

May 11, 2021

Operating Results and Financial Position

(For the Fiscal Year Ended March 31, 2021)

1. Operating Results

(1) Consolidated Overview

During FY 2020, the entire world continued to struggle with the increasingly prolonged impacts from the COVID-19 pandemic.

Given the circumstances, Shimadzu launched “infectious disease countermeasure projects” as important emergency challenges and prioritized implementing the projects above all else. That resulted in significant contribution to business performance from novel coronavirus detection kits, fully automatic PCR testing systems, and mobile X-ray systems used to diagnose pneumonia. Sales also increased for liquid chromatograph and mass spectrometer systems used for healthcare and virus research applications.

Demand for turbomolecular pumps increased due to a market expansion for semiconductor manufacturing equipment caused by increased demand for semiconductors used for 5G (fifth-generation communication network) and data centers. As a result of expanding production capacity and other efforts to capitalize on the increased demand, Shimadzu sales increased significantly.

Consequently, the Shimadzu Group achieved record results in FY 2020, with net sales of 393,499 million yen (a year-on-year increase of 2.1 %). Due to the increased net sales, expense reductions, investment selectiveness, and other factors, operating income was 49,742 million yen (a year-on-year increase of 18.9 %). Ordinary income was 48,378 million yen (a year-on-year increase of 13.4 %) and profit attributable to owners of parent was 36,097 million yen (a year-on-year increase of 13.6 %).

The results for reportable business segments were as follows.

I. Analytical & Measuring Instruments

Sales of the novel coronavirus detection kits and fully automatic PCR testing system for clinics not only contributed to infectious disease countermeasures, but also achieved strong results in pharmaceuticals, clinical, and other healthcare fields. Also, due to economic measures by various countries, results in the government/academia field began improving in the second half. Meanwhile, results remained severe in the transport equipment and other fields, due to customer reluctance to invest in capital equipment.

As a result, the Analytical & Measuring Instruments segment posted net sales of 248,550 million yen (a year-on-year increase of 5.2 %) for this fiscal year, with operating income of 42,485 million yen (a year-on-year increase of 18.8 %) due to increased sales, expense reductions, and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2020 (million yen)	Year Ended March 2021 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	100,801	104,173	3.3	In addition to contribution from novel coronavirus detection kits and fully automatic PCR testing systems, demand generated from supplementary budget appropriations for the government/academia field also contributed to increased second-half sales.
North America	26,234	25,979	-1.0	Though sales of novel coronavirus detection kits and mass spectrometer systems for identifying microorganisms in hospitals increased, overall sales decreased due to a downturn in capital investments by small/medium laboratories and decreased demand in the food safety field.
Europe	24,724	25,626	3.6	Sales increased due to increased liquid chromatograph sales resulting from measures to strengthen domestic pharmaceutical production, increased mass spectrometer system sales for clinical use, and other factors.
China	47,920	57,563	20.1	Sales increased due to strong sales of liquid chromatographs and mass spectrometer systems in pharmaceutical and food fields resulting from the 2020 Chinese Pharmacopoeia issued in December 2020, which specifies quality control requirements for ensuring the quality and safety of pharmaceuticals, stronger food safety management measures, and other changes.
Other Asian Countries	26,845	26,821	-0.1	Despite increased liquid chromatograph sales from increased production of drug substances in India, overall region sales decreased slightly due to lower government sales from project bidding delays in Southeast Asia and other factors.

II. Medical Systems

Sales increased for mobile X-ray systems used to diagnose pneumonia associated with COVID-19 infections, but struggled for all other models, due to healthcare institutions focusing on COVID-19 countermeasures and postponing or freezing capital equipment investments because of their worsening financial status.

As a result, the Medical Systems segment posted net sales of 66,903 million yen (a year-on-year decrease of 4.7 %) for this fiscal year, with operating income of 4,370 million yen (a year-on-year increase of 37.0 %) due to expense reduction measures and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2020 (million yen)	Year Ended March 2021 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	43,072	36,944	-14.2	Sales benefited from demand generated by supplementary budget appropriations, but impacts from the pandemic resulted in hospitals, clinics, and other healthcare institutions postponing or freezing capital equipment investment plans.
North America	7,286	8,292	13.8	Sales increased due to increased sales of mobile X-ray systems, integration of an acquired distributor, strengthening of business capabilities, and other factors.
Europe	3,689	4,759	29.0	Sales increased due to increased mobile X-ray system sales and also being driven by sales of general radiography systems in Eastern Europe.
China	5,182	5,241	1.2	Sales increased due to increased fluoroscopy system sales resulting from promoting expanded sales of high value-added products, increased capital equipment investment levels resulting from government assistance, and other factors.
Other Asian Countries	5,219	5,983	14.6	Sales increased, driven by sales of mobile X-ray systems.

