

FY2026

Second Quarter Financial Results

October 22, 2026

FY2026 2Q Earnings Results

Billions of Yen	FY2026	FY2026	QoQ		FY2025	YoY	
	2Q	1Q	Amount	(%)	2Q	Amount	(%)
Net Sales	142.8	114.3	28.4	24.9%	104.6	38.1	36.4%
Gross Profit	102.4	81.5	20.8	25.5%	72.7	29.6	40.7%
Gross Profit Margin	71.7%	71.3%	0.4p	-	69.5%	2.2p	-
SG&A	34.8	32.5	2.3	6.9%	28.4	6.4	22.6%
Operating Income	67.6	49.0	18.6	37.9%	44.4	23.2	52.3%
Ordinary Income	66.0	48.4	17.6	36.2%	45.5	20.5	45.2%
Ordinary Income Margin	46.2%	42.4%	3.8p	-	43.5%	2.7p	-
Income before income taxes and minority interests	65.3	48.4	16.9	35.0%	44.9	20.4	45.5%
Net Income	46.1	34.2	11.9	34.8%	32.1	14.0	43.5%

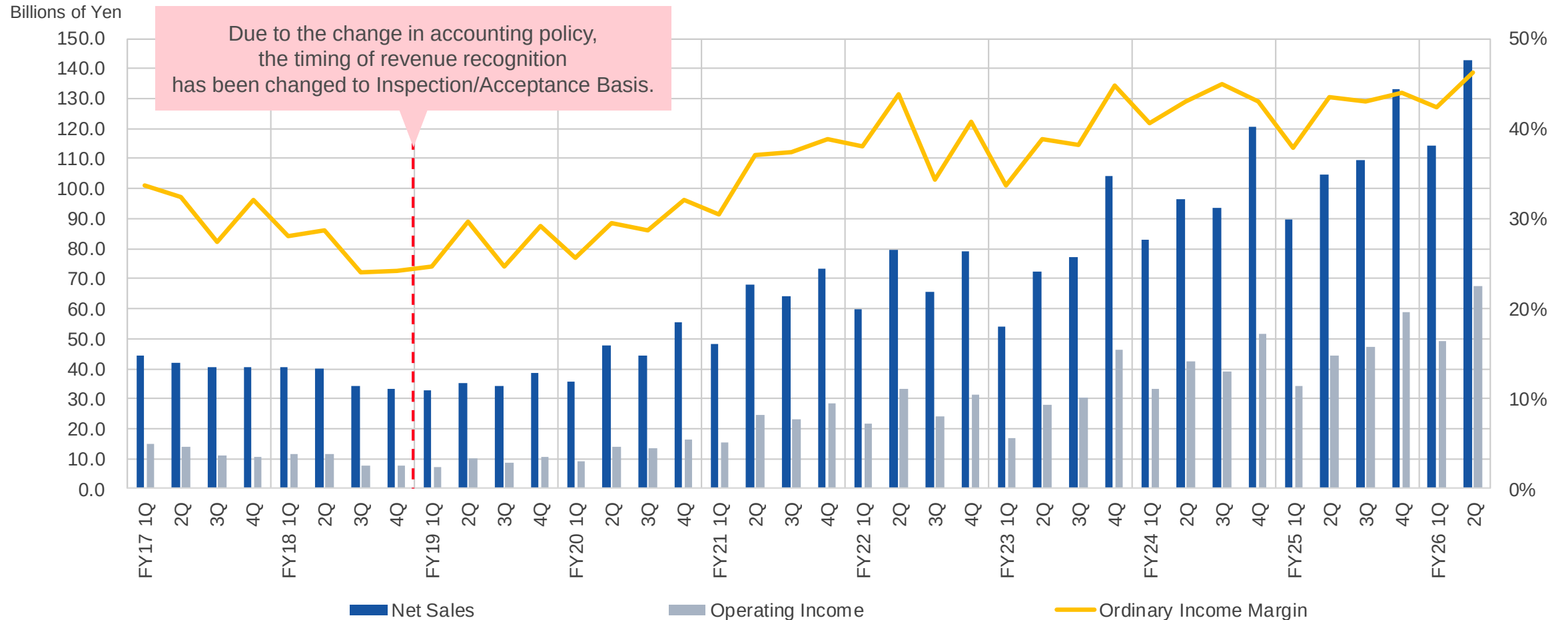
Net Sales: YoY increased due to progress in equipment inspection/acceptance and steady shipments of consumables.
 GP margin: YoY increased due to the favorable exchange rates and high-value-added products.
 SG&A: YoY increased due to personnel and R&D expenses.

FY2026 1H Earnings Results

Billions of Yen	FY2026 1H	FY2025 1H	YoY	
			Amount	(%)
Net Sales	257.1	194.5	62.5	32.1%
Gross Profit	183.9	134.0	49.9	37.2%
Gross Profit Margin	71.5%	68.9%	2.6p	-
SG&A	67.3	55.1	12.1	22.0%
Operating Income	116.6	78.9	37.8	47.9%
Ordinary Income	114.4	79.5	35.0	44.0%
Ordinary Income Margin	44.5%	40.8%	3.7p	-
Income before income taxes and minority interests	113.8	78.6	35.2	44.8%
Net Income	80.4	55.9	24.5	43.7%

Net Sales: Increased mainly due to an increase in shipments for generative AI and progress in equipment inspection/acceptance
 GP margin: Increased due to favorable exchange rates and high-value-added products, among other factors.
 SG&A: Increased mainly due to personnel and R&D expenses

Quarterly Financial Results



FY26 2Q Operating income margin 47.4%, Ordinary income margin 46.2%, Net income margin 32.3%

