

FY2024

Second Quarter Financial Results

October 17, 2024

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FY2024 2Q Earnings Results



Billions of Yen	FY2024	FY2024 1Q	QoQ		FY2023 2Q	YoY	
	2Q		Amount	(%)		Amount	(%)
Net Sales	96.2	82.8	13.4	16.2%	72.3	23.9	33.1%
Gross Profit	69.0	57.7	11.3	19.6%	49.5	19.5	39.5%
Gross Profit Margin	71.7%	69.7%	2.0p	-	68.4%	3.3p	-
SG&A	26.5	24.3	2.1	8.8%	21.4	5.0	23.4%
Operating Income	42.6	33.4	9.2	27.6%	28.0	14.5	51.9%
Ordinary Income	41.4	33.6	7.8	23.2%	28.1	13.3	47.4%
Ordinary Income Margin	43.0%	40.6%	2.4p	-	38.9%	4.1p	-
Income before income taxes and minority interests	41.3	33.5	7.9	23.5%	28.1	13.2	47.0%
Net Income	29.7	23.7	6.0	25.4%	20.0	9.7	48.5%

Sales: Significantly increased due to high equipment shipment volume and progress in equipment inspection/acceptance.

GP margin: Increased due to high unit prices, high value-added products, etc.

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

FY2024 1H Earnings Results



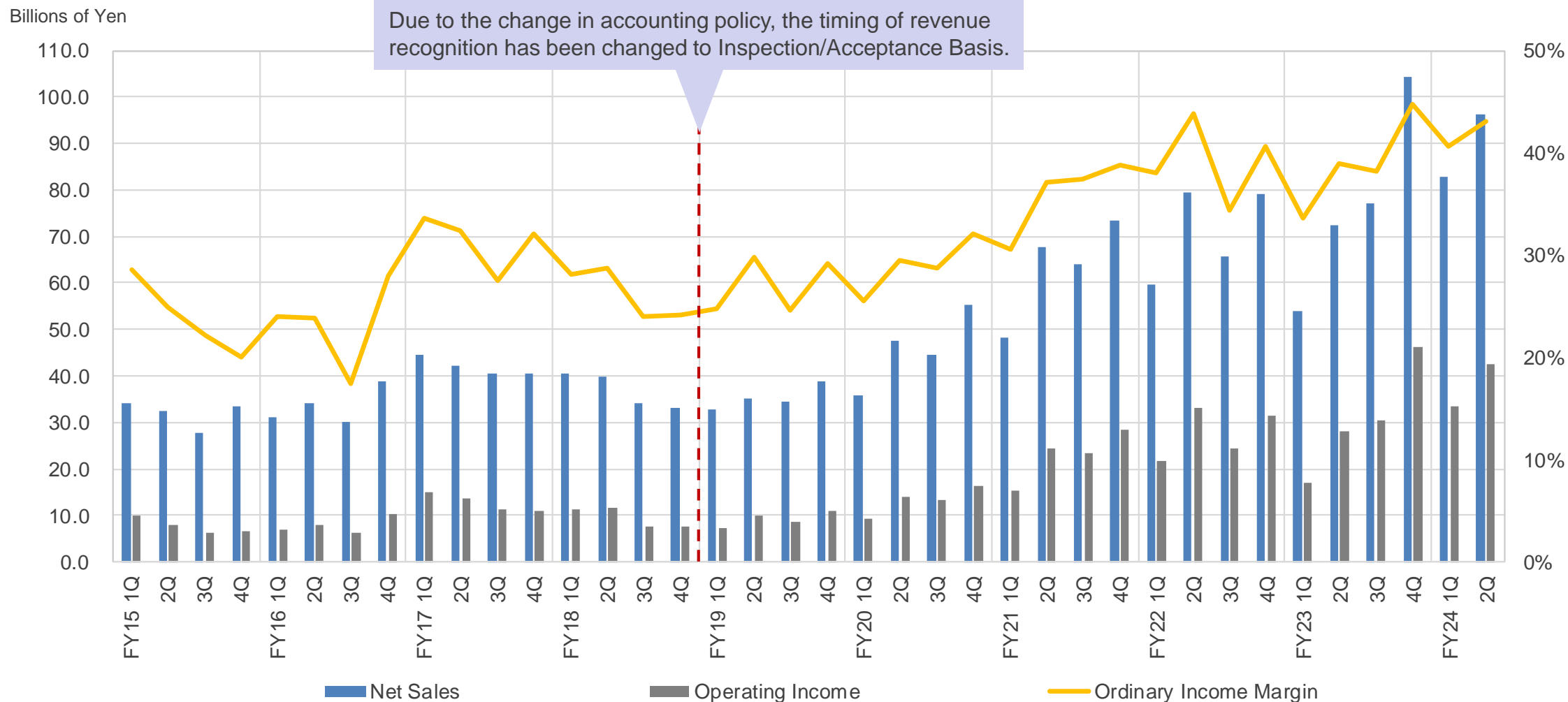
Billions of Yen	FY2024	FY2023	YoY	
	1H	1H	Amount	(%)
Net Sales	179.0	126.3	52.8	41.8%
Gross Profit	126.7	84.7	42.1	49.7%
Gross Profit Margin	70.8%	67.1%	3.7p	-
SG&A	50.8	39.7	11.1	28.1%
Operating Income	76.0	45.0	30.9	68.7%
Ordinary Income	75.1	46.3	28.8	62.2%
Ordinary Income Margin	41.9%	36.7%	5.2p	-
Income before income taxes and minority interests	74.8	46.2	28.5	61.7%
Net Income	53.4	32.7	20.7	63.4%

Net Sales : Significantly increased due to high product shipment volume and progress in equipment inspection/acceptance.

GP margin : Recorded 70% due to high unit prices, high value-added products, etc.

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

Quarterly Financial Results

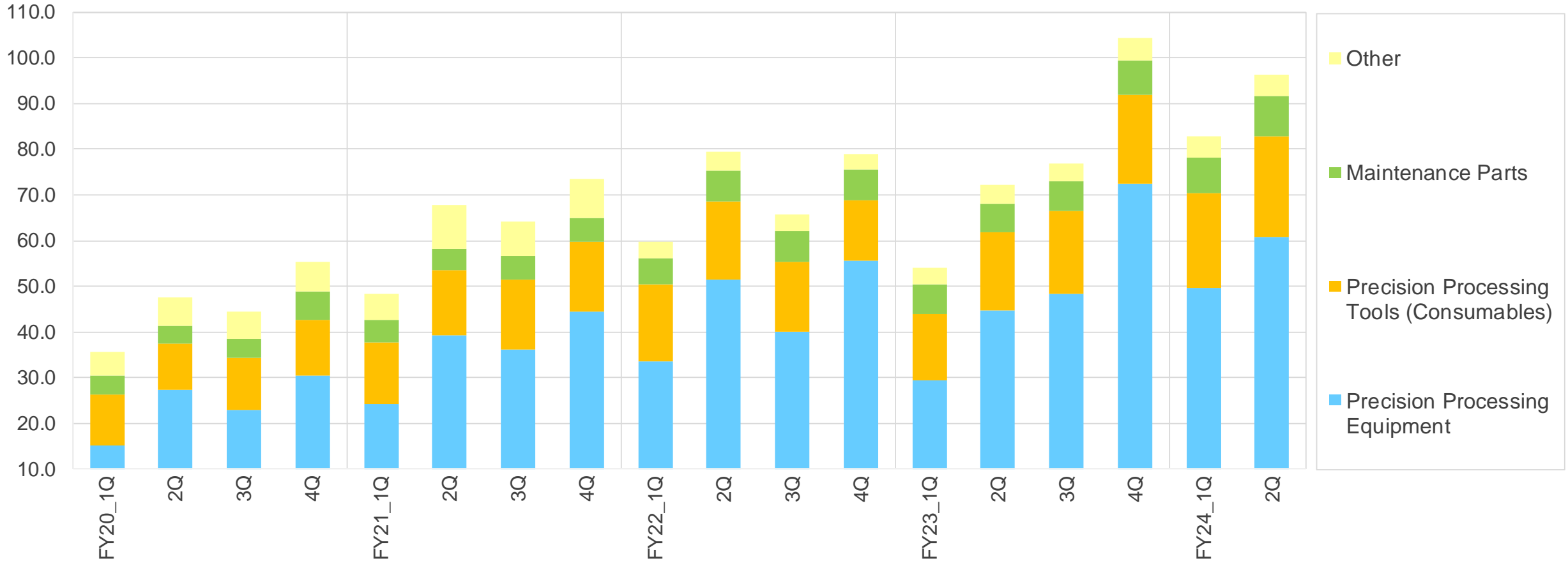


Operating income margin trended high supported by a high GP margin
 (FY24_2Q Operating income margin 44.2%, Ordinary income margin 43.0%, Net income margin 30.9%)

