



Second Quarter of FY03/2024 Materials for Financial Results Briefing

November 6, 2023

GL Sciences Inc.

TSE STD (7705)

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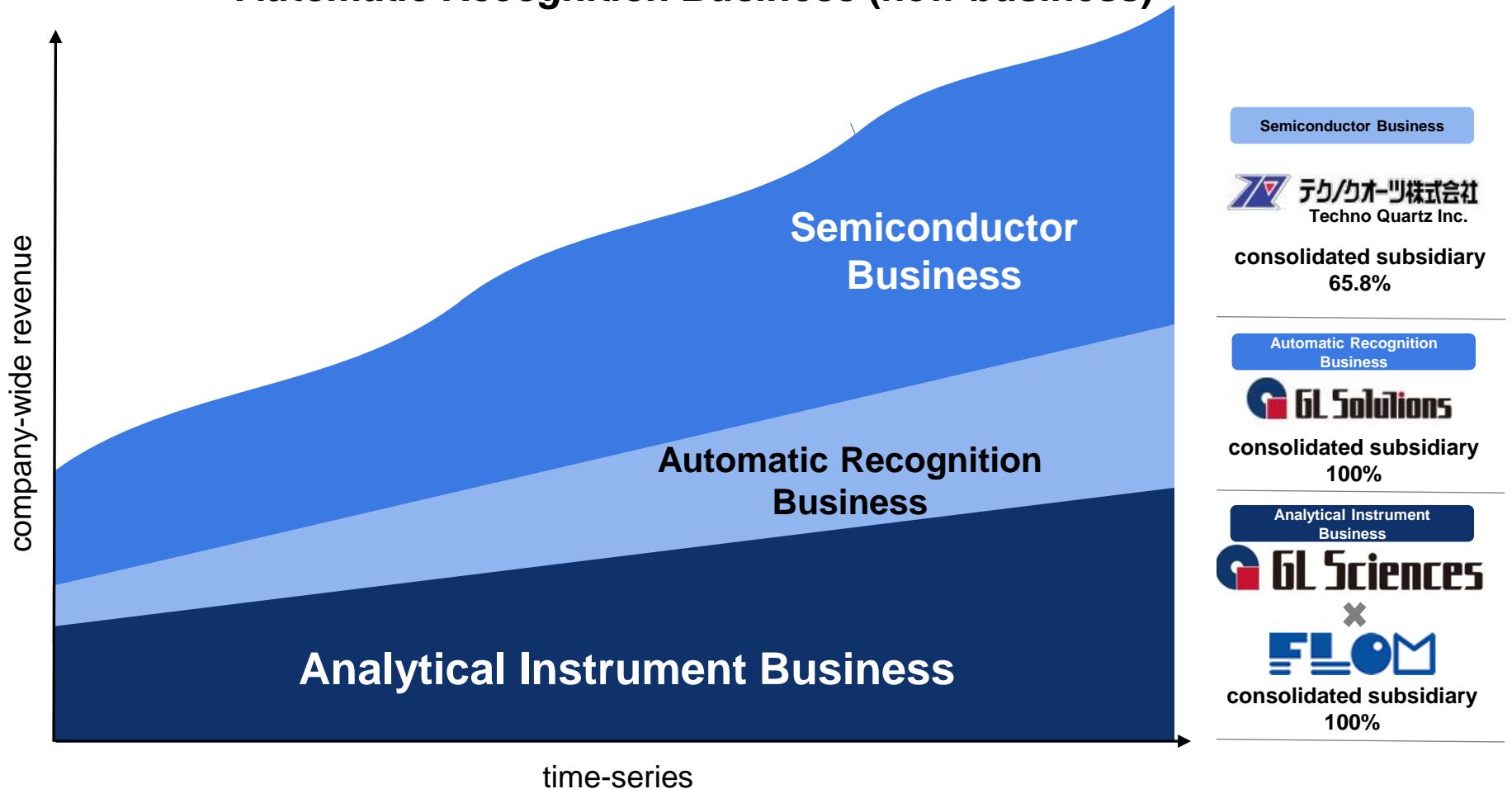
Company-wide strategies

Three business segments promote extensive growth together

Analytical Instrument Business (stably growing)

Semiconductor Business (remarkably growing)

Automatic Recognition Business (new business)



Highlights

1 【company-wide】 Lower revenues / Lower earnings

Net sales:	17,135 mil. yen	-4.0%	-716 mil. yen	(prev. 2Q: 17,851 mil. yen)
Operating profit:	2,536 mil. yen	-7.3%	-198 mil. yen	(prev. 2Q: 2,734 mil. yen)

