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May 10, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 7701
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 Scheduled date of annual general meeting of shareholders: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 Scheduled date to file annual securities report: June 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2022	428,175	8.8	63,806	28.3	65,577	35.6	47,289	31.0
March 31, 2021	393,499	2.1	49,742	18.9	48,378	13.4	36,097	13.6

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥57,142 million [12.1%]
 For the fiscal year ended March 31, 2021: ¥50,982 million [110.0%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	160.49	–	13.2	12.4	14.9
March 31, 2021	122.52	–	11.3	10.3	12.6

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	560,528	381,164	68.0	1,293.60
March 31, 2021	497,459	335,504	67.4	1,138.67

Reference: Equity
 As of March 31, 2022: ¥381,164 million
 As of March 31, 2021: ¥335,504 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	63,367	(6,044)	(15,658)	155,319
March 31, 2021	63,801	(13,860)	(13,033)	106,855

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	15.00	–	19.00	34.00	10,023	27.8	3.1
Fiscal year ended March 31, 2022	–	20.00	–	28.00	48.00	14,151	29.9	3.9
Fiscal year ending March 31, 2023 (Forecast)	–	22.00	–	28.00	50.00		30.1	

Note: For dividends, please refer to the “Notice Regarding Dividends of Surplus” announced today (May 10, 2022).

3. Consolidated earnings forecast for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	455,000	6.3	68,000	6.6	68,000	3.7	49,000	3.6	166.30

Note: For matters related to the above forecast, please refer to page 5, “Consolidated Outlook.”

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For details, please refer to page 17, “Notes on Consolidated Financial Statements (Accounting Policy Changes).”

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022	296,070,227 shares
As of March 31, 2021	296,070,227 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2022	1,416,992 shares
As of March 31, 2021	1,425,134 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	294,651,283 shares
Fiscal year ended March 31, 2021	294,624,177 shares

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	224,608	7.8	34,909	46.7	45,311	45.4	36,065	33.8
March 31, 2021	208,396	1.5	23,797	17.8	31,165	8.2	26,962	9.9

Fiscal year ended	Earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	122.40	—
March 31, 2021	91.52	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	368,433	239,413	65.0	812.52
March 31, 2021	318,574	214,965	67.5	729.57

Reference: Equity

As of March 31, 2022: ¥239,413 million

As of March 31, 2021: ¥214,965 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The above forecast was calculated based on information available on the date this report was released. Actual results may vary from forecast values, due to various factors in the future. For matters related to the above forecast, please refer to page 5, "Consolidated Outlook."

Table of Contents**Index**

1. Operating Results.....	2
(1) Consolidated Overview.....	2
(2) Overview of Financial Status	7
(3) Dividend Policy and Dividends for the Fiscal Years Ended March 31, 2022 and 2023	8
2. Basic Stance on Selecting Accounting Standards	8
3. Consolidated financial statements and significant notes thereto.....	9
(1) Consolidated balance sheets	9
(2) Consolidated statement of income and consolidated statement of comprehensive income	11
(3) Consolidated statement of changes in equity.....	13
(4) Consolidated statement of cash flows.....	15
(5) Notes on Consolidated Financial Statements.....	17
Notes on Going-Concern Assumptions.....	17
Accounting Policy Changes	17
Segment Information	17
Per-Share Information	18
Events after the Reporting Period	18
4. Supplemental Information.....	19

1. Operating Results

(1) Consolidated Overview

<Overview of FY 2021>

During FY 2021, uncertainty remained in the global economy due to the spread of the COVID-19 pandemic, shortages in semiconductors and other supplies, and a sharp rise in raw material prices, as well as sudden exchange fluctuations and the Russian invasion of Ukraine that began in the second half of the fiscal year, while some economic improvement appeared due to economic measures by the governments of various countries, and other factors.

Given such a business environment, Shimadzu worked under its medium-term management plan, aiming to become a “Company That Solves Challenges in Society in Collaboration with Partners All Around the World,” and strived to strengthen and expand in key businesses, businesses outside Japan, businesses with recurring revenues and businesses in the four growth fields. In key businesses, sales were strong mainly for liquid chromatographs and mass spectrometer systems for pharmaceutical and food safety applications in the healthcare field. In businesses outside Japan, as a result of promoting solutions for issues together with our partners globally, sales increased in all major regions and the overseas sales ratio was 53.0% (a year-on-year increase of 2.2 points). For businesses with recurring revenues, we strengthened aftermarket business and software subscriptions, etc. Among the businesses in the four growth fields, we promoted business expansion in each field, the healthcare field, the environmental/energy field, the materials field and the infrastructure field.

