

Summary of Financial Results (Japan GAAP)[Consolidated]

For the Fiscal Year Ended December 31,2023

Company name: OPTEX GROUP CO.,LTD.
 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6914
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Scheduled date for ordinary general meeting of shareholders: Mar. 27,2024 Scheduled date for dividend payment: Mar. 28,2024

Scheduled date for filing of securities report: Mar. 27,2024

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. 31,2023 (From Jan.1 to Dec.31, 2023)

(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. 31,2023	56,372	2.8	5,899	(6.4)	6,258	(11.1)	4,608	(3.0)
Dec. 31,2022	54,811	19.5	6,303	36.1	7,042	37.3	4,752	26.3

(Note) Comprehensive income: As of Dec. 31,2023: 5,815 million yen 6.2 %

As of Dec. 31,2022: 5,476 million yen 15.1 %

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. 31,2023	129.73	128.68	11.1	9.6	10.5
Dec. 31,2022	133.79	132.86	12.8	11.6	11.5

(Reference) Earnings of equity method: As of Dec. 31,2023: 38 million yen

As of Dec. 31,2022: 65 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. 31,2023	67,127	44,271	65.3	1,234.15
Dec. 31,2022	63,302	39,735	62.2	1,108.52

(Reference) Shareholders' equity: As of Dec. 31,2023: 43,842 million yen

As of Dec. 31,2022: 39,380 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. 31,2023	2,113	(782)	(2,259)	17,119
Dec. 31,2022	1,669	(310)	(1,627)	17,287

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. 31,2022	—	18.00	—	18.00	36.00	1,278	26.9	3.4
Dec. 31,2023	—	20.00	—	20.00	40.00	1,420	30.8	3.4
Fiscal year ending Dec. 31,2024 (Forecast)	—	20.00	—	20.00	40.00		28.4	

3. Forecast of consolidated results for the fiscal year ending Dec. 31, 2024 (From Jan. 1 to Dec. 31, 2024)

(Percentages indicate changes from the previous year.)

	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
Fiscal year ending Jun. 30,2024 (Forecast)	30,600	12.5	3,200	20.3	3,200	9.2	2,400	20.9	67.56
Dec. 31,2024 (Forecast)	61,000	8.2	6,600	11.9	6,600	5.5	5,000	8.5	140.75

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: Yes

(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, 2023: 37,735,784 shares

As of Dec. 31, 2022: 37,735,784 shares

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

As of Dec. 31, 2023: 2,211,094 shares

As of Dec. 31, 2022: 2,210,820 shares

(c) Average number of shares during the period

Year ended Dec. 31, 2023: 35,524,855 shares

Year ended Dec. 31, 2022: 35,524,326 shares

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

1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2023

During the consolidated fiscal year under review, the global economy continued to face difficult conditions due to surging raw material and resource prices, the spread of inflation worldwide, and uncertainty about the Chinese economy, among other factors.

Under these circumstances, based on its corporate philosophy, “aiming to become a corporate group full of venture spirit,” the Group has established a management policy of strengthening coordination among the business companies of the Group through the enhancement of headquarters functions and accelerating profit growth through the reduction of indirect costs on a Group-wide basis.

As a key measure for the current fiscal year, the Group has been accelerating the business development of Group companies by focusing investment in growth areas. It has sought to strengthen business collaboration among Group companies in procurement, manufacturing, product planning and other fields.

For consolidated fiscal year under review, net sales increased 2.8% year on year, to 56,372 million yen. This reflects the weakening of the Japanese yen, offsetting investment restraints among customers in Japan and overseas amid uncertainty about the economic outlook, such as the ongoing inflation in Europe and the United States, as well as China’s economic slowdown. On the profit side, operating profit stood at 5,899 million yen, down 6.4% year on year, ordinary profit was 6,258 million yen, down 11.1% year on year, and profit attributable to owners of parent was 4,608 million yen, down 3.0% year on year. These results reflected a rise in selling, general and administrative expenses associated with the strengthening of marketing and sales promotion activities in response to the relaxation of movement restrictions under the COVID-19 pandemic, as well as the impacts of foreign exchange rates, inflation in Japan and overseas, among other factors.