Quarterly Sales Breakdown by Product



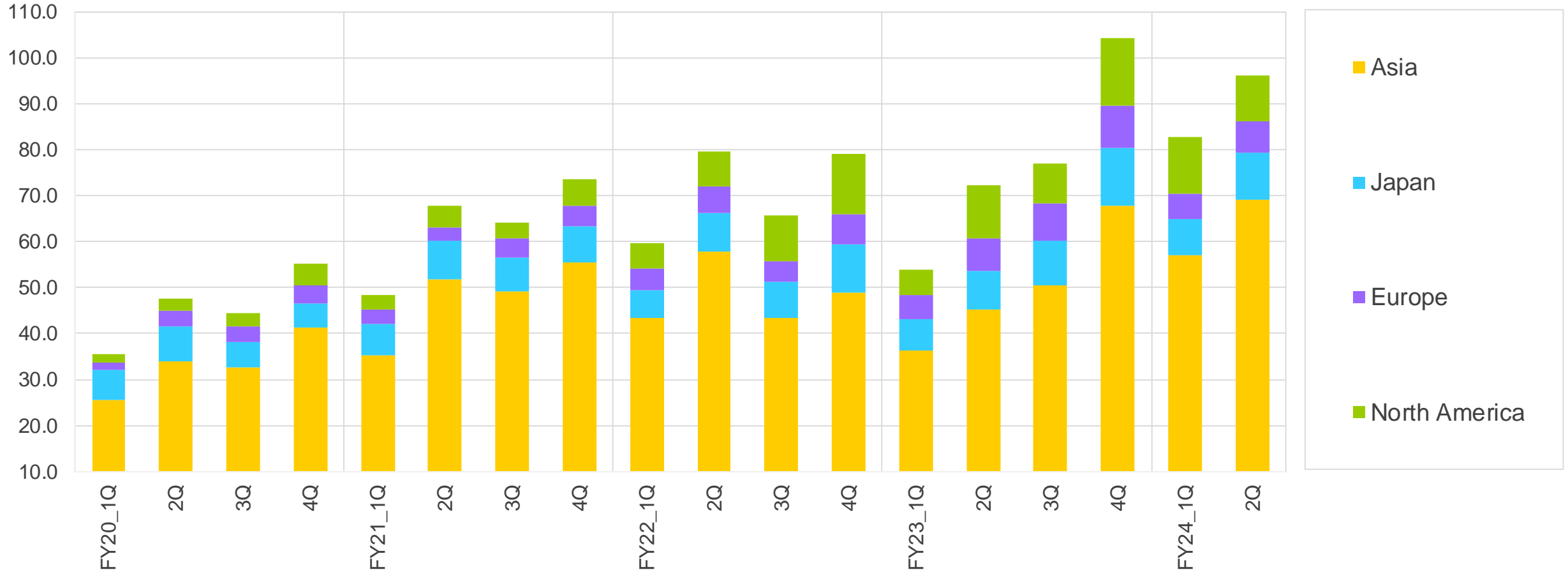
Billions of Yen



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

Quarterly Sales Breakdown by Region

Billions of Yen

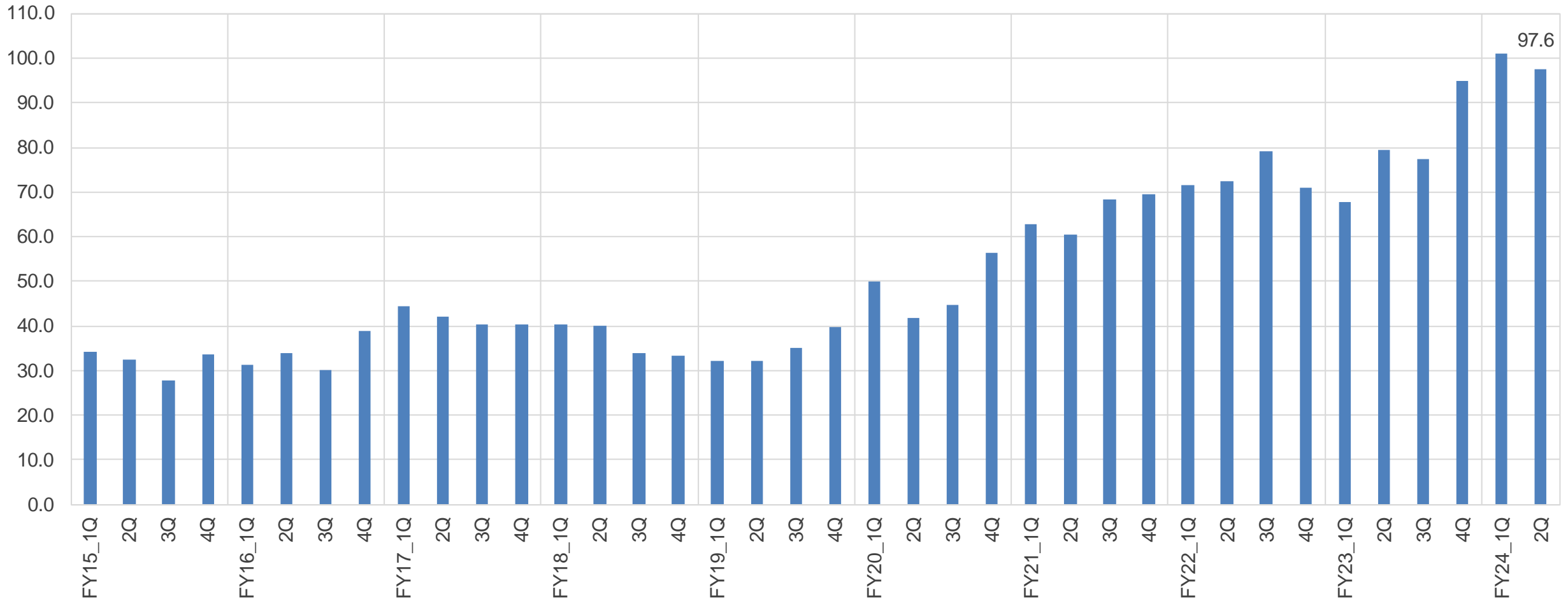


FY24_2Q Overseas sales ratio: 89.4%

Quarterly Shipments



Billions of Yen



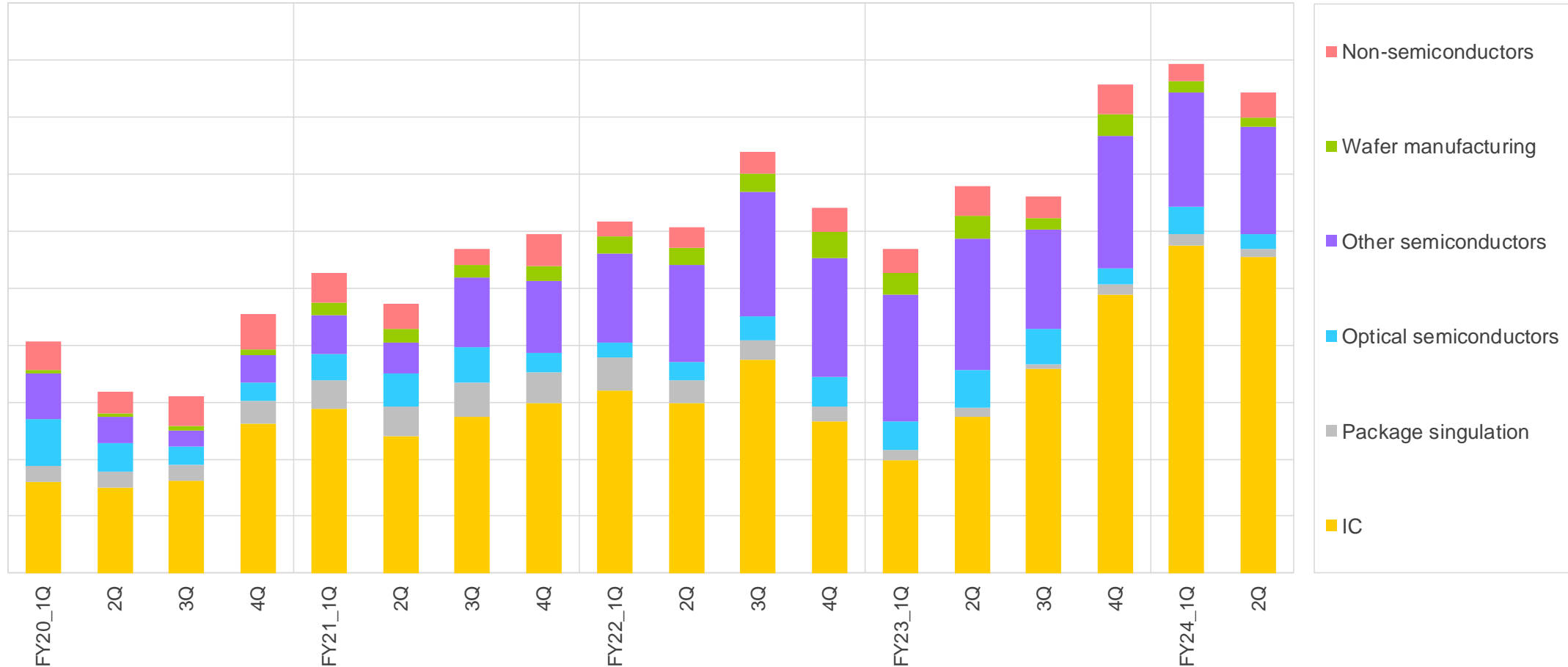
FY24_2Q Shipment total: approx. 97.6 billion yen

