

1. Financial Results of the year ended March 31, 2021
2. Forecast for the year ending March 31, 2022
3. Progress of Medium-Term Management Plan

A look back: Making progress building a foundation for growth. The financial targets are to be unable to realize.



Build a foundation for mid/long-term growth

- **Making solid progress building a foundation for growth. Accelerating measures aimed at scaling up.**
 - The Components Business has **entered a money-making phase.**
 - In the **Material Processing Business**, making progress in open innovation and customer development.
 - **Continue M&A strategy** while strengthening organizations and maintaining discipline to scale up business.

Achieve ROE of 8% or higher

- Expect to face **difficulty achieving financial targets** for the final year of the Medium-term Management Plan due to external environmental factors, such as changes to the business environment and the impact of COVID-19.
- **Strengthening measures aimed at generating stable cash returns in excess of capital costs.**
 - Overcome deteriorating business environment and strengthen crisis response measures.
 - Advance improvements to management efficiency including a leaner balance sheet.



- **No change to management direction. Continue to strengthen business profitability and acquire growth engines to return to sustainable growth.**
- **Aim to enhance enterprise value by creating new pillars of earnings and increasing our ability to generate profits over the long term.**

Medium-Term Management Plan progress summary: Develop areas for growth while evolving the business strategy



Core businesses

Maximize business value while quickly responding to environmental changes

Imaging Products Business

Precision Equipment Business

- **Focus on pro/hobbyist and mirrorless**, develop BtoB opportunities and restructure to return to a stable business.
- **Expand customers and business domains** while discerning market growth potential and future uncertainties.

Growth areas

Strengthen solutions and help customers create innovation

Components Business

Long-term growth areas

Digital Manufacturing

Vision Systems/Robotics

Healthcare

- Supply customers with key components that leverage our strengths in **areas where we can expect scale and a leadership position**.
- Pursue **Material Processing Business**, Nikon's unique digital manufacturing.
- **Develop solutions including sensors, robotics, smart cameras and tracking** to support DX and automation in society.
- In addition to equipment sales, focus on **drug discovery support services, genetic analysis and contract cell manufacturing**.

Imaging Products Business: Complete restructuring and deploy a sustainable business model



Expand earnings base

- **Camera business**
 - **Shift to mirrorless for pro/hobbyist**
Enhance customer satisfaction and the quality of sales by launching flagship bodies, expanding our lineup of distinctive lenses and providing applications that enable new ways of expression through images.
 - Invest enough internal and external resources to strengthen differentiation.
- **Develop BtoB businesses: Leverage camera related technologies and IP**
 - Provide image experience leveraging robot-controlled automatic tracking, posture analysis technology and the like
 - Image contents business (volumetric video capture, create 3D avatar)
 - Monitoring service leveraging image analysis

Strengthen business fundamentals

- **Optimize fixed cost structure**
 - **Generate profit even at the revenue below ¥150.0B** by cutting ¥63.0B out of business costs over the period of the Medium-Term Management Plan.
 - Optimized more than 2,000 employees by the end of March 2021. Also, consolidated production and reorganized sales companies.
- **Leaner business assets**
 - Impaired approx. ¥30.0B in fixed assets and inventories by the end of March 2021.

Precision Equipment Business: Diversify revenue streams to drive profit growth for entire company



Expand earnings base

- **FPD Lithography Systems**
 - Pursue greater customer value through **higher resolution and productivity improvement**. Sustain momentum to **grow share in small and mid-sized panels**.
- **Semiconductor Lithography Systems**
 - **Leverage business with core customer to strengthen development of other stable customers**. Also focus on elemental technology development for future lithography systems.
- **Service business**
 - Capture demand for maintenance and upgrades by bolstering analysis of use cases and actively pursue refurbishment and re-use business.
- **Measurement and inspection systems**
 - Integrate inspection systems business into the Industrial Metrology Business to strengthen **customer contacts and account strategy**. Focus on **Litho Booster**, which contributes to improved customer yields.

Strengthen business fundamentals

- **Strengthen overseas operations**
 - **Localize system installation work** and promote remote training to shorten lead times for equipment installation.
- **Leaner business assets**
 - Impaired ¥20.0B and more in fixed assets and inventories by the end of March 2021.

Growth areas: Making advances in scaling up Components and developing customers in Material Processing



Components Business

- **Generate earnings with optical components and EUV related components** and in the meantime develop new key components.
- Achieve even more growth by **strengthening delivery of solutions** to customer needs, which are becoming more diverse and sophisticated.

