

 <b>Isamu Oguni</b> Executive Chairman	 <b>Tatsuya Nakajima</b> President	OPTEX GROUP CO., LTD. (6914)
		

## Company Information

Market	TSE Prime Market
Industry	Electric equipment (Manufacturer)
Executive Chairman	Isamu Oguni
President	Tatsuya Nakajima
HQ Address	4-7-5, Nionohama, Otsu, Shiga Prefecture
Year-end	December
Homepage	<a href="https://www.optexgroup.co.jp/en/">https://www.optexgroup.co.jp/en/</a>

## Stock Information

Share Price	Shares Outstanding (Term end)	Total market cap	ROE Act.	Trading Unit	
1,820yen	37,735,784shares	68,679million	11.1%	100shares	
DPS Est.	Dividend yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
40.00yen	2.2%	140.75yen	12.9x	1,234.15yen	1.5x

\*The share price is the closing price on February 19. All figures were taken from the brief report for FY 12/23.

## Earnings Trend

Fiscal Year	Sales	Operating profit	Ordinary profit	Net profit	EPS	DPS
December 2020	34,846	2,098	2,176	1,395	38.59	30.00
December 2021	45,866	4,630	5,130	3,762	104.18	30.00
December 2022	54,811	6,303	7,042	4,752	133.79	36.00
December 2023	56,372	5,899	6,258	4,608	129.73	40.00
December 2024 Est.	61,000	6,600	6,600	5,000	140.75	40.00

Net profit is net profit attributed to parent shareholders. The same applies hereafter.

This Bridge Report presents OPTEX GROUP's earnings results for the fiscal year ended December 2023, earnings forecasts for the fiscal year ending December 2024, three-year (2024-2026) management plan and so on.

## Table of Contents

### [Key Points](#)

#### [1. Company Overview](#)

#### [2. Fiscal Year Ended December 2023 Earnings Results](#)

#### [3. Fiscal Year Ending December 2024 Earnings Forecasts](#)

#### [4. Three-year \(2024-2026\) Management Plan](#)

#### [5. Conclusion](#)

[<Reference: Regarding Corporate Governance>](#)

## Key Points

- In the fiscal year ended December 2023, sales increased 2.8% year on year to 56.3 billion yen. The SS business was on an expansionary trend in Japan, while overseas sales were firm despite the impact of inflation. The IA business was sluggish, as IPC segment and MECT segment sales increased, but FA segment sales were affected by restrained capital investment in China. The foreign exchange made a positive contribution of 2.3 billion yen. Operating profit declined 6.4% year on year to 5.8 billion yen. Although the company promoted the optimization of selling prices in response to soaring component prices both in Japan and overseas, the company could not fully make up for the increase in SG&A expenses due to the costs related to aggressive sales activities and promotion. Foreign exchange rates made a positive contribution of 0.9 billion yen on a net basis. Although annual profit declined, both sales and profit increased in the fourth quarter (Oct.-Dec.) both year on year and quarter on quarter (in comparison to the third quarter). This indicates that business performance has bottomed out.
- The sales for the fiscal year ending December 2024 are expected to be 61 billion yen, up 8.2% year on year, and operating profit is forecast to be 6.6 billion yen, up 11.9% year on year. The company aims to achieve record-high sales and operating profit. Sales are expected to increase in all segments and businesses, and growth strategies for both the SS and IA businesses will be steadily implemented in preparation for a full-fledged market recovery phase. The company plans to pay a dividend of 40.00 yen/share, unchanged from the previous fiscal year. Payout ratio is expected to be 28.4%.
- The three-year (2024-2026) management plan sets management targets of sales growth of 10%, an operating profit margin of 15% or higher, and an ROE of 10% or higher. In the fiscal year ending December 2026, the company aims to achieve “net sales of 75 billion yen, an operating profit of 10 billion yen, and an operating profit margin of 13.3%” and accelerate its transition to becoming a solution proposal business.
- On February 14, 2024, the company announced a new management structure. The new leadership will consist of two representatives: President Tatsuya Nakajima and Vice President Toru Kamimura, and will become effective on March 27, 2024. The term of office of Mr. Toru Kobayashi, the founder and Senior Advisor to the Board of Directors of OPTEX GROUP Co., Ltd., and Mr. Isamu Oguni, Chairman of the Board of Directors of OPTEX GROUP Co., Ltd., who has been a member of the company since its founding, will expire at the conclusion of the 45<sup>th</sup> Annual General Meeting of Shareholders scheduled for March 27, 2024, and they will retire from their positions. The founding members of the group, which will celebrate its 45<sup>th</sup> anniversary in May 2024, will pass the baton to President Nakajima and Vice President Kamimura, who will pursue further expansion of both IA and SS businesses by leveraging their extensive knowledge and experience in these businesses, to achieve sustainable development of the group and increase corporate value.
- In the SS business, sales of both security and automatic door businesses increased almost as expected. On the other hand, in the IA business, MVL segment sales, which had been declining in the second and third quarters year on year and quarter on quarter, increased in the fourth quarter as customers' capital investment demand recovered, and sales to customers in the semiconductor/electronic component and EV-related industries grew, resulting in larger sales, although slightly below the forecast. However, FA segment sales, which peaked in the second quarter of 2022, have declined for six consecutive quarters, falling short of forecasts in all regions. In the fiscal year ending December 2024, sales are expected to increase due

to recovery in Japan and Asia/Oceania, and it will be interesting to see how far they will recover, including in Europe, where sales are expected to decline.

- The company's three-year plan is focused on transforming its business model to drive growth. This means shifting from selling individual products to offering comprehensive solutions across all its businesses. The number of installations of OMNICITY, a service that creates new customer experiences through the effective use of automatic entrance doors, steadily increased from 32,943 on June 30, 2023, to 50,329 on January 31, 2024. Positive progress in other businesses is also expected.

## 1. Company Overview

OPTEX GROUP Co., Ltd. is a holding company centered around OPTEX Co., Ltd. that manufactures and sells outdoor sensors (top share of 40% in the global market), automatic door sensors (30% share of the global market and 50% share of the domestic market) and environment-related products.

OPTEX GROUP holds subsidiaries including OPTEX FA CO., LTD., which deals with FA related sensing business; CCS Inc., which holds the global top share in the LED lighting business for image processing; Sanritz Automation Co., Ltd., which has a wealth of results in the development, manufacturing and sales of industrial computers, MITSUTEC CO., LTD., which plans, develops, manufactures, and sells image processing, inspection, and measuring equipment and automated machinery and equipment, contributing to the improvement in quality of manufacturing with its advanced technologies (included in the scope of consolidation from the fiscal year ending December 2022), Three Ace Co., Ltd., which specializes in the development of various systems, applications, and digital content; OPTEX MFG Co., Ltd., which is responsible for manufacturing Group products, RAYTEC LIMITED (UK), which has attained the largest global share (about 50 %) for supplemental lights for CCTV; and FIBER SENSYS INC. (US), which deals with optical fiber intrusion detection systems.

