

Medium-term Management Plan 2024-2026

February 2024
SIIX Corporation





INDEX

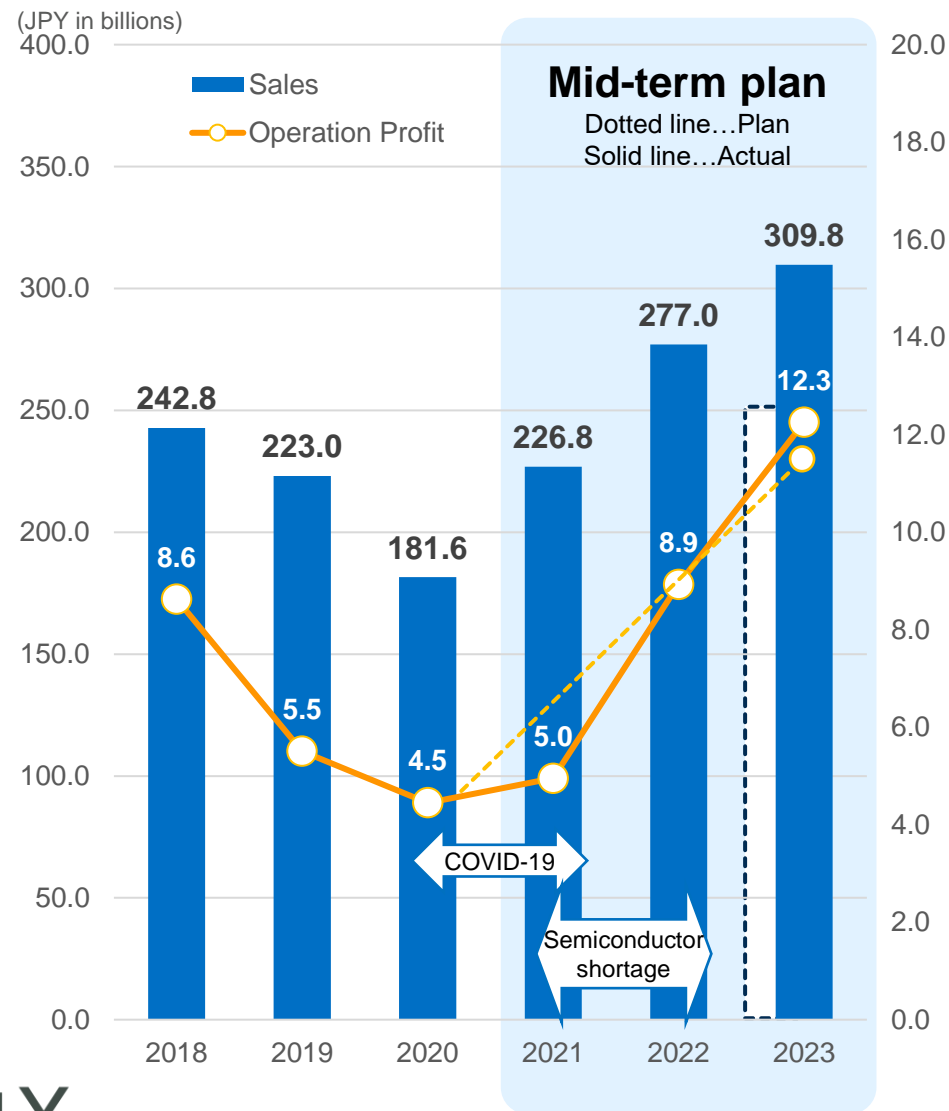
- Review of the 2021-2023 medium-term management plan
- Actions to achieve management with an awareness of cost of capital and share value
- New medium-term management plan for 2024-2026
 - Vision and performance targets
 - 4 challenges
 - Target indicators
 - Strengthening governance



Review of the 2021-2023 medium-term management plan



Review of the 2021-2023 medium-term management plan



Against the 2021-2023 Medium-Term Management Plan consolidated sales of JPY 250 billion and consolidated operating income of JPY 10.5 billion,

In FY2023, consolidated sales were **309.8 billion yen** and consolidated operating income was **12.3 billion yen**, achieving the numerical targets.

Compared to FY2020, sales increased 1.7 times, operating income increased 2.8 times, and record income was achieved in terms of operating income, ordinary income and net income.

Summary of the 3 years, challenges for the future

- Operating margins were affected by the external environment, including the pandemic of COVID-19, the deteriorating semiconductor procurement environment and rising transportation costs, and were not achieved.
- Despite growth in automotive-related business, we struggled to launch new projects. The sales ratio of non-Japanese companies was also weak.
- Inventory reduction did not proceed enough. Inventory turnover was 76-86 days. Despite a deteriorating procurement environment, targets were significantly underachieved. Also, it led to an increase in interest-bearing debt and a deterioration in CCC.



Review of the 2021-2023 medium-term management plan

Target		KPI	Result at the end of 2023	
Expanding business with major global companies	Expansion of non-Japanese ratio	Sale of Non-Japanese ratio 25%	18.0%	Slow growth in business with large non-Japanese customers due to delays in launching new projects, reduced requirements, etc.
	Strengthen Reinforce alliances with technology partner	JDM sales 5 bil yen	5.3 bil yen (FY2021)	Targets achieved through deals with iWOW, SIIX-ORIENT etc., we are continuing sales activities toward collaboration in the field of printed electronics.
	Customer development in the medical field	Sales in medical equipment sector 5 bil yen	1.6 bil yen	Little progress in developing customers
Contributing to a decarbonized society through our business	Expansion of CASE-related businesses Expansion of IoT, labour-saving, energy-saving etc.	Non-commodity sector sales ratio 85%	82.1%	Almost achieved due to growth in automotive. Industrial equipment also grew, with power tools and in-flight AV equipment contributing.
		CASE-related sales 35 bil yen	28.8 bil yen	Car multimedia and others did not reach the plan.
		Battery-related sales 10 bil yen	19.0 bil yen	Achieved due to power tool. New projects are being acquired in the automotive battery sector.



