

Always respond to customer needs with the spirit of "We Care".

SIIX Corporation

# 2023 Integrated Report

Global Business Organizer



Navigation buttons:



Link to a related page in the report



Link to an external website

SIIX Principles (Corporate Philosophy)

Corporate Theme

The Corporate Theme is the SIIX business concept.

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

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 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 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



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Editorial policy

We have issued the 2023 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.  
<https://www.siix.co.jp/en/>  
Going forward, we will continue to work toward the realization of a sustainable and global co-creation society through our main business.

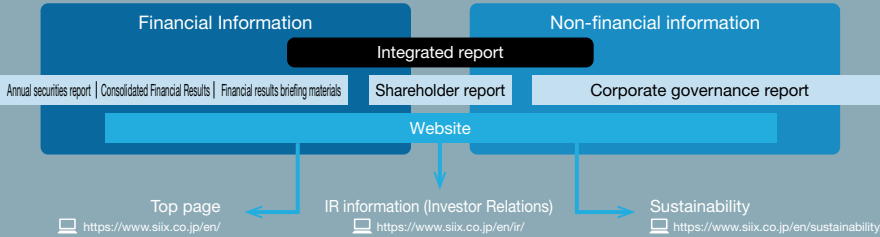
Disclaimer

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 : FY2022  
(January 2022 - December 2022)  
Some sections of this report include information during and after December 2022.  
Scope : SIIX and its subsidiaries and affiliates

Information disclosure and communication



## History of Value Creation

### History of SIIX

The company was founded on July 1, 1992, when major ink-maker Sakata Inx Corporation's Overseas Business Department, in charge of trading, became independent. We marked the 30th anniversary in 2022. As a "global business organizer" that connects various needs and seeds in the world, we have created and offered different types of new value without being bound by industry or field boundaries. The company has the willingness to take on new challenges under the slogan of "Make an Impact," as well as to work closely with all stakeholders under the spirit of "We care." We will thus respond swiftly to our customers' needs.

## From 1957

### Commenced trading activities overseas

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 has constructed its business model with a focus on "overseas business" since the initial stages of its founding.

## From 1979

### Commenced EMS business

In 1979, when the term EMS (electronics manufacturing services) did not exist, SIIX started this business overseas (Singapore) and became a pioneer in the Japanese EMS industry.

## From 1992

### Expanded business mainly in Asia

The company spun off from Sakata Inx and changed its name to SIIX Corporation. Supported by the increasing global demand for electronics manufacturing services, SIIX established production and sales bases in China, ASEAN countries, and Europe, thereby expanding its business.

## From 2010

### Expansion of global network

SIIX further expanded its network of bases to respond to the needs of a larger number of customers. The company also focuses on Joint Design Manufacturing (JDM) to connect needs and seeds around the world as a global business organizer.

### History of SIIX

**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

**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 (became our current mainstay factory)



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



**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-related equipment  
After making a full-fledged entry into the field of automotive-related 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-related 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)  
Achieved sales of 100 billion yen  
Listed in the Second Section of the Tokyo Stock Exchange

**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-related electronic components

**2002** Commenced EMS business for automotive-related equipment at the Thai Factory

**2005** Listed in the First Section of the Tokyo Stock Exchange and the Osaka Securities Exchange

**2007** Opened a logistics center in Thailand

**2009** Patented a new method of circuit board mounting

**1995** Great Hanshin-Awaji Earthquake

**2008** Collapse of Lehman Brothers

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

**2012** Marked the 20th anniversary of its establishment  
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  
Achieved sales of 200 billion yen



**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

**2021** Integrated management of a sales subsidiary and a manufacturing subsidiary in Thailand

**2022** Listed in the Prime Market of the Tokyo Stock Exchange  
Marked the 65th anniversary of its founding, and the 30th anniversary of its establishment

**2023** Integrated management of a sales subsidiary, a manufacturing subsidiary, and a die molding subsidiary in the Philippines

**2011** Great East Japan Earthquake

**2018** U.S.-China trade friction

**2020** Spread of COVID-19

**2021** Semiconductor chip shortages

### Social changes and issues

**1960s** Period of high economic growth in Japan

**1970s** Two oil crises

**Late 1980s** Trade friction

**Late 1990s** Burst of the bubble economy

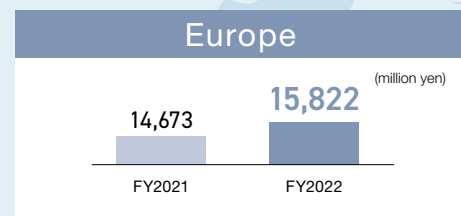


## Global network

### Global deployment with 50 bases in 15 countries worldwide

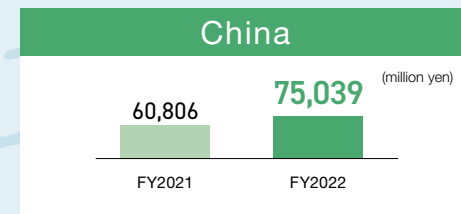
The ability to provide a variety of outsourcing options to our customers through our extensive and organic network of overseas bases is one of the strengths of SIIX. We have established bases in approximately 50 locations in 15 countries worldwide that can assist in the global business development of our customers, from materials procurement to manufacturing and distribution. (As of the end of December 2022)

### Contact for major European corporations



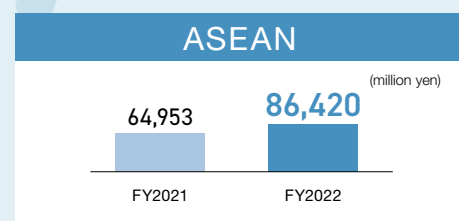
- 9 SIIX Europe GmbH
- 10 SIIX EMS Slovakia s.r.o.
- 11 SIIX Hungary kft.

### 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 H.K. Ltd.
- 17 SIIX TWN Co., Ltd.

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



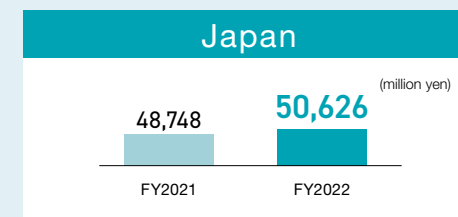
- 18 Thai SIIX Co., Ltd.
- 19 SIIX Vietnam Company Limited
- 20 SIIX Malaysia Sdn.Bhd
- 21 SIIX Phils., Inc.
- 22 SIIX EMS PHILIPPINES, INC.
- 23 SIIX Singapore Pte. Ltd.
- 24 PT SIIX Electronics Indonesia
- 25 PT. SIIX EMS INDONESIA
- 26 PT. SIIX Trading Indonesia

### 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

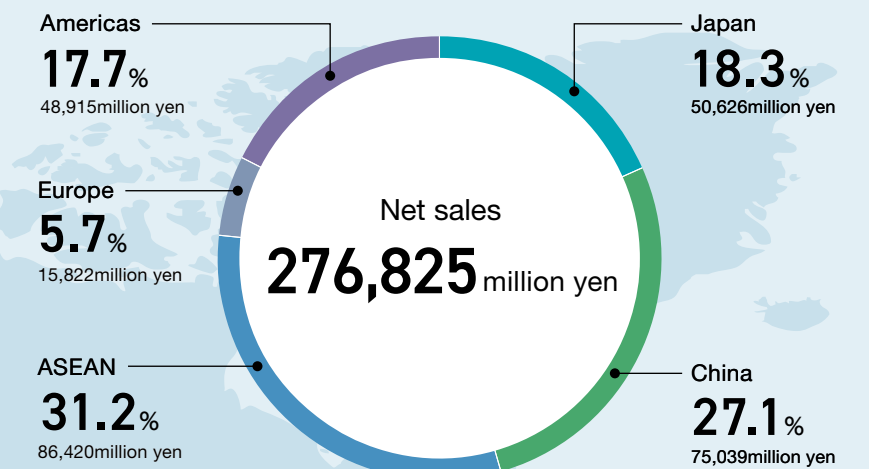
\*★ indicates a non-consolidated subsidiary

### Preparations to expand domestic production in Japan



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

### Composition of sales by segment



\*Other than the above, consolidated net sales of 277,031 million yen include 206 million yen that does not belong to any reportable segment.

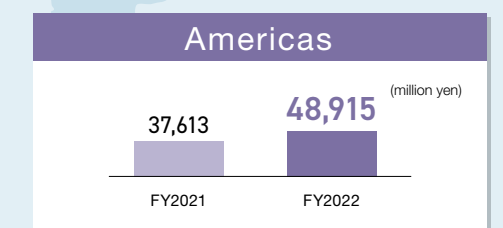
### Solar panels in operation around the world

We have been working on the installation of solar panels on the roof of our factories since FY2021 in order to supply a part of the electric power used in our business activities. By the end of FY2022, solar panels were installed at our factories in China (Shanghai and Dongguan), Mexico, and Indonesia (Karawang) and began operation. We will proceed with the installation at other factories in sequence to further reduce greenhouse gas emissions.



Solar panels at Indonesia Factory

### Enhanced support for western corporations in Mexico

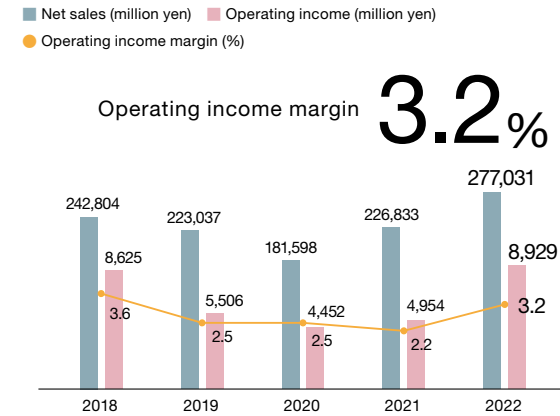


- 3 SIIX U.S.A. Corp.
- 4 SIIX U.S.A. Corp. Detroit Branch
- 5 SIIX U.S.A. Corp. Irvine Branch
- 6 SIIX MEXICO, S.A DE C.V.
- 7 SIIX EMS MEXICO, S. de R.L de C.V.
- 8 SIIX do Brasil Ltda.

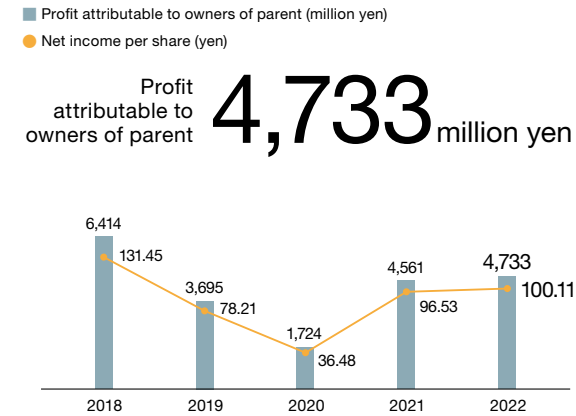
## SIIX in Numbers [financial and non-financial high-lights]

### Financial data

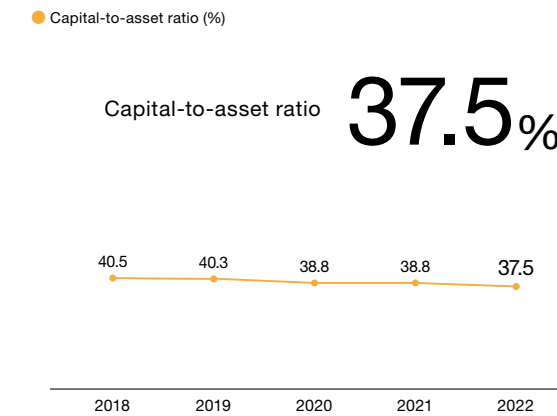
#### Net sales / Operating income / Operating income margin



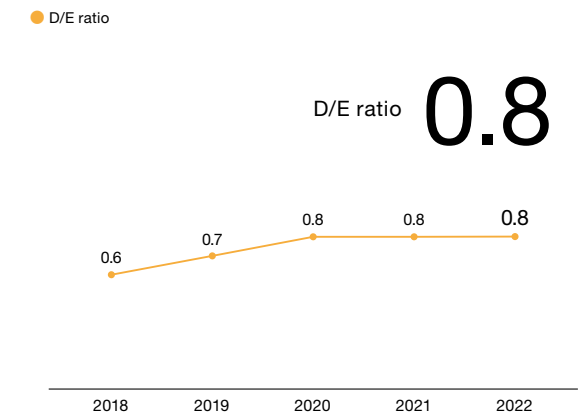
#### Profit attributable to owners of parent / Net income per share (EPS)



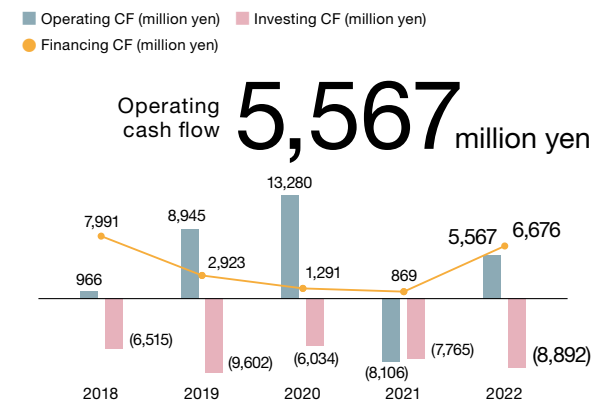
#### Capital-to-asset ratio



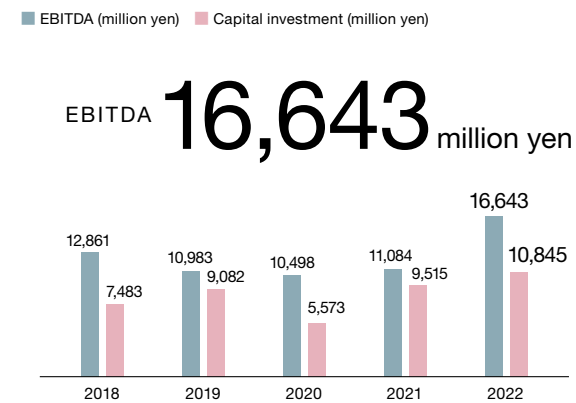
#### D/E ratio



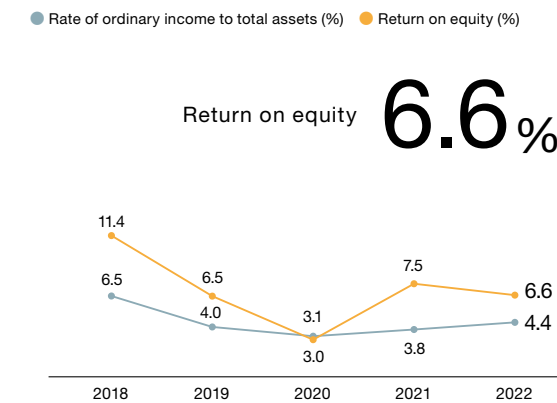
#### Operating cash flow / Investing cash flow / Financing cash flow



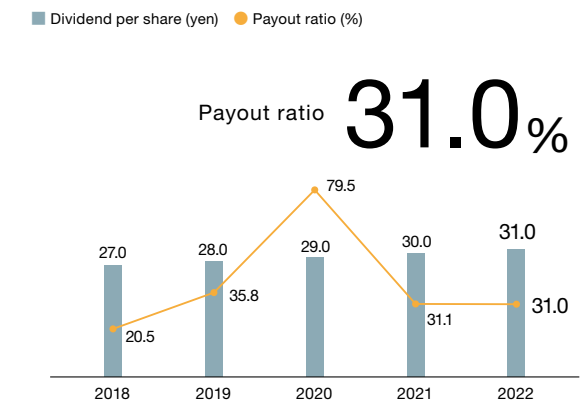
#### EBITDA / Capital investment



#### Rate of ordinary income to total assets / Return on equity



#### Dividend per share / Payout ratio



### Non-financial data

#### Total CO<sub>2</sub> emissions (Scope1, 2, 3)

2022 **605,901<sub>t</sub>**  
(653,434t in 2021)

#### Actual solar panel power generation

2022 **2,837<sub>MWh</sub>**  
(2,010MWh in 2021)

\*Operation at factories in China (Shanghai and Dongguan), Mexico, and Indonesia (Karawang).

Please refer to the Society section (□p.43) for detailed information on our initiatives in social issues.

#### Ratio of women in management positions\*

2022 **32.2%**  
(32.4% in 2021)

#### Ratio of local employees in management positions\*

2022 **77.3%**  
(77.3% in 2021)

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

## Message from the Chairman

The spirit of  
“The Benefits of Zero”  
that has underpinned  
our development

Shiro Murai Chairman

### With printing ink as our starting point, we opened the path to the EMS business

SIIX's starting point as a “global business organizer” lies in my beginning the business of exporting printing ink alone a few years after I joined Sakata Shokai Co., Ltd. (now Sakata Inx Corporation) in 1952. This led the company to boldly enter into other business areas. For over 60 years since then, we have developed our business in the spirit of “The Benefits of Zero.” This is the belief that being empty-handed does not mean being incapable of action, rather, that it is a strength that allows us to aim for the highest goal by the shortest route. During that time, we have overcome various challenges, including fluctuations in the global economy, and continued to grow, even as we were buffeted by the rough waves of intense competition.

