



Summary of Consolidated Financial Results for the First Quarter Ended June 30, 2021 (Japanese GAAP)

August 16, 2021

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
 Security Code: 8035
 URL: <https://www.tel.com>
 Representative: Toshiki Kawai, Representative Director, President & CEO
 Contact: Akifumi Matsumura, Vice President of Accounting Dept.
 Telephone: +81-3-5561-7000

Scheduled start date of dividends payment: -
 Preparation of supplementary materials for the quarterly financial results: Yes
 Quarterly earnings release conference: Yes (for investors and analysts)

Note: Amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Three Months Ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results (Cumulative)

Note: Percentages indicate changes from the same period of the previous fiscal year.

	Three months ended			
	June 30, 2020		June 30, 2021	
		%		%
Net sales (Millions of yen)	314,823	45.5	452,049	43.6
Operating income (Millions of yen)	73,849	73.6	141,791	92.0
Ordinary income (Millions of yen)	75,089	68.4	142,630	89.9
Net income attributable to owners of parent (Millions of yen)	56,452	77.0	100,363	77.8
Net income per share of common stock (Yen):				
Basic	362.98		645.20	
Diluted	360.87		641.70	

Comprehensive income: Three months ended June 30, 2021 : 110,712 million yen, 60.1%
 Three months ended June 30, 2020 : 69,131 million yen, 155.4%

Note: From the beginning of the first quarter of this fiscal year, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). Each number for the period ended June 30, 2021 includes the effects of the new standards. Percentages of changes are based on consolidated financial results without the effects of the new standards of the same period of the previous fiscal year.

(2) Consolidated Financial Position

	As of	
	March 31, 2021	June 30, 2021
Total assets (Millions of yen)	1,425,364	1,450,835
Total net assets (Millions of yen)	1,024,562	1,072,005
Equity ratio (%)	71.1	72.9

Equity: 1,057,259 million yen (as of June 30, 2021)
 1,012,977 million yen (as of March 31, 2021)

Note: From the beginning of the first quarter of this fiscal year, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). Each number for the period ended June 30, 2021 includes the effects of the new standards.

2. Dividends

	Year ended	Year ending
	March 31, 2021	March 31, 2022 (Forecast)
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	360.00	562.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	421.00	627.00
Annual dividends per share (Yen)	781.00	1,189.00

Note: Revision to the dividends forecast most recently announced: Yes

3. Financial Forecasts for the Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

Note: Percentages for year ending March 31, 2022 indicate changes from the previous fiscal year, and those for six months ending September 30, 2021 indicate changes from the same period of the previous fiscal year.

	Six months ending		Year ending	
	September 30, 2021 (Cumulative)		March 31, 2022	
		%		%
Net sales (Millions of yen)	900,000	34.7	1,850,000	32.2
Operating income (Millions of yen)	245,000	66.2	508,000	58.4
Ordinary income (Millions of yen)	245,000	65.3	508,000	57.7
Net income attributable to owners of parent (Millions of yen)	175,000	56.2	370,000	52.3
Net income per share (Yen)	1,124.99		2,378.53	

Note: Revision to the financial forecasts most recently announced: Yes

From the beginning of the first quarter of this fiscal year, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). Financial forecasts above include the effects of the new standards. Percentages of changes are based on consolidated financial results without the effects of the new standards of the same period of the previous fiscal year.

Notes

- (1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries associated with changes in scope of consolidation): None
- (2) Adoption of special accounting methods for preparation of quarterly financial statements: Yes
Please refer to "Notes" on page 11 for further information.
- (3) Changes in accounting policies, changes in accounting estimates and restatements
1. Changes in accounting policies along with changes in accounting standards: Yes
 2. Other changes of accounting policies besides the number 1 above: None
 3. Changes in accounting estimates: None
 4. Restatements: None
- Please refer to "Notes" on page 11 for further information.
- (4) Number of shares issued and outstanding (common stock)
1. Number of shares issued and outstanding (including treasury stock)

As of June 30, 2021 :	157,210,911 shares
As of March 31, 2021:	157,210,911 shares
 2. Number of shares of treasury stock

