



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

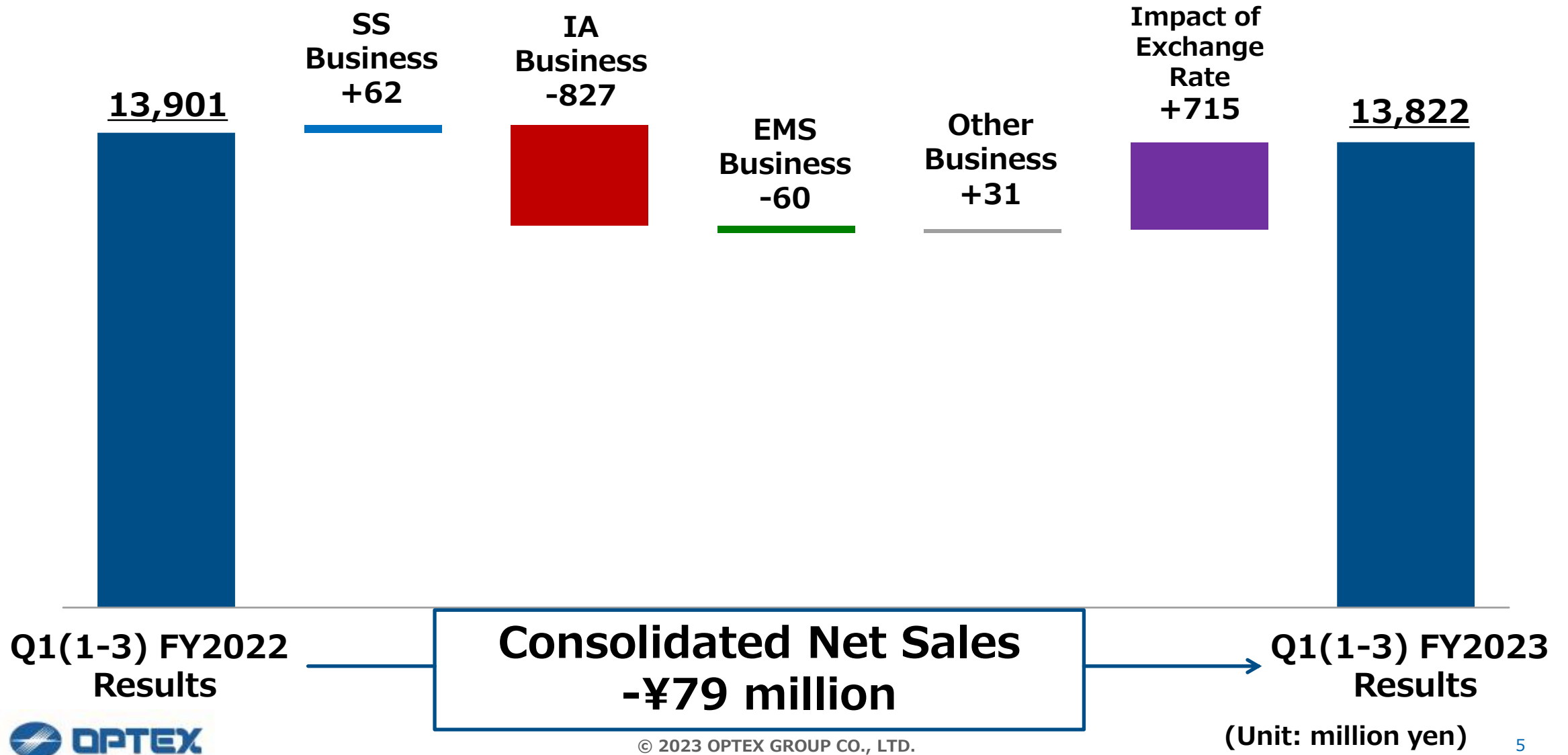
| Operating Results (Unit: million yen) | Q1(1-3) FY2022 Results | Q1(1-3) FY2023 Results | Change | Percent Change |
|--|---|---|---------------|---------------------------------|
| Net sales | 13,901 | 13,822 | -79 | -0.6% |
| Operating income (Operating income Ratio) | 2,120 (15.3%) | 1,751 (12.7%) | -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 |

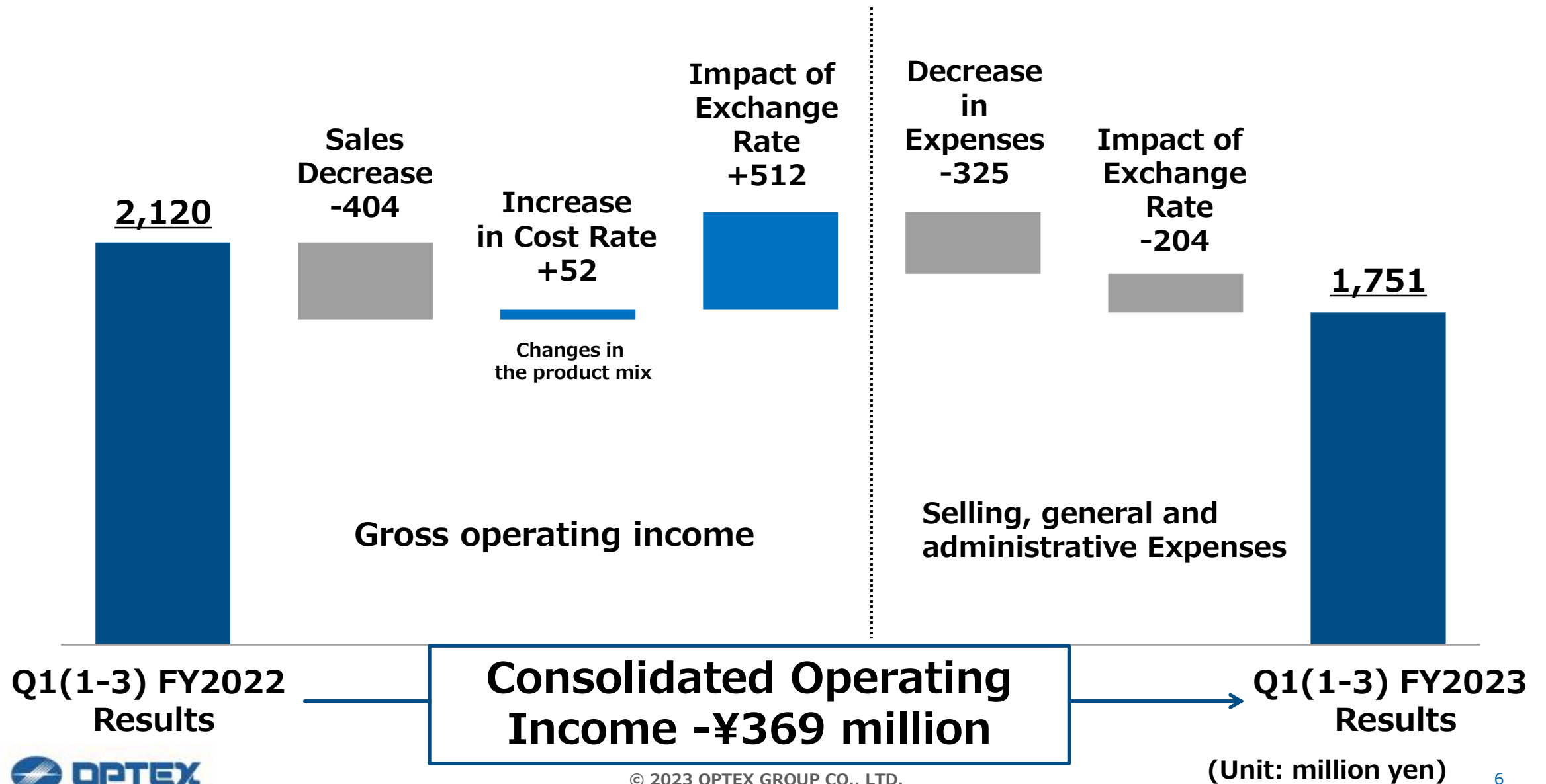
Comparison of Financial Results of Q1 FY2023 between Segments

| Operating Results (Unit: million yen) | 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 | - |

