



Shimadzu Corporation (TSE Prime Market: Securities code 7701)

## 3<sup>rd</sup> Quarter FY 2023 (Ending March 2024) Results & Financial Position

Director, Member of the Board  
Senior Managing Executive Officer, CFO | February 6, 2024  
Akira Watanabe

This conference call includes statements about future projections based on current forecasts, but all such statements are subject to risks and uncertainties. Please note that actual results could vary from our projections.

# 01 Overview of Financial Results

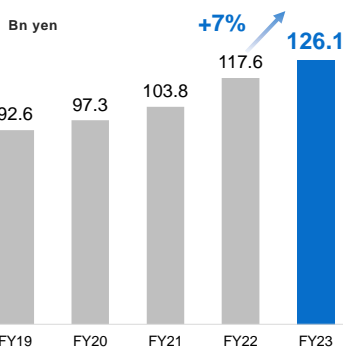
## Summary of Q3 (Oct.-Dec.) Results

• AMI: Analytical & Measuring Instruments, MED: Medical Systems, IM: Industrial Machinery, AE: Aircraft Equipment  
 • AMI key models (LC: Liquid Chromatographs, MS: Mass Spectrometer Systems, GC: Gas Chromatographs),  
 TMP: Turbomolecular Pumps

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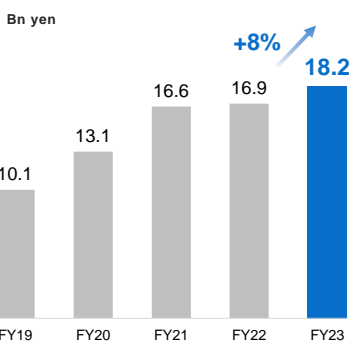
### Net Sales

Sales hit **record high for the 4<sup>th</sup> consecutive year** by increase in all segments.



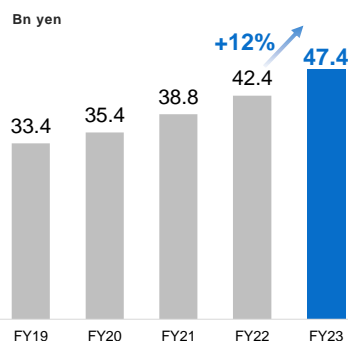
### Operating Income

Despite executing 2.3 bn yen of growth investment, operating income hit **record high for the 4<sup>th</sup> consecutive year** by increased sales and improved AE income.



### AMI Key Models

**+12% YoY**  
 Achieved **double-digit growth for the 4<sup>th</sup> consecutive quarters** from FY2022 Q4.



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## Akira Watanabe, Director, Member of the Board, Senior Managing Executive Officer, and CFO

Good afternoon, everyone and thank you for joining the Shimadzu Corporation third quarter earnings call. We continued to deliver excellent results in the third quarter with key model growth in Analytical & Measuring Instruments (AMI).

Sales have grown across all segments, marking the fourth consecutive year of record highs. As for operating income, despite investing JPY2.3 billion in growth initiatives, we have also achieved a record high for the fourth consecutive year, driven by increased sales across segments and improved profitability in Aircraft Equipment (AE) segment, among other factors.

Sales of our 3 key models in AMI, that are liquid chromatographs, mass spectrometer systems, and gas chromatographs, have all increased, continuing a trend of double-digit growth for four consecutive quarters since FY2022 Q4. The growth rate of these key models, even excluding the effects of currency exchange, was up 7% YoY.

# Statement of Income

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Net sales and operating income hit record high.

**Net Sales**  
YoY: +8.5 bn yen / +7%  
**126.1** bn yen

**Operating Income**  
YoY: +1.4 bn yen / +8%  
**18.2**bn yen

**Operating Margin**  
YoY: +0.1pt  
**14.5%**

**Net Income**  
YoY: +1.1 bn yen / +9%  
**12.5** bn yen

	Units: Billions of yen	Q3 (Oct.-Dec.)		YoY	
		FY2022	FY2023	Changes	%
Business Results	Net Sales	117.6	126.1	+8.5	+7%
	Operating Income	16.9	18.2	+1.4	+8%
	Operating Margin	14.3%	14.5%	+0.1pt	
	Ordinary Income	15.2	17.1	+1.9	+12%
	Profit Attributable to Owners of Parent	11.4	12.5	+1.1	+9%
Exchange Rates	Average Rate: USD (Yen)	141.60	147.93	+6.33	+4%
	Euro (Yen)	144.33	159.17	+14.84	+10%
	R&D Expenses	4.9	5.2	+0.3	
	CAPEX	5.3	4.3	-1.0	

**Depreciation and Amortization**  
4.7 bn yen  
(4.4 bn yen in FY2022 Q3)

**Exchange Rate Effect**

Net Sales:  
4.0 bn yen  
Operating Income:  
1.3 bn yen

Moving on to the income statement, net sales reached JPY126.1 billion, up JPY8.5 billion or 7% YoY, driven by the expansion of overseas business. Operating income amounted to JPY18.2 billion, up JPY1.4 billion or 8% YoY. The factors for this income growth will be discussed on the next page. The operating profit margin improved to 14.5%, an increase of 0.1 percentage point YoY. Ordinary income was JPY17.1 billion and net income was JPY12.5 billion.

Regarding exchange rates, the average rates were JPY147.93 to the US dollar and JPY159.17 to the euro, representing a depreciation of the yen compared to the previous year. As a result, the positive impact of foreign exchange contributed JPY4.0 billion to net sales and JPY1.3 billion to operating income.

R&D expenses were JPY5.2 billion, up JPY0.3 billion from the same period last year.

## YoY Change in Operating Income (Oct.-Dec.)

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OP increased to 18.2 bn yen, up 1.4 bn yen YoY.

Increased Profit on Higher Sales:

GP increase by higher sales in AMI, MED, and AE

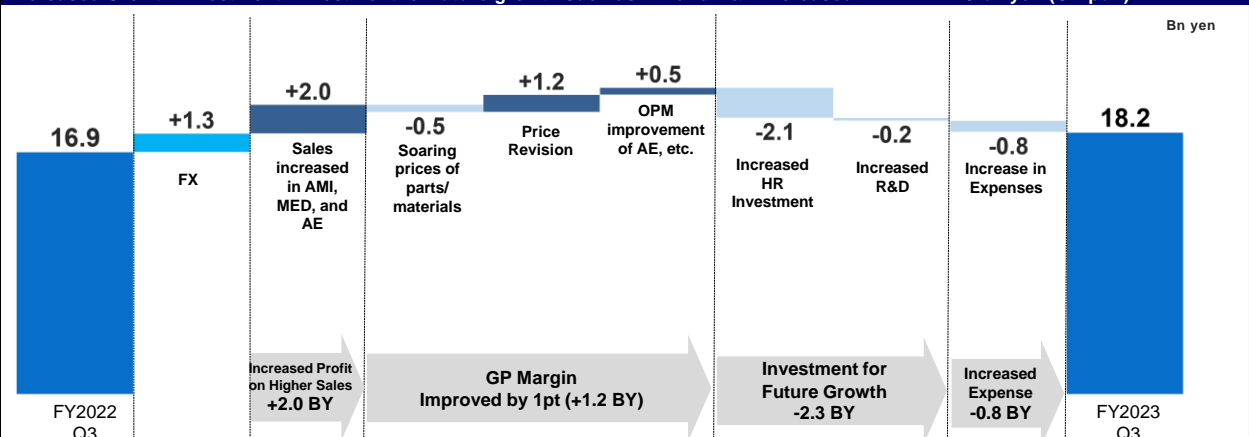
GP Margin Improved: Price revisions, OPM improvement of AE, etc.

