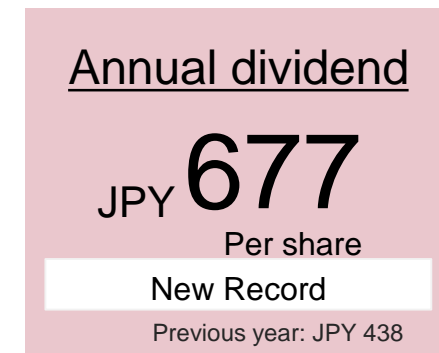
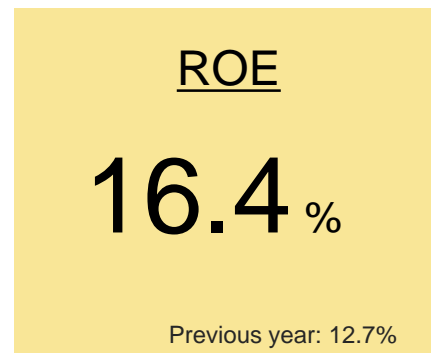
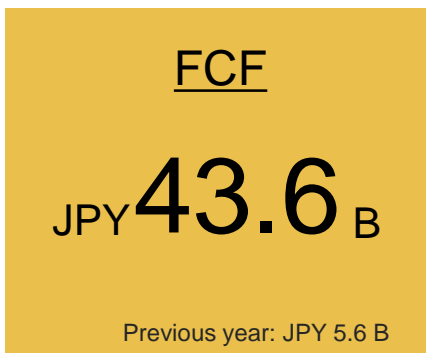
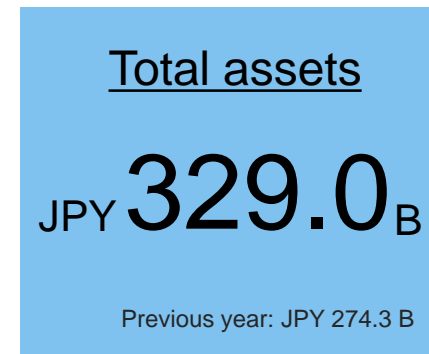
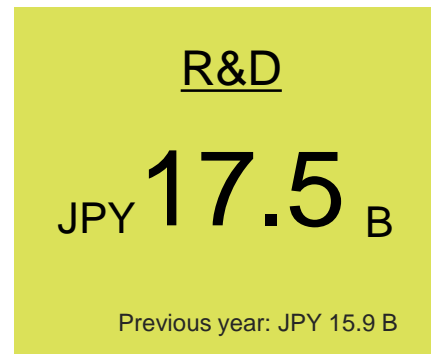
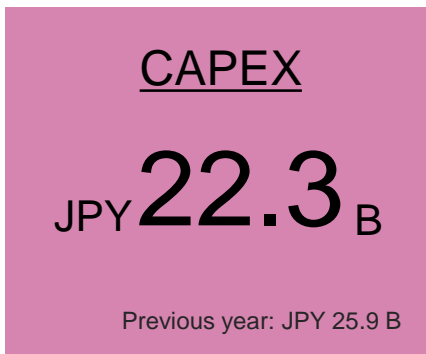
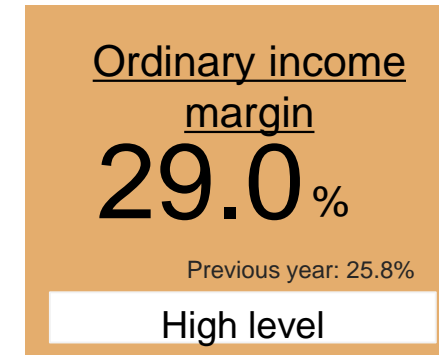
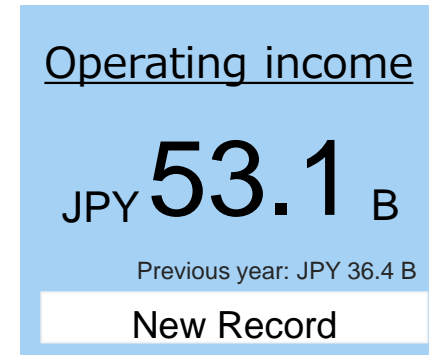
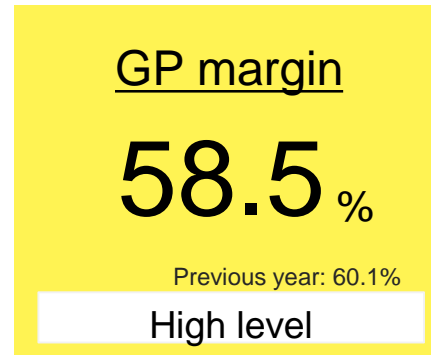
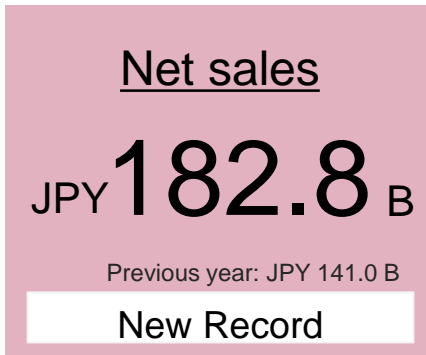


# FY2020 Financial Results and FY2021 Forecast

Apr. 22, 2021

## **DISCLAIMER**

Statements in this PowerPoint with respect to DISCO's current strategies, plans, estimates, and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of DISCO. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. DISCO cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements, and you should not make decision on your investment thoroughly based on these statements. Such factors include, but not limited to, (i) general economic conditions and levels of demand in DISCO's markets; (ii) developments in technology and resulting changes in semiconductor and/or electronic component manufacturing process; (iii) levels of capital investment for manufacturing semiconductors and/or electronic components; (iv) expansions of the area for products and technologies using semiconductors and/or electronic components and its expanding speed; (v) DISCO's ability to continue to offer products and services corresponding to developments of new semiconductors and/or electronic components and new technologies for manufacturing them; (vi) exchange rates, particularly between the yen, the U.S. dollar, and the euro, and other currencies.



# FY2020 4Q Earnings Results (Consolidated)



Millions of Yen	FY2020 4Q	FY2020 3Q	QoQ		FY2019 4Q	YoY	
			Amount	(%)		Amount	(%)
Net Sales	55,248	44,393	10,855	24.5%	38,784	16,464	42.4%
Gross Profit	31,412	26,646	4,766	17.9%	23,045	8,367	36.3%
Gross Profit Margin	56.9%	60.0%	-3.1p	-	59.4%	-2.5p	-
SG&A	14,978	13,333	1,645	12.3%	12,263	2,715	22.1%
Operating Income	16,433	13,313	3,121	23.4%	10,781	5,652	52.4%
Ordinary Income	17,742	12,761	4,981	39.0%	11,296	6,446	57.1%
Ordinary Income Margin	32.1%	28.7%	3.4p	-	29.1%	3.0p	-
Income before income taxes and minority interests	17,689	12,652	5,037	39.8%	11,268	6,422	57.0%
Net Income	13,464	9,026	4,438	49.2%	8,275	5,189	62.7%

Sales: QoQ Increased drastically for precision processing equipment and remained steady for precision processing tools.  
 GP margin: QoQ Declined due to change in product composition.  
 SG&A: QoQ Increased mainly due to performance-linked costs.

# FY2020 Earnings Results



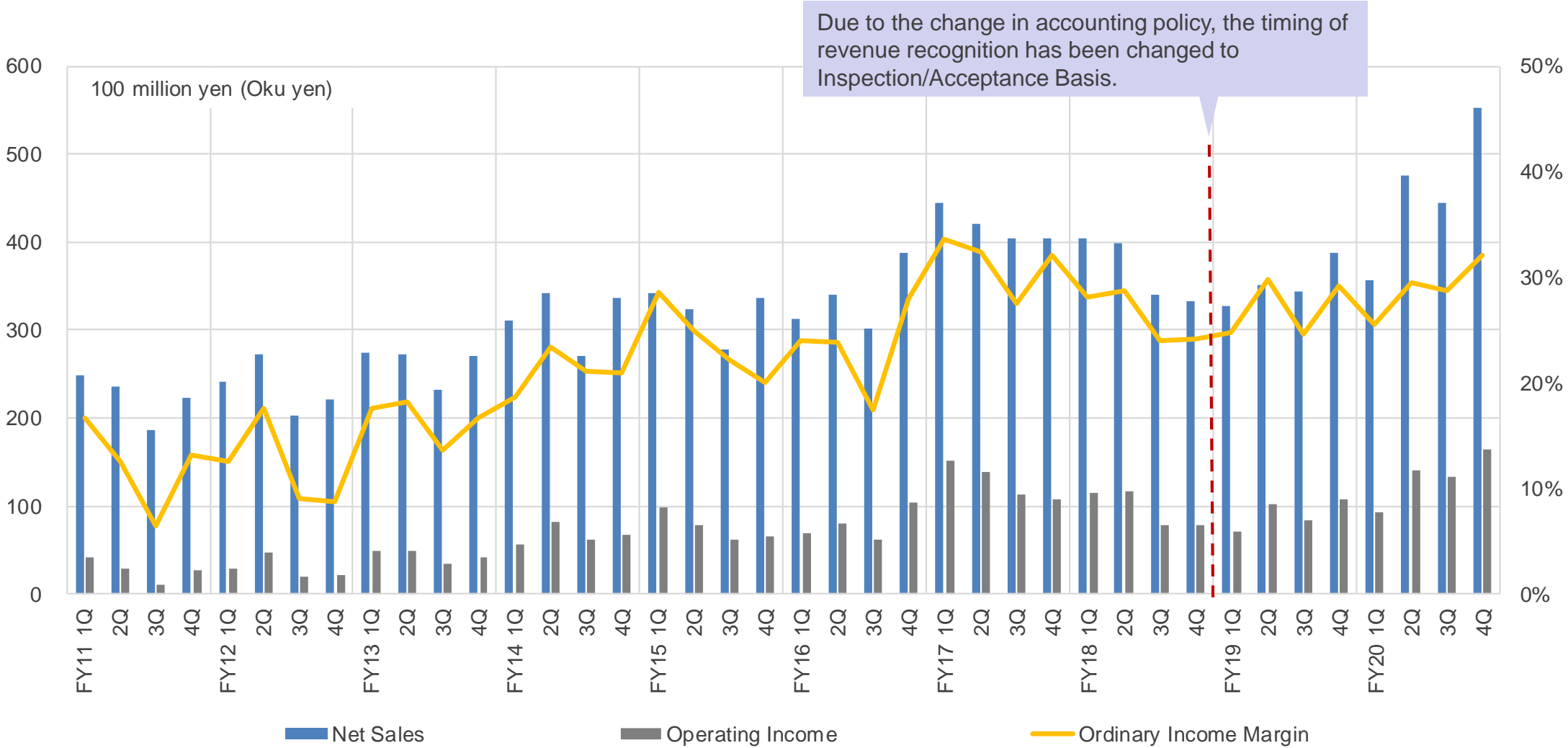
Millions of Yen	FY2020 Full Year	FY2019 Full Year	YoY	
			Amount	(%)
Net Sales	182,857	141,083	41,775	29.6%
Gross Profit	106,883	84,792	22,091	26.1%
Gross Profit Margin	58.5%	60.1%	-1.6p	-
SG&A	53,776	48,341	5,436	11.2%
Operating Income	53,106	36,451	16,655	45.7%
Ordinary Income	53,629	38,314	15,315	40.0%
Ordinary Income Margin	29.3%	27.2%	2.1p	-
Income before income taxes and minority interests	53,434	38,277	15,157	39.6%
Net Income	39,091	27,653	11,437	41.4%

