

FY2022

Fourth Quarter Financial Results

April. 20, 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.

Net sales
JPY **284.1** B
Previous year: JPY 253.7 B
New record

GP margin
64.9 %
Previous year: 60.7%
New record

Operating income
JPY **110.4** B
Previous year: JPY 91.5 B
New record

Operating income margin
38.9 %
Previous year: 36.1%
New record

CAPEX
JPY **14.9** B
Previous year: JPY 45.6 B

R&D
JPY **22.4** B
Previous year: JPY 19.8 B

Total assets
JPY **468.7** B
Previous year: JPY 404.5 B

Ordinary income margin averaged over four-year period
34.4 %
Previous year: 30.8%

FCF
JPY **68.7** B
Previous year: JPY 40.0 B

ROE
25.9 %
Previous year: 24.3%
New record

EPS *
JPY **765.47**
Previous year: JPY 611.67

Annual dividend
JPY **916**
Per share
Previous year: JPY 808
New record

Note: Calculated after taking the stock split implemented on April 1, 2023 into account

FY2022 4Q Earnings Results



Millions of Yen	FY2022 4Q	FY2022 3Q	QoQ		FY2021 4Q	YoY	
			Amount	(%)		Amount	(%)
Net Sales	79,015	65,838	13,177	20.0%	73,512	5,503	7.5%
Gross Profit	51,224	43,092	8,132	18.9%	45,010	6,213	13.8%
Gross Profit Margin	64.8%	65.5%	-0.7p	-	61.2%	3.6p	-
SG&A	19,939	18,835	1,104	5.9%	16,747	3,192	19.1%
Operating Income	31,284	24,257	7,028	29.0%	28,263	3,021	10.7%
Ordinary Income	32,150	22,605	9,544	42.2%	28,552	3,598	12.6%
Ordinary Income Margin	40.7%	34.3%	6.4p	-	38.8%	1.9p	-
Income before income taxes and minority interests	32,726	22,522	10,204	45.3%	28,514	4,213	14.8%
Net Income	25,671	16,546	9,126	55.2%	20,697	4,975	24.0%

Sales figures: QoQ increased significantly due to progress in inspection/acceptance.

GP margin: QoQ decreased due to change in product mix and an increase in performance-based expenses.

SG&A: QoQ personnel expenses increased.

FY2022 Earnings Results



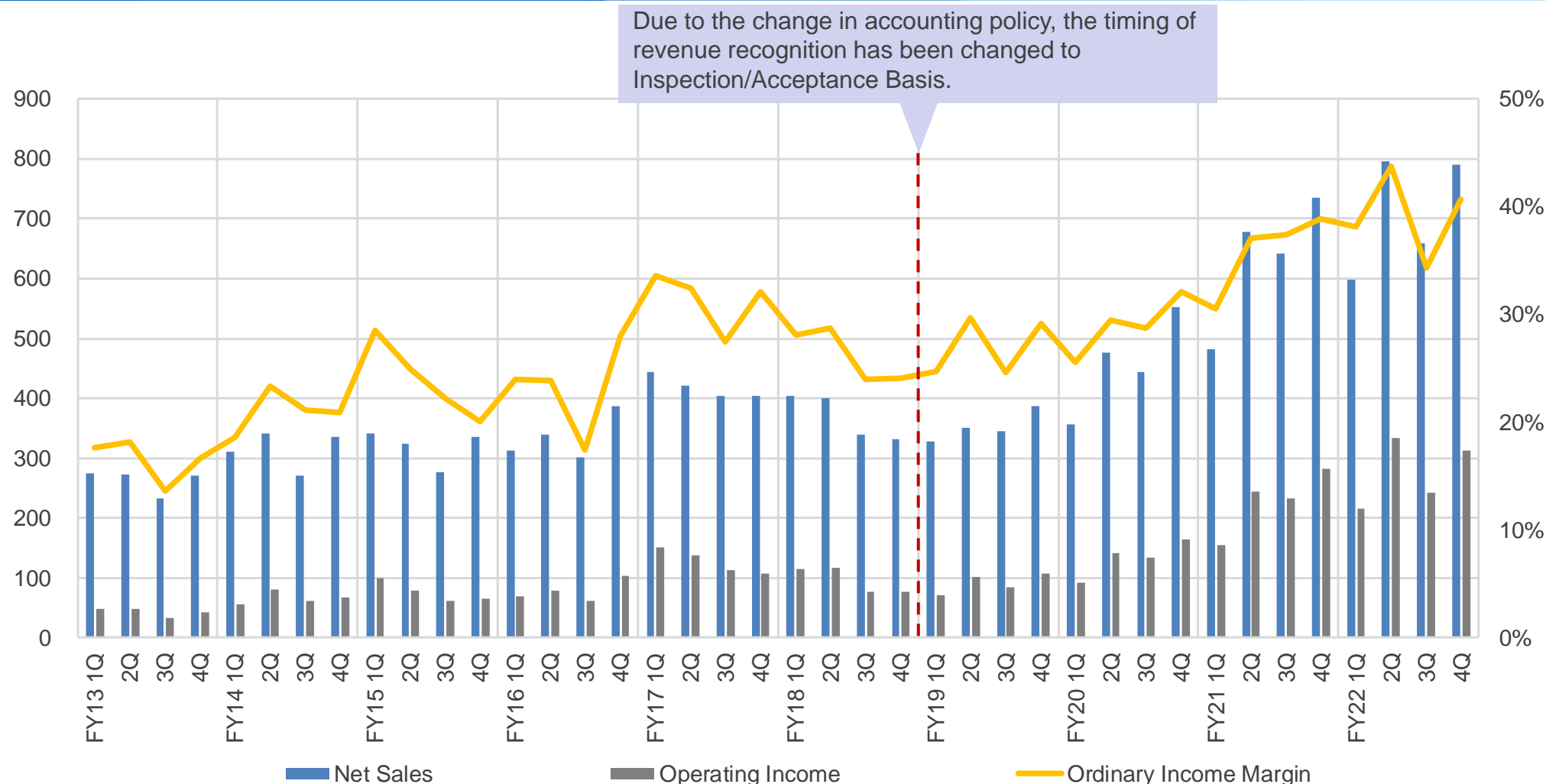
Millions of Yen	FY2022 Full Year	FY2021 Full Year	YoY	
			Amount	(%)
Net Sales	284,135	253,781	30,354	12.0%
Gross Profit	184,506	154,011	30,495	19.8%
Gross Profit Margin	64.9%	60.7%	4.2p	-
SG&A	74,093	62,498	11,596	18.6%
Operating Income	110,413	91,513	18,900	20.7%
Ordinary Income	112,338	92,449	19,890	21.5%
Ordinary Income Margin	39.5%	36.4%	3.1p	-
Income before income taxes and minority interests	112,785	92,251	20,534	22.3%
Net Income	82,891	66,206	16,685	25.2%

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

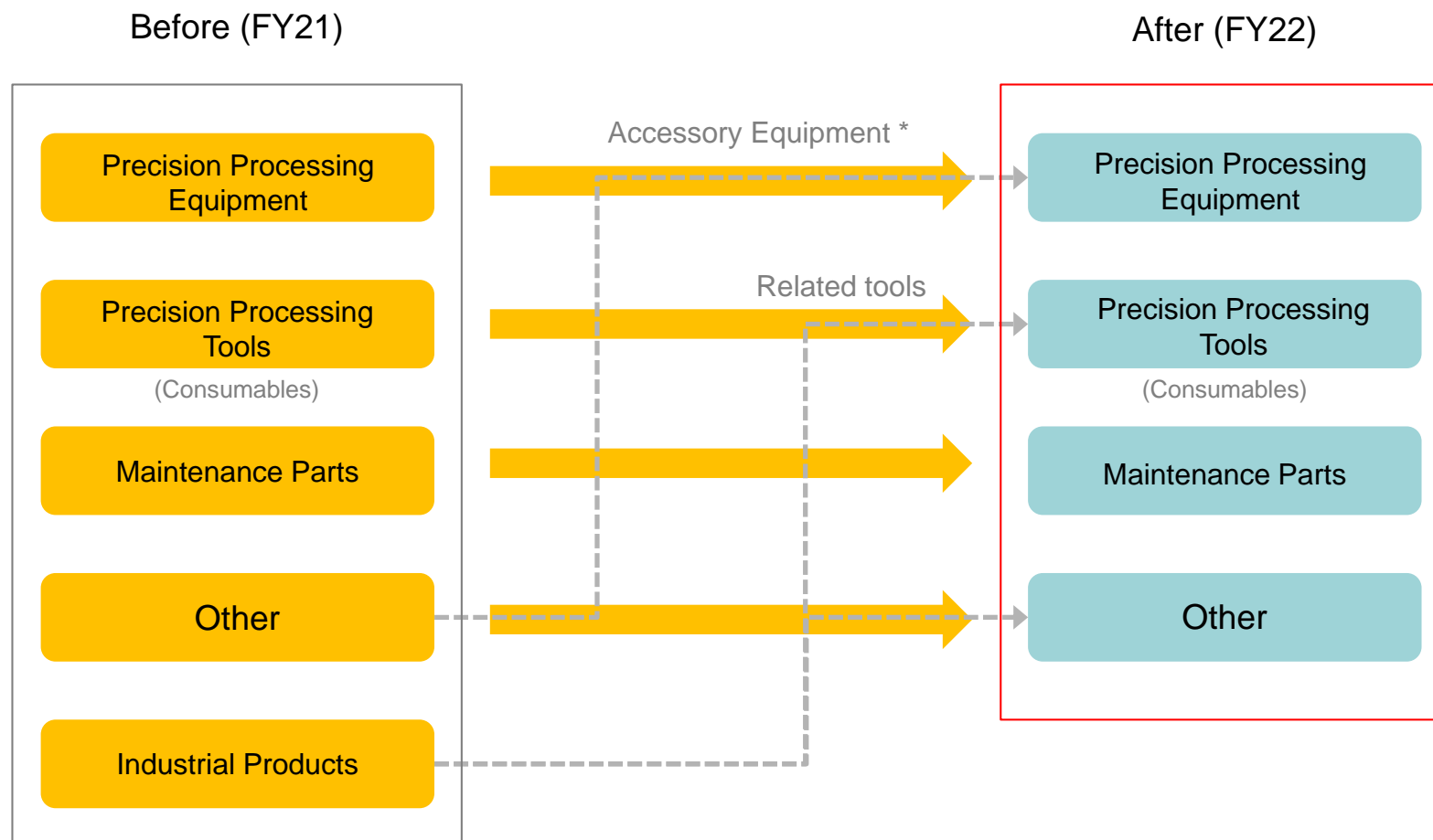
GP margin: Increased significantly mainly due to the effect of the exchange rate.

SG&A: Increased mainly for performance-based expenses.

