

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

## For the Second Quarter of Fiscal Year Ending December 31,2022

Company name: OPTEX GROUP CO.,LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock code: 6914  
 URL: <https://www.optexgroup.co.jp/en/>  
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Scheduled date for filing of securities report: Aug.10,2022

Scheduled date for dividend payment: Sep.2,2022

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

Presentation will be held to explain the quarterly financial statements: Yes

### 1. Consolidated financial results for the six months ended Jun. 30,2022 (From Jan.1 to Jun.30, 2022)

#### (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	%
Six months ended Jun. 30,2022	27,241	19.7	3,590	42.4	4,297	51.2	3,120	62.4
Jun. 30,2021	22,750	36.7	2,520	221.8	2,841	225.6	1,921	227.7

(Note) Comprehensive income: Six months ended Jun. 30,2022: 4,393 million yen 65.7%

Six months ended Jun. 30,2021: 2,651 million yen - %

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended Jun. 30,2022	87.85		87.29	
Jun. 30,2021	53.13		52.85	

#### (2) Consolidated financial position

	Total assets		Net assets		Shareholder's equity ratio	
	Millions of yen		Millions of yen		%	
As of Jun. 30,2022	61,543		39,256		63.3	
Dec. 31,2021	57,769		35,360		60.7	

(Reference) Shareholders' equity: As of Jun. 30,2022: 38,937 million yen

As of Dec. 31,2021: 35,072 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
Fiscal year ended Dec. 31,2021	-	15.00	-	15.00	30.00
Fiscal year ending Dec. 31,2022	-	18.00	-	-	-
Fiscal year ending Dec. 31,2022 (Forecast)	-	-	-	18.00	36.00

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

3. Forecast of consolidated results for the fiscal year ending Dec. 31, 2022 (From Jan. 1 to Dec. 31, 2022)

(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
Dec. 31, 2022 (Forecast)	53,000	15.6	6,000	29.6	6,100	18.9	4,600	22.3	129.49

(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: Yes

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

(c) Changes in accounting estimates: None

(d) Retrospective restatements: None

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

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

As of Jun. 30, 2022: 37,735,784 shares

As of Dec. 31, 2021: 37,735,784 shares

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

As of Jun. 30, 2022: 2,210,451 shares

As of Dec. 31, 2021: 2,214,684 shares

(c) Average number of shares during the period

Six months ended Jun. 30, 2022: 35,523,474 shares

Six months ended Jun. 30, 2021: 36,161,241 shares

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

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

### (1) Explanation Concerning Operating Results

Based on its corporate philosophy, "aiming to become a corporate group full of venture spirit," the Group has established a management policy of curbing indirect costs on a Group-wide basis and accelerating the business development and profit growth of companies in the Group by strengthening and enhancing headquarters functions.

As a focal strategy for the current fiscal year, the Group has been working to increase the cost efficiency and financial strength of the entire Group by improving the management function of its head office to promote the flexible business development of Group companies. The Group is also bolstering business alliances among its member companies with an aim to accelerate the creation of synergy.

In the first six months of the consolidated fiscal year under review, net sales increased 19.7% year on year, to 27,241 million yen, mainly reflecting significant growth in existing main businesses and the effects from the consolidation of a new operating company. On the profit side, operating profit was 3,590 million yen, up 42.4% year on year. The sales growth resulted in a rise in gross profit that far exceeded the rise in selling, general and administrative expenses. Ordinary profit stood at 4,297 million yen, up 51.2% year on year mainly due to higher foreign exchange gains. Profit attributable to owners of parent was 3,120 million yen, up 62.4% year on year.

The business results for each segment are described below.

#### ① SS (Sensing Solution) Business

Net sales for the SS Business came to 11,509 million yen (up 15.5% year on year) and operating profit was 1,554 million yen (up 29.7% year on year).

Net sales for the security sensors were 7,956 million yen (up 16.5% year on year). In Japan, performance declined due primarily to delays in product supply caused by component shortages. Meanwhile, net sales in overseas operations significantly exceeded the year-ago level, reflecting steady sales of outdoor sensors for large-scale critical facilities in the United States and Europe.

Net sales for the automatic door sensors amounted to 2,493 million yen (up 16.6% year on year), reflecting steady domestic sales as well as significant growth in overseas sales.

#### ② IA (Industrial Automation) Business

In the IA Business, net sales came to 15,036 million yen (up 23.1% year on year) and operating profit was 2,123 million yen (up 46.9% year on year).

Net sales for FA-related products amounted to 5,589 million yen (up 16.4% year on year), the result of strong demand from the semiconductor, electronic component and secondary battery industries and significant growth in overseas sales, mainly in China.

Net sales for the MVL-related products were 6,664 million yen (up 17.6% year on year), reflecting steady growth in sales for the semiconductor and electronic component industries.

