



# Summary of Consolidated Financial Results for the Second Quarter of FY2022 (Jan.1 to Jun.30, 2022)

**OPTEX GROUP CO., LTD.**

**August 8, 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.

# Key Points of the Announcement

## Q2 FY2022 Overview of Financial Results

- Net sales rose a significant 20% year on year, reflecting further growth in the SS Business and further expansion of the IA Business in the semiconductor and electronic component industries.
- Operating income was +42% year on year, reflecting a significant decrease in the SG&A ratio, offsetting an increase in the cost of sales ratio of approx. 1 percentage point.

## Consolidated Earnings Forecasts

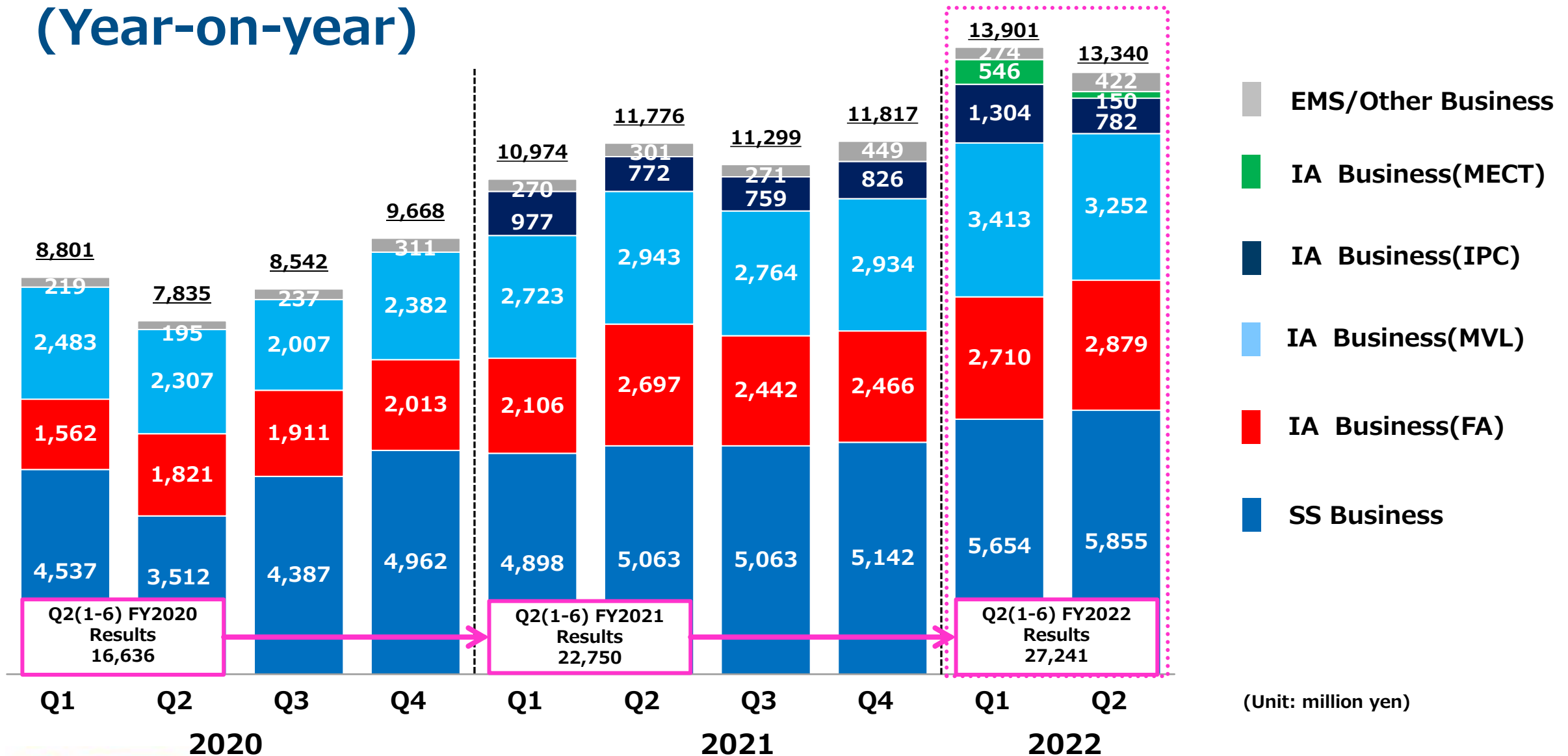
- Recent strong inquiries are expected to continue.
- First-half and full-year forecasts remain unchanged due to exceptionally uncertain prospects for component supply caused by the tight global supply-and-demand balance.

# Q2 FY2022 Overview of Financial Results

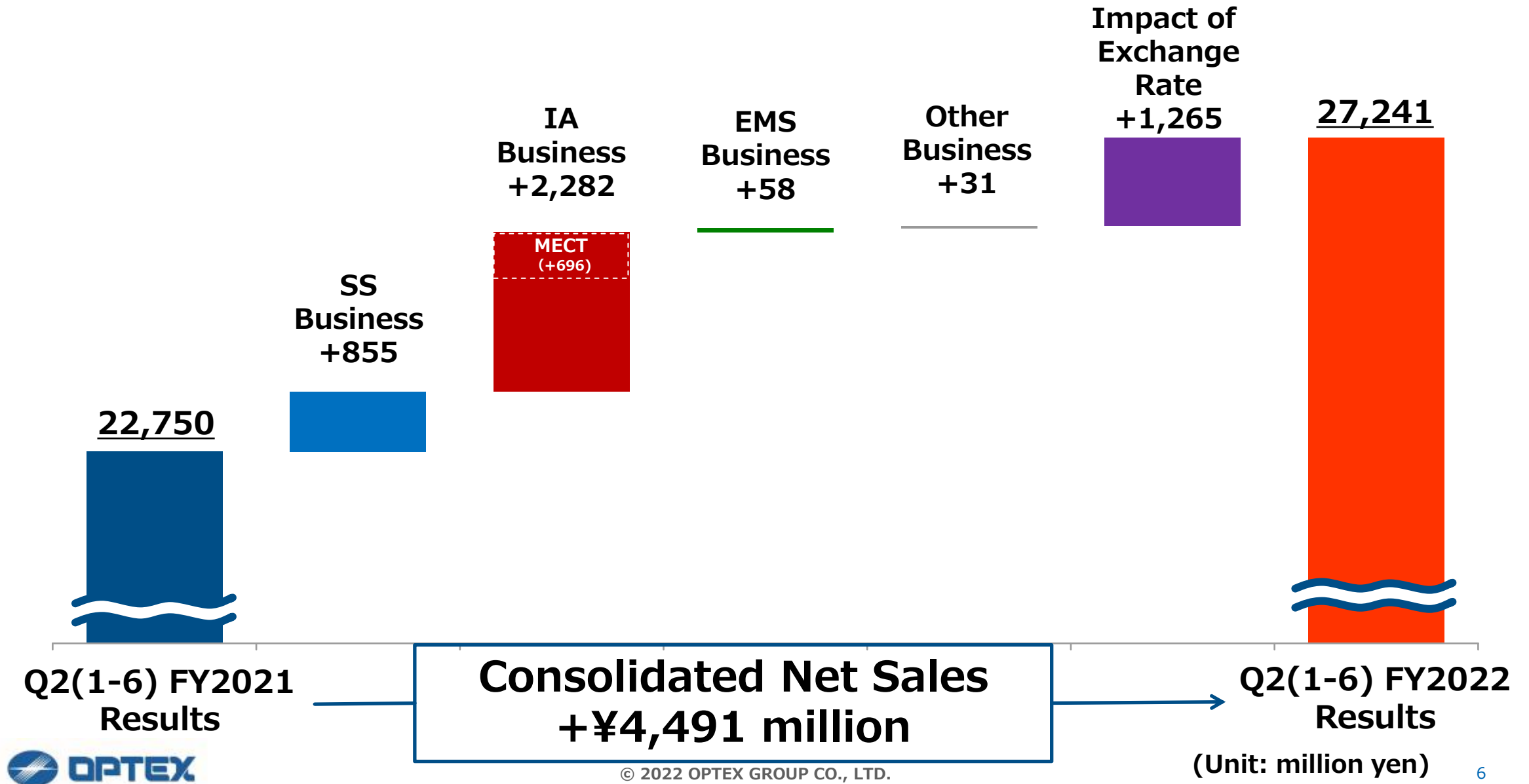
# Summary of Consolidated Financial Results for the Second Quarter of FY2022

<u>Operating Results</u> (Unit: million yen)		Q2(1-6) FY2021 Results	Q2(1-6) FY2022 Results	Change	Percent Change
Net sales		22,750	27,241	+4,491	+19.7%
Operating income (Operating income Ratio)		2,520 (11.1%)	3,590 (13.2%)	+1,070	+42.4%
Ordinary income		2,841	4,297	+1,456	+51.2%
Profit attributable to owners of parent		1,921	3,120	+1,199	+62.4%
Net income per share (yen)		53.13	87.85		
Exchange rate (Unit: Yen)	1USD	107.69	122.89		
	1EUR	129.82	134.25		

