

May 20, 2020

# Operating Results and Financial Position

## (For the Fiscal Year Ended March 31, 2020)

### 1. Operating Results

#### (1) Consolidated Overview

In the fiscal year ended March 31, 2020, the economy slowed somewhat in China due to factors such as the expanding impact from the increasingly long-term trade frictions between China and the United States, the economy continued to improve in North America due to strong consumer spending and other factors, and the economy modestly improved in Japan due to improvements in hiring and other factors. As a result, an overall recovery trend continued through the first three quarters. However, in the fourth quarter, effects of the COVID-19 coronavirus pandemic inhibited economic activity, resulting in a rapid economic slowdown in China and other parts of the world.

In the midst of such circumstances, the Shimadzu Group implemented measures to achieve growth, as specified in the medium-term management plan and based on the slogan “Become a Company That Solves Challenges in Society in Collaboration with Partners All Around the World,” such as investing in advanced healthcare and other high-growth fields, improving profitability by applying AI and IoT technologies to expand the aftermarket business and improve the competitiveness of key models, for example, and implementing organizational foundation reforms.

Despite some economic slowing in China, consolidated results during the first nine months of this fiscal year were strong due to solid demand in Japan and other factors. Nevertheless, decreasing demand due to US-China trade frictions, other increasing global economic uncertainties, and also the impact from the global coronavirus pandemic, resulted in full-year consolidated net sales of 385,443 million yen (a year-on-year decrease of 1.5 %), operating income of 41,845 million yen (a year-on-year decrease of 5.9 %), ordinary income of 42,669 million yen (a year-on-year decrease of 6.1 %), and profit attributable to owners of parent of 31,766 million yen (a year-on-year decrease of 2.3 %).

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

#### I. Analytical & Measuring Instruments

Despite worsening business conditions from US-China trade frictions, demand for environmental analysis systems peaking out in China, new-product releases that expanded/improved product lines and other factors resulted in strong first-half net sales by the segment for liquid chromatographs in pharmaceutical and government fields, mass spectrometer systems in food safety, government, and other fields, and testing machines in steel and transport equipment fields. However, in the second half, a reactionary decline in sales after the consumption tax was increased in Japan, an economic downturn in the transport equipment industry, and the coronavirus pandemic that unfolded in the fourth quarter resulted in reluctance in capital equipment investments or project delays by customers that had a major impact on results globally.

To achieve future growth, we continued developing and selling products with improved functionality for helping customers automate their operations and improve the work efficiency. In addition, to promote collaboration with advanced academic and research institutions, we established the Osaka University Shimadzu Omics Innovation Research Laboratories, which is intended for creating new products and businesses based on comprehensive analysis of metabolites at the Osaka University, and established the NARO Shimadzu Kyoto Laboratory for Food Innovation, which is intended for analyzing functionally beneficial components in food in collaboration with the National Agriculture and Food Research Organization. We established the China Innovation Center and Guangzhou Analysis Center and expanded/improved our open innovation function in China in order to offer solutions for environmental monitoring and contract analysis fields, where demand is expanding.

As a result, the Analytical & Measuring Instruments segment posted sales of 236,218 million yen (a year-on-year decrease of 2.1 %) for this fiscal year, with operating income of 35,752 million yen (a year-on-year decrease of 7.8 %), due to decreased sales and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2019 (million yen)	Year Ended March 2020 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	99,739	100,801	+1.1	Liquid chromatograph sales increased for pharmaceuticals and government agencies and testing machine sales increased for steel and transport equipment.
North America	25,592	26,234	+2.5	Liquid chromatograph and mass spectrometer system sales were strong for functionally-enhanced foods and pharmaceuticals and testing machine sales were strong for transport equipment.
Europe	25,034	24,724	-1.2	Mass spectrometer system sales were strong for food safety, but overall sales decreased due to exchange rate effects and other factors.
China	55,534	47,920	-13.7	Overall sales decreased not only due to a large reactionary decline of environmental analysis system sales after the special demand during the previous year ended, but also due to the impact of the coronavirus pandemic in the second half.
Other Asian Countries	25,689	26,845	+4.5	In India, liquid chromatograph sales were strong for pharmaceuticals and mass spectrometer system sales were strong for contract analysis.

