



Progress Report on Medium-Term Management Plan (FY 2022 - 2025)

Making a better world with trust and creativity

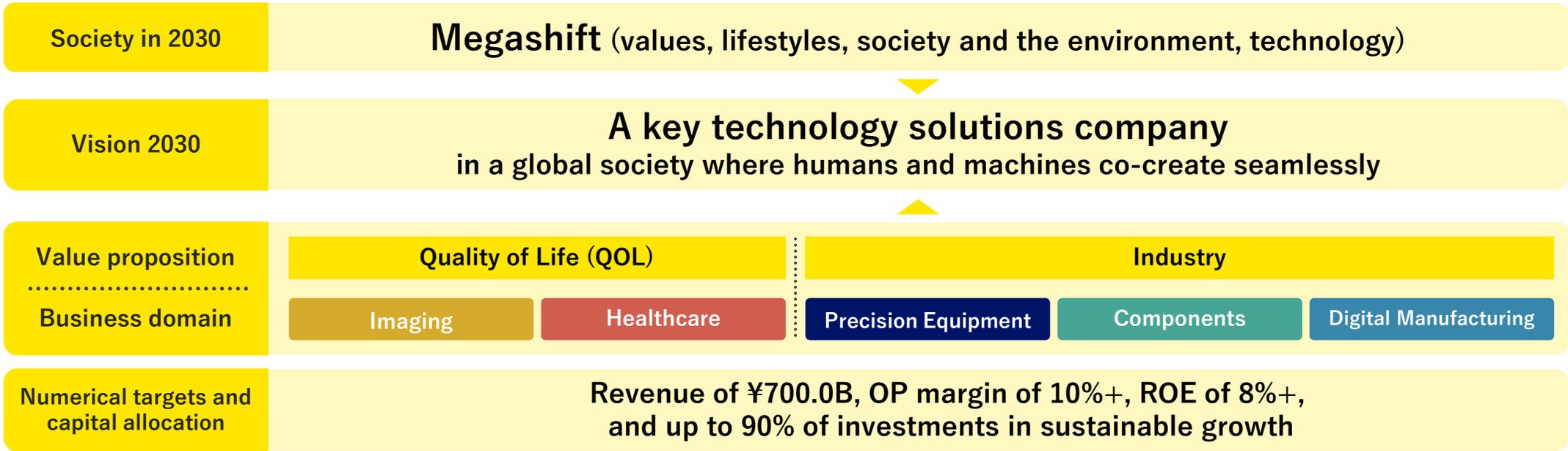
May 9, 2024

NIKON CORPORATION

Overview of progress in the Medium-Term Management Plan

Direction for the entire company

No change



Business strategy
Management base

Review

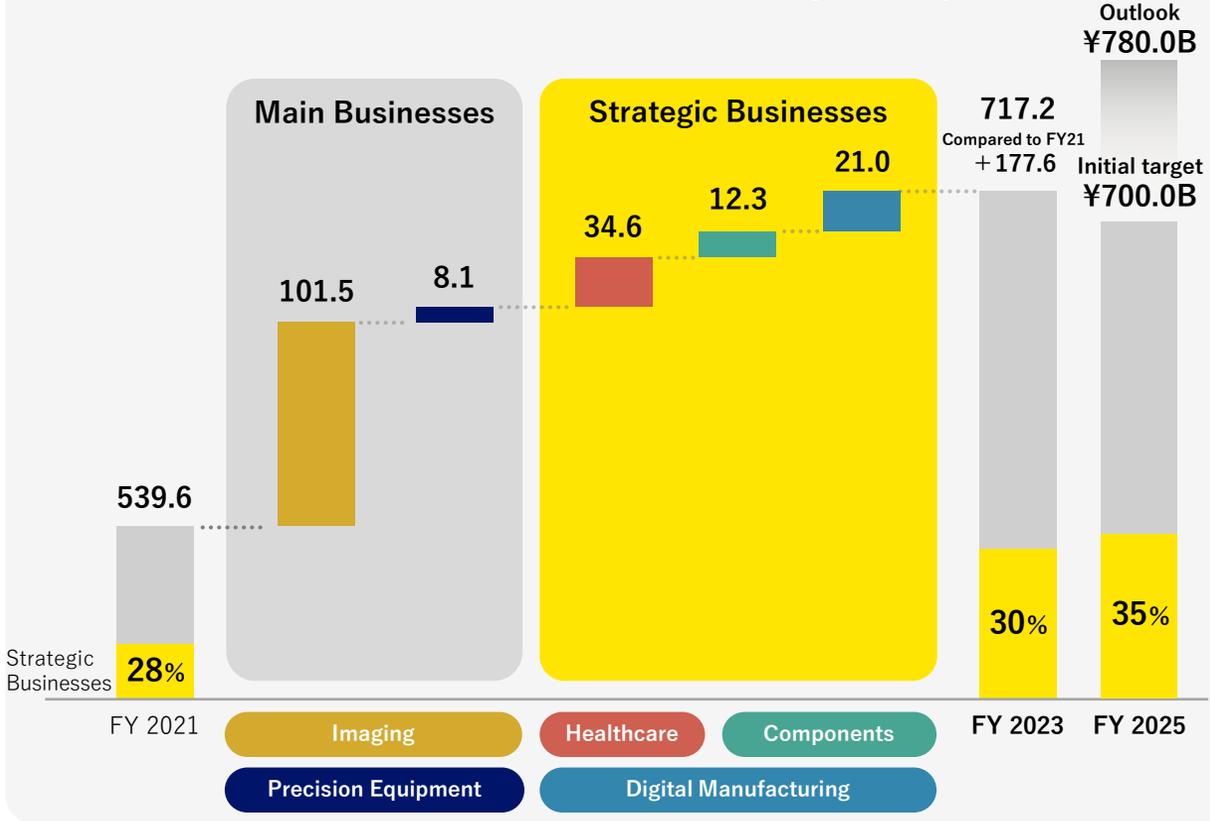


Maintain framework of the Medium-term Management Plan while strengthening strategies and management to assure achievement

