

FY2022

Third Quarter Financial Results

Jan. 24, 2023

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FY2022 3Q Earnings Results



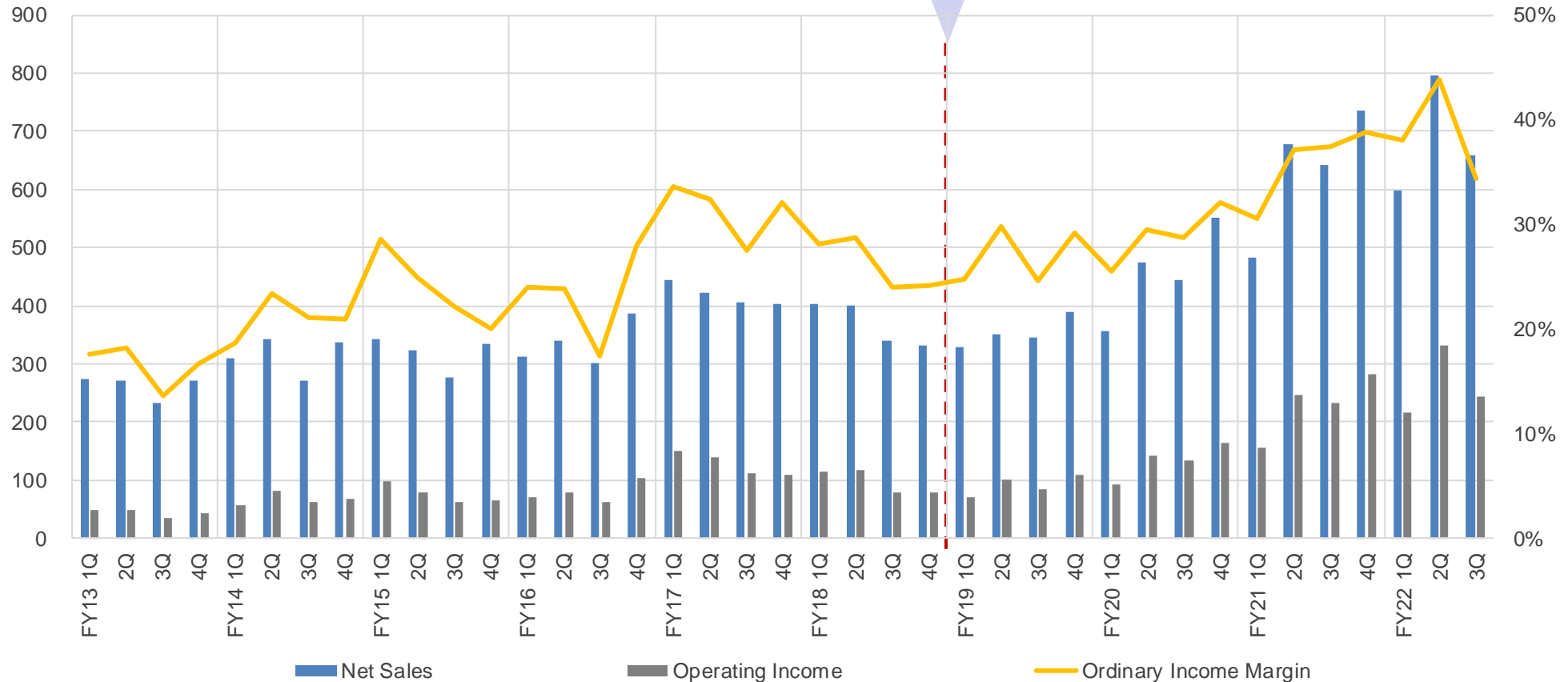
Millions of Yen	FY2022 3Q	FY2022 2Q	QoQ		FY2021 3Q	YoY	
			Amount	(%)		Amount	(%)
Net Sales	65,838	79,532	-13,694	-17.2%	64,186	1,652	2.6%
Gross Profit	43,092	52,055	-8,963	-17.2%	39,157	3,935	10.0%
Gross Profit Margin	65.5%	65.5%	0.0p	-	61.0%	4.5p	-
SG&A	18,835	18,776	58	0.3%	15,865	2,970	18.7%
Operating Income	24,257	33,278	-9,021	-27.1%	23,292	965	4.1%
Ordinary Income	22,605	34,819	-12,214	-35.1%	24,001	-1,396	-5.8%
Ordinary Income Margin	34.3%	43.8%	-9.5p	-	37.4%	-3.1p	-
Income before income taxes and minority interests	22,522	34,798	-12,276	-35.3%	23,901	-1,379	-5.8%
Net Income	16,546	24,633	-8,087	-32.8%	16,916	-371	-2.2%

Sales: YoY increased due to a high level of shipments and inspection/acceptance. QoQ fluctuation was seen due to inspection/acceptance timing.
 GP margin: YoY profit increased due to the exchange rate and continued improvement initiatives. QoQ remained at a high level.
 SG&A: Remained at a high level due to increased R&D costs.

