

May 18, 2026

Notice Regarding Revision of Stock Compensation System for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

NIKON CORPORATION (the “Company”) hereby announces that, at the meeting of its Board of Directors held on May 18, 2026, it resolved to revise the stock compensation system for Directors (excluding Directors who are Audit and Supervisory Committee Members) (the “Revision”) and to submit a proposal regarding the Revision (the “Proposal”) to the 162nd Annual General Shareholders’ Meeting scheduled to be held on June 26, 2026 (the “General Shareholders’ Meeting”).

1. Purpose of this Revision

Compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company consists of monetary compensation (fixed compensation and bonuses) and stock compensation (restricted stock compensation and performance share unit compensation). With respect to such compensation, at the 158th Annual General Shareholders’ Meeting held on June 29, 2022, approval was obtained to pay, to Directors who are not Audit and Supervisory Committee Members (excluding External Directors, other Non-executive Directors, and non-residents of Japan), (i) Restricted Stock (I) (as defined below) compensation up to ¥100 million per fiscal year (with the number of shares of restricted stock to be delivered to eligible Directors not exceeding 150,000 shares per fiscal year) and (ii) performance share unit compensation, for each evaluation fiscal year, up to the amount obtained by multiplying the upper limit of the number of shares of Restricted Stock (II) (as defined below) to be delivered to eligible Directors, which is 110,000 shares, by the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution by the Board of Directors on the issuance of Restricted Stock (II) or the disposal of treasury shares (if there is no closing price on such date, the closing price on the closest preceding trading day).

In conjunction with the formulation of a new Medium-term Management Plan, the Company has decided to revise its stock compensation system in order to further incentivize Directors to achieve the targets set forth in the Medium-term Management Plan, enhance corporate value over the medium to long term, and further promote value sharing with shareholders.

2. Overview of this Revision

Among the stock compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company, the Company will propose at the General Shareholders’ Meeting (i) with respect to the restricted stock unit compensation system, to change the timing of delivery of shares of the Company’s common stock or cash equivalent to the market value of the Company’s common stock (collectively, the “Company’s Stock, etc.”) to be delivered to Directors who are not Audit and Supervisory Committee Members (excluding External Directors, other Non-executive Directors, and foreign nationals) to after the end of each fiscal year, and to change the compensation to be delivered in certain cases, such as where an eligible Director retires before the delivery date of restricted stock, from restricted stock to cash equivalent to the market value thereof, and (ii) with respect to the performance share unit compensation system, to change the calculation method for the Company’s Stock, etc. to be delivered to Directors who are not Audit and Supervisory Committee Members (excluding External Directors, other Non-executive Directors, and foreign nationals). Directors eligible for delivery of restricted stock unit compensation and performance share unit compensation are hereinafter referred to as the “Eligible Directors.”

(1) Overview of the restricted stock unit compensation system (RSU system)

This is a compensation system under which shares of the Company's common stock that are subject to provisions on a certain transfer restriction period and grounds for acquisition by the Company without contribution, etc. ("Restricted Stock (I)") are delivered to Eligible Directors.

(i) Upper limit of the amount of compensation, etc.

Upon resolution by the Board of Directors, the Company shall, in principle, grant monetary compensation claims to Eligible Directors every year after the end of each fiscal year. Meanwhile, Eligible Directors shall receive Restricted Stock (I) by making an in-kind contribution of the said monetary compensation claims at the time of issuance of Restricted Stock (I) or the disposal of treasury shares by the Company.

The amount of such monetary compensation claims shall be the amount obtained by multiplying the number of shares of Restricted Stock (I) to be delivered, as determined based on the calculation formula in (iii) below, by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution by the Board of Directors on the issuance of Restricted Stock (I) or the disposal of treasury shares (if there is no closing price on such date, the closing price on the closest preceding trading day).