Revenue and capital allocation

Revenue

We reached our ¥700.0B target early



Capital allocation

Shift investments to strengthening business fundamentals

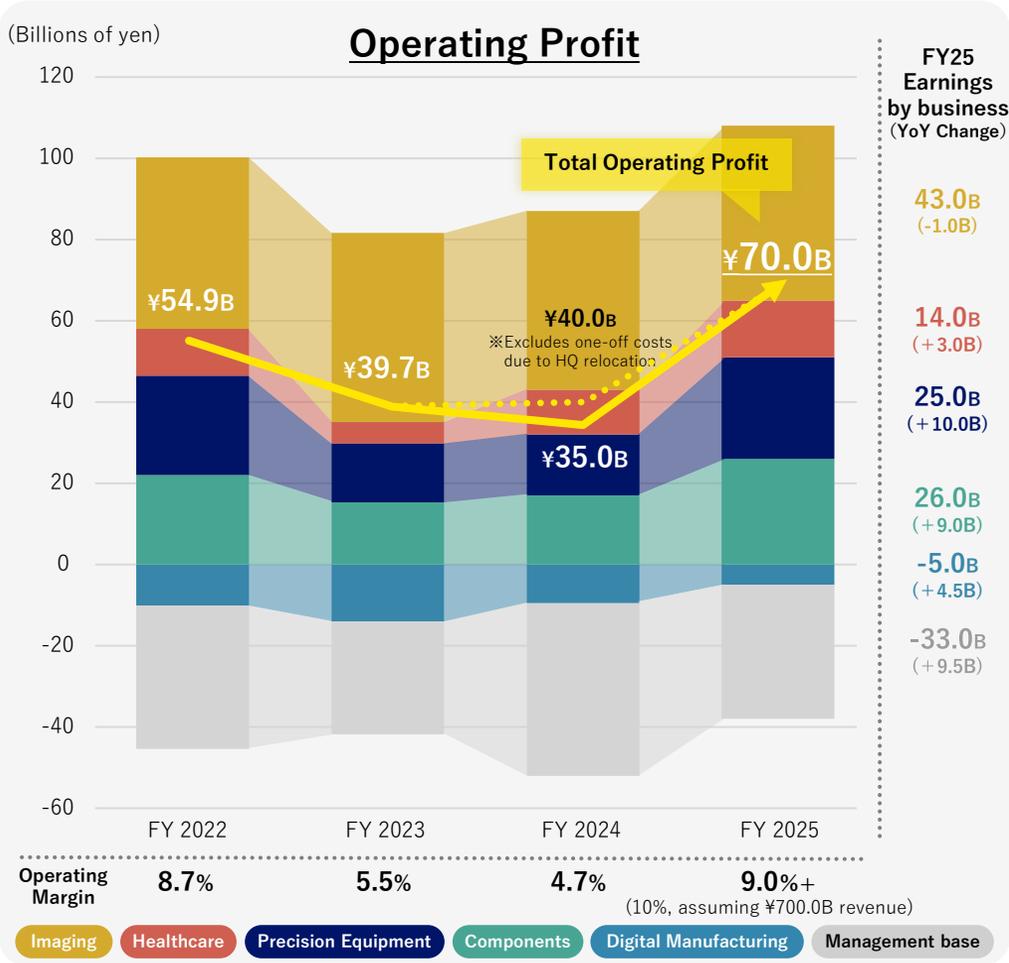
FY 2022 - 2025 capital allocation		Original	Revised Plan	Change	
Strategic investments (M&A, etc.)		230.0	120.0	-110.0	Pause major M&A after SLM (Germany) and RED (US)
	Strengthening business fundamentals	280.0	300.0	+ 20.0	Added SLM (Germany) and RED (US)
	R&D	160.0	220.0	+ 60.0	Increased production capacity in lenses and components
	Capital expenditures	100.0	130.0	+ 30.0	Plan to implement additional share buy-backs (Counter reduced profit with asset sales)
Shareholder returns		100.0	130.0	+ 30.0	
		Approx. ¥770.0B	Approx. ¥770.0B	± 0	

FY 2022 - 2025 Accumulated operating profit		Original	Revised Plan	Change	
		207.0	200.0	-7.0	Higher HQ relocation, Healthcare one-off costs Higher D&A resulting from increased capex

Major shift in capital allocation in line with changes to business strategies

* Industrial Metrology Business and Other Businesses disclosed under "Components"

Latest outlook to earnings by business



Changes from FY24 to FY25

Imaging	➡	Maintain high earnings with expansion in Mirrorless cameras and lenses
Healthcare	↗	Expanded private sector market, elimination of one-off costs in Eye Care, and profit contribution from cell contracting
Precision Equipment	↗	FPD profitability improvement, expanded service
Components	↗	Growth in optical and EUV related components on recovery in semiconductor market
Digital Manufacturing	↗	Turn Nikon SLM profitable on a standalone basis (turn profit in FY 23 2H), pivot strategy and reduce loss at Morf3D
Management base	↗	Elimination of HQ relocation one-off costs (about ¥5B)

As % of business operating profit (FY25 projections)

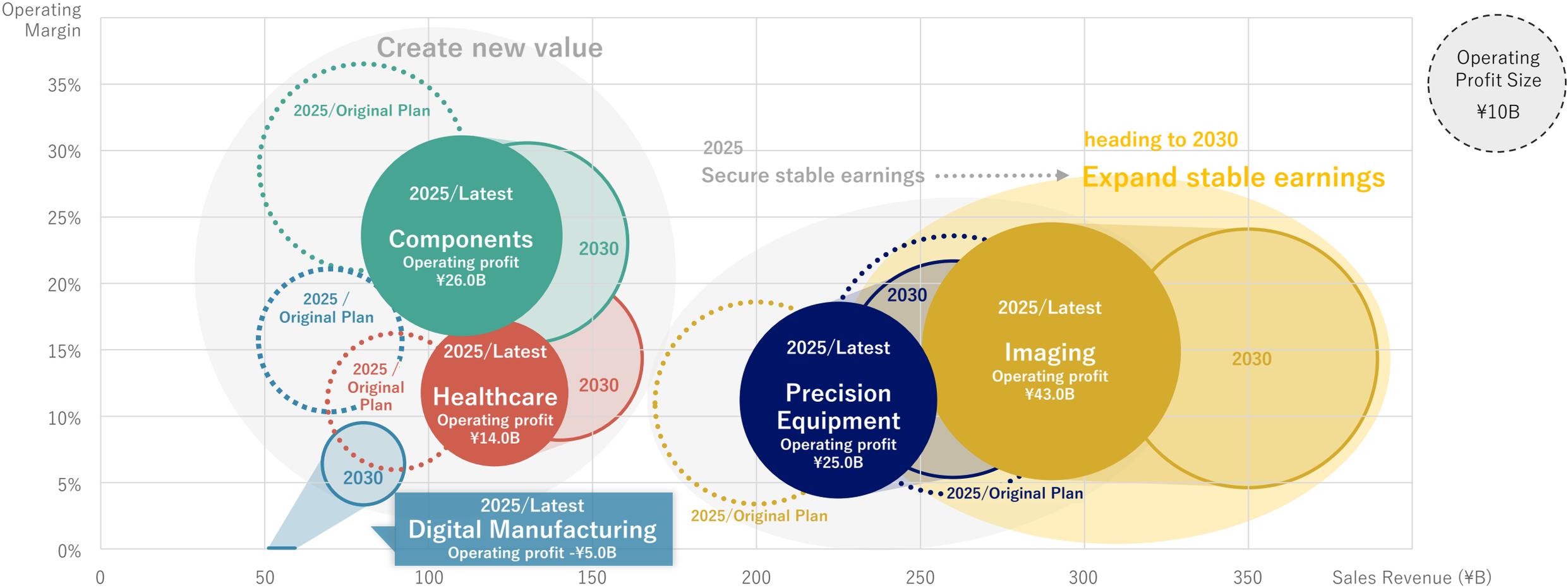
Category	Original (%)	Updated (%)	Notes
Growth drivers	About 30%	About 10%	
Service and Components	45%	About 45%	Keep unchanged

grow toward 2030

Maintain company FY25 targets (Revenue: ¥700.0B, OP: 10%+, ROE: 8%+)

* Exchange rate assumptions FY24 forecast : ¥145/USD and ¥155/EUR. FY25 target : ¥140/USD and ¥150/EUR.

