

1. Action to implement management that is conscious of cost of capital and stock price
2. Financial results for the year ended March 31, 2023
3. Forecast for the year ending March 31, 2024

Action to implement management that is conscious of cost of capital and stock price



Analysis of current situation

- **Improving Price-to-Book Ratio (PBR) is an important management challenge.**
 - Announced in April 2022 an ROE target (8%+ in FY25) that is cognizant of our Cost of Equity.
 - ROE was in the 7% range in FY21 and FY22. In FY23, ROE is expected to be in 5% range due to the business cycle and other factors.
 - The reasons for the low PBR are due to a low forecast ROE caused by the expected decline in FY23 profit and a lower Price Earnings Ratio (PER) compared to peers. **Need to ramp up growth businesses quickly.**
 - A stabilization of business performance enables **balance sheet operations cognizant of capital efficiency.**

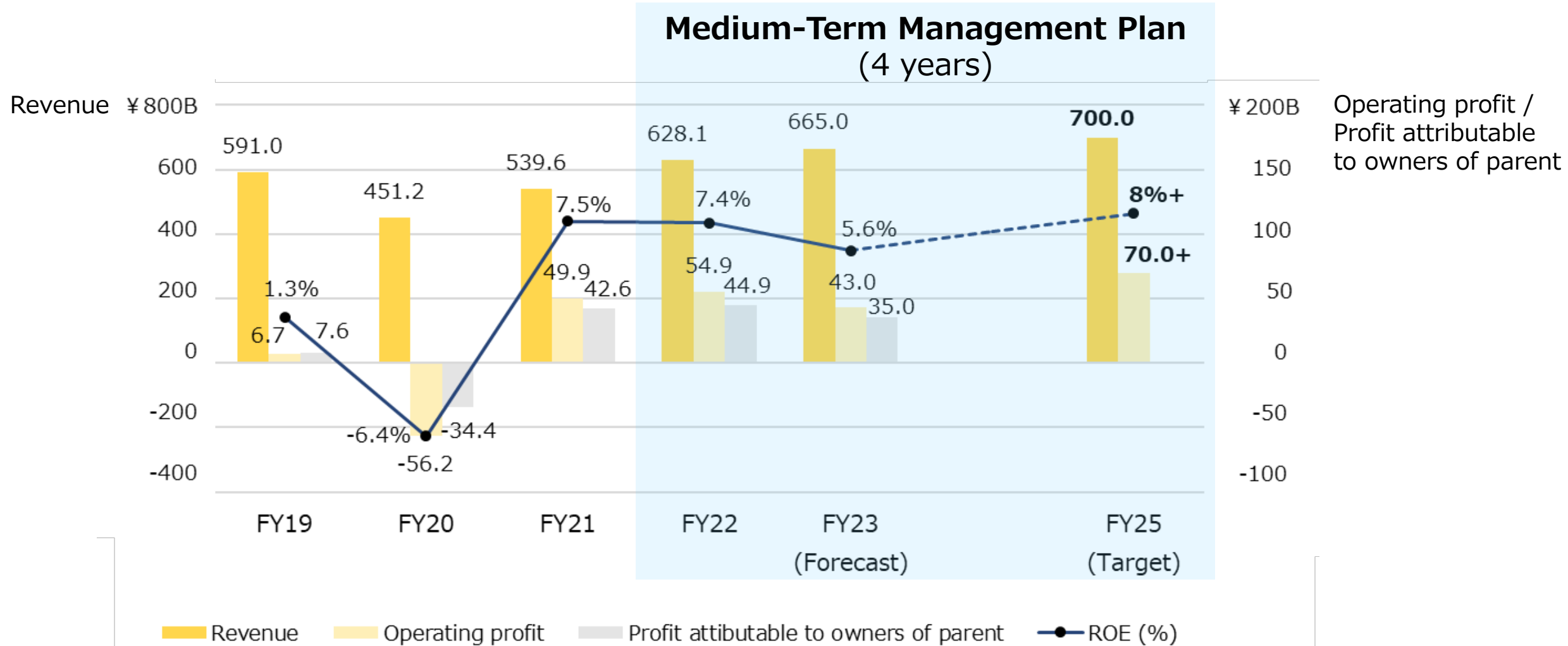
Policies and targets

- **Aim to achieve Medium-Term Management Plan financial targets. (FY25: ROE 8%+, Operating margin 10%+, Revenue ¥700.0B)**
- **Advance both growth investment (strategic investments, R&D, capex) and shareholder returns, based on the direction for capital allocation in the Medium-Term Management Plan.**