2 【Analytical Instrument Business】 Higher revenues / Higher earnings

Net sales:	8,064 mil. yen	+9.9%	+724 mil. yen	(prev. 2Q: 7,339 mil. yen)
Operating profit:	779 mil. yen	+19.3%	+126 mil. yen	(prev. 2Q: 653 mil. yen)

(factors) 【Higher revenues】 Sales of consumables for many fields, sales of instruments increased, and overseas sales is going strong

3 【Semiconductor Business】 Lower revenues / Lower earnings

Net sales:	8,189 mil. yen	-16.7%	-1,638 mil. yen	(prev. 2Q: 9,827 mil. yen)
Operating profit:	1,709 mil. yen	-17.2%	-355 mil. yen	(prev. 2Q: 2,065 mil. yen)

(factors) 【Demand drop】 Semiconductors for smartphones
【Steady demand】 Renewable energy, etc.

4 【Automated Recognition Business】 Higher revenues / Higher earnings

Net sales:	881 mil. yen	+28.8%	+197 mil. yen	(prev. 2Q: 684 mil. yen)
Operating profit:	48 mil. yen	+302.1%	+36 mil. yen	(prev. 2Q: 11 mil. yen)

(factors) 【Going strong】 Sales of products integrated into devices for housing, medical use and entry/exit security

Financial results overview

(2Q of FY03/2024)

(company-wide)

Financial results overview (company-wide)

Lower revenues / Lower earnings

Both Analytical Instrument and Automatic Recognition segments achieved higher revenues/earnings, but for Semiconductor segment, demand stayed at low level

【Analytical Instrument Business】 Higher revenues / Higher earnings: Revenues were higher in many fields, and also sales of customized systems and overseas sales could go strong

【Semiconductor Business】 Lower revenues / Lower earnings:

Stock accumulated, especially of memories

Demands related to cars and renewable energies were steady

High level of order backlog is still maintained

【Automated Recognition Business】 Higher revenues / Higher earnings: In every subsegment

(mil. yen)	FY03/2023 1-2Q	FY03/2024 1-2Q	+/- %	+/- amount
Net sales	17,851	17,135	-4.0%	-716
Operating profit (Operating profit rate)	2,734 (15.3%)	2,536 (14.8%)	-7.3% (N/A)	-198 (-0.5pt)
Ordinary profit	3,113	2,726	-12.4%	-387
Net profit attributable to owners of parent	1,526	1,496	-2.0%	-30

Financial results overview

(2Q of FY03/2024)

(by segment)

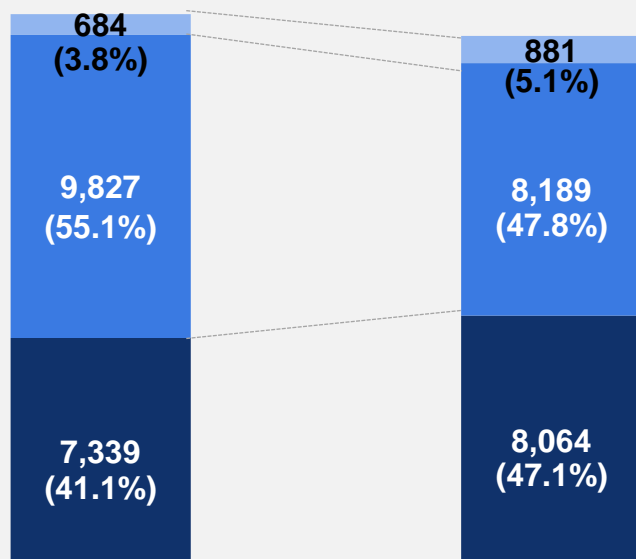
Overview by segment

【Net sales】 : Analytical Instrument and Semiconductor segments account for **95%**, each with almost same amount

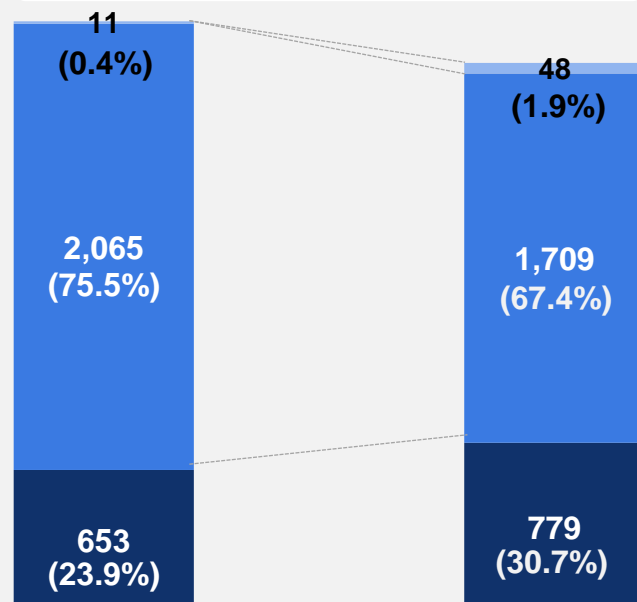
【Operating profit】 : These segments accounts for about **30%** and **70%** respectively

