



Presentation Material for the First Quarter of FY2023 (Jan.1 to Dec.31, 2023)

OPTEX GROUP CO., LTD.

May 10, 2023

(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 Q1 FY2023 Financial Results

- In the SS Business, sales from the Security Sensor and Automatic Door Sensor segments remained solid.
- In the IA Business, net sales reduced 0.6% year on year, reflecting sluggish growth in the IPC and MECT segments due partly to component shortages.
- Operating profit decreased 17.4% year on year, reflecting higher SG&A expenses as a result of active sales activities and the enhancement of sales promotion programs with a view to achieving the three-year (2023 - 2025) management plan.

Summary of Q1 FY2023 Financial Result

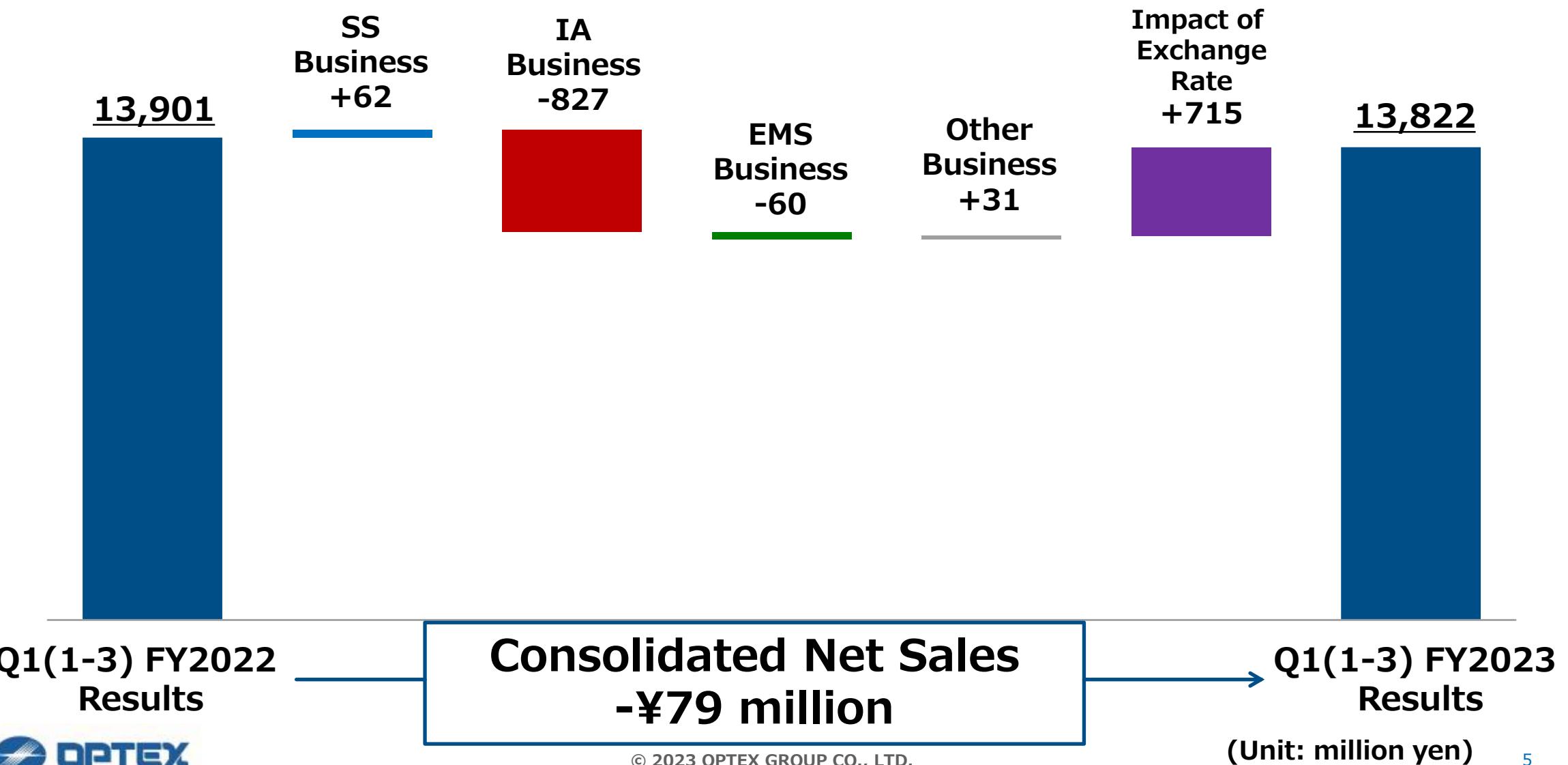
<u>Operating Results</u> <u>(Unit: million yen)</u>	Q1(1-3) FY2022 Results	Q1(1-3) FY2023 Results	Change	Percent Change
Net sales	13,901	13,822	-79	-0.6%
Operating income (Operating income Ratio)	2,120 (15.3%)	1,751 (12.7%)	-369	-17.4%
Ordinary income	2,431	1,753	-678	-27.9%
Profit attributable to owners of parent	1,743	1,182	-561	-32.1%
Net income per share (yen)	49.07	33.29		

Exchange rate (Unit: Yen)	1USD	116.20	132.34
	1EUR	130.39	142.10

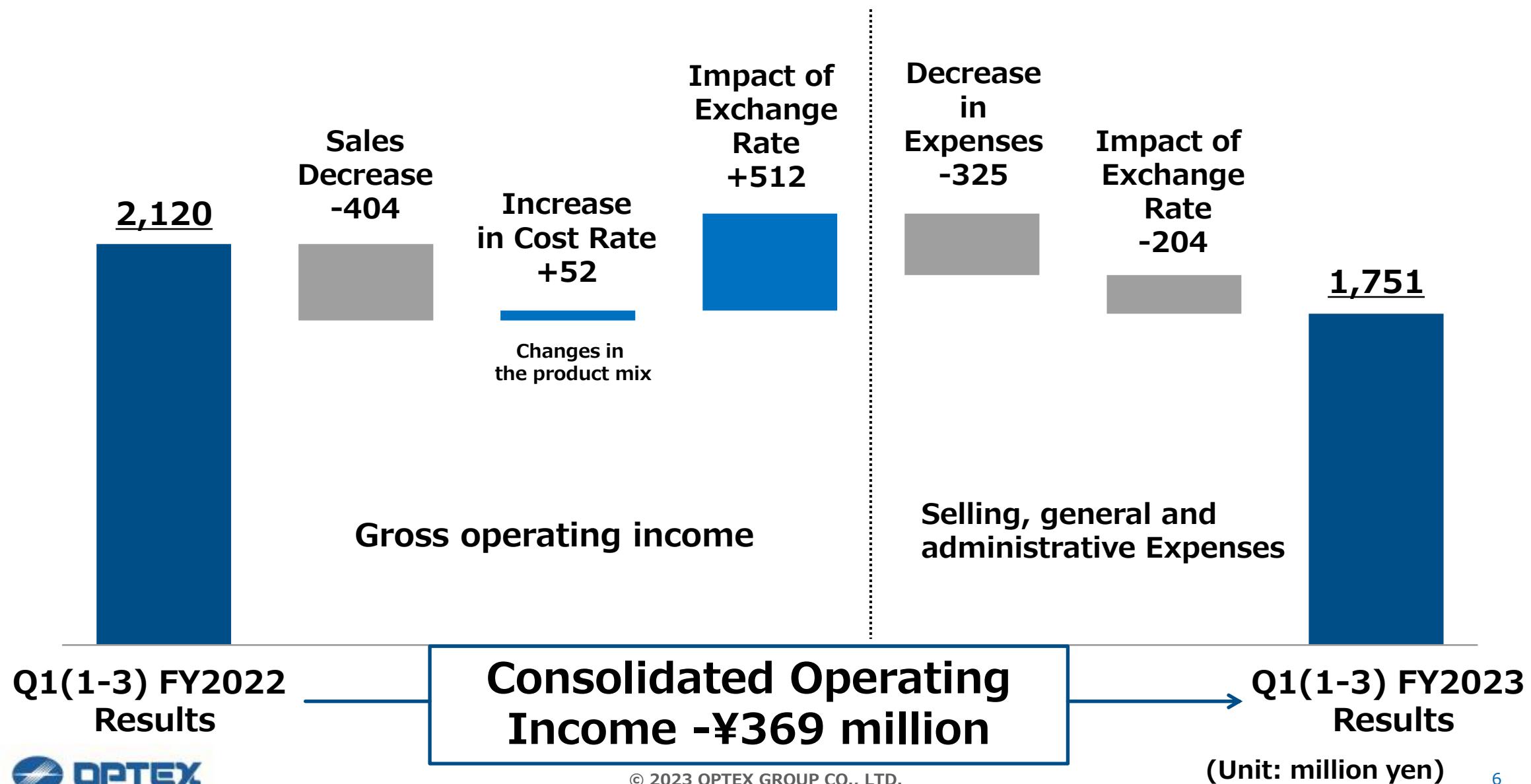
Comparison of Financial Results of Q1 FY2023 between Segments

