FUJIFILM Holdings Corporation

Earnings Presentation for the Fiscal Year Ended March 2024

May 9, 2024

Event Summary

[Company Name]	FUJIFILM Holdings Corporation
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[Event Name]	Earnings Presentation for the Fiscal Year Ended March 2024
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[Venue Size]	
[Participants]	
[Number of Speakers]	5

Teiichi Goto	President and CEO, Representative Director
Masayuki Higuchi	CFO, Director and Corporate Vice President
Naoki Hama	Director / President, Representative Director & CEO of FUJIFILM Business Innovation Corp.
Chisato Yoshizawa	Director & Senior Vice President, General Manager of Corporate Communications Division and General Manager of ESG Division of FUJIFILM Holdings Corporation
Toshihisa Iida	Corporate Vice President, General Manager of Life Sciences Strategy Headquarters, General Manager of Bio CDMO Division, FUJIFILM Corporation

Presentation

Moderator: We will now begin the presentation of the financial results of FUJIFILM Holdings for the fiscal year ended March 31, 2024. Thank you very much for taking time out of your busy schedule to attend our briefing today.

I would like to introduce attendees for today's meeting. Teiichi Goto, President and CEO, Representative Director of FUJIFILM Holdings.

Goto: I am Goto. Thank you.

Moderator: Masayuki Higuchi, CFO, Director and Corporate Vice President of FUJIFILM Holdings.

Higuchi: I am Higuchi. Thank you.

Moderator: Naoki Hama, Director of FUJIFILM Holdings, President, Representative Director & CEO of FUJIFILM Business Innovation Corp.

Hama: I am Hama. Thank you.

Moderator: Chisato Yoshizawa, Director and Senior Vice President, General Manager of Corporate Communications Division and General Manager of ESG Division of FUJIFILM Holdings.

Yoshizawa: I am Yoshizawa. Thank you.

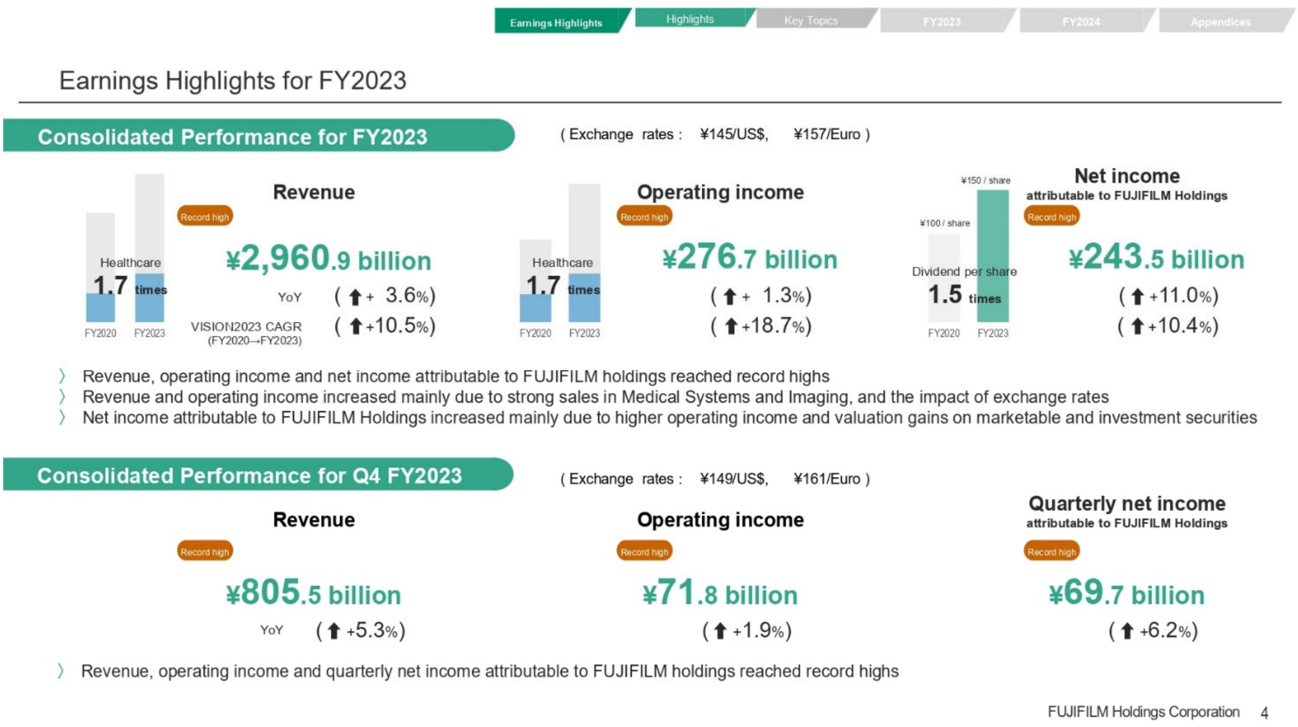
Moderator: Toshihisa Iida, Corporate Vice President, General Manager of Life Science Strategy Headquarters, General Manager of Bio CDMO Division of FUJIFILM Corporation.

Iida: I am Iida. Thank you.

Moderator: I am Nagasawa of Corporate Communications Division, and I will serve as the moderator for today's meeting. Thank you very much for your cooperation.

Today, Goto will first present financial highlights and topics. Next, Higuchi will present the consolidated financial results and business overview, as well as the consolidated financial forecast for the fiscal year ending March 31, 2025. A question-and-answer session will follow.

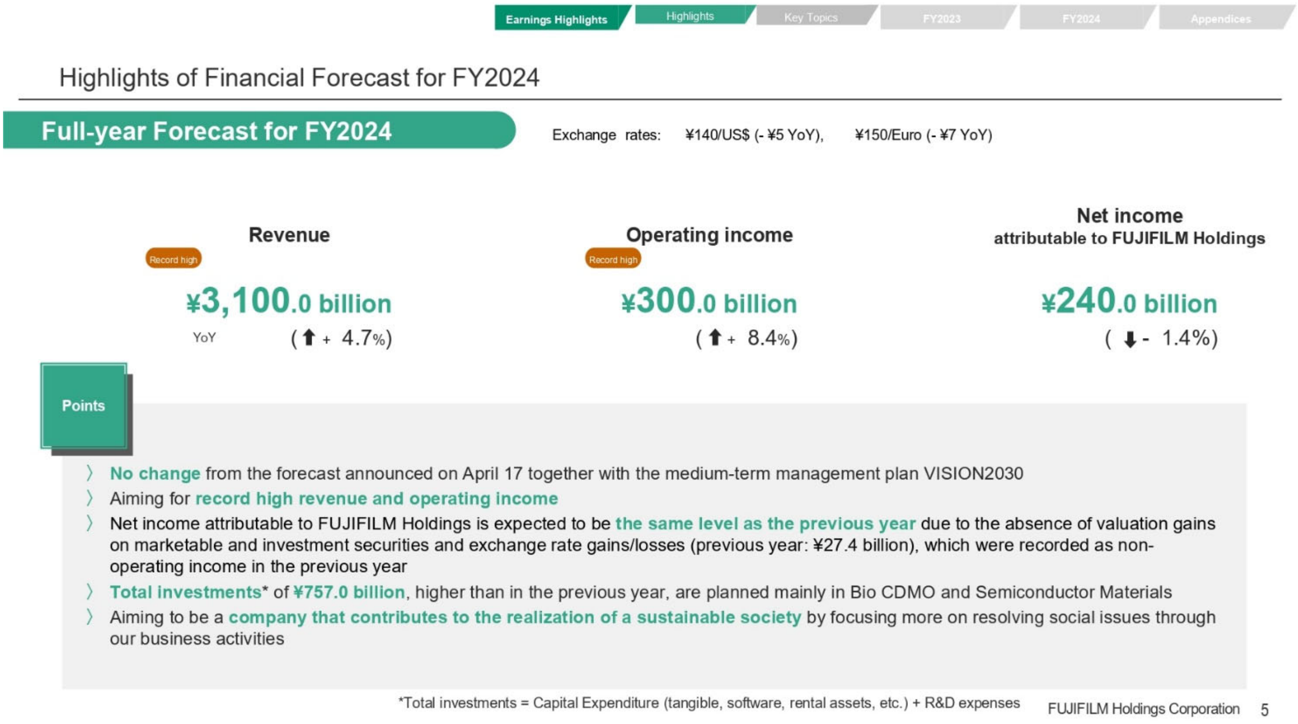
Now, Goto will give an explanation.



Goto: I am Goto. I will begin with an overview of FUJIFILM Holdings' consolidated financial results for the fiscal year ended March 31, 2024.

For the fiscal year ended March 31, 2024, revenue was JPY2,960.9 billion, operating income was JPY276.7 billion, and net income attributable to FUJIFILM Holdings was JPY243.5 billion. Revenue, operating income, and net income attributable to FUJIFILM Holdings reached record highs. Revenue and operating income increased due to strong sales in medical systems and Imaging and the impact of foreign exchange rates. Net income attributable to FUJIFILM Holdings increased mainly due to an increase in operating income and gain on valuation of investment securities.

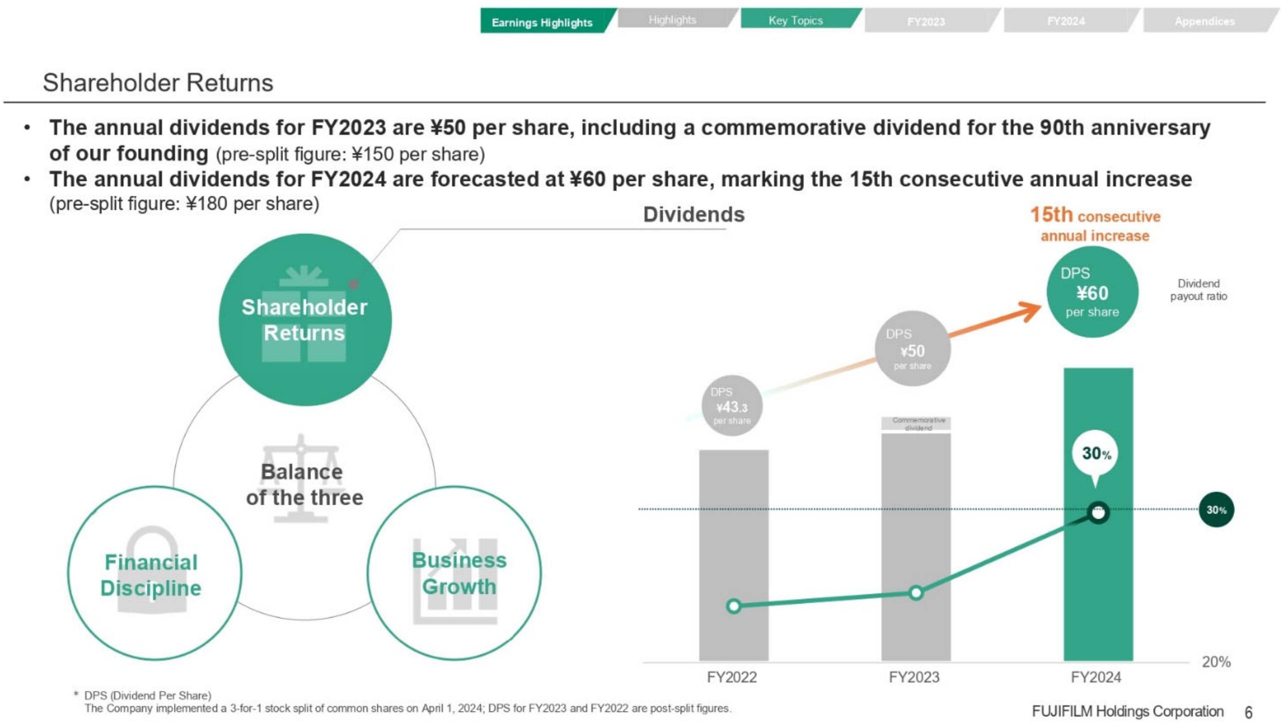
Also, for the three months of Q4, revenue, operating income, and net income attributable to FUJIFILM Holdings all reached record highs for Q4.



