



Progress Report on Medium-Term Management Plan (FY 2022 - 2025)

Making a better world with trust and creativity

May 11, 2023

NIKON CORPORATION

Opening Remarks

Substantial challenges

Evolve from a business mainly in sales of end products

Cultivate new earnings pillars alongside Imaging Products and Precision Equipment

Where we will be in 2025

Providing Products and Services optimized to meet our customer needs

Direction for the entire company

Strengthen delivery of solutions integrating end products, service and components

Sustain "Main Businesses"

Imaging

Precision Equipment

Scale earnings in "Strategic Businesses"

Healthcare

Components

Digital manufacturing

Strengthen management base

Sustainability strategy

Human capital management

DX with a focus on customers and employees

Technology

Manufacturing

Corporate governance

Create value

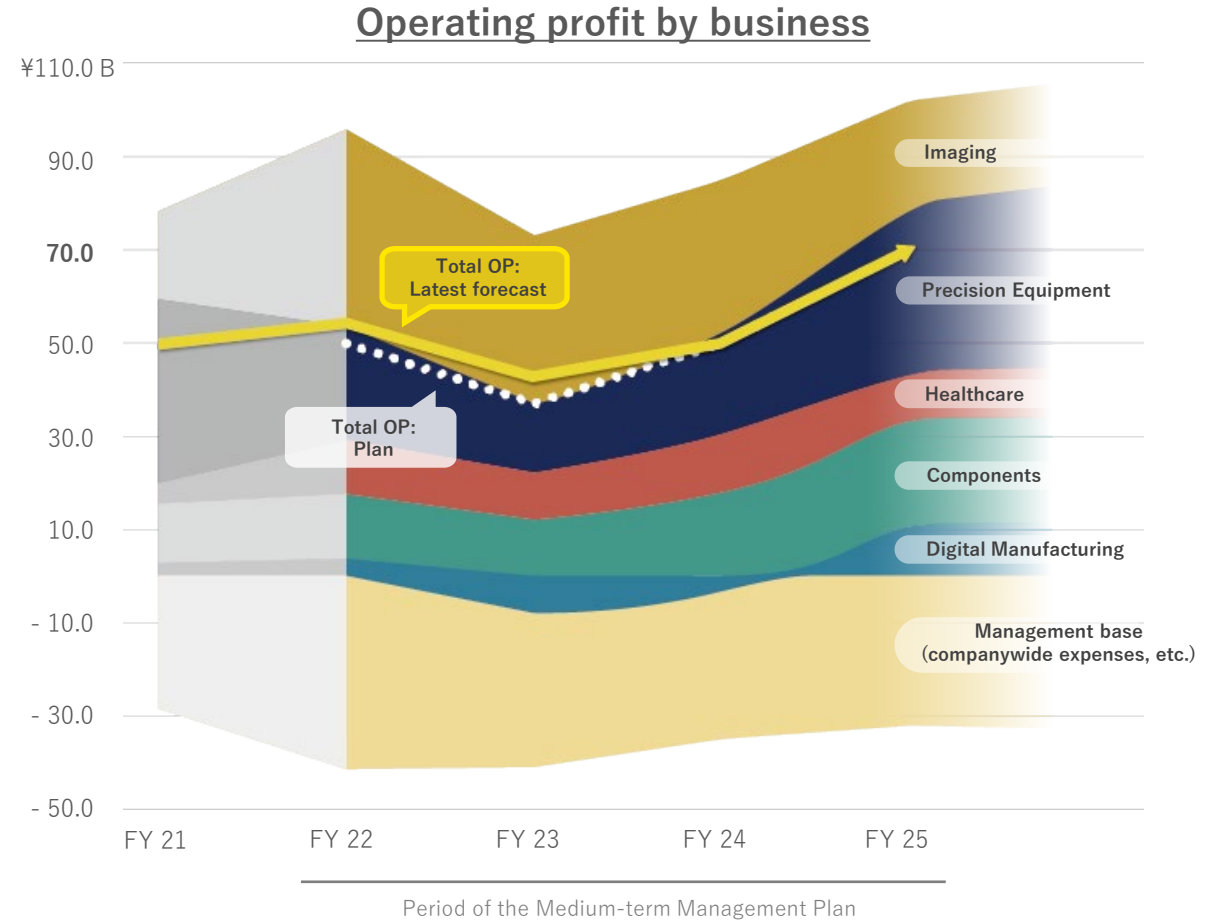
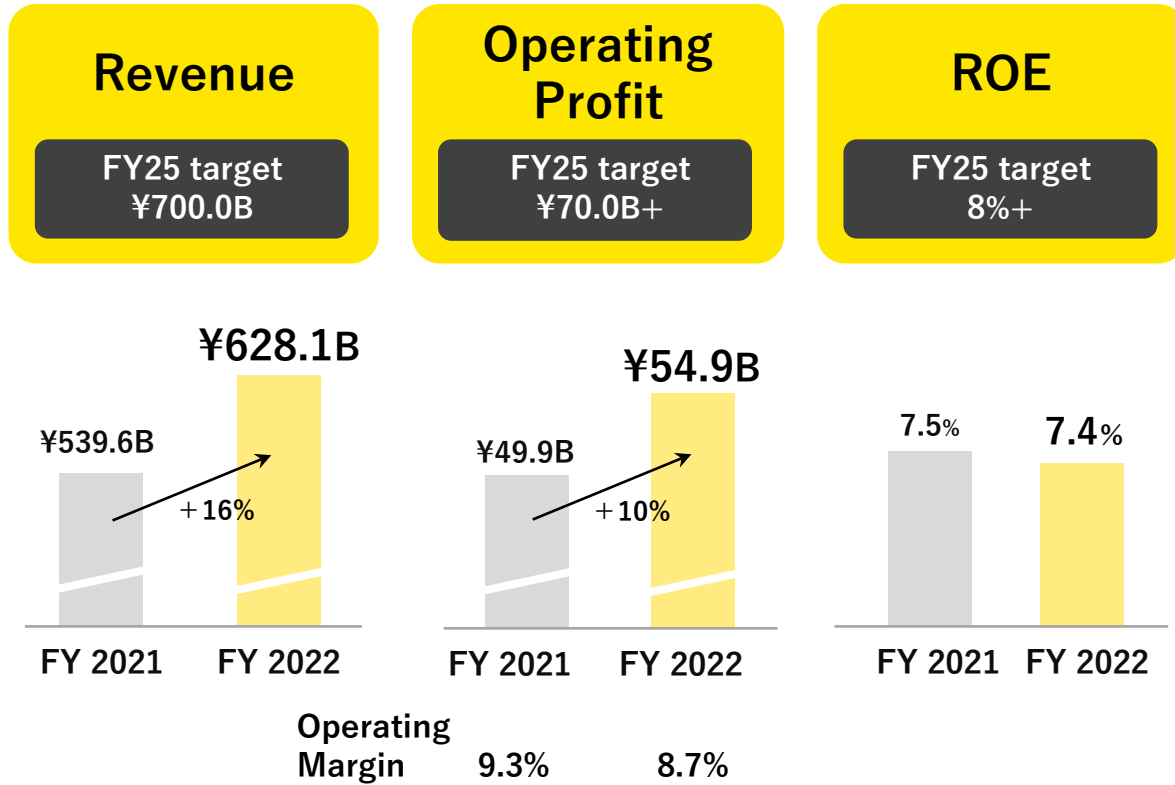
Social value (Vision 2030)