Something that I realized when I started selling printing ink was that while printing something on paper may seem easy, it actually is not. The condition of printing ink varies subtly depending on temperature and humidity, requiring adjustments according to those conditions to ensure consistency of the finished printed materials. The skill of the printing firm lies on how well they are able to handle this variable, namely the printing ink.

Having to sell such troublesome products was the beginning of my life in business. Even before the term “EMS (Electronics Manufacturing Services)” existed, we had been single-mindedly pursuing the value of services that contributed to the development of the manufacturing business, from the perspectives of meeting customer needs and increasing satisfaction. While at a glance, printing ink and EMS may seem to have nothing to do with each other, in my view, they are similar in that they are processed with high quality through meticulous adjustment to suit the conditions, so they are by no means unconnected.

### Discovering business opportunities in the Philippines during an overseas business trip

When I started working, the global market for inks was about 2 trillion yen. Today, however, that market has

shrunk to just 1.4 trillion yen. When I was younger, my own thinking was that, even if we were able to monopolize the entire printing ink market, the size of that business would still be limited to 2 trillion yen. I thought that it would not be worth the challenge when the market size is so limited, and that it would be difficult for management to share their dreams with employees.

With that thinking, I requested a transfer to the export business and flew out into the world, even with my poor English abilities. At first, I spent dozens of days traveling around Southeast Asia, calling on businesses without an appointment to sell them our printing ink. As I traveled through various countries, the booming television manufacturing industry in the Philippines caught my eye. At that time, there were already many TV production plants in the Philippines, where televisions were manufactured using electronic components brought in from the United States. This is when I was inspired to export electronic components from Japan. This is the starting point of SIIX as a “global business organizer” of today.

Sensing a business opportunity, I obtained approval from my company to go to night school for six months to learn about electric products, after which I launched exports of electric components. As I threw myself into the new business with the same passion I engaged in ink sales, it gradually grew larger. Subsequently, in addition to electronic components, our product offerings expanded to include electronic musical instruments, motorcycles, wire harnesses, and CFC gas.

### My mission is to instill the SIIX Principles throughout the Group

Among the various product areas that we have explored, one area that has left an impression on me is that of electronic musical instruments. Together with Mr. Ikutaro Kakehashi, the founder of Roland Corporation, I participated in the establishment of an electronic musical instruments manufacturing company, Ace Electronic Industries, Inc. (a forerunner of Roland Corporation). We grew this company to



become, for a time, the world leader in the area of electronic musical instruments. Since our foundation, we have grown our business significantly, with two principles as our unwavering driving forces. One is “The Benefits of Zero,” which represents our spirit of challenge and belief that being empty-handed actually allows us to create something that has never been existed before without restrictions. The other is the sense of relationship with the many people who have supported SIIX until now. The electronic musical instruments business conducted at Ace Electronic Industries, Inc. was also born from such a relationship with Mr. Ikutaro Kakehashi. Although he was prone to illness, he is famous for developing the Musical Instrument Digital Interface (MIDI), a common standard for electronic music. Moreover, he expanded the potential of electronic music by making MIDI publicly available, instead of monopolizing it. Such an attitude of coexistence and co-prosperity mirrors precisely the management policy of “We Care” that is still cherished by SIIX. Embodied in this policy is the hope that everyone involved in our business will be happy.

Something that I have held dear alongside this policy is the idea that true management means removing and transcending constraints. What I mean by this is that the job of management is none other than to remove all impediments to business growth. I have held this idea as our unchanged policy since I established SIIX. For example, transcending product boundaries and stepping forward into new fields. Transcending national borders and opening up new markets and production regions. Recruiting new people, growing them, and putting them to use. I have always believed that these are the jobs of management, and that is what I have practiced to date. Now that SIIX is operating businesses around the world, this is precisely the time for us to detect the issues of our current situation and pursue our goal of being a corporate group that shares a spirit of effecting change with our own hands.

The SIIX Principles, our corporate philosophy, is a compilation of the universal beliefs held at SIIX. It is our basic philosophy for the conduct of corporate activities by all officers and employees. In the SIIX Principles, we declare that “We contribute to the activation of the social system and the progress of humankind by

casting the spotlight on the world’s key resources and pursuing their effective use” and set forth “Challenging, Speedy and Fair” as our corporate style. I believe it is my mission as chairman to share the same values and instill the SIIX Principles throughout the entire Group.

### Establishing management foundations in the Philippines while valuing relationships of trust with people

I have always said that if you have a relationship that is based on trust, you can break through almost anything. I believe that the true reason for our existence is to build relationships of trust not only with our customers but also with all our stakeholders.

It was one such relationship of trust with people that led me to engage in the motorcycle business in the Philippines. Focusing on the potential of motorcycles as a means of daily life, I set up a motorcycle business in the Philippines with my business partner, Mr. Jesus V. del Rosario (“Mr. J”), a leading entrepreneur in the Philippines who later became a lifelong friend, and we started exporting quality Japanese motorcycles to the Philippines.

At the time, motorcycle taxis and motorcycles with sidecars were a common mode of transportation in the Philippines. We helped people who wanted to buy motorcycles to start their own business, by providing them with loans to buy them. I remember devoting myself to the motorcycle business in the belief that our “We Care” spirit entails not simply selling a motorcycle, but also making the person who bought and uses it happy.

Later, SIIX, Mr. J, and a Japanese company established a joint venture company in the motorcycle business. This company is still our business partner in the Philippines. Mr. J and I built a solid relationship of trust through our involvement in various other businesses besides the motorcycle business. Today, his son has taken over the operating company, but that relationship of trust extends to the entire family and remains unchanged, creating the foundations for our management today.

### Steady expansion of transactions with major global companies

About ten years after it was founded, SIIX became fully engaged in EMS (Electronics Manufacturing Services) in the field of automotive-related equipment. This was the golden age of mobile phones, and the business was expanding rapidly. On the other hand, global competition had intensified, so we decided that we should not stay in the mobile phone business and decided to shift to other businesses. At the time, EMS was not the mainstream enterprise in the automotive-related equipment sector, but we focused on the possibility that the shift of client companies to overseas production would be a tailwind for EMS, and we developed a production framework by making our production base in Thailand a wholly-owned subsidiary. Today, the Thai factory, which has more than 2,000 employees, has become our company’s flagship factory, and business with major global companies in the automotive-related equipment sector is steadily expanding in other parts of the world, as well as Thailand.

Given that cars need to be able to drive in a variety of environments, there are numerous restrictions on the components used in them, making manufacturing those components no easy task. However, the more constraints there are, the more opportunities we have to exercise our spirit of “We Care,” so I believe that this is exactly the kind of business we should be in. In this respect, it is similar to the point I made at the beginning that printing on paper with ink requires subtle adjustments.

In addition to EMS in the automotive-related equipment sector, one area that SIIX needs to develop is EMS in the medical devices sector. We hope to draw on the experience, technology and know-how that we have acquired in the field of automotive-related equipment and enter this sector. SIIX currently ranks among the top in Japan and 17th in the global rankings in the EMS sector. If we look at the businesses of the top 10 companies, medical-related business accounts for a certain portion of their business portfolios. This also points to our need to develop EMS in the medical sector no matter what. In

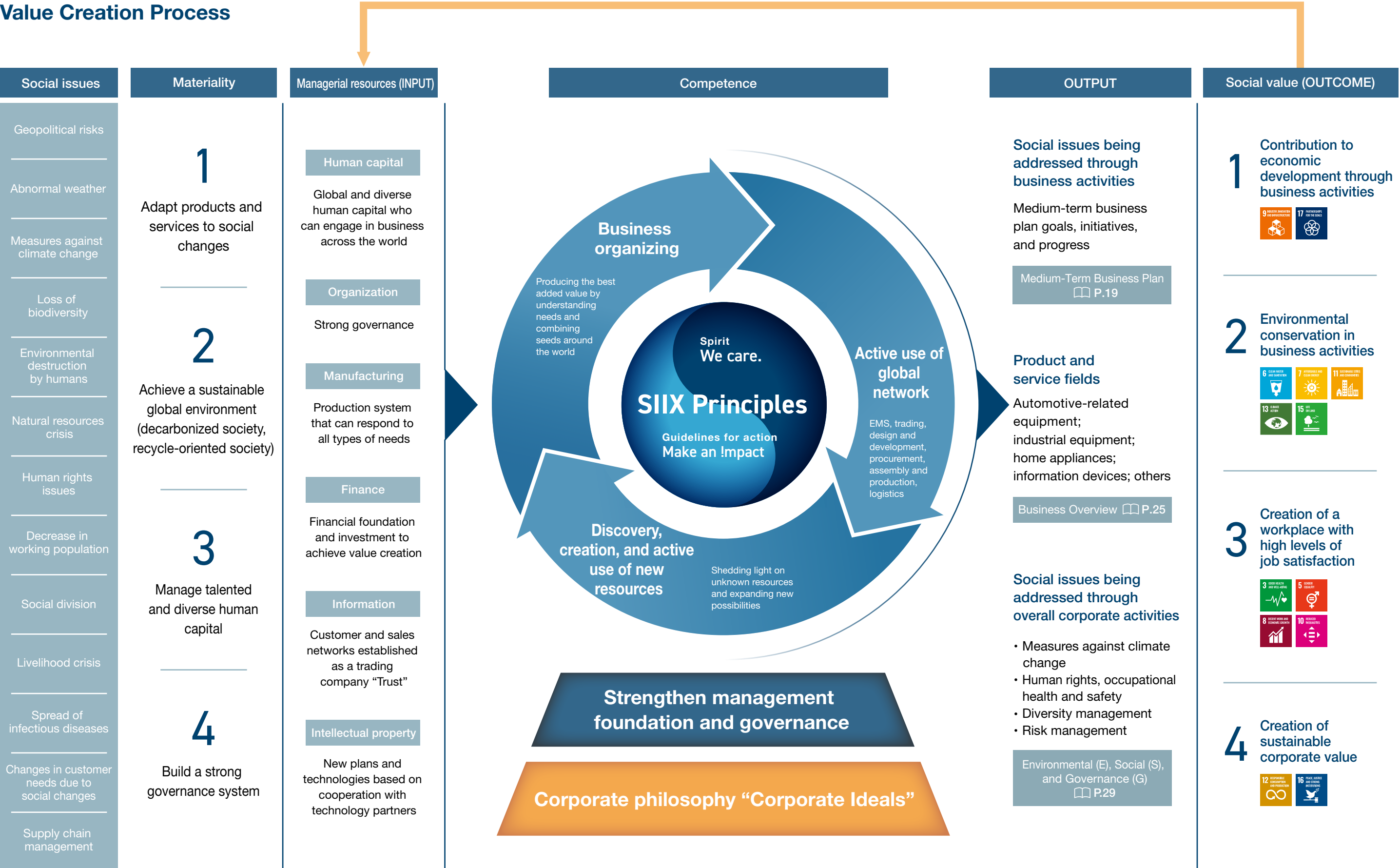
addition, new revenue opportunities are emerging at SIIX, such as efforts to create a business in rechargeable batteries for power tools. In addition to our steady development of these kinds of fields, we will strive to achieve the target of “Winning trust with the world’s number one quality and service,” as set forth in the medium-term business plan.

Without resting on our laurels, we will continue to take on the challenge of new possibilities by demonstrating the spirit of “The Benefits of Zero” and “We Care.” We will continue to evolve as a “global business organizer,” with the aim of enhancing our corporate value by “contributing to all stakeholders and giving them a sense of affinity,” as stated in our corporate philosophy.

Today, with SIIX employees actively working around the world, we will plant firm roots in various parts of the world and contribute to the development of various regions as well as Japan. To this end, we will establish business foundations for the next generation, on which we will continue to maintain stable business performance and return profits to shareholders and investors. We look forward to your continued support for SIIX Corporation, and we sincerely appreciate your ongoing support,



Value Creation Process





## Message from the President

Looking beyond the current times, we will strive to enhance corporate value through the creation of business opportunities worldwide.

Koji Yanase President

### With our organizational structure that is able to respond agilely to any situation as our strength

Firstly, in terms of the status of our endeavors during FY2022, although we faced various headwinds in the external environment, such as the COVID-19 lockdowns in Shanghai, China and the situation in Ukraine, we were able to exceed our published targets in our business performance. As the business environment changes at a bewildering pace, the stable supply of components worldwide has become an increasingly important mission for the SIIX Group. I believe that strengthening our organizational structure that is able to respond agilely to any situation over the past three years has enabled us to deliver the required

goods in the required quantities at the required time.

In March 2023, when the senior manager of the purchasing department of one of our customers was about to retire, he actually took the trouble to call on us personally. During that visit, he kindly praised SIIX for being the only one of their suppliers not to stop its production lines during the Shanghai lockdown, saying, “That’s an incredible thing!” In fact, during the lockdown, with strict movement restrictions in place, only a limited number of people were permitted to enter the Shanghai Factory. These few employees, including a woman with a child who volunteered herself, took emergency action to ensure that the factory would not stop operating. During the approximately two-month period of the lockdown, the number of staff who slept at the factory to keep it

operating gradually increased, until ultimately, over 500 staff, about half of the Shanghai Factory’s total workforce, were sleeping at the factory and engaging in the manufacture of components. When I encountered this vision of our employees during the pandemic, as well as feeling great appreciation for their passion and sense of responsibility toward their own work, I gained a real sense of the strength of the SIIX Group. There are many aspects concerning how to fulfill our mission of stable supply of components that cannot be conveyed in a manual. In that respect, I was struck anew by how truly strong our organization is in having overcome such an emergency.

### Business performance growth receives a strong boost from the tailwind of the “xEV shift”

In the first quarter of FY2023 as well, our performance has trended in line with our initial forecasts. Having said that, there are some regional variations in economic conditions, with Asia and North America doing well, while the situation in China remains unfavorable.

If we look at market developments by sector, our perception is that the “xEV (a collective term for electric vehicles) shift” will progress even further. Even just in Europe, xEV-related orders are on the rise and arriving at the same time, and we are having trouble dealing with all demand instantaneously. In addition, transactions with European manufacturers are starting one after the other, and the need for EMS (Electronics Manufacturing Services) is only increasing. Global demand for ECU (electronic control units) alone, which was 14-15 trillion yen in 2022, is forecast to reach the vicinity of 35 trillion yen in 2035. As demand for motors and batteries is also expected to increase in conjunction with ECUs, we expect net sales to grow by close to 20% per year.

On the other hand, in the United States, there has been a change in policy in favor of xEV, which means that we need to identify what will happen with Japanese automobiles. The Japanese manufacturers are, of course, ambitious about xEVs, and a growing number of our orders from them are being brought forward. While it seems as though we have been issued with a great command, the reality is that they have not necessarily been able to stay on top of the

wave caused by the United States’ preferential policy. In China as well, in consideration of their requirements and the cost, many customers want China-made xEVs. I am somewhat concerned that such developments are taking place in the world’s largest markets.

### Launch of a battery module production line in a SIIX-original global response

I will now move onto the future growth area of battery-related businesses. Currently, we procure components from Japanese and Chinese battery manufacturers, which we assemble in the Philippines for supply all over the world. In addition, in 2022, we started up a battery module production line in Batam, Indonesia. There, our Indonesian automation development team is playing the central role in automating the battery module production line to enable cost-effective mass production.

Going forward, we will take the automation know-how introduced in Indonesia and incorporate it in our production lines in the Philippines. Then, once we have raised in-house proficiency levels for the use of that know-how in mass production, we plan to introduce it in Mexico as well. At that time, our Indonesian engineers will also come along to Mexico to help iron out any defects, while the responsible staff from the Philippines will be in charge of operations. This kind of arrangement is unique to our company. Our outstanding Filipino staff will spend one to two years in Mexico as teachers to get the production line at the Mexico Factory up and running.

To promote this kind of global expansion, in January 2023, we integrated the management of our three companies in the Philippines, namely the EMS plant, SIIX EMS PHILIPPINES, the electronic components sales company, SIIX Logistics PHILIPPINES, and the plastic molding plant, SIIX COXON PRECISION PHILS. By removing any areas of duplication while retaining the respective functions of the three companies, we have laid the groundwork for further growth. The merged company has a human capital development department, and in addition to dispatching engineers who have been trained there to Mexico and Hungary, we also plan to dispatch other workers in future.

