

FY2021

Second Quarter Financial Results

Oct 21, 2021

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FY2021 2Q Earnings Results (Consolidated)



Millions of Yen	FY2021	FY2021 1Q	QoQ		FY2020 2Q	YoY	
	2Q		Amount	(%)		Amount	(%)
Net Sales	67,791	48,291	19,500	40.4%	47,561	20,230	42.5%
Gross Profit	40,415	29,427	10,988	37.3%	27,418	12,997	47.4%
Gross Profit Margin	59.6%	60.9%	-1.3p	-	57.6%	2.0p	-
SG&A	15,902	13,982	1,920	13.7%	13,342	2,560	19.2%
Operating Income	24,513	15,444	9,068	58.7%	14,076	10,437	74.1%
Ordinary Income	25,144	14,750	10,394	70.5%	14,008	11,136	79.5%
Ordinary Income Margin	37.1%	30.5%	6.6p	-	29.5%	7.6p	-
Income before income taxes and minority interests	25,119	14,716	10,403	70.7%	14,007	11,111	79.3%
Net Income	18,010	10,581	7,429	70.2%	10,127	7,883	77.8%

Net Sales : YoY and QoQ increased significantly due to high-level of product shipment and inspection/acceptance progress.
 GP margin : QoQ decreased mainly due to change in product composition.
 SG&A : QoQ increased mainly due to performance-linked costs.

FY2021 1H Earnings Results



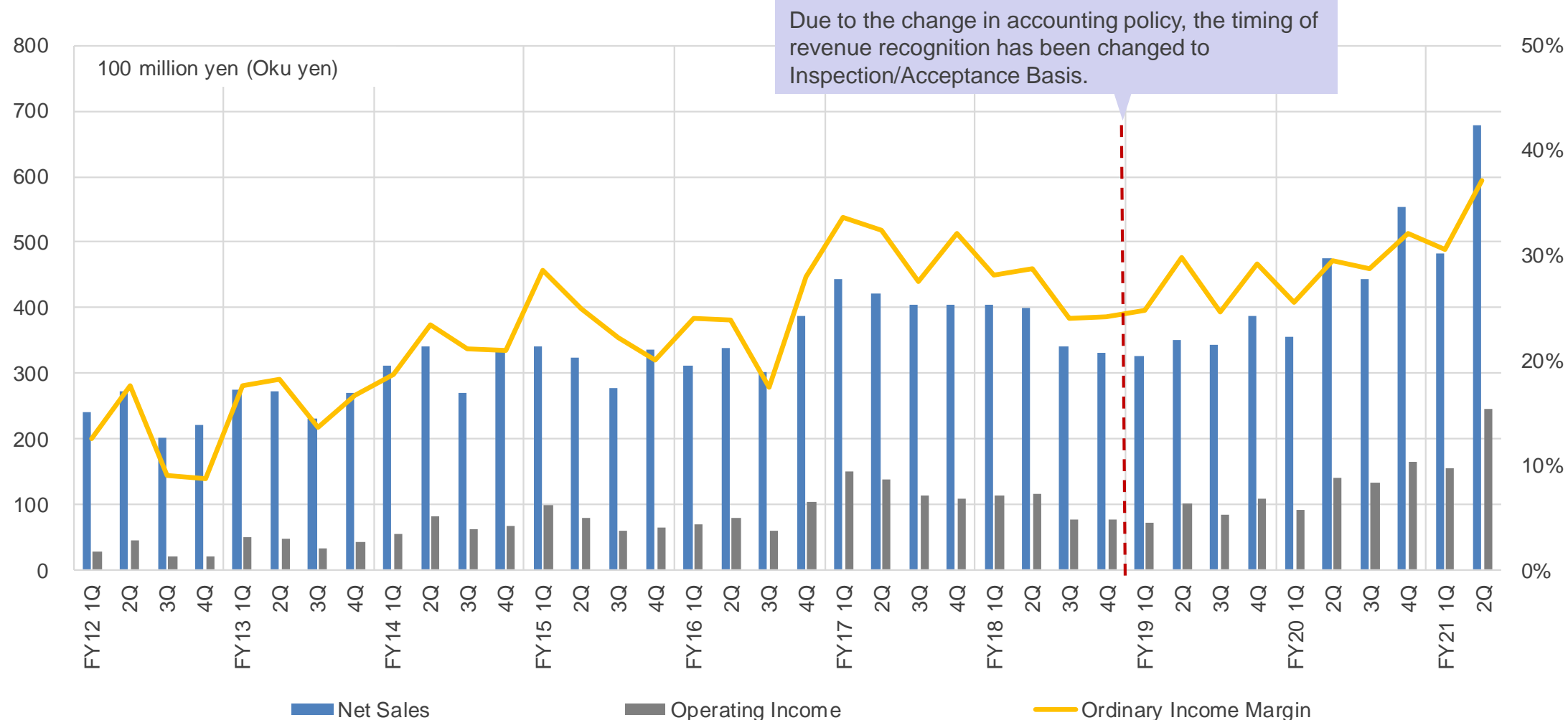
Millions of Yen	FY2021 1H	FY2020 1H	YoY	
			Amount	(%)
Net Sales	116,082	83,215	32,867	39.5%
Gross Profit	69,843	48,824	21,019	43.0%
Gross Profit Margin	60.2%	58.7%	1.5p	-
SG&A	29,885	25,465	4,420	17.4%
Operating Income	39,958	23,359	16,598	71.1%
Ordinary Income	39,895	23,125	16,771	72.5%
Ordinary Income Margin	34.4%	27.8%	6.6p	-
Income before income taxes and minority interests	39,835	23,091	16,744	72.5%
Net Income	28,592	16,600	11,992	72.2%

Net Sales : YoY increased significantly due to high-level of product shipment and inspection/acceptance progress.

GP margin : YoY increased due to exchange rate and improvement activities.