A key technology solutions company in a global society where humans and machines co-create seamlessly

Economic value (FY 2025 targets)

Revenues ¥700.0B / Operating margin of 10%+ / ROE 8%+

Medium-Term Management Plan: Results from Year 1



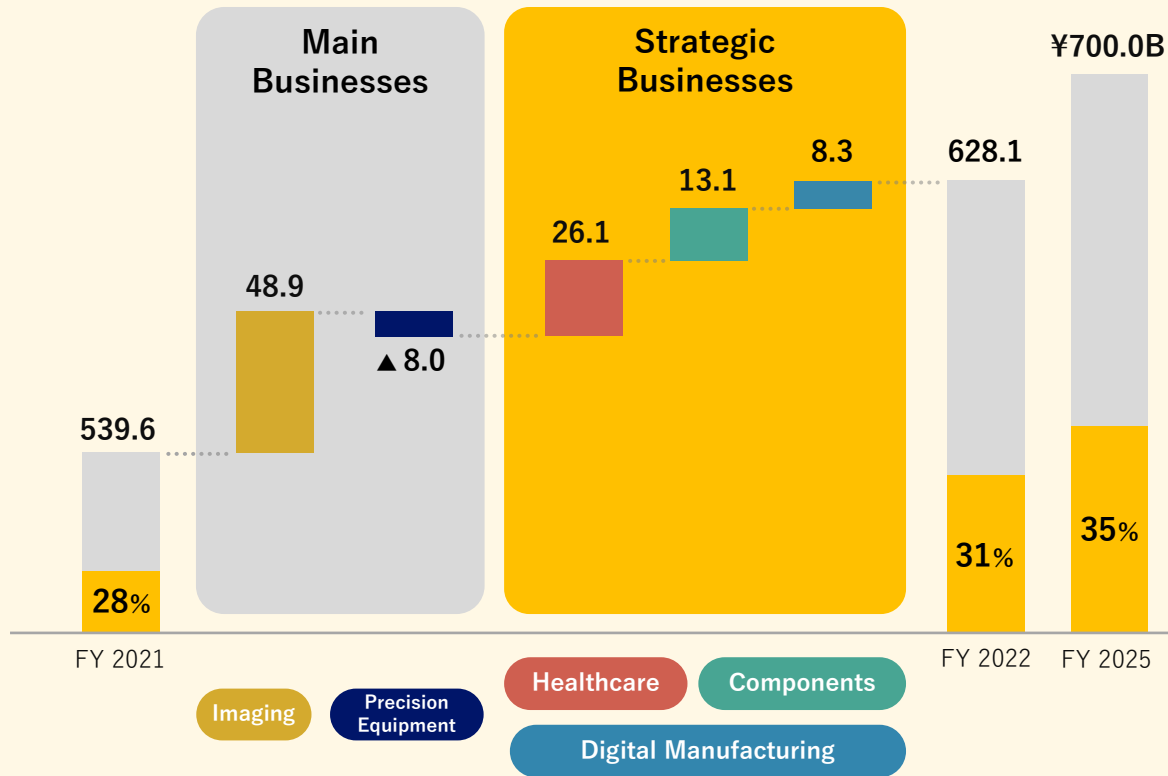
Revenue and Operating Profit ahead of plan

*Excluding one-time costs (impairment losses), FY 2022 company total operating profit was ¥59.3B, operating margin was 9.4%. (FY 2021 company total operating profit was ¥50.3B). The Other Businesses segment to be included in "Management Base" in FY 23 and beyond.

