



April 20, 2023

## Consolidated Financial Results of Fiscal Year 2022

Company name: DISCO Corporation  
 Stock code number: 6146 (TSE Prime Market)  
 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 FY2022 (April 1, 2022, through March 31, 2023)

#### 1) Operating results (accumulated)

	Fiscal year ended		
	March 31, 2022	March 31, 2023	YoY (%)
Net sales	253,781	284,135	12.0
Operating income	91,513	110,413	20.7
Ordinary income	92,449	112,338	21.5
Net income	66,206	82,891	25.2
Net income per share (yen) *	611.67	765.47	-

\*Calculated after taking the stock split implemented on April 1, 2023 into account

#### 2) Financial positions

	As of March 31, 2022	As of March 31, 2023
Total assets	404,540	468,797
Net assets	293,812	348,041
Equity ratio (%)	72.3%	74.0%

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

346,798 million yen (as of March 31, 2023)  
 292,658 million yen (as of March 31, 2022)

### 2. Dividends

	Fiscal Year 2021	Fiscal Year 2022 Actual	Fiscal Year 2023 Forecast
1Q-end dividend per share (yen)	—	—	—
2Q-end dividend per share (yen)	199.00	282.00	—
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	609.00	634.00	—
Annual dividend per share (yen)	808.00	916.00	—

Note: Revision of dividends forecast during this period: None

### 3. Earnings forecast for FY2023 1Q

(Millions of yen)

	Three months ending June 30, 2023	YoY (%)
Net sales	53,300	(10.8)
Operating income	16,500	(23.6)
Ordinary income	16,600	(27.1)
Net income	11,600	(27.7)
Net income per share (yen) *	107.11	-
Shipment figures	62,200	(13.2)

Note: Revision of earnings forecast during this period: Yes

\*Calculated after taking the stock split implemented on April 1, 2023 into account

**4. Other**

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

As of March 31, 2023:	108,317,313 shares
As of March 31, 2022:	108,287,613 shares
  - (2) Number of shares of treasury stock
 

As of March 31, 2023:	15,285 shares
As of March 31, 2022:	15,270 shares
  - (3) Average number of shares
 

As of March 31, 2023:	108,288,654 shares
As of March 31, 2022:	108,237,975 shares

\*Calculated after taking the stock split implemented on April 1, 2023 into account

**Explanation regarding appropriate use of earnings forecast:**

The performance forecasts and estimates provided 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 forecast for FY2023 1Q**

(Millions of yen)

	Three months ending June 30, 2023	YoY (%)
Net sales	43,500	(12.4)
Operating income	13,400	(23.0)
Ordinary income	27,000	(19.9)
Net income	21,900	(18.3)
Net income per share (yen) *	202.21	-

Note: Revision of earnings forecast during this period: Yes

\*Calculated after taking the stock split implemented on April 1, 2023 into account

## 5. Business Performance Overview

### (1) Overview of Business Performance for the Current Period

Within the semiconductor market during the current consolidated period (hereinafter “this period”), mass production demand has declined due to decreased demand for consumer devices, such as smartphones and PCs. On the other hand, demand for R&D applications from semiconductor manufacturers was strong, and demand for power semiconductor applications also remained strong, supported by the worldwide acceleration toward decarbonization and shift toward EVs.

Within this market environment, precision processing equipment shipment volume remained high, centered on grinders. Although demand for precision processing tools (consumables) was generally weak in the second half, annual shipment volume was high.

Within this environment, DISCO was able to achieve record sales figures, underpinned by strong demand for equipment. Looking at profit and losses, SG&A increased due to an increase in personnel expenses, but sales figures also increased due to a significant increase in GP margin, mainly driven by the exchange rate.

As a result, operating results for this period are as follows, and DISCO hit record highs for each type of profit.

Sales figures – JPY 284.135 B (12.0% increase compared to previous fiscal year)

Operating profit – JPY 110.413 B (20.7% increase compared to previous fiscal year), Operating profit margin: 38.9%

Ordinary profit – JPY 112.338 B (21.5% increase compared to previous fiscal year), Ordinary profit margin: 39.5%

Net income this period returning to parent company shareholders – JPY 82.891 B (25.2% increase compared to previous fiscal year), Net income margin: 29.2%

Furthermore, the four-year cumulative ordinary profit margin as of this period was 34.4% (30.8% in previous period), achieving the company’s goal “to maintain an ordinary profit margin of 20% or more for 4 cumulative years” for 7 consecutive years.

