

September 2, 2022

To all parties concerned

Company:	Nikon Corporation
Representative:	Toshikazu Umatate, Representative Director and President
Code:	7731 (Tokyo Stock Exchange Prime Section)
Contact:	Tetsuya Okumura, General Manager, Finance and Accounting Division (tel. 03-6433-3626)

Announcement of the Subscription to a Capital Increase of New Shares and Decision to Submit a Public Takeover Offer for Shares of SLM, based in Germany

Nikon Corporation (“the Company”) hereby announces that the Company resolved at the board of directors’ meeting today that the Company, through its fully owned subsidiary and special purpose company Nikon AM. AG (the “Purchaser”), will exclusively subscribe to the capital increase of new shares (the “Capital Increase”) of SLM Solutions Group AG (“SLM”), listed on the Frankfurt Stock Exchange in Germany, and to submit a voluntary public takeover offer under German law in the form of a cash offer to acquire all no-par value bearer shares in (the “SLM Shares”) against payment of a cash consideration in the amount of EUR 20.00 per SLM Share (the “Takeover Offer”) accompanied by a public offer to the holders of the Convertible Bonds 2026 (as defined below) issued by SLM (the “Bonds Offer”) (the Capital Increase, the Takeover Offer and the Bonds Offer together: the “Acquisition”).

Through the Purchaser, the Company will subscribe to the Capital Increase as of September 2022, at EUR 20.00 per share, for approximately 10% of the currently registered share capital of SLM. The Purchaser decided to submit the Takeover Offer from October through November 2022 to purchase the outstanding and to be issued SLM Shares at the price of EUR 20.00 per SLM share. In addition, the Purchaser decided today to make a separate public offer from October through November 2022 to the holders of certain convertible bonds issued by SLM at the price of (i) EUR 2,960.00 per each convertible bond issued by SLM on 15 July 2020 in the amount of EUR 14,688,000.00, with ISIN DE000A289N86 (the “Convertible Bonds 2020/2026”), (ii) EUR 2,580.00 per each convertible bond issued by SLM on 23 April 2021 in the amount of EUR 3,570,000.00, with ISIN DE000A3H3HP1 (the “Convertible Bonds 2021/2026”) and (iii) EUR 2,280.00 per each convertible bond issued by SLM on 14 June 2022 in the amount of EUR 30,213,000.00, with ISIN DE000A3MQV02 (the “Convertible Bonds 2022/2026”, and lit. (i), (ii) and (iii) collectively the “Convertible Bonds 2026”). The total amount of capital required for the Acquisition is expected to be EUR 622 million (approx. JPY 84 billion).

The management and supervisory board of SLM welcome and support the Takeover Offer and will, subject to review of the offer document, recommend to the shareholders of SLM to accept the Takeover Offer. In addition, the Purchaser entered into irrevocable undertakings with certain holders, including Elliott International, L.P., ENA Investment Capital LLP, and SLM’s founder Hans-Joachim Ihde with respect to their SLM Shares and Convertible Bonds 2026

* For convenience, 1 EUR = 135.00 JPY throughout this announcement

* Throughout this announcement, the number of fully diluted shares outstanding is calculated by adding the number of current shares outstanding, the number of shares to be issued through the Capital Increase, and the number of additional shares issued by SLM assuming all Convertible Bonds 2026 are converted into common shares. Unless otherwise stated, the Company’s shareholder ratio is calculated on a fully diluted basis.

1. Background of acquisition

The Company set out its Vision 2030 statement in its April 2022 Medium-Term Management Plan that it aims to become a key technology solutions company in a global society where humans and machines co-create seamlessly. In its existing two key business lines, imaging products and precision equipment, the Company aims to strengthen profitability through winning new customers and delivering new and innovative value-added solutions. The Company regards healthcare, components, and digital manufacturing as strategic growth areas and is unlocking synergies with existing products and creating new solutions in promising markets where it sees growth opportunities.