Company Total Revenue in Plan Year 1 and Beyond

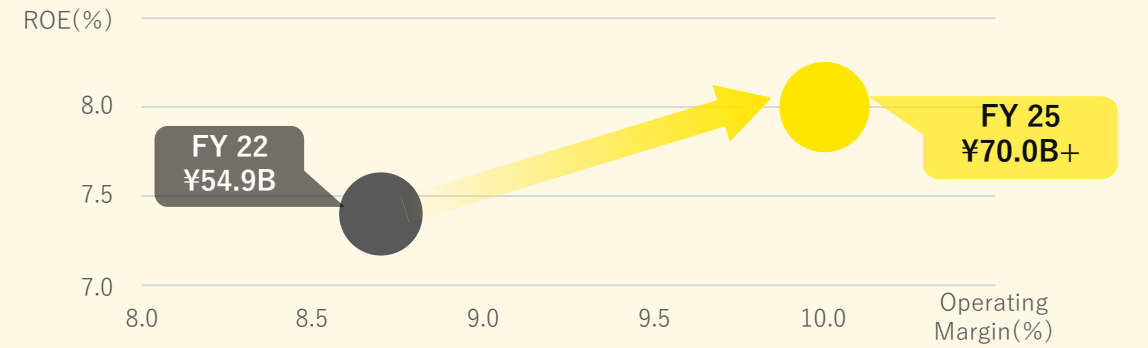
Revenue

Grow Strategic Businesses to 35% in FY 2025

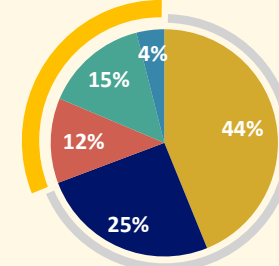


Operating Profit

Improvements from service and components and growth drivers

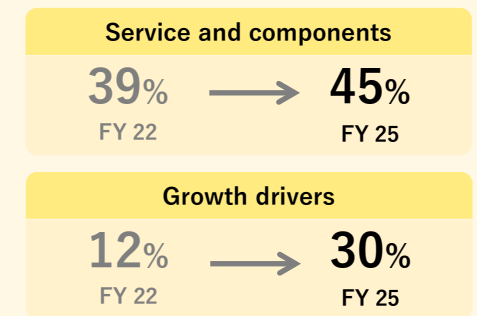


FY 2022 operating profit by business segment



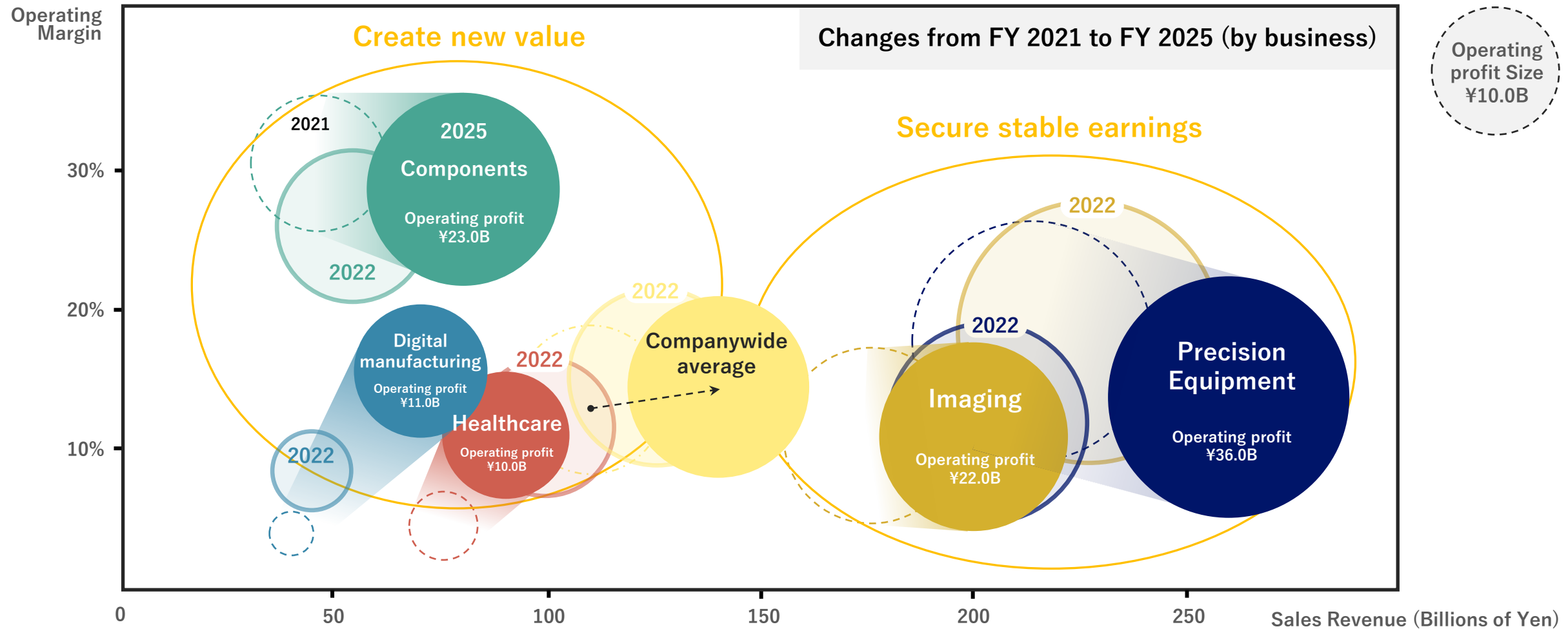
Strategic Businesses 31% + Main Businesses 69%

