FY2026
Second Quarter Financial Results

October 22, 2026

DISCO CORPORATION

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FY2026 2Q Earnings Results

Billions of Yen	FY2026 2Q	FY2026 1Q	QoQ Amount	QoQ (%)	FY2025 2Q	YoY Amount	YoY (%)
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.

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These are the earnings results of the July to September quarter.

Revenue remained at a high level and reached a quarterly record, driven by progress in equipment inspection/acceptance and steady shipments of consumables.

However, as net sales are not directly linked to the customer's investment appetite in capital, and equipment inspection/acceptance is easily influenced, please refer to "Quarterly Shipments" to assess the customer's investment appetite.

Note: Due to a change in accounting policy from FY2019 (April 2019), sales for equipment products are recorded when the equipment is inspected/accepted by the customer (changed to an inspection/acceptance basis).

July to September Performance Summary

Net sales: 142.8 billion yen

Gross profit margin: 71.7%

SG&A expenses: 34.8 billion yen

Operating income: 67.6 billion yen

Exchange Rates

This quarter (July to September): USD 159.4 yen, EUR 183.0 yen

Previous quarter (April to June): USD 160.4 yen, EUR 186.0 yen

Same period last year (July to September): USD 148.4 yen, EUR 172.2 yen

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

FY2026 1H Earnings Results

Billions of Yen	FY2026 1H	FY2025 1H	YoY Amount	YoY (%)
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

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This is an overview of the earnings in the first half of FY2026.

In the first half of FY2026, revenue remained at a high level, driven by increased equipment shipments, particularly for generative AI-related applications, and progress in equipment inspection/acceptance.

Profitability was exceptionally high, with the GP margin reaching a very high level due to favorable exchange rates and contributions from high-value-added products.

In addition, SG&A increased mainly due to personnel and R&D expenses, but due to an increase in income and the high GP margin, the ordinary income margin remained high at the 44.5% mark.

As the net sales is not directly linked to the customer's investment appetite in capital, and equipment inspection/acceptance is easily influenced, please refer to "Quarterly Shipments" to assess the customer's investment appetite.

FY2026 1H performance

Net sales: 257.1 billion yen

Gross profit margin: 71.5%

SG&A: 67.3 billion yen

Ordinary income: 114.4 billion yen

Ordinary income margin: 44.5%

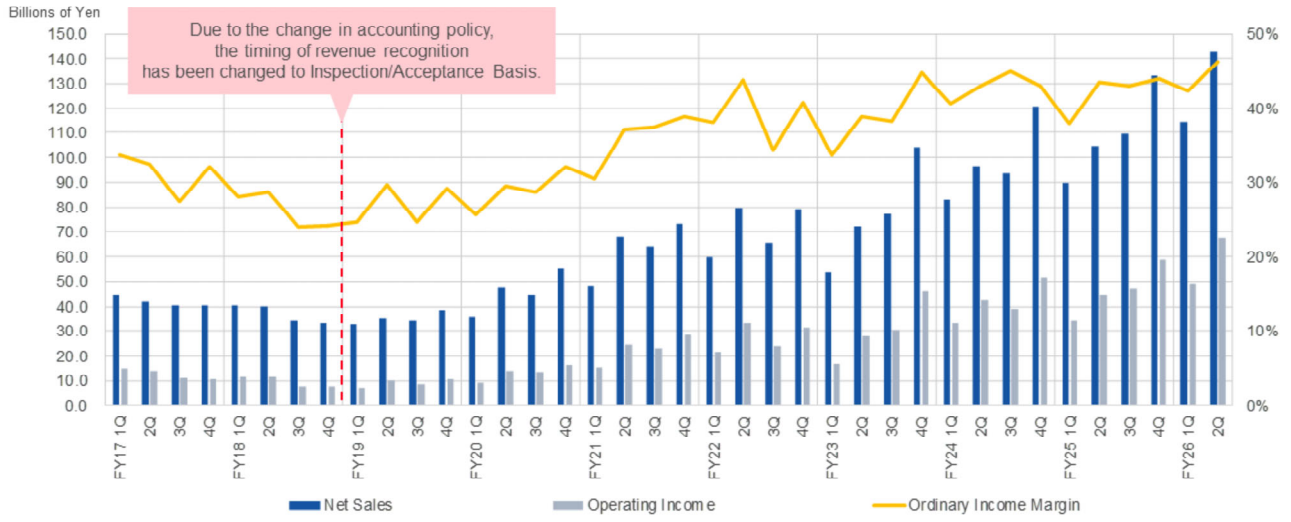
Note: Revenue, operating profit, ordinary profit, and net profit all reached record highs for a half-year period.