As of December 31, 2023, the company operates in 95 locations worldwide, including 28 overseas companies.

OPTEX CO., LTD.	Develops and sells sensors for various uses, such as security sensors and sensors for automatic doors
OPTEX FA CO., LTD.	Development and sales of photoelectric sensors, image inspection systems, displacement sensors and measuring instruments
CCS Inc.	Development, manufacturing and sales of LED lighting devices, and systems for image processing
Sanritz Automation Co., Ltd.	Development, manufacturing, and sales of industrial computers
MITSUTEC CO., LTD.	Development, manufacturing, and sale of image processing, inspection, and measuring equipment and automated machinery and equipment
THREE ACE CO., LTD.	Development of various systems, applications, and digital content
OPTEX MFG CO., LTD.	Manufactures products for the Group and provides contract manufacturing service for electronic equipment
SICK OPTEX CO., LTD.	Development of general-purpose photoelectric sensors. A joint venture of SICK AG (Germany) and OPTEX FA CO., LTD.
GIKEN TRASTEM CO., LTD.	Development, manufacturing, and sales of people counting systems, customer traffic counting/management systems
ZENIC INC.	Contracted development of IC and LSI for image processing, and design and sales of FA systems
O'PAL OPTEX CO., LTD.	Management of outdoor activities and environmental hands-on learning programs
FIBER SENSYS INC. (US)	Development, manufacturing, and sales of fiber-optic intrusion detection systems
FARSIGHT SECURITY SERVICES LTD. (UK)	Security company providing remote video surveillance services
RAYTEC LIMITED (UK)	Development, manufacturing, and sales of supplemental lighting for

	surveillance cameras
GARDASOFT VISION LIMITED (UK)	Development, manufacturing, and sale of LED lighting controllers for machine vision

### 1-1 Corporate History

In May 1979, Mr. Toru Kobayashi (currently serving as a director and senior corporate adviser), who was developing security sensors in a manufacturer of anti-crime devices in Kyoto, established OPTEX Co., Ltd. with the spirit of the endeavor to “make their products recognized in the world as much as possible.”

In November 1979, the company developed “the world’s first far-infrared sensor for automatic doors.” Around that time, pressure-sensitive rubber mats were used for automatic doors, and an automatic door sensor that utilizes far-infrared light was epoch-making. OPTEX was unrivaled in maintenance and installation services and seized the largest share in the market of automatic door sensors in the third year after inauguration (currently occupying about 50% of the Japanese market).

Since then, the company has developed a wide array of products for security, automatic doors, and industrial equipment with its unique ideas and technologies that embodies them.

In the 1980s, the company entered overseas markets. While it had been considered impossible to set a far-infrared sensor outdoors because external factors, such as light, would cause errors, the company developed the outdoor far-infrared sensor “VX-40” with its original technology, and that sensor was highly evaluated mainly in the European market, and occupied the largest share in the global market of outdoor intrusion detection sensors.

Through business expansion, the company became an over-the-counter company (equivalent to being listed in the JASDAQ market) in 1991. Then, it was listed in the second section of Tokyo Stock Exchange (TSE) in 2001, and in the first section of TSE in 2003.

In April 2022, the company was listed on the Prime Market following the restructuring of the Tokyo Stock Exchange.

Recently, the company has been strengthening solutions based on image processing technologies and high-end security systems. In 2008, it reorganized ZENIC INC., which undertakes the development of ICs and LSI for image processing, etc., into a subsidiary. In 2010, it acquired FIBER SENSYS INC. (US), which has plenty of experience handling high-end security systems (optical fiber intrusion detection systems) for important facilities in Europe and the U.S., as a subsidiary. In 2012, it acquired RAYTEC LIMITED (UK), which handles supplemental lighting for cameras of high-end security systems for important large-scale facilities, as a subsidiary.

In May 2016, it acquired CCS Inc., which has the world’s largest share in the market of LED lighting for image processing, as a subsidiary, and transformed it into a 100% subsidiary in July 2018.

With the aim of adopting next-generation business administration and pursuing group synergy, it shifted to the holding company system on January 1, 2017.

In December 2020, the company acquired Sanritz Automation Co., Ltd., which has an abundance of experience in developing, manufacturing, and selling industrial computer systems, as a subsidiary. Furthermore, the company made MITSUTEC CO., LTD. into a subsidiary in November 2021. MITSUTEC CO., LTD. is a company that plans, develops, manufactures, and sells image processing inspection / measuring equipment and automated machinery and equipment. The company is promoting a three-year medium-term management plan (2024-26), and part of the measures to achieve this plan is business model transformation and strengthening its ability to propose solutions to achieve further growth as a leading company in the global niche market.

### 1-2 Business Description

The Company’s business is composed of its main SS business (security sensor segment and automatic door sensor segment), sensors for industrial machinery, LED lighting device and system for image processing, the “IA Business” which works towards the automation, labor saving, and optimization of the production line using industrial computers, “EMS business,” which was included in the SS business up until the previous term and provides contract manufacturing services for electronic equipment in China, and “Other business”, which operates programs for outdoor activities and experiencing and learning of the environment and develops apps and digital content.

SS* Business	Security Sensor segment	Main products include various indoor and outdoor sensors, wireless security systems and LED lighting control systems, etc. For outdoor sensors, the company has the leading share in the global market.
	Automatic Door Sensor segment	The company developed the world’s first automatic door sensor using infrared rays. Main products are automatic door opening/closing sensors, shutter sensors for factories, wireless touch switches, customer counting system, etc.
	Other	Developing/marketing of vehicle detection sensor, equipment for measuring water quality, image processing-related products, etc.
IA* Business	FA* segment	Main products include photoelectric sensors used for quality control and automation of production lines, displacement sensors, image sensors, LED lights, etc. In Japan, these products are provided to a wide range of industries such as food or pharmaceutical for quality control of production lines. In Europe, its products on an OEM basis through its technological partner SICK AG (Germany) that has the largest share in industrial sensor market. Also, its house-brand products have been launched in Asia and North America.
	MVL* segment	The company has a significant share in the LED lighting business for image processing. The company offers solutions using the natural light LED developed by the company, which boasts the best color rendering property in the field.
	IPC* segment	The company has shown great results in the development, manufacturing, and sale of industrial computers. Specializes in the development of devices and systems that require both “hardware” and “software” of industrial built-in computers.
	MECT* segment	The company possesses advanced mechatronics technologies, such as high-speed and high-precision filling and high-speed conveyance technologies and provides high-quality automation equipment that meets strict requirements. Regarding image processing inspection and measurement equipment, the company has built an image processing inspection system for dealing with customers' issues.
EMS* Business		Contract manufacturing services for electronic equipment, developed at a factory in China.
Others		Operating outdoor activities and environmental hands-on learning programs and development of applications and digital content.

