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Securities Code No. 6146

June 7, 2023

(Start date for electronic provision measures: June 2, 2023)

To: Shareholders

Kazuma Sekiya, Director, Representative Executive  
Officer, President

**DISCO CORPORATION**

2-13-11 Omori-Kita, Ota-ku, Tokyo

## **Notice for the 84th General Shareholders Meeting**

We are pleased to announce that the 84th General Shareholders Meeting for DISCO CORPORATION (the “Company”) will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights via the internet, etc. or in writing. Please review the attached reference materials for the General Shareholders Meeting before placing your votes.

With regard to holding this General Shareholders Meeting, the Company has taken electronic provision measures to provide information constituting the contents of the General Shareholders Meeting reference documents, etc. (items for which information is provided in an electronic format) in an electronic format, and this information has been posted as “Notice of the 84th Annual General Shareholders Meeting” on the Company’s website. Please access the Company’s website from the link below to review any information.

The Company website: <https://www.disco.co.jp/jp/ir/stock/meeting.html> (in Japanese)

In addition to the above website, the Company also posts items subject to electronic provision measures on the Tokyo Stock Exchange, Inc. (TSE) website. To access this information, go to the TSE website (Listed Company Search) using the link below, enter the issue name (DISCO) or issue code (6146), click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

### **If you wish to vote via the internet, etc.:**

Please access our designated voting website (<https://evote.tr.mufg.jp/>) and use the “login id” and “password” on the enclosed voting form. When voting, please enter your approval or disapproval for each proposal in accordance with the onscreen instructions no later than 5:45 p.m. on Wednesday June 28, 2023 (Japan Standard Time).

### **If you wish to vote in writing (by mail):**

Please indicate your approval or disapproval for each proposal on the enclosed voting form and return the form by postal mail so that it reaches us no later than 5:45 p.m. on Wednesday June 28, 2023 (Japan Standard Time).

- 1. Date & Time:** Thursday, June 29, 2023, at 10:00 a.m. (Japan Standard Time)  
(Reception desk will open at 9:00 a.m.)
- 2. Place:** Meeting Room 301A, Vision Center SHINAGAWA  
Keikyu No. 7 Building, 4-10-8 Takanawa, Minato-ku, Tokyo  
(Please note that the meeting place is different from last year)

### **3. Purposes of the Meeting**

#### **Matters to be Reported**

1. Business report, consolidated financial statements, and audit reports from the Accounting Auditor and Audit Committee on the consolidated financial statements for the 84th fiscal year (from April 1, 2022 to March 31, 2023)
2. Financial statements for the 84th fiscal year (from April 1, 2022 to March 31, 2023)

#### **Matters to be Resolved**

- |                   |   |
|-------------------|---|
| <b>Proposal 1</b> | Appropriation of Retained Earnings                  |
| <b>Proposal 2</b> | Partial Amendments to the Articles of Incorporation |
| <b>Proposal 3</b> | Election of Ten Directors                           |

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- ◎ In accordance with the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, the Company has posted the following items on the Company's website and on TSE's website; therefore these have been omitted from the documents to be delivered to shareholders who have requested so (documents containing items subject to electronic provision measures).
1. Matters concerning share acquisition rights
  2. Structure to ensure the appropriateness of business
  3. Overview of the operational status of the structure to ensure the appropriateness of business
  4. Basic concept toward eliminating anti-social forces and its development status
  5. Basic policy on internal control concerning financial reporting
  6. Notes on consolidated financial statements
  7. Notes on financial statements
- Thus, the documents attached to this notice for the general shareholders meeting are a part of the business report, consolidated financial statements, and financial statements that were audited when the Audit Committee wrote the audit report and when the Accounting Auditor wrote the accounting audit report.
- ◎ If a revision is made to the items subject to electronic provision measures, a notice of the revision and details of the item before and after the revision will be posted on the Company's website and the TSE website.

## Reference Materials for the General Shareholders Meeting

### Proposal 1 Appropriation of Retained Earnings

It is proposed that the retained earnings be appropriated as follows.

**(1) Type of assets to be distributed:**

Cash

**(2) Matters on the allocation of assets to be distributed and the total amount thereof:**

¥634 per share of the Company's common stock

Total distribution: ¥22,887,828,584

**(3) Effective date of the dividend from retained earnings:**

June 30, 2023

<Fundamental policy>

With respect to the dividend, the Company pays dividends according to its business performance and maintains dividends of "25% of the consolidated half-yearly net income."

However, even if its profitability is at a low level, the Company will maintain a half-yearly dividend of ¥10 (an annual dividend of ¥20) to ensure stable dividend payments.

Furthermore, in the case that the balance of cash and deposits has exceeded the budgeted funds necessary as of the end of the fiscal year, then, except in the case of a deficit, the Company's fundamental policy is to pay an additional dividend of approximately one-third of surplus funds.

Note: The Company implemented a stock split of its common stock in the proportion of 1 share into 3 shares on April 1, 2023; however, the year-end dividend above will be paid based on the current number of shares as of March 31, 2023.

[Reference]

Interim dividend	¥282	25% of the consolidated <b>first-half</b> net income
Year-end dividend	¥634	25% of the consolidated <b>second-half</b> net income
Portion of performance-based dividends	¥293	
Portion of additional dividends	¥341	One-third of surplus funds (See reference information on P20)
Annual dividend	¥916	
Dividend payout ratio (consolidated)	39.9%	

**Proposal 2 Partial Amendments to the Articles of Incorporation**

1. Reasons for the proposal

To increase the speed and reduce the cost of construction and modification operations for small-scale, simple buildings used by the Company itself, the Company aims to establish a first-class architectural office within the Company and create an in-house system to conduct procedures and filings in accordance with laws and regulations, etc., related to building design, construction work supervision, and construction. Therefore, in order to conduct registration procedures of a first-class architectural office in accordance with the Act on Architects and Building Engineers, etc., the Company proposes the revision of Article 2 (Purpose) of the current Articles of Incorporation to add this business purpose.

2. Amendment details

Detailed information regarding the amendments is as follows.

(Underlined portions indicate amendments.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 (Text omitted) (Purpose)</p> <p>Article 2 It is the purpose of the Company to engage in the following business. 1. to 5. (Text omitted) (Newly established)</p> <p><u>6.</u> (Text omitted)</p> <p>Article 3 to Article 5 (Text omitted)</p>	<p style="text-align: center;">Chapter 1 General Provisions</p> <p>Article 1 (Unchanged) (Purpose)</p> <p>Article 2 It is the purpose of the Company to engage in the following business. 1. to 5. (Unchanged)</p> <p><u>6. Design and supervise the construction of buildings</u></p> <p><u>7.</u> (Unchanged)</p> <p>Article 3 to Article 5 (Unchanged)</p>

### Proposal 3 Election of Ten Directors

The terms of office for all ten Directors expire at the close of this General Shareholders Meeting. Therefore, it is proposed that ten Directors including seven Outside Directors be elected pursuant to the decision of the Nominating Committee.

The candidates for Directors are as follows.

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned
1 Reappointment	Kazuma Sekiya (February 14, 1966) Male  Attendance at Board of Directors meetings: 100% (13/13)  Attendance at Nominating Committee meetings: 4/4 (100%)  Attendance at Compensation Committee meetings: 7/7 (100%)	July 1989 Joined the Company	2,100,000 shares
		Apr. 1994 General Manager of Engineering Development Department, PS Division of the Company	
		June 1995 Director, Deputy General Manager of PS Division of the Company	
		July 1998 Vice President of PS Company of the Company	
		July 2002 Managing Director of the Company	
		Apr. 2003 President of PS Company of the Company	
		Apr. 2009 Representative Director, President, and General Manager of Engineering R&D Division of the Company	
		June 2022 Director, Representative Executive Officer, President, and General Manager of Engineering R&D Division of the Company (current position)	
		(Key concurrent posts) None	
		Reasons for nomination as a candidate for Director: The Company expects Mr. Kazuma Sekiya to continue demonstrating strong leadership in the future with his technological development expertise, deep knowledge of business as a whole, and his wealth of ideas in the Company. Therefore, the Company has nominated him as a candidate for Director. In addition, after his election, he will continue to be involved as a member of the Nominating Committee and Compensation Committee, representing the Company's executive side in making decisions regarding personnel-related affairs of Directors and on the officer remuneration system.	