Precision Processing Equipment: Sales by Application



Shipment Basis

Precision Processing Equipment



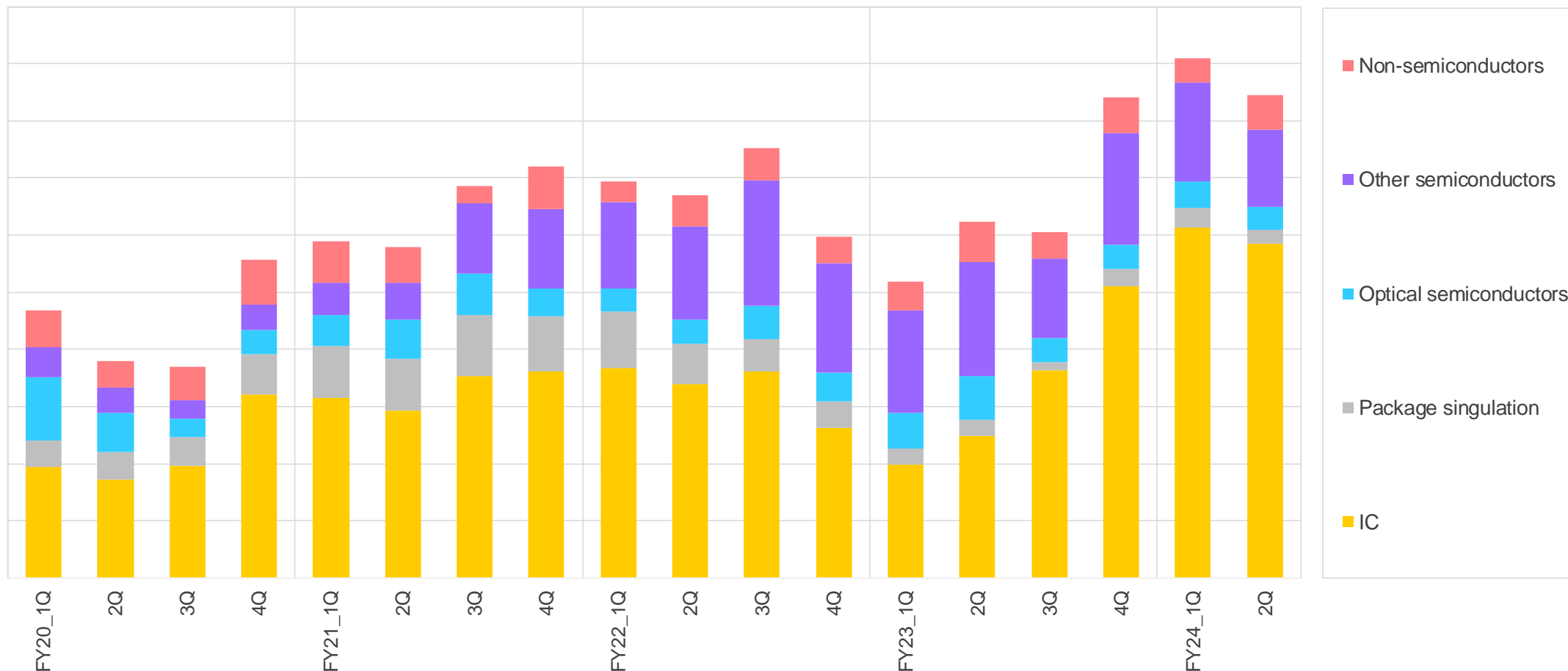
QoQ: Maintained a high level for IC mainly for generative AI.

YoY: Increased for IC supported by an increased demand for generative AI.

Dicer: Sales by Application

Shipment Basis

Dicer



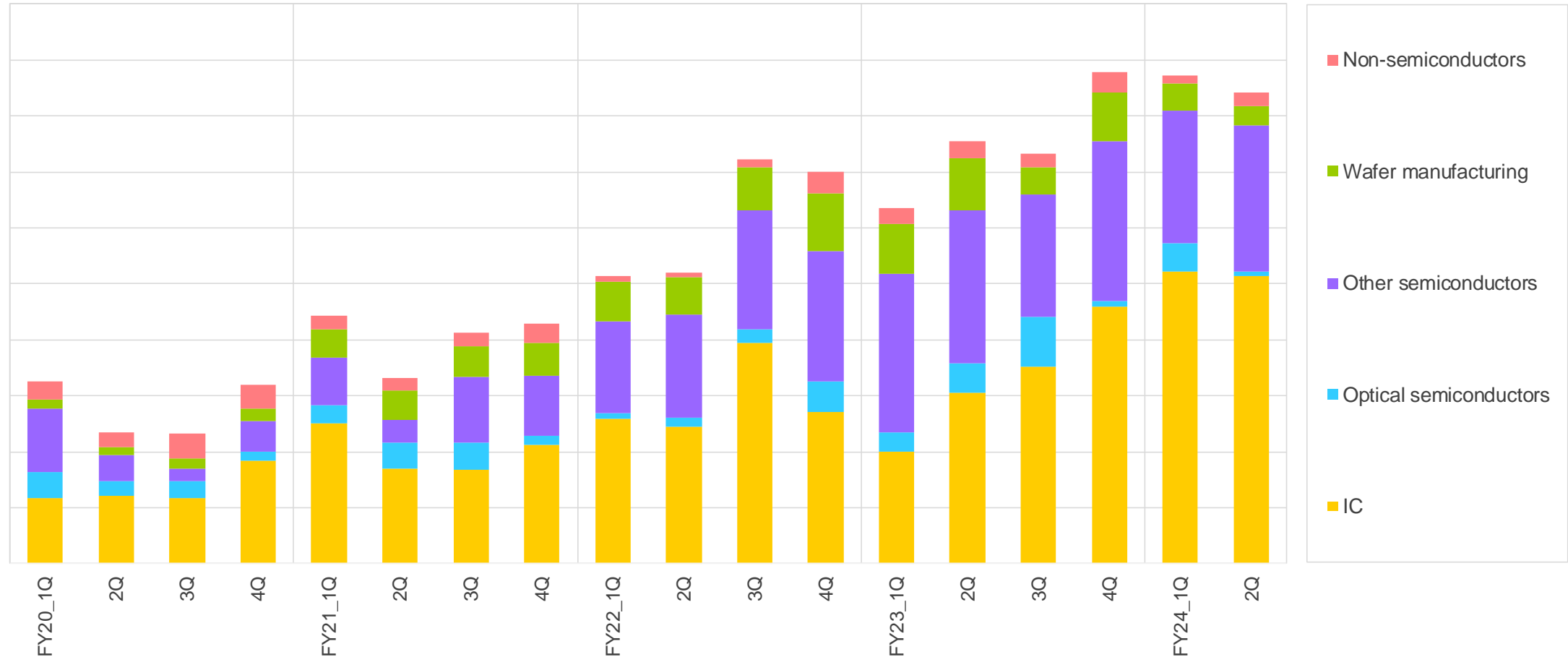
QoQ: Maintained a high level for IC mainly for generative AI.

YoY: Significantly increased for IC due to an increased demand for generative AI.

