



Third Quarter of FY03/2024 Materials for Financial Results Briefing

February 09, 2024

GL Sciences Inc.

TSE STD (7705)

Table of Contents

- Highlights P.4
- Financial results overview (3Q of FY03/2024)
 - company-wide P.6
 - by segment P.8
 - Measures and progress P.17
- Performance/Dividend forecasts (FY03/2024) P.18
- Most recent topics P.22

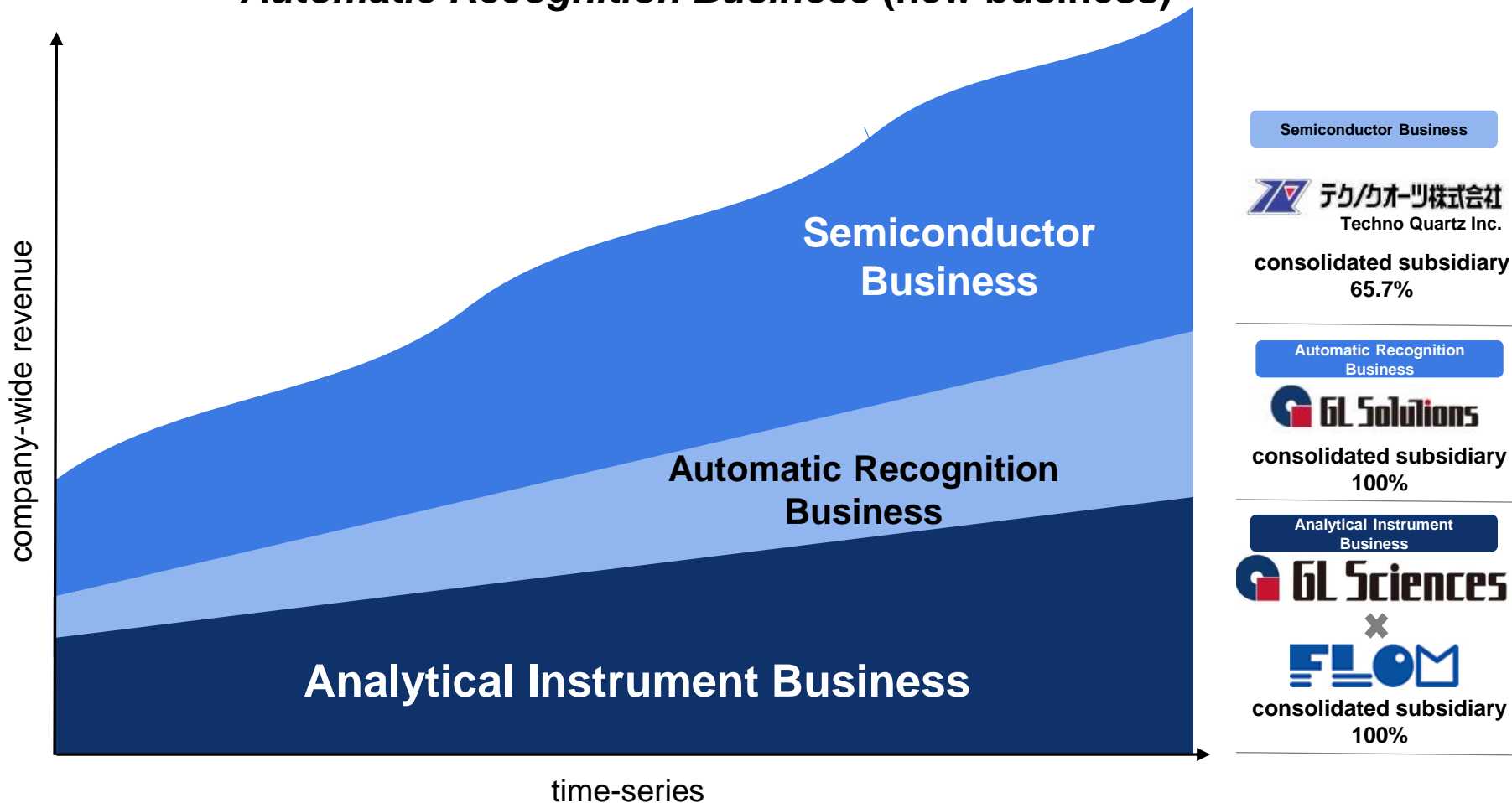
Company-wide strategies

Three business segments promote extensive growth together

Analytical Instrument Business (stably growing)

Semiconductor Business (remarkably growing)

Automatic Recognition Business (new business)



