

May 17, 2024

**Notice Regarding Disposal of Treasury Stock as Restricted Stock Remuneration
and Disposal of Treasury Stock as Performance-based Stock Remuneration**

NIKON CORPORATION (“Company”) hereby announces, as described below, that it has resolved at its Board of Directors meeting held on May 17, 2024 to dispose of treasury stock as restricted stock remuneration (“Disposal of Treasury Stock (I)”) and to dispose of treasury stock as performance-based stock remuneration (“Disposal of Treasury Stock (II)”).

1. Overview of Disposal

(1) [Details of disposal of treasury stock as restricted stock remuneration]

(1) Disposal date	June 17, 2024
(2) Type and number of shares to be disposed of	129,679 shares of common stock of the Company
(3) Disposal price	1,686.5 yen per share
(4) Total amount of shares to be disposed of	218,703,624 yen
(5) Planned allottees	2 Directors other than those who are Audit and Supervisory Committee Members (excluding External Directors, other Non-executive Directors, and non-residents of Japan), 38,182 shares 18 Officers (including Executive Fellows and other positions equivalent to Officer and excluding non-residents of Japan), 91,497 shares
(6) Other	The Disposal of Treasury Stock (I) is conditional upon the effectuation of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

(2) [Details of disposal of treasury stock as performance-based stock remuneration]

(1) Disposal date	June 17, 2024
(2) Type and number of shares to be disposed of	19,443 shares of common stock of the Company
(3) Disposal price	1,686.5 yen per share
(4) Total amount of shares to be disposed of	32,790,617 yen
(5) Planned allottees	2 Directors other than those who are Audit and Supervisory Committee Members (excluding External Directors, other Non-executive Directors, and non-residents of Japan), 6,907 shares 13 Officers (including Executive Fellows and other positions equivalent to Officer and excluding non-residents of Japan), 12,536 shares
(6) Other	The Disposal of Treasury Stock (II) is conditional upon the effectuation of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and reason for Disposal

In conjunction with the announcement of the new Medium-term Management Plan on April 7, 2022, the Company resolved at its Board of Directors meeting held on May 20, 2022 to introduce a restricted stock remuneration system (“System I”) and a new performance-based stock remuneration system (“System II”; hereinafter, together with System I, referred to as “Systems”) for Directors other than those who are Audit and Supervisory Committee Members (excluding External Directors, other Non-executive Directors, and non-residents of Japan; the same shall apply hereinafter) to replace the previous stock compensation system (performance-based stock remuneration using the BIP Trust and subscription rights to shares granted as stock-related compensation) in order to provide them an incentive to achieve the target set forth in the Medium-term Management Plan and to enhance corporate value over the medium to long term, as well as to further promote greater value sharing with shareholders.

Furthermore, it was approved, at the 158th Annual General Shareholders’ Meeting held on June 29, 2022, that, separately from monetary compensation to be paid to Directors other than those who are Audit and Supervisory Committee Members, monetary compensation claims shall be granted to Directors other than those who are Audit and Supervisory Committee Members under the Systems as remuneration to be used for in-kind contributions to deliver shares of the Company’s common stock that are subject to provisions of a certain transfer restriction period and grounds for acquisition by the Company without contribution (“Restricted Shares”). The upper limit of the amount of monetary compensation claims to be granted under the System I shall be 100 million yen or less per fiscal year. Meanwhile, the upper limit of the total amount of monetary compensation claims and cash to be delivered under the System II shall be the upper limit of the number of Restricted Shares to be delivered per evaluation fiscal year of 110,000 shares, multiplied 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 Shares to be delivered under the System II or the disposal of treasury stock (if there is no closing price on such date, the closing price on the closest preceding trading day (“Paid-in Amount per Share”). It was also approved that Directors other

than those who are Audit and Supervisory Committee Members shall receive Restricted Shares by making an in-kind contribution of the said monetary compensation claims at the time of issuance of shares of the Company's common stock or disposal of treasury stock by the Company, and that a period between the date on which a Director other than those who are Audit and Supervisory Committee Members receives Restricted Shares and the date on which he/she 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) shall be set as the transfer restriction period. At the same time, the Company also announced that it would pay the same restricted stock remuneration and performance-based stock remuneration as those to be paid under the Systems to Officers (including Executive Fellows and other positions equivalent to Officer).

