

Nov. 5, 2021

# Operating Results and Financial Position

## (For the Six Months Ended September 30, 2021)

### 1. Operating Results

#### (1) Consolidated Overview

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

Given such circumstances, the Analytical & Measuring Instruments segment achieved strong sales of its strongest products, liquid chromatographs and mass spectrometer systems, in healthcare and government/academia fields. Sales of novel coronavirus detection kits and fully automatic PCR testing systems also increased. For the Medical Systems segment, sales started to recover especially in Japan. For the Industrial Machinery segment, turbomolecular pumps sales were strong for semiconductor manufacturing equipment and hydraulic equipment sales were also strong due to a recovery in capital equipment investment levels. The Aircraft Equipment segment struggled due to a reactionary decline in the defense field after the large projects during the previous year and due to lower demand for commercial aircraft equipment.

Given the above, Shimadzu achieved record consolidated business results for the second quarter, with net sales of 202,067 million yen (a year-on-year increase of 13.0 %), operating income of 28,836 million yen (a year-on-year increase of 46.8 %), ordinary income of 29,366 million yen (a year-on-year increase of 50.9 %), and profit attributable to owners of parent of 20,485 million yen (a year-on-year increase of 47.2 %).

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

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

## I. Analytical & Measuring Instruments

In the healthcare field, sales of liquid chromatographs and mass spectrometer systems, Shimadzu's strongest products, were strong for drug and contract analysis applications. Sales of novel coronavirus detection kits and fully automatic PCR testing systems increased. In the manufacturing industry, sales began recovering due to increased gas chromatograph sales for chemical applications. In the government/academia field, sales of liquid chromatographs, mass spectrometer systems, and other products increased due to governments in various countries implementing budgets and academic institutions resuming operations.

As a result, the Analytical & Measuring Instruments segment posted sales of 130,603 million yen (a year-on-year increase of 19.0 %) and an operating income of 24,339 million yen (a year-on-year increase of 45.2 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for Second Quarter of FY 2020 (million yen)	Consolidated Results for Second Quarter of FY 2021 (million yen)	Percent Increase/Decrease (%)	Overview
Japan	42,089	49,487	17.6	Sales of novel coronavirus detection kits and fully automatic PCR testing systems increased. Government sales increased significantly by capitalizing on the demand fueled by supplementary budget appropriations.
North America	12,343	15,043	21.9	Capital equipment investment by private sector companies expanded. In addition to strong sales of liquid chromatographs and other products for pharmaceutical and clinical applications, government/academia demand started recovering. Novel coronavirus detection kit sales also contributed to results.
Europe	11,332	13,792	21.7	Sales of liquid chromatographs and mass spectrometer systems increased significantly, not only due to a recovery in demand for food safety and contract analysis applications, but also because the impacts of lockdowns on academia the previous year were resolved.
China	28,145	32,754	16.4	Liquid chromatograph and mass spectrometer system sales were strong for pharmaceutical and food safety applications, due to increasing capital equipment investments by pharmaceutical manufacturers and contract analysis companies and due to stricter food safety regulations. Also, gas chromatograph sales increased for chemical applications.
Other Asian Countries	12,132	14,243	17.4	Though sales were impacted by the resurgence in COVID-19 infections, sales of liquid chromatographs and mass spectrometer systems increased for pharmaceutical applications.

## II. Medical Systems

With capital equipment investment levels by healthcare institutions starting to recover, demand continued to return, especially within Japan. Though demand for mobile X-ray systems used to diagnose pneumonia associated with COVID-19 decreased in all but a few regions, demand for general radiography systems and fluoroscopy systems increased.

As a result, the Medical Systems segment posted sales of 32,058 million yen (a year-on-year increase of 4.7 %) and operating income of 2,691 million yen (a year-on-year increase of 92.4 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for Second Quarter of FY 2020 (million yen)	Consolidated Results for Second Quarter of FY 2021 (million yen)	Percent Increase/Decrease (%)	Overview
Japan	15,888	18,195	14.5	Fluoroscopy system and general radiography system sales increased and the aftermarket business was strong due to recovering capital equipment investment levels associated with demand fueled by supplementary budget appropriations.
North America	4,277	3,968	-7.2	Though capital equipment investment levels at healthcare institutions are recovering, demand for mobile X-ray systems decreased.
Europe	2,072	1,482	-28.5	Demand for mobile X-ray systems significantly decreased.
China	2,670	2,366	-11.4	Investment in capital equipment stalled due to intensifying competition with domestic products, bidding delays, and other factors.
Other Asian Countries	2,880	3,179	10.4	Sales of mobile X-ray systems increased significantly due to a resurgence of the COVID-19 pandemic in Southeast Asia.