Net sales for the IPC-related products amounted to 2,086 million yen (up 19.3% year on year), the consequence of steady sales of industrial computers for semiconductor manufacturing equipment.

Net sales for MECT-related products stood at 696 million yen. In the first quarter of the consolidated fiscal year under review, the Group included Mitsutec Co., Ltd., which was consolidated as a subsidiary in November 2021, in the MECT-related segment of the IA Business.

\* MECT : Mechatronics

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

In the EMS Business, net sales to unaffiliated customers were 422 million yen (up 28.4% year on year), attributable to an increase in projects for the electronic contract manufacturing service. Meanwhile, operating profit decreased to 111 million yen (down 0.5% year on year), reflecting an increase in the cost ratio caused by foreign exchange fluctuations.

### (2) Explanation Concerning Financial Position

#### ① Conditions of assets, liabilities and net assets

##### (Assets)

Total assets amounted to 61,543 million yen at the end of the first six months under review, which was an increase of 3,773 million yen from the end of the previous fiscal year.

Current assets increased 3,742 million yen to total 46,286 million yen. The increase reflected an increase in the inventories of raw materials and supplies of 1,846 million yen, coupled with a rise in notes and accounts receivable - trade of 1,142 million yen due to higher net sales.

Non-current assets increased 31 million yen, to 15,256 million yen. This was chiefly due to an increase of 262 million yen in property, plant and equipment such as buildings and structures, which more than offset decreases of 131 million yen in investments and other assets such as investment assets and 99 million yen in intangible assets such as customer-related assets mainly attributable to amortization.

(Liabilities)

Total liabilities stood at 22,286 million yen at the end of the first six months under review, which was a decrease of 122 million yen from the end of the previous fiscal year. This was primarily a result of a decrease of 1,503 million yen in current liabilities such as short-term borrowings, despite an increase of 1,381 million yen in non-current liabilities such as long-term borrowings.

(Net assets)

Net assets amounted to 39,256 million yen at the end of the first six months under review, which was an increase of 3,895 million yen from the end of the previous fiscal year. This resulted mainly from an increase of 2,587 million yen in retained earnings and a rise of 1,348 million yen in foreign currency translation adjustment.

② Conditions of cash flows

Cash and cash equivalents (hereinafter referred to as "cash") amounted to 17,993 million yen at the end of the first six months under review, which was an increase of 873 million yen from the end of the previous fiscal year.

The conditions of the respective cash flows during the first six months under review and their main causes are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was 1,487 million yen (compared with 2,298 million yen in the same period of the previous fiscal year). This result mainly reflected an increase in cash due to the securing of 4,300 million yen in profit before income taxes, which more than offset a decrease in cash due to an increase of 1,399 million yen in inventories, 1,371 million yen in income taxes paid and an increase of 595 million yen in notes and accounts receivable – trade.

(Cash flows from investing activities)

Net cash used in investing activities was 690 million yen (compared with net cash of 636 million yen used in such activities in the same period of the previous year). This was chiefly attributable to a decrease in cash due to the purchase of property, plant and equipment of 417 million yen and the purchase of intangible assets of 125 million yen.

(Cash flows from financing activities)

Net cash used in financing activities came to 603 million yen (compared with net cash of 1,079 million yen used in such activities in the same period of the previous fiscal year). This result mainly reflected a decrease in cash caused by the payment of 1,881 million yen as a result of a decrease in short-time loans and 532 million yen in dividends paid, despite the proceeds of 2,100 million yen from long-term borrowings.

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

Financial results for the first six months of the consolidated fiscal year under review were strong primarily because sales in Europe and the United States and those in Asia surpassed expectations in the SS Business and IA Business, respectively, coupled with the weakening of yen exchange rates.

While recent strong inquiries are expected to continue, the impact of the present business environment, such as surges in raw material prices and logistics costs due to the globally tight supply-and-demand condition of semiconductors and electronic parts, among other items, on the Group's business activities is extremely uncertain. In light of this, the Group has decided to leave the previously released full-year forecast unchanged at this time. If the Group decides that the full-year forecast needs to be revised, it will promptly announce the revision.

