

Securities Code: 7731  
June 11, 2021  
NIKON CORPORATION  
Toshikazu Umatate  
Representative Director  
President

Dear Shareholders,

Amendment to the Notice of the 157th Annual General Shareholders' Meeting

The following revisions are made in relation to an item in the segment “Business Report” of the Notice of the 157th Annual General Shareholders' Meeting dispatched on June 8, 2021.

1. Revised item

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(ii) Capital investments

2. Revisions (the revised parts are underlined.)

	Original	Revised
Total capital investments	<u>31,697</u> million yen	<u>30,531</u> million yen
Amount of investment in the Healthcare Business	<u>2,806</u> million yen	<u>2,587</u> million yen
Amount of investment in the Industrial Metrology and Others.	<u>7,385</u> million yen	<u>6,438</u> million yen

This is a translation of the original Japanese “Notice of the 157th Annual General Shareholders’ Meeting” prepared for the convenience of non-Japanese speakers. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Securities Code: 7731

June 8, 2021

NIKON CORPORATION

15-3, Konan 2-chome, Minato-ku, Tokyo

Dear Shareholder,

### **Notice of the 157th Annual General Shareholders’ Meeting**

You are cordially notified that our 157th Annual General Shareholders’ Meeting will be held as outlined below.

In light of measures to prevent the spread of COVID-19, we would like to strongly request our shareholders to exercise your voting rights in advance by mail or via the Internet if at all possible, and refrain from attending this General Meeting of Shareholders on the date of the meeting, regardless of your health conditions.

In exercising your voting rights by mail or via the Internet, please review the attached Reference Materials for the General Shareholders’ Meeting and exercise no later than 5:00 p.m. on Monday, June 28, 2021.

Sincerely yours,

Toshikazu Umatate  
Representative Director  
President

**1. Date & Time:** 10:00 a.m., June 29, 2021 (Tuesday)

**2. Place:** Hall on the fifth floor of Tokyo Conference Center Shinagawa  
9-36, Konan 1-chome, Minato-ku, Tokyo  
(Please note that the venue has been changed from last year.)

**3. Agenda:**

**Matters to be reported**

1. Business report, Consolidated Financial Statements, and audit reports concerning Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee for the 157th term (April 1, 2020 to March 31, 2021)
2. Non-Consolidated Financial Statements for the 157th term (April 1, 2020 to March 31, 2021)

**Matters to be resolved**

**Item 1:** Appropriation of Surplus

**Item 2:** Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

**Item 3:** Election of One Director Who Is an Audit and Supervisory Committee Member

**Item 4:** Determination of the Amount and Contents of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

<Requests to shareholders>

- \* There may be changes to the above measures depending on the status of the spread of infections and the details of announcements made by the national government, etc. until the date of the General Shareholders' Meeting. For updated information, please check our website ([https://www.nikon.com/about/ir/stock\\_info/meeting/index.htm](https://www.nikon.com/about/ir/stock_info/meeting/index.htm)).
- \* In the course of exercising voting rights in mail, there will be a risk of infections associated with the process of returning your votes or with the process of counting the votes. Accordingly, when exercising your voting rights in advance, we request our shareholders to exercise your voting rights via the internet, if at all possible.
- \* To ensure social distancing, the number of seats available will be significantly fewer than usual. As such, there is a possibility that some attendees may be denied entry to the venue.
- \* Alcohol-based disinfectants will be provided for shareholders at the entrance of the venue. We kindly request our shareholders attending the meeting to bring and wear a mask.
- \* We will check the body temperatures of prospective attendees at the entrance of the venue. Attendees who are deemed to have a fever, feel unwell, or those who have returned from overseas in the past 14 days may be denied entry to the venue. Please inform the reception staff if you have returned from overseas in the past 14 days.
- \* The operating staff will also check their own physical conditions, including measuring their body temperature, and wear masks at the venue.
- \* In order to shorten the duration of the meeting to help prevent the spread of COVID-19, the detailed explanations of matters to be reported (including audit reports) and proposal items at the meeting venue will be omitted. We kindly request our shareholders to read this convocation notice in advance.

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\* Pursuant to the relevant laws and regulations and the provisions of the Company's Articles of Incorporation, among other documents to be attached to this notice, matters to be stated or presented in "Subscription rights to shares" and "Framework to ensure fair business activity" in the Business Report, "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" in the Consolidated Financial Statements, and "Non-Consolidated Statement of Changes in Net Assets" and "Notes to the Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements are posted on the Company's website and are not attached to this notice. The Audit and Supervisory Committee and the Accounting Auditor have audited documents subject to audit including the above documents posted on the Company's website.

\* Any revisions to the Reference Materials for the General Shareholders' Meeting as well as to the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements will be posted on the Company's website.

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## Reference Materials for the General Shareholders' Meeting

### Item 1: Appropriation of Surplus

It is proposed that surplus be appropriated as follows:

Matters concerning year-end dividends

The Company's policy on shareholder returns is basically to pay a stable dividend from the perspective of shareholder's value, while striving to reinforce its competitiveness by expanding the investment on the business and development of technology for future growth, while simultaneously realizing appropriate capital allocation flexibly from a mid to long-term perspective.

Based on this policy, it is proposed that a year-end dividend be paid out as follows.

(1) Type of dividend assets

Cash

(2) Allotment of dividend assets to shareholders and total amount

10 yen per Company common stock

Total payment of dividends: 3,677,656,480 yen

(3) Effective date of dividends from surplus

June 30, 2021

The annual dividend for the fiscal year under review, including an interim dividend, will be 20 yen per Company common stock.

**Item 2: Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

The terms of office for all six Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this General Shareholders' Meeting. Accordingly, the Company propose that six Directors (excluding Directors who are Audit and Supervisory Committee Members) be elected.

The Audit and Supervisory Committee has reported that there are no matters to be addressed with regard to the election of Directors (excluding Directors who are Audit and Supervisory Committee Members).

The candidates are as follows:

Candidate number	Name	Status of committees attended	Attendance at meetings of the Board of Directors*
1	[Reappointment] Kazuo Ushida	Nominating Committee Compensation Committee	100% (15 of 15)
2	[Reappointment] Toshikazu Umatate	Nominating Committee Compensation Committee	100% (15 of 15)
3	[Reappointment] Takumi Odajima		100% (15 of 15)
4	[Reappointment] Muneaki Tokunari		100% (12 of 12)
5	[External/ Independent/ Reappointment] Akio Negishi	Nominating Committee Compensation Committee	100% (15 of 15)
6	[External/ Independent/ Reappointment] Shigeru Murayama	Compensation Committee	100% (12 of 12)

\* Since Muneaki Tokunari and Shigeru Murayama were newly appointed at the 156th Annual General Shareholders' Meeting held on June 26, 2020, the number of meetings held, the number of meetings attended, and the participation rate are indicated based on the number of meetings held after their appointment.

Candidate number 1	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p style="text-align: center;">Kazuo Ushida</p> <p>Date of birth: January 25, 1953 (Age: 68)</p> <p>Shares held in the Company: 38,199 shares</p> <p>Years of service as Director: 16 years</p>	<p>Apr. 1975: Joined the Company</p> <p>Jun. 2003: Corporate Vice President, General Manager of Development Headquarters, Precision Equipment Company, the Company</p> <p>Jun. 2005: Managing Director, Member of the Board &amp; Executive Vice President, President of Precision Equipment Company, the Company</p> <p>Jun. 2007: Director, Member of the Board &amp; Executive Vice President, President of Precision Equipment Company, the Company</p> <p>Jun. 2009: Director, Member of the Board &amp; Executive Vice President, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, the Company</p> <p>Jun. 2013: Representative Director, Member of the Board &amp; Senior Executive Vice President, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, Vice Officer in charge of Corporate Planning Headquarters, the Company</p> <p>Jun. 2014: President and Representative Director, Overseeing Medical Business Development Division and Business Development Division, the Company</p> <p>Jun. 2015: President and Representative Director, Overseeing Corporate Strategy Division, Medical Business Development Division and Business Development Division, the Company</p> <p>Jun. 2016: President and Representative Director, Officer in charge of Business Development Division, the Company</p> <p>Jun. 2017: President and Representative Director, Officer in charge of Business Development Division, Optical Engineering Division and Research &amp; Development Division, the Company</p> <p>Apr. 2019: Representative Director and Chairman of the Board, the Company</p> <p>Apr. 2020: Chairman of the Board, the Company</p> <p>Jun. 2021: Director and Chairman of the Board, the Company (scheduled to assume office in June 2021)</p> <p>[Important concurrent positions outside the Company] Director and Audit &amp; Supervisory Committee Member of Toyo Kanetsu K.K. (scheduled to assume office in June 2021)</p> <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Kazuo Ushida has been engaged mainly in development of the semiconductor lithography systems since joining the Company, and has served as General Manager of Development Headquarters and President of Precision Equipment Company. He has led the restructuring as a President, exploiting his experience in business operation cultivated in the globally competitive environment of the cutting-edge semiconductor lithography market. As he is sufficiently qualified for directorship, we nominate him as a candidate to continue as Director.</p>
<p>Note: Kazuo Ushida is currently Director of the Company, and the Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act under which he is included as an insured person. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company, and the insured person bears approximately 10% of the insurance premium. If reappointment of Kazuo Ushida is approved, he will continue to be included as an insured person in this insurance contract. The Company intends to renew this insurance contract with the same terms and conditions during his term of office.</p>	

Candidate number 2	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Toshikazu Umatate</p> <p>Date of birth: March 1, 1956 (Age: 65)</p> <p>Shares held in the Company: 25,565 shares</p> <p>Years of service as Director: 2 years</p>	<p>Apr. 1980: Joined the Company</p> <p>Jun. 2005: Corporate Vice President, General Manager of Development Headquarters, Precision Equipment Company, the Company</p> <p>Jun 2009: Corporate Vice President, Vice President of Precision Equipment Company &amp; General Manager of Sales Headquarters, Precision Equipment Company, the Company</p> <p>Jun. 2012: Senior Vice President, Vice President of Precision Equipment Company &amp; General Manager of Semiconductor Equipment Division, Precision Equipment Company, the Company</p> <p>Jun. 2014: Senior Vice President, General Manager of Semiconductor Lithography Business Unit, the Company</p> <p>Apr. 2018: Senior Vice President, General Manager of Semiconductor Lithography Business Unit, Officer in charge of Technology Strategy and Precision Components &amp; Modules Business Unit, the Company</p> <p>Apr. 2019: President, Officer in charge of Business Development Division, Research &amp; Development Division and Precision Components &amp; Modules Business Unit, the Company</p> <p>Jun. 2019: President, CEO and Representative Director, Officer in charge of Business Development Division, Research &amp; Development Division and Precision Components &amp; Modules Business Unit, the Company</p> <p>Jul. 2019: President, CEO and Representative Director, Officer in charge of Research &amp; Development Division, Next Generation Project Division and Precision Components &amp; Modules Business Unit, the Company</p> <p>Apr. 2020: Representative Director and President, CEO, Officer in charge of Research &amp; Development Division, Design Center and Digital Solutions Business Unit</p> <p>Apr. 2021: Representative Director and President, CEO, CTO, Officer in charge of Design Center and Research &amp; Development Division (to present)</p> <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Toshikazu Umatate has been engaged mainly in development of the semiconductor lithography systems since joining the Company and has served as General Manager of Development Headquarters and General Manager of Semiconductor Equipment Division, among other positions. He comprehensively grasps the current technology portfolio and is involved in the formulation of Company-wide growth strategies as Chairman of Technology Strategy Committee. As he is sufficiently qualified for directorship, we nominate him as a candidate to continue as Director.</p>
<p>Note: Toshikazu Umatate is currently Director of the Company, and the Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act under which he is included as an insured person. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company, and the insured person bears approximately 10% of the insurance premium. If reappointment of Toshikazu Umatate is approved, he will continue to be included as an insured person in this insurance contract. The Company intends to renew this insurance contract with the same terms and conditions during his term of office.</p>	