Highlights

Highlights

1 [company-wide] Lower revenues / Lower earnings

Net sales:	26,314 mil. yen	-4.9%	-1,361 mil. yen	(prev. 3Q: 27,676 mil. yen)
Operating profit:	4,031 mil. yen	-7.0%	-305 mil. yen	(prev. 3Q: 4,337 mil. yen)

2 [Analytical Instrument Business] Higher revenues / Higher earnings

Net sales:	12,560 mil. yen	+8.3%	+960 mil. yen	(prev. 3Q: 11,600 mil. yen)
Operating profit:	1,311 mil. yen	+16.4%	+185 mil. yen	(prev. 3Q: 1,126 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:	12,514 mil. yen	-16.8%	-2,524 mil. yen	(prev. 3Q: 15,038 mil. yen)
Operating profit:	2,654 mil. yen	-16.5%	-525 mil. yen	(prev. 3Q: 3,180 mil. yen)

(factors) **[Demand drop]** Semiconductors for PC/smartphones
[Order backlog] is still at high level

4 [Automated Recognition Business] Higher revenues / Higher earnings

Net sales:	1,240 mil. yen	+19.5%	+202 mil. yen	(prev. 3Q: 1,037 mil. yen)
Operating profit:	65 mil. yen	+180.7%	+42 mil. yen	(prev. 3Q: 23 mil. yen)

(factors) **[Going strong]** Medical products (for vital check)
Higher revenues/earnings in every subsegment



Financial results overview

(3Q 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
Semiconductor market is expected to continue to steadily expand
High level of order backlog is still maintained

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

(mil. yen)	FY03/2023 1-3Q	FY03/2024 1-3Q	+/- %	+/- amount
Net sales	27,676	26,314	-4.9%	-1,361
Operating profit (Operating profit rate)	4,337 (15.7%)	4,031 (15.3%)	-7.0% (N/A)	-305 (-0.4pt)
Ordinary profit	4,735	4,260	-10.0%	-475
Net profit attributable to owners of parent	2,371	2,288	-3.5%	-82

Financial results overview

(3Q of FY03/2024)

(by segment)

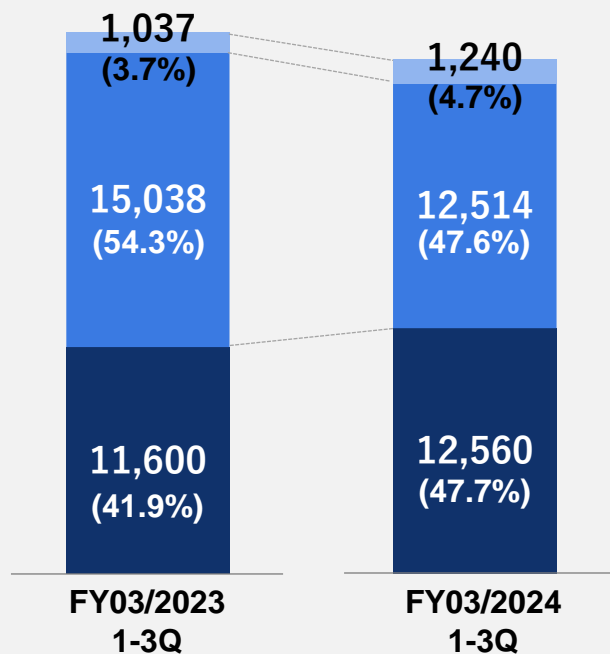
Overview by segment

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

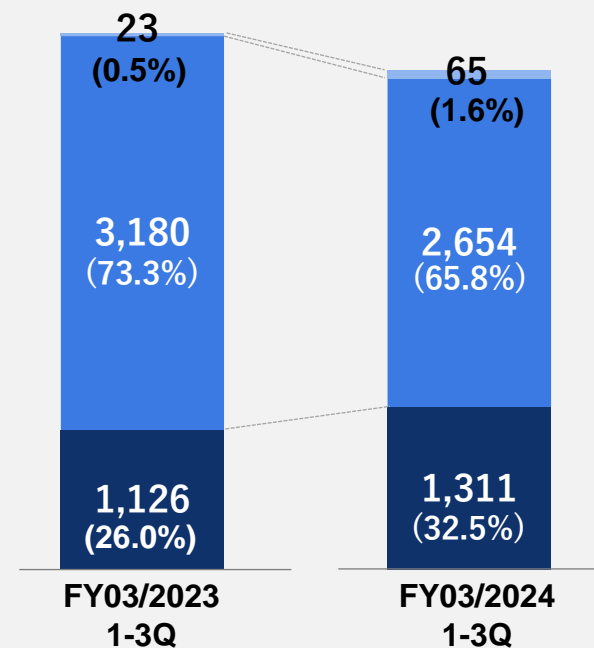
[Operating profit] : These segments accounts for **about 30%** and **over 60%** respectively