The upper limit of the total amount of monetary compensation claims and cash to be delivered by the Company to Eligible Directors under the restricted stock unit compensation system shall be the amount obtained by multiplying the upper limit of the number of shares of Restricted Stock (I) to be delivered to Eligible Directors per fiscal year of 120,000 shares, as set forth in (iii) below, by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution by the Board of Directors on the issuance of Restricted Stock (I) or the disposal of treasury shares (if there is no closing price on such date, the closing price on the closest preceding trading day).

(ii) Details of transfer restrictions and lifting of transfer restrictions

(a) Details of transfer restrictions

Each Eligible Director shall be, in principle, prohibited from transferring, creating a security interest on, or otherwise disposing of Restricted Stock (I) during the period from the date on which the Eligible Director receives Restricted Stock (I) until the date on which the Eligible Director retires from any and all of the positions as Director (including Executive Officer at a company with three committees) and Officer (including Executive Fellow and other positions equivalent to Officer) (the "Restriction Period (I)"), pursuant to an agreement between the Company and the Eligible Director.

(b) Lifting of transfer restrictions

The Company shall lift the transfer restrictions on all of the Restricted Stock (I) held by Eligible Directors who have received Restricted Stock (I) upon the expiry of the Restriction Period (I).

(c) Acquisition without contribution

If an Eligible Director retires from any of the positions as Director (including Executive Officer at a company with three committees) and Officer (including Executive Fellow and other positions equivalent to Officer) without a justifiable reason or if certain other circumstances arise before the lifting of the transfer restrictions, the Company shall acquire all of the Restricted Stock (I) without contribution immediately after the circumstance arises.

(d) Treatment during reorganization, etc.

If, during the Restriction Period (I), matters relating to a merger agreement under which the Company will become a dissolving company, a share exchange agreement or a share transfer plan under which the Company will become a wholly-owned subsidiary of another company, or other certain reorganization, etc., are approved at a General Shareholders' Meeting (or at a Board of Directors meeting in case where approval at a General Shareholders' Meeting is not required in relation to the reorganization, etc.), the Company shall lift the transfer restrictions on all of the Restricted Stock (I).

(iii) Calculation method of Company's Stock, etc. to be received by Eligible Directors and upper limit thereof

The Company shall determine the number of Restricted Stock (I) to be delivered to each of the Eligible Director for each fiscal year in accordance with the calculation formula defined below:

Number of shares to be delivered = Base reference amount by title (*1) / Reference stock price (*2)

*1 To be determined according to factors such as the title of, content of duties performed by, and responsibilities of each Eligible Director.

*2 The closing price of the Company's common stock on the Tokyo Stock Exchange on June 26, 2026.

The number of shares of Restricted Stock (I) to be delivered by the Company to Eligible Directors shall not exceed 120,000 shares per fiscal year. Provided, however, that if the total number of shares issued by the Company increases or decreases as a result of a share consolidation, share split, allotment of shares without contribution, or similar event ("Share Split, etc."), the said upper limit shall be reasonably adjusted according to the ratio of the Share Split, etc.

As described in (iv) below, in certain cases, such as where an Eligible Director retires before the delivery date of Restricted Stock (I), cash equivalent to the market value thereof shall be paid instead of Restricted Stock (I).

(iv) Delivery, etc. of the Company's Stock, etc. to Eligible Directors

The Company shall deliver, in accordance with prescribed procedures after the end of each fiscal year, the number of shares of Restricted Stock (I) calculated as set forth in (iii) above to Eligible Directors who remain in service during each fiscal year, by the method described in (i) above, on condition that they have continuously held any position as Director (including Executive Officer at a company with three committees) or Officer (including Executive Fellow and other positions equivalent to Officer) throughout the period determined by the Board of Directors (the "Service Offering Period (I)"). Provided, however, that if the tenure during the Service Offering Period (I) is shorter than the entire Service Offering Period (I), due to reasons such as being appointed as an Eligible Director during the Service Offering Period (I), the number of shares of Restricted Stock (I) to be delivered shall be reasonably adjusted.

