

# Annual Report 2020

(Integrated Report)

SCREEN Group

Year ended March 31, 2020



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- The following abbreviations are sometimes used for business segments / company names when they are mentioned in this report:  
**HD** = SCREEN Holdings Co., Ltd.  
**SPE** = Semiconductor production equipment business / SCREEN Semiconductor Solutions Co., Ltd.  
**GA** = Graphic arts equipment business / SCREEN Graphic Solutions Co., Ltd.  
**FT** = Display production equipment and coater business / SCREEN Finetech Solutions Co., Ltd.  
**PE** = PCB-related equipment business / SCREEN PE Solutions Co., Ltd.
- The names or abbreviations of the business segments are those used as of March 31, 2020.
- All years shown are for the accounting year ending March 31 of the year shown. For example, "fiscal year ended March 31, 2020" or "FY2020" means the period from April 1, 2019 to March 31, 2020.

## About This Report

### Editorial Policy

Since 2010 our Annual Reports have integrated financial and non-financial information for the purpose of more comprehensive reporting of our corporate activities from a medium- to long-term perspective. In compiling this report, we referred to the IIRC<sup>\*1</sup> "International Integrated Reporting Framework" and the "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation" (Guidance for Collaborative Value Creation) of the Japanese Ministry of Economy, Trade and Industry (METI). In addition, GRI Standard 2016 of the GRI<sup>\*2</sup> is referred to in non-financial reports.

In addition to the Annual Report 2020 Financial Section and the Fact Book for detailed financial information and the Sustainability Data Book for non-financial information, the GRI Content Index<sup>\*3</sup> is also available on the website as an index of disclosure items.

- \*1 International Integrated Reporting Council
- \*2 Global Reporting Initiative
- \*3 See the GRI Content Index  
([www.screen.co.jp/en/sustainability/gri](http://www.screen.co.jp/en/sustainability/gri))



### Publication

October 2020 (previously published September 2019, issued once a year)

### Reporting Period

Fiscal year ended March 2020 (April 1, 2019 to March 31, 2020)  
 Note: Some of the information in the report is for the fiscal year ending March 2021.

### Scope of Coverage

This report covers SCREEN Holdings Co., Ltd. (holding company) and its consolidated companies (as of March 31, 2020). 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 yen.

### External Assessments

SCREEN Holdings Co., Ltd. is a constituent of the FTSE4Good Index Series, the FTSE Blossom Japan Index, the SNAM Sustainability Index, and the JPX-Nikkei Index 400. In addition, SCREEN was recognized under the 2020 Certified Health and Productivity Management Organization Recognition Program of Japan's METI, our third consecutive year of recognition under this program.



### Website

**SCREEN Holdings**  
**official website**  
[www.screen.co.jp/en](http://www.screen.co.jp/en)



**Investor Relations**  
[www.screen.co.jp/en/ir](http://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](http://www.screen.co.jp/en/sustainability)



- Annual Report
- Sustainability Data Book
- GRI Content Index
- ISO Certification Status
- Approach to Sustainability / Materiality
- Environment / Society / Governance

# History of the SCREEN Group

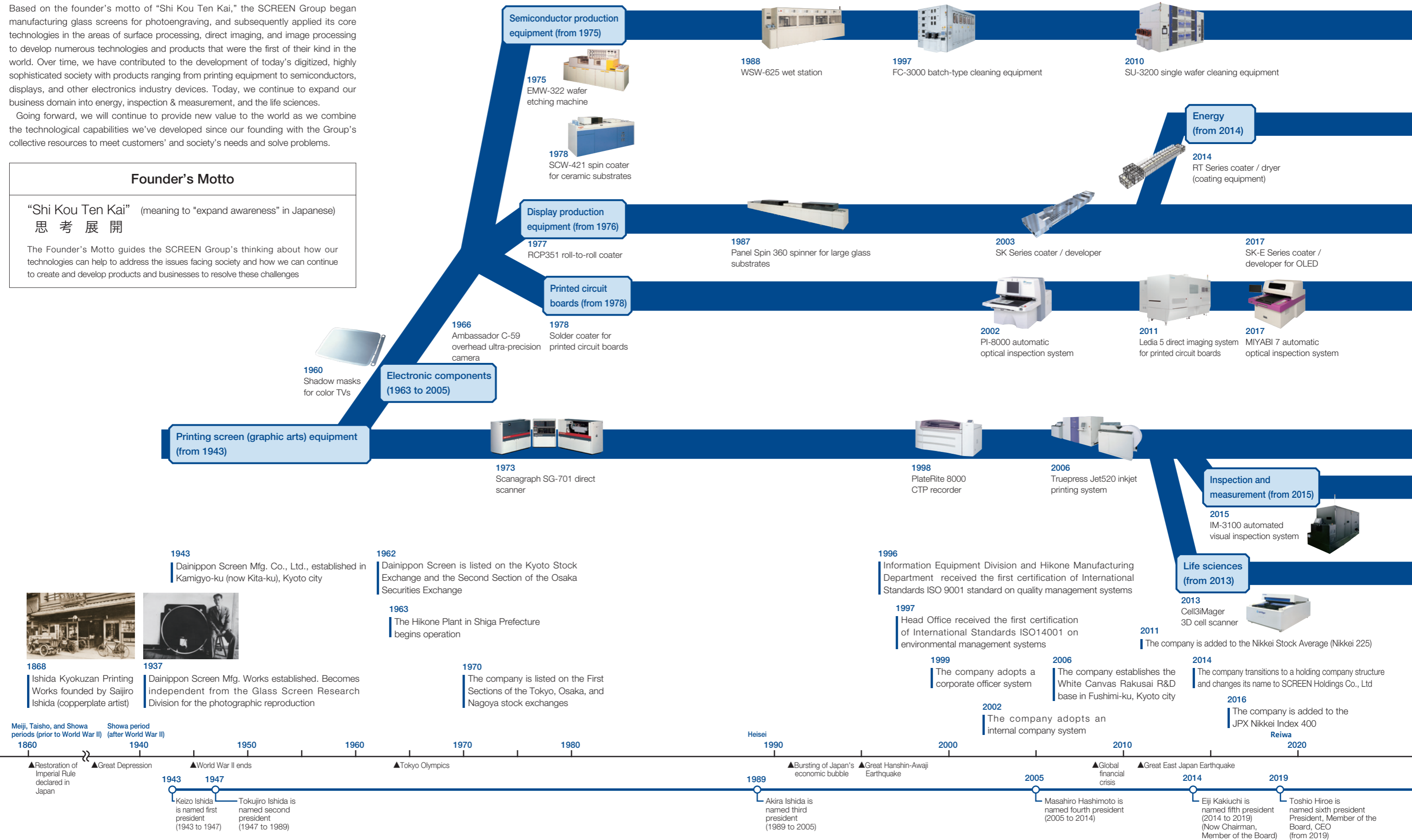
Based on the founder's motto of "Shi Kou Ten Kai," the SCREEN Group began manufacturing glass screens for photoengraving, and subsequently applied its core technologies in the areas of surface processing, direct imaging, and image processing to develop numerous technologies and products that were the first of their kind in the world. Over time, we have contributed to the development of today's digitized, highly sophisticated society with products ranging from printing equipment to semiconductors, displays, and other electronics industry devices. Today, we continue to expand our business domain into energy, inspection & measurement, and the life sciences.

Going forward, we will continue to provide new value to the world as we combine the technological capabilities we've developed since our founding with the Group's collective resources to meet customers' and society's needs and solve problems.

## Founder's Motto

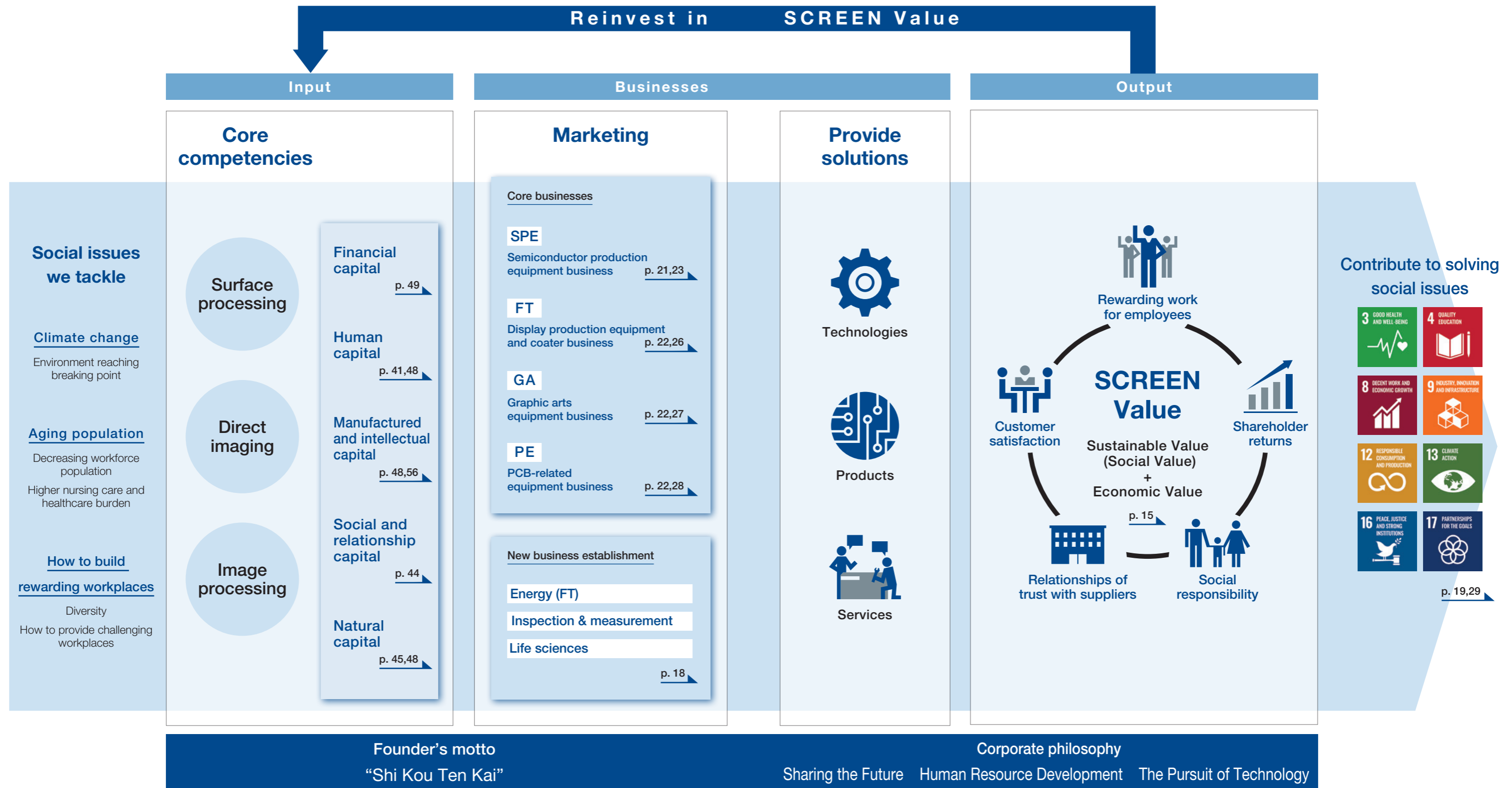
"Shi Kou Ten Kai" (meaning to "expand awareness" in Japanese)  
 思考展開

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



# Value Creation by the SCREEN Group

Based on the founder's motto of "Shi Kou Ten Kai" and a corporate philosophy of "Sharing the Future," "Human Resource Development," and "The Pursuit of Technology," the SCREEN Group carries out marketing-driven business activities that leverage core competencies. In this way, we raise "SCREEN Value (corporate value)" by providing customers with solutions in the form of technologies, products, and services that meet society's needs and contribute to solving its problems. We strive to continue raising SCREEN Value by investing our outputs such as profits into future solution creation, thus further advancing our core competencies and contributing to society.



## Message from the President



**Toshio Hiroe**  
 Representative Director, President,  
 Member of the Board,  
 Chief Executive Officer  
 SCREEN Holdings Co., Ltd.

### Contributing to a Sustainable Future through Technological Innovation Guided by a New Medium-term Management Plan

The SCREEN Group is currently in the midst of an extremely severe market environment impacted by U.S.–China trade friction and by the COVID-19 pandemic. As we forge ahead with our new medium-term management plan, Value Up 2023, our aim is to improve corporate value along with management efficiency by treating current market difficulties as growth opportunities to address the new challenges facing society and provide solutions tailored to society’s needs. In line with our founder’s motto, “Shi Kou Ten Kai” (思考展開: meaning to “expand awareness” in Japanese), and with the goal of being a company that grows together with society, the entire SCREEN Group is doing its utmost to realize the technological innovations that will lead to a sustainable future.

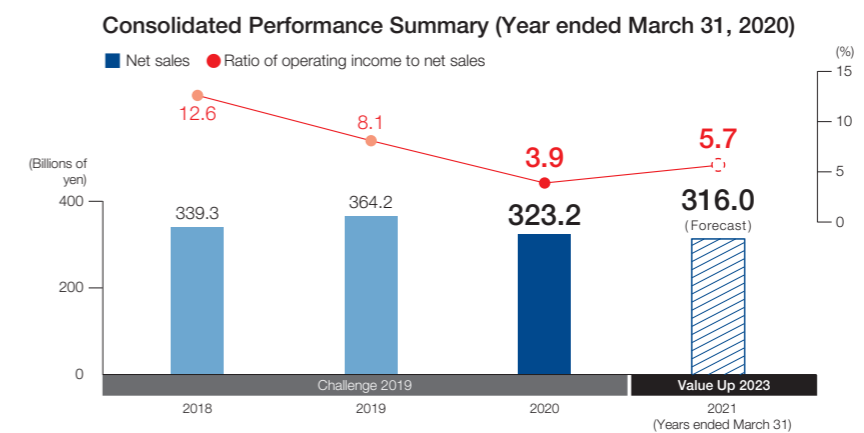
### Q1. Please provide a summary of the fiscal year ended March 31, 2020.

During the past fiscal year, we did our utmost to ensure we achieved our Challenge 2019 three-year medium-term management plan targets. Unfortunately, due to diminished profitability caused by SPE supply chain disruption in the plan’s second year (the year ended March 31, 2019), among other factors, we were unable to achieve our targets apart from net sales.

Even without the impact of COVID-19, we twice had to adjust our targets downward due to, I believe, issues materializing

this last fiscal year (the year ended March 31, 2020), which had their origins in our transition to a holding company (HD) structure in 2014.

With the start of our new medium-term management plan, Value Up 2023, we are working to address these issues in a way that maintains the benefit of the HD structure (i.e., the autonomy of business operating companies) while getting us back on a growth track.



### Q2. COVID-19 has had a major impact on the global economy. What sort of impact do you think it will have on the future of the market and on the SCREEN Group?

Although business slowdown and other impacts are being felt in the short term, there will be new opportunities for growth in the medium term as we adjust accordingly to the new normal of life “with the coronavirus” and “after the coronavirus.”

The post-COVID-19 world will likely be even more dependent upon telecommunications and IT. Within the SCREEN Group as well, the telecommuting, phone and video conferencing, and other work-from-home measures that we implemented to combat the spread of infection have provided even greater impetus for work-style reform efforts, which began before COVID-19. In the past, globalization was considered primarily to be the movement of people, but we are increasingly coming to value exchange of information more than movement of people. Within this context a digital transformation (DX) is

taking place, which is driving expansion in 5G, AI, IoT, data centers, and so on. This is expected to create even greater demand for semiconductors.

Thinking about what this will mean for SCREEN Group business, I feel that not only SPE but also GA, FT, and PE are well positioned to capitalize on this growing demand. While this is more obvious for FT (display) and PE (PCB-related) businesses, which are similar to SPE in that they are electronics-related, it is also true for GA business, which, despite recent negative macroeconomic impacts, is steadily shifting away from traditional, high-volume printing to high-mix, small-lot inkjet technology-driven POD (print-on-demand) printing. Ink recurring business is expected to grow as a result of this shift.

### Q3. Please describe the thinking that went into the new medium-term management plan\*<sup>1</sup>.

First and foremost, the new medium-term management plan needed to focus on increasing corporate value. This is reflected in it being named “Value Up 2023.” I want us to work on improving SCREEN Value (corporate value: Sustainable Value [social value] + economic value)\*<sup>2</sup> along with management efficiency. To do this, we need to devote ourselves to ensuring efficient turnover of capital costs for the creation of cash flow.

Before, our approach to increasing economic value emphasized

the pursuit of sales and profits (PL aspects). Our focus now is not only on PL, but also on increasing capital efficiency and generating cash flow that can be reinvested into building an ecosystem of ongoing technological, product, and service creation, which will help in addressing the issues facing society. Our aim is to ensure that the solutions we offer improve corporate value for the SCREEN Group by improving the corporate value of our customers.

\*1 Refer to “New Medium-term Management Plan, Value Up 2023” on p.15.

\*2 Refer to “ESG Dialogue 2020” on p.13.

### Q4. What do the terms “Solution Creator” and “Sustainable Value (social value)” mean to you?

The SCREEN Group’s raison d’être is to be a proposal-based solution provider that works along customers to build win-win relationships with them. We have a responsibility to help customers with their environmental footprint, productivity, and other needs by providing comprehensive solutions that incorporate not only products but services and technologies as well. I use the term Solution Creator to describe this image of the SCREEN Group as a provider of original solutions that promote customer innovation. It is the core keyword of the new medium-term management plan.

To be a solution creator, it is extremely important that you deliver, on an ongoing basis, innovation that is tied to new value. Being an organization, it is essential to have structures in place for continuously generating innovation, and we recognize that this has traditionally been a weak point for us. Hence, we are working to develop new structures. With a robust base of organizational strength that we can capitalize upon to provide solutions to customers, we will establish a virtuous cycle that increases corporate value along with social value.

### Q5. What are your thoughts on the economic value-related challenges facing SCREEN?

With regard to increasing economic value, the challenges we face are the low profitability and cash flow creation capacity of our current business. Our operating income ratio, as well, is by no means satisfactory when compared with that of our competitors, and we are not in a position to generate sufficient cash flow, which can be applied to essential investments for future growth. At one point during the implementation of the previous medium-term management plan, we were generating the highest level of operating income in our history. This was, however, followed by a rapid deterioration in profitability. Further, our cash flows were not at operating income levels, and we were unable to allocate capital for reinvestment in growth. For the next management phase, we are focused on ensuring that there is enough cash flow generated by each of our businesses to allow for allocation and reinvestment in anticipated growth areas. It is extremely important, therefore, that we have sufficient marketing strength, as this is a key factor in determining

where to focus our reinvestment. Towards that end we have undertaken organizational restructuring within HD. The HD marketing structure has begun active, cross-functional discussions with the marketing departments in our business operating companies.

Additionally, we have now included ROIC (return on invested capital) as one of our internal management indicators. In order to help facilitate familiarity within SCREEN about handling ROIC as an indicator, it is essential that we break it down into numbers and facts all employees can understand and accept. To do this we have established a cross-functional team, which is currently pursuing discussions. By instituting reasonable “business site-specific KPIs,” we also foster a mindset focused on improvement which, in turn, leads to improvement in ROIC. I imagine it will take a few years to bear fruit; however, there is no doubt that it will take hold and contribute to the formation of a robust corporate entity.

### Q6. What is your thinking with regard to ESG and SDG-related initiatives?

Chairman Eiji Kakiuchi (former president and CEO) initiated ESG management, and since then we have put in place a variety of ESG-related systems and undertaken collaboration with a variety of outside organizations. These efforts have garnered a notable degree of positive recognition from the outside. The next challenge for us is to strengthen G (governance)-related collaboration between HD and business operating companies, such as with regard to risk management. So far, risk management has been carried out using risk analysis lists drawn up by each business operating company. However, this has prevented integrated management of risk on the HD side. So, a Group Risk Committee was established, which helps each HD department to definitively identify and manage the

anticipated risks on a business operating company- and department-specific basis.

G involves a variety of different aspects, from the diversity of directors to the remuneration process, but one of its most pressing concerns is Group governance. Similar to what I said earlier about ensuring a strict focus on investment in innovation management, I want to see sustainable growth achieved through the implementation of thorough governance on the part of HD.

With regard to E (environmental) and S (social), as well, we are moving away from business operating company- and department-specific implementation of activities to a system linked with the activities of HD\*<sup>3</sup>.

\*3 Refer to “Sustainable Value 2023: ESG Initiatives for a Sustainable Company” on p.19 and “Sustainable Management” on p. 29.

#### Sustainable Management Focused on SDGs—Eight Material Issues



## Q7. You have made a point of emphasizing the founder’s motto: “Shi Kou Ten Kai”. What, to you, does “Shi Kou Ten Kai” entail?

I think “Shi Kou Ten Kai” is the most apt descriptor for the SCREEN Group. Our thought process is continually focused on the origin and direction of business, from which we seek to find and develop new ideas.

New and innovative ideas are, of course, important to the creation of technologies, products and services—in other words, solutions—but transformative thinking is also important to daily business operations by identifying elements that can be changed to increase efficiency. We use every opportunity available to us to ensure that “Shi Kou Ten Kai” thinking remains front and center in employees’ minds.

We also work to ensure that our business activities express the essential elements of our corporate philosophy: “Sharing the

Future,” “Human Resource Development”, and “The Pursuit of Technology.” Among these, “Human Resource Development” is of tremendous importance. It seems that companies often think in terms of the tasks that they will make employees perform in order to achieve profit objectives, thus making the performance of said tasks feel compelled and killing employees’ motivation. Giving employees a sense of personal challenge and achievement in the business activities that they perform will contribute to the growth of the company as well. Ideally, we want employees to embrace challenges without fear of failure so that they will derive a sense of personal growth from the successes that they accumulate over time. I want SCREEN to focus on tying our corporate growth to the growth of our employees.

## Q8. What are your thoughts on human resource utilization and development?

I feel that, on the one hand, in the six years since adopting an HD structure, each business operating company has worked to optimize its operations and foster its own, distinctive growth in order to achieve maximum sales and profits, but on the other hand, inter-business human resource exchange and interaction has stagnated. Since my time as president of a business operating company I have felt this to be the case. Therefore I want to see the barriers between business operating companies and other organizations lowered and an environment

that welcomes the free exchange of ideas and opinions developed. I believe that the efforts of our cross-functional team to improve economic value, the implementation of Sustainable Value 2023 to improve social value, and all the other cross-functional initiatives we are undertaking will facilitate free and fluid discussion within the SCREEN Group which will, in turn, contribute to the individual growth of Group members and, ultimately, to the creation of new challenges for us to tackle.

## Q9. What is your message for SCREEN investors?

I believe that SCREEN Group businesses are well positioned in their respective industries and are adapting to changing times in ways that will allow them to exceed the growth of those industries. I understand the concern that investors felt at the internal issues, which arose within the SCREEN Group during the fiscal year before last. However, I believe it served as a good wake-up call, drawing our attention to those areas where we were lacking.

Despite the extremely severe market environment, which

has emerged as a result of U.S.–China trade friction and the spread of COVID-19, I believe we have an opportunity to recultivate our organizational strength and undertake reforms that will make us more robust, resilient, and on track to new growth. I hope that you will look forward to seeing the SCREEN Group achieve new levels of success as a solution creator and will continue to provide us with your support and encouragement towards that end.