Grinder: Sales by Application

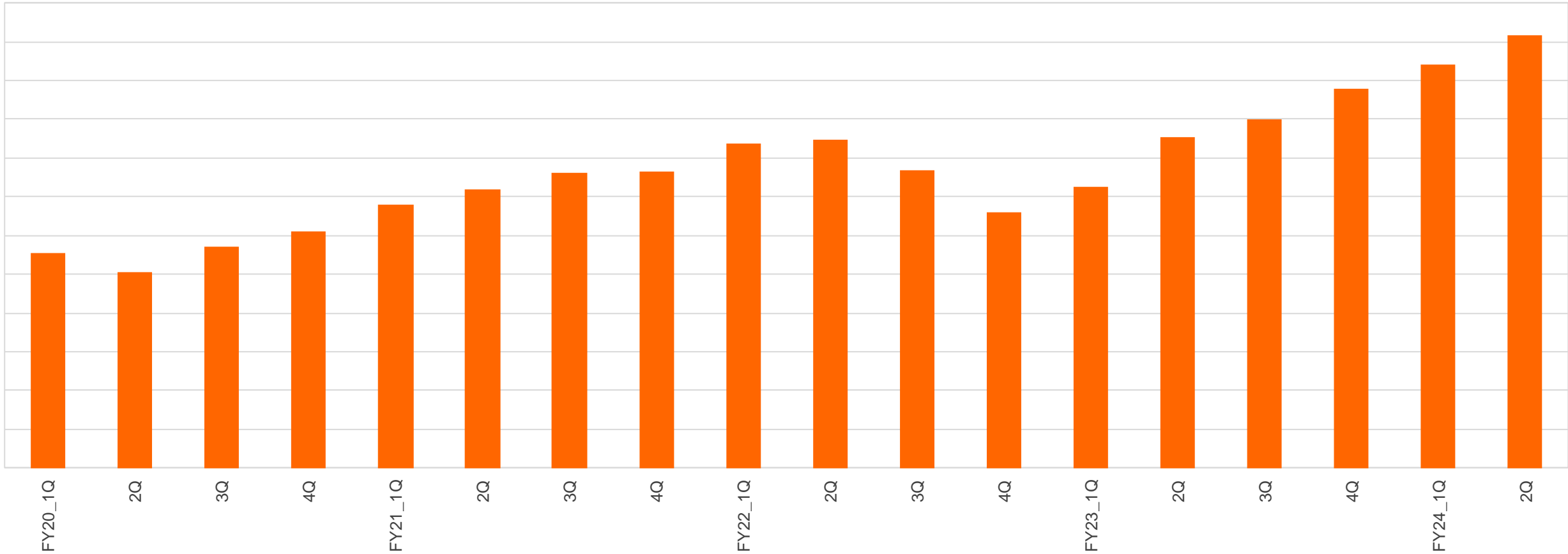
Shipment Basis

Grinder



QoQ: Maintained a high level for IC and “Other semiconductors” (primarily power semiconductors) mainly for generative AI.
 YoY: Significantly increased for IC due to an increased demand for generative AI.

Precision Processing Tools Sales (Consumables)



Precision processing tool (consumables) shipments remained steady. Despite being affected by fluctuations in exchange rates, sales reached a record high owing to an upward trend in customer facility operation rates.

Balance Sheet (Summary)

Billions of Yen	FY2024 2Q	FY2024 1Q	Amount
Cash and deposits	243.6	218.3	25.2
Notes and account receivable	40.6	42.4	-1.8
Inventories	130.3	124.4	5.9
Total current assets	420.8	388.9	31.9
Property, plant and equipment	149.6	150.3	-0.7
Total noncurrent assets	170.2	170.1	0.1
Total assets	591.0	558.9	32.1
Current liabilities	153.7	151.0	2.7
Noncurrent liabilities	0.8	0.8	0.0
Total liabilities	154.5	151.8	2.7
Total net assets	436.5	407.2	29.4
Total liabilities and net assets	591.0	558.9	32.1
Equity Ratio	73.6%	72.6%	1.0p

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

Liabilities: Decreased in electronically recorded obligations, but significantly increased in outstanding income taxes payable.

Net assets: Mainly increased in earned surplus.

Cash Flow (Summary)

Billions of Yen	FY2024 1H	FY2023 1H	Amount
Net cash provided by (used in) operating activities	60.9	41.5	19.4
Income before income taxes and minority interests	74.8	46.2	28.5
Depreciation and amortization	5.7	5.2	0.5
Decrease (increase) in notes and accounts receivable-trade	5.1	5.2	-0.1
Decrease (increase) in inventories	-16.7	-13.4	-3.3
Increase (decrease) in notes and accounts payable-trade	-0.5	4.8	-5.4
Income taxes (paid) refund	-19.9	-15.8	-4.1
Others	12.5	9.2	3.3
Net cash provided by (used in) investing activities	-7.1	-7.6	0.5
Purchase of property, plant and equipment	-7.1	-7.5	366
Free cash flow	53.8	33.9	20.0
Net cash provided by (used in) financing activities	-24.9	-22.8	-2.2
Cash dividends paid	-25.0	-22.9	-2.1
Net change in of cash and cash equivalents	28.1	12.8	15.3
Cash and cash equivalents at beginning of period	215.5	163.1	52.4
Cash and cash equivalents at end of period	243.6	175.8	67.7

- Sales cash flow: approx. JPY 60.9 B (increase)
Increased mainly due to income before taxes
 - Investment cash flow: approx. JPY -7.1 B (decrease)
Decreased mainly due to acquisition of property, plant and equipment
 - Free cash flow: approx. JPY 53.8 B (increase)
 - Financial cash flow: approx. JPY -24.9 B (decrease)
Decreased mainly due to dividend payout
- Cash balance as of the end of September: approx. JPY 243.6 B

Earnings Forecast 3Q FY2024



Billions of Yen

Forecast

	FY23 1Q	2Q	3Q	4Q	FY24 1Q	2Q	3Q
Net Sales	54.0	72.3	77.0	104.3	82.8	96.2	83.9
Operating Income	17.0	28.0	30.4	46.1	33.4	42.6	29.2
Ordinary Income	18.2	28.1	29.4	46.7	33.6	41.4	29.5
Net Income	12.7	20.0	16.1	35.4	23.7	29.7	20.8
Operating Income Margin	31.5%	38.8%	39.4%	44.2%	40.3%	44.2%	34.9%
Ordinary Income Margin	33.7%	38.9%	38.2%	44.7%	40.6%	43.0%	35.2%
Net Income Margin	23.5%	27.7%	20.9%	34.0%	28.6%	30.9%	24.8%
Shipment Figures	67.8	79.4	77.3	95.0	101.1	97.6	99.2

Assumed exchange rate for 3Q (Oct-Dec): 1 US dollar = 135 yen, 1 euro = 150 yen
 Currency sensitivity (annualized) US dollar: Approx. 1.5 billion yen, Euro: Approx. 0.1 billion yen

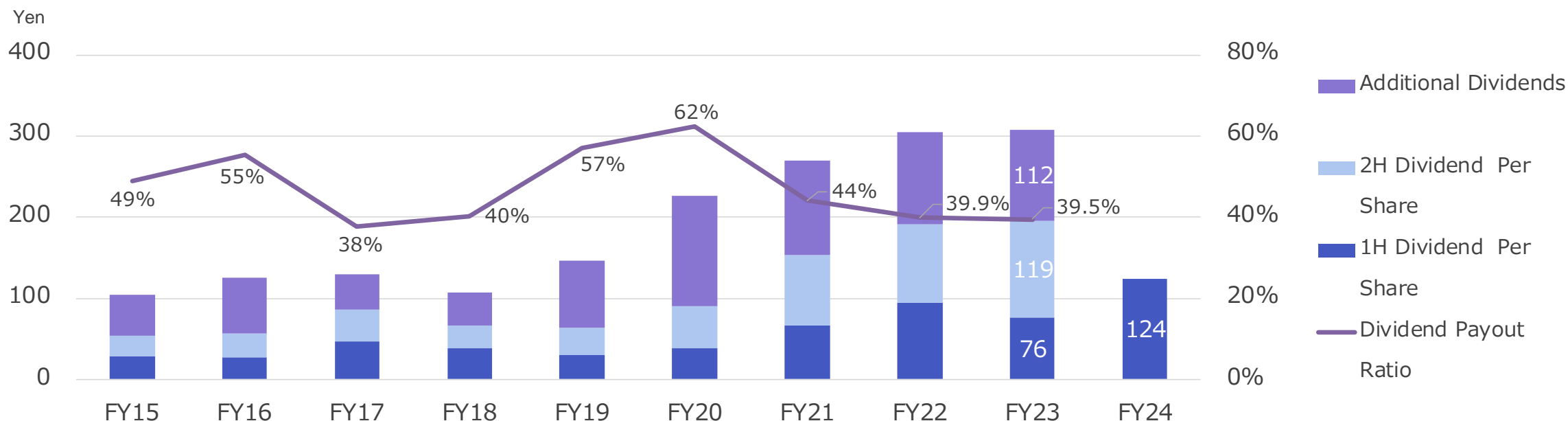
Dividend Policy and Dividend Payments

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]