In infectious disease countermeasure projects implemented as important emergency challenges in the medium-term management plan, Shimadzu developed new products such as mutation assay kits, in addition to novel coronavirus detection kits and fully automatic PCR testing systems. Shimadzu also focused on “creating systems for fighting infectious diseases,” partnering with companies, academia, and healthcare institutions, among others.

Shimadzu achieved record consolidated business results in FY 2021, with net sales of 428,175 million yen (a year-on-year increase of 8.8 %). Due to the increased net sales and improved gross profit margin, and other factors, operating profit was 63,806 million yen (a year-on-year increase of 28.3 %). Ordinary income was 65,577 million yen (a year-on-year increase of 35.6 %), and profit attributable to owners of parent was 47,289 million yen (a year-on-year increase of 31.0 %).

The results for reportable business segments were as follows.

To ensure results for each reportable segment are managed more appropriately, the method used to allocate administrative department expenses was changed, beginning with the first quarter of this fiscal year. Year-on-year comparisons were calculated using the method applicable after the accounting policy change to recalculate last year’s values.

<Sales by Business Segment>

I. Analytical & Measuring Instruments

In the Analytical & Measuring Instruments segment, sales increased both in Japan and outside Japan. Looking at each field, in the healthcare field, sales of liquid chromatographs and mass spectrometer systems were strong for pharmaceutical and contract analysis applications. Sales of novel coronavirus detection kits and fully automatic PCR testing systems also increased due to demand for testing accompanying the spread of the COVID-19 pandemic. The manufacturing industry was on a recovery trend due to an increase in sales of testing machines for transport equipment and other factors. In the government/academia field, sales of liquid chromatographs, mass spectrometer systems, and other products increased due to governments in various countries implementing budgets and academic institutions resuming operations.

As a result, the Analytical & Measuring Instruments segment posted net sales of 277,515 million yen (a year-on-year increase of 11.7 %) for this fiscal year, with operating profit of 52,956 million yen (a year-on-year increase of 26.6 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	FY 2020 (millions of yen)	FY 2021 (millions of yen)	Percent Increase/ Decrease (%)	Overview
Japan	104,173	113,631	9.1	Sales of novel coronavirus detection kits and fully automatic PCR testing systems increased with the spread of COVID-19 infections. Testing machine sales increased, mainly for use in transport equipment and government/academia.
North America	25,979	29,465	13.4	Sales of liquid chromatographs for pharmaceutical and clinical were strong. In addition to a recovery in government/academia demand that was adversely affected by the COVID-19 crisis in the previous year, sales of environmental analytical and measuring instruments for water quality monitoring increased.
Europe	25,626	28,561	11.4	Despite stagnant sales to Russia, demand for food safety and contract analysis applications was robust, and sales of liquid chromatographs and mass spectrometer systems increased.
China	57,563	63,248	9.9	Despite a reversal in strong demand caused by the publication of the 2020 Chinese Pharmacopoeia in the previous fiscal year, liquid chromatograph sales increased for pharmaceuticals and contract analysis applications.
Other Asian Countries	26,821	31,283	16.6	Sales of liquid chromatographs and mass spectrometer systems increased for pharmaceuticals.

II. Medical Systems

In the Medical Systems segment, although sales in Japan increased, sales outside Japan decreased. In Japan, the market recovered on increased capital equipment investments made by healthcare institutions, funded by supplementary budget appropriations, and sales of fluoroscopy systems increased. Furthermore, real-time tumor tracking systems for radiation therapy and the aftermarket business contributed to results. Outside Japan, despite the increase in sales of fluoroscopy systems in North America where Shimadzu is focusing its efforts, sales of mobile X-ray systems used to diagnose pneumonia associated with COVID-19 decreased in all but a few regions, after increasing during the previous year. In addition, production delays due to shortages in semiconductors and other supplies affected sales.

As a result, the Medical Systems segment posted net sales of 66,894 million yen (a year-on-year decrease of 0.0 %) and operating profit of 6,083 million yen (a year-on-year increase of 21.8 %) due to strong aftermarket businesses and other factors.

Net sales broken down by major regions are indicated below.

	FY 2020 (millions of yen)	FY 2021 (millions of yen)	Percent Increase/ Decrease (%)	Overview
Japan	36,944	37,969	2.8	Sales of fluoroscopy systems increased due to the market recovery, backed by supplementary budget appropriations, and sales of real-time tumor tracking systems for radiation therapy also contributed to results. The aftermarket business was also strong.
North America	8,292	8,495	2.5	Capital equipment investments by healthcare institutions were on a recovery trend, with an increase in sales of fluoroscopy systems and general radiography systems.
Europe	4,759	3,481	(26.8)	Sales decreased due to a significant drop in demand for mobile X-ray systems and stagnant sales to Russia.
China	5,241	4,674	(10.8)	Investment in capital equipment stalled due to intensifying competition with Chinese domestic products, bidding delays, and other factors.
Other Asian Countries	5,983	6,230	4.1	Sales of mobile X-ray systems increased due to a resurgence of the COVID-19 pandemic in Southeast Asia.

