of customers in the medical device field

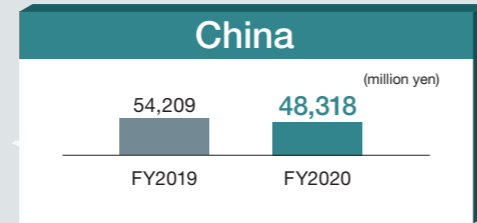
Global Network

Global deployment with 50 bases in 14 countries worldwide

The ability to provide a variety of outsourcing options to our customers through our extensive and organic network of overseas bases is one of the strengths of SIIX. We have established bases in approximately 50 locations in 14 countries worldwide that can assist in the global business development of our customers, from materials procurement to manufacturing and distribution.

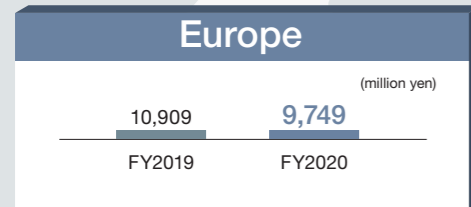
(As of the end of December 2020)

Meeting domestic demand in China in the future



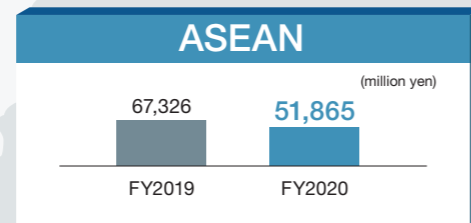
- 12 SIIX (Shanghai) Co., Ltd. 🏢
- 13 SIIX EMS (Shanghai) Co., Ltd. ✂️
- 14 SIIX HUBEI Co., Ltd. ✂️
- 15 SIIX EMS (DONG GUAN) Co., Ltd. ✂️
- 16 SIIX (Dongguan) Co., Ltd. 🏢★
- 17 SIIX H.K. Ltd. 🏢
- 18 SIIX TWN Co., Ltd. 🏢

Contact for major European corporations



- 9 SIIX Europe GmbH 🏢
- 10 SIIX EMS Slovakia s.r.o. ✂️🏢
- 11 SIIX Hungary kft. ✂️🏢

Support for decentralized production needs, coordination with cutting-edge technologies



- 19 SIIX Bangkok Co., Ltd. 🏢
- 20 SIIX EMS (THAILAND) CO., LTD. ✂️★
- 21 SIIX Vietnam Company Limited 🏢★
- 22 SIIX Malaysia Sdn.Bhd 🏢
- 23 SIIX Phils., Inc. 🏢
- 24 SIIX Logistics Phils, Inc. 🏢
- 25 SIIX EMS PHILIPPINES, INC. ✂️
- 26 SIIX COXON PRECISION PHILS., INC. 🏢
- 27 SIIX Singapore Pte. Ltd. 🏢
- 28 PT SIIX Electronics Indonesia ✂️🏢
- 29 PT. SIIX EMS INDONESIA ✂️
- 30 PT. SIIX Trading Indonesia 🏢★

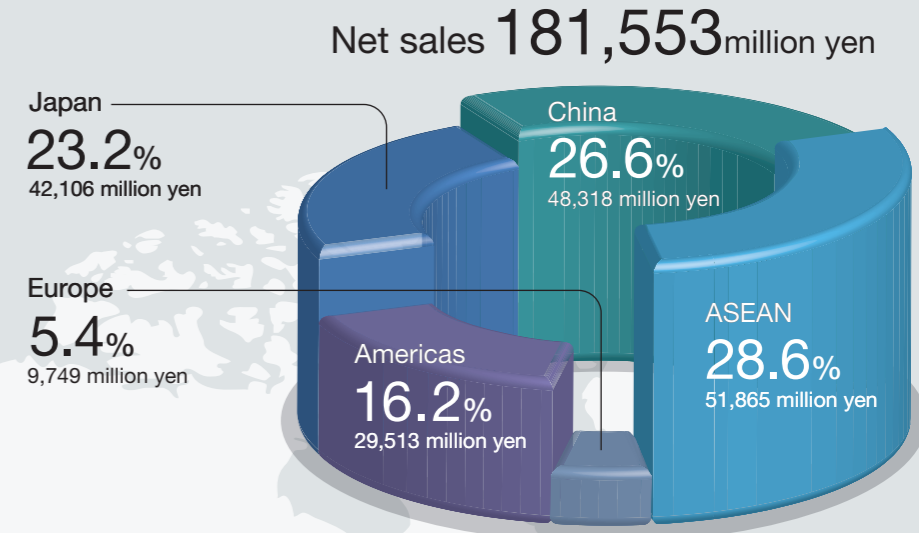
*19 transferred its business to 20 in January 2021 and was liquidated.
 20 changed the company name to Thai SIIX Co., Ltd. in February 2021.

Main businesses

- 🏢 Sales and distribution of electronic components, etc.
- 🏢 Sales of electronic components, etc.
- ✂️ Circuit board mounting, assembly and processing of devices and components
- 🏢 Plastic molding and die manufacturing
- 🏢 Branch office / representative office

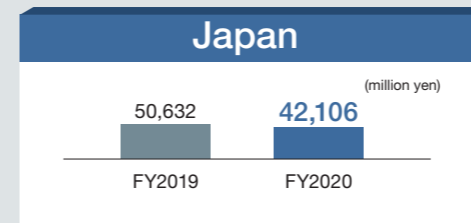
★ indicates a non-consolidated subsidiary

Composition of sales by segment



*Other than the above, consolidated net sales of 181,598 million yen include 45 million yen that does not belong to any reportable segment.

Preparations to expand domestic production in Japan



- 1 SIIX Corporation 🏢
- 2 SIIX Electronics Co., Ltd. ✂️

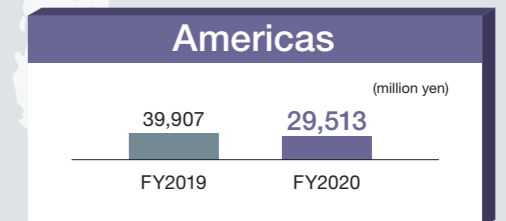
Indonesia Construction of the second building of Karawang Factory

In order to address strong demand from automotive related companies in Indonesia, we are constructing the second building of the Karawang Factory in West Java, with completion planned in September. We will continue to support manufacturing for customers in Indonesia where growing demand is expected.



Second building of Karawang Factory in Indonesia under construction

Enhanced support for western corporations in Mexico

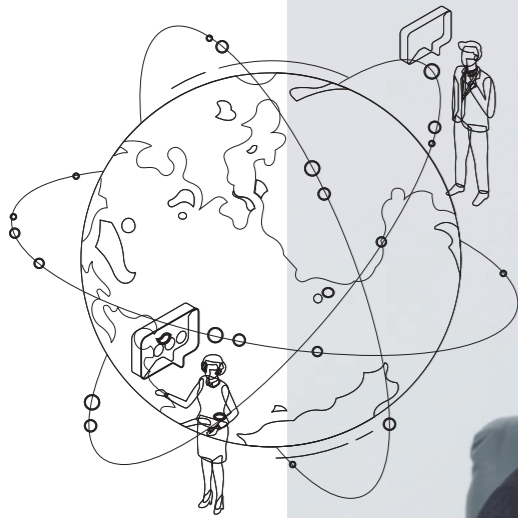


- 3 SIIX U.S.A. Corp. 🏢
- 4 SIIX U.S.A. Corp. Detroit Branch 🏢
- 5 SIIX U.S.A. Corp. Irvine Branch 🏢
- 6 SIIX MEXICO, S.A DE C.V. 🏢★
- 7 SIIX EMS MEXICO, S. de R.L de C.V. ✂️🏢
- 8 SIIX do Brasil Ltda. 🏢★

Message from the Chairman

We will sincerely address managerial issues as we aim to become a top regional company at all our bases around the world.

Shiro Murai, Chairman



Business opportunities in the automotive industry which we have continued to seek since founding the company

At SIIX Corporation, we have operated our businesses for over 60 years under the spirit of “We Care.” During this period, we have overcome various challenges such as changes in the global economy and achieved growth through facing fierce competition. The origin of SIIX goes back to my younger days when I went overseas alone with an insatiable desire and constant readiness to take up challenges under the concept of “zero,” which means that because of being empty-handed, we can produce something completely new before anyone else. In parallel, in various overseas regions, I, having no personal connections there, had built a true relationship of trust with each and every customer. This emphasis on relationships has been our business foundation up to today.

In addition, we have earnestly pursued value in services that contribute to the development of the manufacturing industry in terms of how to address customers’ needs and increase their satisfaction, since the days in which the term EMS (electronics manufacturing services) did not exist.

Today, the company is establishing a world leading position in the automotive EMS market. This is the result of our efforts that have been continuing for 60 years, not just a few years, under which we have developed our target market and improved the company’s strength. When starting up the current SIIX business, we were engaged in ink sales that were the main business of the parent company. However, considering future marketability, we focused on finding fields with durable growth potential. This was the reason we started to handle electronic components. As the proverb “first come, first served” says, we started to engage in the field of electronic components before any other companies under a long-term perspective. This is a foundation of our current success and constitutes the company’s strength.

Looking back into history, when we initially focused on the automotive field, we started to deepen ties with the automobile industry including dealers of large-sized motorcycles in the Philippines and automobiles in the ASEAN countries. After that, looking at the company’s capabilities objectively, we considered that competing as a sales dealer was not the best plan and shifted our business to more realistic ones including material procurement,



assembly, manufacturing, and logistics. At that time, we thought that “with respect to time, conditions are equal for large companies and SMEs” and pursued the value of time. Still, we aim to offer suggestions for customers’ issues faster than any competitors and this is a driving force for gaining trust from customers.

Making the automotive EMS business robust, looking ahead to future changes in the automobile industry

Currently, the environment surrounding the automobile industry has been greatly changing. As the industry is rapidly shifting to electric vehicles with electrification and automation, the structure of the industry is going to experience drastic changes. Taking into account the future conditions, it is expected that with the spread of electric vehicles, finished vehicle manufacturers or Tier 1 car manufacturers (primary suppliers) will be newly founded around the world. In this situation, automotive EMS companies will be needed for supporting manufacturing by customers in each region. The company has strength in materials procurement, assembly, manufacturing, and logistics that match needs in each

region and intends to support drastic changes in the worldwide automobile market by deploying assembly bases and establishing a global service structure. The three years from now, I believe, are a critical period. The company has been steadily strengthening its structure to respond to those changes and will solidly execute strategies as new growth opportunities.

In particular, as the China and US automobile markets are important, we have worked to expand bases in Shanghai and Wuhan in China. Under long-standing relationships of trust with local customers, we have made various initiatives looking into the future spread of electric vehicles, while making prior investments. From FY2021, we plan to receive full-scale orders. Also, regarding the US market, we have a base in Mexico in addition to China, and established a structure to respond to local needs flexibly. Furthermore, also in Europe, we expect to improve business results in future, as business transactions with Tier 1 car manufacturers suppliers have been rapidly increasing. Meanwhile, regarding the ASEAN countries that are expected as future markets, we have been expanding factories mainly in Indonesia.

Through these efforts worldwide, we are deeply confident that our services matching local needs will be more extensively provided. While in the automobile industry, it is essential to take measures looking ahead more than a few years, the company has been making proactive investments looking further ahead. In this respect, we are highly evaluated by finished car manufacturers and Tier 1 car manufacturers, giving us competitive advantages in receiving orders. In future, we will produce results higher than expected by investors through expanding our business performance.

Developing new markets satisfying customers' needs, by utilizing our network around the world

In addition to the automobile market, the company turned its eyes to the mobile fields including cell phones earlier than other companies and has developed markets. This led to our current EMS business in the electronics industry. However, amid globally intensifying competition in the mobile fields, we changed our policy in 2001 to invest our managerial resources intensively into the automotive field. At that time, members of the Board of Directors had heatedly argued for and against this policy. However, based on long-year experience of careful examination of the automobile markets in various regions around the world, we resolutely made a shift in the



business with solid confidence in the potential of the automotive EMS business. We sincerely thank all investors who understood the company's management and provided support during this period.

As we look toward the future sustainable growth of the company, there are multiple growth opportunities, besides our core automotive EMS business. We are carefully responding to customers' demand in fields ranging widely from the procurement of components embedded into products to production of modules, circuit board mounted products and finished products, for industrial equipment, electric home appliances, information devices and general electronic components. Furthermore, in recent years, we are seeking an opportunity in the medical device field and the specific project may begin in FY2021.

