November 10, 2020

1st Half
Results & Financial Position
for the Fiscal Year Ended March 2021

Teruhisa Ueda
President & CEO
Shimadzu Corporation
(1) FY 2020 1H Financial Position

(2) FY 2020 1H Results by Business Segment

(3) FY 2020 Forecast

(4) Supplementary Materials
Summary of First-Half Results

Sales decreased and income increased
Record operating income, ordinary income, and profit

Impacts of COVID-19 pandemic

Rapid recovery of Analytical & Measuring Instruments business in China

Recovery of Analytical key models and strong Industrial TMP sales

• Due to impacts from the COVID-19 pandemic, overall sales decreased, but income increased (the first sales decrease in four years).
• Operating income, ordinary income, and profit all exceeded previous record levels.
• Operating income and profit exceeded previous record levels for the sixth consecutive year and operating income increased for the eighth consecutive year.

• Both sales and income increased for Industrial Machinery and Aircraft Equipment, sales decreased but income increased for Analytical & Measuring Instruments, and both sales and income decreased for Medical Systems.
• For the Analytical & Measuring Instruments segment, sales increased for novel coronavirus detection kits, but decreased for automotive and academia, due to school closures.
• For the Medical Systems segment, sales increased for mobile X-ray systems used for pneumonia examinations, but demand from healthcare institutions decreased due to worsening financial performance.

• Due to impacts from the COVID-19 pandemic, overall sales decreased, but income increased (the first sales decrease in four years).
• Operating income, ordinary income, and profit all exceeded previous record levels.
• Operating income and profit exceeded previous record levels for the sixth consecutive year and operating income increased for the eighth consecutive year.

• In China, Analytical & Measuring Instruments sales were strong in pharmaceutical and food safety fields, due to pharmacopoeia revisions and stricter government regulations, resulting in the second consecutive quarter with double-digit sales growth (+10% in Q1, +16% in Q2, and +13% for the first half).
• Medical Systems sales also increased by 7% and Industrial Machinery sales by 8% in China.

• For the Analytical & Measuring Instruments segment, sales of key models (LC, MS, and GC) recovered, mainly for pharmaceuticals, food safety, and healthcare institutions, breaking previous records for total second-quarter sales and operating income levels for key models.
• For the Industrial Machinery segment, TMP sales continued to be strong due to expanded semiconductor demand, mainly for 5G and data center applications.
### Statement of Income

**• Net sales:** 178.8 billion yen  
**Operating income:** 19.6 billion yen  
**Operating margin:** 11.0%  

-7.7 billion yen or -4% year-on-year  
+1.8 billion yen or +10% year-on-year  
+1.4 points year-on-year

### Exchange Rate Effect

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1H</strong></td>
<td>-1.3</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

### Foreign Exchange Sensitivity

<table>
<thead>
<tr>
<th>Currency</th>
<th>Net Sales</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>1.2</td>
<td>0.4</td>
</tr>
<tr>
<td>EUR</td>
<td>0.2</td>
<td>0.07</td>
</tr>
</tbody>
</table>

### Business Results

#### 1H vs. YoY

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>178.8</td>
<td>186.5</td>
<td>-7.7</td>
<td>-4%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>19.6</td>
<td>17.9</td>
<td>+1.8</td>
<td>+10%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>11.0%</td>
<td>9.6%</td>
<td>+1.4pt</td>
<td>—</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>19.5</td>
<td>18.7</td>
<td>+0.8</td>
<td>+4%</td>
</tr>
<tr>
<td>Profit Attributable to Owners of Parent</td>
<td>13.9</td>
<td>13.2</td>
<td>+0.7</td>
<td>+5%</td>
</tr>
</tbody>
</table>

### Exchange Rates

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Rate: USD (Yen)</td>
<td>107.0</td>
<td>108.7</td>
<td>-1.7</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Euro (Yen)</td>
<td>121.3</td>
<td>121.5</td>
<td>-0.1</td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

### Major Investments

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D Expenses</td>
<td>7.1</td>
<td>8.5</td>
<td>-1.3</td>
</tr>
<tr>
<td>CAPEX</td>
<td>5.9</td>
<td>9.7</td>
<td>-3.8</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>7.6</td>
<td>6.5</td>
<td>+1.0</td>
</tr>
</tbody>
</table>

- Revenue recognition standards changed, starting this year: The standard for posting sales changed from the point of shipment to the point of installation completion. (Sales are not posted unless installation is completed.) Yen impact: +4.1 billion yen in net sales and +1.9 billion yen in operating income
- Depreciation and amortization: 0.9 billion yen higher due to changes in accounting standards (Lease standard changed from loan amount to depreciation and amortization expense.)
• Exchange rate effect: -0.5 billion yen  
  The yen value increased 2%, year-on-year, against the US dollar and was almost unchanged against the euro.