Increased Growth Investment: Investment for future growth such as HR and R&D increased.

+2.0 bn yen

+1.2 bn yen

2.3 bn yen (OP pull)



This slide shows the factors contributing to the YoY change in operating income.

First, the impact of foreign exchange was a positive effect of JPY1.3 billion.

Next, as for gross profit from sales, there was an increase of JPY2 billion due to increased sales in AMI, Medical Systems (MED), and AE.

Regarding the improvement in gross margin, continued high material costs, especially in Industrial Machinery (IM) and AMI, resulted in a JPY0.5 billion decrease. However, price revisions and improved profit margins in AE contributed to an overall increase of about JPY1.2 billion.

In terms of growth investments, we have been proactively advancing R&D as well as human resources investments as planned, which pushed down the operating income by JPY2.3 billion.

As for expenses, there was an increase in travel and transportation costs, which also pushed down operating income by JPY0.8 billion.

## Sales and Income by Segment (Oct.-Dec.)

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OP decreased in 3 segments due to investment for future growth. Sales and OP significantly increased in AE.

**AMI: Sales increased but income decreased**

**Sales:** Key models increased for the Healthcare and Green domains.  
**OP:** Decreased with lower sales of highly-profitable PCR reagents and investment for growth.

**MED: Sales increased but income decreased**

**Sales:** Our flagship product, Angiography Systems, drove well globally.  
**OP:** Decreased due to investment for growth.

**IM: Sales increased but income remained flat**

**Sales:** Industrial Furnaces for EV ceramic manufacturing increased.  
**OP:** Profit of Industrial Furnaces and TMP increased, while profit of Hydraulics, etc. decreased due to higher cost of materials.

**AE: Sales and income increased**

**Sales:** Increased for both commercial aircraft and defense.  
**OP:** Increased significantly by improved profitability in addition to higher sales.

Units: Billions of yen	Net Sales				Operating Income				Operating Margin		
	FY2022 Q3	FY2023 Q3	YoY		FY2022 Q3	FY2023 Q3	YoY		FY2022 Q3	FY2023 Q3	YoY
			Changes	%			Changes	%			
AMI	78.7	83.6	+4.8	+6%	14.3	14.1	-0.1	-1%	18.2%	16.9%	-1.2pt
MED	15.8	17.3	+1.5	+9%	0.9	0.8	-0.1	-15%	5.6%	4.4%	-1.3pt
IM	15.9	16.1	+0.2	+1%	1.8	1.8	-0.0	-2%	11.6%	11.2%	-0.4pt
AE	5.8	7.7	+2.0	+34%	0.4	1.5	+1.2	+333%	6.2%	19.9%	+13.7pt
Other	1.4	1.4	+0.0	+1%	0.2	0.3	+0.1	+54%	8.5%	12.9%	+4.4pt
Adjustments	—	—	—	—	-0.7	-0.3	+0.4	—	—	—	—
Total	117.6	126.1	+8.5	+7%	16.9	18.2	+1.4	+8%	14.3%	14.5%	+0.1pt

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Starting with our main segment, AMI, sales were JPY83.6 billion, an increase of JPY4.8 billion or 6% YoY. However, operating income decreased by JPY0.1 billion, or 1% YoY, to JPY14.1 billion. This decrease in operating income was attributed to a significant decline in high-profit PCR reagents and increased investment in R&D and human resources.

In MED, sales were JPY17.3 billion, an increase of JPY1.5 billion or 9% YoY. Operating income was JPY0.8 billion, a decrease of JPY0.1 billion or 15% YoY, with increased growth investments in human resources contributing to the decrease in profit.

In IM, sales increased by JPY0.2 billion, or 1% YoY, to reach JPY16.1 billion. Operating income was JPY1.8 billion, which remained flat compared to the previous year. Increased sales in industrial furnaces and the promotion of price revisions in TMP led to increased profits, but higher material costs in hydraulic equipment resulted in reduced profits, overall resulting in a flat situation.

For AE, sales were JPY7.7 billion, an increase of JPY2 billion or 34% YoY. Operating income was JPY1.5 billion, an increase of JPY1.2 billion, or 4.3 times YoY, ending with a very strong performance. The increase in sales, along with increased sales of profitable spare parts in the commercial aircraft, as well as improved profitability through price revisions significantly enhanced the operating profit margin.

## 02 Results by Segment

# Analytical & Measuring Instruments / Net Sales by Model and Recurring Ratio

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**Key Models:** Increased in the Healthcare and Green domains and academia.  
**Other Models:** Non-Destructive Testing Systems increased for the Green domain, but COVID-19-related sales significantly decreased.  
**Recurring:** Maintenance & service sales increased, but PCR reagents decreased.

## Key Model Sales

YoY: +5.0 bn yen/ +12%  
**47.4 bn yen**

- LC increased in the Healthcare domain (pharma, etc.).
- MS increased for academia.
- GC increased in the Green domain.

## Other Model Sales

YoY: -0.2 bn yen/ -1%  
**36.2 bn yen**

- Non-Destructive Testing Systems increased for EV battery testing.
- COVID-19-related sales (PCR reagents and AutoAmp) significantly decreased.

## Recurring Sales Ratio

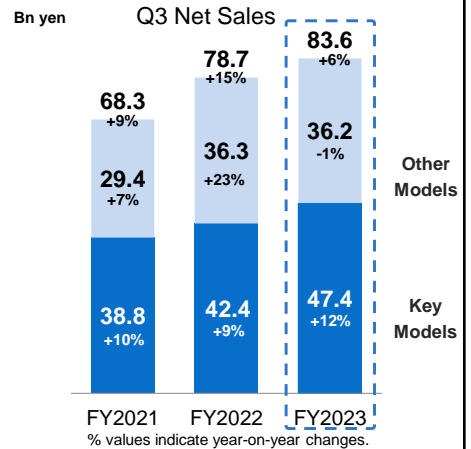
YoY: -3pt (Net Sales -0.2 bn yen)  
**37%**

- Maintenance & service sales increased.
- However, PCR reagents significantly decreased.

## Key Models



## Other Models



\*We indicate the products launched in FY2023 with a new product icon from this slide onwards. Copyright © Shimadzu Corporation. All Rights Reserved. | Q3 FY 2023 Results

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From this slide, I will cover net sales and recurring ratio for each segment. Starting with AMI, sales were JPY83.6 billion. Key model sales totaled JPY47.4 billion, an increase of JPY5 billion or 12% YoY. Liquid chromatographs grew mainly in pharmaceutical and academia, while mass spectrometers grew primarily in academia. Gas chromatographs witnessed a rise in the Green domain such as new energy development.

Sales for other models amounted to JPY36.2 billion, a decrease of JPY0.2 billion or 1% YoY. Even though non-destructive testing systems increased for inspecting EV lithium-ion batteries, COVID-19 PCR reagent kits significantly decreased.

