



# Consolidated Financial Highlights

## 20F

## First Half

October 30th, 2020

TSE Code:6737

**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: "20F1" appearing in this presentation means "First Half Fiscal year 2020".

"20F" appearing in this presentation means "Fiscal year 2020", that is Fiscal year ended March 31, 2021.

## Details of the Market Group

Market Group	Market / Use
Business & Plus (B&P)	Financial institutions , Public authorities , Educational facilities , Office use , High-end home use
Healthcare (HC)	Medical imaging , Diagnostic applications , Operating rooms
Creative Work (CW)	Publication / Printing / Photo editing , Video production
Vertical & Specific (V&S)	Air traffic control (ATC) , Maritime , Security & Surveillance , Other industrial fields
Amusement (AMU)	LCD-mounted pachinko and slot machines
Other (OTH)	Maintenance services and commissioned development of software

## 1. 20F1 Consolidated Financial Results

## 2. 20F Plan / Topics

## 3. Reference Materials

# 20F1 Consolidated Financial Highlights

Sales & Operating Income decreased as a result of COVID-19  
Ordinary & Net Income increased due to FOREX

- Sales were impacted by delays caused by COVID-19. Sales recovered gradually with an improved economic situation in 20Q2.
  - B&P: 20Q2 sales recovered gradually overseas. Sales in Japan increased because of a high demand for home and satellite offices.
  - HC: Sales decreased due to entry restrictions and the postponement of CAPEX in some hospitals. Sales in Japan decreased compared to 19F1. 19F1 sales were higher given an increased demand prior to the consumption tax increase.
  - V&S: Sales increased thanks to increasing product customization in industrial markets.
  - AMU: Sales were low as a result of the market slowdown.
  
- Operating Income decreased from lower sales. Gross profit ratio increased due to highly profitable V&S sales. SG&A decreased from cost controlling measures in reaction to a tough market situation. Ordinary and Net Income increased thanks to a favorable FOREX movement compared to 19F1.

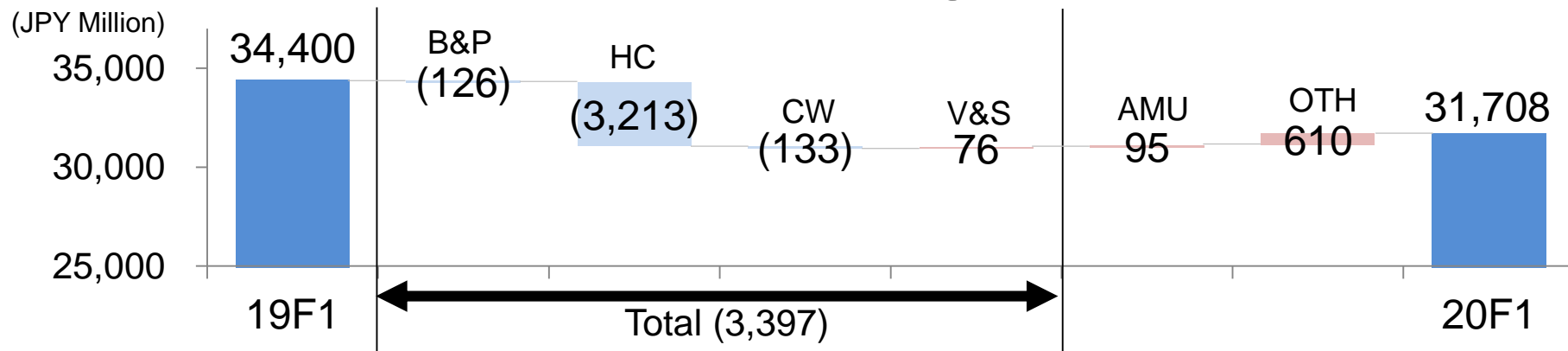
# Consolidated Income Statement

(JPY Million)

	19F1	20F1	19F1 vs. 20F1
Net Sales	34,400	31,708	92.2%
Gross Profit	11,322	10,575	93.4%
Gross Profit / Net Sales	32.9%	33.4%	0.4pt
Selling, General and Administrative Expenses	9,315	9,103	97.7%
Operating Income	2,006	1,472	73.4%
Operating Income / Net Sales	5.8%	4.6%	(1.2pt)
Ordinary Income	1,879	1,998	106.3%
Net Income Attributable to EIZO Corporation's Stockholders	1,344	1,345	100.0%
Exchange Rate:USD	JPY108.60	JPY106.93	(JPY1.67)
Exchange Rate:EUR	JPY121.40	JPY121.34	(JPY0.06)



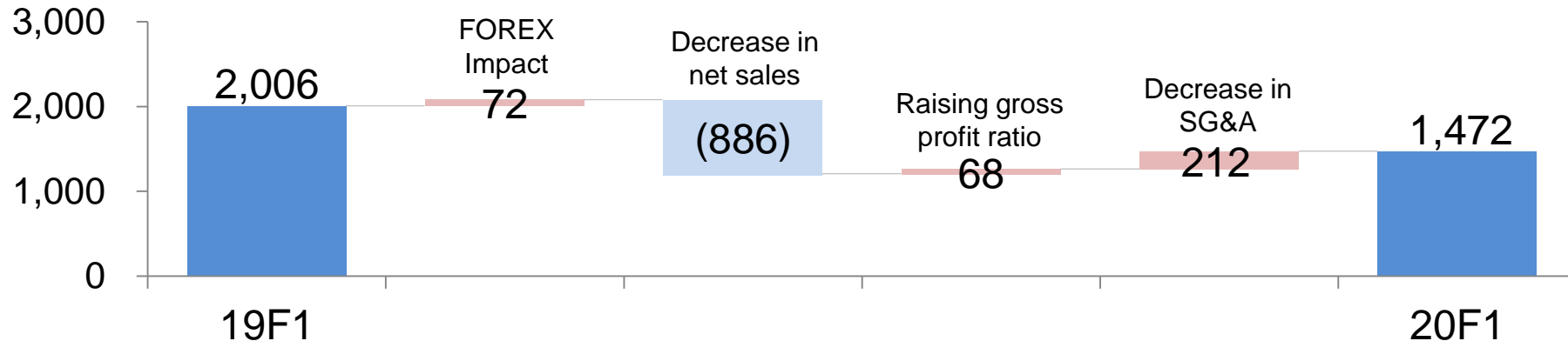
# Main Factors for Changes in Net Sales



- B&P: 20Q2 sales recovered gradually from 20Q1 due to an economic improvement.
- HC: Sales decreased due to entry restrictions and the postponement of CAPEX in some hospitals. Sales in Japan decreased compared to 19F1. 19F1 sales were higher given an increased demand prior to the consumption tax increase.
- CW: Sales in the Media & Entertainment market decreased as a result of COVID-19.
- V&S: Sales increased thanks to advanced product customization.
- AMU: Sales were low as a result of the market slowdown.
- OTH: Sales of commissioned development of software increased.