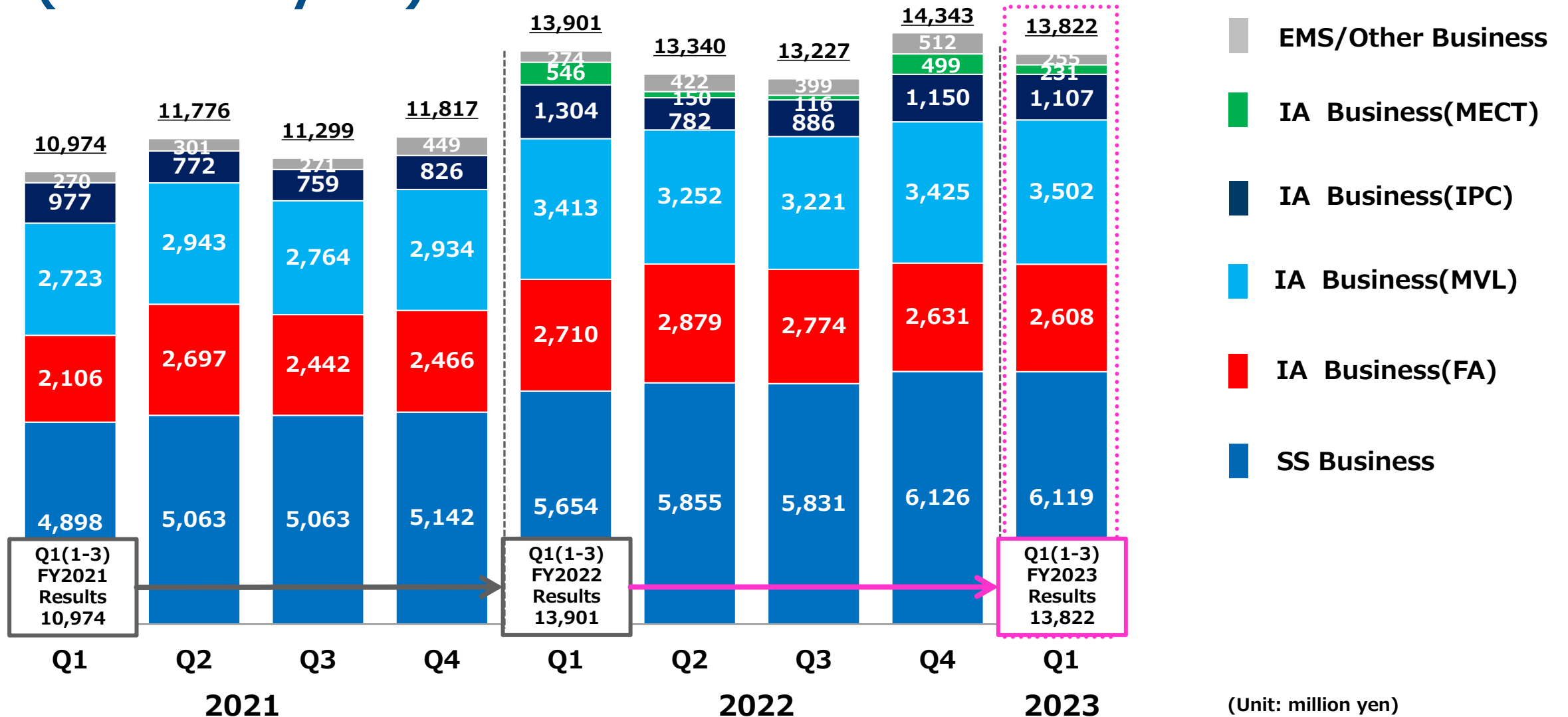
Factors of change in Net Sales (Year- on-year)



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



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



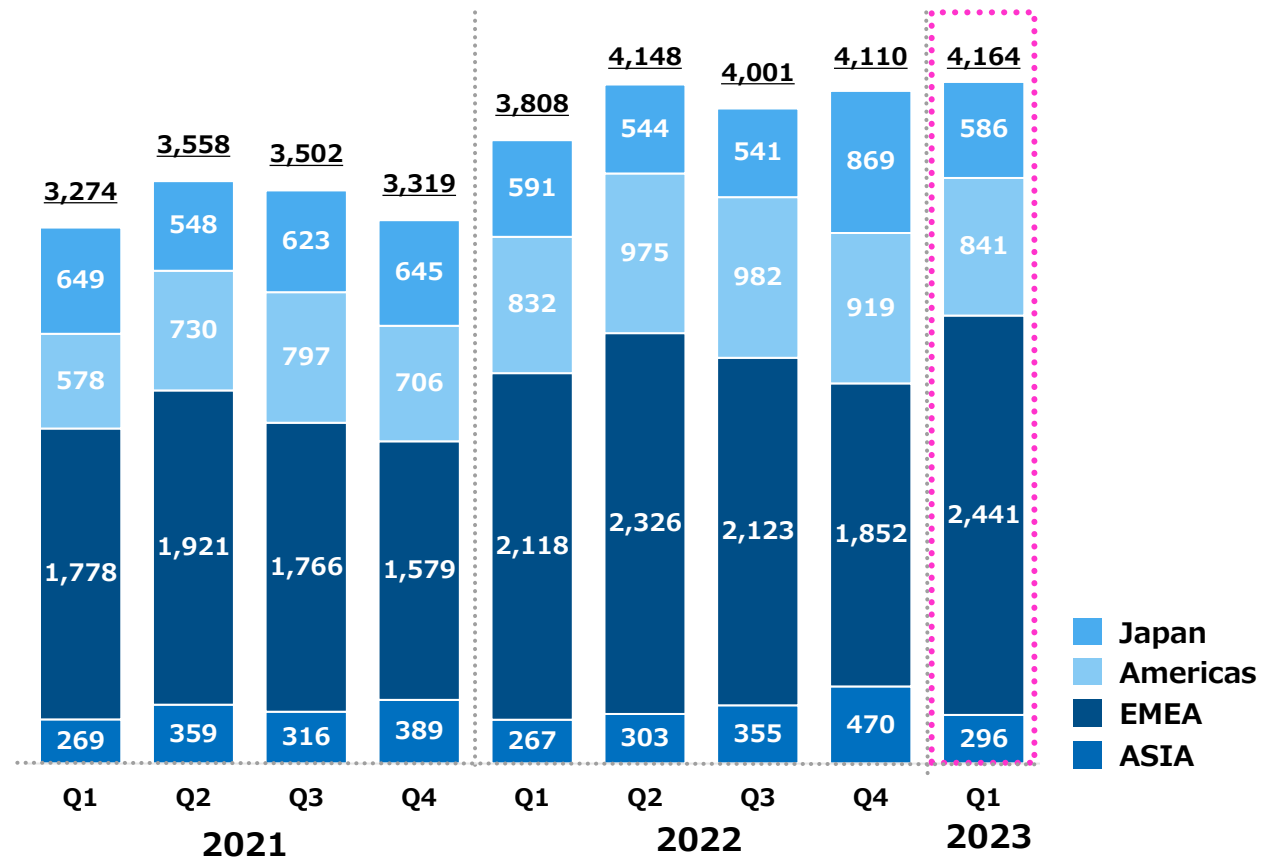
(Unit: million yen)

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. |

Quarterly Sales by Region(Unit: million yen)