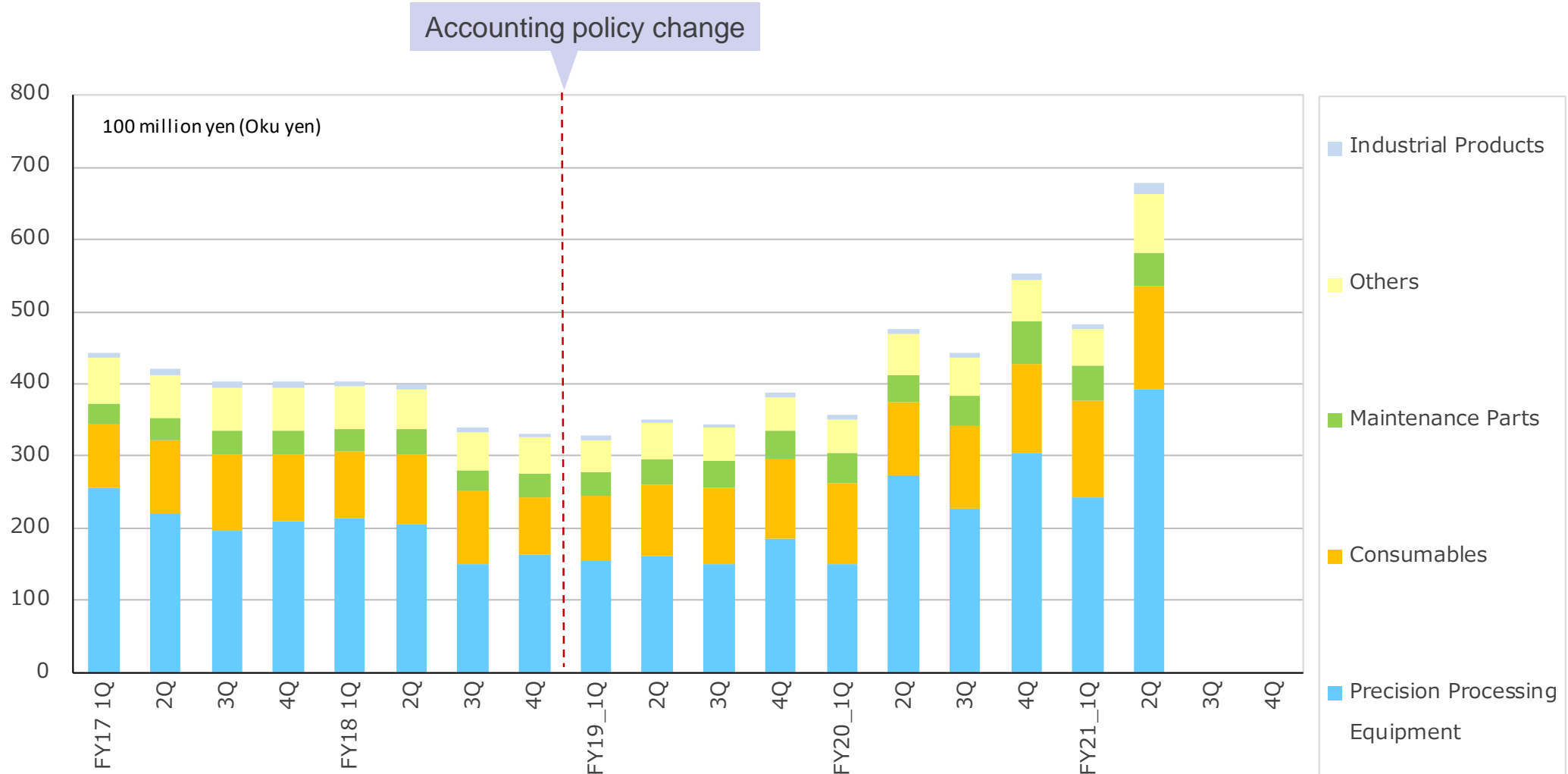
SG&A : YoY increased mainly due to personnel and R&D expenses.

Quarterly Consolidated Financial Results



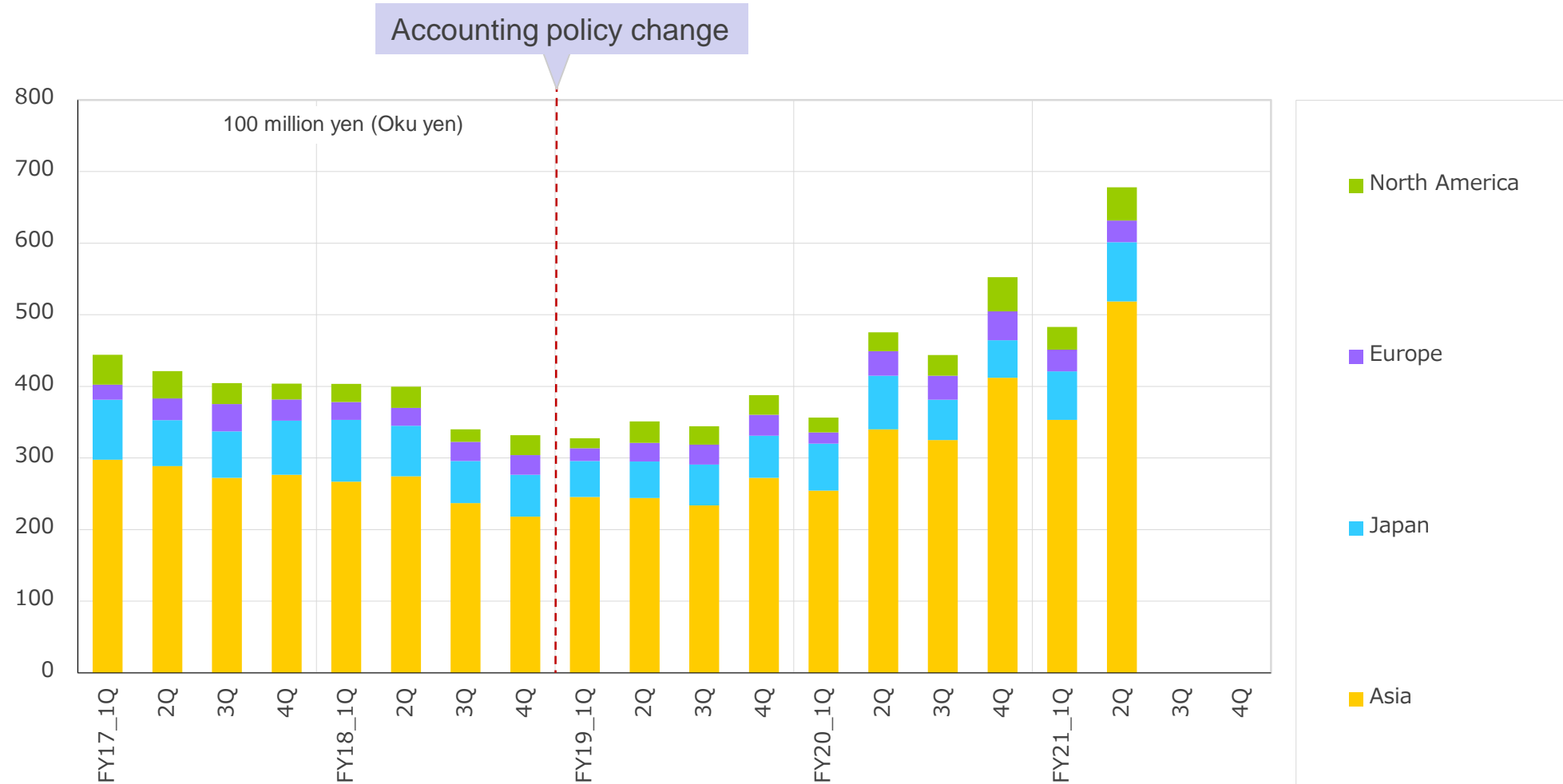
Record quarterly high was achieved in performance and profit ratio.
 (FY21_2Q Operating income margin: 36.2%. Ordinary income margin: 37.1%. Net income margin: 26.6%.)

