

Summary of Financial Results (Japan GAAP)[Consolidated]

For the Fiscal Year Ended December 31,2020

Company name: OPEX GROUP CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6914
 URL: <https://www.optexgroup.co.jp/en/>
 Representative : Isamu Oguni, President / CEO
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Scheduled date for ordinary general meeting of shareholders: Mar. 26,2021 Scheduled date for dividend payment: Mar. 29,2021

Scheduled date for filing of securities report: Mar. 26,2021

Supplementary materials to the financial statements have been prepared: Yes

Presentation will be held to explain the financial statements: Yes

1. Consolidated financial results for the fiscal year ended Dec. 31,2020 (From Jan.1 to Dec.31, 2020)

(1) Consolidated operating results

(Millions of yen rounded down)

(Percentages indicate changes from the same period in the previous fiscal year.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31,2020	34,846	(7.1)	2,098	(26.5)	2,176	(24.3)	1,395	(36.5)
Dec. 31,2019	37,517	(6.5)	2,856	(42.8)	2,876	(42.9)	2,197	(41.8)

(Note) Comprehensive income: As of Dec. 31,2020: 1,261 million yen (41.2 %)

As of Dec. 31,2019: 2,145 million yen (29.8 %)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Dec. 31,2020	38.59	38.42	4.3	4.8	6.0
Dec. 31,2019	60.02	59.86	6.8	6.6	7.6

(Reference) Earnings of equity method: As of Dec. 31,2020: 4 million yen

As of Dec. 31,2019: 3 million yen

(2) Consolidated financial position

As of	Total assets	Net assets	Shareholder's equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Dec. 31,2020	47,390	32,625	68.4	896.02
Dec. 31,2019	43,967	32,372	73.2	891.06

(Reference) Shareholders' equity: As of Dec. 31,2020: 32,402 million yen

As of Dec. 31,2019: 32,203 million yen

(3) Consolidated statement of cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Dec. 31,2020	3,894	(3,228)	1,578	14,583
Dec. 31,2019	3,621	(992)	(1,721)	12,396

2. Dividends

(Base date)	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend on net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	End of FY	Full FY			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Dec. 31,2019	-	17.50	-	15.00	32.50	1,186	54.1	3.7
Dec. 31,2020	-	15.00	-	15.00	30.00	1,084	77.7	3.4
Fiscal year ending								
Dec. 31,2021 (Forecast)	-	15.00	-	15.00	30.00		49.3	

A breakdown of the dividend per share at the end of the first six months of the fiscal year ending December 31, 2019: an ordinary dividend of 15.00 yen and a commemorative dividend of 2.50 yen

3. Forecast of consolidated results for the fiscal year ending Dec. 31, 2021 (From Jan. 1 to Dec. 31, 2021)

(Percentages indicate changes from the previous year.)

Fiscal year ending	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Jun. 30,2021 (Forecast)	19,000	14.2	1,000	27.7	1,150	31.8	700	19.4	19.36
Dec. 31,2021 (Forecast)	40,000	14.8	3,000	43.0	3,200	47.0	2,200	57.7	60.85

4. Others

(1) Material changes in subsidiaries during this period

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

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements

(a) Changes in accounting policies associated with revision of accounting standards: None

(b) Other accounting policy changes: None

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

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

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

As of Dec. 31, 2020: 37,735,784 shares

As of Dec. 31, 2019: 37,735,784 shares

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

As of Dec. 31, 2020: 1,572,800 shares

As of Dec. 31, 2019: 1,595,324 shares

(c) Average number of shares during the period

Year ended Dec. 31, 2020: 36,156,759 shares

Year ended Dec. 31, 2019: 36,603,520 shares

* Summary of Financial Results are not subject to audit procedures.

* Explanation for the proper use of earnings projections, and other notes

· Results forecasts are based on information available at the time of the publication of this summary. Actual results may differ from these projections due to various factors that may arise in the future. Please refer to "1. Overview of Operating Results, etc.

(4) Future prospects" for matters concerning the results forecasts stated above.

· Supplementary explanatory materials for financial results are scheduled to be posted on the Company's website within one week of the announcement of financial results.