Q1(1-3) FY2022 3,808 → +9% → Q1(1-3) FY2023 4,164



Sensors for large-scale critical facilities



Camera sensors

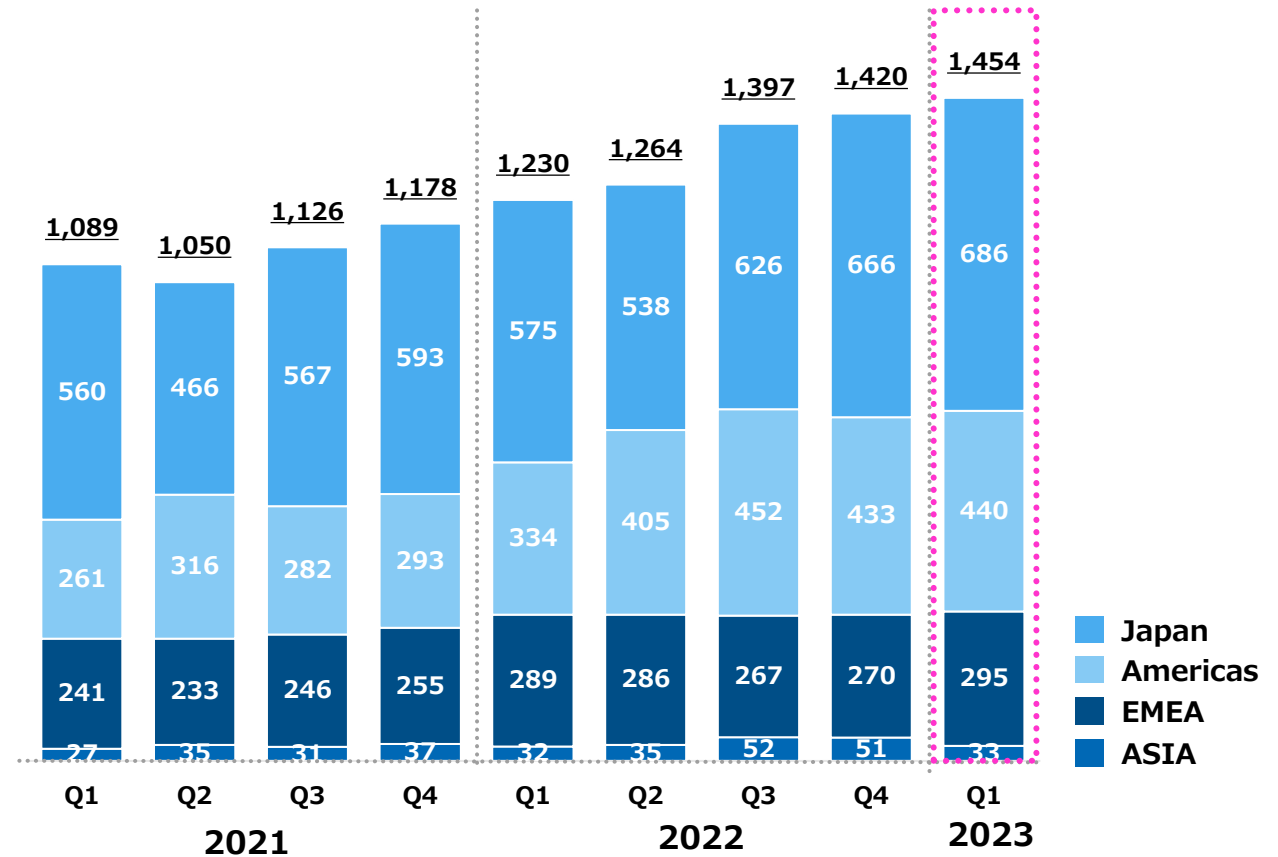


Business by Segment - ss Business(Automatic Door Sensors)

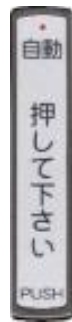


| Region | Q1(1-3) FY2023 Overview |
|----------|--|
| Japan | - Inquiries remained strong thanks to large automatic door manufacturers in Japan evaluating the stable product supply capabilities highly. |
| AMERICAs | - Sales of both automatic door sensors and industrial door sensors remained firm. |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

Quarterly Sales by Region(Unit: million yen)



Automatic door sensors



Push plate



Industrial door sensors



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. |

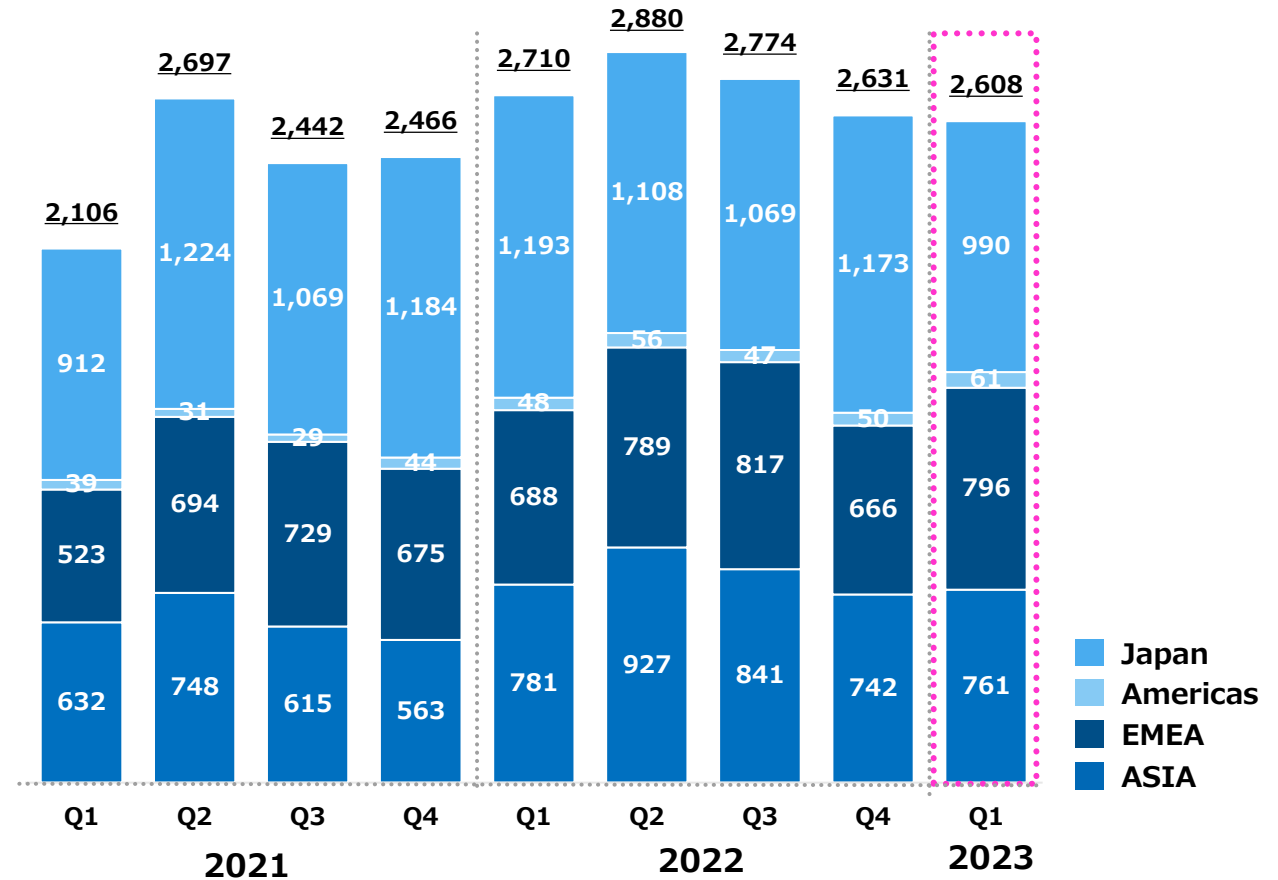


Displacement sensors



IO-Link master

Quarterly Sales by Region(Unit: million yen)



