



# Consolidated Financial Highlights

## Fiscal Year 2022

May 12th, 2023

Code:6737, TSE Prime Market

**EIZO Corporation**

# Disclaimer Regarding Forward-looking Statements

Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of EIZO and its group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve apparent or potential risks and uncertainties including forex impact, and risks related to supply and demand. Actual results may differ materially from these forecasts.

Note: "22F" appearing in this presentation means "Fiscal year 2022", that is Fiscal year ended March 31, 2023.

## Details of the Market Group

| Market Group              | Market / Use   |
|---------------------------|--|
| Business & Plus (B&P)     | Financial institutions , Public authorities , Educational facilities , CAD , Commercial facilities , Business and home use   |
| Healthcare (HC)           | Diagnosis / Medical examination , Medical treatment / Operation , Healthcare-IT  |
| Creative Work (CW)        | Media & Entertainment , 3D computer graphics , Photo editing , Illustration , Design , Publication / Printing  |
| Vertical & Specific (V&S) | For various mission critical environments, infrastructure and industrial equipment<br>Air traffic control (ATC) , Maritime , Security & Surveillance (S&S) , MIL-STD compliance & Other industrial fields (including touch panel applications) |
| Amusement (AMU)           | LCD-mounted pachinko and slot machines   |
| Other (OTH)               | Maintenance services and commissioned development of software  |

## 1. 22F Consolidated Financial Results

## 2. 23F Plan / Topics

## 3. Reference Materials

# 22F Consolidated Financial Highlights

## Growing Sales in HC & V&S Decrease in Sales & Income Due to AMU

- **Net Sales: JPY80.8B (YoY 93.2%)**
  - **AMU: JPY6.4B (YoY 35.8%)** Decreased due to the completion of the intensive demand for replacement.
  - **B&P/HC/CW/V&S: JPY69.3B (YoY 108.2%)**  
Though supply had fallen short of demand at the beginning of FY2022, supply increased thanks to 100% in-house development and production, which resulted in sales growth.
- **Operating Income: JPY5.0B (YoY 44.3%)**
  - Gross Profit decreased as a result of decreasing sales in AMU, an increase in Costs of Goods due to increasing material & logistics cost and a strengthened USD.
- **Net Income: JPY5.8B (YoY 75.2%)**
  - We realized a JPY1.9B gain on investment securities sold.

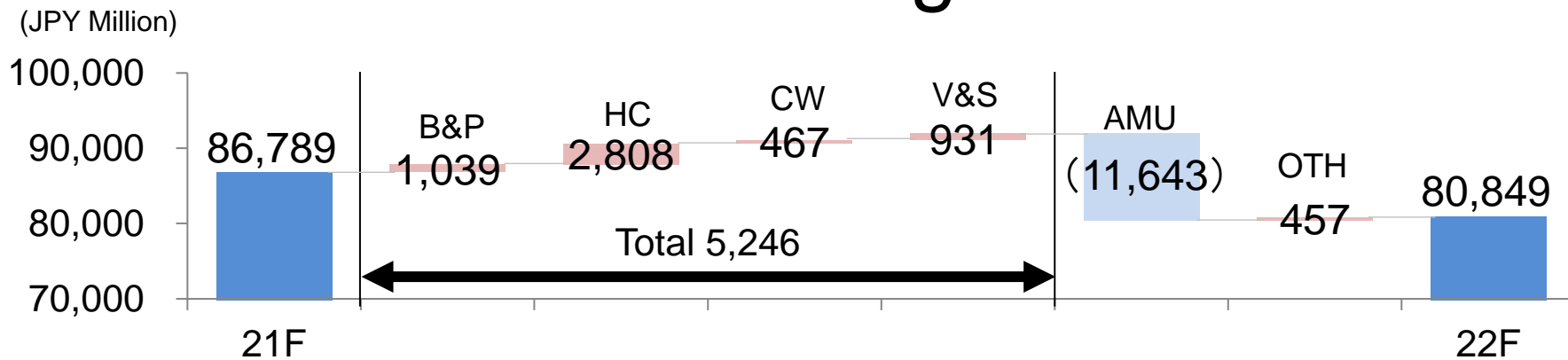
# Consolidated Income Statement

(JPY Million)

|  | 21F       | 22F       | YoY      |
|--|-----------|-----------|----------|
| Net Sales  | 86,789    | 80,849    | 93.2%    |
| Gross Profit   | 30,859    | 25,243    | 81.8%    |
| Gross Profit / Net Sales                                   | 35.6%     | 31.2%     | (4.3pt)  |
| Selling, General and Administrative Expenses               | 19,560    | 20,241    | 103.5%   |
| Operating Income   | 11,299    | 5,002     | 44.3%    |
| Operating Income / Net Sales                               | 13.0%     | 6.2%      | (6.8pt)  |
| Ordinary Income  | 12,110    | 6,126     | 50.6%    |
| Net Income Attributable to EIZO Corporation's Stockholders | 7,794     | 5,862     | 75.2%    |
| Exchange Rate(Yearly Ave.):USD                             | JPY112.39 | JPY135.50 | JPY23.11 |
| Exchange Rate(Yearly Ave.):EUR                             | JPY130.55 | JPY140.99 | JPY10.44 |