Review of the 2021-2023 medium-term management plan

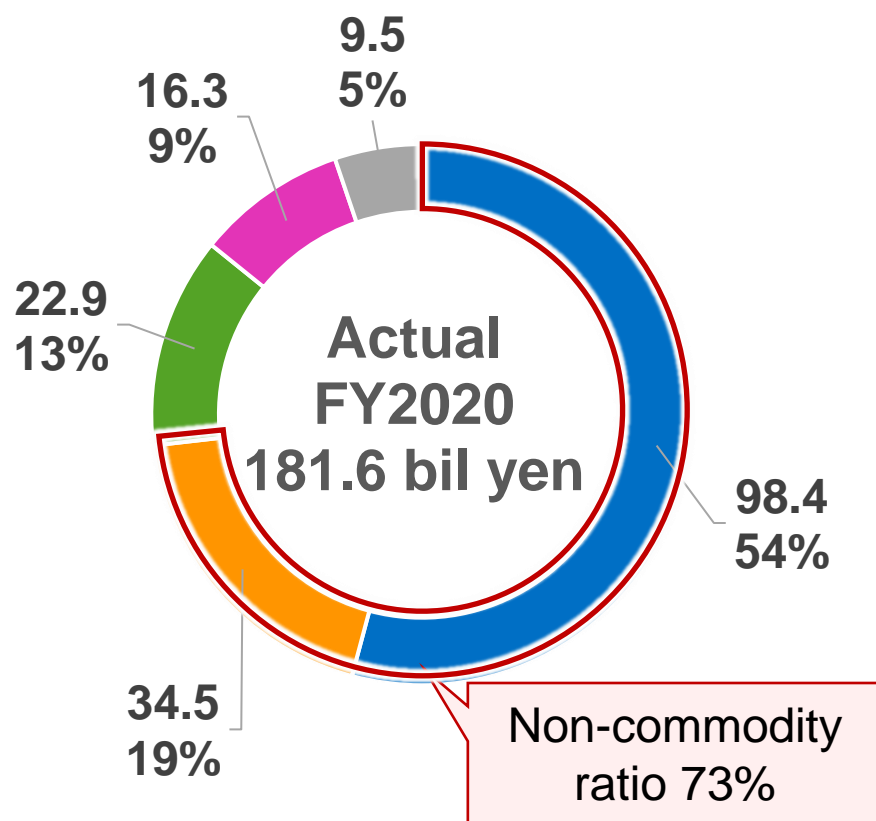
Target		KPI	Result at the end of 2023	
ESG	Reduction of CO2 emissions	Promotion of solar panel installation Reduction of emissions per sales	SCOPE1+2 99% reduction	<ul style="list-style-type: none">• Solar panels have been installed at all 3 plants in China, Mexico and Indonesia (Karawang). Solar panels will also be used in Thailand and Indonesia (Batam) in the future.• 100% of renewable energy use has been achieved at 3 sites in Europe and a plant in Japan (FY2022).• SCOPE2 emissions have been reduced by 96% compared to 2021 through IREC purchases (FY2022).• CO2 emissions per sales / million yen 2020: 0.34t → 2023(estimated): 0t (Scope 2)
	Increase in local executives ratio	Local executives ratio 80%	79.2%	The appointment of local executives has progressed. 2020: 78.9% → 2023: 79.2%
	Increase in female executives ratio	Female executives ratio 50%	32.1%	Promotion of female to the board of directors and executive officers. 2020: 31.1% → 2023: 32.1%



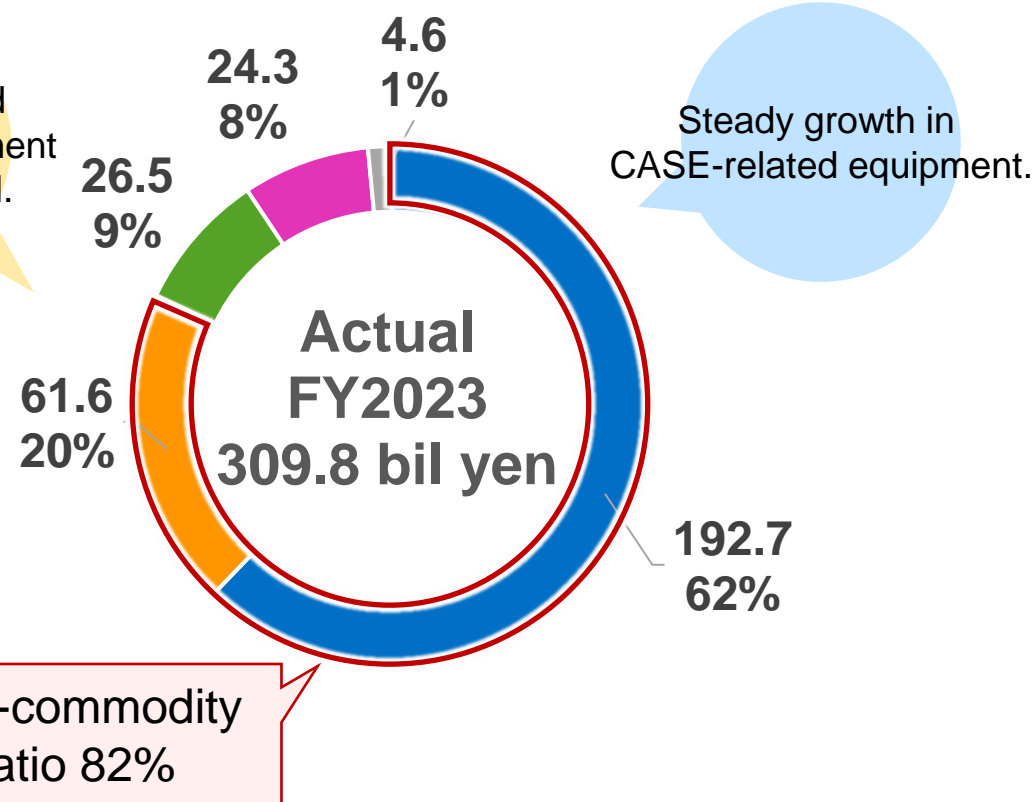
Review of the 2021-2023 medium-term management plan

● Consolidated Sales by Market Sector (FY2020 actual vs FY2023 actual)

