First Quarter of FY03/2025 Materials for Financial Results Briefing

August 7, 2024

GL Sciences Inc.

TSE STD (7705)

Table of Contents

Highlights

Performance highlights

1Q of FY03/2025

1 【company-wide】 **Higher revenues / Higher earnings**

Net sales:	9,360 mil. yen	+14.4%	+1,178 mil. yen	(FY2023: 8,181 mil. yen)
Operating profit:	1,471 mil. yen	+36.3%	+391 mil. yen	(FY2023: 1,079 mil. yen)

2 【*Analytical Instrument Business*】 **Higher revenues / Higher earnings**

Net sales:	4,201 mil. yen	+12.3%	+461 mil. yen	(FY2023: 3,740 mil. yen)
Operating profit:	314 mil. yen	+3.6%	+11 mil. yen	(FY2023: 303 mil. yen)

(factors) **Sales of consumables for many fields increased, and also sales of instruments, overseas sales are going strong**

3 【*Semiconductor Business*】 **Higher revenues / Higher earnings**

Net sales:	4,775 mil. yen	+19.1%	+764 mil. yen	(FY2023: 4,011 mil. yen)
Operating profit:	1,151 mil. yen	+52.7%	+397 mil. yen	(FY2023: 754 mil. yen)

(factors) **Despite still stagnated stock of memories, demands in the field of generative AI have expanded; and order backlog increased thanks to advance orders from customers**
Profit increased due to change in the method for evaluating inventories

4 【*Automated Recognition Business*】 **Lower revenues / Lower earnings**

Net sales:	383 mil. yen	–10.9%	–46 mil. yen	(FY2023: 430 mil. yen)
Operating profit:	4 mil. yen	–76.8%	–16 mil. yen	(FY2023: 20 mil. yen)

(factors) **Shipment for residential facilities slowed down due to delay in construction projects whereas those for medical instruments could maintain steady growth**

Financial results overview

(1Q of FY03/2025)

(company-wide)

Financial results overview (company-wide)

1Q of FY03/2025

Higher revenues / Higher earnings

Analytical Instrument & Semiconductor maintain steady growth, despite lower earnings in Automated Recognition

【*Analytical Instrument*】 **Higher revenues / Higher earnings:**
Sales of consumables for many fields increased, and also sales of instruments, overseas sales are going strong

【*Semiconductor*】 **Higher revenues / Higher earnings:**
Stagnated stocks remain, mainly of memories, but demand expansion in the field of generative AI has revitalized semiconductor markets
Order backlog increased thanks to advance orders from customers
Profit increased due to change in the method for evaluating inventories

【*Automatic Recognition*】 **Lower revenues / Lower earnings:**
Shipment for residential facilities slowed down due to delay in construction projects whereas those for medical instruments could maintain steady growth

(mil. yen)

	FY03/2024 1Q	FY03/2025 1Q	+/– %	+/– amount
Net sales	8,181	9,360	+14.4%	+1,178
Operating profit	1,079	1,471	+36.3%	+391
Operating profit rate	13.2%	15.7%	N/A	+2.5 pt
Ordinary profit	1,214	1,618	+33.3%	+404
Net profit attributable to owners of parent	672	802	+19.3%	+129

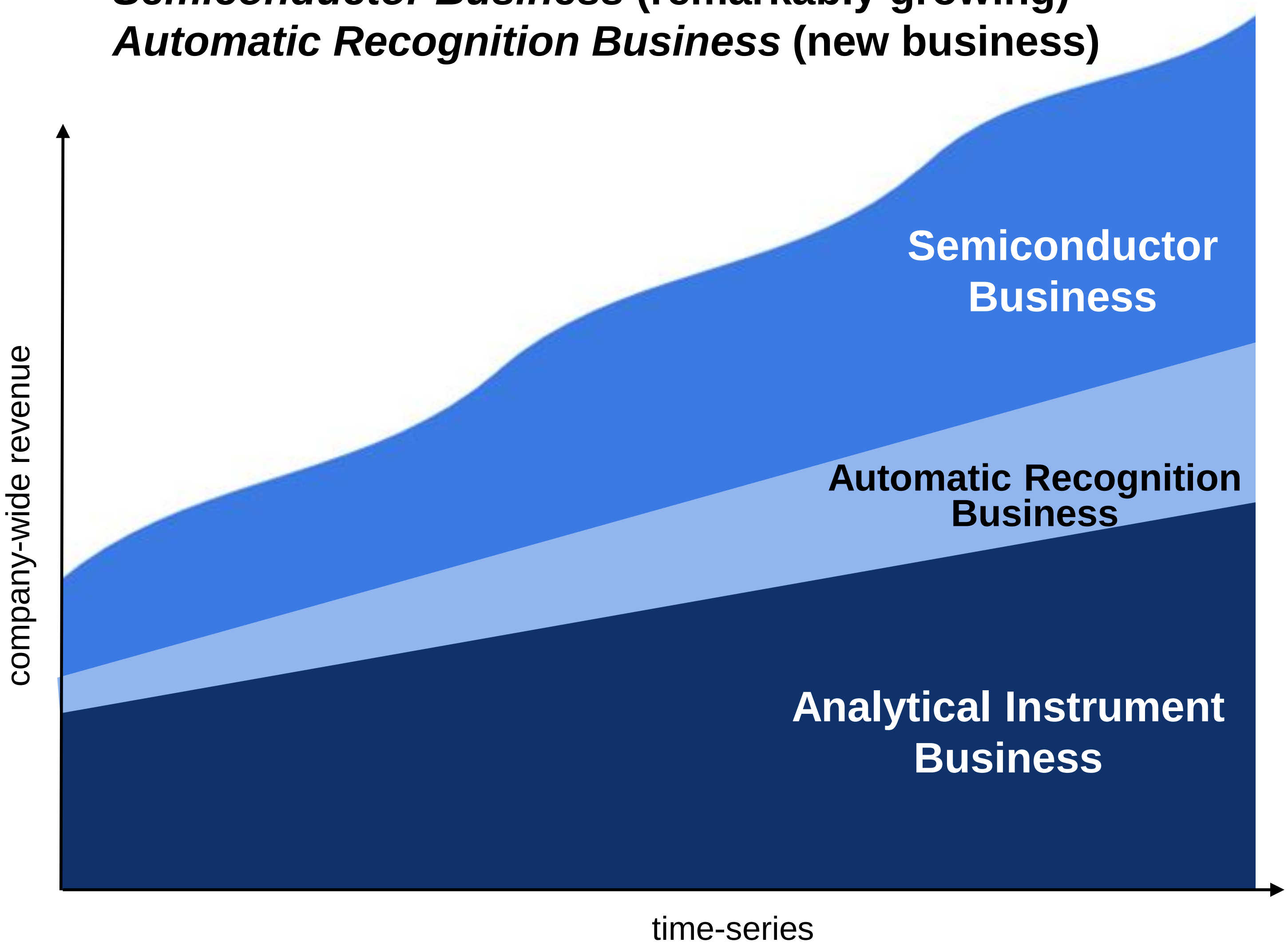
Financial results overview
(1Q of FY03/2025)
(by segment)

