



Presentation Material for the Third Quarter of FY2023 (Jan.1 to Sep.30, 2023)

OPTEX GROUP CO., LTD.

November 8, 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 Q3 FY2023 Financial Results

- Net sales were +1% year on year.

SS Business: In Japan, sales to main customers were strong. Outside Japan, sales were weak due chiefly to inventory adjustments.

IA Business: Sales of FA-related were sluggish given customers' restraint on capital investment and a slowdown in the Chinese economy.

- Operating income was -24% year on year.

Gross profit: The gross profit ratio dropped, chiefly due to a change in the product mix. Price adjustments to match soaring material prices were implemented in Japan and overseas.

SG&A expenses: Increased following active marketing activities and sales promotion, the depreciation of the yen and rises in prices.

Summary of Q3 FY2023 Financial Result

<u>(Unit: million yen)</u>	Q3(1-9) FY2022 Results	Q3(1-9) FY2023 Results	Change	Percent Change
Net sales	40,468	41,036	+568	+1.4%
Operating income (Operating income Ratio)	5,295 (13.1%)	4,019 (9.8%)	-1,276	-24.1%
Ordinary income	6,239	4,453	-1,786	-28.6%
Profit attributable to owners of parent	4,520	3,400	-1,120	-24.8%
Net income per share (yen)	127.26	95.73		

Exchange rate (Unit: Yen)	1USD	128.05	138.11
	1EUR	135.95	149.62

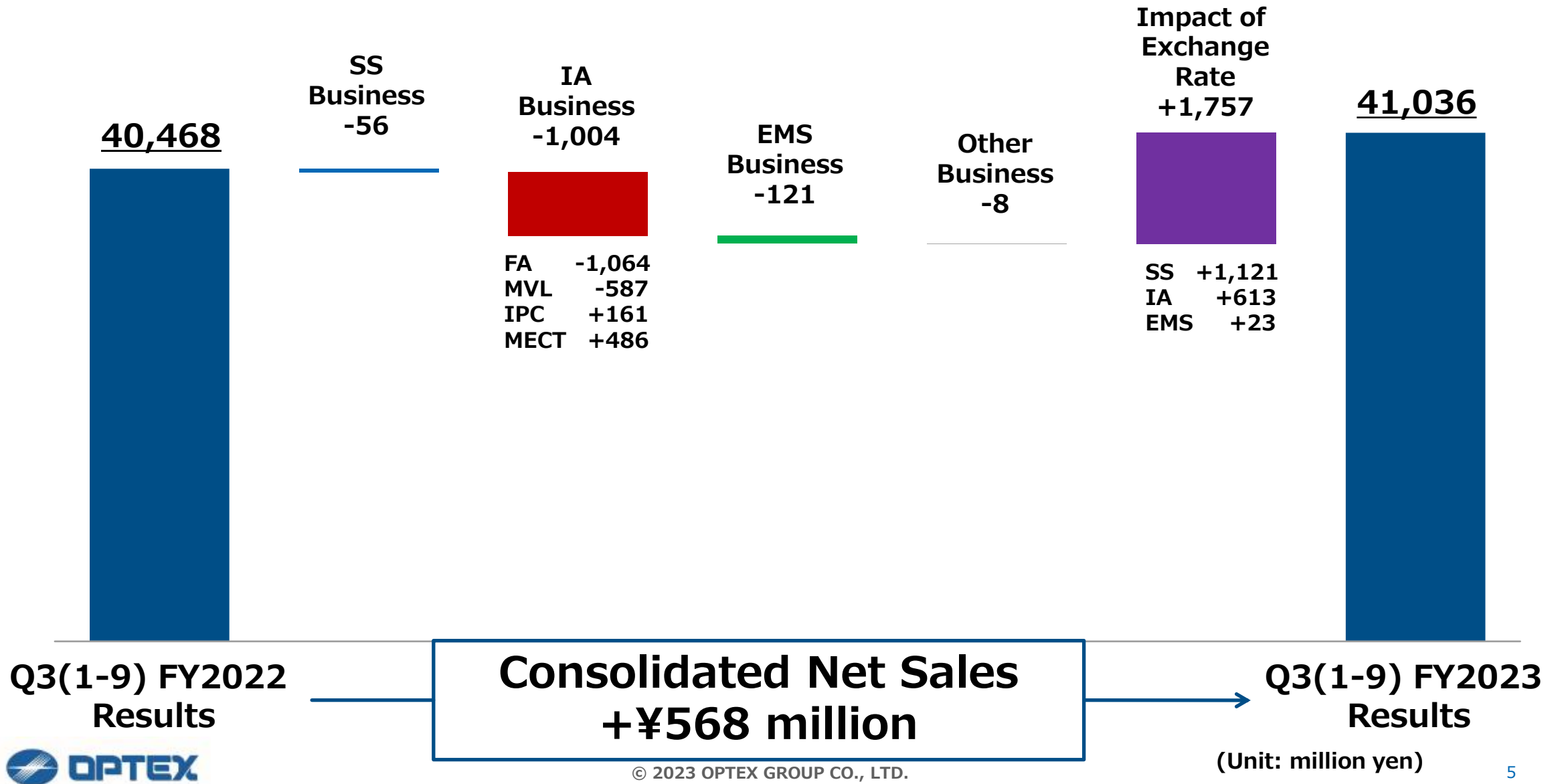
Comparison of Financial Results of Q3 FY2023 between Segments

(Unit:million yen)	Q3(1-9) FY2022 Results		Q3(1-9) FY2023 Results			
	Net sales	Operating income (Operating income Ratio)	Net sales	Percent Change	Operating income (Operating income Ratio)	Percent Change
SS Business	17,339	2,293 (13.2%)	18,405	+6.1%	2,182 (11.9%)	-4.8%
IA Business	22,034	3,062 (13.9%)	21,642	-1.8%	1,987 (9.2%)	-35.1%
EMS Business	656	318	558	-14.9%	272	-14.4%

