

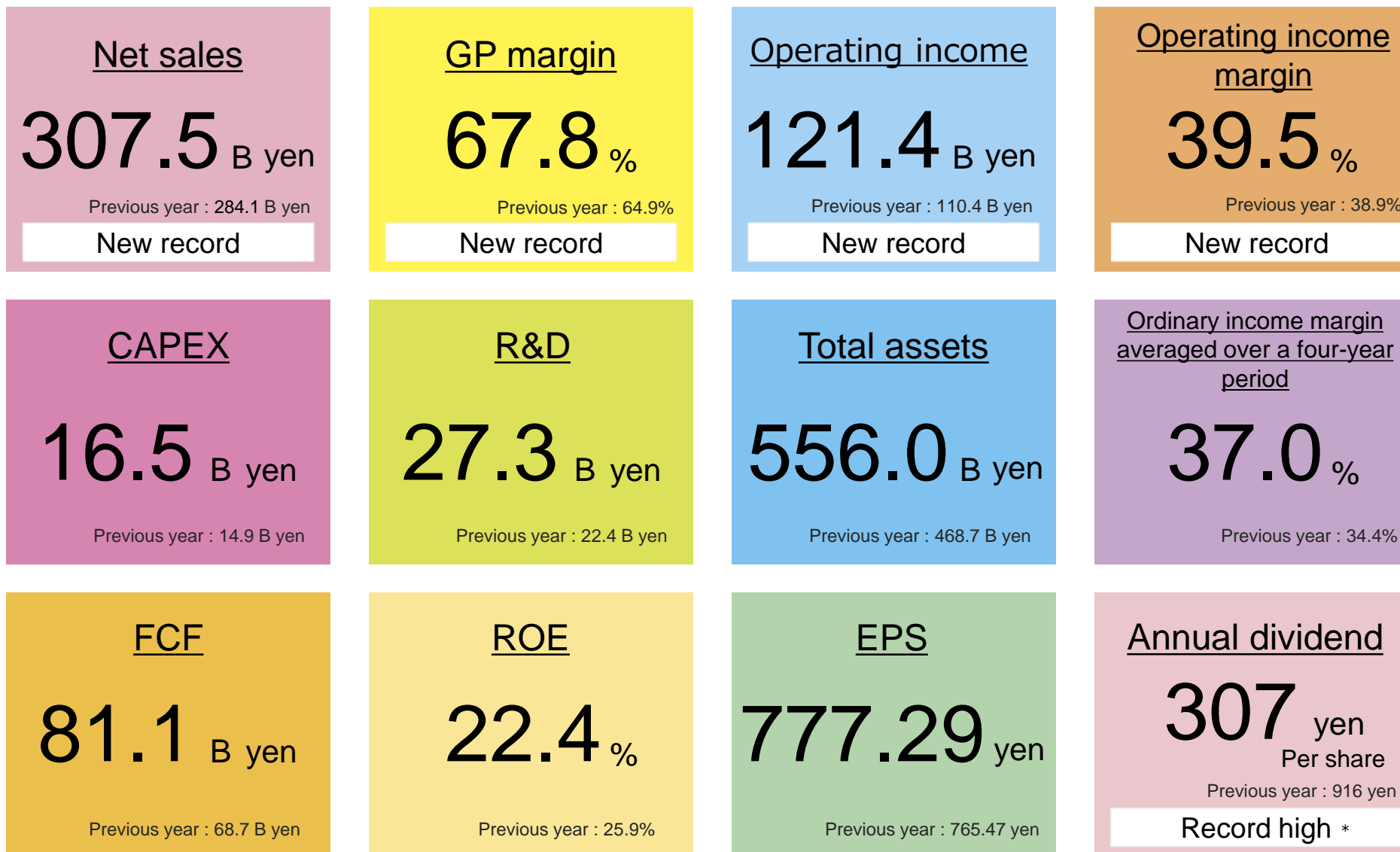
FY2023

Fourth Quarter Financial Results

April. 25, 2024

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.



*The Company implemented a stock split in the proportion of 1 share into 3 shares effective as of April 1, 2023. Under the assumption that the stock split was implemented at the beginning of the previous fiscal year, the results of the previous year will be 305 yen.

FY2023 4Q Earnings Results



Billions of Yen	FY2023	FY2023 3Q	QoQ		FY2022 4Q	YoY	
	4Q		Amount	(%)		Amount	(%)
Net Sales	104.3	77.0	27.3	35.5%	79.0	25.3	32.0%
Gross Profit	71.3	52.7	18.7	35.5%	51.2	20.1	39.2%
Gross Profit Margin	68.4%	68.4%	0.0p	-	64.8%	3.6p	-
SG&A	25.2	22.3	2.9	13.0%	19.9	5.3	26.4%
Operating Income	46.1	30.4	15.8	52.0%	31.3	14.8	47.4%
Ordinary Income	46.7	29.4	17.2	58.5%	32.2	14.5	45.2%
Ordinary Income Margin	44.7%	38.2%	6.5p	-	40.7%	4.0p	-
Income before income taxes and minority interests	46.5	21.9	24.6	112.3%	32.7	13.7	41.9%
Net Income	35.4	16.1	19.4	120.4%	25.7	9.8	38.0%

Sales: Both YoY and QoQ increased due to progress in equipment inspection/acceptance.

GP margin: YoY increased due to high-added value cases, improvement activities, exchange rate, etc.

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

FY2023 Earnings Results



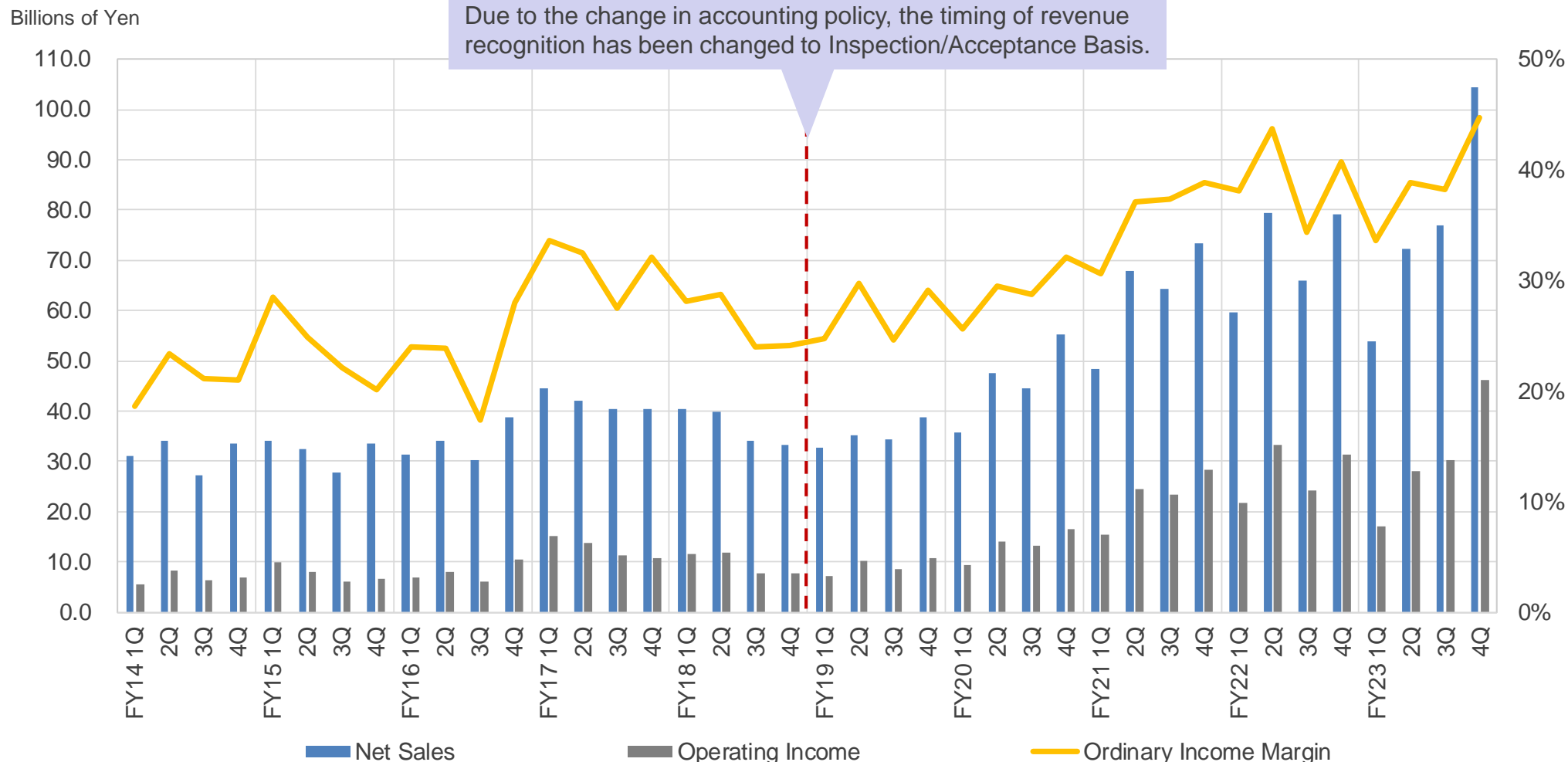
Billions of Yen	FY2023 Full Year	FY2022 Full Year	YoY	
			Amount	(%)
Net Sales	307.6	284.1	23.4	8.2%
Gross Profit	208.6	184.5	24.1	13.1%
Gross Profit Margin	67.8%	64.9%	2.9p	-
SG&A	87.2	74.1	13.1	17.6%
Operating Income	121.5	110.4	11.1	10.0%
Ordinary Income	122.4	112.3	10.1	9.0%
Ordinary Income Margin	39.8%	39.5%	0.3p	-
Income before income taxes and minority interests	114.6	112.8	1.8	1.6%
Net Income	84.2	82.9	1.3	1.6%

Sales: Inspection/acceptance sales increased supported by a high level of product shipments (record high).

GP margin: Increased mainly due to the effect of the exchange rate.