Sales: YoY Both inspection/acceptance and sales increased due to steady equipment shipments (record-high).

GP Margin: YoY Decreased mainly due to change in product composition.

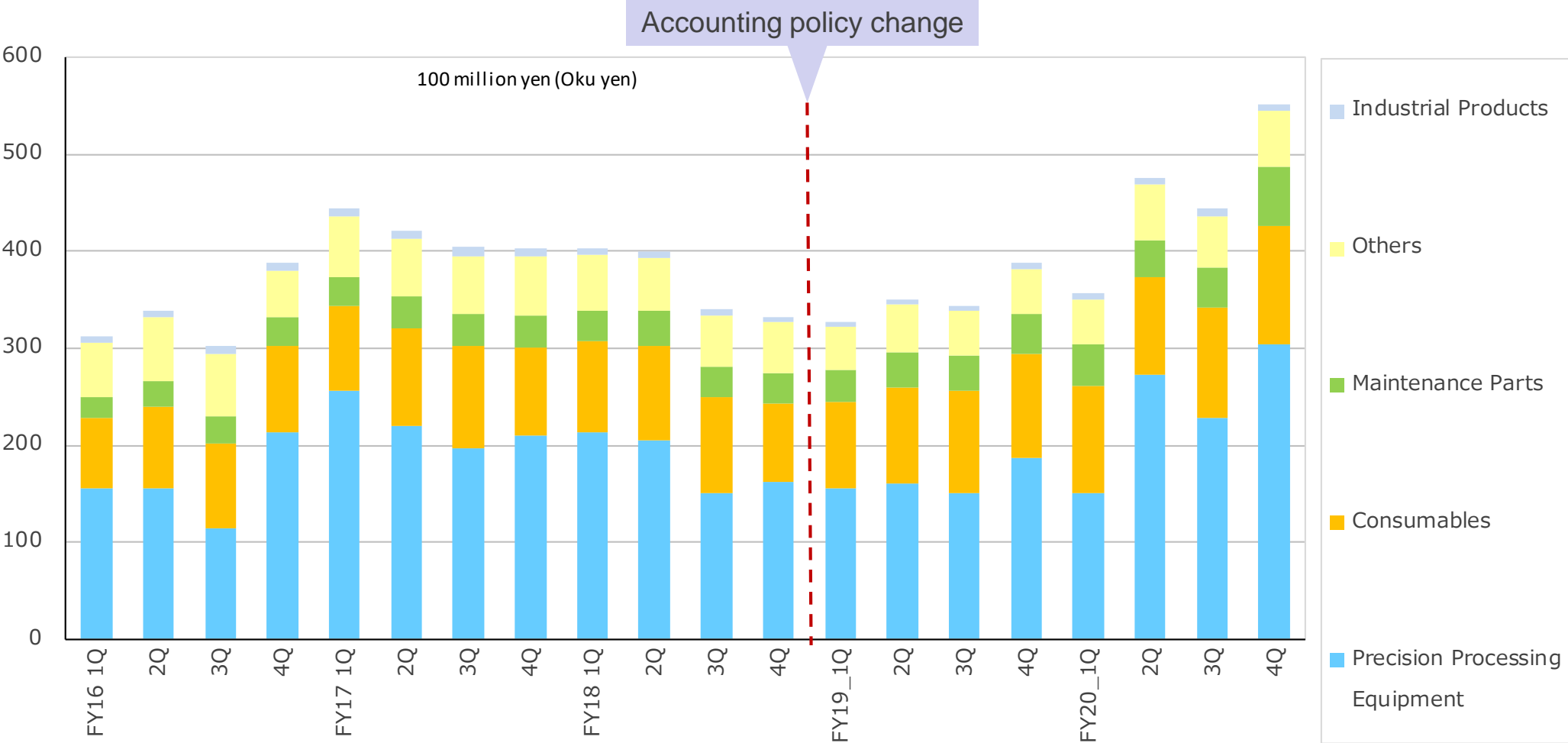
SG&A: YoY Increased due to performance-linked costs, labor costs, and R&D expenses.

# Quarterly Consolidated Financial Results



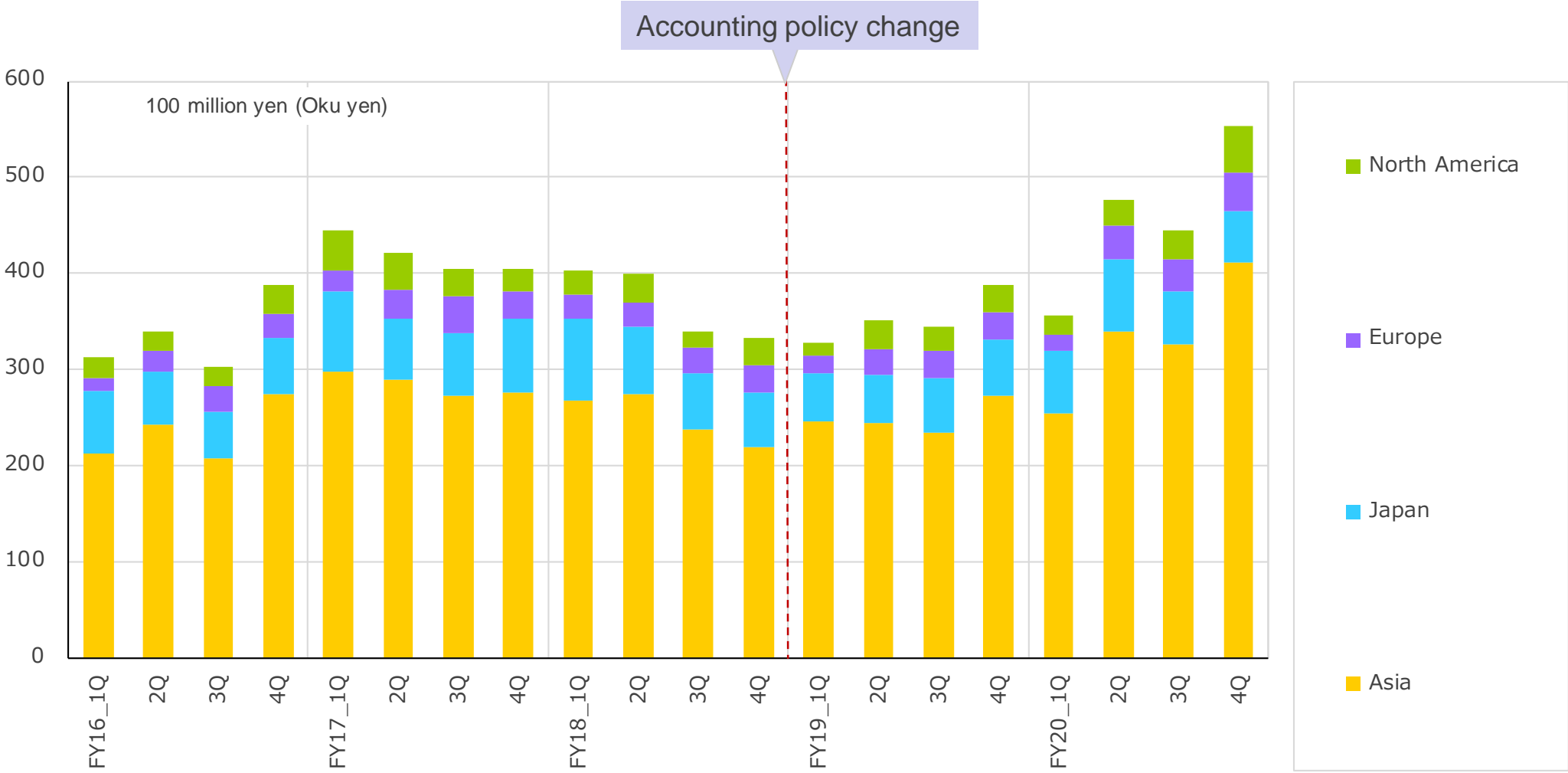
Due to the drastic increase in sales, ordinary income margin exceeded 30%.  
 (FY20\_4Q Net sales: 29.7%, Ordinary income: 32.1% Operating income: 24.4%)

