

Consolidated 1st Quarter Financial Results

for the Fiscal Year Ended December 31, 2022

(January 1, 2022 to March 31, 2022)

Company name: SIIX Corporation
 Stock code: 7613
 Stock exchange listing (Section): Tokyo Stock Exchange, (Prime)
 Head office: Osaka, Japan
 URL: <https://www.siix.co.jp>
 President: Koji Yanase
 Contact: Seiji Ono
 Director, Executive Officer and General Manager,
 Finance and Accounting Department
 Telephone: +81-6-6266-6415
 Scheduled date of filing quarterly financial statement: May 13, 2022
 Scheduled date of payment of cash dividends: —

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2022 – March 31, 2022)

(1) Consolidated Results of Operations

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

| | Net sales | | Operating income | | Ordinary income | |
|-----------------------------|-------------|----------------|------------------|----------------|-----------------|----------------|
| | Million yen | YoY change (%) | Million yen | YoY change (%) | Million yen | YoY change (%) |
| 1st quarter ended Mar. 2022 | 63,026 | 14.0 | 1,858 | 29.5 | 1,934 | 21.9 |
| 1st quarter ended Mar. 2021 | 55,297 | 17.5 | 1,435 | 131.5 | 1,586 | 227.8 |

| | Profit attributable to owners of parent | | Net income per share (basic) | Net income per share (diluted) |
|-----------------------------|---|----------------|------------------------------|--------------------------------|
| | Million yen | YoY change (%) | Yen | Yen |
| 1st quarter ended Mar. 2022 | 1,020 | (28.6) | 21.59 | 21.56 |
| 1st quarter ended Mar. 2021 | 1,428 | 415.1 | 30.24 | 30.20 |

(note) Comprehensive income

1st quarter ended March 2022: 5,756 million yen (y/y 2.4%)
 1st quarter ended March 2021: 5,622 million yen (y/y —%)

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital-to-asset ratio |
|-----------------------------|--------------|-------------|------------------------|
| | Million yen | Million yen | % |
| 1st quarter ended Mar. 2022 | 186,453 | 71,422 | 38.0 |
| Year ended Dec. 2021 | 169,921 | 66,369 | 38.8 |

(Reference) Stockholders' equity:

1st quarter ended March 2022: 70,901 million yen
 Year ended December 2021: 65,879 million yen

2. Dividends

| (Base date) | Annual dividends per share | | | | |
|----------------------------------|----------------------------|-------------|-------------|-----------|------------------|
| | 1st quarter | 2nd quarter | 3rd quarter | Term-end | Annual dividends |
| Year ended Dec. 2021 | — | Yen 15.00 | — | Yen 15.00 | Yen 30.00 |
| Year ended Dec. 2022 | — | | | | |
| Year ended Dec. 2022 (forecasts) | | 15.00 | — | 16.00 | 31.00 |

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

3. Consolidated Business Performance Forecasts for the Year Ending December 2022 (January 1, 2022 – December 31, 2022)

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

| | Net sales | | Operating income | | Ordinary income | |
|-----------|-------------|----------------|------------------|----------------|-----------------|----------------|
| | Million yen | YoY change (%) | Million yen | YoY change (%) | Million yen | YoY change (%) |
| Full year | 240,000 | 5.8 | 8,000 | 61.5 | 8,000 | 34.8 |

| | Profit attributable to owners of parent | | Net income per share (basic) |
|-----------|---|----------------|------------------------------|
| | Million yen | YoY change (%) | Yen |
| Full year | 6,000 | 31.5 | 126.95 |

(Note) Changes in Consolidated Business Performance Forecasts for the Fiscal Year Ending December 2021 during this quarter: None

* Note

(1) Transfer of important subsidiaries during the period (transfer of specific subsidiaries in association with changes in the scope of consolidation): None

(2) Adoption or non-adoption of a specific method in accounting procedures: None

(3) Changes in accounting policy and accounting estimate, and restatement related to consolidated financial statements

- | | |
|---|--------|
| (i) Changes associated with the revision of accounting standards: | Change |
| (ii) Changes other than those described in (i): | None |
| (iii) Changes in accounting estimate: | None |
| (iv) Restatement: | None |

(4) Number of outstanding shares (common shares)

(i) Number of outstanding shares at the end of the fiscal year (including treasury stock):

1st quarter ended Mar. 2022: 50,400,000 shares
Year ended Dec. 2021: 50,400,000 shares

(ii) Number of treasury stock at the end of the fiscal year:

1st quarter ended Mar. 2022: 3,133,450 shares
Year ended Dec. 2021: 3,137,933 shares

(iii) Average number of shares outstanding:

1st quarter ended Mar. 2022: 47,264,308 shares
1st quarter ended Mar. 2021: 47,260,254 shares