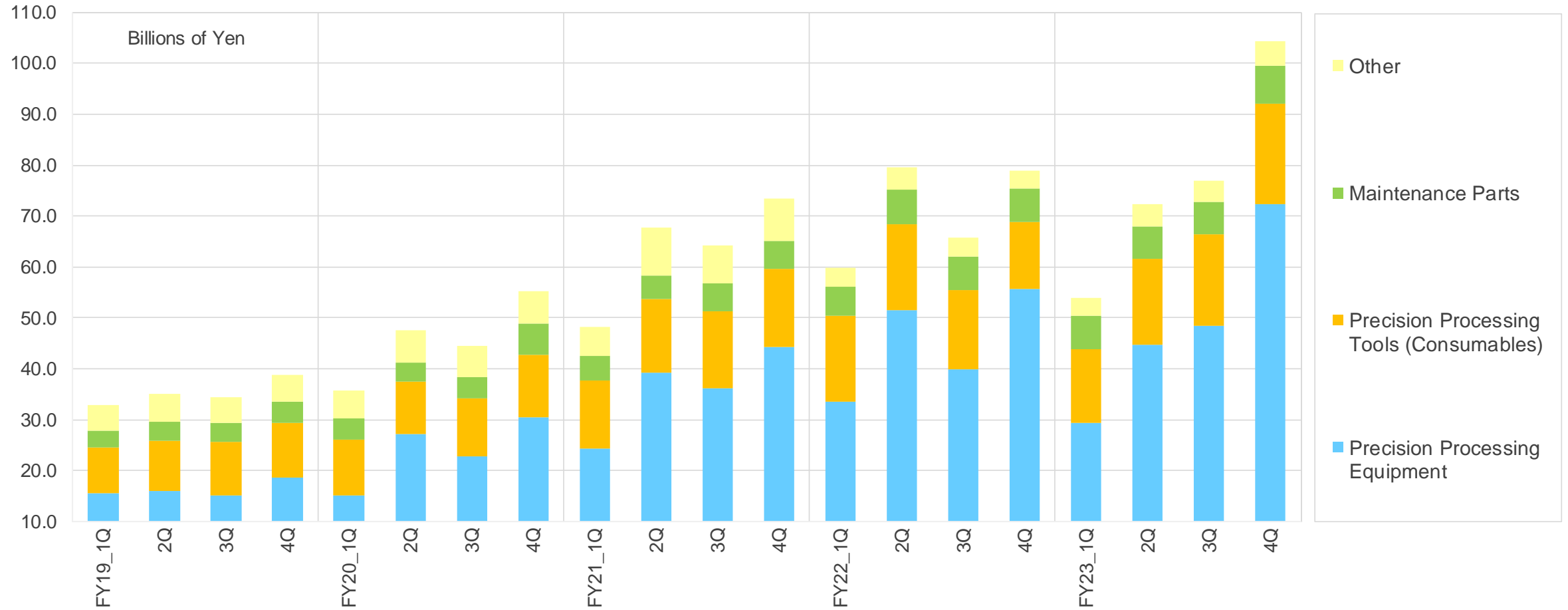
SG&A: Increased mainly due to personnel and R&D expenses.

Quarterly Financial Results



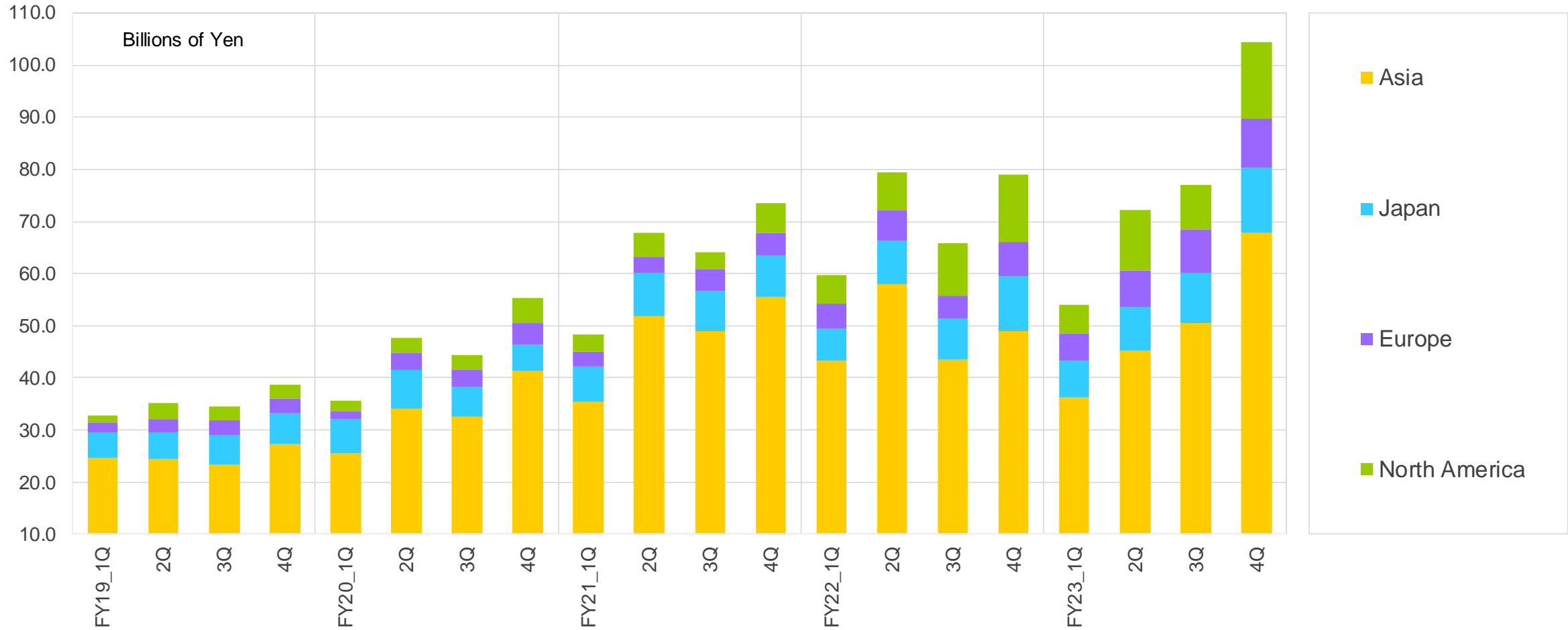
Sales exceeded 100 billion yen for the first time on a quarterly basis
 (FY23_4Q Operating income margin 44.2%, Ordinary income margin 44.7%, Net income margin 34.0%)

Quarterly Sales Breakdown by Product



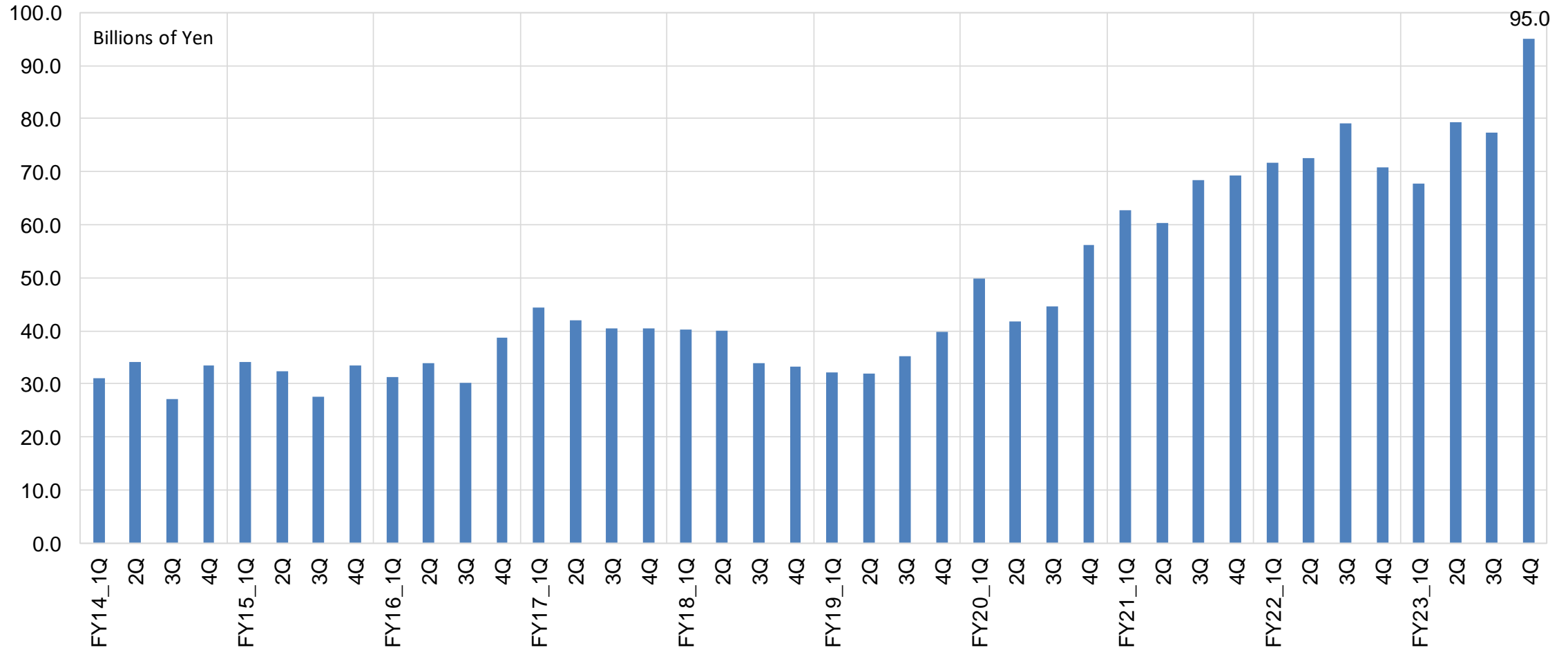
Note: Composition percentages are listed as additional information on the DISCO website.

Quarterly Sales Breakdown by Region



FY23_4Q Overseas sales ratio: 87.9%

Quarterly Shipments



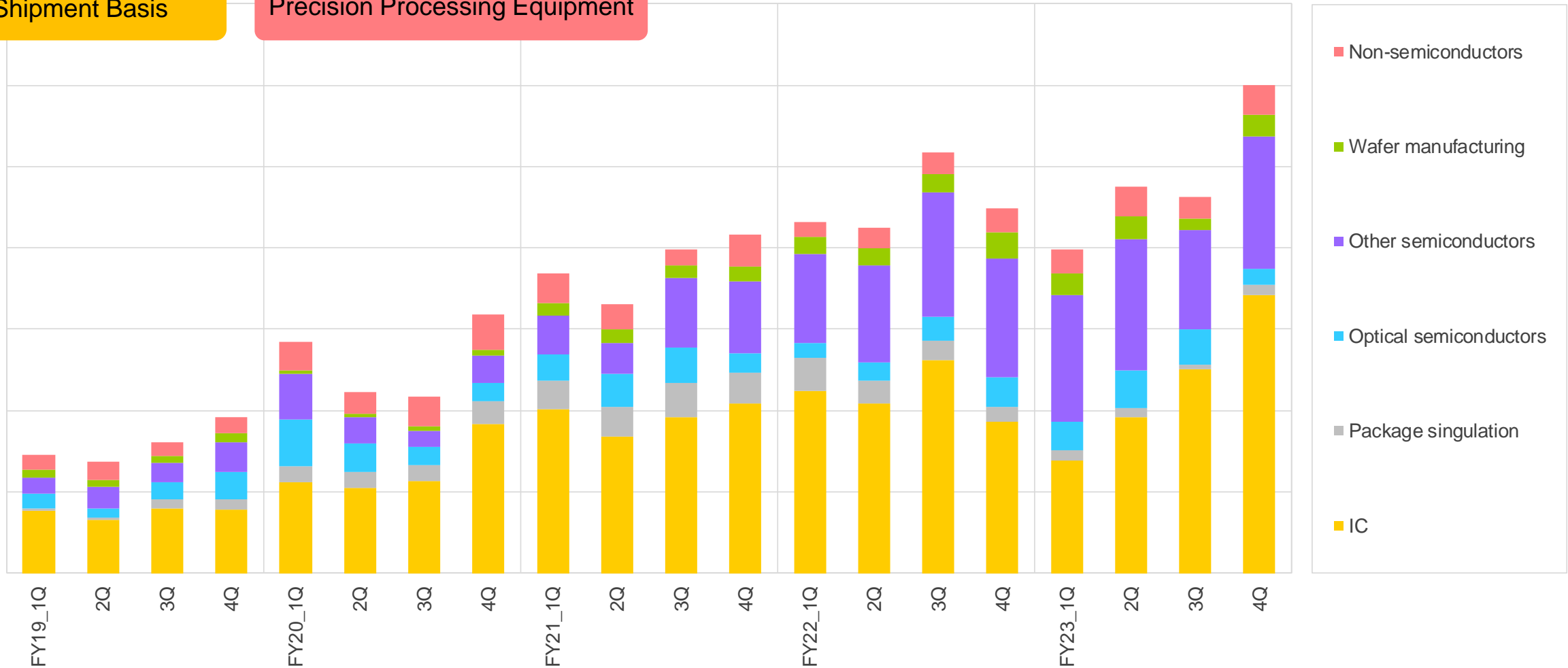
FY23_4Q Shipment volume: approx. 95.0 billion yen