## II. Medical Systems

Sales decreased outside Japan, but overall net sales for the Medical Systems segment increased due to increased sales of diagnostic X-ray systems in Japan and expansion of the aftermarket business. For angiography systems, efforts were focused on building the brand in the minimally invasive procedure field, with strong sales for cardiovascular interventional procedures.

Efforts will continue to be made toward expanding the aftermarket business and expanding sales of angiography systems and new fluoroscopy systems optimized for the target United States.

As a result, the Medical Systems segment posted sales of 70,178 million yen (a year-on-year increase of 1.6 %) for this fiscal year, with operating income of 3,190 million yen (a year-on-year increase of 37.1 %), due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2019 (million yen)	Year Ended March 2020 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	40,160	43,072	+7.3	Sales of general radiography and fluoroscopy systems were solid. Sales of high-end angiography systems for cardiovascular interventional procedures were strong.
North America	8,142	7,286	-10.5	Sales of angiography systems were strong, but decreased for general radiography systems after demand stimulated by measures to promote shifting to digital technology continued to subside. However, near-term results are improving due to the release of a new fluoroscopy system, for example.
Europe	4,298	3,689	-14.2	Fluoroscopy and angiography system sales decreased due to intensifying competition and stagnation in Eastern Europe.
China	5,786	5,182	-10.4	Projects increased sharply for digital mobile X-ray systems used as emergency countermeasures for the coronavirus pandemic in the second half, but sales decreased due to more intense competition and project delays.
Other Asian Countries	5,308	5,219	-1.7	In India, angiography system sales increased, but general radiography system sales decreased due to the lack of large projects in Bangladesh included in the previous year.

### III. Aircraft Equipment

In North America, Aircraft Equipment segment sales of components for commercial aircraft and other products increased. In Japan, sales of components increased for the Japanese Ministry of Defense aircraft.

To achieve future growth, new products were released by the new testing/inspection system and marine device businesses.

As a result, the Aircraft Equipment segment posted sales of 30,039 million yen (a year-on-year increase of 9.9 %) for this fiscal year, with operating income of 791 million yen (a year-on-year increase of 562.5 %), due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2019 (million yen)	Year Ended March 2020 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	22,225	24,216	+9.0	Sales of components for the new transport aircraft and other products increased.
North America	4,658	5,428	+16.5	Sales of commercial aircraft equipment and service parts to airline companies increased, due to strong demand for small-medium aircraft.

### IV. Industrial Machinery

Net sales increased in the second half due to higher demand for turbomolecular pumps resulting from a recovery in capital equipment investment levels in the semiconductor industry and higher sales of industrial furnaces for ceramic applications, but the increase was not enough to compensate for lower turbomolecular pump and glass winder sales in the first half, and for the drop in hydraulic equipment sales resulting from worsening market conditions in China and impacts from the coronavirus pandemic. Consequently, overall sales decreased for the year.

The segment will continue implementing measures to expand turbomolecular pump market share by strengthening the product line, expand the industrial furnace businesses outside Japan for ceramic applications, deploy the hydraulic equipment business globally, and strengthen new businesses.

As a result, the Industrial Machinery segment posted sales of 43,031 million yen (a year-on-year decrease of 5.3 %) for this fiscal year, with operating income of 3,659 million yen (a year-on-year decrease of 18.1 %), due to decreased sales and other factors.

Net sales broken down by major regions are indicated below.

