

Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under Japanese GAAP)

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 Stock exchange listing: Tokyo Stock Exchange
 Stock code: 6914
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Scheduled date to file semi-annual securities report: August 9, 2024
 Scheduled date to commence dividend payments: September 3, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Millions of yen rounded down)

1. Consolidated financial results for the six months ended Jun. 30, 2024 (from Jan. 1 to Jun.30, 2024)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	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, 2024	30,519	12.2	3,139	18.0	3,619	23.5	2,528	27.4
Jun. 30, 2023	27,197	(0.2)	2,659	(25.9)	2,931	(31.8)	1,985	(36.4)

(Note) Comprehensive income: Six months ended Jun. 30, 2024: 4,428 million yen 30.9%
 Six months ended Jun. 30, 2023: 3,382 million yen (23.0%)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended				
Jun. 30, 2024		71.10		70.52
Jun. 30, 2023		55.88		55.44

(2) Consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	
	Millions of yen		Millions of yen		%	
As of						
Jun. 30, 2024		70,858		48,020		67.3
Dec. 31, 2023		67,127		44,271		65.3

(Reference) Shareholders' equity: As of Jun. 30, 2024: 47,682 million yen
 As of Dec. 31, 2023: 43,842 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen				
Fiscal year ended Dec. 31, 2023	—	20.00	—	20.00	40.00
Fiscal year ending Dec. 31, 2024	—	20.00	—	—	—
Fiscal year ending Dec. 31, 2024 (Forecast)	—	—	—	20.00	40.00

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

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending Dec. 31, 2024 (Forecast)	61,000	8.2	6,600	11.9	6,600	5.5	5,000	8.5	140.56

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

4. Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Application of special accounting methods for preparing interim consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (a) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (b) Changes in accounting policies due to other reasons: None
 - (c) Changes in accounting estimates: None
 - (d) Restatement: None
- (4) Number of issued shares (common shares)
- (a) Total number of issued shares at the end of the period (including treasury shares)
 - As of Jun. 30, 2024: 37,735,784 shares
 - As of Dec. 31, 2023: 37,735,784 shares
 - (b) Number of treasury shares at the end of the period
 - As of Jun. 30, 2024: 2,121,304 shares
 - As of Dec. 31, 2023: 2,211,094 shares
 - (c) Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - Six months ended Jun. 30, 2024: 35,570,965 shares
 - Six months ended Jun. 30, 2023: 35,524,920 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanations and other special notes concerning the appropriate use of financial results forecasts

(Notes on forward-looking statements)

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may differ materially, depending on a range of factors. For the conditions on which financial results forecasts are based and the notes on the use of these forecasts, please refer to "(3) Management's discussion of consolidated operating results forecast and other forecasts, 1. Overview of Operating Results, etc." on page 4.

1. Overview of Operating Results, etc.

(1) Overview of operating results for the first six months of the fiscal year under review

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.

The Group is in the process of effectively facilitating a “shift to the solution proposal business,” a priority measure for the current year, with a view toward driving and enhancing the growth and profitability of each business. In addition, under the basic policy on sustainability, which was newly set out in 2024, the Group is working hard to contribute to the sustainable development of society and maximize corporate value by addressing a range of environmental and social issues through its businesses.

During the first six months of the consolidated fiscal year under review, net sales increased 12.2% year on year, to 30,519 million yen, mainly reflecting the strong performances of the SS Business and MECT-related products in the IA Business, as well as the impact of foreign exchange rates. On the profitability side, although the cost ratio increased due partly to the change in the sales composition ratio, and selling, general and administrative expenses increased due to the impact of foreign exchange rates and other factors, the increase in gross profit offset these factors. As a result, operating profit increased 18.0% year on year, to 3,139 million yen, ordinary profit rose 23.5% year on year, to 3,619 million yen, and profit attributable to owners of parent increased 27.4% year on year, to 2,528 million yen.

The business results for each segment are described below.

Starting from the first six month of the fiscal year under review, the classification method for the breakdown of earnings in the reportable segment has changed so that, for example, in the SS Business, the social and environment-related, which had been included in the Security Sensors and Other previously, is presented as Social and Environment-related due to its rising significance from business volume perspectives. The following comparisons with the same period of the previous fiscal year have been made based on figures reclassified into the revised classification segments.

(i) SS (Sensing Solution) Business

In the SS Business, net sales stood at 13,840 million yen (up 14.4% year on year), while operating profit was 2,037 million yen (up 61.2% year on year), chiefly reflecting a decrease in the cost ratio due to increased sales of highly profitable products.