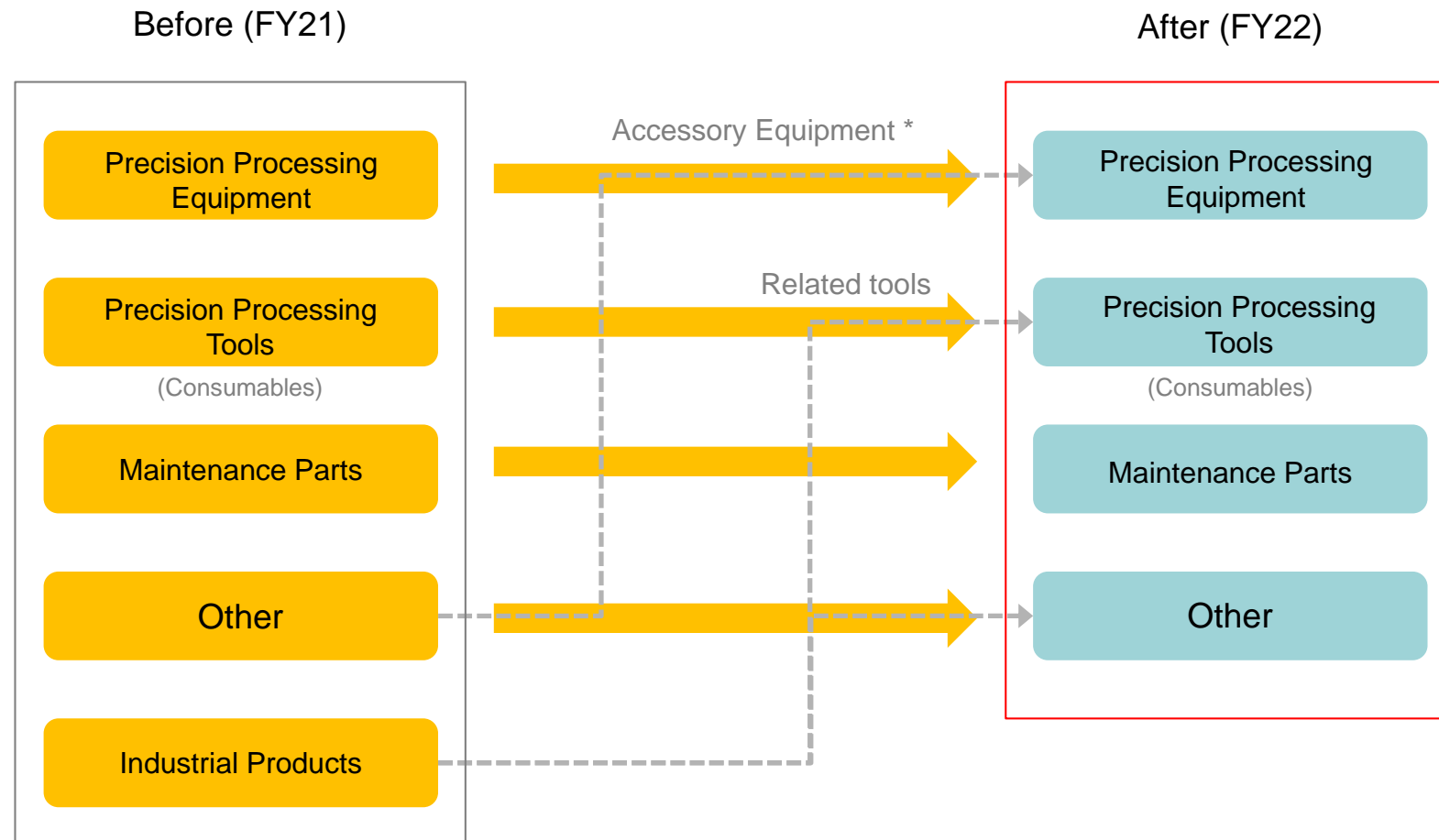
Quarterly Financial Results



Due to the change in accounting policy, the timing of revenue recognition has been changed to Inspection/Acceptance Basis.



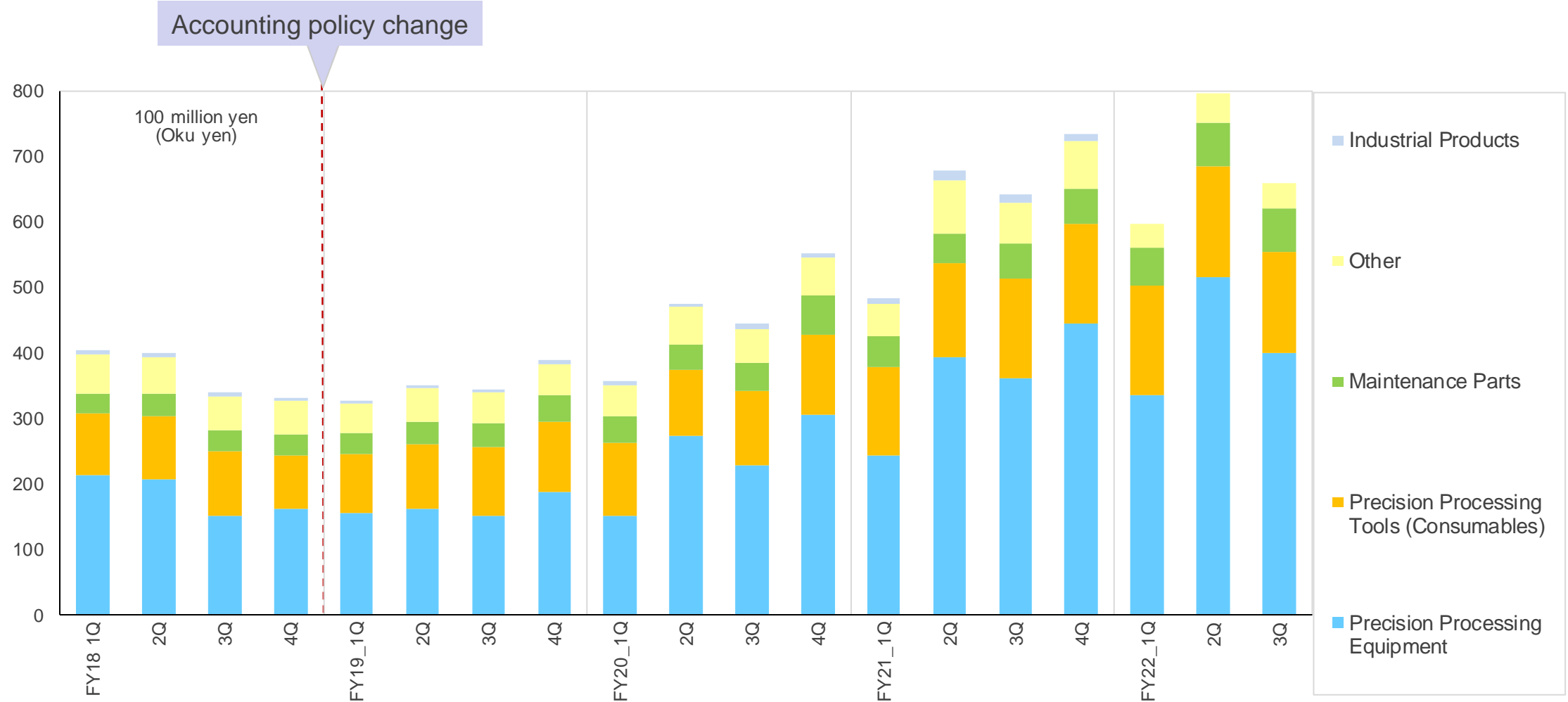
Although sales decreased due to inspection/acceptance timing, all profit categories remained high. (FY22_3Q Operating profit margin 36.8%, Ordinary income 34.3%, Net profit 25.1%)



* Wafer Mounter, Deionized Water Recycling Unit, Other Equipment

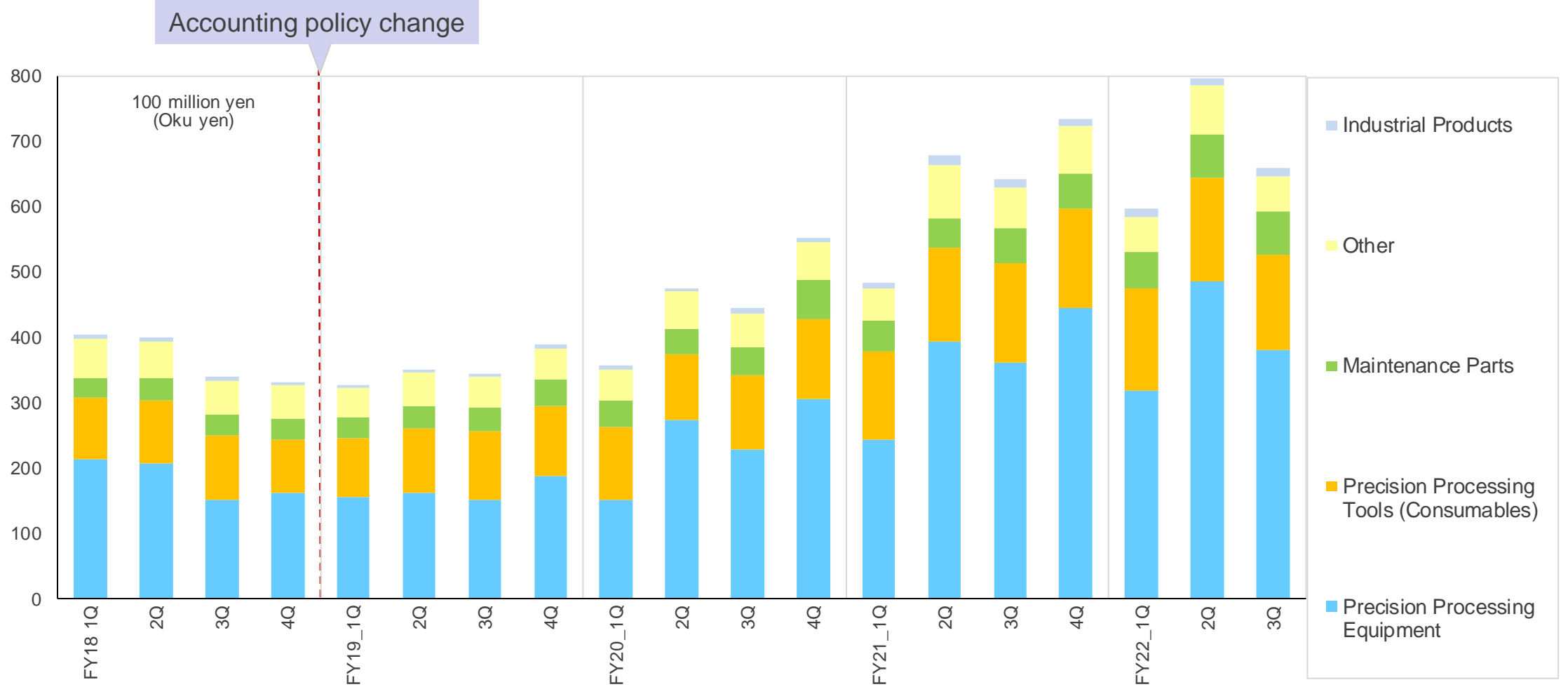
The “Other” and “Industrial Products” categories have changed.