Q1(1-3) FY2022 2,710 → -4% → Q1(1-3) FY2023 2,608



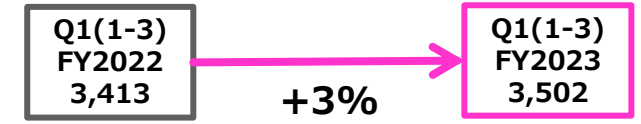
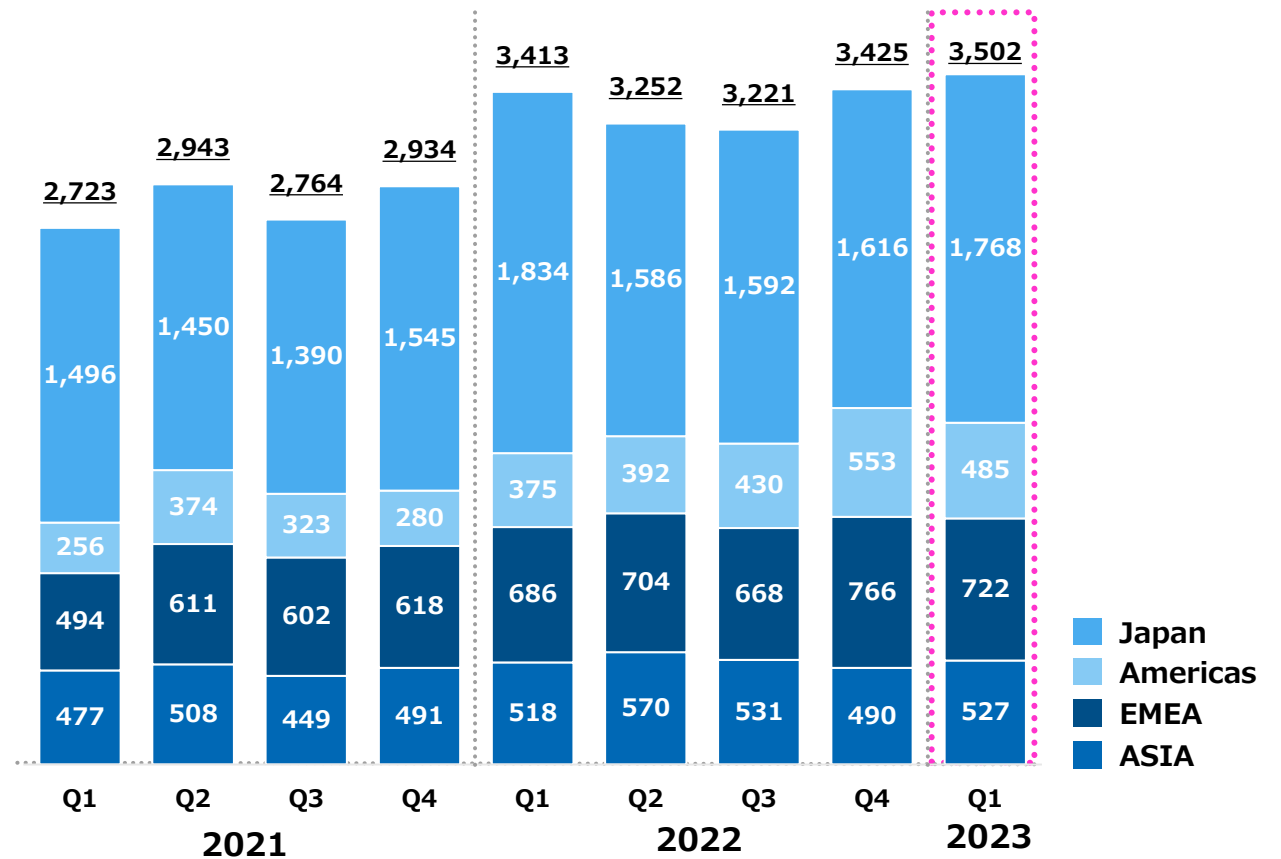
Business by Segment - IA Business(MVL)

| 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 | - Among the products of our French subsidiary, the market share of those for the logistics industry increased steadily. |
| 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 solid. |



LED lighting systems for image processing

Quarterly Sales by Region(Unit: million yen)



Business by Segment - IA Business(IPC)

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

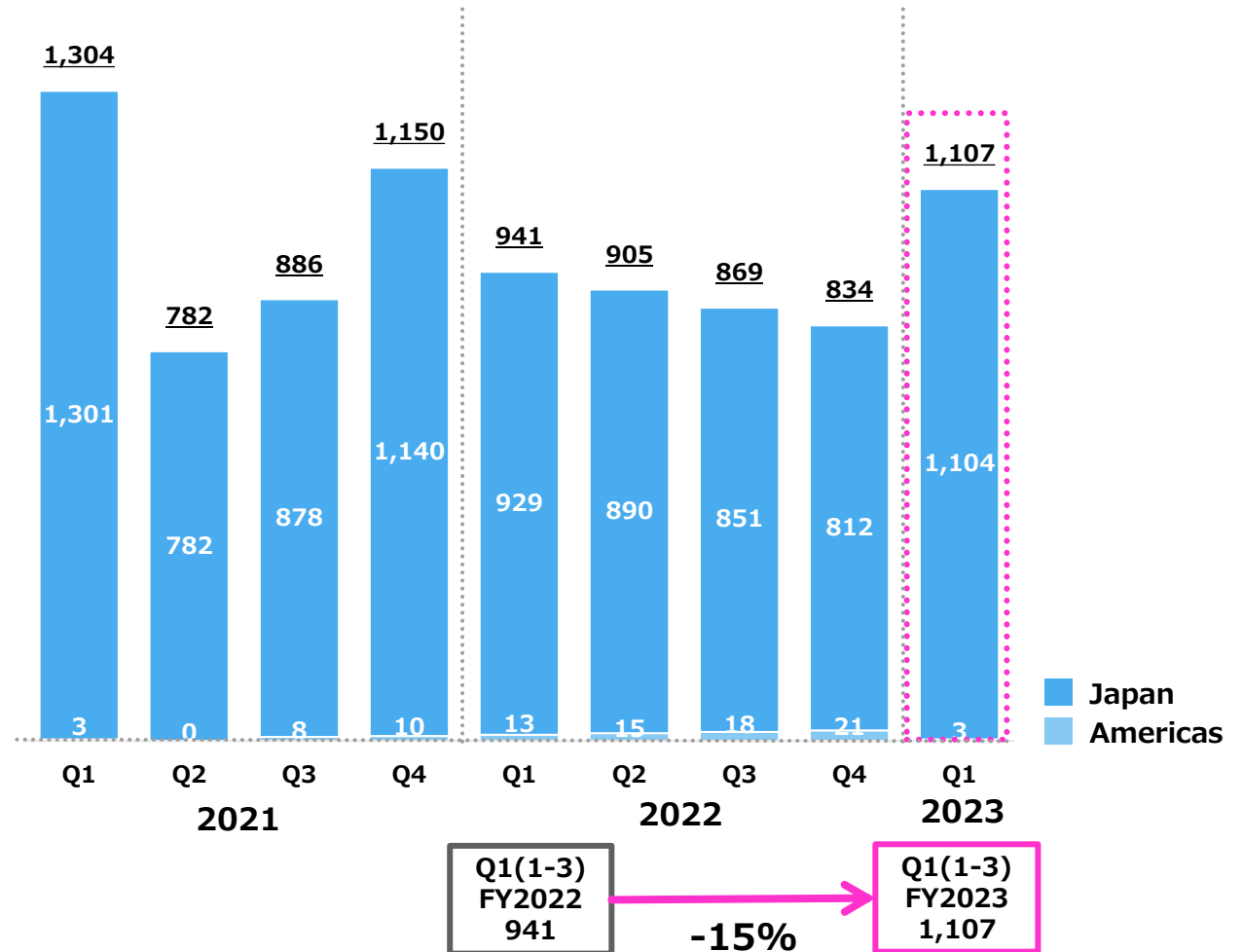


Industrial PCs



Tracking Cameras

Quarterly Sales by Region(Unit: million yen)



Business by Segment - IA Business(MECT)



| Region | Q1(1-3) FY2023 Overview |
|--------|--|
| Japan | - Established a production system for the delivery of large-scale projects for secondary battery manufacturing equipment in Q3 and beyond. |