Mid/long-term revenue portfolio



Expand stable earnings heading to 2030

Initiatives aimed at earnings expansion: QOL

Quality of life

Increased customer acquisition

Expanded value proposition

Imaging

- Leverage support from core fans while expanding youth and other new users
- Capture professional video customers through acquisition of RED (US)

- Deploy Z 9's advanced functionality and expand body lineup
- Introduce lenses enabling new forms of image expression
- Strengthen applications and service leveraging cloud service.
- RED (US) and Nikon complement each other's strengths to create synergy

Healthcare

- Reach 50%+ private sector sales in biological microscopes (Private sector makes up 70% of the market)
- Collaborate broadly with customers from big pharma to regenerative medicine ventures in Contract Cell Development and Manufacturing

- Enhance system microscopes to meet private-sector demand
- Establish R&D centers in Japan and US to strengthen R&D structure. Expand applications and promote pathology diagnosis DX.

Increase customer acquisition through new customer development, collaboration and M&A. Refine value proposition and expand earnings

Initiatives aimed at earnings expansion: Industry



Increased customer acquisition

Expanded value proposition

Precision Equipment

- FPD: For Gen 8, win deal from major customer and develop other customer base
- Semi: Expanding stable customer base in Japan and Asia

- FPD: Improve profitability with expanded sales of new model for high definition and productivity
- Semi: Reinforce product portfolio by promotion of renewing models of ArF immersion, ArF, KrF and I-line stepper

Components

- Strengthen customer development inside and outside Japan with establishment of new business unit
- Leverage Avonix (US) acquisition to win X-ray and CT inspections customers in automotive and aerospace markets

- Provide products that meet customers' future needs
- Build integrated supply regime across end products, service and components through business integration

Digital Manufacturing

- Obtained 150+ customers with SLM(Germany) acquisition
- Leverage US footprint to make full entry into defense and aerospace markets

- Achieve molding of large-scale parts with high-speed, high-precision metal 3D printers
- Leverage application development subsidiary to expand material processing business in line with customer needs

Increase customer acquisition through new customer development, collaboration and M&A. Refine value proposition and expand earnings

Strengthen business fundamentals

Going well

Human capital management

Acquire, develop and leverage next-generation talent to collaborate with customers

Progress

- Hire 600+ employees for 2nd straight year (Topped industry for career search popularity ranking in Japan)
- Develop solution architects

Path forward

- Promote leveraging diverse talent
- Cultivate management talent
- Strengthen employee engagement

Sustainability strategy

Contribute to society through Creativity

Progress

Overall

- Promote DEI, maintain high marks from third parties, bring specificity to contributions through manufacturing

Path forward

- Comply with EU non-financial information disclosure requirements and regulations

Environmental strategy

(Figures are FY23 projections)

- Use of renewable energy: 69% of total
- Greenhouse gas reduction: 66% (vs. FY13)
- Reach 100% renewable energy target in FY30 (earlier than planned)
- Scope3 reductions including value chain

External evaluations



*1

Further progress needed

DX with a focus on customers and employees

Connect digitally with customers and data and convert to new value

Progress

- Enhance digital marketing
- Hire new DX talent with experience

Path forward

- **Renew backbone system (Invest ¥30B scale out to 2030)**
- Launch integrated B2B website

Manufacturing

Organize production footprint to support all businesses

Progress

- Formulation of production footprint organization plans and add capacity in components

Path forward

- Address aging production facilities and **begin building** a flexible production regime (¥100B scale out to 2030)

Executive management

Bolster of Governance of group companies
Organize global compliance regime

Progress

- Create management standard and begin applying to all business units and subsidiaries