# Quarterly Consolidated Sales Breakdown by Product



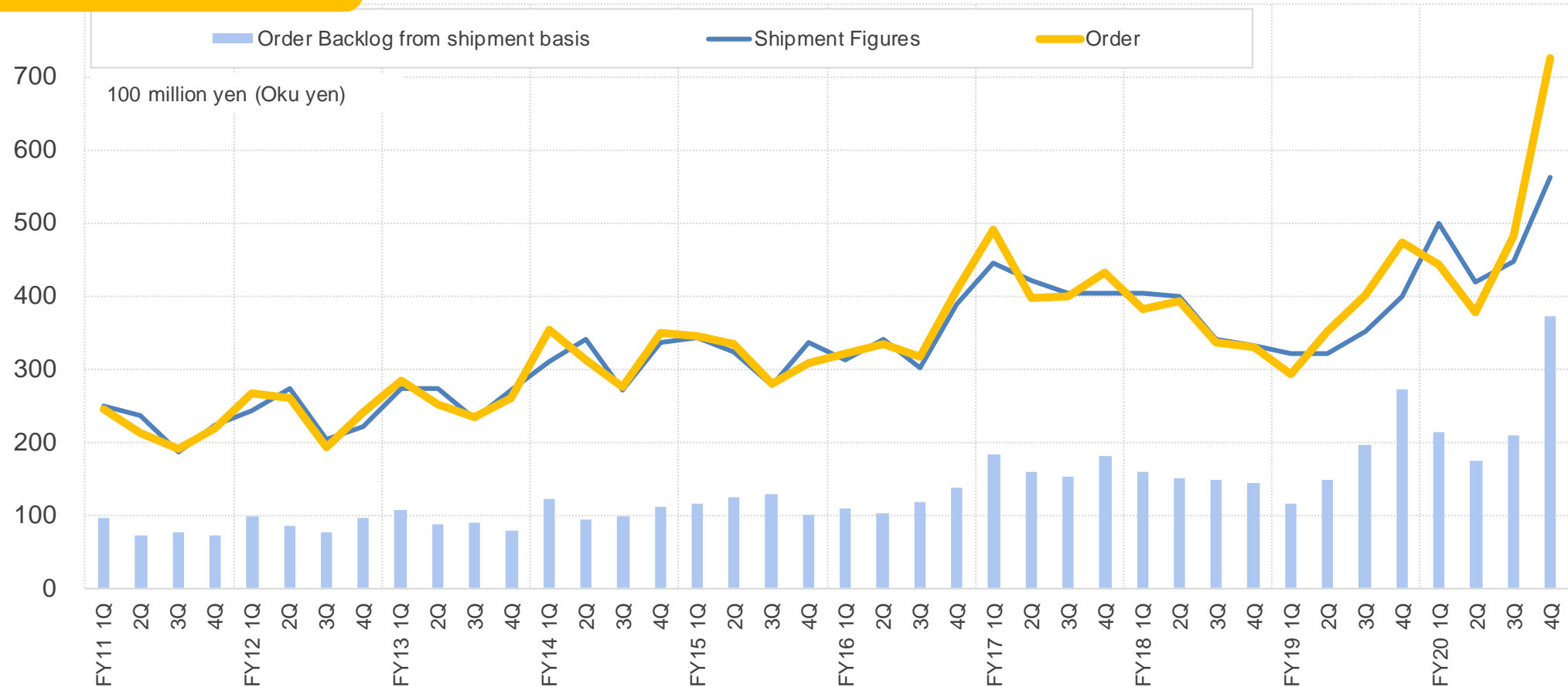
Note: Composition percentages are listed as additional information on the DISCO website.

# Consolidated Sales Breakdown by Region



FY20\_4Q Overseas sales ratio: 90.5%

## Shipment Basis

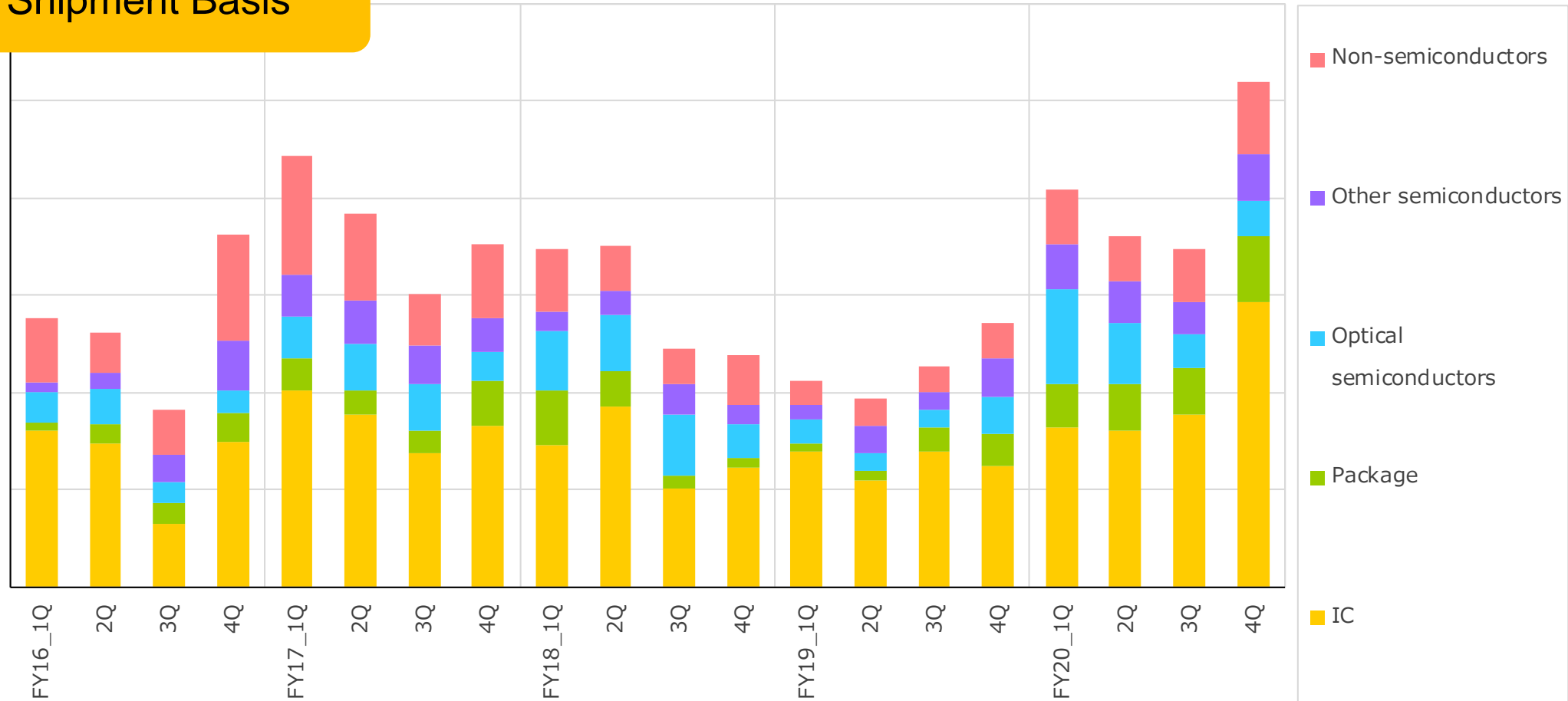


FY20\_4Q Orders received: Approx. JPY 72,500 million, Shipments: Approx. JPY 56,200 million, Order backlog: Approx. JPY 37,200 million  
 Inquiries from customers remained high.



# Non-consolidated Sales by Usage of Dicing Saws

Shipment Basis



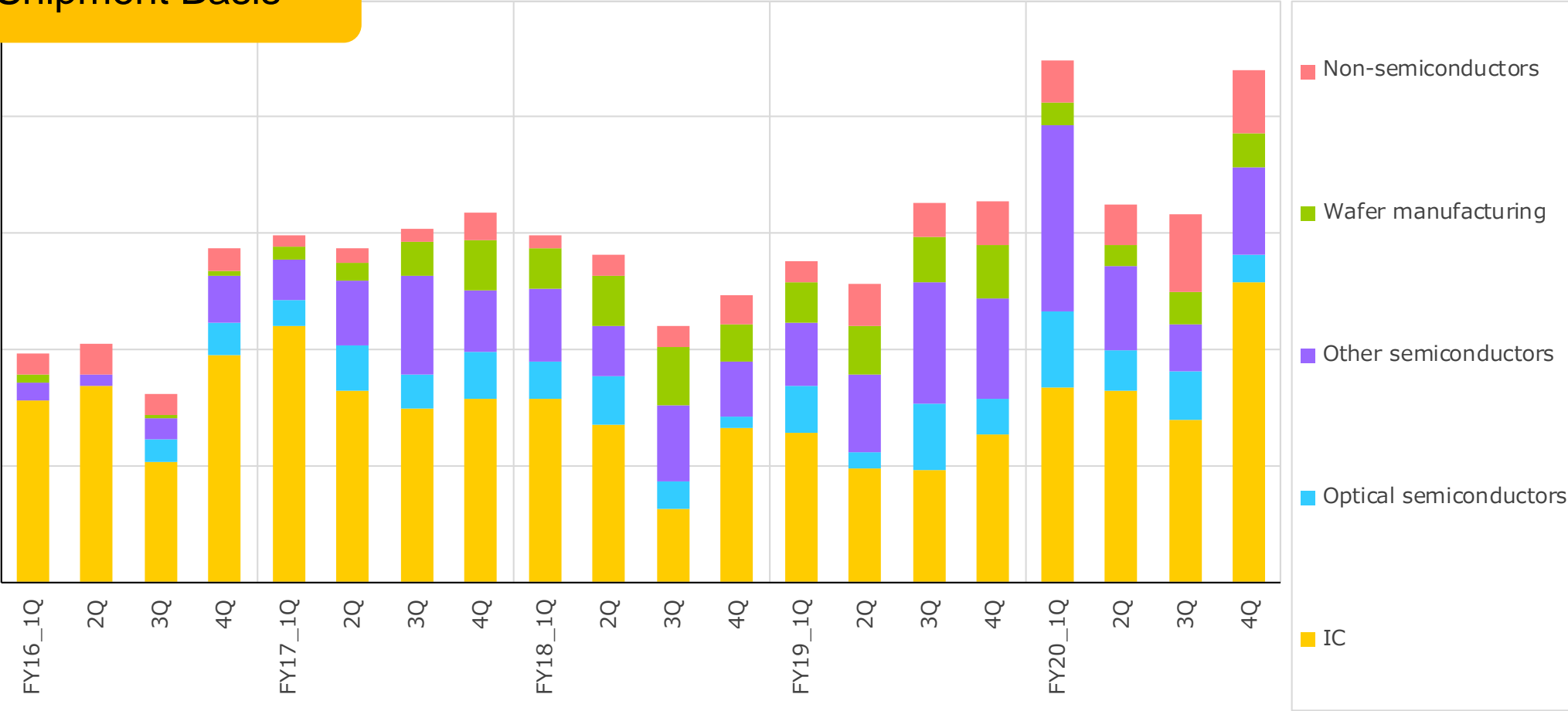
QoQ: Increased drastically due to IC demand mainly for OSAT.