(mil. yen or %)	Net sales	Sales share	Operating profit	Operating profit share
Analytical Instrument Business	12,560	47.7%	1,311	32.5%
Semiconductor Business	12,514	47.6%	2,654	65.8%
Automatic Recognition Business	1,240	4.7%	65	1.6%

Net sales



Operating profit



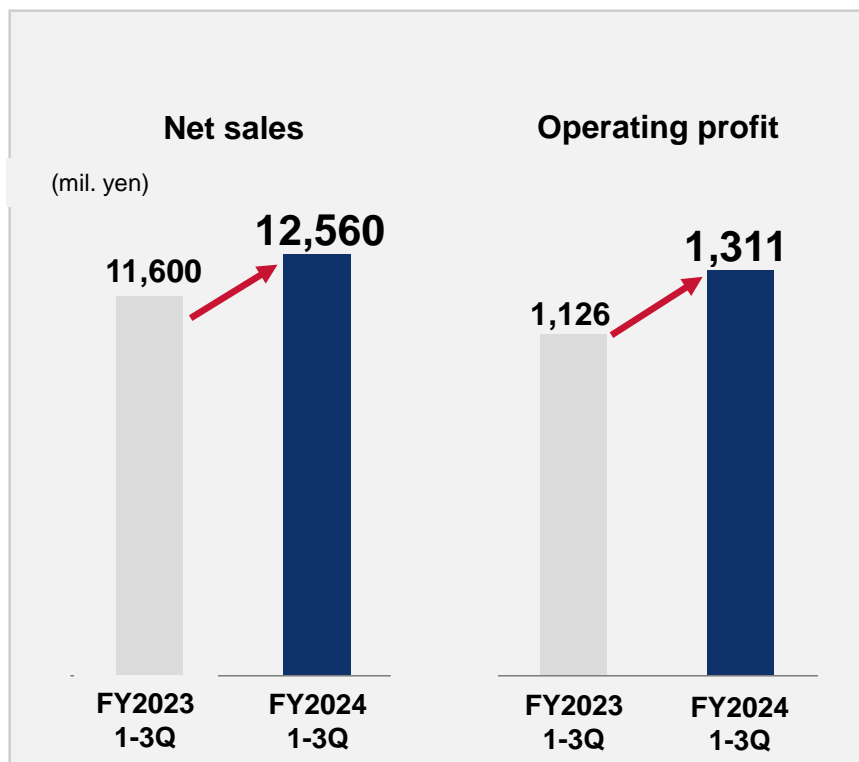
Financial results overview (by segment)

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	11,600	12,560	+8.3%	+960
Operating profit	1,126	1,311	+16.4%	+185



Factors, etc.

< Domestic net sales >

[Sales increased in many fields]

- Consumables: E.g. those for food industry, chemical industry, environment analysis, and contract testing companies
 - In particular, sales of LC columns, LC/GC components, standard reagents and products related to after-sales services were on the up
- Instruments: Sales of products related to mass spectrometers in areas of pharmaceuticals, environment analysis and water quality were also on the up
- Sales of customized systems for GC which have been going strong in a wide variety of areas such as chemical industry, notably those related to carbon-neutral researches, also contributed
- Profit rate also could stay at the same level as FY2023

< Overseas net sales >


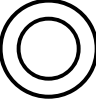



[Higher revenues]

- Demand for consumables continued to grow steadily, mainly for pharmaceuticals
 - Sales of consumables are on the up in Asia, Europe, Latin America, and Africa
- Sales of OEM products has also been ongoingly solid

Analytical Instrument Business

(comparison with other companies)

Domestically, **sales staff with rich 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	
Dealers 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

