

SCREEN

Annual Report 2022

Year ended March 31, 2022

SCREEN Group
Annual Report
(Integrated Report)

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● The following abbreviations are sometimes used for business segments or company names when they are mentioned in this report:
 HD = SCREEN Holdings Co., Ltd.
 SPE = Semiconductor production equipment business or SCREEN Semiconductor Solutions Co., Ltd.
 GA = Graphic arts equipment business or SCREEN Graphic Solutions Co., Ltd.
 FT = Display production equipment and coater business or SCREEN Finetech Solutions Co., Ltd.
 PE = PCB-related equipment business or SCREEN PE Solutions Co., Ltd.
 The names or abbreviations of the business segments are those used as of March 31, 2022.
 ● All years shown are for the accounting year ending March 31 of the year shown. For example, "fiscal year ended March 31, 2022" or "FY2022" means the period from April 1, 2021 to March 31, 2022.

About This Report

Editorial Policy

Since 2010, our Annual Reports have integrated financial and non-financial information for the purpose of more comprehensively reporting our corporate activities from a medium- to long-term perspective. We place the utmost importance on this report as a tool for creating dialogue with our shareholders, investors and all other stakeholders.

This year, our theme is "We have the power to change the world" and a special emphasis is being placed on creating coherence and narrative relevance with the value creation process. Starting with a reaffirmation of the Group's purpose, the report details our vision and strategies, the source of our value creation and competitiveness, our creation of value through our businesses, and our ESG (the foundation for value creation), with a focus on where the Group should be in the next 10 years.

In compiling this report, we referred to the "International Integrated Reporting Framework" created by the IFRS Foundation and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" (Guidance for Collaborative Value Creation) from the Japanese Ministry of Economy, Trade and Industry (METI).

In addition, the GRI Standards for international sustainability reporting are referred to in relation to the disclosure of non-financial information. Finally, the Financial Section of the Annual Report 2022, Fact Book for detailed financial information and Sustainability Data Book for detailed non-financial information plus, as an index of disclosure items, the GRI Content Index are also available on our website.

GRI Content Index
www.screen.co.jp/en/sustainability/gri



Management Involvement in Creating This Report

The following is a summary of management involvement in creating this report.

- CEO Toshio Hiroe and CFO/Chief Officer of PR & IR Yoichi Kondo held frequent meetings to discuss the planning, composition, contents and design of this report and they also assumed responsibility for checking and finalizing all included information. In addition, we interviewed Chairman Eiji Kakiuchi regarding mainly corporate governance and checked relevant information and also confirmed all details related to directors and auditors with the relevant individuals.
- The identification of material issues was finalized by a resolution of the Board of Directors.
- A round table discussion by outside directors Shigeru Saito, Makoto Yoda, Hidemi Takasu and Hiroko Okudaira was held to discuss a range of issues.

Publication

September 2022 (previously published in October 2021, issued once a year)

Reporting Period

Fiscal year ended March 2022 (April 1, 2021 to March 31, 2022)
 Note: Some of the information in this report is for the fiscal year ended March 2021 and the fiscal year ending March 2023.

Scope of Coverage

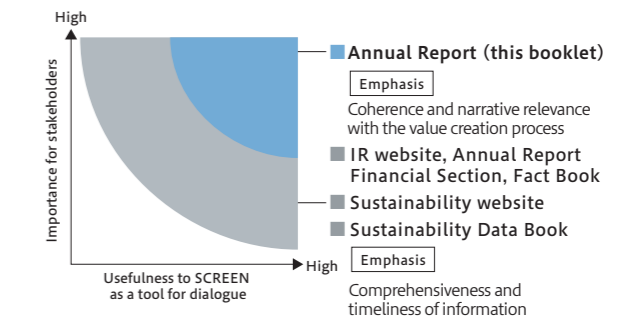
This report covers SCREEN Holdings Co., Ltd. (holding company) and its consolidated companies (as of March 31, 2022).

Note: Data that does not relate to these companies is presented in the form of footnotes.

Disclaimer

- The plans, strategies and statements related to the outlook for future results in this document are in accordance with assumptions and beliefs determined by management based on currently available information. However, it should be noted that there is a possibility that actual results could differ significantly due to such factors as social and economic conditions.
- All amounts shown in billions of yen are truncated to the nearest billion. Amounts shown in millions of yen are rounded to the nearest million.

Position of This Report



We have the power to change the world

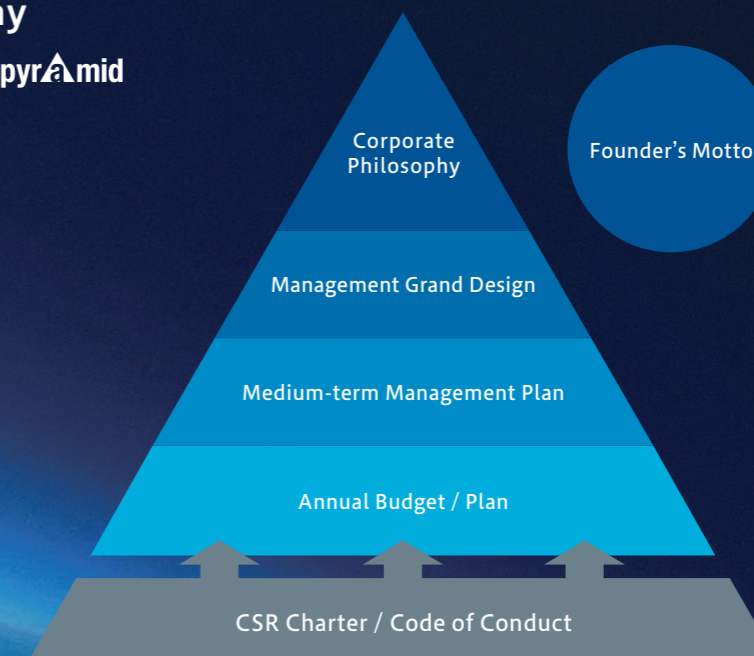
We, SCREEN Group is working to solve many issues facing society.

Using our combined strength, based on our core technologies, we create solutions that offer the world new value.

Core Technologies

| | |
|-------------------------------|---|
| Surface processing technology | Technologies for modifying surfaces using coating, cleaning and etching material application devices |
| Direct imaging technology | Technologies for directly forming patterns and images on substrates using lithographic and inkjet devices |
| Image processing technology | Technologies for retouching, verifying and converting image data |

System of Corporate Philosophy SCREEN pyramid



Corporate Philosophy

Sharing the Future

Earning the trust and meeting the expectations of society while focusing on the future

Human Resource Development

Contributing to society by promoting human resource development through work satisfaction

The Pursuit of Technology

Developing innovative technologies and combining them with other existing technologies

Founder's Motto

Shi Kou Ten Kai (meaning to “expand awareness” in Japanese)

The Founder's Motto guides the SCREEN Group's thinking about how our technologies can help to address the issues facing society and how we can continue to create and develop products and businesses to resolve these challenges

Management Grand Design

SCREEN's vision and guideline for SCREEN Value (corporate value) enhancement

CSR Charter

This Charter describes the principles of action based on SCREEN's corporate philosophy and establishes the standards for all officers and employees of the SCREEN Group to comply with pursuant to the “Code of Conduct”

Realizing a Prosperous and Sustainable Society and Bringing Happiness to People

We are always thinking about how our technologies can help to address the issues facing society and how we can continue to create and develop products and businesses to resolve these challenges.

Our Founder's Motto of "Shi Kou Ten Kai" (expanding awareness) represents the SCREEN Group's purpose.

From printing to semiconductors, displays and other electronics, and now even more diverse new fields...

In any era, the SCREEN Group is always focused on the latest megatrends and how we can use proven technologies cultivated since our founding to expand our business. For our Group, changes in the business environment are opportunities for renewed growth, as we work to provide society with new value that promises a brighter future. We call developing solutions based on Shi Kou Ten Kai "Creating Shared Value" (CSV).* This is how we hope to change the world.

* CSV refers to the co-creation of social value and economic value that occurs as we work to resolve the issues affecting society.



The SCREEN Group's thinking about how our technologies can help to address the issues facing society and how we can continue to create and develop products and businesses to resolve these challenges

Tokujiro Ishida, our second president, introduced Shi Kou Ten Kai as his personal management motto while being interviewed for a television program in February 1970. Over the years, we have always maintained a foundation of core technologies, talented employees and financial strength, which have shaped the cycle that underpinned our efforts as we worked to develop new products and technologies that would benefit our customers. The driving force behind our Group, the cycle, has always been our ability to think deeply during this process and to apply the results to our operations. Shi Kou Ten Kai embodies this concept.

Driving force to business development based on Shi Kou Ten Kai

By contributing to the development of society and providing our customers around the world with technologies, products and services that solve social issues and needs, the SCREEN Group hopes to become a solution creator that enhances our corporate value and expands our business based on the principle of Shi Kou Ten Kai.

As indicated above, the key to our approach is innovation management, based on our core technologies. In our case, the cycle is propelled by our distinctive strengths, namely our collaboration, solution creation and business structuring abilities.

■ Collaboration abilities

The strength to establish open collaborations with leading-edge customers, consortiums, economic organizations, universities and enterprises

■ Solution creation abilities

The strength to move forward with elemental development based on marketing requirements and to create solutions able to resolve customer issues

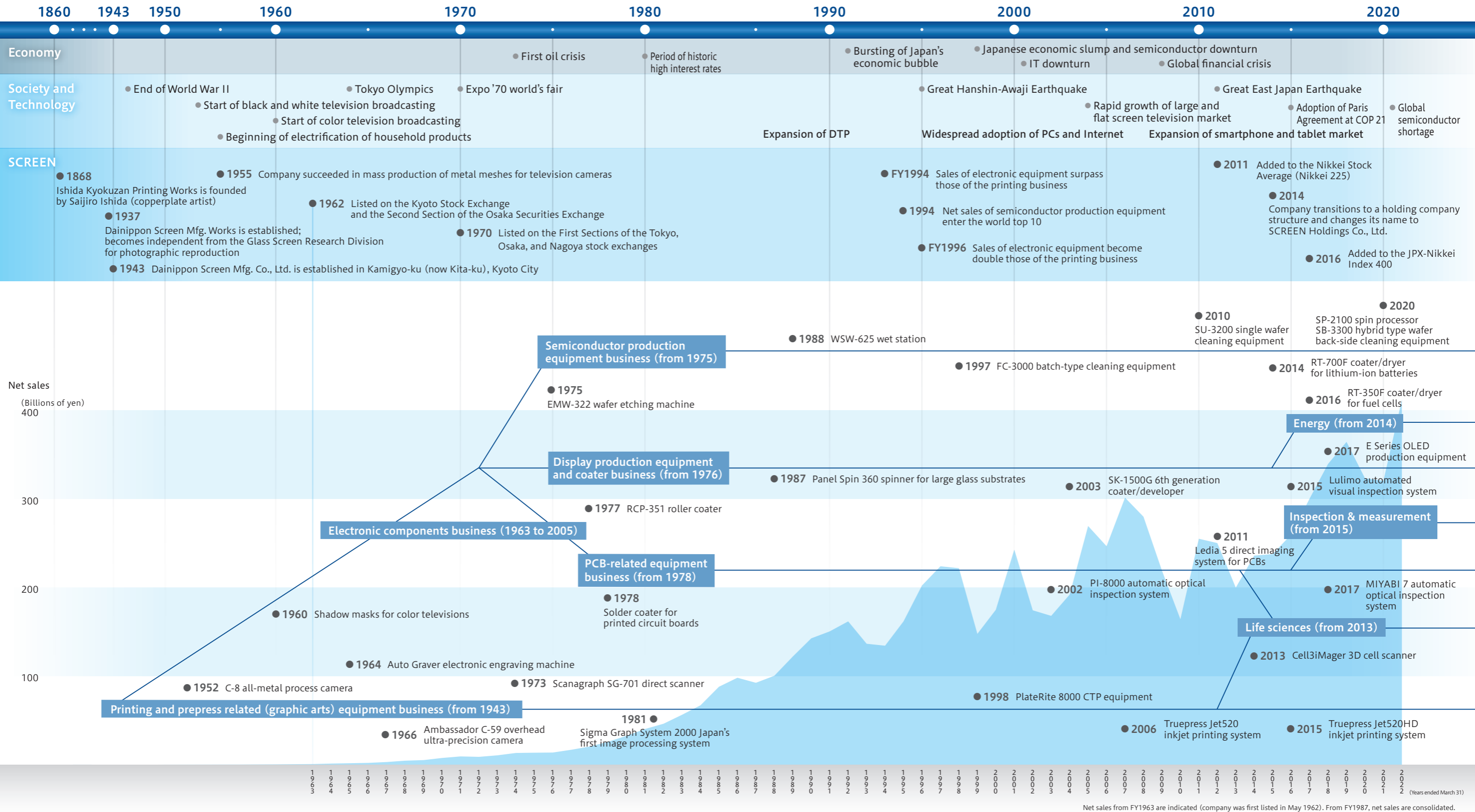
■ Business structuring abilities

The strength to undertake the technology, product and service development, etc. needed to turn a solution into an actual business



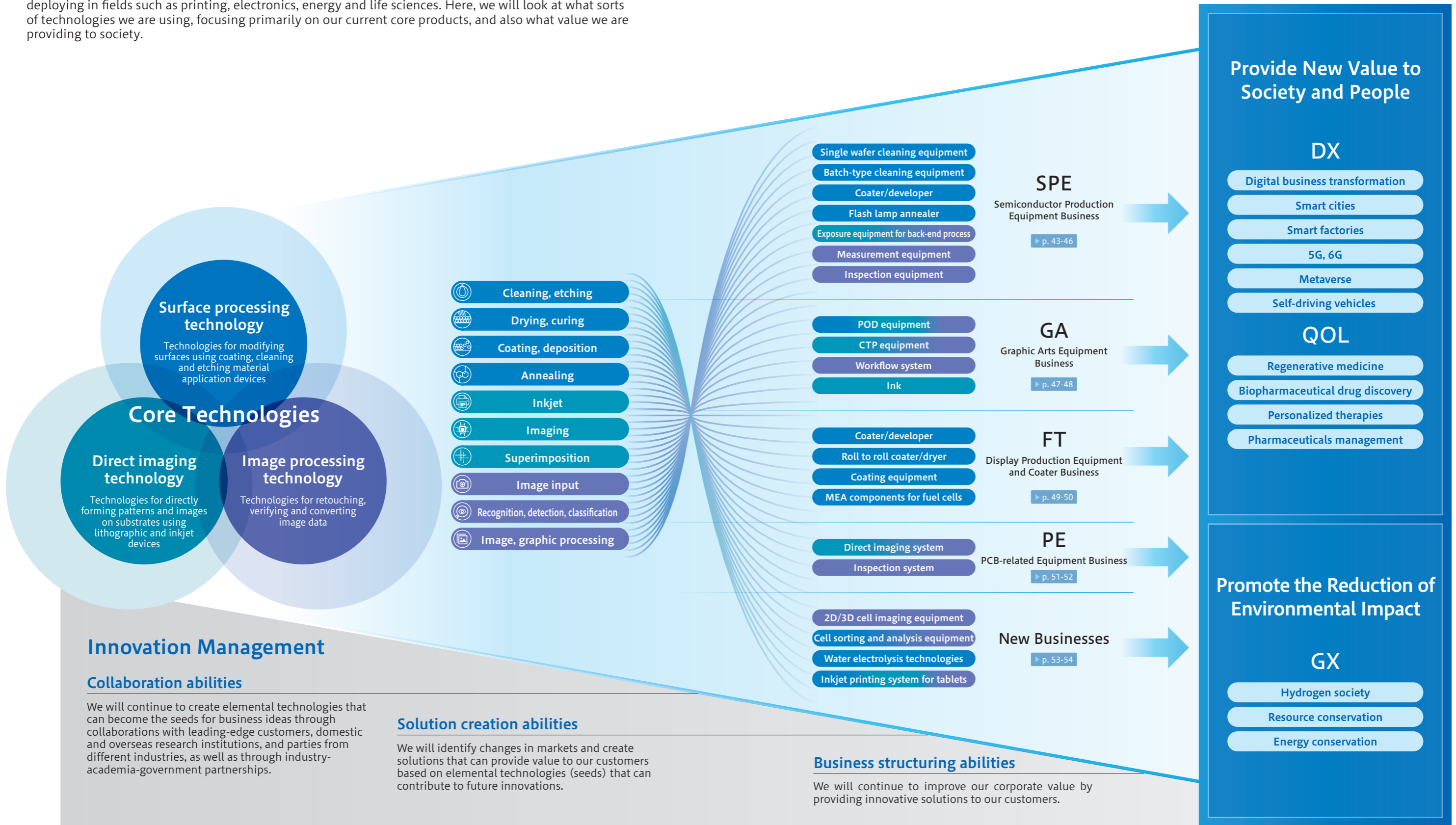
History of the SCREEN Group

Based on the founder's motto of "Shi Kou Ten Kai," the SCREEN Group began manufacturing glass screens for photoengraving, and subsequently applied its core technologies in the areas of surface processing, direct imaging, and image processing to develop numerous technologies, products and services that were the first of their kind in the world. Going forward, we will continue to provide new value to the world with the Group's comprehensive strength based on core technologies we have developed since our founding, to meet customers' and society's needs and solve issues.



SCREEN Group's Core Technologies

The SCREEN Group possesses core technologies in three key areas: surface processing, direct imaging and image processing. Each of these areas is comprised of elemental technologies that we are developing and deploying in fields such as printing, electronics, energy and life sciences. Here, we will look at what sorts of technologies we are using, focusing primarily on our current core products, and also what value we are providing to society.



Message from the CEO



Toshio Hiroe
 Representative Director
 President
 Member of the Board
 Chief Executive Officer

Management Aimed at Improving SCREEN Value

Q1 Can you tell us the ideas and points you prioritized in this year's annual report?

After becoming president, I carried out many discussions with selected mid-level employee to formulate a medium-term management plan that would set us on the path to resolving our company's fundamental issues, but I found myself unable to effectively communicate these ideas to those both inside and outside our company. It was just around this time that I had the opportunity to read the reports of other companies which had received the Nikkei Integrated Report Award, and I saw the painstaking efforts these companies had taken to refine their management theories and clearly communicate them in their annual reports. This brought me to the realization that in the annual report we had published at the time, we had failed to adequately express either our management direction or ideas.

At the same time, I also realized that if we were able to articulate our management goals through our annual reports, this would enable us to bring our ideas out of the boardroom and share and discuss them with our employees and stakeholders, fostering discussions which could lead to even higher quality management.

In last year's annual report, we focused on communicating the concepts of our medium-term management plan in the framework of a consistent story, an approach which brought about some positive results and was seen as an improvement. However, it was also pointed out to us that our ideas for the long term remained unclear. Similar points and questions were raised by SCREEN employees who had read the report, so we have based our annual report for the current fiscal year on a long-term perspective founded on our Management Grand Design vision for ourselves in 10 years.

This year's annual report discusses our company's history and past achievements, our sense of the issues we face in the present circumstances, and our growth strategies for the future. Some particular points of improvement in this report are the enhanced discussion of our value creation process, which illustrates the mechanisms of portfolio management that are key to enhancing corporate value, and the review and identification by our Board of Directors of the material issues which should be addressed to achieve our medium-to-long-term vision of our company. During our board meeting discussions on issues including portfolio management and materiality, we heard the opinions of individual board members while also achieving consensus on direction, and this is another thing I consider to be a significant and fruitful achievement.

A 10-year Vision for SCREEN in the VUCA Age



Q2 Can you talk to us about the SCREEN's purpose and the added value SCREEN hopes to create for society?

I have always believed that corporations have a role to play as members of society. At SCREEN, we desire to be a corporation which provides industries which support social infrastructure with the manufacturing equipment and products that can generate solutions, as well as one which supports customer innovation.

The semiconductor and electronics industry is a world where we see especially rapid changes in technology, and by creating solutions which support this technological innovation, the SCREEN Group hopes to contribute to the resolution of many social issues, something which can enrich the lives of people everywhere.

The purpose of the SCREEN Group resides in the "Shi Kou Ten Kai" motto of our founder, which calls upon us to expand our awareness by considering how our technologies can help to address the issues facing society, and how we can continue to create and develop the products and businesses which will resolve these challenges. We believe that by identifying strategic areas based on megatrends in the global environment, reinvesting cash which we generate through our business, and continuing to provide solutions which change society, we can contribute to the creation of a sustainable society.

The megatrends we see today require us to address issues including the global environment, natural

resources, world affairs, and changing demographics such as aging populations and declining birthrates in developed countries such as Japan. We believe that it is our role to provide technical innovations which will drive the digital transformation (DX) and green transformation (GX) which can help to resolve issues such as these. "We have the power to change the world" is the theme of this year's annual report, and this expresses our belief in our abilities and our resolve to be a force for change in the world.

We live in an unpredictable VUCA age, where new challenges are continually emerging. The SCREEN Group has signed the United Nations Global Compact, in addition to registering our name at the United Nations headquarters in October 2016, and we believe that joining international initiatives such as these is one important way for us to approach social issues. We feel a strong desire to find solutions for social issues, and it is important for all SCREEN employees to consider themselves "solution creators" and act in a way that always takes the future into consideration. Through efforts such as these, we believe we can enhance SCREEN Value (our corporate value) and continue to grow as a corporation.

*Refer to the "SCREEN's Purpose" on p. 5 and "Identification of Megatrends and Material Issues" on p. 27.

Q3 What do you see as essential to management?

A New Stage of Growth, Driven by Our Founding Spirit

After joining our company, I worked in technology development, sales and manufacturing in our semiconductor production equipment business, and I also managed technology development departments throughout the company in addition to US subsidiaries and our display production equipment business, and these experiences have given me a good idea of what goes on in the workplace. I believe that by having a management team capable of clearly and accurately expressing – in their own words – what they are thinking and trying to accomplish, what they consider their strengths and what they are working to improve, and the meaning that motivates their efforts, we can bring out the unified strength of the SCREEN Group as a whole. I also hope this will help us to cultivate a corporate culture in which Group employees feel actively engaged in their work and motivated to aim higher and take on more challenges.

Our founder's motto "Shi Kou Ten Kai," based on the idea of expanding our awareness, and we believe that developing solutions based on this concept will translate into CSV (creating shared value) and enable us to become a corporation capable of changing the world.

If we look back on the history of our company, we can see that it has been a history of working to address social issues. This is where our company's purpose resides, and developing core technologies and creating solutions in response to a changing society has helped us to both drive industry innovation and grow our businesses.

This can also be seen in the way our corporation transformed itself from a small printing business, established over 150 years ago, into a company which branched into printing materials and printing equipment, and has now moved into the field of electronics with businesses in electronic components, semiconductors, displays and printed circuit boards.

Today, our semiconductor production equipment (SPE) business is the main driver of our growth, but 40 years ago, it was still a very small business operation. Just as we transformed SPE into a major business, it is essential for us to invest in and cultivate new businesses which may drive our growth in the future. We recognize that our recent lack of new business creation stems from our failure to consistently allocate funds from existing businesses towards identifying

and reinvesting in strategic areas, and for the past several years we have promoted initiatives focused on profitability and efficiency, in addition to efforts aimed at improving our marketing capabilities. These measures have transformed our operations into ones that are not only more profitable but also more efficient, and we have improved cash flow while also returning profits to shareholders through dividends and other means.

We also hope to advance our goal of becoming a sustainable corporation by allocating funds secured through our cash generating capacity to research and development and capital investment which is aimed at cultivating new businesses.

One of our new businesses in the field of life sciences involves developing equipment for personalized cancer treatment through a joint research project with Kyoto University, and we are aiming to finalize a treatment efficacy prediction system by around the end of October 2023. In the field of energy, we are also engaged in efforts to promote a decarbonized "hydrogen society" by embarking on the joint development of water electrolysis technologies for green hydrogen production and commencing the mass production of MEAs (membrane electrode assemblies), a component of fuel cells which produce electricity from green hydrogen.

These are some of the ways we are working to develop businesses which can help produce solutions for social issues over the medium to long term. It is important that we launch projects such as these which inspire and motivate employees, and that we continue to create new businesses.

We also believe that strengthening our marketing capabilities is key to keeping these new businesses on track, and in April of this year, we created a stronger HD Marketing Department by recruiting individuals with extensive expertise to fill top leadership and core member positions. By anticipating market and technological changes and making sound strategic investments, while at the same time promoting synergistic collaborations with outside parties and leveraging M&A to create powerful solutions, we will work to build a solid business portfolio and enhance SCREEN Value.

*Refer to "History of the SCREEN Group" on p. 7 and "New Businesses" on p. 53.

Q4 What elements do you believe give us a competitive advantage in our effort to improve SCREEN Value?

I believe that the core of value creation at SCREEN lies in our portfolio management (innovation management and business portfolio management).

In our business portfolio management, we introduced an evaluation axis with growth potential as the y-axis and return on invested capital (ROIC) as the x-axis as a way of assessing our current portfolio position and visualizing our future path towards enhancing SCREEN Value. This has allowed our Board of Directors to arrive at a unified vision of the direction of our management, and through the introduction of ROIC management, we have created a virtuous cycle of reinvesting cash generated from existing businesses into new businesses or towards the further growth of existing businesses.

In the second half of our current medium-term management plan, we will work to achieve improved business value based on the visualization of the direction we must take to enhance the portfolio of each of our businesses, and we also hope to accelerate the virtuous cycle by introducing more ROIC initiatives.

Our strength lies in our competitive products and technologies. To perpetuate this, we must carefully

analyze future market and technology trends, consider which elemental technologies are important, and make use of these assessments to create high-quality products that fit the needs of our customers.

With the customer relationships and trust in our supply chain that we have built over many years as our foundation, we will continue to harness the combined power of our brand strength – which is based on our technical capabilities and intellectual property – and our human resources to produce solutions for social issues, and it is this that we see as the source of our competitive strength.

*Refer to "Portfolio Management" on p. 21.

Results which Engender a Robust Financial Structure

Q5 We achieved record-high performance in the previous fiscal year (ended March 2022), which was the second year of the current medium-term management plan, and even better results are expected for this fiscal year (ending March 2023). What growth do you envision beyond improved profitability and financial structure?

While our main SPE business is less volatile than it was in the past, it is still subject to more cyclical market conditions than other industries. From a capital allocation perspective, we realize that being in a volatile industry requires us to have plenty of cash on hand, but in past downturns, we found ourselves unable to invest as much as we would have liked in research and development and business growth. We learned from this, and in our current medium-term management plan, we are working to improve our financial structure by generating operating cash for a single fiscal year at an operating income level and increasing our profitability, allowing us to distribute returns to shareholders and invest in growth in a disciplined manner while also maintaining cash on hand. By doing so, and continuing growth investments even during market correction phases, we believe we can advance to the next level and become a corporate entity capable of taking on further challenges.

We are well aware that our current profitability is not as high as that of other companies in the industry, but we are still in an improvement phase, and our current medium-term management plan will boost our fundamental strength and prepare us for our next stage of growth.

In this current plan, which started during the Covid-19 pandemic, we set a four-year economic value target, but as of the previous fiscal year (ended March 2022), we reached all of our targets with the exception of our operating income to net sales ratio, while also achieving record levels of sales and profits. This strong performance was largely driven by our core SPE business, and the significantly improved profitability of our still small-scale PE (PCB-related equipment) business was another contributing factor. In light of

these developments, we publicly updated our targets in July of this year.

However, we realize that there is still much left for us to do. Our GA and FT business reforms have not progressed as originally planned; there is still insufficient linkage between *Gemba KPIs* and ROIC, one of the main pillars of our ROIC management; our organizational culture has still not reached the level necessary to generate solution creators, and our management reform policies have yet to be applied in a way that has sufficiently gained employee understanding.

This shows us that while the reforms we set out in our current plan are proceeding smoothly, it is still necessary for us to methodically carry out the preparations necessary to support our growth in the next medium-term management plan. In addition to investing in the equipment and research and development that will underpin the next level of growth of our SPE business, we must not neglect to prepare our other businesses, including new businesses, for the next plan.

The updated values of our current medium-term plan are intended as a message towards those inside and outside our company, demonstrating that we are effectively implementing the initiatives in our current plan which will support our growth in the next medium-term plan, and also showing that we are ready to take on the challenge of maintaining our corporate growth with an eye on the future.

We will continue to maintain our resolve, and we will work steadily to implement the measures which will take us to the next level as a corporate entity.

*Refer to "Progress and Revision of 'Value Up 2023' Medium-Term Management Plan" on p. 37.

Our company is still in the process of working towards improvement as we progressively implement measures which look ahead to the future in 10 to 20 years' time, and we look forward to your continued support over the long term.



Message from the CFO

Improving the Stability of Our Financial Base

Yoichi Kondo

Senior Managing Director
Member of the Board
Chief Financial Officer



Medium- to Long-term Corporate Value Creation: Progress of the Value Up 2023 Medium-term Management Plan

Q1 The previous fiscal year (ended March 31, 2022) was the second year of Value Up 2023 and a very successful year, with SCREEN's major financial indicators hitting record highs. Can you share with us an outline of your growth strategy to further increase corporate value, as well as SCREEN's original key indicators used to measure activities toward the goal?

Under the strong guidance of our CEO, Value Up 2023 has adopted return on invested capital (ROIC) as a key management indicator. By using it as an original KPI for tracking the progress of the strategy, we are trying to instill a more efficiency-oriented mindset in our operating companies, which tend to overly focus on profitability. This indicator can quantify the adverse impact of delays in the production process on cash flow in terms of the monetary value per day, helping employees understand the significance of shortening the cash conversion cycle (CCC) and encouraging them to link the figures into specific activities, what we call *Gemba KPIs*.

This initiative has borne fruit and amid major growth in sales, we have generated operating cash flow far exceeding operating income. As a result, Japan Credit Rating Agency, Ltd. raised our credit rating to "A-" for the first time in 30 years. It came with a "Positive" outlook, indicating that our financial position improvement efforts are making steady progress in line with the goal of upgrading our credit rating, as set out in last year's annual report. We will intensify our ROIC activities to further improve our rating by one more notch to "A" at the earliest possible timing.

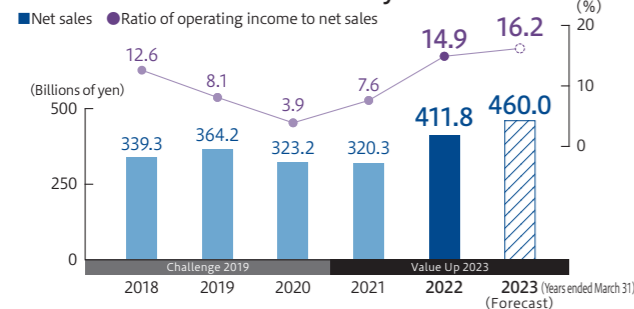
Our results in the previous fiscal year were the best ever for net sales, operating income, ordinary income, net income, and operating cash flow, mainly driven by the brisk semiconductor production equipment market. With our

equity ratio steadily remaining at 50% level, we expect to have another fiscal year of all-time highs while maintaining a balanced net cash position. Our capital expenditures, R&D expenses, and depreciation and amortization will also be the highest ever in the current fiscal year.

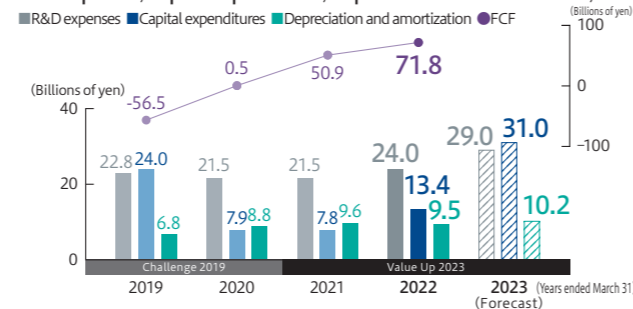
We plan to invest the cash generated by our improved profitability and efficiency into continued growth. We are currently building S³-4, a new factory, at our Hikone Plant site, following the completion of S³-3 in 2019. In view of the medium- to long-term growth of the semiconductor market, our next medium-term management plan (due to start in the fiscal year ending March 31, 2025) seeks to take our business higher, with plans to build another factory, S³-5, at the Hikone site and expand capacity at SPE Group sites in Toyama, Kumamoto, and Fukushima.

The global situation is changing almost moment by moment, in response to factors including the prolonged Russia-Ukraine crisis, US-China security issues, and concerns over a recession due to higher interest rates set by central banks around the world. As CFO, I always assume a worst-case scenario and seek to strengthen SCREEN's downward resistance to potential market deterioration by driving a business culture transformation that is centered around proactive risk hedging and ROIC.

Consolidated Performance Summary



R&D Expenses, Capital Expenditures, Depreciation and Amortization, FCF



Investment Returns and Balanced Investment

Q2 Can you tell us about your basic policy for strategic investment, including the cash spending and shareholder returns planned to support strategic investment and ensure a competitive edge?

Under the current medium-term management plan, I intend to allocate cash flow to investment in growth. Although some experts say the semiconductor market has entered a period of adjustment, our current medium-term management plan reflects our CEO's belief that downward market trends indicate an opportunity to act for the future by investing in growth, and thus it values timely capital investment and R&D.

My plan is to expand investment in new business areas such as life sciences and energy while strengthening SPE and other existing businesses. In pursuing new business opportunities, in particular, I see M&A as a possible option.

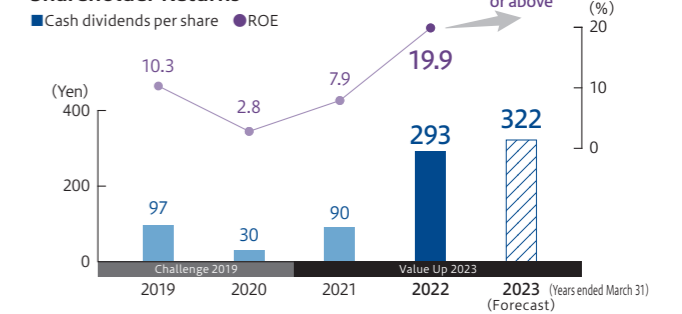
In the current fiscal year, substantial amounts of cash spending are expected, including R&D expenses and capital expenditures primarily on S³-4. Keeping in mind the economic value target set in Value Up 2023, a cumulative total cash flow of ¥240 billion in four years, we are aiming to generate operating cash flow comparable to our operating income level. Even with our net sales in the upper end of the ¥400 billion range in the current fiscal year, partly driven by our ROIC activities, our working capital is controlled at under ¥100 billion, with the CCC improved to well below 90 days.

Regarding shareholder returns, as we communicate with investors, some of them have said that the current total consolidated shareholder return ratio of 30% or slightly above is not high enough for the industry. However, our priority in the current medium-term management plan is to establish a solid financial base that can easily withstand the

fluctuations of the changing market. In the next medium-term management plan, we will fully discuss shareholder returns as our level increases.

We have reduced cross-shareholdings of 33 stocks worth ¥7.7 billion. Although we plan to continue the reduction, the initiative has somewhat slowed recently due to existing business relationships. This portfolio brings benefits higher than the cost of capital, and helps maximize the cooperation we can receive from partners for smooth trading even under the current circumstances of material shortages and procurement difficulties.

Shareholder Returns



Sustainable Management and Financial Strategy

Q3 As CFO, what are your thoughts on financial strategies for sustainable management?

It is all about securing liquidity, although I recognize the importance of addressing sustainability issues in corporate management. Despite our balanced net cash position at present, we have obtained a loan commitment of ¥60 billion from financial institutions. Our challenge for the time being will be maintaining a balanced net cash position, which translates into developing a "self-financing first" culture in our organization.

To achieve our Science Based Targets (SBT)*, SCREEN's Head Office and Hikone and Taga sites switched to electricity derived from renewable energy sources in January 2022. We set 10% reduction from FY2019 for a CO₂ emissions target from business activities in the fiscal year ending March 31, 2024, the final year of the current medium-term management plan, as a milestone. We successfully reduced emissions by 12% in FY2022 and the target is expected to be reached ahead of schedule. Funds procured from sustainability-linked loans at the end of FY2021 have been spent to reduce greenhouse gas (GHG) emissions from our business sites, including switching to electricity derived from renewable energy sources.

The Screen Group CSR Charter / Code of Conduct set forth that the Group "will implement high transparency in the management of our business by sound and effective corporate governance" and also that we "will comply with all applicable laws and regulations, as well as standards of ethics of all relevant countries, and will conduct business activities in a

fair and sensible manner." We will not resort to tax planning or use tax havens to evade taxation, either.

In accordance with these policies, I as CFO assume responsibility for the Group's tax matters, ensuring that the Group properly declares relevant income and pays taxes in compliance with all local taxation systems while closely communicating with local tax authorities.

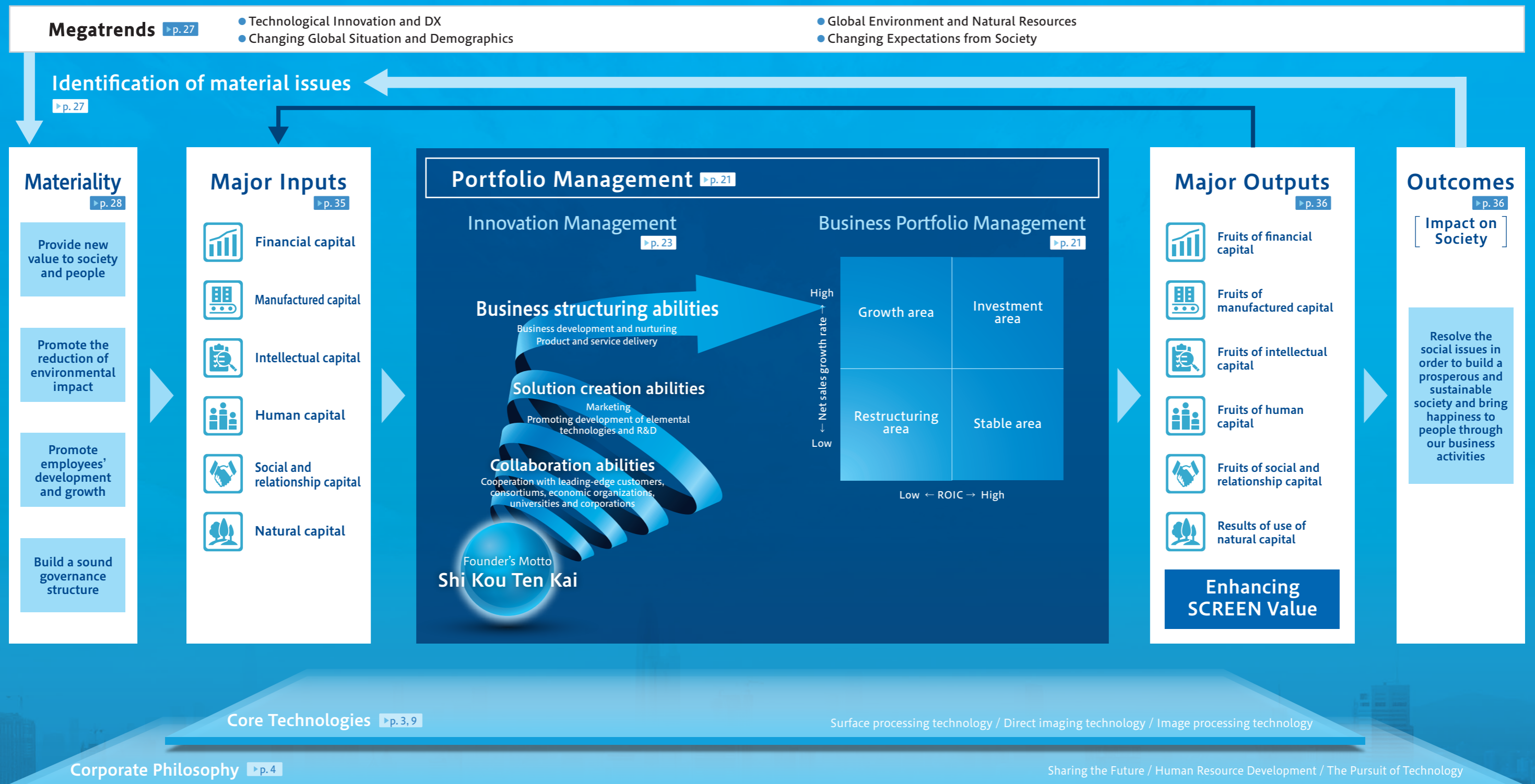
* One of the international indicators for the prevention of global warming, which requires companies and others to set GHG emission reduction targets based on scientific evidence.

Value Creation by the SCREEN Group

Our Group maintains a consistent vision for the next 10 years that is derived from both our current megatrends and corporate philosophy. In order to realize this vision, we carefully identify the material issues affecting our management and then develop and provide solutions, such as technologies, products and services, with the ability to connect our present to the future.

We are constantly working to promote the growth of our existing businesses and also to create new businesses. At the center of this value creation is our portfolio management, which incorporates innovation management and business portfolio management based on our core technologies and guided by our Founder's Motto of "Shi Kou Ten Kai" (expanding awareness).

We hope to use our business activities to resolve the social issues, with the ultimate goal of building a prosperous and sustainable society and creating a virtuous cycle that will bring happiness to people. In this cycle, we will strive to create new solutions using our accumulated tangible assets, refers to human resources, facility and equipment, funding and intangible assets, refers to knowledge, technology, know-how, in order to enhance our SCREEN Value (corporate value), which combines our Sustainable Value (social value) and Economic Value.