III. Industrial Machinery

In the Industrial Machinery segment, sales increased both in Japan and outside Japan. Looking at results by product, sales of turbomolecular pumps were strong for semiconductor manufacturing equipment accompanying the increase in semiconductor demand due to the expansion of 5G communication networks, promotion of DX and other factors. Demand also increased for glass construction materials and thin-film manufacturing equipment, such as that for thin-film solar cells. Sales of hydraulic equipment also significantly increased due to increasing demand for industrial vehicles, construction machinery, and agricultural equipment.

As a result, the Industrial Machinery segment posted net sales of 56,736 million yen (a year-on-year increase of 25.8 %) for this fiscal year, with operating profit of 5,978 million yen (a year-on-year increase of 78.2 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	FY 2020 (millions of yen)	FY 2021 (millions of yen)	Percent Increase/ Decrease (%)	Overview
Japan	23,140	26,623	15.1	Turbomolecular pump sales were strong for use in semiconductor manufacturing equipment and hydraulic equipment sales were strong for use in industrial vehicles, construction machinery, and agricultural equipment.
North America	5,311	7,837	47.6	Turbomolecular pump sales were strong for use in semiconductor manufacturing equipment and hydraulic equipment sales were strong for use in industrial vehicles, construction machinery, and agricultural equipment.
Europe	2,180	3,074	41.0	Turbomolecular pump sales were strong for use in semiconductor manufacturing equipment.
China	10,058	13,536	34.6	Turbomolecular pump sales were strong for use in semiconductor manufacturing equipment, glass construction materials, and thin-film solar cell coating applications. In addition to hydraulic equipment for industrial vehicles and agricultural equipment, glass winder sales also increased significantly.
Other Asian Countries	4,205	5,531	31.5	Demand increased for turbomolecular pumps used in semiconductor manufacturing equipment and aftermarket service sales were also strong. Glass winder sales also increased significantly.

IV. Aircraft Equipment

In the Aircraft Equipment segment, although sales in Japan decreased, sales outside Japan increased. Looking at each field, in the defense field, sales decreased due to a reactionary decline after large projects during the previous year. In the commercial aircraft equipment field, the decrease in demand caused by the COVID-19 pandemic showed signs of bottoming out.

As a result, the Aircraft Equipment segment posted net sales of 22,301 million yen (a year-on-year decrease of 21.9%), with operating profit of 118 million yen (a year-on-year decrease of 86.6%), securing a profit despite the significant decline in sales.

Net sales broken down by major regions are indicated below.

	FY 2020 (millions of yen)	FY 2021 (millions of yen)	Percent Increase/ Decrease (%)	Overview
Japan	24,764	18,214	(26.4)	Reactionary decline in the defense field following the large projects in the previous year.
North America	3,569	3,822	7.1	There are signs of demand for commercial aircraft equipment bottoming out.

V. Other

Other business segments posted net sales of 4,727 million yen (a year-on-year increase of 7.4 %) and operating profit of 1,256 million yen (a year-on-year increase of 26.9 %).

<Consolidated Outlook>

1) Business Environment and Medium-Term Growth Strategies

While the effects of the COVID-19 pandemic continue to be felt and countries across the globe have adapted to the new normal of living with COVID-19 and socioeconomic activities are resuming, the business environment is difficult to predict due to supply chain disruptions, such as those involving semiconductors, the outbreak of the invasion of Ukraine by Russia, and other factors.

Shimadzu intends to achieve business growth by continuing to capitalize on demand expansion in the healthcare field, while promoting medium- to long-term initiatives such as capturing demand for carbon neutrality. We also intend to further increase productivity and profitability by continuing measures to rationalize controllable costs and implement digital transformation (DX) measures, and to enhance our ability to respond flexibly to rapidly changing times.

FY 2022 is the final year of our medium-term management plan, and we will strive to achieve its goals and formulate the next medium-term management plan for new growth.

2) Infectious Disease Countermeasure Projects

Along with sales of novel coronavirus detection kits and fully automatic PCR testing systems for clinics, we will also promote support for the establishment of PCR testing centers at academic institutions, a sewer water virus testing service to prevent infection clusters, among other initiatives. In addition, we will supply test kits other than for the novel coronavirus to fully automatic PCR testing systems, of which we have delivered more than 1,300 units in Japan, in order to make effective use of the systems. We will develop a network system for managing testing results and testing histories and partner with governments and local authorities to create systems for fighting infectious diseases. AdvanSentinel Inc., established with SHIONOGI & CO., LTD., will launch a new wastewater monitoring initiative to combat infectious diseases.