<u>Operating Results</u> <small>(Unit: million yen)</small>	Q1(1-3) FY2022 Results		Q1(1-3) FY2023 Results			
	Net sales	Operating income (Operating income Ratio)	Net sales	Percent Change	Operating income (Operating income Ratio)	Percent Change
SS Business	5,654	856 (15.2%)	6,119	+8.2%	694 (11.3%)	-19.0%
IA Business	7,973	1,358 (17.0%)	7,448	-6.6%	955 (12.8%)	-29.7%
EMS Business	177	2 (1.5%)	128	-27.8%	240	-

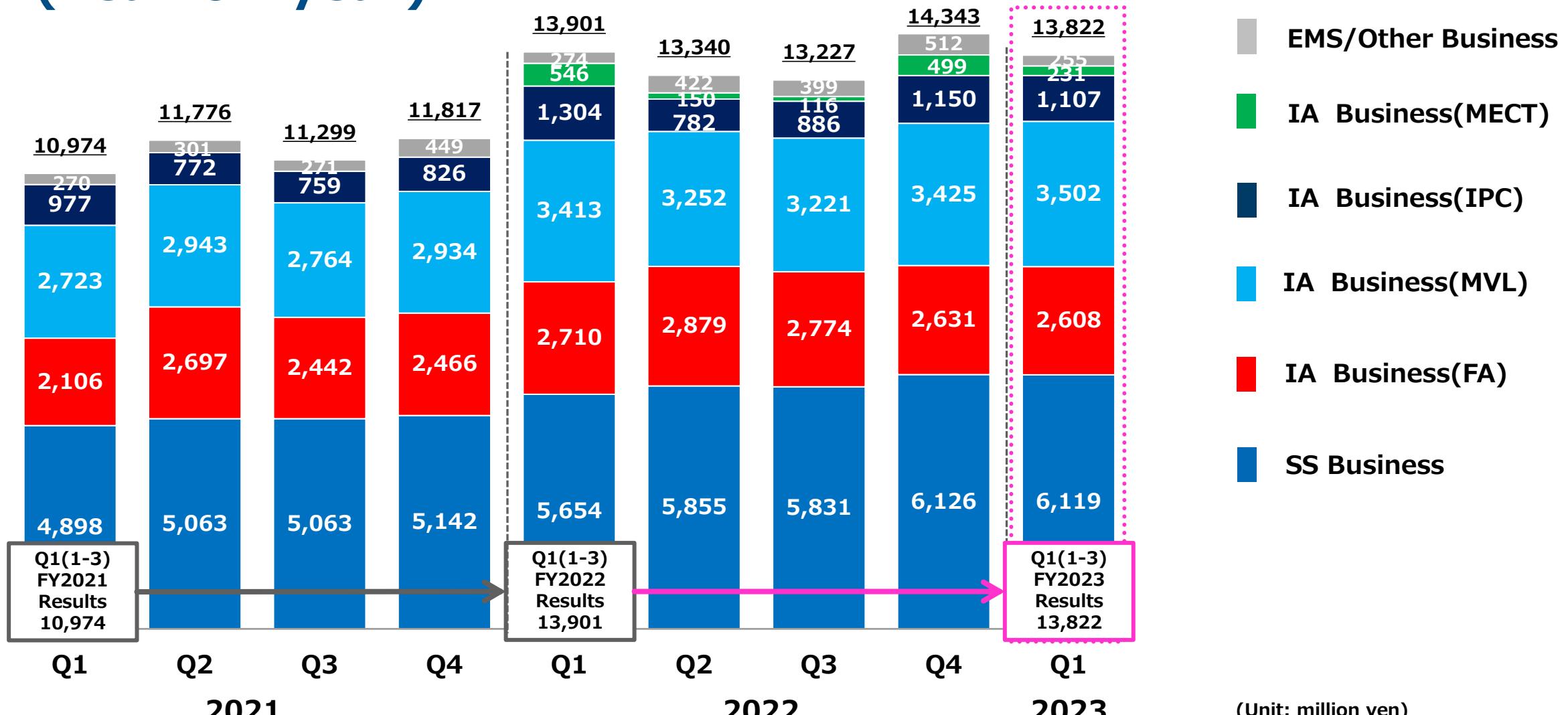
Factors of change in Net Sales (Year- on-year)



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



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



Business by Segment - SS Business(Security Sensors)



Region	Q1(1-3) FY2023 Overview
Japan	<ul style="list-style-type: none"> - Projects for critical large-scale critical facilities increased. - Sales of outdoor intrusion detectors for security companies were firm.
AMERICAs	<ul style="list-style-type: none"> - Sales of laser scan sensors for data centers, among other applications, remained solid under the direct marketing strategy.
EMEA	<ul style="list-style-type: none"> - Sales for home use moved into an adjustment phase due to the impact of inflation. - For commercial use, sales of camera sensors and laser scan sensors remained strong.
Asia and Oceania	<ul style="list-style-type: none"> - Sales of outdoor alarm sensors remained solid in India. - Sales slowed due to a fall in business confidence in China and Southeast Asia.

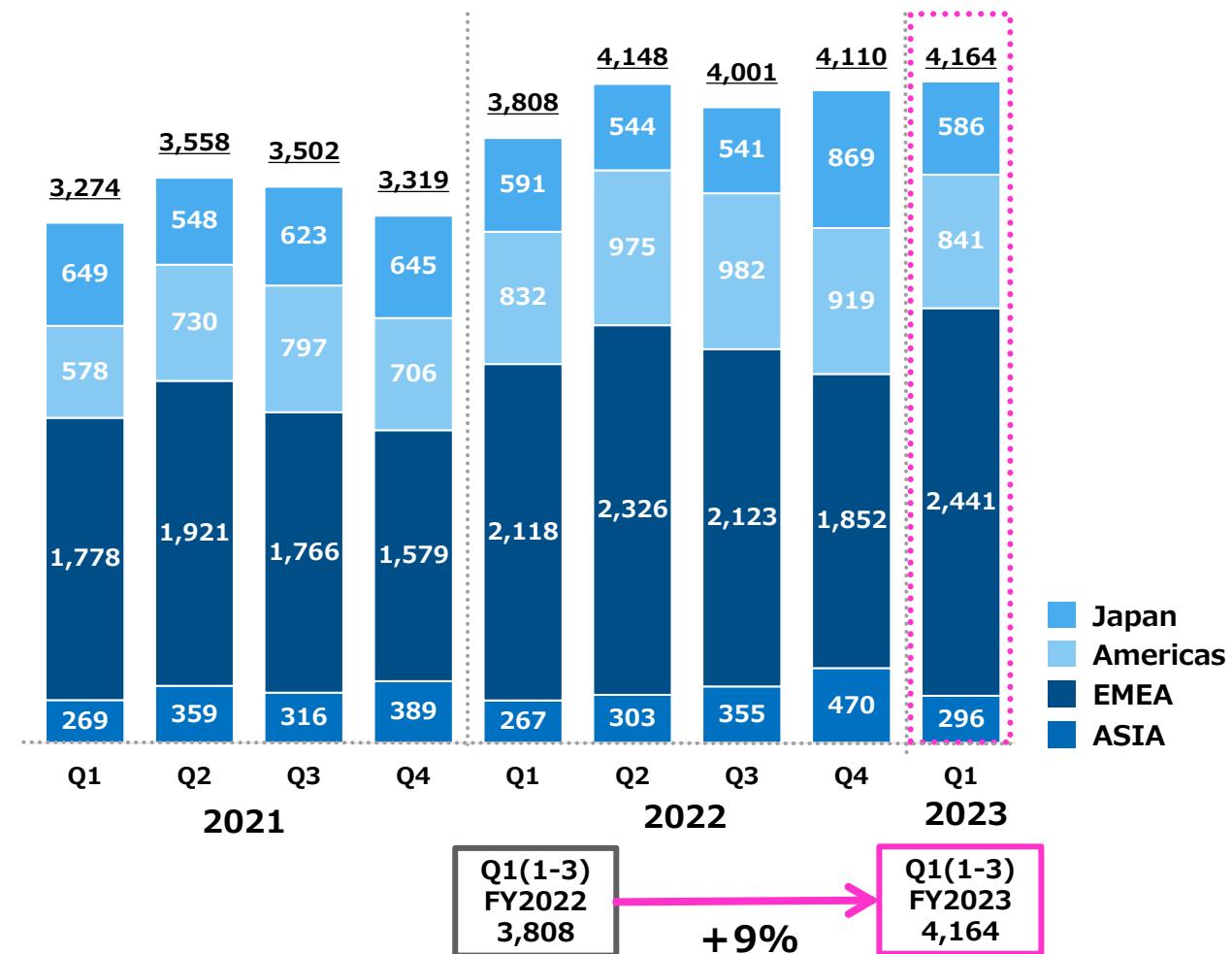


Sensors
for large-scale critical facilities



Camera sensors

Quarterly Sales by Region(Unit: million yen)



Business by Segment - ss Business(Automatic Door Sensors)



Region	Q1(1-3) FY2023 Overview
Japan	- Inquiries remained strong thanks to large automatic door manufacturers in Japan evaluating the stable product supply capabilities highly.
AMERICAs	- Sales of both automatic door sensors and industrial door sensors remained firm.
EMEA	- Although inquiries continued to be received from major automatic door manufacturers in Europe, sales will be trending lower due to weaker business confidence.