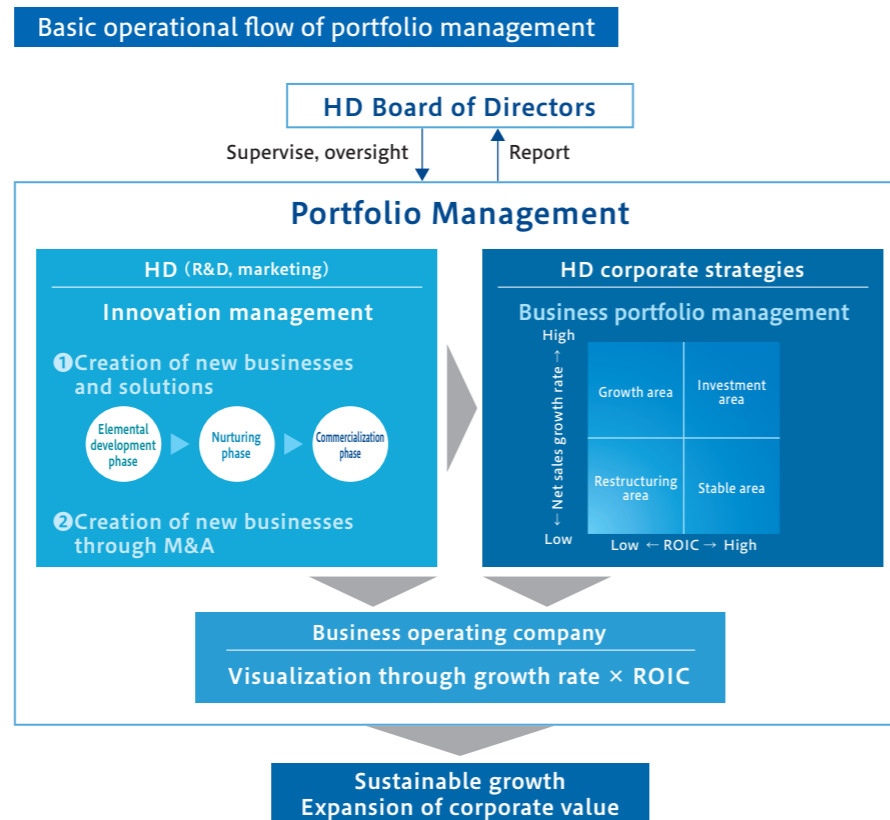
Portfolio Management

Through our portfolio management, which is the core of value creation and under the guidance of SCREEN Holdings (HD), we strive to visualize the current value of the portfolio in terms of growth potential and ROIC, while showing the direction of existing businesses and the targeted positions for new businesses with the aim of achieving sustainable growth in the future. We supervise our portfolio by conducting “business portfolio management” to monitor the corporate value of each business in the SCREEN Group and “innovation management” to sustainably and effectively create new businesses (including new product lines under existing business segments). We aim to maximize the SCREEN Group’s sustainable growth and corporate value.

Basic Operation of Portfolio Management

In business portfolio management under the oversight of HD, we pursue strategic investment which aims at achieving an optimal balance between existing and new businesses by using operating cash flow generated by business. To realize our ideal business portfolio, the Board of Directors analyzes issues and regularly checks the progress of required measures.

In innovation management, we integrate in-house management that uses owned elemental technologies as foundation and management that centers on M&A for acquisition of business that generates synergies. In this way, we sustainably and effectively create new business (including new product lines under existing business segment).



Business Portfolio Management

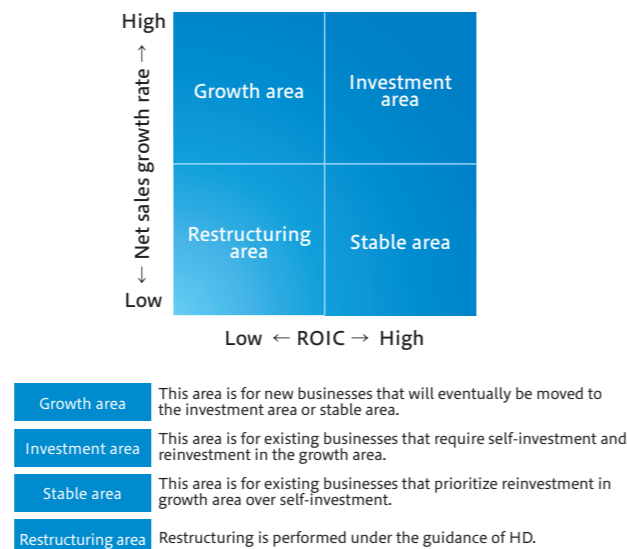
In business portfolio management, we visualize the business segments under SCREEN Group by using growth potential (net sales growth rate) and return on invested capital (ROIC) as indicators. This visualization allows us to regularly check the difference between the current state and optimal state of each business segments, so as to realize our ideal business portfolio.

Ideal Business Portfolio

Each business segment under SCREEN Group has their product lines positioned at the growth, investment and stable areas. (See definitions on the right.)

Visualization of Portfolio of Each Business Segment

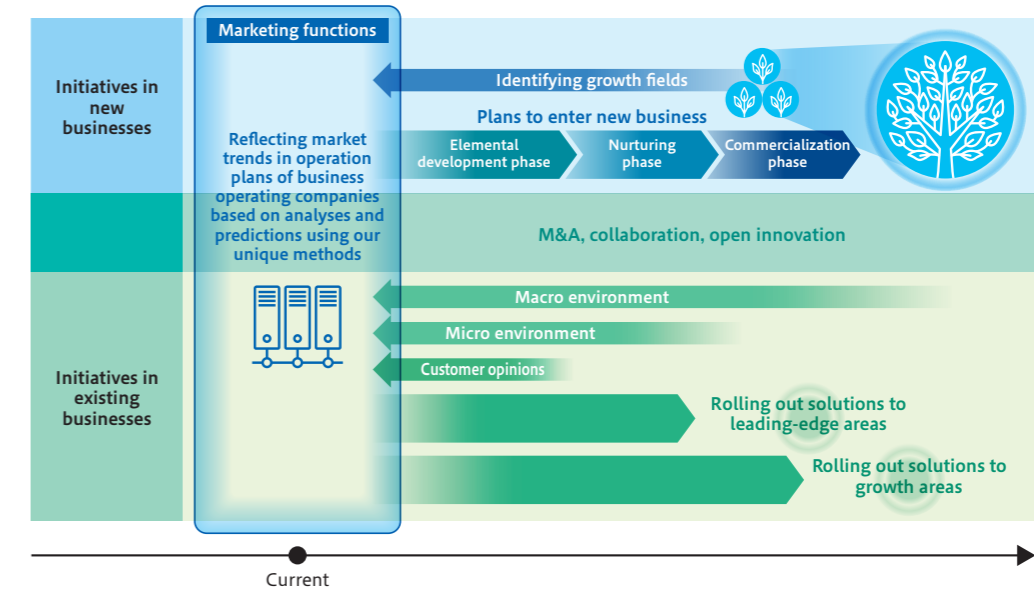
We centralize the corporate value of the business operating companies owned by the SCREEN Group by categorizing each of them as one of the four areas: growth, investment, stable, or restructuring.



Strengthening Marketing

We will continue to further strengthen marketing to sustainably and effectively create new business and realize our ideal business portfolio. Specifically, we will build a system that enables us to analyze and predict medium- to long-term market technology trends using unique marketing methods from a macro and micro perspective as well as to promote advanced initiatives in growth fields at business operating companies. In addition, we will use our unique databases to swiftly identify market changes and reflect those impacts in the management of business operating companies.

Strengthening Marketing Functions in Portfolio Management



Intellectual Property Strategy

We draft IP strategies using our efforts to visualize fields in which we should invest as IP by comprehensively analyzing our own and other company’s IP information. The aim is to realize a business portfolio that multifacetedly reflects corporate strategies, business strategies, technology strategies, and market trends in our business areas in existing business. In innovation management, in each phase, the R&D department, marketing department, and IP department work closely together on commercialization and such IP activities as IP surveys, assessment and avoidance of IP risks, and building an IP network. By visualizing the Company’s strengths and weaknesses related to IP gained through IP activities and effectively utilizing that information for commercialization, we encourage innovation and the creation of new businesses.

As for the management of accomplishments, we have set the number of target submissions of invention notifications for each major technological field, which will continue supporting business strategies. In particular, we are promoting the acquisition of patent rights to focus on promoting the offerings of products that help reduce CO2 and other environmental impact as well as products that utilize AI technologies.

SCREEN Is Chosen as a Top 100 Global Innovators™ 2022

SCREEN has been selected as one of the Top 100 Global Innovators 2022 by Clarivate based on an analysis of patent data to identify the world’s most innovative companies and institutions. Clarivate creates its list of the top 100 global innovators from patent data it possesses as one of the world’s leading information services companies. To compile this list, it analyzes and evaluates trends in intellectual property for companies and institutions in every country and region. The evaluation process itself employs a two-step approach. While the first uses the basic volume of patents held as its criteria, the second takes into account the candidates’ levels of influence, success and globalization as well as the range of technology fields in which they operate.

Clarivate’s webpage for the Top 100 Global Innovators 2022 clarivate.com/top-100-innovators/

Received the Japan Patent Office Commissioner’s Prize in FY2022 Kinki Regional Invention Awards

We received the Japan Patent Office Commissioner’s Prize in FY2022 Kinki Regional Invention Awards, sponsored by the Japan Institute of Invention and innovation, for our development of a direct imaging system using multi-wavelength UV-LED exposure (patent No. 5687013). In addition, three of our other patents received the Invention Promotion Prize.

| List of prizes received in FY2022 Kinki Regional Invention Awards | | |
|---|---|--------------------|
| Japan Patent Office Commissioner’s Prize | Direct imaging system using multi-wavelength UV-LED exposure | Patent No. 5687013 |
| Invention Promotion Prize | Transport control system for semiconductor cleaning equipment | Patent No. 5100179 |
| Invention Promotion Prize | Data processing method for inkjet printing systems | Patent No. 5848158 |
| Invention Promotion Prize | Coating device and coating film forming system | Patent No. 5711031 |

Note: The number of Kinki Regional Invention Awards won by SCREEN since 1999 totaled 31.

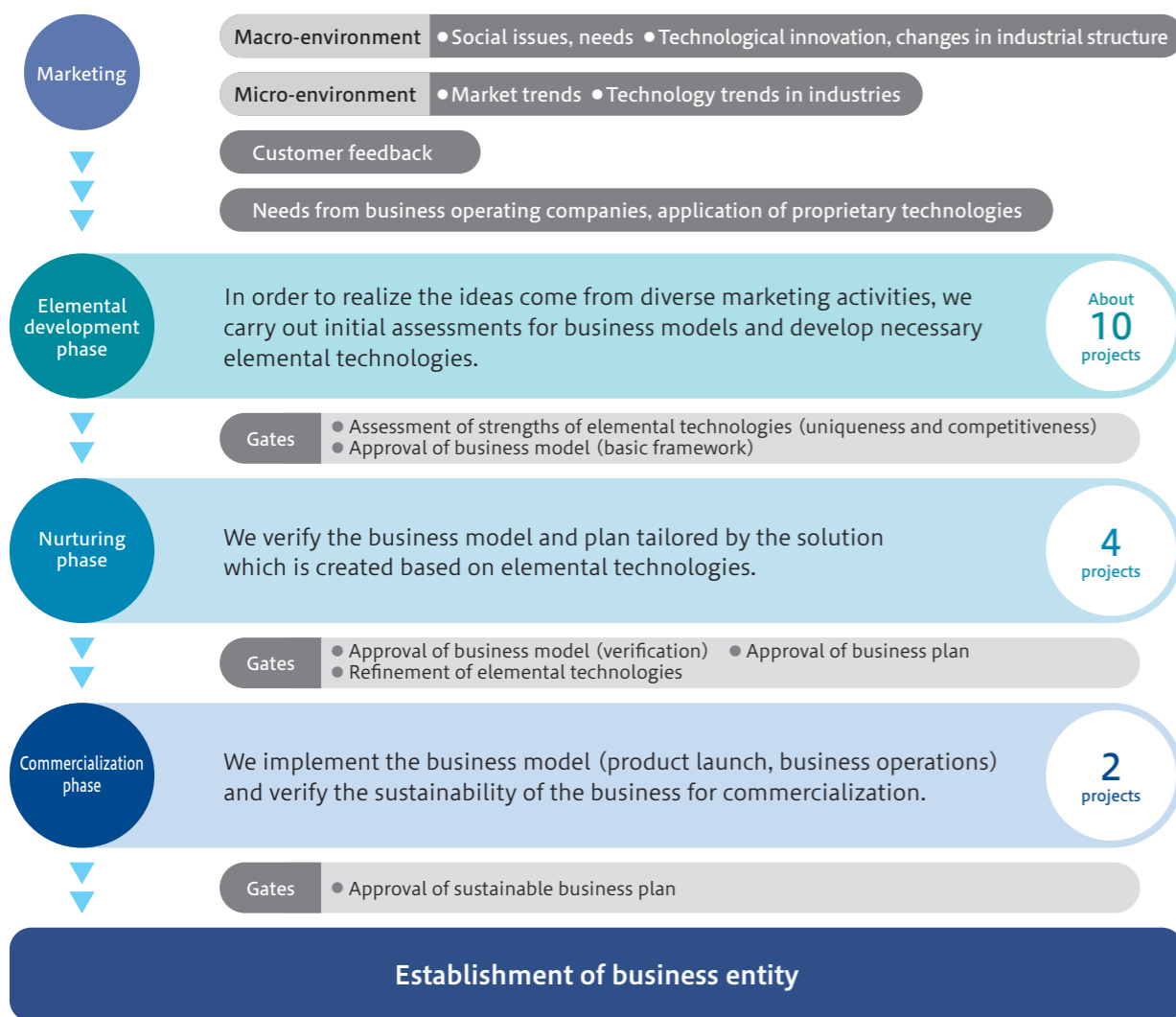
Innovation Management

As part of our portfolio management, we are actively engaged in innovation management activities for sustainable and efficient creation of new businesses. Led by the holding company, we aim at creating solutions for existing business operating companies' development of new businesses and enhancement of existing businesses.

Creating New Businesses and Solutions

In innovation management, we strive for expanding corporate value by utilizing owned technologies based on market perspective and product ideas. Under this initiative, we are developing solutions for establishment of new businesses that contribute to the achievement of growth scenarios laid out in our business management plan.

We have also adopted a phase-based transition system for this process and established transition criteria (gates) for each phase. Whether or not the project can proceed to the next phase is under the judgment of the Board of Directors.



Creating New Businesses through M&A

Our innovation management also utilizes mergers and acquisitions (M&A) as a way to strengthen and reform our business portfolio. This includes M&A activities for opening up new business segments that aims at providing an environment for commercialization, and for acquiring new business that helps expanding the scope of business.

Development of LeVina Direct Imaging System for Next-generation Patterning

With progress in the current digital transformation (DX) and green transformation (GX) continuing to accelerate, the creation of semiconductor devices that offer both greater speed and energy efficiency has become a key issue for society. These advances will be essential to support the development of 5G and post-5G technologies as well as IoT infrastructure.

Progress in the development of these faster, more efficient devices has so far relied on increasing miniaturization in front-end processes. However, in recent years, there has been growing discussion of the limits of this miniaturization. Meanwhile, further advances with DX will require high-speed, high-capacity servers, which are expected to greatly increase power consumption. Furthermore, in the context of the GX promotion trend, we also face the social challenge of a stable electricity supply.

In short, it will be necessary to develop semiconductor devices that deliver more efficient operation and energy savings through a means other than miniaturization. To meet this challenge, the semiconductor industry is currently working to extract even greater performance from IC package substrates.

Focusing on these market trends, we have developed LeVina, a new direct imaging and exposure system for next-generation patterning. LeVina combines high-precision imaging capabilities with outstanding productivity and is compatible with advanced packages.



Cross-company project with an integrated marketing organization

From the beginning, the project to develop LeVina was a pioneering effort in innovation management. The project team was composed of members from diverse backgrounds, including technical experts and sales people drawn from various business fields as well as HD staff assigned specifically to marketing, an area that had been an issue for us in the past. Rather than having marketing personnel participate in a consulting role from outside the project, they became integral members of the team and helped to promote development. This enabled us to create a structure without organizational and informational fragmentation.

While members from business operating companies investigated customer trends, staff from the marketing department surveyed trend in society, with the whole team, including engineers, coming together to share these results and other technical information as well as to exchange opinions. As intended, this approach ensured high-quality communication that crossed the usual boundaries between job areas, enabling us to move forward with product development that reflected both micro and macro trends.

We also intend to use a lateral sales structure that bridges various companies for the upcoming commercialization phase.

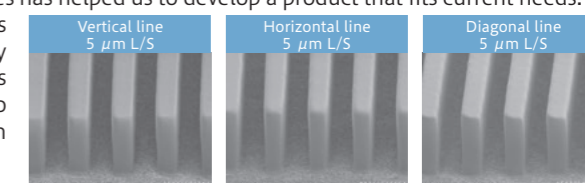
Project Team Members



Expanding awareness of technology

As a cross-company project, it brought together a wealth of technical expertise based on our core direct imaging and image processing technologies. More specifically, these technologies included our proprietary GLV™ optical engine, currently being utilized by SPE, and various PCB patterning technologies developed by PE. The GLV™ optical engine is a MEMS that has undergone consistent development in SPE's DW series of direct imaging systems for advanced packaging, enhancing their industry-leading resolution, while the PCB technologies used have seen similar development in PE's Ledia series, which has a long history of excellence in the PCB industry. Combining this array of technologies has helped us to develop a product that fits current needs.

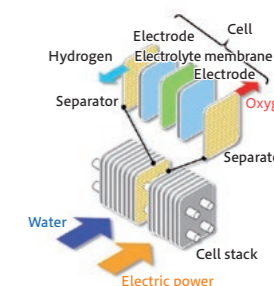
The GLV™ optical engine, the key to the new system, was originally developed and manufactured by SCREEN Group company Silicon Light Machines. Bringing such a wide range of technologies together in a cross-company project like this has enabled LeVina to achieve both the line and space resolution of 5 μm required for high definition and rapid mass production of 100 substrates per hour.



Hydrogen Project: Joint Development of a Cell Stack for Water Electrolysis – Basic evaluation achieves its target values –

As originally announced in May 2021, we are currently working with Tokyo Gas to develop both a “water electrolysis cell stack*1” and “water electrolysis cell stack manufacturing device.” This joint project aims to establish a low-cost production technology for water electrolysis cell stacks supporting the production of inexpensive green hydrogen.

We have already achieved our initial targets in a basic evaluation using a water electrolysis cell (electrode area of 25 cm²)*2 and are currently working to develop a full stack that can be used for test marketing during the current fiscal year. At the same time, we are also leveraging our strengths in production system technologies. Through these efforts, we hope to achieve a hydrogen supply cost goal for 2030 of 30 yen/Nm³-H₂, which is being promoted by the Japanese government, ahead of schedule*3 and, by so doing, contribute to the rapid achievement of a decarbonized society.



*1 Multiple stacks of thin parts (cells) that produce hydrogen and oxygen through water electrolysis (in a reaction inverse to that in a fuel cell).

*2 An industry standard size cell used in a small evaluation environment.

*3 To achieve this goal, the project assumes procurement of low-cost electricity that will be available mainly through the growth of the renewable energy market, in addition to the reduced costs of hydrogen production systems possible as a result of the planned development.

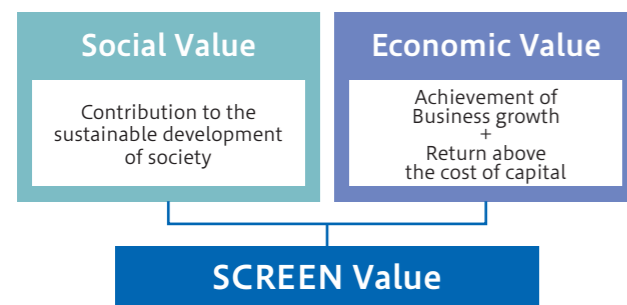
SCREEN Value

The SCREEN Group has established a 10-year vision with a goal of being a solution creator that helps to solve social issues and needs by creating innovations with our core technologies.* To make this a reality, we are constantly striving to improve our SCREEN Value (corporate value).

* Core technologies: Surface processing technology, direct imaging technology, and image processing technology

Definition of SCREEN Value

We call our corporate value SCREEN Value, and it is composed of both our Sustainable Value (social value) and Economic Value. Our social value and economic value are each defined as follows.



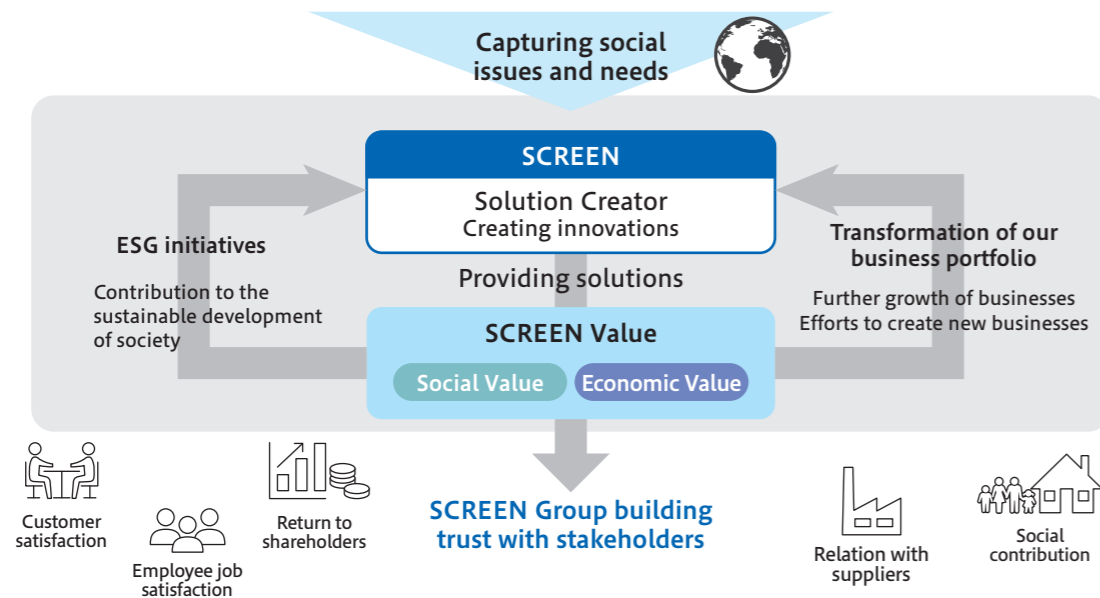
Initiatives to Improve Our Social and Economic Value

Social Value: We will dedicate ourselves to ESG management to earn the trust of our stakeholders while working to accommodate common goals of the international community, SDGs.

Economic Value: To enable us to address social issues and needs, we will continue to invest in growth areas in order to secure profitability that exceed cost of capital and generate operating cash flows commensurate with profits. These efforts should allow us to create a cycle of repeated investment within the Group and transform our business portfolio.

Cycle of Creating SCREEN Value

As a solution creator able to solve social issues and needs, our goal is to continuously provide solutions that generate social and economic value and through this to improve our SCREEN Value. The creation of social value will involve cultivating human resources and corporate entities capable of contributing to the sustainable development of society. Meanwhile, the creation of economic value will require strategic investment in both existing and new businesses to transform our business portfolio and produce further innovation. Through this combined cycle, we hope to secure comprehensive benefits for all our stakeholders and earn their trust.



About Solution Creator

A solution creator refers to a corporate entity that enhances its corporate value by providing technologies, products and services that help solve social issues and the needs of customers around the world and also contribute to the development of society. At the same time, it also refers to an individual who acts in a self-directed way and uses their personal skills to develop optimal solutions. The SCREEN Group is promoting this as a concept that every employee should aspire to.

SCREEN Value Award

The SCREEN Value Award (SVA) is a new commendation program established in FY2022 to spread awareness of outstanding achievements that have helped to enhance SCREEN's corporate value throughout the Group and improve employee motivation. The nominees are individuals and organizations selected from among those honored in our existing commendation programs as well as recipients of president's commendations in each of the Group's main companies (see the table below). The winners are decided by an award and disciplinary review committee based on activities and achievements in the previous fiscal year.

Eligible activities and achievements

Contributions to social value (Sustainable Value) and economic value that help raise SCREEN Value (corporate value), and successes achieved through activities contributing to SCREEN's role as a solution creator



Eligible nominees

Recipients of the following awards (targets: companies, departments, groups, project teams, individuals)

Eligible Awards

| Award | Outline |
|--|--|
| Business Achievement Award | Presented to companies that have achieved remarkable results in the current award period. |
| Sustainable Value Award (Formerly Green Value Award) | Presented for outstanding ESG activities that contribute to the enhancement of SCREEN's social value. In addition to their results, the actual initiatives themselves are evaluated. There are five separate target categories: 1. governance, 2. third-party evaluations, 3. environment, 4. society and 5. other activities. |
| Frontier Gate | Presented for excellence at technology presentations held throughout the SCREEN Group. |
| Intellectual Property Award | Presented to employees who have helped to promote the protection of intellectual property (through successful patent application activities). |
| SCREEN IP Award | Presented to leading individuals or teams based on an evaluation of intellectual property activities that have made a significant contribution to the Group's business or technological development. |
| President's Award for each company (To be added from FY2023) | Presented to parties nominated by the presidents of SCREEN HD, business operating companies and functional support companies. |

Recipients of SVA 2022

Project Team for Improvement of Financial Structure (22 Members)

Reason for award

The team helped to significantly improve SCREEN's corporate value by working to introduce ROIC indicators throughout the Group. This enabled the creation of a more stable financial base centered on cash flow as well as the upgrading of our long-term issuer rating to A- with a "positive" outlook by the Japan Credit Rating Agency, Ltd. (JCR).



COVID-19 Response Team (14 Members)

Reason for award

The team helped to significantly enhance SCREEN's corporate value during the initial COVID-19 pandemic. Its efforts to prevent the occurrence of cluster infections led to the administration of workplace vaccinations, etc. This contributed to the Group's business continuity and also protected the health of employees and their families.



Note: These two winners were selected from a total of 22 entries.

Identification of Megatrends and Material Issues

By analyzing the risks and opportunities estimated from current megatrends, the SCREEN Group has determined 10 material issues that should be addressed in Value Up 2023, the medium-term management plan set as a springboard for the vision for the next 10 years, from a comprehensive perspective including ESG. In 2022, these issues were reviewed and identified as four medium- to long-term material issues in light of the Corporate Philosophy and 10-year vision.

Megatrends: Turning Changes in the Business Environment into New Growth Opportunities

Technological Innovation and DX

Rapid technological innovations are in progress in many parts of society, including the wider use of 5G and AI, as well as advances in the Internet of Things (IoT) and the digital transformation (DX). These social changes, driven by the evolution of semiconductors, provide the electronics industry with a great opportunity for growth.

Changing Global Situation and Demographics

We need to adapt to the dramatically changing global situation and demographics surrounding our business. These developments include the spread of infectious diseases, such as COVID-19, shifts in the population structure and working environment (the increase in global population and a shrinking workforce and changing work style in developed countries), heightened geopolitical risk, declining international cooperation, and financial fluctuation risks.

Global Environment and Natural Resources

It is an essential responsibility of a company to resolve issues related to the global environment and natural resources, such as climate change, water shortages, frequent extreme weather events, natural disasters, transformations of energy policy, and promotion of a circular economy. We should recognize risks and turn them into growth opportunities through our business activities.

Changing Expectations from Society

Companies face a greater need to strengthen governance, transform their supply chains, and pay more attention to human rights. Responding to these needs will help us reinforce our foundation for corporate value creation.

Identifying and Reviewing Material Issues

We have established a medium-term management plan intended to realize our Corporate Philosophy and Management Grand Design (our vision and guideline for SCREEN Value enhancement). During its development, we assessed current megatrends and identified social issues that may have an impact on our business. From among them, we selected candidates for material issues and evaluated and analyzed them, taking account of international initiatives, such as the UN Global Compact and the Responsible Business Alliance (RBA),* as well as requests and opinions obtained through our communication with shareholders, investors, and other stakeholders. We then screened and prioritized these issues and validated them in terms of "social value" and "economic value" before we finally determined their materiality. The material issues identified in

2022 in view of our 10 year vision have been deliberated and approved by the Board of Directors.

These material issues have been incorporated into both the medium-term management plan, which is aimed at fulfilling the 10 year vision, and Sustainable Value 2023, which is a medium-term plan for increasing our social value, in the form of strategies, objectives, and measures. Our material issues will be reviewed as needed, such as when the business environment changes.

* Responsible Business Alliance (RBA): An alliance encompassing the electronic device, IT, toy, and automotive industries that establishes rules and regulations related to labor, health and safety, environment, ethics and management systems



Identified Material Issues

| Identified Material Issues | | Theme (Material issues disclosed in AR 2021) |
|---|---|--|
| <p>Provide new value to society and people</p> | <p>Continue efforts to deliver innovative technologies, products, and services built around our core competence to industries that play a key role in advanced social infrastructure, resolve various social issues, and provide new value to people</p> | <p>Group management Business management Finance Technology development Social contribution</p> |
| <p>Promote the reduction of environmental impact</p> | <p>Reduce environmental impacts from all business activities, including the development, production, and sale of our technologies, products, and services, as well as at customers' sites, and contribute to the development of a sustainable society</p> | <p>Climate change and environmental action</p> |
| <p>Promote employees' development and growth</p> | <p>Make SCREEN a corporate group where diverse employees can demonstrate their abilities in diverse work styles while feeling their own growth, and cultivate a corporate culture of taking on more challenges and make it as a source of innovation</p> | <p>Human resources</p> |
| <p>Build a sound governance structure</p> | <p>Strengthen governance as the basis for sustainable management and enhance risk management and IT security to the levels required by industry</p> | <p>Governance Risk management IT</p> |

Related SDGs



Resolve the social issues in order to build a prosperous and sustainable world and bring happiness to people through our business activities

Material Issues, Major Opportunities and Risks, and Our Activities

| Theme | Related Issues Recognized in the Value Up 2023 Medium-term Management Plan | Major Opportunities and Risks | | Major Activities (including KPIs) | Related Information (Progress) |
|--|--|--|---|---|---|
| | | Opportunities | Risks | | |
| ■ Provide new value to society and people | | | | | |
| Portfolio management | Promotion of business portfolio management | <ul style="list-style-type: none"> Business expansion in markets that have growth potential and are suited to our strengths Resource allocation with a focus on growing areas | <ul style="list-style-type: none"> Dependence on mainstay semiconductor production equipment business Occurrence of a conglomerate discount | <ul style="list-style-type: none"> Implement management to build an optimal business portfolio Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&A Create new businesses Strengthen investment in growth fields by stably generating operating cash flows [FY2024 targets for operating cash flow: ¥240 billion or above in 4 years, FY2022 results: ¥138.9 billion generated in 2 years] | <ul style="list-style-type: none"> p. 11 p. 17 p. 19 p. 21 p. 35 p. 46 |
| | Implementation of ROIC-focused operations | <ul style="list-style-type: none"> Profitability improvement Efficient investment of capital | <ul style="list-style-type: none"> Deterioration of profitability Adverse impact on profits, etc. in the event of a decline in sales Deterioration in cash flow | <ul style="list-style-type: none"> Implementation of ROIC-based business performance evaluation [ROIC in FY2022: 16.7% for entire Group] Set and apply <i>Gemba KPIs</i>, tailored to each workplace | <ul style="list-style-type: none"> p. 48 p. 50 p. 52 |
| Business management | Customer relations | <ul style="list-style-type: none"> Retention and enhancement of competitive advantage through technology development ahead of others | <ul style="list-style-type: none"> Too much concentration on business with specific customers | <ul style="list-style-type: none"> Continue to provide optimal solutions to the constantly evolving semiconductor industry by developing and manufacturing equipment with competitive advantage that will help establish production processes for next-generation devices (SPE) Conduct development in leading-edge technology areas through collaborations (customer pipelines, participation in consortiums, partnerships, collaborations with industry-academia-government) [Collaborations with external partners in FY2022: 22] | <ul style="list-style-type: none"> p. 35 p. 42 |
| | Creating more competitive products and services | <ul style="list-style-type: none"> Retention and enhancement of competitive advantage based on high-value-added product lineups | <ul style="list-style-type: none"> Advent of startup competitors | <ul style="list-style-type: none"> Develop and manufacture equipment with competitive advantage [New products released in FY2022: 4] Manufacturing cost reduction Improve the quality of solutions proposed in after-sales services | <ul style="list-style-type: none"> p. 43 p. 47 |
| | Strengthening manufacturing | <ul style="list-style-type: none"> Quality management system (QMS) Supply chain management (SCM) | <ul style="list-style-type: none"> Enhanced product competitiveness through improved quality Selection by customers for having a strong supply chain in place | <ul style="list-style-type: none"> Weakened product competitiveness due to a failure to meet customers' quality requirements Failure to fulfill supply responsibilities to customers due to supply chain confusion (e.g., shortage of parts / materials) | <ul style="list-style-type: none"> Provide products and services in accordance with the ISO 9001 standard for quality management systems [As of June 2022, 13 business operating companies and Group companies in Japan, and 3 overseas Group companies] On time delivery, manufacturing according to cost requirements, and appropriate inventory management Build an integrated production backup structure that covers production sites and parts suppliers in Japan and abroad |
| Finance | Enhancement of cash flow generating ability | <ul style="list-style-type: none"> Continuous investments for growth, including capital and R&D investments | <ul style="list-style-type: none"> Excessive increase of operating funds for production ramp-up | <ul style="list-style-type: none"> Improve profitability and efficiency on each business by introducing ROIC indicators Strengthen investment in growth fields by stably generating operating cash flows Maintain and improve the equity ratio (50% or above) Diversify fund-raising methods (sustainability-linked loans, convertible bonds, etc.) Balance profit distribution in consideration of maintaining a sound financial structure that can accommodate future changes in the business environment and expanding internal reserves needed for investment in growth [30% or above total consolidated shareholder return ratio since FY2022] | <ul style="list-style-type: none"> p. 16 p. 17 p. 35 p. 37 |
| | Optimized balance of growth investments, shareholder returns, and internal reserves | <ul style="list-style-type: none"> Well-balanced allocation of funds Greater shareholder returns | <ul style="list-style-type: none"> Difficulty in using funds for the desired purposes when needed | | |
| Technology development | Promotion of innovation management | <ul style="list-style-type: none"> Marketing enhancement | <ul style="list-style-type: none"> Business expansion in markets that are suited to our strengths | <ul style="list-style-type: none"> Abandoned commercialization due to insufficient technical ability or a misinterpretation of the market outlook | <ul style="list-style-type: none"> Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&A Endeavor to create new businesses (energy, life sciences, advanced packages, and AI) Strengthen marketing organization Conduct a management review in each phase |
| | | <ul style="list-style-type: none"> Solution creation System to create and nurture businesses | <ul style="list-style-type: none"> Establishment of adequate elemental technologies Innovations by constantly creating and nurturing businesses | <ul style="list-style-type: none"> Lack of elemental technologies with commercial feasibility Longer duration for commercialization | |
| | Strengthening intellectual property strategy | <ul style="list-style-type: none"> Establishment of an intellectual property strategy integrated with business and technological strategies | <ul style="list-style-type: none"> Litigation risk arising from intellectual property right violations Technology leakage | <ul style="list-style-type: none"> Strengthen intellectual property organization Formulate an intellectual property portfolio | <ul style="list-style-type: none"> p. 14 p. 17 p. 21 p. 23 p. 35 |
| Social contribution | Strengthening collaborations with industry-academia-government and local communities | <ul style="list-style-type: none"> Fulfillment of corporate responsibility by contributing to resolving social issues Enhanced corporate image | <ul style="list-style-type: none"> Failure to fulfill corporate responsibility due to insufficient contribution to resolving social issues Declined corporate image | <ul style="list-style-type: none"> Advance various collaborative projects through cooperation with government agencies, educational institutions, etc. | <ul style="list-style-type: none"> p. 86 |
| ■ Promote the reduction of environmental impact | | | | | |
| Climate change and environmental action ^{*1} | Promotion of energy-related businesses | <ul style="list-style-type: none"> Expansion of business by developing competitive products that will contribute to a decarbonized society | <ul style="list-style-type: none"> Loss of business opportunities due to an inability to develop competitive products | <ul style="list-style-type: none"> Step up efforts toward a hydrogen society | <ul style="list-style-type: none"> p. 50 p. 54 |
| | Reduction of GHG emissions from business sites | <ul style="list-style-type: none"> Selection by customers for reduced environmental impact Improved stakeholder reputation for steady reductions in GHG emissions | <ul style="list-style-type: none"> Loss of business opportunities due to an inability to meet customer requirements Loss of stakeholder reputation for being slow to reduce GHG emissions Increase in equipment and energy procurement costs | <ul style="list-style-type: none"> Set long-term CO2 emission reduction targets and strive toward them; disclose information in accordance with the TCFD [FY2030 target: 35.4 thousand metric tons CO₂e (30% reduction from FY2019), FY2024 target: 45.5 thousand metric tons CO₂e (10% reduction from FY2019), FY2022 results: 44.7 thousand metric tons CO₂e (12% reduction from FY2019)] Install energy-efficient equipment | |
| | Reduction of GHG emissions from the use of sold products | <ul style="list-style-type: none"> Increased business opportunities arising from the development of new technologies conducive to energy conservation Selection by customers for advanced and energy-saving features of products | <ul style="list-style-type: none"> Loss of business opportunities due to an inability to meet customer requirements for environmental performance Increased development and product costs | <ul style="list-style-type: none"> Set long-term CO2 emission reduction targets and strive toward them; disclose information in accordance with the TCFD [FY2030 target: 2,082 thousand metric tons CO₂e (20% reduction from FY2019), FY2024 target: 2,395 thousand metric tons CO₂e (8% reduction from FY2019), FY2022 results: 2,586 thousand metric tons CO₂e (0.7% reduction from FY2019)] Sell Green Products, which are certified as meeting our stringent energy consumption criteria [Number of Green Products certified in FY2022: 166 (92% of net sales)] Develop energy conservation technologies and incorporate them into products | <ul style="list-style-type: none"> p. 33 |
| | Control of chemical substances | <ul style="list-style-type: none"> Selection by customers for improved environmental performance of products | <ul style="list-style-type: none"> Loss of business opportunities due to an inability to comply with stricter environmental regulations around the world | <ul style="list-style-type: none"> Request suppliers to comply with the SCREEN Group Green Procurement Standards Collect information on contained chemical substances in chemSHERPA format and submit information on contained REACH SVHCs to the SCIP database Perform regulatory compliance assessments of products | <ul style="list-style-type: none"> p. 35 p. 39 p. 75 |
| | Waste reduction | <ul style="list-style-type: none"> Contribution to environmental conservation by effectively using natural resources and recycling them as valuable material | <ul style="list-style-type: none"> Greater environmental impacts due to increased waste associated with production ramp-up | <ul style="list-style-type: none"> Promote effective use of natural resources and the reduction and recycling of waste [FY2024 target: 5% reduction (from FY2019, in intensity) and 98% or above recycling of waste materials at business sites in Japan, FY2022 results: 2.5% waste reduction (from FY2019, in intensity) and 96.7% recycling rate] Appropriate management of waste treatment / disposal Reduce our environmental impacts through lifecycle assessment (LCA) | |
| | Effective use of water resources | <ul style="list-style-type: none"> Contribution to environmental conservation by effectively using water resources Selection by customers for improved water-saving features of products | <ul style="list-style-type: none"> Failure to fulfill supply responsibilities due to a halt in business activities caused by depleted water resources | <ul style="list-style-type: none"> Set targets for, measure, and reduce water withdrawal [FY2024 target: 5% reduction (from FY2019, in intensity), FY2022 results: 11% reduction (from FY2019, in intensity)] Manage the quality of wastewater at development and production sites, and treat wastewater pursuant to voluntary standards stricter than regulatory standards | |
| | Biodiversity conservation | <ul style="list-style-type: none"> Contribution to a society that coexists in harmony with nature | <ul style="list-style-type: none"> Impact on ecosystems from production activities Loss of reputation from local communities | <ul style="list-style-type: none"> Participate in the Kyoto Life and Culture Collaborative Rejuvenation Project Conserve the SCREEN Forest through the Kyoto Model Forest Initiative | |

*1 For information on climate-related risks and opportunities and their financial impacts, refer also to "Initiatives Based on TCFD Recommendations" on page 33.

| Theme | Related Issues Recognized in the Value Up 2023 Medium-term Management Plan | Major Opportunities and Risks | | Major Activities (including KPIs) | Related Information (Progress) |
|--|--|---|---|--|--|
| | | Opportunities | Risks | | |
| ■ Provide employees' development and growth | | | | | |
| Human resources | Enhanced human resource management | <ul style="list-style-type: none"> Strengthen solution creation capacity among employees Strengthen competitiveness of our technologies, products, and services | <ul style="list-style-type: none"> Declined organizational strength due to inappropriate assignment Loss of human resources due to pay not being linked to employees' growth and performance Shortage of next-generation business leaders and competent individuals | <ul style="list-style-type: none"> Implement measures to develop solution creators Revise the personnel evaluation system to better reflect employees' roles and performance Develop mid-career engineers through an inter-business rotation and raise the competence of young engineers through the Engineer Development Committee Support employees' autonomous growth through SCREEN Business School, a set of educational and training programs tailored to different career levels and goals [Participants in FY2022: Approximately 1,600] Offer the Business Leader Training Course and the Junior Business Leader Training Course to cultivate the next generation of capable business leaders | <p>▶ p. 35</p> <p>▶ p. 39</p> <p>▶ p. 79</p> |
| | Promotion of diversity and inclusion | <ul style="list-style-type: none"> Enhanced corporate competitiveness based on the acquisition and involvement of diverse, competent talent | <ul style="list-style-type: none"> Lower competitiveness in recruiting Lower corporate competitiveness due to human resource shortages Declined corporate image | <ul style="list-style-type: none"> Expand career paths for women, foreigners, mid-career hires Expand hiring opportunities to people with disabilities [Percentage of employees with disabilities as of June 1, 2022: 2.65%] Hire and develop local employees at overseas sites | |
| | Promotion of work style reform | <ul style="list-style-type: none"> Enhance employees' motivation Improvement of work quality and corporate value | <ul style="list-style-type: none"> Deteriorated work quality | <ul style="list-style-type: none"> Create rewarding and sustainable workplace environments IT-driven means of improving work efficiency Promote work-life balance (by encouraging employees to take leave and building a system to encourage male employees to play a greater role in child-rearing, etc.) | |
| | Implementation of employee engagement | <ul style="list-style-type: none"> Improved work quality and corporate value based on enhanced employee performance and motivation | <ul style="list-style-type: none"> Deterioration of trust relationships with employees Lower motivation of employees | <ul style="list-style-type: none"> Foster communication between management and employees (by distributing a video message from the president after every financial reporting period, accepting questions to the president, followed by the distribution of a reply video, and so on) Conduct employee opinion surveys Conduct the SCREEN Value Award program Perform multifaceted evaluations of senior managers (M-Survey) | <p>▶ p. 26</p> <p>▶ p. 86</p> |
| | Improved safety, security, and health | <ul style="list-style-type: none"> Realization of a safe and secure workplace by preventing occupational injuries and accidents Improved quality of operations and products achieved by promotion of employee health | <ul style="list-style-type: none"> Delays in business activities due to occupational injuries and accidents Deteriorated quality of operations and products caused by compromised employee health | <ul style="list-style-type: none"> Efforts to eliminate occupational accidents [FY2024 targets: No occupational accidents with 4 or more days of lost work and 250 or less occupational accident points,*2 FY2022 results: 6 accidents, 470 points] Health and well-being initiative [FY2024 target rate of sick leave days: 0.68 or less, FY2022 results: 0.779] | <p>▶ p. 39</p> <p>▶ p. 85</p> |
| ■ Build a sound governance structure | | | | | |
| Governance | Compliance | <ul style="list-style-type: none"> Trust from stakeholders gained through implementation of fair and sensible business activities | <ul style="list-style-type: none"> Adverse impacts on business and a deteriorated corporate image caused by compliance violations and litigation risks Adverse impacts on business and a deteriorated corporate image caused by compliance violations in the supply chain | <ul style="list-style-type: none"> Ensure compliance with international rules and national laws and regulations Establish relevant guidelines and provide compliance training Implement security trade management Strengthen our internal whistle-blowing system and build a global whistle-blowing structure Request suppliers to act and make improvements in accordance with the SCREEN Supplier Code of Conduct and regularly perform supplier surveys [FY2022 coverage of Supplier Code of Conduct compliance survey: Top 200 suppliers by purchase value] | <p>▶ p. 74</p> <p>▶ p. 86</p> |
| | Human rights | <ul style="list-style-type: none"> Trust from stakeholders gained through human rights-conscious business operations | <ul style="list-style-type: none"> Adverse impacts on business and a deteriorated corporate image caused by human rights violations Adverse impacts on business and a deteriorated corporate image caused by human rights violations in the supply chain | <ul style="list-style-type: none"> Put into practice SCREEN Group CSR Charter / Code of Conduct, which set forth the rules of conduct that all Group executives and employees should follow, as well as the principles of conduct based on our corporate philosophy Request suppliers to act and make improvements in accordance with the SCREEN Supplier Code of Conduct and regularly perform supplier surveys [FY2022 coverage of Supplier Code of Conduct compliance survey: Top 200 suppliers by purchase value] | <p>▶ p. 55</p> <p>▶ p. 86</p> |
| | Information disclosure and stakeholder communication (IR, SR, PR) | <ul style="list-style-type: none"> Improvement in management quality based on stakeholder feedback supplied to the management team | <ul style="list-style-type: none"> Unfair information disclosure Risk of disclosing information that should not be made public Declined corporate image | <ul style="list-style-type: none"> Hold investor / shareholder relations meetings with institutional investors in Japan and abroad, as well as briefings [FY2022 results: 4 earnings presentations, approximately 330 meetings with institutional investors and analysts, 15 overseas institutional investor conferences, 11 shareholder engagement activities aimed at voting representatives] Publish news releases and newsletters, and organize press conferences [FY2022 results: 30 news releases and newsletters, 2 press conferences] Conduct crisis communication training periodically [FY2022 results: 1 crisis communication training] Control internal information | <p>▶ p. 86</p> |
| | Improvement on effectiveness of corporate governance | <ul style="list-style-type: none"> Securing overall benefits for stakeholders | <ul style="list-style-type: none"> Adverse effects on corporate value | <ul style="list-style-type: none"> Strengthen and continuously improve corporate governance to ensure its effectiveness | <p>▶ p. 40</p> <p>▶ p. 57</p> |
| Risk management | Identification and mitigation of material risks | <ul style="list-style-type: none"> Maintain and enhance corporate value | <ul style="list-style-type: none"> Adverse effects on corporate value | <ul style="list-style-type: none"> Identify Group risks, including key group risks, and carry out risk reduction activities | |
| | Implementation of business continuity management (BCM) | <ul style="list-style-type: none"> Ensured the safety of employees and their families Fulfillment of the responsibility to supply products and services to customers, based on early recovery from disasters Selection by customers for having a resilient supply chain in place | <ul style="list-style-type: none"> Damage of customer trust and a loss of business opportunities due to a failure to supply products and services Failure to fulfill the responsibility to supply products to customers due to supply chain disruptions caused by natural disasters, infectious disease pandemics, geopolitical risks, etc. | <ul style="list-style-type: none"> Implement BCM that assumes the occurrence of natural disasters, infectious disease pandemics, geopolitical risks, etc. Formulate a business continuity plan (BCP) (compliant with the ISO 22301 standard for business continuity management systems) [As of July 2022, 4 companies (HD, SPE, FT, and BEX) certified under ISO 22301] | <p>▶ p. 39</p> <p>▶ p. 71</p> |
| IT | Enhanced IT security | <ul style="list-style-type: none"> Stricter IT governance Gain reliability from customer | <ul style="list-style-type: none"> Information security threats and cyberattacks Leakage of personal, customer, or technological information | <ul style="list-style-type: none"> Continue to strengthen information security measures and periodically review related rules and guidelines Provide training to improve IT literacy every year Build a structure to deal with information security incident reporting, risk detection, and associated measures | <p>▶ p. 40</p> |
| | Promotion of DX | <ul style="list-style-type: none"> Business model transformation Improved operational efficiency and productivity Flexible working styles | <ul style="list-style-type: none"> Loss of opportunities due to inefficient information utilization Inability to adapt to new working styles and evolving information infrastructure | <ul style="list-style-type: none"> Formulate an IT roadmap Build an IT platform (cloud environment) | <p>▶ p. 73</p> |

*2 The Group's original indicator that depends on the severity (number of lost working days and injury grade) of occurred occupational accidents.