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

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

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

■ Consolidated Financial Statements
(1) Consolidated Balance Sheets

(JPY in millions)

| | As of Dec. 31, 2021 | As of Mar. 31, 2022 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,484 | 7,602 |
| Notes and accounts receivable-trade | 47,278 | — |
| Notes and accounts receivable and contract assets-trade | — | 54,762 |
| Merchandise and finished goods | 22,261 | 23,827 |
| Work in process | 1,903 | 2,059 |
| Raw materials and supplies | 34,075 | 40,915 |
| Other | 7,845 | 7,392 |
| Allowance for doubtful accounts | (50) | (55) |
| Total current assets | 122,797 | 136,502 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 17,386 | 18,173 |
| Machinery, equipment and vehicles, net | 12,431 | 13,569 |
| Land | 3,893 | 4,000 |
| Other, net | 4,052 | 4,801 |
| Total property, plant and equipment | 37,764 | 40,545 |
| Intangible assets | 2,590 | 2,688 |
| Investments and other assets | | |
| Investment securities | 2,385 | 2,220 |
| Investments in capital | 957 | 1,034 |
| Other | 3,528 | 3,566 |
| Allowance for doubtful accounts | (102) | (103) |
| Total Investments and other assets | 6,768 | 6,717 |
| Total noncurrent assets | 47,123 | 49,950 |
| Total assets | 169,921 | 186,453 |

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(JPY in millions)

| | As of Dec. 31, 2021 | As of Mar. 31, 2022 |
|---|---------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 37,298 | 42,346 |
| Short-term loans payable | 31,561 | 37,212 |
| Income taxes payable | 1,667 | 1,928 |
| Other | 9,306 | 10,004 |
| Total current liabilities | 79,833 | 91,490 |
| Noncurrent liabilities | | |
| Bonds | 10,000 | 10,000 |
| Long-term loans payable | 8,446 | 8,038 |
| Liabilities for retirement benefits | 668 | 698 |
| Other | 4,603 | 4,803 |
| Total noncurrent liabilities | 23,718 | 23,540 |
| Total liabilities | 103,551 | 115,031 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,144 | 2,144 |
| Capital surplus | 5,630 | 5,627 |
| Retained earnings | 57,074 | 57,385 |
| Treasury stock | (5,945) | (5,937) |
| Total shareholders' equity | 58,902 | 59,219 |
| Accumulated comprehensive income | | |
| Valuation difference on available-for-sale securities | 528 | 332 |
| Foreign currency translation adjustment | 6,404 | 11,298 |
| Adjustment for retirement benefits | 44 | 49 |
| Total accumulated comprehensive income | 6,976 | 11,681 |
| Subscription rights to shares | 77 | 76 |
| Non-controlling interests | 412 | 444 |
| Total net assets | 66,369 | 71,422 |
| Total liabilities and net assets | 169,921 | 186,453 |

(2) Consolidated Statements of Income

(JPY in millions)

| | Jan. 1, 2021 - Mar. 31, 2021 | Jan. 1, 2022 -Mar. 31, 2022 |
|---|------------------------------|-----------------------------|
| Net sales | 55,297 | 63,026 |
| Cost of sales | 50,240 | 57,204 |
| Gross profit | 5,056 | 5,821 |
| Selling, general and administrative expenses | 3,620 | 3,963 |
| Operating income | 1,435 | 1,858 |
| Non-operating income | | |
| Interest income | 5 | 2 |
| Dividends income | 0 | — |
| Share of profit of entities accounted for using equity method | — | 35 |
| Foreign exchange gains | 114 | 109 |
| Subsidy income | 31 | 27 |
| Gain on sales of goods | 155 | 66 |
| Gain on sales of scrap | 36 | 48 |
| Other | 41 | 75 |
| Total non-operating income | 385 | 365 |
| Non-operating expenses | | |
| Interest expenses | 51 | 129 |
| Share of loss of entities accounted for using equity method | 14 | — |
| Purchase of goods | 132 | 43 |
| Other | 36 | 116 |
| Total non-operating expenses | 234 | 289 |
| Ordinary income | 1,586 | 1,934 |
| Income before income taxes | 1,586 | 1,934 |
| Income taxes-current | 723 | 734 |
| Income taxes-deferred | (567) | 175 |
| Total income taxes-current | 155 | 909 |
| Net Income | 1,431 | 1,024 |
| Profit (loss) attributable to non-controlling interests | 2 | 4 |
| Profit attributable to owners of parent | 1,428 | 1,020 |

Consolidated Statements of Comprehensive Income

(JPY in millions)

| | Jan. 1, 2021 - Mar. 31, 2021 | Jan. 1, 2022 - Mar. 31, 2022 |
|--|------------------------------|------------------------------|
| Net Income | 1,431 | 1,024 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 259 | (195) |
| Foreign currency translation adjustment | 3,866 | 4,856 |
| Remeasurements of defined benefit plans | 3 | 8 |
| Equity equivalent of equity method affiliate | 63 | 63 |
| Total other comprehensive income | 4,191 | 4,732 |
| Comprehensive income | 5,622 | 5,756 |
| (Content) | | |
| Comprehensive income attributable to owners of parent | 5,598 | 5,724 |
| Comprehensive income attributable to non-controlling interests | 23 | 32 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on premise of a going concern)

Not applicable.

