

July 29, 2020

To whom it may concern:

Company name: SCREEN Holdings Co., Ltd.
Representative: Toshio Hiroe, President
(Code Number: 7735, First Section of Tokyo Stock Exchange)
For inquiries: Yoshiyuki Higuchi, Corporate Officer and
General Manager of Corporate Planning Department
Tel: +81-75-414-7192

Notice: SCREEN Formulates the Medium-Term Management Plan, Value Up 2023

The SCREEN Group has just formulated the medium-term management plan, Value Up 2023, which starts from the fiscal year ending March 31, 2021 (FY2021) to the fiscal year ending March 31, 2024 (FY2024).

1. Background on the formulation of the medium-term management plan, Value Up 2023

The SCREEN Group carried out the three-year medium-term management plan Challenge 2019 for the three years from FY2018 to FY2020. During this time, net sales for all three years exceeded the target of ¥300 billion, thanks to the growing demand in the semiconductor market. Specifically, in the first fiscal year of the plan, we achieved a record high ¥42.7 billion in operating income and achieved zero net interest-bearing debt (net cash). However, in the latter half of the plan, due to lower profitability amid a declining economy and disruption of operations amid expanding sales, the operating income ratio did not meet the target in the final fiscal year. Furthermore, there remain major issues regarding cash generating power.

Since uncertainty has been climbing in the market amid the COVID-19 pandemic in the first fiscal year, we have just formulated the medium-term management plan, Value Up 2023, for four years, not for three years as usual. Although the business environment surrounding us is changing rapidly and requires speed and innovation, there are always business opportunities, and we recognize that the market will continue to grow. With this kind of environment, under the new medium-term management plan, Value Up 2023, we will further enhance our earnings structure and financial base by strengthening internal management of capital efficiency. While enhancing SCREEN Value (corporate value), which comprises the Sustainable Value (social value) and the economic value, we will continue working to sustainably generate profit, return profit to shareholders, and take other measures. In addition, in a proactive effort aimed at reaching the next level of growth, we will continue pursuing various options to achieve growth, such as resource allocation, open innovation and M&A.

2. Basic concept

Establishing a presence in the industry as a Solution Creator

*A Solution Creator refers to a company that enhances corporate value by contributing to the development of society and providing customers around the world with technologies, products and services that solve social issues and needs.

3. Main initiatives

- (1) Enhance corporate value by creating innovation and a sustainable growth cycle
 - Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&A
 - Endeavor to create new businesses (Ex. life sciences, inspection & measurement, energy, and AI)

- (2) Generate cash flows equivalent to profits which are earned in pursuit of profitability and efficiency
 - Enhance capital efficiency on each business by introducing ROIC indicators
 - Strengthen investment in growth fields by stably generating operating cash flows

- (3) ESG Initiatives for Sustainable Corporation
 - Formulate a medium-term plan, Sustainable Value 2023, based on Sustainable Value (social value) policy for socially sustainable development and execute the plan
 - E: Reduce environmental impact through business
 - S: Create a great place to work and involve in solving social issues
 - G: Strengthen risk management and business continuity plan

* ESG stands for environmental, social and governance.

4. Numerical Targets of Economic Value

- (1) Net sales
Achieve net sales of ¥400 billion or above in the final year

- (2) Operating Income to Net Sales Ratio
Achieve 15% or above in the final year

- (3) ROE
Achieve 15% or above in the final year

- (4) Operating Cash Flow
Cumulative total of ¥120 billion in 4 years

- (5) Shareholder Returns:
Achieve a consolidated total return ratio of 30% or above from FY2022 (Continue 25% or above in FY2021)

* The above figures are predicated on organic growth.

The aforementioned future figures are based on information currently available to the Company and on certain assumptions determined to be reasonable. Actual results may differ significantly due to various factors and the Company does not intend to guarantee the performance of these goals.