Steadily expanding business with major global companies steadily expanding

In terms of the expansion of business with major global companies, which is one of the major goals in the medium-term business plan, my sense is that customers are choosing the SIIX Group for the value that having locations around the world offers. As such, the volume of business is steadily expanding. Within that trend, there are increasing moves among customers in Tier 1 of the automotive industry to abandon in-house production of components, which is resulting in a rise in the number of orders received by SIIX. In addition, there is also a trend that could be described as Tier 1.5, which involves manufacturing components that the complete automotive manufacturers have designed and delivering them directly to those customers. In fact, in our transactions with a certain complete automotive manufacturer, the SIIX Group has received awards from the customer for our initiatives and quality, which has given us a further boost in morale.

We believe that we will see an increase in transactions with Tier 1 customers in China, with whom transactions have previously been limited. The area of CAV (connected and autonomous driving)-related parts looks particularly promising. Some advanced initiatives are already underway, which should turn into new business opportunities.

Further, beyond the automotive sector, we are expecting growth in the HVAC sector, which includes air conditioners, given the increased emphasis on countermeasures to global warming. We have dealings with HVAC manufacturers in China, Thailand, and other countries, primarily Japanese companies. With the shift to inverters for HVAC equipment against a background of decarbonization needs and soaring power bills, we have determined that this sector will grow into a large market.

As production lines start to return to normal, contribution to improved earnings is anticipated

In terms of projections as we moved into the final year of our medium-term business plan, we decided to upgrade our consolidated net sales target from the initial 250.0 billion yen to 300.0 billion yen and our consolidated operating income target from 10.5 billion yen to 11.3

billion yen. Things have progressed smoothly in the first quarter of FY2023, so we believe that these figures are reasonably achievable. One factor of uncertainty is automobile sales trends in China. While the Asian and the United States markets are performing well overall, monetary tightening policies in the United States are another cause for concern.

Our biggest challenge in terms of securing profits is the operational efficiency of our production lines. It will all depend on how much we can raise the efficiency of all 190 lines. After falling into situations of frequent stoppages of lines due to component shortages over the past three years, things are finally starting to return to normal, leading to improvements in operation rates, which I view as a positive.

We will have multiple launches of core components, namely xEV onboard chargers, battery sensors, and inverters, in FY2023, and we expect these to contribute to our business performance. In addition, after the recent shortages of batteries and semiconductors, we now have prospects for their production, so we believe that these sectors will also perform well in FY2023.

In terms of the situation at our global production bases, the first stage of construction to extend the Thai Factory was completed in May 2023, and we expect that it will become a receptacle for new business. In Indonesia, extension works were completed in 2021, and demand for automotive components is robust. Furthermore, in addition to plans to proceed with the extension of the Mexico factory, we have also already secured land in Europe to extend our factory there. In China, meanwhile, we have secured floor space totaling 70,000 m<sup>2</sup> in Hubei, and discussions are proceeding with customers with a view to the future. Just as the description of automotive parts manufacture as a space-intensive industry implies, it means everything for our customers that we have room to expand our premises, and this aspect is a strength of SIIX, in that we are well able to expand our business.

Achievement of carbon neutrality will distinguish SIIX from its competitors

Next, I will discuss the current status of ESG and our initiatives in this area. Firstly, regarding “E” (environment), by promoting the use of natural renewable energies at each location, we achieved 100% use of renewable energy at our three European

bases by 2022. We also expect to achieve the same milestone at all our Japanese bases from 2023 onward. We are also considering a variety of actions in other regions, such as installing solar panels and promoting the use of renewable energy.

In addition to reducing CO<sub>2</sub> emissions through renewable energy use, we will also offset our emissions with the use of non-fossil certificates, beginning with those purchased for FY2022. In recent years, we have been receiving many requests from customers about ascertaining CO<sub>2</sub> emissions and promoting reduction activities. In particular, we have had cases in which European customers have asked us to submit data on how many grams of CO<sub>2</sub> per product is emitted in our product manufacturing processes at the quotation stage. By using the aforementioned non-fossil certificates to offset our CO<sub>2</sub> emissions, we are scheduled to reduce our Scope 2 emissions by at least 95% compared with the previous year and to achieve zero emissions after 2023. This is undoubtedly something that distinguishes us from our competitors. This point is a major advantage in the expansion of our business.

Regarding the “S” (social) part of ESG, to redress our failure to approach human capital management in a systematic way so far, the entire company will start studying the issues again from scratch. Also, in response to the lack of sufficient progress in Japan regarding the active involvement of women in the workplace, we have welcomed one female director and one female external audit & supervisory board member to our executive management team. We will use this as momentum to create an environment in which women will be able to work for a long time. As part of this initiative, we have introduced a hybrid working style that combines remote work and commuting to the workplace, to enable employees with children to work in a manner that suits their life stage and home environment.

In terms of the “G” (Corporate Governance) part of ESG, we are pursuing initiatives in line with the Corporate Governance Code. Meanwhile, with the progress of globalization, we are working to identify the risks in each country and make the issues visible. We plan to hold meetings once every quarter to discuss the current status of initiatives and identify issues, with the intention of taking appropriate action.

Sowing the seeds for businesses that will bring further growth in our medium-term business plan

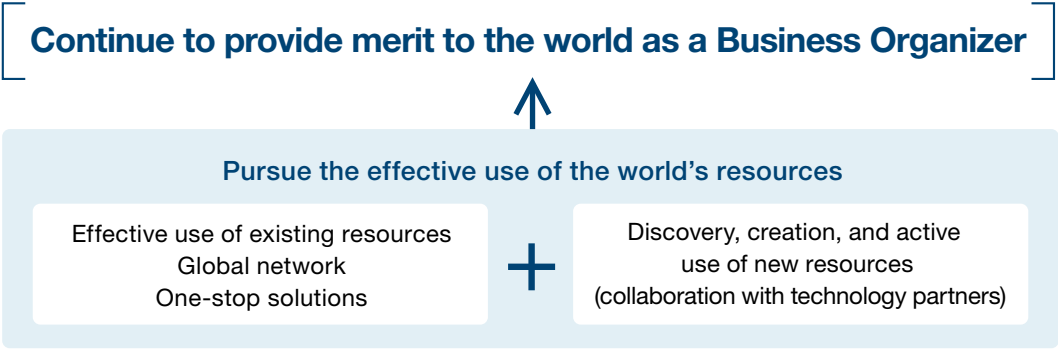
Over the past three years, the SIIX Group has weathered adversity, including the COVID-19 pandemic. From 2023 onward, as the pandemic subsides, I believe that we will have more opportunities to talk business with customers face-to-face, and our operational efficiency will increase. Overseas, these kinds of interactions have already increased sharply, including with customers, suppliers, and our own bases. I am hoping that, in Japan as well, we will be able to take our organization, which had become rigid while we were unable to have face-to-face meetings, and unite Tokyo, Osaka and Nagoya to reinvigorate the organization as “ONE JAPAN.” We will also hold our Group-wide strategic conference overseas in the Philippines in July, after being unable to hold it during the pandemic. As the senior managers from our different bases, both Japanese and local staff, come together under one roof to hold strategic meetings, individual meetings, and social gatherings, we will be able to strengthen our bonds of unity.

If we look out over the global market, while there are concerns about an economic downturn, the fundamentals of the electronics sector in which we operate will remain strong in the long term. While a sudden, dramatic leap may be difficult, we will work hard to ensure that our figures rise steadily and surely. Also, given the fact that many new businesses have emerged as extensions of our existing businesses, we will respond to your expectations by sowing the seeds of businesses that will bring further growth during the period of our next medium-term business plan. We look forward to the support of our stakeholders for SIIX Corporation.





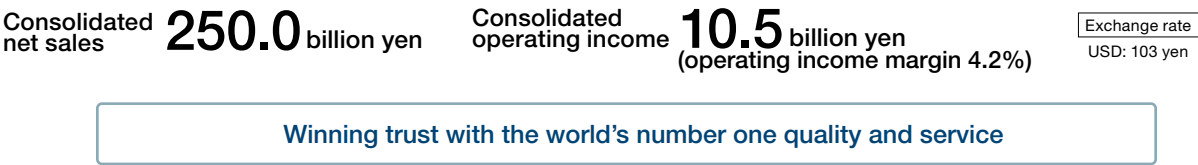
Our Vision



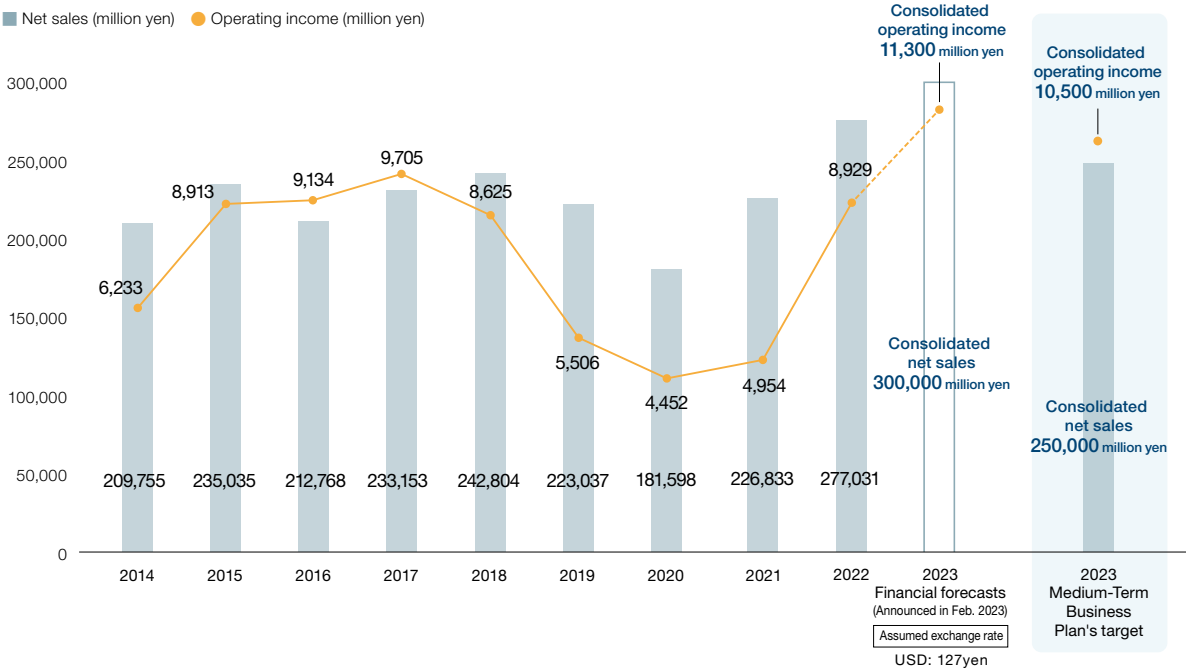
Reflection of 2022, the 2nd Year of the Medium-Term Business Plan (2021-2023)

In February 2021, the SIIX Group announced a three-year Medium-Term Business Plan (2021-2023) ending FY2023. These pages present the policies and goals of this medium-term business plan and the outcomes and progress made in the plan's second year (FY2022).

Performance targets for the final year (FY2023)



Business performance trends

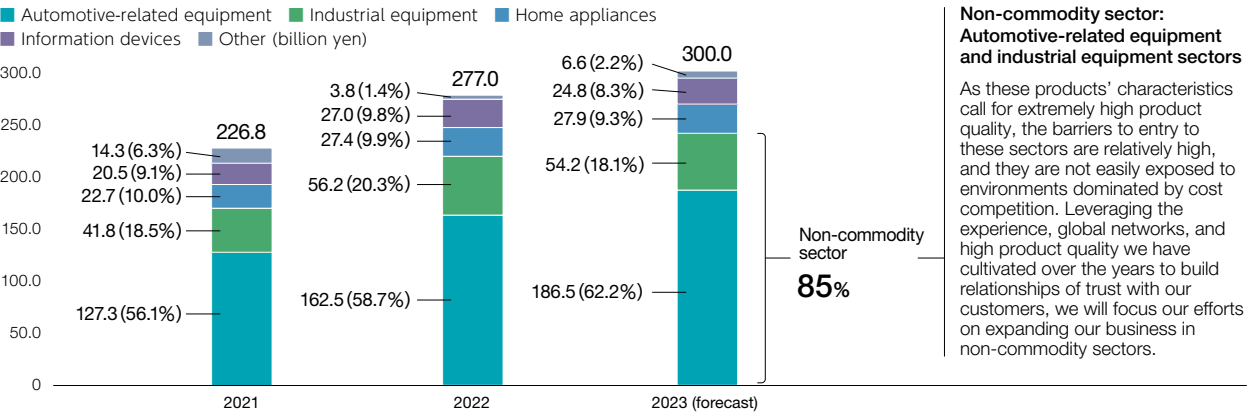


- Net sales in 2022 exceeded the Medium-Term Business Plan target
- Net sales and operating income in 2023 are both planned to exceed the Medium-Term Business Plan target

Results in FY2022 and progress of the Medium-Term Business Plan

Goals	KPIs	Numerical Targets (2023)	Results/performance and future initiatives
Expanding business with major global companies	Expansion of transactions with non-Japanese customers	25% of consolidated net sales	Sales to non-Japanese customers as a percentage of consolidated net sales: 15.3% (as of FY2022) Steady progress in mass production in business with non-Japanese customers, primarily in Europe. Progress in roll-out of business with non-Japanese customers in multiple regions and increase in business talks with new customers for future transactions
	Strengthening alliances with technology partners	Consolidated net sales 5.0 billion yen	While targets were met in 2021, orders for Singapore government have subsided, falling below the previous year's level.
	Business development in the medical field	Consolidated net sales 5.0 billion yen	Results only slightly up on previous year due to impact of COVID-19 pandemic. Aim for expansion of transactions on a global scale by focusing efforts on development of new products going forward.
Contribution to a decarbonized society through businesses	Strengthening of non-commodity sector (automotive + industrial equipment)	85% of consolidated net sales	Ratio of sales in non-commodity sector: 79.0% (as of FY2022) Low sales to some customers due to impact of COVID-19 pandemic, but sales were up on the previous year overall. Increasing steadily toward 85% target.
	Expansion of CASE-related transactions	Consolidated net sales 35.0 billion yen	Business with European customers in particular expanding steadily in all parts of the world. In addition to progressing roll-out in multiple areas, responding to increased EV-related orders in China area.
	Expansion of battery-related transactions	Consolidated net sales 10.0 billion yen	Steady increase in business of assembly of battery packs for power tools. Circuit board mounting business for battery peripherals also increasing in automotive-related equipment sector. Business talks also ongoing in areas of portable equipment, medical devices, and mobility.
Promotion of diversity management	Improving the ratio of local employees in management positions	Local employees in management positions as a percentage of all managers: 80%	Local employees in management positions as a percentage of all managers: 77.3% (as of FY2022) Progress being made in active participation in management by local executives, particularly in Southeast Asia and China areas.
	Improving the ratio of women in management positions	Women in management positions as a percentage of all managers: 50%	Women in management positions as a percentage of all managers: 32.2% (as of FY2022) Progress being made in promotion of women to management, with three women in management positions appointed as executive officers, including one director and one factory manager of the local production base.

Non-commodity ratio





## Message from the Chief Accounting Officer

We will further strengthen our financial strategy to achieve record-high profit for the first time in six years.

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



### Mexico Factory's performance expands after completion of upfront investment

In FY2022, our business costs, such as energy-related costs and logistics costs, rose significantly globally, including Europe and China, due to the prolonged impact of the COVID-19 pandemic and geopolitical risks caused by the protraction of Russia's invasion of Ukraine. In the United States, the economic slowdown has become apparent due to high inflation and policy interest rate hikes. In this economic environment, our net sales increased steadily, partly supported by the impact of revenue increases resulting from the depreciation of Japanese yen. On the cost front, on the other hand, labor, utilities, logistics, and other costs increased by a greater extent than we had envisaged. Many other negative factors also adversely affected revenue, such as the significant deterioration of factory

operating rates due to shortages of semiconductors and other electric components caused by turmoil in the supply chain.

In terms of the impact of the pandemic, we recorded extraordinary losses, primarily due to the suspension of factory operations during the lockdown in Shanghai, China. We estimate the loss of sales opportunity caused by this impact to be approximately 1 billion yen in marginal profit. For these reasons, in our final business results in Greater China and Europe, profit was down compared with the previous fiscal year.

In the Americas, meanwhile, as a result of a steady expansion in production scale at the Mexico Factory, focusing on the automotive-related business, both sales and operating income increased. Steady performances in both southeast Asia and Japan also contributed to the results. Although there was some variation in results by region, our upfront investment strategy over the past several years has paid off, leading to increases in both revenue and profit.

### Reducing inventories to appropriate levels is a priority

As our financial strategy in FY2022, we worked to further strengthen our financing capabilities to secure funds for future growth.