Quarterly Financial Results



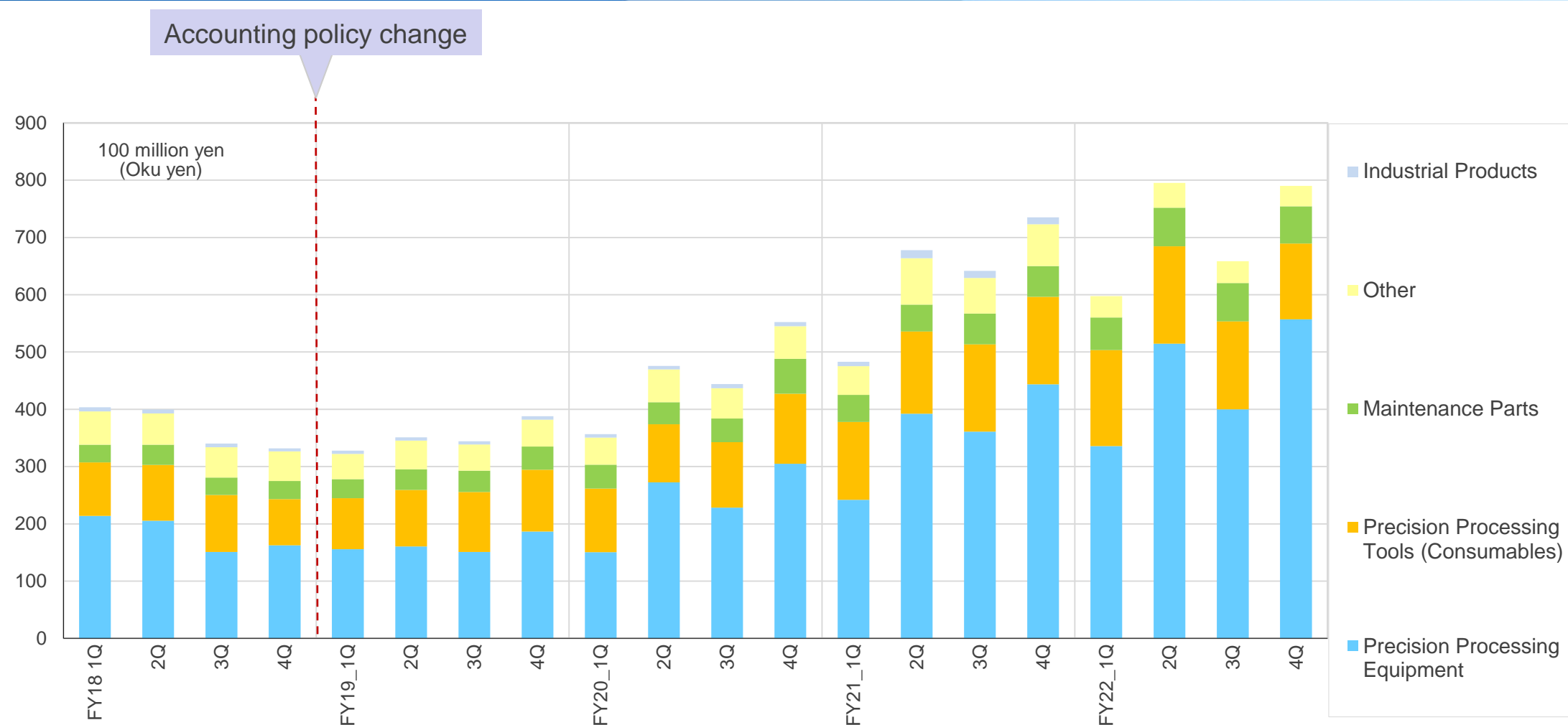
Sales increased due to progress in inspection/acceptance, and each profit margin remained at a high level.
 FY22_4Q Operating profit margin 39.6%, Ordinary income 40.7%, Net profit 32.5%)



* Wafer Mounter, Deionized Water Recycling Unit, Other Equipment

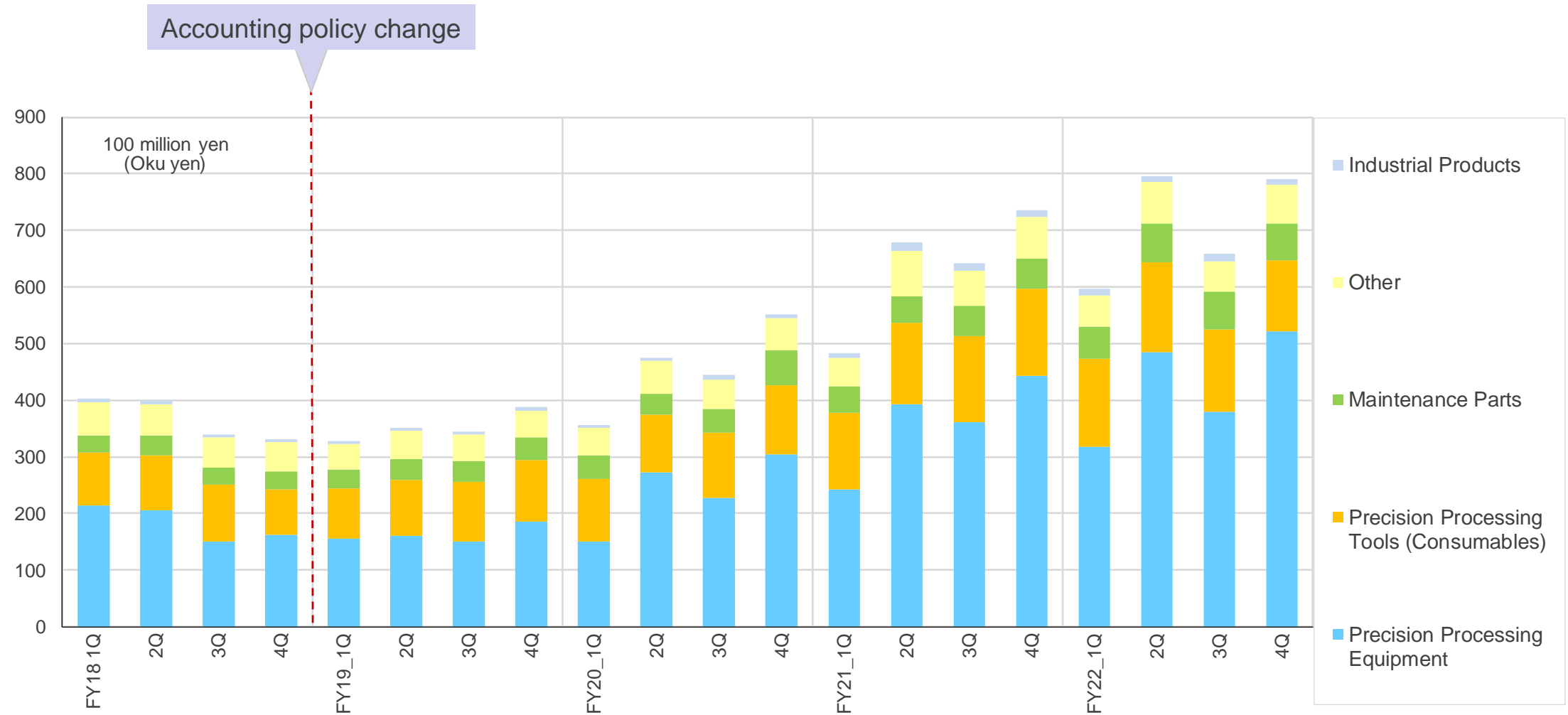
The “Other” and “Industrial Products” categories have changed.

Quarterly Sales Breakdown by Product



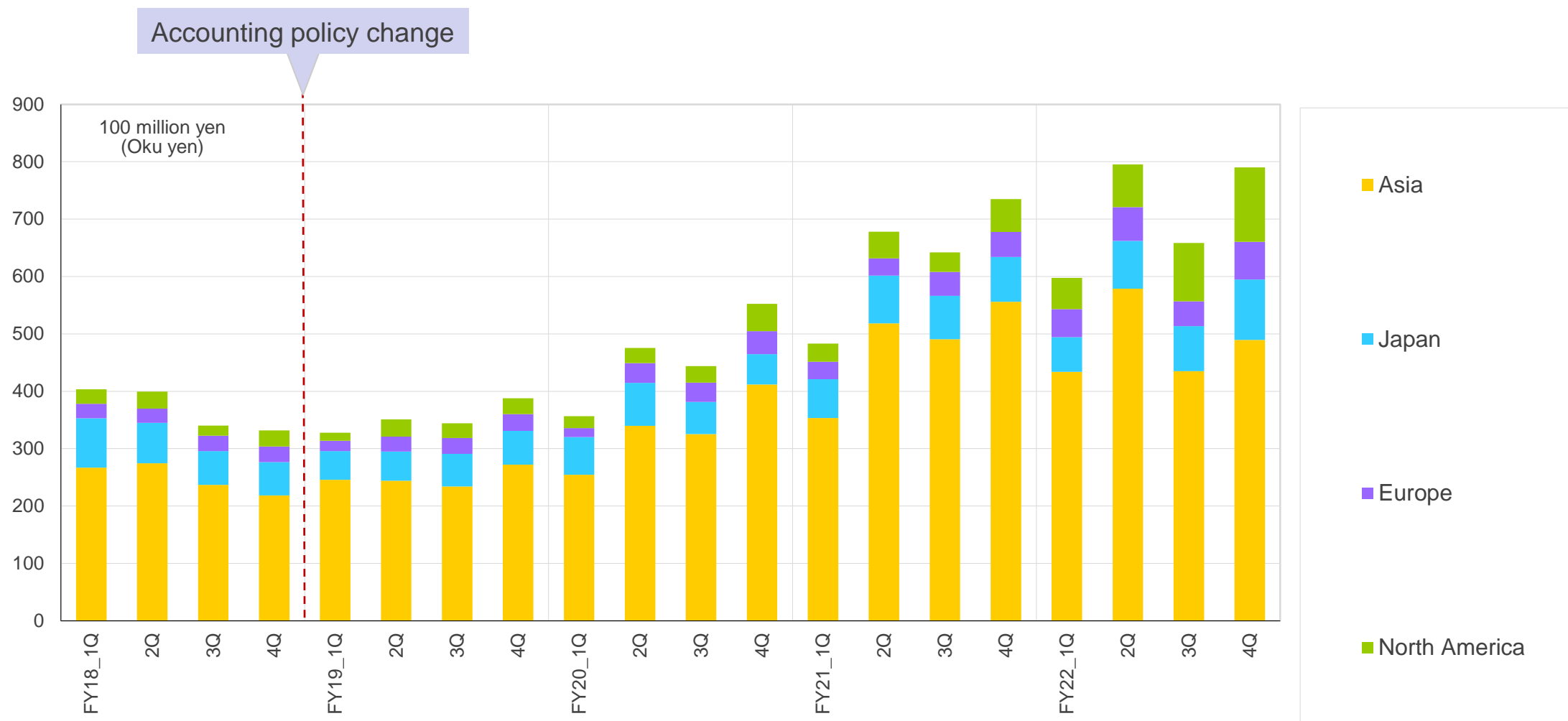
Note: Composition percentages are listed as additional information on the DISCO website.

[Reference] Quarterly Sales Breakdown by Product



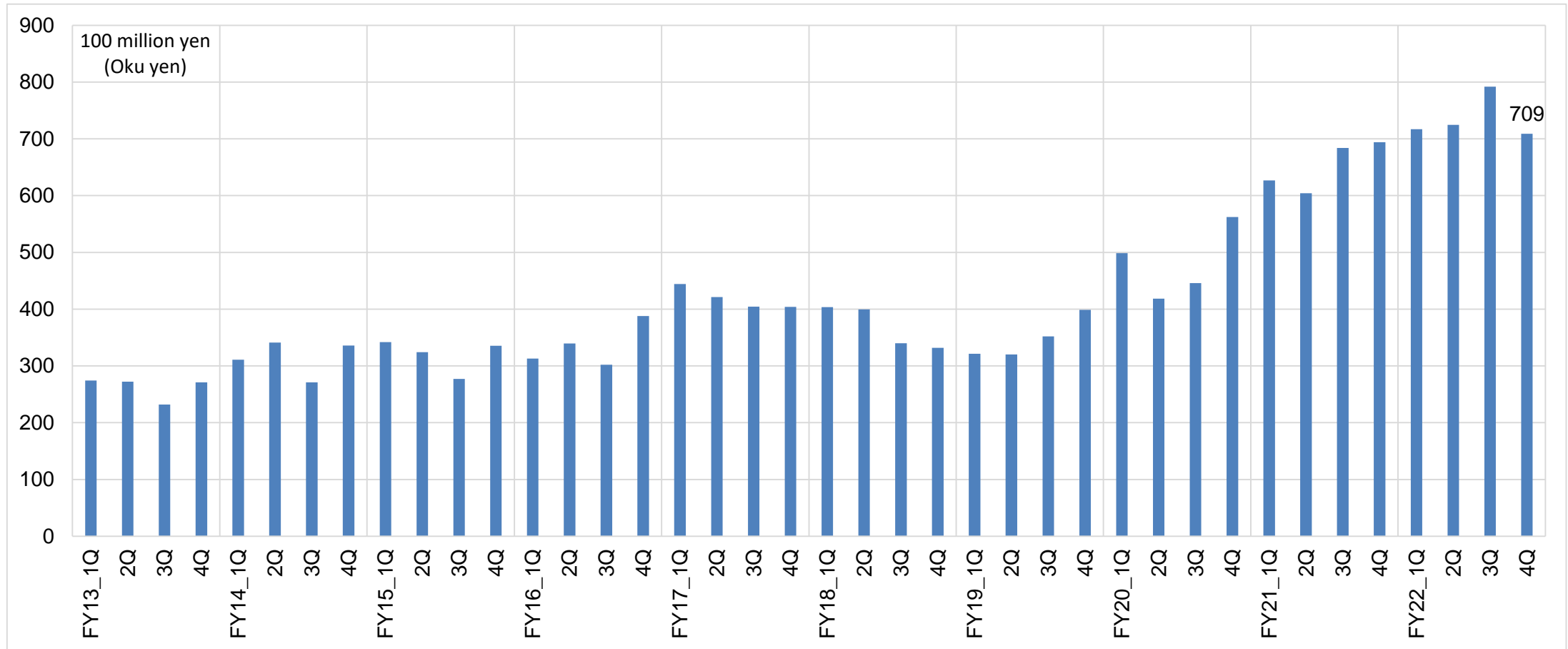
Trends for the previously used categories