## Message from the CFO



### Pursuing Profitability and Efficiency to Generate Cash Flows Commensurate with Profits

**Yoichi Kondo**

HD Managing Director  
Member of the Board  
Chief Financial Officer

#### Q1. Reflecting on the final year of the previous three-year medium-term management plan, Challenge 2019, what was achieved and what were the challenges faced?

I believe we successfully achieved the following two objectives.

##### 1) Significant improvement in cash flow

As a result of rapidly expanding sales beginning in the fiscal year ended March 31, 2018, our supply chain management was unable to keep pace (for core SPE business) and cost reduction activities were also delayed, resulting in significant deterioration in cash flow and earnings in the fiscal year ended March 31, 2019.

During the fiscal year ended March 31, 2020, we rebuilt our value chain and performed inventory optimization (products, in-process inventory, components) at each business site to eliminate congestion.

Under the leadership of President Hiroe, we launched the Cash Flow Improvement Project, which operated beyond organizational boundaries across the entire SCREEN Group, including HD, business operating companies, and sales, design, procurement and manufacturing departments. This project was not unilaterally imposed upon business sites but, rather, in a manner that ensured their full approval. I believe the project was able to be implemented smoothly, despite it being a period of peak activity, thanks to making sure the business sites were on board with the project.

##### 2) Balance sheet streamlining (equity ratio of 50%)

As a result of the Cash Flow Improvement Project, we were able to reduce accounts receivables and inventories and compress total assets down to 347.9 billion yen. At the end of the fiscal year ended March 31, 2020, we met our Challenge 2019 numerical target to have an equity ratio of 50%, and we maintained a rating of “BBB+ (Stable)” issued by the Japan Credit Rating Agency (JCR).

In terms of challenges for the future, we continue to work on bolstering our capacity to generate cash flow and on maintaining and improving our equity ratio as a buffer against risk.

#### Q2. How has SCREEN been responding to COVID-19 since the end of the fiscal year ended March 31, 2020?

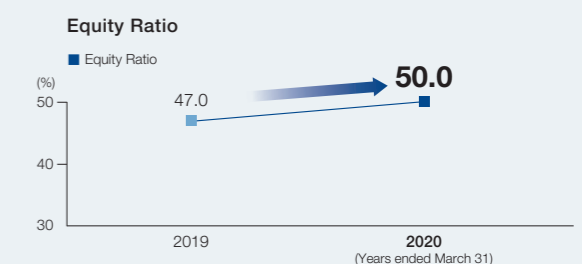
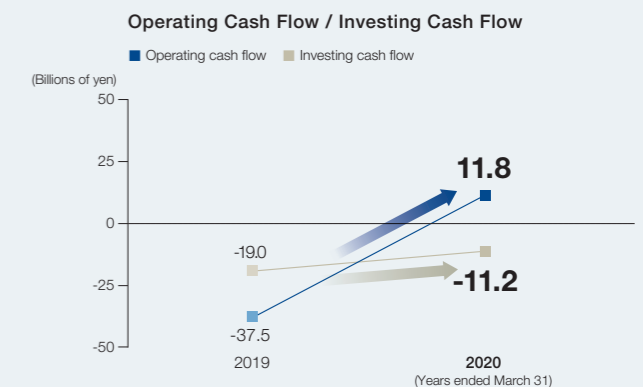
We are looking ahead to the long-term impact of the virus and have ensured that we have double our normal available credit line in order to ensure liquidity. Specifically, in addition to our existing unused commitment line (30.0 billion yen), we have secured an equivalent amount with financial

institutions for use as a safety net. Our funding remains on track, and we have ample liquidity on hand.

#### Q3. What are your thoughts on the medium- to long-term challenges to be tackled as part of the new medium-term management plan, Value Up 2023?

The basic strategy of the new medium-term management plan is to pursue profitability and efficiency to generate cash flows commensurate with profits. Amid the COVID-19 pandemic, we have sought to ensure liquidity and soundness (i.e., a capital buffer). As part of our evolving implementation of the Cash Flow Improvement Project, we will apply ROIC indicators, introduced during the new medium-term management plan’s term, into KPIs tailored to each business site to facilitate improvement in cash flow creation capacity and the capital efficiency of each business. In conjunction with this, we are working to capitalize on the creation of stable operating cash flows in order to bolster investment in growth areas.

Furthermore, we are using IT tools to strengthen the cross-functional efficiency of HD and support business operating companies’ initiatives.





From left  
**Shunichi Hasegawa** Department Head, CSR Promotional Department, SCREEN Holdings Co., Ltd.  
**Toshio Hiroe** Representative Director, President, Member of the Board, Chief Executive Officer, SCREEN Holdings Co., Ltd.  
**Yasuyuki Kato, Ph.D.** Adjunct Professor, Graduate School of Management, Kyoto University, Chair, Kyoto University ESG Study Group, Professor, Tokyo Metropolitan University Graduate School

ESG Dialogue 2020

# ESG in the SCREEN Group

## Towards Raising “SCREEN Value”—Sustainable Value (Social Value) and Economic Value

ESG (environment, social, governance) has become a key assessment criteria for corporate value. What does ESG mean to the SCREEN Group? How should we pursue it in our business? To answer these questions, Toshio Hiroe, President and CEO of SCREEN Holdings and Shunichi Hasegawa, Head of the CSR Promotional Department of SCREEN Holdings spoke with Dr. Yasuyuki Kato, an adjunct professor in the Graduate School of Management at Kyoto University and chair of the Kyoto University ESG Study Group.

This dialogue was held on March 25, 2020 at the SCREEN Holdings Head Office in Kyoto. For the sake of social distancing, Dr. Kato took part via videoconference.

### Linking ESG to Business Raises Corporate Value



**Mr. Hiroe:** Amidst the changing business environment created by the COVID-19 outbreak, we have defined the SCREEN Group’s corporate value as “Sustainable Value (social value) and economic value” under our Value Up 2023 medium-term management plan. Although our past medium-term management plans included ESG and the SDGs, I felt that there was not enough emphasis on linking these to our business activities. A

sense of awareness of ESG is currently being fostered in Group companies. Under Value Up 2023, we aim to link this awareness to business activities in order to boost both Sustainable Value (social value) and economic value.

**Dr. Kato:** There has been a lot of research showing that the most important thing in ESG investment is the relation between a company’s ESG rating and its corporate value. In other words, companies with a high ESG rating also have a high corporate value. Governance, the “G” in ESG, is especially important, something that my research has backed up. There has also been

a lot of recent research showing that environment (“E”) and social (“S”) are inextricably woven into corporate value. I believe that these two will continue to draw increasing attention and be even more integral components of stock prices.

**Mr. Hiroe:** We are committed to SBTs\* in the area of the environment, and we have set CO<sub>2</sub> reduction targets to achieve by the fiscal year ending March 31, 2030. In addition, we are helping our customers lower their environmental impact through our ongoing development and manufacturing activities as we carry out in-house assessment of the solutions that the SCREEN Group provides to customers. We are also reducing the amount of waste in product manufacturing processes.

Looking at governance, after adopting a holding company structure in 2014, the SCREEN Group achieved growth by having each of the business operating companies strive for optimal allocation of management resources and maximum profitability. However, this pursuit of optimization by the business operating companies led to too much centrifugal force—you could also call it autonomy—resulting in what I felt was a lack of cohesiveness inside the SCREEN Group. Our new medium-term management plan has measures for strengthening Group governance and improving Group cohesiveness.

### Risk Management a High Priority

**Mr. Hasegawa:** The CSR Promotional Department was launched seven years ago to concentrate on boosting compliance and corporate ethics but our tasks have recently been expanded to include aggressive CSR action; for example, participation in the UN Global Compact and the achievement of SDGs through SCREEN’s business. However, I’m afraid that we haven’t communicated these activities very well to stakeholders, nor have we incorporated these into our management plan as concrete targets.

Under our new medium-term management plan, in response to President Hiroe’s policy of being a solution creator for society and tying those successes to changing society for the better, we are focusing on ESG and planning concrete CSR measures that will lead to higher social value for the SCREEN Group.

As for strengthening governance, which President Hiroe just mentioned, it’s important to have cross-organizationally linked risk management. We are focusing on major risk factors for the entire SCREEN Group from the viewpoint of ESG, and SCREEN Holdings is monitoring these. By including environmental problems, social issues, and supply chain tasks in those risk factors, we are turning risks into opportunities.

**Dr. Kato:** The original concept behind ESG investment was risk management. The idea was to reduce risk and raise sustainability.

Research has shown that in most cases companies with high ESG ratings tend to avoid loss of corporate value in the face of economic crises like the 2008 global financial crisis. Such companies’ stocks are held by investors who take a long-term view, so when a crisis does arise, the stock sell-off is small compared to that of other companies. I can confidently say that ESG investment will be a major focus of attention once the current COVID-19 crisis is over.



**Mr. Hiroe:** Risk management is also one of the important tasks of the new medium-term management plan. As for COVID-19 countermeasures, although we have for some time had a BCP (business continuity plan) in place, which assumes things like pandemics, now that such a crisis has occurred, it has revealed problems that we never foresaw. This has reinforced the importance of narrowing the gap between risk management methods and actual business activities. Solving this issue is a high priority.

### Raising Corporate Value on a Foundation of ESG and SDGs

**Dr. Kato:** It is my understanding that investors consider a company’s ESG rating an indicator of risk and SDGs an indicator of a company’s growth potential. ESG and SDGs have become the lingua franca in the communication between investors and companies, and between investors and their investor clients.

**Mr. Hasegawa:** While SDGs represent one clue to boosting corporate value, ESG is an important angle from the investor’s standpoint. Companies must deal thoroughly with both of these. Although both have the same purpose, they must be perceived in their proper context. It’s about more than just changing society through one’s business;

it’s also about, for example, a company making manufacturing more eco-friendly, changing the way employees work, or using the profits and knowledge it has gained through business to give back to society in the form of tie-ups with government and / or academia. All of these contribute to various stakeholders in society and all lead to greater social value for a company. We hope to deal



with both ESG and SDGs through these various angles.

**Dr. Kato:** Exactly. ESG is akin to the way of doing things; its focal points include improving governance, creating better hiring systems and work environments, and reducing industrial waste. On the other hand, I think SDGs represent a company’s direction; what it should do as a business, for example.

**Mr. Hiroe:** What we define as SCREEN Value—achieving growth in both social and economic value—is the reason for our existence. We want to conduct business by developing and innovating in order to provide customers with solutions through technologies, products, and services while imagining what kinds of social value we can create. Through the cycle of business activities, we are building the mechanisms of our new medium-term management plan so that all employees can fully comprehend the model for giving back to society and our stakeholders. I believe that ESG numerical targets and the philosophy of SDGs naturally link with this cycle of activities and in turn boost value for SCREEN Holdings. As the foundation for improving corporate value, we are refining our fundamental management philosophies.

\*Science Based Targets (SBT) represent an international initiative to prevent global warming by setting CO<sub>2</sub> reduction targets that are based on scientifically sound principles.



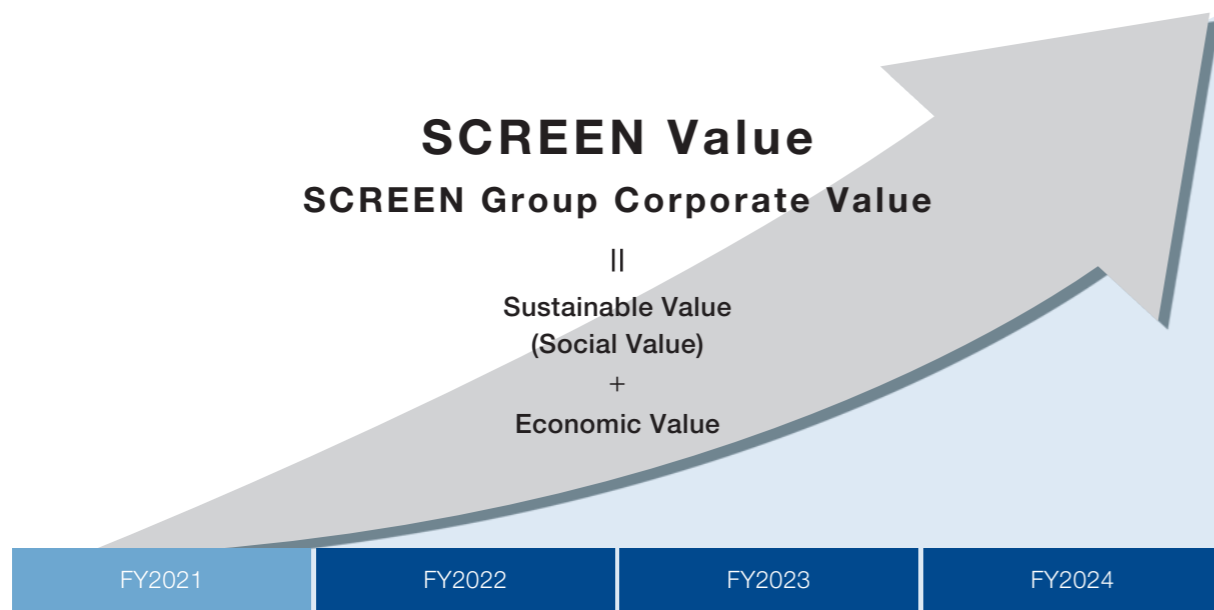
## New Medium-term Management Plan Value Up 2023

Under the new medium-term management plan beginning in FY2021, Value Up 2023, we will further enhance our earnings structure and financial base by strengthening internal management of capital efficiency. While enhancing SCREEN Value (corporate value), which comprises Sustainable Value (social value) and economic value, we will continue working to sustainably generate profit, return profit to shareholders, and take other measures. In addition, in a proactive effort aimed at reaching the next level of growth, we will continue pursuing various options to achieve growth, such as resource allocation, open innovation, and M&A. In light of the impact that the COVID-19 pandemic has had on the first year of Value Up 2023, we are extending the target period of this plan from the previous three years to four years.

### Core Concept

#### Establishing a presence in the industry as a Solution Creator

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



### Business Environment

- Rapid shift to DX with the establishment of new value
- Servers, 5G, AI, IoT, sensors, and power control devices become the growth drivers
- Growing demand of diversifying displays
- Acceleration of investment on new energy with growing awareness of the environment and resources
- Shift of demand from large-volume printing to high-mix, small-lot printing

>>SCREEN's technologies, products, and services are becoming ever more indispensable to people's lives

### Main Initiatives

- #### 1 Enhance corporate value by creating innovation and a sustainable growth cycle

  - Focus on strategic development investment and strengthen the business portfolio by promoting open innovation and M&A
  - Endeavor to create new businesses (e.g., life sciences, inspection & measurement, energy, and AI)
- #### 2 Generate cash flows equivalent to profits which are earned in pursuit of profitability and efficiency

  - Enhance capital efficiency on each business by introducing ROIC indicators
  - Strengthen investment in growth fields by stably generating operating cash flows
- #### 3 ESG initiatives to be a sustainable corporation

  - Formulate a medium-term plan, Sustainable Value 2023, based on Sustainable Value (social value) policy for socially sustainable development and execute the plan

### Numerical Targets of Economic Value

<b>Net Sales</b>	Achieve net sales of ¥ <b>400</b> billion or above in the final year
<b>Operating Income to Net Sales Ratio</b>	Achieve <b>15</b> % or above in the final year
<b>ROE</b>	Achieve <b>15</b> % or above in the final year
<b>Operating Cash Flow</b>	Cumulative total of ¥ <b>120</b> billion in 4 years (Achieve a net cash position)
<b>Shareholder Returns</b>	Achieve a consolidated total return ratio of <b>30</b> % or above from FY2022 (Continue 25% or above in FY2021)

Note: The above figures are predicated on organic growth.



## Strategies by Segment

Although the SCREEN Group operates in the midst of a radically changing business environment, which demands speed and innovation, we believe that business opportunities are ever-present and that the market will continue to grow. We are working to achieve that next level of growth by pursuing the following segment-specific strategies and targets.

### SPE

- Increase market share in cleaning equipment segment
- Continue to transform toward profitability
- Strengthen after-sales service
- Improve CCC\* by strengthening SCM

\*Cash Conversion Cycle

Targets in the final year

Net sales	Operating income to net sales ratio
¥280 billion – ¥300 billion	18 – 20%
Market outlook: WFE market will grow at CAGR of 7% to over \$65 billion in 2023	

### GA

- Expand inkjet products for the commercial printing market and the packages market (flexible, corrugate etc.)
- Strengthen recurring business

Targets in the final year

Net sales	Operating income to net sales ratio
¥45 billion – ¥50 billion	6 – 8%
Market outlook: Communication printing market will grow at CAGR of 8%, packages market will grow at CAGR of 20% (both POD markets, 2020–2026)	

### FT

- Commercialize inkjet equipment business for large-sized OLED TVs
- Commercialize energy-related business

Targets in the final year

Net sales	Operating income to net sales ratio
¥45 billion – ¥50 billion	8 – 10%
Market outlook: Display manufacturing equipment market will grow at CAGR of 1% (2020–2022)	

### PE

- Increase market share of existing equipment
- Work on new product development and launch on the market

Targets in the final year

Net sales	Operating income to net sales ratio
¥12 billion – ¥14 billion	8 – 10%
Market outlook: PCB market will grow at CAGR of 6–7% (2020–2024)	

### New Business

- Inspection and measurement: Become profitable by solution business
- Life sciences: Become profitable in tablet printing and cell fields
- Launch new project in growing market by strengthening marketing

## Message from the CTO



### Enhancing SCREEN Value through Innovation Creation

**Soichi Nadahara**

HD Managing Director  
Member of the Board  
Chief Technology Officer

#### Q.1 Reflecting on the final fiscal year of the previous three-year medium-term management plan, Challenge 2019, what was achieved and what were the challenges faced?

One of the basic policies implemented as part of Challenge 2019 was to use selected and focused development investment as a means of strengthening development in elemental technologies underlying technology creation in existing business areas and the creation of business in new business areas. In addition, we have pursued a broad strategy of open innovation, which allowed us to speed up the rate of development, as well as shore up our weaknesses and bolster our strengths. The more than 30 development projects per year that we undertook produced a multitude of positive results (see the table at right). However, due to insufficient technological capacity and an underestimation of the market, there were a number of products that we were unable

to commercialize. Nevertheless, we do not fear failures; rather, we learn from them, and apply their lessons in tackling new technological development.

Results of Major Development Projects

Moved into business phase	Inkjet printing system for flexible packages, organ fabrication system, technology for decorative printing
Ready-to-launch products	3D cell observation system, printing system for tablets
Other major progress	Semiconductor analysis simulation technology, inkjet impact, mist behavior analysis technology-driven minute phenomena elucidation

#### Q.2 What are your thoughts on technology development during an era of coexisting with COVID-19?

In the midst of a highly uncertain world situation beset with trade conflicts and geopolitical issues, in particular, the battle for dominance between the U.S. and China, COVID-19 spread throughout the world, resulting in the movement of people and goods being restricted and economic activity significantly suppressed. In the equipment industry, not only did it cause supply chain disruptions, but I also realized that things like setting up new equipment and optimizing processes are still as labor intensive as ever. Up to now, working remotely, automating

tasks, and reducing manpower have been proposed. But with the momentum generated by the COVID-19 catastrophe, the shift to digital will accelerate irreversibly, including IoT-based data gathering, AI-based deep machine learning in virtual space, automatic parameter adjustment, device autonomous control, and failure prediction. Human thinking is being integrated with machine information processing, and we can regard this as human evolution advancing to the next stage.

#### Q.3 What are your thoughts on the medium- to long-term challenges to be tackled as part of the new medium-term management plan, Value Up 2023?

As part of the new medium-term management plan, we are pursuing a basic strategy of enhancing corporate value by creating innovation and a sustainable growth cycle. We will continue to focus on strategic development investment, promoting open innovation, and leveraging M&A to strengthen our competitiveness in existing business areas, facilitate greater development diversification, and contribute to business portfolio restructuring. In addition, an important aspect of the new medium-term management plan is engaging in medium- to long-

term development of elemental technologies that spur innovation in addressing the challenges faced by society and, thereby, contribute to the sustainable growth of the SCREEN Group. To accomplish this, we will work in concert with our marketing team to identify the varied trends within the current market and will pursue greater industry-academia-government collaboration and more dynamic human resource exchange to facilitate flexible and future-focused development.

## ESG Initiatives to Be a Sustainable Corporation

### “Sustainable Value 2023”

In the SCREEN Group, we are working to enhance our value to society through an emphasis on ESG, through a commitment to meeting the expectations and earning the trust of a diversity of stakeholders and by fulfilling our corporate social responsibilities, as well as by actively addressing environmental and social challenges through our business activities so that we can contribute as a solution creator to the sustainable development of society.

### Sustainable Value (social value)



### Contributing to the sustainable development of society

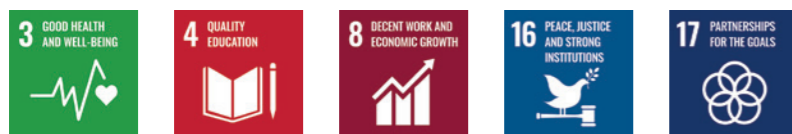
We will actively engage in sustainable management practices that contribute to the realization of the international community’s shared SDGs and to earning the trust of stakeholders

#### E (Environment) Reduce environmental impact through business



- Reduce CO<sub>2</sub> emissions by lowering energy consumption and environmental impact based on the SBT\*<sup>1</sup> framework and contribute to the realization of a decarbonized society through our business
- Contribute to the realization of a recycling-oriented society through conservation of water resources, reduction of waste, and response to environmentally regulated substances

#### S (Social) Create a great place to work and involve in solving social issues



- Implement new, sustainable working styles, as well as develop and strengthen systems and environments conducive to the growth of, and greater participation by, a more diverse workforce
- Pursue industry-academia-government collaborations, which contribute to the creation of innovations that address the diverse challenges facing society, and undertake social contribution activities that facilitate the development of local communities

#### G (Governance) Strengthen risk management and business continuity plans



- Accurately identify risk issues and implement Group risk management to prevent or minimize these issues’ negative impact on corporate value
- Strengthen supply chain management based on the RBA\*<sup>2</sup> Code of Conduct
- Improve the resilience of the Group BCP structure in the face of increasingly diverse disaster risks

\*1 SBT (Science Based Targets): An international initiative to combat global warming, which calls for the establishment of scientifically based CO<sub>2</sub> emission reduction targets  
 \*2 RBA (Responsible Business Alliance): An alliance encompassing the electronic device, IT, toy, and automotive industries, which establishes rules and regulations related to human rights, health and safety, ethics, the environment, and other concerns

Note: Refer to “Sustainable Management” on p. 29 for more information.