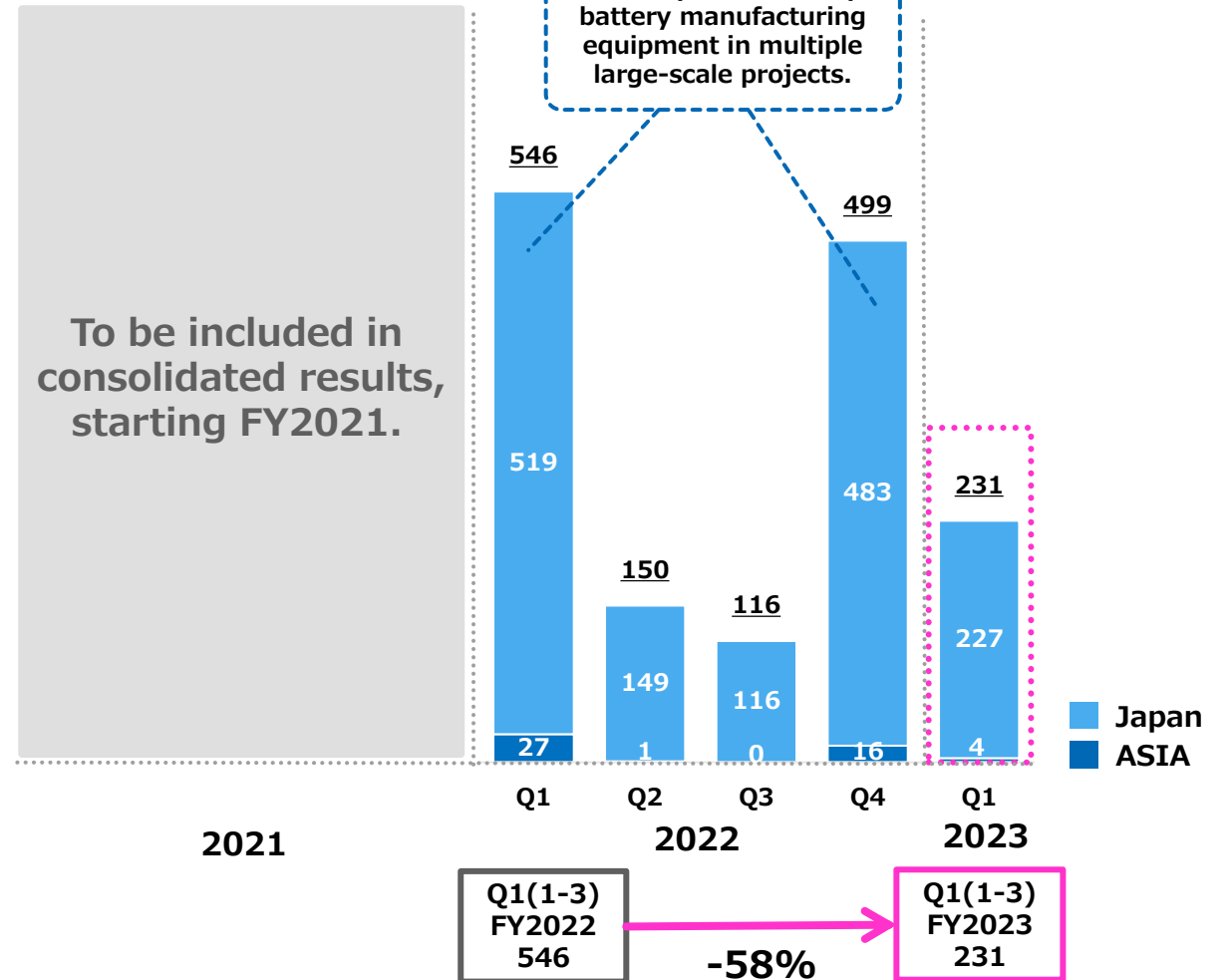


Manufacturing equipment of secondary batteries for electric vehicles and hybrid vehicles



Image processing inspection systems

Quarterly Sales by Region(Unit: million yen)

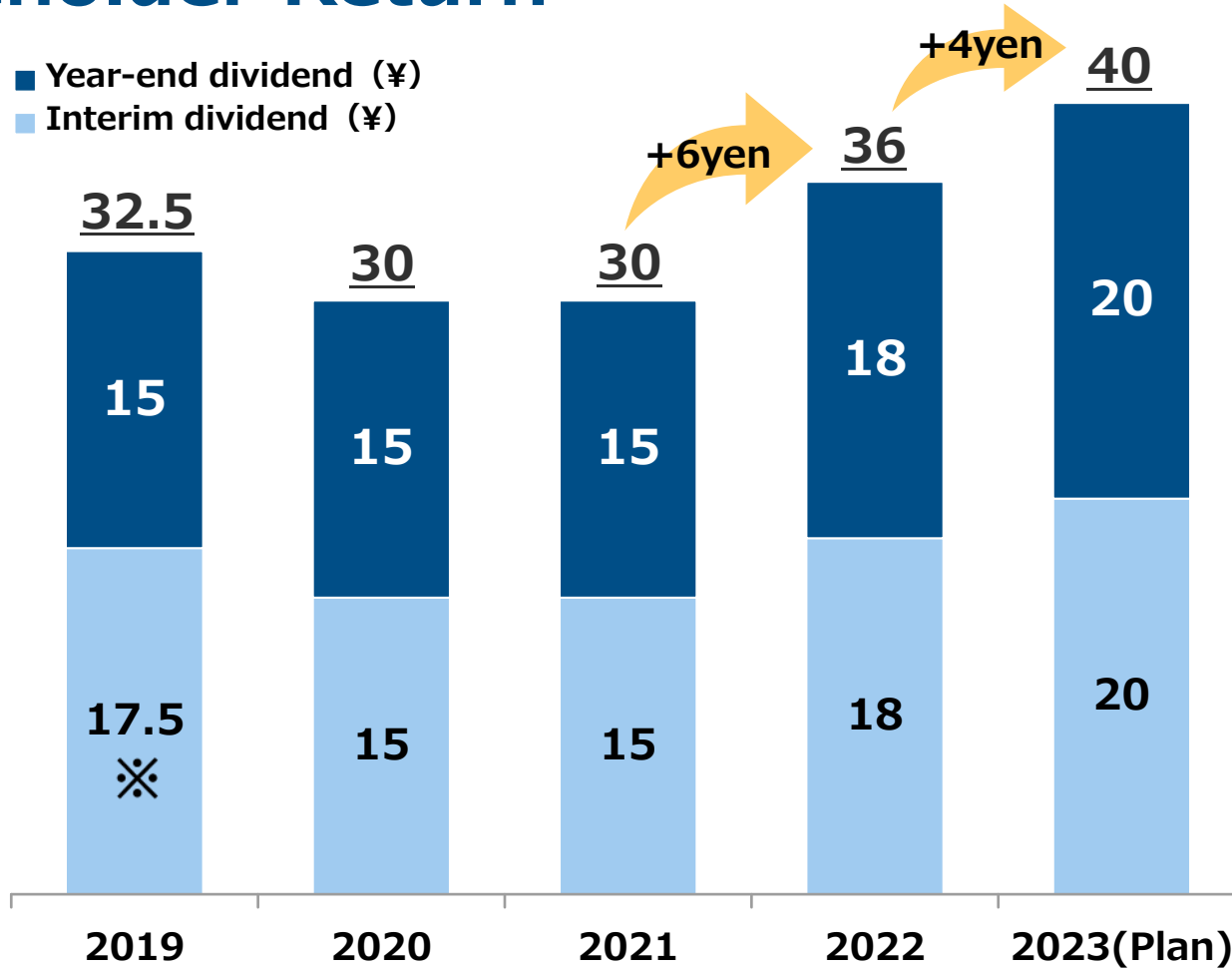


FY2023 Consolidated Earnings Forecasts

| (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 (¥)



| | 2019 | 2020 | 2021 | 2022 | 2023(Plan) |
|-----------------------|-------|-------|-------|-------|------------|
| Dividend payout ratio | 54.1% | 77.7% | 28.8% | 26.9% | 26.8% |
| ROE | 6.8% | 4.3% | 11.2% | 12.8% | - |

