

Consolidated 3rd Quarter Financial Results

for the Fiscal Year Ended December 31, 2022 (January 1, 2022 to September 30, 2022)

Company name: SIIX Corporation
 Stock code: 7613
 Stock exchange listing (Section): Tokyo Stock Exchange, (Prime Market)
 Head office: Osaka, Japan
 URL: <https://www.siix.co.jp>
 President: Koji Yanase
 Contact: Seiji Ono
 Director, Executive Officer and General Manager,
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 Scheduled date of filing quarterly financial statement: November 14, 2022
 Scheduled date of payment of cash dividends: —

(Amounts rounded down to million yen)

1. Consolidated Financial Results (January 1, 2022 – September 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 (%)
3rd quarter ended Sep. 2022	201,917	23.3	6,564	82.4	6,464	52.7
3rd quarter ended Sep. 2021	163,807	27.3	3,598	25.5	4,233	57.3

	Profit attributable to owners of parent		Net income per share (basic)	Net income per share (diluted)
	Million yen	YoY change (%)	Yen	Yen
3rd quarter ended Sep. 2022	3,418	4.4	72.29	72.20
3rd quarter ended Sep. 2021	3,274	451.0	69.28	69.18

(note) Comprehensive income

3rd quarter ended September 2022: 16,568 million yen (y/y 122.1%)
 3rd quarter ended September 2021: 7,460 million yen (y/y —%)

(2) Consolidated Financial Position

	Total assets	Net assets	Capital-to-asset ratio
	Million yen	Million yen	%
3rd quarter ended Sep. 2022	214,520	81,553	37.8
Year ended Dec. 2021	169,921	66,369	38.8

(Reference) Stockholders' equity:

3rd quarter ended September 2022: 81,022 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):
 - 3rd quarter ended Sep. 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:
 - 3rd quarter ended Sep. 2022: 3,096,887 shares
 - Year ended Dec. 2021: 3,137,933 shares
 - (iii) Average number of shares outstanding:
 - 3rd quarter ended Sep. 2022: 47,284,536 shares
 - 3rd quarter ended Sep. 2021: 47,260,243 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 Sep. 30, 2022
Assets		
Current assets		
Cash and deposits	9,484	10,833
Notes and accounts receivable-trade	47,278	—
Notes and accounts receivable and contract assets-trade	—	63,943
Merchandise and finished goods	22,261	29,585
Work in process	1,903	2,424
Raw materials and supplies	34,075	42,381
Other	7,845	8,911
Allowance for doubtful accounts	(50)	(58)
Total current assets	122,797	158,021
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	17,386	19,522
Machinery, equipment and vehicles, net	12,431	16,079
Land	3,893	4,772
Other, net	4,052	6,418
Total property, plant and equipment	37,764	46,793
Intangible assets	2,590	2,635
Investments and other assets		
Investment securities	2,385	2,115
Investments in capital	957	1,118
Other	3,528	3,943
Allowance for doubtful accounts	(102)	(108)
Total Investments and other assets	6,768	7,070
Total noncurrent assets	47,123	56,498
Total assets	169,921	214,520

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(JPY in millions)

	As of Dec. 31, 2021	As of Sep. 30, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	37,298	45,439
Short-term loans payable	31,561	35,477
Income taxes payable	1,667	2,115
Other	9,306	14,555
Total current liabilities	79,833	97,587
Noncurrent liabilities		
Bonds	10,000	10,000
Long-term loans payable	8,446	19,244
Liabilities for retirement benefits	668	771
Other	4,603	5,362
Total noncurrent liabilities	23,718	35,379
Total liabilities	103,551	132,966
Net assets		
Shareholders' equity		
Capital stock	2,144	2,144
Capital surplus	5,630	5,594
Retained earnings	57,074	59,075
Treasury stock	(5,945)	(5,867)
Total shareholders' equity	58,902	60,945
Accumulated comprehensive income		
Valuation difference on available-for-sale securities	528	256
Foreign currency translation adjustment	6,404	19,746
Adjustment for retirement benefits	44	73
Total accumulated comprehensive income	6,976	20,076
Subscription rights to shares	77	68
Non-controlling interests	412	462
Total net assets	66,369	81,553
Total liabilities and net assets	169,921	214,520

(2) Consolidated Statements of Income

(JPY in millions)

	Jan. 1, 2021 - Sep. 30, 2021	Jan. 1, 2022 - Sep. 30, 2022
Net sales	163,807	201,917
Cost of sales	149,086	182,838
Gross profit	14,721	19,078
Selling, general and administrative expenses	11,122	12,513
Operating income	3,598	6,564
Non-operating income		
Interest income	16	13
Dividends income	32	44
Share of profit of entities accounted for using equity method	7	55
Foreign exchange gains	170	—
Subsidy income	122	140
Gain on sales of goods	553	265
Gain on sales of scrap	137	162
Other	283	175
Total non-operating income	1,323	857
Non-operating expenses		
Interest expenses	223	534
Foreign exchange losses	—	80
Purchase of goods	405	156
Other	59	185
Total non-operating expenses	687	957
Ordinary income	4,233	6,464
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Total extraordinary income	0	0
Extraordinary loss		
Losses related to COVID-19	—	376
Total extraordinary losses	—	376
Income before income taxes	4,234	6,089
Income taxes-current	1,559	1,962
Income taxes-deferred	(604)	710
Total income taxes-current	955	2,672
Net Income	3,278	3,416
Profit (loss) attributable to non-controlling interests	4	(1)
Profit attributable to owners of parent	3,274	3,418

Consolidated Statements of Comprehensive Income

(JPY in millions)

	Jan. 1, 2021 - Sep. 30, 2021	Jan. 1, 2022 - Sep. 30, 2022
Net Income	3,278	3,416
Other comprehensive income		
Valuation difference on available-for-sale securities	379	(271)
Foreign currency translation adjustment	3,752	13,267
Remeasurements of defined benefit plans	10	34
Equity equivalent of equity method affiliate	38	122
Total other comprehensive income	4,181	13,152
Comprehensive income	7,460	16,568
(Content)		
Comprehensive income attributable to owners of parent	7,423	16,518
Comprehensive income attributable to non-controlling interests	36	50

(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 7,343 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 3rd 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.

(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 3rd quarter of previous year (Jan. 1, 2021 – Sep. 30, 2021)

2 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	35,196	42,623	47,639	10,794	27,528	163,782	24	163,807
Intersegment sales and transfers	31,120	16,155	14,160	770	5,398	67,604	(67,604)	—
Total	66,316	58,779	61,800	11,564	32,926	231,387	(67,580)	163,807
Segment income or loss	(37)	1,133	2,496	(118)	388	3,861	(263)	3,598

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 24 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -67,604 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, -263 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 3rd quarter of current year (Jan. 1, 2022 – Sep. 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	36,427	55,004	62,783	11,638	35,903	201,757	160	201,917
Intersegment sales and transfers	34,534	15,942	16,777	1,032	8,923	77,210	(77,210)	—
Total	70,961	70,946	79,561	12,670	44,826	278,967	(77,050)	201,917
Segment income or loss	650	1,320	3,790	(314)	1,300	6,747	(182)	6,564

(note 1) Adjustment is as following;

1. The amount of adjustment in sales to third parties, 160 million yen, is sales in Corporate segment.
2. The amount of adjustment in inter-segment sales and transfer, -77,210 million yen, is the amount of elimination of internal transactions between segments.
3. The amount of adjustment in segment income, -182 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 3rd quarter of current fiscal year decreased respectively by 7,343 million yen.