



Tatsuya Nakajima  
President/CEO

## OPTEX GROUP CO., LTD. (6914)



### Company Information

Market	TSE Prime Market
Industry	Electric equipment (Manufacturer)
President /CEO	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	
2,723 yen	37,735,784 shares	102,754 million	12.5%	100 shares	
DPS Est.	Dividend yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
65.00 yen	2.4%	185.30 yen	14.7x	1,563.93 yen	1.7x

\*The share price is the closing price on February 16. Each value is taken from the brief report on financial results in the fiscal year ended December 2025.

### Earnings Trend

Fiscal Year	Sales	Operating profit	Ordinary profit	Net profit	EPS	DPS
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	63,269	7,121	7,749	5,689	159.86	40.00
December 2025	65,878	8,153	8,000	6,595	185.16	56.00
December 2026 Est.	69,000	8,800	8,800	6,600	185.30	65.00

\*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 2025, earnings forecasts for the fiscal year ending December 2026, and a three-year management plan.

## Table of Contents

### Key Points

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

#### [2. Fiscal Year Ended December 2025 Earnings Results](#)

#### [3. Fiscal Year Ending December 2026 Earnings Forecasts](#)

#### [4. Three-year \(2026-2028\) Management Plan](#)

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

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

## Key Points

- The sales in the fiscal year ended December 2025 were 65.8 billion yen, up 4.1% year on year. The SS business performed well. The performance of the IA business was unchanged from the previous fiscal year, as the sales of FA segment, which are core products, and inspection lighting segment increased, but the sales of automation equipment segment (mainly equipment for automotive batteries) and industrial PC segment dropped. The yen weakened more than assumed, increasing the sales of mainly the SS business and the IA business by around 200 million yen. Operating profit rose 10.2% year on year to 8.1 billion yen. The sales of security sensor segment for important large-scale facilities in the SS business, whose profit margin is high, increased and the revision to prices produced some effects, increasing gross profit by 7.6% and improving gross profit margin by 1.7 points year on year. This offset the 5.6% year-on-year augmentation of SG&A expenses. The forecast year-end dividend was revised from 25 yen/share to 31 yen/share, reflecting their favorable performance trend. The annual dividend forecast has been revised to 56 yen/share, up 16 yen/share from the previous fiscal year.
- The sales in the fiscal year ending December 2026 are expected to be 69 billion yen, up 4.7% year on year. The SS business is projected to remain healthy. In the IA business, sales of FA segment and inspection lighting segment will be favorable thanks to the growth of demand for automation and labor saving and the complication of inspection processes, but the sales of automation equipment segment are forecast to decline this fiscal year, too. The change in exchange rates is expected to increase sales by around 400 million yen. Operating profit is projected to rise 7.9% year on year to 8.8 billion yen. Gross profit margin and operating profit margin are forecast to increase 0.8 points and 0.4 points, respectively, due to the rise in ratio of sales of the SS business, which is profitable, price revisions, the sales promotion of profitable products in the categories of FA sensors and lighting for inspection, etc.
- They announced that they would enhance their policy for shareholder return, raising the target payout ratio from 30% to 35% and changing dividend on equity (DOE) from over 3.0% to over 3.5% for paying dividends stably and continuously. For the fiscal year ending December 2026, they are expected to pay 65.00 yen/share, up 9 yen/share from the previous fiscal year. The forecast payout ratio is 35.1%.
- They announced a three-year management plan from the fiscal year ending December 2026 to the fiscal year ending December 2028. Their goal is to achieve “sales of 80 billion yen and an operating profit of 11.5 billion yen” in the fiscal year ending December 2028. Then, they aim to achieve “sales of 100 billion yen and an operating profit of 15 billion yen” in the fiscal year ending December 2030, by improving operating profit margin in a sustainable manner. They will keep pursuing their business portfolio-based management, and proactively review businesses that have some problems while considering the downsizing and withdrawal of them. They will evolve the core business into a solution-proposing type, to improve corporate value.
- Sales growth rate was 4.1% in the fiscal year ended December 2025 and is expected to be 4.7% in the fiscal year ending December 2026. These are not significant, but operating profit growth rate was 14.5% in the fiscal year ended December 2025 and is projected to be 7.9% in the fiscal year ending December 2026, exceeding the sales growth rates and operating profit margin is rising steadily. In the three-year (2026-2028) management plan, they aim to increase the sales of the

corporate group and the two businesses by around 2 points by the fiscal year ending December 2028, by promoting business portfolio-based management and the solution-proposing business. We would like to pay attention to their initiatives for expanding their core business and improving the IA business (automation equipment segment), which is considered to have some issues.

- We also would like to pay attention to the progress of capital allocation, in which they will allocate around 15 billion yen to M&A and alliance as part of strategic investment. The company possesses the capability of stably generating significant free cash flow every fiscal year through the two businesses that boast a high global share, and the cash position exceeded 22 billion yen as of the end of December 2025. Regarding fund procurement, they will give top priority to the utilization of free cash flow based on the above-mentioned cash, and flexibly utilize interest-bearing liabilities when necessary. While there is no concern over the dilution of shares, we would like to expect that ROE will rise further through effective investment and leverage effects.

## 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 business of inspection lighting; 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, 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, FIBER SENSYS INC. (US), which deals with optical fiber intrusion detection systems, and RAYTEC LIMITED (UK), which has attained the largest global share (about 50 %) for supplemental lights for CCTV. As of the end of December 2025, they are operating business with 42 companies around the world.

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 inspection lighting
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 customer 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

## BRIDGE REPORT



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 (the founder), who was developing security sensors in a manufacturer of security sensor 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 inspection lighting, as a subsidiary.

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. According to the Three-year (2026-2028) Management Plan, they plan to promote business portfolio-based management while accelerating the shift to solution proposing business and strive to improve profitability.

### 1-2 Business Description

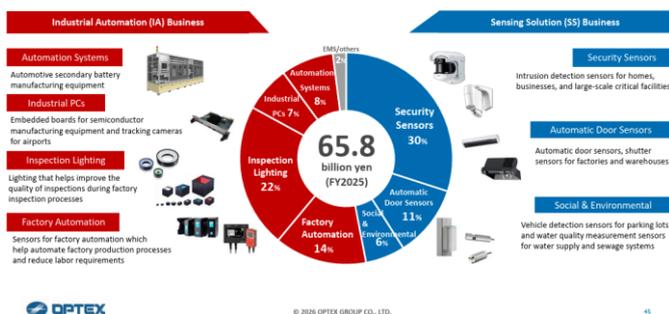
The Company’s business is composed of its main SS business (security sensor segment and automatic door sensor segment), sensors for industrial machinery, inspection lighting, the “IA Business” which works towards the automation, labor saving, and optimization of the production line using industrial computers, “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.

Segment		Business Description
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.
	Social & Environment segment	The company develops and sells vehicle detection sensors that manage vehicle stock and check occupancy, water quality measurement sensors that automate everything from water quality measurement to data management and improve the efficiency of water quality monitoring and preventive maintenance, image processing-related products, and apps/digital content.
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.
	Inspection lighting	The company has a significant share in the business of inspection lighting. The company collaborates with peripheral device and software-related companies to provide the "best solutions."
	Industrial PC	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.
	Automation equipment	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.

\* SS: Sensing Solution, IA: Industrial Automation, FA: Factory Automation, EMS: Electronics Manufacturing Service.

