

## Summary of Financial Results (Japan GAAP)[Consolidated]

For the Third Quarter of Fiscal Year Ending December 31, 2021

Company name: OPTEX GROUP CO.,LTD.

Stock exchange listing: Tokyo Stock Exchange

Stock code: 6914

URL: <https://www.optexgroup.co.jp/en/>

Representative : Isamu Oguni, President / CEO

Contact: Hiroyuki Onishi, Director / CFO

Tel.+81-77-527-9861

Scheduled date for filing of securities report: Nov. 15, 2021

Scheduled date for dividend payment: -

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

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

1. Consolidated financial results for the nine months ended Sep. 30, 2021 (From Jan. 1 to Sep. 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
Sep. 30, 2021	34,049	35.2	3,816	201.3	4,191	212.1	2,952	313.8
Sep. 30, 2020	25,178	(8.7)	1,266	(32.2)	1,343	(26.0)	713	(47.4)

(Note) Comprehensive income:

Nine months ended Sep. 30, 2021: 3,665 million yen 752.5 %

Nine months ended Sep. 30, 2020: 430 million yen (52.6 %)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
Sep. 30, 2021	81.65	81.21
Sep. 30, 2020	19.73	19.65

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
As of			
Sep. 30, 2021	Millions of yen 51,734	Millions of yen 35,253	% 67.6
Dec. 31, 2020	47,390	32,625	68.4

(Reference) Shareholders' equity: As of Sep. 30, 2021: 34,984 million yen

As of Dec. 31, 2020: 32,402 million yen

2. Dividends

(Base date)	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual (Total)
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2020	-	15.00	-	15.00	30.00
Fiscal year ending Dec. 31, 2021	-	15.00	-	15.00	30.00
Fiscal year ending Dec. 31, 2021 (Forecast)				15.00	30.00

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

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.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
Fiscal year ending Dec. 31, 2021 (Forecast)	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	45,000	29.1	4,500	114.4	4,800	120.5	3,350	140.1	92.64

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

4. Others

(1) Material changes in subsidiaries during this period

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

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

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

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

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

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

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

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

As of Sep. 30, 2021: 37,735,784 shares

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

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

As of Sep. 30, 2021: 1,578,388 shares

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

(c) Average number of shares during the period

Nine months ended Sep. 30, 2021: 36,159,964 shares

Nine months ended Sep. 30, 2020: 36,154,647 shares

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

\* 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 "Management's discussion of consolidated operating results forecast and other forecasts" 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.

## Qualitative Information Related to Financial Statements for the Quarter under Review

### (1) Explanation Concerning Operating Results

The Group practiced its corporate philosophy, "Aim to become a corporate group full of venture spirit," with a basic management policy of returning to a growth path by curbing any increase in indirect costs on a Group-wide basis through enhancing headquarters functions, expanding existing businesses and facilitating the creation of new businesses.

In the current fiscal year, the Group has been working to further enhance its corporate value by advancing three key initiatives in earnest: i) strengthening mutual collaboration among Group companies and improving organizational structures with a view to establishing a shared service structure, ii) facilitating cost-of-sales ratio reductions, cost reductions and business model transformations in existing businesses, and iii) improving productivity per person through changes in behavioral patterns.

In the first nine months of the consolidated fiscal year under review, net sales reached a record high after increasing 35.2% year on year, to 34,049 million yen. This was primarily a result of significant growth in existing main businesses and the effect of the consolidation of a new operating company. In the aspect of profit, operating profit was 3,816 million yen (up 201.3% year on year) thanks to a rise in gross profit through an increase in net sales significantly exceeding an increase in selling, general, and administrative expenses. Ordinary profit came to 4,191 million yen (up 212.1% year on year) mainly due to a rise in foreign exchange gains. Profit attributable to owners of parent was a record high, standing at 2,952 million yen (up 313.8% year on year).