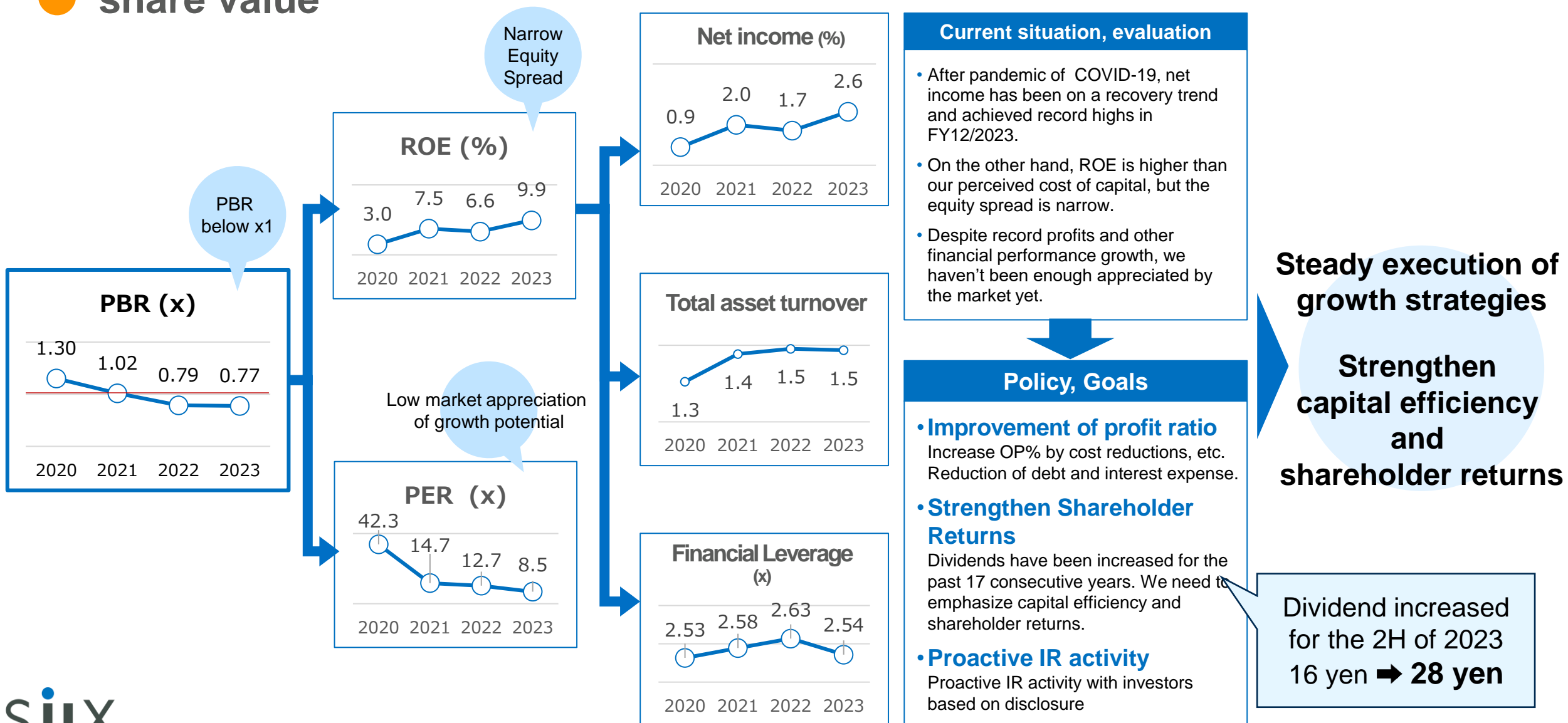
■ Automotive ■ Industrial ■ Home Appliance ■ Information ■ Others



Power tool and
Inflight AV equipment
performed well.



Actions to achieve management with an awareness of cost of capital and share value





New medium-term management plan 2024-2026



New Mid-term VISION

SIIX VISION 2026

Clean, correct and accurate

Providing the best service in the middle of the fairway

SIIX aims to deepen its relationships with all stakeholders with sincerity and integrity, and to grow and develop together. In order to achieve this, we respect the expectations and demands of our stakeholders, based on the basic principles of trust, transparency and fairness, We will accumulate the right actions every day to fulfil those needs.



New Mid-term Management Plan 2024-2026

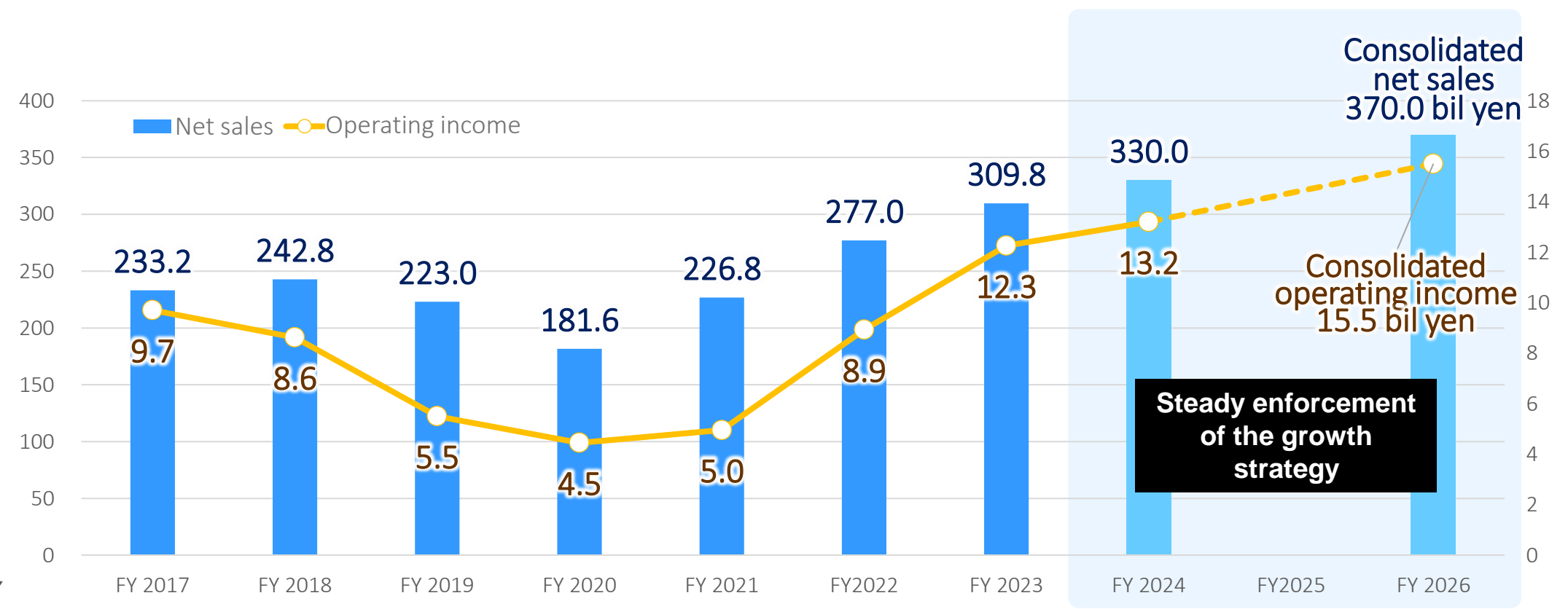
TARGET
in 2026

Sales
Operating Profit
OP%

370.0 bil JPY
15.5 bil JPY
4.2%

※RATE
USD = JPY132

(JPY, billion)





New Mid-term VISION

SIIX VISION 2026

Clean, correct and accurate

Providing the best service in the middle of the fairway

VISION

1

As a global business organizer, pursuing effective use of the world's resources and always considering climate change in its corporate activities, contribute to creating a sustainable society and increase corporate value.