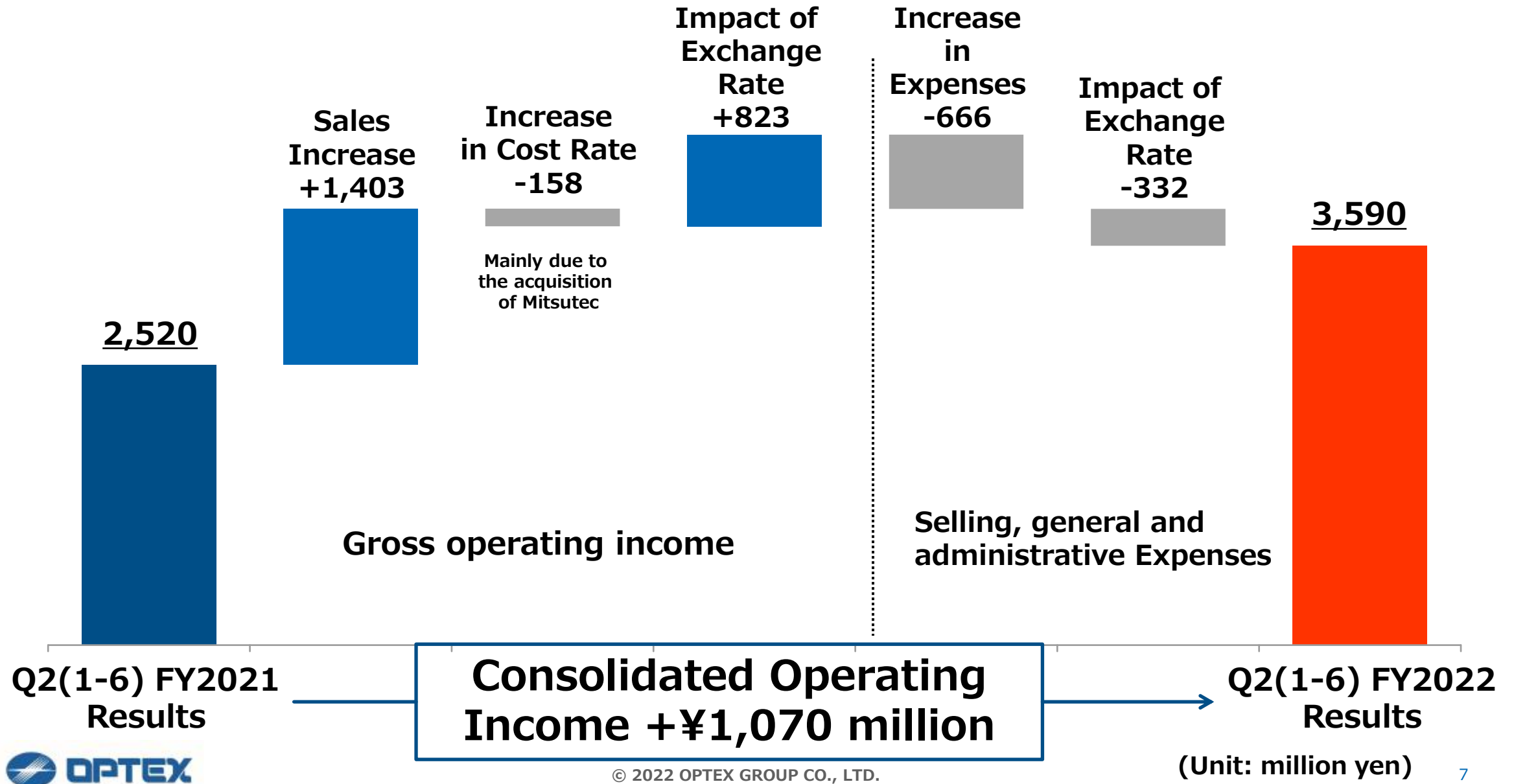
# Quarterly performance - Consolidated Net Sales (Year-on-year)



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



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



# Comparison of Financial Results for the Second Quarter of FY2022 between Segments

Operating Results (Unit: million yen)	Q2(1-6) FY2021 Results		Q2(1-6) FY2022 Results			
	Net sales	Operating income (Operating income Ratio)	Net sales	Percent Change	Operating income (Operating income Ratio)	Percent Change
<b>SS Business</b>	9,961	1,199 (12.0%)	11,509	+15.5%	1,554 (13.5%)	+29.7%
<b>IA Business</b>	12,218	1,445 (11.8%)	15,036	+23.1%	2,123 (14.1%)	+46.9%
<b>EMS Business</b>	328	112 (34.2%)	422	+28.4%	111 (26.5%)	-0.5%

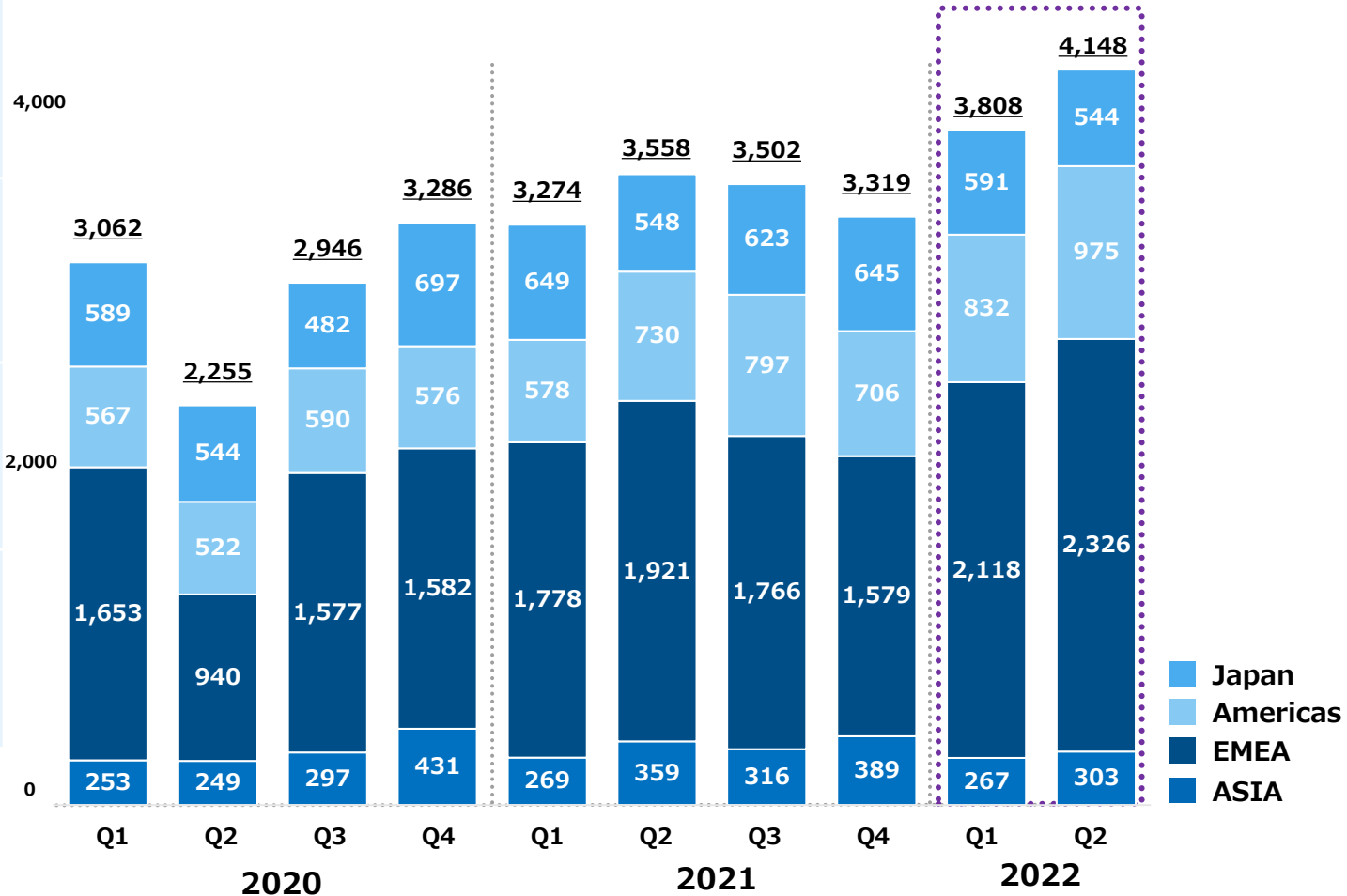


# Business by Segment - SS Business(Security Sensors)



Region	Q2(1-6) FY2022 Overview
Japan	<ul style="list-style-type: none"> <li>- Sales of products for large-scale critical facilities remained strong.</li> <li>- Growth in sales of outdoor intrusion detectors slowed due to delays in product supply caused by component shortages.</li> </ul>
AMERICAs	<ul style="list-style-type: none"> <li>- Sales of products for large-scale critical facilities such as infrastructure reflecting the positive effect of direct marketing despite delays in product supply caused by component shortages.</li> </ul>
EMEA	<ul style="list-style-type: none"> <li>- Sales of products for large, important facilities such as data centers reflecting the positive effect of direct marketing despite delays in product supply caused by component shortages.</li> </ul>
Asia and Oceania	<ul style="list-style-type: none"> <li>- Sales of outdoor alarm sensors remained strong in India.</li> <li>- Growth in sales slowed in China and Southeast Asia due to restrictions on activities and delays in product supply caused by component shortages.</li> </ul>