The Company is emphasising its strategic focus on its digital manufacturing business to bring innovation to the world of mass-production with applied optical technology. The Company sees robot vision and material processing as key growth drivers for its digital manufacturing business to deliver customers end products, components, and contract processing services. The adoption of additive manufacturing (an industrial process of layering metals, akin to 3D printing), is an area in which the Company expects significant growth. In 2021, the Company acquired majority ownership of Morf3D, a US company that is a trusted leader in metal additive manufacturing for the aerospace industry.

SLM, headquartered in Lübeck, Germany, is a world-leading provider of integrated metal Additive Manufacturing solutions (aka metal 3D printing). SLM's portfolio includes the world's fastest metal Additive Manufacturing machines boasting up to 12 lasers and enabling the highest build rates in the industry paving the way of Additive Manufacturing in industrialized metal manufacturing processes across industries. With an installed base of over 750 machines globally SLM supplies metal 3D printing solutions to more than 150 leading companies in the aerospace, automotive, energy, and other industries.

SLM develops products that can handle a range of requirements from prototyping to mass-production based on end-user needs. SLM's strength is in producing equipment capable of manufacturing large components and has delivered L-PBF metal 3D printers to more than 150 leading companies, including aerospace and automotive companies. SLM is a technology pioneer, and its multi-laser technology and large format metal additive manufacturing machines help to maximize productivity for its customers.

The Company is pursuing this Acquisition to drive value and offer innovative manufacturing solutions to customers. The Company will leverage its capabilities in high-precision measurement and optical technology to realise synergies and support SLM to unlock the growth potential of additive manufacturing. SLM is manufacturing the 3D printers in Germany, and the Company is committed to keep and enhance these operations.

* L-PBF method: a process that uses a laser to melt thin layers of powder, laminating these layers until the component is created.

2. Significance of acquisition

Through this Acquisition, the Company will gain immediate brand power and market share in the additive manufacturing market from SLM, which is a leading provider of L-PBF method products. The Company aims to become a leading global player in metal additive manufacturing to offer innovative manufacturing solutions to customers worldwide with this acquisition.

The Company will generate new innovative business solutions through being able to offer customers both L-PBF method products of SLM, and directed energy deposition (“DED”) * method products, which is a technology the Company has already adopted.

Both the Company and SLM have an open culture that emphasizes technological excellence and innovation, and the Acquisition will allow for a R&D collaboration framework which will strengthen the technological capabilities and enhance its solutions offerings. In addition, SLM's product competitiveness will be enhanced with the Company's assistance in providing the technological know-how necessary to unlock the potential of additive manufacturing.

* DED method: a process where metal powder and a laser are simultaneously irradiated, melted, and layered.

3. Acquisition overview

(1) Acquisition overview

The Acquisition will be carried out by the Purchaser subscribing to SLMs Capital Increase, after which the Purchaser will implement the Takeover Offer for the SLM Shares and the Bonds Offer for the Convertible Bonds 2026 issued by SLM in accordance with German law.

(2) Overview of Capital Increase

The Purchaser will acquire approximately 10% of SLM's registered share capital by subscribing to the Capital Increase.

- ① Number of shares to be acquired through the Capital Increase
2,270,172 SLM Shares
- ② Issue price
EUR 20.00 per SLM Share
- ③ Funds required for the Capital Increase
Approx. EUR 45 million (JPY 6.1billion)
The Company plans to use cash on hand for the funds required for the Capital Increase.
- ④ Change in SLM's shareholding ratio due to Capital Increase
Shareholding ratio before the Capital Increase: 0.0%
(Based on the number of the issued shares before the Capital Increase)
Shareholding ratio after the Capital Increase: 9.1%
(Based on the number of the issued shares after the Capital Increase)

(3) Overview of the Takeover Offer and the Bonds Offer

The Purchaser will submit the offer document for review by the German Federal Financial Supervisory Authority (“BaFin”) and, upon approval by BaFin, the offer document will be published in accordance with German law and the acceptance period for the Takeover Offer will commence. In addition, the Purchaser will make a separate public offer to the holders of the Convertible Bonds 2026, which will not be reviewed by BaFin.