Exchange rate

FY2026 1H USD: 159.9 yen, EUR: 184.5 yen

FY2025 1H USD: 146.3 yen, EUR: 168.8 yen

Quarterly Financial Results

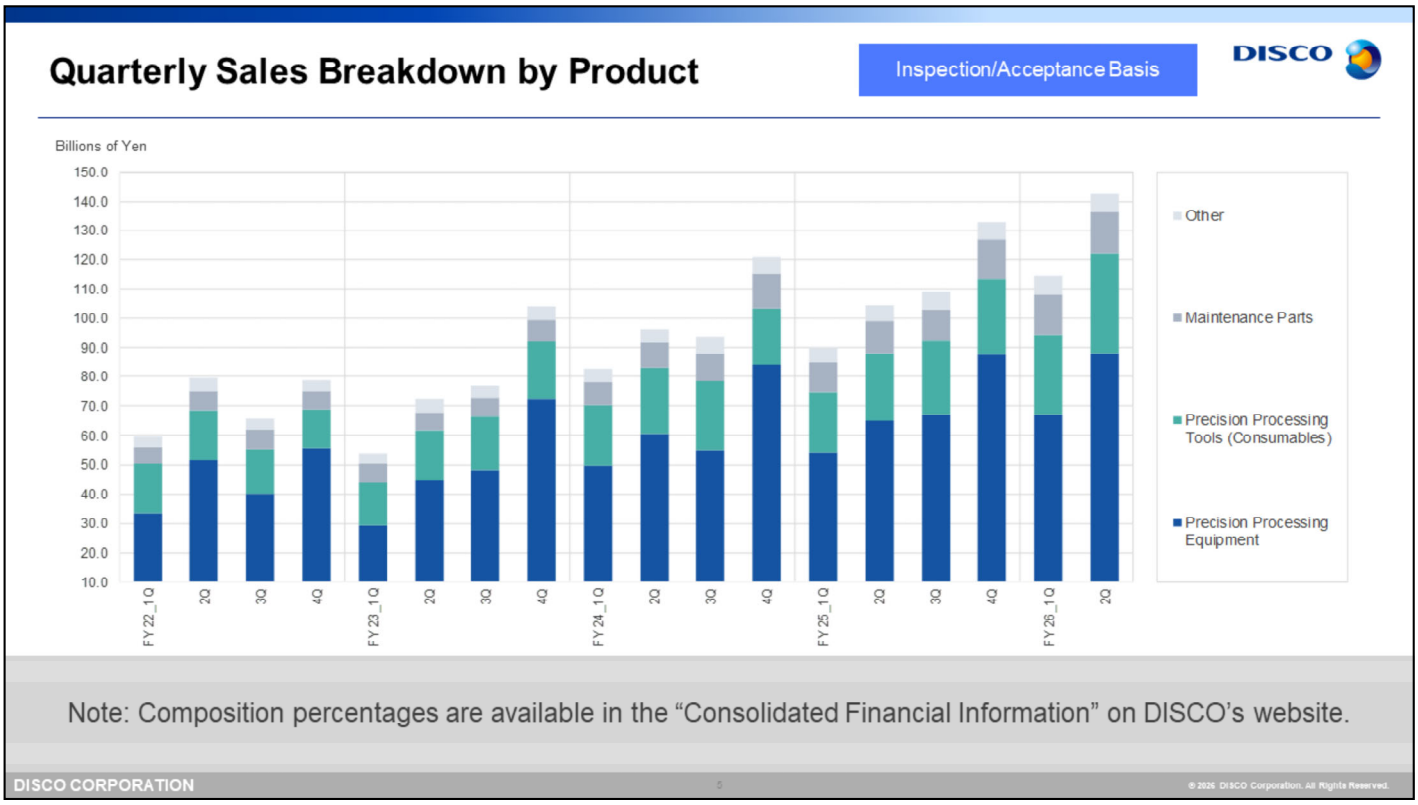


FY26 2Q Operating income margin 47.4%, Ordinary income margin 46.2%, Net income margin 32.3%
Note: Detailed data is available in the Consolidated Financial Information on DISCO's website.

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This is the trend of the quarterly financial results.

Detailed data is available in the Consolidated Financial Information (Excel format) on DISCO's website.

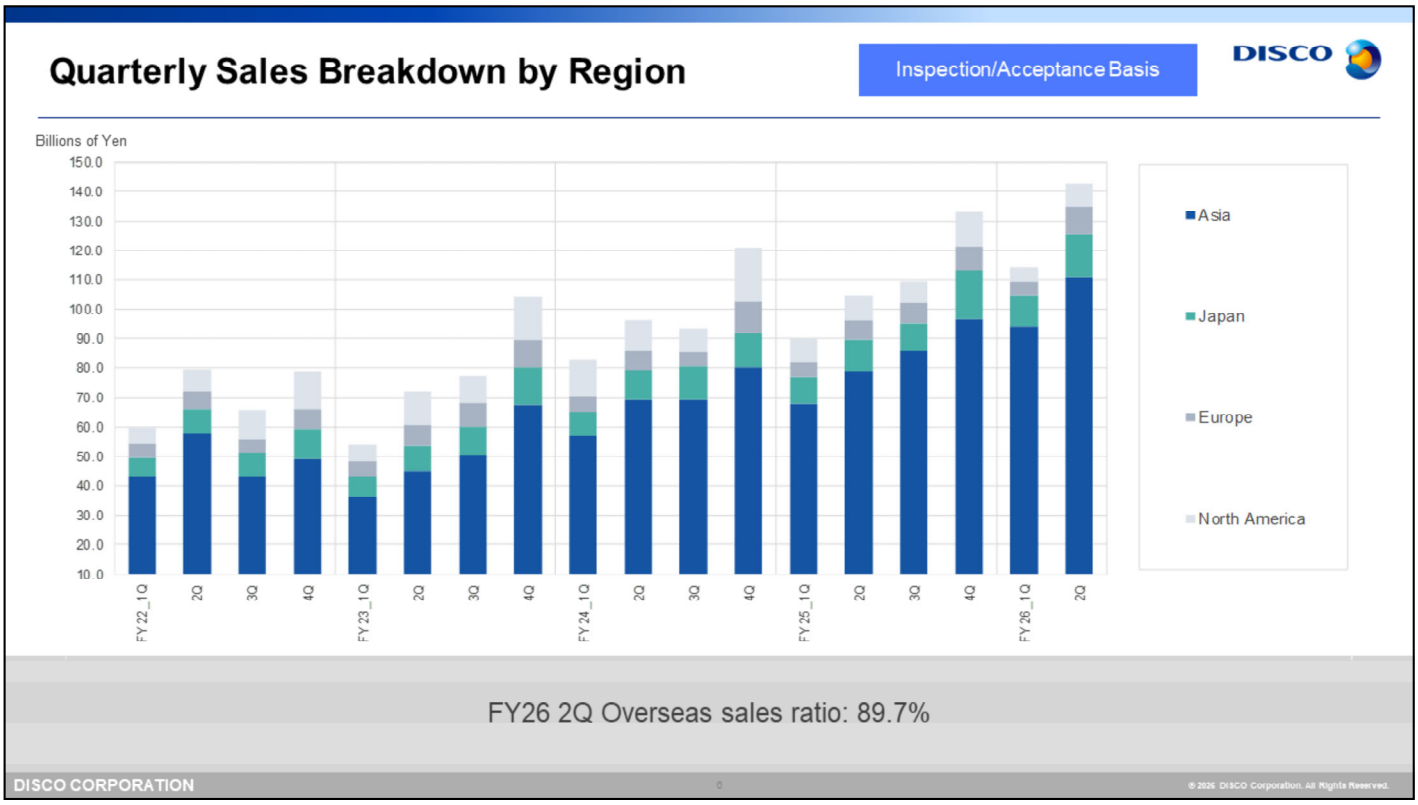


This is the trend of the quarterly sales breakdown by product.