The business results for each segment are described below.

① SS (Sensing Solution) Business

In the SS Business, net sales came to 25,197 million yen (up 7.4% year on year) and operating profit was 3,186 million yen (up 11.1% year on year).

Net sales for the security sensors were 17,624 million yen (up 9.7% year on year). In overseas operations, sales of outdoor sensors remained solid despite the impact of inflation and other factors. Also, net sales in domestic operations significantly increased year on year due to solid sales for security companies and large-scale important facilities.

Net sales for automatic door sensors amounted to 5,536 million yen (up 4.3% year on year), reflecting solid sales in Japan and in the United States despite weak sales in Europe due to slowing economies.

② IA (Industrial Automation) Business

In the IA Business, net sales came to 29,741 million yen (up 0.0% year on year) and operating profit decreased to 3,064 million yen (down 14.5% year on year) due to an increase in selling, general and administrative expenses.

In FA-related products, sales remained low overseas due to the continuing impact of restrained capital investments in secondary batteries in China, among other factors. In addition, as a result of sluggish semiconductor-related sales in Japan, net sales came to 9,508 million yen (down 13.5% year on year)

In MVL-related products, sales in Asia, mainly in China, were slow overseas. In Japan, on the other hand, sales for electric and electronic parts remained firm. As a result, net sales stood at 13,693 million yen (up 2.9% year on year).

Net sales for the IPC-related products amounted to 4,401 million yen (up 6.8% year on year), following steady sales of products for semiconductor manufacturing equipment.

Net sales for MECT-related products came to 2,138 million yen (up 63.1% year on year), reflecting good progress in deliveries of secondary battery manufacturing equipment.

③ EMS (Electronics Manufacturing Service) Business

In the EMS Business, sales to unaffiliated customers amounted to 846 million yen (down 15.9% year on year) due to stagnant growth in projects for the electronic contract manufacturing service. Operating profit stood at 114 million yen, down 71.3% year on year.

(2) Overview of financial position during the fiscal year ended December 31, 2023

(Assets)

Total assets amounted to 67,127 million yen at the end of the fiscal year under review, which was an increase of 3,824 million yen from the end of the previous fiscal year.

Current assets increased 4,702 million yen to total 52,635 million yen. This resulted chiefly from a rise in inventories of raw materials and supplies of 4,607 million yen, partly offset by decreases in cash and deposits of 167 million yen and in notes and accounts receivable – trade of 109 million yen.

Non-current assets amounted to 14,491 million yen, which was a decrease of 878 million yen. The decrease mainly reflected declines in investments and other assets of investment securities of 626 million yen and in customer-related assets and other intangible assets of 438 million yen due to amortization, partly offset by a rise in property, plant and equipment, including tools, furniture and fixtures, of 186 million yen.

(Liabilities)

Total liabilities stood at 22,855 million yen at the end of the fiscal year under review, which was a decrease of 711 million yen from the end of the previous fiscal year. This was primarily a result of a decrease of 3,042 million yen in current liabilities such as short-term borrowings and notes and accounts payable - trade, despite an increase of 2,331 million yen in non-current liabilities such as long-term borrowings.

(Net assets)

Net assets totaled 44,271 million yen at the end of the fiscal year under review, which was an increase of 4,535 million yen from the end of the previous fiscal year. This resulted mainly from an increase of 3,258 million yen in retained earnings and a rise of 1,204 million yen in other comprehensive income, including foreign currency translation adjustment.

(3) Overview of cash flow during the fiscal year ended December 31, 2023

Cash and cash equivalents (“cash”) at the end of the fiscal year under review have decreased by 167 million yen from the end of the previous fiscal year, to total 17,119 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 2,113 million yen (compared with 1,669 million yen in the same period of the previous fiscal year). Contributing factors included a decrease in cash due to an increase in inventories of 4,289 million yen, income taxes paid of 2,314 million yen and an increase in cash after securing of 6,596 million yen in profit before income taxes.