As a percentage of business profit



Improve profitability with FPD systems business performance recovery and Digital Manufacturing growth

Revenue Portfolio: Progress toward Balancing Scale with Profitability



Generate diverse revenues from common core of optical and precision technologies and strengthen resilience against uncertainties and risks

*Company average is a simple average of the 5 businesses. Figures expressed are before deducting companywide and other expenses (FY 21 -¥28.5B, FY 25 -¥32.0B).

FY25 targets assume the following exchange rates: ¥115/USD and ¥130/EUR.

Vision

Expand the possibilities for visual expression and acquire overwhelming support from all generations of fans around the world

Earnings plan

Achieve revenue of ¥200.0B and Operating profit margin of 10% on a stable basis

	FY 21	FY 22	FY 23 Outlook	FY 25 Target
Revenue	¥178.2B	¥227.1B	¥240.0B	¥200.0B
Operating Profit	¥19.0B	¥42.2B	¥38.0B	¥22.0B

Progress in Year 1 of Plan

- Digital camera-interchangeable lens type**
 - ASP up about 30%. Mirrorless cameras make up 80%+ of sales.
 - Enhanced customer experience value on expanded alliances and applications.
- Interchangeable lens**
 - Expanded lineup for mirrorless cameras to 36 lenses (Grow to 50+ in FY 25)
- Imaging contents (growth driver)**
 - Began operations at Nikon Creates. Delivers virtual production functionality through the generation of 3D imaging using 360° image capture and background changes while shooting. Reduces filming costs and enhances editing flexibility after filming.



Topics

- First flagship mirrorless camera model Z 9**
 - Highest first-year sales volumes among all flagship models released in the past 15 years.
 - Continued to evolve post-launch with firmware upgrades to enhance functionality

- Mirrorless camera Z 8**
 - Plan to introduce advanced Z 9 features across the lineup. Strengthen competitiveness of Nikon Z-mount system overall.



Expanded fan base, achieved record-high operating margin and gained confidence to achieving earnings plan in stable manner

Vision

Support improving quality of life for people through innovation

Earnings plan	Grow operating profit to ¥10.0B in 2025			
		FY 21	FY 22	FY 23 Outlook
Revenue	¥73.2B	¥99.3B	¥95.0B	¥90.0B
Operating Profit	¥4.3B	¥11.5B	¥11.0B	¥10.0B

Progress in Year 1 of Plan

Life sciences

- Makes up about 60% of sales. Revenue grew 30%+ YoY.
- Greater-than-expected progress on private sector business development. Latest confocal laser microscope system was adopted broadly at biotech and pharma companies.

Eye care

- About 40% of sales. Revenue up about 30% YoY.
- As the global population ages and ophthalmological ailments increase, the market for diagnosis leveraging ultra wide field retinal cameras, a strength for Nikon, is expanding.

Contract Cell Development and Manufacturing (growth driver)

- Development and production of regenerative medicine products such as cardiac muscle and cornea using iPS cells and products using Master Cell Bank of dental pulp stem cells to try to contribute to treatment of intractable diseases.

Topics

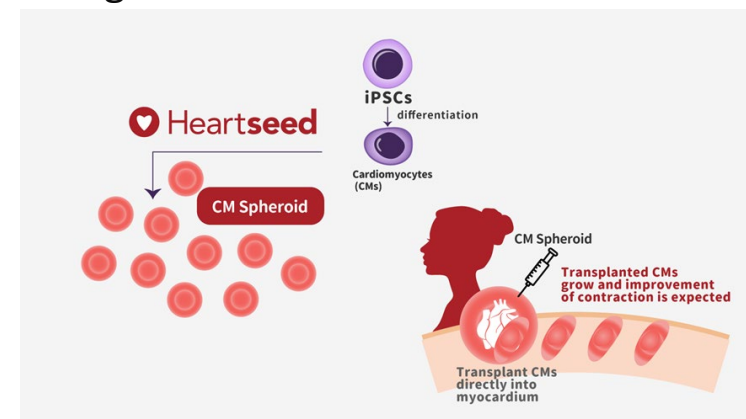
Life sciences

- Contract analysis service established in Japan, US and Europe is leading to new customer development.
- Refreshing of new core products has improved profitability.



Contract cell manufacturing

- First Heartseed transplant succeeded under the LAPiS clinical study for a cell therapy designed to restore heart function in people with advanced heart failure*.



