



Summary of Consolidated Financial Results for the First Quarter of F.Y. 2022 (Jan.1 to Mar.31, 2022)

OPTEX GROUP CO., LTD.

May 10, 2022

(Tokyo Stock Exchange Prime Market:#6914)

<Disclaimer>

The forward-looking statements, including OPTEX CO., LTD.'s operating results, strategies, and business plans, contained in these materials are based on judgments and assumptions posited on information available at the time of the presentation. There is a possibility actual operating results will differ materially from the projections described herein as a result of uncertainties contained within these judgments and assumptions, and changes in the Company's management of its businesses or changes in domestic and overseas business conditions in the future.

Company Structure

Holding Company **OPTEX GROUP CO., LTD**
 (Tokyo Stock Exchange Prime Market : #6914)

OPTEX CO., LTD.



Sales & Development of Sensors for security, automatic doors, etc.

SS Business

OPTEX FA CO., LTD.



Sales & Development of Sensors for Factory Automation

CCS Inc.



Sales, Development & Production of LED Lighting for Image Inspection

Sanritz Automation Co., Ltd.



Development, manufacturing and sales of industrial computers

MITSUTEC CO., LTD.



Development/manufacturing of automation systems and image processing inspection systems, etc.

IA Business

OPTEX MFG Co., Ltd.



Manufacture of the Group's products/equipment electronics manufacturing service

Three Ace Co., Ltd.



Development of various systems, applications, and digital contents

O'PAL OPTEX CO.,LTD.



Management of outdoor activities and environmental learning programs

*Mitsutec:
To be included in consolidated results, starting FY2022.

Optex Group Business Segment

Mitsutec Co., Ltd., acquired in November 2021,
is MECT(Mechatronics)-related segment of the IA Business.

SS Business (SS : Sensing Solution)	Security Sensor segment
	Automatic Door Sensor segment
	Other (Water Quality Measurement Solutions, Customer Traffic Counting System)
IA Business (IA : Industrial Automation)	FA segment (FA : Factory Automation)
	MVL segment (MVL : Machine Vision Lighting)
	IPC segment (IPC : Industrial PC)
	MECT segment (MECT : Mechatronics)
EMS Business	(EMS: Electronics Manufacturing Service)
Other Business	(Development of software/ Management of Outdoor Activity)

Key Points of the Announcement

Q1
F.Y.2022
Overview
of
Financial
Results

- Net sales were +27% year on year, reflecting growth in existing businesses(+22%) and the effects of the consolidation of a new operating company (Mitsutec Co., Ltd.).
- Operating income was +60% year on year, reflecting a significant decrease in the SG&A ratio, offsetting an increase in the cost of sales ratio of approx. 2 percentage point. Ordinary income jumped +54%.

Consolidated
Earnings
Projection

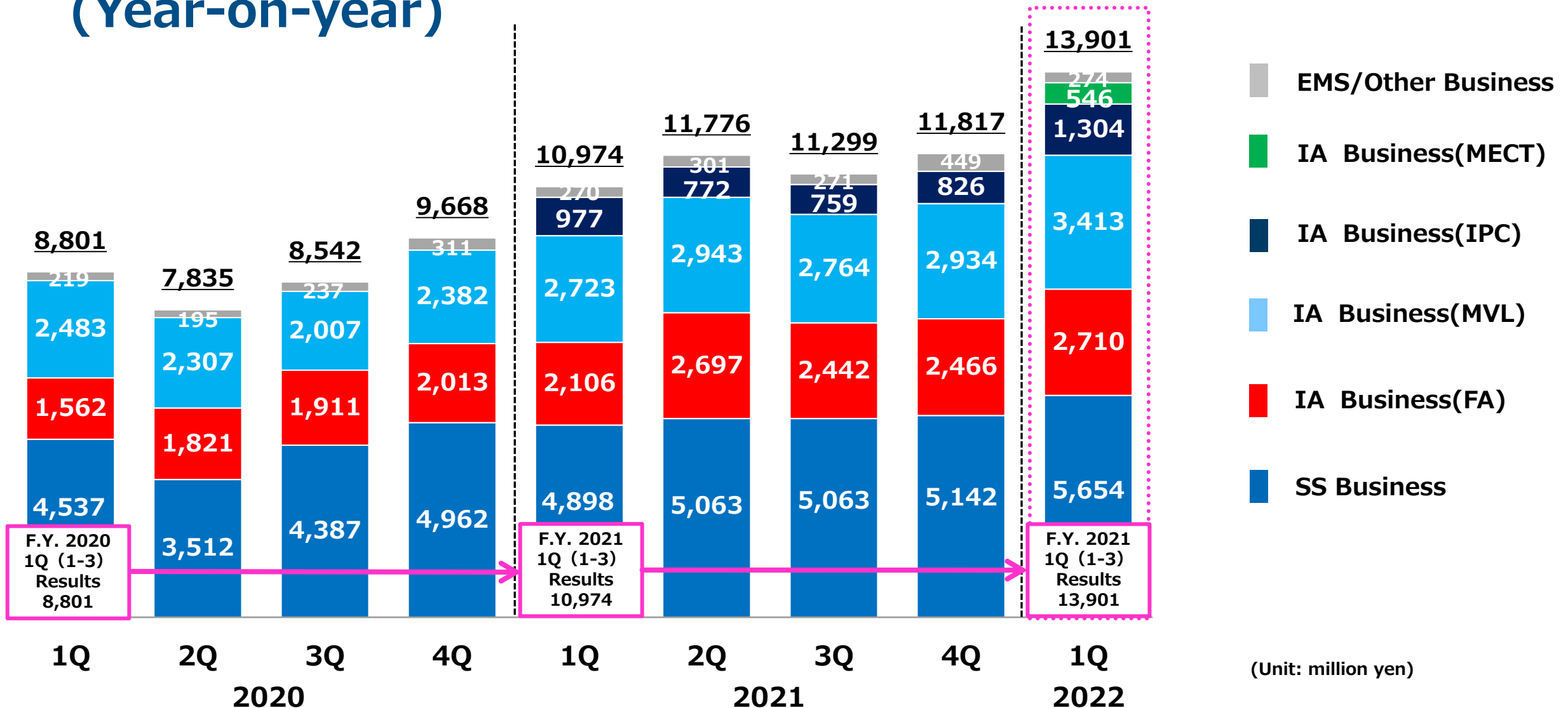
- First-half and full-year forecasts remain unchanged due to exceptionally uncertain prospects for component supply caused by the tight global supply-and-demand balance.

Q1 F.Y. 2022 Overview of Financial Results

Summary of Consolidated Financial Results for the First Quarter of F.Y. 2022

<u>Operating Results</u> (Unit: million yen)		F.Y.2021 1Q (1-3) Results	F.Y.2022 1Q (1-3) Results	Change	Percent Change
Net sales		10,974	13,901	+2,927	+26.7%
Operating income (Operating income Ratio)		1,326 (12.1%)	2,120 (15.3%)	+794	+59.8%
Ordinary income		1,582	2,431	+849	+53.7%
Profit attributable to owners of parent		1,057	1,743	+686	+64.8%
Net income per share (yen)		29.24	49.07		
Exchange rate (Unit: Yen)	1USD	105.90	116.20		
	1EUR	127.69	130.39		

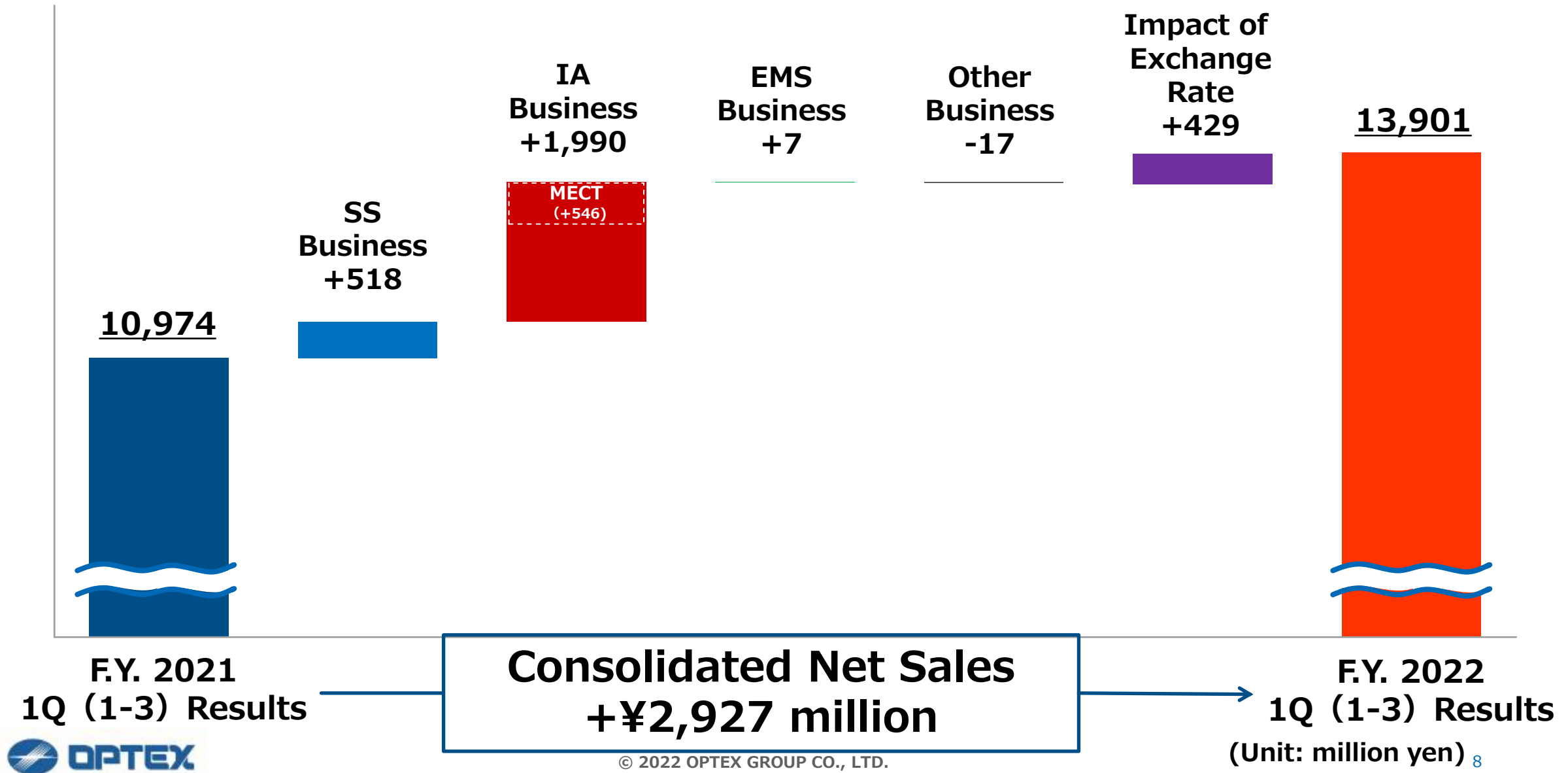
Quarterly performance - Consolidated Net Sales (Year-on-year)