Automatic door sensors

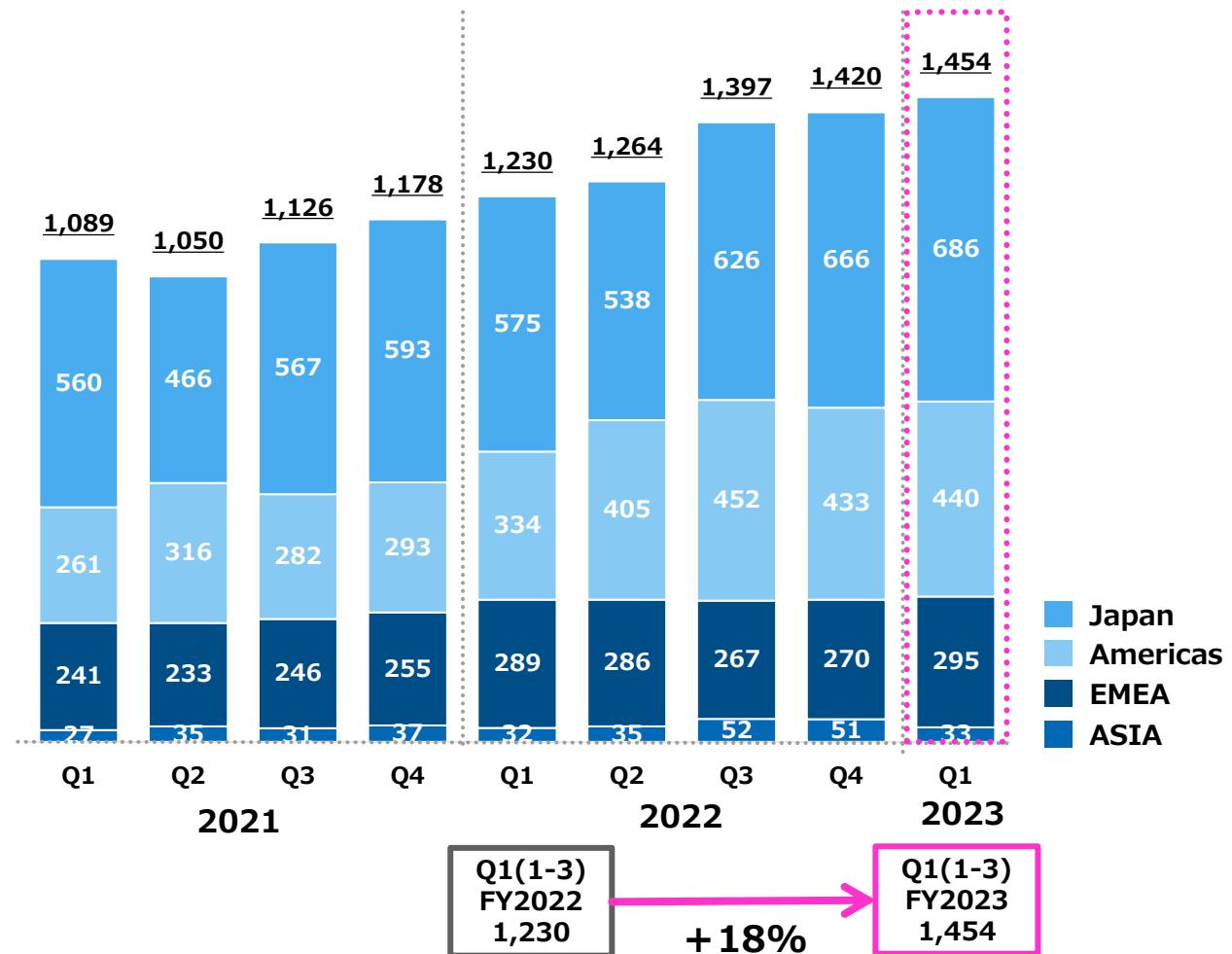


Push plate



Industrial door sensors

Quarterly Sales by Region(Unit: million yen)



Business by Segment - IA Business(FA)

Region	Q1(1-3) FY2023 Overview
Japan	<ul style="list-style-type: none"> - Demand for investment in smartphones and PCs was weak. - Inquiries for IO-Link related products expanded steadily.
EMEA	<ul style="list-style-type: none"> - Sales of displacement sensors for electronic components increased.
Asia and Oceania	<ul style="list-style-type: none"> -Sales of displacement sensors remained firm thanks to demand for investment in secondary batteries in China.

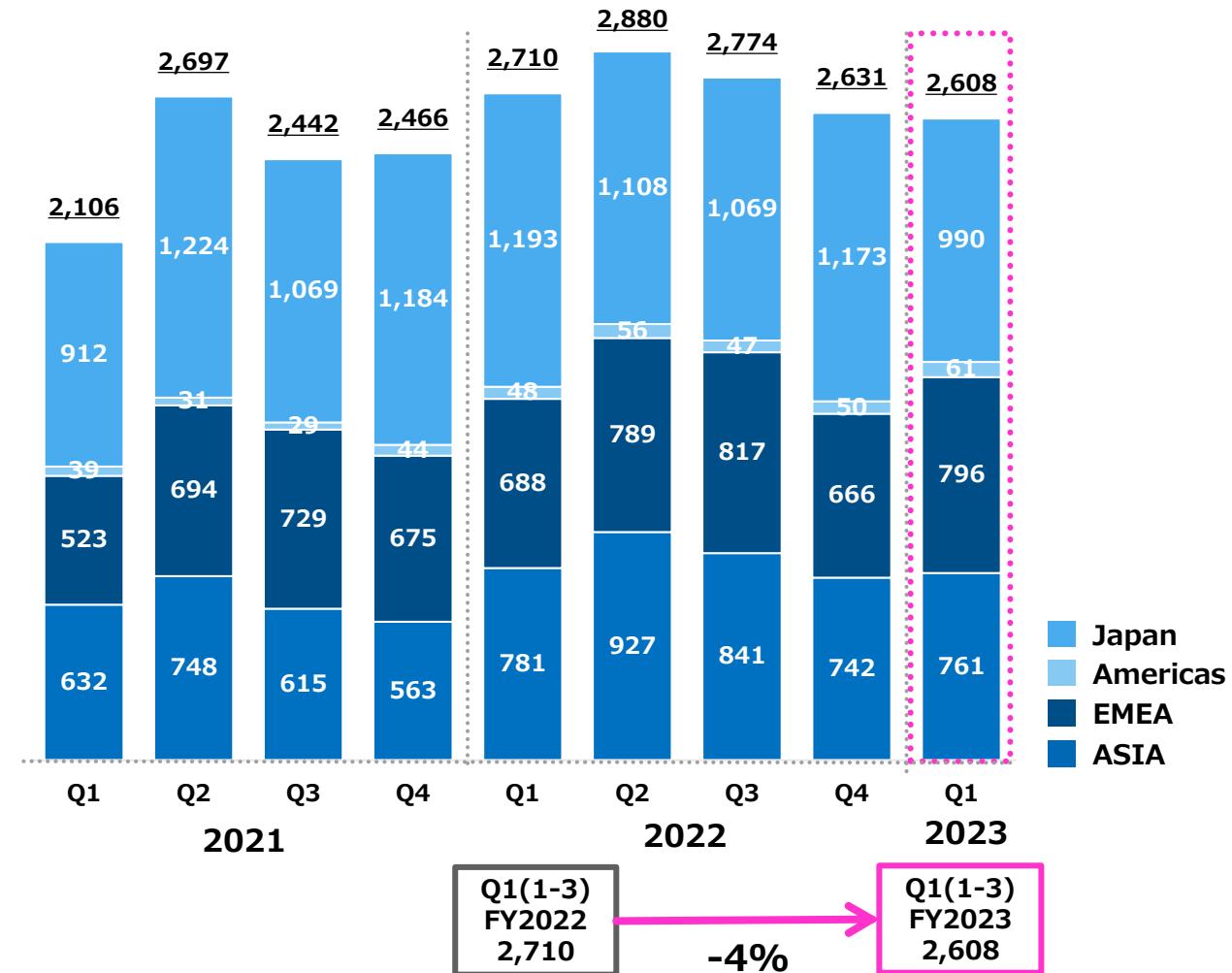


Displacement sensors



IO-Link master

Quarterly Sales by Region(Unit: million yen)



