



The Fiscal Year Ended March 2023

# Presentation Material

12 May, 2023

GL Sciences Inc.

(TSE Standard : 7705)



# Summary

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## Net sales, Operating profit, Net profit: Record high

### Analytical Equipment

- Sales and operating profit both reached record highs
- Both domestic and overseas, and by equipment and consumables, sales and profits increased

### Semiconductor

- Sales and operating profit registered record highs, thanks to the maximised production capacity
- Order backlog also reached a record high

### Automatic Recognition

- Sales increased, profits decreased
- Increased procurement of third-party products in response to the shortage of electronic components weighed on profits

Decorative background graphics on the left side of the page, consisting of several overlapping circles in shades of grey, red, and blue, with some circles having white cutouts.

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(FY3/2023)**
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(FY3/2024)**
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# **1. Summary of consolidated financial results**

# Financial results

Net sales, operating profit, and net profit attributable to owner of parent reached a record high since the company's foundation

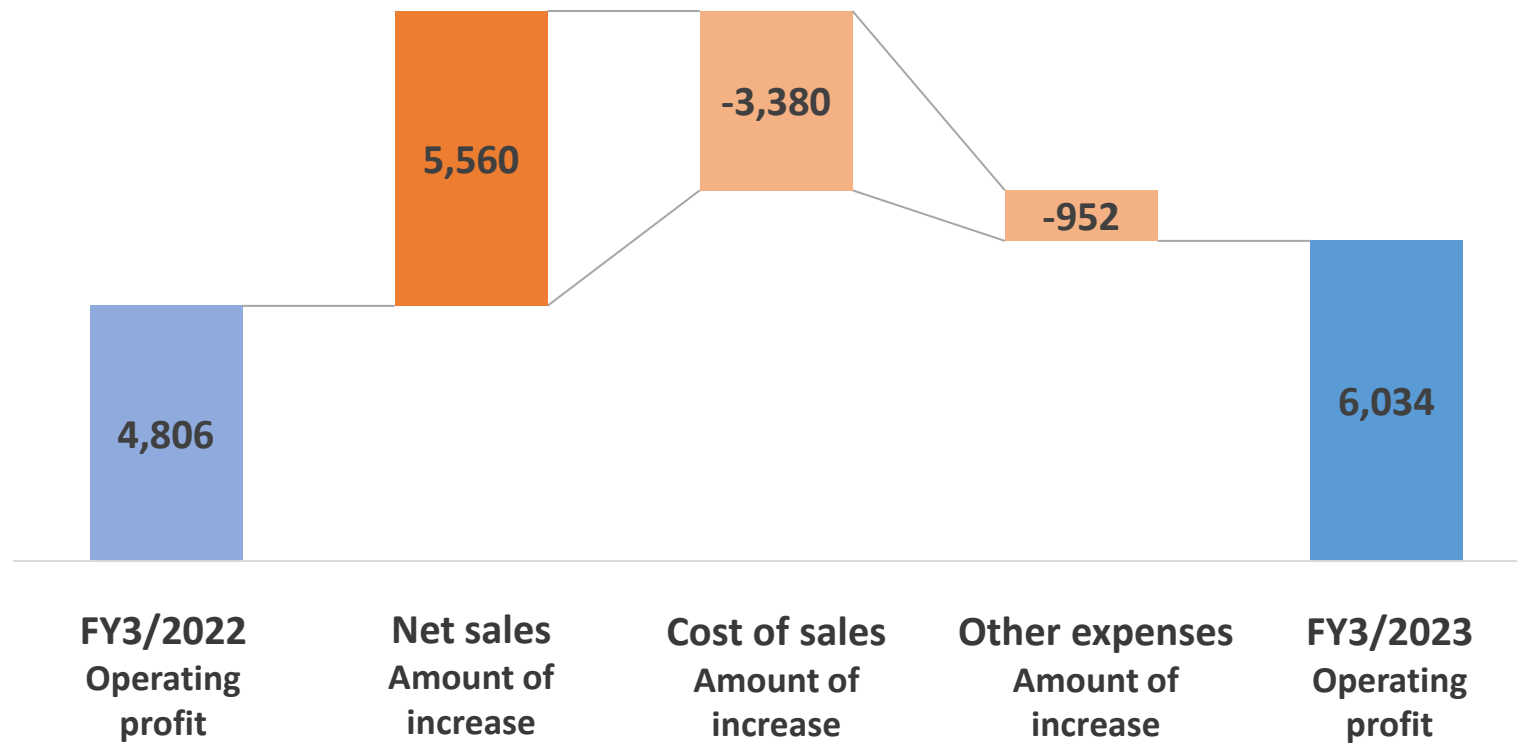
(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
Net sales	33,119	38,679	16.8%	5,560
Operating profit	4,806	6,034	25.5%	1,227
Operating profit margin	14.5%	15.6%	—	1.1pt
Ordinary profit	4,998	6,468	29.4%	1,470
Net profit attributable to owners of parent	2,795	3,499	25.2%	703
Net profit per share	272.45 yen	341.05 yen	—	68.60 yen

# Factors of YoY changes in operating profit

Both net sales and operating profit increased, driven by the semiconductor business  
Operating profit increased 25.5% YoY to 6,034 million yen

(Unit: million yen)