# Main Factors for Changes in Operating Income

(JPY Million)

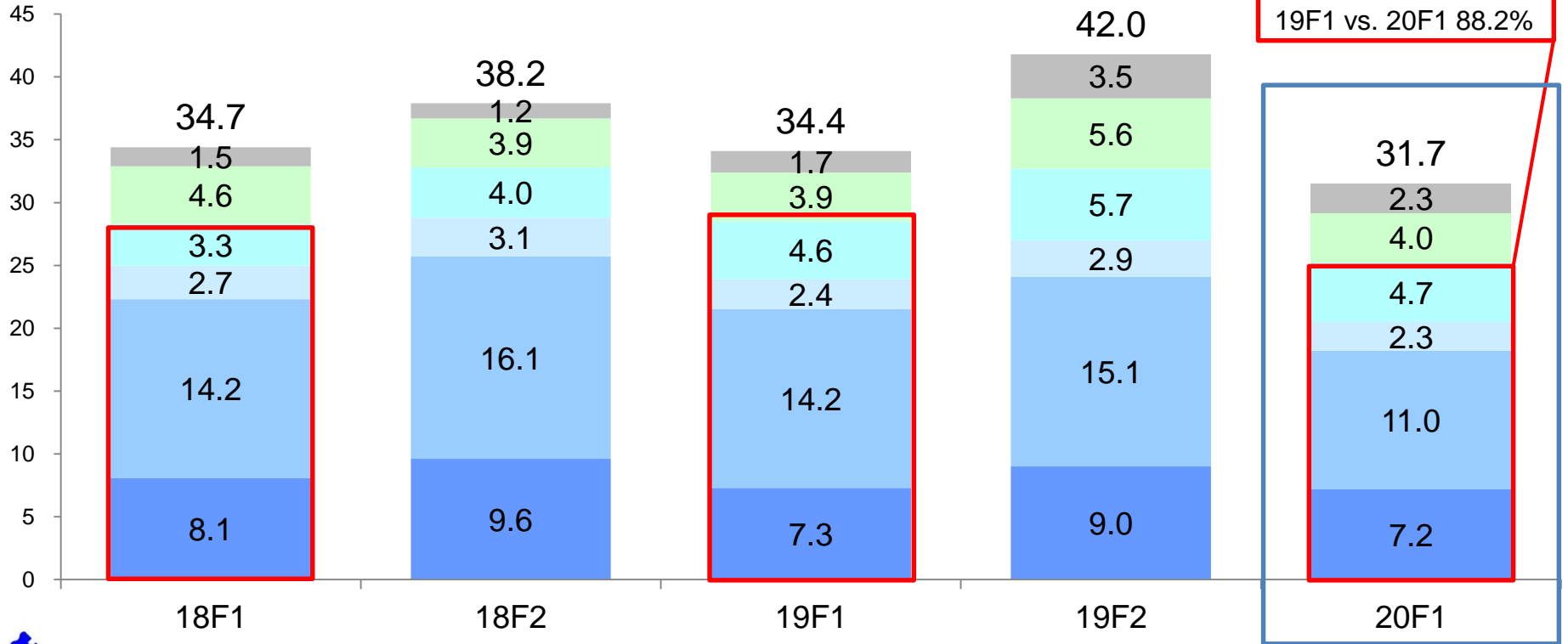


- The FOREX impact was caused by a strong JPY against the USD.
- Net sales decreased mainly because of sales in HC.
- Gross profit ratio, excluding the FOREX impact increased due to sales in V&S.
- SG&A decreased from cost controlling measures in reaction to a tough market situation.

# Net Sales: Overall

(JPY Billion)

■ B&P ■ HC ■ CW ■ V&S ■ AMU ■ OTH



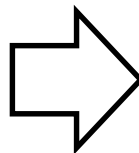
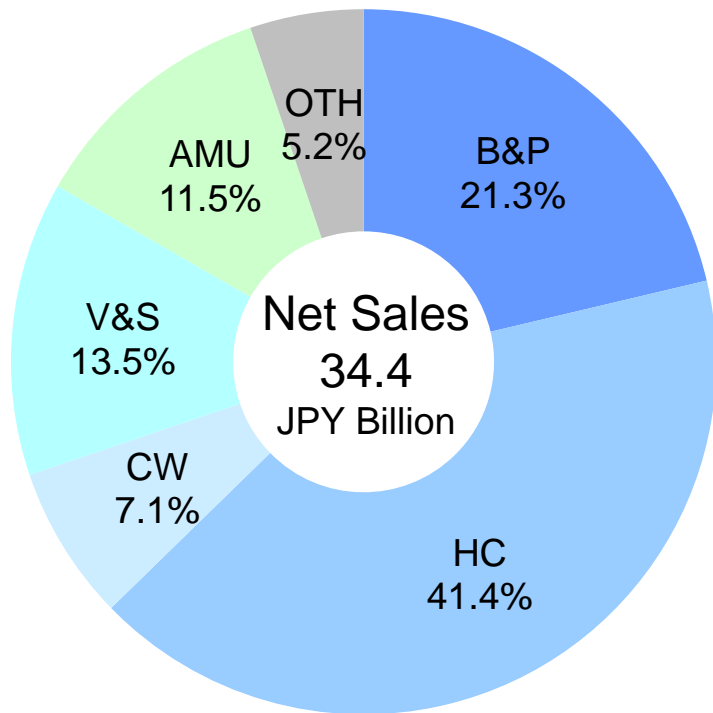
B&P/HC/CW/V&S  
Total  
19F1 vs. 20F1 88.2%