Net sales for the security sensors were 9,113 million yen (up 16.4% year on year). In Japan, sales to security companies and important large-scale facilities remained strong. Overseas, sales of outdoor sensors in Europe and the United States remained steady, despite the impact of inflation and other factors, resulting in year-on-year growth.

Net sales for automatic door sensors were 3,505 million yen (up 8.1% year on year). Net sales exceeded the year-ago results due to the impact of foreign exchange rates, with domestic and overseas sales remaining at a year-ago level.

Net sales for society and environment-related products came to 1,221 million yen (up 19.3% year on year), reflecting steady sales of vehicle detection sensors in Japan and the United States.

(ii) IA (Industrial Automation) Business

In the IA Business, net sales stood at 15,920 million yen (up 10.2% year on year), while operating profit was 1,435 million yen (up 3.7% year on year), reflecting an increase in the cost ratio due to changes in the sales composition ratio.

Net sales for FA-related products amounted to 4,011 million yen (down 22.4% year on year), despite steady sales of products for food and semiconductor-related applications in Japan, but was impacted by weak sales overseas due to customers' inventory adjustments in Europe and weak capital investment demand in China.

Net sales for MVL-related products were 7,077 million yen (up 5.4% year on year) as a result of steady overseas sales of products for the United States and Asia, despite sluggish domestic sales of products for semiconductors and for electric and electronic components.

Net sales for IPC-related products amounted to 2,499 million yen (up 23.6% year on year), following steady sales of products for semiconductor manufacturing equipment and medical devices.

Net sales for MECT-related products came to 2,331 million yen (up 330.2% year on year), reflecting good progress in deliveries of secondary battery manufacturing equipment.

(iii) EMS (Electronics Manufacturing Service) Business

In the EMS Business, net sales to unaffiliated customers amounted to 485 million yen (up 33.5% year on year), attributable to the steady performance of projects for the electronic contract manufacturing service. The Business recorded an operating loss of 276 million yen (operating profit of 272 million yen in the same period of the previous fiscal year), reflecting a decrease in production volume of products within the Group.

(2) Overview of financial position for the first six months of the fiscal year under review

(i) Conditions of assets, liabilities and net assets

(Assets)

Total assets amounted to 70,858 million yen at the end of the first six months of the fiscal year under review, which was an increase of 3,731 million yen from the end of the previous fiscal year.

Current assets increased 3,285 million yen to total 55,920 million yen. This is primarily due to an increase of 3,437 million yen in cash and deposits, despite a decrease of 198 million yen in securities.

Non-current assets increased 446 million yen, to 14,937 million yen. This increase was primarily attributable to increases of 313 million yen in investments and other assets and 266 million yen in property, plant and equipment such as buildings and structures, which more than offset a decrease of 133 million yen in intangible assets such as customer-related assets due to amortization, etc.

(Liabilities)

Total liabilities stood at 22,838 million yen at the end of the first six months of the fiscal year under review, which was a decrease of 17 million yen from the end of the previous fiscal year. This was primarily a result of a decrease of 726 million yen in non-current liabilities such as long-term borrowings, despite an increase of 709 million yen in current liabilities such as short-term borrowings.

(Net assets)

Net assets totaled 48,020 million yen at the end of the first six months of the fiscal year under review, which was an increase of 3,748 million yen from the end of the previous fiscal year. This resulted mainly from increases of 1,893 million yen in other comprehensive income, including foreign currency translation adjustment and 1,818 million yen in retained earnings, respectively.

(ii) Conditions of cash flows

Cash and cash equivalents ("cash") at the end of the first six months of the fiscal year under review have increased by 3,437 million yen from the end of the previous fiscal year, to total 20,557 million yen.

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

(Cash flows from operating activities)

Net cash provided by operating activities was 3,286 million yen (compared with 362 million yen in the same period of the previous fiscal year). Contributing factors included a decrease in cash due to income taxes paid of 841 million yen and a decrease in trade payables of 563 million yen and an increase in cash after securing of 3,414 million yen in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was 318 million yen (compared with net cash of 346 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 sale and redemption of securities and investment securities of 253 million yen and a decrease in cash due to purchase of property, plant and equipment of 475 million yen and purchase of intangible assets of 97 million yen.

(Cash flows from financing activities)

Net cash used in financing activities came to 667 million yen (compared with net cash of 1,292 million yen used in such activities in the same period of the previous fiscal year). This was mainly due to a decrease in cash resulting from repayments of long-term borrowings of 1,085 million yen and dividends paid of 707 million yen, despite a net increase in short-term borrowings of 1,328 million yen.

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

The consolidated results forecasts for the fiscal year ending December 31, 2024 remain the same as those stated on February 14, 2024.