Candidate number 3	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p data-bbox="293 568 432 591">Takumi Odajima</p> <p data-bbox="252 622 437 696">Date of birth: December 5, 1958 (Age: 62)</p> <p data-bbox="252 723 469 768">Shares held in the Company: 12,200 shares</p> <p data-bbox="252 795 464 840">Years of service as Director: 4 years</p>	<p data-bbox="499 383 794 405">Apr. 1981: Joined the Company</p> <p data-bbox="499 409 1374 454">Jun. 2012: Corporate Vice President, General Manager of Planning Headquarters, Precision Equipment Company, the Company</p> <p data-bbox="499 459 1185 481">Jun. 2014: Corporate Vice President, Corporate Strategy Division, the Company</p> <p data-bbox="499 486 1337 530">Dec. 2016: Corporate Vice President, Corporate Strategy Division and Deputy General Manager of Human Resources &amp; Administration Division, the Company</p> <p data-bbox="499 535 1385 580">Jun. 2017: Senior Vice President and Director, General Manager of Human Resources &amp; Administration Division, the Company</p> <p data-bbox="499 584 1385 629">Apr. 2018: Senior Vice President and Director, General Manager of Human Resources &amp; Administration Division, Officer in charge of Risk Management, the Company</p> <p data-bbox="499 633 1378 730">Apr. 2020: Representative Director and Executive Vice President, General Manager of Human Resources &amp; Administration Division, Officer in charge of Risk Management, Internal Audit Department, Information Security Department and Intellectual Property Division, the Company</p> <p data-bbox="499 734 1350 808">Apr. 2021: Representative Director and Executive Vice President, CAO, CRO, General Manager of Group Governance &amp; Administration Division, Officer in charge of Information Security Department and Legal &amp; Intellectual Property Division, the Company (to present)</p> <p data-bbox="499 813 783 857">[Special interests in the Company] None</p> <p data-bbox="499 862 1378 1025">[Reasons for candidacy] Takumi Odajima, after having been engaged primarily in the sales and business planning sections of the Instruments Business, has served as General Manager of Corporate Planning Department, General Manager of Planning Headquarters, Precision Equipment Company, and General Manager of Human Resources &amp; Administration Division. As he possesses a wealth of experience as the person responsible for promoting important policies, he is sufficiently qualified for directorship. Therefore, we nominate him as a candidate to continue as Director.</p>
<p data-bbox="252 1032 304 1055">Note:</p> <p data-bbox="252 1059 1385 1196">Takumi Odajima is currently Director of the Company, and the Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act under which he is included as an insured person. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company, and the insured person bears approximately 10% of the insurance premium. If reappointment of Takumi Odajima is approved, he will continue to be included as an insured person in this insurance contract. The Company intends to renew this insurance contract with the same terms and conditions during his term of office.</p>	

Candidate number 4	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Muneaki Tokunari</p> <p>Date of birth: March 6, 1960 (Age: 61)</p> <p>Shares held in the Company: 3,600 shares</p> <p>Years of service as Director: 1 year</p>	<p>Apr. 1982: Joined The Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation)</p> <p>Oct. 2005: General Manager, Frontier Strategy Planning and Support Division of the said Company</p> <p>Apr. 2007: Assistant to the Executive Officer of the said Company and General Manager, Financial Planning Division of Mitsubishi UFJ Financial Group, Inc.</p> <p>Jun. 2009: Executive Officer of the said Company and General Manager, Financial Planning Division of Mitsubishi UFJ Financial Group, Inc.</p> <p>Jun. 2010: Executive Officer and General Manager, Corporate Planning Division of the said Company</p> <p>Jun. 2011: Managing Executive Officer and General Manager, Corporate Planning Division of the said Company</p> <p>Jun. 2012: Managing Director in charge of Corporate Planning Division, Frontier Strategy Planning and Support Division, Human Resources Division and Employee Counselling Office of the said Company</p> <p>Jun. 2013: Senior Managing Director in charge of Corporate Planning Division, Frontier Strategy Planning and Support Division, Human Resources Division and Employee Counselling Office of the said Company</p> <p>Jun. 2014: Senior Managing Director in charge of Corporate Planning Division and Frontier Strategy Planning and Support Division of the said Company</p> <p>Jun. 2015: Director, Managing Executive Officer and Group CFO of Mitsubishi UFJ Financial Group, Inc. and Managing Director and CFO of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.)</p> <p>May 2016: Director, Senior Managing Executive Officer and Group CFO of the said Company and Senior Managing Director and CFO of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun. 2018: Senior Managing Executive Officer and Group CFO of the said Company and Senior Managing Director and CFO of MUFG Bank, Ltd.</p> <p>Apr. 2020: Executive Vice President, CFO, Officer in charge of Finance &amp; Accounting Division, the Company</p> <p>June 2020: Director and Executive Vice President, CFO, Officer in charge of Finance &amp; Accounting Division, the Company</p> <p>Apr. 2021: Director and Executive Vice President, CFO, Officer in charge of Internal Audit Department, Corporate Sustainability Department, Finance &amp; Accounting Division and IT Solutions Division, the Company (to present)</p> <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Muneaki Tokunari joined Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation) in 1982. He served as the manager of planning divisions and CFO at Mitsubishi Trust and Banking Corporation and Mitsubishi UFJ Financial Group, Inc., and as the CFO of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.). He possesses extensive business experience and broad-ranging knowledge cultivated in a trust bank and a commercial bank. As he is sufficiently qualified for directorship, we nominate him as a candidate for Director.</p>
<p>Note:</p>	<p>Muneaki Tokunari is currently Director of the Company, and the Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act under which he is included as an insured person. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company, and the insured person bears approximately 10% of the insurance premium. If reappointment of Muneaki Tokunari is approved, he will continue to be included as an insured person in this insurance contract. The Company intends to renew this insurance contract with the same terms and conditions during his term of office.</p>

Candidate number 5	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>External/Independent</p> <p>Akio Negishi</p> <p>Date of birth: October 31, 1958 (Age: 62)</p> <p>Shares held in the Company: 0 shares</p> <p>Years of service as External Director: 5 years</p>	<p>Apr. 1981: Joined Meiji Life Insurance Company (current Meiji Yasuda Life Insurance Company)</p> <p>Jul. 2009: Executive Officer of the said Company</p> <p>Apr. 2012: Managing Executive Officer of the Said Company</p> <p>Jul. 2013: Director, President, Representative Executive Officer of the said Company (scheduled to retire in July 2021)</p> <p>Jun. 2016: External Director, the Company (to present)</p> <p>Jul. 2021 Chairman of the Board of Meiji Yasuda Life Insurance Company (scheduled to assume office in July 2021)</p> <p>[Important concurrent positions outside the Company]</p> <p>Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company (scheduled to retire in July 2021 and assume office as Chairman of the Board of the said Company)</p> <p>Member of the Board of Directors, Member of the Audit &amp; Supervisory Committee of MUFG Bank, Ltd. (scheduled to assume office in June 2021)</p> <p>[Special interests in the Company]</p> <p>The Company borrows loans from Meiji Yasuda Life Insurance Company, of which Akio Negishi is President, Representative Executive Officer. The amounts of transactions with the company in the past three years account for less than 1% of consolidated net sales of each of the company and the Company for each year, which meets the independence criteria set by the Company (see page 13).</p> <p>[Reasons for candidacy and overview of expected roles]</p> <p>Akio Negishi serves as President, Representative Executive Officer of Meiji Yasuda Life Insurance Company, and possesses many years of management experience and exceptional knowledge, and we believe that he will be able to contribute to the Company's management overall from a big-picture perspective. He also meets the independence criteria set by the Company, and we expect that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>
<p>Notes:</p> <ol style="list-style-type: none"> <li>1. Akio Negishi is a candidate for the position of External Director as provided for under the Companies Act. The Company has reported him to Tokyo Stock Exchange, Inc. as an independent director. He will have served as External Director for the Company for five years at the conclusion of this General Shareholders' Meeting.</li> <li>2. If this proposal is approved, the Company intends to continue an agreement with Akio Negishi that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.</li> <li>3. Akio Negishi is currently Director of the Company, and the Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act under which he is included as an insured person. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company, and the insured person bears approximately 10% of the insurance premium. If reappointment of Akio Negishi is approved, he will continue to be included as an insured person in this insurance contract. The Company intends to renew this insurance contract with the same terms and conditions during his term of office.</li> </ol>	

Candidate number 6	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>External/Independent</p> <p>Shigeru Murayama</p>	<p>Apr. 1974: Joined Kawasaki Heavy Industries, Ltd.</p> <p>Apr. 2005: Executive Officer of the said Company</p> <p>Apr. 2008: Managing Executive Officer of the said Company</p> <p>Jun. 2010: Representative Director and Senior Vice President of the said Company</p> <p>Jun. 2013: Representative Director and President of the said Company</p> <p>Jun. 2016: Representative Director and Chairman of the said Company</p> <p>Jun. 2017: Chairman of the Board of the said Company</p> <p>Jun. 2020: Senior Advisor of the said Company (to present)</p> <p>Jun. 2020: External Director, the Company (to present)</p>
<p>Date of birth:</p> <p>February 27, 1950</p> <p>(Age: 71)</p>	<p>[Important concurrent positions outside the Company]</p> <p>Senior Advisor of Kawasaki Heavy Industries, Ltd.</p>
<p>Shares held in the Company:</p> <p>500 shares</p>	<p>[Special interests in the Company]</p> <p>The Company has had an outsourcing transaction relationship with Kawasaki Heavy Industries, Ltd., for which Shigeru Murayama serves as Senior Advisor, for the past three years. The amounts of transactions with the company for the past three years account for less than 1% of consolidated net sales of each of the company and the Company for each year, which meets the independence criteria set by the Company (see page 13).</p>
<p>Years of service as External Director:</p> <p>1 year</p>	<p>[Reasons for candidacy and overview of expected roles]</p> <p>Shigeru Murayama served as Representative Director of Kawasaki Heavy Industries, Inc. and other important positions, and possesses long years of management experience and outstanding insight, and we believe that he will be able to contribute to the Company's overall management from a big-picture perspective. He also meets the independence criteria set by the Company, and we expect that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>
<p>Notes:</p> <ol style="list-style-type: none"> <li>Shigeru Murayama is a candidate for the position of External Director as provided for under the Companies Act. The Company has reported him to Tokyo Stock Exchange, Inc. as an independent director. He will have served as External Director for the Company for one year at the conclusion of this General Shareholders' Meeting.</li> <li>If this proposal is approved, the Company intends to continue an agreement with Shigeru Murayama that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.</li> <li>Shigeru Murayama is currently Director of the Company, and the Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act under which he is included as an insured person. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company, and the insured person bears approximately 10% of the insurance premium. If reappointment of Shigeru Murayama is approved, he will continue to be included as an insured person in this insurance contract. The Company intends to renew this insurance contract with the same terms and conditions during his term of office.</li> </ol>	

**Item 3: Election of One Director Who Is an Audit and Supervisory Committee Member**

The term of office for Takaharu Honda, a Director who is an Audit and Supervisory Committee Member will expire at the conclusion of this General Shareholders’ Meeting. Accordingly, it is proposed that one Director who is an Audit and Supervisory Committee Member be elected.