## III. Industrial Machinery

Turbomolecular pump sales were strong due to increased semiconductor demand for 5th generation communication network compliance, IoT or other DX measures, and other factors. Glass winder sales also increased significantly, due to expanding demand for glass fiber used in circuit boards. Sales of hydraulic equipment also significantly increased due to recovering demand in industrial vehicle and construction machinery fields.

As a result, the Industrial Machinery segment posted sales of 26,754 million yen (a year-on-year increase of 30.5 %) and operating income of 2,711 million yen (a year-on-year increase of 98.0 %) due to increased sales and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for Second Quarter of FY 2020 (million yen)	Consolidated Results for Second Quarter of FY 2021 (million yen)	Percent Increase/Decrease (%)	Overview
Japan	10,835	13,225	22.1	Sales were strong for turbomolecular pumps used in semiconductor manufacturing equipment and for hydraulic equipment used in industrial vehicles and construction machinery.
North America	2,715	3,666	35.0	Sales were strong for turbomolecular pumps used in semiconductor manufacturing equipment and for hydraulic equipment used in industrial vehicles and construction machinery.
Europe	1,054	1,464	38.8	Turbomolecular pump sales were strong for use in semiconductor manufacturing equipment.
China	3,900	5,799	48.7	Turbomolecular pump sales were strong for use in semiconductor manufacturing equipment and for glass construction materials. Hydraulic equipment and glass winder sales also increased significantly.
Other Asian Countries	1,951	2,543	30.4	Glass winder sales increased significantly. Sales of turbomolecular pump aftermarket services were also strong.

#### IV. Aircraft Equipment

Sales in the defense field decreased significantly due to a reactionary decline after large projects during the previous year. Commercial aircraft equipment sales decreased due to lower demand for aircraft caused by the COVID-19 pandemic.

As a result, the Aircraft Equipment segment posted sales of 10,206 million yen (a year-on-year decrease of 36.2 %) and an operating loss of 332 million yen (an 859 million yen operating income during the same period last year) due to decreased sales in the defense field and other factors.

Net sales broken down by major regions are indicated below.

	Consolidated Results for Second Quarter of FY 2020 (million yen)	Consolidated Results for Second Quarter of FY 2021 (million yen)	Percent Increase/Decrease (%)	Overview
Japan	13,979	8,362	-40.2	Reactionary decline in the defense field following the large projects in the previous year
North America	1,929	1,731	-10.3	Demand decreased for commercial aircraft equipment.

#### V. Other

Other business segments posted sales of 2,444 million yen (a year-on-year increase of 29.7 %) and operating income of 338 million yen (a year-on-year increase of 90.9 %).

##### (2) Consolidated Outlook

Uncertainty is predicted to continue in the business environment due to a global shortage of semiconductors, geopolitical risks like the conflict between the U.S. and China, and other factors. On the other hand, increasing vaccination rates in Japan and other countries are expected to help restore normal activities in society and the economy.

Given the current business environment, we will increase sales by focusing efforts on increasing sales of strong liquid chromatograph and mass spectrometer products in the healthcare market, such as for pharmaceuticals, especially in North America and Europe, and by increasing our market share of turbomolecular pumps used in the semiconductor market, where demand is continuing to expand.

We have revised the consolidated earnings forecast announced on August 5, 2021, to reflect the progress in results achieved during the second quarter of this fiscal year.