Corporate Data - Sales by Product Category



(From the company release)

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>
----------------------------	--

## BRIDGE REPORT

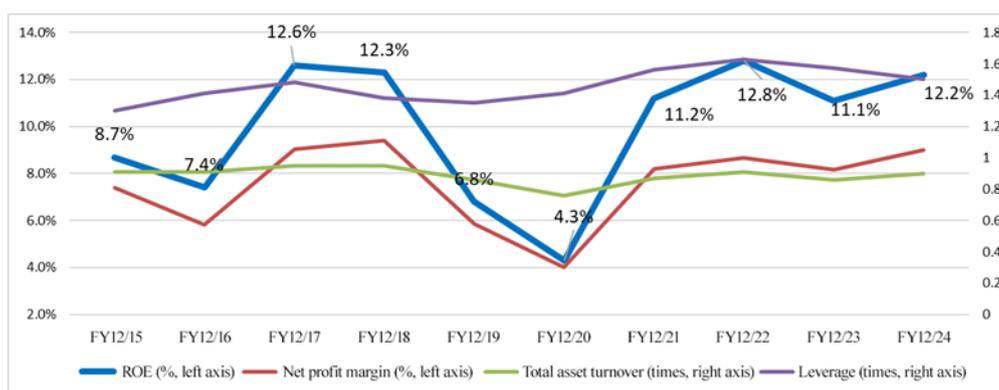


Sophisticated optical design	<ul style="list-style-type: none"> <li>• Make use of optical simulation to achieve high-density areas eliminating blind spots</li> <li>• Packaging technologies to enable downsizing</li> </ul>
Compliant to public standards for reliability	<ul style="list-style-type: none"> <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>
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>Inspection lighting: 30%</p>

### 1-4 ROE analysis

	FY 12/16	FY 12/17	FY 12/18	FY 12/19	FY 12/20	FY 12/21	FY 12/22	FY 12/23	FY 12/24	FY 12/25
<b>ROE (%)</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>	<b>12.2</b>	<b>12.5</b>
Net Profit Margin (%)	5.83	9.03	9.41	5.86	4.00	8.20	8.67	8.17	8.99	10.01
Asset turnover (times)	0.91	0.95	0.95	0.86	0.76	0.87	0.91	0.86	0.90	0.88
Leverage (times)	1.41	1.48	1.38	1.35	1.41	1.56	1.63	1.57	1.50	1.42

The ROE for the fiscal year ended December 2025 was 12.5%, indicating that the company recorded a double-digit ROE for the fifth consecutive year. The company will promote cost efficiencies and "shift to solution proposing business" 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/en/esg/>) on its website to further enhance sustainability information disclosure.

### 1-6 Regarding the "achievement of business administration conscious of capital cost and share price"

In February 2025, they announced their initiatives to be taken in order to achieve "business administration conscious of capital cost and share price" as requested by Tokyo Stock Exchange. In February 2026, they updated the initiatives as follows.

#### (1) Analysis of the current status

① Capital cost

They estimated the cost of shareholders' equity in the CAPM to be 8-9%.

② PBR

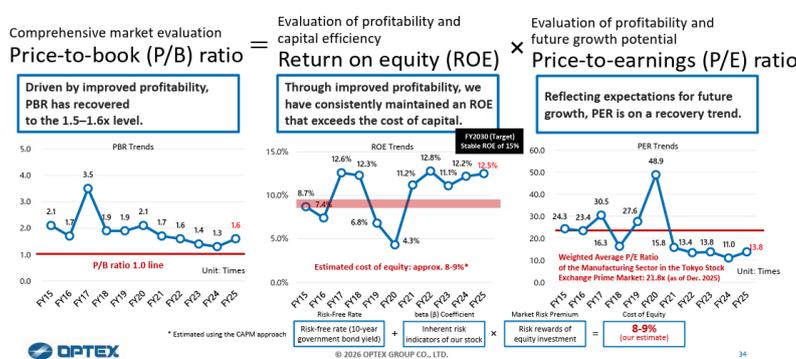
Thanks to the improvement in profitability, PBR has recovered to 1.5 to 1.6.

③ ROE

During the COVID-19 pandemic, ROE dropped to the level of 4%, but it has been on a recovery track, exceeding 10% in the past 5 fiscal years, and stably secured an ROE exceeding the cost of shareholders' equity.

④ PER

PER is recovering, reflecting the expectation toward growth, but while the weighted-average PER in the manufacturing companies listed on the Prime Market of Tokyo Stock Exchange is 21 as of the end of December 2025, the PER of OPTEX GROUP is around 13 to 14, falling below the average.



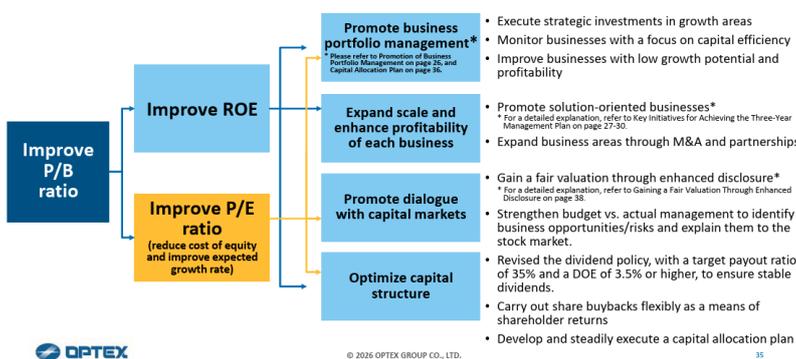
(From the company release)

**(2) Measures for improving corporate value continuously**

In order to improve corporate value in the medium/long term, they will continue their efforts to improve their earning capacity and foster expectations toward growth.

**Ongoing Initiatives to Increase Corporate Value**

We will promote efforts to revitalize profitability and foster growth expectations to drive long-term corporate value growth.



(From the company release)

In particular, the key initiative is “the promotion of business administration based on a well-balanced business portfolio.” For details, see “4. Three-year (2026-2028) Management Plan.”

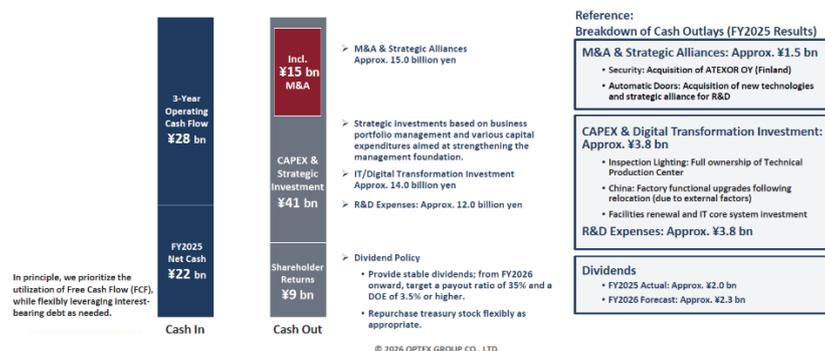
**◎ Capital allocation plan**

In the three-year plan for the period from the fiscal year ending December 2026 to the fiscal year ending December 2028, they aim to achieve “a consolidated operating profit of 10 billion yen in the fiscal year ending December 2028.” Through the capital allocation described below, they will conduct investment and return of profit to shareholders.

They will allocate around 15 billion yen to M&A and alliance as part of strategic investment. They revised their shareholder return policy to “targeting a payout ratio of 35% and a DOE of 3.5% or higher” in the fiscal year ending December 2026 (previously, they targeted a payout ratio of 30% and a DOE of 3.0% or higher).

They also plan to acquire treasury shares swiftly.

In principle, they will give top priority to the utilization of free cash flow and flexibly utilize interest-bearing liabilities when necessary.



(From the company release)

◎ M&A policy

Under the following policies and theme, they will actively work on M&A.

Basic policy	<ul style="list-style-type: none"> <li>• To not only pursue the expansion of business scale, but also put importance on synergetic effects, growth potential, and profitability</li> <li>• To aim to realize M&amp;A that would contribute to the improvement in long-term corporate value, by deepening expertise</li> </ul>
Investment policy	<ul style="list-style-type: none"> <li>• To procure funds for acquisition from (1) free cash flow and (2) borrowing (while considering the cost of shareholders’ equity) in this order of priority</li> <li>• If it is difficult to expect the assumed value creation, they will review their investment from the viewpoint of maximizing business value.</li> </ul>
M&A theme	In order to expand their specialized domain, they will acquire technologies, intellectual property, sales channels, and human resources related to the core business, and sophisticate solutions, to fortify their revenue base.

2. Fiscal Year Ended December 2025 Earnings Results

2-1 Business Results

	FY 12/24	Ratio to sales	FY 12/25	Ratio to sales	YoY	Ratios to the forecasts
Sales	63,269	100.0%	65,878	100.0%	+4.1%	-0.2%
Gross profit	31,867	50.4%	34,291	52.1%	+7.6%	-
SG&A	24,746	39.1%	26,137	39.7%	+5.6%	-
Operating profit	7,121	11.3%	8,153	12.4%	+14.5%	+10.2%
Ordinary profit	7,749	12.2%	8,000	12.1%	+3.2%	+8.1%
Net Profit	5,689	9.0%	6,595	10.0%	+15.9%	+11.8%

\*Unit: million yen. The net profit is the profit attributable to owners of the parent company. The same shall apply hereinafter.