3) Four Growth Strategies and Strengthening the Foundation for Growth

(1) Strengthen Key Businesses

We will expand/improve distinctive product lines, mainly for high-end liquid chromatograph and mass spectrometer products from the Analytical & Measuring Instruments segment, such as fully automatic pretreatment systems and compact equipment based on using AI, IoT, or robotics technologies, aiming to increase our market share in the pharmaceutical and clinical markets, especially in Europe and the United States. We will promote joint development with research partners around the world and build relationships with strategic and business partners who are strategically involved in social implementation.

(2) Strengthen Businesses outside Japan

To promote business growth outside Japan, we will strengthen the function of Innovation Centers and Application Labs in the United States and Europe, in order to jointly develop solutions for strong industries in each region together with strong partners. Then we will achieve a positive cycle of growth by deploying developed solutions globally.

(3) Expand Businesses with Recurring Revenues and DX Initiatives

We intend to achieve steady growth of the aftermarket business by strengthening the reagent business that grew as part of COVID-19 countermeasures and investing in the expansion of the consumable product lines. Furthermore, we will expand our lineup of new products and services utilizing subscription and pay-as-you-go systems and continue our efforts to engage in creating new businesses.

From the perspective of utilizing data, we aim to improve the quality of our products by visualizing the operating status of equipment used by our customers around the world.

(4) Expand Businesses in Growth Fields

Among the four growth fields, in the healthcare field, we will focus on expanding our business in the areas of infectious diseases, dementia, and cancer, as well as our cell therapy business such as regenerative medicine. In the environmental/energy field and the materials field, we will accelerate our business for electric mobility, batteries, new energy making use of hydrogen, ammonia, etc., and renewable energy, with a particular focus on carbon neutrality. In addition, in order to develop new materials, we will promote commercialization thereof, partnering with external partners, mainly based on materials informatics, which combines data from measuring materials with data from component analysis. Furthermore, we will respond to new regulations in various fields and develop new markets, including analytical methods that are, or will become international standards.

4) Deal with Risks

Shimadzu's risk management departments and committees are engaged in promoting specialized risk management promotion activities. They address such risks as violations of business laws, natural disasters, and geopolitical risks. In response to recent changes in the international situation, etc., we will monitor the situation, share and disseminate information within our entire Group, and respond to changes.

5) Sustainability Initiatives

The Shimadzu Group has established the "Shimadzu Group Sustainability Charter," which defines issues and themes to be addressed from the aspects of contribution to human and global health, industry and society, and corporate governance.

In particular, we consider the issue of climate change to be of universal importance, and have set a new goal in 2022 to achieve "net zero GHG emissions from our business activities by 2050." We will work to achieve these targets through such measures as expanding the introduction of renewable energy. In addition, we will disclose information on climate change-related risks, opportunities, and countermeasures in support of the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures).

We will also promote diversity and inclusion, in the belief that diverse knowledge and values are a source of innovation and that creating a workplace where a variety of human resources can play an active role will enhance corporate value. With the following goals in mind, we will make efforts to create new science and technology and solve social issues through activities such as promoting active participation of women and global human resources.

- Increase the percentage of female workers in management positions to at least 6% (or 60 persons).
- Maintain the percentage of women in full-time employment at 30% or more each year.
- Increase the ratio of male workers taking childcare leave to at least 30%.

(Target period for the above goal: April 1, 2021 to March 31, 2026)

Based on the above, the consolidated earnings forecast for the fiscal year ending March 2023 is indicated below.

(Millions of yen)

	FY 2022 Consolidated Earnings Forecast	Year-on-Year Percent Increase/Decrease
Net Sales	455,000	6.3%
Operating Profit	68,000	6.6%
Ordinary Income	68,000	3.7%
Profit Attributable to Owners of Parent	49,000	3.6%

Note: The forecasted results above were calculated based on information available on the date this report was released. Actual results may vary from forecast values, due to various factors in the future.

(2) Overview of Financial Status

<Assets as of March 31, 2022>

Both cash and time deposits as of March 31, 2022 increased, compared to the end of the previous year, by 45,206 million yen. Consequently, total assets increased by 63,068 million yen to 560,528 million yen. Net assets increased by 45,659 million yen to 381,164 million yen due to a 35,791 million yen increase in retained earnings.

<Cash Flows>

Cash and cash equivalents as of March 31, 2022 increased by 48,463 million yen, compared to the end of the previous year, to 155,319 million yen.

The cash flow status for FY 2021 is described below.

