

FY2021

First Quarter Financial Results

July 20, 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.

FY2021 1Q Earnings Results (Consolidated)



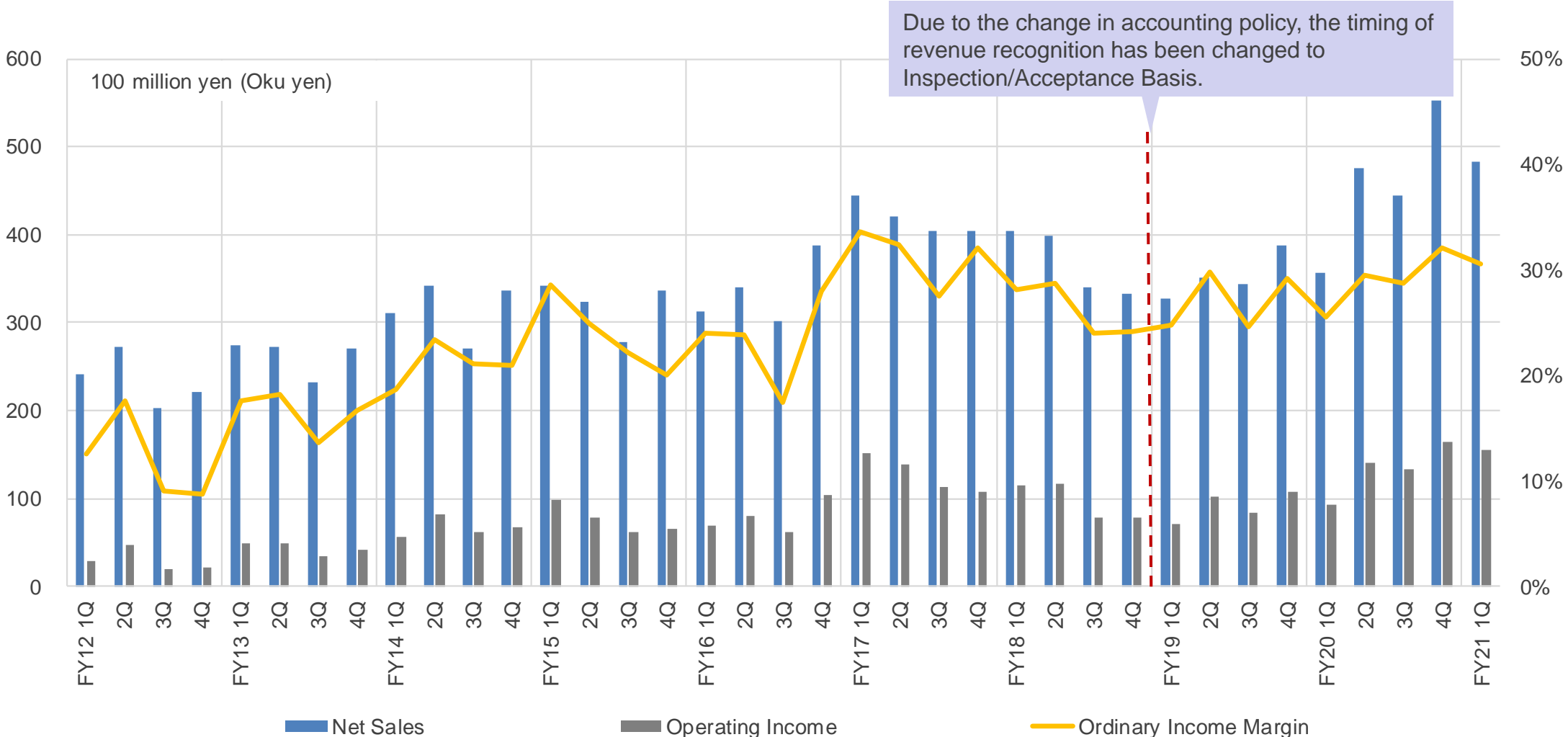
Millions of Yen	FY2021	FY2020	QoQ		FY2020	YoY	
	1Q	4Q	Amount	(%)	1Q	Amount	(%)
Net Sales	48,291	55,248	-6,957	-12.6%	35,654	12,637	35.4%
Gross Profit	29,427	31,412	-1,985	-6.3%	21,406	8,022	37.5%
Gross Profit Margin	60.9%	56.9%	4.0p	-	60.0%	0.9p	-
SG&A	13,982	14,978	-996	-6.6%	12,122	1,861	15.3%
Operating Income	15,444	16,433	-989	-6.0%	9,283	6,161	66.4%
Ordinary Income	14,750	17,742	-2,992	-16.9%	9,116	5,634	61.8%
Ordinary Income Margin	30.5%	32.1%	-1.6p	-	25.6%	4.9p	-
Income before income taxes and minority interests	14,716	17,689	-2,973	-16.8%	9,084	5,632	62.0%
Net Income	10,581	13,464	-2,882	-21.4%	6,473	4,109	63.5%

Sales: Fluctuations are mainly due to the timing of equipment inspection/acceptance.
YoY increased and QoQ decreased.

GP Margin: QoQ increased mainly due to exchange rate fluctuations and added value.

