



# Medium-Term Management Plan (FY2022 - 2025)

Making a better world with trust and creativity

April 7, 2022

**NIKON CORPORATION**

# FY 2022-2025 Medium-Term Management Plan mindset



## Agenda

- 1 Vision 2030**
- 2 Companywide direction**
- 3 Business strategy**
- 4 Management base**
- 5 Financial targets and capital allocation**

**1 Vision 2030**

2 Companywide direction

3 Business strategy

4 Management base

5 Financial targets and capital allocation

# Society in 2030

## Megashift

### Shift in values

From owning to sharing  
Diversification and sophistication of value

### Shift in how we view life and our lifestyles

Advances in medicine and high-quality entertainment enable richer emotional experiences

### Shift in social frameworks

Accelerate initiatives to address society's challenges, such as climate change and natural resource shortages

### Shifts in technology

Toward Industry 5.0 and singularity

Labor to support our lifestyles → Work for self-expression

Consumption essential to our lives → Consumption in the pursuit of value

In a society where the needs of society and industry and the methods for value delivery diversify, the world shifts from pursuit of functional value to meaningful value while increasingly **humans and machines co-create**

# Nikon and a society where humans and machines co-create

Work becomes more efficient with advances in machines and connections with humans

People exhibit greater creative abilities leveraging the power of machines

A richer and sustainable society where machines help expand possibilities for people

Leverage our proven strengths to deliver value in a global society where humans and machines co-create

## Three pillars of Nikon's value proposition

Innovations in ultra-high precision manufacturing technologies

Proven capability and brand to deliver sophisticated solutions globally

Strong support from stakeholders  
(Customers, employees, partners, communities, shareholders)

Nikon continues to deliver value by making the impossible possible and to enable seeing what could not be seen

# Nikon's value proposition intersects society's needs

Expand possibilities for people

## Industry

### Factory

Connections between humans and machines improve with ultra-precision technologies

Reduce human work labor, automate and customize

### Energy

Leverage innovative technology and manufacturing to decarbonize and recycle resources

Promoting decarbonization and forging a recycling society

Make lives better

## Quality of Life (QOL)

### Healthcare

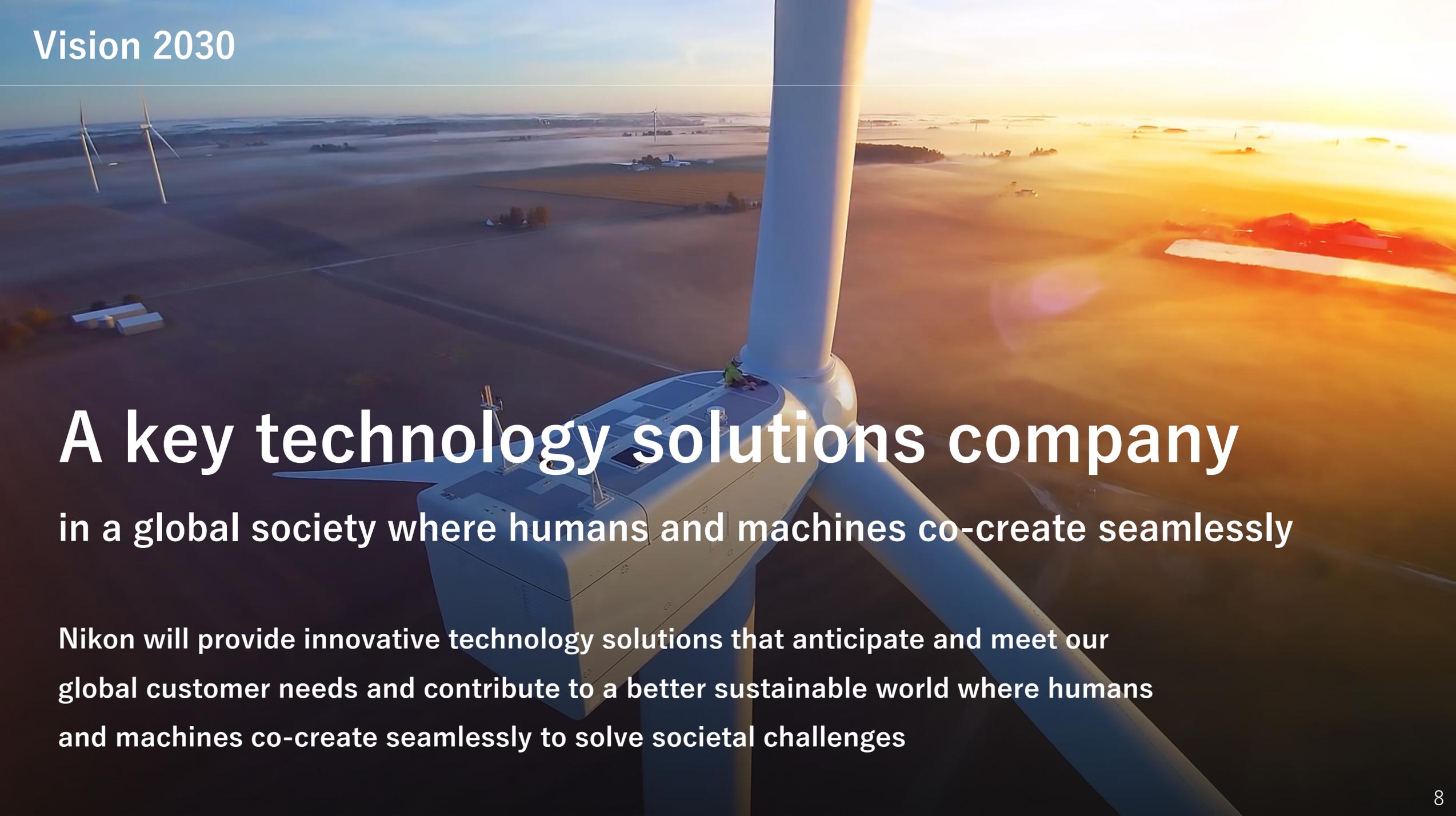
In drug discovery and regenerative medicine, support a society where individuals can receive optimal care

Promotion of advanced medicine and individualized treatment

### Life & entertainment

Support a society where people are connected in ways that transcend time and space with image production technologies

Better state of mind and education × digital

An aerial photograph of a wind turbine at sunrise. The sun is low on the horizon, creating a warm, golden glow over a misty landscape. The turbine's tower and nacelle are prominent in the foreground, with a worker visible on top. Other turbines are visible in the distance.

# 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

# Mid- to long-term management strategy: Steps to get to Vision 2030

2022 - 2025

## Operate in lockstep with customers

Deeply align with customer needs and support their innovation

2025 -

## Jointly innovate with customers

Anticipate the challenges customers will face in the future and drive the process of innovation with diverse solutions

## Vision 2030

### A key technology solutions company

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

Where we will be in 2025

Providing Products and Services optimized to meet our customer needs

Strengthen delivery of solutions

Corporate philosophy

Trustworthiness and Creativity

Corporate vision

Unlock the future with the power of light

2022

1 Vision 2030

**2 Companywide direction**

3 Business strategy

4 Management base

5 Financial targets and capital allocation

# Achievements and challenges from the previous plan

## Achievements from the previous plan

<b>Imaging Products Business</b>	Became profitable via restructuring and clarification of strategy
<b>Precision Equipment Business</b>	Stabilize the business by expansion of new customer base and service of semiconductor business
<b>Healthcare Business</b>	Turned profitable for first time since business launched
<b>Components Business</b>	Scaled up rapidly
<b>Balance sheet and capital invested</b>	Improved financial standing with optimization
<b>Financial targets</b>	Improving, but missed targets due to factors including COVID-19

## Remaining challenges

**Evolve from a business mainly in sales of end products**

**Cultivate new earnings pillars alongside Imaging Products and Precision Equipment**

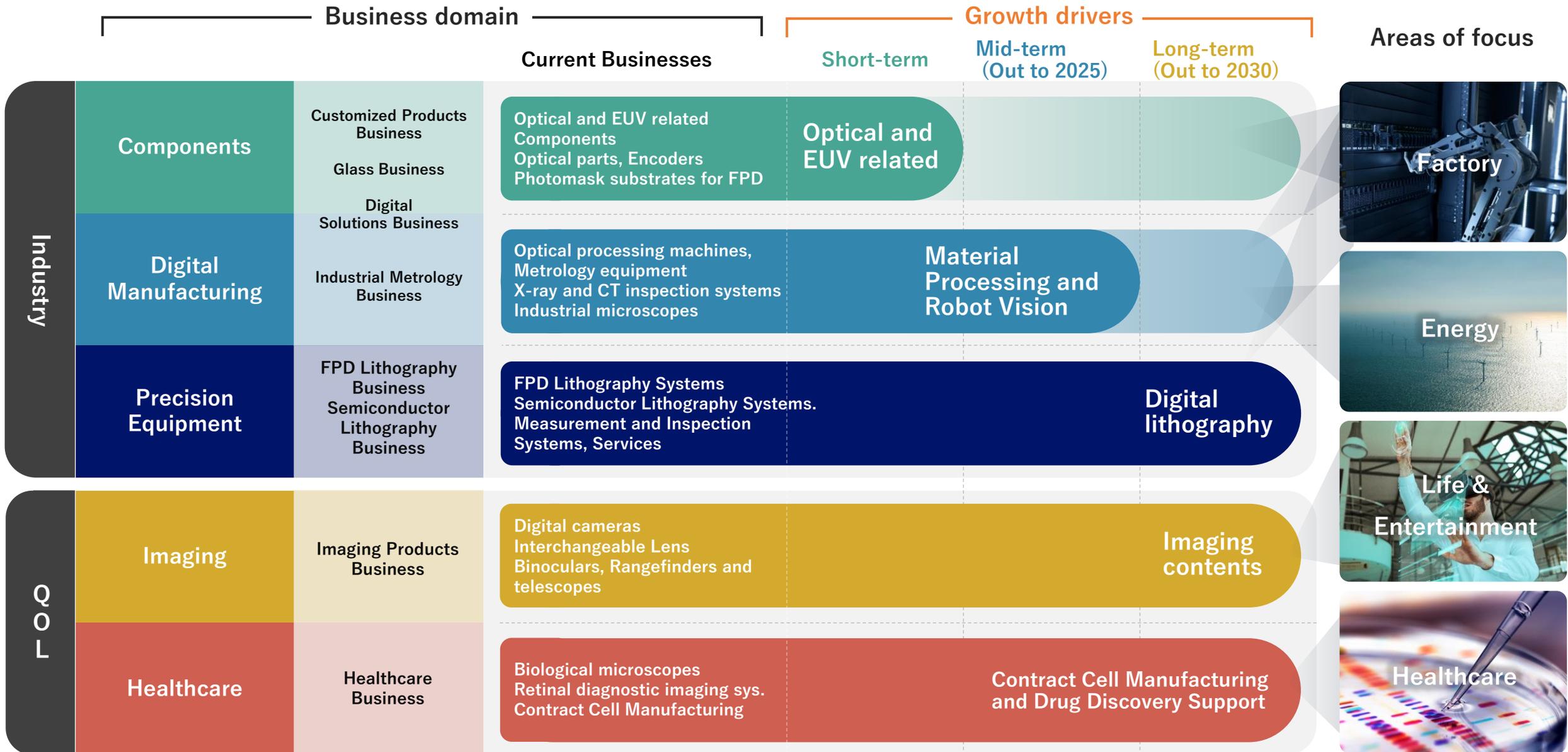
**Execute business model initiatives to sustain corporate value growth**