Interim Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	17,119	20,557
Notes and accounts receivable - trade	12,112	12,440
Securities	505	307
Merchandise and finished goods	6,807	6,338
Work in process	3,709	4,306
Raw materials and supplies	10,338	10,431
Income taxes refund receivable	240	105
Other	1,868	1,496
Allowance for doubtful accounts	△66	△61
Total current assets	52,635	55,920
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,468	3,740
Machinery, equipment and vehicles, net	404	494
Tools, furniture and fixtures, net	943	957
Land	2,529	2,564
Construction in progress	212	70
Right-of-use assets	249	246
Total property, plant and equipment	7,807	8,073
Intangible assets		
Patent right	194	153
Trademark right	257	225
Customer-related intangible assets	332	247
Goodwill	946	978
Other	646	640
Total intangible assets	2,377	2,243
Investments and other assets		
Investment securities	1,621	1,575
Long-term loans receivable	20	27
Deferred tax assets	2,022	2,130
Other	674	918
Allowance for doubtful accounts	△31	△33
Total investments and other assets	4,306	4,619
Total non-current assets	14,491	14,937
Total assets	67,127	70,858

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,792	2,611
Short-term borrowings	4,921	6,250
Current portion of long-term borrowings	1,792	1,495
Accounts payable - other	1,718	1,351
Income taxes payable	1,002	1,010
Provision for bonuses	812	624
Other	2,670	3,075
Total current liabilities	15,710	16,419
Non-current liabilities		
Long-term borrowings	3,931	3,146
Deferred tax liabilities	639	707
Deferred tax liabilities for land revaluation	22	22
Retirement benefit liability	1,528	1,514
Provision for retirement benefits for directors (and other officers)	139	148
Other	884	879
Total non-current liabilities	7,145	6,418
Total liabilities	22,855	22,838
Net assets		
Shareholders' equity		
Share capital	2,798	2,798
Capital surplus	7,579	7,561
Retained earnings	34,388	36,207
Treasury shares	△3,589	△3,443
Total shareholders' equity	41,177	43,123
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△53	86
Revaluation reserve for land	△5	△5
Foreign currency translation adjustment	2,744	4,493
Remeasurements of defined benefit plans	△19	△15
Total accumulated other comprehensive income	2,665	4,559
Share acquisition rights	412	318
Non-controlling interests	16	18
Total net assets	44,271	48,020
Total liabilities and net assets	67,127	70,858

Interim Consolidated Statement of Income and Interim Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	27,197	30,519
Cost of sales	13,270	15,361
Gross profit	13,926	15,157
Selling, general and administrative expenses	11,266	12,017
Operating profit	2,659	3,139
Non-operating income		
Interest income	47	54
Dividend income	10	10
Gain on sale of investment securities	22	—
Gain on investments in investment partnerships	19	2
Foreign exchange gains	110	416
Rental income	8	13
Insurance return	5	0
Share of profit of entities accounted for using equity method	30	—
Subsidy income	2	15
Other	62	26
Total non-operating income	318	540
Non-operating expenses		
Interest expenses	31	34
Rental expenses	4	4
Share of loss of entities accounted for using equity method	—	6
Other	11	15
Total non-operating expenses	47	60
Ordinary profit	2,931	3,619
Extraordinary income		
Gain on sale of non-current assets	4	4
Total extraordinary income	4	4
Extraordinary losses		
Loss on sale and retirement of non-current assets	2	13
Loss on valuation of investment securities	—	195
Total extraordinary losses	2	209
Profit before income taxes	2,934	3,414
Income taxes - current	837	974
Income taxes - deferred	111	△89
Total income taxes	948	884
Profit	1,985	2,529
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,985	2,528

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	1,985	2,529
Other comprehensive income		
Valuation difference on available-for-sale securities	110	140
Foreign currency translation adjustment	1,279	1,751
Remeasurements of defined benefit plans, net of tax	6	7
Total other comprehensive income	1,397	1,899
Comprehensive income	3,382	4,428
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,380	4,426
Comprehensive income attributable to non-controlling interests	1	2