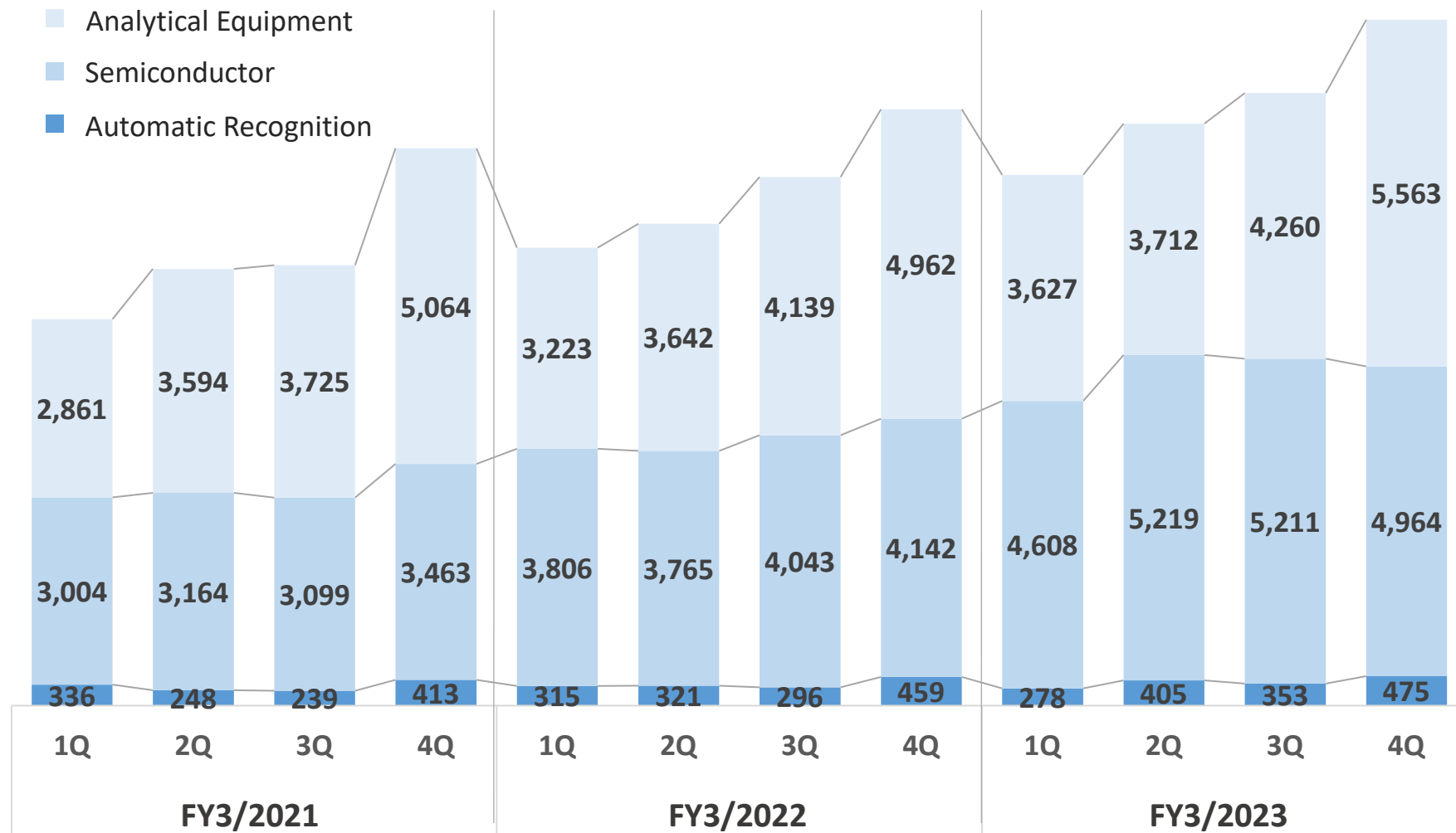
# Financial results by segment

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
<b>Analytical Equipment</b>				
Net sales	15,968	17,163	7.5%	1,194
Operating profit	1,555	1,888	21.4%	332
<b>Semiconductor</b>				
Net sales	15,758	20,003	26.9%	4,245
Operating profit	3,161	4,068	28.7%	907
<b>Automatic Recognition</b>				
Net sales	1,393	1,513	8.6%	120
Operating profit	80	67	-16.3%	-13
<b>Total</b>				
Net sales	33,119	38,679	16.8%	5,560
Operating profit	4,806	6,034	25.5%	1,227

# Sales by segment: consolidated financial results

(Unit: million yen)