The recurring ratio decreased by 3pt to 37%. Despite the growth in maintenance and service sales, the instrument sales growth and also the decrease in COVID-19 PCR reagent kits pulled the ratio downward.



# Analytical & Measuring Instruments / Net Sales by Region

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Japan: Key models increased in the Healthcare and Green domains.  
Overseas: In North America, LC for a certain major customer and MALDI for clinical decreased. In Europe, MS for academia and clinical increased.  
In China, GC for new energy development and MS for clinical, etc. increased.  
In Other Asian Countries (India and Southeast Asia), LC for pharma increased.

Unit Billions of yen		FY2022	FY2023	YoY		Overview
				Changes	%	
Japan	Q1	20.9	22.1	+1.1	+5%	<ul style="list-style-type: none"> <li>LC for pharma, GC for new energy development, and Non-Destructive Testing Systems for EVs increased.</li> <li>COVID-19-related decreased (-1.6 bn yen in Q1, -3.5 bn yen in Q2, and -1.6 bn yen in Q3).</li> <li>Until H1, there was an M&amp;A effect from Shimadzu Diagnostics (formerly Nissui Pharmaceutical), which was consolidated in Sep. 2022.</li> </ul>
	Q2	29.1	32.1	+3.0	+10%	
	Q3	28.3	27.5	-0.8	-3%	
Overseas	Q1	40.8	49.3	+8.4	+21%	<ul style="list-style-type: none"> <li>Overseas sales ratio reached 67%, up 3pt YoY.</li> </ul>
	Q2	50.6	55.2	+4.7	+9%	
	Q3	50.5	56.1	+5.6	+11%	
North America	Q1	7.1	7.2	+0.1	+1%	<ul style="list-style-type: none"> <li>LC for a certain major customer and MALDI for clinical decreased.</li> <li>LC for pharma and MS for PFAS testing remained solid.</li> </ul>
	Q2	8.7	9.1	+0.3	+4%	
	Q3	8.0	7.7	-0.3	-4%	
Europe	Q1	7.1	8.5	+1.4	+20%	<ul style="list-style-type: none"> <li>MS for academia and clinical increased.</li> <li>LC for pharma increased.</li> </ul>
	Q2	7.4	9.4	+2.0	+27%	
	Q3	9.1	11.1	+1.9	+21%	
China	Q1	14.5	19.1	+4.6	+31%	<ul style="list-style-type: none"> <li>There was a reactive increase from last year's COVID-19 outbreak (lockdowns were implemented in Oct.-Nov. 2022, and in Dec. 2022, installation delays occurred due to the outbreak.)</li> <li>GC for new energy development and MS for academia and clinical increased.</li> <li>LC for pharma and contract analysis decreased.</li> </ul>
	Q2	21.5	20.6	-0.9	-4%	
	Q3	18.6	19.8	+1.2	+6%	
Other Asian Countries	Q1	8.9	10.2	+1.3	+15%	<ul style="list-style-type: none"> <li>India (+32% YoY): LC for pharma increased.</li> <li>Southeast Asia (+18% YoY): LC for pharma increased.</li> </ul>
	Q2	9.7	11.6	+1.9	+20%	
	Q3	11.0	13.2	+2.2	+20%	

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This slide shows AMI sales by region.

In Japan, liquid chromatographs for pharma, gas chromatographs for new energy development, and non-destructive testing systems for EV lithium-ion batteries increased.

Outside of Japan, Europe and Other Asian Countries performed quite well. The overseas sales ratio increased by 3 percentage points YoY and reached 67%.

In North America, capital investment by pharmaceutical companies is on a recovery trend. PFAS testing demand is also expanding. On the other hand, liquid chromatographs for a certain major customer decreased. MALDI for clinical also decreased due to a reactionary decline from the boosted demand during the COVID-19 pandemic.

In Europe, mass spectrometers increased for academia and clinical. Liquid chromatographs for pharma and gas chromatographs for new energy development also increased.

In China, the business environment for pharmaceuticals and CROs continued to be challenging. Nevertheless, sales in China grew because mass spectrometers for academia and clinical increased and gas chromatographs increased in the Green domain. Additionally, there was a reactionary increase from last year's COVID-19 outbreak. I will cover our perspective on the business environment in China later in this call.

As for Other Asian Countries, in India and Southeast Asia, liquid chromatographs for pharma increased.

# Medical Systems / Net Sales by Model and Recurring Ratio

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X-Ray Systems: Angiography System sales increased significantly, driven by new products.  
General Radiography Systems increased as our unique function has been recognized and appreciated.

## X-Ray System Sales

YoY: +1.5bn yen/ +14%

**12.8 bn yen**

- Angiography: New products equipped AI image processing technology increased.
- Fluoroscopy: The industry's smallest new product (F4) increased.
- General Radiography: Increased as our unique power assist function has been highly recognized.

## Other Model Sales

YoY: -0.0 bn yen/ -1%

**4.5 bn yen**

## Recurring Sales Ratio

YoY: -2pt (Net Sales +0.3 bn yen)

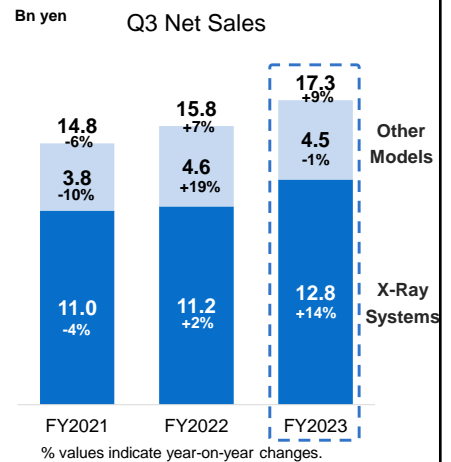
**37%**

- Maintenance & service sales increased.
- Recurring sales ratio decreased due to higher system sales.

## X-Ray Systems



## Other Models



Moving to the MED segment, sales were JPY17.3 billion. Sales for our mainstay products, three X-ray systems, were JPY12.8 billion, an increase of JPY1.5 billion or 14% YoY. Our focus product, the Trinias angiography system equipped with AI image processing technology, contributed to this increase globally.

Additionally, the fluoroscopy system, which includes the industry's smallest class FLEXAVISION F4, and the general radiography system with new power assist function to achieve easier and smoother operation for technologists, have seen increases in sales.

Sales of other models were JPY4.5 billion, essentially flat YoY.

The recurring sales ratio, despite an increase in maintenance and service sales, decreased by 2 percentage points to 37% YoY due to the overall growth in system sales.

# Industrial Machinery / Net Sales by Model and TMP Recurring Ratio

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**TMP:** Sales decreased for SPEs\*, but increased for Green-related (thin-film solar cell manufacturing equipment, etc.)  
**Hydraulic Pumps:** Sales in Japan decreased for agricultural vehicles and specially-equipped vehicles. Sales in China decreased for small construction equipment.  
**Others:** Industrial Furnace sales increased for EV ceramic manufacturing.