Our immediate tasks in terms of finance are to reduce the accumulated inventories in the automotive-related business to appropriate levels and to strengthen cash flow generation from operating activities in preparation for future investment. In this regard, there are strong demands from customers to secure safety stock and maintenance parts, something that is unique to the automotive industry. Another major factor is the continued downswing in the volume of firm orders

for finished products from customers compared with initially planned order volumes amid the severe procurement environment caused by shortages of semiconductors and other components. In light of the additional working capital and storage costs related to these increases in inventories, we are taking various measures through negotiations with customers, such as asking for payments in advance, passing inventory costs on to transaction prices, and charging for interest that has actually accrued.

We also integrated three local subsidiaries in the Philippines into one company that will serve as a single stock point. This will enable us to make significant reductions in inventories that had previously been held by these companies individually. Further, in terms of future initiatives in Greater China, we will consider having a single company conduct centralized purchasing of components used in production at all three factories. This will reduce the number of stock points, resulting in the reduction of inventories, and allow us to pursue volume discounts. In this regard, having introduced an ERP package at our base in Dongguan, China, we are now able to ascertain inventory volumes in real time, which we believe will make it possible to manage inventories to keep them at appropriate levels.

Our capital investments in FY2022 amounted to approximately 10.8 billion yen, and we are planning investments of approximately 12.5 billion yen in FY2023. Most of these investments are for manufacturing facilities. As orders from customers continue to increase, we will strive to enhance production capacity by strengthening production capabilities and updating our machinery.

If I may briefly mention environmental investments, we will work to reduce CO<sub>2</sub> emissions by various initiatives, such as the installation of solar panels on the premises of individual manufacturing bases to cover a portion of electricity consumption, the improvement of the ratio of renewable energy use, and the purchase of carbon credits. From the financial aspect, I believe that investment in labor-saving equipment is important for the enhancement of earning capacity.

### Acceleration of initiatives to reduce total assets and improve earning capacity

Regarding business performance in FY2023, both the automotive-related and industrial equipment sectors performed strongly in the first quarter, and we anticipate that figures for both net sales and operating income for the year will be according to plan. In particular, in the industrial equipment sector, the stronger than expected performance of the battery business in the Philippines is cause for hope. Through these kinds of initiatives, we forecast that operating income in the fiscal year ending December 31, 2023 will reach a new record high for the first time in six years.

On the other hand, given the significant increase in interest rates, we believe that there are many issues that we need to address to reduce total assets and finance costs. One challenge in the new medium-term business plan that will start next fiscal year will be to consider and act on the state of financing and optimal investment with an emphasis on capital costs.

For the fiscal year ending December 31, 2023, we expect consolidated net sales of 300.0 billion yen and consolidated operating income of 11.3 billion yen. While we will need to pay attention to exchange rate trends, as a mid-way point, net sales and operating income are both epoch-making figures, and we will work hard, united as a Group, to ensure that we achieve these figures this fiscal year, the final year of the current medium-term business plan. Finally, in terms of shareholder returns, we forecast a consolidated payout ratio of 19.7% and a dividend per share of 32 yen. This will be our 17th dividend increase in as many years.

Going forward, here in the SIIX Group, businesses that serve as growth drivers will emerge one after another. I believe that it is crucial that we allocate management resources efficiently to these businesses. At the same time, we will also proceed with the further strengthening of our financial structure. In this regard, I would like to express my sincere gratitude for your continued support from all of our stakeholders in the future.

Value Chain

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

Planning and proposal

When customers request for or consult with us about materials procurement or manufacturing contracts, we propose services with high added value, such as replacement with cost-competitive components.

Strengths

- Global production and sales systems
- Strong relationships of trust with major electronic components manufacturers

JDM (Joint Design Manufacturing)

Development and design

By cooperating with technology partner companies that have cutting-edge development and design capabilities, we, as a “global business organizer,” propose new plans and technologies and support our customers’ product creation needs.

Strengths

- Collaboration with technology partners in various countries around the world
- Coverage of various fields including optical components and sensors, communications and IoT, robotics, raw materials and other materials, energy management
- New technology using conductive inks and IH reflow technology, which makes it possible to mount electronic components on a range of materials previously unfeasible (Chemitronics)

Receive orders

Finalize specifications

Materials procurement

Taking advantage of the experience and networks of a trading company handling electronic components for more than 60 years, we procure all necessary electronic components on behalf of our customers’ purchasing departments.

Strengths

- Long years of experience in handling electronic components
- Strong relationships of trust with major electronic components manufacturers
- Strong purchasing power for Japanese components
- Materials procurement function for circuit board mounting instead of just procurement as a trading company (factory procurement)

Stock control and logistics (Trading)

We support customers’ inventory management with a logistics menu that includes kitting, which delivers kits of necessary components specific to each manufacturing lot; Vendor Managed Inventory (VMI); and Just In Time (JIT).

Strengths

- Materials management service in various countries around the world



Circuit board mounting and assembly (EMS)

Based on our mounting experience in diverse business fields, we offer high-quality circuit board mounted products to our customers.

Strengths

- High-quality, high precision mounting capabilities at global bases
- Factory area with adequate room for expansion (can be expanded from the current 190 lines to 300 lines)
- Provision of services to customers in diverse business fields by focusing on versatility



Plastic molding (Molding)

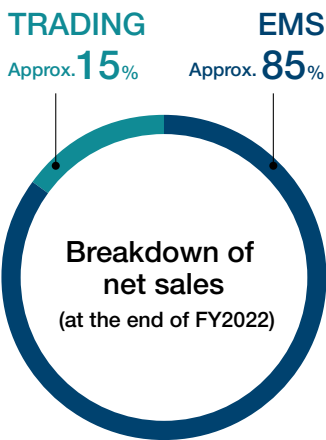
We have added plastic molding functions to existing EMS plants, so that we can deliver more complex and modularized products to reduce logistics costs borne by customers.

Strengths

- Deployment of molding operations in the area adjacent to the circuit board mounting area



Value provision



We provide a one-stop service including materials procurement and logistics.

Issues

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

Responses

We have been advancing relevant activities in relation to “expanding business with major global companies,” one of the goals in the medium-term business plan. As we work toward identical quality worldwide and strengthen BCP response, we have expanded transactions with both Japanese and non-Japanese customers, especially major Tier 1 (primary) suppliers in Europe. In the medical field, we collaborate with technology partners to develop solutions that are useful on the frontline of medical practice.

Since 2020, all bases across the world have been using a company-wide cloud system called the Siix Manufacturing Platform System (SMAPS). SMAPS enables us to share in real time, with all bases, not only information on quality, manufacturing technologies, and facilities but also human resource development and other materials. Sharing various kinds of information with a company-wide support system has contributed to the promotion of BCP response, and we will continue to operate and develop the system.

To reduce inventories to an optimal level, we ask for our suppliers’ cooperation in adopting the consignment inventory method to manage inventories. Other measures taken include having our customers guarantee the collection of products that cannot be shipped due to circumstances on their side. Meanwhile, we have introduced SAP’s ERP system, which allows us to grasp real-time trends of inventories and capital worldwide. We will optimize inventories through visualization of financial status and prediction of demand.

We also focus on Joint Design Manufacturing (JDM) to achieve our vision of becoming a “global business organizer,” who continues to provide new value by connecting the various needs and seeds that exist around the world. By cooperating with technology partners that have cutting-edge development and design capabilities, we propose new plans and technologies and support our customers’ product creation needs.



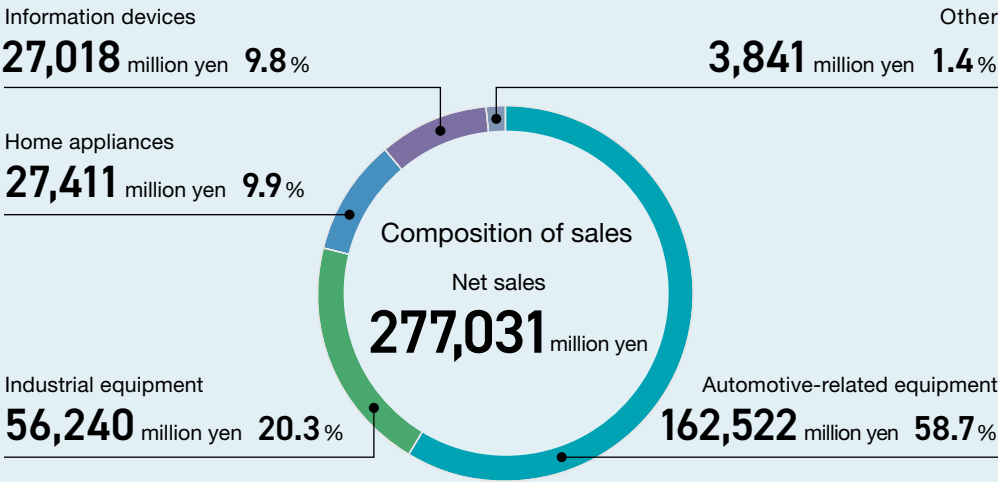
Business Overview

31st term December 2022

Net sales  
277,031 million yen

Operating income  
8,929 million yen

Profit attributable to owners of parent  
4,733 million yen

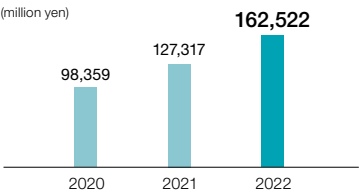


Overview

The lingering impact of the COVID-19 pandemic from the previous fiscal year affected our business performance significantly. For example, we were forced to suspend factory operations for one and a half months due to the Shanghai lockdown. In addition, the prolonged supply shortage of electronic components has affected our customers’ production plans, expediting a rise in our inventory levels. We

maintained strong performance mainly in the automotive-related equipment business in the ASEAN and Americas areas. As a result, our consolidated net sales amounted to 277.0 billion yen, a year-on-year increase of 50.1 billion yen, and consolidated operating income amounted to 8.9 billion yen, a year-on-year increase of 2.4 billion yen.

Automotive-related equipment



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



Sales of most products increased from the previous fiscal year, recovering from the COVID-19 pandemic. Sales of some products, however, decreased year on year due to the production adjustment caused by electronic component shortages taking place since the end of the previous fiscal year. As a result, overall sales of automotive-related equipment increased by 35.2 billion yen to 162.5 billion yen compared to the previous fiscal year.

Issues and countermeasures

As we trade with customers from various business fields in different areas of the world, the number of customers trading in multiple areas at the same time is increasing. Products and services provided are thus 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, quality information, etc. in real time within the SIIX Group. In addition, we will endeavor to expand our business from customers based on our abundant capacity at global sites and our local response capabilities.

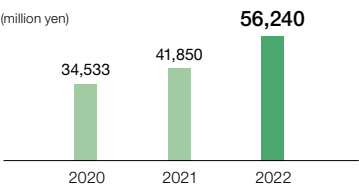
Our medium-term business plan aims for the expansion of business with non-Japanese

customers, the expansion of the EMS business, which is our current mainstay business, and the collaboration with our technology partners to supply customers with products from around the world.

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

In addition, we intend to promote “local production for local consumption” to rein in the costs, while we will fully and globally leverage the BCP know-how that we have cultivated so far and offer services that meet our customers’ needs, such as proposing diversification of production sites as part of our customers’ BCPs to cope with contingencies.

Industrial equipment



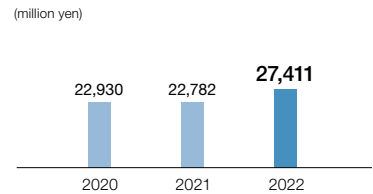
Engine ignition device for power tools, battery packs, Inflight entertainments, inverters, medical devices, smart meters, industrial sewing machines, etc.



Although production and sales of IoT equipment for government organizations declined as the COVID-19 pandemic subsided, sales of components for inflight entertainment increased from the previous fiscal year due to a recovery in demand for aircraft. In addition, sales of power tools, industrial sewing machines, Coin acceptor, etc. remained robust. As a result, overall sales of industrial equipment increased by 14.4 billion yen 56.2 billion yen compared to the previous fiscal year.



## Home appliances

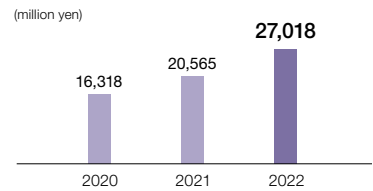


Digital appliances, air conditioners, refrigerators, educational toys, healthcare equipment, electronic musical instruments, etc.



Sales of kitchen appliances, electronic locks, educational toys, and air conditioners were strong compared to the previous fiscal year. As a result, overall sales of home appliances increased by 4.6 billion yen to 27.4 billion yen compared to the previous fiscal year.

## Information devices

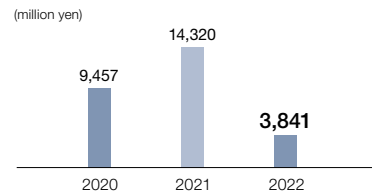


Office equipment, OA equipment, projectors, etc.



Shipments of office equipment were strong. As a result, overall sales of information devices increased by 6.5 billion yen to 27.0 billion yen compared to the previous fiscal year.

## Other

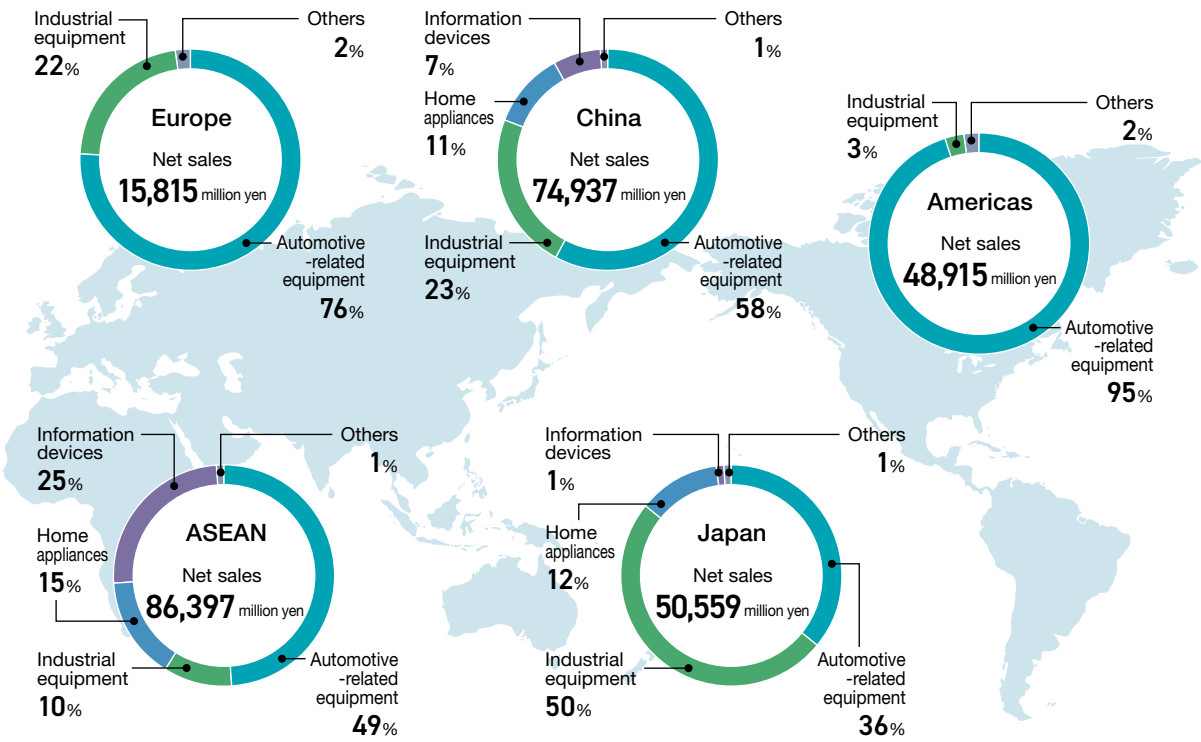


Other electronic components, automobile wire harnesses, motorcycles, ink, etc.

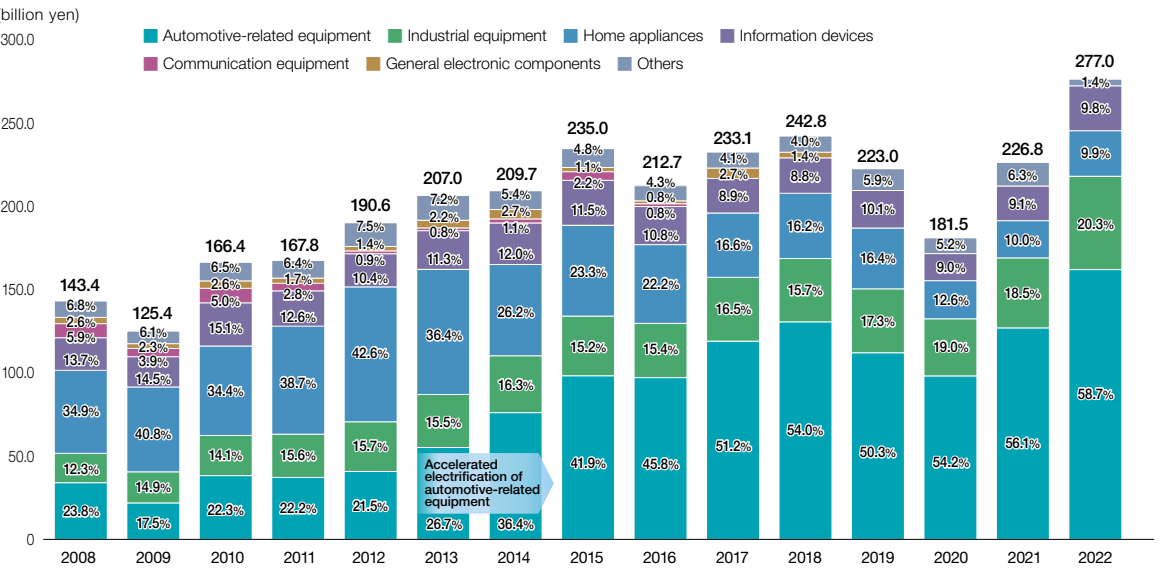


Due to the change in the revenue recognition standards, overall sales decreased by 10.5 billion yen to 3.8 billion yen compared to the previous fiscal year.

