



Jan 23, 2020

## Consolidated Financial Results for the Third Quarter of Fiscal Year 2019

Company name: DISCO Corporation  
 Stock code number: 6146 (Tokyo Stock Exchange 1st Section)  
 URL: <http://www.disco.co.jp>  
 Telephone number: 81-3-4590-1099

- Notes: 1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.  
 2. Amounts are rounded down to the nearest million yen.

### 1. Consolidated Results of FY2019 3Q(April 1, 2019 through December 31, 2019)

#### 1) Operating results (Accumulated)

|                            | Nine months ended |                   |        |
|----------------------------|-------------------|-------------------|--------|
|                            | December 31, 2018 | December 31, 2019 | YoY(%) |
| Net sales                  | 114,313           | 102,298           | —      |
| Operating income           | 30,920            | 25,669            | —      |
| Ordinary income            | 30,965            | 27,018            | —      |
| Net income                 | 22,588            | 19,378            | —      |
| Net income per share (yen) | 628.78            | 539.34            | —      |

Note: Due to the change in accounting policy, starting from FY2019, the timing of revenue recognition has been changed to Inspection Basis. Therefore, the percentage changes are not shown.

#### 2) Financial position

|                  | As of<br>March 31, 2019 | As of<br>December 31, 2019 |
|------------------|-------------------------|----------------------------|
| Total assets     | 258,180                 | 258,878                    |
| Net assets       | 220,109                 | 218,694                    |
| Equity ratio (%) | 84.8%                   | 84.0%                      |

(Reference) Equity (defined as shareholders' equity plus valuation and translation adjustments) :

217,359 million yen (as of December 31, 2019)  
 218,852 million yen (as of March 31, 2019)

### 2. Dividends

|                                   | Fiscal Year 2018 | Fiscal Year 2019<br>Actual | Fiscal Year 2019<br>Forecast |
|-----------------------------------|------------------|----------------------------|------------------------------|
| 1Q-end dividend per share (yen)   | —                | —                          | —                            |
| 2Q-end dividend per share (yen)   | 114.00           | 91.00                      | —                            |
| 3Q-end dividend per share (yen)   | —                | —                          | —                            |
| Year-end dividend per share (yen) | 208.00           | —                          | 320.00                       |
| Annual dividend per share (yen)   | 322.00           | —                          | 411.00                       |

Note: Revision of dividends forecast for during this period: Yes

**3. Earnings Forecasts of FY2019**

(Millions of yen)

|                            | Year ending<br>March 31,2020 | YoY (%) |
|----------------------------|------------------------------|---------|
| Net sales                  | 135,300                      | —       |
| Operating income           | 32,500                       | —       |
| Ordinary income            | 34,200                       | —       |
| Net income                 | 24,600                       | —       |
| Net income per share (yen) | 684.36                       | —       |
| Shipment figures           | 140,600                      | —       |

Note: Revision of earnings forecast for during this period: Yes

**4. Others**

- 1) Important changes in subsidiaries: None
- 2) Changes in principles, procedures and display of accounting method concerning consolidated statement policies.
  1. Changes in accounting policies along with changes in accounting standards: None
  2. Other changes: Yes
- 3) Number of shares outstanding (common stock)
  - ① Number of shares issued (include treasury stocks)
 

|                          |                   |
|--------------------------|-------------------|
| As of December 31, 2019: | 35,950,671 shares |
| As of March 31, 2019:    | 35,931,071 shares |
  - ② Number of shares of treasury stock
 

|                          |              |
|--------------------------|--------------|
| As of December 31, 2019: | 4,873 shares |
| As of March 31, 2019:    | 4,823 shares |
  - ③ Average number of shares
 

|                          |                   |
|--------------------------|-------------------|
| As of December 31, 2019: | 35,929,482 shares |
| As of December 30, 2018: | 35,924,037 shares |

**Explanations on the appropriate use of earnings forecasts:**

The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available. Consequently, actual operating results may differ substantially from the projections in the Financial Review.

