

This is a translation of the original Japanese “Notice of the 160th 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 3, 2024

(Commencement Date of Electronic Provision: May 27, 2024)

NIKON CORPORATION  
2-15-3, Konan, Minato-ku, Tokyo

Dear Shareholder,

### **Notice of the 160th Annual General Shareholders’ Meeting**

You are cordially notified that our 160th Annual General Shareholders’ Meeting will be held as outlined below.

The Company has taken measures for electronic provision with respect to the convocation of this General Shareholders’ Meeting. The matters provided via measures for electronic provision has been posted on the Company’s website on the Internet indicated below.

[The Company website]

[https://www.nikon.com/company/ir/stock\\_info/meeting/](https://www.nikon.com/company/ir/stock_info/meeting/)

The matters provided via measures for electronic provision has also been posted on the Tokyo Stock Exchange (TSE) website below. Enter “Nikon” in the “Issue name (company name)” field or “7731” in the “Code” field and perform a search. Select “Basic information” and then “Documents for public inspection/PR information” to view the materials.

[Tokyo Stock Exchange website]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

You may exercise your voting rights by mail or via the Internet instead of attending on the date of the meeting. Please review the attached Reference Materials for the General Shareholders’ Meeting and exercise your voting rights no later than 5:00 p.m. on Friday, June 21, 2024.

Sincerely yours,

Muneaki Tokunari  
Representative Director  
President

**1. Date & Time:** 10:00 a.m., June 24, 2024 (Monday)

**2. Place:** Hall A on the fourth floor of Ariake Central Tower Hall&Conference  
3-7-18, Ariake, Koto-ku, Tokyo

**3. Agendas:**

**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 160th term (April 1, 2023 to March 31, 2024)
2. Non-Consolidated Financial Statements for the 160th term (April 1, 2023 to March 31, 2024)

**Matters to be resolved**

**Item 1:** Appropriation of Surplus

**Item 2:** Partial Amendments to the Articles of Incorporation

**Item 3:** Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

**Item 4:** Election of Three Directors Who are Audit and Supervisory Committee Members

**Item 5:** Determination of the Amount and Contents of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Board Members)

<Important Notes>

- If you choose to attend the meeting in person, please submit the enclosed Voting Rights Exercise Form at the reception desk.
- Please note that persons other than shareholders who may exercise voting rights, such as proxies and accompanying persons who are not shareholders, will not be permitted to enter the meeting venue (excluding persons accompanying shareholders with disabilities).
- Any revisions to this convocation notice or the matters provided via measures for electronic provision will be posted on the Company website and the Tokyo Stock Exchange website.
- Pursuant to the relevant laws and regulations and Article of 16, Paragraph 2 of the Company's Articles of Incorporation, the following items are not included in this convocation notice. The Audit and Supervisory Committee and the Accounting Auditor have audited documents subject to audit including the following documents posted on the websites.
  - "Business Report": Matters relating to the current state of the Group (Financial highlights for three previous fiscal years, Major offices and plants, Employees, Major lenders), Current state of the Company (Matters relating to shares of the Company, Subscription rights to Shares, Matters relating to Accounting Auditor, and Framework to ensure fair business activity)
  - "Consolidated Financial Statements": Consolidated Statement of Changes in Equity, Notes

to Consolidated Financial Statements

- “Non-Consolidated Financial Statements”: Non-Consolidated Statement of Changes in Net Assets, Notes to Non-Consolidated Financial Statements

## 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 fundamental policy on shareholder returns is to distribute a steady dividend that reflects the perspective of shareholders, and simultaneously realizing appropriate capital allocation flexibly from a medium to long-term perspective, while strengthening investments (including strategic investments, R&D, and capital expenditures) to ensure sustainable growth.

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

25 yen per share of the Company's common stock

Total payment of dividends: 8,661,430,225 yen

(3) Effective date of dividends from surplus

June 25, 2024

The annual dividend for the fiscal year under review, including an interim dividend, will be 50 yen per share of the Company's common stock.

## Item 2: Partial Amendments to the Articles of Incorporation

### 1. Reasons for the proposal

- (1) The Company has decided to construct a new head office building in a vacant lot on the premises of Oi Plant and relocate its head office to the new building, with the aim of strengthening development functions and creating synergies between business units for sustainable growth. To this aim, the Company will consolidate the corporate division, the planning division of each business unit, and advanced R&D-related divisions. To reflect this change, the location of the head office stipulated in Article 2. of the Articles of Incorporation will be amended. The Effective Date of the amendment to Article 2. of the Articles of Incorporation shall be July 29, 2024 and shall be provided as such in a newly established Supplementary Provision. The Supplementary Provision shall be deleted after the Effective Date.
- (2) The Company will review the division of duties among Directors and make amendments to the existing stipulation regarding chairman of General Shareholders' Meetings in Article 15. The change shall take effect upon conclusion of the 160th Annual General Shareholders' Meeting.

### 2. Description of the amendments

Details of the amendments are as follows.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
Article 1. (Omitted)	Article 1. (Unchanged)
(Location of Head Office) Article 2. The Company shall have its head office in <u>Minato-ku</u> , Tokyo.	(Location of Head Office) Article 2. The Company shall have its head office in <u>Shinagawa-ku</u> , Tokyo.
Article 3. - Article 14. (Omitted)	Article 3. - Article 14. (Unchanged)
(Chairman) Article 15. <u>The President and Director</u> shall act as chairman of General Shareholders' Meetings. <u>If there is no President and Director or</u> in the event of an accident, another Director shall act as chairman in the order previously determined by the Board of Directors.	(Chairman) Article 15. <u>Director previously determined by the Board of Directors</u> shall act as chairman of General Shareholders' Meetings. In the event of an accident <u>of the Director</u> , another Director shall act as chairman in the order previously determined by the Board of Directors.
Article 16. - Article 34. (Omitted)	Article 16. - Article 34. (Unchanged)
Supplementary Provisions (Transitional Measures concerning Limitation of Liability of Corporate Auditor) The Company may, by resolution of the Board of Directors, limit the liability of Corporate Auditors (including former Corporate Auditors), prior to the	Supplementary Provisions (Transitional Measures concerning Limitation of Liability of Corporate Auditor) <u>Article 1.</u> The Company may, by resolution of the Board of Directors, limit the liability of Corporate Auditors

<p>conclusion of the 152nd General Shareholders' Meeting to be held in June 2016, as stipulated by Article 423, Paragraph 1 of the Companies Act to the extent permitted by law.</p> <p>(New)</p>	<p>(including former Corporate Auditors), prior to the conclusion of the 152nd General Shareholders' Meeting to be held in June 2016, as stipulated by Article 423, Paragraph 1 of the Companies Act to the extent permitted by law.</p> <p><u>(Effective Date of Amendments to the Articles of Incorporation)</u>  <u>Article 2.</u>  <u>The Effective Date of the amendment to Article 2. of the Articles of Incorporation shall be July 29, 2024. This Article will be deleted after the Effective Date.</u></p>
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**Item 3: 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 proposes 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 1 [Reappointment]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p>Toshikazu Umatate</p> <p>Date of birth: March 1, 1956</p> <p>Shares held in the Company Actual number of common stock held: 97,544 shares Number of dilutive stock held: 214,700 shares</p> <p>Years of service as Director: 5 years</p> <p>Attendance at meetings of the Board of Directors: 16/17</p> <p>Duties at the Company: CEO</p>	<p>Apr. 1980: Joined the Company Jun. 2005: Corporate Vice President, the Company Jun. 2012: Senior Vice President, the Company Apr. 2019: President, the Company Jun. 2019: President, CEO and Representative Director, the Company Apr. 2020: Representative Director and President, the Company Apr. 2024: Representative Director and Chairman, the Company (to present)</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 grasps changes in the global business environment and our core competencies, and leads management as President. As he is sufficiently qualified for directorship, we nominate him as a candidate to continue as Director.</p>