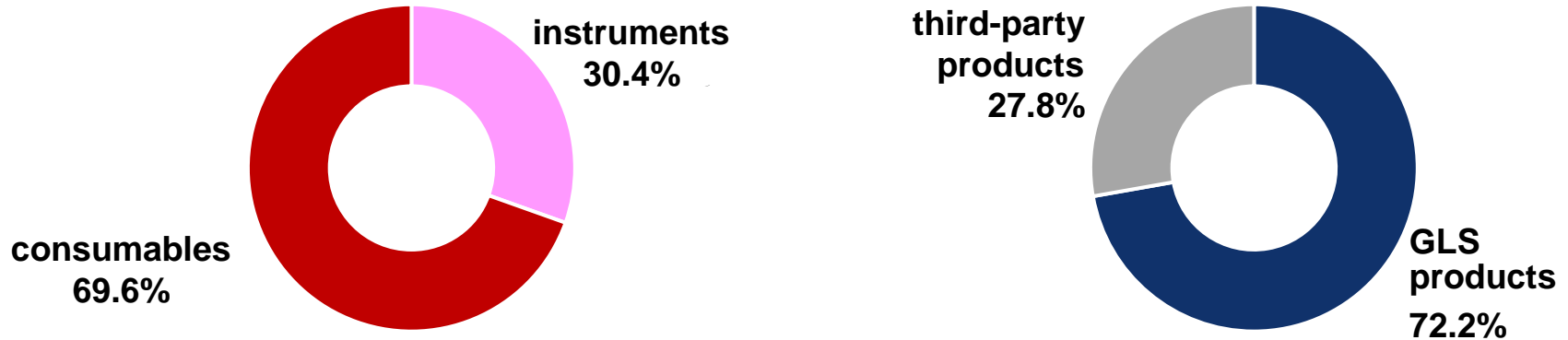
(mil. yen)	FY03/2023 1-3Q	FY03/2024 1-3Q	YoY		FY03/2024 1-3Q share (%)
			+/- %	+/- amount	
Domestic	8,694	9,446	+8.6%	+751	75.2%
Overseas	2,905	3,113	+7.2%	+208	24.8%
North America	321	418	+30.1%	+96	3.3%
Asia	1,909	1,993	+4.4%	+84	15.9%
Others	674	701	+4.0%	+26	5.6%
Total	11,600	12,560	+8.3%	+960	100.0%

Analytical Instrument Business

Sales share by item

Sales share by item/method in Analytical Instrument Business

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



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 1-3Q	38.8%	21.2%	19.8%	20.2%
FY03/2023 1-3Q	37.7%	21.0%	19.0%	22.2%

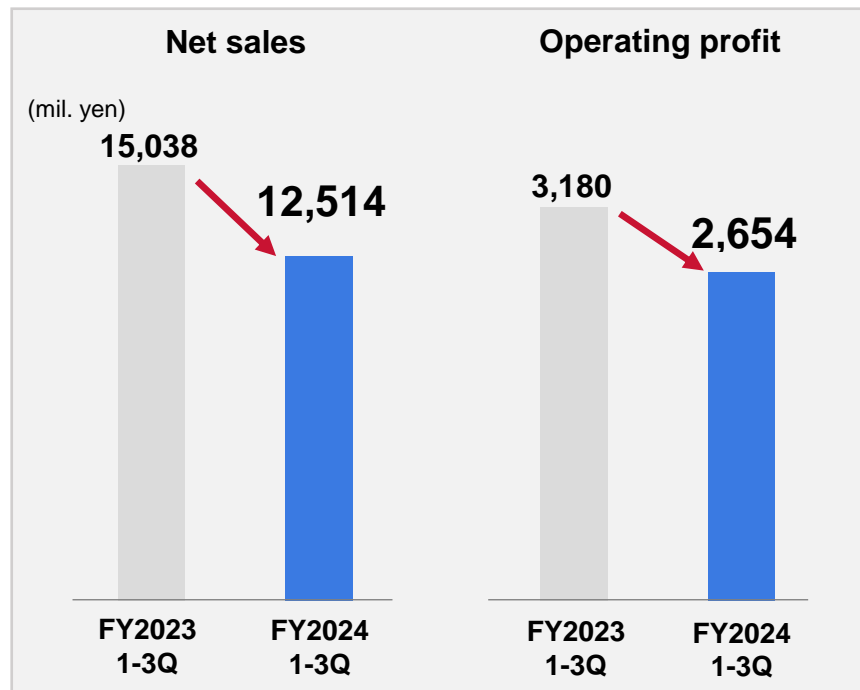
Financial results overview (by segment)

Semiconductor Business

Lower revenues / Lower earnings

Despite demand drop for semiconductors for PC/smartphones, overall order backlog continued to stay at high level

(mil. yen)	FY03/2023 1-3Q	FY03/2024 1-3Q	+/- %	+/- amount
Net sales	15,038	12,514	-16.8%	-2,524
Operating profit	3,180	2,654	-16.5%	-525



Factors, etc.

