

Summary of Financial Results (Japan GAAP)[Consolidated]

For the First Quarter of Fiscal Year Ending December 31, 2024

Company name: OPTEX GROUP CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6914
 URL: <https://www.optexgroup.co.jp/en/>
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Scheduled date for filing of securities report: May 14, 2024

Scheduled date for dividend payment: -

Supplementary materials to the quarterly financial statements have been prepared: Yes

Presentation will be held to explain the quarterly financial statements: None

1. Consolidated financial results for the three months ended Mar. 31, 2024 (From Jan. 1 to Mar. 31, 2024)

(1) Consolidated operating results (Millions of yen rounded down)
 (Percentages indicate changes from the same period in the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
Mar. 31, 2024	15,464	11.9	1,755	0.2	1,981	13.0	1,301	10.1
Mar. 31, 2023	13,822	(0.6)	1,751	(17.4)	1,753	(27.9)	1,182	(32.1)

(Note) Comprehensive income: Three months ended Mar. 31, 2024: 2,236 million yen 45.8%
 Three months ended Mar. 31, 2023: 1,534 million yen (34.7%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
Mar. 31, 2024	36.65	36.34
Mar. 31, 2023	33.29	33.05

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Millions of yen	Millions of yen	%
As of			
Mar. 31, 2024	70,065	45,811	64.9
Dec. 31, 2023	67,127	44,271	65.3

(Reference) Shareholders' equity: As of Mar. 31, 2024: 45,449 million yen
 As of Dec. 31, 2023: 43,842 million yen

2. Dividends

(Base date)	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual (Total)
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2023	-	20.00	-	20.00	40.00
Fiscal year ending Dec. 31, 2024	-				
Fiscal year ending Dec. 31, 2024 (Forecast)		20.00	-	20.00	40.00

(Note)Revisions of the forecast most recently announced: None

3. Forecast of consolidated results for the fiscal year ending Dec. 31, 2024 (From Jan. 1 to Dec. 31, 2024)

(Percentages indicate changes from the previous year.)

Fiscal year ending	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Jun. 30, 2024 (Forecast)	30,600	12.5	3,200	20.3	3,200	9.2	2,400	20.9	67.55
Dec. 31, 2024 (Forecast)	61,000	8.2	6,600	11.9	6,600	5.5	5,000	8.5	140.74

(Note) Revisions of the forecast most recently announced: None

4. Others

(1) Material changes in subsidiaries during this period

(changes in scope of consolidations resulting from change in subsidiaries): None

(2) Applying of specific accounting of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and retrospective restatements

(a) Changes in accounting policies based on revisions of accounting standards: None

(b) Changes in accounting policies other than ones based on revisions of accounting standards: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

(4) Number of issued and outstanding shares (common shares)

(a) Number of issued and outstanding shares at the end of fiscal year (including treasury shares)

As of Mar. 31, 2024: 37,735,784 shares

As of Dec. 31, 2023: 37,735,784 shares

(b) Number of treasury shares at the end of fiscal year

As of Mar. 31, 2024: 2,152,232 shares

As of Dec. 31, 2023: 2,211,094 shares

(c) Average number of shares during the period

Three months ended Mar. 31, 2024: 35,527,398 shares

Three months ended Mar. 31, 2023: 35,524,964 shares

* Quarterly earnings reports are exempt from the quarterly review procedures to be conducted by a certified public accountant or an audit corporation.

1. Qualitative Information Related to Financial Statements for the Quarter under Review

(1) Explanation Concerning Operating Results

Based on its corporate philosophy, “aiming to become a corporate group full of venture spirit,” the Group has established a management policy of strengthening coordination among the business companies of the Group through the enhancement of headquarters functions and accelerating profit growth through the reduction of indirect costs on a Group-wide basis.

The Group is in the process of effectively facilitating a “shift to the solution proposal business,” a priority measure for the current year, with a view toward driving and enhancing the growth and profitability of each business. In addition, under the basic sustainability policy, which was newly set out in 2024, the Group is working hard to contribute to the sustainable development of society and maximize corporate value by addressing a range of environmental and social issues through its businesses.

