

This document is a translation of the Consolidated Financial Statements in the “YUKASHOKEN HOKOKUSHO” originally issued in Japanese.

Consolidated Financial Statements

FUJIFILM Holdings Corporation and Subsidiaries

March 31, 2024

with Report of Independent Auditors

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Financial Statements

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Contents

Independent Auditor's Report on the Consolidated Financial Statements.....	1
Consolidated Balance Sheets.....	7
Consolidated Statements of Income	9
Consolidated Statements of Comprehensive Income	10
Consolidated Statements of Changes in Equity	11
Consolidated Statements of Cash Flows	13
Notes to Consolidated Financial Statements	14

[English Translation of the Independent Auditor’s Report Originally Issued in Japanese Language]

Independent Auditor’s Report on the Consolidated Financial Statements

June 28, 2024

The Board of Directors of FUJIFILM Holdings Corporation

KPMG AZSA LLC
Tokyo Office, Japan

Takuji Kanai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Matsumoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yusuke Okamoto
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of FUJIFILM Holdings Corporation (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Financial Information” section in the company’s Annual Report, which comprise the consolidated balance sheet as at March 31, 2024 and the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, significant matters as basis for preparing consolidated financial statements, other notes to the consolidated financial statements, and supplementary schedules, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America pursuant to Article 95 of the Regulations for Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial

statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company's judgment as to whether an impairment loss should be recognized on the goodwill	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet for the fiscal year ended March 31, 2024, FUJIFILM Holdings Corporation recognized goodwill of ¥953,835 million, which represented approximately 19.9% of total assets in the consolidated financial statements. As described Note 9, "Goodwill and Other Intangible Assets" to the consolidated financial statements, this amount is broken down into ¥365,791 million in the healthcare field, ¥333,949 million in the materials field, and ¥254,095 million in the business innovation field.</p> <p>As described in Note 2(10), "Goodwill and Other Intangible Assets" to the consolidated financial statements, for goodwill, the Company assesses whether it is impaired (impairment test) as of January 1 each year, in addition to when objective facts or changes in circumstances indicate that its fair value may fall below the carrying amount. The fair value is measured based on discounted present value of future cash flows.</p> <p>Future cash flows are estimated based on the medium-term management plan approved by the Board of Directors. This plan has been formulated according to the recent profits and losses in each reporting unit, and also taking into consideration the forecasts of changes in the sales volumes and prices, based mainly on reports by external research companies concerning the market environment by product category and market growth rates, and the forecasts of changes, etc. in manufacturing cost and selling, general and administrative.</p> <p>There are the following expectations under the medium-term management plan. In the healthcare field, added value is expected to be improved by utilizing IT and AI technologies in the medical systems business, and business expansion is expected by continuing capital investments in the bio CDMO business. In the materials field, business expansion is expected through new business development over the medium to long term, such as by providing a wide range of products in response to greater performance of semiconductors. In the business innovation field, continual growth is expected to be realized through expanding sales for solutions and services and expanding sales in Europe and other new markets. The future sales forecasts for each field in the medium-term management plan involve high uncertainties in market growth in the</p>	<p>The primary audit procedures we performed to assess whether the Company's judgment with respect to the recognition of an impairment loss on goodwill was appropriate included the following:</p> <p>(1) Internal control testing</p> <p>We evaluated the effectiveness of design and operation of key internal controls related to estimate of fair value in impairment test of goodwill, especially focusing on controls related to estimate of future cash flows formulated by the medium-term management plan.</p> <p>(2) Assessment of the reasonableness of the estimated fair value</p> <p>To evaluate major assumptions in the formulation of the medium-term management plan underlying the estimate of future cash flows, we mainly performed the following audit procedures:</p> <ul style="list-style-type: none"> • We made inquiries to management as to grounds for major assumptions used in the formulation of the medium-term management plan and how risks were reflected in the medium-term management plan based on the market environment by product category, and inspected relevant documents. • As for market growth rates used for future sales forecasts in the medium-term management plan, we carefully examined the management's assumptions for each of the healthcare, materials and business innovation segments by checking consistency with data on forecasts of market growth released by external organizations. • Based on the results of our assessment of the appropriateness of major assumptions and the causes of the differences between the actual achievements and planned figures in the past business plans, we independently estimated future cash flows by incorporating certain uncertainties into the medium-term management plan and compared them with those estimated by management. • We compared the total fair value of each reporting unit with the market capitalization of the Company.

The Company's judgment as to whether an impairment loss should be recognized on the goodwill	
The key audit matter	How the matter was addressed in our audit
<p>healthcare field, soaring raw material costs and intensifying competition with competing companies in the materials field and decreasing demand for printing as paperless operations and remote work become established at client companies in the business innovation field, and require significant judgments by management.</p> <p>In addition, selecting appropriate models and input data for estimating the discount rate used to calculate the fair value requires a high degree of expertise in valuation.</p> <p>We, therefore, determined that our assessment of the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on goodwill was the most significant in our audit of the consolidated financial statements for the current fiscal year, and accordingly, one of "key audit matters".</p>	<p>Furthermore, we performed the following procedures by engaging valuation specialists within our domestic network firms to assist our evaluation of the discount rate:</p> <ul style="list-style-type: none"> • As for the calculation method for the discount rate, we assessed its appropriateness based on the inputs and requirements of the applicable accounting standards and others. • As for input data used to calculate the discount rate, we assessed the appropriateness by checking the input data against the data for each field that valuation specialists independently obtained.

Other Information

The other information comprises the information included in the Annual Report but does not include the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in the United States of America.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on our judgment, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, convey details of measures taken in order to eliminate obstruction factors or safeguards applied in order to reduce obstruction factors to acceptable levels.

From the matters communicated with corporate auditors and the board of corporate auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest in the Company

Our firm and its designated engagement partners do not have any interest in the Group which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the reader of audit report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report on the Consolidated Financial Statements as required by the Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan ("the FIEAJ") and does not include the English translation of the Independent Auditor's Report on the internal control audits as required by the Article 193-2, Paragraph 2 of the FIEAJ.

FUJIFILM Holdings Corporation states that internal control over financial reporting was effective as at March 31, 2024 in the Internal Control Report.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Balance Sheets

	March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Assets			
Current assets:			
Cash and cash equivalents	¥ 179,715	¥ 268,608	\$ 1,190,166
Notes and accounts receivable:			
Trade <i>(Note 23)</i>	674,112	608,645	4,464,318
Lease receivables <i>(Notes 5, 21 and 22)</i>	39,248	40,038	259,921
Affiliated companies	2,397	2,561	15,874
Allowance for doubtful receivables <i>(Notes 5 and 21)</i>	–	(18,193)	–
Allowance for credit losses <i>(Notes 5 and 22)</i>	(19,172)	–	(126,967)
Inventories <i>(Note 7)</i>	547,803	567,302	3,627,834
Prepaid expenses and other <i>(Notes 18, 19, 20 and 23)</i>	150,525	162,146	996,854
Total current assets	1,574,628	1,631,107	10,428,000
Investments and long-term receivables:			
Investments in and advances to affiliated companies <i>(Note 8)</i>	40,771	42,921	270,006
Investment securities <i>(Notes 4 and 20)</i>	83,458	70,745	552,702
Long-term lease receivables <i>(Notes 5, 21 and 22)</i>	55,296	55,487	366,199
Other long-term receivables <i>(Notes 21 and 22)</i>	30,537	22,103	202,232
Allowance for doubtful receivables <i>(Notes 5 and 21)</i>	–	(2,351)	–
Allowance for credit losses <i>(Notes 5 and 22)</i>	(2,185)	–	(14,470)
Total investments and long-term receivables	207,877	188,905	1,376,669
Property, plant and equipment <i>(Notes 2 and 6)</i> :			
Land	113,350	105,923	750,662
Buildings and structures	818,610	770,926	5,421,258
Machinery, equipment and other	1,611,452	1,505,008	10,671,868
Construction in progress	685,176	345,253	4,537,589
Subtotal	3,228,588	2,727,110	21,381,377
Less accumulated depreciation	(1,832,853)	(1,750,999)	(12,138,099)
Total property, plant and equipment	1,395,735	976,111	9,243,278
Other assets:			
Operating lease right-of-use assets <i>(Note 6)</i>	100,094	82,276	662,874
Goodwill, net <i>(Notes 9 and 24)</i>	953,835	858,311	6,316,788
Other intangible assets, net <i>(Notes 9 and 24)</i>	178,335	144,258	1,181,027
Deferred income taxes <i>(Note 12)</i>	38,815	30,125	257,053
Other <i>(Notes 2, 9, 11 and 23)</i>	334,141	223,218	2,212,854
Total other assets	1,605,220	1,338,188	10,630,596
Total assets	¥4,783,460	¥4,134,311	\$31,678,543

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Balance Sheets (continued)

	March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Liabilities and equity			
Current liabilities:			
Short-term debt <i>(Notes 6, 10 and 19)</i>	¥ 317,103	¥ 106,093	\$ 2,100,020
Notes and accounts payable:			
Trade	262,752	246,093	1,740,080
Construction	82,421	72,713	545,834
Affiliated companies	1,305	1,603	8,642
Accrued income taxes <i>(Note 12)</i>	47,947	39,214	317,530
Accrued liabilities <i>(Note 11)</i>	251,205	234,809	1,663,609
Short-term operating lease liabilities <i>(Note 6)</i>	32,589	31,031	215,821
Other current liabilities <i>(Notes 18, 19, 20 and 23)</i>	170,519	158,766	1,129,265
Total current liabilities	1,165,841	890,322	7,720,801
Non-current liabilities:			
Long-term debt <i>(Notes 6, 10 and 19)</i>	185,716	270,060	1,229,907
Accrued pension and severance costs <i>(Note 11)</i>	21,055	21,909	139,437
Long-term operating lease liabilities <i>(Note 6)</i>	72,223	55,400	478,298
Deferred income taxes <i>(Note 12)</i>	90,747	49,150	600,974
Other non-current liabilities <i>(Notes 12, 18, 19, 20 and 23)</i>	74,563	59,610	493,795
Total non-current liabilities	444,304	456,129	2,942,411
Total liabilities	1,610,145	1,346,451	10,663,212
Commitments and contingent liabilities <i>(Note 15)</i>			
Equity <i>(Note 13)</i> :			
FUJIFILM Holdings shareholders' equity:			
Capital	40,363	40,363	267,305
Common stock, without par value:			
Authorized: 800,000,000 shares			
Issued: 414,625,728 shares			
Retained earnings	2,741,416	2,616,191	18,155,073
Accumulated other comprehensive income <i>(Notes 2, 11, 14 and 18)</i>	443,619	163,820	2,937,874
Treasury stock, at cost (13,269,764 shares in 2024; 13,528,181 shares in 2023)	(56,151)	(57,229)	(371,861)
Total FUJIFILM Holdings shareholders' equity	3,169,247	2,763,145	20,988,391
Noncontrolling interests	4,068	24,715	26,940
Total equity	3,173,315	2,787,860	21,015,331
Total liabilities and equity	¥4,783,460	¥4,134,311	\$31,678,543

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Income

	Year ended March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Revenue <i>(Notes 2, 5, 23 and 25)</i>	¥2,960,916	¥2,859,041	\$19,608,715
Cost of sales <i>(Note 6)</i>	1,774,656	1,721,113	11,752,689
Gross profit	1,186,260	1,137,928	7,856,026
Operating expenses:			
Selling, general and administrative <i>(Notes 2, 6, 9, 17, 20 and 24)</i>	752,427	710,702	4,982,960
Research and development	157,108	154,147	1,040,450
	909,535	864,849	6,023,410
Operating income <i>(Note 25)</i>	276,725	273,079	1,832,616
Other income (expenses):			
Interest and dividend income	12,226	7,670	80,967
Interest expense <i>(Notes 14 and 18)</i>	(8,483)	(5,006)	(56,179)
Foreign exchange gains (losses), net <i>(Notes 14 and 18)</i>	2,702	(3,563)	17,894
Gains (losses) on equity securities, net <i>(Notes 4 and 14)</i>	24,675	(662)	163,411
Other, net <i>(Notes 14, 18 and 20)</i>	9,443	10,706	62,536
	40,563	9,145	268,629
Income before income taxes	317,288	282,224	2,101,245
Income taxes <i>(Note 12)</i> :			
Current	79,809	79,168	528,537
Deferred	(1,707)	(13,962)	(11,305)
	78,102	65,206	517,232
Equity in net income (loss) of affiliated companies	4,111	4,656	27,225
Net income	243,297	221,674	1,611,238
Less: Net income attributable to noncontrolling interests	212	(2,252)	1,404
Net income attributable to FUJIFILM Holdings	¥ 243,509	¥ 219,422	\$ 1,612,642
	<i>(Yen)</i>		<i>(U.S. dollars)</i> <i>(Note 3)</i>
Amounts per share of common stock:			
Net income attributable to FUJIFILM Holdings <i>(Note 16)</i> :			
Basic	¥202.29	¥182.40	\$1.34
Diluted	202.05	182.14	1.34
Cash dividends declared	150.00	130.00	0.99

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

	Year ended March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Net income	¥243,297	¥221,674	\$1,611,238
Other comprehensive income (loss), net of tax <i>(Note 14)</i> :			
Net unrealized gains (losses) on securities	–	(27)	–
Foreign currency translation adjustments	227,828	85,528	1,508,795
Pension liability adjustments	48,189	2,801	319,133
Net unrealized gains (losses) on derivatives	(122)	74	(808)
Total	275,895	88,376	1,827,120
Comprehensive income	519,192	310,050	3,438,358
Less: Comprehensive income attributable to noncontrolling interests	4,116	(2,801)	27,258
Comprehensive income attributable to FUJIFILM Holdings	¥523,308	¥307,249	\$3,465,616