### Looking Back at the Previous Three-Year Medium-term Management Plan –Challenge 2019 (FY2018–FY2020)

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

#### Main Targets and Their Change over Time

Targets	Changes in three years			
		FY2018	FY2019	FY2020
1. Expand sales Consolidated annual net sales approximately ¥300 billion	Net sales	¥339.3 billion	¥364.2 billion	¥323.2 billion
2. Maintain and improve profitability Operating income ratio in the final year of the plan 13% or above	Operating income ratio	12.6%	8.1%	3.9%
3. Maintain and improve capital efficiency ROE approximately 15%	ROE	18.2%	10.3%	2.8%

#### Results and Challenges

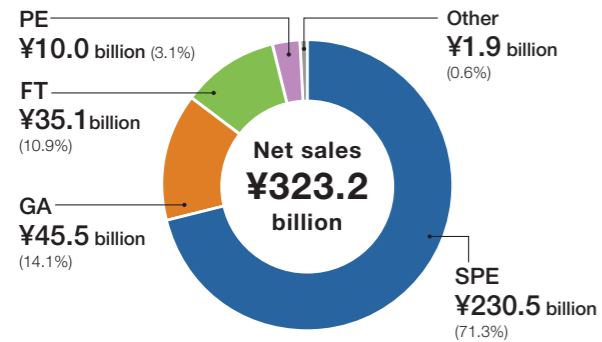
- 1. Established robust business foundations supported by annual net sales of ¥300.0 billion thanks to the success of growth investment**  
 In 1H of the three-year plan, the ratio of operating income to net sales and market capitalization hit record highs, while our targets for net cash flows and other performance indices have been met.
- 2. On the other hand, we have seen growth in sales in 2H, albeit with temporary operational confusion. Some issues must be addressed to offset a decrease in profitability and create cash flows in a disadvantageous environment arising from the deterioration of market conditions**

**>>Based on the new medium-term management plan, we will refresh our focus on pursuing improvement in corporate value**

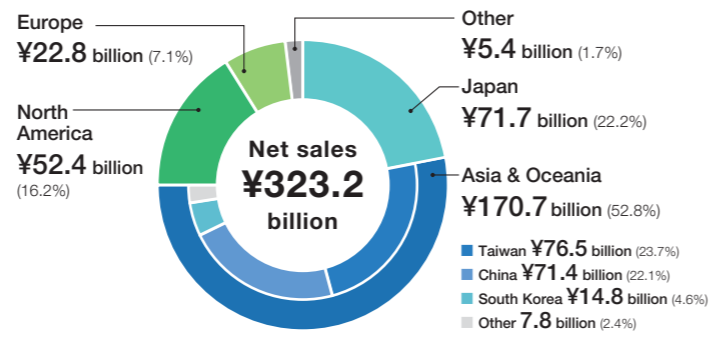
# At a Glance

## Net Sales (Fiscal year ended March 31, 2020)

### By Segment



### By Region



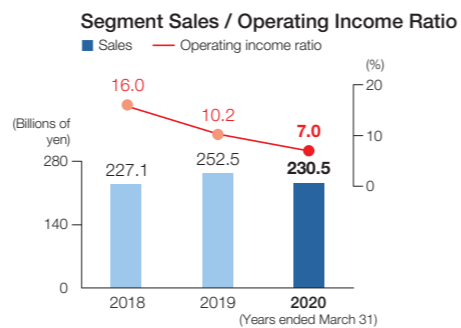
## SPE / Semiconductor Production Equipment Business SCREEN Semiconductor Solutions Co., Ltd.



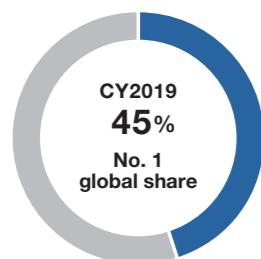
Provides equipment for surface processing, a crucial part of circuit formation on silicon wafers for semiconductor devices. Processing includes cleaning, coating / developing and annealing. Handles a wide range of customer needs connected with the use of increasingly miniaturized leading-edge processes and IoT-related equipment (200 mm) in all device-related fields, thereby contributing to improved quality and productivity.

- Results for the fiscal year ended March 31, 2020: Compared with the previous fiscal period, sales to customers in foundries, logic, and imaging devices grew. However, sales to memory companies fell, and revenue and profit fell due to stagnant investment in memory.
- Market Outlook: Medium- to long-term growth is projected due to increasing demand in communication-related devices and servers in areas such as 5G. In the short term, it is difficult to predict containment timing and impacts of COVID-19.
- Moving forward, stronger supply chain management, design standardization, stronger after-sales services (around 20%–25%), and the new automated factory (S<sup>3</sup>-3) will be utilized to boost profitability and achieve a growth rate above the market average.
- In addition to joint development with imec, Leti, IBM Albany Nanotech, and other research institutions, and with Applied Materials for collaborate at its R&D facility, META Center<sup>1</sup>, SCREEN concluded collaborative agreement with Shiga University in the field of data science, through which mutual human resource development and joint research is being undertaken.

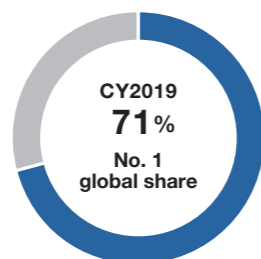
<sup>1</sup> Please see SCREEN SPE News on page 25.



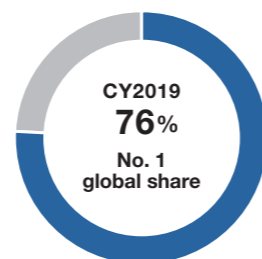
### Market Share for Single Wafer Cleaning Equipment\*



### Market Share for Batch-type Cleaning Equipment\*



### Market Share for Spin Scrubber\*



\* Chart created by SCREEN based on Gartner Research.

Source: Gartner, Market Share: Semiconductor Wafer Fab Equipment, Worldwide, 2019, Bob Johnson, Gaurav Gupta, 14 April 2020; 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.

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

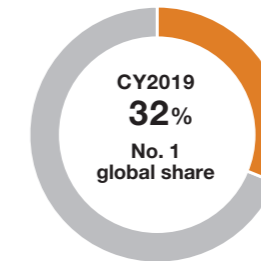


Provides various graphic arts equipment and services. Adapts to changes in the market and continue to focus on POD\*<sup>1</sup> sales to capitalize on projected market growth while also expanding after-sales services\*<sup>2</sup>.

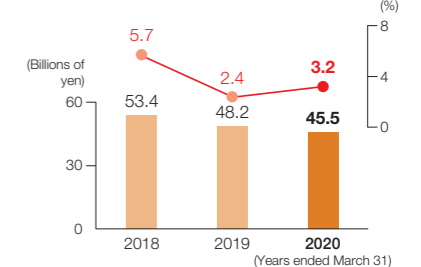
- Results for the fiscal year ended March 31, 2020: Compared with the previous fiscal period, sales of ink and other after-sales services saw solid growth, but equipment sales dropped, resulting in lower revenue. Profit rose as decreased fixed costs due to business restructuring previous fiscal year, and the increased sales ratio for ink.
- Currently transitioning from a business restructuring phase into an earning power strengthening phase. In order to boost earning power, the ongoing growth in POD sales will be enhanced through a greater emphasis on direct sales and an even higher sales ratio for after-sales services.
- Chosen as one of the 2020 Global Niche Top Companies Selection 100 by Japan's Ministry of Economy, Trade and Industry (METI).

<sup>1</sup> POD: Stands for "print on demand". Printing of the number of copies needed when they are needed using a digital printing presses.  
<sup>2</sup> After-sales services: Ongoing sales of ink and services following sales of POD equipment. After-sales services accounted for approx. 40% of total sales in the fiscal year ended March 31, 2020.  
<sup>3</sup> Market share is calculated based on the number of products manufactured and shipped. 2019, according to a SCREEN survey (calendar year).

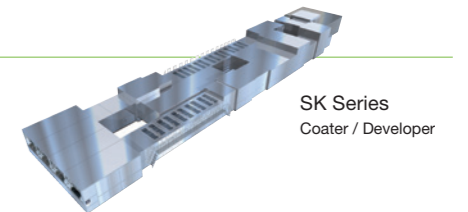
### Market Share for POD Equipment\*<sup>3</sup> (Full-Color Variable Printing System)



### Segment Sales / Operating Income Ratio



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

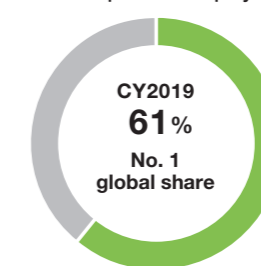


Establishes a sustainable business portfolio built from the sale of various equipment and services utilized in display manufacturing, as well as from an expanded focus on applying coating technology to the development of coating equipment business (new business).

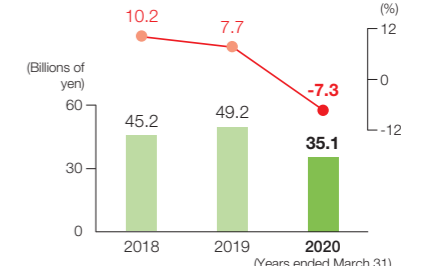
- Results for the fiscal year ended March 31, 2020: Compared with the previous fiscal period, while sales were up for large-sized panels (LCD panels), sales dropped for small-and medium-sized panels due to delivery delays. A rise in the variable cost ratio resulting from the product mix led to a fall in revenue and profit.
- Moving forward, the scope of display production equipment business will continue to be expanded (such as with touchscreen applications) while greater sales from new business are sought.
- Profitability will be improved by leveraging production systems and sites (in Changshu, China).

\* Market share is based on the number of products ordered. 2019, according to a SCREEN survey (calendar year).

### Market Share for Coater / Developers for Displays\*



### Segment Sales / Operating Income Ratio



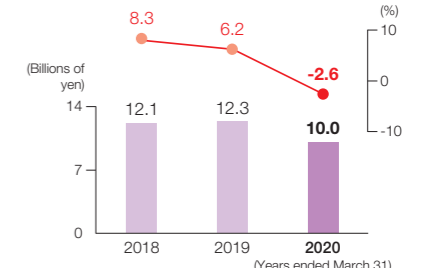
## PE / PCB-related Equipment Business SCREEN PE Solutions Co., Ltd.



Provides exposure systems and inspection systems and services utilized in PCB (printed circuit board) 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.

- Results for the fiscal year ended March 31, 2020: Compared with the previous fiscal period, a slowdown in smartphone-related investment resulted in stagnant sales of direct imaging systems and led to decreased revenue and profit.
- For 5G (infrastructure, mobile) and other growth markets, we are boosting our product lineup with the development of direct imaging systems, inspection equipment (with AI functions added), and inkjet products that boast minimal water usage and other environmental benefits.

### Segment Sales / Operating Income Ratio





### Q1. Please sum up the fiscal year ended March 31, 2020.

This past fiscal year was my first as president, and it has been a year of course correction. During the first half of the year, we worked to resolve issues like the supply chain disruption of the previous fiscal year (ended March 31, 2019) by improving the variable cost ratio and putting in place systems and structures that would put us on track for growth. Starting in the latter half of the fiscal year, we prepared to

reap the fruits of our efforts from the first half, such as by getting the new S<sup>3</sup>-3 factory at the Hikone Plant ready for full operation. However, due to a delay in anticipated large orders, along with the outbreak of COVID-19, we were unable to proceed as planned, resulting in lower revenue and profits compared with the same period of the previous fiscal year.

### Q2. Could you provide us with an overview of your course correction efforts and their results?

We put into practice the lesson that we learned from dealing with supply chain disruption, which was that the appropriateness of procurement must be ensured in terms of both quantity and price. Along with reviewing suppliers on a part-by-part basis, we asked suppliers to increase their production capacity, worked to expand our domestic and overseas procurement network, and took other steps to reduce purchasing costs.

We will also seek to address the issue of our evaluation equipment, which have been a major cause of worsening profitability but which are essential for business expansion. In order to estimate an appropriate annual volume, we will perform systematic management each year of the number of units and the timing of sales, thereby avoiding the risk of a sudden drop in profit.

### Q3. Given the concerns about a slowdown in investment resulting from the COVID-19 crisis, what is your outlook for the market in the current fiscal year ending March 31, 2021?

Originally, owing to growing demand in such areas as 5G, AI, IoT, computer servers, industrial equipment, and automotive devices, it was expected that 2020 would be a pivotal year of positive growth for the semiconductor market. However, the slowdown in the global economy has affected the semiconductor market as well. Although it is not possible to predict at this time when the pandemic will be contained, there is still deeply rooted market demand. In the areas of

foundries and logic demand remains high, and in the area of memory, where there had been a curtailment in investment, demand is expected to rebound from the latter half of this year. Orders in the fourth quarter of the term ended March 31, 2020 under review were strong, totaling 62.4 billion yen, and this gives a sense of the strong fundamental demand in the market. I feel that, if the impact of COVID-19 is removed, there is significant room for a recovery in investment.



New Arrival  
**SP-2100**  
 Spin Processor



**SU-3200**  
 Single Wafer  
 Cleaning Equipment

### Q4. What is the role of SPE business within the new medium-term plan, and what are the priority measures?

SPE business is essential for driving the sales and profits needed to sustainably grow the SCREEN Group. In order to achieve that, two key challenges, which must be addressed are improving profitability and cash flow. In the medium term, we are working to implement solid structural reforms that will enable us to achieve an operating income ratio of 20% as the company with the No.1 share equipment in the market worldwide.

The SCREEN Group as a whole, under the leadership of HD President Hiroe, will continue to undertake ROIC-focused operations. Within SPE business as well, we will continue to carefully examine and pursue capital investment and R&D investment while also working to achieve greater return on those investments.

For example, we are working to prioritize resource allocation for the sake of increasing our share of the single-wafer cleaning back-end market and accommodating demand for 200 mm SiC (silicon carbide)

and 300 mm Si (silicon) in the power device market, thereby improving our corporate position. Additionally, in terms of manufacturing, we are increasing operations at our new S<sup>3</sup>-3 factory, which is equipped with automated infrastructure to improve productivity.

Through efforts that take development, manufacturing, procurement, and other processes together as an integrated whole, we have designed new cleaning equipment (improved version of existing platforms) with which we are achieving our expected numerical targets in terms of profit ratio. We will continue to work on improving our profitability by increasing the percentage of business that involves highly profitable equipment and devices such as this. Another way that we are contributing to greater profitability is through a project to strengthen after-sales services, aiming to increase them to 25% or more of overall sales.

### Q5. What are the business opportunities and risks that you see from the standpoint of ESG?

Within the semiconductor industry, any company that is not working to reduce its environmental footprint is not going to be welcomed as a business partner. Within SCREEN Semiconductor Solutions as well, we would never allow equipment development that did not incorporate energy-saving concepts. Under the SCREEN Group's greenhouse gas reductions targets, which have been recognized by the SBT Initiative and which we have committed ourselves to achieve by March 31, 2030, we aim to not only reduce our own power, water, and other resource consumption but also contribute to reductions among our customers as well.

We are similarly committed to ensuring such as the safety, and diversity of our employees. When semiconductor manufacturers and other customers are deciding between companies of comparable device quality, they will choose the company that demonstrates greater enthusiasm and commitment to ESG initiatives.

Our ESG initiatives are not designed to achieve short-term results. I myself reiterate them on a daily basis, and we use design reviews and other opportunities to stringently check that they are incorporated into new product development. All of this is intended to ensure that our ESG initiatives achieve company-wide saturation.

**SCREEN SPE News**

## SCREEN Signs Process Development Agreement with Applied Materials

SCREEN Semiconductor Solutions Co., Ltd. (SCREEN SPE) has signed an agreement with American materials engineering solutions company Applied Materials, Inc. to collaborate on process development at Applied's new R&D facility—the Materials Engineering Technology Accelerator (META Center). The agreement brings together SCREEN SPE's expertise in wafer cleaning technology with Applied's leadership in materials engineering solutions.

Applied's META Center is a unique facility aimed at speeding customer prototyping of new chip materials, process technologies, and devices. Under the agreement, SCREEN SPE will install an SU-3200 single-wafer cleaning system at the META Center. The SU-3200 will complement Applied's state-of-the-art process systems currently running in the META Center and enable the companies to configure optimal cleaning technology for pre- and post-cleaning processes.

Vice President for Advanced Product Technology Development within the New Markets and Alliances Group at Applied, Ellie Yieh said, "The addition of SCREEN SPE's wafer cleaning system strengthens the capabilities of the META Center and gives us more resources to help the industry accelerate development of new technologies from lab to fab. We look forward to collaborating with SCREEN SPE and others at the META Center to optimize processes for advanced chip designs."

(From a January 14, 2020 announcement in a newsletter)



A ceremony marking the signing of the agreement

Interviews with Business Operating Company Presidents

Display Production Equipment and Coater Business (FT)

**SCREEN**  
Finetech Solutions Co., Ltd.

**Yasumasa Shima**  
President



**Q1. Please sum up the fiscal year ended March 31, 2020.**

The figures were harsh for both net sales and operating income. In addition to the sales period for comparatively high-profit projects being pushed into the fiscal year ending March 31, 2021 (the current fiscal year), an increase in the sales ratio of new business centered on generation 10.5 (G10.5) LCD production equipment and lithium-ion battery (LiB) coater / dryer equipment also contributed to the downturn

in operating income. With regard to G10.5 business, we fully realize that the reason for the poor profitability was the fact that we were late to market and could not, therefore, reduce costs enough to meet the market price. Moving forward, we will ensure that cost reductions are fully incorporated into any new equipment and devices we introduce.

**Q2. What is the market outlook for the current fiscal year (ending March 31, 2021), and what challenges do you foresee?**

There is currently almost no new investment in LCDs in the TVs display market and our current target is production equipment for generation 6 flexible OLED used in smartphones. This equipment comprises the core of the products that we will be delivering, as well as the business negotiations that we will be having, over the course of this fiscal year.

Thus, the most important challenge for us is to reduce costs associated with our OLED production equipment. In addition to reducing production costs centered on our plant in Changshu,

China, which began operation in the summer of 2019, we are utilizing standardization as a driving element of drastic cost reduction measures. All of this is expected to contribute to sales opportunities during the current fiscal year. In addition, we are working to revamp production by distributing the cost reduction ratio across all processes, from procurement to design, assembly, and inspection, as well as through a restructured quality management system (QMS).

**Q3. What are the priority measures for achieving the targets of the new medium-term plan?**

In the display field, we are working towards commercializing inkjet devices for the large-sized OLED TVs market.

In the area of new business, we are looking to expand sales by focusing on new energy, a field attracting rapidly increasing investment. From an ESG standpoint, our new business offers significant social value through the resulting end products, such as

LiBs and fuel cells, which contribute to the realization of a low-carbon society. As a business opportunity that we can be proud of, we will respond to a variety of needs through the provision of equipment, including power saving, and strive to increase the social value and economic value.



Interviews with Business Operating Company Presidents

Graphic Arts Equipment Business (GA)

**SCREEN**  
Graphic Solutions Co., Ltd.

**Takanori Kakita**  
President

### Q1. Please sum up the fiscal year ended March 31, 2020.

Although the year got off to a slow start in the first quarter, a recovery in sales of print on demand (POD) printers within the U.S. market and better-than-expected performance in Europe and other overseas markets, as well as in the domestic market, helped us to achieve an operating income ratio of more than 9% for the second quarter. Unfortunately, due to a reversal during the third and fourth quarters, which was compounded further by the COVID-19 pandemic, we did

not meet our business plan targets for the entire fiscal year.

On a positive note, however, ink-related sales grew thanks to concerted efforts begun in the previous fiscal year (ended March 31, 2019). This contributed to a significant increase in after-sales services as a percentage of overall sales of at least 40%, of which ink accounted for more than 15%.

### Q2. What is the market outlook for the current fiscal year (ending March 31, 2021), and what challenges do you foresee?

With demand growing for digital printing that can accommodate high-mix low-volume production, the shift to POD is finally underway. Offset printing is still the norm for commercial printing. However, all of the changes in industrial structure and lifestyle occurring as a result of COVID-19 are prompting a reconsideration of conventional printing systems and processes as well. Looking ahead, the rate of POD adoption is only expected to increase.

In particular, package printing for adhesive labels, flexible packages, and the like is an area where sustained demand is anticipated. We will therefore continue to invest resources into it in order to grow our business.

Since the release of our inkjet label printer five years ago, we have grown to become one of the top vendors in this field internationally. In the coming term we will be launching an inkjet printing system that is usable with flexible packaging materials like polyethylene. We are also collaborating with the largest company in the industry, a German company, to develop an inkjet printer that can be used with cardboard. One of our group companies, U.K.-based Inca Digital Printers, will start development on an inkjet printer for folded boxes. The current fiscal year is being treated as an investment year that will prepare us for sustained future growth.

### Q3. What are the priority measures for achieving the targets of the new medium-term plan?

This term we established the Service & Solutions Division. The aim of this division is to facilitate the creation of new added value by linking POD together with a variety of different processes. We will work to strengthen the degree to which our hardware and software are integrated into customers' facilities and equipment in order to improve their operation rate and provide appealing solutions, thereby building win-win relationships that will increase after-sales services as a percentage of overall sales to at least 50% by the end of this new medium-term.

We are also working to ensure that we are contributing to the

environment through our business. Under our new medium-term business plan, social value is given the same amount of weight as economic value, and because POD makes it possible to quickly print whenever, wherever, and whatever quantity necessary, this naturally results in reduced energy usage and environmental footprint overall. Furthermore, in the area of POD for flexible packages, we are switching from solvent-based inks to aqueous inks, which are more environmentally friendly and which also provide a level of safety in accordance with food product-related standards.



Interviews with Business Operating Company Presidents

PCB-related Equipment Business (PE)

**SCREEN**  
PE Solutions Co., Ltd.

**Hitoshi Yamamoto**  
President

### Q1. Please sum up the fiscal year ended March 31, 2020.

During the first half of the fiscal year, there was solid automotive-related demand; however, smartphone-related investment remained stagnant. In the latter half of the fiscal year, just when 5G-related investment was beginning to pick up, the effects of COVID-19 hit. Looking at the year overall, both direct imaging system and inspection system saw slumping sales, while year-on-year revenue and profits

were down, together with an operating loss.

In contrast, one positive outcome was the growth of highly profitable service-related sales to encompass 35% or more of overall sales. This growth helped to temper the decline in profits. We are working to expand the scope of our services further with the aim of increasing such sales to around 35% to 40% of all sales.

### Q2. What is the market outlook for the current fiscal year (ending March 31, 2021), and what challenges do you foresee?

Chinese customers' production are almost fully back on line, and fabrication equipment for 5G-related terminals, base station server substrates, and other products has become the central focus of future investment. Taiwanese manufacturers with large-scale investments are also getting moving.

SCREEN PE Solutions, on the other hand, is still somewhat small-scale with a limited industry presence; thus, in order to ensure we survive, we need to produce distinctive products. The aim of our

business is to shrink the distance with our customers by having both development and sales representatives meet with customers on-site and increase the amount of direct sales in order to be a "solution creator" that generates new value. Our immediate aim is to capture a greater share in uncommoditized fields (high-value-added fields), such as equipment incorporating AI and inspection equipment tailored for interlaminar (in-between layers) conductive holes (vias) in multilayer substrates.

### Q3. What are the priority measures for achieving the targets of the new medium-term plan?

One priority, as PCB manufacturing becomes increasingly technologically advanced, is to maintain our top market share in the area of high-resolution and high-precision patterning (we are currently the world leader in solder resist exposure). Towards this end, we are planning to release new products this fiscal year (ending March 31, 2021).

In addition, we are capitalizing on the collective expertise of the SCREEN Group to put ourselves at the forefront of the industry in production control, such as by offering customers on-line automated control systems for their production lines.

We are currently working to shorten our product development

cycle by shrinking development lead time by standardizing parts and components. If we are able to swiftly provide customers with leading-edge equipment and devices, they will be able to bring distinctive products to market sooner, thereby increasing their profitability. For SCREEN PE Solutions as well, shorter development lead time means greater profitability and cash flow. As we continue to use this approach to build up win-win relationships with our customers, we will also work to speed up receiving inspections and shorten the time between product delivery and payment collection.