• Effect of sales decrease: -4.1 billion yen  
• Decrease in profitability: -0.4 billion yen  
  Profitability decreased due to segment mix changes and other factors. Expenses decreased due to expense-reduction measures and restrictions on sales activities.

• Decrease in expenses: +4.9 billion yen

• Revenue recognition standards: +1.9 billion yen

Analysis of Year-on-Year Increase/Decrease in Operating Income
AMI: Sales decreased and income increased

- Though overall sales decreased due to lower sales of non-key models, increased sales of key models resulted in record operating income, in terms of both yen value and percent.

MED: Sales and income decreased

- Sales of X-ray systems increased for pneumonia examinations, but demand stalled due to worsening financial performance of healthcare institutions impacted by COVID-19.

IM: Sales and income increased

- Sales were strong, driven by TMP sales for semiconductor manufacturing equipment, with sales growth in Japan, North America, China, and other Asian countries.

AE: Sales and income increased

- Large projects for the Ministry of Defense compensated for continuing severe business conditions in the commercial aircraft market.

Sales and Income by Business Segment

<table>
<thead>
<tr>
<th>Units: Billions of yen</th>
<th>AMI</th>
<th>MED</th>
<th>IM</th>
<th>AE</th>
<th>Other</th>
<th>Adjustments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2020</td>
<td>109.8</td>
<td>30.6</td>
<td>20.5</td>
<td>16.0</td>
<td>1.9</td>
<td>-0.9</td>
<td>178.8</td>
</tr>
<tr>
<td>FY 2019</td>
<td>113.4</td>
<td>34.9</td>
<td>19.5</td>
<td>15.2</td>
<td>3.5</td>
<td>-1.2</td>
<td>186.5</td>
</tr>
<tr>
<td>Change (YoY)</td>
<td>-3.7</td>
<td>-4.3</td>
<td>+1.0</td>
<td>+0.8</td>
<td>-1.6</td>
<td>+0.2</td>
<td>-7.7</td>
</tr>
<tr>
<td>Percent Increase/Decrease</td>
<td>-3%</td>
<td>-12%</td>
<td>+5%</td>
<td>+5%</td>
<td>-47%</td>
<td></td>
<td>-4%</td>
</tr>
</tbody>
</table>

Operating Income

<table>
<thead>
<tr>
<th>Units: Billions of yen</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Change (YoY)</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI</td>
<td>17.2</td>
<td>15.6</td>
<td>+1.5</td>
<td>+10%</td>
</tr>
<tr>
<td>MED</td>
<td>1.1</td>
<td>1.4</td>
<td>-0.3</td>
<td>-21%</td>
</tr>
<tr>
<td>IM</td>
<td>1.7</td>
<td>1.1</td>
<td>+0.6</td>
<td>+52%</td>
</tr>
<tr>
<td>AE</td>
<td>0.4</td>
<td>0.3</td>
<td>+0.1</td>
<td>+36%</td>
</tr>
<tr>
<td>Other</td>
<td>0.2</td>
<td>0.6</td>
<td>-0.4</td>
<td>-71%</td>
</tr>
<tr>
<td>Adjustments</td>
<td>-0.9</td>
<td>-1.2</td>
<td>+0.2</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>19.6</td>
<td>17.9</td>
<td>+1.8</td>
<td>+10%</td>
</tr>
</tbody>
</table>

Operating Margin

<table>
<thead>
<tr>
<th>Units: Billions of yen</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Change (YoY)</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI</td>
<td>15.6%</td>
<td>13.8%</td>
<td>+1.8%</td>
<td>+1.8%</td>
</tr>
<tr>
<td>MED</td>
<td>3.6%</td>
<td>4.0%</td>
<td>-0.4%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>IM</td>
<td>8.3%</td>
<td>5.8%</td>
<td>+2.5%</td>
<td>+2.5%</td>
</tr>
<tr>
<td>AE</td>
<td>2.6%</td>
<td>2.0%</td>
<td>+0.6%</td>
<td>+0.6%</td>
</tr>
<tr>
<td>Other</td>
<td>6.5%</td>
<td>13.7%</td>
<td>-7.2%</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Adjustments</td>
<td>11.0%</td>
<td>9.6%</td>
<td>+1.4%</td>
<td>+1.4%</td>
</tr>
</tbody>
</table>

• Net sales are external sales and operating margins are calculated by dividing external plus internal sales by operating income.
(1) FY 2020 1H Financial Position

(2) FY 2020 1H Results by Business Segment

(3) FY 2020 Forecast

(4) Supplementary Materials
### Key models:
- **62.4 billion yen (+0.5 billion yen or +1 % year-on-year):** Sales are recovering, with +1.7 billion yen and +5 % year-on-year increase in the second quarter.
  