NEGATIVE FACTORS

【Demand drop】

- Stock accumulated, especially of memories

POSITIVE FACTORS

【Market trends】

- Demand expansion in the field of generative AI
 - Exploitation of new demands and promotion of operational improvement
 - Proactive capital investment projects are planned/implemented one after another both domestically and overseas

【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 1-3Q	FY03/2024 1-3Q	YoY		FY03/2024 1-3Q share (%)
			+/- %	+/- amount	
Domestic	7,439	6,070	-18.4%	-1,369	48.5%
Overseas	7,598	6,443	-15.2%	-1,155	51.5%
North America	632	523	-17.1%	-108	4.2%
Asia	6,961	5,910	-15.1%	-1,051	47.2%
Others	5	9	+80.0%	+4	0.1%
Total	15,038	12,514	-16.8%	-2,524	100.0%

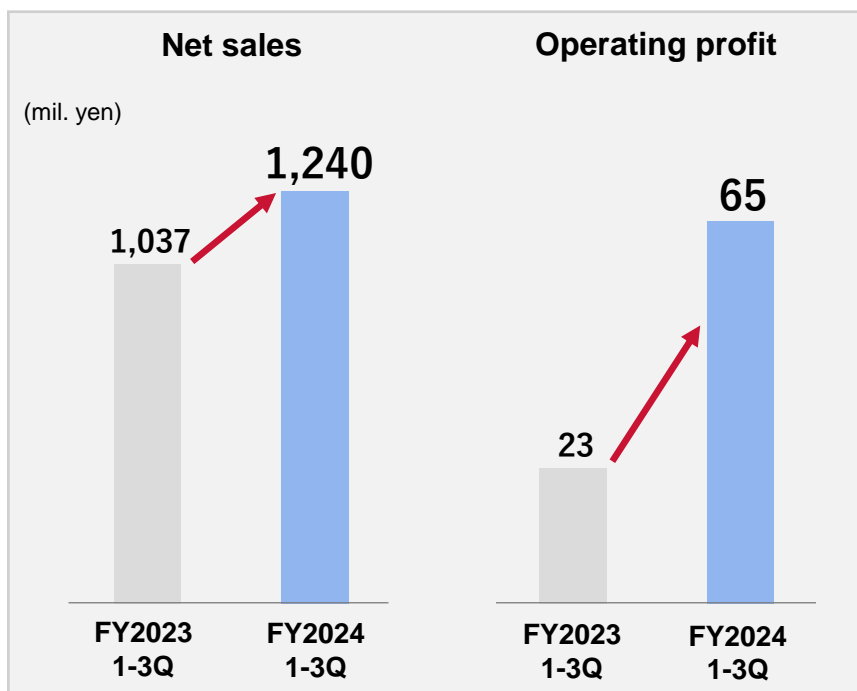
Financial results overview (by segment)

Automated Recognition Business

Higher revenues / Higher earnings

Higher revenues/earnings in every subsegment

(mil. yen)	FY03/2023 1-3Q	FY03/2024 1-3Q	+/- %	+/- amount
Net sales	1,037	1,240	+19.5%	+202
Operating profit	23	65	+180.7%	+42



Factors, etc.

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

POSITIVE FACTORS

【Recovery trend】

- Plans for procurement by customers in many fields have turned to recovery and mid- to long-term forecasts have been shared/agreed

【Steady growth】

- Sales of products integrated into devices for housing and entry/exit security continued to grow steadily
- Sales expansion for products integrated into devices for public transport and discussion on adding multipurpose functions were promoted

【Horizontal market development】

- Sales of products for medical applications (vital check) has grown and examination/consideration for adoption by major makers in medical industry are proceeding smoothly

Measures and progress

Each segment has proactively promoted its efforts to business improvement

	Measures	Progress (1-3Q)
Analytical Instrument Business	<ul style="list-style-type: none"> • To strengthen sales of LC columns 	<ul style="list-style-type: none"> • Overseas sales continued to drive good performance. • Sales of products applying InertMask, a novel surface coating technology, started formally.
	<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"> • Many projects of instruments have been secured, and full-term sales is expected to exceed FY2023.
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 continued to be no significant movement, but sales activities have gradually shown some outcomes, 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 manufacturing of finished products and OEM development of products integrated into devices have both proceeded smoothly. In addition, discussions on specifications in order for realizing inquiries from new similar markets have become more active.
	<ul style="list-style-type: none"> • To start providing solutions targeted at parking markets 	<ul style="list-style-type: none"> • Various verification tasks on trial/marketed instruments were carried out during 2Q/3Q. Discussions and prototyping for mass-production are planned to be carried out during 4Q, in order for optimizing specifications for mass-production.

Performance/Dividend forecasts (FY03/2024)

Performance/Dividend forecasts (FY03/2024)

Lower revenues/earnings are expected, but **Net profit** would stay at the same level as the previous FY (company-wide)

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

* In accordance with the amended forecasts announced on October 31, 2023

Performance forecasts (FY03/2024)

[Analytical Instrument] Higher revenues / Higher earnings

[Automatic Recognition] Significant profit increase rate

[Semiconductor] Lower revenues / Lower earnings

(by segment)

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

* In accordance with the amended forecasts announced on October 31, 2023

About 70% at the end of 3Q

For the next 4Q, activities for securing sales will be boosted mainly in Analytical Instrument Business segment which usually earns more during the second half.