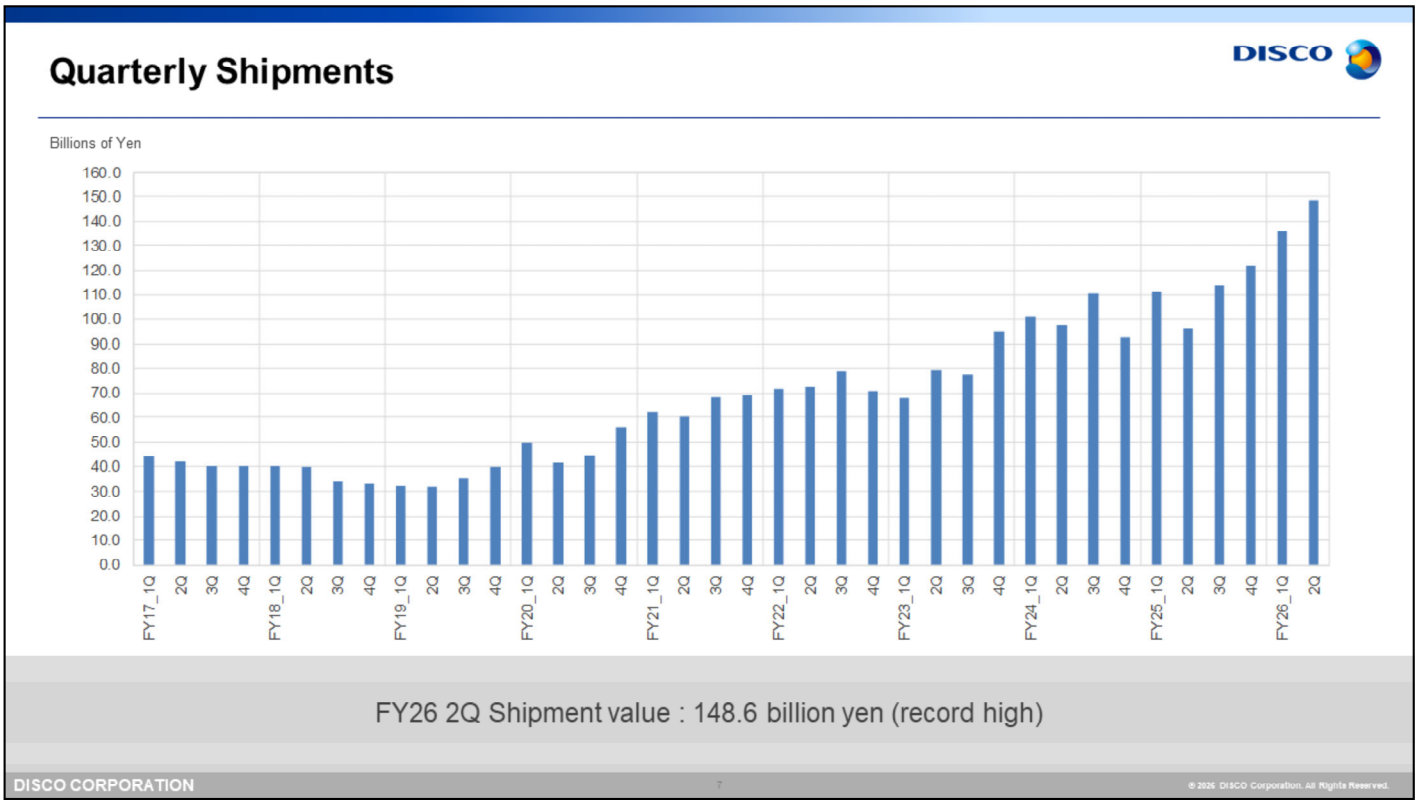
The detailed composition ratio is available in the Consolidated Financial Information (Excel format) on DISCO's website.

Note: Due to a change in accounting policy from FY2019 (April 2019), sales for equipment products are recorded when the equipment is inspected/accepted by the customer (changed to an inspection/acceptance basis).

For other product groups such as Precision Processing Tools and Maintenance Parts, sales are recorded at the same timing as before.



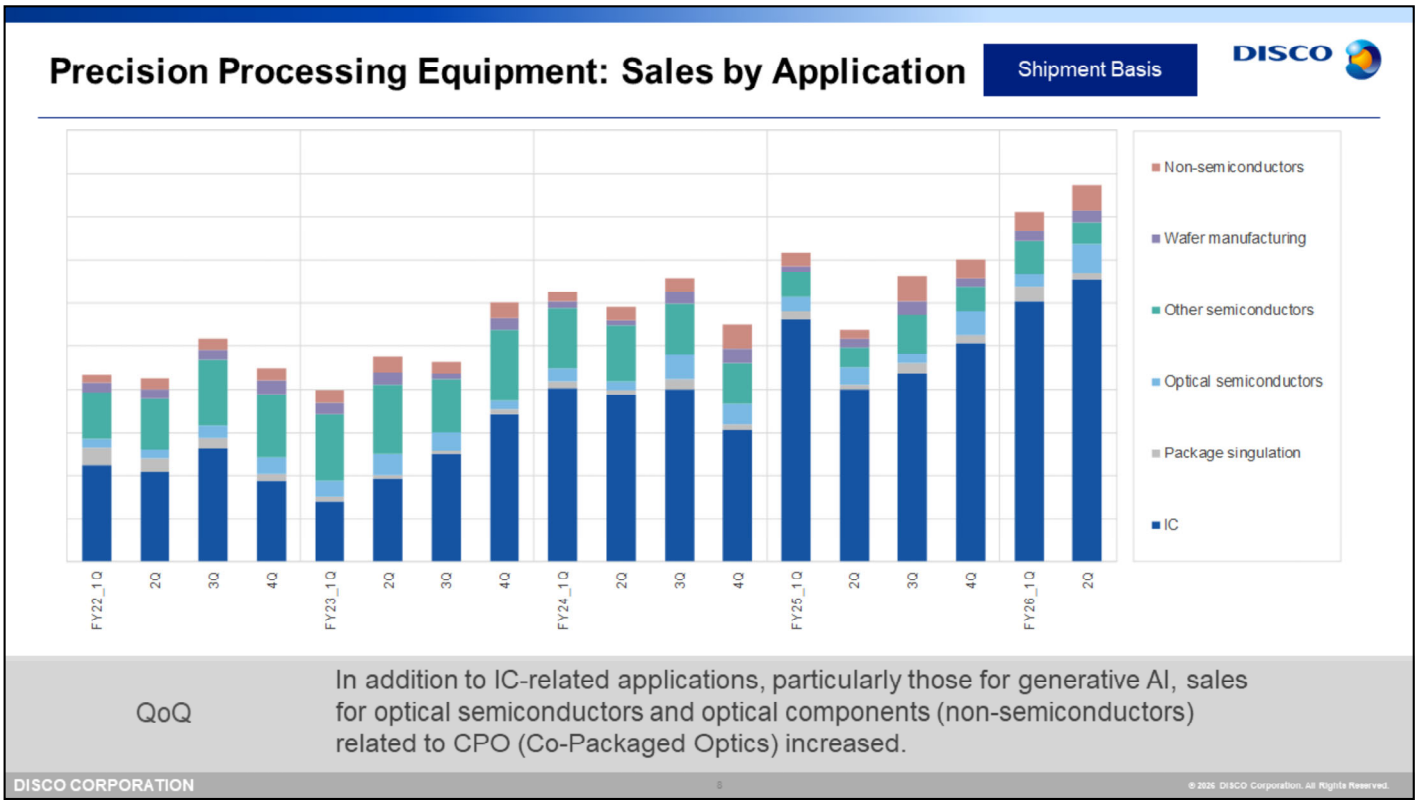
This is the trend of the sales breakdown by region, for your reference.



