



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

November 12, 2021

Name of Listed Company: Tokyo Electron Limited Stock Exchange Listing: Tokyo
 Security Code: 8035
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 Scheduled start date of dividends payment: December 9, 2021
 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 Six Months Ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results (Cumulative)

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

	Six months ended			
	September 30, 2020		September 30, 2021	
		%		%
Net sales (Millions of yen)	668,160	31.4	932,514	39.6
Operating income (Millions of yen)	147,429	43.9	274,647	86.3
Ordinary income (Millions of yen)	148,228	38.9	277,762	87.4
Net income attributable to owners of parent (Millions of yen)	112,012	42.3	200,219	78.7
Net income per share of common stock (Yen):				
Basic	720.29		1,286.74	
Diluted	716.05		1,279.96	
Comprehensive income:	Six months ended September 30, 2021: 224,552 million yen, 81.5%			
	Six months ended September 30, 2020: 123,750 million yen, 62.3%			

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 September 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	September 30, 2021
Total assets (Millions of yen)	1,425,364	1,634,037
Total net assets (Millions of yen)	1,024,562	1,185,882
Equity ratio (%)	71.1	71.8

Equity: 1,173,289 million yen (as of September 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 September 30, 2021 includes the effects of the new standards.

2. Dividends

	Year ended	Year ending
	March 31, 2021	March 31, 2022
1Q-end dividends per share (Yen)	-	-
2Q-end dividends per share (Yen)	360.00	643.00
3Q-end dividends per share (Yen)	-	-
Year-end dividends per share (Yen)	421.00	641.00 (Forecast)
Annual dividends per share (Yen)	781.00	1,284.00 (Forecast)

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.

	Year ending March 31, 2022	
		%
Net sales (Millions of yen)	1,900,000	35.8
Operating income (Millions of yen)	551,000	71.8
Ordinary income (Millions of yen)	551,000	71.1
Net income attributable to owners of parent (Millions of yen)	400,000	64.6
Net income per share (Yen)	2,569.88	

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 12 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 12 for further information.
- (4) Number of shares issued and outstanding (common stock)
1. Number of shares issued and outstanding (including treasury stock)

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

As of September 30, 2021:	1,515,144 shares
As of March 31, 2021:	1,659,611 shares
 3. Average number of shares outstanding (Cumulative quarterly period)

Six months ended September 30, 2021:	155,602,587 shares
Six months ended September 30, 2020:	155,511,326 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". (612,808 shares as of September 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 5.

The Company plans to hold an online conference for investors and analysts on November 12, 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 in the explanation of operating results and cash flows and comparisons between the end of the previous fiscal year in the explanation of financial positions are made using figures from 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 12 for further information.

(1) Description of Operating Results

Despite the effect of the COVID-19 pandemic, the global economy for the first half of the current fiscal year, trended towards recovery with the resumption of economic activity in various nations. 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 and moves toward realizing a decarbonized society due to the expanded use of communications technologies such as IoT, AI and 5G. Further growth is expected in the semiconductor production equipment market in the future as well, driven by “digital x green” which is becoming a major global trend.

Under these circumstances, the consolidated financial results (cumulative) for the first half of the current fiscal year were net sales of 932,514 million yen (year-on-year growth of 39.6%), operating income of 274,647 million yen (year-on-year growth of 86.3%), ordinary income of 277,762 million yen (year-on-year growth of 87.4%), and net income attributable to owners of parent of 200,219 million yen (year-on-year growth of 78.7%).

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, including a significant increase in investments in advanced logic. Additionally, capital investment in DRAM and NAND flash memory was also at a higher level than in the same period last year. Consequently, net sales to external customers in this segment for the first half of the current fiscal year were 905,763 million yen (year-on-year growth of 42.5%).

(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. Meanwhile, capital investments in small and medium-sized OLED panels continue in conjunction with displays installed in end products being converted from LCD panels to OLED panels. Consequently, net sales to external customers in this segment for the first half of the current fiscal year were 26,682 million yen (year-on-year decrease of 18.2%).

(iii) Other

Net sales to external customers in this segment for the first half of the current fiscal year were 68 million yen (year-on-year growth of 2.3%).

(For reference)

Consolidated Operating Results

(Millions of yen)

	FY2021 1H	FY2021 2H	FY2022		
			1H	1Q	2Q
Net Sales	668,160	730,942	932,514	452,049	480,464
Semiconductor Production Equipment	635,457	679,743	905,763	437,924	467,838
Japan	106,002	89,819	108,827	54,861	53,965
North America	86,352	65,704	105,808	43,911	61,897
Europe	32,086	31,416	33,721	13,411	20,309
South Korea	139,213	140,725	188,812	95,304	93,507
Taiwan	104,840	140,796	165,401	62,853	102,548
China	153,081	172,763	262,509	153,684	108,825
Southeast Asia, and Others	13,880	38,516	40,683	13,897	26,785
FPD Production Equipment	32,636	51,135	26,682	14,090	12,592
Others	66	63	68	35	32
Operating Income	147,429	173,256	274,647	141,791	132,855
Ordinary Income	148,228	173,875	277,762	142,630	135,131
Net Income Attributable to Owners of Parent	112,012	130,928	200,219	100,363	99,856

Note: Intersegment sales or transfers are eliminated.

