

Aug. 5, 2021

## **Operating Results and Financial Position** **(For the Three Months Ended June 30, 2021)**

### **1. Operating Results**

#### **(1) Consolidated Overview**

In the three months ended June 30, 2021, despite a resurgence of the COVID-19 pandemic, the global economy showed signs of an overall recovery in demand, due to growing vaccination rates, economic policies by governments in various countries, and other factors.

Given such circumstances, the Analytical & Measuring Instruments segment achieved strong sales of liquid chromatographs and mass spectrometer systems in healthcare and government/academia fields. The Medical Systems segment demand began recovering as customers resumed capital equipment investments previously postponed due to the pandemic. The Industrial Machinery segment achieved strong sales of turbomolecular pumps for semiconductor manufacturing equipment and also increased sales of hydraulic equipment due to a recovery in capital equipment investment levels. The Aircraft Equipment segment continued to struggle in the face of impacts from the COVID-19 pandemic.

Given the above, Shimadzu achieved record consolidated business results for the first quarter, with net sales of 94,298 million yen (a year-on-year increase of 17.6 %), operating income of 12,418 million yen (a year-on-year increase of 104.1 %), ordinary income of 12,727 million yen (a year-on-year increase of 105.6 %), and profit attributable to owners of parent of 8,726 million yen (a year-on-year increase of 109.7 %).

**The results for reportable business segments were as follows.**

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

**I. Analytical & Measuring Instruments**

Economic policies by governments of various countries and increased private sector capital equipment investment levels resulted in signs that demand is recovering.

In the healthcare field, sales of liquid chromatographs and mass spectrometer systems, Shimadzu's strongest products, were strong for drug and contract analysis applications. Sales of novel coronavirus detection kits and fully automatic PCR testing systems, mainly within Japan, also contributed to results. In manufacturing fields, sales began recovering due to a gradual increase in capital equipment investments. In government/academia fields, sales of liquid chromatographs and other products increased due to academia resuming research work and progress by governments in various countries towards implementing budgets.

As a result, the Analytical & Measuring Instruments segment posted sales of 61,305 million yen (a year-on-year increase of 28.6 %) and an operating income of 10,957 million yen (a year-on-year increase of 108.0 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for First Quarter of FY 2020 (million yen)	Consolidated Results for First Quarter of FY 2021 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	17,071	21,564	26.3	Sales of novel coronavirus detection kits and fully automatic PCR testing systems expanded.
North America	5,396	7,283	35.0	Sales of liquid chromatographs and other products to pharmaceutical companies, governments, and academia increased because private sector capital equipment investment levels increased due to a resumption of economic activity and also because of progress implementing government and academic budgets.
Europe	4,904	6,294	28.3	Sales of liquid chromatographs and mass spectrometer systems increased due to a recovery in demand for food safety testing and contract analysis fueled by a resumption in economic activity and also due to increased sales to academic institutions that were closed last year.
China	13,659	16,936	24.0	The economy expanded robustly with increased demand in a variety of fields. In the healthcare field, in particular, sales of liquid chromatographs and mass spectrometer systems were strong due to stricter food safety regulations and drug and contract analysis applications.
Other Asian Countries	5,094	6,488	27.4	Despite impacts from the COVID-19 pandemic in India, government demand recovered in Southeast Asia and demand for pharmaceutical applications was strong in South Asia.

## II. Medical Systems

Due to a decrease in the number of new COVID-19 cases, demand for mobile X-ray systems used to diagnose pneumonia associated with COVID-19 decreased year-on-year. Meanwhile, sales of fluoroscopy systems and other medical products increased, due to the number of diagnosis and treatment cases at healthcare institutions returning to pre-pandemic levels and due to progress made in capital equipment investment projects that were frozen the previous year.

As a result, the Medical Systems segment posted sales of 14,487 million yen (a year-on-year increase of 10.5 %) and an operating income of 887 million yen (a year-on-year increase of 365.8 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for First Quarter of FY 2020 (million yen)	Consolidated Results for First Quarter of FY 2021 (million yen)	Percent Increase/Decrease (%)	Overview
Japan	6,684	8,286	24.0	In addition to a contribution from demand generated by supplementary budget appropriations, the aftermarket business expanded.
North America	1,954	2,022	3.5	Sales of fluoroscopy systems and other products increased due to recovering capital equipment investment levels at healthcare institutions.
Europe	848	741	-12.6	Demand for mobile X-ray systems decreased.
China	1,337	997	-25.4	Capital equipment investments stalled at small/medium hospitals.
Other Asian Countries	1,010	1,172	16.1	Sales of fluoroscopy systems and other products increased in Southeast Asia.

## III. Industrial Machinery

Sales of turbomolecular pumps were strong due to increased semiconductor demand for 5G-compatible equipment and data centers. Sales of hydraulic equipment also increased due to recovering demand in industrial vehicle and construction machinery fields.

