



April 21, 2022

Consolidated Financial Results of Fiscal Year 2021

Company name: DISCO Corporation
 Stock code number: 6146 (TSE Prime Market)
 URL: <http://www.disco.co.jp>

- 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 FY2021 (April 1, 2021, through March 31, 2022)

1) Operating results (accumulated)

	Fiscal year ended		
	March 31, 2021	March 31, 2022	YoY (%)
Net sales	182,857	253,781	38.8
Operating income	53,106	91,513	72.3
Ordinary income	53,629	92,449	72.4
Net income	39,091	66,206	69.4
Net income per share (yen)	1,085.47	1,835.02	-

2) Financial positions

	As of March 31, 2021	As of March 31, 2022
Total assets	329,026	404,540
Net assets	252,352	293,812
Equity ratio (%)	76.3%	72.3%

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

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

251,203 million yen (as of March 31, 2021)

2. Dividends

	Fiscal Year 2020	Fiscal Year 2021 Actual	Fiscal Year 2022 Forecast
1Q-end dividend per share (yen)	—	—	—
2Q-end dividend per share (yen)	116.00	199.00	—
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	561.00	609.00	—
Annual dividend per share (yen)	677.00	808.00	—

Note: Revision of dividends forecast during this period: Yes

3. Earnings forecast for FY2022 1Q

(Millions of yen)

	Tree months ending June 30, 2022	YoY (%)
Net sales	62,400	29.2
Operating income	22,200	43.7
Ordinary income	22,300	51.2
Net income	15,700	48.4
Net income per share (yen)	435.01	-
Shipment figures	68,300	9.0

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

As of March 31, 2022:	36,095,871 shares
As of March 31, 2021:	36,059,671 shares
 - (2) Number of shares of treasury stock

As of March 31, 2022:	5,090 shares
As of March 31, 2021:	5,060 shares
 - (3) Average number of shares

As of March 31, 2022:	36,079,325 shares
As of March 31, 2021:	36,013,354 shares

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 FY2022 1Q

(Millions of yen)

	Tree months ending June 30, 2022	YoY (%)
Net sales	51,800	29.6
Operating income	17,000	42.3
Ordinary income	30,200	43.0
Net income	23,900	39.9
Net income per share (yen)	662.22	-

Note: Revision of earnings forecast during this period: Yes

5. Business Performance Overview

(1) Overview of Business Performance for the Current Period

For the market environment during the current consolidated period (hereinafter “this period”), in addition to products associated with 5G and automotive applications, demand for semiconductor products has increased for a wide range of applications including logic ICs, memory devices, and power semiconductors supported by the acceleration of worldwide decarbonization.

In such a market environment, as customers’ willingness to invest capital in the facilities of semiconductor manufacturers has remained strong, shipment volumes have remained high for precision processing equipment such as dicing saws and grinders throughout the fiscal year. In addition, customers’ facility operation rates remained high, and thus shipment volumes of precision processing tools (consumables) remained favorable as well.

Product shipment levels remained high throughout the fiscal year. As a result of smooth inspection/acceptance of the equipment, sales figures of this period increased substantially and hit a new record-high. For profits and losses, although SG&A increased due to personnel expenses and R&D expenses, due to a significant increase in sales figures and improvement in profitability, sales profit increased significantly by 70%.

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

Sales figures – JPY 253.7 B (38.8% increase compared to previous fiscal year)

Operating profit – JPY 91.5 B (72.3% increase compared to previous fiscal year), Operating profit margin: 36.1%

Ordinary profit – JPY 92.4 B (72.4% increase compared to previous fiscal year), Ordinary profit margin: 36.4%

Net income returning to parent company shareholders – JPY 66.2 B (69.4% increase compared to previous fiscal year), Net income: 26.1%

Furthermore, the four-year cumulative ordinary profit margin as of this period was 30.8% (28.7% in previous period), achieving the company’s goal “to maintain an ordinary profit margin of 20% or more for 4 cumulative years” for 6 consecutive years.