(Cash flow from investing activities)

Net cash used in investing activities was 782 million yen (compared with net cash of 310 million yen used in such activities in the same period of the previous year). This was caused chiefly by an increase in cash due to proceeds from sales and redemption of securities and investment securities of 686 million yen and a decrease in cash due to purchase of property, plant and equipment of 1,155 million yen and purchase of intangible assets of 181 million yen.

(Cash flow from financing activities)

Net cash used in financing activities came to 2,259 million yen (compared with net cash of 1,627 million yen provided by such activities in the same period of the previous fiscal year). This result mainly reflected a decrease in cash caused by a net decrease in short-term borrowings of 4,005 million yen, dividends paid of 1,346 million yen, and repayments of long-term borrowings of 1,145 million yen, despite the proceeds of 4,800 million yen from long-term borrowings.

	FY Ended Dec. 2020	FY Ended Dec. 2021	FY Ended Dec. 2022	FY Ended Dec. 2023
Equity Ratio (%)	68.4	60.7	62.2	65.3
Market Value Equity Ratio (%)	143.9	101.0	100.8	94.5
Cash Flow to Interest-bearing Debt Ratio (annual)	1.7	3.5	6.5	5.0
Interest Coverage Ratio (times)	343.4	96.0	30.7	31.4

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, 2024 will be 61,000 million yen (up 8.2% year on year), based primarily on growth in sales of MVL-related products and MECT-related in the IA Business among others. In addition, the Optex Group expects increases of 11.9% year on year in operating profit to 6,600 million yen, 5.5% year on year in ordinary profit to 6,600 million yen, and 8.5% year on year in profit attributable to owners of parent to 5,000 million yen as a result of investment in further growth and continued efforts to improve profitability. These forecasts assume currency exchange rates of 140 yen to the US dollar and 150 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 20 yen per share, and combined with an interim dividend of 20 yen per share paid in September 2023, the annual dividend will be 40 yen per share.

As for the next fiscal year, the Optex Group plans to pay an annual dividend of 40 yen per share (20 yen per share as an interim dividend and 20 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.

Consolidated Financial Statements

Consolidated balance sheets

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	17,287	17,119
Notes and accounts receivable - trade	12,221	12,112
Securities	327	505
Merchandise and finished goods	5,782	6,807
Work in process	1,952	3,709
Raw materials and supplies	8,513	10,338
Income taxes refund receivable	111	240
Other	1,802	1,868
Allowance for doubtful accounts	△65	△66
Total current assets	47,932	52,635
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,375	7,720
Accumulated depreciation	△3,887	△4,252
Buildings and structures, net	3,488	3,468
Machinery, equipment and vehicles	1,761	1,822
Accumulated depreciation	△1,367	△1,418
Machinery, equipment and vehicles, net	394	404
Tools, furniture and fixtures	7,156	7,580
Accumulated depreciation	△6,325	△6,636
Tools, furniture and fixtures, net	830	943
Land	2,512	2,529
Construction in progress	113	212
Right-of-use assets	281	249
Total property, plant and equipment	7,621	7,807
Intangible assets		
Patent right	278	194
Trademark right	336	257
Customer relationships	488	332
Goodwill	987	946
Other	725	646
Total intangible assets	2,815	2,377
Investments and other assets		
Investment securities	2,144	1,621
Long-term loans receivable	25	20
Deferred tax assets	2,123	2,022
Other	1,069	674
Allowance for doubtful accounts	△430	△31
Total investments and other assets	4,932	4,306
Total non-current assets	15,370	14,491
Total assets	63,302	67,127