# Sustainable Management

The SCREEN Group puts into practice a corporate philosophy built around “Sharing the Future,” “Human Resource Development”, and “The Pursuit of Technology,” all of which are in service of our mission to help create a sustainable society for the future. We are working to enhance our value to society through an emphasis on ESG, through a commitment to meeting the expectations and earning the trust of a diversity of stakeholders and by fulfilling our corporate social responsibilities, as well as by actively addressing environmental and social issues through our business activities.

## 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, anti-corruption, product liability, and the supply chain, thereby fulfilling our social responsibility as a corporation and responding to the expectations of society. The

SCREEN Group demonstrates a commitment to adhering with the norms of the international community, such as by signing the UN Global Compact, a United Nations initiative that comprises 10 principles in the four areas of human rights, labor, environment, and anti-corruption.



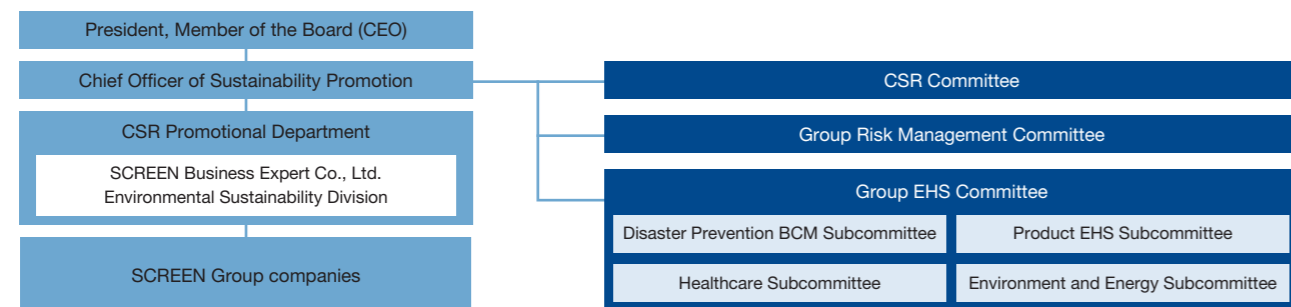
<p><b>SCREEN Group CSR Charter</b></p> <ol style="list-style-type: none"> <li>1. Provision of Products and Services Beneficial to Society</li> <li>2. Respect for Human Rights and Friendly Work Environment</li> <li>3. Establishment of Friendly Environment for People and Our Planet</li> <li>4. Sound and Effective Corporate Governance</li> <li>5. Compliance with Laws and Regulations, and Standards of Ethics</li> <li>6. Appropriate Management and Utilization of Information and Intellectual Property</li> <li>7. Appropriate Disclosure of Company Information</li> <li>8. Corporate Social Responsibility as Good Corporate Citizen</li> <li>9. Exclusion of Anti-Social Forces</li> </ol>	<p><b>Valued Principles, Charters, and Norms</b></p> <ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• SDGs (Sustainable Development Goals)</li> <li>• RBA (Responsible Business Alliance)</li> <li>• Universal Declaration of Human Rights</li> <li>• UN Guiding Principles on Business and Human Rights</li> <li>• OECD Guidelines for Multinational Enterprises</li> <li>• ISO 26000</li> </ul>
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CSR Charter  
www.screen.co.jp/en/sustainability/csr\_charter

## Structure for Sustainable Management

SCREEN Holdings appoints a Chief Officer of Sustainability Promotion who is entrusted with the authority and responsibility for overseeing the sustainable management practices of the entire Group, the promotion of which is carried out by the CSR Promotional Department. The structure for sustainable management ensures that maximum consideration is given to the environment, health and safety when we develop our business activities, that we maintain initiatives that contribute to a sustainable society, and that we are working to improve the effectiveness and outcomes of these activities. The Group committee structure is comprised of the CSR Committee, which meets twice annually, the Group Risk Management Committee,

which meets twice annually, and the Group EHS Committee, which meets four times annually. Meetings are attended by representatives from each Group company who periodically share information as well as coordinate with other Group companies on priority measures and Group employee CSR awareness-raising efforts. Subcommittees (Disaster Prevention BCM Subcommittee, Healthcare Subcommittee, Product EHS Subcommittee, and Environment and Energy Subcommittee) have been established under the Group EHS Committee to facilitate the integrated management of environmental, health and safety activities.



## CSR Medium-term Plan

The SCREEN Group established and implemented a CSR medium-term plan, which was based upon Challenge 2019, our previous three-year medium-term management plan. We identified priority material issues from among many environmental and social issues. In the course of this process, we put great emphasis on stakeholder

dialogue, and on the three areas of “environment” (E), “social” (S), and “corporate governance” (G), in order to find and act upon those social issues with which we were most closely connected and which had an impact on achieving a sustainable society.

## Performance of the Previous CSR Medium-term Plan (FY2018–FY2020)

Material Issues	Goals	Performance
<b>E (Environment)</b> Creating environmental value and contributing to low carbon society and circular economy		
Providing of products and services that contribute to reducing environmental impact	Reduce CO <sub>2</sub> emissions from products Reduce 6% compared with FY2014 in emissions intensity of sales; Target:765 metric tons CO <sub>2</sub> /hundred millions yen	Achieved goal with 18% reduction
Proactive efforts for environmental conservation	Reduce CO <sub>2</sub> emissions from facilities Reduce 6% compared with FY2014 in emissions per unit weight of product shipments; Target: 8.64 metric tons CO <sub>2</sub> /metric tons	Achieved goal with 22% reduction
	Actively engage in forest and biodiversity conservation activities	<ul style="list-style-type: none"> <li>• In December 2017, we signed an agreement on forest usage and conservation with the Kyoto Model Forest Association, Kyoto Prefecture, Kameoka City, and Miyagawa District in Miyazaki, Kameoka City. Since FY2019, four events have been held annually and, in FY2020, carbon offsets of 9.22 metric tons CO<sub>2</sub>/yr were achieved</li> <li>• On December 1, 2017, rare plant cultivation planning and landscaping for the 18th Kyoto Life and Culture Collaborative Rejuvenation Project was completed</li> <li>• Awarded three stars (maximum) in the FY2019 Shiga Prefecture Certification Program for Biodiversity Measures</li> </ul>

## S (Social) Offering decent work and creating social value

Ensuring health, and transforming ways of working to improve the quality of work	<ul style="list-style-type: none"> <li>• Each and every employee is healthy and active</li> <li>• Productivity and efficiency have been improved, and employees enjoy a good work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>• In FY2020, we placed within the top 20% to 30% in the results of a health and productivity management assessment; certified as an excellent corporation (large corporations category) in health and productivity management</li> <li>• Expanded policies encouraging employees to take leave, expanded the scope of work-at-home eligibility, and implemented other policies aimed at creating more employee-friendly work environments</li> <li>• Paid leave utilization rate: Improved from 74.5% in FY2018 to 83.4% in FY2020</li> <li>• Childcare leave utilization rate among male employees: Improved from 1.2% in FY2018 to 90.8% in FY2020</li> </ul>
Developing diverse human resources	<ul style="list-style-type: none"> <li>• Employees are proactive in designing their own careers</li> <li>• Approaches and development plans for nurturing the next generation of managers are in place; implement human resource development plans</li> </ul>	<ul style="list-style-type: none"> <li>• Support for employees taking the initiative to pursue professional growth via career level and goal-specific educational and training programs offered by the SCREEN BUSINESS SCHOOL (Number of new programs: 25; total attendance: approx. 3,300)</li> </ul>
Promoting CSR in the supply chain	A CSR code of conduct is being followed along the entire supply chain	On July 3, 2019, the SCREEN Supplier Code of Conduct was revised in line with Version 6.0 of the RBA* Code of Conduct
Social contribution activities centered on coexistence, empathy, and nurturing of the next generation	<ul style="list-style-type: none"> <li>• Promote social contribution activities that employees can participate in continuously</li> <li>• Check participants' level of satisfaction for each event; reach and maintain satisfaction of 70% or higher</li> </ul>	<ul style="list-style-type: none"> <li>• In FY2019, a CSR survey confirmed the results of social contribution activities by 22 SCREEN Group companies</li> <li>• Since FY2019, Model Forest activities have been held four times per year, and surveys of participants have consistently shown satisfaction at or above 95%</li> </ul>

## G (Governance) Implementing a system of both passive and active governance while disclosing ESG information

Establishing internal control and risk management structures to support proactive governance	<ul style="list-style-type: none"> <li>• Continue to satisfy internal governance audits required by related laws</li> <li>• Within the SCREEN Group, 100% usage of risk management sheets and risk mitigation effect</li> </ul>	<ul style="list-style-type: none"> <li>• Internal controls that ensure the soundness and transparency of management properly implemented</li> <li>• 100% implementation of risk management sheet within the Group; In FY2019, procurement risks accompanying natural disasters had occurred</li> </ul>
Proactive disclosure and internal / external sharing of ESG information	<ul style="list-style-type: none"> <li>• An effective internal whistleblowing system is in operation throughout the Group both in Japan and overseas</li> <li>• 100% resolution rate for reported issues</li> <li>• Investigate operational status of whistleblowing system and improve it</li> </ul>	<ul style="list-style-type: none"> <li>• 100% resolution of reported issues</li> <li>• Semi-annual checks of persons in charge of harassment consultation office; trained new staff members</li> <li>• Completed survey of whistleblowing systems for overseas subsidiaries; began efforts to address and improve problems</li> </ul>
	<ul style="list-style-type: none"> <li>• Nonfinancial information is being effectively disclosed and stakeholders are being proactively engaged with based on an accurate understanding and proper adherence to international CSR standards</li> <li>• Publish integrated report (booklet, website)</li> <li>• Implement CSR training in all departments: Implementation rate of CSR small meetings (called as CSR Talks) 70% or higher</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained effective ESG information disclosure via annual report</li> <li>• Implemented CSR training, in particular training to raise awareness and understanding of SDGs</li> <li>• CSR-related opinion exchange facilitated via CSR Talks held on a quarterly basis in each department</li> <li>• Implementation rate: 82% (FY2018), 81% (FY2019), 86% (FY2020)</li> </ul>

\*RBA (Responsible Business Alliance): An alliance encompassing the electronic device, IT, toy, and automotive industries, which establishes rules and regulations related to human rights, health and safety, ethics, the environment, and other concerns



## Sustainable Value 2023: Material Issues and Goals Identified for Social Value Enhancement

Issues and goals have been identified based on the results of the previous CSR medium-term plan and predictions about future global trends and societal changes.

Material Issues	Goals for FY2024
<b>E (Environment)</b> Reduce environmental impact through business	
Reduce CO <sub>2</sub> emissions from business activities	Reduce CO <sub>2</sub> emissions by 10% (compared with FY2019), and by 30% by the end of FY2030 as SBT* (Scope 1, 2)
Reduce CO <sub>2</sub> emissions due to products	Reduce CO <sub>2</sub> emissions from use of sold products by 8% (compared with FY2019), and by 20% by the end of FY2030 as SBT* (Scope 3)
Reduce waste (promote recycling)	Reduce waste by 5% in intensity per unit weight of product shipments (compared with FY2019)
Effective use of water resources	Reduce water withdrawal(for tap water, industrial use,etc.)by 5% in intensity per product shipments (compared with FY2019)
Preserve biodiversity	Continue and expand forest and biodiversity preservation efforts
<b>S (Social)</b> Create a great place to work and involve in solving social issues	
Hire and develop diverse human resources	Expand internships, year-round hiring, and measures (training and environmental) that facilitate development of diverse human resources
Systems and measures that provide a tangible sense of growth	Revise personnel system to facilitate human resource development
Sustainable new work styles	Carry out operational reform and innovation, as well as develop systems and environments that foster work styles resilient to environmental change
Health and well-being initiatives	Reduce rate of sick leave days (0.68% or less)
Eliminate occupational accidents	Achieve zero occupational accidents causing four or more working days to be lost
Be a scandal-free company	Prevent corruption, eliminate compliance violations, and achieve zero IT-related accidents / incidents
Industry-academia-government collaborations to address challenges facing society	Promote collaboration with the government, educational institutions, and others in pursuing various joint operations
Activities that nurture the next generation	Undertake more robust efforts to support the development of children and students
<b>G (Governance)</b> Strengthen risk management and business continuity plan	
Group risk management	Identify risks to corporate value and minimize their impact
CSR initiatives in the Supply Chain	Pursue ongoing strengthening of the supply chain structure, including widespread adoption of the code of conduct, procurement practices, and BCP
Resilience to increasingly more severe natural disasters	Improve the resilience of the Group BCP structure in the face of increasingly diverse disaster risks

\*SBT (Science Based Targets): An international initiative to combat global warming, which calls for the establishment of scientifically based CO<sub>2</sub> emission reduction targets




# 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 a vision of the SCREEN Group and guidelines to boost SCREEN Value; "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, 2020)  
[www.screen.co.jp/download\\_file/get\\_file/20200707\\_CGR\\_E.pdf](http://www.screen.co.jp/download_file/get_file/20200707_CGR_E.pdf)

## Continuously Improving Group Governance

SCREEN Holdings has continued to strengthen and improve corporate governance, such as by beginning to appoint outside directors in 2000. After we adopted a holding company structure in 2014, we have continued to reinforce our group governance.

### SCREEN Governance History

2005 and before	April 1999	Adopted a corporate officer system.
	June 2000	Began appointing outside directors.
	April 2002	Introduced the internal company system.
	July 2005	Abolished retirement benefit for senior management and directors and introduced new directors' compensation system with stronger link between corporate performance and compensation, part of which was stock allowances.
2006-2010	April 2006	Introduced new compensation system for corporate officers with stronger link between corporate performance and compensation (includes stock allowances).
	May 2006	Started new structure of internal control with three outside directors among the nine directors.
2011-2015	April 2011	Formulated the SCREEN Group Risk Management Guidelines.
	May 2012	Formulated company-wide Business Continuity Management Regulations and Bylaws to focus on BCM (business continuity management).
	April 2014	Formulated Management Grand Design.
	October 2014	Transitioned to a holding company structure in which the company is split up and changed name to SCREEN Holdings Co., Ltd., and formulated SCREEN Group Code of Management.
	April 2015	Formulated SCREEN Group CSR Charter and SCREEN Group Code of Conduct.
	June 2015	Established the Nomination and Compensation Advisory Committee to improve functions regarding compensation advising.
2016 and after	November 2015	Began submitting corporate governance reports.
	April 2016	Adopted a corporate officer system at business operating companies and functional support companies.
	June 2016	Board of Directors began analyzing and evaluating its own effectiveness.
	August 2017	For compensation for directors and corporate officers, began using performance-linked share compensation in place of stock allowances.
	May 2019	On the advice of a third-party organization, began analyzing and evaluating the effectiveness of the Board of Directors.

## Corporate Governance Structure

SCREEN Holdings is a company with a Board of Corporate Auditors and maintains a functional balance between enabling the Board of Directors to achieve maximum efficiency and effectiveness and ensuring that management oversight of the entire Group is securely in place.

### Board of Directors

SCREEN Holdings has a Board of Directors comprising eight directors (including three outside directors). In the fiscal year ended March 31, 2020 (FY2020), there was 100% attendance at Board of Directors meetings\*.

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. It includes more than one-third of outside directors with the aim of functional enhancement of management oversight and the maintenance of management objectivity.

The term of office for directors 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.

\* There were 14 meetings in FY2020. Toshio Hiroe and Hidemi Takasu attended a total of 10 meetings following their appointment to the Board of Directors on June 25, 2019.

In the fiscal year ended March 31, 2020 (FY2020), there was 100% attendance at Board of Corporate Auditors meetings\*. 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.

\* There were 26 meetings in FY2020. Hirofumi Ota attended a total of 19 meetings following his appointment to the Board of Corporate Auditors on June 25, 2019.

### 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.

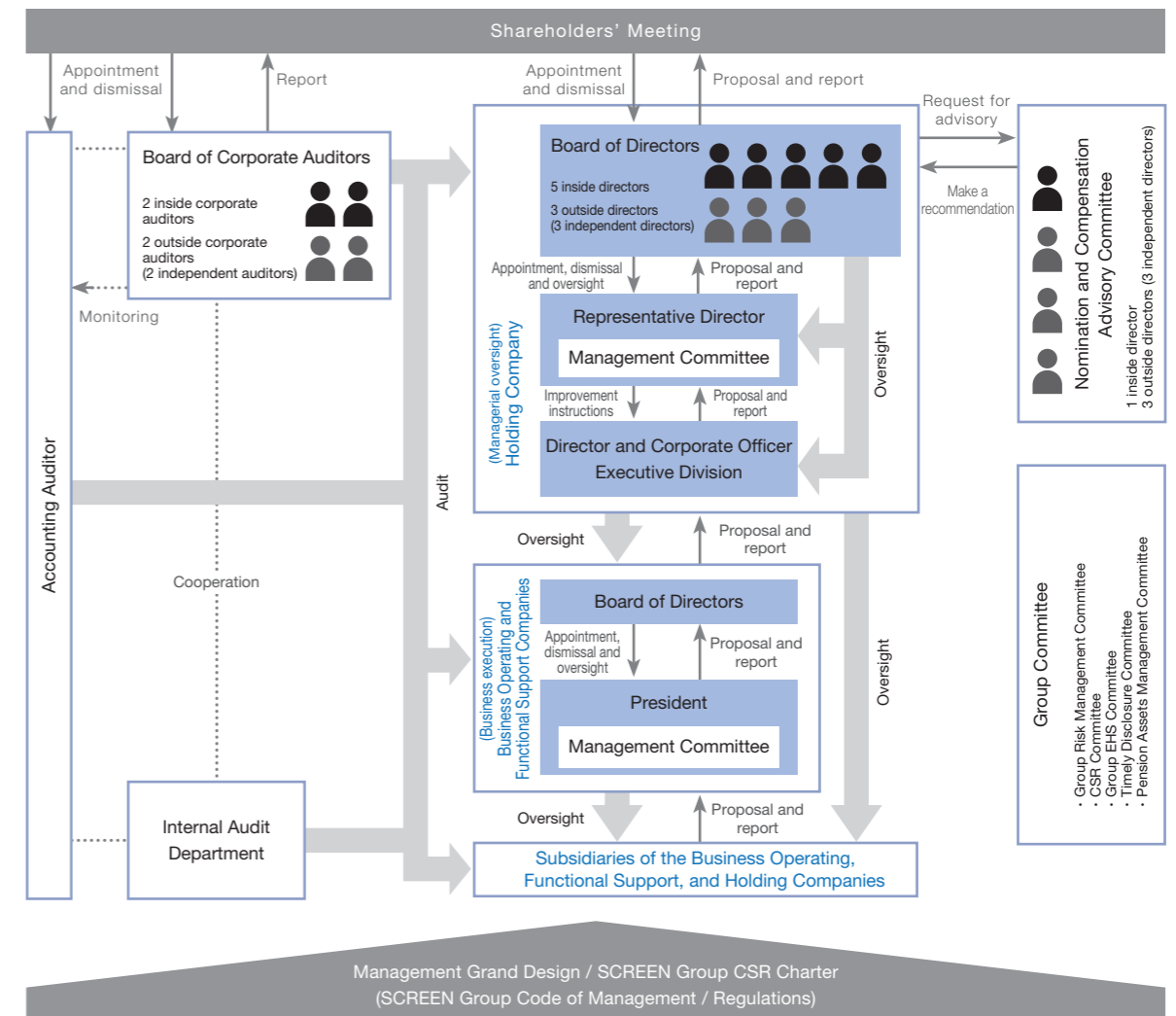
### Management Committee

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.

### 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 two regular meetings per month and additional meetings as necessary.

### Corporate Governance Structure



## 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.”


SCREEN Holdings’ Nomination and Compensation Advisory Committee is in place to ensure a highly transparent and objective process for appointing and dismissing candidates for director, corporate auditor and corporate officer positions, thereby strengthening the Board of Directors’ supervisory functions. 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 five outside directors and outside corporate auditors (three 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  
www.screen.co.jp/download\_file/get\_file/Election\_HD\_E.pdf

 Criteria for Independence of Outside Directors and Outside Corporate Auditors  
www.screen.co.jp/download\_file/get\_file/20170509\_Ind\_Crit\_E.pdf

## Management Compensation

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). This compensation scheme better motivates recipients to improve business performance and to increase the medium- to long-term Company’s value (shareholder’s value). The well-balanced scheme allows to develop management personnel, resulting in the sustainable growth of the Company.

In particular, the introduction of performance-linked share compensation makes the link between the company’s stock value and the compensation paid to directors and corporate officers clearer than ever, thereby focusing the attention of management personnel more keenly on contributing to greater performance and corporate value over the medium to long term. Please note that SCREEN Holdings abolished its retirement benefit for directors in 2005.

Outside directors receive only basic remuneration and performance-linked cash bonus. Also, corporate auditors receive only basic remuneration, which is determined by the Board of Corporate Auditors based upon the total amount approved for corporate auditor compensation at the Shareholders’ Meeting.

Management compensation is determined by the Board of Directors based upon the recommendations of the Nomination and Compensation Advisory Committee, while director compensation is determined by the Board of Directors based upon the total amount


approved for director compensation at the Shareholders’ Meeting.

The following policies are followed with regard to determining the proportion of compensation allocated to basic remuneration, performance linked cash bonus, and performance-linked share compensation.

- 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.

Performance measurement is aimed at strengthening business foundations and, as such, relies on indicators like the ratio of sales to market growth, the operating income ratio, ROE, and the rate of progress for operating income relative to management plan (all on a consolidated basis). In addition, indicators in terms of internal control, governance, and environment and health and safety are introduced to enable the Sustainable Value enhancement of the Company. The amount of performance-linked bonus is determined on scoring achievement of each indicator.

Note: For details on management compensation, such as total amount of compensation (by type, board member category), and number of eligible board members, see page 51 of the 79th Term Securities Report (in Japanese only).

 79th Term Securities Report  
www.screen.co.jp/download\_file/get\_file/YH79.pdf

### ● Total Amount of Compensation (by Type, Board Member Category), Number of Eligible Board Members (Fiscal year ended March 31, 2020)

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)	321	208	45	67	7
Corporate auditors (outside corporate auditors excluded)	43	43	—	—	3
Outside directors	38	34	3	—	6


Note: The above includes one director, one corporate auditor, and one outside director who retired at the time that the 78th Ordinary General Meeting of Shareholders concluded on June 25, 2019.

## Evaluation of the Effectiveness of the Board of Directors

To evaluate how it can contribute to making SCREEN Holdings’ corporate governance function more effectively, once a year the Board of Directors conducts an analysis and evaluation of its own effectiveness in which it identifies problems and works to attain improvement. An overview of the results is made public. Since the fiscal year ended March 31, 2019, this analysis and evaluation has been conducted by a third-party organization. As a result of an analysis and evaluation of effectiveness of SCREEN Holdings’ Board

of Directors in the fiscal year ended March 31, 2020, it was confirmed that the Board of Directors is functioning effectively overall.

Based on this analysis and evaluation, the Board of Directors formulates and executes measures for further improvement in order to ensure it improves its functions and contributes to ongoing growth and medium- to long-term improvements in corporate value.