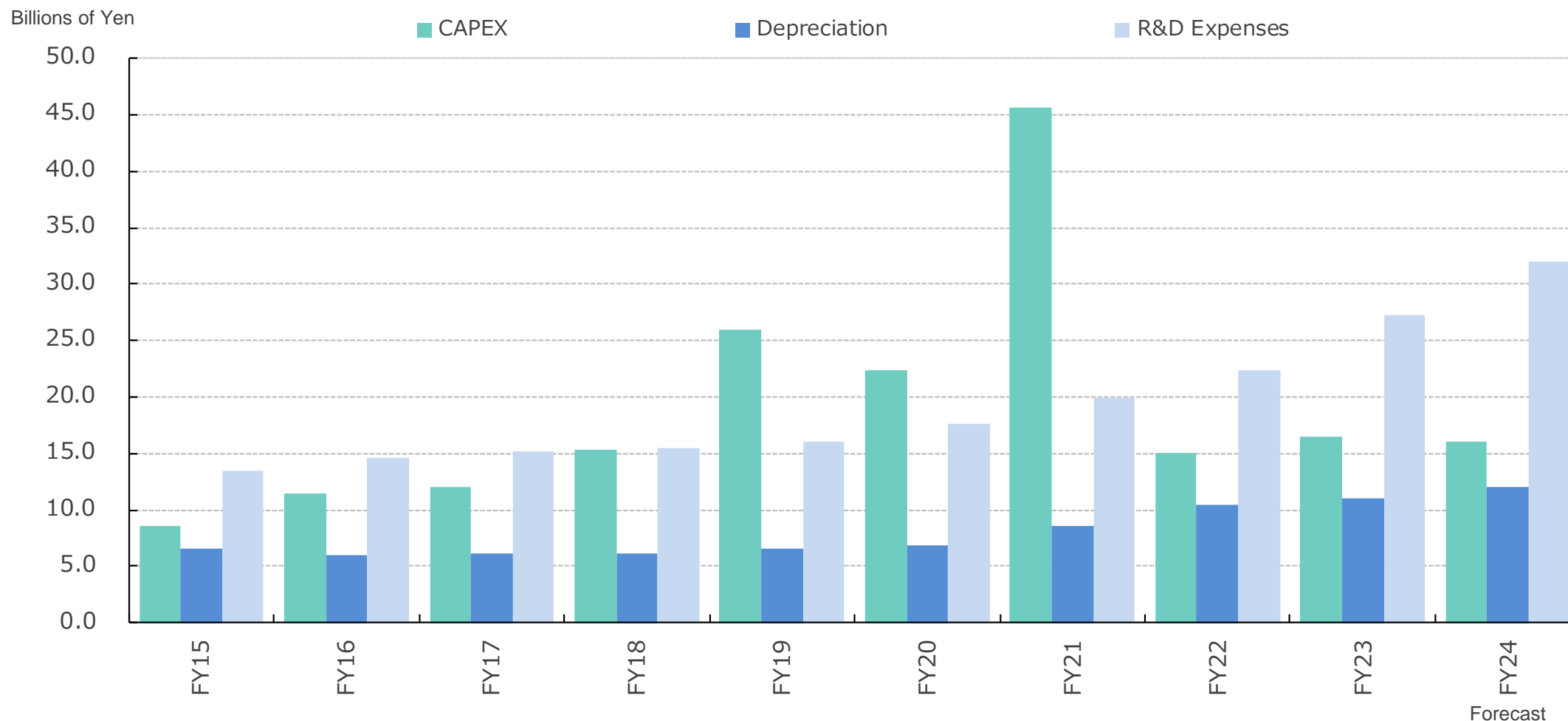
The ¥20 payout stipulated in our stable dividend policy may be reviewed if there are consolidated net losses for three consecutive years.



FY24 Interim (actual) : 124 yen Year-end: undecided

*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)

R&D/CAPEX Forecast



FY24 Forecast

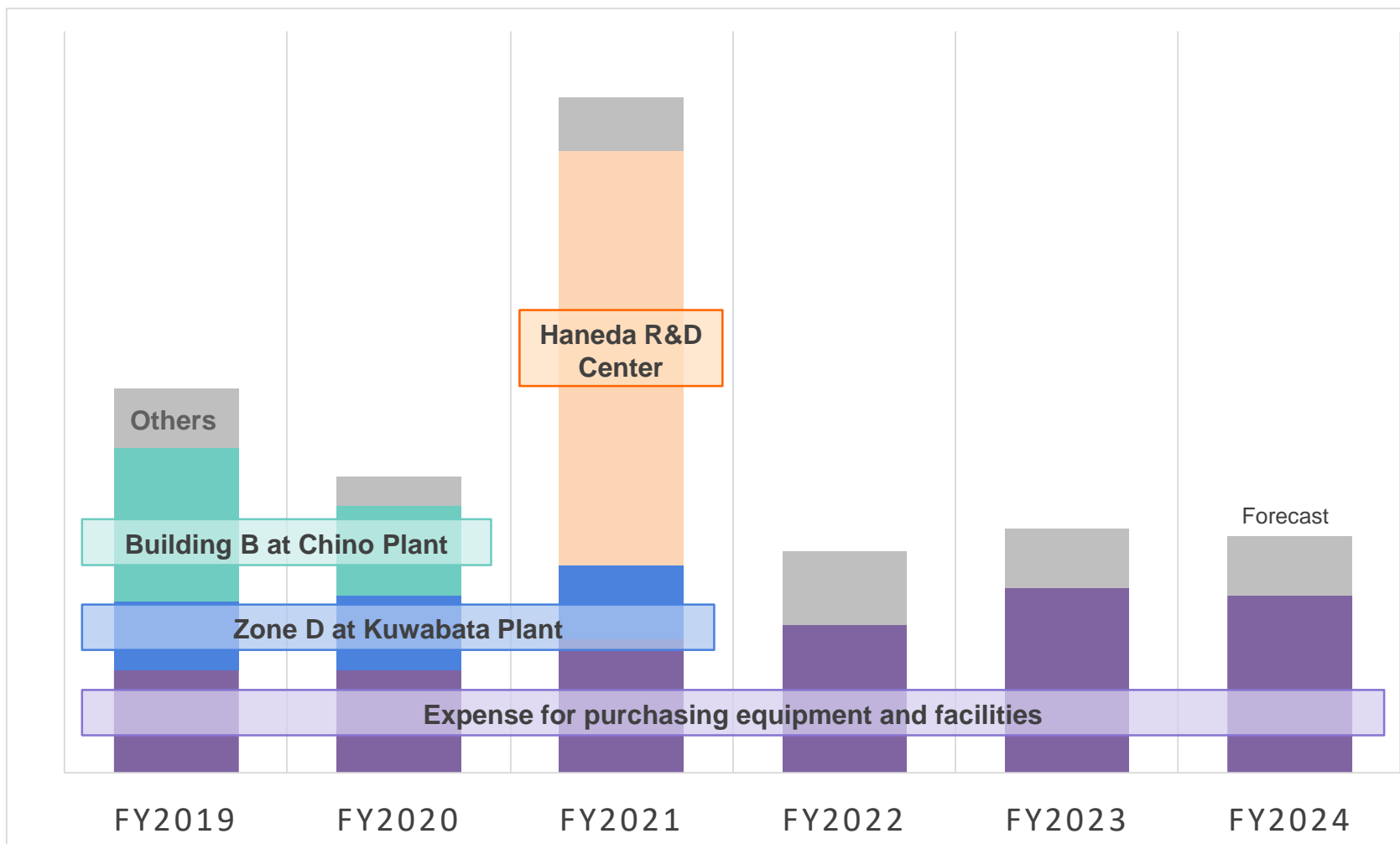
CAPEX: Approx. 16 billion yen; mainly investment for rationalization.

(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. 32 billion yen; proactive research and development continues.

Breakdown of CAPEX



FY24 Forecast

Purchase of machines and facilities: Approx. 12 billion yen

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

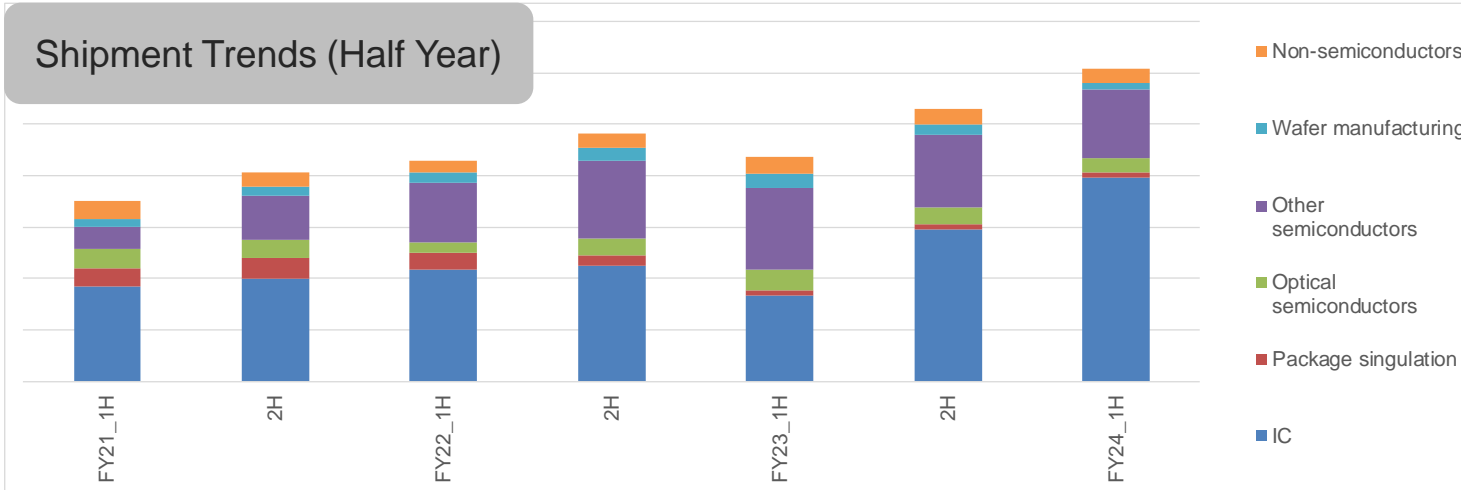
(Construction of a new building at the Haneda R&D Center is scheduled to begin in April 2025)