Precision Processing Equipment: Sales by Application



Shipment Basis

Precision Processing Equipment

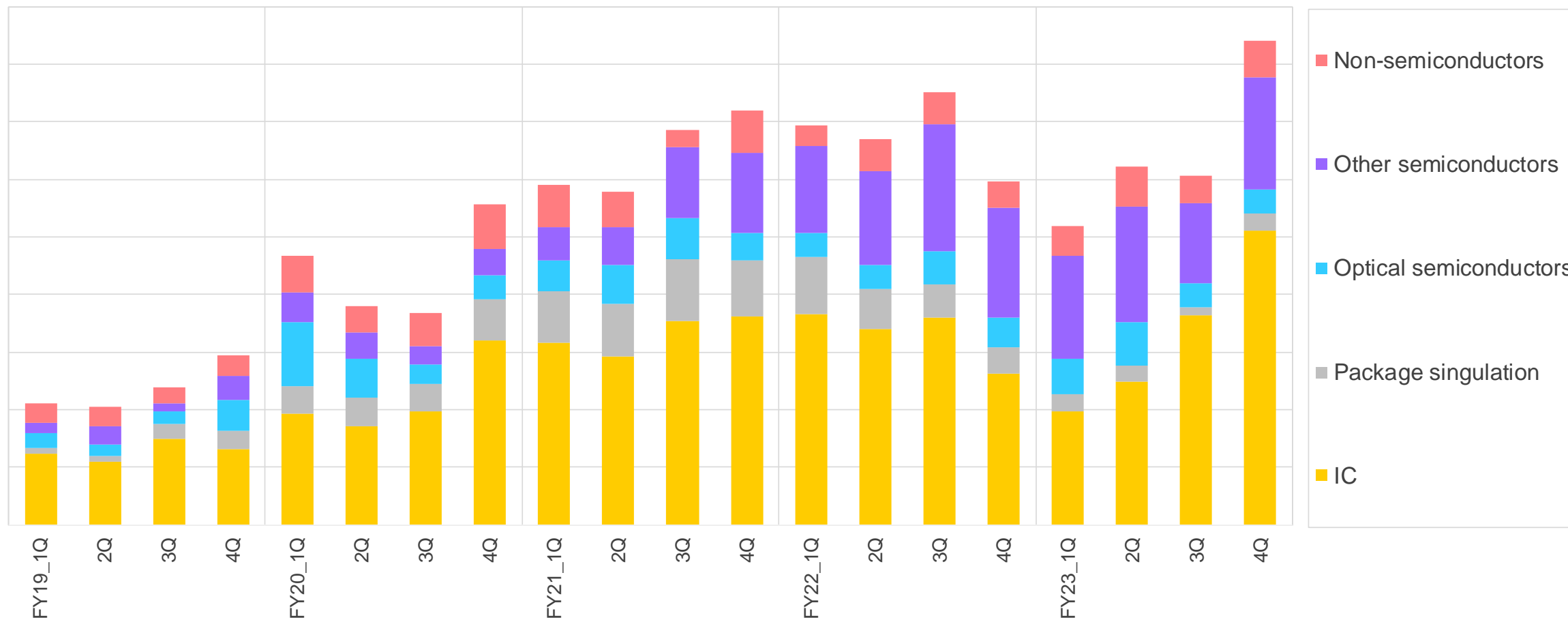


QoQ: An increase in sales for IC (for generative AI) and power semiconductors (under “Other semiconductors”) boosted the whole.
 YoY: Increased significantly for IC due to increased demand for generative AI.

Dicer: Sales by Application

Shipment Basis

Dicer

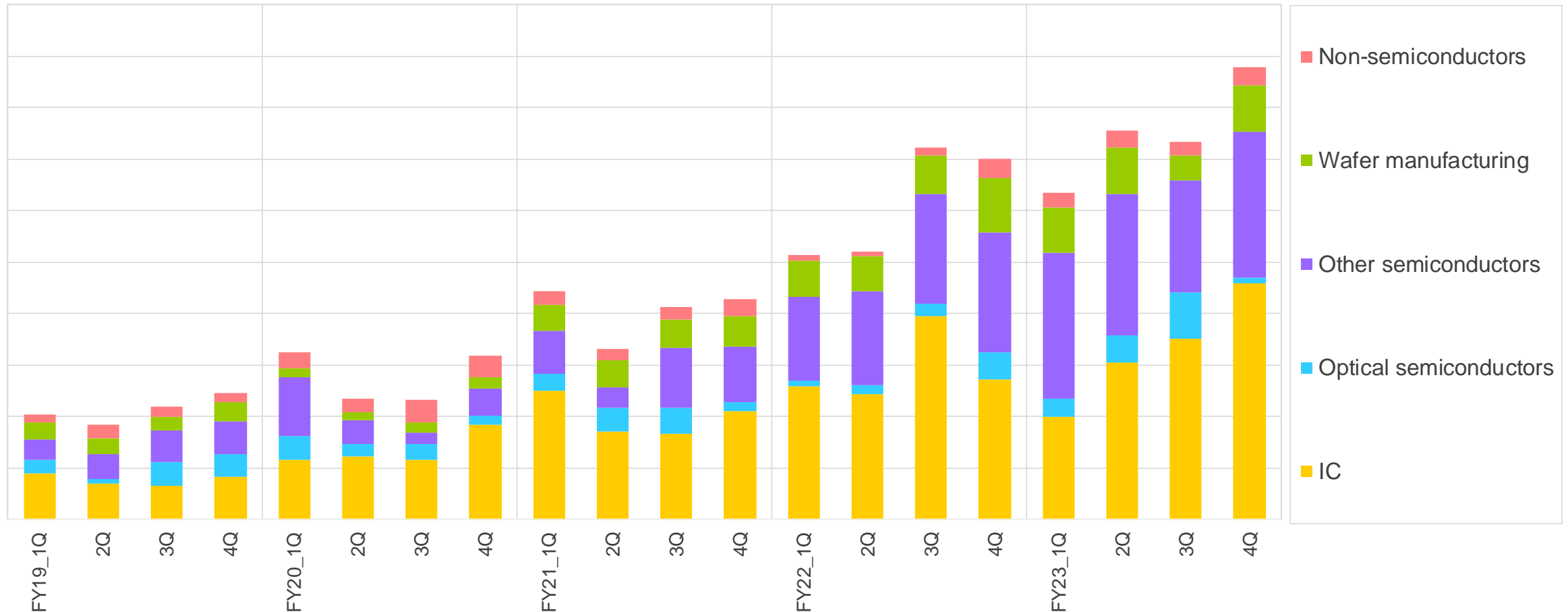


QoQ: An increase in sales for IC (for generative AI) and power semiconductors (under “Other semiconductors”) boosted the whole.
 YoY: Increased significantly for IC due to increased demand for generative AI.

Grinder: Sales by Application

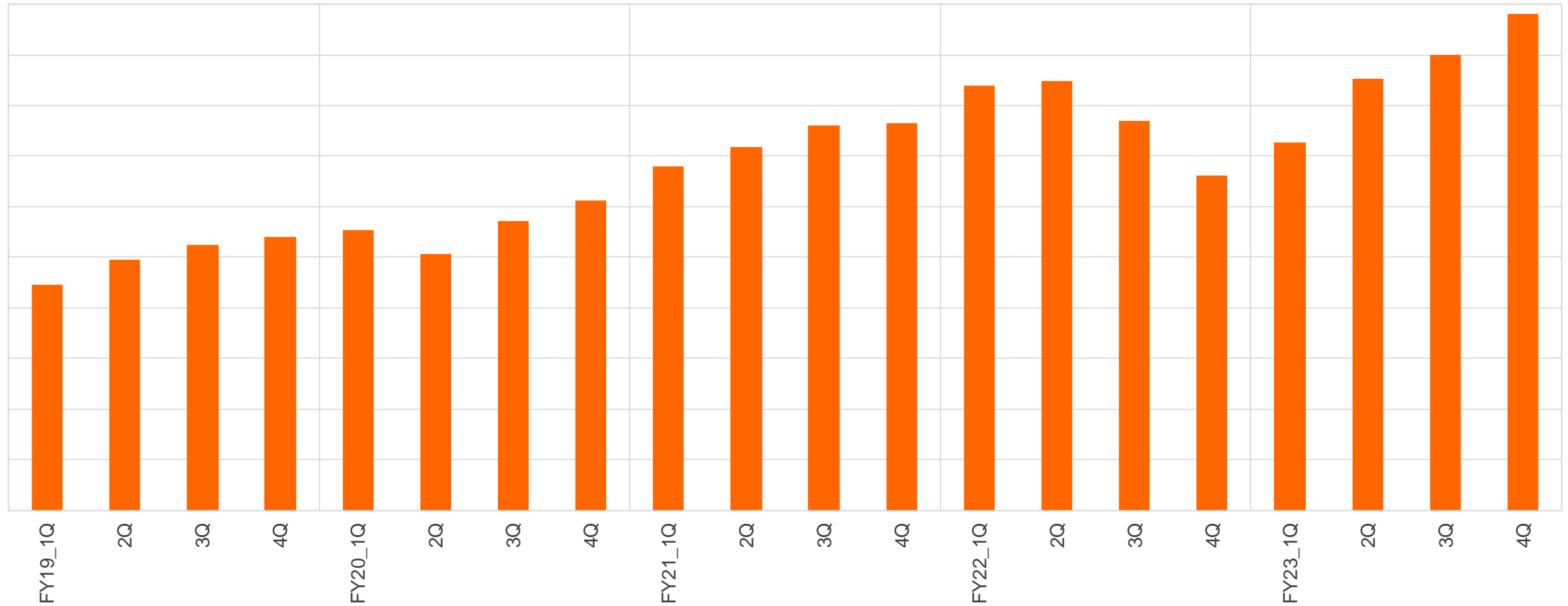
Shipment Basis

Grinder



QoQ: An increase in sales for IC (for generative AI) and power semiconductors (under “Other semiconductors”) boosted the whole.
 YoY: Increased significantly for IC due to increased demand for generative AI.

Precision Processing Tools Sales (Consumables)



Precision processing tool (consumables) shipments remained steady. Reached a record high linked to an upward trend in customer facility operation rates.

Balance Sheet (Summary)

Billions of Yen	FY2023 4Q	FY2023 3Q	Amount
Cash and deposits	215.5	172.2	43.3
Notes and account receivable	46.8	38.9	7.9
Inventories	115.0	113.7	1.3
Total current assets	386.9	333.1	53.8
Property, plant and equipment	147.5	145.4	2.1
Total noncurrent assets	169.1	163.0	6.1
Total assets	556.1	496.1	60.0
Current liabilities	148.7	125.6	23.1
Noncurrent liabilities	0.8	0.8	0.0
Total liabilities	149.5	126.4	23.1
Total net assets	406.6	369.7	36.9
Total liabilities and net assets	556.1	496.1	60.0
Equity Ratio	72.9%	74.3%	-1.4p

Total assets: Increase mainly in cash and deposits, inventory assets, etc.