# Evolve from a business mainly in sales of end products



Transition from providing mainly end products to “delivery of integrated solutions” encompassing end products, services and components

# Cultivate new pillars of earnings alongside Imaging and Precision Equipment



# An Overview of the Medium-Term Management Plan

Where we will be in 2025

Providing Products and Services optimized to meet our customer needs

## Direction for the entire company

**Strengthen delivery of integrated solutions** to grow the business in a stable manner, expand both revenues and profits, and continually generate social and economic value

### Sustain “Main Businesses”

Imaging

Precision  
Equipment

Expand customer interactions and the value delivered to secure stable revenues

### Scale earnings in “Strategic Businesses”

Healthcare

Components

Digital Manufacturing

Create new value with customers in promising markets and areas of differentiation

FY 2025 financial targets

Revenue ¥700.0B

Operating margin 10%+

ROE 8%+

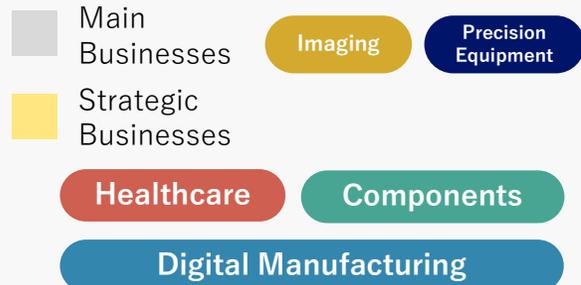
## Management base

Advance sustainability strategy, human capital management, and DX with a focus on customers and employees  
Create synergies across a shared value base that spans technology and manufacturing  
Highly transparent management with enhanced corporate governance

# Aim for ¥ 700.0B revenue and 10%+ operating margin

## Expand revenues

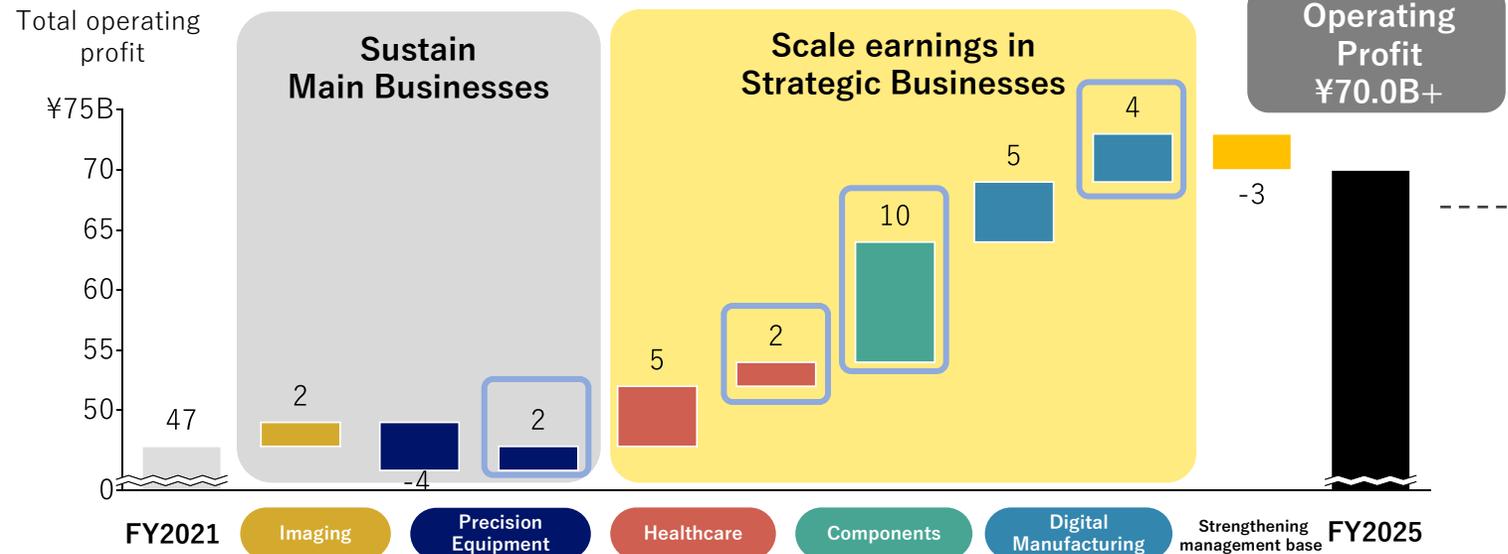
Strategic Businesses account for 35% of revenues by FY2025



## Expand operating profit

Sustain Main Businesses and grow earnings in Strategic Businesses to get to ¥70.0B total operating profit (consolidated operating profit)

Indicate earnings from services and components

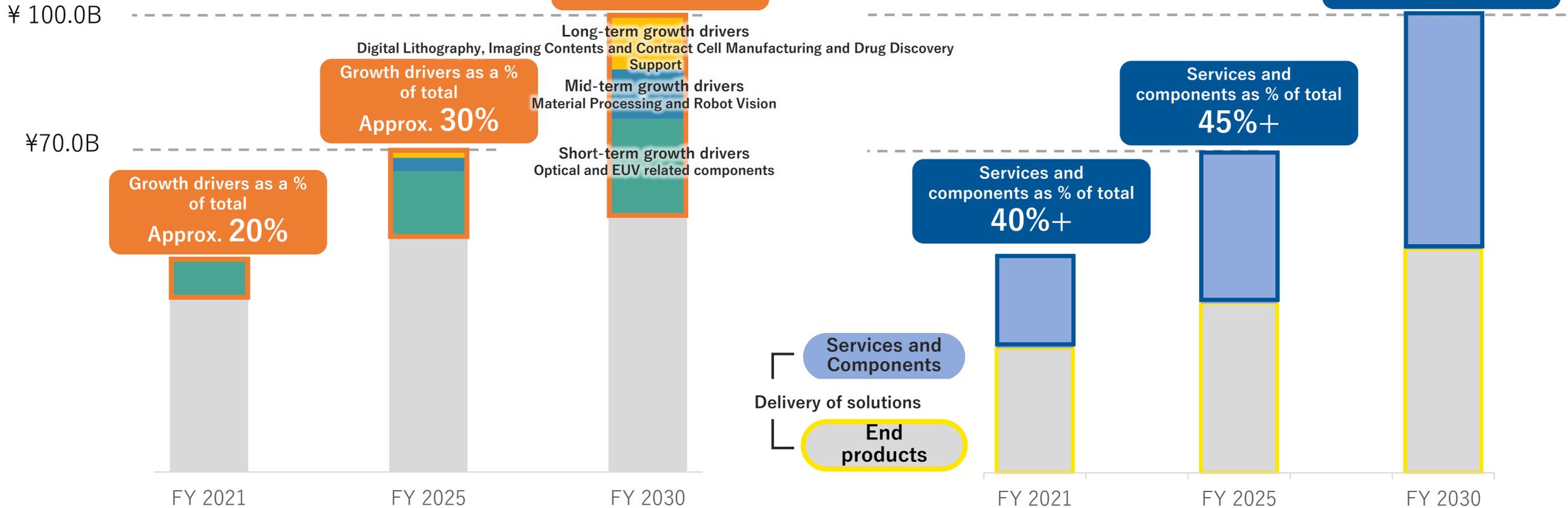


Improve profitability

Operating margin 10%+

# Profitability improvement by “Growth Drivers” and “Services and Components”

Company total operating profit (excluding HQ expenses)

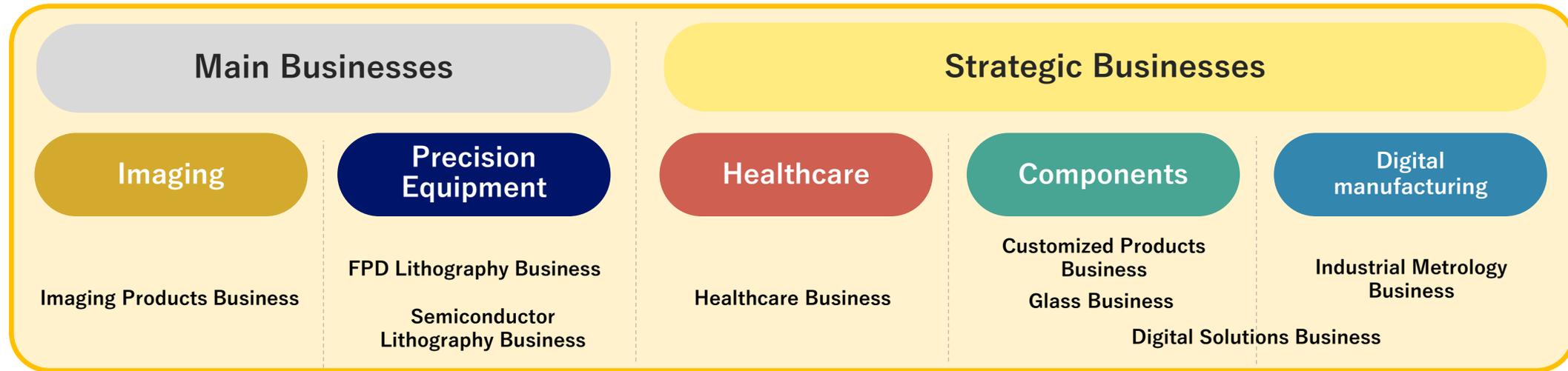


**Grow profits mainly in short-, mid- and long-term “growth drivers”**  
**Diversify profits with expansion in “services and components”**

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# Business operation structure