  Sales increased for integrated LC products for pharmaceuticals, MS products for healthcare institutions, and GC products in the public health field.

- **47.4 billion yen (-4.2 billion yen or -8 % year-on-year):**
  
  Sales of novel coronavirus detection kits are strong, but overall sales decreased 8 % due to slow recovery of capital equipment investment levels in transport equipment and other industrial fields.

- **37.2 billion yen (+1.0 billion yen or +3 % year-on-year):**
  
  AM sales ratio: 34 % (+3 points)

  The novel coronavirus detection kits and LC products drove results.

### Analytical & Measuring Instruments Net Sales by Model

<table>
<thead>
<tr>
<th>Key Models</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>51.6 ( +13 %)</td>
<td>51.6 ( -0 %)</td>
<td>47.4 ( -8 %)</td>
</tr>
<tr>
<td>Key Models</td>
<td>59.5 ( +2 %)</td>
<td>61.9 ( +4 %)</td>
<td>62.4 ( +1 %)</td>
</tr>
</tbody>
</table>

### Analytical & Measuring Instruments Net Sales (billion yen)

<table>
<thead>
<tr>
<th>Model Type</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novel Coronavirus Detection Kit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Testing Machine</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOC Analyzer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spectrophotometer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i-Series Integrated Liquid Chromatograph</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas Chromatograph</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MALDI 8020</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid Chromatograph Mass Spectrometer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Analytical & Measuring Instruments
### Net Sales by Region

**Japan:** -8%  
Sales of novel coronavirus detection kits are strong, but sales decreased for testing machines, nondestructive inspection machines, and other products for transport equipment.

**Outside Japan:** Flat  
Recovery trend continued in China and sales to healthcare institutions in North America also increased, driven by mass spectrometer systems, but sales continued to decrease in Europe and other Asian countries, due to impacts from the COVID-19 pandemic.

**Overseas sales ratio:** 61.7% (59.7% or +2 points year-on-year)

<table>
<thead>
<tr>
<th>Region</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Increase/ Decrease</th>
<th>Percent Increase/ Decrease</th>
<th>Overview</th>
</tr>
</thead>
</table>
| Japan                 | 42.1    | 45.7    | -3.6               | -8%                        | • Sales of novel coronavirus detection kits increased.  
• Sales of testing machines, nondestructive inspection machines, and other products decreased in transport equipment, chemical, and electrical fields.  
• Sales decreased due to a reactionary decline after the temporary demand increase before the consumption tax rate increased in Japan the previous year. |
| Outside Japan         | 67.7    | 67.7    | -0.1               | -0%                        | • Recovery continued in China.  
• Sales increased in North America, driven by mass spectrometer systems for healthcare institutions.  
• Sales decreased in Europe and other Asian countries. |
| China                 | 28.1    | 25.0    | +3.1               | +13%                       | • Liquid chromatograph and mass spectrometer system sales were strong in pharmaceutical and food safety fields, due to active government investments in fighting the pandemic and the announcement of the 2020 Chinese Pharmacopoeia scheduled for release in December. |
| North America         | 12.3    | 12.1    | +0.3               | +2%                        | • The first quarter was impacted by lockdowns, but increased public health control measures at healthcare institutions resulted in strong sales of MALDI-MS systems for identifying microorganisms inside hospitals. |
| Europe                | 11.3    | 12.0    | -0.7               | -6%                        | • In Russia, sales of liquid chromatographs and mass spectrometer systems increased in the food safety field, due to measures for promoting agricultural and food exports to Europe and other factors.  
• Sales to academia decreased due to temporary university closures throughout Europe. |
| Other Asian Countries | 12.1    | 13.8    | -1.7               | -12%                       | • In India, sales of liquid chromatographs for pharmaceuticals increased, due to a return to manufacturing drug substances domestically after bottlenecks occurred in imports from China.  
• Sales decreased during the first quarter due to impacts from lockdowns, but are recovering in the second quarter. |
Analytical & Measuring Instruments