Candidate number 2 [Reappointment]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p>Muneaki Tokunari</p> <p>Date of birth: March 6, 1960</p> <p>Shares held in the Company Actual number of common stock held: 36,128 shares Number of dilutive stock held: 56,600 shares</p> <p>Years of service as Director: 4 years</p> <p>Attendance at meetings of the Board of Directors: 17/17</p> <p>Duties at the Company: COO, CFO, CRO, General Manager of Group Governance &amp; Administration Division, Officer in charge of Corporate Sustainability Department, Information Security Department and Legal &amp; Intellectual Property Division</p>	<p>Apr. 1982: Joined The Mitsubishi Trust and Banking Corporation (current Mitsubishi UFJ Trust and Banking Corporation)</p> <p>Jun. 2009: Executive Officer of the said Company</p> <p>Jun. 2011: Managing Executive Officer of the said Company</p> <p>Jun. 2012: Managing Director of the said Company</p> <p>Jun. 2013: Senior Managing Director 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 Corporate Executive and Group CFO of the said Company and Member of the Board of Directors, Senior Managing Executive Officer and CFO of MUFG Bank, Ltd.</p> <p>Apr. 2020: Senior Executive Vice President, the Company</p> <p>June 2020: Director and Senior Executive Vice President, the Company</p> <p>Feb. 2024: Representative Director and Executive Deputy President, the Company</p> <p>Apr. 2024: Representative Director and President, the Company (to present)</p> <p>[Reasons for candidacy] Muneaki Tokunari served as CFO at a trust bank and a commercial bank. He possesses extensive business experience and broad-ranging knowledge. In addition, as CFO of the Company, he promotes company-wide strategies from a perspective that goes beyond financial affairs. As he is sufficiently qualified for directorship, we nominate him as a candidate for Director.</p>

Candidate number 3 [New candidate]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p data-bbox="288 734 440 759">Yasuhiro Ohmura</p> <p data-bbox="252 786 395 835">Date of birth: July 25, 1968</p> <p data-bbox="252 862 464 931">Shares held in the Company Actual number of common stock held:</p> <p data-bbox="280 934 399 958">25,350 shares</p> <p data-bbox="252 958 440 1005">Number of dilutive stock held:</p> <p data-bbox="280 1008 399 1032">40,300 shares</p> <p data-bbox="252 1055 461 1104">Years of service as Director: 0 years</p> <p data-bbox="252 1128 475 1178">Attendance at meetings of the Board of Directors:</p> <p data-bbox="280 1180 293 1196">-</p> <p data-bbox="252 1227 477 1518">Duties at the Company: CTO, Deputy CFO, General Manager of Office of the President, Officer in charge of Internal Audit Department, Design Center, Imaging Solution Development Department, IT Solutions Division, Optical Engineering Division and Production Technology Division</p>	<p data-bbox="497 367 1158 465">Apr. 1992: Joined the Company Apr. 2019: Corporate Vice President, the Company Apr. 2021: Senior Vice President, the Company Apr. 2024: Senior Executive Vice President, the Company (to present)</p> <p data-bbox="497 495 1390 663">[Reasons for candidacy] Yasuhiro Ohmura has been engaged in optical design since joining the company, and after serving in such positions as General Manager of the Optical Designing Department and General Manager of the Optical Engineering Division of the Precision Equipment Business Unit, he is currently engaged in operations related to the management strategy of the Group. He has a high level of expertise in optical technology, which is the basis of the performance of optical instruments, and is also involved in the planning of management strategies for the Group. As he is sufficiently qualified for directorship, we nominate him as a candidate for Director.</p>

Candidate number 4 [Reappointment]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p>Shiro Hiruta</p> <p>Date of birth: December 20, 1941</p> <p>Shares held in the Company Actual number of common stock held: 3,900 shares Number of dilutive stock held: 0 shares</p> <p>Years of service as Director: 5 years</p> <p>Attendance at meetings of the Board of Directors: 17/17</p> <p>Duties at the Company: —</p>	<p>Apr. 1964: Joined Asahi Chemical Industry Co., Ltd. (current Asahi Kasei Corporation)</p> <p>Jun. 1997: Director of the said Company</p> <p>Jun. 1999: Managing Director of the said Company</p> <p>Jun. 2001: Senior Managing Director of the said Company</p> <p>Jun. 2002: Executive Vice President of the said Company</p> <p>Apr. 2003: President and Representative Director of the said Company</p> <p>Apr. 2010: Director and Senior Advisor of the said Company</p> <p>Jun. 2010: Senior Advisor of the said Company</p> <p>Jun. 2013: Standing Counsellor of the said Company</p> <p>Jun. 2016: Counsellor of the said Company</p> <p>Jun. 2019: External Director, the Company</p> <p>Jun. 2020: External Director (Audit and Supervisory Committee Member), the Company (to present)</p> <p>[Reasons for candidacy and overview of expected roles] Shiro Hiruta served as Representative Director of Asahi Kasei Corporation 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 and that he can also contribute to securing the soundness and appropriateness of the Company's management as well as to the enhancement of its transparency. He also meets the independence criteria set by the Company (see page 14), and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>

Candidate number 5 [Reappointment]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p data-bbox="300 689 430 712">Makoto Sumita</p> <p data-bbox="252 741 416 786">Date of birth: January 6, 1954</p> <p data-bbox="252 815 464 904">Shares held in the Company Actual number of common stock held: 0 shares</p> <p data-bbox="252 911 440 978">Number of dilutive stock held: 0 shares</p> <p data-bbox="252 1008 461 1052">Years of service as Director: 2 years</p> <p data-bbox="252 1081 461 1149">Attendance at meetings of the Board of Directors: 17/17</p> <p data-bbox="252 1178 432 1223">Duties at the Company: —</p>	<p data-bbox="499 367 1222 719"> Apr. 1980: Joined Nomura Research Institute, Ltd.  Jun. 1996: Director of INNOTECH CORPORATION  Apr. 2005: Executive Vice President &amp; Representative Director of the said Company  Apr. 2007: President and Representative Director of the said Company  Jun. 2011: Outside Audit &amp; Supervisory Board Member of TDK Corporation  Apr. 2013: Chairman &amp; CEO of INNOTECH CORPORATION  Jun. 2013: Outside Director of TDK Corporation  Jun. 2018: Chairman &amp; Director of INNOTECH CORPORATION  Jun. 2018: Chairman &amp; Director of TDK Corporation  Apr. 2021: Director of INNOTECH CORPORATION  Apr. 2022: Director of TDK Corporation  Jun. 2022: External Director (Audit and Supervisory Committee Member), the Company  Jun. 2023: External Director, the Company (to present) </p> <p data-bbox="499 748 1187 792"> [Important concurrent positions outside the Company]  Outside Director and Chairman of the board, MINKABU THE INFONOID, Inc. </p> <p data-bbox="499 822 1393 1039"> [Reasons for candidacy and overview of expected roles]  Makoto Sumita served as President and Representative Director of INNOTECH CORPORATION, Chairman &amp; Director of TDK Corporation 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 and that he can also contribute to securing the soundness and appropriateness of the Company's management as well as to the enhancement of its transparency. He also meets the independence criteria set by the Company (see page 14), 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>

Candidate number 6 [Reappointment]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p>Tsuneyoshi Tatsuoka</p> <p>Date of birth: January 29, 1958</p> <p>Shares held in the Company Actual number of common stock held: 2,000 shares Number of dilutive stock held: 0 shares</p> <p>Years of service as Director: 2 years</p> <p>Attendance at meetings of the Board of Directors: 16/17</p> <p>Duties at the Company: —</p>	<p>Apr. 1980: Joined the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry (METI))</p> <p>Jan. 2010: Counsellor, Cabinet Secretariat (Office of Assistant Chief Cabinet Secretary) of the said Ministry</p> <p>Aug. 2011: Deputy Vice-Minister of METI</p> <p>Jun. 2013: Vice Minister of the said Ministry</p> <p>Jul. 2015: Retired from the said Ministry</p> <p>Jun. 2022: External Director, the Company (to present)</p> <p>[Important concurrent positions outside the Company] Outside Director of Mitsubishi Corporation</p> <p>[Reasons for candidacy and overview of expected roles] Although Tsuneyoshi Tatsuoka has never been directly involved in corporate management in the past other than through acting as an External Director or an External Audit and Supervisory Board Member, he has held important positions at the Ministry of Economy, Trade and Industry, and possesses exceptional knowledge regarding industrial and economic policies, 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 (see page 14), 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>

Notes:

1. There are no special interests between any of the candidates and the Company.
2. Shiro Hiruta, Makoto Sumita and Tsuneyoshi Tatsuoka are candidates for the position of External Directors as provided for under the Companies Act. The Company has reported each of them to Tokyo Stock Exchange, Inc. as an independent director. At the conclusion of this General Shareholders' Meeting, Shiro Hiruta will have served as External Director of the Company for five years, and Makoto Sumita and Tsuneyoshi Tatsuoka will have served as External Directors of the Company for two years.
3. If this proposal is approved, the Company intends to continue an agreement with Shiro Hiruta, Makoto Sumita and Tsuneyoshi Tatsuoka that limits their 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.
4. Toshikazu Umatate, Muneaki Tokunari, Shiro Hiruta, Makoto Sumita and Tsuneyoshi Tatsuoka are currently Directors 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 they are each included as insured persons. If this proposal is approved, they will continue to be included as insured persons in this insurance contract. In addition, if this proposal is approved, Yasuhiro Ohmura will be included as an insured person in this insurance contract. 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. The Company intends to renew this insurance contract with the same terms and conditions during their terms of office.
5. Number of dilutive stock held are shown as reference for the number of shares to be delivered if subscription rights to shares granted as stock-related compensation system are exercised.