I. Cash Flows from Operating Activities

Cash flow from operating activities resulted in an inflow of 63,367 million yen, which is a 433 million yen decrease from the previous year. Primary cash flows include a 16,129 million yen increase from changes in income before income taxes, an 8,378 million yen decrease from changes in inventory assets, a 6,649 million yen decrease from an increase of income taxes paid, and a 2,858 million yen decrease from changes in contract liabilities.

II. Cash Flows from Investing Activities

Cash flow from investing activities resulted in an outflow of 6,044 million yen, which is a 7,815 million yen decrease from the previous year. The primary cash flows include a 10,131 million yen outflow from capital equipment investment and an inflow of 3,562 million yen from net decrease (increase) in time deposits.

III. Cash Flows from Financing Activities

Cash flow from financing activities resulted in an outflow of 15,658 million yen, which is a 2,624 million yen increase from the previous year. The primary cash flows include an 11,490 million yen outflow from payment of cash dividends and a 4,148 million yen outflow from payment of lease liabilities.

<Trend in Cash Flow Indices>

	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2021	Year Ended March 31, 2022
Equity Ratio (%)	64.0	65.9	69.2	67.4	68.0
Equity Ratio on a Market Value Basis (%)	210.6	215.6	191.5	237.2	222.6
Years of Debt Redemption (years)	0.5	0.6	0.1	0.0	0.0
Interest Coverage Ratio	295.5	236.9	382.9	353.3	336.3

Note: Equity Ratio = (Net assets – Non-controlling interests)/Total assets

Equity Ratio on a Market Value Basis (%) = Total market value of shares/Total assets

Years of Debt Redemption = Interest bearing debt/Cash flow from operating activities

Interest Coverage Ratio = Cash flow from operating activities/Interest payment

1. All indices were calculated on a consolidated basis.
2. The total market value of shares was calculated as the product of year-end share price and the number of year-end outstanding shares (after deduction of treasury stock).
3. The cash flow from operating activities indicated on the consolidated statements of cash flows was used as the cash flow from operating activities. Interest bearing debt includes short-term loans, long-term debt, commercial paper, and unsecured bonds, from liabilities indicated on the consolidated balance sheet. Interest payment indicates the interest paid, as reported in consolidated statements of cash flows.

(3) Dividend Policy and Dividends for the Fiscal Years Ended March 31, 2022 and 2023

Shimadzu views the return of profits to shareholders as a key management objective.

We intend to keep dividends stable, while also taking into account earnings performance and cash flows. We will also maintain sufficient internal reserves to fund capital equipment investments, R&D, human resources, and strategic investments for increasing business growth and profitability in the medium and long term. We will continue making every effort to maintain stable financial conditions, while strengthening earnings and raising our return on equity.

A year-end dividend of 19 yen per share was paid for the fiscal year ended March 31, 2021, but we plan to pay a year-end dividend of 28 yen per share for the fiscal year ended March 31, 2022. Combined with the interim dividend of 20 yen per share, that will result in a total annual dividend of 48 yen per share, which is an increase of 14 yen compared to the previous year.

For the fiscal year ending March 31, 2023, we currently plan to pay an interim dividend of 22 yen and a year-end dividend of 28 yen per share, for a total annual dividend of 50 yen per share, an increase of 2 yen from the previous fiscal year.

2. Basic Stance on Selecting Accounting Standards

The Shimadzu Group currently presents its consolidated financial statements based on Japanese accounting standards to facilitate comparison with results from other years and comparison with the results of other companies.

Regarding International Financial Reporting Standards (IFRS), we will take appropriate measures based on various circumstances in and outside Japan.

3. Consolidated financial statements and significant notes thereto**(1) Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	112,760	157,966
Notes and accounts receivable - trade, and contract assets	117,857	121,931
Merchandise and finished goods	59,117	61,386
Work in process	18,383	20,777
Raw materials and supplies	20,150	24,484
Other	9,296	9,984
Allowance for doubtful accounts	(2,119)	(2,167)
Total current assets	335,446	394,363
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	53,016	52,902
Machinery, equipment and vehicles, net	6,366	7,261
Land	18,955	19,053
Leased assets, net	2,275	1,910
Construction in progress	1,703	992
Other, net	20,075	22,310
Total property, plant and equipment	102,392	104,430
Intangible assets	11,615	11,151
Investments and other assets		
Investment securities	13,663	13,496
Long-term loans receivable	132	156
Retirement benefit asset	19,175	20,665
Deferred tax assets	11,498	12,606
Other	3,883	4,003
Allowance for doubtful accounts	(348)	(345)
Total investments and other assets	48,005	50,583
Total non-current assets	162,013	166,164
Total assets	497,459	560,528

