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Securities Code No. 6146  
June 4, 2020

To: Shareholders

Kazuma Sekiya, President, CEO and COO  
**DISCO CORPORATION**  
2-13-11 Omori-Kita, Ota-ku, Tokyo

## **Notice for the 81st General Shareholders Meeting**

We are pleased to announce the 81st General Shareholders Meeting for DISCO CORPORATION (the “Company”) will be held as described below.

From the standpoint of preventing the spread of the novel coronavirus disease (COVID-19), this year we strongly request that you take all efforts to exercise your voting rights in advance either in writing or via the internet, etc. and refrain from attending the meeting in person regardless of your personal state of health.

Please review the attached reference materials for the general shareholders meeting before placing your votes.

### **If you wish to vote in writing (by mail):**

Please indicate your approval or disapproval for a proposal on the enclosed voting form and return the form by postal mail so that it reaches us no later than 5:45 p.m. on Thursday, June 25, 2020 (Japan Standard Time).

### **If you wish to vote via the internet, etc.:**

Please go to our designated voting website (<https://evote.tr.mufg.jp/>) and use the “login id” and “password” on the enclosed voting form. When voting, please enter your approval or disapproval for a proposal in accordance with the onscreen instructions no later than 5:45 p.m. on Thursday, June 25, 2020 (Japan Standard Time).

- 1. Date & Time:** Friday, June 26, 2020, at 10:00 a.m. (Japan Standard Time)  
(Reception desk will open at 9:00 a.m.)  
(Please note that the time of the meeting is different from that of last year.)
- 2. Place:** DISCO Corporation Head Office and R&D Center  
2-13-11 Omori-Kita, Ota-ku, Tokyo

### **3. Purposes of the Meeting**

#### **Matters to be Reported**

1. Business report, consolidated financial statements, and audit reports from the Accounting Auditor and Board of Corporate Auditors on the consolidated financial statements for the 81st fiscal year (from April 1, 2019 to March 31, 2020)
2. Financial statements for the 81st fiscal year (from April 1, 2019 to March 31, 2020)

#### **Matter to be Resolved**

**Proposal**                      Appropriation of Retained Earnings

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- ◎ In accordance with relevant laws and regulations and Article 15 of the Company's Articles of Incorporation, the items listed below are posted on the Company website (<https://www.disco.co.jp/jp/ir/stock/meeting.html>; in Japanese only) and therefore not described in the attached documents of this notice for the general shareholders meeting.
1. Matters concerning share acquisition rights
  2. Structure to ensure the appropriateness of business
  3. Overview of the operational status of the structure to ensure the appropriateness of business
  4. Basic concept toward eliminating anti-social forces and its development status
  5. Basic policy on internal control concerning financial reporting
  6. Notes on consolidated financial statements
  7. Notes on financial statements
- Thus, the documents attached to this notice for the general shareholders meeting are a part of the business report, consolidated financial statements, and financial statements that were audited when the Corporate Auditors wrote the audit report and when the Accounting Auditor wrote the accounting audit report.
- ◎ If any part of the reference materials for the general shareholders meeting, business report, consolidated financial statements, and/or financial statements requires modification or revision, notification of such will be made on the Company website.

## Reference Materials for the General Shareholders Meeting

### Proposal                      Appropriation of Retained Earnings

It is proposed that the retained earnings be appropriated as follows.

**(1) Type of assets to be distributed:**

Cash

**(2) Matters on the allocation of assets to be distributed and the total amount thereof:**

¥347 per share of the Company's common stock

Total distribution: ¥12,474,917,537

**(3) Effective date of the dividend from retained earnings:**

June 29, 2020

<Fundamental policy>

With respect to the dividend, the Company pays dividends according to its business performance and maintains dividends of "25% of the consolidated half-yearly net income."

However, even if its profitability is at a low level, the Company will maintain a half-yearly dividend of ¥10 (an annual dividend of ¥20) to ensure stable dividend payments.

Furthermore, in the case that the balance of cash and cash equivalents has exceeded the budgeted funds necessary as of the end of the fiscal year, then, except in the case of a deficit, the Company's fundamental policy is to pay an additional dividend of approximately one-third of surplus funds.