(2) Overview of Financial Position for the Current Period

The net assets for the current consolidated financial year was JPY 404.5 B, an increase of JPY 75.5 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 due to capital investment towards the acquisition of the Haneda R&D Center and Zone D in Building A at Kuwabata Plant. Liabilities were JPY 110.7 B, an increase of JPY 34.1 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 293.8 B, an increase of JPY 41.5 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) – 18.1% (5.1 point increase compared to previous fiscal year)

Return on equities (ROE) – 24.3% (7.9 point increase compared to previous fiscal year)

Four-year cumulative return on risk assets (RORA) – 37.1% (1.8 point increase compared to previous fiscal

(3) Overview of Cash Flow for the Current Period

The cash flow from business operations was a profit of JPY 83.7 B (47.5% increase compared to previous fiscal year). This was mainly caused due to the payment of net income before taxes and depreciation.

The cash flow due to investment activities was a loss of JPY 43.6 B (232.6% increase compared to previous period). This was mainly due to payments for the purchase of tangible fixed assets including the Haneda R&D Center and Zone D in Building A at Kuwabata Plant.

The cash flow from financial activities was a loss of JPY 27.2 B (71.8% increase compared to previous period). This was mainly caused by dividend payments.

As a result of these factors, the balance for cash and cash equivalents at the end of the period was JPY 125.8 B (an increase of JPY 16 B compared to 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 40.1 B.

(4) Forecast

Due to the difficulty in predicting demand in the semiconductor and electronic component industries as a result of drastic fluctuations in customers' willingness to invest over short periods, business forecasts are released one quarter in advance.

The consolidated business forecast for the first quarter of the fiscal year ending in March 2023 is a sales figure of JPY 62.4 B, an operating income of JPY 22.2 B, and an ordinary income of JPY 22.3 B, with an estimated quarterly net income of JPY 15.7 B returning to parent company shareholders.

The shipment forecast for the first quarter of the fiscal year ending in March 2023 is JPY 68.3 B.

6. Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	109,809	125,771
Notes and accounts receivable - trade	33,173	-
Notes receivable - trade	-	1,961
Accounts receivable - trade	-	36,728
Merchandise and finished goods	18,605	21,755
Work in process	15,998	18,997
Raw materials and supplies	21,142	27,725
Other	9,453	12,093
Allowance for doubtful accounts	(75)	(98)
Total current assets	208,108	244,933
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	62,333	94,868
Machinery, equipment and vehicles, net	10,837	12,028
Tools, furniture and fixtures, net	841	903
Land	17,034	26,554
Construction in progress	17,401	10,073
Total property, plant and equipment	108,448	144,427
Intangible assets	283	256
Investments and other assets		
Investment securities	2,491	2,608
Deferred tax assets	6,225	8,367
Retirement benefit asset	844	982
Other	2,642	2,973
Allowance for doubtful accounts	(17)	(10)
Total investments and other assets	12,186	14,922
Total non-current assets	120,918	159,606
Total assets	329,026	404,540

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,336	8,048
Electronically recorded obligations - operating	16,121	20,902
Income taxes payable	12,539	19,946
Advances received	17,518	-
Contract liabilities	-	27,622
Provision for bonuses	15,110	23,315
Provision for bonuses for directors (and other officers)	181	142
Provision for product warranties	705	942
Other	7,413	8,930
Total current liabilities	75,927	109,851
Non-current liabilities		
Asset retirement obligations	283	565
Other	463	310
Total non-current liabilities	746	876
Total liabilities	76,674	110,728
Net assets		
Shareholders' equity		
Share capital	21,424	21,608
Capital surplus	23,412	23,596
Retained earnings	203,677	242,475
Treasury shares	(31)	(32)
Total shareholders' equity	248,482	287,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	599	269
Foreign currency translation adjustment	2,218	4,765
Remeasurements of defined benefit plans	(97)	(25)
Total accumulated other comprehensive income	2,720	5,009
Share acquisition rights	937	884
Non-controlling interests	212	269
Total net assets	252,352	293,812
Total liabilities and net assets	329,026	404,540

7. Consolidated quarterly statement of (comprehensive) income

(Millions of yen)