Business structure

1Q of FY03/2025

Three business segments promote extensive growth together

Analytical Instrument Business **(stably growing)**
Semiconductor Business **(remarkably growing)**
Automatic Recognition Business **(new business)**



Semiconductor

テクノクオーツ株式会社

Techno Quartz Inc.

consolidated subsidiary 65.7%

Automatic Recognition

GL Solutions

consolidated subsidiary 100%

Analytical Instrument

GL Sciences × FLOM

consolidated subsidiary 100%

Proportions by segment

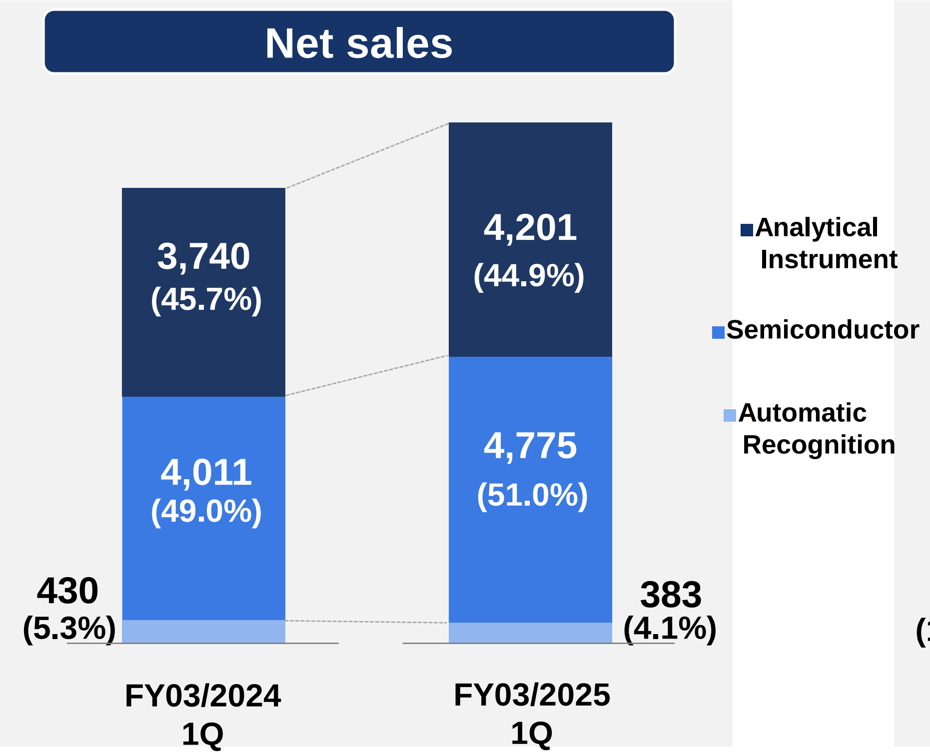
1Q of FY03/2025

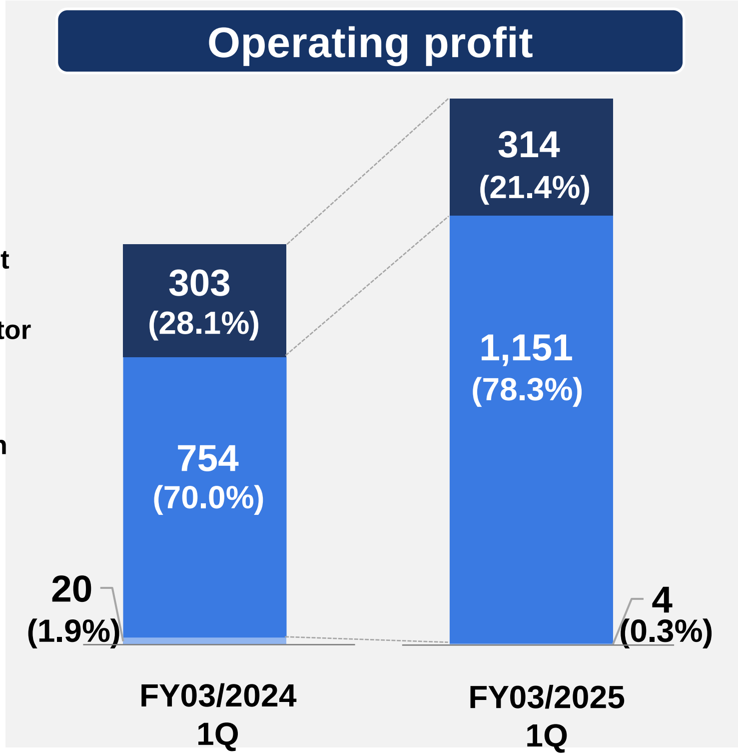
【Net sales】 Analytical Instrument and Semiconductor segments are nearly equal. These two segments account for c.a. 96%.

【Operating profit】 They represent c.a. 20% and 80%, respectively.