The consent of the Audit and Supervisory Committee has been obtained for this item.

The candidate is as follows:

<p>Satoshi Hagiwara</p> <p>Date of birth: July 18, 1961 (Age: 59)</p> <p>Shares held in the Company: 11,200 shares</p> <p>Years of service as Director: 0 years</p>	<p>Career summary, position and duties at the Company, and important concurrent positions outside the Company</p>	
	<p>Apr. 1985:    Joined the Company</p> <p>Jun. 2015:    Corporate Vice President, General Manager of Finance &amp; Accounting Division, the Company</p> <p>Jun. 2017:    Senior Vice President and Director, General Manager of Finance &amp; Accounting Division, Deputy General Manager of Corporate Strategy Division, the Company</p> <p>Apr. 2019:    Senior Vice President and Director, General Manager of Corporate Strategy Division, Officer in charge of Glass Business Unit, the Company</p> <p>Apr. 2020:    Senior Vice President and Director, General Manager of Corporate Strategy Division, the Company</p> <p>Jun. 2020:    Senior Vice President, General Manager of Corporate Strategy Division, the Company</p> <p>Apr. 2021:    Senior Vice President, the Company (to present)</p>	
	<p>[Special interests in the Company]</p> <p style="text-align: center;">None</p>	
	<p>[Reasons for candidacy]</p> <p>Satoshi Hagiwara has been engaged in the finance and accounting sections since joining the Company, and has served as General Manager of Finance &amp; Accounting Division and General Manager of Corporate Strategy Division. As he possesses a high degree of expertise and outstanding insight in finance and accounting, we believe that he is qualified to fulfill the responsibilities of an Audit and Supervisory Committee Member, and therefore nominate him as a candidate for Director who is an Audit and Supervisory Committee Member.</p>	
	<p>Notes:</p>	
	<p>1. If this proposal is approved, the Company intends to conclude an agreement with Satoshi Hagiwara that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.</p> <p>2. Satoshi Hagiwara is currently Corporate Vice President of the Company, and the Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act under which he is included as an insured person. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company. The Company intends to renew this insurance contract with the same terms and conditions during his term of office.</p>	

(Reference)

### **Criteria for determining independence of external directors**

In addition to the requirement for external directors under the Companies Act, the Company judges that an external director candidate is independent if he/she does not fall into any of the following requirements.

- a) The candidate serves or had served the Group in the past.
- b) The candidate is a "major client or supplier\*" of the Company or an executive thereof.
- c) The candidate is a major shareholder of the Company or an executive of the said major shareholder.
- d) The candidate had served in the past at a company whose directors are concurrently serving as the Company's external director and vice versa.
- e) The candidate is a person who belongs to a company or organization that receives a donation from the Company or a person who had served in the past at said company or organization.
- f) The candidate's relative within the second degree of kinship serves as an important executive of a "major client or supplier" of the Group or the Company.

\* "Major client or supplier" refers to a client or supplier that fall into either of the following.

- (1) A client or supplier with whom the Company has transaction that falls into the following, in any of the past three years
  - a party which receives payment from the Company equivalent to 2% of the party's consolidated net sales or 100.0 million yen, whichever the greater
  - a party which makes payments to the Company equivalent to 2% of the Company's consolidated net sales or 100.0 million yen, whichever the greater
- (2) A consultant, an accounting professional, or a legal professional who receives compensation from the Company in excess of 10.0 million yen per year (average over the past three fiscal years)

#### **Item 4: Determination of the Amount and Contents of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)**

This proposal asks for approval once again on the amount and contents of compensation for Directors other than those who are Audit and Supervisory Committee Members.

##### 1. Reasons for the proposal and justifications for such compensation

It was approved, at the 152nd Annual General Shareholders' Meeting held on June 29, 2016, that the amount of compensation for Directors other than those who are Audit and Supervisory Committee Members shall be 650 million yen or less per year including subscription rights to shares granted as stock-related compensation (of which 50 million yen is for External Directors per year) (this amount does not include the portion of salaries for Directors who also serve as employees), and the amount for each individual, the time of payment, the method for payment, etc. be entrusted to the Board of Directors.

With the enforcement of the "Act for Partial Revision of the Companies Act" (Act No. 70 of 2019) and the "Ordinance for Partial Revision of Ordinance for Enforcement of the Companies Act, etc." (Ordinance of Ministry of Justice No. 52, 2020), it has become necessary to once again ask for approval at the General Shareholders' Meeting on matters concerning subscription rights to shares granted as stock-related compensation. Accordingly, we ask for approval pertaining to the amount and contents of compensation for Directors other than those who are Audit and Supervisory Committee Members, including those concerning subscription rights to shares granted as stock-related compensation.

It is proposed to set the amount of compensation for Directors other than those who are Audit and Supervisory Committee Members at the same amount as previous 650 million yen or less per year (of which 50 million yen is for External Directors per year) (this amount does not include the portion of salaries for Directors who also serve as employees) after consideration of various circumstances such as the compensation paid to Directors in the past and the authorized number of Directors other than those who are Audit and Supervisory Committee Members, which is not more than 15. For subscription rights to shares granted as stock-related compensation, in order to heighten incentive and the morale of the Company's Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors), subscription rights to shares (hereinafter the "Subscription Right to Shares") are to be allotted to the Company's Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) for each year by resolution of the Board of Directors, within the aforementioned amount of compensation for Directors other than those who are Audit and Supervisory Committee Members. Matters concerning subscription rights to shares granted as stock-related compensation are described in 2. below.

The current number of Directors other than those who are Audit and Supervisory Committee Members is six (of which three are Non-Executive Directors, including two External Directors). In the event that Item 2 is approved as proposed, Directors other than those who are Audit and Supervisory Committee Members will remain to be six (of which three are Non-Executive Directors, including two

External Directors).

The Company established, at the meeting of the Board of Directors held on February 4, 2021, on the policy to determine contents of individual compensation, etc. for Directors, and the overview of the content is described in page 28 to 29 of the Business Report. Even in the event that this proposal is approved as proposed, the content will not be changed subject to the approval. We believe the content of this proposal is reasonable because it is necessary and appropriate in order to determine the content of individual compensation, etc. for Directors in accordance with the policy, the amount to be paid in exercising the Subscription Right to Shares is a fair price of the Subscription Right to Shares, and the content of the compensation as proposed for approval in this proposal is substantially the same content as approved at the 152nd Annual General Shareholders' Meeting. Furthermore, the Company has received a report from the Audit and Supervisory Committee to the effect that it has not found any matters that should be pointed out with regard to this proposal.

## 2. Matters concerning subscription rights to shares granted as stock-related compensation

(1) The upper limit of compensation associated with the allotment of the Subscription Right to Shares shall be 170 million yen per year (this amount does not include the portion of salaries for Directors who also serve as employees), which shall be part of the above-mentioned amount of compensation (650 million yen) for Directors other than those who are Audit and Supervisory Committee Members. The Subscription Right to Shares shall be issued by resolution of the Board of Directors to Directors who are allottees on the condition that they be granted compensation in the amount equal to the amount to be paid in and offset the right to claim for this compensation with the amount to be paid in for these subscription rights to shares.

(2) The contents of the Subscription Right to Shares shall be as described below.

(i) Total number of Subscription Right to Shares

The upper limit shall be a number (fractions omitted) calculated by dividing an amount less than the amount per year set in (1) by the fair price per Subscription Right to Shares, which is calculated based on the Black-Scholes formula using various conditions such as the share price on the date of allotment of subscription rights to shares (hereinafter "date of allotment"), the stock fluctuation rate calculated based on a consistent standard and the length of the exercise period of the Subscription Right to Shares, and shall be not more than 3,200, subject to resolution of the Board of Directors.

(ii) Amount to be paid in for the Subscription Right to Shares

The amount to be paid in per Subscription Right to Shares shall be the aforementioned fair price.

(iii) Class and number of shares to be issued against the Subscription Right to Shares (hereinafter "number of shares allotted")

Issued shares shall be common stock, with 100 shares per subscription right to shares. In the event that it becomes appropriate for the Company to adjust the number of shares after the date of allotment as a result of the Company's common stock split (including allotment of shares of its common stock without contribution) or reverse common stock split, the Company shall make



adjustments as it deems necessary.

(iv) Value of assets to be contributed upon exercise of each Subscription Right to Shares

The price of a share granted upon exercise of the Subscription Right to Shares shall be 1 yen per share, and the amount shall be this price multiplied by the number of shares allotted.

(v) Period during which the Subscription Right to Shares may be exercised

The period shall be within 30 years commencing on the date following the date of allotment, and shall be determined by the Board of Directors separately.

(vi) Matters concerning capital stock and legal capital surplus to be increased when shares are issued upon the exercise of the Subscription Right to Shares

a. The amount of capital stock to be increased when shares are issued upon the exercise of the Subscription Right to Shares shall be half the upper limit amount of increase in capital stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, with any fractions less than one yen resulting from such calculation rounded up.

b. The amount of legal capital surplus to be increased when shares are issued upon the exercise of the Subscription Right to Shares shall be the amount subtracting the amount of increased capital stock in above a. from the upper limit amount of increase in capital stock, etc. stated in above a.

(vii) Restrictions on acquisition of the Subscription Right to Shares by transfer

Acquisition of the Subscription Right to Shares by transfer shall require approval by resolution of the Board of Directors.

(viii) Overview of reasons, etc. for acquisition of the Subscription Right to Shares

In the event that proposals a., b., and c. below are approved at the General Shareholders' Meeting of the Company, the Company may acquire the Subscription Right to Shares gratis on a date separately determined by the Board of Directors.

a. Proposal to approve a merger agreement in which the Company shall be a dissolving company

b. Proposal to approve a corporate split agreement or a corporate split plan that will make the Company a split company

c. Proposal to approve a share exchange agreement or a share transfer plan where the Company shall become a wholly owned subsidiary

(ix) Overview of conditions of the exercise of the Subscription Right to Shares

Holders of the Subscription Right to Shares become eligible to exercise the Subscription Right to Shares, as a rule, after one year has elapsed since the date he/she has lost any of the positions as Director, Officer and Corporate Advisor of the Company within the period aforementioned in (v) (hereinafter the "Commencement Date of the Exercise Period") up to the elapse of ten years.

However, in such cases where the Commencement Date of the Exercise Period is not reached until 29 years have passed from the allotment date, or if proposals a. and c. in (viii) above are approved at the General Shareholders' Meeting of the Company, the Subscription Right to Shares may be exercised only within the period separately determined by the Board of Directors.