Business domain



Common strategy across all businesses



## Vision

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

## Operational direction

### Digital cameras

- Concentrate management resources in high value-added products and mirrorless cameras (Meet expectations of professionals and hobbyists and raise ASP 20%)
- Bolster the Z mount system by expanding lens lineup (50+ lenses and a 2+ lens attach rate)
- Appeal to video creators by strengthening video functions
- Strengthen remote operation and automatic image capture features to meet professional needs
- Focus on licensing business

### Binoculars, telescopes, etc.

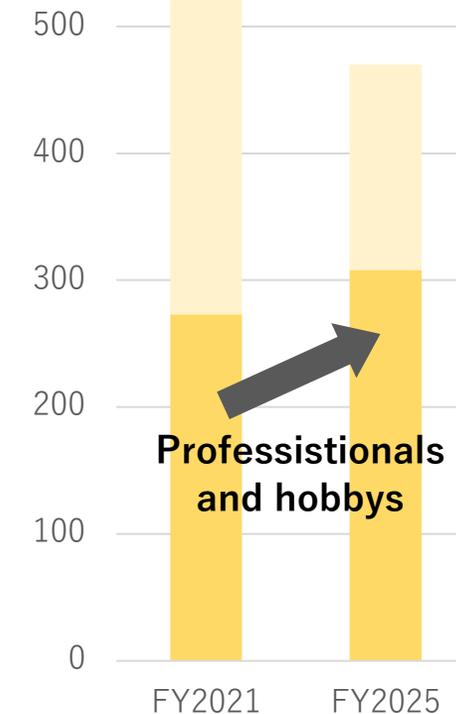
- Focus on laser range finders for golf and digital astronomical telescopes

## Earnings plan

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

## Direction for Imaging Products Business

Market scale for digital cameras-interchangeable lens type (10,000 units)



### For pros/hobbyists

- Deploy advanced features from the Z9 across the lineup

+

### Cultivate, expand fan base

- Bolster engagement before and after purchase
- Focus on apps and the cloud

Support a society where people are connected in ways that transcend time and space with imaging production technologies

## Needs in society and industry

- New imaging expressions and connections with people
- Reduced costs in contents production
- Education and remote work support that is reproducible and effective

## Nikon's strengths

- Imaging technologies such as volumetric, 3D capture and 360°
- Japan's first partner company of Microsoft Mixed Reality Capture Studios

## Business development

- Recruit external talent and started operations at Nikon Creates Corporation
- Deliver solutions and support production of sophisticated 3D and 4D contents with a broad range of creators and producers
- Externally supply VR and MR after enhancing effectiveness on our own production floors



## Vision

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

## Operational direction

### FPD

- Advance technology development to support next-generation panels (Pursue higher resolution and productivity)

### Semiconductor

- On-the-mark support for customer plans (Secure production capacity)
- Strengthen initiatives toward expanding new accounts (Support individual customer needs such as 3D)
- Expand sales in peripheral equipment (inspection and measurement)

### Services

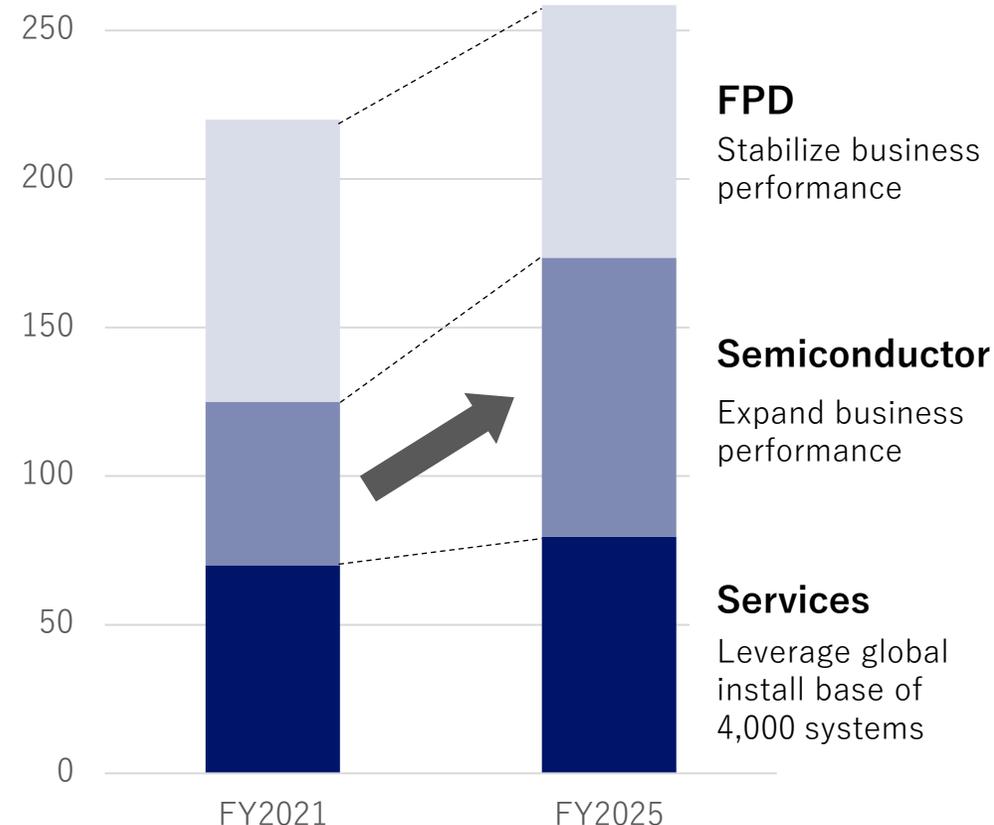
- Support demand to relocate existing lines or modify equipment (Includes maintenance and parts supply)

## Earnings plan

**Secure stable operating profit of ¥30.0B+**  
(Operate across both FPD and Semiconductor)

## Direction for Precision Equipment Business

Breakout of revenues (Billions of Yen)



## Deliver new value for diversifying device production

### Needs in society and industry

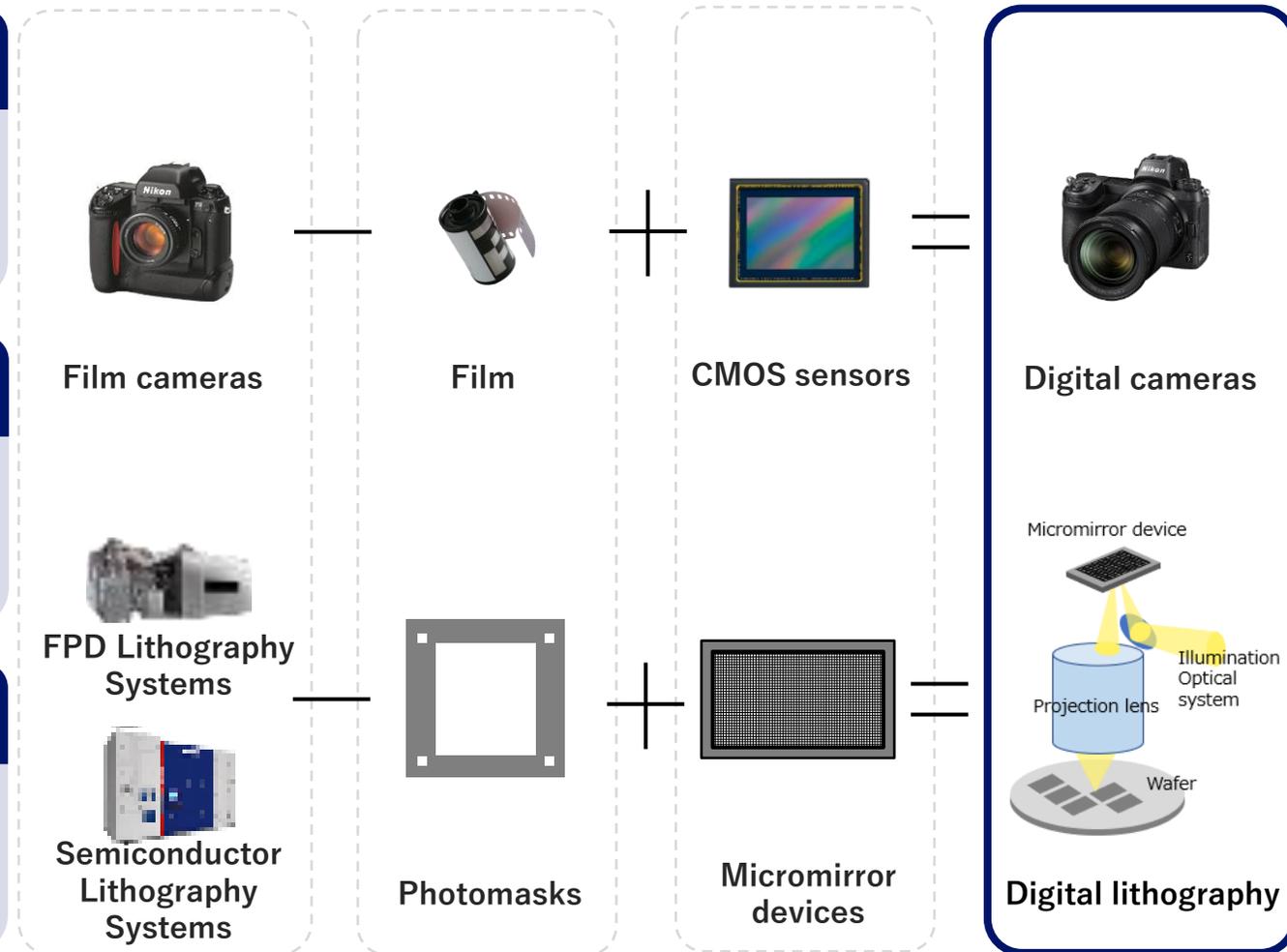
- High-speed prototyping and flexible manufacturing system for devices
- Reduction in processes, costs and environmental burden through photomask reduction

### Nikon's strengths

- Optical systems that achieve both high resolution and productivity
- Ability to support chip-by-chip ID lithography, greater lithography surface areas and higher resolutions in advanced packaging

### Business development

- Work with partners and accelerate commercialization
- Advance from R&D and prototype lines into commercialization and deliver value different from existing lithography systems



## Vision

Support improving quality of life for people through innovation

## Operational direction

### Biological microscopes

- Improve profitability via digitalization, stronger application development and lower COGS

### Retinal diagnostic imaging systems

- Support more sophisticated diagnosis and from-home and remote diagnosis (Add AI diagnosis and OCT features, etc.)