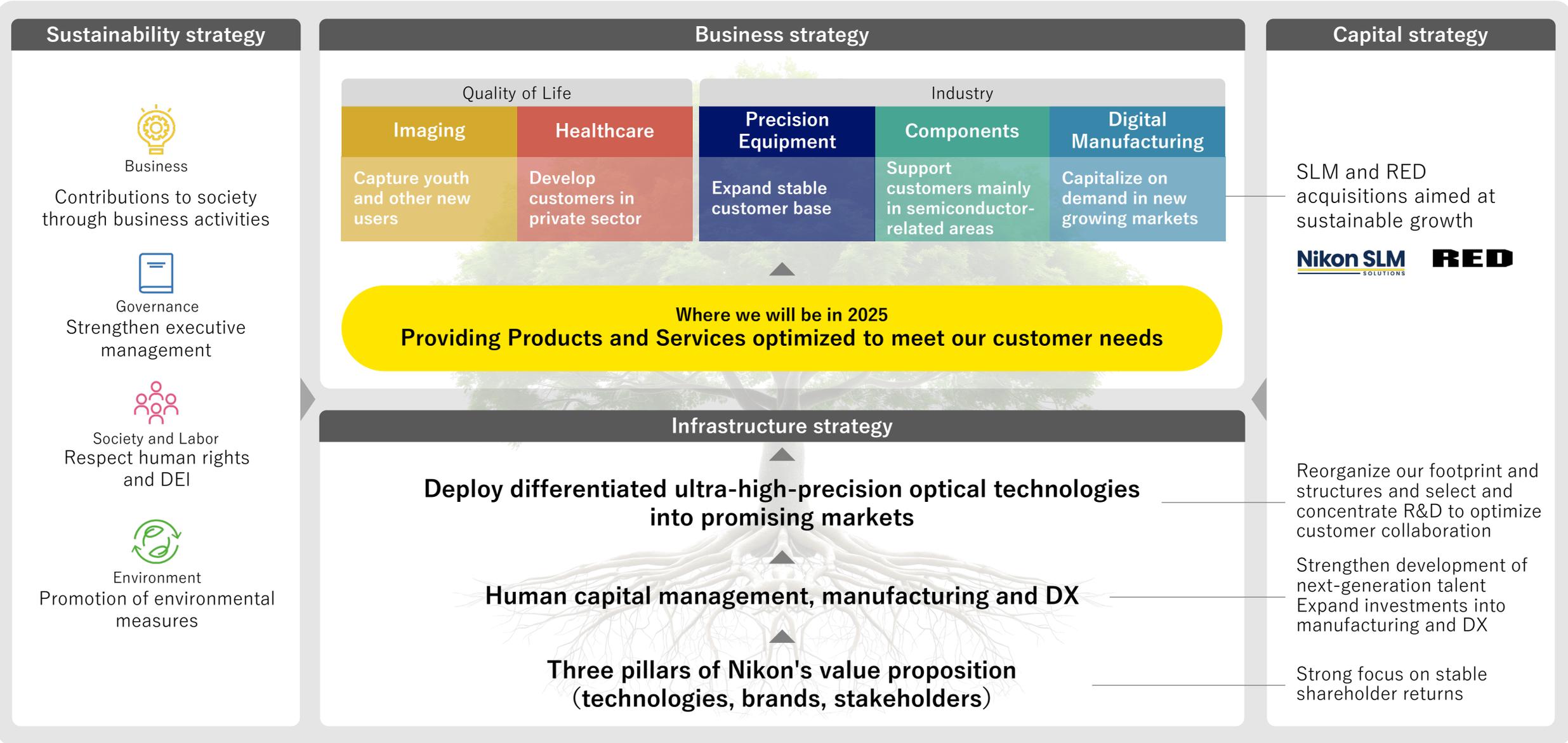
Path forward

- Acquire talent and improve organizational structure to **strengthen second and third lines**

* DEI = Diversity, Equity & Inclusion

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Overview of the Medium-term Management Plan





A key technology solutions company

in a global society where humans and machines co-create seamlessly

Nikon will provide innovative technology solutions that anticipate and meet our global customer needs and contribute to a better sustainable world where humans and machines co-create seamlessly to solve societal challenges



Imaging: Status of Business Operations

Vision

Expand the possibilities for visual expression and acquire overwhelming support from all generations of fans around the world

Earnings plan

Achieve revenue of ¥200.0B and Operating profit margin of 10% on a stable basis

	FY 22	FY 23	FY 24 Outlook	FY 25 Target
Revenue	¥227.1B	¥279.7B	¥300.0B	¥290.0B
Operating Profit	¥42.2B	¥46.5B	¥44.0B	¥43.0B

Progress in FY 23

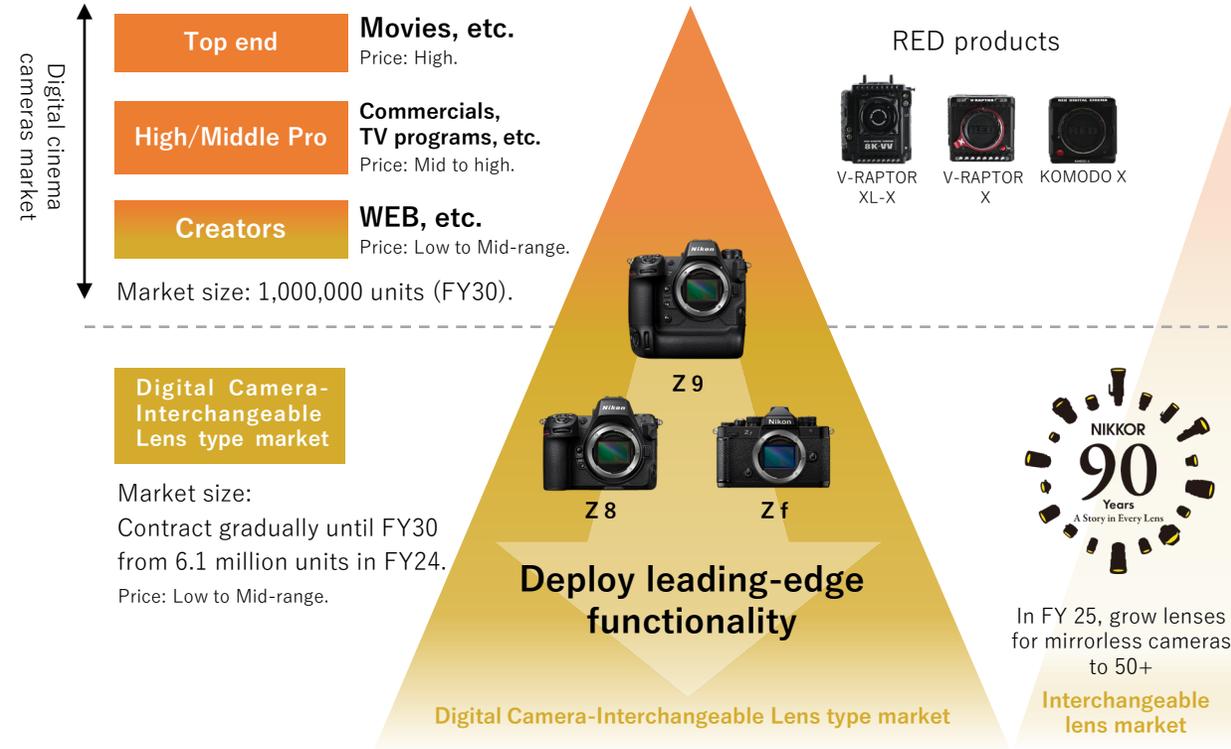
■ Add customer accounts

- Leverage support from core fans while we expand youth and other new users
- Capture professional video customers through acquisition of RED (US)
- Studios are expanding order-taking across a wide range of contents leveraging the latest imaging technologies

■ Expand value proposition

- Concentrate management resources on mirrorless and expand body and lens lineup.
- Expanded to 40+ lenses for mirrorless cameras.
- Leverage RED acquisition to develop digital cinema cameras market
- Deploy leading-edge functionality from the Z 9 into Z 8, Z f, etc. and enhance user experience value for professionals and beginners.
- Strengthen applications and service leveraging cloud service.

Business strategy



Aim to secure stable earnings in mid/high-end market by deploying leading-edge functionality and strengthening video strategy

* Market size information comprises Nikon estimates based on data available in FY 23. RED(US) was set to become a wholly owned subsidiary in April 2024.