III. Aircraft Equipment

Sales in the defense field increased due to large projects compensating for decreased repair projects. In contrast, commercial aircraft equipment sales decreased significantly due to major impacts from the COVID-19 pandemic.

As a result, the Aircraft Equipment segment posted net sales of 28,560 million yen (a year-on-year decrease of 4.9 %) for this fiscal year, with operating income of 67 million yen (a year-on-year decrease of 91.5 %) due to lower demand for commercial aircraft equipment and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2020 (million yen)	Year Ended March 2021 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	24,216	24,764	2.3	Sales in the defense field increased due to large projects compensating for decreased repair projects.
North America	5,428	3,569	-34.2	Sales decreased due to significantly lower demand in the commercial aircraft equipment field.

IV. Industrial Machinery

Sales of turbomolecular pumps were strong for semiconductor manufacturing equipment, due to increased semiconductor demand for 5G and data center applications. In contrast, hydraulic equipment and industrial furnace sales struggled due to the COVID-19 pandemic and lower capital equipment investment levels, despite increased sales in China. Overall sales increased, driven by strong turbomolecular pump sales.

As a result, the Industrial Machinery segment posted net sales of 45,082 million yen (a year-on-year increase of 4.8 %) for this fiscal year, with operating income of 4,123 million yen (a year-on-year increase of 12.7 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2020 (million yen)	Year Ended March 2021 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	22,634	23,140	2.2	Sales increased for turbomolecular pumps used in semiconductor manufacturing equipment, which are experiencing strong sales, but sales of hydraulic equipment decreased due to lower capital equipment investment levels. Overall sales increased, driven by turbomolecular pump sales.
North America	5,068	5,311	4.8	Sales increased due to strong sales of turbomolecular pumps for semiconductor manufacturing equipment.
Europe	2,770	2,180	-21.3	Sales decreased due to lower sales of hydraulic equipment and turbomolecular pumps for glass coating systems.
China	8,344	10,058	20.5	Sales increased due to increased sales of turbomolecular pumps for flat panel display manufacturing equipment, increased sales of hydraulic equipment for forklifts, construction machinery, and agricultural equipment resulting from increased infrastructure investment, and other factors.
Other Asian Countries	3,986	4,205	5.5	Sales increased due to turbomolecular pump service business expansion.

V. Other

Other business segments posted net sales of 4,401 million yen (a year-on-year decrease of 26.3 %) for this fiscal year, with operating income of 989 million yen (a year-on-year decrease of 17.5 %).

<Consolidated Outlook>

1) Business Environment and Medium-Term Growth Strategies

Though impacts from the COVID-19 pandemic will continue in FY 2021, successive vaccination levels and economic assistance programs in various countries will move the global economy toward recovery, with growth rates predicted to increase to the 5 % level.

Shimadzu intends to achieve business growth by capitalizing on demand expansion associated with economic recovery and new demand generated by the pandemic, especially in regions predicted to have high economic growth. We also intend to further increase profitability by continuing measures to rationalize controllable costs and implement digital transformation (DX) measures to increase productivity and establish new businesses.

We will strive to achieve continuous business growth by creating systems for solving challenges in society, in accordance with the policies and growth strategies specified in the medium-term management plan that was started in FY 2020, and by becoming “a Company That Solves Challenges in Society in Collaboration with Partners All Around the World.” For example, we will offer healthcare solutions for diagnosing infectious diseases, dementia, or other conditions, and help achieve a carbon-free society by offering solutions for evaluating batteries, motors, materials, and other items used for electric mobility.

2) Infectious Disease Countermeasure Projects

In FY 2020, we identified offering countermeasures for infectious diseases as an urgent and important challenge in society. Consequently, Shimadzu has been deploying businesses intended to help prevent the spread of infectious diseases. For example, we developed and have been selling novel coronavirus detection kits and fully automatic PCR testing systems for clinics, helped establish PCR testing centers at academic institutions, and released a sewer water virus testing service helpful for preventing infection clusters. In the future, we will work on establishing new testing methods, such as testing for viruses from breath samples, predicting the severity of symptoms, and preventing infection. We will also sell detection kits and fully automatic PCR testing systems outside Japan. Additionally, we will develop a network system for managing testing results and testing histories, build testing capabilities for confirming negative test results, and offer them as solutions for corporate testing laboratories, academic PCR testing centers, and others. We will also partner with governments and local authorities to create systems for fighting infectious diseases.