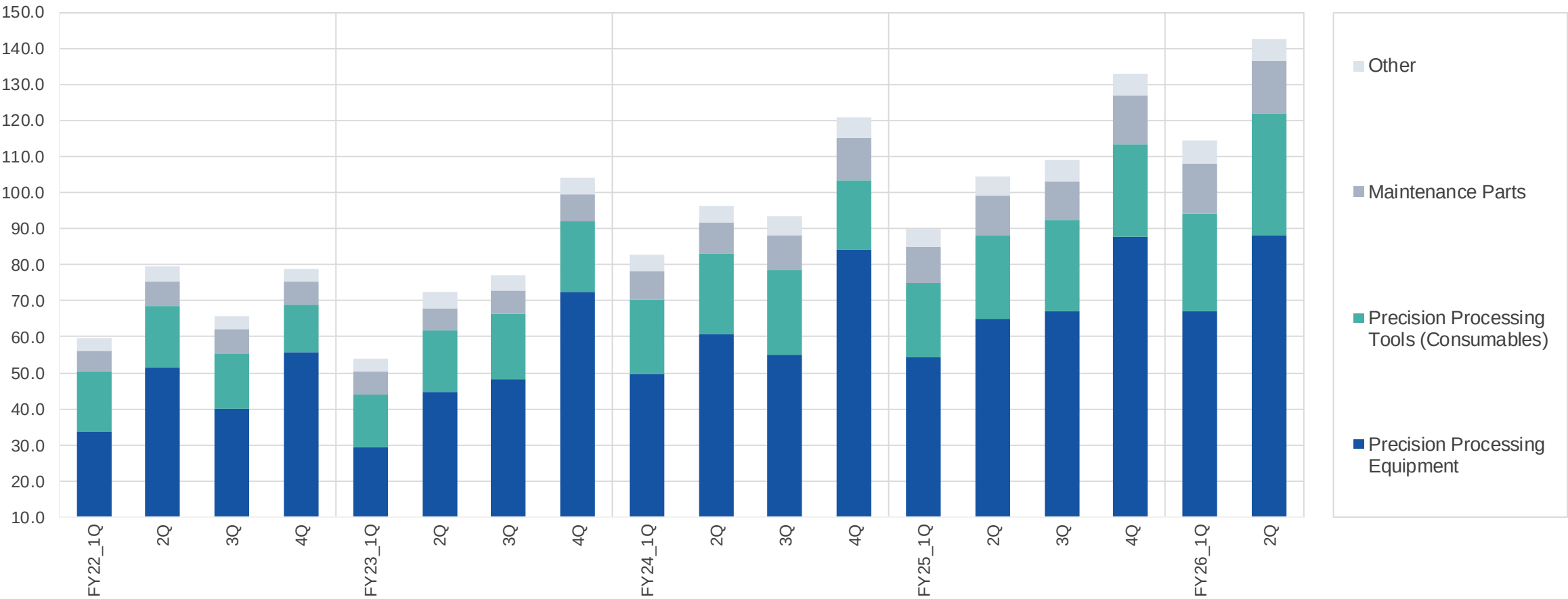
Note: Detailed data is available in the Consolidated Financial Information on DISCO's website.

Quarterly Sales Breakdown by Product

Inspection/Acceptance Basis



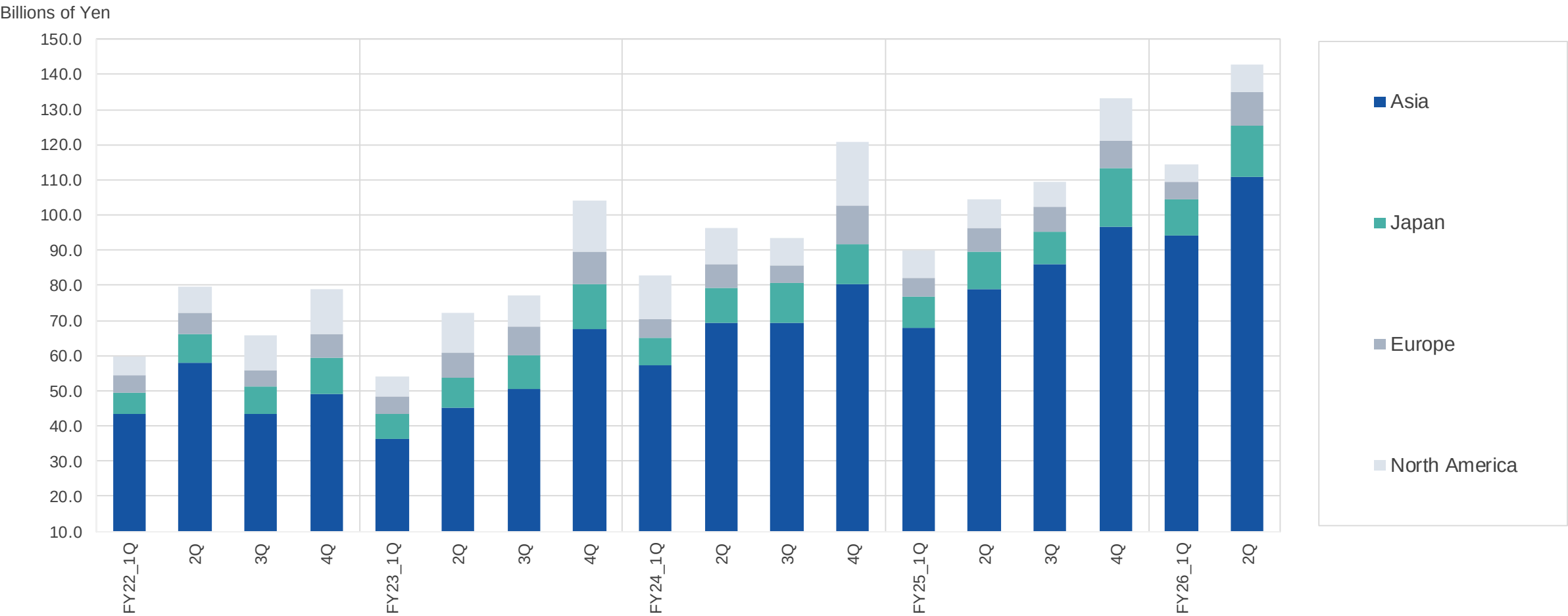
Billions of Yen



Note: Composition percentages are available in the “Consolidated Financial Information” on DISCO’s website.

