

Nikon Corporation

Q&A of the 161st Annual General Shareholders' Meeting

The following is a summary of the main questions from shareholders and our responses at the Annual General Shareholders' Meeting.

Date: Friday, June 27, 2025

Disclaimer:

Forward-looking statements, such as performance forecasts and the like, provided in these materials are based on certain assumptions and may differ significantly from actual business results as a result of a variety of factors.

1. Question received prior to the meeting

Q: What is your view on improving business performance and stock prices?

A: Although revenue for FY2025 is expected to recover year-on-year, it is not expected to reach the operating profit target of ¥70.0 billion set in our Medium-Term Management Plan. As a result, the stock price has remained at around ¥1,400, and we recognize that our current business performance and stock prices are not fully meeting shareholder expectations. While we have been making steady progress in strengthening internal controls and upgrading production facilities to support sustainable growth, improving profitability remains a challenge.

Based on these performances and challenges, we are working to improve profitability by focusing on the selection and concentration of investments and organizational optimization. At the same time, we will continue to make appropriate investments for long-term growth, without placing undue emphasis on short-term performance. As a long-term target, we aim to achieve revenue of ¥1 trillion and an operating margin of 10% or more in 2030. To that end, in the Imaging Products Business, we will ensure stable revenue through the launch of competitive professional digital cinema cameras and the acquisition of new customers, including younger generations. In the Precision Equipment Business, we are advancing the development of a next-generation ArF immersion lithography system and digital lithography systems for AI-related data centers.

Across all five business segments, we will strive to enhance the value we provide to customers, thereby driving improvements in business performance and stock prices.

2. Questions received during the meeting

Q: It has been about three and a half years since the launch of the flagship mirrorless

camera “Z9.” What is your view on its successor?

A: We launched the “Z9” in December 2021, equipped with a newly developed stacked CMOS sensor and image-processing engine. By deploying these technologies across other models, we have been working to expand our user base. At the same time, we are steadily continuing to invest in core technology development in areas such as sensors, engines, and AF systems. Additionally, we are working to enhance video performance in collaboration with RED Digital Cinema, Inc., a professional cinema camera manufacturer we acquired in 2024.

Q: The Precision Equipment Business recorded an impairment loss of approximately ¥7.9 billion in the fourth quarter of FY2024. What were the reasons behind this?

A: In addition to a downturn in the semiconductor market, it became clear in the second half of the fiscal year that transactions with a major customer would underperform. As a result, the present value of future cash flows fell below the book value of the related assets. Since the assessment and confirmation with the accounting auditor were finalized after the fiscal year-end, a significant impairment loss was recorded in the fourth quarter.

Q: According to the independent auditor’s report in the Annual Securities Report, the impairment loss on fixed assets in the Precision Equipment Business was not identified as a Key Audit Matter (KAM). What discussions took place between the accounting auditor and the Audit and Supervisory Committee members regarding this?

A: The accounting auditor and the Audit and Supervisory Committee members hold meetings quarterly, during which KAMs are also discussed. The impairment loss on fixed assets in the Precision Equipment Business was considered a candidate for KAM. However, since the impairment loss was recorded at the end of the fiscal year, it was ultimately not designated as a KAM. As a result, the identified KAMs were the valuation of goodwill and the equity interest in Nikon SLM Solutions AG. Given the importance of KAMs, we will continue to engage in thorough discussions with the accounting auditor moving forward.

Q: What is your recruitment strategy for younger talent?

A: We position the acquisition of talented individuals—especially younger talent—as a core element of our human capital management strategy, and we are implementing various initiatives in this area. In terms of compensation, we have conducted a comprehensive review of wages, including but not limited to starting salaries, and have implemented base salary increases. We recognize that younger generations place importance not only on compensation, but also on factors such as their potential to contribute to society and opportunities for self-fulfillment. To address

these needs, we have established hiring tracks for highly skilled personnel with technical expertise and introduced a system that guarantees job positions upon joining the Company specifically targeting younger candidates. Additionally, we are enhancing our recruitment branding and refining the selection process. We will continue to work on attracting and securing outstanding and younger talent going forward.

Q: Recently, economic news has highlighted food security issues, such as the rice shortage in Japan. Should you consider entering agriculture-related businesses that are directly linked to food security?

A: We have already begun launching a system called “NiLIMo,” which utilizes AI-based detection and monitoring devices to streamline cow’s calving management for livestock farmers. One of the key challenges for livestock farmers is the inability to accurately predict when cows will give birth, leading to increased rounds of checking. By utilizing NiLIMo’s camera-based observation and AI analysis, farmers can identify behavioral patterns that indicate imminent calving. We believe that identifying the challenges faced by such customers and applying our core strength—applied optics technology—to address them presents not only a business opportunity for us, but also contributes to solving broader social issues.