3) Four Growth Strategies and Strengthening the Foundation for Growth

(1) Strengthen Key Businesses

We will work with strategic and business partners to expand/improve product lines, mainly for high-end liquid chromatograph and mass spectrometer products from the Analytical & Measuring Instruments segment that offer high-resolution/high-sensitivity, such as fully automatic pretreatment systems based on using AI, IoT, or robotics technologies, and combine them with software that enables working remotely.

(2) Strengthen Businesses outside Japan

To achieve business growth outside Japan, we will strengthen the function of Innovation Centers according to the demand in respective regions, such as by focusing on the pharmaceutical field in the United States and the clinical field in 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

We intend to achieve steady growth of the aftermarket business by expanding the consumables business, including the reagent business that grew as part of COVID-19 countermeasures. Mainly the newly established DX Strategy Management Department will engage in creating new businesses based on integrating digital technologies with existing products and services, such as subscription-based businesses.

(4) Expand Businesses in Growth Fields

Current efforts to expand business in the four growth fields will initially focus on two challenges—solutions for aging demographics and countermeasures for infectious diseases. In the environmental/energy field, we will create virtual exhibition and other systems for offering solutions, such as for electric vehicles and other electric mobility, batteries, and renewable energy fields, and then accelerate the process of commercializing such solutions. In the materials field, we will consider business concepts mainly based on materials informatics, which combines data from measuring materials with data from component analysis.

In the social infrastructure field, we will accelerate the commercialization of developed products and develop new markets.

We will work with the Changi General Hospital in Singapore to jointly establish a laboratory for clinical testing and individualized treatment, strengthen efforts to collaborate with outside business partners, and accelerate the creation of new markets.

(5) Reassess our Business Portfolio

A review of results achieved during FY 2020 indicates that the impact of the COVID-19 pandemic varied depending on the specific business and model involved. Therefore, to increase investment in solutions for challenges in society, we will continue to reassess our business portfolio based on new business performance indicators and designation of businesses for expansion, cultivating, or withdrawal.

Based on the above, the consolidated earnings forecast for the year ending March 2022 is indicated below. However, if the COVID-19 pandemic expands again, it could affect forecasted earnings.

(Units: Millions of yen)

	Consolidated Earnings Forecast for Year Ending March 2022	Percent Increase/Decrease Year-on-Year
Net Sales	400,000	1.7 %
Operating Income	50,000	0.5 %
Ordinary Income	49,000	1.3 %
Profit Attributable to Owners of Parent	37,000	2.5 %

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, 2021>

Both cash and time deposits and inventory assets as of March 31, 2021 increased, compared to the end of the previous year, by 41,892 million yen and 9,778 million yen, respectively. Consequently, total assets increased by 59,841 million yen to 497,459 million yen. Net assets increased by 32,729 million yen to 335,504 million yen due to 17,711 million yen increase in retained earnings.

<Cash Flows>

Cash and cash equivalents as of March 31, 2021 increased by 40,172 million yen, compared to the end of the previous year, to 106,855 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 63,801 million yen, which is a 24,292 million yen increase from the previous year. Primary cash flows include an 8,608 million yen increase from changes in inventory assets, a 6,704 million yen increase from changes in income before income taxes, and a 5,715 million yen increase from changes in trade payables.

II. Cash Flows from Investing Activities

Cash flow from investing activities resulted in an outflow of 13,860 million yen, which is a 2,202 million yen decrease from the previous year. The primary cash flows include a 13,312 million yen outflow from capital equipment investment.

III. Cash Flows from Financing Activities

Cash flow from financing activities resulted in an outflow of 13,033 million yen, which is a 13,151 million yen decrease from the previous year. The primary cash flows include an 8,840 million yen outflow from payment of cash dividends and a 3,973 million yen outflow from payment of lease obligations.