Quarterly Sales by Region(Unit: million yen)



Sensors for large-scale critical facilities



Camera sensors

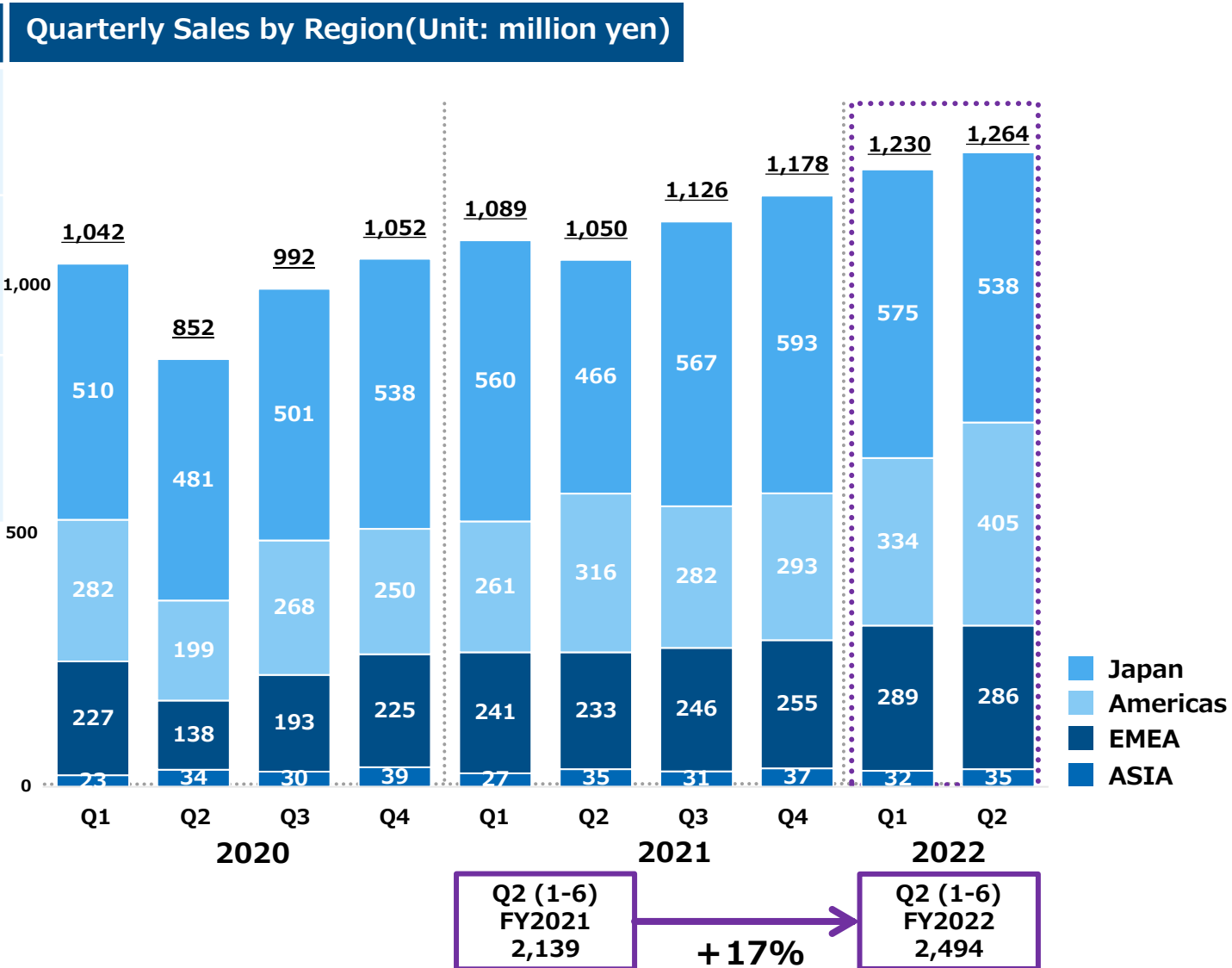


Q2 (1-6) FY2021 6,832 → +17% → Q2 (1-6) FY2022 7,956

# Business by Segment - ss Business(Automatic Door Sensors)



Region	Q2(1-6) FY2022 Overview
Japan	- Sales of products for major automatic door manufacturers remained strong as our product supply capability was highly evaluated.
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.



Automatic door sensors



Push plate



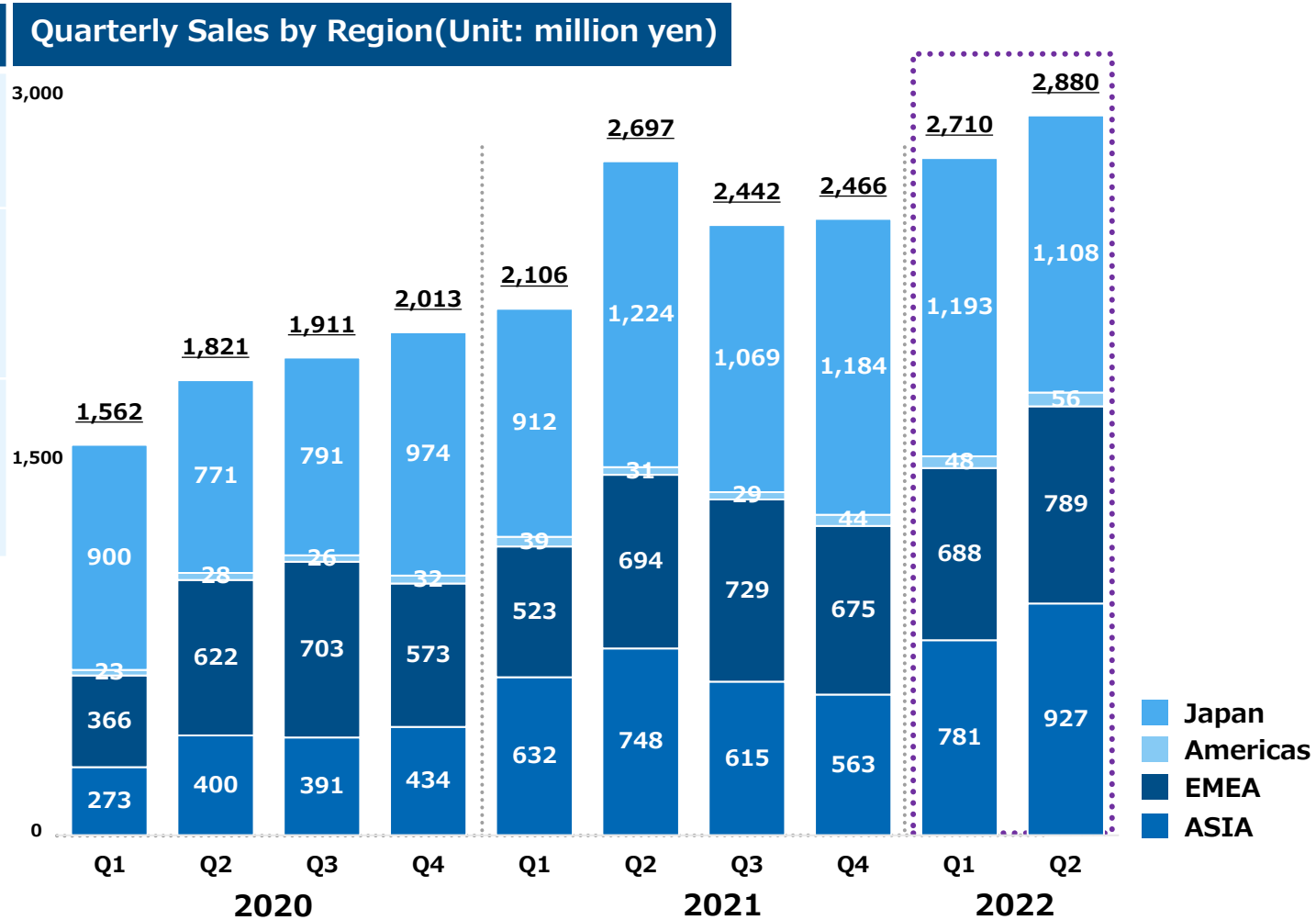
Clean Switch



# Business by Segment - IA Business(FA)



Region	Q2(1-6) FY2022 Overview
Japan	- Sales of products 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.