(mil. yen)		FY03/2023 1-3Q	FY03/2024 1-3Q	FY03/2024 (forecasts*)	FY03/2024 (progress rate)
Net sales	Analytical Instrument Business	11,600	12,560	18,310	68.6%
	Semiconductor Business	15,038	12,514	16,450	76.1%
	Automated Recognition Business	1,037	1,240	1,780	69.7%
	Total	27,676	26,314	36,540	72.0%
Operating profit		4,337	4,031	5,780	69.7%
Ordinary profit		4,735	4,260	6,050	70.4%
Quarterly/Full-term net profit attributable to owners of parent		2,371	2,288	3,500	65.4%

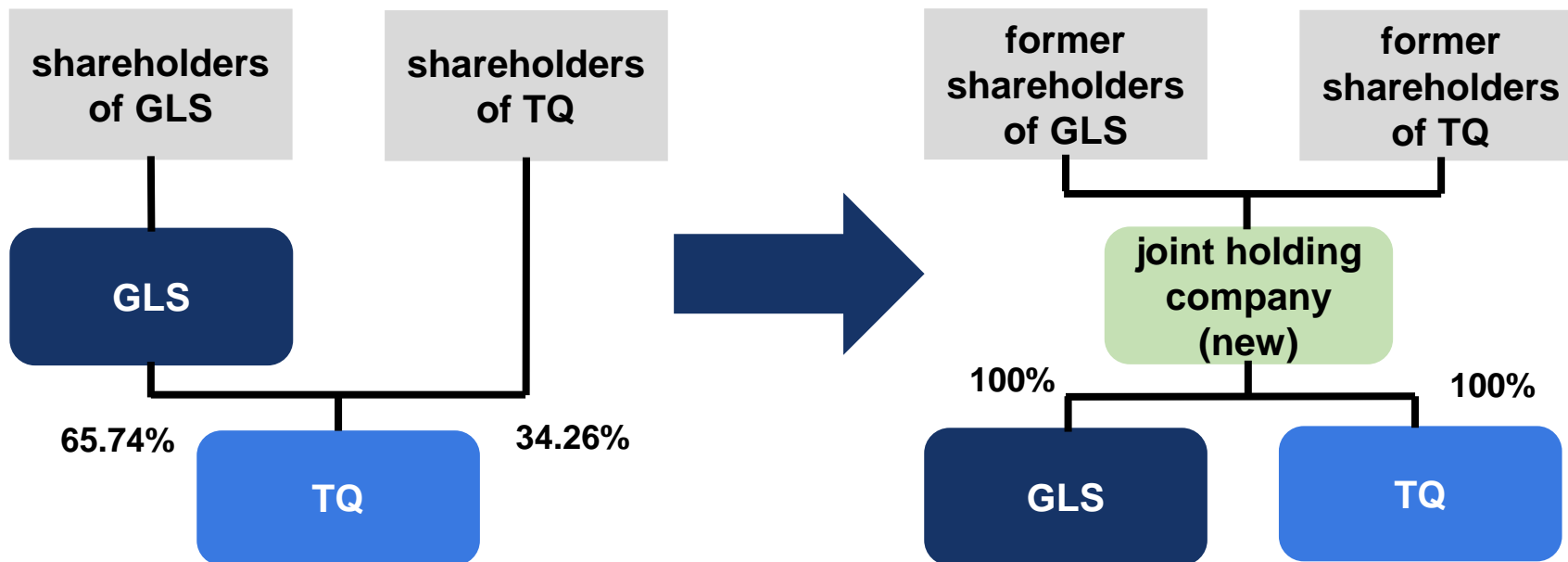
* In accordance with the amended forecasts announced on October 31, 2023

Most recent topics

- Overview of management integration

GL Sciences Inc. (“GLS”) and Techno Quartz Inc. (“TQ”) have reached a basic agreement on establishing a joint holding company and integrating their management by way of a joint share transfer (announced on February 9, 2024)

	GLS	TQ
Share transfer ratio	1	2.10



- **Background and purposes of the management integration**

- **GLS is growing stably**
- **TQ is susceptible to economic cycle**



Capturing growth opportunities through strengthened group strategy functions and optimized management resource allocation

- **Human resources and know-hows are dispersed across both companies**
- **TQ has grown rapidly and faces challenges around operation and administration**



Improving management efficiency through the consolidation of administrative functions

- **Synergies between both companies are limited**
- **Concerns about possible conflicts of interest of TQ's minority shareholders**



Maximizing value provided to stakeholders and expediting decision-making processes