### Contract Cell Manufacturing

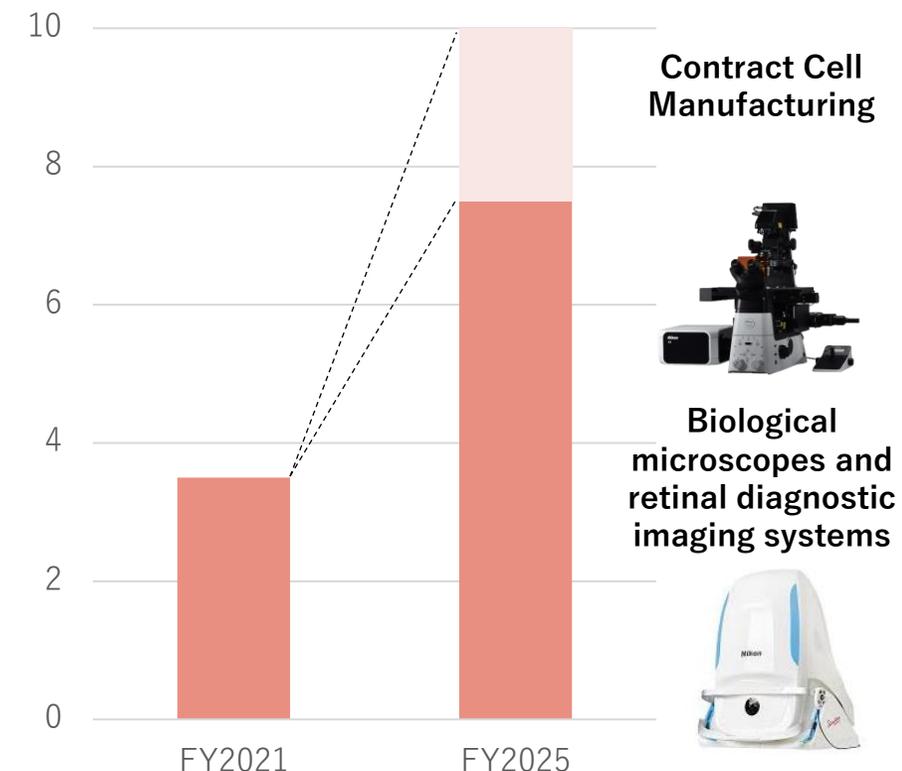
- Leverage Japan's largest production capacity in the field of regenerative medicine
- Advance several projects with major pharmaceutical companies and promising drug discovery ventures and grow operating profit to several billion yen.

## Earnings plan

Grow operating profit to ¥10.0B in 2025

## Direction for Healthcare Business

Breakout of operating profit(Billions of yen)



## Scale up Contract Cell Manufacturing and deploy drug discovery support business

### Needs in society and industry

- Expectations for regenerative medicine for difficult-to-treat diseases and rare ailments
- Lessen burden of treatment on doctors and patients. Enhance drug selection and dosage precision to promote more individualized treatment.

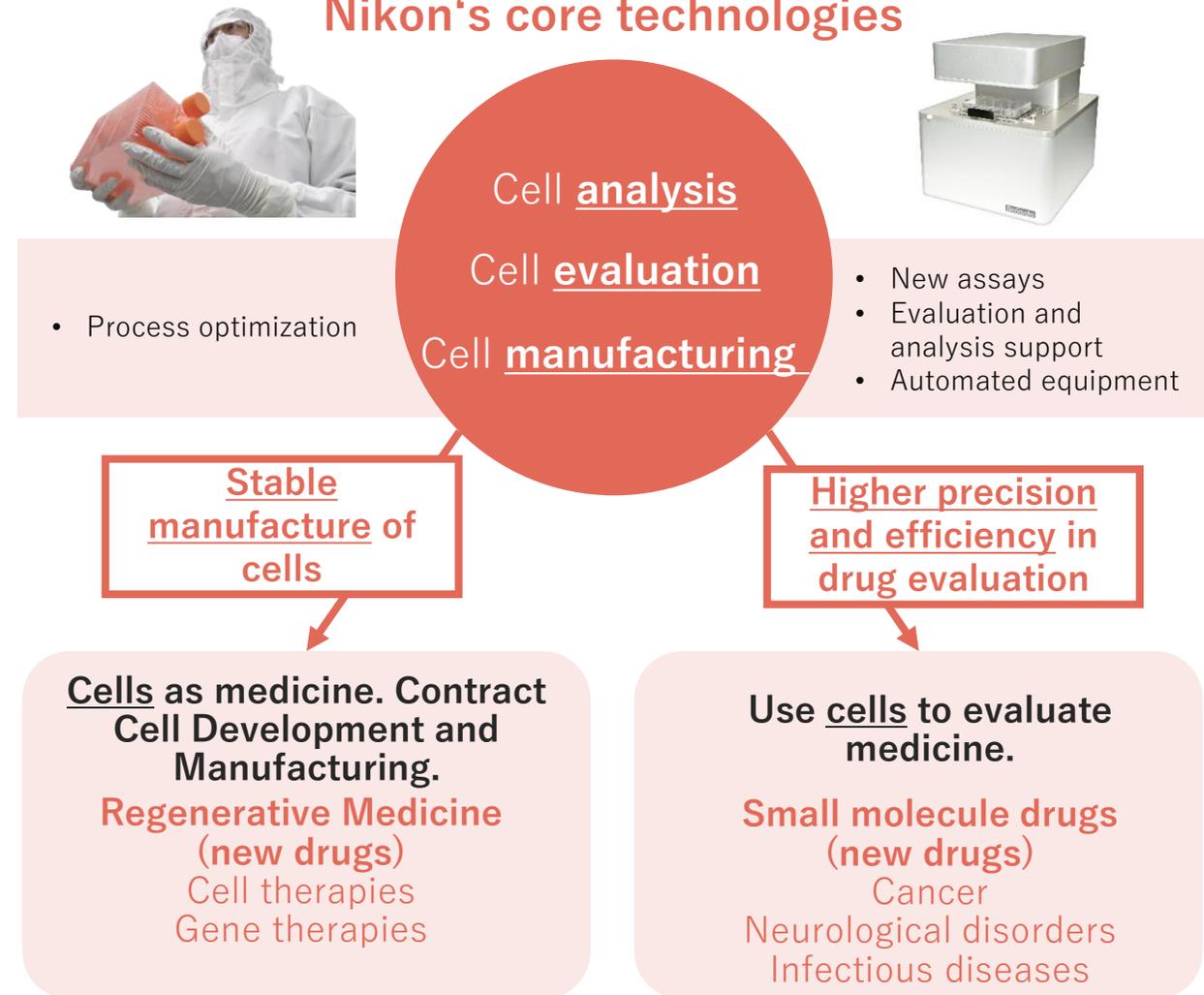
### Nikon's strengths

- Manufacturing track record in numerous clinical and commercial projects
- Image analysis and evaluation leveraging proven microscope technology

### Business development

- Scale contract manufacturing through stable manufacture of cells for regenerative medicine
- Support drug discovery companies with greater precision and efficiency in drug evaluation

### Nikon's core technologies



## Vision

Grow together with customers as we support their innovation

## Operational direction

### Optical components (growth driver)

- Support demand for high durability, high performance and stable supply in a timely fashion

### EUUV related components (growth driver)

- Scale business by adding production capacity and supporting high NA (numerical aperture)

### Encoders

- Focus on modules for human-robot collaboration

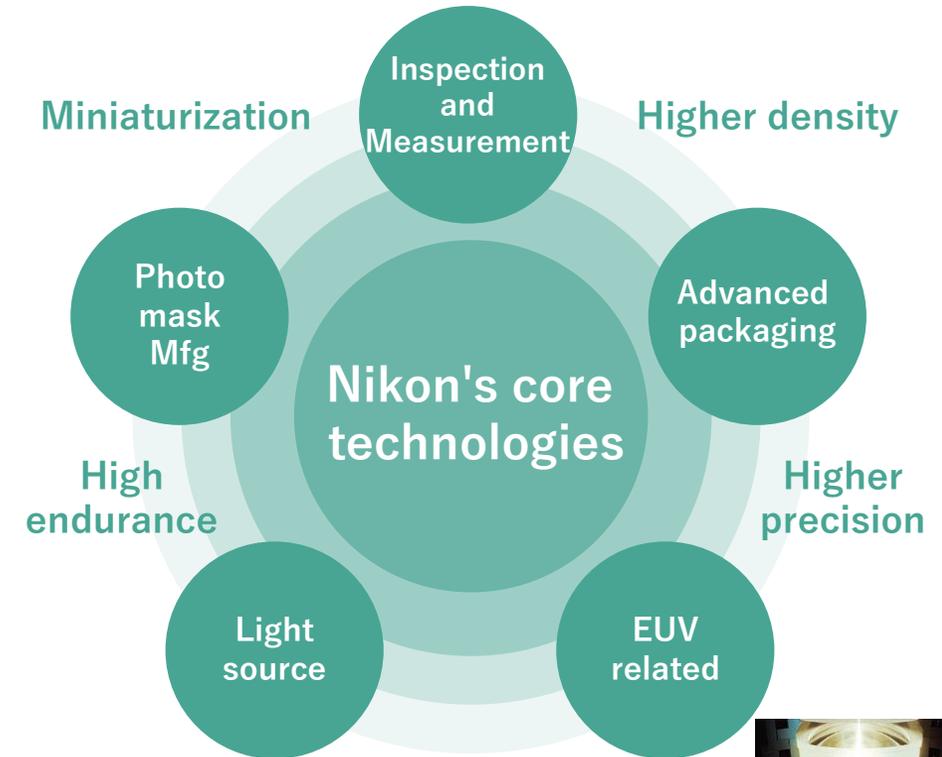
### Glass

- Focus on high-precision polishing and high-quality film deposition for large Photomask substrates for FPD

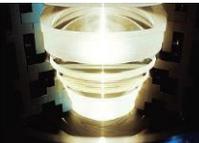
## Earnings plan

Get to ¥20.0B+ in operating profit by doubling revenues

## Contributions to the semiconductor industry



Cultivate businesses with new value-added products



## Vision

Enable innovations in manufacturing with applied optics application technologies

## Operational direction

### Material Processing

- Deliver three processing technologies (additive, removal and riblet) as end products, components or as contract processing services.