(x) Overview of conditions for granting money for payment in exchange for the Subscription Right

to Shares and conditions to allocate the Subscription Right to Shares

For allocating the Subscription Right to Shares, allotment agreements covering the matters outlined below shall be concluded. The content of the allotment agreements shall be determined by the Board of Directors.

- a. In the event that holders of the Subscription Right to Shares (hereinafter the “Holders”) violate the provisions of the allotment agreement, are dismissed as Director of the Company, or commit a criminal act in connection with the duties of Directors, the Holders will not be able to exercise the Subscription Right to Shares, and shall also follow other procedures to be instructed by the Company.
- b. In the event that the retirement date of officers, etc. (the date when the Holder retires from Officer of the Company; hereinafter the “Retirement Date of Officers, etc.”) arrives by the end of the fiscal year to which the allotment date belongs, only a part of the Subscription Right to Shares shall be continuously held, and the remaining Subscription Right to Shares shall be deemed to be surrendered on the Retirement Date of Officers, etc., excluding certain cases.
- c. The Holders shall not be able to transfer, set the right of pledge on, set a mortgage on, perform a living donation of, make a bequest of, or perform any other disposing acts on all or part of the Subscription Right to Shares to a third party.

(Attached documents)

## **Business Report**

(From April 1, 2020 to March 31, 2021)

### **1. Matters relating to the current state of the Group**

#### **(1) Results of operations**

##### **(i) Review of operations**

During the fiscal year ended March 31, 2021, the global economy showed signs of picking up in some areas amid the spread of COVID-19 lingering since the previous fiscal year, backed by measures and policies implemented by governments worldwide, vaccine rollouts and other factors. Despite such signs, however, difficult conditions persisted due in part to the second and third waves of COVID-19 and the outbreak of its variants.

By the business segment, in the Imaging Products Business, the digital camera market experienced a temporary plunge in demand under the influence of the spread of COVID-19 but saw a marked recovery from the second half onwards. In the Precision Equipment Business, capital investments related to FPDs including both mid-to-small size and large-size panels remained solid, while capital investments related to semiconductors was on the recovery track. In the Healthcare Business, both the bioscience and ophthalmic diagnosis markets generally remained sluggish amid the rise of COVID-19 cases has shifted to be recovered since the third quarter.

Under the medium-term management plan announced in May 2019, the Group focused on a range of measures to achieve sustainable growth in corporate value over the medium- to long-term.

First, besides the restructuring of the Imaging Products Business, the Group sought to improve its earning capacity and reform the cost structure of existing businesses by reorganizing its production and sales systems, optimizing its workforce, and shifting its resources to growth area. In addition, with the aim of creating new pillars of profit, the Group worked on development and distribution of highly unique optics-based products to expand its Material Processing Business, as well as exploring opportunities for alliance and M&A. Further, as measures to mitigate the impact of COVID-19, the Group worked to localize businesses and digitalize operations. The Company also made efforts to further increase the Board of Directors' diversity and enhance the effectiveness of the board to ultimately strengthen the governance system.

As a result of the above, during the fiscal year ended March 31, 2021, revenue decreased by 139,788 million yen (23.7%) year on year to 451,223 million yen, operating loss amounted to 56,241 million yen (compared to operating profit of 6,751 million yen for the previous fiscal year), loss before tax amounted to 45,342 million yen (compared to profit before tax of 11,864 million yen for the previous fiscal year), and loss attributable to owners of parent amounted to 34,497 million yen (compared to profit attributable to owners of parent of 7,693 million yen).

Performance by business segment is as follows.

**a. Imaging Products Business**

Main businesses: Digital camera-interchangeable lens type, compact digital cameras, interchangeable lenses

Among the digital camera-interchangeable lens type, sales of full-frame mirrorless cameras Z 7II and Z 6II remained strong. In this business segment, the Group sought to expand sales of mid- to high-end products to professionals and hobbyists by enhancing the lineup of interchangeable lenses for mirrorless cameras.

However, unit sales declined on the back of market shrinkage besides subdued demand amid the spread of COVID-19.

As a result, in the Imaging Products Business segment, the Group recorded revenue of 150,218 million yen (down 33.5 % year on year), and operating loss of 35,779 million yen (compared to operating loss of 17,153 million yen for the previous fiscal year) for the reasons such as the recognition of impairment loss on non-current assets and restructuring costs.

**b. Precision Equipment Business**

Main businesses: FPD lithography systems, semiconductor lithography systems

In the FPD lithography system field, the Group resumed installations in July 2020, and as a result, overall unit sales increased. However, unit sales of systems for supporting the 10.5th-generation plate declined due in part to travel restrictions amid the spread of COVID-19, resulting in decreased revenue and profit.

In the semiconductor lithography system field, unit sales declined, and as a consequence, revenue declined partly due to the Group's major customer being at their shifting point of investment. Also, profit declined due in part to disposal and write-down of inventories including some systems and recognition of impairment loss on non-current assets.

As a result, in the Precision Equipment Business segment, the Group recorded revenue of 184,777 million yen (down 24.6 % year on year), and operating profit of 1,400 million yen (down 97.1 % year on year).

**c. Healthcare Business**

Main businesses: Biological microscopes, cell culture observation systems, ultra-wide field retinal imaging devices

Revenues from the bioscience and ophthalmic diagnosis fields combined declined during the first half under the influence of the spread of COVID-19. On a full-year basis, however, this business segment finished the fiscal year with increased revenue, driven by record-high sales from the ophthalmic diagnosis field which performed strongly.

As a result, in the Healthcare Business segment, the Group recorded revenue of 62,848 million yen (up 1.3 % year on year), but recorded operating loss of 3,091 million yen (compared to operating loss of 2,455 million yen for the previous fiscal year) due to the recognition of impairment loss on non-current assets, despite improved margins in both fields.

**d. Industrial Metrology and Others**

Main businesses: Industrial microscopes, measuring instruments, optical processing machine, optical components

In the Industrial Metrology segment, the Group recorded decreased revenue due to subdued investments and restrained sales activities by customers in the face of the spread of COVID-19. However, profit from the business picked up owing to the write-down of goodwill during the previous fiscal year and Group's efforts such as cost cutting.

In the Digital Solutions Business, the Group recorded increased revenue, helped by strong sales of optical parts & components and encoders.

In the Customized Products Business, revenue associated with the space-related fields increased, while revenue associated with solid-state laser decreased.

As a result, in the Industrial Metrology and Others Business segment, the Group recorded revenue of 53,381 million yen (down 8.1 % year on year), and operating loss of 2,626 million yen (compared to operating profit of 1,895 million yen for the previous fiscal year) due to recognition of impairment loss on non-current assets in connection with the Imaging Products business at domestic production bases and land improvement costs incurred by a subsidiary.

Note: Business segment operating profit or loss includes earnings or losses from transactions within the Group.

Note that the business for semiconductor-related products under the Industrial Metrology and Others has been transferred to the Precision Equipment Business from the fiscal year ended March 31, 2021. Accordingly, the operating results for the previous fiscal year used in the year-on-year comparisons of the Precision Equipment Business and Industrial Metrology and Others have been reclassified in line with the revised business segments.

#### **Business Segment Revenue for 157th term (Year Ended March 31, 2021)**

Business segment	Revenue (million yen)	Percentage of total revenue (%)	Change from previous year (%)
Imaging Products Business	150,218	33.3	(33.5)
Precision Equipment Business	184,777	41.0	(24.6)
Healthcare Business	62,848	13.9	1.3
Industrial Metrology and Others	53,381	11.8	(8.1)

#### (ii) Capital investments

Fiscal year capital investments totaled 30,531 million yen. The amounts of investment by business were 6,713 million yen in the Imaging Products Business, 7,710 million yen in the Precision Equipment Business, 2,587 million yen in the Healthcare Business, and 6,438 million yen in the Industrial Metrology and Others. Major capital investments in the fiscal year included an investment for manufacturing equipment related to mirrorless cameras in the Imaging Products Business and an investment to maintain and renew various pieces of equipment in the Precision Equipment Business.

(iii) Fund procurement

In order to provide for the redemption of bonds, a total of 20,000 million yen was procured on December 2, 2020 by issuing the 22nd and the 23rd unsecured bonds of 10,000 million yen each in Japan. The balance of interest-bearing liabilities at the end of the fiscal year is 147,628 million yen, an increase of 8,492 million yen from the end of the previous fiscal year.

(2) Issues to be addressed

During the fiscal year ending March 31, 2022, the Group will continue to focus on “improving the profitability of existing businesses” and “creating new pillars of profit.”

By business segment, the Group will enhance its profitability through restructuring in the Imaging Products Business segment, while strengthening the earnings structure by expanding scope of business and thus diversifying the revenue streams in the Precision Equipment Business segment. Further, in a bid to create new pillars of profit, the Group will allocate capital preferentially to strategic investments in growth areas, including material processing and optical and EUV-related components businesses, while continuing to explore alliance and M&A.

Moreover, in a bid to strengthen its governance system, the Group will work on a range of efforts to improve the effectiveness of the board of directors.

Through these efforts, the Group aspires to become a “leading company in precision & optics” with the aim of achieving sustainable growth in corporate value over the medium- to long-term.

(3) Financial highlights for three previous fiscal years

Financial highlights related to the Group are as follows.

Item	154th term (Year ended March 31, 2018)	155th term (Year ended March 31, 2019)	156th term (Year ended March 31, 2020)	157th term (Year ended March 31, 2021)
Revenue (million yen)	717,078	708,660	591,012	451,223
Operating profit (million yen)	56,236	82,653	6,751	(56,241)
Profit attributable to owners of the parent (million yen)	34,772	66,513	7,693	(34,497)
Basic earnings per share (yen)	87.76	167.86	19.93	(93.96)
Total assets (million yen)	1,098,343	1,134,985	1,005,881	989,737
Total equity (million yen)	573,541	616,726	541,760	538,726

Notes:

1. The figures for the above table are stated based on IFRS.
2. Beginning from the 155th term, the Group adopted IFRS 15 “Revenue from Contracts with Customers.” Accordingly, a part of sales promotion expenses which had been previously recorded in selling, general and administrative expenses, is accounted for as reduction of revenue.
3. Beginning from the 156th term, the Group adopted IFRS 16 “Leases.” Accordingly, right-of-use assets and lease liabilities are recognized for contracts identified as leases.

(4) Major offices and plants (as of March 31, 2021)

The major offices and plants of the Company are as follows.

Those of subsidiaries of the Company are shown in the following “(5) Major subsidiaries.”