### (2) Overview of Financial Position for This Period

The net assets for the current consolidated financial year were JPY 468.797 B, an increase of JPY 64.257 B compared to the end of the previous consolidated financial year (hereinafter “end of the previous period”). This was mainly caused by an increase in current assets based on cash and time deposits, in addition to an increase in tangible fixed assets.

Liabilities were JPY 120.755 B, an increase of 10.027 B compared to the end of the previous period. This was mainly caused by an increase in contract liabilities and allowance for bonuses.

The total for net assets was JPY 348.041 B, an increase of JPY 54.229 B compared to the end of the previous period.

As a result of this capital composition, each of the indices are as follows.

Return on assets (ROA) – 19.0% (0.9 point increase compared to previous fiscal year)

Return on equities (ROE) – 25.9% (1.6 point increase compared to previous fiscal year)

Four-year cumulative return on risk assets (RORA) – 41.1% (4.0 point increase compared to previous fiscal year)

Equity ratio – 74.0% (1.7 point increase compared to the end of the previous period)

### (3) Overview of Cash Flow for This Period

The cash flow from business operations was a profit of JPY 81.783 B (2.2% decrease compared to previous fiscal year). This was mainly caused due to the payment of net income this period before taxes and depreciation.

The cash flow due to investment activities was a loss of JPY 13.077 B (70.0% decrease compared to previous fiscal year). This was mainly due to payments for the purchase of tangible fixed assets including factory facilities.

The cash flow from financial activities was a loss of JPY 32.090 B (18.0% increase compared to previous fiscal year). This was mainly caused by dividend payments.

As a result of these factors, the balance for cash and cash equivalents at the end of this period was JPY 163.053 B (JPY 37.281 B increase compared to the end of previous period). Furthermore, free cash flow (the combined total of "Cash flow from business operations" and "Cash flow from investment activities") was an inflow of JPY 68.706 B.

### (4) 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 are released one quarter in advance.

The shipment forecast for the first quarter of the fiscal year ending in March 2024 is JPY 62.2 B.

**6. Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	125,771	163,053
Notes receivable - trade	1,961	2,434
Accounts receivable - trade	36,728	38,921
Merchandise and finished goods	21,755	24,530
Work in process	18,997	23,407
Raw materials and supplies	27,725	43,446
Other	12,093	9,420
Allowance for doubtful accounts	(98)	(95)
Total current assets	<u>244,933</u>	<u>305,118</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	94,868	95,780
Machinery, equipment and vehicles, net	12,028	12,543
Tools, furniture and fixtures, net	903	1,052
Land	26,554	26,741
Construction in progress	10,073	11,422
Total property, plant and equipment	<u>144,427</u>	<u>147,541</u>
Intangible assets	256	231
Investments and other assets		
Investment securities	2,608	2,808
Deferred tax assets	8,367	9,332
Retirement benefit asset	982	1,025
Other	2,973	2,738
Allowance for doubtful accounts	(10)	-
Total investments and other assets	<u>14,922</u>	<u>15,905</u>
Total non-current assets	<u>159,606</u>	<u>163,678</u>
Total assets	<u>404,540</u>	<u>468,797</u>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,048	6,942
Electronically recorded obligations - operating	20,902	19,658
Income taxes payable	19,946	16,497
Contract liabilities	27,622	39,164
Provision for bonuses	23,315	26,958
Provision for bonuses for directors (and other officers)	142	-
Provision for product warranties	942	1,042
Other	8,930	9,710
Total current liabilities	<u>109,851</u>	<u>119,974</u>
Non-current liabilities		
Asset retirement obligations	565	574
Other	310	206
Total non-current liabilities	<u>876</u>	<u>781</u>
Total liabilities	<u>110,728</u>	<u>120,755</u>
<b>Net assets</b>		
Shareholders' equity		
Share capital	21,608	21,681
Capital surplus	23,596	23,670
Retained earnings	242,475	293,209
Treasury shares	(32)	(32)
Total shareholders' equity	<u>287,648</u>	<u>338,528</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale	269	98
Foreign currency translation adjustment	4,765	8,196
Remeasurements of defined benefit plans	(25)	(23)
Total accumulated other comprehensive income	<u>5,009</u>	<u>8,270</u>
Share acquisition rights	884	997
Non-controlling interests	269	245
Total net assets	<u>293,812</u>	<u>348,041</u>
Total liabilities and net assets	<u>404,540</u>	<u>468,797</u>