**TMP Sales**  
YoY: -0.0 bn yen/ -0%  
**7.8 bn yen**

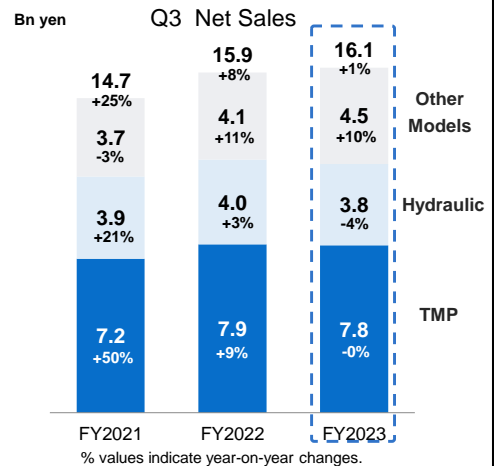
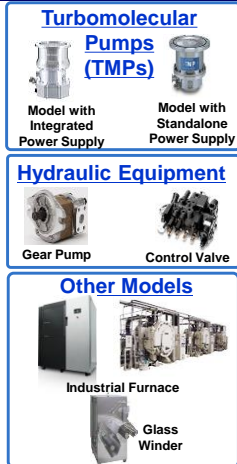
\* TMP sales for SPEs increased by 10% Quarter-on-Quarter.

**TMP Recurring Sales Ratio**  
YoY: +2pt (Net Sales +0.2 bn yen)  
**18%**

\* Recurring ratio increased due to the improvement in customer coverage ratio in China.

**Hydraulic Equipment Sales**  
YoY: -0.2 bn yen/ -4%  
**3.8 bn yen**

**Other Model Sales**  
YoY: +0.4 bn yen/ +10%  
**4.5 bn yen**



Next is the IM segment. Sales were JPY16.1 billion. Sales of our main product, TMP, were flat at JPY7.8 billion. This was because, although sales to the semiconductor manufacturing equipment market decreased by about 20%, demand for green-related products like thin-film solar cell manufacturing equipment increased by about 30%. In Q3, sales to the semiconductor manufacturing equipment market have increased by about 10% compared to Q2, showing signs of recovery.

The TMP recurring sales ratio improved by 2 percentage points to 18% due to the establishment of service bases in China, which enhanced coverage.

On the other hand, sales of hydraulic equipment were JPY3.8 billion, a decrease of JPY0.2 billion or 4% YoY. This decrease was due to a reduction in demand for agricultural machinery in Japan and small construction machinery in China.

Other sales were JPY4.5 billion, an increase of JPY0.4 billion or 10% YoY, mainly due to an increase in industrial furnaces for EV ceramics in Japan and China.

# Aircraft Equipment / Net Sales by Field

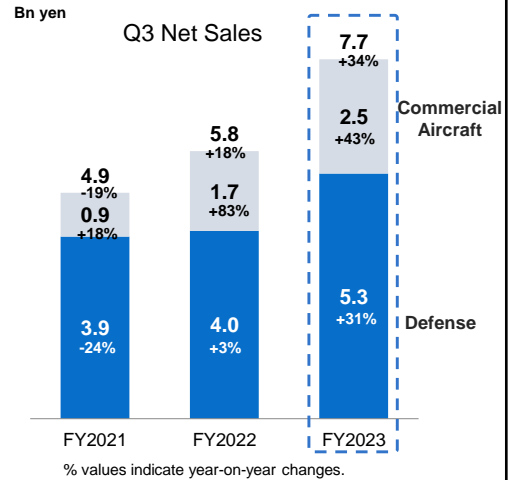
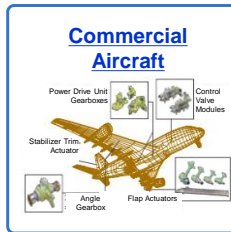
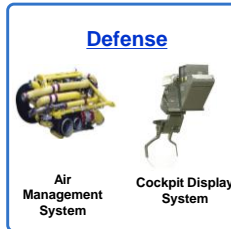
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**Defense:** Sales increased due to increased demand for items loaded onto aircraft.  
**Commercial Aircraft:** Sales increased due to higher spare parts sales and increased airframe production in line with increased air passenger demand, and price revision initiatives.

**Net Sales for Defense Field**  
 YoY: +1.2 bn yen / +31%  
**5.3 bn yen**

• Efforts were made to stabilize sales as demand for aircraft components expanded.

**Net Sales for Commercial Aircraft Field**  
 YoY: +0.7 bn yen / +43%  
**2.5 bn yen**



For the last segment, AE, sales were JPY7.7 billion, an increase of JPY1.9 billion or 34% YoY. In the defense field, demand for items loaded onto aircraft has expanded, and efforts to stabilize sales have resulted in a JPY1.2 billion increase or 31% YoY.

In the commercial aircraft field, increased aircraft production due to the recovery in demand has led to an increase in mounted products. Furthermore, initiatives such as price revisions contributed to a JPY0.7 billion increase or 43% YoY.

## 03 FY 2023 Earnings Forecast

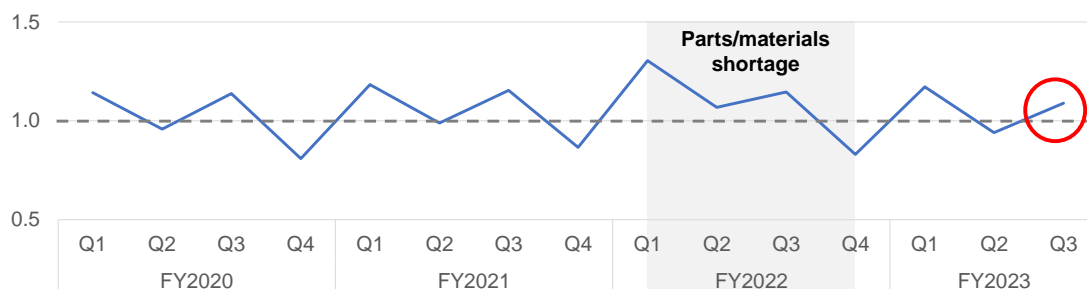
## Business Condition / AMI

Business environment in China has become more challenging. However, India and Southeast Asia have been strong and North America showed recovery. As a result, Book-to-Bill ratio in Q3 FY2023 was 1.1, almost the same as Q3 FY2022.

### Q3 Orders YoY

Global	Japan	North America	Europe	China	Other Asian Countries	India (Incl. in Other Asian Countries)
+1~3%	+1~3%	+14~16%	+7~9%	(20~23%)	+14~16%	+27~29%

### Book-to-Bill Ratio of Analytical & Measuring Instruments



Before moving on to the full-year forecast, let me explain the business environment from the perspective of orders.




First is the AMI segment. As you can see, only China is showing a significant decrease of 20-23%. On the other hand, North America has seen an increase in orders for liquid chromatographs for pharmaceuticals, and Other Asian Countries, including India, are showing significant increase of 14-16%, with India alone at 27-29% plus, continuing its very strong growth. As a result, Q3 orders have resulted in a consolidated increase.

Accordingly, the book-to-bill ratio is 1.1, maintaining the same level as the same period last year. The trend in orders is not bad at all and can be said to have improved from Q2.

# Business Environment / AMI in China

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We anticipate that the pharma and CRO sectors will take some time to recover. Therefore, we focus on expanding our presence in growing fields such as clinical, green, and academia.

