

Summary of Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

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 to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Millions of yen rounded down)

1. Consolidated financial results for the three months ended Mar. 31, 2025 (from Jan. 1 to Mar. 31, 2025)

(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	%
Three months ended								
Mar. 31, 2025	15,080	(2.5)	1,873	6.7	1,631	(17.6)	1,778	36.6
Mar. 31, 2024	15,464	11.9	1,755	0.2	1,981	13.0	1,301	10.1

(Note) Comprehensive income: 1,124 million yen (-49.7%) for the three months ended Mar. 31, 2025
 2,236 million yen (45.8%) for the three months ended Mar. 31, 2024

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
Mar. 31, 2025	49.92	49.57
Mar. 31, 2024	36.65	36.34

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of			
Mar. 31, 2025	71,636	50,510	70.0
Dec. 31, 2024	72,850	50,084	68.2

(Reference) Shareholders' equity: As of Mar. 31, 2025: 50,120 million yen
 As of Dec. 31, 2024: 49,710 million yen

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2024	–	20.00	–	20.00	40.00
Fiscal year ending Dec. 31, 2025	–				
Fiscal year ending Dec. 31, 2025 (Forecast)		22.50	–	22.50	45.00

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

3. Forecast of consolidated financial results for the year ending Dec. 31, 2025 (from Jan. 1 to Dec. 31, 2025)

(Percentages indicate year-on-year changes.)

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six-month cumulative period	30,200	(1.0)	3,150	0.3	3,150	(13.0)	2,900	14.7	81.43
Full year	66,000	4.3	7,400	3.9	7,400	(4.5)	5,900	3.7	165.66

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

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of special accounting methods for preparing quarterly 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: Yes

(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)

Three months ended Mar. 31, 2025: 37,735,784 shares

Fiscal year ended Dec. 31, 2024 37,735,784 shares

(b) Number of treasury shares at the end of the period

Three months ended Mar. 31, 2025: 2,121,455 shares

Fiscal year ended Dec. 31, 2024 2,121,455 shares

(c) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended Mar. 31, 2025: 35,614,329 shares

Three months ended Mar. 31, 2024: 35,527,398 shares

* Review conducted by certified public accountants or an audit firm for attached quarterly consolidated financial statements:
None

* 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. Qualitative Information Related to Financial Statements for the Quarter under Review" on page 2.

1. 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 strengthening coordination among the business companies of the Group through the enhancement of headquarters functions, accelerating profit improvement, and aiming for sustainable growth.

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 Group’s basic policy on sustainability, the Group has been working hard to contribute to the sustainable development of society and maximize corporate value by addressing a range of social and environmental issues through its businesses.

In the first quarter of the current fiscal year (January 1, 2025 to March 31, 2025), net sales decreased to 15,080 million yen, down 2.5% year on year, mainly due to weak sales of Automation Systems-related in the IA (Industrial Automation) Business, although the SS (Sensing Solution) Business remained steady. On the profitability side, the increase in gross profit mainly reflecting the change in the sales composition and the increase in sales of high-profit products offset the increase in personal expenses. As a result, operating profit was 1,873 million yen (up 6.7% year on year), ordinary profit was 1,631 million yen (down 17.6% year on year) chiefly due to foreign exchange losses, and profit attributable to owners of parent was 1,778 million yen (up 36.6% year on year) partly owing to extraordinary income from gain on sale of investment securities.

The business results for each segment are described below.

Effective from the first quarter of the current fiscal year, due to reorganization, etc., the names of the reportable segment categories and the revenue breakdown information within the reportable segments have been changed.

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 provided in the “Notes to Segment Information” section.

(i) SS (Sensing Solution) Business

In the SS Business, net sales stood at 7,856 million yen (up 9.3% year on year), while operating profit was 1,597 million yen (up 36.8% 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 4,913 million yen (up 5.1% year on year). In Japan, sales of solutions for important large-scale facilities were strong. Overseas, sales of solutions for important large-scale facilities such as data centers in the U.S. were strong, resulting in a year-on-year increase.