Sales Forecast By Product

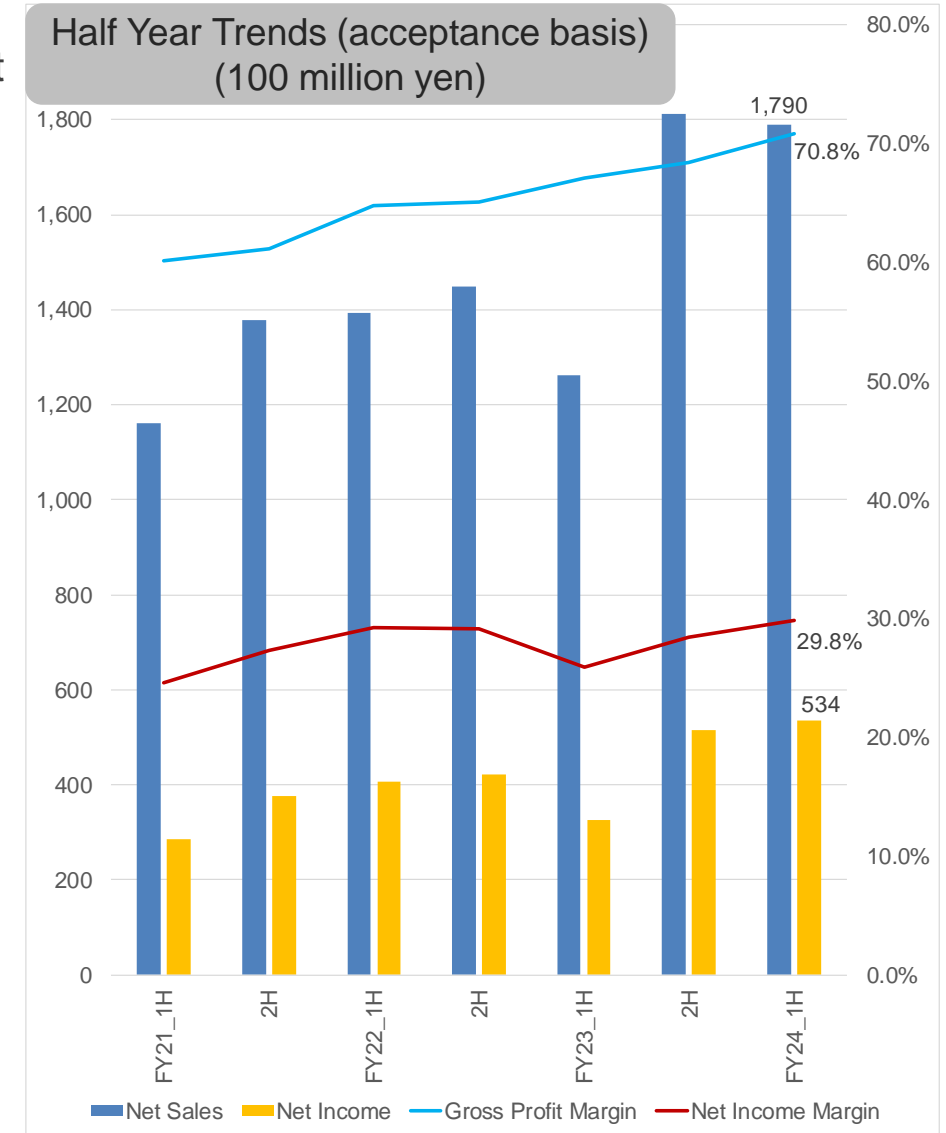
Shipment Basis

Product		Forecast FY24_3Q (QoQ)
	Blade dicers	25%
	Laser Saws	-15%
	Dicers	5%
	Grinders	25%
	Accessory Equipment	0%
Precision Processing Equipment		10%
Precision Processing Tools (Consumables)		-15%
Others		-15%

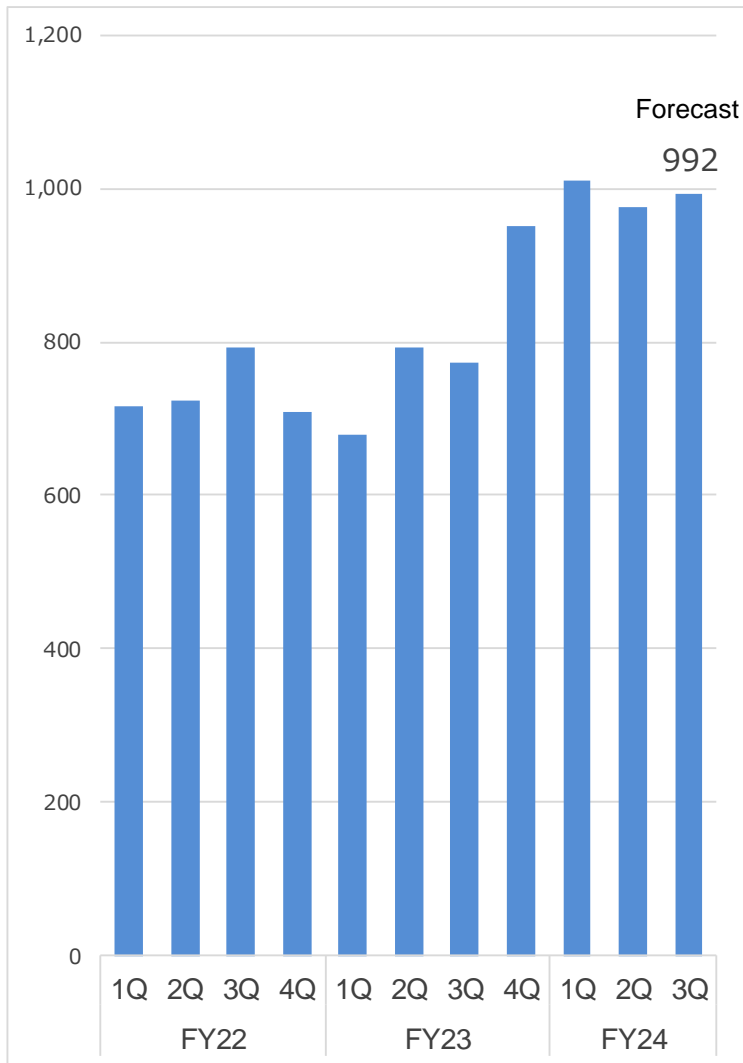
■ **Shipment Trends:** Record high on a half-yearly basis. Demand for PCs and smartphones has not yet reached a full-scale recovery, but equipment shipment remained at a high level for power semiconductors and generative AI.



- **Performance:** Recorded GP margin at 70% thanks to high value-added transactions and exchange rate benefits, resulting in a profitability increase for both equipment and consumables.
- Achieved a record high for both net income and net income margin on a half-yearly basis.
- Due to the highest gross profit achieved in the first half, interim dividends were 124 yen, which was a record high. (last years interim dividends: 76 yen)



Quarterly Shipment Total Trends
(JPY 100 M)



- Although long-term growth is expected in the power semiconductor industry, shipments are currently sluggish due to a slowdown in the EV shift.
- For generative AI, as the shipment total is linked to the final demand, the shipment trend is expected to remain at a high level.
- Equipment demand for mass production has not yet reached a full-scale recovery. Consumable shipment trends are being continuously monitored
- DISCO continues to implement activities that will strengthen the company despite whether the market is busy or not and is continuing to put effort into organizational management through DISCO Values, Will Accounting, and PIM activities.
- DISCO continues to strengthen development themes in the advanced KKM technologies field. We are committed to increasing our support for development themes including new materials and automation.