(mil. yen or %)	Net sales	Sales share	Operating profit	Operating profit share
Analytical Instrument Business	8,064	47.1%	779	30.7%
Semiconductor Business	8,189	47.8%	1,709	67.4%
Automatic Recognition Business	881	5.1%	48	1.9%

Net sales



Operating profit



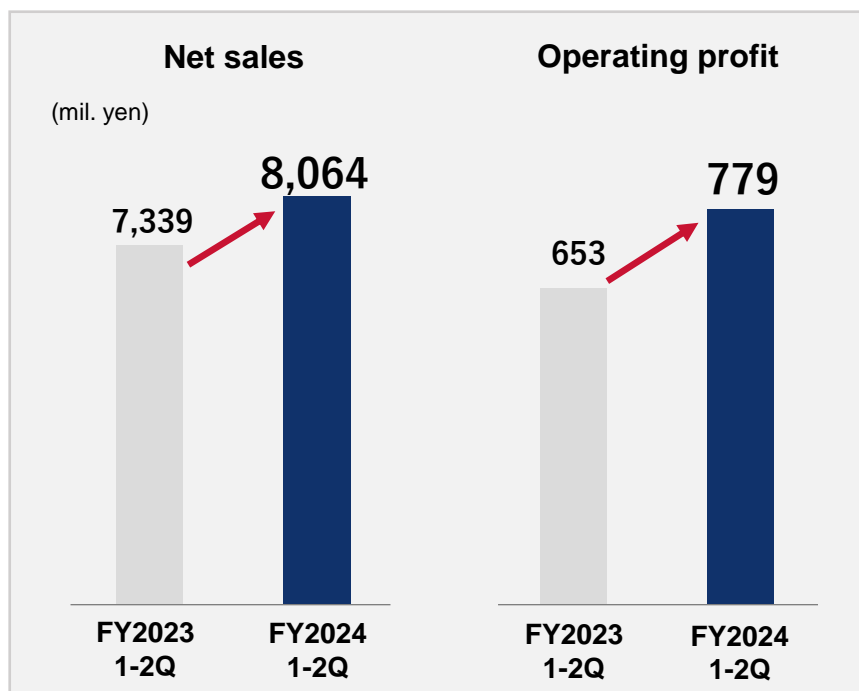
Financial results overview (by segment)

Analytical Instrument Business

Higher revenues / Higher earnings

【Higher revenues】 Sales of consumables for many fields, sales of instruments increased, and overseas sales is going strong

(mil. yen)	FY03/2023 1-2Q	FY03/2024 1-2Q	+/- %	+/- amount
Net sales	7,339	8,064	+9.9%	+724
Operating profit	653	779	+19.3%	+126



Factors, etc.

< Domestic net sales >

【Higher revenues】

- **Sales of consumables increased in many fields**
 - In particular, sales of standard reagents, LC/GC components, consumables related to sampling and after-sales services could go strong
- **Sales of instruments also increased**
 - Products for mass spectrometers in pharmaceutical, environment, and water quality analysis
 - Customized GC systems for carbon neutral researches

< Overseas net sales >






【Higher revenues】

- **Pharmaceutical products markets expanded in almost every region**
 - Sales of consumables especially LC columns are going strong in Asia, Europe and Latin America
 - Sales of OEM products for overseas companies are also still going strong

Analytical Instrument Business

(comparison with other companies)

Domestically, **sales staff with technical expertise in analytics** sell instruments after **offering applications** adapted to each customer's needs and roll out their business around **sales of consumables** necessary after installation

	What to sell	Product knowledge	After sales	Profit rate
Instruments makers in general	Only their own products	 Only for their own instruments	Mainly support for maintenance and updates	
Distributors in general	Wide variety of products from partnering makers	While dealing with various products, they sometimes need support of makers concerning professional domains	Consumables are also offered as needed Availability of technical consultations is limited	
GL Sciences	Own products plus third-party products	 Also for third-party products by applying knowledge of our own products	Consumables are also offered as needed Not only responding to technical consultations, applications (applied data) are offered	 By selling our own products, better profit rate can be achieved than pure distributors

Analytical Instrument Business

Sales trend by region

Over 70% in Japan, just less than 30% overseas (mainly in Asia), both maintaining steady growth
(mil. yen)