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned
2 Reappointment	Noboru Yoshinaga (August 23, 1957) Male  Attendance at Board of Directors meetings: 100% (13/13)	<p>Apr. 1982      Joined the Company</p> <p>July 2004      General Manager of Global Management Department, PS Company of the Company</p> <p>July 2006      Operating Officer, General Manager of Global Sales Department, PS Company of the Company</p> <p>June 2011      Executive Operating Officer, General Manager of Sales Division and General Manager of Service Department of the Company</p> <p>June 2015      Senior Executive Operating Officer, General Manager of Sales Division and General Manager of Global Sales Department of the Company</p> <p>Aug. 2017      General Manager of Customer Engineering Department, Sales Division of the Company (current position)</p> <p>June 2019      Senior Managing Director, General Manager of Sales Division of the Company</p> <p>June 2021      General Manager of Global Sales Department of the Company (current position)</p> <p>June 2022      Director, Executive Officer, Executive Vice President, and General Manager of Sales Division of the Company (current position)</p> <p>(Key concurrent posts) Representative Director and Chairman of DISCO HI-TEC AMERICA, INC. Representative Director and Chairman of DISCO HI-TEC (SINGAPORE) PTE LTD Chairman of the Board of DISCO HI-TEC CHINA CO., LTD. Chairman of the Board of DISCO HI-TEC TAIWAN CO., LTD. Representative Director of DISCO HI-TEC KOREA Corporation</p>	9,300 shares
		<p>Reasons for nomination as a candidate for Director: Following an extensive period of overseas experience, Mr. Noboru Yoshinaga has been in charge of global sales divisions and overseas subsidiaries for many years, and has contributed greatly to the growth and development of the Company through his services in the sales field amidst rapidly changing market conditions. The Company has nominated him as a candidate for Director in order to incorporate his personal connections with a broad range of clients and his abundant experience into the management of the Company.</p>	

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned
3 Reappointment	Takao Tamura (September 16, 1955) Male  Attendance at Board of Directors meetings: 100% (13/13)	Apr. 1977      Joined the Company	3,000 shares
		June 1995      Director of the Company	
July 1997      Acting General Manager of Corporate Support Division and General Manager of General Affairs Department of the Company			
Apr. 1999      General Manager of Corporate Support Division of the Company (current position)			
Aug. 2002      General Manager of Accounting Department of Corporate Support Division of the Company			
June 2011      Managing Director of the Company			
Sept. 2011      General Manager of Human Resource Department, Corporate Support Division of the Company			
Jan. 2018      General Manager of General Affairs Department, Corporate Support Division of the Company			
June 2022      Director, Managing Executive Officer (current position)			
	(Key concurrent posts) None		
	Reasons for nomination as a candidate for Director: After building up experience overseas through projects such as launching an overseas local subsidiary, Mr. Takao Tamura has served as the person responsible for supervising administrative departments in the Company and overseeing subsidiaries in Japan and overseas. The Company has nominated him as a candidate for Director in order to incorporate this extensive experience and knowledge into the management of the Company.		

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned	
4 Reappointment	Ichiro Inasaki (April 3, 1941) Male	Apr. 1984	Professor of the Faculty of Science and Technology at Keio University	0 shares
		Mar. 1998	Visiting professor at University of California, Berkeley in U.S.A.	
		May 2001	Dean of the Faculty of Science and Technology at Keio University Dean of the Graduate School of Science and Technology at Keio University	
		Apr. 2007	Professor emeritus at Keio University Professor at Chubu University Director of the Institute of Science and Technology Research at Chubu University	
		Apr. 2011	Dean of Chubu University	
		June 2011	Director of Chubu Institute for Advanced Studies at Chubu University	
		Mar. 2012	Outside Auditor of Mitsubishi Pencil Co., Ltd.	
		Apr. 2012	Appointed Professor at Chubu University	
		June 2013	Outside Director of the Company (current position)	
		Apr. 2015	Director of Chubu University	
Outside Director	Attendance at Board of Directors meetings: 100% (13/13)	Mar. 2018	Outside Director of Sodick Co., Ltd. (current position)	
		(Key concurrent posts)		
		Outside Director of Sodick Co., Ltd.		
Independent Officer	Attendance at Nominating Committee meetings: 4/4 (100%)	Reasons for nomination as a candidate for Outside Director and expected roles, etc.:		
		Mr. Ichiro Inasaki's efforts have led to the achievement of outstanding outcomes in research related to machine processing engineering and production engineering, which are the business fields of the Company, and he was awarded the Georg-Schlesinger-Preis, a prestigious award given to honor researchers who have contributed to the advancement of production engineering in Germany. He is recognized as being an authority on these business fields and has a deep understanding of the Company's business. Therefore, the Company has nominated him as a candidate for Outside Director so that he can use his depth of insight to strengthen the Company's business.		
		In addition, as the Chairman of the Nominating Committee, he has been making efforts to select the candidates to be considered for the position of new Directors, and as the Chairman of the Compensation Committee, he has been leading the discussions in the Compensation Committee meetings to ensure that the remuneration system is in line with social demands. These activities are contributing to the enhancement of the Company's corporate value and adequately fulfill the roles expected of him by the Company.		
	Attendance at Compensation Committee meetings: 7/7 (100%)	After his election, the Company expects that he will use his expertise as part of the Board of Directors and contribute toward taking decisions on important management matters and toward the supervision of business execution. Also, as the Chairman of the Nominating Committee and Compensation Committees, he will be involved in the selection of candidates to be considered for the position of the Company's Directors and in decisions on the remuneration system for officers from an objective and neutral standpoint.		
		He has never been involved in the management of a company except as an external executive. However, the Company judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.		



Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned
5 Reappointment  Outside Director  Independent Officer	Shinichi Tamura (March 30, 1944) Male  Attendance at Board of Directors meetings: 100% (13/13)  Attendance at Nominating Committee meetings: 4/4 (100%)  Attendance at Compensation Committee meetings: 7/7 (100%)	Oct. 1988 Professor at the Biomedical Research Center, Osaka University Medical School	0 shares
		Apr. 2007 Professor emeritus at Osaka University, Guest Professor at The Center for Advanced Medical Engineering and Informatics, Osaka University	
		Apr. 2007 Director and Head of the Technology Laboratory of NBL Co., Ltd.	
		Aug. 2010 Director and Head of the Laboratory of NBL Technovator Co., Ltd. (current position)	
		June 2015 Outside Director of the Company (current position)	
		(Key concurrent posts) Director and Head of the Laboratory of NBL Technovator Co., Ltd.	
		Reasons for nomination as a candidate for Outside Director, expected roles, etc.: Mr. Shinichi Tamura is a pioneering researcher in the field of image processing technology, a technology that is integrally important for the Company's products, in addition to also having experience as a corporate management executive. Therefore, the Company has nominated him as a candidate for Outside Director so that he can use his depth of expertise to strengthen the Company's business. In addition, after his election, the Company expects that he will use his expertise as part of the Board of Directors and contribute toward taking decisions on important management matters and toward the supervision of business execution. Also, as a member of the Nominating Committee and Compensation Committee, he will be involved in the selection of candidates to be considered for the position of the Company's Directors and in decisions on the remuneration system for officers from an objective and neutral standpoint.	

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned	
6 Reappointment  Outside Director  Independent Officer	Tsutomu Mimata (June 14, 1944) Male	Apr. 1963	Joined Hitachi, Ltd.	0 shares
		Feb. 1989	Seconded to Hitachi Tokyo Electronics Co., Ltd.	
		Feb. 1993	Joined Hitachi Tokyo Electronics Co., Ltd.	
		Feb. 1999	Resigned from Hitachi Tokyo Electronics Co., Ltd.	
		Mar. 1999	Joined Shinkawa Ltd.	
		June 2001	Director of Shinkawa Ltd.	
		June 2004	Managing Director of Shinkawa Ltd.	
		June 2008	Resigned as Managing Director of Shinkawa Ltd.	
		June 2008	Advisor of Shinkawa Ltd.	
		June 2009	Permanent Outside Company Auditor of the Company	
		June 2022	Outside Director of the Company (current position)	
	(Key concurrent posts) None			
	Attendance at Board of Directors meetings: 100% (13/13)	Reasons for nomination as a candidate for Outside Director, expected roles, etc.: Mr. Tsutomu Mimata worked in developing manufacturing equipment and process development as an engineer at a major semiconductor manufacturer, and later served as an executive at Shinkawa Ltd., a semiconductor packaging equipment manufacturer. The Company has nominated him as a candidate for Outside Director since he is a rare management talent who has both profound technical knowledge and management experience.		
	Attendance at Board of Company Auditors meetings: 4/4 (100%)	In the semiconductor manufacturing process, he was involved in the development and commercialization of the production line at Hitachi, Ltd., including the dicing process, and he is familiar with dicing equipment, which is our main product. During his time at Shinkawa Ltd., he deepened his knowledge of equipment, manufacturing, sales, and purchasing, as well as equipment development for die bonding and wire bonding processes. Using his broad insight, he has provided statements of high added value on the direction of R&D and on technological management from an independent and objective perspective at the Company's Board of Directors meetings and management meetings, and has more than adequately fulfilled the roles expected of him by the Company.		
	Attendance at Audit Committee meetings: 10/10 (100%)	In addition, he is the Chairman of the Representative Executive Officer Evaluation Committee comprised completely of Outside Directors and evaluates the business activities of the Representative Executive Officer across the board. He serves as a coordinator for the Outside Directors to promote understanding of the Company's corporate culture and relays information regarding the roles expected of Audit Committee members to Outside Directors who have still only been in their position for a short period of time. He strives to create an environment in which even Outside Directors who have only been in their position for a short period of time can smoothly carry out their duties. After his election, the Company expects that he will use his expertise as part of the Board of Directors and contribute toward taking decisions on important management matters and toward the supervision of business execution. He will also serve as the Chairman of the Audit Committee and as a full-time Audit Committee Member, and will be involved in auditing the execution of duties by Executive Officers and Directors and in determining the Accounting Auditor, and will also serve as the Chairman of the Representative Executive Officer Evaluation Committee.		