This is the quarterly trend in shipment value, which is closely linked to market trends.

The shipment value for the July to September quarter was 148.6 billion yen.

Quarterly shipment value reached a record high, driven by increased equipment shipments for generative AI-related applications, where demand remained strong, as well as increased shipments of precision processing tools (consumables), reflecting factors such as customers' equipment utilization rates.



This graph shows the sales for all precision processing equipment sales (blade dicers, laser saws, grinders, etc.*) categorized by application on a shipment basis.

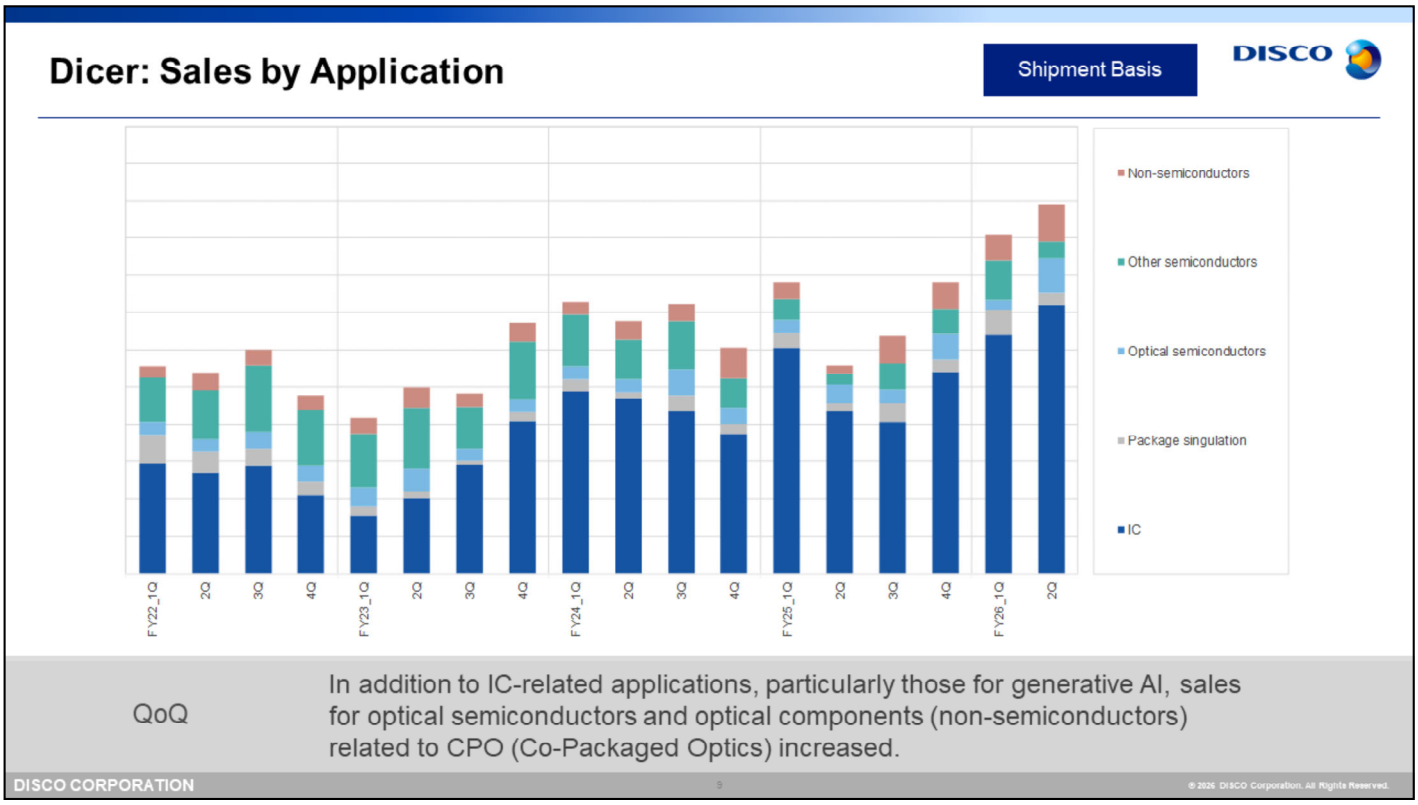
*Excludes accessory equipment that are difficult to classify by application.

July to September (QoQ)

IC: Sales for memory increased mainly for HBM used in generative AI, while sales for logic remained at a high level, mainly for generative AI.

Optical semiconductors: Sales for applications such as semiconductor lasers increased in line with growing demand for CPO.

Non-Semiconductors: Sales for applications such as optical components increased in line with growing demand for CPO.



From among the precision processing equipment, this graph shows the sales for dicers (blade dicers, laser saws) categorized by application on a shipment basis.

July to September (QoQ)