## Composition ratio of business fields in each segment



## Net sales trends by business field



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, capital policies, CSR, sustainability, 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.

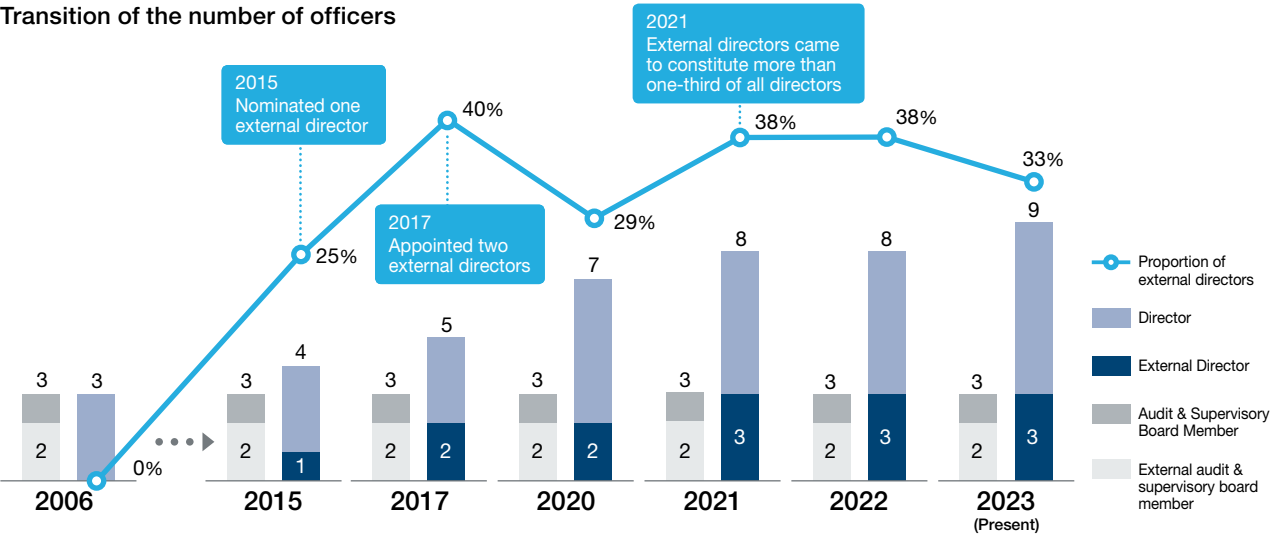
Basic policy on corporate governance

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.

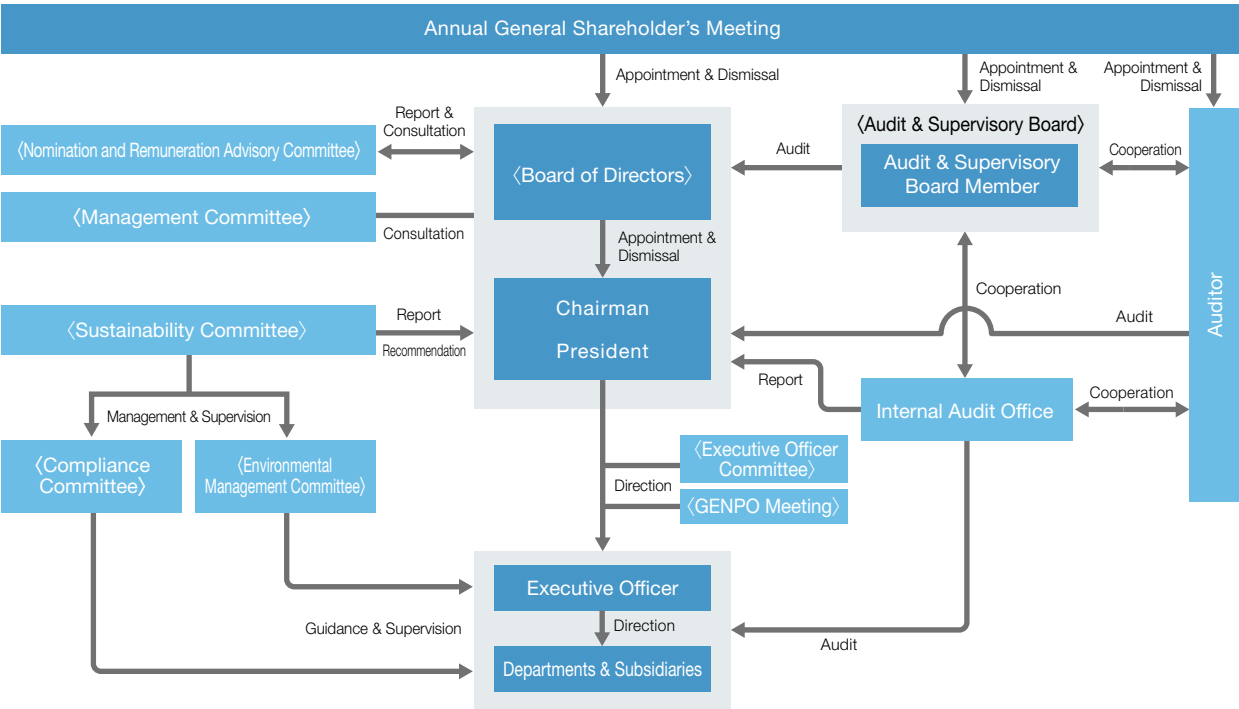
History of our corporate governance system

2002	● Established the SIIX Principles (Values, philosophy)
2005	● Introduced an executive officer system
2006	● Established the SIIX Group Code of Conduct
2015	● Nominated one external director
2016	● Started to assess the effectiveness of the Board of Directors
2017	● Opened the CSR activities page (currently Sustainability) on the corporate website ● Nominated two external directors
2018	● Changed the term of office of directors to one year
2019	● Issued stock options (share acquisition rights) ● Established the Nomination and Remuneration Advisory Committee
2021	● Nominated three external directors, constituting more than one-third of all directors
2022	● Introduced a restricted stock compensation system ● Established the Sustainability Committee

Transition of the number of officers



Corporate governance system



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 nine directors. Three out of the nine 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.

Management Committee

The company has established the Management Committee, which is composed of internal and external directors, executive officers, full-time audit & supervisory board members, and others. The committee operates an advisory body with which the Board of Directors consult before important decision making. Matters deliberated by the committee include matters subject to Board of Directors resolutions and prior deliberation, important company policies, and important topics such as large-scale new transactions and investments.

GENPO Meeting

Each subsidiary holds monthly meetings of GENPO Meeting to ensure the appropriateness of business operations at subsidiaries and work toward thorough risk management. Officers from the headquarters, executive officers, officers of local subsidiaries, and others attend the meetings to keep track of the state of management of subsidiaries and discuss specific topics.

Sustainability Committee

The company has established the Sustainability Committee to drive forward sustainability management, thereby contributing to social issues through business activities and achieving a sustainable corporate growth. Chaired by the President, the committee consists of all directors and executive officers. It formulates the Group’s sustainability policies, discusses important issues, sets indicators and other targets, and monitors activities. What is discussed will be reported to the Board of Directors regularly and reflected in the committee’s recommendations.



Corporate Governance

Introduction of Directors



Directors' skill matrix

Director	Areas in which the company has particular expectations for directors											
	Corporate management, management strategy	Sales strategy	Marketing	Finance, capital policy	M & A	Manufacturing	Compliance, internal control	Personnel affairs, HR development	Global experience	ICT, DX	Cultural and social contribution	Diversity
1 Chairman Shiro Murai	●	●	●		●	●	●	●	●		●	
2 President Koji Yanase	●	●	●		●	●		●	●	●		
3 Director & Executive Officer Seiji Ono	●		●	●	●		●		●	●		
4 Director & Executive Officer Toru Maruyama	●			●	●		●	●	●		●	
5 Director & Executive Officer Hiroaki Takagi	●		●		●	●		●	●	●		
6 Director & Executive Officer Fukiko Iguchi	●		●				●	●			●	●
7 External Director Shinsuke Takatani	●			●	●		●				●	
8 External Director Susumu Omori	●	●	●	●	●		●		●	●	●	
9 External Director Nao Yoshizawa	●	●	●	●	●		●		●	●		

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

Name	Attendance at Board of Directors meeting	Reason for appointment
Shiro Murai	100% (17/17 meetings)	As the founder of the Company, Mr. Shiro Murai has long exercised his strong leadership in steering the management of the Company, and he has established its strong business model as it is today. With his excellent analytical skills in understanding international conditions of politics and macroeconomics, he demonstrates his managerial ability underpinned by the exceptionally deep insights, directing and leading the Group at a high standard towards the Company's sustained growth. Accordingly, the Company believes that he is well qualified for the position of Director, and therefore appointed him.
Koji Yanase	100% (17/17 meetings)	Since joining the Company, Mr. Koji Yanase has produced great results in terms of developing good relationships with major customers of the Company and closing transactions with its new customers, at the forefront of sales. Having years of experience working overseas, he provided appropriate direction on the occasion of commencing transaction with a large new customer in Europe. He is also well-versed in the management infrastructure such as business practices, logistics and IT at factories, and he is expected to further grow the Company in the future. Accordingly, the Company believes that he is well qualified for the position of Director, and therefore appointed him.
Seiji Ono	100% (17/17 meetings)	Since joining the Company, Mr. Seiji Ono has consistently served key positions in finance and accounting divisions at overseas group companies. Currently, he is in charge of the global finance and accounting division. He has extensive knowledge of accounting and tax affairs and is experienced in overseas business practices. These knowledge and experience are utilized in such a way that he plays a part in management decision-making by applying his deep insights to the credit assessment of investments and loans. Accordingly, the Company believes that he is well qualified for the position of Director, and therefore appointed him.
Toru Maruyama	100% (17/17 meetings)	Mr. Toru Maruyama worked for a corporate planning division and a corporate sales division at a financial institution and was once seconded to the Ministry of Foreign Affairs. Since joining the Company, he has managed the corporate planning division and the general affairs & human resources division. He has extensive knowledge of IR, public relations strategy, response to capital markets, corporate governance, compliance, credit assessment and other areas, and he plays an appropriate role in increasing the Group's corporate value. Accordingly, the Company believes that he is well qualified for the position of Director, and therefore appointed him.
Hiroaki Takagi	82% (14/17 meetings)	Mr. Hiroaki Takagi has management experience at overseas factories of a major electronics manufacturer and a global manufacturer. Since joining the Company, he has expanded both factories in Thailand and Shanghai in his capacity as a MD and made them major manufacturing bases by increasing their production capacity, etc., contributing to the expansion of the ever-growing EMS business. In particular, he has a wide range of knowledge and experience with regard to the manufacturing, technology and quality of the substrate manufacturing process. Accordingly, the Company believes that he is well qualified for the position of Director, and therefore appointed him.
Fukiko Iguchi	—	Since joining the Company, Ms. Fukiko Iguchi has worked in the Secretariat Office as a secretary to the top executives and performed a full spectrum of administrative duties. Going far beyond the boundaries of secretarial work, she has provided relevant opinions from a compliance perspective and contributed to the sustainable growth of the Company. Since assuming the office of Executive Officer, she has been playing a significant role in ESG and CSR related initiatives and activities with economic organizations, as well as activities of the Honorary Consulate of the Slovak Republic, of which the Company takes charge. Accordingly, the Company believes that she is well qualified for the position of Director, and therefore appointed her.
Shinsuke Takatani	100% (17/17 meetings)	Mr. Shinsuke Takatani possesses knowledge of accounting and tax affairs acquired through years of experience as a certified public accountant. He offers suggestions on the Company's overall management from a global perspective. In particular, he provides accurate, extremely effective advice on its important investment projects, risk management and tax matters from the certified public accountant's viewpoint, exerting himself to promote the sound growth of the Company. Accordingly, the Company believes that he is well qualified for the position of External Director, and therefore appointed him.
Susumu Omori	100% (17/17 meetings)	Mr. Susumu Omori served as the leadership at a foreign securities firm for a long period of time and has gained excellent experience in the stock and capital markets. He is also well-versed in the management strategy formulation and other business practices thanks to the experience as the leadership. His advice is essential to bring the Company's corporate governance, ESG initiatives and engagement to a higher level so as to meet the demand of institutional investors. Accordingly, the Company believes that he is well qualified for the position of External Director, and therefore appointed him.
Nao Yoshizawa	100% (17/17 meetings)	Mr. Nao Yoshizawa possesses legal knowledge acquired through years of experience as an attorney. He has remarkably deep insights into corporate legal affairs, M&A, capital markets, etc., and his professional expertise in a wide range of areas, including medical innovation, health care business, advanced elderly research, and data science, is tremendously beneficial for the Company's sustainable growth and new business development. He belongs to a wide range of academic societies and groups in advanced fields and is licensed as a patent attorney, certified fraud examiner, information technology strategist, and registered information security specialist. We believe he can contribute to the Company's governance from a new perspective. Accordingly, the Company believes that he is well qualified for the position of External Director, and therefore appointed him.



# Corporate Governance

## Policy for nomination of directors

Directors are nominated based on international perspective necessary for global business, career in business, character, and other factors.

## Remuneration of officers (Nomination and Remuneration Advisory Committee)

For 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.

## Analysis and assessment of the effectiveness of the Board of Directors

### [1] Composition and operation of the Board of Directors

The majority opinion holds that the composition and operation of the Board of Directors is generally appropriate and that as shown in the skill matrix, each member is fulfilling the duty of care with his or her backgrounds and expertise connected organically.

### [2] Roles of external officers

All directors have stated that external officers play their roles effectively.

### [3] Risk assessment

Although risk assessment is considered and discussed for resolution, there is an opinion that further risk analysis and assessment may be necessary depending on the project, and we will improve the risk assessment process.

### [4] Governance and whistle-blowing system

An opinion was expressed that the whistleblowing system was functioning with no problems because the company regulations were established and disseminated, but it was necessary to regularly review its effectiveness.

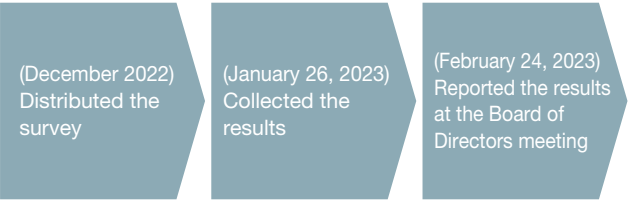
### [5] Quality of the decision-making process of the Board of Directors

There was an opinion that in some cases, last- minute distribution of deliberation materials resulted in insufficient analysis of the content of the agenda, as was the case with the Management Committee, which conducts preliminary deliberations on important matters prior to deliberations by the Board of Directors. We will thoroughly analyze the content to be discussed and improve the timing of distribution of the materials, and thus reduce the number of issues pointed out by the Board of Directors and the Management Committee.

### [6] Interaction with investors and shareholders

There was an opinion that due to the measures to prevent the spread of COVID-19, we have not been able to have face-to-face meetings with institutional investors, while we have been able to have enough online meetings with them. There was another opinion that for the past three years we have not had the social gathering we used to have after the general meeting of shareholders, and that we have fewer opportunities now to listen to the voices of general shareholders. While utilizing the hybrid meetings during the COVID-19 pandemic, we will consider conducting face-to-face meetings effectively by resuming overseas IR, and we will enhance communication.

### ■ Process for effectiveness assessment



## Implementation of officer training

This year, we invited experts to provide officer training on “corporate transformation” and “leadership” for full-time Directors (excluding the Chairman and the President) and domestic executive officers. We will continue to use such opportunities to deepen our officers’ knowledge.

## Risk management

A number of external factors have considerably affected the company’s business activities in recent years. Those factors include the US-China trade conflict, restrictions on activities such as city lockdowns in various countries due to the spread of COVID-19, and supply shortages of semiconductors and other electronic components. The company, however, has responded promptly to such emergencies for early recovery and accumulated BCP know-how. We will continue to work on BCP initiatives and develop a strong corporate system resistant to all kinds of emergencies.