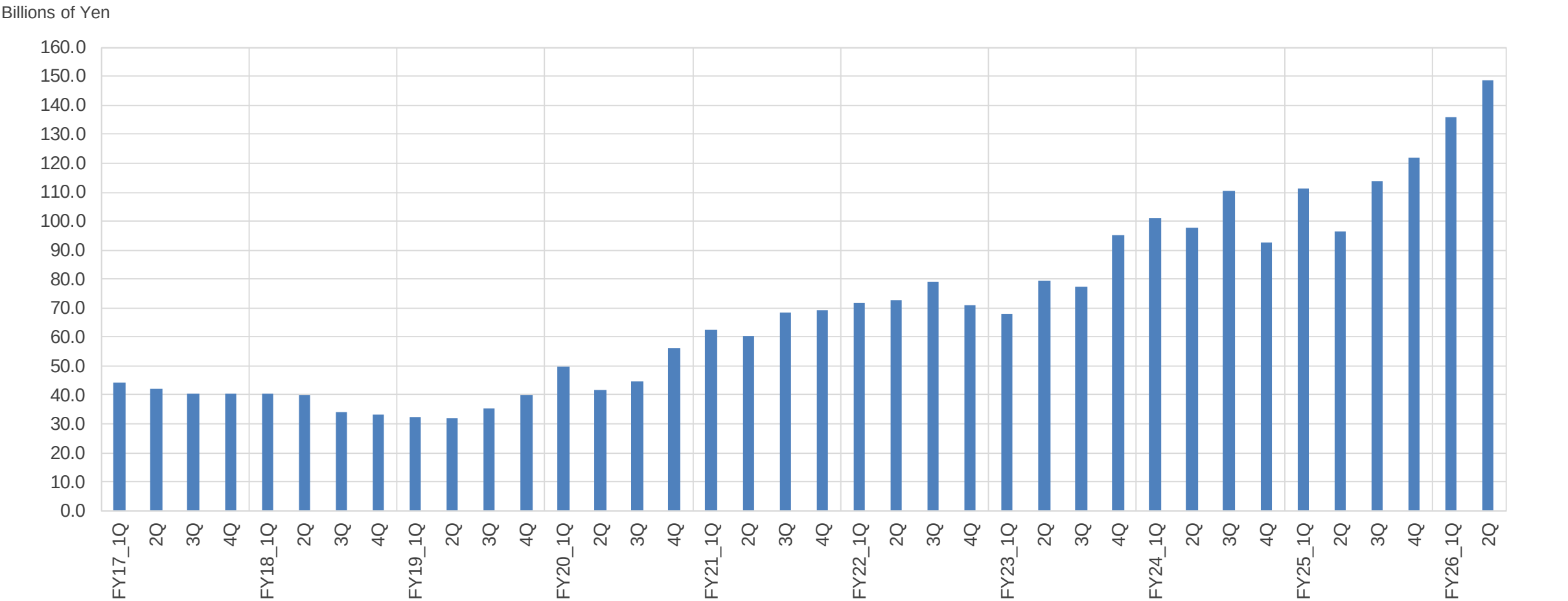
Quarterly Sales Breakdown by Region

Inspection/Acceptance Basis



FY26 2Q Overseas sales ratio: 89.7%

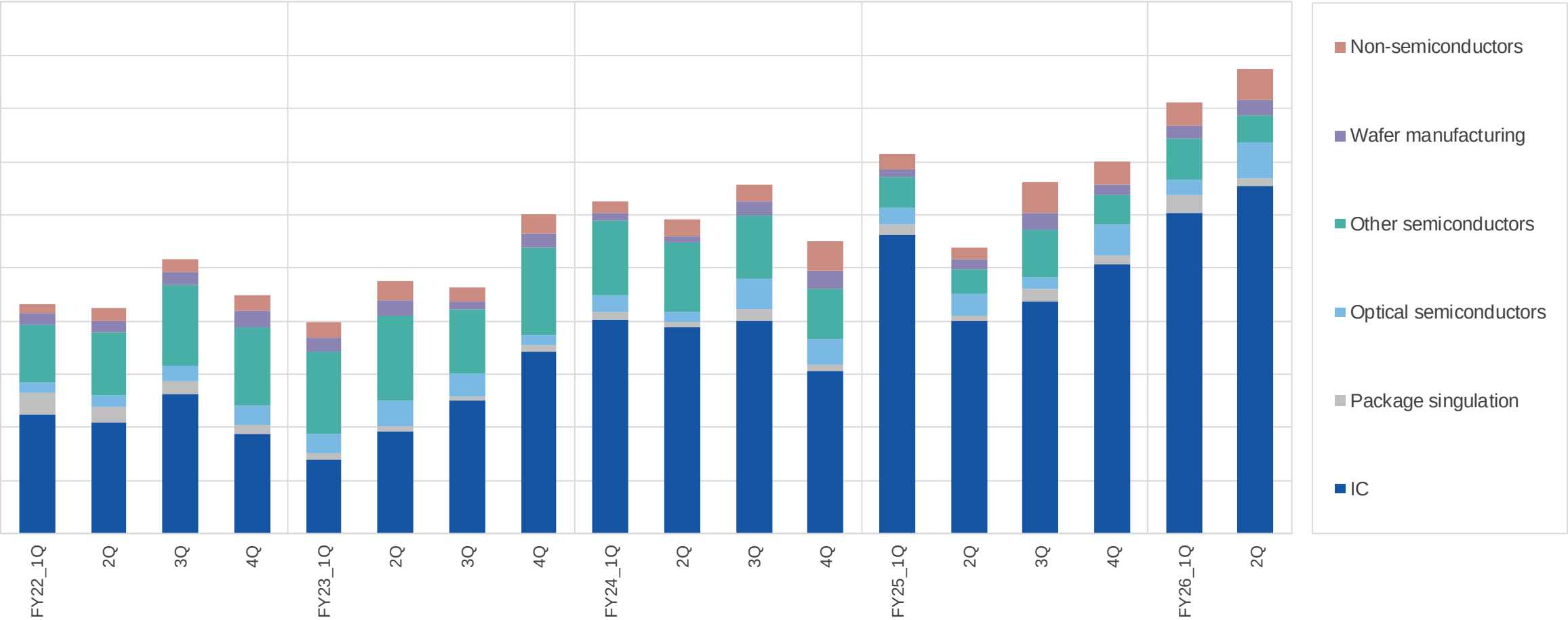
Quarterly Shipments



FY26 2Q Shipment value : 148.6 billion yen (record high)

