

Summary of Financial Results (Japan GAAP)[Consolidated]

For the First Quarter of Fiscal Year Ending December 31,2023

Company name: OPTEX GROUP CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6914
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Scheduled date for filing of securities report: May.12,2023

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. 31,2023 (From Jan.1 to Mar.31, 2023)

(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. 31,2023	13,822	(0.6)	1,751	(17.4)	1,753	(27.9)	1,182	(32.1)
Mar. 31,2022	13,901	26.7	2,120	59.8	2,431	53.7	1,743	64.8

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

Three months ended Mar. 31,2022: 2,350 million yen 38.7%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
Mar. 31,2023	33.29	33.05
Mar. 31,2022	49.07	48.78

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Millions of yen	Millions of yen	%
As of			
Mar. 31,2023	63,017	40,648	63.9
Dec. 31,2022	63,302	39,735	62.2

(Reference) Shareholders' equity: As of Mar. 31,2023: 40,274 million yen

As of Dec. 31,2022: 39,380 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. 31,2022	-	18.00	-	18.00	36.00
Fiscal year ending Dec. 31,2023	-				
Fiscal year ending Dec. 31,2023 (Forecast)		20.00	-	20.00	40.00

(Note)Revisions of the forecast most recently announced: No

3. Forecast of consolidated results for the fiscal year ending Dec. 31, 2023 (From Jan. 1 to Dec. 31, 2023)

(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, 2023 (Forecast)	29,200	7.2	3,600	0.3	3,650	(15.1)	2,550	(18.3)	71.78
Dec. 31, 2023 (Forecast)	60,000	9.5	7,500	19.0	7,600	7.9	5,300	11.5	149.19

(Note) Revisions of the forecast most recently announced: No

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: Yes

(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, 2023: 37,735,784 shares

As of Dec. 31, 2022: 37,735,784 shares

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

As of Mar. 31, 2023: 2,210,820 shares

As of Dec. 31, 2022: 2,210,820 shares

(c) Average number of shares during the period

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

Three months ended Mar. 31, 2022: 35,521,612 shares

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

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.

As a key measure for the current fiscal year, the Group has been accelerating the business development of Group companies by focusing investment in growth areas. It aims to strengthen business collaboration among Group companies in procurement, manufacturing, product planning and other fields.

In the first three months of the consolidated fiscal year under review, net sales declined 0.6% year on year, to 13,822 million yen, mainly reflecting sluggish growth in IPC (Industrial PC)-related and MECT (Mechatronics)-related products under the IA (Industrial Automation) Business, offsetting steady growth of SS (Sensing Solution) Business. On the profit side, operating profit was 1,751million yen, down 17.4% year on year, mainly due to an increase in selling, general and administrative expenses, which reflected the effects of enhanced marketing and sales promotion activities in response to the relaxation of movement restrictions in the COVID-19 pandemic, and the impact of foreign exchange. Ordinary profit stood at 1,753 million yen, down 27.9%, and profit attributable to owners of parent was 1,182 million yen, down 32.1%.

The business results for each segment are described below.

① SS (Sensing Solution) Business

Net sales for the SS Business came to 6,119 million yen (up 8.2% year on year) and operating profit was 694 million yen (down 19.0% year on year).

Net sales for the security sensors were 4,163 million yen (up 9.3% year on year). Net sales in overseas operations exceeded the year-ago level, reflecting steady sales of outdoor sensors in Europe. On the other hand, net sales in domestic operations were slightly lower than the year-ago level, the result of sluggish sales to security companies caused by a shortage of components.

Net sales of automatic door sensors totaled 1,454 million yen, up 18.3% year on year. Domestic and overseas sales increased steadily, reflecting an appreciation of the Group's product supply system.

② IA (Industrial Automation) Business

In the IA Business, net sales came to 7,448 million yen (down 6.6% year on year) and operating profit was 955 million yen (down 29.7% year on year).

Net sales for FA-related products amounted to 2,608 million yen, down 3.8% year on year, given sluggish sales of products for semiconductor and electronic components in Japan, more than offsetting strong sales of products for secondary battery industries in China.