(2) Description of Financial Conditions

Current assets at the end of the second quarter of the current fiscal year were 1,183,467 million yen, an increase of 167,771 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 109,615 million yen in notes and accounts receivable - trade, and contract assets, an increase of 93,901 million yen in cash and deposits, a decrease of 31,266 million yen in prepaid consumption tax, and a decrease of 21,200 million yen in inventories.

Tangible fixed assets increased by 9,027 million yen from the end of the previous fiscal year, to 205,995 million yen. Intangible fixed assets increased by 2,625 million yen from the end of the previous fiscal year, to 19,788 million yen. Investments and other assets increased by 29,250 million yen from the end of the previous fiscal year, to 224,786 million yen.

As a result, total assets increased by 208,673 million yen from the end of the previous fiscal year, to 1,634,037 million yen.

Current liabilities increased by 42,922 million yen from the end of the previous fiscal year, to 370,583 million yen. This was largely due to an increase of 23,067 million yen in income taxes payable, and an increase of 10,519 million yen in customer advances.

Long-term liabilities increased by 4,431 million yen from the end of the previous fiscal year, to 77,571 million yen.

Net assets increased by 161,319 million yen from the end of the previous fiscal year, to 1,185,882 million yen. This was largely due to an increase of 200,219 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 22,644 million yen in net unrealized gains on investment securities. As a result, the equity ratio was 71.8%.

(3) Description of Cash Flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased by 114,370 million yen compared to the end of the previous fiscal year, to 380,364 million yen. The combined balance including 40,075 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 420,439 million yen, an increase of 108,886 million yen from the end of the previous fiscal year. The overall situation regarding cash flows during the first half of the current fiscal year was as described below.

Cash flows from operating activities were positive 205,914 million yen, an increase of 99,987 million yen compared to the same period of the previous fiscal year. The major positive factors were 273,050 million yen in income before income taxes, a 31,247 million yen decrease in prepaid consumption tax, and a 22,871 million yen increase in customer advances. The major negative factors were a 71,745 million yen increase in notes and accounts receivable - trade, and contract assets, and a 49,738 million yen in payment of income taxes.

Cash flows from investing activities were negative 25,785 million yen compared to positive 7,391 million yen in the same period of the previous fiscal year. This was largely due to the payment of 25,645 million yen for the purchase of fixed assets.

Cash flows from financing activities were a negative 66,190 million yen compared to negative 57,989 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.

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

Net sales for the first half of the current fiscal year of our main-product semiconductor production equipment have exceeded previous projections due to factors such as the acceleration of customer demand and an increase in received orders, and, in terms of profit, operating income, ordinary income, and net income attributable to owners of parent, each ultimately exceeded projections.

Furthermore, 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 full year announced on August 16, 2021 as follows.

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

(Billions of yen)

	Results for FY2022 1H		Previous forecast (August 16, 2021)
Net Sales	932.5	39.6%	900.0
Semiconductor Production Equipment	905.7	42.5%	874.0
FPD Production Equipment	26.6	(18.2)%	26.0
Operating Income	274.6	86.3%	245.0
Ordinary Income	277.7	87.4%	245.0
Net Income Attributable to Owners of Parent	200.2	78.7%	175.0

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 (August 16, 2021)
Net Sales	1,900.0	35.8%	1,850.0
Semiconductor Production Equipment	1,840.0	39.9%	1,793.0
FPD Production Equipment	60.0	(28.4)%	57.0
Operating Income	551.0	71.8%	508.0
Ordinary Income	551.0	71.1%	508.0
Net Income Attributable to Owners of Parent	400.0	64.6%	370.0

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 September 30, 2021
ASSETS		
Current assets		
Cash and deposits	186,538	280,439
Trade notes and accounts receivable	191,700	-
Notes and accounts receivable - trade, and contract assets	-	301,315
Securities	125,014	140,000
Merchandise and finished goods	269,772	190,407
Work in process	80,742	128,201
Raw materials and supplies	64,828	75,534
Others	97,197	67,716
Allowance for doubtful accounts	(99)	(147)
Total current assets	1,015,696	1,183,467
Long-term assets		
Tangible fixed assets	196,967	205,995
Intangible fixed assets		
Others	17,163	19,788
Total intangible fixed assets	17,163	19,788
Investments and other assets		
Others	196,943	226,046
Allowance for doubtful accounts	(1,407)	(1,259)
Total investments and other assets	195,536	224,786
Total long-term assets	409,667	450,570
Total assets	1,425,364	1,634,037

