



April 25, 2024

Consolidated Financial Results of Fiscal Year 2023

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 FY2023 (April 1, 2023, through March 31, 2024)

	Fiscal year ended		
	March 31, 2023	March 31, 2024	YoY (%)
Net sales	284,135	307,554	8.2
Operating income	110,413	121,490	10.0
Ordinary income	112,338	122,393	9.0
Net income	82,891	84,205	1.6
Net income per share (yen)*	765.47	777.29	-

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

	As of	
	March 31, 2023	March 31, 2024
Total assets	468,797	556,058
Net assets	348,041	406,560
Equity ratio (%)	74.0%	72.9%

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

405,228 million yen (as of March 31, 2024)

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

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

2. Dividends

	Fiscal Year 2022	Fiscal Year 2023 Actual	Fiscal Year 2024 Forecast
1Q-end dividend per share (yen)	—	—	—
2Q-end dividend per share (yen)	282.00	76.00	—
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	634.00	231.00	—
Annual dividend per share (yen)	916.00	307.00	—

Note: Revision of dividends forecast during this period: None

*The Company implemented a stock split in the proportion of 1 share into 3 shares effective as of April 1, 2023. As for the results of the previous year (ending on March 31, 2023), the actual dividend amounts per share before the applicable stock split was implemented are shown above. However, under the assumption that the applicable stock split was implemented at the beginning of the immediately preceding consolidated fiscal year, the total dividend for the year is 305.33 yen, consisting of the interim dividend of 94.00 yen and the year-end dividend of 211.33 yen.

3. Consolidated forecasts for FY2024 1Q

	Three months ending June 30, 2024	
		YoY (%)
Net sales	75,300	39.5
Operating income	27,100	59.7
Ordinary income	27,200	49.8
Net income	18,900	49.0
Net income per share (yen)	174.44	-
Shipment figures	93,500	37.9

Note: Revision of earnings forecast during this period: Yes

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: None
 2. Other changes: None
- 3) Number of shares outstanding (common stock)
 - (1) Number of shares issued (including treasury stocks)

As of March 31, 2024:	108,364,683 shares
As of March 31, 2023:	108,317,313 shares
 - (2) Number of shares of treasury stock

As of March 31, 2024:	15,837 shares
As of March 31, 2023:	15,285 shares
 - (3) Average number of shares

As of March 31, 2024:	108,332,434 shares
As of March 31, 2023:	108,288,654 shares

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

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 FY2024 1Q

(Millions of yen)

	Three months ending June 30, 2024	YoY (%)
Net sales	62,900	43.1
Operating income	23,600	71.0
Ordinary income	34,100	11.5
Net income	26,000	4.6
Net income per share (yen)	239.97	-

Note: Revision of earnings forecast during this period: Yes

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

5. Business Performance Overview

(1) Overview of business performance for the current period

The semiconductor market in the current consolidated period (hereinafter "this period") was supported by the continued demand for power semiconductors due to the worldwide shift to EV and the acceleration of decarbonization, along with the increase in demand for generative AI, among the sluggish semiconductor demand for smartphones and PC. In such a market environment, shipments of precision processing equipment remained steady mainly for power semiconductors. In addition, customer facility operation rates remained high, and thus shipments of precision processing tools (consumables) remained high.

As a result of these, both the annual shipment amount and annual sales reached a record high for the fourth consecutive year. For profits and losses, although personnel costs and R&D expenses increased, GP margin increased due to an increase in high value-added cases and the influence of the exchange rate, and despite an increase in SG&A, operating income increased.

In addition, although an impairment loss amounting to approximately 7.5 billion yen due to the reconstruction of the Haneda R&D Center was included as an extraordinary loss, it was absorbed by the increase in operating income, and thus net income also increased.

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

Sales figures – 307.554 billion yen (increased by 8.2 percentage points compared to the previous fiscal year)

Operating income – 121.490 billion yen (increased by 10.0 percentage points compared to the previous fiscal year), Operating income margin: 39.5%

Ordinary income – 122.393 billion yen (increased by 9.0 percentage points compared to the previous fiscal year), Ordinary income margin: 39.8%

Net income this period returning to parent company shareholders – 84.205 billion yen (increased by 1.6 percentage points compared to the previous fiscal year), Net income margin: 27.4%

Furthermore, the four-year cumulative ordinary profit margin as of this period was 37.0% (34.4% in the previous period), achieving the company's goal, "to maintain an ordinary profit margin of 20% or more for 4 cumulative years," for 8 consecutive years.