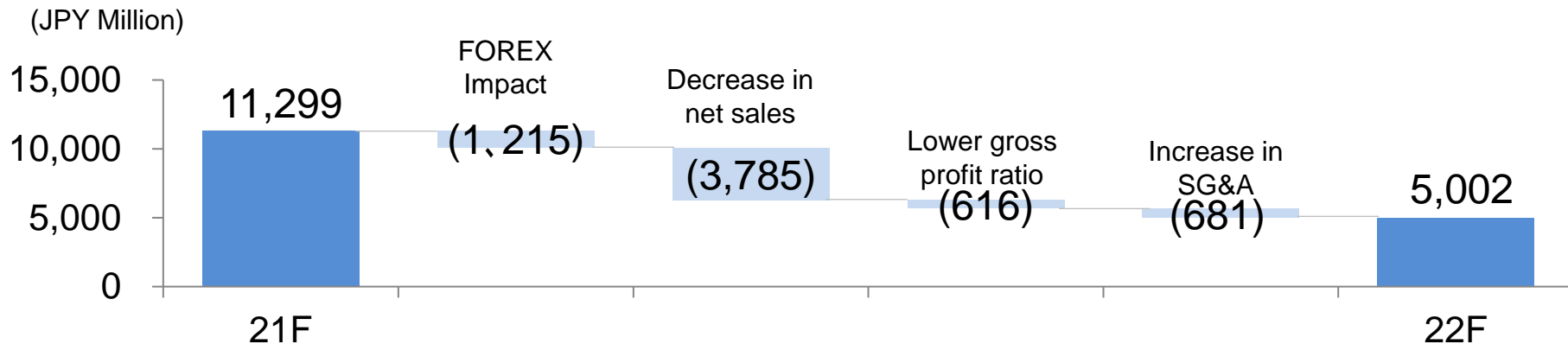


# Main Factors for Changes in Net Sales



- B&P: Sales increased although some investments in IT equipment were postponed in 22Q3/Q4 in Europe.
- HC: Sales increased steadily in Europe & Japan and demand in North America gradually recovered.
- CW: Sales of new models increased W/W and sales increased in North America and India.
- V&S: Sales increased for S&S overseas and Maritime in Japan.
- AMU: Sales decreased due to the completion of the intensive demand for replacement.
- OTH: Sales of commissioned development of software increased.

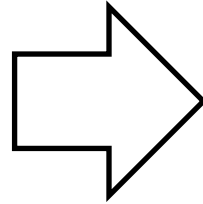
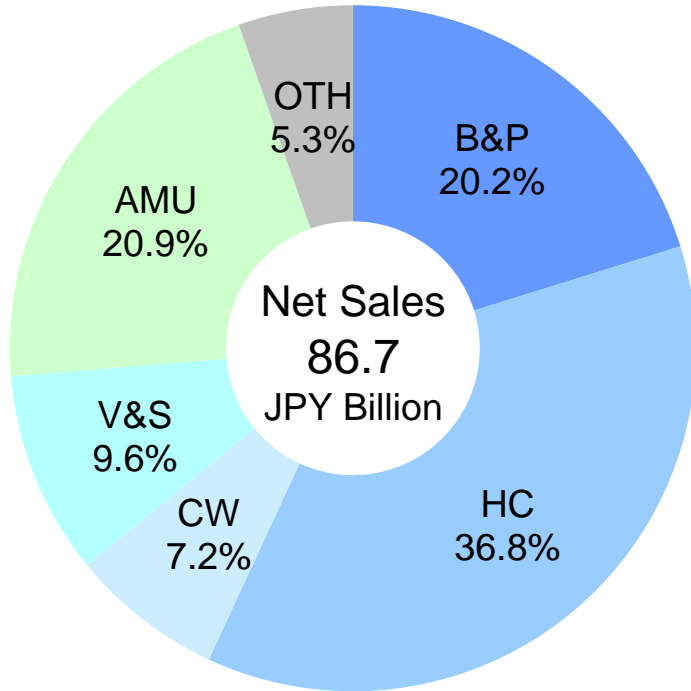
# Main Factors for Changes in Operating Income



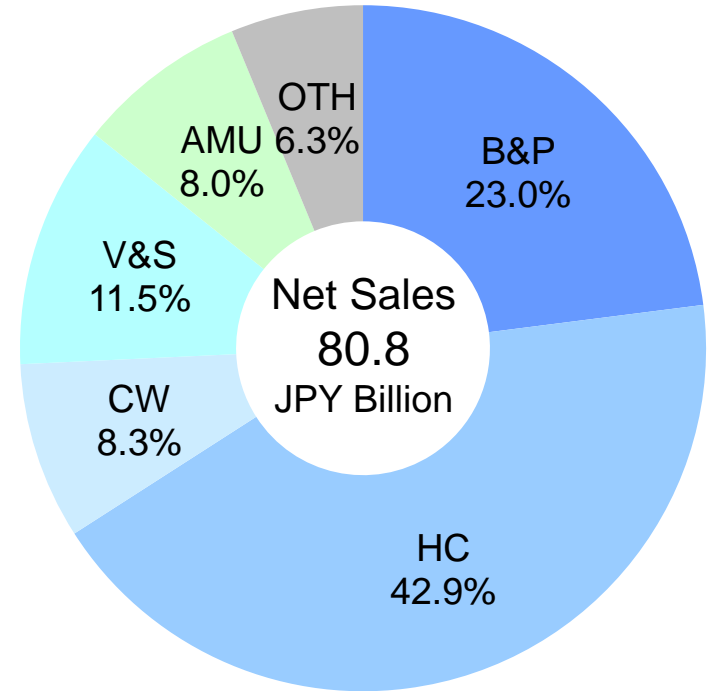
- ❑ The FOREX impact negatively affected the results, as a strong USD caused a rise in raw material costs, which negated the increase in sales compounded by a weak JPY.
- ❑ The decrease in Net Sales and lower Gross Profit Ratio (excl. the FOREX impact) were due to material cost & logistics cost increase and in addition to sales decrease in AMU.
- ❑ SG&A increased by a gradual resumption of marketing activities after severe restrictions from the COVID-19 pandemic.

# Net Sales: Composition Ratio

21F



22F





# Net Sales: B&P (Business & Plus)

(JPY Billion)



## Overseas

- Sales increased steadily although some investments in IT equipment were postponed in 22Q3/Q4, primarily in Germany.

## Japan

- Sales decreased due to stock adjustments by distributors.
- Sales increased by sales of highly profitable products mainly for capital investment.