	FY03/2023 1-2Q	FY03/2024 1-2Q	YoY		FY03/2024 1-2Q share (%)
			+/- %	+/- amount	
Domestic	5,422	6,030	+11.2%	+607	74.8%
Overseas	1,916	2,034	+6.1%	+117	25.2%
North America	220	280	+27.2%	+59	3.5%
Asia	1,246	1,282	+3.0%	+36	15.9%
Others	450	471	+4.6%	+20	5.8%
Total	7,339	8,064	+9.9%	+724	100.0%

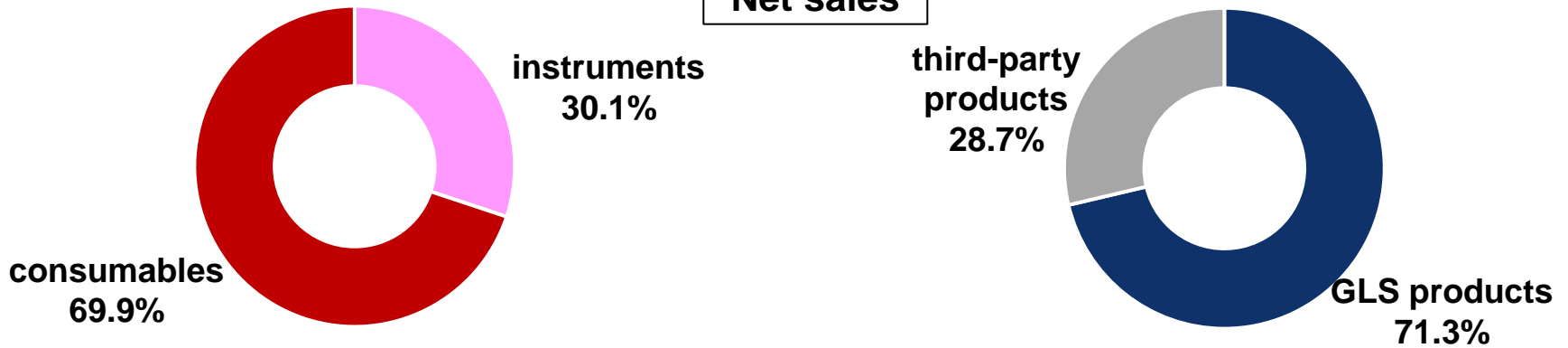
Analytical Instrument Business

Sales share by item

Sales share by item/method in Analytical Instrument Business

Both consumables and GLS products account for about **70%**

Net sales



Sales share by end markets for GL Sciences alone (domestic)

Chemical & Industry are the largest

	Chemical & Industry	Academic & Government	Pharmaceutical & Biochemical	Food & Environment
FY03/2024 1-2Q	41.3%	20.9%	19.6%	18.3%
FY03/2023 1-2Q	39.6%	20.8%	19.8%	19.8%

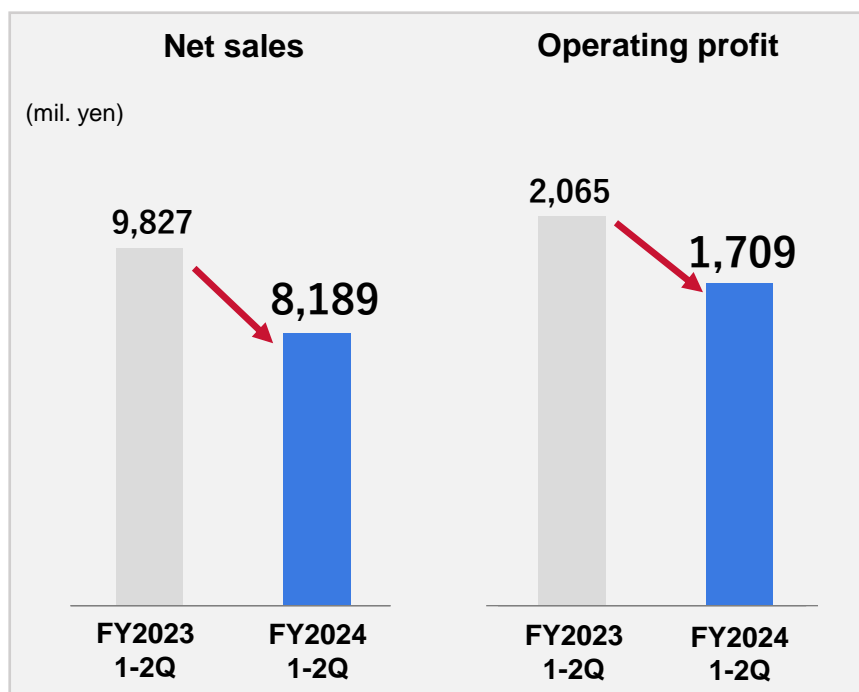
Financial results overview (by segment)

Semiconductor Business

Lower revenues / Lower earnings

【Demand drop】 Semiconductors for smartphones
【Steady demand】 Renewable energy business

(mil. yen)	FY03/2023 1-2Q	FY03/2024 1-2Q	+/- %	+/- amount
Net sales	9,827	8,189	-16.7%	-1,638
Operating profit	2,065	1,709	-17.2%	-355



Factors, etc.