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2020

During the fiscal year under review, the Japanese economy saw corporate earnings significantly decrease and employment deteriorate amid the COVID-19 pandemic. Its outlook remains uncertain. The overseas economy was under harsh conditions except in China, where capital investment demand rallied quickly. In Western countries, economic activities remain restricted due to the ongoing expansion of infections.

Under these circumstances, the Group practiced its corporate philosophy, "Aim to become a corporate group full of venture spirit," with a basic management policy of contributing to the development of society through innovation and the creation of new business. As a corporate group aiming to become the No. 1 global niche company in each industry segment in which we operate, we pursued continued growth. For the fiscal year under review, the Group's three key initiatives were to create group synergies by clarifying optimal ways and roles as a holding company, to execute business strategies and develop new businesses for the recovery of the revenue source structure and continued growth, and to improve productivity per person. It carried them out intensively in an endeavor to increase its corporate value.

Even so, the Group had poor business results chiefly because of restrictions on economic activities at different locations amid the COVID-19 pandemic. Net sales dropped 7.1% year on year to 34,846 million yen. On the profit side, operating profit was 2,098 million yen (down 26.5% year on year) due to a decrease in gross profit, despite group-wide efforts to improve productivity and reduce costs. Ordinary profit came to 2,176 million yen (down 24.3% year on year) partly due to a smaller exchange loss and profit attributable to owners of parent was 1,395 million yen (down 36.5% year on year) chiefly due to a loss on the valuation of investment securities posted in extraordinary losses.

The business results for each segment are described below.

(i) Sensing Solution (SS) Business

Net sales for the SS Business, a core segment for the Group, amounted to 17,923 million yen (down 9.5% year on year) and operating profit came to 1,275 million yen (down 26.3% year on year).

Net sales for the Security Sensor segment were 12,074 million yen (down 8.9% year on year). Overseas net sales dropped from the previous fiscal year, reflecting slumping sales of outdoor sensors in the United States and Europe despite strong sales in Asia. Domestic net sales fell below the level of the preceding fiscal year, despite solid sales of sensors for security companies and major facilities.

Net sales for the Automatic Door Sensor segment came to 3,938 million yen (down 11.3% year on year) as a result of slow domestic and overseas sales.

(ii) Factory Automation (FA) Business

The FA Business saw sales to customers in Europe turn to an upward trend and sales to customers in China jump tremendously in its overseas operation. In Japan, sales to the food industry remained solid, while sales to the automobile-related industries showed sluggish growth. As a result, net sales for the FA business stood at 7,307 million yen (up 2.3% year on year) and operating profit at 684 million yen (up 14.7% year on year) due to a solid gross profit and cost reduction.

(iii) Machine Vision Lighting (MVL) Business

In the MVL Business, sales to customers in the medical industry were solid in the United States, while sales in Japan and Europe were weak. As a result, net sales stood at 8,656 million yen (down 8.4% year on year) and operating profit at 162 million yen (down 69.5% year on year) due to a decline in gross profit.

(iv) EMS (Electronics Manufacturing Service) Business

In the EMS Business, sales to unaffiliated customers were 471 million yen (down 17.3% year on year) due to a decrease in projects for the electronic contract manufacturing service. Operating profit amounted to 47 million yen (down 38.2% year on year), reflecting a decline in production volume of products in the Group.

During the consolidated fiscal year under review, the Company acquired all shares of Sanritz Automation Co., Ltd., which engaged in development, manufacturing and sales of computer systems and others for industrial use, making it into a consolidated subsidiary. However, the deemed date of acquisition is December 31, 2020, and the statement of income for the consolidated fiscal year under review does not include its business results.

(2) Overview of financial position during the fiscal year ended December 31, 2020

(Assets)

Total assets amounted to 47,390 million yen at the end of the fiscal year under review, which was an increase of 3,423 million yen from the end of the previous fiscal year.

Current assets increased 3,039 million yen to total 33,067 million yen. It is due mainly to a rise in cash and deposits by 2,187 million yen and a rise in inventories including work in progress by 1,101 million yen after reorganization of Sanritz Automation Co., Ltd. into a consolidated subsidiary in December 2020 and other factors, although a net sales decline led to a decrease in notes and accounts receivable - trade by 395 million yen.