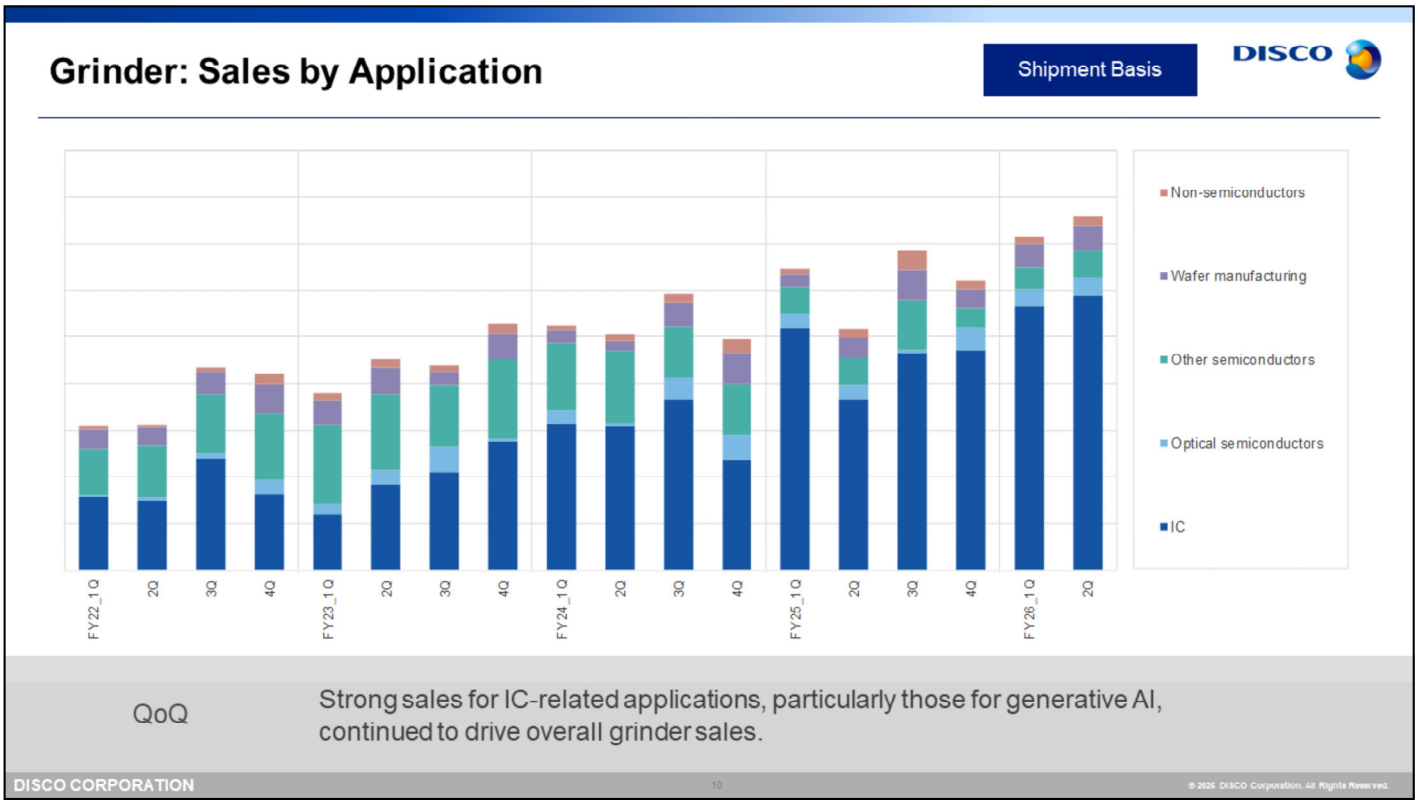
IC: Sales for both memory and logic applications remained at high levels, driven mainly by demand for generative AI-related applications.

Optical semiconductors: Sales for applications such as semiconductor lasers increased in line with growing demand for CPO.

Other semiconductors: Sales for power semiconductor applications decreased, partly due to the high level recorded in the previous quarter.

Non-Semiconductors: Sales for applications such as optical components increased in line with growing demand for CPO.

Detailed data on the composition ratios and increase/decrease rates by application are mentioned in the latter half of the document.



From among the precision processing equipment, this graph shows the sales for grinders categorized by application on a shipment basis.

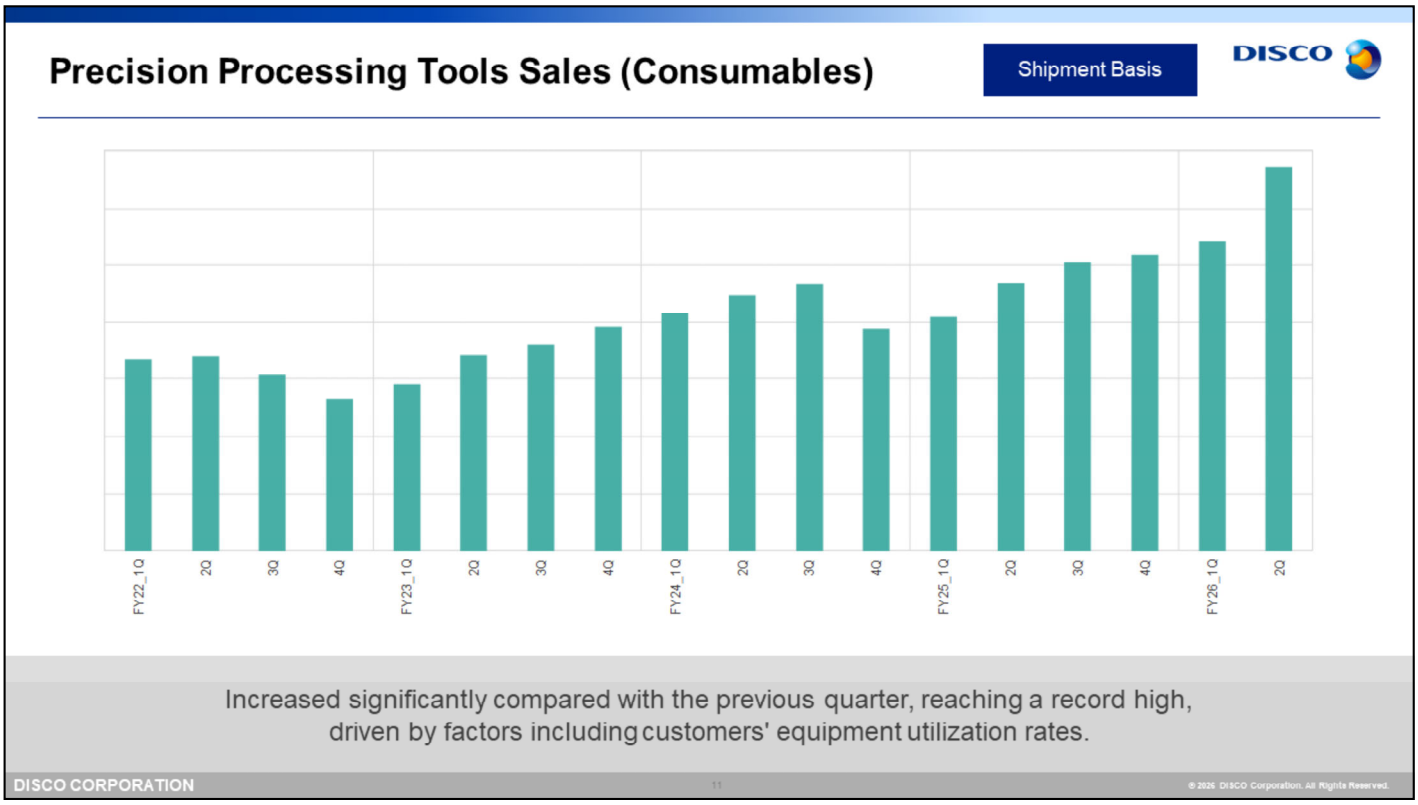
July to September (QoQ)

IC: Sales for both memory and logic applications remained at high levels, driven mainly by demand for generative AI-related applications.