- PBR: more than 1x
- Early achievement of carbon neutrality

VISION

2

Challenge new businesses, aspire to change, and provide the highest quality of service to customers.



- New business challenges
- Zero-Defect

VISION

3

Human capital are our greatest asset, and in order to bring out our unlimited potential, we promote the SIIX Principles Corporate philosophy, education, training, leadership development, acquisition of new skills, and career development among our employees. We aim to activate the organization by fairly accepting people from various backgrounds and appointing the best people regardless of their employment category or age.



- Instill SIIX Principle in all employees to build a healthy corporate culture.
- Raise the level of all employees and rejuvenation of the organization with our own originally developed education program + external training program



4 Challenges

SIIX VISION 2026

Clean, correct and accurate

① Challenge new business, provide the highest quality of service

- Sales
 - Create new business
 - Expansion of new areas
 - Create Non-EMS business
- Manufacturing
 - Zero defect
 - APQP* enhancement

② Contribution to a decarbonized society

- Promote decarbonization business
 - EV, Battery, AC
- CO2 emission reduction
 - Endorsement of SBTi
 - Enhance activity in all scopes
 - Setting net-zero target

③ Business management, Finance

- Generation of Free Cash Flow
 - Inventory, CCC, payment site
- Improve OEE, automation and manpower saving
- Business process Improvement

④ Human Capital Management

- Instill SIIX Principles
- Employee education system
 - Establishment of SIIX Academy, training of all employees



4 Challenges ① Challenge new business, provide the highest quality

EMS Business

● Provide the highest quality

- Implement in global same-measure at same-time horizontal development
- Introduce prevention alert system
- Introduce Pokayoke system
- Promote maximum automation
- Introduce in-house automated equipment
- Manpower saving
- Cost reduction

Synergy with
technology
partners

Deepening of JDM and TRADING

- IoT business
- Battery-related equipment
- Printed Electronics
- Robotics
- Sales expansion of Chinese parts

etc.

Synergy
with
different
business
category

Non-Electronics

- Provide Recruitment service and BPO services

Create
New Business
Improve
Profitability

● Develop New Market

India, Malaysia, Korea, Vietnam, Silicon Valley etc.



4 Challenges ① Challenge new business, provide the highest quality

Get new business by establishing SIIX manufacturing and high quality

- Accelerating manufacturing DX : strengthening core competencies and digitalization
 - Provide high quality through automated production / high reliability through immediate response to customer.
 - Development, production and installation of in-house automatic machinery equipment to provide the highest quality products. Challenges to zero-touch processes.
 - Preventing quality defects and improving the speed of feedback to customer by introducing MES* with using AI.
Feedback on the past troubleshooting details, introduction of common global countermeasures. *Manufacturing Execution System
 - Competition for improvement between sites through common KPI management.
Productivity improvement = contribution to decarbonization, contribution to customers.
 - Strengthen human capital development at SIIX Academy (Implement education based on a common curriculum for the entire company)



**Provide
the highest
quality
Improve
customer
satisfaction**



4 Challenges ① Challenge new business, provide the highest quality

● Development of automotive-related business

- Business with 15 of the Top 30 Global Tier 1 companies (MarkLines survey, 30 companies include non-Electronics Tier 1 companies) (5 Japanese, 10 non-Japanese)
→ Actively work on large and global projects.
- Increase number of EV-related projects. (BMS, DCDC converter, Inverter, OBC, Pump, etc.)
- Started business of wireless mobile phone chargers for in-vehicle use. Trying to expand sales to other OEMs.
- Developing business for electric two-wheeled and three-wheeled bicycles.
- Mass production and sales expansion of sensor modules for electronic component manufacturers, and mass production of various sensor modules for ADAS

4 Challenges ① Challenge new business, provide the highest quality

● Printed Electronics

Invested in Electroninks Incorporated, a developer and manufacturer of metal complex conductive inks.

Work on creating new businesses to meet the needs for high value-added materials in the field of printed electronics.

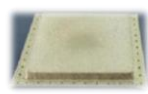
PRODUCT

Fully liquid metal complex conductive inks such as silver, gold, platinum, palladium, nickel, etc. Copper and alloy inks are also under development.

Applicable to materials with low heat resistance and high heat dissipation



Glass



Metal



Cloth, Textile



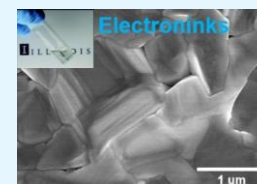
PET・PI



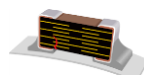
Ceramic

FEATURE

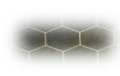
Particle structure-free complex ink. No conventional binders or surfactants are used, so 99.99% pure metal remains after baking.



- (1) Thin film coating is possible (0.7~2μm)
- (2) High conductivity
- (3) Low cost
- (4) Applicable to various base materials



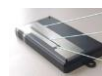
Electrodes



Metal mesh



Micro LED electrodes



Chip antenna



Printed antenna



Biosensors

PURPOSE

Internal and external electrodes for electronic components, EMI shields, flat antennas, semiconductors, alternative materials for plating (switches and other various contacts, bus bars), electrodes and transparent conductive films for perovskite solar panels, etc.



4 Challenges ① Challenge new business, provide the highest quality

● Robotics



Source:
Website of Singapore
Government Agency HTX
[HTX | Counting on Robots in Times like These](#)



Source:
Website of Singapore
Government Agency HTX
[HTX | Robotic Escort & Security System \(RESS\) trial at Tuas Checkpoint](#)

Increasing needs of
**Automation,
Labor saving, AI**



Establishment of “BotMind Pte. Ltd.”



Established in December 2023 as a joint venture with the Agency for Science, Technology and Research (A*STAR) of Singapore. The aim is to develop, expand sales and provide maintenance services for robots in Singapore and overseas.

Examples of robot applications: Security and monitoring, facilities management, restaurant industry, cleaning industry, hotel industry, etc.