Achieved medium-term targets in Year 1 and will pursue further growth while dealing with external headwinds

*manufactured by Nikon CeLL innovation.

Vision

Continue delivery of innovative solutions to customers and support a digital society

Earnings plan	Secure stable operating profit of ¥30.0B+ (Operate across both FPD and Semiconductor)			
		FY 21	FY 22	FY 23 Outlook
Revenue	¥211.2B	¥203.2B	¥210.0B	¥260.0B
Operating Profit	¥39.4B	¥24.3B	¥15.0B	¥36.0B

Progress in Year 1 of Plan

■ Semiconductor lithography, measurement and inspection

- Support a variety of needs from a broad range of customers to increase resilience against market fluctuations.

■ FPD lithography

- Harshest environment in 20 years. Promote efficiencies leading up to production ramp-up beginning in the latter half of 2023.

■ Service

- Record-high sales in FY 22 on strength in parts sales and improvement work.

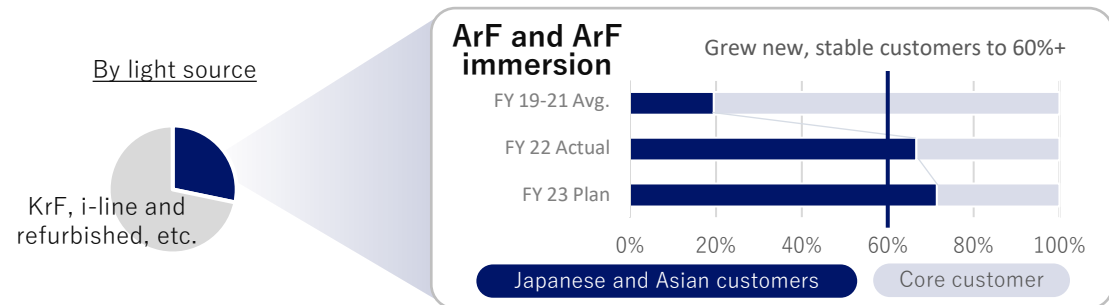
■ Digital lithography (growth driver)

- Developing new value creation, such as shorter prototyping periods, individualized ID lithography, and large surface area lithography, to support customer needs not covered by legacy systems.

Topics

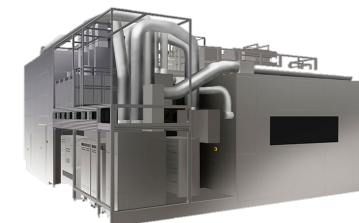
■ Semiconductor equipment

- New, stable customers grew to 60%+ of our core ArF and ArF immersion sales volumes.
- Continue customer acquisition measures mainly in devices such as 3D-NAND and CIS, where layering is advancing.
- Metrology/inspection systems also trended well



■ FPD equipment

- Launched the large-scale lithography system FX-88S, which achieves high resolution and productivity, for broad adoption in panels for high value-added products, such as smart devices, high-end monitors and large televisions.



Integrate FPD and semiconductor business units to achieve flexible and efficient management and generate further scale

*FY 22 sales was ¥203.2B and operating profit was ¥24.5B under new segmentation starting 2023.

Components: Status of Business Operations

Vision

Grow together with customers as we support their innovation

Earnings plan	Get to ¥20.0B+ in operating profit by doubling revenues			
		FY 21	FY 22	FY 23 Outlook
Revenue	¥40.8B	¥53.9B	¥53.0B	¥80.0B
Operating Profit	¥12.7B	¥14.6B	¥20.0B	¥23.0B

Progress in Year 1 of Plan

Optical components (growth driver)

- In high-performance lenses, acquired multiple new long-term deals in semi-related market

EUUV related components (growth driver)

- Continued stable growth on production capacity adds and development and shipment of next-gen equipment

Encoders

- Encoder business growing with the robot market. Also, acceleration of commercialization of robot modules and development of US and Europe markets and market for human-robot collaboration

FPD photomask substrates

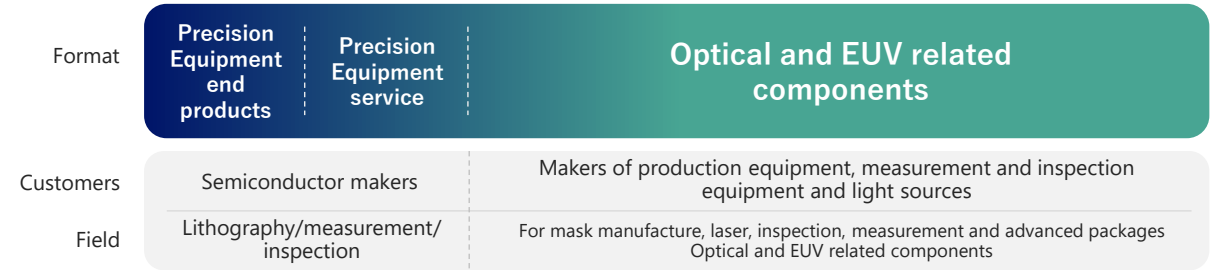
- Trending well in support of increased demand for high-precision polishing and film deposition. Cultivating restoration service.