Effective from the first quarter of the consolidated fiscal year under review, the classification of reportable segments has been revised. The following comparisons with the same period of the previous fiscal year have been made based on figures reclassified into the revised classification segments. Details are presented in "3. Matters regarding the revision of reportable segments" in "Notes on the Consolidated Financial Statements (Segment Information) under "Consolidated quarterly financial statements and notes."

#### ① SS (Sensing Solution) Business

Net sales for the SS Business came to 15,023 million yen (up 20.8% year on year) and operating profit was 1,809 million yen (up 117.0% year on year).

Net sales for the security sensors were 10,333 million yen (up 25.1% year on year). Net sales in overseas operations significantly exceeded the year-ago level, reflecting steady sales of outdoor sensors in the United States and Europe. Net sales in domestic operations slightly increased year on year due to solid sales for security companies and large-scale critical facilities.

Net sales for the automatic door sensors amounted to 3,264 million yen (up 13.1% year on year), reflecting favorable overseas sales as well as steady domestic sales.

#### ② IA (Industrial Automation) Business

In the IA Business, net sales came to 18,183 million yen (up 50.4% year on year) and operating profit was 2,174 million yen (up 174.0% year on year).

Net sales for the FA-related products amounted to 7,245 million yen (up 36.9% year on year), the result of favorable sales to the semiconductor and electronic component industries and significant growth both in domestic and overseas sales, mainly in China.

Net sales for MVL-related products came to 8,430 million yen (up 24.0% year on year), attributable to favorable sales to the semiconductor and electronic component industries as well as significant growth in overseas sales.

Net sales for the IPC-related products amounted to 2,507 million yen. Starting in the first quarter of the fiscal year under review, Sanritz Automation Co., Ltd., which became a consolidated subsidiary in December 2020, is included under IPC in the IA Business.

\* IPC: Industrial PC

#### ③ EMS (Electronics Manufacturing Service) Business

In the EMS Business, net sales to unaffiliated customers were 477 million yen (up 59.7% year on year), attributable to an increase in projects for the electronic contract manufacturing service. Operating profit came to 254 million yen (up 324.5% year on year), reflecting an increase in production volume of products within the Group. The margin of increase in operating profit was larger compared to the same period a year ago, as operating profit is greatly affected by inter-segment sales, which increased for the six-month period under review.

## (2) Explanation Concerning Financial Position

### Conditions of assets, liabilities and net assets (Assets)

Total assets amounted to 51,734 million yen at the end of the first nine months under review, which was an increase of 4,343 million yen from the end of the previous fiscal year.

Current assets increased 4,430 million yen to total 37,498 million yen. This was attributable largely to an increase in the inventories of raw materials and supplies of 1,675 million yen, a rise in notes and accounts receivable - trade of 1,512 million yen due to higher net sales, and growth in cash and deposits of 1,264 million yen.

Non-current assets amounted to 14,236 million yen, which was a decrease of 87 million yen. This was caused principally by a decrease of 423 million yen in intangible assets such as goodwill and customer-related assets due to amortization, etc., which more than offset increases in property, plant and equipment such as buildings and structures of 220 million yen and investments and other assets of 115 million yen.

### (Liabilities)

Total liabilities stood at 16,480 million yen at the end of the first nine months under review, which was an increase of 1,715 million yen from the end of the previous fiscal year. This was primarily a result of an increase of 1,853 million yen in current liabilities such as notes and accounts payable - trade and income taxes payable, which more than offset a decrease of 137 million yen in non-current liabilities such as long-term borrowings.

### (Net assets)

Net assets amounted to 35,253 million yen at the end of the first nine months under review, which was an increase of 2,627 million yen from the end of the previous fiscal year. This resulted mainly from an increase of 1,867 million yen in retained earnings and a rise of 661 million yen in foreign currency translation adjustment.

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

The consolidated results forecasts for the fiscal year ending December 31, 2021, remain the same as those stated in the Notice of Earnings Forecast and Dividend Forecast published on July 13, 2021.

