

Briefing on “FY2020/3 Q2 Results”
Main questions and answers

Q: While the consolidated operating income of Q2 proceeded as planned, how was the situation by segment?

A: In the Imaging Solutions, revenue fell short of our plan due to the declined sales of *instax* caused by inventory adjustments at some U.S. retailers, and severe market conditions for digital cameras, following Q1. In the healthcare field, operating income exceeded the plan owing to strong performance mainly in the medical systems business and the regenerative medicine business. In the materials field, though the display materials and the electronic materials business were affected by the economic slowdown in China, the operating income exceeded the plan due to such reasons as good sales of *LTO8*, the new product of the recording media business. The document business was almost in line with the plan.

Q: What is the targeted sales volume of *instax* camera for the full year?

A: The estimated number of units sold for this fiscal year is 9.5 to 10 million, which is the same level as in FY2019/3. From this fiscal year, instead of pursuing larger sales volume of *instax* cameras, we are aiming to maintain or expand sales and profits in the instant camera business by expanding sales of films and high value-added products. As the sales of *instax* film in Q2 exceeded that of the previous fiscal year, we will further proceed promotional activities proposing how to enjoy *instax*.

Q: How was the impact of front-loaded increase in demand prior to the consumption tax hike in Japan?

A: Only small impacts were seen in some businesses.

Q: In terms of consolidated financial forecast for full year, what are the reasons for upward revisions of sales and operating income of the healthcare business by 10 billion yen and 4 billion yen, respectively?

A: As for sales, the main reason is the acquisition of a manufacturing company of Biogen Inc., which became a consolidated subsidiary in August in the bio CDMO business. As for operating profit, we incorporated the impact from the sales increase in the medical systems business and regenerative medicine business.

Q: How is the progress of bio CDMO business, which targets sales of 100 billion yen in FY2022/3?

A: The business has been progressing well. We gained large scale bioreactors by the acquisition of a manufacturing subsidiary of Biogen Inc., which enable us to support projects from pre-clinical through to commercialization delivering very small to very large production volumes. In addition, the productivity of bio CDMO depends on not only the capacity of bioreactors but also mammalian expression system. We introduced *Apollo™ X*, a next generation mammalian expression system capable of delivering industry leading titres in excess of 10 g/L. Contract services using this system started in this fiscal year, and its large contribution to achieving the sales target is expected.

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