**Ratio of Net Sales by Market**

<table>
<thead>
<tr>
<th>Markets and Main Industries</th>
<th>Year-on-Year Change in Net Sales</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>+8 %</td>
<td>• Pharmaceutical and healthcare institution sales increased globally.</td>
</tr>
<tr>
<td>• Pharmaceuticals and foods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Healthcare institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Contract analysis laboratories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>-5 %</td>
<td>• Sales increased in China, but decreased in other regions.</td>
</tr>
<tr>
<td>• Chemicals and materials</td>
<td></td>
<td>• Automotive sales decreased significantly.</td>
</tr>
<tr>
<td>• Electrical</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Automotive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academia/Government</td>
<td>-10 %</td>
<td>• Academia sales decreased due to temporary closures.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Government sales decreased due to bidding postponements.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sales are recovering due to release of government funding and resumption of bidding.</td>
</tr>
</tbody>
</table>
• X-ray systems: 23.2 billion yen (-0.9 billion yen or -4% year-on-year)
  Sales of mobile X-ray systems used for COVID-19-related pneumonia examinations increased.
  Sales of angiography and fluoroscopy systems decreased due to stagnation in market conditions.
• Other: 7.4 billion yen (-3.4 billion yen or -32% year-on-year)
• Aftermarket (AM): 10.3 billion yen (-0.4 billion yen or -4% year-on-year) AM sales ratio: 34% (+3 points)
Medical Systems
Net Sales by Region

- **Japan:** -29 %  
Sales decreased due to worsening financial performance of healthcare institutions impacted by the COVID-19 pandemic, delays in capital equipment investments, and a reactionary decline after demand temporarily increased before the consumption tax rate increased in Japan last year.

- **Outside Japan:** +17 %  
Sales of mobile X-ray systems increased in major regions outside Japan.

- **Overseas sales ratio:** 48.1 % (36.0 % or +12 points year-on-year)

<table>
<thead>
<tr>
<th>Region</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Increase/ Decrease</th>
<th>Percent Increase/ Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>15.9</td>
<td>22.3</td>
<td>-6.4</td>
<td>-29 %</td>
</tr>
<tr>
<td>Outside Japan</td>
<td>14.7</td>
<td>12.5</td>
<td>+2.2</td>
<td>+17 %</td>
</tr>
<tr>
<td>North America</td>
<td>4.3</td>
<td>3.6</td>
<td>+0.7</td>
<td>+20 %</td>
</tr>
<tr>
<td>Other Asian Countries</td>
<td>2.9</td>
<td>2.2</td>
<td>+0.6</td>
<td>+29 %</td>
</tr>
<tr>
<td>Europe</td>
<td>2.1</td>
<td>1.7</td>
<td>+0.4</td>
<td>+25 %</td>
</tr>
<tr>
<td>China</td>
<td>2.7</td>
<td>2.5</td>
<td>+0.2</td>
<td>+7 %</td>
</tr>
</tbody>
</table>

**Overview**

- Capital equipment investment plans were postponed or frozen by healthcare institutions due to impacts from the COVID-19 pandemic.
- Sales decreased due to a reactionary decline after the temporary demand increase before the consumption tax rate increased in Japan the previous year.
- Sales of mobile X-ray systems for diagnosing pneumonia increased in major regions outside Japan.
- Sales of mobile X-ray systems increased.
- Results were affected by the acquisition of a sales subsidiary (CMI) last year.
- Mobile X-ray system sales drove results.
- Mobile X-ray system sales increased.
- General radiography system sales increased in Eastern Europe and Russia.
- Mobile X-ray system sales increased.
- Mobile X-ray system sales increased.
- Sales were impacted by postponed bidding and worsening profitability at healthcare institutions.
**Industrial Machinery**

**Net Sales by Model**

- **TMP**: 10.1 billion yen (+3.1 billion yen or +43% year-on-year)
- **Hydraulic**: 5.3 billion yen (-1.3 billion yen or -18% year-on-year)
- **Other**: 5.1 billion yen (-0.8 billion yen or -13% year-on-year)
- **TMP aftermarket (AM)**: 1.9 billion yen (+0.1 billion yen or +7% year-on-year)

**Breakdown**

- **TMP**: 20.5 billion yen (+5%)
  - Model with Integrated Power Supply: 10.1 billion yen (+43%)
  - Model with Standalone Power Supply: 5.3 billion yen (-18%)
- **Hydraulic**: 19.5 billion yen (-15%)
  - Hydraulic Equipment: 5.9 billion yen (+1%)
  - Gear Pump Control Valve: 5.6 billion yen (-26%)
- **Other**: 22.8 billion yen (+11%)
  - Glass Winder: 6.7 billion yen (+28%)
  - Industrial Furnace Balancer: 6.5 billion yen (+4%)

**Notes**

- TMP sales were strong for semiconductor manufacturing equipment, with record first-half sales.
- Demand decreased for forklifts and small construction machinery.
- Glass winder sales decreased due to capital equipment investment reluctance and other factors.