(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)

(Reference) Policy on cross-shareholdings and status of cross-shareholdings

The Company's policy on cross-shareholdings is as follows.

If the Company holds shares in other listed companies for strategic purposes, the Board of Directors regularly examines and verifies the rationale for holding such shares for each of the listed companies in terms of strategic significance and rationality, benefits and risks that accompany the cross-shareholding, including total shareholder return and related earnings on transactions, and capital costs that the Company bears. If the Board of Directors finds the necessity or rationality for holding such shares insignificant, the Company gives due consideration to options, including the possibility of selling them.

When exercising voting rights associated with cross-shareholdings, the Company makes decisions based on perspectives such as whether each proposal will improve the corporate value of the Company and the issuing company over the medium-to-long term. In particular, if there is a high chance that the proposal will damage the issuing company's corporate value, or if the issuing company is facing a major corporate scandal, the Company makes a decision with extra caution to exercise its voting rights.

The latest trends are as follows.

As of March 31, 2023		As of March 31, 2024	
Number of issues of cross-shareholdings	Total balance sheet amount (million yen)	Number of issues of cross-shareholdings	Total balance sheet amount (million yen)
63	56,970	46	62,231

**Item 4: Election of Three Directors Who Are Audit and Supervisory Committee Members**

The term of office for Atsushi Tsurumi, Shiro Hiruta and Asako Yamagami, Directors who are Audit and Supervisory Committee Members, will expire at the conclusion of this General Shareholders' Meeting. Accordingly, it is proposed that three Directors who are Audit and Supervisory Committee Members be elected.

The consent of the Audit and Supervisory Committee has been obtained for this item. The candidates are as follows.

Candidate number 1 [New candidate]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p data-bbox="301 703 414 728">Seiji Kikuchi</p> <p data-bbox="245 754 421 801">Date of birth: October 15, 1965</p> <p data-bbox="245 828 456 922">Shares held in the Company Actual number of common stock held: 0 shares</p> <p data-bbox="245 927 432 996">Number of dilutive stock held: 0 shares</p> <p data-bbox="245 1023 453 1070">Years of service as Director: 0 years</p> <p data-bbox="245 1097 453 1167">Attendance at meetings of the Board of Directors: -</p> <p data-bbox="245 1193 453 1288">Attendance at meetings of the Audit and Supervisory Committee: -</p> <p data-bbox="245 1314 424 1361">Duties at the Company: -</p>	<p data-bbox="491 331 1386 465">Apr. 1988: Joined the Company Jul. 2016: Department Manager of Finance Department, Finance &amp; Accounting Division, the Company Jul. 2019: Department Manager of Business Planning Department, Semiconductor Lithography Business Unit, the Company Oct. 2021: Department Manager of Internal Audit Department, the Company (to present)</p> <p data-bbox="491 488 1386 683">[Reasons for candidacy] Seiji Kikuchi, after having been involved in the sales sections of the Precision Equipment Business, has been engaged in the finance and accounting section and served as Department Manager of Finance Department, Department Manager of Business Planning Department, Semiconductor Lithography Business Unit and the overseer of the internal audit sections. As he possesses a high degree of expertise in finance and accounting as well as knowledge as the overseer of the internal audit sections, 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>

Candidate number 2 [New candidate]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p>Shigeru Murayama</p> <p>Date of birth: February 27, 1950</p> <p>Shares held in the Company Actual number of common stock held: 500 shares Number of dilutive stock held: 0 shares</p> <p>Years of service as Director: 4 years</p> <p>Attendance at meetings of the Board of Directors: 17/17</p> <p>Attendance at meetings of the Audit and Supervisory Committee: —</p> <p>Duties at the Company: —</p>	<p>Apr. 1974: Joined Kawasaki Heavy Industries, Ltd. Apr. 2005: Executive Officer of the said Company Apr. 2008: Managing Executive Officer of the said Company Jun. 2010: Representative Director and Senior Vice President of the said Company Jun. 2013: Representative Director and President of the said Company Jun. 2016: Representative Director and Chairman of the said Company Jun. 2017: Chairman of the Board of the said Company Jun. 2020: Senior Strategic Advisor of the said Company (scheduled to retire in June 2024) Jun. 2020: External Director, the Company (to present)</p> <p>[Reasons for candidacy and overview of expected roles] 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 (see page 14), 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>

Candidate number 3 [Reappointment]	Career summary and position at the Company, and important concurrent positions outside the Company
 <p>Asako Yamagami</p> <p>Date of birth: January 1, 1970</p> <p>Shares held in the Company Actual number of common stock held: 0 shares Number of dilutive stock held: 0 shares</p> <p>Years of service as Director: 4 years</p> <p>Attendance at meetings of the Board of Directors: 17/17</p> <p>Attendance at meetings of the Audit and Supervisory Committee: 14/14</p> <p>Duties at the Company: —</p>	<p>Apr. 1999: Registered as attorney-at-law Joined Taiyo Law Office (current Paul Hastings LLP)</p> <p>Oct. 2005: Seconded to The Walt Disney Company (Japan) Ltd.</p> <p>May 2006: Joined IBM Japan, Ltd.</p> <p>Jul. 2012: Joined Natori Law Office (current ITN Partners) as Partner (to present)</p> <p>Jan. 2016: Director, Office of International Affairs, Japan Federation of Bar Associations</p> <p>Jun. 2020: External Director (Audit and Supervisory Committee Member), the Company (to present)</p> <p>[Important concurrent positions outside the Company] External Director of Kagome Co., Ltd. (Audit and Supervisory Committee Member) Outside Director of NEC Capital Solutions Limited</p> <p>[Reasons for candidacy and overview of expected roles] Although Asako Yamagami has never been directly involved in corporate management in the past other than through acting as an External Director or an External Audit and Supervisory Board Member, she has work experience as an in-house lawyer and possesses expertise and experience as a lawyer regarding governance, compliance and other matters. We believe that she will be able to contribute to securing the soundness and appropriateness of the Company's management as well as to the enhancement of its transparency. She also meets the independence criteria set by the Company (see page 14), and we believe that she will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>

Notes:

1. There are no special interests between any of the candidates and the Company.
2. Shigeru Murayama and Asako Yamagami are candidates for the position of External Director as provided for under the Companies Act. The Company has reported each of them to Tokyo Stock Exchange, Inc. as an independent director. Shigeru Murayama and Asako Yamagami are External Directors of the Company, and will have served as External Directors of the Company for four years at the conclusion of this General Shareholders' Meeting. In addition, Asako Yamagami is a Director who is Audit and Supervisory Committee Member of the Company, and will have served as a Director who is Audit and Supervisory Committee Member for four years at the conclusion of this General Shareholders' Meeting.
3. If this proposal is approved, the Company intends to continue an agreement with Shigeru Murayama and Asako Yamagami that limits their 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. In addition, if this proposal is approved, the Company intends to conclude an agreement with Seiji Kikuchi 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.
4. Shigeru Murayama and Asako Yamagami are currently Directors 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 they are included as insured persons. If this proposal is approved, they will continue to be included as insured persons in this insurance contract. In addition, if this proposal is approved, Seiji Kikuchi will be included as an insured person in this insurance contract. 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. The Company intends to renew this insurance contract with the same terms and conditions during their term of office.
5. Number of dilutive stock held are shown as reference for the number of shares to be delivered if subscription rights to shares granted as stock-related compensation system are exercised. None of the candidates for Director who is an Audit and Supervisory Committee Member has dilutive stock holdings.