As of June 30, 2021 :	1,651,904 shares
As of March 31, 2021:	1,659,611 shares
 3. Average number of shares outstanding (Cumulative quarterly period)

Three months ended June 30, 2021:	155,555,388 shares
Three months ended June 30, 2020:	155,526,131 shares

Note: The number of shares of treasury stock includes the Company's shares held by "Executive compensation Board Incentive Plan (BIP) trust" and "share-delivering Employee Stock Ownership Plan (ESOP) trust". (614,858 shares as of June 30, 2021, 615,237 shares as of March 31, 2021)
In addition, these Company's shares are included in the treasury stock which is deducted in calculating the average number of shares.

*** Status of implementation of quarterly review procedures**

This Summary of Consolidated Financial Results is outside the scope of external auditor's quarterly review procedures under the Financial Instruments and Exchange Act.

*** Explanation of the appropriate use of financial forecast:**

The financial forecasts and estimates in this Summary of Consolidated Financial Results are based on information available to the Company at the time of report issuance and certain assumptions judged to be reasonable by the Company, and therefore are not guarantees of future performance. Consequently, actual results may differ substantially from those described in this Summary of Consolidated Financial Results. Please refer to "1. Qualitative Information on Financial Results for the Current Quarter (4) Description of Financial Estimates Information such as Consolidated Financial Forecasts" on page 6.

The Company plans to hold an online conference for investors and analysts on August 16, 2021. Supplementary materials to be used at the conference will be posted on the Company's website.

1. Qualitative Information on Financial Results for the Current Quarter

From the beginning of the first quarter of this fiscal year, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020). Comparisons between the same period in the previous year and the end of the previous fiscal year in the explanation of operating results, financial positions, and cash flows is calculated based on the consolidated results of the previous fiscal year prior to the application of the change in accounting standards.

For details, please refer to "Notes" on page 11 for further information.

(1) Description of Operating Results

Despite the affects of the COVID-19 pandemic, the global economy for the first quarter trended towards recovery as economic policies undertaken by various nations take effect. In the electronics industry, where the Tokyo Electron (TEL) Group operates, the expansion of the semiconductor production equipment market is accelerating as demand for semiconductors increases, driven by the transition to a data society due to the expansion of the use of communications technologies such as IoT, AI and 5G. Although it will be necessary to continue to monitor the impact of COVID-19, the market for semiconductor production equipment is expected to grow further.

Under these circumstances, the consolidated financial results (cumulative) for the first quarter of the current fiscal year were net sales of 452,049 million yen (year-on-year growth of 43.6%), operating income of 141,791 million yen (year-on-year growth of 92.0%), ordinary income of 142,630 million yen (year-on-year growth of 89.9%), and net income attributable to owners of parent of 100,363 million yen (year-on-year growth of 77.8%).

The overview of each business segment is as described below.

(i) Semiconductor Production Equipment

Capital investment in semiconductors for logic/foundry has been robust in a wide range of areas, from cutting-edge to mature generations of semiconductors, thanks to an increase in global demand for semiconductor devices of all types and applications. In addition, strong, capital investment in DRAM continued from the previous quarter, due to improvements in the balance between supply and demand that began at the end of last year and has continued through the start of this year. Furthermore, capital investment in NAND flash memory, which recovered significantly during the previous fiscal year, continued to see high investment levels in the current fiscal year as well. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 437,924 million yen (year-on-year growth of 44.2%).

(ii) Flat Panel Display (FPD) Production Equipment

As capital investment for large-sized LCD panels for televisions has run its course, the overall manufacturing equipment market for FPD TFT arrays has slowed. In addition, capital investments for small and medium-sized OLED panels remained at high levels, continuing from the previous quarter. As displays installed in end products transitioned from LCD panels to OLED panels, demand for small and medium-sized displays, such as those found in mobile devices, is increasing. Consequently, net sales to external customers in this segment for the first quarter of the current fiscal year were 14,090 million yen (year-on-year growth of 27.9%).