Acquisition of treasury shares

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

*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

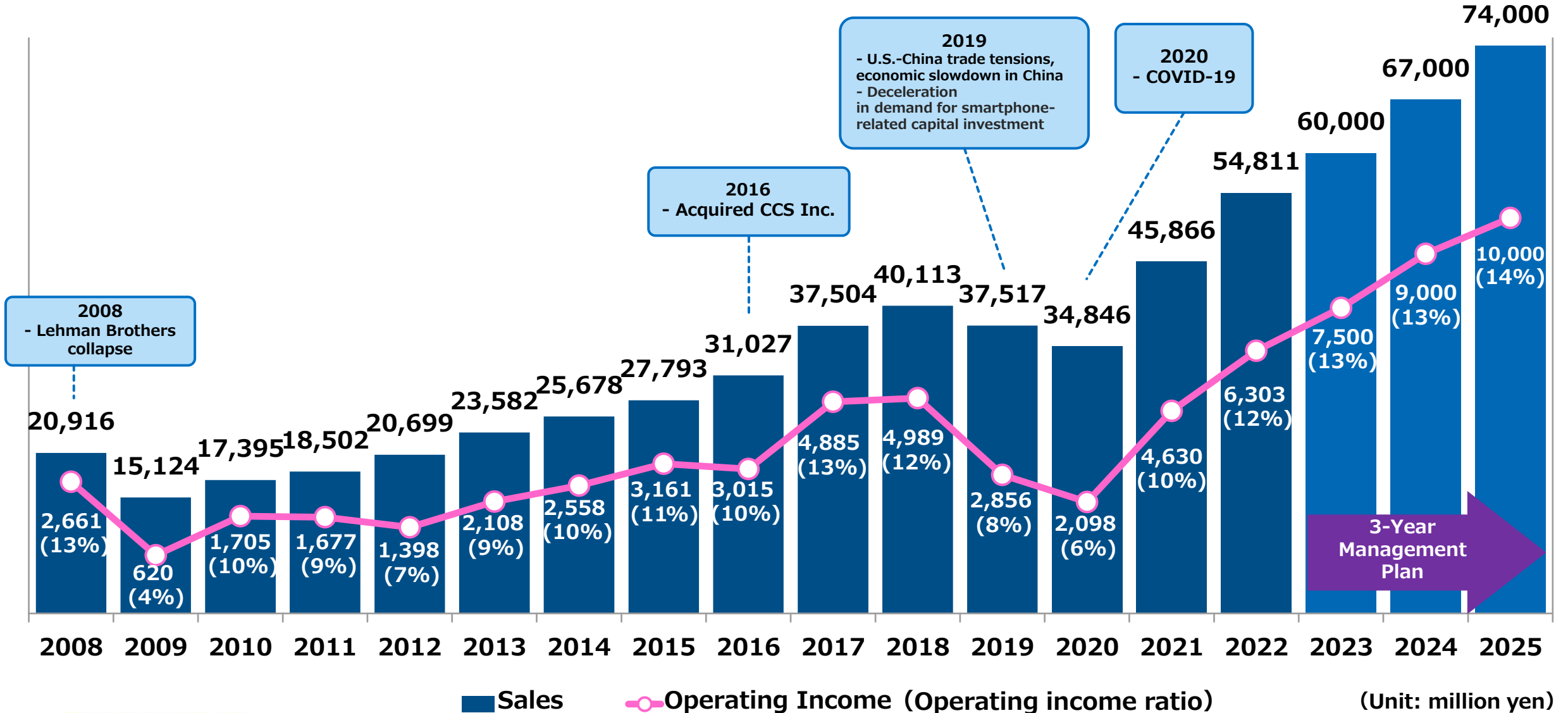
OPTEX

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 22



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

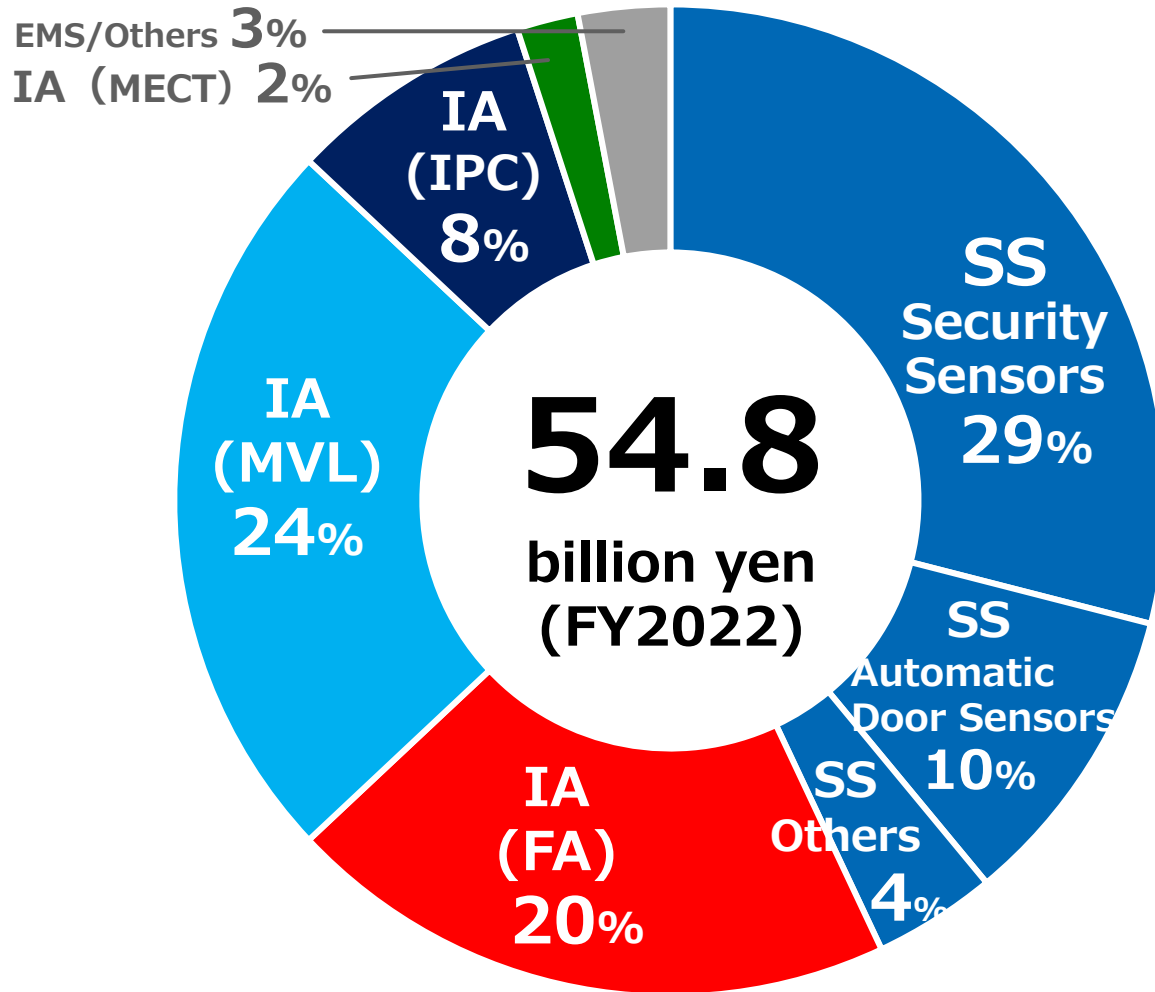
O'PAL OPTEX CO.,LTD.



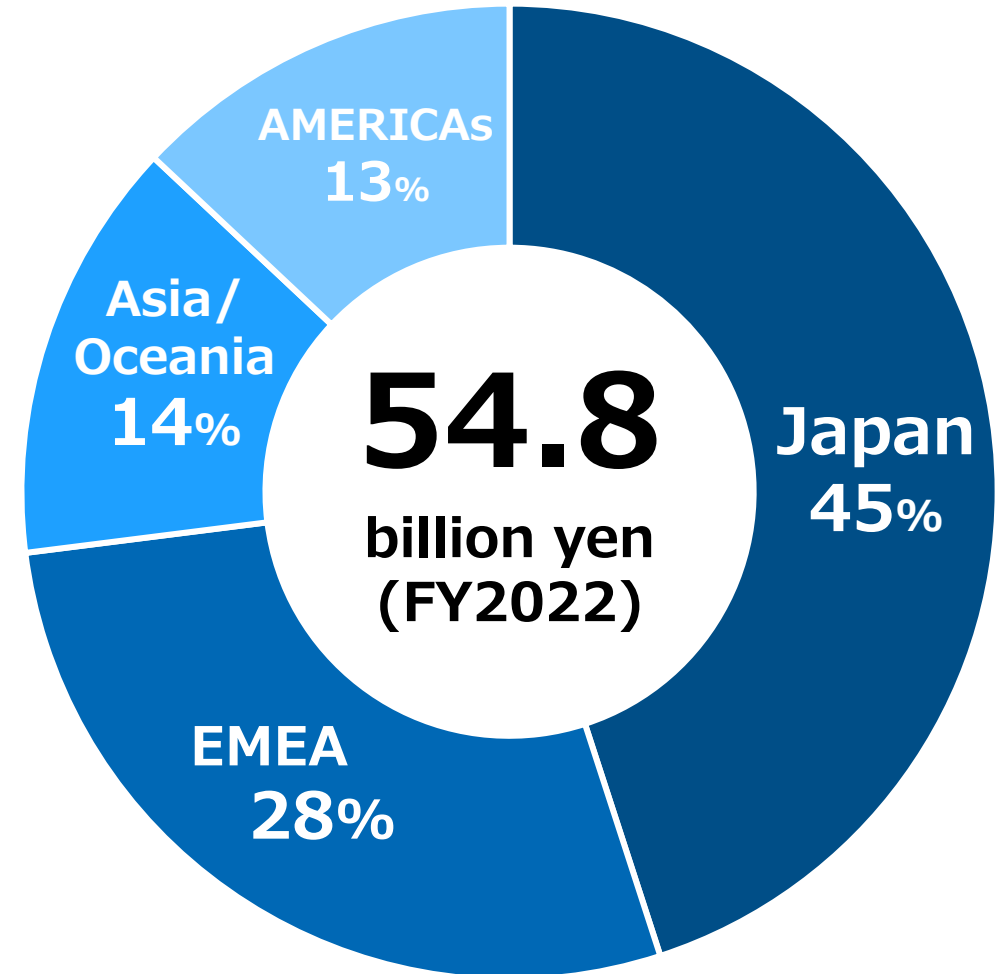
Management of outdoor activities and environmental learning programs