Quarterly Consolidated Sales Breakdown by Product



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

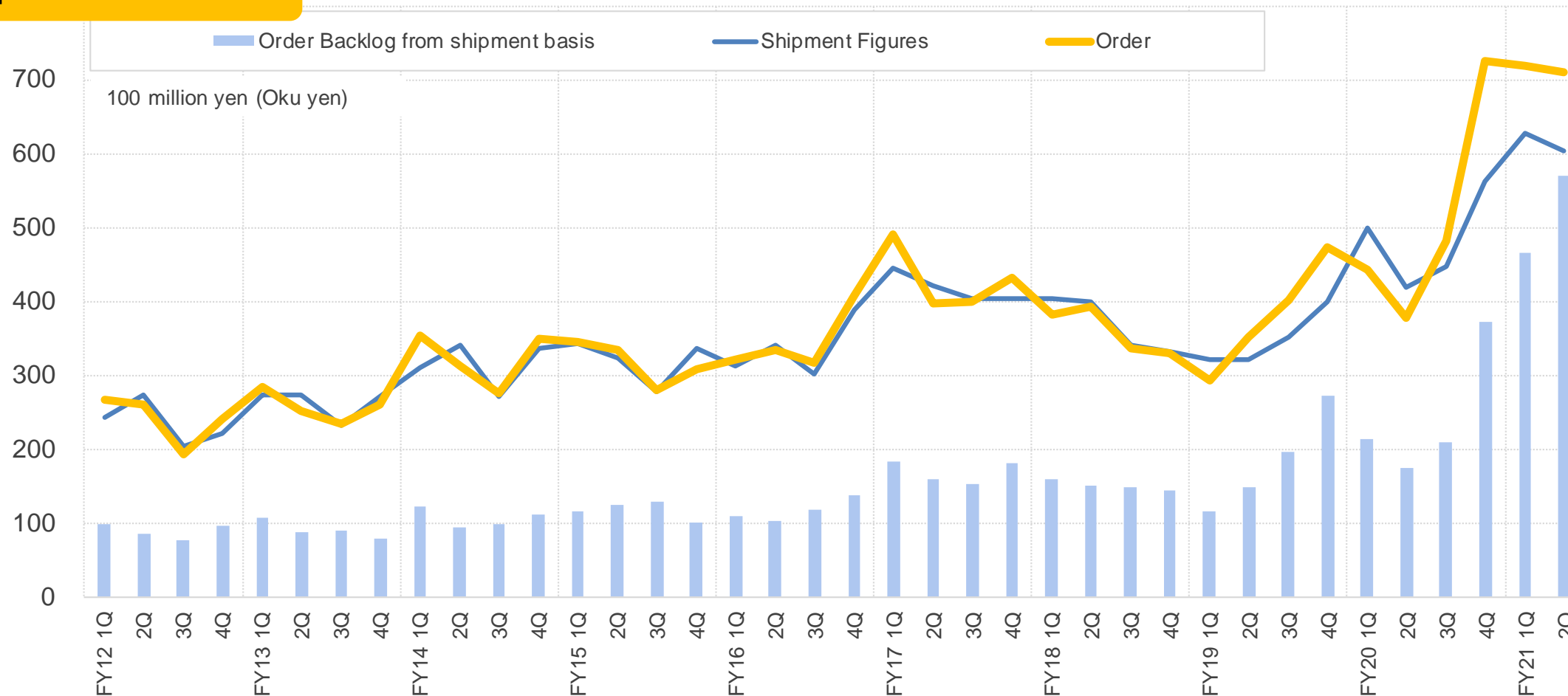
Consolidated Sales Breakdown by Region



FY21_2Q Overseas sales accounted for 87.8% of the total sales.

Quarterly Consolidated Shipment/Orders

Shipment Basis

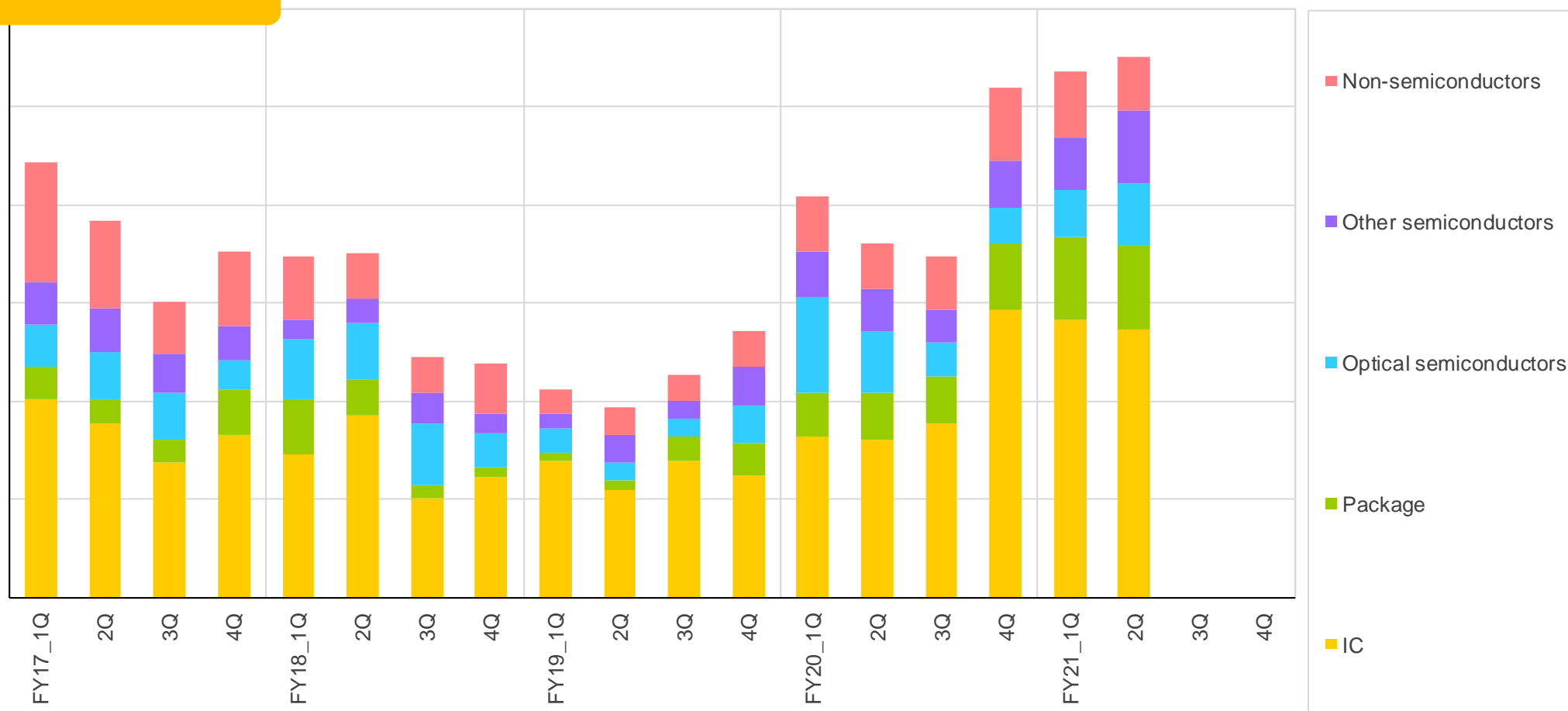


Orders for 2Q in FY21:
Shipments:
Order backlog:

Approx. JPY 70,900 million
Approx. JPY 60,400 million
Approx. JPY 57,000 million (shipped amount excluded)