(Millions of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,165	2,792
Short-term borrowings	8,926	4,921
Current portion of long-term borrowings	708	1,792
Accounts payable - other	1,381	1,718
Income taxes payable	1,258	1,002
Provision for bonuses	1,117	812
Other	2,194	2,670
Total current liabilities	18,752	15,710
Non-current liabilities		
Long-term borrowings	1,247	3,931
Deferred tax liabilities	655	639
Deferred tax liabilities for land revaluation	22	22
Retirement benefit liability	1,436	1,528
Provision for retirement benefits for directors (and other officers)	139	139
Other	1,313	884
Total non-current liabilities	4,814	7,145
Total liabilities	23,567	22,855
Net assets		
Shareholders' equity		
Share capital	2,798	2,798
Capital surplus	7,579	7,579
Retained earnings	31,130	34,388
Treasury shares	△3,588	△3,589
Total shareholders' equity	37,919	41,177
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△102	△53
Revaluation reserve for land	△5	△5
Foreign currency translation adjustment	1,592	2,744
Remeasurements of defined benefit plans	△23	△19
Total accumulated other comprehensive income	1,461	2,665
Share acquisition rights	341	412
Non-controlling interests	13	16
Total net assets	39,735	44,271
Total liabilities and net assets	63,302	67,127

Consolidated statements of income

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	54,811	56,372
Cost of sales	26,811	27,597
Gross profit	28,000	28,775
Selling, general and administrative expenses		
Remuneration, salaries and allowances for directors (and other officers)	7,997	8,514
Provision for bonuses	508	468
Retirement benefit expenses	276	320
Provision for retirement benefits for directors (and other officers)	1	26
Provision of allowance for doubtful accounts	7	8
Research and development expenses	3,382	3,385
Other	9,522	10,153
Total selling, general and administrative expenses	21,696	22,876
Operating profit	6,303	5,899
Non-operating income		
Interest income	28	104
Dividend income	19	21
Gain on sale of investment securities	19	57
Gain on investments in investment partnerships	7	21
Foreign exchange gains	534	-
Rental income	18	33
Insurance return	51	5
Share of profit of entities accounted for using equity method	65	38
Subsidy income	25	35
Other	57	156
Total non-operating income	828	473
Non-operating expenses		
Interest expenses	55	65
Foreign exchange losses	-	21
Rental expenses	10	9
Other	23	18
Total non-operating expenses	89	114
Ordinary profit	7,042	6,258
Extraordinary income		
Gain on sale of non-current assets	9	17
Reversal of allowance for doubtful accounts	-	329
Total extraordinary income	9	346
Extraordinary losses		
Loss on sale and retirement of non-current assets	7	9
Loss on valuation of investment securities	71	-
Provision of allowance for doubtful accounts	398	-
Total extraordinary losses	477	9
Profit before income taxes	6,575	6,596
Income taxes - current	2,417	1,918
Income taxes - deferred	△596	67
Total income taxes	1,821	1,985
Profit	4,753	4,610
Profit attributable to non-controlling interests	0	1
Profit attributable to owners of parent	4,752	4,608

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	4,753	4,610
Other comprehensive income		
Valuation difference on available-for-sale securities	△151	48
Foreign currency translation adjustment	867	1,153
Remeasurements of defined benefit plans, net of tax	6	3
Total other comprehensive income	722	1,205
Comprehensive income	5,476	5,815
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,475	5,813
Comprehensive income attributable to non-controlling interests	0	2

Consolidated statements of changes in net assets

Fiscal year ended Dec. 31, 2022 (From Jan. 1 to Dec. 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,798	7,580	27,549	△3,594	34,333
Changes during period					
Dividends of surplus			△1,172		△1,172
Profit attributable to owners of parent			4,752		4,752
Purchase of treasury shares				△0	△0
Disposal of treasury shares		△1		7	5
Net changes in items other than shareholders' equity					
Total changes during period	-	△1	3,580	6	3,585
Balance at end of period	2,798	7,579	31,130	△3,588	37,919