Name of offices and plants	Location
Head office	Tokyo, Japan
Oi Plant	Tokyo, Japan
Yokohama Plant	Kanagawa, Japan
Sagamihara Plant	Kanagawa, Japan
Kumagaya Plant	Saitama, Japan
Mito Plant	Ibaraki, Japan
Yokosuka Plant	Kanagawa, Japan

(5) Major subsidiaries (as of March 31, 2021)

Company name	Location	Capital stock	Percentage of equity participation (%)	Main business
Tochigi Nikon Corporation	Tochigi, Japan	363 million yen	100.0	Manufacture of interchangeable lenses and optical lenses
Sendai Nikon Corporation	Miyagi, Japan	480 million yen	100.0	Manufacture of Imaging Products Business products
Nikon Imaging Japan Inc.	Tokyo, Japan	400 million yen	100.0	Sales in Japan of Imaging Products Business products
Nikon (Thailand) Co., Ltd.	Thailand	1,260 million bahts	100.0	Manufacture of Imaging Products Business products
Nikon Inc.	US	1 thousand US dollars	*100.0	Sales in the Americas of Imaging Products Business products
Nikon Europe B.V.	Netherlands	1,000 thousand euro	*100.0	Sales in Europe of Imaging Products Business products
Nikon Singapore Pte. Ltd.	Singapore	32 million SG dollars	*100.0	Sales in Asia/Oceania of Imaging Products Business products
Nikon Imaging (China) Sales Co., Ltd.	China	10 million US dollars	*100.0	Sales in China of Imaging Products Business products
Tochigi Nikon Precision Co., Ltd.	Tochigi, Japan	204 million yen	100.0	Manufacture of Precision Equipment Business products and parts
Nikon Precision Inc.	US	1 thousand US dollars	*100.0	Sales in the US and Europe of Precision Equipment Business products
Optos Plc	UK	1,524 thousand UK pounds	100.0	Manufacture and sales of Healthcare Business products
Nikon Metrology NV	Belgium	97 million euro	*100.0	Manufacture and sales in Europe and the US of Industrial Metrology Business products

Note:

\* shows ownership ratios including indirect ownership.

(6) Employees (as of March 31, 2021)



(i) Employees of the Group

Number of employees	Change from the end of the previous consolidated fiscal year
19,448	down 742

Note: The number of employees does not include part-time employees, contract workers, etc.

(ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
4,183	down 259	43.4	16.5

Note: The number of employees does not include employees of the Company seconded to other companies, part-time employees, contract workers, etc.

(7) Major lenders (as of March 31, 2021)

Lender	Amount borrowed (million yen)
MUFG Bank, Ltd.	17,253
Meiji Yasuda Life Insurance Company	13,000

(8) Major reorganization activities

(i) Business transfers and absorption-type or incorporation-type company split

None

(ii) Businesses acquired from other companies

None

(iii) Succession of rights and obligations associated with operations of other companies, etc. due to absorption-type merger or absorption-type company split

None

(iv) Acquisition or disposal of stock or other ownership or subscription rights to shares, etc. of other company

None

(9) Other items concerning the status of the Group

None

## 2. Current state of the Company

### (1) Matters relating to shares of the Company (as of March 31, 2021)

- (i) Total number of shares authorized to be issued: 1,000,000,000 shares
- (ii) Total number of shares issued: 378,336,521 shares
- (iii) Total number of shareholders: 49,412
- (iv) Major shareholders:

Name of shareholder	Number of shares held (thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,821	12.7
Meiji Yasuda Life Insurance Company	19,537	5.3
Custody Bank of Japan, Ltd. (Trust Account)	19,474	5.3
MUFG Bank, Ltd.	7,009	1.9
The Joyo Bank, Ltd.	6,801	1.8
Custody Bank of Japan, Ltd. (Trust Account 7)	6,437	1.8
SSBTC CLIENT OMNIBUS ACCOUNT	6,013	1.6
The Shizuoka Bank, Ltd.	4,996	1.4
Mitsubishi Heavy Industries, Ltd.	4,828	1.3
Nippon Life Insurance Company	4,697	1.3

Note:

10,570,873 shares of treasury stock are excluded from the above major shareholders. The percentage of shares held is calculated after deducting treasury stock.

(2) Matters relating to Directors

(i) Directors (as of March 31, 2021)

Position	Name	Business in charge and important concurrent positions outside the Company
Chairman of the Board	Kazuo Ushida	-
* Director (President)	Toshikazu Umatate	CEO, Officer in charge of Research & Development Division, Design Center and Digital Solutions Business Unit
* Director (Executive Vice President)	Takumi Odajima	General Manager of Human Resources & Administration Division, Officer in charge of Risk Management, Internal Audit Department, Information Security Department and Legal & Intellectual Property Division
Director (Executive Vice President)	Muneaki Tokunari	CFO, Officer in charge of Finance & Accounting Division
Director	Akio Negishi	Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company
Director	Shigeru Murayama	Senior Advisor of Kawasaki Heavy Industries, Ltd.
Director (Full-time Audit and Supervisory Committee Member)	Takaharu Honda	-
Director (Full-time Audit and Supervisory Committee Member)	Atsushi Tsurumi	-
Director (Audit and Supervisory Committee Member)	Kunio Ishihara	Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd. Outside Corporate Auditor of Tokyu Corporation Outside Director of Japan Post Holdings Co., Ltd. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc.
Director (Audit and Supervisory Committee Member)	Shiro Hiruta	-
Director (Audit and Supervisory Committee Member)	Asako Yamagami	External Director, Standing Audit and Supervisory Committee Member of Kagome Co., Ltd.

Notes:

- \* indicates Representative Directors.
- \*\* indicates Directors newly elected at the 156th Annual General Shareholders' Meeting held on June 26, 2020.
- Akio Negishi, Shigeru Murayama, Kunio Ishihara, Shiro Hiruta, and Asako Yamagami are External Directors. The Company has submitted Independent Directors/Auditors Notifications to the Tokyo Stock Exchange, Inc. designating these five individuals as independent directors as stipulated in the Tokyo Stock Exchange, Inc. Securities Listing Regulations.
- Takaharu Honda and Atsushi Tsurumi were selected as Directors who are Full-time Audit and Supervisory Committee Members. For the purpose of securing the effectiveness of the activities of the Audit and Supervisory Committee, both of these Directors attend important meetings such as the Executive Committee and various committees in an effort to accurately understand and audit the status of business execution. They also perform the audit and supervisory functions necessary to ensure that the Directors' performance of duties is in compliance with laws and regulations, as well as the Company's Articles of Incorporation, and that corporate operations are properly carried out, through monitoring and verification of the development and operational status of the internal control system, including internal controls over financial reporting.
- Atsushi Tsurumi, Director who is an Audit and Supervisory Committee Member, has a long-term experience in the accounting division at the Company. Accordingly, he has considerable knowledge involving finance and accounting.
- The Company has transaction relationships with the following companies, which are concurrently served by External Directors. Additionally, the amount of payment to each of the companies accounts for less than 2% of consolidated net sales of each of the companies.
  - Loans from Meiji Yasuda Life Insurance Company
  - Insurance transaction with The Tokio Marine & Nichido Fire Insurance Co., Ltd.

7. Satoshi Hagiwara retired as Director who is not an Audit and Supervisory Committee Member at the conclusion of the 156th Annual General Shareholders' Meeting held on June 26, 2020 due to expiration of his term.
8. Haruya Uehara and Hiroshi Hataguchi retired as Directors who are Audit and Supervisory Members at the conclusion of the 156th Annual General Shareholders' Meeting held on June 26, 2020 due to expiration of their terms.

(Reference)

The Company uses the Executive Officer System. The table on page 26 shows Directors who also serve as Officers. Officers who are not Directors were as follows as of March 31, 2021.

Position	Name	Duties
Executive Vice President	Tomohide Hamada	Supervisor of BtoB Businesses (FPD Lithography Business, Semiconductor Lithography Business and Industrial Metrology Business), General Manager of FPD Lithography Business Unit, and Officer in charge of Customized Products Business Unit and Glass Business Unit
Senior Vice President	Satoshi Hagiwara	General Manager of Corporate Strategy Division
Senior Vice President	Masato Hamatani	General Manager of Semiconductor Lithography Business Unit, Officer in charge of Healthcare Business Unit
Senior Vice President	Hiroyuki Ikegami	General Manager of Imaging Business Unit
Corporate Vice President	Jun Nagatsuka	Deputy General Manager of Production Technology Division
Corporate Vice President	Tadashi Nakayama	General Manager of Industrial Metrology Business Unit
Corporate Vice President	Hiroyuki Suzuki	General Manager of IT Solutions Division
Corporate Vice President	Juro Kimpara	Deputy General Manager of FPD Lithography Business Unit
Corporate Vice President	Nobuyuki Ishizuka	General Manager of Production Technology Division and Deputy General Manager of Semiconductor Lithography Business Unit
Corporate Vice President	Tatsuya Yamaguchi	General Manager of Healthcare Business Unit
Corporate Vice President	Naoyuki Murakami	Sector Manager of Development Sector, Imaging Business Unit
Corporate Vice President	Yasuhiro Ohmura	General Manager of Optical Engineering Division
Corporate Vice President	Hamid Zarringhalam	Director & Executive Vice President of Nikon Precision Inc., Deputy General Manager of Digital Solutions Business Unit, and CEO of Nikon Ventures Corporation
Corporate Vice President	Manabu Toguchi	Sector Manager of Development Sector, FPD Lithography Business Unit
Corporate Vice President	Yuichi Shibazaki	General Manager of Next Generation Project Division

- (ii) Outline of contents of liability limitation agreement  
The Company has signed agreements with all Non-Executive Directors that limit their liability for losses under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for losses in these agreements is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.
- (iii) Outline and content of the Directors and Officers Liability Insurance Contract  
The Company has concluded a Directors and Officers Liability Insurance Contract with an insurance company as stipulated in Article 430-3 of the Companies Act. This contract covers damages, etc. to be borne by the insured person as a result of claims for damages received in the course of business execution by the insured person as an officer of the company.  
The insured persons of the Directors and Officers Liability Insurance Contract are Directors and Officers of the Company, and the insured persons bear approximately 10% of the insurance premium. However, as a measure not to impair the appropriateness of the execution of duties by Directors and Officers of the Company, the Directors and Officers Liability Insurance Contract has a clause to set a certain deductible and does not cover damages that do not reach the deductible.
- (iv) Basic policies for decisions on compensation, etc. for individual Directors and Officers
- a. Basic policies on Compensation  
Executive compensation will be determined to satisfy the following basic criteria.
- Executive compensation should motivate Directors and Officers to sustainably improve corporate and shareholder value, as well as enhance their willingness and morale
  - Executive compensation should help keep, cultivate, and reward excellent personnel
  - The decision-making process for the compensation system should be objective and transparent
- b. Compensation system and performance-based structure
- A) As a general rule, the compensation system for Executive Directors and Officers (including those equivalent to Officers; the same applies hereinafter) comprises the following components. The standard payment of each of performance-based compensation and stock compensation to be paid to individual Executive Directors and Officers is calculated by multiplying the amount of their respective fixed compensation by a rate, which is pre-determined according to their respective position and duties. The higher and more important their position and duties are, the higher the rate is.

#### Fixed compensation

- Fixed monthly compensation  
This monetary compensation is not based on performance and is paid every month.

#### Performance-based compensation

- Bonus  
This monetary compensation is determined based on the following factors on a single-year basis within the range of 0% to 200% of the standard payment, which is calculated according to position and duties. As a general rule, a bonus is paid in June every year.
  - the consolidated ROE and operating profit;
  - the degree of achievement of capital efficiency, profitability and other targets, as well as qualitative assessment, of each division; and
  - the qualitative assessment of responses to issues assigned to individual Officers
- Performance-based stock remuneration  
With the aims of sharing value with shareholders and enhancing willingness and morale for improving medium-to-long-term performance, stock compensation using a trust is

determined based on the following factors within the range of 0% to 150% of the standard payment, which is calculated according to position and duties.