**Item 5: Determination of the Amount and Contents of Compensation for Directors (Excluding Directors Who are Audit and Supervisory Committee Members)**

1. Reasons for the proposal and justifications for such compensation

It was approved, at the 158th Annual General Shareholders' Meeting held on June 29, 2022, that the amount of monetary remuneration to 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 per year is for External Directors) (this amount does not include the portion of salaries for Directors who also serve as employees).

The Company increased the number of External Directors by one (1) at the 159th Annual General Shareholders' Meeting held on June 29, 2023. In addition, the Company has made efforts to further enhance its corporate governance, such as strengthening the roles of External Directors, and also reviews their compensation. If Item 3 Election of Six Directors (excluding Directors Who Are Audit and Supervisory Committee Members) is approved as proposed, the number of Directors other than those who are Audit and Supervisory Committee Members eligible for monetary compensation will be six (including three External Directors).

The details of the Company's Basic policies for decisions on compensation, etc. for individual Directors and Officers are outlined on page 29 of the Business Report, and even if this proposal is approved as originally proposed, there will be no substantive change to the details regarding monetary compensation (fixed monthly compensation and bonuses) as a result of such approval. Given that this proposal is necessary and reasonable as a compensation framework in light of the standards for calculating monetary compensation for each individual set forth in the basic policies, the level of the percentage of Director compensation as a whole, and the level of the number of Directors eligible for the compensation, etc., and that the Compensation Committee has also deemed the revisions to the compensation system to be appropriate from the perspective of improving corporate value, the Board of Directors also deems this proposal to be appropriate.

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. Amount and content of compensation

With regard to the amount of monetary compensation for Directors other than those who are Audit & Supervisory Committee Members, it is proposed to pay fixed monthly compensation and other monetary compensation within 700 million yen (of which 100 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 considering 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, and to entrust decisions on the amount for each individual, the time of payment, and the method of payment, etc. to the Board of Directors.

(Reference) Directors after the 160th Annual General Shareholders' Meeting\*

To accomplish its management strategy, the Company has selected the specific skills expected from its directors as shown in the table below, and authorized them following the deliberation by the Nominating Committee. The skills include knowledge on and experience in corporate management, management strategy, internal control, and governance as well as the Company's business characteristics and issues. The composition of the Board of Directors is designed to ensure that each director possesses these skills in a well-balanced manner and the Board as a whole can demonstrate its effectiveness, taking into account the need to maintain diversity and an appropriate number of directors.

	Candidate No.	Name	Male / female	Position in the Company	Attribution	Appointment as committee member	Knowledge and experience expected from directors						Attendance during the 160th term	
							Corporate management and management strategy	Internal control and governance	Legal and risk management	Finance and accounting / M&A	Global business	Technology	Board of Directors meetings	Audit and Supervisory Committee meetings
Candidates for Directors other than those who are Audit and Supervisory Committee Members (Agenda Item 3)	1	Tshikazu Umatate	Male	Director Representative Director		Nominating Compensation	○				○	○	16/17	–
	2	Muneaki Tokunari	Male	Director Representative Director		Nominating Compensation	○	○		○			17/17	–
	3	Yasuhiro Ohmura	Male	Director			○				○	○	–	–
	4	Shiro Hiruta	Male	Director Chairman of the Board	External Independent	Nominating (Chairperson)	○	○				○	17/17	14/14
	5	Makoto Sumita	Male	Director	External Independent	Compensation (Chairperson)	○	○				○	17/17	4/4
	6	Tsuneyoshi Tatsuoka	Male	Director	External Independent	Compensation		○	○		○		16/17	–
Candidates for Directors who are Audit and Supervisory Committee Members (Agenda Item 4)	1	Seiji Kikuchi	Male	Director Full-time Audit and Supervisory Committee Member				○		○	○		–	–
	2	Shigeru Murayama	Male	Director Chairperson of Audit and Supervisory Committee	External Independent	Nominating	○				○	○	17/17	–
	3	Asako Yamagami	Female	Director Audit and Supervisory Committee Member	External Independent	Nominating		○	○		○		17/17	14/14
Directors who are Audit and Supervisory Committee Members (currently in office)		Satoshi Hagiwara	Male	Director Full-time Audit and Supervisory Committee Member			○	○		○			17/17	14/14
		Michiko Chiba	Female	Director Audit and Supervisory Committee Member	External Independent	Compensation		○	○	○			11/12	9/10

Notes

- Chairman of the Board, Representative Director; Chairperson of the Audit and Supervisory Committee; Full-time Audit and Supervisory Committee Member; Member and Chairperson of the Nominating Committee and the Compensation Committee will be determined at the meetings of the Board of Directors or the Audit and Supervisory Committee, respectively, after the Annual General Shareholders' Meeting.
- The attribution descriptions are as follows:  
 External: Candidates for External Directors  
 Independent: Candidates for Independent Directors who meet the independence standards established by the Tokyo Stock Exchange
- The Appointment as committee member descriptions are as follows:  
 Nominating: Nominating Committee  
 Compensation: Compensation Committee
- Of skills each director possesses, up to three items of knowledge and experience on which the Board particularly relies are listed.
- Makoto Sumita resigned as Director who is an Audit and Supervisory Committee Member at the 159th Annual General Shareholders' Meeting held on June 29, 2023, and was appointed as Director other than those who are Audit and Supervisory Committee Members. Accordingly, his attendance at meetings of the Audit and Supervisory Committee represents the number of the meetings held and the number of the meetings he attended during his service as Director who is an Audit and Supervisory Committee Member.
- Michiko Chiba was appointed as Director who is an Audit and Supervisory Committee Member at the 159th Annual General Shareholders' Meeting held on June 29, 2023. Accordingly, her attendance at meetings of the Board of Directors and the Audit and Supervisory Committee represents the number of the meetings held and the number of the meetings she attended after her appointment as Director who is an Audit and Supervisory Committee Member.

(Attached documents)

## **Business Report**

(From April 1, 2023 to March 31, 2024)

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

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

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

With regard to market and customer trends during the fiscal year ended March 31, 2024, in the Imaging Products Business, both unit sales and sales amount remained solid in the digital camera market as a whole, backed by strong sales of mid- to high-end products. In the Precision Equipment Business, customers' capital investments in the field related to FPDs, including both mid-to small size panels and large-size panels, remained stagnant. Capital investments in the fields related to semiconductors remained varied among customers and final products, although the capital investments in the fields as a whole showed signs of improvement. In the Healthcare Business, the life science solutions and eye care solutions markets largely remained solid, although a decline in demand from some customers due to rising interest rates and other factors was observed. In the Components Business, the markets related to optical parts and encoders were affected by the adjustments of inventories and investments by end users. The EUV-related market also remained weak, affected by a slowdown in the semiconductor markets. In the Digital Manufacturing Business, capital investments in the semiconductor and electronic components markets remained stagnant. The metal additive manufacturing market experienced a growing shift to larger, more productive printers. However, the market as a whole hit a plateau.

Under this external environment, based on the medium-term management plan (FY2022 – FY2025) policy, the Group sought to secure stable revenues, diversify/expand customers, and deliver high-value added services in its main businesses, consisting of the Imaging Products Business and the Precision Equipment Business. In the Imaging Products Business, the Group announced a plan to acquire RED.com, LLC, a US-based company with proprietary customers and technologies in the field of professional digital cinema cameras, and to make it a wholly-owned subsidiary. In April 2024, the Group accomplished the plan, thereby having made RED.com a wholly-owned subsidiary and made a big stride toward tapping into the professional digital cinema camera market. In the Digital Manufacturing Business, which we have positioned as a strategic business, the Group established Nikon Advanced Manufacturing, Inc. in the United States, which globally controls additive manufacturing businesses, including Nikon SLM Solutions AG (hereinafter, "SLM"), a metal 3D printer manufacturer converted into a subsidiary, to expand the business. In addition, the Group made efforts to secure talents and enhance its corporate governance with the aim of strengthening its management base.

Under these circumstances, during the fiscal year ended March 31, 2024, revenue increased

89,140 million yen (14.2%) year on year to 717,245 million yen, operating profit decreased 15,132 million yen (27.6%) year on year to 39,776 million yen, and profit attributable to owners of parent decreased 12,374 million yen (27.5%) year on year to 32,570 million yen.

Performance by segment is as follows.