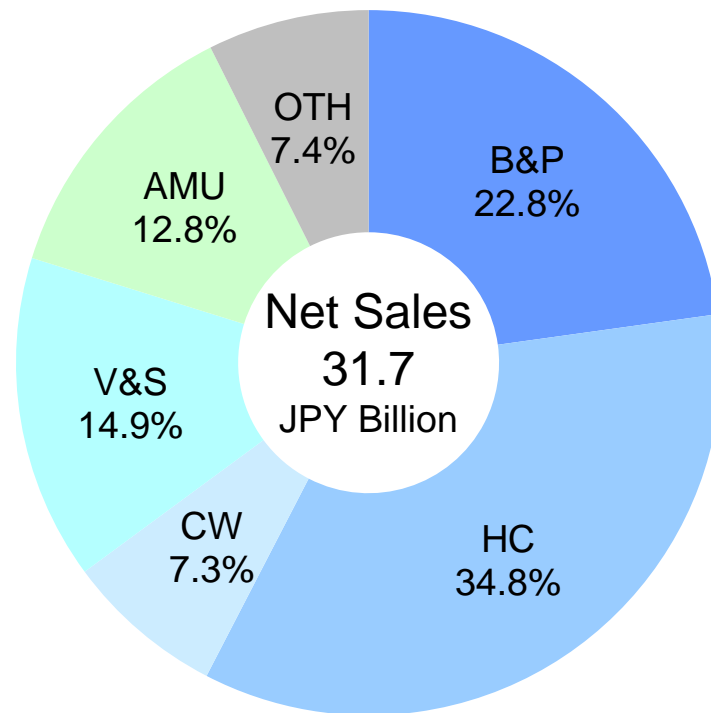


# Net Sales: Composition Ratio

19F1



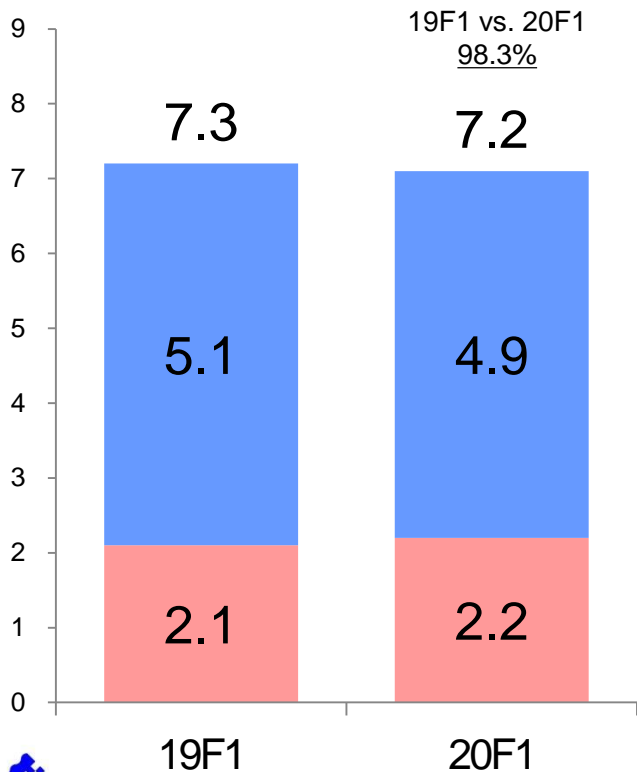
20F1



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

(JPY Billion)

■ Japan ■ Overseas



## Overseas

- 20Q2 sales recovered gradually in comparison with 20Q1 due to the economic situation.

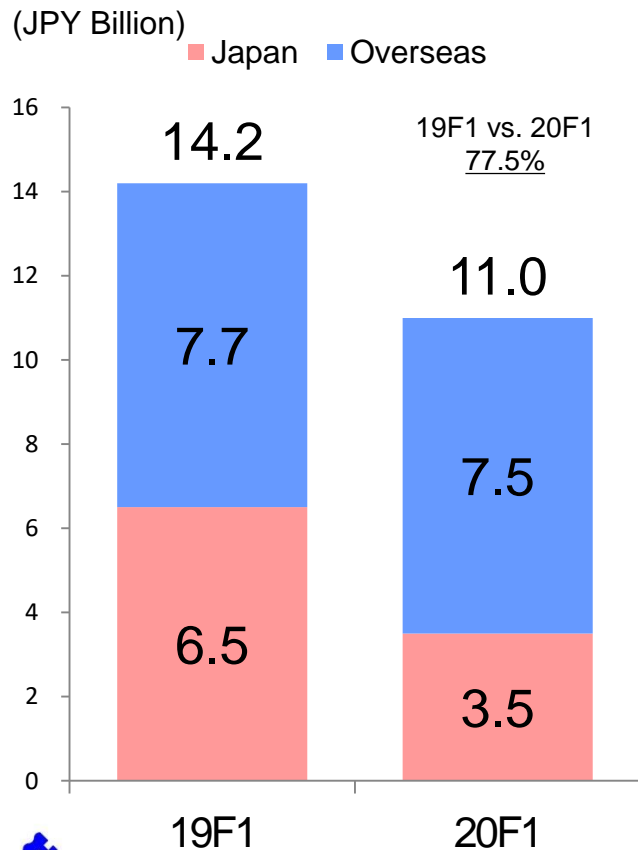
## Japan

- Sales increased because of a high demand for home and satellite offices.



FlexScan EV3895

# Net Sales : Healthcare



## Diagnostics

- Sales decreased due to entry restrictions and the postponements of CAPEX in some hospitals.
- Sales in Japan decreased compared to 19F1. 19F1 sales were higher given an increased demand prior to the consumption tax increase.
- Overseas sales was steady due to a healthy demand for tele-radiology and run-rate business.

## OR Integration

- Sales in Japan decreased due to postponements of some projects.