- the degree of achievement of the consolidated ROE in the final fiscal year of the medium-term management plan (the “Plan”) to be resolved every three fiscal years; and
- the degree of achievement of accumulated operating profit target during the Plan period

As a general rule, this remuneration is paid for every three fiscal years of the Plan period in the first June after the termination of the Plan period.

#### Stock compensation

• Subscription rights to shares granted as stock-related compensation

Subscription rights to shares are granted with the aims of sharing value with shareholders and enhancing willingness and morale for improving long-term performance, with the exercise price of one yen per share granted upon exercise of the subscription rights to shares. As a general rule, subscription rights to shares are granted in April every year, and the holders of which become eligible to exercise their subscription rights to shares, as a rule, after one year has elapsed since the date on which he or she lost any of the positions as Director, Officer and Corporate Advisor of the Company. As a general rule, the number of subscription rights to shares to be granted is determined by dividing an amount calculated according to position and duties by resolution of the Board of Directors by the fair value per subscription right to shares within the limit of the number of subscription rights not exceeding 5% of the share dilution ratio. The fair value per subscription right to shares is calculated based on the Black-Scholes formula, given various conditions such as the share price on the date of allotment of subscription rights to shares, the stock fluctuation rate calculated based on a consistent standard and the length of the exercise period of the subscription right to shares.

B) The compensation system for Non-Executive Directors consists only of fixed compensation (fixed monthly compensation) to be paid every month.

c. Decisions on compensation amount and calculation method based on deliberations by the Compensation Committee

The Compensation Committee establishes executive compensation policies and discusses and advises on related systems in order to determine the level and system appropriate to the duties, given compensation levels of major Japanese companies that globally develop their businesses, so as to determine the compensation amount consistent with the performance of the Group and its business scale.

The Compensation Committee deliberates on compensation for individual Directors other than those who are Audit and Supervisory Committee Members and Officers. Based on the results of such deliberations, the Board of Directors decides on the compensation. (President decides on fixed compensation and bonus, who has been delegated authority by the Board of Directors.)

Compensation for individual Directors who are Audit and Supervisory Committee Members is determined by consultation among Directors who are Audit and Supervisory Committee Members.

From the perspective of conducting appropriate supervision, the Compensation Committee is comprised of Directors and external experts, and the majority of which are External Directors and external experts. The Committee chairperson is also an External Director.

d. Claim for return

If a Director (other than a Director who is an Audit and Supervisory Committee Member) or Officer of the Company is found to have committed serious breach of his or her duties or serious violation of internal rules, or to be in the employment of a competitor, etc., of the Company without permission from the Company (including appointment as a director or officer of the competitor or an employee of the competitor), the Company shall be able to claim return in all or part of subscription rights to shares granted, right to performance-based stock remuneration granted, and shares of the Company and cash paid to the Director or Officer.

## (v) Compensation for Directors

Category			Directors other than those who are Audit and Supervisory Committee Members (of which External Directors)	Directors who are Audit and Supervisory Committee Members (of which External Directors)	Total
Fixed compensation	Fixed monthly compensation	Number of persons	9 (3)	7 (5)	16 (8)
		Amount of compensation (million yen)	265 (30)	104 (45)	369 (75)
Performance-based compensation	Bonuses	Number of persons	- (-)	-	- (-)
		Amount of compensation (million yen)	- (-)	-	- (-)
	Performance-based stock remuneration	Number of persons	- (-)	-	- (-)
		Amount of compensation (million yen)	- (-)	-	- (-)
Stock compensation	Subscription rights to shares granted as stock-related compensation	Number of persons	4 (-)	-	4 (-)
		Amount of compensation (million yen)	60 (-)	-	60 (-)
Total		Number of persons	9 (3)	7 (5)	16 (8)
		Amount of compensation (million yen)	324 (30)	104 (45)	429 (75)

## Notes:

- The number of persons and the amount of compensation pertaining to fixed compensation/ fixed monthly compensation, stock compensation/subscription rights to shares granted as stock-related compensation, and total shown above include one Director who is not an Audit and Supervisory Committee Member (who is not an External Director) who retired on May 31, 2020 due to resignation, two Directors who are not Audit and Supervisory Committee Members (of which, one External Director) and two Directors who are Audit and Supervisory Committee Members (who are External Directors) who retired at the conclusion of the 156th Annual General Shareholders' Meeting held on June 26, 2020, and the amount of compensation pertaining to the said Directors.
- As for the amount of provisions during the fiscal year under review under the performance-based stock remuneration system approved at the 155th Annual General Shareholders' Meeting held on June 27, 2019, there is no provision to be recorded in total, as a result of re-calculating by taking into account the most recent performance and circumstances, and 20 million yen from provisions recorded up until the previous fiscal year is reimbursed.
- The amount of subscription rights to shares granted as stock-related compensation shown above indicates the amount of compensation, etc. concerning subscription rights to shares granted to Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) recorded as expenses during the fiscal year.
- In view of performance for the fiscal year under review and circumstances faced by the Company, there will be no bonuses paid for the fiscal year under review, in order to clarify the management's responsibility among other reasons.
- The Audit and Supervisory Committee has reported that there are no matters to be addressed with regard to compensation, etc. to Directors other than those who are Audit and Supervisory Committee Members.
- Fixed compensation for individual Directors who are not Audit and Supervisory Committee Members shown above is determined by President Toshikazu Umatate, who is delegated by the Board of Directors, based on the results of deliberation by the Compensation Committee. The reason for the delegation is that the Company judged that he is the suitable person for determining fixed compensation for individuals while considering the performance of the Group among other factors.

(vi) Method for determining basic policies for compensation for Directors

Basic policies for determining the content of compensation, etc. for individual Directors were considered at the Compensation Committee, reported to the Board of Directors, and determined after deliberation and examination at the meeting of the Board of Directors held on February 4, 2021.

(vii) Reason why the Board of Directors judged that the content of compensation, etc. for individual Directors for the fiscal year under review was pursuant to the basic policies

For the fiscal year under review, as for the compensation for Directors other than those who are Audit and Supervisory Committee Members, the Compensation Committee examined the consistency in individual compensation and the basic policies, and reported to the Board of Directors that it was pursuant to the basic policies. The Board of Directors also judged that it was in conformity with the basic policies.

(viii) Matters relating to performance-based compensation, etc.

In calculating the amount of bonuses, performance of divisions in charge and tasks set for each director and officer were assessed in addition to evaluation of consolidated ROE and consolidated operating profit. Moreover, in calculating the amount of performance-based stock remuneration, consolidated ROE and consolidated operating profit are evaluated. As for these benchmarks, consolidated ROE is used for measuring capital efficiency, and consolidated operating profit is used for measuring profitability.

Performance-based stock remuneration with the target period from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022 is determined as one point to one share, based on the share granting points which are calculated by multiplying the cumulative standard points, which are granted annually according to position and duties, and the performance-based coefficient shown below.

Evaluation benchmarks	Weight	Base value	Degree of linkage with performance	Applicable coefficient by performance
Consolidated ROE for the fiscal year ending March 31, 2022	50%	8.0%	0% - 150%	Variable in the range below: Upper limit (12.0%): Coefficient: 150% Base value (8.0%): Coefficient: 100% Lower limit (6.0%): Coefficient: 50% * If it falls below 6.0%, the coefficient will be 0%, and if it exceeds 12.0%, the coefficient will be 150%.
Total consolidated operating profit for the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022	50%	200.0 billion yen	0% - 150%	Variable in the range below: Upper limit (240.0 billion yen): Coefficient: 150% Base value (200.0 billion yen): Coefficient: 100% Lower limit (180.0 billion yen): Coefficient: 50% * If it falls below 180.0 billion yen, the coefficient will be 0%, and if it exceeds 240.0 billion yen, the coefficient will be 150%.



- (ix) Targets and actual results for the benchmark for performance-based compensation
- Targets and actual results for the benchmark for bonuses  
There will be no bonuses paid as Directors' compensation for the fiscal year under review.
  - Targets and actual results for the benchmark for performance-based stock remuneration

Evaluation benchmarks	Target	Actual (reference)		
		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ending March 31, 2022
Consolidated ROE for the fiscal year ending March 31, 2022 (%)	8.0	1.3	(6.4)	-
Total consolidated operating profit for the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022 (billion yen)	200.0	6.7	(56.2)	-

\* This compensation system is linked to the performances from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022. Although actual results will not be confirmed until the fiscal year ending March 31, 2022, the figures for the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021 are stated for reference.

- (x) Content of non-performance-based compensation, etc.

The Company provides non-performance-based compensation, etc. in the form of subscription rights to shares granted as stock-related compensation. The content is as follows:

Date of resolution	April 2, 2020
Category of eligible persons and number of eligible persons (at the timing of grant)	Directors of the Company: 3 Officers of the Company: 14
Number of the subscription rights to shares	4,738 units (Note 1)
Type, content, and number of shares subject to the subscription rights to shares	473,800 shares of common stock
Amount to be paid upon the exercise of the subscription rights to shares	1 yen per share
Period of the exercise of the subscription rights to shares	April 18, 2020 to April 17, 2050
Issue price of the stock and amount credited to equity in case of issuing stocks upon the exercise of the subscription rights to shares	Issue price: 375 yen Amount credited to equity: 188 yen
Conditions for the exercise of the subscription rights to shares	(Note 2)
Matters relating to transfer of the subscription rights to shares	Transfer of the subscription rights to shares is subject to resolution of the Board of Directors of the Company.
Matters relating to acquisition terms of the subscription rights to shares	In a merger, etc. in which the Company will become a dissolving company, the Company may acquire the subscription rights to shares without contribution.
Matters relating to grant of the subscription rights to shares accompanying organizational restructure	(Note 3)
Demand for return	In the event that the Company's shares are acquired through exercise of rights in a manner that is in violation of laws and regulations, among other similar cases, procedures such as to return without contribution shall be taken by following the Company's instruction.