【(negative) Demand drop】

- Stock accumulated, especially of memories

【(positive) Market trends】

- There are steady demands for those used for cars and renewable energies
- Demand expansion in the field of generative AI
→ Business improvement is actively promoted such as exploiting new demands

【(positive) Order backlog】

- High level of order backlog is still maintained

Semiconductor Business

Sales trend by region

Domestic and overseas sales are nearly equal

(mil. yen)

	FY03/2023 1-2Q	FY03/2024 1-2Q	YoY		FY03/2024 1-2Q share (%)
			+/- %	+/- amount	
Domestic	4,863	4,016	-17.4%	-846	49.0%
Overseas	4,963	4,172	-15.9%	-791	51.0%
North America	438	320	-26.8%	-117	3.9%
Asia	4,522	3,846	-15.0%	-676	47.0%
Others	3	5	+75.4%	+2	0.1%
Total	9,827	8,189	-16.7%	-1,638	100.0%

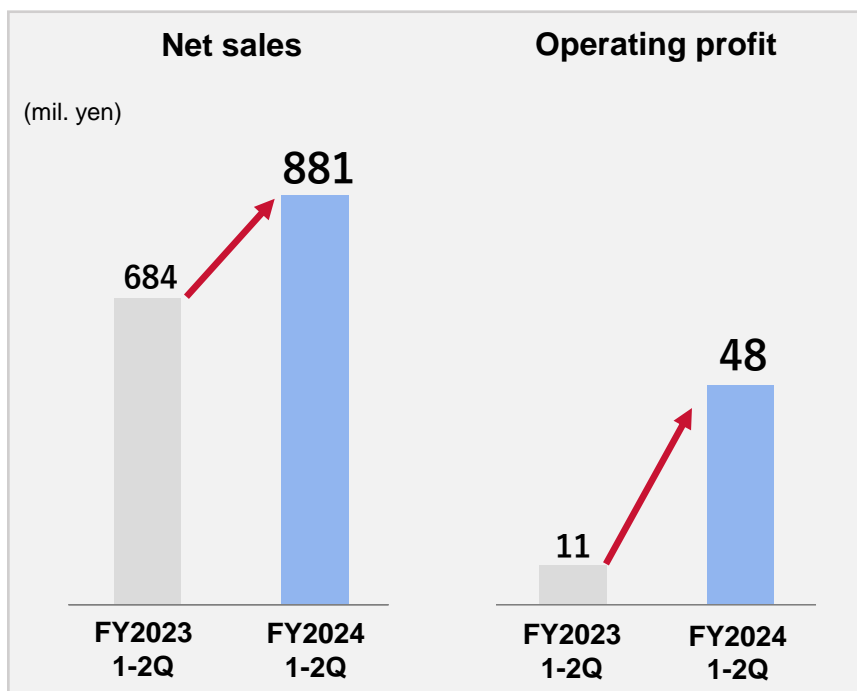
Financial results overview (by segment)

Automated Recognition Business

Higher revenues / Higher earnings

[Going strong] Sales of products integrated into devices for housing, medical use and entry/exit security

(mil. yen)	FY03/2023 1-2Q	FY03/2024 1-2Q	+/- %	+/- amount
Net sales	684	881	+28.8%	+197
Operating profit	11	48	+302.1%	+36



Factors, etc.

Higher revenues/earnings were achieved in every subsegment (“Products integrated into instruments”, “Finished products” and “Others”)

[(positive) Trend towards improvement]

- Stagnated production of upper-tier instruments due to insufficient supply of semiconductors was resolved
→ Shipment pace recovered for products integrated into instruments and high-function tags

[(positive) Steady growth]

- Products integrated into devices for housing, medical use, as well as entry/exit security

[(positive) Active promotion]

- UHF band IC tags for materials management have joined to our portfolio
→ Aiming at further entrance to new markets, such as management of rental temporary construction materials

Measures and progress

Each segment has proactively promoted its efforts to business improvement

Measures

Progress (1-2Q)