• Future schedule

Provided that relevant matters would be approved at annual meetings of shareholders of both companies to be held in late June 2024, the following events are scheduled

* For details, please refer to the press release (announced on February 9, 2024):
URL: <https://www.gls.co.jp/info/sfh1640000003f08-att/pressrelease20240209eng.pdf>

February 9, 2024

Execution of basic agreement on management integration

Mid-May 2024 (Scheduled)

Resolution of board of directors meeting to approve the Integration Agreement and Share Transfer plan (both companies)

June 21, 2024 (Scheduled)

Annual meeting of shareholders of TQ

June 25, 2024 (Scheduled)

Annual meeting of shareholders of GLS

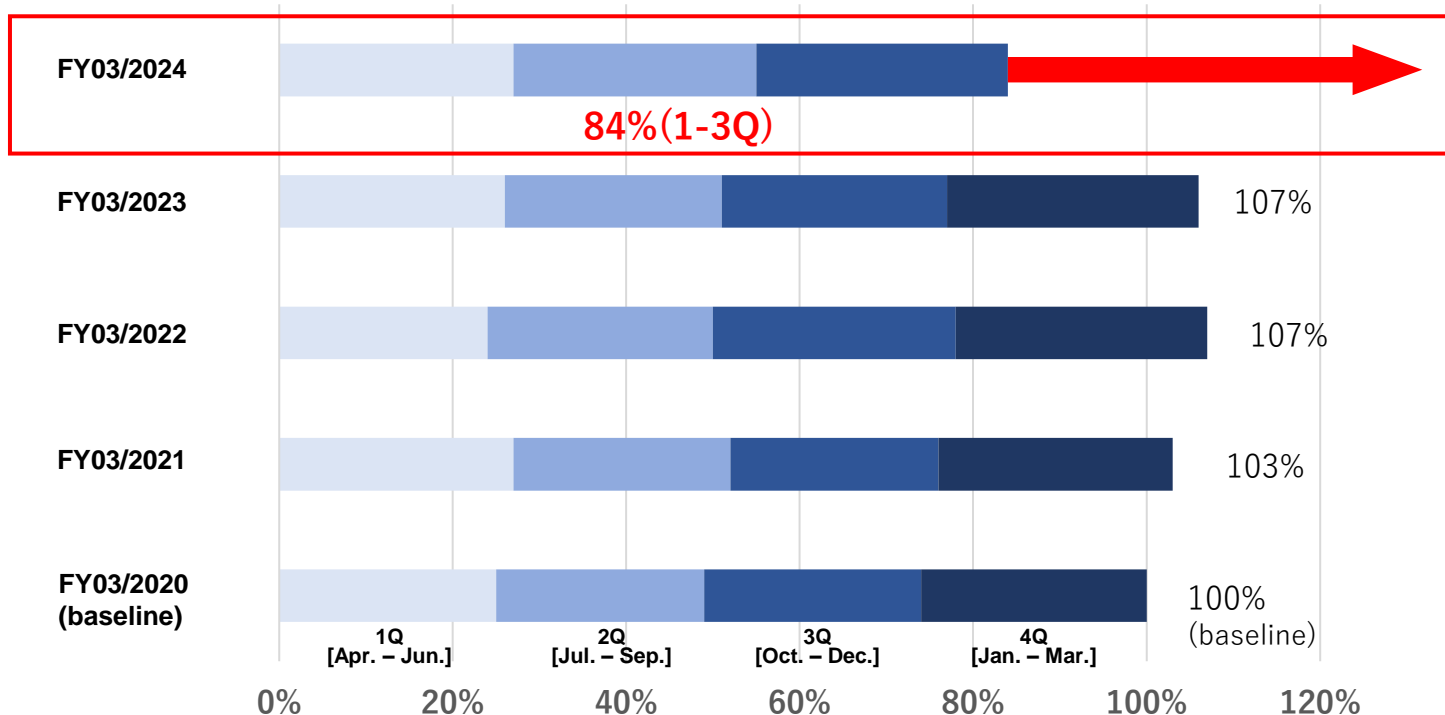
October 01, 2024 (Scheduled)

Integration date
(registration date of establishment of the joint holding company)

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 84% at the end of the 3Q.



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 metal-free column “IM Column” released

“IM Column” was released, which is a new metal-free column following after the preceding PEEK column.