		Market Environment	Shimadzu's Initiatives
 <p>Life Science Field Healthcare Domain Med-Tech Field</p>	<p><b>Pharmaceutical and CRO:</b> Capital investment stagnated. <b>Chinese traditional herbal medicine:</b> Research is progressing as a national policy. <b>Chinese Pharmacopoeia:</b> Preparation of the 2025 edition is underway.</p>	<ul style="list-style-type: none"> <li>Enhance offerings for the top 100 Chinese traditional herbal medicine companies.</li> <li>Early proposals of End-to-End solutions for the next update of Chinese Pharmacopoeia.</li> <li>Develop applications for biopharma and nucleic acid medicine.</li> </ul>	
	<p><b>Clinical:</b> "Standard for Equipment Configuration in County General Hospitals" has been enacted, requiring the implementation of MS for prefectural general hospitals of a certain scale. MS demand is growing.</p>		<ul style="list-style-type: none"> <li>Provide LCMS through OEM, partnering with Chinese reagent manufacturers. Standardize analysis using LCMS and make it a platform.</li> </ul>
 <p>Green Domain</p>	<p><b>Lithium-ion batteries:</b> R&amp;D has been actively conducted and analysis demand for quality improvement is growing. <b>Hydrogen energy:</b> Instrument demand is expanding due to the construction of hydrogen stations in various locations. <b>Solar and wind power:</b> In the 14th five-year plan, the renewable energy ratio is planned to increase by 50% compared to the 13th plan.</p>	<ul style="list-style-type: none"> <li>Solve analytical challenges from research and development to quality control through our extensive product lineup.</li> </ul>	
 <p>Academia</p>	<p><b>Academia:</b> From 2023 to 2025, the government has implemented support programs for local educational institutions, specifically targeting vocational and technical colleges.</p>	<ul style="list-style-type: none"> <li>Meet the diverse research needs with our extensive product lineup while also utilizing products manufactured in China.</li> </ul>	

Next, I will explain about the business environment in China for AMI.

In Q3, the pharmaceutical and CRO market saw a significant decrease in both orders and sales, and we anticipate that it will take some time to recover. Therefore, we will strive to improve and secure performance by implementing the following measures.

First, in the Healthcare domain, we focus on the growing clinical liquid chromatograph mass spectrometer market. We provide liquid chromatograph mass spectrometers to local reagent manufacturers through OEM, aim to standardize the analytical process, and make it a platform.

Regarding the Green domain, which includes EVs, hydrogen, and solar power, we are enhancing our activities to meet customer needs at each process from R&D to quality control by utilizing our extensive product lineup.

For academia, we are focusing on vocational training schools in regions where the low-interest loan program is implemented. We are meeting various research needs with our extensive product lineup including products manufactured in China. We also have a history of building a sales and service network extending to the inland areas of China, which we will leverage to implement strategies to ensure growth in academia.

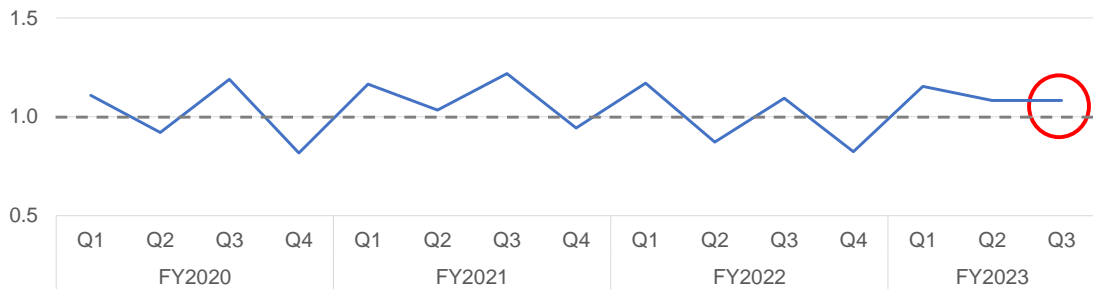
## Business Condition / MED

Due to the strong performance of Angiography Systems, we increase production by 1.5 times compared to the same period last year. Orders remain robust, except in China.

### Q3 Orders YoY

Global	Japan	North America	Europe	China	Other Asian Countries
+1~3%	+1~3%	+4~6%	+20~23%	(30~33%)	+30~33%

### Book-to-Bill Ratio of Medical Systems



Next is the MED segment.

Similar to the AMI segment, the MED segment also faces a challenging situation in China, as shown by Q3 orders, which decreased by 30-33% YoY. The decrease in orders is due to a reduction in hospital bids as a result of the anti-corruption campaign, which is expected to continue until around June 2024, as widely reported.

On the other hand, outside of China, as you can see, there is positive growth, with consolidated total orders also being positive. Until Q2, hospital capital investments were stagnant in Japan and North America due to inflation, but we expect a gradual recovery going forward.



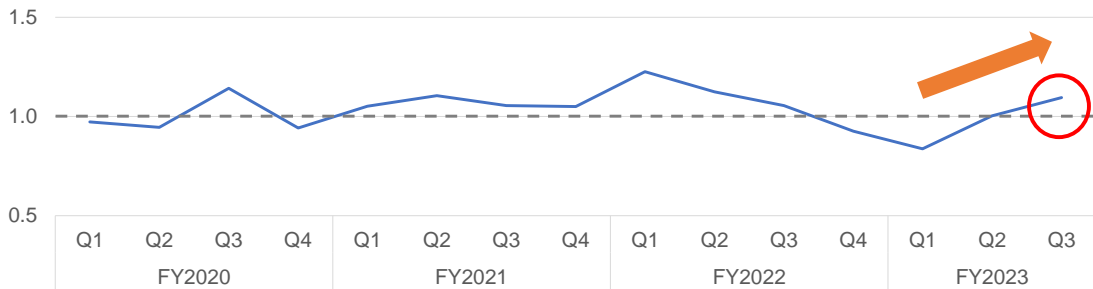
## Business Condition / IM ~ TMP ~

TMP's Book-to-Bill ratio was over 1. TMP demand for SPEs is also anticipated to recover in the future.

### Q3 Orders YoY

Global	Japan	North America	Europe	China	Other Asian Countries
+1~3%	(34~36%)	+24~26%	+4~6%	+44~46%	+34~36%

### Book-to-Bill Ratio of TMP



Next, I will cover TMPs in the IM segment.

As you can see, the book-to-bill ratio had been on the negative side since Q4 of FY2022. However, it has turned positive in Q3 of FY2023. We anticipate that the demand for semiconductor manufacturing equipment will continue to recover, and the demand for green-related applications such as thin-film solar cells is expected to be sustained, leading to an overall recovery in demand and maintaining the book-to-bill ratio above 1.

# FY 2023 Earnings Forecast

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Aim to achieve a new record high for the 4<sup>th</sup> consecutive year.