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



Industrial door sensors

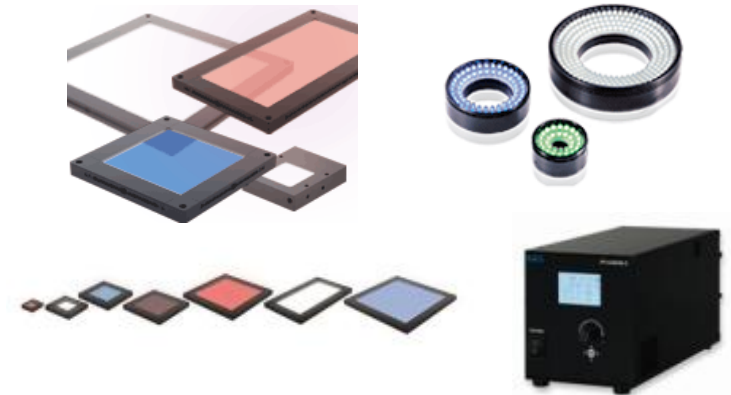


Push plate

Machine vision lighting

30%

LED inspection lighting

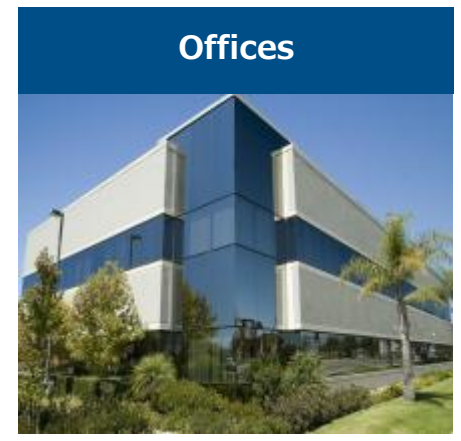
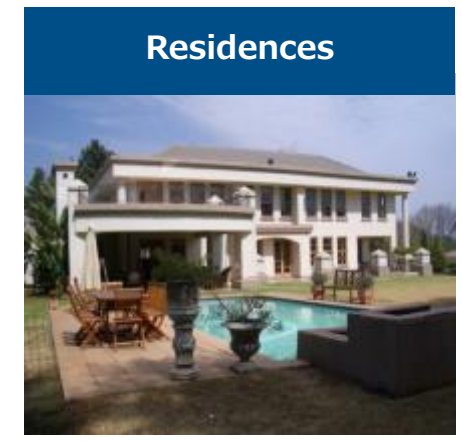
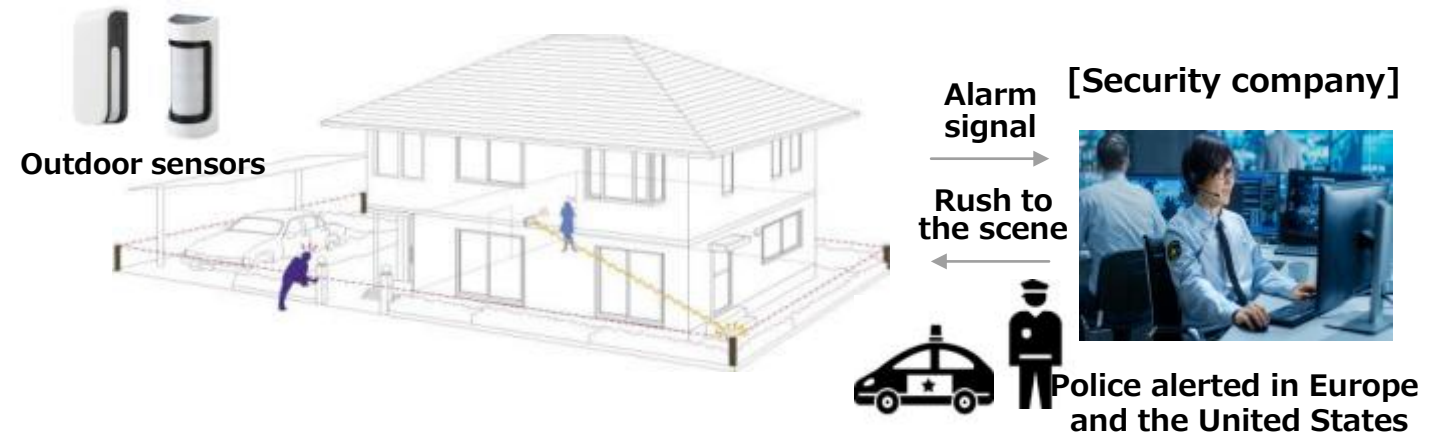


LED lighting systems for image inspection

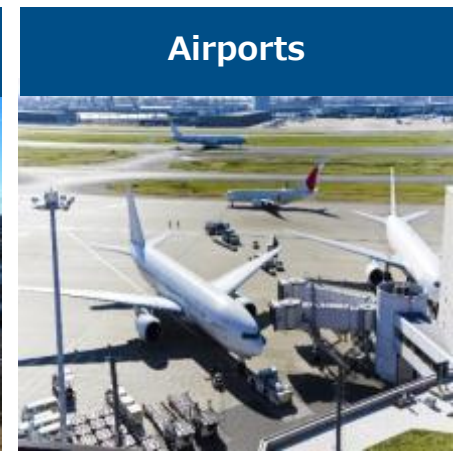
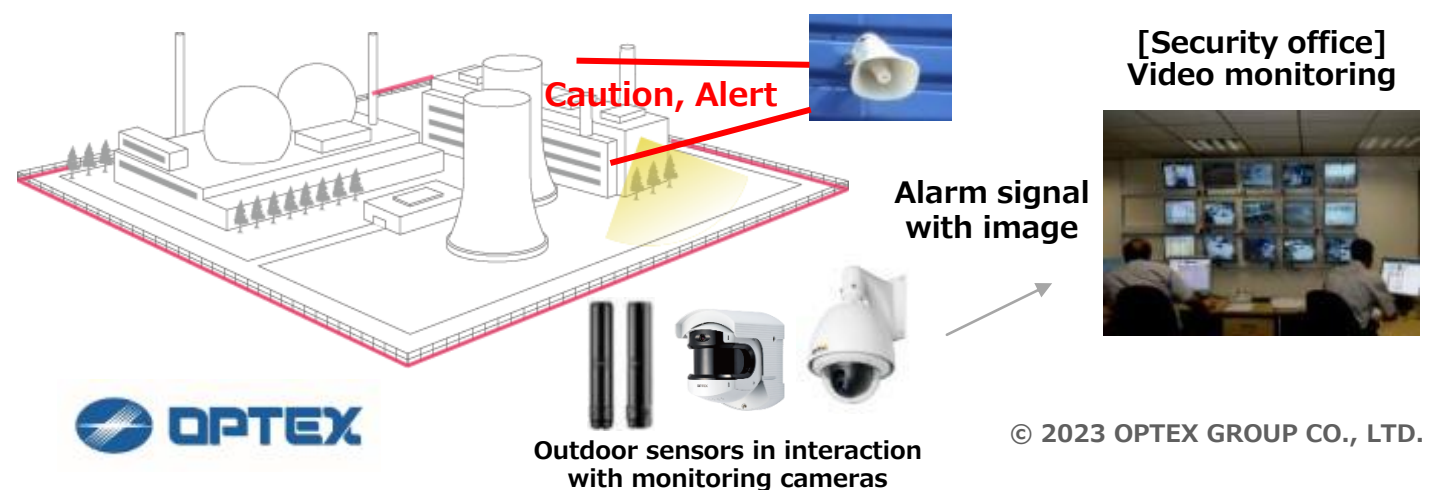
Business Domain _ Security sensors