Material Processing Business

- **Customer applications**
 - Repair and maintenance of turbine blades, Fuel efficiency improvements in aerospace, Power generation efficiency improvements in wind power, Efficiency improvements in machining tools
- **Products and solutions**
 - Additive processing machine: Leverages 3D alignment (Non set up required). Handles a diverse range of metals. Light and compact.
 - High-precision removal processing machine: Flat work finishing and feedback fine processing at the sub-micron level.
 - Riblet processing service: Achieve energy efficiency gains by performing fine surface processing based on computational fluid dynamics. Begin contract processing service to seed future development of applications.
- **Open innovation and customer development**
 - Making progress developing customers primarily in the aerospace, energy and electronic equipment fields by leveraging the value chain and increasing our value proposition.

Joint development

XTIA

Optical comb based measurement

exvision
beyond the human vision

High-speed image processing

BIONIC SURFACE TECHNOLOGIES

Analysis of fluid simulations

Sales and technology alliances

DMG MORI

Global sales network

Acquire service infrastructure

MORF3D
AEROSPACE

Contract processing platform

Strengthening the management foundation: Forging a foundation to support management with a long-term viewpoint



Business process reforms

- HQ and procurement costs: Making solid progress in cost reforms aimed at cutting **¥18.0B** over the period of the Medium-Term Management Plan.
- Imaging restructuring: Cut **¥63.0B** out of business costs by the end of the current fiscal year (originally ¥ 50.0 B)

Strengthening a foundation for precision and optical technologies and manufacturing

- Precision and optical technologies: Centralized management of companywide technology strategy. Consolidate development of next-generation businesses.
- Manufacturing: Consolidated companywide optical production, production technology, quality control, procurement functions and personnel development.

Shifting human resources

- Japan: Reassigned **approx. 1,000 people** from existing businesses into growth areas.
- Overseas: Optimized **approx. 1,500 employees** by reorganizing production and sales companies by the end of March 2021.

Balance sheet management

- Leaner: By the end of March 2021, removed from balance sheet more than **¥65.0B** in equipment, inventory and goodwill, reducing future risks.
- More liquid: By the end of March 2021, disposed of more than **¥40.0B** in shareholdings and unused real estate.

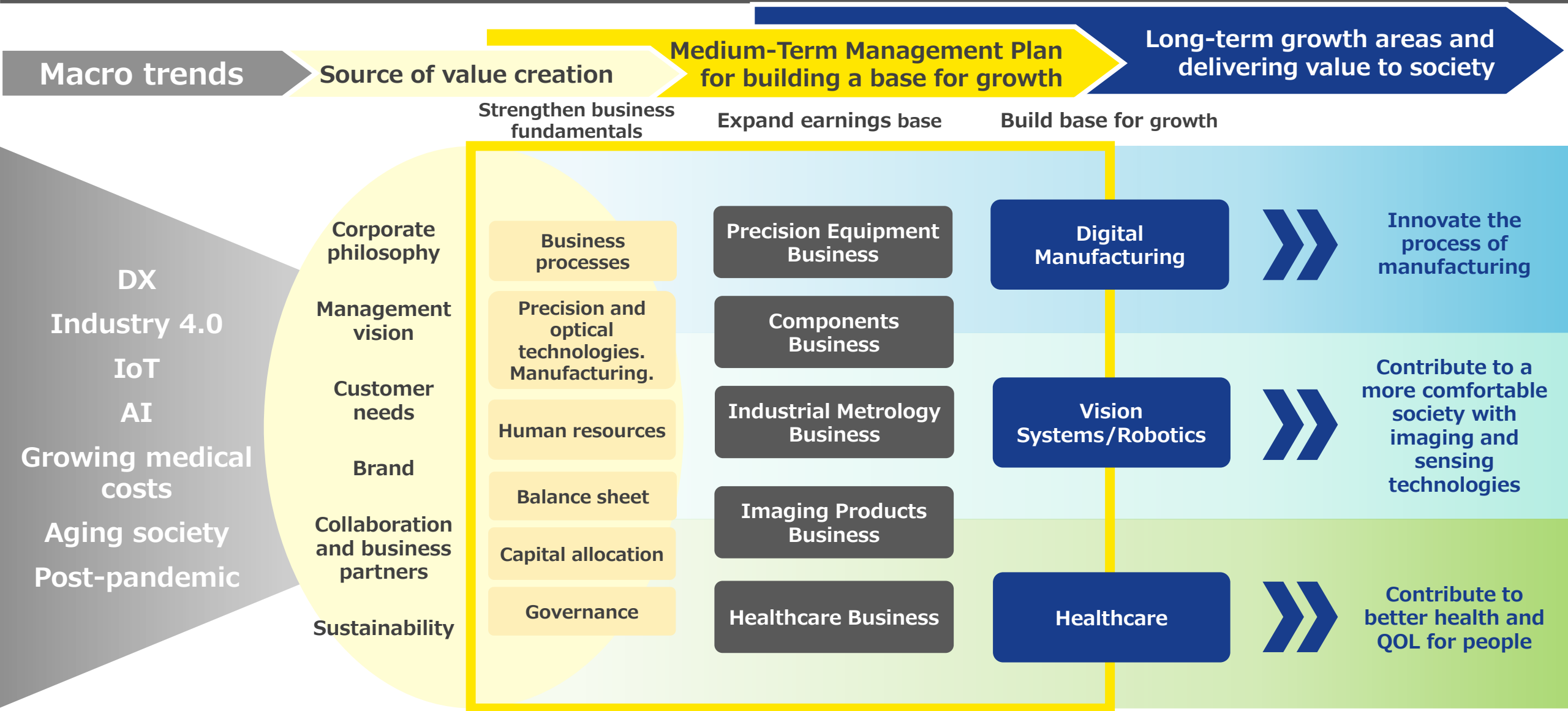
Capital allocation over the mid/long-term