## Endoscopy

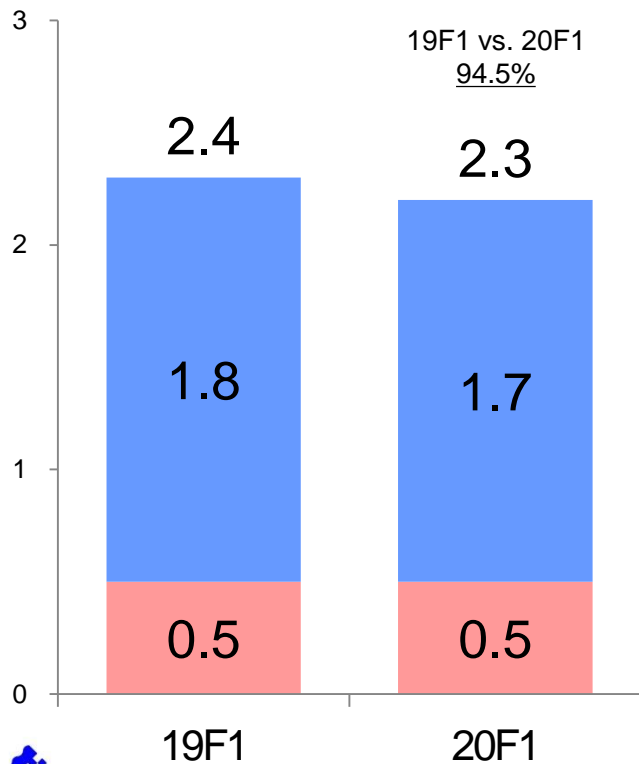
- Sales in Europe and China increased steadily.



# Net Sales: Creative Work

(JPY Billion)

■ Japan ■ Overseas



## Overseas

- Sales in the Media & Entertainment market decreased as a result of COVID-19.
- 20Q2 sales of entry-level models increased in Europe.

## Japan

- Sales increased due to a high demand in home office environments for digital content creators.



ColorEdge® CS2740-X

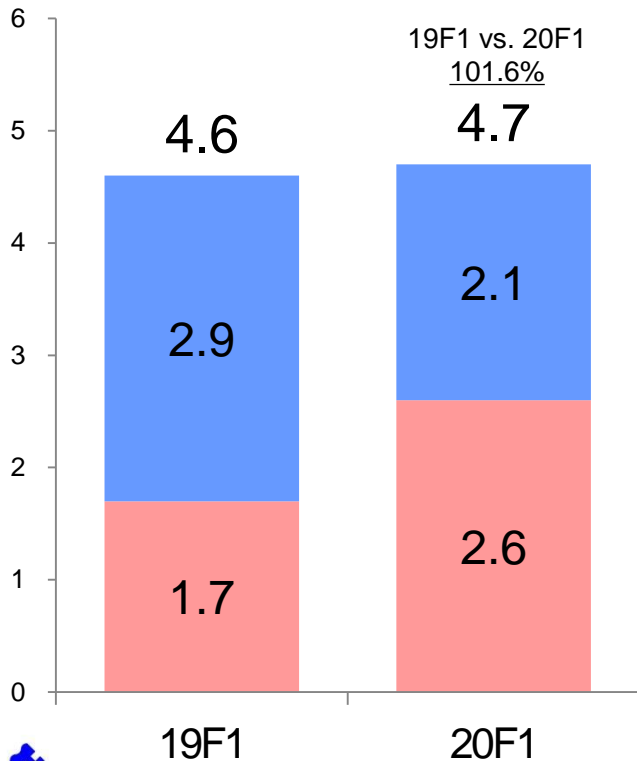
20F, First Half

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

(JPY Billion)

■ Japan ■ Overseas



## ATC (Air Traffic Control)

- Sales decreased compared with 19F1, when sales were high in North America.

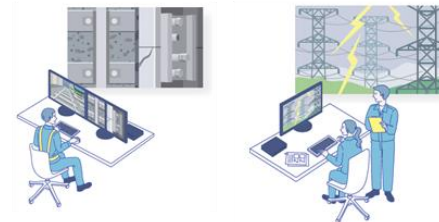


## Maritime

- Sales in Japan were steady.

## S&S (Security & Surveillance)

- Sales in Japan decreased.

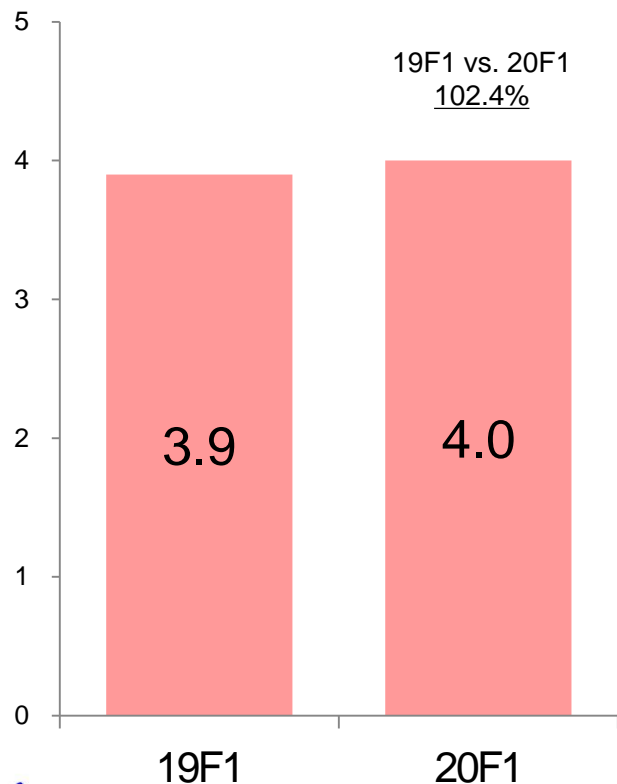


## Others

- Sales in Japan increased due to advanced product customization.
- Sales in overseas decreased due to the impact of COVID-19, in particular the automotive market and other industrial markets.

# Net Sales : Amusement

(JPY Billion)



- ▣ Sales were postponed due to closing of pachinko parlors nationwide and the January 2021 compliance deadline postponed to November 2021.
- ▣ Sales have remained low due to the slow market situation by COVID-19.



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# Consolidated Balance Sheets

(JPY Million)

	19F	20F1	Growth
Current Assets	67,422	65,281	(2,141)
Cash & Equivalents	17,942	11,771	(6,170)
Accounts Receivable	18,479	16,252	(2,226)
Inventories	29,149	36,123	6,974
Tangible Assets	16,343	18,459	2,115
Intangible Assets	2,814	2,485	(329)
Investments and Other Assets	38,703	46,416	7,712
<b>Total</b>	<b>125,284</b>	<b>132,642</b>	<b>7,358</b>
Current Liabilities	18,249	16,349	(1,899)
Long term Liabilities	11,055	14,416	3,360
Shareholders' Equity	95,979	101,876	5,897
<b>Total</b>	<b>125,284</b>	<b>132,642</b>	<b>7,358</b>

## Inventories

Raw materials increased due to the purchase of materials to ensure a steady supply.