Precision Processing Equipment: Sales by Application

Shipment Basis

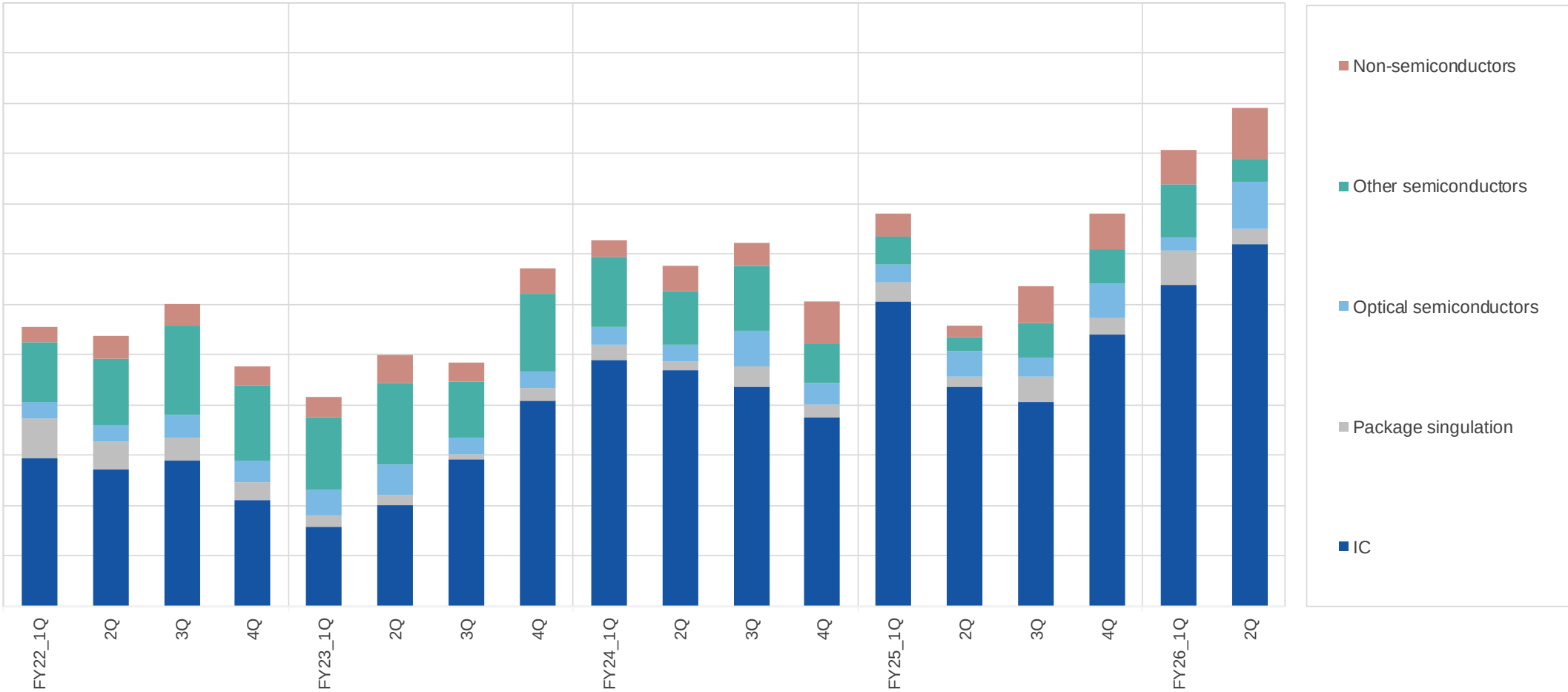


QoQ

In addition to IC-related applications, particularly those for generative AI, sales for optical semiconductors and optical components (non-semiconductors) related to CPO (Co-Packaged Optics) increased.

Dicer: Sales by Application

Shipment Basis

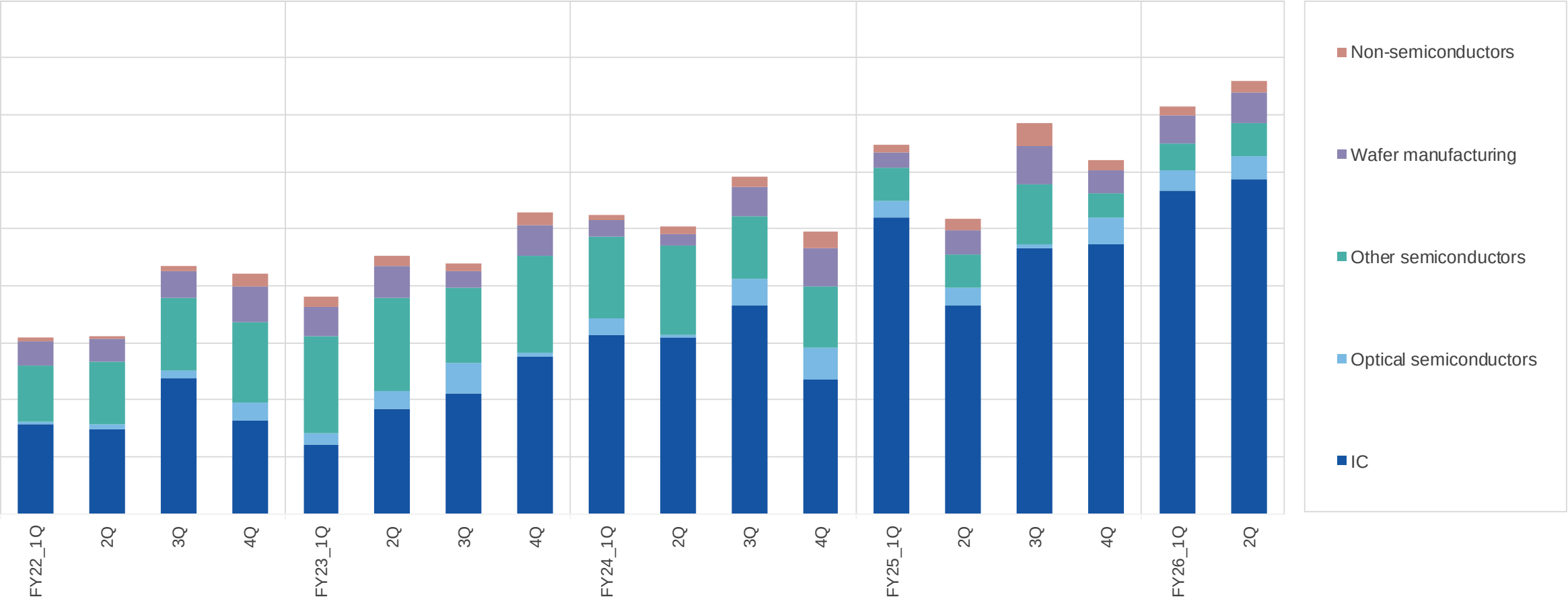


QoQ

In addition to IC-related applications, particularly those for generative AI, sales for optical semiconductors and optical components (non-semiconductors) related to CPO (Co-Packaged Optics) increased.