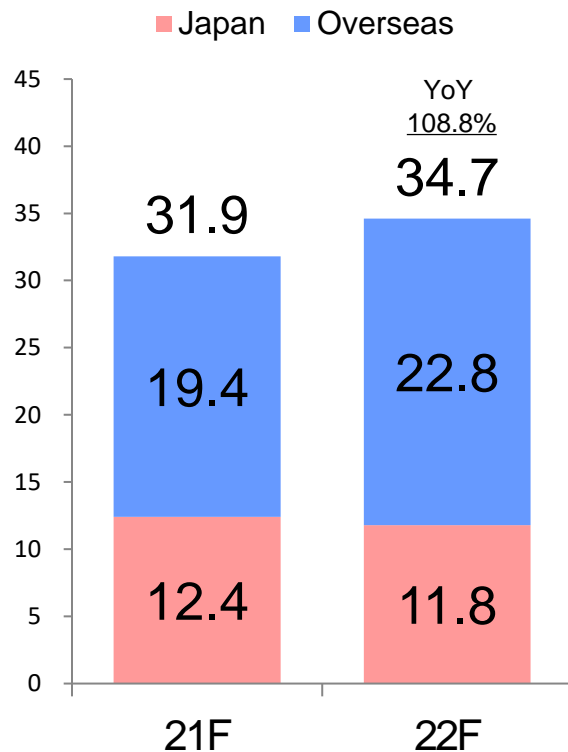
FlexScan EV3240X / EV2740X

Fiscal Year 2022

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# Net Sales : Healthcare

(JPY Billion)



## Diagnostics

- Overseas sales increased due to steady sales in Europe and a gradual recovery in demand in North America.
- Sales in Japan increased as a result of continuous investment in CAPEX.

## OR Integration

- Sales increased overseas.

## Endoscopy

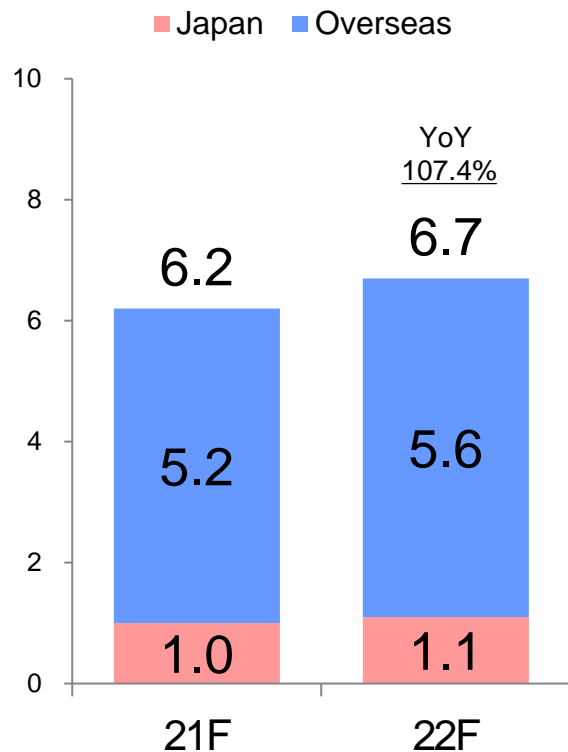
- Sales increased overseas mainly in Europe, North America, and China.



RadiForce & RadiCS

# Net Sales: Creative Work

(JPY Billion)



## Overseas

- ▣ Sales of new models increased, which compensated the impact of an overall postponement in full-scale deliveries in 22Q1.
- ▣ Demand in North America recovered and sales in India increased.

## Japan

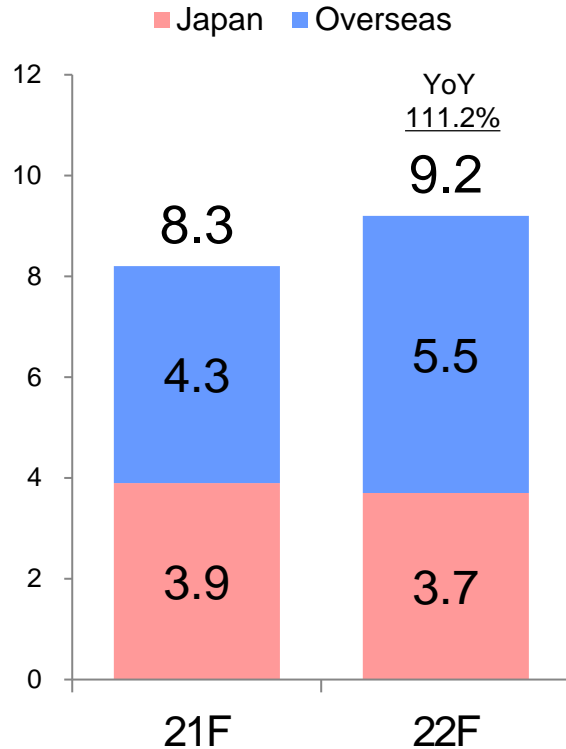
- ▣ Sales of new models increased.



ColorEdge CS2400S

# Net Sales: V&S (Vertical & Specific)

(JPY Billion)



## ATC (Air Traffic Control)

- ▣ Sales decreased due to the project nature of the market.

## Maritime

- ▣ Sales in Japan recovered slightly with a recovery in the shipbuilding industry.

## S&S (Security & Surveillance)

- ▣ Sales in North America increased with progress in installation of IP decoding solutions, EVS (EIZO Visual Systems).

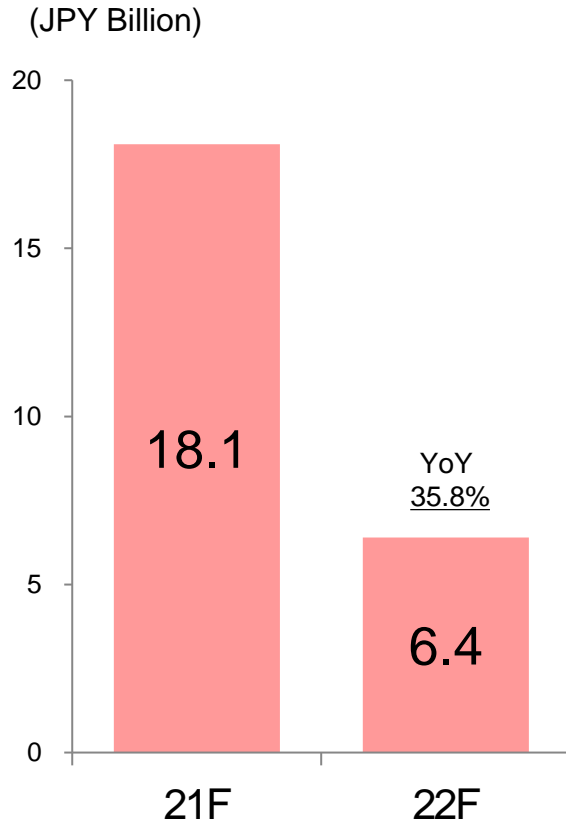
## Others

- ▣ Sales in Japan decreased due to the delivery timing of some programs requiring advanced product customization.
- ▣ Sales overseas slightly increased due to a recovery in the automotive and other industrial markets, which were heavily affected by COVID-19.