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned
7 Reappointment  Outside Director  Independent Officer	Yusei Yamaguchi (January 10, 1948) Male  Attendance at Board of Directors meetings: 100% (13/13)  Attendance at Board of Company Auditors meetings: 4/4 (100%)  Attendance at Audit Committee meetings: 10/10 (100%)	Apr. 1971      Joined The Sanwa Bank, Limited (now MUFJ Bank, Ltd.)	0 shares
		June 1999      Executive officer of The Sanwa Bank, Limited	
		May 2002      Managing Executive Officer of UFJ Bank Limited (now MUFJ Bank, Ltd.)	
		June 2003      Resigned as Managing Executive Officer of UFJ Bank Limited	
		June 2003      Representative Director and Vice President of Towa Real Estate Development Co., Ltd. (now Mitsubishi Jisho Residence Co., Ltd.)	
		June 2009      Representative Director and Senior Managing Executive Officer of Unitika Ltd.	
		June 2015      Outside Company Auditor of the Company	
		June 2015      Outside Director of SHINNIHON CORPORATION	
		June 2022      Outside Director of the Company (current position)	
		(Key concurrent posts) None	
		Reasons for nomination as a candidate for Outside Director, expected roles, etc.: The Company has nominated Mr. Yusei Yamaguchi as a candidate for Outside Director because of his extensive experience and broad knowledge in corporate management over many years, including serving as a Representative Director of two listed companies, as well as his extensive insight into finance, accounting, and legal matters based on his long history of experience in finance-related business operations. In addition, after his election, the Company expects that he will use his expertise as part of the Board of Directors and contribute toward taking decisions on important management matters and toward the supervision of business execution. As a member of the Audit Committee, he will be involved in auditing the execution of duties by Executive Officers and Directors and in determining the Accounting Auditor from an objective and neutral standpoint.	

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned	
8 Reappointment  Outside Director  Independent Officer	Kazuyoshi Tokimaru (March 28, 1959) Male  Attendance at Board of Directors meetings: 100% (13/13)  Attendance at Board of Company Auditors meetings: 4/4 (100%)  Attendance at Audit Committee meetings: 10/10 (100%)	Apr. 1982	Joined The Sumitomo Trust and Banking Company, Limited (now Sumitomo Mitsui Trust Bank, Limited)	0 shares
		June 2006	General Manager of the Retail Sales Development Department of The Sumitomo Trust and Banking Company, Limited	
		Feb. 2008	General Manager of Structured Finance Department of The Sumitomo Trust and Banking Company, Limited	
		May 2009	General Manager of Legal and Compliance Department of The Sumitomo Trust and Banking Company, Limited	
		Apr. 2011	General Manager of Internal Audit Department of The Sumitomo Trust and Banking Company, Limited and General Manager of Internal Audit Department of Sumitomo Mitsui Trust Holdings, Inc.	
		Apr. 2012	General Manager of Internal Audit Department of Sumitomo Mitsui Trust Bank, Limited and General Manager of Internal Audit Department of Sumitomo Mitsui Trust Holdings, Inc.	
		Apr. 2015	Executive Officer, General Manager of Internal Audit Department of Sumitomo Mitsui Trust Bank, Limited and Executive Officer, General Manager of Internal Audit Department of Sumitomo Mitsui Trust Holdings, Inc.	
		June 2015	Standing Outside Audit & Supervisory Board Member of Minebea Co., Ltd. (now MinebeaMitsumi Inc.)	
June 2019	Outside Company Auditor of the Company			
June 2022	Outside Director of the Company (current position)			
		(Key concurrent posts) None		
Reasons for nomination as a candidate for Outside Director, expected roles, etc.: The Company has nominated Mr. Kazuyoshi Tokimaru as a candidate for Outside Director since he has a wealth of insight regarding finance, accounting, and legal affairs based on his experience in finance and legal-related operations for many years. In addition, after his election, the Company expects that he will use his expertise as part of the Board of Directors and contribute toward taking decisions on important management matters and toward the supervision of business execution. As a full-time member of the Audit Committee, he will be involved in auditing the execution of duties by Executive Officers and Directors and in determining the Accounting Auditor from an objective and neutral standpoint.				

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned
9 Reappointment	Noriko Oki (May 25, 1958) Female	<p>Apr. 1982      Joined Chase Manhattan Bank (currently JPMorgan Chase Bank, N.A.)</p> <p>Apr. 1988      Joined Morgan Stanley Japan Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.) Stock Research Department of Morgan Stanley Japan Securities Co., Ltd.</p> <p>Dec. 2001      Managing Director of Morgan Stanley Japan Securities Co., Ltd.</p> <p>Oct. 2004      Senior Advisor, Investment Banking Division of Morgan Stanley Japan Securities Co., Ltd.</p> <p>June 2020      Outside Director of ALPS ALPINE CO., LTD. (current position)</p> <p>June 2022      Outside Director of the Company (current position)</p> <p>(Key concurrent posts) Outside Director of ALPS ALPINE CO., LTD.</p>	0 shares
Outside Director	Attendance at Board of Directors meetings: 10/10 (100%)	Reasons for nomination as a candidate for Outside Director, expected roles, etc.: As a securities analyst, Ms. Noriko Oki has a wealth of knowledge and high level of expertise in finance and accounting in the semiconductor manufacturing equipment industry, to which the Company belongs, and the precision equipment industry, to which our customers belong through her many years of experience in these industries. Based on this, the Company has nominated her as a candidate for Outside Director because she has a high level of insight in analyzing a company from various perspectives. In addition, after her election, the Company expects that she will use her expertise as part of the Board of Directors and contribute toward taking decisions on important management matters and toward the supervision of business execution. As a member of the Audit Committee, she will be involved in auditing the execution of duties by Executive Officers and Directors and in determining the Accounting Auditor from an objective and neutral standpoint.	
Independent Officer	Attendance at Audit Committee meetings: 10/10 (100%)	She has never been involved in the management of a company except as an external executive. However, the Company judges she will appropriately fulfill her duties as an Outside Director based on the above reasons.	

Candidate No.	Name (Date of birth)	Career History, Title, Responsibilities	Number of Company Shares Owned
10 New election  Outside Director  Independent Officer	Akiko Matsuo (December 1, 1964) Female  Attendance at Board of Directors meetings: —	Apr. 1989      Joined Recruit Co., Ltd. Mar. 1991      Resigned from Recruit Co., Ltd. Apr. 2008      Professor at the Faculty of Science and Technology, Department of Mechanical Engineering at Keio University (current position) Apr. 2020      President of the Japan Society for Aeronautical and Space Sciences  (Key concurrent posts) Professor at the Faculty of Science and Technology, Department of Mechanical Engineering at Keio University	0 shares
		Reasons for nomination as a candidate for Outside Director, expected roles, etc.: Ms. Akiko Matsuo has specialized knowledge in physics and mechanical engineering, particularly in the area of computer simulation, and has an outstanding record of research accomplishments. She was also the youngest ever part-time member of a council for the Ministry of Land, Infrastructure, Transport and Tourism, and is held in high esteem by society. The Company has nominated her as a candidate for Outside Director in the belief that she will utilize her deep insight to strengthen the Company's business. In addition, after her election, the Company expects that she will use her expertise as part of the Board of Directors and contribute toward taking decisions on important management matters and toward the supervision of business execution. As a member of the Audit Committee, she will be involved in auditing the execution of duties by Executive Officers and Directors and in determining the Accounting Auditor from an objective and neutral standpoint. She has never been involved in the management of a company except as an external executive. However, based on her past achievements, the Company judges she will perform her duties as an Outside Director with sincerity and from a fair and open perspective.	