Vision

Support improving quality of life for people through innovation

Earnings plan	Grow operating profit to ¥10.0B in 2025				
		FY 22	FY 23	FY 24 Outlook	FY 25 Target
	Revenue	¥99.3B	¥107.8B	¥115.0B	¥120.0B
	Operating Profit	¥11.5B	¥5.3B	¥11.0B	¥14.0B

Progress in FY 23

■ Add customer accounts

- Expand sales of biological microscopes to 50%+ of total revenue by developing the private sector, which comprises 70% of the market.
- In Contract Cell Development and Manufacturing, support a broad range of customer projects from big pharma to regenerative medicine ventures

■ Expand value proposition

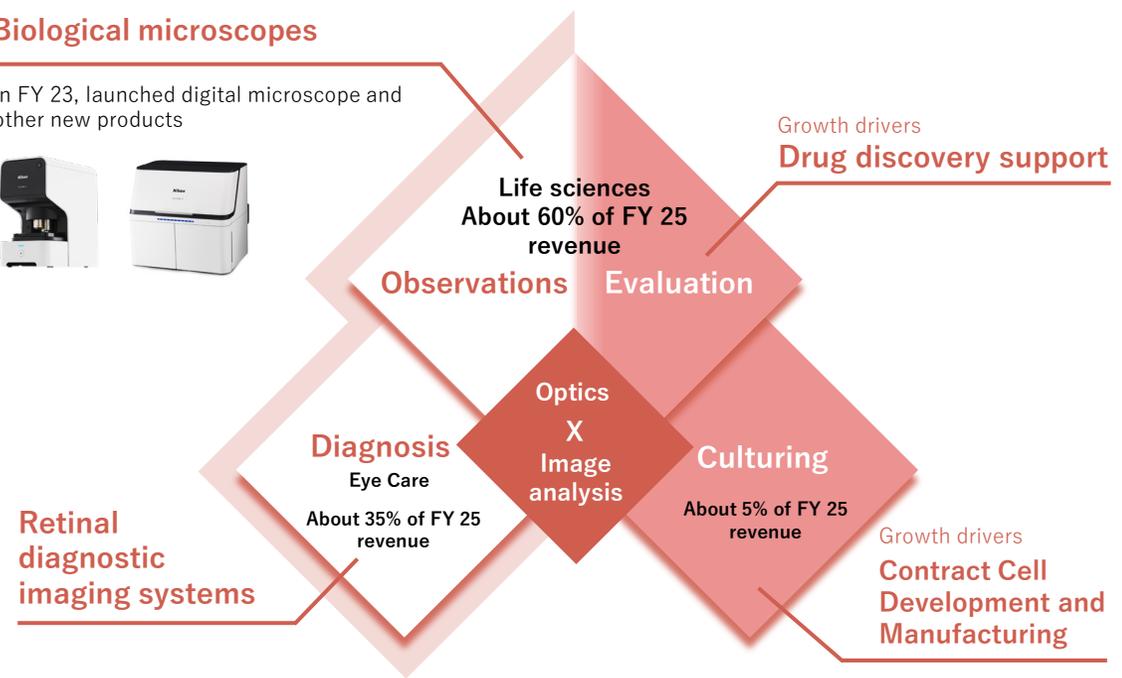
- Currently, biological microscopes account for almost 60% of sales. Grow high-priced system microscopes to 40% to reach stable revenues of ¥100.0B.
- Eye Care contributes to early discovery, treatment and prevention of ailments through our proprietary ultra-wide-angle retinal camera
- In drug discovery support service, establish R&D centers in Japan and US, strengthen R&D structure, expand applications and promote pathology diagnosis DX

Business strategy

Support customer innovation through value propositions that extend from our core technologies

Biological microscopes

In FY 23, launched digital microscope and other new products



Establish a structure capable of stable achievement of ¥100.0B revenue and ¥10.0B operating profit

Vision

Continue delivery of innovative solutions to customers and support a digital society

Earnings plan	Secure stable operating profit of ¥30.0B+ (Operate across both FPD and Semiconductor)			
	FY 22	FY 23	FY 24 Outlook	FY 25 Target
Revenue	¥203.2B	¥219.3B	¥215.0B	¥225.0B
Operating Profit	¥24.5B	¥15.1B	¥15.0B	¥25.0B

Progress in FY 23

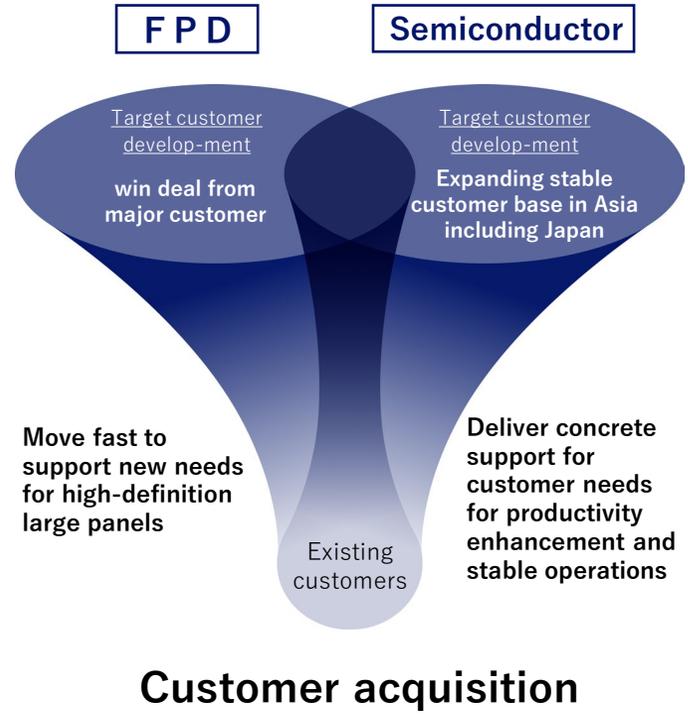
■ Add customer accounts

- FPD: For G8, win deal from major customer and develop other customers
- Semiconductor: Expanding stable customer base in Asia including Japan

■ Expand value proposition

- FPD: Improve profitability with expanded sales of new model for high definition and productivity
- Semiconductor: Reinforce product portfolio by promotion of renewing models of ArF immersion, ArF, KrF and I-line stepper
- Service: Expand earnings with value-added work from relocations to modifications

Business strategy



Renewing semi models

Launch the ArF immersion scanner NSR-S636E, which boasts our highest productivity ever



Launch our ArF immersion scanner NSR-S625E for middle critical layers to support a diverse range of customer needs



For the first time in 25 years, Nikon launched a new I-line stepper, the NSR-2205iL1, which boasts 5X reduction and supports a broad range of semiconductor devices at high cost performance



Meet customer demand, strengthen product competitiveness and promote customer acquisition

Vision

Grow together with customers as we support their innovation

Earnings plan

Get to ¥20.0B+ in operating profit by doubling revenues

	FY 22	FY 23	FY 24 Outlook	FY 25 Target
Revenue	¥53.0B	¥85.9B	¥85.0B	¥110.0B
Operating Profit	¥22.0B	¥15.1B	¥17.0B	¥26.0B