- Shareholder returns: Focused on stable dividends and a total shareholder returns ratio of **40% or more**. By the end of March 2021, bought back **¥40.0B** in shares.
- Strategic investments: Sustained direction to invest **up to 40%** toward establishing a new pillar of earnings.

Strengthen corporate governance

- Secure transparency: **Strengthened effectiveness of nominating committee and successor training plan**, evaluated effectiveness of board of directors, expanded performance-based compensation.
- Board of Directors makeup: **Expanded diversity with a focus on quality** (one female and two from manufacturing industry were added). Increased external directors to **45%** of the board.

Building a foundation for sustainable growth and making a value proposition for stakeholders



Sustainability: Leverage environmentally friendly manufacturing based on optical technology to contribute to achieving SDGs

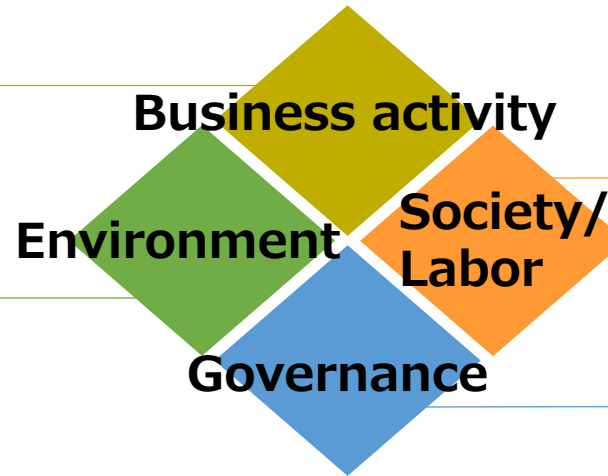


2030 numerical targets

- Reduce emission of greenhouse gases from offices by **70% or more** (compared to FY 2013)
- Shift to renewable energy for **30%** of power used in business activities (become carbon neutral by 2050)

CSR Priority Issues

1. Creating social value through core technologies
2. Ensuring trustworthiness by maintaining and increasing quality
3. Promoting a decarbonized society
4. Promoting resource circulation
5. Preventing pollution and conserving ecosystems



6. Strengthening supply chain management
7. Respecting human rights
8. Diversity and inclusion
9. Employees' health and safety

10. Thorough compliance
11. Strengthening corporate governance
12. Strengthening risk management

Major ESG external evaluations

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Mid-/long-term capital allocation (FY2020/3 – 2024/3)



Redisplaying of Medium-Term Management Plan announced in May 2019

Focus resources on new fields to establish new core pillars of profit, without emphasizing short-term FCF

	Strategic Investments	R&D	Capital Investment	Dividend & Other	Proportion
New fields (Material processing business, areas of long-term growth)	Max 40%	10%	5%		40 to 50%
Existing fields		25%	10%		30 to 40%
Return to shareholders				10% or more Total return ratio 40% or more	10% or more
Total	40%	35%	15%	10% or more	100%

Scope: Funds on hand - working capital + 5-year cumulative operating CF (before deducting R&D)

Business expansion scenario for growth areas in mid-/long-term



Redisplaying of Medium-Term Management Plan announced in May 2020

FY2021/3-22/3

FY2023/3-25/3

FY2026/3 and beyond

Customer and product development

Scale up businesses

Establish new core pillars of Nikon

- Accelerate launch through M&A and alliances
- Forge partnerships with pilot customers and begin some joint projects
- Agile cross-functional development

- Deploy varieties of customer applications
- Acquire major customers in each industry to scale up
- Grow to high profit business making approx. ¥100.0B sales

- Establish whole growth areas of material processing business, Vision Systems / Robotics related businesses