(mil. yen)

	Net sales	Sales share	Operating profit	Operating profit share
Analytical Instrument Business	4,201	44.9%	314	21.4%
Semiconductor Business	4,775	51.0%	1,151	78.3%
Automatic Recognition Business	383	4.1%	4	0.3%

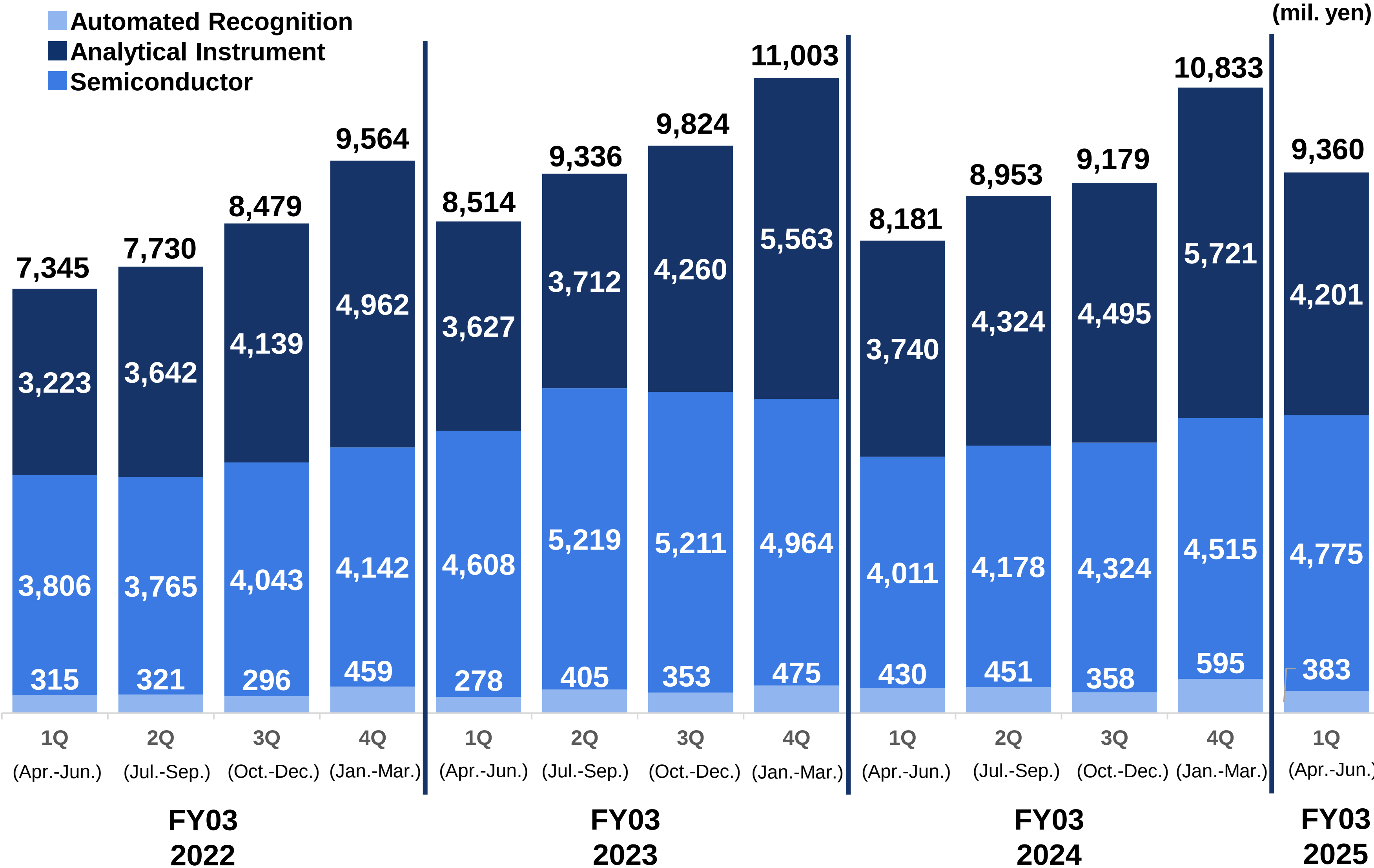




Q by Q transition of Net sales
(by segment)