Note that we newly established the Digital Manufacturing Business, as a new reportable segment, during the fiscal year ended March 31, 2024. We have consolidated the following business assets into this new business segment: businesses previously included in “Industrial Metrology and Others,” part of the additive manufacturing businesses previously included in the “Component Business,” and divisions and subsidiaries including part of the Next Generation Project Division, which were previously included in the corporate profit (loss) that cannot be attributed to any segments. Accordingly, the operating results for the previous fiscal year used in the year-on-year comparisons below have been reclassified in line with the revised business segments.

Note: Operating profit (loss) by business segment includes profit/loss from intra-group transactions.

### **Imaging Products Business**

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

The Group focused on expanding sales of mid- to high-end products and interchangeable lenses targeted at professionals and hobbyists, especially Z 8, Z f and other Z series full-frame mirrorless cameras. As a result, in this business segment recorded revenue of 279,737 million yen (up 23.2% year on year) and operating profit of 46,542 million yen (up 10.3% year on year) due mainly to higher average unit selling prices and the positive effects of the yen depreciation.

### **Precision Equipment Business**

Main businesses: FPD lithography systems, semiconductor lithography systems

The FPD lithography systems field recorded year-on-year decreases in both revenue and profit due to declined unit sales of the systems for both mid-to-small size panels and large-size panels. In contrast, the semiconductor lithography system field recorded year-on-year increases in both revenue and profit owing to increased unit sales of new systems. As a result, in this segment, the Group recorded revenue of 219,379 million yen (up 7.9% year on year) and operating profit of 15,179 million yen (down 38.2% year on year).

### **Healthcare Business**

Main businesses: Biological microscopes, ultra-widefield retinal imaging devices, contract cell development and manufacturing

The Group recorded a year-on-year increase in revenue backed by the positive effects of the yen depreciation and robust sales in the life science solutions and eye care solutions fields. However, the

business segment as a whole posted a decrease in profit partly because we had a cost increase due to price surges, and recorded a provision in the second quarter ended September 30, 2023 and related expenses for a foreign subsidiary in the eye care solutions field. As a result, in this segment, the Group recorded revenue of 107,889 million yen (up 8.5% year on year) and operating profit of 5,388 million yen (down 53.5% year on year).

### **Components Business**

Main businesses: Optical components, encoders, customized equipment, photomask substrates for FPD

The Digital Solutions Business recorded decreases in both revenue and profit as sales of optical parts and encoders declined. Likewise, the Customized Products Business recorded decreases in both revenue and profit mainly due to decreased sales of EUV-related components resulting from a slowdown in the EUV-related markets. As a result, in this segment, the Group recorded revenue of 47,005 million yen (down 11.4% year on year) and operating profit of 16,829 million yen (down 23.8% year on year).

### **Digital Manufacturing Business**

Main businesses: Metal 3D printers, optical processing machines, industrial microscopes, measuring instruments

The Industrial Metrology Business recorded an increase in revenue backed by strong sales of new X-ray products and Laser Radar, but recorded a decrease in profit as a result of the recognition of one-time expenses arisen from the discontinuation of unprofitable products. While the Advanced Manufacturing Business recorded an increase in revenue as a result of making SLM a consolidated subsidiary, a deficit in the business expanded because of one-time costs associated with the launch of a business unit and amortization of the intangible assets acquired in the process of making SLM a consolidated subsidiary, as well as up-front investments in R&D and other activities. As a result, in this segment, the Group recorded revenue of 59,937 million yen (up 42.4% year on year) and operating loss of 15,801 million yen (operating loss of 10,157 million yen in the previous fiscal year).

(ii) Capital investments

Fiscal year capital investments totaled 70,703 million yen. The amounts of investment by business were 11,438 million yen in the Imaging Products Business, 8,921 million yen in the Precision Equipment Business, 5,451 million yen in the Healthcare Business, 8,361 million yen in the Components Business, and 6,031 million yen in the Digital Manufacturing Business. Major capital investments in the fiscal year included an investment for manufacturing equipment related to mirrorless cameras in the Imaging Products Business, an investment to maintain and renew various pieces of equipment in the Precision Equipment Business, expansion of manufacturing equipment in the Components Business, and the construction of a new head office building announced in July 2022.

(iii) Fund procurement

The balance of interest-bearing liabilities at the end of the fiscal year is 192,171 million yen, an increase of 34,074 million yen from the end of the previous fiscal year. The Company did not procure funds through issuance of new shares or bonds during the fiscal year.

(2) Issues to be addressed

Toward achieving Vision 2030, which is to become “a key technology solutions company in a global society where humans and machines co-create seamlessly,” the Group formulated the medium-term management plan (FY2022 – FY2025) and has operated business based on the plan. Although numeric targets in the plan are generally left unchanged, the Group will review and revise the earnings forecasts by business segment as well as the details of capital allocation to reflect changes in the business environment, curb M&A, and expand investments in organic growth. In addition, we will continue to work on our sustainability strategy that is linked with our business strategies, human resources development for achieving the medium-term management plan, and DX strategy for customers and employees. Moreover, we will seek to further enhance our shareholder return.

(3) Major subsidiaries (as of March 31, 2024)

Company name	Percentage of equity participation (%)	Main business
Tochigi Nikon Corporation	100.0	Manufacture of optical units, interchangeable lenses, objective lenses, optical components, machine components
Tochigi Nikon Precision Co., Ltd.	100.0	Manufacture of devices for semiconductor/FPD lithography systems and projection exposure systems
Nikon Europe B.V.	100.0	Centralized supply, administration and management of funds of group companies in Europe. Import, sales and servicing of cameras and microscopes
Nikon Singapore Pte. Ltd.	100.0	Import, sales and servicing of cameras, microscopes, and measuring instruments; sales of used equipment and maintenance service for semiconductor systems
Nikon Imaging Japan Inc.	100.0	Sales and servicing of cameras
Nikon (Thailand) Co., Ltd.	100.0	Manufacture of digital cameras, interchangeable lenses, and digital camera components
Nikon Inc.	*100.0	Import, sales and servicing of cameras
Nikon Imaging (China) Sales Co., Ltd.	*100.0	Import, sales and servicing of cameras
Nikon Precision Inc.	*100.0	Import, sales, maintenance and servicing of semiconductor systems; sales of used equipment
Optos Plc	100.0	Manufacture, sales and servicing of ultra-wide field retinal imaging devices
Nikon SLM Solutions AG	100.0	Provision of integrated metal additive manufacturing solutions
Nikon Advanced Manufacturing Inc.	*100.0	Global headquarters of Advanced Manufacturing Business Unit responsible for scaling and managing the additive manufacturing business
Nikon Metrology NV	*100.0	Management of finance, accounting, legal affairs, IT and marketing for group companies in Americas and Europe for Industrial Metrology

Notes:

- \* shows ownership ratios including indirect ownership.
- Nikon Advanced Manufacturing Inc. is included as a major subsidiary from the current fiscal year.

(4) 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

(5) Other items concerning the status of the Group

On April 8, 2024, the Group acquired all shares of RED.com, LLC, a US-based company with a unique customer base and proprietary technologies in the digital cinema camera market, and made the company a wholly-owned subsidiary

**2. Current state of the Company**

(1) Matters relating to Directors

## (i) Directors (as of March 31, 2024)

Position	Name	Business in charge and important concurrent positions outside the Company
Director (Chairman of the Board)	Kazuo Ushida	Outside Director and Audit & Supervisory Committee Member of Toyo Kanetsu K.K. Outside Director of JSR Corporation
* Director (President)	Toshikazu Umatate	CEO, CTO, Officer in charge of Design Center and Imaging Solution Development Department
* Director (Executive Deputy President)	Muneaki Tokunari	CFO, CRO, General Manager of Group Governance & Administration Division, Officer in charge of Internal Audit Department, Corporate Sustainability Department, Information Security Department, Finance & Accounting Division, Legal & Intellectual Property Division and IT Solutions Division
Director (Senior Executive Vice President)	Takumi Odajima	Assistant to the President
Director	Shigeru Murayama	Senior Strategic Advisor of Kawasaki Heavy Industries, Ltd.
Director	Makoto Sumita	Outside Director and Chairman of the board, MINKABU THE INFONOID, Inc.
Director	Tsuneyoshi Tatsuoka	Outside Director of Asahi Kasei Corporation Outside Director of Mitsubishi Corporation
Director (Full-time Audit and Supervisory Committee Member)	Satoshi Hagiwara	-
Director (Full-time Audit and Supervisory Committee Member)	Atsushi Tsurumi	-
Director (Audit and Supervisory Committee Member)	Shiro Hiruta	-
Director (Audit and Supervisory Committee Member)	Asako Yamagami	External Director, Audit and Supervisory Committee Member of Kagome Co., Ltd. Outside Director of NEC Capital Solutions Limited
* Director (Audit and Supervisory Committee Member)	Michiko Chiba	Outside Director, Member of the Audit and Supervisory Committee of CASIO COMPUTER CO., LTD. Outside Member of the Board of Directors, Audit and Supervisory Committee Member of NTT DOCOMO INC.