Quarterly Sales Breakdown by Product



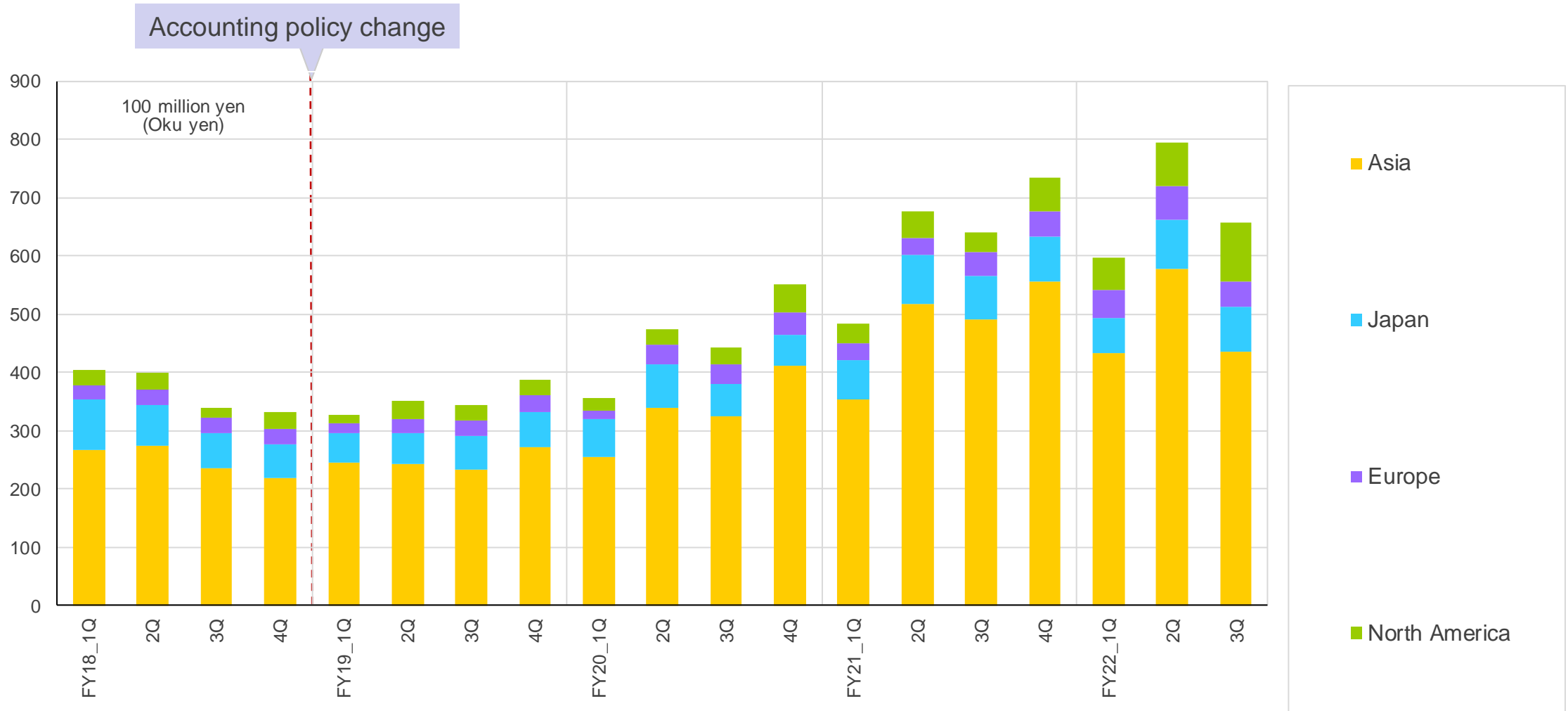
Note: Composition percentages are listed as additional information on the DISCO website.

[Reference] Quarterly Sales Breakdown by Product



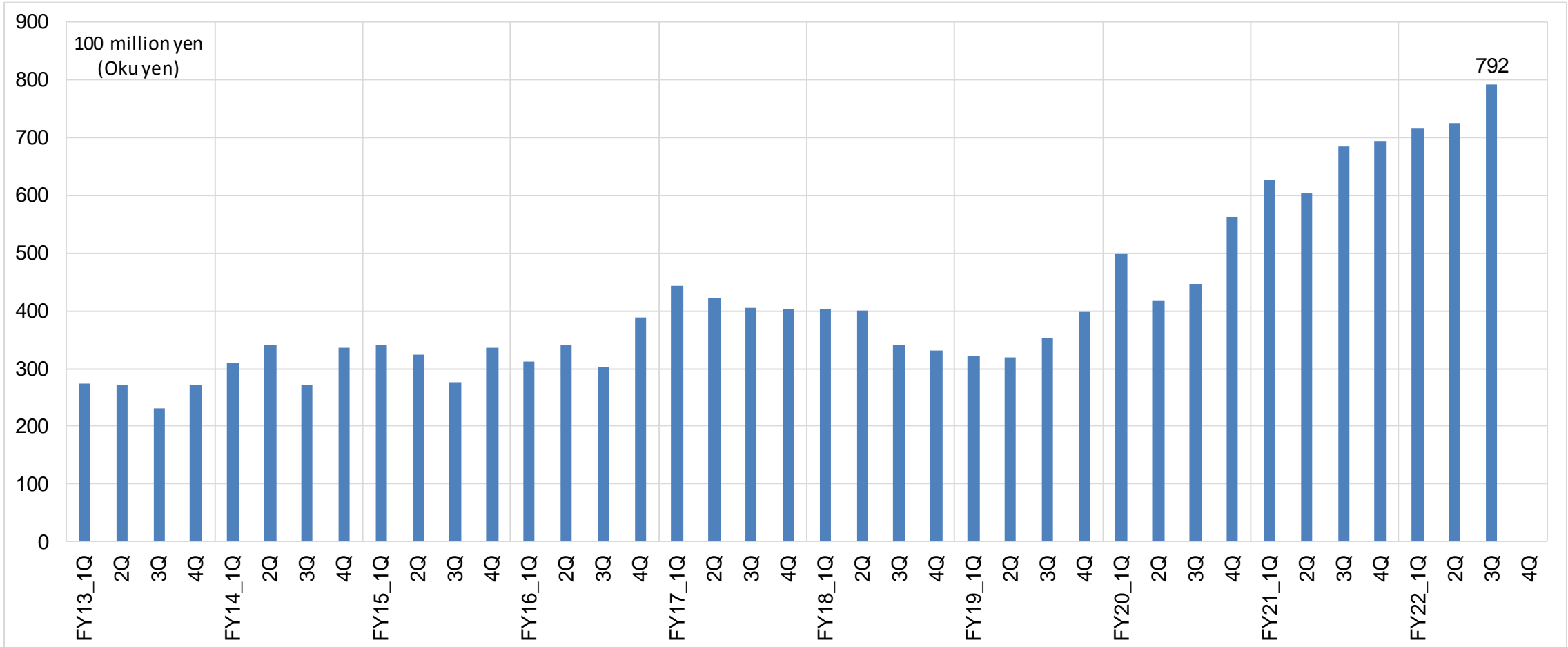
Trends for the previously used categories