Liabilities: Increase in mainly provision for bonuses, outstanding corporate tax, etc.

Net assets: Increased mainly in retained earnings.

Cash Flows (Summary)

Billions of Yen	FY2023 Full Year	FY2022 Full Year	Amount
Net cash provided by (used in) operating activities	97.5	81.8	15.7
Income before income taxes and minority interests	114.6	112.8	1.8
Depreciation and amortization	11.0	10.4	0.7
Decrease (increase) in notes and accounts receivable-trade	-2.7	-1.4	-1.3
Decrease (increase) in inventories	-22.2	-21.7	-0.5
Increase (decrease) in notes and accounts payable-trade	9.6	-2.4	12.0
Income taxes (paid) refund	-31.6	-33.5	1.9
Others	18.8	17.5	1.3
Net cash provided by (used in) investing activities	-16.4	-13.1	-3.3
Purchase of property, plant and equipment	-16.1	-14.2	-1,931
Free cash flow	81.1	68.7	12.4
Net cash provided by (used in) financing activities	-30.9	-32.1	1.2
Cash dividends paid	-31.1	-32.2	1.0
Net change in of cash and cash equivalents	52.4	37.3	15.2
Cash and cash equivalents at beginning of period	163.1	125.8	37.3
Cash and cash equivalents at end of period	215.5	163.1	52.4

- Sales cash flows: approx. 97.5 billion yen (increase)
Increased mainly due to net income before taxes
- Investment cash flows: approx. 16.4 billion yen (decrease)
Decreased mainly due to acquisition of tangible fixed assets
- Free cash flows:
Approx. 81.1 billion yen (increase)
- Financial cash flows: approx. 30.9 billion yen (decrease)
Decreased mainly due to dividend payments
→ Cash balance as of the end of March: approx. 215.4 billion yen

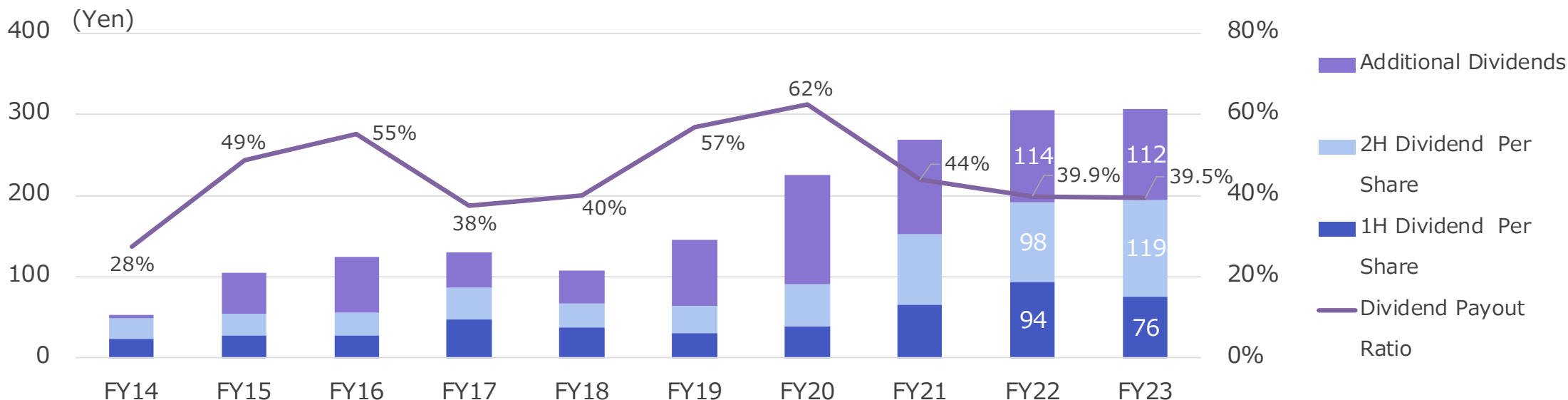
Dividend Policy and Dividend Payments

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.

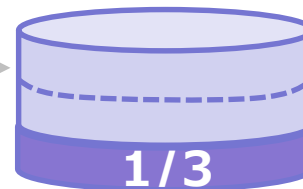
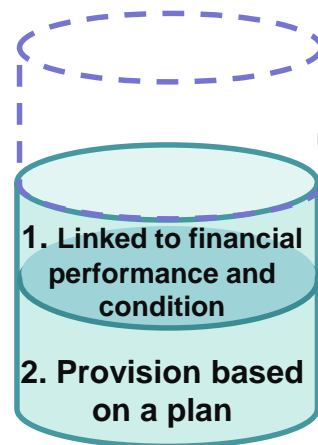
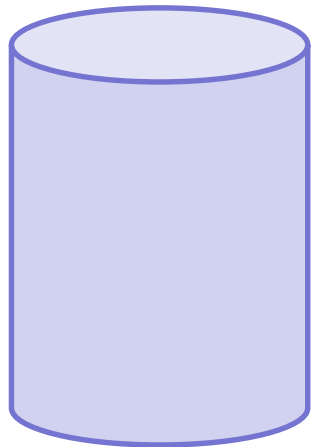


FY23 (actual figure) Interim: 76 yen Year-end: 231 yen Annual: 307 yen (record high)

*The Company implemented a stock split in the proportion of 1 share into 3 shares effective as of April 1, 2023
(The dividend trend before FY22 has been represented under the assumption that the applicable stock split has been done)

Current Forecast

* Year-end balance 150.6 B yen	−	Necessary funds 114.2 B yen	=	Surplus funds 36.4 B yen
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12.1 B yen
Additional dividends

Breakdown of necessary funds:

1	Operating funds [Previous year Consolidated sales ÷ 12 months x 2]	51.2 B yen
	Technical purchases (including M&A) [Consolidated sales Average of past 3 years x 10%]	24.0 B yen
	Refund of interest bearing debt	−
	Taxes and dividends	24.0 B yen
2	Facility expansion [Reconstruction of the Haneda R&D Center]	15.0 B yen

*Contract liabilities (advances received) are taken into account.

Earnings Forecast 1Q FY2024



Billions of Yen

Forecast

	FY23 1Q	2Q	3Q	4Q	FY24 1Q
Net Sales	54.0	72.3	77.0	104.3	75.3
Operating Income	17.0	28.0	30.4	46.1	27.1
Ordinary Income	18.2	28.1	29.4	46.7	27.2
Net Income	12.7	20.0	16.1	35.4	18.9
Operating Income Margin	31.5%	38.8%	39.4%	44.2%	36.0%
Ordinary Income Margin	33.7%	38.9%	38.2%	44.7%	36.1%
Net Income Margin	23.5%	27.7%	20.9%	34.0%	25.1%
Shipment Figures	67.8	79.4	77.3	95.0	93.5

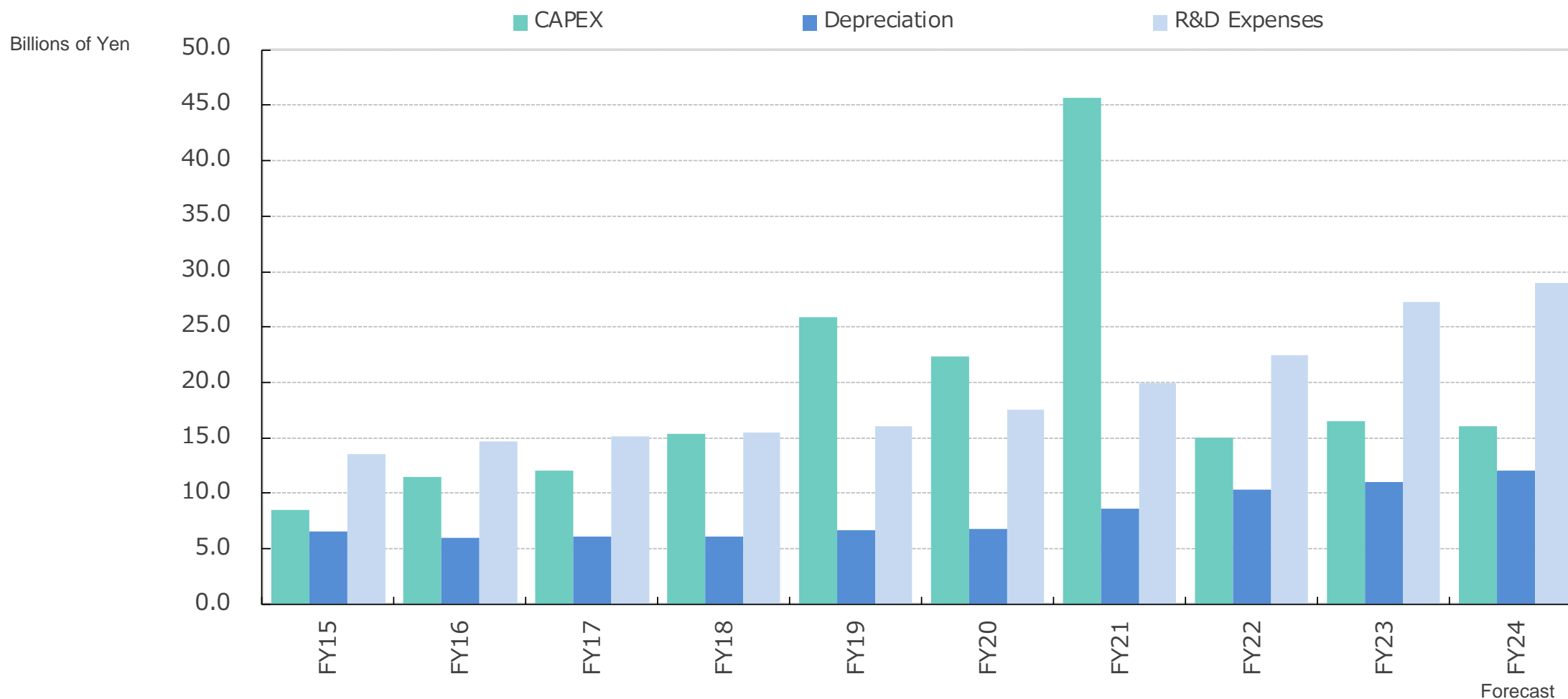
Assumed exchange rate for 1Q (Apr-Jun): 1 US dollar = 145 yen, 1 euro = 155 yen
 Currency sensitivity (annualized) US dollar: Approx. 1.3 billion yen, Euro: Approx. 90 million yen

Sales Forecast By Product

Shipment Basis

Product		Forecast FY24_1Q (QoQ)
Precision Processing Equipment	Blade dicers	0%
	Laser Saws	10%
	Dicers	5%
	DGP (for thin wafers)	25%
	Other Grinders	-25%
	Grinders	0%
	Accessory Equipment	30%
	Precision Processing Equipment	5%
	Precision Processing Tools (Consumables)	-5%
	Others	-20%