Non-current assets increased 383 million yen, to 14,323 million yen. That resulted chiefly from a rise in property, plant and equipment including buildings and structures of 374 million yen following construction of a company building by a subsidiary and a growth in investments and other assets including long-term loans receivable by 95 million yen, whereas intangible assets such as customer relationships and trademark rights dropped by 86 million yen because of amortization and other factors.

(Liabilities)

Total liabilities stood at 14,765 million yen at the end of the fiscal year under review, which was an increase of 3,169 million yen from the end of the previous fiscal year. A major factor behind the increase is a rise in short-term borrowings by 3,959 million yen due mainly to a loan for financing acquisition of the shares of Sanritz Automation Co., Ltd., while long-term borrowings and other non-current liabilities contracted by 184 million yen.

(Net assets)

Net assets totaled 32,625 million yen at the end of the fiscal year under review, which reflects an increase of 253 million yen from the end of the previous fiscal year. It is explained mainly by a rise of retained earnings by 310 million yen despite a decrease by 105 million yen in foreign currency translation adjustment.

(3) Overview of cash flow during the fiscal year ended December 31, 2020

Cash and cash equivalents ("cash") at the end of the fiscal year under review have increased by 2,187 million yen from the end of the previous fiscal year, to total 14,583 million yen.

The status of each of the cash flow segments and contributing factors for the fiscal year under review are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities was 3,894 million yen (compared with 3,621 million yen in the same period of the previous fiscal year). Contributing factors included an increase in cash due to profit before income taxes of 2,019 million yen, a fall in notes and accounts receivable – trade of 757 million yen and a decrease in inventories of 248 million yen, which more than offset a decrease in cash due to income taxes paid of 933 million yen.

(Cash flow from investing activities)

Net cash used in investing activities was 3,228 million yen (compared with net cash of 992 million yen used in such activities in the same period of the previous fiscal year). This was chiefly attributable to a decrease in cash due to the purchase of shares of subsidiaries of 1,907 million yen, the purchase of property, plant and equipment of 1,092 million yen and loan advances of 339 million yen, which more than offset the proceeds of 609 million yen from sales and redemption of securities and investment securities.

(Cash flow from financing activities)

Net cash provided by financing activities amounted to 1,578 million yen (compared with 1,721 million yen used in such activities in the same period of the previous fiscal year). This was due mainly to a rise in cash as a result of an increase in short-term borrowings by 3,968 million yen despite repayments of long-term borrowings of 1,314 million yen and dividends paid of 1,084 million yen.

	FY Ended Dec. 2017	FY Ended Dec. 2018	FY Ended Dec. 2019	FY Ended Dec. 2020
Equity Ratio (%)	70.1	74.5	73.2	68.4
Market Value Equity Ratio (%)	248.3	145.0	136.0	143.9
Cash Flow to Interest-bearing Debt Ratio (annual)	0.2	1.5	1.1	1.7
Interest Coverage Ratio (times)	355.6	177.0	254.2	343.4

Note: Equity ratio = shareholders' equity / total assets

Market value equity ratio = market capitalization / total assets

Cash flow to interest-bearing debt ratio = interest-bearing debts / cash flow from operating activities

Interest coverage ratio = cash flow from operating activities / interest payment

- *1. All indicators have been calculated using consolidated financial values.
- *2. The market capitalization has been calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (after subtracting treasury shares) at the end of the fiscal year.
- *3. The cash flow from operating activities used in the calculations is the cash flow from operating activities in the consolidated statements of cash flow. The interest-bearing debts include all interest-bearing liabilities that are listed on the consolidated balance sheet. The interest payment used in the calculations is the interest expenses paid in the consolidated statement of cash flow.

(4) Future prospects

The Optex Group forecasts that consolidated net sales for the fiscal year ending December 31, 2021 will be 40,000 million yen (up 14.8% year on year), based primarily on the fact that the Group is now joined by Sanritz Automation Co., Ltd. and on recovery of the SS, MVL and other businesses. In addition, the Optex Group expects increases of 43.0% year on year in operating profit to 3,000 million yen, 47.0% year on year in ordinary profit to 3,200 million yen, and 57.7% year on year in profit attributable to owners of parent to 2,200 million yen as a result of investment in further growth and continued efforts to improve profitability. These forecasts assume currency exchange rates of 105 yen to the US dollar and 120 yen to the euro.