We will also focus on developing new markets in other fields, by continuing to respond to customers' needs through the utilization of networks in our bases worldwide as our advantage. Though existing customers are mainly Japanese companies, we will strengthen our proposition to non-Japanese customers in our regions.

Moreover, as our business scale expands globally, further improvement in service quality is also an important issue, along with the cultivation of new customers. Under

the policy since the company's foundation that the persistent pursuit of no defects makes business expansion possible, we, as an entire company, will strive to improve quality. Recently, from the aspects of the costs and business continuity plan (BCP), customers' needs for automated and unattended manufacturing processes have been growing, which will be addressed as another important managerial issue.

Going forward in the middle of the fairway and building relationships of trust with all stakeholders

In recent years, it is essential for companies to address ESG management and SDGs in corporate management. In this regard, the company has forced itself to "go forward in the middle of the fairway" since its foundation and stressed this to officers and employees. Needless to say, as golf is said to be a gentleman's sport, importance is attached on players' manners. Winning is not everything, and it is required for players to play a game fair and square in the fairway.

Consequently, we may be placed in a disadvantageous position in some games. However, a fair and honest attitude is indispensable for winning the trust of people. Even in business, we shall never be involved in misconduct seeking immediate benefit, which constitutes the fundamentals of SIIX's business. On the basis of the above, we aim to sincerely tackle and solve various issues concerning ESG management and SDGs.

Particularly, environmental issues including reduction in greenhouse gas emissions are an important issue in the automobile industry and the company is tackling these issues in a faster manner. For example, our bases in Indonesia and Mexico are utilizing recyclable energy such as solar power generation to make steady progress toward decarbonization. In future, we plan to make similar efforts at our bases in other regions. Through these efforts, we will progress toward building a structure where our customers in the automobile and other industries will enthusiastically ask us to produce their materials at factories of SIIX.

Also, it is important to develop human resources who will address various issues concerning ESG management and SDGs. In 2020, Koji Yanase was appointed as President and for one year since then, he has been vigorously addressing various managerial issues amid harsh conditions due to COVID-19 pandemic. After joining the company in 1990, starting from the sales of electronic components, he worked hard to provide services

including mounting of printed circuit boards, and made a great achievement for building a foundation of the current EMS business. The company believes that it shall further reinforce the foundation of human resources who can make sustainable growth possible, including managerial talent following President Yanase. In past years, we focused on developing mainly Japanese human resources. However, going forward, we will nurture human resources at each base worldwide and develop talented individuals, regardless of their gender and nationality, as candidates for managerial positions.

In the years ahead, SIIX will aim to become a top regional company in all bases around the world. A top regional company means not only achieving the top in terms of net sales or business scale but also relationships of trust with our customers, employees, business partners and persons in local communities. For realizing this goal, the company needs to pursue social value, in addition to economic value. During the course of such process, building strong relationships of trust with all stakeholders has been my wish for over 60 years.

As mentioned above, in three years from now, the automotive EMS business will rapidly expand. We will aggressively focus on the steady execution of our business strategies, while defensively strengthening our management foundations in relation to ESG management and SDGs. By balancing aggressive and defensive approaches, we will achieve sustainable growth without being affected by the economic environment. Through these efforts, we are determined to keep trust of all investors. Accordingly, we look forward to your continued support.

Message from the President

In the midst of the rapid expansion of the automotive EMS business, we will strive to meet the challenges of our customers and steadily improve our business performance.

Koji Yanase President

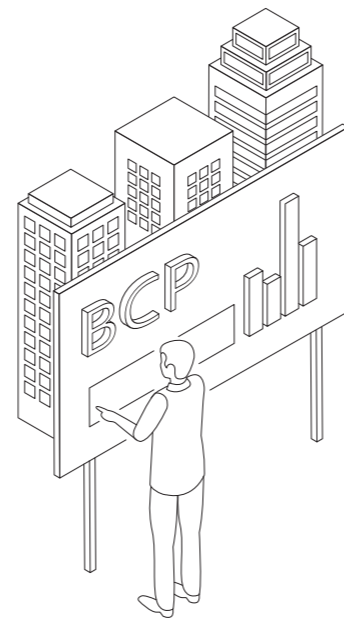
We will promote responses to the issues that materialized during the COVID-19 pandemic, and prepare to face the next issues

I would like to offer my sincerest sympathies to all those affected by COVID-19 and their friends and families. At the same time, I would like to express my deep gratitude toward all the medical professionals and other persons endeavoring to prevent the further spread of COVID-19.

As the impact of COVID-19 was felt around the world, the SIIX Group was also forced to halt operations, albeit temporarily, at sites in various regions during the second quarter of 2020. During this time, I was concerned as a manager about the risk of the situation worsening, but I also focused my efforts on executing Business Continuity Planning (BCP) across the Group as a whole, based on the belief that, "our mission is to support the businesses of our customers by demonstrating the true capabilities of the SIIX Group, precisely in crises such as this." We were able to respond flexibly to rapidly changing circumstances by fully utilizing the advantages of operating a global business across numerous sites, such as immediately transferring production to different regions when operations were suspended in a given region.

Under a difficult management environment, the SIIX Group worked together to respond to various issues. As a result, I believe we succeeded in minimizing the impact of the COVID-19 pandemic, and fulfilling the demands of our customers to keep manufacturing lines operating.

Additionally, in terms of investments for medium- to long-term growth, we are steadily developing our sites in locations around the world without interference from



the COVID-19 pandemic. For example, we are building a new factory in Indonesia, and it seemed at one time that we may need to revise our plans owing to the impact of COVID-19. After repeated discussions by the board of directors, however, we decided to press ahead with our plans, with the intention of completing construction in September 2021 and beginning full-fledged operation in November. On this point, I firmly believe that we will be able to ensure that the factory construction is in line with our customer's production plans.

While these events were unexpected, we have managed the SIIX Group under the firm belief that even if our businesses temporarily receded, we would definitely be able to revive these businesses, based on our experience of overcoming frequent difficulties in the past, such as the Global Financial Crisis of 2008 and the Great East Japan Earthquake. At the same time, I have been reminded of the strength of our group capabilities by the cooperation and support between our sites around the world and other factors. On the other hand, it is also true that various issues have come to the surface. Looking ahead, we aim to build a stronger supply chain by solving various issues, while taking into our consideration our experience during the COVID-19 pandemic.

Going forward, it is expected that the COVID-19 pandemic will begin to recede as progress is made on vaccinations. However, it is important that we do not allow ourselves to be satisfied with that alone, and instead analyze the impact and issues caused by these circumstances in a level-headed manner. As we do so, we intend to use these circumstances as a benchmark for forecasting the impact of risks based on, e.g., infectious diseases similar to COVID-19 and other factors related to climate change, geopolitics, etc., while also analyzing our potential responses to these risks.

We will steadily enhance our business foundations at different sites around the world as we target medium- to long-term growth

In terms of business performance in FY2020 and the results of our medium-term business plan, I would like to apologize sincerely for the fact that we were unable to meet shareholders' expectations with regard to either net sales or profit. In particular, regarding business performance in FY2020, we recorded losses in the second quarter as a result of the COVID-19 pandemic. Although performance recovered rapidly from the second half onward, it made me aware of the importance of further enhancing our resistance to adverse circumstances. On this point, we have been developing business opportunities in the medical sector as a new

portfolio business, in addition to our existing business sectors. On the other hand, we have also established a service business in Singapore centered on utilizing the Internet of Things (IoT) for social infrastructure. Looking ahead, we intend to build a portfolio of businesses that is highly resistant to risks such as the current COVID-19 pandemic by strengthening our businesses in new segments.

Additionally, in our medium-term business plan, while we were unable to achieve our numerical targets, we achieved results from the perspective of enhancing our business foundations for medium- to long-term growth. For example, we have continuously made prior investments in Mexico and Hungary over the past several years in anticipation of demand in the automobile industry. During this period, we have overcome numerous difficult issues, namely the enhancement of manufacturing facilities in an unfamiliar region and the training of human resources. I am sure that investors have concerns about when our investments in these regions will turn profitable, but I am very hopeful that these businesses will be able to contribute to results from FY2021 onward, as we are expecting significant growth in orders received. Furthermore, we are the only company with a large-scale production system for automotive EMS in both Mexico and Hungary. As such, I believe we are in a very strong competitive position compared with our industry peers. In future, we will ensure that we fulfill shareholders' expectations by improving our business performance.

We will work to ensure that we capture demand with a strong response to CASE in the automobile industry

Turning to the market environment in FY2021, the COVID-19 pandemic and semiconductor shortages affected production at automobile manufacturers. The company is continuing to strengthen its initiatives at sites around the world, under our policy of never halting our customers' operations.

At the same time, we are also advancing our initiatives in response to CASE, the move toward electric vehicles, self-driving cars, etc., at a rapid pace. Based on the assumption that 2025 will mark a turning point for the spread of electric vehicles, automobile manufacturers have launched initiatives in this area, and the company has also created a complete system for related manufacturing. In the automobile industry in general, orders generally have a timeline of three years, and as such, the company is now responding to demand related to models set to be released in 2023. From 2022 onward, demand related to electric vehicles is expected to increase rapidly, and we intend to ensure we capture this demand.

Message from the President

Additionally, in our new medium-term business plan, we have also set forth our target of “winning trust with the world’s number one quality and service.” This is based on the belief that establishing a leading position in terms of quality will result in more orders received.

Chairman Murai has said many times that “we always go forward in the middle of the fairway.” Accordingly, in the company’s EMS, we “target the center in manufacturing.” This means we target the “center” of the range of permissible errors, without compromising on quality management. Through such means, we pursue manufacturing with the minimum possible irregularities.

Naturally, our strengths are not limited to quality, and we enjoy competitive superiority in relation to all aspects of Quality, Cost, and Delivery (QCD), such as offering a quick response tailored to customers’ demands, ensuring that we meet deadlines without fail, and demonstrating cost competitiveness. In 2019, the company became a strategic global supplier of Robert Bosch GmbH, the world’s largest global Tier 1 car manufacturers (primary suppliers). As orders received steadily increase, I believe that our efforts in all aspects of QCD are rated highly by our customers.

Furthermore, our customers also have strong demands related to improving quality and productivity, and as such, we intend to promote automation and unattended processes at EMS production factories. We are generating results from such initiatives, having already established fully automated production lines at some sites in China. In future, we will work to establish the use of automation technology while also promoting its global deployment.

Looking toward times ahead while accelerating technical innovation in manufacturing

As CASE-related trends accelerate in the automobile industry toward 2030, resulting in further increases in demand for electronic components and circuit boards, the company will further increase its production lines to a total of 300 across the SIIX Group with a total amount of approximately 30.0 billion yen in capital investments. For the time being, the expansion of the automotive EMS business will be a priority issue, but circuit board mounting, an area where the company is particularly strong, will be essential in numerous future growth sectors, including medical devices, the IoT, and robotics. Additionally, the company is also focusing on the battery sector, a key technology for the society of tomorrow, and aims to expand its businesses in this area.

I also believe that the pursuit of new elemental technologies is important in manufacturing. In circuit

board mounting, in addition to existing solder-based technologies, we are also developing new technologies through joint initiatives with our top shareholder, Sakata Inx Corporation, and partner companies. In our development with Sakata Inx Corporation, we are at the stage where we are pursuing possibilities for revolutionary new printed electronics through the development of electronic chemical materials. Specifically, we are utilizing a groundbreaking new manufacturing process called IH reflow technology, owned by Wonder Future Corporation, a startup that Sakata Inx Corporation has invested in. Using this technology, we aim to commercialize mounting technologies for mounting circuit boards on PET films, resin molded products, fabric, paper, and other low heat-resistant base materials, mounting on glass, ceramics, and other high heat-dissipating base materials, and mounting on batteries, connectors, and other low heat-resistant components. We are working with customers to create prototypes and assess the reliability of this technology in each of the above cases. It is likely that it will require several years until we can mass produce products utilizing this technology, but there is a significant possibility that it will become a new mass production technology for mounting electronic circuit boards, and we are making steady progress toward commercializing this technology.

Furthermore, in addition to electronic circuit board mounting, we are increasingly focusing on Joint Design Manufacturing (JDM), an upstream manufacturing process, as we look to expand the scope of our business domains. In the JDM business, we work with various partners around the world to offer the optimal resources and services, while also mounting circuit boards. We have already received many inquiries from within Japan and overseas, and have created products using a JDM framework.