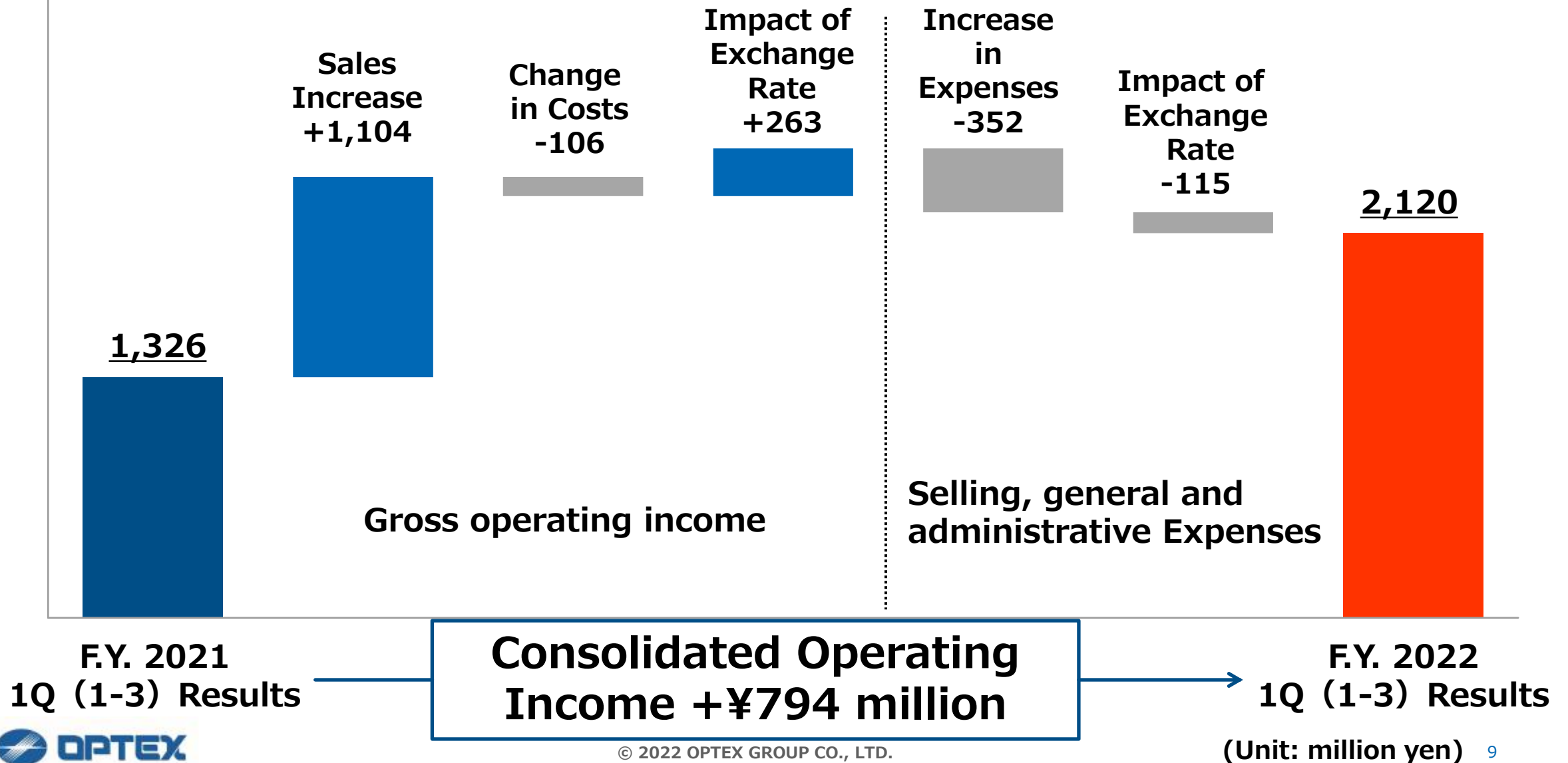
(Unit: million yen)



Factors of change in Net Sales (Year- on-year)



Factors of change in Operating Income (Year- on-year)



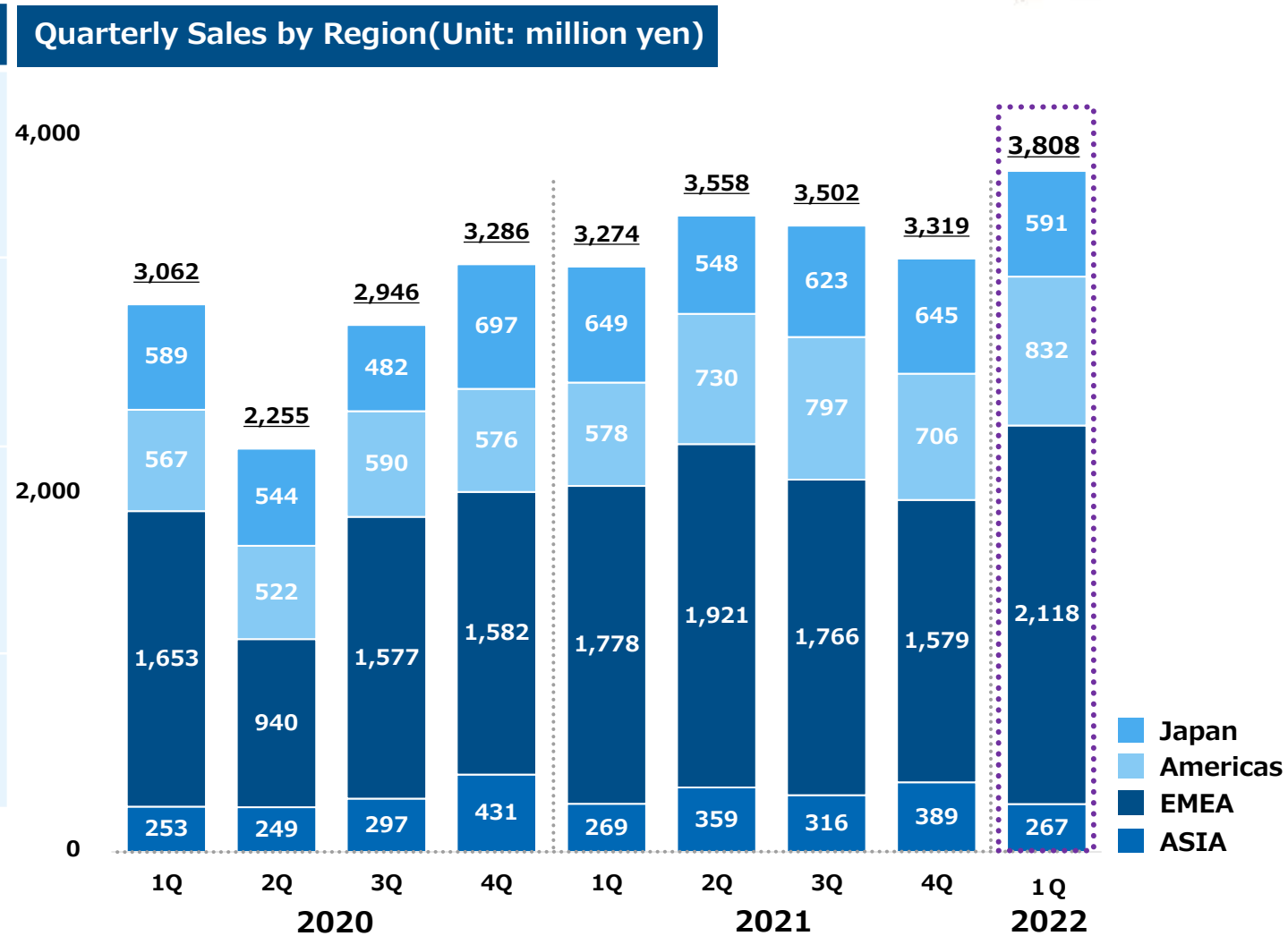
Comparison of Financial Results for the First Quarter of F.Y. 2022 between Segments

Operating Results (Unit: million yen)	F.Y. 2021 1Q (1-3) Results		F.Y. 2022 1Q (1-3) Results			
	Net sales	Operating income (Operating income Ratio)	Net sales	Percent Change	Operating income (Operating income Ratio)	Percent Change
SS Business	4,898	696 (14.2%)	5,654	+15.4%	856 (15.2%)	+23.0%
IA Business	5,806	735 (12.7%)	7,973	+37.3%	1,358 (17.0%)	+84.6%
EMS Business	156	22 (14.3%)	177	+13.1%	2 (1.5%)	-88.3%

Business by Segment - SS Business(Security Sensors)



Region	2022/12 1Q(1-3) Overview
Japan	<ul style="list-style-type: none"> - Sales of products for large-scale critical facilities remained strong. - Growth in sales of outdoor intrusion detectors slowed due to delays in product supply caused by component shortages.
AMERICAS	<ul style="list-style-type: none"> - Sales of products for large-scale critical facilities such as infrastructure reflecting the positive effect of direct marketing. - Demand surged at the last minute before an increase in product prices.
EMEA	<ul style="list-style-type: none"> - Sales of products for large, important facilities such as data centers reflecting the positive effect of direct marketing. - Demand surged at the last minute before an increase in product prices.
Asia and Oceania	<ul style="list-style-type: none"> - Sales of outdoor alarm sensors remained strong in India. - Growth in sales slowed given restrictions on activities in China and Southeast Asia.