 Summary of Results of Evaluation of the Board of Directors’ Effectiveness (May 12, 2020)  
www.screen.co.jp/download\_file/get\_file/20200512\_BME\_E.pdf

### Messages from Outside Directors

An evaluation determined that the Board of Directors is functioning effectively. We asked the three outside directors about this effectiveness.



**Shigeru Saito**

Director (Outside)  
Chairman and CEO, TOSE CO.,LTD.

With the COVID-19 pandemic showing no signs of subsiding, consumers worldwide are buying less. At the same time, sectors related to 5G, telecommuting, and online gaming are booming. Because these require large-capacity servers, things are looking up for the semiconductor industry.

To seize this opportunity, it is crucial that we three outside directors, each with his own perspective, contribute our viewpoints and knowledge in discussions of the Board of Directors in order to raise the corporate value of the SCREEN Group.

It is also vital for directors to take ongoing training in things like the latest industry information. For example, we must waste no time in acquiring IT literacy, which allows us to respond to changes in the business environment so that we can carry out the most effective discussions on online meetings that have become so ubiquitous during the COVID-19 pandemic.



**Makoto Yoda**

Director (Outside)

Companies today require governance and management that takes into account the post-COVID-19 world and the new normal. As an outside director, I want to adjust to this new world by being alert and sensitive while at the same time not being tied down by new rules.

I believe that SCREEN’s Board of Directors is functioning effectively overall. However, one problem we need to deal with is that there is not quite enough time for us to thoroughly debate the many issues that are brought up for discussion during our meetings. To further improve the Board of Directors’ effectiveness, I think we must limit the number of proposals and find more effective ways of submitting these proposals.

Outside directors have a limited knowledge of SCREEN’s business and industry trends. I think it’s important for us to have opportunities to gain deeper insight into these and for opinion-exchange meetings with business division heads. And with calls to reform work styles and boost efficiency, I want to focus on finding corporate governance methods suitable to this new era.



**Hidemi Takasu**

Director (Outside)  
Substitute Corporate Auditor, Samco Inc.

Amidst dramatic social changes brought on by the COVID-19 pandemic, trade tension continues between the U.S. and China and the semiconductor production equipment industry is becoming a major battlefield. In order to avoid foreseeable risks and formulate future growth strategies, it’s important that the Board of Directors functions effectively by having directors debate matters from all possible angles, making use of not just in-house information but also management information from sources outside the Group. With innovations in technology moving at a faster pace than ever and new technologies emerging that can make previous ones obsolete and change the world in an instant, we must reinforce our own position to avoid being left behind.

I am committed to energizing the Board of Directors and reaffirm its role as a forum for fruitful debate and not just a place to rubber stamp policy. To this end, I will strive to use my strengths as an outside director—impartiality, my unique outside perspective, the global network I have built up, my specialized field of knowledge, and my business experience—to further boost the effectiveness of the Board of Directors and contribute to continuously improving the ESG-centered corporate value of the SCREEN Group.

## Directors and Auditors (As of July 1, 2020)

### 〈Directors〉



**Eiji Kakiuchi**  
Representative Director  
Chairman  
Member of the Board

April 1981 Joined the Company  
April 2005 Corporate Officer  
April 2006 Senior Corporate Officer  
April 2007 Corporate Executive Officer  
April 2011 Chief Officer of IR, Security Export Control, GPS and Group G10  
June 2011 Director  
April 2014 Representative Director, President, Member of the Board  
April 2016 Chief Executive Officer  
June 2019 Representative Director, Chairman, Member of the Board (Current)



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

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



**Soichi Nadahara**  
Managing Director  
Member of the Board  
Chief Technology Officer

April 1986 Joined TOSHIBA CORPORATION  
April 2001 Group Manager, Processing Technology Promotion Center, Semiconductor Company, TOSHIBA CORPORATION  
April 2004 Joined the Company  
October 2004 Vice President, Semiconductor Equipment Company  
April 2006 Corporate Officer  
April 2011 Senior Corporate Officer  
April 2013 Chief Technology Officer (Current)  
June 2014 Managing Director, Member of the board (Current)



**Yoichi Kondo**  
Managing Director  
Member of the Board  
Chief Financial Officer

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



**Kimito Ando**  
Managing Director  
Member of the Board  
General Affairs &  
Human Resources Strategy  
Tokyo Representative

April 1981 Joined the Company  
April 2006 President, Human Resources Company  
April 2011 Corporate Officer  
April 2014 Senior Corporate Officer  
August 2014 Director, SCREEN Semiconductor Solutions Co., Ltd.  
April 2016 Corporate Executive Officer, SCREEN Semiconductor Solutions Co., Ltd.  
June 2017 Director  
Chief Officer of General Affairs & HR Strategy (Current)  
Chief Officer of Tokyo Representative (Current)  
June 2019 Managing Director, Member of the Board (Current)



**Shigeru Saito**  
Director (Outside)  
Member of the Board  
(Chairman and CEO,  
TOSE CO., LTD.)

November 1979 Joined TOSE CO., LTD.  
Head of Development Division, TOSE CO., LTD.  
October 1985 Director, TOSE CO., LTD.  
February 1987 President, TOSE CO., LTD.  
September 2004 President and CEO, TOSE CO., LTD.  
June 2013 Director, Member of the Board of the Company (Current)  
December 2015 Chairman and CEO, TOSE CO., LTD. (Current)  
June 2017 Outside Director, Wacoal Holdings Corp. (Current)



**Makoto Yoda**  
Director (Outside)  
Member of the Board

March 1972 Joined Japan Storage Battery Co., Ltd. (Currently GS Yuasa International Ltd.)  
June 2004 President, GS Yuasa Power Supply Co., Ltd. (Currently GS Yuasa International Ltd.)  
June 2006 President, GS Yuasa Corporation  
October 2007 Chief Executive Officer, GS Yuasa Corporation  
June 2015 Chairman, GS Yuasa Corporation  
Chairman, GS Yuasa International Ltd.  
May 2016 Chairman, Kyoto Industrial Association, Inc.  
June 2017 Advisor, GS Yuasa Corporation  
June 2018 Director, Member of the Board of the Company (Current)



**Hidemi Takasu**  
Director (Outside)  
Member of the Board  
(Substitute Corporate  
Auditor, Samco Inc.)

March 1971 Joined Toyo Electronics Industry Corporation (Currently ROHM Co., Ltd.)  
June 1997 Director and Deputy General Manager, ULSI Research & Development Headquarters, ROHM Co., Ltd.  
June 2009 Managing Director and General Manager, LSI General Headquarters, in charge of Research & Development Headquarters, ROHM Co., Ltd.  
October 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.  
July 2013 Managing Director in charge of Business Creation and Quality, ROHM Co., Ltd.  
August 2017 Advisor, Samco Inc. (Current)  
October 2018 Substitute Corporate Auditor, Samco Inc. (Current)  
June 2019 Director, Member of the Board of the Company (Current)

### 〈Corporate Auditors〉



**Hirofumi Ota**  
Senior Corporate  
Auditor

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



**Akio Umeda**  
Corporate Auditor

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



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

April 1982 Registered with Osaka Bar Association  
Joined Miyake Joint Partnership Law Office (Currently Miyake & Partners)  
April 1986 Registered with Kyoto Bar Association  
Established Masukawa & Kikkawa Joint Partnership Law Firm  
April 1995 Vice-chairman, Kyoto Bar Association  
October 2002 Established Kyoto Mirai Law Firm  
October 2002-present President and Attorney-at-Law, Kyoto Mirai Law Firm  
June 2010-present Outside Corporate Auditor, Kosei Kensetsu Co., Ltd.  
April 2012 Chairman, Kyoto Bar Association



**Seiji Yokoyama**  
Corporate Auditor  
(Outside)  
(Certified Public Accountant)

April 1983 Joined Toray Industries, Inc.  
October 1985 Joined Tohmatsu Awoki & Co. (currently Deloitte Touche Tohmatsu LLC)  
March 1989 Registered as Certified Public Accountant  
February 2000 Registered as California-Licensed Certified Public Accountant (USA)  
July 2001-present Partner, Deloitte Touche Tohmatsu LLC (scheduled to retire on June 15, 2020)

Substitute Corporate Auditor  
(Outside)  
**Tomoyuki Ito**  
Attorney-at-Law, Ashida Law Office

April 1989 Appointed as Judge, Osaka District Court  
April 1991 Assigned to Kanazawa District Court  
April 1994 Registered with Kyoto Bar Association  
April 1994-present Attorney-at-Law, Ashida Law Office

Note: The Company has reported all outside directors and outside corporate auditors to Tokyo Stock Exchange Group, Inc. as an independent director / auditor.

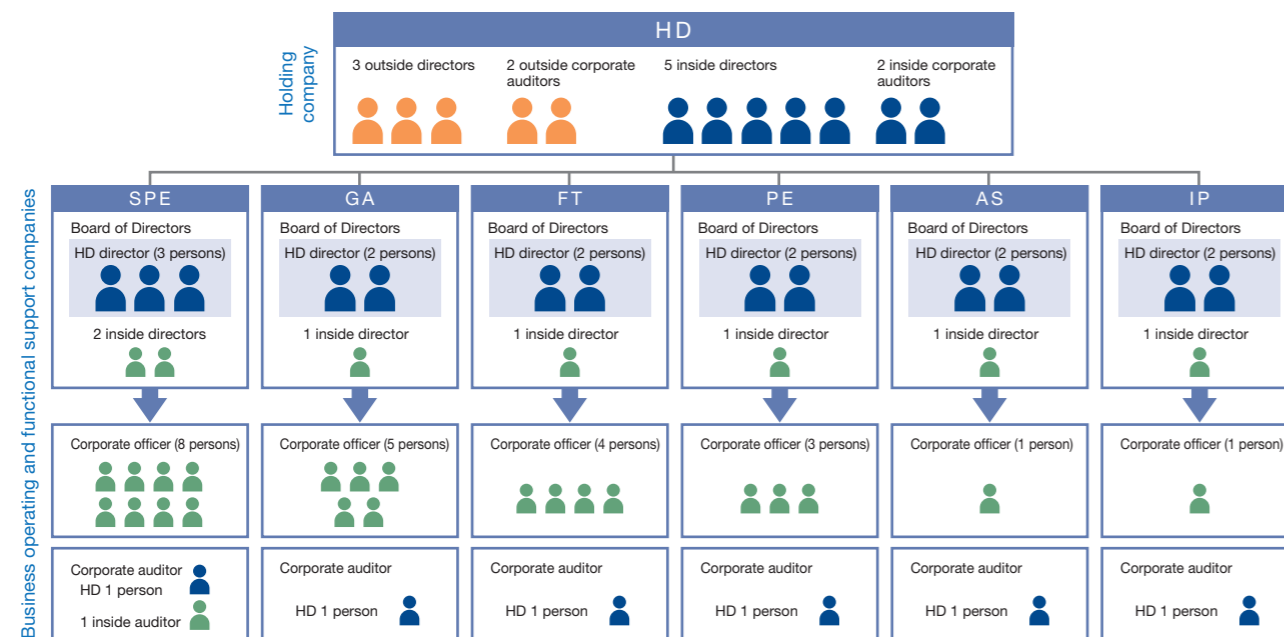
## Internal Control

### Group Governance Structure within Holding Company Structure

The SCREEN Group has adopted a holding company structure made up of separate business operating companies to enable agile and bold business execution. The Holding company 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, which aims to clarify responsibilities and roles of officers, and 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 Structure within Holding Company Structure (As of July 1, 2020)



## Towards Stronger Group Governance

### Risk Management Strengthening and Reorganization of the Nomination and Compensation Advisory Committee

During my time as chairman of the Board of Directors over the past year, I have undertaken a review of governance for the SCREEN Group as a whole. One area we focused on was strengthening the functioning of business operating company audits. We improved how corporate auditors (dispatched from the HD Group Audit Department) function with regard to the board of directors in each business operating company, and, at the same time, we identified and instituted improvements when Group company subsidiaries of business operating companies were audited and found to be inadequately prepared, in terms of rules and regulations, to deal with changing business.

Another priority issue is Group risk management reform, which requires that sufficient attention and study be given to potential sources and impacts of risk. To oversee this process for the company as a whole, we established the Group Risk Management Committee. Moving forward, we are working to put in place an ISO-based risk management structure.

With regard to HD governance, we reorganized the Nomination and Compensation Advisory Committee so that it is now comprised of three outside directors and myself; this is first time in SCREEN Group history that the CEO has not been a member. We believe that, by instituting a structure in which the CEO consults the Nomination and Compensation Advisory Committee regarding remuneration, selection / dismissal and succession planning for himself / herself and the other members of senior management, this will improve objectivity and transparency in these matters. Through a clearer delineation of roles that allows President Hiroe to focus on carrying out business as CEO, while I, the other members of the Board of Directors and the members of the Board of Corporate Auditors focus on performing verification and oversight of that process, we are making our corporate governance that much stronger and more robust.



**Eiji Kakiuchi**  
HD Representative Director  
Chairman  
Member of the Board

## Compliance

### Compliance System

The SCREEN Group has established a CSR Charter / Code of Conduct that all group executives and employees should follow and includes 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. To this end, we have appointed a compliance officer in efforts to raise awareness of compliance and make it fully understood across the entire SCREEN Group. Our Legal & Compliance Department takes the lead in promoting abidance with international rules and each country's laws and regulations and offering compliance education.

The CSR Committee is chaired by the HD Representative Director, President, Member of the Board and comprises the Chief Officer of Sustainability Promotion, Chief Compliance Officer, CSR officers and CSR department General Managers of the business operating and functional support companies. At meetings, members confirm and share information on the state of compliance efforts at each company.

### Compliance Education

Through both classroom work 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 SCREEN Group's CSR Charter / Code of Conduct. Education also includes periodic classes on harassment prevention and on compliance with laws related to unfair competition, anti-corruption, subcontracting, personal information protection, worker dispatching and insider trading. In the fiscal year ended March 31, 2020, we provided education for employees in Japan on revised laws and new laws, such as those related to civil matters, worker dispatch, fixed-term employment contracts, and workplace harassment prevention. For subsidiaries in China and Taiwan, we provided officers and employees with education on information management covering sales secrets and other matters.

### Security Export Control

The SCREEN Group places a high priority on carrying out security export control. The aim is to help preserve international peace and safety by preventing weapons or goods and technologies that could be converted for military use from falling into the hands of governments or terrorists who could threaten world safety. Our Security Export Control Department gathers the latest information on Foreign Exchange and Foreign Trade Act and other related export rules and disseminates this information throughout the Group. It also confirms that goods and technologies we export correspond to regulations, and it formulates and checks conformity with in-house rules supporting export control processes that are aimed at confirming end users' identity and their intended use of goods and technologies. The Group's business operating companies have been approved by the Director of Osaka Customs as "authorized exporters" under the Authorized Economic Operator (AEO) program. To ensure ongoing compliance with this program, we disseminate information on relevant laws and regulations throughout the Group and conduct periodic legal audits.

Compliance  
[www.screen.co.jp/en/sustainability/compliance](http://www.screen.co.jp/en/sustainability/compliance)

### Whistleblowing System

We have established Internal Reporting Hotline, a whistleblowing system that helps to prevent improprieties through the early detection of harassment and suspected violations of corporate ethics and corporate regulations. Our global whistleblowing system has Hotlines in all SCREEN worldwide regions to accept inquiries from all Group employees, officers and employees of supplier companies. There are also rules in place regarding anonymity and privacy protection, as well as for ensuring that no one will be given unfair treatment for having used the whistleblowing system. This system is operated by our Legal & Compliance Department. We have also established external hotlines operated by law firms. In the fiscal year ended March 31, 2020, we inspected Corporate Ethics Help Line at overseas companies and made rule revisions and other necessary improvements.

Periodic in-house audits are conducted to see how well we are complying with laws and corporate ethics and how well our Hotlines are operating.

### Compliance with Competition Laws and Anti-corruption

The SCREEN Group formulated the Guidelines on Preventing Collusive Bidding by Cartels and conducts education for 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 fair competition laws, as well as prevent bribes and other such improper acts. In the fiscal year ended March 31, 2020, there were no instances in the SCREEN Group of anticompetitive or antitrust practices or illegal monopolistic activities.

### Exclusion of Anti-Social Forces

The SCREEN Group will ban any relationships with anti-social forces, including organized crime groups, which pose a threat to public order and safety of society. We will stand firm against, and reject, unreasonable demands and requests of anti-social forces. Furthermore, we will not engage in any transactions or relationships of any kind with anti-social forces. We will also demand that our customers and business partners also eliminate any relationships with anti-social forces.

### Providing Appropriate Product Information

Each department involved in public relations, legal affairs, and intellectual property verifies 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, 2020, there were no significant legal violations by any Group company in areas related to the provision of information about or labeling of products and services or marketing. Going forward, we intend to conduct thorough checks of each Group company to continue to prevent infractions.

# Risk Management

In accordance with the SCREEN Group Code of Risk Management and other relevant in-house rules, SCREEN Holdings is engaged in initiatives aimed at identifying and mitigating business risk and, 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 risk management structure, which includes the SCREEN Holdings President as the Risk Management Group Chief Officer, the Chief Officer of Sustainability Promotion as the Risk Management Officer, and the presidents of each SCREEN Group company as

Risk Managers. Every organization within the Group identifies and categorizes risks into different categories, including Governance, Human Rights, Labor Practices, the Environment (including Climate Change), Fair Business Practices, Consumer Issues, and Community Engagement, and then evaluates each to come up with measures, which are implemented to address it.

## Further Enhancement of Risk Management Effectiveness

In the fiscal year ending March 31, 2021, we established a Group Risk Management Committee, which is responsible for identifying big-picture risks for the SCREEN Group as a whole, identifying those which are critical risks, and setting the direction of risk management action to be taken. 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 organizations and functional support companies; and the third is the auditing department. In line with this we designate individual risk managers and management roles and establish a governance structure for sharing risk-related information between operations sites and senior management.

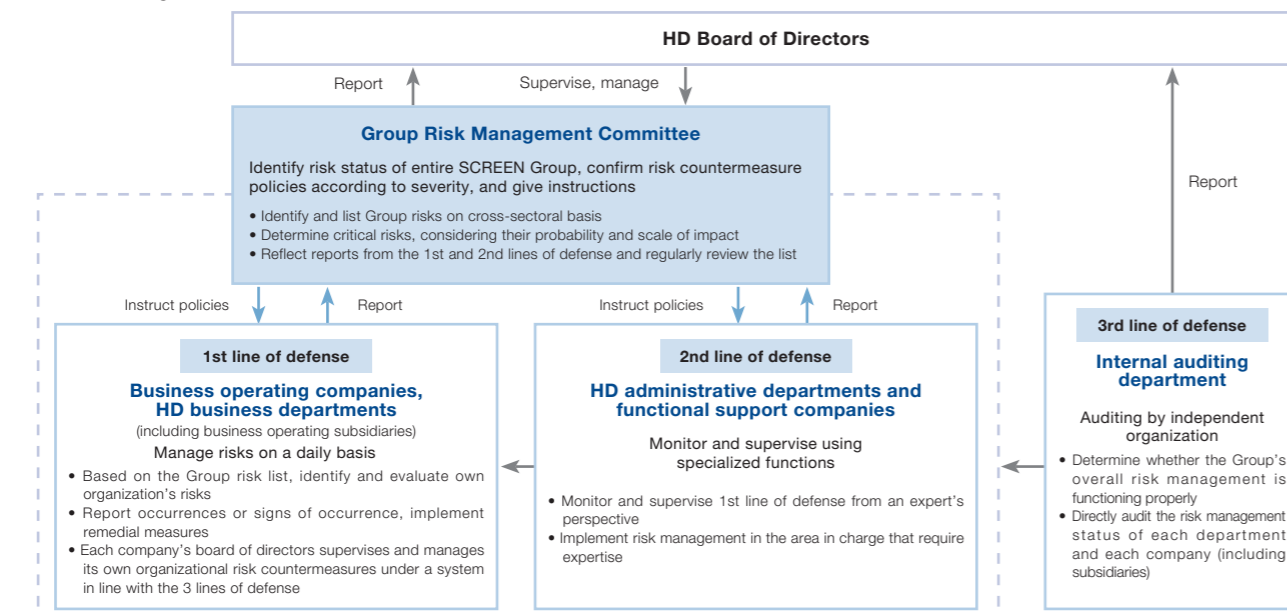
We are undertaking the following based on this structure.

- Categorizing and creating lists of ESG-focused Group risks (approximately 160 risk items)
- Evaluating the manifestation and impact of risks over the past three years and identifying critical Group risks
- Directing the Group companies, as the first line of defense, to re-examine their own organizational risks, based on the Group risk list, and to then take action to mitigate those risks
- Directing the holding company organizations and functional support companies, as the second line of defense, to utilize their individual, specialized functions in monitoring and managing risks, based on each organization's allocation of roles, in order to help support the first line of defense and, thereby, prevent the manifestation of risks

- At the semiannual meetings of the Group Risk Management Committee, reviewing Group risks and critical Group risks; checking their management status; discussing what measures are needed to address them; and reporting / advising on the results to the holding company's Board of Directors

Critical Group Risks	Major Issues for Monitoring
Changes in surrounding environment	<ul style="list-style-type: none"> <li>• Business trends / economic conditions</li> <li>• Financial and economic policies</li> <li>• Industry trends / markets</li> </ul>
Compliance Information security	<ul style="list-style-type: none"> <li>• Responsiveness to legal / regulatory revisions</li> <li>• Information leak / hacker countermeasures</li> </ul>
BCP (business continuity plan)	<ul style="list-style-type: none"> <li>• Effectiveness of response to intensifying disasters / pandemics</li> <li>• Strengthening of supply chain management</li> </ul>
Human resources management	<ul style="list-style-type: none"> <li>• Status of hiring and training of key personnel</li> <li>• Issues in successor training and status of response</li> <li>• In-house penetration of work style reforms</li> </ul>
Safe work environment	<ul style="list-style-type: none"> <li>• Eradication of occupational accidents and incidents</li> <li>• Status of response promotion throughout the entire supply chain</li> </ul>
Quality assurance system	<ul style="list-style-type: none"> <li>• Customer satisfaction improvement, quality complaint reduction</li> <li>• Establishment and operation of an adaptive quality assurance system</li> </ul>
Environmental measures	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions reduction (responding to SBT)</li> <li>• Development of technology to reduce environmental impact</li> </ul>

### ● Risk Management Structure



## Promoting Information Security

Recently, the increasing frequency and sophistication of cyber attacks and other such incidents have reinforced the fact that information security risks represent a serious business challenge, and we are continually working on stronger measures to ensure our information stays secure. We have put in place a Group-wide information security structure overseen by SCREEN Holdings' Chief Officer of Business 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.

Given the ever-changing nature of the information security risk environment, we regularly review our information security rules and

guidelines. We also work to improve IT literacy among all executives, employees, temporary personnel, and everyone else in the SCREEN Group through a variety of means, including annual information security training, which is updated with the latest information.

We pursue measures that will enable us to conduct our business safely, securely, and without interruption, such as establishing a dedicated, in-house consultation service capable of promptly investigating and addressing risks identified from information security-related incident reports, as well as conducting year-round, round-the-clock monitoring of our in-house network infrastructure.