For example, in the field of edge computing for facial recognition devices, we have created a business system based on JDM through collaboration with the company’s technology partners, whereby they design products and the company produces them as an OEM. Going forward, we intend to actively engage in the full range of operations, from proposals of optical components, sensors, telecommunications components, etc., through to mounting.

We will focus on implementing the medium-term business plan without fail, and advance toward achieving our targets.

From our founding to the present day, the company has capitalized on growth opportunities while anticipating

future changes in the times. A good example is provided by CASE-related trends in the automobile industry, an area where initiatives are currently accelerating. Looking ahead, I believe it is important that we maintain a keen awareness of changes in the times, which will contribute to sustainable growth over the medium- to long-term.

Amid such changes, as interest increases toward management and investment from an ESG (Environment, Society, and Governance) perspective, we are focusing on shifts in energy policies aimed at achieving a decarbonized society. Lowering greenhouse gas (GHG) emissions means increasing electric power usage by a corresponding amount. This also means an increase in demand for electronic devices and other devices and machines that use electricity, which will result in increased sales of electronic components and further increases in demand in the EMS business. I believe that, as a company, our core business strategy going forward will be to actively focus on sectors where electric power consumption is high, based on the major trend toward a decarbonized society.

While decarbonization will result in new business opportunities, it also presents issues for the company. In particular, reflow furnaces, which we use for mounting electronic circuit boards, require large amounts of heat to melt solder. Therefore, we are introducing furnaces designed to save energy, and have begun using renewable energy, mainly from solar power generation systems. We also intend to analyze opportunities to reduce energy consumption by making soldering processes more efficient.

Furthermore, the company has also established targets for mounting a response by 2023 to SCOPE3, a global standard for calculating and reporting GHG emissions across the supply chain.

In terms of “society” as an aspect of ESG-oriented management, I believe that it is particularly important that we strengthen our foundations with regard to human resources that will promote future sustainable growth. In that regard, we have trained many superior human resources who are now active at our sites around the world. At our sites in the U.S., Slovakia, China, Indonesia, and the Philippines, local staff serve as the top management at our local subsidiaries. Looking ahead, specially selected personnel from different Group companies will be assigned to operations within SIIX itself, and our eventual aim is to develop human resources that will take on operations as members of the officer class. Our basic policy for strengthening the human resources foundations of the company is to hire, develop, and utilize human resources, which will require time, but I believe this personnel strategy means we can

be assured of achieving results.

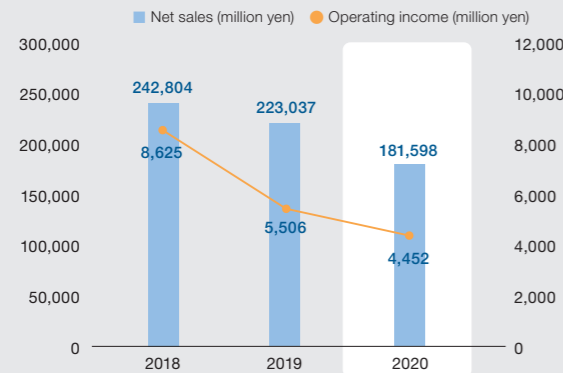
Additionally, in terms of “governance,” we will further promote initiatives aimed at stimulating discussion at meetings of the board of directors and strengthening the functions of external directors, two areas about which we receive many questions from investors. Currently, we hold active discussions at meetings of the board of directors, based on the knowledge held by each director, including external directors. Resolutions do not overly reflect the intentions of the Chairman or President, and instead each board member’s opinion is respected. In fact, proposals for investments and M&A may be rejected after deliberation. On this point, I believe the board of directors exhibits the spirit of Chairman Murai’s motto, “we always go forward in the middle of the fairway.”

Finally, in FY2021, our businesses may still be affected by the COVID-19 pandemic. However, the company will pursue the steady execution of our medium-term business plan and advance toward the achievement of our targets, without being swayed by these circumstances. Additionally, over the medium- to long-term, we will endeavor day by day to move with the times, while also listening earnestly to the issues faced by our customers and offering solutions. Through such means, we will create new business opportunities, which we intend to utilize for the next stage of growth. Failure is an inevitable risk of taking on new challenges. However, we must continuously create new chances in line with our ambitious corporate culture, without fear of failure. We must also be prepared to exert our maximum efforts to create business foundations able to meet the expectations of investors over the long term. I therefore earnestly ask for your continued support in future.



Review of the Results of the Previous Medium-Term Business Plan (2018 - 2020)

Business performance trends from 2018 to 2020



Business performance fell far short of performance targets for the final year, which were consolidated net sales of 300.0 billion yen and consolidated operating income of 14.0 billion yen.

Main reasons for the shortfall

- 2018 Cost increase due to the response to the rapid growth in demand at the Mexico base
- 2019 Temporary increase in tariffs due to US-China trade friction, the transfer of production sites to avoid tariffs, and the economic recession in China
- 2020 Lower utilization ratio and decline in global demand due to COVID-19

Four Themes	Review
Strengthening profitability	<p>Responding to diversification in our business sectors (creating the next pillar for automotive equipment)</p> <ul style="list-style-type: none"> In automotive equipment, we were able to respond to our clients' various needs related to digitalization. In the industrial equipment sector we also responded to digitalization through power tool applications, etc., but net sales in the medical care and nursing devices sector amounted to just 2.0 billion yen.
Strengthening responsiveness	<p>For non-Japanese customers (ratio of sales to non-Japanese customers)</p> <ul style="list-style-type: none"> The share of consolidated net sales rose from approximately 9% to approximately 14%. We succeeded in opening many customer accounts, but did not achieve our target of 20%. <p>Rechargeable battery business and molding business</p> <ul style="list-style-type: none"> Although we moved forward with initiatives related to the rechargeable batteries for power tools business, and increased the number of sites with molding business capabilities, we did not achieve stable income in the Philippines.
Strengthening manufacturing capability	<p>Strengthening manufacturing technological capabilities in response to multiple processes</p> <ul style="list-style-type: none"> We introduced fully automated assembly lines and established SIIX's first mass production line for battery packs. <p>We established a manufacturing platform for consolidating knowledge and rolled it out across the Group.</p> <ul style="list-style-type: none"> We built and began operating SMAPS, a cloud database for manufacturing, technical, and quality information. <p>We strengthened quality and trained QCD technical experts.</p> <ul style="list-style-type: none"> We achieved an improvement of approximately 25% in quality, and developed local human resources to the level where they could educate other sites.
Strengthening organizational capability	<p>ESG ⇒ Although we did not reach the target, we will continue to set this as a long-term goal.</p> <p>(S) Ratio of local employees in management positions 80% (Target) ⇒ 78.9%</p> <p>Ratio of women in management positions 50% (Target) ⇒ 31.1%</p>

KPIs for achieving the medium-term business plan

* Non-commodity sector: Automotive equipment and industrial equipment sectors

KPI Details	Numerical Targets	Results for 2020
Number of new customers acquired	100 companies	104 companies
Ratio of sales to non-Japanese customers	20%	13.6%
Ratio of sales to non-commodity sector*	80%	73.2%

Cumulative total of CAPEX and profit of each segment in the previous medium-term business plan period (2018 - 2020)

Regional Segment	Japan	China	ASEAN	Europe	Americas	Total
CAPEX	1,713	6,085	9,538	2,220	5,991	25,547
Segment profit (loss)	1,823	7,314	9,751	(555)	(308)	18,025

The Europe segment and the Americas segment are both expected to return to profitability in 2021.

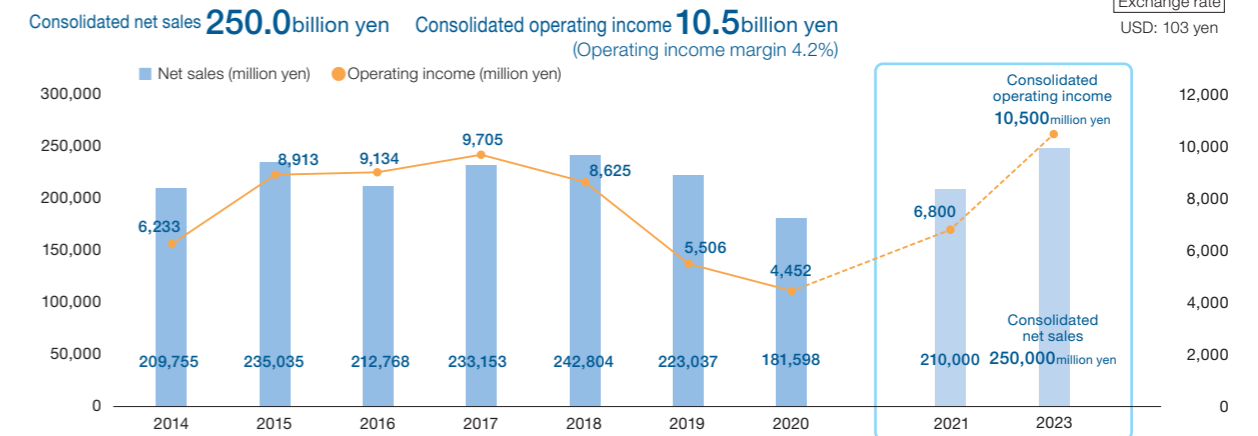
Medium-Term Business Plan (2021 - 2023)

FLEXIBLE TO CHANGE

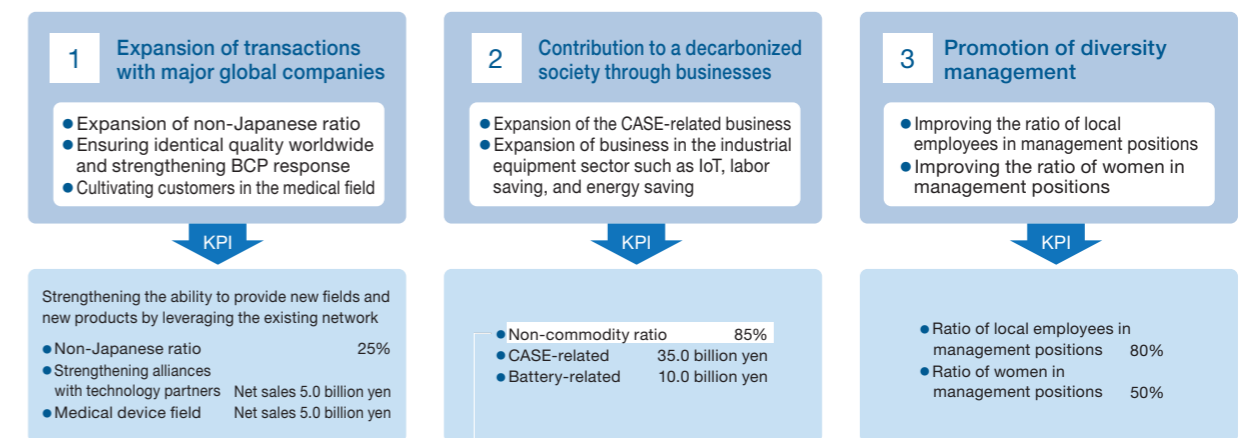
Winning trust with the world's number one quality and service

Performance targets

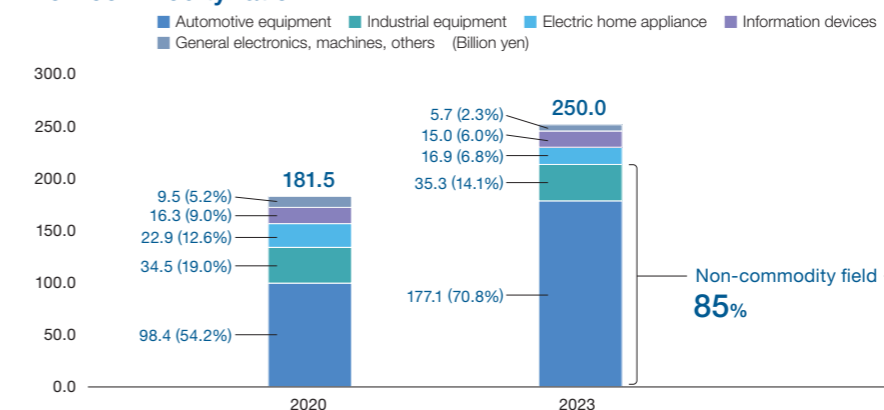
Performance targets for the final year of 2023



Three goals and KPIs of the medium-term business plan



Non-commodity ratio



Message from the Chief Accounting Officer

As sales increase, we will work to enhance profitability by through optimizing inventories, etc.