Progress on Material Issues: Initiatives Based on TCFD Recommendations

In December 2021, SCREEN declared its support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD^{*1}). In addition to our efforts to reduce CO2 emissions based on our SBTs,^{*2} we will actively promote information disclosure in accordance with TCFD recommendations and promote our business activities in order to contribute to the construction and sustainable development of a decarbonized, recycling-based, and nature-harmonious society.

*1 The TCFD is a task force established by the Financial Stability Board (FSB) to understand and disclose the financial implications of the risks and opportunities posed by climate change
 *2 One of the international indicators for the prevention of global warming, which requires companies and others to set GHG emission reduction targets based on scientific evidence.



Response to TCFD Recommendations

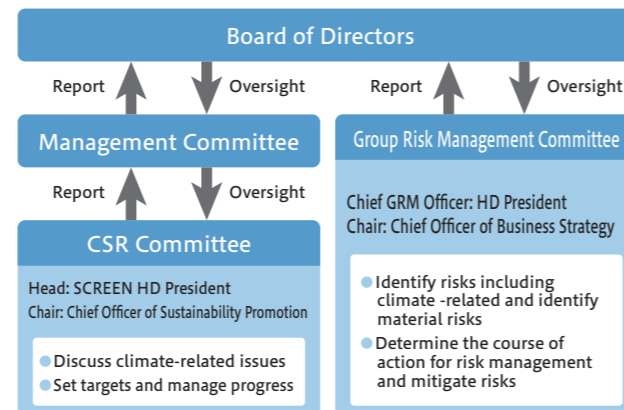
In the fiscal year ended March 31, 2022, the first year of its action for TCFD implementation, SCREEN launched a TCFD project joined by external experts and performed an assessment and scenario analysis of climate-related transition and physical risks for SPE, the Group's core business. The results were reported to the Board of Directors. SCREEN intends to extend the scope of assessment to include other businesses for enhanced TCFD disclosure. Visit our website for more information.

Climate-related information disclosure based on TCFD recommendations
www.screen.co.jp/download_file/get_file/Climate-related_information_disclosure_based_on_TCFD_recommendations_E.pdf

Governance

Climate-related risks and opportunities are discussed by the Group Risk Management Committee and the CSR Committee, both headed by the SCREEN HD President, to determine the course of action for risk management and manage the progress of the initiatives. Each committee meets at least semiannually and reports its decisions to the Board of Directors.

Corporate Governance Structure
www.screen.co.jp/en/about/governance_structure



Strategy

In the SPE business, customers are increasingly concerned about power consumption and CO2 emissions associated with product operation due to growing awareness of climate change, and it is expected that the demand for semiconductor production equipment with less environmental impact will continue to increase. In addition, the demand for related products and services is expected to increase due to investment needs for a digital and green society, especially if global

warming countermeasures are taken. To ensure that the solutions we provide to our customers have the environmental performance to meet their requirements, we are working to reduce GHG emissions at our business sites and during product operation, as well as to strengthen the competitiveness of our solutions to create opportunities related to climate change.

Risk Management

We have extensively identified climate-related risks and opportunities throughout our value chain, assessed them in a matrix showing the relationship between the severity and probability of impacts, and identified material risks and

opportunities. The identified material risks and opportunities will be managed by the Group Risk Management Committee and incorporated into Group strategies as corporate risks under the supervision of the Board of Directors.

Metrics and Targets

We have been working to reduce CO2 emissions from our business activities (Scope 1 + Scope 2) and from the use of our sold products (Scope 3 Category 11).

Climate Change Initiatives
www.screen.co.jp/en/sustainability/environment/climate_change

Scenario Analysis

By using scenarios, we assessed how the identified material climate-related risks and opportunities will impact the SPE business in 2030. After examining multiple existing scenarios, including those published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), we selected a 3°C scenario that assumes the current situation continues with no progress made on climate change action and a 1.5°C scenario that assumes substantial progress on climate change action.

Scenario Analysis Process



Climate-related Risks and Opportunities and Their Financial Impacts

We assessed financial impacts in 2030 expected from material climate-related risks and opportunities on a three-level scale for both the 3°C and 1.5°C scenarios. Although our assessments show that the impact of physical risks will be limited in 2030, we ensure the fulfillment of our responsibilities related to supplying products and services to our customers by developing an effective business continuity plan (BCP) and building a stronger recovery system.

Material Climate-related Risks and Opportunities

| Types of risks and opportunities | | Details of risks and opportunities | Financial impact | 3°C scenario | 1.5°C scenario |
|--------------------------------------|-----------------------|---|-------------------------------|--------------|----------------|
| Transition risks | Policy and legal | Regulations on existing products and services | Increased manufacturing costs | Low | Medium |
| | Technology | Investment in new technologies | Increased development costs | Medium | Medium |
| | Market | Customer needs for products | Decreased sales | Medium | High |
| | | Requests to reduce supply-chain emissions | Increased manufacturing costs | Medium | Medium |
| | Reputation | Changes in reputation from customers | Decreased sales | Low | Medium |
| Securing outstanding human resources | | Increased management costs | Low | Medium | |
| Opportunities | Products and services | Development of new products and services contributing to energy conservation | Increased sales | Medium | High |
| | | Responding to customer requests for ESG compliance | Increased sales | Low | Medium |
| | | Increasing severity and frequency of extreme weather events | Increased sales | Medium | Medium |
| | Market | Growing demand for semiconductors due to higher performance and energy saving | Increased sales | High | High |
| | | Manufacture and sale of products and services | Increased sales | Medium | Medium |

Note: Financial impacts estimated for 2030 are expressed as Low (less than 2%), Medium (2% to less than 10%), or High (10% to 30%).

Invested Capital – Continuous Input to Drive Creation of SCREEN Value –

The SCREEN Group considers continuous inputs (the six capitals) as essential to producing outcomes related to material issues in value creation, or outcomes that take the form of impacts on the vision and society that the Group aspires to realize over the long term. This page defines major inputs and explains why they are important and what roles they are expected to play, and it also describes outputs produced through SCREEN's business activities during the period of the medium-term management plan so far (FY2021 – FY2022). These outputs will turn into future inputs, and the repetition of this cycle will increase SCREEN Value.

| Major Inputs (FY2021 – FY2022)*1 | | | | Major Outputs (Results for FY2022) | | Outcomes (Impact on Society) | |
|--|--|---|--|---|---|------------------------------|--|
| | Major Inputs | Reason for Importance | Role in Value Creation | | | | |
| Financial Capital | Equity¥247.7 billion (Equity ratio: 53.9%) | Return on invested capital (ROIC) has been used as an indicator to measure the performance of our businesses since the fiscal year ended March 31, 2021. We aim to properly manage the capital efficiency of businesses by setting <i>Gemba KPIs</i> , which break down ROIC indicators, and visualize output figures, and to steadily generate operating cash flows as an essential source of investment for the next stage of growth. | <ul style="list-style-type: none"> We seek to increase the operating income ratio and by extension the net income ratio by improving capital efficiency so that we will be able to provide shareholders with satisfactory returns. We intend to enhance our capacity to generate operating cash flow by increasing our operating income ratio and secure funds to invest in growing or new fields. | Operating income ratio 14.9% | Resolve the issues affecting society in order to build a prosperous and sustainable world and bring happiness to people through our business activities | | |
| | Interest-bearing debt¥44.2 billion | | | Operating cash flow ¥81.7 billion | | | |
| | Net cash¥88.8 billion | | | ROE 19.9% | | | |
| Manufactured Capital | Capital expenditures*1 ¥21.2 billion | Manufacturing equipment and facilities that are high in productivity and low in environmental impact, to meet our future needs, are essential for us to fulfill our responsibilities related to supplying products to our customers. We are continuing forward-looking capital investment while managing depreciation and amortization at appropriate levels. | <ul style="list-style-type: none"> We help customers expand their business by supplying products suited to their needs at the right time and in the right quantity. | ROIC 16.7% | Provide new value to society and people | | |
| | Number of production sites 12 Japan: 7 Outside Japan: 5 | | | Production output ¥294.9 billion | | | |
| Intellectual Capital | R&D expenses*1 ¥45.5 billion | For SCREEN, a technology development-oriented corporation, R&D activities are crucial to enhance our competitiveness and create innovations. At the same time, we place importance on the number of patents we hold in Japan and abroad so that we can enhance our transnational intellectual property strategies. | <ul style="list-style-type: none"> Promote development projects which related to find new technologies, new products, and new businesses. We engage in joint development with customers and external partners to accumulate know-how and knowledge and to accelerate development. We focus on patent acquisition in Japan and abroad, especially in China and other countries with particular market needs. | Patent/utility model rights obtained*8 997 | <ul style="list-style-type: none"> Being able to strategically invest cash flows from business operations into existing and new businesses with a good balance and transform the Group business portfolio Creating innovations that resolve social issues and needs in the technological domain as a solution creator | | |
| | Number of patents held*2 6,673 <small>*2 HD, business operating, and functional support companies</small> | | | External publications*7 (articles published, presentations at academic conferences, etc.) 95 | | | |
| Human Capital | Number of employees (consolidated) 5,943 Japan: 3,533 Outside Japan: 2,410 | Diverse personnel who can compete in the global business environment are essential to SCREEN as a large part of our sales comes from overseas. As well as recruiting such talent from both Japan and abroad, we operate SBS, a training system designed to help employees acquire necessary skills and expertise and better contribute to enhancing our corporate value. We are committed to developing human resources, including the next generation of business leaders, from medium- to long-term perspectives. | <ul style="list-style-type: none"> We are building an environment where employees with diverse talent can fully demonstrate their abilities to increase our corporate value. SBS and a reward program to encourage acquisition of qualifications continuously support employees' independent efforts to grow. | Net sales per employee ¥69.30 million | Promote the reduction of environmental impact | | |
| | Expenses for education and training*1 *3 ¥0.2 billion | | | Operating income per employee ¥10.31 million | | | |
| | Total SBS*4 training hours per year*1 *5 Approx. 29,940 hours | | | Rate of female employees in management positions*9 3.29% | | | |
| | SBS*4 programs*1 *5 31 programs <small>*3 Total expenditures spent by HD, business operating, and functional support companies on internal training and external seminars and lectures (excluding expenditures on promotion-related reviews, etc.) *4 SCREEN Business School (SBS): Educational and training programs tailored to different career levels and goals (see p. 82) *5 SBS training administered by HR (education and training) departments of HD</small> | | | Rate of female employees*9 9.42% | | | |
| Social and Relationship Capital | Major suppliers 200 suppliers | Besides relationships with customers, we are strengthening relationships with suppliers to build a resilient supply chain. We are also focusing on the number of collaborations with external partners. Our plan is to accelerate development and strengthen competitiveness through participation in partnerships and consortiums, as well as collaborations with academic or government organizations. Our commitment to building a good relationship of trust with stakeholders in Japan and abroad has been contributing to higher corporate value. | <ul style="list-style-type: none"> SPE and FT have segments where their products hold the No.1 global market share. We regularly conduct a survey of major suppliers in all business areas to evaluate their compliance with our Supplier Code of Conduct. This helps us strengthen CSR across the supply chain and build a business continuity management system (BCMS). Outcomes of collaborations have been disclosed where appropriate and possible, and are effective for building a network of future collaborations. | Public qualifications acquired*9 97 | <ul style="list-style-type: none"> Creating innovations that resolve social issues and needs in the environmental domain as a solution creator Being recognized as a contributor to the sustainable development of society | | |
| | Collaborations with external partners*1 *6 22 cases | | | Total attendance at SBS*5 Approx. 1,600 <small>*9 HD, business operating, and functional support companies</small> | | | |
| | Analyst coverage 18 companies <small>*6 Main publicly announced relationships</small> | | | No.1 product market share 4 segments | | | |
| Natural Capital | Energy usage 151,592 MWh | We manage the amounts of materials, water and other resources used in our business activities and work to reduce and recycle waste, valuable waste materials and wastewater. While considering both our dependence and impact on natural capital, we analyze associated risks and opportunities in search of ways to improve our disclosure. | <ul style="list-style-type: none"> We strive to reduce GHG emissions throughout the lifecycle of our products to contribute to the decarbonization of society. Our products are certified as "Green Products" when they meet the SCREEN Group's environmental performance criteria. We are working to reduce our environmental impact by certifying and selling more "Green Products." | Supplier Code of Conduct compliance survey Major 200 suppliers | Promote employees' development and growth | | |
| | Water withdrawal 2,038 thousand m ³ | | | ISO 22301 (BCMS) certification 4 companies | | | |
| | | | | Collaboration outcomes 6 cases | | | |
| | | | | Total income taxes paid ¥11.3 billion | <ul style="list-style-type: none"> Having become an enterprise where employees can feel they are growing through sustainable corporate growth | | |
| | | | | Total number of shareholders 16,808 | | | |
| | | | | Declaration of support for TCFD recommendations | | | |
| | | | | CO2 emissions from business sites 44.7 thousand metric tons CO ₂ e | Build a sound governance structure | | |
| | | | | CO2 emissions from the use of sold products 2,586 thousand metric tons CO ₂ e | | | |
| | | | | Amount of wastewater*10 1,977 thousand m ³ | | | |
| | | | | Amount of waste / valuable waste 3,462t | <ul style="list-style-type: none"> Having built a solid governance structure that can earn trust from stakeholders | | |
| | | | | Products certified as Green Products*11 166 <small>*10 Group companies in Japan *11 HD, business operating, and functional support companies</small> | | | |

Through business activities

Over the long term

*1 Combined data from the fiscal year ended March 31, 2021 and the fiscal year ended March 31, 2022 (two fiscal years of medium-term management plan) are shown for capital expenditures, R&D expenses, expenses for education and training, total training hours per year, and collaborations with external partners. The data for the rest of the items are for the fiscal year ended March 31, 2022.

Note: Indicators available for disclosure within the scope of consolidation are provided unless otherwise stated.

Progress and Revision of “Value Up 2023” Medium-term Management Plan

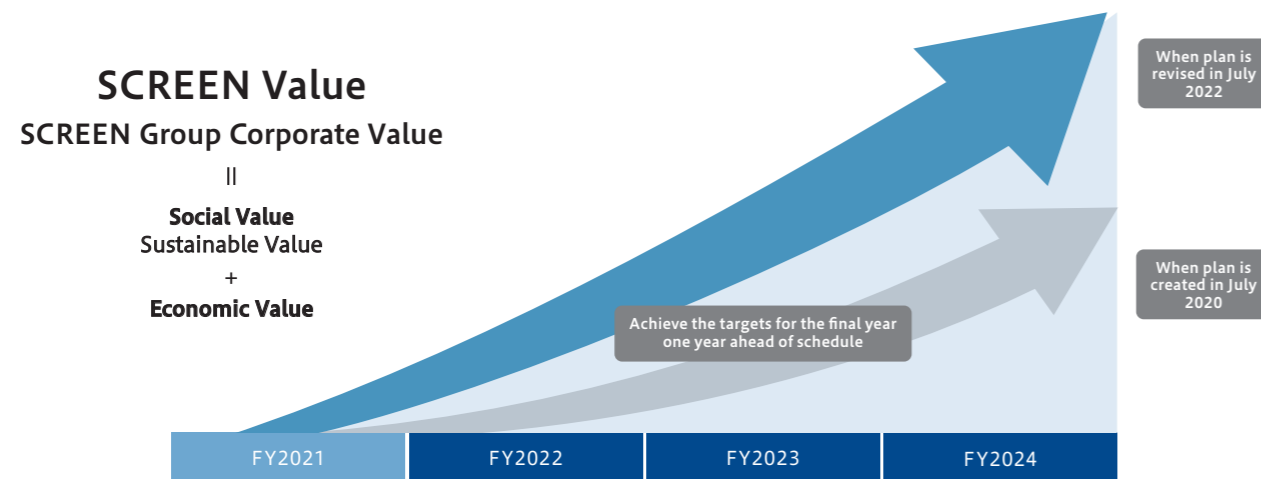
The Value Up 2023 medium-term management plan (running from FY2021 to FY2024) was formulated by backcasting from our Management Grand Design, which is a SCREEN's vision and guideline for SCREEN Value (corporate value) enhancement. Under this medium-term management plan (hereinafter “the plan”), we will further enhance our earnings structure and financial base by strengthening the management of capital efficiency. At the same time, we also aim to improve our SCREEN Value (corporate value), which incorporates our Sustainable Value (social value) and economic value, so that we can generate more sustainable profits and increase returns to shareholders, among other measures. In addition, in a proactive effort to achieve the next level of growth, we will continue to pursue various options such as M&A and open innovation, as part of our innovation management program.

In FY2022, the second year of the plan, we were able to successfully achieve the economic value targets for the final year set in the plan thanks to robust demand for semiconductor production equipment and our ongoing efforts to enhance capital efficiency management though business operations were affected by shortages of components. As a result, we revised the economic value targets for the plan in July (refer to page 38). We also declared our support for the recommendations published by the Task Force on Climate-related Financial Disclosures (TCFD). This endorsement is a requirement of Sustainable Value 2023, another medium-term management plan targeting the realization of a sustainable society and the improvement of our social value. As always, we remain fully committed to continuously enhancing our corporate value by advancing to the next level as an enterprise that all our stakeholders can be proud of.

Core Concept

Establishing a presence in the industry as a solution creator

A solution creator refers to a company that enhances its 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.



Main Initiatives

- 1 **Enhance corporate value by creating innovation and a sustainable growth cycle**
 - Focus on strategic investment in development and strengthen our business portfolio by promoting open innovation and M&A
 - Endeavor to create new businesses (in energy, life sciences, advanced packages, and AI)
- 2 **Generate cash flows equivalent to profits that are earned in pursuit of profitability and efficiency**
 - Enhance capital efficiency in each business by introducing ROIC indicators
 - Strengthen investment in growth fields by stably generating operating cash flows
- 3 **Pursue ESG initiatives for a sustainable corporation**
 - Formulate a medium-term management plan, Sustainable Value 2023, based on a Sustainable Value (social value) policy for socially sustainable development and execute the plan

Progress and Revisions towards Numerical Targets of Economic Value

| | Targets for the final year (fiscal year ending March 31, 2024) Initial planning | Results for fiscal year ended March 31, 2022 | Targets for the final year (fiscal year ending March 31, 2024) After revision |
|--|---|--|---|
| 1. Net Sales | Achieve net sales of ¥400 billion or above | ¥411.8 billion | Achieve net sales of ¥500 billion or above |
| 2. Operating Income to Net Sales Ratio | Achieve 15% or above | 14.9% | Achieve 17% or above |
| 3. ROE | Achieve 15% or above | 19.9% | Achieve 20% or above |
| 4. Operating Cash Flow | Cumulative total of ¥120 billion or above in 4 years | Cumulative total of ¥138.9 billion in 2 years | Cumulative total of ¥240 billion or above in 4 years |
| 5. Shareholder Returns | Achieve a consolidated total return ratio of 30% or above | 30.1% | Achieve a consolidated total return ratio of 30% or above |

Note: The above figures are predicated on organic growth.

* Please refer to the pages for individual businesses (from page 41) for details of strategic progress in each segment related to the plan.

Initiatives for fiscal year ended March 31, 2022

Enhance corporate value by creating innovation and a sustainable growth cycle

With the semiconductor market continuing to show strong demand, we are working to strengthen our competitiveness over the medium to long term by actively investing in R&D and moving forward with construction of S³-4 (S-Cube 4), a new factory located within our Hikone Plant site that is scheduled to begin operation in January 2023. We are also consistently pursuing various initiatives to create new businesses (energy, life sciences, advanced packages, and AI) and, in the energy field, have already begun joint development of a water electrolysis

system that is expected to contribute to the production of low-cost green hydrogen.

In addition, we have decided to proceed with the construction of S³-5 (S-Cube 5) in order to strengthen the manufacturing system for our semiconductor production equipment during the next medium-term plan. The new factory will ensure a stable supply of units, enabling us to achieve sustainable long-term growth.

Generate cash flows equivalent to profits that are earned in pursuit of profitability and efficiency

In order to generate cash flows that can be used to fund growth investment, we have introduced *Gemba KPIs** at each of our business operating companies, as a way to promote the adoption of ROIC management. After verifying their effectiveness, we have also begun ongoing improvement activities targeting both profitability and efficiency.

our operations by using a business portfolio based on the twin axes of net sales growth and ROIC and are now moving forward with strategic investments designed to generate even stronger cash flows.

As a result, the importance of generating cash based not only on sales but rather profits has filtered down throughout organizational level, and our operating cash flow has increased significantly. This growth has enabled us to achieve the four-year cumulative target of 120 billion yen in the plan ahead of schedule. Furthermore, we have been better able to visualize

* Indices used to manage individual work sites based on a breakdown of ROIC values for those sites.

ESG Initiatives for Becoming a Sustainable Corporation

The SCREEN Group is constantly working to improve our Sustainable Value (social value) so that we can better contribute to the sustainable development of society. Based on this guiding principle, we have formulated Sustainable Value 2023, a medium-term management plan that we are utilizing as a road map to implement various initiatives. Through these activities, we hope to fulfill our corporate social responsibilities by meeting the expectations and earning the trust of diverse stakeholders. We strive to proactively deploy initiatives that emphasize the environment, society and governance (ESG), in areas such as responding to climate change and addressing the social issues identified by the UN's Sustainable Development Goals (SDGs). As a solution creator, we are also working to enhance our corporate value while developing optimized solutions.

Sustainable Value 2023 Key Goals and Progress

| Material Issues | Targets for the fiscal year ending March 31, 2024 | The fiscal year ended March 31, 2022 | |
|--|--|--|---|
| | | Results | Self-evaluation, Issues, Measures, Etc. |
| Reduce CO2 emissions from business sites | <ul style="list-style-type: none"> 45.5 (thousand metric tons CO₂e) 10% reduction compared with FY2019 Continual activity toward our SBT (Scope1+Scope2): 30% reduction by the end of FY2030 | 44.7 (thousand metric tons CO ₂ e) 12% reduction compared with FY2019 | The introduction of electricity generated from renewable sources at Hikone and Taga Plants in January 2022 will help us achieve our goals. We will monitor the stability of supply and any cost increases going forward. |
| Reduce CO2 emissions from the use of sold products | <ul style="list-style-type: none"> 2,395 (thousand metric tons CO₂e) 8% reduction compared with FY2019 Continual activity toward our SBT (Scope 3): 20% reduction by the end of FY2030 | 2,586 (thousand metric tons CO ₂ e) 0.7% reduction compared with FY2019 | We will update emission factors to reflect the introduction of renewable energy by individual customers and also promote product development designed to improve energy efficiency. |
| Reduce waste disposal volumes, promote recycling | <ul style="list-style-type: none"> 188 (kg/t) 5% reduction compared with FY2019 Waste generated in business activities (in intensity per unit weight of product shipments) | 193 (kg/t) 2.5% reduction compared with FY2019 | The amount of waste by unit of shipment weight continues to move in a downward direction, while the recycling rate maintains its upward trend. |
| Promote effective water use | <ul style="list-style-type: none"> 246 (m³/t) 5% reduction compared with FY2019 Business operating site water withdrawal for tap water, industrial use, etc. (in intensity per unit weight of product shipments) | 231 (m ³ /t) 11% reduction compared with FY2019 | The amount of water withdrawal by unit of shipment weight continues to move in a downward direction. |
| Enhance human capital | <ul style="list-style-type: none"> Promotion of measures to develop solution creators Enhance systems and measures that provide a tangible sense of growth Create an environment that supports the hiring and development of diverse human resources and enables them to succeed Apply sustainable new work styles | <ul style="list-style-type: none"> Revised the personnel system to better reflect employees' roles and performance Established a system that better supports employees' self-development Expanded education and training for cultivating next-generation business leaders and technical personnel Reduced prescribed working hours by 15 minutes | We are continuing our work to create a sustainable environment in which any skilled employee can feel engaged and make an ongoing contribution regardless of their diverse attributes. |
| Enhance industry-academia-government collaboration and community collaboration | <ul style="list-style-type: none"> Advance various collaborative projects through cooperation with government agencies, educational institutions, etc. | <ul style="list-style-type: none"> Cooperated with Kyoto Municipal Science Center For Youth on its special experiential exhibition for summer vacation Cooperated with the Value Research Centre (VRC) at Doshisha University | We are promoting businesses that will be sustainable over the medium to long term by further strengthening cooperation with government agencies, educational institutions, etc. |
| Identify key risks and reduce risks | <ul style="list-style-type: none"> Identify risks to corporate value and minimize their impact | Strengthened the operation of the Group Risk Management Committee by changing its members to mainly consist of executives from the HD management committee | The Group Risk Management Committee conducts reviews of how we are responding to key risks set for the Group at the beginning of the fiscal period. We are implementing initiatives to strengthen support for each company and division and to enhance reviews based on their second line of defense. |
| Expand CSR initiatives in the supply chain | <ul style="list-style-type: none"> Pursue ongoing strengthening of our supply chain management system, including widespread adoption of our Code of Conduct, procurement practices and BCP | Targeted our top 200 suppliers with a new version of our supplier survey and also obtained consent documents for our Code of Conduct from them, helping us to better understand their situation | In addition to building a new framework for our supply chain system, we are promoting the adoption of our Code of Conduct and expanding the scope of our investigations into areas such as conflict minerals. |
| Enhance resilience to increasingly severe natural disasters | <ul style="list-style-type: none"> Improve the resilience of the Group's business continuity planning in the face of increasingly diverse disaster risks | Strengthened links between the functions of our Head Office and overseas offices during emergencies (Emergency Headquarters and the managing company of each business operating group) | We are currently considering upgrades to our IT system to improve the speed and reliability of our IMP and BCP structures. |

Initiatives for The Fiscal Year Ended March 31, 2022

E (Environment) Climate Change Initiatives and Environmental Management

Promoting Energy Reduction as a Climate Change Initiative

- We have begun promoting measures to reduce GHG emissions Reduce CO2 emissions from business activities (FY2022 results: 12% reduction from FY2019) (Reference: Scope 1 + 2 target - FY2024: 10% reduction, FY2030: 30% reduction)
- Changed to electricity derived from renewable energy sources at SCREEN's Head Office, Hikone Plant and Taga Plant (in January 2022)

Support and disclose the TCFD recommendations

- Announced our support for the TCFD recommendations (in December 2021)
- Conducted scenario analysis of the impact of climate-related risks and opportunities on SPE's business activities and earnings, ahead of other business, and disclosed information on our website

Conduct research and development leading to groundbreaking environmental innovations

- Selected by Japan's Ministry of Economy, Trade and Industry as one of the "Zero Emission Challenge Companies" (awarded to FT)
- Began joint development with Tokyo Gas Co., Ltd. of a water electrolysis cell stack for the production of low-cost green hydrogen



Initiatives for TCFD Recommendations
www.screen.co.jp/en/sustainability/environment/tcdf

S (Social) Realizing decent work*1 and creating social value

Implement human rights, ethics and health and safety initiatives under our CSR Charter

- Maintained low risk scores in the Self-Assessment Questionnaire (SAQ)*2 created by the Responsible Business Alliance (RBA)*3 in relation to areas including workplace labor, health and safety, environmental preservation and ethics
- Established a global management system for work-related accidents and other incidents and used it to improve workplace health and safety

Implement a health management program and enhance efforts to increase employee health

- Implemented a workplace vaccination program for COVID-19 (employees of SCREEN, employees of partner companies)
- Certified as a 2022 Health and Productivity Management Organization

Develop various personnel programs that enable every employee to experience personal growth

- Promoted sustainable work styles and enhanced education and training programs to support employees in self-directed growth

Enhance industry, academia and government collaborations and collaborations with local communities

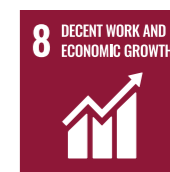
- Cooperated in the incubation program led by Kyoto Prefecture based on a comprehensive partnership agreement for regional revitalization signed with the prefecture
- Promoted collaborative projects with educational institutions, including internship programs with the Graduate School of Doshisha University and Kyoto University of Advanced Science

Donate money to humanitarian aid activities in Ukraine

*1 Humane, satisfying working conditions.

*2 A self-assessment tool provided by the RBA. Enterprises can use it to check their level of compliance with the RBA's required code of conduct, after which the results are registered to the RBA's website and shared with member organizations.

*3 An alliance encompassing the electronic device, IT, toy and automotive industries that establishes rules and regulations related to labor, health and safety, the environment, ethics and management systems.



G (Governance) Building risk-resilient governance systems and organizations

Promote initiatives to improve the effectiveness of SCREEN's board of directors

- Conducted an evaluation and analysis of the board's effectiveness based on advice from a third-party organization and published the results on our website
- Released a skills matrix showing the expertise and experience of HD's directors and corporate auditors

Achieve a long-term issuer rating of A- from Japan Credit Rating Agency, Ltd. (with a positive outlook)

Increased our previous rating of BBB+ (positive outlook) to A- (positive outlook) (as of March 18, 2022)

Strengthen Group risk management

- Improved risk management Group-wide through the Group Risk Management Committee, which is composed of top executives from individual companies
- Specified key risks for the current period based on the Group Risk List and took steps to mitigate them

Establish a resilient BCP system that can withstand increasingly severe natural disasters and pandemics

- Created the Group Emergency Headquarters network, reflecting our global business expansion
- Clarified priority issues by analyzing the expected impact of earthquakes and floods on our operations and implemented measures to reduce risks
- Took steps to minimize the impact of COVID-19 infections on our operations

Establish a compliance system

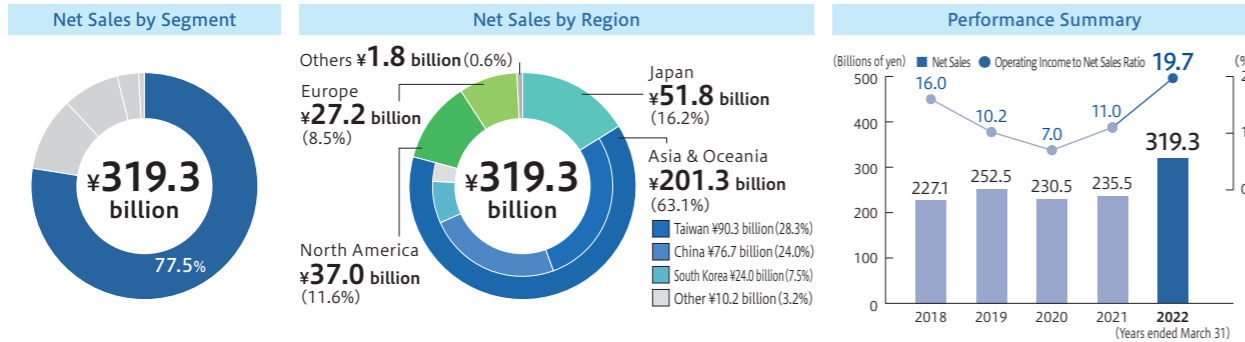
- Introduced the Internal Reporting Hotline as a whistleblowing system and established a global reporting network
- Conducted classroom work and e-learning to provide newly hired employees, mid-career hires and executives and employees at Group companies worldwide with education including compliance basics, job-level-specific classes, specialist classes and classes on SCREEN's CSR Charter and Code of Conduct.



Business Overview: Summary (Fiscal year ended March 31, 2022)

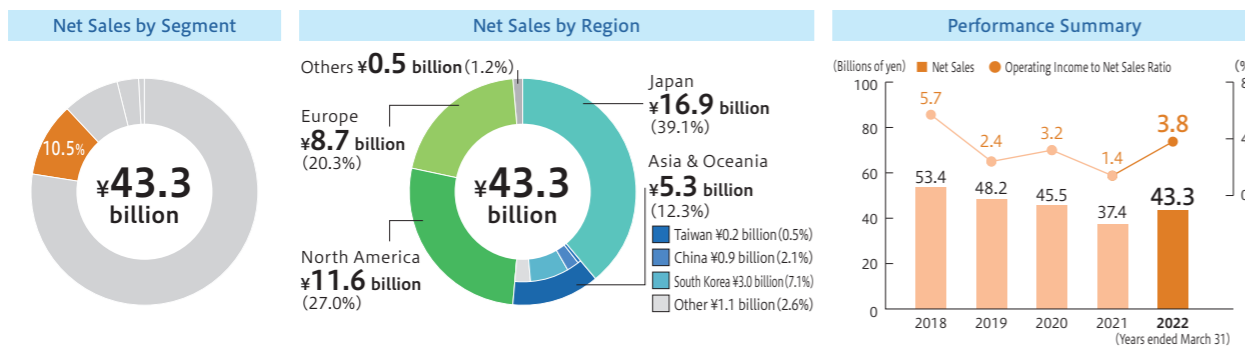
SPE Semiconductor Production Equipment Business SCREEN Semiconductor Solutions Co., Ltd.

▶ p. 43 - 46



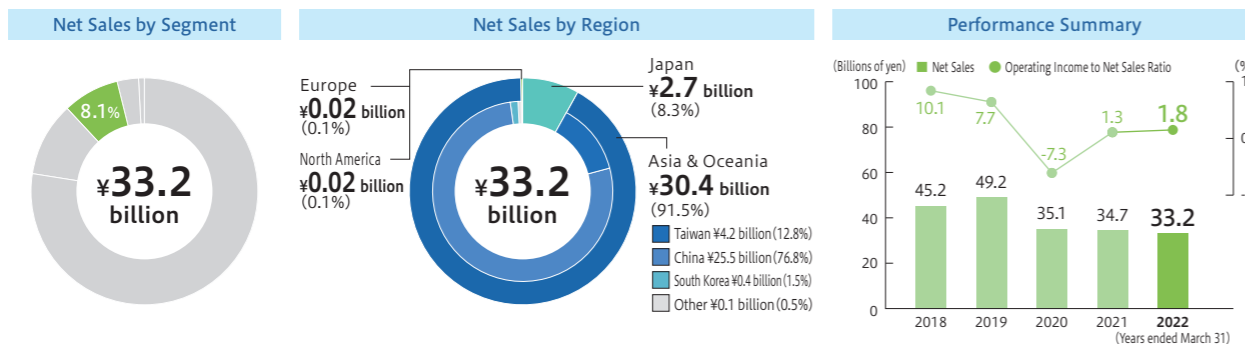
GA Graphic Arts Equipment Business SCREEN Graphic Solutions Co., Ltd.

▶ p. 47 - 48



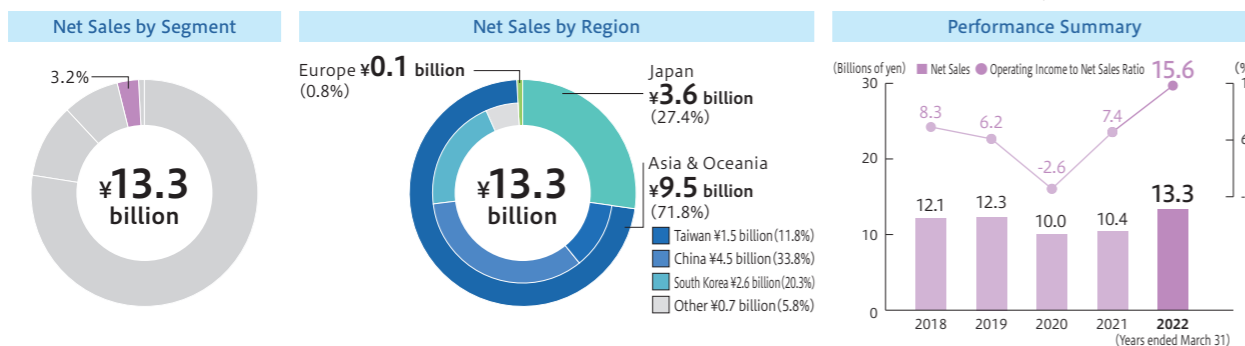
FT Display Production Equipment and Coater Business SCREEN Finetech Solutions Co., Ltd.

▶ p. 49 - 50



PE PCB-related Equipment Business SCREEN PE Solutions Co., Ltd.