R&D/CAPEX Forecast



FY24 Forecast

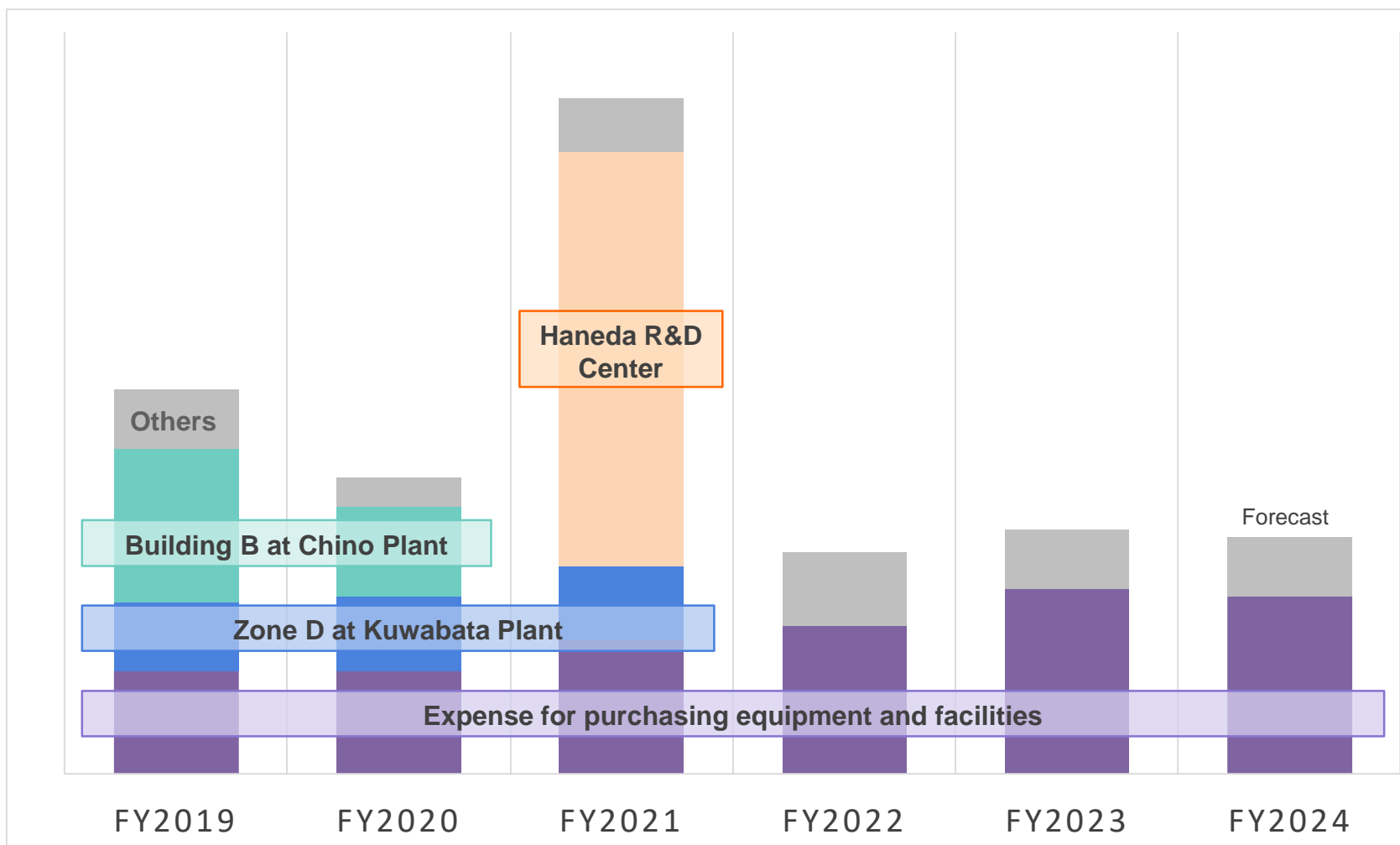
CAPEX: Approx. 16 billion yen; mainly investment for rationalization.

(Construction of a new building at the Haneda R&D Center is scheduled to begin in FY25)

Depreciation: Approx. 12 billion yen; expected to be equal to or a slight increase compared to the previous fiscal year.

Research and Development: Approx. 29 billion yen; proactive research and development is continuing.

Breakdown of CAPEX



FY24 Forecast

Purchase of machines and facilities: Approx. 12 billion yen

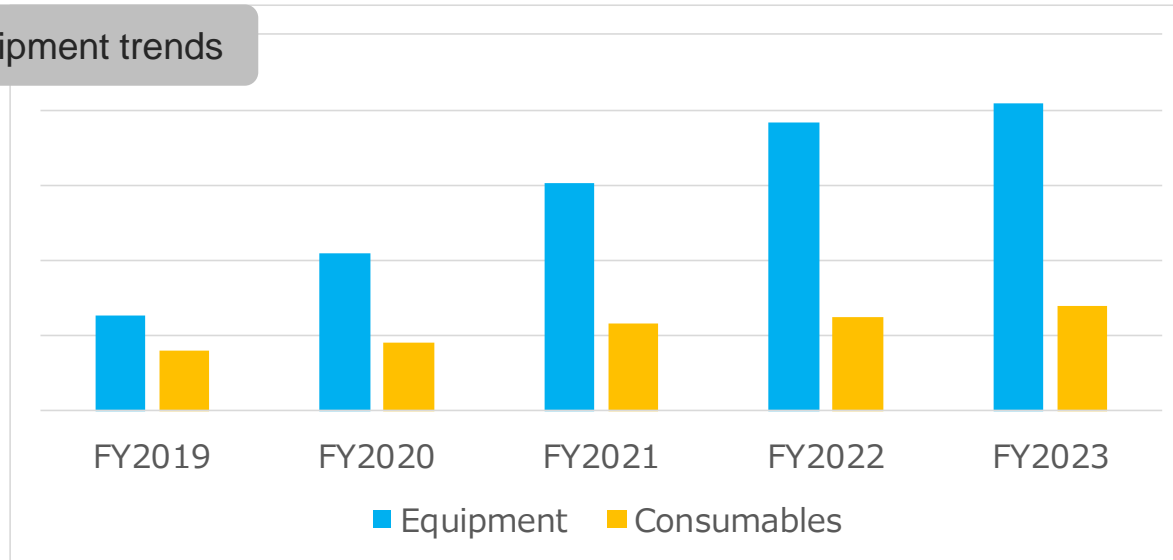
Others (expansion of offices, etc.): Approx. 4 billion yen

(Construction of a new building at the Haneda R&D Center is scheduled to begin in April 2025)

■ Shipment trends

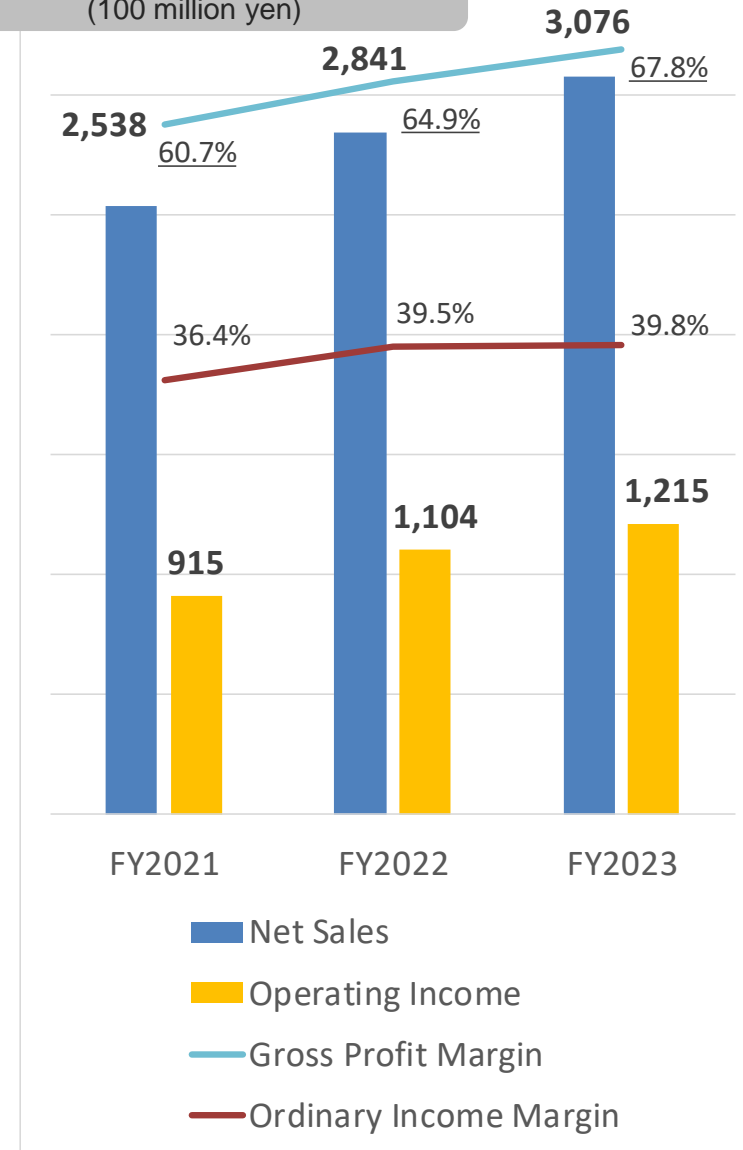
Demand for PC and smartphones remained low throughout the year. On the other hand, shipments for power semiconductors remained high. In addition, equipment shipments were in full swing due to the increase in demand for generative AI-related applications.

Annual Shipment trends

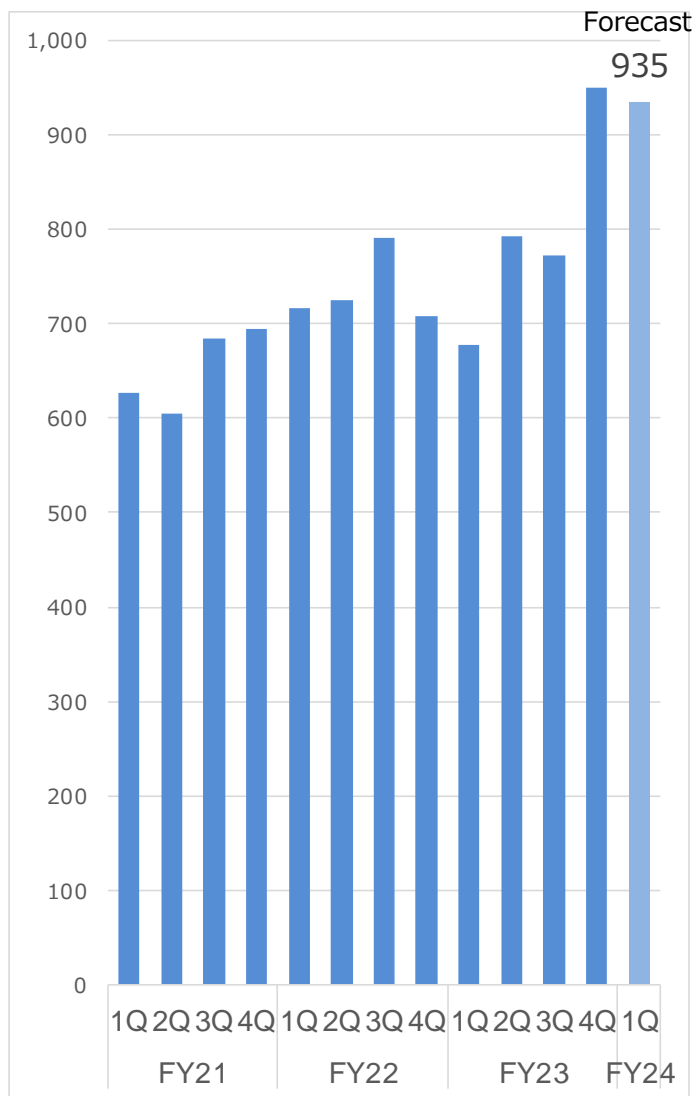


- Record high profits were achieved for four consecutive years due to the increase in profitability. The exchange rate acted as a tailwind, and in addition to the contribution from high value-added products, led to a record high GP margin.
- Despite the increase in personnel costs and losses related to the Haneda R&D Center, dividends increased due to the record high profit and surplus funds. Annual dividend: 307 yen (annual dividend in the previous year: 305 yen, taking the stock split into account)

Annual Trends (acceptance basis)
(100 million yen)



Quarterly Shipment Volume Trends (JPY 100 M)



- Equipment shipments are expected to remain high, mainly for power semiconductors and generative AI-related applications
- Precision processing tools (consumables) trends need to be monitored carefully for the customer's investment trends in mass production applications (OSAT, memory, etc.).
- Production capabilities need to be strengthened (acquiring production sites, etc.) and made efficient in order to support an increase in medium-to-long term semiconductor demands.
- DISCO will continue to implement activities that will strengthen the company.
 - DISCO will continue to put efforts into strengthening our ability to create added value through DISCO VALUES, Will Accounting, and PIM activities.
- DISCO will continue to strengthen development in the field of advanced KKM technologies.
 - Construction of a new building at the Haneda R&D Center (scheduled to begin in April 2025)
 - Providing our full support for increasing development themes such as leading-edge packaging technology, automation, etc.