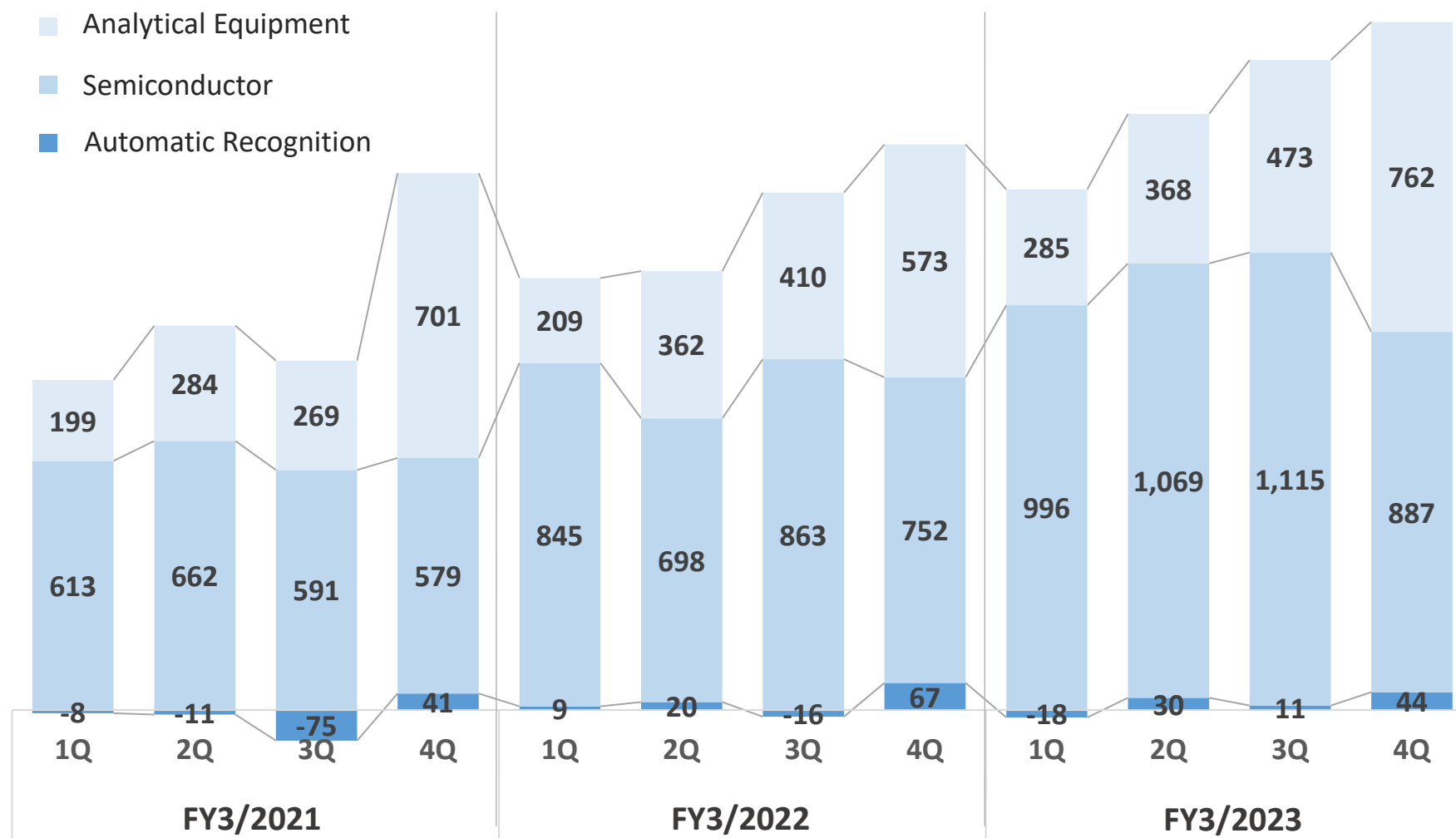


\*Figures for FY3/2022 and FY3/2023 are after the application of the "Accounting Standard for Revenue Recognition".



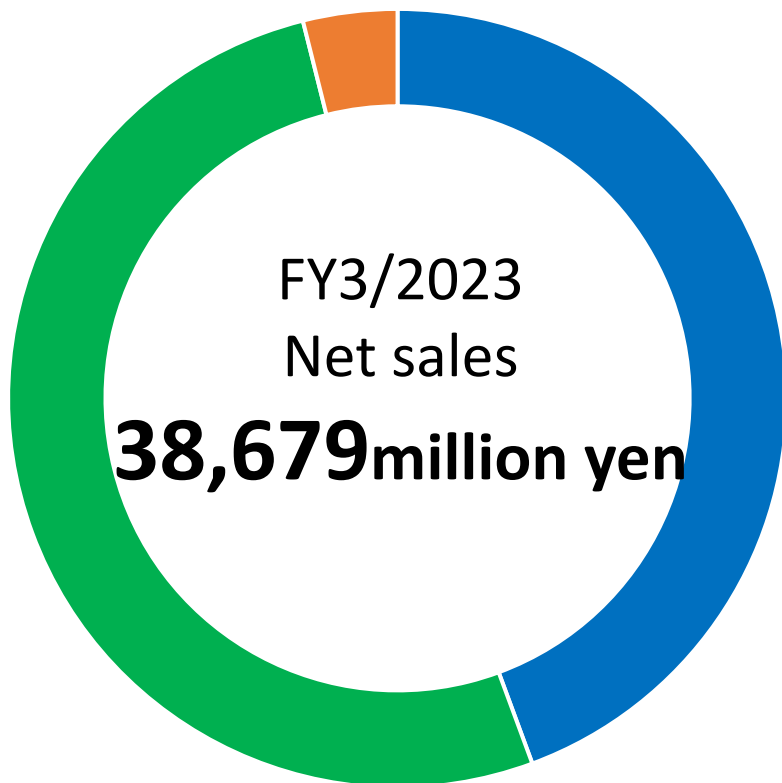
# Operating profit by segment: consolidated financial results

(Unit: million yen)





# Segment overview



**44.4%**  
Analytical Equipment



**51.7%**  
Semiconductor



**3.9%**  
Automatic Recognition

# Analytical Equipment Results

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
Net sales	15,968	17,163	7.5%	1,194
Operating profit	1,555	1,888	21.4%	332
Operating profit margin	9.7%	11.0%	—	1.3pt

## Product Line-up



LC packed column



GC capillary column



Solid-phase extraction column



Gas chromatograph



Water quality analyser



Sample pre-treatment device

## ◆FY3/2023 Results

- Sales of both equipment and consumables increased YoY
- Strong sales in all fields, including chemical, university, government, pharmaceutical, food, and environmental
- Minimised impact of semiconductors and parts supply shortages

## ◆FY3/2023 Topics

Factors behind the excellent performance

- Consumables: Bulk purchases related to sample preparation  
Gas chromatograph-related products, inorganic-related products
- Equipment: System products, etc.
- Regions: Japan and Asia
- Field: Next-generation energy and carbon neutral

# Analytical Equipment Sales by region

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY	Composition ratio
Japan	12,519	13,224	5.6%	704	77.1%
North America	385	434	12.9%	49	2.5%
Asia	2,236	2,572	15.0%	336	15.0%
Other	826	931	12.6%	104	5.4%
<b>Total</b>	<b>15,968</b>	<b>17,163</b>	<b>7.5%</b>	<b>1,194</b>	<b>100.0%</b>

## Japan

### Consumables

Strong sales in almost all areas, including chemicals, pharmaceuticals, food, and environment

### Equipment

Custom-made equipment, gas chromatograph-related products and third-party equipment performed well in the next-generation energy and carbon neutral fields.