Net sales for MVL (Machine Vision Lighting)-related products came to 3,501 million yen (up 2.6% year on year), reflecting steady domestic sales of products for automobiles as well as favorable overseas sales of products for the logistics industry.

Net sales for the IPC-related products amounted to 1,107 million yen (down 15.1% year on year). The posting of sales of products for industrial computers was carried over to the second and subsequent quarters, reflecting a delay in the manufacturing of products for semiconductor manufacturing equipment as a result of a shortage of components.

Net sales for MECT-related products came to 230 million yen (down 57.8% year on year), reflecting a backlog of secondary battery manufacturing equipment which is still in the manufacturing process.

③ EMS (Electronics Manufacturing Service) Business

In the EMS Business, sales to unaffiliated customers amounted to 128 million yen (down 27.8% year on year) due to stagnant growth in projects for the electronic contract manufacturing service. On the other hand, operating profit came to 239 million yen (compared to 2 million yen a year ago), mainly attributable to an increase in the production volume of products within the Group.

(2) Explanation Concerning Financial Position

(Assets)

Total assets amounted to 63,017 million yen at the end of the first three months under review, which was a decrease of 284 million yen from the end of the previous fiscal year.

Current assets stood at 47,796 million yen, which was a decline of 136 million yen. The decrease mainly reflected a decline in cash and deposits of 2,364 million yen, partly offset by increases in inventories of raw materials and supplies of 1,845 million yen and in other current assets of 319 million yen.

Non-current assets amounted to 15,221 million yen, which was a decrease of 148 million yen. The decrease mainly reflected declines in investments and other assets of 136 million yen and in customer-related assets and other intangible assets due to amortization of 27 million yen.

(Liabilities)

Total liabilities stood at 22,368 million yen at the end of the first three months under review, which was a decrease of 1,198 million yen from the end of the previous fiscal year. This was primarily a result of decreases of 750 million yen in income taxes payable and other current liabilities and 447 million yen in long-term borrowings and other non-current liabilities.

(Net assets)

Net assets amounted to 40,648 million yen at the end of the first quarter under review, which was an increase of 913 million yen from the end of the previous fiscal year. This resulted mainly from an increase of 543 million yen in retained earnings and a rise of 350 million yen in other comprehensive income, including foreign currency translation adjustment.

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

The consolidated results forecasts for the fiscal year ending December 31, 2023 remain the same as those stated on February 14, 2023.

Consolidated Quarterly Financial Statements

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	17,287	14,923
Notes and accounts receivable - trade	12,221	12,063
Securities	327	407
Merchandise and finished goods	5,782	6,122
Work in process	1,952	2,596
Raw materials and supplies	8,513	9,375
Income taxes refund receivable	111	235
Other	1,802	2,122
Allowance for doubtful accounts	△65	△49
Total current assets	47,932	47,796
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,488	3,470
Machinery, equipment and vehicles, net	394	377
Tools, furniture and fixtures, net	830	867
Land	2,512	2,514
Construction in progress	113	142
Right-of-use assets	281	264
Total property, plant and equipment	7,621	7,637
Intangible assets		
Patent right	278	257
Trademark right	336	316
Customer relationships	488	449
Goodwill	987	1,046
Other	725	718
Total intangible assets	2,815	2,787
Investments and other assets		
Investment securities	2,144	2,231
Long-term loans receivable	25	25
Deferred tax assets	2,123	1,886
Other	1,069	1,085
Allowance for doubtful accounts	△430	△432
Total investments and other assets	4,932	4,796
Total non-current assets	15,370	15,221
Total assets	63,302	63,017

(Millions of yen)