Next, I will explain our full-year forecasts for the fiscal year ending March 31, 2025.

As indicated in the medium-term management plan VISION2030 announced on April 17, 2024, we are aiming for record-high sales of JPY3,100.0 billion, up JPY139.1 billion from the previous year, and record-high operating income of JPY300.0 billion, up JPY23.3 billion from the previous year. In addition, growth investments centered on Bio CDMO and semiconductor materials are planned at JPY757.0 billion, up from the previous year.

VISION2030 is an action plan to realize the goals of the Sustainable Value Plan 2030, our CSR plan, and we aim to become a company that further contributes to the realization of a sustainable society through the steady implementation of those plans.



Next, I will explain shareholder returns.

As indicated in VISION2030, we plan to pay an annual dividend of JPY50 per share for the fiscal year ended March 31, 2024, which includes a commemorative dividend of JPY3.3 per share to celebrate our 90th anniversary, an increase for the 14th consecutive year.

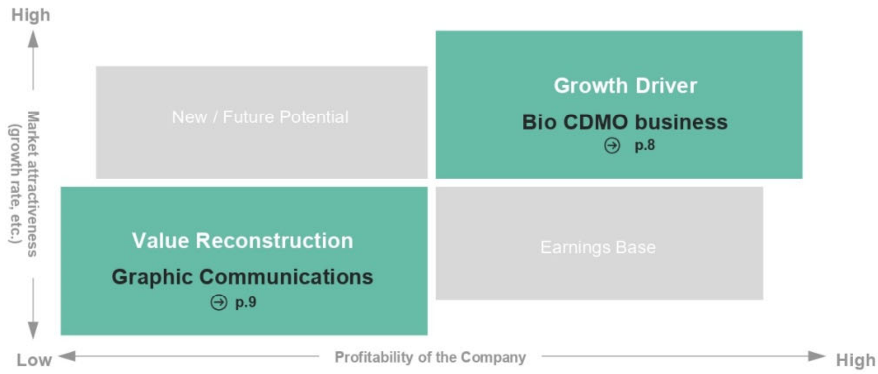
For the fiscal year ending March 31, 2025, we plan to pay an annual dividend of JPY60 per share, an increase of 20% from the previous fiscal year and the 15th consecutive fiscal year of dividend increases. The Company has set March 31, 2024 as the record date and conducted a three-for-one stock split of the Company's common stock held by shareholders as of the same date. Therefore, beginning with the interim dividend for the fiscal year ending March 31, 2025, the number of shares will be based on the number of shares after the stock split.

Key Topics ❶ VISION2030 Follow-up 1/3

Business portfolio management

Implementing the VISION2030 strategy to further strengthen business portfolio

Business portfolio management



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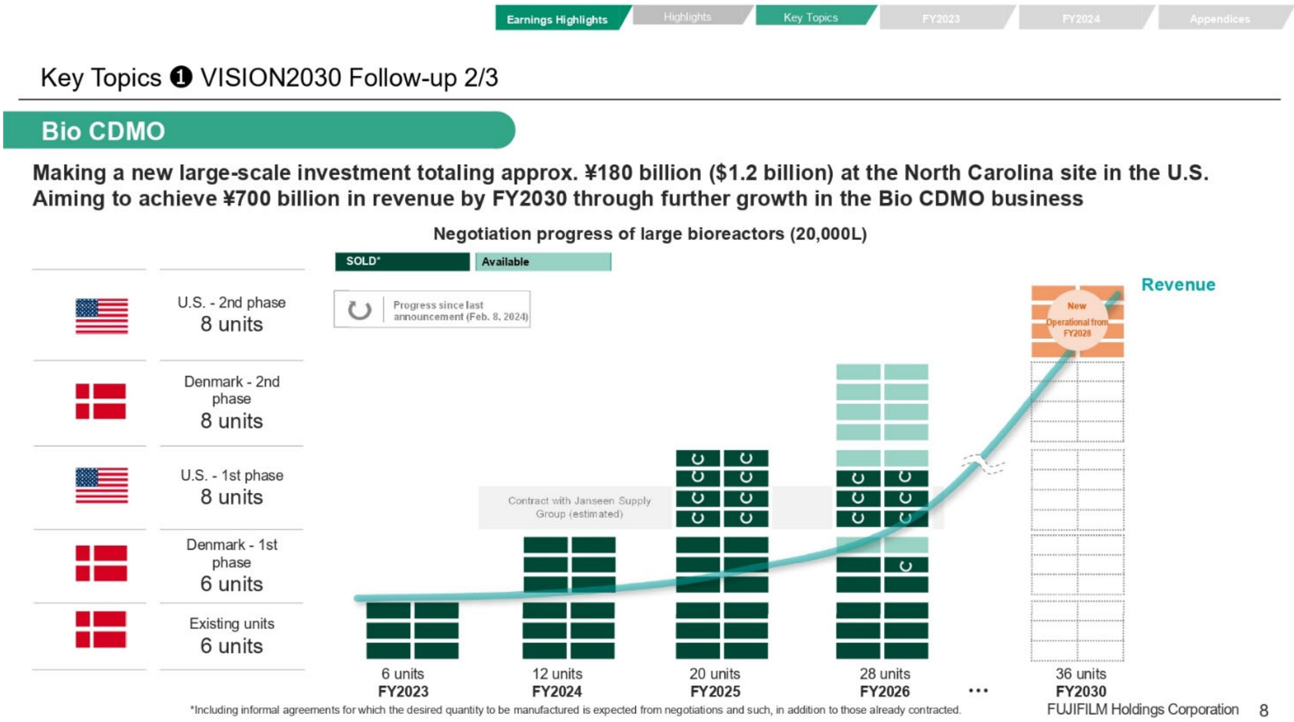
I will now discuss topics.

In VISION2030, we explained our approach to business portfolio management and our basic policy for further strengthening our business portfolio. Today, we will focus on the Bio CDMO, which is positioned as a growth driver, and graphic communications, which is positioned as a value reconstruction business.

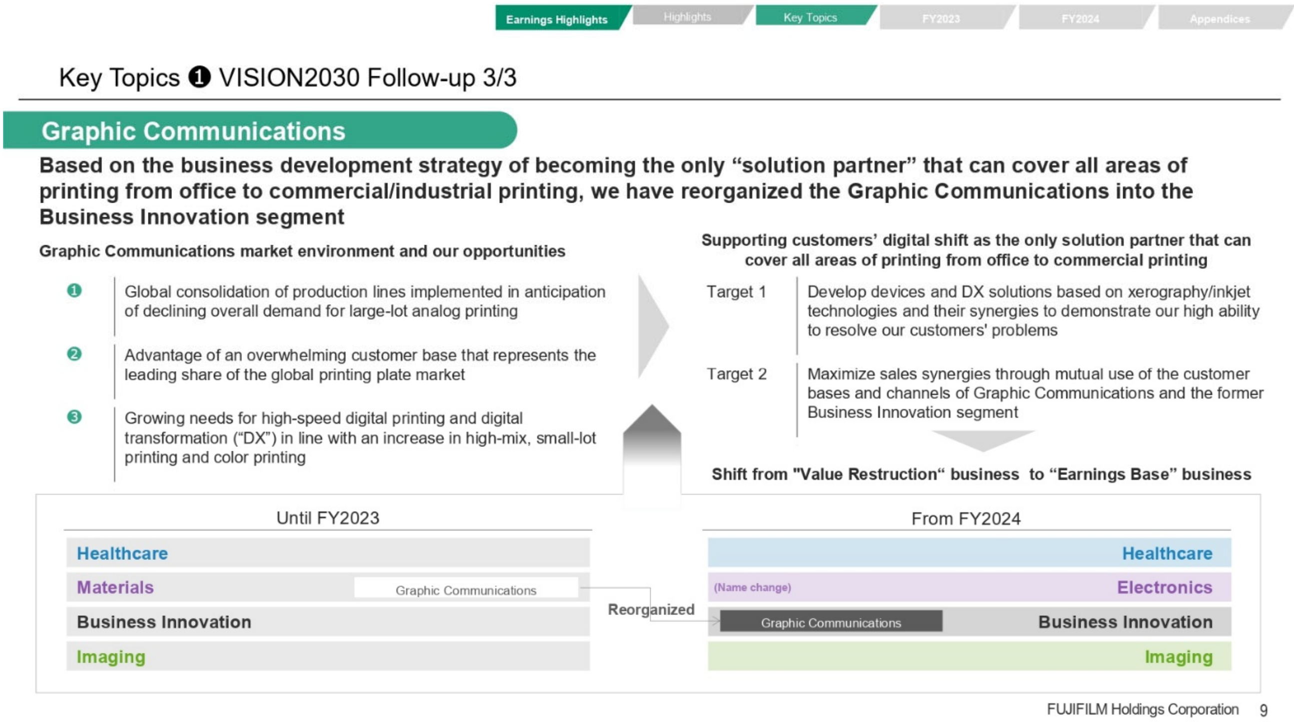


First, let me explain about the Bio CDMO.

As demand for biopharmaceuticals continues to grow, we expect strong production demand to continue for our large manufacturing facility with 20,000-liter tanks.