▶ p. 51 - 52



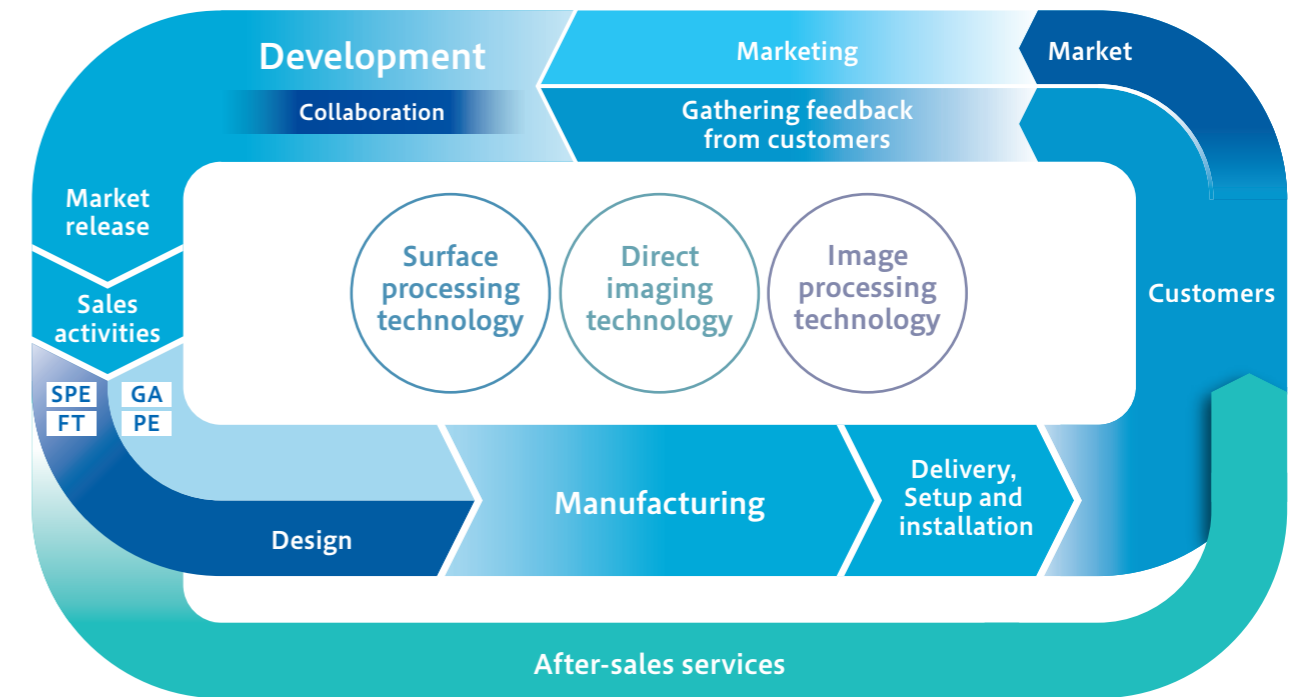
New Businesses

▶ p. 53 - 54

Value Chain

Creating Value by Providing Solutions to Meet Market Needs and Customer Requests Based on Our Core Technologies

We create a cycle to produce new solutions, satisfy customers with our solutions, generate profits, and reinvest in further development.



Marketing

- Gather and analyze market information in multifaceted ways
- Evaluate customer needs, industry and technology trends, and propose development directions and themes
- Based on our own analysis and forecast of long-term market trends, propose and implement plans for development resources allocation and business expansion into growth fields

Development Expertise from initial design to final product

- Develop equipment that embodies our deep knowledge and design know-how acquired in each business area
- Strictly review the status of development in terms of the fulfillment of customer needs, profitability, competitive advantage, and reduced environmental impact in each phase until development finishes
- Pursue elemental development based on core technologies with the support of the R&D departments of HD from a long-term perspective
- Achieve a high level of quality, cost, and delivery (QCD*) based on our manufacturing insight

* An acronym for quality, cost, and delivery.

Collaborations: Development acceleration

- SPE: Joint projects with external research institutions (imec, Leti, IBM Albany Nanotech), Applied Materials META Center, New Energy and Industrial Technology Development Organization, Shiga University, and suppliers
- FT: Collaboration with the New Energy and Industrial Technology Development Organization on Fuel cell MEAs and with Tokyo Gas on water electrolysis cell stacks

Sales activities

- Speedily propose solutions that cater to specific needs, based on highly customer-oriented sales activities
- Facilitate efficient manufacturing through early determination of equipment specifications (SPE, FT, PE)

Manufacturing

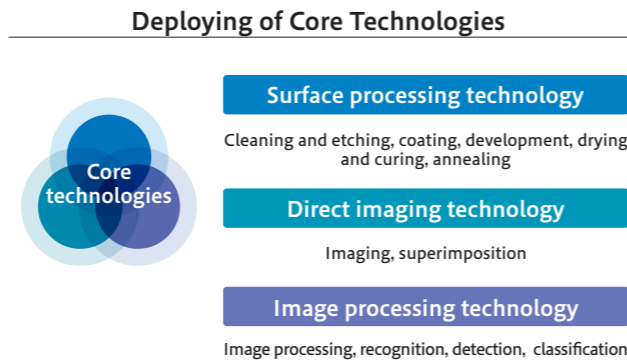
- Stabilize procurement by planning production in line with customer forecasts and sharing demand information with suppliers
- Ensure high quality in accordance with the ISO 9001 standard for quality management systems
- Promote cost reduction activities through standardization of specifications (SPE, FT)
- Promote efficient manufacturing by standardizing parts/units (GA, PE)
- Achieve high quality by shifting to preventive / predictive activities based on our total quality management (TQM) system (SPE)
- Increase productivity and reduce costs by improving the utilization rate of S³-3 (and putting S³-4 into operation in January 2023 as planned) (SPE)
- Accelerate cost reduction through value analysis (VA) and value engineering (VE) in cooperation with suppliers (GA)

After-sales Services

- Promote localized operations to build a resilient support structure that can withstand a pandemic
- Enhance profit-driving, after-sales businesses (maintenance parts, modification, used equipment sales, consumables, etc.)

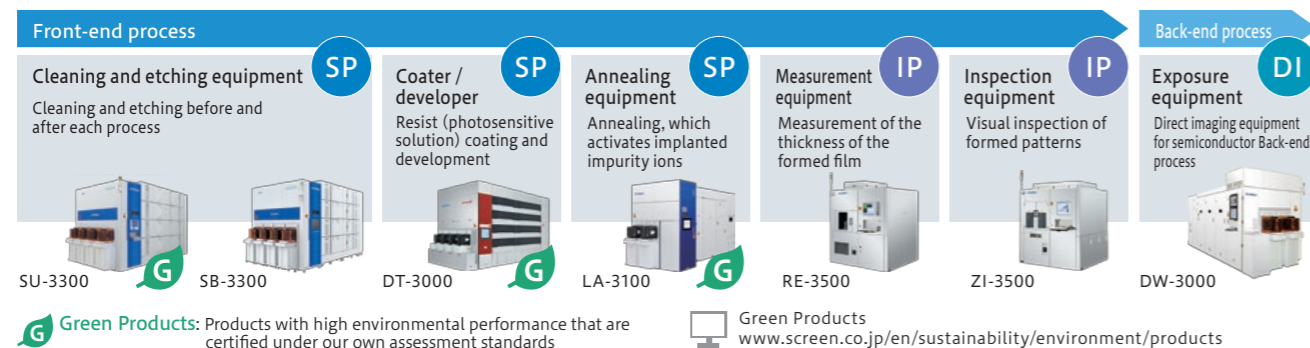
Semiconductor Production Equipment Business (SPE SCREEN Semiconductor Solutions Co., Ltd.)

Provides diverse solutions for use in a broad range of processes that are a crucial part of circuit formation on silicon wafers for semiconductor devices, including cleaning, coating/developing, and annealing. Handles a wide range of customer needs, including not only increasingly miniaturized and multilayer leading-edge processes, but also devices for use with the IoT and in automotive, thereby contributing to improved quality and productivity in semiconductor manufacturing, and greater energy savings.



Semiconductor Manufacturing Processes and Solutions Provided by SCREEN

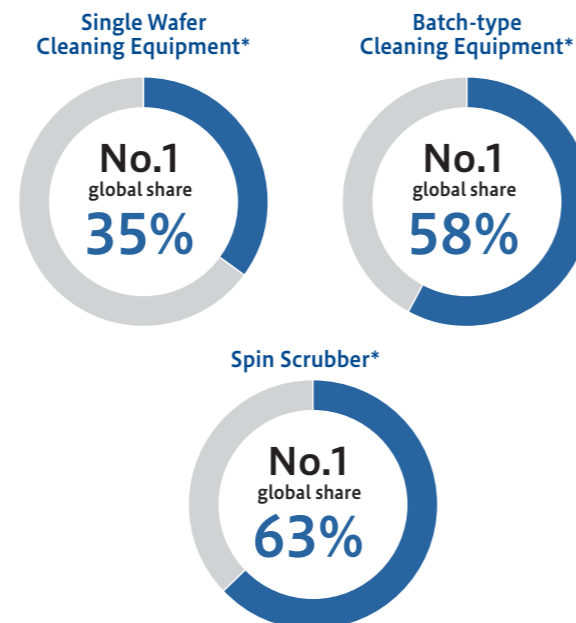
We provide solutions for use in the following semiconductor manufacturing processes. In the area of cleaning, we have successfully focused not only on FEOL, a critical segment with numerous processes, but also on MOL and BEOL, where the number of processes is growing as miniaturization progresses.



Market Share

Cleaning accounts for about 30% of all semiconductor manufacturing processes (of which there are several thousand), and cleaning is carried out before and after each process. In the Semiconductor Production Equipment Business, we enjoy top market shares in three cleaning equipment segments.

Our presence in the advanced device field also remains strong and sales are continuing to grow steadily as cleaning needs expand due to progressing miniaturization. Demand is particularly robust among major foundry and logic device customers. Likewise, our efforts to capture more of the MOL and BEOL process segments are now showing results and we expect further increases in our market shares in the medium- and long-term.



* Chart created by SCREEN based on Gartner Research. Source: Gartner, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2021, Bob Johnson, Gaurav Gupta, 7 April 2022 (Vendor Revenue from Shipments Basis) Single Wafer Cleaning Equipment = Single Wafer Processors; Batch-type Cleaning Equipment = Wet Stations; Spin Scrubber = Scrubbers
* Disclaimer: The Gartner content described herein (the "Gartner Content") represent(s) research opinion or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. ("Gartner"), and are not representations of fact. Gartner Content speaks as of its original publication date (and not as of the date of this Annual Report, and the opinions expressed in the Gartner Content are subject to change without notice.

SWOT analysis (cleaning equipment)

- S**
 - Utilization of various advantages accruing from our enjoyment of top market share in the cleaning segment for many years
 - Accumulated know-how of design, manufacturing, processes and expertise
 - Building of long-term business relationships with the world's leading semiconductor manufacturers
 - Strong presence by joining consortiums in cleaning processes
- W**
 - Low profitability compared to competitors
 - Unbalanced customer structure by device application
 - Insufficient production capacity
- O**
 - Growth in the semiconductor market resulting from progress in 5G, AI, IoT and DX/GX
 - National policies to support and strengthen semiconductor manufacturing in each region
 - Improvements in information quality, volume, and speed due to participation in consortiums and joint development
- T**
 - Cyclical business environment
 - Supply chain disruption due to rising geopolitical risk
 - Loss of market share due to competitors' technological capabilities and pricing strategies
 - Stagnation of economic activity due to the COVID-19 pandemic

"Value Up 2023" Medium-term Management Plan

Current Business Environment and Future Trends

- Outlook for wafer fab equipment (WFE)
 - Investment sentiment by foundry and logic companies will remain consistent from cutting-edge to mature nodes. Capital investment plans will progress steadily despite delivery timing adjustments due to component shortages.
 - CY2022 is expected to show an increase of around 10 to 15% year on year (approx. \$100 bn), as of July 2022.
- Capital investment planned by semiconductor manufacturers will increase significantly due to growing demand driven by progress with 5G, AI, the IoT and DX, as well as the switch to semiconductors offering low energy consumption as environmental awareness expands and implementation of government policies to support and strengthen semiconductor manufacturing in regions worldwide. While there will be a period of adjustment going forward, it will not create a major downturn, and the semiconductor and semiconductor production equipment markets are expected to continue their growth over the long term.
- The necessity and importance of particle removal will increase as miniaturization continues. Increases in cleaning needs are expected to outstrip reductions in the number of processes by the introduction of EUV.

Progress of Segment Strategies and Future Steps

| Segment Strategies | Progress and Future Steps |
|---|---|
| Increase market share in the cleaning equipment segment: Expanding our share in the MOL and BEOL area | <ul style="list-style-type: none"> Acquire PoR from cutting-edge to mature nodes in order to improve market share Expansion of market share for MOL and BEOL: Continued PoR acquisition activities in the MOL and BEOL areas and this is gradually producing results Continue to strengthen the competitiveness of our cleaning equipment by introducing new models such as the SB-3300 and SS-3300, and developing leading-edge technologies Increase the number of employees outside Japan to bring our business activities closer to customers |
| Continue to transform toward improved profitability | <ul style="list-style-type: none"> Increase profitability by improving operating rates at S³-3 based on earlier finalization of specifications and standardization of designs. Take other steps to increase profitability by further improving productivity and promoting VE activities Targeted greater profitability and efficiency by integrating ROIC management; changed mindset Group-wide by successfully introducing <i>Gemba KPIs</i> Generate cash and reinvest it Structural reform of unprofitable areas (selection and concentration of management resources): Completed the reallocation of resources from unprofitable areas to our main cleaning equipment segment. Continue this process and implement structural reforms |
| Strengthen post-sales activities | <ul style="list-style-type: none"> Cooperate with SCM to increase sales. Continue sales promotions for equipment modifications based on customer needs to further expand sales |
| Improve our cash conversion cycle (CCC) by enhancing supply chain management (SCM) | <ul style="list-style-type: none"> Continue to improve our CCC by tightening inventory control, shortening lead times and improving payment terms |
| Begin operation of our new S ³ -4 and S ³ -5 factories to establish a production system capable of meeting the robust demand for semiconductor production equipment | <ul style="list-style-type: none"> Begin operation of S³-4 and S³-5 to increase production capacity so that we can respond to medium- to long-term increases in equipment demand with a good margin of safety |

Feature Frontline Report: Direct from Our Sales Staff



Ian Chang

Director
Project Management Div. 3
SCREEN SPE Taiwan Co., Ltd.

Abigail Wang

Sr. Account Representative
Project Management Dept. 3
SCREEN SPE Taiwan Co., Ltd.

Interview

Focus on speed. Grasping customer needs early on contributes to timely development and efficient production.

Please tell us about your backgrounds and current areas of responsibility.

Ian: I majored in chemistry at university. After joining SCREEN SPE Taiwan (SETW), I spent about nine years in technical support and system startup for single wafer and batch-type cleaning equipment. I then transferred to a sales position and am now in charge of sales to the R&D departments of major customers.

Abigail: I majored in project management at university. This is now my fifth year with SETW. Since joining, I have been working under Ian as a sales representative for the R&D departments of major customers.

Could you describe some of the points you keep in mind in your sales activities?

Ian: I am always conscious of maintaining a sense of speed in my work. The timelines for customer decisions are now based on periods of minutes. Meanwhile, movements on the Japan side are sometimes liable to require days. In order to bridge this gap, we must be able to predict the technologies that will be needed in the future. This means we have to be vigilant about collecting details of trends on a daily basis.

Abigail: For our factory, attempting to penetrate a new area in a customer's cutting-edge process requires the

initial factor for development. I try to hold regular meetings between our customers and factory at which we consistently discuss shared issues and then encourage our factory to come up with proposals in a time frame that fits a customer's schedule.

Ian: Online meetings have increased recently but the best way to gather information on a customer and their needs is to go and talk with them directly. I go to the customer's site or wherever they are as much as possible. In sales, it is also important to maintain connections with customers at various levels so I divide my focus and work closely with the person who is in charge of each level, from day to day operations in the factory right through to upper management.

What do you think are SCREEN's strengths and also what do we need for the future?

Abigail: I think SCREEN's main strength is that we work flexibly to create solutions and meet the actual requirements of our customers, rather than simply trying to impose our proposals on them. The high stability and reliability of our systems are also major reasons why our customers have remained loyal to us for such a long time.

Ian: As Abigail touched on, our factory has continued to build up a range of technical knowledge and knowhow that it can flexibly apply to projects. As a result, I think we need to build up a proposal system that is organized around base

and optional specifications. This would allow customers to take the basic specification for a production process and then select various options as additional features. We would also be able to finalize decisions about specifications more quickly with customers, which would certainly be helpful for improving profitability.

Also, I believe that going forward it will become vital to provide AI technologies for our systems. We are likely to reach a point where AI performs the process management for a customer's entire workflow so individual systems will also require AI connectivity.

Has the introduction of ROIC system changed sales staff's awareness?

Ian: The ROIC indicators were brought in about two years ago and I feel our frontline staff have become steadily more aware of profitability, as well as sales, of course. Staff who support mass production sites are also more conscious of improving profitability by working with customers to quickly finalize specifications while, naturally, gaining their approval.

Also, personally, when proposing the installation of an evaluation tool to a customer, I have them clearly specify the time frame and criteria for evaluation internally before proceeding with the installation. I believe this approach makes it easier for us to predict future financial prospects.

Could you tell us about your ambitions for the future?

Abigail: I think it is important for me to work with a strong sense of responsibility in my current job. If I can achieve



100% of my goals, I will also be able to satisfy the needs of our customers and contribute to the growth of the company. Through this type of virtuous cycle, I would like to create a better work environment with everyone here.

Ian: As I mentioned before, being able to respond flexibly to customer requests is a major strength for SCREEN. However, in cutting-edge areas, listening to customer needs before taking action automatically puts us behind the curve time-wise. I would like to be involved in predicting technology trends and anticipating future system requirements, as well as leading development from a sales perspective. I hope Taiwan and Japan will be able to work closely together and continue our sales activities so we can truly live up to our standing of being the number one company in the cleaning equipment market.

Interview

Aim to further improve profitability by expanding post-sales activities

Yuko Hizume

Department Head
Post Sales Operations, SPE

I have been working with SPE since joining SCREEN and, as department head of Post Sales Operations, I am currently in charge of sales and inventory control for parts.

Post-sales volumes are continuing to grow steadily. Meanwhile, equipment sales have also increased significantly, turning the goal of achieving a ratio of 25% for post-sales, set in SCREEN's Medium-term Management Plan, into rather a high hurdle. However, even if equipment orders slow down in the future, we anticipate stable demand for maintenance parts to service already delivered systems. This leads us to expect steady growth in sales over the long term.

The introduction of ROIC and *Gemba KPI* indicators has made it possible to measure the results of our work in a more tangible way. For example, we can now visualize how much



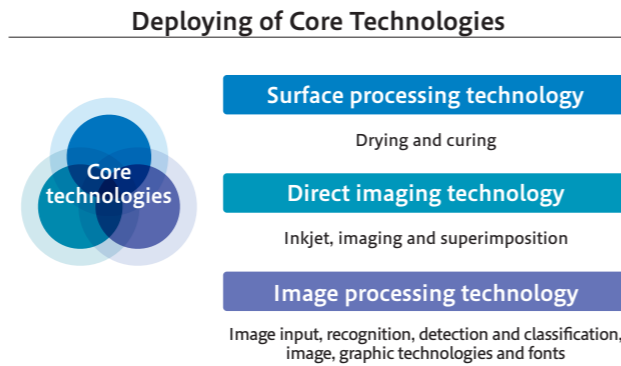
ROIC will be affected by optimizing the amount of parts in our inventories. With our sales also including parts, we have a high operating income ratio, giving us a clear sense of how much we are helping to improve profitability. This feels very motivating, of course.

However, you cannot use ROIC to manage relationships with your customers so I think it is important to always be aware of levels of customer satisfaction and maintain a good balance in your operations. Going forward, I would like to promote increasing digitalization of our business so we can formulate smarter sales and inventory strategies. I would also like to work closely with everyone at our overseas Group companies to help further improve our operating income ratios.

Graphic Arts Equipment Business (GA SCREEN Graphic Solutions Co., Ltd.)

Provides various graphic arts equipment and services. Adapts to changes in the market and continues to focus on POD*¹ sales to capitalize on projected market growth while also expanding recurring business*².

*1 Stands for "print on demand." Printing of the number of copies needed when they are needed using a digital printing press.
*2 Ongoing sales of ink and services following sales of POD equipment. Aftersales services accounted for approx. 45% of total sales in the fiscal year ended March 31, 2022.



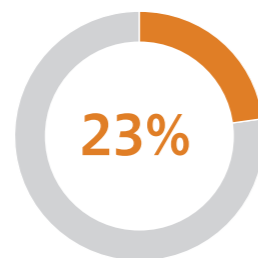
Printing Processes and Solutions Provided by SCREEN

| | | |
|---|---|--|
| <p>Page editing and data processing (workflow)</p> <p>Workflow system IP</p> <p>EQUIOS</p> <p>Efficient interoperation, for example, through the use of software to manage or automate multiple tasks and processes</p> | <p>Digital printing (POD)</p> <p>POD equipment SP DI IP</p> <p>Truepress Jet520HD AD</p> <p>Direct printing of data created on computers, using inks customized for each system and application</p> | <p>Plate making (CTP) Offset printing</p> <p>CTP equipment DI IP</p> <p>PlateRite HD 8900N-Z</p> <p>Output of printing data from computers directly to printing plates</p> |
|---|---|--|

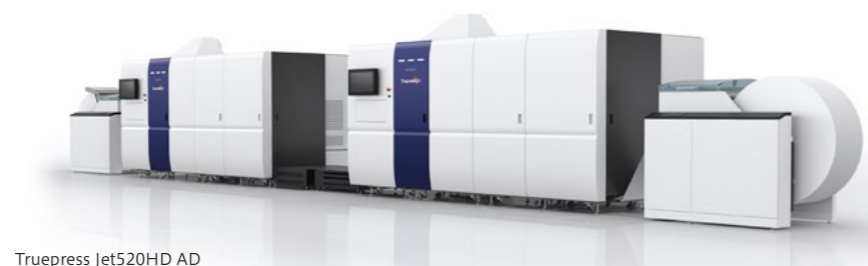
Green Products: Products with high environmental performance that are certified under our own assessment standards
www.screen.co.jp/en/sustainability/environment/products

Market Share

POD equipment (Full-color variable printing system)



* Calculated based on the number of products manufactured and shipped. 2021, according to a SCREEN survey (calendar year).



Interview

Implementing of Gemba KPIs: Sales ratio for recurring business

Saho Tsukamoto

Sales Promotion Department, Business Management Division, SCREEN Graphic Solutions



At SCREEN Graphic Solutions (SCREEN GA), we are working to expand our recurring business (RB) as a way to improve profitability and, in line with this, we have set a sales ratio for RB as one of our *Gemba KPIs*. This has made us more aware of how our daily operations are linked to SCREEN's Group-wide effort to improve ROIC. As main ways of achieving our target, we have been working on expanding sales of consumables such as inks and providing more maintenance parts and services as well as promoting sales of digital presses (POD). Ink sales have been rising each year as we have sold more POD equipment

and this demand seems likely to continue growing.

Another approach we are trying is to use cloud-based tools to monitor and analyze the operating status of our customers' equipment. This allows us to develop and propose solutions that can, for example, help to improve efficiency or lower costs. Going forward, we plan to further expand our RB while gradually shifting from our usual approach of selling products and services to one of providing comprehensive solutions to customer issues and making this our business model.

"Value Up 2023" Medium-term Management Plan

■ Current Business Environment and Future Trends

- While demand for printing is decreasing, it is growing for diversified, small lot and high variety printing, and users increasingly need POD, which is accelerating the move to DX.
- Develop solutions in response to the movement to POD.
- As awareness of GX and DX grows, customers will regain their willingness to invest in POD equipment, particularly in North America and Europe.

■ Progress of Segment Strategies and Future Measures

| Segment Strategies | Progress and Future Measures |
|---|--|
| Expand inkjet (IJ) products for the commercial and package printing markets | <ul style="list-style-type: none"> • Released new IJ products for labels • Introduce IJ product for flexible packaging to the market and continue to enhance the product lineup |
| Strengthen recurring business | <ul style="list-style-type: none"> • Developed a robust RB centering on inks (approx. 50% of total sales by the end of FY2023 based on forecasts) • Expand RB sales and stabilize revenues |

Topics

Advantages of SCREEN GA inks (SC inks, water-based inks for flexible packaging)

Sales of SCREEN GA's specialized inks make up about half of its RB and are growing along with sales of POD equipment. The company developed its SC inks* using proprietary technologies that enable direct application to the coated papers used in offset printing without pre- or primer processing. As well as preserving the surface texture of papers, these special features significantly reduce both lead times and costs. Similarly, its water-based inks for flexible packaging have been developed to comply with all relevant food safety regulations. Available in five colors, they also provide rich color expression, fully satisfying the food industry's demanding requirements.

These inks have been well received by customers and in some cases have even led to the introduction of SCREEN systems. SCREEN GA is committed to meeting the diverse needs of the printing industry going forward and is working to develop next-generation technologies that will support its continuing expansion.

* SC inks and the Truepress Jet520HD jointly received a 2017 InterTech™ Technology Award from Printing Industries of America (PIA) as well as a 2018 Technology Award from the Japanese Society of Printing Science and Technology.

Display Production Equipment and Coater Business (FT SCREEN Finetech Solutions Co., Ltd.)

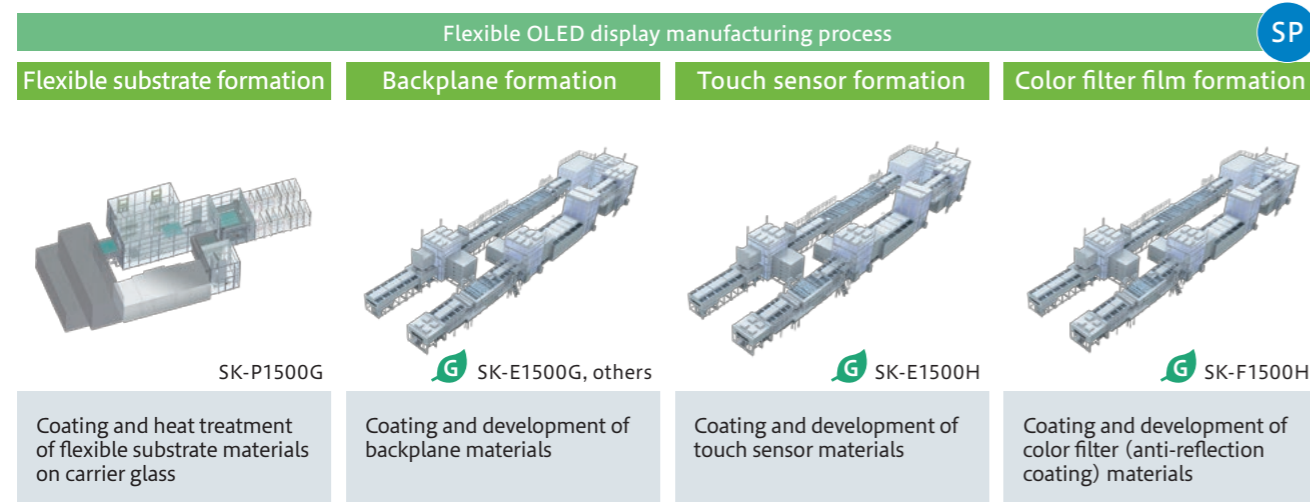
Establishes a sustainable business portfolio built on the sale of various equipment and services utilized in display manufacturing, as well as on an expanded focus on applying coating technology to the development of the coating equipment business (energy business).

In addition, SCREEN Finetech Solutions (SCREEN FT) was selected as a Zero Emission Challenge company by the Ministry of Economy, Trade and Industry in 2021.

Deploying of Core Technologies



Display Manufacturing Process and Solutions Provided by SCREEN



Green Products: Products with high environmental performance that are certified under our own assessment standards

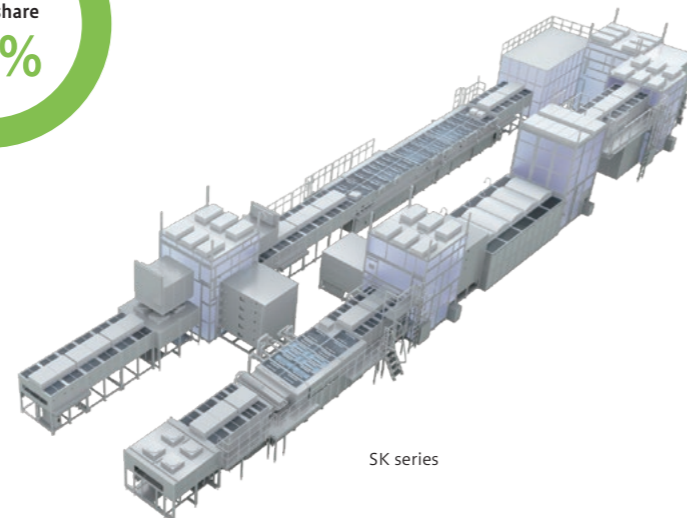
Green Products www.screen.co.jp/en/sustainability/environment/products

Market Share

Coater/developers for displays



* Calculated based on the number of products ordered. 2021, according to a SCREEN survey (calendar year).



Interview

Implementing of Gemba KPIs: Enhanced budget control of logistics costs

Taiga Satake

Production Engineering Section
Production Department, SCREEN Finetech Solutions

As glass substrates used in display production grow larger in size, equipment used in their manufacture is becoming bigger, pushing up the cost of transportation and associated packaging, which is collectively known as “selling, general and administrative expenses” (logistics costs). We also face the need to reduce environmental impacts, such as GHG emissions, from our global operations. To address this, we quantified the cost of disassembling, packing, and transporting coater/developer systems in the form of a ratio to the quoted distribution fees and set it as *Gemba KPIs*. This has visualized the PDCA cycle of our measures to reduce distribution costs

and helped tighten our budget control. Once I understood that achieving the *Gemba KPIs* would result in reduced distribution costs and eventually a higher ROIC, I found more opportunities for improvement in my role.

To further cut distribution costs, we plan to produce the equipment in China (at our manufacturing subsidiary in Changshu) and directly ship it to Chinese users. It is also vital to take distribution costs into account in designing products, starting from the development phase, and we aim to disseminate this distribution cost-focused strategy to other departments.

“Value Up 2023” Medium-term Management Plan

■ Current Business Environment and Future Trends

- Challenging business conditions will likely continue into 2023 as customers delay their investments due to factors such as falling panel prices.
- There will be a need for technologies and products offering solutions to next-generation displays and diverse applications.
- Growing environmental awareness requires us to contribute to creating a hydrogen society conducive to greenhouse gas reductions (in the energy field).

■ Progress of Segment Strategies and Future Measures

| Segment Strategies | Progress and Future Measures |
|--|---|
| Commercialize inkjet equipment business for large-size organic EL (OLED) TVs and diversification of products for OLED displays | ● Aim for sales in the next medium-term management plan in line with customers' capital investment plans |
| Commercialize energy-related businesses | ● Promote commercialization through joint development; expand hydrogen-related businesses (fuel cells etc.) |

Topics

Selected as a Zero Emission Challenge company by the Ministry of Economy, Trade and Industry – Development of technology for multi-purpose application of fuel cells –



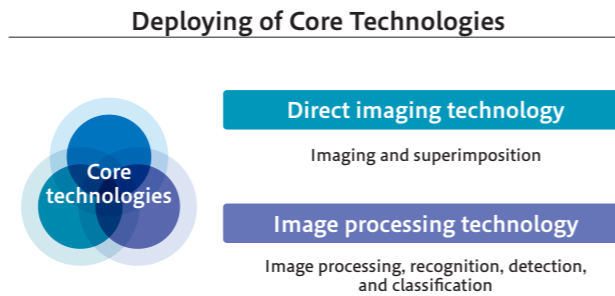
SCREEN FT was included on the list of companies for the Zero Emission Challenge by the Ministry of Economy, Trade and Industry in a program to select corporations engaged in R&D leading to environmental innovations. The selection came in recognition of our pioneering activities in the Collaborative Industry-Academia-Government R&D Project for Solving Common Challenges Toward Dramatically Expanded Use of Fuel Cells and Related Equipment, led by the New Energy and Industrial Technology Development Organization (NEDO).

We look forward to continuing cooperation with the Zero-Emission Challenge initiative through participation in the NEDO project. We are also working toward a sustainable hydrogen society by expanding business in the growing fuel cell market and thus contributing to its development.

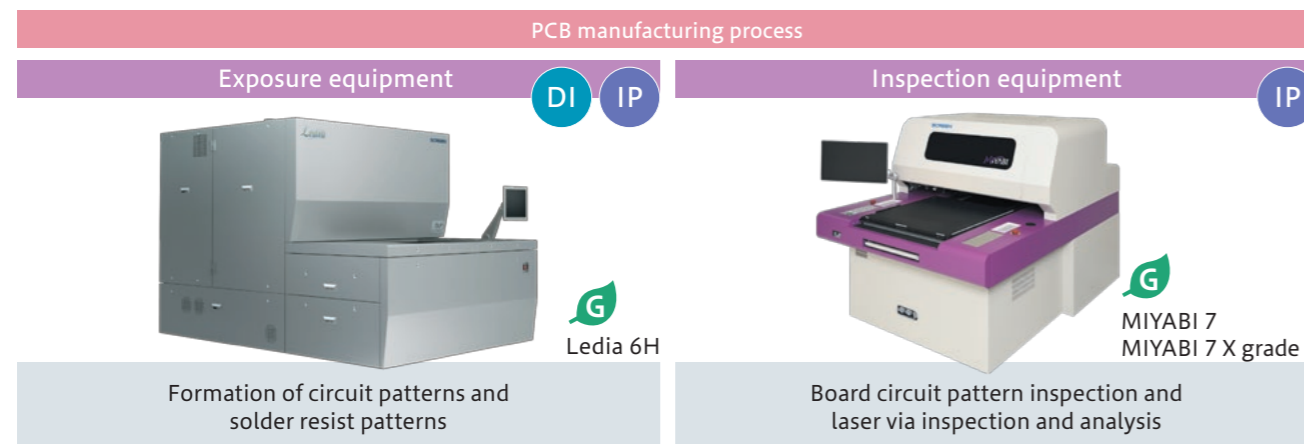
Note: For information on our business in the fuel cell market, refer to “Toward a Decarbonized and Hydrogen Society: Mass Production of MEAs for Fuel Cells” (p. 54) in the New Businesses section.

PCB-related Equipment Business (PE SCREEN PE Solutions Co., Ltd.)

Provides exposure systems and inspection systems and services utilized in printed circuit board (PCB) manufacturing. Exposure equipment (direct imaging systems) is used to perform direct imaging of circuit patterns, while inspection equipment is used in circuit defect detection and PCB inspection.



PCB Manufacturing Process and Solutions Provided by SCREEN



Green Products: Products with high environmental performance that are certified under our own assessment standards

Green Products
www.screen.co.jp/en/sustainability/environment/products

Topics

Launch of Ledia 7F, a high-resolution direct imaging system for PCBs

In recent years, the rapid spreading of 5G-compatible smartphones and tablets as well as the IoT infrastructure needed for many in-vehicle and industrial systems has created a parallel surge in demand for the PCBs used in these electronic devices. Meanwhile, as high density interconnect (HDI) and package boards become increasingly miniaturized and dense, making it essential to achieve more precise pattern formation than ever before, the PCB industry is experiencing a growing need for direct imaging systems that can deliver both high-definition imaging and outstanding productivity.

Against this background, SCREEN PE Solutions (SCREEN PE) developed the latest model in its Ledia series of direct imaging systems for PCBs. Previously released Ledia models have already established themselves as the industry's de facto standard for solder resist systems. The company's efforts were successful and in October 2021, it launched Ledia 7F.

Compared to Ledia 6F, which itself offers advanced capabilities and a proven track record, the new model features significantly improved accuracy for the imaging position plus an exposure unit with a completely redesigned mechanism. Ledia 7F is a truly versatile system. In addition to the exposure of solder masks on high-end package boards, it easily handles pattern formation applications with high aspect ratios such as those for metal masks and electronic components.

With the expansion of its Ledia series range, SCREEN PE will be able to accelerate its penetration of the HDI and package board markets as they continue to grow, driven by 5G and IoT infrastructure applications. Going forward, SCREEN PE is committed to meeting the diverse needs of the PCB industry and contributing to its continuing development.



Ledia Twin

Interview

Implementing of *Gemba KPIs*: Shortening of the collection period for accounts receivable

Tsubasa Yamagishi

Sales Department
Sales Division, SCREEN PE Solutions



At SCREEN PE, we have set shortening of the collection period for accounts receivable as one of our *Gemba KPIs* in order to minimize the expenses we bear in our customer relationships and also to raise our “defensive” awareness. More specifically, we are working to collect accounts receivable earlier to reduce overdue receivables. As well as this, we are focusing on promoting sales activities through direct interactions with customers, establishing detailed conditions for acceptance inspections well before delivery, and also investigating how to improve payment conditions.

In this way, we can use *Gemba KPIs* to incorporate a greater awareness of how to improve ROIC into our daily operations and, from this, to target the improvement of both profitability and efficiency. Going forward, I believe all SCREEN PE group companies, both in Japan and overseas, will need to work together on *Gemba KPIs* initiatives in order to achieve our medium-term management plan. This should include working closely with sales companies to improve negotiating conditions with our customers.

“Value Up 2023” Medium-term Management Plan

■ Current Business Environment and Future Trends

- The market wants mounting technologies that achieve high speed and power savings in communication.
- As high density interconnect (HDI) and package boards become increasingly miniaturized and dense, there will be a growing need for direct imaging systems that can deliver both high-precision imaging and outstanding productivity.
- Overall demand for semiconductor devices will continue to grow due to increasing demand from data centers and the establishment of remote working practices as well as expansion of the IoT and current digital transformation (DX), which are themselves being driven by increased use of 5G and AI technologies. This will lead to additional investment in the semiconductor miniaturization and mounting technology fields, based on increasing investment in technologies with low environmental impact (GX), and this should also benefit the PCB industry.

■ Progress of Segment Strategies and Future Measures

| Segment Strategies | Progress and Future Steps |
|--|--|
| Improve the market share of existing product lines | <ul style="list-style-type: none"> ● Expand our lineup of direct imaging systems that offer both high precision and high productivity |
| Develop and launch a range of new products | <ul style="list-style-type: none"> ● Aim to increase sales of our previously launched Ledia Twin and Ledia 7F models ● Continue to develop new products that will support growth during the next medium-term management plan |

New Businesses

Creating Solutions by Deploying Core Technologies

We want to help customers resolve issues they face and also to resolve social issues. This desire is behind our ceaseless efforts to create new solutions. Following our Founder's Motto of "Shi Kou Ten Kai" (meaning to "expand awareness" in Japanese), we search for better ways to use the core technologies we have nurtured over many years and apply or combine them to form new solutions. In addition to addressing different social issues and needs faced by customers around the world, we seek to become a solution creator that will play a key role in advances in future society.

Toward Creating Solutions

We have been implementing innovation management to continuously and effectively create new businesses. In every phase of innovation management, we are stepping up our efforts to turn various projects into businesses.



Note: For more information on our innovation management, refer to "Innovation Management" on page 23.

Life sciences

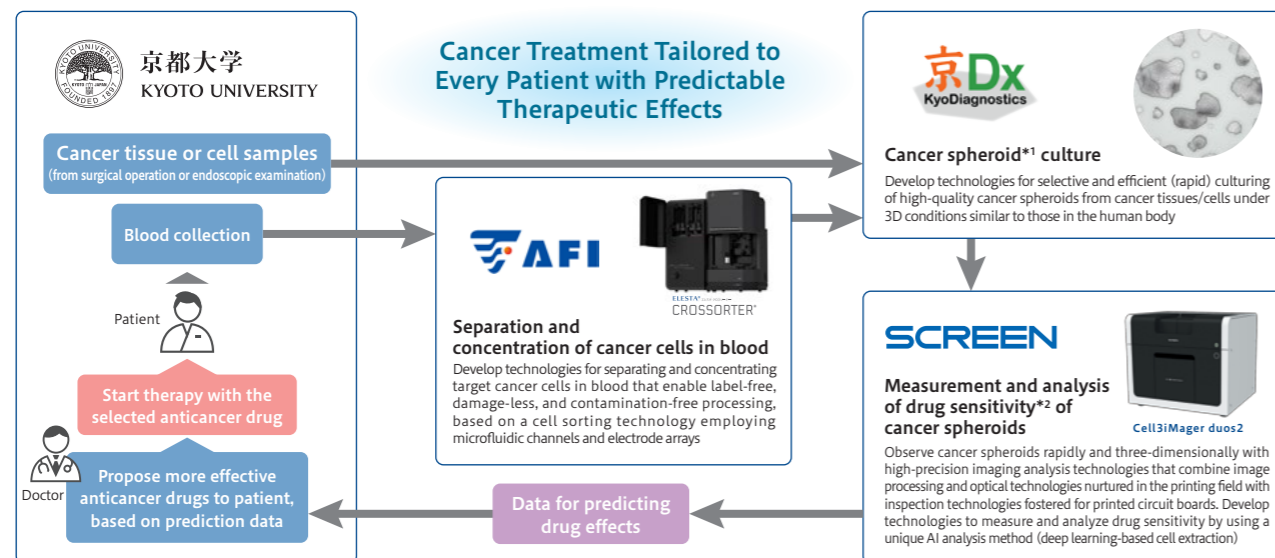
Moving Faster toward Personalized Cancer Therapies: Cancer Treatment Tailored to Every Patient with Predictable Therapeutic Effects

In the life sciences field, Kyoto University, SCREEN, AFI Corporation, and Kyo Diagnostics K.K. officially launched in November 2021 a joint research project targeting the development of innovative personalized cancer therapies. The project is designed to create high-precision in vitro technologies that utilize patient cells to accurately predict the efficacy of different treatments. It was established as a collaborative research course* under the Industry-Government-Academia Collaboration Program operated by Kyoto University.

Cancer treatments are administered in accordance with relevant guidelines based on scientific evidence. In drug therapies, it is difficult to predict the likely efficacy of drugs before administration begins. Patients may have to switch to another medication after starting treatment, a situation that places a heavy physical and financial burden on them. This has led to a call for the development of personalized medicine, which is expected to provide more effective therapies that precisely match the characteristics of individual diseases.

To meet these needs, the project will utilize specific technologies and expertise possessed by each partner, namely Kyoto University's advanced medical research knowledge, SCREEN's diverse imaging technologies, AFI's unique cell sorting technologies employing microfluidic channels and electrode arrays, and KyoDiagnostics' unique spheroid culturing technologies, which allow cells collected from patients to be grown under conditions similar to those within the human body. The partners will work together to stage a series of demonstration experiments, with the goal of delivering a system able to predict the therapeutic effects of different cancer treatments by the end of October 2023.