(5) Basic policy for profit distribution and dividends for the fiscal year under review and the next fiscal year

The Optex Group considers that the return of profit to shareholders is one of its most important management tasks. Based on the policy of distributing profit backed by corporate earnings, the Optex Group determines the amounts of dividend payments by comprehensively examining the balance between strengthening the financial foundation needed for future growth and stable and sustainable profit distribution.

In response to the support of its shareholders, the Optex Group will continue to strive to increase the profitability of its business to ensure higher returns for its shareholders. The Optex Group plans to pay a year-end dividend for the fiscal year under review of 15 yen per share, and combined with an interim dividend of 15 yen per share paid in September 2019, the annual dividend will be 30 yen per share.

As for the next fiscal year, the Optex Group plans to pay an annual dividend of 30 yen per share (15 yen per share as an interim dividend and 15 yen per share as a fiscal year-end dividend) based on the above policy of the stable and sustainable return of profit to its shareholders.

2. Basic Concept of Selecting Accounting Standard

The Optex Group plans to prepare its consolidated financial statements based on the Japanese accounting standards for the time being, taking into account the comparability of the periods of consolidated financial statements and comparability among companies.

The Optex Group will consider adopting the International Financial Reporting Standards in view of its business environment in Japan and abroad and increasing its corporate value.

Consolidated Quarterly Financial Statements

Consolidated balance sheets

(Millions of yen)

	As of Dec. 31 2019	As of Dec. 31 2020
(Assets)		
Current assets		
Cash and deposits	12,396	14,583
Notes and accounts receivable-trade	8,700	8,305
Securities	479	200
Merchandise and finished goods	3,954	3,475
Work in process	561	1,356
Raw materials and supplies	2,702	3,487
Income taxes receivable	194	270
Other	1,064	1,430
Allowance for doubtful accounts	(26)	(42)
Total current assets	30,027	33,067
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,801	5,389
Accumulated depreciation	(2,629)	(2,870)
Buildings and structures, net	2,172	2,519
Machinery, equipment and vehicles	1,253	1,307
Accumulated depreciation	(1,003)	(1,057)
Machinery, equipment and vehicles, net	249	249
Tools, furniture and fixtures	5,875	6,385
Accumulated depreciation	(5,066)	(5,614)
Tools, furniture and fixtures, net	808	770
Land	2,343	2,410
Construction in progress	219	217
Total property, plant and equipment	5,792	6,167
Intangible assets		
Patent right	531	446
Trademark right	574	488
Customer relationships	969	791
Goodwill	1,141	1,240
Other	612	775
Total intangible assets	3,829	3,742
Investments and other assets		
Investment securities	2,241	1,947
Long-term loans receivable	33	338
Deferred tax assets	1,312	1,465
Other	763	693
Allowance for doubtful accounts	(33)	(31)
Total investments and other assets	4,317	4,413
Total non-current assets	13,939	14,323
Total assets	43,967	47,390

(Millions of yen)

	As of Dec. 31 2019	As of Dec. 31 2020
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	1,754	1,961
Short-term loans payable	2,082	6,042
Current portion of long-term loans payable	1,286	378
Accounts payable-other	917	950
Income taxes payable	509	421
Provision for bonuses	435	444
Other	1,080	1,221
Total current liabilities	8,066	11,421
Non-current liabilities		
Long-term loans payable	433	232
Deferred tax liabilities	827	759
Deferred tax liabilities for land revaluation	22	22
Retirement benefit liability	1,248	1,289
Provision for directors' retirement benefits	145	244
Other	852	794
Total non-current liabilities	3,528	3,343
Total liabilities	11,595	14,765
(Net assets)		
Shareholders' equity		
Capital stock	2,798	2,798
Capital surplus	7,595	7,581
Retained earnings	24,560	24,871
Treasury shares	(2,635)	(2,598)
Total shareholders' equity	32,318	32,652
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	59	20
Revaluation reserve for land	(5)	△5
Foreign currency translation adjustment	(128)	△233
Remeasurements of defined benefit plans	(41)	△31
Total accumulated other comprehensive income	(115)	△249
Share acquisition rights	160	214
Non-controlling interests	8	8
Total net assets	32,372	32,625
Total liabilities and net assets	43,967	47,390