(Units: Millions of yen)

	Consolidated Earnings Forecast for Year Ending March 2022	Percent Increase/Decrease Year-on-Year	(Reference) Previous Forecast
Net Sales	420,000	6.7 %	410,000
Operating Income	59,000	18.6 %	53,000
Ordinary Income	60,000	24.0 %	52,000
Profit Attributable to Owners of Parent	43,000	19.1 %	39,000

Note: The forecasted results above were calculated based on information available on the date this report was released. Actual results may vary from forecast values, due to various factors in the future.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In million yen)

	As of September 30, 2021	As of March 31, 2021
<b>Assets</b>		
Current assets:		
Cash and time deposits	¥133,009	¥112,760
Trade notes, accounts receivable, and contract assets	103,920	117,857
Merchandise and products	58,354	59,117
Work in process	19,755	18,383
Raw materials and supplies	21,628	20,150
Other	8,469	9,296
Allowance for doubtful receivables	(1,909)	(2,119)
Total current assets	¥343,228	¥335,446
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	¥52,221	¥53,016
Machinery, equipment and vehicles, net	6,447	6,366
Land	18,952	18,955
Leased assets, net	1,997	2,275
Construction in progress	1,853	1,703
Other, net	19,583	20,075
Total property, plant and equipment	¥101,056	¥102,392
Intangible fixed assets	¥11,029	¥11,615
Investments and other assets:		
Investment securities	¥15,106	¥13,663
Long-term receivables	141	132
Assets related to retirement benefits	19,413	19,175
Deferred tax assets	11,604	11,498
Other	3,840	3,883
Allowance for doubtful receivables	(346)	(348)
Total investments and other assets	¥49,759	¥48,005
Total noncurrent assets	¥161,845	¥162,013
Total assets	¥505,073	¥497,459

(In million yen)

	As of September 30, 2021	As of March 31, 2021
<b>Liabilities</b>		
Current liabilities:		
Trade notes and accounts payable	¥55,093	¥61,424
Short-term loans	1,488	1,462
Lease obligations	3,230	3,568
Accounts payable	11,864	12,960
Income taxes payable	7,083	7,645
Contract liabilities	35,862	35,696
Allowance for employees' bonuses	11,049	11,430
Allowance for director's bonuses	199	292
Provision for loss on order received	75	126
Provision for loss on fire	527	—
Other	9,056	9,490
Total current liabilities	¥135,530	¥144,096
Long-term liabilities:		
Long-term debt	¥243	¥281
Lease obligations	4,638	4,945
Liability for directors' retirement benefits	141	132
Liability for retirement benefits	11,193	11,342
Liability for stock benefits	98	89
Other	888	1,066
Total long-term liabilities	¥17,204	¥17,857
Total liabilities	¥152,735	¥161,954
<b>Net assets</b>		
Shareholders' capital:		
Common stock	¥26,648	¥26,648
Additional paid-in capital	34,910	34,910
Retained earnings	277,851	262,966
Treasury stock	(1,243)	(1,259)
Total shareholders' capital	¥338,167	¥323,267
Accumulated other comprehensive income:		
Net unrealized gain on available-for-sale securities	¥7,627	¥6,579
Foreign currency translation adjustments	978	118
Cumulative adjustments to retirement benefits	5,565	5,540
Total accumulated other comprehensive income	¥14,170	¥12,237
Total net assets	¥352,338	¥335,504
Total liabilities and net assets	¥505,073	¥497,459

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

### Consolidated Statements of Operations

	(In million yen)	
	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020
Net sales	¥202,067	¥178,765
Cost of sales	117,859	108,830
Gross profit	¥84,208	¥69,935
Selling, general and administrative expenses	¥55,371	¥50,296
Operating income	¥28,836	¥19,638
Other income:		
Interest income	¥132	¥109
Dividend income	151	264
Insurance payments received	58	112
Subsidy received	373	298
Other	282	248
Total other income	¥998	¥1,033
Other expenses:		
Interest expenses	¥85	¥72
Foreign exchange loss	61	619
Other	321	520
Total other expenses	¥468	¥1,212
Ordinary income	¥29,366	¥19,459
Extraordinary income:		
Gain on sale of property, plant and equipment	¥74	¥37
Total extraordinary income	¥74	¥37
Extraordinary losses:		
Loss on fire	¥758	—
Loss on disposal of property, plant and equipment	67	79
Loss on write-down of investment securities	13	61
Total extraordinary losses	¥839	¥141
Income before income taxes	¥28,601	¥19,354
Income taxes	8,637	3,094
Income taxes adjustments	(521)	2,343
Total income taxes and income taxes adjustments	¥8,115	¥5,438
Profit	¥20,485	¥13,916
Profit attributable to owners of parent	¥20,485	¥13,916