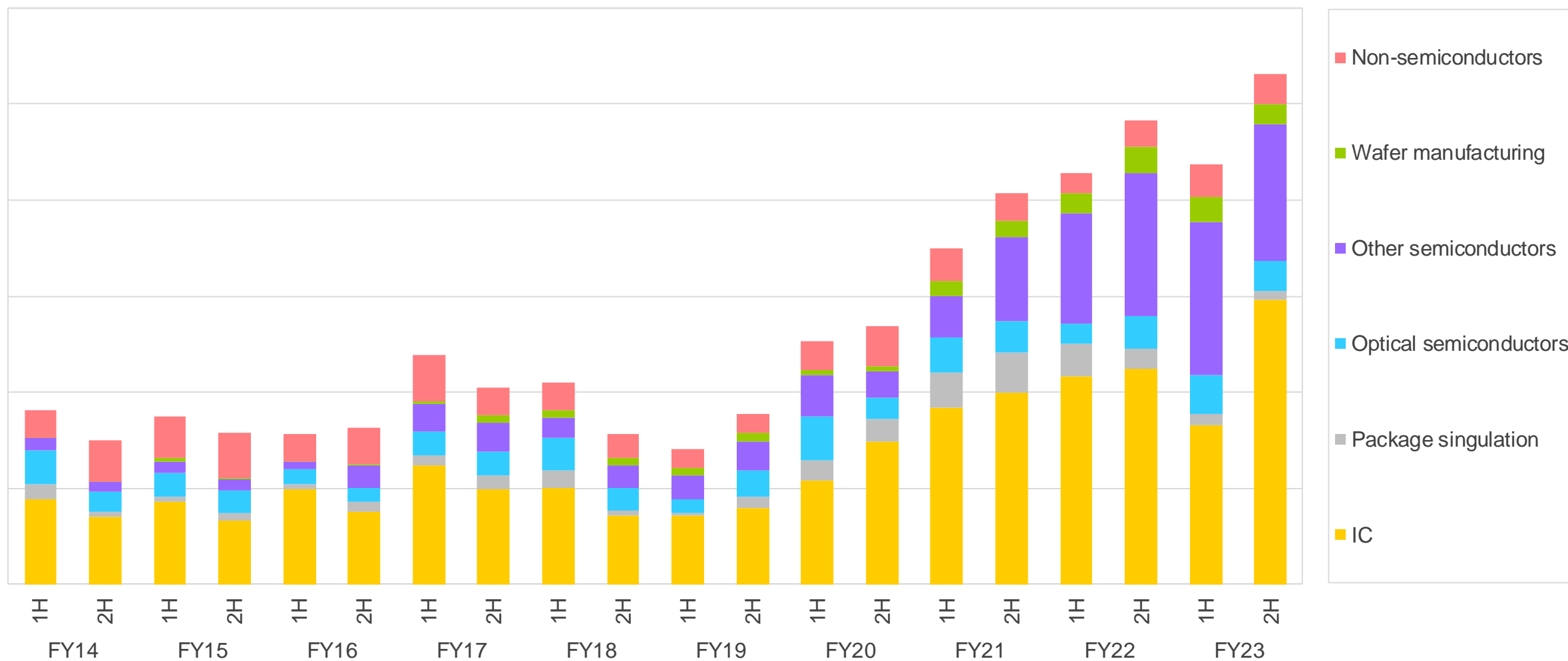
[Reference]
Half-Year and Full-Year Transition Graphs