In addition, if an Eligible Director retires for a justifiable reason before the delivery date of Restricted Stock (I) (including the case where the Eligible Director has died), the Company shall pay cash equivalent to the market value of the Company's common stock in the number obtained by prorating the number of shares to be delivered, as calculated in (iii) above, according to the tenure during the Service Offering Period (I) from the start of the Service Offering Period (I) to the date of retirement (in the case of death, such cash shall be paid to a person who succeeds to the Eligible Director's rights to delivery of shares, etc.).

If an Eligible Director is a non-resident of Japan at the time of delivery, the Company shall pay cash equivalent to the market value of the Company's common stock corresponding to the number of shares to be delivered, as calculated in (iii) above.

(2) Overview of the revised performance share unit compensation system (PSU system)

This is a compensation system under which the Company's Stock, etc. in a number calculated based on the degree of achievement of performance targets, etc. for each evaluation fiscal year is delivered to Eligible Directors.

(i) Evaluation fiscal year

An evaluation fiscal year shall be each fiscal year of the period covered by a Medium-term Management Plan subject to payment (covering multiple consecutive fiscal years to be separately determined by the Board of Directors each time a new Medium-term Management Plan is formulated, starting from the fiscal year following the final fiscal year of the previous Target Period; hereinafter referred to as the "Target Period").

(ii) Upper limit of the amount of compensation, etc.

Each year, in principle after the end of each evaluation fiscal year, the Company shall grant monetary compensation claims to Eligible Directors according to the degree of achievement of performance targets, etc. for each evaluation fiscal year. Eligible Directors shall receive shares of the Company's common stock that are subject to provisions on a certain transfer restriction period and grounds for acquisition by the Company without contribution, etc. ("Restricted Stock (II)") by making an in-kind contribution of the said monetary compensation claims at the time of issuance of Restricted Stock (II) or the disposal of treasury shares by the Company.

The amount of such monetary compensation claims shall be the amount obtained by multiplying the number of shares of Restricted Stock (II) to be delivered, as determined based on the calculation formula in (iv) below, by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution by the Board of Directors on the issuance of Restricted Stock (II) or the disposal of treasury shares (if there is no closing price on such date, the closing price on the closest preceding trading day).

The upper limit of the total amount of monetary compensation claims and cash to be delivered by the Company to Eligible Directors under the performance share unit compensation system shall be the amount obtained by multiplying the upper limit of the number of shares of Restricted Stock (II) to be delivered to Eligible Directors per evaluation fiscal year of 240,000 shares, as set forth in (iv) below, by the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution by the Board of Directors on the issuance of Restricted Stock (II) or the disposal of treasury shares (if there is no closing price on such date, the closing price on the closest preceding trading day).

(iii) Details of transfer restrictions and lifting of transfer restrictions

The details of transfer restrictions and lifting of transfer restrictions for Restricted Stock (II) shall apply mutatis mutandis to (1)(ii)(a) through (d) above. In such application, “Restriction Period (I)” shall be deemed to be replaced with “Restriction Period (II),” and “Restricted Stock (I)” shall be deemed to be replaced with “Restricted Stock (II).”

As described in (v) below, in certain cases, such as where an Eligible Director retires before the delivery date of Restricted Stock (II), cash equivalent to the market value thereof shall be paid instead of Restricted Stock (II).

(iv) Calculation method of Company’s Stock, etc. to be received by Eligible Directors and upper limit thereof

The Company shall deliver the number of Restricted Stock (II) calculated based on the degree of accomplishment of performance targets and the title of each Eligible Director, etc. for each evaluation fiscal year during the Target Period to each individual Eligible Director. The number of Restricted Stock (II) to be delivered to each Eligible Director per evaluation fiscal year shall be determined in accordance with the calculation formula defined below:

Number of shares to be delivered

= Base reference amount by title (*1) / Reference stock price (*2) x Performance-based coefficient (*3)

*1 To be determined according to factors such as the title of, content of duties performed by, and responsibilities of each Eligible Director.