* Project-type joint research that is conducted using the courses, organizational structures and educational/research facilities of a graduate school, based on collaborations between industry, government and academia. The expenditure required for operation is usually covered by funds provided by private institutions for joint research.



*1 Cancer stem cells that have been selectively and efficiently cultured by using patient-derived cancer tissues or cells. *2 A test performed to select effective drugs for treatment.

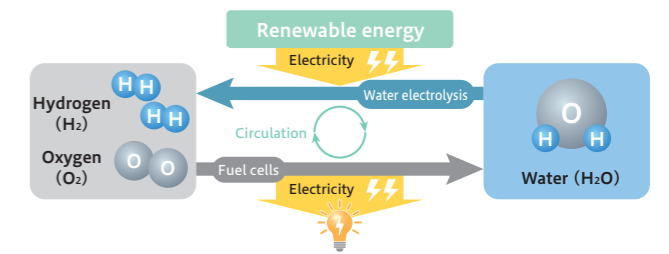
Energy

Initiatives to realize a decarbonized and hydrogen society have been gaining momentum lately, targeting the use of hydrogen as an eco-friendly energy source in everyday life and industrial activities. In this area, we are developing water electrolysis technologies for hydrogen production and fuel cell technologies for hydrogen use.

Water electrolysis is a technology used for hydrogen production whereby water is electrically split into hydrogen and oxygen. Hydrogen can be produced without CO2 emissions

when electricity derived from renewable energy sources is used for electrolysis. A fuel cell is a device that generates electricity from hydrogen (and oxygen) through the reverse of the water electrolysis reaction. In short, water electrolysis and fuel cells are ideal systems that hydrogen and electricity can be converted to each other without generating CO2.

Through the development of these technologies, we are moving forward to reduce impacts on the global environment and create a sustainable society.



Applications Toward a Decarbonized and Hydrogen Society: Mass Production of MEAs for Fuel Cells

Fuel cells are a particularly promising technology in initiatives toward a decarbonized and hydrogen society. The fuel cell system market is forecast to grow to ¥5 trillion by 2030, with fuel cell system part membrane electrode assemblies (MEAs), key components, estimated to account for about ¥700 billion of that value. In response to these trends, we started to develop mass production technologies for fuel cell MEAs in 2013. As a result, FT was even selected by the Ministry of Economy, Trade and Industry as one of Zero Emissions Challenge Companies*1 in 2021 for its development of technology for multi-purpose application of fuel cells.

In general, a fuel cell takes the form of a stack of unit cells (the minimum building block of a fuel cell) to generate electricity. An MEA consists of an electrolyte membrane at the center, two electrode catalyst layers sandwiching it, and two gas diffusion layers sandwiching them. In this structure, an electrolyte membrane and two electrode catalyst layers are together called a catalyst coated membrane (CCM).

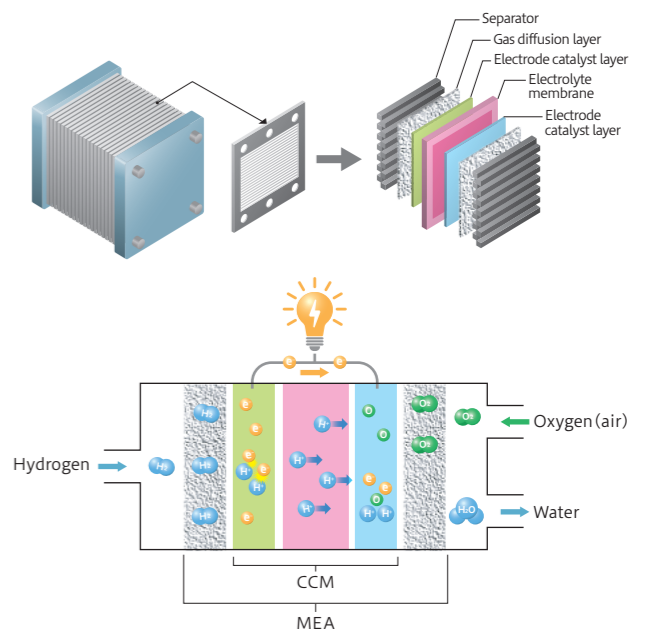
We started with the development of mass production technology for CCMs. The electrode catalyst layer is the key component of a fuel cell because fuel cell characteristics depend largely on catalyst activity. By bringing together our direct coating and drying technologies developed in the display production equipment business, we have successfully invented a technology for performing the direct coating and drying of electrode catalysts on electrolyte membranes. While this had been considered impossible, it has enabled continuous production of CCMs.*2

We have combined this continuous CCM production technology with our expertise in areas such as laminating, transfer and inspection to build a production process and have succeeded in mass-producing high-quality fuel cell MEAs. By accumulating experience in the mass production of fuel cell MEAs, we aim to become a global leader in MEAs' manufacturing.

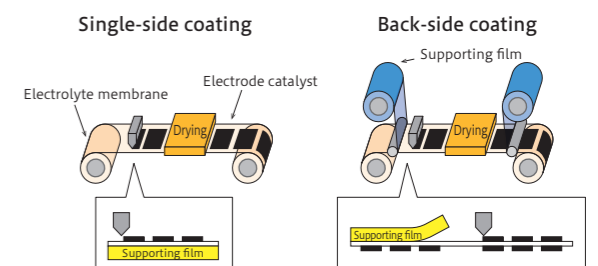
*1 The Ministry of Economy, Trade and Industry's program to select companies boldly taking on innovation challenges toward a decarbonized society.

*2 This was achieved in a project subsidized by the New Energy and Industrial Technology Development Organization (NEDO).

Composition and Power Generation Process of a Fuel Cell



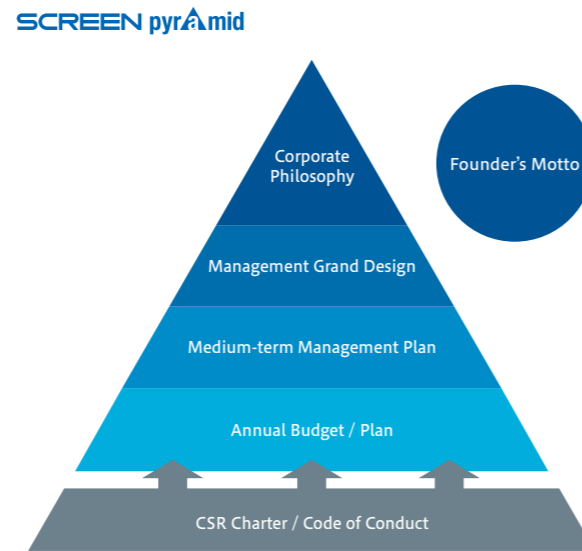
CCM Production Process with Direct Coating and Drying



Sustainable Management

The SCREEN Group adheres to a Corporate Philosophy of “Sharing the Future,” “Human Resource Development,” and “the Pursuit of Technology.” We consider it our mission to focus on the future and help realize a sustainable society. In line with our Management Grand Design, which defines our vision and growth strategy guidelines for SCREEN Value (corporate value) enhancement, we aim to improve both economic value and Sustainable Value (social value) and establish our presence that contributes to the sustainable development of society.

In addition, by backcasting from the 10-year vision defined in the Management Grand Design, we formulated Sustainable Value 2023, which is our medium-term management plan to enhance social value, and identified ESG issues. We are rolling out initiatives intended to ensure our own sustainability by meeting the expectations and earning the trust of various stakeholders and addressing issues related to the SDGs, which are shared international goals for contributing to the sustainable development of society.



Basic Policy

The SCREEN Group has established a CSR Charter / Code of Conduct that sets forth the code of conduct that all group executives and employees should follow and includes principles of conduct based on our corporate philosophy. We are putting it into practice in areas including compliance, human rights, product liability, and the supply chain, thereby fulfilling our social responsibility as a corporation and responding to the expectations of society.

CSR Charter
www.screen.co.jp/en/sustainability/csr_charter

- SCREEN Group CSR Charter**
1. Provision of Products and Services Beneficial to Society
 2. Respect for Human Rights and Friendly Work Environment
 3. Establishment of Friendly Environment for People and Our Planet
 4. Sound and Effective Corporate Governance
 5. Compliance with Laws and Regulations, and Standards of Ethics
 6. Appropriate Management and Utilization of Information and Intellectual Property
 7. Appropriate Disclosure of Company Information
 8. Corporate Social Responsibility as Good Corporate Citizen
 9. Exclusion of Anti-Social Forces

The SCREEN Group has signed the UN Global Compact, which is a United Nations initiative that comprises 10 principles in the four areas of human rights, labor, environment, and anti-corruption. To continue to grow as a global corporation, we respect global standards, such as the Global Compact.



- Main Principles, Charters, and Rules We Respect**
- UN Global Compact
 - Sustainable Development Goals (SDGs)
 - Responsible Business Alliance (RBA)
 - Universal Declaration of Human Rights
 - UN Guiding Principles on Business and Human Rights
 - OECD Guidelines for Multinational Enterprises
 - ISO 26000

Initiatives to Enhance Sustainable Value (Social Value)

The SCREEN Group has rolled out initiatives that focus on ESG topics, which are the foundation for value creation, with the aim of ensuring our own sustainability. Regarding each ESG issue, we promote mainly the key issues of Sustainable Value 2023* as we

strive to enhance Sustainable Value (social value).

* The targets of and progress under Sustainable Value 2023 are detailed between pages 37 and 40 of this report under “Progress and Revision of “Value Up 2023” Medium-term Management Plan.”

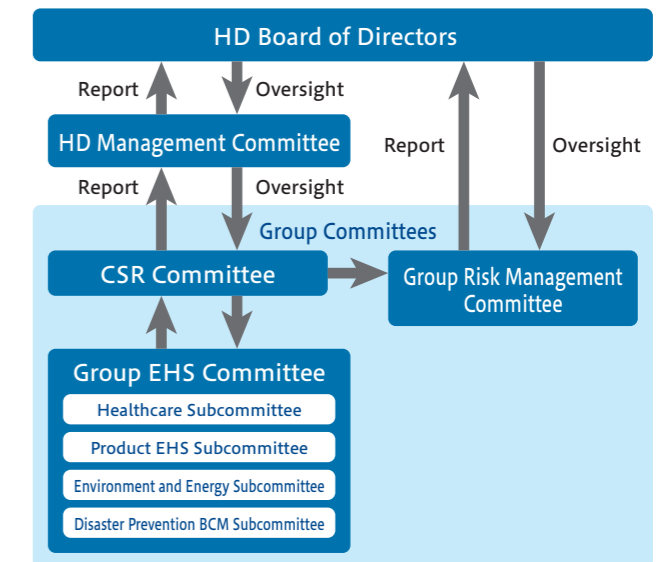
| | Direction of initiatives in each area | Sustainable Value 2023's key issues | Related information |
|---------------------------|---|--|--|
| E (Environment) | Reducing environmental impact of all business activities and customers | <ul style="list-style-type: none"> • Reducing CO2 emissions of worksites • Reducing CO2 emissions from use of products sold • Reducing waste and promoting recycling • Effectively using water | <ul style="list-style-type: none"> ▶ p. 29 ▶ p. 33 ▶ p. 39 ▶ p. 75 |
| S (Social) | Providing new value that solves social issues and motivating various employees who support that value | <ul style="list-style-type: none"> • Enhancing human capital • Enhancing alliances with industry, academia, government, and local communities • Supply chain CSR | <ul style="list-style-type: none"> ▶ p. 39 ▶ p. 79 ▶ p. 85 ▶ p. 86 |
| G (Governance) | Enhancing governance and risk management, which forms the foundation of sustainable management | <ul style="list-style-type: none"> • Identifying key risks and reducing risks • Enhancing resilience to intensifying natural disasters | <ul style="list-style-type: none"> ▶ p. 39 ▶ p. 71 |

Sustainable Management Promotion System

To effectively advance its environmental (E), social (S), and governance (G) initiatives, the SCREEN Group is promoting Sustainable Value 2023 through the Group Risk Management Committee, the CSR Committee, and the Group EHS Committee as well as subcommittees that specialize in specific issues and problems.

The persons responsible from the subject SCREEN Group companies take part in Group committees to share information and promote collaboration in Group-wide initiatives.

* Details related to each Group committee are provided on page 70 of this report under “Corporate Governance.”



Held the Inaugural Sustainable Value Awards

In FY2022, the SCREEN Group's Sustainable Value Award was inaugurated with the aim of raising awareness of, engraining, and promoting initiatives to enhance sustainable value (social value) for Group companies in Japan and overseas. This replaces our previous annual recognition of EHS activities, the Green Value Award, with an award system that also considers contributions to the SDGs and expands its scope to include all SCREEN Group activities.

In this first year, eight of the 21 entries submitted received awards, including two gold awards. In addition, we presented an Environmental Invention Award to one of 30 submissions. Through these award programs, we recognize activities that significantly enhance the social value of SCREEN.



Feature Article on ESG: Outside Directors Round Table

Commitment to Enhancing SCREEN's Corporate Value: Awareness of the Role to Be Played as an Outside Officer

The role of the independent outside director is more valued than ever today when companies are strongly required to make their boards of directors even more transparent. SCREEN's four outside directors, who are expected to bring insights as representatives of stakeholders, gathered to discuss their thoughts on the role to be played in enhancing SCREEN's corporate value as well as on other key issues, such as human resource development. (The meeting took place on June 24, 2022, at SCREEN's Head Office in Kyoto.)



Shigeru Saito

Outside Director
Member of the Board
Chairman and CEO, TOSE Co., Ltd.
Outside Director, Wacoal Holdings Corp.

The same basic approach is applicable to the semiconductor industry, although I know technology innovation is much faster here. I take this stance when making decisions on SCREEN's management strategy. There have been many other company scandals in the news recently, and they have renewed my awareness of the need to prevent similar mistakes being committed at SCREEN or to prevent SCREEN from being unintentionally involved in such events. I am eager to contribute my experience and knowledge to strengthening our governance.

Okudaira: For my research, I combine labor economics theory and data analysis to identify workstyles with the potential to bring more vitality to society and organizations in the context of both national policies and business activities. Recognizing that my background is quite different from those of other directors, I have made suggestions to the Board based on my research results and experience, hoping to align the corporate value creation process to social needs.

For example, I am involved, from a long-term perspective, in the development of a corporate culture that embraces and motivates diverse people, including women, foreigners, mid-career hires and those with Ph.D. degrees, and offer associated advice and suggestions.

Takasu: I used to be a user of SCREEN's semiconductor production equipment. I have been engaged in the research and development of semiconductors and electronic devices for more than 40 years as a development engineer or a director in charge. Based on this experience, I can offer opinions and advice to SCREEN from the viewpoint of a user. My experience of technology development at a university also qualifies me to contribute to the promotion of open innovation.

SCREEN's priority issues from the viewpoint of outside directors

Moderator: This time, the SCREEN Annual Report presents "our vision in 10 years" in the context of materiality. The vision is derived from SCREEN's Management Grand Design and is expressed as "creating innovations with core technologies and aiming to become a solution creator that resolves social issues and needs and contributes to social development." What do you think is key to enhancing SCREEN Value in line with the Group's medium- to long-term objectives?

Yoda: In the rapidly changing semiconductor world, the speed of developing technologies and products is critical. If

My role should be to provide engineering information, analysis results and insights, while bringing external perspectives to the issues on the agenda. This requires me to gather internal information and develop solutions using a three-dimensional approach that combines the concepts of paradigm sustaining, paradigm destruction and cross-disciplinary integration. To achieve this, I hope to have more opportunities to interact with people working at SCREEN.



Makoto Yoda

Outside Director
Member of the Board
Former Chairman, GS Yuasa Corporation
Former Chairman, Kyoto Industrial Association, Inc.



Outside Director
Member of the Board
Shigeru Saito

Outside Director
Member of the Board
Makoto Yoda

Outside Director
Member of the Board
Hidemi Takasu

Outside Director
Member of the Board
Hiroko Okudaira

What role should an outside director play to enhance SCREEN Value?

Moderator: SCREEN began disclosing a skills matrix of its directors and corporate auditors in the previous fiscal year to show the expertise and experience of each of them. Investors also have growing expectations of outside directors. What are your thoughts on your role and responsibilities as an outside director and what are your aspirations?

Saito: Since I assumed the position in June 2013, SCREEN has been growing steadily, despite ups and downs in the business environment. More recently, business has been particularly robust, driven by the positive external situation (of the semiconductor market). Although some experts forecast that the current environment will remain unchanged for the next few years, the semiconductor cycle will eventually enter a period of adjustment. Therefore, I have suggested (to the Board of Directors) that SCREEN's officers and employees should always act with risk awareness, for example, by paying close

attention to economic fluctuations, without letting their guard down in a favorable business environment.

B-to-B companies tend to feel secure when they have a high backlog of orders from customers, but they may misread the timing of demand adjustment if they fail to grasp the big picture of the end-user market from the viewpoint of tech-savvy consumers. I believe that my essential role (as an outside director) is to offer advice to SCREEN from the standpoint of a senior executive of a software development company, which is closer to consumers, and that of a shareholder of SCREEN.

Yoda: My experience in corporate management comes from the battery business, especially the development, manufacture, and marketing of lead-acid batteries. I have successfully strengthened operations by following a management policy of investing money earned from stable existing business segments into new segments.

Note: Only key career highlights are shown above. For more information, refer to "Directors and Auditors" on page 62.



Hidemi Takasu

Outside Director
Member of the Board
Former Managing Director in charge of Research & Development Headquarters, Business Creation and Quality, ROHM Co., Ltd.
Outside Director, Samco Inc.
Visiting Professor, Kyoto Institute of Technology

SCREEN is to become the solution creator it pursues (as an enterprise), developing the next generation of engineers is top priority. I also want to focus on characteristics unique to SCREEN when discussing materiality and our corporate value improvement.

Takasu: Speaking of developing human resources, I value the creation of an environment for nurturing engineers as SCREEN is an R&D-oriented corporation. To educate engineers about the goal of becoming a solution creator, it is essential for each member of the development team to disseminate information to the outside world. One can become involved in the operation of an academic conference as a committee member, for instance, rather than just attending as a presenter. Information will keep coming from around the world once he or she begins serving as an information provider. It is this kind of environment that grows people.

SCREEN's business domains range widely from semi-conductors to printing, displays and printed circuit boards, yet there is technological synergy between them. An open discussion would produce interesting effects. I suggest taking advantage of SCREEN's annual internal technology events, such as Frontier Gate and Technology EXPO, to deepen interactions within the Group and inspire new discoveries and findings.

Yoda: Also important to human resource development is a system for personnel exchange, such as SCREEN's rotational

program for mid-level engineers. For a superior, it is not easy to let excellent subordinates move to another department, but personnel development across organizational boundaries will grow further in importance because it allows employees to gain various experiences.

Saito: To enhance its value, SCREEN should focus on developing individuals who can propose unconventional ideas on management issues and technology and who can act on their own initiative. Climate change actions are also essential. Although the issues to be tackled vary by industry, companies based in historic Kyoto have generally been following its tradition of valuing harmony with the environment and society.

Yoda: Today's companies can have trouble securing outstanding talent unless they demonstrate commitment to ESG issues. They must disclose information proactively and appropriately. SCREEN has been working to reduce GHG emissions through initiatives such as introducing renewable energy to its production sites.

Takasu: Companies are intensifying their efforts to reduce environmental impacts throughout their supply chains, and requests from semiconductor device manufacturers are leading SCREEN to improve its products even more. However, it is vital for SCREEN to maintain its own stance in addressing such issues.



Hiroko Okudaira, Ph.D.

Outside Director
Member of the Board
Former Senior Research Associate at University College London as a JSPS Fellow
Associate Professor, Doshisha Business School, Doshisha University

Note: Only key career highlights are shown above. For more information, refer to "Directors and Auditors" on page 62.

Okudaira: I am impressed by the term "solution creator." It easily gets the message across even to our company's young people. What I expect from employees is for them to act independently, for example, by sticking to their beliefs even when criticized. We executives in turn should work hard to create a pleasant working environment.

To remain competitive in hiring outstanding talent, SCREEN should search for a sustainable workstyle from a long-term perspective, a workstyle that would make employees want to stay at SCREEN at least for the next decade or two. We must make more improvements through the PDCA cycle to move ahead with existing initiatives such as workstyle reforms, while taking advantage of the holding company structure.

Moderator: To ensure the effectiveness of corporate governance, SCREEN has a third-party organization evaluate the Board of Directors' effectiveness every year and releases a summary of the results, including interview results, on its website. The report for the fiscal year under review concludes that "the Board of Directors is generally functioning

effectively." What are the positive developments and where are opportunities for improvement?

Saito: I see that SCREEN's Group governance structure has been strengthened in the past few years. However, there are still many topics brought to the Board for discussion, and it may be time to consider reviewing the decision-making authority with a possible transfer of authority.

Yoda: Although the Board is the final decision-making body, it is sometimes hard for the Board to reach a conclusion. I would suggest setting up an (off-site) opportunity apart from the Board to discuss time-consuming topics like the content of management strategies and plans.

Moderator: Thank you very much for presenting your valuable thoughts today. I look forward to seeing SCREEN strengthen its governance and drive further growth.

Message from the Chairman of the Board

Aiming for a Board That Evolves Together with Outside Directors and Becomes More Sophisticated



Eiji Kakiuchi

Representative Director
Chairman
Member of the Board

This round table of outside directors has presented just a few of the insights that our outside directors can offer, based on their diverse experience.

SCREEN has the effectiveness of its Board of Directors assessed by a third-party organization every year and uses the findings for continued discussions on how the Board should work. In the fiscal year ended March 31, 2022, our improvement efforts were focused on potential risks in management strategies and plans, the manner in which updates and revisions are discussed, provision of training opportunities available for directors and, in particular, information sharing with outside directors.

I see more information relevant to the Board being provided routinely and shared through meetings, although detailed information on business operations cannot be shared.

On the other hand, the latest evaluation results show that there is room for improvement in the discussion of management and portfolio strategies at Board meetings as well as in collaboration between corporate auditors and relevant

departments, such as the internal audit department.

I am also aware of the need to take unconventional approaches, such as narrowing down the agenda of Board meetings and establishing opportunities for deeper discussion outside the framework of the Board meetings, as suggested by outside directors. We can diversify discussions by the Board by deepening communication between outside and inside directors.

While both our sales and profit are reaching record-high levels, our efforts over the past few years have significantly improved SCREEN's financial position, resulting in an upgrade of our credit rating in March 2022. We were also listed on the Prime Market of the Tokyo Stock Exchange in April 2022. All these developments indicate that we are taking a leap to the next level as an enterprise. For this reason, we will continue to strive to further improve sound governance by operating the Board in a way that drives sustainable improvement in SCREEN's corporate value while having each director with their unique background play their role.

Directors and Auditors (As of July 1, 2022)

Directors



Eiji Kakiuchi

Representative Director
Chairman
Member of the Board
[Nomination and Compensation Advisory Committee Member](#)

Apr. 1981 Joined the Company
Apr. 2005 Corporate Officer
Apr. 2006 Senior Corporate Officer
Apr. 2007 Corporate Executive Officer
Apr. 2011 Chief Officer of IR, Security Export Control, GPS and Group G10
Jun. 2011 Director
Apr. 2014 Representative Director, President, Member of the Board
Apr. 2016 Chief Executive Officer (CEO)
Jun. 2019 Representative Director, Chairman, Member of the Board (Current)
Jun. 2021 Outside Director, KYOCERA Corporation (Current)

Reasons for selection: He has a wealth of management experience and wide insights in domestic and overseas business divisions. After joining the Company, he was engaged in marketing in the printing business, served as the president of subsidiaries in the U.S. and Europe, and the president of business company. Also, he led business expansion of the semiconductor business as the company president. He promoted communication with domestic and overseas investors as the Chief Officer of IR from 2011, assumed the office of Representative Director and President of the Company in 2014, and assumed the office of Chief Executive Officer (CEO) of the Company in 2016. Currently, as Chairman, Member of the Board, he is responsible for the Group-wide corporate governance and is promoting industry-academia-public sector collaboration as well as regional collaboration centering on Kyoto Prefecture. The Company has judged that he can fulfill his responsibilities and duties as Director to further improve corporate value of the Company.

Number of shares held: 24,976
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)



Yoichi Kondo

Senior Managing Director
Member of the Board
Chief Financial Officer (CFO)
Chief Officer of PR & IR

Apr. 1982 Joined The Bank of Tokyo, Limited (Currently MUFG Bank, Ltd.)
Jun. 2010 Corporate Officer, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Currently MUFG Bank, Ltd.)
Jun. 2013 Joined the Company
Senior Corporate Officer
Apr. 2014 General Manager, General Administration Division
Jun. 2014 Managing Director, Member of the Board
Chief Financial Officer (CFO) (Current)
Apr. 2021 Senior Managing Director, Member of the Board (Current)
Chief Officer of PR & IR (Current)

Reasons for selection: He has expertise regarding finance and accounting through a wealth of working experience at financial institutions and domestic and overseas for the Company. He also has a wealth of experience in dialogue with institutional investors. Currently, as Senior Managing Director, Member of the Board, Chief Financial Officer, he is promoting establishment of a robust financial position as the basis for investment for growth through improvement of cash flows and capital efficiency. The Company has judged that he can fulfill his responsibilities and duties as Director of the Company.

Number of shares held: 4,954
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)



Toshio Hiroe

Representative Director
President
Member of the Board
Chief Executive Officer (CEO)

Apr. 1983 Joined the Company
Apr. 2006 Vice President, Semiconductor Equipment Company
Apr. 2007 Corporate Officer
Oct. 2009 Deputy General Manager, R&D Center
Apr. 2011 Senior Corporate Officer
Apr. 2014 President, FPD Equipment Company
Aug. 2014 President, SCREEN Finetech Solutions Co., Ltd.
Apr. 2019 Chairman, SCREEN Finetech Solutions Co., Ltd.
Jun. 2019 Representative Director, President, Member of the Board (Current)
Chief Executive Officer (CEO) (Current)

Reasons for selection: He has a wealth of experience and achievements concerning technology through his engagement in technology development in the semiconductor business for many years. He has a wealth of management experience, including engagement in management of a development company in the U.S. as the Deputy General Manager of the R&D Center and as Representative Director and President of a company in the display business. Currently, as Representative Director, President, Member of the Board, he is promoting completion of the "Value Up 2023" medium-term management plan. The Company has judged that he can fulfill his responsibilities and duties as Director to further improve corporate value of the Company.

Number of shares held: 13,367
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)



Yoshihisa Ishikawa

New Director
Member of the Board
Chief Officer of Corporate Strategy
Chief Officer of General Affairs & Human Resources Strategy

Apr. 1986 Joined the Company
Apr. 2011 General Manager, IR Department
Apr. 2014 General Manager, PR & IR Department
Apr. 2015 General Manager, Corporate Planning Department
Apr. 2016 Corporate Officer
Apr. 2019 Senior Corporate Officer
Chief Officer of Business Strategy (Current)
Apr. 2021 Managing Director, Member of the Board
Jun. 2022 Director (Current)
Chief Officer of General Affairs & Human Resources Strategy (Current)

Reasons for selection: He was engaged in business at international sales, marketing, and financial departments, and served as department head of the PR & IR Department. He has a variety of experience and wide insights. Since assuming the office of Corporate Officer in 2016, he has led formulation of the medium-term management plan and cross-organizational projects, including M&A, as Chief Officer of Corporate Strategy. As he has contributed to the Company's performance and improvement of corporate value, the Company has judged that he can fulfill his responsibilities and duties as Director of the company.

Number of shares held: 2,031
Attendance at Meetings of the Board of Directors (FY2022): —



Shigeru Saito

Director (Outside)
Member of the Board
Chairman and CEO, TOSE Co., Ltd.
[Nomination and Compensation Advisory Committee Member](#)

Nov. 1979 Joined TOSE Co., Ltd.
Head of Development Division, TOSE Co., Ltd.
Oct. 1985 Director, TOSE Co., Ltd.
Feb. 1987 President, TOSE Co., Ltd.
Sep. 2004 President and CEO, TOSE Co., Ltd.
Jun. 2013 Director, Member of the Board of the Company (Current)
Dec. 2015 Chairman and CEO, TOSE Co., Ltd. (Current)
Jun. 2017 Outside Director, Wacoal Holdings Corp. (Current)

Reasons for selection: He serves as Chairman and CEO of a software development company. In addition to his profuse knowledge gained through many years of management experience, he has specialized knowledge about the latest IT fields, including metaverse, NFT, and AI. He concurrently serves as Outside Director of another company. Currently, as Outside Director and Member of the Board of the Company, he has been providing useful proposals to the Board of Directors from various perspectives such as software development. It is expected that he will continue to contribute to strengthening of the management supervision function and give advice from a wide range of management perspectives.

Number of shares held: 1,539
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)



Hidemi Takasu

Director (Outside)
Member of the Board
[Nomination and Compensation Advisory Committee Member](#)

Mar. 1971 Joined Toyo Electronics Industry Corporation (Currently ROHM Co., Ltd.)
Jun. 1997 Director and Deputy General Manager, ULSI Research & Development Headquarters, ROHM Co., Ltd.
Jun. 2009 Managing Director and General Manager, LSI General Headquarters, in charge of Research & Development Headquarters, ROHM Co., Ltd.
Oct. 2009 Managing Director and General Manager, Research & Development Headquarters, ROHM Co., Ltd.
May 2013 Managing Director in charge of Quality and General Manager, Research & Development Headquarters, ROHM Co., Ltd.
Jul. 2013 Managing Director in charge of Business Creation and Quality, ROHM Co., Ltd.
Aug. 2017 Advisor, Samco Inc.
Oct. 2018 Substitute Corporate Auditor, Samco Inc.
Jun. 2019 Director, Member of the Board of the Company (Current)
Oct. 2020 Outside Director, Samco Inc. (Current)

Reasons for selection: He has profuse management experience, including overseas business, and expertise as an officer in charge of technology development of semiconductor devices at a semiconductor-related company. He concurrently serves as a director of another company. He has profound relationships with universities in Japan and overseas. Currently, as Outside Director and Member of the Board of the Company, he has been providing useful proposals to the Board of Directors from various perspectives. It is expected that he will continue to contribute to strengthening of the management supervision function and give advice from a wide range of technological development perspectives.

Number of shares held: 1,300
Board of Directors meeting attendance rate (FY2022): 100% (14/14 times)

* Hiroko Okudaira's attendance rate is calculated using the 10 times the Board has met since she became a Director on June 24, 2021.
Note: The number of shares held is as of May 17, 2022.



Makoto Yoda

Director (Outside)
Member of the Board
[Nomination and Compensation Advisory Committee Member](#)

Mar. 1972 Joined Japan Storage Battery Co., Ltd.
(Currently GS Yuasa International Ltd.)
Jun. 2004 President, GS Yuasa Power Supply Co., Ltd.
(Currently GS Yuasa International Ltd.)
Jun. 2006 President, GS Yuasa Corporation
Oct. 2007 Chief Executive Officer (CEO), GS Yuasa Corporation
May 2013 Chairman, BATTERY ASSOCIATION OF JAPAN
Jun. 2015 Chairman, GS Yuasa Corporation
Chairman, GS Yuasa International Ltd.
May 2016 Chairman, Kyoto Industrial Association, Inc.
Jun. 2017 Advisor, GS Yuasa Corporation
Jun. 2018 Director, Member of the Board of the Company (Current)

Reasons for selection: He has a wealth of knowledge as a manager for many years. This includes overseas sales at companies that develop, manufacture, and market batteries and management experience at overseas subsidiaries including China. Moreover, he also gained a wide range of experience as the head of external organizations, such as the chairman of the BATTERY ASSOCIATION OF JAPAN and the chairman of the Kyoto Industrial Association. Currently, as Outside Director and Member of the Board of the Company, he has been providing useful proposals to the Board of Directors from various perspectives. It is expected that he will continue to contribute to strengthening of the management supervision function and give advice from a wide range of management perspectives.

Number of shares held: 1,300
Attendance at Meetings of the Board of Directors (FY2022): 92.9% (13/14 times)



Hiroko Okudaira

Director (Outside)
Member of the Board
Associate Professor, Doshisha Business School, Doshisha University
[Nomination and Compensation Advisory Committee Member](#)

Mar. 2009 Completed Doctoral Program, Graduate School of Economics, Osaka University
Apr. 2009 Associate Professor, Graduate School of Humanities and Social Sciences, Okayama University
Jan. 2015 Senior Research Associate at University College London as a JSPS Fellow
Apr. 2018 Associate Professor, Doshisha Business School, Doshisha University (Current)
Jun. 2021 Director, Member of the Board of the Company (Current)

Reasons for selection: As Associate Professor (labor economics, applied microeconomics, etc.) of Doshisha Business School, Doshisha University, she has a wealth of knowledge and has outstanding research achievements on wide-ranging themes concerning the social structure, such as empowerment of women and work-style reforms including work from home. Although she has no experience of involvement in corporate management, she has a wealth of knowledge, including practical empirical research of companies conducted in academia. Currently, as Outside Director and Member of the Board of the Company, she has been providing useful proposals to the Board of Directors from various perspectives, including on new workstyles, compliance, and diversity. It is expected that she will continue to contribute to strengthening of the management supervision function and give advice from a wide range of technological development perspectives.

Number of shares held: 200
Attendance at Meetings of the Board of Directors (FY2022): 100% (10/10 times)*

Corporate Auditors



Hirofumi Ota

Senior Corporate Auditor

Apr. 1981 Joined the Company
 Apr. 2005 General Manager, Finance & Accounting Department, Accounting Company
 Apr. 2012 General Manager, Finance & Accounting Group, Business Service Center
 Apr. 2014 General Manager, Finance & Accounting Group, General Administration Division
 Oct. 2014 General Manager, Finance & Accounting Department
 Apr. 2016 Corporate Officer
 Jun. 2019 Senior Corporate Auditor (Full-time; Current)

Reasons for selection: He has experienced the accounting operations of the Company for many years, and has professional knowledge regarding finance and accounting. Based on this wealth of experience and expertise, the Company has judged that he can appropriately fulfill his duties and responsibilities as Corporate Auditor.

Number of shares held: 2,000
Attendance at Meetings of the Board of Corporate Auditors (FY2022): 100% (19/19 times)
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)



Tetsuo Kikkawa

Corporate Auditor (Outside)
 President and Attorney-at-Law, Kyoto Mirai Law Firm

Apr. 1982 Registered with Osaka Bar Association
 Joined Miyake Joint Partnership Law Office (Currently Miyake & Partners)
 Apr. 1986 Registered with Kyoto Bar Association
 Established Masukawa & Kikkawa Joint Partnership Law Firm
 Apr. 1995 Vice-chairman, Kyoto Bar Association
 Oct. 2002 Established Kyoto Mirai Law Firm
 President and Attorney-at-Law, Kyoto Mirai Law Firm (Current)
 Mar. 2010 Outside Corporate Auditor, Kosei Kensetsu Co., Ltd. (Current)
 Apr. 2012 Chairman, Kyoto Bar Association
 Jun. 2020 Corporate Auditor of the Company (Current)

Reasons for selection: He has a wealth of knowledge and experience accumulated over many years working as an Attorney-at-Law, and based on this, the Company has judged that he is a person who has high ethics and can conduct fair and unbiased audits. Although he does not have any experience in being involved in corporate management other than serving as an outside officer, the Company has judged that he can properly carry out his duties as Outside Corporate Auditor for the reasons stated above.

Number of shares held: 0
Attendance at Meetings of the Board of Corporate Auditors (FY2022): 100% (19/19 times)
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)



Akio Umeda

Corporate Auditor

Apr. 1985 Joined The Daiwa Bank, Ltd. (Currently Resona Bank, Ltd.)
 Oct. 2003 General Manager, IR Office, Planning Division, Resona Holdings, Inc.
 Oct. 2005 General Manager, Corporate Communications Division, Resona Holdings, Inc.
 Oct. 2009 General Manager, Osaka Public Affairs Division, Resona Bank, Ltd.
 Apr. 2014 Manager, Human Resources Division, Resona Bank, Ltd.
 Apr. 2015 Joined the Company
 Assistant to Chief Officer of General Affairs & Human Resources
 Jun. 2015 Corporate Auditor (Full-time; Current)

Reasons for selection: He has a wealth of experience and knowledge accumulated over planning and IR operations in domestic and overseas at another company. Based on this experience and expertise, the Company has judged that he can appropriately fulfill his duties and responsibilities as Corporate Auditor.

Number of shares held: 1,679
Attendance at Meetings of the Board of Corporate Auditors (FY2022): 100% (19/19 times)
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)



Seiji Yokoyama

Corporate Auditor (Outside)
 Certified Public Accountant, Yokoyama-Seiji Certified Accountant Office

Apr. 1983 Joined Toray Industries, Inc.
 Oct. 1985 Joined Tohmatsu, Awoki & Co. (Currently Deloitte Touche Tohmatsu LLC)
 Mar. 1989 Registered as Certified Public Accountant
 Feb. 2000 Registered as California-Licensed Certified Public Accountant (USA)
 Jul. 2001 Partner, Deloitte Touche Tohmatsu LLC
 Jun. 2020 Established Yokoyama-Seiji Certified Accountant Office
 Corporate Auditor of the Company (Current)

Reasons for selection: As a certified public accountant, he has a profound insight into finance and accounting. The Company has judged that he is a person who can conduct audits from a fair and neutral position based on the audit experience of many domestic and overseas companies at an audit firm. Although he does not have any experience in being directly involved in corporate management, the Company has judged that he can properly carry out his duties as Outside Corporate Auditor for the reasons stated above.

Number of shares held: 0
Attendance at Meetings of the Board of Corporate Auditors (FY2022): 100% (19/19 times)
Attendance at Meetings of the Board of Directors (FY2022): 100% (14/14 times)

Notes: 1. The Company has reported all Outside Directors and Outside Corporate Auditors to Tokyo Stock Exchange Group, Inc. as independent directors or auditors.
 2. The number of shares held is as of May 17, 2022.

Expertise and Experience of Directors and Corporate Auditors (Skills Matrix)

| | Criteria | Skills and Experience | | | | | |
|--------------------|--|---|-------------------------------------|--------------------------------------|---|--|--|
| | | Management | Global | Sales/Marketing | Finance | R&D/Technology/Production | Sustainability |
| | Has about 3 years of experience in the fields to the right, whether being engaged in operations or in an executive role (without regard to industry) | Experience in running a business or corporation (including SCREEN Group companies) other than the current SCREEN Holdings | Experience in working outside Japan | Experience in sales and/or marketing | Experience in finance, accounting, and/or M&A | Experience in R&D, technology, and/or production | Experience in environmental management, risk management, legal affairs, human resources, and/or IT |
| Directors | Eiji Kakiuchi | ● | ● | ● | | | |
| | Toshio Hiroe | ● | ● | ● | | ● | |
| | Yoichi Kondo | ● | ● | | ● | | ● |
| | Yoshihisa Ishikawa | | | | ● | | ● |
| | Shigeru Saito | ● | | ● | | ● | |
| | Makoto Yoda | ● | ● | ● | | | ● |
| | Hidemi Takasu | ● | ● | | | ● | |
| | Hiroko Okudaira | | ● | | | | ●* |
| Corporate auditors | Hirofumi Ota | | | | ● | | |
| | Akio Umeda | | ● | ● | ● | | |
| | Tetsuo Kikkawa | ● | | | | | ● |
| | Seiji Yokoyama | | ● | | ● | | ● |

Note: The above table does not list all of the expertise and experience of the directors and corporate auditors.
 * Includes research in academia

Corporate Governance

Basic Concepts

By striving to improve corporate governance in pursuit of enhanced transparency, soundness, and efficiency in business management, the SCREEN Group aims to ensure that shareholders and all other stakeholders benefit in line with its Corporate Philosophy of “Sharing the Future,” “Human Resource Development,” and “the Pursuit of Technology.”

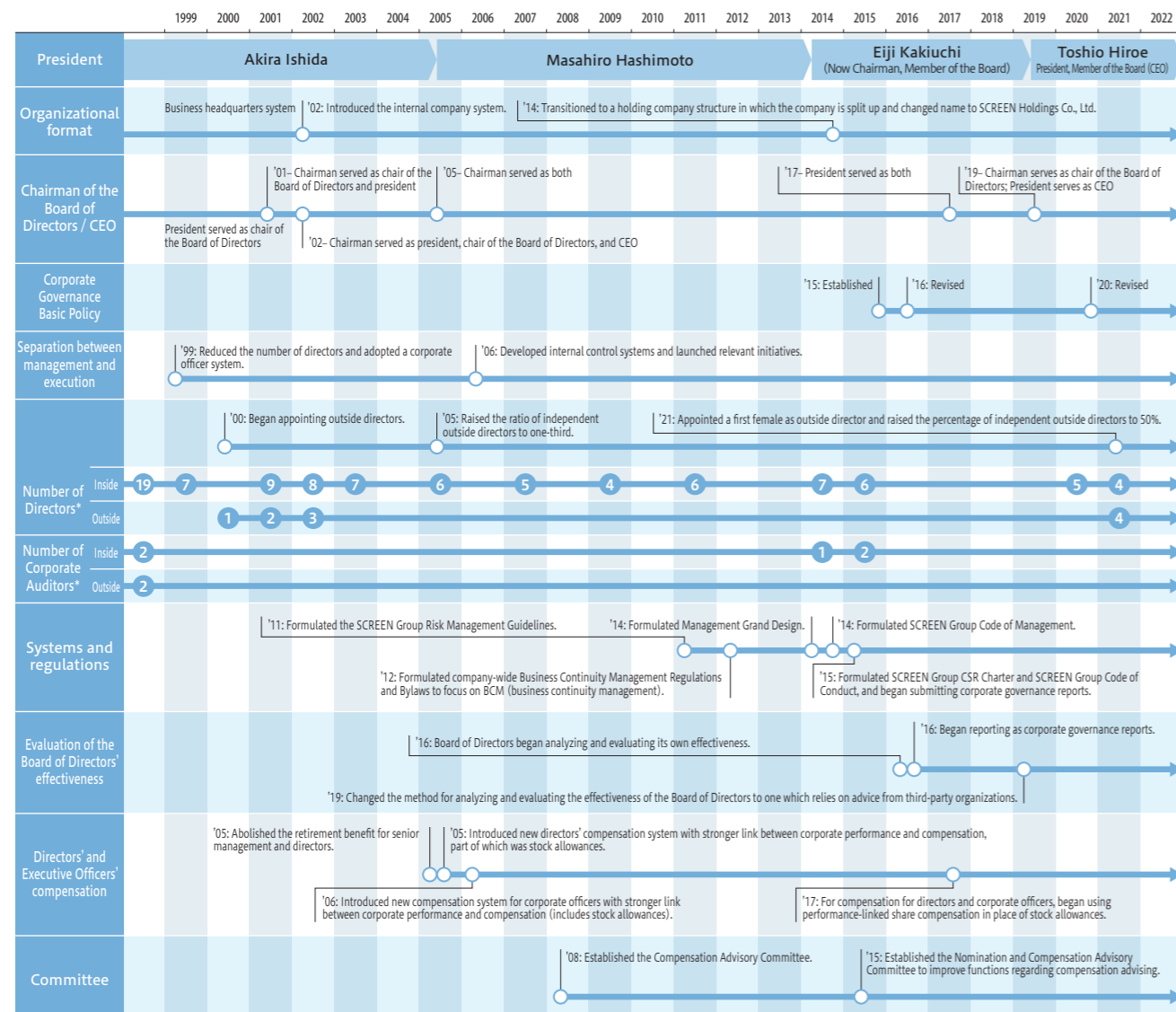
The Group recognizes that effective corporate governance is essential to the achievement of this goal, thus it has strengthened its capabilities to govern through the establishment of its Management Grand Design, which is SCREEN’s vision and guideline for SCREEN Value enhancement; SCREEN Group CSR Charter, which describes the principles of action for all executives and employees of the Group; and SCREEN Group Code of Management, which regulates the controlling policies and systems of Group companies as well as other regulations with which all executives and employees should comply.