### Robot Vision

- Begin in automotive and electronics fields

### Laser radar

- Joint development with customers in automotive, aviation spaces

### X-ray and CT

- Focus on EV battery inspection

### In-line measurement

- Promote digitalization of manufacturing processes

## Earnings plan

Leverage alliances to get to 10%+ annual revenue growth

## Trends related to the business

Environmental changes	Society in 2030	Technological advances
<ul style="list-style-type: none"> <li>• Outer space business</li> <li>• Flexible manufacturing systems</li> <li>• Digitalization in manufacturing industry</li> <li>• Carbon Neutral</li> <li>• Security</li> </ul>		<ul style="list-style-type: none"> <li>• High output lasers</li> <li>• 6G high-speed communication standard</li> <li>• Fuel cells</li> <li>• AI</li> <li>• Compact, multifunction sensors</li> </ul>

## Growth drivers

“Material Processing” and “Robot Vision”

## Capitalize on new markets by combining unique value propositions

### Needs in society and industry

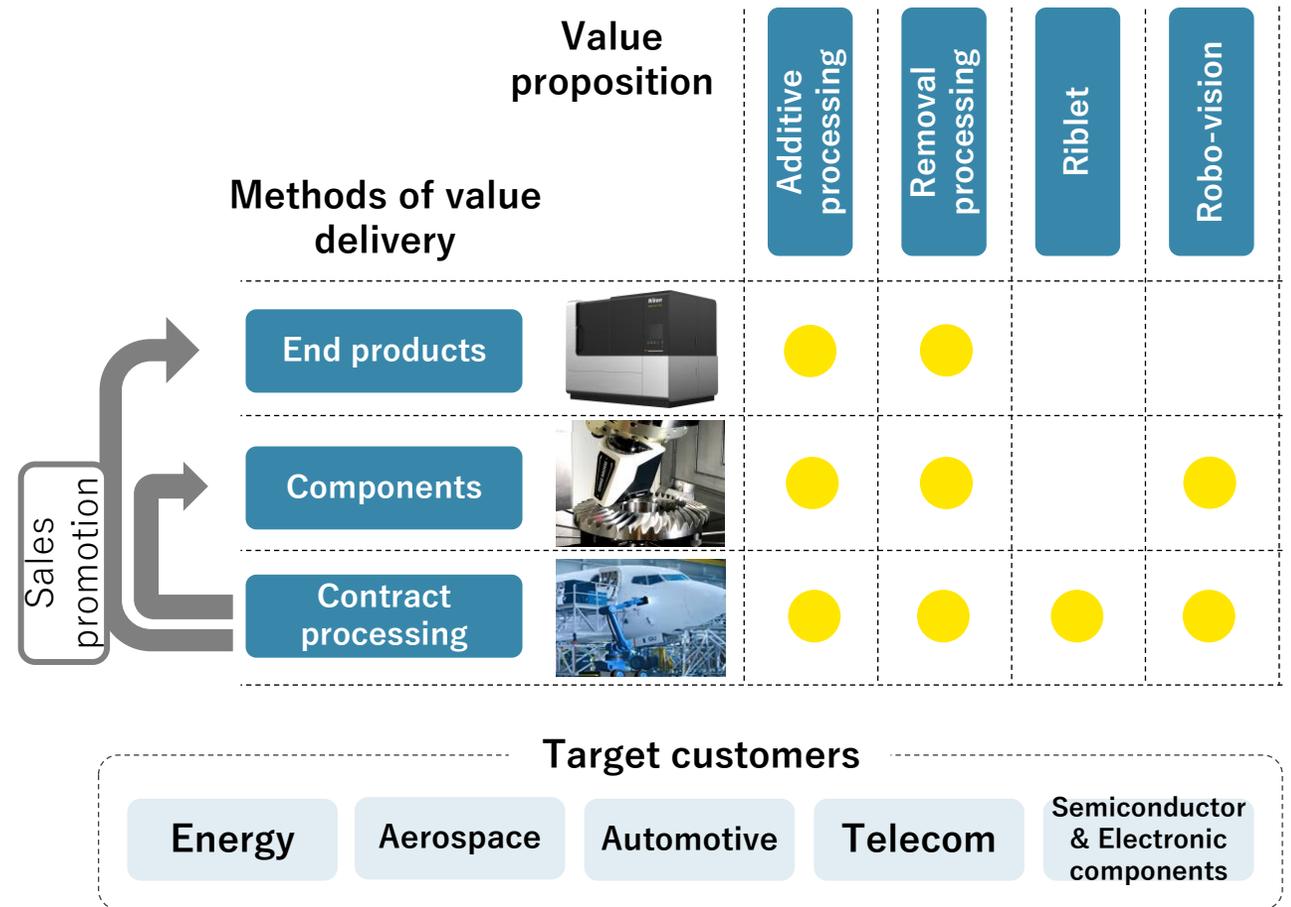
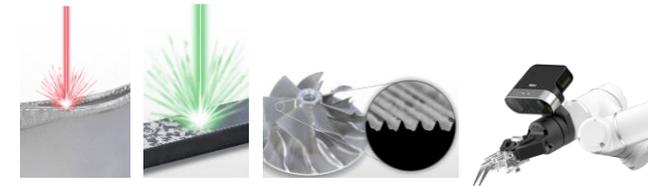
- High-precision processing for difficult-to-cut and complex shapes
- Fuel efficiency improvement and power generation gains
- High-speed detection of objects, more sophisticated and efficient pick & place operations

### Nikon's strengths

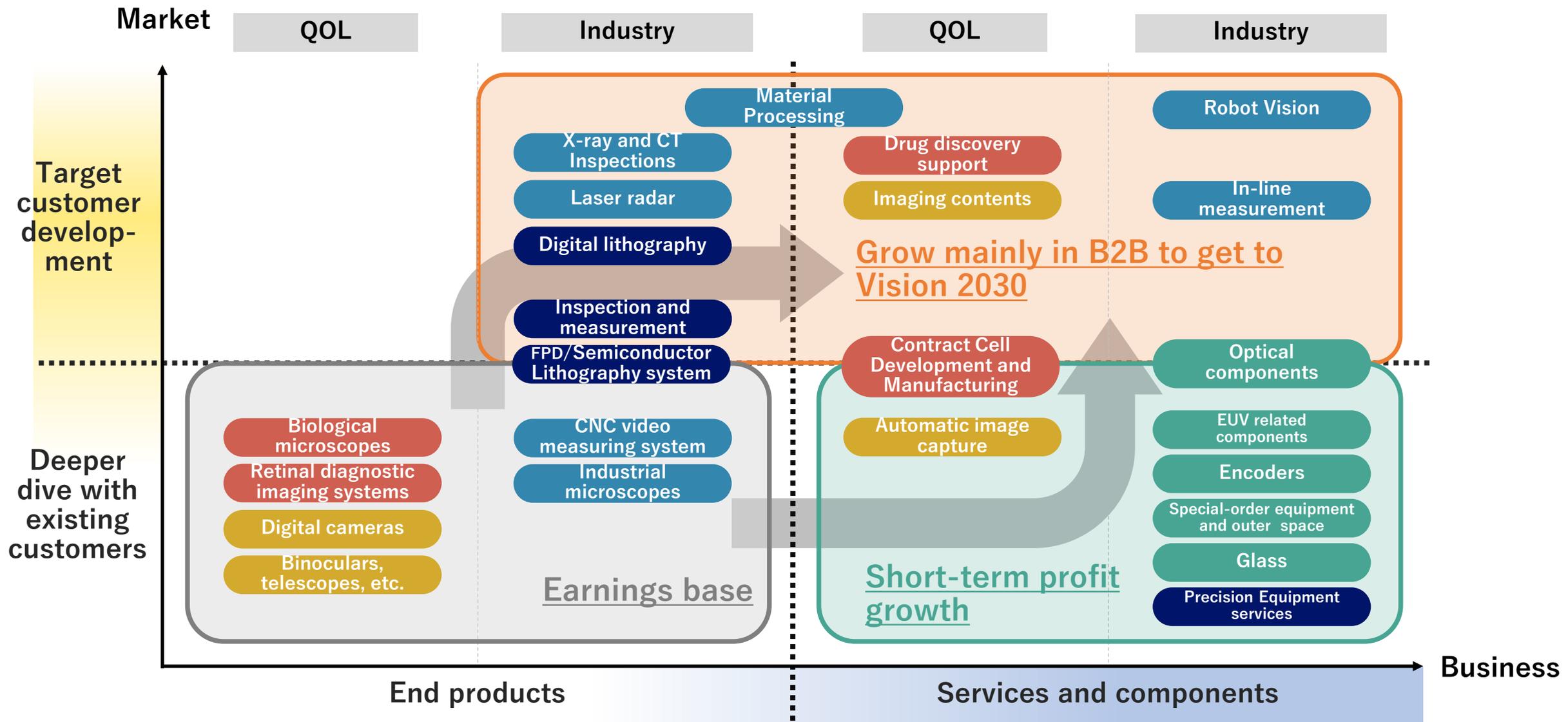
- Elemental technologies such as high-precision measurement, feedback processing, 3D alignment and high-speed sensing
- Capabilities in precision systems integration

### Business development

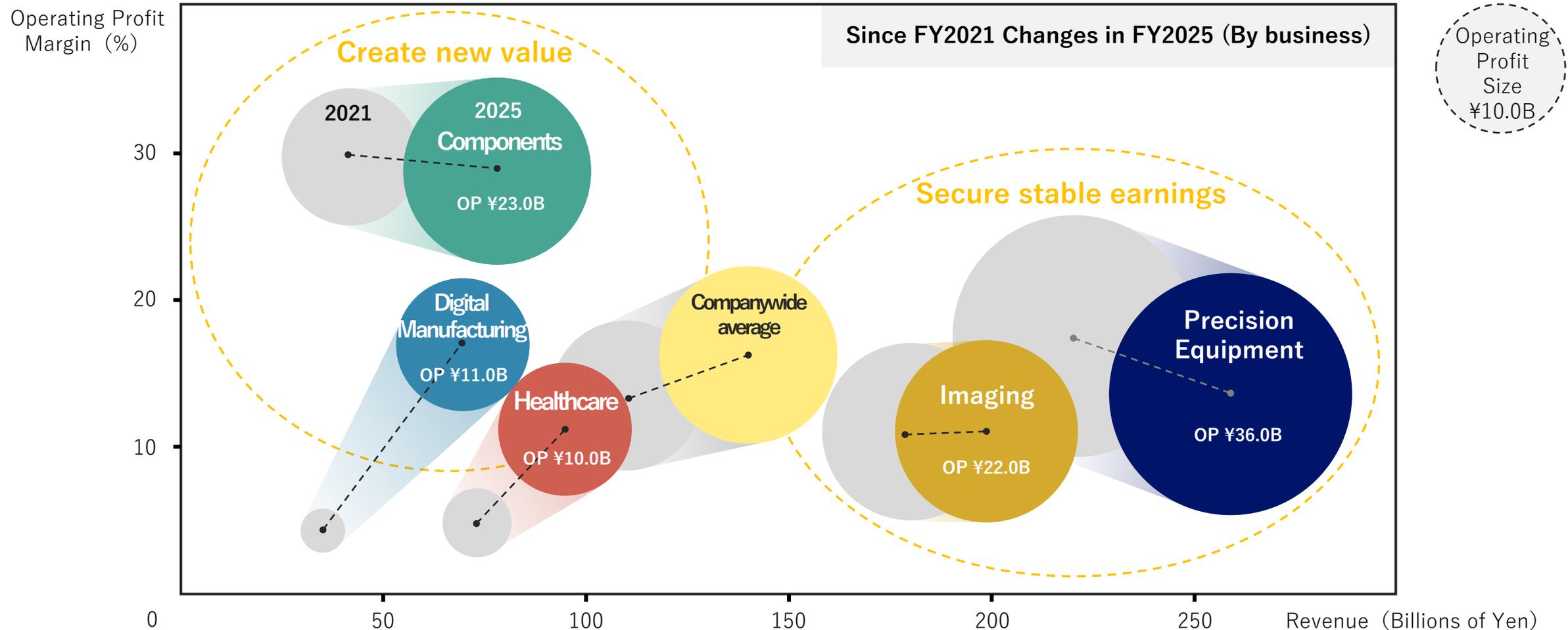
- Develop promising applications jointly with customers
- Deliver solutions encompassing additive, removal and riblet processing and robot vision