The purpose of the Disposal of Treasury Stock (I) is to, upon the resolution at the Board of Directors meeting held today, deliver the number of Restricted Shares, which is calculated as (c) in Outline of System I below, to Directors other than those who are Audit and Supervisory Committee Members and Officers (including Executive Fellows and other positions equivalent to Officers and excluding non-residents of Japan; hereinafter, together with Directors other than those who are Audit and Supervisory Committee Members, referred to as "Eligible Directors, etc."), with the fiscal year started on April 1, 2024 and ending on March 31, 2025 being set as the Service Offering Period (I) (specified in (ii) of (d) in Outline of System I below) under the System I. Restricted Shares subject to the Disposal of Treasury Stock (I) shall be delivered through the disposal of treasury stock by having Eligible Directors, etc. make an in-kind contribution of monetary compensation claims granted to them as the property to be contributed. This time, the Company has decided to grant monetary compensation claims totaling 218,703,624 yen and Restricted Shares totaling 129,679 shares to Eligible Directors, etc., who are the planned allottees, under the System I. The amount of monetary compensation claims and the number of Restricted Shares to be granted to each of Eligible Directors, etc. under the System I have been determined by the Board of Directors by taking comprehensively into account various circumstances, such as his/her title, content of duties, and responsibilities based on the results of deliberations by the Compensation Committee, in accordance with the calculation method specified in (c) in Outline of System I below.

The purpose of the Disposal of Treasury Stock (II) is to, upon the resolution at the Board of Directors meeting held today, deliver the number of Restricted Shares, which is calculated as (h) in Outline of System II below, to Eligible Directors, etc., with the fiscal year started on April 1, 2023 and ended on March 31, 2024 being set as the evaluation fiscal year (specified in (b) in Outline of System II below) and as the Service Offering Period (II) (specified in (e) in Outline of System II below) under the System II. Restricted Shares subject to the Disposal of Treasury Stock (II) shall be delivered through the disposal of treasury stock by having Eligible Directors, etc. make an in-kind contribution of monetary compensation claims granted to them as the property to be contributed. This time, the Company has decided to grant monetary compensation claims totaling 32,790,617 yen and Restricted Shares totaling 19,443 shares to Eligible Directors, etc., who are the planned allottees, under the System II. The amount of monetary compensation claims and the number of Restricted Shares to be granted to each of Eligible Directors, etc. under the System II have been determined by the Board of Directors based on the results of deliberations by the Compensation Committee, in accordance with the calculation method specified in (h) in Outline of System II below.

For the issuance of shares of the Company's common stock or disposal of treasury stock under the Systems, Eligible Directors, etc. shall enter into an agreement on allotment of Restricted Shares, which also serve as an account management agreement, ("Allotment Agreement") with the Company and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. The Allotment Agreement shall specify the following:

- (i) Eligible Directors, etc. shall not transfer, create a security interest on, or otherwise dispose of shares of the Company's common stock received under the Allotment Agreement during the predetermined period; and
- (ii) the Company shall acquire the said shares of common stock without contribution if certain circumstances arise.

The Company shall pay monetary compensation claims to be paid under the Systems on conditions such as that each of Eligible Directors, etc. shall enter into the Allotment Agreement.

The outlines of the Systems are as follows:

[Outline of System I]

(a) Outline

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

(b) Upper limits of the amount of compensation and the number of shares to be delivered

Upon resolution by the Board of Directors, the Company shall, in principle, grant monetary compensation claims to Eligible Directors, etc. every year. Meanwhile, Eligible Directors, etc. shall receive Restricted Shares (I) by making an in-kind contribution of the said monetary compensation claims at the time of issuance of Restricted Shares (I) or the disposal of treasury stock by the Company. The amount of monetary compensation claims to be granted by the Company to eligible Directors shall be determined by the Board of Directors within a range that is not particularly advantageous to eligible Directors who receive Restricted Shares (I). The total amount of such monetary compensation claims to be granted to eligible Directors shall be 100 million yen or less per fiscal year, which is deemed reasonable in light of the aforementioned purpose, and the number of Restricted Shares (I) to be delivered to them shall be 150,000 shares or less per fiscal year. Provided, however, that if the total number of shares issued by the Company increases or decreases as a result of such events as a share consolidation, share split, or allotment of shares without contribution ("Share Split, etc."), the said upper limits shall be reasonably adjusted according to the ratio of Share Split, etc.

(c) Calculation method of shares of the Company's common stock to be received by Eligible Directors, etc.

The Company shall determine the number of Restricted Shares (I) to be delivered to each of Eligible Directors, etc. for each fiscal year in accordance with the calculation formula defined below:

[Calculation formula for the number of Restricted Shares (I) to be delivered for each fiscal year]

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

*1 Base reference amount by title shall be determined according to factors such as the title of, content of duties performed by, and responsibilities of each of Eligible Directors, etc.

*2 Reference price shall be determined at the Board of Directors' meeting on the issuance of Restricted Shares (I) or the disposal of treasury stock within a range that is not particularly advantageous to Eligible Directors, etc.