Consolidated statements of income

(Millions of yen)

	Fiscal year ended Dec. 31,2019	Fiscal year ended Dec. 31,2020
Net sales	37,517	34,846
Cost of sales	17,285	16,302
Gross profit	20,232	18,543
Selling, general and administrative expenses		
Directors' compensations, salaries and allowances	6,164	6,126
Provision for bonuses	253	255
Retirement benefit expenses	218	224
Provision for directors' retirement benefits	10	8
Provision of allowance for doubtful accounts	(8)	2
Research and development expenses	2,761	2,749
Other	7,975	7,078
Total selling, general and administrative expenses	17,376	16,445
Operating profit	2,856	2,098
Non-operating income		
Interest income	47	25
Dividend income	35	22
Gain on sales of investment securities	12	3
Gain on investments in partnership	3	13
Rent income	23	25
Insurance return	36	10
Share of profit of entities accounted for using equity method	3	4
Subsidy income	34	108
Other	40	48
Total non-operating income	238	263
Non-operating expenses		
Interest expenses	14	10
Sales discounts	23	21
Foreign exchange losses	143	116
Rent expenses	11	11
Other	25	25
Total non-operating expenses	218	185
Ordinary profit	2,876	2,176
Extraordinary income		
Gain on sales of non-current assets	158	3
Total extraordinary income	158	3
Extraordinary losses		
Loss on sales and retirement of non-current assets	22	2
Loss on valuation of investment securities	-	158
Loss on liquidation of subsidiaries and associates	7	-
Total extraordinary losses	30	160
Profit before income taxes	3,004	2,019
Income taxes-current	940	766
Income taxes-deferred	(132)	(143)
Total income taxes	807	623
Profit	2,197	1,396
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	2,197	1,395

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended Dec. 31,2019	Fiscal year ended Dec. 31,2020
Profit	2,197	1,396
Other comprehensive income		
Valuation difference on available-for-sale securities	53	(39)
Foreign currency translation adjustment	(98)	(105)
Remeasurements of defined benefit plans, net of tax	(7)	10
Total other comprehensive income	(52)	(134)
Comprehensive income	2,145	1,261
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,144	1,261
Comprehensive income attributable to non-controlling interests	0	0

Consolidated statements of changes in net assets

Fiscal year ended Dec. 31, 2019 (From Jan. 1 to Dec. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	2,798	7,594	23,559	(1,658)	32,294
Changes of items during the period					
Increase by share exchanges					-
Dividends from surplus			(1,196)		(1,196)
Profit attributable to owners of parent			2,197		2,197
Purchase of treasury shares				(1,000)	(1,000)
Disposal of treasury shares		0		23	24
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Change of scope of equity method					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	1,001	(977)	24
Balance at the end of current period	2,798	7,595	24,560	(2,635)	32,318

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	6	(5)	(29)	(34)	(63)	107	7	32,345
Changes of items during the period								
Increase by share exchanges								-
Dividends from surplus								(1,196)
Profit attributable to owners of parent								2,197
Purchase of treasury shares								(1,000)
Disposal of treasury shares								24
Change in treasury shares of parent arising from transactions with non-controlling shareholders								-
Change of scope of equity method								-
Net changes of items other than shareholders' equity	53	-	(98)	(7)	(52)	53	0	1
Total changes of items during the period	53	-	(98)	(7)	(52)	53	0	26
Balance at the end of current period	59	(5)	(128)	(41)	(115)	160	8	32,372

Consolidated statements of changes in net assets

Fiscal year ended Dec. 31, 2020 (From Jan. 1 to Dec. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	2,798	7,595	24,560	(2,635)	32,318
Changes of items during the period					
Increase by share exchanges					-
Dividends from surplus			(1,084)		(1,084)
Profit attributable to owners of parent			1,395		1,395
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(14)		38	23
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Change of scope of equity method					-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(14)	310	37	333
Balance at the end of current period	2,798	7,581	24,871	(2,598)	32,652