	Accumulated other comprehensive income					Share acquisition rights	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 beginning of period	48	△5	725	△30	738	275	12	35,360
Changes during period								
Dividends of surplus								△1,172
Profit attributable to owners of parent								4,752
Purchase of treasury shares								△0
Disposal of treasury shares								5
Net changes in items other than shareholders' equity	△151	-	867	6	722	66	0	789
Total changes during period	△151	-	867	6	722	66	0	4,375
Balance at end of period	△102	△5	1,592	△23	1,461	341	13	39,735

Consolidated statements of changes in net assets

Fiscal year ended Dec. 31, 2023 (From Jan. 1 to Dec. 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,798	7,579	31,130	△3,588	37,919
Changes during period					
Dividends of surplus			△1,349		△1,349
Profit attributable to owners of parent			4,608		4,608
Purchase of treasury shares				△0	△0
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	0	3,258	△0	3,258
Balance at end of period	2,798	7,579	34,388	△3,589	41,177

	Accumulated other comprehensive income					Share acquisition rights	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 beginning of period	△102	△5	1,592	△23	1,461	341	13	39,735
Changes during period								
Dividends of surplus								△1,349
Profit attributable to owners of parent								4,608
Purchase of treasury shares								△0
Disposal of treasury shares								0
Net changes in items other than shareholders' equity	48	-	1,152	3	1,204	70	2	1,277
Total changes during period	48	-	1,152	3	1,204	70	2	4,535
Balance at end of period	△53	△5	2,744	△19	2,665	412	16	44,271

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	6,575	6,596
Depreciation	1,622	1,712
Amortization of goodwill	240	303
Increase (decrease) in retirement benefit liability	68	90
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△41	△0
Increase (decrease) in allowance for doubtful accounts	403	△401
Increase (decrease) in provision for bonuses	127	△311
Interest and dividend income	△47	△125
Interest expenses	55	65
Foreign exchange losses (gains)	△72	△126
Share of loss (profit) of entities accounted for using equity method	△65	△38
Subsidy income	△25	△35
Loss (gain) on valuation of investment securities	71	-
Loss (gain) on sale of investment securities	△19	△57
Loss (gain) on investments in investment partnerships	△7	△21
Loss (gain) on sale and retirement of non-current assets	△1	△8
Decrease (increase) in trade receivables	△1,407	524
Decrease (increase) in inventories	△4,342	△4,289
Increase (decrease) in trade payables	325	△650
Decrease (increase) in distressed receivables	△398	398
Other, net	1,025	710
Subtotal	4,086	4,333
Interest and dividends received	45	126
Interest paid	△54	△67
Subsidies received	25	35
Income taxes refund (paid)	△2,433	△2,314
Net cash provided by (used in) operating activities	1,669	2,113
Cash flows from investing activities		
Purchase of securities	△300	△139
Proceeds from sale and redemption of securities	125	416
Purchase of investment securities	△301	△1
Proceeds from sale and redemption of investment securities	48	270
Purchase of property, plant and equipment	△1,147	△1,155
Proceeds from sale of property, plant and equipment	15	24
Purchase of intangible assets	△233	△181
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	△21
Proceeds from cancellation of insurance funds	1,479	-
Loan advances	△10	△4
Proceeds from collection of loans receivable	11	9
Net cash provided by (used in) investing activities	△310	△782

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△1,608	△4,005
Proceeds from long-term borrowings	2,100	4,800
Repayments of long-term borrowings	△527	△1,145
Dividends paid	△1,171	△1,346
Repayments of lease liabilities	△284	△371
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△134	△189
Purchase of treasury shares	△0	△0
Net cash provided by (used in) financing activities	△1,627	△2,259
Effect of exchange rate change on cash and cash equivalents	435	761
Net increase (decrease) in cash and cash equivalents	166	△167
Cash and cash equivalents at beginning of period	17,120	17,287
Cash and cash equivalents at end of period	17,287	17,119

Notes on the Consolidated Financial Statements

[Notes related to of going concern assumptions]

No items to report

[Change in Accounting Principles]

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Group has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Statement No. 31, June 17, 2021) since the beginning of the fiscal year under review and will apply the new accounting principles set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement over subsequent years by following the transitional treatment specified in Article 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

This will not have an impact on the consolidated financial statements.