## North America

### North America

Strong performance due to the introduction of e-commerce and approach to Central America

## Asia

### China

Strong despite the impact of the zero-COVID policy

### India

Strong performance thanks to market growth

### ASEAN

Robust due to the convergence of COVID-19

## Other

### Europe

Incurred geopolitical factors, but full-year performance remained flat YoY

### Latin America

Strong sales of LC columns

### Middle East

Strong sales of LC columns

# Semiconductor Results

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
Net sales	15,758	20,003	26.9%	4,245
Operating profit	3,161	4,068	28.7%	907
Operating profit margin	20.1%	20.3%	—	0.2pt



  
**健康優良企業**  
 Silver Certificate  
 No. 2431

## ◆FY3/2023 As compared to the guidance

- Against the revised forecasts announced on October 31, 2022  
Sales achieved 100.0% of the estimate of 20,000 million yen  
Operating profit reached 94.8% of the target of 4,290 million yen
- Sales and operating profit registered record highs

## ◆FY3/2023 Topics

- Implementation of stock split (5-for-1 common stock split)
- Made Aisintec a wholly-owned subsidiary (July 2022)
- Received "Excellent Health Company" certification from the Tokyo Federation of Health Insurance Associations through the promotion of health management
- Continuation of Yamagata City hometown tax donation (10 million yen)

# Semiconductor Sales by region

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY	Composition ratio
Japan	7,440	9,895	33.0%	2,455	49.5%
North America	780	792	1.5%	12	4.0%
Asia	7,521	9,306	23.7%	1,784	46.5%
Other	15	8	-46.2%	-7	0.0%
<b>Total</b>	<b>15,758</b>	<b>20,003</b>	<b>26.9%</b>	<b>4,245</b>	<b>100.0%</b>

# Semiconductor Backlog orders

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
Backlog orders	5,987	7,169	19.7%	1,181

## ◆ FY3/2023 Topics

- Record-high backlog orders received





# Automatic Recognition Results

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
Net sales	1,393	1,513	8.6%	120
Operating profit	80	67	-16.3%	-13
Operating profit margin	5.8%	4.5%	—	-1.3pt

## Product Line-up



Tilt sensor for multi-level parking



Protective net management

**カギ番人 smart**  
アプリでカギを取り出すスマートキーボックス



Kagi Bannin 'Smart'

## ◇ FY3/2023 Results

- Sales increased, profits decreased  
Increased procurement of third-party products in response to the shortage of electronic components weighed on profits

## ◇ FY3/2023 Topics

- Mechanical parking lot / pallet tilt sensor  
Contracts for prototype development and mass production of prototypes have been finalized.
- Leased temporary construction materials / RFID management of protective nets  
Completed vendor selection under our participation scheme. We will be in charge of RFID hardware.
- Keiden / Kagi Bannin 'Smart'  
Joint development completed and sales launched. Published in various media.

## **2. Outlook for the next financial year**



# Earnings outlook

(Unit: million yen)

	FY3/2023	FY3/2024 (Plan)	YoY (%)	YoY
Net sales	38,679	38,240	-1.1%	-439
Operating profit	6,034	5,650	-6.4%	-384
Operating profit margin	15.6%	14.8%	—	-0.8pt
Ordinary profit	6,468	5,710	-11.7%	-758
Net profit attributable to owners of parent	3,499	3,150	-10.0%	-349

# Earnings outlook by segment

(Unit: million yen)

		FY3/2023	FY3/2024 (Plan)	YoY (%)	YoY
<b>Analytical Equipment</b>	Net sales	17,163	17,530	2.1%	366
	Operating profit	1,888	1,880	-0.5%	-8
<b>Semiconductor</b>	Net sales	20,003	18,930	-5.4%	-1,073
	Operating profit	4,068	3,660	-10.0%	-408
<b>Automatic Recognition</b>	Net sales	1,513	1,780	17.6%	266
	Operating profit	67	110	62.3%	42

# Analytical Equipment Outlook

(Unit: million yen)

	FY3/2023	FY3/2024 (Plan)	YoY (%)	YoY
Net sales	17,163	17,530	2.1%	366
Operating profit	1,888	1,880	-0.5%	-8
Operating profit margin	11.0%	10.7%	—	-0.3pt



## ◇ Analytical Equipment Outlook

- Stabilise quality, improve efficiency and reduce costs by promoting the development of manufacturing technologies.
- Strengthen partnership management with overseas companies and cultivate new business opportunities to expand sales capabilities further.
- Establish new products and sales networks in China and the U.S., mainly through local subsidiaries.
- Continue strategic investments for sustainable growth, including M&A, business alliances, and new business exploration.
- Risk management for procurement, delivery, and costs associated with uncertainties in parts procurement and soaring raw material prices.

# Semiconductor Outlook

(Unit: million yen)

	FY3/2023	FY3/2024 (Plan)	YoY (%)	YoY
Net sales	20,003	18,930	-5.4%	-1,073
Operating profit	4,068	3,660	-10.0%	-408
Operating profit margin	20.3%	19.3%	—	-1.0pt



Aisintec  
Kitakata Plant

Land adjacent to Zao South Plant  
(Site for new plant construction)



## ◆ Semiconductor Outlook

- The semiconductor industry is expected to face an extremely severe market environment in the "first half" of FY2023.
- In the "second half" of FY2023, semiconductor demand is expected to recover gradually. Over the medium to long term, semiconductor demand is forecast to expand.
- Flexible response to U.S. export restrictions on China while keeping a close eye on future developments.
- Activities in FY2023 will be undertaken with the view that it will be a year for laying the foundation for the coming demand.
- Started initiatives to construct a new plant.