Grinder: Sales by Application

Shipment Basis

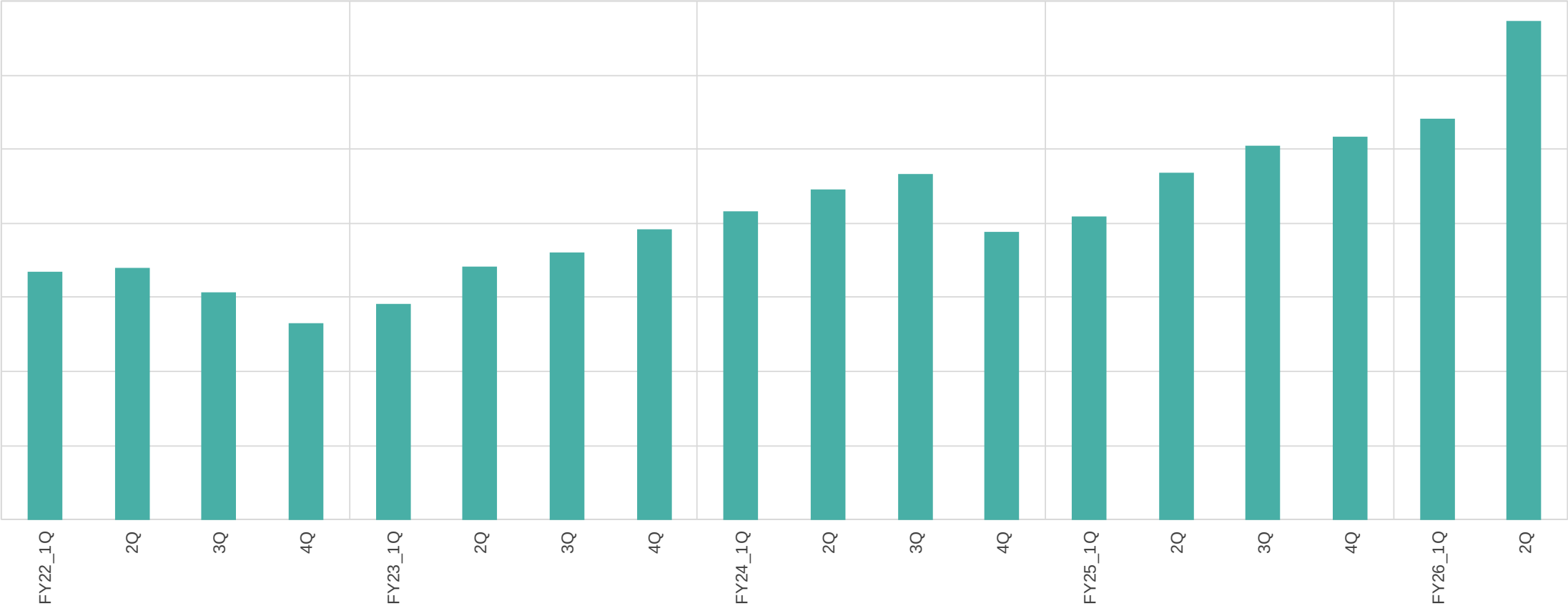


QoQ

Strong sales for IC-related applications, particularly those for generative AI, continued to drive overall grinder sales.

Precision Processing Tools Sales (Consumables)

Shipment Basis



Increased significantly compared with the previous quarter, reaching a record high, driven by factors including customers' equipment utilization rates.

Balance Sheet (Summary)

Billions of Yen	FY2026 2Q	FY2026 1Q	Amount
Cash and deposits	342.4	283.9	58.5
Notes and account receivable	57.8	58.6	-0.8
Inventories	160.8	153.0	7.9
Total current assets	572.8	503.4	69.3
Property, plant and equipment	226.9	223.9	3.0
Total noncurrent assets	251.8	247.7	4.1
Total assets	824.6	751.2	73.4
Current liabilities	194.6	167.5	27.0
Noncurrent liabilities	1.0	1.1	-0.1
Total liabilities	195.6	168.6	26.9
Total net assets	629.0	582.5	46.5
Total liabilities and net assets	824.6	751.2	73.4
Equity Ratio	76.1%	77.3%	-1.2p

Total assets: Cash and deposits increased, along with inventories, mainly due to an increase in raw materials.

Liabilities: Increased mainly due to accrued income taxes and contract liabilities (including those associated with payment upon shipment).

Net assets: Increased mainly due to higher retained earnings.

Cash Flow (Summary)

Billions of Yen	FY2026 1H	FY2025 1H	Amount
Net cash provided by (used in) operating activities	111.7	39.7	72.0
Income before income taxes and minority interests	113.8	78.6	35.2
Depreciation and amortization	7.8	7.0	0.8
Decrease (increase) in notes and accounts receivable-trade	-0.5	-9.4	8.9
Decrease (increase) in inventories	-19.5	0.8	-20.3
Increase (decrease) in notes and accounts payable-trade	9.0	-8.1	17.1
Income taxes (paid) refund	-23.1	-31.3	8.2
Others	24.3	2.2	22.0
Net cash provided by (used in) investing activities	-54.8	-15.3	-39.5
Purchase of property, plant and equipment	-12.9	-14.9	2.0
Others	-41.9	-0.4	-41.6
Free cash flow	56.9	24.4	32.5
Net cash provided by (used in) financing activities	-40.6	-31.2	-9.4
Cash dividends paid	-40.8	-31.3	-9.4
Net change in cash and cash equivalents	16.1	-6.3	22.3
Cash and cash equivalents at beginning of period	184.6	229.2	-44.6
Cash and cash equivalents at end of period	200.6	222.9	-22.3

- **Sales cash flow: approx. 111.7 B yen (increase)**
Increased mainly due to income before taxes
- **Investment cash flow: approx. JPY 54.8 B (decrease)**
Increase in time deposits and expenditures for the acquisition of tangible fixed assets
- **Free cash flow: approx. JPY 56.9 B (increase)**
- **Financial cash flow: approx. JPY 40.6 B (decrease)**
Decreased mainly due to dividend payout

→Cash balance as of the end of September:
approx. JPY 200.6 B

Earnings Forecast 3Q FY2026



Billions of Yen

Forecast

	FY25 1Q	2Q	3Q	4Q	FY26 1Q	2Q	3Q
Net Sales	89.9	104.6	109.3	133.1	114.3	142.8	132.4
Operating Income	34.5	44.4	47.3	58.8	49.0	67.6	58.1
Ordinary Income	34.0	45.5	47.0	58.5	48.4	66.0	59.0
Net Income	23.8	32.1	36.7	42.9	34.2	46.1	41.5
Operating Income Margin	38.3%	42.4%	43.3%	44.2%	42.9%	47.4%	43.9%
Ordinary Income Margin	37.8%	43.5%	43.0%	44.0%	42.4%	46.2%	44.6%
Net Income Margin	26.4%	30.7%	33.6%	32.2%	29.9%	32.3%	31.3%
Shipment Figures	111.1	96.3	113.6	121.6	135.9	148.6	149.6

*Rounded to the nearest 100 million yen

Assumed exchange rate for 3Q (October-December):
Currency sensitivity (annualized) US dollar:

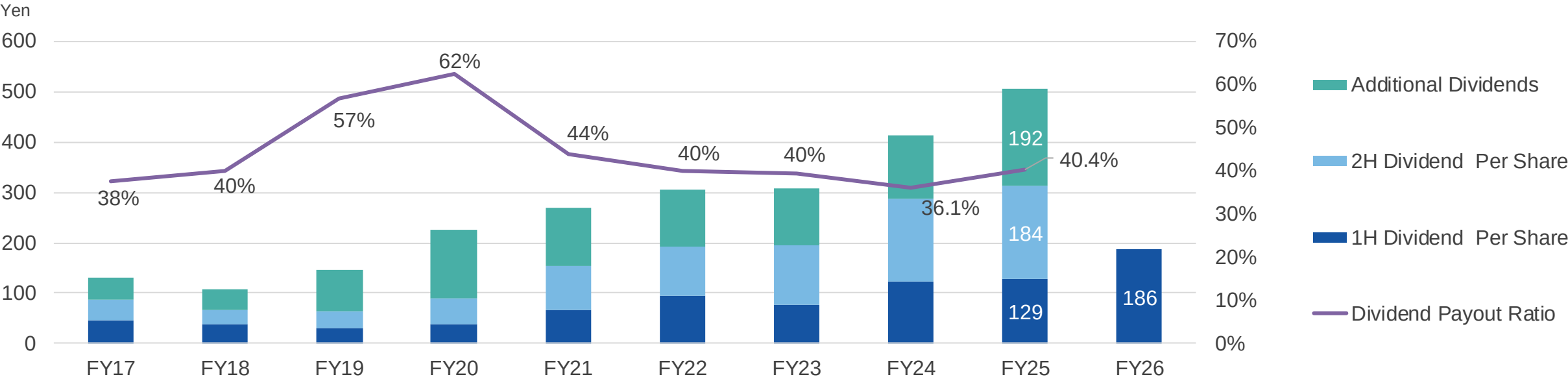
1 US dollar = 151 yen, 1 euro = 173 yen
Approx. 2.1 billion yen, Euro: Approx. 0.1 billion yen