As a result, the Industrial Machinery segment posted sales of 12,960 million yen (a year-on-year increase of 25.0 %) and an operating income of 1,373 million yen (a year-on-year increase of 78.6 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for First Quarter of FY 2020 (million yen)	Consolidated Results for First Quarter of FY 2021 (million yen)	Percent Increase/Decrease (%)	Overview
Japan	5,571	6,484	16.4	Sales of turbomolecular pumps for semiconductor manufacturing equipment increased and sales of hydraulic equipment for industrial vehicles and construction machinery increased.
North America	1,304	1,602	22.8	Sales of turbomolecular pumps for semiconductor manufacturing equipment increased and sales of hydraulic equipment for industrial vehicles and construction machinery increased.
Europe	515	715	38.7	Sales of turbomolecular pumps for semiconductor manufacturing equipment increased.
China	1,941	2,662	37.1	Sales of turbomolecular pumps for semiconductor manufacturing equipment and for glass construction materials increased. Sales of hydraulic equipment and sales of glass winders for winding glass fiber also increased due to increased capital equipment investment levels.
Other Asian Countries	1,019	1,455	42.7	Sales of glass winders for glass fiber used in circuit boards increased due to increased capital equipment investment levels. Sales of turbomolecular pump aftermarket services also increased.

#### IV. Aircraft Equipment

Sales in the defense field decreased significantly due to large projects in the previous year. Commercial aircraft equipment sales decreased due to impacts from the COVID-19 pandemic.

As a result, the Aircraft Equipment segment posted sales of 4,141 million yen (a year-on-year decrease of 49.3 %) and an operating loss of 359 million yen (a 130 million yen operating income during the same period last year) due to decreased sales in the defense field and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for First Quarter of FY 2020 (million yen)	Consolidated Results for First Quarter of FY 2021 (million yen)	Percent Increase/Decrease (%)	Overview
Japan	7,205	3,243	-55.0	Reactionary decline in the defense field following the large projects in the previous year
North America	928	863	-7.0	Demand decreased for commercial aircraft equipment.

#### V. Other

Other business segments posted sales of 1,403 million yen (a year-on-year increase of 60.8 %) and an operating loss of 33 million yen (a 200 million yen operating income during the same period last year).

##### (2) Consolidated Outlook

In terms of the future outlook, the global economy is predicted to turn toward recovery as vaccination rates increase and economic measures are implemented in various countries. Shimadzu's performance is remaining strong as well.

We have revised the consolidated earnings forecast announced on May 11, 2021, to reflect the progress in results achieved during the first quarter of this fiscal year.

(Units: Millions of yen)

	Consolidated Earnings Forecast for FY 2021	Percent Increase/Decrease Year-on-Year	(Reference) Previous Forecast
Net Sales	410,000	4.2 %	400,000
Operating Income	53,000	6.5 %	50,000
Ordinary Income	52,000	7.5 %	49,000
Profit Attributable to Owners of Parent	39,000	8.0 %	37,000

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. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In million yen)

	As of June 30, 2021	As of March 31, 2021
<b>Assets</b>		
Current assets:		
Cash and time deposits	¥117,575	¥112,760
Trade notes, accounts receivable, and contract assets	100,547	117,857
Merchandise and products	60,786	59,117
Work in process	20,085	18,383
Raw materials and supplies	21,134	20,150
Other	10,958	9,296
Allowance for doubtful receivables	(1,983)	(2,119)
Total current assets	¥329,103	¥335,446
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	¥52,293	¥53,016
Machinery, equipment and vehicles, net	6,198	6,366
Land	18,951	18,955
Leased assets, net	2,147	2,275
Construction in progress	1,858	1,703
Other, net	19,424	20,075
Total property, plant and equipment	¥100,872	¥102,392
Intangible fixed assets	¥11,233	¥11,615
Investments and other assets:		
Investment securities	¥14,911	¥13,663
Long-term receivables	144	132
Assets related to retirement benefits	19,321	19,175
Deferred tax assets	9,476	11,498
Other	3,872	3,883
Allowance for doubtful receivables	(347)	(348)
Total investments and other assets	¥47,379	¥48,005
Total noncurrent assets	¥159,486	¥162,013
Total assets	¥488,590	¥497,459

(In million yen)