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

	Capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
	<i>(Millions of yen)</i>							
Balance as of April 1, 2022	¥40,363	¥ –	¥2,867,848	¥ 75,993	¥(481,547)	¥2,502,657	¥ 22,283	¥2,524,940
Comprehensive income (loss):								
Net income	–	–	219,422	–	–	219,422	2,252	221,674
Net unrealized gains (losses) on securities <i>(Note 14)</i>	–	–	–	(27)	–	(27)	–	(27)
Foreign currency translation adjustments <i>(Note 14)</i>	–	–	–	84,193	–	84,193	1,335	85,528
Pension liability adjustments <i>(Note 14)</i>	–	–	–	3,587	–	3,587	(786)	2,801
Net unrealized gains (losses) on derivatives <i>(Notes 14 and 18)</i>	–	–	–	74	–	74	–	74
Comprehensive income	–	–	–	–	–	307,249	2,801	310,050
Purchases of treasury stock	–	–	–	–	(20)	(20)	–	(20)
Sales of treasury stock	–	317	–	–	1,308	1,625	–	1,625
Retirement of treasury stock	–	(423,030)	–	–	423,030	–	–	–
Dividends paid to FUJIFILM Holdings shareholders	–	–	(48,131)	–	–	(48,131)	–	(48,131)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(382)	(382)
Share-based payment transactions	–	(235)	–	–	–	(235)	–	(235)
Transfer from retained earnings to additional paid-in capital	–	422,948	(422,948)	–	–	–	–	–
Equity transactions with noncontrolling interests and other	–	–	–	–	–	–	13	13
Balance as of March 31, 2023	¥40,363	¥ –	¥2,616,191	¥ 163,820	¥(57,229)	¥2,763,145	¥ 24,715	¥2,787,860
Cumulative effect of adoption of Accounting Standard Update No. 2016-13 <i>(Note 2)</i>	–	–	(234)	–	–	(234)	–	(234)
Comprehensive income (loss):								
Net income	–	–	243,509	–	–	243,509	(212)	243,297
Foreign currency translation adjustments <i>(Note 14)</i>	–	–	–	232,225	–	232,225	(4,397)	227,828
Pension liability adjustments <i>(Note 14)</i>	–	–	–	47,696	–	47,696	493	48,189
Net unrealized gains (losses) on derivatives <i>(Notes 14 and 18)</i>	–	–	–	(122)	–	(122)	–	(122)
Comprehensive income	–	–	–	–	–	523,308	(4,116)	519,192
Purchases of treasury stock	–	–	–	–	(31)	(31)	–	(31)
Sales of treasury stock	–	551	–	–	1,109	1,660	–	1,660
Dividends paid to FUJIFILM Holdings shareholders	–	–	(60,201)	–	–	(60,201)	–	(60,201)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(12,577)	(12,577)
Share-based payment transactions	–	(464)	–	–	–	(464)	–	(464)
Transfer from retained earnings to additional paid-in capital	–	53,838	(53,838)	–	–	–	–	–
Equity transactions with noncontrolling interests and other	–	(53,925)	(4,011)	–	–	(57,936)	(3,954)	(61,890)
Balance as of March 31, 2024	¥40,363	¥ –	¥2,741,416	¥ 443,619	¥(56,151)	¥3,169,247	¥ 4,068	¥3,173,315

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity (continued)

	Capital	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
	<i>(Thousands of U.S. dollars)</i>							
	<i>(Note 3)</i>							
Balance as of March 31, 2023	\$267,305	\$ –	\$17,325,768	\$1,084,900	\$(379,000)	\$18,298,973	\$163,675	\$18,462,648
Cumulative effect of adoption of Accounting Standard Update No. 2016-13 <i>(Note 2)</i>	–	–	(1,550)	–	–	(1,550)	–	(1,550)
Comprehensive income (loss):								
Net income	–	–	1,612,642	–	–	1,612,642	(1,404)	1,611,238
Foreign currency translation adjustments <i>(Note 14)</i>	–	–	–	1,537,914	–	1,537,914	(29,119)	1,508,795
Pension liability adjustments <i>(Note 14)</i>	–	–	–	315,868	–	315,868	3,265	319,133
Net unrealized gains (losses) on derivatives <i>(Notes 14 and 18)</i>	–	–	–	(808)	–	(808)	–	(808)
Comprehensive income	–	–	–	–	–	3,465,616	(27,258)	3,438,358
Purchases of treasury stock	–	–	–	–	(205)	(205)	–	(205)
Sales of treasury stock	–	3,649	–	–	7,344	10,993	–	10,993
Dividends paid to FUJIFILM Holding shareholders	–	–	(398,682)	–	–	(398,682)	–	(398,682)
Dividends paid to noncontrolling interests	–	–	–	–	–	–	(83,291)	(83,291)
Share-based payment transactions	–	(3,073)	–	–	–	(3,073)	–	(3,073)
Transfer from retained earnings to additional paid-in capital	–	356,543	(356,543)	–	–	–	–	–
Equity transactions with noncontrolling interests and other	–	(357,119)	(26,562)	–	–	(383,681)	(26,186)	(409,867)
Balance as of March 31, 2024	<u>\$267,305</u>	<u>\$ –</u>	<u>\$18,155,073</u>	<u>\$2,937,874</u>	<u>\$(371,861)</u>	<u>\$20,988,391</u>	<u>\$26,940</u>	<u>\$21,015,331</u>

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31		
	2024 <i>(Millions of yen)</i>	2023	2024 <i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Operating activities			
Net income	¥ 243,297	¥ 221,674	\$ 1,611,238
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	150,014	142,215	993,470
(Gains) losses on equity securities, net	(24,675)	662	(163,411)
Deferred income taxes	(1,707)	(13,962)	(11,305)
Equity in net (gains) losses of affiliated companies, net of dividends received	(3,469)	(3,994)	(22,974)
Changes in operating assets and liabilities:			
Increase in notes and accounts receivable	(21,157)	(17,052)	(140,113)
(Increase) decrease in inventories	62,023	(51,545)	410,748
Increase (decrease) in notes and accounts payable – trade	3,382	(9,221)	22,397
(Increase) decrease in prepaid expenses and other current assets	6,512	(14,349)	43,127
Increase (decrease) in accrued income taxes and other liabilities	4,341	(51,712)	28,749
Other	(10,620)	7,736	(70,330)
Net cash provided by operating activities	407,941	210,452	2,701,596
Investing activities			
Purchases of property, plant and equipment	(417,966)	(269,844)	(2,767,987)
Purchases of software	(46,746)	(53,628)	(309,576)
Proceeds from sales and maturities of investment securities	13,443	38,890	89,027
Purchases of investment securities	(729)	(3,880)	(4,828)
Decrease in time deposits, net	945	2,711	6,258
Increase in investments in and advances to affiliated companies	(343)	(853)	(2,271)
Acquisitions of businesses, net of cash and cash equivalents acquired	(103,849)	(28,653)	(687,742)
Proceeds from sale of businesses, net of cash and cash equivalents disposed of	12,416	–	82,225
Other	15,413	(7,968)	102,073
Net cash used in investing activities	(527,416)	(323,225)	(3,492,821)
Financing activities			
Proceeds from long-term debt	–	120,000	–
Repayments of long-term debt	(104,561)	(192,360)	(692,457)
Increase (decrease) in short-term debt with maturities of three months or less, net	229,062	(1,538)	1,516,967
Cash dividends paid to shareholders	(56,170)	(46,109)	(371,987)
Cash dividends paid to noncontrolling interests	(12,577)	(382)	(83,291)
Net purchases and sales of stock for treasury	(31)	(20)	(205)
Equity transactions with noncontrolling interests	(57,895)	218	(383,411)
Other	1,710	(3,504)	11,325
Net cash used in financing activities	(462)	(123,695)	(3,059)
Effect of exchange rate changes on cash and cash equivalents	31,044	18,748	205,589
Net decrease in cash and cash equivalents	(88,893)	(217,720)	(588,695)
Cash and cash equivalents at beginning of year	268,608	486,328	1,778,861
Cash and cash equivalents at end of year	¥ 179,715	¥ 268,608	\$ 1,190,166
Supplemental disclosures			
Cash paid for interest	¥ 8,483	¥ 5,093	\$ 56,179
Cash paid for income taxes	¥65,673	¥75,205	\$434,921

See notes to consolidated financial statements.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2024

1. Nature of Operations

FUJIFILM Holdings Corporation (the “Company”) is engaged in healthcare, materials, business innovation, and imaging businesses. The Healthcare segment develops, manufactures, sells and provides services of equipment and materials for medical systems, contract development and manufacturing organization of biopharmaceuticals, iPSC cells (regenerative medicine), drug discovery support such as cell culture media and reagents, pharmaceuticals, cosmetics and supplements, and other related products. The Materials segment develops, manufactures, sells and provides services of electronic materials, display materials, industrial equipment, fine chemicals, equipment and materials for graphic communication, inks and industrial inkjet printheads, and other related products. The Business Innovation segment develops, manufactures, sells and provides services of digital MFPs, solutions and services, and other related products. The Imaging segment develops, manufactures, sells and provides services of instant photo systems, color films, services and equipment for photofinishing, digital cameras, optical devices, and other related products. The Company operates throughout the world, and the overseas revenue consists of approximately 65% of the Company’s total revenue, predominantly in North America, Europe and Asia. The Company’s principal manufacturing operations are located in Japan, the United States, China, the Netherlands and Vietnam.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies

The accompanying consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) (the Accounting Standards Codification (“ASC”) issued by the Financial Accounting Standards Board (“FASB”)).

The Company has prepared its consolidated financial statements in pursuant to US GAAP according to the agreement concerning the issuance of Euro-dollar denominated bonds in 1970. The Company’s listing of American Depositary Receipts listed on the NASDAQ since 1971 were abolished on July 31, 2009. Nevertheless, the Company continues to prepare and disclose its consolidated financial statements in accordance with US GAAP.

The main differences between the principles and procedures of the presentation methodology between the generally accepted accounting principles in Japan and US GAAP are summarized as follows:

- (1) In accordance with ASC 715, net periodic benefit costs are recorded based on actuarial calculations. Using the corridor approach, actuarial gains and losses are amortized over the average remaining years of service of the employee.
- (2) In accordance with ASC 350, goodwill and other indefinite lived intangible assets are not amortized. Instead, they are tested annually for impairment and impaired if necessary.
- (3) In accordance with ASC 842, operating lease right-of-use assets and liabilities are recorded using the present value of the lease payments over the lease term. A lease cost is recognized on a straight-line basis over the lease term.

Principles of Consolidation and Accounting for Investments in Affiliated Companies

The consolidated financial statements include the accounts of the Company and entities that the Company directly or indirectly controls. All significant intercompany transactions and accounts have been eliminated.

The Company’s investments in affiliated companies (generally 20% to 50% owned companies), in which the ability to exercise significant influence exists, are accounted for by the equity method. Consolidated net income includes the Company’s equity in the current net earnings or losses of such companies after the elimination of unrealized intercompany profits.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make assumptions and estimates that affect the amounts reported in the financial statements and notes.

Material items subject to such assumptions and estimates include the valuation of notes and accounts receivable, inventories, investment securities and deferred income tax assets; the valuation (including impairment) for property, plant and equipment, goodwill and intangible assets; asset retirement obligations; determination of useful lives and depreciation or amortization method; uncertain tax positions; assumptions related to the estimation of actuarially determined employee benefit obligations and accruals; or contingent liabilities for environmental remediation, litigation and regulatory investigations. Actual results could differ from those estimates. The Company does not record asset retirement obligations, in cases when assets are not expected to be dismantled, and it is not possible to reasonably estimate expenses borne by the Company.

Foreign Currency Translations

The Company's foreign subsidiaries generally use the local currency as their functional currency. Accordingly, assets and liabilities are translated into the reporting currency using exchange rates prevailing at the balance sheet date and income and expenses are translated using average exchange rates prevailing during the year. Gains and losses resulting from translation are included and presented in "Accumulated other comprehensive income", a separate component of equity, as foreign currency translation adjustments.

Assets and liabilities denominated in currencies other than the functional currency are remeasured into the functional currency using exchange rates in effect at the respective balance sheet dates with the resulting gains or losses included in earnings.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

The Company considers all highly liquid investments which are readily convertible into cash and that have original maturities of three months or less to be cash equivalents.

Certain debt securities with original maturities of three months or less are included and presented in “Cash and cash equivalents” in the consolidated balance sheets and the consolidated statements of cash flows.

Investment Securities

Of investment securities, equity securities are measured at fair value and unrealized gains or losses before tax effect are included and presented in “Gains (losses) on equity securities, net” in consolidated statements of income. Certain non-marketable equity securities without readily determinable fair value are measured at cost, minus impairment, if any, in principle. If any observable price changes in orderly transactions for the identical or similar investment of the same issuer are identified, the equity security is measured at fair value as of the date that the observable transaction occurred. Regarding debt securities in investment securities, the Company separates an impairment loss for debt securities into the amount related to credit loss, which is recognized in earnings, and the amount related to all other factors, which is included and presented in “Accumulated other comprehensive income (loss)” when a decline in the value is deemed to be other-than-temporary. In determining whether such decline of debt securities is other-than-temporary, the Company also evaluates various factors including the Company’s intent to sell the securities, the available evidence to assess whether it is more likely than not that the Company will be required to sell the security as well as the available evidence to assess whether the entire amortized cost basis of the security will be recovered. The cost of investment securities sold is based on the moving-average-cost method. Dividends are included in “Interest and dividend income” in the consolidated statements of income.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

An allowance for credit losses on financial assets is accounted for by estimating all credit losses expected to occur in future over the remaining life.

In recognizing the allowance for credit losses, the Company manages the credit quality of financial assets as individually evaluated receivables and collectively evaluated receivables. Financial assets are evaluated individually or collectively based on historical credit losses, including the financial positions of its customers and delays in payment, and reasonable and supportable forecasts.

Inventories

Inventories are valued at the lower of cost or market with cost being determined principally by the moving-average method. The Company reviews inventories for obsolete, slow-moving or excess amounts and if required, provides an allowance to recognize their estimated net realizable values.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are carried at cost. Depreciation is computed primarily using the straight-line method.

Estimated useful lives for buildings and structures are primarily 15 to 50 years and for machinery, equipment and other are 2 to 15 years.

Machinery, equipment and other includes machines rented to customers under operating leases with a cost and accumulated depreciation of ¥158,143 million (\$1,047,305 thousand) and ¥109,613 million (\$725,914 thousand) as of March 31, 2024 and ¥146,344 million and ¥91,374 million as of March 31, 2023, respectively.

Net gains on sales of property, plant and equipment were ¥14,416 million (\$95,470 thousand) and ¥8,653 million for the years ended March 31, 2024 and 2023, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Leases

As for lessor accounting, the Company provides leasing arrangements primarily for the sales of printing and copying machines and other office equipment. At the inception date of each contract, the Company determines whether a contract is, or contains, a lease. Sales-type lease and operating lease income is recorded, and included and presented in "Revenue" in the consolidated statements of income. Revenue from the sales of equipment under sales-type leases is recognized at the commencement of leases. Interest income equivalent on the sales-type leases is recognized using the effective interest method with the allocation based on the net investment in outstanding leases. Leases not qualifying as sales-type leases are accounted for as operating leases and related revenue is recognized ratably over the respective lease term. For contracts bundling equipment leases with maintenance and other services, the Company has applied the practical expedients permitted under ASC 842 and these contracts are all accounted for as lease components in accordance with ASC 842. Normally, these contracts combine the minimum usage fees and variable charges according to print runs. Some of the contracts include options to terminate the lease before the end of the lease term by giving notice to the lessor before a certain period.