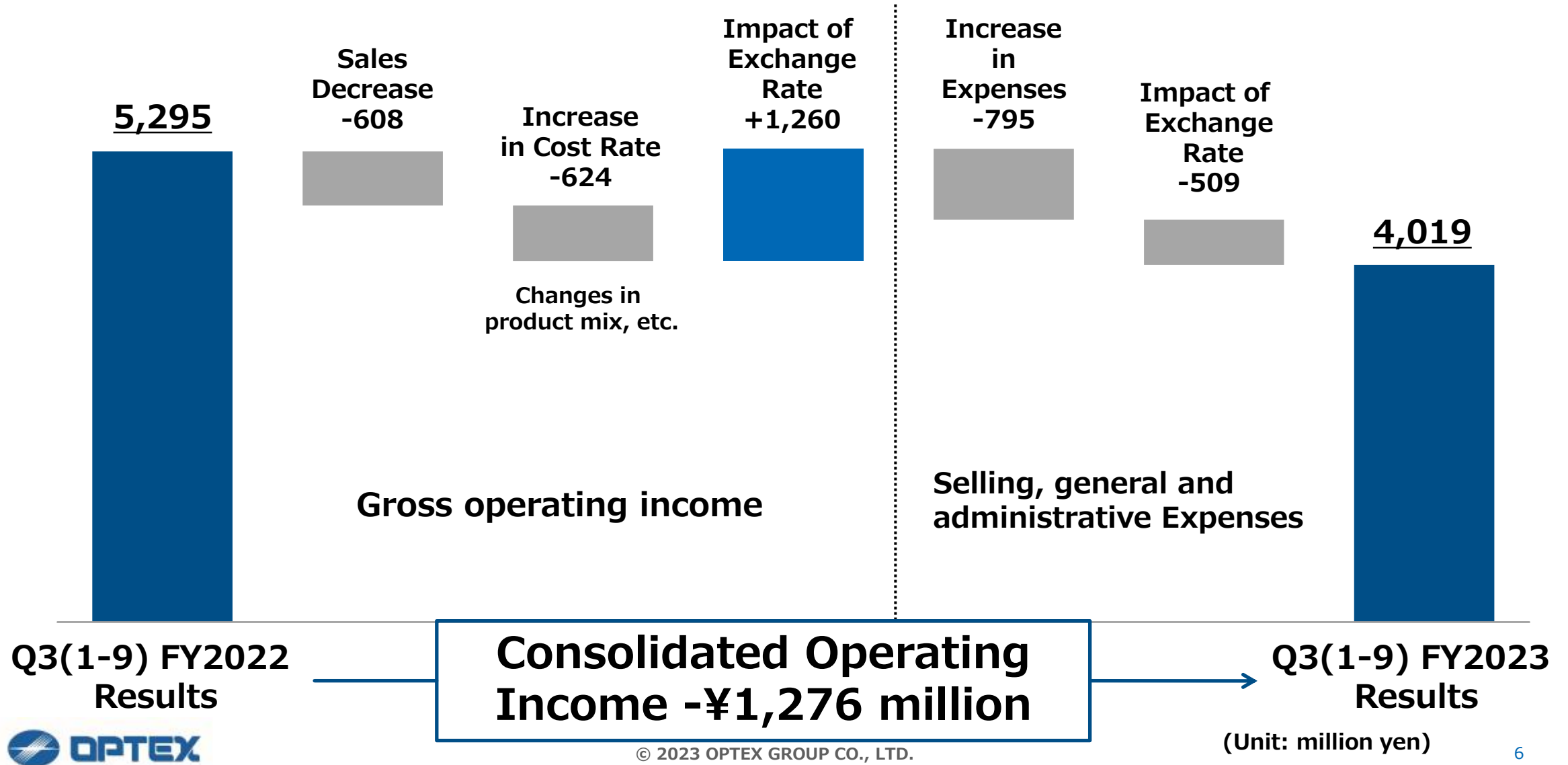
* Net sales by segment represents the figure excluding sales from inter-segment transactions.

* Operating income by segment represents the figure including operating income from inter-segment transactions.

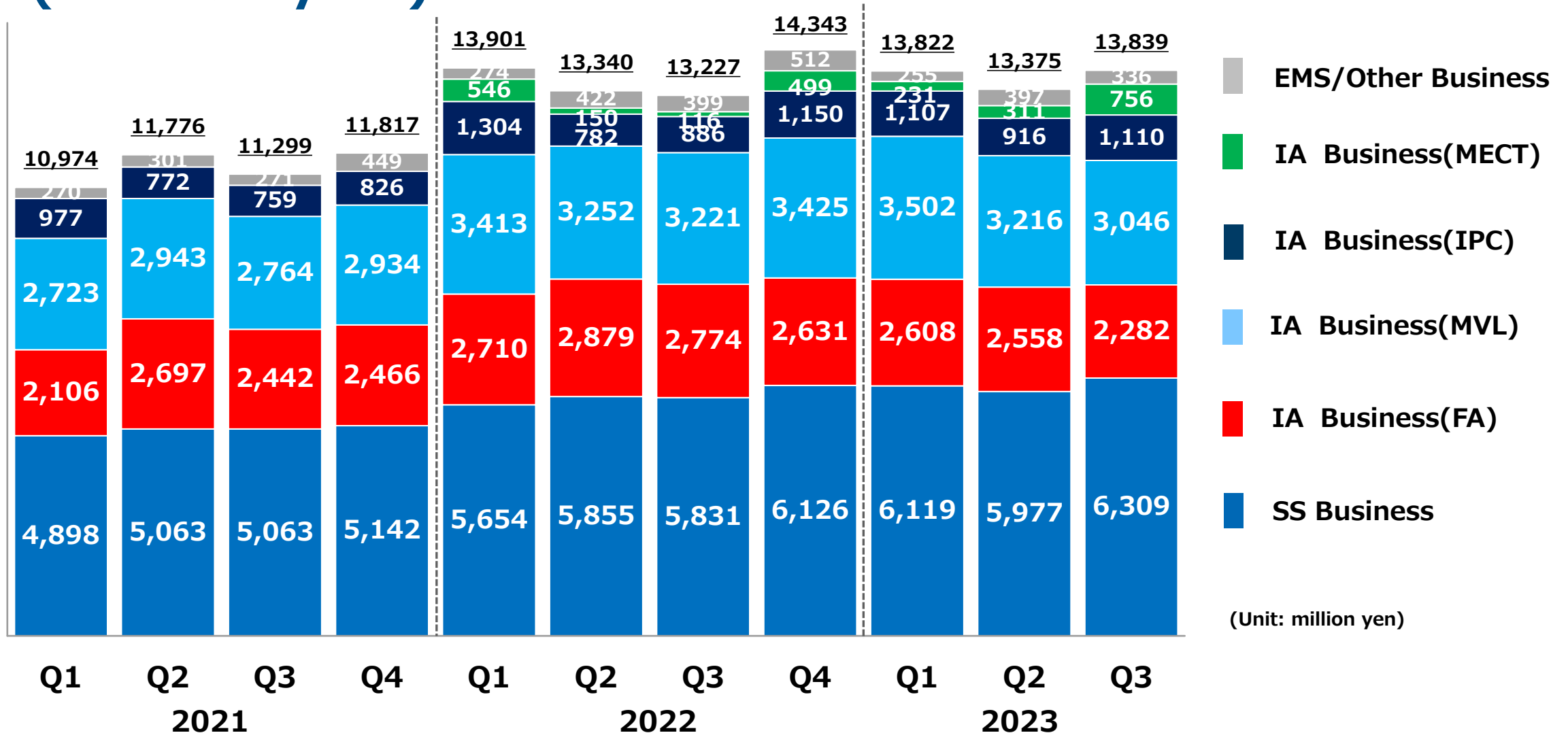
Factors of change in Net Sales (Year- on-year)



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	Q3(1-9) FY2023 Overview
Japan	- Sales of outdoor security sensors for security companies and for large-scale critical facilities increased.
AMERICAs	- The direct marketing strategy led to strong inquiries and orders. - Sales in North America were weak given investment restraints amid inflation and high interest rates.
EMEA	- Sales of laser scan sensors for infrastructure facilities remained solid. - Sales for home use and for business use were stagnant due to inventory adjustments.
Asia and Oceania	- Sales of outdoor alarm sensors remained solid in Thailand.



Laser scan sensors
for large-scale critical facilities



Camera sensors

Quarterly Sales by Region (Unit: million yen)



Business by Segment - ss Business(Automatic Door Sensors)



Region	Q3(1-9) FY2023 Overview
Japan	- Sales of both automatic door sensors and industrial door sensors remained firm.
AMERICAS	- Sales of both automatic door sensors and industrial door sensors remained firm. -New products for major automatic door manufacturers were conducive to strong sales.
EMEA	- Demand shrank with customers' inventory adjustments amid a deterioration in business confidence.