**1st Half Results & Financial Position, Ended March 2021**
Aircraft Equipment

- **Commercial aircraft**: 2.1 billion yen (-1.0 billion yen or -33 % year-on-year)
  
  Sales decreased due to a major decrease in commercial aircraft production, mainly by Boeing.

- **Defense**: 13.9 billion yen (+1.8 billion yen or +15 % year-on-year)
  
  Sales increased due to large projects for the Ministry of Defense.

### Aircraft Equipment Net Sales (billion yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>2.5 (+21 %)</td>
<td>3.1 (+23 %)</td>
<td>2.1 (-33 %)</td>
</tr>
<tr>
<td>Defense</td>
<td>9.9 (-11 %)</td>
<td>12.1 (+22 %)</td>
<td>13.9 (+15 %)</td>
</tr>
</tbody>
</table>

**Aircraft Equipment**

- **Power Drive Unit Gearboxes**
- **Control Valve Modules**
- **Stabilizer Trim Actuator**
- **Flap Actuators**
- **Angle Gearbox**

*Real Percent Increase/Decrease Excluding exchange rate effects.*

1st Half Results & Financial Position, Ended March 2021
(1) FY 2020 1H Financial Position
(2) FY 2020 1H Results by Business Segment
(3) FY 2020 Forecast
(4) Supplementary Materials
## Business Environment (Second Half)

### Year-on-Year Comparison

<table>
<thead>
<tr>
<th>Segment</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AMI</strong></td>
<td></td>
</tr>
<tr>
<td>Healthcare</td>
<td>• Good: With measures to deploy businesses outside Japan more fully underway, sales will expand for in vitro diagnostic drugs for detection of COVID-19. Sales will increase in pharmaceutical and virus research fields. In China, demand will increase due to release of a new pharmacopoeia edition (scheduled in December).</td>
</tr>
<tr>
<td>Academia/government</td>
<td>• Fair: Academic institutions will successively resume operations and bidding for government projects will also start. Demand will expand due to strengthened efforts by governments in various countries to research and develop infectious disease countermeasures.</td>
</tr>
<tr>
<td>Industry</td>
<td>• Poor: Though there are indications of a recovery trend in some areas, decreased capital equipment investment levels and other severe conditions will remain in a wide range of fields, such as automotive, steel and chemical materials, and machinery.</td>
</tr>
<tr>
<td><strong>MED</strong></td>
<td></td>
</tr>
<tr>
<td>Public hospitals</td>
<td>• Fair: Demand for mobile X-ray systems is expected to remain strong to a certain level in the second half as well. Conditions for operating businesses will remain severe, but capital equipment investment levels are expected to increase, due to government grants.</td>
</tr>
<tr>
<td>Private sector hospitals</td>
<td>Poor: Demand for mobile X-ray systems is expected to remain strong to a certain level in the second half as well. New installations and replacements of existing medical equipment not related to the coronavirus will remain stalled.</td>
</tr>
<tr>
<td><strong>IM</strong></td>
<td></td>
</tr>
<tr>
<td>TMP</td>
<td>• Good: Sales for semiconductor manufacturing equipment will remain strong.</td>
</tr>
<tr>
<td>Hydraulic</td>
<td>• Fair: Sales will remain strong in China, with demand recovering for forklifts and small construction machinery.</td>
</tr>
<tr>
<td>Industrial furnaces and glass winders</td>
<td>Fair: Sales are recovering, mainly in China.</td>
</tr>
<tr>
<td><strong>AE</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial aircraft</td>
<td>• Poor: Commercial aircraft production will continue to decrease, with the business environment remaining severe.</td>
</tr>
</tbody>
</table>
FY 2020 Earnings Forecast

- Considering first-half results and the future business environment, net sales and operating income were adjusted upward to 365 billion yen and 38 billion yen, respectively.
- The interim dividend was increased to 15 yen, 2 yen higher than estimated at the beginning of the year, and the annual dividend was adjusted upward to 28 yen.