As for lessee accounting, the Company has finance and operating leases primarily for assets including office buildings and vehicles. At the inception date of each contract, the Company determines whether a contract is, or contains, a lease, and recognizes right-of-use assets and lease liabilities on the commencement date of the lease. Some of the lease contracts include options to extend the lease term or terminate the lease. The Company takes into accounts the respective period of such options to determine the lease term when it is reasonably certain that it will exercise these options. The Company has lease contracts with lease and non-lease components, which are normally accounted for separately. Since most of the Company's leases do not provide an implicit rate, the Company normally uses incremental borrowing rate based on the information available at the lease commencement to determine the present value of total lease payments. For short-term leases with a lease term of 12 months or less, the Company elects not to recognize right-of-use assets and lease liabilities. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired. Other intangible assets principally consist of costs allocated to technology-based intangibles and customer-related intangibles.

Under ASC 350, goodwill and other indefinite lived intangible assets are tested annually for impairment. Impairment tests for goodwill are performed based on the fair value of estimated future cash flows of each reporting unit. The discount rate used is based on the reporting unit's weighted average cost of capital. In addition to the annual impairment test, which the Company performs as of January 1, an interim test for goodwill impairment would be performed if events occur or circumstances indicate that the carrying amounts may not be recoverable.

Intangible assets other than those with an indefinite life are amortized on a straight-line basis over their estimated useful lives.

Capitalized Software Costs

The Company capitalizes certain costs incurred in connection with developing and obtaining internal use software in accordance with ASC 350-40. These costs consist primarily of payments made to third parties and salaries of employees working on such software development. In connection with developing internal use software, costs incurred at the application development stage or later are capitalized. In addition, the Company develops or obtains certain software to be sold, leased, or otherwise marketed where related costs incurred after establishment of technological feasibility are capitalized in accordance with ASC 985. Capitalized costs are amortized on a straight-line basis over the estimated useful lives of the software of approximately 3 to 5 years. Costs and accumulated amortization of total capitalized software amounted to ¥257,190 million (\$1,703,245 thousand) and ¥115,210 million (\$762,980 thousand), respectively, as of March 31, 2024 and ¥219,099 million and ¥104,355 million, respectively, as of March 31, 2023. Costs and accumulated amortization of capitalized software to be sold, included in the above, amounted to ¥43,372 million (\$287,232 thousand) and ¥28,932 million (\$191,603 thousand), respectively, as of March 31, 2024 and ¥38,745 million and ¥24,997 million, respectively, as of March 31, 2023. Capitalized software costs are included in "Other" of "Other assets" in the consolidated balance sheets.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-lived Assets

The Company reviews long-lived assets, excluding goodwill and other indefinite lived intangible assets, for impairment whenever events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. If there is any indication of impairment, the estimated undiscounted future cash flows associated with the assets would be compared to the assets' carrying amount to determine if a write-down is required. If this evaluation indicates that the carrying amounts of the asset exceeds the sum of the undiscounted future cash flows, the carrying amounts of the assets would be reduced to their estimated fair value. In determining the fair value, the Company uses quoted market prices in active markets or other valuation methods. If quoted market prices are unavailable, the Company primarily uses the discounted cash flow method based on the estimated discounted future cash flows expected to result from the use of the assets and their eventual disposition, the relief from royalty method or the excess earnings method.

Long-lived assets to be disposed of by sale are recorded at the lower of carrying amount or fair value less cost to sell.

Revenue Recognition

In accordance with ASC 606, the Company recognizes revenue in the amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred using the five step approach as follows.

Step 1: Identify the contract

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when (or as) performance obligations are satisfied

Product Warranties

The Company provides product warranties for certain of its products. These warranties generally extend for a period of one year from the date of sale. A liability for expected warranty costs is accrued at the time that the related revenue is recognized. In estimating the warranty liability, historical experience is considered.

Shipping and Handling Costs

Shipping and handling costs are included in "Selling, general and administrative" in the consolidated statements of income. Shipping and handling costs amounted to ¥71,953 million (\$476,510 thousand) and ¥86,132 million for the years ended March 31, 2024 and 2023, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Advertising Costs

Advertising costs are expensed as incurred and included in “Selling, general and administrative” in the consolidated statements of income. Advertising costs amounted to ¥26,923 million (\$178,298 thousand) and ¥24,678 million for the years ended March 31, 2024 and 2023, respectively.

Income Taxes

Income taxes have been provided using the asset and liability method in accordance with ASC 740.

Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax bases of assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse. A valuation allowance is recognized to reduce the deferred tax assets to the amount that is considered more likely than not to be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities in accordance with ASC 740. Recognized tax positions are measured at the largest amount of benefit which is more likely than not to be realized upon ultimate settlement with the taxing authority.

Consumption Taxes

Revenues, costs and expenses in the consolidated statements of income do not include consumption taxes.

Derivative Financial Instruments

The Company recognizes all derivative financial instruments, such as forward foreign exchange contracts, currency swaps, cross currency interest rate swaps and interest rate swaps in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in earnings along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in accumulated other comprehensive income, net of deferred taxes and reclassified to earnings in the period when the gain or loss associated with the hedged item was recorded. Changes in fair values of derivatives, which are not designated or qualified as hedges, are reported in earnings, immediately.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Income Attributable to FUJIFILM Holdings per Share

Basic net income attributable to FUJIFILM Holdings per share is calculated based on the weighted average number of shares of common stock outstanding during the year. Diluted net income attributable to FUJIFILM Holdings per share is adjusted for the effect of dilutive common stocks to be additionally issued when stock options are exercised or performance share units are delivered.

Share-Based Remuneration

The Company measures and recognizes share-based compensation cost based on fair value on the grant date and monetary-based compensation cost based on fair value at the end of year, in accordance with ASC 718.

Subsequent Events

The Company evaluated all subsequent events through June 28, 2024, the date on which the consolidated financial statements are available to be issued in accordance with ASC 855.

Reclassifications

Certain reclassifications to the prior year's consolidated financial statements have been made to conform with current year presentation.

Accounting Standards Adopted in the Year Ended March 31, 2024

In June 2016, FASB issued Accounting Standard Update ("ASU") No. 2016-13, "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 requires the use of the expected credit loss model instead of the incurred loss impairment model when assessing the impairment of financial instruments. In the expected credit loss model, an estimate of uncollectible contractual cash flow is recorded as an allowance. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022, including interim periods within that reporting period, and earlier adoption is permitted. The Company has adopted ASU 2016-13 from the year beginning April 1, 2023 by using the method of adjusting the cumulative effect at the beginning of the initial year of adoption. There is no material impact that the adoption of ASU 2016-13 has on the Company's financial position and results of operations.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

New Accounting Standards to be Adopted

In November 2023, FASB issued ASU No. 2023-07, “Improvements to Reportable Segment Disclosures” (“ASU 2023-07”). ASU 2023-07 expands disclosure requirements for segment information, and requires disclosures of significant segment expenses that are regularly provided to the chief operating decision maker and a description of the composition of other segment profit or loss items by reportable segment. ASU 2023-07 is effective for annual reporting periods beginning after December 15, 2023 and interim reporting periods within annual reporting periods beginning after December 15, 2024, and the amendments are applied retrospectively to all prior periods presented. The Company will adopt ASU 2023-07 from the year beginning April 1, 2024 and interim reporting periods within the year beginning April 1, 2025. There is no impact that the adoption of ASU 2023-07 has on the Company’s financial position and results of operations since ASU 2023-07 is related to disclosure.

In December 2023, FASB issued ASU No. 2023-09, “Improvements to Income Tax Disclosures” (“ASU 2023-09”). ASU 2023-09 requires to provide disclosures of specific categories in the rate reconciliation, income taxes paid disaggregated by domestic and foreign, income from continuing operations before income tax expense disaggregated by domestic and foreign, and income tax expense from continuing operations disaggregated by domestic and foreign. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024. The Company will adopt ASU 2023-09 from the year beginning April 1, 2025. There is no impact that the adoption of ASU 2023-09 has on the Company’s financial position and results of operations since ASU 2023-09 is related to disclosure.

3. U.S. Dollar Amounts

Solely for the convenience of the reader and as a matter of arithmetical computation only, the 2024 amounts in the consolidated financial statements have been translated from Japanese yen into U.S. dollars at the rate of ¥151 = U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2024. The amounts shown in U.S. dollars are not intended to be computed in accordance with US GAAP for the translation of foreign currency amounts. The translation should not be construed as a representation that Japanese yen could be converted into U.S. dollars at this or any other rate.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

4. Investments in Equity Securities

Realized and unrealized gains or losses of equity securities included in “Investment securities” on the consolidated balance sheets as of March 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Total gains (losses) of equity securities	¥24,675	¥ (662)	\$163,411
Less: Realized gains (losses) on equity securities sold during the period	(1,756)	(6,709)	(11,630)
Unrealized gains (losses) on equity securities held at end of year	¥22,919	¥(7,371)	\$151,781

Certain non-marketable equity securities without readily determinable fair value are measured at cost, minus impairment, if any, in principle. If an entity identifies observable price changes in orderly transactions for the identical or similar investment of the same issuer, it shall measure the equity security at fair value as of the date that the observable transaction occurred. The carrying amounts of these investments were ¥11,456 million (\$75,868 thousand) and ¥10,546 million as of March 31, 2024 and 2023, respectively. The Company did not record significant impairment or other adjustments for the years ended March 31, 2024 and 2023.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Lease Accounting for Lessor

Lease income information as lessor for the years ended March 31, 2024 and 2023 is as follows. Lease income is included and presented in “Revenue” in the consolidated statements of income.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Sales-type lease income			
Income (loss) recognized on the commencement date	¥12,866	¥14,894	\$85,205
Interest income from lease receivables	7,343	7,766	48,629
Total	20,209	22,660	133,834
Operating lease income	18,903	18,660	125,185
Variable lease income	57,387	47,209	380,046

Lease receivables mainly consist of the sales-type lease receivables on the Company’s printing and copying machines and other office equipment. The current portion of lease receivables and the portion due after one year are recorded in “Lease receivables” and “Long-term lease receivables” in the consolidated balance sheets, respectively. The components of lease receivables as of March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Lease receivables, gross	¥105,924	¥105,403	\$701,483
Unearned income	(11,380)	(9,878)	(75,363)
Allowance for doubtful receivables	–	(4,965)	–
Allowance for credit losses	(4,873)	–	(32,272)
Lease receivables, net	¥ 89,671	¥ 90,560	\$593,848

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

5. Lease Accounting for Lessor (continued)

The minimum lease payments receivable under the sales-type leases and operating leases for the next five years and thereafter as of March 31, 2024 are summarized as follows:

	Sales-type leases	Operating leases
	<i>(Millions of yen)</i>	
Year ending March 31		
2025	¥ 43,363	¥14,754
2026	28,763	8,840
2027	18,793	5,968
2028	10,675	4,004
2029	3,737	2,753
2030 and thereafter	593	7,876
Total minimum lease payments receivable	<u>¥105,924</u>	<u>¥44,195</u>
	Sales-type leases	Operating leases
	<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>	
Year ending March 31		
2025	\$287,172	\$ 97,709
2026	190,484	58,543
2027	124,457	39,523
2028	70,695	26,516
2029	24,748	18,232
2030 and thereafter	3,927	52,159
Total minimum lease payments receivable	<u>\$701,483</u>	<u>\$292,682</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Lease Accounting for Lessee

Consolidated statements of income information related to leases is as follows. Lease cost is primarily included in “Cost of sales” and “Selling, general and administrative” in the consolidated statements of income.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Operating lease cost	¥ 38,236	¥ 35,809	\$ 253,219
Short-term lease cost	7,254	3,376	48,040

Supplemental balance sheet information related to leases is as follows.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Finance lease right-of-use assets			
Property, plant and equipment (cost)	¥ 6,460	¥ 9,239	\$ 42,781
Accumulated depreciation	(3,441)	(4,505)	(22,788)
Property, plant and equipment (carrying amount)	3,019	4,734	19,993
Finance lease liabilities			
Short-term debt	2,068	2,023	13,695
Long-term debt	5,269	6,551	34,894
Total finance lease liabilities	7,337	8,574	48,589

Operating cash flows from operating leases for the years ended March 31, 2024 and 2023 amounted to ¥38,946 million (\$257,921 thousand) and ¥36,578 million, respectively. Operating lease right-of-use assets acquired in exchange for lease liabilities amounted to ¥44,711 million (\$296,099 thousand) and ¥31,811 million for the years ended March 31, 2024 and 2023, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

6. Lease Accounting for Lessee (continued)

Other information related to leases is as follows.

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term		
Finance leases	5 years	7 years
Operating leases	7 years	5 years
Weighted average discount rate		
Finance leases	1.31%	2.20%
Operating leases	3.10%	0.81%

Future minimum lease payments payable under finance leases and operating leases by year as of March 31, 2024 are summarized as follows:

	Finance leases	Operating leases
	<i>(Millions of yen)</i>	
Year ending March 31		
2025	¥ 2,118	¥ 32,669
2026	1,687	19,213
2027	1,261	13,480
2028	892	9,397
2029	563	5,165
2030 and thereafter	945	38,273
Total lease payments	7,466	118,197
Less: Imputed interest	(129)	(13,385)
Total	¥ 7,337	¥ 104,812

	Finance leases	Operating leases
	<i>(Thousands of U.S. dollars)</i>	
	<i>(Note 3)</i>	
Year ending March 31		
2025	\$ 14,027	\$ 216,351
2026	11,172	127,238
2027	8,351	89,272
2028	5,907	62,232
2029	3,728	34,205
2030 and thereafter	6,258	253,464
Total lease payments	49,443	782,762
Less: Imputed interest	(854)	(88,643)
Total	\$ 48,589	\$ 694,119

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

7. Inventories

Inventories as of March 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Finished goods	¥272,012	¥285,253	\$1,801,404
Work in process	66,909	66,806	443,106
Raw materials and supplies	208,882	215,243	1,383,324
Total	<u>¥547,803</u>	<u>¥567,302</u>	<u>\$3,627,834</u>

8. Investments in Affiliated Companies

Investments in affiliated companies accounted for using the equity method amounted to ¥19,619 million (\$129,927 thousand) and ¥21,202 million as of March 31, 2024 and 2023, respectively. The differences between the carrying amounts of the investments in affiliated companies and the Company's shares in the underlying equities of such affiliated companies were not material. These affiliated companies primarily operate businesses in the Healthcare, Materials, Business Innovation, and Imaging segments.