Quarterly Sales Breakdown by Region



FY22_4Q Overseas sales ratio:86.7%

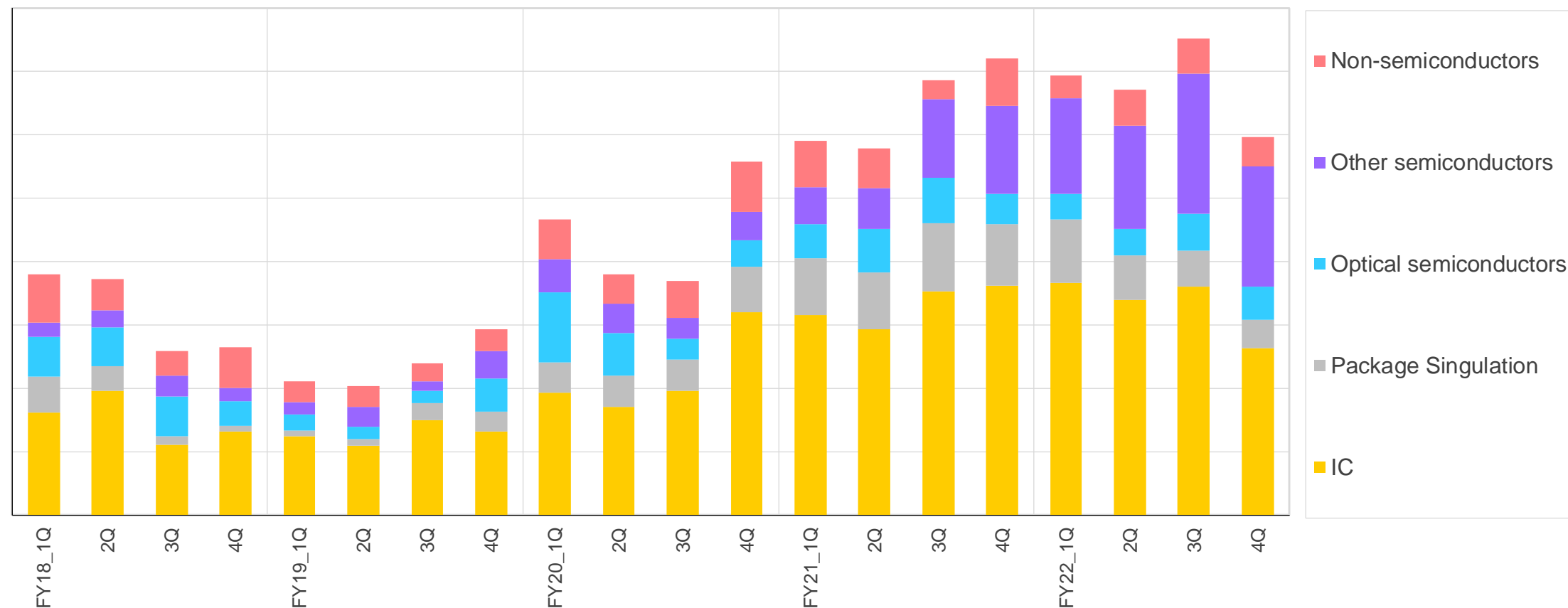
Quarterly Shipment



FY22_4Q Shipment volume: approx. JPY 70.9 B

Sales by Usage of Dicers

Shipment Basis

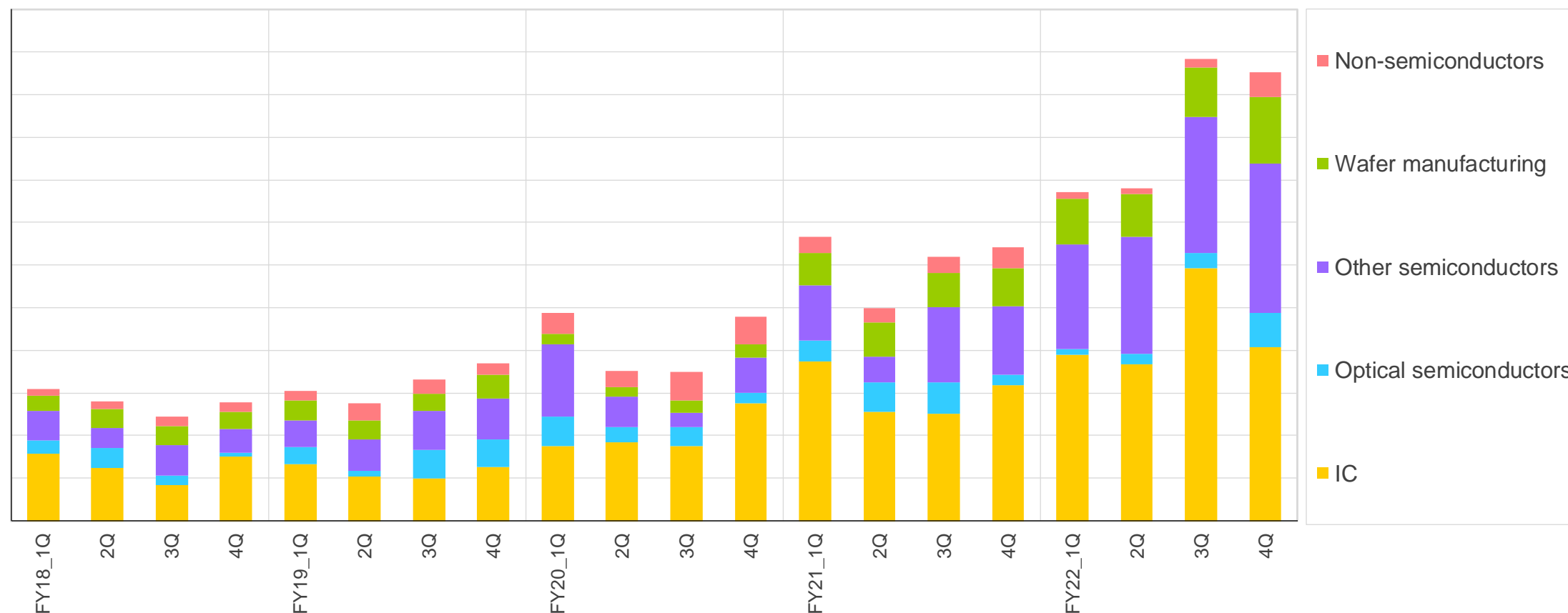


QoQ: Sales in the power semiconductors field (under “Other semiconductors”) remained high, but sales decreased for IC.

YoY: Sales in the power semiconductors field (under “Other semiconductors”) increased, but the decrease in IC pushed the whole lower.