Sensors for large-scale critical facilities



Camera sensors for general home use

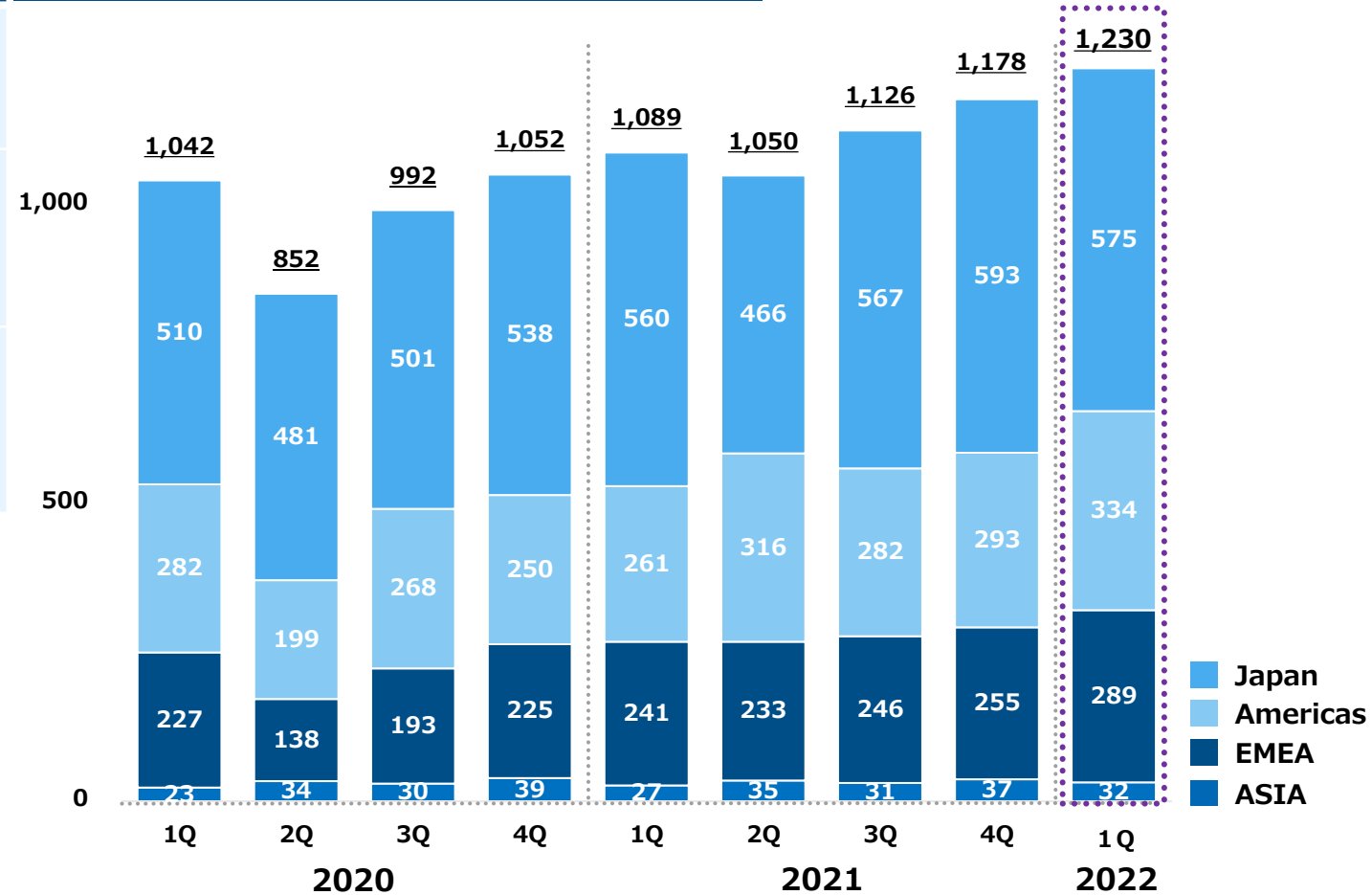


Business by Segment - ss Business(Automatic Door Sensors)



Region	2022/12 1Q(1-3) Overview
Japan	- The market recovery continued and sales of products for major automatic door manufacturers remained strong.
AMERICAs	- Sales of products for major automatic door manufacturers in North America remained strong despite delays in product supply caused by component shortages.
EMEA	Sales of products for major Europe-based automatic door manufacturers remained strong despite delays in product supply caused by component shortages.

Quarterly Sales by Region(Unit: million yen)



2021/12 1Q (1-3) 1,089 → 2022/12 1Q (1-3) 1,230 (+13%)



Automatic door sensors



Push plate



Clean Switch

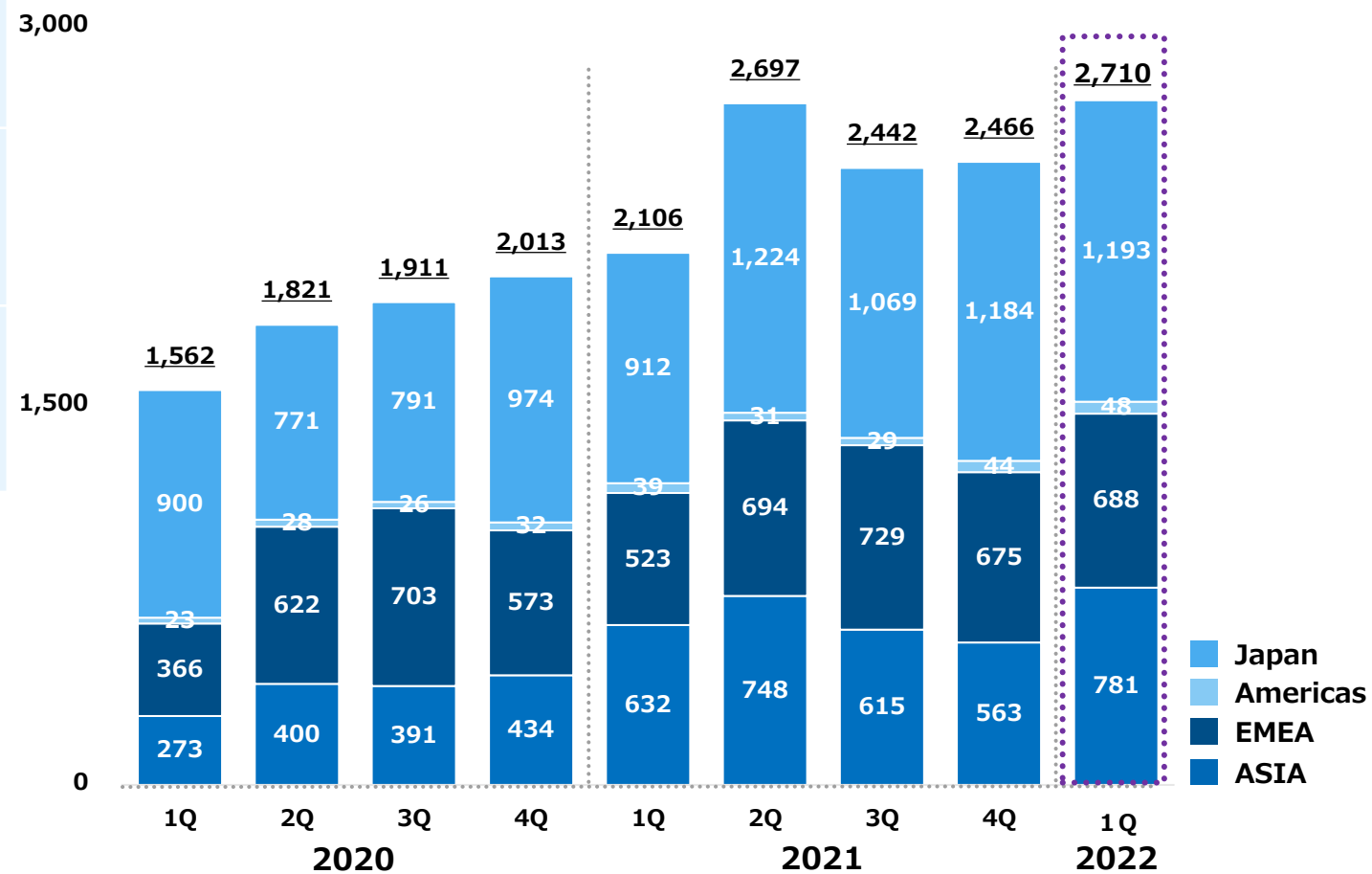


Business by Segment - IA Business(FA)



Region	2022/12 1Q(1-3) Overview
Japan	- Sales of products for the food industry and those for investment in electric devices, electronics, and semiconductors increased.
EMEA	- Sales of displacement sensors for electronic components increased.
Asia and Oceania	- Sales of displacement sensors rose in China supported by capital investment demand in semiconductors, electronic parts, secondary batteries, etc.