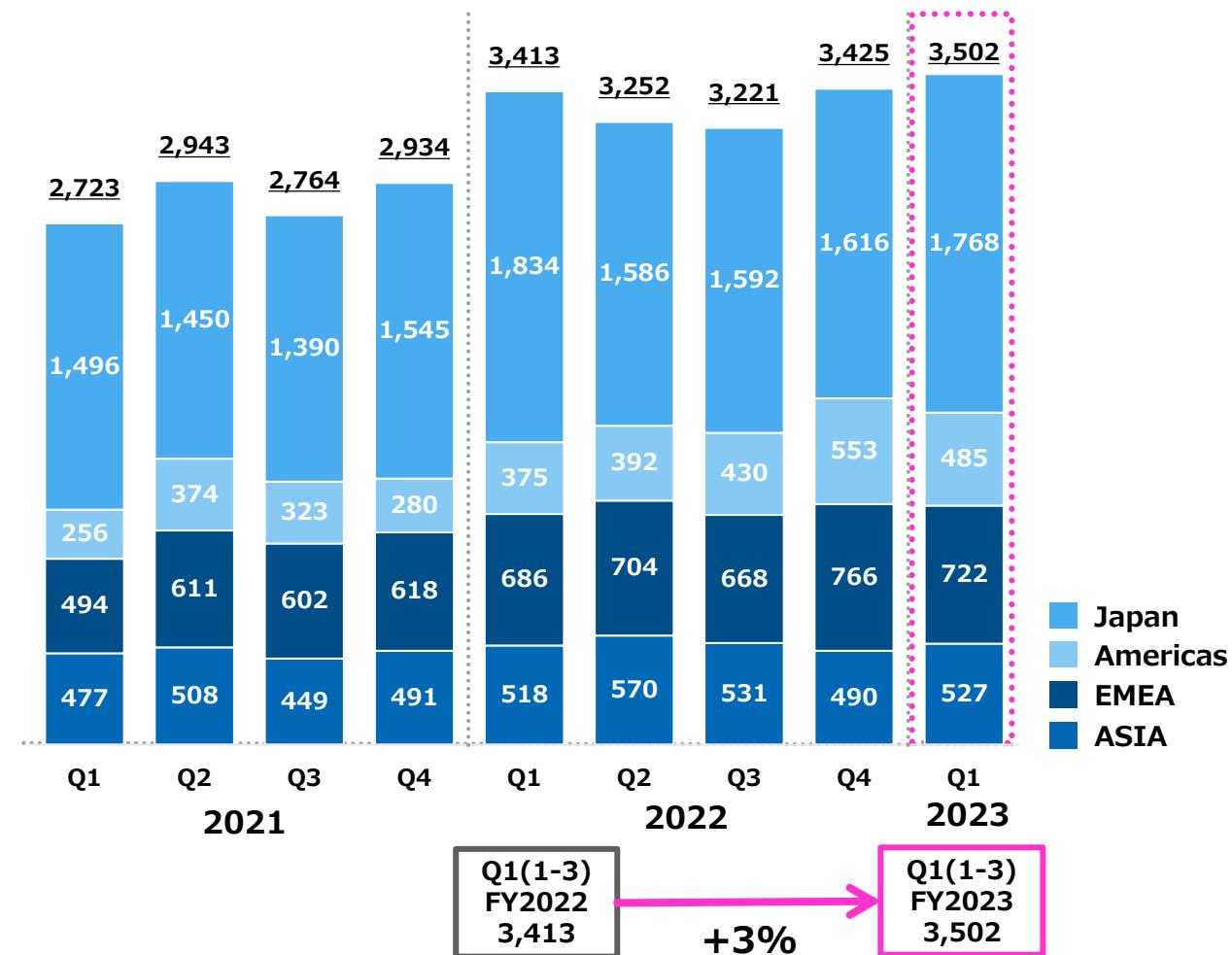
Business by Segment - IA Business(MVL)

Region	Q1(1-3) FY2023 Overview
Japan	<ul style="list-style-type: none"> - Inquiries for automotive-related applications remained solid. - A private show with a focus on the exhibition of solutions was well received, contributing to the acquisition of projects.
AMERICAs	<ul style="list-style-type: none"> - Among the products of our French subsidiary, the market share of those for the logistics industry increased steadily.
EMEA	<ul style="list-style-type: none"> - The market share of the French subsidiary's products for the logistics industry in Europe increased.
Asia and Oceania	<ul style="list-style-type: none"> - Sales of products for semiconductor-related investment in China remained solid.



LED lighting systems
for image processing

Quarterly Sales by Region(Unit: million yen)



Business by Segment - IA Business(IPC)

SANRITZ

Region	Q1(1-3) FY2023 Overview
Japan	- Sales slowed due to delays in product supply caused by component shortages.

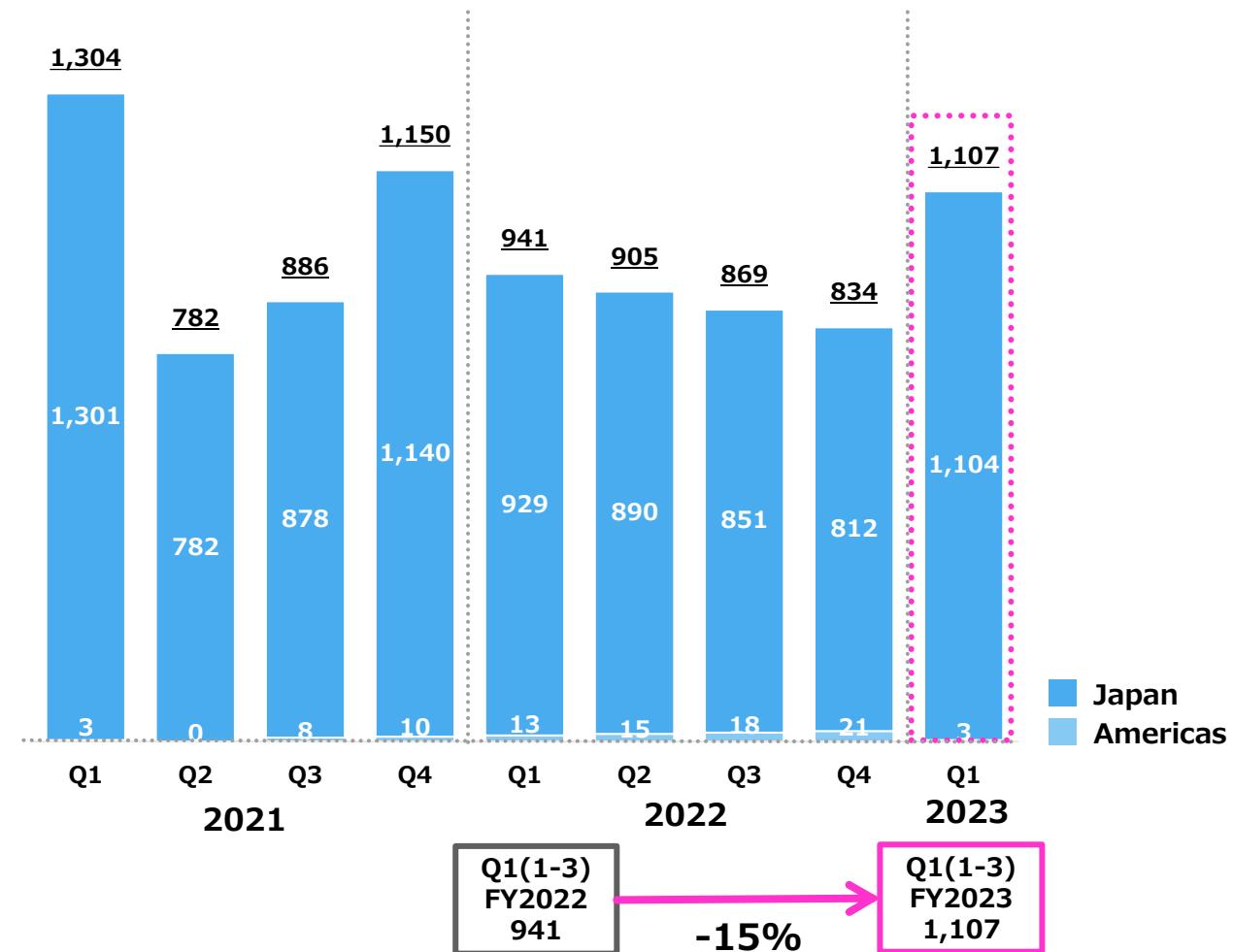


Industrial PCs



Tracking Cameras

Quarterly Sales by Region(Unit: million yen)



Business by Segment - IA Business(MECT)



Region	Q1(1-3) FY2023 Overview
Japan	<ul style="list-style-type: none"> - Established a production system for the delivery of large-scale projects for secondary battery manufacturing equipment in Q3 and beyond.

