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Notice Regarding the Integration of ROE-Based Performance Indicators into the Executive Compensation System

EIZO Corporation (“EIZO”) hereby announces that, at its Board of Directors meeting held today, it resolved to introduce Return on Equity (ROE)-based performance indicators into the executive compensation system for its Directors (excluding those serving as members of the Audit Committee), as outlined below.

1. Purpose of Introducing ROE-Based Performance Indicators

EIZO positions the sustainable enhancement of corporate value through the improvement of capital efficiency as one of its key management priorities and has been continuously advancing initiatives to improve ROE.

Through ongoing dialogue with the capital markets, EIZO has deepened its recognition of the importance of more clearly linking initiatives to improve ROE with the evaluation and compensation of management. This also serves to further demonstrate that Directors operate from the same perspective as shareholders and are committed to management that emphasizes capital efficiency.

Based on this recognition, EIZO has decided to introduce an ROE-linked compensation system. By directly reflecting ROE performance in the evaluation and compensation of Directors, EIZO aims to enhance accountability and execution toward improving capital efficiency. In addition, by incorporating ROE alongside consolidated operating income as a key performance indicator, EIZO will promote management decisions that balance both “profit generation” and “efficient use of capital.”

EIZO will continue to place importance on constructive dialogue with shareholders and the capital markets, striving to enhance medium- to long-term corporate value through management practices that prioritize capital efficiency.

2. Overview of ROE-Based Performance Indicators

Performance-based compensation, which serves as a short-term incentive, is currently calculated based on consolidated operating income. Under the revised system, beginning from the fiscal year ending March 2027, a portion of this compensation will be linked to ROE.

Specifically, the amount of compensation calculated based on consolidated operating income will be adjusted by applying an ROE-based evaluation coefficient (ROE coefficient: 0.0 to 1.4), determined in accordance with the ROE level achieved in each fiscal year.

EIZO has set a target ROE of 8%, with an ROE coefficient of 1.0 applied at this level. The coefficient will increase incrementally to a maximum of 1.4 when ROE exceeds this target, while no ROE-linked compensation will be paid if ROE falls below 5%.

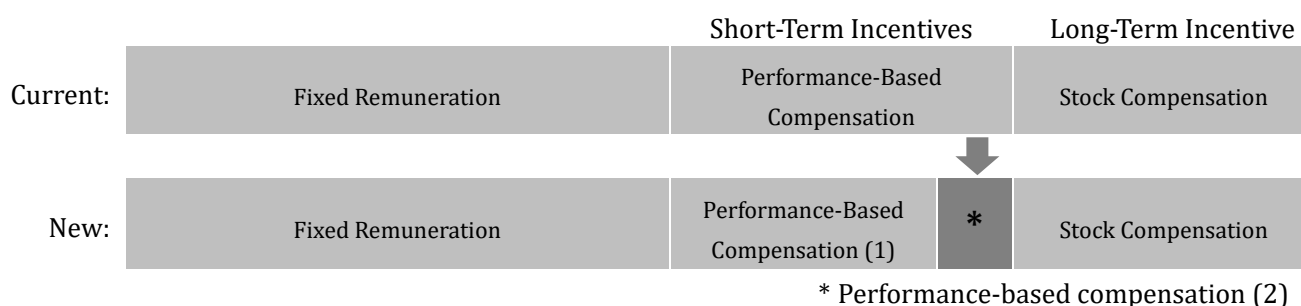
[ROE Levels and ROE Coefficient]

ROE (%)	ROE Coefficient
ROE ≥ 10%	1.4
9% ≤ ROE < 10%	1.2
8% ≤ ROE < 9%	1.0
7% ≤ ROE < 8%	0.8
6% ≤ ROE < 7%	0.6
5% ≤ ROE < 6%	0.4
ROE < 5%	0

3. Structure of the Executive Compensation System After Initiation

The executive compensation system consists of fixed remuneration (monetary compensation), short-term incentive compensation (performance-based monetary compensation), and long-term incentive compensation (non-monetary, stock-based compensation).

This revision applies to the short-term incentive compensation component, and there will be no changes to the total compensation amount or the composition ratio among compensation types.



* Performance-based compensation (2) shall consist of ROE-linked compensation tied to ROE performance indicators, accounting for approximately 0% to 7% of total executive compensation.