Notes:

1. The number of shares subject to the subscription rights to shares shall be 100 shares per subscription right to shares.
  2. Each subscription rights to shares may not be exercised in part.  
In such events that the right holder has lost any of the positions as director, officer or Corporate Advisor within the exercise period of the rights, or that the Company engages in a merger, etc. in which the Company becomes a dissolving company, the right holder becomes eligible to exercise his/her rights in accordance with the allotment agreement on the subscription rights to shares. In the event of loss of such position, the rights may be exercised after one year has elapsed since the date of loss as a commencement date, up to the elapse of ten years.  
In the event that the right holder deceases during the exercise period of the rights, the heir may exercise the rights in accordance with the allotment agreement on the subscription rights to shares.  
Other conditions shall be set forth in the “Grant Agreement on the Subscription Rights to Shares” executed between the Company and each person who received the allotment of the subscription rights to shares.
  3. Treatments in case of restructuring transactions  
If the Company is to engage in a share exchange or share transfer with the Company becoming a wholly owned subsidiary, the obligations relating to the subscription rights to shares that have not been exercised or canceled at such timing may be succeeded to the company that becomes the wholly owning parent company through such share exchange or share transfer under certain conditions.
- (xi) Resolution at the General Shareholders’ Meeting concerning Directors’ and Officers’ compensation, etc.
- a. It was approved at the 152nd Annual General Shareholders’ Meeting held on June 29, 2016 as follows:
    - A) Amount of compensation for Directors other than those who are Audit and Supervisory Committee Members
      - The amount of compensation for Directors other than those who are Audit and Supervisory Committee Members shall be 650 million yen or less per year (of which 50 million yen is for External Directors per year) (this amount does not include the portion of salaries for Directors who also serve as employees). For the subscription rights to shares to be allotted to the Company’s Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) for each year as subscription rights to shares granted as stock-related compensation within the aforementioned amount of compensation per year, compensation will be provided with an upper limit of 170 million yen per year (the amount does not include the portion of salaries for Directors who also serve as employees), on the condition that they be granted compensation in the amount equal to the amount to be paid in and offset the right to claim for this compensation with the amount to be paid in for these subscription rights to shares (the number of Directors other than those who are Audit and Supervisory Committee Members was nine (of which two were Non-Executive Directors, including one External Director) at the time of resolution).
      - The contents of the subscription right to shares shall be as described below.
        - (i) Total number of subscription rights to shares  
The upper limit shall be a number (fractions omitted) calculated by dividing an amount less than the amount per year set as above by the fair price per subscription right to shares, which is calculated based on the Black-Scholes formula using various conditions such as the share price on the date of allotment of subscription rights to shares (hereinafter “date of allotment”), the stock fluctuation rate calculated based on a consistent standard and the length of the exercise period of the subscription right to shares, and shall be not more than 3,200, subject to resolution of the Board of Directors.
        - (ii) Amount to be paid in for the subscription rights to shares  
The amount to be paid in per subscription right to shares shall be the aforementioned fair price.

(iii) Class and number of shares to be issued against the subscription rights to shares (hereinafter “number of shares allotted”)

Issued shares shall be common stock, with 100 shares per subscription right to shares.

In the event that it becomes appropriate for the Company to adjust the number of shares after the date of allotment as a result of the Company’s common stock split (including allotment of shares of its common stock without contribution) or reverse common stock split, the Company shall make adjustments as it deems necessary.

(iv) Value of assets to be contributed upon exercise of each subscription right to shares

The price of a share granted upon exercise of the subscription rights to shares shall be 1 yen per share, and the amount shall be this price multiplied by the number of shares allotted.

(v) Period during which the subscription rights to shares may be exercised

The period shall be within 30 years commencing on the date following the date of allotment, and shall be determined by the Board of Directors.

(vi) Restrictions on acquisition of the subscription rights to shares by transfer

Acquisition of the subscription rights to shares by transfer shall require approval by resolution of the Board of Directors.

(vii) Other conditions of exercise of the subscription rights to shares

Holder of the subscription rights to shares become eligible to exercise their subscription rights to shares, as a rule, after one year has elapsed since the date he has lost any of the positions as Director, Officer and Corporate Advisor of the Company within the period aforementioned in (v). Other conditions regarding the exercise of the subscription rights to shares shall be determined by the Board of Directors.

B) The amount of compensation for Directors who are Audit and Supervisory Committee Members shall be 150 million yen or less per year (the number of Directors who are Audit and Supervisory Committee Members was five at the time of resolution).

b. It was approved at the 155th Annual General Shareholders’ Meeting held on June 27, 2019 as follows:

- Performance-based stock remuneration shall be a system linked to the medium-term performance for Directors other than those who are Audit and Supervisory Committee Members and Officers. Trust money whose upper limit is 1,200 million yen in total shall be contributed to a trust with three consecutive fiscal years as a target period of the compensation, etc. The total amount of the Company’s shares, etc. to be delivered, etc. to the Directors (excluding Audit and Supervisory Committee Members, External Directors, other Non-Executive Directors and non-residents of Japan) and Officers (excluding non-residents of Japan; hereinafter collectively referred to as “Director, etc.,” together with Directors subject to this system) over the target period of three fiscal years shall be up to a total of 730 thousand shares (the number of eligible Directors and Officers was five and 13, respectively, at the time of resolution).
- The system is a performance-based stock remuneration system under which the Company shares are acquired through the trust funded by the compensation for Directors, etc., and the delivery and payment (the “Delivery, etc.”) of the Company shares and cash equivalent of the conversion value of said shares (the “Company Shares, etc.”) to the Directors, etc. will be made.

(i) Persons eligible for the Delivery, etc. of the Company Shares, etc. under the system	- Directors of the Company (excluding Audit and Supervisory Committee Members, External Directors, Non-Executive Directors and non-residents of Japan) - Executive Officers of the Company (excluding non-residents of Japan)
(ii) Number of the Company Shares, etc. to be acquired and the method of acquisition, etc. under the system	
The maximum amount to be contributed by the Company	- Total of 1,200 million yen over three fiscal years
Method of acquisition of the Company's shares	- The trust shall acquire the Company's shares from the stock market, and thus there will be no dilution.
The maximum number of the Company Shares, etc. for Delivery, etc. to Directors, etc.	- Total of 730 thousand shares over three fiscal years
(iii) Details of the conditions for the accomplishment of business performance	- Variable within a range of 0% to 150% in accordance with the degree of accomplishment of the consolidated ROE target set in the final fiscal year of the medium-term management plan and the target for total consolidated operating profit over three fiscal years
(iv) Timing of Delivery, etc. of the Company Shares, etc. to the Directors, etc.	- At the end of the target period (three fiscal years)

(xii) Matters relating to External Directors

a. Relationships between organizations where important concurrent positions are held and the Company Information is shown in "(i) Directors" on page 26.

b. Major activities during the fiscal year

Name	Category	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Committee
Akio Negishi	Director	15 of 15	-
Shigeru Murayama	Director	12 of 12	
Kunio Ishihara	Director (Audit and Supervisory Committee Member)	14 of 15	9 of 10
Shiro Hiruta	Director (Audit and Supervisory Committee Member)	15 of 15	7 of 7
Asako Yamagami	Director (Audit and Supervisory Committee Member)	12 of 12	7 of 7

- Shigeru Murayama and Asako Yamagami were newly appointed at the 156th Annual General Shareholders' Meeting held on June 26, 2020. The number of meetings held and the number of meetings attended are indicated based on the number of meetings held since his/her appointment.
- Shiro Hiruta was appointed as Director other than those who are Audit and Supervisory Committee Members at the 155th Annual General Shareholders' Meeting held on June 27, 2019, and then as a Director who is an Audit and Supervisory Committee Member at the 156th Annual General Shareholders' Meeting held on June 26, 2020. The number of meetings held and the number of meetings attended relating to the Audit and Supervisory Committee are indicated based on the number of meetings held since his appointment as Director who is an Audit and Supervisory Committee Member.

- Akio Negishi proactively made remarks for securing the soundness and appropriateness of the management, as well as for increasing transparency, from his perspective based on long years of management experience at other companies, concerning matters under deliberation and the contents of reports by the Board of Directors. In addition, as a member of the Nominating Committee where the formulation of election and removal criteria of the Company's President and Directors and the nomination of candidates are mainly deliberated, he attended all four meetings of the Committee held during the fiscal year under review. As a member (as chairperson since July 2020) of the Compensation Committee where the compensation system for the Company's Directors other than those who are Audit and Supervisory Committee Members and Officers and the appropriateness of the amount of compensation are mainly deliberated, he attended all six meetings of the Committee during the fiscal year under review. He strives to supervise the management from an independent and objective position.
- Shigeru Murayama proactively made remarks for the Company's business strategy, among other issues, from his perspective based on long years of management experience at a manufacturer, concerning matters under deliberation and the contents of reports by the Board of Directors. In addition, as a member of the Compensation Committee where the compensation system for the Company's Directors other than those who are Audit and Supervisory Committee Members and Officers and the appropriateness of the amount of compensation are mainly deliberated, he attended all six meetings of the Committee held after his appointment as Director. He strives to supervise the management from an independent and objective position.
- Kunio Ishihara proactively made remarks for securing the soundness and appropriateness of the management, as well as for increasing transparency, from his perspective based on long years of management experience at other companies, concerning matters under deliberation and the contents of reports by the Board of Directors and the Audit and Supervisory Committee. In addition, as the chairperson of the Nominating Committee where the formulation of election and removal criteria of the Company's President and Directors and the nomination of candidates are mainly deliberated, he attended all four meetings of the Committee held during the fiscal year under review. He strives to supervise the management from an independent and objective position.
- Shiro Hiruta proactively made remarks for the Company's business strategy, among other issues, from the perspective based on his long years of management experience at a manufacturer, concerning matters under deliberation and the contents of reports by the Board of Directors and the Audit and Supervisory Committee. In addition, he served as the chairperson of the Audit and Supervisory Committee, and, also as a member of the Nominating Committee where the formulation of election and removal criteria of the Company's President and Directors and the nomination of candidates are mainly deliberated, he attended all four meetings of the Committee held during the fiscal year under review. He strives to supervise the management from an independent and objective position.
- Asako Yamagami proactively made remarks based on her knowledge and experience as a lawyer concerning matters under deliberation and the contents of reports by the Board of Directors and the Audit and Supervisory Committee. She strives to supervise the management from an independent and objective position mainly for matters relating to compliance.

(4) Matters relating to Accounting Auditor

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.

	Amount
Total amount of remuneration, etc. of Accounting Auditor during the fiscal year under review	117 million yen
Total amount of money and other properties which the Company and its subsidiaries should pay in remuneration of Accounting Auditor for their services to the Company and its subsidiaries during the fiscal year under review	166 million yen

Notes:

1. The Audit and Supervisory Committee determined, after carrying out necessary verifications of whether the content of the Accounting Auditors' audit plans, execution of duties of audits up until the previous fiscal year, and the calculation basis for the remuneration estimate for the fiscal year are appropriate, that the remuneration for Accounting Auditors is reasonable, and has given its consent pursuant to Article 399, Paragraph 1 of the Companies Act.
2. Major overseas subsidiaries of the Company are audited (only auditing subject to the provisions of overseas laws and regulations similar to Japanese Companies Act or Japanese Financial Instruments and Exchange Act) by parties other than Deloitte Touche Tohmatsu LLC (overseas certified public accountants or individuals with qualifications equivalent to those of an auditing company).
3. In the audit contract with the Accounting Auditor, auditing compensation amounts for auditing based on the Companies Act and auditing based on the Financial Instruments and Exchange Act are not separated. Because they essentially cannot be separated, the amount stated in the upper line of the above table is found from adding them together.
4. The Company has commissioned Deloitte Touche Tohmatsu LLC to provide an evaluation service related to the issuance of bonds as part of services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services) and has paid for such service. The amount stated in the lower line of the above table includes the amount of the payment.

(iii) Policy for decisions to terminate or not extend contracts with an Accounting Auditor

The Audit and Supervisory Committee can terminate the Accounting Auditor with the unanimous consent of the Audit and Supervisory Committee Members in cases where it has been determined that actions by the Accounting Auditor apply to any item of Article 340, Paragraph 1 of the Companies Act.