- ① Shares subject to the Takeover Offer and convertible bonds subject to the Bonds Offer
All SLM Shares not owned by the Company
Convertible Bonds 2020/2026
Convertible Bonds 2021/2026
Convertible Bonds 2022/2026
- ② Takeover Offer price
No-par value bearer shares: EUR 20.00 per SLM Share
Convertible Bonds 2020/2026: EUR 2,960.00 per convertible bond in the nominal amount of EUR 1,000.00
Convertible Bonds 2021/2026: EUR 2,580.00 per convertible bond in the nominal amount EUR 1,000.00
Convertible Bonds 2022/2026: EUR 2,280.00 per convertible bond in the nominal amount EUR 1,000.00
- ③ Funds required for the Takeover Offer and the Bonds Offer
Approx. EUR 577 million (JPY 77.9 billion)
The Company plans to use cash on hand for the funds required for the Takeover Offer and the Bonds Offer.
- ④ Key conditions of the Takeover Offer
The Takeover Offer will be made in accordance with the terms and conditions set forth in the offer document and will be made subject to foreign investment control clearances, no insolvency of SLM, and no capital measures other than certain exceptions. The Takeover Offer will not be subject to a minimum acceptance threshold. The Bonds Offer will largely be subject to corresponding conditions.
- ⑤ Key agreements between the Purchaser and the current shareholders of SLM
On September 2, 2022 the Purchaser entered into irrevocable undertakings with certain parties who own SLM Shares and convertible bonds of SLM including Elliott International, L.P., ENA Investment Capital LLP, Hans-Joachim Ihde. Under the irrevocable undertakings, these shareholders committed to tender their SLM Shares into the Takeover Offer and their Convertible Bonds 2026 into the Bonds Offer. As a result, the Purchaser will own 61.1% of SLM's fully diluted shares outstanding after the Takeover Offer and the Bonds Offer.

On September 2, 2022 the Company and the Purchaser entered into an investment agreement with SLM, which governs the principal terms and conditions of the Takeover Offer as well as the mutual intentions and understandings with regard to the future governance of SLM.

4. Acquisition schedule

The schedule for the acquisition is as follows.

- ① Subscription date for the Capital Increase: September 2, 2022
- ② Takeover Offer Period: 4 weeks, starting immediately upon approval of the offer document for the Takeover Offer by BaFin (planned)
- ③ Announcement date of the result of the Takeover Offer: Without undue delay after the expiry of the Takeover Offer Period (planned)

The schedule for the Takeover Offer will be subject to approval of the offer document by BaFin and will be conducted in accordance with the terms and conditions set out in the offer document to be approved by BaFin.

Morgan Stanley is acting as exclusive financial advisor and Morrison & Foerster LLP as legal advisor to Nikon.

5. Overview of SLM

The overview of SLM is as follows.

[1] Name	SLM Solutions Group AG			
[2] Location	Germany			
[3] Name and Title of Representatives	CEO: Sam O'Leary CFO: Dirk Ackermann CCO: Charles Grace			
[4] Type of business	Manufacturing and sales of metal 3D printers (additive manufacturing)			
[5] Amount of capital	EUR 22,750,010.00			
[6] Date of foundation	1996			
[7] Listed market	Frankfurt Stock Exchange			
[8] Major Shareholders and Shareholding Ratio* (as at December 31, 2021)	Elliott International, L.P.: 21.7% ENA Investment Capital LLP: 17.5%			
[9] Relationship between the Company and SLM	N/A			
[10] Consolidated operating results and consolidated financial position for the last three years (Unit: thousand EUR)				
	FY Ending:	December 2019	December 2020	December 2021
	Total equity	44,514	15,768	32,671
	Total assets	136,637	126,247	149,036
	Total output	48,962	61,759	75,115
	EBITDA**	(26,001)	(14,781)	(8,597)
	EBIT***	(34,660)	(23,394)	(16,295)
	Net profit (loss)	(47,055)	(30,252)	(20,375)
	EPS****(in EUR)	(2.38)	(1.53)	(0.90)