Both sales and profit increased. Profit exceeded expectations.

Sales were 65.8 billion yen, up 4.1% year on year. The SS business performed well. The performance of the IA business was unchanged from the previous fiscal year, as the sales of FA segment, which are core products, and inspection lighting segment increased, but the sales of automation equipment segment (mainly equipment for automotive batteries) and industrial PC segment dropped. The yen weakened more than assumed, increasing the sales of mainly the SS business and the IA business by around 200 million yen. Operating

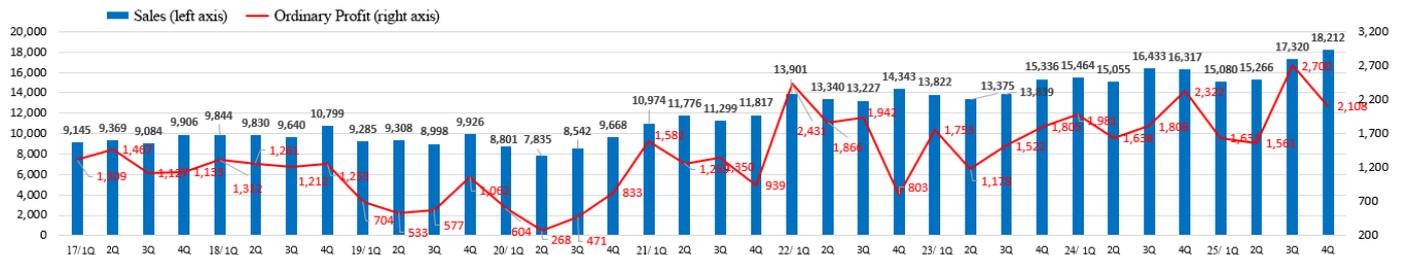
## BRIDGE REPORT



profit rose 10.2% year on year to 8.1 billion yen. The sales of security sensor segment for important large-scale facilities in the SS business, whose profit margin is high, increased and the revision to prices produced some effects, increasing gross profit by 7.6% and improving gross profit margin by 1.7 points year on year. This offset the 5.6% year-on-year augmentation of SG&A expenses. Sales were roughly in line with expectations, and operating profit exceeded expectations. The forecast year-end dividend was revised from 25 yen/share to 31 yen/share, reflecting their favorable performance trend. The annual dividend forecast has been revised to 56 yen/share, up 16 yen/share from the previous fiscal year.

### ◎ Trends in each quarter

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



On a quarterly basis, sales in the fourth quarter (October – December) hit a record high.

### 2-2 Regional trends

	FY 12/24	Composition ratio	FY 12/25	Composition ratio	YoY	Ratios to the forecasts
<b>Consolidated Sales</b>	63,269	100.0%	65,878	100.0%	+4.1%	-0.2%
Domestic	30,594	48.4%	31,246	47.4%	+2.1%	-3.0%
Overseas	32,675	51.6%	34,632	52.6%	+6.0%	+2.5%
America	9,134	14.4%	10,944	16.6%	+19.8%	+8.6%
Europe	16,480	26.0%	16,152	24.5%	-2.0%	-1.8%
Asia	7,061	11.2%	7,536	11.4%	+6.7%	+3.9%

\*Unit: million yen.

The sales in Japan increased, as the sales of security sensor segment grew considerably although the sales of automation equipment segment and industrial PC segment dropped. In the Americas, the sales of security sensor segment (for important large-scale facilities, such as data centers) and inspection lighting segment were healthy. The sales in Europe dropped, as FA segment sold well, but there was a drop from the rush demand before the price hike of security sensor segment.

### ◎ Average exchange rate

	FY 12/24	FY 12/25
USD	¥151.58	¥149.71
EURO	¥163.95	¥169.00
GBP	¥193.70	¥197.25

### 2-3 Earnings by Segment

#### ① Sales and profit trends in each segment

	FY 12/24	Composition ratio	FY 12/25	Composition ratio	YoY	Ratios to the forecasts
SS Business	28,374	44.8%	31,044	47.1%	+9.4%	+3.5%
IA Business	33,748	53.3%	33,734	51.2%	-0.0%	-3.0%

## BRIDGE REPORT



EMS Business	1,042	1.6%	996	1.5%	-4.4%	-12.6%
Others	103	0.2%	103	0.2%	0.0%	0.0%
<b>Consolidated Sales</b>	<b>63,269</b>	<b>100.0%</b>	<b>65,878</b>	<b>100.0%</b>	<b>+4.1%</b>	<b>-0.2%</b>
SS Business	3,915	13.8%	4,888	15.7%	+24.9%	-
IA Business	3,764	11.2%	3,827	11.3%	+1.7%	-
EMS Business	-120	-	-32	-	-	-
Others	12	-	12	-	-	-
Adjustments	-449	-	-542	-	-	-
<b>Consolidated Operating profit</b>	<b>7,121</b>	<b>11.3%</b>	<b>8,153</b>	<b>12.4%</b>	<b>+14.5%</b>	<b>+10.2%</b>

\*Unit: million yen. Composition ratio of operating profit refers to sales profit margin. As all of shares of THREE ACE CO., LTD. were transferred to OPTEX CO., LTD. on January 1, 2025, the business of THREE ACE, which had been included in "Others," has been included in "SS Business" from the first quarter of the fiscal year ended December 2025. The information of each segment in the fiscal year ended December 2024 is based on the new classification.

## ② Trends in each segment and region

	FY 12/24	Composition ratio	FY 12/25	Composition ratio	YoY	Ratios to the forecasts
<b>SS: Security</b>	18,227	100.0%	19,925	100.0%	+9.3%	+5.7%
Japan	2,393	13.1%	3,486	17.5%	+45.7%	+8.8%
AMERICAs	3,818	20.9%	5,105	25.6%	+33.7%	+22.1%
EMEA	10,620	58.3%	9,879	49.6%	-7.0%	-0.1%
Asia, Oceania	1,396	7.7%	1,455	7.3%	+4.2%	-7.9%
<b>SS: Automatic door</b>	6,965	100.0%	7,182	100.0%	+3.1%	-5.9%
Japan	3,626	52.1%	3,752	52.2%	+3.5%	-3.1%
AMERICAs	1,932	27.7%	1,993	27.7%	+3.2%	-6.4%
EMEA	1,207	17.3%	1,196	16.7%	-0.9%	-12.4%
Asia, Oceania	200	2.9%	241	3.4%	+20.5%	-8.7%
<b>Social &amp; Environment</b>	3,182	100.0%	3,937	100.0%	+23.7%	+12.2%
Japan	1,984	62.4%	2,424	61.6%	+22.2%	+12.5%
AMERICAs	854	26.8%	1,109	28.2%	+29.9%	+15.9%
EMEA	180	5.7%	206	5.2%	+14.4%	+2.0%
Asia, Oceania	164	5.2%	198	5.0%	+20.7%	+1.5%
<b>IA: FA</b>	8,350	100.0%	9,001	100.0%	+7.8%	-5.4%
Japan	4,386	49.2%	4,440	49.7%	+1.2%	-10.9%
AMERICAs	206	25.9%	229	25.2%	+11.2%	-21.6%
EMEA	1,635	21.9%	2,053	21.8%	+25.6%	+6.1%
Asia, Oceania	2,123	2.9%	2,279	3.2%	+7.3%	-0.9%
<b>IA: Inspection lighting</b>	14,266	100.0%	14,774	100.0%	+3.6%	-2.8%
Japan	6,586	46.2%	6,552	44.3%	-0.5%	-11.3%
AMERICAs	2,290	16.1%	2,500	16.9%	+9.2%	+1.1%
EMEA	2,838	19.9%	2,818	19.1%	-0.7%	-8.0%
Asia, Oceania	2,552	17.9%	2,904	19.7%	+13.8%	+27.8%
<b>IA: Industrial PC</b>	4,926	100.0%	4,690	100.0%	-4.8%	-1.6%
Japan	4,892	99.3%	4,682	99.8%	-4.3%	-0.8%
AMERICAs	34	0.7%	8	0.2%	-76.5%	-82.2%