Target Sales in 2026

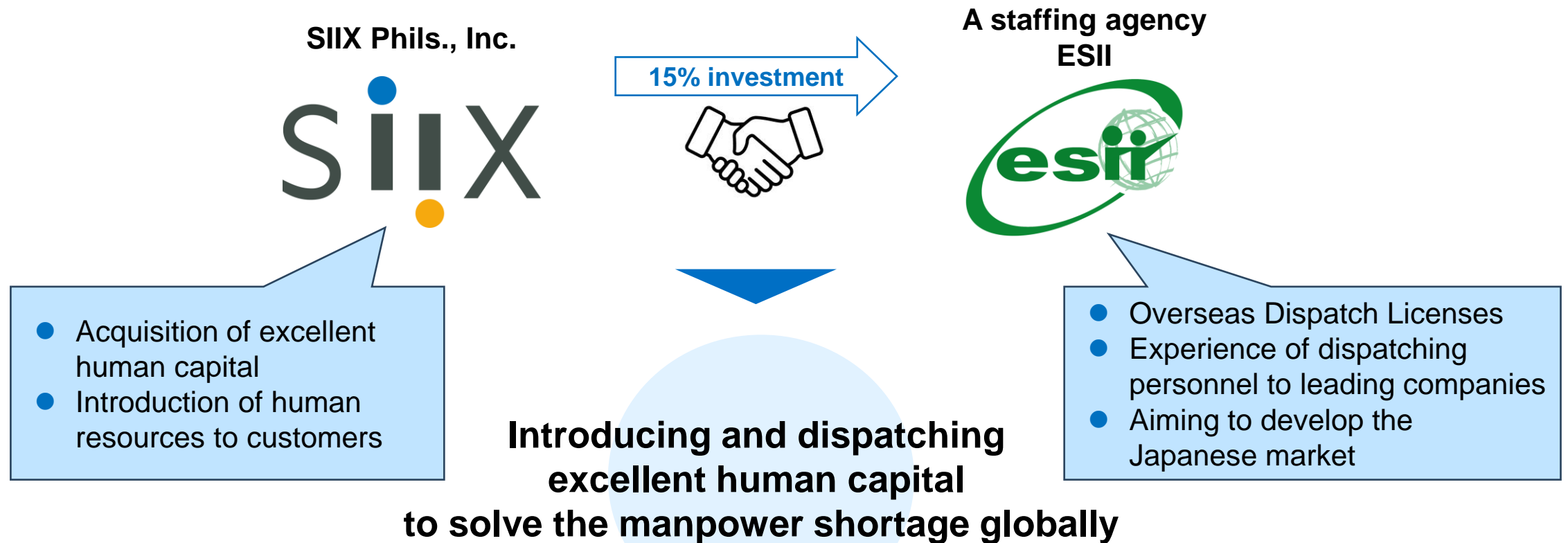
1 bil JPY

**to government agencies,
municipalities, private company
(Subscription Business)**

4 Challenges ① Challenge new business, provide the highest quality

● Provide Recruitment service and BPO services

- Invested in EMS Service International Inc. (ESII), a staffing agency in the Philippines.





4 Challenges ② Contribution to a decarbonized society

● Endorsement of SBTi* in 2024

*Science Based Targets initiative

● Reduction of CO2 emissions

● Improve CDP score Climate change : B- (2022) → **A-** (2023)

● Early realization of carbon neutrality (**SCOPE 1** + **SCOPE 2**)

SCOPE 1

- Conversion of company vehicles to EVs
- Installation of in-house power supply stations to promote EV use



SCOPE 2

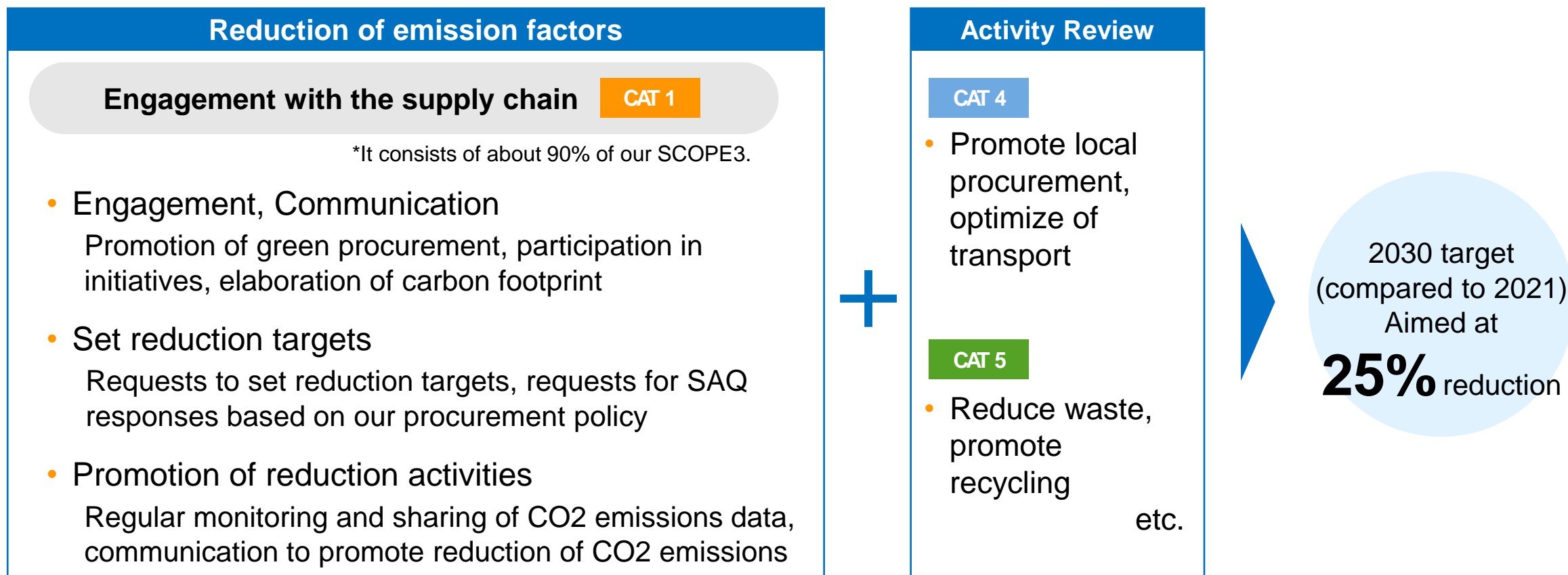
- Switching to electricity derived from renewable energy. (All 3 sites in Europe and the Japan Plant have already achieved a 100% renewable energy utilization.)
- Solar panel installation
Installed: 3 plants in China, Mexico, Indonesia(Karawang)
Plan: Thailand, Indonesia(Batam)
- Electric power efficiency
➡ Improved production efficiency
- Purchase of IREC