- Notes:
- There are no special interests between the candidates and the Company.
  - Mr. Ichiro Inasaki, Mr. Shinichi Tamura, Mr. Tsutomu Mimata, Mr. Yusei Yamaguchi, Mr. Kazuyoshi Tokimaru, Ms. Noriko Oki and Ms. Akiko Matsuo are candidates for Outside Director.
  - Mr. Ichiro Inasaki is currently an Outside Director of the Company. His term of office will be ten years at the close of this General Shareholders Meeting.
  - Mr. Shinichi Tamura is currently an Outside Director of the Company. His term of office will be eight years at the close of this General Shareholders Meeting.
  - Mr. Tsutomu Mimata is currently an Outside Director of the Company. His term of office will be one year at the close of this General Shareholders Meeting. Furthermore, he was a full-time Outside Company Auditor of the Company prior to his appointment as an Outside Director of the Company, and his term of office, including the 13 years he served, will be 14 years.
  - Mr. Yusei Yamaguchi is currently an Outside Director of the Company. His term of office will be one year at the close of this General Shareholders Meeting. Furthermore, he was an Outside Company Auditor of the Company prior to his appointment as an Outside Director of the Company, and his term of office, including the seven years he served, will be eight years.
  - Mr. Kazuyoshi Tokimaru is currently an Outside Director of the Company. His term of office will be one year at the close of this General Shareholders Meeting. Furthermore, he was an Outside Company Auditor of the Company prior to his appointment as an Outside Director of the Company, and his term of office, including the three years he served, will be four years.
  - Ms. Noriko Oki is currently an Outside Director of the Company. Her term of office will be one year at the close of this General Shareholders Meeting.
  - The Company has registered Mr. Ichiro Inasaki, Mr. Shinichi Tamura, Mr. Tsutomu Mimata, Mr. Yusei Yamaguchi, Mr. Kazuyoshi Tokimaru, and Ms. Noriko Oki as independent officers based on the regulations of the Tokyo Stock Exchange. If each of these candidates is reappointed, the Company intends for them to continue acting as an independent officer.  
Furthermore, Ms. Akiko Matsuo satisfies the requirements to be an independent officer based on the regulations of the Tokyo Stock Exchange, and thus, should she be elected, the Company intends to register her as an independent officer with the exchange.
  - The Company has concluded agreements with Mr. Ichiro Inasaki, Mr. Shinichi Tamura, Mr. Tsutomu Mimata, Mr. Yusei Yamaguchi, Mr. Kazuyoshi Tokimaru, and Ms. Noriko Oki, who are non-executive directors, limiting

their liability for damages in Article 423, paragraph 1 of the Companies Act, based on the provisions in Article 427, paragraph 1 of the same Act. The maximum liability for damages under such an agreement shall be the minimum liability amount as stated in Article 425, paragraph 1 of the Companies Act. If the reappointment of these six members are approved, the said agreements will be continued. If the election of Ms. Matsuo Akiko is approved, the Company plans to enter into the same limited liability agreement with her as well.

11. The Company has entered into a Directors and Officers Liability Insurance (D&O Insurance) agreement with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act. An outline of this insurance agreement is provided in the Business Report (page 33, in Japanese only). If the reappointment or election of a candidate for Director is approved, they will be included as an insured person under the above-mentioned insurance. In addition, the Company plans to renew the policy with the same terms at the next renewal.
12. Ms. Noriko Oki's attendance at the Board of Directors meetings only covers the meetings held after her election as a director at the 83rd Annual General Meeting of Shareholders held on June 29, 2022.
13. Since the Company implemented a stock split of its common stock in the proportion of 1 share into 3 shares on April 1, 2023, the number of Company shares held by each member is based on the shares after the stock split.

Reference: Supplementary explanation regarding the independence of Mr. Tsutomu Mimata, Candidate No. 6 for Outside Director

Mr. Tsutomu Mimata has been contributing toward strengthening the governance of the Company for a total of 14 years: as a full-time Outside Company Auditor for 13 years, and Outside Director for one year (full-time Audit Committee Member).

Mr. Mimata's recent activities also demonstrate that he has made suggestions from an independent and objective perspective on the status of the execution of directors' duties, and he has played an expected role in ensuring the effectiveness of audits. In addition, the scope of audits by the Audit Committee extends to audits of appropriateness in addition to audits of legality, and Mr. Mimata's deep insight and experience will be indispensable.

Please note that the names of committees, positions, etc. listed below are as of the time when the relevant activities were undertaken.

■ Main activities of Mr. Mimata

2018: Establishment of Representative Director Evaluation Committee

As a core member of the Representative Director Evaluation Committee, comprising completely of Outside Directors and Outside Company Auditors, a committee which evaluates the status of the execution of directors' duties of Representative Directors, Mr. Mimata was involved in establishing the Committee, and he planned the functions of the Committee and the method of evaluation of Representative Directors, and proactively established rules and regulations to enhance objectivity and transparency of these. In addition, he was appointed as the first Committee Chairman.

2019: Major advice to the Board of Directors

During the report on the status of technological development, Mr. Mimata offered advice on the need to work more proactively on new technologies. This revealed a difference in perception between the Representative Directors and Executive Directors, and between the Outside Directors and Outside Company Auditors regarding R&D. In response to this, it was decided to hold technical inspection meetings where Outside Directors and Outside Company Auditors hear explanations on the status of technological R&D, visit development sites directly, and confirm the status of the execution of directors' duties through direct dialogue with engineers. The Company believes these suggestions were conducive to improving the functions of the Board of Directors and Board of Company Auditors.

2020: Establishment of Standards for Representative Director Evaluation Committee

As the Chairman of the Representative Director Evaluation Committee, Mr. Mimata contributed to improving the effectiveness of the Committee by creating standards for the Committee including a provision that the Committee shall make strict recommendations that include resignation when a Representative Director's execution of duties is in doubt, by resolution of the Committee.

2022: Transition to a Company with Three Committees

At the time of the transition to a company with Three Committees, he organized the rules and regulations of the Board of Company Auditors and the Representative Director Evaluation Committee at the time, organized Outside Director discussions on the development of an audit work system for the Audit Committee, etc., and contributed to the smooth establishment of the system after the transition.



[Reference]

1. Concurrent Service of Each Director as an Executive Officer and the Committee to Which They Are Expected to Belong

The composition of the committees when Proposal 3 “Election of Ten Directors” are approved is as follows.

Candidate No.	Name	Representative Executive Officer	Executive Officer	Nominating Committee		Compensation Committee		Audit Committee		Representative Executive Officer Evaluation Committee	
				Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member
1	Kazuma Sekiya	✓			✓		✓				
2	Noboru Yoshinaga	✓									
3	Takao Tamura		✓								
4	Ichiro Inasaki			✓		✓					✓
5	Shinichi Tamura				✓		✓				✓
6	Tsutomu Mimata							✓		✓	
7	Yusei Yamaguchi								✓		✓
8	Kazuyoshi Tokimaru								✓		✓
9	Noriko Oki								✓		✓
10	Akiko Matsuo								✓		✓

Note: Outside Directors are in gray on the table.

## 2. Director Skill Matrix

The Board of Directors of the Company shall fundamentally comprise of personnel with a balance of business knowledge, experience, and abilities, in addition to Outside Directors with knowledge of innovation and technology, thus considered appropriate from the standpoint of diversity as well.

In addition to the knowledge and experience of each Director, the skills required are identified in light of key business strategies that include “to be a corporation that contributes to the realization of a sustainable society through all of its corporate activities” as stated in DISCO VISION 2030.

This skill matrix will be reviewed as appropriate based on the external environment and the situation of the Company.

Candidate No.	Name	Gender		Business management	Experience and knowledge of the Company's business and industry	Innovation and technology	Finance and accounting	Legal affairs and risk management	Environmental, social, and governance (ESG)
		Male	Female						
1	Kazuma Sekiya	✓		✓	✓	✓	✓	✓	✓
2	Noboru Yoshinaga	✓		✓	✓	✓	✓	✓	✓
3	Takao Tamura	✓		✓	✓		✓	✓	✓
4	Ichiro Inasaki	✓			✓	✓			✓
5	Shinichi Tamura	✓		✓	✓	✓			
6	Tsutomu Mimata	✓		✓	✓	✓			
7	Yusei Yamaguchi	✓		✓			✓	✓	
8	Kazuyoshi Tokimaru	✓					✓	✓	✓
9	Noriko Oki		✓		✓		✓		✓
10	Akiko Matsuo		✓			✓			✓

Note: Outside Directors are in gray on the table.