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	59	(5)	(128)	(41)	(115)	160	8	32,372
Changes of items during the period								
Increase by share exchanges								-
Dividends from surplus								(1,084)
Profit attributable to owners of parent								1,395
Purchase of treasury shares								(1)
Disposal of treasury shares								23
Change in treasury shares of parent arising from transactions with non-controlling shareholders								-
Change of scope of equity method								-
Net changes of items other than shareholders' equity	(39)	-	(105)	10	(134)	53	0	(80)
Total changes of items during the period	(39)	-	(105)	10	(134)	53	0	253
Balance at the end of current period	20	(5)	(233)	(31)	(249)	214	8	32,625

Consolidated statements of cash flows

	(Millions of yen)	(Millions of yen)
	Fiscal year ended Dec. 31,2019	Fiscal year ended Dec. 31,2020
Net cash provided by (used in) operating activities		
Profit (loss) before income taxes	3,004	2,019
Depreciation	1,329	1,363
Amortization of goodwill	224	220
Increase (decrease) in net defined benefit liability	9	14
Increase (decrease) in provision for directors' retirement benefits	8	8
Increase (decrease) in allowance for doubtful accounts	(22)	14
Increase (decrease) in provision for bonuses	(13)	7
Interest and dividend income	(83)	(48)
Interest expenses	14	10
Foreign exchange losses (gains)	(1)	39
Share of loss (profit) of entities accounted for using equity method	(3)	(4)
Subsidy income	(34)	(108)
Loss (gain) on valuation of investment securities	—	158
Loss (gain) on sales of investment securities	(12)	(3)
Loss (gain) on investments in partnership	(3)	(13)
Loss (gain) on sales and retirement of non-current assets	(136)	(1)
Decrease (increase) in notes and accounts receivable - trade	248	757
Decrease (increase) in inventories	116	248
Increase (decrease) in notes and accounts payable - trade	(235)	82
Other, net	80	(86)
Subtotal	4,490	4,679
Interest and dividend income received	86	50
Interest expenses paid	(14)	(11)
Subsidies received	34	108
Income taxes (paid) refund	(974)	(933)
Net cash provided by (used in) operating activities	3,621	3,894
Net cash provided by (used in) investing activities		
Proceeds from sales and redemption of securities	202	419
Purchase of investment securities	(124)	(220)
Proceeds from sales and redemption of investment securities	363	189
Purchase of property, plant and equipment	(1,392)	(1,092)
Proceeds from sales of property, plant and equipment	197	4
Purchase of intangible assets	(269)	(293)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	8	(1,907)
Payments of loans receivable	(7)	(339)
Collection of loans receivable	28	10
Net cash provided by (used in) investing activities	(992)	(3,228)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,023	3,968
Proceeds from long-term loans payable	—	206
Repayments of long-term loans payable	(405)	(1,314)
Cash dividends paid	(1,195)	(1,084)
Repayments of lease obligations	(101)	(112)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(42)	(83)
Purchase of treasury shares	(1,000)	(1)
Net cash provided by (used in) financing activities	(1,721)	1,578
Effect of exchange rate change on cash and cash equivalents	(75)	(56)
Net increase (decrease) in cash and cash equivalents	832	2,187
Cash and cash equivalents at beginning of period	11,563	12,396
Cash and cash equivalents at end of period	12,396	14,583

Notes on the Consolidated Financial Statements

[Notes related to of going concern assumptions]

No items to report

[Additional information]

Due to the global spread of COVID-19, lockdown measures were implemented in the Group's main sales areas, resulting in the restriction of operating and sales activities as well as a slowdown in demand for capital spending and other economic factors both in Japan and overseas. Against such a background, the Group's financial results have been affected as shown, for example, by a decrease in net sales.

On the other hand, taking into consideration recent movements toward the reopening of business activities in many countries around the world, including Japan, the Group is in the process of making accounting estimates such as those regarding losses on non-current assets and deferred tax assets recoverability, based on the assumption that demand will increase gradually towards the end of the fiscal year under review.

In addition, given a great deal of uncertainty about the impact of COVID-19, the Group's future financial conditions and financial results may be affected by reassessments that it will make reflecting changes in the situation, going forward, such as a delay in the timing of containment.

[Segment Information]

1. Summary of Reportable Segments

The Optex Group's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The Group's business segments are based on the product and service categories, and consist of its four principal reportable segments, which are SS (Sensing Solution) Business, FA (Factory Automation) Business, MVL (Machine Vision Lighting) Business, and EMS (Electronic Manufacturing Service) Business.