Automatic door sensors

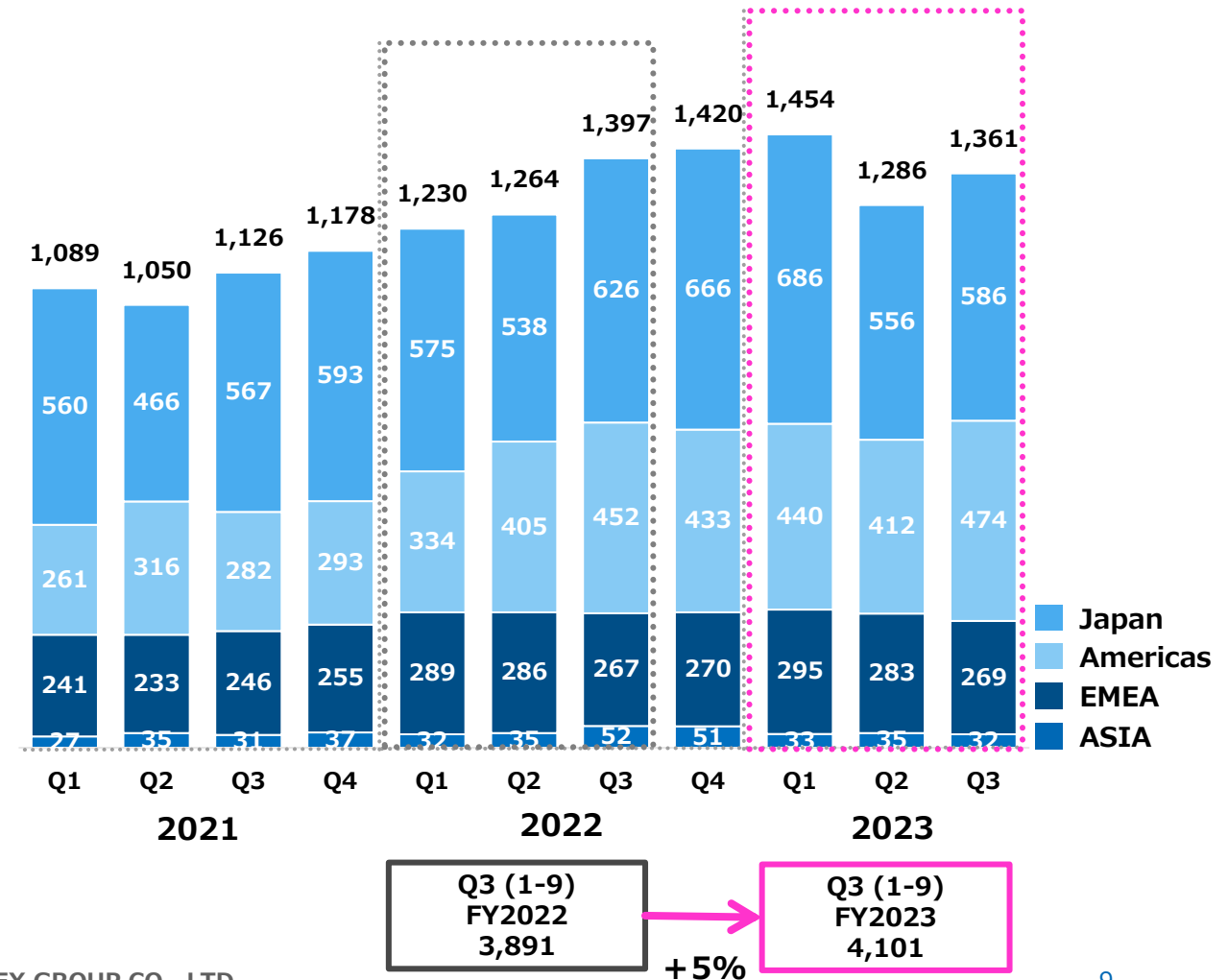


Push plate



Industrial door sensors

Quarterly Sales by Region (Unit: million yen)



Business by Segment - IA Business(FA)



Region	Q3(1-9) FY2023 Overview
Japan	- Sales of semiconductor-related products were weak following customers' postponement of capital investment and inventory adjustments.
EMEA	- Displacement sensors for electronic components generated positive sales.
Asia and Oceania	- Displacement sensor sales were weak following a slowdown in capital investment in secondary batteries in China.

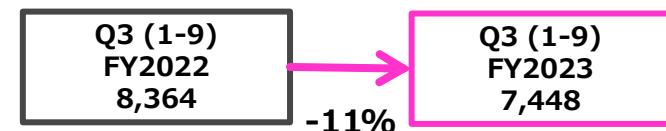
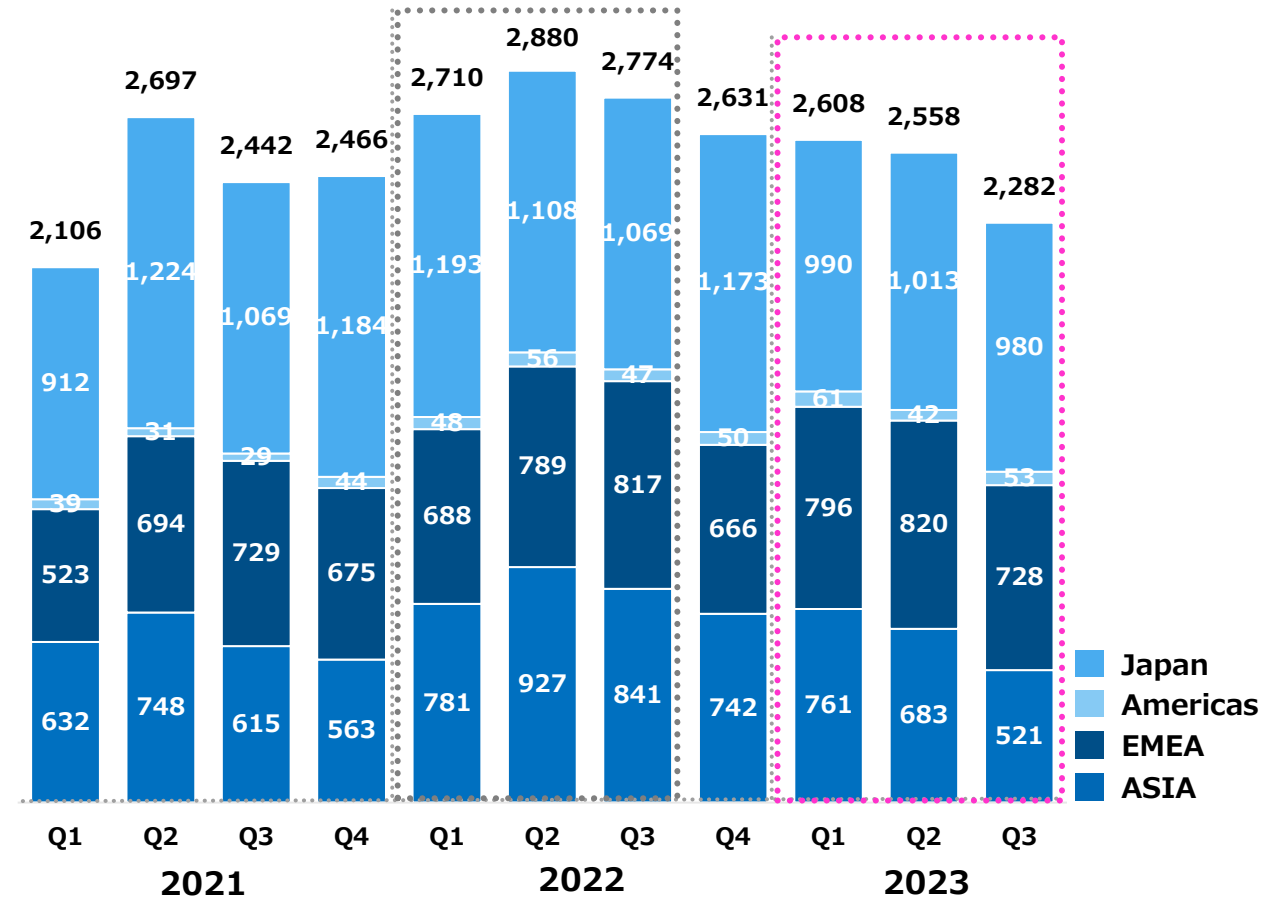


Displacement sensors



IO-Link master

Quarterly Sales by Region (Unit: million yen)