## Notes:

- \* indicates Representative Directors.
- \*\* indicates a Director newly elected at the 159th Annual General Shareholders' Meeting held on June 29, 2023.
- Makoto Sumita resigned as External Director who is an Audit and Supervisory Committee Member and elected as External Director who is not an Audit and Supervisory Committee Member at the conclusion of the 159th Annual General Shareholders' Meeting held on June 29, 2023.
- Shigeru Murayama, Makoto Sumita, Tsuneyoshi Tatsuoka, Shiro Hiruta, Asako Yamagami, and Michiko Chiba are External Directors. The Company has submitted Independent Directors/Auditors Notifications to the Tokyo Stock Exchange, Inc. designating these six individuals as independent directors as stipulated in the Tokyo Stock Exchange's Securities Listing Regulations.
- Satoshi Hagiwara 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.
- Satoshi Hagiwara and Atsushi Tsurumi have long-term experiences in the Finance & Accounting Division at the Company, and Michiko Chiba is a certified accountant. Accordingly, they have considerable knowledge of finance and accounting.
- Takumi Odajima resigned as Director who is not an Audit and Supervisory Committee Member as of March 31, 2024.

## (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, etc. 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, etc. 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 Executive Fellows and other positions equivalent to Officer (hereinafter, “Officers, etc.”)) comprises monetary compensation (fixed monthly compensation and bonuses) and stock compensation (performance-based stock remuneration and restricted stock remuneration). The standard payment of bonuses or each stock compensation to be paid to individual Executive Directors and Officers, etc. is calculated by multiplying the amount of their respective fixed monthly compensation by a ratio, which is determined according to their respective title and duties. The higher and more important their title and duties are, the higher the ratio is. When the ratio of fixed monthly compensation is assumed to be 1, the range of the ratio of each compensation is as shown below. Also, stock compensation is paid to Executive Directors and Officers, etc. every fiscal year within the range not exceeding 1% of the share dilution ratio.

Bonuses	Performance-based stock remuneration	Restricted stock remuneration
0.6 - 0.7	0.1 - 0.225	0.3 - 0.45

Monetary compensation

- Fixed monthly compensation

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

- Bonus

This monetary compensation is determined by the Board of Directors based on an evaluation by the Compensation Committee 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 title and duties. As a general rule, a bonus is paid in June every year.

Stock compensation

- Performance-based stock remuneration

With the aims of sharing value with shareholders and enhancing willingness and morale for improving medium-to-long-term performance, this stock compensation is determined by the Board of Directors based on an evaluation by the Compensation Committee based on the following factors within the range of 0% to 150% of the standard payment, which is calculated according to title and duties.

As a general rule, this remuneration is paid by delivering restricted shares or the amount of cash equivalent to the market value of the restricted shares in the first June after the end of each fiscal year during the period of the Company's medium-term management plan. The restricted shares are, as a rule, prohibited from being disposed of during the period up to the date on which an eligible person retires from any of the positions as Director or Officer, etc.

- Restricted stock remuneration

As a general rule, this stock compensation is paid by delivering restricted shares in April every year, with the aims of sharing value with shareholders and enhancing willingness and morale for improving medium-to-long-term performance. The restricted shares are, as a rule, prohibited from being disposed of during the period up to the date on which an eligible person retires from any of the positions as Director and Officer, etc. As a general rule, the number of restricted shares to be delivered is determined by dividing an amount calculated according to title and duties by resolution of the Board of Directors by the market value of the Company's shares.

B) The compensation system for Non-Executive Directors consists only of 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, etc. Based on the results of such deliberations, the Board of Directors decides on the compensation.

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 more than half of which are External Directors. 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, etc. 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 director, officer, equivalent position 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, etc.

(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	7 (3)	6 (4)	13 (7)
		Amount of compensation (million yen)	257 (44)	111 (48)	368 (92)
Performance-based compensation	Bonuses	Number of persons	3 (-)	-	3 (-)
		Amount of compensation (million yen)	78 (-)	-	78 (-)
	Performance-based stock remuneration	Number of persons	3 (-)	-	3 (-)
		Amount of compensation (million yen)	15 (-)	-	15 (-)
Stock compensation	Restricted stock remuneration	Number of persons	3 (-)	-	3 (-)
		Amount of compensation (million yen)	61 (-)	-	61 (-)
Total		Number of persons	7 (3)	6 (4)	13 (7)
		Amount of compensation (million yen)	411 (44)	111 (48)	521 (92)

Notes:

1. The number of persons and the amount of compensation pertaining to fixed compensation/ fixed monthly compensation, and total shown above include one Director who is an Audit and Supervisory Committee Member (of which, one External Director) who resigned at the conclusion of the 159th Annual General Shareholders' Meeting held on June 29, 2023.
2. The amount of bonuses shown above indicates the total amount of bonuses for Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) resolved at the Board of Directors' meeting held on May 17, 2024 after deliberation by the Compensation Committee.
3. The amount of performance-based stock remuneration shown above indicates the total amount to be paid to Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) during the fiscal year, by resolution at the meeting of the Board of Directors held on May 17, 2024.  
Note that the number of persons and the amount of compensation include the monetary compensation paid in exchange for shares as the performance-backed stock remuneration to an individual who resigned as Director as of March 31, 2024.
4. 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.

(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 May 20, 2022.

(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. As for these benchmarks, consolidated ROE is used for measuring capital efficiency, and consolidated operating profit is used for measuring profitability.

The base values for each benchmark and the performance results used in the calculation of compensation for the fiscal year ended March 31, 2024, are as indicated below. In addition, the Company conducts qualitative assessments of the performance of each responsible division, and the responses to issues assigned to each director and officer.

Evaluation benchmarks	Weight	Degree of linkage with performance	Applicable coefficient by performance	Performance results	Degree of achievement
Consolidated ROE for the fiscal year ended March 31, 2024	10% - 50% according to title	0% - 200%	Variable in the range below: Upper limit (8.0%): Coefficient 200% Base value (6.0%): Coefficient 100% Lower limit (4.5%): Coefficient 50% * If it falls below 4.5%, the coefficient will be 0%, and if it exceeds 8.0%, the coefficient will be 200%.	5.0%	67%
Consolidated operating profit for the fiscal year ended March 31, 2024	10% - 50% according to title	0% - 200%	Variable in the range below: Upper limit (63.0 billion yen): Coefficient 200% Base value (45.0 billion yen): Coefficient 100% Lower limit (33.0 billion yen): Coefficient 50% * If it falls below 33.0 billion yen, the coefficient will be 0%, and if it exceeds 63.0 billion yen, the coefficient will be 200%.	39.7 billion yen	78%

When calculating performance-based stock remuneration for each fiscal year, evaluations are performed on consolidated revenue targets, consolidated operating margin targets, amounts of operating profit derived from growth drivers, services and components, respectively, and strategic targets set for each fiscal year for initiatives to strengthen the management base. In addition, consolidated ROE is evaluated for the final fiscal year of the medium-term management plan. Of these benchmarks, consolidated revenue, consolidated operating margins and consolidated ROE are used for measuring the degree of achievement of financial targets set forth in the medium-term management plan, and operating profits derived from growth drivers, services and components, respectively, are used for measuring the degree of achievement of strategic targets set forth in the medium-term management plan.

The base values for each benchmark and the performance results used in the calculation of compensation for the fiscal year ended March 31, 2024, are as indicated below.

