

Consolidated 2nd Quarter Financial Results for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to June 30, 2022)

Company name: SIIX Corporation
 Stock code: 7613
 Stock exchange listing (Section): Tokyo Stock Exchange, (Prime Market)
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 Scheduled date of filing quarterly financial statement: August 10, 2022
 Scheduled date of payment of cash dividends: September 1, 2022

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2022 – June 30, 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 (%)
2nd quarter ended Jun. 2022	125,467	14.6	3,457	36.0	3,639	24.8
2nd quarter ended Jun. 2021	109,470	36.4	2,541	142.5	2,917	271.9

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
2nd quarter ended Jun. 2022	1,579	(35.6)	33.41	33.37
2nd quarter ended Jun. 2021	2,452	—	51.90	51.83

(note) Comprehensive income

2nd quarter ended June 2022: 12,565million yen (y/y 83.2%)
 2nd quarter ended June 2021: 6,858million yen (y/y —%)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Million yen	Million yen	%
2 nd quarter ended Jun. 2022	196,978	78,260	39.5
Year ended Dec. 2021	169,921	66,369	38.8

(Reference) Stockholders' equity:

2nd quarter ended June 2022: 77,741 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	—	15.00			
Year ended Dec. 2022 (forecasts)			—	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 2022 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):

2nd quarter ended Jun. 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:

2nd quarter ended Jun. 2022:	3,096,787 shares
Year ended Dec. 2021:	3,137,933 shares
 - (iii) Average number of shares outstanding:

2nd quarter ended Jun. 2022:	47,276,532 shares
2nd quarter ended Jun. 2021:	47,260,246 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 Jun. 30, 2022
Assets		
Current assets		
Cash and deposits	9,484	9,081
Notes and accounts receivable-trade	47,278	—
Notes and accounts receivable and contract assets-trade	—	53,692
Merchandise and finished goods	22,261	27,305
Work in process	1,903	2,293
Raw materials and supplies	34,075	42,542
Other	7,845	8,040
Allowance for doubtful accounts	(50)	(52)
Total current assets	122,797	142,902
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,386	19,390
Machinery, equipment and vehicles, net	12,431	15,148
Land	3,893	4,133
Other, net	4,052	5,884
Total property, plant and equipment	37,764	44,558
Intangible assets	2,590	2,666
Investments and other assets		
Investment securities	2,385	2,172
Investments in capital	957	1,109
Other	3,528	3,675
Allowance for doubtful accounts	(102)	(106)
Total Investments and other assets	6,768	6,850
Total noncurrent assets	47,123	54,075
Total assets	169,921	196,978

TRANSLATED

(JPY in millions)

	As of Dec. 31, 2021	As of Jun. 30, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	37,298	37,370
Short-term loans payable	31,561	35,632
Income taxes payable	1,667	2,040
Other	9,306	12,619
Total current liabilities	79,833	87,662
Noncurrent liabilities		
Bonds	10,000	10,000
Long-term loans payable	8,446	15,201
Liabilities for retirement benefits	668	730
Other	4,603	5,123
Total noncurrent liabilities	23,718	31,055
Total liabilities	103,551	118,718
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,630	5,594
Retained earnings	57,074	57,945
Treasury stock	(5,945)	(5,868)
Total shareholders' equity	58,902	59,815
Accumulated comprehensive income		
Valuation difference on available-for-sale securities	528	242
Foreign currency translation adjustment	6,404	17,621
Adjustment for retirement benefits	44	62
Total accumulated comprehensive income	6,976	17,926
Subscription rights to shares	77	69
Non-controlling interests	412	448
Total net assets	66,369	78,260
Total liabilities and net assets	169,921	196,978

(2) Consolidated Statements of Income

(JPY in millions)

	Jan. 1, 2021 - Jun. 30, 2021	Jan. 1, 2022 - Jun. 30, 2022
Net sales	109,470	125,467
Cost of sales	99,410	113,882
Gross profit	10,059	11,584
Selling, general and administrative expenses	7,517	8,126
Operating income	2,541	3,457
Non-operating income		
Interest income	11	7
Dividends income	15	6
Share of profit of entities accounted for using equity method	—	98
Foreign exchange gains	206	100
Subsidy income	88	96
Gain on sales of goods	320	139
Gain on sales of scrap	85	110
Other	117	141
Total non-operating income	846	701
Non-operating expenses		
Interest expenses	137	287
Share of loss of entities accounted for using equity method	3	—
Purchase of goods	276	93
Other	53	138
Total non-operating expenses	471	519
Ordinary income	2,917	3,639
Extraordinary income		
Gain on reversal of share acquisition rights	0	—
Total extraordinary income	0	—
Extraordinary loss		
Losses related to COVID-19	—	367
Total extraordinary losses	—	367
Income before income taxes	2,917	3,272
Income taxes-current	1,155	1,253
Income taxes-deferred	(695)	454
Total income taxes-current	459	1,707
Net Income	2,457	1,564
Profit (loss) attributable to non-controlling interests	4	(15)
Profit attributable to owners of parent	2,452	1,579