Net sales for automatic door sensors were 1,963 million yen (up 8.6% year on year). In Japan, sales of automatic door sensors were firm and sales of customer counting systems were favorable. Overseas, sales of automatic door sensors to the U.S. market remained strong, resulting in a year-on-year increase.

In Social and Environmental-related products, net sales were 980 million yen (up 38.3% year on year) as a result of strong sales of vehicle detection sensors in Japan and the U.S. and favorable sales of water quality sensors in Japan.

(ii) IA (Industrial Automation) Business

In the IA Business, net sales came to 6,981 million yen (down 13.7% year on year) and operating profit was 516 million yen (down 29.2% year on year).

In FA-related products, domestic sales for semiconductor-related applications remained strong. Overseas sales were also firm as customers in Europe completed their inventory adjustments and the market slump in China showed signs of bottoming out, resulting in net sales of 2,131 million yen (up 9.2% year on year).

Net sales for inspection lighting-related products were 3,474 million yen (up 3.1% 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 industrial PCs-related products amounted to 1,150 million yen (down 5.9% year on year), following sluggish sales of products mainly for semiconductor manufacturing equipment.

Net sales for automation system-related products came to 224 million yen (down 85.5% year on year), reflecting a backlog of secondary battery manufacturing equipment which is still in the manufacturing process.

(iii) EMS (Electronics Manufacturing Service) Business

In the EMS Business, net sales to unaffiliated customers amounted to 236 million yen (up 34.5% year on year), attributable to the steady performance of projects for the electronic contract manufacturing service. The Business recorded an operating loss of 137 million yen (operating loss of 169 million yen in the same period of the previous fiscal year), reflecting a decrease in production volume of products within the Group.

(2) Explanation Concerning Financial Position

Conditions of assets, liabilities and net assets

(Assets)

Total assets amounted to 71,636 million yen at the end of the first three months under review, which was a decrease of 1,214 million yen from the end of the previous fiscal year.

Current assets stood at 55,983 million yen, which was a decline of 2,042 million yen. This was attributable largely to an increase in the inventories of work in process of 828 million yen, and decreases in notes and accounts receivable - trade of 1,864 million yen due to lower net sales, and in cash and deposits of 1,318 million yen.

Non-current assets increased 827 million yen, to 15,653 million yen. This was mainly attributable to a decrease of 177 million yen in intangible assets such as goodwill mainly due to amortization and an increase of 1,194 million yen in property, plant and equipment such as land as a result of acquisition of land for subsidiary's plant and buildings.

(Liabilities)

Total liabilities stood at 21,125 million yen at the end of the first three months under review, which was a decrease of 1,641 million yen from the end of the previous fiscal year. This was primarily a result of decreases of 1,314 million yen in accounts payable - other and income taxes payable and other current liabilities and 327 million yen in long-term borrowings and other non-current liabilities.

(Net assets)

Net assets amounted to 50,510 million yen at the end of the first quarter under review, which was an increase of 426 million yen from the end of the previous fiscal year. This resulted mainly from a decrease of 655 million yen in other comprehensive income, including foreign currency translation adjustment and an increase of 1,065 million yen in retained earnings, respectively.

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

The consolidated results forecasts for the fiscal year ending December 31, 2025 remain the same as those stated on February 14, 2025.

The outlook for the global economy is expected to remain uncertain due to the impact of the new U.S. administration's tariff measures. The Company expects sales in the U.S. in the current consolidated fiscal year to account for more than 10% of total consolidated sales. Major products include sensors for security and automatic doors in the SS business and lighting for inspections in the IA business. Many of these products are imported from outside the U.S. and are expected to be directly affected by the tariff measures.

Under these circumstances, the Company will continue its efforts to control risks by promoting sales price optimization and continuing efforts to optimize the supply chain, while closely monitoring the trend of additional tariffs during the current fiscal year. In addition, the Company will promptly disclose any situation that may have an impact on its business performance.