During the first three months of the consolidated fiscal year under review, net sales increased 11.9% year on year, to 15,464 million yen, mainly reflecting the strong performances of the SS Business and MECT-related products in the IA Business, as well as the impact of foreign exchange rates. On the profitability side, the Group saw an increase in the cost ratio due partly to changes in the sales composition ratio and a rise in selling, general and administrative expenses attributable to the impact of foreign exchange rates, among other factors. Nonetheless, operating profit edged up 0.2% year on year, to 1,755 million yen, ordinary profit climbed 13.0% year on year, to 1,981 million yen, and profit attributable to owners of parent increased 10.1% year on year, to 1,301 million yen.

The business results for each segment are described below.

Starting from the first three month of the fiscal year under review, the classification method for the breakdown of earnings in the reportable segment has changed. For example, in the SS Business, the social and environment-related, which had been included in the Security Sensors and Other previously, is presented as Social and Environment-related due to its rising significance from business volume perspectives. The following comparisons with the same period of the previous fiscal year have been made based on figures reclassified into the revised classification segments.

① SS (Sensing Solution) Business

Net sales for the SS Business came to 7,075 million yen (up 15.6% year on year) and operating profit was 1,165 million yen (up 67.9% year on year).

Net sales for the security sensors were 4,674 million yen (up 19.2% year on year). In overseas operations, net sales of outdoor sensors remained solid in Europe, despite the impact of inflation and other factors. Meanwhile, net sales in domestic operations increased year on year due to solid sales for security companies and large-scale important facilities.

Net sales for automatic door sensors amounted to 1,806 million yen (up 4.2% year on year) due to foreign exchange rates, with sales remaining at the year-ago level in the United States and Europe, despite weak sales in Japan.

Net sales for society and environment-related products came to 593 million yen (up 28.0% year on year), reflecting steady sales of vehicle detection sensors in Japan and the United States.

② IA (Industrial Automation) Business

In the IA Business, net sales stood at 8,089 million yen (up 8.6% year on year), while operating profit was 729 million yen (down 23.7% year on year), reflecting an increase in the cost ratio due to changes in the product mix. Net sales for FA-related products amounted to 1,951 million yen (down 25.2% year on year), despite steady sales of products for semiconductor-related applications in Japan but was impacted by weak sales overseas due to customers' inventory adjustments in Europe and weak capital investment demand in China.

In MVL-related products, sales of products for semiconductors and for electric and electronic components were sluggish in Japan. In addition, as a result of stagnant sales of products for the United States and Europe, net sales came to 3,368 million yen (down 3.8% year on year).

Net sales for IPC-related products amounted to 1,223 million yen (up 10.5% year on year), following steady sales of products for semiconductor manufacturing equipment and medical devices.

Net sales for MECT-related products came to 1,546 million yen (up 570.5% year on year), reflecting good progress in deliveries of secondary battery manufacturing equipment.

③ EMS (Electronics Manufacturing Service) Business

In the EMS Business, net sales to unaffiliated customers amounted to 175 million yen (up 37.1% year on year), attributable to the steady performance of projects for the electronic contract manufacturing service. The Business recorded an operating loss of 169 million yen (compared to 2,390 million yen a year ago), reflecting a decrease in production volume of products within the Group.

(2) Explanation Concerning Financial Position

(Assets)

Total assets amounted to 70,065 million yen at the end of the first quarter under review, which was an increase of 2,938 million yen from the end of the previous fiscal year.

Current assets increased 2,826 million yen to total 55,462 million yen. This was attributable largely to an increase of 1,954 million yen in notes and accounts receivable - trade due to higher net sales and a rise of 469 million yen in inventories of raw materials and supplies.

Non-current assets increased 111 million yen, to 14,602 million yen.

The increase mainly reflected an increase of 119 million yen in property, plant and equipment such as construction in progress, which more than offset a decline of 26 million yen in intangible assets such as customer-related assets because of amortization and other factors.

(Liabilities)

Total liabilities stood at 24,253 million yen at the end of the first quarter under review, which was an increase of 1,398 million yen from the end of the previous fiscal year. This was primarily a result of an increase of 1,752 million

yen in current liabilities such as short-term borrowings and notes and accounts payable - trade, despite a decline of 354 million yen in non-current liabilities such as long-term borrowings.

