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SCREEN Strengthens Its Production and Service Systems for Semiconductor Production Equipment

Major Capital Investment Plan Targets Hikone Plant plus Three Domestic Group Companies

Kyoto, Japan – July 27, 2022 – SCREEN Holdings Co., Ltd. has decided to proceed with the construction of S³-5 (S-Cube 5) at its current Hikone Plant site. The new factory is intended to support the SCREEN Group's semiconductor production equipment (SPE) business. As part of this plan, SCREEN Holdings will also make significant investments in three of the Group's domestic companies to enhance their operational capacity. The SPE market has shown continuous long-term growth and the new investments are being made in anticipation of further increases in demand.

Demand for semiconductors has been highly robust in recent years, driven by the current digital transformation (DX), automotive-related developments such as electric and self-driving vehicles, and mainstreaming of IoT infrastructure. Additionally, a willingness to invest in the field of green transformation (GX) and progress in new technological areas such as the metaverse have further increased the need for data centers, which have been largely responsible for the ongoing global expansion in demand for semiconductor devices. As a result, the SPE market is expected to show a continuing high level of growth over the long term, despite currently appearing to be in a phase of temporary readjustment.

In response to these market trends, SCREEN Holdings has adopted a long-term perspective and made the decision to construct a production and service organization with a resilient foundation. This will require substantial investments in its Hikone Plant site as well as three of its domestic Group companies to increase their operational capacity. The total investment will be approximately 16 billion yen (breakdown given below). This represents a major commitment, particularly coming after the construction of S³-4 (S-Cube 4), which is scheduled to begin operation in January 2023.

S³-5, the new factory at the center of these latest capital investments, will provide improved parts allocation and unit/system assembly functions that are intended to expand SCREEN's capacity to produce cleaning systems. The facility will link with S³-3, currently Hikone's main factory, and S³-4, also under construction there, to create a workflow with greater efficiency than previously possible from initial production right through to final shipment. In addition, the investment package will enable Group company SCREEN SPE Works, located in Toyama Prefecture, to achieve an integrated production system from unit assembly through to shipment. The total investment has been carefully planned to improve both the capacity and efficiency of the overall SCREEN Group.

As part of efforts to strengthen the Group's maintenance and service structure, SCREEN Holdings will also construct a new facility at SCREEN SPE Service in Kumamoto Prefecture. The facility will

operate as a new service base and include a center that provides training on cutting-edge equipment. Similarly, to strengthen the processing of parts for cleaning systems, SCREEN Holdings plans to expand capacity at SCREEN SPE Quartz, its Group company in Fukushima Prefecture. Each of these moves is designed to enhance the SCREEN Group's overall supply chain.

SCREEN Holdings is also continuing to move forward with initiatives to reduce the environmental impact of its production facilities. As a result, all clean rooms to be set up during its latest expansion will be equipped with energy-saving air conditioning systems.

Once this new investment package is implemented, SCREEN Holdings expects the total production capacity of its SPE business to increase by around 20%.* It will also enable the Group to ensure a stable supply of equipment to the semiconductor industry as it continues its anticipated long-term growth. Going forward, SCREEN Holdings remains firmly committed to further increasing its market share for semiconductor production equipment and to strengthening both its profitability and competitiveness.

* This figure represents a comparison with the expected production capacity after S³-4 begins operation. It also reflects the expected results of the investments in SCREEN SPE Works and SCREEN SPE Quartz.

Hikone Plant

Overview of New Factory

Name:	S ³ -5 (S-Cube 5) (S ³ stands for Safety, Smart, Speed)
Location:	480-1 Takamiya-cho, Hikone, Shiga, Japan
Building area:	Approx. 4,500 m ²
Total floor area:	Approx. 13,534 m ²
Construction type:	Three story, steel frame building
Total cost:	Approx. 8 billion yen
Operation start:	Scheduled for January 2024
Main business:	Production of single wafer cleaning equipment, and so on.

Domestic Group Companies

SCREEN SPE Service Co., Ltd.

Construction of a new facility in conjunction with the expansion of maintenance services in the Kumamoto area

Location:	2083-7 Oyatsu, Mashiki-machi, Kamimashiki-gun, Kumamoto
Total cost:	Approx. 0.5 billion yen
Completion of construction:	Scheduled for October 2022
Main business:	Maintenance for semiconductor production equipment in Japan

SCREEN SPE Works Co., Ltd.

Extended refurbishment

Location: 300-1 Hongo 2-chome, Takaoka, Toyama
Total cost: Approx. 5.5 billion yen
Completion of construction: Scheduled for July 2023
Main business: Assembly, inspection, installation, and setup of semiconductor production equipment (cleaning equipment)

SCREEN SPE Quartz Co., Ltd.

Extended refurbishment

Koriyama Factory

Location: 15-4 Machiikedai 1-chome, Koriyama, Fukushima
Total cost: Approx. 1.5 billion yen
Completion of construction: Scheduled for September 2023
Main business: Production of quartz glass parts for semiconductor equipment

Iwaki Factory

Location: 22-4 Shichitanda, Sakai, Nakoso-machi, Iwaki, Fukushima
Total cost: Approx. 0.5 billion yen
Completion of construction: Scheduled for October 2023
Main business: Production of quartz glass parts for semiconductor equipment