# BRIDGE REPORT



<b>IA: Automation equipment</b>	6,206	100.0%	5,270	100.0%	-15.1%	-0.6%
Japan	6,151	99.1%	5,264	99.9%	-14.4%	-0.7%
Asia, Oceania	55	0.9%	6	0.1%	-89.1%	-
<b>EMS</b>	1,043	100.0%	996	100.0%	-4.5%	-12.6%
Japan	472	45.3%	543	54.5%	+15.0%	+8.6%
Asia, Oceania	571	54.7%	453	45.5%	-20.7%	-29.1%

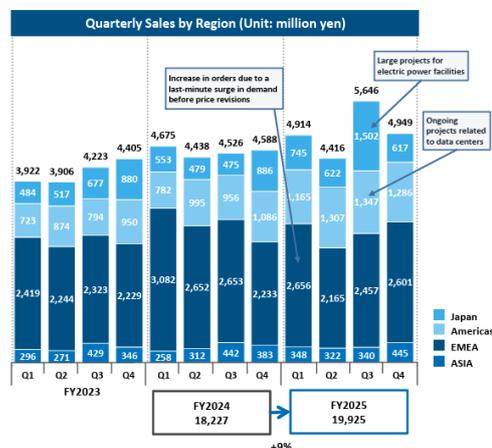
\*Unit: million yen. As all of shares of THREE ACE CO., LTD. were transferred to OPTEX CO., LTD. on January 1, 2025, the business of THREE ACE, which had been included in “Others,” has been included in “SS Business” from the first quarter of the fiscal year ended December 2025. The information of each segment in the fiscal year ended December 2024 is based on the new classification.

## <Highlights of the business performance in FY 12/25>

### ◎ SS Business

#### Security sensor segment: Sales grew year on year.

- \*Japan Sales grew year on year. They met the demand for the update of infrastructure-related facilities such as electric power, and sales of solutions were healthy.
- \*AMERICAs Sales grew year on year. Laser scanning sensors for data centers sold well. The direct marketing in which they directly approach decision makers in important facilities was effective.
- \*EMEA Sales decreased year on year. The sales of products for housing were sluggish, while laser scanning sensors, etc. for data centers and infrastructure-related facilities sold well.
- \*Asia •Oceania Sales grew year on year. They made a healthy number of transactions for important large-scale facilities, such as data centers and infrastructure.

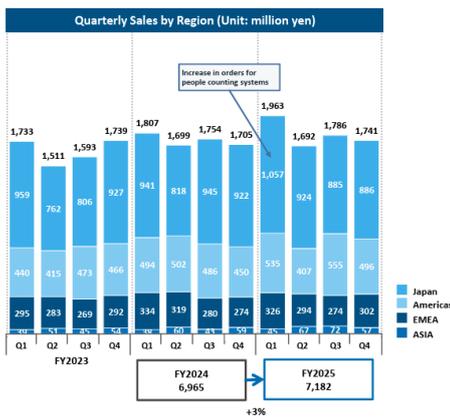
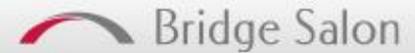


(From the company release)

#### Automatic door sensor segment: Sales grew year on year.

- \*Japan Sales grew year on year. Sensors for automatic doors sold well. In the first quarter, they received large-scale orders for systems for managing information on the number of customers.
- \*AMERICAs Sales grew year on year. The sales of sensors for automatic doors and shutters were unchanged from the previous year.
- \*EMEA Sales decreased year on year. The sales to automatic door manufacturers remained unchanged from the previous year.

# BRIDGE REPORT



(From the company release)

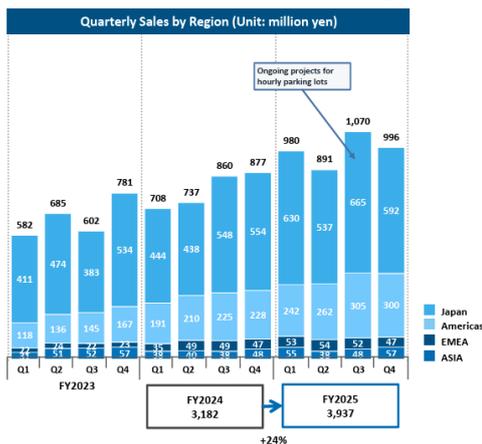
## Social & Environment: Sales grew year on year.

\*Japan

Sales grew year on year. Vehicle detection sensors for parking lots meet the demand for alternative products to conventional “embedded” types, because they are easy to install. Sales of solutions also performed well. The sales of water quality sensors and data management services, too, were healthy.

\*AMERICAS

Sales grew year on year. The sales of vehicle detection sensors for the gates of parking lots were healthy.



(From the company release)

## © IA Business

### FA segment: Sales grew year on year.

\*Japan

Sales decreased year on year. Sales of products related to semiconductors and electronic components were weak due to the impact of the tariff policy enforced by the U.S. administration, but the number of orders for core products, such as versatile sensors and LED lights have recovered in the fourth quarter.

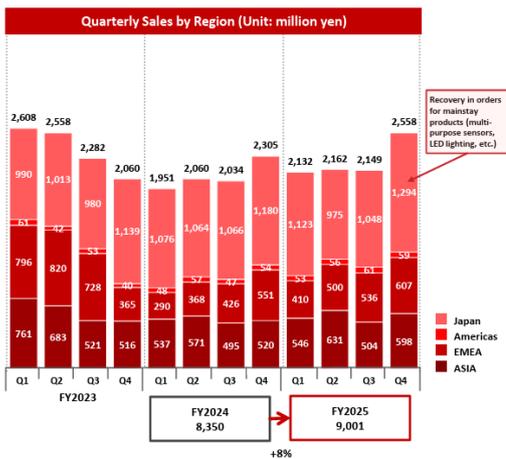
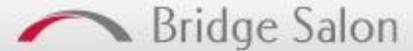
\*EMEA

Sales grew year on year. Inventory adjustments between major customers (OEMs) have been completed. Regarding the products for end clients, the sales of products for the U.S. and China were healthy, but the sales for Europe have been sluggish.

\*Asia •Oceania

Sales grew year on year. The demand for capital investment in China is recovering, but they continue to review its product strategies and take measures for each market.

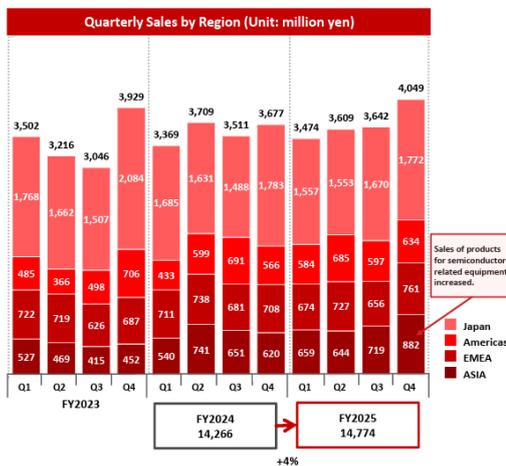
BRIDGE REPORT



(From the company release)

**Inspection lighting: Sales grew year on year.**

- \*Japan Unchanged from the previous fiscal year. While the U.S. tariff policy keeps generating an impact, the cutting-edge semiconductor domain is improving, so sales are relatively healthy. Meanwhile, the sales of electric and electronic components are stagnant.
- \*AMERICAs Sales grew year on year. The sales of products of a French subsidiary to the logistics industry were favorable.
- \*EMEA Sales decreased year on year. The sales of products of a French subsidiary to the logistics industry were favorable. They aim to expand their market share by redeveloping their business system in Europe.)
- \*Asia•Oceania Sales grew year on year. In the fourth quarter, the sales of products related to semiconductors in Southeast Asia were healthy.