Topics

Optical components

- Achieved progress in customer development in semi-related fields in FY 22
 - Existing customers: Expand sales in high value-added products
 - New customers : Added customers by supporting needs for projection lenses and high-durability optical parts

Acquire new business with greater value proposition Growth in customers and value proposition→



Machine vision for industrial applications

- Launched LuFact series, an industrial-use ultracompact camera equipped with AI edge computing. Adopted by Sony Semiconductor Manufacturing, a Sony Group company pursuing smart factories



Leverage our strength of fusing opto-electronics and precision technologies and deliver in the customer's desired format

*FY 22 sales was ¥53.0B and operating profit was ¥22.0B under new segmentation starting 2023.

Vision

Enable innovations in manufacturing with applied optics application technologies

Earnings plan

Leverage alliances to get to 10%+ annual revenue growth

	FY 21	FY 22	FY 23 Outlook	FY 25 Target
Revenue	¥36.0B	¥44.3B	¥64.0B	¥70.0B
Operating Profit	¥2.9B	¥3.8B	-¥9.0B	¥11.0B

Progress in Year 1 of Plan

Material Processing (growth driver)

- Built up a variety of measures aimed at accelerating growth, including the SLM acquisition, launch of a new standalone business unit, and the establishment of a business headquarters on the US West Coast, where many customers need precision metal processing.

Robot vision (growth driver)

- Validated upgraded and more efficient parts pick & place with promising partner

Laser radar and X-ray and CT systems

- Expanded product and sales infrastructure for automotive and EV batteries. Achieved solid growth.

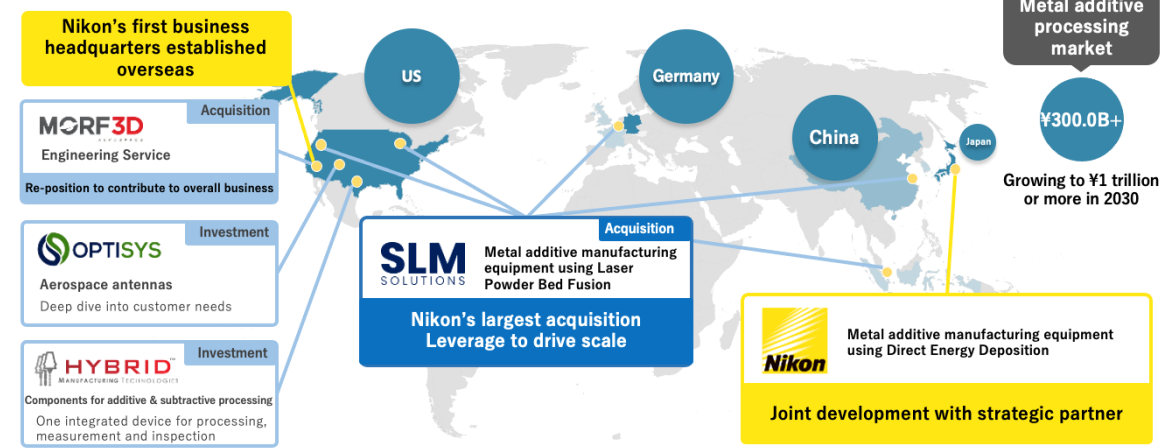
In-line measurement

- Serving the automotive, aerospace and other industries, executed automated high precision non-contact metrology in large space and achieved compact, high speed, light weight format for industrial inspection.

Topics

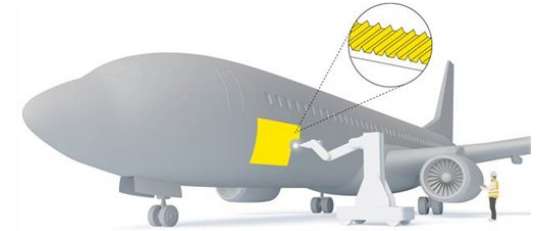
Expanded base for additive manufacturing business

- Built out infrastructure in Japan, US and Europe and accelerated co-creation within the Nikon group



Riblet processing

- Implemented durability tests on effects of drag reduction with ANA, JAL and JAXA for potential deployment to flights resulting in improved fuel efficiency and CO2 reduction.



Cultivate into core business of vision 2030 “a key technology solutions company in a global society where humans and machines co-create seamlessly”

* ANA = All Nippon Airways Co., Ltd. JAL = Japan Airlines Co., Ltd. JAXA = Japan Aerospace Exploration Agency. Market size information estimated by Nikon based on various data sources. FY 22 sales was ¥42.0B and operating profit was -¥10.1B under new segmentation starting 2023.