In addition, even if the actions of the Accounting Auditor do not apply to any item of Article 340, Paragraph 1 of the Companies Act, in the event that it has been determined that the Accounting Auditor is unable to perform proper audits due to a lack of accuracy and independence, the Board of Directors can submit a proposal to terminate the Accounting Auditor or not renew the contract at the General Shareholders' Meeting, in accordance with the decision of the Audit and Supervisory Committee.

The amount stated and number of shares in this business report are presented by rounding numbers down to the specified units.

**Consolidated Financial Statements**  
**Consolidated Statement of Financial Position**

(As of March 31, 2021)

(Million yen)

Item	Amount	Item	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	351,798	Trade and other payables	60,615
Trade and other receivables	72,900	Bonds and borrowings	29,943
Inventories	235,760	Income tax payables	1,428
Other current financial assets	1,179	Advances received	163,110
Other current assets	14,215	Provisions	5,458
<b>Total current assets</b>	<b>675,853</b>	Other current financial liabilities	25,575
		Other current liabilities	32,176
<b>Non-current assets</b>		<b>Total current liabilities</b>	<b>318,305</b>
Property, plant and equipment	86,210	<b>Non-current liabilities</b>	
Right-of-use assets	12,233	Bonds and borrowings	104,131
Goodwill and intangible assets	44,056	Retirement benefit liability	9,905
Retirement benefit asset	5,984	Provisions	5,048
Investments accounted for using equity method	11,099	Deferred tax liabilities	3,053
Other non-current financial assets	91,090	Other non-current financial liabilities	8,258
Deferred tax assets	62,956	Other non-current liabilities	2,310
Other non-current assets	255	<b>Total non-current liabilities</b>	<b>132,706</b>
<b>Total non-current assets</b>	<b>313,884</b>	<b>Total liabilities</b>	<b>451,011</b>
		<b>EQUITY</b>	
		Share capital	65,476
		Capital surplus	46,419
		Treasury shares	(17,529)
		Other components of equity	(14,133)
		Retained earnings	457,352
		Equity attributable to owners of parent	537,585
		Non-controlling interests	1,141
		<b>Total equity</b>	<b>538,726</b>
<b>Total assets</b>	<b>989,737</b>	<b>Total liabilities and equity</b>	<b>989,737</b>

**Consolidated Statement of Profit or Loss**

**(From April 1, 2020 to March 31, 2021)**

(Million yen)

Item	Amount
<b>Revenue</b>	<b>451,223</b>
<b>Cost of sales</b>	<b>(295,318)</b>
<b>Gross profit</b>	<b>155,906</b>
Selling, general and administrative expenses	(181,339)
Other operating income	3,363
Other operating expenses	(34,170)
<b>Operating loss</b>	<b>(56,241)</b>
Finance income	11,167
Finance costs	(2,238)
Share of profit of investments accounted for using equity method	1,969
<b>Loss before tax</b>	<b>(45,342)</b>
<b>Income tax expense</b>	<b>10,832</b>
<b>Loss for year</b>	<b>(34,509)</b>
<b>Loss attributable to:</b>	
Owners of parent	(34,497)
Non-controlling interests	(13)
<b>Loss for year</b>	<b>(34,509)</b>



**Non-Consolidated Financial Statements**

**Non-Consolidated Balance Sheet**  
**(As of March 31, 2021)**

(Million yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>447,314</b>	<b>Current liabilities</b>	<b>278,829</b>
Cash and deposits	224,458	Electronically recorded obligations - operating	6,912
Notes receivable - trade	2,562	Accounts payable - trade	39,889
Accounts receivable - trade	35,021	Short-term loans payable	9,950
Finished goods	60,910	Current portion of long-term loans payable	10,000
Semi-finished goods	3,592	Current portion of bonds payable	10,000
Raw materials	34	Lease obligations	317
Work in process	85,191	Accounts payable - facilities	4,267
Supplies	9,819	Accrued expenses	15,623
Short-term loans receivable from subsidiaries and associates	13,475	Income taxes payable	41
Income taxes receivable	1,323	Advances received	141,973
Accounts receivable - other	9,051	Deposits received	37,209
Other	1,877	Provision for product warranties	1,268
Allowance for doubtful accounts	(1)	Other	1,379
<b>Non-current assets</b>	<b>287,446</b>	<b>Non-current liabilities</b>	<b>113,777</b>
<b>Property, plant and equipment</b>	<b>47,805</b>	Bonds payable	30,000
Buildings	17,585	Long-term loans payable	74,335
Structures	711	Lease obligations	539
Machinery and equipment	10,286	Asset retirement obligations	2,337
Vehicles	47	Provision for loss on business of subsidiaries and associates	5,983
Tools, furniture and fixtures	4,783	Other	583
Land	9,324	<b>Total liabilities</b>	<b>392,605</b>
Leased assets	594		
Construction in progress	4,476	<b>(Net assets)</b>	
<b>Intangible assets</b>	<b>4,660</b>	<b>Shareholders' equity</b>	<b>316,525</b>
Software	3,372	Share capital	65,476
Other	1,288	Capital surplus	80,712
<b>Investments and other assets</b>	<b>234,980</b>	Legal capital surplus	80,712
Investment securities	81,584	Retained earnings	187,867
Shares of subsidiaries and associates	86,360	Legal retained earnings	5,565
Investments in capital	3	Other retained earnings	182,302
Investments in capital of subsidiaries and associates	16,732	Reserve for research and development	2,056
Long-term loans receivable from subsidiaries and associates	5,374	Reserve for tax purpose reduction entry of replacement assets	6,076
Prepaid pension cost	1,652	Reserve for tax purpose reduction entry	3,419
Deferred tax assets	44,180	General reserve	111,211
Other	3,648	Retained earnings brought forward	59,541
Allowance for doubtful accounts	(4,552)	Treasury shares	(17,529)
		<b>Valuation and translation adjustments</b>	<b>23,608</b>
		Valuation difference on available-for-sale securities	23,867
		Deferred gains or losses on hedges	(259)
		<b>Share acquisition rights</b>	<b>2,021</b>
<b>Total assets</b>	<b>734,760</b>	<b>Total net assets</b>	<b>342,155</b>
		<b>Total liabilities and net assets</b>	<b>734,760</b>

**Non-Consolidated Statement of Income**

**(From April 1, 2020 to March 31, 2021)**

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>302,057</b>
<b>Cost of sales</b>		<b>241,678</b>
<b>Gross profit</b>		<b>60,378</b>
Selling, general and administrative expenses		102,025
<b>Operating loss</b>		<b>41,646</b>
<b>Non-operating income</b>		
Interest and dividend income	57,533	
Other	3,940	61,472
<b>Non-operating expenses</b>		
Interest expenses	1,007	
Other	4,347	5,354
<b>Ordinary profit</b>		<b>14,472</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	240	
Gain on sales of investment securities	28,629	28,869
<b>Extraordinary losses</b>		
Loss on sales of non-current assets	90	
Impairment loss on non-current assets	8,820	
Loss on sales of investment securities	499	
Loss on liquidation of subsidiaries and associates	2	
Restructuring expenses	687	
Loss on business of subsidiaries and associates	1,866	11,964
<b>Profit before income taxes</b>		<b>31,377</b>
Income taxes - current	(624)	
Income taxes - deferred	(28,770)	(29,394)
<b>Profit for year</b>		<b>60,771</b>

(TRANSLATION) Copy of Auditor's Report on the Consolidated Financial Statements

## INDEPENDENT AUDITOR'S REPORT

May 18, 2021

To the Board of Directors of  
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Tokio Suzuki (seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yuji Ujigawa (seal)

### Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of NIKON CORPORATION and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2020 to March 31, 2021, and the related notes.

In our opinion, the accompanying consolidated financial statements, prepared with the omission of a part of the disclosures required under Designated International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements

are pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under Designated International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

#### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION) Copy of Auditor's Report on the Financial Statements

**INDEPENDENT AUDITOR'S REPORT**

May 18, 2021

To the Board of Directors of  
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Tokio Suzuki (seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Yuji Ujigawa (seal)

**Opinion**

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of NIKON CORPORATION (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2021, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 157th fiscal year from April 1, 2020 to March 31, 2021, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of Management and the Audit and Supervisory Committee for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

## **Auditor's Responsibility for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 
- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the

planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.



## Audit Report

The Audit and Supervisory Committee has audited the performance of the Directors' duties for the 157th term (April 1, 2020 to March 31, 2021). This Report was prepared from the unanimous opinions of all the Audit and Supervisory Committee Members, and the methods and results are as follows.

### 1. Method and Contents of Audit

- (1) The Audit and Supervisory Committee has received reports on a regular basis from the Directors and employees, etc. with respect to the content of the resolutions at the Board of Directors' meeting relating to the matters set out in Article 399-13, Paragraph 1, items (1) (b) and (c) of the Companies Act and the systems (internal control systems) established based on such resolutions, the status of their development and operation, requested explanations as necessary, and has expressed its opinions. Regarding internal controls over financial reporting under the Financial Instruments and Exchange Act, reports have been received from the Directors and Deloitte Touche Tohmatsu LLC with respect to the state of assessments and audits of those internal controls, and explanations were requested as necessary.
- (2) The Audit and Supervisory Committee has conducted audit activities with a focus on whether the Group's internal control system is appropriately maintained and operated. In conformity with the Audit and Supervisory Committee auditing standards established by the Audit and Supervisory Committee, and in accordance with audit policies, audit plans and assignment of duties, etc., in cooperation with the Internal Audit Department and other related departments, each Audit and Supervisory Committee Member has attended important meetings, received reports on the status of performance of duties from the Directors and other employees, etc. and requested explanations as necessary, examined important documents, etc. and inspected the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, while utilizing online conference system, each Audit and Supervisory Committee Member conducted an audit of subsidiaries selected based on audit plans, endeavored to facilitate a mutual understanding and exchange of information with the Directors and Corporate Auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
- (3) Each Audit and Supervisory Committee Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit and Supervisory Committee Member was notified by the Accounting Auditor that it had established a "system to ensure that the performance of the duties of the Accounting Auditor was properly conducted" (the matters set forth in the items of Article 131 of the Rules of Corporate Accounting) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

Based on the above-described methods, each Audit and Supervisory Committee Member examined the Business Report and its annexed detailed statements thereto, the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements, which were prepared omitting certain disclosure items required by the International Financial Reporting Standards as allowed by the provision set forth in the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting) as well as the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets and notes to financial statements) and their annexed detailed statements thereto for the fiscal year.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the annexed detailed statements thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the description of the Business Report and the Directors' performance of their duties concerning the internal control systems, including the internal controls over financial reporting.

### (2) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

### (3) Results of Audit of Non-Consolidated Financial Statements and their Annexed Detailed Statements

We acknowledge that the methods and results of the audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 19, 2021

Audit and Supervisory Committee of NIKON CORPORATION

Audit and Supervisory Committee Member:	Shiro Hiruta	(seal)
Audit and Supervisory Committee Member:	Kunio Ishihara	(seal)
Audit and Supervisory Committee Member:	Asako Yamagami	(seal)
Full-time Audit and Supervisory Committee Member:	Takaharu Honda	(seal)
Full-time Audit and Supervisory Committee Member:	Atsushi Tsurumi	(seal)

(Note) Audit and Supervisory Committee Members Shiro Hiruta, Kunio Ishihara and Asako Yamagami are External Directors pursuant to Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.