Quarterly Sales Breakdown by Region



FY22_3Q Overseas sales ratio:88.1%

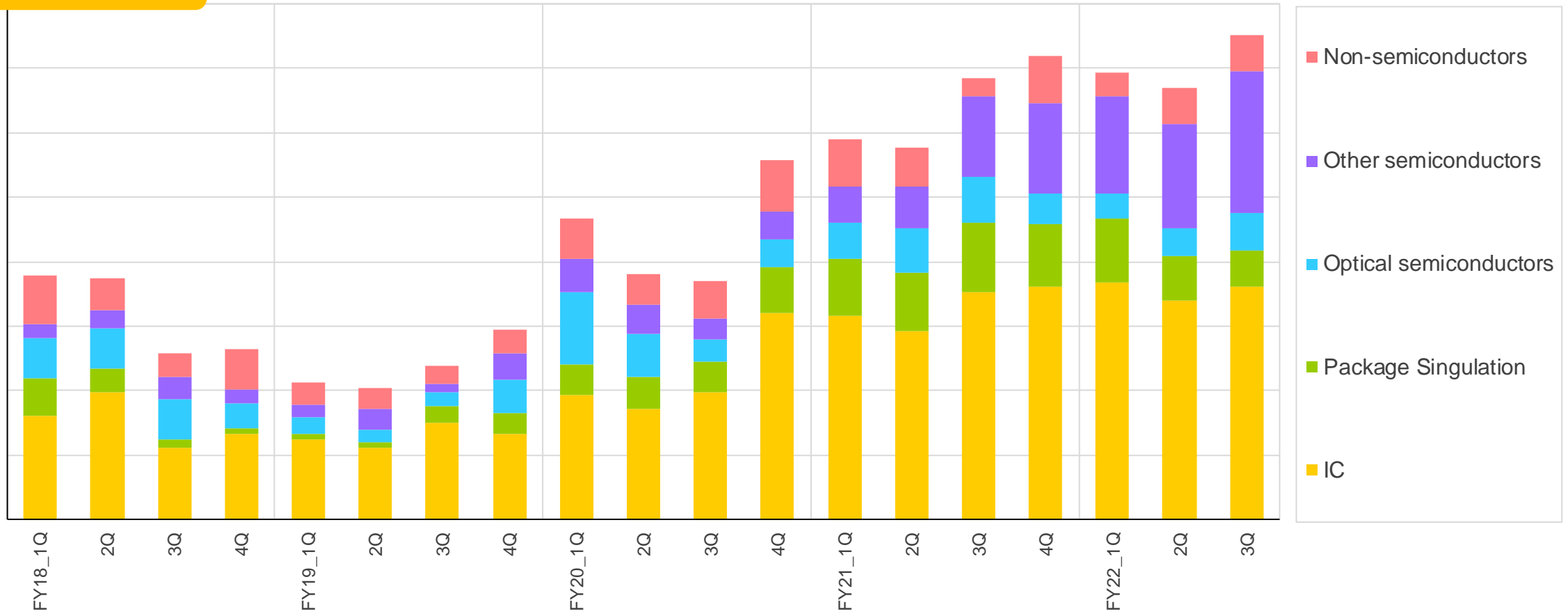
Quarterly Shipment



FY22_3Q Shipment volume: approx. JPY 79.2 B

Sales by Usage of Dicers

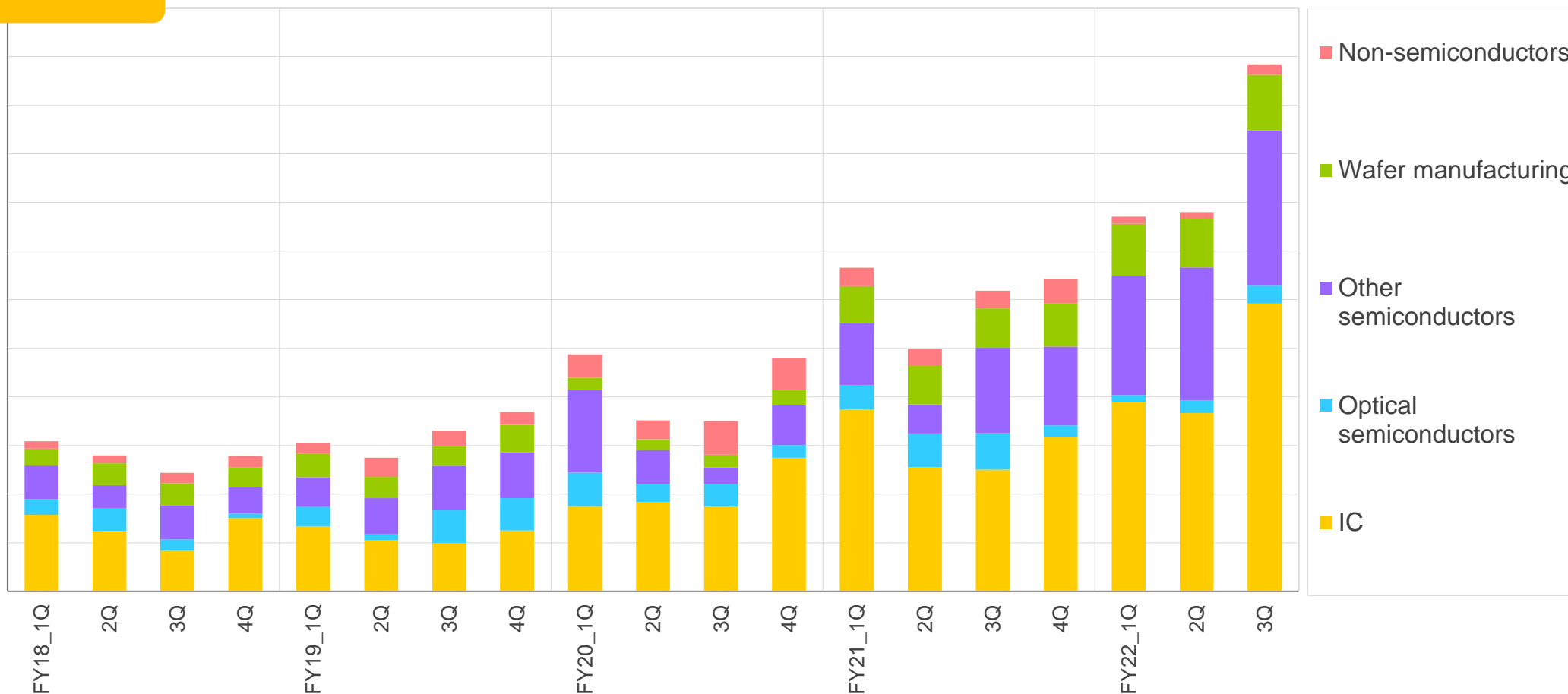
Shipment Basis



QoQ: Increased in the power semiconductors field (under “Other semiconductors”).
YoY: Growth in the power semiconductors field (under “Other semiconductors”) boosted the whole.