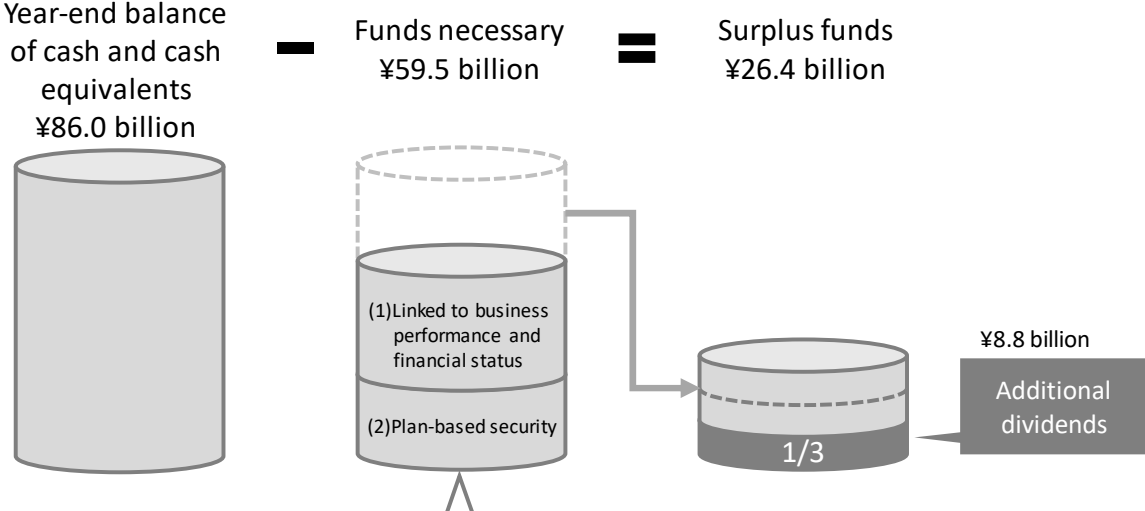
[Reference]

Interim dividend	¥91	25% of the consolidated <b>first-half</b> net income
Year-end dividend	¥347	25% of the consolidated <b>second-half</b> net income
(Portion of performance-based dividends)	¥102	
(Portion of additional dividends)	¥245	One-third of the surplus funds (See reference information on P4)
Annual dividend	¥438	
Dividend payout ratio (consolidated)	56.9%	

# Reference

## 1. Formula for calculating additional dividends

Additional dividends: A target of one-third of surplus funds added to performance-based dividends



**Breakdown of funds necessary**

(1)	Working capital Consolidated net sales for the / 12 months × 2 months / previous period	¥23.5 billion	Funds for repaying long-term interest-bearing debt	-
	Reserve fund for technology purchases (including M&As) Average consolidated net sales for the past 3 years × 10%	¥14.0 billion	Taxes, dividends, etc.	¥4.0 billion
(2)	Funds for facility extensions D-Zone, Kuwabata Plant Nagano Works B-Building, etc.	¥18.0 billion		

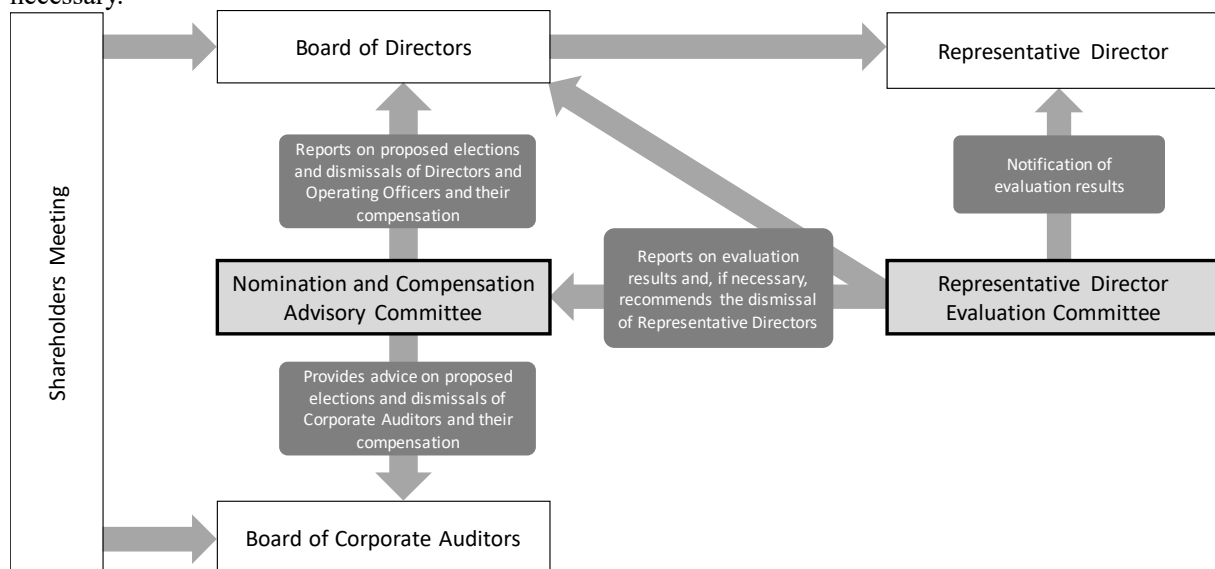
## 2. Nomination and Compensation Advisory Committee