<Trend in Cash Flow Indices>

	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2021
Equity Ratio (%)	64.3	64.0	65.9	69.2	67.4
Equity Ratio on a Market Value Basis (%)	139.0	210.6	215.6	191.5	237.2
Years of Debt Redemption (years)	0.6	0.5	0.6	0.1	0.0
Interest Coverage Ratio	214.2	295.5	236.9	382.9	353.3

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, 2021 and 2022

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 15 yen per share was paid for the fiscal year ended March 31, 2020, but we plan to pay a year-end dividend of 19 yen per share for the fiscal year ended March 31, 2021. Combined with the interim dividend of 15 yen per share, that will result in a total annual dividend of 34 yen per share, which is an increase of 4 yen compared to the previous year.

For the fiscal year ended March 31, 2022, we currently plan to pay an interim dividend of 17 yen and a year-end dividend of 18 yen per share, for a total annual dividend of 35 yen per share, an increase of 1 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

(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2021	As of March 31, 2020
Assets		
Current assets:		
Cash and time deposits	¥112,760	¥70,868
Trade notes, accounts receivable, and contract assets	117,857	119,903
Merchandise and products	59,117	46,928
Work in process	18,383	20,643
Raw materials and supplies	20,150	20,301
Other	9,296	8,806
Allowance for doubtful receivables	(2,119)	(1,811)
Total current assets	¥335,446	¥285,640
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	¥53,016	¥46,485
Machinery, equipment and vehicles, net	6,366	7,103
Land	18,955	18,795
Leased assets, net	2,275	2,935
Construction in progress	1,703	6,313
Other, net	20,075	16,142
Total property, plant and equipment	¥102,392	¥97,775
Intangible fixed assets	¥11,615	¥11,441
Investments and other assets:		
Investment securities	¥13,663	¥12,008
Long-term receivables	132	149
Assets related to retirement benefits	19,175	12,147
Deferred tax assets	11,498	13,341
Other	3,883	5,466
Allowance for doubtful receivables	(348)	(352)
Total investments and other assets	¥48,005	¥42,761
Total noncurrent assets	¥162,013	¥151,977
Total assets	¥497,459	¥437,618

(In million yen)

	As of March 31, 2021	As of March 31, 2020
Liabilities		
Current liabilities:		
Trade notes and accounts payable	¥61,424	¥60,189
Short-term loans	1,462	2,081
Lease obligations	3,568	1,995
Accounts payable	12,960	13,945
Income taxes payable	7,645	4,844
Contract liabilities	35,696	—
Allowance for employees' bonuses	11,430	9,429
Allowance for directors' bonuses	292	268
Provision for loss on order received	126	—
Liability for stock benefits	—	162
Provision for loss on defense equipment	—	20
Other	9,490	22,535
Total current liabilities	¥144,096	¥115,474
Long-term liabilities:		
Long-term debt	¥281	¥30
Lease obligations	4,945	3,522
Liability for directors' retirement benefits	132	144
Liability for retirement benefits	11,342	14,433
Liability for stock benefits	89	—
Other	1,066	1,237
Total long-term liabilities	¥17,857	¥19,368
Total liabilities	¥161,954	¥134,842
Net assets		
Shareholders' capital:		
Common stock	¥26,648	¥26,648
Additional paid-in capital	34,910	34,910
Retained earnings	262,966	245,254
Treasury stock	(1,259)	(1,419)
Total shareholders' capital	¥323,267	¥305,395
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	¥6,579	¥4,758
Foreign currency translation adjustments	118	(5,831)
Cumulative adjustments to retirement benefits	5,540	(1,546)
Total accumulated other comprehensive income	¥12,237	¥(2,620)
Total net assets	¥335,504	¥302,775
Total liabilities and net assets	¥497,459	¥437,618