Sales by Usage of Grinders

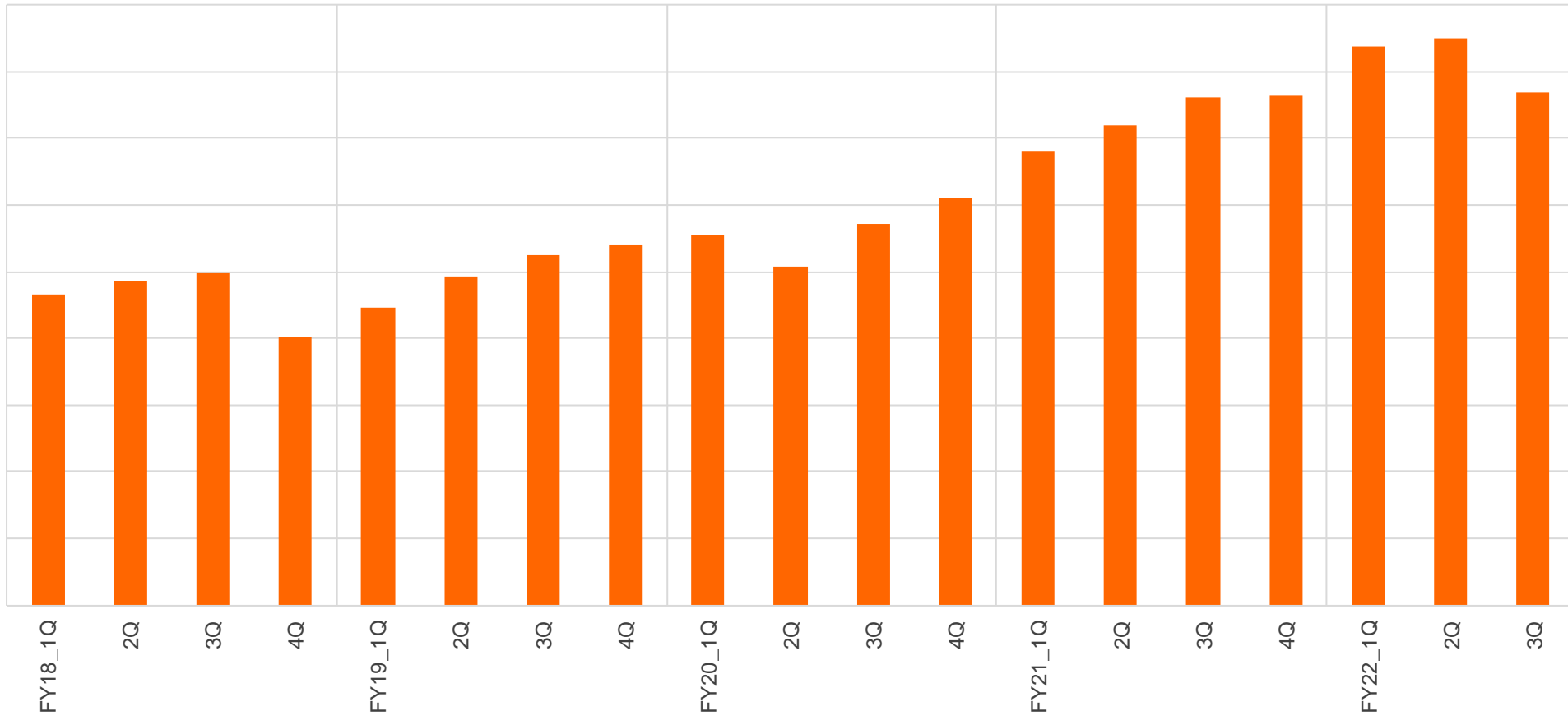
Shipment Basis



QoQ: Growth in the IC thinning field boosted the whole.

YoY: Significant growth in the IC, power semiconductors (under “Other semiconductors”), and wafer manufacturing fields.

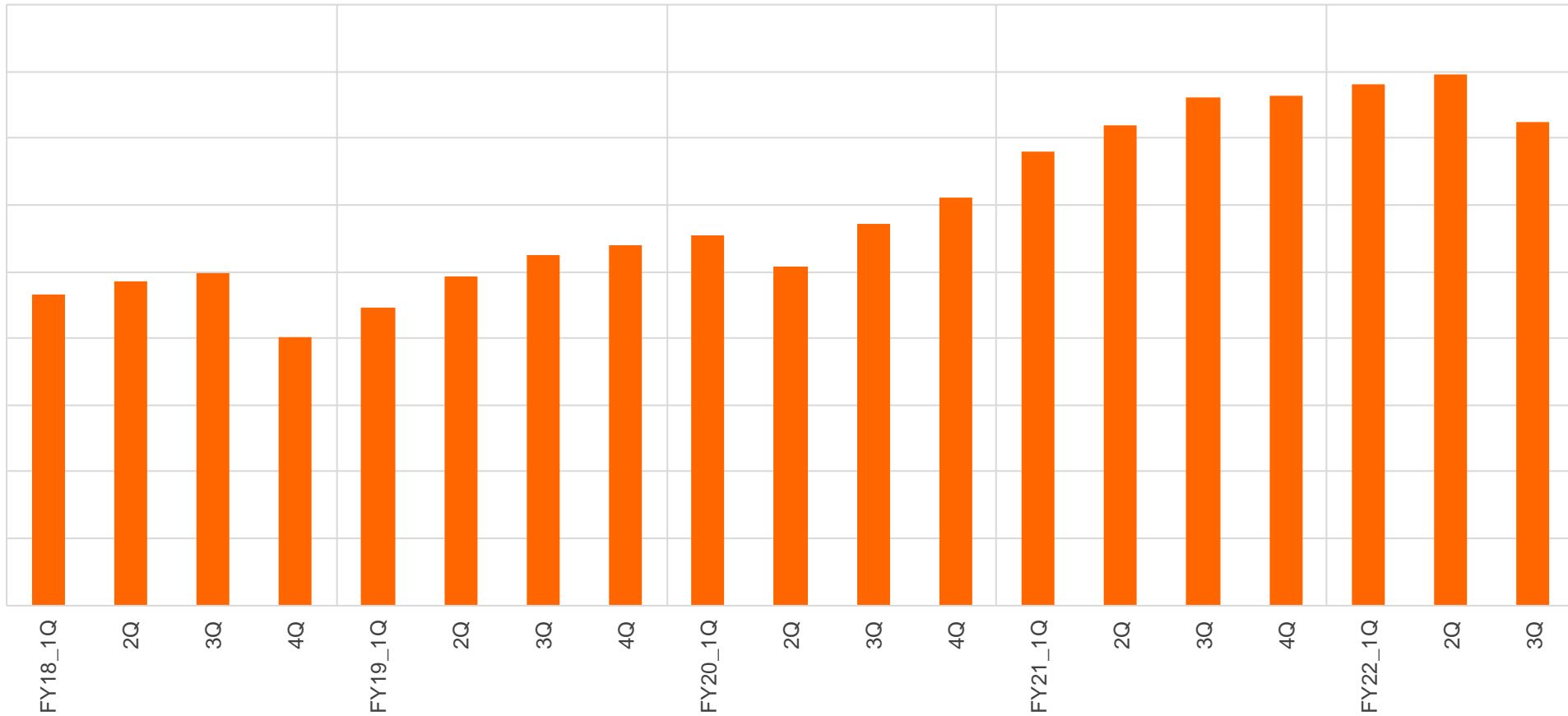
Precision Processing Tools Sales (Consumables)



Precision processing tool (consumables) shipments decreased due to a decline in customer utilization rate.