YoY: IC demand increased for a wide range of applications, including for the 5G smartphone.

# Non-consolidated Sales by Usage of Grinders

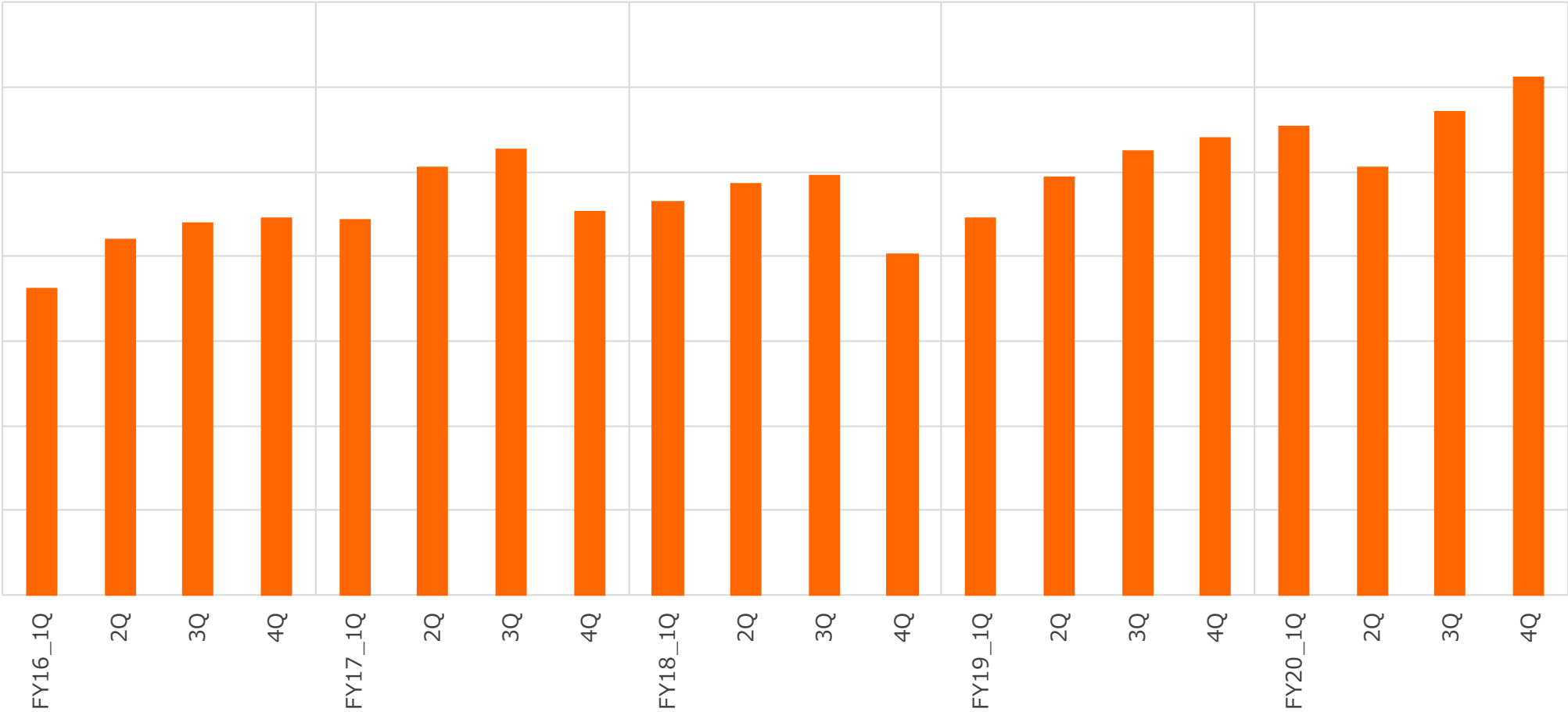


Shipment Basis



QoQ: Increased demand for IC and other semiconductors boosted overall sales.  
 YoY: Increased significantly in comparison to the same period last year, due to an increase in IC demand for a wide range of applications.

# Consolidated Consumable Sales



Shipment of consumable parts remained steady, backed by high customer facility operation rate, and was a record-high.

# Balance Sheet (Summary)

Millions of Yen	FY2020 4Q	FY2020 3Q	Amount
Cash and deposits	109,809	90,947	18,862
Notes and account receivable	33,173	30,114	3,058
Inventories	55,746	55,454	293
Total current assets	208,108	184,292	23,816
Property, plant and equipment	108,448	105,086	3,362
Total noncurrent assets	120,918	115,185	5,733
Total assets	329,026	299,478	29,548
Current liabilities	75,927	62,098	13,828
Noncurrent liabilities	746	549	197
Total liabilities	76,674	62,648	14,026
Total net assets	252,352	236,829	15,523
Total liabilities and net assets	329,026	299,478	29,548
Equity Ratio	76.3%	78.7%	-2.4p

Total assets: Increase mainly in cash and deposit, and increase in tangible fixed assets due to the construction of new buildings at plants.

Liabilities: Increase in bonus reserves and payable corporate income tax.

Net assets: Increase in retained earnings.

# Cash Flow (Summary)

Millions of Yen	FY2020 Full Year	FY2019 Full Year	Amount
Net cash provided by (used in) operating activities	56,709	31,299	25,410
Income before income taxes and minority interests	53,434	38,277	15,157
Depreciation and amortization	6,815	6,612	203
Decrease (increase) in notes and accounts receivable-trade	-6,058	-5,202	-855
Decrease (increase) in inventories	-3,825	-33	-3,791
Increase (decrease) in notes and accounts payable-trade	6,412	-466	6,879
Income taxes (paid) refund	-6,860	-5,425	-1,435
Others	6,789	-2,461	9,252
Net cash provided by (used in) investing activities	-13,107	-25,660	12,553
Purchase of property, plant and equipment	-21,026	-24,868	3,842
Others	7,919	-792	8,712
Free cash flow	43,602	5,639	37,963
Net cash provided by (used in) financing activities	-15,825	-10,580	-5,245
Cash dividends paid	-16,653	-10,741	-5,912
Others	827	161	667
Net change in of cash and cash equivalents	30,026	-5,568	35,596
Cash and cash equivalents at beginning of period	79,782	85,351	-5,569
Cash and cash equivalents at end of period	109,809	79,782	30,027

- Sales CF: Approx. JPY 56,700 million (increase)  
Increased mainly due to pre-tax profit.
  - Investment CF: Approx. JPY 13,100 million (decrease)  
Due to construction of new building at the plants and refund of fixed time deposits.
  - Free cash flow  
Approx. JPY 43,600 million (increase).
  - Financial cash flow: Approx. JPY 15,800 million (decrease)  
Mainly due to payment of dividend.
- Cash balance at the end of March:  
Approx. JPY 109,800 million

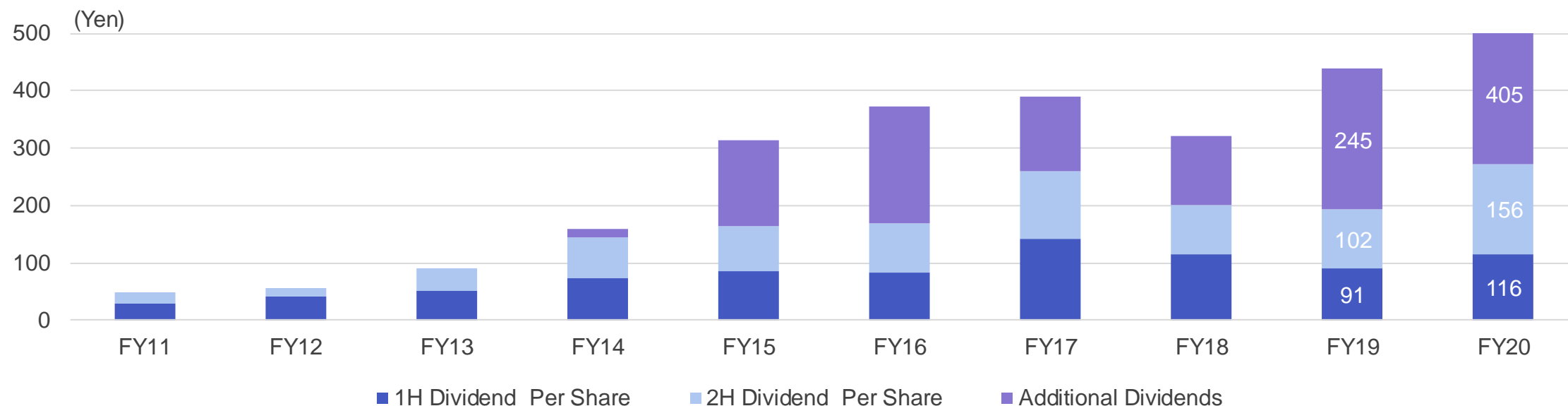
# Dividend Policy and Dividend Payments

## Dividend Policy

- Decisions concerning the distribution of surpluses are made at the general shareholders meetings, in the case of final dividends, and by the Board of Directors, in the case of interim dividends.
- 1. Adopting a performance-linked dividend policy and aiming at giving clearer priority to shareholder returns, our target dividend payout ratio is 25% of the consolidated half-yearly net income. There will be interim and final dividends, each of which will be equivalent to 25% of the half-yearly consolidated net income.
- 2. Irrespective of the level of income, a reliable dividend of ¥10 per half-year will be maintained. This means that the minimum yearly dividend will be ¥20.
- 3. Unless there is a loss, if the year-end balance of cash and deposits after payment of dividends and income taxes is greater than the projected funding requirements for the acquisition of technology resources, such as through patent purchases and investments in venture businesses, facility expansion, the retirement of interest-bearing debt, and other purposes, one-third of that surplus will be added to dividends.