Other Semiconductors: Sales for power semiconductor applications increased.

Material wafers: Sales to wafer manufacturers increased, particularly in China.

Detailed data on the composition ratios and increase/decrease rates by application are mentioned in the latter half of the document.



This shows the sales trends for precision processing tools (consumables). (Revenue recognized at the time of shipment.)

Shipments increased significantly compared with the previous quarter and reached a record high, driven by strong demand reflecting factors such as customers' high equipment utilization rates.
We continue to closely monitor customers' equipment utilization rates and demand trends for end products.

Exchange rate

This quarter (July to September) USD: 159.4 yen, EUR: 183.0 yen

Last quarter (April to June) USD: 160.4 yen, EUR: 186.0 yen

Last year (July to September) USD: 148.4 yen, EUR: 172.2 yen

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.

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The balance sheet compares amounts at the end of September and the end of June.
Points to note are as stated on the slide.
Please refer to the Financial Results for detailed data.

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

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This is an excerpt from the cash flow.

Cash inflows from operating activities increased significantly, and despite expenditures for capital investments and time deposits, free cash flow increased substantially compared with the same period of the previous year.

As time deposits are not included in cash equivalents, the actual cash balance, including time deposits (cash and deposits balance), was approximately 342.4 billion yen as of the end of September.

Dividends paid from surplus funds, which are calculated at the end of the fiscal year, are determined based on "Cash and deposits" on the balance sheet, rather than "Cash and cash equivalents" on the statement of cash flow. For further details on cash flow, please refer to “Consolidated Financial Results for the Second Quarter of Fiscal Year 2026.”

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): 1 US dollar = 151 yen, 1 euro = 173 yen
Currency sensitivity (annualized) US dollar: Approx. 2.1 billion yen, Euro: Approx. 0.1 billion yen

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This is the earnings forecast. The drastic and rapid fluctuations in customer willingness to invest make it difficult to predict demand in the semiconductor and electronic components industries. For this reason, DISCO business forecasts have only been disclosed for one upcoming quarter from 2018. As sales for equipment products are recorded when the equipment is inspected/accepted by the customer, the financial results will change depending on the timing of inspection/acceptance by the customer.

We are disclosing our earnings forecast for the October–December quarter.
Although we expect revenue to decrease slightly compared with the previous quarter due to our assumption of a stronger yen and the difficulty of predicting equipment inspection/acceptance timing, with shipments expected to remain at high levels, we anticipate continued strong financial performance and high profit margins.

As for shipment value, which reflects market trends, we currently expect a slight increase compared with the previous quarter, based on our assumption of a stronger yen.
Demand for generative AI-related applications remains strong, and equipment shipments are expected to remain steady. Our plants continue to operate at high capacity.

The foreign exchange sensitivity (annualized) is as shown on the slide.

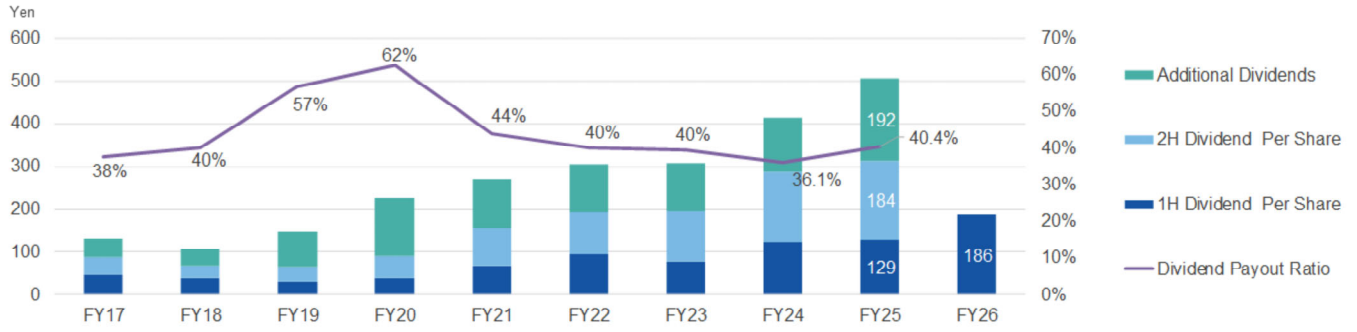
Exchange rate
Assumed (October to December) USD: 151.0 yen, EUR: 173.0 yen
Last quarter (July to September) USD: 159.4 yen, EUR: 183.0 yen
Last year (October to December) USD: 155.7 yen, EUR: 181.4 yen

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)

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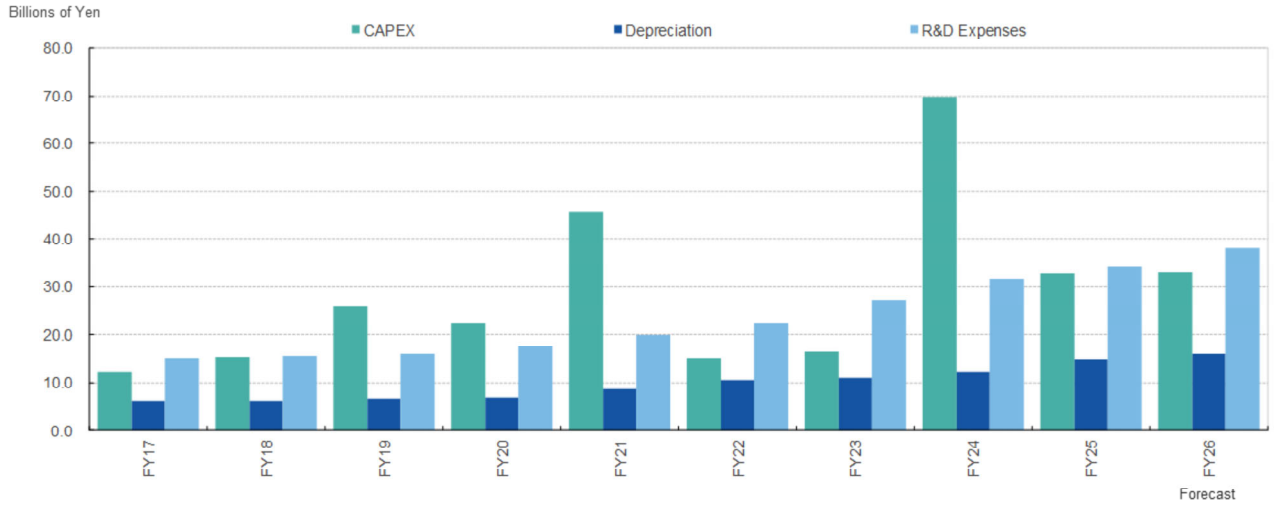
This is the dividend forecast.