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	61,424	66,538
Short-term borrowings	1,462	1,504
Lease liabilities	3,568	3,458
Accounts payable - other	12,960	13,760
Income taxes payable	7,645	10,944
Contract liabilities	35,696	40,347
Provision for bonuses	11,430	11,657
Provision for bonuses for directors (and other officers)	292	355
Provision for loss on orders received	126	10
Provision for share awards	-	38
Other	9,490	10,126
Total current liabilities	144,096	158,743
Non-current liabilities		
Long-term borrowings	281	205
Lease liabilities	4,945	6,422
Provision for retirement benefits for directors (and other officers)	132	144
Retirement benefit liability	11,342	12,994
Provision for share awards	89	92
Other	1,066	759
Total non-current liabilities	17,857	20,620
Total liabilities	161,954	179,363
Net assets		
Shareholders' equity		
Share capital	26,648	26,648
Capital surplus	34,910	34,910
Retained earnings	262,966	298,758
Treasury shares	(1,259)	(1,244)
Total shareholders' equity	323,267	359,073
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,579	6,471
Foreign currency translation adjustment	118	10,093
Remeasurements of defined benefit plans	5,540	5,525
Total accumulated other comprehensive income	12,237	22,090
Total net assets	335,504	381,164
Total liabilities and net assets	497,459	560,528

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	393,499	428,175
Cost of sales	237,306	249,559
Gross profit	156,192	178,615
Selling, general and administrative expenses	106,450	114,809
Operating profit	49,742	63,806
Non-operating income		
Interest income	214	287
Dividend income	337	228
Insurance claim income	278	261
Subsidy income	853	1,058
Foreign exchange gains	–	1,139
Other	744	689
Total non-operating income	2,429	3,665
Non-operating expenses		
Interest expenses	180	188
Foreign exchange losses	211	–
Donations	2,438	1,063
Other	962	642
Total non-operating expenses	3,793	1,894
Ordinary profit	48,378	65,577
Extraordinary income		
Gain on transfer of investment securities	1,463	812
Gain on sale of non-current assets	71	170
Gain on sale of investment securities	338	146
Gain on liquidation of investment securities	–	2
Total extraordinary income	1,874	1,133
Extraordinary losses		
Loss on fire	–	549
Loss on disposal of non-current assets	225	200
Loss on valuation of investment securities	61	13
Impairment losses	148	–
Total extraordinary losses	435	763
Profit before income taxes	49,817	65,947
Income taxes - current	13,417	19,438
Income taxes - deferred	302	(780)
Total income taxes	13,719	18,657
Profit	36,097	47,289
Profit attributable to owners of parent	36,097	47,289

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	36,097	47,289
Other comprehensive income		
Valuation difference on available-for-sale securities	1,820	(107)
Foreign currency translation adjustment	5,976	9,975
Remeasurements of defined benefit plans, net of tax	7,087	(14)
Total other comprehensive income	14,884	9,853
Comprehensive income	50,982	57,142
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	50,982	57,142
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statement of changes in equity**Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,648	34,910	245,254	(1,419)	305,395
Cumulative effects of changes in accounting policies			(9,506)		(9,506)
Restated balance	26,648	34,910	235,747	(1,419)	295,888
Changes during period					
Dividends of surplus			(8,844)		(8,844)
Profit attributable to owners of parent			36,097		36,097
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares				164	164
Decrease by merger			(34)		(34)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	27,219	159	27,378
Balance at end of period	26,648	34,910	262,966	(1,259)	323,267

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	4,758	(5,831)	(1,546)	(2,620)	302,775
Cumulative effects of changes in accounting policies		6		6	(9,500)
Restated balance	4,758	(5,824)	(1,546)	(2,613)	293,275
Changes during period					
Dividends of surplus					(8,844)
Profit attributable to owners of parent					36,097
Purchase of treasury shares					(4)
Disposal of treasury shares					164
Decrease by merger					(34)
Net changes in items other than shareholders' equity	1,820	5,942	7,087	14,851	14,851
Total changes during period	1,820	5,942	7,087	14,851	42,229
Balance at end of period	6,579	118	5,540	12,237	335,504

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,648	34,910	262,966	(1,259)	323,267
Cumulative effects of changes in accounting policies					—
Restated balance	26,648	34,910	262,966	(1,259)	323,267
Changes during period					
Dividends of surplus			(11,497)		(11,497)
Profit attributable to owners of parent			47,289		47,289
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares				18	18
Decrease by merger					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	35,791	14	35,806
Balance at end of period	26,648	34,910	298,758	(1,244)	359,073