As for the progress of our business negotiations for large-scale manufacturing facilities, as shown here, all of the production lines at our North Carolina site in the US, which is currently under construction, have been contracted for production in FY2025. Although it will take three to four years from the start of operations to fully contribute to earnings, business negotiations are steadily building toward achieving the sales target of JPY355.0 billion for FY2026.

To meet demand, the Company has announced a major investment of USD1.2 billion to add eight new units at its North Carolina site in the United States. With this additional investment, we will accelerate our growth, aiming to achieve overall business sales of JPY700.0 billion by operating a total of 36 20,000-liter tanks in FY2030.



Next, I will discuss the Graphic Communications.

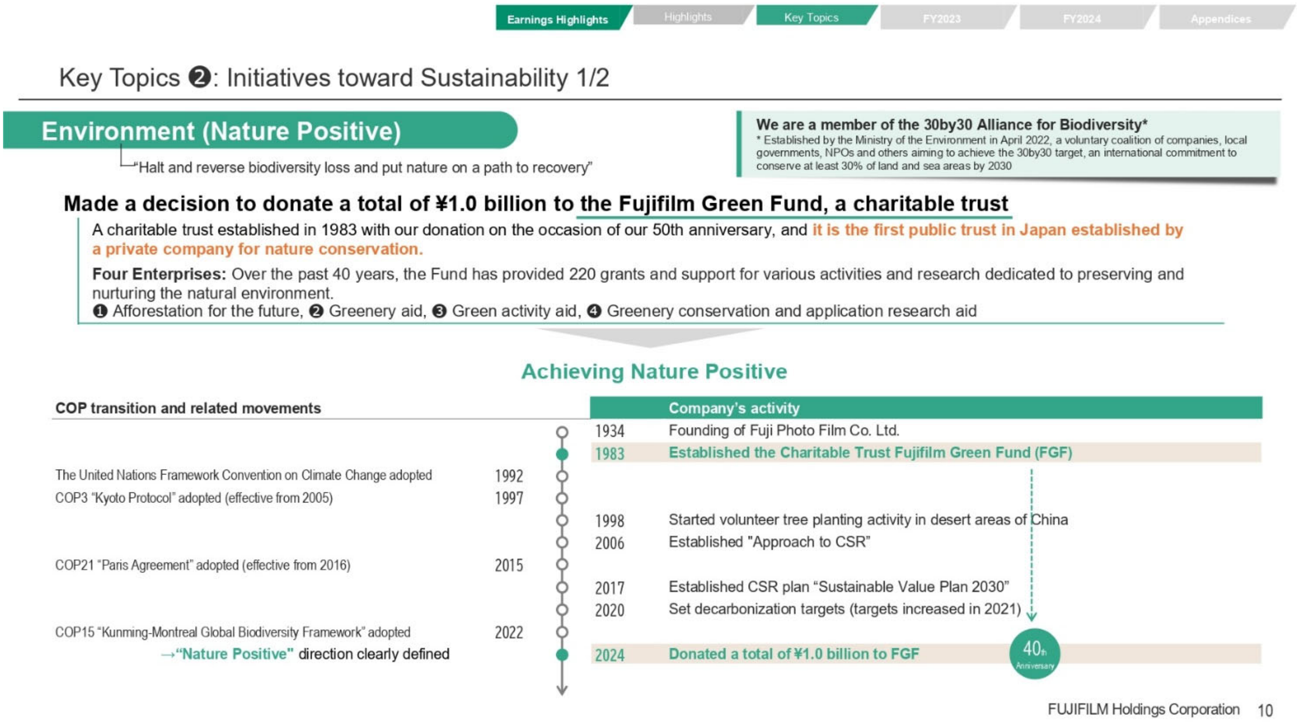
As explained in VISION2030, we have reclassified the Graphic Communications to the Business Innovation segment in FY2024 in order to promote our strategy of developing our business as the only solution partner that can cover the entire range of printing from office to commercial and industrial printing.

Graphic Communications has been preemptively responding to the decline in total demand for large-lot analog printing, as typified by offset printing, by implementing a global consolidation of production lines and converting to a leaner structure. In addition, we have the largest global customer base in the printing plate market, which we can leverage as a shared asset for the entire segment.

While leveraging these strengths, we will demonstrate our ability to provide high quality solutions to our customers' issues by developing device and DX solutions based on both xerography and inkjet technologies and their synergy. Along with this, we will maximize sales synergies between the Graphic Communications and the former Business Innovation.

Through these efforts, we will improve the profitability of the Graphic Communications and shift it from a value reconstruction business to an earnings base business.

In conjunction with this transformation, the materials segment will be renamed the Electronics segment and the Electronic Materials will be renamed Semiconductor Materials. This will allow us to further leverage our unique strengths and accelerate growth in this segment as a group of businesses in the electronics field, with a focus on semiconductors.



Finally, I would like to talk about our sustainability efforts.

In commemoration of our 90th anniversary, which was celebrated in January 2024, we have decided to make an additional contribution totaling JPY1.0 billion to the Fujifilm Green Fund, a charitable trust.

The Fujifilm Green Fund was established in 1983 as a charitable trust funded by the Company on the occasion of our 50th anniversary and was the first charitable trust by a private company in Japan with the theme of nature conservation. The said fund has provided numerous grants and support for activities and research related to the conservation and nurturing of the natural environment over the past 40 years, targeting the protection of clean water, air, greenery, and other natural resources that the fund has consistently and carefully protected since its founding.

Through this new contribution totaling JPY1.0 billion, we will provide further support through the ongoing activities of the Fujifilm Green Fund to help realize nature positive.

Our efforts to contribute to the realization of such a sustainable society have received various evaluations.

As a recent example, we were selected as one of the SX Brand 2024, a stock certification system newly established this year by the Ministry of Economy, Trade and Industry, METI, and the Tokyo Stock Exchange, as a company that meets the PBR of 1x or more and is implementing advanced initiatives to enhance corporate value through sustainability transformation.

Under our CSR plan, Sustainable Value Plan 2030, we will continue to make further efforts to solve social issues through our business activities by providing innovative technologies, products, and services, aiming to become a company that further contributes to the realization of a sustainable society.

That is all I have to say.

Moderator: Next, Higuchi will explain.

Consolidated Performance for FY2023 (From April 2023 to March 2024)

(Billions of yen)

	Full Year				
	FY2022	FY2023	Change	Impact of exchange rate	Constant-currency basis
Revenue	2,859.0 100.0%	Record high **2,960.9** **100.0%**	101.9 +3.6%	106.8	(4.9) (0.2%)
Operating Income	273.1 9.6%	Record high **276.7** **9.3%**	3.6 +1.3%	25.1	(21.5) (7.8%)
Income before Income Taxes	282.2 9.9%	Record high **317.3** **10.7%**	35.1 +12.4%	31.4	3.7 +1.3%
Net Income Attributable to FUJIFILM Holdings	219.4 7.7%	Record high **243.5** **8.2%**	24.1 +11.0%	21.8	2.3 +1.1%
EPS	¥182.40	**¥202.29**	¥19.89		
ROE	8.3%	**8.2%**	(0.1 pt)		
ROIC	6.1%	**5.6%**	(0.5 pt)		
CCC	125 days	**116 days**	(9 days)		
Exchange Rates ¥/US$	¥136	**¥145**	¥9		
Exchange Rates ¥/€	¥141	**¥157**	¥16		

Other change factors (YoY):
Impact of raw materials prices on operating income: ¥0.8 billion
(Excluding prices of semiconductors and other materials)

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Higuchi: I will first explain the results for the fiscal year ended March 31, 2024.

Revenue for the fiscal year ended March 31, 2024 increased 3.6% from the previous year to JPY2,960.9 billion due to strong sales in the Medical Systems and the Imaging and the impact of yen depreciation. Operating income increased 1.3% YoY to JPY276.7 billion, mainly due to an increase in Imaging income and the impact of foreign exchange rates. Net income attributable to FUJIFILM Holdings increased 11.0% YoY to JPY243.5 billion, mainly due to an increase in operating income and a gain on valuation of investment securities.

Consolidated Revenue and Operating Income by Operating Segment

(Billions of yen)

Revenue	Full Year		Change		Constant-currency basis	
	FY2022	FY2023				
Healthcare	928.8	**975.1**	46.3	+5.0%	4.8	+0.5%
* Materials	681.8	**690.0**	8.2	+1.2%	(18.8)	(2.7%)
Business Innovation	838.1	**826.1**	(12.0)	(1.4%)	(27.1)	(3.3%)
Imaging	410.3	**469.7**	59.4	+14.5%	36.2	+8.8%
Total	2,859.0	**2,960.9**	101.9	+3.6%	(4.9)	(0.2%)

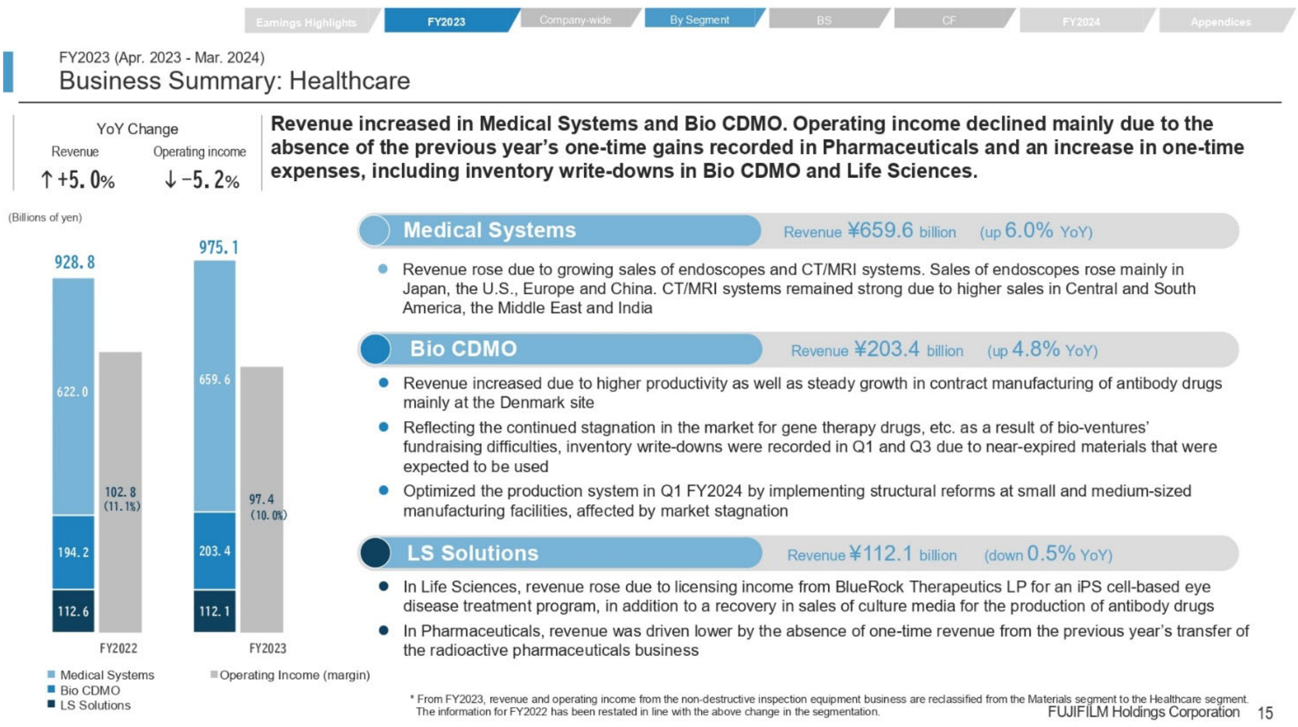
Note: After elimination of intersegment transactions