Progress in FY 23

■ Add customer accounts

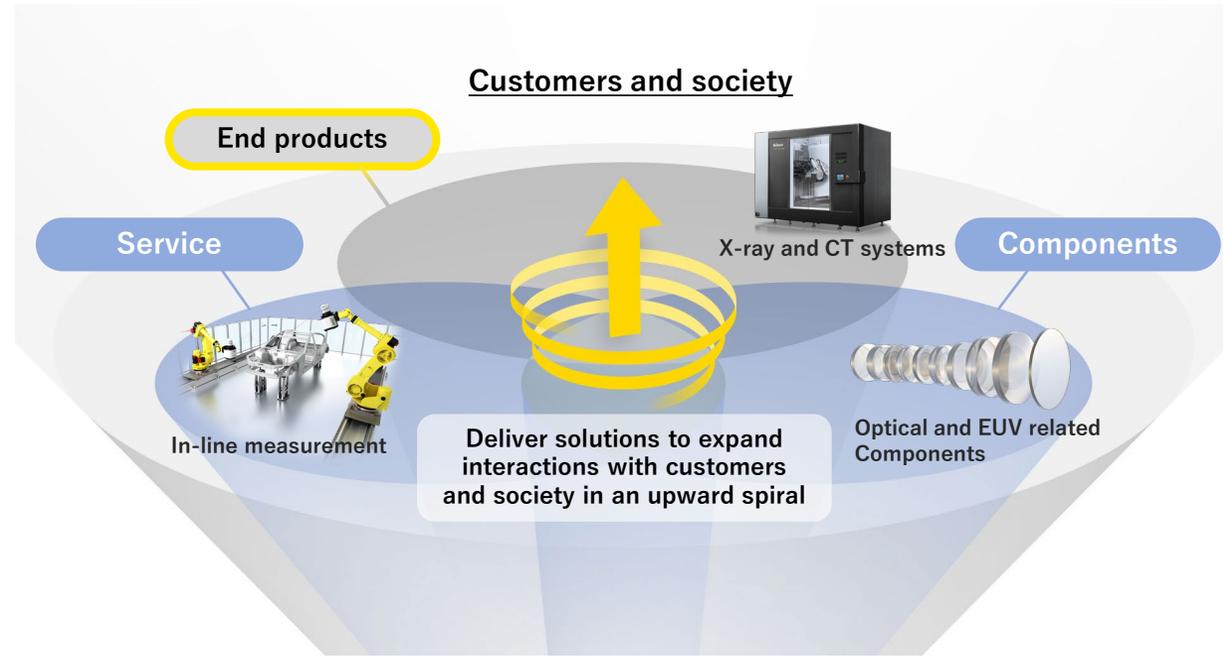
- In optical components, making progress mainly in Japan to win customers in fields related to semiconductors. Also, strengthening overseas with business integration.
- Leverage Avonix (US) acquisition to win X-ray and CT system customers in automotive and aerospace markets

■ Expand value proposition

- Making progress winning adoption of future products such as optical components, EUV related components and encoders that support the expanding need for advanced applications
- Build integrated supply regime across end products, service and components through business integration

Business strategy

Strengthen optimized solutions for customers



Strengthen structure to deliver solutions integrated across end products, service and components

* Expressed by new segmentation, which started with FY 23

Vision

Enable innovations in manufacturing with applied optics application technologies

Earnings plan

Leverage alliances to get to 10%+ annual revenue growth

	FY 22	FY 23	FY 24 Outlook	FY 25 Target
Revenue	¥42.0B	¥21.0B	¥28.0B	¥35.0B
Operating Profit	-¥10.1B	-¥14.0B	-¥9.5B	-¥5.0B

Progress in FY 23

■ Add customer accounts

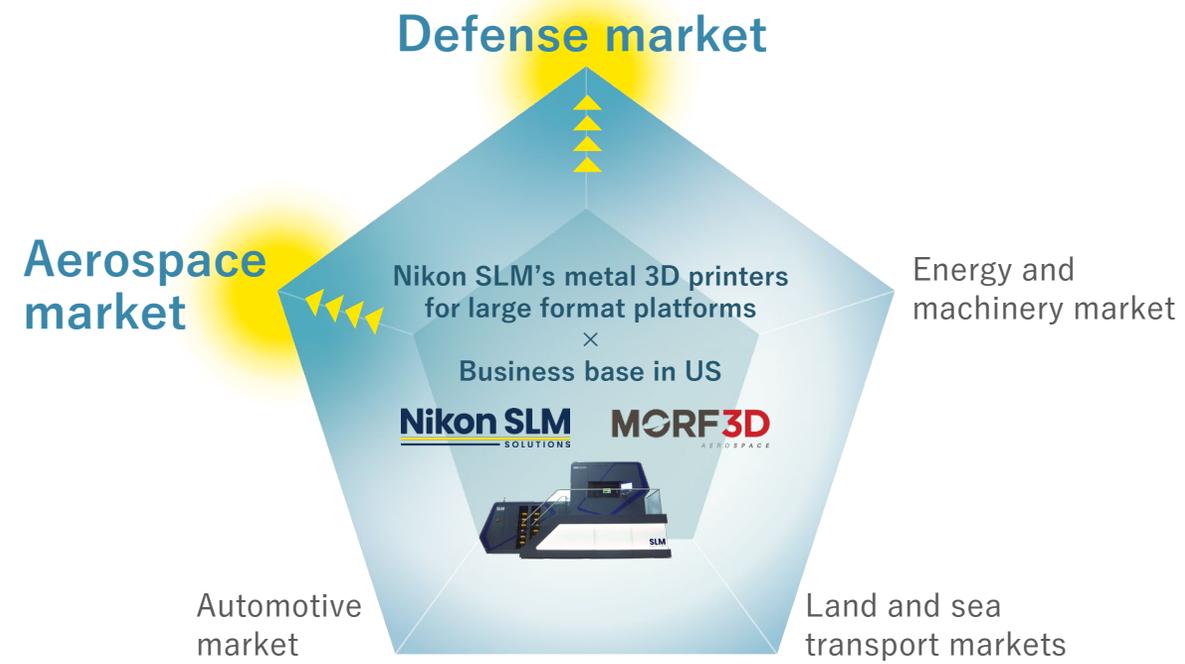
- Obtained 150+ customers with SLM(Germany) acquisition
- Leverage our foothold in US, the largest market, to make a full entry into the enormous markets of defense and aerospace, where we used to have only limited exposure

■ Expand value proposition

- Advance larger-scale formats for Nikon SLM's high-speed, high-precision metal 3D printer. Also, combine with application development to address new needs.
- Combine the two different metal 3D printing methodologies from Nikon and SLM to support a variety of precision machining needs