# Automatic Recognition Outlook

(Unit: million yen)

	FY3/2023	FY3/2024 (Plan)	YoY (%)	YoY
Net sales	1,513	1,780	17.6%	266
Operating profit	67	110	62.3%	42
Operating profit margin	4.5%	6.2%	—	1.7pt

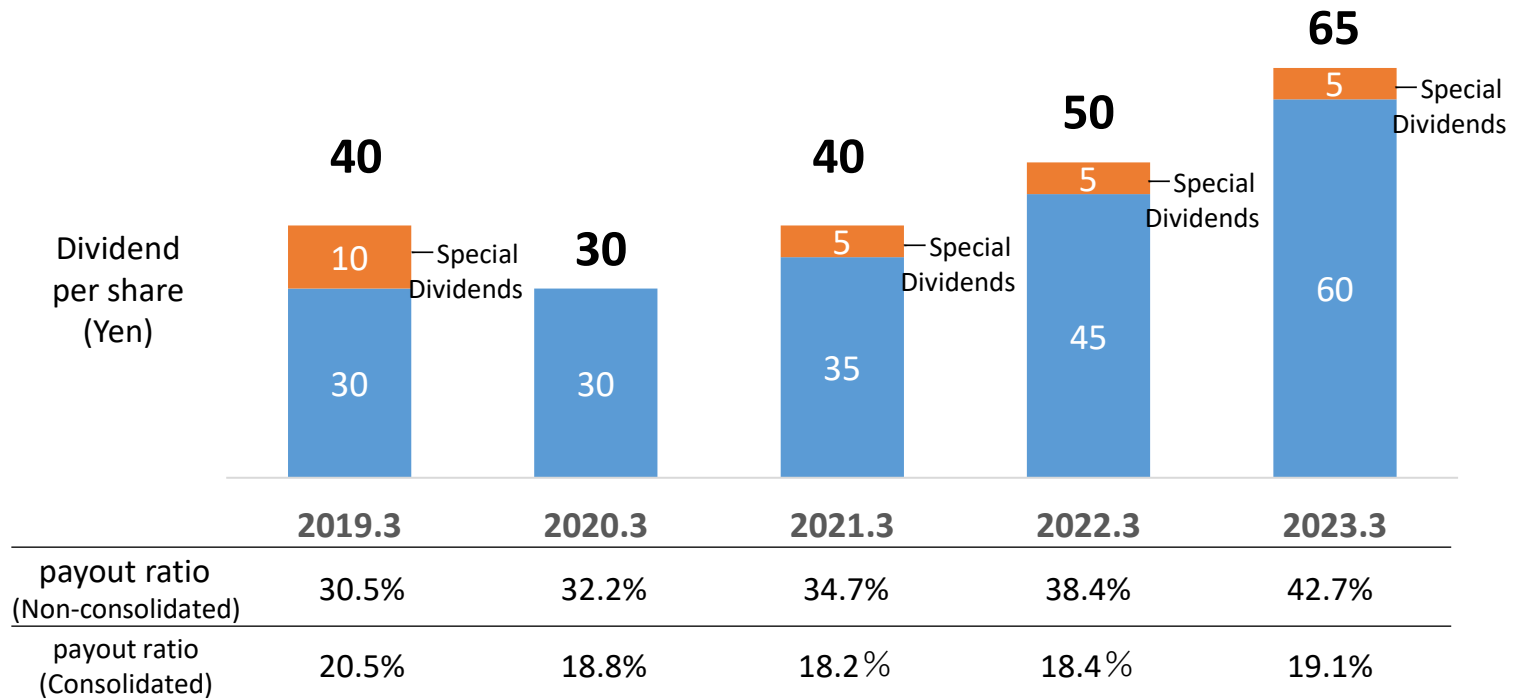


## ◇ Automatic Recognition Outlook

- Development and mass production for the public sector field  
Development of secure readers for the traffic system field.  
Installation in high-performance leak detection tablets for the WW market.  
Standard installation of the secure reader for multi-functional ATMs.
- Development of new products and new business fields  
Reviewing our technical and quality assurance systems to raise the QCD level and win further customer trust and new applications
- Expansion of RFID + α automatic recognition technology  
Expand the business domain by linking with various automatic recognition devices based on RFID, such as face recognition devices and QR codes.

# Shareholder return

## Dividend



## Shareholder Benefits

— Types of benefits —  
Shopping coupons and prepaid cards

100 shares or more	
Continuous holding period	Less than 3 years: 1,000 yen, More than 3 years: 1,500 yen
500 shares or more	
Continuous holding period	Less than 3 years: 1,500 yen, More than 3 years: 2,000 yen
1,000 shares or more	
Continuous holding period	Less than 3 years: 2,000 yen, More than 3 years: 2,500 yen

# Growth Strategy

Asian market Expansion of offices

Strengthen relationships with overseas distributors

China : Establishment of sales offices (Guangzhou, Beijing, etc.)  
Expansion of Shanghai Analysis Centre



Strengthen partnerships and cooperative relationships with local overseas companies

Develop new overseas sales channels



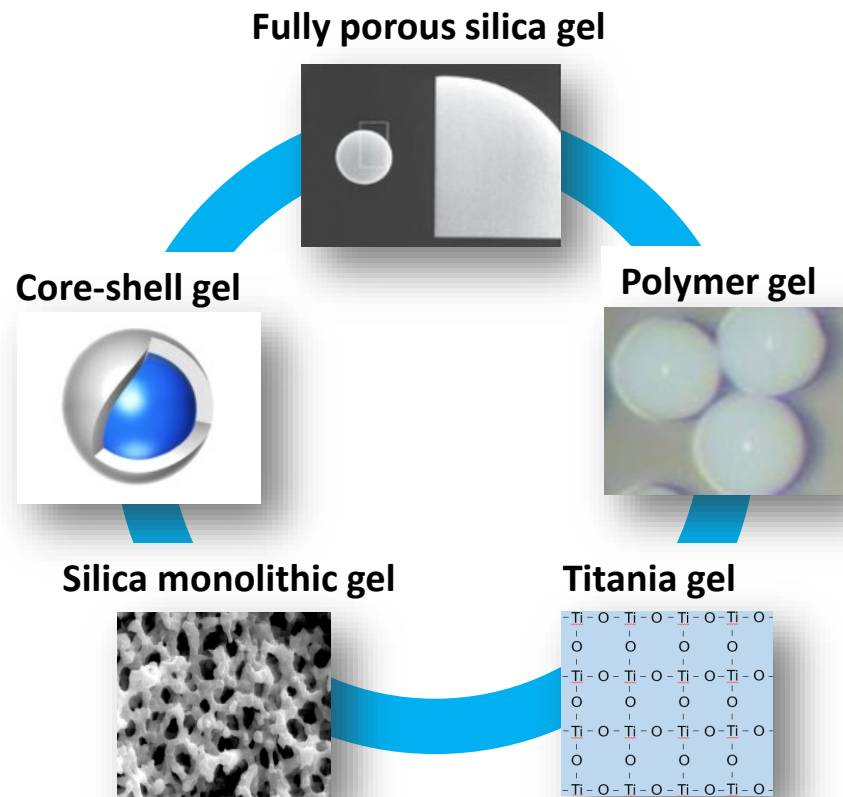
Expand sales opportunities  
Develop new sales routes  
Deploy and train new human resources