### Business Results

<table>
<thead>
<tr>
<th>Units: Billions of yen</th>
<th>FY 2020</th>
<th>Beginning-of-Year Estimate</th>
<th>FY 2019</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>365.0</td>
<td>340.0</td>
<td>385.4</td>
<td>+25.0</td>
<td>+7.4%</td>
<td>-20.4</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>38.0</td>
<td>22.0</td>
<td>41.8</td>
<td>+16.0</td>
<td>+38.2%</td>
<td>-3.8</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>10.4%</td>
<td>6.5%</td>
<td>10.9%</td>
<td>+3.9pt</td>
<td>—</td>
<td>-0.4pt</td>
<td>—</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>37.5</td>
<td>22.0</td>
<td>42.7</td>
<td>+15.5</td>
<td>+36.3%</td>
<td>-5.2</td>
<td>-12.1%</td>
</tr>
<tr>
<td>Profit Attributable to Owners of Parent</td>
<td>27.0</td>
<td>16.0</td>
<td>31.8</td>
<td>+11.0</td>
<td>+34.6%</td>
<td>-4.8</td>
<td>-15.0%</td>
</tr>
</tbody>
</table>

### Exchange Rate Effect

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>Beginning-of-Year Estimate</th>
<th>FY 2019</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>-3.9 billion yen</td>
<td>-20.4</td>
<td>-5.3%</td>
<td>-20.4</td>
<td>-5.3%</td>
<td>-2.6%</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>-1.3 billion yen</td>
<td>-3.8</td>
<td>-9.2%</td>
<td>-3.8</td>
<td>-9.2%</td>
<td>-2.4%</td>
<td></td>
</tr>
</tbody>
</table>

### Dividends

- Interim dividend: 15 yen
  (13 yen in beginning-of-year estimate and 15 yen the previous year)
- Year-end dividend: 13 yen
  (13 yen in beginning-of-year estimate and 15 yen the previous year)
- Annual dividend: 28 yen
  (26 yen in beginning-of-year estimate and 30 yen the previous year)

- Depreciation and amortization: 1.7 billion yen higher due to changes in accounting standards (Lease standard changed from loan amount to depreciation and amortization expense.)
## FY 2020 Earnings Forecast by Business Segment

**AMI:** Recovery trend in China. Severe conditions will continue in regions other than China, due to COVID-19.  
**MED:** Markets will stagnate globally due to severe management conditions for medical institutions.  
**IM:** TMP sales for semiconductor manufacturing equipment will be strong. Recovery of industrial furnace and glass winder sales will take time in regions other than China.  
**AE:** Severe conditions will continue for both the defense and commercial aircraft equipment businesses.

### Net Sales

<table>
<thead>
<tr>
<th></th>
<th>Units: Billions of yen</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI</td>
<td></td>
<td>228.0</td>
<td>236.2</td>
<td>-8.2</td>
<td>-3%</td>
</tr>
<tr>
<td>MED</td>
<td></td>
<td>62.0</td>
<td>70.2</td>
<td>-8.2</td>
<td>-12%</td>
</tr>
<tr>
<td>IM</td>
<td></td>
<td>42.5</td>
<td>43.0</td>
<td>-0.5</td>
<td>-1%</td>
</tr>
<tr>
<td>AE</td>
<td></td>
<td>28.5</td>
<td>30.0</td>
<td>-1.5</td>
<td>-5%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>4.0</td>
<td>6.0</td>
<td>-2.0</td>
<td>-33%</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
<td>-2.7</td>
<td>-2.8</td>
<td>+0.1</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>365.0</td>
<td>385.4</td>
<td>-20.4</td>
<td>-5%</td>
</tr>
</tbody>
</table>

### Operating Income

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Changes</th>
<th>Percent Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI</td>
<td>33.5</td>
<td>35.8</td>
<td>-2.3</td>
<td>-6%</td>
</tr>
<tr>
<td>MED</td>
<td>2.4</td>
<td>3.2</td>
<td>-0.8</td>
<td>-25%</td>
</tr>
<tr>
<td>IM</td>
<td>3.7</td>
<td>3.7</td>
<td>+0</td>
<td>+1%</td>
</tr>
<tr>
<td>AE</td>
<td>0.6</td>
<td>0.8</td>
<td>-0.2</td>
<td>-24%</td>
</tr>
<tr>
<td>Other</td>
<td>0.5</td>
<td>1.2</td>
<td>-0.7</td>
<td>-58%</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
<td>-2.7</td>
<td>-2.8</td>
<td>+0.1</td>
</tr>
<tr>
<td>Total</td>
<td>38.0</td>
<td>41.8</td>
<td>-3.8</td>
<td>-9%</td>
</tr>
</tbody>
</table>