### ■ BCP Examples

- Transfer production sites from China to Southeast Asia and Mexico for products delivered to North America
- Encourage internal web meetings with bases around the world
- Promote automation of factories (Smart Factory)
- Operate a company-wide system that supports manufacturing, technology, and quality (Siix Manufacturing Platform System (SMAPS))

## Information security

As a “global business organizer,” we are working on the following three initiatives to pursue the effective use of the world’s resources and contribute to the invigoration of the social system and the progress of humankind.

1. We have set up “security goals” for the entire company and each department, with the following items as key themes and will work for these goals.
  - Organizational reinforcement of internal security measures
  - Technological enhancement of internal security measures
  - Strengthening of external security measures
  - Promote the use of information with security in mind
2. We educate our employees on the relevant laws, regulations and contracts (especially confidentiality agreements with customers), and make it their duty to comply with these regulations.
3. We have established and are operating a management system that complies with ISO 27001. We are working to continuously improve the effectiveness of this system.

## Compliance

The company has established the Compliance Committee as an organization that reports, deliberates, and decides on matters concerning compliance. The committee sets the Group activity policy once a year, makes the policy known and raises awareness at a company-wide meeting, and regularly monitors and follows up on all bases. In addition, the committee sets out and implements rules on whistle-blowing methods and whistle-blower protection to find misconduct and violation of laws and regulations early and take appropriate action.

Message from Director

We will pursue human capital management, while cherishing the intentions instilled in the corporate philosophy.

Toru Maruyama Director & Executive Officer  
General Manager, General Affairs Department & General Manager, Tokyo General Affairs Department



The principle of “trust” is our driving force for growth

Since our foundation, we have grown our business with two principles as our unwavering driving forces. One is “Trust,” and the other is “The Benefits of Zero,” which represents our spirit of challenge and belief that being empty-handed actually allows us to create something that has never been existed before. In reference to what is today referred to as human capital management, Shiro Murai, the founder of SIIX, has long said the following.

‘As companions sailing in the same boat, we must have high ideals, but if our superiors and subordinates are not facing the same direction, the boat will not move forward. To achieve this, we must always remember to be fair. we would never consider promotion based on race or gender, and we would never do anything illegal. To use an

analogy, the most important thing is to “hit straight down the middle of the fairway.”’

In this way, our company continues to grow with an emphasis on building relationships of trust with all our stakeholders. Needless to say, relationships of trust between a company and its employees are also crucial. At SIIX, we recognize that a key challenge of management is to firm up our human capital foundations for the new era, while also cherishing the corporate philosophy that we have held since the company’s beginning.

While we have undertaken various initiatives to date, in respect of the further pursuit of human capital management, it is also a fact that there are still many issues to be addressed. Every company says that it cares about their employees, but I do not believe that they can necessarily say with certainty that they truly care about every person. From the perspective of human capital management, unless they clearly show how much they are investing in human capital, I do not believe that companies are meeting the demands of society and the market. I believe that it is only when a company prepares appropriate career paths for every one of its employees and makes appropriate growth-directed investments in human capital and when top management and employees are able to share the same values that it can make forward progress toward human capital management.

Building personnel policies that speak to the hearts and minds of each individual employee

As one of our initiatives, this year, we abolished the practice of management and employees calling each other by their titles. Under our new policies, employees can address even directors as “XXX-san” and engage

in their work on an equal footing, you might say. It is also important that we firmly take on board the feelings of our employees working overseas. As we develop one employee-centric policy after another, we will accelerate the kinds of initiatives that will make all employees feel proud to work at SIIX and that will promote staff retention (securing human capital and preventing turnover).

Under the harsh circumstances of the COVID-19 pandemic, many employees made their best efforts to ensure that operations did not stop, despite the various restrictions on operations at locations both in Japan and overseas. During the approximately two-month period of the lockdown in Shanghai, our local staff slept at the factory to keep it running. Each employee decided to do so on his or her own initiative, rather than being instructed by their superiors. The penetration of the Company’s corporate philosophy that I mentioned at the beginning was behind their actions, which emerged from the trust between the Company and the employees.

“Yes, but...” is one of the mottos of our chairman, the founder of SIIX. This is a lesson that teaches the importance of thinking positively, of first saying yes to a request from a customer, no matter how difficult it may be, rather than saying no and rejecting the request from the outset. This approach can pave the way for all manner of operations, and I believe that the efforts at our locations around the world during the pandemic came about because of this spirit of “Yes, but...”

Activities that benefit employees will be included in personnel evaluations

If I may indulge in a play on words, the word “resource” in “human resource” has connotations of something that is used up or consumed. On the other hand, “human capital” gives the impression that investing capital will result in future returns and convert to a financial value. This is what I believe that human capital means. Stakeholders expect human capital management that will bring quantitative financial value in the future as well, and we understand it is essential that all employees recognize this point correctly and pursue it firmly.

In FY2023, the mission that we have assigned to our people in charge of personnel and administration is to take on their own personal challenges of new themes,

based on the belief that social issues and their own work are directly linked. Their achievement of results on those themes will receive the best evaluations. They include, for example, removing unneeded items from the Company’s headquarters building, thoroughly cleaning the offices, or establishing new spaces where employees can enjoy meals and drinks in comfort. I believe that, ultimately, the job of personnel and administration is to create a workplace environment in which all employees can work comfortably and energetically every day.

Our employees are also our stakeholders

For the future growth of the SIIX Group, recruitment, development, and promotion of diverse talent will be crucial. Personally, I believe that it is better to have employees who break the mold. Such initiatives are exactly what diversity is all about, and I believe that they will ultimately lead to the finalization of our succession plans. Our efforts in this regard could not be described as adequate, and we will further boost these initiatives going forward.

We are currently in the process of conducting one-on-one interview with all head office employees. We are endeavoring to draw out from individual employees what they are thinking and what kinds of concerns they have. Based on the results of this initiative, we will start building a framework for future human capital management.

Also, to create an opportunity for employees who are working hard at various locations both in Japan and overseas to exchange opinions with each other, we are planning to set up a separate forum for them to gather at the venue of company-wide strategy conference in the Philippines in the summer of 2023. With the accumulation of these kinds of small efforts, I feel sure that our local personnel will grow at our individual locations around the world. From the perspective that our employees are also our stakeholders, we will pursue activities for long-term, sustainable value creation.

We will continue our efforts so that we may share the progress of these activities with shareholders from time to time.

Message from Director

We will strive to contribute to a decarbonized society by further promoting carbon neutrality through business.

Hiroaki Takagi Director & Executive Officer  
Global Engineering & SIIX Electronics Co., Ltd.



Accelerate activities based on support for TCFD recommendations

Here in the SIIX Group, we recognize that environmental initiatives are an absolute condition, and we have set “contribution to a decarbonized society through businesses” as one of the three goals of our medium-term business plan. Going forward, this should be put at the top of the list of our KPIs regarding our goals.

In terms of our internal framework for environmental initiatives, the Sustainability Committee at headquarters and the Environmental Management Committee under the Sustainability Committee take the lead in deploying eco-leaders to manage environmental problems and eco-officers to manage environment-related policies in our individual locations around the world, promoting activities as a group to resolve issues related to the environment.

At present, in light of our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we are concentrating in particular on initiatives focused on Scope 1 (direct CO<sub>2</sub> emissions from the use of fuels and other materials in the company’s business activities) and Scope 2 (indirect CO<sub>2</sub> emissions from the use of purchased electricity and other sources in the company’s business activities). We disclose information on the contents of our activities within the framework of the TCFD. With FY2021 as the base year, we have set targets for CO<sub>2</sub> emission reduction by 2030, and we are working to reduce CO<sub>2</sub> emissions in Scope 1, Scope 2 and Scope 3 (CO<sub>2</sub> emissions in the supply chain). CO<sub>2</sub> emissions from category 1, which account for about 90% of SIIX’s Scope 3 emissions, are calculated based on CO<sub>2</sub> emissions information obtained from each supplier. At the moment, we obtain information for calculation purposes from over 30% of our suppliers, but we aim to increase this to approximately 60%. Going forward, we will work to raise this percentage even further in an effort to increase the degree of precision of our information.

Promote the use of renewable energy in our locations around the world

For disclosures based on TCFD recommendations, while CO<sub>2</sub> emissions (Scope 1 + 2) in FY2021 was amounted to approximately 70,000 tons, we have set an initial target of reducing CO<sub>2</sub> emissions by approximately 42% by 2030. On the other hand, as reducing CO<sub>2</sub> emissions is a matter of urgency, we have been internally exploring ways for carbon neutrality since the beginning of 2023. As a result, we decided to offset CO<sub>2</sub> emissions (Scope 2) in FY2022 through the purchase of non-fossil certificates, which enabled us to reduce emissions by more than 95%

(Scope 2 only) compared with FY2021. In FY2022, for the reduction of CO<sub>2</sub> emissions, we focused primarily on energy-saving activities and switching to renewable energy. In addition, by implementing CO<sub>2</sub> emissions offsets through the purchase of non-fossil certificates at the same time, it is expected that we will achieve zero CO<sub>2</sub> emissions in Scope 2 from 2023 and beyond. Going forward, I believe that these initiatives will accelerate even further as awareness of environmental initiatives among employees all over the world increases, along with awareness of the costs of switching to renewable energy, various activities for reduction of CO<sub>2</sub> emissions, and the purchase of non-fossil certificates.

Regarding specific initiatives for renewable energy, in addition to the installation of solar panels at the Shanghai Factory in 2021, we completed the installation of similar equipment at the Dongguan Factory in China, our Mexico Factory, and the Jakarta Factory in Indonesia in 2022. Going forward, we plan to install solar panels at our factories in Thailand, Indonesia, and the Philippines to promote effective use of renewable energy.

Having said that, renewable energy alone will not meet 100% of our electricity demand, so we are also asking equipment manufacturers to develop energy-saving equipment from the perspective of power-saving by production facilities. In particular, as our curing furnaces, which consume huge amounts of electricity, need to be constantly supplied with heat even when there is no production, we are trying to cut off power consumption by interrupting the supply of heat and nitrogen during idling time.

Strong demands for environmental responses boost our business

In the development of our business on a global scale, we have received strong demands for environmental responses, particularly to increase our ratio of renewable energy use, etc., from our customers in Europe. As we are positioned as Scope 3 for our customers, if we can prove that we achieve reduction of CO<sub>2</sub> emissions, we can build better relationships with our customers, which will enable us to gain more business opportunities. We will work on carbon neutrality and business expansion simultaneously toward 2030 in our effort to boost our business,

supported by reductions in CO<sub>2</sub> emissions.

For example, the shift to EVs in the automotive equipment business will lead to decarbonization, so manufacturing of circuit boards that are related to this trend is also expected to grow. In Europe, there is a growing demand for heat pump air conditioners, which have lower environmental impact, so responding to this kind of need can be also promising as a part of the decarbonization business. We are also expanding the manufacturing of battery modules in the Philippines to include other areas, such as Mexico. We believe that this expansion will contribute to our goal of creating a decarbonized society.

The SIIX Group will utilize solar power by installing solar panels on the vast roofs of our factory buildings. We will also accelerate energy-saving activities even further. We have set up a trial system in a Japanese factory that uses sensors to adjust the air conditioners based on whether people are there or not. Depending on the results of this trial, we will roll out this system worldwide.

While pursuing carbon neutrality in Scope 1 and 2, our immediate goal regarding Scope 3 is to improve the precision of the numbers for visualization purposes. All three bases in Europe and all bases in Japan have already switched to 100% renewable energy without purchasing emission credits.

Deal with issues seriously, including the purchase of CO<sub>2</sub> emission credits

Regarding carbon neutrality issues going forward, for various reasons, including restrictions on in-house power generation equipment by government regulations, a 100% worldwide switch to renewable energy is not currently possible. Having said that, as deregulation is expected as a global trend, we will continue our proactive efforts in this regard. Another issue that concerns us is the increasing costs of purchasing non-fossil certificates every year to offset CO<sub>2</sub> emissions from non-renewable energy used in the previous year.

Here in the SIIX Group, with the understanding of management, we will pursue initiatives toward carbon neutrality, including the purchase of non-fossil certificates, earlier than anyone else. In doing so, we will build our competitive advantage in EMS on a global scale and aim for further growth.



Environmental Conservation

The SIIX Group conducts business activities in 15 countries worldwide and works to reduce GHG emissions at each base. From FY2021, in addition to CO<sub>2</sub> emitted indirectly from energy use (Scope 2), we started to measure direct CO<sub>2</sub> emissions from fuel burning and other activities (Scope 1) and indirect supply chain CO<sub>2</sub> emissions from material procurement to manufacturing, logistics, and sales (Scope 3). In FY2022, the total CO<sub>2</sub> emissions increased due to a year-on-year production increase, however, we actively worked on reducing CO<sub>2</sub> emissions with a focus on Scope 2. Going forward, we will take various measures in all Scopes to proactively reduce CO<sub>2</sub> emissions from our business activities.

Information disclosure based on TCFD

SIIX recognizes the importance of addressing climate issues and declared its support for the TCFD recommendations\* in July 2022. Based on the TCFD recommendations, we will appropriately disclose information on climate change risks and opportunities that affect the Group's businesses.

\*Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) released in June 2017 by the TCFD, a task force established by the Financial Stability Board (FSB) in 2015 following a request from the G20. The report recommends companies to disclose information around four core elements of how organizations operate (governance, strategy, risk management, and metrics and targets), so that their response to climate change risks and opportunities can be assessed appropriately.



Governance

SIIX strives to protect natural resources and maintain and conserve the global environment. To this end, we comply with environment-related laws and regulations, international agreements, and other rules, in accordance with the corporate philosophy, CSR policy, and SIIX Group Code of Conduct. In April 2022, we established the Sustainability Committee chaired by the President. The committee meets at least twice a year to resolve such matters as the formulation of company-wide policies and strategies and the setting of targets and metrics concerning climate change and other sustainability issues for the SIIX Group, which has approximately 50 bases in 15 countries around the world. The committee also supervises action plans reported by the Environmental Management Committee, a subordinate body of the Sustainability Committee and headed by a management member, and monitors the results and progress of activities. The status of target achievement and important climate-related matters that are deemed relevant to the Group's management are reported to the Board of Directors.

Corporate governance system



Risk management

The Sustainability Committee goes over potential risks and opportunities arising from changes in the internal and external environments caused by climate change, and comprehensively assesses and analyzes the impact on the Group's businesses and value chain from the perspective of financial impact and probability of occurrence along the timeline. Climate-related risks and opportunities that are determined to have high degrees of impact are reported to the Board of Directors (or Management Committee), and identified as material risks and opportunities after a company-wide integrated assessment of the financial and non-financial impacts. In FY2022, climate-related issues were identified as one of the material risks, and in response, the Sustainability Committee has set GHG reduction targets for FY2030 to avoid or reduce such risks.

Strategy

We conducted a scenario analysis related to climate, with reference to the 1.5°C and 4°C scenarios. The analysis resulted in an assessment that the manifestation of impacts of transition to a decarbonized society (policy and regulation/market/reputation) and physical impacts (acute/chronic) of sharp temperature rises could pose climate-related risks and opportunities in the future. To address such risks and opportunities, we will review our business plans and position response to climate change as a priority.

Scenario analysis

In identifying and assessing risks and opportunities related to climate change, we set the following scenarios.