Dividend Policy and Dividend Payments

Dividend Policy

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-year 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. The ¥20 payout stipulated in our stable dividend policy may be reviewed if there are consolidated net losses for three consecutive years.
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*, one-third of that surplus will be added to dividends.

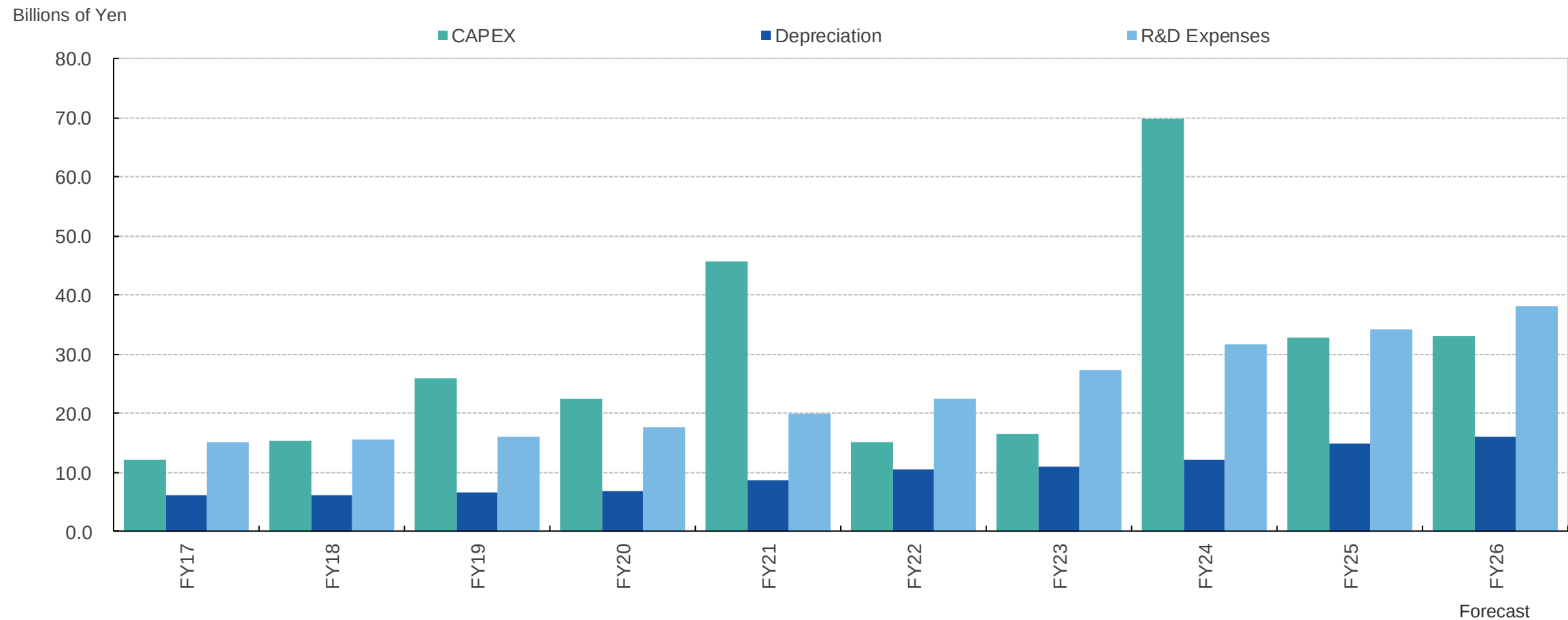
*Including funds for technology acquisition, such as through patent purchases and investments in venture businesses, facility expansion, the retirement of interest-bearing debt, and other purposes



FY26 Interim (actual) : 186 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