### Consolidated Statements of Comprehensive Income

	(In million yen)	
	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020
Profit	¥20,485	¥13,916
Other comprehensive income:		
Unrealized gain/loss on available-for-sale securities	¥1,048	¥2,269
Foreign currency translation adjustments	860	304
Retirement benefit adjustments	24	(55)
Total other comprehensive income	¥1,933	¥2,518
Comprehensive income	¥22,419	¥16,435
(Break down)		
Comprehensive income attributable to owners of parent	¥22,419	¥16,435
Comprehensive income attributable to non-controlling interests	—	—

### (3) Consolidated Statements of Cash Flows

(In million yen)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020
Cash flows from operating activities		
Income before income taxes	¥28,601	¥19,354
Depreciation and amortization	8,031	7,577
Loss on fire	758	—
Increase (decrease) in allowance for doubtful receivables	(225)	37
Increase (decrease) in allowance for employees' bonuses	(390)	(224)
Increase (decrease) in allowance for director's bonuses	(93)	(125)
Increase in assets and liabilities for retirement benefits	(382)	168
Interest and dividends income	(284)	(374)
Interest expense	85	72
Foreign exchange (gain) loss, net	(75)	17
Net (gain) loss on sale and valuation of investment securities	13	61
Net (gain) loss on sale and disposal of property, plant and equipment	(6)	42
(Increase) decrease in trade receivables	14,226	14,981
(Increase) decrease in inventories	(2,457)	222
Increase (decrease) in trade payables	(6,563)	(11,148)
Increase (decrease) in contract liabilities	(95)	—
Other, net	(545)	6,179
Subtotal	¥40,596	¥36,844
Interest and dividends received	285	375
Interest paid	(84)	(71)
Income taxes paid	(9,265)	(5,816)
Net cash provided by operating activities	¥31,531	¥31,331
Cash flows from investing activities		
Purchase of property, plant and equipment	¥(4,603)	¥(7,268)
Proceeds from sale of property, plant and equipment	300	104
Purchase of investment securities	(1)	(32)
Increase in long term receivables	(27)	(1)
Decrease in long term receivables	19	15
Other, net	3,355	436
Net cash provided by (used in) investing activities	¥(955)	¥(6,746)
Cash flows from financing activities		
Repayment of short-term loans	—	(223)
Repayment of long-term debt	(12)	(147)
Proceeds from issuance of commercial papers	—	10,000
Redemption of commercial papers	—	(10,000)
Cash dividends paid	(5,596)	(4,436)
Payment of lease obligations	(2,071)	(1,788)
(Increase) decrease in treasury stock	15	162
Net cash provided by (used in) financing activities	¥(7,664)	¥(6,433)
Foreign currency translation adjustments on cash and cash equivalents	¥691	¥88
Net increase (decrease) in cash and cash equivalents	¥23,602	¥18,240
Cash and cash equivalents, beginning of period	¥106,855	¥66,683
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	196
Cash and cash equivalents, end of period	¥130,458	¥85,119



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

Not applicable.

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

Not applicable.

**Accounting Policy Changes**

Shimadzu has decided to apply the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Fair Value Standard”) beginning with the first quarter of this fiscal year and implement the new accounting policy in the future by applying transitional methods specified for transitioning to the Fair Value Standard in Article 19 of the Fair Value Standard and Article 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). However, the changes do not affect second-quarter consolidated results in the quarterly consolidated financial statement.

## (5) Segment Information

### 1) Income by Business Segment

From April 1st to September 30th of fiscal year ending March 31, 2022

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Industrial Machinery	Aircraft Equipment	Total				
Net sales									
(1) Sales to customers	¥130,603	¥32,058	¥26,754	¥10,206	¥199,623	¥2,444	¥202,067	—	¥202,067
(2) Inter-segment sales	5	24	33	3	66	939	1,006	¥(1,006)	—
Total sales	¥130,608	¥32,082	¥26,788	¥10,210	¥199,690	¥3,384	¥203,074	¥(1,006)	¥202,067
Operating income (loss)	¥24,339	¥2,691	¥2,711	¥(332)	¥29,410	¥338	¥29,749	¥(912)	¥28,836

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

(In million yen)

	Reportable segment					Other	Total	Adjustments	Amounts reported on the quarterly statements of income
	Analytical & Measuring Instruments	Medical Systems	Industrial Machinery	Aircraft Equipment	Total				
Net sales									
(1) Sales to customers	¥109,757	¥30,618	¥20,509	¥15,995	¥176,880	¥1,885	¥178,765	—	¥178,765
(2) Inter-segment sales	4	11	41	—	57	858	916	¥(916)	—
Total sales	¥109,761	¥30,630	¥20,550	¥15,995	¥176,938	¥2,743	¥179,682	¥(916)	¥178,765
Operating income	¥16,764	¥1,398	¥1,369	¥859	¥20,392	¥177	¥20,569	¥(931)	¥19,638

#### Changes to Reportable Segments

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

Note that the segment information for the six months ended September 30, 2021, is based on the calculation methods applicable after the accounting policy changes.