[Remarks]

The ¥20 payout stipulated in our stable dividend policy may be reviewed if there are consolidated net losses for three consecutive years.

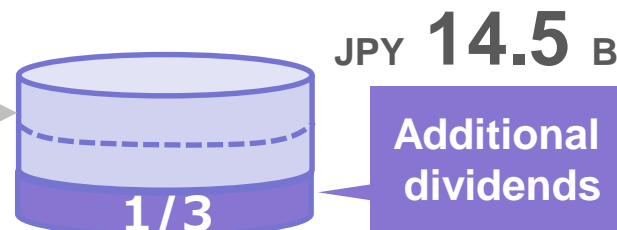
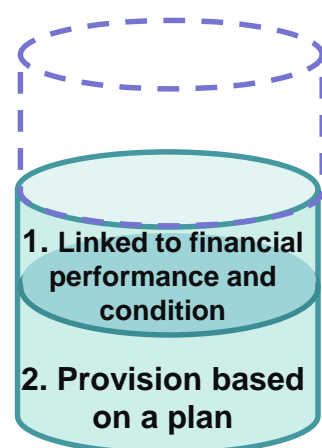
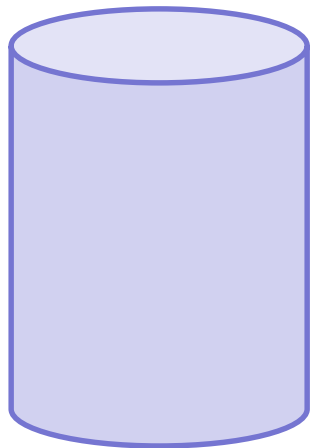


Financial performance for FY20 – Half-year: JPY 116, Year-end: JPY 561 (Additional dividend: JPY 405) Total JPY 677

Financial performance for FY19 – Half-year: JPY 91, Year-end: JPY 347 (Additional dividend: JPY 245) Total JPY 438

## Current Forecast

Year-end balance JPY <b>105.5</b> B	-	Necessary funds JPY <b>61.8</b> B	=	Surplus funds JPY <b>43.7</b> B
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## Contents of necessary funds:

1	Operating funds [ Previous year Consolidated sales ÷ 12 months x 2 ]	JPY <b>30.5</b> B
	Technical purchases (including M&A) [ Consolidated sales Average of past 3 years x 10% ]	JPY <b>15.0</b> B
	Refund of interest bearing debt	-
	Taxes and dividends	JPY <b>9.6</b> B
2	Facility expansion [ D zone in Kuwabata plant B building in Nagano plant ]	JPY <b>6.7</b> B

Note: Excludes some liabilities determined at the end of the term. Rounded down.

# Earnings Forecast 1Q FY2021



100 million yen (Oku yen)

Forecast

	FY20 1Q	2Q	3Q	4Q	FY21 1Q
Net Sales	357	476	444	552	468
Operating Income	93	141	133	164	132
Ordinary Income	91	140	128	177	133
Net Income	65	101	90	135	87
Operating Income Margin	26.0%	29.6%	30.0%	29.7%	28.2%
Ordinary Income Margin	25.6%	29.5%	28.7%	32.1%	28.4%
Net Income Margin	18.2%	21.3%	20.3%	24.4%	18.6%
Shipment Figures	499	418	446	562	584

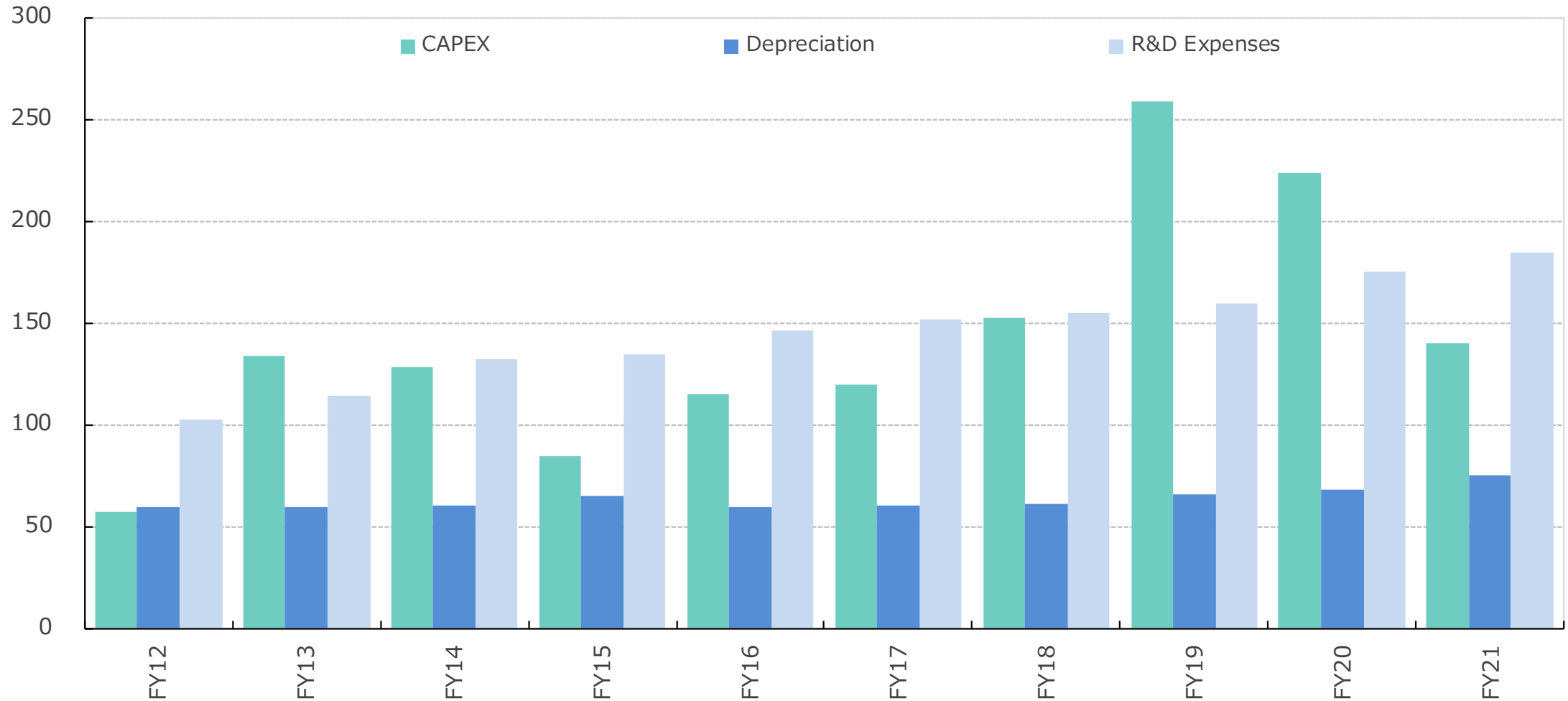
Assumed exchange rate: USD 1 = JPY 100, EUR 1 = JPY 120

Currency sensitivity (consolidated, annualized) USD: Approx. JPY 800 – 900M, EUR: Approx. JPY 30 M



## Shipment Basis

QoQ		FC FY21_1Q
	DGP (for thin wafers)	40%
	Other Grinders	40%
<b>Grinders</b>		<b>40%</b>
	Blade Dicers	5%
	Laser Saws	-10%
<b>Dicers</b>		<b>0%</b>
<b>Precision Processing Equipment</b>		<b>10%</b>
<b>Consumables</b>		<b>0%</b>
<b>Others</b>		<b>-10%</b>



## FY21 Forecast

Facility investment: Including construction of new buildings at plants (Kuwabata).

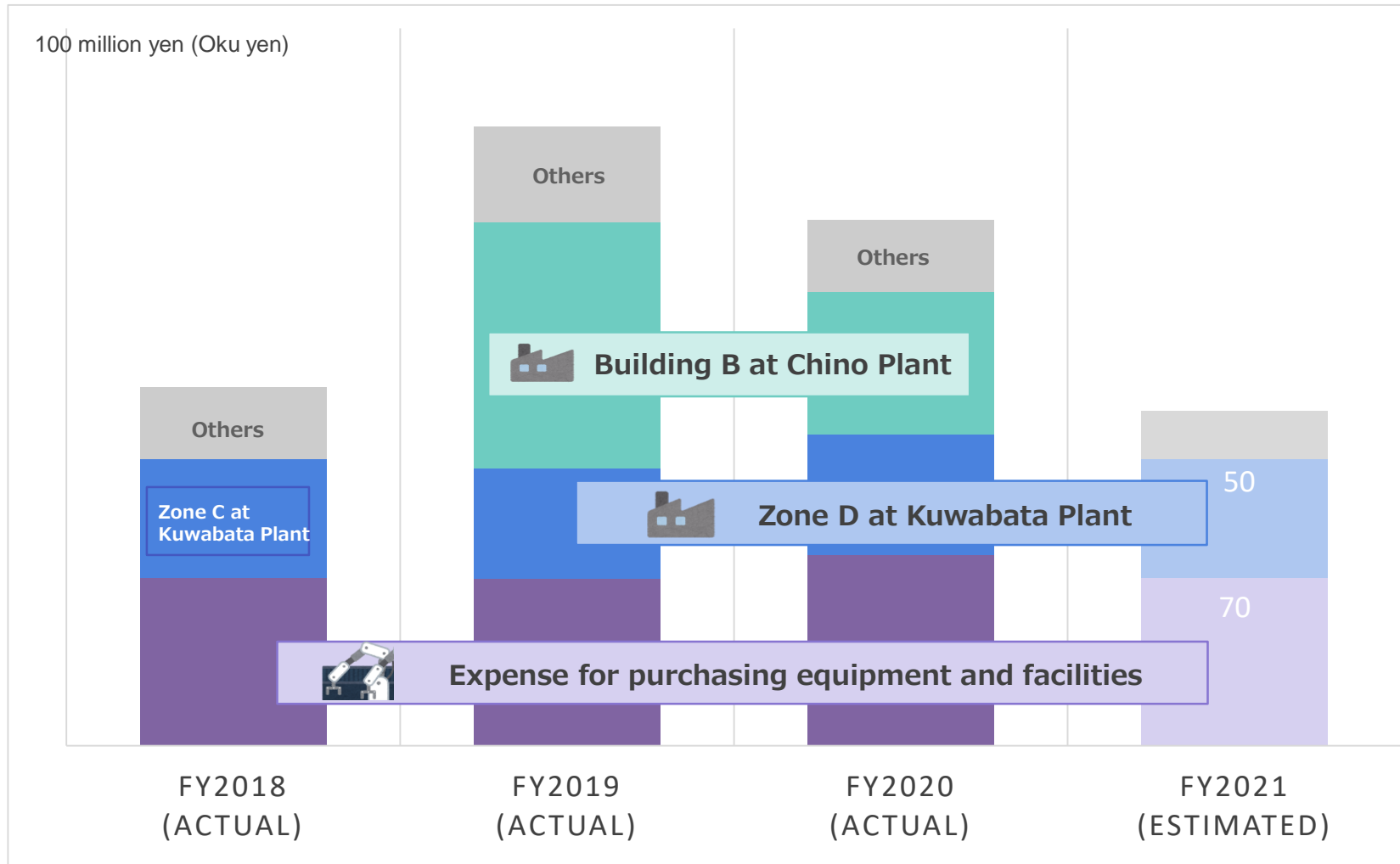
Depreciation: Forecast for increase in depreciation from previous year.