	Evaluation benchmarks	Weight	Degree of linkage with performance	Applicable coefficient by performance	Performance results	Degree of achievement
Financial targets	Consolidated revenue for the fiscal year ended March 31, 2024	25%	0% - 150%	Variable in the range below: Upper limit (690.0 billion yen): Coefficient 150% Base value (630.0 billion yen): Coefficient 100% Lower limit (570.0 billion yen): Coefficient 50% * If it falls below 570.0 billion yen, the coefficient will be 0%, and if it exceeds 690.0 billion yen, the coefficient will be 150%.	717.2 billion yen	150%
	Consolidated operating margin for the fiscal year ended March 31, 2024	25%	0% - 150%	Variable in the range below: Upper limit (10.0%): Coefficient 150% Base value (8.5%): Coefficient 100% Lower limit (7.5%): Coefficient 50% * If it falls below 7.5%, the coefficient will be 0%, and if it exceeds 10.0%, the coefficient will be 150%.	5.5%	0%
Strategic targets	Operating profit derived from growth drivers in the fiscal year ended March 31, 2024	20%	0% - 150%	Variable in the range below: Upper limit (26.0 billion yen): Coefficient 150% Base value (22.0 billion yen): Coefficient 100% Lower limit (19.0 billion yen): Coefficient 50% * If it falls below 19.0 billion yen, the coefficient will be 0%, and if it exceeds 26.0 billion yen, the coefficient will be 150%.	1.9 billion yen	0%
	Operating profit derived from services and components in the fiscal year ended March 31, 2024	20%	0% - 150%	Variable in the range below: Upper limit (44.0 billion yen): Coefficient 150% Base value (38.0 billion yen): Coefficient 100% Lower limit (33.0 billion yen): Coefficient 50% * If it falls below 33.0 billion yen, the coefficient will be 0%, and if it exceeds 44.0 billion yen, the coefficient will be 150%.	30.1 billion yen	0%
	Initiatives to strengthen the management base	10%	0% - 150%	Comprehensive evaluation on initiatives for sustainability strategies and human capital management, etc.	-	100%

(ix) Content of non-monetary compensation, etc.

With the aim of further promoting medium- to long-term enhancement of corporate value and value sharing with shareholders, in addition to providing incentives to achieve the targets set forth in the medium-term management plan, the Company provides non-monetary compensation, etc., in the form of performance-based stock remuneration and restricted stock remuneration that are subject to grounds for acquisition by the Company without contribution, etc.

The details of the performance-based stock remuneration are as follows. The shares, etc. will be delivered as remuneration to Directors (excluding Audit and Supervisory Committee Members, External Directors, other Non-Executive Directors and non-residents of Japan) and Officers (including Executive Fellows and other positions equivalent to Officers; excluding non-residents of Japan) of the Company, based on the degree of achievement of targets in each fiscal year of the medium-term management plan, within the range of 0% to 150%. The details of the restricted stock remuneration are as follows. The base reference amount by title for each fiscal year shall be divided by the reference price to determine the number of shares to be delivered. The current state of issuance is as described in “Others Matters Subject to the Electronic Provision Measures (Matters for which Document Delivery is Omitted) for the 160th Annual General Shareholders’ Meeting, Matters relating to shares of the Company, (v) Shares granted to the Company’s Directors as compensation for duties performed during the fiscal year.” The benchmarks for performance-based stock remuneration are as described in “2. Current State of the Company, (1) Matters relating to Directors, (viii) Matters relating to performance-based compensation, etc.”

(x) 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, that 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 158th Annual General Shareholders' Meeting held on June 29, 2022 as follows:
  - The aggregate amount of monthly compensation and other monetary 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 or less is for External Directors per year) (this amount does not include the portion of employees' salaries for Directors who also serve as employees) (The number of eligible Directors at the time of resolution was six (two of whom were External Directors).)
  - With respect to the restricted stock remuneration system for Directors other than those who are Audit and Supervisory Committee Members (excluding External Directors, other Non-Executive Directors and non-residents of Japan), the total amount of monetary compensation claims to be granted as contributed assets for the acquisition of restricted stock shall be 100 million yen or less per fiscal year, the total number of restricted shares to be delivered shall be 150,000 shares or less per fiscal year, and the shares that are delivered shall be restricted shares that are subject to grounds for acquisition by the Company without contribution. (The number of eligible Directors at the time of resolution was three.)
  - The amount of compensation for Directors other than those who are Audit and Supervisory Committee Members (excluding External Directors, other Non-Executive Directors and non-residents of Japan) under the performance-based stock remuneration system linked to the medium-term performance shall be limited to 110,000 shares per evaluation fiscal year. The maximum total amount of monetary compensation claims and money to be granted as contributed assets for the acquisition of restricted stock shall be determined by multiplying the limit of 110,000 shares by the closing share price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors' resolution with respect to the issue of the restricted stock or the disposal of the treasury shares, and the shares that are delivered shall be restricted shares that are subject to grounds for acquisition by the Company without contribution. (The number of eligible Directors at the time of resolution was three.)

(xi) Matters relating to External Directors

- a. Relationships between organizations where important concurrent positions are held and the Company  
There is no special relationship between the organizations where External Directors hold important concurrent positions and the Company.
- b. Major activities during the fiscal year

Name	Attendance at meetings of the Board of Directors or other Committees in charge	Major activities
Shigeru Murayama	Board of Directors: 17 of 17 Nominating Committee: 5 of 5 Compensation Committee: 3 of 3	Shigeru Murayama proactively made remarks for the Company's business strategy, among other issues, 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 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 meetings of the Nominating Committee held during the fiscal year under review. Also, as the chairperson 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 meetings of the Compensation Committee. He strives to supervise the management from an independent and objective position.
Makoto Sumita	Board of Directors: 17 of 17 Audit and Supervisory Committee: 4 of 4 Nominating Committee: 5 of 5	Makoto Sumita proactively made remarks for the Company's business strategy, among other issues, based on 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, 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 meetings of the Nominating Committee held during the fiscal year under review. He strives to supervise the management from an independent and objective position.
Tsuneyoshi Tatsuoka	Board of Directors: 16 of 17 Nominating Committee: 5 of 5	Tsuneyoshi Tatsuoka proactively made remarks for the Company's business strategy, among other issues, based on his exceptional knowledge regarding industrial and economic policies gained through important positions held at the Ministry of Economy, Trade and Industry, 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 meetings of the Nominating Committee held during the fiscal year under review. He strives to supervise the management from an independent and objective position.
Shiro Hiruta	Board of Directors: 17 of 17 Audit and Supervisory Committee: 14 of 14 Compensation Committee: 3 of 3	Shiro Hiruta proactively made remarks for the Company's business strategy, among other issues, 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 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 meetings of the Compensation Committee held during the fiscal year under review. He strives to supervise the management from an independent and objective position.
Asako Yamagami	Board of Directors: 17 of 17 Audit and Supervisory Committee: 14 of 14 Nominating Committee: 5 of 5	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. 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, she attended all meetings of the Nominating Committee held during the fiscal year under review. She strives to supervise the management from an independent and objective position.

Michiko Chiba	Board of Directors: 11 of 12 Audit and Supervisory Committee: 9 of 10	Michiko Chiba proactively made remarks based on her knowledge and experience as a certified accountant, 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 corporate accounting and governance.
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- Makoto Sumita resigned as Director who is an Audit and Supervisory Committee Member and elected as Director who is not an Audit and Supervisory Committee Member at the 159th Annual General Shareholders' Meeting held on June 29, 2023. Accordingly, his attendance at meetings of the Audit and Supervisory Committee represents the numbers of meetings held and the number of meetings he attended during his service as Director who is an Audit and Supervisory Committee Member.
- Michiko Chiba was newly appointed at the 159th Annual General Shareholders' Meeting held on June 29, 2023. Accordingly, the number of meetings held and the number of meetings she attended are the numbers since her appointment.

The number of shares presented in this business report are rounded to the specified units.

The amounts stated are rounded to the nearest million yen, and amounts less than 100 million yen are rounded off.