Business strategy

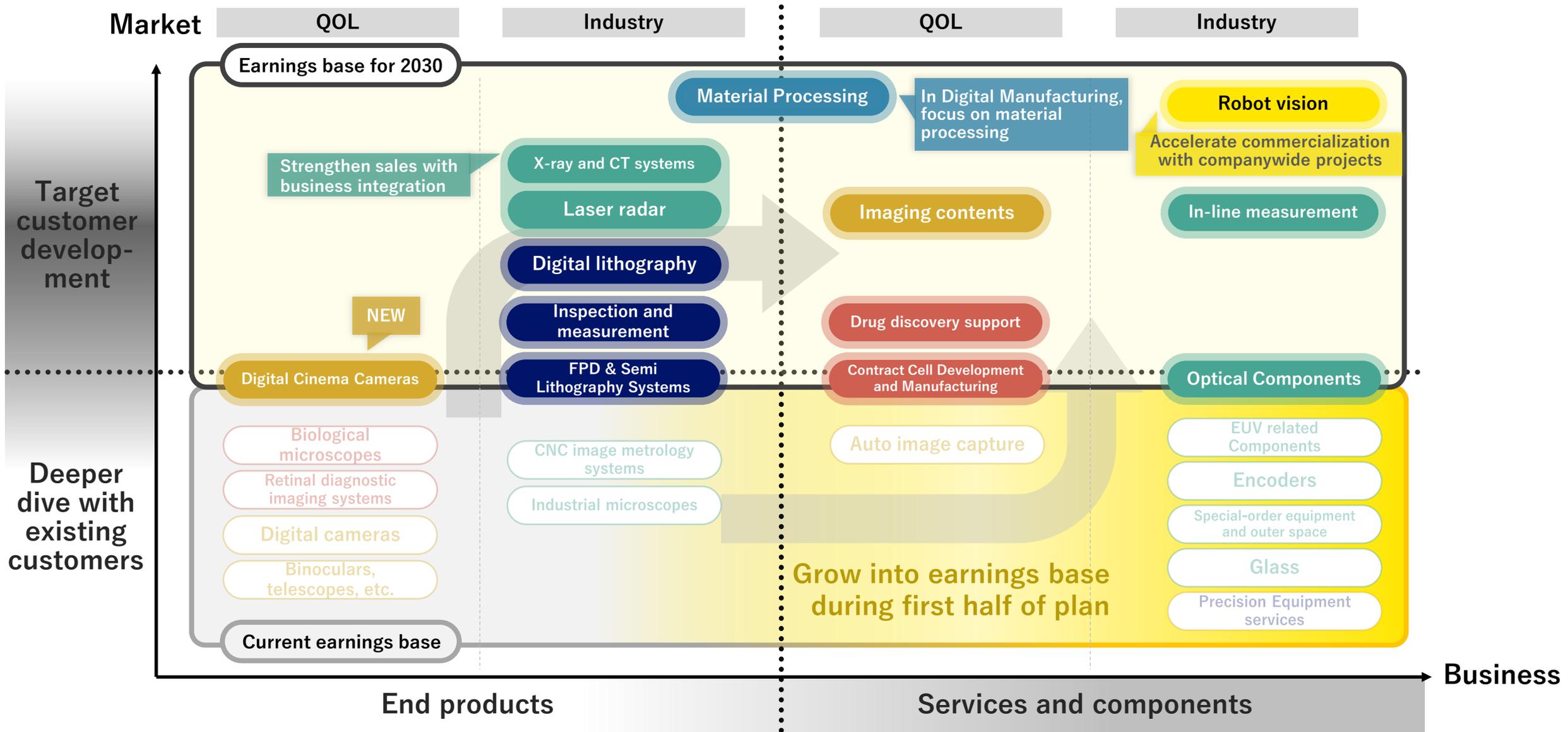
Develop target customers in focus markets



**Turn profitable in FY 25 at Nikon SLM on a standalone basis.
Become profitable in the overall business in FY 26**

* Expressed by new segmentation, which started with FY 23

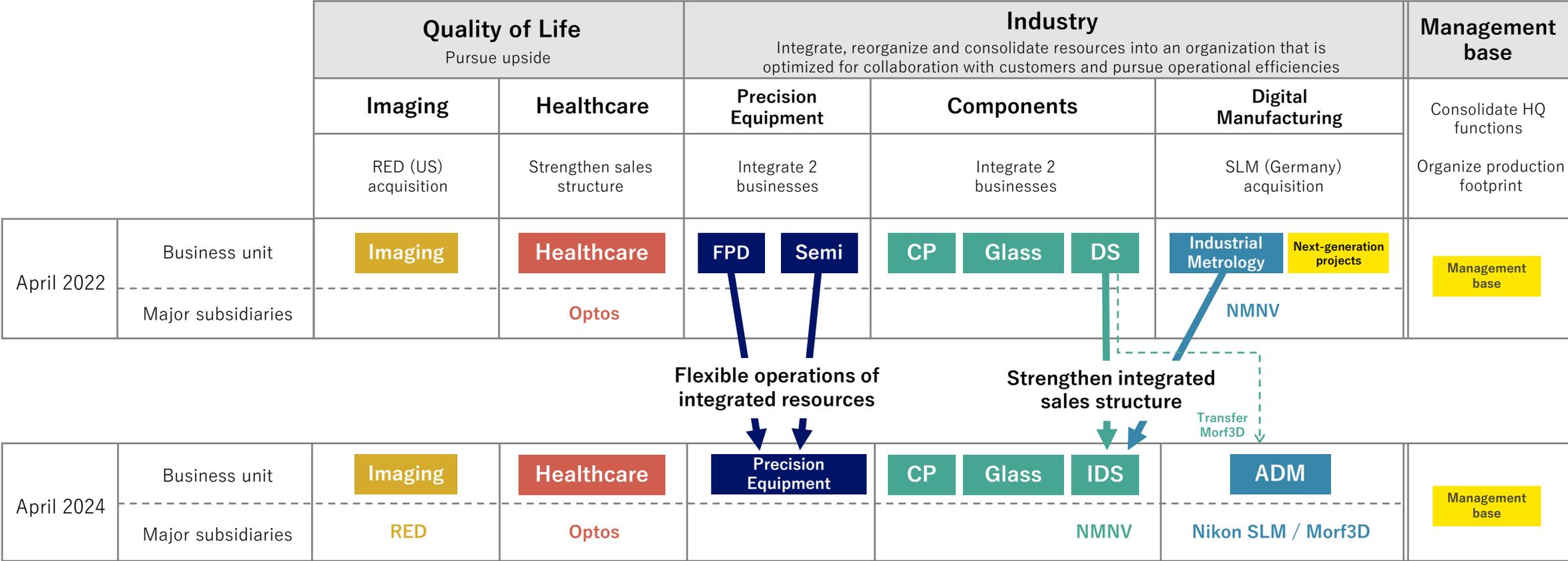
Growth by “Target Customer Development” and “Services and Components”



* Subsegment colors correspond to business listed to the right.