	As of June 30, 2021	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities:		
Trade notes and accounts payable	¥58,189	¥61,424
Short-term loans	1,476	1,462
Lease obligations	3,259	3,568
Accounts payable	11,874	12,960
Income taxes payable	2,704	7,645
Contract liabilities	35,670	35,696
Allowance for employees' bonuses	4,855	11,430
Allowance for director's bonuses	98	292
Provision for loss on order received	112	126
Other	12,051	9,490
Total current liabilities	¥130,293	¥144,096
Long-term liabilities:		
Long-term debt	¥262	¥281
Lease obligations	4,546	4,945
Liability for directors' retirement benefits	133	132
Liability for retirement benefits	12,098	11,342
Liability for stock benefits	83	89
Other	988	1,066
Total long-term liabilities	¥18,112	¥17,857
Total liabilities	¥148,406	¥161,954
<b>Net assets</b>		
Shareholders' capital:		
Common stock	¥26,648	¥26,648
Additional paid-in capital	34,910	34,910
Retained earnings	266,091	262,966
Treasury stock	(1,248)	(1,259)
Total shareholders' capital	¥326,402	¥323,267
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	¥7,479	¥6,579
Foreign currency translation adjustments	759	118
Cumulative adjustments to retirement benefits	5,542	5,540
Total accumulated other comprehensive income	¥13,780	¥12,237
Total net assets	¥340,183	¥335,504
Total liabilities and net assets	¥488,590	¥497,459

## (2) Consolidated Statements of Operations & of Comprehensive Income

### Consolidated Statements of Operations

(In million yen)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Net sales	¥94,298	¥80,176
Cost of sales	54,981	49,708
Gross profit	¥39,316	¥30,468
Selling, general and administrative expenses	¥26,897	¥24,382
Operating income	¥12,418	¥6,085
Other income:		
Interest income	¥46	¥56
Dividend income	141	136
Insurance payments received	19	85
Foreign exchange profit	51	—
Subsidy received	157	158
Other	119	116
Total other income	¥535	¥554
Other expenses:		
Interest expenses	¥40	¥33
Foreign exchange loss	—	16
Contribution	63	78
Other	122	320
Total other expenses	¥227	¥448
Ordinary income	¥12,727	¥6,191
Extraordinary income:		
Gain on sale of property, plant and equipment	¥66	¥11
Total extraordinary income	¥66	¥11
Extraordinary losses:		
Loss on disposal of property, plant and equipment	¥16	¥9
Loss on write-down of investment securities	13	6
Total extraordinary losses	¥29	¥16
Income before income taxes	¥12,764	¥6,186
Income taxes	2,288	703
Income taxes adjustments	1,749	1,322
Total income taxes and income taxes adjustments	¥4,038	¥2,025
Profit	¥8,726	¥4,160
Profit attributable to owners of parent	¥8,726	¥4,160

### Consolidated Statements of Comprehensive Income

(In million yen)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020
Profit	¥8,726	¥4,160
Other comprehensive income:		
Unrealized gain/loss on available-for-sale securities	¥900	¥1,316
Foreign currency translation adjustments	641	(101)
Retirement benefit adjustments	1	33
Total other comprehensive income	¥1,543	¥1,247
Comprehensive income	¥10,269	¥5,408
(Break down)		
Comprehensive income attributable to owners of parent	¥10,269	¥5,408
Comprehensive income attributable to non-controlling interests	—	—

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

Not applicable.

**Notes on the Event of Significant Fluctuations in Shareholders' Capital**

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 the first quarter of 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). However, the changes will not affect first-quarter consolidated results in the quarterly consolidated financial statement.



#### (4) Segment Information

##### 1) Income by Business Segment

From April 1st to June 30th of fiscal year ended March 31, 2022

(In million 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									
(1) Sales to customers	¥61,305	¥14,487	¥12,960	¥4,141	¥92,894	¥1,403	¥94,298	—	¥94,298
(2) Inter-segment sales	1	5	19	0	26	431	457	¥(457)	—
Total Sales	¥61,306	¥14,492	¥12,979	¥4,142	¥92,920	¥1,834	¥94,755	¥(457)	¥94,298
Operating income (loss)	¥10,957	¥887	¥1,373	¥(359)	¥12,858	¥(33)	¥12,824	¥(405)	¥12,418

From April 1st to June 30th 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	Industrial Machinery	Aircraft Equipment	Total				
Net Sales									
(1) Sales to customers	¥47,653	¥13,106	¥10,368	¥8,175	¥79,304	¥872	¥80,176	—	¥80,176
(2) Inter-segment sales	7	5	10	—	23	433	457	¥(457)	—
Total Sales	¥47,660	¥13,111	¥10,379	¥8,175	¥79,327	¥1,306	¥80,634	¥(457)	¥80,176
Operating income (loss)	¥5,267	¥190	¥768	¥130	¥6,356	¥200	¥6,557	¥(471)	¥6,085

##### Changes to Reportable Segments

To ensure results for each reportable segment are managed appropriately, the method used to allocate administrative department expenses was changed, beginning with the first quarter of this fiscal year, to allocate expenses on a more rational basis.

Note that the segment information for the three months ended June 30, 2020, is based on the calculation methods applicable after the accounting policy changes.

##### 2) Income by Geographic Segment

From April 1st to June 30th of fiscal year ended March 31, 2022

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥40,980	13,016	7,775	20,597	9,123	2,804	¥94,298

From April 1st to June 30th of fiscal year ended March 31, 2021

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥37,405	10,377	6,293	16,939	7,141	2,019	¥80,176

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

The 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