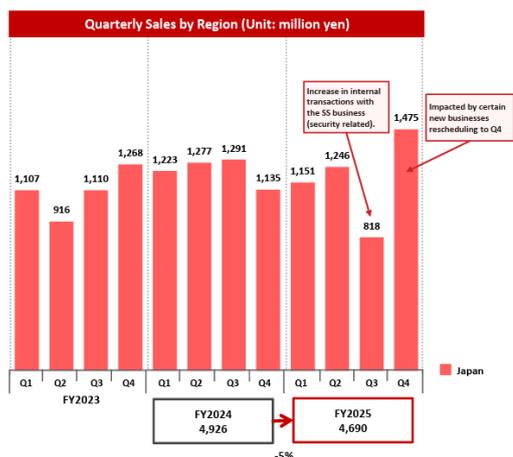


(From the company release)

**Industrial PC: Sales decreased year on year.**

- \*Japan Sales decreased year on year. The sales of tracking cameras for important large-scale facilities were healthy thanks to the synergy with the SS business (the security sensor segment), but the sales of products for semiconductor manufacturing equipment were sluggish.

BRIDGE REPORT

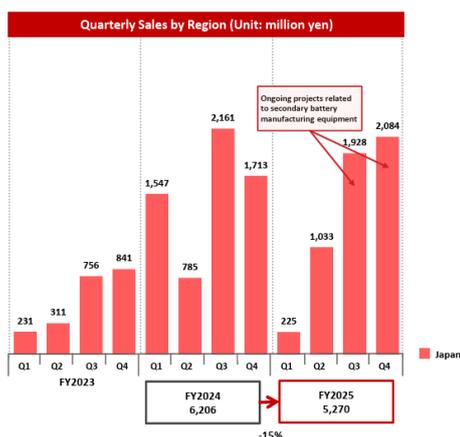


(From the company release)

**Automation equipment: Sales decreased year on year.**

\*Japan

Sales decreased year on year. As the demand for investment in equipment for EVs subsided, the number of orders for secondary battery manufacturing equipment were sluggish.



(From the company release)

**2-4 Financial Conditions and Cash Flow**

◎ Main BSs

	End of Dec. 2024	End of Dec. 2025	Increase/ decrease		End of Dec. 2024	End of Dec. 2025	Increase/ decrease
<b>Current Assets</b>	58,025	59,488	+1,463	<b>Current liabilities</b>	17,543	15,934	-1,609
Cash	21,065	22,884	+1,819	Payables	3,240	3,499	+259
Receivables	13,884	13,894	+10	ST Interest Bearing Liabilities	6,795	4,648	-2,147
Inventories	21,141	21,173	+32	<b>Noncurrent liabilities</b>	5,223	4,856	-367
<b>Noncurrent Assets</b>	14,825	17,451	+2,626	LT Interest Bearing Liabilities	2,099	1,806	-293
Tangible Assets	8,593	10,668	+2,075	Net defined benefit liabilities	1,577	1,594	+17
Intangible Assets	1,890	2,170	+280	<b>Liabilities</b>	22,766	20,790	-1,976
Investment, Others	4,341	4,612	+271	<b>Net Assets</b>	50,084	56,149	+6,065
<b>Total assets</b>	72,850	76,939	+4,089	<b>Total Liabilities and Net Assets</b>	72,850	76,939	+4,089

\*Unit: million yen

Total assets increased 4.0 billion yen from the end of the previous fiscal year to 76.9 billion yen due to the growth of cash & deposits and the increase in tangible fixed assets through the acquisition of land for factories and buildings for subsidiaries. Total liabilities decreased 1.9 billion yen from the end of the previous fiscal year to 20.7 billion yen due to the decrease in borrowings. Net assets increased 6.0 billion yen from the end of the previous fiscal year to 56.1 billion yen due to an increase in retained earnings. Equity ratio increased 4.2 points from the end of the previous fiscal year to 72.4%.

### ◎ CF

	FY 12/24	FY 12/25	Increase/decrease
Operating CF	7,696	9,449	+1,753
Investing CF	-867	-3,777	-2,910
Free CF	6,829	5,672	-1,157
Financing CF	-3,827	-4,422	-595
Cash and equivalent	21,065	22,884	+1,819

\*Unit: million yen

While the cash inflow from operating activities expanded due to the increase in net income before taxes and other adjustments, etc., the cash outflow from investment activities expanded due to the augmentation of expenses for acquiring tangible fixed assets and the expenditure for acquiring shares in subsidiaries, which changed the scope of consolidation, and the surplus of free cash flow shrank. The cash position improved.

## 3. Fiscal Year Ending December 2026 Earnings Forecasts

### 3-1 Earnings forecast

	FY 12/25	Ratio to sales	FY 12/26 Est.	Ratio to sales	YoY
Sales	65,878	100.0%	69,000	100.0%	+4.7%
Gross Profit	34,291	52.1%	36,515	52.9%	+6.5%
SG&A	26,137	39.7%	27,715	40.2%	+6.0%
Operating Profit	8,153	12.4%	8,800	12.8%	+7.9%
Ordinary Profit	8,000	12.1%	8,800	12.8%	+10.0%
Net Profit	6,595	10.0%	6,600	9.6%	+0.1%

\*Unit: million yen.

### Forecasted increase in revenue and operating profit.

The sales in the fiscal year ending December 2026 are expected to be 69 billion yen, up 4.7% year on year. The SS business is projected to remain healthy. In the IA business, sales of FA segment and inspection lighting segment will be favorable thanks to the growth of demand for automation and labor saving and the complication of inspection processes, but the sales of automation equipment segment are forecast to decline this fiscal year, too. The change in exchange rates is expected to increase sales by around 400 million yen.

Operating profit is projected to rise 7.9% year on year to 8.8 billion yen. Gross profit margin and operating profit margin are forecast to increase 0.8 points and 0.4 points, respectively, due to the rise in ratio of sales of the SS business, which is profitable, price revisions, the sales promotion of profitable products in the categories of FA sensors and lighting for inspection, etc.

They announced that they would enhance their policy for shareholder return, raising the target payout ratio from 30% to 35% and changing dividend on equity (DOE) from over 3.0% to over 3.5% for paying dividends stably and continuously. For the fiscal year ending December 2026, they are expected to pay 65.00 yen/share, up 9 yen/share from the previous fiscal year. The forecast payout ratio is 35.1%.

## BRIDGE REPORT



On a half-year basis, sales and profit are expected to increase from the second half. Sales and profit in the second half of the fiscal year are expected to hit a record high for the half-year.

### ◎ Regional trends

	FY 12/25	Composition ratio	FY 12/26 Est.	Composition ratio	YoY
<b>Consolidated sales</b>	65,878	100.0%	69,000	100.0%	+4.7%
Domestic	31,246	47.4%	31,755	46.0%	+1.6%
Overseas	34,632	52.6%	37,245	54.0%	+7.5%
AMERICAs	10,944	16.6%	11,983	17.4%	+9.5%
Europe	16,152	24.5%	17,531	25.4%	+8.5%
Asia	7,536	11.4%	7,731	11.2%	2.6%

\*Unit: million yen. Colored boxes for company-wide revenue growth rate of +4.7% or more.

### ◎ Forecasted exchange rate

	FY 12/25	FY 12/26 Est.
USD	¥149.71	¥150.00
EURO	¥169.00	¥175.00
GBP	¥197.25	¥200.00

The company estimated that if the yen get stronger by 1 yen/US dollar, sales will decline by about 120 million yen and operating profit will decrease by about 30 million yen. The weakening of the yen against the euro is estimated to increase sales by about 60 million yen and operating profit by about 40 million yen.

## 3-2 Trends by major segment

### ① Sales and profit by major segment

	FY 12/25	Composition ratio	FY 12/26 Est.	Composition ratio	YoY
<b>Consolidated sales</b>	65,878	100.0%	69,000	100.0%	+4.7%
Sensing Solution Business	31,044	47.1%	33,600	48.7%	+8.2%
Industrial Automation Business	33,734	51.2%	34,300	49.7%	+1.7%
<b>Consolidated operating profit</b>	8,153	12.4%	8,800	12.8%	+7.9%
Sensing Solution	4,888	15.7%	5,300	15.8%	+8.4%

## BRIDGE REPORT



Business					
Industrial Automation Business	3,827	11.3%	4,000	11.7%	+4.5%

\*Unit: million yen. Colored boxes for company-wide revenue growth rate of +4.7% or more.