Implementation of initiatives

- **Implement measures aimed at recovering business performance in FY24.**
(Launch new products in mirrorless cameras and semiconductor ArF immersion lithography systems, etc.)
- **Enhance information disclosure on growth businesses.**
(Plan to explain the Healthcare and Digital Manufacturing Businesses at IR Day in September)
- **Officer compensation system tied to ROE and other financial KPIs.** (In effect since FY22)
- **Promote a growth strategy integrated with our sustainability strategy. Maintain our industry-leading ESG ratings.**
- **Grow dividends to reach our target of ¥60 DPS in FY25.**
(FY22 dividend: up ¥5 to ¥45. FY23 dividend: ¥50 planned)
- **Opportunistically buyback shares of ¥30.0B+ during period of our Medium-Term Management Plan.**

Financial target of the Medium-Term Management Plan: In FY25, revenue ¥ 700.0B, operating margin 10%+, ROE 8%+

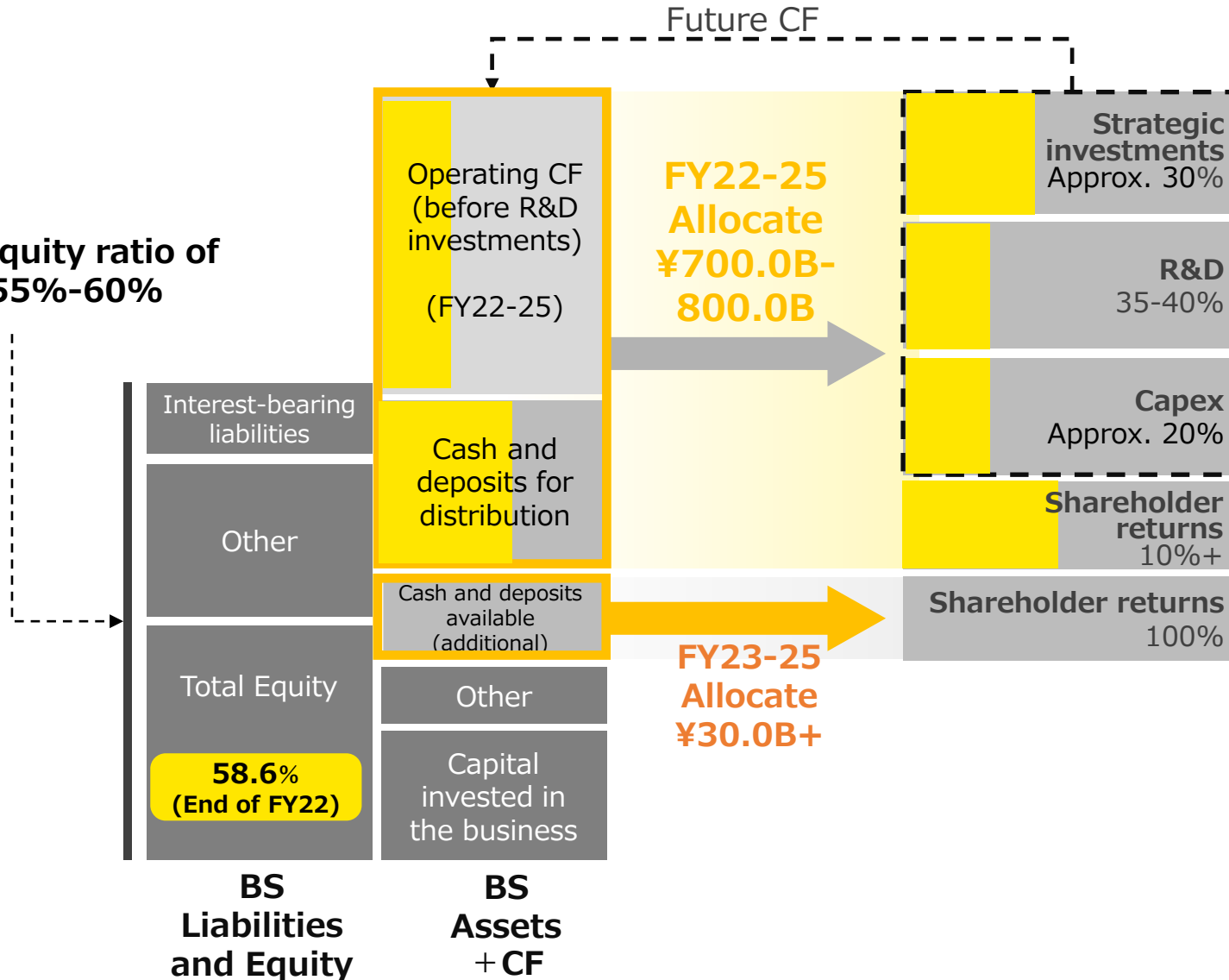


Note: Amounts in this statement are rounded down to the hundred millions of yen.

Capital Allocation: Promote both investment in sustained growth and strengthening of shareholder returns



Aim for equity ratio of
Approx. 55%-60%



- Decided to acquire SLM for approx. ¥88.0B

- Total return ratio target of 40%+. In Year 1, the result was approx. 102% with ¥30.0B buyback

- Allocate cash generated from the sale of cross-shareholdings and the like to opportunistic buyback

Shareholder Returns Policy in the period of the Medium-Term Management Plan



	FY21	FY22	FY23	FY24	FY25
		Medium-Term Management Plan (4 years)			