[Segment Information]

Summary of Reportable Segments

The reportable segments of the Optex Group are those units for which separate financial information can be obtained among the constituent units of the Group, which is regularly examined by the Board of Directors in order to determine the allocation of management resources and assess business performance.

The Optex Group operates businesses according to separate categories of products and services and defines the SS Business, the IA Business and the EMS Business as reportable segments.

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, Industrial PCs and Automation systems
EMS (Electronics Manufacturing Service) Business	Contract manufacturing service of electronic equipment

Sales and Income (Loss) by Reporting Segment

Fiscal year ended Dec. 31, 2022 (From Jan. 1 to Dec. 31, 2022)

(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	16,067	-	-	16,067	-	16,067	-	16,067
Automatic Door Sensors	5,310	-	-	5,310	-	5,310	-	5,310
FA-related	-	10,994	-	10,994	-	10,994	-	10,994
MVL-related	-	13,310	-	13,310	-	13,310	-	13,310
IPC-related	-	4,121	-	4,121	-	4,121	-	4,121
MECT-related	-	1,311	-	1,311	-	1,311	-	1,311
Other	2,087	-	1,006	3,094	600	3,694	-	3,694
Revenue from Contracts with Customers	23,465	29,738	1,006	54,211	600	54,811	-	54,811
Unaffiliated customers	23,465	29,738	1,006	54,211	600	54,811	-	54,811
Intersegment transfer	86	44	12,222	12,353	80	12,433	(12,433)	-
Total	23,552	29,783	13,229	66,564	680	67,245	(12,433)	54,811
Segment profit	2,869	3,583	400	6,853	36	6,889	(586)	6,303
Segment Assets	20,851	32,557	8,197	61,606	555	62,161	1,140	63,302
Other items								
Depreciation expenses	421	818	133	1,373	5	1,378	243	1,662
Amortization of goodwill	4	216	-	221	19	240	-	240
Investment in equity method affiliates	-	351	-	351	-	351	-	351
Increase in tangible fixed assets and intangible assets	340	745	70	1,156	5	1,162	203	1,365

- (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(586) million represents intersegment transactions.
Adjustment of segment assets of JPY1,140 million includes corporate assets of JPY8,988 million and elimination of intersegment transactions of JPY(7,847) million. Corporate assets are assets of OPTEX GROUP CO.,LTD. Adjustment of depreciation expenses of JPY243 million relates to corporate assets not included in the reportable segments.
Adjustment of increase in property, plant and equipment and intangible assets of JPY203 million relates to corporate assets not included in the reportable segments.
- 3.Segment profit has been adjusted to be consistent with the operating profit reported in the consolidated statements of income.

Fiscal year ended Dec. 31, 2023 (From Jan. 1 to Dec. 31, 2023)

(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	17,624	-	-	17,624	-	17,624	-	17,624
Automatic Door Sensors	5,536	-	-	5,536	-	5,536	-	5,536
FA-related	-	9,508	-	9,508	-	9,508	-	9,508
MVL-related	-	13,693	-	13,693	-	13,693	-	13,693
IPC-related	-	4,401	-	4,401	-	4,401	-	4,401
MECT-related	-	2,138	-	2,138	-	2,138	-	2,138
Other	2,036	-	846	2,883	586	3,470	-	3,470
Revenue from Contracts with Customers	25,197	29,741	846	55,786	586	56,372	-	56,372
Unaffiliated customers	25,197	29,741	846	55,786	586	56,372	-	56,372
Intersegment transfer	113	27	12,124	12,265	83	12,348	(12,348)	-
Total	25,310	29,768	12,971	68,051	669	68,721	(12,348)	56,372
Segment profit	3,186	3,064	114	6,365	24	6,390	(491)	5,899
Segment Assets	23,522	33,789	9,025	66,337	571	66,908	218	67,127
Other items								
Depreciation expenses	466	860	122	1,450	5	1,456	256	1,712
Amortization of goodwill	9	274	-	284	19	303	-	303
Investment in equity method affiliates	-	389	-	389	-	389	-	389
Increase in tangible fixed assets and intangible assets	425	654	109	1,190	3	1,193	104	1,297