# Net Sales : Amusement

- ▣ Sales decreased due to the completion of the intensive demand for replacement.
- ▣ The market size continues to decrease as expected.



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# Consolidated Balance Sheets

(JPY Million)

|                                 | 21F            | 22F            | Growth     |
|---------------------------------|----------------|----------------|------------|
| Current Assets                  | 80,510         | 79,904         | (606)      |
| Cash & Equivalents              | 22,387         | 9,557          | (12,830)   |
| Accounts Receivable<br>etc.*    | 24,814         | 20,661         | (4,153)    |
| Inventories                     | 31,749         | 48,020         | 16,271     |
| Tangible Assets                 | 20,173         | 21,988         | 1,814      |
| Intangible Assets               | 841            | 748            | (93)       |
| Investments and Other<br>Assets | 53,933         | 53,294         | (638)      |
| <b>Total</b>                    | <b>155,459</b> | <b>155,935</b> | <b>476</b> |
| Current Liabilities             | 20,726         | 19,717         | (1,008)    |
| Long term Liabilities           | 16,150         | 15,638         | (512)      |
| Shareholders' Equity            | 118,582        | 120,580        | 1,997      |
| <b>Total</b>                    | <b>155,459</b> | <b>155,935</b> | <b>476</b> |

## Inventories

Increased raw materials and finished products were achieved due to our stable supply strategy.

## Shareholders' Equity

Acquired own shares (JPY 2.8B).

\* Notes and accounts receivable, contract assets and trade notes receivable transferred by endorsement

# R&D / CAPEX

(JPY Billion)

|  | 21F  | 22F  | 21F vs. 22F |
|--|------|------|-------------|
| R&D  | 5.8  | 6.1  | 105.3%      |
| <small>* Includes manufacturing costs<br/>* Includes manufacturing costs</small> |      |      |             |
| R&D / Net Sales  | 6.7% | 7.6% | 0.9pt.      |
|  | 21F  | 22F  | 21F vs. 22F |
| CAPEX  | 3.0  | 3.1  | 104.3%      |
| Depreciation   | 2.6  | 2.3  | 88.3%       |

□ Invested continuously for future growth.

## R&D

□ R&D for new models and system business expansion increased.

## CAPEX

- New logistics building (Japan)
- EIZO MS Corp (Japan)  
New automated manufacturing facility

1. 22F Consolidated Financial Result

2. 23F Plan / Topics

3. Reference Materials



# 23F Plan

(JPY Million)

|  | 22F       | 23F Plan  | 22F vs.23F Plan |
|--|-----------|-----------|-----------------|
| Net Sales  | 80,849    | 89,000    | 110.1%          |
| Gross Profit   | 25,243    | 29,400    | 116.5%          |
| Gross Profit / Net Sales                                   | 31.2%     | 33.0%     | 1.8pt           |
| Selling, General and Administrative Expenses               | 20,241    | 21,900    | 108.2%          |
| Operating Income   | 5,002     | 7,500     | 149.9%          |
| Operating Income / Net Sales                               | 6.2%      | 8.4%      | 2.2pt           |
| Ordinary Income  | 6,126     | 8,600     | 140.4%          |
| Net Income Attributable to EIZO Corporation's Stockholders | 5,862     | 6,000     | 102.4%          |
| Exchange Rate(Yearly Ave.) :USD                            | JPY135.50 | JPY130.00 | (JPY5.50)       |
| Exchange Rate(Yearly Ave.) :EUR                            | JPY140.99 | JPY140.00 | (JPY0.99)       |
| ROA  | 3.9%      | -         |                 |
| ROE  | 4.9%      | -         |                 |

Announced on May 12<sup>th</sup>, 2023.

- Sales in B&P/HC/CW/V&S will increase.
- Profitability will improve by sales price increases in response to material cost increases and sales expansion of highly profitable products such as HC and V&S.
- Invest aggressively in R&D, sales, CAPEX, and human resources.

## Foreign Exchange Sensitivity

(Impact on Operating Income per JPY1 depreciation)

- USD: JPY100M (Negative)
- EUR: JPY180M (Positive)