Consolidated Quarterly Financial Statements

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	21,065	19,746
Notes and accounts receivable - trade	13,884	12,019
Securities	0	-
Merchandise and finished goods	6,622	6,422
Work in process	4,631	5,836
Raw materials and supplies	9,888	9,711
Income taxes refund receivable	166	92
Other	1,872	2,273
Allowance for doubtful accounts	△105	△119
Total current assets	58,025	55,983
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,273	4,481
Machinery, equipment and vehicles, net	517	472
Tools, furniture and fixtures, net	944	969
Land	2,559	3,469
Construction in progress	92	217
Right-of-use assets	205	177
Total property, plant and equipment	8,593	9,787
Intangible assets		
Patent right	111	90
Trademark right	182	157
Customer-related intangible assets	187	152
Goodwill	822	749
Other	587	562
Total intangible assets	1,890	1,712
Investments and other assets		
Investment securities	1,264	1,169
Long-term loans receivable	25	26
Deferred tax assets	2,397	2,311
Other	710	701
Allowance for doubtful accounts	△55	△55
Total investments and other assets	4,341	4,152
Total non-current assets	14,825	15,653
Total assets	72,850	71,636

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,240	3,280
Short-term borrowings	5,000	5,000
Current portion of long-term borrowings	1,795	1,644
Accounts payable - other	1,526	1,130
Income taxes payable	1,283	710
Provision for bonuses	1,027	745
Other	3,669	3,717
Total current liabilities	17,543	16,229
Non-current liabilities		
Long-term borrowings	2,099	1,876
Deferred tax liabilities	636	591
Deferred tax liabilities for land revaluation	22	23
Retirement benefit liability	1,577	1,565
Provision for retirement benefits for directors (and other officers)	161	190
Other	726	649
Total non-current liabilities	5,223	4,896
Total liabilities	22,766	21,125
Net assets		
Shareholders' equity		
Share capital	2,798	2,798
Capital surplus	7,564	7,564
Retained earnings	38,652	39,718
Treasury shares	△3,443	△3,443
Total shareholders' equity	45,571	46,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	81	89
Revaluation reserve for land	△5	△6
Foreign currency translation adjustment	4,077	3,399
Remeasurements of defined benefit plans	△14	△0
Total accumulated other comprehensive income	4,138	3,483
Share acquisition rights	351	367
Non-controlling interests	21	22
Total net assets	50,084	50,510
Total liabilities and net assets	72,850	71,636

Consolidated Quarterly Statements of Income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	15,464	15,080
Cost of sales	7,790	6,967
Gross profit	7,673	8,113
Selling, general and administrative expenses	5,918	6,239
Operating profit	1,755	1,873
Non-operating income		
Interest income	24	52
Dividend income	3	0
Gain on investments in investment partnerships	—	0
Foreign exchange gains	201	—
Rental income	7	5
Insurance return	0	0
Share of profit of entities accounted for using equity method	—	1
Subsidy income	0	0
Other	12	13
Total non-operating income	250	75
Non-operating expenses		
Interest expenses	16	19
Foreign exchange losses	—	285
Rental expenses	2	2
Share of loss of entities accounted for using equity method	2	—
Other	2	8
Total non-operating expenses	24	316
Ordinary profit	1,981	1,631
Extraordinary income		
Gain on sale of non-current assets	1	—
Gain on sale of investment securities	—	909
Total extraordinary income	1	909
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	1
Loss on valuation of investment securities	223	100
Total extraordinary losses	224	101
Profit before income taxes	1,758	2,439
Income taxes - current	546	645
Income taxes - deferred	△89	14
Total income taxes	457	660
Profit	1,301	1,779
Profit (loss) attributable to non-controlling interests	△0	1
Profit attributable to owners of parent	1,301	1,778

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Profit	1,301	1,779
Other comprehensive income		
Valuation difference on available-for-sale securities	137	8
Revaluation reserve for land	—	0
Foreign currency translation adjustment	792	△678
Remeasurements of defined benefit plans, net of tax	5	13
Total other comprehensive income	935	△655
Comprehensive income	2,236	1,124
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,236	1,123
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes on quarterly consolidated financial statements

(Notes to changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first quarter of the current fiscal year.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the 2022 Revised Implementation Guidance 2022 has been applied since the beginning of the first three months of the fiscal year under review. This change in accounting policies is applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(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 quarterly consolidated statement of cash flows)

Quarterly consolidated statements of cash flows have not been prepared for the three months ended March 31, 2025. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended March 31, 2025 are as follows.