\*SS: Sensing Solution, IA: Industrial Automation, FA: Factory Automation, MVL: Machine Vision Lighting, IPC: Industrial PC, MECT: Mechatronics, EMS: Electronics Manufacturing Service.

### 1-3 Advantages: Diversified Technologies/Expertise on Sensing and Unique Sensing Algorithm

To produce stable and reliable sensors, it is essential to build on a number of elemental technologies and expertise, as well as “algorithms” to control physical changes. The company takes advantage of its technologies/expertise suitable for intended applications and its unique sensing algorithm to secure the largest share in the global market.

Noise abatement technology	<ul style="list-style-type: none"> <li>•Hardware design to minimize various noises</li> <li>•Conduct a number of environmental assessments based on its own standard, and launch products that passed the assessments</li> </ul>
Sophisticated optical design	<ul style="list-style-type: none"> <li>•Make use of optical simulation to achieve high-density areas eliminating blind spots</li> <li>•Packaging technologies to enable downsizing</li> </ul>
Compliant to public standards for reliability	<ul style="list-style-type: none"> <li>•Adapted and compliant to any global standards</li> <li>•Adapted and compliant to industry standards and guidelines (CE marking, EN standard [TUV certified], ANSI, JIS, etc.)</li> </ul>
Environment friendly design	<ul style="list-style-type: none"> <li>• By identifying 15 restricted-use materials and 10 self-control materials, the company succeeded in excluding toxic substances in all products</li> <li>•Compliant to RoHS directive, lead-free solder alloy</li> <li>•Design to minimize the effect from CO2 when in use</li> </ul>
Secure & safe control	<ul style="list-style-type: none"> <li>•Adopt self-diagnosis functions in emergency or in failure to prevent system outage, and fail-safe devices for sensors</li> <li>•Propose preventive maintenance measures to maintain functions</li> </ul>

## BRIDGE REPORT

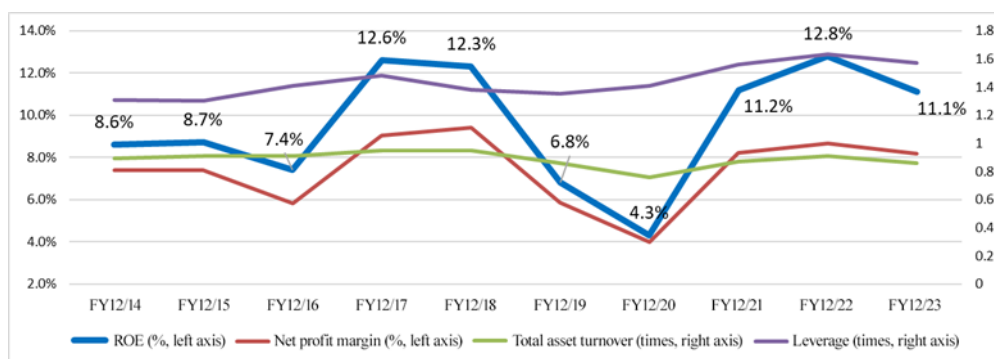


Unique sensing algorithm	<ul style="list-style-type: none"> <li>•Unique algorithm to eliminate the impact of noise ineliminable by hardware, detect, scan and analyze only the intended events</li> <li>•Various automatic correction functions to maintain performance in the field</li> </ul>
High market share	<p>The company has a high share in unique products with their motto, “global niche No. 1.”</p> <p>Outdoor intrusion detection sensors: 40%</p> <p>Sensors for automatic doors: 30%</p> <p>LED lighting for image inspections: 30%</p>

### 1-4 ROE analysis

	FY12/14	FY12/15	FY12/16	FY12/17	F 12/18	FY12/19	FY12/20	FY12/21	FY12/22	FY12/23
<b>ROE (%)</b>	<b>8.6</b>	<b>8.7</b>	<b>7.4</b>	<b>12.6</b>	<b>12.3</b>	<b>6.8</b>	<b>4.3</b>	<b>11.2</b>	<b>12.8</b>	<b>11.1</b>
Net Profit Margin (%)	7.39	7.38	5.83	9.03	9.41	5.86	4.00	8.20	8.67	8.17
Asset turnover (times)	0.89	0.91	0.91	0.95	0.95	0.86	0.76	0.87	0.91	0.86
Leverage (times)	1.31	1.30	1.41	1.48	1.38	1.35	1.41	1.56	1.63	1.57

The ROE for the fiscal year ended December 2023 was 11.1%, indicating that the company recorded a double-digit ROE for the third consecutive year. It is aiming for an operating profit margin of 15% or more in its Mid-term and Long-term Management Plan. Under this aim, it will promote cost efficiencies and a transformation from selling products to selling solutions with the aim of reliably improving its ROE and maintaining it to at least 10%.



### 1-5 Efforts on Sustainability

The company believes that building a relationship of trust with a wide range of stakeholders is essential for improving corporate value and has posted “sustainability information” (<https://www.optexgroup.co.jp/esg/>) on its website to further enhance sustainability information disclosure. In addition, Published the ESG Bridge Report through Investment Bridge Inc.

The company identify the materiality for sustainable growth for the first time and mention the challenges and initiatives for the future in the report.

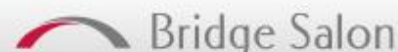
Posted on June 6, 2023.

[https://www.bridge-salon.jp/report\\_bridge/archives/eng/6914/20230620.html](https://www.bridge-salon.jp/report_bridge/archives/eng/6914/20230620.html)

## 2. Fiscal Year Ended December 2023 Earnings Results

### 2-1 Business Results

BRIDGE REPORT



	FY 12/22	Ratio to sales	FY 12/23	Ratio to sales	YoY	Ratios to the forecasts
Sales	54,811	100.0%	56,372	100.0%	+2.8%	-1.1%
Gross profit	28,000	51.1%	28,775	51.0%	+2.8%	-
SG&A	21,696	39.6%	22,876	40.6%	+5.4%	-
Operating profit	6,303	11.5%	5,899	10.5%	-6.4%	-9.2%
Ordinary profit	7,042	12.8%	6,258	11.1%	-11.1%	-9.3%
Net Profit	4,752	8.7%	4,608	8.2%	-3.0%	-7.8%

\*Unit: million yen. The net profit is the profit attributable to owners of the parent company. The same shall apply hereinafter. The ratios to the forecasts are the ratios to the revised forecasts announced in July 2023.