# Growth by “Target Customer Development” and “Services and Components”



# Business Portfolio: Achieve both scale and profitability

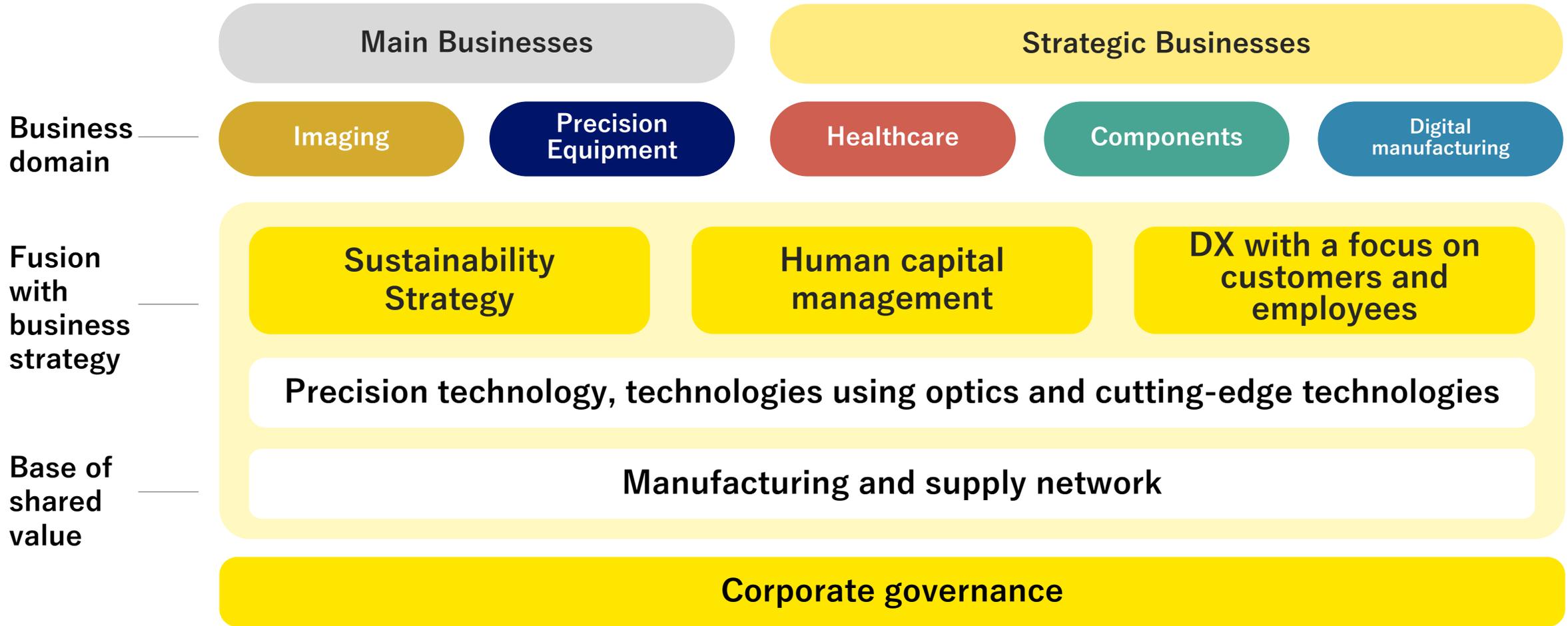


**Sustain and enhance the entire company's earnings power through delivery of solutions**  
**Management focused on “revenue growth” × “profitability improvement”**

\*Companywide average is a simple average of the five businesses. Digital Manufacturing encompasses Industrial Equipment, Material Processing and Robot Vision. HO expenses (FY2021 -28.5B, FY2025 forecast -32.0B) are excluded.

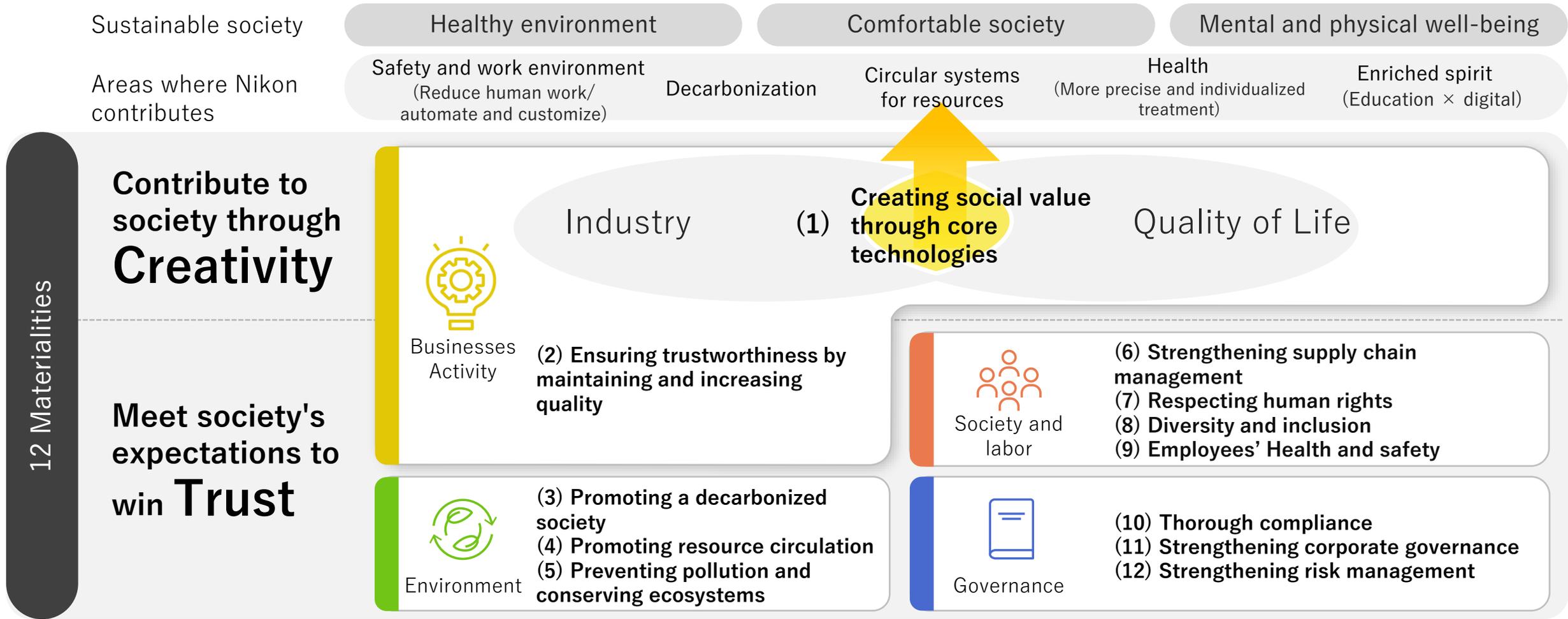
- 1 Vision 2030
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- 4 **Management base**
- 5 Financial targets and capital allocation

# Overview of the management base supporting business



**Strengthen management base and deliver the optimal value to the customer and society  
Focus on sustainability strategy, human capital management, and DX for customers and employees**

# Sustainability strategy



**Create value for society through businesses that are mindful of society and the environment**  
 FY 2025 targets toward carbon neutrality by FY 2050: Reduce green-house gas emissions from business sites 46.5% (compared to FY 2013)

# Human capital management

## Acquire and develop talent as an underpinning of organizational capabilities

### Acquire talent

- Prioritize acquiring talent in business development and technical sales
- Strengthen employment branding
- Strengthen recruitment process and organization
- More flexible employment and working conditions

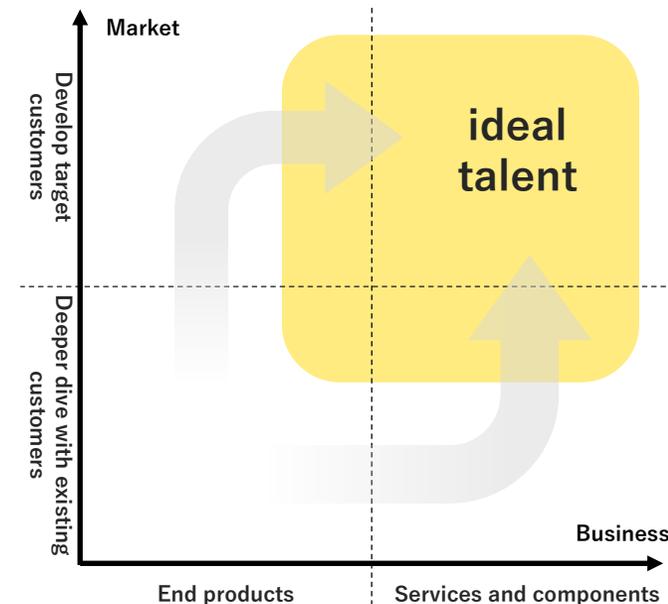
### Develop talent

- Select core talent early on and develop in planned manner
- Strategic deployment to globalize talent pool
- Expand career development and re-skilling programs