Business operation structure

Co-create with customers while we pursue both **growth investment and efficiencies**



Pursue synergy of integration and cost reduction by structure optimization

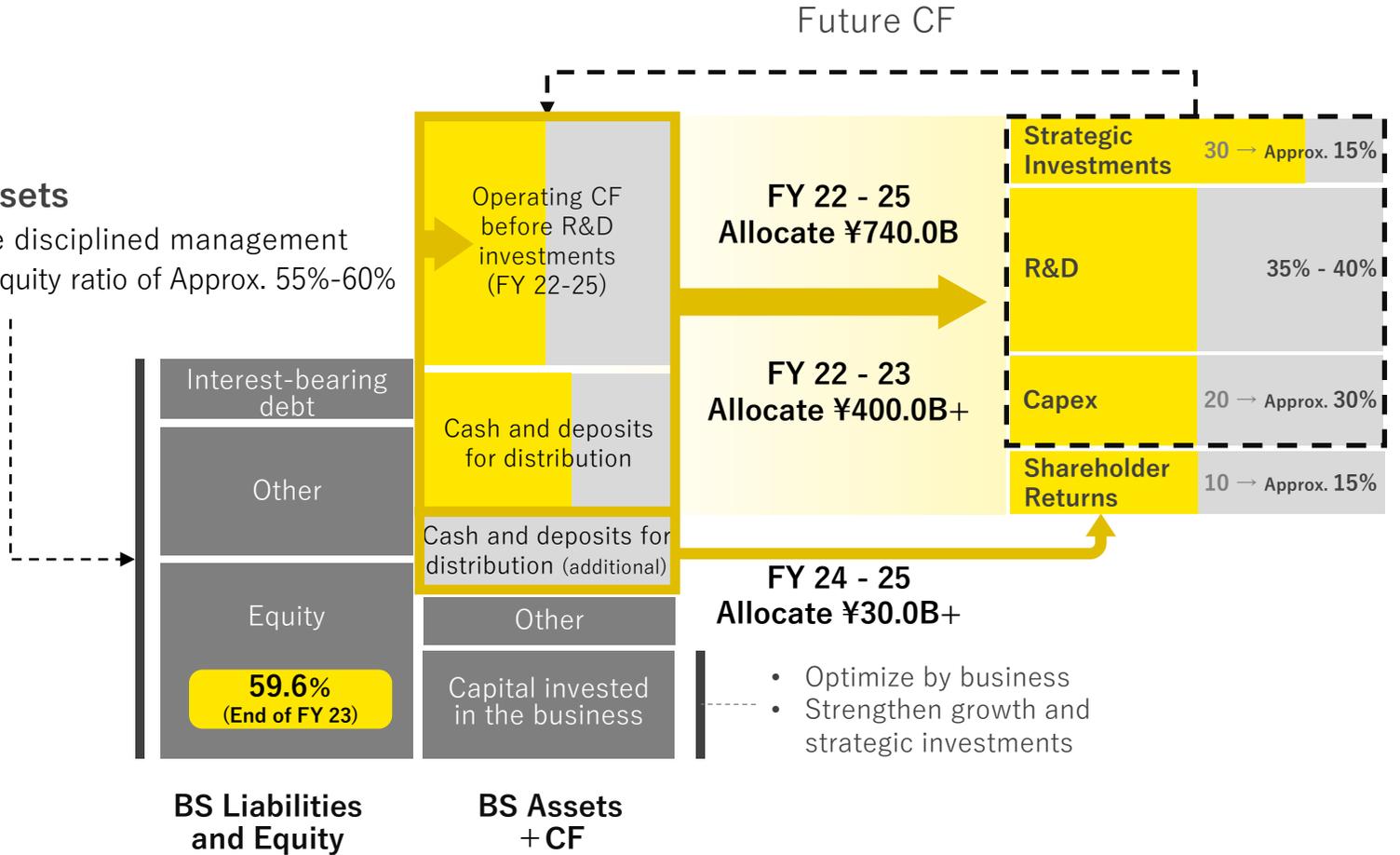
* CP = Custom Products, DS = Digital Solutions, IDS = Industrial Solutions, NMNV = Nikon Metrology NV, ADM = Advanced Manufacturing

Capital Allocation

Promote both investment in sustained growth and strengthening of shareholder returns

Total assets

- Continue disciplined management
- Aim for equity ratio of Approx. 55%-60%



- Pause major M&A after SLM (Germany) and RED (US)
- Continue to invest in talent
- Added SLM (Germany) and RED (US)
- Prioritized investment in areas that can generate future revenues
- Add production capacity in lenses and components. Strengthen DX investments.
- Total shareholder returns has been trending at or above the targeted 40%
- Step up dividend to reach ¥60 in FY 25
- Sell off cross-shareholdings. Implement share buybacks opportunistically with cash generated through balance sheet efficiencies.
- Began construction on new, environmentally friendly HQ building where business development and advanced R&D will be consolidated

Enhance growth investment and shareholder returns based on a medium- to long-term direction

* The yellow bar indicates the approximate progress and completion rate.

Corporate Governance | Board Composition after Annual General Shareholders' Meeting

Nominees for Directors and Nominees for Members of Nominating Committee and Compensation Committee

Directors			Members of Nominating Committee	Members of Compensation Committee
Chairman of the Board *	Shiro Hiruta		Chairperson Shiro Hiruta *	Chairperson Makoto Sumita *
Director *	Makoto Sumita		Shigeru Murayama *	Tsuneyoshi Tatsuoka *
Director *	Tsuneyoshi Tatsuoka		Asako Yamagami *	Michiko Chiba *
Representative Director	Toshikazu Umatate		Toshikazu Umatate	Toshikazu Umatate
Representative Director	Muneaki Tokunari		Muneaki Tokunari	Muneaki Tokunari
Director	Yasuhiro Ohmura	New Appointment		
Director, Chairperson of Audit and Supervisory Committee *	Shigeru Murayama	New Appointment		
Director, Audit and Supervisory Committee Member *	Asako Yamagami			
Director, Audit and Supervisory Committee Member *	Michiko Chiba			
Director, Full-time Audit and Supervisory Committee Member	Satoshi Hagiwara			
Director, Full-time Audit and Supervisory Committee Member	Seiji Kikuchi	New Appointment		

* Indicates Independent External Director

(Note) Chairman of the Board, Representative Directors, Chairperson of Audit and Supervisory Committee and Full-time Audit and Supervisory Committee Members, and Chairperson and Members of each of Nominating Committee and Compensation Committee will be appointed at the Board Meeting or the Audit and Supervisory Committee to be held after the Annual General Shareholders' Meeting (June 2024).

Disclaimer Regarding Forecast and Projections

Forward-looking statements for earnings and other performance data contained herein are based on information currently available to the Company, and all potential risks and uncertainties are taken into account.

The Company asks that investors understand that changes in conditions may cause actual performance to significantly differ from these projections.