## Investments and Other Assets

Increase in market price of stock held for investment.

# Research & Development / CAPEX

(JPY Billion)

	19F1	20F1	19F1 vs. 20F1
Research & Development * Includes manufacturing costs	2.9	2.7	95.0%
R&D / Net Sales	8.5%	8.7%	0.3pt
CAPEX	2.9	1.9	67.9%
Depreciation	1.3	1.4	103.2%

## Research & Development

- R&D decreased compared with 19F1 when R&D of new models was high.

## CAPEX

- Invested continuously for future growth despite the COVID-19 situation.
  - EIZO MS Corp.(Japan)  
Expansion of the factory
  - EIZO Technologies GmbH (Germany)  
New manufacturing facility



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1. 20F1 Consolidated Financial Result

**2. 20F Plan / Topics**

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# 20F Plan

(JPY Million)

	19F	20F Plan			19F vs.20F Plan
Net Sales	76,480	70,500			92.2%
Gross Profit	25,515	24,200			94.8%
Gross Profit / Net Sales	33.4%	34.3%			1.0pt
Selling, General and Administrative Expenses	19,073	18,500			97.0%
Operating Income	6,441	5,700			88.5%
Operating Income / Net Sales	8.4%	8.1%			(0.3pt)
Ordinary Income	6,597	6,600			100.0%
Net Income Attributable to EIZO Corporation's Stockholders	4,671	4,700			100.6%
	19F	20F1	20F2 Plan	20F Plan	19F vs.20F Plan
Exchange Rate:USD	JPY108.70	JPY106.93	JPY108.00	JPY107.47	(JPY1.23)
Exchange Rate:EUR	JPY120.81	JPY121.34	JPY122.00	JPY121.67	JPY0.86
ROA	5.3%				-
ROE	4.9%				-

We hereby announce our 20F projected results.

- ▣ Sales in B&P / HC / CW / V&S will decrease due to CAPEX delays resulting from COVID-19.
- ▣ Sales in AMU will increase due to increasing demand for replacement models that comply with the new regulations by the November 2021 deadline.
- ▣ We will maintain appropriate fixed cost controlling in response to COVID-19. On the other hand, we will also continue to invest for future growth.



# 20F Plan for Net Sales by Market

(JPY Million)

	19F	(%)	20F Plan	(%)	19F vs.20F Plan(%)
B&P (Business & Plus)	16,409	21.5	15,400	21.8	93.8
Healthcare	29,390	38.4	25,500	36.2	86.8
Creative Work	5,345	7.0	4,900	7.0	91.7
V&S (Vertical & Specific)	10,403	13.6	8,400	11.9	80.7
Amusement	9,607	12.6	13,100	18.6	136.3
Other	5,324	6.9	3,200	4.5	60.1
Total	76,480	100.0	70,500	100.0	92.2

# 20F2 Plan for Net Sales

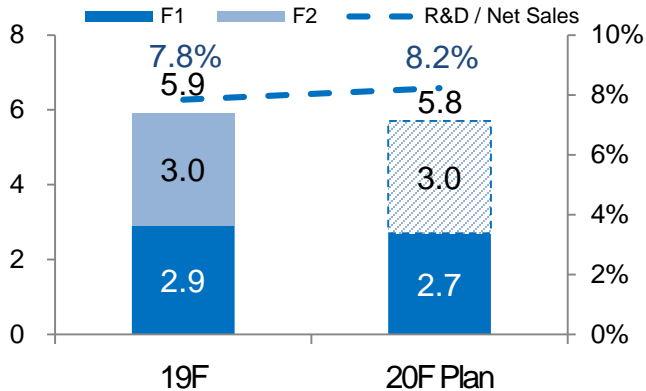
- 20F2 Sales will recover gradually with an improved economic situation.
  - B&P: Sales will decrease compared with 19F2 despite a recovery from 20F1. The demand for remote offices will continue in 20F2, primarily in Japan.
  - HC: Overseas sales will be steady due to sales in diagnostic applications and the recovery of sales for interventional radiology, operation rooms and others. Sales in Japan will increase due to the demand in 20F2, as usual for the 2<sup>nd</sup> half of any financial year, in contrast with 19F when sales peaked in 19F1 influenced by an increase in consumption tax.
  - CW: Overseas sales will decrease due to a weak market situation in the Media & Entertainment market. Sales for the Printing & Photo market will recover gradually driven by new entry-level models. The demand for remote offices will continue in 20F2, primarily in Japan.
  - V&S: Sales will decrease compared with 19F when ATC sales were high.
  - AMU: Sales will increase due to demand for replacement models that comply with the new regulations by the November 2021 deadline.

# Research & Development / CAPEX

(JPY Billion)

## Research & Development

\* Includes manufacturing costs



- Investment ensuring future growth will continue.
- Maintain appropriate cost control measures in reaction to a tough COVID-19 situation.

## 20F CAPEX Plan:

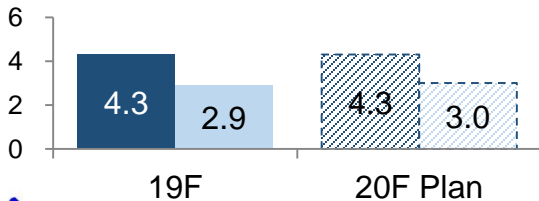
- EIZO MS Corp. (Japan)

Total: JPY2.8 Billion (20F: JPY1.6 Billion)

Extend works and associated machinery for increasing production capacity to meet the growing demand in HC and V&S

## CAPEX / Depreciation

■ CAPEX ■ Depreciation



# Topic 1

## Carina System Co., Ltd. (Japan) Relocated Office (July 2020)

### □ Carina System Co., Ltd.

- Offering comprehensive solutions encompassing capturing, recording / distributing and displaying images for the healthcare and industrial markets, such as broadcasting.
- The driver to strengthen the EIZO “Imaging Chain Innovation” business concept.



- The ideal location and larger space will enable EIZO to expand our systems integration business and to demonstrate greater synergy within the EIZO group.