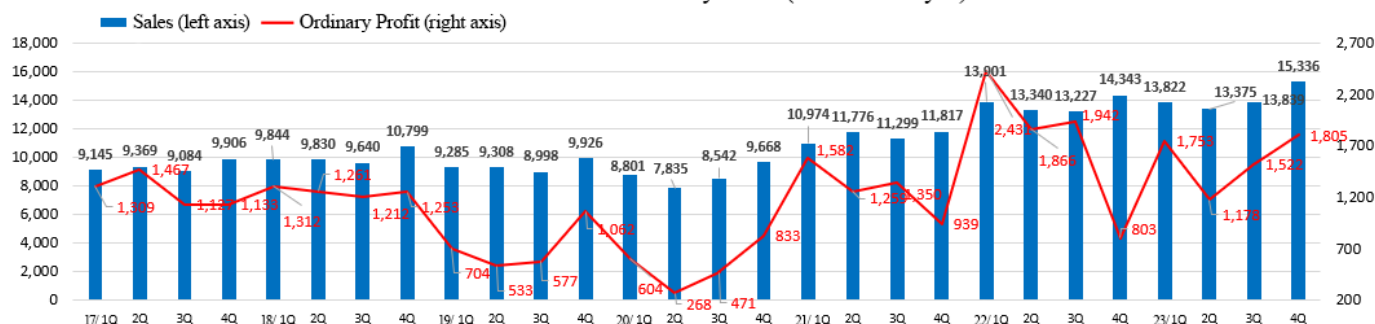
**Sales up, profit down. Sales hit a record high.**

Sales increased 2.8% year on year to 56.3 billion yen. The SS business was on an expansionary trend in Japan, while overseas sales were firm despite the impact of inflation. The IA business was sluggish, as IPC segment and MECT segment sales increased, but FA segment sales were affected by restrained capital investment in China. The foreign exchange made a positive contribution of 2.3 billion yen. Operating profit declined 6.4% year on year to 5.8 billion yen. Although the company promoted the optimization of selling prices in response to soaring component prices both in Japan and overseas, the company could not fully make up for the increase in SG&A expenses due to the costs related to aggressive sales activities and promotion. Foreign exchange rates made a positive contribution of 0.9 billion yen on a net basis.

Although annual profit declined, both sales and profit increased in the fourth quarter (Oct.-Dec.) both year on year and quarter on quarter (in comparison to the third quarter). This indicates that business performance has bottomed out.

◎Trends in each quarter

Trends of Sales and Ordinary Profit (unit: million yen)



2-2 Regional trends

	FY 12/22	Ratio to sales	FY 12/23	Ratio to sales	YoY	Ratios to the forecasts
<b>Consolidated Sales</b>	54,811	100.0%	56,372	100.0%	+2.8%	-1.1%
Domestic	24,549	44.8%	25,926	46.0%	+5.6%	+0.6%
Overseas	30,262	55.2%	30,446	54.0%	+0.6%	-2.5%
America	7,305	13.3%	7,968	14.1%	+9.1%	+3.0%
Europe	15,316	27.9%	15,908	28.2%	+3.9%	-0.5%
Asia	7,641	13.9%	6,570	11.7%	-14.0%	-12.5%

\*Unit: million yen. The ratios to the forecasts are the ratios to the revised forecasts announced in November 2023.

Sales in Japan, which had declined in the first half, increased, and annual sales, too, grew. Overseas, sales in Asia declined due to the slowdown of the Chinese economy, while sales in the Americas and Europe increased due to the weaker yen.

## BRIDGE REPORT



## ◎Average exchange rate

	FY 12/22	FY 12/23
USD	¥131.43	¥140.56
EURO	¥138.04	¥152.00

## 2-3 Earnings by Segment

## ①Trends in each segment

	FY 12/22	Ratio to sales	FY 12/23	Ratio to sales	YoY	Ratios to the forecasts
SS Business	23,465	42.8%	25,197	44.7%	+7.4%	+0.7%
IA Business	29,738	54.3%	29,741	52.8%	+0.0%	-2.4%
EMS Business	1,006	1.8%	846	1.5%	-15.9%	-9.9%
Others	600	1.1%	586	1.0%	-2.3%	+1.2%
<b>Consolidated Sales</b>	<b>54,811</b>	<b>100.0%</b>	<b>56,372</b>	<b>100.0%</b>	<b>+2.8%</b>	<b>-1.1%</b>
SS Business	2,869	12.2%	3,186	12.6%	+11.0%	-
IA Business	3,583	12.0%	3,064	10.3%	-14.5%	-
EMS Business	400	39.8%	114	13.5%	-71.5%	-
Others	36	6.0%	24	4.1%	-33.3%	-
Adjustments	-586	-	-491	-	-	-
<b>Consolidated Operating profit</b>	<b>6,303</b>	<b>11.5%</b>	<b>5,899</b>	<b>10.5%</b>	<b>-6.4%</b>	<b>-9.2%</b>

\*Unit: million yen. Ratio to sales of Operating profit refers to Sales Profit margin. The ratios to the forecasts are the ratios to the revised forecasts announced in November 2023.。

The sales and profit of the SS business increased, and sales were almost in line with the forecast. IA business sales were flat year on year, but profit decreased, resulting in lower-than-expected sales.



## BRIDGE REPORT



## ② Trends in each segment and region

	FY 12/22	Ratio to sales	FY 12/23	Ratio to sales	YoY	Ratios to the forecasts
<b>SS: Security</b>	16,067	100.0%	17,624	100.0%	+9.7%	+1.8%
Japan	2,545	15.8%	3,068	17.4%	+20.6%	+5.6%
AMERICAs	3,708	23.1%	3,907	22.2%	+5.4%	-4.4%
EMEA	8,419	52.4%	9,306	52.8%	+10.5%	+6.1%
Asia·Oceania	1,395	8.7%	1,343	7.6%	-3.7%	-13.5%
<b>SS: Automatic door</b>	5,311	100.0%	5,537	100.0%	+4.3%	-1.6%
Japan	2,405	45.3%	2,457	44.4%	+2.2%	-1.1%
AMERICAs	1,624	30.6%	1,791	32.3%	+10.3%	+1.5%
EMEA	1,112	20.9%	1,139	20.6%	+2.4%	-6.3%
Asia·Oceania	170	3.2%	150	2.7%	-11.8%	-7.4%
<b>IA : FA</b>	10,995	100.0%	9,508	100.0%	-13.5%	-7.8%
Japan	4,543	49.2%	4,122	49.7%	-9.3%	-5.5%
AMERICAs	201	25.9%	196	25.2%	-2.5%	-13.7%
EMEA	2,960	21.9%	2,709	21.8%	-8.5%	-5.1%
Asia·Oceania	3,291	2.9%	2,481	3.2%	-24.6%	-13.4%
<b>IA : MVL</b>	13,311	100.0%	13,693	100.0%	+2.9%	-1.4%
Japan	6,628	49.8%	7,021	51.3%	+5.9%	+1.1%
AMERICAs	1,750	13.1%	2,055	15.0%	+17.4%	+24.8%
EMEA	2,824	21.2%	2,754	20.1%	-2.5%	-12.5%
Asia·Oceania	2,109	15.8%	1,863	13.6%	-11.7%	-13.2%
<b>IA : IPC</b>	4,122	100.0%	4,401	100.0%	+6.8%	+2.9%
Japan	4,101	99.5%	4,386	99.7%	+6.9%	+2.7%
AMERICAs	21	0.5%	15	0.3%	-28.6%	+200.0%
<b>IA : MECT</b>	1,311	100.0%	2,139	100.0%	+63.2%	+6.9%
Japan	1,267	96.6%	2,116	98.9%	+67.0%	+6.1%
Asia·Oceania	44	3.4%	23	1.1%	-47.7%	+283.3%
<b>EMS</b>	1,006	100.0%	846	100.0%	-15.9%	-9.9%
Japan	588	58.4%	364	43.0%	-38.1%	-8.3%
AMERICAs	1	0.1%	1	0.1%	+0.0%	+0.0%
Asia·Oceania	417	41.5%	481	56.9%	+15.3%	-11.1%