	Year Ended March 2019 (million yen)	Year Ended March 2020 (million yen)	Percent Increase/ Decrease (%)	Overview
Japan	23,810	22,634	-4.9	Turbomolecular pump demand for semiconductor and touch screen panel manufacturing equipment increased in the second half, but not enough to compensate for the downturn in the first half, resulting in lower overall sales.
North America	5,188	5,068	-2.3	Turbomolecular pump demand for semiconductor manufacturing equipment applications increased in the second half, but hydraulic equipment sales decreased due to US-China trade friction.
Europe	1,730	2,770	+60.1	The business size increased not only due to solid sales of turbomolecular pumps for semiconductor manufacturing equipment, but also because turbomolecular pump service companies were included as consolidated subsidiaries in consolidated results.
China	10,530	8,344	-20.8	Turbomolecular pump and glass winder sales decreased due to US-China trade frictions that resulted in worsening market conditions that made customers reluctant to invest in capital equipment and hydraulic equipment sales decreased due to slowing demand caused by the coronavirus pandemic.
Other Asian Countries	4,065	3,986	-1.9	Despite strong sales of industrial furnaces for machine tools in South Korea and Southeast Asia, glass winder sales decreased in Taiwan

				due to the lack of large projects included in the previous year. Consequently, overall sales decreased.
--	--	--	--	---

## V. Other

Other business segments posted sales of 5,974 million yen (a year-on-year decrease of 25.0 %) for this fiscal year, with operating income of 1,199 million yen (a year-on-year decrease of 12.8 %).

### <Consolidated Outlook>

#### 1) Business Environment and Medium-Term Growth Strategies

In 2020, the coronavirus pandemic impacted business operations in all regions of the world. In April, we began seeing signs of China resuming economic activities, but cities in Europe, the United States, and Southeast Asia have remained in lockdown and additional impacts are predicted in South America and Africa. As a result, the global economic growth rate is predicted to be -3 %, causing an economic crisis that will exceed the financial crisis that started in 2008. On the other hand, the economic stimulus measures being implemented by various countries are expected to restore positive economic growth from 2021.

At Shimadzu as well, we will implement countermeasures based on the assumption of facing very severe business conditions in the short term. Sales also dropped significantly after the 2008 financial crisis, but an even bigger impact is expected this time. Therefore, to ensure profitability, we will increase productivity and maintain financial health by reassessing capital investment plans, assigning a priority order for R&D projects, and reducing manufacturing costs and controllable expenses, for example.

In the medium and long-term, we intend to pursue ongoing growth by continuing to deploy measures to “become a company that solves challenges in society in collaboration with partners all around the world,” a policy started in 2017, and by “building a framework for solving challenges facing society” for healthcare and environmental problems, as specified in the new medium-term management plan that started in 2020.

#### 2) Measures Specified in the 2020-2022 Medium-Term Management Plan

The new medium-term management plan is starting off in the midst of terrible business conditions precipitated by the coronavirus pandemic. Currently, we are implementing urgent measures to significantly expand production capacity of the PCR testing reagent kit we developed and released for quickly testing for the presence of the coronavirus. We are also expanding production of mobile X-ray systems used to diagnose pneumonia. While the entire Shimadzu Group remains unified in giving the highest priority to activities that will help prevent the spread of the coronavirus, we will also appropriately execute crisis management measures for the given circumstances, maintain financial health, and achieve business growth. Achieving that business growth will depend on the success of our key products, such as liquid chromatograph and mass spectrometer systems, which are Shimadzu’s strongest product lines. We will focus efforts on strengthening the foundation for achieving sustained business growth by strengthening sales throughout the world and expanding businesses with recurring revenues. Specifically, by implementing the following four growth strategies and strengthening our foundation for growth, we intend to build systems that are useful for solving challenges of society based on Shimadzu products and services in collaboration with strategic partners and business partners.

### 3) Four Growth Strategies and Strengthening the Foundation for Growth

#### (1) Strengthen Key Businesses

Utilize all Shimadzu Group resources to expand/improve product lines and increase market share in Europe and the United States, especially for liquid chromatograph and mass spectrometer system products of the Analytical & Measuring Instruments segment. Therefore, strengthen and utilize the Innovation Centers in respective regions around the world to respond more quickly to customer and market needs and create solutions that use data or incorporate robot-based automation.

#### (2) Strengthen Businesses Outside Japan

To achieve business growth outside Japan, strengthen functions at key operating locations and promote business growth through partnerships in strong industries and with strong customers in respective regions. Strive to increase the overseas sales ratio by identifying businesses in each region that should be designated for expansion, cultivating, or withdrawal, based on business characteristics in that region and then executing carefully selected investments accordingly.