Displacement sensors



Fiber sensors

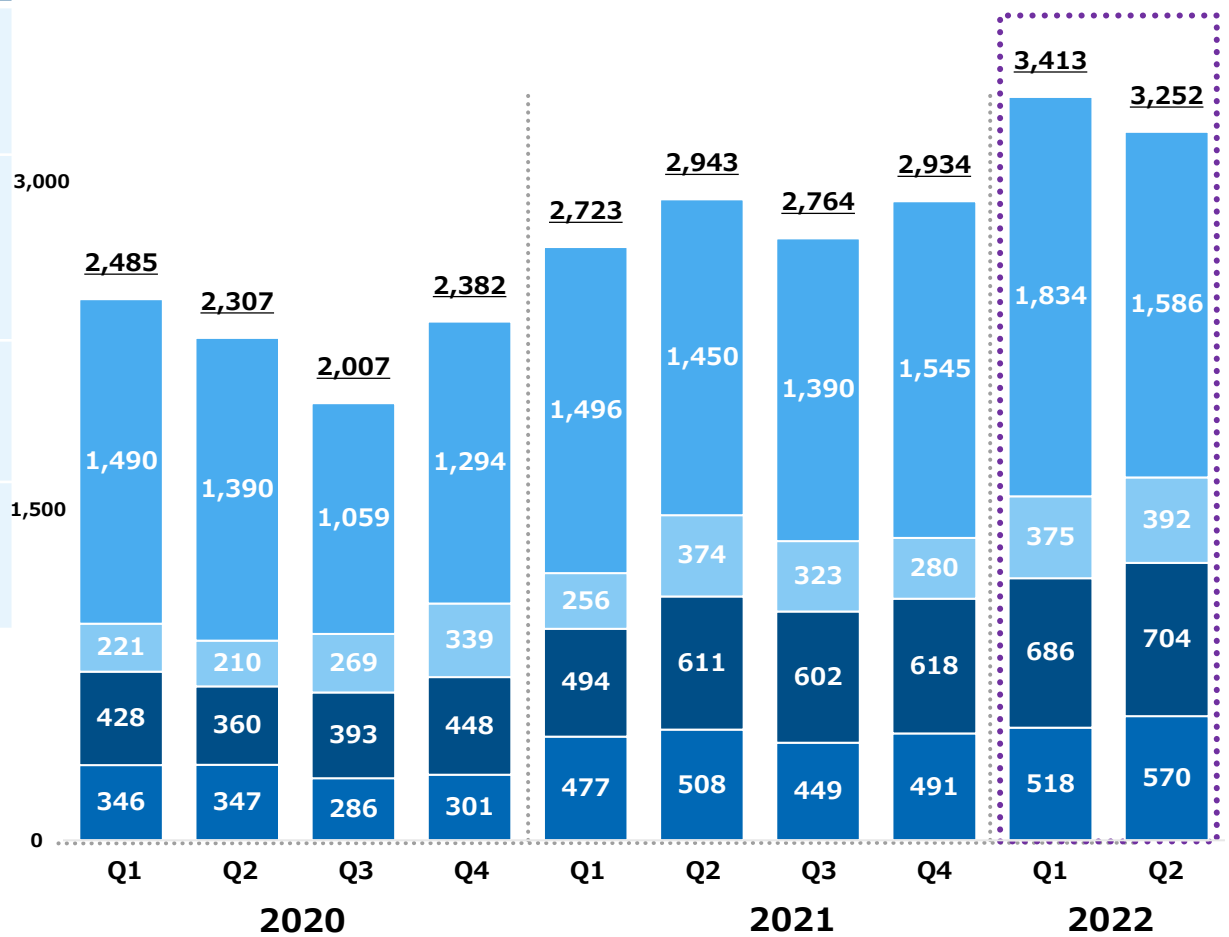


# Business by Segment - IA Business(MVL)

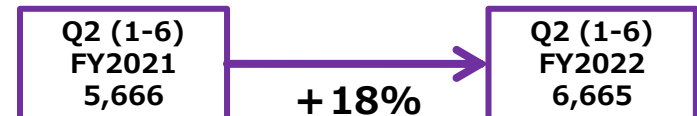


Region	Q2(1-6) FY2022 Overview	Quarterly Sales by Region(Unit: million yen)
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Japan	- Inquiries about products for electric devices, electronics, and semiconductors increased.
AMERICAs	- The market share of the French subsidiary's products for the logistics industry increased.
EMEA	- The market share of the French subsidiary's products for the logistics industry in Europe increased.
Asia and Oceania	- Sales of products for semiconductor-related investment in China remained strong.



LED lighting systems for image processing



# Business by Segment - IA Business(IPC)

Region	Q2(1-6) FY2022 Overview	Quarterly Sales by Region(Unit: million yen)
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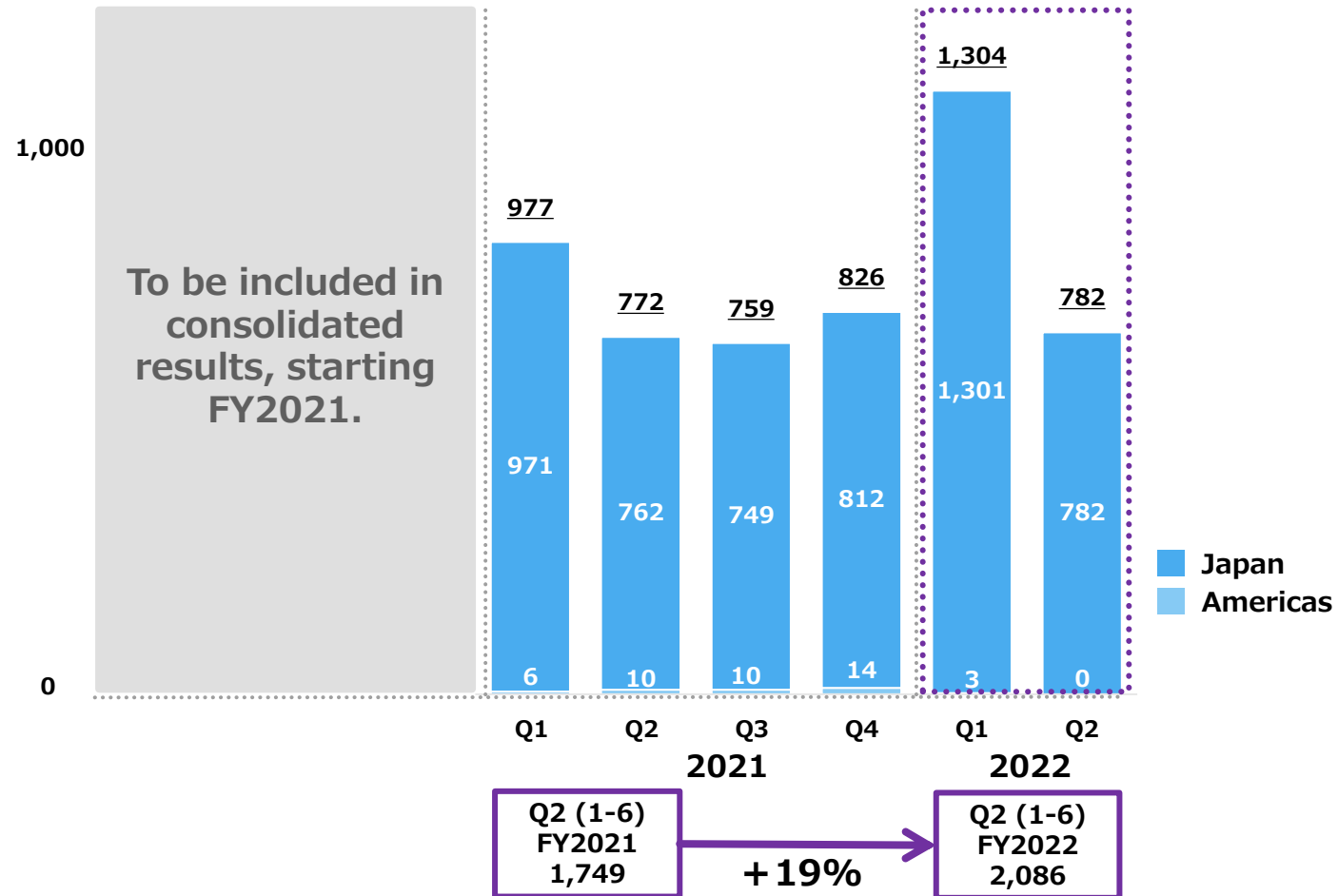
Japan	- Orders increased for industrial PCs for semiconductor manufacturing equipment.
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Industrial PCs



Tracking Cameras



# Consolidated Earnings Forecasts

# Our Response to the Tight Global Supply-and-demand Balance

1. Procure parts and components six to 12 months in advance from a long-range perspective.
2. Strengthen collaboration with suppliers and clients to facilitate information sharing.
3. Facilitate procurement route diversification and streamline the process of procurement.
4. Implement design changes more swiftly to ensure the use of alternative parts and components.
5. Review sales prices to address sharp rises in raw material prices.

**Strengthen relationships with clients  
for the stable supply of products**

# FY2022 Consolidated Earnings Forecasts

While recent strong inquiries are expected to continue, full-year forecasts remain unchanged due to the uncertain prospects such as surges in logistics costs and the globally tight supply-and-demand condition of electronic parts.