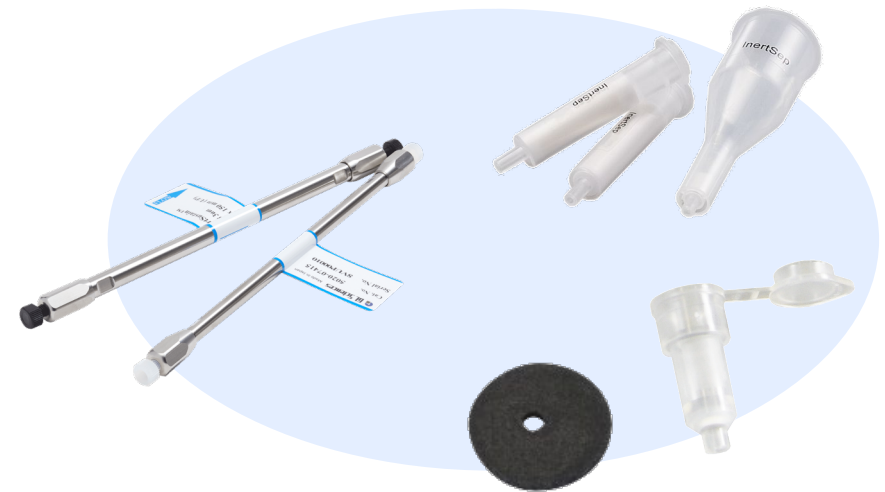
# Growth Strategy

Strengthen sales of LC packed columns

Expand sales of LC packed columns



Long-term stable supply of products



Integrated management system in Japan





# Growth Strategy

## Next-generation energy and carbon neutral

### Examples of analysis fields

#### Development of next-generation batteries

Sodium secondary batteries, metal-air batteries, organic secondary batteries, etc.

#### Fuel cells

Power generation by reaction of hydrogen and oxygen

#### Biogas

Gas composed mainly of  $\text{CH}_4$  and  $\text{CO}_2$

#### Synthetic fuel

Generation of liquid fuel from  $\text{H}_2$  and  $\text{CO}$

### Examples of components analysed

#### Ammonia

Hydrogen energy carrier with no  $\text{CO}_2$  emissions from direct combustion

#### Hydrogen

Use as a clean energy synthetic fuel without  $\text{CO}_2$  emissions

#### Carbon dioxide

Generation of organic compounds, such as artificial photosynthesis

#### Carbon monoxide

Use for synthetic fuels

### Special system equipment





# Growth Strategy

## Nuclear power

### Separation and purification

- Solid-phase extraction using special separating agents for radionuclides



### Radionuclide automation

- Thermally decomposed extraction system
- Automatic dilution and dispensing system



High-temperature decomposition  
Separation and purification  
High-sensitivity analysis

### Joint research with external parties

#### Analysis of waste from decommissioning



#### Worker bioassay



### **3. Reference data**

# Three Business Segments and Main Services

## Analytical Equipment



### Analytical Equipment field

Manufacture and sale of instruments and consumables related to component analysis

## Semiconductor



### Semiconductor field

Manufacture and sale of precision fabricated products used in semiconductor manufacturing equipment

## Automatic Recognition



### RFID field

Manufacture and sale of contactless IC card-related products

# Capital Expenditures    Depreciation and amortisation    Testing and research expenses

## Capital Expenditures

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
Analytical Equipment	343	1,098	220.0%	755
Semiconductor	2,425	2,210	-8.9%	-214
Automatic Recognition	14	3	-76.6%	-11
<b>Total</b>	<b>2,783</b>	<b>3,312</b>	<b>19.0%</b>	<b>529</b>

## Testing and research expenses

(Unit: million yen)

	FY3/2022	FY3/2023	YoY (%)	YoY
Analytical Equipment	668	715	7.2%	47
Semiconductor	36	42	15.2%	5
Automatic Recognition	78	81	3.7%	2
<b>Total</b>	<b>783</b>	<b>840</b>	<b>7.2%</b>	<b>56</b>

## Depreciation and amortisation

(Unit: million yen)