Non-consolidated Sales by Usage of Dicing Saws

Shipment Basis

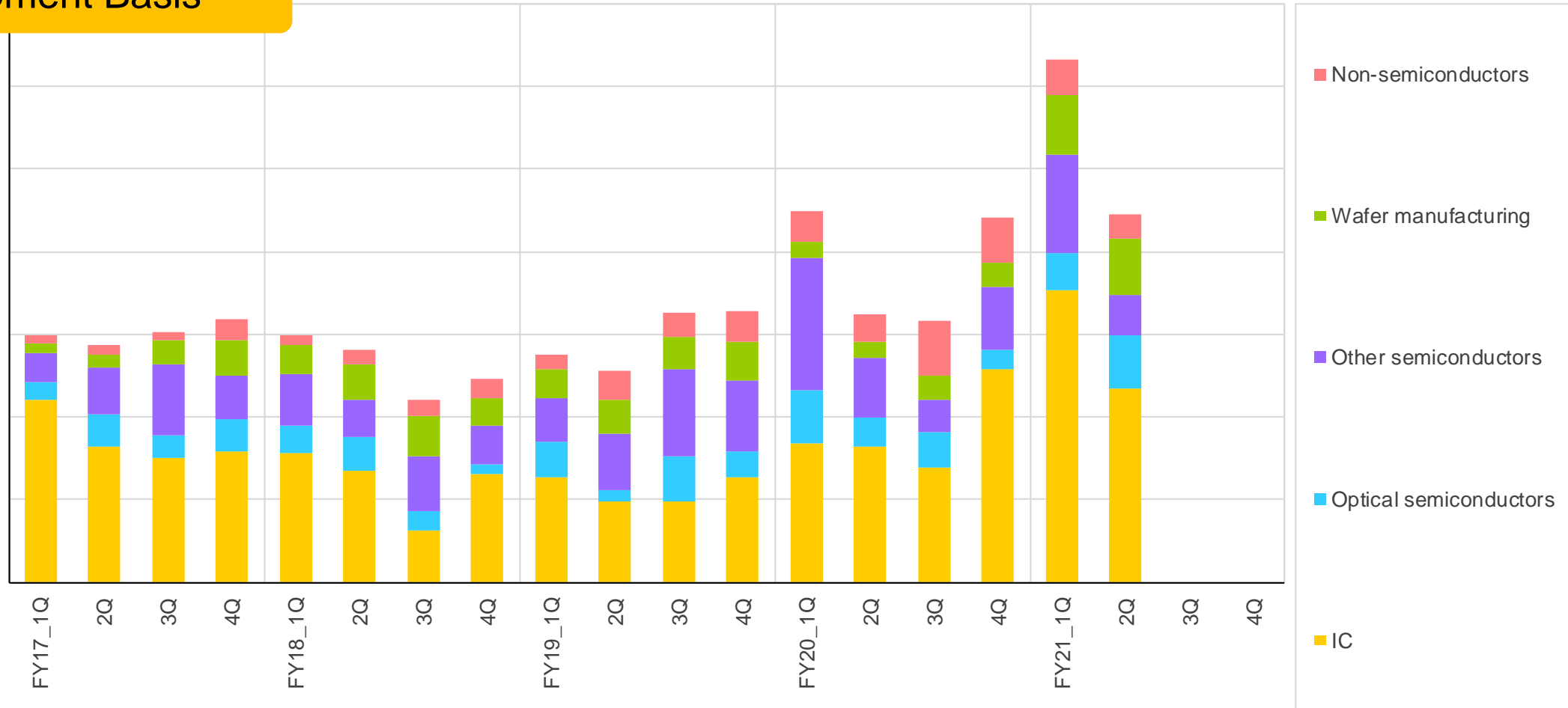


QoQ : Increased for power semiconductors (other semiconductor) and optical semiconductor applications in addition to the ICs , which remains firm.

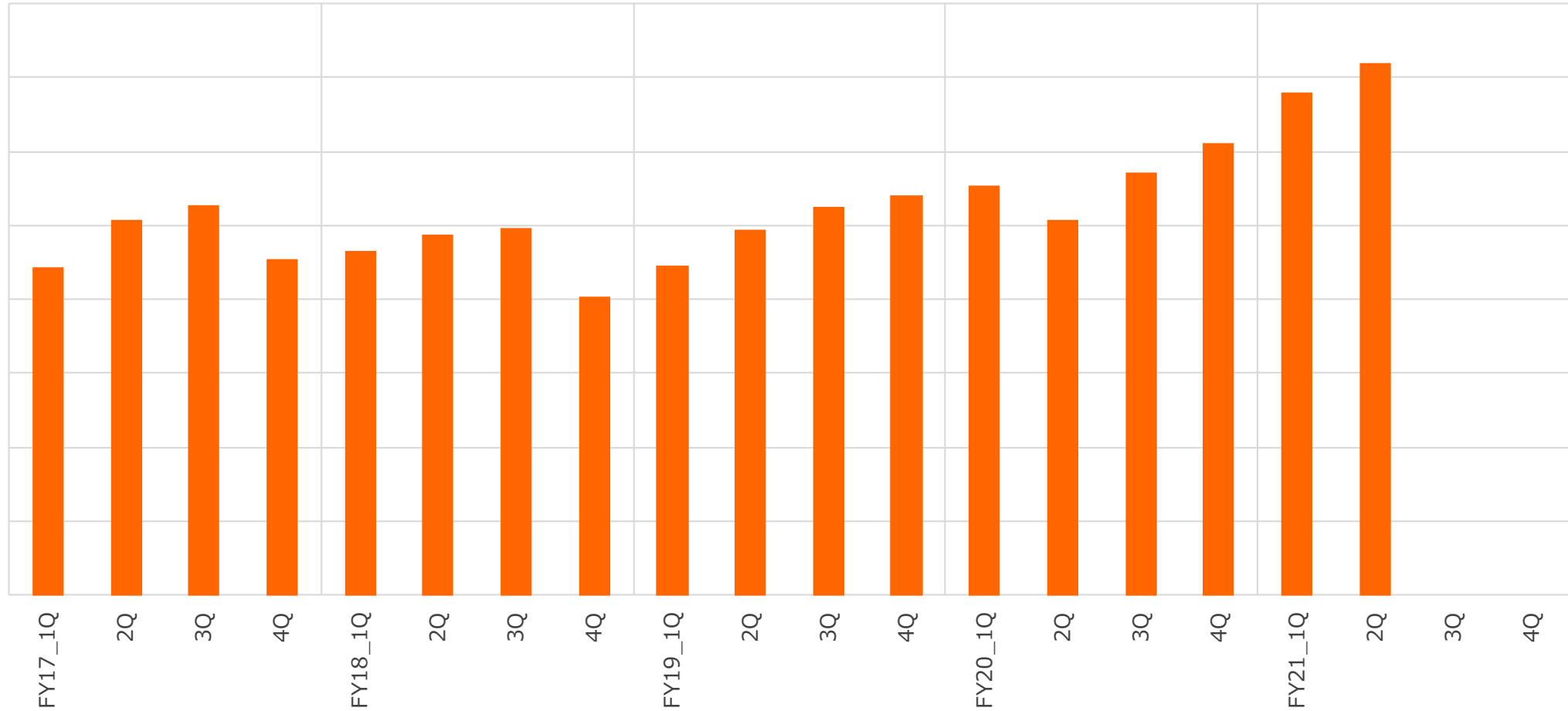
YoY : Exceeded the record established the same period last year for the seventh consecutive quarter, backed by expansion of semiconductor demand.

Non-consolidated Sales by Usage of Grinders

Shipment Basis



QoQ : Decreased because shipments for ICs and semiconductors (other semiconductor) were concentrated in the previous quarter
 YoY : Shipped for a wider range of applications compared to the same period last year, during which demand was concentrated on power semiconductors (other semiconductor)



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

Balance Sheet (Summary)

Millions of Yen	FY2021 2Q	FY2021 1Q	Amount
Cash and deposits	112,884	101,019	11,865
Notes and account receivable	37,610	31,742	5,868
Inventories	61,700	62,771	-1,071
Total current assets	218,314	199,568	18,745
Property, plant and equipment	113,956	109,399	4,557
Total noncurrent assets	126,264	120,919	5,345
Total assets	344,578	320,487	24,091
Current liabilities	82,819	76,593	6,226
Noncurrent liabilities	740	717	23
Total liabilities	83,559	77,311	6,249
Total net assets	261,018	243,176	17,842
Total liabilities and net assets	344,578	320,487	24,091
Equity Ratio	75.4%	75.5%	-0.1p

Total assets : Cash and accounts receivable increased, reflecting trends in inspection/acceptance and shipment. In addition, tangible fixed assets increased due to completion of new building construction at the plants.