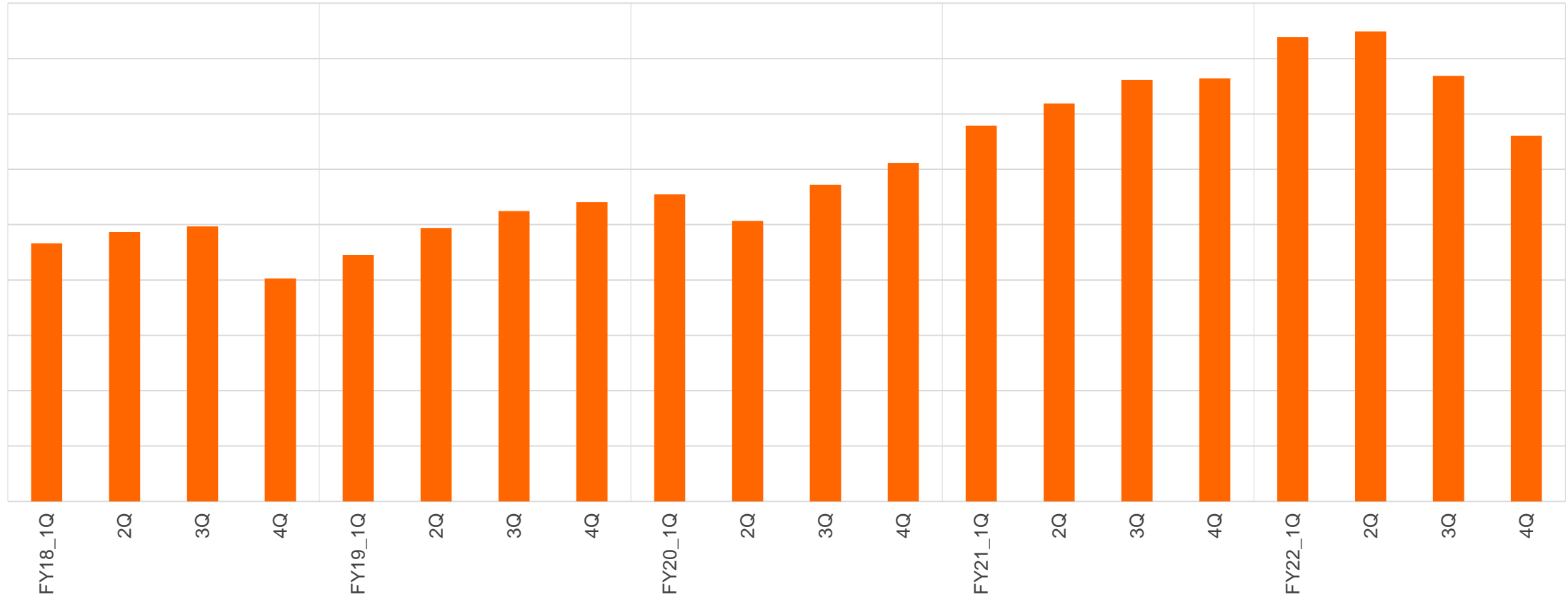
Sales by Usage of Grinders

Shipment Basis



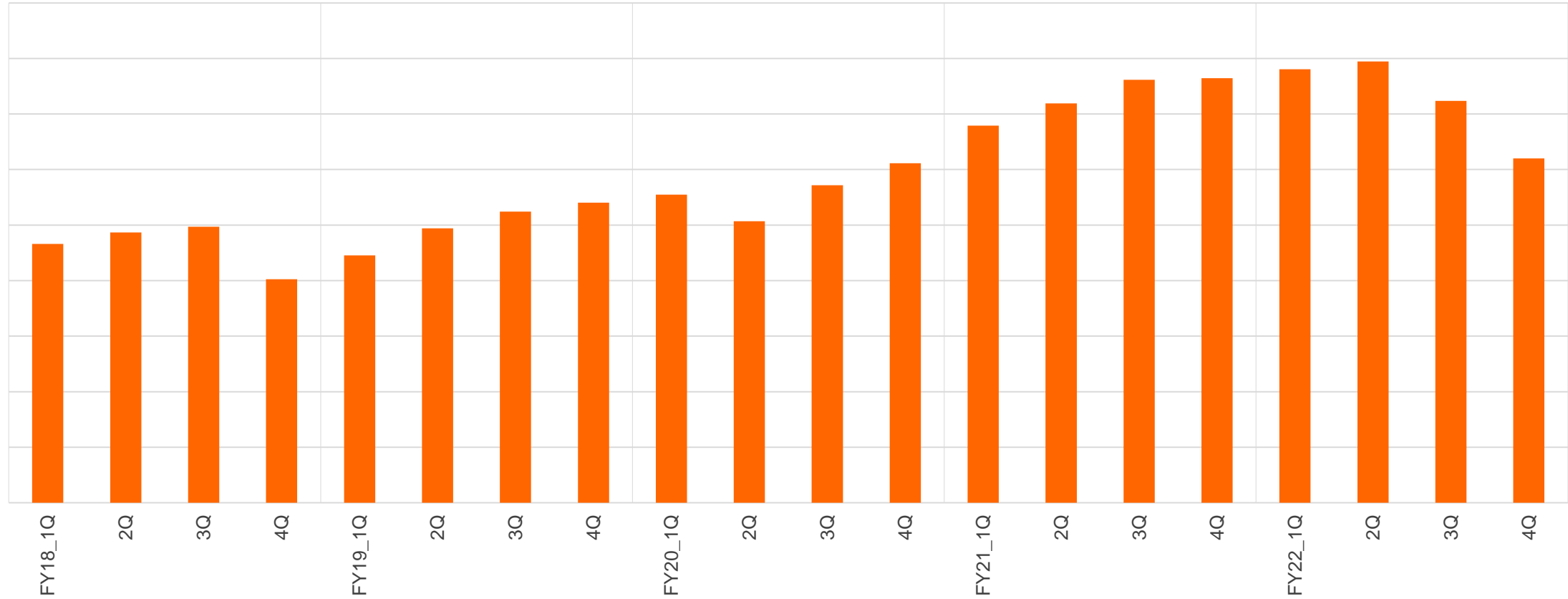
QoQ: Sales in the power semiconductors (under “Other semiconductors”) and wafer manufacturing fields remained favorable.
YoY: Growth in the power semiconductors field (under “Other semiconductors”) pushed the whole higher.

Precision Processing Tools Sales (Consumables)



Precision processing tool (consumables) shipments decreased due to seasonality and a decline in customer facility operation rates.
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 4Q	FY2022 3Q	Amount
Cash and deposits	163,053	139,576	23,477
Notes and account receivable	41,356	36,343	5,013
Inventories	91,384	91,013	370
Total current assets	305,118	274,718	30,400
Property, plant and equipment	147,541	146,332	1,209
Total noncurrent assets	163,678	159,894	3,784
Total assets	468,797	434,613	34,184
Current liabilities	119,974	110,743	9,231
Noncurrent liabilities	781	894	-114
Total liabilities	120,755	111,638	9,117
Total net assets	348,041	322,974	25,067
Total liabilities and net assets	468,797	434,613	34,184
Equity Ratio	74.0%	74.0%	0.0p

Total assets: Cash and deposits and accounts receivable increased due to progress in inspection/acceptance.

Liabilities: While electronically recorded monetary claims decreased, bonus allowances and corporate taxes payable increased.

Net assets: Mainly increased for earned surplus.

Cash Flow (Summary)

Millions of Yen	FY2022 Full Year	FY2021 Full Year	Amount
Net cash provided by (used in) operating activities	81,783	83,654	-1,872
Income before income taxes and minority interests	112,785	92,251	20,534
Depreciation and amortization	10,371	8,551	1,820
Decrease (increase) in notes and accounts receivable-trade	-1,398	-2,923	1,525
Decrease (increase) in inventories	-21,682	-9,594	-12,088
Increase (decrease) in notes and accounts payable-trade	-2,364	6,476	-8,841
Income taxes (paid) refund	-33,463	-21,182	-12,281
Others	17,535	10,075	7,460
Net cash provided by (used in) investing activities	-13,077	-43,591	30,515
Purchase of property, plant and equipment	-14,208	-43,576	29,367
Free cash flow	68,706	40,062	28,643
Net cash provided by (used in) financing activities	-32,090	-27,193	-4,897
Cash dividends paid	-32,154	-27,401	-4,753
Net change in of cash and cash equivalents	37,281	15,961	21,320
Cash and cash equivalents at beginning of period	125,771	109,809	15,962
Cash and cash equivalents at end of period	163,053	125,771	37,282

- Sales cash flow: approx. JPY 81.7 B (increase)
Increased mainly due to profit before taxes
- Investment cash flow: approx. JPY 13.0 B (decrease)
Decreased mainly due to acquisition of tangible fixed assets
- Free cash flow:
Approx. JPY 68.7 B (increase)
- Financial cash flow: approx. JPY 32.1 B (decrease)
Decreased mainly due to dividend payments
→ Cash balance as of the end of March: approx. JPY 163.0 B

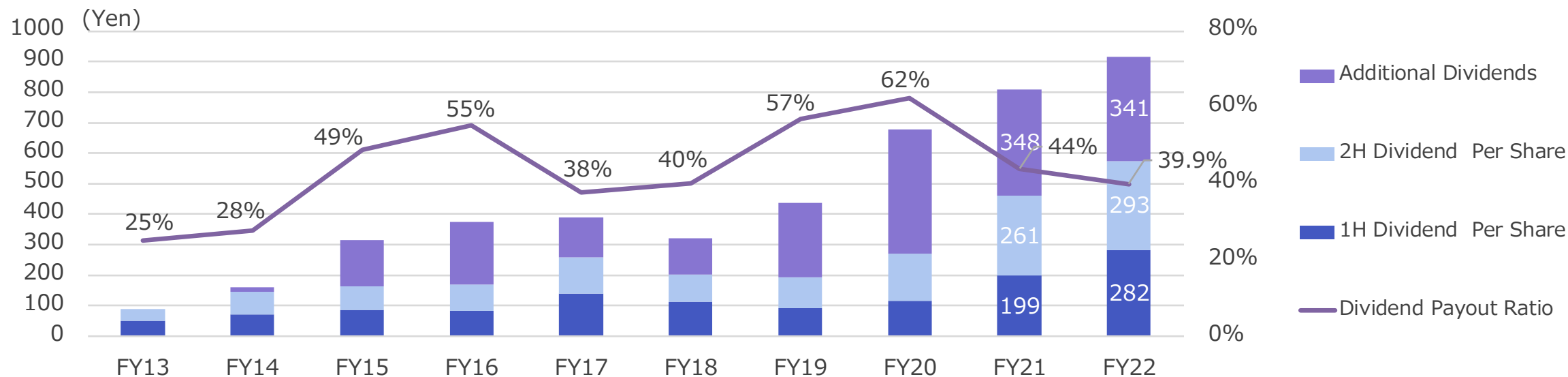
Dividend Policy and Dividend Payments

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.

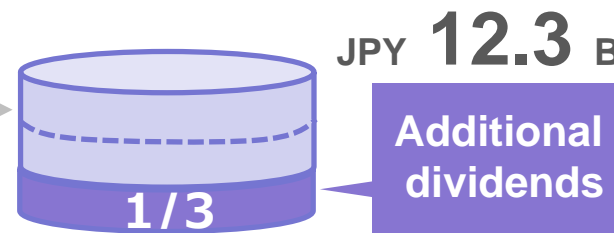
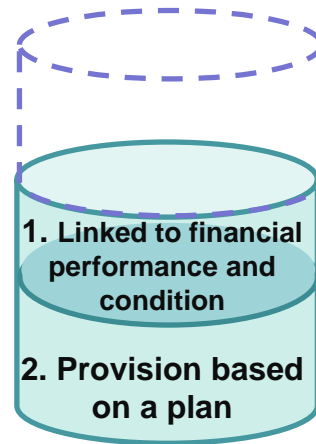
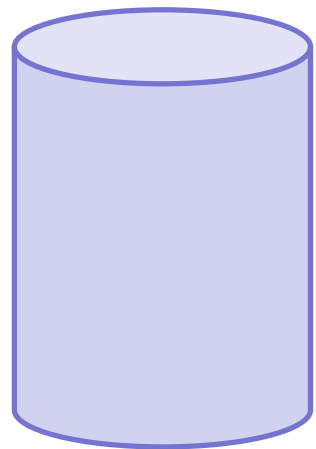


FY22 (actual figure)

Interim: JPY 282
Year-end: JPY 634
Annual: JPY 916

Current Forecast

* Year-end balance JPY 114.2 B	-	Necessary funds JPY 77.3 B	=	Surplus funds JPY 36.9 B
---	---	---	---	---------------------------------------



Contents of necessary funds:

1	Operating funds	JPY 47.3 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 17.2 B
2	Facility expansion	JPY 8.2 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.

Earnings Forecast 1Q FY2023



100 million yen (Oku yen)

Forecast

	FY22 1Q	2Q	3Q	4Q	FY23 1Q
Net Sales	597	795	658	790	533
Operating Income	216	333	243	313	165
Ordinary Income	228	348	226	322	166
Net Income	160	246	165	257	116
Operating Income Margin	36.1%	41.8%	36.8%	39.6%	31.0%
Ordinary Income Margin	38.1%	43.8%	34.3%	40.7%	31.1%
Net Income Margin	26.8%	31.0%	25.1%	32.5%	21.8%
Shipment Figures	717	725	792	709	622

Assumed exchange rate (Apr-Jun): USD 1 = JPY 120, EUR 1 = JPY 135

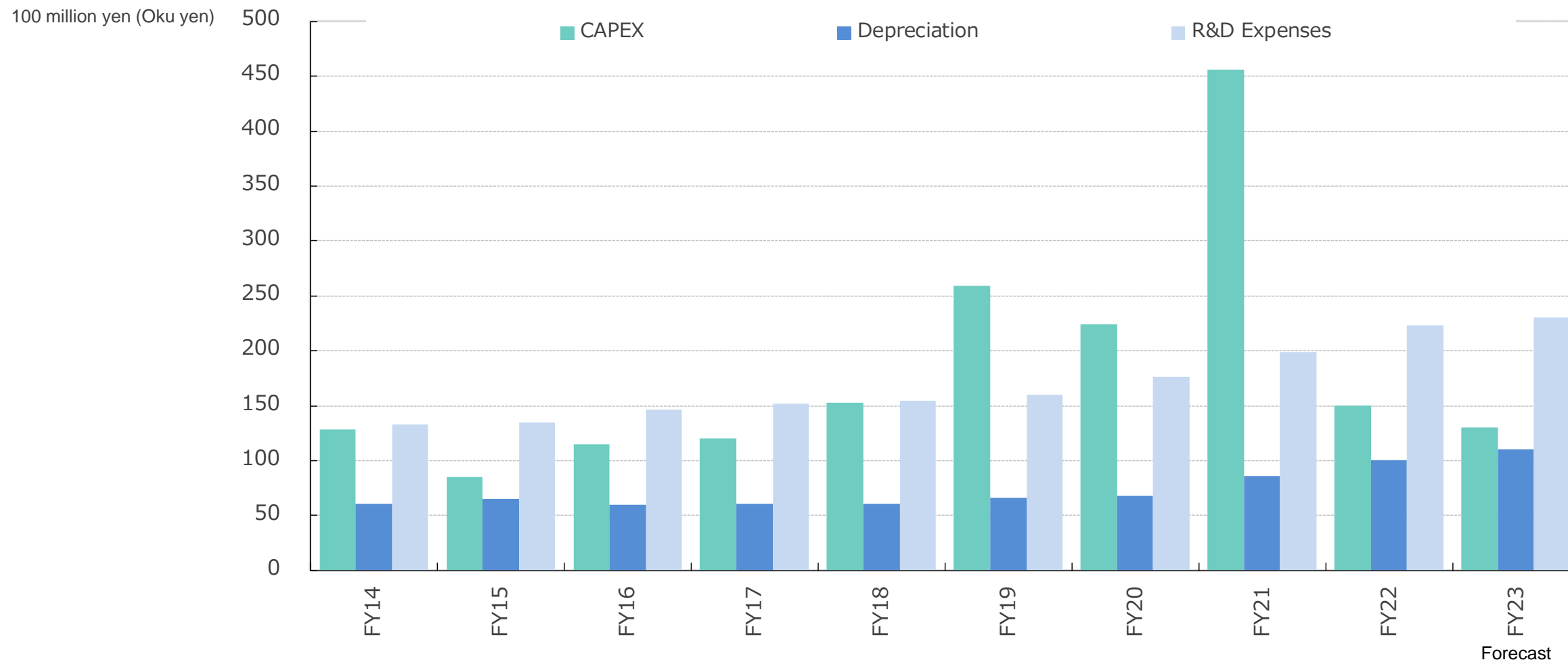
Currency sensitivity (consolidated, annualized) USD: Approx. JPY 1.2B, EUR: Approx. JPY 0.3B

Sales Forecast By Product

Shipment Basis

Product		Forecast FY23_1Q (QoQ)
	Blade dicers	-20%
	Laser Saws	-25%
	Dicers	-20%
	DGP (for thin wafers)	-10%
	Other Grinders	-5%
	Grinders	-10%
	Accessory Equipment	Slight Increase
Precision Processing Equipment		-15%
Precision Processing Tools (Consumables)		Slight Increase
Others		-20%

R&D/CAPEX Forecast



FY23 Forecast

Capital investment: Mainly investment for rationalization.