\*Unit: million yen. The ratios to the forecasts are the ratios to the revised forecasts announced in November 2023.。

BRIDGE REPORT



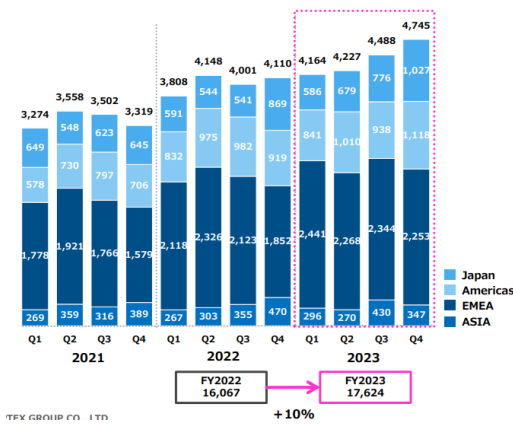
◎SS Business

(Security sensor segment)

<Highlights of performance in FY 12/23>

- \*Japan Sales increased year on year.Sales to security companies and large important facilities grew due to the strengthening of sales capabilities through direct marketing strategies.
- \*AMERICAS Sales increased year on year.Inquiries and orders from existing and new customers increased due to the strengthening of the sales base through direct marketing strategies.
- \*EMEA Sales increased year on year. The sales of laser scan sensors for infrastructure were strong. Sales of sensor-equipped cameras grew steadily in residential and commercial sectors.
- \* Asia•Oceania Sales decreased year on year. The sale of outdoor security sensors remained steady in Thailand and India.

Quarterly Sales by Region(Unit: million yen)



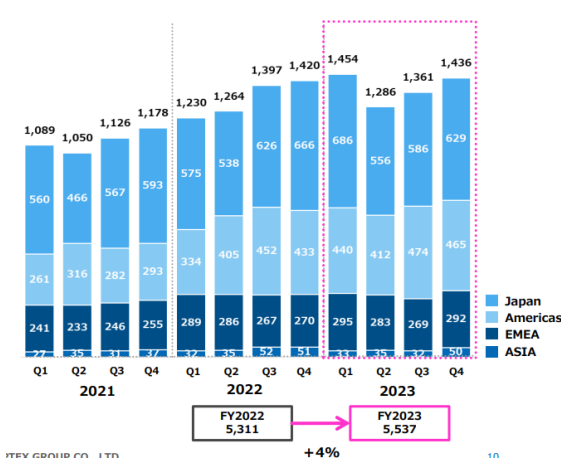
(From the company release)

(Automatic door sensor segment)

<Highlights of performance in FY 12/23>

- \*Japan Sales grew year on year. The sales of both automatic door sensors and shutter sensors were strong.
- \*AMERICAS Sales grew year on year. The sale of both sensors for automatic doors and sensors for shutters was steady. New products for a major automatic door manufacturer contributed to sales.
- \*EMEA Sales grew year on year. Demand is declining due to customers' inventory adjustments caused by deteriorating business confidence.

Quarterly Sales by Region(Unit: million yen)



(From the company release)

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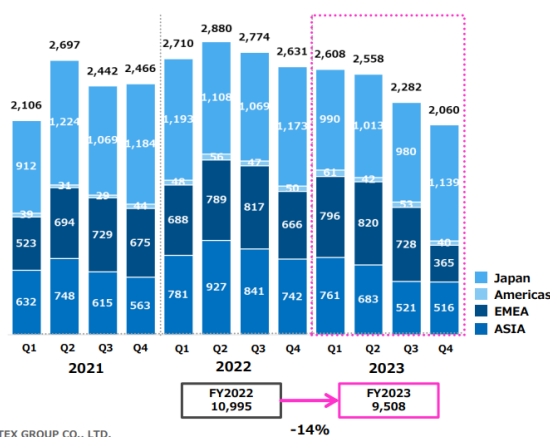


◎IA Business  
(FA segment)

<Highlights of performance in FY 12/23>

- \*Japan Sales decreased year on year. The sales of semiconductor-related products were sluggish due to customers' postponement of capital investment and inventory adjustments.
- \*EMEA Sales decreased. Sales of general-purpose and displacement sensors were sluggish as major customers adjusted inventory as they restrained capital investment.
- \* Asia•Oceania Sales decreased year on year. The sales of displacement sensors were sluggish due to clients continuing to withhold capital investment for rechargeable batteries in China.

Quarterly Sales by Region(Unit: million yen)



PTEX GROUP CO., LTD.

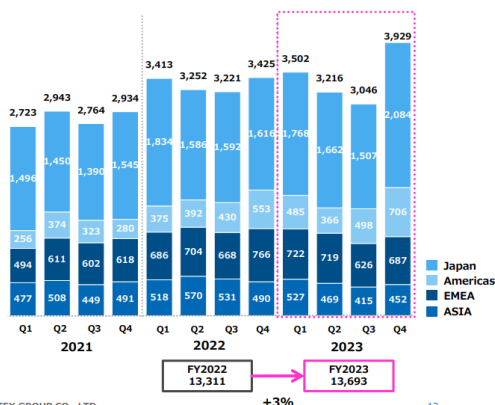
(From the company release)

(MVL segment)

<Highlights of performance in FY 12/23>

- \*Japan Sales increased year on year. Sales to semiconductor/electronic component and EV-related industries remained strong due to a recovery in customers' capital investment demand. Inquiries for new projects are increasing due to the company proactively holding private exhibitions.
- \*AMERICAs Sales increased year on year. Sales to the logistics industry were strong due to the products of the French subsidiary.
- \*EMEA Sales decreased year on year. Sales to the logistics industry were strong due to the products of the French subsidiary.
- \*Asia•Oceania Sales decreased year on year. The sales of semiconductor-related products in China were sluggish.

Quarterly Sales by Region(Unit: million yen)



PTEX GROUP CO., LTD.

(From the company release)

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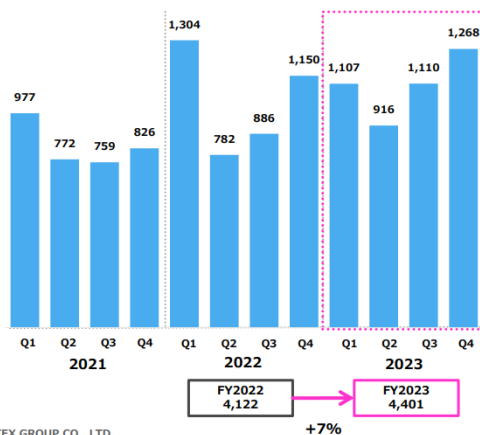


**(IPC segment)**

<Highlights of performance in FY 12/23>

\*Japan Sales increased year on year. Sales to clients that manufacture semiconductor equipment were strong.