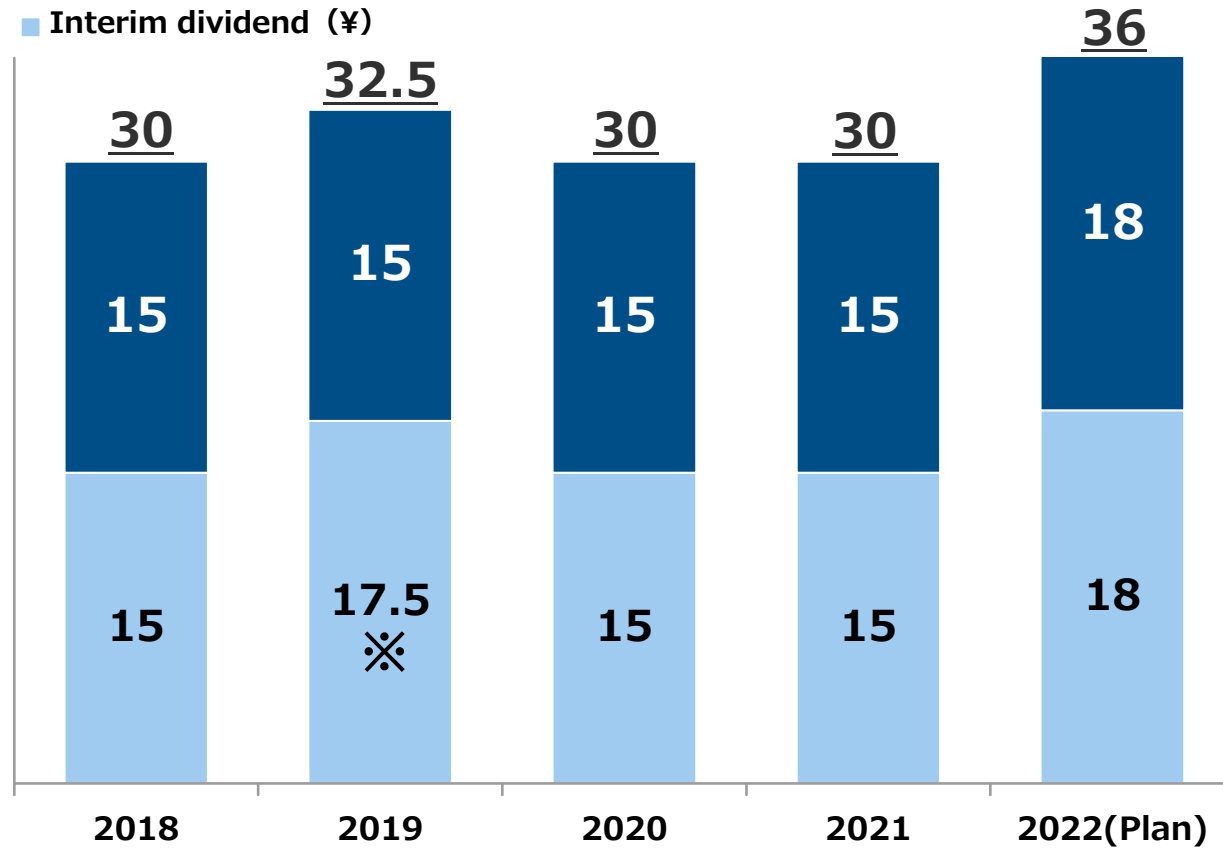
(Unit: million yen)		FY2021 Results	FY2022 Forecast		
			1 <sup>st</sup> Half Result	Full Year	YoY
Net sales		45,866	27,241	53,000	+15.6%
Operating income (Operating income Ratio)		4,630 (10.1%)	3,590 (13.2%)	6,000 (11.3%)	+29.6%
Ordinary income		5,130	4,297	6,100	+18.9%
Profit attributable to owners of parent		3,762	3,120	4,600	+22.3%
Net income per share (yen)		104.18	87.85	129.49	
Exchange rate (Unit: Yen)	1USD	109.80	122.89	110.00	
	1EUR	129.89	134.25	130.00	



# Shareholder Return

■ Year-end dividend (¥)

■ Interim dividend (¥)



## 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

# Initiatives for the advancement of growth strategy

## SS Business(Security Sensors)

Direct marketing strategy for large-scale critical facilities



Infrastructure facilities



Data Center



Outdoor/indoor sensors for large-scale critical facilities



- Enhance the lineup of products
- Creation of dedicated sales teams
- Development of new sales channels

## IA Business(FA)

Visualization of sensor conditions (information)



- Transmit sensor conditions
- Import setting information

⇒Reduction of time required for predictive maintenance and maintenance services

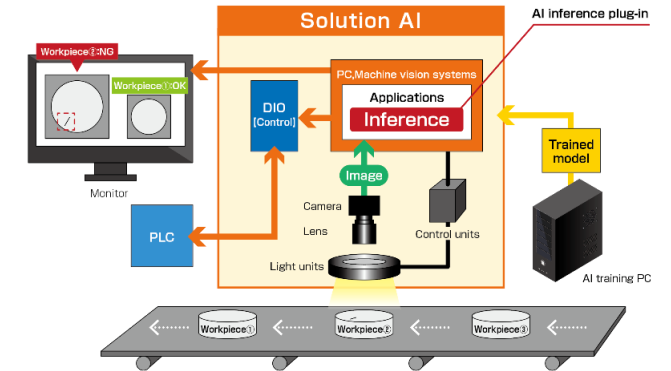
Accelerate DX at production frontlines by enhancing the lineup of IO-Link master units.

\*IO-Link:

A communication technology for interactive communication between sensors and the control system for the exchange of different data

## IA Business(MVL)

Launch of a support program to facilitate the introduction of AI-based automatic appearance inspection.

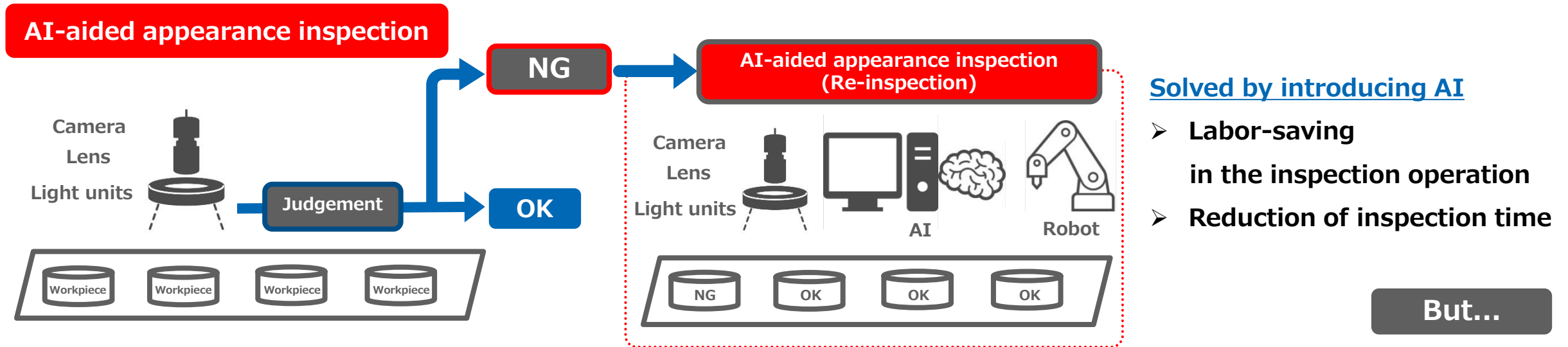
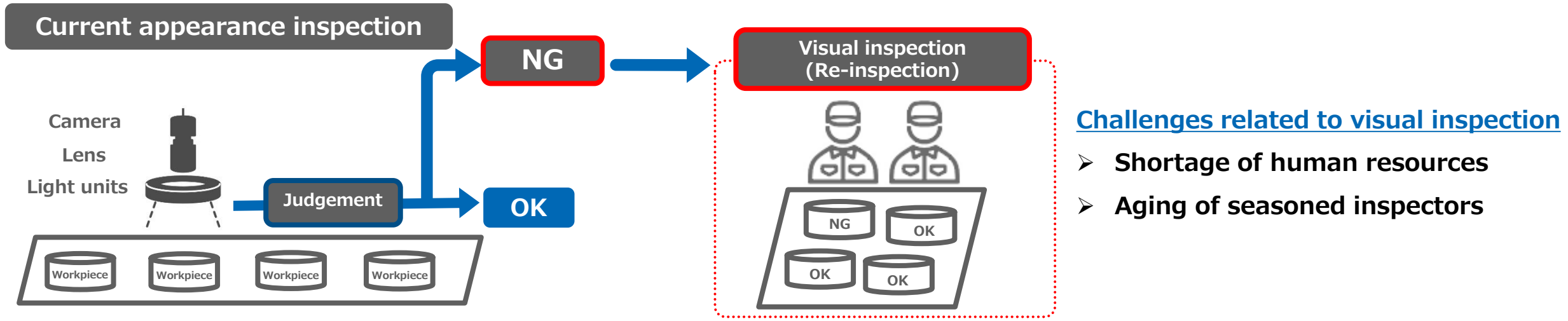


Leverage the expertise of a manufacture of lighting devices for image processing and establish solutions that flexibly support the introduction of AI.