(Billions of yen)

Operating Income	Full Year		Change		Constant-currency basis	
	FY2022	FY2023				
Healthcare	102.8	**97.4**	(5.4)	(5.2%)	(12.7)	(12.3%)
* Materials	65.4	**42.9**	(22.5)	(34.5%)	(28.9)	(44.3%)
Business Innovation	69.5	**70.8**	1.3	+1.8%	0.0	(0.1%)
Imaging	72.9	**101.9**	29.0	+39.9%	18.8	+25.9%
Corporate Expenses & Eliminations	(37.5)	**(36.3)**	1.2	-	1.3	-
Total	273.1	**276.7**	3.6	+1.3%	(21.5)	(7.8%)

* From FY2023, revenue and operating income from the non-destructive inspection equipment business are reclassified from the Materials segment to the Healthcare segment.
The information for FY2022 has been restated in line with the above change in the segmentation.

Revenue and operating income by segment are as shown.



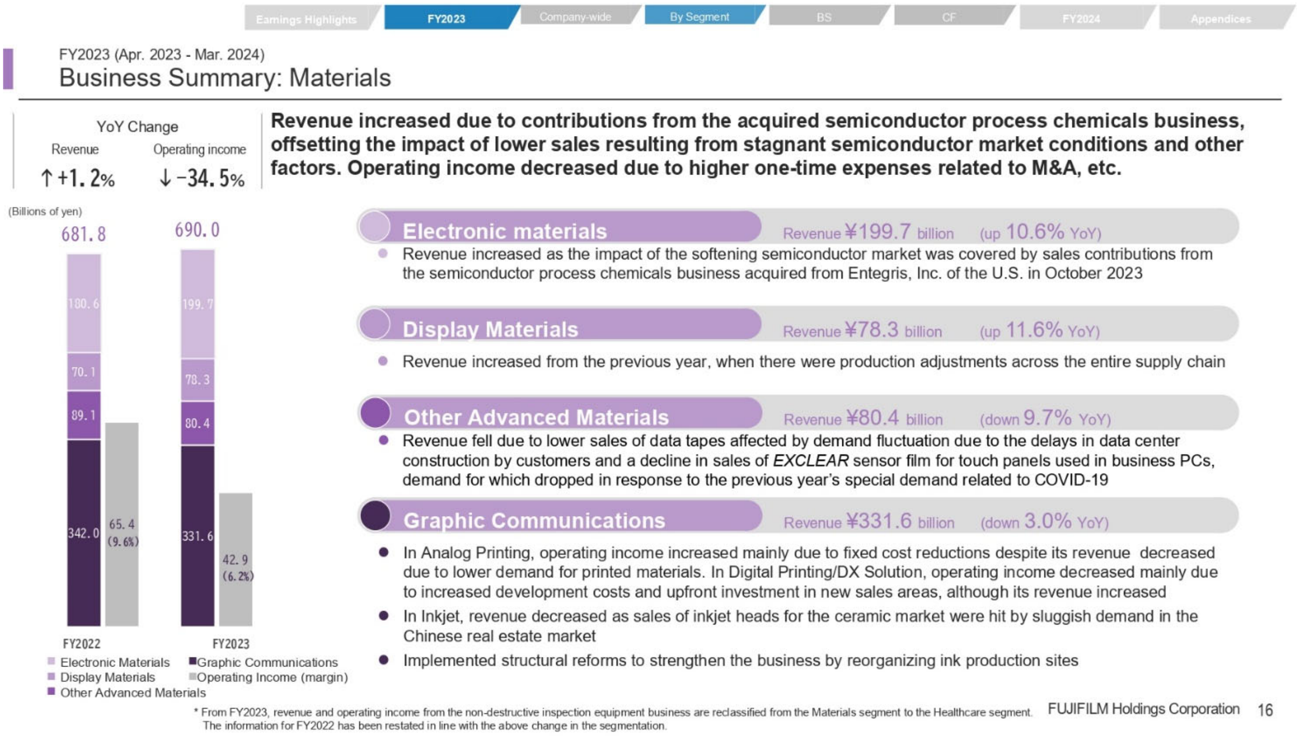
This is a summary of the Healthcare performance.

Revenue increased 5.0% from the previous year to JPY975.1 billion, as sales growth was secured in the Medical Systems and the Bio CDMO. Operating income decreased 5.2% YoY to JPY97.4 billion, mainly due to a JPY5.0 billion decrease in the Bio CDMO as a reaction to cancellation fees recorded in the previous fiscal year and a JPY7.0 billion decrease in inventory write-downs.

Sales of the Medical systems increased due to strong sales of endoscopes, CT/MRI, and other products. Sales of endoscopes grew in Japan, the US, Europe, China, and other markets. Sales of CT/MRI were strong, mainly due to increased sales in Latin America, the Middle East, and India.

In the Bio CDMO, revenue increased due to steady growth in contract manufacturing of antibody drugs, mainly at the Danish site, as well as productivity improvements at the Danish site. On the other hand, due to the prolonged stagnation of the market for gene therapy drugs and other products against the backdrop of the difficulty in raising funds for biotech ventures, an inventory write-down was recorded in the first and third quarters due to the impending expiration date of components that were expected to be used. For small- and medium-sized manufacturing facilities affected by market stagnation, we will implement structural reforms in Q1 of FY2024 to optimize the production system.

In the LS solutions business, sales increased due to a recovery in sales of culture media for the production of antibody drugs in Life Sciences, as well as license fee income from BlueRock Therapeutics LP for a program to treat ocular diseases using iPS cells, and steady sales of iPS cells for drug discovery support. On the other hand, sales in Pharmaceutical declined, mainly due to the absence of one-time revenue of JPY9.0 billion from the transfer of the radiopharmaceutical business in the previous year.



Next, here you see a summary of the performance of the Materials.

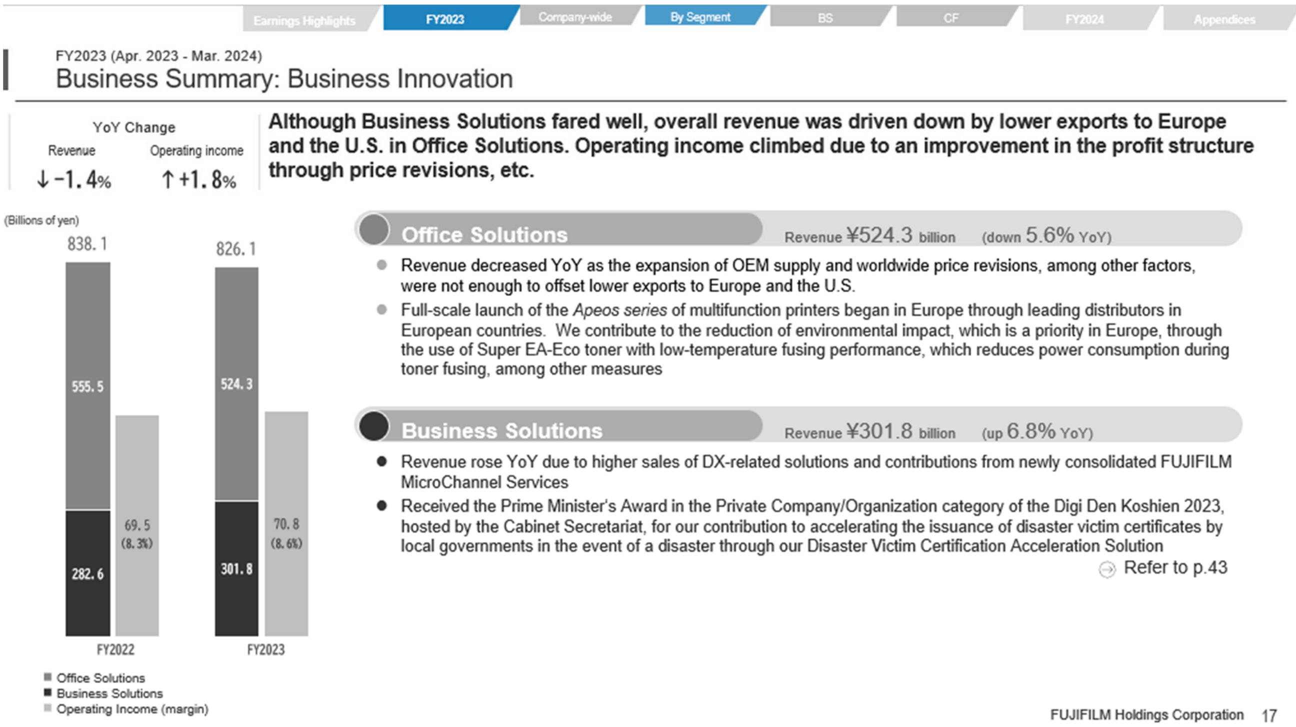
Despite the prolonged stagnation in the semiconductor market and lower sales of inkjet heads, revenue increased 1.2% YoY to JPY690.0 billion due to the sales contribution of the acquired semiconductor process chemicals business. Operating income fell 34.5% YoY to JPY42.9 billion due to increased one-time expenses such as M&A-related costs and inkjet production system reorganization.

In the Electronic Materials business, revenue increased due to the contribution of the semiconductor process chemicals business, which the Company completed the acquisition from Entegris, Inc. of the US in October 2023, despite the impact of softening market conditions in the semiconductor market.

In the Display Materials, revenue increased as panel makers' operations recovered compared to the previous year, when there were production adjustments throughout the supply chain.