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	6,579	118	5,540	12,237	335,504
Cumulative effects of changes in accounting policies				—	—
Restated balance	6,579	118	5,540	12,237	335,504
Changes during period					
Dividends of surplus					(11,497)
Profit attributable to owners of parent					47,289
Purchase of treasury shares					(4)
Disposal of treasury shares					18
Decrease by merger					—
Net changes in items other than shareholders' equity	(107)	9,975	(14)	9,853	9,853
Total changes during period	(107)	9,975	(14)	9,853	45,659
Balance at end of period	6,471	10,093	5,525	22,090	381,164

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	49,817	65,947
Depreciation	15,536	16,205
Impairment losses	148	–
Loss on fire	–	549
Increase (decrease) in allowance for doubtful accounts	241	(135)
Increase (decrease) in provision for bonuses	1,928	96
Increase (decrease) in provision for bonuses for directors (and other officers)	19	59
Increase (decrease) in net defined benefit asset and liability	314	(134)
Interest and dividend income	(552)	(515)
Interest expenses	180	188
Donations	2,272	948
Foreign exchange losses (gains)	(18)	(1,062)
Loss (gain) on sale and valuation of investment securities	(277)	(133)
Loss (gain) on transfer of investment securities	(1,463)	(812)
Loss (gain) on liquidation of investment securities	–	(2)
Loss (gain) on sale and retirement of property, plant and equipment	153	30
Decrease (increase) in trade receivables	(5,444)	(220)
Decrease (increase) in inventories	3,126	(5,252)
Increase (decrease) in trade payables	(92)	2,255
Increase (decrease) in contract liabilities	4,286	1,427
Other, net	3,322	554
Subtotal	73,499	79,992
Interest and dividends received	554	517
Interest paid	(180)	(188)
Loss on fire paid	–	(232)
Income taxes paid	(10,071)	(16,721)
Net cash provided by (used in) operating activities	63,801	63,367
Cash flows from investing activities		
Purchase of non-current assets	(13,312)	(10,131)
Proceeds from sale of non-current assets	346	555
Purchase of investment securities	(34)	(347)
Proceeds from sale of investment securities	548	302
Proceeds from liquidation of investment securities	–	22
Loan advances	(15)	(50)
Proceeds from collection of loans receivable	39	40
Other, net	(1,432)	3,563
Net cash provided by (used in) investing activities	(13,860)	(6,044)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Repayments of short-term borrowings	(430)	–
Proceeds from long-term borrowings	280	–
Repayments of long-term borrowings	(229)	(34)
Proceeds from issuance of commercial papers	10,000	–
Redemption of commercial papers	(10,000)	–
Dividends paid	(8,840)	(11,490)
Repayments of lease liabilities	(3,973)	(4,148)
Decrease (increase) in treasury shares	159	14
Net cash provided by (used in) financing activities	(13,033)	(15,658)
Effect of exchange rate change on cash and cash equivalents	3,068	6,799
Net increase (decrease) in cash and cash equivalents	39,976	48,463
Cash and cash equivalents at beginning of period	66,683	106,855
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	196	–
Cash and cash equivalents at end of period	106,855	155,319

(5) Notes on Consolidated Financial Statements**Notes on Going-Concern Assumptions**

Not applicable.

Accounting Policy Changes

Shimadzu has decided to apply the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Fair Value Standard”) beginning with this fiscal year and implement the new accounting policy in the future by applying transitional methods specified for transitioning to the Fair Value Standard in Article 19 of the Fair Value Standard and Article 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The change will have no effect on consolidated financial statements for this fiscal year.

Segment Information

1 Information on net sales, operating profit, assets and other items by reportable segment

From April 1 to March 31 of fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Industrial Machinery	Aircraft Equipment	Total				
Net sales									
Sales to customers	248,550	66,903	45,082	28,560	389,097	4,401	393,499	–	393,499
Inter-segment sales	5	24	77	–	107	1,706	1,813	(1,813)	–
Total	248,556	66,928	45,159	28,560	389,205	6,107	395,312	(1,813)	393,499
Operating profit	41,813	4,994	3,355	882	51,046	989	52,035	(2,293)	49,742

From April 1 to March 31 of fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Industrial Machinery	Aircraft Equipment	Total				
Net sales									
Sales to customers	277,515	66,894	56,736	22,301	423,447	4,727	428,175	–	428,175
Inter-segment sales	8	70	150	19	249	2,205	2,455	(2,455)	–
Total	277,524	66,965	56,887	22,320	423,697	6,932	430,630	(2,455)	428,175
Operating profit	52,956	6,083	5,978	118	65,137	1,256	66,393	(2,586)	63,806

Matters related to changes in reportable segments

To ensure results for each reportable segment are managed more appropriately, the method used to allocate administrative department expenses was changed, beginning with the first quarter of this fiscal year. Year-on-year comparisons were calculated using the method applicable after the accounting policy change to recalculate last year’s values.