[Reference] Half-Year Transition Graph

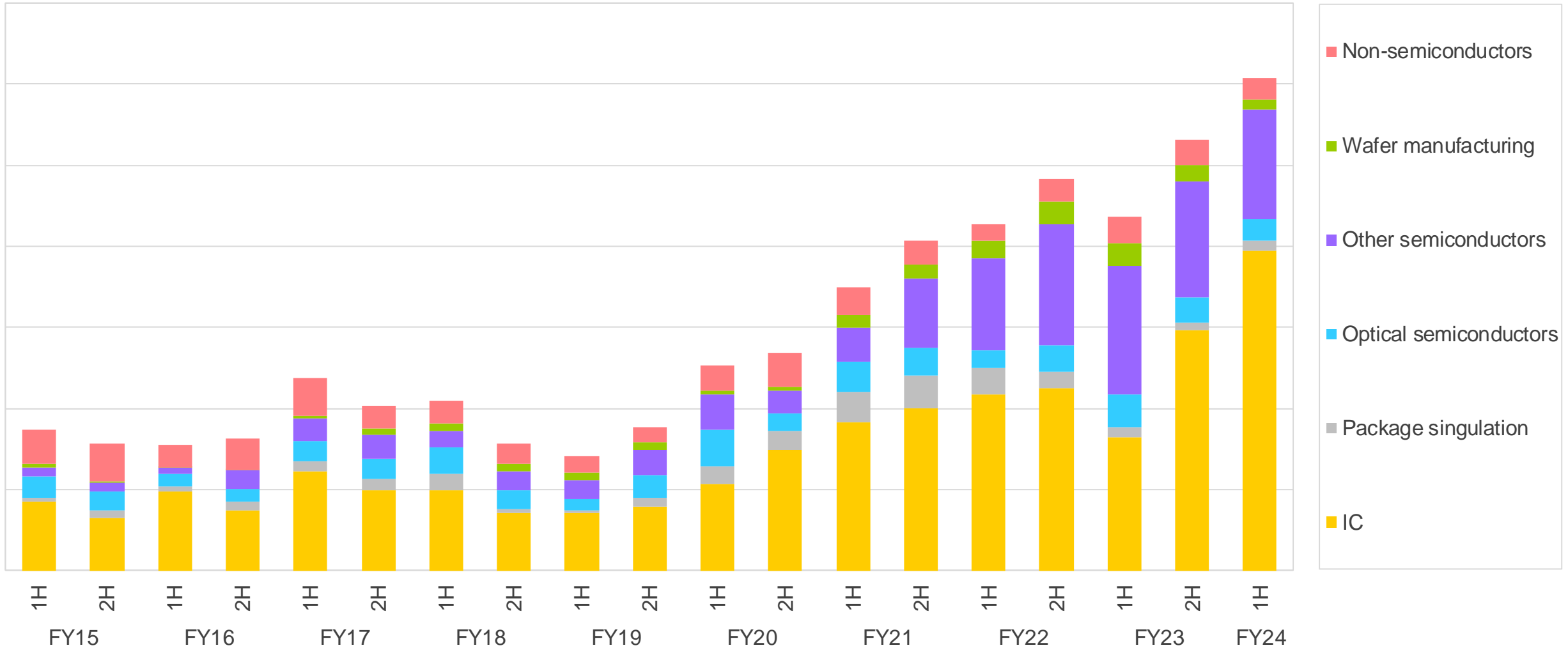
Precision Processing Equipment: Sales by Application