Precision Processing Equipment Sales by Application



Shipment Basis

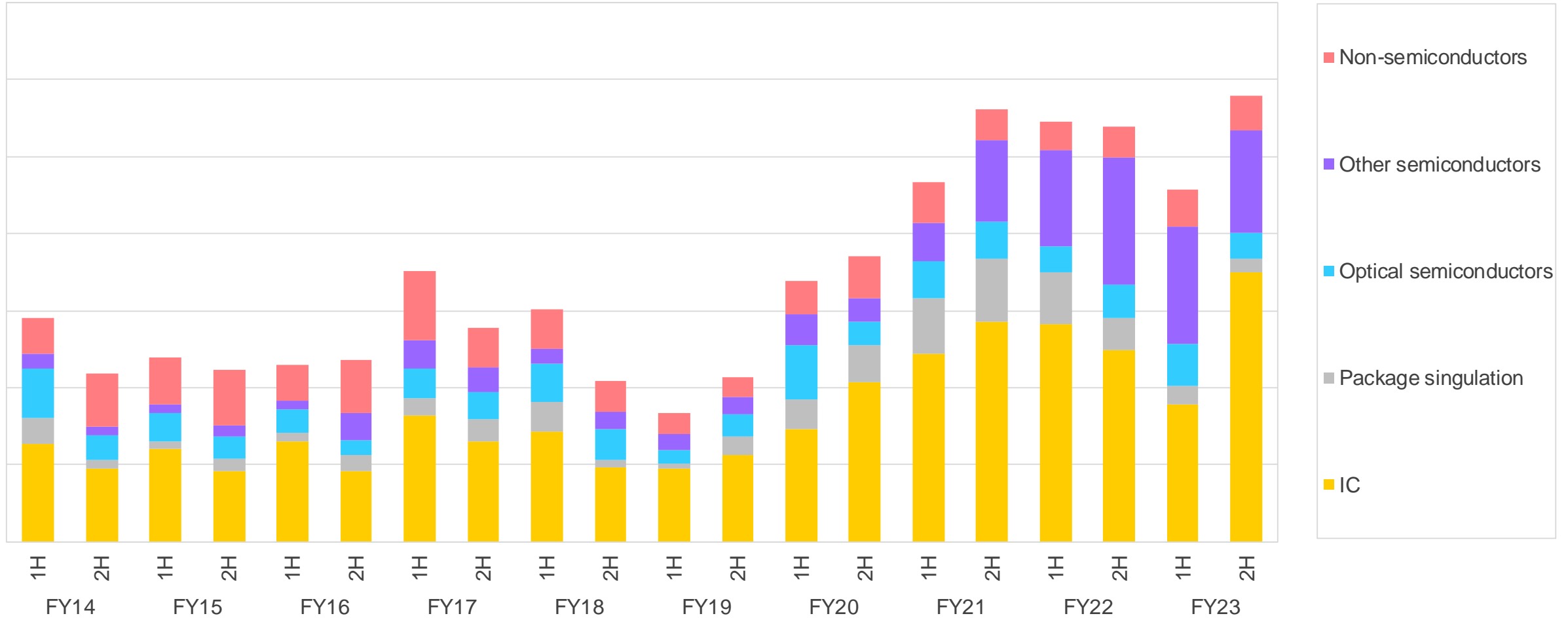
Half-year



Dicing Saw Sales by Application

Shipment Basis

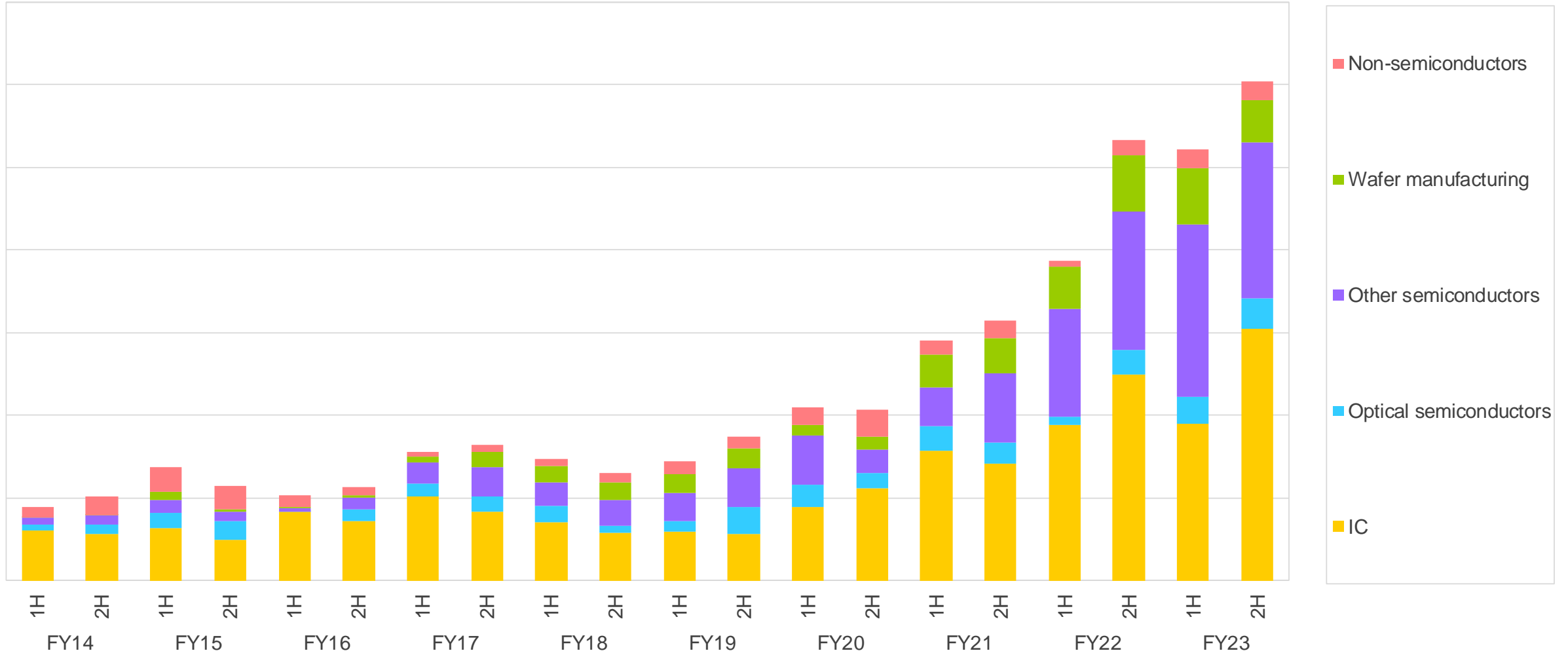
Half-year



Grinder Sales by Application

Shipment Basis

Half-year

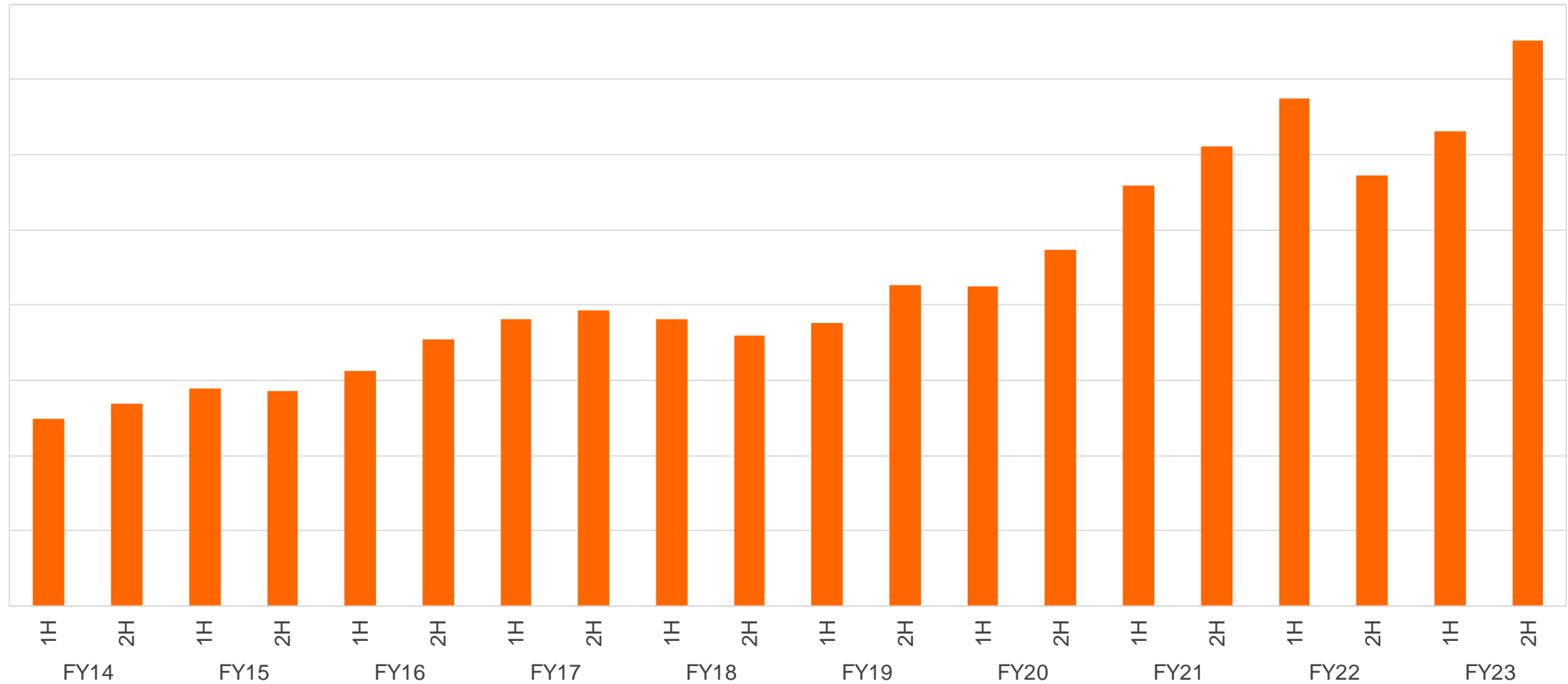


Consumable Sales



Shipment Basis

Half-year

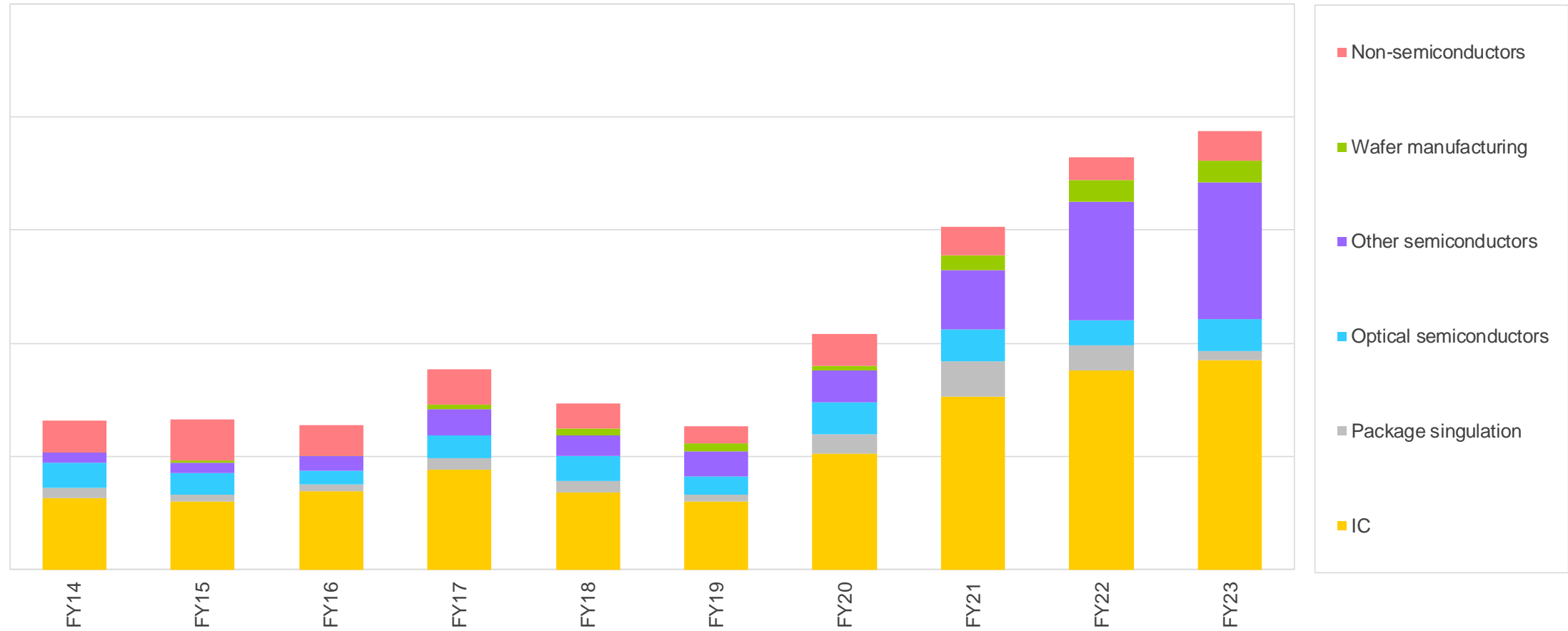


Precision Processing Equipment Sales by Application



Shipment Basis

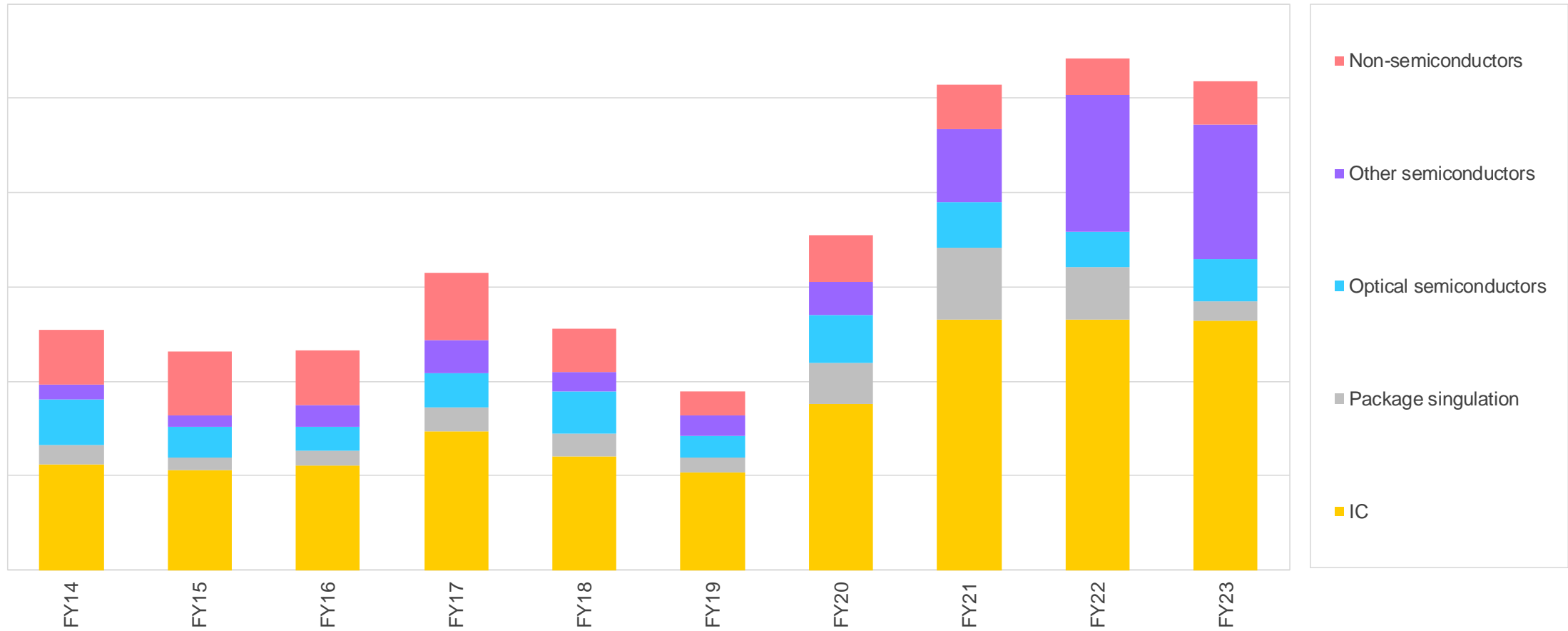
Full-year



Dicing Saw Sales by Application

Shipment Basis

Full-year

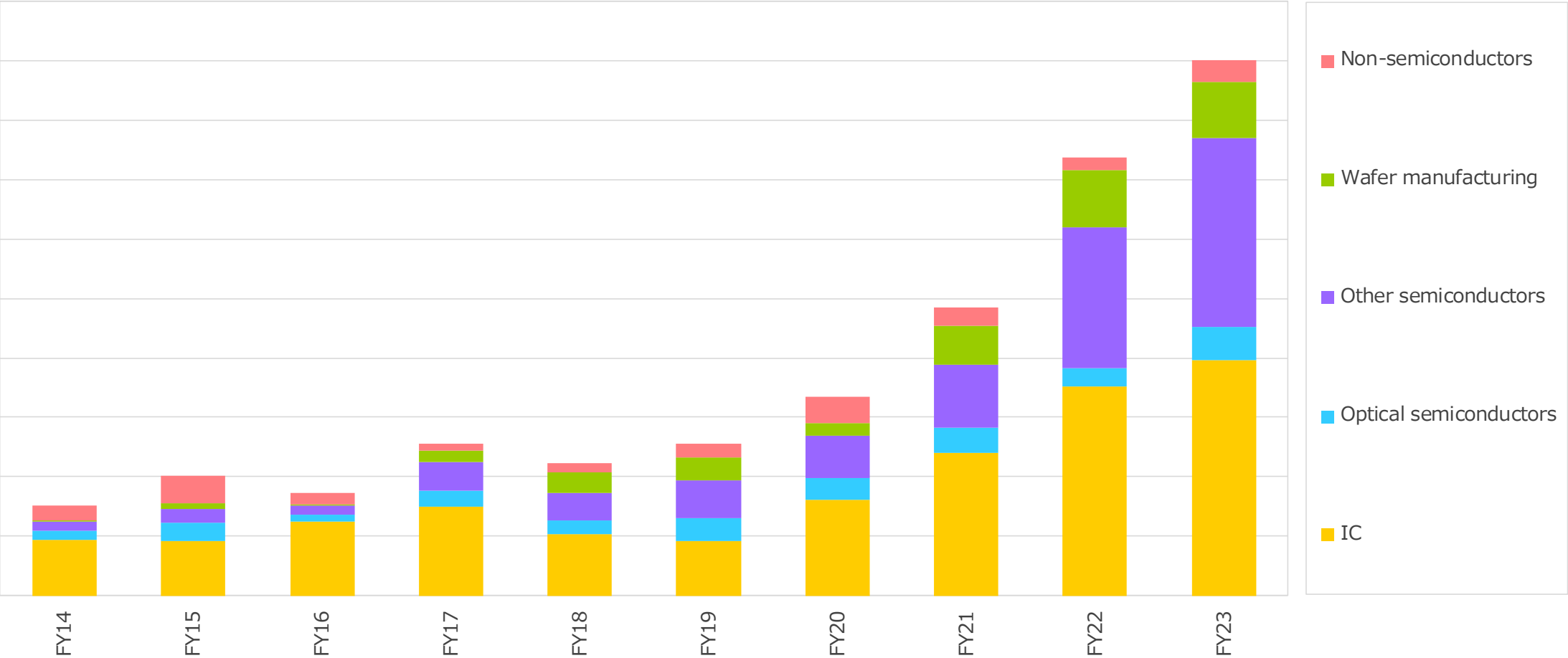


Grinder Sales by Application



Shipment Basis

Full-year

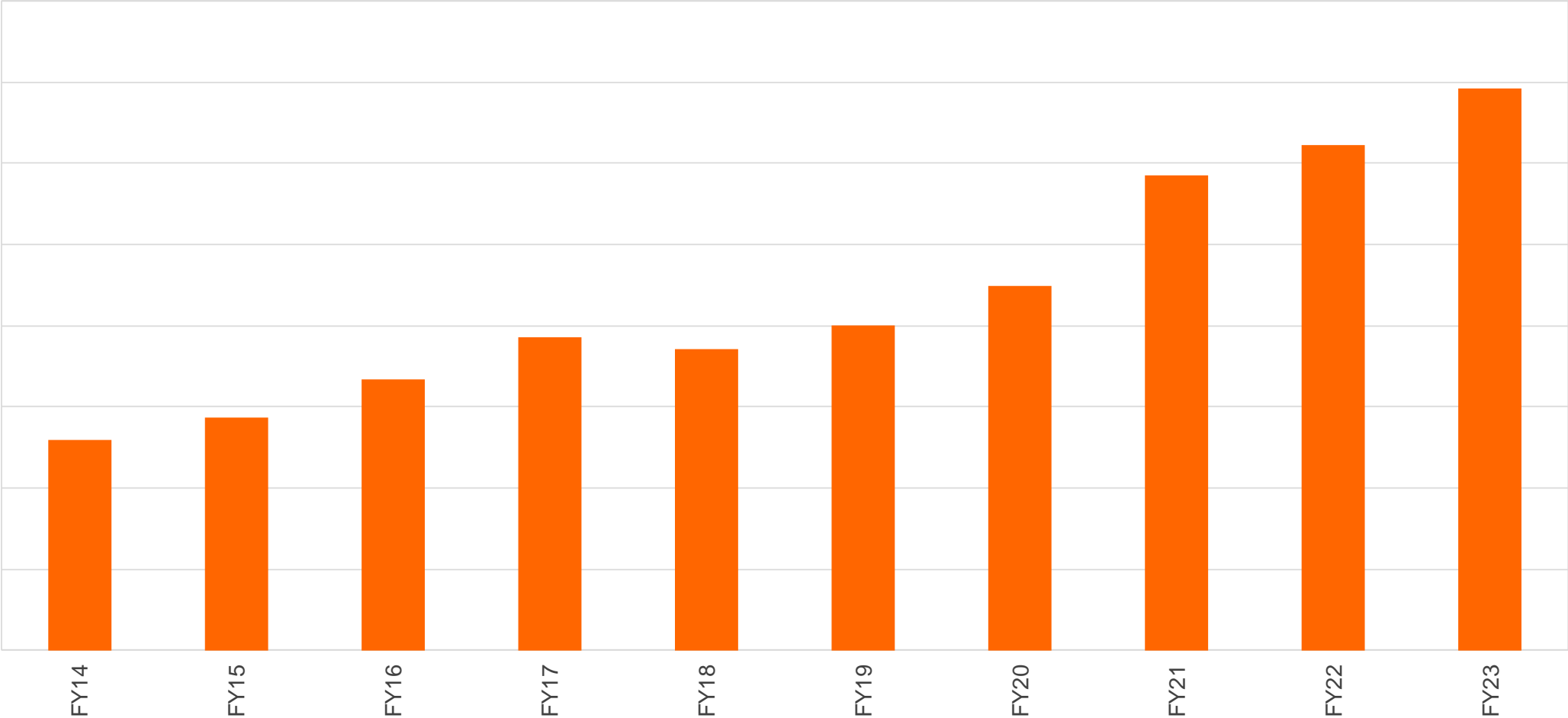


Consumable Sales



Shipment Basis

Full-year



- Reference Data

Shipment Basis

Product	Composition	QoQ	YoY	Composition	YoY	Composition	YoY
	4Q	4Q	4Q	2H	2H	Full Year	Full Year
Precision Processing Equipment	66%	28%	32%	65%	9%	64%	7%
Dicers	35%	39%	41%	34%	7%	32%	-5%
Blade Dicers	19%	34%	34%	18%	6%	18%	-10%
Laser Saws	16%	45%	50%	15%	9%	14%	3%
Grinders	28%	20%	25%	28%	13%	28%	22%
DGP (for thin wafers)	14%	2%	35%	15%	19%	14%	12%
Other Grinders	14%	47%	17%	13%	7%	14%	35%
Accessory Equipment	2%	-9%	-4%	3%	-9%	3%	16%
Precision Processing Tools	20%	6%	48%	22%	31%	22%	11%
Others	14%	30%	26%	14%	21%	14%	13%
Total	100%	23%	34%	100%	15%	100%	9%

Composition by Application



Shipment Basis

		FY22				FY23			
Product	Application	22-1Q	22-2Q	22-3Q	22-4Q	23-1Q	23-2Q	23-3Q	23-4Q
Dicers	IC	53%	51%	48%	44%	38%	40%	60%	61%
	Package singulation	14%	10%	8%	8%	6%	4%	2%	4%
	Optical semiconductors	6%	6%	8%	9%	12%	12%	7%	5%
	Other semiconductors	22%	24%	29%	32%	34%	32%	23%	23%
	Non-semiconductors	5%	8%	7%	8%	10%	11%	8%	8%
Dicers		100%	100%	100%	100%	100%	100%	100%	100%
Grinders	IC	51%	47%	55%	39%	32%	41%	48%	52%
	Optical semiconductors	2%	3%	3%	8%	5%	7%	12%	1%
	Other semiconductors	32%	35%	29%	33%	45%	36%	30%	32%
	Wafer manufacturing	14%	13%	11%	15%	14%	12%	7%	10%
	Non-semiconductors	2%	2%	2%	5%	5%	4%	3%	4%
Grinders		100%	100%	100%	100%	100%	100%	100%	100%

YoY by Application



Shipment Basis