Corporate Governance Report (updated on July 7, 2022)
www.screen.co.jp/download_file/get_file/20220708_CGR_E.pdf

Continuously Improving Group Governance

SCREEN has continued to strengthen and improve corporate governance. After we adopted a holding company structure in 2014, we have continued to reinforce our group governance.

SCREEN Governance History



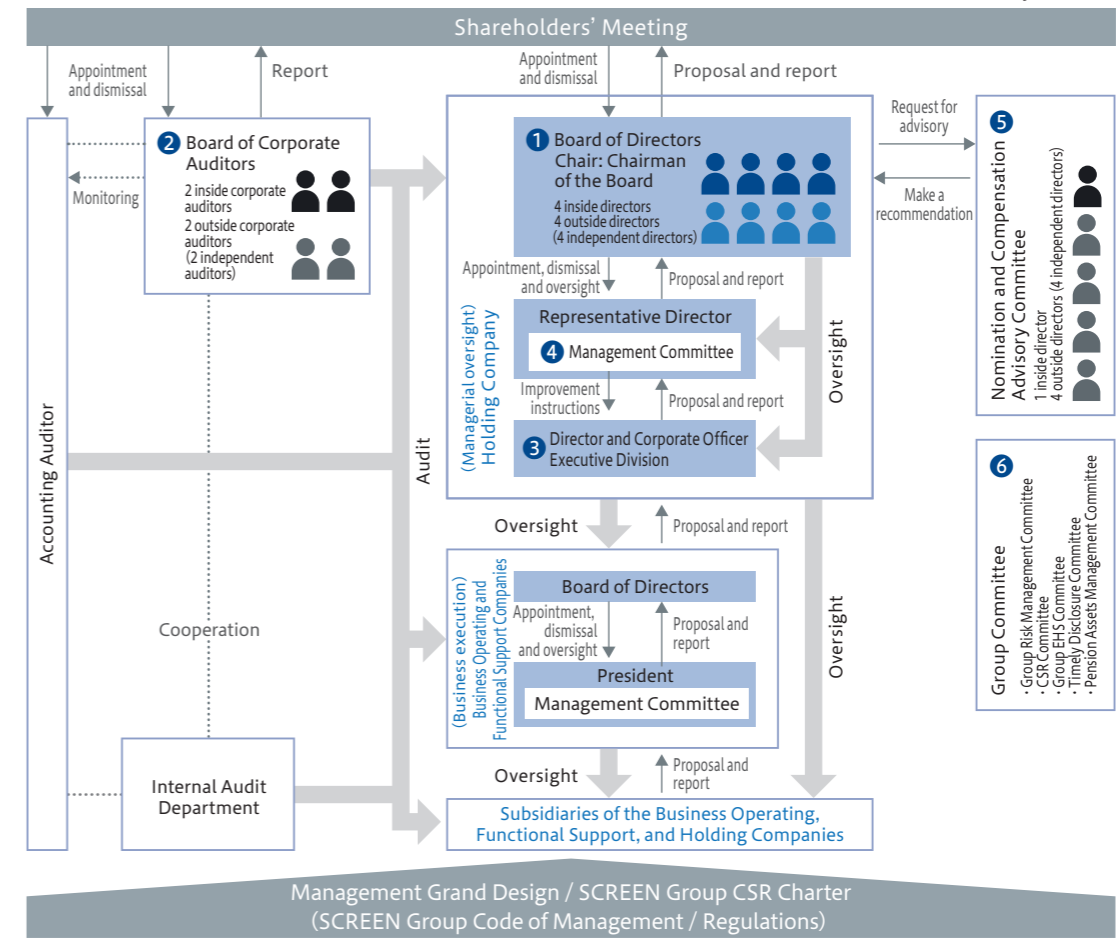
* The number of directors and corporate auditors is as of March 31.

Corporate Governance Structure

SCREEN is a company with a Board of Corporate Auditors. By ensuring diversity in the Board of Directors, we enable the Board of Directors to achieve maximum efficiency and effectiveness and to reach management decisions that enhance the Group’s medium- to long-term corporate value. In this manner, SCREEN Holdings maintains a functional balance that ensures that management oversight of the entire Group is securely in place.

Corporate Governance Structure

(As of July 7, 2022)



* ① to ⑥: Explained later.

1 Board of Directors

Institutional Composition

SCREEN has a Board of Directors that currently comprises eight directors (including four outside directors). The Board of Directors determines basic policies and strategies for the Group management and important matters in business execution and exercises supervision over business execution, holding regular monthly meetings and additional meetings as necessary.

The Company’s Rules of the Board of Directors include provisions aimed at maintaining an optimal number of directors in light of changes in the operating environment and the nature of duties to be assumed by individual directors. To this end, these provisions mandate that the “number of directors must not exceed 13 and at least one third of its membership must be accounted for by outside directors.” These provisions are intended to secure “diversity in terms of directors’ experience and their areas of

specialty” and help maintain “a balanced perspective that allows the Board of Directors to operate with maximum efficiency and effectiveness while keeping management oversight over the entire Group securely in place.” It selects more than one-third of outside directors in the Board of Directors with an eye to the functional enhancement of management oversight and the maintenance of management objectivity.

The term of office of director is set at one year as the Company aims to clarify responsibilities of directors in addition to securing a management structure capable of quickly adapting to changes in the operating environment.

* The attendance record of the Board of Directors is presented under Directors and Auditors (p. 61-63).


Duties of Directors, Appointment of Candidates for Directors and Corporate Auditors, Dismissal of Directors


The principal duty of the directors is “to recognize their fiduciary responsibility to shareholders and assume the responsibility of sustainably enhancing the SCREEN Group’s corporate value.” Regarding the nomination of candidates for director and corporate auditor positions, candidates are selected in accordance with SCREEN Holding’s “Criteria for Appointing Candidates for Directors and Corporate Auditors” and approved by the Board of Directors after seeking the advice of the Nomination and Compensation Advisory Committee, which includes outside directors (the majority) and the chairman of the Board of Directors.

Outside directors and outside corporate auditors are selected based on experience and expertise, with the aim of drawing on a variety of perspectives to ensure objective, bias-free management. Our company works to ensure the independence of the outside directors and outside corporate auditors, applying

the Tokyo Stock Exchange’s standards of independence as well as the Group’s own criteria for independence of outside directors and outside corporate auditors. All six outside directors and outside corporate auditors (four outside directors and two outside corporate auditors) are registered with the Tokyo Stock Exchange as independent directors and corporate auditors.

Regarding the dismissal of directors, the Board of Directors may propose to dismiss an individual to whom one of the Criteria for Dismissing Directors apply after seeking the advice of the Nomination and Compensation Advisory Committee. Dismissal of said individual is then finalized at the shareholders’ meeting based on a resolution passed by the Board of Directors.

 [Criteria for Appointing Candidates for Directors and Corporate Auditors, and for Dismissing Directors](http://www.screen.co.jp/download_file/get_file/Election_HD_E.pdf)
www.screen.co.jp/download_file/get_file/Election_HD_E.pdf

 [Criteria for Independence of Outside Directors and Outside Corporate Auditors](http://www.screen.co.jp/download_file/get_file/20170509_Ind_Crit_E.pdf)
www.screen.co.jp/download_file/get_file/20170509_Ind_Crit_E.pdf

Training Policies for Directors and Corporate Auditors

The Company provides newly appointed directors and corporate auditors (excluding outside directors and outside corporate auditors) with opportunities to undergo external training programs at its own expense, thereby ensuring that these individuals are well aware of the roles and responsibilities they are expected to fulfill from the moment their terms of office begin as well as the relevant laws and regulations they need to know.

Outside directors and outside corporate auditors are given opportunities to acquire knowledge about the SCREEN

Group’s businesses, financial conditions, and organizational structure, and other essential Group-related matters as soon as they assume office while being granted access to duty-related intelligence necessary to the fulfillment of their roles and responsibilities. Major business companies are reporting its business status in board of directors every quarter. That keeps directors and corporate auditors informed of the latest technological, business, and industrial trends.

We will continue to implement this training on an ongoing basis moving forward.

Cross-shareholdings

In order for the Company to enjoy sustainable corporate development, it is essential to maintain partnerships with a broad range of external corporations. Because of this, the Company may retain cross-shareholdings as long as said shareholdings are deemed strategically necessary in light of its pursuit of medium- to long-term improvements in corporate value. To assess the necessity of such shareholdings, the Board of Directors engages in annual reviews aimed at comprehensively verifying the status of transactions with investees, the impact of shareholdings on the Company’s financial position, the quantitative benefits of such shareholdings vis-à-vis capital cost, and whether the purposes of shareholdings have been met. If verification results reveal that certain shareholdings are no longer necessary, the Company negotiates with the investees to ensure that the shareholdings

in question can be smoothly divested. As of the end of the most recent fiscal year, the Company had divested shares of 33 investees, totaling ¥7.7 billion, over the seven years since the enactment of Japan’s Corporate Governance Code.

In addition, the Company exercises voting rights associated with its shareholdings in a way that respects the management policies of its investees while making voting judgments from the perspective of enhancing its own corporate value over the medium to long term. It should be noted that if an investee is found to be involved in major misconduct or has submitted a proposal that is deemed potentially detrimental to shareholder value, the Company will take a particularly cautious approach when making its voting judgment, engaging in dialogue with the investee prior to voting as necessary.

Board of Directors: Agenda Items

Agenda items (topics of deliberation) at Board of Directors meetings are as follows.

| Agenda item | Number of agenda items (FY2021) | Number of agenda items (FY2022) |
|---|---------------------------------|---------------------------------|
| Business strategy related | 10 | 18 |
| Financial results (including dividends), financial strategy related | 21 | 15 |
| ESG (sustainability, corporate governance, internal control, compliance, risk management) | 4 | 10 |
| Human resources strategy related | 14 | 13 |
| General affairs related | 5 | 5 |
| Total | 54 | 61 |

Note: Excludes written resolution items.

Evaluation of the Effectiveness of the Board of Directors and Future Initiatives

The Board of Directors of SCREEN Holdings regularly conducts a self-analysis and evaluation of its effectiveness and publishes a summary of the results. Its goal is to determine how the Board contributes to the effective implementation of corporate governance and to identify and improve issues. The analysis and evaluation were conducted with the advice of a third-party organization, and the results are compared with third-party

evaluations of other companies.

The Board intends to develop and implement remedies based on the analysis and evaluation results described below and to enhance the Board’s functionality toward helping the Company achieve sustainable growth and increasing its corporate value over the medium and long term.

FY2021 Evaluation Results

The results show that the Board of Directors is generally fulfilling its roles and functions appropriately.

Evaluations improved compared with FY2020 in the following areas

- The number of items put up for discussion is more appropriate
- More time is allocated for pre-meeting deliberation
- Management strategies and plans are discussed sufficiently with an awareness of profitability and capital efficiency
- Sufficient information is provided on the management, finance, and risk management of the Company and the Group in addition to data on the industry, management challenges, and compliance issues

Principal areas where there remains room for improvement

- Potential risks in management strategies and plans, the manner in which updates and revisions are discussed
- Provision of training opportunities available for directors

Issues recognized in the evaluation of the fiscal year ended March 31, 2021, and subsequent actions

Evaluation of potential risks, updates and revisions to management strategies and plans

Work to further assess Group-wide risks and enhance discussions

- The Group Risk Management Committee, which added the presidents of business operating companies as new members (as part of a risk management system), takes a broader perspective to identify risks across the Group and builds systems to directly present and report key risks to the Board of Directors.

Provision of training opportunities available for directors

Striving to provide opportunities to accurately assess SCREEN’s situation

- Regularly report on the business situation from the CEO, Chairman of the Board, and presidents of major subsidiaries at Board of Directors meetings
- Continually provide detailed explanations and background information from executive officers of briefings prior to meetings on matters to be discussed by the Board of directors
- Conduct lectures on governance-related laws, business briefings, and factory tours

FY2022 Evaluation Results

The results show that the Board of Directors is generally fulfilling its roles and functions appropriately.

Evaluations improved compared with FY2021 in the following areas


- Ensuring diversity within the Board of Directors
- Ensuring provision of sufficient deliberation time
- Holding free, active, and constructive discussions and opinion exchanges
- Sufficient oversight and monitoring of the construction and operation of Group-wide internal control systems
- Conducting sufficient pre-meeting briefings furnished to outside directors

Principal areas where there remains room for improvement

- Discussions mainly related to management strategies and portfolio strategies at Board of Directors meetings
- Collaboration between directors and corporate auditors with relevant departments, including the Internal Audit Department

Based on FY2022 evaluations and cause analyses, the Company’s Board and relevant internal sections will work to ensure lively and diverse discussions and improve the quality of deliberations at the Board of Directors. To this end, they will conduct sufficient studies, enhance current measures, and further strengthen

collaboration with relevant departments with regard to discussions at Board meetings and the provision of support for Directors and Auditors.

 [Summary of Results of Evaluation of the Board of Directors’ Effectiveness \(June 14, 2022\)](http://www.screen.co.jp/download_file/get_file/20220614_BME_E.pdf)
www.screen.co.jp/download_file/get_file/20220614_BME_E.pdf

2 Board of Corporate Auditors

The Board of Corporate Auditors comprises four members, of whom two are outside corporate auditors who meet our own criteria for independence. The Board of Corporate Auditors holds one regular meeting per month and additional meetings as necessary. In line with the audit policies and plans formulated by the Board of Corporate Auditors, it is responsible in monitoring and overseeing the legality of the official acts of the directors.

This is done through daily audits to ensure propriety. The company has set up the Corporate Auditors Department staffed with dedicated employees to support the auditors’ duties.

Note: The attendance record of the Board of Corporate Auditors is presented under Directors and Auditors (p. 63).

3 Corporate Officer System

The Group has introduced the corporate officer system in order to accelerate business execution and clarify responsibility. Corporate officers effectively execute their duties in accordance with the basic policies and strategies determined by the Board of Directors.

4 Management Committee

Chaired by the CEO, the Management Committee, comprising the full-time directors, presidents of business operating companies and functional support companies, and officers whom the chairman of the Committee appoints, meets more than once a month to deliberate matters related to management and to facilitate the decision making of the Board of Directors and representative directors.

5 Nomination and Compensation Advisory Committee

SCREEN has voluntarily chosen to establish the Nomination and Compensation Advisory Committee, which consists of outside directors (who hold a majority) and the chairperson of the Board of Directors, to ensure a highly transparent and objective process for appointing and dismissing candidates for director, corporate auditor, corporate officer, and other positions and for determining compensation and other related matters, thereby

strengthening the Board of Directors' supervisory functions. Matters related to the appointment and dismissal of, as well as compensation for, HD and business operating, and functional support company directors and executives are discussed by the Committee in response to requests for consultation. The Committee then reports its findings to the Board of Directors.

Management Compensation

Compensation as an incentive for directors is determined on the basis of individual roles and responsibilities in order to live up to the stakeholders' expectations and enhance medium- to long-term corporate value. Please note that SCREEN Holdings abolished its retirement benefit for senior management and directors in 2005.

Compensation for directors and corporate officers now consists of three elements: (a) basic remuneration for fixed cash payment, (b) a short-term performance-linked cash bonus, and (c) share compensation linked with the short- and medium- to long-term performance, and corporate value (shareholder's value), as described below.

Outside directors receive only basic remuneration and a performance-linked cash bonus. Also, corporate auditors receive only basic remuneration, which is determined

The policy on determining the ratio of total remuneration to each director is as follows

- Basic remuneration is paid relative to responsibility of director in terms of business size that they are engaged in.
- Performance-linked cash bonus is paid less than half of fixed compensation.
- Performance-linked share compensation is designed to grant approximately 40% of basic remuneration at most. Its monetary value could change with fluctuations in share value.

by the Board of Corporate Auditors based upon the total amount approved for corporate auditor compensation at the Shareholders' Meeting.

Responsibility for determining compensation for individual directors and related matters has been granted to the representative director by the Board of Directors, with the understanding that such matters will be decided based upon the recommendations of the Nomination and Compensation Advisory Committee and conform to the total amount authorized for director compensation by the Shareholders' Meeting. Compensation for individual corporate officers is determined by the representative director based upon the recommendations of the Nomination and Compensation Advisory Committee.

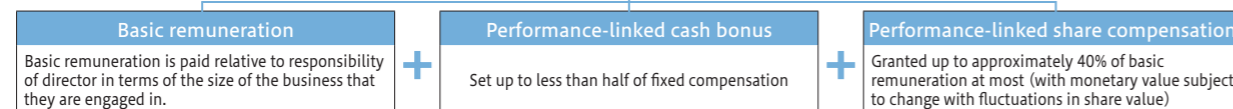
Performance measurement aims at reinforcement of management infrastructure, including operating income ratio, and ROE as medium-term management planning performance indicators. In addition, measurements in terms of environment and safety are used to enable the social value enhancement. The amount of performance-linked bonus is determined on scoring achievement of each indicator. (Please refer to the table of "Performance Measurement" below.)

Note: Further information about management compensation can be found in the 81st Term Securities Report (p. 57).

81st Term Securities Report (in Japanese only)
www.screen.co.jp/download_file/get_file/YH81.pdf

Director Compensation

Breakdown of compensation



Performance Measurement

Standards for achievement of principal indicators related to performance-linked cash bonuses and associated results during the fiscal year ended March 31, 2022

| Performance measurement | Achievement standards | Achievement |
|---|---|---|
| Operating income ratio | 5.7% to 9.5% or greater | 14.9% |
| ROE | 5% to 10% or greater | 19.9% |
| Measurements in terms of environment and safety | Reduction of CO2 emissions from business activities Final fiscal year: Reduce 10% (compared with FY2019) | 15.4% reduction (preliminary figures as of May 2022) |

Note: The company has put in place standards of achievement to serve as indicators for determining the extent to which individual business targets have been achieved during the fiscal year ended March 31, 2022.

Breakdown of Compensation

Total Amounts of Compensation (by Type, Board Member Category), Number of Eligible Board Members (FY2022)

| Category | Total amount of compensation (million yen) | Total amount for each type of compensation (million yen) | | | Number of eligible board members |
|--|--|--|-------------------------------|---------------------------------------|----------------------------------|
| | | Basic remuneration | Performance-linked cash bonus | Performance-linked share compensation | |
| Directors (outside directors excluded) | 357 | 179 | 108 | 69 | 5 |
| Corporate auditors (outside corporate auditors excluded) | 46 | 46 | — | — | 2 |
| Outside directors | 64 | 44 | 20 | — | 6 |

Note: The above includes one director who retired at the time that the 80th Ordinary General Meeting of Shareholders concluded on June 24, 2021.

6 Group Committee

The Group strives to enhance corporate governance for the Group as a whole under the management of five Group committees. Each committee conducts monitoring and discussions according to the purpose, and reports to designated organizations such as the Board of Directors as appropriate. Climate-related matters reported to the Management Committee and the Board of

Directors in the fiscal year ending March 31, 2022 included the TCFD Compliance Project, support for TCFD Recommendations, participation in the TCFD Consortium, and introduction of renewable electricity at the head office, Hikone Plant, and Taga Plant.

(As of July 1, 2022)

| | Composition* | Purpose | Agenda (fiscal year ended March 31, 2022) Number of meetings (fiscal year ended March 31, 2022) |
|-------------------------------------|--|---|---|
| Group Risk Management Committee | <ul style="list-style-type: none"> Highest position responsible person: CEO Chair: Chief Officer of Corporate Strategy Members: Directors (3), corporate officers (4), and presidents of the business operating and functional support companies (6) | To assess changes in the environment inside and outside the SCREEN Group and conduct risk management across the Group, we comprehensively identify risks throughout the entire SCREEN Group and set key Group risks, evaluate the risks, and formulate policies to address them according to their seriousness. | <ul style="list-style-type: none"> Developed key Group risks Reviewing the risk management situation of key Group risks and investigating essential response measures [2 meetings] |
| CSR Committee | <ul style="list-style-type: none"> Responsible person: CEO Chair: Chief Officer of Sustainability Promotion Members: Chairman, director (1), corporate officers (6), corporate auditors (2), CSR officers and auditors of the business operating and functional support companies, managers of other involved departments | From the viewpoint of improving social value, promoting the practice of ethical behavior of employees based on the SCREEN Group CSR Charter / Code of Conduct, respond to the SDGs, contribute to local communities, and evaluate and manage climate-related risks and opportunities. | <ul style="list-style-type: none"> Reporting on and discussing progress toward and issues involving the CSR medium-term management plan "Sustainable Value 2023" Reporting on SDGs and social contribution activities Sharing CSR activity situation information for individual company, etc. [2 meetings (1 meeting / half period)] |
| Group EHS Committee | <ul style="list-style-type: none"> Management supervisor: Chief Officer of Sustainability Promotion Members: Director (1), HD and Japanese SCREEN Group EHS administrator and director of the EHS secretariat | Sharing, as well as pursuing ongoing improvement in, internal issues and problems related to the environment, health, and safety (EHS) and business continuity plans (BCP) at the Group. | <ul style="list-style-type: none"> Approving and revising Group companies' EHS and BCP targets and action plans, reviewing progress and issues, and identifying and issuing improvement instructions in cases of noncompliance Deliberating of proposals from subcommittees and working group Performing management reviews and other tasks [3 meetings (April, November, February)] |
| Timely Disclosure Committee | <ul style="list-style-type: none"> Chair: General Manager, Finance & Accounting Department Members: Corporate officers and general managers of involved departments (Observer: CFO) | Implementing timely and appropriate disclosure according to the Financial Instruments and Exchange Act and other associated laws and regulations of the financial instruments exchange. | <ul style="list-style-type: none"> Collecting important factual information Verifying and analyzing information Studying the necessity of disclosing information Studying disclosure methods and related considerations [7 meetings] |
| Pension Assets Management Committee | <ul style="list-style-type: none"> Chair: Director in Charge of General Affairs & Human Resources Strategy Members: CFO and managers of involved departments | Developing management policy and operational guidelines, reviewing the policy asset mix and deliberating topics, including the selection, evaluation, and dissolution of relationships with asset managing trustees | <ul style="list-style-type: none"> Deliberating investment policies Reporting on the status of investments Reporting on the rate of application of defined-benefit (DB) corporate pensions [2 meetings (1 meeting / half period)] |

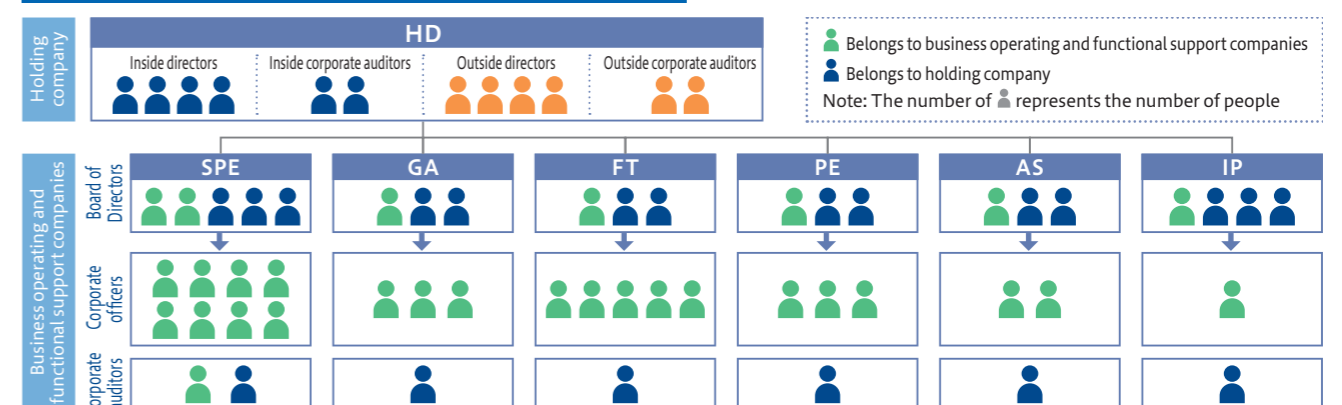
Note: Assumed to be HD unless specifically stated otherwise.

Group Governance Structure within Holding Company Structure

SCREEN has adopted a holding company structure made up of separate business operating companies to enable agile and bold business execution. SCREEN Holdings (HD) determines the basic policies and strategies for Group management as well as the optimal allocation of management resources. In addition, it has management oversight over the business execution of each Group company, ensuring the functional segregation of business execution and oversight.

The business operating companies have also adopted a corporate officer system that aims to clarify the responsibilities and roles of officers as well as to secure a management structure capable of quickly adapting to changes in the operating environment. In addition, each of these companies maintains a management committee to deliberate matters related to management and facilitate the decision making of the Board of Directors and representative directors.

Group Governance Organizational Chart (as of July 1, 2022)



Risk Management

In accordance with the SCREEN Group Code of Risk Management and other relevant in-house rules, the SCREEN Group is engaged in initiatives aimed at identifying and mitigating business risk, and SCREEN Holdings (HD), as the holding company, has in place a system for assessing the status of risk management for the entire Group.

Risk Management Structure

In order to mitigate risk with the potential to negatively impact the SCREEN Group's corporate value, we have established a companywide, cross-cutting risk management structure which includes the HD Representative Director, President while making the presidents of each SCREEN Group company responsible for managing risk at their own companies. The Group Risk Management Committee, which meets twice a year as a general rule, discusses the status of risk management efforts and necessary countermeasures and reports them to the HD Board of Directors.

In addition, we have the Group Risk Management Committee discuss the risks on the Group risk list that have (or will highly likely have) particularly large effects, and select them as the key Group risks for the current fiscal year. We then have them approved by HD Board of Directors to make a final determination.

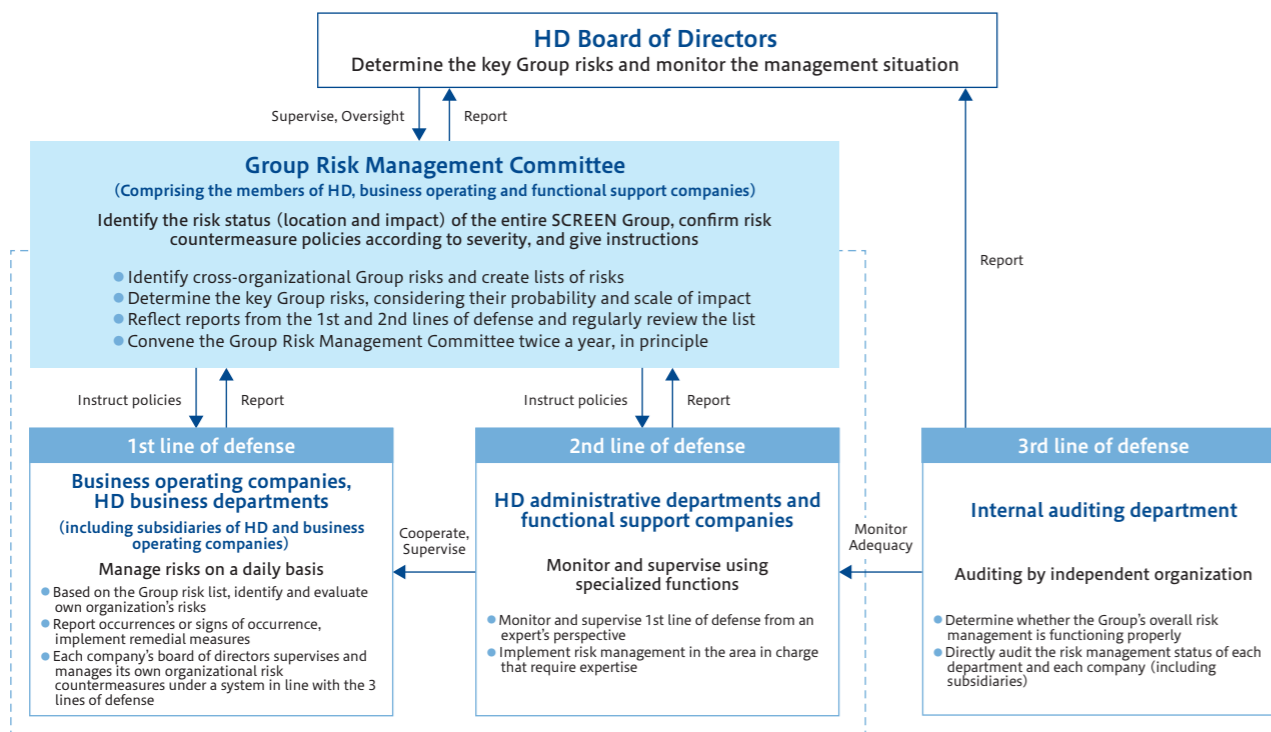
Under the Group Risk Management Committee, to prevent and minimize damage to corporate value, the SCREEN Group identifies the risks inherent in the entire Group and their status, determines the direction of risk management by identifying the key Group risks in response to changes in the business environment each fiscal year, and prevents risks from materializing. As a specific example, we adopt a "three lines of defense" approach: the first line of defense is the Group business operating companies; the second is the holding company administrative department and functional support companies; and the third is the internal audit department. In line with this, we designate individual risk managers and management roles and establish a governance structure for sharing risk-related information between the front line and senior management.

Further Enhancement of Risk Management Effectiveness

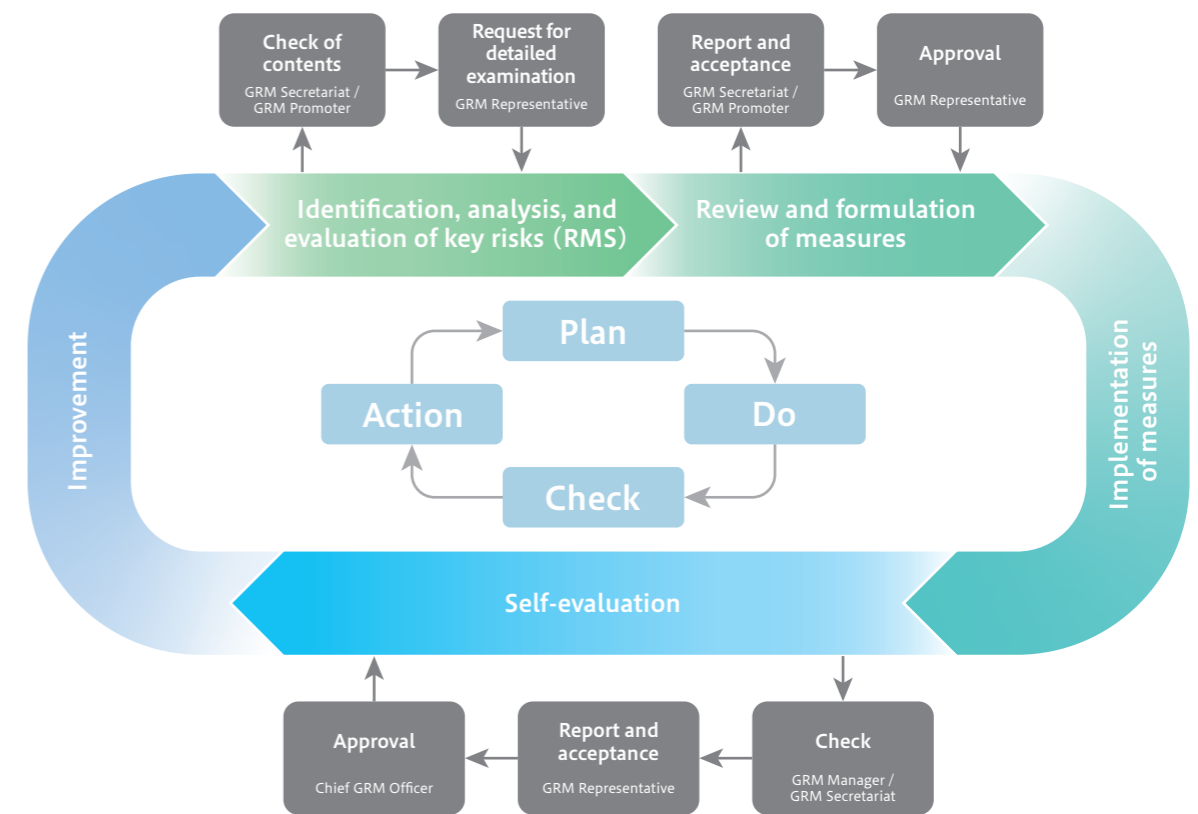
From FY2023, we are working to strengthen the cooperation between the first line of defense and the second line of defense to enhance the effectiveness of risk reduction activities regarding the key Group risks for FY2023 that were decided on through the aforementioned process. Specifically, we have introduced a new scheme in which the first line of

defense identifies risks subject to risk reduction activities at the beginning of the fiscal year and confirms the progress of said activities during the fiscal year (for each quarter). Backing this up, the second line of defense reviews each risk and related activity and offers further reduction measures.

Risk Management Structure and Roles



Operational Flow for the Risk Management System



Overview of the Key Group Risks (FY2023)

| No. | Risk category | Overview of the Key Group Risks |
|-----|--|---|
| 1 | Management plan | <ul style="list-style-type: none"> Loss of customers or opportunities due to inability to fulfill customer supply responsibility mainly because of supply chain bottlenecks. Delay or suspension of customers' capital investment plans |
| 2 | Business continuity (BCP/BCM) | <ul style="list-style-type: none"> Disruption to business activities due to the protracted COVID-19 pandemic Increased impact from incidents due to centralization of production Data leaks or system shutdowns due to insufficient cyber security countermeasures |
| 3 | Technologies and products | <ul style="list-style-type: none"> Lower market share due to delayed response to technological innovation and market trends |
| 4 | Quality management | <ul style="list-style-type: none"> Increased quality issues and accidents as production ramps up |
| 5 | HR policies and next-generation upbringing | <ul style="list-style-type: none"> Disruption to business activities due to lack of human resources amid a rapid increase in business Lack of personnel due to aging employees, increasingly rigid organization, and falling liquidity of personnel |
| 6 | Climate change | <ul style="list-style-type: none"> Lower corporate evaluation and loss of customers due to delayed response to environmental conservation promotion (SBTi, TCFD, RE100, etc.) |
| 7 | Compliance with laws and regulations for trade | <ul style="list-style-type: none"> Punishments, import/export bans, and delayed product shipments due to delayed response to tougher laws and regulations |

Business Continuity Plans (BCPs)

When it comes to recently intensifying catastrophic earthquakes, typhoons, flooding and other natural disasters, infectious disease pandemics, and other risks with the potential of interrupting business operations, the SCREEN Group's first priority is ensuring the safety of its employees and their families, followed by ensuring the prompt resumption of business operations in order to meet our product and service supply obligations to our customers. Towards this end, we acquired ISO 22301, which is an international standard for business continuity management systems (BCMSs), and work to develop and implement effective BCPs.

Preparation of Emergency System

We have put in place a safety confirmation system that uses mobile phones and smartphones to facilitate confirmation of the safety status of employees following a large-scale disaster and to facilitate a rapid response in line with the damage situation. Based on the email replies from employees, we can determine the magnitude of human casualties and direct disaster damage and then work to guarantee the safety of employees, which is most essential to business continuation. In addition, we regularly implement safety confirmation drills, emergency response and evacuation drills, and Emergency Headquarters drills and have worked hard to enhance our systems by improving issues identified from the results of these efforts.

Strengthening Manufacturing Base

For our operations sites in Japan we undertake a variety of measures, including seismic resistance evaluations, building reinforcement, dismantling of aging facilities, immobilization of equipment and facilities, and introduction of seismic-resistant machinery and equipment. Based on lessons learned from large-scale disasters and supply chain interruptions, we endeavor to put in place production systems that complement production sites as well as parts suppliers, in order to prevent significant damage to our business. At the Hikone Plant, which produces semiconductor manufacturing equipment, we have taken seismic-isolation measures in the factory and are in the process of constructing production systems that can also handle high winds and flooding.

Strengthening IT Security

Recently, frequent, sophisticated cyber attacks and other incidents have reinforced the fact that IT security risks represent a serious business challenge, and we are continually working on stronger measures to ensure IT security. We have put in place a worldwide Group IT security structure overseen by SCREEN Holdings' Chief Officer of Corporate Strategy, who works in conjunction with the representatives of the different Group companies to create Group-wide rules and guidelines, as well as a medium- to long-term IT roadmap. In response to the ever-changing nature of the IT security risk environment and cyber attacks, we have incorporated an EDR*1 for detecting malware on computers and servers. To detect cyber attacks from both inside and outside, we are stepping up measures including establishing an SOC.*2 In addition, we regularly review related rules and guidelines and work to improve IT

Resilience of Parts Procurement

With regard to critical parts that have limited suppliers, we are taking a double-track approach by promoting substitution with generic alternatives or access to more than one supplier. At the same time, in order to maintain stable parts procurement, we share long-term forecasts and other information and work to prevent the inclusion of parts that have limited suppliers during the design stage.

COVID-19 Measures

In response to the COVID-19 pandemic, as a "designated infectious disease," the SCREEN Group has established a Group Emergency Headquarters within the SCREEN Holdings head office which is overseen by the SCREEN HD President, and we have established local emergency headquarters at operations sites in Japan and overseas, as well as established business recovery headquarters at our business operating companies. We are working to ensure business continuity by checking on the health of employees, promoting telework to mitigate workplace infection risks (by changing structures while enhancing and developing VPNs and other IT infrastructure), taking steps to introduce shifts and workplace partitioning in production departments, and providing online support to customers. In addition, we conducted three COVID-19 workplace vaccination events for a total of around 19,300 people comprising Group employees and their families, dispatch workers, partner company employees, suppliers, and other related personnel.

literacy among all executives, employees, temporary personnel and everyone else in the SCREEN Group through a variety of means, including annual IT security training that is updated with the latest information.

We established an internal Computer Security Incident Response Team, or CSIRT, so that we can respond to reports about incidents related to IT security, detect risks, and take steps to respond quickly. We also joined the Nippon Computer Security Incident Response Team Association (NCA)*3 so that we can conduct these activities more effectively.

We pursue measures that will enable us to conduct our business safely, securely and without interruption, for example by conducting year-round, round-the-clock monitoring of our in-house network infrastructure.

IT Measures During the COVID-19 Pandemic (putting in place and managing a telework environment)

Thanks to a series of workstyle reforms we began pursuing before the COVID-19 pandemic, including building a cloud-based environment that enables the tools and communication necessary for telework, we were able to accommodate telework without significant confusion or productivity impacts. Additionally, we offered all employees IT security training with a special focus on precautions that need to be taken when working from home, and we were able to put in place a manageable telework environment. We are also continuing to work from the standpoint of business continuity to improve operational mechanisms and procedures in order to enlarge the scope of operations that can be accomplished via telework.

*1 EDR: Endpoint Detection and Response. A solution for quickly detecting and responding to suspicious behavior on computers and servers.

*2 SOC: Security Operation Center. A department dedicated to providing advice on detecting and classifying cyber attacks and coming up with responses.

*3 An association for the purpose of dealing with computer security incidents by collecting and providing predictive information that will help members handle and solve security problems.

Compliance

Compliance System

The SCREEN Group has established a CSR Charter / Code of Conduct that all Group executives and employees should follow and provides principles of conduct based on our corporate philosophy. Based on the CSR Charter / Code of Conduct, the SCREEN Group will comply with all applicable laws and regulations, as well as standards of ethics in all relevant countries, and will conduct business activities in a fair and sensible manner.

Led by our Legal, IP & Compliance Department, we promote abidance with international rules and each country's laws and regulations and offer a range of compliance education in efforts to raise awareness of compliance and make it fully understood across the entire SCREEN Group. The CSR Committee, which meets twice a year, confirms and shares information on the state of compliance at each company.

Compliance Education

Through both in-person class and e-learning, newly graduated employees, mid-career hires, and officers and employees at SCREEN companies worldwide receive education including compliance basics, job-level-specific classes, specialist classes, and classes on CSR Charter / Code of Conduct. Education also includes periodic classes on harassment prevention and on compliance with laws related to unfair competition, anti-corruption, anti-monopoly (including Subcontract Act.), personal information protection, worker dispatching and insider trading.

In the fiscal year ended March 31, 2022, we provided education on compliance, harassment, anti-corruption, cartels, trade secrets, and appropriate use of software to Asian subsidiaries, as well as education on amended Act on the Protection of Personal Information protection legislation that went into effect in April 2022 to Group companies in Japan. In addition, education on technology contracts and development contracts was provided to engineers involved in R&D and new businesses at business operating companies.