1Q of FY03/2025

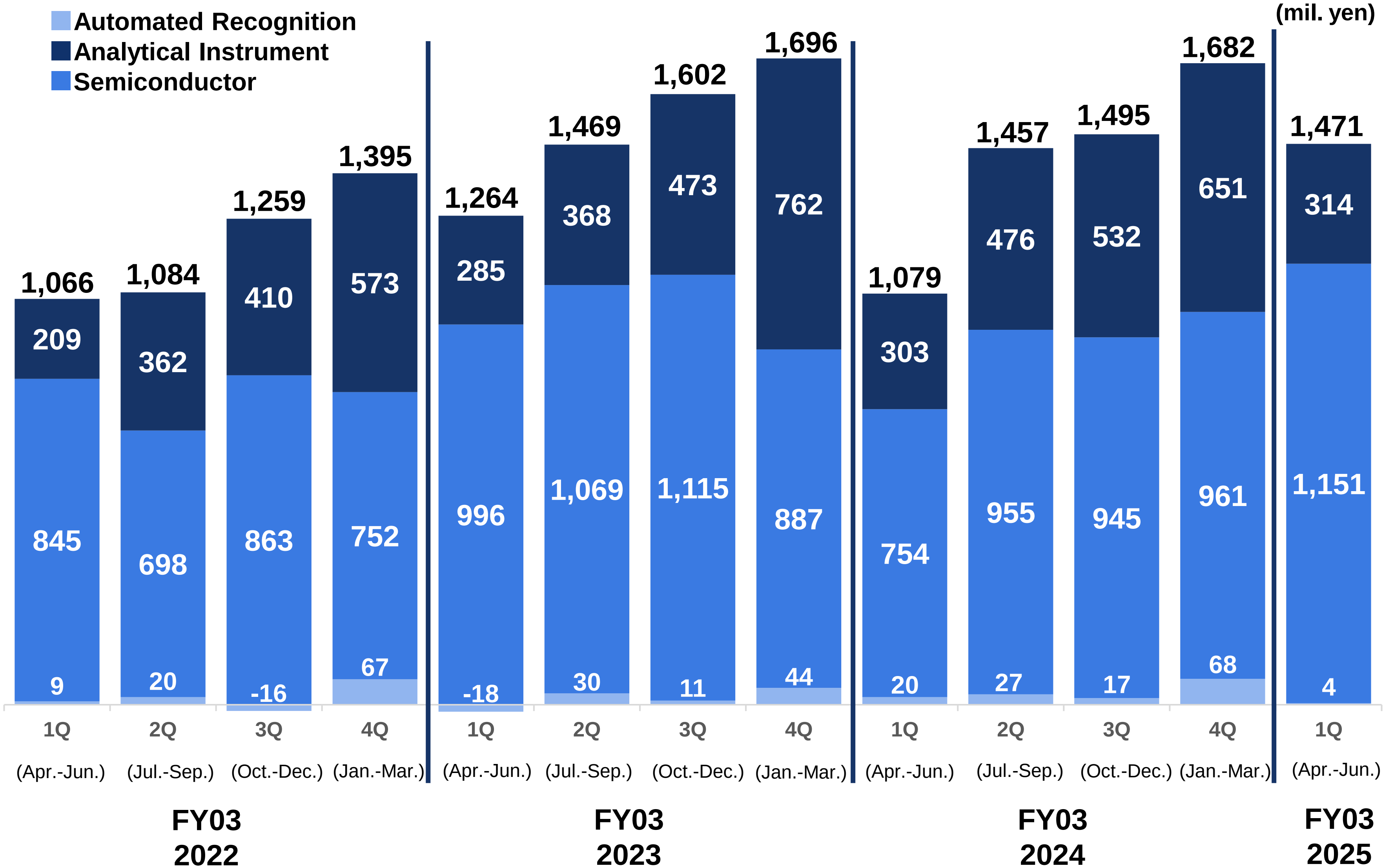
Net sales



Q by Q transition of Operating profit
(by segment)

1Q of FY03/2025

Operating profit



Financial results overview (by segment)
Analytical Instrument Business

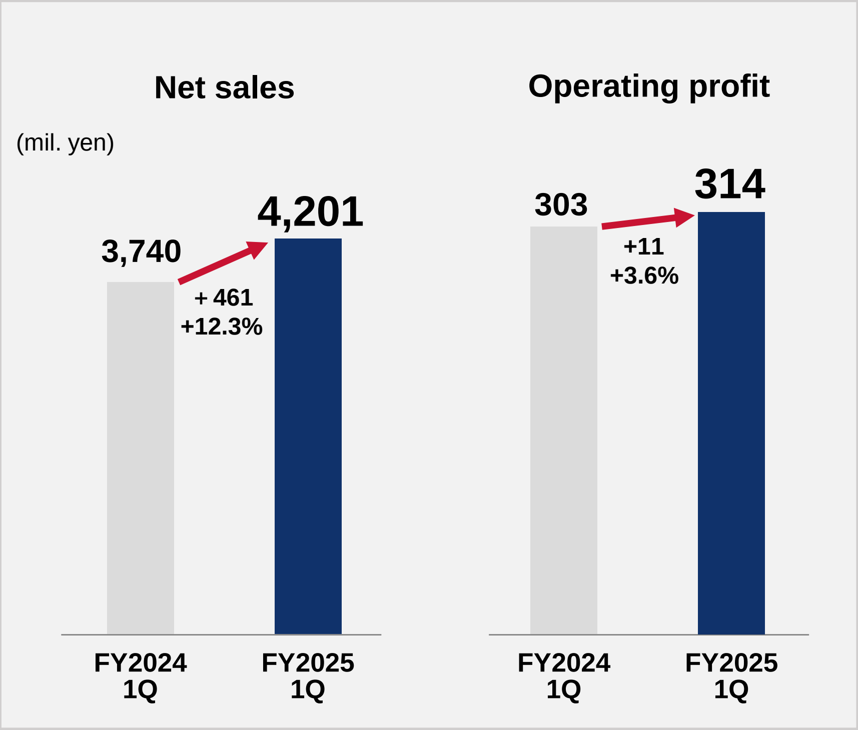
1Q of FY03/2025

Higher revenues / Higher earnings

【Higher revenues】Sales of consumables for many fields and overseas sales are going strong

(mil. yen)

	FY03/2024 1Q	FY03/2025 1Q	+/– %	+/– amount
Net sales	3,740	4,201	+12.3%	+461
Operating profit	303	314	+3.6%	+11
Operating profit rate	8.1%	7.5%	N/A	–0.6 pt



Factors, etc.

POSITIVE FACTORS

< Domestic net sales >

【Sales increased in many fields】

- **Consumables** for e.g. environment analysis, pharmaceutical and chemical industry
  - Especially sales of LC columns, components, and products relating to preprocessing were on the up
- **Instruments** for LC and customized ones were the driving forces

< Overseas net sales >

【Going strong】

- LC columns continue to represent large shares
- Good performance especially in Asia, Europe, and Latin America
- Higher sales in broad regions mainly in Asia and North America

< Operating profit rate slightly declined >

- Increased labor cost because of rise in base pay, etc.
- Expenses associated with management integration

Sales share by region

Analytical Instrument Business

1Q of FY03/2025

Domestic: 74% and Overseas: 26% (mainly Asia), both maintaining steady growth

(mil. yen)

	FY03/2024 1Q	FY03/2025 1Q	YoY		FY03/2025 1Q share (%)
			+/– %	+/– amount	
Domestic	2,713	3,117	+14.9%	+403	74.2%
Overseas	1,026	1,083	+5.6%	+57	25.8%
North America	112	151	+34.7%	+38	3.6%
Asia	672	680	+1.2%	+7	16.2%
Others	241	252	+4.5%	+10	6.0%
Total (Domestic + Overseas)	3,740	4,201	+12.3%	+461	100.0%