Early realization of
Carbon Neutrality

4 Challenges ② Contribution to a decarbonized society

● Reduction of CO2 emissions

- Initiatives for the entire supply chain (reduction of **SCOPE 3**)

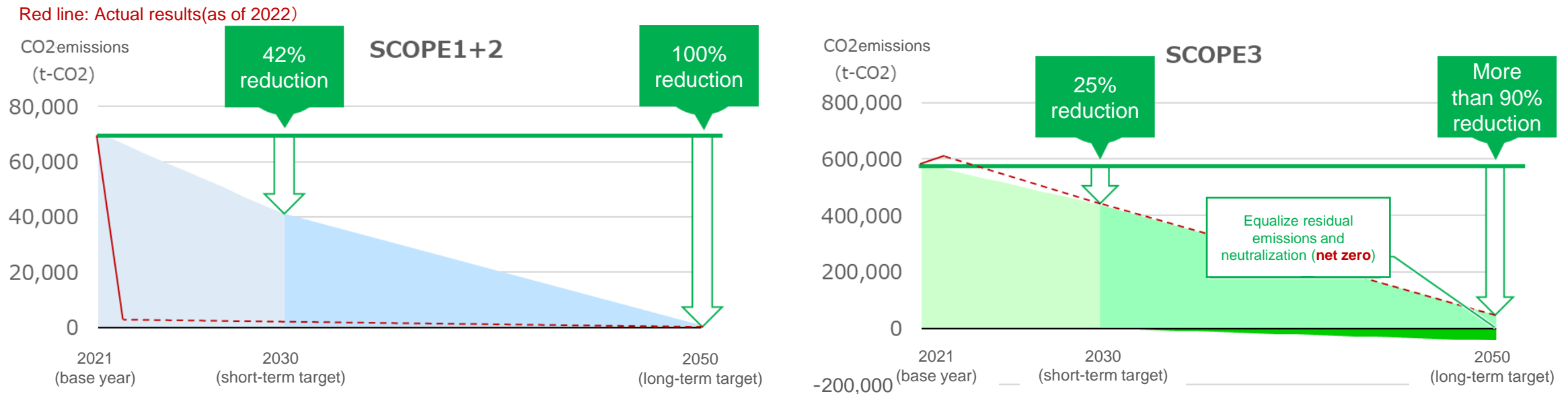




4 Challenges ② Contribution to a decarbonized society

- **Net Zero Declaration** — to be announced in the near future

Reduce SCOPE 1+2+3 CO2 emissions to zero by 2050



4 Challenges ③ Business management, Finance

Investment Policy

- **Invest in businesses with high profitability and growth potential**
 - Selection of businesses based on profitability and growth potential of customer's customer.
 - Accurate quotation and investment in businesses with high growth potential.
- **Investment in efficiency > Investment in increasing production capacity**
 - Prioritize investment in efficiency, not in increasing capacity through capital investment. Maximize productivity by existing production lines.
 - Investment to eliminate bottleneck processes at each plant.
- **Investment in automation**
 - Maximize output per worker by improving productivity and reducing man-hours.

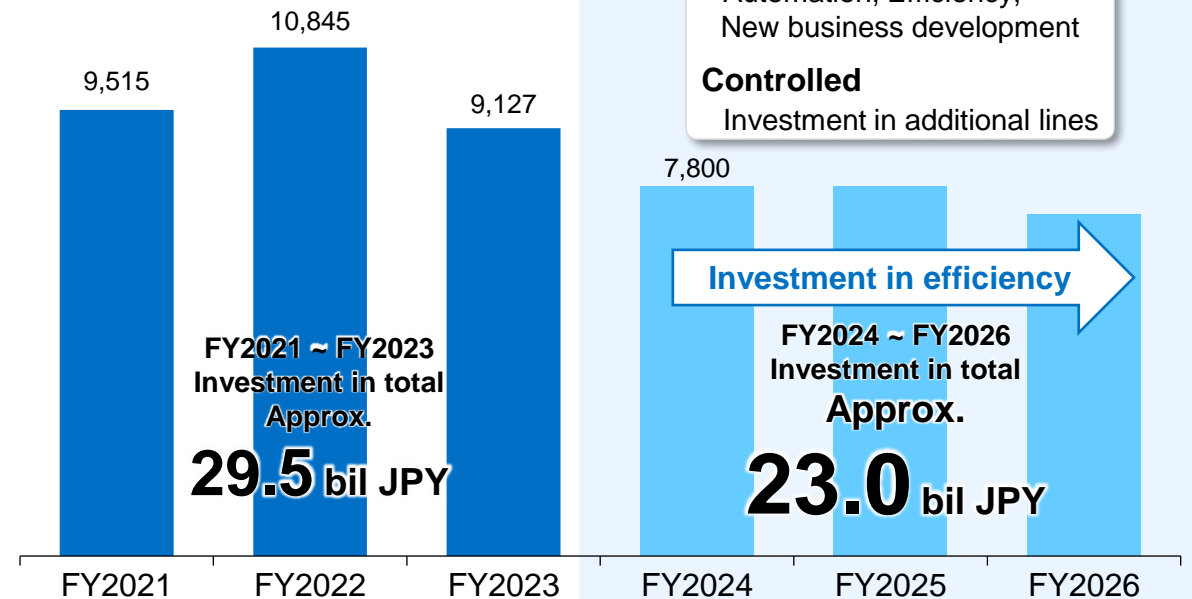
Improvement of CCC

Inventory reduction
Extension of payment sites

Creation of growth capital

CAPEX

(JPY, million)