# Topic 2

## ColorEdge CS2740 Wins EISA “Monitor of the Year 2020-2021” for Photography

### □ EISA Monitor of the Year 2020-2021

- EISA (the Expert Imaging and Sound Association) is a unique association of 61 special interest magazines from 29 countries.
- The EISA Awards celebrate the best in imaging technologies that offer the most advanced features, functional ergonomics, and optimal cost performance every year.

### □ ColorEdge CS2740

- 27-inch 4K UHD monitor for creative tasks such as photo and video editing. It offers a wide gamut with vivid and accurate color reproduction.
- Its high pixel density and pin-sharp clear display were appraised in the EISA Awards.



ColorEdge CS2740

# Topic 3

## EIZO Users' Voice : Home Office During COVID-19

### FlexScan Efficiency

#### Versatile Stand for Optimal Positioning

The flexible stand with a wide adjustment range allows users to set the monitor to the perfect position. Users can enhance increase efficiency even in the limited workspaces.

### FlexScan Less Eye Fatigue

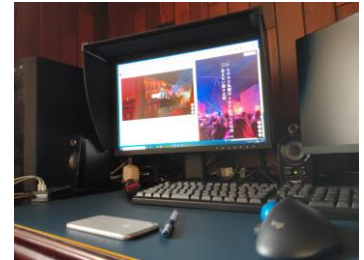
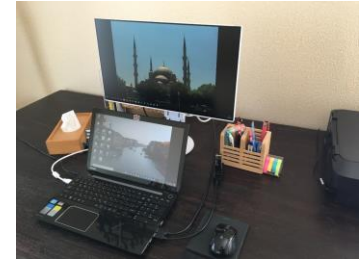
#### Reduce Blue Light by 80% Auto Brightness Control Called "Auto EcoView"

The monitors are adjusted to the ideal brightness level throughout the day.

### ColorEdge Uniformity

#### EIZO's Patented Digital Uniformity Equalizer (DUE)

EIZO's DUE technology corrects deviations in every tone across the monitor. Users can concentrate on working with the stable images.



Many people engaged in wide range of occupations such as Engineering or Graphic Design are using EIZO monitors in their home office.



# Profit Distribution to Shareholders

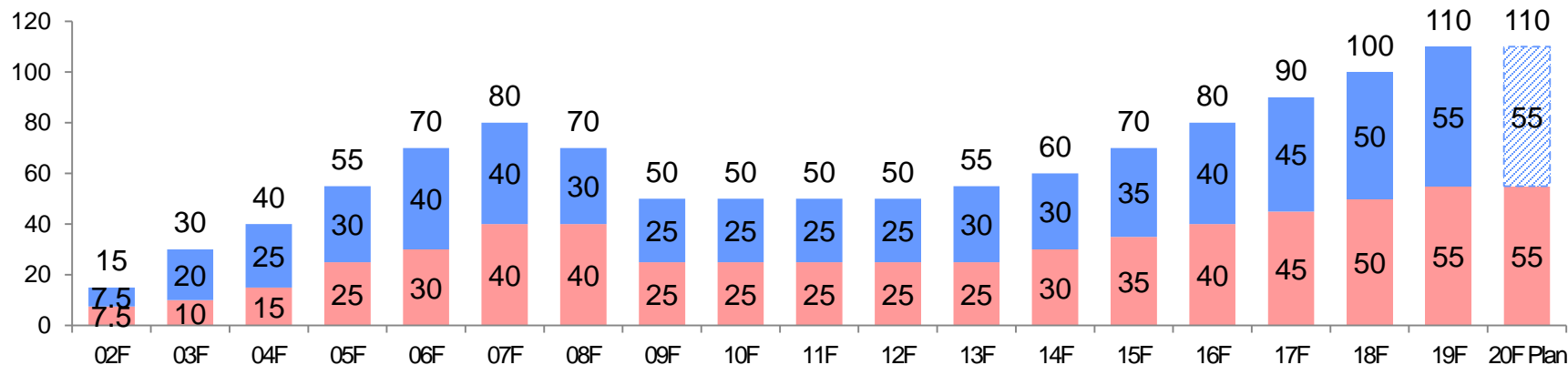
## Basic policy on profit distribution to shareholders

- Returning profit to shareholders is a key management concern for EIZO Corporation, and we have followed a basic policy of stable dividend payment in line with corporate growth. We return profit to shareholders on the basis of an overall consideration of securing retained profit for capital investments and R&D expenditures required for business expansion, financial status and future performance.

(JPY / Share)

- Our target shareholder return ratio is 40% to 50% of net income.

■ Interim Dividend ■ Year-end Dividend



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%	49.9%
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%	49.9%