Seiji Ono Director & Executive Officer
General Manager, Finance & Accounting Department

Reduced inventories, an issue for the company, to a level close to our target

In FY2020, the spread of COVID-19 significantly impacted our businesses through the first and second quarters. In response, we implemented initiatives aimed at strengthening our financial structure, which we had previously been implementing continuously, and rapidly moved to secure further liquidity to prepare for unforeseen events. Specifically, we endeavored to maintain financial soundness by ensuring that we could respond flexibly with the formation of a syndicated loan, the creation of a factoring limit in the U.S., and other methods.

On the other hand, inventories temporarily increased as a result of suspension of operations at customers' factories caused by COVID-19. Since it has been one of our management issues to reduce inventories, we have been implementing initiatives aimed at streamlining inventories even before the COVID-19 pandemic. We now strengthened these initiatives in view of the circumstances. In some business sectors, we endeavored to cut inventories by adopting the consignment inventory method with certain suppliers, meaning we only received the amount of supplies we needed. On the other hand, in the automotive sector, we endeavored to maintain safe levels of inventories in order to prevent shortages. As a result of such initiatives, I believe we succeeded in our efforts to reduce inventories to a level close to our target in FY2020.

Furthermore, going into FY2021, the issue of semiconductor shortages in the automotive sector has become more apparent. In this regard, we are endeavoring to maintain safe levels of inventories from the perspective of preventing any suspension of our customers' production lines.

Moving toward the time for recovering investments in sites that received prior investment

Regarding the status of our investment plans, we have continuously made prior investments in areas such as Mexico, Hungary, and Hubei Province, China, as part of our aim to expand our business in the automotive sector. In the automobile industry, there is a tendency for fixed costs such as depreciation from prior capital investment

to significantly impact business results, because many years are required to go from prototyping stage to mass production. However, from FY2021 onward, we plan to absorb prior fixed costs and enter a phase of investment recovery, as we begin full-fledged mass production at various projects. Furthermore, while we made capital investments of 7.5 billion yen and 9.0 billion yen in FY2018 and FY2019, respectively, in FY2020 we revised our plans based on an expected fall in demand due to COVID-19, and only invested 5.5 billion yen.

In terms of future capital investments, the acquisition of land, structures, etc., and other prior investments are completed at multiple sites around the world. Accordingly, investment will be centered on the renewal of machinery. In FY2021, we expect capital investments to amount to approximately 8.0 billion yen, on par with an average year.

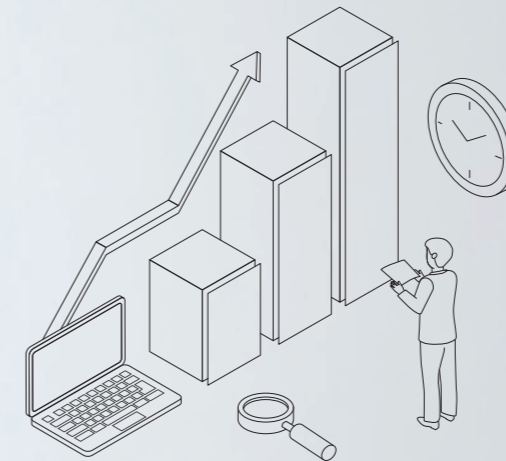
Looking at the previous medium-term business plan from a financial perspective, we faced the issue of costs associated with the transfer of manufacturing from sites in China to those in ASEAN countries such as Thailand and the Philippines, as a result of issues related to trade friction between the US and China in 2019.

Additionally, we have conventionally procured electronic components in Japan and transported them to sites in different countries, but we have been switching to local procurement of generic parts as necessary. Furthermore, we also succeeded in achieving a better working capital situation by utilizing the consignment inventory method to reduce inventories. We have also utilized the consignment inventory method in Singapore to increase inventory turnover by paying only for components used. In future, we plan to deploy the consignment inventory method on a global basis.

Toward achieving our publicly announced forecasts for business performance in FY2021

In FY2021, we forecast strong business performance as electrification and automation in the automotive sector have advanced faster than we expected, providing a tailwind for the company. At present, we do not expect any significant risks in terms of interest rates and foreign exchange rates. Additionally, although the semiconductor shortage is likely to affect performance in the first half of the fiscal year, we think the situation will improve from the second half onward.

endeavoring to cut costs



Regarding the sites where we have made prior investments, mass production has expanded in Mexico, and we aim to return to profitability during FY2021 thanks to the expansion of. Additionally, despite the lingering impact of the COVID-19 pandemic, we are making steady progress toward achieving profitability at our European sites such as Slovakia and Hungary. Based on these factors, we are making steady progress toward achieving our publicly announced forecasts for business results in FY2021.

We will continue our efforts to reduce inventories, one of the issues highlighted in the new medium-term business plan, by utilizing the consignment inventory method, as described above. On the other hand, in terms of working capital, we will continue taking steps to maintain and strengthen systems for ensuring that we have the capacity to appropriately raise any required funds, by forming a syndicated loan and utilizing our factoring limit.

In order to enhance profitability, we plan to increase the proportion of the non-commodity sector, combining the automotive sector and industrial equipment sector, to 85% by 2023. Additionally, we also plan to limit expenditure by investing in core systems and cutting logistics costs, and we are therefore targeting an operating income margin of 4.2% by FY2023, the final year of the medium-term business plan.

On the other hand, as described, capital investments responding to customers' demands for fully automated production lines is trending upward, but we expect that this will contribute positively toward business results over the medium term as labor saving at production sites will contribute to limiting personnel expenses.

In addition, investments aimed at decarbonization will be particularly important as the company's ESG-oriented management initiatives accelerate. We are already operating a solar power generation facility at our factory in Shanghai, China. In future, we plan to introduce similar facilities in Mexico, Indonesia, Thailand, etc. At the same



time, when expanding production lines, we will also endeavor to reduce electric power usage by introducing power-saving facilities.

Steady progress on enhancing investment efficiency and reducing costs

The key to future financial risks will be when the COVID-19 pandemic is contained. In the event that the pandemic is prolonged because of the impact of mutated strains, there may be a negative impact on the future value of assets held by prior investments. There may be a risk of impairment in such cases. From a financial perspective, we will cautiously identify any such risks, while continuing to improve asset efficiency. Furthermore, we will also endeavor to improve cash flows and enhance the Cash Conversion Cycle (CCC).

As described above, demand for electronic circuit board mounting is rapidly increasing amid electrification and automation in the automotive sector and the industrial sector. The company will take steps to ensure that we capture demand and increase sales.

On the other hand, we will work to enhance investment efficiency in capital investments, while also endeavoring to cut costs by steadily focusing on financial issues such as optimizing inventories and reducing interest-bearing debt. In this way, we will fulfill stakeholders' expectations by achieving an enhancement in business performance. I therefore look forward to your continued support in future.

Business Overview of SIIX

29th term December 2020

Net sales

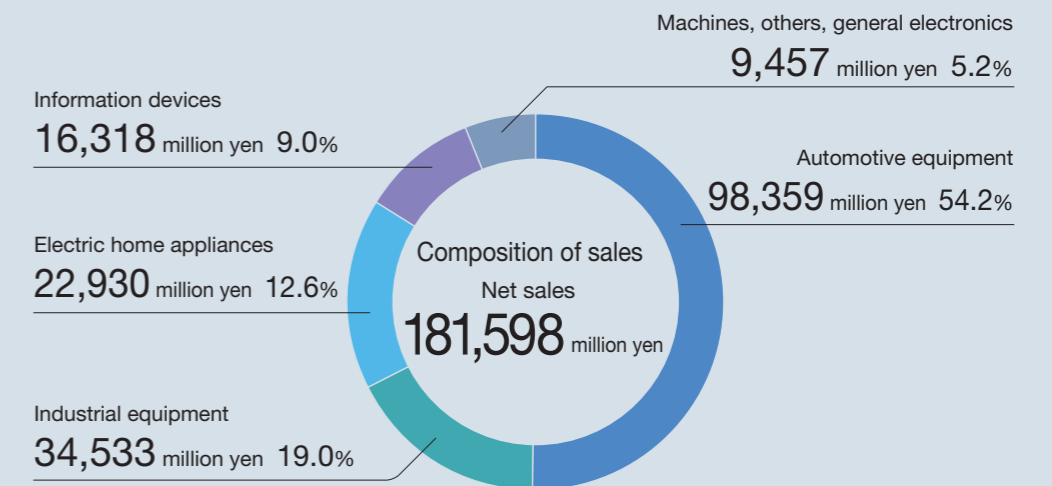
181,598 million yen

Operating income

4,452 million yen

Profit attributable to owners of parent

1,724 million yen



Overview

Demand slowed in each of our business sectors and business performance was significantly affected by the COVID-19 pandemic, which spread to various locations around the world starting from the beginning of the year. Some economies, centered on China, began to show signs of improvement from April onward, while Japan, the ASEAN region, Europe, and the Americas all began trending toward recovery from the second half of the fiscal year. Despite some contribution from car multimedia and the establishment of new projects for the Singapore government, industrial devices such as aircraft-borne AV devices, home appliance devices, etc., remained weak. As a result, consolidated net sales amounted to 181.5 billion yen, a year-on-year decrease of 41.4 billion yen, while consolidated operating income amounted to 4.4 billion yen, a year-on-year decrease of 1.0 billion yen.

Issues and countermeasures

We trade with customers in a variety of business sectors in each area around the world. Customers trading in multiple areas at the same time are also increasing, and products and services provided are required to have the same quality even if the area or factory is different. We will support the global development needs of our customers promptly and precisely by making use of cloud services to share production know-how and quality information, etc. in real time within the SIIX Group.

As a KPI in the medium-term business plan, the expansion of sales to non-Japanese customers is one of our themes. We will endeavor to expand our business from customers based on our abundant capacity at global sites and our local response capabilities.

In terms of business sectors, we will focus mainly on actively expanding the medicinal device

sector, while tackling the development of new products and the enhancement of mounting quality as future issues. Additionally, we will also aim not only to expand the EMS business, our current mainstay business, but also leverage our functions as a trading company and collaborate with our technology partners to deliver products to locations around the world.

We will also actively expand our participation in businesses in the fields of automation, labor-saving, IoT, and CASE, based on the perspective of contributing to decarbonized society through our businesses.

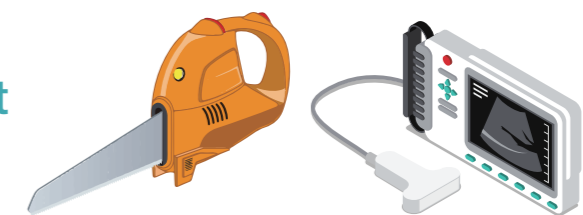
Automotive equipment



Automotive electronic components (automotive exteriors, meters, ECU, switches, submillimeter wave radars, ABS, cameras, battery sensors, etc.), car multimedia, etc.

Although results benefited from the car multimedia EMS business for a major Tier 1 car manufacturers with which we started trading in FY2020, demand fell across most existing businesses because of the COVID-19 pandemic. As a result, overall sales of automotive equipment decreased by 12.1 billion yen to 98.3 billion yen compared to the previous fiscal year.

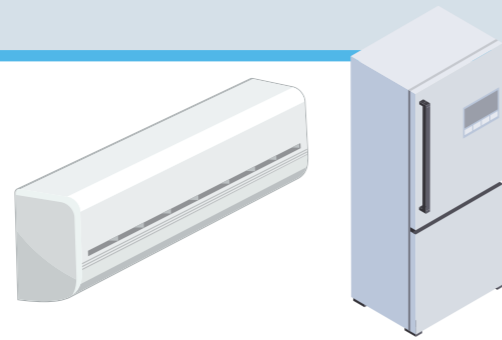
Industrial equipment



Engine ignition device for power tools, battery packs, aircraft-borne electronic devices, inverters, medical devices, smart meters, industrial sewing machines, etc.

Although we concluded new business negotiations with the Singapore government, performance in the trading business for aircraft-borne AV devices remained sluggish owing to the impact of the COVID-19 pandemic. As a result of such factors, overall sales of industrial equipment decreased by 3.6 billion yen to 34.5 billion yen compared to the previous fiscal year.

Electric home appliances



Digital appliances, air conditioners, refrigerators, educational toys, fitness equipment, electronic musical instruments, etc.

As in automotive equipment, demand in many existing businesses was sluggish owing to the impact of the COVID-19 pandemic. As a result, overall sales of electric home appliances decreased by 13.3 billion yen to 22.9 billion yen compared to the previous fiscal year.