(2) Overview of financial position for this period

The total assets for the current consolidated financial year were 556.058 billion yen, an increase of 87.261 billion yen 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 focused on cash and deposits and inventory assets.

Liabilities were 149.497 billion yen, an increase of 28.742 billion yen compared to the previous period. This was mainly caused by an increase in electronically recorded monetary claims, contract liabilities, and provision for bonuses.

The total assets were 406.56 billion yen, an increase of 58.519 billion yen 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) – 16.4% (2.6 point decrease compared to the previous fiscal year)

Return on equities (ROE) – 22.4% (3.5 point decrease compared to the previous fiscal year)

Four-year cumulative return on risk assets (RORA) – 45.2% (4.1 point increase compared to the previous fiscal year)

Equity ratio – 72.9% (1.1 point decrease compared to the end of the previous period)

(3) Overview of cash flows for this period

The cash flows provided by business operations was a profit of 97.524 billion yen (increased by 19.2 percentage points compared to the previous fiscal year).

This was mainly due to the payment of net income before tax and depreciation.

The cash flows provided by investment activities was a loss of 16.403 billion yen (increased by 25.4 percentage points compared to the previous fiscal year).

This was mainly due to payments for the purchase of tangible fixed assets including plant facilities.

The cash flows used in financial activities was a loss of 30.938 billion yen (decreased by 3.6 percentage points compared to the previous fiscal year).

This was mainly due to dividend payments.

As a result of these factors, the balance for cash and cash equivalents at the end of this period was 215.486 billion yen (52.433 billion yen increase compared to the end of the previous period). Furthermore, free cash flows (the combined total of "Cash flows from business operations" and "Cash flows from investment activities") was an inflow of 81.120 billion yen.

(4) Forecast

The drastic and rapid fluctuations in customer willingness to invest make it difficult to predict demand in the semiconductor and electronic component industries. For this reason, DISCO business forecasts are released one quarter in advance.

For the first quarter of the fiscal year ending on March 31, 2025, the sales forecast is 75.3 billion yen (record high for the first quarter) and the shipment amount forecast is 93.5 billion yen.

(Assumes an exchange rate of 1 US dollar = 145 yen)

6. Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	163,053	215,486
Notes receivable - trade	2,434	3,565
Accounts receivable - trade	38,921	43,242
Merchandise and finished goods	24,530	28,858
Work in process	23,407	35,365
Raw materials and supplies	43,446	50,768
Other	9,420	9,776
Allowance for doubtful accounts	(95)	(116)
Total current assets	<u>305,118</u>	<u>386,945</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	95,780	89,000
Machinery, equipment and vehicles, net	12,543	15,245
Tools, furniture and fixtures, net	1,052	1,675
Land	26,741	27,271
Construction in progress	11,422	14,258
Total property, plant and equipment	<u>147,541</u>	<u>147,451</u>
Intangible assets	231	261
Investments and other assets		
Investment securities	2,808	3,346
Deferred tax assets	9,332	14,044
Retirement benefit asset	1,025	1,112
Other	2,738	2,895
Total investments and other assets	<u>15,905</u>	<u>21,399</u>
Total non-current assets	<u>163,678</u>	<u>169,112</u>
Total assets	<u>468,797</u>	<u>556,058</u>

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,942	7,748
Electronically recorded obligations - operating	19,658	28,481
Income taxes payable	16,497	19,463
Contract liabilities	39,164	48,467
Provision for bonuses	26,958	31,055
Provision for product warranties	1,042	1,621
Asset retirement obligations	-	32
Other	9,710	11,844
Total current liabilities	<u>119,974</u>	<u>148,715</u>
Non-current liabilities		
Asset retirement obligations	574	565
Other	206	215
Total non-current liabilities	<u>781</u>	<u>781</u>
Total liabilities	<u>120,755</u>	<u>149,497</u>
Net assets		
Shareholders' equity		
Share capital	21,681	21,838
Capital surplus	23,670	23,826
Retained earnings	293,209	346,293
Treasury shares	(32)	(41)
Total shareholders' equity	<u>338,528</u>	<u>391,917</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale	98	365
Foreign currency translation adjustment	8,196	12,936
Remeasurements of defined benefit plans	(23)	8
Total accumulated other comprehensive income	<u>8,270</u>	<u>13,310</u>
Share acquisition rights	997	1,136
Non-controlling interests	245	195
Total net assets	<u>348,041</u>	<u>406,560</u>
Total liabilities and net assets	<u>468,797</u>	<u>556,058</u>