Business Operations: A Summary of Year 1 of the Plan

Quality of life

Enrich peoples' lives



Industry

Expand possibilities
for people



Main Businesses

Imaging

Establish stable earnings structure

FY25 target: Achieved in Year 1
Record-high: Operating Margin
Challenges: Respond to deteriorating business environment and grow share

Secure stable operating profit of ¥50.0B from Imaging and Precision Equipment

Precision Equipment

Made progress developing stable customers in semiconductor

FY25 target: Integrate FPD and Semiconductor business units to achieve target
Record-high: Percentage of new, stable customers in Semiconductor. Service revenue.
Challenges: Respond to deteriorating business environment in FPD and recover earnings

Strategic Businesses

Healthcare

Grow both end products and service

FY25 target: Achieved in Year 1
Record-high: Revenues and operating profit
Challenges: Strengthen sales structure to develop more markets

Grow Healthcare and Components to operating profit of ¥30.0B as a pillar alongside Imaging and Precision Equipment

Components

Grow business mainly in semiconductor-related areas

FY25 target: Progressing solidly
Record-high: Revenues and operating profit

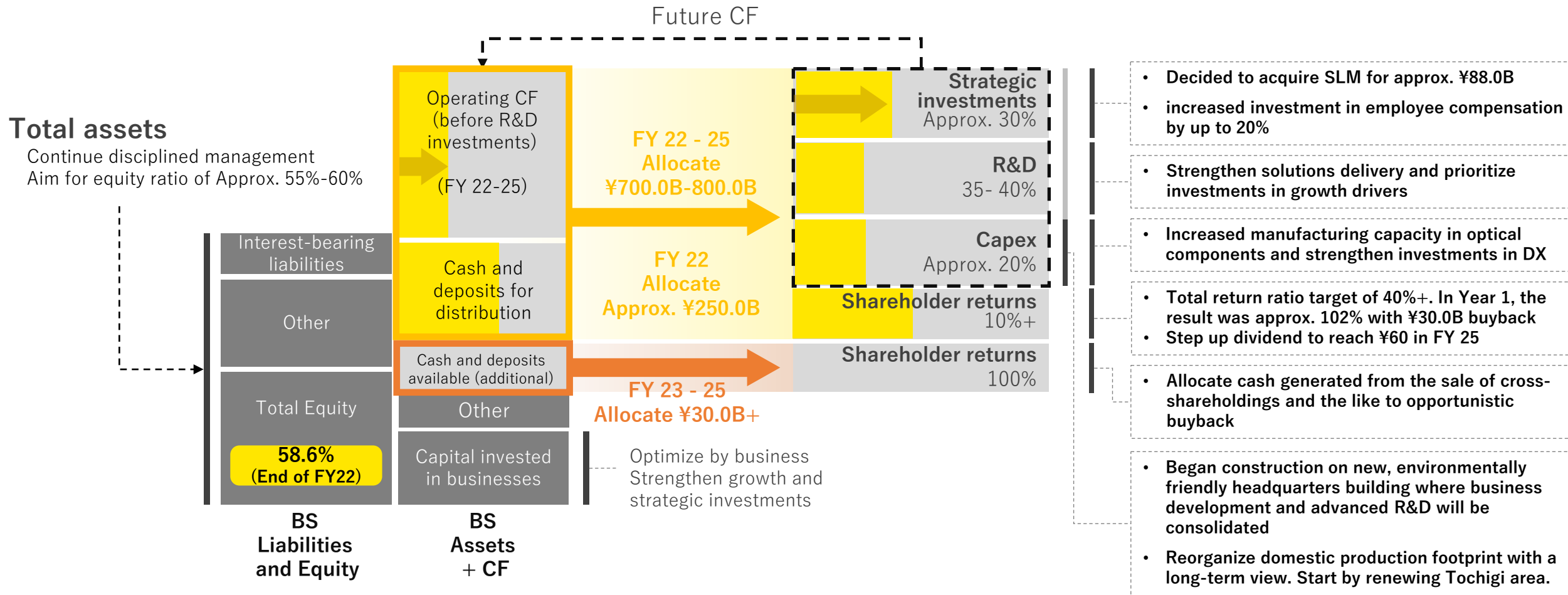
Digital manufacturing

Established independent business unit and built out business base with SLM acquisition

FY25 target: 10%+ topline growth per annum
Challenges: Become profitable quickly

Respond to deteriorating environment in FPD systems and focus on growing profit in Digital Manufacturing

Capital Allocation: Promote both investment in sustained growth and strengthening of shareholder returns



Enhance both growth investment and shareholder returns based on a medium- to long-term direction

A key technology solutions company

in a global society where humans and machines co-create seamlessly

Nikon will provide innovative technology solutions that anticipate and meet our global customer needs and contribute to a better sustainable world where humans and machines co-create seamlessly to solve societal challenges



Strengthening our Management Base: Progress in Year 1 of Plan

Preparing talent and organizations to respond to business changes and strengthen solutions delivery

Human capital management

Initiatives aimed at the **Acquisition** **Development** **Utilization** of next-generation talent to support execution of our management strategy

- Across the Nikon group in Japan, where many functions are housed, we more than doubled hiring to a record-high 600+. Planning to sustain the same level in FY 23, also.
- Introduced hiring by occupational type for some new graduate hires and strengthened the acquisition of diverse talent
- The top tiers of management themselves select management talent early on and lead the development of management tiers
- Began the prioritized acquisition and planned development of business development and technical sales talent who will collaborate with our customers
- Built out an environment that includes training to support the retention and utilization of career-minded hires and monitoring programs
- Raised employee salaries by up to 20% by, for example, increasing allocations when business performance is trending well toward achieving medium-term targets

Manufacturing

Aiming to strengthen our ability to absorb fluctuations in demand across businesses and produce multiple business unit products efficiently

- Began studies about major investments aimed at increased production capacity and productivity for optical parts and components and lenses for multiple business units at domestic production sites such as Tochigi Nikon and our Mito Plant.