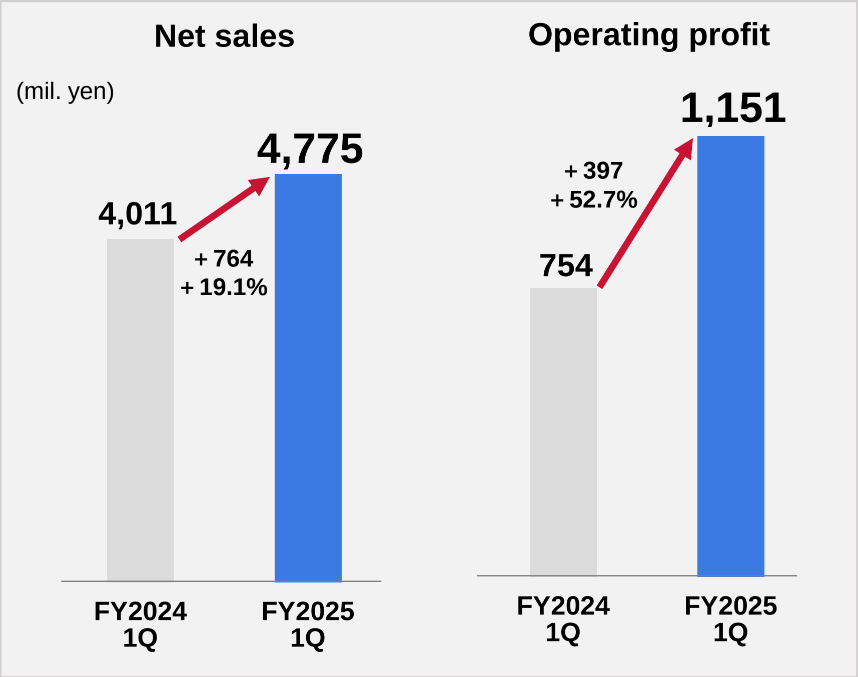
Financial results overview (by segment)
Semiconductor Business

Higher revenues / Higher earnings

Despite still stagnated stock of memories, demands in the field of generative AI have expanded

(mil. yen)

	FY03/2024 1Q	FY03/2025 1Q	+/– %	+/– amount
Net sales	4,011	4,775	+19.1%	+764
Operating profit	754	1,151	+52.7%	+397
Operating profit rate	18.8%	24.1%	N/A	+5.3 pt



Factors, etc.

POSITIVE FACTORS

【Demand expansion】

・ Stagnated stocks remain, mainly of memories, but demand expansion in the **markets of generative AI** has revitalized proactive capital investment looking to the future ⇒ Continuous steady expansion is anticipated

【Responses to demand expansion】

・ Expanding markets by developing and extending highly value-added products

・ Preparation for robust increase in domestic production output

【Additional factor】

・ **Profit increased due to change in the method for evaluating inventories**

【Order backlog】

・ Order backlog increased thanks to advance orders from customers

Sales share by region
Semiconductor Business

GL Sciences
1Q of FY03/2025

Overseas sales significantly increased, surpassing domestic sales

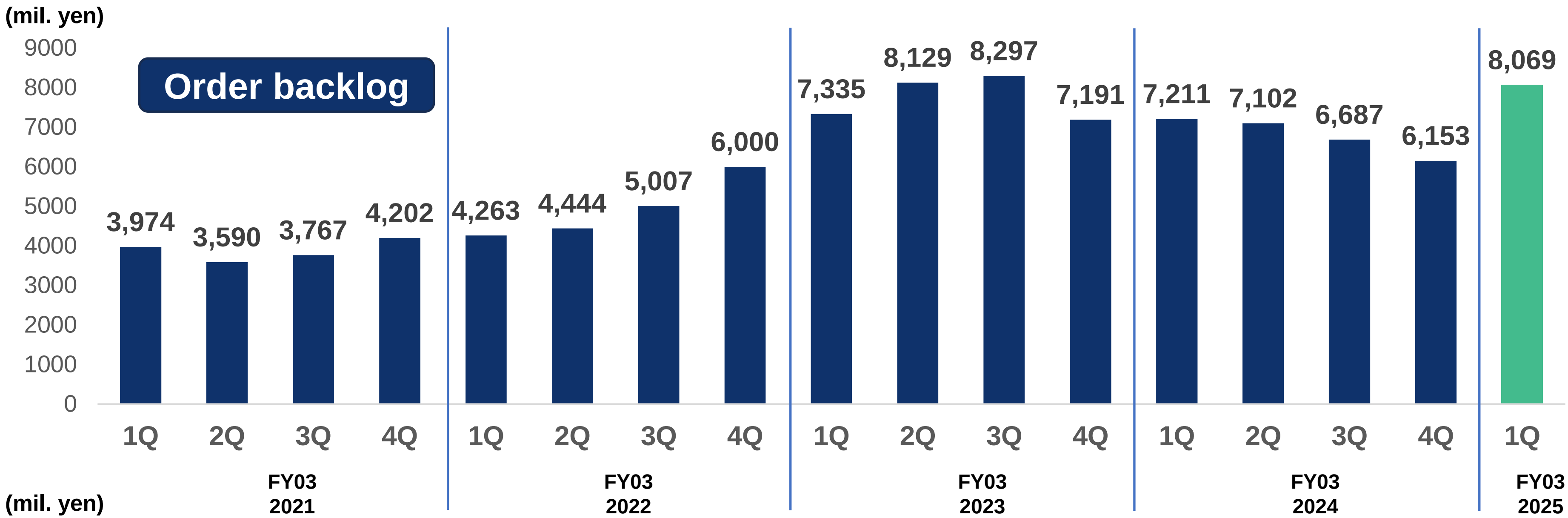
(mil. yen)