	As of December 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,165	3,481
Short-term borrowings	8,926	8,830
Current portion of long-term borrowings	708	974
Accounts payable - other	1,381	1,303
Income taxes payable	1,258	487
Provision for bonuses	1,117	670
Other	2,194	2,253
Total current liabilities	18,752	18,002
Non-current liabilities		
Long-term borrowings	1,247	794
Deferred tax liabilities	655	643
Deferred tax liabilities for land revaluation	22	22
Retirement benefit liability	1,436	1,467
Provision for retirement benefits for directors (and other officers)	139	113
Other	1,313	1,324
Total non-current liabilities	4,814	4,366
Total liabilities	23,567	22,368
Net assets		
Shareholders' equity		
Share capital	2,798	2,798
Capital surplus	7,579	7,579
Retained earnings	31,130	31,673
Treasury shares	△3,588	△3,588
Total shareholders' equity	37,919	38,462
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△102	△53
Revaluation reserve for land	△5	△5
Foreign currency translation adjustment	1,592	1,889
Remeasurements of defined benefit plans	△23	△18
Total accumulated other comprehensive income	1,461	1,811
Share acquisition rights	341	360
Non-controlling interests	13	14
Total net assets	39,735	40,648
Total liabilities and net assets	63,302	63,017

Consolidated Quarterly Statements of Income

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	13,901	13,822
Cost of sales	6,832	6,593
Gross profit	7,069	7,229
Selling, general and administrative expenses	4,949	5,477
Operating profit	2,120	1,751
Non-operating income		
Interest income	5	18
Dividend income	1	2
Gain on sale of investment securities	18	—
Gain on investments in investment partnerships	—	26
Foreign exchange gains	222	—
Rental income	5	7
Insurance return	30	5
Share of profit of entities accounted for using equity method	16	17
Subsidy income	2	0
Other	24	29
Total non-operating income	327	107
Non-operating expenses		
Interest expenses	11	15
Foreign exchange losses	—	81
Rental expenses	2	2
Loss on investments in investment partnerships	0	—
Other	1	4
Total non-operating expenses	16	105
Ordinary profit	2,431	1,753
Extraordinary income		
Gain on sale of non-current assets	4	4
Total extraordinary income	4	4
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	1
Total extraordinary losses	0	1
Profit before income taxes	2,435	1,756
Income taxes - current	566	394
Income taxes - deferred	124	178
Total income taxes	690	573
Profit	1,744	1,183
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	1,743	1,182

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit	1,744	1,183
Other comprehensive income		
Valuation difference on available-for-sale securities	9	49
Foreign currency translation adjustment	587	297
Remeasurements of defined benefit plans, net of tax	9	4
Total other comprehensive income	606	351
Comprehensive income	2,350	1,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,348	1,533
Comprehensive income attributable to non-controlling interests	2	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

[Change in Accounting Principles]

(Application of Accounting Standard for Fair Value Measurement)

The Group has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) since the beginning of the first quarter of the fiscal year under review and will apply the new accounting principles set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement over the future years by following the transitional treatment specified in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

This will not have an impact on the consolidated quarterly financial statements.

[Additional information]

(Accounting estimates associated with the spread of COVID-19)

There is no significant change in the assumptions on the impact of the COVID-19 pandemic described in the securities report for the previous consolidated fiscal year as additional information regarding accounting estimates associated with the COVID-19 pandemic.

[Segment Information]

1.Three months ended Mar. 31, 2022 (From Jan. 1 to Mar. 31, 2022)

(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	3,808	-	-	3,808	-	3,808	-	3,808
Automatic Door Sensors	1,229	-	-	1,229	-	1,229	-	1,229
FA-related	-	2,710	-	2,710	-	2,710	-	2,710
MVL-related	-	3,412	-	3,412	-	3,412	-	3,412
IPC-related	-	1,304	-	1,304	-	1,304	-	1,304
MECT-related	-	546	-	546	-	546	-	546
Other	616	-	177	793	96	890	-	890
Revenue from Contracts with Customers	5,654	7,973	177	13,805	96	13,901	-	13,901
Unaffiliated customers	5,654	7,973	177	13,805	96	13,901	-	13,901
Intersegment transfer	24	5	2,550	2,581	9	2,590	(2,590)	-
Total	5,679	7,979	2,727	16,386	106	16,492	(2,590)	13,901
Segment profit(Loss)	856	1,358	2	2,217	(26)	2,191	(71)	2,120

(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 (71) 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, 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	4,163	-	-	4,163	-	4,163	-	4,163
Automatic Door Sensors	1,454	-	-	1,454	-	1,454	-	1,454
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	500	-	128	629	126	755	-	755
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.