Consolidated Statements of Comprehensive Income

(JPY in millions)

	Jan. 1, 2021 - Jun. 30, 2021	Jan. 1, 2022 - Jun. 30, 2022
Net Income(loss)	2,457	1,564
Other comprehensive income		
Valuation difference on available-for-sale securities	570	(286)
Foreign currency translation adjustment	3,753	11,126
Remeasurements of defined benefit plans	7	24
Equity equivalent of equity method affiliate	69	136
Total other comprehensive income	4,400	11,001
Comprehensive income	6,858	12,565
(Content)		
Comprehensive income attributable to owners of parent	6,825	12,529
Comprehensive income attributable to non-controlling interests	32	36

(3) Consolidated Statements of Cash Flows**TRANSLATED**

(JPY in millions)

	Jan. 1, 2021 - Jun. 30, 2021	Jan. 1, 2022 - Jun. 30, 2022
Net cash provided by (used in) operating activities		
Income before income taxes	2,917	3,272
Depreciation and amortization	2,972	3,650
Increase (decrease) in allowance for doubtful accounts	1	(0)
Interest and dividends income	(27)	(13)
Interest expenses	137	287
Foreign exchange losses (gains)	(448)	(1,065)
Equity in (earnings) losses of affiliates	3	(98)
Decrease (increase) in notes and accounts receivable-trade	(2,314)	(26)
Decrease (increase) in inventories	(5,370)	(5,502)
Decrease (increase) in consumption taxes refund receivable	399	339
Increase (decrease) in notes and accounts payable-trade	3,775	(3,301)
Increase (decrease) in advances received	30	1,130
Other	866	(568)
Subtotal	2,942	(1,897)
Interest and dividends income received	18	12
Interest expenses paid	(130)	(257)
Income taxes paid	(644)	(1,291)
Net cash provided by (used in) operating activities	2,185	(3,435)
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(1,880)	(3,914)
Proceeds from sales of property, plant and equipment	19	1
Purchase of intangible assets	(442)	(219)
Payments of loans receivable	(16)	(19)
Collection of loans receivable	15	17
Collection of investments in capital	—	47
Proceeds from subsidy income	64	14
Other	54	0
Net cash provided by (used in) investment activities	(2,185)	(4,073)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(6,887)	1,682
Proceeds from long-term loans payable	936	7,035
Repayment of long-term loans payable	(2,178)	(1,913)
Purchase of treasury stock	(0)	—
Cash dividends paid	(708)	(707)
Other	(248)	(329)
Net cash provided by (used in) financing activities	(9,086)	(5,768)
Effect of exchange rate change on cash and cash equivalents	1,137	1,318
Net increase (decrease) in cash and cash equivalents	(7,949)	(421)
Cash and cash equivalents at beginning of period	22,968	9,315
Increase in cash and cash equivalents from newly consolidated subsidiary	40	—
Cash and cash equivalents at end of period	15,059	8,894

(4) 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 2nd quarter of the fiscal year decreased by 4,078 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 first half 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.

(Consolidated Statements of Income)

Losses related to COVID-19

The consolidated subsidiaries in the Greater China Segment of the Group have reclassified the fixed costs corresponding to the period during which they suspended operations at their respective sites and reduced operating hours at the request of the Chinese government and others to prevent the spread of COVID-19 as "Losses related to COVID-19".

【Segment Information】

I 2nd quarter of previous year (Jan 1, 2021 – Jun 30, 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	23,313	28,304	31,748	8,011	18,071	109,449	20	109,470
Intersegment sales and transfers	20,080	10,587	9,246	522	3,253	43,689	(43,689)	—
Total	43,393	38,892	40,995	8,533	21,325	153,139	(43,669)	109,470
Segment income or loss	(20)	785	1,616	168	173	2,723	(181)	2,541

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 20 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -43,689 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, -181 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 2nd quarter of current year (Jan 1, 2022 – Jun 30, 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	22,792	31,669	40,132	8,261	22,543	125,399	67	125,467
Intersegment sales and transfers	21,524	9,798	10,455	637	5,448	47,865	(47,865)	—
Total	44,317	41,467	50,588	8,899	27,991	173,264	(47,797)	125,467
Segment income or loss	230	722	2,257	(81)	577	3,705	(247)	3,457

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 67 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -47,865 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, -247 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 2nd quarter of current fiscal year decreased respectively by 4,078 million yen.