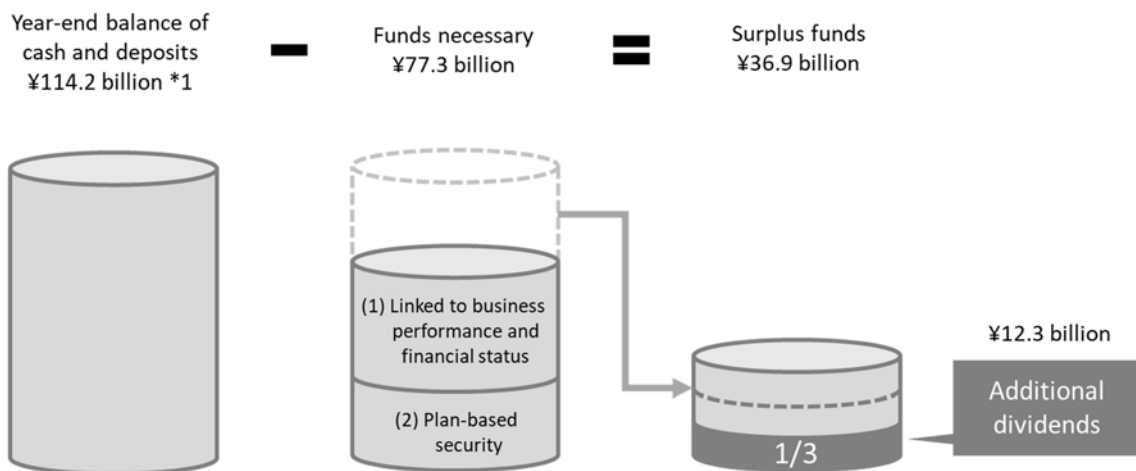
### 3. Independence Criteria

The Company will judge there to be no independence if any of the following applies with regard to the independence of a candidate to be elected as an independent Outside Director.

- (1) A person who is, or was, a business executor (a “business executor” refers to a director, executive officer, corporate officer, manager, or other employee who executes the business of a corporation or other organization; the same applies hereinafter) in the Company or an associated firm of the Company (the “DISCO Group”)
- (2) An organization for whom the DISCO Group is a major business partner (a “major business partner” refers to an organization that has made or received payments exceeding 2% of the annual consolidated sales of the Company in relation to business with the DISCO Group in the most recent fiscal year, or an organization that has lent to the DISCO Group an amount exceeding 20% of the total liabilities of the DISCO Group; the same applies hereinafter) or a business executor of that organization
- (3) A major business partner of the DISCO Group or a business executor of that organization
- (4) A consultant, accounting expert, or legal expert who receives a large amount (a “large amount” refers to an amount for which the average annual amount paid in the last three fiscal years exceeds ¥10,000,000) of money or other property other than officer’s remuneration from the DISCO Group. (If it is an organization, such as a corporation or association, which is receiving said property, a person belonging to that organization)
- (5) A major shareholder (a “major shareholder” refers to a person or organization which directly or indirectly holds more than 5% of the total voting rights in the Company) or a business executor of that organization
- (6) An organization of which the DISCO Group directly or indirectly holds more than 5% of the total voting rights or a business executor of that organization
- (7) A person to whom one or more of the aforementioned (2) to (6) has applied in the past 10 years, including the current fiscal year
- (8) If a person to whom one of the aforementioned (1) to (7) applies is a key person (a “key person” refers to a director (excluding outside director), executive officer, corporate officer, or an employee in a senior management position of the department manager class or above), a person equivalent to a spouse, or a relative within the second degree of kinship of that person

#### 4. Formula for calculating additional dividends

Additional dividends: A target of one-third of surplus funds added to performance-based dividends



#### Breakdown of funds necessary

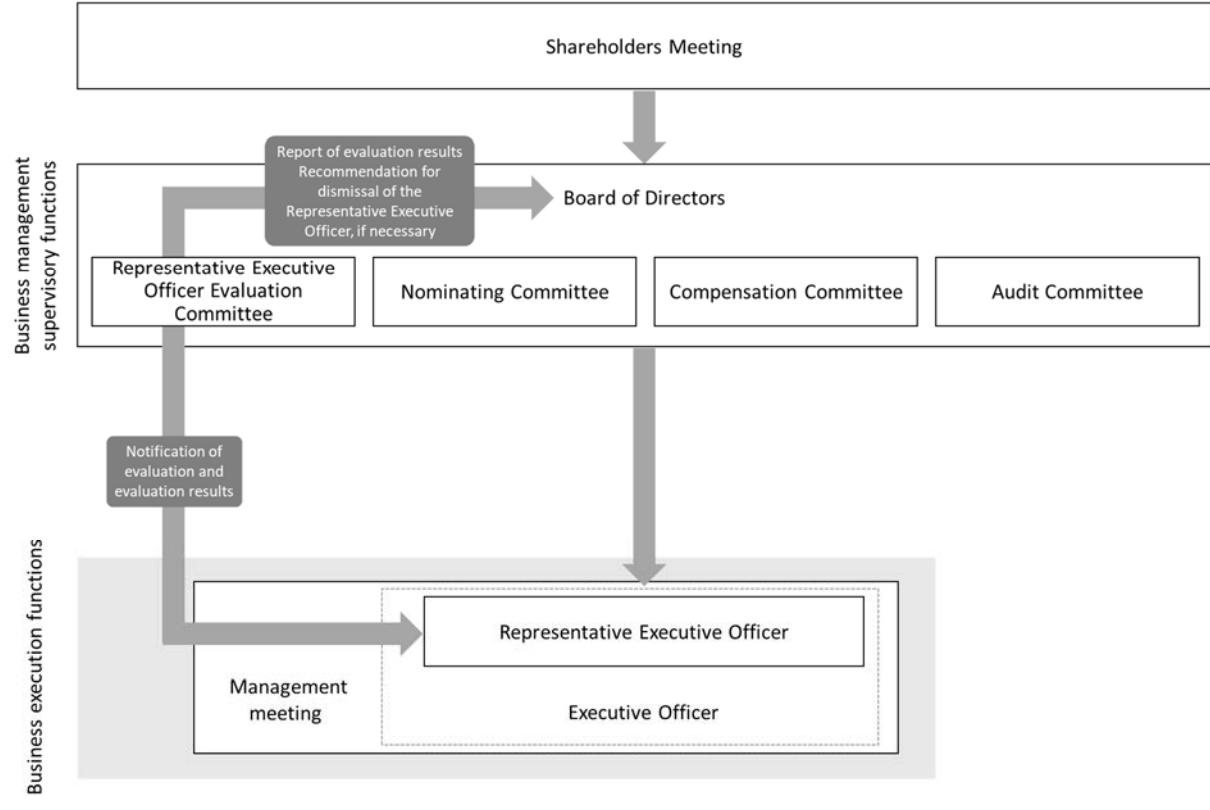
(1)	Working capital (Consolidated net sales for the previous period $\div$ 12 months $\times$ 2 months)	¥47.3 billion	Funds for repaying long-term interest-bearing debt	-
	Reserve funds for technology acquisitions (including M&As) (Average consolidated net sales for the past 3 years $\times$ 10%)	¥19.0 billion	Taxes, dividends, etc.	¥17.2 billion
(2)	Funds for facility extensions (Office expansion, etc.)	¥8.2 billion		
(3)	Reversal of reserve funds for technology acquisitions *2	(¥14.4 billion)		

\*1. Cash and deposits at the end of the fiscal year: Contract liability (advances received) amounts, etc. taken into consideration

\*2. Reversal of reserve funds for technology acquisitions: Half of the acquisition costs of Haneda R&D Center taken into consideration

5. Representative Executive Officer Evaluation Committee

The Representative Executive Officer Evaluation Committee, which evaluates the appropriateness of the Representative Executive Officer’s execution of duties, is comprised of seven independent Outside Directors. It evaluates the core management policies, business performance, etc. of the Representative Executive Officer up to the previous business year, notifies the Representative Executive Officer of the evaluation results, and reports these results to the Board of Directors so that they can be reported at the first Board of Directors meeting held after the end of the business year in December. Furthermore, it provides advice to the Board of Directors concerning the dismissal, etc. of the Representative Executive Officer, wherever necessary.



(Reference)

Business Report  
( From April 1, 2022 to )  
March 31, 2023 )

A part of the business report, consolidated financial statements, and financial statements is provided.

(i) Remuneration by category of officers, remuneration by type, and number of officers applicable

Officer category	Total amount of remuneration (Millions of yen)	Remuneration by type (Millions of yen)				Number of officers applicable
		Fixed remuneration	Performance-linked remuneration			
			Monthly remuneration	Stock options	Bonuses	
Director	179	144	34 (25)	-	34	10
Of which are Outside Directors	108	108	-	-	-	7
Executive Officer	785	167	95 (51)	522	618	6
Company Auditor	15	15	-	-	-	4

- Notes:
1. The Company has transitioned from a Company with a Board of Company Auditors to a Company with Three Committees by a resolution passed at the 83rd Annual General Meeting of Shareholders held on June 29, 2022. Due to this transition, the total amount of remuneration and the number of Company Auditors in the above table represent the total amount of remuneration and the number of Company Auditors who were in office from the period between April 1, 2022 to June 29, 2022. Furthermore, all Company Auditors are Outside Officers.
  2. The number of officers applicable includes those who resigned as Company Auditor and were appointed as Directors at the time of the transition to a Company with Three Committees, and those who concurrently serve as both Directors and Executive Officers.
  3. The total amount of remuneration paid to Executive Officers who also serve as Directors is indicated in the column for Executive Officers.
  4. The amount of share remuneration-type stock options is displayed in parentheses.