Quarterly Sales by Region(Unit: million yen)



PTEX GROUP CO., LTD.

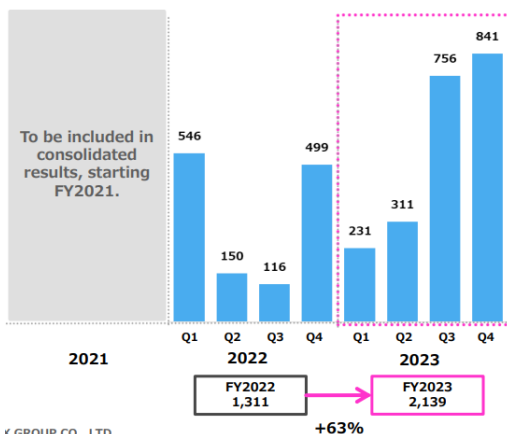
(From the company release)

**(MECT segment)**

<Highlights of performance in FY 12/23>

\*Japan Sales increased year on year. As planned, the company set up the production system for the delivery of a large project for secondary battery manufacturing equipment, and deliveries proceeded smoothly.

Quarterly Sales by Region(Unit: million yen)



K GROUP CO., LTD.

(From the company release)

## BRIDGE REPORT



## 2-4 Financial Conditions and Cash Flow

## ◎Main BS

	End of Dec.2022	End of Dec.2023	Increase/ decrease		End of Dec.2022	End of Dec.2023	Increase/ decrease
<b>Current Assets</b>	47,932	52,635	+4,703	<b>Current liabilities</b>	18,752	15,710	-3,042
Cash	17,287	17,119	-168	Payables	3,165	2,792	-373
Receivables	12,221	12,112	-109	ST Interest Bearing Liabilities	9,634	6,713	-2,921
Inventories	16,247	20,854	+4,607	<b>Noncurrent liabilities</b>	4,814	7,145	+2,331
<b>Noncurrent Assets</b>	15,370	14,491	-879	LT Interest Bearing Liabilities	1,247	3,931	+2,684
Tangible Assets	7,621	7,807	+186	Net defined benefit liabilities	1,436	1,528	+92
Intangible Assets	2,815	2,377	-438	<b>Liabilities</b>	23,567	22,855	-712
Investment, Others	4,932	4,306	-626	<b>Net Assets</b>	39,735	44,271	+4,536
<b>Total assets</b>	63,302	67,127	+3,825	<b>Total Liabilities and Net Assets</b>	63,302	67,127	+3,825

\*Unit: million yen

Total assets increased 3,800 million yen from the end of the previous term to 67,100 million yen, due to the growth of inventories, etc. Total liabilities decreased 700 million yen from the end of the previous term to 22,800 million yen, due to the decrease in loans payable, etc. Net assets were 44,200 million yen, up 4,500 million yen from the end of the previous term, due to the increase in retained earnings and foreign currency translation adjustments, etc.

The equity ratio was 65.3%, up 3.1 point from the end of the previous fiscal year.

## ◎CF

	FY 12/22	FY 12/23	Increase/decrease
<b>Operating CF</b>	1,669	2,113	+444
<b>Investing CF</b>	-310	-782	-472
<b>Free CF</b>	1,359	1,331	-28
<b>Financing CF</b>	-1,627	-2,259	-632
<b>Cash and equivalent</b>	17,287	17,119	-168

\*Unit: million yen

The cash inflow from operating activities increased due to a decrease in notes and accounts receivable-trade, which increased in the previous fiscal year.

The cash outflow from investment activities increased due to the absence of income from canceling the insurance reserve fund, which was recorded in the previous fiscal year.

The cash outflow from financial activities augmented due to a larger decrease in short-term borrowings.

The cash position was at almost the same level as that at the end of the previous year.

## 2-5 Topics

## ◎ A New Management Structure was Announced.

On February 14, 2024, a new management structure was announced.

Toru Kamimura, Director of OPTEX GROUP Co. Ltd. and President and Representative Director of OPTEX Co. Ltd., will assume the position of Vice President and Representative Director of OPTEX Co. Ltd. (while concurrently serving as President and Representative Director of OPTEX Co. Ltd.), creating a two-person representative structure with Tatsuya Nakajima, who will assume the position of

President and Representative Director. This new structure will become effective on March 27, 2024.

Mr. Toru Kobayashi, the founder of the company and Director and Advisor of OPTEX GROUP Co. Ltd., and Mr. Isamu Oguni, Chairman of the Board of OPTEX GROUP Co. Ltd. and a member of the company since its foundation, will retire from their posts at the conclusion of the 45<sup>th</sup> Annual General Meeting of Shareholders scheduled on March 27, 2024, when their terms of office will expire.

The founding members of the group, which will celebrate its 45<sup>th</sup> anniversary in May 2024, will pass the baton to President Nakajima and Vice President Kamimura, who will pursue further expansion of both IA and SS businesses by leveraging their extensive knowledge and experience in these businesses, to achieve sustainable development of the group and increase corporate value.

### 3. Fiscal Year Ending December 2024 Earnings Forecasts

#### 3-1 Earnings forecast

	FY 12/23	Ratio to sales	FY 12/24 Est.	Ratio to sales	YoY
Sales	56,372	100.0%	61,000	100.0%	+8.2%
Operating Profit	5,899	10.5%	6,600	10.8%	+11.9%
Ordinary Profit	6,258	11.1%	6,600	10.8%	+5.5%
Net Profit	4,608	8.2%	5,000	8.2%	+8.5%

\*Unit: million yen

#### Forecasted increase in revenue and operating profit. The company aims to achieve record-high sales and operating profit.

The sales are expected to be 61 billion yen, up 8.2% year on year, and operating profit is forecast to be 6.6 billion yen, up 11.9% year on year.

Sales are expected to increase in all segments and businesses, and growth strategies for both the SS and IA businesses will be steadily implemented in preparation for a full-fledged market recovery phase.

The company plans to pay a dividend of 40.00 yen/share, unchanged from the previous fiscal year. Payout ratio is expected to be 28.4%.

#### ◎Regional trends

	FY 12/23	Ratio to sales	FY 12/24 Est.	Ratio to sales	YoY
<b>Consolidated sales</b>	<b>56,372</b>	<b>100.0%</b>	<b>61,000</b>	<b>100.0%</b>	<b>+8.2%</b>
Domestic	25,926	46.0%	29,142	47.8%	+12.4%
International	30,446	54.0%	31,858	52.2%	+4.6%
AMERICAs	7,968	14.1%	7,768	12.7%	-2.5%
Europe	15,908	28.2%	16,850	27.6%	+5.9%
Asia	6,570	11.7%	7,240	11.9%	+10.2%

\*Unit: million yen. Colored boxes for company-wide revenue growth rate of +8.2% or more.