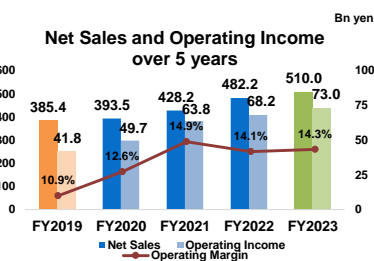
**Net Sales**  
YoY: +27.8 bn yen/ +6%  
**510.0 bn yen**

**Operating Income**  
YoY: +4.8 bn yen/ +7%  
**73.0 bn yen**

**Operating Margin**  
YoY: +0.2pt  
**14.3%**

**Net Income**  
YoY: +3.0 bn yen / +6%  
**55.0 bn yen**

Units: Billions of yen		Full-Year		YoY	
		FY 2022	FY 2023 Forecast	Changes	%
Business Results	Net Sales	482.2	510.0	+27.8	+6%
	Operating Income	68.2	73.0	+4.8	+7%
	Operating Margin	14.1%	14.3%	+0.2pt	
	Ordinary Income	70.9	74.0	+3.1	+4%
	Profit Attributable to Owners of Parent	52.0	55.0	+3.0	+6%
Exchange Rates	Average Rate: USD (Yen)	135.51	143.00	+7.49	+6%
	Euro (Yen)	141.02	155.00	+13.98	+10%
	R&D Expenses	19.0	22.0	+3.0	
	CAPEX	22.5	25.0	+2.5	



**Depreciation and Amortization**  
18.0 bn yen

**Foreign Exchange Sensitivity (bn yen)**

	USD	EUR
Net sales:	1.5	0.3
Operating income:	0.5	0.1

The FX rate changed to 143 yen/USD (from 138 yen/USD) and 155 yen/Euro (from 149 yen/Euro) compared to the previous guidance.

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Now, let me explain the full-year guidance.

The targets remain unchanged from the values announced last November, with sales of JPY510 billion, operating income of JPY73 billion, an operating profit margin of 14.3%, ordinary income of JPY74 billion, and net income attributable to owners of parent of JPY55 billion, aiming for a record high for the fourth consecutive year.

Regarding the exchange rates, we have revised our estimates to JPY143 per US dollar and JPY155 per euro, in line with the current market rates. Although this change in exchange rates should positively impact sales and operating income, we have not changed our performance targets, considering the tougher-than-expected market conditions in China, among other factors.

# FY 2023 Earnings Forecast by Segment

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Aim for both sales and income growth in AMI, IM, and AE.  
AMI as key business aims to set new record high for the 4<sup>th</sup> consecutive year.

**AMI: Sales and income increase  
Record high**

**Sales:** Increase due to higher sales of key models. Sales of Testing Machines and Non-Destructive Testing Systems for the Green domain also increase.  
**OP:** Increase due to gross profit growth with higher sales and initiatives such as price revisions, while executing investment for growth.

**MED: Sales and income decrease**

**Sales:** Decrease due to reactionary decline in large-volume projects and the supplementary budget both in the previous year.  
**OP:** Decrease due to lower gross profit associated with lower sales.

**IM: Sales and income increase  
Record high**

**Sales:** Increase driven by Industrial Furnaces for EV ceramic manufacturing and TMP for Green-related.  
**OP:** Increase due to gross profit growth with higher sales and initiatives such as price revisions.

**AE: Sales and income increase**

**Sales:** Increase for both commercial aircraft and defense.  
**OP:** Increase significantly by initiatives such as price revisions, in addition to higher sales.

Units: Billions of yen	Net Sales					Operating Income					Operating Margin				
	FY 2022	FY 2023 Previous Forecast	FY 2023 New Forecast	Changes	YoY %	FY 2022	FY 2023 Previous Forecast	FY 2023 New Forecast	Changes	YoY %	FY 2022	FY 2023 Previous Forecast	FY 2023 New Forecast	Changes	YoY
AMI	314.7	340.0	338.0	+23.3	+7%	57.6	62.2	60.0	+2.4	+4%	18.3%	18.3%	17.8%	-0.6pt	
MED	75.9	74.0	73.0	-2.9	-4%	5.5	5.4	5.0	-0.5	-10%	7.3%	7.3%	6.8%	-0.4pt	
IM	63.0	63.0	64.0	+1.0	+2%	5.4	6.0	6.5	+1.1	+20%	8.6%	9.5%	10.2%	+1.5pt	
AE	24.0	28.0	29.0	+5.0	+21%	1.4	2.2	2.6	+1.2	+87%	5.8%	7.9%	9.0%	+3.2pt	
Other	4.7	5.0	6.0	+1.3	+27%	0.6	0.2	0.7	+0.1	+17%	8.4%	2.7%	8.2%	-0.2pt	
Adjustments	—	—	—	—	—	-2.3	-3.0	-1.8	—	—	—	—	—	—	—
Total	482.2	510.0	510.0	+27.8	+6%	68.2	73.0	73.0	+4.8	+7%	14.1%	14.3%	14.3%	+0.2pt	

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As for the updates of the full-year forecast by each segment, starting with AMI, an increase in key models and testing machines in the Green domain is expected to lead to higher sales. Operating income is expected to increase due to the increase in gross profit from higher sales and the promotion of price revisions, while continuing investment for growth.

For MED, unfortunately, a decrease in sales is expected in Japan due to the pullback from large projects and the supplementary budget both occurred in last year. Consequently, operating income is also expected to decrease.

On the other hand, in IM, sales increase is anticipated due to rising demand for industrial furnaces for EV ceramics and green-related TMPs. Operating income is also expected to increase due to higher sales and price revisions.

As for AE, demand in both defense and commercial aircraft is expected to increase continuously, leading to higher sales and profits.

This concludes my presentation. Thank you very much.



Actual results may differ significantly from forecasts about future performance indicated in this document, due to fluctuations in economic conditions, exchange rates, technologies, or various other external factors.

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## Supplementary Materials

## Statement of Income (Apr.-Dec.)

**Net Sales**  
YoY: +26.2 bn yen / +8%  
**365.6** bn yen

**Operating Income**  
YoY: +5.0 bn yen / +11%  
**50.7** bn yen

**Operating Margin**  
YoY: +0.4pt  
**13.9%**

**Profit Attributable to Owners of Parent**  
YoY: +3.1 bn yen / +9%  
**39.1** bn yen

	Units: Billions of yen	9M (Apr.-Dec.)		YoY	
		FY 2022	FY 2023	Changes	%
Business Results	Net Sales	339.5	365.6	+26.2	+8%
	Operating Income	45.8	50.7	+5.0	+11%
	Operating Margin	13.5%	13.9%	+0.4pt	—
	Ordinary Income	48.3	52.9	+4.6	+10%
	Profit Attributable to Owners of Parent	35.9	39.1	+3.1	+9%
Exchange Rates	Average Rate: USD (Yen)	136.54	143.33	+6.79	+5%
	Euro (Yen)	140.63	155.34	+14.71	+10%
	R&D Expenses	13.6	15.4	+1.8	
	CAPEX	17.4	16.4	-1.0	