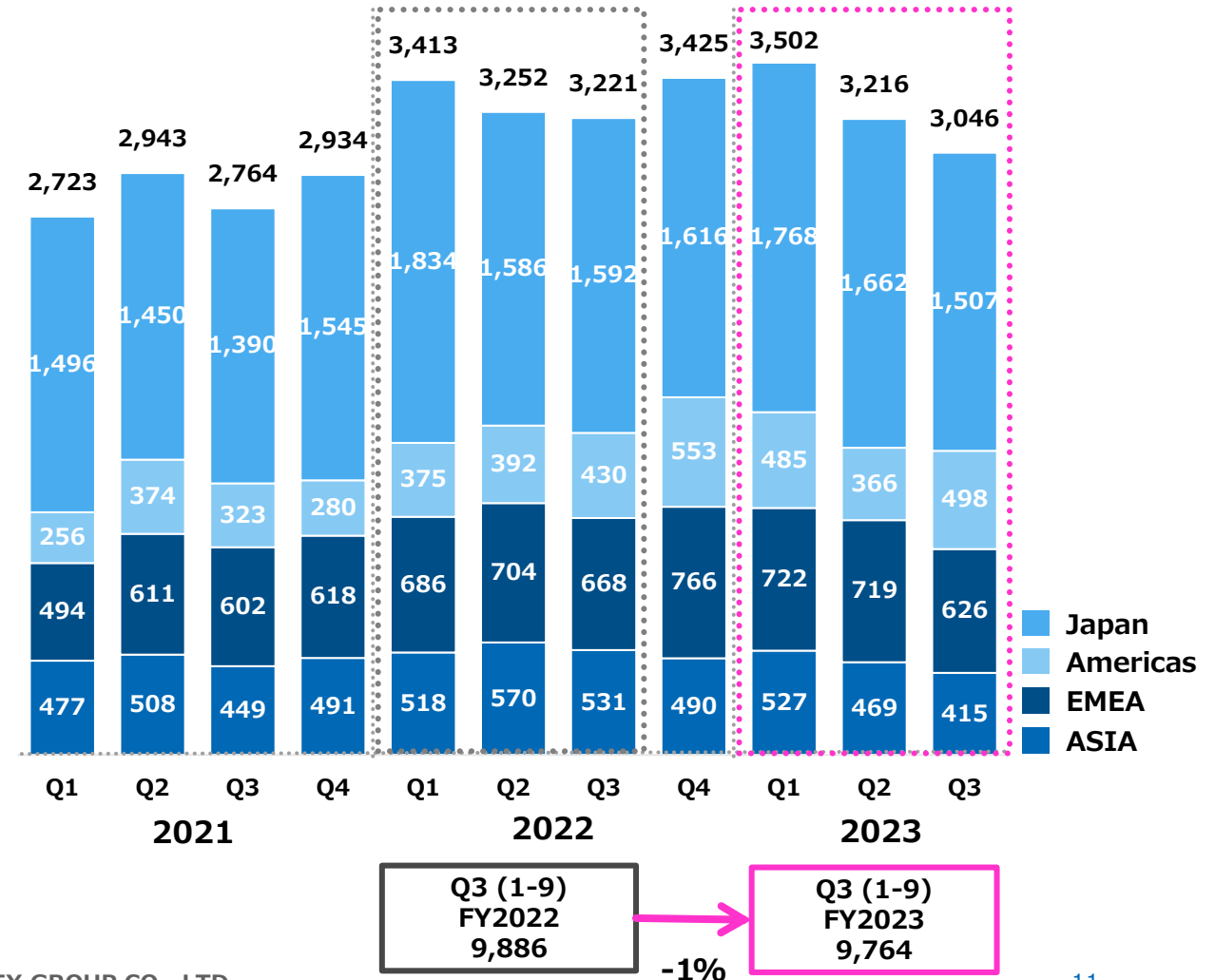
Business by Segment - IA Business(MVL)

Region	Q3(1-9) FY2023 Overview
Japan	<ul style="list-style-type: none"> - Sales of products for semiconductors and for electric and electronic components were sluggish as customers postponed capital investment. - A private show with a focus on the exhibition of solutions was well received, contributing to the acquisition of projects.
AMERICAS	- Our French subsidiary won a project for the logistics industry.
EMEA	- Our French subsidiary won a project for the logistics industry.
Asia and Oceania	- Sales of products for semiconductor-related equipment were weak in China.



LED lighting systems for image processing

Quarterly Sales by Region (Unit: million yen)



Business by Segment - IA Business(IPC)

Region	Q3(1-9) FY2023 Overview
Japan	- Products for semiconductor manufacturing equipment generated positive sales.

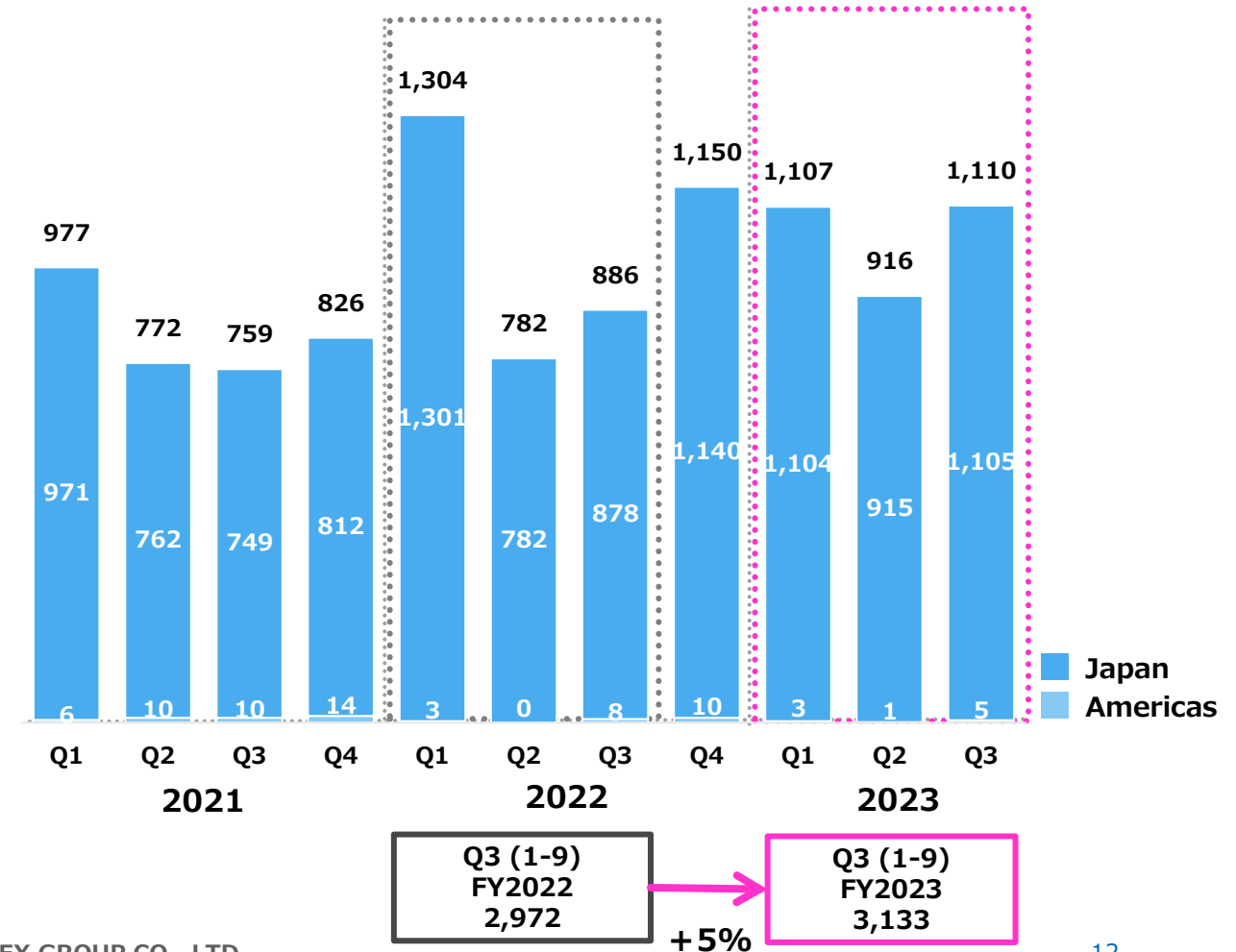


Industrial PCs



Tracking Cameras

Quarterly Sales by Region (Unit: million yen)



Business by Segment - IA Business(MECT)



Region	Q3(1-9) FY2023 Overview
Japan	- Deliveries of secondary battery manufacturing equipment made good progress.