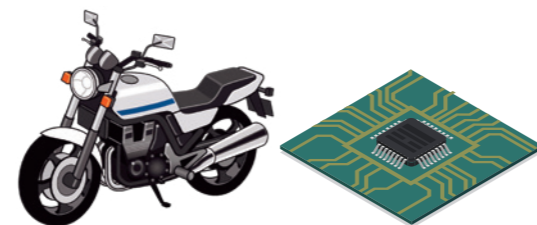
Information devices



Office equipment, OA equipment, projectors, etc.

Although the company established a new model for office equipment in the second half of the year, shipments under the existing model were sluggish. As a result, overall sales of information devices decreased by 6.0 billion yen to 16.3 billion yen compared to the previous fiscal year.

Machines, others, general electronics

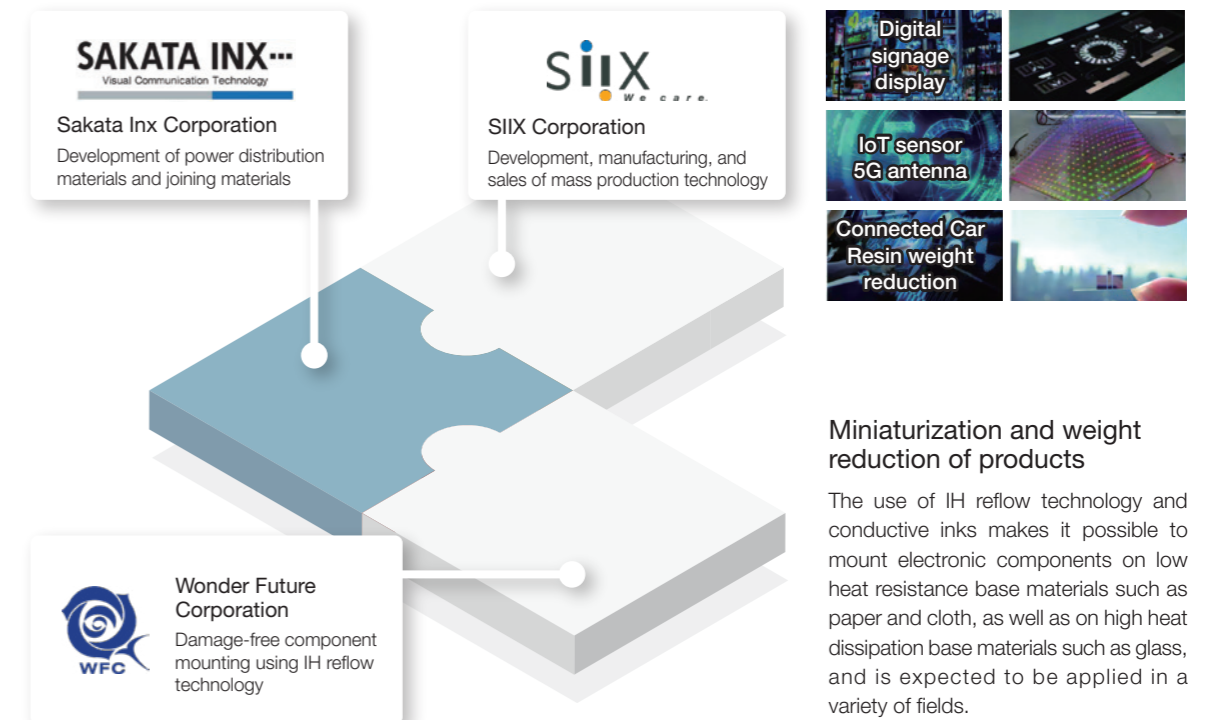


Automobile wire harness, motorcycles, ink, and other electronic components, etc.

Shipments of wire harnesses and motorcycles have decreased, and the trading business for general electronic components was sluggish. As a result, overall sales decreased by 3.6 billion yen to 9.4 billion yen compared to the previous fiscal year.

New initiatives with Sakata Inx Corporation

Collaboration with Sakata Inx Corporation and Wonder Future Corporation



Establishing mass production technologies by incorporating new technologies into high reliability production technologies

Materials for printed electronics

Mounting on low heat resistance base materials

Mounting on high heat dissipation base materials

Conclusion of business negotiations with the Singapore government

Contracted development and manufacturing of COVID-19 tracking tokens

A consortium consisting of the company and its technology partner iWOW Technology Pte Ltd. (hereinafter "iWOW") won a contract from the Singapore government for the development and manufacturing of "Trace Together," a tracking token aimed at preventing the spread of COVID-19. In the event that a person is confirmed to be infected, this device tracks the person's past movements and specifies and identifies people who have had close contact with the individual. The company utilized IoT-related technology held by iWOW, our technology partner, to win the contract following business negotiations with the Singapore government.

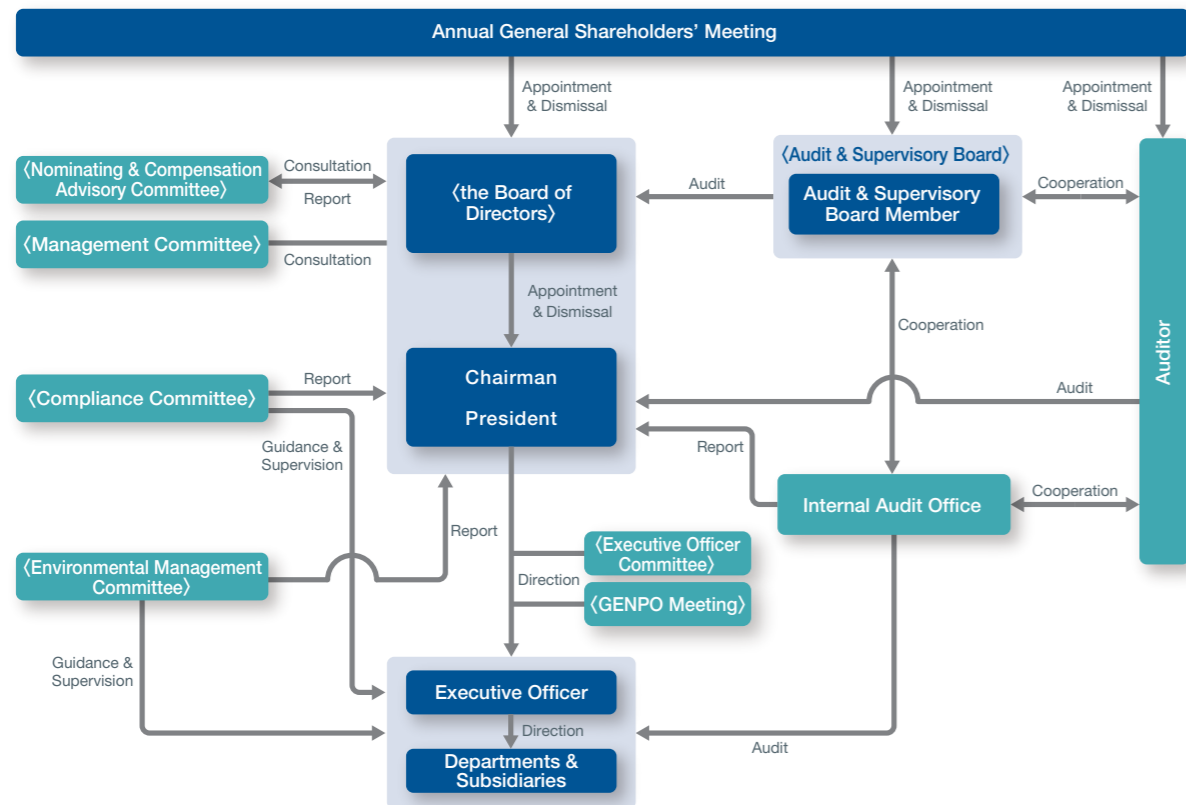
Contracted development and manufacturing of emergency call systems to be installed in public housing for the elderly

A consortium consisting of the company and its technology partner iWOW won a contract from the Singapore government for the development and manufacturing of a wireless alert system to be installed in public housing for the elderly. The device is installed in senior residences, and it has a system for sending emergency notifications to senior activity centers. Conventional wired systems entailed costs and time for installation, but these issues have been resolved with the shift to a wireless system. We also added features for wireless communication and audio recording.

Corporate Governance

We believe that our directors need to possess knowledge and experience on a global basis to conduct diverse businesses in various countries around the world, and we ensure that a sufficient balance of the knowledge and experience required is reflected in the composition of our board of directors. Specifically, besides experience related to corporate management, directors having practical skills in sales strategy, manufacturing knowledge, high level of awareness of compliance issues, knowledge of financial strategy and capital policies, etc. are nominated. External directors are nominated mainly for the purpose of strengthening financial and capital policies, M&A, and compliance. Regarding the size of the board of directors, we believe this is the minimum level required to achieve such an objective.

Corporate governance system



Basic policy of corporate governance Management and execution system

The company has developed the SIIX Principles as its corporate philosophy for the conduct of corporate activities by all its officers and employees, and also established the SIIX Group Code of Conduct based on this. Based on the principle of being "fair" under the SIIX Principles, we are aware that strengthening corporate governance to govern our corporate activities is an important management duty, and so we work to build and establish an appropriate and effective corporate governance system for this purpose.

Being a company with audit & supervisory board members, SIIX has built a system to monitor and supervise the business from an objective and neutral position by nominating two external audit & supervisory board members besides the internal audit & supervisory board members in the composition of the Audit & Supervisory Board. The Board

of Directors is composed of eight directors. Three out of the eight directors are external directors and monthly meetings are conducted with the three audit & supervisory board members (out of which two are external audit & supervisory board members). During the meetings, issues on human resources, investments, capital policies, budgeting and planning, etc. that are important for management purposes are deliberated and resolutions are adopted from the perspective of improving corporate value and managing risk. Based on the standards for independence of independent directors/auditors as stipulated by Tokyo Stock Exchange, Inc., we have designated all external directors and audit & supervisory board members who fulfill the qualifications of an independent director/auditor as independent directors and audit & supervisory board members.

Introduction of Directors



- 1 Chairman
Shiro Murai
- 2 President
Koji Yanase
- 3 Director & Executive Officer
Seiji Ono
- 4 Director & Executive Officer
Toru Maruyama
- 5 Director & Executive Officer
Tatsuo Fujita
- 6 External Director
Shinsuke Takatani
- 7 External Director
Susumu Omori
- 8 External Director
Nao Yoshizawa

Directors' skill matrix

Director	Areas in which the company has particular expectations for directors						
	Corporate management, management strategy	Sales strategy	Finance, capital policy	M&A	Manufacturing	Compliance, internal control	Global experience
Shiro Murai	●	●		●	●	●	●
Koji Yanase	●	●		●	●		●
Seiji Ono	●		●	●		●	●
Toru Maruyama	●		●	●		●	●
Tatsuo Fujita	●			●	●		●
Shinsuke Takatani	●		●	●		●	
Susumu Omori	●	●	●	●		●	●
Nao Yoshizawa	●	●	●	●		●	●

* The above table does not show all of the knowledge and experience that the Directors have.

Nomination of directors and remuneration of officers

Eight directors having expertise and experience in the various fields have been appointed for the purpose of raising the diversity of the directors, improving decision making based on more thorough discussions, further growing the company and strengthening the management system. Three out of the eight directors are external directors.

For the purpose of improving the transparency of the decision-making process with regard to the nomination and remuneration of the directors, we have established the Nomination and Remuneration Advisory Committee to deliberate on the nomination and remuneration of the directors. The said committee is composed of three or more members nominated by the Board of Directors, with the majority of them being independent external directors to ensure its independence as an advisory body to the Board of Directors.

Assessment of the effectiveness of the Board of Directors

Once a year, the company conducts a survey on the composition, functions and deliberation materials of the Board of Directors as well as an extensive range of themes,

analyzing and evaluating their effectiveness and reporting a summary of the results to the Board of Directors. Views are expressed on a variety of themes, so we will make use of these views as a guide in improving management in future. A summary of the survey results is given in the corporate governance report.

Audit system

The Audit & Supervisory Board is composed of three audit & supervisory board members including two external audit & supervisory board members, and meetings are held once a month as a general rule. In addition to attending the Board of Directors meeting and other important meetings, audit & supervisory board members play a role in auditing management by hearing reports from the directors and employees, viewing important documents, and examining the work and financial situation of the subsidiaries, etc. The three external directors and one of the external audit & supervisory board members have been designated as independent directors/auditors based on the rules of Tokyo Stock Exchange, Inc.