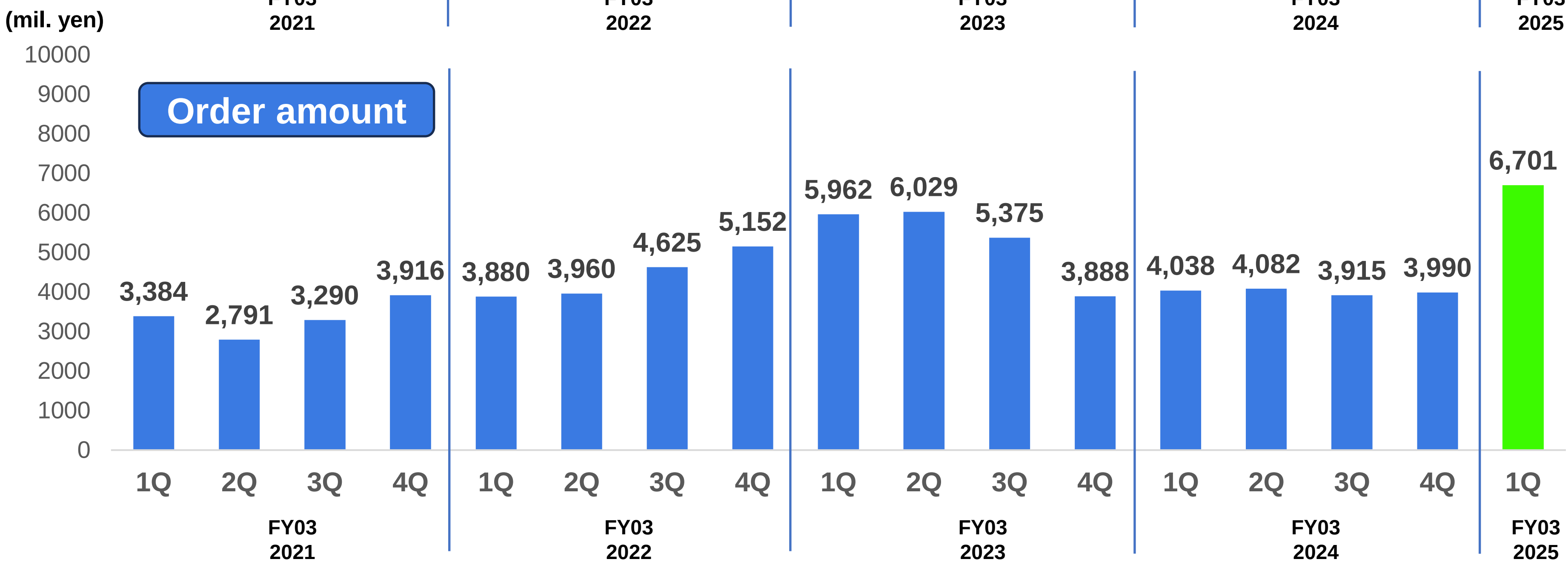
	FY03/2024 1Q	FY03/2025 1Q	YoY +/– %	YoY +/– amount	FY03/2025 1Q share (%)
Domestic	2,063	2,080	+0.8%	+17	43.6%
Overseas	1,947	2,695	+38.4%	+747	56.4%
North America	129	210	+62.1%	+80	4.4%
Asia	1,814	2,475	+36.4%	+660	51.8%
Others	3	8	+193.9%	+5	0.2%
Total (Domestic + Overseas)	4,011	4,775	+19.1%	+764	100.0%

Semiconductor Business

Q by Q transition of order backlog / order amount

1Q of FY03/2025





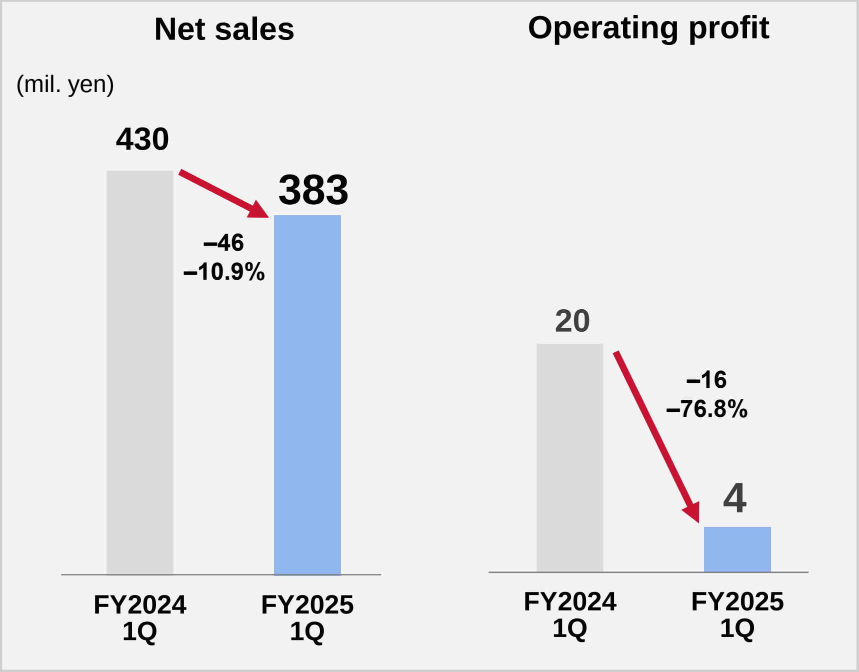
Financial results overview (by segment)
Automated Recognition Business

Lower revenues / Lower earnings

Lower revenues/earnings due to decline in shipment

(mil. yen)

	FY03/2024 1Q	FY03/2025 1Q	+/– %	+/– amount
Net sales	430	383	–10.9%	–46
Operating profit	20	4	–76.8%	–16
Operating profit rate	4.8%	1.3%	N/A	–3.5 pt



Factors, etc.