(iii) Other

Net sales to external customers in this segment for the first quarter of the current fiscal year were 35 million yen (year-on-year decrease of 4.9%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY 2021					FY 2022
	Full Year	1Q	2Q	3Q	4Q	1Q
Net Sales	1,399,102	314,823	353,337	291,725	439,216	452,049
Semiconductor Production Equipment	1,315,200	303,772	331,684	264,305	415,438	437,924
Japan	195,821	49,150	56,852	36,149	53,669	54,861
North America	152,057	42,343	44,009	34,501	31,202	43,911
Europe	63,502	15,774	16,311	12,797	18,619	13,411
South Korea	279,938	67,013	72,199	39,318	101,407	95,304
Taiwan	245,637	50,926	53,914	52,513	88,283	62,853
China	325,844	73,957	79,123	70,541	102,222	153,684
Southeast Asia, and Others	52,397	4,605	9,274	18,483	20,033	13,897
FPD Production Equipment	83,772	11,013	21,623	27,388	23,747	14,090
Other	129	37	29	31	31	35
Operating Income	320,685	73,849	73,579	62,868	110,388	141,791
Ordinary Income	322,103	75,089	73,138	62,424	111,451	142,630
Net Income Attributable to Owners of Parent	242,941	56,452	55,559	46,167	84,761	100,363

Note: Intersegment sales or transfers are eliminated.

(2) Description of Financial Conditions

Current assets at the end of the first quarter of the current fiscal year were 1,022,727 million yen, an increase of 7,030 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 62,313 million yen in notes and accounts receivable - trade, and contract assets, an increase of 35,189 million yen in cash and deposits, a decrease of 58,006 million yen in prepaid consumption tax, and a decrease of 28,395 million yen in inventories.

Tangible fixed assets increased by 3,450 million yen from the end of the previous fiscal year, to 200,418 million yen. Intangible fixed assets increased by 1,361 million yen from the end of the previous fiscal year, to 18,525 million yen. Investments and other assets increased by 13,628 million yen from the end of the previous fiscal year, to 209,164 million yen.

As a result, total assets increased by 25,471 million yen from the end of the previous fiscal year, to 1,450,835 million yen.

Current liabilities decreased by 24,600 million yen from the end of the previous fiscal year, to 303,060 million yen. This was largely due to a decrease of 16,825 million yen in accrued employees' bonuses, and a decrease of 8,722 million yen in customer advances.

Long-term liabilities increased by 2,629 million yen from the end of the previous fiscal year, to 75,769 million yen.

Net assets increased by 47,442 million yen from the end of the previous fiscal year, to 1,072,005 million yen. This was largely due to an increase of 100,363 million yen in net income attributable to owners of parent, a decrease resulting from the payment of 65,746 million yen in year-end dividends for the previous fiscal year, and an increase of 8,437 million yen in net unrealized gains on investment securities. As a result, the equity ratio was 72.9%.

(3) Description of Cash Flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year increased by 35,133 million yen compared to the end of the previous fiscal year, to 301,126 million yen. The combined balance including 40,616 million yen in time deposits and short-term investments with maturities of more than three months that are not included in cash and cash equivalents was 341,742 million yen, an increase of 30,189 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first quarter of the current fiscal year was as described below.

Cash flows from operating activities were positive 111,289 million yen, an increase of 58,505 million yen compared to the same period of the previous fiscal year. The major positive factors were 138,033 million yen in income before

income taxes, and a 58,018 million yen decrease in prepaid consumption tax. The major negative factors were 43,951 million yen in payment of income taxes, a 20,578 million yen increase in inventories, and a 16,867 million yen decrease in accrued employees' bonuses.

Cash flows from investing activities were negative 10,762 million yen compared to positive 14,891 million yen in the same period of the previous fiscal year. This was largely due to the payment of 11,924 million yen for the purchase of fixed assets.

Cash flows from financing activities were negative 65,981 million yen compared to negative 53,530 million yen in the same period of the previous fiscal year. This was largely due to the payment of 65,746 million yen in dividends.

Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities	52,784	111,289
Income before income taxes	74,667	138,033
Depreciation and amortization	7,152	7,934
Net decrease (increase) in trade notes and accounts receivable, and customer advances	11,452	—
Net decrease (increase) in notes and accounts receivable - trade, and contract assets, and customer advances	—	(21,140)
Decrease (increase) in inventories	(22,694)	(20,578)
Increase (decrease) in trade notes and accounts payable	880	(784)
Other, net	(18,674)	7,825
Cash flows from investing activities	14,891	(10,762)
Decrease (increase) in time deposits and short-term investments	30,000	4,955
Other (Acquisition of fixed assets)	(15,108)	(15,718)
Cash flows from financing activities	(53,530)	(65,981)
Effect of exchange rate changes on cash and cash equivalents	100	587
Net increase (decrease) in cash and cash equivalents	14,245	35,133
Cash and cash equivalents at beginning of period	247,959	265,993
Cash and cash equivalents at end of period	262,204	301,126
Cash and cash equivalents, time deposits and short-term investments with maturities of more than three months	322,656	341,742

(4) Description of Financial Estimates Information such as Consolidated Financial Forecasts

The expansion of the semiconductor production equipment market is accelerating as demand for semiconductors increases, driven by the transition to a data society due to the expansion of the use of communications technologies such as IoT, AI and 5G. Based on the most recent trends in facilities investments by our customers and the most recent trends in results, we would like to amend the consolidated results projections for the first half of the current fiscal year and full year announced on April 30, 2021 as follows.

Consolidated Forecast (Cumulative) for the First Half of the Year Ending March 31, 2022

(Billions of yen)

	Revised forecast		Previous forecast (April 30, 2021)
Net Sales	900.0	34.7%	840.0
Semiconductor Production Equipment	874.0	37.5%	814.0
FPD Production Equipment	26.0	(20.3)%	26.0
Operating Income	245.0	66.2%	218.0
Ordinary Income	245.0	65.3%	218.0
Net Income Attributable to Owners of Parent	175.0	56.2%	163.0

Notes:

*1. Percentages indicate changes from the same period of the previous fiscal year.

*2. Intersegment sales or transfers are eliminated.

Consolidated Forecast for the Year Ending March 31, 2022

(Billions of yen)

	Revised forecast		Previous forecast (April 30, 2021)
Net Sales	1,850.0	32.2%	1,700.0
Semiconductor Production Equipment	1,793.0	36.3%	1,643.0
FPD Production Equipment	57.0	(32.0)%	57.0
Operating Income	508.0	58.4%	442.0
Ordinary Income	508.0	57.7%	442.0
Net Income Attributable to Owners of Parent	370.0	52.3%	330.0

Notes:

*1. Percentages indicate changes from the same period of the previous fiscal year.

*2. Intersegment sales or transfers are eliminated.

Note: The financial forecasts and estimates stated in this Summary of Consolidated Financial Results are based on certain assumptions judged to be reasonable by the Company in light of information currently available concerning economic conditions in Japan and overseas, fluctuations in foreign exchange rates, and other factors that may have an impact on performance. The company does not promise that the forecasts or estimates will be accurate.

They are therefore susceptible to the impact of many uncertainties, including market conditions, competition, the launching of new products (and their success or failure), and global conditions in the semiconductor related industry. Consequently, actual sales and profits may differ substantially from the projections described in this Summary of Consolidated Financial Results.

Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
ASSETS		
Current assets		
Cash and deposits	186,538	221,727
Trade notes and accounts receivable	191,700	-
Notes and accounts receivable - trade, and contract assets	-	254,013
Securities	125,014	120,014
Merchandise and finished goods	269,772	196,337
Work in process	80,742	121,326
Raw materials and supplies	64,828	69,284
Others	97,197	40,128
Allowance for doubtful accounts	(99)	(105)
Total current assets	1,015,696	1,022,727
Long-term assets		
Tangible fixed assets	196,967	200,418
Intangible fixed assets		
Others	17,163	18,525
Total intangible fixed assets	17,163	18,525
Investments and other assets		
Others	196,943	210,573
Allowance for doubtful accounts	(1,407)	(1,409)
Total investments and other assets	195,536	209,164
Total long-term assets	409,667	428,108
Total assets	1,425,364	1,450,835

Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	90,606	90,182
Income taxes payable	49,272	41,479
Customer advances	81,722	72,999
Accrued warranty expenses	14,415	18,236
Accrued employees' bonuses	34,254	17,429
Other allowances	2,872	928
Others	54,516	61,804
Total current liabilities	327,661	303,060
Long-term liabilities		
Other allowances	3,834	4,134
Net defined benefit liabilities	62,137	61,636
Others	7,167	9,998
Total long-term liabilities	73,140	75,769
Total liabilities	400,801	378,830
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	835,240	869,046
Treasury stock, at cost	(30,744)	(30,616)
Total shareholders' equity	937,468	971,402
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	66,124	74,562
Net deferred gains (losses) on hedging instruments	(79)	(19)
Foreign currency translation adjustments	10,441	12,119
Accumulated remeasurements of defined benefit plans	(978)	(805)
Total accumulated other comprehensive income (loss)	75,508	85,857
Share subscription rights	11,585	14,746
Total net assets	1,024,562	1,072,005
Total liabilities and net assets	1,425,364	1,450,835

Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	314,823	452,049
Cost of sales	186,325	241,118
Gross profit	128,497	210,931
Selling, general & administrative expenses		
Research and development expenses	30,142	34,356
Others	24,505	34,783
Total selling, general and administrative expenses	54,648	69,140
Operating income	73,849	141,791
Non-operating income		
Dividend income	737	841
Share of profit of associates accounted for using the equity method	152	588
Others	672	351
Total non-operating income	1,562	1,781
Non-operating expenses		
Foreign exchange loss	154	683
Arrangement fee	100	-
Others	67	258
Total non-operating expenses	322	942
Ordinary income	75,089	142,630
Unusual or infrequent profit		
Gain on sales of fixed assets	13	0
Total unusual or infrequent profit	13	0
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	435	20
Additional payment of value-added tax	-	4,577
Total unusual or infrequent loss	435	4,597
Income before income taxes	74,667	138,033
Income taxes	18,214	37,669
Net income	56,452	100,363
Net income attributable to owners of parent	56,452	100,363

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Three months ended	Three months ended
	June 30, 2020	June 30, 2021
Net income	56,452	100,363
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	12,340	8,437
Net deferred gains (losses) on hedging instruments	(8)	-
Foreign currency translation adjustments	207	1,663
Remeasurements of defined benefit plans	163	178
Share of other comprehensive income of associates accounted for using the equity method	(24)	68
Total other comprehensive income (loss)	12,678	10,348
Comprehensive income	69,131	110,712
(Breakdown)		
Comprehensive income attributable to owners of parent	69,131	110,712

Notes

Going concern: None

Significant changes in Shareholders' Equity: None

Changes in significant subsidiaries during the period: None

Adoption of special accounting methods for preparation of quarterly financial statements: Yes

The company and part of its consolidated subsidiaries calculate tax expenses by reasonably estimating the annual effective tax rate on income before income taxes after the application of tax effect accounting for the fiscal year, and applying this rate to income before income taxes for the current quarter under review.

Changes in accounting policies, changes in accounting estimates and restatements: Yes

Changes in accounting policies

1. Accounting Standard for Revenue Recognition

From the beginning of the first quarter of this fiscal year, the Company applies "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and recognizes revenue with the amounts expected to be received in exchange for the promised goods or services as the control of such goods or services are transferred to customers.

Regarding sales of semiconductor and FPD (Flat Panel Display) production equipment, goods and set-up services to be transferred were previously identified as a single performance obligation and revenue was recorded at the time of the confirmation of set-up in principle. Going forward, performance obligations related to goods and set-up services to be transferred for equipment are separately identified and revenue is recognized when each performance obligation is satisfied, which is when equipment is delivered to customers and services related to setting up equipment are completed.