Dividend per share	<div style="border: 1px solid gray; padding: 5px; width: fit-content; margin: 5px auto;">Year-end ¥ 20</div> <div style="border: 1px solid gray; padding: 5px; width: fit-content; margin: 5px auto;">Interim ¥ 20</div>	<p>Up ¥ 5 in year-end vs. previous forecast</p> <div style="border: 1px solid gray; padding: 5px; width: fit-content; margin: 5px auto;">Year-end ¥ 25</div> <div style="border: 1px solid gray; padding: 5px; width: fit-content; margin: 5px auto;">Interim ¥ 20</div>	<p>¥ 50 planned</p> <div style="border: 1px solid gray; padding: 5px; width: fit-content; margin: 5px auto;">Year-end ¥ 25</div> <div style="border: 1px solid gray; padding: 5px; width: fit-content; margin: 5px auto;">Interim ¥ 25</div>	<div style="border: 1px dashed gray; padding: 5px; width: fit-content; margin: 5px auto;">Annual ¥ 50-60</div>	<p>¥ 60 target</p> <div style="border: 1px solid gray; padding: 5px; width: fit-content; margin: 5px auto;">Annual ¥ 60</div>
Share buyback		<p>Done ¥ 30.0B (approx. 5.7% of outstanding shares)</p>	<p>Opportunistic share buyback of ¥30.0B+ during period of our Medium-Term Management Plan</p>		
Strategic investments		<p>SLM acquisition Approx. ¥ 88.0B</p>	<p>Consideration continuously</p>		

Officer compensation system aimed at enhancing corporate value



System of officer compensation linked to business performance in effect since the first year of our Medium-Term Management Plan (FY22)

- The officer compensation system focuses on links to sustainable improvement in corporate value.
- The ratio of fixed compensation to performance-based compensation ranges from 1:1 to 1:1.375, depending on position.