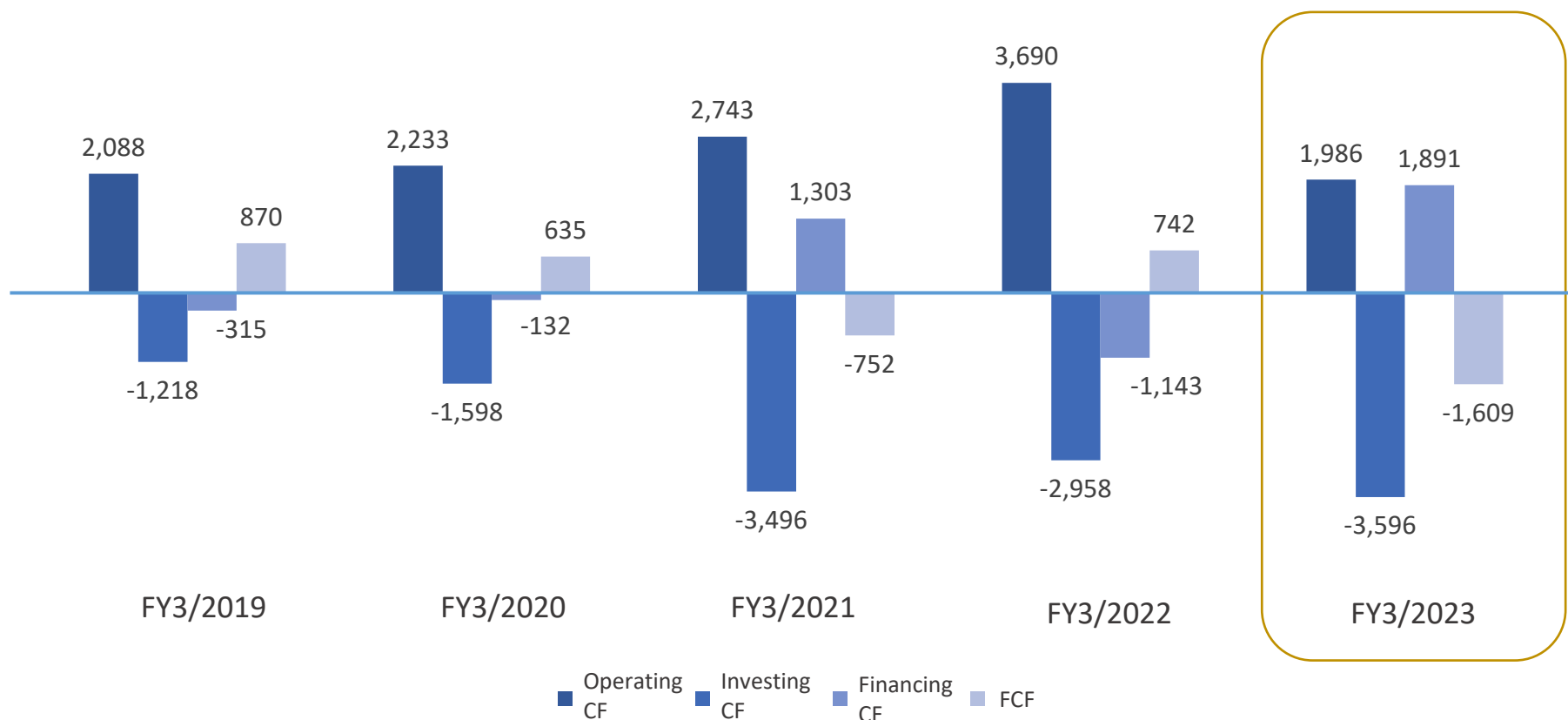
	FY3/2022	FY3/2023	YoY (%)	YoY
Analytical Equipment	546	532	-2.7%	-14
Semiconductor	608	936	54.0%	328
Automatic Recognition	2	4	56.5%	1
<b>Total</b>	<b>1,157</b>	<b>1,472</b>	<b>27.2%</b>	<b>315</b>

### ◆ Capital Expenditures

- Replacement of old equipment
- Purchase of new land
- Construction of plant at Aisintec

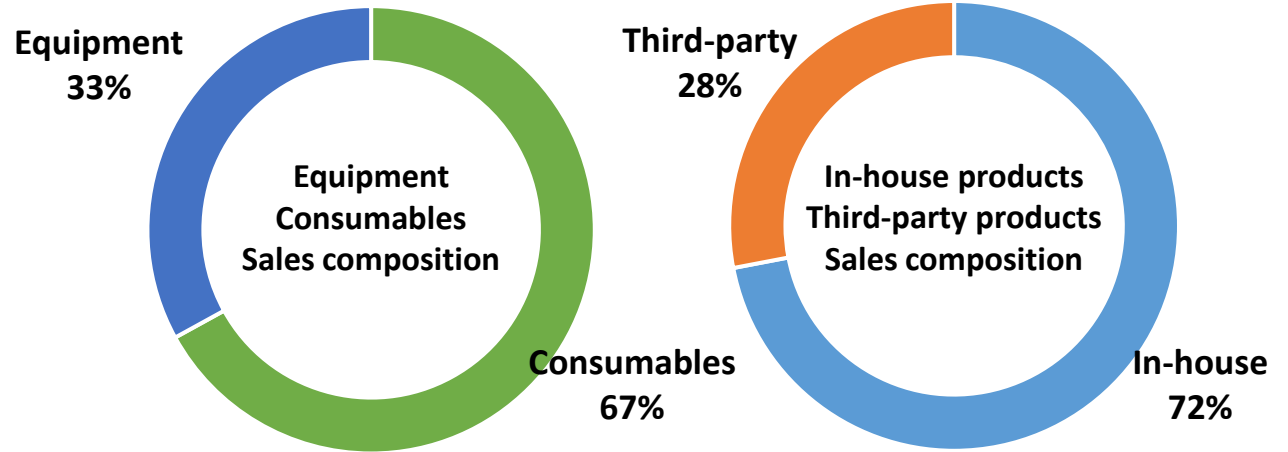
# Cash flow

- ◆ Operating cash flow was 1,986 million yen, mainly due to increased net profit, etc.
- ◆ Net cash used in investing activities was -3,596 million yen due to acquiring tangible fixed assets, etc.
- ◆ Financing cash flow was 1,891 million yen due to proceeds from long-term loans payable, etc. (Unit: million yen)