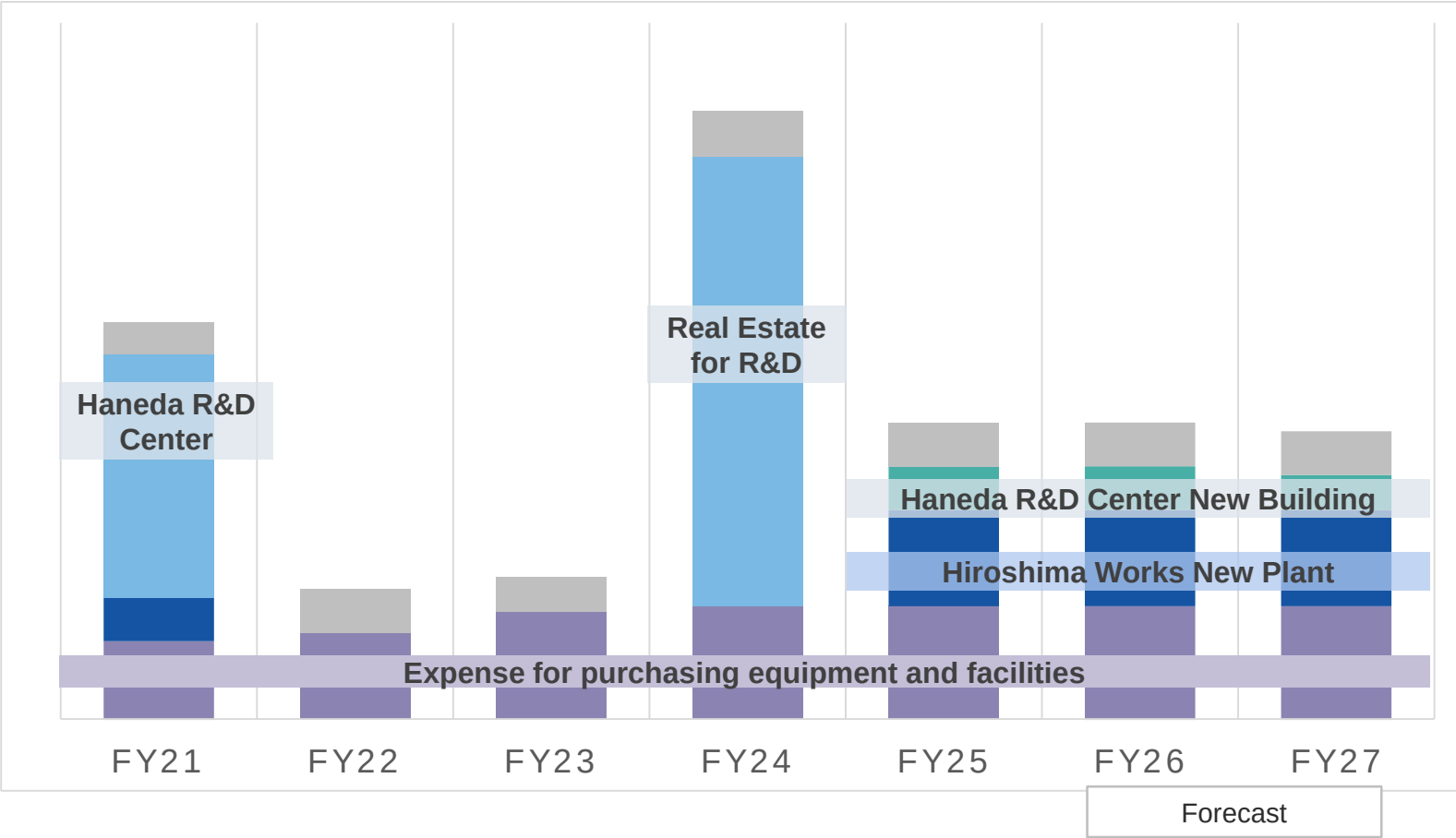
FY26
Forecast

CAPEX: Approx. 33.0 billion yen;
 including rationalization investment, reconstruction of the Haneda R&D Center, and construction of a new plant.

Depreciation: Approx. 16.0 billion yen

R&D Expenses: Approx. 38.0 billion yen; proactive research and development continues.

Breakdown of CAPEX



Haneda R&D Center new building:
Hiroshima Works new plant:

Approx. 14 billion yen
Approx. 33 billion yen

Payment timing: FY25~27
Payment timing: FY25~27

Sales Forecast By Product

Shipment Basis

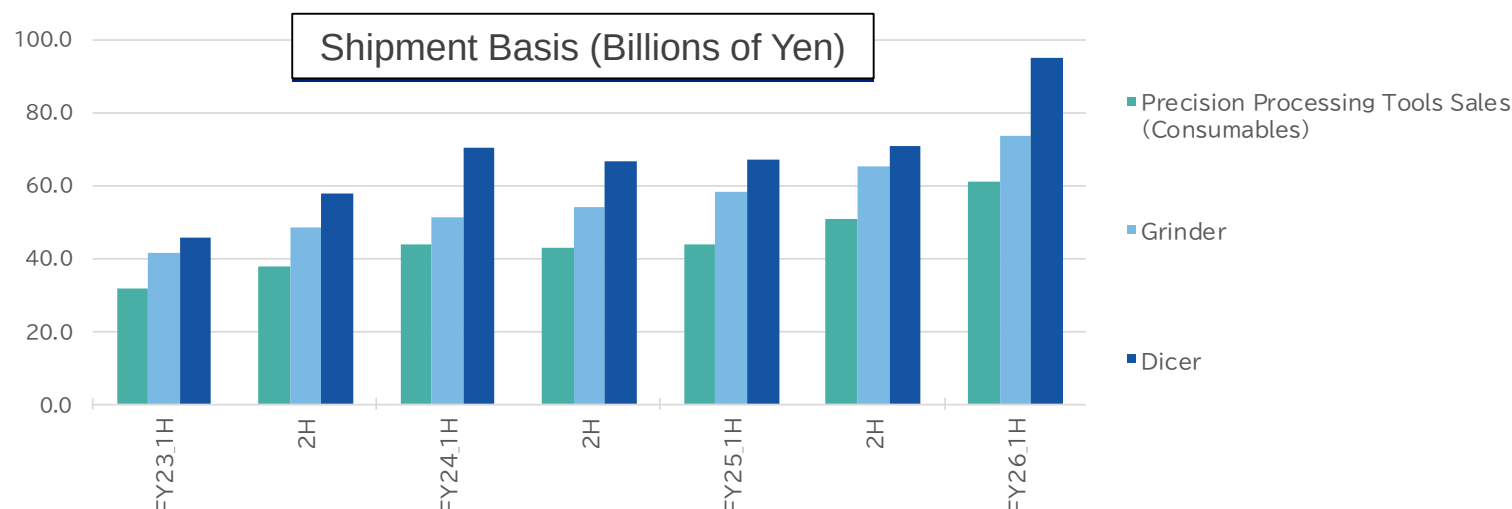


Product		Forecast FY26 3Q (QoQ)
	Blade dicers	-5%
	Laser Saws	0%
	Dicers	Slight decrease
	Grinders	10%
	Accessory Equipment	10%
Precision Processing Equipment		5%
Precision Processing Tools (Consumables)		-5%
Others		-10%

DISCO Business Environment and Operations: FY2026 1H Summary

■ Shipment trends: First-half shipment value reached a record high (up approx. 40% YoY)

- Shipments of both dicers and grinders increased, driven mainly by demand for generative AI.
- Plants remained busy as the company continued to meet strong demand for equipment and consumables.