### Leverage talent

- Build environment where young and mid-career workers can grow and achieve
- Promotion of diversity and inclusion
- Selection and promotion of talent with a focus on capabilities and motivation

**Strengthen resources in delivery of solutions and growth drivers and increase productivity per person by 50%**



**Provide employees the opportunities to express themselves and their abilities as a professional**

# DX with a focus on customers and employees

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

DX

## Customer experience and satisfaction

## Employee experience and satisfaction

**Customer Relations**

Nikon can see the customer  
The customer can see Nikon

**Idea**

Convert ideas into value and deliver to the customer quickly

**Data**

Data-driven business operations

**Work Style**

Promote a diverse range of working styles by building out a digital infrastructure

AR · MR

IoT

Cloud

AI

Data analysis

Expansion of e-commerce

Expansion of digital services

Data links across value chains

Expansion of infrastructure for communication and collaboration

Stronger digital marketing

Digitalization of business processes and paperless work

Building of remote support and service platforms

Building of new digital headquarters and workplace

Revamping of backbone system to advance use of data

Enhancement of employee IT literacy

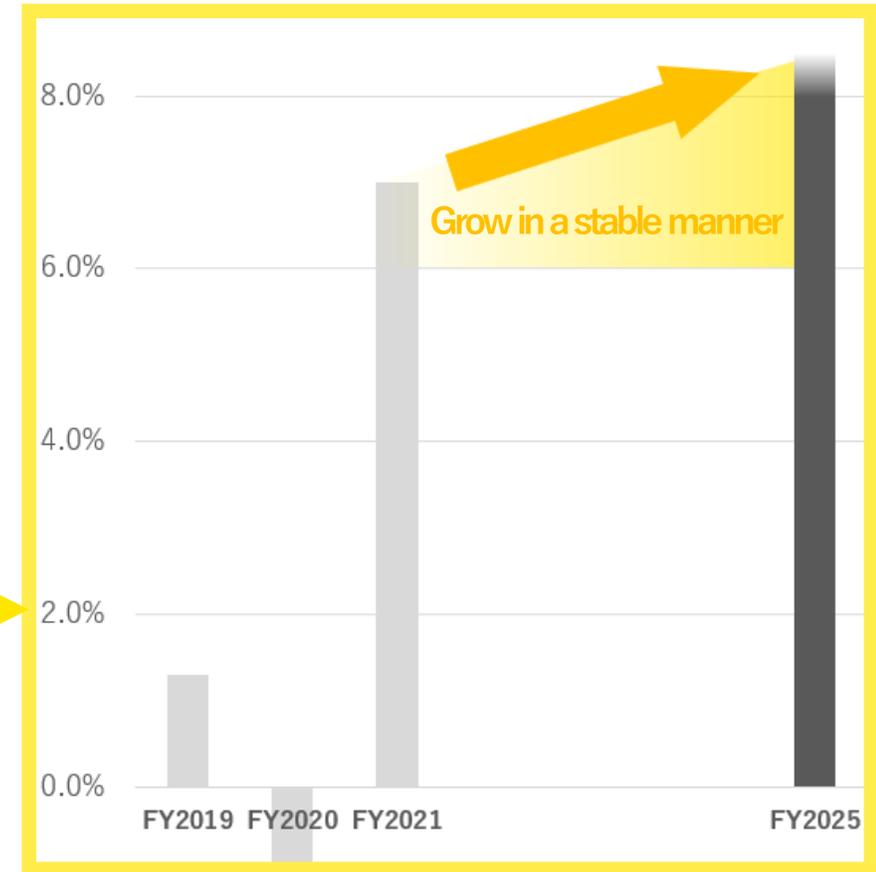
Cyber security and data governance

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# Financial targets: Pursue growth and deliver social and economic value

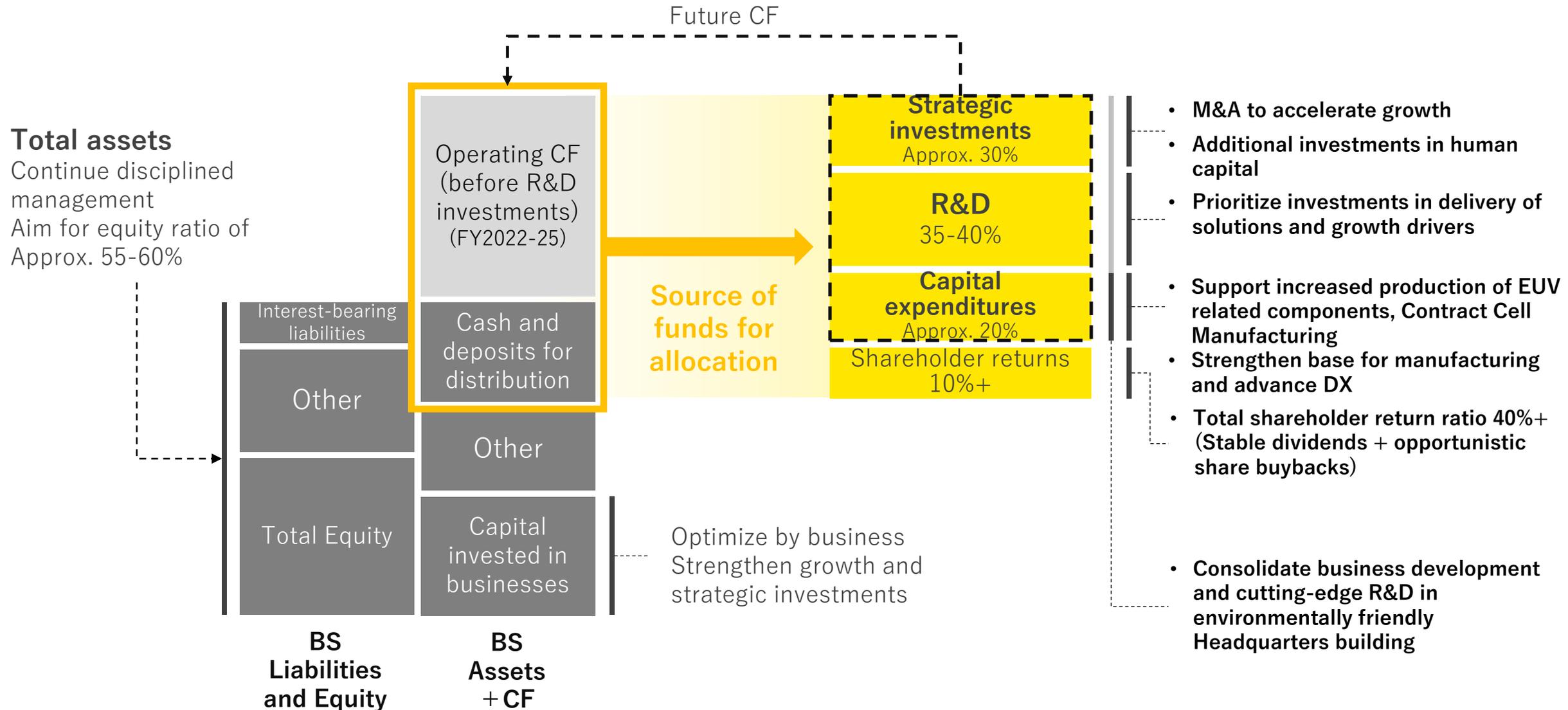
## Financial targets

	FY 2021 forecast	FY 2025
Revenue	¥550.0B	¥700.0B
Operating margin	8.5%	10%+
ROE	7%	8%+



Get to where we can achieve FY 2025 targets with stability  
By 2030, aim to enhance corporate value further as Nikon becomes a key technology solutions company in a global society where humans and machines co-create seamlessly

# Capital allocation: Strengthen investments in sustainable growth and realize stable shareholder returns



# An Overview of the Medium-Term Management Plan (re-posted)

Where we will be in 2025

Providing Products and Services optimized to meet our customer needs

## Direction for the entire company

**Strengthen delivery of integrated solutions** to grow the business in a stable manner, expand both revenues and profits, and continually generate social and economic value

### Sustain “Main Businesses”

Imaging

Precision  
Equipment

Expand customer interactions and the value delivered to secure stable revenues

### Scale earnings in “Strategic Businesses”

Healthcare

Components

Digital Manufacturing

Create new value with customers in promising markets and areas of differentiation

FY 2025 financial targets

Revenue ¥700.0B

Operating margin 10%+

ROE 8%+

## Management base

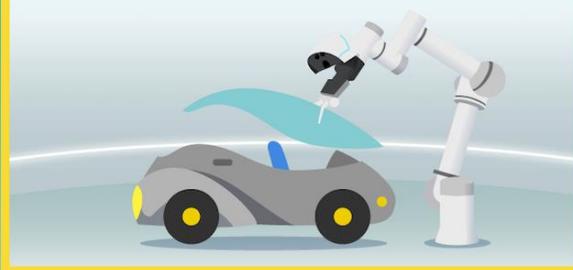
Advance sustainability strategy, human capital management, and DX with a focus on customers and employees  
Create synergies across a shared value base that spans technology and manufacturing  
Highly transparent management with enhanced corporate governance

# Beyond 2025: Nikon and the social landscape in 2030

A global society where humans and machines co-create seamlessly cycling through physical and cyber space

## Factory

Become a lead player in flexible manufacturing systems with Robot Vision and Material Processing  
Contribute to the diversification and sophistication of devices with digital lithography



## Energy

Leverage optical processing machines to promote energy efficiency improvements with fine processing and re-use with additive processing



## Healthcare

Support drug discovery that lightens the burden on doctors and patients  
Shoulder the task of achieving regenerative medicine for everyone



## Life & entertainment

Support a society where people are connected in ways that transcend time and space and virtual and reality with image infrastructure production technologies