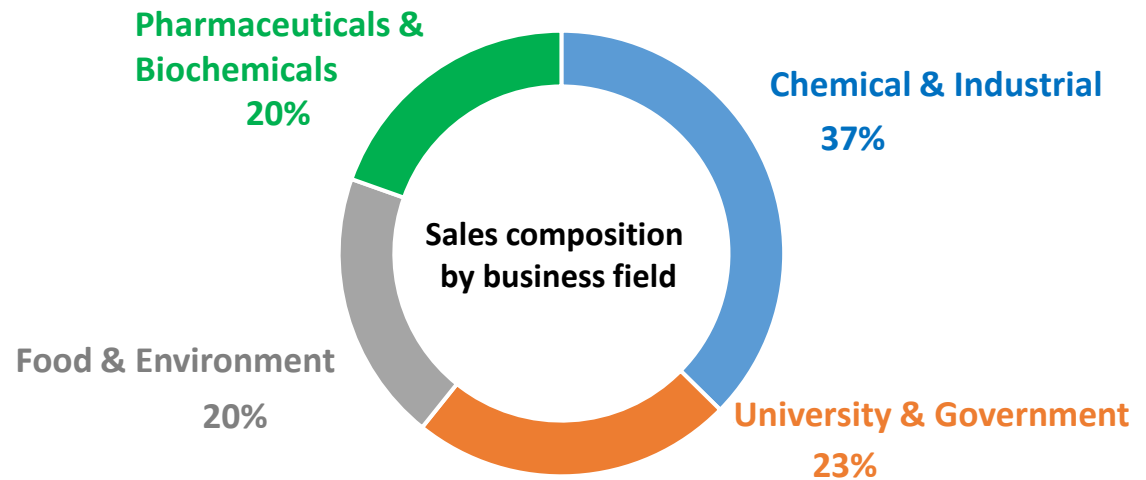


# Ratio by Sales Type

## Analytical Equipment Sales composition

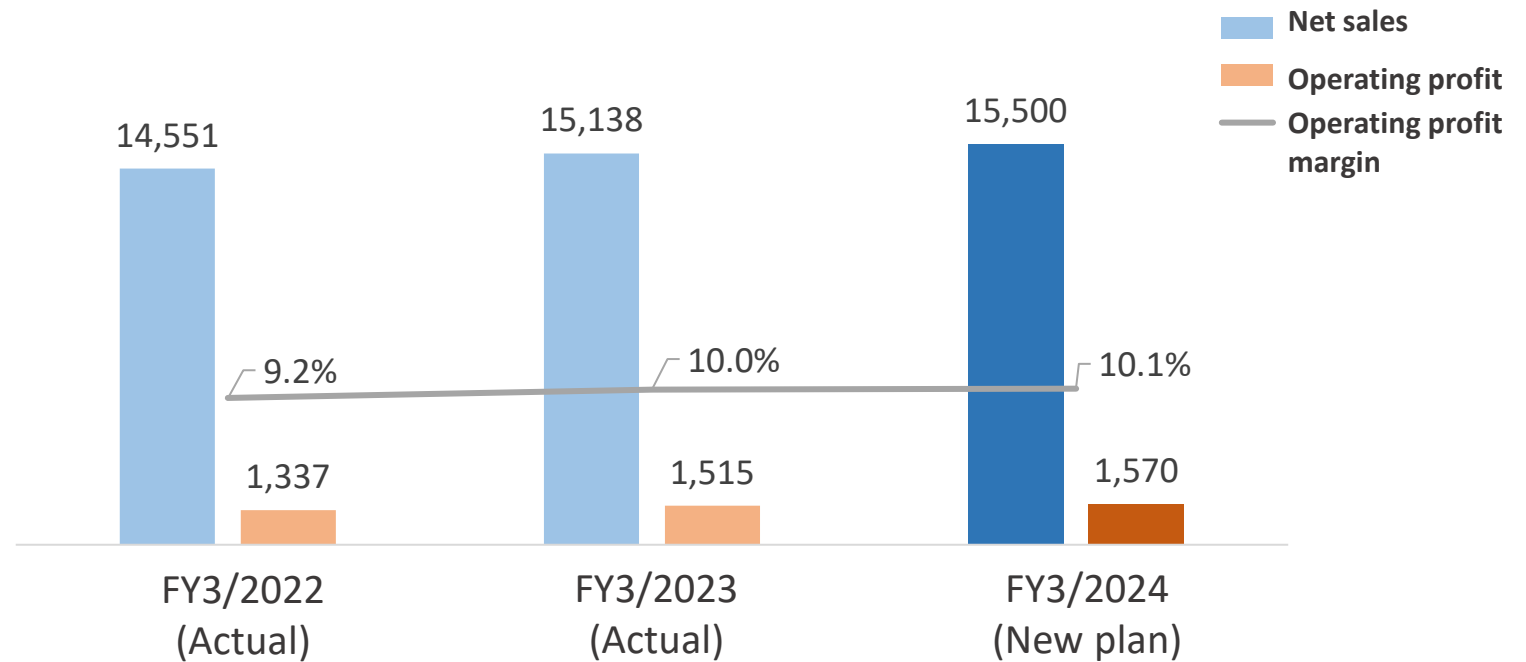


## GL Sciences Inc. (non-consolidated) (Domestic sales) Sales composition by business field



# Non-consolidated Management Objectives

(Unit: million yen)



	FY3/2022 (Plan)	FY3/2022 (Actual)	FY3/2023 (Plan)	FY3/2023 (Actual)	FY3/2024 (Old plan)	FY3/2024 (New plan)
Net sales	14,000	14,551	14,750	15,138	15,600	15,500
Operating profit	1,450	1,337	1,400	1,515	1,500	1,570
Operating profit margin	10.4%	9.2%	9.5%	10.0%	9.6%	10.1%



#### Disclaimer

The materials contained herein contain forward-looking statements based on management's assumptions and beliefs in light of the information currently available and involve potential risks and uncertainties. Therefore, actual results may differ materially from the forward-looking statements because they are subject to various risks and uncertainties.

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