Depreciation and Amortization  
13.9 bn yen

Exchange Rate Effect  
Net sales: 11.6 bn yen Operating income: 3.9 bn yen

## Sales and Income by Segment (Apr.-Dec.)

**AMI: Sales and income increased  
Record high**

**MED: Sales and income decreased**

**IM: Sales and income increased  
Record high**

**AE: Sales and income increased**

Units: Billions of yen	Net Sales				Operating Income				Operating Margin		
	FY2022	FY2023	YoY		FY2022	FY2023	YoY		FY2022	FY2023	YoY
			Changes	%			Changes	%			
AMI	220.2	242.3	+22.1	+10%	38.1	40.8	+2.6	+7%	17.3%	16.8%	-0.5pt
MED	53.4	50.7	-2.8	-5%	3.8	2.4	-1.4	-37%	7.0%	4.7%	-2.3pt
IM	46.3	46.9	+0.7	+1%	4.4	5.1	+0.6	+14%	9.6%	10.8%	+1.2pt
AE	16.3	20.9	+4.7	+29%	0.7	2.9	+2.2	+328%	4.2%	13.8%	+9.7pt
Other	3.3	4.8	+1.5	+45%	0.5	0.7	+0.2	+47%	9.0%	10.0%	+1.0pt
Adjustments	—	—	—	—	-1.7	-1.0	+0.7	—	—	—	—
Total	339.5	365.6	+26.2	+8%	45.8	50.7	+5.0	+11%	13.5%	13.9%	+0.4pt

# AMI / Net Sales Ratio (Apr.-Dec.)

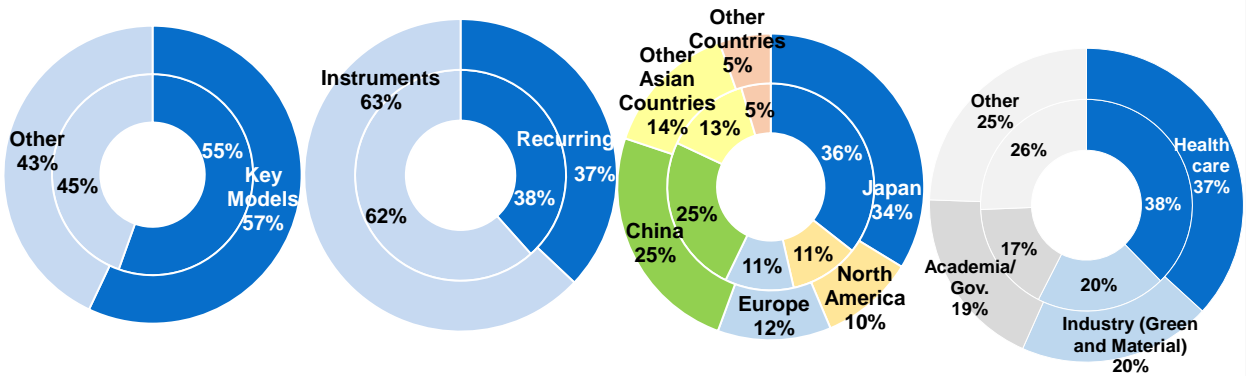
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Model

Recurring Ratio

Region

Market



• Pie chart outer rings indicate FY 2023 results and inner rings FY 2022 results.



## AMI / YoY Change for Net Sales of Key Models

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Key models: LC in Japan, Europe, and Other Asian Countries increased for pharma.  
MS in Europe and China increased for clinical and academia.  
GC increased globally for new energy development.

with FX	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Key Models	+24%	+10%	+10%	+3%	+11%	+2%	+14%	+9%	+25%	+13%	+18%	+13%	+12%
All	+29%	+12%	+9%	+4%	+12%	+1%	+15%	+15%	+20%	+13%	+16%	+10%	+6%

w/o FX	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Key Models	+20%	+7%	+4%	-3%	+6%	-9%	-2%	-5%	+14%	-0%	+12%	+8%	+7%
All	+25%	+9%	+4%	-0%	+8%	-8%	+3%	+3%	+13%	+3%	+11%	+6%	+2%

• Key models: Liquid Chromatographs (LC), Mass Spectrometer Systems (MS), and Gas Chromatographs (GC)

# AMI / YoY Change in Net Sales by Region

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**Japan:** LC for pharma and Non-Destructive Testing systems for EV battery increased. COVID-19 PCR reagents decreased.  
**Overseas:** In Europe and Other Asian Countries, sales increased, primarily driven by key models.  
In North America, sales for a certain major customer decreased.

with FX	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Japan	+26%	+12%	+4%	+3%	+9%	-3%	+4%	+15%	+8%	+7%	+5%	+10%	-3%
North America	+35%	+12%	+2%	+9%	+13%	-2%	+12%	+20%	+22%	+13%	+1%	+4%	-4%
Europe	+28%	+17%	+9%	-2%	+11%	+13%	-1%	+18%	+28%	+14%	+20%	+27%	+21%
China	+24%	+9%	+9%	-2%	+10%	-14%	+36%	+6%	+49%	+17%	+31%	-4%	+6%
Other Asian Countries	+27%	+10%	+18%	+14%	+17%	+37%	+25%	+24%	+18%	+25%	+15%	+20%	+20%
India	+4%	+3%	+4%	+12%	+6%	+50%	+22%	+26%	+8%	+23%	+27%	+14%	+32%

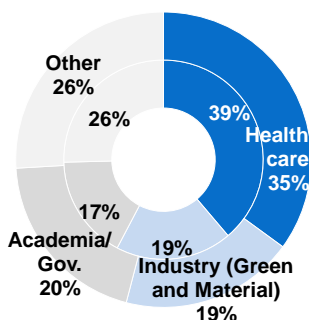
w/o FX	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Japan	+26%	+12%	+4%	+3%	+9%	-3%	+4%	+15%	+8%	+7%	+5%	+10%	-3%
North America	+31%	+7%	-7%	+0%	+7%	-16%	-9%	-3%	+6%	-5%	-4%	-1%	-8%
Europe	+15%	+11%	+4%	-4%	+5%	+8%	-8%	+7%	+19%	+6%	+11%	+13%	+10%
China	+22%	+5%	-0%	-12%	+4%	-28%	+9%	-14%	+31%	-3%	+24%	-9%	+2%
Other Asian Countries	+22%	+6%	+10%	+6%	+10%	+20%	+4%	+4%	+6%	+8%	+10%	+15%	+15%
India	+2%	-0%	-3%	+3%	+0%	+27%	-2%	+2%	-6%	+2%	+20%	+9%	+26%

• Values for India are included in Other Asian Countries.

# AMI / Net Sales Ratio by Market (Oct.-Dec.)

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Net Sales Ratio by Market



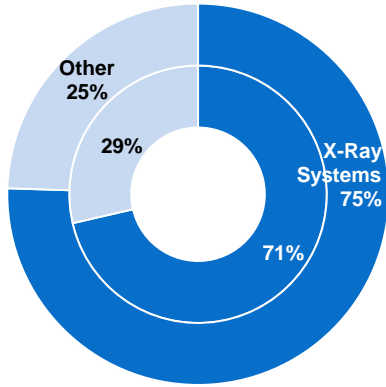
Markets and Main Industries	Ratio		Net Sales YoY	Overview
	FY2022	FY2023		
<b>Healthcare</b> • Pharmaceuticals and foods • Healthcare institutions • Contract analysis laboratories	39%	35%	-4%	• Sales for pharma and CROs significantly decreased in China. • Sales of COVID-19 PCR reagents decreased in Japan. • Sales for pharma increased in Japan, North America, Europe, and Other Asian Countries. • Sales for clinical increased in Europe.
<b>Industry (Green and Material)</b> • Chemicals and materials • Electrical • Automotive	19%	19%	+6%	• GC and Non-Destructive Testing Systems increased for Green-related (EVs and new energy development).
Academia/Government	17%	20%	+23%	• MS and GC increased for academia in Europe.