Whistleblowing System

We have established the Internal Reporting Hotline, a whistleblowing system that helps to prevent improprieties and misconduct through the early detection of harassment and suspected violations of domestic and overseas laws and regulations, international rules, corporate ethics, and internal regulations. We also comprehensively work to prevent corruption, such as bribery, excessive entertainment and collusion. Our global whistleblowing system has a Hotline in a unified Group web space to accept inquiries from all Group officers, employees and supplier companies in Japan and overseas.

In line with the amended Whistleblower Protection

Act, there are also rules in place regarding anonymity and privacy protection, as well as for ensuring that no one will be given disadvantageous treatment for having used the whistleblowing system. Periodic in-house audits are conducted to see how well we are complying with laws, regulations and corporate ethics.

In the fiscal year ended March 31, 2022, there were 15 inquiries made through the whistleblowing system, and we responded to all of them.

Tax Transparency

Our CSR Charter / Code of Conduct clearly stipulates that the SCREEN Group will implement highly transparent management of our businesses through sound and effective corporate governance and that the Group will comply with all applicable laws and regulations, as well as the ethical standards of all relevant countries, and will conduct our business activities in a fair and sensible manner. In accordance with these directives, each Group company is responsible for full compliance with all local tax laws, filing requirements and tax obligations, and the CFO is responsible for tax matters. Moreover, we will not resort to tax planning or use tax havens to evade taxation.

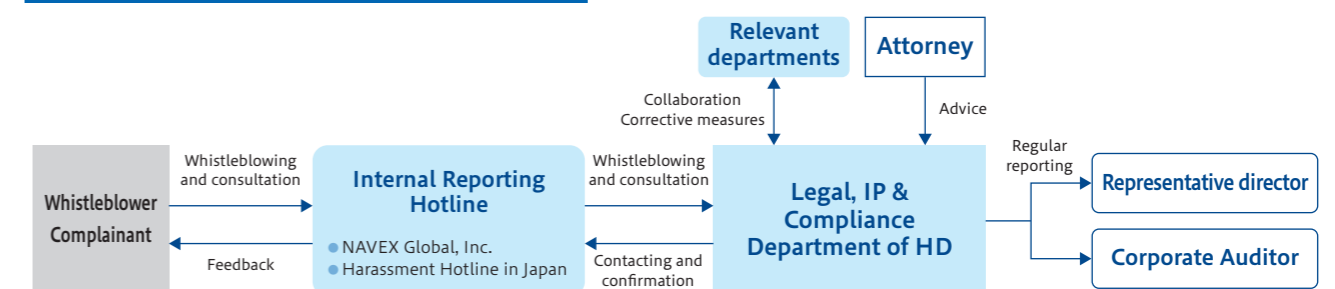
Compliance with Competition Laws and Anti-corruption

Under its CSR Charter, the SCREEN Group formulated the Guidelines on Preventing Bid-rigging and Cartels, and conducts education for all officers and employees on improper activities. The goal is to prevent collusion, monopolies, unfair advantages to one's own suppliers, and other actions that violate anti-monopoly and anti-trust laws, as well as prevent bribes and other such improper acts. In the fiscal year ended March 31, 2022, there were no instances in the SCREEN Group of anticompetitive or antitrust practices or illegal monopolistic activities.

Compliance on Products and Services

SCREEN conducts a compliance evaluation once every six months for each business regarding its response to laws and regulations relevant to its products and services. The Company confirms its compliance related to labeling, including for products and CE markings, and reports on said compliance are issued to the Group EHS Committee. In addition, managing organizations and related organizations within the Group involved in legal affairs, intellectual property, CSR promotion, and public relations collaborate to verify product and service information prior to its external release. In this way, we work to ensure fair and accurate information disclosure. In the fiscal year ended March 31, 2022, there were no significant legal violations.

Internal Whistleblowing Response Overview



Environment

Basic Concepts

Following the basic policy of “Establishment of a Friendly Environment for People and Our Planet,” stated in our CSR Charter / Code of Conduct, we comprehensively manage environmental risks and opportunities, such as climate change, stricter environmental regulations around the world, and growing needs for products with low environmental impacts. Our specific efforts toward this include certification and management under ISO 14001 for the environment and ISO 50001 for energy. We aim to achieve the objectives set forth in Sustainable Value 2023 to reduce our global environmental impact through our business activities and contribute to the creation and sustainable development of a decarbonized and sound material-cycle society in harmony with nature.

Specifically, the Group EHS Committee and its subcommittees share environmental issues and problems and make continuous improvements to resolve them, while the CSR Committee reviews progress. The Group Risk Management

Committee manages risks, including environmental risks, to move ahead with the initiatives across the Group.

- 1 Implement climate change initiatives
- 2 Develop and launch products with consideration for the natural environment
- 3 Effectively use water resources and perform quality management of wastewater
- 4 Reduce waste and increase the recycling rate
- 5 Thoroughly control chemical substances
- 6 Conserve biodiversity

Note: For information on the structure used to implement the initiatives, refer to “Sustainable Management” on page 55.

Implement Climate Change Initiatives

In April 2020, we obtained the SBT approval from the Science Based Targets initiative (SBTi)*1 and have since been implementing our initiatives to reduce GHG emissions. In December 2021, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

We will actively promote information disclosure in

Toward Achievement of our SBTs

We will reduce CO2 emissions in line with the SBTi framework and contribute to the realization of a decarbonized society through our business activities. We have set reduction targets for CO2 emissions from our business activities (Scope 1*2 + Scope 2*3) and CO2 emissions from the use of products sold (Scope 3 Category 11), and are working to reduce CO2 emissions, including those in our supply chain.

In the fiscal year ended March 31, 2022, we made progress in reducing CO2 emissions from business activities by introducing renewable energy to Hikone Plant and other facilities. On the other hand, CO2 emissions from the use of products sold remained flat compared to the base year, although CO2 emissions from the use of products sold increased compared to the previous year due to a significant increase in product sales volume. We will continue to strengthen our efforts to achieve our SBTs by focusing on energy conservation at our business facilities, introduction of renewable energy, and



accordance with TCFD recommendations and further promote efforts to address climate change.

Note: For more information on the TCFD, refer to “Initiatives Based on TCFD Recommendations” on page 33.

Initiatives for TCFD Recommendations
www.screen.co.jp/en/sustainability/environment/tcdf

improving the efficiency of energy consumption of our products by promoting the development of Green Products.

Scope 1 + Scope 2 Target

Reduce CO2 emissions from business activities by 30% by 2030 compared with the fiscal year ended March 31, 2019

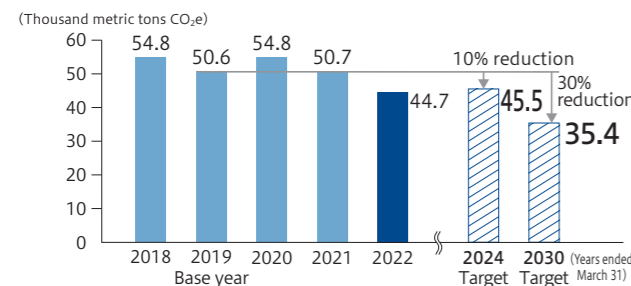
Target: 35.4 thousand metric tons CO₂e (Results for the fiscal year ended March 31, 2022: 44.7 thousand metric tons CO₂e; reduction of 12% compared with the fiscal year ended March 31, 2019)

Scope 3 Target

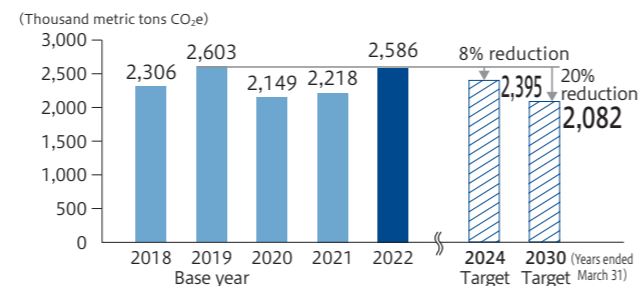
Reduce CO2 emissions from the use of sold products by 20% by 2030 compared with the fiscal year ended March 31, 2019

Target: 2,082 thousand metric tons CO₂e (Results for the fiscal year ended March 31, 2022: 2,586 thousand metric tons CO₂e; reduction of 0.7% compared with the fiscal year ended March 31, 2019)

CO2 emissions from business activities



CO2 emissions from use of sold products



*1 An international initiative to prevent global warming by setting GHG reduction targets that are based on scientifically sound principles.

*2 Direct greenhouse gas emissions from sources owned or controlled by the reporting company (fuel combustion, industrial processes, etc.).

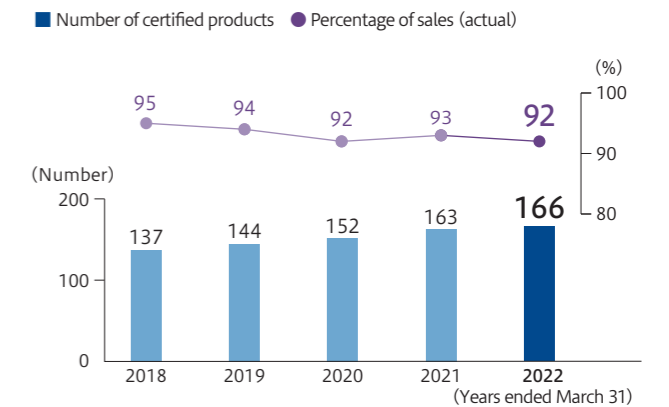
*3 Indirect greenhouse gas emissions from consumption of electricity, heat, or steam purchased from other companies.

Develop and Launch Products with Consideration for the Natural Environment

We are focused on expanding sales of products that are certified as “Green Products” according to SCREEN’s independent evaluation standards, thus offering such a high level of environmental performance as to contribute to CO2 emission reductions at our customers’ plants. We evaluate each product in terms of energy saving, resource conservation, degree of disassembly, recycling, environmental protection and safety, and information availability on a scale of five, while seeking to minimize energy consumption associated with the product. The establishment of a Scope 3 target as part of the SBT has prompted us, in the context of Sustainable Value 2023, to formulate and begin implementation of new, “Super-green Product” energy-saving performance certification standards that go far beyond the standards set for Green Products.

Green Products (certification standards, certification status, etc.)
www.screen.co.jp/en/sustainability/environment/products

Number of certified Green Products and Green Products as a percentage of sales

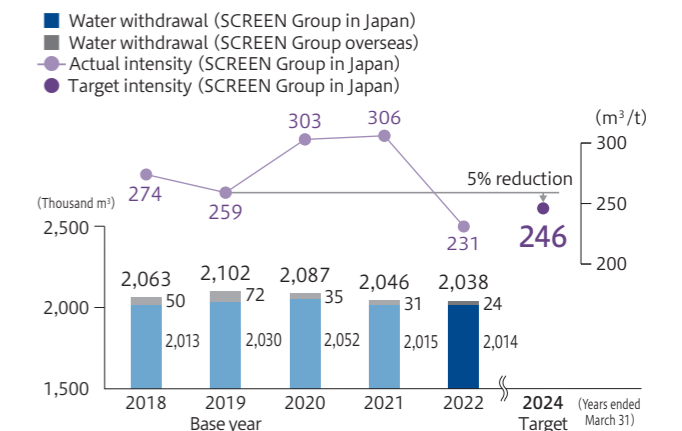


Effectively Use Water Resources and Perform Quality Management of Wastewater

In order to reduce the environmental impact of our business activities, we are pursuing initiatives that will reduce the intensity of annual water withdrawal (tap water, industrial water, etc.) at Group business sites by 5% by the fiscal year ending March 31, 2024, from the base year of the fiscal year ended March 31, 2019. For the fiscal year ended March 31, 2022, our annual water withdrawal remained almost unchanged from the base year, resulting in an 11% reduction in the intensity of water withdrawal (from the base year) and thus successfully meeting the 3% reduction target (from the base year) for the year.

Other specific initiatives include fostering efficient water use at our development and production sites, treating wastewater with advanced purification technology at these sites, and actively developing technology aimed at reducing water consumption associated with the use of sold products.

Water withdrawal



SCREEN selected as one of 200 Asia-Pacific Climate Leaders

SCREEN was selected as one of the top 200 companies in the Asia-Pacific Climate Change Leaders survey jointly conducted by Nikkei Inc.’s English-language publication Nikkei Asia, the UK’s Financial Times, and the German survey company Statista, as announced on May 26, 2022. The survey covered companies headquartered in the Asia-Pacific region and examined how much greenhouse gas emissions they had reduced between 2015 and 2020, based on the data submitted by the responding companies. The reduction was

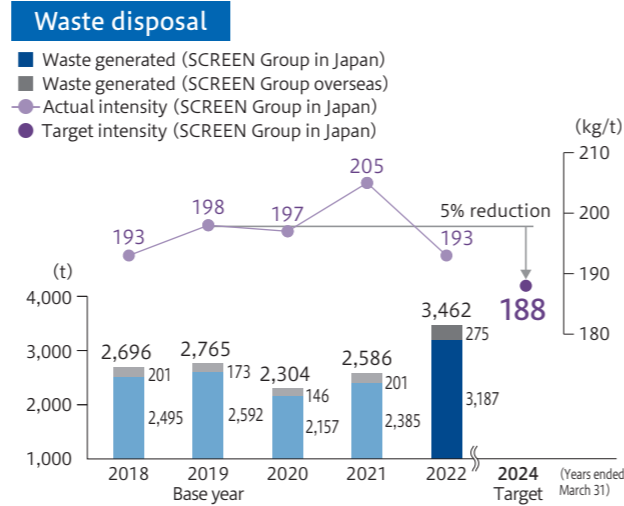
calculated for each company as a positive or negative change in emission intensity per unit amount of revenue.

SCREEN will remain committed to its corporate social responsibility to meet the expectations and trust of its diverse stakeholders and will contribute to the sustainable development of society by earnestly working to resolve environmental and social issues through its business activities.

Reduce Waste and Increase the Recycling Rate

In order to reduce the environmental impact associated with our business activities, by the fiscal year ending March 31, 2024, we aim to reduce waste (measured by intensity per unit weight of product shipments) by 5% from the level in the fiscal year ended March 31, 2019 and increase the recycling rate to at least 98% at our business sites in Japan. To achieve these targets, our efforts have been focused on effectively using materials, minimizing waste, and recycling waste into materials. We strictly manage the way that our industrial waste is processed or disposed of to ensure that the waste is always treated properly. We periodically visit all the waste disposal contractors, from those collecting and transporting waste from our facilities to those performing final disposal, and confirm that they handle waste appropriately. If any deficiencies are found, we swiftly instruct the contractor to take corrective action and require proper waste disposal management.

In the fiscal year ended March 31, 2022, waste from our sites in Japan decreased by 2.5% (in intensity per unit weight of product shipments) compared with the fiscal year ended March 31, 2019, and a recycling rate of 96.7% was achieved. We are working to identify and address issues that will allow us to further reduce waste and raise our recycling rate toward the target levels.



Waste reduction and recycling in progress at Hikone Plant

The Hikone Plant, where SPE's semiconductor production equipment is produced, strives to reduce and recycle waste plastic. Waste plastic has traditionally been subjected to thermal recycling in which waste heat from the incineration of the industrial waste is recovered to use as an energy source. More recently, the Hikone Plant is selling more and more waste plastic as valuable material after strict segregation, with a view to reducing GHG emissions from incineration and enhancing recycling. During the fiscal year ended March

31, 2022, a total of approximately 18.7 tons of waste plastic was recycled as valuable material.

The SCREEN Group is committed to creating a sound material-cycle society by combining its traditional resource conservation efforts, such as minimizing the use of packaging sheets and bubble wrap by reviewing the way products are packed for transportation, with enhanced initiatives to reduce and recycle plastic and other waste.

Thoroughly Control Chemical Substances

To ensure compliance with environmental regulations applicable to our products in different countries, the Product EHS Subcommittee, formed under the Group EHS Committee, gathers regulatory information and initiates timely responses. Regulations on chemical substances contained in products are incorporated into the SCREEN Group Green Procurement Standards, as appropriate, to require our suppliers to avoid inclusion of regulated substances in parts delivered to SCREEN. To comply with the EU REACH regulation, we have gathered information on contained chemical substances in chemSHERPA format, created a database of that information,

and submitted information on the contained REACH SVHCs to the SCIP database in accordance with the EU WFD directive (effective since January 2020).

SCREEN also performs product compliance assessment semiannually. We have created a compliance assessment sheet, which summarizes the product-related regulations applicable to our products in relevant countries, and review it every year. No nonconformity was detected in our product compliance assessment in the fiscal year ended March 31, 2022.

Conserve Biodiversity

We in the SCREEN Group are aware that various aspects of people's daily lives, including food, healthcare, and water supply, are supported by ecosystem services enabled by

biodiversity. We value protecting biodiversity to create a sustainable society that develops in harmony with nature.

SCREEN Forest (Kyoto Model Forest Initiative)

The SCREEN Group has joined the Kyoto Model Forest Initiative,*1 a project dedicated to protecting and cultivating regional forests, and is providing funds to support forest maintenance work. Since 2018, we have been paying the cost of maintaining an approximately 53 hectare block of forest in the Miyagawa district of Miyazaki Town, Kameoka City. Group employees have also taken part in planned volunteer activities to help maintain the area.

Recognizing that the Group benefits greatly from the surrounding forests, we are in full support of Kyoto Prefecture's forest conservation efforts. We cooperate in such activities and do our part in mitigating global warming. For the fiscal year ended March 31, 2022, the forest conservation activities at the SCREEN Forest could be converted into 5.55 metric tons CO₂e absorbed by forests per year.

*1 An initiative in which people in Kyoto who enjoy the blessings of forests work together to protect and nurture forests there. Kyoto Prefecture has been pushing forward with these activities by establishing the Ordinance for Protection of Rich Greenery in 2005. The Kyoto Model Forest Association was founded in November 2006 to lead the initiative (and turned into a public interest incorporated association in November 2009).



Only a limited number of volunteers were able to help maintain the forest in FY2022 due to the COVID-19 pandemic.

Kyoto Life and Culture Collaborative Rejuvenation Project

SCREEN Holdings is headquartered in Kyoto, an area rich in nature, culture, and history. We work to boost employees' awareness of the natural environment and traditional culture surrounding us, and we contribute to local communities through biodiversity conservation activities. In December 2017, we joined the Kyoto Life and Culture Collaborative Rejuvenation Project,*2 run by the city of Kyoto, as its 18th certified member.

Since then, we have been growing more than 10 rare species of plants, including two near-threatened species designated by the Ministry of the Environment — Eupatorium japonicum (*Fujibakama*) and Chrysanthemum seticospe (*Kikutaniyuki*) — in green spaces on the head office premises. The Asarum caulescens Maxim. (*Futabaaoi*) we grow here are presented as offerings to the annual Aoi Matsuri festival in Kyoto.

*2 The project is designed to preserve and rehabilitate living things that have played a role in local festivals and traditional culture. Kyoto City certifies the activities of project members and sends experts to support their efforts.



Green space on the head office premises.

SCREEN awarded the highest rating of three stars in 2021 Shiga Biodiversity Initiative Certification System

In March 2022, SCREEN was awarded the highest rating of three stars in the 2021 Shiga Biodiversity Initiative Certification System operated by Shiga Prefecture. To apply for the system, companies and other entities with their headquarters or business facilities located in Shiga Prefecture review, with a special check sheet, their initiatives for biodiversity conservation and sustainable use of natural resources throughout their business activities. According to the number of qualified initiatives, Shiga Prefecture certifies the applicants with one to three stars. This was the second certification given to SCREEN, with the first received in FY2019.

The Hikone Plant, which is located in Shiga Prefecture

and manufactures semiconductor production equipment and other mainstay products of SCREEN, has been eager to protect biodiversity through initiatives such as supplying water withdrawn from Lake Biwa through the industrial waterworks to local farms and engaging in waterfront cleanup activities. Going forward, SCREEN will constantly work to create a society in harmony with nature in the area depending on Lake Biwa for water and contribute to protecting biodiversity there.



Comments by the Natural Environment Conservation Division, Lake Biwa Environment Department, Shiga Prefectural Government

SCREEN Holdings has been demonstrating a commitment to conserving biodiversity and the natural environment both through initiatives across its business domain, including establishing Biodiversity Action Guidelines and Green Procurement Standards, and through standalone

initiatives, such as becoming the Lake Biwa Museum's aquarium supporter. Shiga Prefecture will continue to encourage companies to take action to protect biodiversity and the natural environment.

Biodiversity Action Guidelines
www.screen.co.jp/en/sustainability/biodiversity

Note: Detailed data on our activities for the environment can be found in the Sustainability Data Book 2022 (p. 7-14).

Sustainability Data Book 2022
www.screen.co.jp/download_file/get_file/SCREEN_SustainabilityDataBook2022e.pdf

Enhancing Human Capital

The SCREEN Group aims to support the sustainable development of society while working to solve social issues through the development of products and technologies. To achieve this goal, we worked hard to enhance SCREEN Value (corporate value), which comprises Sustainable Value (social value) and Economic Value, under the Value Up 2023 medium-term management plan.

In line with such environmental changes as continued digitalization, decarbonization, changes in workstyles, and a decrease in the working age population, the Company needs to become a “solution creator” on a corporate entity and individual employee basis in order to tap into SCREEN Value. As we formulate and implement human resource strategies tied to corporate strategies, we will position the creation of “solution creators” as a key measure and continue working to enhance human capital.

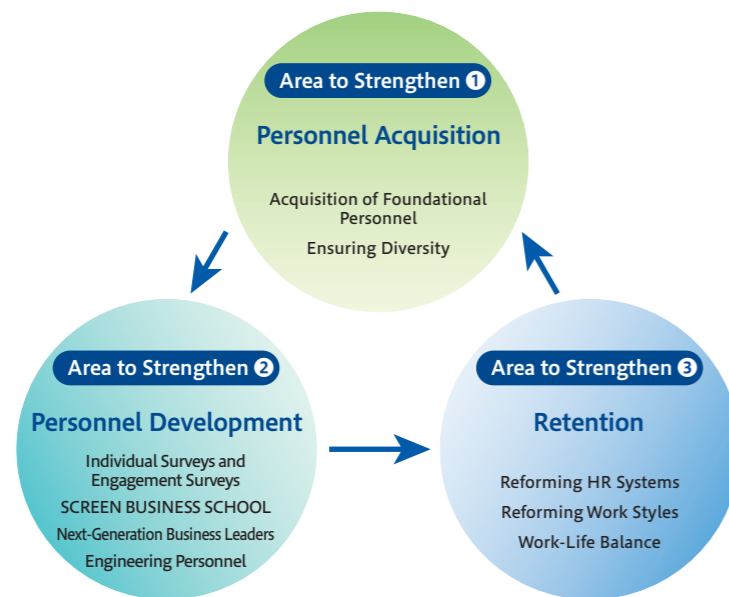
Human Resource Policy to Form Solution Creators

Under SCREEN’s Management Grand Design, we defined our vision for 2030 as to be a Global Solution Creator that contributes to social issues and needs by creating innovations with our core technologies. A company that is a solution creator is one that enhances corporate value by providing technologies, products and services that solve social issues and needs and, through this, contributes to the development of a sustainable society. It also means the individuals within that company are able to act autonomously and leverage their skills to develop optimal solutions.

We position “personnel acquisition,” “personnel development,” and “retention” as three areas to strengthen going forward as these will be needed to turn the Company and the individuals it comprises into solution creators. The SCREEN Group has identified necessary personnel and skills and will continue taking measures to systematically acquire, cultivate, and retain them.

Concept of Personnel Development
www.screen.co.jp/en/sustainability/social/employee

Three Areas We Need to Strengthen



Area to Strengthen 1 Strengthening Personnel Acquisition

Amid forecasts of a decrease in the working-age population and staff shortages in the semiconductor industry in particular, it is essential to create innovation through diverse human resources for the Company’s medium- to long-term growth and value enhancement. The SCREEN Group is setting specific targets and formulating and implementing strategic hiring policies

to ensure the further acquisition of the personnel that are the bedrock of the Group. We are further enhancing the hiring of diverse personnel, namely women, mid-career employees, and foreign nationals, and will continue acquiring future solution creators to proactively and boldly tackle the solution of social issues in Japan and overseas.

Acquisition of the Personnel That Underpin Growth

Regarding the foundational personnel who are the source of strength for the SCREEN Group, we identify types of individuals and skills needed. As competition to acquire technicians and other personnel heats up, SCREEN considers its two issues to be 1) discovering personnel who align with the corporate philosophy and culture and 2) enhancing the compatibility in hiring, with the aim of acquiring autonomous personnel.

In FY2022, we hire technician interns to enhance the understanding of our businesses, which aim to solve social issues. We conducted programs that input operations for each job and specific skills that technicians need. In addition, we held interviews with HR managers and onsite senior employees in addition to briefings and roundtable talks for each business operating company individually so that they can choose operations where they can tap into their own

capabilities by leveraging the research and specialization content from their student days.

For hiring activities going forward, we will continue promoting initiatives aimed at acquiring excellent personnel. Specifically, we enhance our connection with universities and research laboratories and use a multifaceted approach encompassing recruiting activities and individual scouts. In this way, we further enhance mutual understanding and proactively disseminate information regarding future career options and fields where they can thrive in SCREEN. In addition, we work to enhance onsite understanding and desire to join the Company by promoting understanding of the SCREEN Group’s workers and workplaces, such as by holding factory tours of each base, which are the foundation of our business, from the employment selection stage.

Ensuring Diversity

Under the Group’s CSR Charter, which serves as its Code of Conduct, we outline the philosophy of supporting the performance of our diverse workforce. To achieve sustainable growth and enhance medium- to long-term value, we upgrade

environments that nurture diversity and proactively hire people who offer diverse perspectives, such as women, foreign nationals, and mid-career employees, in line with the concept that utilizing diverse personnel is necessary to the generation of innovation.

Proactively hiring women, foreign nationals, and mid-career employees

Regarding the empowerment of women at the SCREEN Group, by FY2031 we aim to have doubled the current percentage of women in management positions and increased the percentage of women among all employees to at least 15%. Our recruitment of women has been increasing in recent years, but to achieve our FY2031 targets, we will focus on maintaining and increasing the percentage of women among new hires at 20% and are actively hiring and cultivating women who will be responsible for the Group’s core operations.

As for specific initiatives, as part of activities for hiring new graduates to address the issue of the small percentage of women in science-related jobs, we hold discussion sessions wherein senior female employees who actually work as technicians are able to interact with science-focused female

students. In addition, we publish the SCREEN CAREER & LIFE BOOK for women, a pamphlet that introduces the Company as one geared toward women, and promote specific career building ideas for women in the Group.

In addition, the Group currently has around 50 foreign national employees. At overseas subsidiaries, over half of full-time executive posts are filled by locally hired foreign nationals. In FY2022, held recruitment seminars and selection meetings for foreign students. We are also proactively hiring mid-career employees, with the percentage of such hires totaling 40.2% in FY2022. We strive to have at least 50% of employees constituting such diverse personnel as women, foreign nationals, and mid-career employees, by FY2031.

FY2031 Female Hiring Targets

| | Current | FY2031 |
|------------------------------------|---------|---------------|
| Ratio of women in management posts | 3.0% | Around 6% |
| Ratio of women among all employees | 10.0% | 15% or higher |

Promoting the employment of people with disabilities

Our special subsidiary, SCREEN Business Expert Co., Ltd., promotes the ongoing employment of people with disabilities (employment rate as of June 2022: 2.65%). In addition to the existing hiring practices of the Hikone Plant (Hikone Parte), we established Kyoto Parte, an employment organization for people

with disabilities, in the Head Office in August 2021, hiring three new employees. Kyoto Parte will continue promoting diversity and inclusion by building a work environment where these employees can tap into their full potential as members of the Group.

Area to Strengthen 2 Strengthening Personnel Development

We have set forth the concept of personnel development, the definition of ideal personnel and basic policies for personnel development plans to enable all Group employees to become solution creators. The personnel development concept outlines the necessity of creating an organic cycle of companies stimulating organizations and creating profit and of individuals generating growth and accomplishments in order to enhance corporate value through the continual growth and ambition of both companies and individuals. Through these basic philosophy and policies, we are promoting the growth of human resources at all levels, in turn, deepening the understanding of the concepts of our medium-term management plan and thus supporting the development of the next generation of business leaders bearing the Group's management perspective.

Individual Surveys and Engagement Surveys

We work to review necessary competencies to clarify their ideal solution creator image for each employee. In addition to instilling these competencies, from FY2023 we conduct individual surveys, which enable employees themselves to assess the gap between their ideal image and current state, and engagement surveys, which solicit unfiltered opinions from employees.

We identify issues on an individual and organizational basis, develop autonomous capabilities, enhance the support of superiors, and review various programs. Through these and other efforts, we foster a new organizational culture and continually cultivate solution creators.

Engineering Personnel Development

The Engineer Development Committee conducts the SCREEN Group's education programs in the development and technology field. The committee works to enhance the technical knowledge new hires and provides them with visualizations of career development plans for up three years from joining the Company. In FY2023, we will start the Next-Generation Engineer Development Course, a new project manager development training program open to all engineers in their fourth year at SCREEN. With the purpose of training leaders capable of creating solutions that address social issues,

we are striving to enhance project management capabilities and general manufacturing assessment skills.

In addition, aiming to ensure career development for engineers, we maintain an ongoing inter-business rotation system for mid-career engineers. Nine people participated in the first rotation in April 2021 and eight people new people participated in the second rotation in April 2022, taking advantage of the opportunity to gain experience to enhance their capabilities as engineers in different organizations.

Cultivating Next-generation Business Leaders

In order to cultivate the next generation of capable business leaders, we have established the Business Leader Training Course for managers and the Junior Business Leader Training Course for non-management positions. Participants selected from group companies take part in content-rich training programs throughout the year. These programs include talks

by directors/corporate officers, specialized lectures by external instructors, and cross industrial interactive training carried out with employees from other companies. In addition to providing practical business knowledge, participants develop a more managerial outlook and the ability to think and act independently as future business leaders.

Interview

Interview with a student who completed the Junior Business Leader Training Course

Takayuki Nishikawa

Manager
Pharmaceuticals Engineering Section
Biosciences & Pharmaceuticals, HD



Through the Junior Business Leader Training Course I took from October 2017, I gained the habit of thinking about things from a broader perspective. In the Business Leader Training Course for managers, which I am currently taking, I am being strongly encouraged by the Chairman and President to maintain an even broader perspective and adopt ideas from the perspective of management personnel. There have been many opportunities in both courses for me to express and discuss my own ideas, and I receive strong encouragement from other highly motivated participants.

The Biosciences & Pharmaceuticals Department to which I belong is compact because it is new. Because it handles everything from development to sales, we are able to hear directly from customers in the pharmaceutical industry—which is highly sensitive to social issues—regarding their needs. We consider how to utilize SCREEN's technologies to

solve these issues from various perspectives. When offering solutions to customers, we should be careful to quickly present optimal solutions based on their circumstances so that conversations are not one-sided.

SCREEN, which entered the pharmaceutical industry late, needs to demonstrate to customers the reasons to select only SCREEN by working to differentiate itself from its existing competitors. I think it is important to consider what it means for SCREEN to enter the industry, the type of issues only SCREEN can solve, and to embody the Founder's Motto of Shi Kou Ten Kai.

To achieve this, I aim to become personnel who can lead businesses related to not just technology but the entire value chain. I want to demonstrate strong leadership internally and externally and become a solution creator who makes customers glad to have worked with SCREEN.

SCREEN BUSINESS SCHOOL

SCREEN BUSINESS SCHOOL, which supports employees' autonomous growth through education and training, conducts SKIP (SCREEN's Key learning for Innovative Process) training for learning the business skills needed to be a solution creator, such as critical thinking and coaching. We established a new career design training program for newly appointed leaders and supervisors. We aim to foster a mindset for autonomous personnel who proactively enhance the skills needed for their own careers and build a career development support system in which supervisors encourage subordinates to be self-sufficient.

In addition, with the aim of realizing diversity and inclusion, we established the new Women Empowerment Promotion

Program, which comprises career design training for female employees, as well as unconscious bias training for managers and joint sessions for female employees and managers.

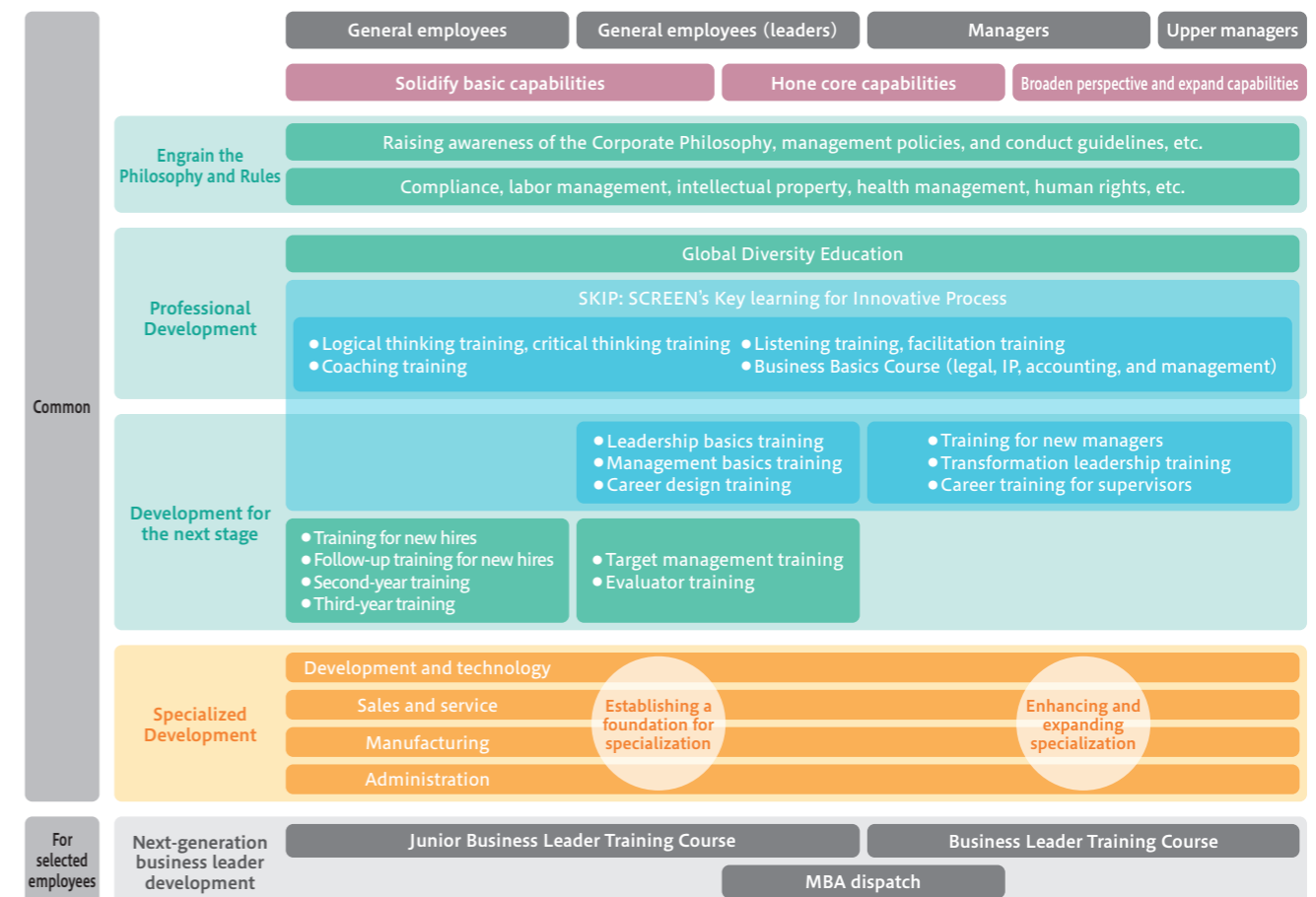
We also offer a wide range of programs featuring external lecturers, such as cross-industry exchange training and a program to strengthen virtual communication in response to the increase in employees working from home. In this way, we are systematically working to newly establish and reform programs while addressing changes in social conditions and demands from society. As a result, a total of around 1,600 people participated in these programs in FY2022.

Education and Training Costs

| Items | FY2021 results | FY2022 results |
|------------------------------|----------------|----------------|
| Education and training costs | ¥70 million | ¥130 million |
| Training costs per person | ¥28,000 | ¥53,000 |

Note: Overall expenses for course and other fees and internal education and training costs at holding, business operating, and functional support companies (excluding promotion-related screening costs and other costs)

Education System



Education system
www.screen.co.jp/en/sustainability/social/employee

Area to Strengthen ③ Strengthening Retention

To continue enhancing corporate value amid a rapidly changing business environment and social conditions, all employees of various generations with diverse values need to come together and actively work in the same direction. To this end, under the Founder's Motto of "Shi Kou Ten Kai," we need to engrain and offer opportunities to practice the Corporate Philosophy of "Sharing the Future," "Human Resource Development," and "the Pursuit of Technology."

By implementing personnel strategies, we engrain and offer opportunities to practice the Corporate Philosophy so that each employee experiences real growth through their work. This leads to better engagement and thereby helps retain personnel.

Revising Personnel Systems to Encourage Employees to Take on Challenges

We continue to work to create an environment in which all skilled human resources can feel engaged and make an ongoing contribution regardless of their age, gender, or other diverse attributes.

Reflecting a concept that emphasizes roles and performance while shrinking the importance of seniority factors, we eliminated the system of skill-based qualifications for both management and non-management positions and integrated to a role classification system based on employee roles (positions). In April 2021 we switched the personnel system for reemployed retirees to one that emphasizes employee roles while introducing an evaluation system and

reflecting it in remuneration. Moreover, in April 2022, as part of our efforts to upgrade environments that accommodate the work styles and diverse needs of older personnel, we formulated new systems related to reemployed employees' side jobs and concurrent employment.

Other than that, in FY2022, we upgraded the new self-education support systems as part of our overall employee welfare system. We subsidized some book costs and course fees for foreign-language classes and extended support for the self-directed growth and skill development efforts of individual employees.

Creating Rewarding Sustainable Environments

Since FY2018, we have been pursuing work style reform. We are now deepening our focus on work style reform as part of our Sustainable Value 2023 efforts, seeking to implement "sustainable, new work styles" that will ensure business continuity in the face of a variety of challenging socio-economic

Work style reform initiatives

The SCREEN Group shortened regular work hours by 15 minutes from April 1, 2022. The shortening of work hours was undertaken along with operational reforms and mindset reforms in FY2022 to enhance productivity as part of an effort to shift from conventional work styles to more efficient work styles defined by limited time spans.

Specific example of measures to improve efficiency include the expansion of flexible work styles not tied to any one place by encouraging the use of the newly upgraded work-from-home system and reducing bookshelves in offices with the aim

conditions while also providing employees with a rewarding work environment. In FY2022, we promoted measures for revising and improving operations and fostering mindsets that enhance productivity.

of going paperless. We expanded and/or moved facilities to meet employee needs for web meeting rooms and individual work spaces at the Head Office and each business site as well as at the satellite office set up adjacent to Kyoto Station in FY2021.

In addition, with the aim of raising employees' IT literacy, we distributed video educational materials and email newsletters related to IT tools and conducted development training for digitalization promotion personnel. We are working to make operations more efficient by enhancing productivity.

Employee Shareholding Association – Helping enhance management participation mindsets –

SCREEN established an employee shareholding association to encourage employees to purchase SCREEN shares. The Company provides incentives for employee contributions. Through these efforts, we help enhance employee mindsets to participate in management and support employees' long-term asset formation.

Labor-management relationship

SCREEN is a signatory to the UN Global Compact and recognizes workers' rights to association and collective bargaining. As of March 31, 2022, 93.6% of employees at the seven major companies belong to the labor union. The labor union has built a labor-management relationship that focuses on constructive dialogue, for example, holding labor-management meetings as needed to cover issues other than what is covered by the regular labor-management talks held twice monthly.

Promoting Work-Life Balance

In order to accommodate the diverse individuality of our employees, we are committed to cultivating an empowering work environment capable of flexibly adapting to the various life stage changes that employees experience, such as pregnancy

Enhancing leave systems

As an example of our various leave systems, we offer paid refresh leave, which can be taken for five consecutive days every ten years after an employee's fifth year at the Company, with the purpose of encouraging self-development and refreshing their bodies and minds. We also offer paid family support leave that can be taken for up to five days every year to care for family members or other life events or for medical treatment for the

Encouraging greater participation by men in childcare

One of the focuses in creating employee-friendly work environments that enable employees to more easily balance work with childcare is the establishment of a spouse childcare leave system (three days of paid leave), which is generally

(either their own or their partner's), birth, childcare, caring for ill or elderly family members or undergoing treatment for illness.

employee. With these and other types of leave, we have set up a wide range of leave systems to meet everyone's needs. As a result, the rate of taking paid leave in FY2022 was 81%. We aim to further promote work-life balance in FY2023 and will work to encourage the use of various leave systems.

compulsory. The introduction of this system has contributed to an increase in recent years in male employees taking childcare leave. For FY2022, the combined leave utilization rate for both systems was approximately 90%.

Main Work-Life Balance Systems (as of April 2022)

| | |
|--|--|
| PitStop 5 paid leave | Employees who take less than 60% of their paid leave during a given year must take at least five consecutive days off in the following year. |
| Paid refresh leave | Paid leave for five consecutive days that can be taken every ten years after the fifth year at the Company. |
| Paid family support leave | Paid leave of up to five days every year to provide care to family members or for medical treatment for the employee. |
| Volunteer leave | Special leave of up to three days every year for volunteer activities that contribute to society. |
| Childrearing support leave | Special leave of up to two days every year that can be taken to, for example, participate in children's school activities and medical exams up to the third year of middle school. |
| Spouse childcare leave | Leave for employees to help a spouse care for an infant after giving birth (paid leave; as a rule, mandatory). |
| Spouse accompaniment leave | Leave for employees who want to accompany their spouse to an overseas posting (unpaid leave, limited time period). |
| Minimum break between work days | System allowing employees to have a minimum number of hours between finishing work one day and starting work the next day (minimum of nine hours). |

| | |
|---|--|
| Subsidy for childcare leave, etc. | Subsidy to partially compensate for wages lost due to taking leave or working shorter hours to care for children. |
| Subsidy for early return to work | Subsidy to pay for daycare and other expenses for employees making an early return to work after taking childcare leave. |
| Skills training for employees on childcare leave | Online learning program so employees can study while they are on childcare leave. |

| | |
|---|--|
| Subsidy for nursing care leave, etc. | Subsidy to partially compensate for wages lost due to taking leave or working shorter hours to care for elderly or sick family members. |
| Subsidy for nursing care equipment | Subsidy to partially pay for the purchase or rental of nursing care equipment. |
| Nursing care consultation | Dedicated staff provides consultation on company systems, government support, and private nursing care services. |
| Nursing care seminars | Seminars provide the basics on nursing care so that employees do not have to quit their jobs to care for elderly or sick family members. |

| | |
|---|---|
| Work-at home system | System that promotes work style flexibility and greater work efficiency and productivity by allowing all employees to do some of their work at home. |
| Work-life balance assistance partial work-at-home system | System allowing employees to do some of their work at home if they are pregnant, caring for elderly or sick family members or children, or undergoing medical treatment. |
| Reduced work hours | System allowing employees to shorten work hours if they are caring for elderly or sick family members or children (up to 6th grade in elementary school) or undergoing medical treatment. |
| Limited geographical region system | System limiting the work region for employees who cannot be transferred far away due to elderly / sick care or child care duties. |

Note: Detailed data on human resource management can be found in the Sustainability Data Book 2022 (p. 1-3).