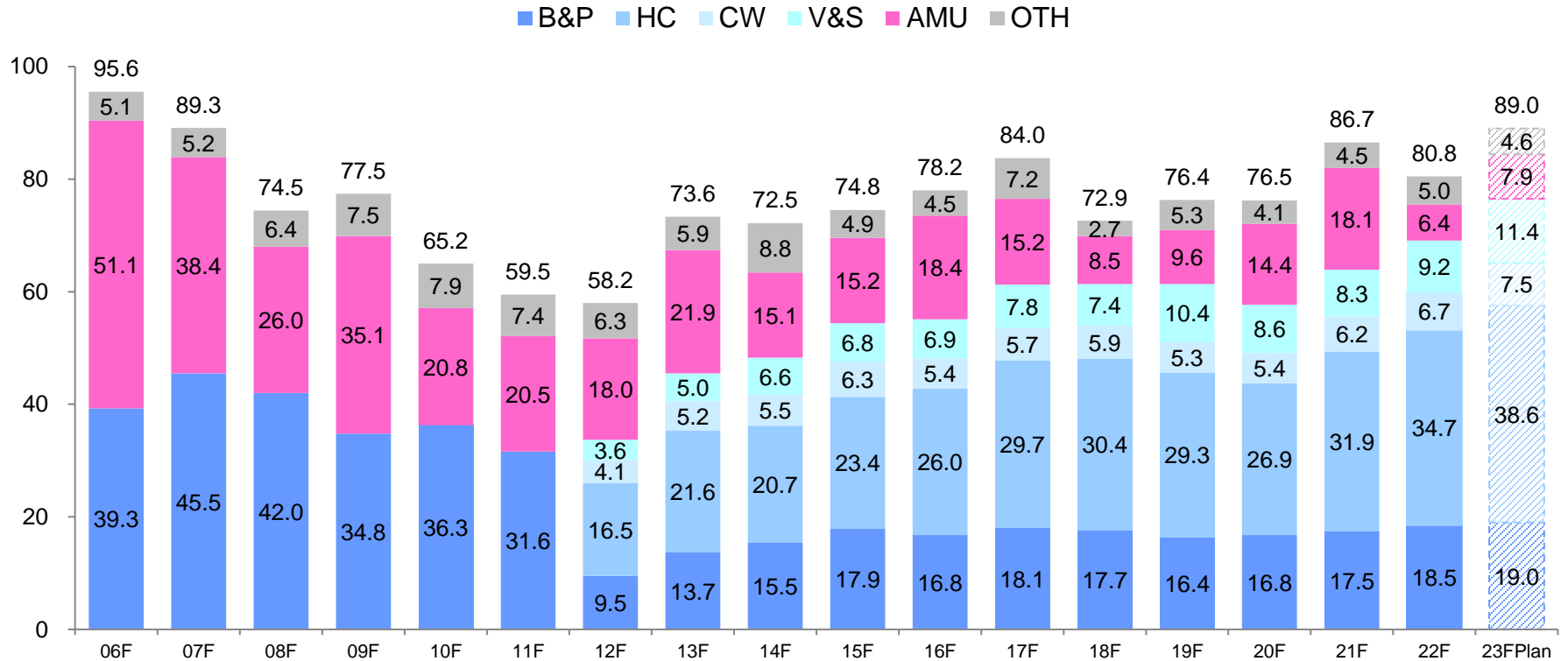
# 23F Plan for Net Sales by Market

(JPY Million)

|                           | 22F    | (%)   | 23F Plan | (%)   | 22F vs.23F Plan(%) |
|---------------------------|--------|-------|----------|-------|--------------------|
| B&P (Business & Plus)     | 18,583 | 23.0  | 19,000   | 21.3  | 102.2              |
| Healthcare                | 34,713 | 42.9  | 38,600   | 43.4  | 111.2              |
| Creative Work             | 6,746  | 8.3   | 7,500    | 8.4   | 111.2              |
| V&S (Vertical & Specific) | 9,269  | 11.5  | 11,400   | 12.8  | 123.0              |
| Amusement                 | 6,498  | 8.0   | 7,900    | 8.9   | 121.6              |
| Other                     | 5,039  | 6.3   | 4,600    | 5.2   | 91.3               |
| Total                     | 80,849 | 100.0 | 89,000   | 100.0 | 110.1              |

# Net Sales: Overall

(JPY Billion)



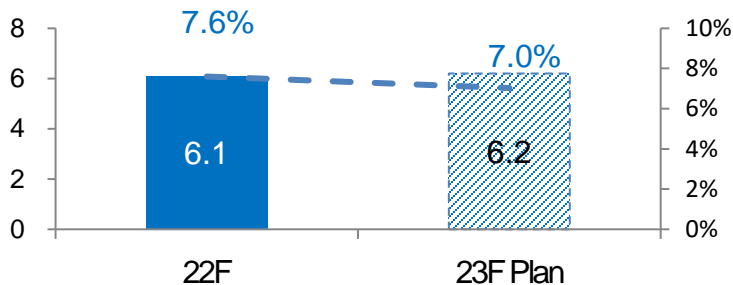
# 23F Plan R&D / CAPEX

(JPY Billion)

## R&D

\* Includes manufacturing costs

■ TOTAL    — R&D / Net Sales



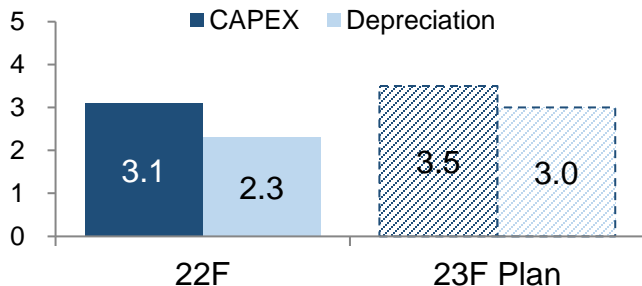
- Invest aggressively for future growth.
- R&D will increase ensuring investment in growth areas such as HC/V&S, especially in products for system business expansion.

## 23F CAPEX Plan:

- New manufacturing facility (Japan) : JPY0.4B
- DX (Digital transformation) investment : JPY0.4B  
Strengthening the MES(manufacturing execution system)  
Improving efficiency in customization to meet customer needs

## CAPEX / Depreciation

■ CAPEX    ■ Depreciation



# Topic 1



SSZ-9700 / SSC-9700

## Case Study

# EIZO's ultra-high sensitivity camera makes it possible to measure river flow rates and velocities even at night

- Hydro Technology Institute (Japan) installed ultra-high sensitivity camera SSZ-9700 in their system to clearly observe rivers at night.

### The challenge

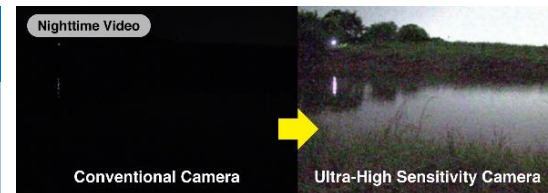
- During a flood, someone has to conduct an on-site observation as part of a safety process.
- Flow rates often peak overnight, so ordinary cameras can't capture images in poor lighting.
- Far-infrared cameras are expensive and don't have enough resolution.



### The solution: SSZ-9700

- Capable to capture even the subtlest movements on the river's surface in the dark of night.
- Capable to capture from far away and safe places thanks to the Full HD resolution and built-in zoom lens.

→ **Allowing systems to be used in a wider range of environments**



# Topic 2

## Construction of a New Logistics Building with Net-Zero CO<sub>2</sub> Emissions

- EIZO completed a new logistics building, that is designed to reduce environmental impact



### Streamline logistics activities

- By consolidating materials and products, EIZO will streamline logistics activities and further its stable supply system initiatives.

### Reduce environmental impact Virtually zero CO<sub>2</sub> emissions

- Install solar panels across entire rooftop, resulting in a reduction of CO<sub>2</sub> emissions by approximate 163 tons per year.
- Reduce greenhouse gas by approximate 58 tons per year for the distribution process alone.