Liabilities : Increased mainly due to an increase in payable corporate income tax.

Net assets : Increased due to an increase in earned surplus.

Cash Flow (Summary)

Millions of Yen	FY2021 1H	FY2020 1H	Amount
Net cash provided by (used in) operating activities	31,820	22,767	9,053
Income before income taxes and minority interests	39,835	23,091	16,744
Depreciation and amortization	3,713	3,179	533
Decrease (increase) in notes and accounts receivable-trade	-3,933	-4,531	598
Decrease (increase) in inventories	-4,713	-1,864	-2,849
Increase (decrease) in notes and accounts payable-trade	1,776	264	1,511
Income taxes (paid) refund	-12,998	-3,310	-9,688
Others	8,140	5,937	2,203
Net cash provided by (used in) investing activities	-9,671	-339	-9,332
Purchase of property, plant and equipment	-9,615	-8,524	-1,091
Others	-55	8,184	-8,241
Free cash flow	22,149	22,427	-279
Net cash provided by (used in) financing activities	-20,026	-12,330	-7,696
Cash dividends paid	-20,218	-12,471	-7,746
Others	191	141	50
Net change in of cash and cash equivalents	3,075	10,473	-7,398
Cash and cash equivalents at beginning of period	109,809	79,782	30,027
Cash and cash equivalents at end of period	112,884	90,256	22,629

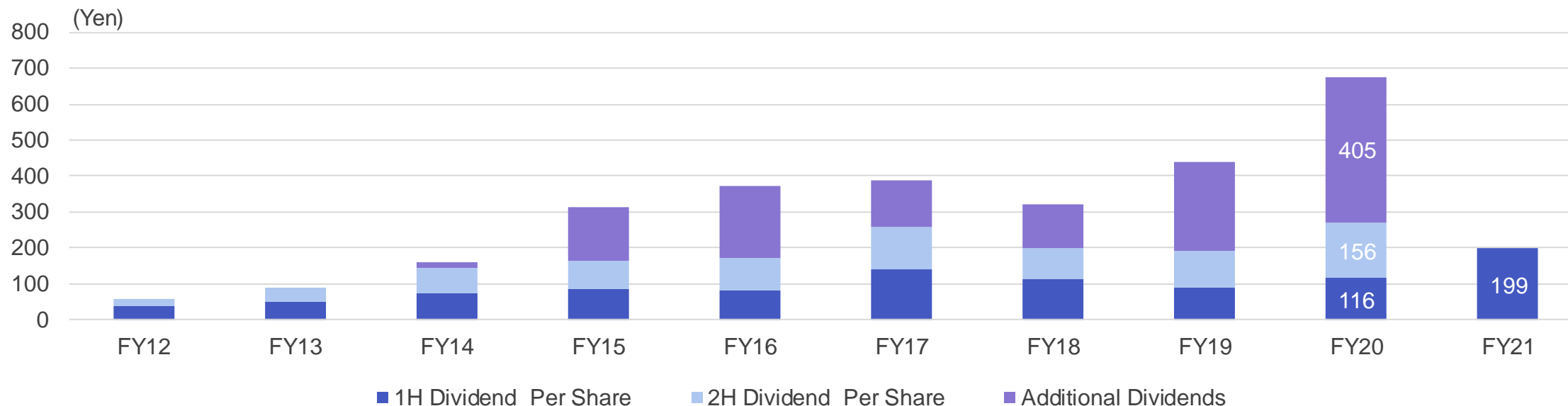
- Sales CF: approx. JPY 31.8B (increase)
Mainly due to increase in income before taxes
 - Investment CF: approx. JPY 9.6B (decrease)
Due to construction of new buildings at plants
(new building construction at Kuwabata Plant
completed in August)
 - Free CF: approx. JPY 22.1B (increase)
 - Financial CF: approx. JPY 20.0B (decrease)
Mainly payment of dividends.
- Cash balance at end of September
approx. JPY 112.8B

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 199 (Actual), FY21 year-end Undetermined

Earnings Forecast 3Q FY2021



100 million yen (Oku yen)

Forecast

	FY20 1Q	2Q	3Q	4Q	FY21 1Q	2Q	3Q
Net Sales	357	476	444	552	483	678	595
Operating Income	93	141	133	164	154	245	188
Ordinary Income	91	140	128	177	148	251	197
Net Income	65	101	90	135	106	180	140
Operating Income Margin	26.0%	29.6%	30.0%	29.7%	32.0%	36.2%	31.7%
Ordinary Income Margin	25.6%	29.5%	28.7%	32.1%	30.5%	37.1%	33.1%
Net Income Margin	18.2%	21.3%	20.3%	24.4%	21.9%	26.6%	23.5%
Shipment Figures	499	418	446	562	627	604	620

Assumed exchange rate:
Foreign exchange sensitivity
(consolidated and annualized):

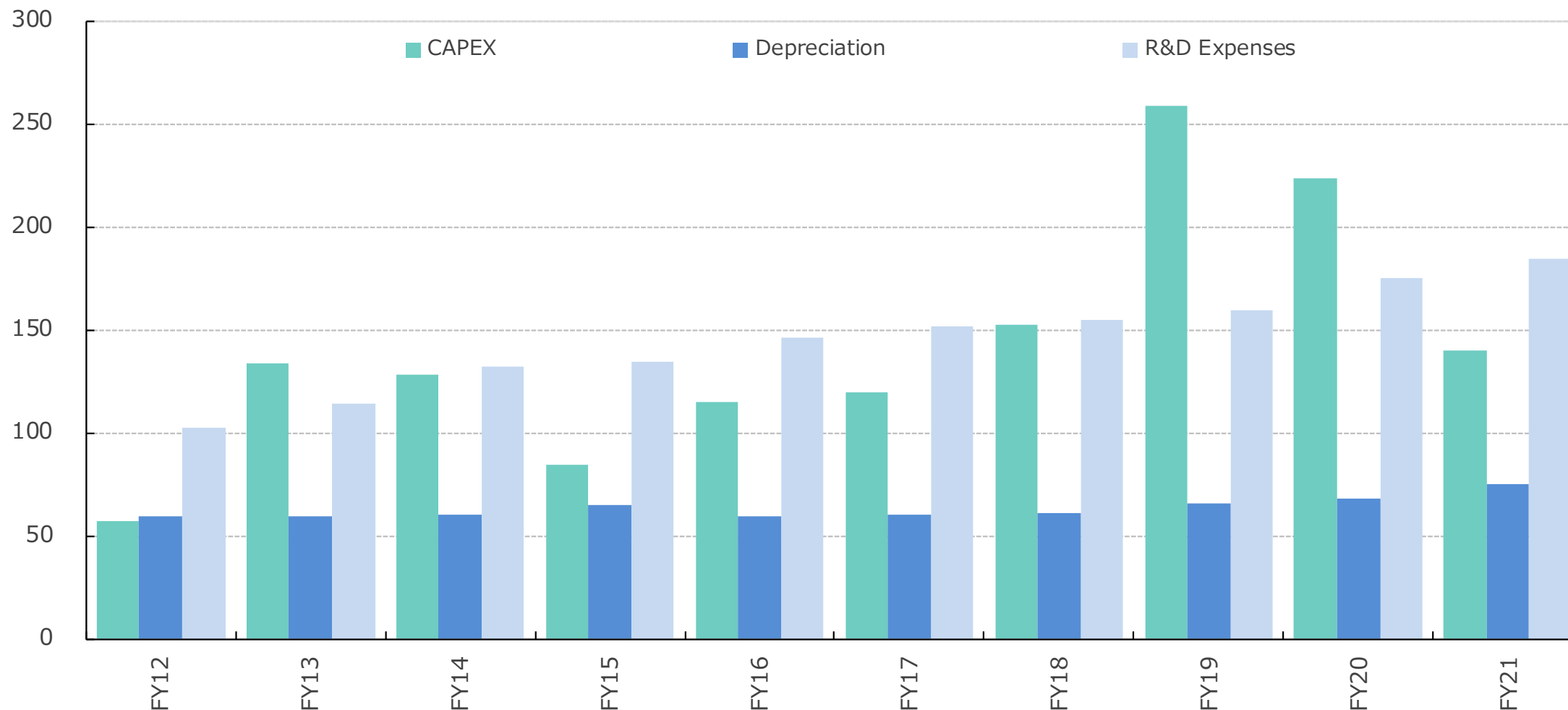
USD: JPY 105
USD: Approx. JPY 1.2 Billion