Some affiliated companies are listed on the stock market. The carrying amounts and market values of investments in these affiliated companies as of March 31, 2024 were ¥7,398 million (\$48,993 thousand) and ¥7,066 million (\$46,795 thousand), respectively. As of March 31, 2023, those amounted to ¥7,310 million and ¥7,383 million, respectively.

The combined financial positions of the Company's affiliated companies accounted for using the equity method as of March 31, 2024 and 2023 are summarized as follows. There were no individually material affiliated companies for the years ended March 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Current assets	¥ 91,904	¥ 89,415	\$ 608,636
Non-current assets	64,047	69,831	424,152
Total assets	<u>¥155,951</u>	<u>¥159,246</u>	<u>\$1,032,788</u>
Current liabilities	¥ 39,214	¥ 36,414	\$ 259,695
Non-current liabilities	56,727	67,118	375,675
Equity	60,010	55,714	397,418
Total liabilities and equity	<u>¥155,951</u>	<u>¥159,246</u>	<u>\$1,032,788</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

8. Investments in Affiliated Companies (continued)

The combined results of operations of the Company's affiliated companies accounted for using the equity method for the years ended March 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Revenue	¥135,099	¥132,470	\$894,695
Net income	10,267	10,721	67,993

Transactions with the Company's affiliated companies for the years ended March 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Revenue	¥20,835	¥21,097	\$137,980
Purchases	9,923	5,809	65,715
Dividends received	642	662	4,252

9. Goodwill and Other Intangible Assets

The changes in goodwill by operating segment for the years ended March 31, 2024 and 2023 are as follows.

	<u>Healthcare</u>	<u>Materials</u>	<u>Business Innovation</u>	<u>Total</u>
	<i>(Millions of yen)</i>			
As of April 1, 2022	¥338,139	¥253,460	¥232,404	¥824,003
Acquired	5,107	–	11,834	16,941
Other	4,290	11,196	1,881	17,367
As of March 31, 2023	<u>¥347,536</u>	<u>¥264,656</u>	<u>¥246,119</u>	<u>¥858,311</u>
Acquired	–	48,818	1,113	49,931
Other	18,255	20,475	6,863	45,593
As of March 31, 2024	<u>¥365,791</u>	<u>¥333,949</u>	<u>¥254,095</u>	<u>¥953,835</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Goodwill and Other Intangible Assets (continued)

	<u>Healthcare</u>	<u>Materials</u>	<u>Business Innovation</u>	<u>Total</u>
	<i>(Thousands of U.S. dollars)</i>			
	<i>(Note 3)</i>			
As of March 31, 2023	\$2,301,563	\$1,752,689	\$1,629,927	\$5,684,179
Acquired	–	323,298	7,371	330,669
Other	120,894	135,596	45,450	301,940
As of March 31, 2024	\$2,422,457	\$2,211,583	\$1,682,748	\$6,316,788

Other includes foreign currency translation adjustments and adjustments for allocation of purchase price related to acquisitions.

Information for the year ended March 31, 2023 was prepared using the classification method after changes to the operating segments. The summary of the changes is described in Note 25 “Segment Information”.

There was no goodwill recognized in the Imaging segment for the years ended March 31, 2024 and 2023.

Other intangible assets subject to amortization as of March 31, 2024 and 2023 are as follows:

	2024		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	<i>(Millions of yen)</i>		
Technology-based	¥ 63,598	¥ 38,458	¥ 25,139
Customer-related	184,246	50,427	133,820
Other	35,366	20,559	14,807
Total	¥283,210	¥109,444	¥173,766
	2023		
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	<i>(Millions of yen)</i>		
Technology-based	¥ 60,288	¥35,434	¥ 24,854
Customer-related	147,808	46,260	101,548
Other	30,182	16,736	13,446
Total	¥238,278	¥98,430	¥139,848

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

9. Goodwill and Other Intangible Assets (continued)

	2024		
	Gross carrying amount	Accumulated amortization	Net carrying amount
	<i>(Thousands of U.S. dollars)</i>		
	<i>(Note 3)</i>		
Technology-based	\$ 421,179	\$254,689	\$ 166,490
Customer-related	1,220,172	333,954	886,218
Other	234,212	136,152	98,060
Total	<u>\$1,875,563</u>	<u>\$724,795</u>	<u>\$1,150,768</u>

The aggregate amortization expenses for other intangible assets for the years ended March 31, 2024 and 2023 were ¥18,941 million (\$125,437 thousand) and ¥15,940 million, respectively.

Other intangible assets not subjected to amortization were not material as of March 31, 2024 and 2023.

The estimated aggregate amortization expenses for other intangible assets subject to amortization for the next five years are as follows:

Year ending March 31	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
		<i>(Note 3)</i>
2025	¥18,235	\$120,762
2026	16,564	109,695
2027	15,367	101,768
2028	13,441	89,013
2029	12,442	82,397

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Short-term and Long-term Debt

Short-term debt

Short-term debt as of March 31, 2024 and 2023 were ¥235,030 million (\$1,556,490 thousand) and ¥5,927 million, respectively, and the weighted average interest rates per annum on short-term debt outstanding as of March 31, 2024 and 2023 were 0.25% and 2.89%, respectively. Short-term debt is unsecured.

Short-term debt as of March 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Short-term debt	¥235,030	¥ 5,927	\$1,556,490
Current portion of long-term debt	82,073	100,166	543,530
Total	¥317,103	¥106,093	\$2,100,020

Long-term debt

Long-term debt as of March 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Unsecured loans, principally from banks and insurance companies:			
Due from the year ending March 31, 2026 to the year ending March 31, 2027 with interest rates ranging from 0.300% to 4.000% as of March 31, 2024	¥25,439	¥81,652	\$168,470
Due from the year ended March 31, 2024 to the year ending March 31, 2028 with interest rates ranging from (0.591)% to 4.000% as of March 31, 2023			

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

10. Short-term and Long-term Debt (continued)

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Unsecured Japanese yen bonds:			
0.110% yen bonds, due the year ended March 31, 2024	¥ –	¥ 35,000	\$ –
0.180% yen bonds, due the year ended March 31, 2024	–	10,000	–
0.080% yen bonds, due the year ending March 31, 2025	30,000	30,000	198,675
0.120% yen bonds, due the year ending March 31, 2025	50,000	50,000	331,126
0.100% yen bonds, due the year ending March 31, 2026	40,000	40,000	264,901
0.240% yen bonds, due the year ending March 31, 2026	25,000	25,000	165,563
0.250% yen bonds, due the year ending March 31, 2027	10,000	10,000	66,225
0.195% yen bonds, due the year ending March 31, 2028	40,000	40,000	264,901
0.304% yen bonds, due the year ending March 31, 2030	20,000	20,000	132,450
0.374% yen bonds, due the year ending March 31, 2033	20,000	20,000	132,450
Other	7,350	8,574	48,676
	267,789	370,226	1,773,437
Less: Portion due within one year	(82,073)	(100,166)	(543,530)
Balance	¥185,716	¥270,060	\$1,229,907

The aggregate annual maturities of long-term debt for the next five years are as follows:

	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
		<i>(Note 3)</i>
Year ending March 31		
2025	¥ 82,073	\$ 543,530
2026	66,659	441,450
2027	36,245	240,033
2028	40,870	270,662
2029	549	3,636

Certain bank loans are made under general agreements which provide that security and guarantees for present and future indebtedness will be provided upon request of the bank, and that the bank shall have the right to offset cash deposits against obligations that have become due or, in the event of default, against all obligations due to the bank. Certain long-term debt agreements with lenders other than banks also stipulate that the Company shall provide additional security upon request of the lender.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans

Most employees of domestic subsidiaries of the Company who terminate their employment are entitled, under most circumstances, to lump-sum payments and/or pension payments calculated by reference to points earned during their service period.

Certain subsidiaries have funded non-contributory defined benefit pension plans whose assets are maintained at trust banks and insurance companies. The funding policy for defined benefit pension plans is to make actuarially determined contributions to provide the plans with sufficient assets to meet future benefit payment requirements. Also, certain subsidiaries have defined contribution pension plans. The funding policy for such plans is to contribute annually an amount equal to a certain percentage of the participants' annual salary.

The amounts of net periodic benefit cost for the defined contribution pension plans were ¥20,794 million (\$137,709 thousand) and ¥17,961 million for the years ended March 31, 2024 and 2023, respectively.

Components of Net Periodic Benefit Cost

Components of net periodic benefit cost for the defined benefit pension plans for the years ended March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Components of net periodic benefit cost:			
Service cost	¥ 15,648	¥ 16,927	\$ 103,629
Interest cost	12,809	8,517	84,828
Expected return on plan assets	(23,477)	(22,530)	(155,477)
Amortization of net actuarial loss	4,157	3,995	27,530
Amortization of prior service credit	(2,409)	(2,239)	(15,954)
Gain (loss) arising from curtailments	-	(187)	-
Net periodic benefit cost	<u>¥ 6,728</u>	<u>¥ 4,483</u>	<u>\$ 44,556</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Components of Net Periodic Benefit Cost (continued)

Other changes in plan assets and benefit obligations recognized in accumulated other comprehensive income (loss) for the years ended March 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Current year actuarial (gain) loss	¥(68,839)	¥ (710)	\$(455,887)
Amortization of actuarial loss	(4,157)	(3,995)	(27,530)
Prior service credit due to revision	(10)	(2,278)	(66)
Amortization of prior service credit	2,409	2,239	15,954
Sale of businesses	248	–	1,641
Gain (loss) arising from settlements	213	–	1,411
Total	<u>¥(70,136)</u>	<u>¥(4,744)</u>	<u>\$(464,477)</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Obligations and Funded Status

Reconciliation of the beginning and ending balances of the projected benefit obligation and the fair value of the plan assets and the funded status of the defined benefit pension plans for the years ended March 31, 2024 and 2023 are summarized as follows:

	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Changes in projected benefit obligation:			
Projected benefit obligation at beginning of year	¥770,603	¥847,311	\$5,103,331
Service cost	15,648	16,927	103,629
Interest cost	12,809	8,517	84,828
Plan participants' contributions	680	603	4,503
Actuarial (gain) loss	(16,125)	(67,229)	(106,788)
Benefits paid	(40,641)	(38,797)	(269,146)
Plan revision	(10)	(2,278)	(66)
Decrease due to sale of businesses	(1,178)	–	(7,801)
Settlement paid	–	(187)	–
Foreign currency translation	24,628	5,736	163,099
Projected benefit obligation at end of year	766,414	770,603	5,075,589
Changes in plan assets:			
Fair value of plan assets at beginning of year	845,605	902,471	5,600,033
Actual return on plan assets	76,191	(43,989)	504,576
Employers' contributions	11,831	15,841	78,351
Plan participants' contributions	680	603	4,503
Benefits paid	(37,562)	(35,599)	(248,755)
Decrease due to sale of businesses	(1,387)	–	(9,185)
Foreign currency translation	24,157	6,278	159,980
Fair value of plan assets at end of year	919,515	845,605	6,089,503
Funded status	¥153,101	¥ 75,002	\$1,013,914

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Obligations and Funded Status (continued)

Amounts recognized in the consolidated balance sheets related to the defined benefit pension plans as of March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Other assets	¥179,415	¥ 99,094	\$1,188,178
Accrued liabilities	(2,497)	(2,183)	(16,536)
Accrued pension and severance costs	(21,055)	(21,909)	(139,437)
Other non-current liabilities	(2,762)	–	(18,291)
Net amount recognized	¥153,101	¥ 75,002	\$1,013,914

Amounts recognized in accumulated other comprehensive income (loss) related to the defined benefit pension plans as of March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Net actuarial loss	¥61,367	¥133,079	\$406,403
Prior service credit	(10,672)	(12,248)	(70,675)
Total	¥50,695	¥120,831	\$335,728

The accumulated benefit obligation for the defined benefit pension plans amounted to ¥760,959 million (\$5,039,464 thousand) and ¥767,521 million as of March 31, 2024 and 2023, respectively.

The aggregate projected benefit obligation and aggregate fair value of plan assets for the pension plans where the projected benefit obligation exceeded the plan assets, and the aggregate accumulated benefit obligation and aggregate fair value of plan assets where accumulated benefit obligation exceeded plan assets as of March 31, 2024 and 2023 are as follows:

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Obligations and Funded Status (continued)

	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Plans with projected benefit obligation in excess of plan assets:			
Projected benefit obligation	¥90,463	¥86,713	\$599,093
Fair value of plan assets	64,149	58,377	424,828
Plans with accumulated benefit obligation in excess of plan assets:			
Accumulated benefit obligation	87,169	76,024	577,278
Fair value of plan assets	61,598	48,734	407,934

Assumptions

The weighted average assumptions used to determine the benefit obligation as of March 31, 2024 and 2023 are as follows: Rate of compensation increase is not presented because most of the retirement benefit plans' benefit formulas are not based on compensation levels and therefore the rate of compensation increase does not materially impact the calculation of the benefit obligation.

	2024	2023
Discount rate	1.84%	1.27%
Interest crediting rate for cash balance plans and other plans	2.21%	2.21%

The weighted average assumptions used to determine the net periodic benefit cost for the years ended March 31, 2024 and 2023 are as follows: Rate of compensation increase is not presented because most of the retirement benefit plans' benefit formulas are not based on compensation levels and therefore the rate of compensation increase does not materially impact the calculation of the net periodic benefit cost.

	2024	2023
Discount rate	1.27%	0.90%
Expected long-term rate of return on plan assets	2.72%	2.69%
Interest crediting rate for cash balance plans and other plans	2.21%	2.21%

The expected long-term rate of return on plan assets is based on the expected long-term return by asset category and historical performance by portfolio.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Plan Assets

The Company's investment objectives are to earn sufficient long-term returns with an acceptable level of risk, while maintaining adequate funding levels for pension payments and/or lump sum payments.

The fundamental principle of the Company's investment policy is to pursue efficient returns while minimizing risks through diversified investment. The Company designs a basic asset allocation model to provide a mix of assets best suited for mid and long-term returns and verifies that model periodically for effectiveness. When conditions have changed from when the model was initially designed, the Company reconsiders the basic asset allocation, if necessary. On the operational side, the Company conducts discretionary investment within the scope of the predetermined range of tolerance, considering short-term market conditions.