(Net assets)

Net assets amounted to 45,811 million yen at the end of the first quarter under review, which was an increase of 1,540 million yen from the end of the previous fiscal year. This resulted mainly from increases of 930 million yen in other comprehensive income, including foreign currency translation adjustment and 591 million yen in retained earnings, respectively.

(3) Management's discussion of consolidated operating results forecast and other forecasts

The consolidated results forecasts for the fiscal year ending December 31, 2024, remain the same as those stated on February 14, 2024.

Consolidated Quarterly Financial Statements

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	17,119	17,372
Notes and accounts receivable - trade	12,112	14,066
Securities	505	407
Merchandise and finished goods	6,807	6,302
Work in process	3,709	4,190
Raw materials and supplies	10,338	10,832
Income taxes refund receivable	240	239
Other	1,868	2,115
Allowance for doubtful accounts	△66	△64
Total current assets	52,635	55,462
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,468	3,485
Machinery, equipment and vehicles, net	404	406
Tools, furniture and fixtures, net	943	967
Land	2,529	2,547
Construction in progress	212	271
Right-of-use assets	249	250
Total property, plant and equipment	7,807	7,927
Intangible assets		
Patent right	194	173
Trademark right	257	241
Customer-related intangible assets	332	292
Goodwill	946	1,010
Other	646	632
Total intangible assets	2,377	2,350
Investments and other assets		
Investment securities	1,621	1,547
Long-term loans receivable	20	24
Deferred tax assets	2,022	2,108
Other	674	677
Allowance for doubtful accounts	△31	△32
Total investments and other assets	4,306	4,324
Total non-current assets	14,491	14,602
Total assets	67,127	70,065

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,792	3,599
Short-term borrowings	4,921	6,439
Current portion of long-term borrowings	1,792	1,492
Accounts payable - other	1,718	1,966
Income taxes payable	1,002	659
Provision for bonuses	812	704
Other	2,670	2,598
Total current liabilities	15,710	17,462
Non-current liabilities		
Long-term borrowings	3,931	3,518
Deferred tax liabilities	639	696
Deferred tax liabilities for land revaluation	22	22
Retirement benefit liability	1,528	1,531
Provision for retirement benefits for directors (and other officers)	139	149
Other	884	873
Total non-current liabilities	7,145	6,791
Total liabilities	22,855	24,253
Net assets		
Shareholders' equity		
Share capital	2,798	2,798
Capital surplus	7,579	7,568
Retained earnings	34,388	34,980
Treasury shares	△3,589	△3,493
Total shareholders' equity	41,177	41,853
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△53	84
Revaluation reserve for land	△5	△5
Foreign currency translation adjustment	2,744	3,535
Remeasurements of defined benefit plans	△19	△17
Total accumulated other comprehensive income	2,665	3,596
Share acquisition rights	412	345
Non-controlling interests	16	16
Total net assets	44,271	45,811
Total liabilities and net assets	67,127	70,065

Consolidated Quarterly Statements of Income

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	13,822	15,464
Cost of sales	6,593	7,790
Gross profit	7,229	7,673
Selling, general and administrative expenses	5,477	5,918
Operating profit	1,751	1,755
Non-operating income		
Interest income	18	24
Dividend income	2	3
Gain on investments in investment partnerships	26	—
Foreign exchange gains	—	201
Rental income	7	7
Insurance return	5	0
Share of profit of entities accounted for using equity method	17	—
Subsidy income	0	0
Other	29	12
Total non-operating income	107	250
Non-operating expenses		
Interest expenses	15	16
Foreign exchange losses	81	—
Rental expenses	2	2
Share of loss of entities accounted for using equity method	—	2
Other	4	2
Total non-operating expenses	105	24
Ordinary profit	1,753	1,981
Extraordinary income		
Gain on sale of non-current assets	4	1
Total extraordinary income	4	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	0
Loss on valuation of investment securities	—	223
Total extraordinary losses	1	224
Profit before income taxes	1,756	1,758
Income taxes - current	394	546
Income taxes - deferred	178	△89
Total income taxes	573	457
Profit	1,183	1,301
Profit (loss) attributable to non-controlling interests	0	△0
Profit attributable to owners of parent	1,182	1,301