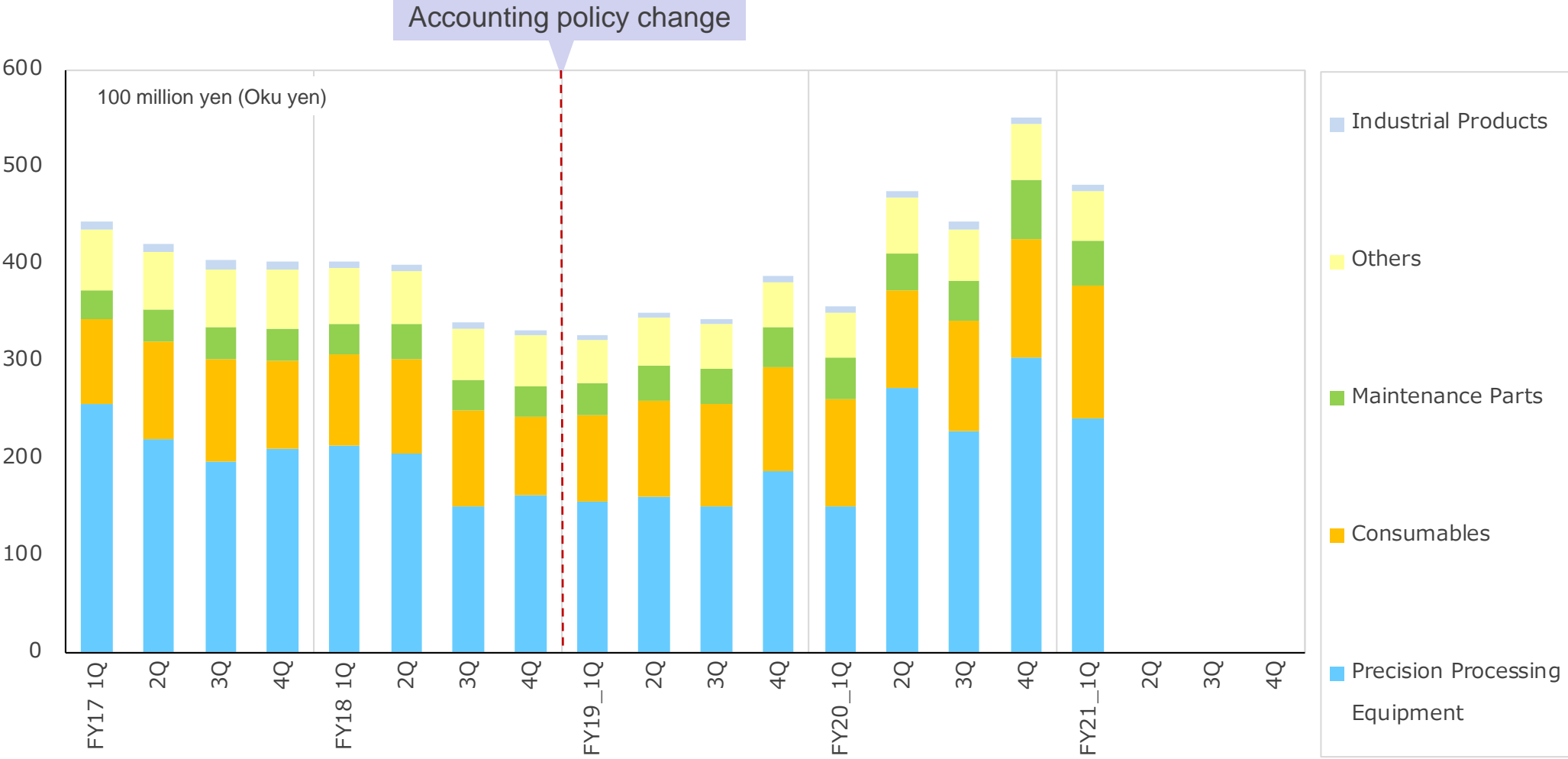
SG&A: QoQ decreased mainly due to performance-linked costs.