R&D: Plan to conduct active R&D.

Approx. JPY 14,000 million (JPY 22,300 million in FY20)

Approx. JPY 7,500 million (JPY 6,800 million in FY20)

Approx. JPY 18,500 million (JPY 17,500 million in FY20)



FY21 Forecast

Expenses related to purchased equipment and facilities:

Zone D at Kuwabata factory: Planning to pay final payment at completion

Approx. JPY 7 B

Approx. JPY 5 B

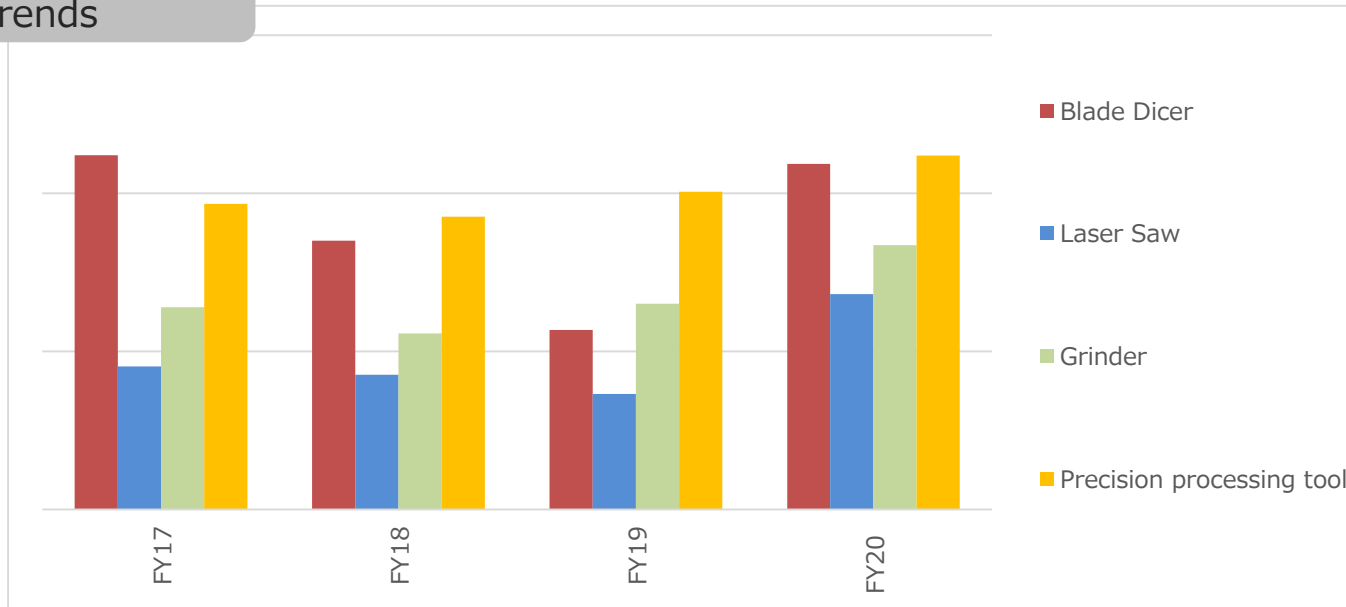
## ■ Shipment Trends

Equipment: Increased drastically for both dicing saws and grinders.

High number of inquiries for mass production, and high demand for a wide range of applications.

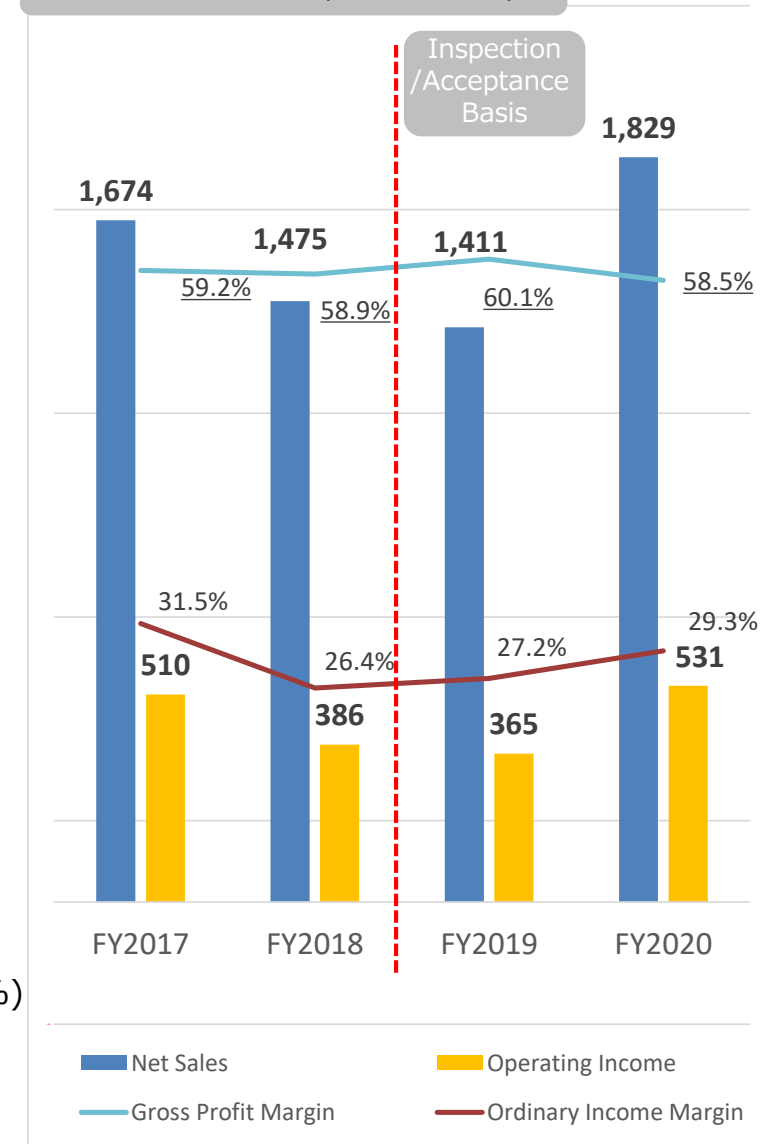
Consumable parts: Shipment achieved a record-high for two consecutive years. Remains high, backed by the high customer facility operation rate.

Annual Shipment trends

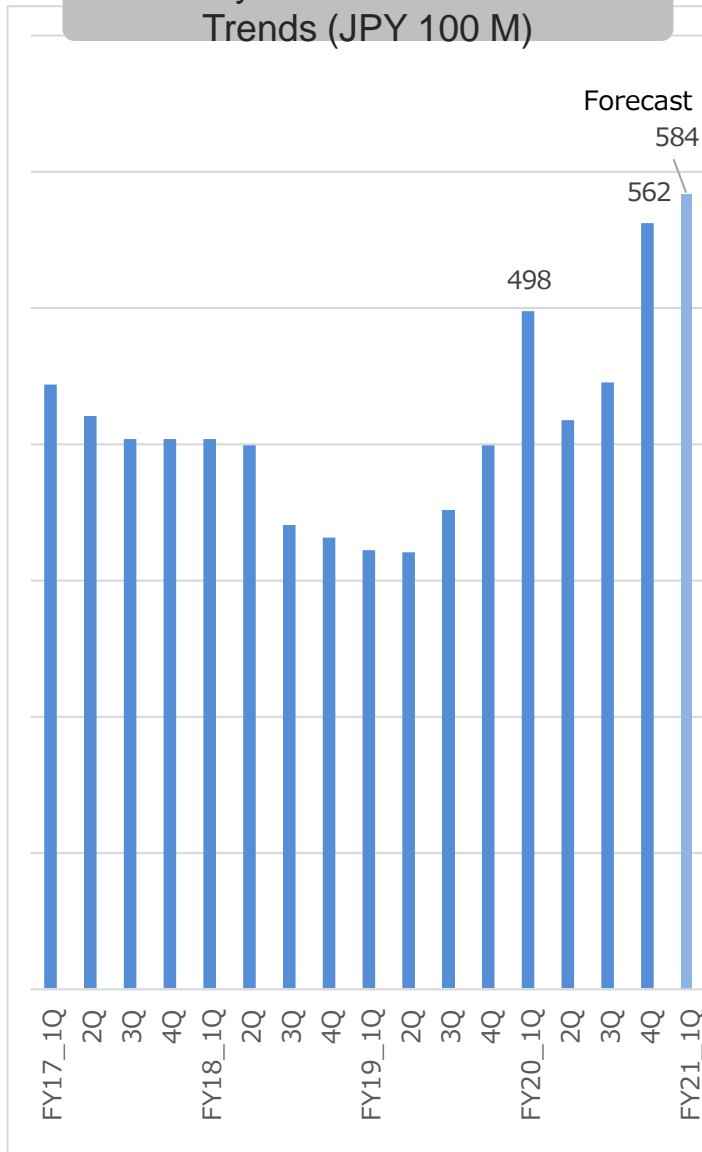


- Highest profitability for the first time in 3 years due to improvement, etc. (Ordinary income margin 29.3%)
- Dividends increased significantly due to performance-linked dividends and dividends from surplus funds (JPY 677 / year, \*Previous year: JPY 438 / year)