In addition, meetings with external directors are held regularly, and their opinions from an objective and neutral position are reflected in the management.

Corporate Governance Message from External Director

I have high expectations for further progress as SIIX strives to achieve both social and economic value as a global business organizer.

Nao Yoshizawa External Director

I will utilize my professional expertise in corporate legal affairs, M&A, etc., at Board of Directors meetings.

I am Nao Yoshizawa, an attorney and patent attorney. I was appointed External Director of SIIX Corporation via a resolution at the Annual General Shareholder's Meeting. I have served as an External Audit & Supervisory Board Member since July 2020, and have attended the Board of Directors meetings eight times to express my views on each proposal while performing audits. Based on my experience, I will further contribute to strengthening corporate governance in SIIX as an External Director.

Throughout my career, I have executed my duties as an attorney mainly in corporate legal affairs and M&A. I also have a strong background in areas, including medical care, health care business, and data science. On that account, I believe that I can contribute to the creation of new businesses for SIIX. In addition to the positions of External Director and External Audit & Supervisory Board Member at several companies, I was appointed Advisory Committee Member of "Bio-Strategy," an advisory council to promote the strengthening of innovation policy in the Cabinet Secretariat, and have worked actively both in Japan and overseas. In future, I will focus my efforts on contributing to the sustainable growth of SIIX that has continued to develop as a "global business organizer," based on my professional knowledge acquired over the years.



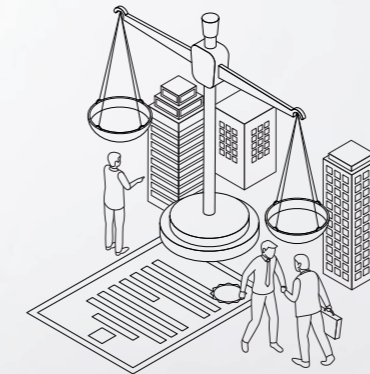
I think it is important to further conduct a careful examination of the impact of each proposal on our supply chain.

In terms of the state of corporate governance in SIIX, judged from my experience of attending the Board of Directors meetings as an External Audit & Supervisory Board Member, I think what is commendable is the fact that sufficient materials for each proposal have been submitted to the Board of Directors since 2020. When external directors fulfill their responsibility of invigorating the Board of Directors and strengthening governance, the first thing they need is accurate information. In addition, it is essential to communicate closely with employees who execute business on site. I think it is favorable that necessary information is followed up by not only the Board of Directors but also the sites as needed. I believe that further refinement of these efforts will lead to the strengthening of our governance.

Furthermore, what impressed me when I attended the Board of Directors meetings was that candid opinions were expressed in in-depth discussions by all of the directors regardless of whether they are internal or external. I would like to take the same attitude in the meetings and make every effort to further invigorate the Board of Directors.

On the other hand, when it comes to issues of corporate governance, I recognize the importance of carefully examining how proposals presented at the Board of Directors meetings could have an impact on the SIIX group, as organizations in the entire group have been on an expansion trend on a worldwide scale. If I point out something strict, I'm concerned that presentation of proposals could turn into just a routine work due to busy day-to-day operations. While the company's function as a "global business organizer" is its advantage and strength, it is essential to carefully consider how one proposal could affect our worldwide supply chain. In that sense, I think that the directors and the employees who execute business on site need to have discussions more closely to exchange their views, with an eye toward the future of the SIIX Group.

Regarding business risks for the company, while I have high expectations for the growth of the company as a "global business organizer," we should pay attention to recent international situations showing that geopolitical risks such as trade issues have increased. However, because risks are closely related to opportunities, we need to build a balanced relationship with other countries



according to each country's situation without taking one side or another in the case of trade friction. In future, I would like to share my knowledge as an expert regarding this point.

We need to deepen our discussions on a new market that lies beyond automotive EMS.

Looking at the advantages and strengths of SIIX from a viewpoint of intellectual property, one of my areas of expertise, I am attracted by the fact that the company's customers are global companies that own many excellent patents. Focusing on customers' patent strategies and expanding business in line with those strategies will lead to sustainable growth of SIIX. Smart cities evolved from IoT are good examples.

When we think about the growing automotive EMS area, we should not stick to fixed ideas of conventional automobiles, but should have a broader point of view so that we can consider it as the creation of a new social infrastructure called a smart city. In other words, it is essential for us to discuss a new market that lies beyond the automotive EMS market. In terms of implementing the new medium-term business plan, we are also required to not only achieve the goals by the end of the period of the plan but also take initiatives looking ahead to future growth after the end of the plan.

At the same time, since plans don't always go as smoothly as expected, we need to strengthen monitoring systems for the plan and develop another backup plan in case of any deviations from the original one. In this regard, I think we should consider strengthening the functions of the corporate planning division.

We are facing an era requiring management strategies that have an insight into the essence of ESG and SDGs.

In order to achieve sustainable growth from a mid-to-long

term outlook, it is essential to reinforce ESG management and contribute to SDGs. In Japan, initiatives for ESG and SDGs are still often considered from a context of social contributions. However, what is important is to establish a value chain framework as part of our management strategy. For this purpose, I believe that we need to have discussions to grasp the essence of ESG and SDGs.

The trends toward establishment of smart cities need to be considered from the perspective of creating both the social value of contributing to a decarbonized society and the economic value of infrastructure investment in global companies. Especially in the case of SIIX, I think the company will have more and more opportunities to achieve sustainable growth together with its customers by accelerating its efforts to correspond to global customers' management strategies. In any case, seeing through the essence of ESG and SDGs and reading trends toward social change properly will become more important in the decision-making process in the future. I intend to make use of my knowledge gained through my experience in Japan and overseas in the growth of SIIX.

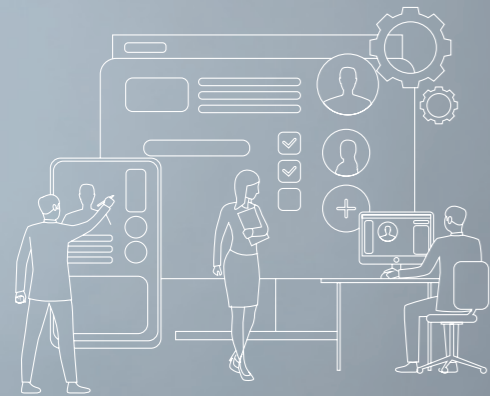
Lastly, as a future issue related to ESG management, I would like to refer to the reinforcement of the human resource foundation based on diversity. As described in the "Corporate Governance Report," I believe that further promotion of women in management positions and local management personnel should be considered. Even on this issue, we also need to capture the essence of diversity in our judgment. Needless to say, we should not address diversity superficially, but should use it from the perspective of appointing human resources who can develop and execute strategies after figuring out requirements necessary for the growth of SIIX.

Now, SIIX is moving forward powerfully toward new business stages, including the automotive EMS. It is my great pleasure to strive to generate both social and economic value as an external director for such a challenging company. I will do everything in my power as a member of the Board of Directors.

Corporate Governance Message from Director

We will sincerely address the issues of ESG management one by one based on the SIIX Principles.

Toru Maruyama Director & Executive Officer



Aiming at the coexistence of sustainable business growth and ESG management.

As the SIIX Group has continued to expand its business on a global scale, we have strengthened our initiatives to address ESG (Environment, Society, and Governance), which is essential as a foundation for sustainable growth. In particular, as automotive EMS has currently been our core business, people, including our customers in Europe and North America, and investors, have increasingly high expectations of our Group. Their expectations have been raised not only for our business and performance but also for the social responsibility we should fulfill as a front runner in the automotive EMS market.

While the COVID-19 pandemic had a massive impact on the world in 2020, our awareness concerning the importance of ESG in SIIX has been raised higher than ever. As the person responsible for ESG in general, I intend to accelerate our ESG activities during the period of the medium-term business plan in order to ensure that a system for ESG is put firmly in place. Along with the establishment of the system, I will strive to develop a structure that allows us to present Key Performance Indicators (KPIs) for our ESG initiatives and report on their changes over time to our stakeholders.

In the area of “environment” in ESG, while we have increased capital investments as our business is on an expansionary trend, we are facing a difficult phase of

reducing CO₂ emissions. However, we intend to advance our efforts to steadily reduce CO₂ emissions by thinking outside the box. The most recent initiative is the introduction of a large-scale solar power generation facility at our manufacturing base in Shanghai, China. As a result, about 15% of the electricity consumed at the site is now covered by renewable energy. In the future, we plan to introduce similar systems in our bases in Indonesia and Mexico. We will carry out the plan according to milestones to be set in the medium-term business plan.

Moreover, our global bases have been working together to promote initiatives led by the Environmental Management Committee with the aim of contributing to a decarbonized society. Our top priority is to reduce CO₂ emissions, but we will also continue to focus our efforts on environmental conservation issues related to our business such as water and forest resources.

In addition, we are scheduled to establish a framework for the Task Force on Climate-related Financial Disclosures (TCFD) during the fiscal year ending December 31, 2021. We intend to develop a governance system and strategy for TCFD and advance risk management and goal setting based on the system. At the same time, we will continue to make every effort to promote better understanding of our initiatives for TCFD throughout the Group, as President Yanase emphasized the importance of the initiatives at the strategy meeting which was held in July 2021 for the purpose of explaining our policy to employees in management positions in the group.

We will strive to further promote diversity and work style reform.

In the area of “society” in ESG, there are a diverse range of issues, but in particular, we recognize that we need to further work on diversity in our organization first. We have received some comments from people outside the company that we don’t have any female board members at this point. Therefore, I think this situation has to be improved.

However, our diversity initiatives should not be a superficial effort just to make up the numbers. We intend to entrust appropriate positions to talented people not only who are capable of outstanding performance but also who deeply understand our management philosophy, regardless of their gender and nationality.

In this regard, looking at our global bases, we have a female director at a factory in Hubei, China, who is from that country and a female representative at a factory in Jakarta, Indonesia. Albeit gradually, we have made progress towards what we should be like. Furthermore, we have recently seen a rapid increase in the number of female staff stationed overseas. They are now working actively in the Philippines, Mexico, Singapore, and other countries. We expect them to grow to become staff in management positions in future. I may add that female executive officers have been playing leading roles in the activities of the Kansai Economic Federation (Kankeiren), in which we participated before joining the Japan Business Federation (Keidanren) in December 2020. In consideration of this situation, we intend to further enhance our diversity initiatives.

At the same time, I feel the need to drastically review our initiatives toward work style reform as the COVID-19 pandemic has been forcing us to think how our operations should be. Concerning telecommuting, we have adopted it as much as possible according to the circumstances of individual employees over the past year. On this point, I think we should discuss how we can improve systems with the aim of advancing in the right direction. Going forward, we would like to develop a program that allows employees to work from home when they have difficulty in commuting to their office due to not only the COVID-19 pandemic but also their health problems or family reasons.

As part of our efforts to reform work styles, we also launched a task force on work reform in April 2020. With the aim of equalizing and optimizing operations by using IT, we have started to identify operations which can be expected to improve. Not only the aforementioned program for working from home, but also employees’ awareness of work styles in the company are also drastically changing. We expect that work optimization by the use of IT and digitalization will reduce employees’ burdens and promote work style reform.

External directors’ check functions contribute significantly to the effectiveness of corporate governance.

In the area of “governance” in ESG, what lies at the root of SIIX’s philosophy is the “SIIX Principles” established by Chairman Murai. These principles are based on the importance of relationships of trust with people. These principles, which new employees learn before anything

else during their on-boarding training, help them foster the spirit of “being fair in everything” shortly after joining the company. With this corporate culture being cultivated, the basis of our corporate governance is a strong sense of morals in management members. Moreover, we adopt a flat organization to promote smooth communication by minimizing the number of necessary directors. I think this effort also contributes to the effectiveness of our governance.



In addition, a strong check function by the external directors is a major advantage of our corporate governance. At present, we have three external directors. As a matter of course, this number meets the standards of the Japan’s Corporate Governance Code which requires us to appoint at least one-third of directors as independent directors. On top of that, we appointed a certified public accountant with profound knowledge of corporate management, a specialist in finance and IR who served as the leadership at a securities firm, and an attorney with a thorough knowledge of investment management and M&A, as external directors of the company. All of the external directors always examine each proposal rigorously and offer advice from their professional perspective at the Board of Directors meetings. They also provide appropriate views on various risks the company may face at the time of developing its business on a global bases. We are proud that they are the best members for the company.