Quarterly Consolidated Financial Results



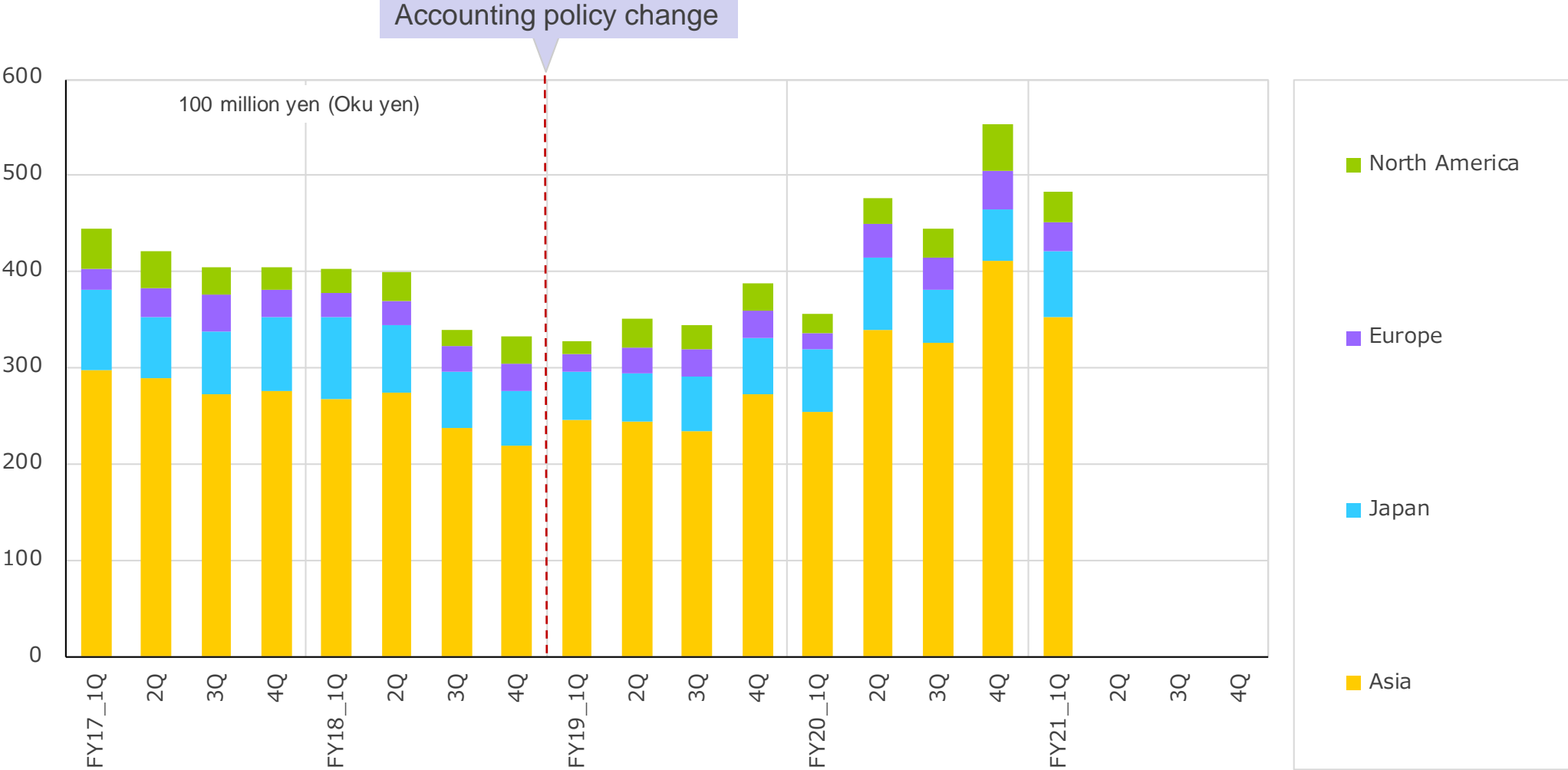
Performance and profit rates remain high.
 (FY21_1Q Operating income: 32.0%, Ordinary income: 30.5%, Net sales: 21.9%)

Quarterly Consolidated Sales Breakdown by Product



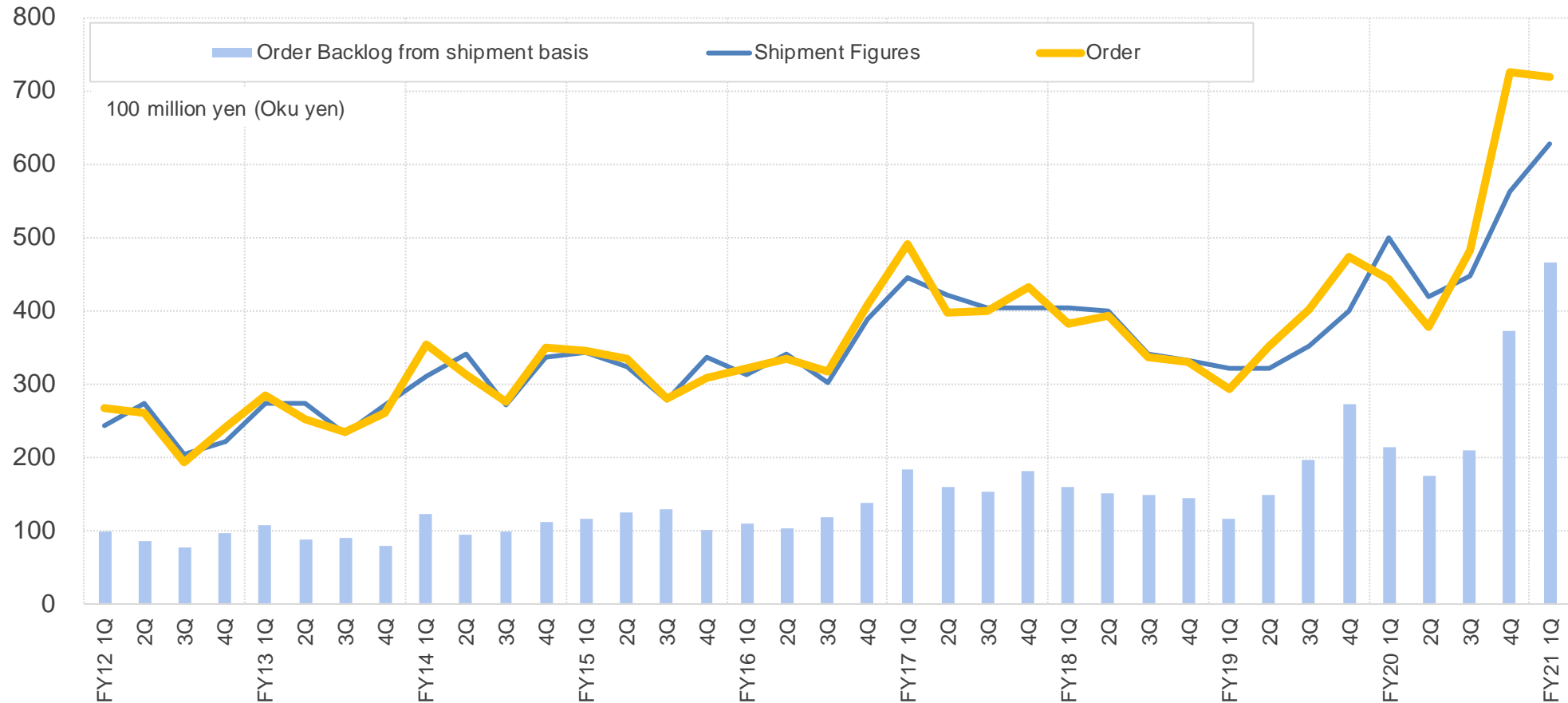
Note: Composition percentages are listed as additional information on the website.