Note: From FY22_1Q, this includes the “Related tools” category, which was under another category up until now.

[Reference] Precision Processing Tools Sales



Trends for the previously used categories

Balance Sheet (Summary)

Millions of Yen	FY2022 3Q	FY2022 2Q	Amount
Cash and deposits	139,576	136,405	3,172
Notes and account receivable	36,343	41,839	-5,496
Inventories	91,013	83,840	7,173
Total current assets	274,718	267,867	6,851
Property, plant and equipment	146,332	146,572	-240
Total noncurrent assets	159,894	160,298	-404
Total assets	434,613	428,166	6,447
Current liabilities	110,743	110,456	287
Noncurrent liabilities	894	932	-38
Total liabilities	111,638	111,389	249
Total net assets	322,974	316,776	6,198
Total liabilities and net assets	434,613	428,166	6,447
Equity Ratio	74.0%	73.7%	0.3p

Total assets: Cash and deposits increased. Inventories increased mainly for raw materials and product inventory.
 Liabilities: Although outstanding corporate taxes mainly decreased, electronically recorded monetary claims increased.
 Net assets: Mainly increased for earned surplus.

Earnings Forecast 4Q FY2022



100 million yen (Oku yen)

Forecast

	FY21 1Q	2Q	3Q	4Q	FY22 1Q	2Q	3Q	4Q
Net Sales	483	678	642	735	597	795	658	668
Operating Income	154	245	233	283	216	333	243	241
Ordinary Income	148	251	240	286	228	348	226	244
Net Income	106	180	169	207	160	246	165	175
Operating Income Margin	32.0%	36.2%	36.3%	38.4%	36.1%	41.8%	36.8%	36.0%
Ordinary Income Margin	30.5%	37.1%	37.4%	38.8%	38.1%	43.8%	34.3%	36.6%
Net Income Margin	21.9%	26.6%	26.4%	28.2%	26.8%	31.0%	25.1%	26.2%
Shipment Figures	627	604	684	694	717	725	792	653

Assumed exchange rate (Jan-Mar): USD 1 = JPY 120, EUR 1 = JPY 130

Currency sensitivity (consolidated, annualized) USD: Approx. JPY 1.2B, EUR: Approx. JPY 0.3B

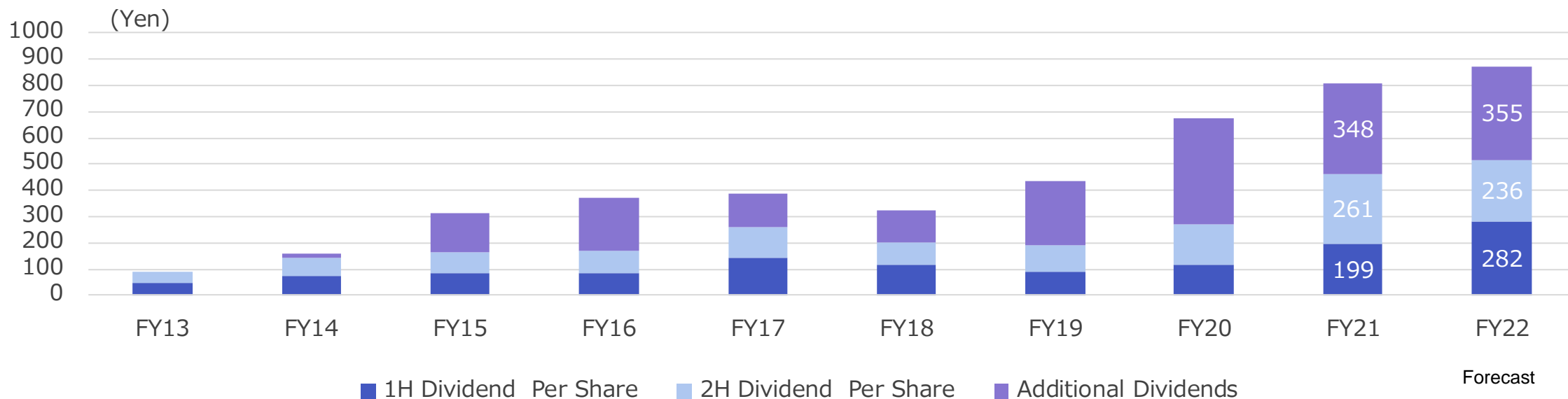
Dividend Policy and Dividend Payments

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]

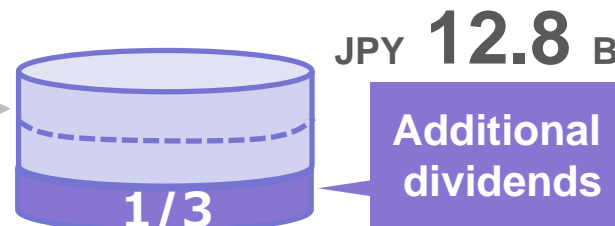
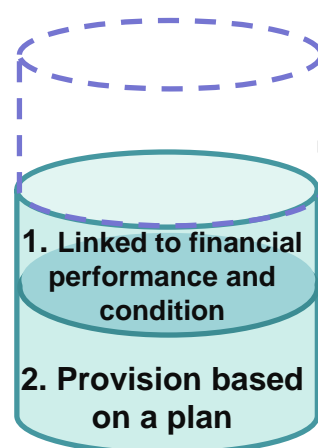
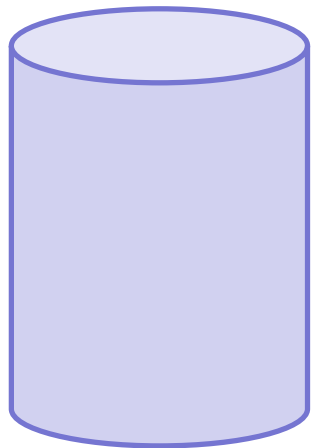
The ¥20 payout stipulated in our stable dividend policy may be reviewed if there are consolidated net losses for three consecutive years.