4 Challenges ③ Investment in efficiency > Investment in increasing production capacity

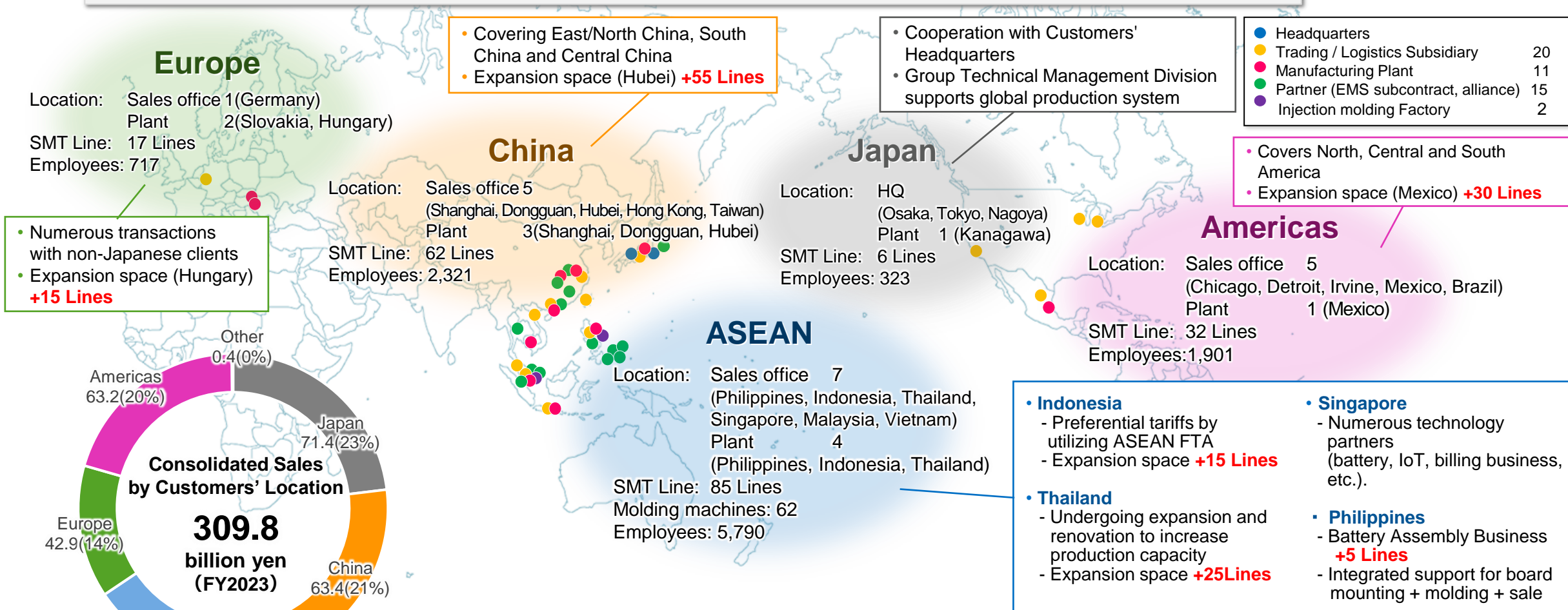
(As of end of Dec. 2023)

SIIX Group

SMT Line# : 202 Lines

Molding Machine : 62

Employees : 11,052



Expansion capacity: approx. 145 lines or more in SMT line equivalent

4 Challenges ④ Human Capital Management

We declare that we will completely change to a company that values “human capital” during the mid-term management period.



Purpose

- Working on reforms to become a "people-oriented company" by Compliance Committee
- Creating a more optimal human resources system for a global company after COVID-19

Effectiveness measurement, Guideline

- Implementation of engagement surveys and improvement of ES*.

*Engagement Score
Calculated using a survey provided by Link and Motivation Inc.

4 Challenges ④ Human Capital Management

● Establishment of SIIX Academy

- **Strengthen employee training**

All employees through our own originally developed education program + external training program

- **Promote local executives**

Promoting excellent employees to top management positions regardless of whether they are employed at the HQ or locally

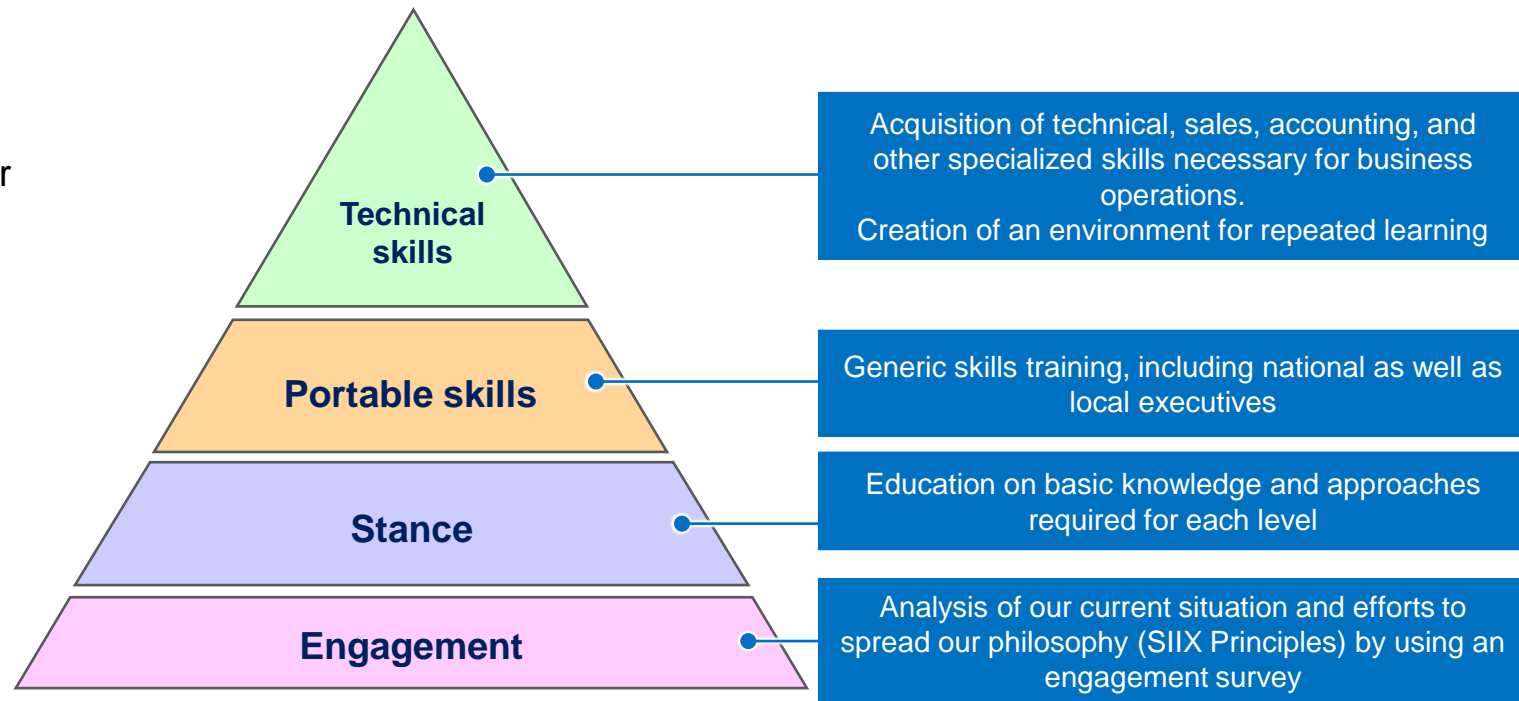
- **Rejuvenate the organization**

Filling in the gaps in population balance of employees by generation not by hiring mid-career employees of the same age, but by selecting employees based on their abilities, regardless of age.