Consolidated Sales Breakdown by Region



Overseas sales accounted for 86.0% of the total sales.

Shipment Basis

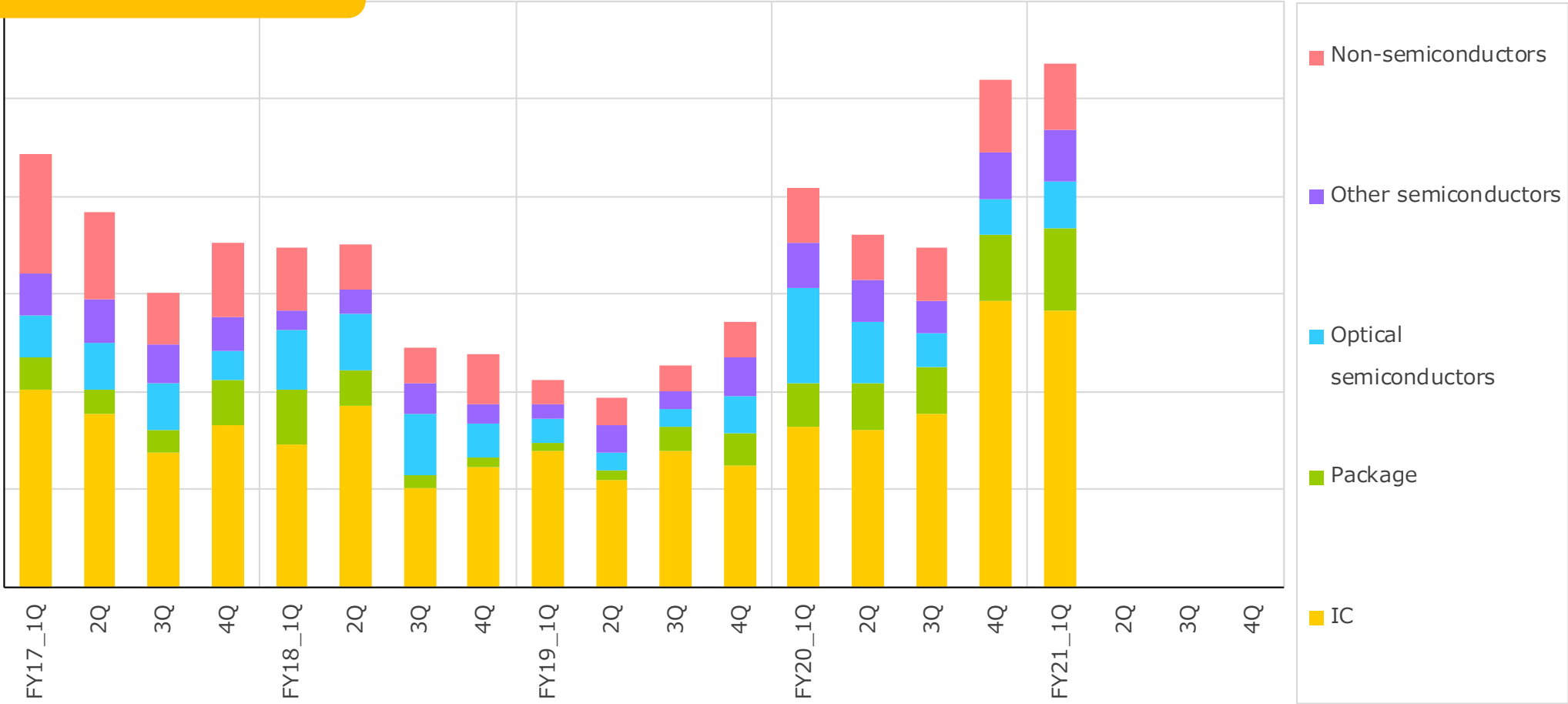


Orders for 1Q in FY21: Approx. JPY 71,900 million,
 Shipments: Approx. JPY 62,600 million,
 Order backlog: Approx. JPY 46,500 million (shipped amount excluded)