### 2) Income by Geographic Segment

From April 1st to September 30th of fiscal year ending March 31, 2022

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥91,714	27,087	16,819	40,927	19,988	5,531	¥202,067

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

(In million yen)

Japan	The Americas	Europe	China	Other Asian countries	Other	Total
¥84,678	23,214	14,506	34,720	16,999	4,647	¥178,765

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

### 3. Supplemental Information

## Overview of Financial Results for the Second Quarter of the Fiscal Year Ending March 2022

Row No.			Consolidated	Consolidated	Year-on-Year		FY 2020	FY 2021
			Results for Second Quarter of FY 2020	Results for Second Quarter of FY 2021	Increase/ Decrease	Percent Increase/ Decrease	Results	Forecast
1	Net Sales	million yen	178,765	202,067	23,301	13.0 %	393,499	420,000
2	Net Sales (Analytical & Measuring Instruments)	million yen	109,757	130,603	20,845	19.0 %	248,550	—
3	Net Sales (Medical Systems)	million yen	30,618	32,058	1,439	4.7 %	66,903	—
4	Net Sales (Industrial Machinery)	million yen	20,509	26,754	6,245	30.5 %	45,082	—
5	Net Sales (Aircraft Equipment)	million yen	15,995	10,206	-5,788	-36.2 %	28,560	—
6	Net Sales (Other)	million yen	1,885	2,444	559	29.7 %	4,401	—
7	Net Sales by Region (Japan)	million yen	84,678	91,714	7,036	8.3 %	193,420	—
8	Net Sales by Region (Outside Japan)	million yen	94,087	110,353	16,265	17.3 %	200,078	—
9	Net Sales (The Americas)	million yen	23,214	27,087	3,873	16.7 %	47,793	—
10	Net Sales (Europe)	million yen	14,506	16,819	2,312	15.9 %	32,703	—
11	Net Sales (China)	million yen	34,720	40,927	6,207	17.9 %	72,872	—
12	Net Sales (Other Asian Countries)	million yen	16,999	19,988	2,988	17.6 %	37,094	—
13	Net Sales (Other)	million yen	4,647	5,531	883	19.0 %	9,615	—
14	Operating Income	million yen	19,638	28,836	9,198	46.8 %	49,742	59,000
15	Ordinary Income	million yen	19,459	29,366	9,907	50.9 %	48,378	60,000
16	Profit Attributable to Owners of Parent (FY 2021 Q2)	million yen	13,916	20,485	6,569	47.2 %	36,097	43,000
17	Earnings per Share (FY 2021 Q2)	Yen	47.24	69.53	—	—	122.52	145.93
18	Dividend per Share	Yen	15.00	20.00	—	—	34.00	41.00
19	Capital Equipment Investment	million yen	5,949	6,303	353	5.9 %	14,471	17,000

Row No.			Consolidated	Consolidated	Year-on-Year		FY 2020	FY 2021
			Results for	Results for	Increase/	Percent	Results	Forecast
			Second	Second	Decrease	Increase/		
			Quarter of FY	Quarter of FY	Decrease	Decrease		
			2020	2021				
			Results	Results				
20	Depreciation and Amortization	million yen	7,577	8,031	454	6.0 %	15,536	16,500
21	Total Assets	million yen	446,172	505,073	58,901	13.2 %	497,459	—
22	Net Assets	million yen	305,382	352,338	46,955	15.4 %	335,504	—
23	Equity Ratio	%	68.4	69.8	—	—	67.4	—
24	Number of All Group Employees	Employees	13,343	13,523	180	—	13,308	—
25	Number of Consolidated Subsidiaries	Companies	76	76	—	—	76	—
26	Japan	Companies	23	23	—	—	23	—
27	Outside Japan	Companies	53	53	—	—	53	—