(ii) Policy concerning determining the amount of remuneration for officers or the method for calculating the amount

(a) Purpose of remuneration (remuneration philosophy)

The Company has established the following remuneration principles as its remuneration philosophy.

- It should be a remuneration system that promotes increased value for shareholders and ensures that Executive Officers (including those who concurrently serve as Directors) share the same interests as shareholders.
- It should be a remuneration system that motivates the achievement of DISCO's strategic business performance goals.
- By offering competitive remuneration, it should have a level of remuneration that makes talented human resources who contribute to the growth of the Company and share the Company's values, DISCO VALUES, want to work together.
- The decision-making process for the remuneration system should be highly objective and transparent.

(b) Remuneration level

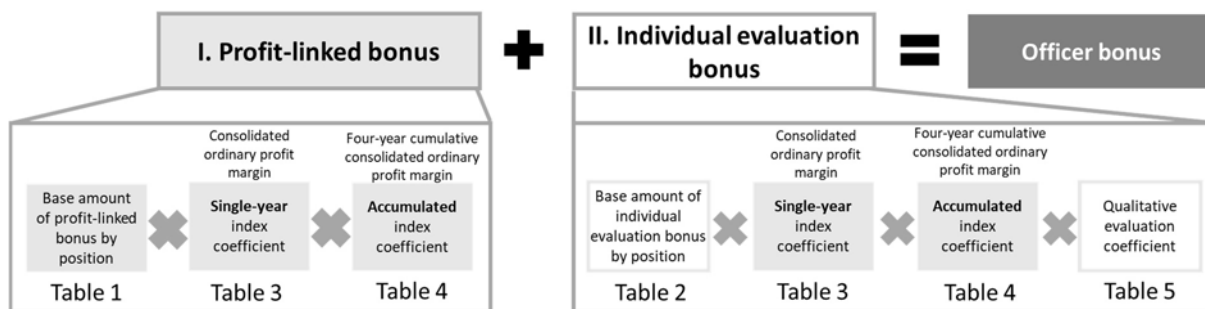
With regard to the remuneration level, as stated in the third objective, the Company aims to achieve a level that is at a "competitive and comparable level" to those of our peer group (semiconductor production equipment manufacturers, semiconductor and electronic component manufacturers, and other major companies that can serve as benchmarks). Specifically, the Company participates in the annual management executive compensation database conducted by Willis Towers Watson (WTW), a major foreign consulting firm, and uses the approximate midpoint of remuneration for each position as a guideline to decide the level.

- (c) Remuneration for Directors who are non-executive Directors  
As for the remuneration of Directors who are non-executive Directors such as Outside Directors, since their role is to supervise the execution of business, the remuneration is not linked to performance and is paid only as a fixed monthly remuneration.
- (d) Remuneration mix for Executive Officers (including those who concurrently serve as Directors)  
Remuneration for Executive Officers (including those who concurrently serve as Directors) consists of (i) fixed monthly remuneration, (ii) officer bonuses, (iii) conventional stock options, and (iv) share remuneration-type stock options. Of these, only (i) is fixed remuneration, while (ii) through (iv) are all variable remuneration (performance-linked and evaluation-linked).  
When the Company achieves a single-year consolidated ordinary profit margin of 30% or more and a consolidated ordinary profit margin of 20% or more for 4 cumulative years, which are the designed maximums for the officer bonuses (variable remuneration), the ratio of fixed to variable remuneration will be 1.0 to 2.4 (variable remuneration breakdown of officer bonuses to stock options will be 1.8:0.6) as shown in the chart below.  
Also, when this is the case, the ratio of profit-linked bonuses to individual evaluation bonuses as a breakdown of officer bonuses will be 4:1.  
Furthermore, since officer bonuses are linked to the single-year consolidated ordinary profit margin and the consolidated ordinary profit margin for 4 cumulative years that are used as performance evaluation indicators, when the fixed remuneration for officers is set at 1.0, the ratio of officer bonuses varies in the range of 0 to 2.7.

	Fixed remuneration	Variable remuneration		
Ratio	1.0	2.4		
		Breakdown		
	Fixed monthly remuneration	Officer bonus		
		1.8	Conventional stock options	Share remuneration-type stock options
	Ratio	Profit-linked: Individual evaluation 4:1*	Chairman/ President: 0.3 Other than the above: 0.25	Chairman/ President: 0.3 Other than the above: 0.25
		Cash	Non-cash	

\*When the individual evaluation is a standard evaluation (individual evaluation “C” in Table 5 “Individual evaluation bonus: qualitative evaluation coefficient”)

- (i) Fixed monthly remuneration  
The base amount consists of the officers’ main salary and allowances based on their positions and roles, and is calculated based on a table for which resolution was passed at the Compensation Committee in accordance with the position and responsibilities of each Executive Officer (including those who concurrently serve as Directors).
- (ii) Officer bonuses  
Officer bonuses are positioned as short-term incentives, and from the fiscal year that ended in March 31, 2018, “performance-based compensation” was introduced, and Executive Officers (including those who concurrently serve as Directors) will receive profit-linked bonuses (performance-based compensation) and individual evaluation bonuses as officer bonuses calculated based on the following formula. When the standard target performance is “single-year ordinary profit margin of 10% or more” and the standard individual evaluation is “individual evaluation bonus: qualitative evaluation coefficient “C,” the payment ratio is 1 for the individual evaluation bonus with regard to 4 for profit-linked bonuses (performance-based compensation).



## I. Profit-linked bonuses

The amount of bonuses will be calculated based on the above formula in order to increase motivation to achieve the following performance business strategy indicators: “single-year consolidated ordinary profit margin of 20% or more” and a “consolidated ordinary profit margin of 20% or more for 4 cumulative years.”

[Reasons for selecting performance indicators]

- Single-year consolidated ordinary profit margin of 20% or more

The Company aims to have sufficient capacity and structure to support the Company’s growth without pursuing the scope of our sales, and has chosen ordinary profit margin as an indicator to measure the degree to which we have achieved this goal. Generally, “a single year ordinary profit margin of 10% or more” is considered the benchmark of a major company, but we consider this target value appropriate for “first-class corporate activities” as stated in our Company’s corporate philosophy, “DISCO VALUES.”

- Consolidated ordinary profit margin of 20% or more for 4 cumulative years

In the semiconductor industry, to which the majority of the Company’s customers belong, there is a wave of economic fluctuations known as the silicon cycle, in which market conditions fluctuate according to the industry-specific supply-demand balance. Because of this, we believe that we can more accurately measure the Company’s growth using this compared to the results of a single year, and thus we have positioned the consolidated ordinary profit margin for 4 cumulative years as a key performance indicator.

Changes in actual performance indicators related to officer bonuses

(rounded down to the second decimal place)

Category	The 82nd fiscal year Apr. 1, 2020 - Mar. 31, 2021	The 83rd fiscal year Apr. 1, 2021 - Mar. 31, 2022	The 84th fiscal year (Current consolidated fiscal year) Apr. 1, 2022 - Mar. 31, 2023
Single-year consolidated ordinary profit margin	29.3%	36.4%	39.5%
Consolidated ordinary profit margin for 4 cumulative years	28.7%	30.8%	34.4%

Points to note:

- These profit-linked bonuses are performance-based compensation as stipulated in Article 34, paragraph (1), item (iii) of the Corporation Tax Law, and are payable to Executive Officers (including those who concurrently serve as Directors) as stipulated in the item (iii). This does not include Outside Directors.

- The “indicator of the status of profit for a business year ending on or after the date of commencement of the period of execution of duties” as stipulated in Article 34, paragraph (1), item (iii) (a) of the Corporate Tax Law shall be the single-year consolidated ordinary profit margin and consolidated ordinary profit margin for 4 cumulative years.

- The “fixed amount” stipulated in Article 34, paragraph 1, item (iii) (a) (1) of the Corporation Tax Act in relation to the limit of profit-linked bonuses to be paid is limited to 320 million yen.



Table 1 Base amount of profit-linked bonus by position\*1

Unit: thousands of yen (amounts less than one thousand yen are rounded down)

Executive Officer position	Base amount	Director add-on amount*2	Representative add-on amount	COO add-on amount	CEO add-on amount*3
Executive Officer, Chairman	17,919				
Executive Officer, President	17,005				
Executive Officer, Vice President	13,942	685	2,194	3,200	2,285
Senior Managing Executive Officer	11,907				
Managing Executive Officer	8,936				
Executive Officer	7,085				

Common to Table 1 and Table 2

\*1: Both the base amount of profit-linked bonus by position and the base amount of individual evaluation bonus by position are calculated by adding bonuses based on roles to the base amount determined for each position.

\*2: Bonuses are added when an Executive Officer also serves concurrently as a Director.

\*3: The CEO add-on amount is not added when the CEO serves concurrently as the COO.