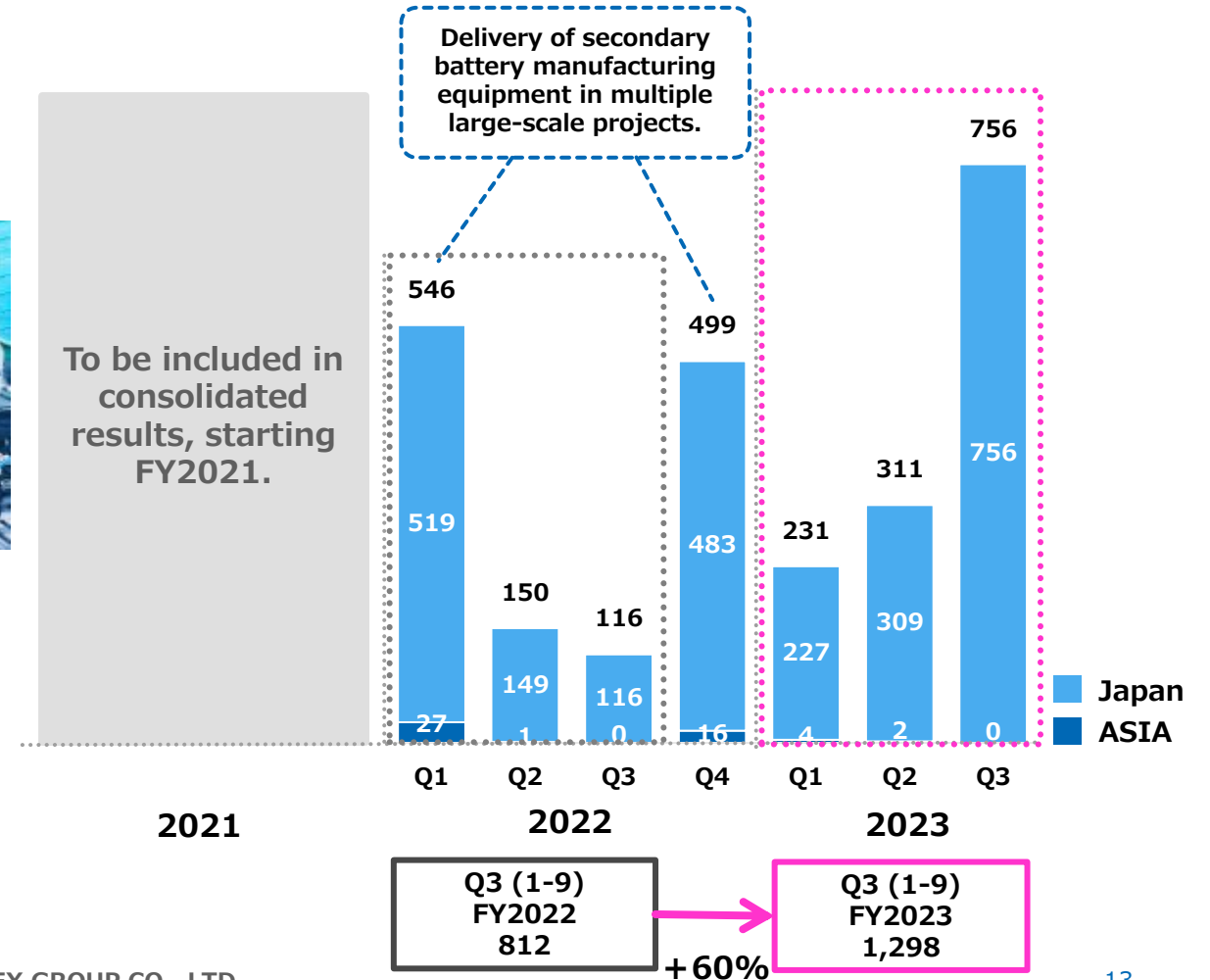
Quarterly Sales by Region (Unit: million yen)



Manufacturing equipment of secondary batteries for electric vehicles and hybrid vehicles



Image processing inspection systems

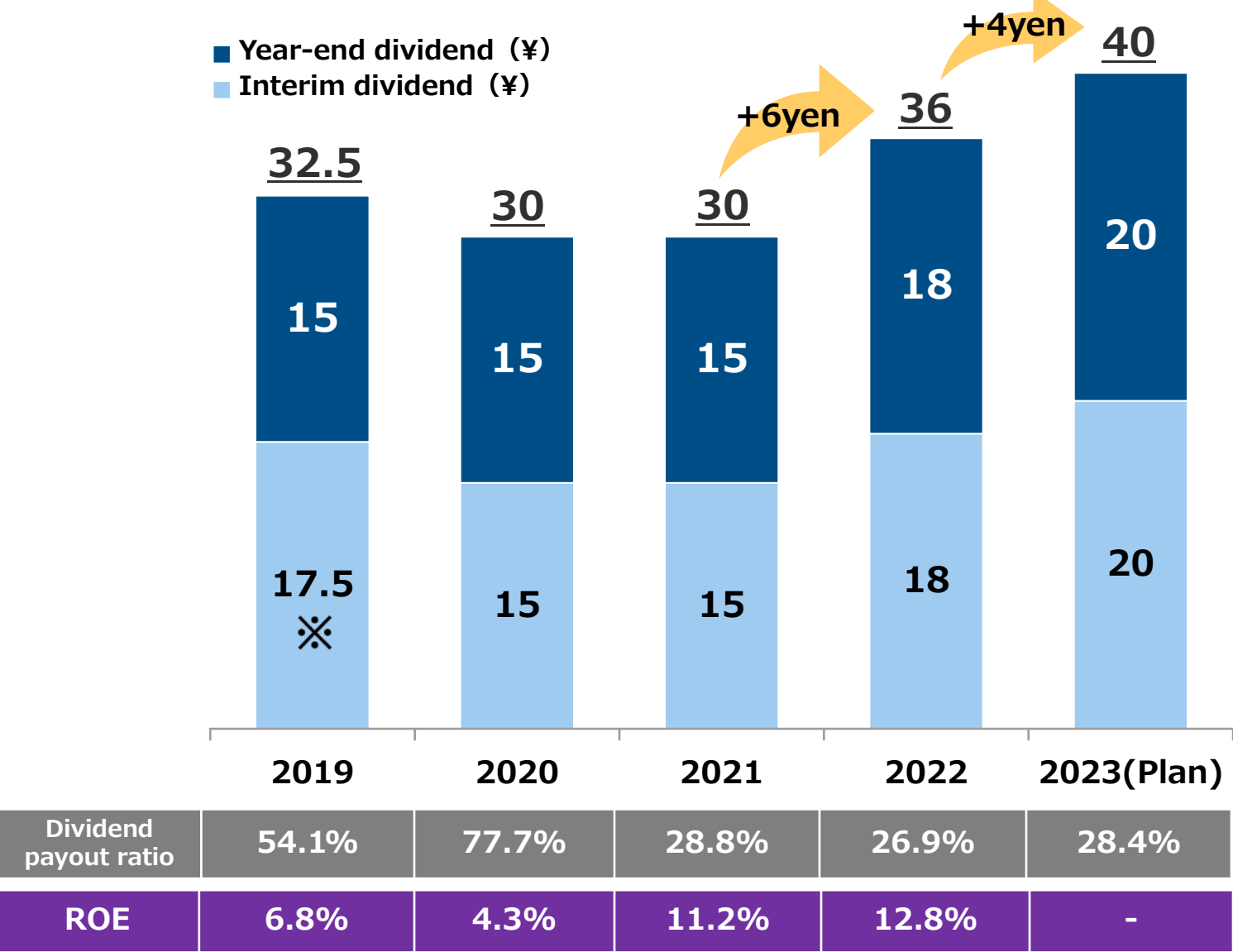


FY2023 Consolidated Earnings Forecasts

The full-year forecast is kept on hold since achievements in the SS Business and MVL-related (IA Business) are expected to be in line with plans, while performance is likely to be weak in FA-related(IA Business) due to the continued restraints on capital investment.