(2) Consolidated Statements of Operations & of Comprehensive Income

Consolidated Statements of Operations

	(In million yen)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Net sales	¥393,499	¥385,443
Cost of sales	237,306	233,013
Gross profit	¥156,192	¥152,430
Selling, general and administrative expenses	¥106,450	¥110,584
Operating income	¥49,742	¥41,845
Other income:		
Interest income	¥214	¥284
Dividend income	337	1,088
Insurance payments received	278	379
Subsidy received	853	826
Other	744	637
Total other income	¥2,429	¥3,217
Other expenses:		
Interest expenses	¥180	¥91
Foreign exchange loss	211	1,157
Contribution	2,438	303
Other	962	841
Total other expenses	¥3,793	¥2,393
Ordinary income	¥48,378	¥42,669
Extraordinary income:		
Net gain on transfer of investment securities	¥1,463	—
Net gain on sale of investment securities	338	96
Gain on sale of property, plant and equipment	71	546
Total extraordinary income	¥1,874	¥642
Extraordinary losses:		
Loss on disposal of property, plant and equipment	¥225	¥135
Impairment loss	148	—
Loss on write-down of investment securities	61	62
Total extraordinary losses	¥435	¥198
Income before income taxes	¥49,817	¥43,113
Income taxes	13,417	10,374
Income taxes adjustments	302	975
Total income taxes and income taxes adjustments	¥13,719	¥11,350
Profit	¥36,097	¥31,762
(Loss) attributable to non-controlling interests	—	(3)
Profit attributable to owners of parent	¥36,097	¥31,766

Consolidated Statements of Comprehensive Income

	(In million yen)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Profit	¥36,097	¥31,762
Other comprehensive income:		
Unrealized gain/loss on available-for-sale securities	¥1,820	¥(750)
Foreign currency translation adjustments	5,976	(4,100)
Retirement benefit adjustments	7,087	(2,630)
Total other comprehensive income	¥14,884	¥(7,481)
Comprehensive income	¥50,982	¥24,281
(Break down)		
Comprehensive income attributable to owners of parent	¥50,982	¥24,285
Comprehensive income attributable to non-controlling interests	—	¥(4)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended Mar. 31, 2021 (Apr. 1, 2020 to Mar. 31, 2021)

(In million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current 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 of items 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
Changes in scope of consolidation					—
Decrease by merger			(34)		(34)
Purchase of shares of consolidated subsidiaries					—
Purchase of investments in capital of consolidated subsidiaries					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	27,219	159	27,378
Balance at end of current 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 current 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 of items 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
Changes in scope of consolidation					—
Decrease by merger					(34)
Purchase of shares of consolidated subsidiaries					—
Purchase of investments in capital of consolidated subsidiaries					—
Net changes of items other than shareholders' equity	1,820	5,942	7,087	14,851	14,851
Total changes of items during period	1,820	5,942	7,087	14,851	42,229
Balance at end of current period	6,579	118	5,540	12,237	335,504

Fiscal year ended Mar. 31, 2020 (Apr. 1, 2019 to Mar. 31, 2020)

(In million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	26,648	34,927	222,801	(1,415)	282,962
Cumulative effects of changes in accounting policies					—
Restated balance	26,648	34,927	222,801	(1,415)	282,962
Changes of items during period					
Dividends of surplus			(8,844)		(8,844)
Profit attributable to owners of parent			31,766		31,766
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares					—
Changes in scope of consolidation			(468)		(468)
Decrease by merger					—
Purchase of shares of consolidated subsidiaries		(0)			(0)
Purchase of investments in capital of consolidated subsidiaries		(15)			(15)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(16)	22,453	(3)	22,433
Balance at end of current period	26,648	34,910	245,254	(1,419)	305,395

	Accumulated other comprehensive income				Non-controlling interests	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 current period	5,508	(1,660)	1,083	4,932	47	287,941
Cumulative effects of changes in accounting policies						—
Restated balance	5,508	(1,660)	1,083	4,932	47	287,941
Changes of items during period						
Dividends of surplus						(8,844)
Profit attributable to owners of parent						31,766
Purchase of treasury shares						(3)
Disposal of treasury shares						—
Changes in scope of consolidation						(468)
Decrease by merger						—
Purchase of shares of consolidated subsidiaries						(0)
Purchase of investments in capital of consolidated subsidiaries						(15)
Net changes of items other than shareholders' equity	(750)	(4,170)	(2,630)	(7,552)	(47)	(7,599)
Total changes of items during period	(750)	(4,170)	(2,630)	(7,552)	(47)	14,833
Balance at end of current period	4,758	(5,831)	(1,546)	(2,620)	—	302,775