- **Spreading our Philosophy**

SIIX Principles education will be provided by SIIX executives to ensure that the management philosophy based on the SIIX Principles is shared by all employees and to build a healthy corporate culture.

A place where employees can comprehensively and systematically learn the knowledge and skills necessary to be active as a member of SIIX.



4 Challenges / KPIs and Activities

Challenge		KPI and activities		
1. Challenge new business, provide the highest quality	Development of automotive-related business	Japanese Tier1 + Europe and US Tier1 + Chinese Tier1 Direct deal with OEMs. Increase number of EV-related projects. (Inverter, around charging, OBC, BMS)	Sales	Increase of 40 bil JPY
	Printed Electronics	Internal and external electrodes for electronic components, EMI shields, flat antennas, semiconductors, alternative materials for plating, transparent conductive films for perovskite solar panels, etc.	Sales	Increase of 2 bil JPY
	Robotics	Expand sales to government, municipalities, and the private company	Sales	Increase of 1 bil JPY
	New areas and new commercial business	India, Malaysia, Korea, Vietnam, Silicon Valley etc.	Sales	Increase of 7 bil JPY
2. Contribution to a decarbonized society	Expansion of climate change-related business	Battery-related (SiiX Orient for 2- and 3-wheelers, handy terminals, etc.), AC, heat pumps	Sales	Increase of 10 bil JPY
	Reduction of CO2 emissions	Net zero target setting, Endorsement of SBTi, Strengthening activities of all scopes		
3. Business management, Finance	Improvement of profitability Strengthening Governance	Inventory reduction Business innovation (Japan is working ahead; 30% reduction in total labor hours) Controlled capital investment (Expansion capacity is already secured)	OP%	4.2%
			Improvement of CCC	94 days → 65 days
4. Human capital development	Spreading SIIIX Principles	Implementation of engagement surveys Establishment SIIIX Academy, Strengthen training of all employees	Increase Engagement score	
	Employee education system			



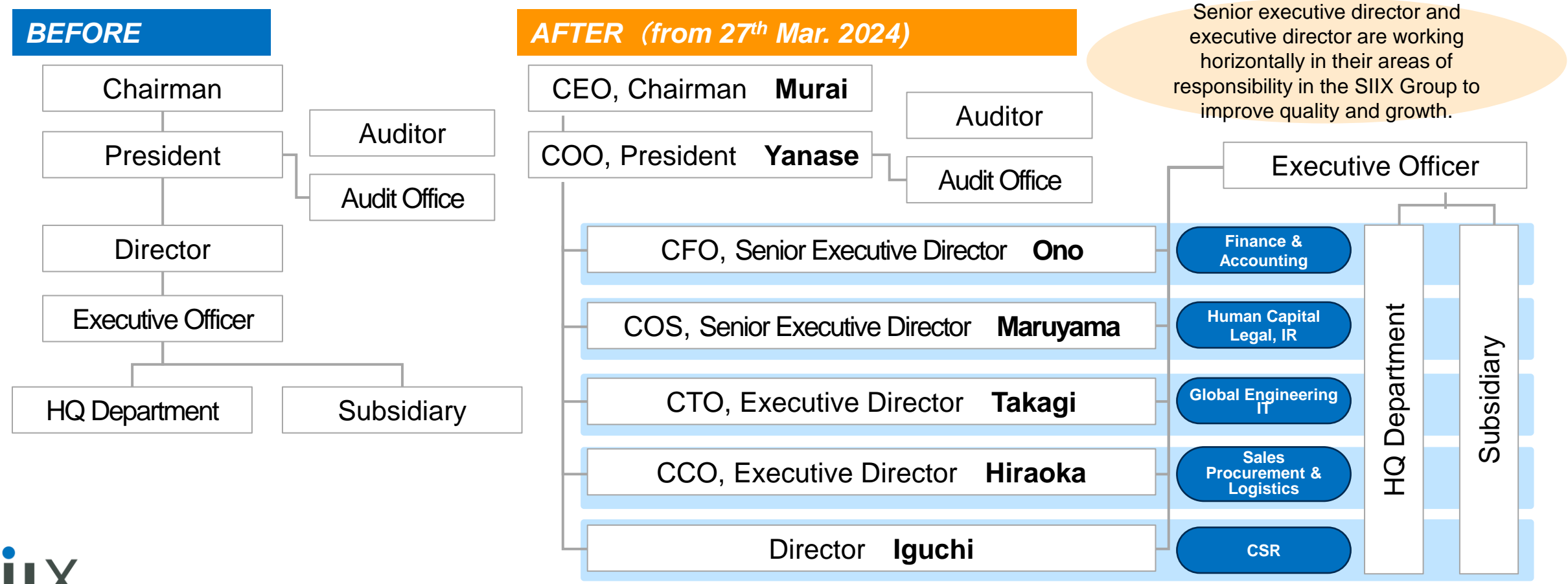
Target Indicators

- **ROE** Steadily maintain more than 10%
- **Improvement of OP%** 4.0% \Rightarrow **4.2%**
- **Improvement of CCC** 94 \Rightarrow **65 days**



Strengthening Governance (Business Management System)

- Clarify management oversight and decision-making functions, as well as the responsibilities and roles of directors, to promote further management efficiency through faster decision-making and to strengthen oversight of operations.





Disclaimer

- The information contained in this document is intended to provide financial information and performance indicators of SIIX Corporation (hereinafter referred to as “the Company”), but no representation or warranty is made regarding the content.

The document is not prepared for the purpose of soliciting investments. When actually investing, please refrain from making investment decisions based entirely on the information on this website, and make investment decisions based on your own judgment.

- The Company has taken the utmost care with regard to the information contained in this document. However, the Company assumes no responsibility whatsoever for any errors in the information contained herein, or for any damages resulting from the data falsification or the data downloading by third parties.
- Some information posted on the website contains statements regarding future performance. Such statements are not guarantees of future performance and are subject to risks and uncertainties. Please note that future performance may differ from actual results due to changes in the environment and other factors.