- 1.5°C scenario: A scenario in which the world makes a transition into a decarbonized society (transition scenario)
- 4°C scenario: A scenario in which physical impacts manifest

The scenarios referred to the following materials:  
(1) Scenario in which physical impacts manifest: Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report, IPCC Special Report "Global Warming of 1.5°C"  
(2) Scenario in which the world rapidly achieves a decarbonized society: International Energy Agency (IEA) World Energy Outlook 2018 Sustainable Development Scenario (SDS), IEA Energy Technology Perspectives 2017 Beyond 2°C Scenario (B2DS)

Scenario analysis Step (1): Major environmental changes caused by average temperature increase			
1.5°C increase	A successfully decarbonized society where temperature increase has been limited	4°C increase	An insufficiently decarbonized society where temperature increase has taken place
<ul style="list-style-type: none"><li>Average temperature increase causes more frequent and intense natural disasters</li><li>New technologies with low GHG emissions are developed and adopted</li><li>Stricter regulations on GHG emissions make large fossil fuel consumers stranded assets</li></ul>		<ul style="list-style-type: none"><li>Average temperature increase causes even more frequent and intense natural disasters than the 1.5°C increase scenario</li><li>Sea level rise causes more frequent flood damage, etc. in coastal areas</li><li>Changes in precipitation patterns and typhoon routes cause more frequent and intense damage from river flooding, etc. and alter which areas are affected</li><li>More frequent and intense natural disasters damage corporate assets and lower corporate value</li></ul>	

Scenario analysis Step (2)-1: Impacts of transition to a low-carbon or decarbonized society on SIIX	
Impact due to transition to a low-carbon or decarbonized society Impact of mainly 1.5°C to 2°C increase	Scenario in which the world rapidly achieves a decarbonized society
Identified risks	Possible opportunities
<ul style="list-style-type: none"><li>Taxation on carbon increases material and fuel procurement costs</li><li>Shift to electricity derived from renewable energy increases fuel costs</li><li>Insufficient environmental initiatives result in the following consequences:<ul style="list-style-type: none"><li>Decrease in new orders</li><li>Cancellation of existing contracts</li><li>Loss of customers due to increased reputation risks</li></ul></li></ul>	<ul style="list-style-type: none"><li>Demand for energy-saving products increases</li><li>Needs for shift to energy-saving products increase</li><li>IoT use facilitates more efficient electricity use</li></ul>

Scenario analysis Step (2)-2: Physical impacts of average temperature increase on SIIX	
Physical impacts of average temperature increase Relatively larger impacts of 4°C increase	Scenario in which physical impacts manifest
Identified risks	Possible opportunities
<ul style="list-style-type: none"><li>Torrential rains, typhoons, etc. damage facilities and increase recovery costs</li><li>Value chain disruption suspends products and services</li><li>Fuel costs increase</li><li>Avoiding extremely hot hours lowers productivity</li></ul>	<ul style="list-style-type: none"><li>Abnormal weather increases needs for new products</li><li>Facilities are upgraded to high-efficiency equipment</li><li>Digital transformation is facilitated and remote work becomes more commonplace</li></ul>

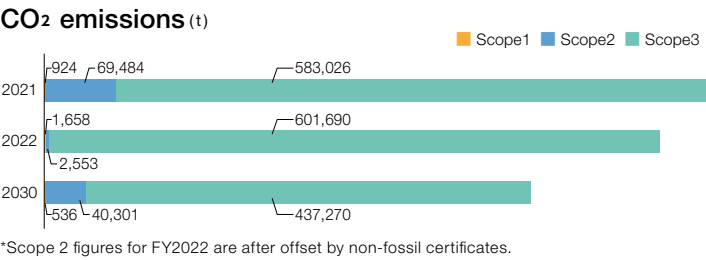
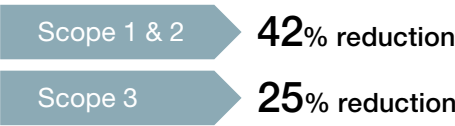
Environmental Conservation

Metrics and targets

In May 2022, SIIX set GHG reduction targets for FY2030. They have been set as science-based targets (SBTs). To achieve the GHG reduction targets, we will continue advancing various initiatives and assess the achievement status. We will accelerate initiatives to address global warming by considering them as opportunities for growth, instead of restrictions on or costs for growth.

SIIX's GHG reduction targets

FY2030 (from FY2021 baseline)



Achievements

Scope and method of calculation			FY2021 GHG emissions	FY2022 GHG emissions	Scope 3 breakdown (%)
Scope1			924	1,658	
Scope2			69,484	2,553*	
Scope1+2			70,408	4,211	
Scope3					
Category 1	Purchased goods and services	For major suppliers, calculated the intensity based on figures disclosed by each company. Applied the weighted average to other suppliers.	525,157	540,358	90%
Category 2	Capital goods	Calculated by multiplying the amount of capital expenditure by the coefficient set by the Ministry of the Environment.	28,640	32,643	5%
Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	Estimated from the annual consumption of each type of energy.	7,970	8,445	1%
Category 4	Upstream transportation and distribution	Calculated based on the ton-kilometer method.	10,563	7,924	1%
Category 5	Waste generated in operations	(Not applicable)	—	—	
Category 6	Business travel	Calculated by multiplying the number of employees by the coefficient set by the Ministry of the Environment.	1,606	1,655	0%
Category 7	Employee commuting	Calculated by multiplying the number of employees by the coefficient set by the Ministry of the Environment.	5,137	5,295	1%
Category 8	Upstream leased assets	(Not applicable)	—	—	
Category 9	Downstream transportation and distribution	(Not applicable)	—	—	
Category 10	Processing of sold products	(Not applicable)	—	—	
Category 11	Use of sold products	Estimated GHG emissions from the use of scanner products (for five years).	2,275	2,723	0%
Category 12	End-of-life treatment of sold products	(Not applicable)	—	—	
Category 13	Downstream leased assets	(Not applicable)	—	—	
Category 14	Franchises	(Not applicable)	—	—	
Category 15	Investments	Included equity method affiliates, investments in which are considered important.	1,678	2,647	0%
Scope 3 total			583,026	601,690	

\*The figures are after offset by non-fossil certificates.

Initiatives to reduce GHG emissions

Scope1:

CO<sub>2</sub> emissions at SIIX are mainly from the combustion of gasoline in company vehicles, which is primarily fuel burning for in-house power generators at production bases. Currently, we only keep track of emissions at each base, but we will start initiatives to reduce emissions.

Scope2:

We are working on reducing CO<sub>2</sub> emissions mainly through the following activities.

Installation of solar panels

Solar panels are installed on the roof of our large factory buildings to supply a part of the electricity used. By the end of 2022, we installed and started operation of solar panels at our factories in China (Shanghai and Dongguan), Mexico, and Indonesia (Karawang). We also plan to install solar panels at our factories in the Philippines, China (Hubei), Thailand, and Indonesia (Batam).

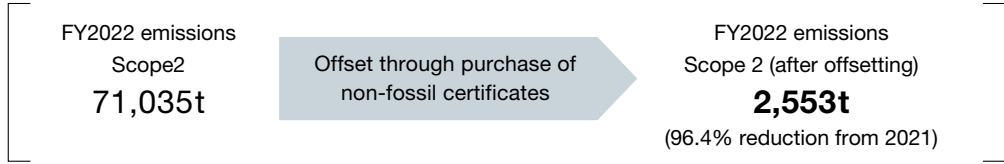
Shift to electricity derived from renewable energy

We purchase a significant portion of our electricity from conventional power utilities, but we are gradually transitioning towards sourcing our electricity from renewable energy sources. All three bases in Europe and Japan (Sagamihara) Factory have already switched to 100% renewable energy. From 2023 onward, these bases are expected to produce zero CO<sub>2</sub> emissions.

Offsetting CO<sub>2</sub> emissions through purchase of non-fossil certificates

Of the 71,035 tons of Scope 2 CO<sub>2</sub> emissions from our business activities in FY2022, we have decided to offset 68,482 tons through the purchase of non-fossil certificates. For the bases that emitted the remaining 2,553 tons of CO<sub>2</sub>, starting from 2023, we will switch all electricity we purchase from power utilities to renewable energy sources in sequence to achieve zero CO<sub>2</sub> emissions in Scope 2.

We are committed to environmental protection and sustainability and are working actively to reduce CO<sub>2</sub> emissions and achieve carbon neutrality. Purchasing non-fossil certificates is an important way to support the development of renewable energy and mitigate the impact on the global environment, through which we aim to reduce environmental impact and promote sustainable business practices.



Scope3:

Approximately 90% of the Scope 3 CO<sub>2</sub> emissions are from suppliers. Currently, we collect information from the top 130 suppliers in terms of purchase volume and keep track of their emissions. Going forward, we will improve the accuracy of figures and increase engagement with them to reduce emissions across the supply chain.

Use of renewable energy  
(Proportion of renewable energy in  
total electricity usage)

FY2021 3.6%

FY2022 6.6%

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.

Respect for human rights

The SIIX Group has established ten codes of conduct to be observed by all employees of SIIX, and in particular, respect for human rights is an important issue for SIIX to fulfill its social responsibility as a public entity of society.

Standard 5 Fostering a Healthy Workplace Environment

We (people working for SIIX Group) will well understand and observe all applicable laws and regulations of each country or region where we do business, as well as internal company rules such as the articles of association, internal policies and so on.

Standard 5

5-3 Respect for human rights

- We will respect the fundamental human rights and the dignity of the individual, and will avoid speech or conducts such as harassment, defamation, insults, verbal abuse or unreasonable coercion that take advantage of our official or business position.
- We will not discriminate any personnel according to nationality, race, ethnic origin, belief, religion, sex, age, physical or mental disability or any other legally protected status.
- We will not engage in actions that may constitute sexual harassment.
- We will take no part in, nor sanction, child labor or forced labor.

The SIIX Group prohibits child employment and forced labor at all locations in its Code of Conduct, and regularly inspects all locations to control and prevent such occurrences.

In addition, working hours and wages are appropriately managed at each site, and all sites are regularly surveyed. With regard to harassment, we have established harassment prevention rules separate from the Code of Conduct, and are working to prevent not only gender-based harassment but also sexual harassment, power harassment, and harassment related to pregnancy, childbirth, childcare leave, and nursing care leave.

Lectures on power harassment, sexual harassment, and trends in regulations and risks are given by external directors to all executives, managers, and assistant managers.

Safety and health

Safety and health policy

At SIIX, in accordance with Standards 5 and 6 of our Code of Conduct, we take appropriate measures to ensure that all employees can work safely regardless of nationality, race, ethnicity, creed, religion, gender, age, disability, medical history, etc., in accordance with the ordinances and culture of each country and region where we operate.

Standard 5 Fostering a Healthy Workplace Environment

We will respect the personality and individuality of each employee. Based on this mutual respect and understanding, we will strive to maintain a safe and satisfying workplace environment.

Standard 6 Harmony with the Community

We will mutually respect the culture and practices of different countries or regions, and will engage in contributions to the development of the local community through corporate activities rooted in our respective regional area of operations.

Examples of initiatives	Countermeasures against infectious diseases (distribution of masks, installation of disinfectant and acrylic panels, etc.), implementation of health checkups, stress checks, vaccinations, collaboration with industrial physicians, implementation of health and safety education, etc.
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Diversity and inclusion

We believe that creating an environment where human resources with diverse backgrounds can demonstrate their individualities and abilities invigorates and develops the entire organization.

By also 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.

Promoting the active involvement of local human resources in the workplace

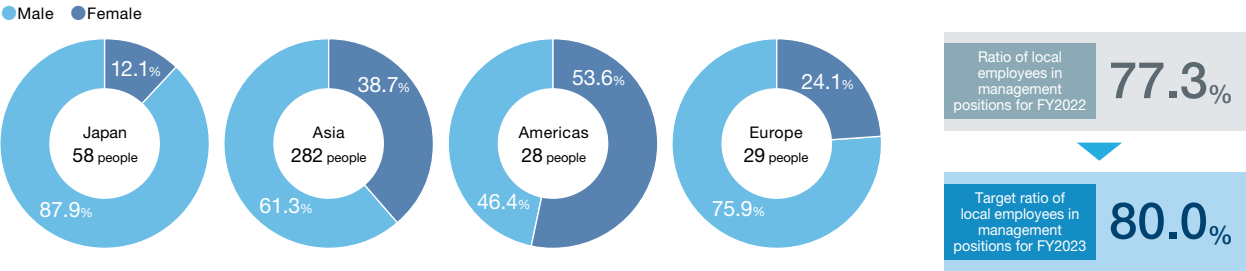
In order to expand our business globally, we have established offices around the world and many local staff members support our business in each region. By training many local executives in management at each location, we aim to increase each executive's loyalty to the company, which will lead to improved business performance and corporate value for each company.

Local executives accounted for 77.3% of all executives in FY2022. From the perspective of further delegation of authority, we will identify outstanding local employees and actively promote them to the executive level. We already have non-Japanese employees in management and other key positions at our local subsidiaries.

Promoting the active involvement of women in the workplace

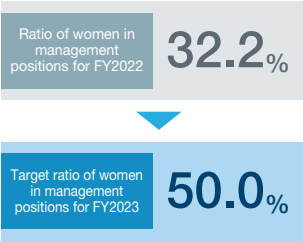
We are promoting diversity so that employees with diverse backgrounds can play an active role, and increasing the ratio of women in management positions is one of the issues we need to address. We support the Japan Business Federation's (Keidanren's) "Challenge Initiatives for 30% of Executives to be 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. SIIX was certified as an "Osaka city female employees leading company" (certification level★★) on March 1 of 2018.

Number of employees in management positions & gender ratio by area



Ratio of women in management positions

At the Annual General Shareholder's Meeting held in March 2023, a female internal director was appointed. Additionally, three female executive officers were appointed including the aforementioned female director. We already have female employees in management and other key positions at our local subsidiaries, and the percentage of female executives in all management positions is 32.2% for FY2022. This falls short of the target set in the medium-term business plan and we will continue to promote the active involvement of women from the perspective of diversity.



Systems to support diverse work styles

SIIX has introduced a range of support systems to help employees demonstrate their abilities while balancing work and personal life.

Examples of support systems	Program for childcare/nursing care leave, promotion of shortened working hours, welcome back program, program for working from home, vaccine leave, etc.
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Society

Social initiatives in the supply chain

Supply chain management

With the globalization of corporate activities and the complexity of the supply chain, SIIX respects human rights and complies with laws and regulations throughout the supply chain. We thus actively work on CSR, “Corporate Social Responsibility,” to realize a sustainable society.

Establishment of the SIIX Group CSR Procurement Guidelines

We have established the SIIX Group CSR Procurement Guidelines as one of the means to promote our activities in the supply chain.

Major suppliers have agreed with the guidelines, which are posted on our website.

Going forward, we will inspect our suppliers regularly to monitor compliance and keep track of the status.



Quality

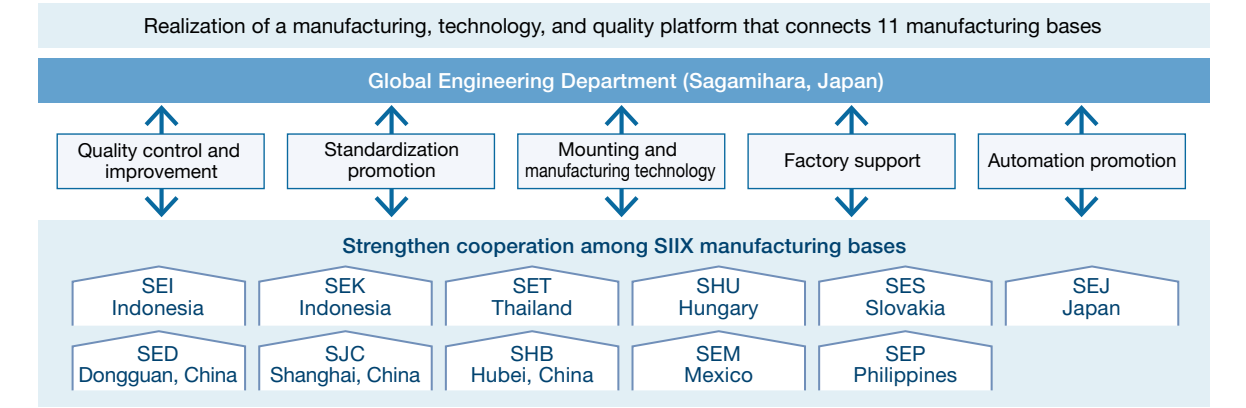
In order to ensure identical quality worldwide, we will develop more efficient and high-quality production systems by advancing information sharing, automation, and labor-saving. As a company engaged in manufacturing, we are committed to complying with environmental laws and regulations to conduct production 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.
- 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.
- We will establish quality and environmental management systems on a global basis with ISO 9001, IATF 16949 and ISO 14001, and implement their operations based on the corporate philosophy of the SIIX Group.
- 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

Global network & management

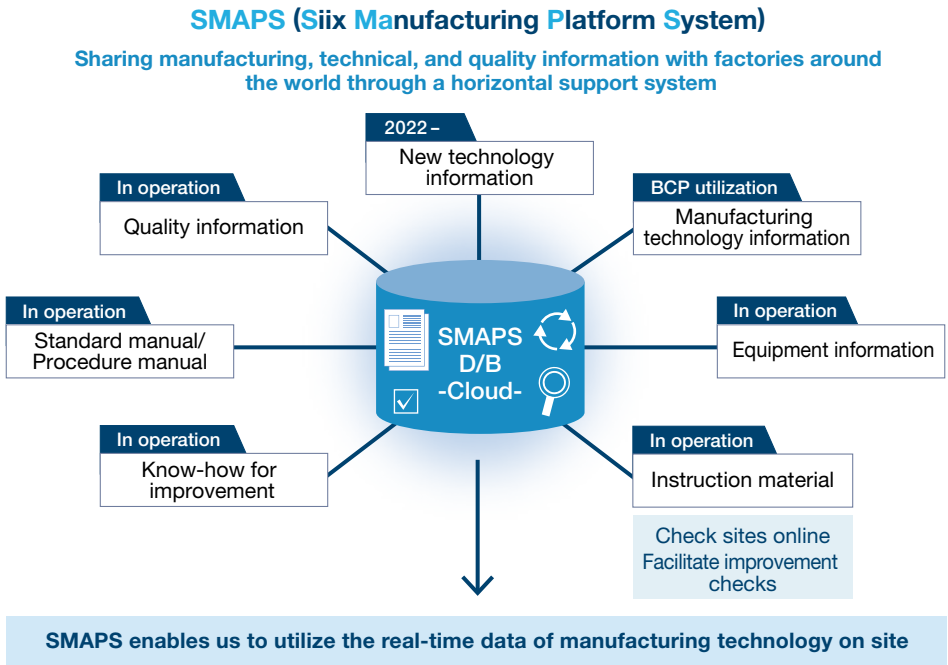


(3) Measures to strengthen manufacturing technology and quality

To be able to respond to future requests for Digital Transformation (DX), SIIX has been focusing on mounting and manufacturing technology and factory environment creation.