Targeted allocation ratios for equity securities, debt securities, general accounts of life insurance companies and alternative investments are 18%, 35% (5% domestic and 30% foreign), 22% and 25%, respectively. Alternative investments primarily consist of hedge funds and real estate.

Equity securities consist principally of stocks that are listed on securities exchanges and have been selected based on thorough analysis of investees' businesses, their potential for future growth and other appropriate factors while ensuring that industries in which the investees operate are appropriately diversified. Debt securities consist principally of government and other public debt, and corporate debt which have been selected based on thorough analysis of issuers and the terms and conditions of those securities including investment grades, interest rates, maturity dates, financial position of issuers and other factors so that maturity dates and issuers are appropriately diversified. Pooled funds have been selected for investment using the same strategies as those for equity and debt securities described above. The Company has selected general accounts of life insurance companies, for which life insurance companies have guaranteed anticipated interest rates and return of capital, based on thorough analysis of issuers' investment grades and other factors so that the investments are appropriately diversified. Regarding foreign investments, the Company has selected the countries and currencies in which the Company invests in based on thorough analysis of the political and economic stability in those countries, the market characteristics, such as settlement systems and taxation systems, and other factors so that the investments are appropriately diversified. Alternative investments consist principally of hedge funds and real estate, which were intended to hedge the risk of traditional assets and establish ongoing returns that are less sensitive to market trends. The Company has selected alternative investments based on thorough analysis of the nature of risks and returns which are completely different from those of traditional assets so that the investment techniques and asset management companies are appropriately diversified.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Plan Assets (continued)

The fair value hierarchy that prioritizes the inputs used in valuation techniques is described in Note 20 “Fair Value Measurement”. The fair value hierarchy of plan assets as of March 31, 2024 and 2023 are as follows:

	2024				Total
	Level 1	Level 2	Level 3	NAV (Note 1)	
	<i>(Millions of yen)</i>				
Cash and cash equivalents, and Short-term receivables (Note 2)	¥ 8,555	¥ 15,165	¥ –	¥ –	¥ 23,720
Equity securities					
Domestic companies securities	7,314	1,635	–	–	8,949
Foreign companies securities	15,600	15,413	–	–	31,013
Securities investment trust	1,106	–	–	–	1,106
Pooled funds (Note 3)	–	18	–	147,416	147,434
Debt securities					
Government bonds (Note 4)	6,637	6,014	–	–	12,651
Corporate bonds (Note 5)	–	19,534	–	–	19,534
Pooled funds (Note 6)	–	–	–	232,839	232,839
General accounts of life insurance companies	–	225,631	–	–	225,631
Alternative investments					
Equity securities funds (Note 7)	–	–	–	263	263
Debt securities funds (Note 8)	3,635	25,379	–	2,608	31,622
Other funds (Note 9)	4,106	11,310	9,714	90,633	115,763
Real estate (Note 10)	–	281	5,018	63,691	68,990
Total	¥46,953	¥320,380	¥14,732	¥537,450	¥919,515

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Plan Assets (continued)

	2023				Total
	Level 1	Level 2	Level 3	NAV (Note 1)	
	<i>(Millions of yen)</i>				
Cash and cash equivalents, and Short-term receivables (Note 2)	¥ 8,338	¥ 11,636	¥ –	¥ –	¥ 19,974
Equity securities					
Domestic companies securities	10,834	1,071	–	–	11,905
Foreign companies securities	14,267	12,072	–	–	26,339
Securities investment trust	1,039	–	–	–	1,039
Pooled funds (Note 3)	–	85	–	127,286	127,371
Debt securities					
Government bonds (Note 4)	8,471	4,736	–	–	13,207
Corporate bonds (Note 5)	–	15,347	–	–	15,347
Pooled funds (Note 6)	–	21,817	–	208,793	230,610
General accounts of life insurance companies	–	218,391	–	–	218,391
Alternative investments					
Equity securities funds (Note 7)	–	–	–	197	197
Debt securities funds (Note 8)	3,008	–	–	3,574	6,582
Other funds (Note 9)	3,522	8,348	7,928	92,313	112,111
Real estate (Note 10)	–	241	2,037	60,254	62,532
Total	<u>¥49,479</u>	<u>¥293,744</u>	<u>¥9,965</u>	<u>¥492,417</u>	<u>¥845,605</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Plan Assets (continued)

	2024				Total
	Level 1	Level 2	Level 3	NAV (Note 1)	
	<i>(Thousands of U.S. dollars)</i>				
	<i>(Note 3)</i>				
Cash and cash equivalents, and Short-term receivables (Note 2)	\$ 56,656	\$ 100,430	\$ –	\$ –	\$ 157,086
Equity securities					
Domestic companies securities	48,437	10,828	–	–	59,265
Foreign companies securities	103,311	102,073	–	–	205,384
Securities investment trust	7,325	–	–	–	7,325
Pooled funds (Note 3)	–	119	–	976,265	976,384
Debt securities					
Government bonds (Note 4)	43,953	39,828	–	–	83,781
Corporate bonds (Note 5)	–	129,364	–	–	129,364
Pooled funds (Note 6)	–	–	–	1,541,980	1,541,980
General accounts of life insurance companies	–	1,494,245	–	–	1,494,245
Alternative investments					
Equity securities funds (Note 7)	–	–	–	1,742	1,742
Debt securities funds (Note 8)	24,073	168,073	–	17,271	209,417
Other funds (Note 9)	27,192	74,900	64,331	600,219	766,642
Real estate (Note 10)	–	1,861	33,232	421,795	456,888
Total	<u>\$310,947</u>	<u>\$2,121,721</u>	<u>\$97,563</u>	<u>\$3,559,272</u>	<u>\$6,089,503</u>

(Note 1) Certain assets that are measured at fair value using net asset value (“NAV”) per share applied by practical expedient, have not been classified in the fair value hierarchy.

(Note 2) Short-term receivables include cash at bank held in the loan account of pooled funds, negotiable certificates of deposit and call loans, which are classified as Level 2.

(Note 3) Pooled funds of equity securities consist of 13% and 16% domestic companies and 87% and 84% foreign companies as of March 31, 2024 and 2023, respectively.

(Note 4) This category consists of 57% and 67% Japanese government bonds and 43% and 33% foreign government bonds as of March 31, 2024 and 2023, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Plan Assets (continued)

- (Note 5) This category consists of 14% and 5% domestic corporate bonds and 86% and 95% foreign corporate bonds as of March 31, 2024 and 2023, respectively.
- (Note 6) Pooled funds of debt securities consist of 10% and 10% Japanese government bonds, government agency and municipal securities, 64% and 64% foreign government bonds, 1% and 1% domestic corporate bonds and 25% and 25% foreign corporate bonds as of March 31, 2024 and 2023, respectively.
- (Note 7) Equity securities funds invest principally in domestic companies securities.
- (Note 8) Debt securities funds invest principally in foreign government bonds and foreign currencies.
- (Note 9) Other funds include managed futures which principally invest in listed futures and fund of hedge funds whose investments are diversified with a combination of various products and investment techniques.
- (Note 10) Real estate includes principally domestic real estate funds whose investment policy is to generate stable rental income and capital gains from sales on real estate.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Plan Assets (continued)

Plan assets classified as Level 1 include principally cash and cash equivalents, government bonds and listed stocks, which were valued using unadjusted quoted prices in active markets for identical assets. Plan assets classified as Level 2 include principally government agency securities, municipal bonds, corporate bonds, pooled funds of equity and debt securities, general accounts of life insurance companies and certain alternative investments. Government agency securities, municipal bonds and corporate bonds were valued using directly or indirectly observable inputs in non-active markets. Pooled funds and certain alternative investments were valued using inputs that were corroborated by observable market data obtained from financial institutions or third parties. General accounts of life insurance companies were valued at conversion value. Plan assets classified as Level 3 include principally alternative investments, consisting of hedge funds and real estate, which were valued using unobservable inputs that were significant to the measurement of their value.

Reconciliation of the beginning and ending balances for assets classified as Level 3 for the years ended March 31, 2024 and 2023 is as follows:

	2024				
	Balance at beginning of year	Actual returns on assets held at end of year	Purchase/ sales	Currency translation	Balance at end of year
	<i>(Millions of yen)</i>				
Alternative investments					
Other funds	¥7,928	¥1,716	¥ 9	¥ 61	¥ 9,714
Real estate	2,037	(453)	3,031	403	5,018
Total	¥9,965	¥1,263	¥3,040	¥464	¥14,732
	2023				
	Balance at beginning of year	Actual returns on assets held at end of year	Purchase/ sales	Currency translation	Balance at end of year
	<i>(Millions of yen)</i>				
Alternative investments					
Equity securities funds	¥ 18	¥ –	¥ (18)	¥ –	¥ –
Other funds	8,825	482	(1,410)	31	7,928
Real estate	2,285	38	(493)	207	2,037
Total	¥11,128	¥520	¥(1,921)	¥238	¥9,965

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

11. Pension and Severance Plans (continued)

Plan Assets (continued)

	2024				Balance at end of year
	Balance at beginning of year	Actual returns on assets held at end of year	Purchase/ sales	Currency translation	
	<i>(Thousands of U.S. dollars)</i>				
	<i>(Note 3)</i>				
Alternative investments					
Other funds	\$52,503	\$11,364	\$ 60	\$ 404	\$64,331
Real estate	13,490	(3,000)	20,073	2,669	33,232
Total	<u>\$65,993</u>	<u>\$ 8,364</u>	<u>\$20,133</u>	<u>\$3,073</u>	<u>\$97,563</u>

Contribution

The Company expects to contribute approximately ¥14,668 million (\$97,139 thousand) to the defined benefit pension plans for the year ending March 31, 2025.

Estimated Future Benefit Payments

The expected benefit payments, which reflect estimated future service, are summarized as follows:

Year ending March 31	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
	<u> </u>	<u> </u>
2025	¥ 40,233	\$ 266,444
2026	37,725	249,834
2027	38,342	253,921
2028	40,291	266,828
2029	40,446	267,854
2030 through 2034	194,399	1,287,411

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Income Taxes

Income taxes applicable to the Company and its domestic subsidiaries comprise corporation, inhabitant and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 30.6% for the years ended March 31, 2024 and 2023.

Reconciliation of the differences between the statutory tax rates and the effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
	(%)	(%)
Statutory tax rates	30.6	30.6
Increase (decrease) in income taxes resulting from:		
Differences other than temporary differences, etc.	0.0	(0.2)
Difference in statutory tax rates of other countries	(2.1)	(4.7)
Deferred tax liabilities on undistributed earnings	1.4	1.0
Research and development credits	(4.2)	(3.8)
Net change in valuation allowances	(1.5)	0.3
Adjustment for unrecognized tax benefits	(0.2)	(0.7)
Other	0.6	0.6
Effective tax rates	<u>24.6</u>	<u>23.1</u>

Income before income taxes by tax jurisdictions for the years ended March 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Income before income taxes:			
Domestic	¥224,267	¥159,688	\$1,485,212
Foreign	93,021	122,536	616,033
Total	<u>¥317,288</u>	<u>¥282,224</u>	<u>\$2,101,245</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Income Taxes (continued)

The components of income taxes for the years ended March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 3)</i>
Current:			
Domestic	¥55,693	¥45,532	\$368,828
Foreign	24,116	33,636	159,709
Total current	<u>79,809</u>	<u>79,168</u>	<u>528,537</u>
Deferred:			
Domestic	2,462	(1,579)	16,305
Foreign	(4,169)	(12,383)	(27,610)
Total deferred	<u>(1,707)</u>	<u>(13,962)</u>	<u>(11,305)</u>
Total	<u>¥78,102</u>	<u>¥65,206</u>	<u>\$517,232</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Income Taxes (continued)

The major components of deferred tax assets and liabilities as of March 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Deferred tax assets:			
Inventories	¥ 23,940	¥ 21,939	\$ 158,543
Depreciation	33,506	36,555	221,894
Accrued expenses	38,380	37,593	254,172
Accrued pension and severance costs	8,346	6,118	55,271
Accrued enterprise taxes	2,449	2,492	16,218
Tax loss carryforwards	37,473	37,222	248,166
Losses on investment securities	2,639	2,436	17,477
Allowance for doubtful receivables	–	3,673	–
Allowance for credit losses	4,723	–	31,278
Operating lease liabilities	17,519	19,927	116,020
Unrealized gains on non-current assets	6,669	7,343	44,166
Research and development (Costs capitalized for tax purposes)	16,190	8,859	107,219
Other	36,986	32,838	244,940
	<u>228,820</u>	<u>216,995</u>	<u>1,515,364</u>
Less: Valuation allowances	<u>(32,655)</u>	<u>(39,273)</u>	<u>(216,258)</u>
Total deferred tax assets	<u>196,165</u>	<u>177,722</u>	<u>1,299,106</u>
Deferred tax liabilities:			
Depreciation	34,577	27,302	228,987
Lease receivables	13,117	11,384	86,868
Taxes on undistributed earnings	30,252	29,495	200,344
Unrealized gains on available-for-sale securities	8,222	4,209	54,450
Goodwill	29,091	24,587	192,656
Accrued pension and severance costs	47,778	25,129	316,411
Other intangible assets	46,936	40,783	310,834
Operating lease right-of-use assets	17,080	19,099	113,113
Other	21,044	14,759	139,364
Total deferred tax liabilities	<u>248,097</u>	<u>196,747</u>	<u>1,643,027</u>
Net deferred tax assets (liabilities)	<u>¥ (51,932)</u>	<u>¥ (19,025)</u>	<u>\$ (343,921)</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Income Taxes (continued)

The valuation allowances relate primarily to the deferred tax assets of certain subsidiaries which have net operating loss carryforwards for tax purposes. The valuation allowances decreased by ¥6,618 million (\$43,828 thousand) and increased by ¥6,314 million for the years ended March 31, 2024 and 2023, respectively.

Deferred tax assets and liabilities as of March 31, 2024 and 2023 are included in the consolidated balance sheets as follows:

	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Deferred income taxes (other assets)	¥ 38,815	¥ 30,125	\$ 257,053
Deferred income taxes (non-current liabilities)	(90,747)	(49,150)	(600,974)
Net deferred tax assets (liabilities)	¥(51,932)	¥(19,025)	\$(343,921)

As of March 31, 2024, certain subsidiaries have net operating loss carryforwards for income tax purposes of ¥162,882 million (\$1,078,689 thousand), of which ¥114,951 million (\$761,265 thousand) will be carried forward indefinitely, and the remainder of ¥47,931 million (\$317,424 thousand) will, at the latest, expire through the year ending March 31, 2038. These net operating loss carryforwards are available to offset future taxable income of the subsidiaries.