(Unit: million yen)		FY2023 Previous Forecast	FY2023 Revised Forecast (Announced on July 28)	Changes from Previous Forecast	YoY	FY2022 Results
Net sales		60,000	57,000	-5.0%	+4.0%	54,811
Operating income (Operating income Ratio)		7,500 (12.5%)	6,500 (11.4%)	-13.3%	+3.1%	6,303
Ordinary income		7,600	6,900	-9.2%	-2.0%	7,042
Profit attributable to owners of parent		5,300	5,000	-5.7%	+5.2%	4,752
Net income per share (yen)		149.19	140.75	-	-	133.79
Exchange rate (Unit: Yen)	1USD	135.00	134.93			131.43
	1EUR	140.00	142.89			138.04

Shareholder Return



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

TOPICS

SS Business (Security Sensors)

Launched a high-performance laser scan sensor for important facilities

Identifying the size of the object, its distance from the sensor and the speed



REDSAN mini-Pro



Building rooftops and floor protection
Data centers, energy-related facilities



Perimeter protection
Large warehouses, distribution centers



Facility protection
Airports, ports

Execute the direct marketing strategy to win system solutions projects in countries around the world

IA Business (MVL)

Business alliance with DataGrid Inc.

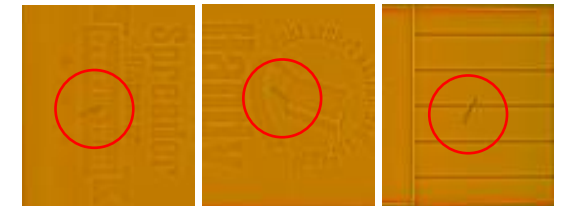
The use of DataGrid's generative AI will greatly reduce labor and costs incurred for the establishment of visual inspections.



It generates a huge number of high-quality images of diverse product defects from a small number of defective product images. It solves the problem of a lack of images of product defects that occurs in the process of AI model development.



Original image



Images created using DataGrid's generative AI

[Note] The work presented is a commercial product purchased by CCS Inc. It has been deliberately modified for presentation purposes. It does not signify that the product has any defect.

DataGrid Inc.: Since its founding as an AI business venture originating from Kyoto University, it has been running a business centered on its generative AI technologies and offering generative AI software for manufacturing and other industry sectors.