The recognized environment surrounding and initiatives for each business are as follows:

### ◎ SS Business

#### \* Security sensor segment

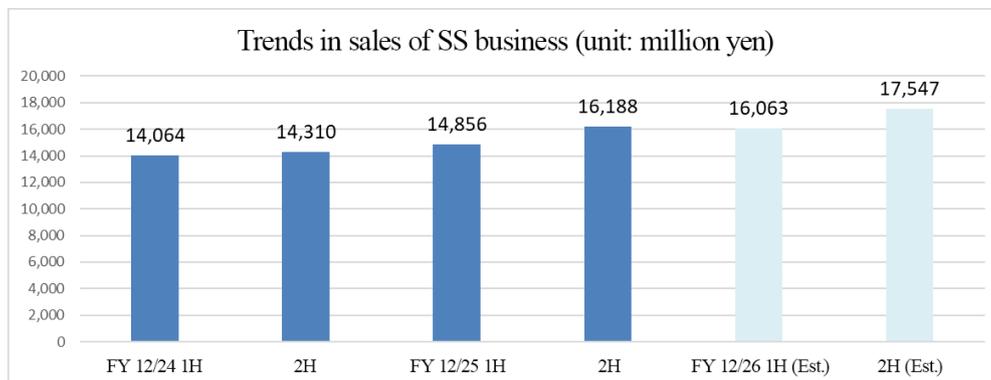
The investment in AI, data centers, and infrastructure will increase and the demand for security sensor devices will keep growing. They will enhance the proposal for solutions to important large-scale facilities around the world, to accelerate growth. In the defense field, sales are expected to grow in the medium/long term.

#### \* Automatic door sensor segment

The sales of these products are projected to remain healthy, thanks to the growth of demand for products for safety and environmental measures mainly in European and American markets. They are preparing for the development and release of new products. The sales in the domestic performance are projected to be favorable, through the enrichment of products and systems for meeting the needs for remote control.

#### \* Social & environmental segment

The innovation of systems for DX of parking lots will progress, and vehicle detection solutions will keep growing. Outside Japan, they are expected to meet the demand in target markets by conducting direct marketing and giving proposals, and then grow.



### ◎ IA Business

#### \* FA sensor segment

They will take advantage of the recovery of demand for investment in the semiconductor and electronic component industries without fail. They will concentrate their resources on core products, including displacement sensors and IO-Link, select and enhance some products, and strategically respond to changes in the Chinese market, to expand their business.

#### \* Inspection lighting

As the downsizing and further integration of semiconductors and electronic components are progressing, they receive an increasing number of inquiries. In the field of automobiles, experiment themes, such as giga casting and all-solid-state batteries, are becoming common. They will hold more enriched private exhibitions, to disseminate their solutions.

#### \* Industrial PC

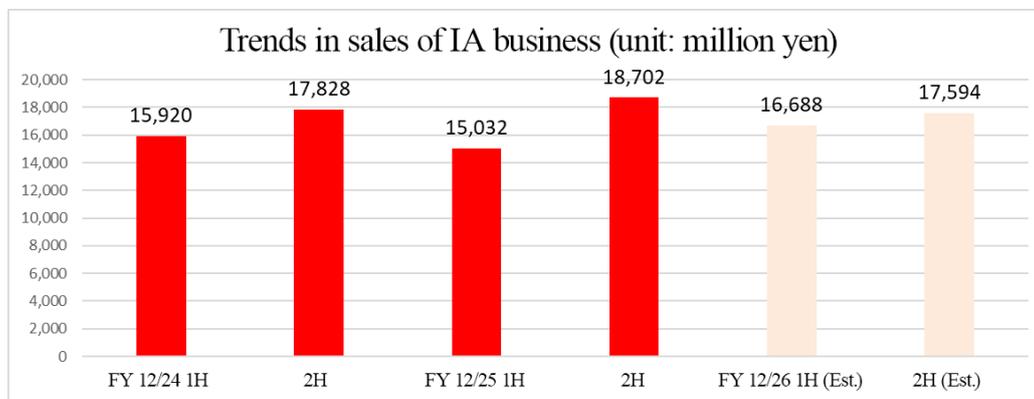
In the fiscal year ended December 2025, the number of orders for products for semiconductor manufacturing equipment kept dropping due to excessive inventory, but in the fiscal year ending December 2026, the industrial PC market is expected to remain firm, as it will be supported by the demand for automation amid the gentle recovery trend.

BRIDGE REPORT



\* Automation equipment

The outlook for the market environment is conservative, because the sales of secondary battery manufacturing equipment for EVs are sluggish due to excessive supply in the in-vehicle battery market. They will strive to distribute their products in fields other than the in-vehicle product field.



② Trends in sales of each segment and region

	FY 12/25	Composition ratio	FY 12/26 Est.	Composition ratio	YoY
<b>SS Business: Security</b>	19,925	100.0%	21,457	100.0%	+7.7%
Japan	3,486	17.5%	3,728	17.4%	+6.9%
AMERICAs	5,105	25.6%	5,487	25.6%	+7.5%
EMEA	9,879	49.6%	10,507	49.0%	+6.4%
Asia, Oceania	1,455	7.3%	1,735	8.1%	+19.2%
<b>SS Business: Automatic door</b>	7,182	100.0%	7,885	100.0%	+9.8%
Japan	3,752	52.2%	3,977	50.4%	+6.0%
AMERICAs	1,993	27.7%	2,202	27.9%	+10.5%
EMEA	1,196	16.7%	1,444	18.3%	+20.7%
Asia, Oceania	241	3.4%	262	3.3%	+8.7%
<b>SS Business: Social &amp; Environment</b>	3,937	100.0%	4,268	100.0%	+8.4%
Japan	2,424	61.6%	2,568	60.2%	+5.9%
AMERICAs	1,109	28.2%	1,198	28.1%	+8.0%
EMEA	206	5.2%	284	6.7%	+37.9%
Asia, Oceania	198	5.0%	218	5.1%	+10.1%
<b>IA Business: FA</b>	9,001	100.0%	9,831	100.0%	+9.2%
Japan	4,440	49.2%	4,938	49.7%	+11.2%
AMERICAs	229	25.9%	283	25.2%	+23.6%
EMEA	2,053	21.9%	2,125	21.8%	+3.5%
Asia, Oceania	2,279	2.9%	2,485	3.2%	+9.0%
<b>IA Business: Inspection lighting</b>	14,774	100.0%	15,958	100.0%	+8.0%
Japan	6,552	44.3%	7,315	45.8%	+11.6%
AMERICAs	2,500	16.9%	2,813	17.6%	+12.5%
EMEA	2,818	19.1%	3,171	19.9%	+12.5%
Asia, Oceania	2,904	19.7%	2,659	16.7%	-8.4%
<b>IA Business: Industrial PC</b>	4,690	100.0%	5,093	100.0%	+8.6%
Japan	4,682	99.8%	5,093	100.0%	+8.8%

## BRIDGE REPORT



AMERICAs	8	0.2%	0	0.0%	-100.0%
<b>IA Business: Automation equipment</b>	5,270	100.0%	3,400	100.0%	-35.5%
Japan	5,264	99.9%	3,400	100.0%	-35.4%
Asia, Oceania	6	0.1%	0	0.0%	-100.0%
<b>EMS Business</b>	996	100.0%	994	100.0%	-0.2%
Japan	543	54.5%	622	62.6%	+14.5%
Asia, Oceania	453	45.5%	372	37.4%	-17.9%

\*Unit: million yen. Colored boxes for company-wide revenue growth rate of +4.7% or more.

## 4. Three-year (2026-2028) Management Plan

The company announced the management plan for the three years between the fiscal year ending December 2026 and the fiscal year ending December 2028.

### 4-1 Numerical targets

The company aims to achieve sales of 80 billion yen and an operating profit of 11.5 billion yen for the fiscal year ending December 2028.

After that, it will strive for sales of 100 billion yen and an operating profit of 15 billion yen for the fiscal year ending December 2030 by continuously increasing operating profit margin.