Details on subsequent pages>>

# Initiatives for the advancement of growth strategy- IA Business(MVL)

## Challenges related to appearance inspection at production frontlines



# Launch of a support program to facilitate the introduction of AI-based automatic appearance inspection.

Challenges related to the introduction of AI

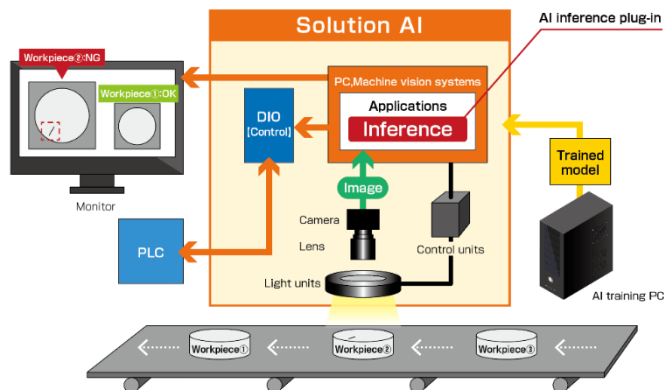
- Unable to acquire Images that boost AI's judgment capability.
- The introduction of AI requires a lot of time and money.



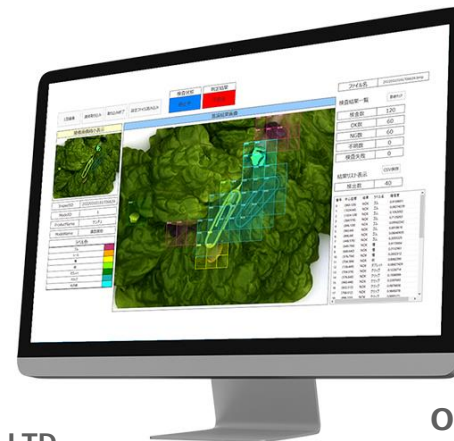
CCS Solution AI

- ✓ Able to acquire images that draw the potential capability to the full by leveraging the expertise of a manufacture of lighting devices for image processing.
- ✓ Able to flexibly support the introduction of AI.

- ✓ Realizes very accurate appearance inspection!
- ✓ Makes the introduction of AI easy by significantly reducing man-hours and costs!



Example configuration



Operation screen  
(Example for reference)

<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**

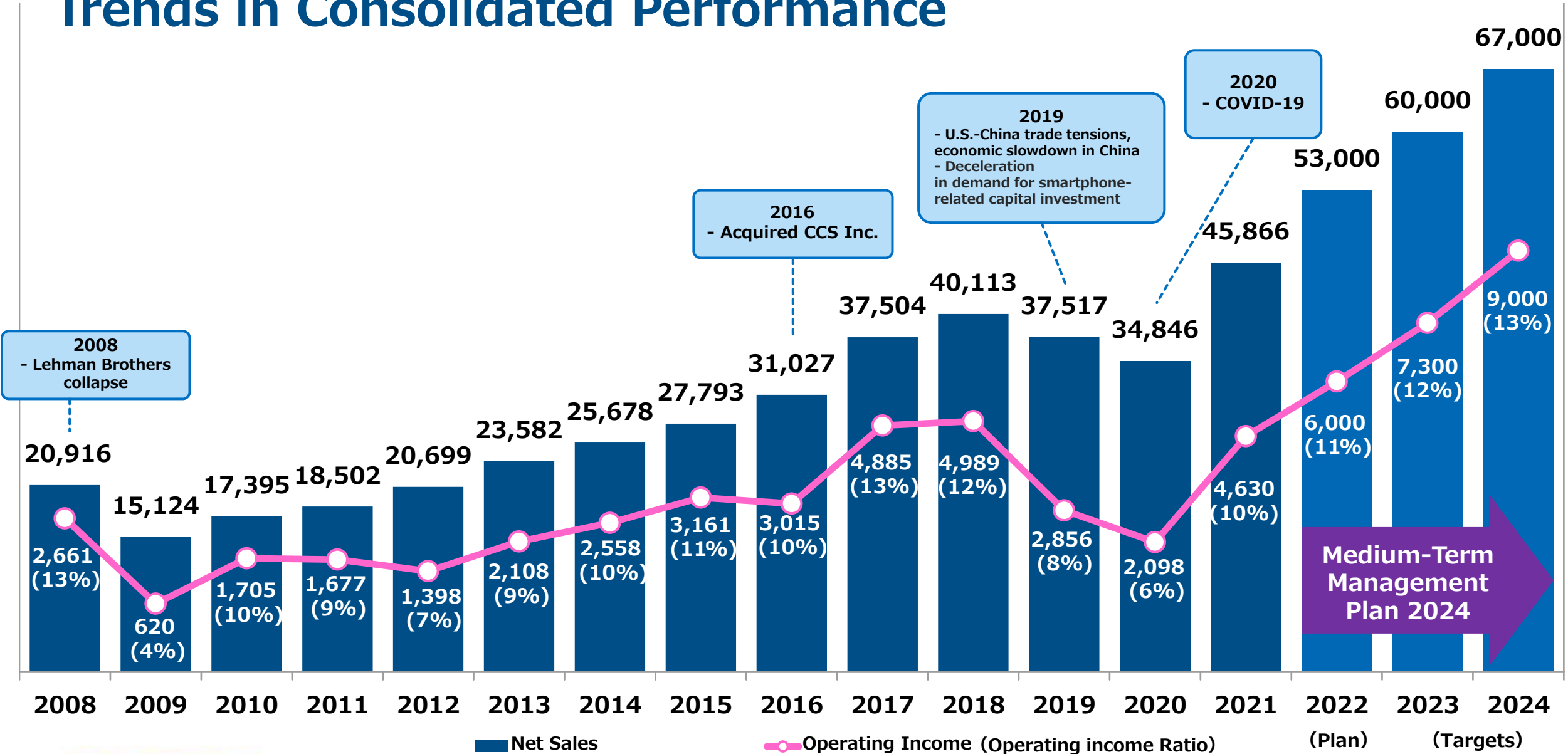
OPTical TEchnology

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

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

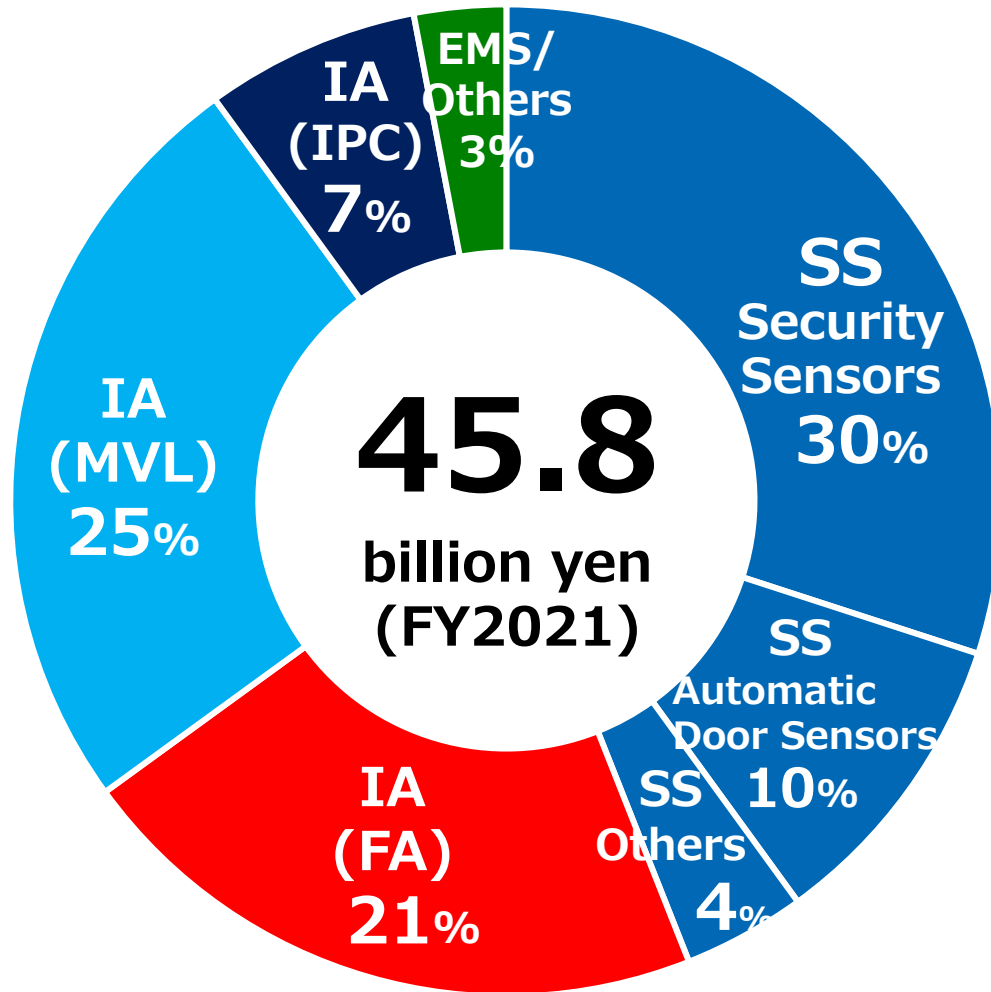
O'PAL OPTEX CO.,LTD.