1. 20F1 Consolidated Financial Result

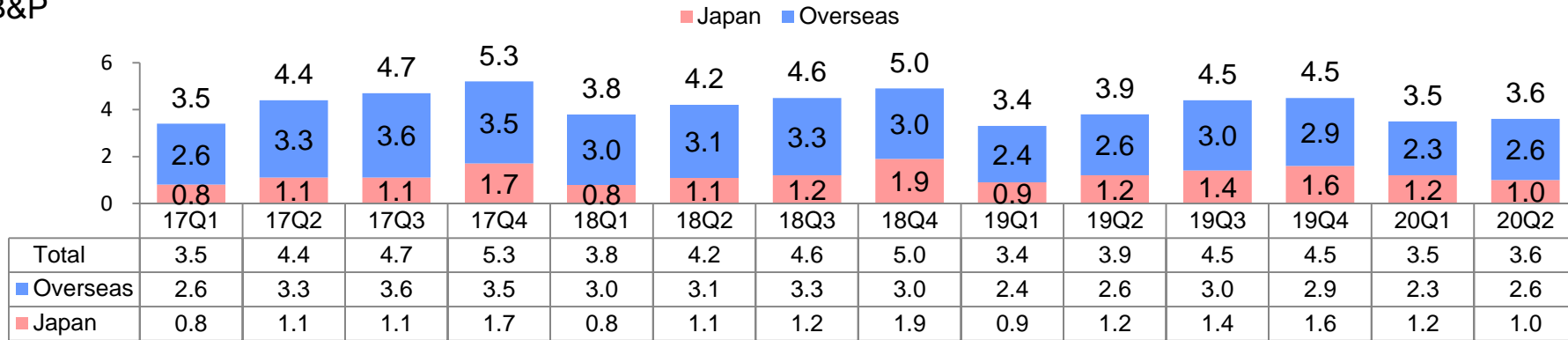
2. 20F Plan / Topics

**3. Reference Materials**

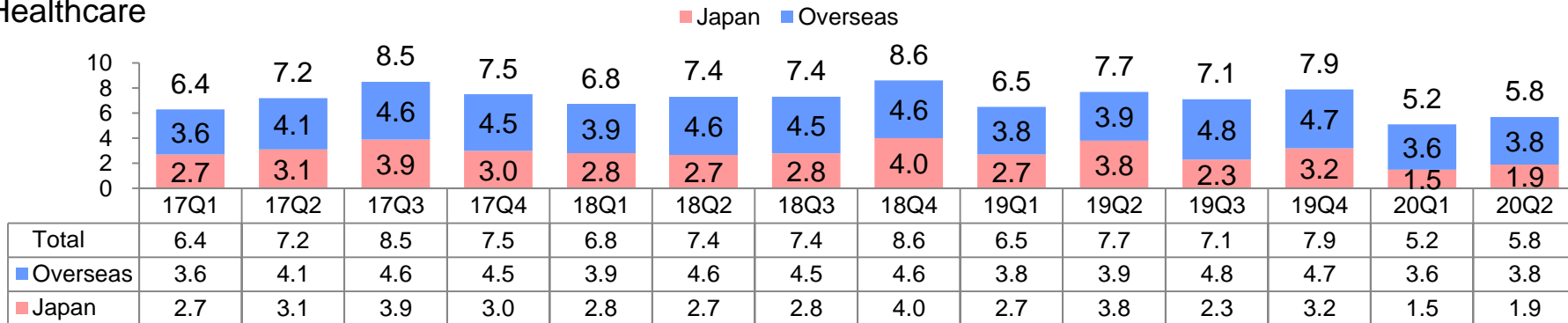
# Net Sales: B&P / Healthcare

(JPY Billion)

B&P



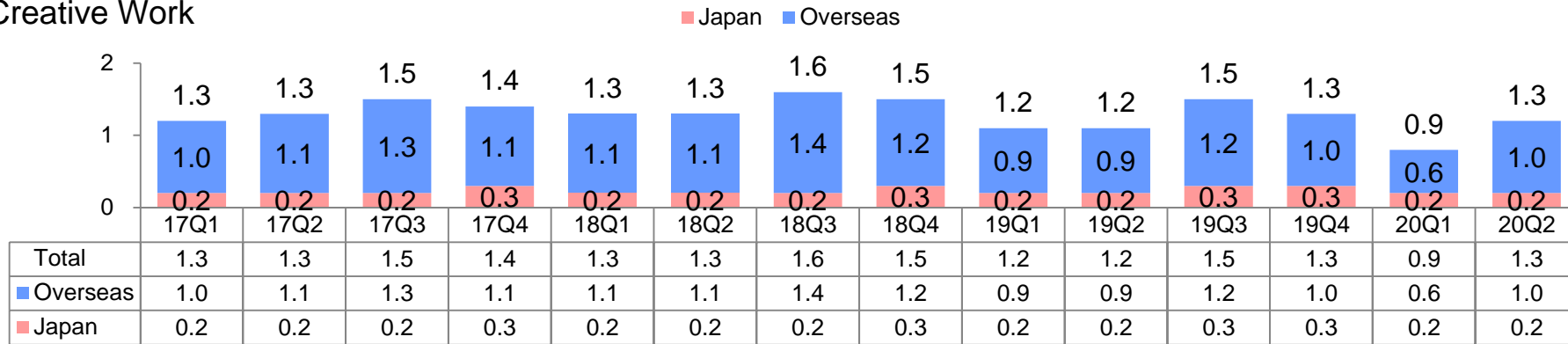
Healthcare



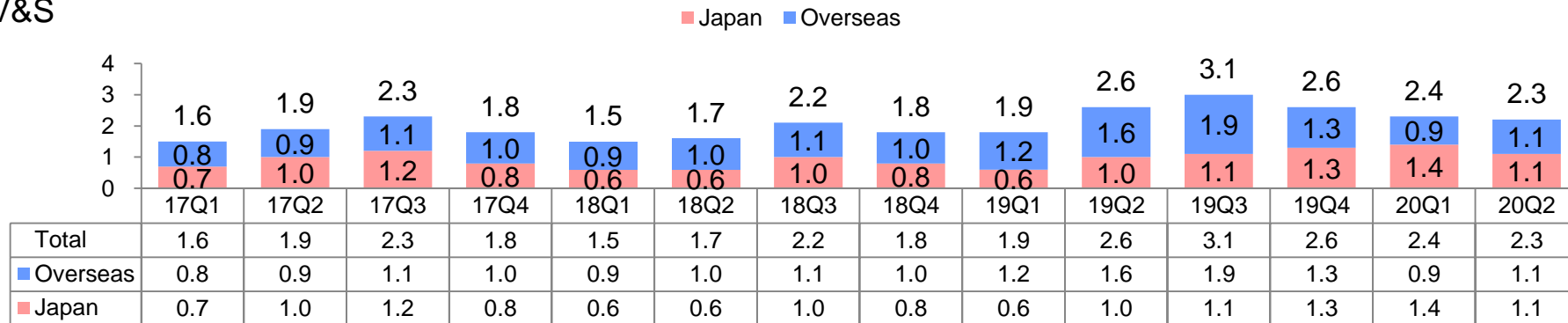
# Net Sales: Creative Work / V&S

(JPY Billion)