In addition, in case over a certain quantity of equipment is transacted with a same customer, that could include special price transactions corresponding to such as purchase quantities. For those transactions with special prices, although revenue was previously recognized based on each order price, on the ground that sales prices of whole transactions fluctuate by such as future purchase quantity, the accounting method is changed to estimate those special prices as variable consideration and include it in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The application of such changes in accounting policies follows the transitional treatment prescribed in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of this fiscal year, was added to or subtracted from the beginning balance of retained earnings of the first quarter of this fiscal year.

As a result, for the first quarter of this fiscal year, net sales increased by 139,567 million yen, cost of sales increased by 56,672 million yen, and each of operating income, ordinary income and income before income taxes increased by 82,894 million yen, accordingly. In addition, the beginning balance of retained earnings decreased by 753 million yen.

Due to the application of the Accounting Standard for Revenue Recognition, "Trade notes and accounts receivable" presented under "Current assets" in the consolidated balance sheet for the previous fiscal year was included in "Notes and accounts receivable - trade, and contract assets" from the first quarter of this fiscal year. In accordance with the transitional treatment prescribed in the paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

2. Accounting Standard for Fair Value Measurement

From the beginning of the first quarter of this fiscal year, the Company applies "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019). In accordance with the transitional treatment prescribed in the paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), new accounting policies prescribed by the Accounting Standard for Fair Value Measurement is adopted prospectively.

There is no effect by this change on the consolidated financial statements.

Segment information

(i) General information about reportable segments

A reportable segment is a component or an aggregated component of TEL Group. For each of the components, discrete financial information is available and the operating result is regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

The operation of TEL Group consists of segments by products and services based on business units (BUs), and TEL Group identifies as a reportable segment, "semiconductor production equipment (SPE)" and "flat panel display (FPD) production equipment".

Products of the SPE segment consist of coater/developers, etch systems, deposition systems, cleaning systems used in wafer processing, wafer probers used in the wafer testing process and other semiconductor production equipment, such as wafer bonders/debonders. The SPE segment principally develops, manufactures, and sells such products, and provides services on them.

Products of the FPD production equipment segment consist of coater/developers, etch/ash systems used in the manufacture of flat panel displays and inkjet printing systems used in the manufacture of OLED displays. The FPD production equipment segment principally develops, manufactures, and sells such products, and provides services on them.

(ii) Net sales and profit or loss in reportable segments

Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	437,924	14,090	6,234	458,248
Segment profit (loss)	152,886	1,666	131	154,684

	Adjustments *2	Consolidated *3
Net sales	(6,199)	452,049
Segment profit (loss)	(16,651)	138,033

Notes:

*1. "Others" includes all other operating segments which are not included in the reportable segments, including group-wide logistic services, facility maintenance and insurance.

*2. "Adjustments" for segment profit (loss) totaling (16,651) million yen mainly consists of research and development costs of (5,109) million yen pertaining to the fundamental research and element research of TEL and other general and administrative costs that do not belong to reportable segments.

*3. Segment profit (loss) is adjusted against income before income taxes in Consolidated Statements of Income.

(iii) Matters about changes of reportable segment, etc.

(Adoption of Accounting Standard for Revenue Recognition)

As described in "Changes in accounting policies", the Company changed accounting treatment for revenue recognition by adopting the Accounting Standard for Revenue Recognition from the beginning of the first quarter of this fiscal year, and accordingly changed the methods relevant to measuring profits or losses of business segments in the same manner.

As a result, in comparison with the previous method, net sales of the semiconductor production equipment segment and the FPD production equipment segment in the first quarter of this fiscal year increased by 141,944 million yen and decreased by 2,377 million yen, respectively. In addition, segment profit of the semiconductor production equipment segment and the FPD production equipment segment increased by 83,327 million yen and decreased by 433 million yen, respectively.

(iv) Impairment losses on fixed assets and goodwill, etc. in reportable segments

Significant impairment losses related to fixed assets: None

Significant changes in goodwill amount: None

Significant gains on negative goodwill: None