### Operating Margin

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>YoY Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI</td>
<td>14.7%</td>
<td>15.1%</td>
<td>-0.4pt</td>
</tr>
<tr>
<td>MED</td>
<td>3.9%</td>
<td>4.5%</td>
<td>-0.7pt</td>
</tr>
<tr>
<td>IM</td>
<td>8.7%</td>
<td>8.5%</td>
<td>+0.2pt</td>
</tr>
<tr>
<td>AE</td>
<td>2.1%</td>
<td>2.6%</td>
<td>-0.5pt</td>
</tr>
<tr>
<td>Other</td>
<td>8.6%</td>
<td>15.4%</td>
<td>-6.8pt</td>
</tr>
<tr>
<td>Adjustments</td>
<td>10.4%</td>
<td>10.9%</td>
<td>-0.4pt</td>
</tr>
</tbody>
</table>
Key Measures for the Second Half

- Given ongoing COVID-19 impacts, accurately identify market trends, such as growing or shrinking markets, and ensure they are reflected in business strategies.
- Implement the emergency management measures started in April.

1. Promote infectious disease countermeasure projects
2. Expand market share of especially key models
3. Promote businesses with recurring revenues (subscription, e-commerce, and pay-as-you-go based businesses)
4. Assess regional strategies based on changes in business environments
5. Continue emergency management measures
### Key Second-Half Measures for Each Business Segment

#### Analytical and Measuring Instruments
- Accelerate deployment of all infectious disease countermeasure businesses.
- Expand sales of key models (LC, MS, and GC) and develop new fields.
- Release new products, such as the new i-series, and expand sales.
- Expand the aftermarket business, such as for columns and stable isotope reagents.

#### Industrial Machinery
- Expand market share by promoting differentiation based on technical capabilities.
- Provide a timely supply of TMPs for increasing production quantities of semiconductor manufacturing equipment due to expanding demand for semiconductors used for 5G or data center applications.

#### Medical Systems
- Expand new solution-based businesses, such as for subscription services or software with advanced functionality.
- Continue to satisfy increased global demand for mobile X-ray systems.
- Promote cost and expense reductions based on using IoT or other digital technologies for business processes.

#### Aircraft Equipment
- Continue reducing costs/expenses and optimizing the allocation of personnel.
- Select and focus on target products.

---

| Turbomolecular Pump with Magnetic Bearings | Turbomolecular Pump with Composite Bearings |
Key Models: Liquid Chromatographs
Strengthen and Expand Product Line

- Strengthen functionality for working remotely:
  - Advance i-Series—new products for a “new normal” living with or after the COVID-19 virus
- Expand line of new products:
  - Expand the scope of application fields for liquid chromatographs and develop new fields.

**New i-Series**

- **Advanced i-Series**
  - Includes functionality for remote operation and monitoring.
  - Unique analysis functionality enables data analysis that is not operator proficiency-dependent.
  - Installed touch panel is pretreated with antibacterial treatment.
  - Stable baselines are less affected by room temperature variations.

- **LC-2030C NT Model Compatible with Slide-In Columns**
  - Includes on-chip LC column capability.
  - Slide-in columns require no tools.
  - Process steps through to the end of analysis can be automated using intuitive operations.
  - Intended as dedicated analyzer.

- **Multiplexing LCMS**
  - Two flow channels included in the same autosampler increases the utilization ratio.
  - Unique injection/rinsing mechanism efficiently eliminates residual components.

- **Nanomaterial Fractionation System**
  - Selectively and accurately fractionates 10 nm-class nanoparticles.
  - Helps improve the performance of electronic components.
Key Models: Mass Spectrometer Systems
Strengthen and Expand Product Line

- **Release two high-end models:**
  Expand market share in medical, drug discovery, clinical, and other markets and develop new fields.
- **Offer comprehensive mass spectrometer solutions:**
  Also release data analysis software and pretreatment systems.

**LCMS System with World-Class High Sensitivity**
- Achieves reliable high-sensitivity analysis by eliminating contaminants.
- Develop broader applicability within medical, drug discovery, food, and other fields.

**Imaging Mass Microscope**
- Acquires sample positional information with world-class sensitivity by integrating optical imaging with MS imaging.
- Develop medical, drug discovery, and other fields.