<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

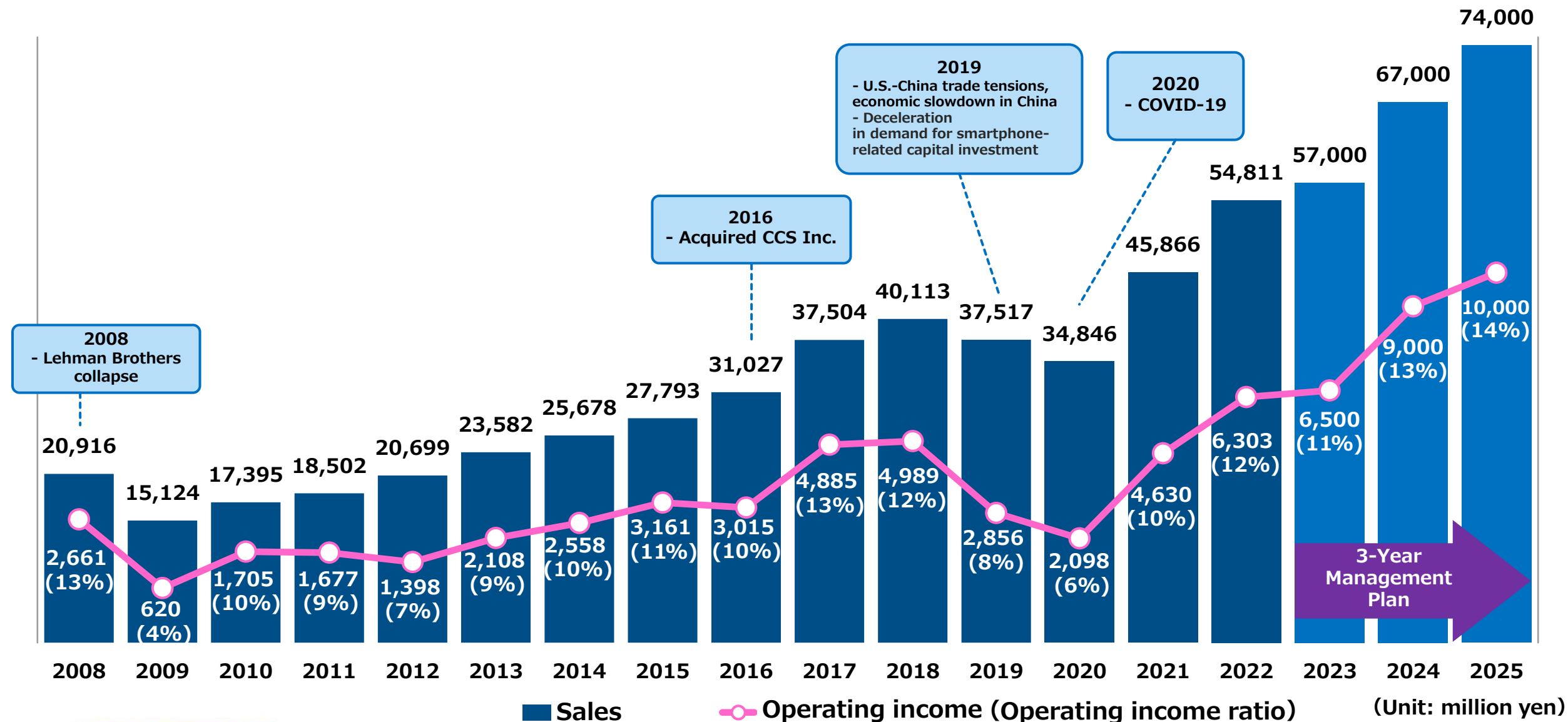
OPTEX

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

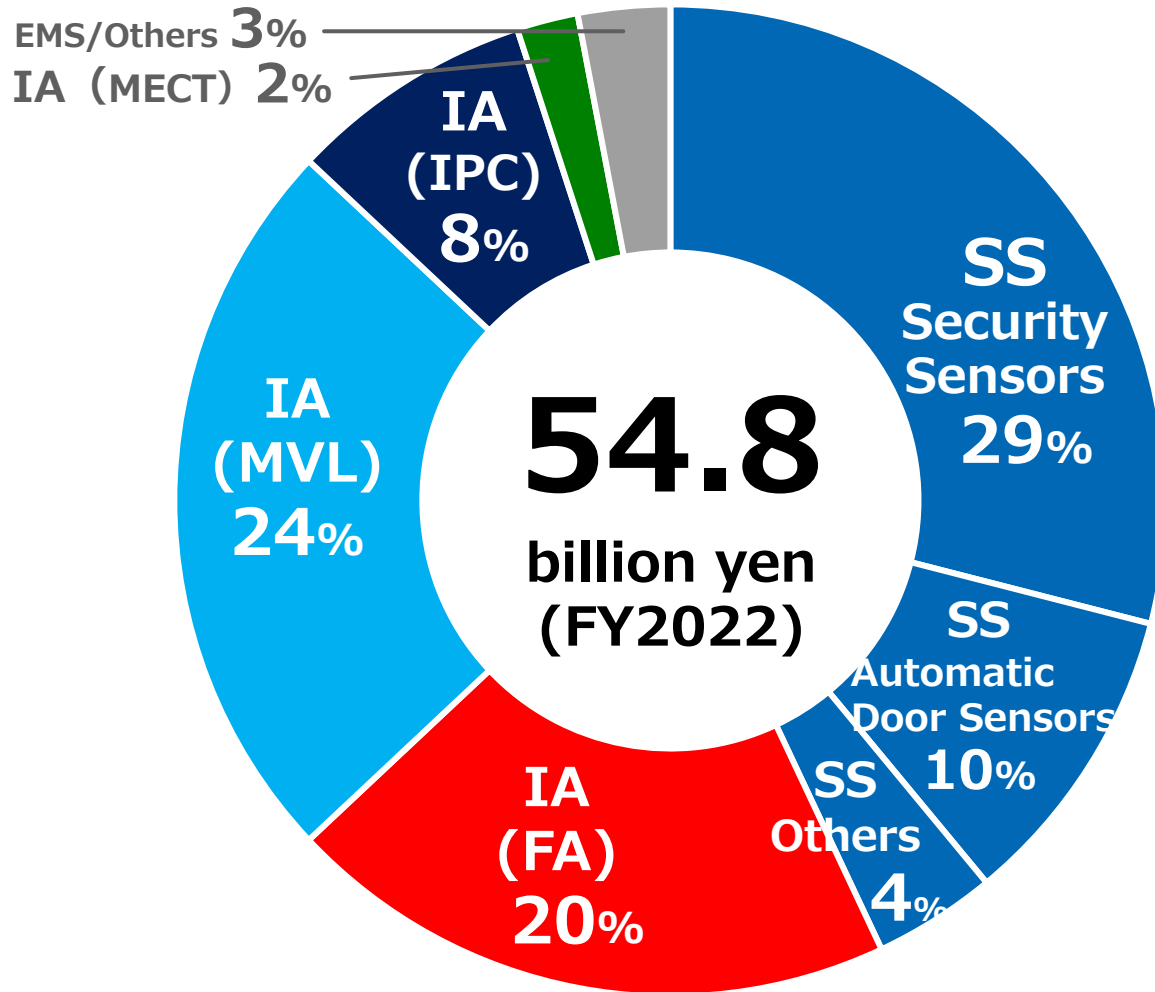
O'PAL OPTEX CO.,LTD.



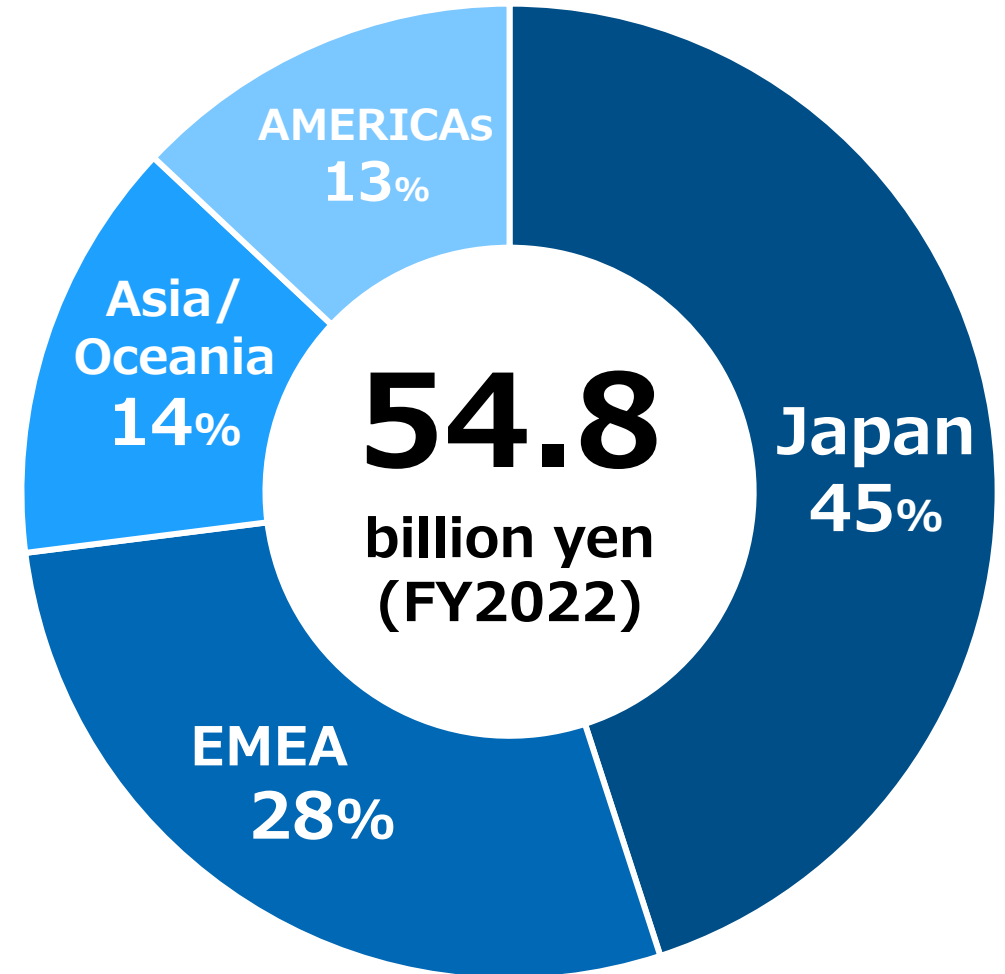
Management of
outdoor activities
and environmental
learning programs

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



Laser scan 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



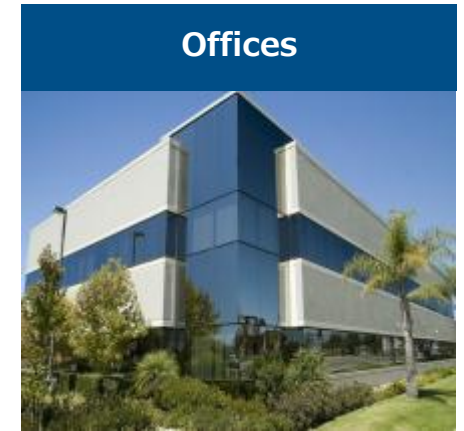
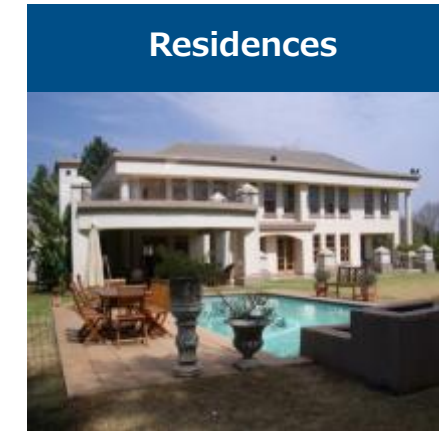
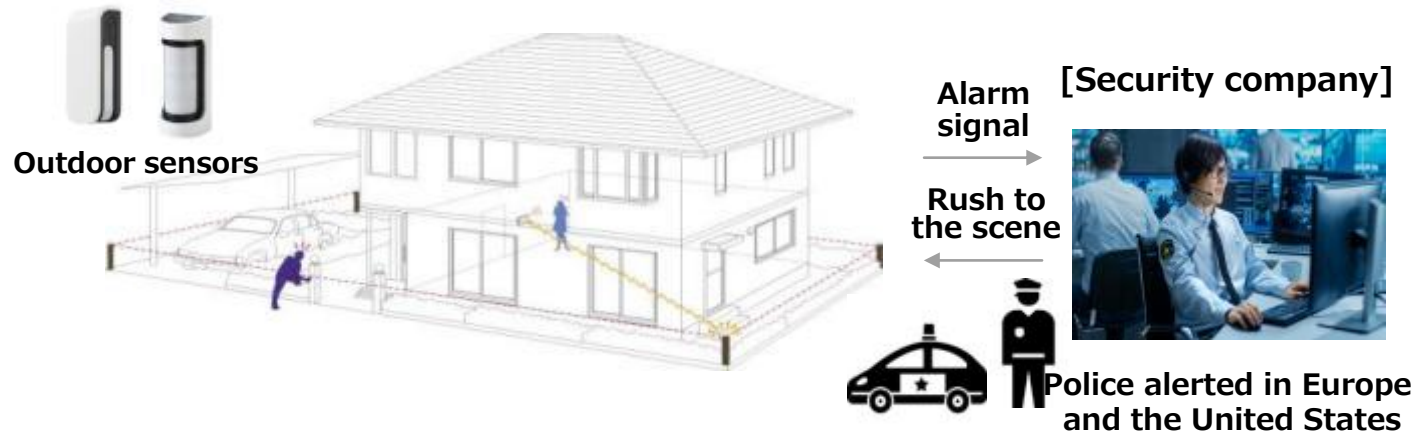
LED lighting systems for image inspection