	Measures	Progress (1-2Q)
Analytical Instrument Business	<ul style="list-style-type: none"> To strengthen sales of LC columns 	<ul style="list-style-type: none"> Overseas sales took the lead, and both quantity and monetary amount have stayed at higher levels than the previous FY
	<ul style="list-style-type: none"> To expand business areas in relation to the next-generation energies and carbon-neutral technologies 	<ul style="list-style-type: none"> Sales keeps going strong. Our gas chromatograph systems contribute to researches not only for ammonia analyses but also for synthesizing fuel gases such as methane from CO₂
Semiconductor Business	<ul style="list-style-type: none"> To respond to the control over export to China by the USA 	<ul style="list-style-type: none"> There has been no significant movement recently, but sales activities continue to be promoted targeted at makers of semiconductor manufacturing devices in China in view of risks of regulations which might be tightened in the future
Automated Recognition Business	<ul style="list-style-type: none"> To put devices equipped with secure microcomputers to market 	<ul style="list-style-type: none"> OEM development of finished products for major security companies is promoted, and applications of products integrated into devices for public transport should be further expanded
	<ul style="list-style-type: none"> To start providing solutions targeted at parking markets 	<ul style="list-style-type: none"> Prototypes already developed were successfully delivered during the first quarter, and then during the second quarter performance evaluation on trial instruments, verification in actual market environments, and discussion on development towards mass production started

Performance/Dividend forecasts (FY03/2024)

Performance/Dividend forecasts (FY03/2024) (company-wide)

Lower revenues/earnings are expected, but Net profit would stay at the same level as the previous FY

Amendments to the full-term performance/dividends forecasts were announced on October 31

(mil. yen)	FY03/2023 actual	FY03/2024 (forecast) before	FY03/2024 (forecast) amended	+/- % (YoY)	+/- amount (YoY)
Net sales	38,679	38,240	36,540	-5.5%	-2,139
Operating profit	6,034	5,650	5,780	-4.2%	-254
Operating profit rate	15.6%	14.8%	15.8%	-	+0.2pt
Ordinary profit	6,468	5,710	6,050	-6.5%	-418
Net profit attributable to owners of parent	3,499	3,150	3,500	+0.0%	+0
Annual dividend (yen)	65	60	70	-	+5

< Reasons for amendment >

Decrease in Net sales (factors)

【Semiconductor Business】

- Prolonged inventory adjustment of memories in semiconductor industry
- Demand drop for smartphones and PCs

Increase in Net profit (factors)

- Effect of gain on receipt of national subsidy
(Subsidy provided to Semiconductor Business (AISINTEC Co., Ltd.))

< Dividend forecast >

Increase by 10 yen from 60 yen to 70 yen

Performance forecasts (FY03/2024)

(by segment)

【Analytical Instrument】 Higher revenues / Higher earnings
【Automatic Recognition】 Significant profit increase rate
【Semiconductor】 Lower revenues / Lower earnings

(mil. yen)		FY03/2023 actual	FY03/2024 (forecast) before	FY03/2024 (forecast) amended	+/- % (YoY)	+/- amount (YoY)
Analytical Instrument Business	Net sales	17,163	17,530	18,310	+6.7%	+1,146
	Operating profit	1,888	1,880	2,220	+17.5%	+331
Semiconductor Business	Net sales	20,003	18,930	16,450	-17.8%	-3,553
	Operating profit	4,068	3,660	3,470	-14.7%	-598
Automated Recognition Business	Net sales	1,513	1,780	1,780	+17.6%	+266
	Operating profit	67	110	100	+47.5%	+32

Nearly 50% during the 2Q
Further increase in sales is sought centered on Analytical Instrument Business
which usually earns more during the second half

