

DISCO Corporation (6146)

FUGAKU AI ANALYSIS

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Corporate Governance Report | Filed: 2026-01-20

Module: Namiura (Governance)

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1. Governance Summary

DISCO Corporation filed an updated Corporate Governance Report showing incremental improvements in board composition. Independent directors now comprise 4 of 8 board seats (50%), meeting TSE Prime minimum requirements. However, governance quality lags behind peers in the precision equipment sector. Cross-shareholdings remain at 2.8% of net assets — significantly above the sector median of 1.1%.

Governance Signal: Founder Family Influence Persists

CEO Kazuma Sekiya is a third-generation family member. The Sekiya family holds 8.2% of shares directly plus an estimated 3.5% through related entities. While DISCO's operational performance is exceptional, the family influence creates a dual-class governance structure in practice. The board has no lead independent director, and the nomination committee is chaired by an inside director.

2. Board Composition

Director	Status	Expertise	Tenure	Other Boards
Kazuma Sekiya	CEO (Executive)	Operations, Strategy	18 years	0
Yuji Tanaka	COO (Executive)	Manufacturing	10 years	0
Satoshi Mori	CFO (Executive)	Finance	5 years	0
Hiroko Endo	Executive	R&D	3 years	0
Takashi Nakamura	Independent	Semiconductor industry	4 years	1
Reiko Fujita	Independent	Legal, compliance	3 years	2
Michael Torres	Independent	Global capital markets	2 years	1
Ayumi Sato	Independent	ESG, supply chain	1 year	2

3. Governance Scorecard

Criterion	Score	TSE Prime Avg	Assessment
Board Independence	50%	38%	Above Average
Gender Diversity	25%	14%	Above Average
International Directors	12.5%	8%	Above Average
Cross-Shareholdings / Net Assets	2.8%	4.2%	Below Avg but Improving
Poison Pill	None	12% have	Clean
CEO/Chair Separation	No	34% separated	Risk Factor
Lead Independent Director	None	22% have	Gap

4. Shareholder Structure

Category	% of Shares	Change (YoY)
Foreign Institutions	42.7%	+1.8pp
Domestic Institutions	24.3%	-0.5pp
Sekiya Family + Related	11.7%	-0.3pp
Individuals	14.8%	-0.4pp
Cross-Holdings	2.8%	-0.9pp
Treasury Stock	3.7%	+0.3pp

5. Fugaku Assessment

Governance Quality: ADEQUATE with Improvement Trajectory

DISCO's governance presents a mixed picture. Positives: cross-shareholdings declining (-0.9pp YoY), no poison pill, gender diversity above average, and international representation on the board. Negatives: CEO/Chair not separated, no lead independent director, family concentration risk, and nomination committee chaired by insider. For an activist targeting governance reform, DISCO's exceptional operations (37%+ OP margin, 26% ROE) combined with governance gaps create a classic "good company, fixable governance" opportunity. Foreign ownership at 42.7% and rising suggests the market is already pricing in governance improvement expectations.

Fugaku — Japan Equity Intelligence Platform | Module: Namiura (Governance Intelligence)

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