*2 The closing price of the Company’s common stock on the Tokyo Stock Exchange on June 26, 2026.

*3 The degree of achievement of each evaluation benchmark for the targets set forth in the Medium-term Management Plan shall be deliberated by the Compensation Committee within a range of 0% to 200%. The performance-based coefficient shall be calculated by totaling the values multiplied by the weightings of respective evaluation benchmarks. Points may be added to or subtracted from the performance-based coefficients, which are calculated as above, within 25 points, respectively, upon decisions of the Compensation Committee and the Board of Directors in consideration of, among other factors, economic conditions during each evaluation fiscal year, and subsequent events and other special circumstances of the Company. Even in such cases, however, the performance-based coefficients shall be determined within a range of 0% to 200%.

(v) Delivery, etc. of the Company’s Stock, etc. to Eligible Directors

The Company shall deliver the number of Restricted Stock (II), which is calculated as (iv) above, to Eligible Directors who remain in service during each fiscal year in accordance with the prescribed procedures after the end of each fiscal year in the manner described in (ii) above, on condition that each Eligible Director continues to as a Director (including Executive Officers at a company with three committees) or Officer (including Executive Fellow and other positions equivalent to Officer) throughout a period determined by the Board of Directors (“Service Offering Period (II)”). However, if the tenure of an Eligible Director during the Service Offering Period (II) is shorter than the entire period of the Service Offering Period (II) due to the assumption of position as Eligible Director during the period or other such reasons, the number of Restricted Stock (II) to be delivered shall be reasonably adjusted.

In addition, if an Eligible Director retires for a justifiable reason before the delivery date of Restricted Stock (II) (including the case where the Eligible Director has died), the Company shall pay cash equivalent to the market value of the Company's common stock in the number obtained by prorating the number of shares to be delivered, as calculated in (iv) above, according to the Eligible Director's tenure during each evaluation fiscal year from the start of such evaluation fiscal year to the date of retirement (in the case of death, such cash shall be paid to a person who succeeds to the Eligible Director's rights to delivery of shares, etc.).

If an Eligible Director is a non-resident of Japan at the time of delivery, the amount of cash equivalent to the market value of the number of shares of the Company's common stock to be delivered, which is calculated as (iv) above, shall be delivered to the Eligible Director.

Weightings of respective evaluation benchmarks and targets set for fiscal 2030 are as follows:

Evaluation benchmark		Weighting	FY 2030 target
Companywide ROIC		30%	7%
ROE		20%	10%
Relative Total Shareholder Return	Against the TOPIX	20%	Evaluate based on a comparison between the Company and the TOPIX (including dividends)
	Against the peer group	20%	Evaluate based on relative ranking against the TSR growth rate of the peer group
Initiatives to strengthen the management base		10%	Evaluate five areas comprehensively: human capital management, manufacturing, DX, executive management, and sustainability

The evaluation benchmarks shall be determined at the beginning of the first fiscal year of the Target Period, and the target values for each evaluation benchmark shall be determined at the beginning of each fiscal year, by the Board of Directors in accordance with the results of deliberations by the Compensation Committee, after the Compensation Committee deliberates on appropriate levels for achieving the targets of the Medium-term Management Plan, taking into account the state of the Company at the time and other factors. The upper limit of the number of Restricted Stock (II) to be delivered by the Company to Eligible Directors shall be 240,000 shares per evaluation fiscal year; provided, however, that if the total number of shares issued by the Company increases or decreases as a result of Share Split, etc., the said upper limit shall be reasonably adjusted according to the ratio of Share Split, etc.

Reference

If the Proposal is approved and adopted as originally proposed at the General Shareholders' Meeting, the Company also plans to revise the restricted stock unit compensation and performance share unit compensation for Officers (including Executive Fellows and other positions equivalent to Officers) in the same manner as the details of the Proposal.

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