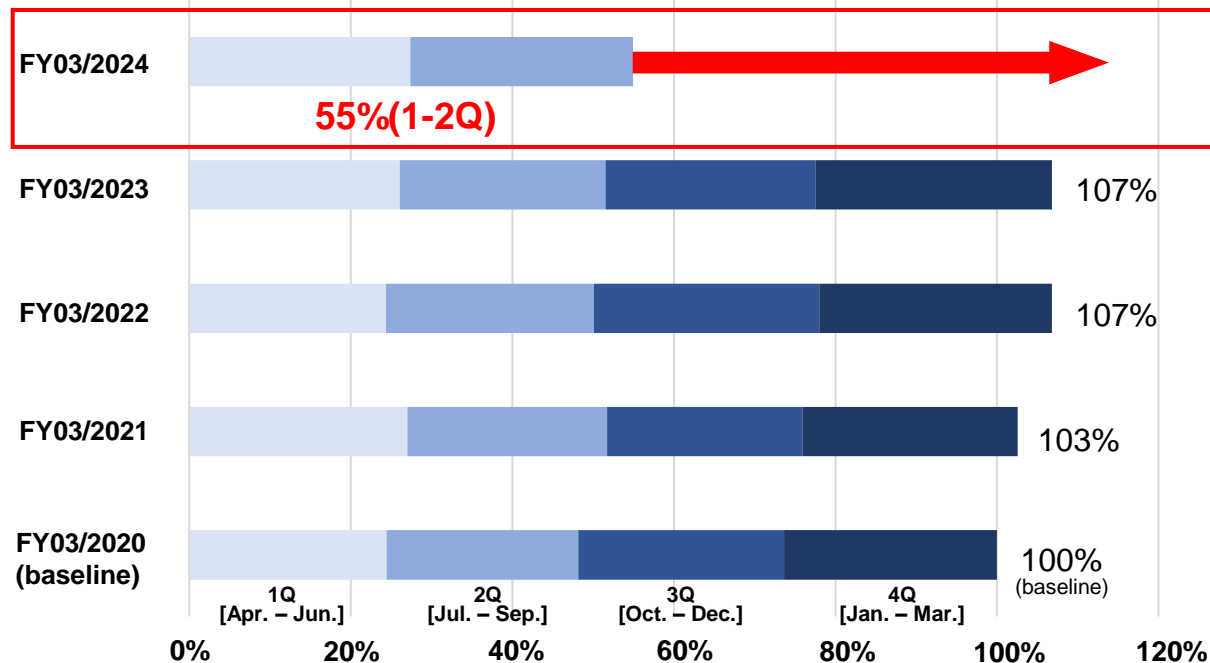
(mil. yen)		FY03/2023 1-2Q	FY03/2024 1-2Q	FY03/2024 (forecast) amended	FY03/2024 (progress rate)
Net sales	Analytical Instrument Business	7,339	8,064	18,310	44.0%
	Semiconductor Business	9,827	8,189	16,450	49.8%
	Automated Recognition Business	684	881	1,780	49.5%
	Total	17,851	17,135	36,540	46.9%
Operating profit		2,734	2,536	5,780	43.9%
Ordinary profit		3,113	2,726	6,050	45.1%
Quarterly/Full-term net profit attributable to owners of parent		1,526	1,496	3,500	42.8%

Most recent topics

Topic ① (Analytical Instrument Business)

Sales of our original consumable “Inert Family*” is **going strong**

Assuming annual average sales of Inert Family during FY03/2020 (before COVID-19) as 100% (baseline), that of FY03/2024 has reached **55%** at the end of the 2Q



Note: Data are of GL Sciences alone, meaning overseas consolidated subsidiaries are not included

Inert Family: Among the **original consumables** manufactured by our Analytical Instrument Business segment, this is a principal product line and contributes very highly to overall profit. There are mainly three types: **Original LC column, Solid-phase extraction cartridge, and GC column.**

New release

Laboratory information management system “GLIMS”

GLIMS is a kind of **LIMS (Laboratory Information Management System)** developed with a concept of high customizability such as “a **flexible system** that matches various laboratories”
It unifies management of analytical operations such as progress, traceability, evidence record, sample and analysis information; realizes improvement in productivity and reliability of a laboratory; and supports DX and remote working.