Sustainability Data Book 2022
www.screen.co.jp/en/ir/annual

Health, Safety and Well-being

Basic Concepts

In line with the basic policy of Respect for Human Rights and Friendly Work Environment set forth in the SCREEN Group CSR Charter / Group Code of Conduct, we pursue specific targets in Sustainable Value 2023, which was formulated by backcasting from our 10-year vision. As part of this, we endeavor to provide employees with safe and healthy workplace environments, and we comply with all relevant workplace health and safety and occupational accident prevention-related laws, regulations and rules.

In terms of occupational safety, SCREEN Group companies in Japan have made it their goal to have zero occupational accidents that cause four or more working days to be lost and to reduce the number of "occupational accident points"* accumulated in

Health and Safety Initiatives

We work to ensure employee health and safety in our business activities by implementing an occupational health and safety management system that conforms to ISO 45001. For development, manufacturing, equipment installation and various other case, we implement risk assessments and advance safety verifications to prevent work-related injuries and accidents. In addition, we ensure the operational safety of employees through independent training and qualification certification systems, including those related to the handling of heavy objects. In the unlikely event of a workplace accident or mishap, it is logged in the Incident Report System, which is a unique accident and mishap reporting system developed and operated by SCREEN, its causes are identified, and corrective measures are taken. From FY2023, we expanded the operation of this system to overseas Group companies as we strive to globally manage occupational

Health and Productivity Management Initiatives

Health and Productivity Management Outstanding Organization Recognition Program 2022 certification

For FY2022, SCREEN was recognized as an excellent corporation (large enterprise category) in health and productivity management by the Certified Health and Productivity Management Organization Recognition Program 2022 jointly implemented by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).



Conducting Comprehensive Health Check-Ups

We have introduced regular, comprehensive health check-ups for our employees, mandating participation for those 40 or older (for those under 40, check-ups are optional). For all those whose results identify them as high risk, doctors specializing in occupational medicine conduct interviews with them and recommend they take detailed tests (99.3% took such tests in FY2022). In addition, after the checkup, public health nurses provide health guidance for employees with metabolic syndrome above a certain threshold (100% received guidance in FY2022). The early detection of illness and identification of abnormalities associated with illness help to prevent the need for extended sick leave at a later date.

Enhancing Health Literacy

We hold seminars with external lecturers regarding the importance of breakfast and high-quality sleep with the aim of fostering healthy life habits. In addition, with the purpose of making exercise a habit, we hold a walking campaign that is easily participated in using a smartphone app and many employees participate every year. We are working to enhance health literacy by continually holding health promotion events.

Health and Well-being
www.screen.co.jp/en/sustainability/social/safety

Note: More detailed data on health, safety and well-being can be found in the Sustainability Data Book 2022 (p. 4).

Sustainability Data Book 2022
www.screen.co.jp/download_file/get_file/SCREEN_SustainabilityDataBook2022e.pdf

the SCREEN Group's proprietary occupational accident rating system, which assigns points relative to the number of working days lost and accident severity. Also, in order to maintain a healthy workplace environment and to prevent illness, we are working on employees' health management through the goals we have set for reducing sick leave, including 0.68 or less rate of sick leave days, and the early detection and treatment of illness along with the enhancement of health literacy.

* A point rating for injury severity and number of lost work days, from 10 points for "an accident with no injury or lost work day" to 600 points for "an accident with an injury rating between 1 to 7 and lost work days of 1 month or more." A death is 1,000 points.

accidents and injuries.

In FY2022, the number of occupational accidents related to lower back pain and repetitive motions has risen amid a huge increase in the amount of shipments, and we were unable to meet our target of zero occupational accidents that cause four or more working days to be lost and to reduce the number of occupational accident points accumulated to 250 or less. Nevertheless, there have still been no accidents causing death or serious injury. In FY2023, we are striving to enhance our countermeasures to improve work environments with the aim of achieving our targets. In addition, we require each workplace to hold monthly safety meetings, enhance the safety awareness of each employee, conduct surveys about safety culture, and aim to foster and enhance safety culture based on an assessment of the current status of said culture.

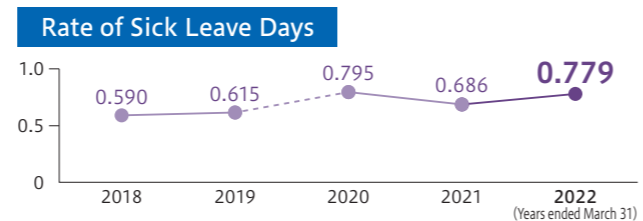
Smoking Countermeasures

To promote health, we introduced a program for quitting smoking to support employees in their efforts. By utilizing online medical treatments, employees can get diagnoses from doctors at a variety of different times without experiencing the hassle of going to the hospital, providing a mechanism where they can have follow-up consultations.

Action on Mental Healthcare

We hold e-learning courses every year on mental health self-care and support by senior staff in the workplace (participation rates in FY2022, 92% and 86% respectively). We set up a hotline that any employee can use to consult on an individual basis with public health nurses and doctors specializing in occupational medicine and also provide individual support and discussion with staff from external employee assistance programs (EAP).

In addition, public health nurses provide mental health care to people who are susceptible to stress, such as employees transferred far away, newly hired graduates, employees transferred overseas or returned to Japan, and employees who travel often for business.



Note: Rate of sick leave days = (Total number of sick leave days / employees' total number of prescribed work days) x 100
Scope: HD and business operating and functional support companies by FY2019; all Group Companies within Japan from FY2020

Working Together with Our Stakeholders

Communicating with Employees

With the aim of enhancing employee engagement, we carry out an attitude survey of all employees once a year. Issues identified by the survey are discussed by the Management Committee and the Board of Directors, and measures are rolled out to improve performance. For example, regarding "enhancing employee understanding of the corporate philosophy, Management Grand Design, and the medium-term management plan," a video message from the CEO is streamed at the end of each financial period which updates employees in Japan and overseas about the company's status and direction. This is accompanied by a questionnaire that seeks to

Cooperation with Suppliers

In order to facilitate the sharing of more business-based information, for FY2022, business policy briefing sessions aimed at suppliers were again held for each operating company. With the CEO participating, each business company president provided an explanation of the Value Up 2023 medium-term management plan and of business policy and direction. They also shared the importance of the cooperative system to ensuring stable production in their respective businesses. In addition, we asked for their understanding and cooperation in enhancing CSR-related communication.

The SCREEN Group has released the SCREEN Supplier Code of Conduct (in accordance with the RBA*) as a CSR code of conduct for the supply chain on its website, and suppliers are asked to abide by it. We ask suppliers to submit a declaration of consent to aid our

Enhancing Customer Satisfaction

In order to improve the quality of our products and services and, by extension, improve customer satisfaction, the SCREEN Group utilizes a quality management system that conforms to ISO 9001 standards. As of June 2022, thirteen Group companies in Japan and three overseas Group companies are ISO 9001 certified and maintaining certification. Moreover, through reduced running costs, providing maintenance services and in various other ways, we work to ensure satisfaction from product delivery all the way to product disposal.

With the recent rise in demand for semiconductor devices, the need for efforts to address the environmental impact of manufacturing processes, including at customer sites, is becoming an issue for the entire industry. Given this and similar trends,

Dialogue with Shareholders and Investors

Through our investor relations (IR), we strive to give our shareholders and investors a greater understanding of the SCREEN Group by communicating our management, business, and financial position in a timely, accurate, and clear-cut manner. IR also provides a means for management to get opinions and other feedback from shareholders and investors to maximize corporate value.

IR meetings and conferences following earnings announcements, our CEO, CFO and other management members receive interviews and dialogues with voting representatives (SR meeting). When it comes to fair disclosure, we strive to expand the range of materials we provide, to provide them in a timely manner, and, when possible, to provide them in two languages (Japanese and English) when published on website. Moreover, we send questionnaires to institutional investors and analysts

Cooperation with Local Communities

The SCREEN Group works together with industry, academia, and government as well as local communities to conduct activities that contribute to the sustainable development of those communities. In FY2022, we cooperated with the Kyoto Municipal Science Center For Youth in the Head Office region to provide children with opportunities to learn about the relationship between social issue solutions and our products and technologies. In addition, we cooperated with local communities

gauge employee comprehension, as well as solicit questions for the CEO that he will address in a subsequent explanatory video.

In addition, since April 2022, the CEO himself has been answering questions from employees on the internal three minutes radio show "Go! Go! SCREEN," which is broadcast once a week. We are proactively fostering two-way communication between the CEO and employees. These efforts have helped enhance employee understanding of the corporate philosophy, Grand Management Design, and the medium-term management plan.

efforts to assess actual conditions. During FY2022, a supply chain CSR survey was again conducted. This survey covered human rights and labor-related issues pertaining to harassment, foreign labor, slavery, forced labor and child labor as well as health, safety, the environment, and ethics. As a result, we were able to confirm that none of the major suppliers*2 present any risk with regard to any of these. The SCREEN Supplier Code of Conduct explicitly states our policy on conflict minerals, and we try to figure out how suppliers are dealing with conflict minerals.

*1 Responsible Business Alliance

*2 The top 200 suppliers by transaction value

SCREEN Supplier Code of Conduct
www.screen.co.jp/en/sustainability/rba

SCREEN SPE has decided to participate in the SSTS* research program, which is focused on the environmental impact of the semiconductor industry as a whole and being promoted by the Interuniversity Microelectronics Centre (imec). Through its participation in this program, SCREEN SPE will accelerate eco-friendly development and provide equipment with superior environmental performance to industries, thereby continuing to contribute to the further growth of the semiconductor industry going forward.

* Sustainable Semiconductor Technologies and Systems

Improve Customer Satisfaction / Quality Management System
www.screen.co.jp/en/sustainability/social/customer

once a year to identify the challenges in, and improve the quality of, our IR activities.

Moreover, at the 81st Ordinary General Meeting of Shareholders (June 24, 2022), as in the previous year, we provided a live stream over the Internet of the proceedings along with a management situation briefing held on the same day. Through our IR activities, we seek to build good relations with all our long-term investors, focusing on maintaining an appropriate share price and creating a balanced shareholder portfolio.

| Number of Dialogue-Based IR Activities (Fiscal year ended March 31, 2022) (Nearly everything was conducted online due to COVID-19) | <ul style="list-style-type: none"> Earnings presentations: 4 Meetings with institutional investors and analysts: Approximately 330 Overseas institutional investor conferences: 15 Shareholder engagement aimed at voting representatives: 11 |
|--|---|
|--|---|

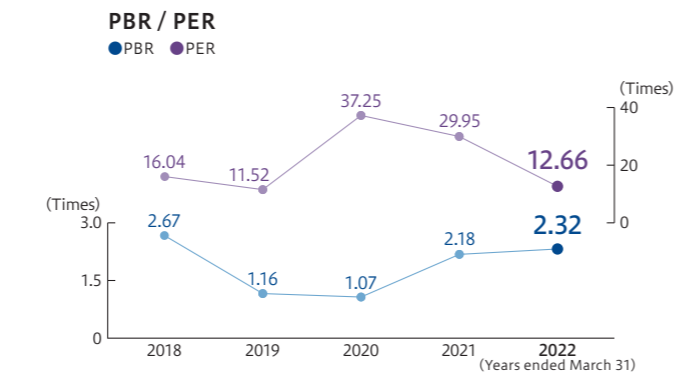
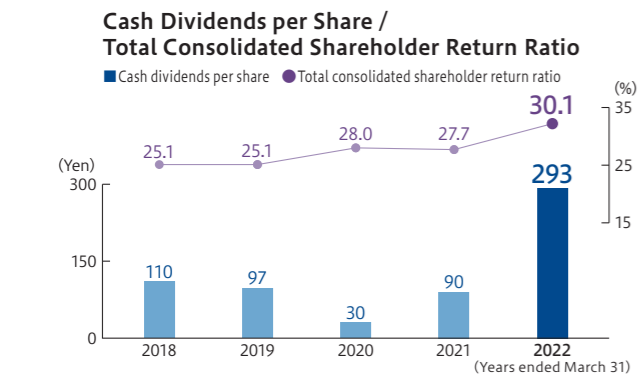
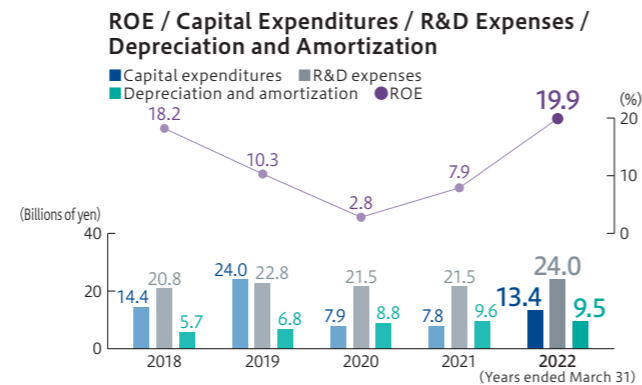
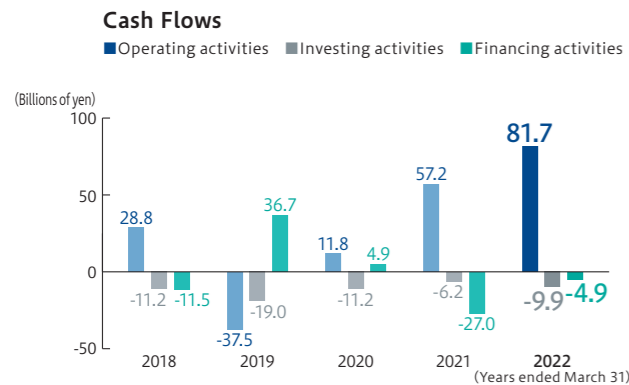
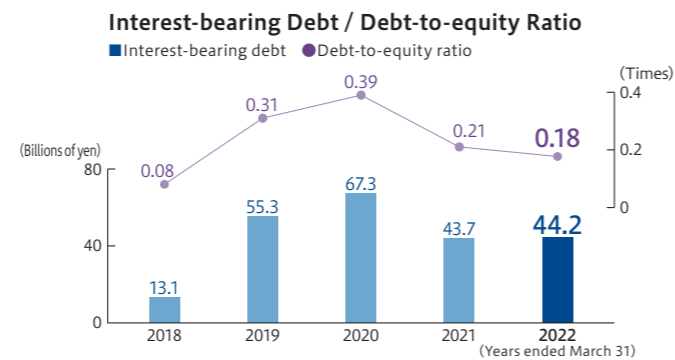
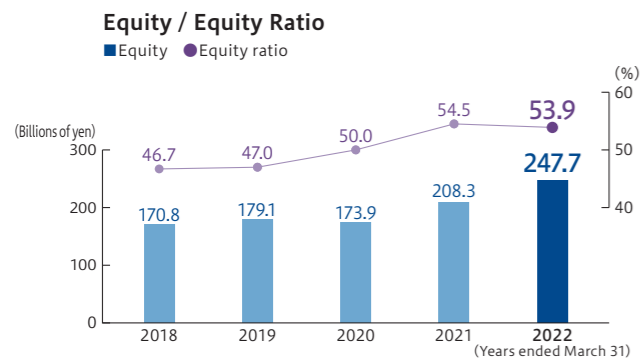
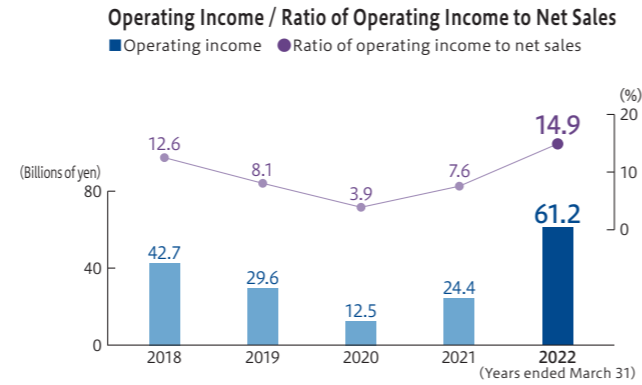
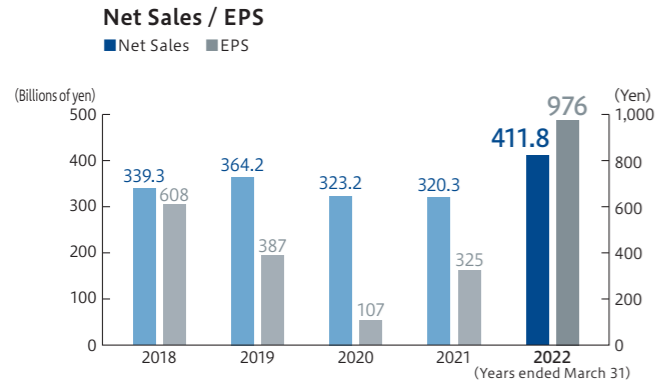
Note: In FY2023, we plan to hold corporate briefing for individual investors and an IR Day for institutional investors.

in conducting clean-up activities in the vicinity of domestic worksites. Overseas, our worksites around the world contributed to local communities, for example, SCREEN SPE Korea extended support to sick children.

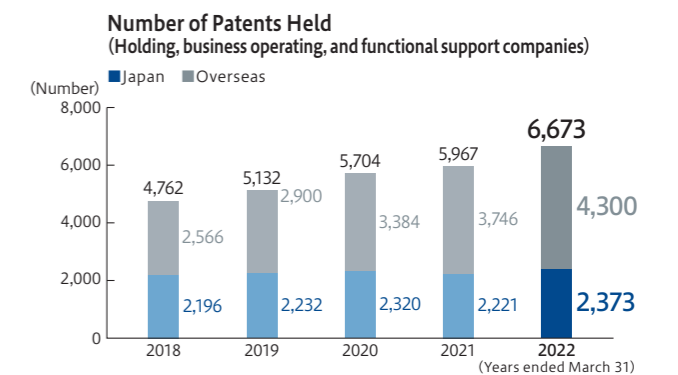
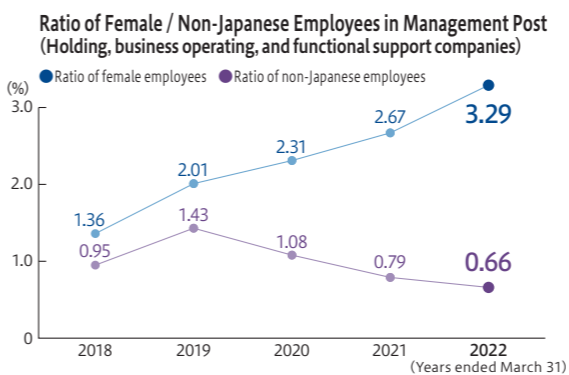
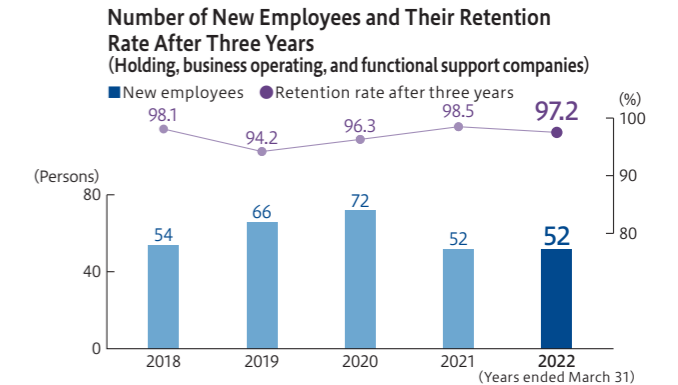
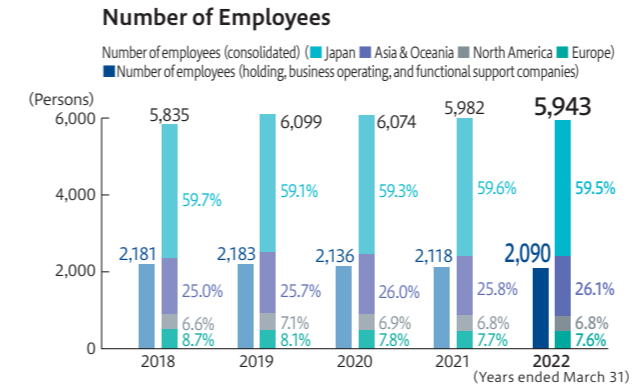
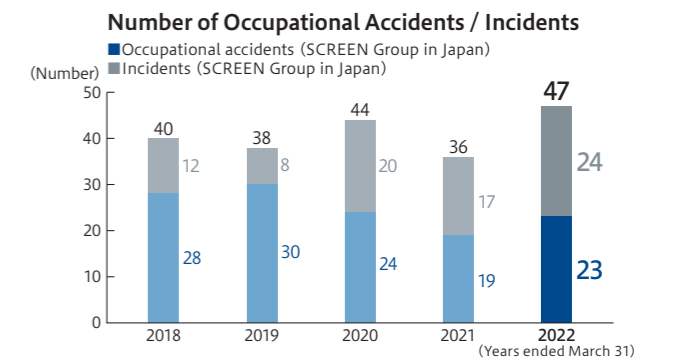
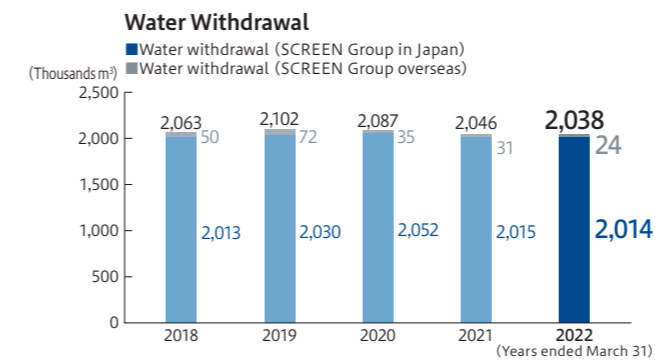
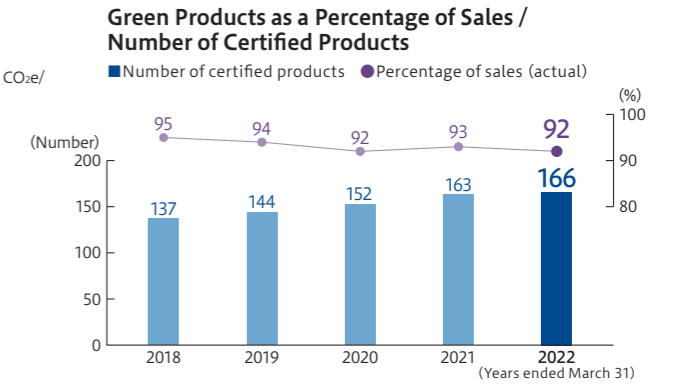
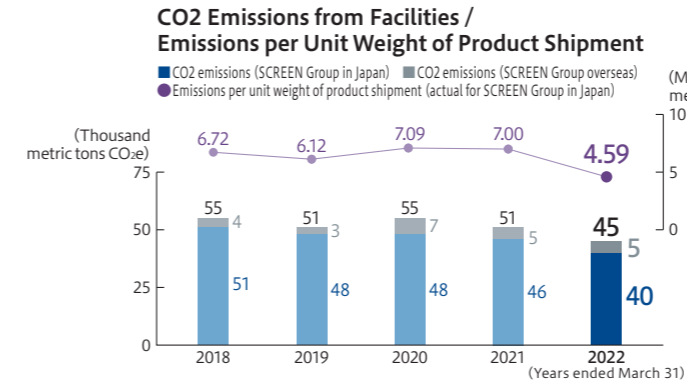
Social Contribution Activities
www.screen.co.jp/en/sustainability/social/initiative

Performance Highlights

Financial



Nonfinancial



Notes:
1. Holding, business operating, and functional support companies refer to the following seven companies.
Holding company: SCREEN Holdings Co., Ltd.
Business operating companies: SCREEN Semiconductor Solutions Co., Ltd. / SCREEN Graphic Solutions Co., Ltd. / SCREEN Finetech Solutions Co., Ltd. / SCREEN PE Solutions Co., Ltd. / SCREEN Advanced System Solutions Co., Ltd.
Functional support companies: SCREEN IP Solutions Co., Ltd.
2. Data for fiscal years prior to the fiscal year ended March 31, 2018 include data for SCREEN Manufacturing Support Solutions Co., Ltd. (absorbed by SCREEN MFG Service Co., Ltd. in January 2019)
3. Data for fiscal years prior to the fiscal year ended March 31, 2019 include data for SCREEN Business Support Solutions Co., Ltd. (absorbed by SCREEN Business Expert Co., Ltd. in October 2019)

Eleven-year Trends in Key Financial and Nonfinancial Indicators

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries
Years ended March 31

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2022 |
|--|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------------|---------------------------|
| | Millions of yen | | | | | | | | | | | Thousands of U.S. dollars |
| For the Year: | | | | | | | | | | | | |
| Net sales | ¥ 411,865 | ¥ 320,322 | ¥ 323,249 | ¥ 364,234 | ¥ 339,369 | ¥ 300,234 | ¥ 259,675 | ¥ 237,646 | ¥ 235,946 | ¥ 199,795 | ¥ 250,090 | \$ 3,375,943 |
| Cost of sales | 277,497 | 232,310 | 246,680 | 263,667 | 229,838 | 206,687 | 178,677 | 165,192 | 177,175 | 157,790 | 187,325 | 2,274,566 |
| Cost of sales to net sales (%) | 67.4% | 72.5% | 76.3% | 72.4% | 67.7% | 68.8% | 68.8% | 69.5% | 75.1% | 79.0% | 74.9% | |
| Operating income (loss) | ¥ 61,273 | ¥ 24,493 | ¥ 12,562 | ¥ 29,645 | ¥ 42,725 | ¥ 33,732 | ¥ 23,557 | ¥ 17,168 | ¥ 8,903 | ¥ (4,833) | ¥ 13,498 | \$ 502,238 |
| Operating income to net sales (%) | 14.9% | 7.6% | 3.9% | 8.1% | 12.6% | 11.2% | 9.1% | 7.2% | 3.8% | -2.4% | 5.4% | |
| Profit (loss) attributable to owners of parent | ¥ 45,482 | ¥ 15,165 | ¥ 5,011 | ¥ 18,059 | ¥ 28,507 | ¥ 24,169 | ¥ 18,816 | ¥ 12,122 | ¥ 5,419 | ¥ (11,333) | ¥ 4,637 | \$ 372,803 |
| Comprehensive income | 43,499 | 36,438 | (907) | 13,425 | 34,934 | 28,011 | 11,567 | 24,018 | 14,262 | (6,031) | 4,192 | 356,549 |
| Depreciation and amortization | 9,501 | 9,628 | 8,860 | 6,883 | 5,708 | 5,398 | 5,030 | 4,880 | 4,101 | 4,731 | 4,986 | 77,877 |
| Cash flows from operating activities | 81,753 | 57,205 | 11,812 | (37,534) | 28,878 | 49,024 | 14,721 | (1,492) | 24,703 | (15,320) | 11,279 | 670,107 |
| Cash flows from investing activities | (9,952) | (6,243) | (11,294) | (19,020) | (11,230) | (5,860) | (2,558) | (6,318) | (4,201) | (5,768) | (4,162) | (81,574) |
| Cash flows from financing activities | (4,951) | (27,071) | 4,928 | 36,761 | (11,512) | (27,479) | (2,846) | (3,823) | (29,302) | 21,534 | (9,468) | (40,582) |
| Capital expenditures | 13,410 | 7,843 | 7,985 | 24,089 | 14,429 | 8,256 | 6,352 | 6,659 | 4,574 | 6,450 | 7,347 | 109,918 |
| R&D expenses | 24,036 | 21,506 | 21,525 | 22,825 | 20,837 | 17,794 | 15,166 | 13,972 | 12,274 | 12,685 | 13,889 | 197,016 |
| | | | | | | | | | | | | |
| Per Share of Capital Stock: | | | | | | | | | | | | |
| | | | | | | | | | | | Yen | U.S. dollars |
| Net income (loss) | ¥ 976.55 | ¥ 325.21 | ¥ 107.37 | ¥ 387.10 | ¥ 608.62 | ¥ 511.96 | ¥ 396.75 | ¥ 51.07 | ¥ 22.83 | ¥ (47.75) | ¥ 19.54 | \$ 8.00 |
| Net income — diluted | 926.17 | 308.17 | 101.47 | 370.66 | — | — | — | — | — | — | — | 7.59 |
| Cash dividends | 293.00 | 90.00 | 30.00 | 97.00 | 110.00 | 87.00 | 60.00 | 7.00 | 3.00 | — | 5.00 | 2.40 |
| Net assets | 5,318.32 | 4,475.17 | 3,727.10 | 3,838.90 | 3,661.96 | 3,040.79 | 2,533.41 | 467.13 | 364.23 | 321.24 | 379.44 | 43.59 |
| | | | | | | | | | | | | |
| At Year End: | | | | | | | | | | | | |
| | | | | | | | | | | | Millions of yen | Thousands of U.S. dollars |
| Total assets | ¥ 459,305 | ¥ 382,632 | ¥ 347,965 | ¥ 380,916 | ¥ 365,874 | ¥ 300,660 | ¥ 270,094 | ¥ 249,517 | ¥ 232,376 | ¥ 232,390 | ¥ 245,382 | \$ 3,764,795 |
| Return on total assets (%) | 9.9% | 4.2% | 1.4% | 4.8% | 8.6% | 8.5% | 7.2% | 5.0% | 2.3% | -4.8% | 1.9% | |
| Current assets | ¥ 338,367 | ¥ 252,887 | ¥ 238,543 | ¥ 263,265 | ¥ 254,756 | ¥ 215,159 | ¥ 188,522 | ¥ 160,367 | ¥ 157,327 | ¥ 161,614 | ¥ 177,543 | \$ 2,773,500 |
| Net property, plant and equipment | 56,524 | 57,055 | 60,894 | 61,398 | 48,973 | 41,758 | 43,378 | 42,606 | 40,711 | 39,902 | 38,669 | 463,311 |
| Current liabilities | 175,620 | 120,868 | 136,879 | 160,852 | 175,509 | 135,576 | 120,857 | 92,750 | 114,367 | 120,014 | 123,223 | 1,439,508 |
| Long-term debt | 25,434 | 40,067 | 30,205 | 33,848 | 5,227 | 10,907 | 18,986 | 32,666 | 21,943 | 29,642 | 25,988 | 208,475 |
| Equity | 247,716 | 208,380 | 173,942 | 179,116 | 170,839 | 142,805 | 119,650 | 110,865 | 86,448 | 76,248 | 90,069 | 2,030,459 |
| Equity ratio (%) | 53.9% | 54.5% | 50.0% | 47.0% | 46.7% | 47.5% | 44.3% | 44.4% | 37.2% | 32.8% | 36.7% | |
| Return on equity (%) | 19.9% | 7.9% | 2.8% | 10.3% | 18.2% | 18.4% | 16.3% | 12.3% | 6.7% | -14.2% | 5.2% | |
| Capital stock | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | ¥ 54,045 | \$ 442,992 |
| Retained earnings | 185,804 | 144,670 | 130,908 | 130,274 | 117,359 | 92,937 | 71,602 | 54,448 | 41,824 | 36,405 | 55,440 | 1,522,984 |
| | | | | | | | | | | | | |
| Number of shares issued (in thousands) | 50,795 | 50,795 | 50,795 | 50,795 | 50,795 | 50,795 | 50,795 | 253,974 | 253,974 | 253,974 | 253,974 | |
| Number of employees | 5,943 | 5,982 | 6,074 | 6,099 | 5,835 | 5,422 | 5,182 | 5,082 | 4,968 | 4,955 | 4,890 | |
| | | | | | | | | | | | | |
| Key Environmental Indicators | | | | | | | | | | | | |
| CO2 emissions (metric tons CO ₂ e) | 44,661 | 50,670 | 54,794 | 50,566 | 54,776 | 53,357 | 52,523 | 52,625 | 53,810 | 48,600 | 37,858 | |
| Water withdrawal (thousands m ³) | 2,038 | 2,046 | 2,087 | 2,102 | 2,063 | 2,034 | 2,021 | 1,840 | 2,034 | 2,151 | 2,113 | |
| Waste generated (metric tons) | 3,462 | 2,586 | 2,304 | 2,765 | 2,696 | 2,064 | 1,848 | 2,048 | 1,893 | 1,744 | 1,806 | |

Notes: 1. Dollar figures are translated, for convenience only, at the rate of ¥122 to US\$1.00.

2. Net income (loss) per share of capital stock is calculated based on the weighted average number of shares outstanding during each term, excluding the Company's treasury stock. Fully diluted net income per share of capital stock is not shown for the years that net losses were recorded or no dilutive stock existed. Net assets per share of capital stock is calculated based on the fiscal year-end total number of shares outstanding, excluding the Company's treasury stock.

3. Return on total assets and return on equity are calculated on the basis of average total assets and average equity, respectively, at the current and previous fiscal year-ends.

4. Effective from the fiscal year ended March 31, 2014, as for main unit sales in the SPE and the FT, the revenue recognition method was changed to the completion of installation basis. Accordingly, amounts for the fiscal year ended March 31, 2013 have been reclassified with amounts calculated by applying this change of accounting policies retroactively.

5. The Company implemented a one-for-five consolidation of its common stock on October 1, 2016. Net income per share of capital stock, cash dividends per share, net assets per share of capital stock and number of shares issued are calculated based on the assumption that the consolidation of shares had been implemented at the beginning of the fiscal year ended March 31, 2016.

6. The Company has introduced a performance-linked share compensation system for directors and corporate officers. The SCREEN Holdings shares remaining in trust are recorded as treasury stock under shareholders' equity and are deducted from the number of shares outstanding as of the fiscal year end for the purpose of calculating net assets per share of capital stock (177 and 192 thousand shares for the years ended March 31, 2022 and 2021, respectively) and are deducted from the weighted average number of shares outstanding during the year for the purpose of calculating net income per share of capital stock (181 and 126 thousand shares for the year ended March 31, 2022 and 2021, respectively).

7. "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and other standards have been adopted from the fiscal year ended March 31, 2022. The financial figures, etc. in the table are presented as figures after the adoption of these accounting standards, etc.

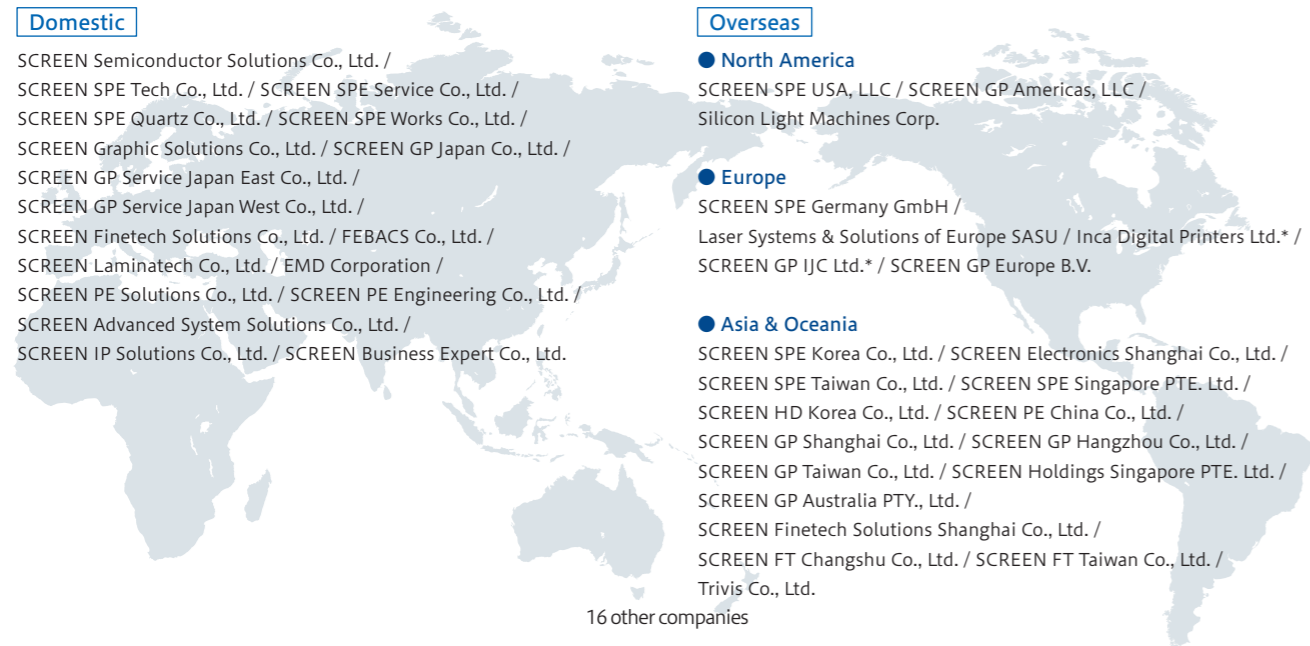
Basic Information

Corporate Profile (As of March 31, 2022)

| | |
|--|--|
| Company Name: SCREEN Holdings Co., Ltd. | Capital: ¥54.0 billion |
| Established: October 11, 1943 | Number of Employees: 5,943 employees |
| Representative: Eiji Kakiuchi, Chairman Toshio Hiroe, President and CEO | Main Sites: Head Office, Rakusai (WHITE CANVAS RAKUSAI), Kumiyama, Yasu, Hikone, Taga, Monzennakacho (WHITE CANVAS MON-NAKA) |

Consolidated Companies (As of March 31, 2022)

57 companies (Japan: 26 companies / Overseas: 31 companies)



* On May 31, 2022, SCREEN completed the transfer of shares for Inca Digital Printers Ltd. and SCREEN GP IJC Ltd.

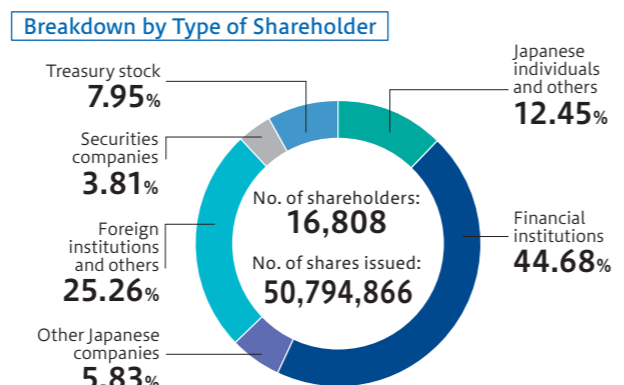
Stock Information (As of March 31, 2022)

| | |
|--|---|
| Stock Information | |
| Authorized Number of Shares: | 180,000,000 |
| Number of Shares Issued: | 50,794,866 |
| Number of Shareholders: | 16,808 |
| Number of Shares Held by Non-Japanese Companies and Individuals: | 12,833,031 (25.26%) |
| Stock Listings: | Prime Market of Tokyo Stock Exchange (from April 4, 2022) |
| Code Number: | 7735 |

| | | |
|--|-------|-------|
| Major Shareholders | | |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 9,631 | 20.60 |
| Custody Bank of Japan, Ltd. (Trust Account) | 4,486 | 9.60 |
| Nippon Life Insurance Company | 1,830 | 3.92 |
| The Bank of Kyoto, Ltd. | 1,346 | 2.88 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 1,118 | 2.39 |
| THE BANK OF NEW YORK MELLON 140044 | 965 | 2.06 |
| SCREEN's Business Partners | 948 | 2.03 |
| Shareholders' Association Synchronize | | |
| Resona Bank, Limited | 912 | 1.95 |
| The Shiga Bank, Ltd. | 848 | 1.81 |
| MUFG Bank, Ltd. | 784 | 1.68 |

Note: SCREEN Holdings holds 4,040,243 shares of treasury stock (percentage of total number of shares outstanding: 7.95%) but is excluded from the list of major shareholders.

| | |
|-------------------------|--|
| Bank References | MUFG Bank, Ltd. / Resona Bank, Limited / The Bank of Kyoto, Ltd. / The Shiga Bank, Ltd. / Development Bank of Japan Inc. |
| Underwriter | Nomura Securities Co., Ltd. |
| Sub-Underwriters | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. / Daiwa Securities Co. Ltd. |



External Assessments

Credit Rating Information

Rating organization: Japan Credit Rating Agency, Ltd. (JCR)
Credit rating: A - (changed from BBB+ on March 18, 2022)
Positive outlook

Evaluations

SCREEN Holdings Co., Ltd. is a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index, FTSE Blossom Japan Sector Relative Index, the SOMPO Sustainability Index, and the JPX-Nikkei Index 400. In addition, since 2018 it has been named to the Certified Health & Productivity Management Outstanding Organizations Recognition Program of Japan's METI.



Website

SCREEN Holdings official website



www.screen.co.jp/en

Investor Relations



www.screen.co.jp/en/ir

- Annual Report
- Fact Book
- Sustainability Data Book
- GRI Content Index
- IR Library
- Financial Reports, Presentations, etc.
- IR News
- IR Calendar

Sustainability



www.screen.co.jp/en/sustainability

- Annual Report
- Sustainability Data Book
- GRI Content Index
- ISO Certification Status
- SCREEN Group Sustainability
- Environment / Society / Governance

SCREEN Holdings Co., Ltd.

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