Quarterly Sales by Region(Unit: million yen)



Displacement sensors

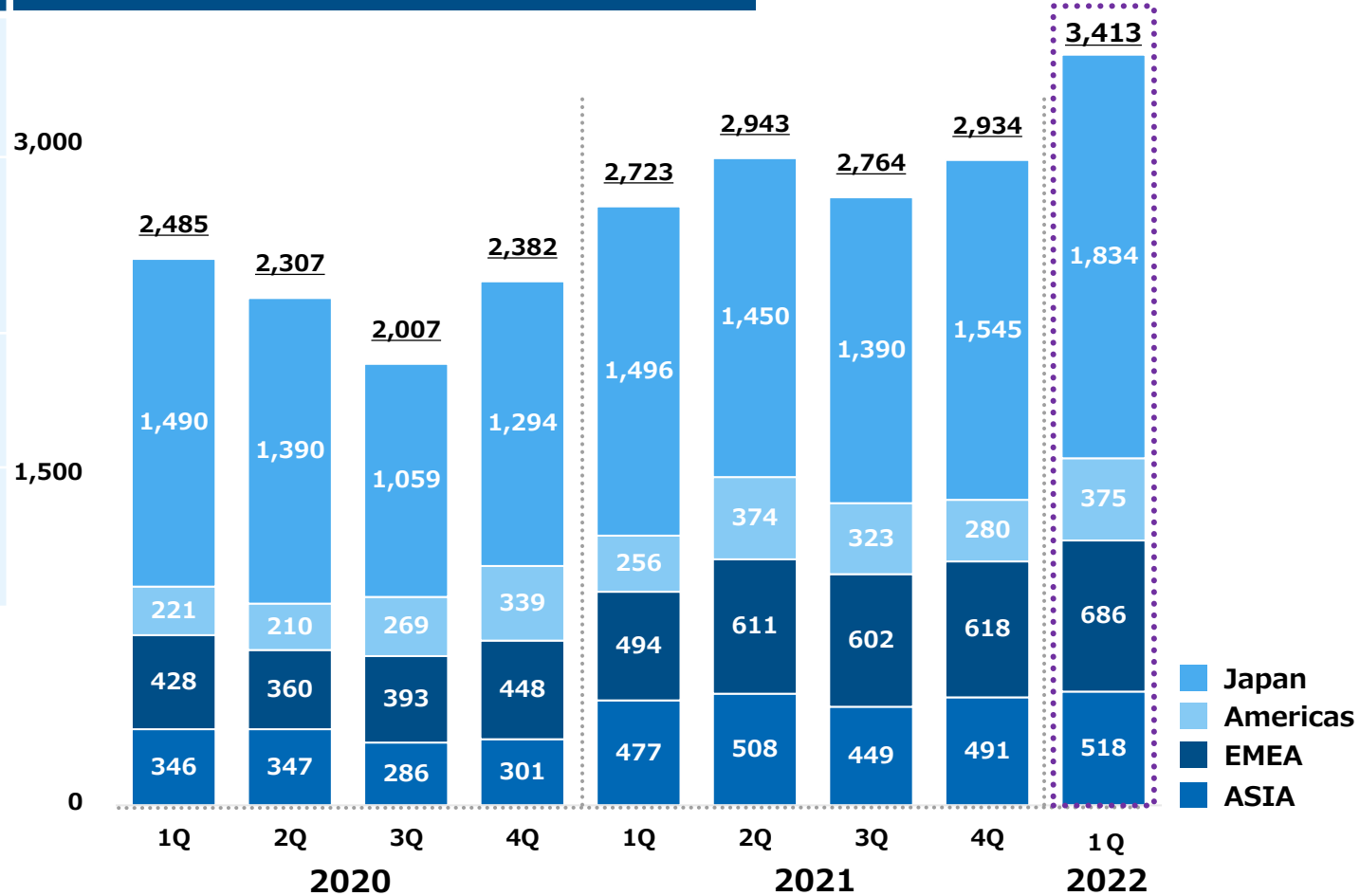
2021/12 1Q (1-3) 2,106 → +29% → 2022/12 1Q (1-3) 2,710



Business by Segment - IA Business(MVL)

Region	2022/12 1Q(1-3) Overview
Japan	- Sales of products for electric devices, electronics, and semiconductors increased.
AMERICAS	- Ongoing projects for the medical industry in North America remained strong. - Sales of products for the logistics industry increased.
EMEA	- Sales at a French local subsidiary of products increased.
Asia and Oceania	- Sales of products for semiconductor-related investment in China remained strong.

Quarterly Sales by Region(Unit: million yen)



LED lighting systems for image processing



2021/12 1Q (1-3) 2,723 → +25% → 2022/12 1Q (1-3) 3,413

Business by Segment - IA Business(IPC)

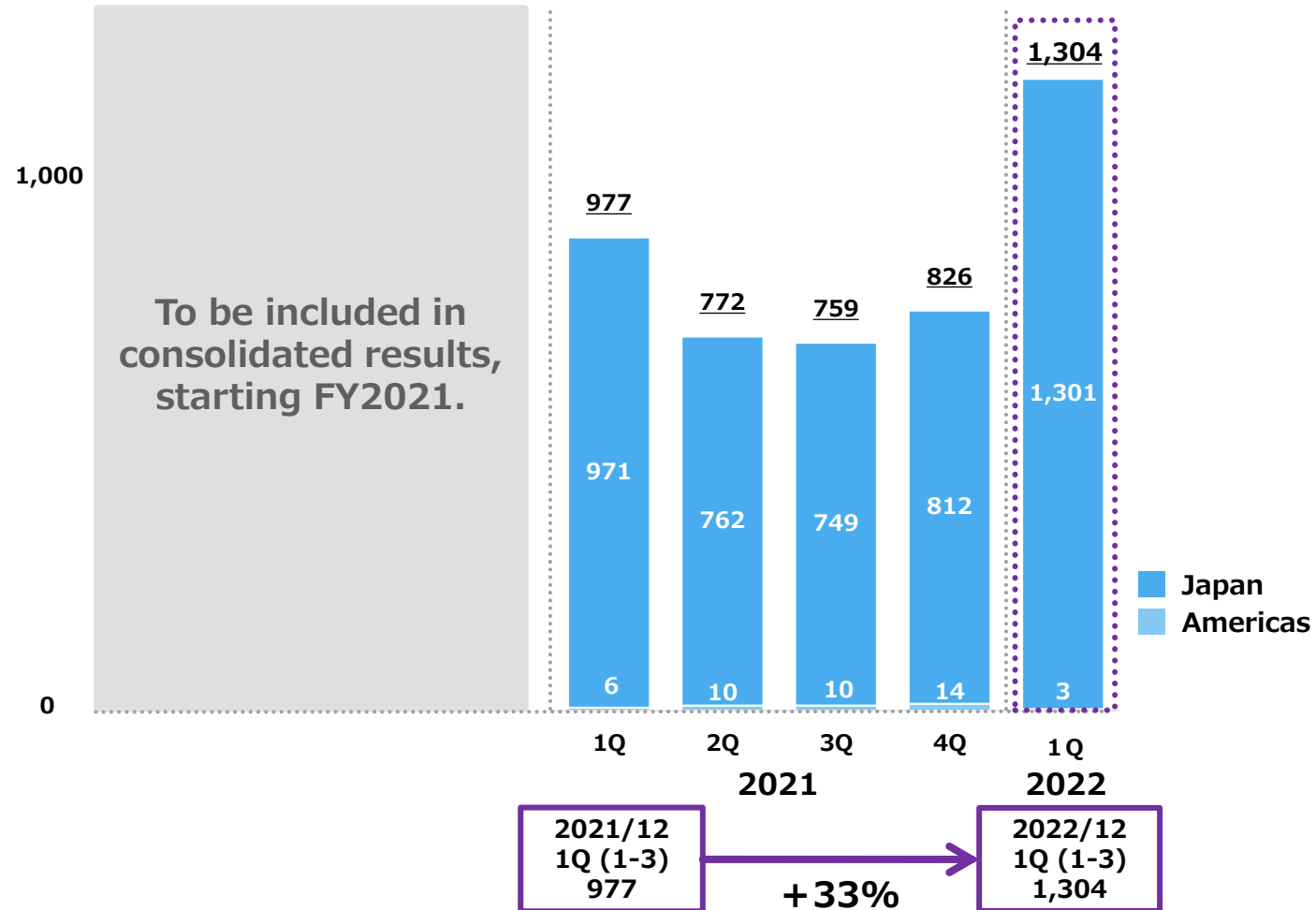
Region	2022/12 1Q(1-3) Overview	Quarterly Sales by Region(Unit: million yen)
Japan	- Sales of industrial PCs for semiconductor manufacturing equipment increased.	