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
LIABILITIES		
Current liabilities		
Trade notes and accounts payable	90,606	92,775
Income taxes payable	49,272	72,339
Customer advances	81,722	92,242
Accrued employees' bonuses	34,254	36,148
Accrued warranty expenses	14,415	20,162
Other allowances	2,872	2,794
Others	54,516	54,120
Total current liabilities	327,661	370,583
Long-term liabilities		
Other allowances	3,834	5,782
Net defined benefit liabilities	62,137	62,358
Others	7,167	9,430
Total long-term liabilities	73,140	77,571
Total liabilities	400,801	448,154
NET ASSETS		
Shareholders' equity		
Common stock	54,961	54,961
Capital surplus	78,011	78,011
Retained earnings	835,240	968,796
Treasury stock, at cost	(30,744)	(28,321)
Total shareholders' equity	937,468	1,073,448
Accumulated other comprehensive income		
Net unrealized gains (losses) on investment securities	66,124	88,769
Net deferred gains (losses) on hedging instruments	(79)	(29)
Foreign currency translation adjustments	10,441	11,675
Accumulated remeasurements of defined benefit plans	(978)	(574)
Total accumulated other comprehensive income (loss)	75,508	99,841
Share subscription rights	11,585	12,593
Total net assets	1,024,562	1,185,882
Total liabilities and net assets	1,425,364	1,634,037

Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	668,160	932,514
Cost of sales	403,331	509,639
Gross profit	264,829	422,874
Selling, general & administrative expenses		
Research and development expenses	66,377	75,547
Others	51,022	72,679
Total selling, general and administrative expenses	117,399	148,226
Operating income	147,429	274,647
Non-operating income		
Dividend income	737	918
Share of profit of associates accounted for using the equity method	290	867
Others	1,459	1,836
Total non-operating income	2,486	3,621
Non-operating expenses		
Foreign exchange loss	1,177	153
Others	510	353
Total non-operating expenses	1,687	506
Ordinary income	148,228	277,762
Unusual or infrequent profit		
Gain on sales of fixed assets	13	3
Total unusual or infrequent profit	13	3
Unusual or infrequent loss		
Loss on disposal and sales of fixed assets	532	137
Additional payment of value-added tax	-	4,577
Total unusual or infrequent loss	532	4,714
Income before income taxes	147,709	273,050
Income taxes	35,697	72,830
Net income	112,012	200,219
Net income attributable to owners of parent	112,012	200,219

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income	112,012	200,219
Other comprehensive income (loss)		
Net unrealized gains (losses) on investment securities	10,471	22,650
Net deferred gains (losses) on hedging instruments	62	-
Foreign currency translation adjustments	896	1,205
Remeasurements of defined benefit plans	330	414
Share of other comprehensive income of associates accounted for using the equity method	(23)	62
Total other comprehensive income (loss)	11,737	24,332
Comprehensive income	123,750	224,552
(Breakdown)		
Comprehensive income attributable to owners of parent	123,750	224,552

Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Income before income taxes	147,709	273,050
Depreciation and amortization	15,255	16,792
Amortization of goodwill	98	103
Increase (decrease) in accrued warranty expenses	(687)	3,358
Decrease (increase) in trade notes and accounts receivable	16,626	-
Decrease (increase) in notes and accounts receivable - trade, and contract assets	-	(71,745)
Decrease (increase) in inventories	34	(27,585)
Increase (decrease) in trade notes and accounts payable	(8,787)	1,381
Decrease (increase) in prepaid consumption tax	31,223	31,247
Increase (decrease) in accrued consumption tax	(7,704)	(2,679)
Increase (decrease) in customer advances	(46,526)	22,871
Others	10,896	7,336
Subtotal	158,140	254,130
Receipts from interest and dividends	1,175	1,522
Income taxes paid or refund (paid)	(53,389)	(49,738)
Net cash provided by operating activities	105,926	205,914
Cash flows from investing activities		
Decrease (increase) in time deposits	381	481
Decrease (increase) in short-term investments	35,000	5,014
Payment for purchase of fixed assets	(24,345)	(25,645)
Payment for acquisition of intangible assets	(2,914)	(4,977)
Others	(729)	(658)
Net cash provided by (used in) investing activities	7,391	(25,785)
Cash flows from financing activities		
Payment for purchase of treasury stock	(4,328)	(8)
Dividends paid	(53,351)	(65,746)
Others	(309)	(436)
Net cash used in financing activities	(57,989)	(66,190)
Effect of exchange rate changes on cash and cash equivalents	567	432
Net increase (decrease) in cash and cash equivalents	55,897	114,370
Cash and cash equivalents at beginning of period	247,959	265,993
Cash and cash equivalents at end of period	303,856	380,364

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 second quarter of this fiscal year, net sales increased by 185,775 million yen, cost of sales increased by 84,407 million yen, and each of operating income, ordinary income and income before income taxes increased by 101,367 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

Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

(Millions of yen)

	Reportable Segments		Others *1	Total
	Semiconductor Production Equipment	FPD Production Equipment		
Net sales	905,763	26,682	13,093	945,539
Segment profit (loss)	305,948	890	366	307,205

	Adjustments *2	Consolidated *3
Net sales	(13,025)	932,514
Segment profit (loss)	(34,154)	273,050

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 (34,154) million yen mainly consists of research and development costs of (10,868) 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 second quarter of this fiscal year increased by 183,566 million yen and increased by 2,208 million yen, respectively. In addition, segment profit of the semiconductor production equipment segment and the FPD production equipment segment increased by 100,686 million yen and increased by 681 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