#### 3-2 Trends in each segment

##### ①Sales of each segment

	FY 12/23	Ratio to sales	FY 12/24 Est.	Ratio to sales	YoY
SS Business	25,197	44.7%	25,918	42.5%	+2.9%
IA Business	29,741	52.8%	33,227	54.5%	+11.7%
EMS Business	846	1.5%	1,221	2.0%	+44.3%

## BRIDGE REPORT



Others	586	1.0%	634	1.0%	+8.2%
<b>Consolidated sales</b>	<b>56,372</b>	<b>100.0%</b>	<b>61,000</b>	<b>100.0%</b>	<b>+8.2%</b>

\*Unit: million yen. Colored boxes for company-wide revenue growth rate of +8.2% or more.

The recognized environment surrounding each business is as follows:

### ◎ SS Business

#### \* Security sensor segment

The company anticipates that investment cutbacks and inventory adjustments in Europe and the U.S. will ease as inflation and interest rates stabilize. It plans to increase efforts to meet the growing demand for security systems driven by the need for labor-saving and the rise of IoT technology.

#### \* Automatic door sensor segment

Like the security business, the company expects investment cutbacks and inventory adjustments in Europe to run their course as inflation and interest rates stabilize. Against the backdrop of rising demand for safety and environmental products, it expects the business to continue to perform strongly in Japan and the United States.

### ◎ IA Business

#### \* FA segment

Europe expects capital investment cutbacks and inventory adjustment to run their course. The company expects a gradual recovery in China as the adjustment trend continues. Additionally, it will focus on uncovering latent demand for automation and labor-saving.

#### \* MVL segment

With advancements in the miniaturization of semiconductors and electronic components and increasingly complex inspection processes, the company expects to see growth in its solution sales, both domestically and overseas.

#### \* IPC segment

The market for semiconductor production equipment is expected to recover from its decline, and industrial PC sales are expected to remain strong.

#### \* MECT segment

Driven by the surging popularity of EVs, the demand for manufacturing equipment for rechargeable secondary batteries is expected to rise and stay strong.

## ② Trends in each segment and region

	FY 12/23	Ratio to sales	FY 12/24 Est.	Ratio to sales	YoY
<b>SS: Security</b>	16,455	100.0%	16,770	100.0%	+1.9%
Japan	2,557	15.5%	2,514	15.0%	-1.7%
AMERICAs	3,341	20.3%	3,388	20.2%	+1.4%
EMEA	9,215	56.0%	9,428	56.2%	+2.3%
Asia, Oceania	1,342	8.2%	1,440	8.6%	+7.3%
<b>SS: Automatic door</b>	6,578	100.0%	6,776	100.0%	+3.0%
Japan	3,456	52.5%	3,462	51.1%	+0.2%
AMERICAs	1,794	27.3%	1,883	27.8%	+5.0%
EMEA	1,139	17.3%	1,210	17.9%	+6.2%
Asia, Oceania	189	2.9%	221	3.3%	+16.9%
<b>IA:FA</b>	9,508	100.0%	9,890	100.0%	+4.0%

BRIDGE REPORT



Japan	4,122	49.2%	4,415	49.7%	+7.1%
AMERICAs	196	25.9%	253	25.2%	+29.1%
EMEA	2,709	21.9%	2,425	21.8%	-10.5%
Asia, Oceania	2,481	2.9%	2,797	3.2%	+12.7%
<b>IA: MVL</b>	13,693	100.0%	14,539	100.0%	+6.2%
Japan	7,021	51.3%	7,373	50.7%	+5.0%
AMERICAs	2,055	15.0%	1,610	11.1%	-21.7%
EMEA	2,754	20.1%	3,651	25.1%	+32.6%
Asia, Oceania	1,863	13.6%	1,905	13.1%	+2.3%
<b>IA: IPC</b>	4,401	100.0%	4,471	100.0%	+1.6%
Japan	4,386	99.7%	4,448	99.5%	+1.4%
AMERICAs	15	0.3%	23	0.5%	+53.3%
<b>IA: MECT</b>	2,139	100.0%	4,327	100.0%	+102.3%
Japan	2,116	98.9%	4,327	100.0%	+104.5%
Asia, Oceania	23	1.1%	0	0.0%	-100.0%
<b>EMS</b>	846	100.0%	1,221	100.0%	+44.3%
Japan	364	43.0%	568	46.5%	+56.0%
AMERICAs	1	0.1%	0	0.0%	-100.0%
Asia, Oceania	481	56.9%	653	53.5%	+35.8%

\*Unit: million yen. Colored boxes for company-wide revenue growth rate of +8.2% or more.

Due to the reorganization of the Vehicle Detection segment of the SS Business into the SS Business (Others) and the Customer Counting System segment of the SS Business (Others) into the SS Business (Automatic Door Related), the figures do not match those in the “Financial Overview of the Segment and Regional Trends for the fiscal year ending December 2023” as the actual figures in the fiscal year 2023 were reclassified.

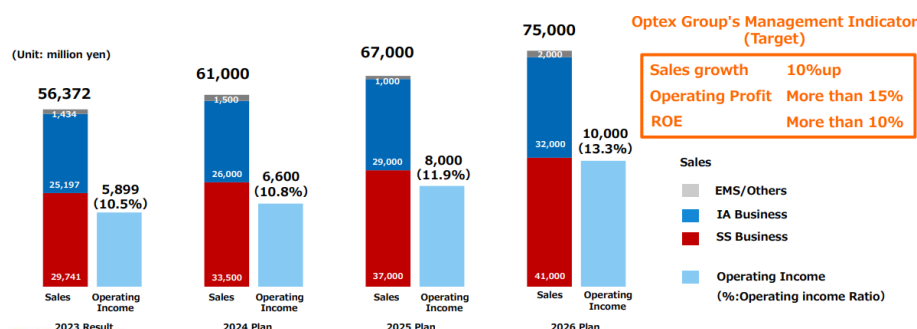
## 4. Three-year (2024-2026) Management Plan

### 4-1- Overview and Targets

In the fiscal year ended December 2023, both sales and operating profit fell below the revised forecasts due to a temporary slowdown in the IA business caused by the sluggish Chinese economy.

In the fiscal year ending December 2024, the company aims to increase operating profit by re-strengthening sales of highly profitable products.

The company has set management targets of sales growth of 10%, an operating profit margin of 15% or higher, and an ROE of 10% or higher, and in the fiscal year ending December 2026, it aims to achieve sales of 75 billion yen, an operating profit of 10 billion yen, and an operating profit margin of 13.3%, accelerating its shift to a solution proposal business.



(From the company release)



## 4-2 Main Business Initiatives

### (1) SS business

#### ① Security sensor segment

The company will further enhance image verification solutions, an area of its forte, and aggressively invest in business offices and facilities.