	FY 12/25	FY 12/26	FY 12/27	FY 12/28	CAGR	FY 12/30	CAGR
Sales	65,878	69,000	75,000	80,000	+6.7%	100,000	+8.7%
SS Business	31,044	33,600	36,000	38,800	+7.7%	48,500	+9.3%
IA Business	33,734	34,300	37,900	40,000	+5.8%	50,000	+8.2%
Operating profit	8,153	8,800	10,000	11,500	+12.2%	15,000	+13.0%
Operating profit margin	12.4%	12.8%	13.3%	14.4%	-	15.0%	-
SS Business	4,888	5,300	5,900	6,800	+11.6%	8,800	+12.5%
Operating profit margin	15.7%	15.8%	16.4%	17.5%	-	18.1%	-
IA Business	3,827	4,000	4,700	5,300	+11.5%	6,900	+12.5%
Operating profit margin	11.3%	11.7%	12.4%	13.3%	-	13.8%	-

\*Unit: million yen. The numbers provided for the period between the fiscal year ending December 2026 and the fiscal year ending December 2030 are forecasts. The compound annual growth rate (CAGR) was calculated by Investment Bridge Co., Ltd. in comparison with the CAGR in the fiscal year ended December 2025.

### 4-2 Growth vision up to the fiscal year ending December 2030

The company will thoroughly continue the business administration based on a well-balanced business portfolio, which it has been propelling forward, and make decisive revisions to the underperforming businesses, including downsizing and withdrawal. It will evolve its core businesses into a solution-oriented business, through which it will raise its corporate value.

The key indicators that the company has defined for the fiscal year ending December 2030 are 100 billion yen for sales, 15% or higher for operating profit margin, and 15% for return on equity (ROE) on a stable basis. The company will achieve high revenue and stable growth not by investing uniformly in all the businesses, but through optimal allocation of its business resources.

### 4-3 Major initiatives

#### (1) Promotion of business administration based on a well-balanced business portfolio

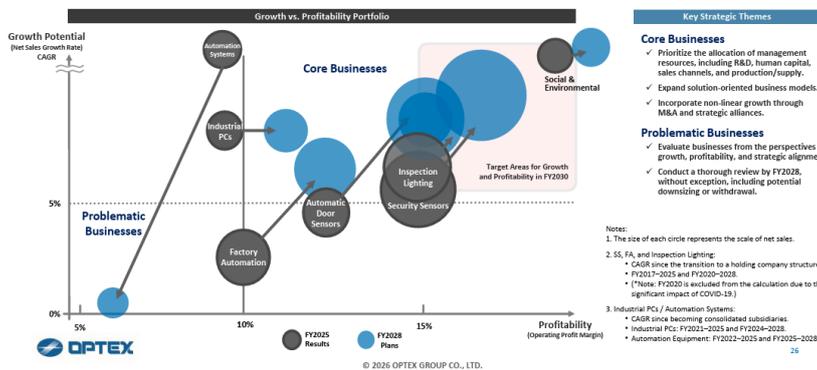
BRIDGE REPORT



The company will build a highly profitable structure for the three years up to the fiscal year ending December 2028 through optimal allocation of its business resources to the core businesses that have great growth potential and profitability. It will aim to achieve an operating profit margin of 15% or higher in the fiscal year ending December 2030.

In the core businesses, the company will allocate its business resources mainly to such domains as development, personnel, sales channels, and production/supply. It will achieve intermittent growth through M&A, alliances, as well as expansion of the solution-oriented business as mentioned later.

While the profit margins in the industrial PC segment and the automation equipment segment under the unprofitable IA business, which the company considers as one of the issues to tackle, show signs of improvement owing to such factors as addition of subsidiaries to the corporate group and revisions to the selling prices, the company will perform evaluations from the perspectives of growth potential, profitability, and strategic approaches and make any necessary changes, including downsizing and withdrawal, without exception by the fiscal year ending December 2028.



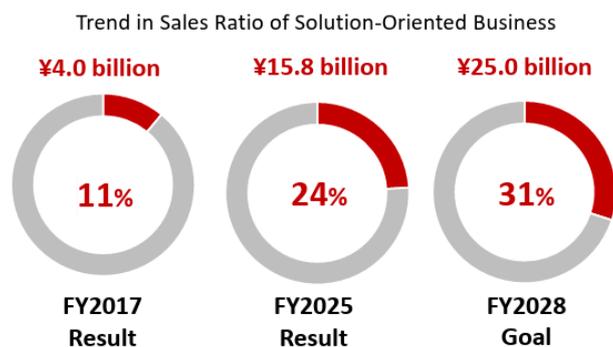
(From the company release)

**(2) Promotion of the solution-oriented business**

**① Overview**

The company will endeavor to boost the profitability and continuity not by just selling products while highlighting the elevated levels of its products in terms of the specifications, performance, and quality as it has conventionally done, but by developing the solution-oriented business, which focuses on customer requests and provides systems, integrated data, data, and services together with products that it sells, and raising its competitive edge through enhancement of added value.

Sales from the solution-oriented business and the ratio of its sales to the total sales are increasing on a steady basis. In the fiscal year ended December 2025, sales from the solution-oriented business were 15.8 billion yen, making up 24% of the total sales. The company aims at sales of 25 billion yen and the ratio of sales to the total sales of 31% in the fiscal year December 2028. It will also endeavor to achieve sales of 35 billion yen and the ratio of sales to the total sales of 35% in the fiscal year ending December 2030.



(From the company release)

It will develop the expertise of each segment and accelerate the group-wide strategy by investing in digital transformation, personnel development, co-creation of technology, and sustainability while sharing the direction of the strategy.

② Initiatives in each segment

◎ SS Business (security sensor segment)

The company offers all-in-one solutions, including system integration functions, in the security sensor segment.

Demand for capital investment and equipment replacement is rising in important infrastructure facilities such as data centers, electric power, and defense facilities. Customers are seeking integrated all-in-one security solutions that are highly accurate and reliable.

The company has strengths such as a wide range of sensor technologies, a highly reliable and extensive product lineup, capabilities to offer products and services on site with a focus on customer needs and conduct direct marketing, long-term relationships with key customers, capabilities to propose solutions, expertise in fulfilling customization requests, and high barriers to entry created by switching costs. Taking advantage of these strengths, it has successfully gained long-term trust and encouraged customers to continue placing orders for its products and services by enhancing the pre-installation support system for large-scale important facilities with the aim of ensuring the installation quality. In addition, it has developed application-specific models into which feedback from those who engage in installation operations on site is incorporated and offers them in order to accommodate the rapidly growing demand for key infrastructure such as data centers.



\*SI: An abbreviation for System Integration. This includes designing, supporting the installation of security systems, and providing maintenance services.

(From the company release)

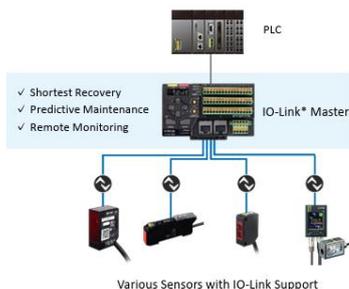
◎ IA Business (FA sensor segment)

The company offers solutions that allow bidirectional data exchange in the FA sensor segment.

There are growing needs for all-in-one installation of long-life and highly durable equipment and integrated control programs because of the dwindling working population and the advancement of AI and IT. As demand for Industrial Internet of Things (IIoT), shift to digitalization, devices and sensors that can communicate with IO-Link is rising, it has become essential to take measures against noise and process digital signals.

The company believes that its competitive edge is based on not only its advanced capabilities to provide automation and deal with IIoT with its wide variety of sensor technologies and extensive product lineup, including photoelectric, laser, and image sensors, but also the capabilities to offer optimal solutions to on-site issues that it has developed through its vast experience of application projects and technical support services.

It began to provide Field Prime, which is a new service that connects the UR Series of IO-Link Master and devices, and has been in partnership with OMRON Corporation in promoting the adoption of IO-Link products since October 2025.



\*IO-Link: A communication technology for interactive communication between sensors and control systems, enabling the exchange of various types of data.

(From the company release)

### ◎ IA Business (Inspection lighting)

The company provides solutions that enable its customers to see clearly and perform their duties flawlessly in the inspection lighting segment.