#### (3) Expand Businesses with Recurring Revenues

Partner with each company outside Japan that newly joined the Shimadzu Group during the previous medium-term management plan to achieve steady growth of their aftermarket businesses. “Building a framework for solving challenges facing society” is essentially a business model for creating situations where Shimadzu products and services are repeatedly used. Build the base of results, including by utilizing data and application software and also incorporating new forms of sales, such as new billing methods.

#### (4) Expand Businesses in Growth Fields

Create new markets by solving challenges of society in cooperation with partners and strive to expand future core products and services. Strengthen measures to cooperate with outside business partners and accelerate new market creation, as in previous cases of creating markets by cooperating with the Innovation Center in North America or research institutions in Japan to analyze functionally-enhanced foods. Therefore, build new systems for cultivating seeds for new businesses, such as by utilizing the Healthcare R&D Center that was recently opened or strengthening the function of Innovation Centers throughout the world.

#### (5) Reassess our Business Portfolio

Though Shimadzu increased both sales and income for six consecutive years ending with FY 2018, the growth pattern varied greatly for individual businesses or product models. Though we have already started plans to withdraw some models, accelerate that process and reassess our business portfolio based on new business performance indicators and designating businesses for expansion, cultivating, or withdrawal.

While we will continue business activities as indicated above, the coronavirus pandemic has increased the level of uncertainty in Shimadzu’s business environment. A global drop in demand for transport equipment and construction machinery has impacted chemical, steel, and other suppliers. Meanwhile, other fields are predicted to remain strong, such as pharmaceuticals, foods, semiconductor manufacturing equipment, and investment in public infrastructure.

Consequently, Shimadzu remains committed to offering products and technologies that can help bring an end to the current crisis, such as reagents for detecting the coronavirus and digital mobile X-ray systems.

The following consolidated earnings forecast for the year ending March 2021 is premised on the assumption that the circumstances described above will continue for one year. However, if the impact from the coronavirus pandemic continues to expand further in the future, it could affect the following earnings forecast.

(Units: Millions of yen)

	Consolidated Earnings Forecast for Year Ending March 2021	Percent Increase/Decrease Year-on-Year
Net Sales	340,000	-11.8 %
Operating Income	22,000	-47.4 %
Ordinary Income	22,000	-48.4 %
Profit Attributable to Owners of Parent	16,000	-49.6 %

## (2) Overview of Financial Status

### <Assets as of March 31, 2020>

Trade notes and accounts receivable as of March 31, 2020 decreased by 6,455 million yen compared to March 31, 2019, inventory assets increased by 4,403 million yen, construction in progress increased by 3,975 million yen, and total assets increased by 427 million yen to 437,618 million yen. Net assets increased by 14,833 million yen to 302,775 million yen due to 22,453 million yen increase in retained earnings.

### <Cash Flows>

Cash and cash equivalents at March 31, 2020 decreased by 4,159 million yen versus the end of the previous fiscal year, to 66,683 million yen.

The cash flow status for FY 2019 is described below.

#### I. Cash Flows from Operating Activities

Cash flow from operating activities resulted in an inflow of 39,509 million yen, which is a 10,055 million yen increase from the previous year. The primary cash flows from operating activities include a 10,852 million yen inflow from an increase/decrease in trade receivables, a 5,495 million yen outflow in income taxes paid, and a 5,208 million yen outflow from an increase/decrease in trade payables.

#### II. Cash Flows from Investing Activities

Cash flow from investing activities resulted in an outflow of 16,062 million yen, which is a 6,835 million yen decrease from the previous year. The primary cash flows from investing activities include a 15,868 million yen outflow from capital investment.

#### III. Cash Flows from Financing Activities

Cash flow from financing activities resulted in an outflow of 26,185 million yen, which is a 15,366 million yen increase from the previous year. The primary cash flows from financing activities include an outflow of 15,000 million yen from redeeming unsecured bonds and an 8,840 million yen outflow from payment of cash dividends.