Shipment Basis

Half-Year

Precision Processing Equipment

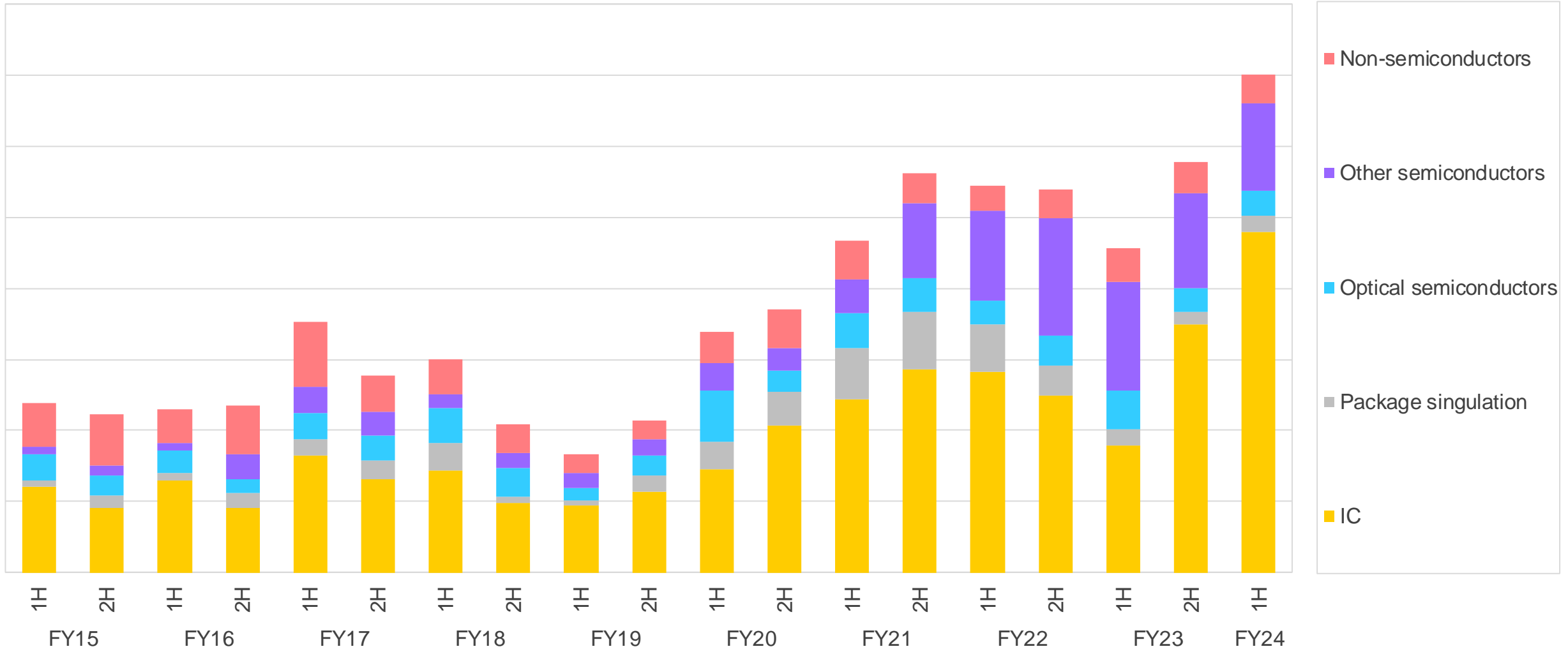


Dicer: Sales by Application

Shipment Basis

Half-Year

Dicer

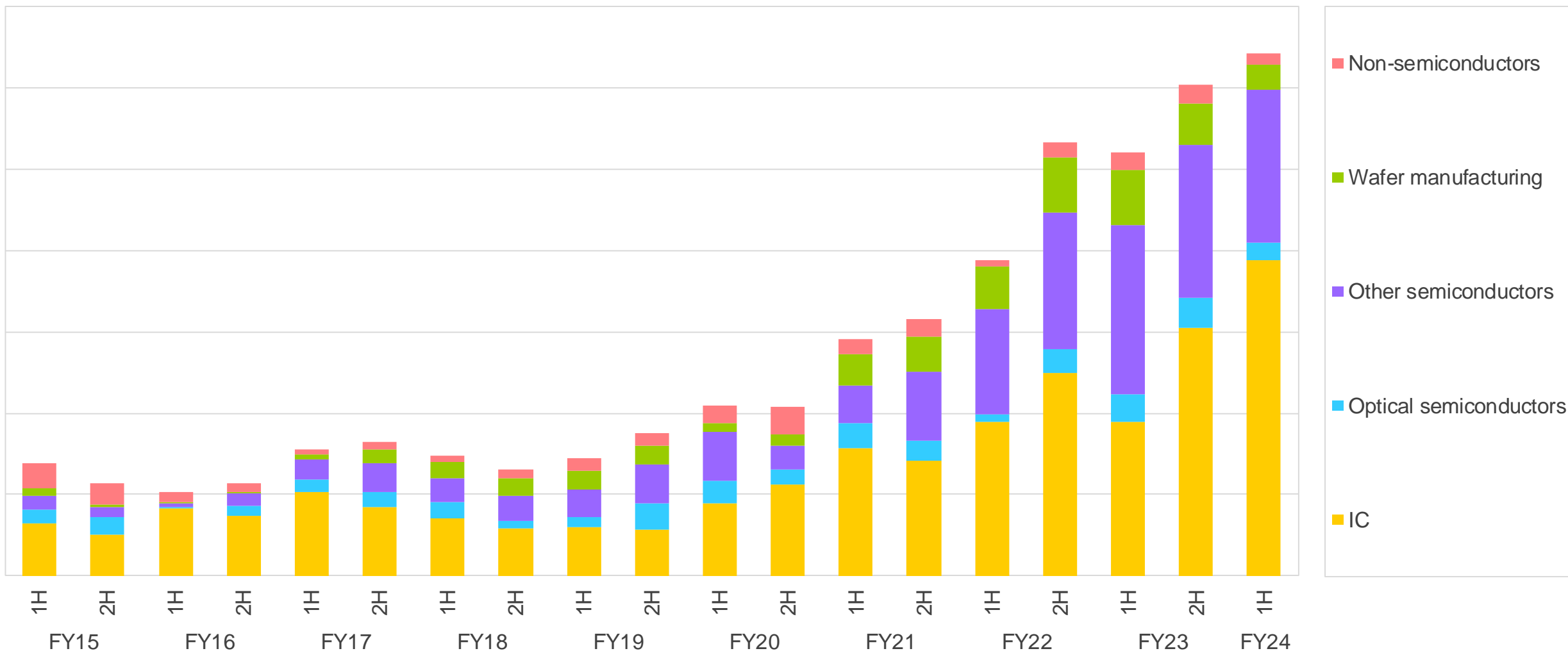


Grinder: Sales by Application

Shipment Basis

Half-Year

Grinder

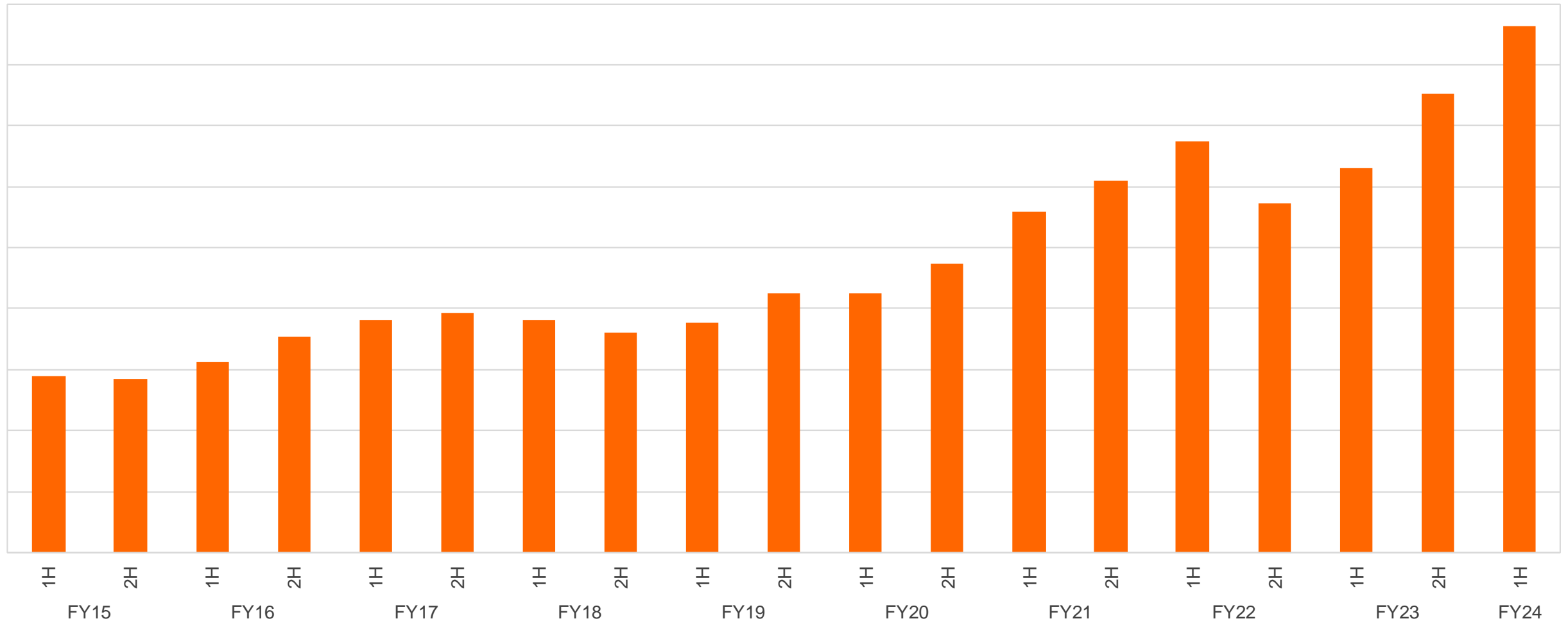


Precision Processing Tools Sales (Consumables)



Shipment Basis

Half-Year



- Reference Data

Shipment Basis

Product	Composition	QoQ	YoY	Composition	YoY
	2Q	2Q	2Q	1H	1H
Precision Processing Equipment	65%	-5%	23%	65%	38%
Dicers	35%	-7%	36%	35%	54%
Blade Dicers	15%	-19%	10%	17%	28%
Laser Saws	19%	5%	67%	18%	88%
Grinders	26%	-4%	11%	26%	23%
DGP (for thin wafers)	17%	-8%	51%	17%	85%
Other Grinders	9%	7%	-26%	8%	-27%
Accessory Equipment	4%	11%	15%	4%	23%
Precision Processing Tools	23%	10%	34%	22%	39%
Others	12%	-17%	4%	13%	17%
Total	100%	-3%	23%	100%	35%

Composition by Application



Shipment Basis

		FY23				FY24	
Product	Application	23-1Q	23-2Q	23-3Q	23-4Q	24-1Q	24-2Q
Dicers	IC	38%	40%	60%	61%	67%	69%
	Package singulation	6%	4%	2%	4%	4%	3%
	Optical semiconductors	12%	12%	7%	5%	5%	5%
	Other semiconductors	34%	32%	23%	23%	19%	16%
	Non-semiconductors	10%	11%	8%	8%	5%	7%
Dicers		100%	100%	100%	100%	100%	100%
Grinders	IC	32%	41%	48%	52%	60%	61%
	Optical semiconductors	5%	7%	12%	1%	6%	1%
	Other semiconductors	45%	36%	30%	32%	27%	31%
	Wafer manufacturing	14%	12%	7%	10%	6%	4%
	Non-semiconductors	5%	4%	3%	4%	2%	3%
Grinders		100%	100%	100%	100%	100%	100%

YoY by Application

Shipment Basis

		FY23				FY24	
Product	Application	23-1Q	23-2Q	23-3Q	23-4Q	24-1Q	24-2Q
Dicers	IC	-46%	-27%	1%	94%	210%	135%
	Package singulation	-71%	-60%	-76%	-32%	23%	-15%
	Optical semiconductors	55%	81%	-28%	-18%	-26%	-46%
	Other semiconductors	18%	23%	-37%	2%	-3%	-33%
	Non-semiconductors	40%	24%	-15%	35%	-17%	-13%
Dicers		-25%	-7%	-19%	41%	75%	36%
Grinders	IC	-23%	25%	-11%	69%	160%	68%
	Optical semiconductors	253%	207%	267%	-81%	46%	-86%
	Other semiconductors	74%	50%	3%	22%	-16%	-4%
	Wafer manufacturing	24%	37%	-37%	-15%	-45%	-62%
	Non-semiconductors	198%	244%	74%	-4%	-50%	-24%
Grinders		24%	45%	1%	25%	37%	11%

Shipment Basis

		FY23				FY24	
Product	Application	23-1Q	23-2Q	23-3Q	23-4Q	24-1Q	24-2Q
Dicers	IC	-25%	26%	46%	40%	20%	-4%
	Package singulation	-37%	-5%	-50%	126%	14%	-34%
	Optical semiconductors	22%	22%	-46%	1%	10%	-12%
	Other semiconductors	-6%	12%	-30%	39%	-11%	-22%
	Non-semiconductors	7%	38%	-33%	36%	-34%	46%
Dicers		-13%	20%	-3%	39%	8%	-7%
Grinders	IC	-26%	53%	15%	31%	14%	-2%
	Optical semiconductors	-36%	55%	70%	-89%	402%	-85%
	Other semiconductors	21%	-3%	-20%	30%	-17%	10%
	Wafer manufacturing	-15%	3%	-48%	85%	-45%	-29%
	Non-semiconductors	-23%	8%	-21%	46%	-59%	62%
Grinders		-9%	19%	-3%	20%	-1%	-4%

Composition by Region

Inspection/Acceptance Basis

Composition by Region	FY2023				FY2024	
	1Q	2Q	3Q	4Q	1Q	2Q
Japan	13%	12%	12%	12%	9%	11%
North America	10%	16%	11%	14%	15%	10%
Asia	67%	63%	66%	65%	69%	72%
Singapore	8%	9%	7%	6%	6%	8%
Taiwan	15%	11%	10%	12%	16%	17%
Korea	8%	5%	9%	12%	14%	12%
China (Note 1)	35%	36%	38%	34%	32%	33%
Other	1%	2%	1%	0%	1%	1%
Europe	10%	10%	11%	9%	7%	7%
Total	100%	100%	100%	100%	100%	100%

Note 1: Including sales to local factories of foreign manufacturers

These materials

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.

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