Industrial PCs



Tracking Cameras



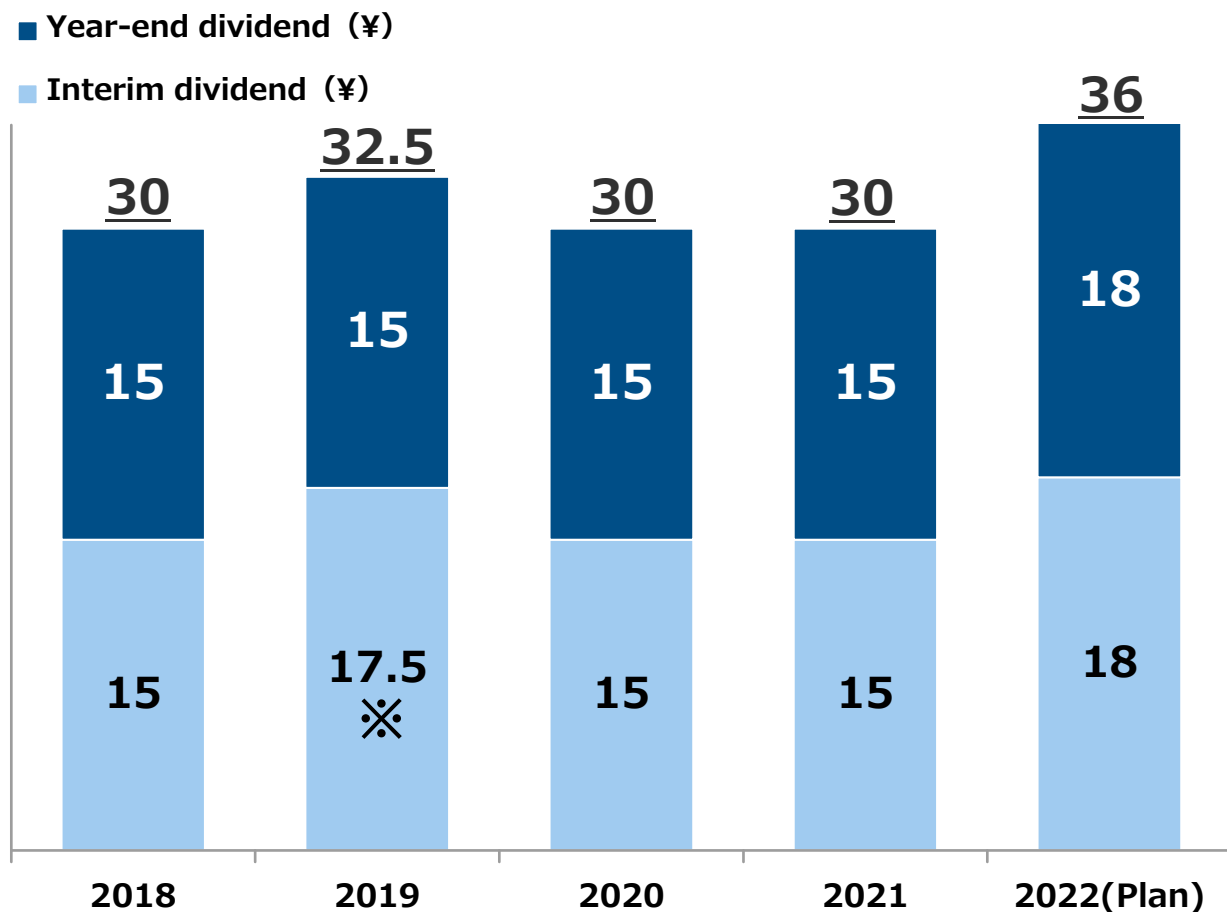
Consolidated Earnings Projection

F.Y. 2022 Consolidated Earnings Projection

First-half and full-year forecasts remain unchanged due to exceptionally uncertain prospects for component supply caused by the tight global supply-and-demand balance.

(Unit: million yen)		F.Y. 2021 Results	F.Y. 2022 Forecast			
			1 st Half	2 nd Half	Full Year	YoY
Net sales		45,866	26,100	26,900	53,000	+15.6%
Operating income (Operating income Ratio)		4,630 (10.1%)	2,850	3,150	6,000 (11.3%)	+29.6%
Ordinary income		5,130	2,900	3,200	6,100	+18.9%
Profit attributable to owners of parent		3,762	2,150	2,450	4,600	+22.3%
Net income per share (yen)		104.18	60.53	68.97	129.50	
Exchange rate (Unit: Yen)	1USD	109.80			110.00	
	1EUR	129.89			130.00	

Revisions to the F.Y. 2022 Dividend Projection



Acquisition of treasury shares

	2018	2019	2021
Amount	1.5 billion yen	1.0 billion yen	1.0 billion yen
No. of shares	700,000 shares	670,000 shares	630,000 shares

*The amount includes a commemorative dividend of 2.5 yen

Dividend payout ratio	28.6%	54.1%	77.7%	28.8%	27.8%
ROE	12.3%	6.8%	4.3%	11.2%	-

TOPICS

SS Business_Initiatives of Digital Transformation (DX)

 **DX認定** OPTEX Co., Ltd. received DX Certification from the Ministry of Economy, Trade and Industry (METI) Japan

Developing solution service business using sensors and IoT

Security Sensor
×
DX

Cloud-based security surveillance systems for Southeast Asia
GENIO Map Cloud



Outdoor sensors

Sensor detection points and event types are checked on PCs, etc.

Shift from people-based security to machine-based security
⇒ Response to a surge in personnel expenses through manpower saving

Water Quality Measurement
×
DX

DX of water quality management, WATERit Data Management Service



Various sensors to measure water transparency, etc.

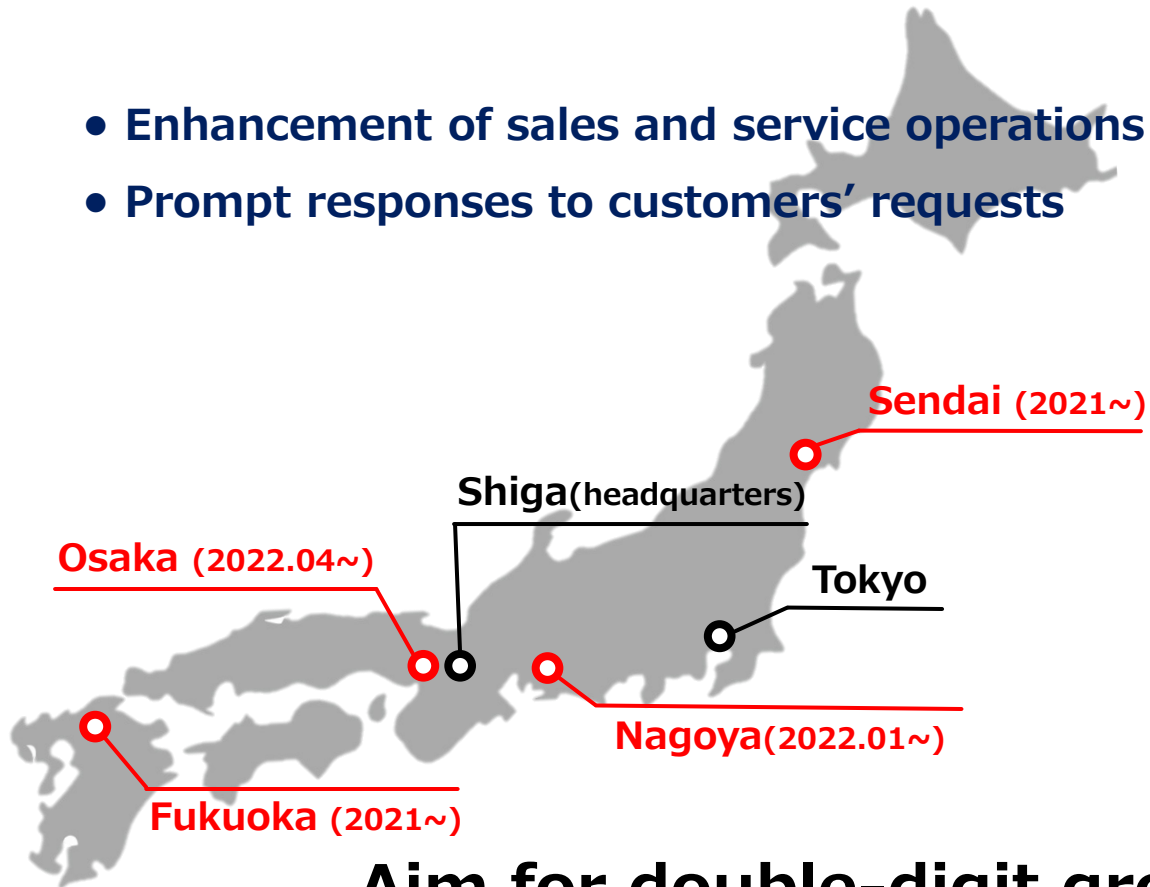
Remote control of measurement data using PCs, smartphones, etc.

Shift from analog to digital management
⇒ Solution to labor shortages and remote control

SS Business(Security Sensors)_Strengthening Domestic Organization

Four business bases have been added in Japan

- Enhancement of sales and service operations
- Prompt responses to customers' requests



Large-scale critical facilities
(Infrastructure facilities, airport etc.)