### <Trend in Cash Flow Indices>

	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2019	Year Ended March 31, 2020
Equity Ratio (%)	62.9	64.3	64.0	65.9	69.2
Equity Ratio on a Market Value Basis (%)	148.9	139.0	210.6	215.6	191.5
Years of Debt Redemption (years)	0.6	0.6	0.5	0.6	0.1
Interest Coverage Ratio	177.0	214.2	295.5	236.9	382.9

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, 2020 and 2021 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 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, 2019, but we plan to pay a year-end dividend of 15 yen per share for the fiscal year ended March 31, 2020. Combined with the interim dividend of 15 yen per share, that will result in a total annual dividend of 30 yen per share, which is an increase of 2 yen compared to the previous year.

For the fiscal year ended March 31, 2021, we currently plan to pay an interim dividend of 13 yen and a year-end dividend of 13 yen per share, for a total annual dividend of 26 yen per share, a decrease of 4 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, 2020	As of March 31, 2019
<b>Assets</b>		
Current assets:		
Cash and time deposits	¥70,868	¥73,641
Trade notes and accounts receivable	119,903	126,358
Merchandise and products	46,928	42,825
Work in process	20,643	20,347
Raw materials and supplies	20,301	20,296
Other	8,806	9,107
Allowance for doubtful receivables	(1,811)	(1,671)
Total current assets	¥285,640	¥290,906
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	¥46,485	¥46,798
Machinery, equipment and vehicles, net	7,103	7,826
Land	18,795	19,010
Leased assets, net	2,935	3,183
Construction in progress	6,313	2,338
Other, net	16,142	13,724
Total property, plant and equipment	¥97,775	¥92,880
Intangible fixed assets	¥11,441	¥10,830
Investments and other assets:		
Investment securities	¥12,008	¥13,562
Long-term receivables	149	174
Assets related to retirement benefits	12,147	10,480
Deferred tax assets	13,341	12,400
Other	5,466	6,296
Allowance for doubtful receivables	(352)	(341)
Total investments and other assets	¥42,761	¥42,573
Total noncurrent assets	¥151,977	¥146,284
Total assets	¥437,618	¥437,190



(In million yen)

	As of March 31, 2020	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities:		
Trade notes and accounts payable	¥60,189	¥66,610
Short-term loans	2,081	2,290
Current portion of bonds	—	15,000
Lease obligations	1,995	1,160
Accounts payable	13,945	15,487
Income taxes payable	4,844	3,740
Allowance for employees' bonuses	9,429	9,095
Allowance for director's bonuses	268	281
Liability for stock benefits	162	—
Provision for loss on defense equipment	20	44
Other	22,535	19,566
Total current liabilities	¥115,474	¥133,278
Long-term liabilities:		
Long-term debt	30	247
Lease obligations	3,522	2,328
Liability for directors' retirement benefits	144	137
Liability for retirement benefits	14,433	11,938
Liability for stock benefits	—	155
Other	1,237	1,163
Total long-term liabilities	¥19,368	¥15,971
Total liabilities	¥134,842	¥149,249
<b>Net assets</b>		
Shareholders' capital:		
Common stock	¥26,648	¥26,648
Additional paid-in capital	34,910	34,927
Retained earnings	245,254	222,801
Treasury stock	(1,419)	(1,415)
Total shareholders' capital	¥305,395	¥282,962
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	¥4,758	¥5,508
Foreign currency translation adjustments	(5,831)	(1,660)
Cumulative adjustments to retirement benefits	(1,546)	1,083
Total accumulated other comprehensive income	¥2,620	¥4,932
Non-controlling interests	—	¥47
Total net assets	¥302,775	¥287,941
Total liabilities and net assets	¥437,618	¥437,190