Non-consolidated Sales by Usage of Dicing Saws



Shipment Basis

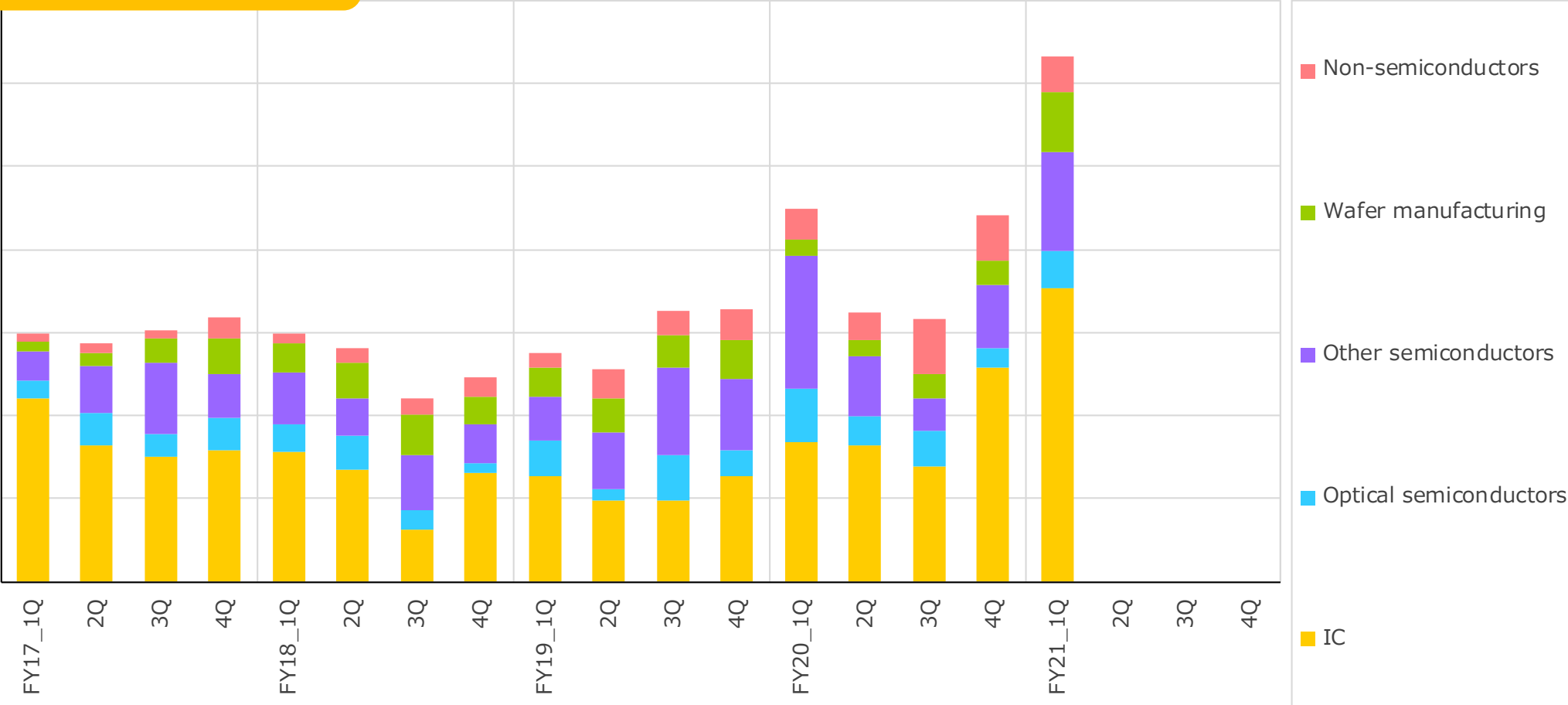


QoQ: In addition to IC demand, which remains high, package demand increased.
 YoY: Semiconductor demand increased significantly for a wide range of applications, centered on IC.

