

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.six.co.jp>
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 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 consolidated 1st quarter of the fiscal year ending December 31, 2022, is reflected in the balance of retained earnings at the beginning of the consolidated 1st quarter of the fiscal year ending December 31, 2022.

As a result, there is no impact on operating income, ordinary income and income before income taxes and minority interests, while net sales and cost of sales in the consolidated 3rd quarter of the fiscal year decreased by 1,800 million yen. In addition, there is no effect on the balance of retained earnings at the end of the period.

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. On the other hand, based on the transitional treatment outlined in Article 89-2 of the "Accounting Standards for Revenue Recognition," the company has not reclassified items reported in the previous consolidated fiscal year based on the new classification method.

(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 (Jan. 1 2021 –Mar. 31 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 (Jan. 1 2022 – Mar. 31 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.