**(Reference) Non-consolidated Earnings Forecasts of FY2019**

(Millions of yen)

|                            | Year ending<br>March 31,2020 | YoY (%) |
|----------------------------|------------------------------|---------|
| Net sales                  | 114,100                      | —       |
| Operating income           | 24,800                       | —       |
| Ordinary income            | 30,000                       | —       |
| Net income                 | 22,900                       | —       |
| Net income per share (yen) | 637.07                       | —       |

Note: Revision of earnings forecast for during this period: Yes

**(Reference) Consolidated Orders/Shipment for the Third Quarter of Fiscal Year 2019**

| 1) Orders   | (Millions of yen) |                 |
|---|-------------------|-----------------|
|   | Orders            | Order Backlog   |
| Third Quarter of Fiscal Year 2019<br>(Nine month ending December 31,2019) | 104,521           | 40,433          |
| 2) Shipment   | (Millions of yen) |                 |
|   | Shipment          | Order Backlog * |
| Third Quarter of Fiscal Year 2019<br>(Nine month ending December 31,2019) | 99,363            | 19,602          |

\* Shipped amount excluded

**5. Consolidated quarterly balance sheets**

(Millions of yen)

|   | As of March 31,<br>2019 | As of December 31,<br>2019 |
|---|-------------------------|----------------------------|
| <b>Assets</b>   |                         |                            |
| Current assets  |                         |                            |
| Cash and deposits                                     | 91,380                  | 84,862                     |
| Notes and accounts receivable - trade                 | 34,900                  | 23,570                     |
| Merchandise and finished goods                        | 6,940                   | 16,184                     |
| Work in process                                       | 12,585                  | 12,746                     |
| Raw materials and supplies                            | 19,066                  | 17,911                     |
| Other   | 4,979                   | 4,983                      |
| Allowance for doubtful accounts                       | (57)                    | (61)                       |
| Total current assets                                  | <u>169,795</u>          | <u>160,197</u>             |
| Non-current assets                                    |                         |                            |
| Property, plant and equipment                         |                         |                            |
| Buildings and structures, net                         | 45,584                  | 47,205                     |
| Other, net  | 31,284                  | 41,685                     |
| Total property, plant and equipment                   | <u>76,868</u>           | <u>88,890</u>              |
| Intangible assets                                     | 400                     | 327                        |
| Investments and other assets                          |                         |                            |
| Other   | 11,133                  | 9,479                      |
| Allowance for doubtful accounts                       | (17)                    | (16)                       |
| Total investments and other assets                    | <u>11,116</u>           | <u>9,462</u>               |
| Total non-current assets                              | <u>88,384</u>           | <u>98,680</u>              |
| Total assets  | <u>258,180</u>          | <u>258,878</u>             |
| <b>Liabilities</b>                                    |                         |                            |
| Current liabilities                                   |                         |                            |
| Notes and accounts payable - trade                    | 3,368                   | 3,422                      |
| Electronically recorded obligations - operating       | 13,178                  | 9,983                      |
| Income taxes payable                                  | 1,782                   | 902                        |
| Provision for bonuses                                 | 7,790                   | 5,938                      |
| Other provisions                                      | 630                     | 696                        |
| Other   | 10,865                  | 18,742                     |
| Total current liabilities                             | <u>37,616</u>           | <u>39,686</u>              |
| Non-current liabilities                               | 454                     | 497                        |
| Total liabilities                                     | <u>38,071</u>           | <u>40,183</u>              |
| <b>Net assets</b>                                     |                         |                            |
| Shareholders' equity                                  |                         |                            |
| Share capital   | 20,663                  | 20,755                     |
| Capital surplus                                       | 22,651                  | 22,743                     |
| Retained earnings                                     | 173,739                 | 172,963                    |
| Treasury shares                                       | (25)                    | (26)                       |
| Total shareholders' equity                            | <u>217,029</u>          | <u>216,436</u>             |
| Accumulated other comprehensive income                |                         |                            |
| Valuation difference on available-for-sale securities | 476                     | 258                        |
| Foreign currency translation adjustment               | 1,320                   | 639                        |
| Remeasurements of defined benefit plans               | 26                      | 25                         |
| Total accumulated other comprehensive income          | <u>1,823</u>            | <u>923</u>                 |
| Share acquisition rights                              | 1,108                   | 1,196                      |
| Non-controlling interests                             | 148                     | 138                        |
| Total net assets                                      | <u>220,109</u>          | <u>218,694</u>             |
| Total liabilities and net assets                      | <u>258,180</u>          | <u>258,878</u>             |