Non-consolidated Sales by Usage of Grinders

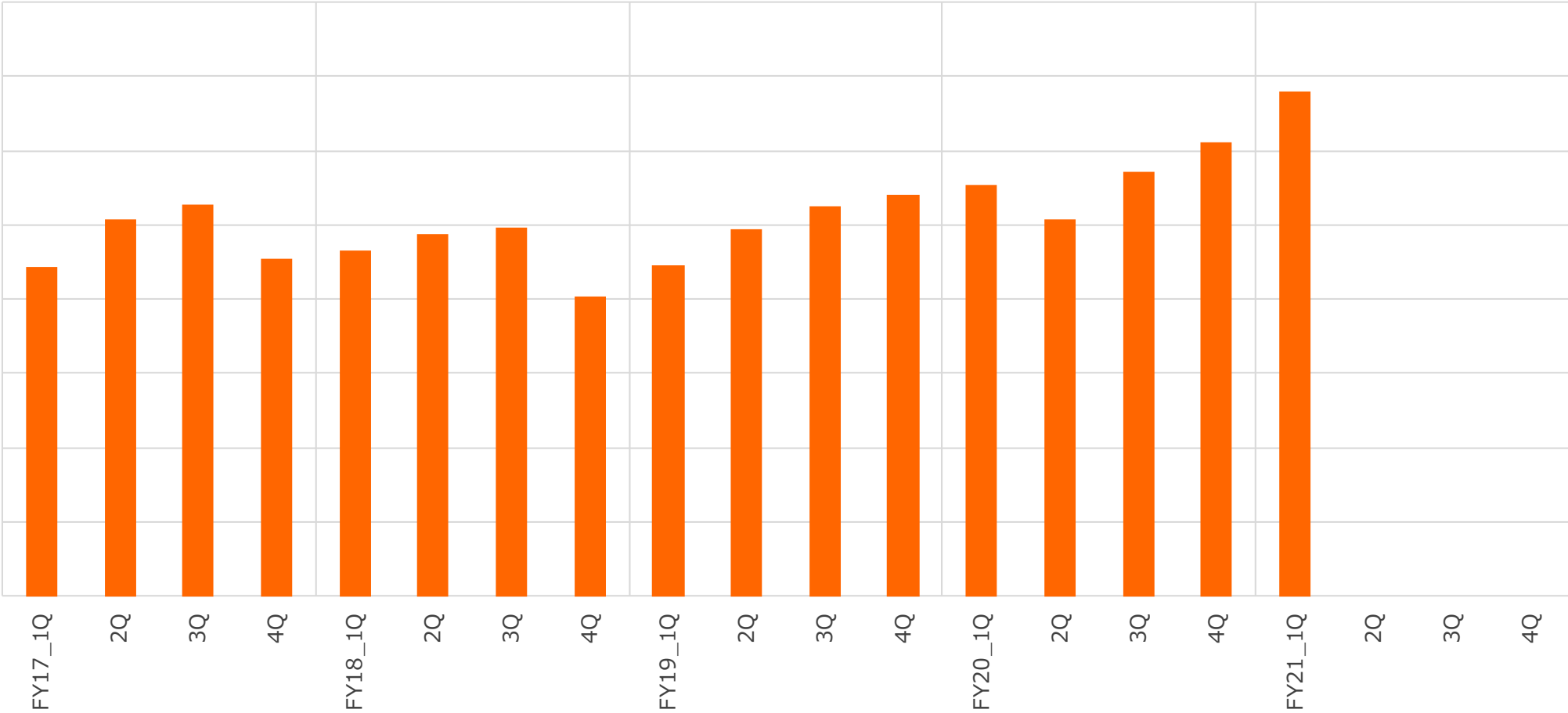


Shipment Basis



QoQ: Increased for almost all applications except non-semiconductors.
 YoY: Increased demand for IC and wafer manufacturing was noticeable.

Consolidated Consumable Sales



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

Balance Sheet (Summary)

Millions of Yen	FY2021 1Q	FY2020 4Q	Amount
Cash and deposits	101,019	109,809	-8,790
Notes and account receivable	31,742	33,173	-1,431
Inventories	62,771	55,746	7,024
Total current assets	199,568	208,108	-8,539
Property, plant and equipment	109,399	108,448	950
Total noncurrent assets	120,919	120,918	1
Total assets	320,487	329,026	-8,539
Current liabilities	76,593	75,927	666
Noncurrent liabilities	717	746	-29
Total liabilities	77,311	76,674	637
Total net assets	243,176	252,352	-9,176
Total liabilities and net assets	320,487	329,026	-8,539
Equity Ratio	75.5%	76.3%	-0.8p

Total assets: Cash and deposit decreased due to various payments. However, tangible fixed assets increased due to an increase in inventory (shipped but not inspected/accepted).

Liabilities: Income taxes payable and Provision for bonuses decreased. However, Advances received increased.

Net assets: Earned surplus decreased due to payment of dividend.

Earnings Forecast 2Q FY2021



100 million yen (Oku yen)

Forecast

	FY20 1Q	2Q	3Q	4Q	FY21 1Q	2Q
Net Sales	357	476	444	552	483	581
Operating Income	93	141	133	164	154	187
Ordinary Income	91	140	128	177	148	191
Net Income	65	101	90	135	106	136
Operating Income Margin	26.0%	29.6%	30.0%	29.7%	32.0%	32.1%
Ordinary Income Margin	25.6%	29.5%	28.7%	32.1%	30.5%	32.8%
Net Income Margin	18.2%	21.3%	20.3%	24.4%	21.9%	23.4%
Shipment Figures	499	418	446	562	627	555

Assumed exchange rate:

USD: JPY 105

Euro: JPY 125

Foreign exchange sensitivity (consolidated and annualized):

USD: Approx. JPY 1 billion

Euro: Approx. JPY 30 million

Shipment Basis

QoQ		FC FY21_2Q
	DGP (for thin wafers)	-35%
	Other Grinders	-25%
Grinders		-30%
	Blade Dicers	0%
	Laser Saws	0%
Dicers		0%
Precision Processing Equipment		-10%
Consumables		-5%
Others		-15%