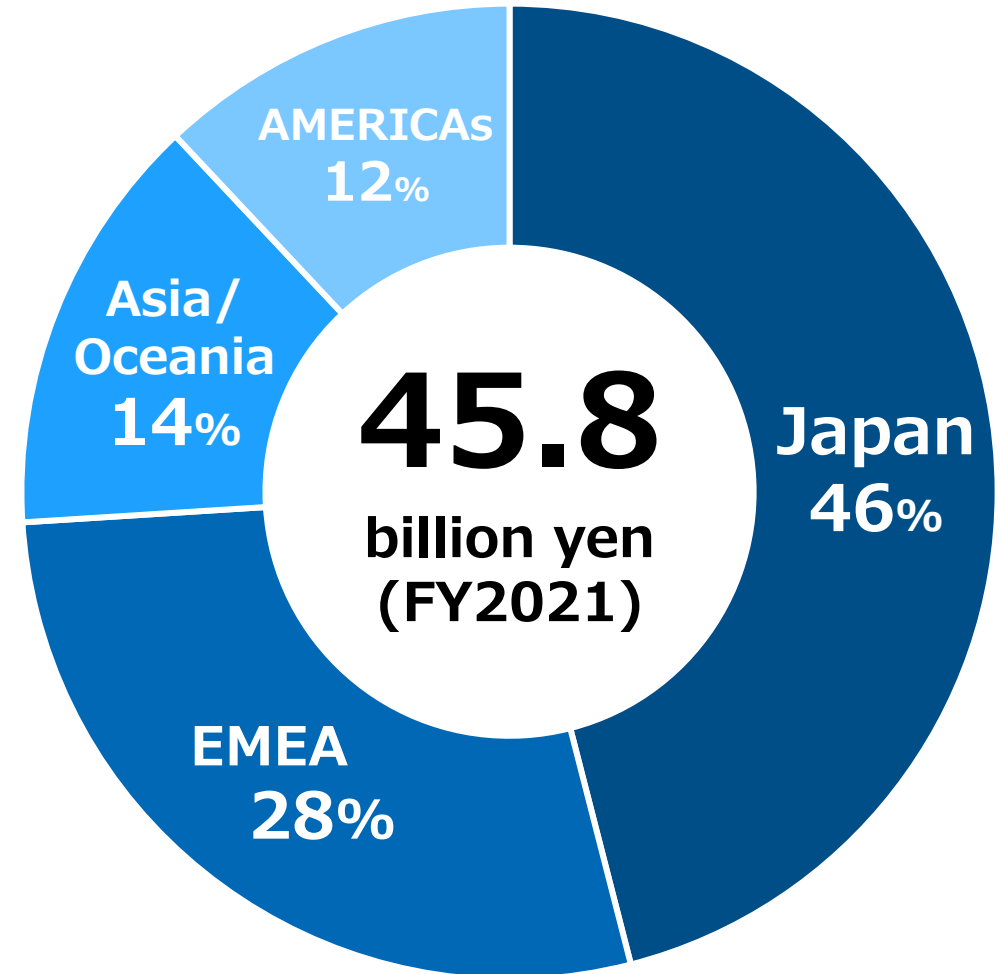
Management of outdoor activities and environmental learning programs

# 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

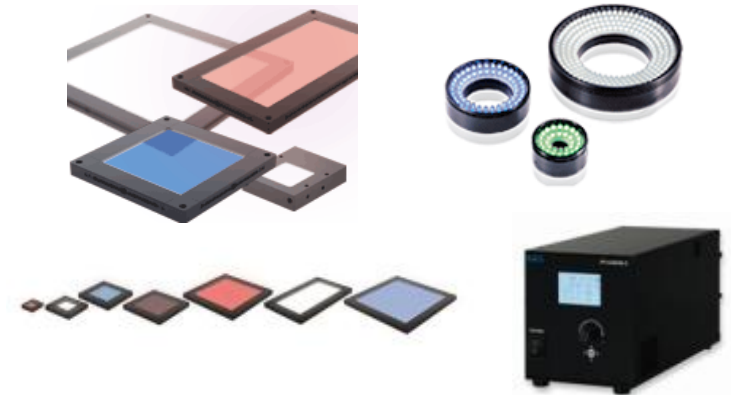


Push plate

Machine vision lighting

**30%**

LED inspection lighting

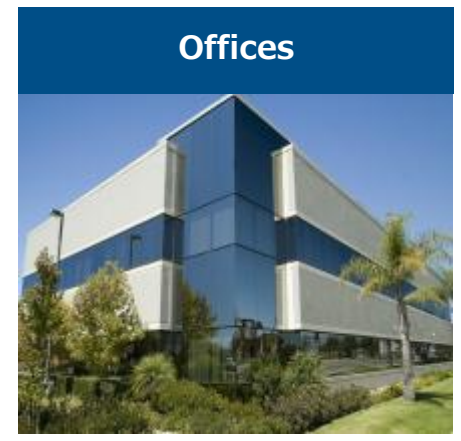
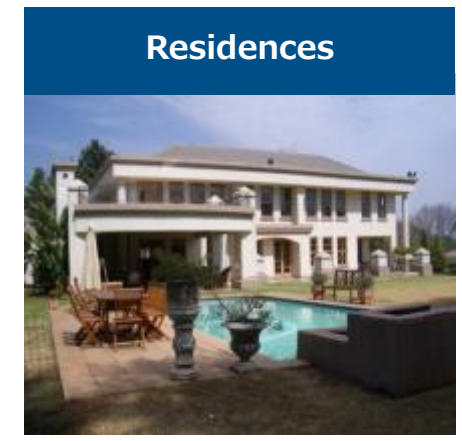
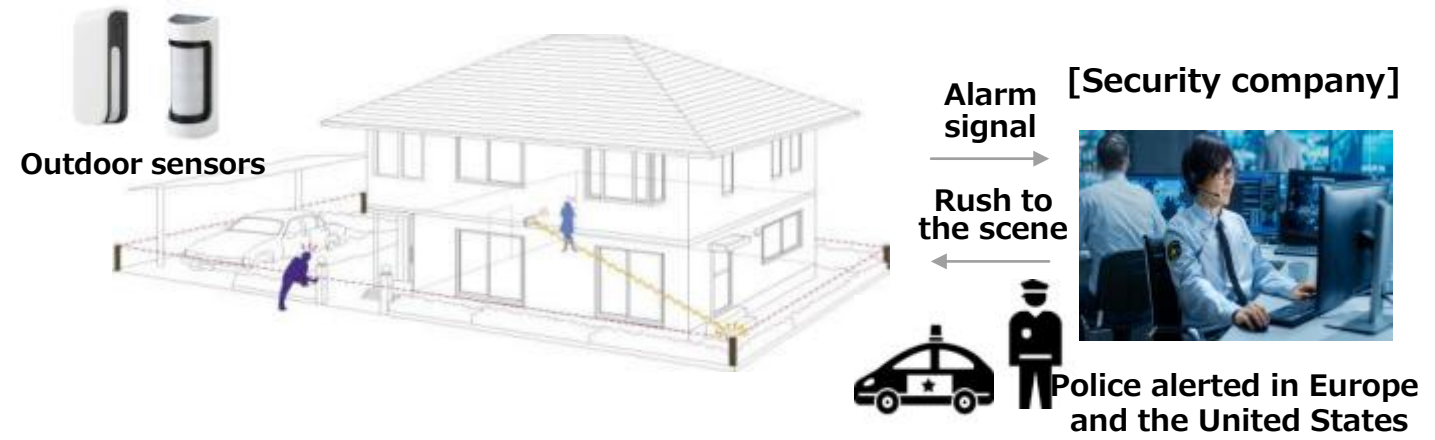