Annual Trends (JPY 100 B)



Quarterly Financial Performance Trends (JPY 100 M)



- Customer willingness to invest is strong, and shipments are expected to achieve a new record-high (two consecutive quarters). Large amount of inquiries regarding investment in mass production, mainly from OSAT.
- Closely monitor the future facility investment trend and change in supply chains, as customers are considering changing their production bases due to the US-China trade conflict.
- Continue full operation of plants while strengthening COVID-19 countermeasures.
- Complete large-scale facility expansion of plants within the year
  - Chino plant: New building completed in January. Strengthening as the second production base.
  - Kuwabata plant: Zone D will be completed in August. Preparing for future increase in demand.
- Continue to strengthen policies that strengthen the company even during the COVID-19 pandemic

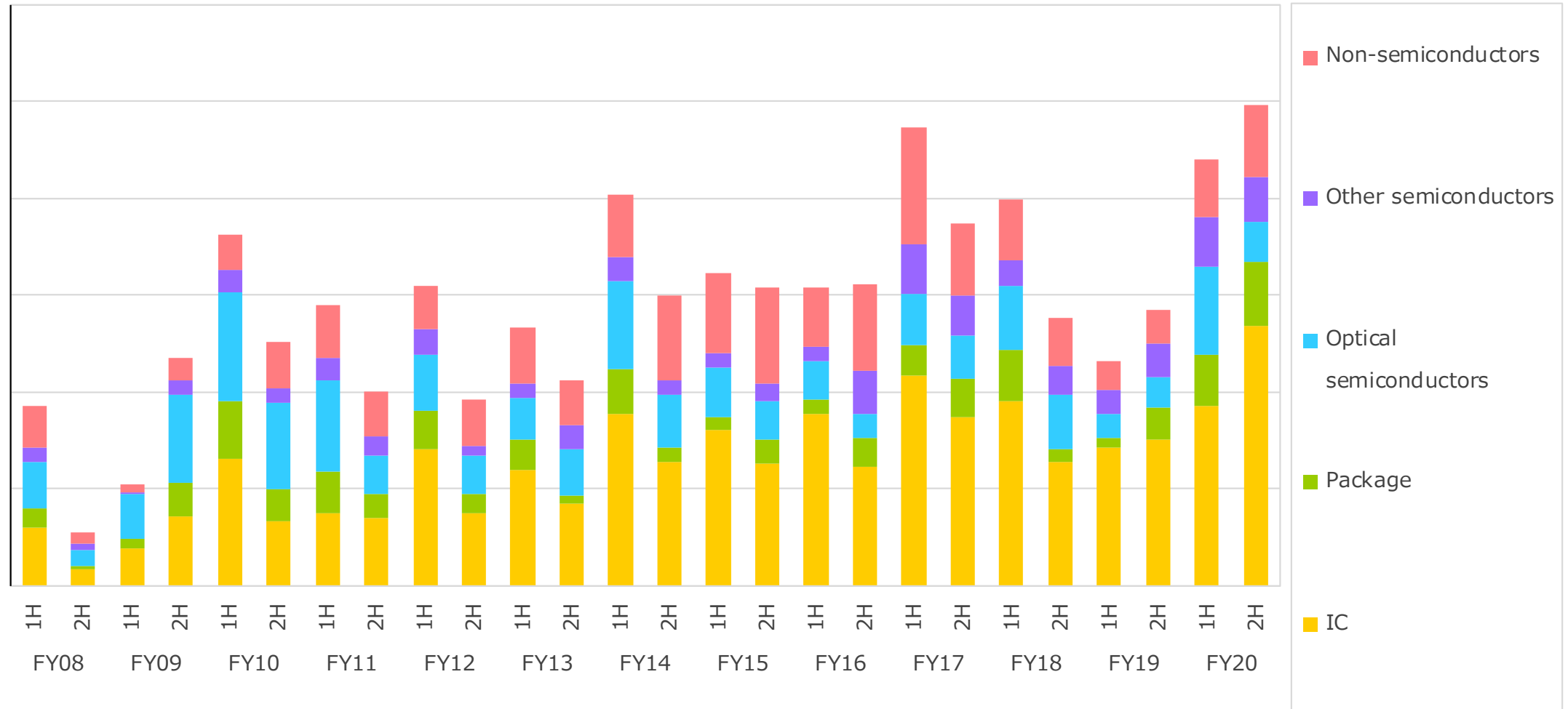
BCM activities, Will Accounting, PIM activities, and DISCO Values