Table 2 Base amount of individual evaluation bonus by position\*1

Unit: thousands of yen (amounts less than one thousand yen are rounded down)

Executive Officer position	Base amount	Director add-on amount*2	Representative add-on amount	COO add-on amount	CEO add-on amount*3
Executive Officer, Chairman	4,479				
Executive Officer, President	4,251				
Executive Officer, Vice President	3,485	171	548	800	571
Senior Managing Executive Officer	2,976				
Managing Executive Officer	2,233				
Executive Officer	1,771				

Table 3 Single-year index coefficient

Single-year consolidated ordinary profit margin*4	Single-year index coefficient
Less than 5%	0
5% or more less than 30%	Less than 0.5 – 3.0 *5
30% or more	3.0

\*4: Single-year consolidated ordinary profit margin = single-year consolidated ordinary profit ÷ consolidated sales

\*5: Single-year consolidated ordinary profit margin x 0.1

Table 4 Cumulative index coefficient

Consolidated ordinary profit margin for 4 cumulative years*6	Cumulative index coefficient
Less than 20%	1.0
20% or more	1.5

\*6: Consolidated ordinary profit margin for 4 cumulative years = accumulated consolidated ordinary profit for the last four years ÷ accumulated annual consolidated sales for the last four years

Table 5 Individual evaluation bonus: qualitative evaluation coefficient

Individual evaluation	Qualitative evaluation coefficient
S	3.5
A	2.5
B+	2.0
B	1.5
C	1.0
D – F	0

II. Individual evaluation bonus

Based on the base amount for each individual evaluation bonus by position in Table 2, the amount of bonus is calculated according to the coefficient derived from the individual’s qualitative evaluation and the company’s performance, using the above-mentioned formula for calculating officer bonuses. Unlike profit-linked bonuses, which are based solely on performance evaluation indicators, the calculation of individual evaluation bonuses is also based on an eight-level qualitative evaluation of each Executive Officer (including those who concurrently serve as Directors).

Points to note:

- An individual evaluation bonus will not be paid when the qualitative evaluation is in the bottom three levels.
- An individual evaluation bonus will not be paid when performance is poor. (Targeting a single-year consolidated ordinary profit margin of less than 5%)

The total amount of individual evaluation bonuses is limited to 280 million yen.

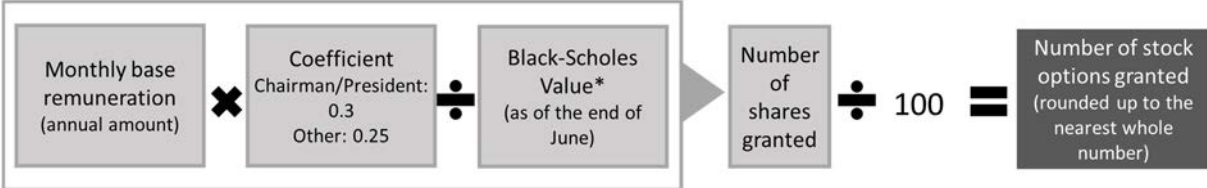
(iii) Conventional stock options

Conventional stock options are positioned as medium-term incentives, with a base amount set for each position and exercisable for six years from two years after being granted.

(iv) Share remuneration-type stock options

Share remuneration-type stock options are positioned as long-term incentives and are exercisable only after retirement (but for 20 years from the grant date).

Note that the number of stock options granted to each Executive Officer (including those who concurrently serve as Directors) for both conventional stock options and share remuneration-type stock options is calculated based on the following formula.



\*Fair option value of share options calculated based on the option evaluation theory at the time when the share options were issued.

(e) Authority to determine the policy concerning determining the amount of remuneration for officers or the method for calculating this amount

The Company transitioned to a Company with Three Committees as of June 29, 2022, and the policy concerning determining the amount of remuneration for officers or the method of calculation thereof is determined by the Compensation Committee. The Compensation Committee consists of one Chairman and at least two committee members, and is chaired by an Outside Director. Committee members and the Chairman are appointed by a resolution passed by the Directors. Currently, there are three members: two Outside Directors and one Representative Executive Officer, President. The Compensation Committee met a total of seven times in fiscal year 2022. Details of the committee’s activities are as follows.

Date held	Details of deliberations and resolutions passed
June 2022	<ul style="list-style-type: none"> <li>- Passed a resolution on the remuneration system for officers for fiscal year 2022</li> <li>- Passed a resolution on individual monthly compensation of Directors and Executive Officers from July 2022</li> <li>- Passed a resolution on the formula for calculating the Executive Officers’ bonuses for fiscal year 2022</li> <li>- Passed a resolution to change the maximum bonus amount for Executive Officers</li> <li>- Deliberated proposed rules and regulations for officer remuneration and the Compensation Committee</li> </ul>

Date held	Details of deliberations and resolutions passed
July 2022	<ul style="list-style-type: none"> <li>- Passed a resolution on the number of conventional stock options to be granted to each individual Executive Officer</li> <li>- Passed a resolution to determine the details of conventional stock options</li> <li>- Passed a resolution on the number of share remuneration-type stock options to be granted to each of the Executive Officers</li> <li>- Passed a resolution to determine the details of the share remuneration-type stock options</li> </ul>
August 2022	<ul style="list-style-type: none"> <li>- Deliberated on delegating the determination of compensation for Advisors and Counselors who have resigned from the Board of Directors to the Compensation Committee</li> <li>- Deliberated revisions of the Compensation Committee rules and regulations and creation of the Counselor and Advisor rules and regulations</li> </ul>
October 2022	<ul style="list-style-type: none"> <li>- Received an explanation on the latest status of the environment for management executive compensation and comparison of compensation levels at other firms from Willis Towers Watson (WTW), a major foreign consulting firm</li> </ul>
November 2022	<ul style="list-style-type: none"> <li>- Received an explanation on the latest situation of the management executive compensation environment, explanation of the status of other companies' officer remuneration systems linked to ESG indicators, and comparison of compensation levels at other companies from Willis Towers Watson (WTW), a major foreign consulting firm</li> <li>- Considered a review of the compensation structure and levels for Executive Officers</li> </ul>
December 2022	<ul style="list-style-type: none"> <li>- Passed a resolution concerning the review of the compensation structure and levels for Executive Officers</li> </ul>
January 2023	<ul style="list-style-type: none"> <li>- Deliberated proposed revisions to the officer remuneration rules and regulations</li> </ul>

Note that prior to the transition to a Company with Three Committees (April 1, 2022 to June 29, 2022), the Nominating and Compensation Committee was established as a voluntary advisory body that reports to the Board of Directors, and the committee met a total of two times. Details of the committee's activities are as follows.

Date held	Details of deliberations and resolutions passed
April 2022	<ul style="list-style-type: none"> <li>- Deliberated proposed nominations of Directors and Executive Officers</li> <li>- Conducted individual evaluations of Directors and Executive Officers for fiscal year 2021</li> <li>- Deliberated the proposed amount of Director and Executive Officer bonuses to be paid for fiscal year 2021 (paid in June 2022) and the proposed method and limit for calculating bonuses for fiscal year 2022</li> <li>- Passed a resolution to review benchmark companies to be used as reference when considering the level of remuneration for officers</li> <li>- Deliberated a proposal on individual monthly compensation of Directors and Executive Officers, beginning July 2022</li> </ul>
June 2022	<ul style="list-style-type: none"> <li>- Deliberated a proposal on appointment and compensation of Advisors who have resigned as Directors, beginning July 2022</li> </ul>

(f) Process for determining remuneration

Prior to the transition to a Company with Three Committees (April 1, 2022 to June 29, 2022), the Board of Directors confirmed that the method of determining the details of compensation of individual Directors for the current fiscal year and the details of compensation passed by resolution are consistent with the Company's policy on officer remuneration, and that the report from the Nominating and Remuneration Committee has been respected and taken into account, and has judged that they are in line with the above-mentioned policy.

After the transition to a Company with Three Committees, the Compensation Committee confirmed that the method of determining the details of compensation, etc. for each individual Director for the current fiscal year and the details of compensation, etc. passed by resolution are consistent with the Company's policy on officer remuneration, and has judged that they are in line with the above-mentioned policy.