## Creative Work



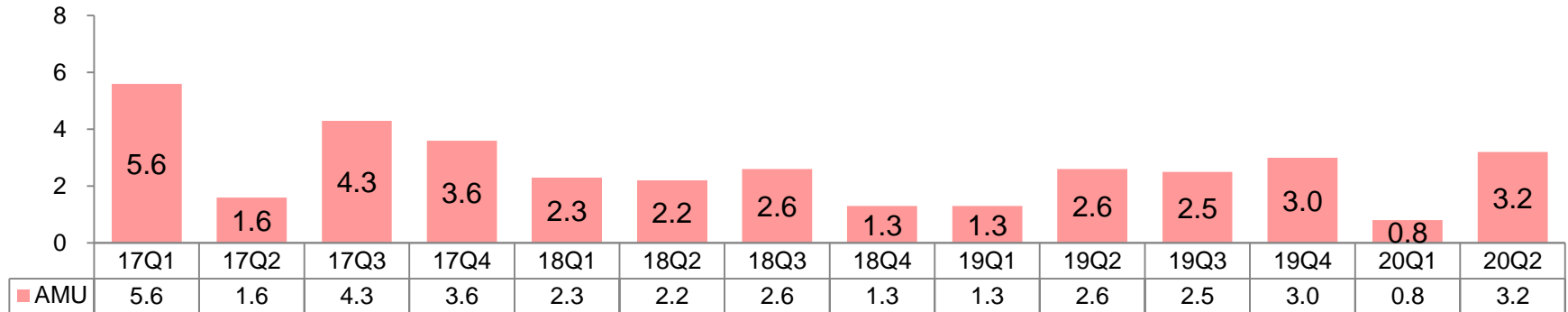
## V&S



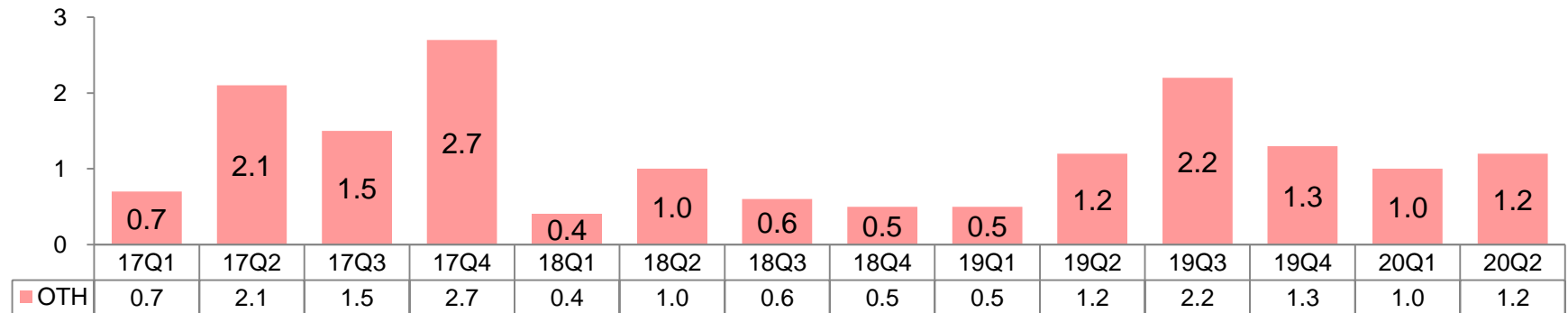
# Net Sales: Amusement / Other

(JPY Billion)

## Amusement

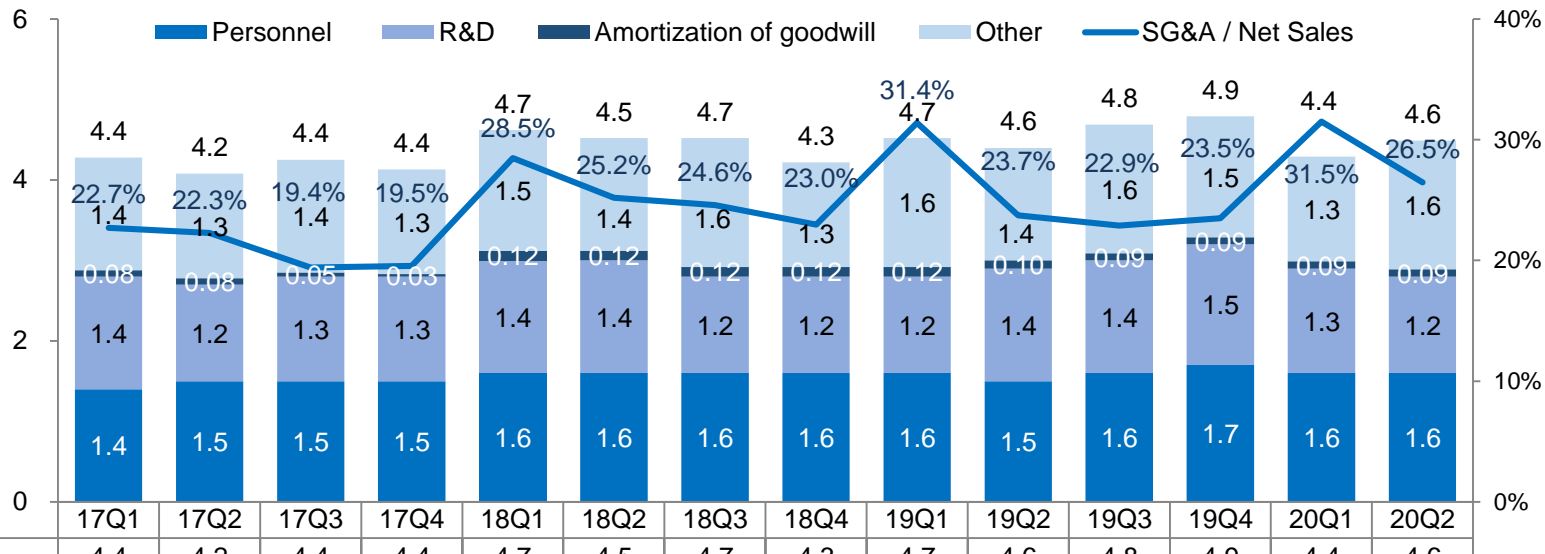


## Other



# Selling, General and Administrative Expenses

(JPY Billion)



TOTAL	4.4	4.2	4.4	4.4	4.7	4.5	4.7	4.3	4.7	4.6	4.8	4.9	4.4	4.6
Other	1.4	1.3	1.4	1.3	1.5	1.4	1.6	1.3	1.6	1.4	1.6	1.5	1.3	1.6
Amortization of goodwill	0.08	0.08	0.05	0.03	0.12	0.12	0.12	0.12	0.12	0.10	0.09	0.09	0.09	0.09
R&D	1.4	1.2	1.3	1.3	1.4	1.4	1.2	1.2	1.2	1.4	1.4	1.5	1.3	1.2
Personnel	1.4	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.5	1.6	1.7	1.6	1.6
SG&A / Net Sales	22.7%	22.3%	19.4%	19.5%	28.5%	25.2%	24.6%	23.0%	31.4%	23.7%	22.9%	23.5%	31.5%	26.5%



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