- (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(491) million represents intersegment transactions.
Adjustment of segment assets of JPY218 million includes corporate assets of JPY8,175 million and elimination of intersegment transactions of JPY(7,956) million. Corporate assets are assets of OPTEX GROUP CO.,LTD. Adjustment of depreciation expenses of JPY256 million relates to corporate assets not included in the reportable segments.
Adjustment of increase in property, plant and equipment and intangible assets of JPY104 million relates to corporate assets not included in the reportable segments.
- 3.Segment profit has been adjusted to be consistent with the operating profit reported in the consolidated statements of income.

[Segment Data by Location]

Fiscal year ended Dec. 31, 2022 (From Jan. 1 to Dec. 31, 2022)

Net Sales by Location

(Millions of yen)

Japan	Americas		Europe	Asia	Total
		U.S.A.			
24,548	7,305	6,230	15,315	7,640	54,811

(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, 2023 (From Jan. 1 to Dec. 31, 2023)

Net Sales by Location

(Millions of yen)

Japan	Americas		Europe	Asia	Total
		U.S.A.			
25,926	7,967	7,023	15,908	6,570	56,372

(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, 2022		Fiscal year ended Dec. 31, 2023	
Net assets per share	1,108.52 yen	Net assets per share	1,234.15 yen
Net income per share	133.79 yen	Net income per share	129.73 yen
Diluted net income per share	132.86 yen	Diluted net income per share	128.68 yen

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

	Fiscal year ended Dec. 31, 2022	Fiscal year ended Dec. 31, 2023
Total net assets (million yen)	39,735	44,271
Deduction from total net assets (million yen)	355	428
(Non-controlling interests)	(13)	(16)
(Subscription rights to shares)	(341)	(412)
Net assets based on common stock at the end of the fiscal year (million yen)	39,380	43,842
Number of common stock at the end of the fiscal year used in calculation of net assets per share (thousand shares)	35,524	35,524

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, 2022	Fiscal year ended Dec. 31, 2023
Net income per share		
Profit attributable to owners of parent (million yen)	4,752	4,608
Profit not attributable to holders of common stock (million yen)	-	-
Profit attributable to owners of parent based on common stock (million yen)	4,752	4,608
Number of shares on average during the fiscal period (thousand shares)	35,524	35,524
Diluted net income per share		
Adjustment of profit attributable to owners of parent (million yen)	-	-
Increase in common stocks (thousand shares)	249	288
(Subscription rights to shares (thousand shares))	(249)	(288)
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, 2022 (From Jan. 1 to Dec. 31, 2022) (B)		Fiscal year ended Dec. 31, 2023 (From Jan. 1 to Dec. 31, 2023) (B)		(B) - (A)
	Amount	%	Amount	%	Amount
SS Business					
Security Sensors	16,067	29.3	17,624	31.3	1,557
Automatic Door Sensors	5,310	9.7	5,536	9.8	225
Other	2,087	3.8	2,036	3.6	(50)
Subtotal	23,465	42.8	25,197	44.7	1,732
IA Business					
FA-related	10,994	20.1	9,508	16.9	(1,486)
MVL-related	13,310	24.3	13,693	24.3	382
IPC-related	4,121	7.5	4,401	7.8	279
MECT-related	1,311	2.4	2,138	3.8	827
Subtotal	29,738	54.3	29,741	52.8	2
EMS Business	1,006	1.8	846	1.5	(159)
Other	600	1.1	586	1.0	(13)
Total	54,811	100.0	56,372	100.0	1,561