## Consolidated Quarterly Financial Statements

### Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	17,120	17,993
Notes and accounts receivable - trade	10,444	11,586
Securities	133	323
Merchandise and finished goods	3,970	4,414
Work in process	1,894	1,550
Raw materials and supplies	5,771	7,518
Income taxes receivable	207	110
Other	3,060	2,855
Allowance for doubtful accounts	△57	△66
Total current assets	42,544	46,286
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,308	3,511
Machinery, equipment and vehicles, net	333	398
Tools, furniture and fixtures, net	836	761
Land	2,480	2,520
Construction in progress	35	64
Total property, plant and equipment	6,993	7,256
Intangible assets		
Patent right	362	320
Trademark right	411	379
Customer relationships	642	568
Goodwill	1,052	1,090
Other	735	746
Total intangible assets	3,204	3,105
Investments and other assets		
Investment securities	2,117	2,000
Long-term loans receivable	373	439
Deferred tax assets	1,954	1,846
Other	612	640
Allowance for doubtful accounts	△31	△32
Total investments and other assets	5,026	4,895
Total non-current assets	15,224	15,256
Total assets	57,769	61,543

(Millions of yen)

	As of December 31, 2021	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,589	3,045
Short-term borrowings	10,520	8,694
Current portion of long-term borrowings	164	642
Accounts payable - other	1,260	1,115
Income taxes payable	1,370	991
Provision for bonuses	988	662
Other	1,667	1,906
Total current liabilities	18,562	17,058
Non-current liabilities		
Long-term borrowings	210	1,656
Deferred tax liabilities	1,146	1,070
Deferred tax liabilities for land revaluation	22	22
Retirement benefit liability	1,366	1,371
Provision for retirement benefits for directors (and other officers)	180	137
Other	919	969
Total non-current liabilities	3,846	5,227
<b>Total liabilities</b>	<b>22,408</b>	<b>22,286</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	2,798	2,798
Capital surplus	7,580	7,580
Retained earnings	27,549	30,137
Treasury shares	△3,594	△3,587
Total shareholders' equity	34,333	36,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	48	△41
Revaluation reserve for land	△5	△5
Foreign currency translation adjustment	725	2,074
Remeasurements of defined benefit plans	△30	△18
Total accumulated other comprehensive income	738	2,008
Share acquisition rights	275	303
Non-controlling interests	12	15
<b>Total net assets</b>	<b>35,360</b>	<b>39,256</b>
<b>Total liabilities and net assets</b>	<b>57,769</b>	<b>61,543</b>

## Consolidated Quarterly Statements of Income

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	22,750	27,241
Cost of sales	10,888	13,310
Gross profit	11,862	13,930
Selling, general and administrative expenses	9,341	10,340
Operating profit	2,520	3,590
Non-operating income		
Interest income	10	11
Dividend income	8	9
Gain on sale of investment securities	10	18
Gain on investments in investment partnerships	5	-
Foreign exchange gains	108	566
Rental income	13	9
Insurance return	36	45
Share of profit of entities accounted for using equity method	7	35
Subsidy income	128	13
Other	32	37
Total non-operating income	362	747
Non-operating expenses		
Interest expenses	18	26
Sales discounts	11	-
Rental expenses	4	5
Loss on investments in investment partnerships	-	0
Other	5	8
Total non-operating expenses	41	41
Ordinary profit	2,841	4,297
Extraordinary income		
Gain on sale of non-current assets	2	6
Total extraordinary income	2	6
Extraordinary losses		
Loss on sale and retirement of non-current assets	13	3
Loss on sale of investment securities	1	-
Loss on valuation of shares of subsidiaries and associates	32	-
Office relocation expenses	32	-
Total extraordinary losses	80	3
Profit before income taxes	2,763	4,300
Income taxes - current	1,038	1,082
Income taxes - deferred	△197	96
Total income taxes	840	1,179
Profit	1,922	3,121
Profit attributable to non-controlling interests	1	0
Profit attributable to owners of parent	1,921	3,120

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	1,922	3,121
Other comprehensive income		
Valuation difference on available-for-sale securities	26	△90
Foreign currency translation adjustment	683	1,350
Remeasurements of defined benefit plans, net of tax	18	12
Total other comprehensive income	729	1,271
Comprehensive income	2,651	4,393
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,649	4,390
Comprehensive income attributable to non-controlling interests	2	2