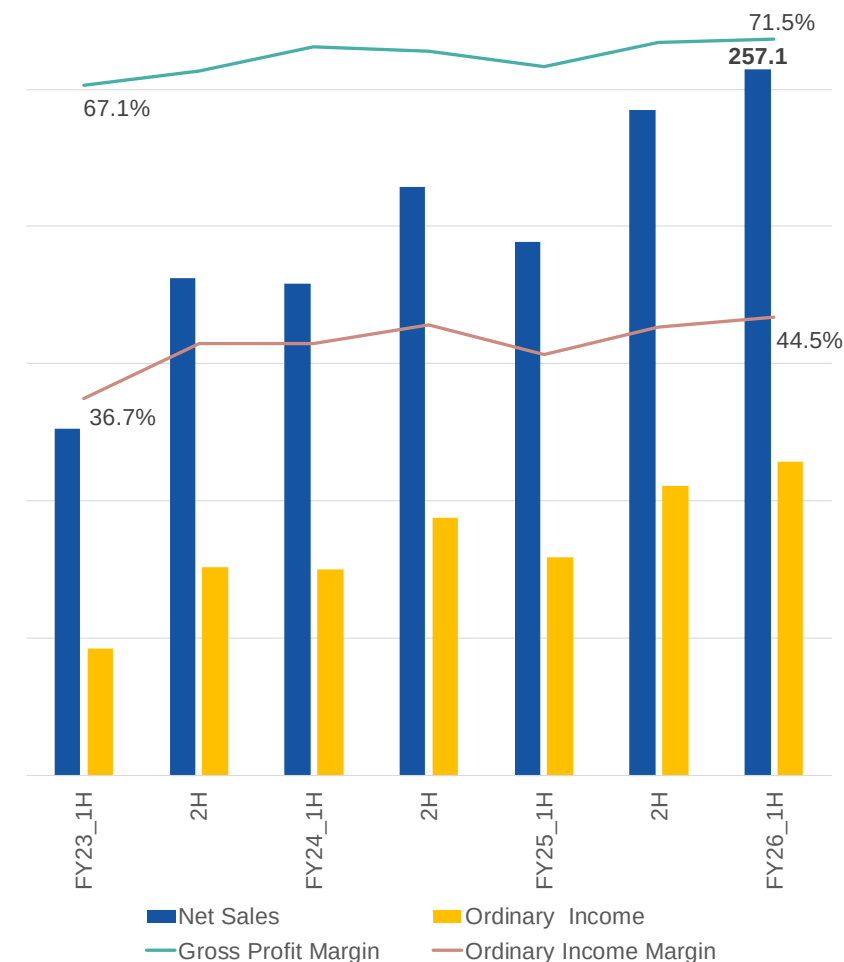
■ Financial performance: Profitability improved further, reaching a record high

- In addition to favorable exchange rates, an increase in the GP margin, particularly for precision processing tools, contributed to improved profitability.

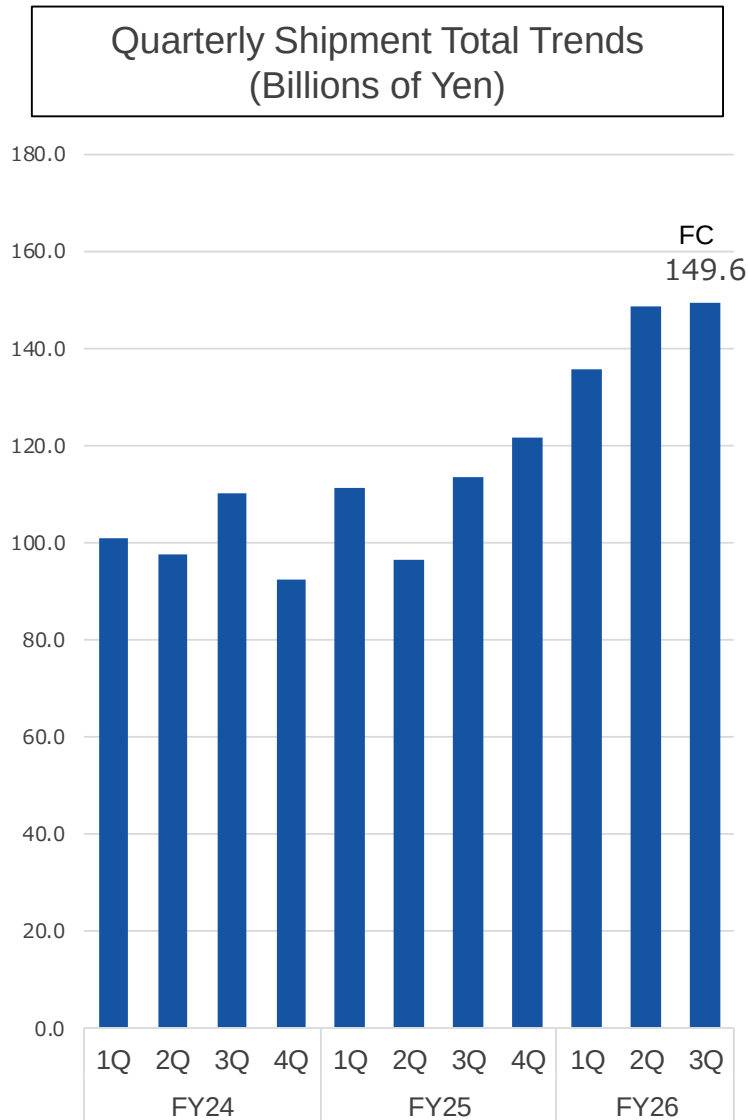
■ Interim dividend: Increased in line with financial performance

Current: 186 yen (previous year: 129 yen)

Business Performance Trend (acceptance basis)
(Billions of Yen)



Forecast for FY2026



- **Strong demand for generative AI continues to drive growth in equipment and consumable shipments**
- **Demand for KKM expands as semiconductor packaging technologies evolve**
Increased processing volumes, greater processing complexity, and a wider range of processing applications present medium- to long-term growth opportunities.
- **Steadily strengthening production capacity under our Fab-Important strategy**
Continuing to evolve the production system through multifaceted initiatives, including capital investment, production support, efficiency improvements, and in-house production.
- **Continuing to cultivate a strong corporate culture to strengthen the company**
Continuing initiatives such as implementing DISCO VALUES, Will Accounting, and PIM activities to enhance organizational competitiveness.

Product, Application, Region Composition

Product Shipment Basis			
FY26 2Q			
	Composition	QoQ	YoY
Precision Processing Equipment	63%	8%	66%
Dicers	33%	9%	77%
Blade Dicers	18%	16%	67%
Laser Saw s	15%	2%	91%
Grinders	26%	6%	47%
Accessory Equipment	4%	4%	149%
Precision Processing Tools	23%	24%	45%
Others	14%	-2%	26%
Total	100%	9%	54%

Application Shipment Basis	
FY26 2Q	
Dicers	Composition
IC	73%
Package singulation	3%
Optical semiconductors	10%
Other semiconductors	5%
Non-semiconductors	10%
Grinders	Composition
IC	77%
Optical semiconductors	5%
Other semiconductors	8%
Wafer manufacturing	7%
Non-semiconductors	3%

Region Inspection/Acceptance Basis	
FY26 2Q	
Region	Composition
Japan	10%
North America	5%
Asia	78%
Singapore	8%
Taiwan	26%
Korea	11%
China (Note 1)	31%
Other	2%
Europe	7%
Total	100%
Note 1: Including sales to local factories of foreign manufacturers	

To Investors Considering Purchasing DISCO Shares

DISCO believes that striving to increase Mission-achievability connects to increase in our Value-exchangeability and competitiveness, and enables us to respond to the expectations of all capital-market stakeholders.

- ✓ Pursuing Quality of Business
- ✓ Utilization of Tangible Net Worth and Purpose
- ✓ Shareholder Return Policy
- ✓ Action to Implement Management that is Conscious of Cost of Capital and Stock Price

[Click here](#) for more details on our policy regarding the above

These materials

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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.

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