		FY22				FY23			
Product	Application	22-1Q	22-2Q	22-3Q	22-4Q	23-1Q	23-2Q	23-3Q	23-4Q
Dicers	IC	16%	16%	2%	-27%	-46%	-27%	1%	94%
	Package singulation	11%	-23%	-47%	-53%	-71%	-60%	-76%	-32%
	Optical semiconductors	-25%	-38%	-20%	8%	55%	81%	-28%	-18%
	Other semiconductors	161%	152%	79%	36%	18%	23%	-37%	2%
	Non-semiconductors	-50%	-9%	87%	-36%	40%	24%	-15%	35%
Dicers		18%	16%	10%	-17%	-25%	-7%	-19%	41%
Grinders	IC	4%	44%	136%	28%	-23%	25%	-11%	69%
	Optical semiconductors	-71%	-63%	-51%	227%	253%	207%	267%	-81%
	Other semiconductors	92%	360%	82%	117%	74%	50%	3%	22%
	Wafer manufacturing	41%	24%	40%	77%	24%	37%	-37%	-15%
	Non-semiconductors	-62%	-59%	-41%	13%	198%	244%	74%	-4%
Grinders		16%	56%	75%	64%	24%	45%	1%	25%

QoQ by Application



Shipment Basis

		FY22				FY23			
Product	Application	22-1Q	22-2Q	22-3Q	22-4Q	23-1Q	23-2Q	23-3Q	23-4Q
Dicers	IC	1%	-7%	6%	-27%	-25%	26%	46%	40%
	Package singulation	3%	-31%	-17%	-20%	-37%	-5%	-50%	126%
	Optical semiconductors	-15%	4%	36%	-10%	22%	22%	-46%	1%
	Other semiconductors	8%	8%	36%	-14%	-6%	12%	-30%	39%
	Non-semiconductors	-51%	55%	-2%	-15%	7%	38%	-33%	36%
Dicers		-4%	-3%	12%	-21%	-13%	20%	-3%	39%
Grinders	IC	23%	-6%	61%	-31%	-26%	53%	15%	31%
	Optical semiconductors	-41%	78%	42%	119%	-36%	55%	70%	-89%
	Other semiconductors	51%	12%	17%	10%	21%	-3%	-20%	30%
	Wafer manufacturing	22%	-7%	14%	36%	-15%	3%	-48%	85%
	Non-semiconductors	-71%	-7%	57%	166%	-23%	8%	-21%	46%
Grinders		20%	1%	39%	-3%	-9%	19%	-3%	20%

Composition by Region



Inspection/Acceptance Basis

Composition by Region	FY2022				FY2023			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	10%	10%	12%	13%	13%	12%	12%	12%
North America	9%	9%	15%	16%	10%	16%	11%	14%
Asia	73%	73%	66%	62%	67%	63%	66%	65%
Singapore	11%	10%	10%	9%	8%	9%	7%	6%
Taiwan	17%	18%	13%	14%	15%	11%	10%	12%
Korea	14%	10%	7%	9%	8%	5%	9%	12%
China (Note 1)	29%	34%	34%	28%	35%	36%	38%	34%
Other	2%	1%	1%	2%	1%	2%	1%	0%
Europe	8%	7%	7%	8%	10%	10%	11%	9%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Note 1: Including sales to local factories of foreign manufacturers

This material

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