Compensation mix and main KPIs

The case of CEO	Fixed compensation	Performance-based compensation		
	Monthly fixed compensation	Short-term business performance	Medium-term business performance	Long-term business performance
		Bonus	Performance Stock Unit (PSU)	Restricted Stock (RS)
Ratio of compensation	1	0.7	0.225	0.45
Linked KPI	-	"Consolidated operating profit (OP) amount" "ROE"	Medium-Term Management Plan priorities: "OP amount from growth drivers(*1)", "OP amount from service and components", and Achievement of KPIs related to "sustainability strategy", "human capital management"	(Assignment restrictions until retirement)
Range of link	-	0-200%	0-150%	Linked to stock price
Distribution method	Cash		Stocks	
Malus and clawback (*2)	Applies			

(*1) Growth drivers comprise the following 5 fields: Optical and EUV related components; Material Processing and Robot Vision; Digital lithography; Imaging contents; and Contract Cell Development and Manufacturing and Drug Discovery Support.

(*2) Malus: A clause that allows for the reduction or cancellation of vested incentive compensation before its payment if fraud or misconduct by the officer is identified. Clawback: A clause to have paid compensation returned in situations similar to the above.

Sustainability Strategy aimed at enhancing corporate value



Our corporate philosophy "Trustworthiness and Creativity"

Meet society's expectations to win "Trust"

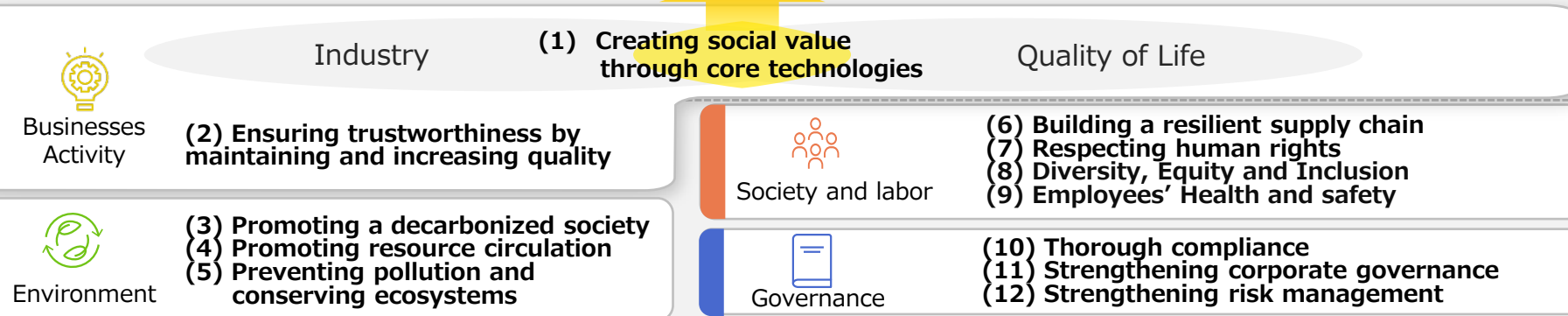
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Contribute to society through "Creativity"

12 Materialities

Contribute to society through **Creativity**

Meet society's expectations to win **Trust**



Solid progress toward targets for the sustainability strategy under the Medium-term Management Plan

- FY22: **reduced by 30%** green-house gas emissions from business facilities (vs. FY13. FY25 target: 46.5%)
- Plan to **migrate to 100% renewable energy beginning FY23** at core production plants in Thailand and Tochigi
- Established a **Nikon Global DEI Policy** to be deployed globally to achieve management that leverages diversity
- In FY22, **32% of new grad hires were women** (vs. 25% target). Focus on achieving 8% of management positions held by women in FY25.

Maintain high external evaluation

- Acquired top global score of its industrial group at DJSI. Received an MSCI ESG Rating of AAA.

CDP Climate Change (UK)	Dow Jones Sustainability Indices (DJSI) (Switzerland, US) World	Sustainalytics (Netherlands) ESG risk score (Low risk: 20.0 or lower)	MSCI ESG Ratings (US)	ESG investment by GPIF				
				MSCI Japan ESG Select Leaders Index	MSCI Japan Empowering Women Index (WIN)	S&P/JPX Carbon Efficient Index	FTSE Blossom Japan Index	FTSE Blossom Japan Sector Relative Index
A	In	15.9	AAA	In	In	In	In	In