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

### Consolidated Statements of Operations

	(In million yen)	
	Year Ended March 31, 2020	Year Ended March 31, 2019
Net sales	¥385,443	¥391,213
Cost of sales	233,013	234,044
Gross profit	¥152,430	¥157,169
Selling, general and administrative expenses	¥110,584	¥112,688
Operating income	¥41,845	¥44,480
Other income:		
Interest income	¥284	¥245
Dividend income	1,088	277
Insurance payments received	379	602
Foreign exchange profit	—	62
Subsidy received	826	367
Other	637	846
Total other income	¥3,217	¥2,403
Other expenses:		
Interest expenses	¥91	¥119
Foreign exchange loss	1,157	—
Other	1,145	1,302
Total other expenses	¥2,393	¥1,421
Ordinary income	¥42,669	¥45,462
Extraordinary income:		
Gain on sale of property, plant and equipment	¥546	¥56
Net gain on sale of investment securities	96	177
Total extraordinary income	¥642	¥234
Extraordinary losses:		
Loss on disposal of property, plant and equipment	¥135	¥423
Loss on write-down of investment securities	62	198
Net loss on sale of investment securities	—	225
Impairment loss	—	195
Total extraordinary losses	¥198	¥1,043
Income before income taxes	¥43,113	¥44,652
Income taxes	10,374	10,991
Income taxes adjustments	975	1,074
Total income taxes and income taxes adjustments	¥11,350	¥12,066
Profit	¥31,762	¥32,586
Profit (loss) attributable to non-controlling interests	(3)	62
Profit attributable to owners of parent	¥31,766	¥32,523

### Consolidated Statements of Comprehensive Income

	(In million yen)	
	Year Ended March 31, 2020	Year Ended March 31, 2019
Profit	¥31,762	¥32,586
Other comprehensive income:		
Unrealized gain/loss on available-for-sale securities	¥(750)	¥(1,931)
Foreign currency translation adjustments	(4,100)	290
Retirement benefit adjustments	(2,630)	(2,703)
Total other comprehensive income	¥(7,481)	¥(4,344)
Comprehensive income	¥24,281	¥28,241
(Break down)		
Comprehensive income attributable to owners of parent	¥24,285	¥28,212
Comprehensive income attributable to non-controlling interests	¥(4)	¥28

### (3) Consolidated Statements of Changes in Equity

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
Changes of items during period					
Dividends of surplus			(8,844)		(8,844)
Profit attributable to owners of parent			31,766		31,766
Changes in scope of consolidation			(468)		(468)
Purchase of treasury shares				(3)	(3)
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
Changes of items during period						
Dividends of surplus						(8,844)
Profit attributable to owners of parent						31,766
Changes in scope of consolidation						(468)
Purchase of treasury shares						(3)
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

**Fiscal year ended Mar. 31, 2019 (Apr. 1, 2018 to Mar. 31, 2019)**

(In million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	26,648	35,188	198,038	(1,410)	258,464
Changes of items during period					
Dividends of surplus			(7,665)		(7,665)
Profit attributable to owners of parent			32,523		32,523
Changes in scope of consolidation			(94)		(94)
Purchase of treasury shares				(4)	(4)
Purchase of shares of consolidated subsidiaries					—
Purchase of investments in capital of consolidated subsidiaries		(261)			(261)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(261)	24,763	(4)	24,497
Balance at end of current period	26,648	34,927	222,801	(1,415)	282,962

	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	7,440	(1,998)	3,787	9,229	366	268,060
Changes of items during period						
Dividends of surplus						(7,665)
Profit attributable to owners of parent						32,523
Changes in scope of consolidation						(94)
Purchase of treasury shares						(4)
Purchase of shares of consolidated subsidiaries						—
Purchase of investments in capital of consolidated subsidiaries						(261)
Net changes of items other than shareholders' equity	(1,931)	337	(2,703)	(4,297)	(319)	(4,616)
Total changes of items during period	(1,931)	337	(2,703)	(4,297)	(319)	19,881
Balance at end of current period	5,508	(1,660)	1,083	4,932	47	287,941

#### (4) Consolidated Statements of Cash Flows

(In million yen)