**Aim for double-digit growth in the domestic market
by strengthening sales system!**

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

Company Overview

Company Overview

Company Name	OPTEX GROUP CO., LTD.
Location	Shiga Otsu, Japan
Established	May 25, 1979
Capital	2,798 million JPY
Sales	45,866 million JPY
Operating Profit	4,630 million JPY
Fiscal Year-End	December
Stock Code	Tokyo Stock Exchange Prime Market 6914
Consolidated Number of Employees	2,277

(Values: Results for the fiscal year ended December 31, 2021)

**The OPTEX Group
is an integrated
manufacturer of sensors.**
To see things what eyes cannot see,
that is our business !

Meaning of the company name

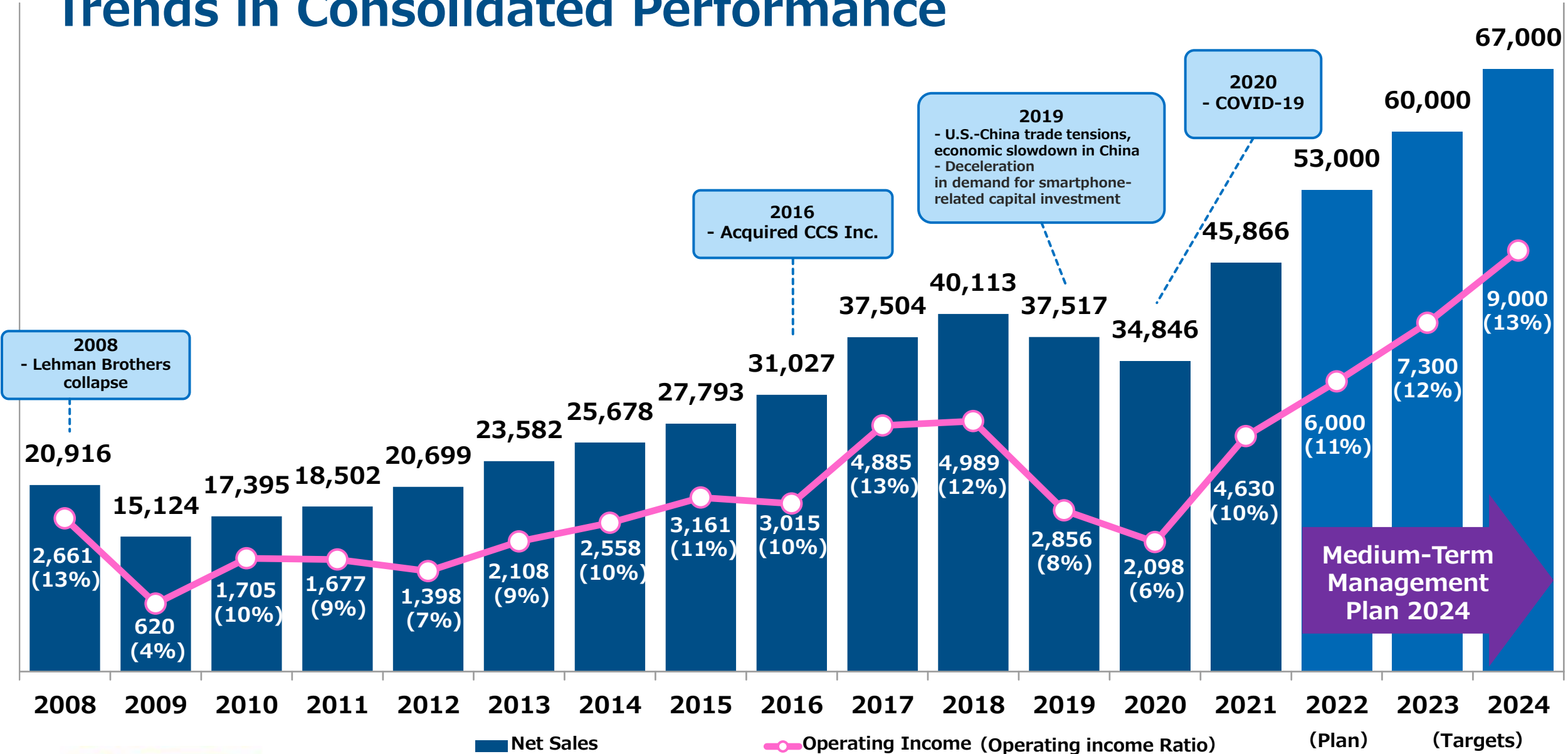
OPTEX

OPTical TEchnology

X (a Greek letter) as
the symbol of *the unknown*
and *the future*



Trends in Consolidated Performance



Company Overview _ History

- 1979** Established OPTEX CO., LTD.
- 1980** Developed the world's first Automatic Door Sensors with far-infrared
- 1985** Founded a subsidiary in California, U.S.A.
- 1991** Made the company's stock public.
- 1996** Developed Outdoor Crime Prevention Sensors
- 2001** Listed on the second section of the Tokyo Stock Exchange
- 2002** Established OPTEX FA CO., LTD. as photoelectric sensor division.
- 2003** Listed on the First Section of the Tokyo Stock Exchange
- 2005** Established a factory in China
- 2016** Acquired 63.5% shares of CCS Inc.
- 2017** Acquired 100% ownership of OPTEX FA
Transitioned to a new organizational structure
with OPTEX GROUP CO., LTD. as holding company
- 2020** Acquired Sanritz Automation Co., Ltd.
- 2021** Acquired MITSUTEC CO., LTD.



Founding members



Automatic door sensor



Outdoor security Sensor (1996)



Factory automation sensor developed by Optex FA



China: Home Plant (Dongguan City, Guangzhou)



LED lighting systems for image inspection



Holding Company Structure

SS Business: Sensing Solution Business
 IA Business: Industrial Automation Business

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Three Ace Co., Ltd.



Development of various systems, applications, and digital contents

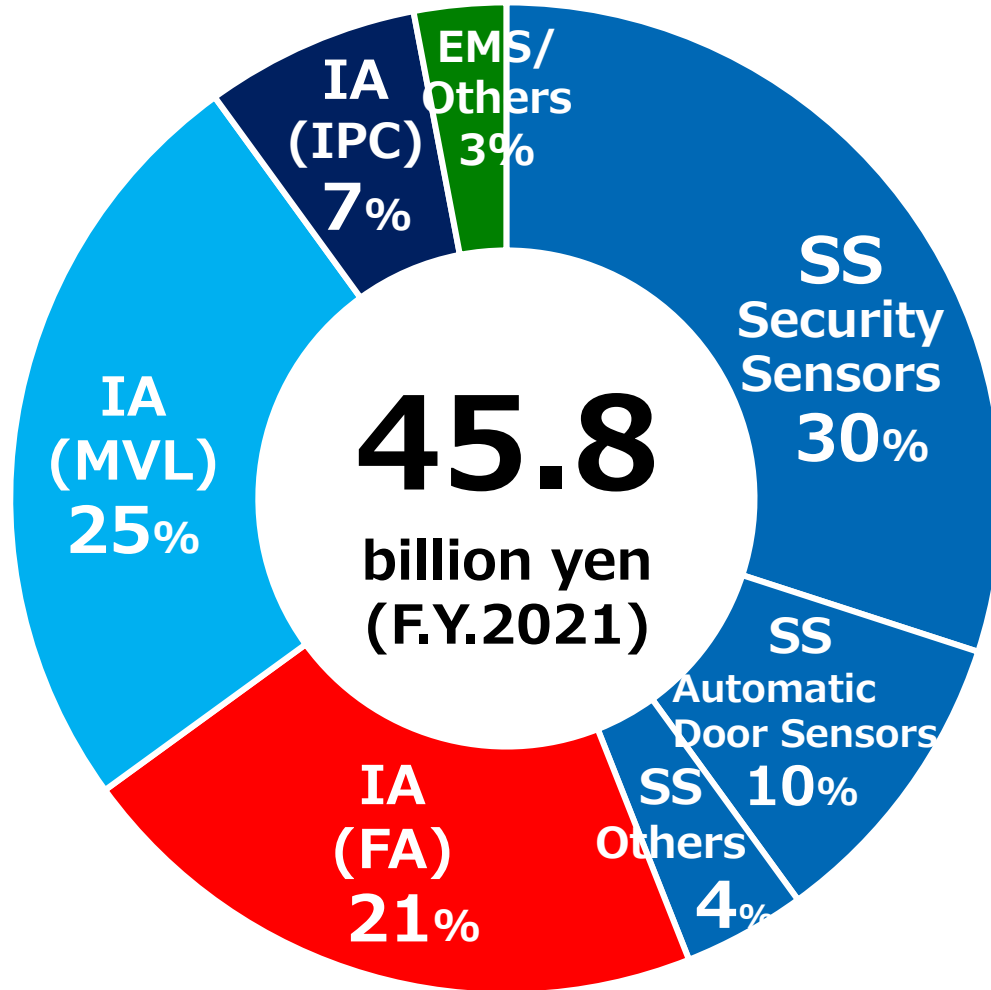
O'PAL OPTEX CO.,LTD.