## Consolidated Quarterly Financial Statements

### Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of Dec. 31, 2020	As of Sep. 30, 2021
<b>(Assets)</b>		
Current assets		
Cash and deposits	14,583	15,848
Notes and accounts receivable - trade	8,305	9,817
Securities	200	51
Merchandise and finished goods	3,475	3,398
Work in process	1,356	1,462
Raw materials and supplies	3,487	5,134
Income taxes receivable	270	171
Other	1,430	1,659
Allowance for doubtful accounts	(42)	(45)
Total current assets	33,067	37,498
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,519	2,999
Machinery, equipment and vehicles, net	249	233
Tools, furniture and fixtures, net	770	672
Land	2,410	2,428
Construction in progress	217	53
Total property, plant and equipment	6,167	6,387
Intangible assets		
Patent right	446	383
Trademark right	488	430
Customer relationships	791	643
Goodwill	1,240	1,096
Other	775	765
Total intangible assets	3,742	3,319
Investments and other assets		
Investment securities	1,947	1,842
Long-term loans receivable	338	360
Deferred tax assets	1,465	1,781
Other	693	576
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	4,413	4,529
Total non-current assets	14,323	14,236
Total assets	47,390	51,734

(Millions of yen)

	As of Dec. 31, 2020	As of Sep. 30, 2021
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,961	2,744
Short-term borrowings	6,042	5,817
Current portion of long-term borrowings	378	286
Accounts payable - other	950	898
Income taxes payable	421	1,106
Provision for bonuses	444	1,087
Other	1,221	1,333
<b>Total current liabilities</b>	<b>11,421</b>	<b>13,275</b>
<b>Non-current liabilities</b>		
Long-term borrowings	232	81
Deferred tax liabilities	759	705
Deferred tax liabilities for land revaluation	22	22
Retirement benefit liability	1,289	1,286
Provision for retirement benefits for directors (and other officers)	244	165
Other	794	943
<b>Total non-current liabilities</b>	<b>3,343</b>	<b>3,205</b>
<b>Total liabilities</b>	<b>14,765</b>	<b>16,480</b>
<b>(Net assets)</b>		
<b>Shareholders' equity</b>		
Share capital	2,798	2,798
Capital surplus	7,581	7,580
Retained earnings	24,871	26,739
Treasury shares	(2,598)	(2,594)
<b>Total shareholders' equity</b>	<b>32,652</b>	<b>34,523</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	20	49
Revaluation reserve for land	(5)	(5)
Foreign currency translation adjustment	(233)	427
Remeasurements of defined benefit plans	(31)	(10)
<b>Total accumulated other comprehensive income</b>	<b>(249)</b>	<b>461</b>
Share acquisition rights	214	258
Non-controlling interests	8	10
<b>Total net assets</b>	<b>32,625</b>	<b>35,253</b>
<b>Total liabilities and net assets</b>	<b>47,390</b>	<b>51,734</b>

## Consolidated Quarterly Statements of Income

(Millions of yen)

	Nine months ended Sep. 30, 2020	Nine months ended Sep. 30, 2021
Net sales	25,178	34,049
Cost of sales	11,682	16,204
Gross profit	13,495	17,845
Selling, general and administrative expenses	12,228	14,029
Operating profit	1,266	3,816
Non-operating income		
Interest income	18	10
Dividend income	18	12
Gain on sales of investment securities	-	8
Gain on investments in investment partnerships	13	6
Foreign exchange gains	-	149
Rental income	19	18
Insurance return	0	41
Share of profit of entities accounted for using equity method	-	11
Subsidy income	49	131
Other	38	40
Total non-operating income	158	431
Non-operating expenses		
Interest expenses	6	24
Sales discounts	16	17
Foreign exchange losses	31	-
Rental expenses	8	7
Share of loss of entities accounted for using equity method	5	-
Other	12	5
Total non-operating expenses	82	55
Ordinary profit	1,343	4,191
Extraordinary income		
Gain on sales of non-current assets	1	3
Gain on sales of investment securities	-	10
Total extraordinary income	1	13
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	13
Loss on valuation of investment securities	158	-
Loss on valuation of shares of subsidiaries and associates	-	33
Office relocation expenses	-	32
Total extraordinary losses	158	79
Profit before income taxes	1,186	4,125
Income taxes - current	546	1,553
Income taxes - deferred	(72)	(381)
Total income taxes	474	1,172
Profit	712	2,953
Profit (loss) attributable to non-controlling interests	(1)	1
Profit attributable to owners of parent	713	2,952