It will also continue to focus on direct marketing to cultivate existing markets and develop new markets.

#### ② Automatic door sensor segment

The company will expand its market share in Europe and the U.S. by developing new products and aggressive investment.

Additionally, it will develop the market further through remote monitoring services and “OMNICITY,” a service that creates new customer experiences through the effective use of automatic entrance doors.

### (2) IA Business

#### ① FA segment

Like the SS business, the company will expand the number of customers by developing direct consulting and marketing activities to meet on-site needs and reflect them in product planning.

Moreover, as a strategy for shifting from single-product sales to solution sales, the company is focusing on providing solutions centered on the "IO-Link master," which is a communication technology that enables the two-way exchange of various data between sensors and higher-level control systems.

#### ② MVL segment

In addition to MV lighting, the company has procured power supplies, cameras, lenses, etc., from cooperating manufacturers and provides them as a system that is developed in the testing rooms to meticulously meet customer needs. In recent years, it has expanded its field to include AI and robots and has set up an AI lab and a robotics room in collaboration with external manufacturers and vendors with the aim of "evolving into a total solution vendor in the inspection process."

The company provides solutions that “make the invisible visible and the impossible possible.”

#### ③ IPC segment

The company will establish a stable supply system for industrial PCs for semiconductor manufacturing equipment, which are selling steadily.

It aims to develop new businesses such as monitoring systems and wireless visualization systems.

#### ④ MECT segment

The company will establish a stable supply system for secondary battery manufacturing equipment, which is selling steadily.

It will also develop new businesses, such as visual inspection solutions.

## 4-3 Growth Vision

Under the group's corporate philosophy of “We aim to become a corporate group full of Venture Spirit,” the company has positioned “business model transformation” as the core of its growth strategy and is shifting from conventional individual product sales to comprehensive solution sales in all of its businesses.

Speed up the shift to selling solutions  
matched with changes in the needs of markets and customers



(From the company release)

## 5. Conclusion

In the SS business, sales of both security and automatic door businesses increased almost as expected.

On the other hand, in the IA business, MVL segment sales, which had been declining in the second and third quarters year on year and quarter on quarter, increased in the fourth quarter as customers' capital investment demand recovered, and sales to customers in the semiconductor/electronic component and EV-related industries grew, resulting in larger sales, although slightly below the forecast.

However, FA segment sales, which peaked in the second quarter of 2022, have declined for six consecutive quarters, falling short of forecasts in all regions. In the fiscal year ending December 2024, sales are expected to increase due to recovery in Japan and Asia/Oceania, and it will be interesting to see how far they will recover, including in Europe, where sales are expected to decline.

The company's three-year plan is focused on transforming its business model to drive growth. This means shifting from selling individual products to offering comprehensive solutions across all its businesses. The number of installations of OMNICITY, a service that creates new customer experiences through the effective use of automatic entrance doors, steadily increased from 32,943 on June 30, 2023, to 50,329 on January 31, 2024. Positive progress in other businesses is also expected.

## <Reference: Regarding Corporate Governance>

### ◎Organization type, and the composition of directors and auditors

Organization type	Company with audit and supervisory committee
Directors	9 directors, including 4 outside ones

### ◎Corporate Governance Report

The latest revision date: March 24, 2023

#### <Fundamental concept>

As the Group, we recognize that it is our greatest mission to continuously improve corporate value while earning the trust of our shareholders, investors, customers, and society. To practice it, we consider enhancement of the corporate governance as one of important management tasks and aim to improve the transparency of management, maintain management systems accompanying fair and prompt decision making and strengthen management monitoring function.

#### <Disclosures Based on the Principles in the Corporate Governance Code (Excerpt)>

##### [Principle 1-4. Cross-shareholdings]

The Company acquires and possesses cross-shareholdings upon deliberations and a resolution by the Board of Directors only when it is determined that it will contribute to strengthening business relationships and increasing corporate value in the Group's business strategy. In addition, the Board of Directors verifies the significance of the shares we held every year. If it determines that the reasonable value sought is poor, we will strive to sell and reduce that holding in consideration of market trends and other factors.

Cross-shareholdings held by the Company at present: 52 million yen in one company (Amount on the balance sheet for December 31, 2022)

The Company makes a comprehensive judgement to determine the advisability of exercising the voting rights for the shares we hold. We individually examine this based on whether doing so will contribute to the sustainable growth and improvement of mid- to long-term corporate value improvement of that company and whether doing so will significantly harm shareholder value.

[Supplementary Principle 2-4-1. Ensuring Diversity in the Promotion of Core Personnel]

The concept of our corporate group since the business start-up has been "a desire to be a company in which self-actualization is possible for employees with the company serving as the stage for that." Under this desire, we have focused on creating an environment so that employees themselves can make the stages of their lives full of changes and inspiration without discriminating between men and women, nationalities, and between new employees fresh out of college and mid-career hires.

The status of employees of our domestic group companies (12 companies including our company) is as follows.

- Male / female ratio: Male: Female = 78%: 22%
- Ratio of mid-career hires: 61%
- Ratio of foreign employees: 1%
- Male-female ratio of managers: Male: Female = 97%: 3%
- Ratio of mid-career hires among managers: 69%

As mentioned above, due to the characteristics of the Group's business areas and business content, there are potentially few female and foreign employees, and their percentage among managers is not high at present.

On the other hand, more than 60% of mid-career hires have been promoted to managerial positions showing that we recognize that diverse human resources with various experiences and skills shall occupy the core of management.

In addition, our corporate group has consolidated subsidiaries worldwide. Thus, we believe that we have sufficiently ensured the diversity of our corporate group as a whole, including these subsidiaries.

We will consider the features of each operating company in each business area and continue to actively promote and review the environment to fully demonstrate the capabilities of each employee to secure more diversity of employees.

[Supplementary Principle 3-1-3. Sustainability Initiatives]

Lessening environmental burdens → <https://www.optexgroup.co.jp/en/esg/environment-impact.html>

The ESG Report is available at → <https://www.optexgroup.co.jp/shareholder/library/index.html#esgreport>

We expressed our support for TCFD in January this year and set the goal for CO<sub>2</sub> reduction of the corporate group as "30% until 2030 (compared to 2019: Scopes 1 and 2)." We will keep focusing on the improvement of the quality and quantity of information disclosure concerning our corporate group's initiatives for sustainability.

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]

The Company has established a public relations・IR Department. The IR Department strives to provide easy-to-understand explanations about our management policies and business conditions to engage in positive and constructive dialogue with our shareholders. In addition, the President, the responsible officer, and IR personnel give briefings for institutional investors and briefings for private investors on a planned basis. We respond to requests for meetings with institutional investors as the occasion calls.

We establish a venue to allow the attendance of diverse shareholders at our ordinary general meeting of shareholders. We then hold a shareholder briefing to obtain understanding for our future policies after the end of that meeting.

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