### Cyber-attack Response Training with Kyoto Prefectural Police Headquarters

On August 28, 2019, SCREEN Holdings and representatives from the Kyoto Prefectural Police Headquarters Cyber-attack Special Investigation Unit and the Kamigyo Police Station held a joint cyber-attack response training session. The SCREEN Holdings headquarters is located within the jurisdiction of the Kamigyo Police Station, and we were the first company to hold this sort of joint training with them. The training session was for IT-related personnel within the SCREEN Group and involved simulated attacks. The training featured a demonstration of how personal data can be stolen from a PC infected with a virus, as well as provided examples of how targeted attack emails can be hidden among daily work emails and how to tell the difference between the two. Such examples were used as part of practical exercises and group discussion, which facilitated greater IT literacy.



A training session (August 28, 2019)

## Business Continuity Plans (BCP)

When it comes to catastrophic earthquakes, typhoons, flooding and other natural disasters, infectious disease pandemics, factory accidents, 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 work to develop and implement effective BCP.

### 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.

### Resilience of Parts Procurement

With regard to critical parts that have limited suppliers, we are promoting substitution to generic alternatives or access to more than one supplier. At the same time, in order to maintain stable parts procurement, during the design stage we work to prevent the inclusion of parts that have limited suppliers.

### Preparation of Complementary Production Systems

Based on lessons learned from large-scale disasters and supply chain interruptions, we endeavor to put in place complementary production systems that incorporate and manage domestic and overseas production sites, as well as parts suppliers, in order to prevent significant damage to our business. In addition, we have acquired ISO 22301 certification for business continuity management systems (BCMS), and we develop BCP based on these standards.

### Strengthening Seismic Resistance of Facilities

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.

### Response to the COVID-19 Crisis

In response to the Japanese government's designation of the novel coronavirus disease (COVID-19) 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 Holdings president. We have also established local emergency headquarters at operation sites in Japan and overseas, as well as established business recovery headquarters at our business operating companies. All of these headquarters are used to check on the health of people connected with the SCREEN Group, to mitigate workplace infection risks, to ensure the redundancy and distributed operation of production systems, to

provide online support to customers, and to facilitate other measures that will ensure business continuation.

The policies adopted by the Group Emergency Headquarters are immediately shared with the other Group companies worldwide, and the Group companies submit reports as needed to the Group Emergency Headquarters about the socio-economic, sales, procurement, production, and other situations in their respective countries. By ensuring that the Group Emergency Headquarters' policymaking and dissemination is carried out swiftly, the Group as a whole is able to carry out its response swiftly.

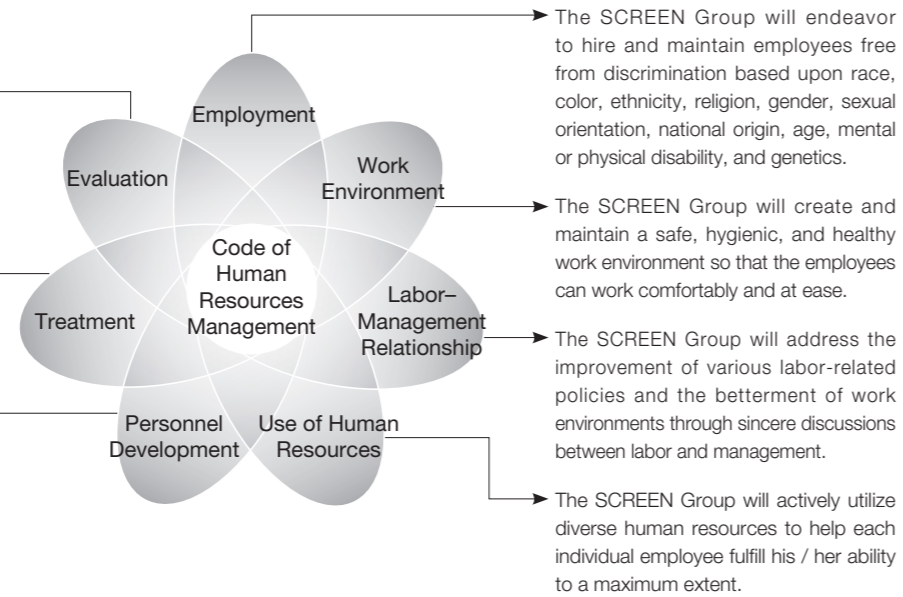
# Human Resource Management

The SCREEN Group has formulated basic policies in seven fields of human resource management (employment, evaluation, treatment, personnel development, use of human resources, labor-management relationship, and work environment). These policies are in line with our corporate philosophy of "Sharing the Future," "Human Resource Development," and "The Pursuit of Technology," and founded on the pillars of our CSR Charter / Code of Conduct and SCREEN Group Code of Management. Under these policies, we strive to create an environment where a diversity of employees can maximize their talents and enjoy rewarding work.

The SCREEN Group will perform fair and acceptable evaluations based on roles and job performance of each individual employee.

The SCREEN Group will promote fair treatment to reward contribution by each individual employee, reflecting the results of employee evaluations and corporate and sectional performance.

The SCREEN Group will support the career paths of each individual employee and develop diverse human resources in a systematic manner by enhancing programs and measures based on medium and long-term perspectives.



The SCREEN Group will endeavor to hire and maintain employees free from discrimination based upon race, color, ethnicity, religion, gender, sexual orientation, national origin, age, mental or physical disability, and genetics.

The SCREEN Group will create and maintain a safe, hygienic, and healthy work environment so that the employees can work comfortably and at ease.

The SCREEN Group will address the improvement of various labor-related policies and the betterment of work environments through sincere discussions between labor and management.

The SCREEN Group will actively utilize diverse human resources to help each individual employee fulfill his / her ability to a maximum extent.

## Personnel Development under the Value Up 2023 Medium-term Management Plan

The SCREEN Group formulated its Basic Philosophy on developing human resources over the medium to long term. The Basic Philosophy states the concept and basic policies of personnel development and the definition of ideal personnel. Under the Value Up 2023 medium-term management plan, we are implementing the programs and measures that will bring the basic policies to fruition. Our aims are to promote the growth of all our employees (the foundation for improving corporate value), to create a corporate climate conducive to taking on challenges, and to foster the next generation of management personnel.

Concept of Personnel Development, Ideal Personnel, Personnel Development Plan Basic Policies  
[www.screen.co.jp/en/sustainability/social/employee](http://www.screen.co.jp/en/sustainability/social/employee)

### SCREEN BUSINESS SCHOOL

In order to put our basic policies of personnel development into action, we have established the SCREEN BUSINESS SCHOOL, which offers a wide range of educational and training programs tailored to different career levels and goals in order to empower employees in taking the initiative to better themselves. For the fiscal year ended March 31, 2020, we continued delivering the programs that were most highly rated by participants. We also set up seven new programs, including ones on logical thinking and critical thinking. About 1,220 employees took part in these and existing programs.

We also create an environment where employees can grow and be active, regardless of which stage of life they are at. We offer programs for employees who have limited time due to childcare, nursing care, or other family duties.

For the fiscal year ending March 31, 2021, in line with the Value Up 2023 medium-term management plan, we launched a training program named SKIP (SCREEN's Key learning for Innovative Process). This program is key to ensuring SCREEN can make innovative progress. It will allow us to reinforce our foundations to make SCREEN a company where individual employees find their work rewarding and create a work environment conducive to generating innovations.

SCREEN Group Education System  
[www.screen.co.jp/en/sustainability/social/employee](http://www.screen.co.jp/en/sustainability/social/employee)

### 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 regular employees. Participants selected from our group companies take part in content-rich training programs throughout the year. These programs include talks by directors / corporate officers, specialized lectures by outside instructors, and competitive business simulations 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. As of the fiscal year ended March 31, 2020, there were 9 people enrolled in the Business Leader Training Course and 13 people enrolled in the Junior Business Leader Training Course.



Business Leader Training Course participants present a proposal to management (December, 13, 2019)



## Interview with an employee who completed the Junior Business Leader Training Course Get the Bigger Picture of Business, Focus on Figures, and Get Things Done

**Yusuke Shinki** Assistant Manager, Process Development Section, Process Development Department, Development Division, GA

We studied a wide range of topics, including management strategy, financial accounting, and critical thinking to understand the bigger picture of business. In the first half of the course, participants from various companies gathered at SCREEN and tackled common issues. In the second half, we attended an outside business school to proceed with learning outside a corporate environment. I got to know different people, who really inspired me—for example, a young person who has already achieved a lot and others who have their own clear vision. I realized having a network of contacts in and outside the company can help you when you run into an obstacle. Even today, I sometimes ask them for advice.

The course has taught me the importance of identifying problems and asking questions, finding your own solutions, and conveying them to others in the world of business, where there is no single right answer. My mindset has also changed—now I'm more conscious of the whole

picture of work. The scope of the directions I get from my superiors is naturally limited to some extent, since I'm an assistant manager. But understanding their background and the financial status of the business as a whole allows me to appreciate the consistency of the company's business processes. I can now comprehend the entire value chain as scope of my job, and the quality of my work output has clearly improved.

I also learned that it's important to have everyone in your team on board to get business going. This involves sharing ideas and knowledge. That's why I began holding lectures to convey to younger employees what I've learned through this course. For the future, I want to focus on figures. By that, I mean I'll search for figures that can serve as the benchmark for my job, helping me set targets, manage the progress of projects, and determine the extent to which we meet our targets. Three years from now, I expect to see my current project become the most advanced of its type in the world and I expect to see new businesses emerging.

## Building a Worker-Friendly Environment

### Work-Style Reform

Work-style reform is a crucial element to further boosting the competitiveness of the SCREEN Group. For the fiscal year ended March 31, 2020, young employees from various sections within the SCREEN Group formed a team to study ways to streamline operations by using ICT. Also, online newsletters to boost employees' IT literacy were sent out and "spot" offices (mini satellite offices) were set up on the premises of some of our facilities for employees on business trips there.

### Improving Work-Life Balance

The SCREEN Group strives to build and maintain an environment in which diverse employees can use their abilities to the fullest while carrying out home duties such as taking care of children

or elderly family members. We provide systems that match each individual employee's particular needs. We offer flextime with no core hours for employees who are pregnant (or who have a pregnant wife), who are caring for elderly or sick family members or children, or who are undergoing medical treatment. We also operate a partial work-at-home system and offer the option of reduced work hours. These systems allowed us to smoothly shift to a work-from-home system in response to the COVID-19 pandemic and enabled seamless business continuity.

Other systems include making it compulsory for male employees to take paternity leave so they can take part in caring for their newborn baby. In recent years, the number of male employees taking paternity leave is increasing. For the fiscal year ended March 31, 2020, 69 men took paternity leave.

### Main Work-Life Balance Systems (as of April 2020)

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.	Subsidy for childcare leave, etc.	Subsidy to partially compensate for wages lost due to taking leave or working shorter hours to care for children.
Spouse childcare leave	Leave for employees to help wife care for infant after giving birth (paid leave; as a rule, mandatory).	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.
Spouse-accompaniment leave	Leave for employees who want to accompany their spouse to an overseas posting (unpaid leave, limited time period).	Skills training for employees on childcare leave	Online learning program so employees can study while they are on childcare leave.
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.	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.
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.	Subsidy for nursing care equipment	Subsidy to partially pay for the purchase or rental of nursing care equipment.
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).	Nursing care consultation	Dedicated staff provides consultation on company systems, government support, and private nursing care services.
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.	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.

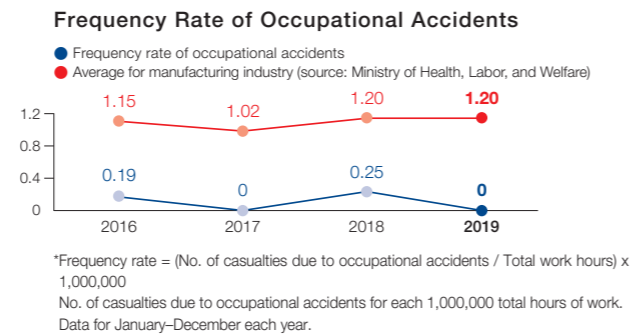
Note: Detailed data on human resource management can be found in the Sustainability Data Book (pages 1-3).

Sustainability Data Book 2020  
[www.screen.co.jp/en/ir/annual](http://www.screen.co.jp/en/ir/annual)

## Safety and Wellbeing

### Health and Safety

Based on occupational health and safety management system that complies with ISO 45001, an international standard for this area, all our group companies in Japan conduct risk assessments, preliminary health and safety reviews, and inspections of heavy-lift operations. We also offer comprehensive training programs to educate inexperienced operators and supervisors. Our overseas bases are also strengthening their own occupational health and safety management systems. The SCREEN Group in Japan aims for zero occupational accidents that cause four or more working days to be lost. To this end, we strive to reduce the frequency rate of occupational accidents\* and the number of points accumulated in the SCREEN Group's proprietary internal occupational accident rating system.



### Healthy Work Environments

At the SCREEN Group, 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 in reducing sick leave.

#### Comprehensive Health Check-ups

Starting in the fiscal year ended March 31, 2020, employees aged 40 and older are required to undergo a comprehensive medical check-up. This is optional for employees under 40. These check-ups cover a wide range of items, leading to the early detection of diseases or signs of illness.

#### Healthier Eating Habits

Another initiative we started in the fiscal year ended March 31, 2020 was upgrading the company cafeteria. This is a joint labor-management effort aimed at improving the health of cafeteria users. Steps to help raise employees' awareness of health include enhancing the menu to provide healthier dishes, using nutrient-rich rice and healthier seasonings, and showing the origin of the ingredients as well as their calorific value and salt content. We also conduct regular surveys so that we can continue improving the cafeteria and thereby boost employees' satisfaction.



Some of the items on the menu

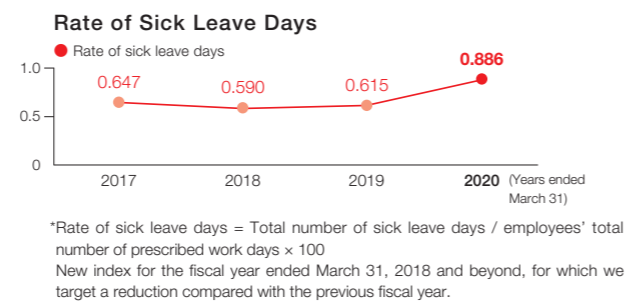
#### Improving Mental Healthcare

We have introduced a range of measures to address mental health issues, including stress checks and e-learning courses on self-

care and support by senior staff in the workplace. In addition, when necessary, public health nurses, doctors specializing in occupational medicine, and staff from external employee assistance programs (EAP) can be called on to provide individual support and discussion. The Group also operates a recovery program for those who must take temporary leave due to mental health issues. Our goals are to help them return to work as quickly as possible and to prevent any relapse in their condition.

#### Fitness Campaigns

At the SCREEN Group, to promote employees' health, each year we hold a fitness campaign that focuses on everyday themes, such as walking, weight and blood pressure measurement, and the recording of sleep hours. Through this initiative, we aim to reduce the rate of sick leave days\*, which has recently been on the rise.



### President Hiroe Hosts Lunch Meetings with Young Employees

After becoming president in June 2019, Mr. Hiroe felt the need to set up an opportunity for dialogue with young employees. Regular lunch meetings help to promote lively exchanges within the organization.

The first lunch was held in December 2019, with President Hiroe and five employees from each business operating company taking part. At first, the participants seemed a little stiff and nervous. But they soon loosened up and began sharing their thoughts on work, the company, and their personal lives. President Hiroe was able to get frank opinions from the young people, while they were able to convey their thoughts and feelings and get some advice from a company leader. It was a valuable exchange of views.

Three lunch meetings were held in the fiscal year ended March 31, 2020—two at the head office, and one at the Hikone Plant. Five employees took part in each lunch. Due to the COVID-19 pandemic, these

meetings are now being postponed. But we are searching for new ways to hold these lunches—for example, as online remote lunch meetings.



At a lunch meeting

## Working Together with Our Stakeholders

### Communication with Suppliers

The SCREEN Group creates a variety of opportunities for dialogue with suppliers in order to forge stronger relationships built upon collaboration, trust, and mutual development. In the first quarter of each fiscal year, we provide our major suppliers with the SCREEN Group's financial statement, an overview of the Group's business situation, our medium-term business plan, and other relevant information. The 2019 SCREEN Holdings financial results briefing held on May 10, 2019 was attended by 180 of our major suppliers in commercial products, processed goods, design, software, and assembly. In the third quarter, all major Group business operating companies discussed their detailed business plans and engaged in information sharing with suppliers.

Another briefing for our major suppliers was planned in mid-May, but this was cancelled due to the spread of COVID-19.



2019 SCREEN Holdings financial results briefing (May 10, 2019)

### Ongoing Dialogue with Local Communities

Founded on the concepts of coexistence, consideration for others, and nurturing of the next generation, the SCREEN Group carries out social contribution activities in five areas: Science and education, Social welfare, Sports and culture, Environmental conservation, and Community contribution.

In January 2020, we signed a comprehensive regional revitalization partnership agreement with Kyoto Prefecture, aimed at making Kyoto a dynamic world-leading hub of activity. Drawing on our expertise, we collaborate with Kyoto Prefecture and other local community groups to develop activities that contribute to the sustainable development of society. For example, we support local companies such as start-ups and we collaborate with academia in promoting recurrent education. We are also collaborating in new fields, such as cooperating with Kyoto Prefectural Police Headquarters in reinforcing cyber security.



### Enhancing Customer Satisfaction

We take steps to keep our customers' trust and live up to their expectations. One example is optimizing the cleaning method and the temperature of the chemical solutions used on the SU-3200 and SU-3300 single wafer cleaning equipment to reduce the amount of chemical solutions used. This is one of our efforts to achieve the improvement targets demanded by our customers, such as for boosting productivity and energy efficiency.

### Conforming to the RBA Code of Conduct

The SCREEN Group formulated the SCREEN Supplier Code of Conduct\* in accordance with the RBA (Responsible Business Alliance) Code of Conduct. As a CSR code of conduct for the supply chain, it is available on our website for our suppliers to learn and abide by.

To determine our suppliers' level of compliance with the SCREEN Supplier Code of Conduct, we surveyed 68 of the major suppliers of our business operating companies in the fiscal year ended March 31, 2020. Our survey focused on human rights and labor issues, such as harassment, foreign laborers, and slave, forced, and child labor. The survey indicated that we have no problems in these areas.

\*The SCREEN Supplier Code of Conduct explicitly states our policy on conflict minerals. Our supplier survey has a section to determine whether suppliers are dealing in conflict minerals.

### 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 us to get opinions and other feedback from these investors that we use to maximize corporate value.

Following earnings announcements and at conferences, our CEO, CFO, Chief Officer of Sustainability Promotion, and other management members receive interviews from and hold dialogue with our investors\*1. We also focus on shareholder engagement aimed at voting representatives, mainly through our IR representatives. When it comes to fair disclosure, we strive to improve and expand the information we provide and release it in a timely manner. We create IR materials in two languages (Japanese and English) and publish on web site whenever possible, such as Annual Reports, earnings presentation documents, FAQs, shareholder newsletters (only in Japanese), and more. Since the fiscal year ended March 31, 2018, we have sent questionnaires to institutional investors and analysts once a year to identify the challenges in our IR activities.

\*1: The COVID-19 pandemic has caused us to cancel face-to-face IR activities. Instead, we are holding remote IR meetings using IT tools, such as web conference systems and telephone conference systems.

#### Number of Dialogue-Based IR Activities (Fiscal year ended March 31, 2020)

- Earnings presentations: 4
- Meetings with institutional investors and analysts: Approximately 450
- Overseas IR activities: 2 (North America and Europe)
- Institutional investor events, domestic conferences: 6
- Shareholder engagement aimed at voting representatives: 7
- Company briefings for individual investors: 0\*2
- Plant tours for analysts and institutional investors: 1

\*2: Company briefings for individual investors were cancelled in view of the COVID-19 pandemic.

### Quality Management System

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 March 31, 2020, all Group business operating companies and 13 domestic and 4 overseas Group companies are ISO 9001 certified.

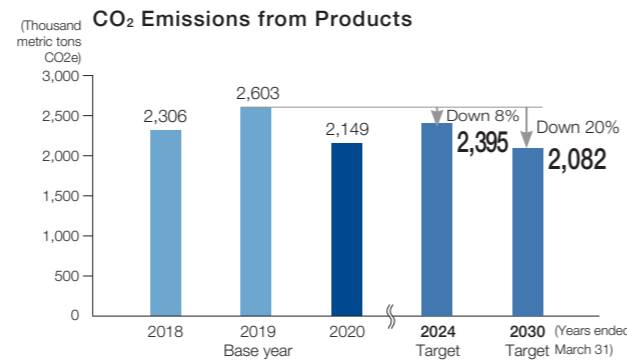
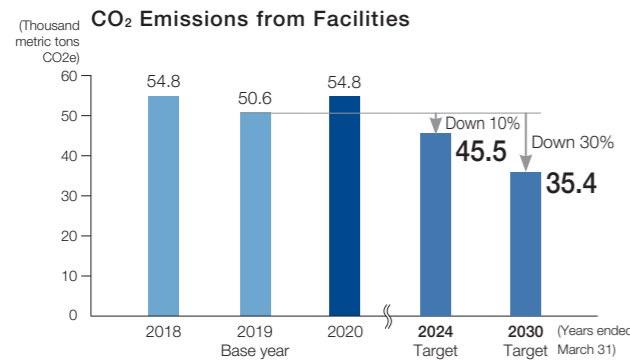
# Environment

Under the SCREEN Group Management Grand Design and the new Value Up 2023 medium-term management plan, we are aiming to achieve a decarbonized, circular economy-based society that coexists in harmony with nature. To this end, we implement measures in our business activities to reduce our environmental footprint, and we work to help mitigate climate change, which has major impacts on society. We have set a long-term CO<sub>2</sub> reduction target to achieve by 2030, which has been recognized under the Science Based Targets\*1 initiative.

## Reducing CO<sub>2</sub> Emissions

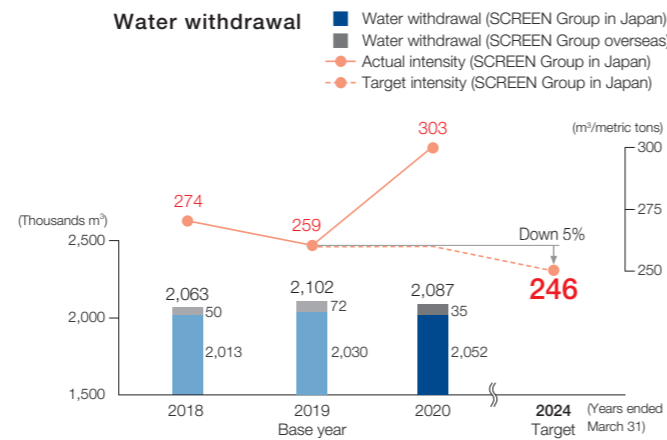
We help mitigate global warming by reducing CO<sub>2</sub> emissions from business activities at our facilities. The measures we take include minimizing energy consumption by installing energy-efficient equipment. The products are certified under our own standards for environmental friendliness as Green Products. We are working to expand sales of these products. Energy-saving measures are becoming ever more important at customers' factories. We evaluate the energy efficiency of products, resource efficiency, ease of disassembly, recycling, environmental protection, environmental safety, and information disclosure. Based on these criteria, we seek to minimize our products' energy consumption.