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,934	3,414
Depreciation	816	820
Amortization of goodwill	184	251
Increase (decrease) in retirement benefit liability	21	△15
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△21	9
Increase (decrease) in allowance for doubtful accounts	23	△7
Increase (decrease) in provision for bonuses	△516	△195
Interest and dividend income	△57	△64
Interest expenses	31	34
Foreign exchange losses (gains)	△75	△190
Share of loss (profit) of entities accounted for using equity method	△30	6
Subsidy income	△2	△15
Loss (gain) on sale and valuation of investment securities	△22	195
Loss (gain) on investments in investment partnerships	△19	△2
Loss (gain) on sale and retirement of non-current assets	△2	9
Decrease (increase) in trade receivables	1,265	210
Decrease (increase) in inventories	△3,184	229
Increase (decrease) in trade payables	160	△563
Other, net	219	△42
Subtotal	1,724	4,084
Interest and dividends received	59	62
Interest paid	△30	△33
Subsidies received	2	15
Income taxes refund (paid)	△1,394	△841
Net cash provided by (used in) operating activities	362	3,286
Cash flows from investing activities		
Purchase of securities	△100	—
Proceeds from sale and redemption of securities	254	200
Purchase of investment securities	△0	△0
Proceeds from sale and redemption of investment securities	55	53
Purchase of property, plant and equipment	△450	△475
Proceeds from sale of property, plant and equipment	8	5
Purchase of intangible assets	△93	△97
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△21	—
Loan advances	△4	△4
Proceeds from collection of loans receivable	6	0
Net cash provided by (used in) investing activities	△346	△318
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△4,303	1,328
Proceeds from long-term borrowings	4,200	—
Repayments of long-term borrowings	△367	△1,085
Dividends paid	△639	△707
Repayments of lease liabilities	△181	△202
Purchase of treasury shares	△0	△0

Net cash provided by (used in) financing activities	△1,292	△667
Effect of exchange rate change on cash and cash equivalents	845	1,136
Net increase (decrease) in cash and cash equivalents	△430	3,437
Cash and cash equivalents at beginning of period	17,287	17,119
Cash and cash equivalents at end of period	16,856	20,557

(4) Notes on semi-annual consolidated financial statements

(Notes on going concern assumptions)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

No items to report

(Notes on segment information, etc.)

1. Six months ended Jun. 30, 2023 (From Jan. 1 to Jun. 30, 2023)

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	7,827	–	–	7,827	–	7,827	–	7,827
Automatic Door Sensors	3,244	–	–	3,244	–	3,244	–	3,244
Social and Environment	1,023	–	–	1,023	–	1,023	–	1,023
FA-related	–	5,165	–	5,165	–	5,165	–	5,165
MVL-related	–	6,718	–	6,718	–	6,718	–	6,718
IPC-related	–	2,022	–	2,022	–	2,022	–	2,022
MECT-related	–	542	–	542	–	542	–	542
Other	–	–	363	363	288	652	–	652
Revenue from Contracts with Customers	12,096	14,448	363	26,908	288	27,197	–	27,197
Unaffiliated Customers	12,096	14,448	363	26,908	288	27,197	–	27,197
Intersegment Transfer	43	18	6,574	6,636	35	6,672	(6,672)	–
Total	12,139	14,467	6,937	33,545	324	33,869	(6,672)	27,197
Segment Profit	1,263	1,384	272	2,920	2	2,923	(263)	2,659

(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. The adjustment of (263) 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 semi-annual consolidated statements of income.

2. Six months ended Jun. 30, 2024 (From Jan. 1 to Jun. 30, 2024)

Net Sales and Profit (Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				Other Business (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Notes 3)
	SS Business	IA Business	EMS Business	Total				
Net Sales								
Security Sensors	9,113	–	–	9,113	–	9,113	–	9,113
Automatic Door Sensors	3,505	–	–	3,503	–	3,503	–	3,503
Social and Environment	1,221	–	–	1,221	–	1,221	–	1,221
FA-related	–	4,011	–	4,011	–	4,011	–	4,011
MVL-related	–	7,077	–	7,077	–	7,077	–	7,077
IPC-related	–	2,499	–	2,499	–	2,499	–	2,499
MECT-related	–	2,331	–	2,331	–	2,331	–	2,331
Other	–	–	485	485	272	757	–	757
Revenue from Contracts with Customers	13,840	15,920	485	30,246	272	30,519	–	30,519
Unaffiliated Customers	13,840	15,920	485	30,246	272	30,519	–	30,519
Intersegment Transfer	32	5	4,712	4,750	28	4,778	(4,778)	–
Total	13,872	15,925	5,197	34,996	301	35,297	(4,778)	30,519
Segment Profit (Loss)	2,037	1,435	(276)	3,195	5	3,200	(61)	3,139

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

3. Adjustments are made to reconcile segment profit to operating profit presented in the semi-annual consolidated statements of income.

4. Starting from the first six months of the fiscal year under review, the classification method for the breakdown of earnings in the reportable segment has changed. For example, in the SS Business, social and environment-related, which had been included in the Security Sensors and Other previously, is presented as Social and Environment-related due to its increased significance in terms of business volumes.

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