The interim dividend is calculated based on a payout ratio of 25%, reflecting the financial results for the first half of the fiscal year.

The year-end dividend is undecided at this time.

*The dividend trend before FY2022 has been represented under the assumption that the applicable stock split has been done.

R&D/CAPEX Forecast

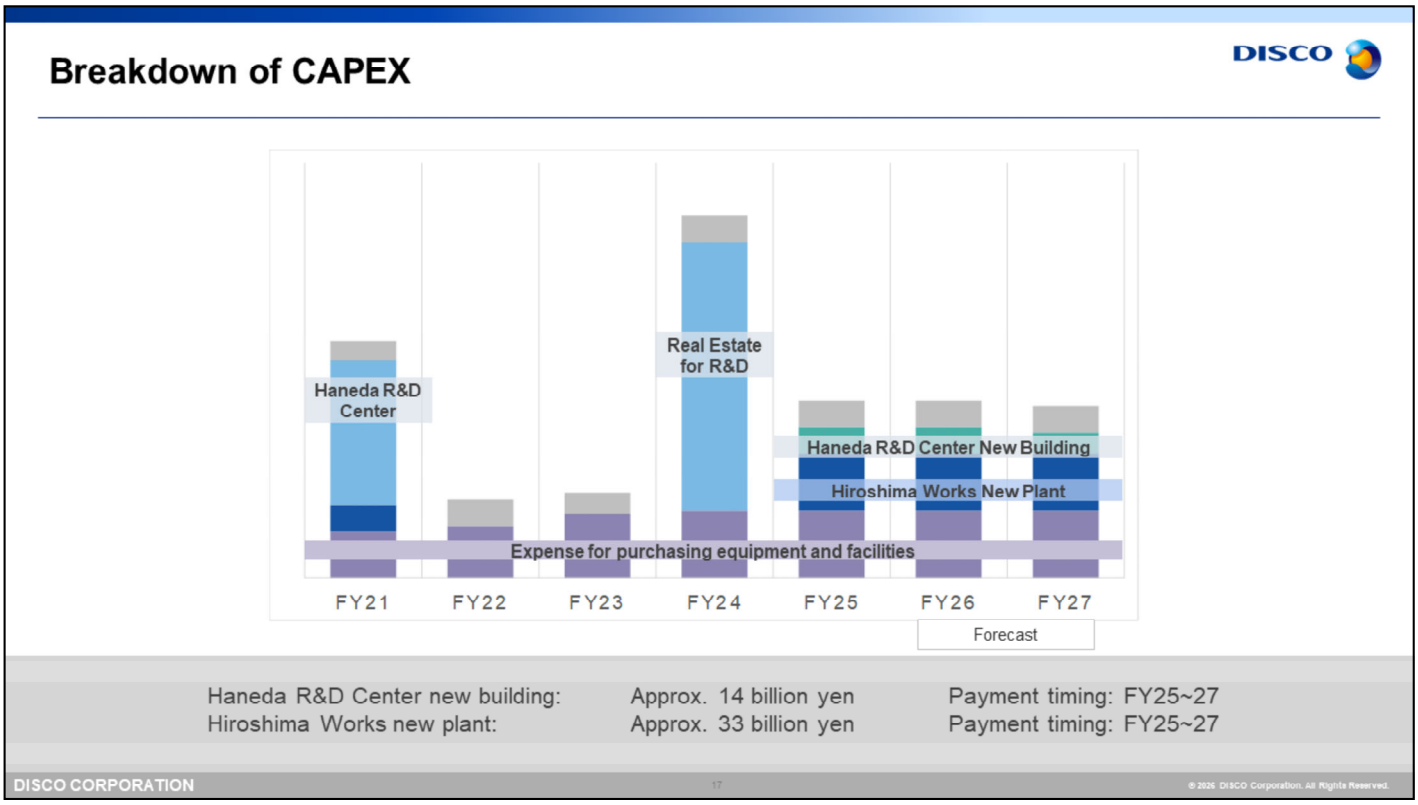


FY26 Forecast	CAPEX:	Approx. 33.0 billion yen; including rationalization investment, reconstruction of the Haneda R&D Center, and construction of a new plant.
	Depreciation:	Approx. 16.0 billion yen
	R&D Expenses:	Approx. 38.0 billion yen; proactive research and development continues.

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These are the actual results and forecasts for R&D and CAPEX.
As DISCO will continue to invest proactively to strengthen the company, CAPEX is expected to remain high.

CAPEX: Approx. 33 billion yen (No change)
Depreciation: Approx. 16 billion yen (No change)
R&D expenses: Approx. 38 billion yen (No change)



This is an image of the breakdown of CAPEX.

There are no significant changes from the previous announcement made in April.

From FY2026 onward, DISCO plans to continue investing in facilities such as the Haneda R&D Center new building and Hiroshima Works new plant, and together with the price of rationalization investments in equipment and facilities, DISCO expects to continue to have an annual CAPEX of over 30 billion yen.

Reference Press Releases

New Building Construction at Haneda R&D Center (October 19, 2023)
https://www.disco.co.jp/eg/news/corp/20231019.html

Plans to Construct Gohara Plant as Part of Hiroshima Works (April 18, 2025)
https://www.disco.co.jp/eg/news/corp/20250418.html

Sales Forecast By Product

Shipment Basis

DISCO

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%

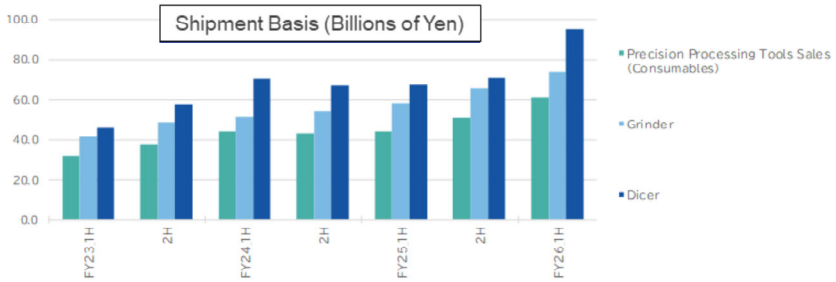
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This is the sales forecast by product on a shipment basis.