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

(i) Details of transfer restrictions

Each of Eligible Directors, etc. shall be, in principle, prohibited from transferring, creating a security interest on, or otherwise disposing of Restricted Shares (I) during the period between the date on which he/she receives Restricted Shares (I) and the date on which he/she retires from any of the position as Director (including executive officers at a company with three committees) and Officer (including Executive Fellow and other positions equivalent to Officer) ("Restriction Period (I)") under an agreement entered into among the Company, Eligible Directors, etc., and the financial instruments business operator that manages accounts opened for Restricted Shares (I).

(ii) Lifting of transfer restrictions

The Company shall lift the transfer restrictions on all of the Restricted Shares (I) upon the expiry of Restriction Period (I), on condition that each of Eligible Directors, etc. to whom Restricted Shares (I) were delivered has remained in any of the position as Director (including executive officers at a company with three committees) and Officer (including Executive Fellow and other positions equivalent to Officer) throughout a period determined by the Board of Directors (“Service Offering Period (I)”).

If each of Eligible Directors, etc. retires from any of the positions as Director (including executive officers at a company with three committees) and Officer (including Executive Fellow and other positions equivalent to Officer) due to a justifiable reason (including the case where he/she has died) during the Service Offering Period (I), the number of shares on which the transfer restrictions are to be lifted shall be reasonably adjusted based on the period between the start date of the Service Offering Period (I) and the date of retirement.

(iii) Acquisition without contribution

The Company shall acquire without contribution the remaining share of Restricted Shares (I) on which the transfer restrictions have not been lifted in accordance with (ii) above.

If each of Eligible Directors, etc. retires from any of the positions as Director (including executive officers 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 Shares (I) without contribution immediately after the circumstance arises.

(iv) 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.) (“Approval for Reorganization”), the Company shall lift the transfer restrictions on all of the Restricted Shares (I). Provided, however, that if the Approval for Reorganization is given during the Service Offering Period (I), even if it is during the Restriction Period (I), the Company shall lift the transfer restrictions on Restricted Shares (I) in the number determined based on the period between the start date of the Service Offering Period (I) and the date of the approval and shall acquire without contribution the shares on which the transfer restrictions have not been lifted.

[Outline of System II]

(a) Outline

The System II is a compensation system under which a number of shares of the Company’s common stock calculated based on the degree of accomplishment of performance targets, etc. for each evaluation fiscal year or a monetary amount equivalent to the market value of the Company’s common stock (“Company’s Shares, etc.”) shall be delivered to Eligible Directors, etc.

(b) Evaluation fiscal year

An evaluation fiscal year under the System II shall be each fiscal year of the period covered by a medium-term management plan subject to the delivery of Company’s Shares, etc. (“Target Period”; initially, four consecutive fiscal years from fiscal 2022 to fiscal 2025, and thereafter, multiple consecutive fiscal years, starting from the

fiscal year following the final fiscal year of the previous Target Period, determined separately by the Board of Directors every time a new medium-term management plan is formulated).

(c) Upper limit of the amount of remuneration, etc.

The Company shall grant monetary compensation claims to Eligible Directors, etc. based on the degree of accomplishment of performance targets, etc. for each evaluation fiscal year. Meanwhile, Eligible Directors, etc. shall receive shares of the Company's common stock that are subject to provisions of a certain transfer restriction period and grounds for acquisition by the Company without contribution ("Restricted Shares (II)") by making an in-kind contribution of said monetary compensation claims at the time of issuance of Restricted Shares (II) or disposal of treasury stock. The amount of the said monetary compensation claims shall be the number of Restricted Shares (II) to be delivered to Eligible Directors, etc., multiplied by the Paid-in Amount per Share.

The upper limit of the total amount of monetary compensation claims and cash to be delivered by the Company to eligible Directors under the System (II) shall be upper limit of the number of Restricted Shares (II) to be delivered to eligible Directors per evaluation fiscal year of 110,000 shares as defined in (h) below, multiplied by the Paid-in Amount per Share.

(d) Details of transfer restrictions

Each of Eligible Directors, etc. shall be, in principle, prohibited from transferring, creating a security interest on, or otherwise disposing of Restricted Shares (II) during the period between the date on which he/she receives Restricted Shares (II) and the date on which he/she retires from any of the position as Director (including executive officers at a company with three committees) and Officer (including Executive Fellow and other positions equivalent to Officer) ("Restriction Period (II)") under an agreement entered into among the Company, Eligible Directors, etc., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. that manages accounts opened for Restricted Shares (II).

(e) Lifting of transfer restrictions

The Company shall lift the transfer restrictions on all of the Restricted Shares (II) upon the expiry of Restriction Period (II), on condition that each of Eligible Directors, etc. to whom Restricted Shares (II) were delivered has remained in any of the position as Director (including executive officers at a company with three committees) and Officer (including Executive Fellow and other positions equivalent to Officer) throughout a period determined by the Board of Directors ("Service Offering Period (II)").