	Fiscal year ended 31-Mar-21	Fiscal year ended 31-Mar-22
Net sales	182,857	253,781
Cost of sales	75,973	99,769
Gross profit	106,883	154,011
Selling, general and administrative expenses	53,776	62,498
Operating profit	53,106	91,513
Non-operating income		
Interest income	45	49
Share of profit of entities accounted for using equity method	289	461
Rental income	126	110
Subsidy income	355	1,262
Other	272	237
Total non-operating income	1,088	2,120
Non-operating expenses		
Foreign exchange losses	446	1,073
Depreciation	54	46
Other	65	65
Total non-operating expenses	566	1,185
Ordinary profit	53,629	92,449
Extraordinary income		
Gain on sale of non-current assets	21	6
Gain on sale of investment securities	-	0
Total extraordinary income	21	6
Extraordinary losses		
Loss on sale and retirement of non-current assets	55	80
Loss on valuation of investment securities	19	0
Extra retirement payments	141	123
Total extraordinary losses	216	204
Profit before income taxes	53,434	92,251
Income taxes - current	15,131	28,251
Income taxes - deferred	(844)	(2,253)
Total income taxes	14,286	25,997
Profit	39,147	66,253
Profit attributable to		
Profit attributable to owners of parent	39,091	66,206
Profit attributable to non-controlling interests	56	47
Other comprehensive income		
Foreign currency translation adjustment	1,847	2,514
Remeasurements of defined benefit plans, net of tax	(116)	72
Share of other comprehensive income of entities accounted for using equity method	252	(287)
Total other comprehensive income	1,983	2,299
Comprehensive income	41,131	68,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	41,057	68,495
Comprehensive income attributable to non-controlling interests	73	57

8. Consolidated statement of cash flow

(Millions of yen)

	Fiscal year ended 31-Mar-21	Fiscal year ended 31-Mar-22
Cash flows from operating activities		
Profit before income taxes	53,434	92,251
Depreciation	6,815	8,551
Loss (gain) on sale of investment securities	-	(0)
Loss (gain) on valuation of investment securities	19	0
Share of loss (profit) of entities accounted for using equity method	(289)	(461)
Increase (decrease) in allowance for doubtful accounts	13	7
Increase (decrease) in provision for bonuses	5,107	7,809
Increase (decrease) in provision for bonuses for directors (and other officers)	50	(38)
Increase (decrease) in provision for product warranties	342	186
Increase (decrease) in net defined benefit asset and liability-OpeCF	66	(138)
Loss (gain) on sale and retirement of property, plant and equipment	34	74
Subsidy income	(355)	(1,262)
Interest and dividend income	(45)	(49)
Decrease (increase) in trade receivables	(6,058)	(2,923)
Decrease (increase) in inventories	(3,825)	(9,594)
Increase (decrease) in trade payables	6,412	6,476
Increase (decrease) in accounts payable - other	344	(55)
Increase (decrease) in advances received	5,606	-
Increase (decrease) in Contract liabilities	-	7,467
Other, net	(4,929)	(4,788)
Subtotal	62,743	103,512
Subsidies received	638	1,218
Interest and dividends received	48	49
Dividends received from entities accounted for using equity method	138	56
Income taxes refund (paid)	(6,860)	(21,182)
Net cash provided by (used in) operating activities	56,709	83,654
Cash flows from investing activities		
Purchase of property, plant and equipment	(21,026)	(43,576)
Proceeds from sale of property, plant and equipment	75	9
Purchase of intangible assets	(87)	(56)
Proceeds from sale of investment securities	-	0
Long-term loan advances	(227)	(9)
Proceeds from collection of long-term loans receivable	12	93
Proceeds from withdrawal of time deposits	8,126	-
Other, net	18	(52)
Net cash provided by (used in) investing activities	(13,107)	(43,591)
Cash flows from financing activities		
Proceeds from issuance of shares	829	209
Purchase of treasury shares	(1)	(0)
Dividends paid	(16,653)	(27,401)
Net cash provided by (used in) financing activities	(15,825)	(27,193)
Effect of exchange rate change on cash and cash equivalents	2,249	3,091
Net increase (decrease) in cash and cash equivalents	30,026	15,961
Cash and cash equivalents at beginning of period	79,782	109,809
Cash and cash equivalents at end of period	109,809	125,771