Major products and services in each segment are as follows.

Business name	Major products and services
SS (Sensing Solution) Business	Manufacture and marketing of security sensors, automatic door sensors, measuring instruments, traffic safety sensors, customer traffic counting systems, and electronic components
FA (Factory Automation) Business	Factory automation sensors
MVL (Machine Vision Lighting) Business	LED lighting for image processing
EMS (Electronics Manufacturing Service) Business	Electronic contract manufacturing service

2.Sales and Income (Loss) by Reporting Segment

Fiscal year ended Dec. 31, 2019 (From Jan. 1 to Dec. 31, 2019)

(Millions of yen)

	Reportable Segment					Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	FA Business	MVL Business	EMS Business	Total				
Net Sales									
Unaffiliated customers	19,802	7,140	9,449	570	36,963	553	37,517	—	37,517
Intersegment transfer	105	11	17	8,194	8,328	53	8,382	(8,382)	—
Total	19,908	7,151	9,467	8,765	45,292	607	45,899	(8,382)	37,517
Segment profit	1,731	596	532	76	2,963	5	2,942	(86)	2,856
Segment Assets	17,096	5,162	12,118	4,239	38,618	514	39,132	4,834	43,967
Other items									
Depreciation expenses	403	74	578	106	1,163	2	1,166	163	1,329
Amortization of goodwill	79	6	119	—	205	19	224	—	224
Investment in equity method affiliates	—	252	—	—	252	—	252	—	252
Increase in tangible fixed assets and intangible assets	546	84	276	22	929	3	933	724	1,657

- (Notes) 1.The "Others" category incorporates operations not included in business segments reported, and includes software development, operation and management of sports clubs and other businesses.
- 2.Adjustment of segment profit JPY(86) million represents intersegment transactions.
Adjustment of segment assets of JPY4,834 million includes corporate assets of JPY6,959 million and elimination of intersegment transactions of JPY(2,125) million. Corporate assets are assets of OPTEX GROUP CO.,LTD.
Adjustment of depreciation expenses of JPY163 million relates to corporate assets not included in the reportable segments.
Adjustment of increase in property, plant and equipment and intangible assets of JPY724 million relates to corporate assets not included in the reportable segments.
- 3.Segment income is adjusted with operating income in the Consolidated statements of income.

Fiscal year ended Dec. 31, 2020 (From Jan. 1 to Dec. 31, 2020)

(Millions of yen)

	Reportable Segment					Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	FA Business	MVL Business	EMS Business	Total				
Net Sales									
Unaffiliated customers	17,923	7,307	8,656	471	34,359	487	34,846	—	34,846
Intersegment transfer	121	12	28	7,734	7,897	55	7,952	(7,952)	—
Total	18,045	7,320	8,684	8,206	42,256	542	42,798	(7,952)	34,846
Segment profit(Loss)	1,275	684	162	47	2,169	(28)	2,140	(42)	2,098
Segment Assets	17,084	5,705	11,621	4,462	38,873	3,649	42,523	4,867	47,390
Other items									
Depreciation expenses	406	82	580	95	1,165	2	1,167	196	1,363
Amortization of goodwill	57	6	138	—	201	19	220	—	220
Investment in equity method affiliates	—	257	—	—	257	—	257	—	257
Increase in tangible fixed assets and intangible assets	617	46	278	44	986	3	989	399	1,389

- (Notes) 1.The "Others" category incorporates operations not included in business segments reported, and includes software development, operation and management of sports clubs and other businesses.
Note that the segment assets in Other Business include assets of Sanritz Automation Co., Ltd., which became a consolidated subsidiary following the deemed share acquisition date of December 31, 2020.
- 2.Adjustment of segment profit JPY(42) million represents intersegment transactions.
Adjustment of segment assets of JPY4,867 million includes corporate assets of JPY7,036 million and elimination of intersegment transactions of JPY(2,168) million. Corporate assets are assets of OPTEX GROUP CO.,LTD.
Adjustment of depreciation expenses of JPY196 million relates to corporate assets not included in the reportable segments.
Adjustment of increase in property, plant and equipment and intangible assets of JPY399 million relates to corporate assets not included in the reportable segments.
- 3.Segment income is adjusted with operating income in the Consolidated statements of income.