Consolidated statements of comprehensive income

(Millions of yen)

	Nine months ended Sep. 30, 2020	Nine months ended Sep. 30, 2021
Profit	712	2,953
Other comprehensive income		
Valuation difference on available-for-sale securities	(60)	29
Foreign currency translation adjustment	(227)	662
Remeasurements of defined benefit plans, net of tax	5	20
Total other comprehensive income	<u>(282)</u>	<u>712</u>
Comprehensive income	430	3,665
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	431	3,663
Comprehensive income attributable to non-controlling interests	(1)	2

## Notes on the Consolidated Financial Statements

[Notes related to going concern assumptions]

No items to report

[Notes regarding significant changes in shareholders' equity accounts]

No items to report

[Additional information]

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

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

[Segment Information]

1. Nine months ended Sep. 30, 2020 (From Jan. 1 to Sep. 30, 2020)

Net Sales and Profit (Loss) by Reportable Segment

(Millions of yen)

Reportable Segment	SS Business	IA Business	EMS Business	Total	Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total	Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
Net Sales								
Unaffiliated customers	12,435	12,093	299	24,828	349	25,178	-	25,178
Intersegment transfer	62	11	5,709	5,783	24	5,807	(5,807)	-
Total	12,497	12,104	6,008	30,611	374	30,985	(5,807)	25,178
Segment profit(Loss)	833	793	59	1,687	(35)	1,651	(385)	1,266

(Notes) 1.The "Others" category incorporates operations not included in business segments reported,

and includes software development, the operation of on-site environmental training courses and other businesses.

2.Adjustment of (385) million yen for segment profit (loss) includes elimination of inter-segment transactions  
and unallocated corporate expenses.

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

2. Nine months ended Sep. 30, 2021 (From Jan. 1 to Sep. 30, 2021)

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

(Millions of yen)

Reportable Segment	SS Business	IA Business	EMS Business	Total	Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total	Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
Net Sales								
Unaffiliated customers	15,023	18,183	477	33,684	364	34,049	-	34,049
Intersegment transfer	46	15	7,457	7,520	43	7,563	(7,563)	-
Total	15,070	18,198	7,935	41,205	408	41,613	(7,563)	34,049
Segment profit(Loss)	1,809	2,174	254	4,237	(12)	4,225	(409)	3,816

(Notes) 1.The "Others" category incorporates operations not included in business segments reported,

and includes software development, the operation of on-site environmental training courses and other businesses.

2.Adjustment of (409) million yen for segment profit (loss) includes elimination of inter-segment transactions  
and unallocated corporate expenses.

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

### 3. Matters regarding the revision of reportable segments

Due to the revision of business management classification, the Group has changed its reportable segments from the previous four segments comprising SS Business, FA Business, MVL Business and EMS Business to three segments, namely SS Business, IA Business and EMS Business, starting from the first quarter of the consolidated fiscal year under review.

In addition, to evaluate business performance more appropriately by segment, the Company has decided to post its management guidance fees in the segment profit adjustment as corporate expenses, instead of allocating such fees to each segment.

Segment information for the first six months of the previous consolidated fiscal year presented herein has been prepared according to the revised classification.

Major products and services in each reportable segment after the change are presented below.

Business name	Major products and services
SS (Sensing Solution) Business	Development and marketing of security sensors, automatic door sensors, water quality measuring instruments, customer traffic counting systems and electronic components
IA (Industrial Automation) Business	Factory automation sensors, LED lighting equipment for image processing and Industrial PCs
EMS (Electronics Manufacturing Service) Business	Contract manufacturing service of electronic equipment