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	1,183	1,301
Other comprehensive income		
Valuation difference on available-for-sale securities	49	137
Foreign currency translation adjustment	297	792
Remeasurements of defined benefit plans, net of tax	4	5
Total other comprehensive income	351	935
Comprehensive income	1,534	2,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,533	2,236
Comprehensive income attributable to non-controlling interests	0	0

Notes on the Consolidated Financial Statements

[Notes related to of going concern assumptions]

No items to report

[Notes regarding significant changes in shareholders' equity accounts]

No items to report

[Segment Information]

1. Three months ended Mar. 31, 2023 (From Jan. 1 to Mar. 31, 2023)

(1) Net Sales and Profit(Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total				
Net Sales								
Security Sensors	3,921	-	-	3,921	-	3,921	-	3,921
Automatic Door Sensors	1,733	-	-	1,733	-	1,733	-	1,733
Social and Environment	463	-	-	463	-	463	-	463
FA-related	-	2,608	-	2,608	-	2,608	-	2,608
MVL-related	-	3,501	-	3,501	-	3,501	-	3,501
IPC-related	-	1,107	-	1,107	-	1,107	-	1,107
MECT-related	-	230	-	230	-	230	-	230
Other	-	-	128	128	126	255	-	255
Revenue from Contracts with Customers	6,119	7,448	128	13,695	126	13,822	-	13,822
Unaffiliated customers	6,119	7,448	128	13,695	126	13,822	-	13,822
Intersegment transfer	16	14	3,294	3,326	16	3,342	(3,342)	-
Total	6,136	7,462	3,422	17,021	143	17,164	(3,342)	13,822
Segment profit(Loss)	694	955	239	1,889	(13)	1,875	(124)	1,751

(Notes) 1. The "Others" category incorporates operations not included in business segments reported, and includes software development, operation and management of sports clubs and other businesses.

2. Adjustment of (124) million yen for segment profit (loss) includes elimination of inter-segment transactions and unallocated corporate expenses.

3. Adjustments are made to reconcile segment profit (loss) to operating profit presented in the consolidated statements of operations.

2. Three months ended Mar. 31, 2024 (From Jan. 1 to Mar. 31, 2024)

(1) Net Sales and Profit(Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total				
Net Sales								
Security Sensors	4,674	-	-	4,674	-	4,674	-	4,674
Automatic Door Sensors	1,806	-	-	1,806	-	1,806	-	1,806
Social and Environment	593	-	-	593	-	593	-	593
FA-related	-	1,951	-	1,951	-	1,951	-	1,951
MVL-related	-	3,368	-	3,368	-	3,368	-	3,368
IPC-related	-	1,223	-	1,223	-	1,223	-	1,223
MECT-related	-	1,546	-	1,546	-	1,546	-	1,546
Other	-	-	175	175	123	299	-	299
Revenue from Contracts with Customers	7,075	8,089	175	15,341	123	15,464	-	15,464
Unaffiliated customers	7,075	8,089	175	15,341	123	15,464	-	15,464
Intersegment transfer	16	2	2,120	2,139	10	2,149	(2,149)	-
Total	7,091	8,092	2,296	17,480	133	17,614	(2,149)	15,464
Segment profit(Loss)	1,165	729	(169)	1,725	(11)	1,714	41	1,755

(Notes) 1. The "Others" category incorporates operations not included in business segments reported, and includes software development, operation and management of sports clubs and other businesses.

2. Adjustment of 41 million yen for segment profit (loss) includes elimination of inter-segment transactions and unallocated corporate expenses.

3. Adjustments are made to reconcile segment profit (loss) to operating profit presented in the consolidated statements of operations.

4. Starting from the first three month of the fiscal year under review, the classification method for the breakdown of earnings in the reportable segment has changed. For example, in the SS Business, the social and environment -related, which had been included in the Security Sensors and Other previously, is presented as Social and Environment-related due to its rising significance from business volume perspectives.

The information on breakdown of earnings for the first quarter of the previous consolidated fiscal year presented herein has been prepared according to the revised classification.