Business Domain _ Security sensors

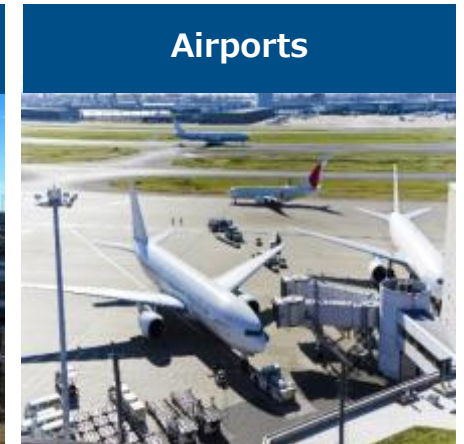


Largest market share in the world for outdoor intrusion detectors

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)



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

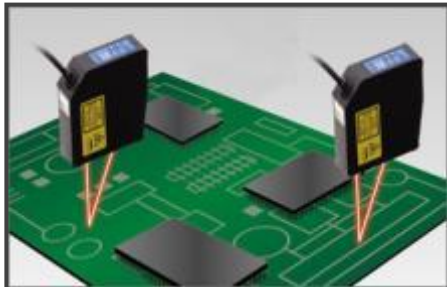
Displacement sensors



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



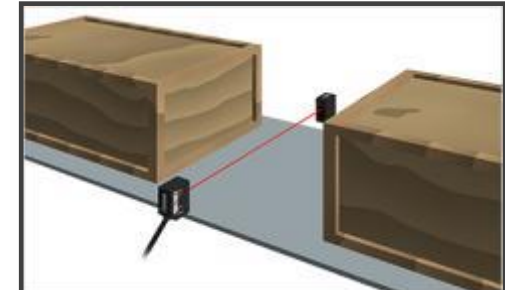
Inspection of use-by dates printed on milk cartons

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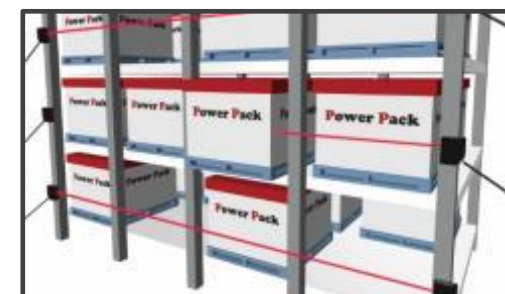
Photoelectric sensors



Products for the logistics industry



Detection of passing wooden boxes



Detecting boxes protruding from shelves in automatic warehouses

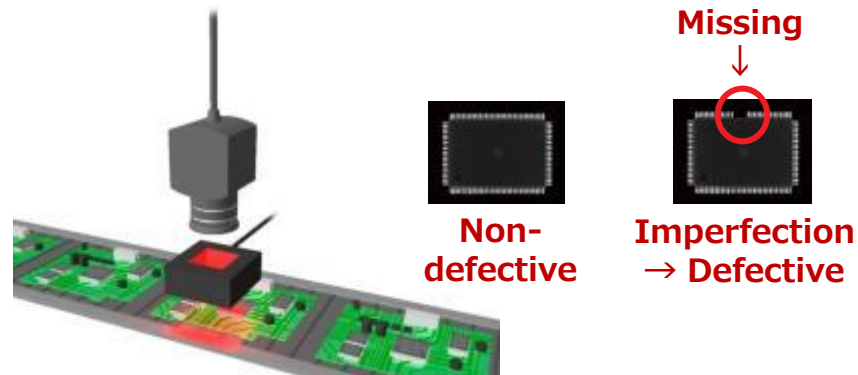
Business Domain _ Machine Vision Lighting

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

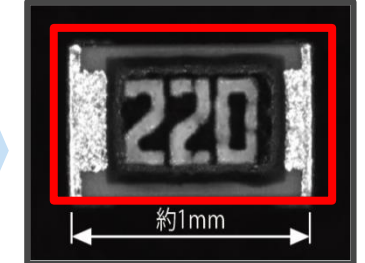
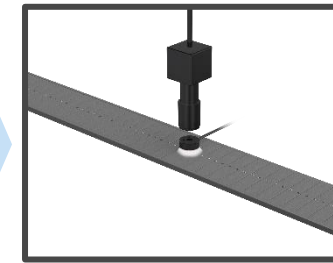
Lighting for image inspections*

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

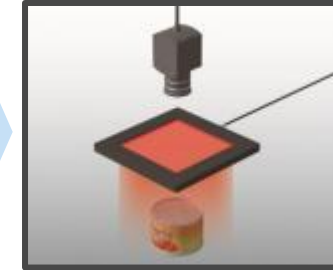
Photos or images of the inspection targets are taken and processed using lighting (and power supplies), lenses, and cameras, and the items are judged to be “good” or “defective”.



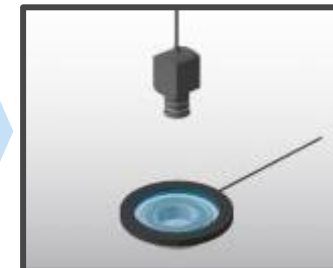
Inspection for defects in parts mounted on a printed circuit board



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

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



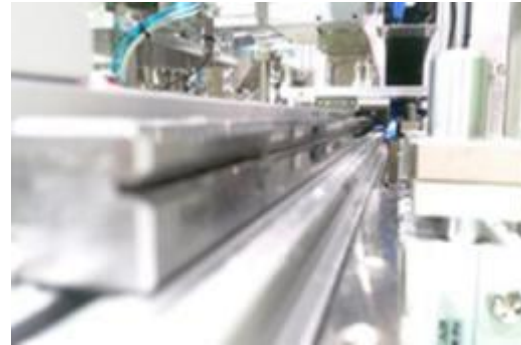
Business Domain _Mechatronics

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 manufacturing automation systems such as secondary battery manufacturing lines.

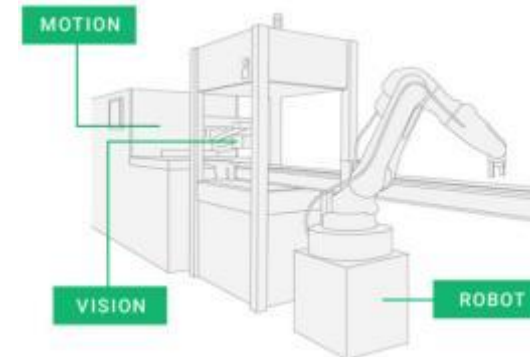
Image Processing Inspection Systems

"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/>