Note: Data sourced from SLM annual reports

* Calculated based on the number of issued shares as of December 31, 2021

** EBITDA = Earnings before interest, taxes, depreciation, and amortization

*** EBIT = Earnings before interest and taxes

**** Calculated based on the number of issued shares at the end of each fiscal period

6. Outlook

Subject to the receipt of regulatory approvals, the Company expects to report the specific impact of the Acquisition in its financial results for the financial year ending March 31, 2023.

* Detailed information regarding the Takeover Offer (announced at 8:00 a.m., German time, September 2, 2022) as required under the German Takeover Act will be posted on the following webpage:

www.dm-offer.com

Certain Disclaimers

This announcement is for information purposes only and does not constitute an invitation to make an offer to sell SLM securities. This announcement does not constitute an offer to purchase SLM securities and is not for the purposes of the Company making any representations or entering into any other binding legal commitments. Investors and holders of SLM securities are strongly advised to read the relevant documents regarding the Takeover Offer and the bonds offer, when available, because they contain important information. In addition, holders of SLM securities subject to the Takeover Offer and/or the bonds offer are strongly recommended to seek independent advice in order to reach an informed decision in respect of the content of such offer documents and with regard to the Takeover Offer and/or the bonds offer.

The publication, sending, distribution or dissemination of this announcement in certain jurisdictions other than Germany and the United States may be governed by laws of jurisdictions other than Germany and the United States in which the publication, sending, distribution or dissemination are subject to legal restrictions. Persons who are not resident in Germany or the United States or who are for other reasons subject to the laws of other jurisdictions should inform themselves of, and observe, the laws of such other jurisdictions.

This announcement is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

If you are a resident of the United States, please read the following:

The Takeover Offer and the bonds offer are being made for the securities of a non-U.S. company and will be subject to the disclosure and procedural laws, standards and practices of jurisdictions other than the U.S., although the Takeover Offer and the bonds offer will be made in reliance on, and compliance with, Section 14(e) of the Exchange Act and Regulation 14E thereunder.

In some jurisdictions, publication or distribution of this announcement may be illegal or permitted only to certain persons.

Forward-looking statements

This announcement contains forward-looking statements or statements that may be deemed to be forward-looking statements with respect to the Company, the Purchaser and SLM. Statements other than historical facts contained in this announcement may constitute forward-looking statements. Forward-looking statements include "targets," "plans," "believes," "expects," "aims," "intends," "will," "may," "anticipates", "estimates", "projects" and similar words and phrases, or the negative forms thereof. Forward-looking statements include (i) future capital expenditures, expenses, revenues, earnings, synergies, economic trends, indebtedness, financial condition, dividend policy, losses and projections; (ii) business and management strategies and the potential synergies and business expansion and growth that the Takeover Offer and the bonds offer may bring to the Company, the Purchaser or SLM; and (iii) the impact of any governmental regulation on the business of the Company or SLM, including statements regarding the impact of such regulation on the business of the Company or SLM.

Forward-looking statements are subject to risks and uncertainties that may materially affect expected results and are based on certain important assumptions. A number of factors could cause actual results to differ materially from those assumed or implied in the forward-looking statements. In light of such uncertainties and risks, you are cautioned not to place undue reliance on forward-looking statements, which are relevant only as of the date they are made. Neither the Company, the Purchaser nor SLM undertakes any obligation to update any forward-looking statements or other statements contained in this announcement, except as required by applicable law.

None of the statements contained or referred to in the Takeover Offer section of this announcement are made as a profit forecast.

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