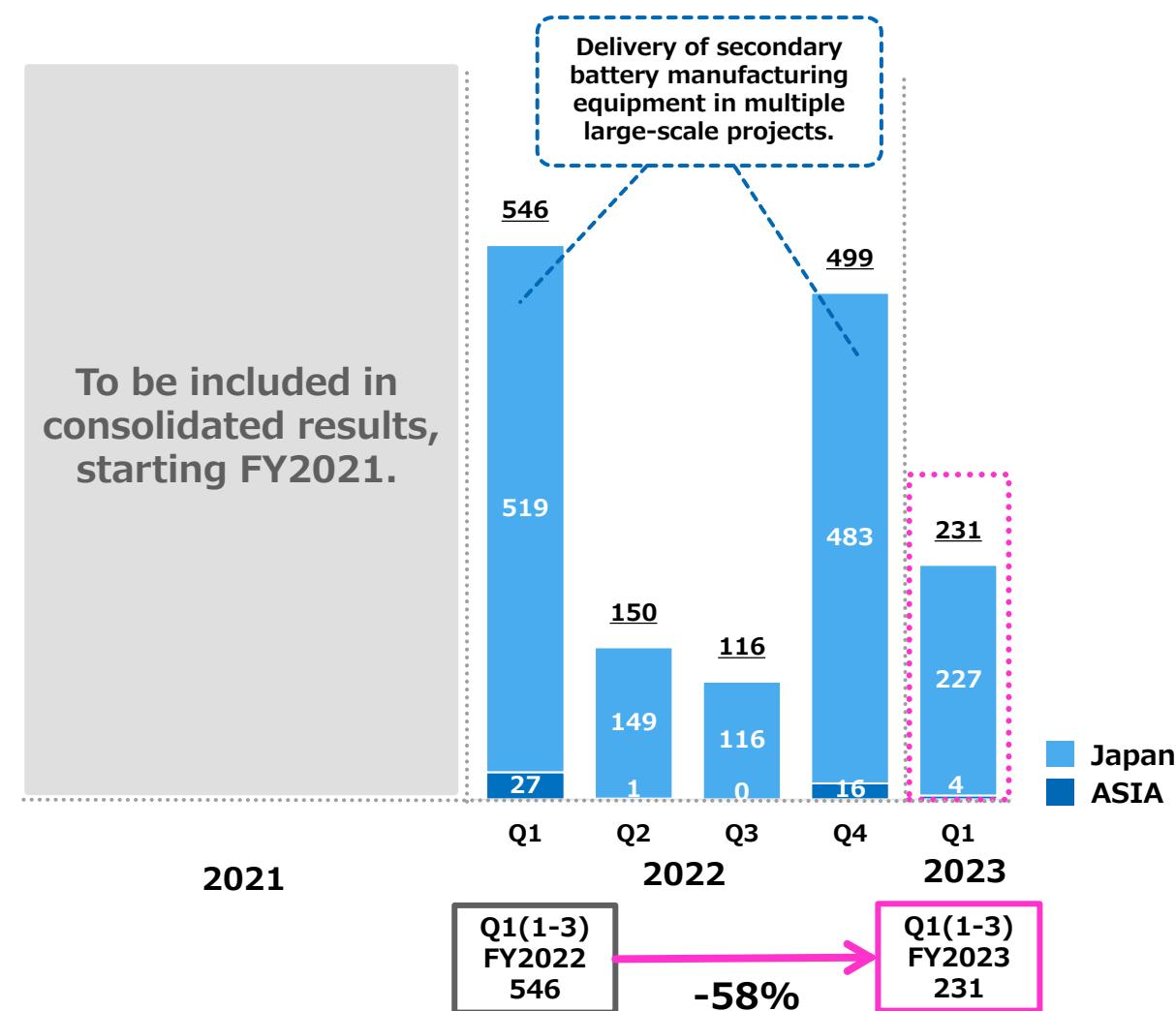


Manufacturing equipment of secondary batteries for electric vehicles and hybrid vehicles



Image processing inspection systems

Quarterly Sales by Region(Unit: million yen)

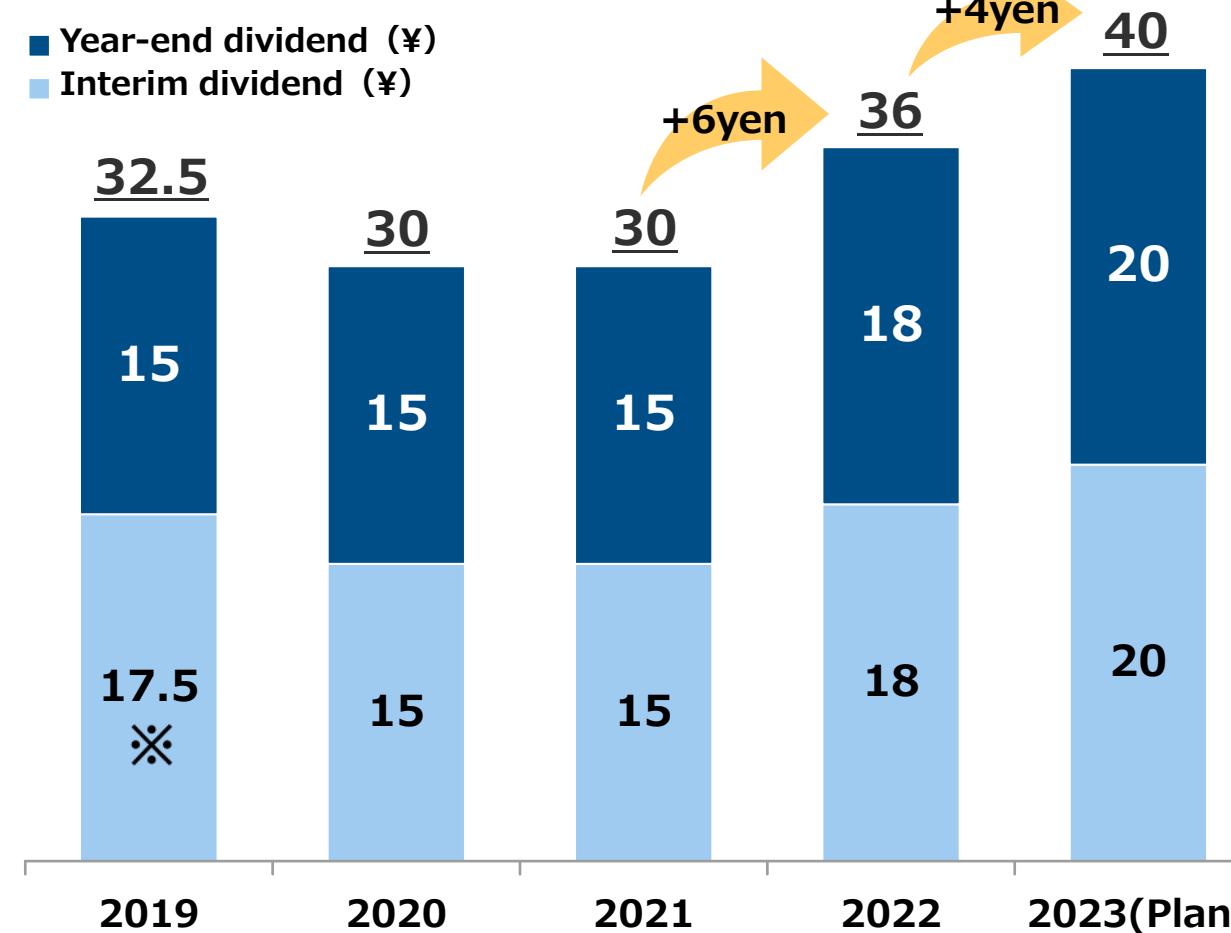


FY2023 Consolidated Earnings Forecasts

(Unit: million yen)	FY2022 Results	FY2023 Forecast	YoY
Net sales	54,811	60,000	+9.5%
Operating income (Operating income Ratio)	6,303 (11.5%)	7,500 (12.5%)	+19.0%
Ordinary income	7,042	7,600	+7.9%
Profit attributable to owners of parent	4,752	5,300	+11.5%
Net income per share (yen)	133.79	149.19	
Exchange rate (Unit: Yen)	1USD	131.43	135.00
	1EUR	138.04	140.00

Shareholder Return

- Year-end dividend (¥)
- Interim dividend (¥)



Acquisition of treasury shares

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

Dividend payout ratio	54.1%	77.7%	28.8%	26.9%	26.8%
ROE	6.8%	4.3%	11.2%	12.8%	-

*The amount includes a commemorative dividend of 2.5 yen

TOPIC

SS Business Conversion of a domestic vehicle guidance system manufacturer to a wholly owned subsidiary



Medium-to-small size outdoor parking facilities,
hourly parking facilities
(coin-operated parking space, etc.)