	Year Ended March 31, 2020	Year Ended March 31, 2019
<b>Cash flows from operating activities</b>		
Income before income taxes	¥43,113	¥44,652
Depreciation and amortization	13,256	11,506
Impairment loss	—	195
Increase (decrease) in allowance for doubtful receivables	183	226
Increase (decrease) in allowance for employees' bonuses	351	349
Increase (decrease) in allowance for director's bonuses	(10)	25
Increase (decrease) in liability for retirement benefits	(1,588)	(1,411)
Interest and dividends income	(1,373)	(523)
Interest expense	91	119
Foreign exchange (gain) loss, net	7	(10)
Net (gain) loss on sale and valuation of investment securities	(33)	247
Net (gain) loss on sale and disposal of property, plant and equipment	(410)	367
(Increase) decrease in trade receivables	4,382	(6,470)
(Increase) decrease in inventories	(5,482)	(2,589)
Increase (decrease) in trade payables	(5,808)	(600)
Other, net	870	(2,221)
Subtotal	¥47,548	¥43,861
Interest and dividends received	1,374	522
Interest paid	(103)	(124)
Income taxes paid	(9,310)	(14,806)
Net cash provided by operating activities	¥39,509	¥29,454
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	¥(15,868)	¥(20,784)
Proceeds from sale of property, plant and equipment	1,183	1,023
Purchase of investment securities	(148)	(986)
Proceeds from sale of investment securities	310	749
Increase in long term receivables	(52)	(59)
Decrease in long term receivables	66	46
Purchase of subsidiary	(54)	(1,985)
Other, net	(1,498)	(900)
Net cash provided by (used in) investing activities	¥(16,062)	¥(22,897)
<b>Cash flows from financing activities</b>		
Borrowing of short-term loans	¥231	¥88
Repayment of short-term loans	(333)	(570)
Borrowing of long-term debt	18	—
Repayment of long-term debt	(329)	(750)
Redemption of bonds	(15,000)	—
Cash dividends paid	(8,840)	(7,662)
Dividends payments to non-controlling interests	(0)	(20)
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)	(621)
Repayment of guarantee deposits received	(21)	(19)
Payment of lease obligations	(1,855)	(1,258)
(Increase) decrease in treasury stock	(3)	(4)
Net cash provided by (used in) financing activities	¥(26,185)	¥(10,819)
Foreign currency translation adjustments on cash and cash equivalents	¥(1,940)	¥(236)
Net increase (decrease) in cash and cash equivalents	¥(4,679)	¥(4,499)
Cash and cash equivalents, beginning of period	¥70,842	¥75,090
Increase in cash and cash equivalents due to inclusion of subsidiaries in consolidation	520	251
Cash and cash equivalents, end of period	¥66,683	¥70,842

**(5) Note on the Going-Concern Assumption**

Not applicable.

**(Change in Accounting Policy)**

Starting in this fiscal year, some consolidated subsidiaries outside Japan are subject to IFRS 16 lease requirements. In terms of implementing the accounting standard, we are using the method of recognizing cumulative effects from applying the accounting standard on the first date the standard applies, which has been approved in interim measures.

As a result of applying the accounting standard, the “other” value reported under “property, plant and equipment” in the consolidated balance sheet reported at the beginning of this fiscal year was increased by 2,262 million yen, the “lease obligations” value under “current liabilities” was increased by 839 million yen, and the “lease obligations” value under “long-term liabilities” was increased by 1,422 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 net sales before 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, 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

From April 1st to March 31st of fiscal year ended March 31, 2019

(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	¥241,395	¥69,084	¥27,343	¥45,419	¥383,242	¥7,971	¥391,213	—	¥391,213
(2) Inter-segment sales	18	24	113	91	248	1,815	2,063	(2,063)	—
Total sales	¥241,414	¥69,108	¥27,457	¥45,511	¥383,491	¥9,786	¥393,277	¥(2,063)	¥391,213
Operating income (loss)	¥38,776	¥2,327	¥119	¥4,465	¥45,688	¥1,375	¥47,063	¥(2,583)	¥44,480

### 2) Income by Geographic Segment

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

From April 1st to March 31st of fiscal year ended March 31, 2019

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥193,906	48,934	31,291	71,859	35,274	9,947	¥391,213

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