(Notes in the event of a significant change in the amount of shareholders' equity)

Not applicable.

(Changes associated with the revision of accounting standards)

The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards since the beginning of consolidated 1st quarter of the fiscal year, ending December 31, 2022. We now recognize revenue in the amount that expects to receive in exchange for promised goods or services at the time control of the goods or services are transferred to a customer. As a result, in some transactions, we previously recognized revenue in the total amount of proceeds, but has changed to recognizing revenue on a net basis as a result of determining that the transactions are agent transactions since we do not control the goods or services to be transferred to the customer but provides services to arrange these goods or services.

Based on the transitional treatment outlined in Article 84 of the "Accounting Standard for Revenue Recognition," the cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of the fiscal year ending March 31, 2022, is reflected in the balance of retained earnings at the beginning of the fiscal year ending March 31, 2022. As a result, there is no impact on operating income, ordinary income and income before income taxes and minority interests. In addition, there is no effect on the balance of retained earnings at the end of the period. This is because net sales and cost of sales in the consolidated 1st quarter of the fiscal year decreased respectively by 1,800 million yen.

Due to the adoption of the "Accounting Standard for Revenue Recognition", "Notes and accounts receivable-trade" presented as "Current assets" in the consolidated balance sheet for the previous fiscal year is included in "Notes and accounts receivable and contract assets-trade" from the current fiscal year.

(Additional Information)

Accounting estimate for the impact of the COVID-19 infection

During the 1st quarter of the current fiscal year, there were no significant changes to the accounting estimates regarding the impact of the COVID-19 infection described in Additional Information of the 30th Annual Securities Report.

Although the Group has made careful estimates based on external information available at the time of preparation of the quarterly consolidated financial statements, the timing of convergence of the said infectious disease is currently unpredictable, and actual results may differ from the above estimates.

【Segment Information】

I 1st quarter of previous year (1st Jan. 2021 – 31st Mar. 2021)

1 Information of net sales and income or loss by segments

(JPY in millions)

| | Reportable Segment | | | | | | Adjustment (note 1) | Consolidated income statement (note 2) |
|----------------------------------|--------------------|--------|--------|--------|----------|--------|------------------------|---|
| | Japan | China | ASEAN | Europe | Americas | Total | | |
| Sales | | | | | | | | |
| Sales to third parties | 11,128 | 13,661 | 17,277 | 4,158 | 9,060 | 55,285 | 11 | 55,297 |
| Intersegment sales and transfers | 9,881 | 5,451 | 4,303 | 264 | 1,540 | 21,442 | (21,442) | — |
| Total | 21,010 | 19,113 | 21,580 | 4,423 | 10,600 | 76,727 | (21,430) | 55,297 |
| Segment income or loss | 40 | 473 | 1,106 | 123 | (36) | 1,707 | (271) | 1,435 |

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 11 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -21,442 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, -271 million yen, is the amount of elimination of internal transactions between segments.

(note 2) The amount of adjustment in segment income is adjusted with operating income in the quarterly consolidated statements of income.

2 Information of assets by segments

Not applicable.

II 1st quarter of current year (1st Jan. 2022 – 31st Mar. 2022)

1 Information of net sales and income or loss by segments

(JPY in millions)

| | Reportable Segment | | | | | | Adjustment (note 1) | Consolidated income statement (note 2) |
|----------------------------------|--------------------|--------|--------|--------|----------|--------|------------------------|---|
| | Japan | China | ASEAN | Europe | Americas | Total | | |
| Sales | | | | | | | | |
| Sales to third parties | 11,984 | 16,505 | 19,618 | 4,109 | 10,786 | 63,004 | 22 | 63,026 |
| Intersegment sales and transfers | 11,691 | 4,941 | 4,991 | 270 | 2,739 | 24,633 | (24,633) | — |
| Total | 23,675 | 21,447 | 24,609 | 4,380 | 13,525 | 87,638 | (24,611) | 63,026 |
| Segment income | 193 | 402 | 1,090 | 14 | 291 | 1,992 | (133) | 1,858 |

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 22 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -24,633 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, -133 million yen, is the amount of elimination of internal transactions between segments.

(note 2) The amount of adjustment in segment income is adjusted with operating income in the quarterly consolidated statements of income.

2 Information of assets by segments

Not applicable.

3 Information of changes of segments

As stated in Changes associated with the revision of accounting standards, we have changed its accounting method for revenue recognition by adopting the "Accounting Standard for Revenue Recognition" and other standards since the beginning of consolidated 1st quarter of the fiscal year, ending December 31, 2022 so that the calculation method of profit or loss by reportable segment has been changed in the same manner.

As a result, there is no impact on segment income. Since net sales and cost of sales in “Japan” in the consolidated 1st quarter of current fiscal year decreased respectively by 1,800 million yen.