Deferred tax liabilities have not been recognized on undistributed earnings of its domestic subsidiaries as such earnings, if distributed in the form of dividends, are not taxable under present tax laws.

The Company recognizes tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The balance of and changes to unrecognized tax benefits were not material in the years ended March 31, 2024 and 2023.

Although the Company believes its estimates and assumptions of unrecognized tax benefits are reasonable, uncertainty regarding the final determination of tax audit settlements could affect the effective tax rate in the future period. Based on each of the items of which the Company is aware as of March 31, 2024, no significant changes to the unrecognized tax benefits are expected within the next twelve months.

Both interest and penalties accrued as of March 31, 2024 and 2023 in the consolidated balance sheets and included in income taxes for the years ended March 31, 2024 and 2023 in the consolidated statements of income were not material.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

12. Income Taxes (continued)

In Japan, tax examinations of the Company and major domestic subsidiaries by the tax authorities for the year ended March 31, 2021 and before have been completed. Tax examinations related to transfer pricing by the tax authorities for the year ended March 31, 2021 and before have been completed.

In foreign tax jurisdictions, tax examinations of major foreign subsidiaries for the year ended March 31, 2012 and before have been completed.

13. Equity

The Companies Act of Japan (the “Act”) provides that an amount equal to 10% of a distribution of earnings be appropriated to the additional paid-in capital or legal reserve. The Act also provides to the extent that the sum of the additional paid-in capital account and the legal reserve account exceed 25% of capital, then the amount of the excess (if any) is available for appropriations by resolution of the shareholders.

Retained earnings available for dividends under the Act are based on the amount presented in the Company’s non-consolidated financial statements, which are prepared in accordance with accounting principles and practices generally accepted in Japan. Under the Act, retained earnings available for dividends as of March 31, 2024 amounted to ¥1,031,963 million (\$6,834,192 thousand).

The appropriation of retained earnings for the year ended March 31, 2024 has been reflected in the consolidated financial statements, including the amount approved at the 128th Ordinary General Meeting of Shareholders held on June 27, 2024.

The Company decided to conduct stock split of its common stock through a resolution of the Board of Directors on February 8, 2024, and conducted a 3-for-1 stock split on April 1, 2024. Due to this stock split of common stock, the total number of issued shares is 1,243,877,184.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Other Comprehensive Income (Loss)

The changes in each component of accumulated other comprehensive income for the years ended March 31, 2024 and 2023 are as follows:

	Unrealized gains (losses) on securities	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on derivatives	Total
	<i>(Millions of yen)</i>				
As of April 1, 2022	¥ 27	¥148,700	¥ (72,780)	¥ 46	¥ 75,993
Change in accumulated other comprehensive income	–	84,432	2,518	(235)	86,715
Reclassification to net income	(27)	(239)	1,069	309	1,112
Net change	(27)	84,193	3,587	74	87,827
As of March 31, 2023	¥ –	¥232,893	¥ (69,193)	¥ 120	¥ 163,820
Change in accumulated other comprehensive income	–	232,225	46,652	(915)	277,962
Reclassification to net income	–	–	1,044	793	1,837
Net change	–	232,225	47,696	(122)	279,799
As of March 31, 2024	¥ –	¥465,118	¥ (21,497)	¥ (2)	¥ 443,619

	Unrealized gains (losses) on securities	Foreign currency translation adjustments	Pension liability adjustments	Unrealized gains (losses) on derivatives	Total
	<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>				
As of March 31, 2023	\$ –	\$ 1,542,338	\$ (458,232)	\$ 794	\$ 1,084,900
Change in accumulated other comprehensive income	–	1,537,914	308,954	(6,060)	1,840,808
Reclassification to net income	–	–	6,914	5,252	12,166
Net change	–	1,537,914	315,868	(808)	1,852,974
As of March 31, 2024	\$ –	\$ 3,080,252	\$ (142,364)	\$ (14)	\$ 2,937,874

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Other Comprehensive Income (Loss) (continued)

The amounts reclassified out of each component of accumulated other comprehensive income to net income for the years ended March 31, 2024 and 2023 are as follows:

Affected line item in the consolidated statements of income	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Unrealized gains (losses) on securities			
Other, net	¥ –	¥ 39	\$ –
Income taxes	–	(12)	–
Net income attributable to FUJIFILM Holdings	–	27	–
Foreign currency translation adjustments			
Other, net	–	239	–
Net income attributable to FUJIFILM Holdings	–	239	–
Pension liability adjustments			
Other, net	(1,748)	(1,756)	(11,576)
Income taxes	737	740	4,880
Net income attributable to noncontrolling interests	(33)	(53)	(218)
Net income attributable to FUJIFILM Holdings	(1,044)	(1,069)	(6,914)
Unrealized gains (losses) on derivatives			
Foreign exchange gains (losses), net	(1,142)	(412)	(7,562)
Interest expense	–	(34)	–
Income taxes	349	137	2,310
Net income attributable to FUJIFILM Holdings	(793)	(309)	(5,252)
Total	¥(1,837)	¥(1,112)	\$ (12,166)

The related tax effects allocated to each component of other comprehensive income, including amounts attributable to noncontrolling interests, for the years ended March 31, 2024 and 2023 are as follows:

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Other Comprehensive Income (Loss) (continued)

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
	<i>(Millions of yen)</i>		
2024			
Unrealized gains (losses) on securities:			
Reclassification to net income	¥ —	¥ —	¥ —
Net change in unrealized gains (losses)	—	—	—
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	227,828	—	227,828
Reclassification to net income	—	—	—
Net change in foreign currency translation adjustments	227,828	—	227,828
Pension liability adjustments:			
Change in pension liability adjustments	68,388	(21,210)	47,178
Reclassification to net income	1,748	(737)	1,011
Net change in pension liability adjustments	70,136	(21,947)	48,189
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(1,318)	403	(915)
Reclassification to net income	1,142	(349)	793
Net change in unrealized gains (losses)	(176)	54	(122)
Total	<u>¥297,788</u>	<u>¥(21,893)</u>	<u>¥275,895</u>
	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
	<i>(Millions of yen)</i>		
2023			
Unrealized gains (losses) on securities:			
Reclassification to net income	¥ (39)	¥ 12	¥ (27)
Net change in unrealized gains (losses)	(39)	12	(27)
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	85,767	—	85,767
Reclassification to net income	(239)	—	(239)
Net change in foreign currency translation adjustments	85,528	—	85,528
Pension liability adjustments:			
Change in pension liability adjustments	2,988	(1,203)	1,785
Reclassification to net income	1,756	(740)	1,016
Net change in pension liability adjustments	4,744	(1,943)	2,801
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(339)	104	(235)
Reclassification to net income	446	(137)	309
Net change in unrealized gains (losses)	107	(33)	74
Total	<u>¥90,340</u>	<u>¥(1,964)</u>	<u>¥88,376</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

14. Other Comprehensive Income (Loss) (continued)

	Before-tax amount	Tax (expense) or benefit	Net-of-tax amount
	<i>(Thousands of U.S. dollars)</i>		
	<i>(Note 3)</i>		
2024			
Unrealized gains (losses) on securities:			
Reclassification to net income	\$ –	\$ –	\$ –
Net change in unrealized gains (losses)	–	–	–
Foreign currency translation adjustments:			
Change in foreign currency translation adjustments	1,508,795	–	1,508,795
Reclassification to net income	–	–	–
Net change in foreign currency translation adjustments	1,508,795	–	1,508,795
Pension liability adjustments:			
Change in pension liability adjustments	452,901	(140,464)	312,437
Reclassification to net income	11,576	(4,880)	6,696
Net change in pension liability adjustments	464,477	(145,344)	319,133
Unrealized gains (losses) on derivatives:			
Change in unrealized gains (losses) on derivatives	(8,728)	2,668	(6,060)
Reclassification to net income	7,562	(2,310)	5,252
Net change in unrealized gains (losses)	(1,166)	358	(808)
Total	<u>\$1,972,106</u>	<u>\$(144,986)</u>	<u>\$1,827,120</u>

15. Commitments and Contingent Liabilities

Guarantees

The Company guarantees certain indebtedness of others and other obligations. As of March 31, 2024, the maximum potential amount of future payments (undiscounted) the Company could be required to make under such guarantees was ¥1,272 million (\$8,424 thousand), of which ¥428 million (\$2,834 thousand) were guarantees of employee mortgage loans to financial institutions. In the event of an employee's insolvency, certain subsidiaries of the Company will need to pay the default mortgage on behalf of the employee. The guarantees are partly secured by the employees' property. The terms of the mortgage loan guarantees are from 1 to 13 years. The Company has not made any significant payments under such guarantees in the past, and as of March 31, 2024, the carrying amount of the liability for the Company's obligations under such guarantees was not material.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

15. Commitments and Contingent Liabilities (continued)

Purchase Commitments, Other Commitments and Contingencies

Commitments outstanding as of March 31, 2024, principally for the construction and purchase of property, plant and equipment, amounted to ¥124,680 million (\$825,695 thousand). As of March 31, 2024, the Company was contingently liable for discounted notes receivable on a full recourse basis with banks of ¥2,396 million (\$15,868 thousand).

Due to the nature of its business, the Company is subject to various threatened or filed legal actions and regulatory investigations. The Company has provided the necessary accruals, if any, for environmental remediation, litigation and regulatory investigations, for which occurrence of the future events is probable and the amount of loss can be reasonably estimated. Although the amount of the ultimate exposure, if any, cannot be determined at this time, the Company does not expect the final outcome of those matters to have a material adverse effect on the financial position, operating results and cash flows of the Company.

Product Warranties

The Company provides a warranty for certain of its products. These warranties generally extend for a period of one year from the date of sale. The changes in the Company's warranty liability balance are as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Balance, as of April 1	¥ 11,319	¥ 11,330	\$ 74,960
Warranties issued during the current period	7,833	7,004	51,874
Settlements made during the current period	(7,891)	(6,887)	(52,258)
Other, including changes in liability for pre-existing warranties during the current period	178	(128)	1,179
Balance, as of March 31	<u>¥ 11,439</u>	<u>¥ 11,319</u>	<u>\$ 75,755</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

16. Net Income Attributable to FUJIFILM Holdings per Share

A calculation of the basic and diluted net income attributable to FUJIFILM Holdings per share for the years ended March 31, 2024 and 2023 is as follows. The Company has introduced a restricted share-based remuneration plan for Directors (excluding Outside Directors), Executive Officers, and important employees of the Company as well as Directors, Executive Officers, Fellows, and important employees of its major subsidiaries. Among the shares issued under this plan, those which have not vested are distinguished as participating securities from common shares. Both common shares and participating securities have the same rights to net income attributable to FUJIFILM Holdings.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of Yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Net income attributable to FUJIFILM Holdings	¥243,509	¥219,422	\$1,612,642
Net income attributable to participating securities	180	115	1,192
Net income attributable to common shareholders	¥243,329	¥219,307	\$1,611,450
	<u>2024</u>	<u>2023</u>	
	<i>(Shares)</i>		
Weighted average shares outstanding	1,203,763,311	1,202,942,169	
Weighted average participating securities	889,815	627,906	
Weighted average common shares outstanding- Basic	1,202,873,496	1,202,314,263	
Effects of dilutive securities:			
Stock options	1,387,836	1,772,649	
Performance share units	56,321	-	
Weighted average common shares outstanding- Diluted	1,204,317,653	1,204,086,912	
	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Yen)</i>		<i>(U.S. dollars)</i>
			<i>(Note 3)</i>
Net income attributable to FUJIFILM Holdings per share:			
Basic	¥202.29	¥182.40	\$1.34
Diluted	202.05	182.14	1.34

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

16. Net Income Attributable to FUJIFILM Holdings per Share (continued)

There were no stock options and the equity-settled performance share units, which had no dilutive effect and were excluded from the calculation of diluted net income attributable to FUJIFILM Holdings per share as of March 31, 2024. Stock options and the equity-settled performance share units, which had no dilutive effect and were excluded from the calculation of diluted net income attributable to FUJIFILM Holdings per share, were 85,500 shares and 201,036 units as of March 31, 2023, respectively.

(Note) The Company conducted a 3-for-1 stock split of its common stock on April 1, 2024. The basic and diluted net income attributable to FUJIFILM Holdings per share are calculated based on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2023.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan

Stock-Based Compensation Plan

The Company previously had a stock-based compensation plan for Directors (excluding Outside Directors), Executive Officers, and important employees of the Company as well as Directors (excluding Outside Directors), Executive Officers, Fellows, and important employees of its certain consolidated subsidiaries. Due to the introduction of a performance share unit plan and a restricted share-based remuneration plan by a resolution of the 125th Ordinary General Meeting of Shareholders held on June 29, 2021, the stock-based compensation plan was abolished except for those already granted. Under the stock-based compensation plan, one stock acquisition right represents one option to purchase 100 shares of the Company's common stock.

General terms of contracts are as follows. The numbers of shares as of grant dates are presented.

Stock acquisition rights	Number of shares (Note 1)	Exercise price (Yen)	Grant date	Period for exercising stock acquisition rights
No. 5-1	386,000	1	April 2, 2012	April 3, 2012~ April 2, 2042 (Note 2)
No. 6-1	370,400	1	April 1, 2013	April 2, 2013 ~ April 1, 2043 (Note 2)
No. 7-1	227,100	1	April 1, 2014	April 2, 2014 ~ April 1, 2044 (Note 2)
No. 8-1	182,100	1	April 1, 2015	April 2, 2015 ~ April 1, 2045 (Note 2)
No. 8-2	22,500	4,205	April 1, 2015	February 27, 2017 ~ February 26, 2025
No. 9-1	174,800	1	June 1, 2016	June 2, 2016 ~ June 1, 2046 (Note 2)
No. 9-2	25,100	4,495	June 1, 2016	April 28, 2018 ~ April 27, 2026
No. 10-1	163,300	1	June 1, 2017	June 2, 2017 ~ June 1, 2047 (Note 3)
No. 10-2	23,500	4,146	June 1, 2017	April 28, 2019 ~ April 27, 2027
No. 11-1	174,000	1	June 1, 2018	June 2, 2018 ~ June 1, 2048 (Note 3)
No. 11-2	24,100	4,241	June 1, 2018	May 11, 2020 ~ May 10, 2028
No. 12-1	136,300	1	June 1, 2019	June 2, 2019 ~ June 1, 2049 (Note 3)
No. 12-2	23,500	5,238	June 1, 2019	May 9, 2021 ~ May 8, 2029
No. 13-1	151,600	1	June 1, 2020	June 2, 2020 ~ June 1, 2050 (Note 3)
No. 13-2	26,900	5,043	June 1, 2020	May 14, 2022 ~ May 13, 2030
No. 14-1	131,100	1	June 1, 2021	June 2, 2021 ~ June 1, 2051 (Note 3)
No. 14-2	28,900	7,556	June 1, 2021	May 13, 2023 ~ May 12, 2031

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

(Note 1) The Company conducted a 3-for-1 stock split of its common stock on April 1, 2024. The number of shares before the stock split is stated in the above table.

