

FY2023 Q2

DISCO's Tidbits

October 2023

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.

- ✓ OSAT's willingness to invest has not changed and remains low. Shipment of precision processing tools and customers' facility operation rates have increased. However, this did not result in facility investment.
- ✓ Power semiconductors continue to remain high.
- ✓ Some applications in the Chinese market are unclear.
- ✓ Generative AI applications are increasing.

Composition Ratio of All Equipment (Shipment Basis)

(Forecast)

	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
OSAT	20%	Slightly less than 20%	Slightly less than 20%	Slightly less than 20%
Memory	15%	Slightly more than 10%	Slightly more than 10%	Slightly less than 20%
Power	30%	35%	32%	25%
Si	15%	17%	14%	-
SiC	15%	18%	18%	-

■ July – September (Actual)

GPM: 68.4%

Compared to forecast: Approx. +4p

Positive Factors:

- 1 . Exchange rate impact: +2p
USD expected: JPY 130→Actual: JPY 145
Affected amount: approx. JPY 4.5B
- 2 . The previous year's trend was used for profit plan
- 3 . Increasing trend in high value-added cases and products

■ October – December (Forecast)

GPM: Even if the exchange rate is flat, slight decrease expected

QoQ: Approx. -2p

The Way of Thinking

- 1 . Exchange rate impact: JPY 140 (Expected)
- 2 . Profit plan will be formulated based on the previous year's trend

*No especially negative factors are observed

Image per quarter (Billions of Yen)

	Sales	SG&A
Case 1	50-60	18.5-20.0
Case 2	60-70	20.0-21.5
Case 3	70-80	21.5-22.5

*Image was revised based on the increase in GP margin.

- ✓ Decided to construct a new building in Haneda R&D Center
(Investment amount: Approx. JPY 13B, from FY25)
<https://www.disco.co.jp/eg/news/corp/20231019.html>
*Impairment loss amounting to approx. JPY 7.5B for the existing structure will be included (FY23_3Q)
- ✓ Smaller capital investments such as expansion of branch offices and dormitory facilities are being made as needed.
- ✓ The company is considering purchasing land in preparation for large capital investments such as factory expansion in the future.

FY2023 (Forecast)

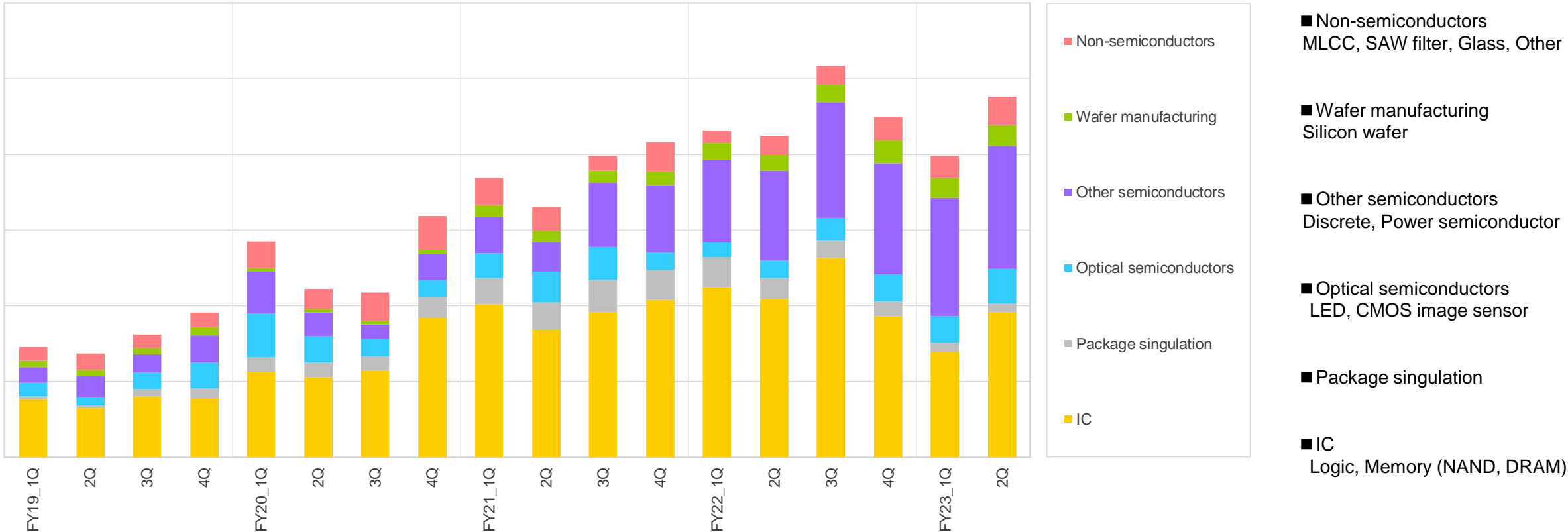
CAPEX	JPY 14B
Depreciation	JPY 10B
R&D	JPY 25B