Largest market share in the world for outdoor intrusion detectors

Residential home · Commercial facilities



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)

| | |
|---|--|
| <p>Shopping centers</p>  | <p>Over 60% share of convenience stores</p>  |
| <p>Hospitals</p>  | <p>Shutter doors for factories and warehouses</p>  |

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

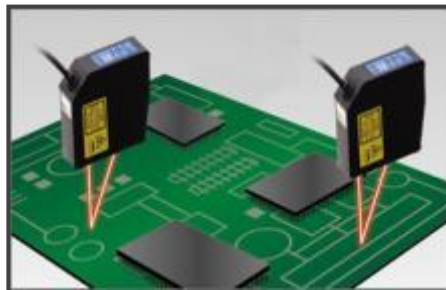
Displacement sensors



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



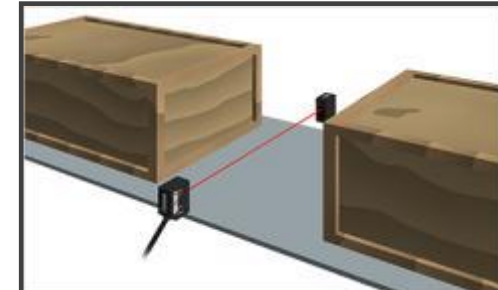
Inspection of use-by dates printed on milk cartons

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Photoelectric sensors



Products for the logistics industry



Detection of passing wooden boxes



Detecting boxes protruding from shelves in automatic warehouses

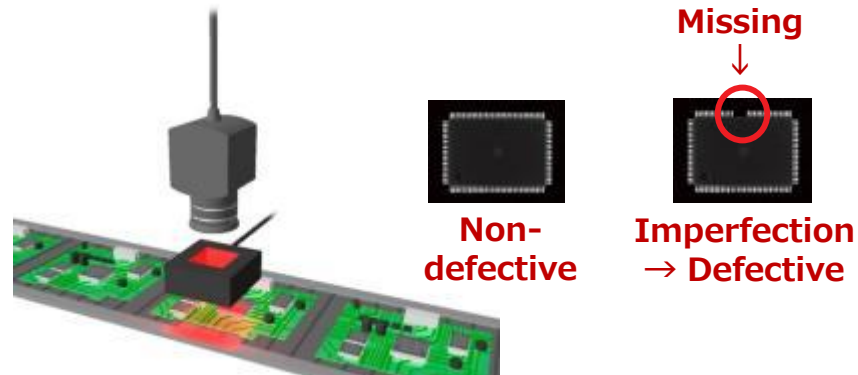
Business Domain _ Machine Vision Lighting

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

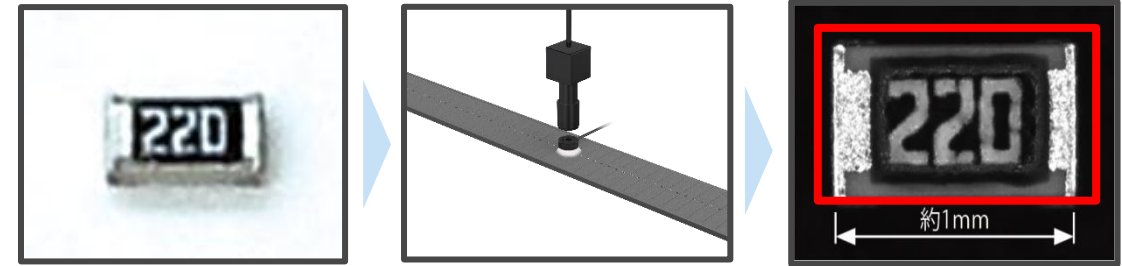
Lighting for image inspections*

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

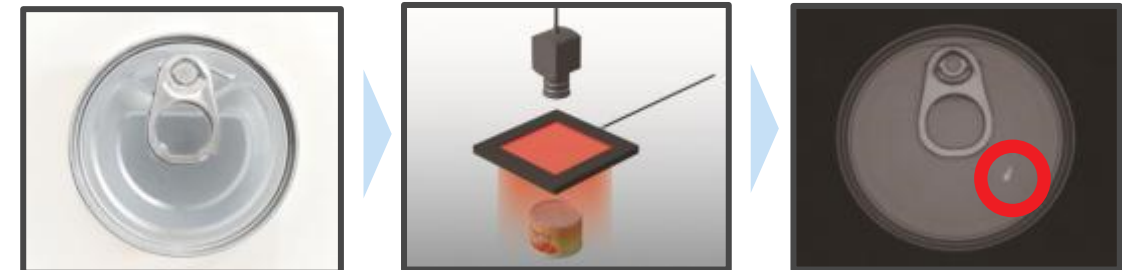
Photos or images of the inspection targets are taken and processed using lighting (and power supplies), lenses, and cameras, and the items are judged to be "good" or "defective".



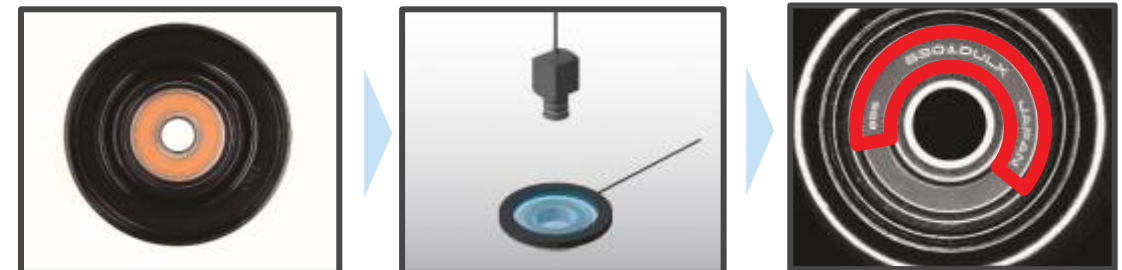
Inspection for defects in parts mounted on a printed circuit board



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

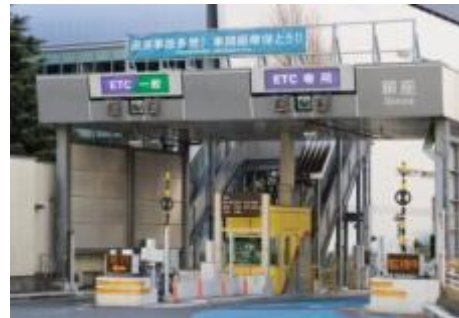
Embedded Boards

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



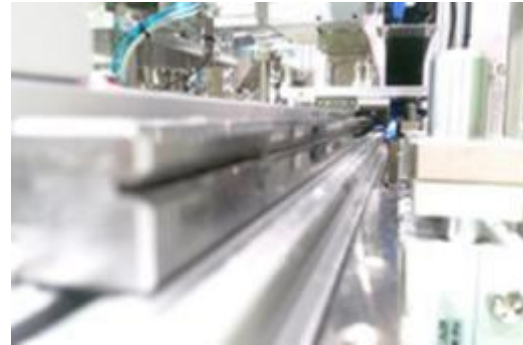
Business Domain _Mechatronics

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.

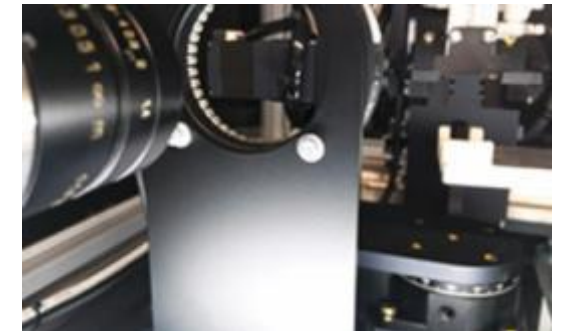
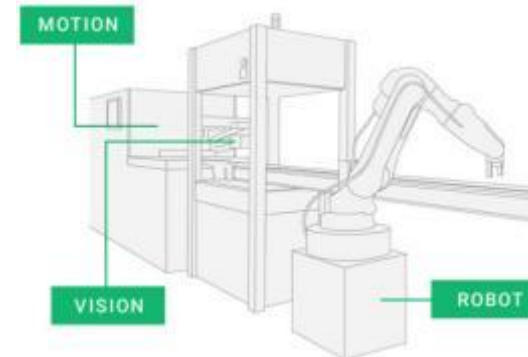
Image Processing Inspection Systems

"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

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



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

Machine Vision Lighting



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/>