In the Other Advanced Materials, revenue decreased due to lower sales of data tapes, which were affected by demand fluctuations caused by the timing of construction of customer data centers, and lower sales of sensor film for touch panels and EXCLEAR, which experienced a decline in demand for business PCs in reaction to the special demand caused by the COVID-19 pandemic in the previous year.

In the Graphic Communications, revenue declined in analog printing due to the impact of lower demand for printed materials and other factors, but operating income increased due to fixed cost reductions that have been pursued to date. On the other hand, in digital printing/DX solution, operating income decreased due to upfront investments such as increased development costs for new products and the establishment of systems in new sales regions, although revenue increased. In the Inkjet, sales of inkjet heads for the ceramic market declined, mainly due to sluggish demand in the Chinese real estate market. In addition, structural reforms were implemented to strengthen the business structure through the reorganization of ink production bases.

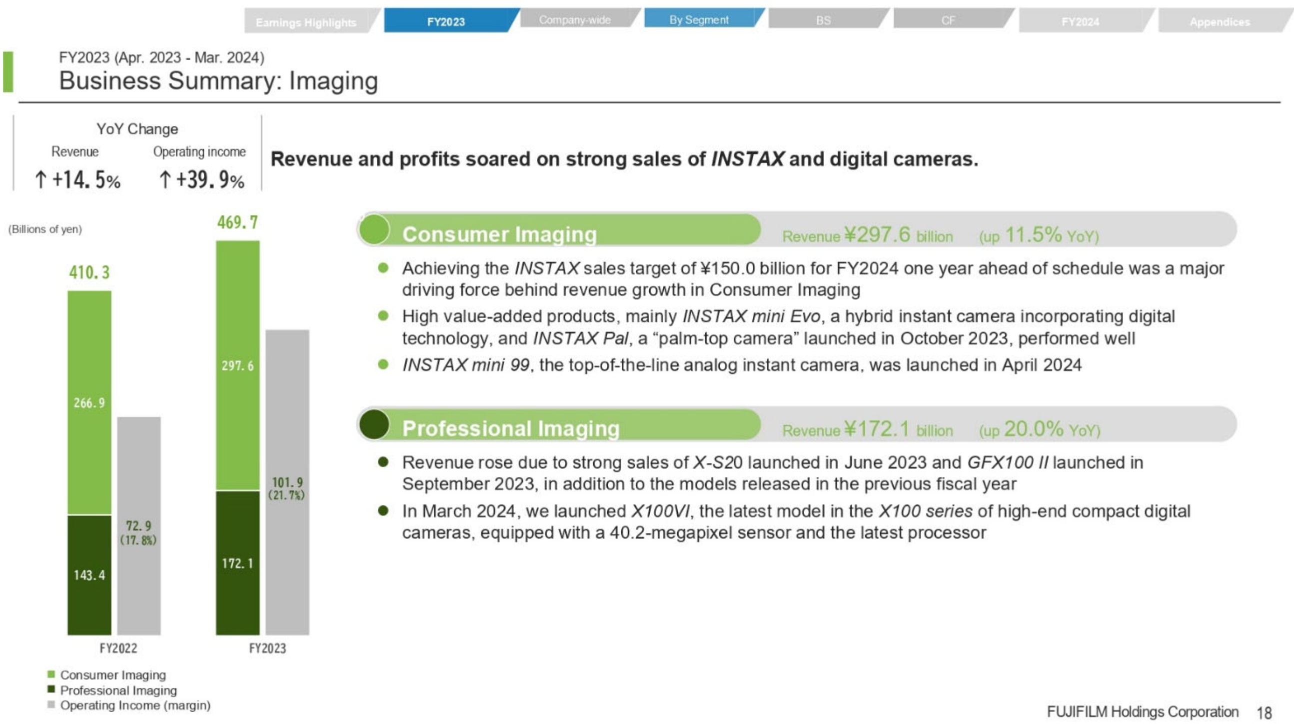


Next is the Business Innovation.

Although the Business Solutions performed well, sales declined 1.4% from the previous year to JPY826.1 billion, mainly due to lower sales in the Office Solutions, including a decline in exports to Europe. Operating income increased 1.8% YoY to JPY70.8 billion, mainly due to the effect of worldwide price revisions.

In office solutions, revenue decreased mainly due to a decline in exports to Europe and the US, despite an increase in OEM supply and worldwide price revisions. In April 2024, we began full-scale sales of our Apeos series of MFPs in the European region, utilizing leading distributors in various European countries.

In the Business Solutions, revenue increased due to higher sales of DX-related solutions and the effect of the new consolidation of FUJIFILM MicroChannel Services. In March 2024, we won the Prime Minister's Award in the private companies and organizations category of the Digi Den Koshien 2023 hosted by the Cabinet Secretariat for our contribution to speeding up the issuance of disaster victim certificates by local governments in the event of a disaster through our Disaster Victim Certification Acceleration Solution.



Finally, here is a summary of performance of the Imaging.

Sales of *INSTAX* and digital cameras were strong, with revenue rising 14.5% YoY to JPY469.7 billion and operating income rising 39.9% YoY to JPY101.9 billion, representing significant increases in both revenue and operating income.

In the Consumer Imaging, revenue increased mainly due to strong sales of *INSTAX*. In addition to the existing product lineup, value-added products, especially the *INSTAX mini Evo* and *INSTAX Pal*, a palm-sized camera launched in October 2023, performed well. The *INSTAX mini 99*, the top-of-the-line analog instant camera, was launched in April 2024.

In the Professional Imaging, revenue increased due to strong sales of the *X-S20* launched in June 2023 and the *GFX100II* launched in September 2023, in addition to the *X-H2*, *X-H2S*, and *X-T5* launched in the previous fiscal year. In March 2024, we launched the *X100VI*, the latest model in the *X100* series of high-end compact digital cameras, featuring a 40.2-megapixel sensor and the latest processor.

FY2023 (Apr. 2023 - Mar. 2024)

Consolidated Balance Sheets

(Billions of yen)

	Mar. 2022	Mar. 2023	Mar. 2024	Change from Mar. 2023
Cash and cash equivalents	486.3	268.6	179.7	(88.9)
Notes and accounts receivable	598.6	633.1	696.6	63.5
Inventories	504.5	567.3	547.8	(19.5)
Other current assets	135.3	162.1	150.6	(11.5)
Total current assets	**1,724.7**	**1,631.1**	**1,574.7**	**(56.4)**
Property, plant and equipment	736.8	976.1	1,395.7	419.6
Goodwill, net	824.0	858.3	953.8	95.5
Investment securities and other	669.8	668.8	859.3	190.5
Total noncurrent assets	**2,230.6**	**2,503.2**	**3,208.8**	**705.6**
Total assets	**3,955.3**	**4,134.3**	**4,783.5**	**649.2**

	Mar. 2022	Mar. 2023	Mar. 2024	Change from Mar. 2023
Short-term and long-term debt	447.2	376.2	502.8	126.6
Notes and accounts payable	303.2	320.4	346.5	26.1
Other liabilities	680.0	649.8	760.9	111.1
Total liabilities	**1,430.4**	**1,346.4**	**1,610.2**	**263.8**
Total FUJIFILM Holdings shareholders' equity	2,502.7	2,763.1	3,169.2	406.1
Noncontrolling interests	22.2	24.8	4.1	(20.7)
Total equity	**2,524.9**	**2,787.9**	**3,173.3**	**385.4**
Total liabilities and equity	**3,955.3**	**4,134.3**	**4,783.5**	**649.2**

(yen)

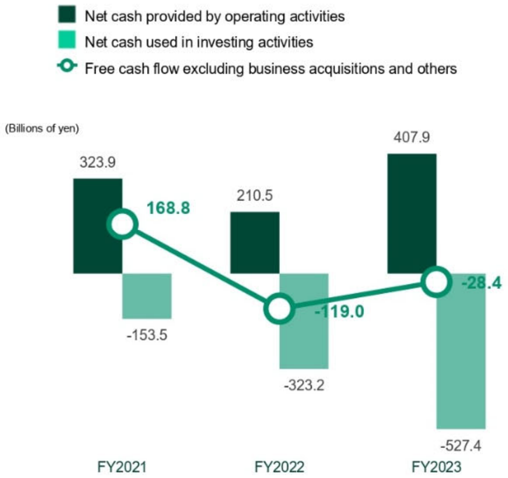
Exchange Rates	Mar. 2022	Mar. 2023	Mar. 2024	Change from Mar. 2023
¥/US$	¥122	¥134	¥151	¥17
¥/€	¥137	¥146	¥163	¥17

I will now explain about the balance sheet.

Total assets at the end of March 2024 amounted to JPY4,783.5 billion, up JPY649.2 billion from the end of March 2023, mainly due to an increase in property, plant, and equipment. Liabilities increased JPY263.8 billion to JPY1,610.2 billion. FUJIFILM Holdings shareholders' equity increased JPY406.1 billion to JPY3,169.2 billion.

FY2023 (Apr. 2023 - Mar. 2024)

Consolidated Cash Flow



(Billions of yen)

	FY2021 Full Year	FY2022 Full Year	FY2023 Full Year
Net income	**216.4**	**221.7**	**243.3**
Depreciation & amortization	133.0	142.2	150.0
Change in notes and accounts receivable	34.7	(17.1)	(21.2)
Change in inventories	(68.3)	(51.5)	62.0
Change in notes and accounts payable - trade	21.0	(9.2)	3.4
Others	(12.9)	(75.6)	(29.6)
C/F from operating activities	**323.9**	**210.5**	**407.9**
Capital expenditure	(126.1)	(269.8)	(418.0)
Purchases of software	(39.9)	(53.6)	(46.7)
Sales and purchases of marketable and investment securities	12.3	35.0	12.7
Acquisitions of businesses	(10.7)	(28.7)	(103.8)
Others	10.9	(6.1)	28.4
C/F from investing activities	**(153.5)**	**(323.2)**	**(527.4)**
Free cash flows	**170.4**	**(112.7)**	**(119.5)**
Free cash flows excluding business acquisitions and others *	**168.8**	**(119.0)**	**(28.4)**

*Business acquisitions, sale/purchase of marketable and investment securities are deducted from free cash flow.