In the industries of semiconductors, electricity, and electronic components, inspection processes are becoming increasingly complex due to miniaturization, higher integration, and adoption of new materials. In the automobile industry, subjects such as giga casting and all-solid-state batteries are expanding. At the same time, the restructuring of inspection processes aimed at tackling labor shortages has also become one of the significant subjects.

Under these circumstances, CCS Inc., an expert group that has one of the industry's largest teams of technical engineers and sales engineers (SEs) who are well-versed in inspection processes, has steadily handled demand using a system that it has built for partnering with customers in the industries of semiconductors, electricity, and electronic components and helping them solve extremely difficult issues over a long period of time (which sometimes exceeds two years).

Specifically, CCS Inc. has set up the solution division for offering more suited proposals and hosted private exhibitions called CCS OpenWorld across Japan. It has opened a laboratory in Munich, Germany, and has been strengthening its business operations in the DACH region (Germany, Austria, and Switzerland). In November 2025, it began strategic collaboration with HPC SYSTEMS Inc. (Growth Market of the Tokyo Stock Exchange; Code: 6597) with the aim of dealing with the compatibility problem and the man-hour burden relating to inspection processes, which have been issues in the development of the machine vision inspection system.

## 5. Conclusion

Sales growth rate was 4.1% in the fiscal year ended December 2025 and is expected to be 4.7% in the fiscal year ending December 2026. These are not significant, but operating profit growth rate was 14.5% in the fiscal year ended December 2025 and is projected to be 7.9% in the fiscal year ending December 2026, exceeding the sales growth rates and operating profit margin is rising steadily. In the three-year (2026-2028) management plan, they aim to increase the sales of the corporate group and the two businesses by around 2 points by the fiscal year ending December 2028, by promoting business portfolio-based management and the solution-proposing business. We would like to pay attention to their initiatives for expanding their core business and improving the IA business (automation equipment segment), which is considered to have some issues.

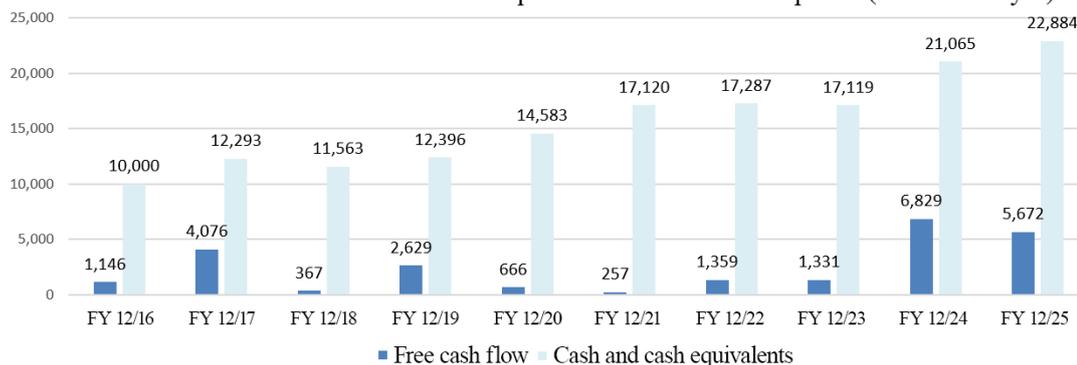


We also would like to pay attention to the progress of capital allocation, in which they will allocate around 15 billion yen to M&A and alliance as part of strategic investment. The company possesses the capability of stably generating significant free cash flow every fiscal year through the two businesses that boast a high global share, and the cash position exceeded 22 billion yen as of the end of December 2025. Regarding fund procurement, they will give top priority to the utilization of free cash flow based on the above-mentioned cash, and flexibly utilize interest-bearing liabilities when necessary. While there is no concern over the dilution of shares, we would like to expect that ROE will rise further through effective investment and leverage effects.

## BRIDGE REPORT



Trends in free cash flow and cash and cash equivalents at the end of the period (unit: million yen)



## &lt;Reference : Regarding Corporate Governance&gt;

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

Organization type	Company with audit and supervisory committee
Directors	8 directors, including 4 outside directors (including 4 independent executives)
Audit and supervisory committee members	3 members, including 2 outside directors (including 2 independent executives)

## ◎ Corporate Governance Report

The latest revision date: March 28, 2025

## &lt;Fundamental concept&gt;

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.

## &lt;Reasons for Non-compliance with the Principles of the Corporate Governance Code&gt;

The company implements all of the principles of the Corporate Governance Code.

## &lt;Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)&gt;

## [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: 47 million yen in one company (Amount on the balance sheet for December 31, 2024)

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: 60%
- Ratio of foreign employees: 1%
- Male-female ratio of managers: Male: Female = 96%: 4%
- 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, 69% 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]

- To strengthen relationships with all stakeholders and contribute to the sustainable growth of society.
- To aim to achieve recycling-oriented business management through the supply of environmentally friendly products.
- To aim for sustainable growth and development of group companies through improved employee engagement.

These are the Group's basic policies for sustainability. Since its founding, the OPTEX GROUP has developed its business, intending to contribute to "a safe, worry-free and convenient" society and industry by making full use of its expertise in sensing technology, aiming to become the "No. 1 Global Niche" sensor manufacturer under the key concept of engaging in the task of eliminating the "un" from unease, the "in" from inconvenient, and the "dis" from dissatisfying that exist in the world (the Futuru (eliminating negatives) Business). The company will continue to promote this "FUTORU business" to contribute to solving environmental and social problems, and at the same time, is confident that it will lead to the expansion of each of its businesses and increase its corporate value. The company aims to contribute to the sustainable development of society and increase its corporate value.

The Group's initiatives are posted on the company's website at the following addresses.

- Sustainability → <https://www.optexgroup.co.jp/en/esg/>

The website shown above provides information about our governance and our initiatives regarding relationships with society. The following websites provide more detailed information on our environmental and human resource initiatives.

- Basic Sustainability Policy → <https://www.optexgroup.co.jp/en/esg/policy.html>
- Reduction of Environmental Impacts → <https://www.optexgroup.co.jp/en/esg/environment-impact.html>
- Initiatives for TCFD recommendations → <https://www.optexgroup.co.jp/en/esg/tcfd.html>

\* In January 2023, the Group announced its support for the TCFD and set the Group's CO<sub>2</sub> reduction target as "30% reduction by 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.

- Strategies, indicators, and targets related to human resources → <https://www.optexgroup.co.jp/en/esg/human-resources.html>

[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.

## BRIDGE REPORT



[Action to Implement Management that is Conscious of Cost of Capital and Share Price] [Disclosed] [Disclosed in English]

Our company recognizes that cost of shareholders' equity is 8-9%, and our management goal is to keep return on equity (ROE) 10% or over, as one of indicators for evaluating profitability and capital management efficiency.

In the fiscal year ended December 2024, the ROE of our company was 12.2%, exceeding the above cost of shareholders' equity. We will make continuous efforts to further improve profitability and foster expectations for growth, in order to keep improving corporate value from the medium/long-term perspective. Concrete measures are described in the material for briefing financial results in the fiscal year ended December 2024.

•Material for briefing financial results in the fiscal year ended December 2024

(Japanese)

<https://contents.xj-storage.jp/xcontents/AS70197/aee83978/e76b/4d00/b6c3/453d25eea6a7/140120250214576376.pdf>

(English)

<https://contents.xj-storage.jp/xcontents/AS70197/d4ad34f9/99fa/45c5/8110/d351f39065f7/140120250214576421.pdf>

This report is not intended for soliciting or promoting investment activities or offering any advice on investment or the like, but for providing information only. The information included in this report was taken from sources considered reliable by our company. Our company will not guarantee the accuracy, integrity, or appropriateness of information or opinions in this report. Our company will not assume any responsibility for expenses, damages or the like arising out of the use of this report or information obtained from this report. All kinds of rights related to this report belong to Investment Bridge Co., Ltd. The contents, etc. of this report may be revised without notice. Please make an investment decision on your own judgment.

Copyright(C) Investment Bridge Co., Ltd. All Rights Reserved.

The back number of Bridge Reports (OPTEx GROUP CO., LTD.: 6914) and contents of Bridge Salon (IR seminars) can be seen at [www.bridge-salon.jp/](http://www.bridge-salon.jp/)