# **[Reference] Half-Year and Fiscal Year Transition Graph**

# Non-consolidated Sales by Usage of Dicing Saws

Shipment Basis

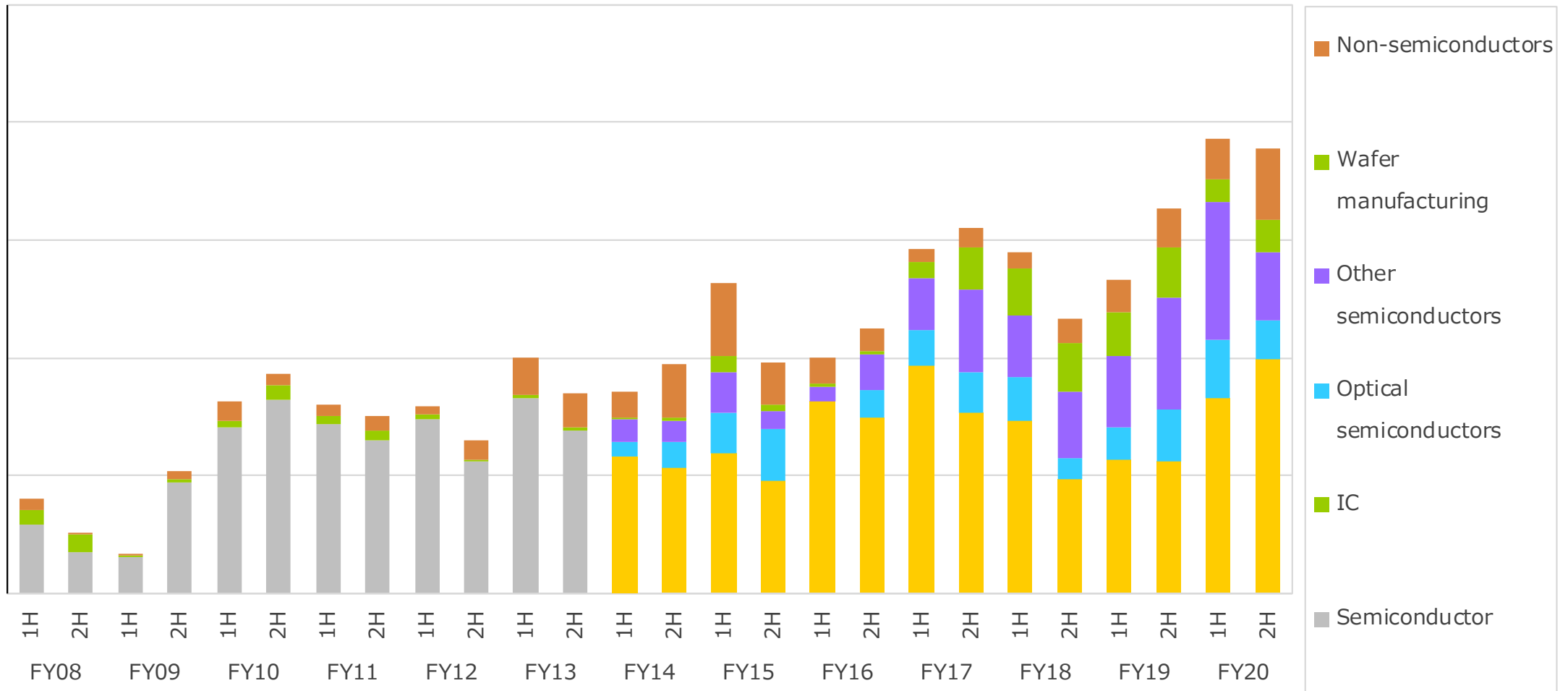
Half-Year



# Non-consolidated Sales by Usage of Grinders

Shipment Basis

Half-Year

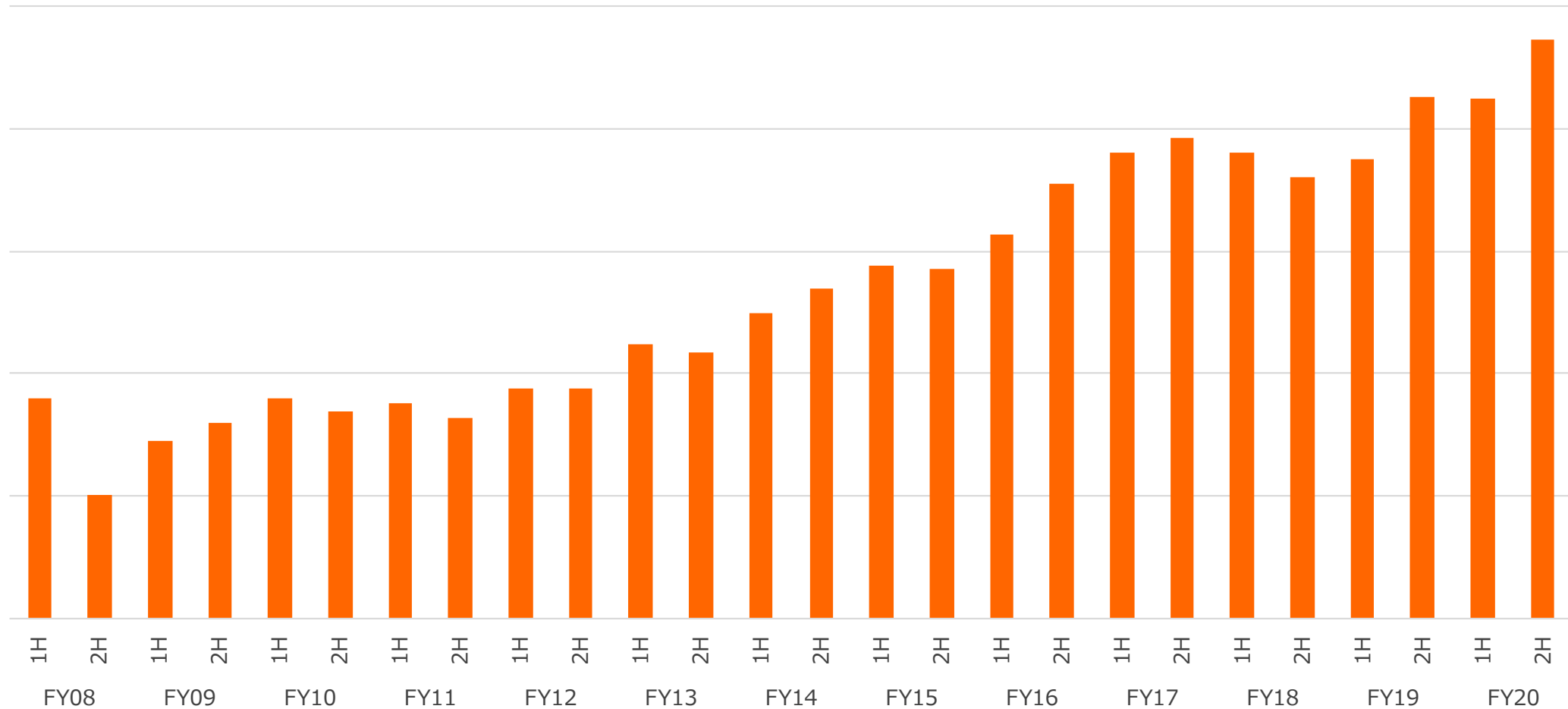




# Consolidated Consumable\* Sales

Shipment Basis

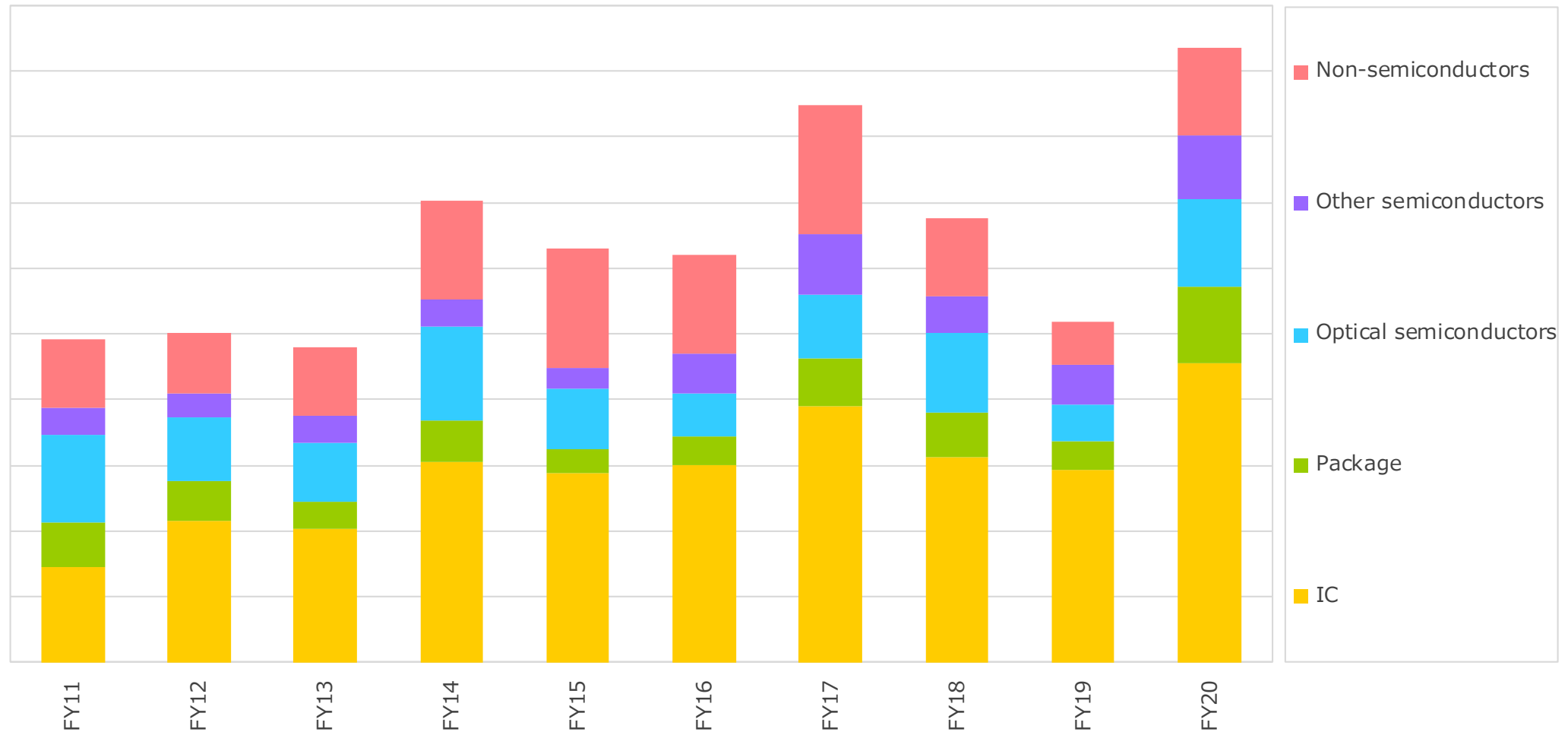
Half-Year



# Non-consolidated Sales by Usage of Dicing Saws

Shipment Basis

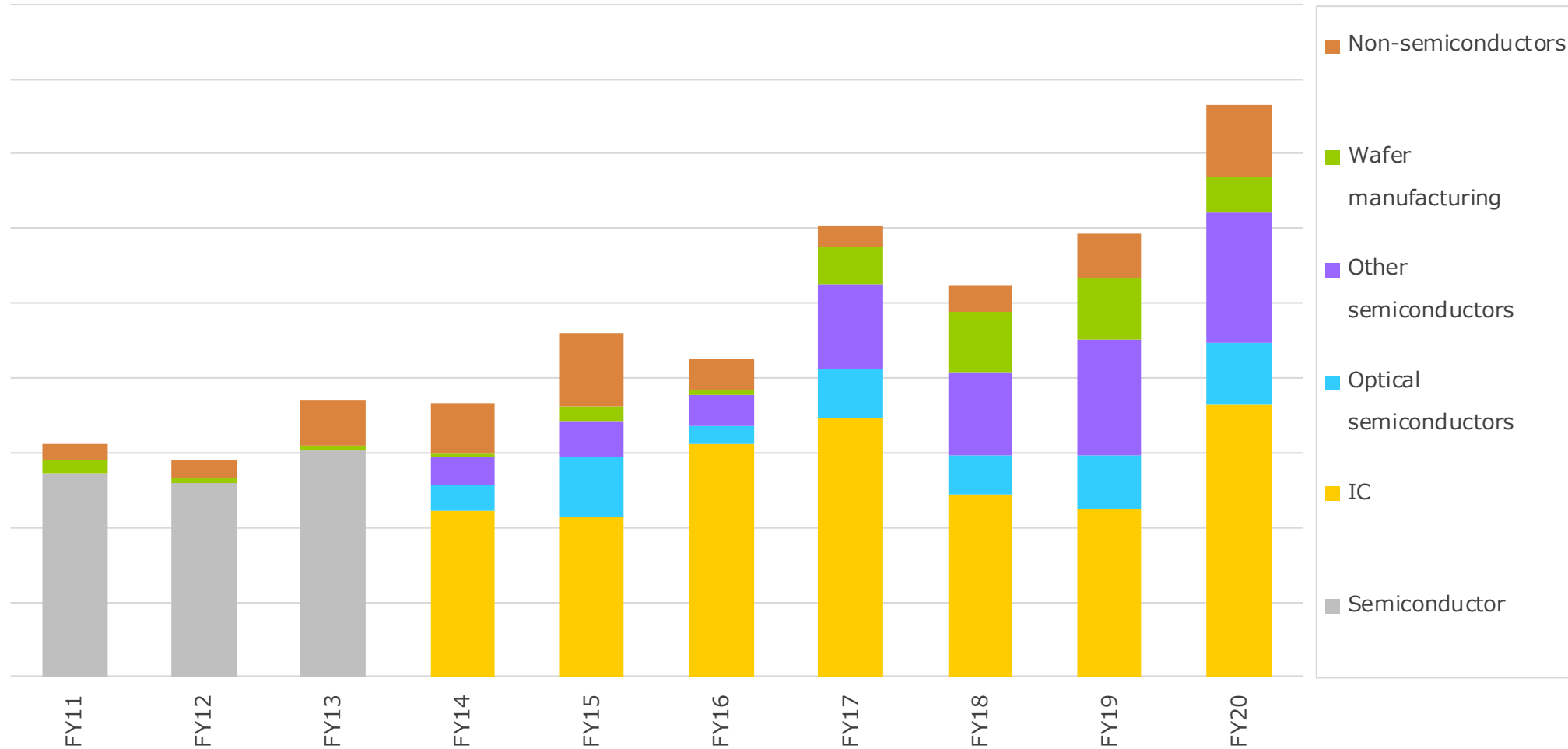
Full-year



# Non-consolidated Sales by Usage of Grinders

Shipment Basis

Full-year



# Consolidated Consumable\* Sales

Shipment Basis

Full-year