The Nomination and Compensation Advisory Committee is composed of five members - the Representative Director and President, two Outside Directors, one Outside Corporate Auditor, and one person with experience of being a Director. As an advisory body to the Board of the Directors, it reviews proposed elections and dismissals of each of the candidates for Directors and Operating Officers and their compensation, and reports its findings to the Board of Directors. It also advises the Board of Corporate Auditors on proposed elections and dismissals of each of the candidates for Corporate Auditors and their compensation.

## 3. Representative Director Evaluation Committee

The Representative Director Evaluation Committee is composed of six members – two Outside Directors and four Outside Corporate Auditors (three of which also serve on the Nomination and Compensation Advisory Committee). The Representative Director Evaluation Committee evaluates the adequateness of the execution of business activities by Representative Directors.

It evaluates core management policies and business performance, etc. of Representative Directors up to the previous fiscal year, notifies Representative Directors of the evaluation results, and reports said results to the Board of Directors and the Nomination and Compensation Advisory Committee so that they can be reported at the first meeting of the Board of Directors held in December, after the end of the fiscal year. Furthermore, it provides recommendations to the Board of Directors and the Nomination and Compensation Advisory Committee concerning the dismissal, etc. of Representative Directors, where necessary.



#### 4. Independence Criteria

The Company will judge there to be no independence if any of the following applies with regard to the independence of a candidate to be elected as an independent Outside Director or independent Outside Corporate Auditor.

- (1) A person who is, or was, a business executor (a “business executor” refers to a director, executive officer, corporate officer, manager, or other employee who executes the business of a corporation or other organization; the same applies hereinafter) in the Company or an associated firm of the Company (the “DISCO Group”)
- (2) An organization for whom the DISCO Group is a major business partner (a “major business partner” refers to an organization that has made or received payments exceeding 2% of the annual consolidated sales of the Company in relation to business with the DISCO Group in the most recent fiscal year, or an organization that has lent to the DISCO Group an amount exceeding 20% of the total liabilities of the DISCO Group; the same applies hereinafter) or a business executor of that organization
- (3) A major business partner of the DISCO Group or a business executor of that organization
- (4) A consultant, accounting expert, or legal expert who receives a large amount (a “large amount” refers to an amount for which the average annual amount paid in the last three fiscal years exceeds ¥10,000,000) of money or other property other than officer’s remuneration from the DISCO Group. (If it is an organization, such as a corporation or association, which is receiving said property, a person belonging to that organization)
- (5) A major shareholder (a “major shareholder” refers to a person or organization which directly or indirectly holds more than 5% of the total voting rights in the Company) or a business executor of that organization
- (6) An organization of which the DISCO Group directly or indirectly holds more than 5% of the total voting rights or a business executor of that organization
- (7) A person to whom one or more of the aforementioned (2) to (6) has applied in the past 10 years, including the current fiscal year
- (8) If a person to whom one of the aforementioned (1) to (7) applies is a key person (a “key person” refers to a director (excluding outside director), executive officer, corporate officer, or an employee in a senior management position of the department manager class or above), a person equivalent to a spouse, or a relative within the second degree of kinship of that person

## Consolidated Balance Sheet

(As of March 31, 2020)