Precision Processing Equipment: Sales by Application

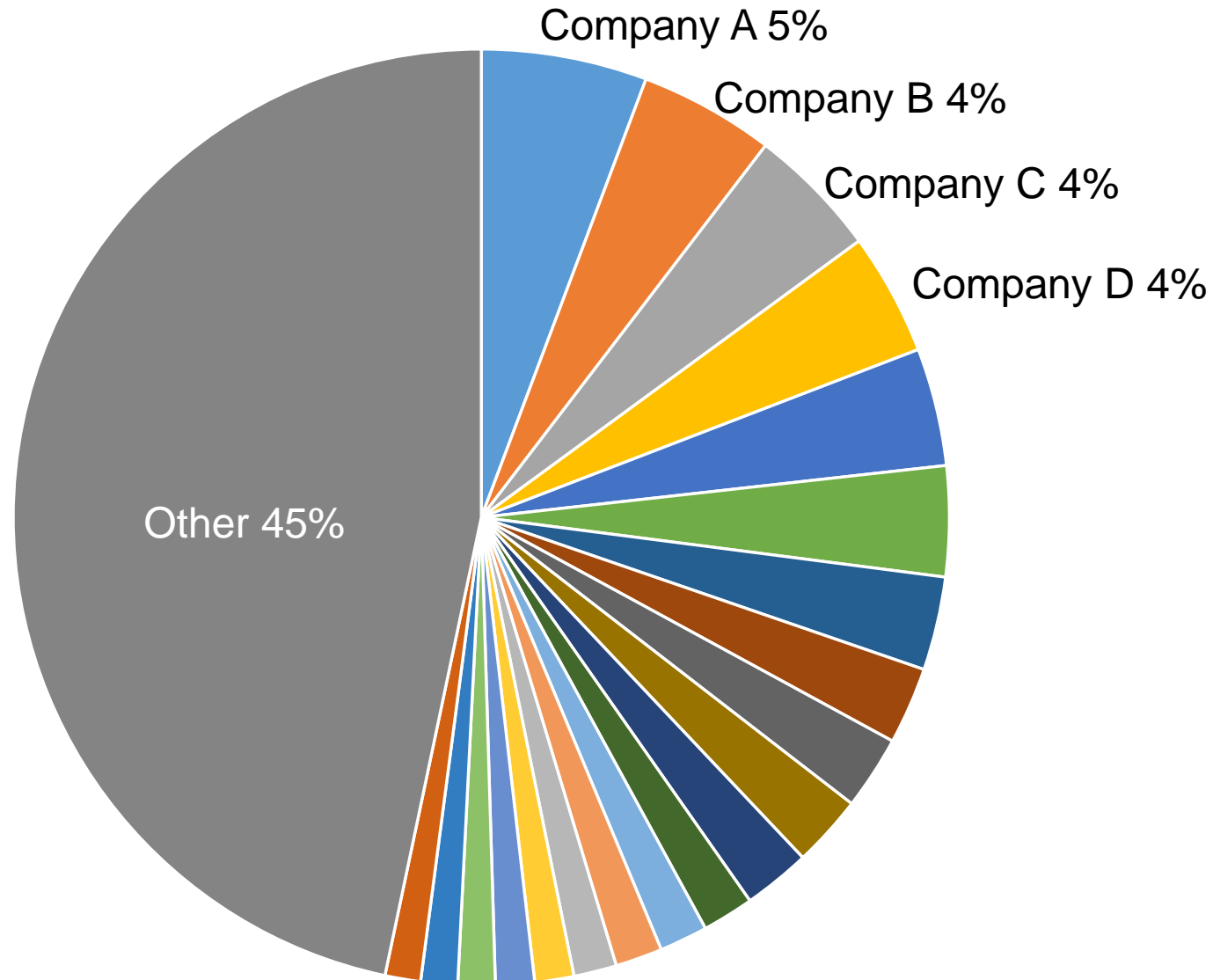


Shipment Basis

Precision Processing Equipment



Sales by applications for precision processing equipment (dicers and grinders)



DISCO equipment is sold to semiconductor and electronic component manufacturers around the world.

Only 5% even for the top customer

The top ranking customers change every year.

Overseas sales ratio: 80%

This material

Below are the answers to questions asked during the one-on-one meeting with analysts and investors after presentation of the financial results. Although close attention is paid to the written contents, if there are any mistakes in the information and/or data tampering by a third party, DISCO does not take any responsibility. In addition, the purpose of this document is not for soliciting investment. Please invest based on your judgement.

Notation

The yearly accounting period from April of the current year to March of the following year is denoted by FY (Fiscal Year), and quarterly accounting periods are denoted by 1Q (April – June), 2Q (July – September), 3Q (October – December), and 4Q (January – March). Depending on the monetary unit, figures lower than the minimum unit may be rounded up or down, as a result of which the total sum may not match. Percentages are calculated based on the actual figures.

Disclaimer

Statements in this document 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 world and domestic business trends and steep exchange rate fluctuations, as well as war, terrorism, natural disasters, and epidemics.

Intellectual Property Rights

All material on this website is protected under international copyright laws, treaty provisions, and other applicable laws. Except for personal, non-commercial internal use, you need to obtain DISCO's prior explicit approval to use (including copying, modifying, reproducing in whole or in part, uploading, transmitting, distributing, licensing, selling and publishing) any of the materials on this website.

Software that is made available from this website is the copyrighted work of the respective rightful owner, and is protected under international copyright laws, treaty provisions, and other applicable laws. Use of such software is subject to the terms and conditions of the software usage agreement.

The trademarks, product names, service names or logos of DISCO or any third party used in this website are protected under trademark law, anti-competitive practices law, and other laws. You need to obtain DISCO's or such third party's prior explicit approval for their use.

<https://www.disco.co.jp/eg/>