[Segment Data by Location]

Fiscal year ended Dec. 31, 2019 (From Jan. 1 to Dec. 31, 2019)

Net Sales by Location

(Millions of yen)

Japan	Americas		Europe		Asia	Total
		U.S.A.		Germany		
16,971	4,766	4,177	11,333	3,273	4,446	37,517

(Notes) 1. Regional classifications are based on geographic proximity.

2. The primary breakdown for each region is as follows:

(1) Americas: North America, South and Central America

(2) Europe: Europe, Middle east, Africa

(3) Asia: Asia, Oceania

3. Overseas net sales are net sales of the Company and its consolidated subsidiaries in countries or regions other than Japan (except for net sales subject to intersegment transfer).

Fiscal year ended Dec. 31, 2020 (From Jan. 1 to Dec. 31, 2020)

Net Sales by Location

(Millions of yen)

Japan	Americas		Europe	Asia	Total
		U.S.A.			
15,494	4,402	3,908	10,428	4,521	34,846

(Notes) 1. Regional classifications are based on geographic proximity.

2. The primary breakdown for each region is as follows:

(1) Americas: North America, South and Central America

(2) Europe: Europe, Middle east, Africa

(3) Asia: Asia, Oceania

3. Overseas net sales are net sales of the Company and its consolidated subsidiaries in countries or regions other than Japan (except for net sales subject to intersegment transfer).

(Information per share)

Fiscal year ended Dec. 31, 2019		Fiscal year ended Dec. 31, 2020	
Net assets per share	891.06 yen	Net assets per share	896.02 yen
Net income per share	60.02 yen	Net income per share	38.59 yen
Diluted net income per share	59.86 yen	Diluted net income per share	38.42 yen

(Notes) 1. The bases for calculation of net assets per share are as shown below.

	Fiscal year ended Dec. 31, 2019	Fiscal year ended Dec. 31, 2020
Total net assets (million yen)	32,372	32,625
Deduction from total net assets (million yen)	168	222
(Non-controlling interests)	(8)	(8)
(Subscription rights to shares)	(160)	(214)
Net assets based on common stock at the end of the fiscal year (million yen)	32,203	32,402
Number of common stock at the end of the fiscal year used in calculation of net assets per share (thousand shares)	36,140	36,162

2. The bases for calculation of net income per share and diluted net income per share are as shown below.

	Fiscal year ended Dec. 31, 2019	Fiscal year ended Dec. 31, 2020
Net income per share		
Profit attributable to owners of parent (million yen)	2,197	1,395
Profit not attributable to holders of common stock (million yen)	—	—
Profit attributable to owners of parent based on common stock (million yen)	2,197	1,395
Number of shares on average during the fiscal period (thousand shares)	36,603	36,156
Diluted net income per share		
Adjustment of profit attributable to owners of parent (million yen)	—	—
Increase in common stocks (thousand shares)	98	160
(Subscription rights to shares (thousand shares))	(98)	(160)
Summary of issuable shares not included in calculation of diluted net income per share as they are not dilutive	—	—

[Significant Subsequent Events]

There are not applicable matters.

[Sales Information]

(Millions of yen)

Business name	Fiscal year ended Dec. 31, 2019 (From Jan. 1 to Dec. 31, 2019) (A)		Fiscal year ended Dec. 31, 2020 (From Jan. 1 to Dec. 31, 2020) (B)		(B) - (A)
	Amount	%	Amount	%	Amount
SS Business					
Security Sensors	13,254	35.3	12,074	34.6	(1,179)
Automatic Door Sensors	4,439	11.8	3,938	11.3	(501)
Other	2,109	5.7	1,910	5.5	(198)
Subtotal	19,802	52.8	17,923	51.4	(1,879)
FA Business	7,140	19.0	7,307	21.0	166
MVL Business	9,449	25.2	8,656	24.8	(793)
EMS Business	570	1.5	471	1.4	(98)
Other	553	1.5	487	1.4	(66)
Total	37,517	100.0	34,846	100.0	(2,671)

(Notes) The amounts described above do not include consumption taxes, etc.