

May 9, 2025

To whom it may concern:

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Notice: Partial Amendment to the Performance-Linked Share Compensation System

SCREEN Holdings Co., Ltd. (hereinafter “the Company” or “SCREEN HD”) hereby announces the amendment to the performance-linked share compensation system (hereinafter “the System”) introduced for its directors (excluding outside directors, hereinafter the same), based on a resolution passed at the Board of Directors meeting held on May 9, 2025. This resolution will be voted on at the upcoming 84th ordinary general meeting of shareholders, scheduled for June 20, 2025, for approval.

I. Background

The Company has introduced the System, which grants the Company’s shares to its directors through a trust account, with an aim to better align their compensation to the Company’s performance and share prices and position them to share both the benefits and risks of share price changes, thereby increasing their motivation to improve performance and corporate value over the medium and long term. The resolution to introduce the System was approved at the 76th ordinary general meeting of shareholders held on June 27, 2017, and the resolution to contribute additional funds for the System was approved at the 80th ordinary general meeting of shareholders held on June 24, 2021.

The Company has so far maintained the System based of the above resolutions. The latest decision to change the amount of compensation and its breakdown has been made in the light of the share price growth and other changes since the aforementioned 80th ordinary general meeting of shareholders.

II. Overview of the System after the amendment

The overview of the System after the amendment will be as follows.

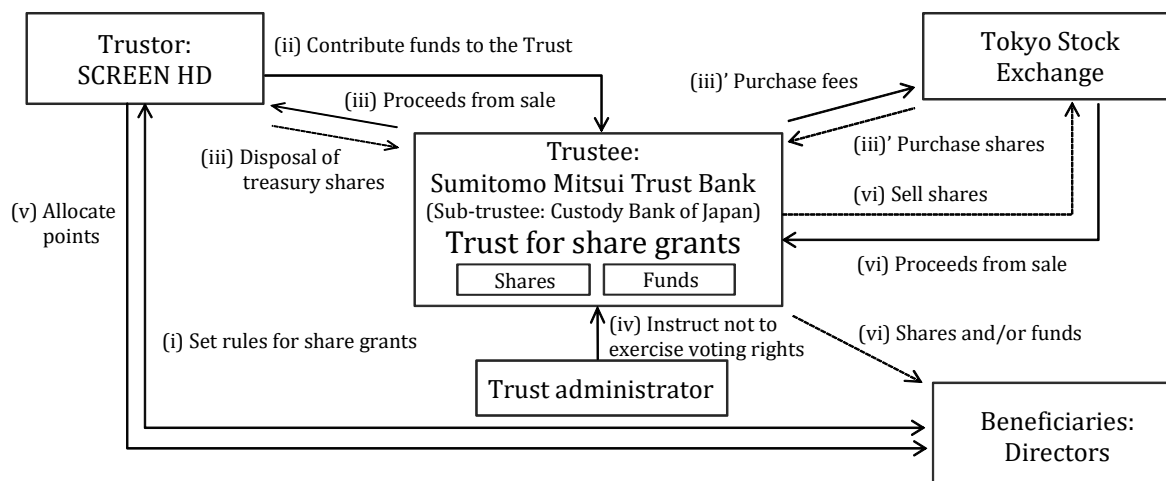
Note that the only changes are raising the upper limit of funds entrusted to the trust account defined in (1) to purchase shares to be granted to the directors, as explained in (2) below, and the capping on the total points to be granted to the Company’s directors, as explained in (3) further below.

(1) How the System works

The Company has introduced a system to contribute funds to a trust account (already established, hereinafter the “Trust”) for it to acquire the Company’ shares and deliver them to its directors in accordance with the Company’s internal rules for share grants. The amount of compensation is determined, corresponding to the points accumulated, based on each director’s position and contributions toward achieving key performance targets. In general, the directors will receive the Company’s shares at the time of their retirement from office.

The Company's subsidiaries have also introduced a similar system for their directors (excluding outside directors, hereinafter the same), granting them the Company's shares through the Trust as performance-linked compensation. Moreover, the Company has introduced a similar system for its and its subsidiaries' executive officers (hereinafter to be collectively referred to as "the executive officers, etc."). A share granting trust for executive officers has been separately established for it to purchase the Company's shares and deliver them to the executive officers, etc., in accordance with each company's rules pertaining to share grants, based on the points allocated by the Company and/or its subsidiaries.

Diagram of the scheme:



- (i) The Company sets internal rules for share grants (already established).
- (ii) The Company contributes additional funds to the Trustee (already established) for it to purchase shares to be granted to the Company's directors who have obtained the beneficial rights in the Trust, designated Beneficiaries as described in (vi), within the range approved at the general shareholders meeting.
- (iii) The Trustee uses the funds entrusted to its account (additional funds contributed by the Company per (ii) and residual funds that have remained in the account prior to the additional fund contribution) to purchase the Company's share in a lump sum, corresponding to the amount expected to be granted to its directors. These include acquiring treasury shares disposed of by the Company and purchasing from the market (including off-floor trading).
- (iv) Trust Administrator (who must be independent from the Company and its directors and executive officers) will be appointed to protect the interests of the Beneficiaries and supervise the Trustee throughout the term of the Trust. With respect to the Company's shares held in the Trust, the Trust Administrator instructs the Trustee not to exercise any voting rights and, based on this instruction, the Trustee shall not exercise voting rights throughout the said term.
- (v) The Company allocates points to each director based on the internal rules for share grants.
- (vi) The directors who meet the requirements stipulated in the rules for share grants and the trust agreement will obtain the beneficial rights in the Trust and receive the Company's shares from the Trustee as the Beneficiaries of the Trust, in the amount corresponding to the points allocated as described above. In certain case's prescribed in the above rules and agreement, a portion of the Company's shares to be delivered will be sold on the stock market, and the proceeds will be granted to the Beneficiaries in a form of cash.