Depreciation: Expected to be equal to or a slight increase compared to the previous fiscal year.

Research and Development: Proactive research and development planned.

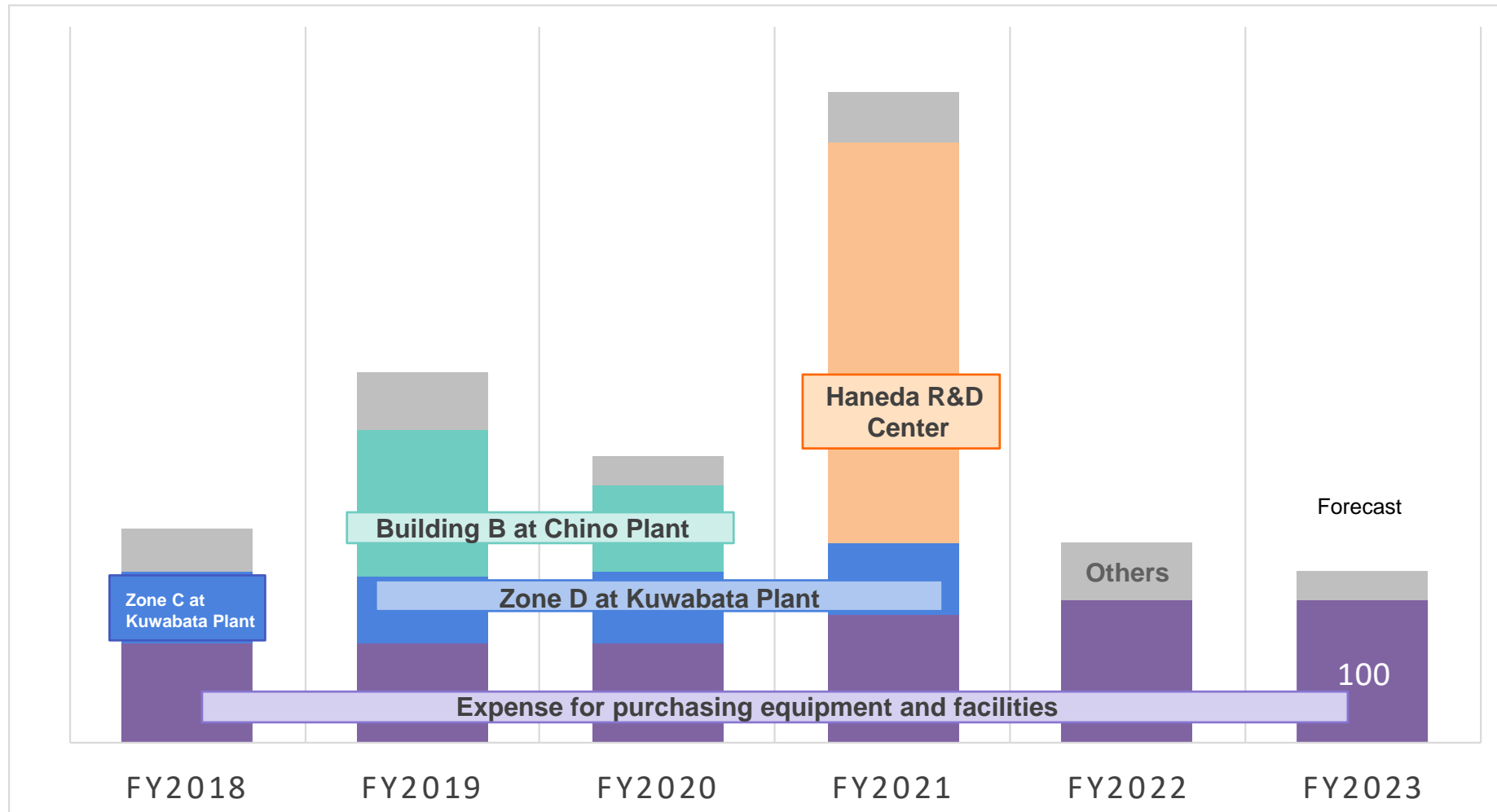
Approx. JPY 13 B (FY22 actual figure JPY 14.9 B)

Approx. JPY 11 B (FY22 actual figure JPY 10 B)

Approx. JPY 23 B (FY22 actual figure JPY 22.4 B)

Breakdown of CAPEX

100 million yen (Oku yen)



FY23 Forecast

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

Approx. JPY 10 B
Approx. JPY 2 B

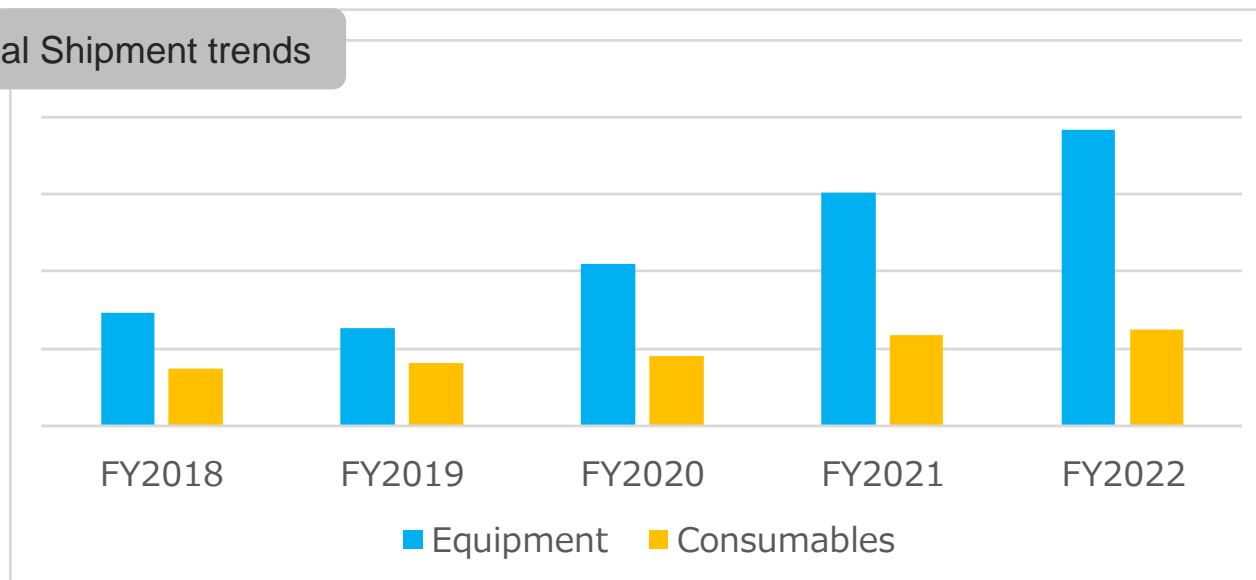
■ Shipment trends

Demand for PC and smartphones declined.

On the other hand, shipments for other applications, including power semiconductors, were steady.

Record highs were achieved for both equipment and consumables shipments.

Annual Shipment trends



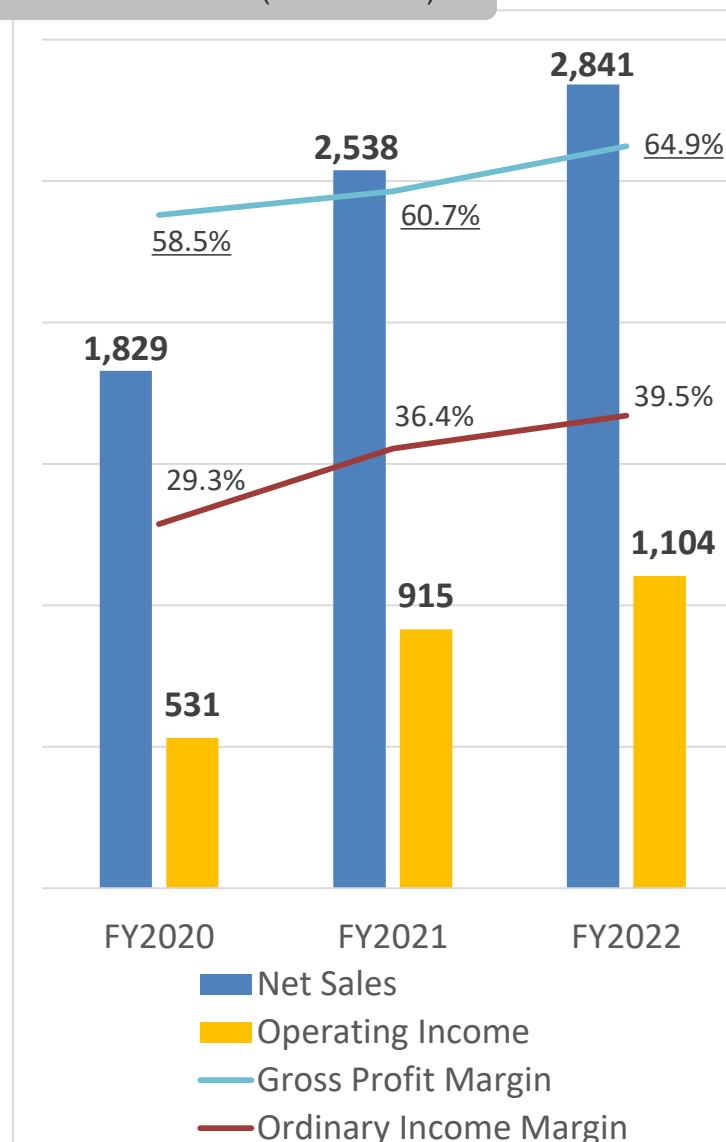
■ Record high profits were achieved for three consecutive years and profitability also increased.

A favorable external environment such as the exchange rate acted as a tailwind, leading to a record high GP margin and profit margin.