We are working towards SBT that we have set to achieve by 2030. We aim to reduce total CO<sub>2</sub> emissions from facilities (Scope 1\*2 and Scope 2\*3) by 30% compared to the fiscal year ended March 31, 2019 (FY2019). Also by 2030, we are working to reduce CO<sub>2</sub> emissions from the use of our sold products (Scope 3\*4) by 20% compared to FY2019. We undergo third-party verification of facility CO<sub>2</sub> emissions (Scope 1+2) and third-party verification of CO<sub>2</sub> emissions from the use of our sold products (Scope 3 Category 11).



## Effective Use of Water and Water Quality Control of Effluents

We are working to achieve a 5% reduction in water withdrawal (tap water, industrial-use water, etc.) by March 31, 2024 compared to fiscal year ended March 31, 2019 levels (intensity per unit weight of product shipments). We also strive for efficient water usage and water discharge quality control at our development and production sites. We send wastewater through a purification process that is based on our in-house standards, which are stricter than legal and regulatory standards. We are also actively working to reduce the amount of water used in the operation of products at customer sites.



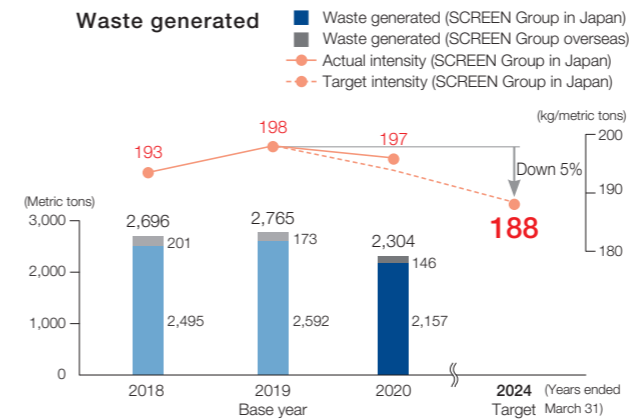
## 8th Green Value Awards

Every year the SCREEN Group hosts the Green Value Awards for group companies in Japan and overseas. The purpose of this award program is to promote business operations-integrated EHS (environment, health, and safety) activities and increase awareness of EHS among employees. A judging panel comprising group companies' CSR officers examines the EHS activities of organizations within the SCREEN Group based on six criteria, including innovativeness and originality. The EHS activities are conducted in four areas: environment, health, safety, and BCP.

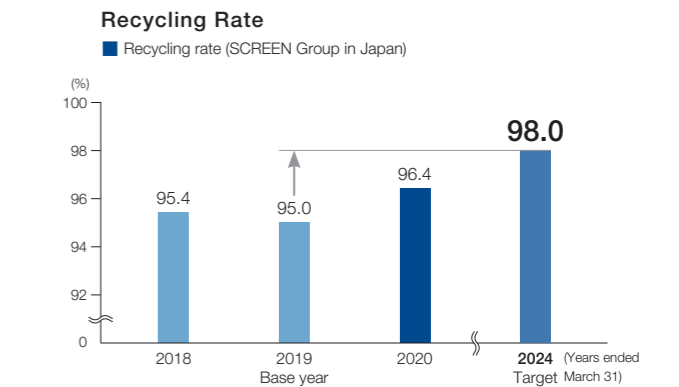
Awards include EHS Management Supervisor Award, Encouragement Award, and Effort Award. The 8th Green Value Award for the fiscal year ended March 31, 2020 saw 15 entries from Japan and overseas undergo strict judging. Two EHS activities of the Display Production Equipment and Coater Business (FT)—namely display panel-related technology and fuel cell-related technology—were given the EHS Management Supervisor Award for their significant contributions to reducing environmental impact.

## Reducing Waste

By the fiscal year ending March 31, 2024, we aim for our facilities in Japan to achieve 5% reduction in waste (intensity per unit weight of product shipments) compared to fiscal 2019 levels. Likewise, we are targeting a recycling rate of at least 98%. To this end, we make effective use of resources, control and reduce the waste generated, and recycle materials wherever possible. We also manage waste disposal stringently to ensure industrial waste is properly disposed



of. Specifically, we periodically visit all the waste disposal contractors handling the steps of the waste disposal process—from waste collection and transport within our facilities to final disposal. We use a checklist to confirm that the contractors carry out waste processing appropriately. If we find any problems that need to be addressed, we swiftly instruct them to take corrective action and demand thorough waste management.



## Biodiversity Conservation

### 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 awareness among employees 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\*5 run by the city of Kyoto. We were officially certified by the city as the 18th contributor to the project. Under a three-year plan, we are growing more than 10 species of plants—including rare, endangered ones—in green spaces on the head office premises. The futaba-aoi (hollyhock) we grow here are presented as offerings to the annual Aoi Matsuri festival in Kyoto.



Green space on the head office premises

### SCREEN Forest (Kyoto Model Forest Initiative)

Because our company 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, 2020, the forest conservation activities at the SCREEN Forest (total 1.31 ha: 1.04 ha of Japanese cypress and 0.27 ha of pine) could be converted into 9.22 metric tons CO<sub>2</sub>e/yr of carbon dioxide assimilated by forests. We also strive to deepen understanding of biodiversity through forest conservation activities and other such events for current and former SCREEN Group employees and their family members.



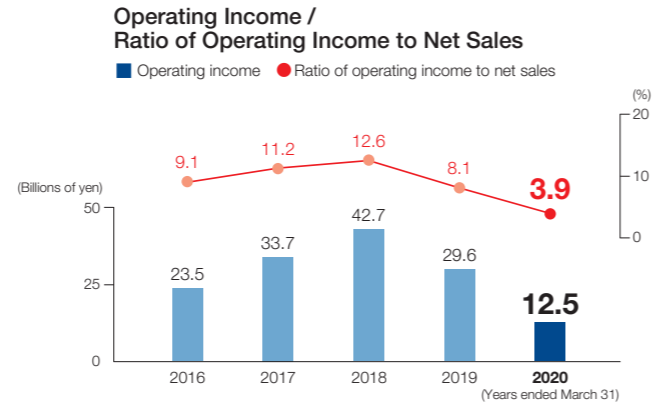
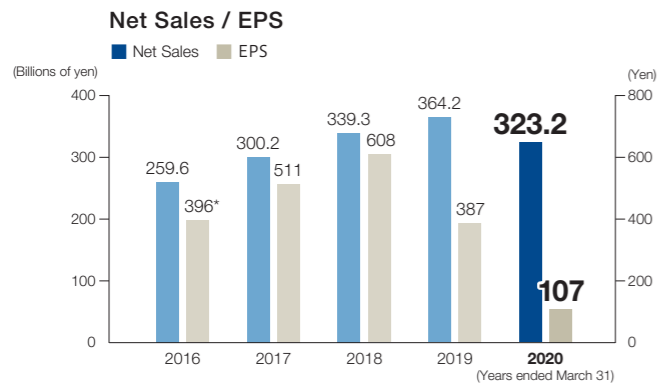
Participants of a SCREEN Forest event held May 25, 2019

\*1 Science Based Targets (SBTs) represent an international initiative to prevent global warming by setting CO<sub>2</sub> reduction targets that are based on scientifically sound principles.  
 \*2 Scope 1 emissions are direct greenhouse gas emissions from sources owned or controlled by the reporting company (fuel combustion, industrial processes, etc.)  
 \*3 Scope 2 emissions are indirect greenhouse gas emissions from consumption of electricity, heat, or steam purchased from other companies.  
 \*4 Scope 3 emissions are all indirect greenhouse gas emissions not included in Scope 1 or Scope 2 that occur in the value chain of the reporting company (i.e., emissions by other companies related to the reporting company's activities).  
 \*5 The project is designed to preserve and revive the use of plants that have played a role in local festivals and traditional culture. Kyoto City certifies the activities of project members and sends experts to support cultivation efforts when necessary.

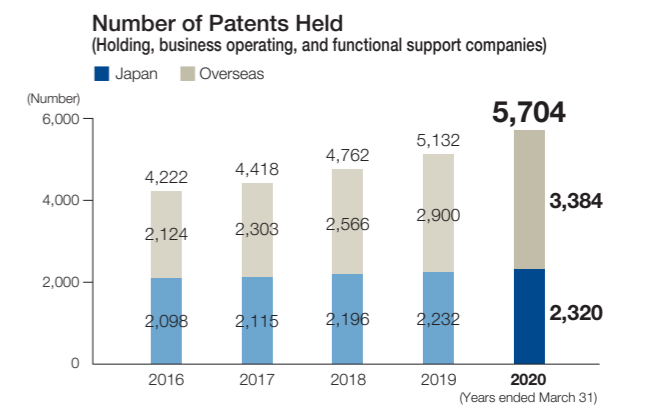
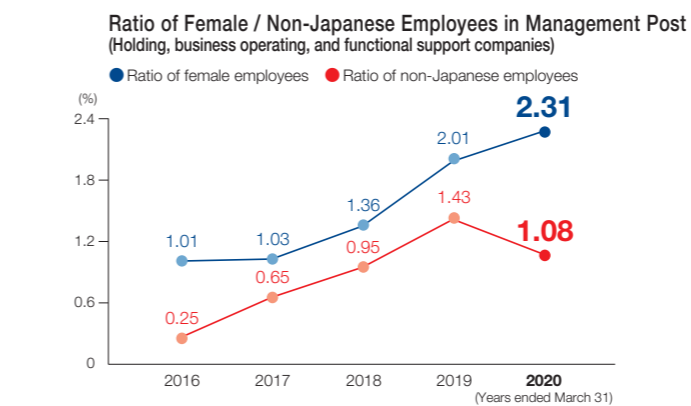
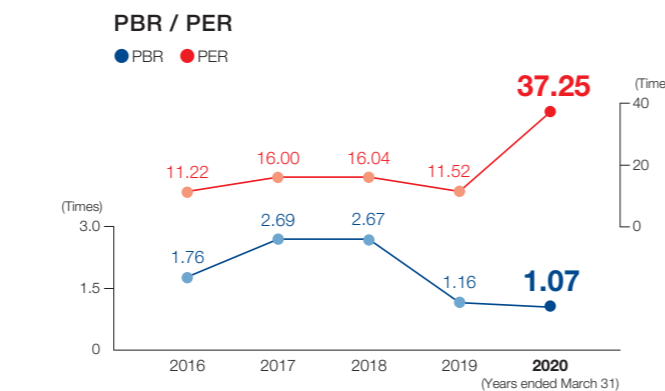
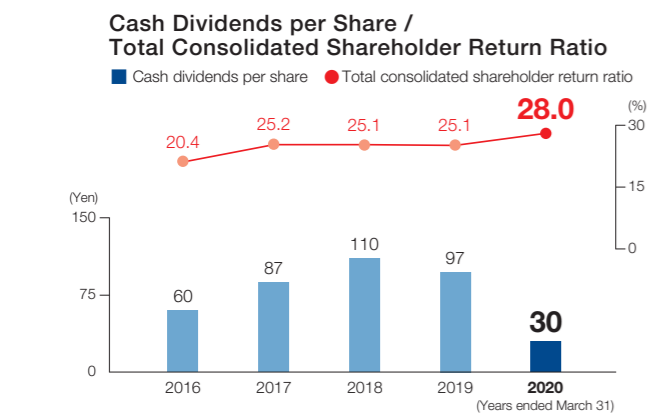
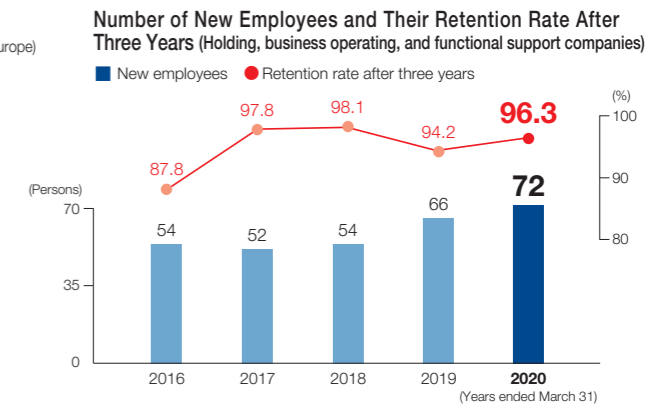
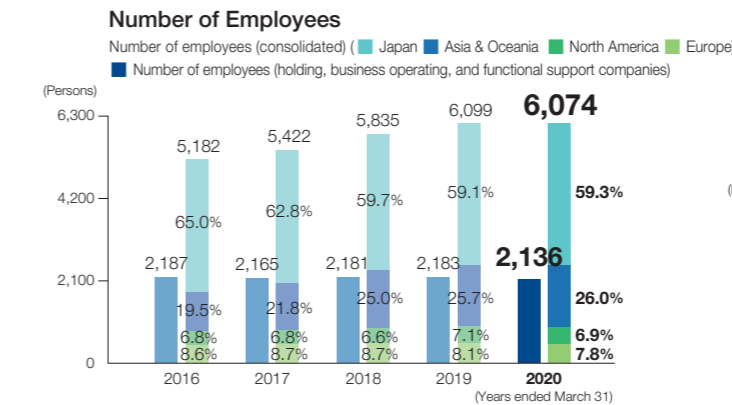
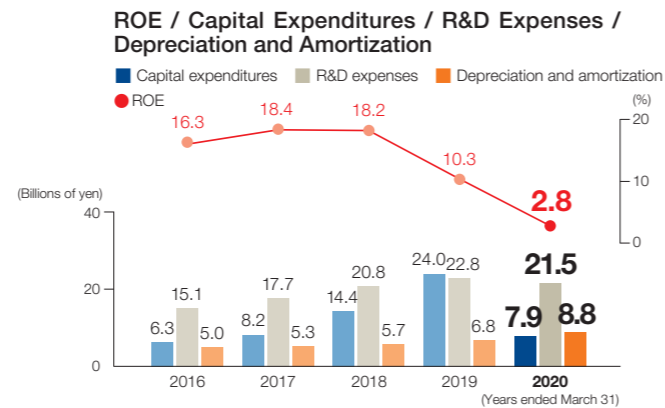
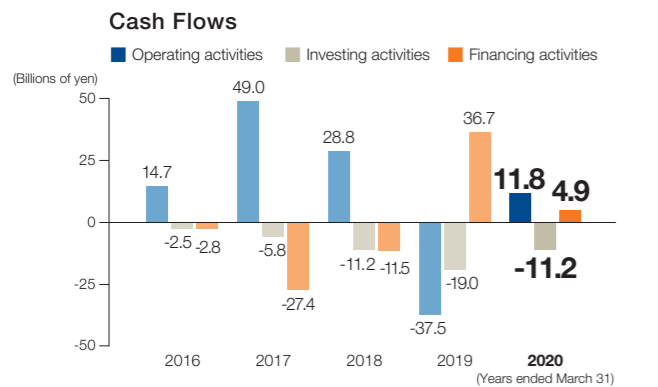
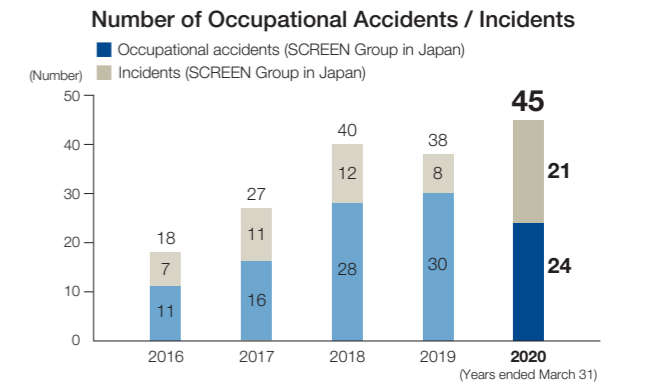
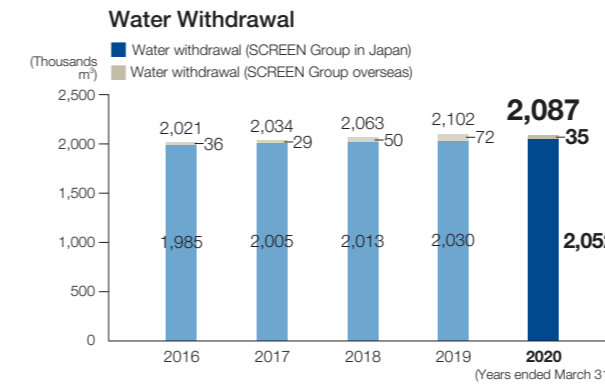
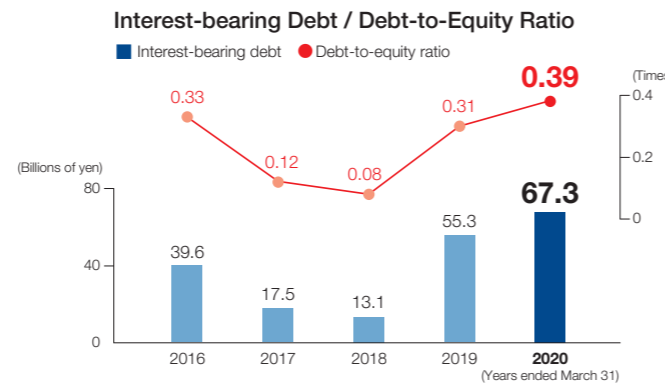
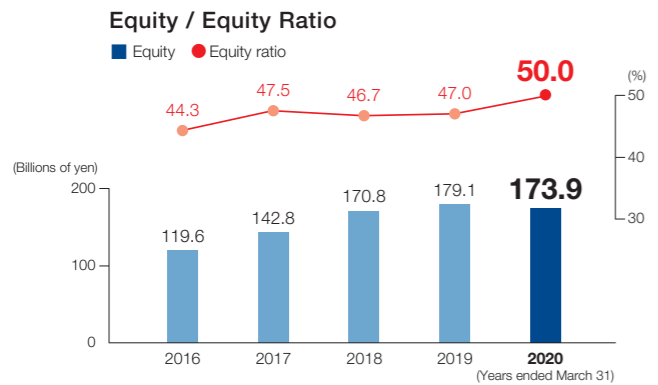
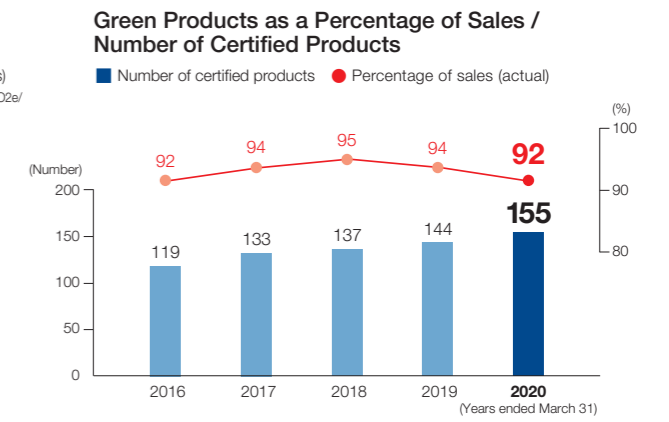
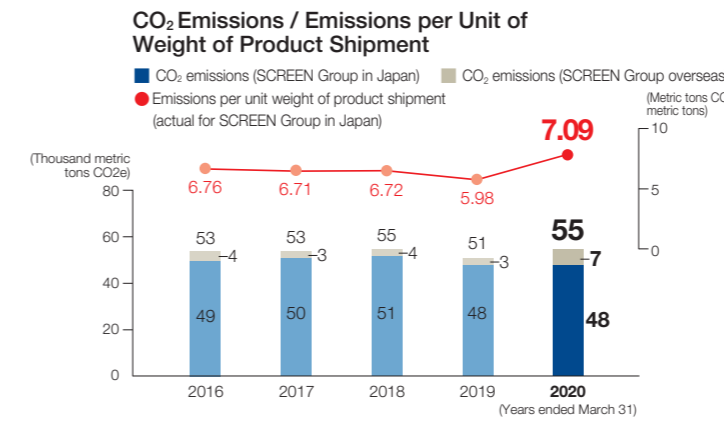


# Performance Highlights

## 〈Financial〉



## 〈Nonfinancial〉



Note: The Company implemented a one-for-five consolidation of its common stock on October 1, 2016. Therefore, EPS (net income per share) of capital stock is calculated based on the assumption that the consolidation of shares had been implemented at the beginning of the fiscal year ended March 31, 2016.

Fact Book 2020  
www.screen.co.jp/en/ir/investor

Note: 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.

\* 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)  
\* 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

For the Year:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2020	
	Millions of yen											Thousands of U.S. dollars	
Net sales	¥ 323,249	¥ 364,234	¥ 339,369	¥ 300,234	¥ 259,675	¥ 237,646	¥ 235,946	¥ 199,795	¥ 250,090	¥ 254,953	¥ 164,129	\$ 2,965,587	
Cost of sales	246,680	263,667	229,838	206,687	178,677	165,192	177,175	157,790	187,325	182,990	137,827	2,263,119	
Cost of sales to net sales (%)	76.3%	72.4%	67.7%	68.8%	68.8%	69.5%	75.1%	79.0%	74.9%	71.8%	84.0%		
Operating income (loss)	¥ 12,562	¥ 29,645	¥ 42,725	¥ 33,732	¥ 23,557	¥ 17,168	¥ 8,903	¥ (4,833)	¥ 13,498	¥ 26,811	¥ (14,046)	\$ 115,248	
Operating income to net sales (%)	3.9%	8.1%	12.6%	11.2%	9.1%	7.2%	3.8%	-2.4%	5.4%	10.5%	-8.6%		
Profit (loss) attributable to owners of parent	¥ 5,011	¥ 18,059	¥ 28,507	¥ 24,169	¥ 18,816	¥ 12,122	¥ 5,419	¥ (11,333)	¥ 4,637	¥ 25,687	¥ (8,003)	\$ 45,972	
Comprehensive income	(907)	13,425	34,934	28,011	11,567	24,018	14,262	(6,031)	4,192	22,576	(5,257)	(8,321)	
Depreciation and amortization	8,860	6,883	5,708	5,398	5,030	4,880	4,101	4,731	4,986	5,805	7,012	81,284	
Cash flows from operating activities	11,812	(37,534)	28,878	49,024	14,721	(1,492)	24,703	(15,320)	11,279	34,299	25,113	108,367	
Cash flows from investing activities	(11,294)	(19,020)	(11,230)	(5,860)	(2,558)	(6,318)	(4,201)	(5,768)	(4,162)	(2,191)	6,885	(103,615)	
Cash flows from financing activities	4,928	36,761	(11,512)	(27,479)	(2,846)	(3,823)	(29,302)	21,534	(9,468)	(22,250)	(27,124)	45,211	
Capital expenditures	7,985	24,089	14,429	8,256	6,352	6,659	4,574	6,450	7,347	3,613	1,911	73,257	
R&D expenses	21,525	22,825	20,837	17,794	15,166	13,972	12,274	12,685	13,889	12,130	11,615	197,477	
<b>Per Share of Capital Stock:</b>												Yen	U.S. dollars
Net income (loss)	¥ 107.37	¥ 387.10	¥ 608.62	¥ 511.96	¥ 396.75	¥ 51.07	¥ 22.83	¥ (47.75)	¥ 19.54	¥ 108.21	¥ (33.71)	\$ 0.99	
Net income — diluted	101.47	370.66	—	—	—	—	—	—	—	—	—	0.93	
Cash dividends	30.00	97.00	110.00	87.00	60.00	7.00	3.00	—	5.00	5.00	—	0.28	
Net assets	3,727.10	3,838.90	3,661.96	3,040.79	2,533.41	467.13	364.23	321.24	379.44	367.00	272.15	34.19	
<b>At Year End:</b>												Millions of yen	Thousands of U.S. dollars
Total assets	¥ 347,965	¥ 380,916	¥ 365,874	¥ 300,660	¥ 270,094	¥ 249,517	¥ 232,376	¥ 232,390	¥ 245,382	¥ 253,127	¥ 216,622	\$ 3,192,339	
Return on total assets (%)	1.4%	4.8%	8.6%	8.5%	7.2%	5.0%	2.3%	-4.8%	1.9%	10.9%	-3.5%		
Current assets	¥ 238,543	¥ 263,265	¥ 254,756	¥ 215,159	¥ 188,522	¥ 160,367	¥ 157,327	¥ 161,614	¥ 177,543	¥ 183,523	¥ 139,984	\$ 2,188,468	
Net property, plant and equipment	60,894	61,398	48,973	41,758	43,378	42,606	40,711	39,902	38,669	40,699	45,413	558,661	
Current liabilities	136,879	160,852	175,509	135,576	120,857	92,750	114,367	120,014	123,223	148,132	93,874	1,255,771	
Long-term debt	30,205	33,848	5,227	10,907	18,986	32,666	21,943	29,642	25,988	10,634	48,195	277,110	
Equity	173,942	179,116	170,839	142,805	119,650	110,865	86,448	76,248	90,069	87,118	64,607	1,595,797	
Equity ratio (%)	50.0%	47.0%	46.7%	47.5%	44.3%	44.4%	37.2%	32.8%	36.7%	34.4%	29.8%		
Return on equity (%)	2.8%	10.3%	18.2%	18.4%	16.3%	12.3%	6.7%	-14.2%	5.2%	33.9%	-11.9%		
Capital stock	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	¥ 54,045	\$ 495,826	
Retained earnings	130,908	130,274	117,359	92,937	71,602	54,448	41,824	36,405	55,440	26,418	731	1,200,991	
Number of shares issued (in thousands)	50,795	50,795	50,795	50,795	50,795	253,974	253,974	253,974	253,974	253,974	253,974		
Number of employees	6,074	6,099	5,835	5,422	5,182	5,082	4,968	4,955	4,890	4,732	4,679		
<b>Key Environmental Indicators</b>													
CO <sub>2</sub> emissions (metric tons CO <sub>2</sub> e)	54,794	50,566	54,776	53,357	52,523	52,625	53,810	48,600	37,858	31,312	29,993		
Water withdrawal (Thousands m <sup>3</sup> )	2,087	2,102	2,063	2,034	2,021	1,840	2,034	2,151	2,113	2,084	1,918		
Waste generated (metric tons)	2,304	2,765	2,696	2,064	1,848	2,048	1,893	1,744	1,806	1,794	937		

Notes: 1. Dollar figures are translated, for convenience only, at the rate of ¥109 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 of capital stock, 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 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 (88 thousand shares as of March 31, 2020 and 99 thousand shares as of March 31, 2019) 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 (91 thousand shares for the year ended March 31, 2020 and 105 thousand shares for the year ended March 31, 2019).