(Note 2) In the case that stock acquisition right holders cease to hold any positions as the Company's or its certain subsidiaries' Directors (excluding Outside Directors), Corporate Auditors, Executive Officers, Fellows, employees, or other positions appointed by the Board of Directors, during the period for exercising the stock acquisition rights, they shall exercise the stock acquisition rights during a limited period of 7 years beginning from the day following the date of loss of position.

(Note 3) In the case that stock acquisition right holders cease to hold any positions as the Company's or its certain subsidiaries' Directors (excluding Outside Directors), Corporate Auditors, Executive Officers, Fellows, employees, or other positions appointed by the Board of Directors, during the period for exercising the stock acquisition rights, they shall exercise the stock acquisition rights all at once during a limited period of 10 calendar days beginning from the day following the date of loss of position.

The total fair values of shares vested during the years ended March 31, 2024 and 2023 were ¥48 million (\$318 thousand) and ¥26 million, respectively. There were 1,469 and 1,733 stock acquisition rights exercised during the years ended March 31, 2024 and 2023, respectively, and cash received from the exercise for the years ended March 31, 2024 and 2023, was ¥118 million (\$781 thousand) and ¥80 million, respectively.

No stock acquisition right was granted during the years ended March 31, 2024 and 2023 due to the abolishment of the stock-based compensation plan. As of March 31, 2024 and 2023, there was no unrecognized stock-based compensation cost.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

A summary of the status of stock acquisition rights during the years ended March 31, 2024 and 2023 is as follows:

2024	Number of shares (Note)	Weighted average exercise price (Yen)	Weighted average remaining contractual term (Years)	Aggregate intrinsic value (Millions of yen)
Outstanding as of April 1, 2023	620,700	¥ 872		
Exercised	(146,900)	804		
Forfeited or expired	(400)	2,803		
Outstanding as of March 31, 2024	473,400	892	21.4	¥4,364
Exercisable as of March 31, 2024	473,400	892	21.4	4,364

2023	Number of shares (Note)	Weighted average exercise price (Yen)	Weighted average remaining contractual term (Years)	Aggregate intrinsic value (Millions of yen)
Outstanding as of April 1, 2022	795,200	¥ 784		
Exercised	(173,300)	461		
Forfeited or expired	(1,200)	1,858		
Outstanding as of March 31, 2023	620,700	872	22.1	¥3,641
Exercisable as of March 31, 2023	592,200	550	22.8	3,641

2024	Weighted average exercise price (U.S. dollar) (Note 3)	Aggregate intrinsic value (Thousands of U.S. dollars) (Note 3)
Outstanding as of April 1, 2023	\$ 5.77	
Exercised	5.32	
Forfeited or expired	18.56	
Outstanding as of March 31, 2024	5.91	\$28,901
Exercisable as of March 31, 2024	5.91	28,901

(Note) The Company conducted a 3-for-1 stock split of its common stock on April 1, 2024. The number of shares before the stock split is stated in the above table.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

The aggregate intrinsic value of shares exercised under the stock acquisition rights plan was ¥1,367 million (\$9,053 thousand) and ¥1,081 million for the years ended March 31, 2024 and 2023, respectively.

The fair value of the stock acquisition rights as of the grant date was estimated using the Black-Scholes pricing model with the following assumptions:

Stock acquisition rights	Expected volatility	Expected remaining life	Expected dividend (Yen)	Risk-free interest rate
No. 5-1	28.548%	1 year	32.5	0.105%
No. 6-1	28.682%	1 year	37.5	0.055%
No. 7-1	36.312%	1 year	40	0.070%
No. 8-1	24.178%	1 year	55	0.020%
No. 8-2	29.772%	6 years	55	0.123%
No. 9-1	32.900%	1 year	67.5	(0.265)%
No. 9-2	29.840%	6 years	67.5	(0.256)%
No. 10-1	28.736%	2 years	67.5	(0.165)%
No. 10-2	29.426%	6 years	67.5	(0.092)%
No. 11-1	27.457%	3 years	72.5	(0.131)%
No. 11-2	28.715%	6 years	72.5	(0.071)%
No. 12-1	23.632%	3 years	77.5	(0.197)%
No. 12-2	26.672%	6 years	77.5	(0.203)%
No. 13-1	28.112%	3 years	87.5	(0.195)%
No. 13-2	27.601%	6 years	87.5	(0.134)%
No. 14-1	27.551%	3 years	95.0	(0.153)%
No. 14-2	27.505%	6 years	95.0	(0.078)%

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Stock-Based Compensation Plan (continued)

The expected volatility is determined based on the historical volatility of the Company's common stock price over the most recent period corresponding with the expected remaining life of the Company's stock acquisition rights. The expected remaining life of No. 5-1 Stock Acquisition Rights, No. 6-1 Stock Acquisition Rights, No. 7-1 Stock Acquisition Rights, No. 8-1 Stock Acquisition Rights and No. 9-1 Stock Acquisition Rights was determined as one year based on the minimum term of Directors and Executive Officers of the Company and FUJIFILM Corporation. The expected remaining life of No. 10-1 Stock Acquisition Rights, No. 11-1 Stock Acquisition Rights, No. 12-1 Stock Acquisition Rights, No. 13-1 Stock Acquisition Rights and No. 14-1 Stock Acquisition Rights was determined as the years reflecting the actual term of the year before the grant date. The expected remaining life of No. 8-2 Stock Acquisition Rights, No. 9-2 Stock Acquisition Rights, No. 10-2 Stock Acquisition Rights, No. 11-2 Stock Acquisition Rights, No. 12-2 Stock Acquisition Rights, No. 13-2 Stock Acquisition Rights and No. 14-2 Stock Acquisition Rights was determined as 6 years based on the midpoint of the period for exercising the stock acquisition rights.

Medium-Term Performance-Linked Share-Based Remuneration Plan (Performance Share Unit Plan)

As one way to grant remuneration, the Company has introduced a performance share unit plan in which the period of the medium-term management plan is used as a performance evaluation period, and remuneration changes according to the level of achievement of performance targets. This plan covers Directors (excluding Outside Directors), Executive Officers, and important employees of the Company as well as Directors, Executive Officers, Fellows, and important employees of its subsidiaries ("Eligible Allottees"). Units are allotted to the Eligible Allottees at the beginning of the performance evaluation period and, after the performance evaluation period ends, the number of units are finalized by multiplying the percentage of achievement of numerical targets such as performance, if the delivery requirements are satisfied. Units held by each Eligible Allottees are equivalent to one share per unit. Shares are provided for the half of the number of units through the issuance of common stock or disposal of treasury shares, and the remainder is paid in cash to the Eligible Allottees. The initial eligible period is from April 1, 2021 to March 31, 2024.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (Performance Share Unit Plan) (continued)

Details of the performance share units during the years ended March 31, 2024 and 2023 are as follows.

	Number of units (Note)	2024	
		Weighted average fair value	
		<i>(Yen)</i>	<i>(U.S. dollar) (Note 3)</i>
Balance, as of April 1, 2023	134,100	¥ 8,452	\$ 55.97
Granted	8,375	8,391	55.57
Vested	(11,100)	8,398	55.62
Forfeited	(8,100)	8,536	56.53
Balance, as of March 31, 2024	123,275	8,447	55.94

	Number of units (Note)	2023	
		Weighted average fair value	
		<i>(Yen)</i>	
Balance, as of April 1, 2022	130,100	¥ 7,997	
Granted	24,800	7,058	
Vested	(2,300)	8,768	
Forfeited	(18,500)	8,768	
Balance, as of March 31, 2023	134,100	8,452	

(Note) The Company conducted a 3-for-1 stock split of its common stock on April 1, 2024. The number of units corresponding to the number of shares before the stock split is stated in the above table.

The fair value of the equity-settled performance share units as of the grant date is as follows. The fair value is calculated based on the market value of shares of the Company's common stock on the grant date of the units, adjusted to take into account expected dividends and a weighted average discount rate.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Medium-Term Performance-Linked Share-Based Remuneration Plan (Performance Share Unit Plan) (continued)

Equity-settled performance share units

	2024	2023
Fair value at grant date	¥8,391 (\$55.57)	¥7,058
Expected period	1.0 year	2.0 years
Estimated deductible dividends	¥150 (\$0.99)	¥220
Weighted average discount rate	(0.067)%	(0.064)%
Stock price at grant date	¥8,541 (\$56.56)	¥7,278

The fair value of the cash-settled performance share units at the end of year is as follows. The fair value is calculated based on the market value of shares of the Company's common stock at the end of year, adjusted to take into account expected dividends and a weight average discount rate.

Cash-settled performance share units

	2024	2023
Fair value at end of year	¥10,030 (\$66.42)	¥6,518
Expected period	0.3 years	1.3 years
Estimated deductible dividends	¥80 (\$0.53)	¥180
Weighted average discount rate	(0.000)%	(0.038)%
Stock price at end of year	¥10,110 (\$66.95)	¥6,698

The Company recognized share-based compensation cost of ¥358 million (\$2,371 thousand) and ¥475 million as "Selling, general and administrative" in the consolidated statements of income for the years ended March 31, 2024 and 2023, respectively, and the cost was measured as the fair value of the performance share units as of the grant date and at the end of year. The deferred income tax benefit related to the cost was ¥80 million (\$530 thousand) and ¥142 million for the years ended March 31, 2024 and 2023, respectively. Unrecognized share-based compensation cost amounted to ¥107 million (\$709 thousand) and ¥525 million as of March 31, 2024 and 2023, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Restricted Share-Based Remuneration Plan

The Company has introduced the Restricted Share-Based Remuneration Plan for Eligible Allottees. Under the plan, the Company shall grant monetary remuneration receivables for allocating restricted shares to the Eligible Allottees every year and the full amount of such monetary remuneration receivables is used as contribution in kind with the issuance or disposal of restricted shares the Eligible Allottees hold. The aforementioned monetary remuneration receivables are paid subject to the Eligible Allottees agreeing to said contributions in kind and executing the allotment agreement for restricted shares between the Company and the Eligible Allottees. Eligible Allottees shall not transfer, create a security interest on, or otherwise dispose of restricted shares received as an allotment under the allotment agreement for restricted shares during the period from the day the allotment was received in accordance with the allotment agreement for restricted shares until the day on which the Eligible Allottee loses the position of Director, Executive Officer, Fellow, etc. or employee of the Company or its consolidated subsidiary (the “Restriction Period”). The restrictions described in the preceding sentence will hereinafter be collectively referred to as the “Transfer Restrictions”. The Company shall lift the Transfer Restrictions when the Restriction Period has expired subject to the Eligible Allottees continuing to hold their position from the day on which the Restriction Period commenced until the day on which the Company’s Ordinary General Meeting of Shareholders first arrives thereafter. When the Eligible Allottee resigns or retires from the position of Director, Executive Officer, Fellow, etc. or employee of the Company or its consolidated subsidiary for personal reasons following the day on which the Restriction Period commenced, the Company shall automatically acquire all or part of the allotted shares without contribution.

Details of the restricted shares allotted during the years ended March 31, 2024 and 2023 are as follows. The stock price on the grant date is used as the fair value of the restricted shares.

	Number of units (Note)	2024	
		Weighted average fair value	
		<i>(Yen)</i>	<i>(U.S. dollar) (Note 3)</i>
Outstanding as of April 1, 2023	267,900	¥ 8,191	\$ 54.25
Granted	115,000	8,497	56.27
Transfer Restrictions lifted	(43,700)	8,333	55.19
Outstanding as of March 31, 2024	339,200	8,277	54.81

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

17. Share-Based Remuneration Plan (continued)

Restricted Share-Based Remuneration Plan (continued)

	2023	
	Number of units (Note)	Weighted average fair value
		<i>(Yen)</i>
Outstanding as of April 1, 2022	146,800	¥ 9,068
Granted	136,000	7,341
Transfer Restrictions lifted	(14,900)	9,068
Outstanding as of March 31, 2023	267,900	8,191

(Note) The Company conducted a 3-for-1 stock split of its common stock on April 1, 2024. The number of shares before the stock split is stated in the above.

The Company recognized share-based compensation cost of ¥982 million (\$6,503 thousand) and ¥1,081 million as “Selling, general and administrative” in the consolidated statements of income for the years ended March 31, 2024 and 2023, respectively, and the cost was measured as the fair value of the restricted shares as of the grant date. The deferred income tax benefit related to the cost was ¥301 million (\$1,993 thousand) and ¥331 million for the years ended March 31, 2024 and 2023, respectively. Unrecognized share-based compensation cost amounted to ¥244 million (\$1,616 thousand) and ¥249 million as of March 31, 2024 and 2023, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Derivatives

The Company operates internationally, and is exposed to market risks arising from fluctuations in foreign currencies, interest rates and certain commodity prices. The Company utilizes derivative financial instruments solely to reduce these risks.

The Company has established risk management policies for approval, reporting and monitoring of derivative financial instruments. The risk management policies prohibit the Company from holding or issuing derivative financial instruments for trading purposes. The summary of the Company's risk management policies and impact of these strategies on the Company's consolidated financial statements are as follows.

Cash Flow Hedges

The Company has entered into interest rate swap contracts to reduce the risks of fluctuations in interest rates pertaining to variable interest rate loans, and cross currency interest rate swap contracts to reduce the risks of fluctuations in interest rates and foreign currency exchange rates pertaining to loans denominated in foreign currencies. In addition, certain subsidiaries of the Company have entered into forward currency exchange contracts to reduce the risks of fluctuations in foreign currencies pertaining to forecasted import purchases and export sales from/to third parties and group companies, and related receivables and payables denominated in foreign currencies. If the Japanese yen weakens significantly against foreign currencies (primarily the U.S. dollar), the increase in the cash flows caused by increases of value in future foreign currency is offset by gains or losses in the value of the forward exchange contracts designated as hedges. Conversely, if the Japanese yen strengthens, the decrease in the cash flows caused by decreases of value in future foreign currency is offset by gains or losses in the value of the forward contracts designated as hedges.