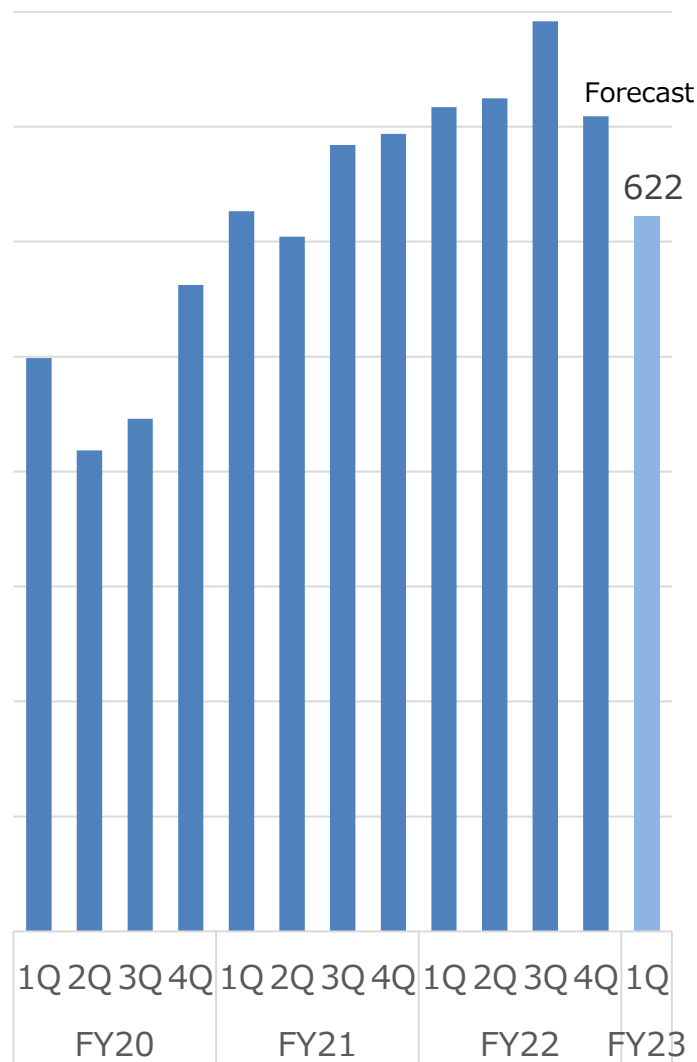
■ Due to performance-related and surplus funds, dividends increased.

(annual dividend: JPY 916, annual dividend in the previous year: JPY 808)

Annual Trends (JPY 100 M)



Quarterly Shipment Volume
Trends (JPY 100 M)



- Equipment shipments for power semiconductors are expected to remain high, but shipment volume declined due to decreased demand for mass production (OSAT and memory).
- For precision processing tools (consumables), the customer's willing-to-invest needs to be monitored carefully.
- DISCO will continue to implement activities that will strengthen the company.
 - DISCO has newly introduced a Commitment Allowance system with the aim of encouraging the growth of employees who are able to self-evaluate whether they are creating value and maintaining a trustworthy relationship with those around them and make necessary adjustments, and to return profit to employees.
 - DISCO is also putting efforts into DISCO VALUES, Will Accounting, and PIM activities.
- Development themes in the field of advanced KKM technologies have increased, and we are committed to providing our full support.

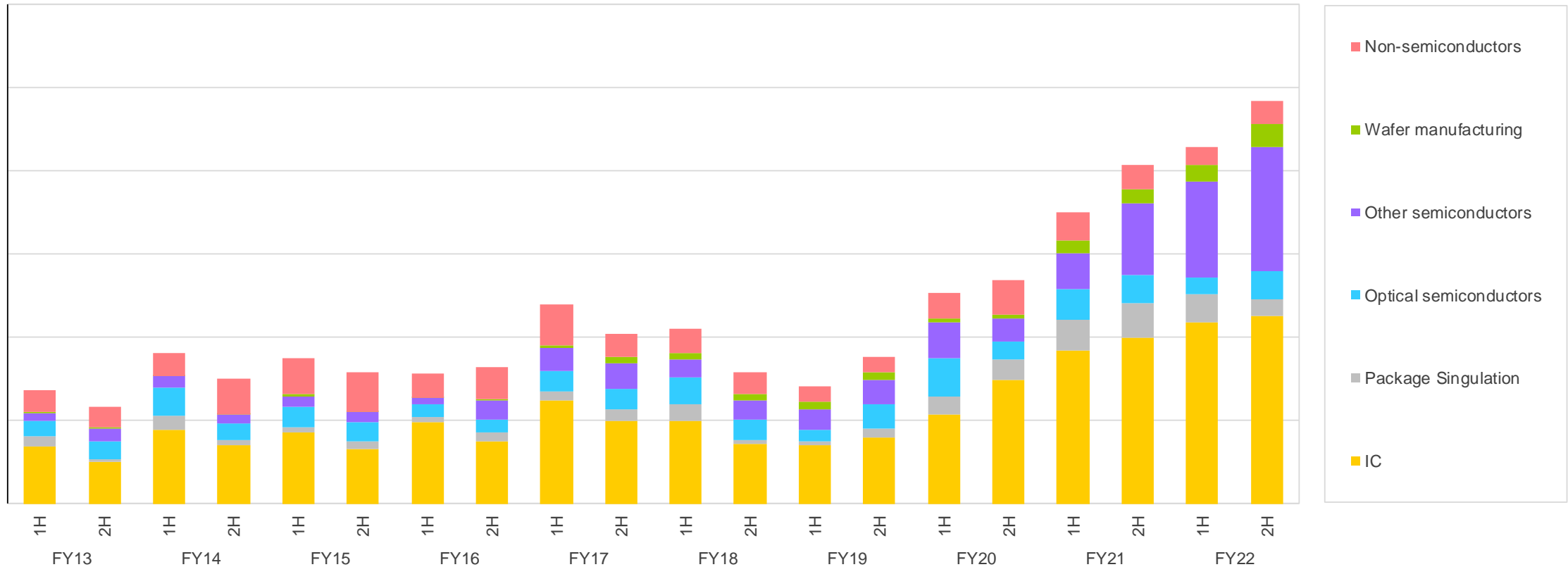
[Reference] Half-Year and Fiscal Year Transition Graph