# Consolidated Financial Statements

## Consolidated Balance Sheets

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries  
As of March 31, 2020 and 2019

Assets	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Current Assets:</b>			
Cash and cash equivalents	¥ 35,520	¥ 30,922	\$ 325,872
Time deposits	2,251	1,271	20,651
Notes and accounts receivable-trade	82,758	100,835	759,248
Allowance for doubtful receivables	(701)	(669)	(6,431)
Inventories	106,260	116,803	974,862
Other current assets	12,455	14,103	114,266
Total current assets	238,543	263,265	2,188,468
<b>Property, Plant and Equipment, at Cost:</b>			
Land	9,460	9,475	86,789
Buildings and structures	59,999	59,622	550,450
Machinery, equipment and other	67,541	61,844	619,641
Lease assets	4,885	4,908	44,817
Construction in progress	7,094	8,049	65,083
Total property, plant and equipment	148,979	143,898	1,366,780
Accumulated depreciation	(88,085)	(82,500)	(808,119)
Net property, plant and equipment	60,894	61,398	558,661
<b>Investments and Other Assets:</b>			
Investment securities	30,586	37,083	280,606
Lease assets	90	98	826
Net defined benefit asset	4,366	5,364	40,055
Deferred tax assets	4,981	3,754	45,697
Other assets	8,505	9,954	78,026
Total investments and other assets	48,528	56,253	445,210
<b>Total Assets</b>	<b>¥ 347,965</b>	<b>¥ 380,916</b>	<b>\$ 3,192,339</b>

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Current Liabilities:</b>			
Notes and accounts payable—			
Trade	¥ 66,395	¥ 94,531	\$ 609,128
Construction and other	3,675	6,747	33,716
Short-term debt	30,000	18,000	275,229
Current portion of long-term debt	3,614	1,504	33,156
Lease obligations	1,211	450	11,110
Accrued expenses	7,156	7,830	65,651
Income taxes payable	2,227	4,365	20,431
Provision for product warranties	6,787	6,876	62,266
Provision for bonuses	1,201	2,618	11,018
Provision for directors' bonuses	123	155	1,128
Provision for loss on order received	312	74	2,862
Other current liabilities	14,178	17,702	130,076
Total current liabilities	136,879	160,852	1,255,771
<b>Long-Term Liabilities:</b>			
Long-term debt	30,205	33,848	277,110
Net defined benefit liability	1,016	943	9,321
Lease obligations	2,272	1,519	20,844
Deferred tax liabilities	2,376	3,641	21,798
Asset retirement obligations	65	67	596
Provision for directors' retirement benefits	182	176	1,670
Provision for stock payment	44	34	404
Provision for management board incentive plan trust	43	39	394
Other long-term liabilities	740	663	6,790
Total long-term liabilities	36,943	40,930	338,927
<b>Total Liabilities</b>	<b>¥ 173,822</b>	<b>¥ 201,782</b>	<b>\$ 1,594,698</b>
<b>Contingent Liabilities</b>			
<b>Net Assets:</b>			
<b>Shareholders' Equity:</b>			
Capital stock			
Authorized—180,000,000 shares in 2020 and 2019			
Issued—50,794,866 shares in 2020 and 2019	54,045	54,045	495,826
Capital surplus	4,488	4,488	41,174
Retained earnings	130,908	130,274	1,200,991
Treasury stock, at cost			
4,125,447 shares in 2020 and 4,136,788 shares in 2019	(17,962)	(18,044)	(164,789)
Total shareholders' equity	171,479	170,763	1,573,202
<b>Accumulated Other Comprehensive Income:</b>			
Valuation difference on available-for-sale securities	10,842	14,320	99,468
Foreign currency translation adjustment	(7,135)	(5,345)	(65,460)
Remeasurements of defined benefit plans	(1,244)	(622)	(11,413)
Total accumulated other comprehensive income	2,463	8,353	22,595
<b>Non-controlling interests:</b>			
Non-controlling interests	201	18	1,844
Total net assets	174,143	179,134	1,597,641
<b>Total Liabilities and Net Assets</b>	<b>¥ 347,965</b>	<b>¥ 380,916</b>	<b>\$ 3,192,339</b>

The number of shares of treasury stock of the Company included 88 thousand shares as of March 31, 2020 and 99 thousand shares as of March 31, 2019 held by a trust related to a performance-linked share compensation system for directors and corporate officers.

## Consolidated Statements of Income

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net Sales	¥ 323,249	¥ 364,234	\$ 2,965,587
Cost of Sales	246,680	263,667	2,263,119
Gross profit	76,569	100,567	702,468
Selling, General and Administrative Expenses	64,007	70,922	587,220
Operating income	12,562	29,645	115,248
Other (Income) Expenses:			
Interest and dividend income	(660)	(613)	(6,055)
Interest expenses	559	543	5,128
Exchange loss on foreign currency transactions, net	297	60	2,725
Insurance income	(138)	(459)	(1,266)
Loss on retirement of non-current assets	380	929	3,486
Gain on sales of investment securities	(333)	(445)	(3,055)
Loss on valuation of investment securities	1,814	62	16,642
Business structure improvement expenses	-	1,088	-
Impairment loss	1,576	844	14,459
Gain on sales of non-current assets	(29)	(717)	(266)
Share of loss of entities accounted for using equity method	492	111	4,514
Other, net	25	512	229
Net other (income) expenses	3,983	1,915	36,541
Income Before Income Taxes	8,579	27,730	78,707
Income Taxes			
Current	4,486	11,298	41,156
Deferred	(891)	(1,621)	(8,174)
Total income taxes	3,595	9,677	32,982
Profit	4,984	18,053	45,725
Profit Attributable to Non-controlling Interests	(27)	(6)	(247)
Profit Attributable to Owners of Parent	¥ 5,011	¥ 18,059	\$ 45,972

## Per Share Information:

	Yen		U.S. dollars
	2020	2019	2020
Net income	¥ 107.37	¥ 387.10	\$ 0.99
Net income—diluted	101.47	370.66	0.93
Cash dividends, applicable to earnings for the year	30.00	97.00	0.28

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 weighted average number of shares outstanding during the year for the purpose of calculating net income per share (91 and 105 thousand shares for the years ended March 31, 2020 and 2019, respectively).

## Consolidated Statements of Comprehensive Income

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Profit	¥ 4,984	¥ 18,053	\$ 45,725
Other Comprehensive Income			
Valuation difference on available-for-sale securities	(3,478)	(4,108)	(31,908)
Foreign currency translation adjustment	(1,770)	(588)	(16,239)
Remeasurements of defined benefit plans	(622)	116	(5,706)
Share of other comprehensive income of entities accounted for using equity method	(21)	(48)	(193)
Total other comprehensive income	(5,891)	(4,628)	(54,046)
Comprehensive Income	¥ (907)	¥ 13,425	\$ (8,321)
Comprehensive income attributable to Owners of parent	(880)	13,437	(8,073)
Non-controlling interests	(27)	(12)	(248)

## Consolidated Statements of Changes in Net Assets

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of yen										
	Shares of issued capital stock (thousands)	Shareholders' equity				Accumulated other comprehensive income					Total net assets
		Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Non-controlling interests		
Balance at the Beginning of Fiscal 2019	50,795	¥ 54,045	¥ 4,546	¥ 117,359	¥ (18,085)	¥ 18,428	¥ (4,716)	¥ (738)	¥ 41	¥ 170,880	
Profit attributable to owners of parent	-	-	-	18,059	-	-	-	-	-	18,059	
Cash dividends paid, ¥110.00 per share	-	-	-	(5,144)	-	-	-	-	-	(5,144)	
Valuation difference on available-for-sale securities	-	-	-	-	-	(4,108)	-	-	-	(4,108)	
Foreign currency translation adjustment	-	-	-	-	-	-	(629)	-	-	(629)	
Remeasurements of defined benefit plans	-	-	-	-	-	-	-	116	-	116	
Acquisition of treasury stock	-	-	-	-	(5)	-	-	-	-	(5)	
Disposal of treasury stock	-	-	0	-	46	-	-	-	-	46	
Purchase of shares of consolidated subsidiaries' treasury stock	-	-	(58)	-	-	-	-	-	-	(58)	
Other	-	-	-	-	-	-	-	-	(23)	(23)	
Balance at the End of Fiscal 2019	50,795	¥ 54,045	¥ 4,488	¥ 130,274	¥ (18,044)	¥ 14,320	¥ (5,345)	¥ (622)	¥ 18	¥ 179,134	
Balance at the Beginning of Fiscal 2020	50,795	¥ 54,045	¥ 4,488	¥ 130,274	¥ (18,044)	¥ 14,320	¥ (5,345)	¥ (622)	¥ 18	¥ 179,134	
Cumulative effects of changes in accounting policies	-	-	-	¥ 159	-	-	-	-	-	¥ 159	
Currently stated balance, as of beginning of the current period	50,795	¥ 54,045	¥ 4,488	¥ 130,433	¥ (18,044)	¥ 14,320	¥ (5,345)	¥ (622)	¥ 18	¥ 179,293	
Profit attributable to owners of parent	-	-	-	5,011	-	-	-	-	-	5,011	
Cash dividends paid, ¥97.00 per share	-	-	-	(4,536)	-	-	-	-	-	(4,536)	
Valuation difference on available-for-sale securities	-	-	-	-	-	(3,478)	-	-	-	(3,478)	
Foreign currency translation adjustment	-	-	-	-	-	-	(1,790)	-	-	(1,790)	
Remeasurements of defined benefit plans	-	-	-	-	-	-	-	(622)	-	(622)	
Acquisition of treasury stock	-	-	-	-	(3)	-	-	-	-	(3)	
Disposal of treasury stock	-	-	0	-	85	-	-	-	-	85	
Purchase of shares of consolidated subsidiaries' treasury stock	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	183	183	
Balance at the End of Fiscal 2020	50,795	¥ 54,045	¥ 4,488	¥ 130,908	¥ (17,962)	¥ 10,842	¥ (7,135)	¥ (1,244)	¥ 201	¥ 174,143	

	Thousands of U.S. dollars									
	Shareholders' equity				Accumulated other comprehensive income					Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Non-controlling interests		
Balance at the Beginning of Fiscal 2020	\$ 495,826	\$ 41,174	\$ 1,195,174	\$ (165,541)	\$ 131,376	\$ (49,037)	\$ (5,706)	\$ 165	\$ 1,643,431	
Cumulative effects of changes in accounting policies	-	-	\$ 1,459	-	-	-	-	-	\$ 1,459	
Currently stated balance, as of the beginning of the current period	\$ 495,826	\$ 41,174	\$ 1,196,633	\$ (165,541)	\$ 131,376	\$ (49,037)	\$ (5,706)	\$ 165	\$ 1,644,890	
Profit attributable to owners of parent	-	-	45,972	-	-	-	-	-	45,972	
Cash dividends paid, \$0.89 per share	-	-	(41,614)	-	-	-	-	-	(41,614)	
Valuation difference on available-for-sale securities	-	-	-	-	(31,908)	-	-	-	(31,908)	
Foreign currency translation adjustment	-	-	-	-	-	(16,423)	-	-	(16,423)	
Remeasurements of defined benefit plans	-	-	-	-	-	-	(5,707)	-	(5,707)	
Acquisition of treasury stock	-	-	-	(28)	-	-	-	-	(28)	
Disposal of treasury stock	-	0	-	780	-	-	-	-	780	
Purchase of shares of consolidated subsidiaries' treasury stock	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	1,679	1,679	
Balance at the End of Fiscal 2020	\$ 495,826	\$ 41,174	\$ 1,200,991	\$ (164,789)	\$ 99,468	\$ (65,460)	\$ (11,413)	\$ 1,844	\$ 1,597,641	

## Consolidated Statements of Cash Flows

SCREEN Holdings Co., Ltd. and Consolidated Subsidiaries  
For the years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 8,579	¥ 27,730	\$ 78,706
Depreciation and amortization	8,860	6,883	81,284
Impairment loss	1,576	844	14,459
Loss (gain) on valuation of investment securities	1,814	62	16,642
Loss (gain) on sales of investment securities	(333)	(445)	(3,055)
Gain on sales of non-current assets	(29)	(717)	(266)
Loss on retirement of non-current assets	380	929	3,486
Share of loss (profit) of entities accounted for using equity method	492	111	4,514
Increase (decrease) in net defined benefit asset and liability	153	78	1,404
Increase (decrease) in provision for bonuses	(1,417)	(1,586)	(13,000)
Increase (decrease) in provision for directors' bonuses	(31)	(65)	(284)
Increase (decrease) in provision for stock payment	10	5	92
Increase (decrease) in provision for management board incentive plan trust	3	(6)	28
Increase (decrease) in provision for product warranties	(76)	509	(697)
Increase (decrease) in provision for loss on order received	238	16	2,183
Interest and dividend income	(660)	(613)	(6,055)
Interest expenses	559	543	5,128
Decrease (increase) in trade notes and accounts receivable	17,580	(15,354)	161,284
Decrease (increase) in inventories	9,383	(13,236)	86,083
Decrease (increase) in other current assets	1,234	(569)	11,321
Increase (decrease) in trade notes and accounts payable	(25,239)	(21,069)	(231,550)
Increase (decrease) in other current liabilities	(6,021)	(2,871)	(55,239)
Other, net	1,011	594	9,275
<b>Subtotal</b>	<b>18,066</b>	<b>(18,227)</b>	<b>165,743</b>
Interest and dividend income received	630	584	5,780
Interest expenses paid	(555)	(546)	(5,092)
Contribution in connection with the shift to a defined contribution pension plan	(1)	(1)	(9)
Income taxes paid	(6,328)	(19,344)	(58,055)
Net cash provided by (used in) operating activities	11,812	(37,534)	108,367
<b>Cash Flows from Investing Activities:</b>			
Decrease (increase) in time deposits, net	(1,090)	1,005	(10,000)
Purchase of property, plant and equipment	(9,114)	(15,679)	(83,615)
Proceeds from sales of property, plant and equipment	93	1,358	853
Purchase of intangible assets	(1,277)	(4,185)	(11,716)
Purchase of investment securities	(476)	(2,041)	(4,367)
Proceeds from sales of investment securities	591	864	5,422
Other, net	(21)	(342)	(192)
Net cash provided by (used in) investing activities	(11,294)	(19,020)	(103,615)
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term debt	12,000	18,000	110,092
Repayments of long-term debt	(1,504)	(5,680)	(13,798)
Repayments of finance lease obligations	(1,244)	(404)	(11,413)
Proceeds from issuance of convertible bond-type bonds with share acquisition rights	-	30,060	-
Payments related to changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(98)	-
Proceeds from share issuance to non-controlling shareholders	210	24	1,927
Net decrease (increase) in treasury stock	(3)	(5)	(28)
Cash dividends paid	(4,531)	(5,136)	(41,569)
Net cash provided by (used in) financing activities	4,928	36,761	45,211
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(848)</b>	<b>(102)</b>	<b>(7,779)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>4,598</b>	<b>(19,895)</b>	<b>42,184</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>30,922</b>	<b>50,817</b>	<b>283,688</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>¥ 35,520</b>	<b>¥ 30,922</b>	<b>\$ 325,872</b>

## Basic Information

## Corporate Profile (As of July 1, 2020)

**Company Name:** SCREEN Holdings Co., Ltd.

**Established:** October 11, 1943

**Representative:** Eiji Kakiuchi, Chairman  
Toshio Hiroe, President and CEO

**Capital:** ¥54.0 billion

**Number of Employees:** 6,074 employees  
(consolidated; as of March 31, 2020)

**Main Sites:** Head Office, Rakusai (WHITE CANVAS RAKUSAI),  
Kumiyama, Yasu, Hikone, Taga, Shinagawa,  
Monzennakacho (WHITE CANVAS MON-NAKA)

## Consolidated Companies (As of March 31, 2020)

57 companies (Japan: 27 companies / Overseas: 30 companies)

## Domestic

SCREEN Semiconductor Solutions Co., Ltd. /  
SCREEN SPE Tech Co., Ltd. / SCREEN SPE Service Co., Ltd. /  
SCREEN SPE Quartz Co., Ltd. / SCREEN SPE Works Co., Ltd. /  
SCREEN SPE SSERC Co., Ltd. /  
SCREEN Graphic Solutions Co., Ltd. /  
SCREEN GP Japan Co., Ltd. /  
SCREEN GP Service Japan East Co., Ltd. /  
SCREEN GP Service Japan West Co., Ltd. /  
SCREEN Finetech Solutions Co., Ltd. /  
FEBACS Co., Ltd. / SCREEN Laminatech Co., Ltd. /  
EMD Corporation /  
SCREEN PE Solutions Co., Ltd. /  
SCREEN PE Engineering Co., Ltd. /  
SCREEN Advanced System Solutions Co., Ltd. /  
SCREEN IP Solutions Co., Ltd. /  
SCREEN Business Expert Co., Ltd.

## Overseas

## North America

SCREEN SPE USA, LLC / SCREEN GP Americas, LLC /  
Silicon Light Machines Corp.

## Europe

SCREEN SPE Germany GmbH /  
Laser Systems & Solutions of Europe SASU /  
Inca Digital Printers Ltd. / SCREEN GP IJC Ltd. /  
SCREEN GP Europe B.V.

## Asia &amp; Oceania

SCREEN SPE Korea Co., Ltd. / SCREEN Electronics Shanghai Co., Ltd. /  
SCREEN SPE Taiwan Co., Ltd. / SCREEN SPE Singapore PTE. Ltd. /  
SCREEN HD Korea Co., Ltd. / SCREEN GP China Co., Ltd. /  
SCREEN GP Shanghai Co., Ltd. / SCREEN GP Hangzhou Co., Ltd. /  
SCREEN GP Taiwan Co., Ltd. / SCREEN Holdings Singapore PTE. Ltd. /  
SCREEN GP Australia PTY., Ltd. /  
SCREEN Finetech Solutions Shanghai Co., Ltd. /  
SCREEN FT Changshu Co., Ltd. / SCREEN FT Taiwan Co., Ltd. /  
Trivis Co.,Ltd.

15 other companies

## Stock Information (As of March 31, 2020)

## Stock Information

**Authorized Number of Shares:** 180,000,000

**Number of Shares Issued:** 50,794,866

**Number of Shareholders:** 15,872

**Number of Shares Held by Non-Japanese Companies and Individuals:** 8,967,910 (17.65%)

**Stock Listings:** Tokyo Stock Exchange

**Code Number:** 7735

## Bank References

MUFG Bank, Ltd. / Resona Bank, Limited / The Bank of Kyoto, Ltd. /  
The Shiga Bank, Ltd. / Development Bank of Japan Inc.

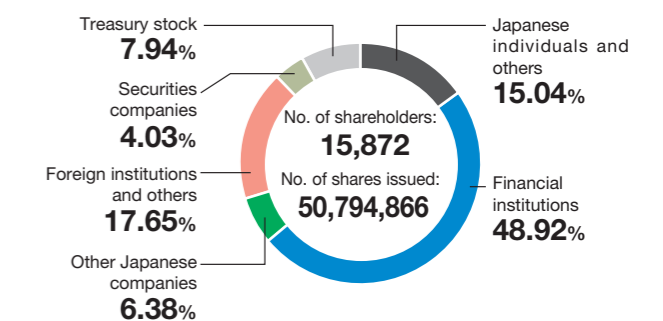
## Underwriter

Nomura Securities Co., Ltd.

## Sub-Underwriters

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. /  
Daiwa Securities Co. Ltd.

## Breakdown by Type of Shareholder



## Major Shareholders

	Number of shares (thousands)	Percentage of total shares issued (excluding treasury stock, %)
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,929	16.96
Japan Trustee Services Bank, Ltd. (Trust Account)	4,617	9.88
Nippon Life Insurance Company	1,830	3.92
The Bank of Kyoto, Ltd.	1,346	2.88
SCREEN's Business Partners Shareholders' Association Synchronize	948	2.03
Japan Trustee Services Bank, Ltd. (Trust Account 9)	913	1.95
Resona Bank, Limited	912	1.95
The Shiga Bank, Ltd.	848	1.81
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	785	1.68
MUFG Bank, Ltd.	784	1.68

Note: SCREEN Holdings holds 4,037,947 shares of treasury stock (percentage of total number of shares outstanding: 7.94%) but is excluded from the list of major shareholders.

## **SCREEN Holdings Co., Ltd.**

Tenjinkita-machi 1-1, Teranouchi-agaru 4-chome, Horikawa-dori,  
Kamigyo-ku, Kyoto 602-8585, Japan

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