FY22 (Actual) 1H : JPY 282, (Forecast) 2H and Additional : JPY 591

Current Forecast

<p>* Year-end balance</p> <p>JPY 114.5 B</p>	-	<p>Necessary funds</p> <p>JPY 76.1 B</p>	=	<p>Surplus funds</p> <p>JPY 38.4 B</p>
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Contents of necessary funds:

1	Operating funds	JPY 45.3 B
	[Previous year Consolidated sales ÷ 12 months x 2]	
	Technical purchases (including M&A)	JPY 19.0 B
	[Consolidated sales Average of past 3 years x 10%]	
	Refund of interest bearing debt	-
	Taxes and dividends	JPY 19.2 B
2	Facility expansion	JPY 7.0 B
	[Expansion of office facilities, etc.]	
3	** Reversal of technical purchases funds	JPY -14.4 B

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

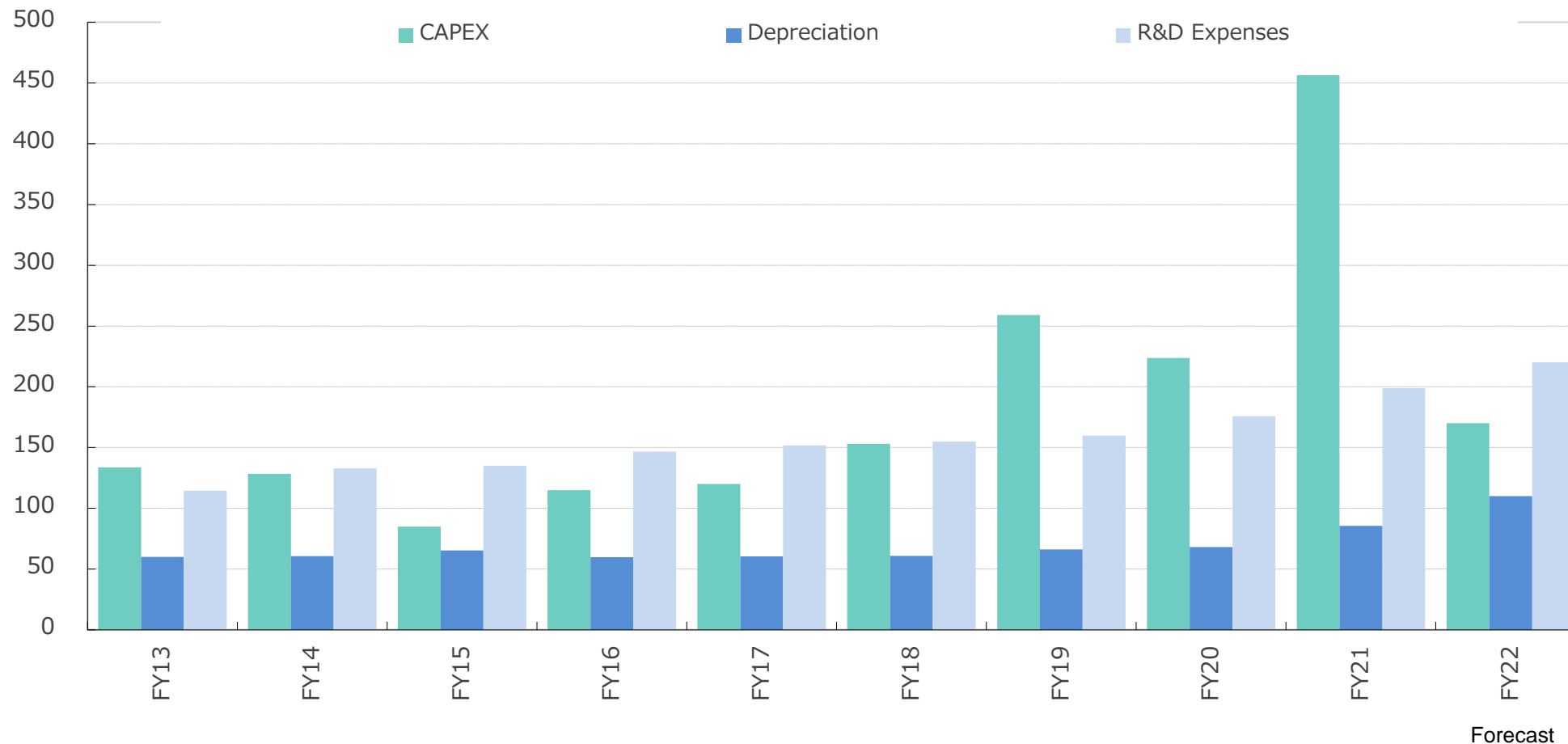
**Expenses used for the acquisition of Haneda R&D Center in FY21 are included in the category for reserve fund for technology resources.

Sales Forecast By Product

Shipment Basis

Product		Forecast FY22_4Q (QoQ)
	Blade dicers	-25%
	Laser Saws	-25%
Dicers		-25%
	DGP (for thin wafers)	-30%
	Other Grinders	10%
Grinders		-15%
Accessory Equipment		-15%
Precision Processing Equipment		-20%
Precision Processing Tools (Consumables)		-15%
Others		-15%

R&D/CAPEX Forecast

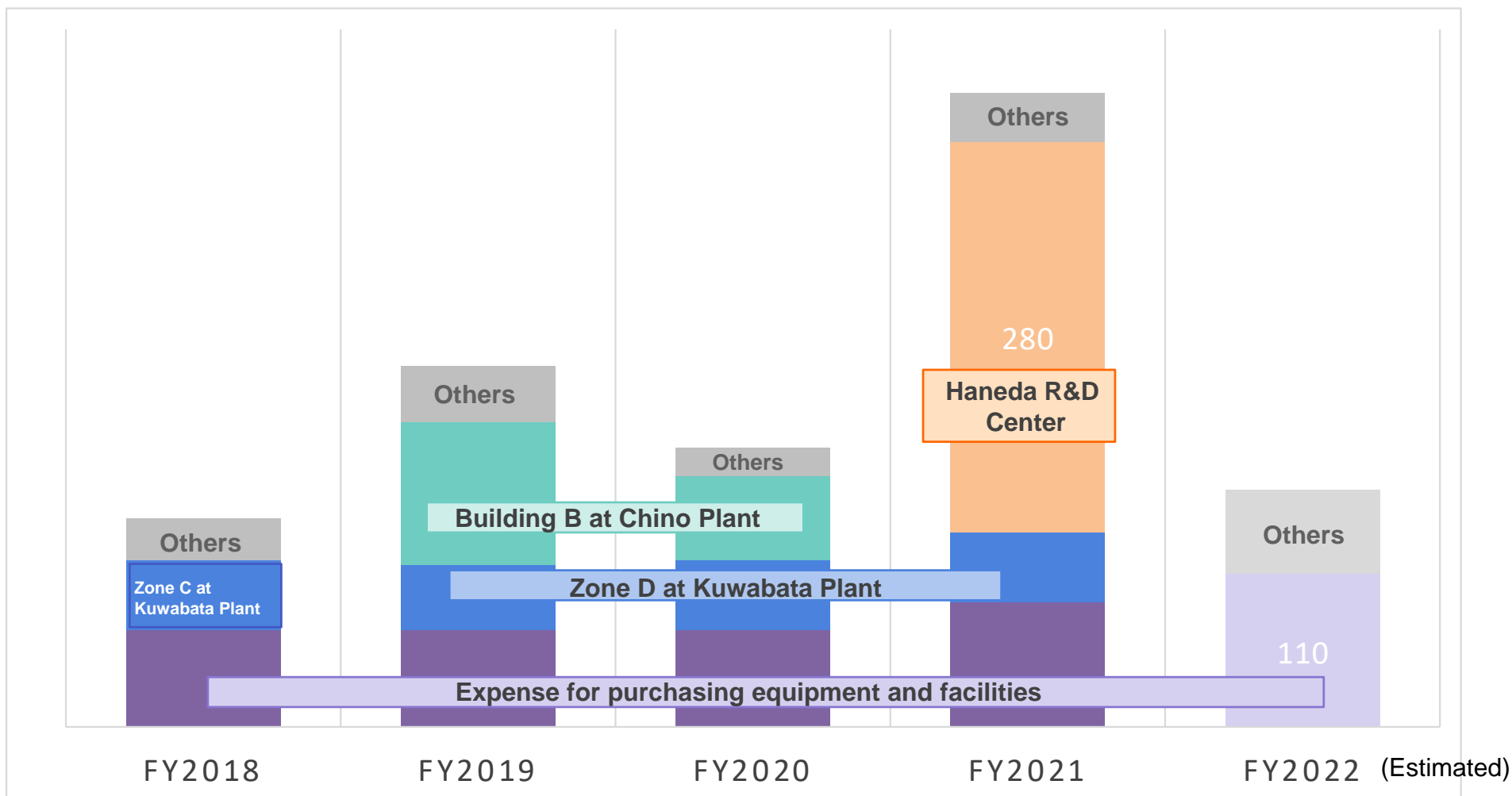


FY22 Forecast Capital investment: Mainly rationalization investment.
 Depreciation: Depreciation of assets acquired in the previous fiscal year.
 Research and Development: Proactive research and development planned.