Since the company established the Nomination and Remuneration Advisory Committee two years ago, we have held meetings 13 times in total. We are proud that this is a fairly large number for Japanese companies. When Mr. Koji Yanase took office as President in 2020 via a resolution at both the Board of Directors meeting and the General Shareholder’s Meeting after a nomination by the Nomination and Remuneration Advisory Committee, the external directors asked us to “reassess the President’s duties in a year.” In response to their request, we held a meeting for the reassessment process in March 2021. As just described, I believe that both checks by the external directors and the management members’ sincere attitude towards the checks are working properly in terms of the effectiveness of our governance.

As already explained, the company’s basic policy is to address various issues of ESG in a sincere manner. We understand that we still have many issues to tackle as a corporate group in the process of growth. By steadily working on each of the issues, we aim to create an organization that is trusted by all of our stakeholders.

Environmental Conservation

The Environmental Management Committee in the SIIX Group takes the lead in deploying eco-leaders to manage environmental problems and eco-officers to manage environment-related policies in the bases of each country around the world, promoting activities as a group to resolve issues related to the environment. As environmental problems such as climate change and exhaustion of resources become more severe, the SIIX Group will fulfill its responsibility as a corporation and actively contribute to the conservation of the global environment by conducting its business activities in an environmentally-friendly manner. The SIIX Group is currently involved in the following initiatives.

Initiatives to reduce GHG emissions

The SIIX Group conducts business activities in 14 countries worldwide, and as a first step, we are working to reduce CO₂ emitted indirectly from energy use (SCOPE2). The total SCOPE2 CO₂ emissions in FY2020 was 61,549 tons, which translates into an intensity of 0.34 tons per million yen of net sales. Although the total amount of CO₂ emissions decreased, the CO₂ emissions per million yen of net sales increased, mainly due to the significant decrease in net sales caused by COVID-19.

As part of the measures to reduce SCOPE2 CO₂ emissions, we aim to replace a portion of the electricity used at our

production bases around the world with renewable energy. As a first step, we installed solar panels on the roof of the Shanghai Factory, which began operation in January 2021. We estimate that this installation will be able to cover about 15% of the daily electricity consumption of the Shanghai Factory and is expected to reduce CO₂ emissions by 1,817.5 tons per year. We are planning to continue to install solar panels at the second building of the Karawang Factory in Indonesia and at the Mexico Factory, and will continue to accelerate the use of renewable energy.



Shanghai Factory



Karawang Factory, Indonesia



Mexico Factory

Initiatives for TCFD

In terms of response to the TCFD, we will also promote activities to calculate and reduce our supply chain emissions (SCOPE3) from FY2021. With regard to GHG reduction activities, which used to be led mainly by the Environmental Management Committee, as they will become more important from the perspective of supply chain and governance, we will implement company-wide measures by renaming the Environmental Management Committee “the Sustainability Committee” and making it a cross-sectional organization.

With regard to the depletion of water resources, we have

started activities to measure and reduce the amount of water used at each production base since 2021. We will consider specific measures, including strengthening the use of recycled water. On the business front, we will also contribute to the measures to reduce carbon emissions and address global warming in countries around the world, as the electrification of automobile devices and the increase in demand for EV-related parts to meet the needs for reducing carbon emissions represent a major business opportunity for us.

Installation of solar panels at manufacturing base in Shanghai, China

In order to further reduce GHG emissions, we installed solar panels at our Shanghai manufacturing base, “SIIX EMS (Shanghai) Co., Ltd.,” which began operations in January 2021. This is expected to cover a portion of the electricity used for business activities and reduce daily electricity consumption by approximately 15%. In terms of CO₂ emissions, we can expect a reduction of approximately 1,817.5 tons per year. We will continue to promote activities that reduce CO₂ emissions in order to contribute to the prevention of global warming.



Solar panel specifications

Power substation capacity	1,841 kVA
Number of solar panels	3,960
Annual power generation (25-year average)	1,823,000 kVA
Roof area for installation	Approx. 15,000 m ²

Society

As initiatives for the development of a sustainable society are spreading around the world, we will contribute to solving social issues through our business activities, and as a company with a global business presence, we will firmly root ourselves in each region and be involved in the development of local communities. Moreover, in order to actively accept diverse human resources for the realization of a society in which everyone can participate, we will promote initiatives related to new work styles and create an environment in which human resources can grow and play an active role. In the supply chain, we will fulfill our social responsibility to ensure that we are not involved in human rights abuses through our procurement activities.

1. Active use of global human resources

Diverse human resources working actively at global bases are one of our managerial resources that enable SIIX to achieve sustainable growth. Local staff members support the business activities of the company, and have been the source of the competitive power for the company conducting business activities in 14 countries. Most of the staff members

being active at global bases have been employed by our local subsidiaries while the proportion of Japanese staff members transferred to overseas among those at the bases is less than 1%. We will strive to improve performance and corporate value by developing many local staff members in management positions to instill a sense of loyalty toward the company.



2. Promoting the active involvement of women in the workplace

We are promoting diversity so that employees with diverse backgrounds can play an active role, and increasing the ratio of women in management positions is one of the issues we need to address. We support Keidanren's "Challenge Initiatives for 30% of Executives to be Women by 2030,"

which aims to "increase the ratio of female executives to at least 30% by 2030," and have been promoting the appointment of female employees who are playing an active role. Our medium-term business plan by 2023 aims for a 50% ratio of women in management positions.



3. Creating a comfortable working environment

In order to enable employees to choose various work styles, we have encouraged them to use the program for working from home after developing a teleworking environment. This program has also been used effectively to guarantee employees' safety amid the COVID-19 pandemic and to continue our business activities.

In addition, we have adopted a welcome back program to re-employ former employees who once left the company

due to childbirth or other reasons but want to return to work. We have also introduced programs for childcare/nursing care leave and shortened working hours for childcare. By developing systems that support employees' work-life balance to allow all of them to work energetically, we will strive to contribute to the realization of a society where everyone can play an active role.

4. Responsible sourcing of minerals

"Responsible Sourcing of Minerals" is defined as "striving to avoid the use of minerals that have possibility of involvement in human rights abuses from a CSR perspective." In accordance with the U.S. Dodd-Frank Act and EU regulations, we conduct

annual surveys on conflict minerals to ensure transparency in our supply chain. We will continue to promote the elimination of conflict minerals by proactively conducting surveys in order to fulfill our social responsibility with our business partners.

Minerals subject to the policy	Tantalum, tin, tungsten, and gold (3TG)
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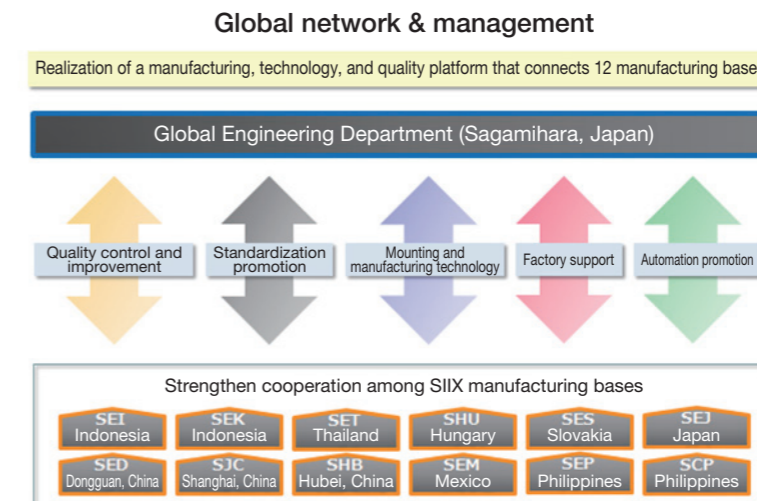
5. Quality

In order to ensure identical quality worldwide, we will develop more efficient and high-quality production systems by advancing information sharing, automation, and labor-saving. As a company engaged in manufacturing, we are committed to complying with environmental laws and regulations to conduct production activities in an environmentally-friendly manner. In our activities for materials procurement, we will strive to fulfill our social responsibility, emphasizing the perspective of ensuring transparency in our supply chain.

(1) Quality and environmental policy

- As a global company with a primary focus on customer, we will strive to exceed customers' expectations by fulfilling customer satisfaction, capturing future needs and meeting their requirements.
- We will establish quality and environmental management systems on a global basis with ISO9001, IATF 16949 and ISO 14001, and implement their operations based on the corporate philosophy of the SIIX Group.
- In addition to strictly complying with relevant laws and regulations, as well as regulatory requirements, we aim to be a company that contributes to society through our business activities, environmental activities, and business continuity activities.
- Aiming to contribute to sustainable economic development, we will promote environmental conservation by preventing environmental pollution and promoting energy and resource conservation for continuous environmental impact reduction.

(2) Quality assurance system



Consolidated Financial Summary

		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY 2020	
Financial Information													
Net sales	Million yen	166,481	167,825	190,692	207,009	209,755	235,035	212,768	233,153	242,804	223,037	181,598	
Operating income	Million yen	5,331	4,027	4,647	5,011	6,233	8,913	9,134	9,705	8,625	5,506	4,452	
Ordinary income	Million yen	5,645	4,582	4,973	5,427	6,460	9,002	9,146	10,513	8,717	5,634	4,444	
Profit attributable to owners of parent	Million yen	3,270	2,723	3,076	3,321	4,131	6,717	6,698	7,093	6,414	3,695	1,724	
Selling, general and administrative expenses	Million yen	5,947	6,113	6,671	8,072	8,889	10,802	11,067	12,922	12,010	12,155	11,697	
Depreciation and amortization	Million yen	1,735	1,972	2,404	2,916	3,166	3,805	3,271	3,465	4,235	5,477	6,046	
Total assets	Million yen	62,787	59,471	74,703	89,204	103,429	109,957	109,695	130,526	137,350	143,391	144,436	
Net assets	Million yen	19,770	20,126	25,453	33,185	41,497	49,739	51,573	57,609	56,016	58,249	56,498	
Equity capital	Million yen	19,348	19,700	25,277	32,985	41,310	49,585	51,332	57,252	55,655	57,846	56,084	
Interest-bearing debt	Million yen	13,637	16,865	16,511	18,546	19,128	12,614	11,458	19,553	32,969	38,667	47,471	
Net cash provided by (used in) operating activities	Million yen	(1,068)	163	7,546	3,438	2,374	7,996	6,333	4,536	966	8,945	13,280	
Net cash provided by (used in) investment activities	Million yen	(3,043)	(3,851)	(4,598)	(3,216)	(2,827)	(5,113)	(5,450)	(9,211)	(6,515)	(9,602)	(6,034)	
Net cash provided by (used in) financing activities	Million yen	716	2,608	(1,932)	(105)	(1,286)	3,352	(4,171)	6,410	7,991	2,923	1,291	
Cash and cash equivalents at end of period	Million yen	5,526	4,450	6,263	7,518	6,497	12,473	8,776	10,574	12,813	15,035	22,968	
Free cash flow	Million yen	(4,111)	(3,687)	2,947	222	(453)	2,883	882	(4,674)	(5,549)	(656)	7,246	
Capital expenditure	Million yen	3,090	4,085	3,463	1,134	2,857	3,764	4,528	6,167	7,483	9,082	5,573	
Per-share Data*													
Net income per share (EPS)	Yen	69.30	57.71	65.19	70.37	87.53	137.94	133.81	144.01	131.45	78.21	36.48	
Net assets per share (BPS)	Yen	409.94	417.39	535.55	698.87	875.24	986.35	1,042.20	1,162.33	1,178.04	1,224.26	1,186.71	
Dividends per share	Yen	11.0	14.0	15.0	16.0	17.0	21.0	25.0	26.0	27.0	28.0	29.0	
* A two-for-one stock split was conducted on April 1, 2018. The above per-share data have been adjusted retroactively to reflect the effect of this stock split.													
Key Indicators													
EBITDA	(Operating income + depreciation and amortization)	Million yen	7,066	5,999	7,051	7,927	9,399	12,719	12,406	13,170	12,861	10,983	10,498
Capital-to-asset ratio	(Equity capital / Total assets (fiscal year-end))	%	30.8	33.1	33.8	37.0	39.9	45.1	46.8	43.9	40.5	40.3	38.8
Debt-to-equity ratio	(Interest-bearing debt / Equity capital (fiscal year-end))	times	0.7	0.9	0.7	0.6	0.5	0.3	0.2	0.3	0.6	0.7	0.8
Return on equity	(Profit attributable to owners of parent / Average equity capital during the period)	%	17.9	13.9	13.7	11.4	11.1	14.8	13.3	13.1	11.4	6.5	3.0
Rate of ordinary income to total assets	(Ordinary income / Average total assets during the period)	%	9.5	7.5	7.4	6.6	6.7	8.4	8.3	8.8	6.5	4.0	3.1
Payout ratio	((Interim dividends + Year-end dividends) / Profit attributable to owners of parent)	%	15.9	24.3	23.0	22.7	19.4	15.2	18.7	18.1	20.5	35.8	79.5
Employees:													
	Number of employees	7,609	8,301	9,029	8,641	9,545	10,352	10,820	11,659	13,632	12,721	11,257	

