FY2025 Q3

DISCO's Tidbits

January 2026

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Notes

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Important Points

- **We cannot answer questions regarding specific customers.**

  Please note that we cannot answer questions that may lead to the prediction of a specific customer's manufacturing process, production capacity, inquiry and investment trends, confidential production information, etc.

  Each semiconductor manufacturer may have different technologies and manufacturing processes, which constitute confidential production information of each company.
  In principle, we do not provide answers regarding specific customers' orders, equipment specifications, throughput, etc.

- **Responses regarding market conditions are to be based on the outlook at the time of the financial results announcement.**

  Revisions to market condition assessments or related comments will not be made during the applicable period (except for matters subject to timely disclosure).

Market Situation Overview: Comparison to 3 Months Ago

- ✓ Equipment shipments for generative AI application remained at a high level.
  (Details are not disclosed.)
- ✓ For OSAT, signs of recovery were observed in CAPEX.
  However, the sustainability of this recovery needs to be monitored closely.
- ✓ The impact of rising memory prices on CAPEX and end-product demand requires close monitoring.
- ✓ Although the power semiconductor market appears to have bottomed out, no clear recovery trend has been observed.
- ✓ For the advanced packaging technology market, expanded applications and a full-scale rollout are expected in the future.
- ✓ To prepare for future demand growth, manufacturing support at the factories will be resumed.
  (Estimated shipment value levels are not disclosed, as they fluctuate depending on product mix and shipment timing.)
- ✓ Although competitors are present in regions such as Japan, China, and Korea, there are no significant changes in the competitive environment.

General Trends and Perspectives on Equipment Demand

1. Characteristics of the back-end process

For semiconductor manufacturers, it often remains unclear whether they will undertake contracted package processing until the last minute, and thus orders tend to be placed with suppliers only just before the start of production.
On the other hand, once they undertake a contracted processing order, it is necessary to establish a mass production line as soon as possible, so they often verbally share the desired equipment leadtime and number of units in advance. This is called an "inquiry."

2. Sources of variation in inquiries from semiconductor manufacturers

- Competition between semiconductor manufacturers in receiving contract orders
- Fluctuation in the number of necessary units due to a revision in final product demand
- Customer's mass production process status

Inquiries from semiconductor manufacturers can change even weekly due to various factors including those mentioned above.
Therefore, the equipment leadtime and number of units that are disclosed at the inquiry stage are fluid, and oftentimes they end up changing.

3. Leadtime from order receipt to shipment

When a purchase order is received, we often only have one to two months left until the customer's desired leadtime.
As there is not much time until the equipment need to be shipped out, DISCO begins equipment manufacturing at the inquiry stage, and ships out the equipment as soon as possible once the purchase order is received.

There are various sources of variation in each phase from inquiry, to order, to shipment, based on factors such as the customer business environment, correlation with final demand, and industry-specific business practices. Therefore, as <u>it is difficult to predict demand, DISCO is strengthening our ability to respond regardless of external changes and strengthening the company as a whole</u>, and working to enhance our corporate value from a medium- to long-term perspective.

Composition Ratio of All Equipment (Shipment Basis)

Composition ratio of all equipment (Shipment Basis)

(Forecast)

		FY24				FY25			
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Customer	OSAT	Slightly less than 30%	30%	20%	Slightly more than 20%	30%	Slightly less than 30%	Slightly less than 30%	Slightly more than 30%
Application	Memory *	Slightly more than 30%	35%	Slightly more than 30%	25%	Slightly more than 40%	Slightly less than 40%	Slightly less than 20%	25%
	Power	20%	20%	15%	15%	Slightly less than 10%	Slightly less than 10%	Slightly more than 10%	Slightly less than 10%

* Including generative AI related

Perspective on GPM and SG&A

- **GPM　Outlook for the January-March period**
  Formulated based on QoQ decrease of approx. 2 points.
  (assumed exchange rate: USD/JPY 154)
  Formulated based on the previous fiscal year (FY24)'s trend.
  Detailed profit plans for individual equipment cases have not been formulated.
  Based on the increase in consumable shipments, current profitability has been reflected in the plans.

- **SG&A　Outlook for the January-March period: Approx. 34 billion yen**
  Although linked to the quarterly shipment amount, there is slight concentration toward the end of the quarter due to the timing of provision for bonuses.

  Perspective on SG&A
  1. The majority of SG&A is personnel expenses (including personnel expenses in R&D costs).
  2. Fluctuates significantly due to provision for bonuses linked to business performance.
  3. As it is mainly linked to the shipment amount, it may fluctuate on a quarterly basis.

R&D/CAPEX Forecast

■ **CAPEX** (No change from July)

- F24 Actual: 69.8 billion yen
  Acquisition of real estate for R&D purposes (Approx. 50 billion yen)
- F25 Forecast: Approx. 33 billion yen
  Construction start of Haneda R&D Center new building & Hiroshima Works new plant
- Reference: Plans to Construct Gohara Plant as Part of Hiroshima Works (2025/4/18)

■ **DEP** (An increase of approximately 1 billion yen from the previous October outlook)

- F24 Actual 12.1 billion yen
- F25 Forecast Approx. 15.0 billion yen
  Increase of 1 billion yen per year due to acquisition of real estate for R&D

■ **R&D** (An increase of approximately 1 billion yen from the previous October outlook)

- F24 Actual 31.6 billion yen
- F25 Forecast Approx. 34.0 billion yen

To Investors Considering Purchasing DISCO Shares

DISCO

DISCO believes that striving to increase our Mission-achievability connects to an increase in our Value-exchangeability and competitiveness, enabling 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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