• Pie chart outer rings indicate FY 2023 results and inner rings FY 2022 results.

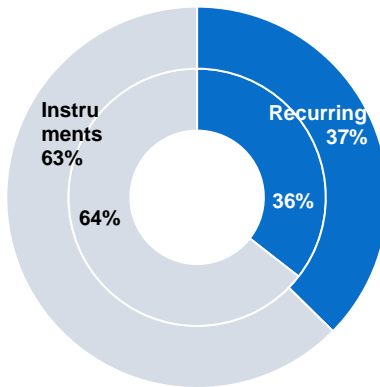
# MED / Net Sales Ratio (Apr.-Dec.)

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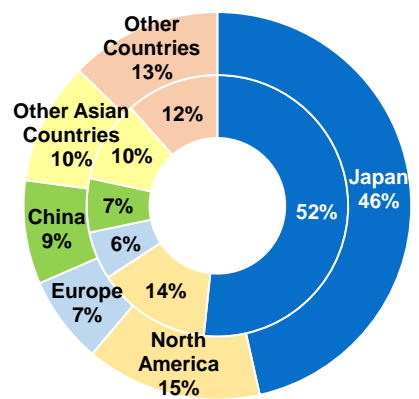
Model



Recurring Ratio



Region



• Pie chart outer rings indicate FY 2023 results and inner rings FY 2022 results.

# MED / Net Sales by Region

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Unit Billions of yen		FY2022	FY2023	YoY		Overview
				Changes	%	
Japan	Q1	9.4	7.1	-2.3	-24%	• New Angiography Systems increased.
	Q2	11.1	8.8	-2.3	-20%	• The industry's smallest class new Fluoscopy Systems increased.
	Q3	7.1	7.7	+0.5	+7%	• General Radiography Systems increased as our unique power assist function has been highly recognized.
Overseas	Q1	7.0	7.3	+0.2	+3%	• Overseas sales ratio reached 56%, up 1pt YoY.
	Q2	10.1	10.2	+0.1	+1%	
	Q3	8.6	9.6	+1.0	+11%	
North America	Q1	2.1	1.7	-0.4	-18%	• Angiography Systems increased.
	Q2	3.0	3.3	+0.3	+11%	• Sales of Fluoroscope Systems was strong for the patient-side type that we focused on, but sales for the remote-controlled type decreased.
	Q3	2.5	2.4	-0.0	-2%	
Europe	Q1	0.8	0.9	+0.1	+16%	• Angiography Systems increased in Eastern Europe.
	Q2	1.2	1.1	-0.1	-7%	
	Q3	1.2	1.7	+0.5	+41%	
China	Q1	1.1	1.4	+0.3	+24%	• Angiography Systems increased.
	Q2	1.2	1.7	+0.5	+38%	
	Q3	1.2	1.3	+0.1	+7%	
Other Asian Countries	Q1	1.3	1.6	+0.3	+20%	• Angiography Systems increased in India and Southeast Asia.
	Q2	2.3	1.7	-0.7	-28%	
	Q3	1.8	1.9	+0.2	+10%	

# MED / YoY Change in Net Sales by Region

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Japan: Sales increased for all 3 X-ray Systems.

Overseas: Sales increased, primarily driven by Angiography Systems.

with FX	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Japan	+24%	+8%	-10%	-3%	+3%	+13%	+12%	-3%	+5%	+7%	-24%	-20%	+7%
North America	+3%	-16%	+11%	+14%	+2%	+4%	+52%	+21%	+28%	+26%	-18%	+11%	-2%
Europe	-13%	-39%	-33%	-12%	-27%	+5%	+61%	+2%	+33%	+22%	+16%	-7%	+41%
China	-25%	+3%	-11%	-10%	-11%	+12%	-12%	+5%	+23%	+6%	+24%	+38%	+7%
Other Asian Countries	+16%	+7%	+26%	-22%	+4%	+10%	+16%	+7%	+19%	+13%	+20%	-28%	+10%

w/o FX	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Japan	+24%	+8%	-10%	-3%	+3%	+13%	+12%	-3%	+5%	+7%	-24%	-20%	+7%
North America	+2%	-19%	+2%	+5%	-3%	-12%	+22%	-3%	+11%	+5%	-23%	+6%	-6%
Europe	-21%	-42%	-36%	-14%	-31%	+0%	+50%	-8%	+22%	+13%	+7%	-18%	+28%
China	-27%	-1%	-18%	-18%	-16%	-6%	-30%	-16%	+7%	-12%	+17%	+32%	+3%
Other Asian Countries	+15%	+5%	+18%	-28%	-0%	-2%	-4%	-11%	+7%	-3%	+14%	-31%	+6%

## IM / YoY Change in Net Sales by Model

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**TMP:** Sales for SPEs declined but sales increased for Green-related (thin-film solar cell, etc.).

**Hydraulic:** Sales in Japan decreased for agricultural vehicles and specially-equipped vehicles.

Sales in China decreased for small construction equipment.

**Other models:** Industrial Furnace sales increased for EV ceramic manufacturing.

with FX	FY 2021					FY 2022					FY2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
TMP	+16%	+38%	+50%	+27%	+32%	+20%	+22%	+9%	+1%	+12%	-3%	+0%	-0%
Hydraulic	+37%	+37%	+21%	+5%	+24%	-1%	+1%	+3%	+10%	+3%	+10%	+8%	-4%
Other	+33%	+32%	-3%	+18%	+17%	+17%	+12%	+11%	+24%	+16%	-2%	+2%	+10%

w/o FX	FY 2021					FY 2022					FY2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
TMP	+13%	+35%	+44%	+22%	+28%	+11%	+11%	-1%	-6%	+3%	-7%	-4%	-4%
Hydraulic	+34%	+34%	+18%	+3%	+21%	-6%	-4%	-2%	+7%	-1%	+9%	+7%	-6%
Other	+32%	+30%	-6%	+14%	+15%	+7%	+1%	+2%	+17%	+7%	-4%	+1%	+8%

# Recurring Ratio

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**AMI:** Although maintenance & service sales increased, recurring ratio decreased due to lower COVID-19 reagents and higher instrument sales.

**MED:** Maintenance & service sales increased.

**TMP:** Recurring sales increased due to the improvement in customer coverage ratio in China.

Analytical and Measuring Instruments	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Recurring Sales YoY	+33%	+16%	+4%	+6%	+13%	-6%	+5%	+21%	+11%	+10%	+10%	+3%	-4%
Recurring Ratio	38%	35%	35%	35%	36%	39%	36%	40%	33%	37%	39%	35%	37%
Medical Systems	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Recurring Sales YoY	+14%	+9%	+2%	+1%	+6%	-2%	+3%	+0%	+3%	+3%	-3%	-7%	+1%
Recurring Ratio	38%	35%	39%	32%	36%	36%	32%	39%	30%	34%	42%	34%	37%
TMPs	FY 2021					FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Recurring Sales YoY	+18%	+11%	+15%	+5%	+12%	-1%	-6%	+4%	-17%	-4%	-9%	-8%	+10%
Recurring Ratio	17%	17%	15%	15%	16%	15%	14%	16%	13%	15%	15%	14%	18%

\* Exchange rate effects are excluded.