(4) Consolidated Statements of Cash Flows

	(In million yen)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Cash flows from operating activities		
Income before income taxes	¥49,817	¥43,113
Depreciation and amortization	15,536	13,256
Impairment loss	148	—
Increase (decrease) in allowance for doubtful receivables	241	183
Increase (decrease) in allowance for employees' bonuses	1,928	351
Increase (decrease) in allowance for directors' bonuses	19	(10)
Increase (decrease) in assets and liabilities for retirement benefits	314	(3,255)
Interest and dividends income	(552)	(1,373)
Interest expense	180	91
Contribution	2,272	—
Foreign exchange (gain) loss, net	(18)	7
Net (gain) loss on sale and valuation of investment securities	(277)	(33)
Net (gain) loss on transfer of investment securities	(1,463)	—
Net (gain) loss on sale and disposal of property, plant and equipment	153	(410)
(Increase) decrease in trade receivables	(5,444)	4,382
(Increase) decrease in inventories	3,126	(5,482)
Increase (decrease) in trade payables	(92)	(5,808)
Increase (decrease) in contract liabilities	4,286	—
Other, net	3,322	2,536
Subtotal	¥73,499	¥47,548
Interest and dividends received	554	1,374
Interest paid	(180)	(103)
Income taxes paid	(10,071)	(9,310)
Net cash provided by operating activities	¥63,801	¥39,509
Cash flows from investing activities		
Purchase of property, plant and equipment	¥(13,312)	¥(15,868)
Proceeds from sale of property, plant and equipment	346	1,183
Purchase of investment securities	(34)	(148)
Proceeds from sale of investment securities	548	310
Increase in long term receivables	(15)	(52)
Decrease in long term receivables	39	66
Purchase of subsidiary	—	(54)
Other, net	(1,432)	(1,498)
Net cash provided by (used in) investing activities	¥(13,860)	¥(16,062)
Cash flows from financing activities		
Borrowing of short-term loans	—	¥231
Repayment of short-term loans	(430)	(333)
Borrowing of long-term debt	280	18
Repayment of long-term debt	(229)	(329)
Proceeds from issuance of commercial papers	10,000	—
Redemption of commercial papers	(10,000)	—
Redemption of bonds	—	(15,000)
Cash dividends paid	(8,840)	(8,840)
Dividends payments to non-controlling interests	—	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(2)
Purchase of subsidiary resulting in no change in scope of consolidation	—	(48)
Repayment of guarantee deposits received	—	(21)
Payment of lease obligations	(3,973)	(1,855)
(Increase) decrease in treasury stock	159	(3)
Net cash provided by (used in) financing activities	¥(13,033)	¥(26,185)
Foreign currency translation adjustments on cash and cash equivalents	3,068	¥(1,940)
Net increase (decrease) in cash and cash equivalents	39,976	¥(4,679)
Cash and cash equivalents, beginning of period	66,683	¥70,842
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	—	520
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	196	—
Cash and cash equivalents, end of period	¥106,855	¥66,683

(5) Notes on Consolidated Financial Statements

Notes on Going-Concern Assumptions

Not applicable.

Accounting Policy Changes

1) Accounting Standard for Revenue Recognition and Other Accounting Changes

We have been implementing the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan Statement No. 29, issued on March 30, 2018, hereinafter “Accounting Standard for Revenue Recognition”) since the beginning of this fiscal year. The new standard recognizes revenues for goods or services based on the amount estimated to be received in exchange for such goods or services at the point when control of the promised goods or services is conveyed to the customer. The main changes involved are described below.

(1) Recognizing Revenue for Products that Require Installation

Previously, for products that contractually obligated the Shimadzu Group to provide product installation, revenue for the product itself was recognized when the product was shipped and revenue for services was recognized when installation was completed. However, after differentiating the service obligation and considering the point at which that obligation is fulfilled, based on the Accounting Standard for Revenue Recognition, it was decided that the customer obtains control of the product and the Shimadzu Group satisfies their service obligation at the point installation is complete. Consequently, we decided to recognize the revenue for both the product and service portions at that point.

(2) Recognizing Revenue for Agent Transactions

For certain transactions that only involve the Shimadzu Group as an agent in providing goods or services to a customer, the entire amount received as compensation from the customer was previously recognized as revenue, but now only the difference between the amount received from the customer and the amount paid to the supplier is recognized as revenue.

We have been implementing the Accounting Standard for Revenue Recognition transitionally, in accordance with the proviso in Article 84 of the standard, by calculating the cumulative effect of retroactively applying the new policy from before the beginning of this fiscal year, adjusted for retained earnings at the beginning of this fiscal year, and applying the new policy to the remaining balance at the beginning of this fiscal year. Furthermore, using the method specified in explanatory note (1) of Article 86 in the standard, retained earnings at the beginning of this fiscal year are adjusted by the cumulative monetary effect of contract terms and conditions effective after applying all contractual changes made before the beginning of this fiscal year.