[Consolidated Financial Statements]

SIIX Corporation and its consolidated subsidiaries Fiscal years ended December 31, 2019 and 2020

Consolidated Balance Sheets

Assets

(Million yen)

	As of December 31, 2019	As of December 31, 2020
Current assets		
Cash and deposits	15,134	23,130
Notes and accounts receivable - trade	36,349	37,057
Merchandise and finished goods	25,501	19,274
Work in process	1,377	1,376
Raw materials and supplies	15,253	15,880
Other	8,414	7,574
Allowance for doubtful accounts	(39)	(39)
Total current assets	101,990	104,254
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	21,396	21,939
Accumulated depreciation	(7,532)	(8,387)
Buildings and structures, net	13,864	13,551
Machinery, equipment and vehicles	38,205	39,095
Accumulated depreciation	(26,669)	(28,520)
Machinery, equipment and vehicles, net	11,536	10,575
Tools, furniture and fixtures	3,370	3,508
Accumulated depreciation	(2,367)	(2,667)
Tools, furniture and fixtures, net	1,003	840
Land	3,244	3,815
Construction in progress	1,228	1,021
Other	3,218	3,398
Accumulated depreciation	(747)	(1,135)
Other, net	2,470	2,262
Total property, plant and equipment	33,347	32,066
Intangible assets		
Software	624	1,581
Other	1,483	839
Total intangible assets	2,108	2,421
Investments and other assets		
Investment securities	2,050	2,101
Investments in capital	963	958
Long-term loans receivable	61	62
Assets for retirement benefits	311	360
Deferred tax assets	2,015	1,554
Other	1,087	1,178
Allowance for doubtful accounts	(544)	(523)
Total investments and other assets	5,945	5,693
Total noncurrent assets	41,400	40,181
Total assets	143,391	144,436

Liabilities

(Million yen)

	As of December 31, 2019	As of December 31, 2020
Current liabilities		
Accounts payable-trade	27,163	27,481
Short-term loans payable	26,585	23,810
Current portion of bonds with share acquisition rights	5,948	—
Accrued expenses	2,948	3,230
Income taxes payable	1,806	1,710
Other	4,420	3,621
Total current liabilities	68,872	59,855
Noncurrent liabilities		
Bonds with share acquisition rights	—	10,000
Long-term loans payable	10,417	12,061
Liabilities for retirement benefits	723	751
Deferred tax liabilities	3,350	3,265
Other	1,777	2,004
Total noncurrent liabilities	16,268	28,082
Total liabilities	85,141	87,937

Net assets

(Million yen)

	As of December 31, 2019	As of December 31, 2020
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,630	5,631
Retained earnings	53,579	53,980
Treasury stock	(5,968)	(5,949)
Total shareholders' equity	55,386	55,806
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(65)	90
Deferred gains or losses on hedges	3	—
Foreign currency translation adjustment	2,623	323
Adjustment for retirement benefits	(100)	(136)
Total accumulated other comprehensive income	2,460	277
Share acquisition rights	60	59
Non-controlling interests	342	354
Total net assets	58,249	56,498
Total liabilities and net assets	143,391	144,436

Consolidated Statements of Income

(Million yen)

	For the year ended December 31, 2019	For the year ended December 31, 2020
Net sales	223,037	181,598
Cost of sales	205,375	165,448
Gross profit	17,662	16,150
Selling, general and administrative expenses	12,155	11,697
Operating income	5,506	4,452
Non-operating income		
Interest income	79	142
Dividends income	86	49
Real estate rent	97	—
Share of profit of entities accounted for using equity method	118	—
Subsidy income	130	221
Gain on sales of goods	296	205
Gain on sales of scraps	215	167
Other	286	254
Total non-operating income	1,309	1,041
Non-operating expenses		
Interest expenses	468	373
Share of loss of entities accounted for using equity method	—	63
Foreign exchange losses	164	25
Purchase of goods	165	153
Other	382	433
Total non-operating expenses	1,181	1,049
Ordinary income	5,634	4,444
Extraordinary income		
Gain on reversal of share acquisition rights	—	2
Total extraordinary income	—	2
Extraordinary losses		
Losses related to novel coronavirus infections	—	1,683
Total extraordinary losses	—	1,683
Income before income taxes	5,634	2,763
Income taxes - current	2,312	690
Income taxes - deferred	(340)	342
Total income taxes	1,971	1,032
Net income	3,663	1,730
Profit (loss) attributable to non-controlling interests	(32)	6
Profit attributable to owners of parent	3,695	1,724

Consolidated Statements of Comprehensive Income

(Million yen)

	For the year ended December 31, 2019	For the year ended December 31, 2020
Net income	3,663	1,730
Other comprehensive income		
Valuation difference on available-for-sale securities	(137)	156
Deferred gains or losses on hedges	(20)	(3)
Foreign currency translation adjustment	(111)	(2,302)
Remeasurements of defined benefit plans	33	6
Share of other comprehensive income of entities accounted for using equity method	9	(35)
Total other comprehensive income	(226)	(2,178)
Comprehensive income	3,436	(447)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	3,477	(458)
Comprehensive income attributable to non-controlling interests	(40)	11

Consolidated Statements of Changes in Net Assets

For the year ended December 31, 2019

(Million yen)

	Shareholders' equity					Accumulate other comprehensive income	Share acquisition rights	Non- controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total				
Balance at beginning of period	2,144	5,629	51,183	(5,980)	52,976	2,678	52	308	56,016
Changes of items during the period									
Dividends from surplus			(1,299)		(1,299)				(1,299)
Profit attributable to owners of parent			3,695		3,695				3,695
Purchase of treasury stock				(0)	(0)				(0)
Disposal of treasury stock		1		12	14				14
Net changes in items other than shareholders' equity						(218)	7	33	(176)
Total changes of items during the period	—	1	2,396	12	2,410	(218)	7	33	2,233
Balance at end of period	2,144	5,630	53,579	(5,968)	55,386	2,460	60	342	58,249

For the year ended December 31, 2020

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income	Share acquisition rights	Non- controlling interests	Total net assets
	Capita stock	Capital surplus	Retained earnings	Treasury stock	Total				
Balance at beginning of period	2,144	5,630	53,579	(5,968)	55,386	2,460	60	342	58,249
Changes of items during the period									
Dividends from surplus			(1,323)		(1,323)				(1,323)
Profit attributable to owners of parent			1,724		1,724				1,724
Purchase of treasury stock					—				—
Disposal of treasury stock		0		18	19				19
Net changes in items other than shareholders' equity						(2,182)	(0)	11	(2,171)
Total changes of items during the period	—	0	401	18	420	(2,182)	(0)	11	(1,751)
Balance at end of period	2,144	5,631	53,980	(5,949)	55,806	277	59	354	56,498

Consolidated Statements of Cash Flows

(Million yen)

	For the year ended December 31, 2019	For the year ended December 31, 2020
Net cash provided by (used in) operating activities		
Income before income taxes	5,634	2,763
Depreciation and amortization	5,477	6,046
Increase (decrease) in allowance for doubtful accounts	(2)	(18)
Interest and dividends income	(165)	(192)
Interest expenses	468	373
Foreign exchange losses (gains)	140	67
Share of loss (profit) of entities accounted for using equity method	(118)	63
Decrease (increase) in trade receivables	2,389	(553)
Decrease (increase) in inventories	2,390	4,385
Decrease (increase) in consumption taxes refund receivable	(970)	(269)
Increase (decrease) in trade payables	(1,860)	824
Increase (decrease) in advances received	(125)	(738)
Decrease (increase) in accounts receivable - other	(97)	327
Increase (decrease) in accounts payable - other	(8)	544
Increase (decrease) in accrued expenses	(95)	273
Other	(2,287)	1,021
Subtotal	10,769	14,919
Interest and dividends income received	259	208
Interest expenses paid	(487)	(380)
Income taxes paid	(1,595)	(1,467)
Net cash provided by (used in) operating activities	8,945	13,280
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(8,797)	(5,394)
Proceeds from sales of property, plant and equipment	41	94
Purchase of intangible assets	(743)	(742)
Proceeds from sale of investment securities	—	110
Purchase of investment securities	(115)	—
Payments of loans receivable	(24)	(49)
Collection of loans receivable	23	23
Purchase of shares of subsidiaries and affiliates	—	(213)
Payments for investments in capital of subsidiaries and affiliates	(27)	—
Proceeds from subsidy income	70	200
Other	(30)	(62)
Net cash provided by (used in) investment activities	(9,602)	(6,034)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,279	(4,863)
Proceeds from long-term loans payable	6,798	10,211
Repayment of long-term loans payable	(3,462)	(6,270)
Proceeds from issuance of bonds	—	9,949
Redemption of bonds with share acquisition rights	—	(5,948)
Purchase of treasury stock	(0)	—
Cash dividends paid	(1,298)	(1,324)
Proceeds from share issuance to non-controlling shareholders	74	—
Other	(468)	(463)
Net cash provided by (used in) financing activities	2,923	1,291
Effect of exchange rate change on cash and cash equivalents	(44)	(605)
Net increase (decrease) in cash and cash equivalents	2,222	7,932
Cash and cash equivalents at beginning of period	12,813	15,035
Cash and cash equivalents at end of period	15,035	22,968

Corporate Data

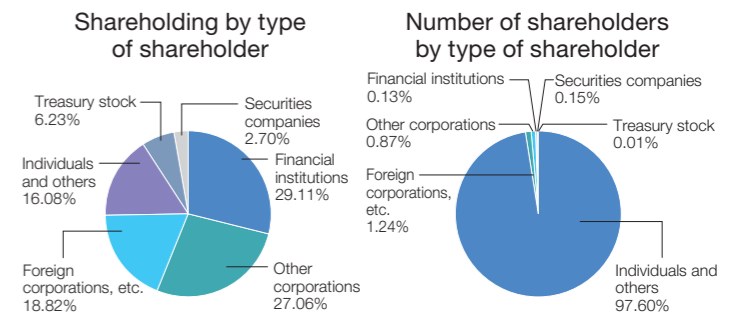
Corporate Outline

Company name	SIIX Corporation
Established	July 1, 1992
Paid-up capital	2,144 million yen (as of December 31,2020)
Location	Osaka SIIX BLDG, 1-4-9, Bingo-machi, Chuo-ku, Headquarters: Osaka 541-0051 JAPAN Tokyo SIIX BLDG, 2-3-25, Kudanminami, Chiyoda-ku, Headquarters: Tokyo 102-0074 JAPAN Nagoya Sales Department: 2F SIIX BLDG, 3-2-11, Meieki, Nakamura-ku, Nagoya, Aichi 450-0002, JAPAN
Net sales	181,598 million yen (FY2020: consolidated)
Number of employees	Non-consolidated: 203, consolidated: 11,257 (as of December 31, 2020)

Stock and Shareholder Information (as of December 31, 2020)

Stock information

Total number of authorized shares	160,000,000 shares
Total number of shares issued	50,400,000 shares
Number of shareholders at fiscal year-end	17,633 shareholders



Major shareholders

Shareholder name	Number of shares held (in thousands)	Shareholding ratio (%)
Sakata Inx Corporation	10,812	22.88
The Master Trust Bank of Japan, Ltd. (trust account)	4,136	8.75
Forty Six Ltd.	2,200	4.66
Resona Bank, Limited	2,170	4.59
Sumitomo Mitsui Banking Corporation	2,160	4.57
Shiro Murai	1,400	2.96
Custody Bank of Japan, Ltd. (trust account 9)	1,398	2.96
Custody Bank of Japan, Ltd. (trust account)	1,139	2.41
BBH/SUMITOMO MITSUI TRUST BANK, LIMITED (LONDONBRANCH)/SMTTIL/JAPAN SMALL CAP FUND CLT AC	755	1.60
MUFG Bank, Ltd.	720	1.52

*Aside from the above, SIIX owns 3,139,729 shares of treasury stock.

Website of SIIX

Refer to the website of SIIX for the latest company, IR, and CSR information.