Increasing production capacity

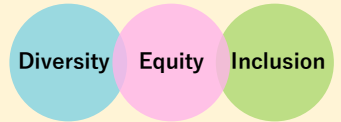
Flexible production regime

Increased energy efficiency

Sustainability strategy

Contribute to society and the environment through the Creativity of our core technologies. Gain Trust by meeting society's expectations.

- Shift to 100% renewable energy starting in FY 23 at our core production plants in Tochigi and Thailand.
- Reduced green-house gas emissions from business offices by 30% (compared to FY 13. FY25 target: 46.5%)
- Established a Nikon Global DEI * Policy for all global sites with the aim of management that leverages diversity
- More than 30% of new graduate hires were women (Target: to maintain 25%+)



Member of
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Powered by the S&P Global CSA



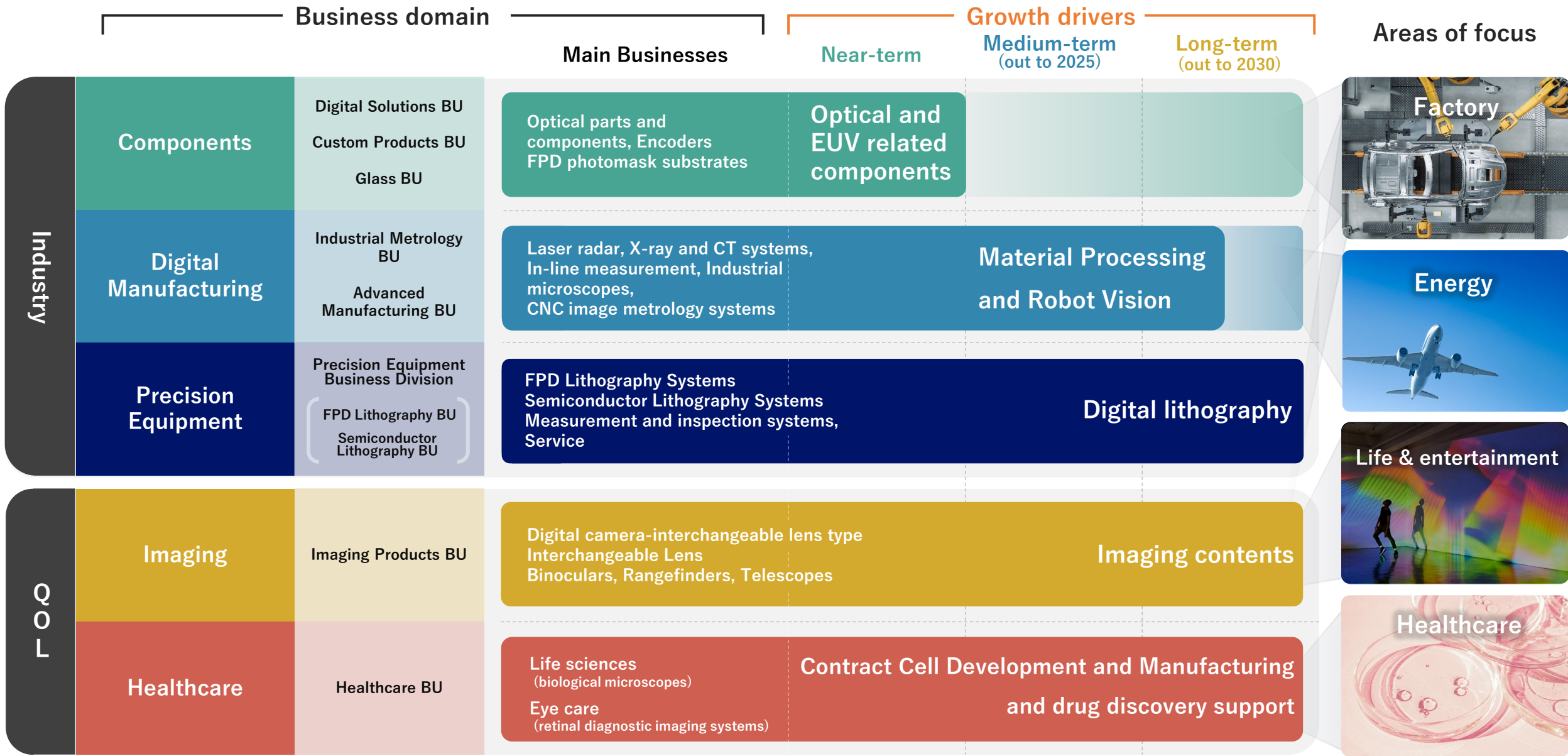
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Corporate governance

Strengthened group risk management and support of business operations

- Further enhanced diversity among independent outside directors and strengthened the effectiveness of supervision
- Established an independent outside director committee and conducted objective and fruitful discussions
- Revised our executive compensation program and strengthened incentives toward achieving the Medium-Term Management Plan and enhancing enterprise value
- Established control standards and a global control hub function to efficiently strengthen internal controls

Medium-Term Management Plan: Expanding Business Opportunities from our Core Competencies



Forward-looking statements

Forward-looking statements for earnings and other performance data contained herein are based on information currently available to the Company, and all potential risks and uncertainties are taken into account.

The Company asks that investors understand that changes in conditions may cause actual performance to significantly differ from these projections.