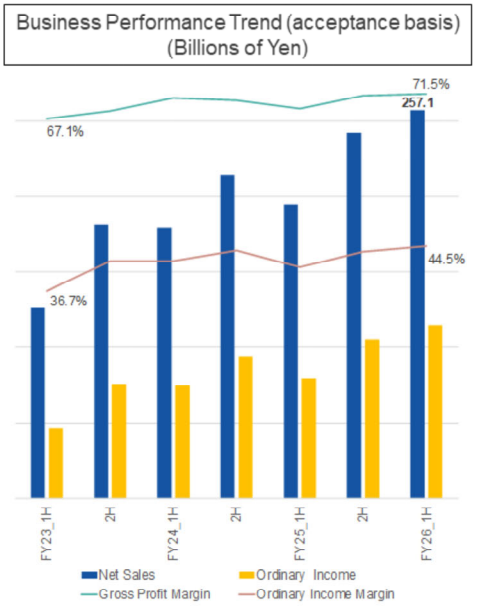
The table shows the shipment forecast for each product for the October to December quarter as an approximate quarter over quarter increase/decrease rate, for your reference.

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.

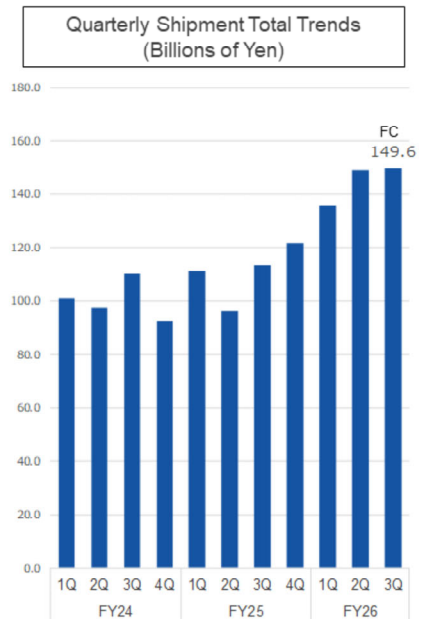


- **Financial performance: Profitability improved further, reaching a record high**
  - In addition to favorable exchange rates, an increase in the GP margin, particularly for precision processing tools, contributed to improved profitability.
- **Interim dividend: Increased in line with financial performance**
  Current: 186 yen (previous year: 129 yen)



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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.

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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 Saws	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%

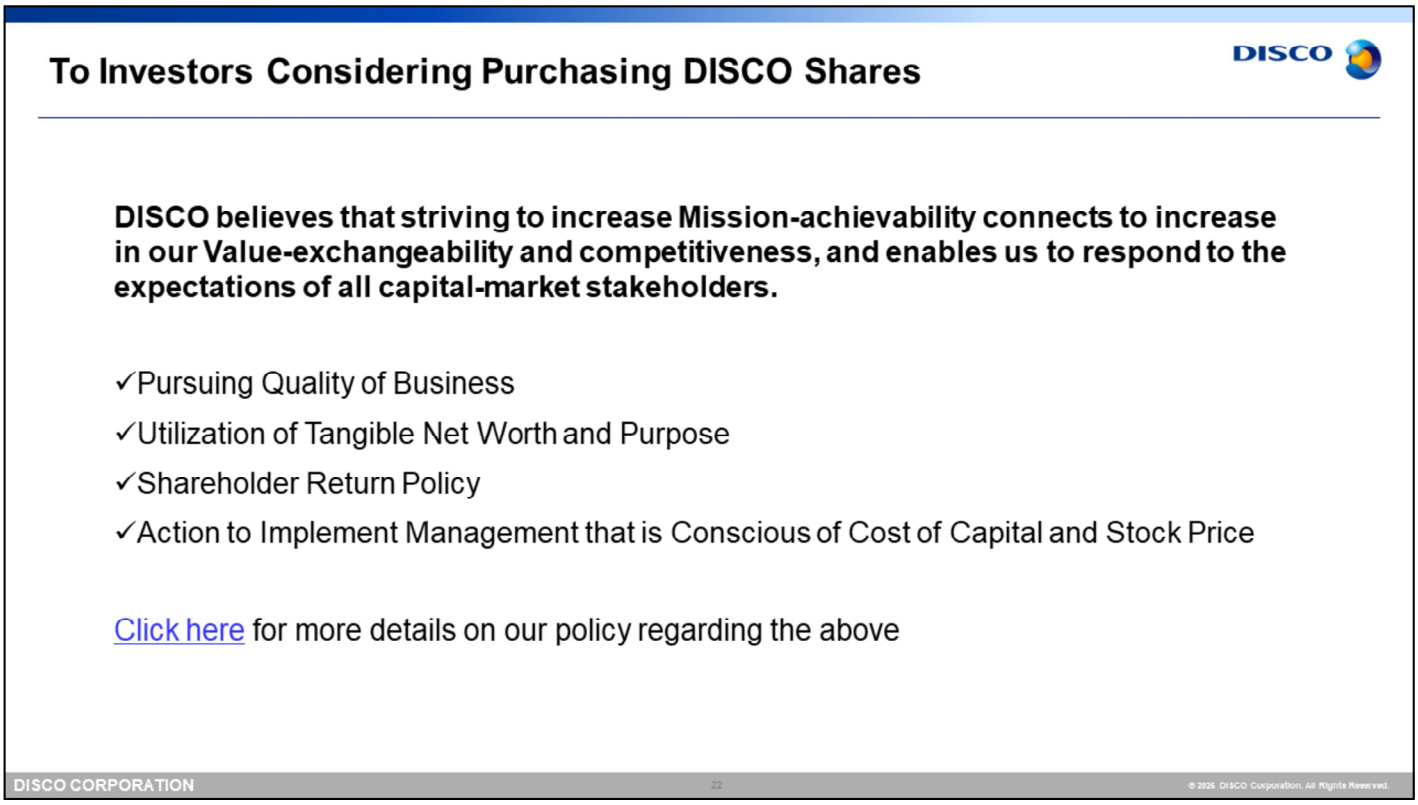
Grinders	Composition
IC	77%
Optical semiconductors	5%
Other semiconductors	8%
Wafer manufacturing	7%
Non-semiconductors	3%

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

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To Investors Considering Purchasing DISCO Shares

Please refer to the below for more details on our policy.
https://www.disco.co.jp/eg/ir/mginfo/msg_share.html

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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