In addition, we have been strengthening quality governance and developing group-wide information sharing systems. In particular, we have established a cloud system called the Siix Manufacturing Platform System (SMAPS) to share and use all kinds of information in real time across the world. Furthermore, the Global Engineering Department, key members of each base, and staff in the Philippines support each other to strengthen the technology and quality support system between bases around the world. Going forward, we will further strengthen the support system.

Standardization and sharing information of manufacturing, technology, quality



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 Dodd-Frank Wall Street Reform and Consumer Protection 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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Certifications, standards, etc.

We advance initiatives in accordance with international certifications and guidelines on sustainability.  
ISO 9001: International standards for quality management systems  
ISO 14001: International standards for environmental management systems  
ISO 27001: International standards for information security management systems (ISMS)  
ICTI (International Council of Toy Industries)

Consolidated Financial Summary

			FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Financial Information													
Net sales	Million yen		190,692	207,009	209,755	235,035	212,768	233,153	242,804	223,037	181,598	226,833	277,031
Operating income	Million yen		4,647	5,011	6,233	8,913	9,134	9,705	8,625	5,506	4,452	4,954	8,929
Ordinary income	Million yen		4,973	5,427	6,460	9,002	9,146	10,513	8,717	5,634	4,444	5,934	8,337
Profit attributable to owners of parent	Million yen		3,076	3,321	4,131	6,717	6,698	7,093	6,414	3,695	1,724	4,561	4,733
Selling, general and administrative expenses	Million yen		6,671	8,072	8,889	10,802	11,067	12,922	12,010	12,155	11,697	15,165	16,862
Depreciation	Million yen		2,404	2,916	3,166	3,805	3,271	3,465	4,235	5,477	6,046	6,129	7,714
Total assets	Million yen		74,703	89,204	103,429	109,957	109,695	130,526	137,350	143,391	144,436	169,921	205,170
Net assets	Million yen		25,453	33,185	41,497	49,739	51,573	57,609	56,016	58,249	56,498	66,369	77,389
Equity capital	Million yen		25,277	32,985	41,310	49,585	51,332	57,252	55,655	57,846	56,084	65,879	76,891
Interest-bearing debt	Million yen		16,511	18,546	19,128	12,614	11,458	19,553	32,969	38,667	47,471	51,350	63,150
Net cash provided by (used in) operating activities	Million yen		7,546	3,438	2,374	7,996	6,333	4,536	966	8,945	13,280	(8,106)	5,567
Net cash provided by (used in) investment activities	Million yen		(4,598)	(3,216)	(2,827)	(5,113)	(5,450)	(9,211)	(6,515)	(9,602)	(6,034)	(7,765)	(8,892)
Net cash provided by (used in) financing activities	Million yen		(1,932)	(105)	(1,286)	3,352	(4,171)	6,410	7,991	2,923	1,291	869	6,676
Cash and cash equivalents at end of period	Million yen		6,263	7,518	6,497	12,473	8,776	10,574	12,813	15,035	22,968	9,315	13,652
Free cash flow	Million yen		2,947	222	(453)	2,883	882	(4,674)	(5,549)	(656)	7,246	(15,872)	(3,325)
Capital expenditure	Million yen		3,463	1,134	2,857	3,764	4,528	6,167	7,483	9,082	5,573	9,515	10,845
Per-share Data*													
Net income per share (EPS)	Yen		65.19	70.37	87.53	137.94	133.81	144.01	131.45	78.21	36.48	96.53	100.11
Net assets per share (BPS)	Yen		535.55	698.87	875.24	986.35	1,042.20	1,162.33	1,178.04	1,224.26	1,186.71	1,393.92	1,625.55
Dividends per share	Yen		15.0	16.0	17.0	21.0	25.0	26.0	27.0	28.0	29.0	30.0	31.0
* 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	7,051	7,927	9,399	12,719	12,406	13,170	12,861	10,983	10,498	11,084	16,643
Capital-to-asset ratio	(Equity capital / Total assets (fiscal year-end))	%	33.8	37.0	39.9	45.1	46.8	43.9	40.5	40.3	38.8	38.8	37.5
Debt-to-equity ratio	(Interest-bearing debt / Equity capital (fiscal year-end))	Times	0.7	0.6	0.5	0.3	0.2	0.3	0.6	0.7	0.8	0.8	0.8
Return on equity	(Profit attributable to owners of parent / Average equity capital during the period)	%	13.7	11.4	11.1	14.8	13.3	13.1	11.4	6.5	3.0	7.5	6.6
Rate of ordinary income to total assets	(Ordinary income / Average total assets during the period)	%	7.4	6.6	6.7	8.4	8.3	8.8	6.5	4.0	3.1	3.8	4.4
Payout ratio	((Interim dividends + Year-end dividends) / Profit attributable to owners of parent)	%	23.0	22.7	19.4	15.2	18.7	18.1	20.5	35.8	79.5	31.1	31.0
Employees													
	Number of employees		9,029	8,641	9,545	10,352	10,820	11,659	13,632	12,721	11,257	12,354	12,734

Consolidated Financial Statements

SIIX Corporation and its consolidated subsidiaries  
Fiscal years ended December 31, 2021 and 2022

Consolidated Balance Sheets

Assets			(Million yen)
	As of December 31, 2021	As of December 31, 2022	
Current assets			
Cash and deposits	9,484	13,793	
Notes and accounts receivable - trade	47,278	—	
Notes and accounts receivable - trade, and contract assets	—	55,091	
Merchandise and finished goods	22,261	27,738	
Work in process	1,903	2,264	
Raw materials and supplies	34,075	43,425	
Other	7,845	8,027	
Allowance for doubtful accounts	(50)	(64)	
Total current assets	122,797	150,275	
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	27,673	31,471	
Accumulated depreciation	(10,286)	(12,957)	
Buildings and structures, net	17,386	18,513	
Machinery, equipment and vehicles	45,858	56,083	
Accumulated depreciation	(33,427)	(40,343)	
Machinery, equipment and vehicles, net	12,431	15,739	
Tools, furniture and fixtures	3,977	4,632	
Accumulated depreciation	(3,079)	(3,588)	
Tools, furniture and fixtures, net	897	1,043	
Land	3,893	4,644	
Construction in progress	981	2,867	
Other	3,322	4,154	
Accumulated depreciation	(1,149)	(1,605)	
Other, net	2,173	2,549	
Total property, plant and equipment	37,764	45,358	
Intangible assets			
Software	2,075	2,178	
Other	514	342	
Total intangible assets	2,590	2,520	
Investments and other assets			
Investment securities	2,385	2,227	
Investments in capital	957	1,015	
Long-term loans receivable	63	65	
Assets for retirement benefits	430	322	
Deferred tax assets	2,058	2,189	
Other	976	1,298	
Allowance for doubtful accounts	(102)	(103)	
Total investments and other assets	6,768	7,015	
Total noncurrent assets	47,123	54,894	
Total assets	169,921	205,170	

Liabilities			(Million yen)
	As of December 31, 2021	As of December 31, 2022	
Current liabilities			
Accounts payable - trade	37,298	41,733	
Short-term loans payable	31,561	36,136	
Income taxes payable	1,667	2,065	
Contract liabilities	—	3,631	
Other	9,306	13,031	
Total current liabilities	79,833	96,598	
Noncurrent liabilities			
Bonds payable	10,000	10,000	
Long-term loans payable	8,446	15,125	
Liabilities for retirement benefits	668	642	
Deferred tax liabilities	2,848	3,247	
Other	1,754	2,167	
Total noncurrent liabilities	23,718	31,182	
Total liabilities	103,551	127,780	

Net assets			(Million yen)
	As of December 31, 2021	As of December 31, 2022	
Shareholders' equity			
Share capital	2,144	2,144	
Capital surplus	5,630	5,594	
Retained earnings	57,074	60,389	
Treasury stock	(5,945)	(5,866)	
Total shareholders' equity	58,902	62,261	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	528	347	
Foreign currency translation adjustment	6,404	14,276	
Adjustment for retirement benefits	44	6	
Total accumulated other comprehensive income	6,976	14,630	
Share acquisition rights	77	67	
Non-controlling interests	412	430	
Total net assets	66,369	77,389	
Total liabilities and net assets	169,921	205,170	



Consolidated Statements of Income

(Million yen)

	For the year ended December 31, 2021	For the year ended December 31, 2022
Net sales	226,833	277,031
Cost of sales	206,712	251,239
Gross profit	20,120	25,791
Selling, general and administrative expenses	15,165	16,862
Operating income	4,954	8,929
Non-operating income		
Interest income	26	35
Dividends income	191	46
Foreign exchange gains	286	—
Subsidy income	201	195
Gain on sales of goods	328	323
Gain on sales of scraps	172	203
Other	373	298
Total non-operating income	1,579	1,103
Non-operating expenses		
Interest expenses	284	823
Share of loss of entities accounted for using equity method	33	7
Foreign exchange losses	—	483
Purchase of goods	148	172
Other	133	207
Total non-operating expenses	599	1,695
Ordinary income	5,934	8,337
Extraordinary income		
Gain on reversal of share acquisition rights	0	0
Total extraordinary income	0	0
Extraordinary losses		
Losses related to novel coronavirus infections	—	377
Total extraordinary losses	—	377
Income before income taxes	5,935	7,960
Income taxes - current	2,273	2,751
Income taxes - deferred	(908)	478
Total income taxes	1,364	3,229
Net income	4,570	4,730
Profit (loss) attributable to non-controlling interests	8	(3)
Profit attributable to owners of parent	4,561	4,733

Consolidated Statements of Comprehensive Income

(Million yen)

	For the year ended December 31, 2021	For the year ended December 31, 2022
Net income	4,570	4,730
Other comprehensive income		
Valuation difference on available-for-sale securities	439	(181)
Foreign currency translation adjustment	6,060	7,823
Remeasurements of defined benefit plans	167	(52)
Share of other comprehensive income of entities accounted for using equity method	87	85
Total other comprehensive income	6,754	7,675
Comprehensive income	11,324	12,405
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	11,266	12,387
Comprehensive income attributable to non-controlling interests	57	18

Consolidated Statements of Changes in Net Assets

For the year ended December 31, 2021

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income	Share acquisition rights	Non- controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total				
Balance at beginning of period	2,144	5,631	53,980	(5,949)	55,806	277	59	354	56,498
Changes of items during the period									
Dividends from surplus			(1,417)		(1,417)				(1,417)
Profit attributable to owners of parent			4,561		4,561				4,561
Purchase of treasury stock				(0)	(0)				(0)
Disposal of treasury stock		(1)		3	2				2
Change of scope of consolidation			(50)		(50)	(5)			(55)
Net changes in items other than shareholders' equity						6,704	17	57	6,780
Total changes of items during the period	—	(1)	3,093	3	3,095	6,699	17	57	9,870
Balance at end of period	2,144	5,630	57,074	(5,945)	58,902	6,976	77	412	66,369

For the year ended December 31, 2022

(Million yen)

	Shareholders' equity					Accumulated other comprehensive income	Share acquisition rights	Non- controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury stock	Total				
Balance at beginning of period	2,144	5,630	57,074	(5,945)	58,902	6,976	77	412	66,369
Changes of items during the period									
Dividends from surplus			(1,418)		(1,418)				(1,418)
Profit attributable to owners of parent			4,733		4,733				4,733
Disposal of treasury stock		(35)		79	43				43
Net changes in items other than shareholders' equity			0		0	7,653	(10)	18	7,661
Total changes of items during the period	—	(35)	3,315	79	3,358	7,653	(10)	18	11,020
Balance at end of period	2,144	5,594	60,389	(5,866)	62,261	14,630	67	430	77,389

Consolidated Statements of Cash Flows

(Million yen)

	For the year ended December 31, 2021	For the year ended December 31, 2022
Net cash provided by (used in) operating activities		
Income before income taxes	5,935	7,960
Depreciation and amortization	6,129	7,714
Increase (decrease) in allowance for doubtful accounts	(420)	9
Interest and dividends income	(217)	(81)
Interest expenses	284	823
Foreign exchange losses (gains)	(904)	(895)
Share of loss (profit) of entities accounted for using equity method	33	7
Decrease (increase) in trade receivables	(7,428)	—
Decrease (increase) in trade receivables and contract assets	—	(3,859)
Decrease (increase) in inventories	(18,110)	(9,213)
Decrease (increase) in consumption taxes refund receivable	(109)	(145)
Increase (decrease) in trade payables	7,794	2,111
Increase (decrease) in advances received	(137)	—
Increase (decrease) in contract liabilities	—	2,833
Other	1,597	1,451
Subtotal	(5,554)	8,717
Interest and dividends income received	238	82
Interest expenses paid	(294)	(735)
Income taxes paid	(2,496)	(2,495)
Net cash provided by (used in) operating activities	(8,106)	5,567
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(7,443)	(8,671)
Proceeds from sales of property, plant and equipment	40	8
Purchase of intangible assets	(688)	(434)
Proceeds from sale of investment securities	119	—
Payments of loans receivable	(31)	(40)
Proceeds from collection of loans receivable	30	37
Proceeds from divestments	—	50
Purchase of shares of subsidiaries and associates	(1)	—
Subsidies received	163	120
Other	45	35
Net cash provided by (used in) investment activities	(7,765)	(8,892)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	5,732	2,136
Proceeds from long-term borrowings	2,591	12,728
Repayments of long-term borrowings	(5,584)	(6,257)
Purchase of treasury shares	(0)	—
Dividends paid	(1,417)	(1,418)
Other	(452)	(512)
Net cash provided by (used in) financing activities	869	6,676
Effect of exchange rate change on cash and cash equivalents	1,309	985
Net increase (decrease) in cash and cash equivalents	(13,693)	4,336
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	9,315	13,652

Corporate Data

Corporate Outline

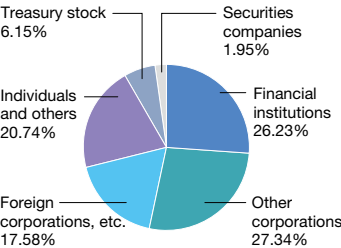
Company name	SIIX Corporation
Established	July 1, 1992
Paid-up capital	2,144 million yen (as of December 31, 2022)
Location	Osaka Headquarters: SIIX BLDG, 1-4-9, Bingo-machi, Chuo-ku, Osaka 541-0051 JAPAN Tokyo Headquarters: SIIX BLDG, 2-3-25, Kudanminami, Chiyoda-ku, Tokyo 102-0074 JAPAN Nagoya Sales Department: 2F SIIX BLDG, 3-2-11, Meieki, Nakamura-ku, Nagoya, Aichi 450-0002 JAPAN
Net sales	277,031 million yen (FY2022: consolidated)
Number of employees	Non-consolidated: 208, consolidated: 12,734 (as of December 31, 2022)

Stock and Shareholder Information (as of December 31, 2022)

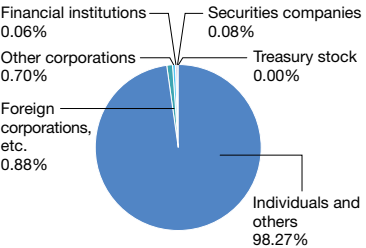
Stock information

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	29,573 shareholders

Shareholding by type of shareholder



Number of shareholders by type of shareholder



Major shareholders

Shareholder name	Number of shares held (in thousands)	Shareholding ratio (%)
Sakata Inx Corporation	10,812	22.86
The Master Trust Bank of Japan, Ltd. (trust account)	5,565	11.76
Forty Six Ltd.	2,200	4.65
Resona Bank, Limited	2,170	4.59
Sumitomo Mitsui Banking Corporation	2,160	4.57
Custody Bank of Japan, Ltd. (trust account)	1,597	3.38
Shiro Murai	1,405	2.97
THE BANK OF NEW YORK 133652	755	1.60
NORTHERN TRUST CO. (AVFC) RE LF WALES PENSION PARTNERSHIP(WALES PP)ASSET POOLING ACS UMBRELLA(TTF)	720	1.52
MUFG Bank, Ltd.	720	1.52

\* Aside from the above, SIIX owns 3,097,775 shares of treasury stock.

Website of SIIX

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

SIIX Corporation

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