## Consolidated Quarterly Statements of cash flows

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,763	4,300
Depreciation	687	747
Amortization of goodwill	111	140
Increase (decrease) in retirement benefit liability	△3	3
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△82	△43
Increase (decrease) in allowance for doubtful accounts	1	5
Increase (decrease) in provision for bonuses	175	△332
Interest and dividend income	△19	△20
Interest expenses	18	26
Foreign exchange losses (gains)	△45	△92
Share of loss (profit) of entities accounted for using equity method	△7	△35
Subsidy income	△128	△13
Loss (gain) on sale and valuation of investment securities	△8	△18
Loss (gain) on investments in investment partnerships	△5	0
Loss on valuation of shares of subsidiaries and associates	32	-
Loss (gain) on sale and retirement of non-current assets	10	△3
Decrease (increase) in trade receivables	△1,646	△595
Decrease (increase) in inventories	△502	△1,399
Increase (decrease) in trade payables	774	38
Other, net	442	151
Subtotal	2,570	2,858
Interest and dividends received	16	14
Interest paid	△17	△26
Subsidies received	128	13
Income taxes refund (paid)	△400	△1,371
Net cash provided by (used in) operating activities	2,298	1,487
<b>Cash flows from investing activities</b>		
Payments into time deposits	△335	-
Purchase of securities	-	△100
Proceeds from sale and redemption of securities	200	4
Purchase of investment securities	△200	△100
Proceeds from sale and redemption of investment securities	181	40
Purchase of property, plant and equipment	△424	△417
Proceeds from sale of property, plant and equipment	6	8
Purchase of intangible assets	△68	△125
Loan advances	△4	△9
Proceeds from collection of loans receivable	7	7
Net cash provided by (used in) investing activities	△636	△690
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	△249	△1,881
Proceeds from long-term borrowings	-	2,100
Repayments of long-term borrowings	△199	△183
Dividends paid	△569	△532
Repayments of lease obligations	△61	△104
Purchase of treasury shares	△0	-
Net cash provided by (used in) financing activities	△1,079	△603
Effect of exchange rate change on cash and cash equivalents	422	679
Net increase (decrease) in cash and cash equivalents	1,004	873
Cash and cash equivalents at beginning of period	14,583	17,120
Cash and cash equivalents at end of period	15,588	17,993

## Notes on the Consolidated Financial Statements

[Notes related to of going concern assumptions]

No items to report

[Notes regarding significant changes in shareholders' equity accounts]

No items to report

[Change in Accounting Principles]

(Application of Accounting Standard for Revenue Recognition, etc.)

The Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 announced on March 31, 2020), etc. since the beginning of the fiscal year under review and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. As a result, revenue is measured by subtracting rebates and Sales discounts from the prices promised in contracts with customers.

The Group has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition for the application of the Standard. The cumulative effect of applying the new accounting principles retrospectively prior to the beginning of the fiscal year under review is added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting principles have been applied from the balance at the beginning of the fiscal year under review.

The impact of the change of accounting principles on the Group's consolidated financial statements for the first quarter of the fiscal year under review is insignificant. In addition, retained earnings has no impact on the balance at beginning of the fiscal year under review.

As a consequence of the application of the Accounting Standard for Revenue Recognition, notes and accounts receivable - trade included in current assets in the consolidated balance sheet for the previous fiscal year has been included now in notes and accounts receivable - trade, and contract assets beginning in the first quarter of the fiscal year under review. Pursuant to the transitional treatment specified in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the reports for the previous fiscal year have not been reorganized using the new presentation method. In accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on revenues from contracts with customers for the first quarter of the previous fiscal year have not been broken down.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Group has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. since the beginning of the first quarter of the fiscal year under review and will apply the new accounting principles set forth in the Accounting Standard for Fair Value Measurement, etc. over the future years by following the transitional treatment specified in Article 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). This will not have an impact on the consolidated quarterly financial statements.

[Additional information]

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

There is no significant change in the assumptions on the impact of the COVID-19 pandemic described in the securities

[Segment Information]

1. Six months ended Jun. 30, 2021 (From Jan. 1 to Jun. 30, 2021)

Net Sales and Profit (Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total				
Net Sales								
Unaffiliated customers	9,961	12,218	328	22,508	242	22,750	-	22,750
Intersegment transfer	33	5	4,711	4,751	18	4,769	(4,769)	-
Total	9,995	12,223	5,040	27,259	260	27,520	(4,769)	22,750
Segment profit(Loss)	1,199	1,445	112	2,757	(20)	2,736	(215)	2,520

(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 (215) 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. Six months ended Jun. 30, 2022 (From Jan. 1 to Jun. 30, 2022)

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

(Millions of yen)

	Reportable Segment				Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total				
Net Sales								
Security Sensors	7,956	-	-	7,956	-	7,956	-	7,956
Automatic Door Sensors	2,493	-	-	2,493	-	2,493	-	2,493
FA-related	-	5,589	-	5,589	-	5,589	-	5,589
MVL-related	-	6,664	-	6,664	-	6,664	-	6,664
IPC-related	-	2,086	-	2,086	-	2,086	-	2,086
MECT-related	-	696	-	696	-	696	-	696
Other	1,058	-	422	1,481	273	1,754	-	1,754
Revenue from Contracts with Customers	11,509	15,036	422	26,968	273	27,241	-	27,241
Unaffiliated customers	11,509	15,036	422	26,968	273	27,241	-	27,241
Intersegment transfer	39	16	5,602	5,658	29	5,687	(5,687)	-
Total	11,548	15,053	6,025	32,626	302	32,929	(5,687)	27,241
Segment profit	1,554	2,123	111	3,790	3	3,793	(203)	3,590

(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 (203) million yen for segment profit includes elimination of inter-segment transactions and unallocated corporate expenses.

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