**6. Consolidated quarterly statements of (comprehensive) income**

(Millions of yen)

|   | Nine months ended<br>31-Dec-18 | Nine months ended<br>31-Dec-19 |
|---|--------------------------------|--------------------------------|
| Net sales   | 114,313                        | 102,298                        |
| Cost of sales   | 47,104                         | 40,551                         |
| Gross profit  | 67,209                         | 61,747                         |
| Selling, general and administrative expenses                                      | 36,289                         | 36,077                         |
| Operating profit  | 30,920                         | 25,669                         |
| Non-operating income  |                                |                                |
| Interest income   | 73                             | 52                             |
| Share of profit of entities accounted for using equity method                     | 228                            | 395                            |
| Foreign exchange gains  | -                              | 569                            |
| Rental income   | 48                             | 53                             |
| Subsidy income  | 165                            | 188                            |
| Other   | 165                            | 170                            |
| Total non-operating income  | 681                            | 1,430                          |
| Non-operating expenses  |                                |                                |
| Sales discounts   | 40                             | 41                             |
| Foreign exchange losses   | 577                            | -                              |
| Depreciation  | 6                              | 33                             |
| Other   | 12                             | 7                              |
| Total non-operating expenses  | 636                            | 82                             |
| Ordinary profit   | 30,965                         | 27,018                         |
| Extraordinary income  |                                |                                |
| Gain on sales of non-current assets   | 17                             | 1                              |
| Gain on sales of shares of subsidiaries and associates                            | -                              | 268                            |
| Gain on reversal of share acquisition rights                                      | 2                              | 0                              |
| Insurance claim income  | 187                            | -                              |
| Total extraordinary income  | 207                            | 270                            |
| Extraordinary losses  |                                |                                |
| Loss on sales and retirement of non-current assets                                | 35                             | 55                             |
| Impairment loss   | 10                             | -                              |
| Loss on valuation of investment securities  | 0                              | -                              |
| Extra retirement payments   | 81                             | 38                             |
| Loss on disaster  | 532                            | -                              |
| Demolition cost   | 176                            | 186                            |
| Total extraordinary losses  | 836                            | 279                            |
| Profit before income taxes  | 30,336                         | 27,009                         |
| Income taxes - current  | 7,762                          | 3,501                          |
| Income taxes - deferred   | (46)                           | 4,087                          |
| Total income taxes  | 7,716                          | 7,588                          |
| Profit  | 22,620                         | 19,420                         |
| Profit attributable to  |                                |                                |
| Profit attributable to owners of parent   | 22,588                         | 19,378                         |
| Profit attributable to non-controlling interests                                  | 32                             | 42                             |
| Other comprehensive income  |                                |                                |
| Foreign currency translation adjustment   | (62)                           | (516)                          |
| Remeasurements of defined benefit plans, net of tax                               | 13                             | (1)                            |
| Share of other comprehensive income of entities accounted for using equity method | (838)                          | (510)                          |
| Total other comprehensive income  | (887)                          | (1,028)                        |
| Comprehensive income  | 21,732                         | 18,391                         |
| Comprehensive income attributable to  |                                |                                |
| Comprehensive income attributable to owners of parent                             | 21,701                         | 18,354                         |
| Comprehensive income attributable to non-controlling interests                    | 31                             | 36                             |