**Consolidated Financial Statements**  
**Consolidated Statement of Financial Position**  
(As of March 31, 2024)

(Million yen)

Item	Amount	Item	Amount
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and cash equivalents	206,644	Trade and other payables	83,647
Trade and other receivables	139,922	Bonds and borrowings	88,313
Inventories	285,239	Income taxes payable	5,056
Other current financial assets	15,908	Advances received	71,875
Other current assets	19,627	Provisions	7,892
<b>Total current assets</b>	<b>667,340</b>	Other current financial liabilities	32,993
<b>Non-current assets</b>		Other current liabilities	40,641
Property, plant and equipment	133,428	<b>Total current liabilities</b>	<b>330,416</b>
Right-of-use assets	24,455	<b>Non-current liabilities</b>	
Goodwill and intangible assets	158,573	Bonds and borrowings	78,392
Retirement benefit asset	11,658	Retirement benefit liability	7,330
Investments accounted for using equity method	9,728	Provisions	8,286
Other non-current financial assets	89,618	Deferred tax liabilities	16,631
Deferred tax assets	51,471	Other non-current financial liabilities	17,395
Other non-current assets	840	Other non-current liabilities	3,568
<b>Total non-current assets</b>	<b>479,771</b>	<b>Total non-current liabilities</b>	<b>131,602</b>
		<b>Total liabilities</b>	<b>462,019</b>
		<b>EQUITY</b>	
		Share capital	65,476
		Capital surplus	897
		Treasury shares	(7,297)
		Other components of equity	75,876
		Retained earnings	548,843
		Equity attributable to owners of parent	683,795
		Non-controlling interests	1,297
		<b>Total equity</b>	<b>685,091</b>
<b>Total assets</b>	<b>1,147,110</b>	<b>Total liabilities and equity</b>	<b>1,147,110</b>

## Consolidated Statement of Profit or Loss

(From April 1, 2023 to March 31, 2024)

(Million yen)

Item	Amount
<b>Revenue</b>	717,245
<b>Cost of sales</b>	(407,198)
<b>Gross profit</b>	310,047
Selling, general and administrative expenses	(268,056)
Other operating income	3,576
Other operating expenses	(5,792)
<b>Operating profit</b>	39,776
Finance income	8,260
Finance costs	(7,834)
Share of profit of investments accounted for using equity method	2,467
<b>Profit before tax</b>	42,669
<b>Income tax expense</b>	(10,535)
<b>Profit for year</b>	32,134
<b>Profit attributable to:</b>	
Owners of parent	32,570
Non-controlling interests	(436)
<b>Profit for year</b>	32,134

**Non-Consolidated Financial Statements**

**Non-Consolidated Balance Sheet**  
**(As of March 31, 2024)**

(Million yen)

Item (Assets)	Amount	Item (Liabilities)	Amount
<b>Current assets</b>	<b>367,563</b>	<b>Current liabilities</b>	<b>275,282</b>
Cash and deposits	78,718	Electronically recorded obligations - operating	7,005
Notes receivable - trade	3,063	Accounts payable - trade	47,949
Accounts receivable - trade	69,393	Short-term loans payable	49,950
Securities	4,000	Current portion of long-term loans payable	33,007
Finished goods	39,428	Lease obligations	328
Semi-finished goods	2,808	Accounts payable - facilities	10,278
Raw materials	393	Accrued expenses	26,379
Work in process	106,784	Income taxes payable	731
Supplies	13,876	Advances received	52,532
Short-term loans receivable from subsidiaries and associates	22,690	Deposits received	41,933
Income taxes refund receivable	770	Provision for product warranties	1,573
Accounts receivable - other	12,929	Other	3,616
Other	12,714		
Allowance for doubtful accounts	(1)	<b>Non-current liabilities</b>	<b>91,348</b>
<b>Non-current assets</b>	<b>411,605</b>	Bonds payable	20,000
<b>Property, plant and equipment</b>	<b>78,649</b>	Long-term loans payable	58,200
Buildings	17,804	Lease obligations	658
Structures	604	Asset retirement obligations	3,401
Machinery and equipment	12,119	Provision for loss on business of subsidiaries and associates	8,748
Vehicles	99	Other	341
Tools, furniture and fixtures	7,285	<b>Total liabilities</b>	<b>366,630</b>
Land	8,297		
Leased assets	904	<b>(Net assets)</b>	
Construction in progress	31,538	<b>Shareholders' equity</b>	<b>375,809</b>
<b>Intangible assets</b>	<b>13,038</b>	Share capital	65,476
Software	12,008	Capital surplus	80,712
Other	1,030	Legal capital surplus	80,712
<b>Investments and other assets</b>	<b>319,918</b>	Retained earnings	236,919
Investment securities	79,755	Legal retained earnings	5,565
Shares of subsidiaries and associates	179,143	Other retained earnings	231,353
Investments in capital	3	Reserve for research and development	2,056
Investments in capital of subsidiaries and associates	16,999	Reserve for tax purpose reduction entry of replacement assets	4,508
Long-term loans receivable from subsidiaries and associates	8,211	Reserve for tax purpose reduction entry	2,815
Prepaid pension cost	9,137	Reserve for promoting open innovation	321
Deferred tax assets	28,676	General reserve	111,211
Other	2,493	Retained earnings brought forward	110,443
Allowance for doubtful accounts	(4,499)	Treasury shares	(7,297)
		<b>Valuation and translation adjustments</b>	<b>34,864</b>
		Valuation difference on available-for-sale securities	35,033
		Deferred gains or losses on hedges	(169)
		<b>Share acquisition rights</b>	<b>1,866</b>
		<b>Total net assets</b>	<b>412,539</b>
<b>Total assets</b>	<b>779,169</b>	<b>Total liabilities and net assets</b>	<b>779,169</b>

## Non-Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>438,871</b>
<b>Cost of sales</b>		<b>294,884</b>
<b>Gross profit</b>		<b>143,987</b>
Selling, general and administrative expenses		127,869
<b>Operating profit</b>		<b>16,118</b>
<b>Non-operating income</b>		
Interest and dividend income	30,989	
Other	8,958	39,946
<b>Non-operating expenses</b>		
Interest expenses	2,514	
Other	11,903	14,416
<b>Ordinary profit</b>		<b>41,648</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	5	
Gain on sale of investment securities	9,744	
Gain on receipt of donated non-current assets	19	9,768
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	2	
Impairment loss on non-current assets	9	
Loss on sale of investment securities	59	
Loss on valuation of investment securities	1,919	
Loss on valuation of shares of subsidiaries and associates	944	2,933
<b>Profit before income taxes</b>		<b>48,482</b>
Income taxes - current	3,025	
Income taxes - deferred	2,173	5,198
<b>Profit for year</b>		<b>43,285</b>

## INDEPENDENT AUDITOR'S REPORT

May 15, 2024

To the Board of Directors of  
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

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Tokio Suzuki

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Motoyuki Suzuki

Designated Engagement Partner,  
Certified Public Accountant:

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Hajime Yoshizaki

### 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, 2024, and the consolidated statement of profit or loss and consolidated statement of changes in equity for the fiscal year from April 1, 2023 to March 31, 2024, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under Designated IFRS Accounting Standards.

### 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.

## **Other Information**

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under Designated IFRS Accounting 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under Designated IFRS Accounting 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 judgment. 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under Designated IFRS Accounting 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, actions taken to eliminate threats or safeguards applied.

#### **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.

## INDEPENDENT AUDITOR'S REPORT

May 15, 2024

To the Board of Directors of  
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Tokio Suzuki

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Motoyuki Suzuki

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Hajime Yoshizaki

### Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of NIKON CORPORATION (the "Company"), namely, the non-consolidated balance sheet as of March 31, 2024, and the non-consolidated statement of income and non-consolidated statement of changes in equity for the 160th fiscal year from April 1, 2023 to March 31, 2024, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, 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 Non-consolidated 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.

### Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and the Audit and Supervisory Committee for the Non-consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 Responsibilities for the Audit of the Non-consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-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 non-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 non-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 judgment. 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 non-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 Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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, actions taken to eliminate threats or safeguards applied.

#### **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 Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(TRANSLATION) Audit Report of Audit and Supervisory Committee

**Audit Report**

The Audit and Supervisory Committee has audited the performance of the Directors' duties for the 160th term (April 1, 2023 to March 31, 2024). 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, the Audit and Supervisory Committee 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, the Audit and Supervisory Committee 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) The Audit and Supervisory Committee 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. The Audit and Supervisory Committee 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) and requested explanations as necessary.

Based on the above-described methods, the Audit and Supervisory Committee examined the Business Report and its accompanying supplemental schedules, 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 accompanying supplemental schedules 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 accompanying supplemental schedules 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 is 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 do 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.

(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 the Accompanying Supplemental Schedules

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

May 17, 2024

Audit and Supervisory Committee of NIKON CORPORATION

Audit and Supervisory Committee Member	Shiro Hiruta	(seal)
Audit and Supervisory Committee Member	Asako Yamagami	(seal)
Audit and Supervisory Committee Member	Michiko Chiba	(seal)
Full-time Audit and Supervisory Committee Member	Satoshi Hagiwara	(seal)
Full-time Audit and Supervisory Committee Member	Atsushi Tsurumi	(seal)

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