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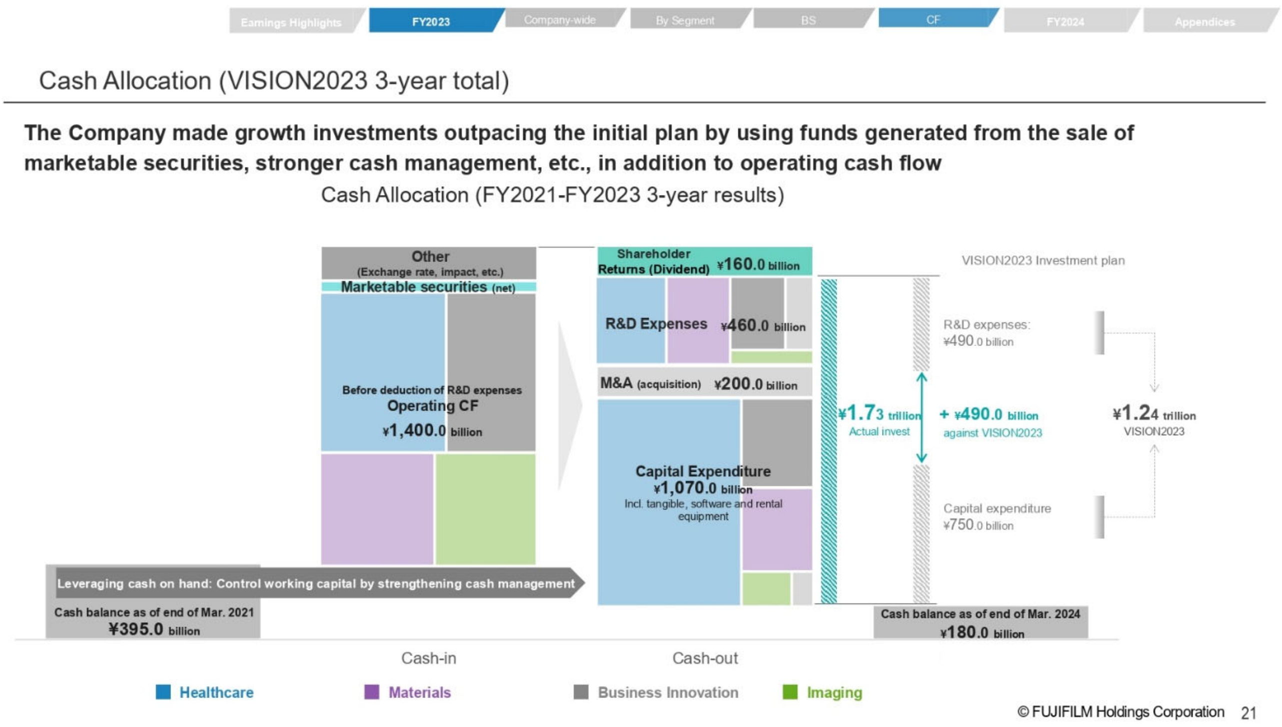
Next, I will explain about cash flow.

Net cash provided by operating activities increased significantly from the previous year to JPY407.9 billion, mainly due to an increase in net income and an improvement in working capital as a result of successful efforts to shorten the cash conversion cycle, including the optimization of inventories temporarily accumulated to prepare for the tight supply and demand situation for parts during the COVID-19 pandemic.

Net cash used in investing activities increased by JPY204.2 billion from the previous year to JPY527.4 billion due to increased capital expenditures, mainly for the Bio CDMO.

As a result, free cash flow, excluding business acquisitions and other items, resulted in a net outflow of JPY28.4 billion.



Next, as a review of the previous mid-term plan, VISION2023, I will explain the results of cash allocation for the three years from FY2021 to FY2023.

We have decided and implemented additional capital investment and M&A to ensure that we can meet the strong demand in the biopharmaceutical and semiconductor markets, which are growing faster than we had expected at the time VISION2023 was formulated. On the other hand, by allocating funds secured by strengthening cash management and other measures for this purpose, we have restrained financing with interest-bearing debt to strike a balance with maintaining financial discipline.

Full-year Forecast for FY2024

(Billions of yen)

		FY2023 Actual	FY2024 Forecast	Change from FY2023
Revenue		2,960.9 100.0%	Record high 3,100.0 100.0%	139.1 +4.7%
Operating Income		276.7 9.3%	Record high 300.0 9.7%	23.3 +8.4%
Income before Income Taxes		317.3 10.7%	310.0 10.0%	(7.3) (2.3%)
Net Income Attributable to FUJIFILM Holdings		243.5 8.2%	240.0 7.7%	(3.5) (1.4%)
(*) EPS		¥202.29	¥199.32	(¥2.97)
ROE		8.2%	7.8%	(0.4 pt)
ROIC		5.6%	5.4%	(0.2 pt)
CCC		116 days	115 days	(1 days)
Exchange Rates	¥/US$	¥145	¥140	(¥5)
	¥/€	¥157	¥150	(¥7)
Silver Price (/kg)		¥109,000	¥112,000	¥3,000

* Net income attributable to FUJIFILM Holdings per share is calculated by using the number of shares issued as of March 31, 2024 (excluding treasury shares) as the average number of shares for the relevant period.

I will now explain the forecast for the fiscal year ending March 31, 2025.

As Goto reported at the beginning, we are aiming for record-high consolidated revenue of JPY3,100.0 billion and record-high operating income of JPY300.0 billion for the fiscal year ending March 31, 2025. The forecast for net income attributable to FUJIFILM Holdings is JPY240.0 billion, almost the same level as the previous year, since gains on sales and valuation of investment securities are not incorporated in the forecast.

Financial Forecast by Operating Segment

The projected operating income for FY2024 is ¥300.0 billion. Due mainly to structural reform of the production system for small to medium scale facilities in Bio CDMO, the company-wide total operating income will decrease in the first half YoY, but higher operating income are forecast for the full year as we improve profitability in the second half

(Billions of yen)

Revenue	FY2023 Actual	FY2024 Forecast	Change from FY2023		Constant-currency basis	
Healthcare	975.1	1,010.0	34.9	+3.6%	51.9	+5.3%
Materials*	358.4	410.0	51.6	+14.4%	57.6	+16.1%
Business Innovation	1,157.7	1,200.0	42.3	+3.6%	44.3	+3.8%
Imaging	469.7	480.0	10.3	+2.2%	16.3	+3.5%
Total	2,960.9	3,100.0	139.1	+4.7%	170.1	+5.7%

Operating Income	FY2023 Actual	FY2024 Forecast	Change from FY2023		Constant-currency basis	
Healthcare	97.4	112.0	14.6	+15.0%	18.1	+18.6%
Materials*	46.5	57.0	10.5	+22.7%	14.0	+30.2%
Business Innovation	67.2	73.0	5.8	+8.6%	4.8	+7.1%
Imaging	101.9	100.0	(1.9)	(1.9%)	1.6	+1.5%
Corporate Expenses & Eliminations	(36.3)	(42.0)	(5.7)	-	(5.7)	-
Total	276.7	300.0	23.3	+8.4%	32.8	+11.8%

* The Graphic Communications business has been reorganized from the Electronics (formerly Materials) segment into the Business Innovation segment.
The information for FY2023 has been restated in line with the above change in the segmentation.

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The forecast by segment is as shown.

Corporate earnings are expected to decrease from the previous year in H1 due to the Bio CDMO structural reforms and the start-up of a large manufacturing facility in Denmark. However, we expect to improve earnings by realizing the effects of structural reforms, etc., and expect to increase operating income for the full year.

In the Healthcare, revenue and operating income are expected to increase due to growth in the Medical Systems and Life Sciences. As mentioned earlier, although profitability will temporarily decline in H1 due to the structural reforms of the Bio CDMO and other factors, we expect it to improve from H2, and we expect profit to increase for the full year.

In the Electronics, both revenue and operating income are expected to increase, mainly due to growth resulting from the recovery of the semiconductor materials market. Business innovation is expected to increase revenue. Operating income is expected to increase mainly due to the effects of sales price increases and cost structure reforms. In Imaging, revenue is expected to increase due to continued strong sales of *INSTAX* and digital cameras, and operating income is expected to be at the same level as the previous year.

ROIC (Return on Invested Capital)

In FY2023, ROIC was 5.6%, down 0.5 percentage point YoY, due to mid- to long-term growth investments in the Bio CDMO and Semiconductor Materials

Former segment basis (Graphic Communications included in the Materials segment)

	FY2022 Actual	FY2023 Actual	Change from FY2022
Healthcare	5.0%	3.7%	-1.3pt
Materials	8.3%	4.0%	-4.3pt
Business Innovation	7.8%	7.2%	-0.6pt
Imaging	30.3%	41.8%	+11.5pt
*Segment ROIC = NOPAT/(working capital + fixed assets)			
Total	**6.1%**	**5.6%**	**-0.5pt**

*Company-wide ROIC = NOPAT/(interest-bearing debt + shareholders' equity)

New segment basis (Graphic Communications reorganized into the Business Innovation segment)

	FY2023 Actual	FY2024 Forecast	…	FY2026 VISION2030
Healthcare	3.7%	3.7%		4.1%
Electronics	7.0%	8.2%		9.3%
Business Innovation	4.9%	5.0%		6.7%
Imaging	41.8%	39.3%		37.2%
*Segment ROIC = NOPAT/(working capital + fixed assets)				
Total	**5.6%**	**5.4%**		**5.8%**

*Company-wide ROIC = NOPAT/(interest-bearing debt + shareholders' equity)

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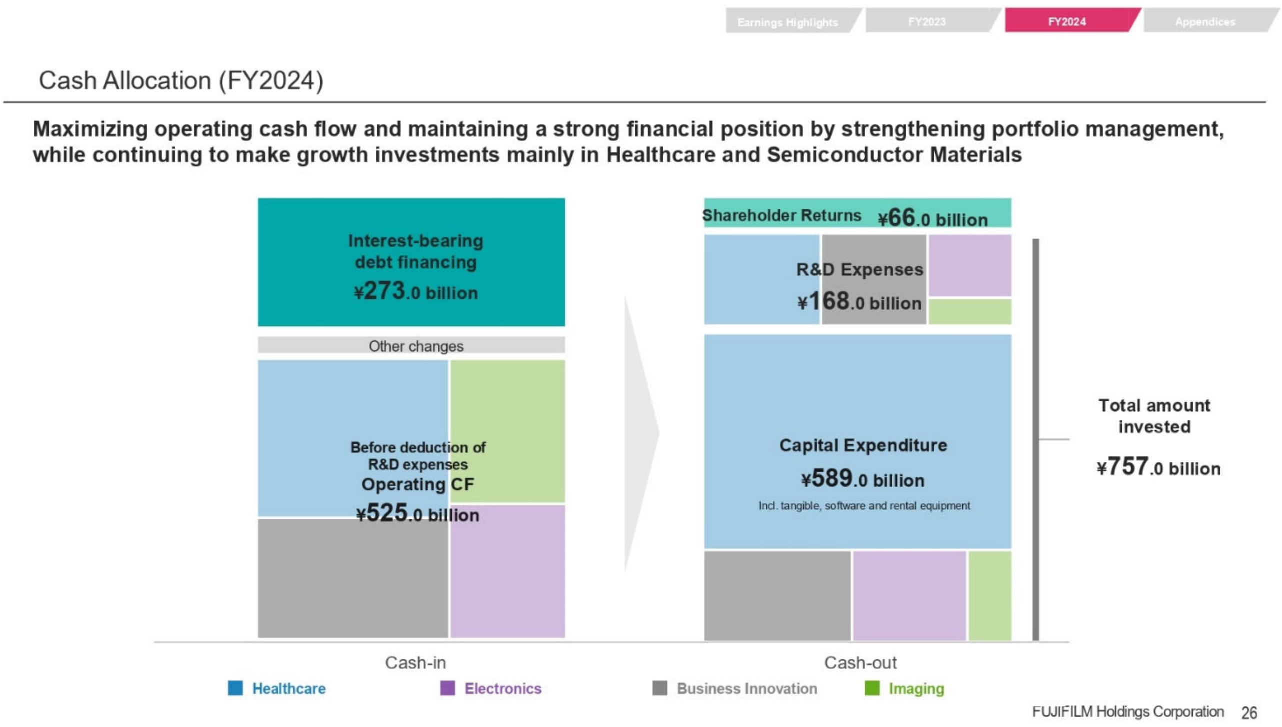
Next, let's look at ROIC.