# Topic 3

## EIZO's Sustainability Initiatives

- EIZO was recognized as a CDP (\*) **Supplier Engagement Leader - the highest rating in the CDP's Supplier Engagement Rating (SER) evaluation**

(\*) CDP is a not-for-profit charity that runs the environmental disclosure and assessment system and is widely recognized as the global standard



In fiscal year 2022, out of approximately 8,000 companies that were evaluated, 653 companies representing the top 8% were selected as Supplier Engagement Leaders

Being selected is recognition of EIZO's ongoing efforts related to key issues throughout the supply chain

- Six FlexScan monitors were certified by EPEAT (\*) **with the highest ranking of Gold** (\*) Global ecolabel that aims to assess the impact that electronic products have on the environment

In addition to environmentally conscious product design, we prioritize environmental consciousness, respect for human rights, and improvement of labor conditions throughout the supply chain



# Change Basic Policy on Profit Distribution to Shareholders

Our key management objective is to achieve sustainable growth through business expansion and performance improvement, while maintaining financial soundness and providing returns to shareholders.

We will increase the profitability of capital as we progress toward a **ROE of 8% and above**.

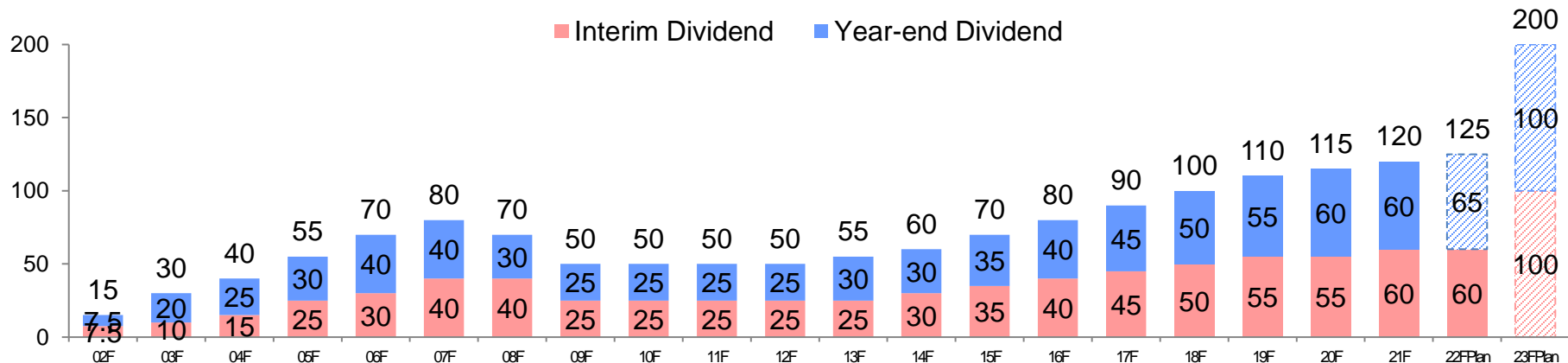
We will further strengthen the return to shareholders and set **the target level of the shareholders return ratio at 70% of net income** after comprehensive consideration of securing the necessary funds for business expansion, its financial condition, and future performance.

We will dynamically determine the shareholder return ratio for each fiscal year in accordance with our business performance, business environment, and capital needs, etc. **For 23F, we plan to increase the dividend for the 11th consecutive year.**



# Profit Distribution to Shareholders

(JPY / Share)



|                          |       |      |       |       |       |       |        |       |       |        |       |       |       |       |       |       |       |       |       |       |       |       |
|--------------------------|-------|------|-------|-------|-------|-------|--------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Dividend Payout Ratio    | 11.3% | 9.5% | 14.4% | 17.5% | 20.6% | 41.0% | 229.7% | 22.6% | 31.5% | 67.5%  | 66.7% | 21.6% | 38.5% | 35.5% | 30.1% | 26.9% | 49.5% | 50.2% | 39.8% | 32.8% | 44.5% | 68.6% |
| Shareholder Return Ratio | 11.3% | 9.5% | 14.4% | 17.5% | 20.6% | 41.0% | 375.2% | 22.6% | 31.5% | 168.0% | 66.7% | 21.6% | 38.5% | 35.5% | 30.1% | 26.9% | 49.5% | 50.2% | 39.8% | 32.8% | 92.2% | 68.6% |

\* 22F Plan: The Shareholder Return Ratio includes share repurchase amount 2.8 billion JPY.