Moreover, Sumitomo Mitsui Trust Bank, which acts as the Trustee of the System, will entrust the Trust's assets to the Custody Bank of Japan, who is designated "Sub-Trustee."

(2) Entrusting of funds to execute share purchases

At the 80th ordinary general meeting of shareholders, the following amendments were approved, covering the period from the fiscal year ended March 2021 through the fiscal year ended March 2024:

- A) granting of compensation based on the System to the directors who remain in office during the above period;
- B) permission to extend the above period from three fiscal years up to five fiscal years based on a resolution passed at the Board of Directors meeting, as needed (the same thereafter);
- C) in case of B), contribution of additional funds to the Trust for the purchase of the Company's shares to be granted to the directors during the extended period, with the upper limit of ¥250 million for each extended fiscal year; and
- D) allocation of points by the Company for each director, in accordance with the rules for share grants approved by the Board of Directors, on the date prescribed in the said rule during the term of the Trust, in the amount corresponding to each director's position and contributions toward achieving key performance targets, with the upper limit set at 25,000 points per fiscal year.

Per the resolution passed at the Board of Directors meeting held on May 22, 2024, the aforementioned period has been extended three fiscal years to terminate on March 31, 2027.

However, since the Company's share prices have grown significantly since the time of the 80th ordinary general meeting of shareholders, the upper limit stipulated in C) above is no longer sufficient for the Trust to purchase the Company's shares in the amount prescribed under the System.

Therefore, the upper limit stipulated in C) will be revised to ¥1,360 million for each extended fiscal year.

Note: The actual total amount of funds entrusted by the Company to the Trust will comprise the above funds for share purchases as well as trust fees, compensation for the Trust Administrator, and other estimated expenses. Moreover, the Company will entrust funds for purchasing shares to be granted to the directors of its subsidiaries which have introduced the similar system.

(3) Methods for determining the allocation of the Company's shares to the directors and the upper limit thereof

(i) Methods for determining the number of points to be allocated to each director

As stipulated in (2)-D) above, the Company allocates points to each director, based on the rules for share grants approved by the Board of Directors, on the date prescribed in the said rule during the term of the Trust, in the amount corresponding to each director's position and contributions toward achieving key performance targets, with the upper limit set at 25,000 points* per fiscal year.

However, considering the composition of the Board of Directors as well as other external factors such as the economic trends and the change in the business environment, the said upper limit is no longer sufficient to adequately compensate the directors based on the System. Therefore, the upper limit will be raised to 34,000 points* for each extended fiscal year.

* As stipulated in (ii) below, since the Company implemented a 2-for-1 stock split on October 1, 2023, one point will be converted to 2 shares. The upper limits will be translated into 50,000 shares and 68,000 shares, respectively.

(ii) Allocation of the Company's shares to the directors based on the points earned

Each director will receive the Company's shares in the amount corresponding to the number of points earned per (i), following the procedures described in (iii) below. However, in the case that a director resigns from office for personal reasons, the points earned so far will be entirely or partially cancelled and will not be eligible to receive the Company's shares in that amount.

In general, one point corresponds to two shares of the Company's stock. However, this ratio is subject to adjustment, depending on the stock split or merger, as deemed necessary when such an event happens.

(iii) Delivery of the Company's shares to the directors

In general, the directors will receive the Company's shares at the time of their retirement from office, undergoing the prescribed procedures to finalize their status as Beneficiaries of the Trust, as described in (ii) above.

Meanwhile, there is a possibility that a certain portion of such shares will be converted into cash by the Trust and granted as such to the recipient. Moreover, if any of such shares were converted into cash prior to delivery to the recipient due to such reasons as share buyouts, the Trust may provide the recipient with cash in lieu of such shares.

(4) Exercise of voting rights

In accordance with the instruction of the Trust Administrator, who must be independent from the Company and its directors and subsidiaries as well as the executive officers, none of voting rights associated with the Company's shares held by the Trust will be exercised. The nullification of such voting rights is intended to secure the neutrality of shares held by the Trust in relation to the management of the Company and its subsidiaries.

(5) Dividends

Dividends that derive from the Company's shares held by the Trust will be kept by the Trust and be appropriated to the cost for purchasing Company shares and compensating the Trustee.

(6) Residual assets after the termination of the Trust

Of residual assets held by the Trust at the time of its termination, the Company's shares will all be transferred to SCREEN Holdings free of charge, and then be retired based on a resolution of the Board of Directors.

Reference: Outline of the trust agreement

Trustor	SCREEN Holdings Co., Ltd.
Trustee	Sumitomo Mitsui Trust Bank, Limited (Sub-trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors of SCREEN Holdings and its subsidiaries who meet conditions for eligibility
Trust administrator	An external party who has no interests in the Company and its directors and executive officers will be appointed
Voting rights	Will not be exercised during the term of the Trust
Type of trust	Third-party benefit trust (money held in trust other than money trust)
Date of signing the trust agreement	August 16, 2017
Term of the Trust (after extension)	August 16, 2017 through August 31, 2027 (planned)
Date of contributing additional funds	August 2025 (planned)
Purpose of the Trust	To deliver the Company's shares to the beneficiaries based on the share grant rules