As a result, consolidated net sales for this fiscal year increased by 2,882 million yen, the cost of sales increased by 1,161 million yen, selling, general and administrative expenses increased by 507 million yen, and operating income, ordinary income, and income before income taxes all increased by 1,212 million yen, compared to using the previous method. Retained earnings at the beginning of this fiscal year decreased by 9,506 million yen.

2) Leases (U.S. FASB Topic 842)

Starting in this fiscal year, some consolidated subsidiaries outside Japan are subject to United States Financial Accounting Standards Board (FASB) lease requirements (Topic 842). In implementing the accounting standard, we are using the method of recognizing the cumulative effect of applying the accounting standard on the first date the standard applies, as accepted for interim measures.

As a result, the Other value under Property, plant and equipment in the consolidated balance sheet reported at the beginning of this fiscal year increased by 1,956 million yen, the Lease obligations value under Current liabilities increased by 531 million yen, and the Lease obligations value under Long-term liabilities increased by 1,424 million yen. Assets were measured by adjusting the amount measured for lease obligations by the prepaid and unpaid lease amounts, which had no effect on the retained earnings value reported at the beginning of the period. As a result, the change will have minimal effect on operating income, ordinary income, and income before income taxes for this fiscal year.

(6) Segment Information

1) Income by Business Segment

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

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
Net sales									
(1) Sales to customers	¥248,550	¥66,903	¥28,560	¥45,082	¥389,097	¥4,401	¥393,499	—	¥393,499
(2) Inter-segment sales	5	24	—	77	107	1,706	1,813	(1,813)	—
Total sales	¥248,556	¥66,928	¥28,560	¥45,159	¥389,205	¥6,107	¥395,312	¥(1,813)	¥393,499
Operating income (loss)	¥42,485	¥4,370	¥67	¥4,123	¥51,046	¥989	¥52,035	¥(2,293)	¥49,742

From April 1st to March 31st of fiscal year ended March 31, 2020

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Aircraft Equipment	Industrial Machinery	Total				
Net sales									
(1) Sales to customers	¥236,218	¥70,178	¥30,039	¥43,031	¥379,468	¥5,974	¥385,443	—	¥385,443
(2) Inter-segment sales	42	31	118	79	272	1,823	2,095	(2,095)	—
Total sales	¥236,261	¥70,210	¥30,158	¥43,111	¥379,741	¥7,798	¥387,539	¥(2,095)	¥385,443
Operating income (loss)	¥35,752	¥3,190	¥791	¥3,659	¥43,393	¥1,199	¥44,592	¥(2,747)	¥41,845

Changes to Reportable Segments

(Implementing the Accounting Standard for Revenue Recognition and Other Accounting Changes)

As indicated in Accounting Policy Changes, we have been implementing the Accounting Standard for Revenue Recognition and other accounting changes since the beginning of this fiscal year. As a result, in the fiscal year ended March 31, 2021, net sales for the Analytical & Measuring Instruments segment increased by 2,299 million yen and operating income increased by 997 million yen, compared to using the previous accounting method, net sales for the Medical Systems segment increased by 175 million yen and operating income increased by 92 million yen, and net sales for the Industrial Machinery segment increased by 407 million yen and operating income increased by 122 million yen.

2) Income by Geographic Segment

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

(In million 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 1st to March 31st of fiscal year ended March 31, 2020

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥196,699	49,293	31,339	61,454	36,280	10,376	¥385,443

Note: Major countries or regions belonging to segments other than Japan are as follows.

Americas: United States of America
 Europe: Great Britain, Germany
 China: China
 Other Asian countries: India, Southeast Asia, Republic of Korea, Taiwan
 Other: Australia, Middle East, Africa

(7) Per-Share Information

	Year Ended March 31, 2021		Year Ended March 31, 2020	
Book value per share	1,138.67	yen	1,027.87	yen
Earnings per share	122.52		107.84	

Note: The basis for calculating the earnings per share for the year ended March 31, 2021 is indicated below.

Earnings per Share	Year Ended March 31, 2021		Year Ended March 31, 2020	
Profit attributable to owners of parent	36,097	million yen	31,766	million yen
Earnings allocable to common shares	36,097		31,766	
Average number of common shares outstanding during the year	294,624	thousand shares	294,567	thousand shares

(8) Events after the Reporting Period

Not applicable.