LED lighting systems for image inspection

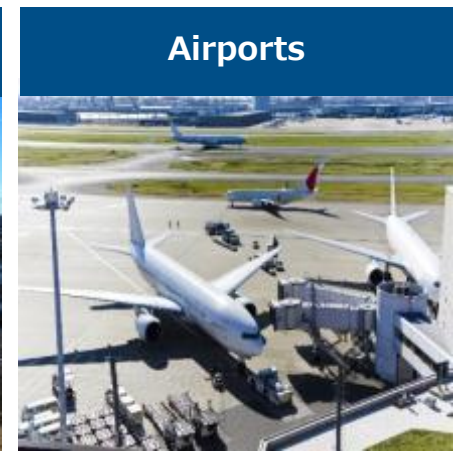
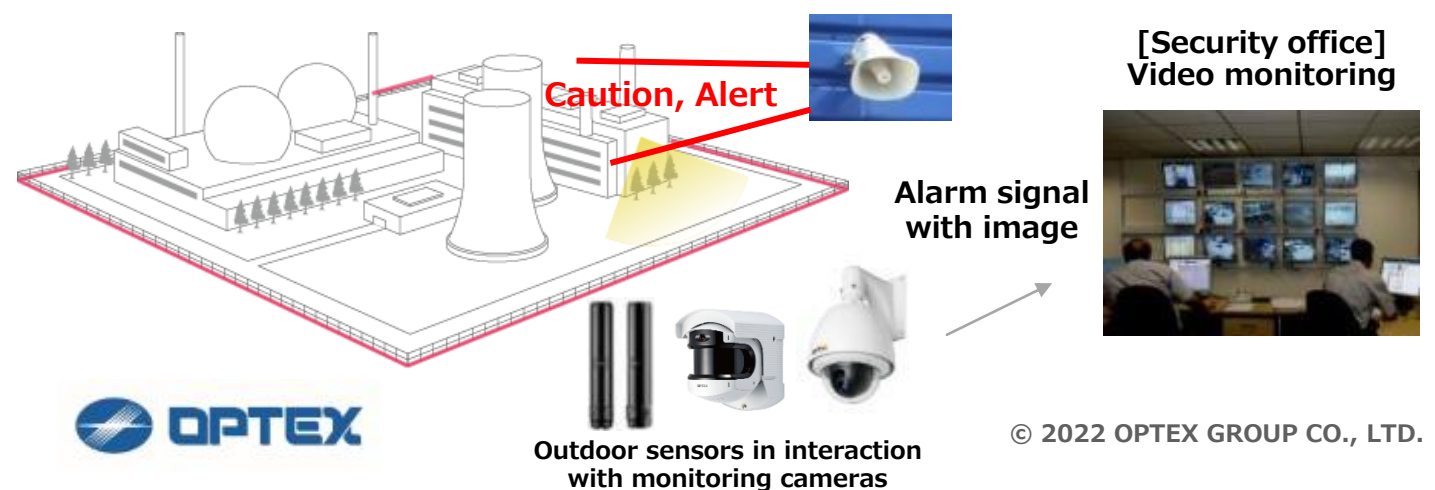
# Business Domain \_ Security sensors

## 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

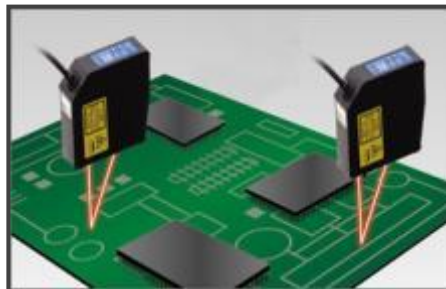
## Displacement sensors



Products for the semiconductor and electric and electronic parts industries



Measurement of smartphone frame height

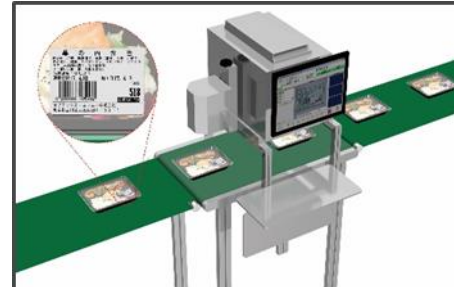


Measurement of substrate tilt/warp

## Image sensors



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



Inspection of use-by dates printed on packages



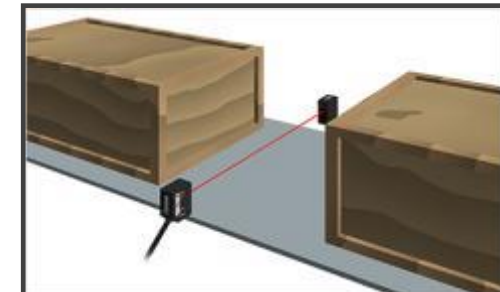
Inspection of use-by dates printed on milk cartons

© 2022 OPTEX GROUP CO., LTD.

## Photoelectric sensors



Products for the logistics industry



Detection of passing wooden boxes



Detecting boxes protruding from shelves in automatic warehouses



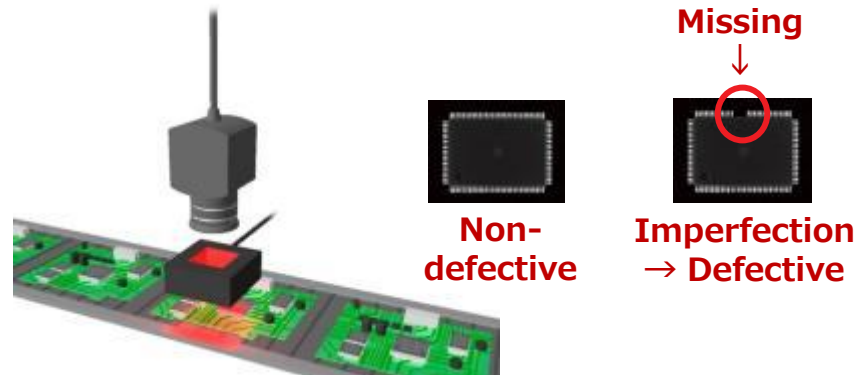
# Business Domain \_ Machine Vision Lighting

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

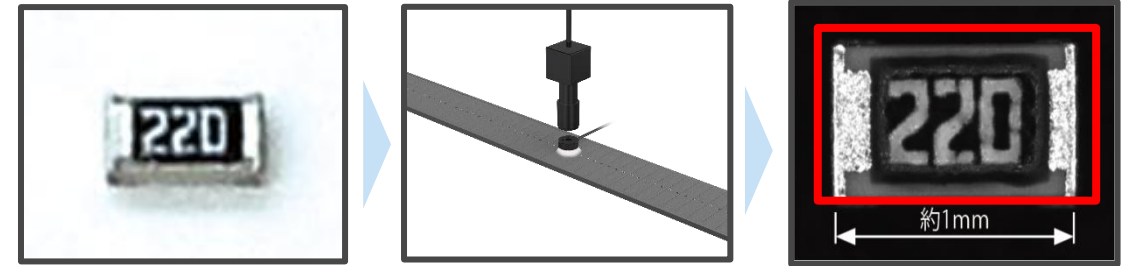
## Lighting for image inspections\*

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

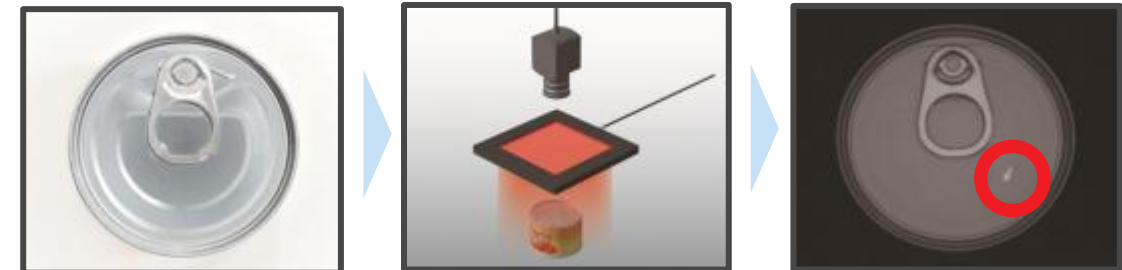
Photos or images of the inspection targets are taken and processed using lighting (and power supplies), lenses, and cameras, and the items are judged to be "good" or "defective".



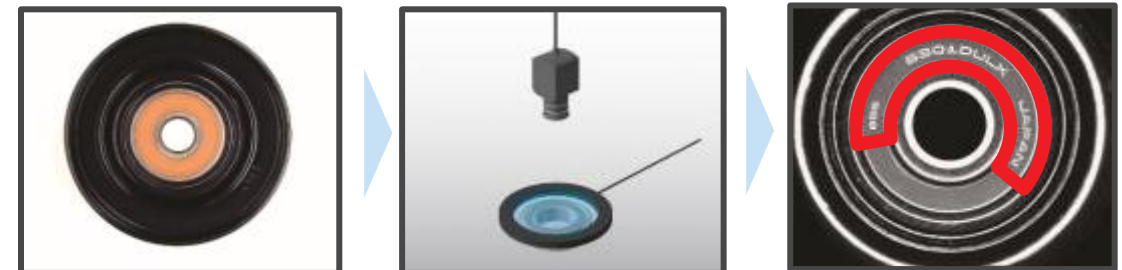
Inspection for defects in parts mounted on a printed circuit board



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.

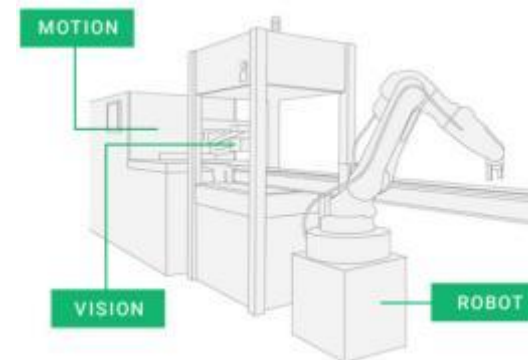
## Image Processing Inspection Systems

"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.