NEGATIVE FACTORS

【Decline in shipment】

- Although our modules could be progressively incorporated into biometrics authentication instruments and home security devices, shipment of instruments for **residential use** slowed down
- “Others for automated recognition” were affected by delay in construction projects

POSITIVE FACTORS

【Steady shipment】

- Modules for **medical instruments** maintained steady growth

Progress relative to full-term forecasts

Progress is largely smooth, with no revision to the performance forecasts

(mil. yen)

		FY03/2025 forecasts*	FY03/2025 1Q actual	Progress
Net sales	Analytical Instrument Business	19,200	4,201	21.9%
	Semiconductor Business	17,960	4,775	26.6%
	Automated Recognition Business	1,960	383	19.6%
	Total	39,120	9,360	23.9%
Operating profit		5,980	1,471	24.6%
Ordinary profit		6,030	1,618	26.8%
Net profit attributable to owners of parent		3,320	802	24.2%

(Note) The Company is going to carry out management integration with Techno Quartz Inc. by establishing a joint holding company on October 1, 2024. The above-described performance forecasts are calculated assuming current organization of the Company.

Performance/Dividend forecasts (FY03/2025)

Performance/Dividend forecasts (FY03/2025) (company-wide)

GL Sciences

No revision to the performance forecasts announced in May

(Performance forecasts for the joint holding company are planned to be announced as appropriate)

(mil. yen)

	FY03/2024 actual	FY03/2025 (forecasts*)	+/– % (YoY)	+/– amount (YoY)
Net sales	37,148	39,120	+5.3%	+1,971
Operating profit	5,714	5,980	+4.7%	+265
Operating profit rate	15.4%	15.3%	N/A	–0.1 pt
Ordinary profit	6,108	6,030	–1.3%	–78
Net profit attributable to owners of parent	3,430	3,320	–3.2%	–110
Annual dividend (yen)	70	N/A*	N/A	N/A

(Note)
The Company is going to carry out management integration with Techno Quartz Inc. by establishing a joint holding company on October 1, 2024.
The above-described performance forecasts are calculated assuming current organization of the Company.
* Dividend after management integration is yet to be determined

Performance forecasts (by segment) (FY03/2025)

GL Sciences

No revision to the performance forecasts announced in May

(Performance forecasts for the joint holding company are planned to be announced as appropriate)

(mil. yen)

		FY03/2024 actual	FY03/2025 (forecasts*)	+/– % (YoY)	+/– amount (YoY)
Analytical Instrument Business	Net sales	18,281	19,200	+5.0%	+918
	Operating profit	1,962	2,130	+8.5%	+167
	Operating profit rate	10.7%	11.1%	N/A	+0.4 pt
Semiconductor Business	Net sales	17,029	17,960	+5.5%	+930
	Operating profit	3,615	3,730	+3.2%	+114
	Operating profit rate	21.2%	20.8%	N/A	–0.4 pt
Automated Recognition Business	Net sales	1,836	1,960	6.7%	+123
	Operating profit	134	120	–10.8%	–14
	Operating profit rate	7.3%	6.1%	N/A	–1.2 pt

(Note)
The Company is going to carry out management integration with Techno Quartz Inc. by establishing a joint holding company on October 1, 2024.
The above-described performance forecasts are calculated assuming current organization of the Company.

Topics

Topic ① (company-wide)

Management integration with Techno Quartz Inc.

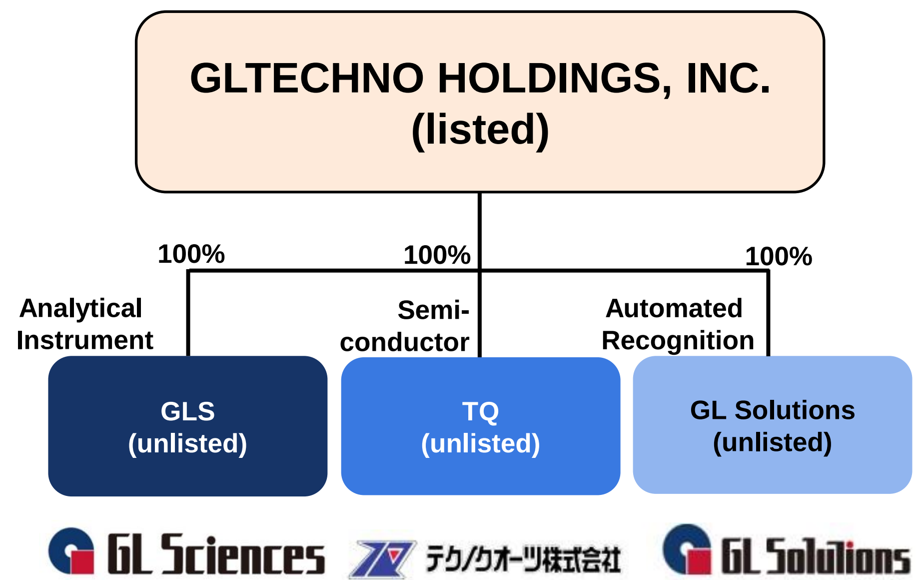
At the annual meetings of shareholders of GLS and of Techno Quartz held in June, the share transfer plan for establishing GLTECHNO HOLDINGS, INC. by means of joint share transfer, to become the full parent company of the two, was approved and adopted.

Future schedule

Sep. 2024 (Scheduled)	**Technical approval of listing GLTECHNO HOLDINGS**
Sep. 2024 (Scheduled)	**Announcement of mid-term management plan of GLTECHNO HOLDINGS**
Sep. 26, 2024 (Scheduled)	**Final trading day on TSE**
Sep. 27, 2024 (Scheduled)	**Delisting day on TSE**
Oct. 1, 2024 (Scheduled)	**Establishment of the joint holding company (which will be listed)**

* If required for any reason including necessity in order for advancing the process of this share transfer, this schedule may be changed upon mutual consultation by both companies.