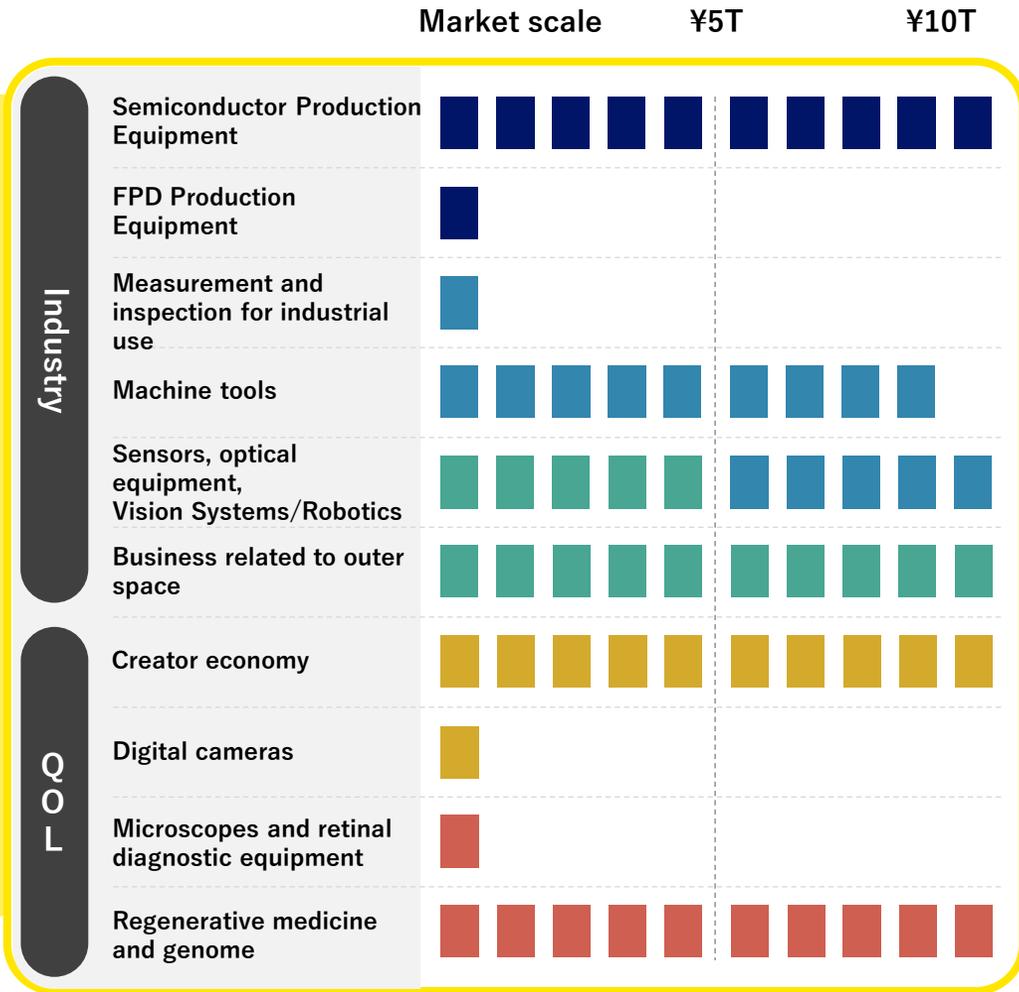
# Appendix

# Deploy core value into promising markets and pursue growth

## Core value

- Integrated delivery of end products, services and components
- Ultra-precision processing, controls and measurement
- Manufacturing quality
- Applied optical technologies
- Know-how related to imaging
- Life sciences, eye care and cell solutions

## Promising markets in 2030



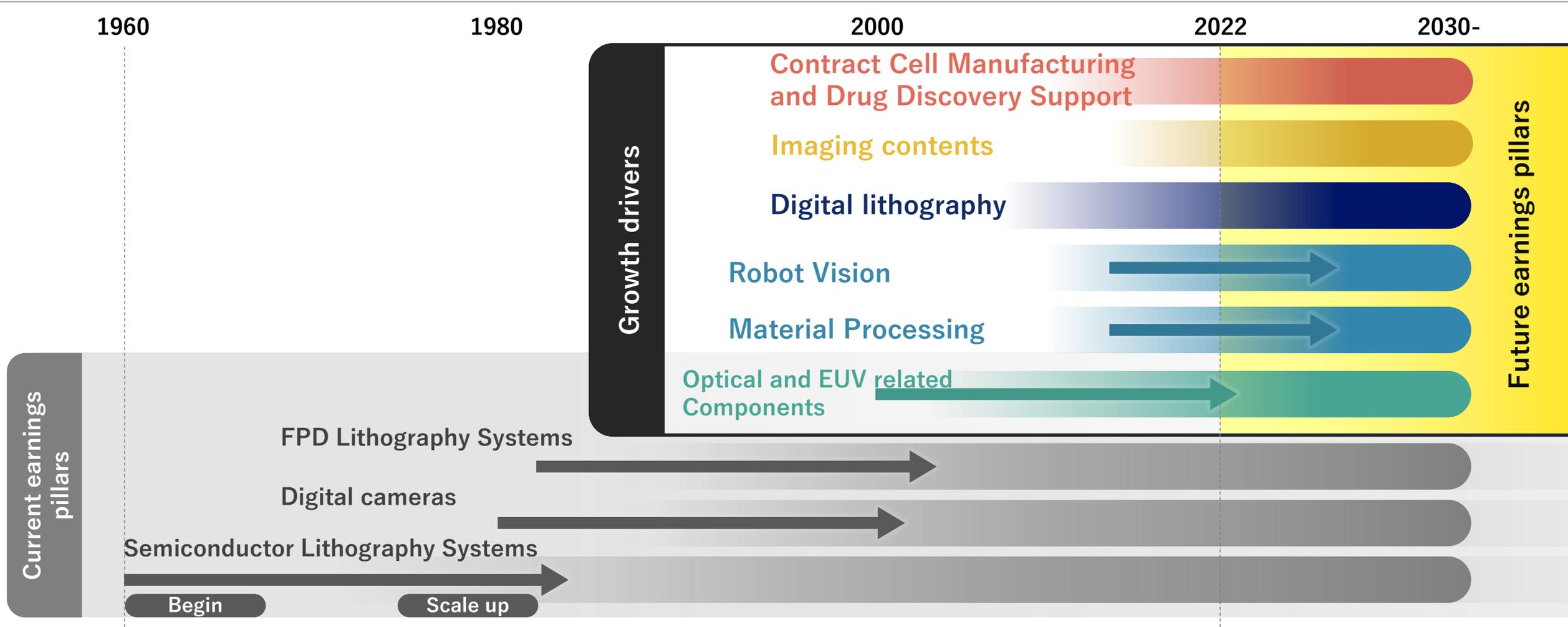
Precision Equipment  
Digital manufacturing  
Components  
Imaging  
Healthcare

## Growth drivers

- Digital lithography
- Robot Vision
- Material Processing
- EUV related components
- Optical components
- Imaging contents
- Drug discovery support
- Contract Cell Manufacturing

\*Market scale data based on our estimates. Anything above ¥10T is expressed as ¥10T.

# Focus on growth drivers looking out to 2030



Quickly scale up new value creation by injecting resources and leveraging alliances

# Sustainability Strategy: Contribute to society through Creativity



Precision Equipment

Components

Digital manufacturing

Imaging

Healthcare

Sustainable society

Areas where Nikon contributes

Comfortable society

**Safety and Work environment**  
(Reduce human work/automate and customize)

- Contribute to work environments and public transportation infrastructure through sensing, imaging and displays, etc.
- Contribute to urban planning and resilient social infrastructure with image analysis and optical telecommunications technology
- Contribute to space industry and technology by providing satellite modules, etc.



Healthy environment

**Decarbonization**

- Increase energy efficiency in society with additive and fine processing using optics
- Enhance manufacturing efficiency in robots with sophisticated hands and eyes and device manufacturing processes
- Contribute to a society where people connect transcending time and space and real and virtual leveraging image production technologies
- Contribute to a healthy global environment with longer lasting light sources and more durability in our products



**Circular systems for resources**

- Reduce the burden of waste and promote re-use among our customers through turbine repairs and ultra-precision processing, controls and measurement, etc.
- Aim to achieve a recycling society by strengthening equipment re-use and refurbished systems sales
- Leverage digitalization to help reduce needs



Mental and physical well-being

**Health**  
(More precise medicine and individualized treatment)

- Reduce the burden on doctors and patients and support drug discovery with early and high-precision evaluation of ailments
- Achieve regenerative medicine for everyone with Contract Cell Manufacturing solutions
- Support medicine with high-precision robot modules



**Enriched spirit**  
(Education × digital)

- Contribute to rich and creative visual expression and culture with imaging equipment and 3D and 4D technology, etc.
- Leverage cameras, microscopes and telescopes to stimulate interest in outer space and the natural sciences and contribute to learning and cultivating the next generation
- Education and training that transcends time and space and real and virtual



# Sustainability Strategy: Meet society's expectations to win Trust



## Environment

- (3) Promoting a decarbonized society
- (4) Promoting resource circulation
- (5) Preventing pollution and conserving ecosystems

- **FY 2025 targets for achieving carbon neutrality by FY 2050**
  - Reduce green-house gas emissions from business sites: Reduce by 46.5% compared to FY 2013 levels. (FY 2030 Target: 71.4% reduction)
  - Introduction of renewable energy: 18% (FY 2030 target: 30%)
- **Initiatives toward circular system of resources by strengthening systems re-use and refurbished sales**



## Society and labor

- (6) Strengthening supply chain management
- (7) Respecting human rights
- (8) Diversity and inclusion
- (9) Employees' health and safety

- **Promote D&I**
  - Prepare an environment and raise awareness for diverse talent to thrive
  - Promote the advancement of women
    - Women in managerial positions: 8%+ by FY 2025
    - New grad female hires: Maintain 25%+ (In FY2021, women made up 15% of the workforce)
- **Advance respect for human rights across the supply chain**
- **Marketing communications that are mindful of human rights**



## Governance

- (10) Thorough compliance
- (11) Strengthening corporate governance
- (12) Strengthening risk management

- **Link sustainability challenge KPIs to officer compensation**
- **Secure independence of external directors: More diverse board makeup**
- **Strengthen governance across the corporate group: Strengthen internal controls**

# Relationship with earnings disclosure segments

Segmentation for earnings reporting		Under the 2022-25 Medium-Term Management Plan	
Reporting segment	Organization name and business	Business domain	Where we deliver value
Imaging Products	Imaging Products Business	Imaging	Quality of life (QOL)
Healthcare	Healthcare Business	Healthcare	
Precision Equipment	FPD Lithography Business	Precision Equipment	Industry
	Semiconductor Lithography Business		
Components	Customized Products Business	Components	
	Glass Business		
	Digital Solutions Business (Optical components, etc.)		
	Digital Solutions Business (Material Processing, Robot Vision)	Digital Manufacturing	
Industrial Metrology and Others	Industrial Metrology Business	management base	
	Other		
Corporate P/L non-attributable to any reportable segments	New business development costs (Next-generation Projects Division) G&A expenses, etc., for basic research and HQ functions		

\*Effective April 1, 2022, the Next-generation Projects Division will be transferred from Precision Equipment to Corporate P/L non-attributable to any reportable segments.

# Disclaimer Regarding Forecast and Projections

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.