Euro: JPY 125
Euro: Approx. JPY 30 million

Sales Forecast By Product

Shipment Basis

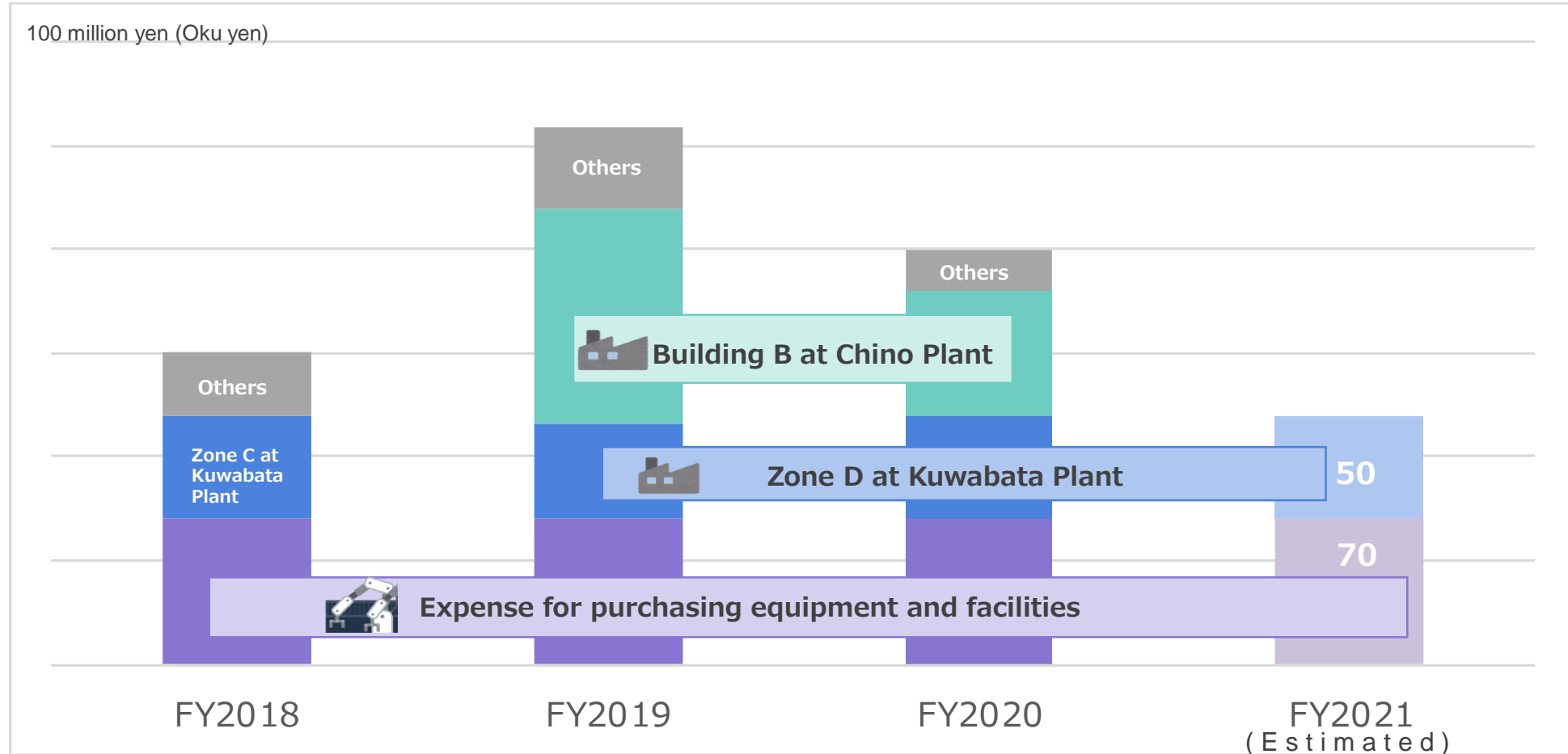
QoQ			Forecast FY21_3Q
		Blade dicers	5%
		Laser Saws	40%
	Dicers	20%	
		DGP (for thin wafers)	20%
		Other Grinders	0%
	Grinders	10%	
Precision Processing Equipment			15%
Consumables			0%
Others			-20%



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 8.0 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).