Precision Processing Equipment Sales by Application



Shipment Basis

Half-Year

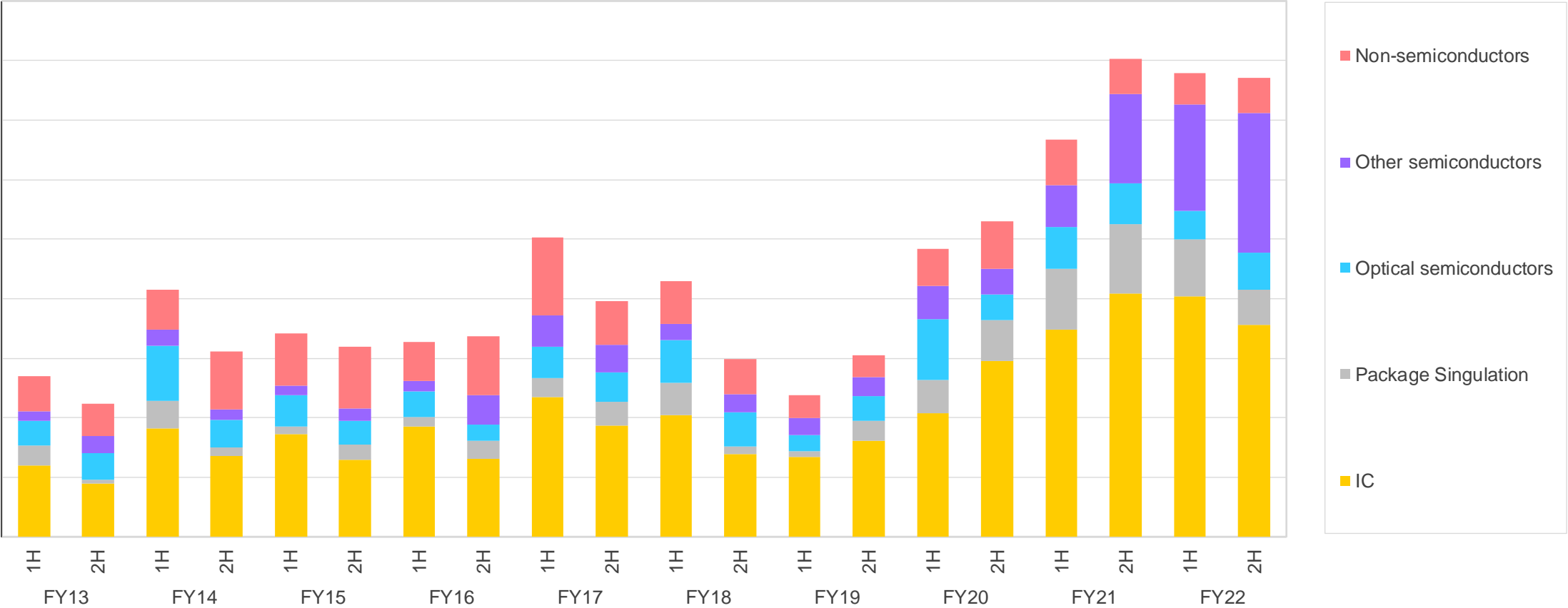


Sales by Usage of Dicing Saws



Shipment Basis

Half-Year

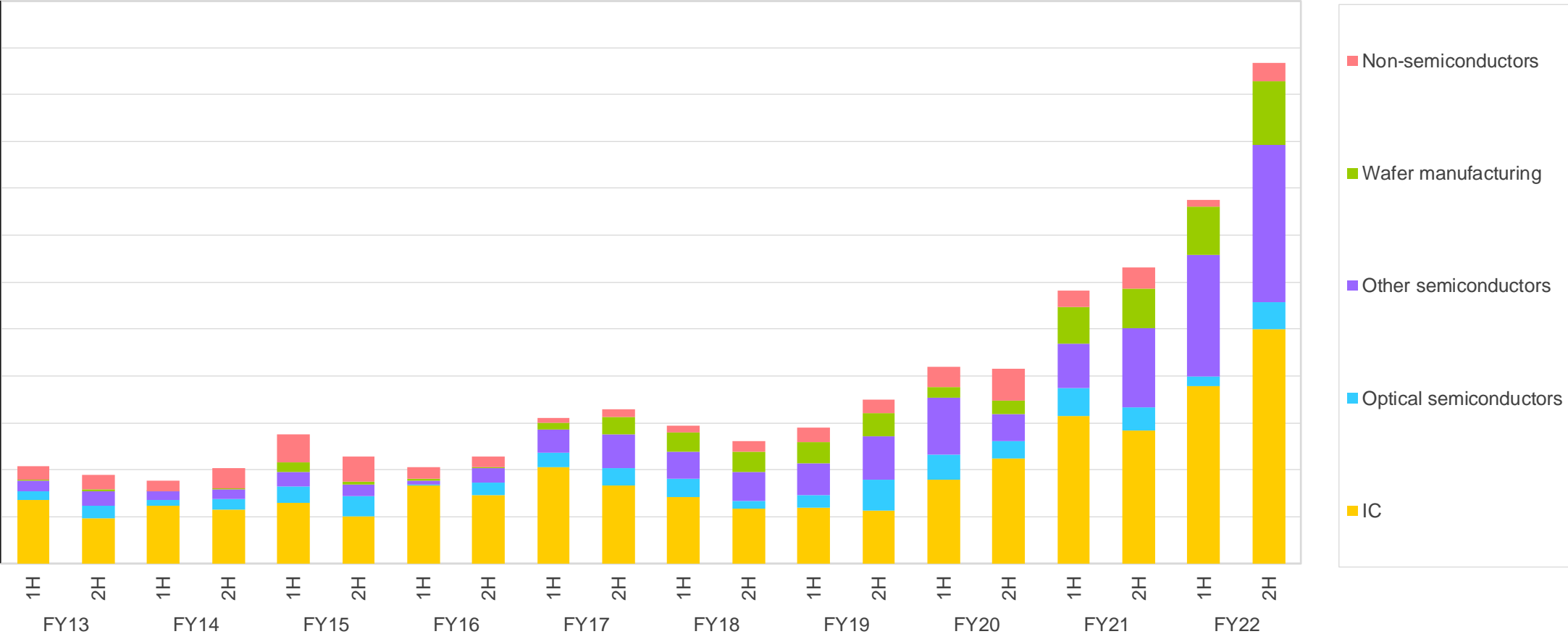


Sales by Usage of Grinders



Shipment Basis

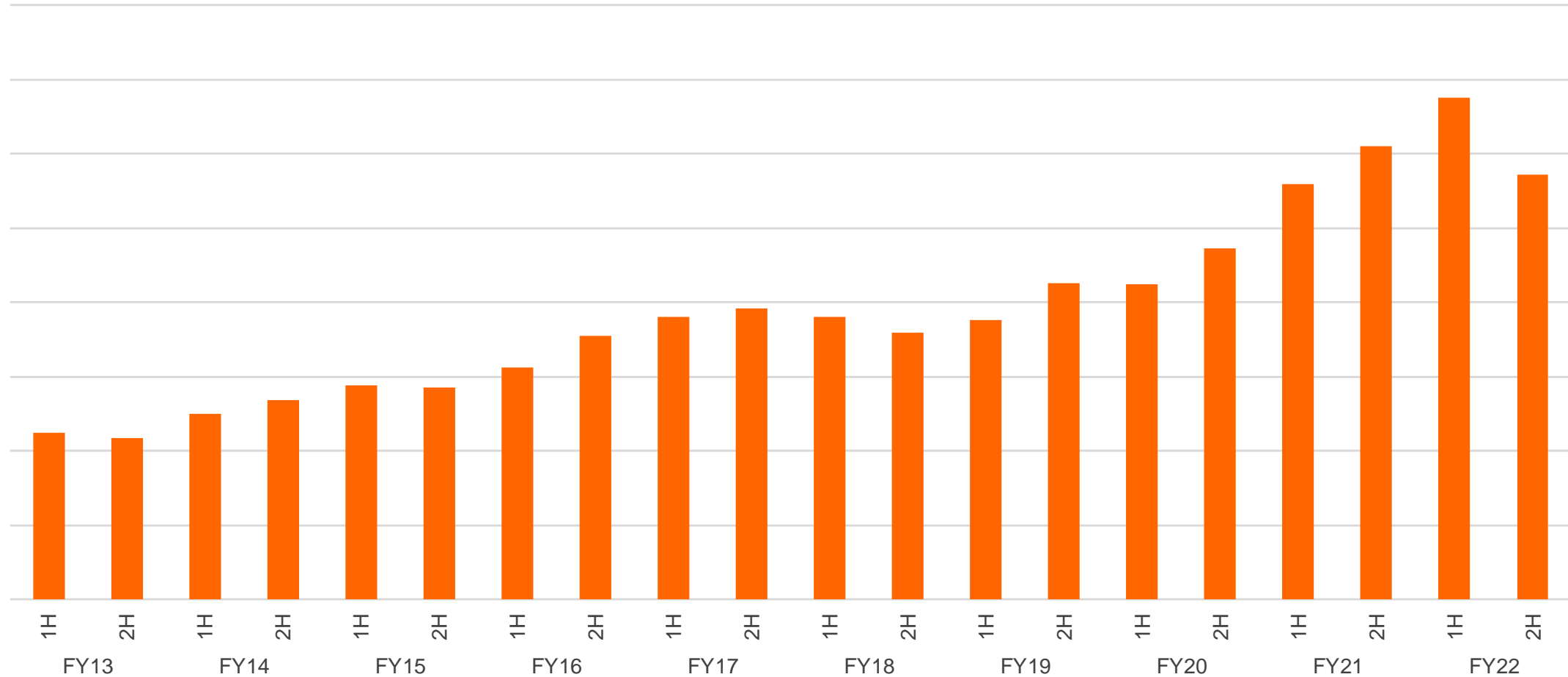
Half-Year



Consumable Sales

Shipment Basis

Half-Year

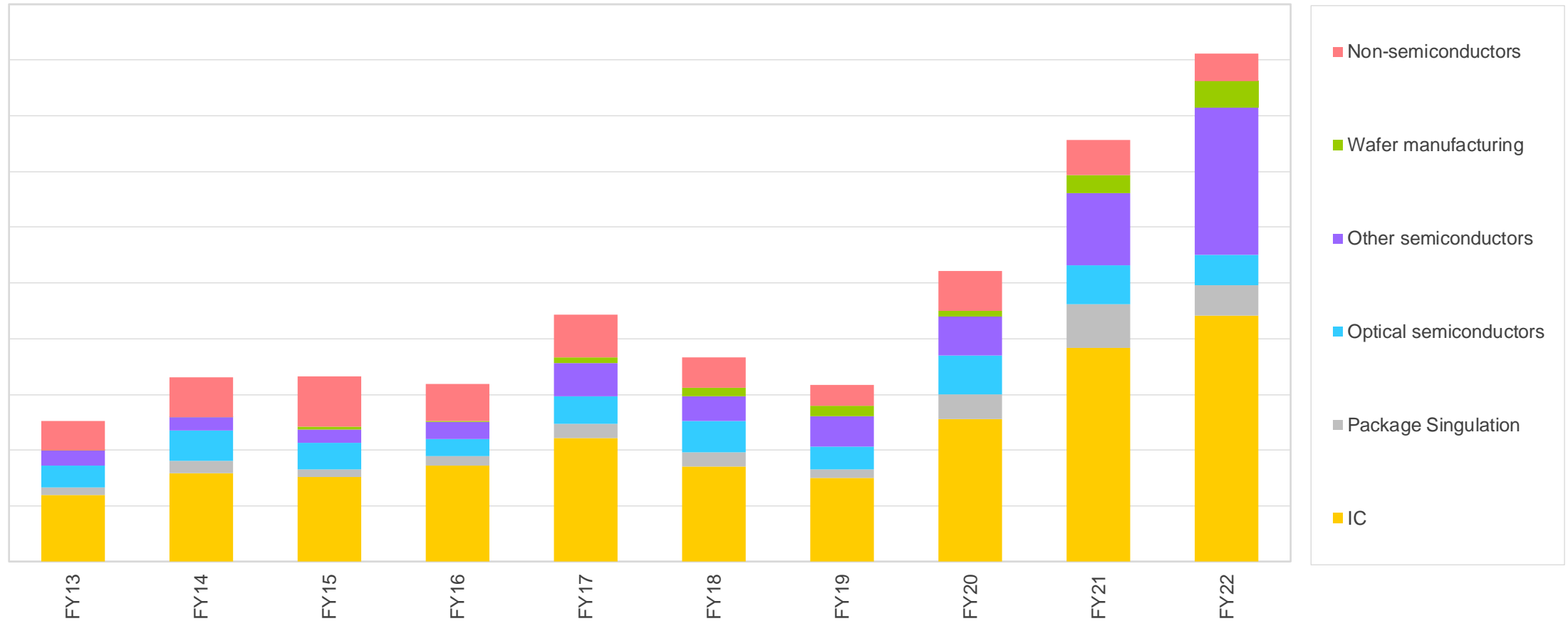


Precision Processing Equipment Sales by Application



Shipment Basis

Full-year

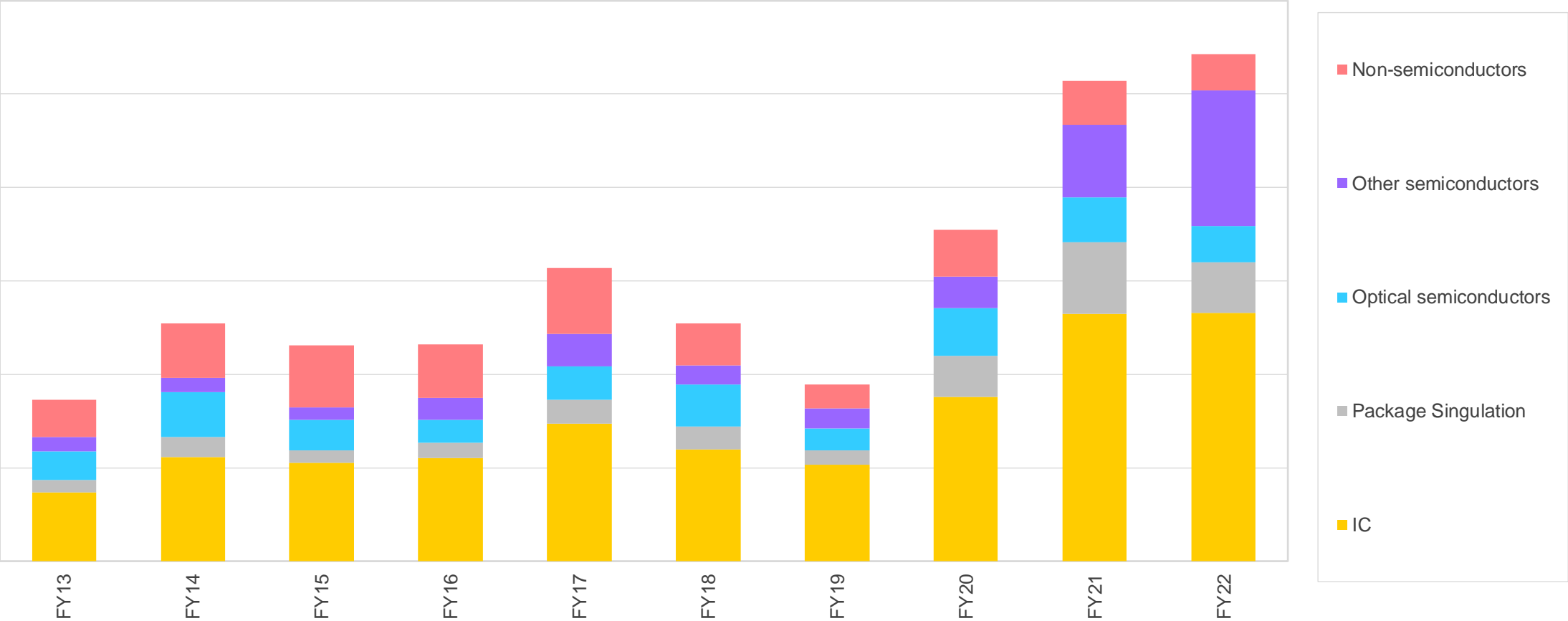


Sales by Usage of Dicing Saws



Shipment Basis

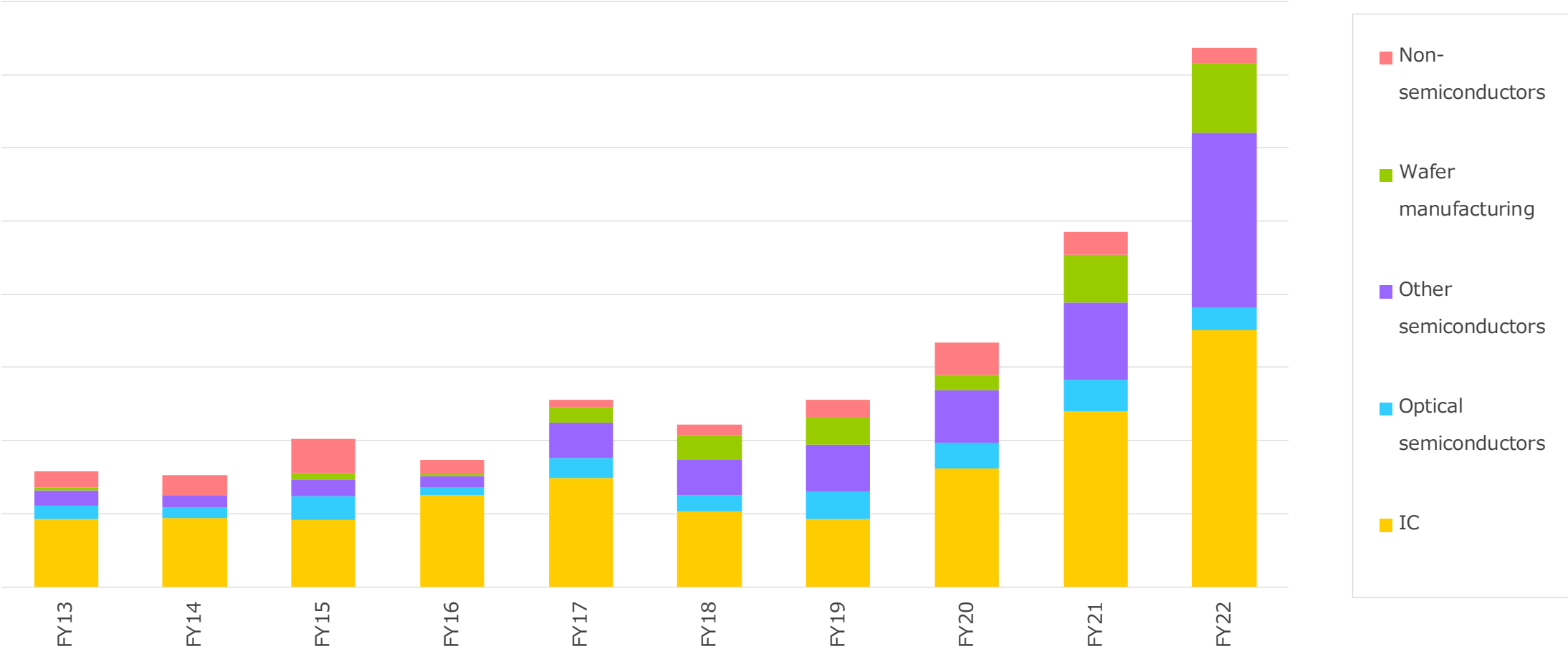
Full-year



Sales by Usage of Grinders

Shipment Basis

Full-year

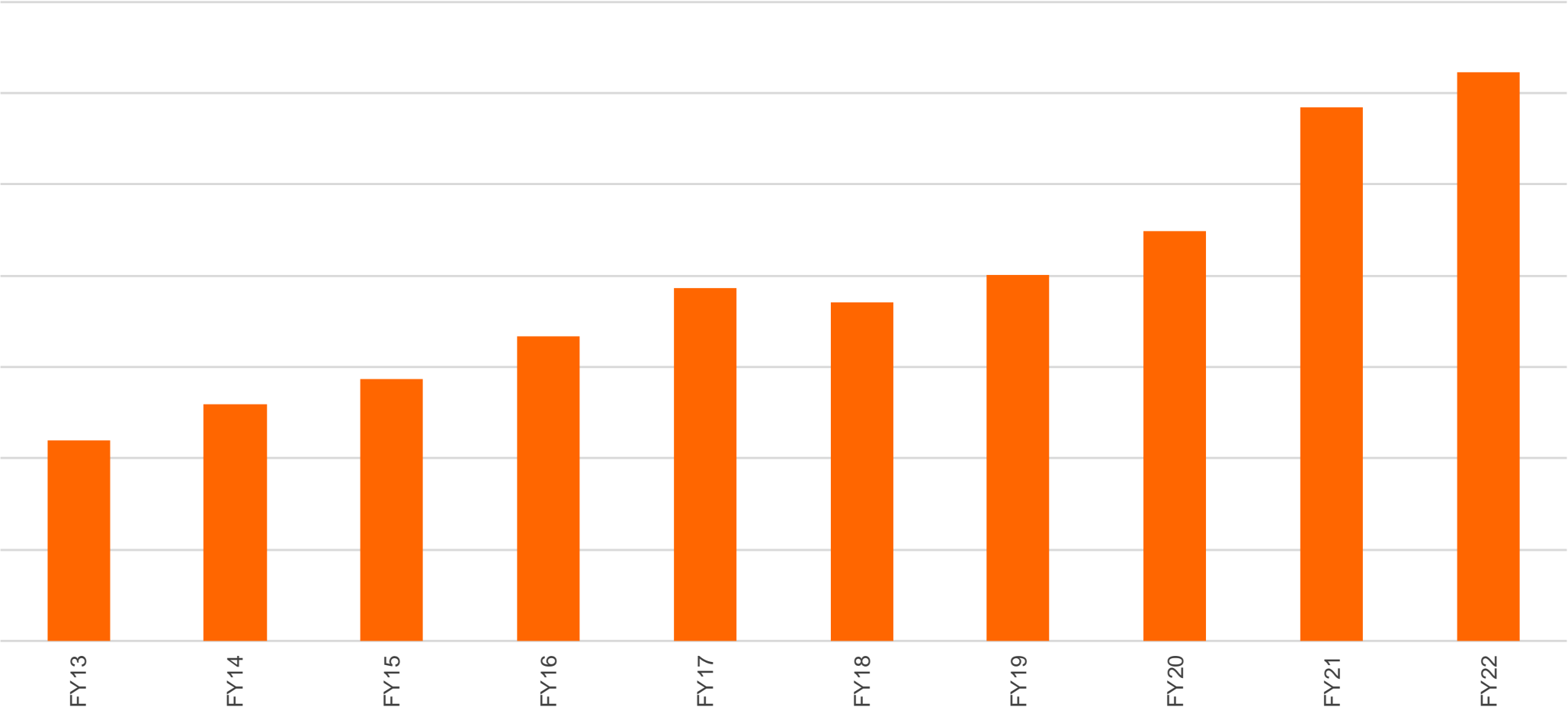


Consumable Sales



Shipment Basis

Full-year



- Reference data

Shipment Basis

Product	Composition	QoQ	YoY
	4Q	4Q	4Q
Precision Processing Equipment	67%	-13%	14%
Dicers	34%	-21%	-17%
Blade Dicers	19%	-18%	-26%
Laser Saws	15%	-24%	-2%
Grinders	30%	-3%	64%
DGP (for thin wafers)	14%	-20%	35%
Other Grinders	16%	20%	102%
Accessory Equipment	3%	-18%	-
Precision Processing Tools	19%	-16%	-13%
Others	15%	19%	-18%
Total	100%	-10%	2%

Trends for the previously used categories

Product	Composition	QoQ	YoY
	4Q	4Q	4Q
Precision Processing Equipment	63%	-13%	7%
Dicers	34%	-20%	-17%
Blade Dicers	19%	-18%	-26%
Laser Saws	15%	-24%	-2%
Grinders	30%	-3%	63%
DGP (for thin wafers)	14%	-20%	35%
Other Grinders	16%	20%	102%
Accessory Equipment	-	-	-
Precision Processing Tools	17%	-16%	-18%
Others	19%	6%	9%
Total	100%	-10%	2%

Shipment Basis

Product	Composition	YoY
	2H	2H
Precision Processing Equipment	68%	25%
Dicers	36%	-4%
Blade Dicers	20%	-15%
Laser Saws	16%	13%
Grinders	28%	69%
DGP (for thin wafers)	15%	51%
Other Grinders	14%	95%
Accessory Equipment	4%	-
Precision Processing Tools	19%	-5%
Others	13%	-26%
Total	100%	9%

Composition	YoY
Full Year	Full Year
65%	27%
37%	5%
22%	-2%
15%	19%
25%	52%
14%	44%
11%	62%
3%	-
21%	7%
14%	-22%
100%	13%

Trends for the previously used categories

Product	Composition	YoY	Composition	YoY
	2H	2H		
Precision Processing Equipment	64%	18%	62%	20%
Dicers	36%	-5%	37%	5%
Blade Dicers	20%	-15%	22%	-2%
Laser Saws	16%	13%	15%	19%
Grinders	28%	69%	25%	51%
DGP (for thin wafers)	15%	51%	14%	44%
Other Grinders	14%	95%	11%	62%
Accessory Equipment	-	-	-	-
Precision Processing Tools	18%	-11%	20%	0%
Others	18%	3%	19%	7%
Total	100%	9%	100%	13%

Composition by Application

Shipment Basis

		FY21				FY22			
Product	Application	21-1Q	21-2Q	21-3Q	21-4Q	22-1Q	22-2Q	22-3Q	22-4Q
Dicers	IC	54%	51%	52%	50%	53%	51%	48%	44%
	Package Singulation	15%	16%	16%	13%	14%	10%	8%	8%
	Optical semiconductors	9%	12%	10%	7%	6%	6%	8%	9%
	Other semiconductors	10%	11%	18%	19%	22%	24%	29%	32%
	Non-semiconductors	12%	11%	4%	10%	5%	8%	7%	8%