	Three months ended Mar. 31, 2024 (From Jan. 1 to Mar. 31, 2024)	Three months ended Mar. 31, 2025 (From Jan. 1 to Mar. 31, 2025)
Depreciation	402 million yen	439 million yen
Amortization of goodwill	183 million yen	64 million yen

(Notes on segment information, etc.)

[Segment Information]

I. Three months ended Mar. 31, 2024 (From Jan. 1 to Mar. 31, 2024)

Net Sales and Profit (Loss) by Reportable Segment

(Millions of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total				
Net Sales								
Security Sensors	4,674	–	–	4,674	–	4,674	–	4,674
Automatic Door Sensors	1,806	–	–	1,806	–	1,806	–	1,806
Social and Environmental	708	–	–	708	–	708	–	708
FA-related	–	1,951	–	1,951	–	1,951	–	1,951
Inspection Lighting- related	–	3,368	–	3,368	–	3,368	–	3,368
Industrial PCs- related	–	1,223	–	1,223	–	1,223	–	1,223
Automation Systems-related	–	1,546	–	1,546	–	1,546	–	1,546
Other	–	–	175	175	8	184	–	184
Revenue from Contracts with Customers	7,190	8,089	175	15,456	8	15,464	–	15,464
Unaffiliated Customers	7,190	8,089	175	15,456	8	15,464	–	15,464
Intersegment Transfer	18	2	2,120	2,141	2	2,144	(2,144)	–
Total	7,209	8,092	2,296	17,597	10	17,608	(2,144)	15,464
Segment Profit (Loss)	1,167	729	(169)	1,728	(13)	1,714	41	1,755

- (Notes) 1. The “Others” category incorporates operations not included in business segments reported, and includes operation and management of sports clubs and other businesses.
2. Adjustment of 41 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 quarterly consolidated statements of income.

II. Three months ended Mar. 31, 2025 (From Jan. 1 to Mar. 31, 2025)

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

(Millions of yen)

	Reportable Segment				Other (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	SS Business	IA Business	EMS Business	Total				
Net Sales								
Security Sensors	4,913	–	–	4,913	–	4,913	–	4,913
Automatic Door Sensors	1,963	–	–	1,963	–	1,963	–	1,963
Social and Environmental	980	–	–	980	–	980	–	980
FA-related	–	2,131	–	2,131	–	2,131	–	2,131
Inspection Lighting- related	–	3,474	–	3,474	–	3,474	–	3,474
Industrial PCs- related	–	1,150	–	1,150	–	1,150	–	1,150
Automation Systems-related	–	224	–	224	–	224	–	224
Other	–	–	236	236	5	242	–	242
Revenue from Contracts with Customers	7,856	6,981	236	15,075	5	15,080	–	15,080
Unaffiliated Customers	7,856	6,981	236	15,075	5	15,080	–	15,080
Intersegment Transfer	5	1	1,140	1,148	2	1,150	(1,150)	–
Total	7,862	6,983	1,377	16,223	8	16,231	(1,150)	15,080
Segment Profit (Loss)	1,597	516	(137)	1,976	(14)	1,962	(88)	1,873

(Notes) 1. The “Others” category incorporates operations not included in business segments reported, and includes operation and management of sports clubs and other businesses.

2. Adjustment of (88) 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 quarterly consolidated statements of income.

4. Effective from the first quarter of the current fiscal year, MVL-related has been changed to Inspection Lighting-related, IPC-related to Industrial PCs-related, and MECT-related to Automation Systems-related from the names of the revenue breakdown information used in the IA Business reporting segment, in order to more appropriately present the nature of the business. In the revenue breakdown information for the first three months of the previous fiscal year, the new name of the reportable segment is used.

2. Matters regarding the revision of reportable segments

Effective January 1, 2025, Ltd., all shares of Three Ace Co., Ltd., a consolidated subsidiary of the Company, were transferred to Optex Co., Ltd. As a result, the business, which was previously classified under Other, is included in the SS Business from the first quarter of the current fiscal year.

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