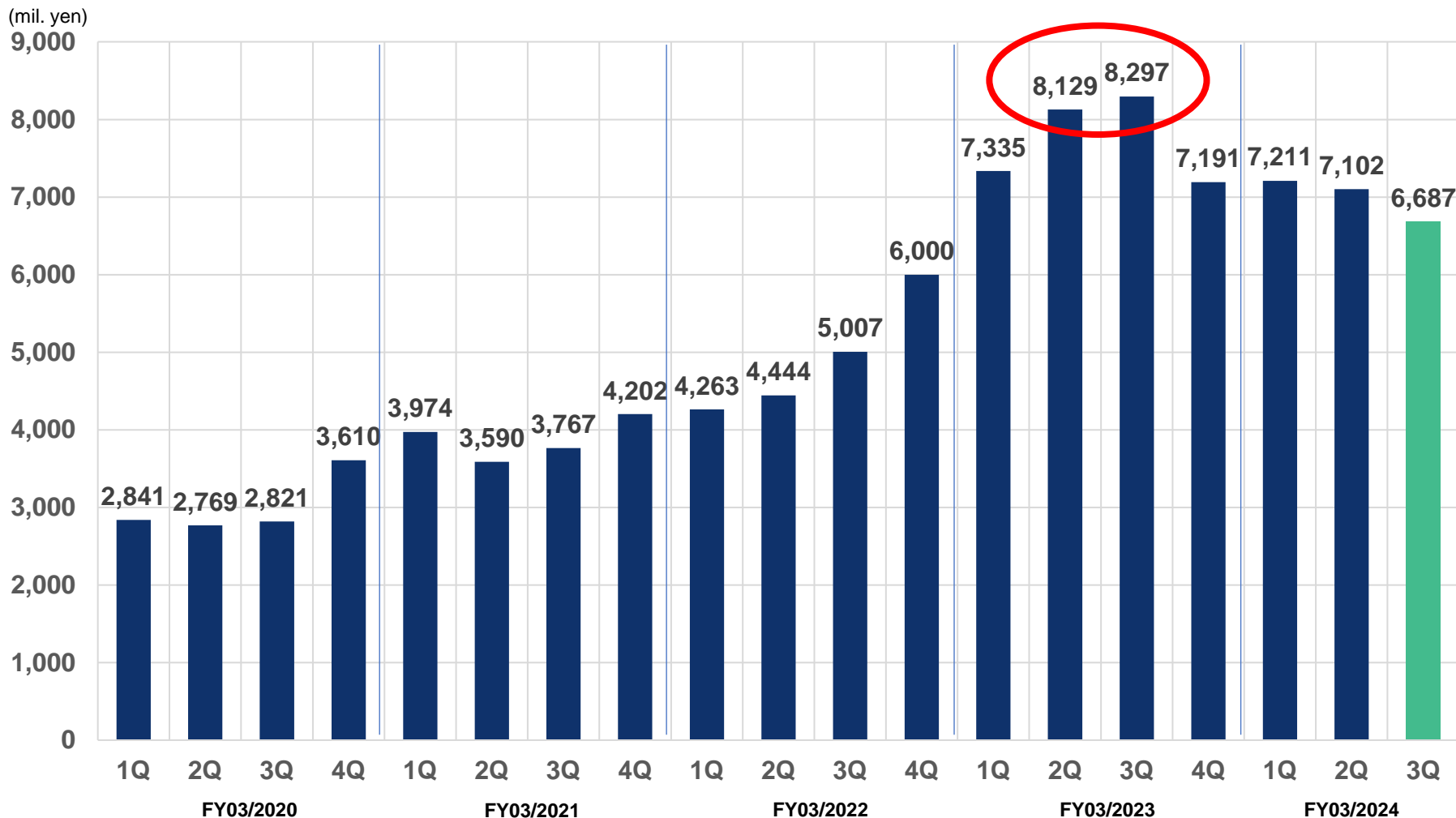
This product is made using our original metal surface coating technology named “Inert Mask” applied on stainless-steel column tube, which prevents adsorption with metal coordination originating from column tube and thus realizes highly-sensitive and excellent peak shapes. In addition, if PEEK columns are used, it is difficult to fabricate guard columns in terms of pressure resistance, but for “IM Column”, guard columns can be made available as well.

As a memorial of new release, **40% OFF campaign is also underway until March 31, 2024.**



Topic ③ (Semiconductor Business)

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



Disclaimer

Materials in this document include prospects of business performance for the future, but they are solely forecasts determined by the Company based on currently available information and accordingly contain potential risks and uncertainty. Therefore, depending on various risks and uncertain elements, actual business performance may substantially differ from the future prospects as described herein.

The copyright of this document belongs to GL Sciences Inc. You are not allowed to use any copyrighted work without prior permission.

【Contact for this document】

GL Sciences Inc.

TEL: 81-3-5323-6633

FAX: 81-3-5323-6636

URL : <https://www.gls.co.jp>

支える、あらゆる分析を。

Separation Sciences for All