## Consolidated Balance Sheet

(As of March 31, 2023)

(In millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
<b>Current assets</b>	<b>305,118</b>	<b>Current liabilities</b>	<b>119,974</b>
Cash and deposits	163,053	Notes and accounts payable - trade	6,942
Notes receivable - trade	2,434	Electronically recorded obligations - operating	19,658
Accounts receivable - trade	38,921	Income taxes payable	16,497
Merchandise and finished goods	24,530	Contract liabilities	39,164
Work in process	23,407	Provision for bonuses	26,958
Raw materials and supplies	43,446	Provision for product warranties	1,042
Other	9,420	Other	9,710
Allowance for doubtful accounts	(95)	<b>Non-current liabilities</b>	<b>781</b>
<b>Non-current assets</b>	<b>163,678</b>	Asset retirement obligations	574
<b>Property, plant and equipment</b>	<b>147,541</b>	Other	206
Buildings and structures, net	95,780	<b>Total liabilities</b>	<b>120,755</b>
Machinery, equipment and vehicles, net	12,543	<b>Net Assets</b>	
Tools, furniture and fixtures, net	1,052	<b>Shareholders' equity</b>	<b>338,528</b>
Land	26,741	<b>Share capital</b>	<b>21,681</b>
Construction in progress	11,422	<b>Capital surplus</b>	<b>23,670</b>
<b>Intangible assets</b>	<b>231</b>	<b>Retained earnings</b>	<b>293,209</b>
<b>Investments and other assets</b>	<b>15,905</b>	<b>Treasury shares</b>	<b>(32)</b>
Investment securities	2,808	<b>Accumulated other comprehensive income</b>	<b>8,270</b>
Deferred tax assets	9,332	Valuation difference on available-for-sale securities	98
Retirement benefit asset	1,025	Foreign currency translation adjustment	8,196
Other	2,738	Remeasurements of defined benefit plans	(23)
		<b>Share acquisition rights</b>	<b>997</b>
		<b>Non-controlling interests</b>	<b>245</b>
		<b>Total net assets</b>	<b>348,041</b>
<b>Total assets</b>	<b>468,797</b>	<b>Total liabilities and net assets</b>	<b>468,797</b>

Note: Figures are rounded down to the nearest million yen.

## Consolidated Statements of Income

( From April 1, 2022  
to March 31, 2023 )

(In millions of yen)

Item	Amount	
<b>Net sales</b>		<b>284,135</b>
<b>Cost of sales</b>		<b>99,629</b>
<b>Gross profit</b>		<b>184,506</b>
<b>Selling, general and administrative expenses</b>		<b>74,093</b>
<b>Operating profit</b>		<b>110,413</b>
<b>Non-operating income</b>		
Interest income	46	
Share of profit of entities accounted for using equity method	192	
Foreign exchange gains	681	
Rental income	159	
Subsidy income	626	
Other	268	1,975
<b>Non-operating expenses</b>		
Depreciation	35	
Commission expenses	5	
Other	8	49
<b>Ordinary profit</b>		<b>112,338</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	659	
Gain on sale of investment securities	10	669
<b>Extraordinary losses</b>		
Loss on sale and retirement of non-current assets	94	
Impairment losses	63	
Extra retirement payments	65	223
<b>Profit before income taxes</b>		<b>112,785</b>
Income taxes - current	30,959	
Income taxes - deferred	(1,088)	29,871
<b>Profit</b>		<b>82,914</b>
Profit attributable to non-controlling interests		22
<b>Profit attributable to owners of parent</b>		<b>82,891</b>

Note: Figures are rounded down to the nearest million yen.

## Consolidated Statement of Changes in Equity

( From April 1, 2022  
to March 31, 2023 )

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	21,608	23,596	242,475	(32)	287,648
Changes during period					
Issuance of new shares	73	73			147
Dividends of surplus			(32,158)		(32,158)
Profit attributable to owners of parent			82,891		82,891
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		0	0
Net changes in items other than shareholders' equity					
Total changes during period	73	74	50,733	(0)	50,880
Balance at end of period	21,681	23,670	293,209	(32)	338,528

(In millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	269	4,765	(25)	5,009	884	269	293,812
Changes during period							
Issuance of new shares							147
Dividends of surplus							(32,158)
Profit attributable to owners of parent							82,891
Purchase of treasury shares							(0)
Disposal of treasury shares							0
Net changes in items other than shareholders' equity	(171)	3,430	1	3,260	112	(24)	3,349
Total changes during period	(171)	3,430	1	3,260	112	(24)	54,229
Balance at end of period	98	8,196	(23)	8,270	997	245	348,041

Note: Figures are rounded down to the nearest million yen.

## Balance Sheet

(As of March 31, 2023)

(In millions of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
<b>Current assets</b>	<b>256,104</b>	<b>Current liabilities</b>	<b>102,596</b>
Cash and deposits	133,642	Notes payable - trade	125
Notes receivable - trade	1,888	Electronically recorded obligations - operating	19,371
Accounts receivable - trade	24,286	Accounts payable - trade	6,475
Merchandise and finished goods	21,102	Accounts payable - other	5,951
Work in process	23,124	Accrued expenses	1,305
Raw materials and supplies	43,159	Income taxes payable	14,623
Other	8,902	Contract liabilities	33,100
Allowance for doubtful accounts	(3)	Provision for bonuses	20,016
<b>Non-current assets</b>	<b>149,673</b>	Provision for product warranties	496
<b>Property, plant and equipment</b>	<b>133,897</b>	Other	1,129
Buildings	86,140	<b>Non-current liabilities</b>	<b>328</b>
Structures	1,332	Asset retirement obligations	194
Machinery and equipment	9,111	Other	134
Vessels	0	<b>Total liabilities</b>	<b>102,924</b>
Vehicles	50	<b>Net Assets</b>	
Tools, furniture and fixtures	692	<b>Shareholders' equity</b>	<b>301,856</b>
Land	25,670	<b>Share capital</b>	<b>21,681</b>
Construction in progress	10,899	<b>Capital surplus</b>	<b>23,670</b>
<b>Intangible assets</b>	<b>164</b>	Legal capital surplus	22,763
Patent right	6	Other capital surplus	906
Software	128	<b>Retained earnings</b>	<b>256,537</b>
Other	28	Legal retained earnings	594
<b>Investments and other assets</b>	<b>15,611</b>	Other retained earnings	255,942
Investment securities	10	Reserve for tax purpose reduction entry of non-current assets	643
Shares of subsidiaries and associates	1,691	General reserve	16,970
Investments in capital of subsidiaries and associates	1,271	Retained earnings brought forward	238,329
Prepaid pension costs	1,056	<b>Treasury shares</b>	<b>(32)</b>
Deferred tax assets	9,268	<b>Share acquisition rights</b>	<b>997</b>
Other	2,312	<b>Total net assets</b>	<b>302,853</b>
<b>Total assets</b>	<b>405,778</b>	<b>Total liabilities and net assets</b>	<b>405,778</b>

Note: Figures are rounded down to the nearest million yen.



## Statements of Income

( From April 1, 2022  
to March 31, 2023 )

(In millions of yen)

Item	Amount	
<b>Net sales</b>		<b>234,413</b>
<b>Cost of sales</b>		<b>91,500</b>
<b>Gross profit</b>		<b>142,913</b>
<b>Selling, general and administrative expenses</b>		<b>53,432</b>
<b>Operating profit</b>		<b>89,480</b>
<b>Non-operating income</b>		
Interest income	13	
Dividend income	13,844	
Foreign exchange gains	2,655	
Subsidy income	236	
Other	471	17,221
<b>Non-operating expenses</b>		
Depreciation	24	
Other	8	32
<b>Ordinary profit</b>		<b>106,669</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	658	
Gain on sale of investment securities	10	668
<b>Extraordinary losses</b>		
Loss on sale and retirement of non-current assets	41	
Impairment losses	63	
Extra retirement payments	64	169
<b>Profit before income taxes</b>		<b>107,168</b>
Income taxes - current	26,117	
Income taxes - deferred	(784)	25,333
<b>Profit</b>		<b>81,834</b>

Note: Figures are rounded down to the nearest million yen.

## Statement of Changes in Equity

( From April 1, 2022  
to March 31, 2023 )

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance at beginning of period	21,608	22,690	906	23,596	594
Changes during period					
Issuance of new shares	73	73		73	
Dividends of surplus					
Profit					
Reversal of reserve for tax purpose reduction entry of non-current assets					
Purchase of treasury shares					
Disposal of treasury shares			0	0	
Net changes in items other than shareholders' equity					
Total changes during period	73	73	0	74	-
Balance at end of period	21,681	22,763	906	23,670	594

(In millions of yen)

	Shareholders' equity							Share acquisition rights	Total net assets
	Retained earnings				Treasury shares	Total shareholders' equity			
	Other retained earnings			Total retained earnings					
	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward						
Balance at beginning of period	679	16,970	188,616	206,860	(32)	252,032	884	252,917	
Changes during period									
Issuance of new shares						147		147	
Dividends of surplus			(32,158)	(32,158)		(32,158)		(32,158)	
Profit			81,834	81,834		81,834		81,834	
Reversal of reserve for tax purpose reduction entry of non-current assets	(36)		36	-		-		-	
Purchase of treasury shares					(0)	(0)		(0)	
Disposal of treasury shares					0	0		0	
Net changes in items other than shareholders' equity							112	112	
Total changes during period	(36)	-	49,713	49,676	(0)	49,823	112	49,936	
Balance at end of period	643	16,970	238,329	256,537	(32)	301,856	997	302,853	

Note: Figures are rounded down to the nearest million yen.