Vehicle detection sensors
that do not need
to be buried underground



Vehicle detection
sensors for gates



Medium-to-large size indoor/outdoor parking facilities,
parking spaces included in facilities
(large-scale commercial facilities, public facilities, etc.)



- Business expansion in the parking facility market
- Product lineup enhancement
- Facilitation of the introduction of smart technologies in the parking facility market

Name : EXNOS Co.,Ltd

Established : 1998

Business : Design, development and sales of parking lot management guidance 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	54,811 million JPY
Operating Profit	6,303 million JPY
Fiscal Year-End	December
Stock Code	Tokyo Stock Exchange Prime Market 6914
Consolidated Number of Employees	2,353

(Values: Results for the fiscal year ended December 31, 2022)

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

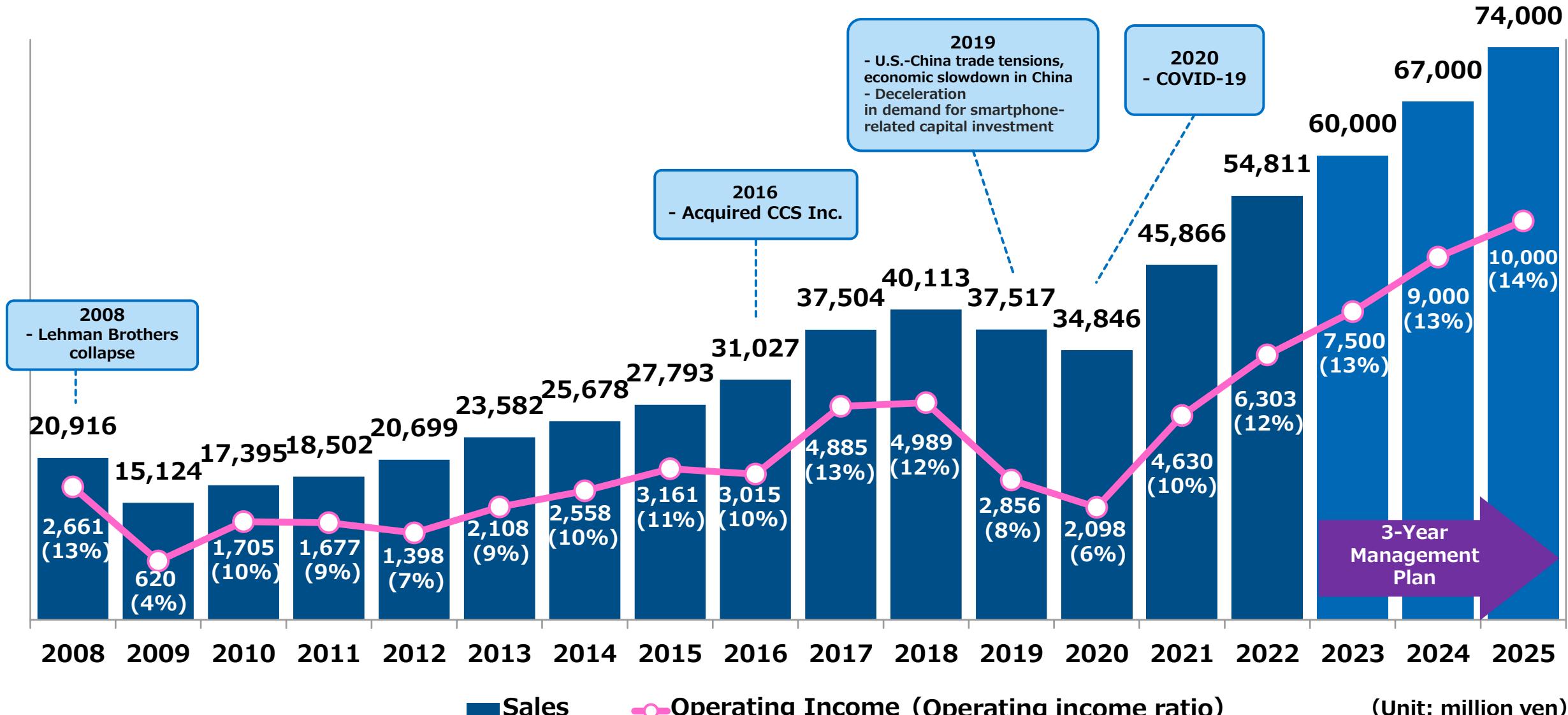
Meaning of the company name

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/manufac-
turing 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

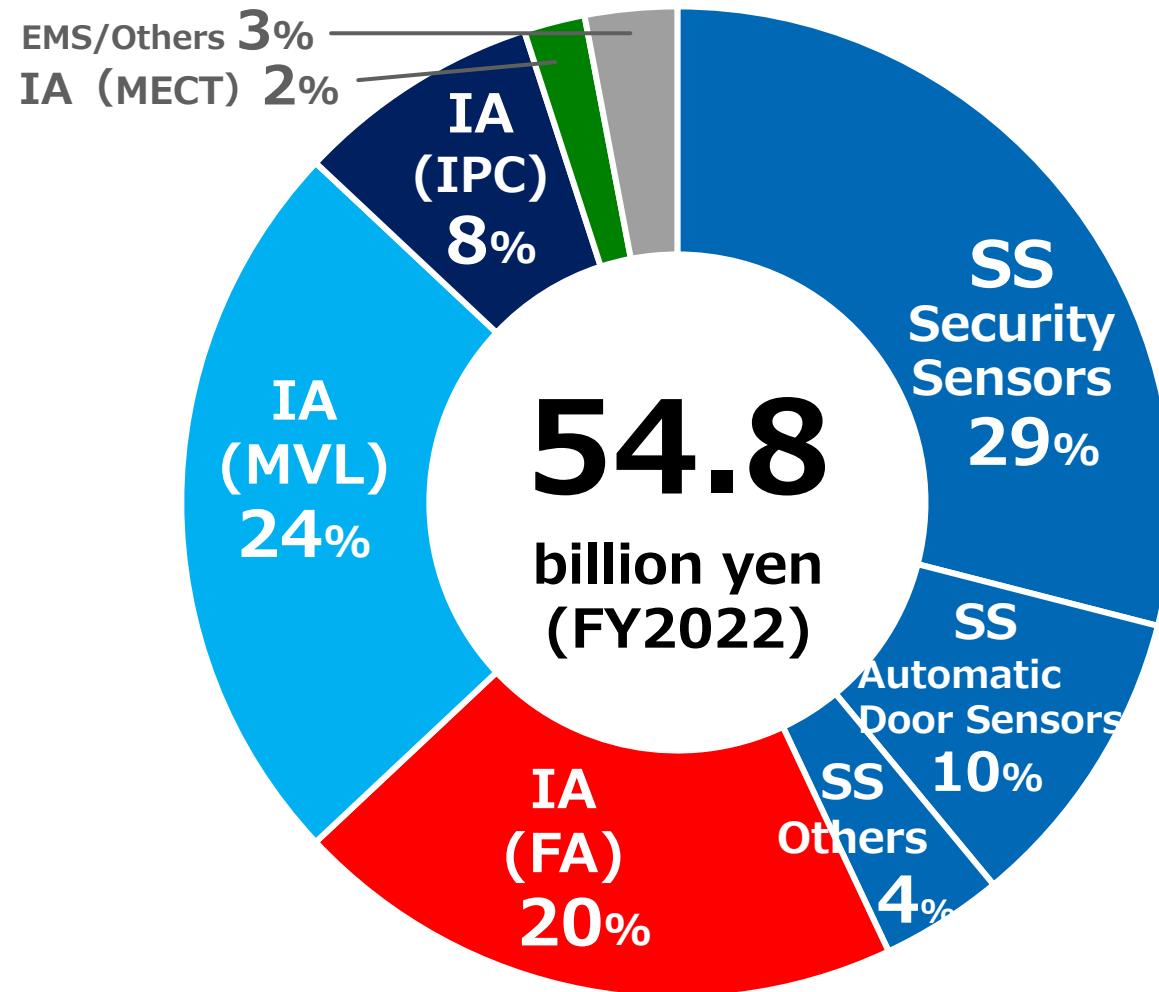
O'PAL OPTEX CO., LTD.