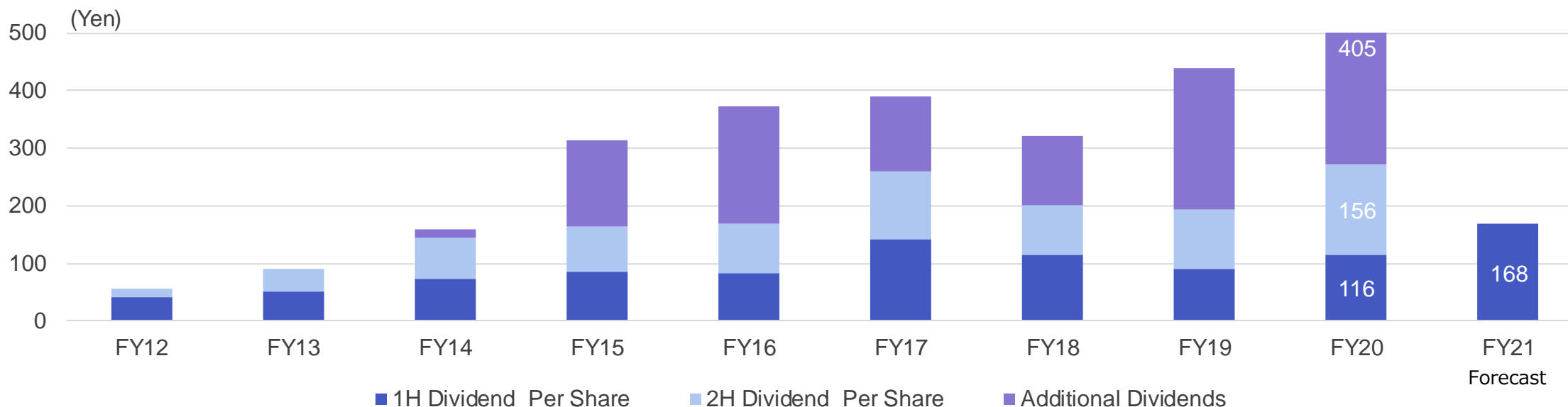
Dividend Policy and Dividend Payments

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.

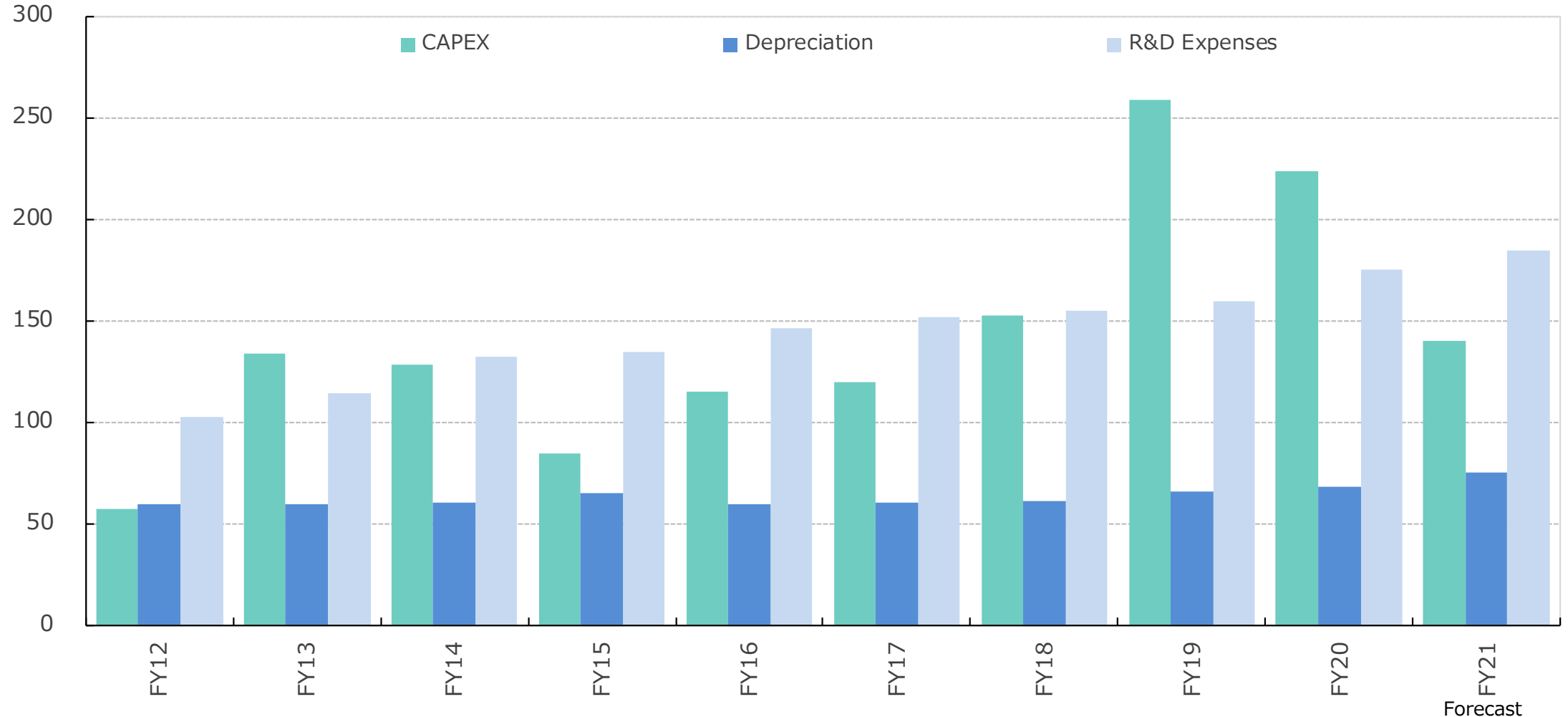
[Remarks]