Structure of the joint holding company



* GL Solutions, a subsidiary of GLS, will be a subsidiary wholly and directly owned by the joint holding company on or after Oct. 1, 2024

Topic ② (*Analytical Instrument*)

Announced on July 25, 2024

Agreed on capital tie-up with AS ONE Corporation

https://www.gls.co.jp/company/ir/gl93n300000002rv-att/GLSup20240725.pdf

First of all, GLS products including columns are actively introduced on AS ONE's EC website and other places
→ Expanded sales consumables in Japan will be further accelerated

Source: https://axel.as-1.co.jp/asone/d/68-0361-53/

Topic ③

(Automatic Recognition Business by GL Solutions)

Facial recognition system "Knoctoi Lite"

Equipped with GLS's RFID module by default! Small-type facial recognition device has appeared at JASIS2024 for the first time!

■What is JASIS?

Exposition of state-of-the-art scientific analysis systems & solutions where makers of analytical and scientific instruments meet together, to support advance in science

WebExpo is open now (7/5 ~ 10/31)
［https://www.jasis.jp/］

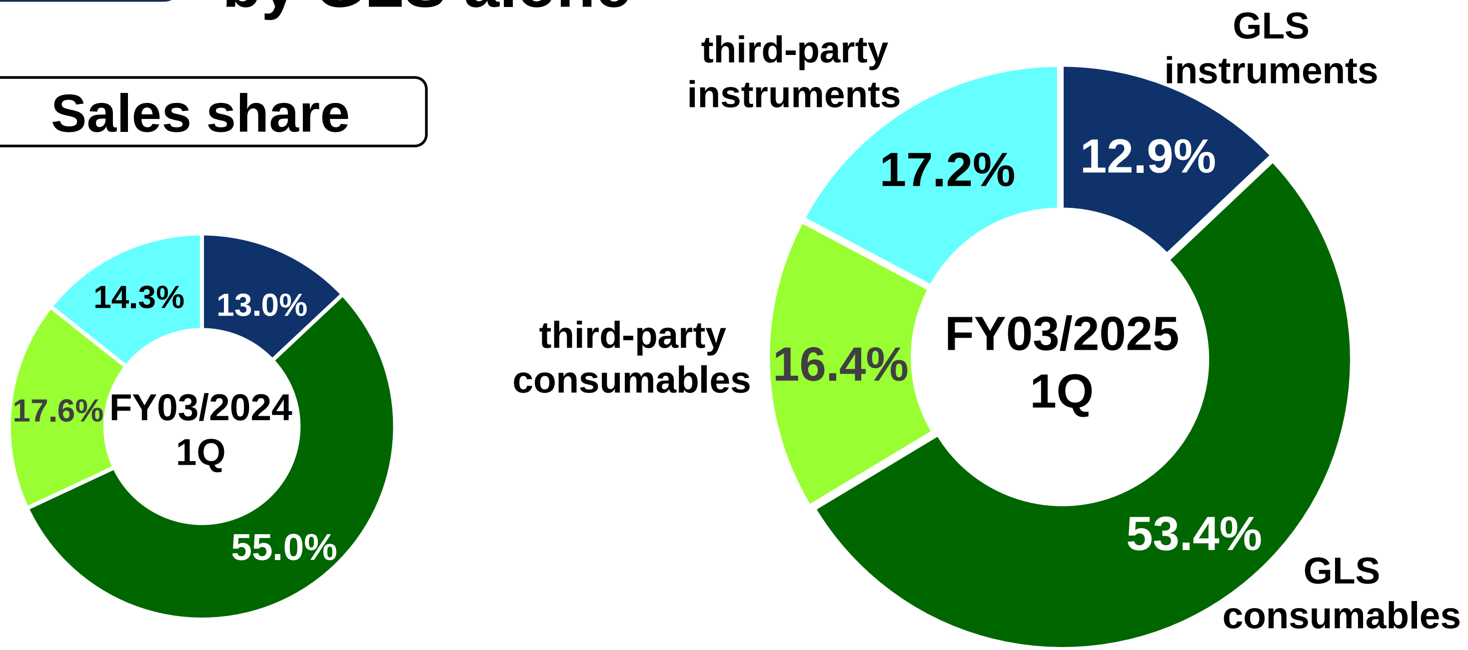
- **Small** & **light-weight** while having same functionalities as conventional ones
- "Safe & secure" facial recognition device designed, developed and made **entirely in Japan**
- With high-dynamic rage camera, realizing **high recognition rate even when backlit**
- **"FaceMe®", world-leading facial recognition engine**, enables high-speed recognition

1Q of FY03/2025

Reference

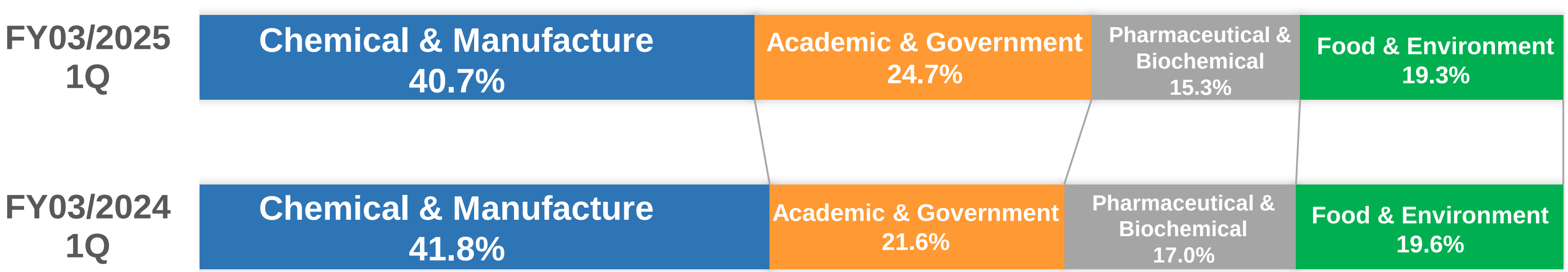
Transition of sales shares by GLS alone

Sales share



Net sales sorted by trade (domestic)

Chemical & Manufacture is the largest, accounting for c.a. 40%



Reference

Strength of our Analytical Instrument Business

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	◎
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 dealers**

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.

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支える、あらゆる分析を。

Separation Sciences for All

GL Sciences