(In millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
<b>Current assets</b>	<b>169,990</b>	<b>Current liabilities</b>	<b>46,905</b>
Cash and deposits	87,909	Notes and accounts payable - trade	5,726
Notes and accounts receivable - trade	25,614	Electronically recorded obligations - operating	10,301
Merchandise and finished goods	17,318	Income taxes payable	3,509
Work in process	14,373	Provision for bonuses	9,861
Raw materials and supplies	18,677	Provision for bonuses for directors (and other officers)	131
Other	6,153	Provision for product warranties	338
Allowance for doubtful accounts	(56)	Asset retirement obligations	25
<b>Non-current assets</b>	<b>104,334</b>	Other	17,009
<b>Property, plant and equipment</b>	<b>93,415</b>	<b>Non-current liabilities</b>	<b>529</b>
Buildings and structures, net	47,334	Asset retirement obligations	280
Machinery, equipment and vehicles, net	8,672	Other	249
Tools, furniture and fixtures, net	755		
Land	14,855	<b>Total liabilities</b>	<b>47,435</b>
Construction in progress	21,796	<b>Net Assets</b>	
<b>Intangible assets</b>	<b>319</b>	<b>Shareholders' equity</b>	<b>224,785</b>
<b>Investments and other assets</b>	<b>10,599</b>	<b>Share capital</b>	<b>20,793</b>
Investment securities	2,107	<b>Capital surplus</b>	<b>22,781</b>
Deferred tax assets	5,052	<b>Retained earnings</b>	<b>181,239</b>
Retirement benefit asset	910	<b>Treasury shares</b>	<b>(29)</b>
Other	2,546	<b>Accumulated other comprehensive income</b>	<b>754</b>
Allowance for doubtful accounts	(16)	Valuation difference on available-for-sale securities	368
		Foreign currency translation adjustment	366
		Remeasurements of defined benefit plans	18
		<b>Share acquisition rights</b>	<b>1,212</b>
		<b>Non-controlling interests</b>	<b>138</b>
		<b>Total net assets</b>	<b>226,890</b>
<b>Total assets</b>	<b>274,325</b>	<b>Total liabilities and net assets</b>	<b>274,325</b>

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

## Consolidated Statements of Income

( From April 1, 2019  
to March 31, 2020 )

(In millions of yen)

Item	Amount	
<b>Net sales</b>		<b>141,083</b>
<b>Cost of sales</b>		<b>56,290</b>
<b>Gross profit</b>		<b>84,792</b>
<b>Selling, general and administrative expenses</b>		<b>48,341</b>
<b>Operating profit</b>		<b>36,451</b>
<b>Non-operating income</b>		
Interest income	68	
Share of profit of entities accounted for using equity method	398	
Foreign exchange gains	833	
Rental income	71	
Subsidy income	374	
Other	226	1,972
<b>Non-operating expenses</b>		
Sales discounts	51	
Depreciation	46	
Other	12	110
<b>Ordinary profit</b>		<b>38,314</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	1	
Gain on reversal of share acquisition rights	0	
Gain on sales of shares of subsidiaries and associates	268	271
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	70	
Extra retirement payments	51	
Demolition cost	186	308
<b>Profit before income taxes</b>		<b>38,277</b>
Income taxes - current	7,656	
Income taxes - deferred	2,916	10,572
<b>Profit</b>		<b>27,704</b>
Profit attributable to non-controlling interests		50
<b>Profit attributable to owners of parent</b>		<b>27,653</b>

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



## Consolidated Statement of Changes in Equity

( From April 1, 2019  
to March 31, 2020 )

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	20,663	22,651	173,739	(25)	217,029
Cumulative effects of changes in accounting policies			(9,411)		(9,411)
Restated balance	20,663	22,651	164,327	(25)	207,617
Changes of items during period					
Issuance of new shares	130	130			260
Dividends of surplus			(10,742)		(10,742)
Profit attributable to owners of parent			27,653		27,653
Purchase of treasury shares				(4)	(4)
Net changes of items other than shareholders' equity					
Total changes of items during period	130	130	16,911	(4)	17,167
Balance at end of current period	20,793	22,781	181,239	(29)	224,785

(In millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	476	1,320	26	1,823	1,108	148	220,109
Cumulative effects of changes in accounting policies		123		123		(2)	(9,291)
Restated balance	476	1,444	26	1,946	1,108	145	210,818
Changes of items during period							
Issuance of new shares							260
Dividends of surplus							(10,742)
Profit attributable to owners of parent							27,653
Purchase of treasury shares							(4)
Net changes of items other than shareholders' equity	(107)	(1,077)	(7)	(1,192)	104	(6)	(1,095)
Total changes of items during period	(107)	(1,077)	(7)	(1,192)	104	(6)	16,072
Balance at end of current period	368	366	18	754	1,212	138	226,890

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

## Balance Sheet

(As of March 31, 2020)