The Service Offering Period (II) is expected to be from the first day to the last day of each evaluation fiscal year. However, if the tenure during Service Offering Period (II) is shorter than the entire Service Offering Period (II) due to reasons such as being appointed as Eligible Directors, etc. during Service Offering Period (II), the number of Restricted Shares (II) to be delivered will be reasonably adjusted.

(f) Acquisition without contribution

The Company shall acquire without contribution the remaining share of Restricted Shares (II) on which the transfer restrictions have not been lifted in accordance with (e) above.

If each of Eligible Directors, etc. retires from any of the positions as Director (including executive officers 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 Shares (II) without contribution immediately after the circumstance arises.

(g) Treatment during Reorganization, etc.

If, during the Restriction Period (II), 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.) ("Approval for Reorganization"), the Company shall lift the transfer restrictions on all of the Restricted Shares (II).

(h) Calculation method of Company's Shares, etc. to be received by Eligible Directors, etc.

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

[Calculation formula for the number of Restricted Shares (II) to be delivered per evaluation fiscal year]

Number of shares to be delivered = Base number of shares to be delivered by title (*1) ×
Performance-based coefficient (*2)

*1 The base number of shares to be delivered by title shall be determined by the Board of Directors after deliberation by the Compensation Committee, taking into account factors such as the title of, content of duties performed by, and responsibilities of each of Eligible Directors, etc.

*2 The degree of accomplishment of each of the evaluation benchmark, namely, financial targets set forth in the Medium-term Management Plan (the degrees of accomplishment of revenues, operating margin, and ROE) as well as strategic targets (amounts of operating profit derived from growth drivers, and services and components, respectively, and initiatives to strengthen the management base) shall be deliberated by the Compensation Committee, which is chaired by an External Director, and more than half of which consists of External Directors, within a range of 0% to 150%. Then, the performance-based coefficients shall be calculated by totaling the values multiplied by the weightings of respective evaluation benchmarks within a range of 0% to 150%. 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, etc. during each evaluation fiscal year, and subsequent events and other special circumstances of the Company. Even in such case, however, the performance-based coefficients shall be determined within a range of 0 to 150%.

Weightings of respective evaluation benchmark and the targets set for FY2025 are as follows.

	Evaluation benchmark	Weighting	FY2025 target
Financial Targets	Revenue	25 – 30%	700.0 billion yen
	Operating profit	25 – 30%	10%
	ROE (FY2025 only)	20%	8%
Strategic Targets	Amount of operating profit derived from growth drivers	10 – 20%	31.0 billion yen
	Amount of operating profit derived from services and components	10 – 20%	46.0 billion yen
	Initiatives to strengthen the management base	10%	Evaluate the degrees of accomplishment of initiatives, such as sustainability strategy and human capital management, in a comprehensive manner

Among these evaluation benchmarks, ROE shall only be used for the evaluation for the final fiscal year of a Target Period. Also, the weightings and targets of respective evaluation benchmarks for the period between fiscal 2022 and fiscal 2024 shall be determined at the beginning of each fiscal year, after deliberations on their appropriate level to achieving the fiscal 2025 targets by the Compensation Committee, by the Board of Directors in accordance with the results of the deliberation, taking into account such factors as the state of the Company at the time.

The upper limit of the number of Restricted Shares (II) to be delivered by the Company to eligible Directors shall be 110,000 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 accordance to the ratio of Share Split, etc.

- (i) Delivery of Company's shares, etc. to Eligible Directors, etc.

The Company shall deliver the number of Restricted Shares (II), which is calculated as (h) above, to Eligible Directors, etc. who remain in service during each evaluation fiscal year in accordance with prescribed procedures after the end of each evaluation fiscal year in a way described in (c) above.

Provided, however, that if each of Eligible Directors, etc. retires (including the case where he/she has died) before the delivery date of Restricted Shares (II), the Company shall deliver the amount of cash equivalent to the market value of the number of shares of the Company's common stock, obtained by prorating the number of shares to be delivered, which is calculated as (h) above, based on tenure during each evaluation fiscal year between the start of each evaluation fiscal year and the date of retirement (in case of death, such cash shall be delivered to a successor to the rights to delivery of shares, etc.).

If each of Eligible Directors, etc. is a non-resident of Japan who does not have Japanese nationality at the time of delivery, cash equivalent to the market value of the number of shares of the Company's common stock to be delivered, which is calculated as (h) above, shall be delivered to him/her.

3. Basis for calculation of disposal price and specifics thereof

To eliminate the arbitrariness in the disposal price, the disposal price shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on May 16, 2024 (the business day prior to the date of resolution by the Board of Directors) of 1,686.5 yen. Since this is the market price immediately prior to the date of resolution by the Board of Directors, we believe it is reasonable and does not represent a particularly advantageous price.

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