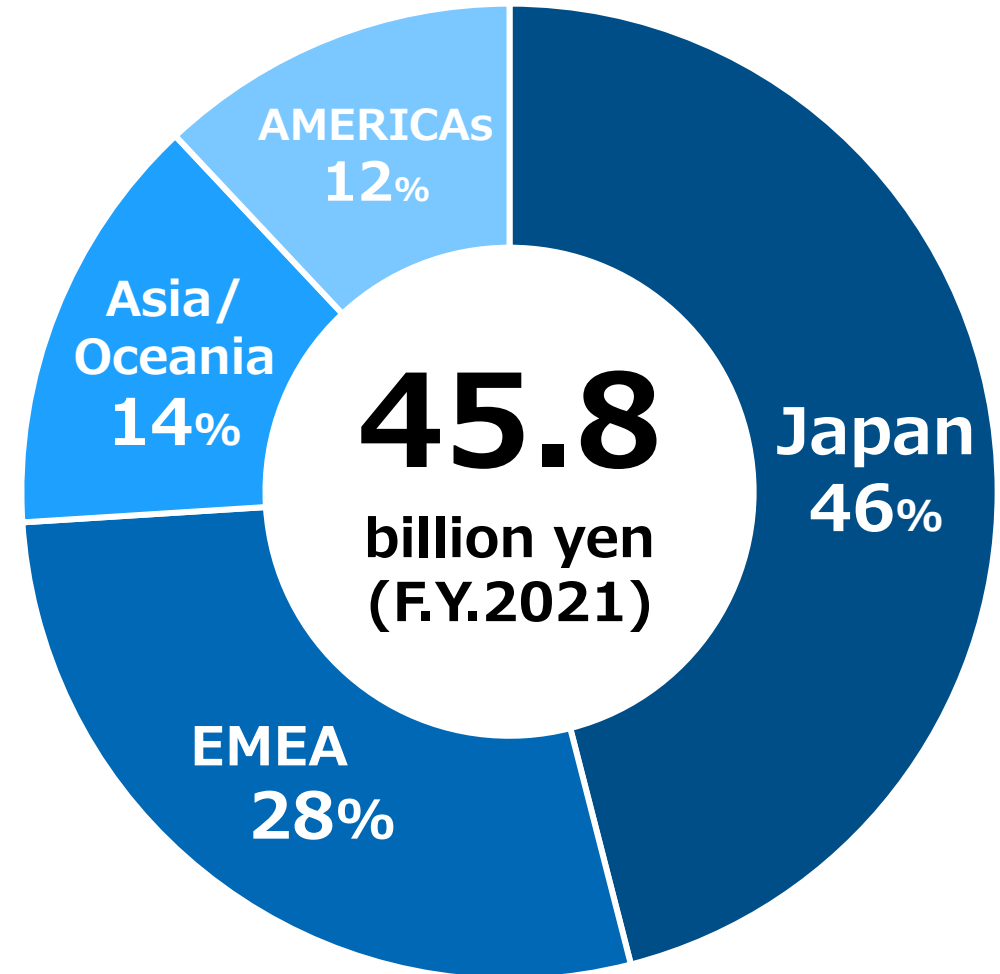
Management of outdoor activities and environmental learning programs

Company Overview _ Data

Sales by Product Category



Sales by Region



Company Overview _ Global Market Share

Global niche No.1

Security sensors

40%

Outdoor Intrusion Detector



Sensor for large-scale critical facilities



Camera sensor

Automatic door sensors

30%

Automatic door sensor



Infrared sensor



Clean Switch

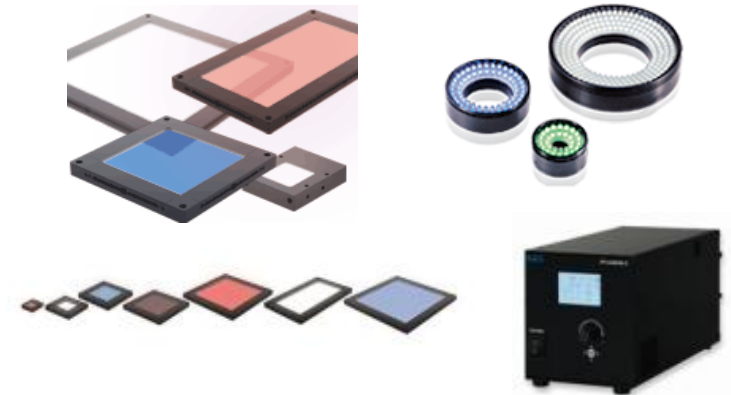


Push plate

Machine vision lighting

30%

LED inspection lighting



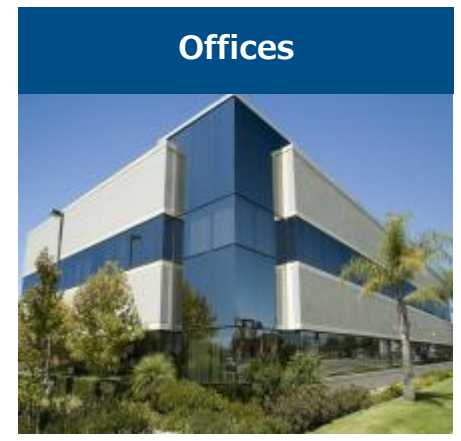
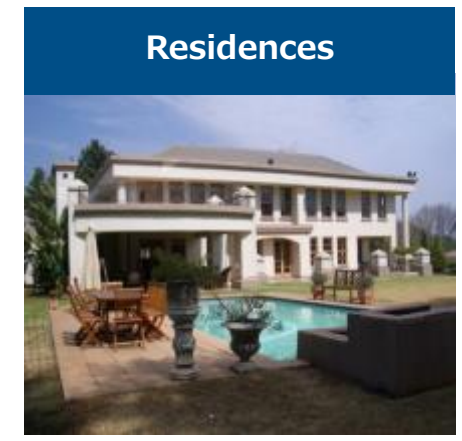
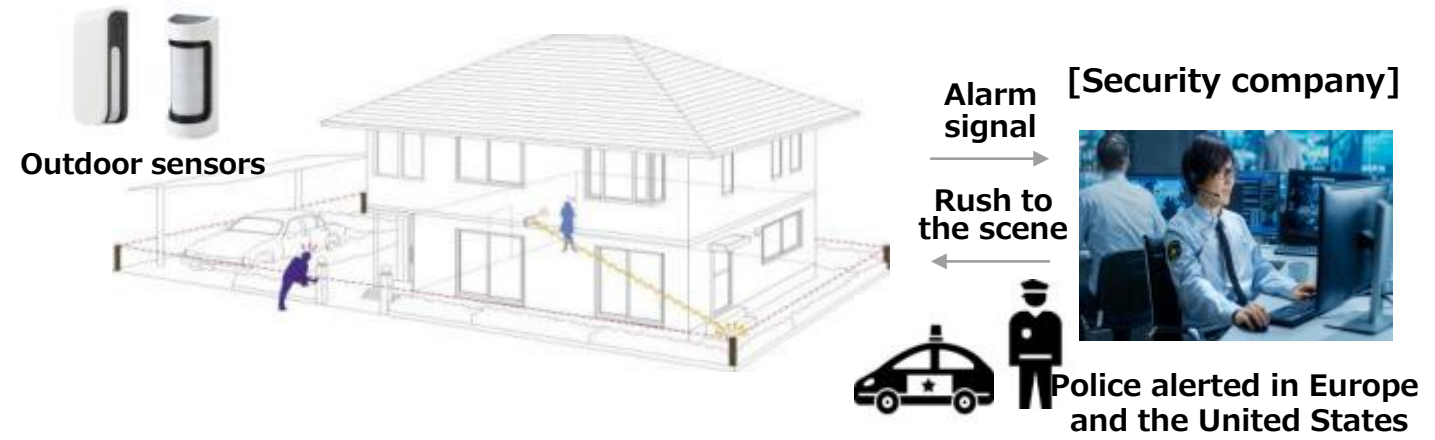
LED lighting systems for image inspection



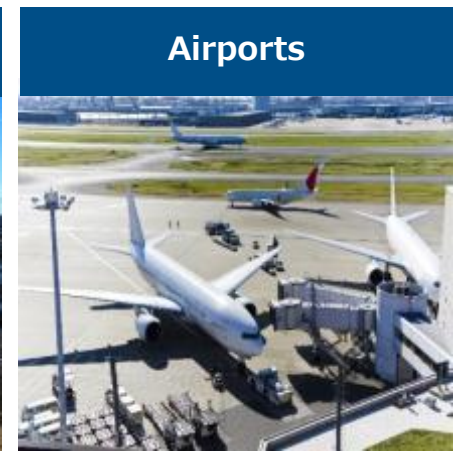
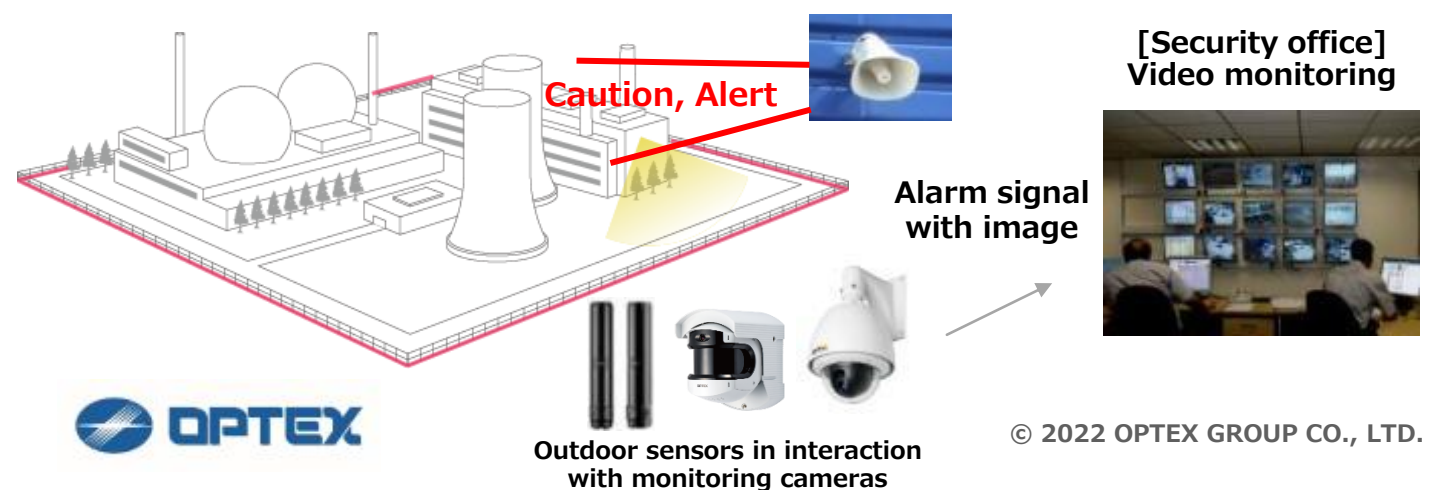
Business Domain _ Security sensors

Largest market share in the world for outdoor intrusion detectors

Residential home · Commercial facilities



Important facilities



Business Domain _ Automatic door sensors

Domestic market share: Over 50%

Overseas market share: Over 20%

In 1980, we applied **far-infrared rays**, until then mainly used for military purposes, to automatic door sensors.