<Related Information>

Information on the Amount of Net Sales by Geographical Segment

From April 1 to March 31 of fiscal year ended March 31, 2021

(Millions of yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
193,420	47,793	32,703	72,872	37,094	9,615	393,499

From April 1 to March 31 of fiscal year ended March 31, 2022

(Millions of yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
201,164	55,378	35,297	81,469	43,109	11,754	428,175

Note: Main countries and regions included in the geographical segments other than Japan

The Americas: U.S.A.

Europe: U.K., Germany

China: China

Other Asian countries: India, Southeast Asia, South Korea, Taiwan

Other: Australia, Middle East, Africa

Per-Share Information

(Yen)

	From April 1 to March 31 of fiscal year ended March 31, 2021	From April 1 to March 31 of fiscal year ended March 31, 2022
Net assets per share	1,138.67	1,293.60
Earnings per share	122.52	160.49

Note: The basis for calculating the earnings per share is indicated below.

	From April 1 to March 31 of fiscal year ended March 31, 2021	From April 1 to March 31 of fiscal year ended March 31, 2022
Profit attributable to owners of parent (millions of yen)	36,097	47,289
Earnings allocable to common shares (millions of yen)	36,097	47,289
Average number of common shares outstanding during the year (thousand shares)	294,624	294,651

Events after the Reporting Period

Not applicable.

4. Supplemental Information

Overview of Financial Results for the Fiscal Year Ended March 2022

Consolidated Results

R o w N o.			FY 2020	FY 2021	Year-on-Year		FY 2022
			Results	Results	Increase/ Decrease	Percent Increase/ Decrease	Forecast
1	Net Sales	millions of yen	393,499	428,175	34,675	8.8%	455,000
2	Net Sales (Analytical & Measuring Instruments)	millions of yen	248,550	277,515	28,964	11.7%	—
3	Net Sales (Medical Systems)	millions of yen	66,903	66,894	(9)	(0.0%)	—
4	Net Sales (Industrial Machinery)	millions of yen	45,082	56,736	11,653	25.8%	—
5	Net Sales (Aircraft Equipment)	millions of yen	28,560	22,301	(6,259)	(21.9%)	—
6	Net Sales (Other)	millions of yen	4,401	4,727	325	7.4%	—
7	Net Sales by Region (Japan)	millions of yen	193,420	201,164	7,744	4.0%	—
8	Net Sales by Region (Outside Japan)	millions of yen	200,078	227,010	26,931	13.5%	—
9	Net Sales (The Americas)	millions of yen	47,793	55,378	7,585	15.9%	—
10	Net Sales (Europe)	millions of yen	32,703	35,297	2,593	7.9%	—
11	Net Sales (China)	millions of yen	72,872	81,469	8,597	11.8%	—
12	Net Sales (Other Asian Countries)	millions of yen	37,094	43,109	6,015	16.2%	—
13	Net Sales (Other)	millions of yen	9,615	11,754	2,139	22.3%	—
14	Operating Profit	millions of yen	49,742	63,806	14,064	28.3%	68,000
15	Ordinary Income	millions of yen	48,378	65,577	17,199	35.6%	68,000
16	Profit Attributable to Owners of Parent	millions of yen	36,097	47,289	11,191	31.0%	49,000
17	Operating Profit Margin	%	12.6	14.9	—	—	14.9
18	Earnings per Share	Yen	122.52	160.49	—	—	166.30
19	Dividend per Share	Yen	34.00	48.00	—	—	50.00
20	Capital Equipment Investment	millions of yen	14,471	16,357	1,886	13.0%	24,000
21	Depreciation and Amortization	millions of yen	15,536	16,205	668	4.3%	17,000
22	Cash Flows from Operating Activities	millions of yen	63,801	63,367	(433)	—	—
23	Cash Flows from Investing Activities	millions of yen	(13,860)	(6,044)	7,815	—	—
24	Cash Flows from Financing Activities	millions of yen	(13,033)	(15,658)	(2,624)	—	—
25	Cash and Cash Equivalents, End of Period	millions of yen	106,855	155,319	48,463	—	—
26	Total Assets	millions of yen	497,459	560,528	63,068	12.7%	—
27	Net Assets	millions of yen	335,504	381,164	45,659	13.6%	—
28	Equity Ratio	%	67.4	68.0	—	—	—
29	Return on Equity	%	11.3	13.2	—	—	—

30	Return on Asset	%	10.3	12.4	—	—	—
31	Net assets Per Share	Yen	1,138.67	1,293.60	—	—	—
32	Number of All Group Employees	Employees	13,308	13,499	191	—	—
33	Number of Consolidated Subsidiaries	Companies	76	76	—	—	—
34	Japan	Companies	23	23	—	—	—
35	Outside Japan	Companies	53	53	—	—	—