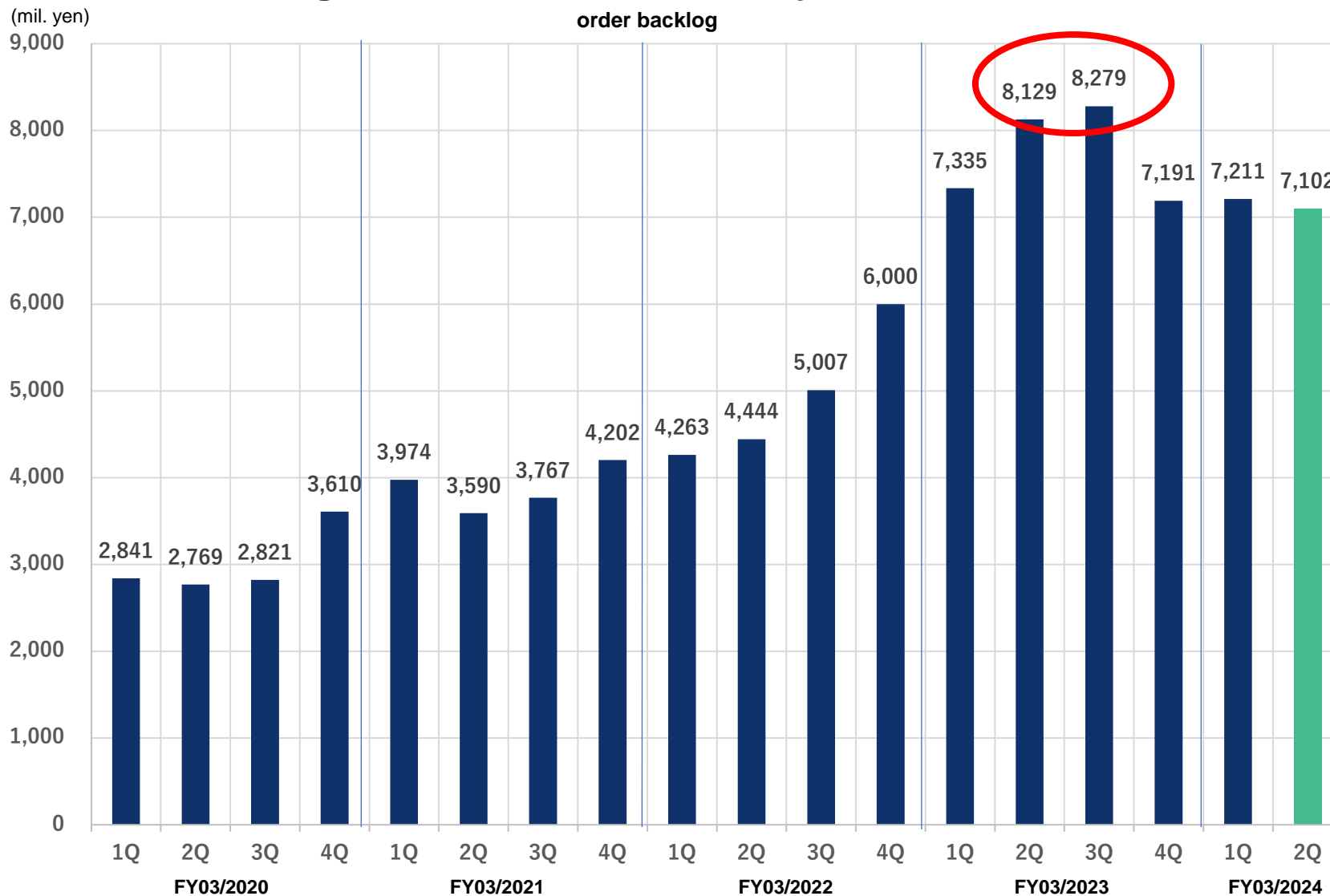


【Points】

- **Unifies management of data** obtained at laboratories
- **GL Sciences** knows how analyses are carried out and **defines** customers' **requirements** according to their specific circumstances
- CSV (Computerized System Validation) is also supported
- Planned to be rolled out to e.g. pharmaceutical companies including generic drug makers

Topic ③ (Semiconductor Business)

Order backlog is still staying at nearly the same level as FY03/2023



Topic ④ (Automated Recognition Business)

Sales of “Kagi Bannin (key tender) smart” started (May 2023)

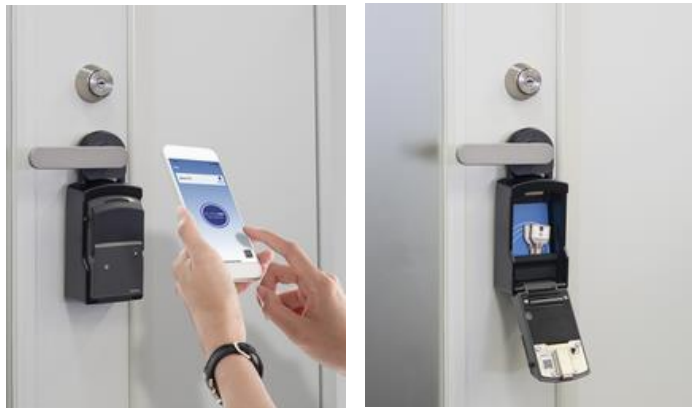
Basic Information

BLE electronic key box



Kagi Bannin smart

BLE :
Bluetooth Low Energy



Sample applications

Rental housing	Entry to vacant rooms by real-estate brokers
Construction site	Key management of house renovation sites
Security patrol	Facilities management of condominiums
Nursing visit	Disaster prevention, key management of warehouse
Factory	Key acceptance for visiting services
Rental housing	Key management of home/villa
Construction site	Key management for specific areas

- Key storage is provided **“when and where necessary”**.
- Keys and IC cards can be easily managed **via smartphone app**.
- No likelihood of forgetting to lock or information leakage, realizing **higher security than dial types**.
- It can be installed various locations, supports wide variety of usage, and is **useful in any situations**.

**Outdoors OK
(IP55
compliant)**

Introduction



(in Japanese)

【Joint development】

This product was developed jointly with Keiden Co., Ltd. having 50 years history of manufacturing/selling card keys and security equipment of Keiden brand

Exhibited at “JL Lock Festival 2023 in Tokyo” (September)

Disclaimer

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