Approx. JPY 17 B (FY21 actual figure JPY 45.6 B)
 Approx. JPY 11 B (FY21 actual figure JPY 8.5 B)
 Approx. JPY 22 B (FY21 actual figure JPY 19.8 B)

Breakdown of CAPEX

100 million yen (Oku yen)



FY22 Forecast

Purchase of machines and facilities
Others (expansion of offices, etc.)

Approx. JPY 11 B
Approx. JPY 6 B

- Reference data

Shipment Basis

Product	Composition	QoQ	YoY
	3Q	3Q	3Q
Precision Processing Equipment	69%	23%	37%
Dicers	38%	12%	10%
Blade Dicers	21%	-6%	-2%
Laser Saws	17%	46%	28%
Grinders	27%	39%	75%
DGP (for thin wafers)	16%	45%	67%
Other Grinders	12%	32%	88%
Accessory Equipment	4%	38%	-
Precision Processing Tools	20%	-7%	3%
Others	11%	-20%	-34%
Total	100%	9%	16%

Trends for the previously used categories

Product	Composition	QoQ	YoY
	3Q	3Q	3Q
Precision Processing Equipment	65%	22%	29%
Dicers	38%	12%	9%
Blade Dicers	21%	-6%	-2%
Laser Saws	17%	46%	28%
Grinders	27%	39%	75%
DGP (for thin wafers)	16%	45%	67%
Other Grinders	12%	32%	88%
Accessory Equipment	-	-	-
Precision Processing Tools	19%	-7%	-3%
Others	16%	-10%	-3%
Total	100%	9%	16%

Composition by Application

Shipment Basis

Composition		FY21				FY22		
Product	Application	21-1Q	21-2Q	21-3Q	21-4Q	22-1Q	22-2Q	22-3Q
Dicers	1_IC	54%	51%	52%	50%	53%	51%	48%
	2_Package singulation	15%	16%	16%	13%	14%	10%	8%
	3_Optical semiconductors	9%	12%	10%	7%	6%	6%	8%
	4_Other semiconductors	10%	11%	18%	19%	22%	24%	29%
	5_Non-semiconductors	12%	11%	4%	10%	5%	8%	7%
Dicers		100%	100%	100%	100%	100%	100%	100%
Grinders	1_IC	56%	51%	41%	49%	51%	47%	55%
	2_Optical semiconductors	7%	14%	12%	4%	2%	3%	3%
	3_Other semiconductors	19%	12%	28%	25%	32%	35%	29%
	4_Wafer manufacturing	11%	16%	13%	14%	14%	13%	11%
	5_Non-semiconductors	6%	7%	6%	8%	2%	2%	2%
Grinders		100%	100%	100%	100%	100%	100%	100%

YoY by Application

Shipment Basis

YoY		FY21				FY22		
Product	Application	21-1Q	21-2Q	21-3Q	21-4Q	22-1Q	22-2Q	22-3Q
Dicers	1_IC	63%	71%	80%	13%	16%	16%	2%
	2_Package singulation	89%	84%	118%	37%	11%	-23%	-47%
	3_Optical semiconductors	-51%	1%	115%	12%	-25%	-38%	-20%
	4_Other semiconductors	11%	42%	291%	215%	161%	152%	79%
	5_Non-semiconductors	15%	32%	-50%	-7%	-50%	-9%	87%
Dicers		26%	52%	86%	29%	18%	16%	10%
Grinders	1_IC	114%	39%	44%	15%	4%	44%	136%
	2_Optical semiconductors	-29%	84%	62%	-6%	-71%	-63%	-51%
	3_Other semiconductors	-25%	-15%	419%	97%	92%	360%	82%
	4_Wafer manufacturing	210%	265%	204%	179%	41%	24%	40%
	5_Non-semiconductors	-20%	-13%	-47%	-22%	-62%	-59%	-41%
Grinders		37%	42%	77%	34%	16%	56%	75%

Shipment Basis

QoQ		FY21				FY22		
Product	Application	21-1Q	21-2Q	21-3Q	21-4Q	22-1Q	22-2Q	22-3Q
Dicers	1_IC	-1%	-7%	21%	2%	1%	-7%	6%
	2_Package singulation	27%	1%	18%	-10%	3%	-31%	-17%
	3_Optical semiconductors	27%	26%	5%	-34%	-15%	4%	36%
	4_Other semiconductors	31%	12%	91%	13%	8%	8%	36%
	5_Non-semiconductors	-8%	-15%	-52%	150%	-51%	55%	-2%
Dicers		6%	-2%	19%	5%	-4%	-3%	12%
Grinders	1_IC	36%	-32%	-2%	27%	23%	-6%	61%
	2_Optical semiconductors	90%	41%	8%	-67%	-41%	78%	42%
	3_Other semiconductors	55%	-53%	195%	-8%	51%	12%	17%
	4_Wafer manufacturing	141%	6%	1%	8%	22%	-7%	14%
	5_Non-semiconductors	-40%	-12%	8%	38%	-71%	-7%	57%
Grinders		39%	-25%	24%	4%	20%	1%	39%

Composition by Region

Inspection/Acceptance Basis.

Composition by Region	FY2021				FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	14%	12%	12%	11%	10%	10%	12%	
North America	7%	7%	5%	8%	9%	9%	15%	
Asia	73%	76%	76%	76%	73%	73%	66%	
Singapore	8%	12%	10%	12%	11%	10%	10%	
Taiwan	15%	19%	17%	18%	17%	18%	13%	
Korea	12%	7%	7%	9%	14%	10%	7%	
China (Note 1)	35%	37%	41%	35%	29%	34%	34%	
Other	2%	1%	2%	1%	2%	1%	1%	
Europe	6%	4%	6%	6%	8%	7%	7%	
Total	100%	100%	100%	100%	100%	100%	100%	

Note 1: Including sales to local factories of foreign manufacturers

Quarterly Sales Breakdown by Product (Composition)



Inspection/Acceptance Basis.

Before	FY21_1Q	2Q	3Q	4Q	FY22_1Q	2Q	3Q
Precision Processing Equipment	50%	58%	56%	60%	53%	61%	58%
Precision Processing Tools	28%	21%	24%	21%	26%	20%	22%
Maintenance Parts	10%	7%	8%	7%	10%	8%	10%
Others	10%	12%	10%	10%	9%	9%	8%
Industrial Products	2%	2%	2%	2%	2%	1%	2%

After	FY21_1Q	2Q	3Q	4Q	FY22_1Q	2Q	3Q
Precision Processing Equipment	-	-	-	-	56%	65%	61%
Precision Processing Tools	-	-	-	-	28%	21%	23%
Maintenance Parts	-	-	-	-	10%	8%	10%
Others	-	-	-	-	6%	5%	6%
Industrial Products	-	-	-	-	-	-	-