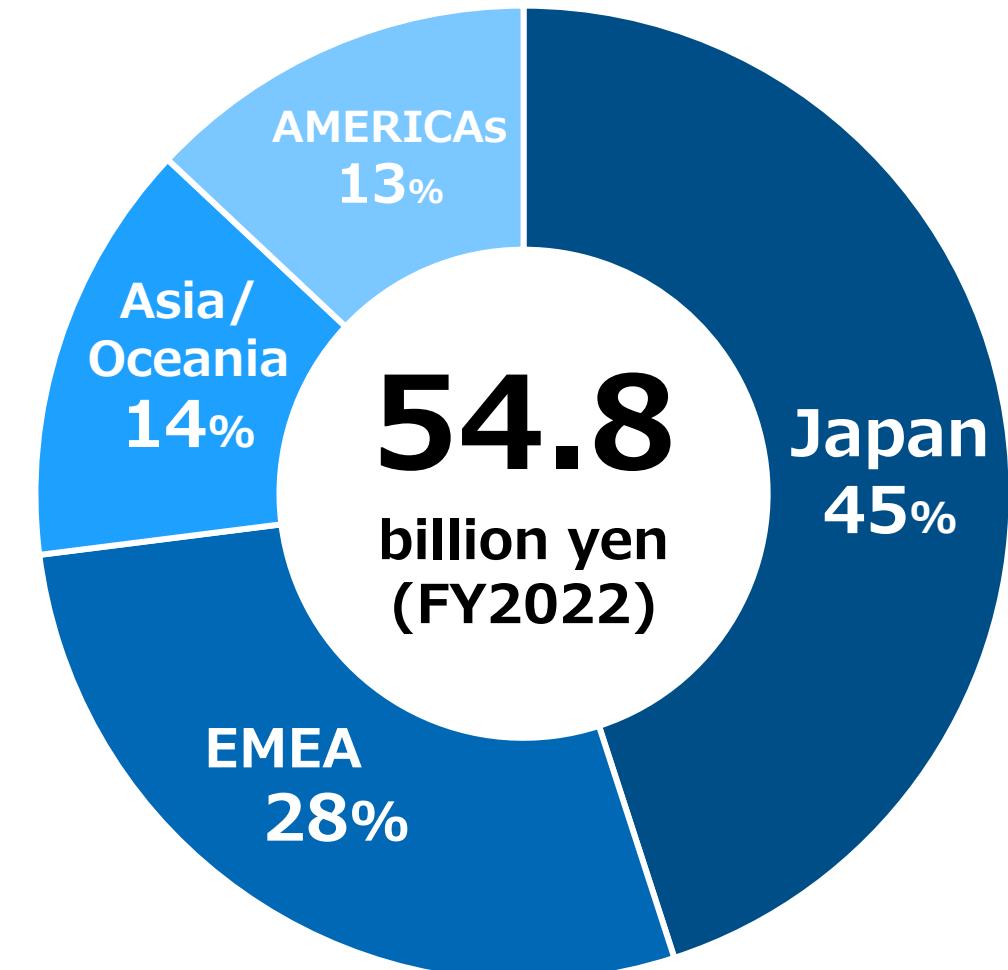
Management of
outdoor activities
and environmental
learning programs

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



Industrial door sensors

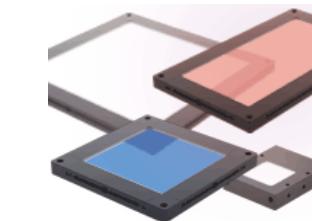


Push plate

Machine vision lighting

30%

LED inspection
lighting



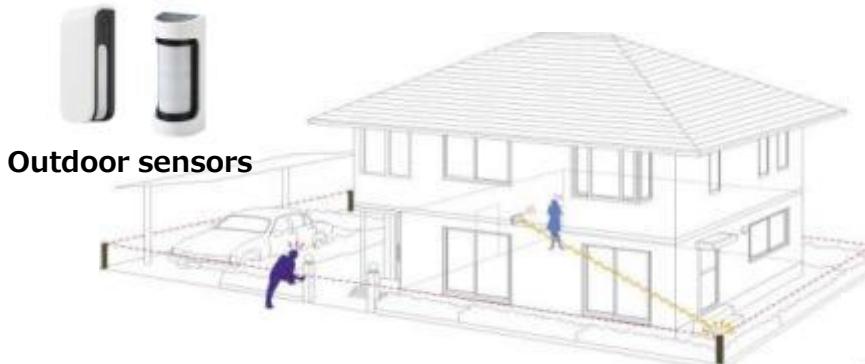
LED lighting systems
for image inspection

Business Domain _ Security sensors



Largest market share in the world for outdoor intrusion detectors

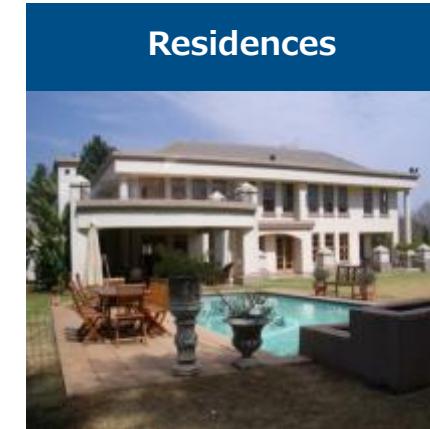
Residential home · Commercial facilities



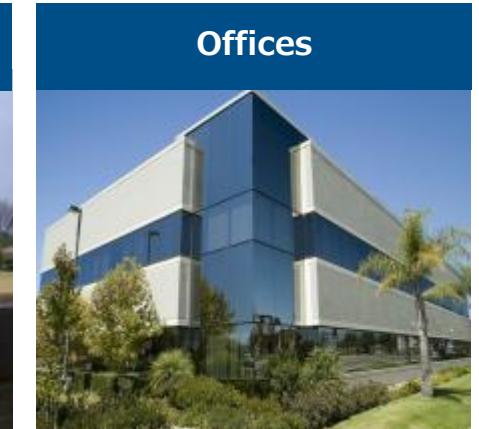
Outdoor sensors



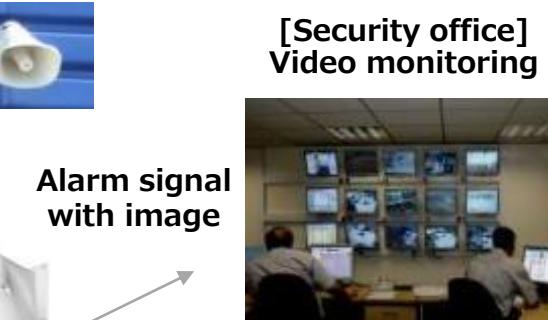
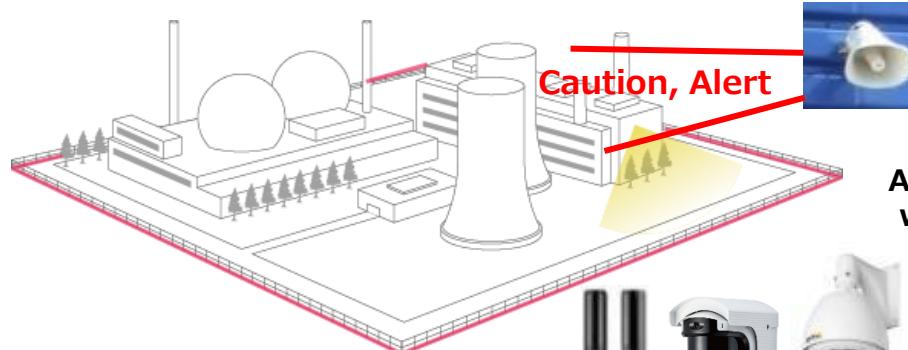
Residences