Mat switch (on the floor)



The world's first Automatic Door Sensor



Infrared sensor (overhead)



Shopping centers



Over 60% share of convenience stores



Hospitals



Shutter doors for factories and warehouses



Ensure the detection of forklifts

Business Domain _ Factory Automation sensors



Provision of **sensors for factory automation** which help automate factory production processes and save labor

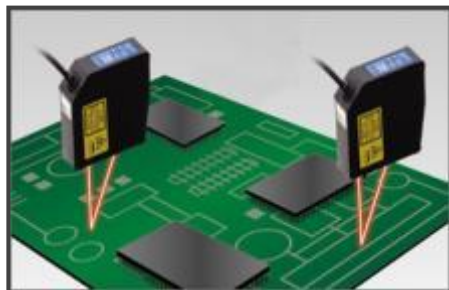
Displacement sensors



Products for the semiconductor and electric and electronic parts industries



Measurement of smartphone frame height

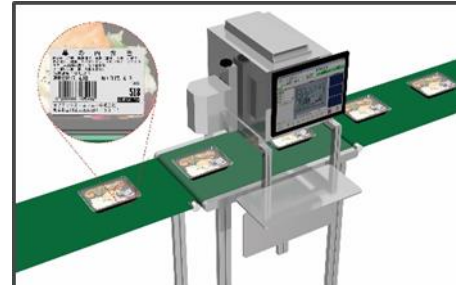


Measurement of substrate tilt/warp

Image sensors



Products for the three-item industries (food, pharmaceutical and cosmetic items)



Inspection of use-by dates printed on packages



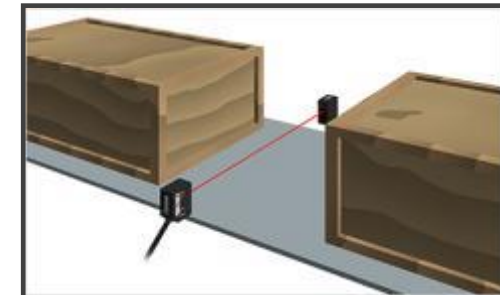
Inspection of use-by dates printed on milk cartons

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Photoelectric sensors



Products for the logistics industry



Detection of passing wooden boxes



Detecting boxes protruding from shelves in automatic warehouses

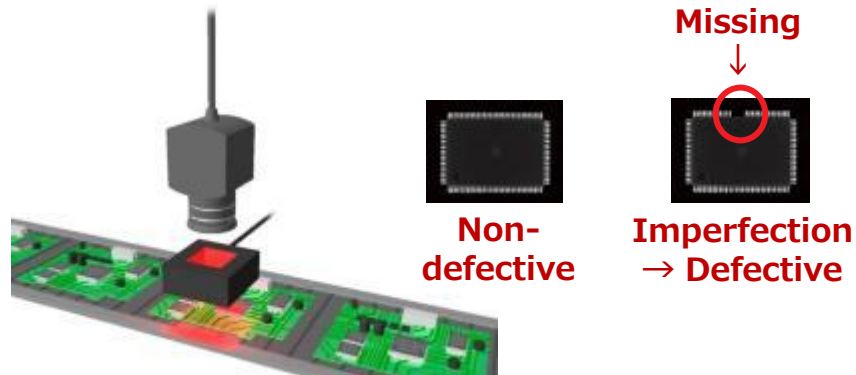
Business Domain _ Machine Vision Lighting

CCS produces **lighting for image inspection** using LED since 1993.

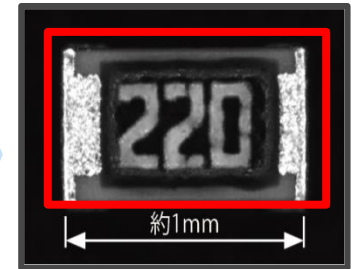
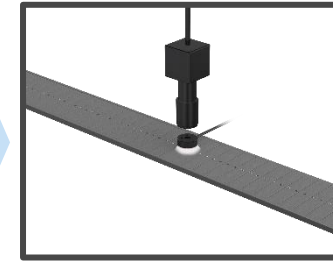
Lighting for image inspections*

When producing something at a plant, each stage of work **requires an "inspection" process.**

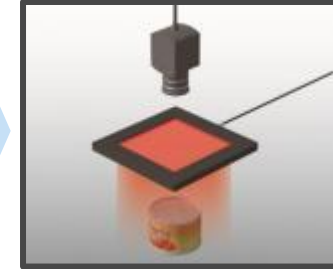
Photos or images of the inspection targets are taken and processed using lighting (and power supplies), lenses, and cameras, and the items are judged to be "good" or "defective".



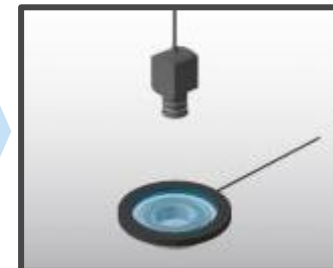
Inspection for defects in parts mounted on a printed circuit board



Letter/shape imaging (Small chip parts; about 1mm)



Imperfection imaging (surface of can)



Engraved letter imaging (bearing)

*Lighting for image inspection is also called Machine Vision (MV) lighting.

Business Domain _Industrial Computers

Provision of products that are highly reliable in terms of environmental durability, noise insulation, and other factors.

Our competitive edge is that we highlight long-term technical support services based on a wealth of expertise on the development of hardware and software

Embedded Boards

Provision of computer platforms for equipment used for semiconductor manufacturing, medical services and communications



Production and Infrastructure System

Provision of systems that solve issues related to production frontlines and social infrastructure



Advanced Measurement/Control Systems

Provision of advanced system products, such as robots, for measurement and control operations



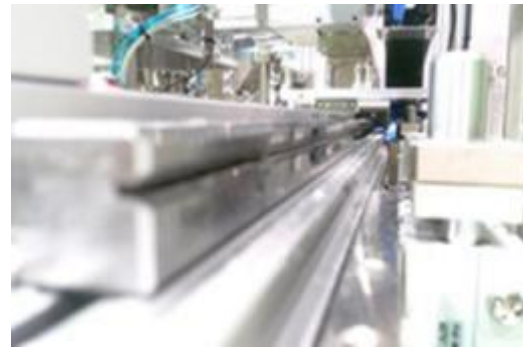
Business Domain _Mechatronics

Automation Systems

Boasting advanced mechatronics technology

- ✓ High-speed/high-precision filling technology
- ✓ High-speed material handling technology, etc.

→ High quality meeting exacting standards



Since its foundation, MITSUTEC has been manufacturing automation systems such as secondary battery manufacturing lines.

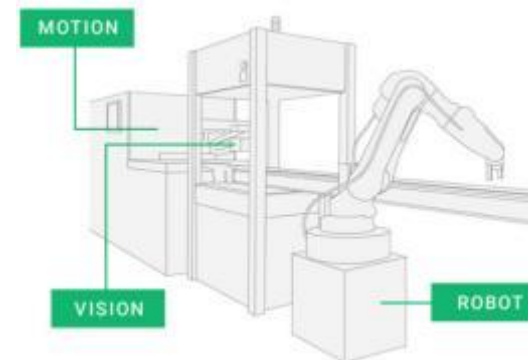
Image Processing Inspection Systems

"Motion technology"
to move things

×

"Vision technology"
to see things

→ Providing optimum solutions



MITSUTEC builds an image processing inspection system that offers solutions to customer issues by combining cameras, LED lightings and measuring instruments, etc.

ESG's Efforts

We are proactively addressing ESG issues to enhance our corporate value.
See our ESG report [here](#).



Environment

Products and services to help resolve environment issues

<Automatic Door Sensors>

React to movements towards the sensors, not to movements across them, to prevent unnecessary door operations and improve air conditioning efficiency



E-smooth Sensor

Power consumption:
Down approx.
30%

<LED Sensor Lighting>

Equipped with a low power consumption sensor that enables the machine or system to operate only when necessary to reduce the overall load on the system

LED × Sensor : Power consumption:
Down approx.
90%



Social

Relationships with local communities

As part of CSR activities, O'PAL hosts many Lake Biwa Learning & Experience programs, social contribution programs that take advantage of the natural environment of the head office location.



Kayaking



Non-native fish species study



Plankton observation



Governance

Corporate governance

Four of the Directors and members of the Audit & Supervisory Committee, who account for more than one-third of the total (11), are Independent Outside Directors. Experts (lawyers and certified public accountants) are appointed.

Appointed a female Outside Director for the first time at Annual General Meeting of Shareholders held in March 2020.



Improving strategy quality by making decisions through active discussions held by the board of directors to further improve our corporate value.