Dicers		100%	100%	100%	100%	100%	100%	100%	100%
Grinders	IC	56%	51%	41%	49%	51%	47%	55%	39%
	Optical semiconductors	7%	14%	12%	4%	2%	3%	3%	8%
	Other semiconductors	19%	12%	28%	25%	32%	35%	29%	33%
	Wafer manufacturing	11%	16%	13%	14%	14%	13%	11%	15%
	Non-semiconductors	6%	7%	6%	8%	2%	2%	2%	5%
Grinders		100%	100%	100%	100%	100%	100%	100%	100%

Shipment Basis

		FY21				FY22			
Product		21-1Q	21-2Q	21-3Q	21-4Q	22-1Q	22-2Q	22-3Q	22-4Q
Dicers	IC	63%	71%	80%	13%	16%	16%	2%	-27%
	Package Singulation	89%	84%	118%	37%	11%	-23%	-47%	-53%
	Optical semiconductors	-51%	1%	115%	12%	-25%	-38%	-20%	8%
	Other semiconductors	11%	42%	291%	215%	161%	152%	79%	36%
	Non-semiconductors	15%	32%	-50%	-7%	-50%	-9%	87%	-36%
Dicers		26%	52%	86%	29%	18%	16%	10%	-17%
Grinders	IC	114%	39%	44%	15%	4%	44%	136%	28%
	Optical semiconductors	-29%	84%	62%	-6%	-71%	-63%	-51%	227%
	Other semiconductors	-25%	-15%	419%	97%	92%	360%	82%	117%
	Wafer manufacturing	210%	265%	204%	179%	41%	24%	40%	77%
	Non-semiconductors	-20%	-13%	-47%	-22%	-62%	-59%	-41%	13%
Grinders		37%	42%	77%	34%	16%	56%	75%	64%

Shipment Basis

		FY21				FY22			
Product		21-1Q	21-2Q	21-3Q	21-4Q	22-1Q	22-2Q	22-3Q	22-4Q
Dicers	IC	-1%	-7%	21%	2%	1%	-7%	6%	-27%
	Package Singulation	27%	1%	18%	-10%	3%	-31%	-17%	-20%
	Optical semiconductors	27%	26%	5%	-34%	-15%	4%	36%	-10%
	Other semiconductors	31%	12%	91%	13%	8%	8%	36%	-14%
	Non-semiconductors	-8%	-15%	-52%	150%	-51%	55%	-2%	-15%
Dicers		6%	-2%	19%	5%	-4%	-3%	12%	-21%
Grinders	IC	36%	-32%	-2%	27%	23%	-6%	61%	-31%
	Optical semiconductors	90%	41%	8%	-67%	-41%	78%	42%	119%
	Other semiconductors	55%	-53%	195%	-8%	51%	12%	17%	10%
	Wafer manufacturing	141%	6%	1%	8%	22%	-7%	14%	36%
	Non-semiconductors	-40%	-12%	8%	38%	-71%	-7%	57%	166%
Grinders		39%	-25%	24%	4%	20%	1%	39%	-3%

Composition by Region

Inspection/Acceptance Basis.

	FY2021				FY2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	14%	12%	12%	11%	10%	10%	12%	13%
North America	7%	7%	5%	8%	9%	9%	15%	16%
Asia	73%	76%	76%	76%	73%	73%	66%	62%
Singapore	8%	12%	10%	12%	11%	10%	10%	9%
Taiwan	15%	19%	17%	18%	17%	18%	13%	14%
Korea	12%	7%	7%	9%	14%	10%	7%	9%
China (Note 1)	35%	37%	41%	35%	29%	34%	34%	28%
Other	2%	1%	2%	1%	2%	1%	1%	2%
Europe	6%	4%	6%	6%	8%	7%	7%	8%
Total	100%	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	4Q
Precision Processing Equipment	50%	58%	56%	60%	53%	61%	58%	66%
Precision Processing Tools	28%	21%	24%	21%	26%	20%	22%	16%
Maintenance Parts	10%	7%	8%	7%	10%	8%	10%	8%
Others	10%	12%	10%	10%	9%	9%	8%	9%
Industrial Products	2%	2%	2%	2%	2%	1%	2%	1%

After	FY21_1Q	2Q	3Q	4Q	FY22_1Q	2Q	3Q	4Q
Precision Processing Equipment	-	-	-	-	56%	65%	61%	71%
Precision Processing Tools	-	-	-	-	28%	21%	23%	17%
Maintenance Parts	-	-	-	-	10%	8%	10%	8%
Others	-	-	-	-	6%	5%	6%	5%
Industrial Products	-	-	-	-	-	-	-	-