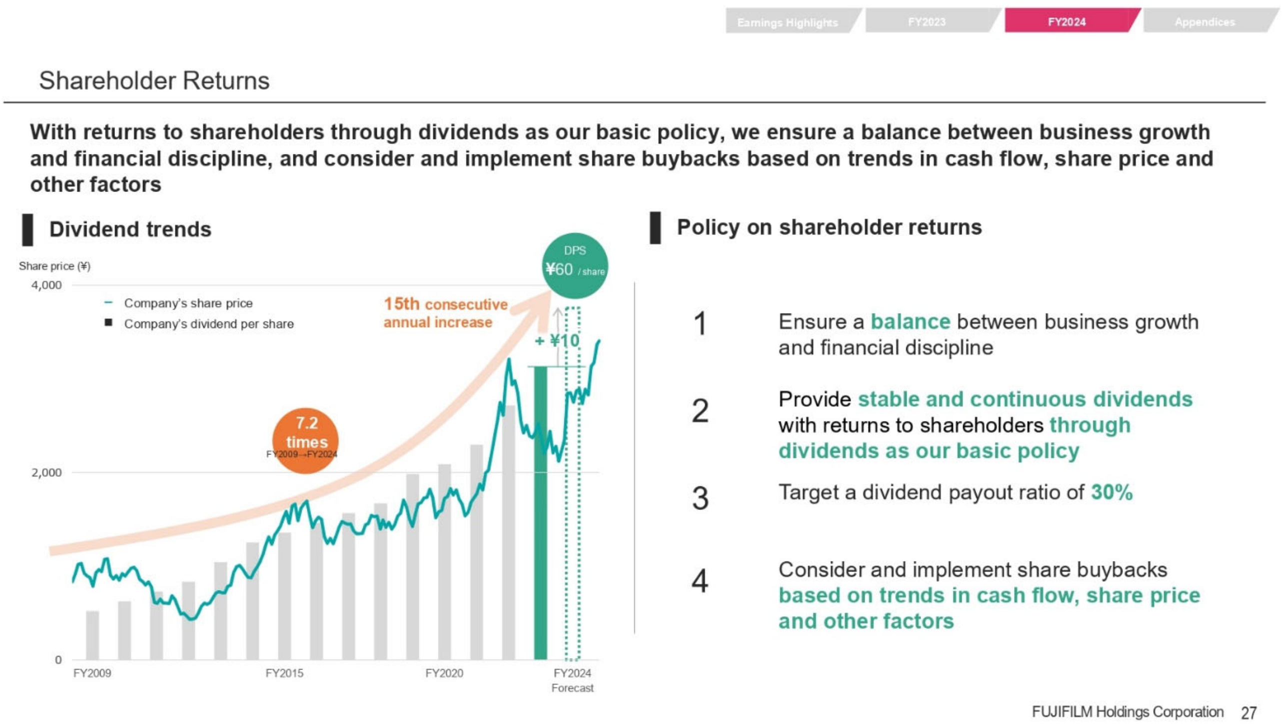
ROIC for the fiscal year ending March 2024 landed at 5.6%, down 0.5 points from the previous year, due to growth investments in the Bio CDMO and Semiconductor Materials with an eye on the medium to long term.

ROIC for the year ending March 31, 2025 will be 5.4%, down 0.2 percentage points from the previous year, due to continued growth investments, particularly in the Healthcare and Electronics. However, we plan to turn the company-wide free cash flow positive in FY2026, improve ROIC to 5.8%, and raise it to over 9% in FY2030 by ensuring that we reap the benefits of the new Bio CDMO facility operations.



I will explain cash allocation for the year ending March 31, 2025.

In the fiscal year ending March 31, 2025, we will use interest-bearing debt financing as well to invest JPY750.0 billion in growth, mainly in the Healthcare and Semiconductor materials, in excess of operating cash flow.



Finally, I would like to discuss shareholder returns.

As Goto mentioned at the beginning of the presentation, the annual dividend forecast for the fiscal year ending March 31, 2025 is JPY60, an increase for 15 consecutive fiscal years.

We will continue to maintain a balance between business growth and financial discipline, while aiming for a dividend payout ratio of 30% and paying stable and continuous dividends. The Company's policy is to consider and implement share repurchases in a flexible manner, taking into account cash flows, stock prices, and other factors.

That is all I have to say.

Moderator: That is all from our company.

Question & Answer

Moderator [M]: Now we will move on to the Q&A session.

Mr. Shibano of Citigroup Global Markets, please ask your question.

Shibano [Q]: The first point is about the Bio CDMO illustration on page eight. This time, you present the illustration in a slightly different format than in the past.

Areas of progress from the February 8, 2024 Q3 briefing are marked, and you also added a note about the case of Janssen. Does the update mark mean that there has been some additional progress since the last time? Could you tell us more specifically what kind of understanding we should have?

Iida [A]: First of all, the intention of this redesign is to communicate more simply. The SOLD mark, which used to be represented by four colors, is now simply placed on reactors for which contracts or informal agreements for the product and its quantity are agreed upon with the customer, and which are certain. Other reactors that still have capacity and can still conduct business negotiations with customers are green, making them simpler and easier to understand.

Regarding progress since the last earnings briefing in February, the areas with the whirlpool are those that have progressed. One big example is the US 1st phase of FY2025. I believe the last time, the contract with Janssen had not yet been finalized and agreed upon, so the color was not as dark here. The color of the lower portion is dark this time because a large contract was successfully concluded.

Agreements have been reached with several companies for the second reactor other than those for Janssen. Though the production volume is not large, since it is the first year and the start-up period. Regarding capacity, one of the progresses is that the one in North Carolina has been filled for the first year, FY2025.

For FY2026, the Denmark 1st phase will start up this year. Almost four reactors of that are now expected to be filled through new business negotiations.

The North Carolina 1st phase will be in the second year, and the production ability will be increasing. This reflects the status of the long-term contract with Janssen and the agreements reached with several companies for the second reactor I mentioned earlier. Of the eight units that will be up to capacity in FY2026, the six units have been almost filled, which is the progress since the last time.

Shibano [Q]: Of the eight North Carolina units for FY2025, four were originally discussed with Janssen, and these were finally signed, and the other four are almost sold, is that the biggest change?

Iida [A]: Yes. I think that is great progress.

Shibano [Q]: The other point is about the contents of the JPY300.0 billion operating income plan for the new fiscal year. What do you expect the balance between the H1 and H2 to be like in relation to your annual forecast of JPY300.0 billion? In the period that ended, it was about JPY130.0 billion to JPY150.0 billion. What are the trends for the new fiscal year's JPY300.0 billion?

Higuchi [A]: Because of the investment in gene-cell therapy for the Bio CDMO and structural reforms of small facilities, which I explained earlier, we plan to incur a one-time annual expense of JPY18.0 billion, of which 60% to 70% will be recorded in H1. In addition, the Bio CDMO's costs for the start-up of new facilities in

Denmark are mostly incurred in H1. Roughly, of the JPY300.0 billion in profit after deducting one-time expenses, we expect to record about JPY120.0 billion in H1 and about JPY180.0 billion in H2.

Shibano [Q]: Assuming JPY120.0 billion in H1 and JPY180.0 billion in H2, would it be possible for profits including one-time costs to be lower than the previous year, since it was JPY125.5 billion in the first half of last year?

Higuchi [A]: I think the situation will be slightly severe.

However, the exchange rate assumption was JPY145 to the US dollar for the previous fiscal year. Now, the plan for FY2024 and the previously announced medium-term management plan up to FY2030 have always been based on the same assumption of JPY140. So, please be aware that the exchange assumptions are not the same.

Moderator [M]: Mr. Wakao from JPMorgan Securities, please ask your question.

Wakao [Q]: First, please tell us about the Medical Systems. Medical Systems had been relatively strong in the Healthcare until the previous fiscal year. As for the current fiscal year, the growth rate appears to be low, partly due to the effect of the exchange rate, which is set at JPY140 to the US dollar, as I recall. What is your outlook for the Medical Systems this fiscal year, excluding the impact of foreign exchange rates? At the last briefing on the medium-term plan, there was talk of going for quality rather than quantity, so I wondered if there might be a slight change in the business trend for medical systems.

Goto [A]: The Medical Systems business was very strong in FY2023. This was driven by endoscopes and MRI/CT, especially in Q4, where it has recorded fairly large sales.

For the current fiscal year, for one thing, it is still unclear how much global demand will grow. This is because various budgets were prepared worldwide until FY2023 due to the COVID-19 pandemic, but I do not know what will happen in the future. I conservatively expect that hospital management will probably become quite difficult worldwide.

But even in this environment, we will continue to increase profitability. Sales of endoscopes, the most profitable segment of the Medical Systems business, are still growing considerably. In addition, we have completed the global integration of the medical diagnostic imaging-related business acquired from Hitachi, Ltd. and will integrate the business in Japan into FUJIFILM Medical Co., Ltd. in the summer. I believe that synergies will be generated there, including in services and IT. Based on these considerations, we have made this plan.

Wakao [Q]: Are business trends changing now?

Goto [A]: It hasn't changed.

Wakao [Q]: So, your forecast for this fiscal year is somewhat modest?

Goto [A]: The forecast is a figure that we are going to secure at least. This is my strongest area of expertise, and I would like to increase it as much as possible.