1. 22F Consolidated Financial Result

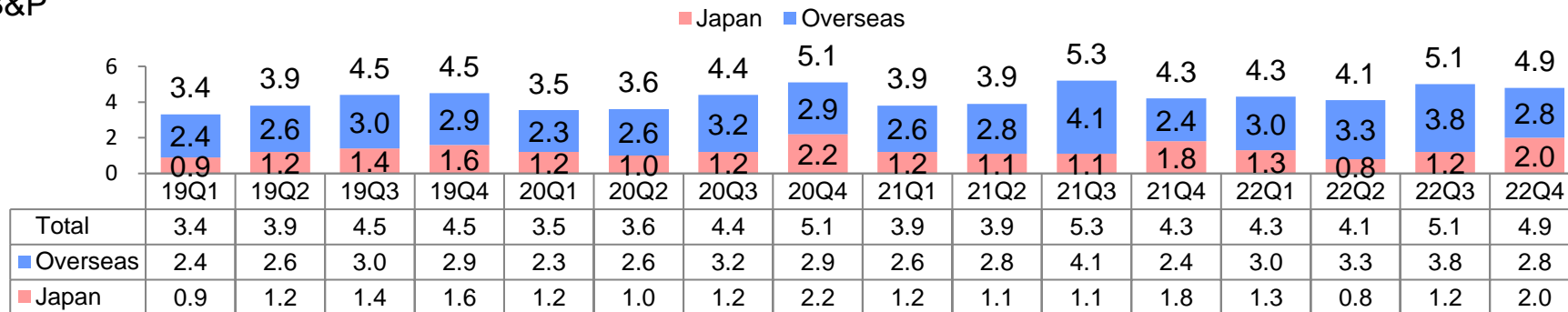
2. 23F Plan / Topics

**3. Reference Materials**

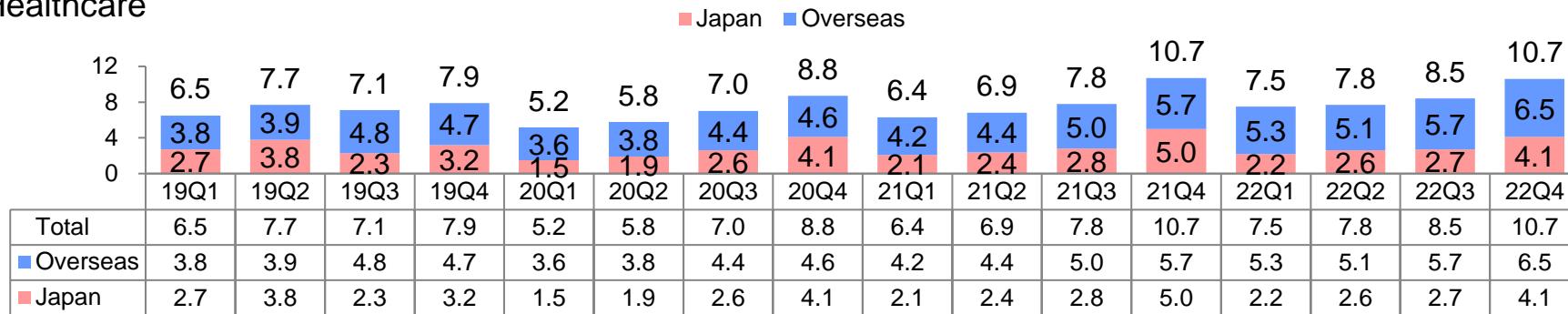
# Net Sales: B&P / Healthcare

(JPY Billion)