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



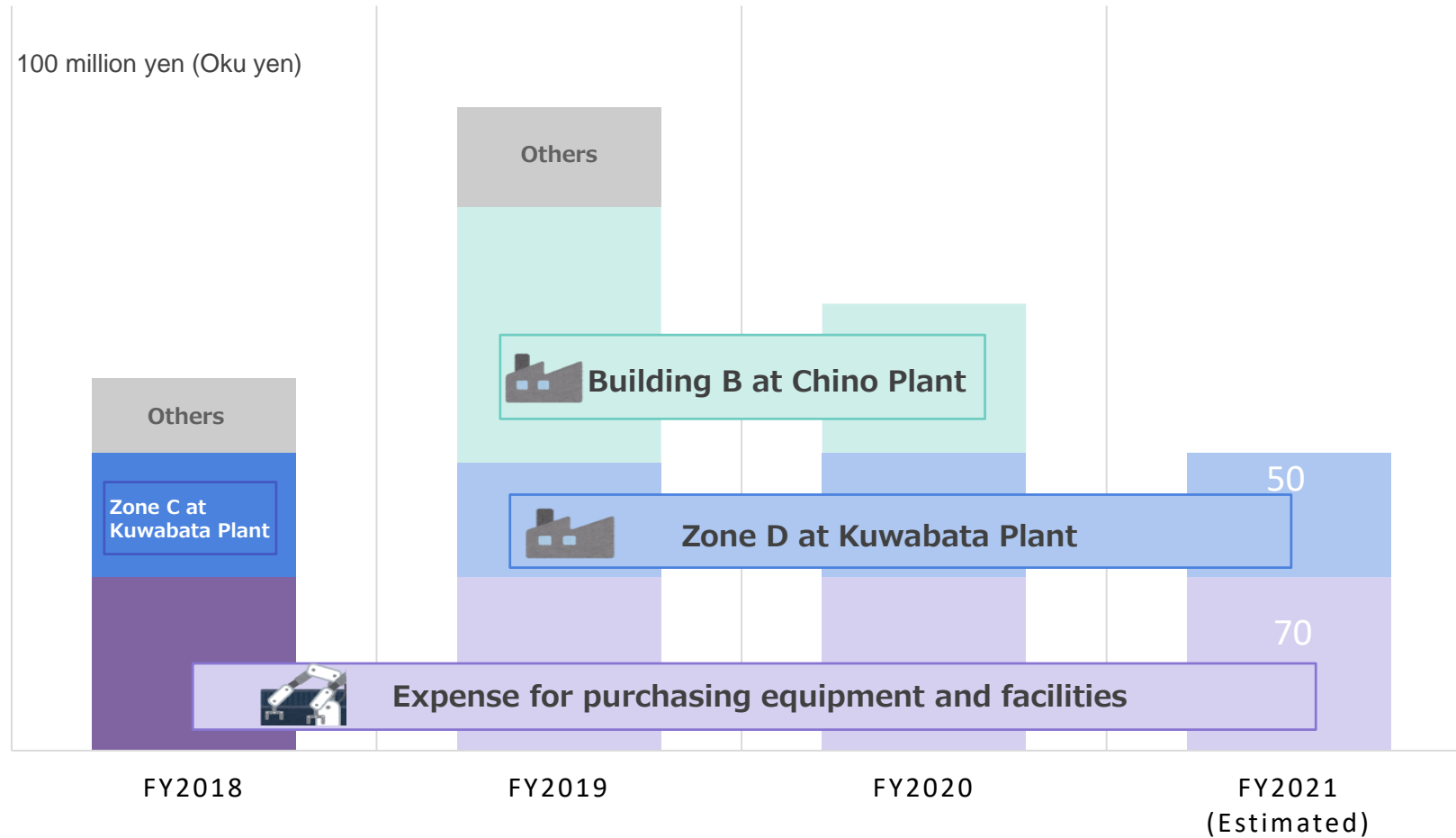
Current forecast:

FY21 interim JPY 168, FY21 year-end Yet-to-be-determined



Forecast for FY21:

- Facilities investments: Approx. JPY 14 B, including construction of new buildings at Kuwabata (JPY 22.3 B in FY20).
- Depreciation: Approx. JPY 7.5 B. Expected to be similar to last year (JPY 6.8 B in FY20).
- R&D: Approx. JPY 18.5 B. We plan to invest proactively in R&D (JPY 17.5 B in FY20).



Forecast for FY21

- Expense for purchasing equipment and facilities
- Zone D at Kuwabata Plant: Plan to pay final payment upon completion.

Approx. 7 B
Approx. 5 B