Wakao [Q]: Second, please tell us about the Bio-CDMO. I know what the sales plan is for this fiscal year, but I would like to know the contents. It would be helpful if you could tell us what you plan to do with each product, whether it be existing large tanks, new large tanks, protein, cell & gene, etc.

With regard to the new Danish site, I would very much like to know the approximate size of the sales, if possible. In addition, I believe that sales at existing locations other than the new Denmark site have increased considerably, despite the fact that those operations were at full capacity during the last fiscal year. Could you expect that to be the case this year?

Iida [A]: Regarding the outlook for this year, one point I would like to make is a different assumption for the exchange rate. In addition, last fiscal year's revenue included a little over JPY6.0 billion in cancellation fees from Novavax, which were recorded in March. We made a plan based on the image that the top line would increase by about 10% in real terms after subtracting that amount from the total.

As for the breakdown, sales of antibody drugs will still be the main driver. As for gene therapy, I don't think money from the biotech fund will return enough yet. Since interest rates remain high, we have been conservative in our planning for this business.

The antibody drugs will extend the top line. Its facilities include both large and small and medium-sized ones, and for the large ones, the success rate in Denmark last year was quite high, and productivity has been increasing. The expectation that this will go another level higher is too optimistic, so we have not factored that into the plan. Sales at existing locations are expected to remain about flat. The operation of the Denmark 1st phase will make a contribution, and we expect revenue to rise significantly this year because of this.

We are also receiving steady inquiries for antibodies for small and medium-sized facilities, which will add to our sales. We hope to secure top-line growth in the coming year through antibody drugs.

Moderator [M]: Mr. Okazaki from Nomura Securities, please ask your question.

Okazaki [Q]: Could you please explain how the one-time expenses were for the January to March period that ended? There seems to be a slight deviation from the previous assumption, especially in the Healthcare. Can you tell us what the situation was regarding its contents?

Higuchi [A]: You are talking about one-time expenses for the January to March period?

Okazaki [Q]: Yes, that's right. The annual expenses do not match the previous assumption.

Operating Income Analysis (FY2023 Results vs FY2022 Results)

(Billions of yen)

	Full Year		Change		FX	Raw material price	One-time cost	Operation and others
	FY2022 Actual	FY2023 Actual						
Healthcare *4	102.8	97.4	(5.4)	(5.2%)	7.3	(1.5)	(10.1)	(1.1)
Materials *4	65.4	42.9	(22.5)	(34.5%)	6.4	2.2	(12.5)	(18.6)
Business Innovation	69.5	70.8	1.3	+1.8%	1.3	0.3	9.4	(9.7)
Imaging	72.9	101.9	29.0	+39.9%	10.2	(0.2)	(2.5)	21.5
Corporate Expenses & Eliminations	(37.5)	(36.3)	1.2	-	(0.1)	-	-	1.3
Total	273.1	276.7	3.6	+1.3%	*1 25.1	*2 0.8	*3 (15.7)	(6.6)

*1: Foreign exchange rate

	FY2022 Actual	FY2023 Actual
¥/US$	¥136	¥145
¥/€	¥141	¥157

*2: By raw materials (excluding semiconductor impact)

	Full Year
Silver	(3.2)
Aluminum	1.3
Others(fuel etc)	2.7
Total	0.8

*3: One-time cost breakdown

(Billions of yen)

	FY2022	FY2023	Change
Healthcare	**7.1**	**17.2**	**(10.1)**
Acquisition (CDMO)	5.8	-	5.8
Reorganization expenses (Medical)	-	1.5	(1.5)
Inventory write-downs / Others (CDMO / LS)	-	7.0	(7.0)
Disputed Cost (LS)	-	5.0	(5.0)
Write-down of development assets and earthquake-related expenses (Pharmaceuticals)	-	1.8	(1.8)
Others	1.3	1.9	(0.6)
Materials	**(1.4)**	**11.1**	**(12.5)**
Acquisition (Semiconductor Materials)	-	4.5	(4.5)
Structure strengthening expenses (Semiconductor Materials/Other Advanced Materials)	-	1.6	(1.6)
Structure strengthening expenses (Graphic/Inkjet)	(1.4)	4.2	(5.6)
Disputed Cost others (Graphic/Inkjet)	-	0.8	(0.8)
Business Innovation	**9.4**	**-**	**9.4**
Structure strengthening expenses	5.6	-	5.6
Rebranding expenses	3.8	-	3.8
Imaging	**(0.3)**	**2.2**	**(2.5)**
Structure strengthening expenses / Others	(0.3)	2.2	(2.5)
Corporate	-	-	-
Total	**14.8**	**30.5**	**(15.7)**

*4 From FY2023, revenue and operating income from the non-destructive inspection equipment business are reclassified from the Materials segment to the Healthcare segment. The information for FY2022 has been restated in line with the above change in the segmentation.

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Higuchi [A]: On an annual basis, one-time expenses for the Healthcare are expected to be about JPY17.0 billion this fiscal year. As noted on page 35, the breakdown shows that inventory write-downs in the Bio CDMO and culture medium businesses are expected to total JPY7.0 billion for Q1 and Q3. In addition, there was a litigation case in the culture media business of the Life Science, which is undisclosed, for which a reserve of JPY5.0 billion was recorded. I think this is a new factor.

The total of these expenses is JPY17.0 billion, which is JPY10.0 billion worse than the previous year, FY2023, due to this one-time cost factor.

Okazaki [Q]: It's not listed here, but regarding one-time income, is my understanding correct that the cancellation fee that was commented earlier was a little over JPY6.0 billion compared to the original target of about JPY10.0 billion?

Higuchi [A]: Yes, that's right. Originally, we had factored in JPY10.0 billion in one-time earnings in Q4 forecast, but we settled for JPY6.0 billion. In FY2022, compensation from Novavax was JPY11.0 billion. Comparing FY2022 and FY2023, compensation from Novavax decreased from JPY11.0 billion to JPY6.0 billion.

One more thing, regarding one-time revenues in the Healthcare, in FY2022, there was a one-time revenue of JPY13.0 billion from licenses related to the sale of the radiopharmaceuticals business. On the other hand, in FY2023, although some out-licensing occurred again, it was JPY4.0 billion, so it was a one-time factor that reduced income by JPY9.0 billion.

Okazaki [Q]: Second, I would like to know about the Business Innovation. You told us that you will be selling your own MFPs in Europe this fiscal year on a full-scale basis. On the other hand, you commented that exports to Europe were declining. Does this mean that you are replacing more and more existing OEMs with your own products?

Also, I think you plan to expand the Business Solutions this fiscal year. Please tell us what businesses contribute to this.

Hama [A]: First of all, the case for Europe is as you have just pointed out. As reported in the newspapers, the American company is considerably restructuring its business in Europe, so OEM sales are lower than expected. We are making good progress with direct contracts, and we are trying to increase sales by increasing the number of distributors, but at this stage, the balance is not right, and we have yet to make up sales.

As we have already announced, we believe that we will be able to steadily increase our sales in the future, as a company called Tyche S.r.l. in Italy, which was established by some sales dealers who have left Olivetti, will be selling products under the Fujifilm brand. For now, however, the reality in Europe is that we have not been able to catch up.

As for DX, about 40% of the total is now DX-related or solution-related. Finally, this is taking shape.

We started with IT solutions, then went through IT solutions security services, and this April we established a company to provide cloud services. By having a platform in the cloud, where we can make various business innovations, industry-specific solutions such as the Bridge DX library that we have just put out will be able to take advantage of that. On top of that, there are companies we acquired by M&A for ERPs, including Microsoft D365.

The role of MFPs as printers has now changed to more of an entry and exit point for solutions. This has had the effect of growing solutions and, conversely, multifunction devices. With that, and of course the effect of the price increase, revenue and income are steady compared to other companies.

Due to these factors, we have the impression that the effects of our well-thought-out lineup in Business Solutions are gradually beginning to show.

Moderator [M]: Mr. Shimamoto of Okasan Securities, please ask your question.

Shimamoto [Q]: First of all, please tell us how you perceive the current position of your company with regard to the Bio CDMO. Specifically, what is your approximate global market share for the year under review? Also, you are aiming for JPY700.0 billion in sales by 2030. What market share do you expect to have at that time? If you can give us a quantitative answer, please let us know.

Iida [A]: In terms of our market share, in FY2023, I think our market share was in the high single-digit percent range because we did not have the capacity for more large tanks, although our six existing Danish tanks were in full operation.

Starting this year, large tanks will be in operation almost every year. The North Carolina 2nd phase, which we have just announced, has 36 units, with a capacity of 720,000 liters for the large units alone. In addition to this, we are planning to increase the capacity of small and medium-sized tanks for antibodies. In 2030, we expect that the market share of antibody drugs will probably be in the upper 10% range, or just under 20%.

Shimamoto [Q]: I have another question about the Imaging. Although your company performed well from January to March, there were some companies, such as Canon, whose performance was difficult due to inventory adjustments. In your camera business, is there any change in the inventory adjustment and market for digital cameras and *INSTAX*, respectively, this year? I think you have a reasonably strong plan. Can you tell us about your current situation?

Goto [A]: Thanks to your support, our Imaging business has achieved very good results in FY2023, with revenue in the upper JPY400.0 billion range and a profit margin of a little over 21%.

It was particularly strong until Q3. In previous years, the usual pattern was for demand to drop in Q4 after the Christmas season. This time, we introduced various new products before that, and with back orders, we were able to achieve good results in Q4 and achieve such a good full-year result.

You said that it was an aggressive plan, but other analysts commented that it was somewhat disappointing at the last medium-term management plan briefing.

The most important point is how much brand strength to create and how to maintain it. Therefore, it would be quite unfortunate to manufacture too much and lower the price. What Fujifilm has been trying to do for a long time is finally coming true now.

One is a camera with features. The *GFX* series, for example, is equipped with the world's largest CMOS and has earned tremendous trust from professional users and advanced amateurs. The price is quite high, but customers are still waiting for back orders. The lenses accompanying them are also selling well.

We intend to drive the entire imaging business, including **INSTAX**, while concentrating on building brand strength and not reducing the value of the properties purchased by our customers.

For example, as I say internally, Leica, a well-known German manufacturer, still maintains a very high value for both their old cameras and the cameras they sell now, and this is our goal. Our goal with mirrorless cameras is to fundamentally change the way Fujifilm has sold cameras in the past.

Shimamoto [Q]: I understand. Let me confirm one point. Is the inventory situation normal?

Goto [A]: Yes.

Moderator [M]: With that, we will now conclude the FUJIFILM Holdings financial results briefing. Thank you very much for joining us today.

[END]

Document Notes

> *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*