**7. Consolidated statement of (comprehensive) income**

(Millions of yen)

	Fiscal year ended 31-Mar-22	Fiscal year ended 31-Mar-23
Net sales	253,781	284,135
Cost of sales	99,769	99,629
Gross profit	154,011	184,506
Selling, general and administrative expenses	62,498	74,093
Operating profit	91,513	110,413
Non-operating income		
Interest income	49	46
Share of profit of entities accounted for using equity method	461	192
Foreign exchange gains	-	681
Rental income	110	159
Subsidy income	1,262	626
Other	237	268
Total non-operating income	2,120	1,975
Non-operating expenses		
Foreign exchange losses	1,073	-
Depreciation	46	35
Commission expenses	-	5
Other	65	8
Total non-operating expenses	1,185	49
Ordinary profit	92,449	112,338
Extraordinary income		
Gain on sale of non-current assets	6	659
Gain on sale of investment securities	0	10
Total extraordinary income	6	669
Extraordinary losses		
Loss on sale and retirement of non-current assets	80	94
Impairment losses	-	63
Loss on valuation of investment securities	0	-
Extra retirement payments	123	65
Total extraordinary losses	204	223
Profit before income taxes	92,251	112,785
Income taxes - current	28,251	30,959
Income taxes - deferred	(2,253)	(1,088)
Total income taxes	25,997	29,871
Profit	66,253	82,914
Profit attributable to		
Profit attributable to owners of parent	66,206	82,891
Profit attributable to non-controlling interests	47	22
Other comprehensive income		
Foreign currency translation adjustment	2,514	3,236
Remeasurements of defined benefit plans, net of tax	72	1
Share of other comprehensive income of entities accounted for using equity method	(287)	26
Total other comprehensive income	2,299	3,265
Comprehensive income	68,552	86,179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	68,495	86,151
Comprehensive income attributable to non-controlling	57	27

**8. Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended 31-Mar-22	Fiscal year ended 31-Mar-23
<b>Cash flows from operating activities</b>		
Profit before income taxes	92,251	112,785
Depreciation	8,551	10,371
Impairment losses	-	63
Loss (gain) on sale of investment securities	(0)	(10)
Loss (gain) on valuation of investment securities	0	-
Share of loss (profit) of entities accounted for using equity method	(461)	(192)
Increase (decrease) in allowance for doubtful accounts	7	(16)
Increase (decrease) in provision for bonuses	7,809	3,430
Increase (decrease) in provision for bonuses for directors (and other officers)	(38)	(142)
Increase (decrease) in provision for product warranties	186	85
Increase (decrease) in net defined benefit asset and liability-OpeCF	(138)	(42)
Loss (gain) on sale and retirement of property, plant and equipment	74	(565)
Subsidy income	(1,262)	(626)
Interest and dividend income	(49)	(46)
Decrease (increase) in trade receivables	(2,923)	(1,398)
Decrease (increase) in inventories	(9,594)	(21,682)
Increase (decrease) in trade payables	6,476	(2,364)
Increase (decrease) in accounts payable - other	(55)	503
Increase (decrease) in Contract liabilities	7,467	11,107
Other, net	(4,788)	3,022
Subtotal	103,512	114,280
Subsidies received	1,218	926
Interest and dividends received	49	39
Dividends received from entities accounted for using equity method	56	-
Income taxes refund (paid)	(21,182)	(33,463)
<b>Net cash provided by (used in) operating activities</b>	<b>83,654</b>	<b>81,783</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(43,576)	(14,208)
Proceeds from sale of property, plant and equipment	9	1,115
Purchase of intangible assets	(56)	(43)
Proceeds from sale of investment securities	0	29
Long-term loan advances	(9)	(1)
Proceeds from collection of long-term loans receivable	93	43
Other, net	(52)	(12)
<b>Net cash provided by (used in) investing activities</b>	<b>(43,591)</b>	<b>(13,077)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	209	115
Dividends paid	(27,401)	(32,154)
Dividends paid to non-controlling interests	-	(51)
Other, net	(0)	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>(27,193)</b>	<b>(32,090)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>3,091</b>	<b>666</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,961</b>	<b>37,281</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>109,809</b>	<b>125,771</b>
<b>Cash and cash equivalents at end of period</b>	<b>125,771</b>	<b>163,053</b>