CAPEX Expenses



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

FY2021 1H: Summary of Business Environment and Results

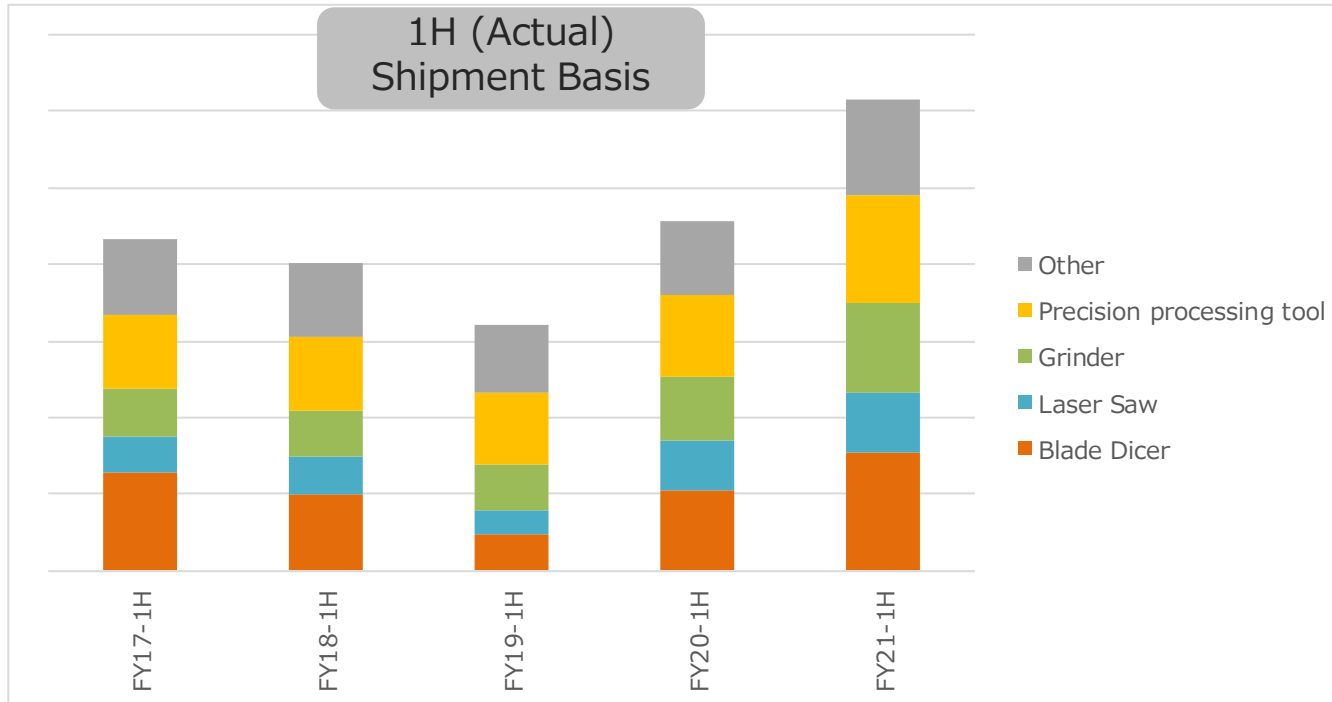


■ Shipment trends

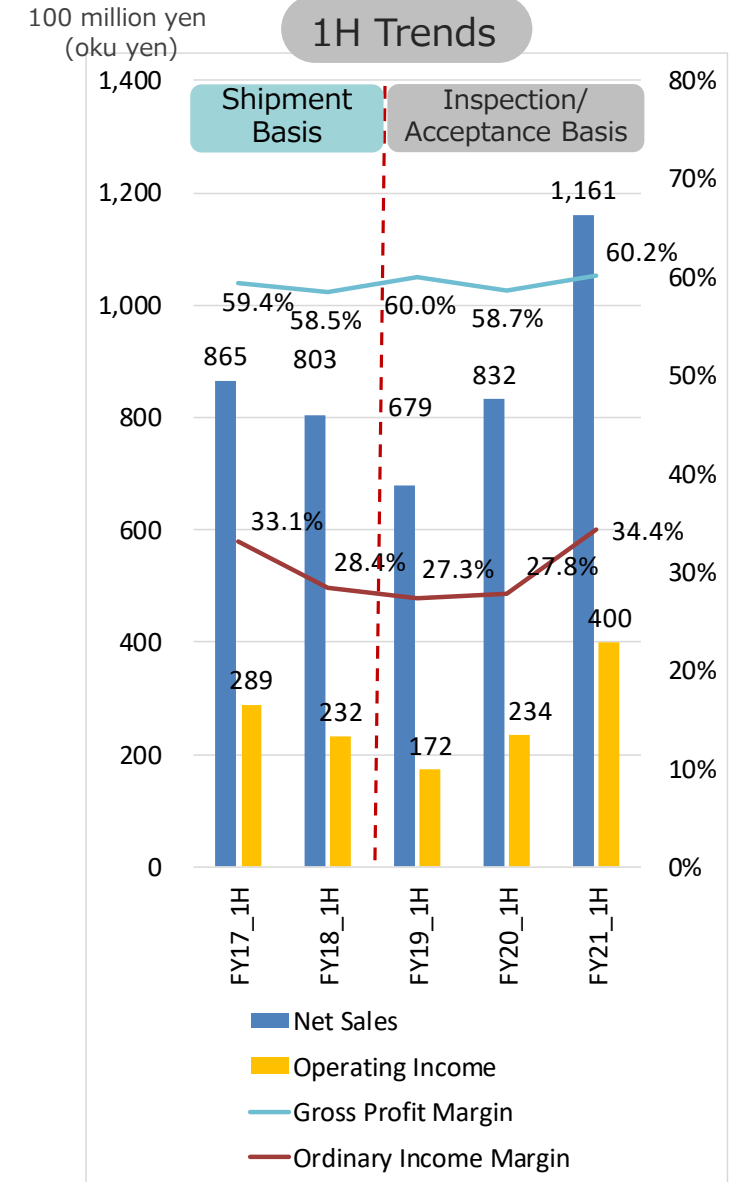
Equipment : Shipment for both dicing saws and grinders remains at a high level.

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

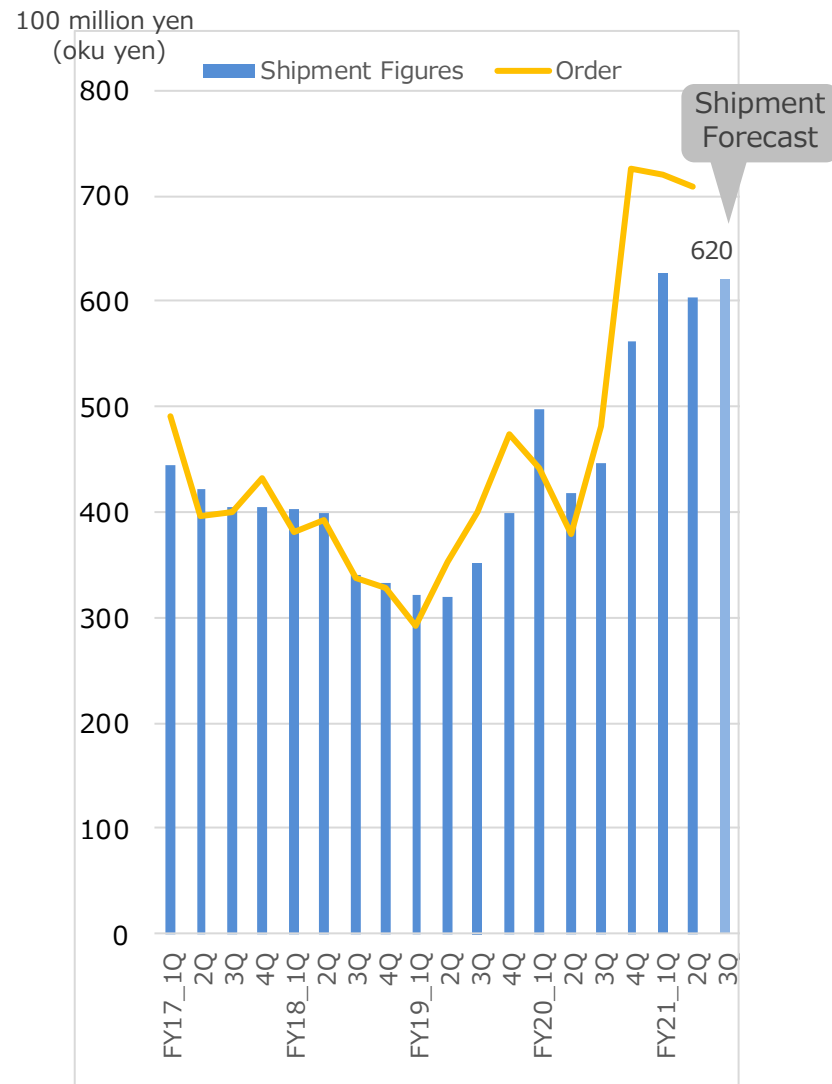
Consumables : Shipment remains high, backed by high customer facility operation rate



- Record high results were achieved in the first half. Profitability increased due to improvement activities, etc. (GP margin: 60.2%).
- Interim dividends, linked to performance, increased significantly to JPY 199 / year (previous year: JPY 116 / year)