## B&P



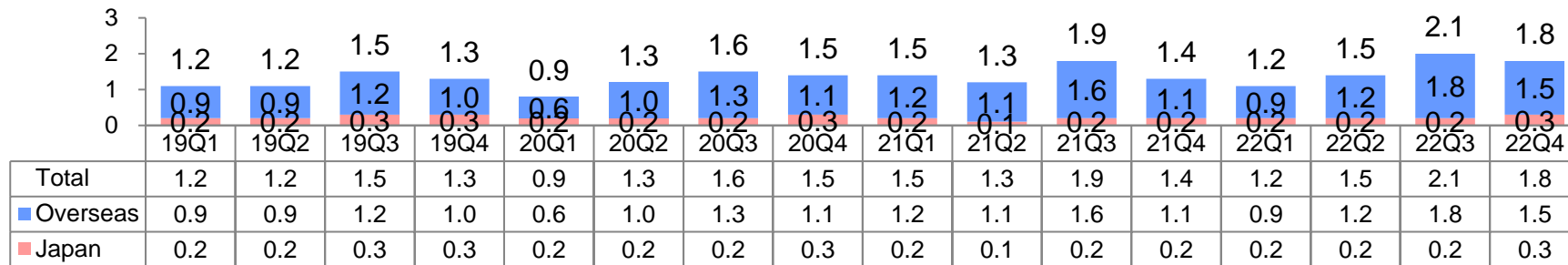
## Healthcare



# Net Sales: Creative Work / V&S

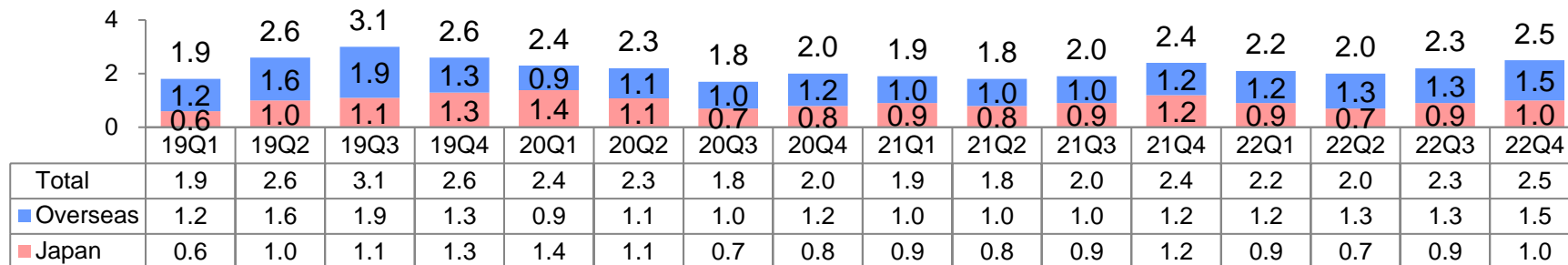
(JPY Billion)  
Creative Work

■ Japan ■ Overseas



V&S

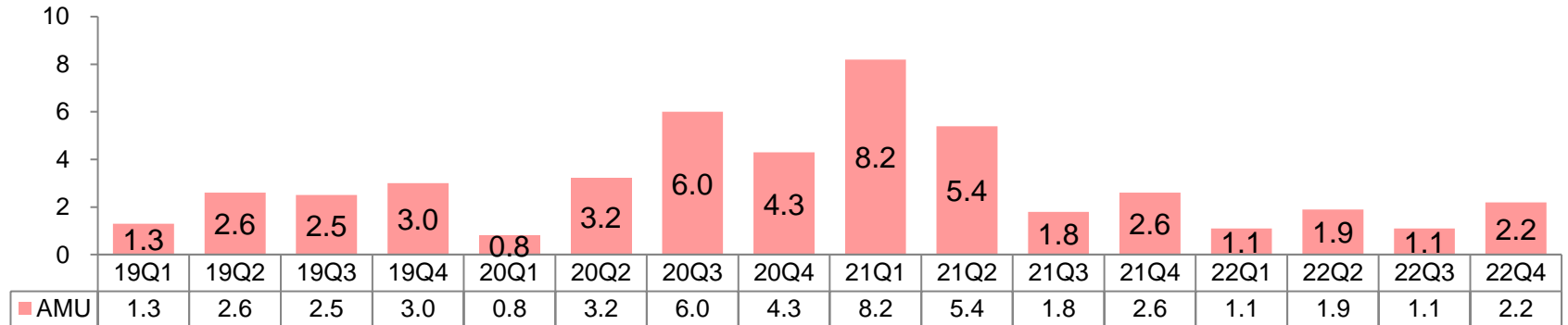
■ Japan ■ Overseas



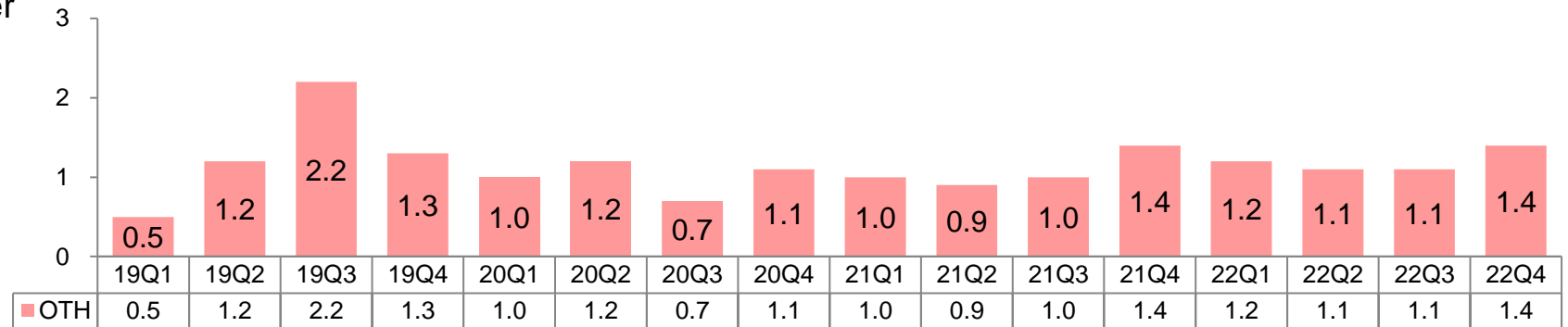
# Net Sales: Amusement / Other

(JPY Billion)

## Amusement

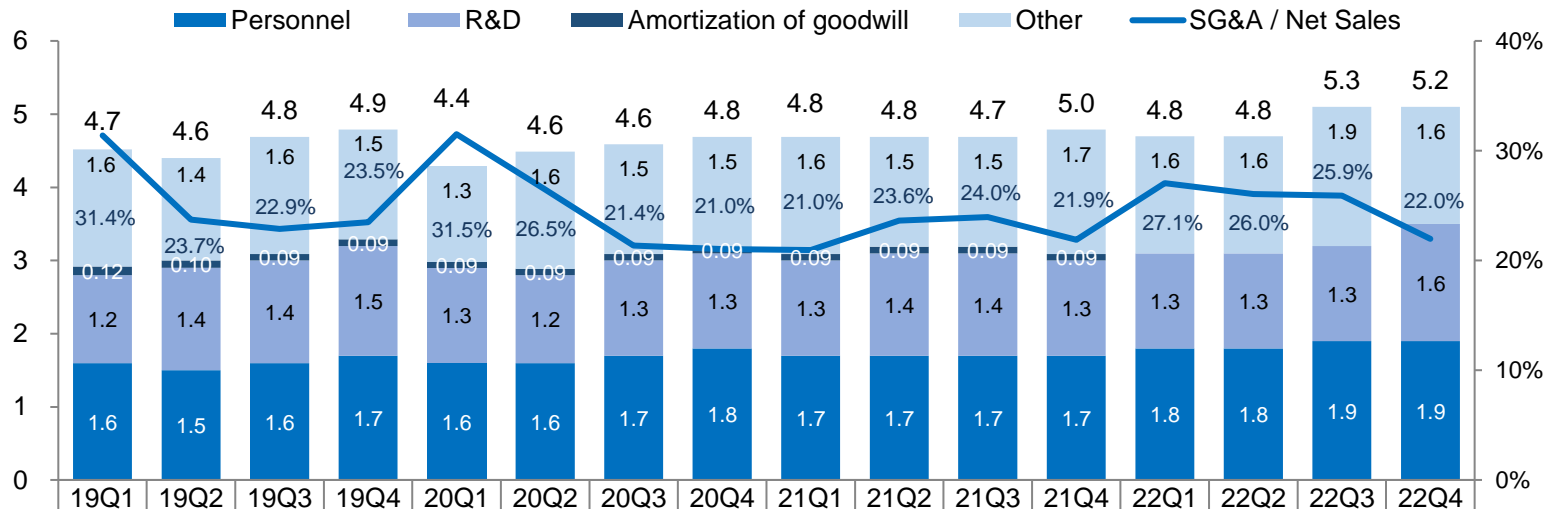


## Other



# Selling, General and Administrative Expenses

(JPY Billion)



|                          |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| TOTAL                    | 4.7   | 4.6   | 4.8   | 4.9   | 4.4   | 4.6   | 4.6   | 4.8   | 4.8   | 4.8   | 4.7   | 5.0   | 4.8   | 4.8   | 5.3   | 5.2   |
| Other                    | 1.6   | 1.4   | 1.6   | 1.5   | 1.3   | 1.6   | 1.5   | 1.5   | 1.6   | 1.5   | 1.5   | 1.7   | 1.6   | 1.6   | 1.9   | 1.6   |
| Amortization of goodwill | 0.12  | 0.10  | 0.09  | 0.09  | 0.09  | 0.09  | 0.09  | 0.09  | 0.09  | 0.09  | 0.09  | 0.09  | -     | -     | -     | -     |
| R&D                      | 1.2   | 1.4   | 1.4   | 1.5   | 1.3   | 1.2   | 1.3   | 1.3   | 1.3   | 1.4   | 1.4   | 1.3   | 1.3   | 1.3   | 1.3   | 1.6   |
| Personnel                | 1.6   | 1.5   | 1.6   | 1.7   | 1.6   | 1.6   | 1.7   | 1.8   | 1.7   | 1.7   | 1.7   | 1.7   | 1.8   | 1.8   | 1.9   | 1.9   |
| SG&A / Net Sales         | 31.4% | 23.7% | 22.9% | 23.5% | 31.5% | 26.5% | 21.4% | 21.0% | 21.0% | 23.6% | 24.0% | 21.9% | 27.1% | 26.0% | 25.9% | 22.0% |



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