Offices



Important facilities



Outdoor sensors in interaction with monitoring cameras

Oil, gas, and other infrastructure facilities



Airports



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

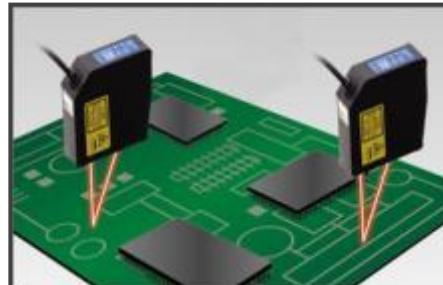
Displacement sensors



Products for the semiconductor and electric and electronic parts industries



Measurement of smartphone frame height

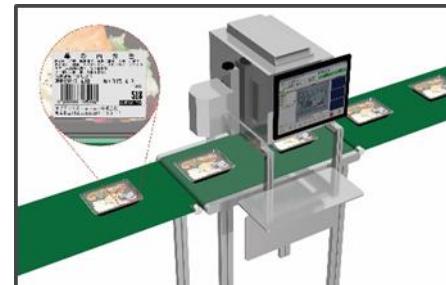


Measurement of substrate
tilt/warp

Image sensors



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



Inspection of use-by dates printed on packages

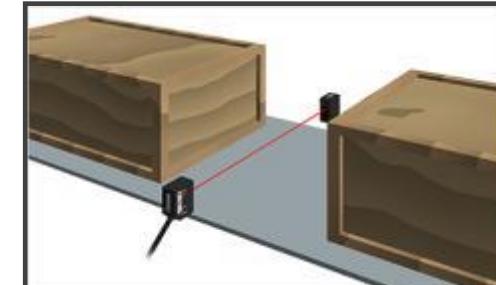


Inspection of use-by dates printed on milk cartons
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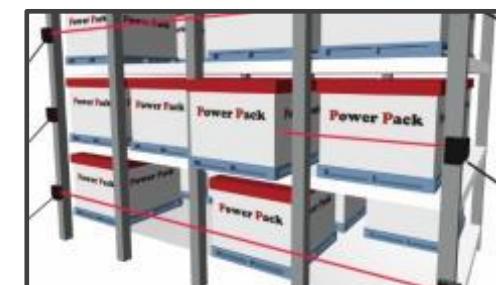
Photoelectric sensors



Products for the logistics industry



Detection of passing wooden boxes



Detecting boxes protruding from
shelves in automatic warehouses

Business Domain _ Machine Vision Lighting

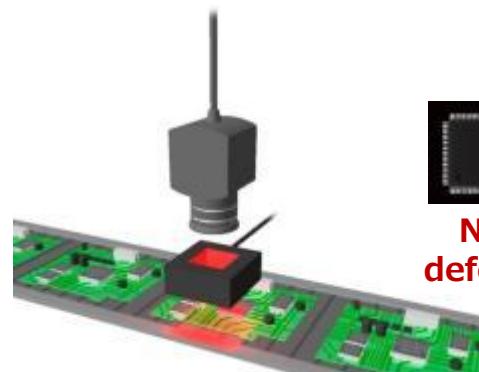


CCS produces **lighting for image inspection** using LED since 1993.

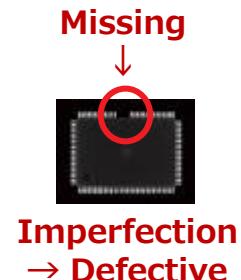
Lighting for image inspections*

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

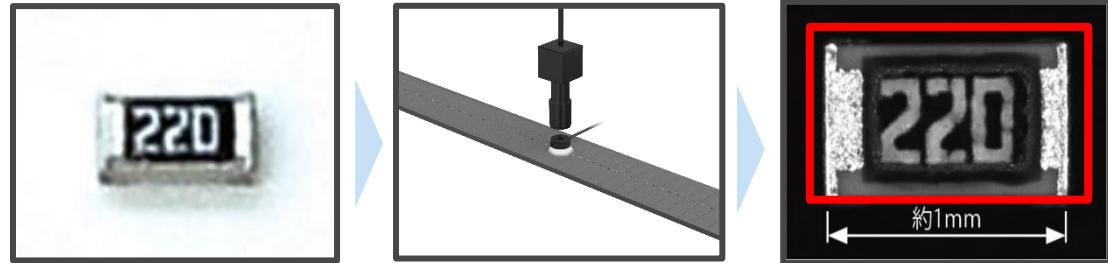
Photos or images of the inspection targets are
taken and processed using lighting (and power
supplies), lenses, and cameras, and the items
are judged to be “good” or “defective”.



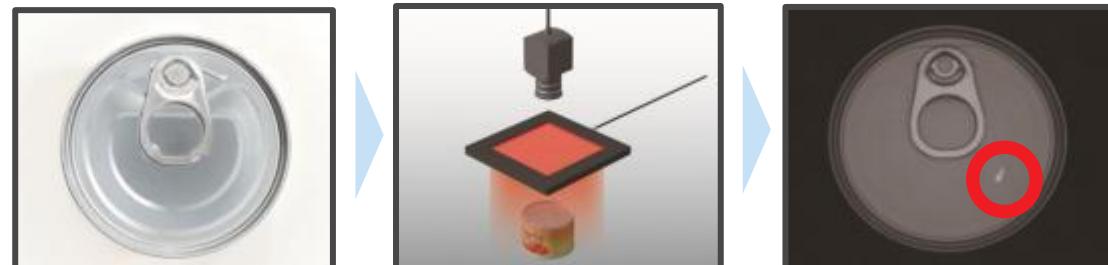
Inspection for defects in parts mounted
on a printed circuit board



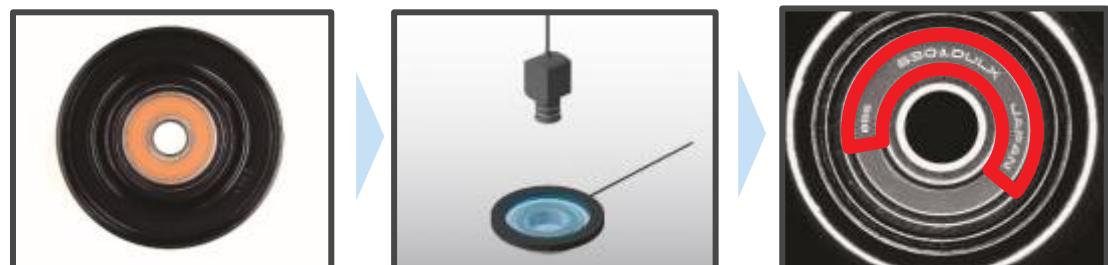
Missing
↓
Non-defective
Imperfection
→ Defective



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.

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Business Domain _Industrial Computers

SANRITZ

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 manufactured automation systems such as secondary battery manufacturing lines.

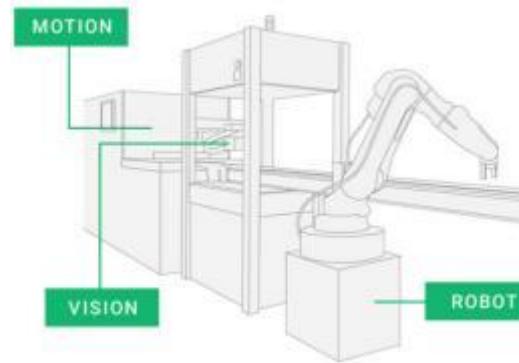
Image Processing Inspection Systems

"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

Initiatives to tackle environmental issues

[Support for the TCFD Recommendations]

The climate change response team created in 2022 takes the lead in the implementation of steps in accordance with the TCFD framework.

[Contribution to the Reduction of CO2]

Emissions through Products and Solutions and promote environmentally friendly products and solutions.

Automatic door sensors



Machine Vision Lighting



Improve air conditioning efficiency by preventing the unnecessary opening and closing of doors.

Feedback control that automatically adjusts brightness helps achieve energy conservation.



Social

Initiatives for social issues

Aiming to become the No. 1 self-realization company, the Company supports the growth of its employees, cultivates human resources to help them demonstrate their abilities, and improves the work environment.



OPTEX CO., LTD. and OPTEX FA CO., LTD. are recognized as companies committed to good health and productivity management and are certified as Health and Productivity Management Organizations in recognition of their efforts to increase health awareness, improve lifestyles and strengthen mental health measures.



Governance

Corporate governance initiatives

The Board of 6 Directors of the Company comprises Directors (5 males and 1 female) (the maximum number thereof is set at 9) who respectively have professional capabilities in corporate management, management supervision, technological development, production, marketing and sales, experience in working abroad, accounting, and other specialty fields, and 3 Directors (3 males) who are members of the Audit & Supervisory Committee (the maximum number thereof is set at 4) and have practical auditing experience, are lawyers, certified public accountants and certified tax accountants, and have excellent insight and knowledge.

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

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