**Released Peakintelligence Ver. 2 AI Software for High-Sensitivity LCMS Analysis**
- Significantly shortens time required for data analysis work.
- Offered as a subscription service.

**Sample Pretreatment System (Class I Medical Device)**
- Fully automates all steps, from pretreatment to analysis, for blood, urine, and other samples.

Manufacturing and sales notification No. (for healthcare use)
26B1X00003900003

Manufacturing and sales notification No. (for healthcare use)
26B1X00003900003
Infectious Disease Countermeasure Projects:
(1) Family of Products Involved in Contributing to Business Performance

- Strengthen measures to offer solutions for analyzing viruses, bacteria, and other pathogens.
- Collaborate with universities, healthcare institutions, and others based on two perspectives—preventing the spread of the COVID-19 pandemic and preparing countermeasures for infectious diseases in general, which is a new challenge for the future.

**Virus Testing**

- **Novel Coronavirus Detection Kit**
  - Simplify pretreatment to enable PCR testing in 70 minutes, half the time previously required. Obtain approval to manufacture/sell as drug for in vitro diagnostics by saliva test.

- **Measuring Blood Concentration of Candidate Therapeutic Drugs for COVID-19**
  - With stable isotope reagents, LCMS can be used to monitor the concentration of therapeutic drugs measured in the bloodstream.

**Pathological Diagnosis and Infection Prevention**

- **Mobile X-Ray System**
  - Quickly diagnose pneumonia from bedside in patient rooms.

- **Self-Patient Interview System**
  - System screens patients at healthcare institutions without human intervention to reduce infection risk.

**Therapeutic Drug Development Support**

- **New Therapeutic Drug Development Support**
  - Supply analytical instruments and reagents mainly for mass spectrometers used for developing therapeutic drugs for infectious diseases at pharmaceutical companies and academic institutions.

**Reagents**

- LCMS
- Imaging Mass Microscope
- Stable Isotope Reagent

**Instruments**

- FTIR
- UV
- GC
- Shimadzu mobile X-ray system used to fight pandemic
- With stable isotope reagents, LCMS can be used to monitor the concentration of therapeutic drugs measured in the bloodstream.

- System screens patients at healthcare institutions without human intervention to reduce infection risk.
Infectious Disease Countermeasure Projects: (2) Deploy Reagent Kits

- Accelerate business deployment, such as by releasing reagent kits and expanding applicability.
- Start service with healthcare institutions that issues proof of negative test results for overseas business travelers.
- Also contribute to preventing infection by ongoing testing in cooperation with academic institutions and companies.

### First-Half Results: Released Reagent Kits and Expanded Applicability

<table>
<thead>
<tr>
<th>Month</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>Released reagent kits for research.</td>
</tr>
<tr>
<td>May</td>
<td>Confirmed efficacy of saliva testing.</td>
</tr>
<tr>
<td>July</td>
<td>Started PCR testing service.</td>
</tr>
<tr>
<td>September</td>
<td>Obtained approval to manufacture/sell as in vitro diagnostic drug.</td>
</tr>
<tr>
<td></td>
<td>Started sales outside Japan.</td>
</tr>
</tbody>
</table>

### Future Measures: Collaborate with Government, Academic, and Corporate Organizations

<table>
<thead>
<tr>
<th>Month</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>Started PCR testing service.</td>
</tr>
<tr>
<td></td>
<td>Issued proof of negative test results for overseas business travelers.</td>
</tr>
<tr>
<td>September</td>
<td>Engaged in broad partnership with Kyoto Sangyo University.</td>
</tr>
<tr>
<td></td>
<td>Prevented spread of infection by infected people without symptoms.</td>
</tr>
<tr>
<td></td>
<td>Provided support for safe on-campus activities.</td>
</tr>
<tr>
<td>October</td>
<td>Entered business partnership with Canon Medical Systems Corporation.</td>
</tr>
<tr>
<td></td>
<td>Offered specimen treatment solutions (Ampdirect) developed by Shimadzu.</td>
</tr>
<tr>
<td></td>
<td>Provided support for development of fluorescent lamp method.</td>
</tr>
</tbody>
</table>
This document contains forward-looking statements. Forecasts of future business performance that appear in this document are predictions made by the company’s management team that are based on information available when these materials were prepared and are subject to risks and uncertainties. Consequently, actual results may differ materially from the forecasts indicated above. Factors that may influence actual business performance include, but are not limited to, economic conditions within and outside Japan, changes in technologies in markets, and fluctuations in exchange rates.

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