7. Consolidated statement of (comprehensive) income

(Millions of yen)

	Fiscal year ended 31-Mar-23	Fiscal year ended 31-Mar-24
Net sales	284,135	307,554
Cost of sales	99,629	98,912
Gross profit	184,506	208,642
Selling, general and administrative expenses	74,093	87,151
Operating profit	110,413	121,490
Non-operating income		
Interest income	46	79
Share of profit of entities accounted for using equity	192	141
Foreign exchange gains	681	-
Rental income	159	205
Subsidy income	626	1,031
Other	268	390
Total non-operating income	1,975	1,848
Non-operating expenses		
Foreign exchange losses	-	889
Depreciation	35	37
Commission expenses	5	5
Other	8	12
Total non-operating expenses	49	946
Ordinary profit	112,338	122,393
Extraordinary income		
Gain on sale of non-current assets	659	11
Gain on sale of investment securities	10	-
Total extraordinary income	669	11
Extraordinary losses		
Loss on sale and retirement of non-current assets	94	71
Impairment losses	63	7,530
Extra retirement payments	65	25
Demolition expenses	-	202
Total extraordinary losses	223	7,829
Profit before income taxes	112,785	114,576
Income taxes - current	30,959	35,005
Income taxes - deferred	(1,088)	(4,641)
Total income taxes	29,871	30,364
Profit	82,914	84,211
Profit attributable to		
Profit attributable to owners of parent	82,891	84,205
Profit attributable to non-controlling interests	22	5
Other comprehensive income		
Foreign currency translation adjustment	3,236	4,629
Remeasurements of defined benefit plans, net of tax	1	32
Share of other comprehensive income of entities accounted for using equity method	26	396
Total other comprehensive income	3,265	5,058
Comprehensive income	86,179	89,270
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	86,151	89,246
Comprehensive income attributable to non-controlling	27	23

8. Consolidated statements of cash flow

(Millions of yen)

	Fiscal year ended 31-Mar-23	Fiscal year ended 31-Mar-24
Cash flows from operating activities		
Profit before income taxes	112,785	114,576
Depreciation	10,371	11,031
Impairment losses	63	7,530
Demolition expenses	-	202
Loss (gain) on sale of investment securities	(10)	-
Share of loss (profit) of entities accounted for using equity method	(192)	(141)
Increase (decrease) in allowance for doubtful accounts	(16)	16
Increase (decrease) in provision for bonuses	3,430	3,437
Increase (decrease) in provision for bonuses for directors (and other officers)	(142)	-
Increase (decrease) in provision for product warranties	85	517
Increase (decrease) in net defined benefit asset and liability-OpeCF	(42)	(86)
Loss (gain) on sale and retirement of property, plant and equipment	(565)	59
Subsidy income	(626)	(1,031)
Interest and dividend income	(46)	(108)
Decrease (increase) in trade receivables	(1,398)	(2,650)
Decrease (increase) in inventories	(21,682)	(22,226)
Increase (decrease) in trade payables	(2,364)	9,591
Increase (decrease) in accounts payable - other	503	1,477
Increase (decrease) in contract liabilities	11,107	5,784
Other, net	3,022	104
Subtotal	114,280	128,083
Subsidies received	926	963
Interest and dividends received	39	77
Income taxes refund (paid)	(33,463)	(31,600)
Net cash provided by (used in) operating activities	81,783	97,524
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,208)	(16,140)
Proceeds from sale of property, plant and equipment	1,115	24
Payments for demolition of non-current assets	-	(74)
Purchase of intangible assets	(43)	(111)
Proceeds from sale of investment securities	29	-
Long-term loan advances	(1)	(106)
Proceeds from collection of long-term loans receivable	43	37
Other, net	(12)	(34)
Net cash provided by (used in) investing activities	(13,077)	(16,403)
Cash flows from financing activities		
Proceeds from issuance of shares	115	260
Dividends paid	(32,154)	(31,115)
Dividends paid to non-controlling interests	(51)	(74)
Other, net	(0)	(8)
Net cash provided by (used in) financing activities	(32,090)	(30,938)
Effect of exchange rate change on cash and cash equivalents	666	2,251
Net increase (decrease) in cash and cash equivalents	37,281	52,433
Cash and cash equivalents at beginning of period	125,771	163,053
Cash and cash equivalents at end of period	163,053	215,486