Quarterly Shipment Figure Trends



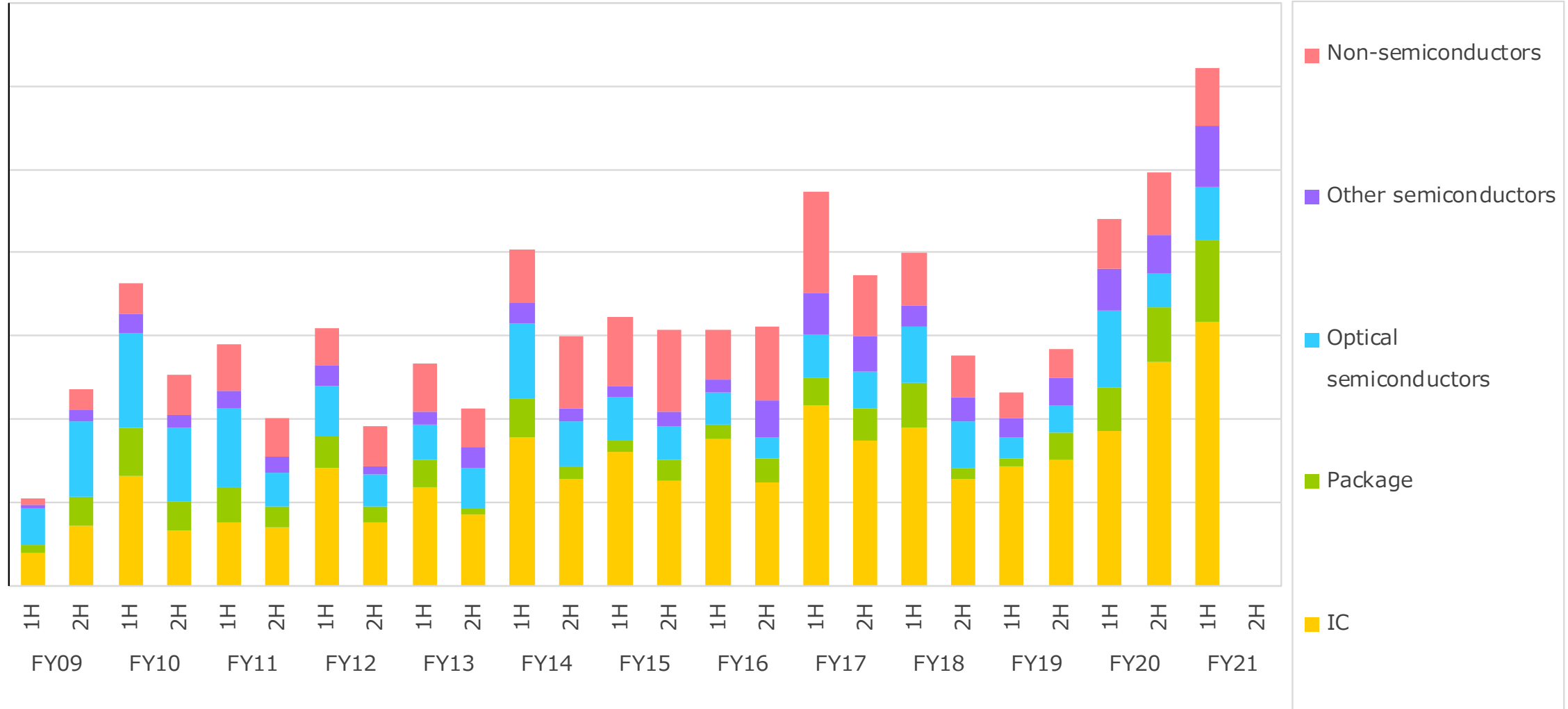
- Customer willingness to invest is strong, and shipments are expected to remain high. In addition to ICs, demand remains high in a wide range of applications, including power semiconductors.
- Closely monitoring future facility investment trends and changes in supply chains, as customers are considering changing their semiconductor production bases
- Continuing full operation of plants while strengthening COVID-19 and supply restriction countermeasures
- Completed large-scale facility expansion of plants (new building construction at Kuwabata Plant completed in August). Responsively considering facility expansion domestically and internationally in the future.
- Continuing to implement policies that strengthen the company, including those that target climate change and governance. Tackling each challenge with Will Accounting, PIM activities, and DISCO Values as foundations.

[Reference]
Graph of the Overall Trends for the Half-Year

Non-consolidated Sales by Usage of Dicing Saws

Shipment Basis

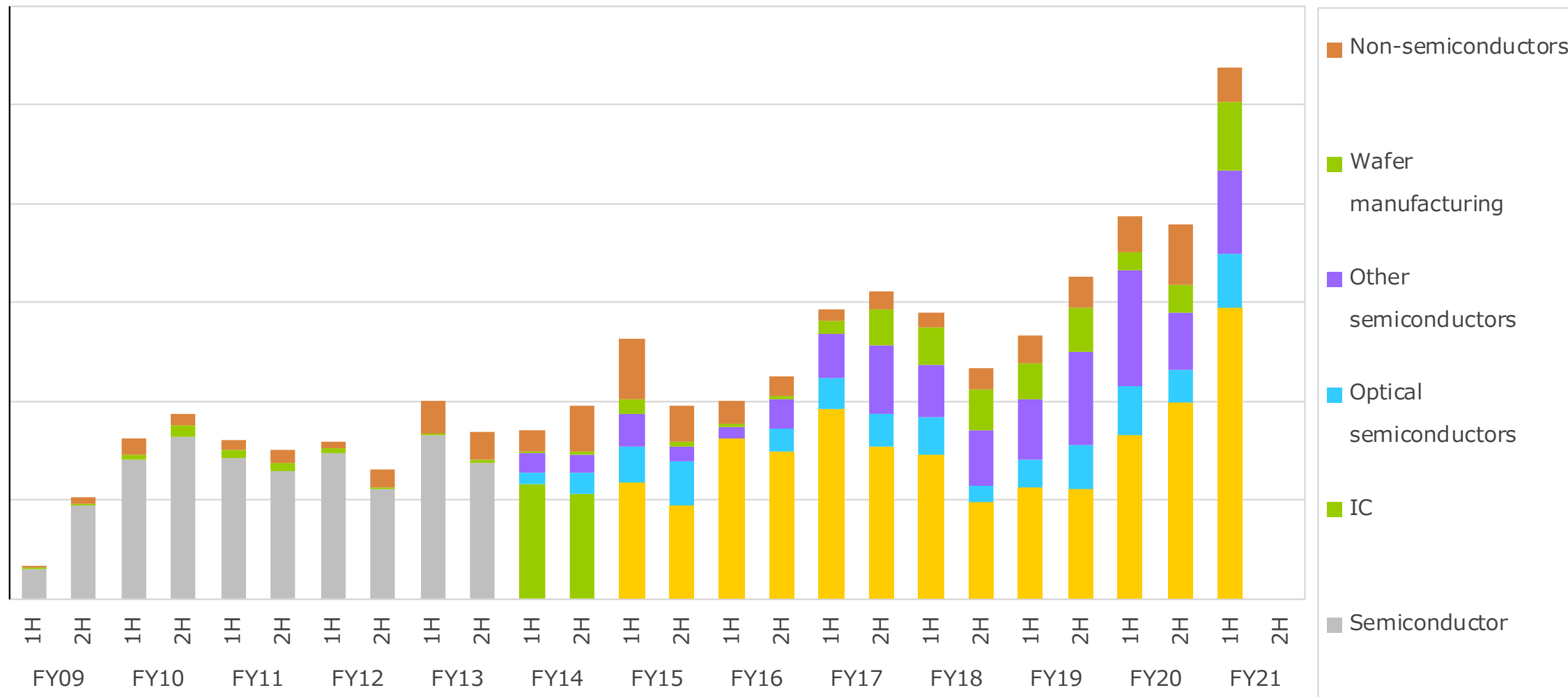
Half-Year



Non-consolidated Sales by Usage of Grinders

Shipment Basis

Half-Year



Consolidated Consumable Sales



Half-Year