(In millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
<b>Current assets</b>	<b>142,537</b>	Current liabilities	<b>35,444</b>
Cash and deposits	65,738	Notes payable - trade	80
Notes receivable - trade	541	Electronically recorded obligations - operating	10,200
Accounts receivable - trade	22,736	Accounts payable - trade	5,527
Merchandise and finished goods	14,441	Accounts payable - other	3,470
Work in process	14,250	Accrued expenses	796
Raw materials and supplies	18,516	Income taxes payable	2,160
Other	6,315	Sales deposits	4,033
Allowance for doubtful accounts	(3)	Provision for bonuses	8,075
<b>Non-current assets</b>	<b>94,621</b>	Provision for bonuses for directors (and other officers)	131
<b>Property, plant and equipment</b>	<b>83,867</b>	Provision for product warranties	206
Buildings	39,886	Other	761
Structures	912	Non-current liabilities	<b>181</b>
Machinery and equipment	6,861	<b>Total liabilities</b>	<b>35,625</b>
Vessels	0	<b>Net Assets</b>	
Vehicles	72	<b>Shareholders' equity</b>	<b>200,321</b>
Tools, furniture and fixtures, net	536	<b>Share capital</b>	<b>20,793</b>
Land	14,147	<b>Capital surplus</b>	<b>22,781</b>
Construction in progress	21,449	Legal capital surplus	21,875
<b>Intangible assets</b>	<b>263</b>	Other capital surplus	906
Patent right	21	<b>Retained earnings</b>	<b>156,775</b>
Software	147	Legal retained earnings	594
Other	94	Other retained earnings	156,181
<b>Investments and other assets</b>	<b>10,491</b>	Reserve for advanced depreciation of non-current assets	768
Investment securities	29	General reserve	16,970
Shares of subsidiaries and associates	1,591	Retained earnings brought forward	138,443
Investments in capital of subsidiaries and associates	1,271	<b>Treasury shares</b>	<b>(29)</b>
Prepaid pension cost	883	<b>Share acquisition rights</b>	<b>1,212</b>
Deferred tax assets	4,574	<b>Total net assets</b>	<b>201,533</b>
Other	2,140	<b>Total liabilities and net assets</b>	<b>237,159</b>
<b>Total assets</b>	<b>237,159</b>		

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

## Statements of Income

( From April 1, 2019  
to March 31, 2020 )

(In millions of yen)

Item	Amount	
<b>Net sales</b>		<b>118,295</b>
<b>Cost of sales</b>		<b>52,846</b>
<b>Gross profit</b>		<b>65,448</b>
<b>Selling, general and administrative expenses</b>		<b>38,150</b>
<b>Operating profit</b>		<b>27,298</b>
<b>Non-operating income</b>		
Interest income	36	
Dividend income	4,313	
Subsidy income	189	
Other	323	4,863
<b>Non-operating expenses</b>		
Sales discounts	16	
Foreign exchange losses	41	
Depreciation	30	
Other	13	101
<b>Ordinary profit</b>		<b>32,059</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	0	
Gain on reversal of share acquisition rights	0	
Gain on sales of shares of subsidiaries and associates	829	830
<b>Extraordinary losses</b>		
Loss on sales and retirement of non-current assets	64	
Extra retirement payments	50	
Demolition cost	186	300
<b>Profit before income taxes</b>		<b>32,589</b>
Income taxes - current	5,270	
Income taxes - deferred	2,697	7,968
<b>Profit</b>		<b>24,621</b>

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

## Statement of Changes in Equity

( From April 1, 2019  
to March 31, 2020 )

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at beginning of current period	20,663	21,745	906	22,651	594
Cumulative effects of changes in accounting policies					
Restated balance	20,663	21,745	906	22,651	594
Changes of items during period					
Issuance of new shares	130	130		130	
Dividends of surplus					
Profit					
Reversal of reserve for advanced depreciation of non-current assets					
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	130	130	–	130	–
Balance at end of current period	20,793	21,875	906	22,781	594

(In millions of yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Retained earnings				Treasury shares	Total shareholders' equity			
	Other retained earnings			Total retained earnings					
	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward						
Balance at beginning of current period	817	16,970	131,902	150,283	(25)	193,573	1,108	194,681	
Cumulative effects of changes in accounting policies			(7,387)	(7,387)		(7,387)		(7,387)	
Restated balance	817	16,970	124,514	142,896	(25)	186,186	1,108	187,294	
Changes of items during period									
Issuance of new shares						260		260	
Dividends of surplus			(10,742)	(10,742)		(10,742)		(10,742)	
Profit			24,621	24,621		24,621		24,621	
Reversal of reserve for advanced depreciation of non-current assets	(49)		49	–		–		–	
Purchase of treasury shares					(4)	(4)		(4)	
Net changes of items other than shareholders' equity							104	104	
Total changes of items during period	(49)	–	13,928	13,879	(4)	14,135	104	14,239	
Balance at end of current period	768	16,970	138,443	156,775	(29)	200,321	1,212	201,533	

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