Changes in the fair value of those derivative instruments designated or qualified as cash flow hedges are reported in "Accumulated other comprehensive income", net of applicable taxes, in the consolidated balance sheets. These amounts are reclassified into earnings in the same period during which the hedged items affect earnings.

As of March 31, 2024, the Company expects to reclassify ¥2 million (\$13 thousand) of unrealized losses on derivatives (before tax effect) from accumulated other comprehensive income to earnings during the next twelve months.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Derivatives (continued)

Derivatives Not Designated as Hedges

Certain subsidiaries of the Company have entered into forward currency exchange contracts or currency swap contracts to reduce the risks of fluctuations in foreign currency exchange pertaining to forecasted transactions, and related receivables and payables denominated in foreign currencies. Although these derivatives are effective as hedges from an economic perspective, certain subsidiaries of the Company do not designate these contracts as hedges as required in order to apply hedge accounting. As a result, changes in the fair value of these derivatives are recorded in earnings immediately.

Volume of Derivative Activities

Notional amounts of forward currency exchange contracts, currency swaps, cross currency interest rate swaps and other contracts as of March 31, 2024 and 2023 are summarized as follows:

	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Forward currency exchange contracts (short)	¥32,365	¥32,794	\$214,338
Forward currency exchange contracts (long)	9,816	8,836	65,007
Currency swaps	21,230	28,478	140,596
Cross currency interest rate swaps	–	16,344	–
Other	3,864	6,558	25,589

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Derivatives (continued)

Impacts on the Consolidated Financial Statements

The locations and amounts of fair values of derivatives in the consolidated balance sheets as of March 31, 2024 and 2023 are summarized as follows:

		Derivative assets		
		Balance sheet location	Fair value	
		2024	2023	2024
		<i>(Millions of yen)</i>	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Derivatives designated as hedging instruments				
Forward currency exchange contracts	Prepaid expenses and other	¥ 1	¥ –	\$ 7
Cross currency interest rate swaps	Prepaid expenses and other	–	3,474	–
Total		<u>1</u>	<u>3,474</u>	<u>7</u>
Derivatives not designated as hedging instruments				
Forward currency exchange contracts	Prepaid expenses and other	179	156	1,186
Currency swaps	Prepaid expenses and other	7	28	46
Other	Prepaid expenses and other	155	2,325	1,026
Total		<u>341</u>	<u>2,509</u>	<u>2,258</u>
Total derivative assets		<u>¥342</u>	<u>¥5,983</u>	<u>\$2,265</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Derivatives (continued)

Impacts on the Consolidated Financial Statements (continued)

		Derivative liabilities			
		Balance sheet location	Fair value		
			2024	2023	2024
			(Millions of yen)		(Thousands of U.S. dollars)
					(Note 3)
Derivatives designated as hedging instruments					
Forward currency exchange contracts	Other current liabilities		¥ 45	¥ 25	\$ 298
Total			45	25	298
Derivatives not designated as hedging instruments					
Forward currency exchange contracts	Other current liabilities		296	230	1,960
Currency swaps	Other current liabilities		1,510	1,106	10,000
Currency swaps	Other non-current liabilities		–	114	–
Total			1,806	1,450	11,960
Total derivative liabilities			¥1,851	¥1,475	\$12,258

The location and amounts of gains and losses related to derivatives recorded in the consolidated statements of income for the years ended March 31, 2024 and 2023 are summarized as follows:

Cash Flow Hedges	2024		
	Gains (losses) recognized in accumulated OCI on derivatives (Effective portion)	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	
	Amount	Statements of income location	Amount
	(Millions of yen)		
Forward currency exchange contracts	¥(1,141)	Foreign exchange gains (losses), net	¥(1,142)
Cross currency interest rate swaps	(177)	–	–
Total	¥(1,318)		¥(1,142)

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Derivatives (continued)

Impacts on the Consolidated Financial Statements (continued)

Cash Flow Hedges	2023			
	Gains (losses) recognized in accumulated OCI on derivatives (Effective portion)	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	Statements of income location	Amount
Amount	Amount			
<i>(Millions of yen)</i>				
Forward currency exchange contracts	¥(406)	Foreign exchange gains (losses), net		¥(412)
Cross currency interest rate swaps	67	–		–
Interest rate swaps	–	Interest expense		(34)
Total	¥(339)			¥(446)

Cash Flow Hedges	2024			
	Gains (losses) recognized in accumulated OCI on derivatives (Effective portion)	Gains (losses) reclassified from accumulated OCI into earnings (Effective portion)	Statements of income location	Amount
Amount	Amount			
<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>				
Forward currency exchange contracts	\$(7,556)	Foreign exchange gains (losses), net		\$(7,562)
Cross currency interest rate swaps	(1,172)	–		–
Total	\$(8,728)			\$(7,562)

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

18. Derivatives (continued)

Impacts on the Consolidated Financial Statements (continued)

Derivatives Not Designated as Hedges	Statements of income location	Amount		
		2024 <i>(Millions of yen)</i>	2023 <i>(Millions of yen)</i>	2024 <i>(Thousands of U.S. dollars) (Note 3)</i>
Forward currency exchange contracts	Foreign exchange gains (losses), net	¥3,556	¥ (211)	\$23,549
Currency swaps	Foreign exchange gains (losses), net	(2,890)	(413)	(19,139)
Other	Other, net	758	(1,217)	5,020
Total		¥1,424	¥(1,841)	\$ 9,430

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

19. Fair Value of Financial Instruments and Concentration of Credit Risk

Fair Value of Financial Instruments

The fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. Although management uses its best judgment in estimating the fair value of such instruments, the methodologies and assumptions for the estimate of fair value are inherently subjective. Consequently, the estimated amounts are not necessarily indicative of the amounts which could be realized or would be paid in a current market exchange. The following methodologies and assumptions are used in estimating the fair value of its financial instruments:

Cash and cash equivalents, Notes and accounts receivable, Short-term debt, Notes and accounts payable: The carrying amounts approximate the fair values because of the short maturity of these instruments.

Investment securities: The fair values of stocks with active markets are estimated based on quoted market prices. Debt securities with inactive markets are measured by using observable inputs, either directly or indirectly.

Long-term debt: The fair value of long-term debt is estimated based on quoted market prices or using discounted cash flow analysis based on the current incremental borrowing rates for similar types of borrowing arrangements. The fair values and the corresponding carrying amounts of long-term debt, including the current portion, were ¥315,942 million (\$2,092,331 thousand) and ¥267,789 million (\$1,773,437 thousand), respectively, as of March 31, 2024 and ¥368,455 million and ¥370,226 million, respectively, as of March 31, 2023.

The fair values of long-term debt as of March 31, 2024 and 2023 were classified as Level 2. The fair value hierarchy that prioritizes the inputs used in valuation techniques is described in Note 20 “Fair Value Measurement”.

Derivative financial instruments: The fair values of forward currency exchange contracts, currency swaps, cross currency interest rate swaps and interest rate swaps are estimated based on the market prices obtained from financial institutions or third parties, which are measured by observable inputs. The fair values and the carrying amounts of these derivative assets were ¥342 million (\$2,265 thousand) and ¥5,983 million, and those of derivative liabilities were ¥1,851 million (\$12,258 thousand) and ¥1,475 million, as of March 31, 2024 and 2023, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

19. Fair Value of Financial Instruments and Concentration of Credit Risk (continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of investment securities, trade accounts receivable and lease receivables, and derivatives.

Investment securities are exposed to risks such as fluctuations in market value, but the Company periodically reviews market values and the financial positions of the issuers and performs ongoing evaluations of holdings.

Trade accounts receivable and lease receivables are exposed to credit risks because they include the trade accounts receivable and lease receivables from certain major customers. However, the Company manages this risk by maintenance of customer's guarantee deposits and ongoing performance of credit evaluations. Allowances for doubtful accounts and credit losses are maintained at a level which the Company believes is sufficient to cover potential losses.

Regarding derivatives, the Company assumes the risk that might arise from the possible inability of counterparties to meet the terms of their contracts. The Company conducts such derivative transactions with high credit quality financial institutions to reduce risks.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

20. Fair Value Measurement

ASC 820 “Fair value measurement” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques into the following three levels, depending on the observability of those inputs:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than those classified as Level 1 such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (inactive markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs to the valuation techniques which are significant to the measurement of fair value of assets or liabilities.

Assets and liabilities that the Company measures at fair value on a recurring basis include investment securities, derivative assets and liabilities, and contingent consideration. The fair value hierarchy as of March 31, 2024 and 2023 is as follows:

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

20. Fair Value Measurement (continued)

	2024				Total
	Level 1	Level 2	Level 3	NAV	
	<i>(Millions of yen)</i>				
Assets:					
Investment securities					
Stocks	¥ 68,051	¥ –	¥ –	¥ –	¥ 68,051
Investment trusts, etc.	–	–	–	3,870	3,870
Other	–	–	81	–	81
Short-term derivative assets					
Forward currency exchange contracts	–	180	–	–	180
Currency swaps	–	7	–	–	7
Other	–	155	–	–	155
Liabilities:					
Short-term derivative liabilities					
Forward currency exchange contracts	–	341	–	–	341
Currency swaps	–	1,510	–	–	1,510
Other non-current liabilities					
Contingent consideration	–	–	2,368	–	2,368

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

20. Fair Value Measurement (continued)

	2023			Total
	Level 1	Level 2	Level 3	
	<i>(Millions of yen)</i>			
Assets:				
Investment securities				
Stocks	¥ 56,565	¥ –	¥ –	¥ 56,565
Investment trusts, etc.	–	–	3,634	3,634
Short-term derivative assets				
Forward currency exchange contracts	–	156	–	156
Currency swaps	–	28	–	28
Cross currency interest rate swaps	–	3,474	–	3,474
Other	–	2,325	–	2,325
Liabilities:				
Short-term derivative liabilities				
Forward currency exchange contracts	–	255	–	255
Currency swaps	–	1,106	–	1,106
Long-term derivative liabilities				
Currency swaps	–	114	–	114
Other non-current liabilities				
Contingent consideration	–	–	323	323

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

20. Fair Value Measurement (continued)

	2024				Total
	Level 1	Level 2	Level 3	NAV	
	<i>(Thousands of U.S. dollars)</i>				
	<i>(Note 3)</i>				
Assets:					
Investment securities					
Stocks	\$ 450,669	\$ –	\$ –	\$ –	\$ 450,669
Investment trusts, etc.	–	–	–	25,629	25,629
Other	–	–	536	–	536
Short-term derivative assets					
Forward currency exchange contracts	–	1,192	–	–	1,192
Currency swaps	–	46	–	–	46
Other	–	1,026	–	–	1,026
Liabilities:					
Short-term derivative liabilities					
Forward currency exchange contracts	–	2,258	–	–	2,258
Currency swaps	–	10,000	–	–	10,000
Other non-current liabilities					
Contingent consideration	–	–	15,682	–	15,682

Assets classified as Level 1 include principally listed stocks, which were valued using unadjusted quoted prices in active markets for identical assets. Assets and liabilities classified as Level 2 include principally derivatives. Derivative assets and liabilities were classified as Level 2 because they were valued based on market approach using inputs that were corroborated by observable market data obtained from financial institutions or third parties. Assets and liabilities classified as Level 3 include principally contingent consideration, which were valued using unobservable inputs that were significant to the measurement of their value. Certain assets that are measured at fair value using NAV per share applied by practical expedient, have not been classified in the fair value hierarchy. In addition, changes in assets and liabilities classified as the fair value hierarchy Level 3 are not disclosed since their amounts are not material.

For the years ended March 31, 2024 and 2023, assets and liabilities measured at fair value on a nonrecurring basis were not material.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

21. Finance Receivables

Finance Receivables and Allowance for Doubtful Finance Receivables

Finance receivables are evaluated individually or collectively, based on the financial positions of its customers and delays in payment. For collectively evaluated financing receivables, the allowance is determined by using percentages based on historical losses, whereas for individually evaluated financing receivables, the allowance is determined by using percentages based on the financial positions of individual customer. The credit quality of finance receivables is reviewed every quarter based on the financial positions of customers and delays in payment. Where the Company estimates that the credit quality of a particular receivable has decreased significantly, an allowance is individually recorded. Finance receivables are charged-off when it becomes clear that the finance receivables will be uncollectable according to a decision of court.

The following table provides the roll-forward of allowance for doubtful finance receivables (excluding trade accounts receivable due within one year) for the year ended March 31, 2023, and the breakdown of balances as of March 31, 2023.

	2023
	<i>(Millions of yen)</i>
Allowance for doubtful finance receivables:	
Balance, as of April 1	¥(7,240)
Charge-offs	1,284
(Provisions)/Reversal	1,235
Other	(244)
Balance, as of March 31	¥(4,965)
Ending balance: individually evaluated for impairment	(2,832)
Ending balance: collectively evaluated for impairment	(2,133)

Information about finance receivables, excluding trade accounts receivable due within one year, as of March 31, 2023 is as follows:

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

21. Finance Receivables (continued)

Finance Receivables and Allowance for Doubtful Finance Receivables (continued)

	<u>2023</u>
	<i>(Millions of yen)</i>
Finance receivables:	
Balance, as of March 31	¥95,525
Ending balance: individually evaluated for impairment	2,853
Ending balance: collectively evaluated for impairment	92,672

There were no material purchases or sales in finance receivables occurred during the year ended March 31, 2023.

Past Due Finance Receivables

Past due finance receivables, excluding trade accounts receivable due within one year, as of March 31, 2023 are as follows:

	<u>2023</u>
	<i>(Millions of yen)</i>
31-90 days	¥ 610
Greater than 90 days	3,207
Total	<u>¥3,817</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

22. Credit Quality of Financial Assets and Allowance for Credit Losses

An allowance for credit losses is accounted for by estimating all credit losses expected to occur in future over the remaining life of financial assets.

In recognizing the allowance for credit losses, the Company manages the credit quality of financial assets as individually evaluated receivables and collectively evaluated receivables. Financial assets are evaluated individually or collectively based on historical credit losses, including the financial positions of its customers and delays in payment, and reasonable and supportable forecasts.

Receivables are classified as individually evaluated receivables when the Company estimates that their credit quality has decreased significantly based on the financial positions of customers and delays in payment. Other receivables are classified as collectively evaluated receivables.

For collectively evaluated receivables, when it is determined that a particular financial asset has similar risk characteristics with other financial assets, the allowance for credit losses is determined, on a pool basis, by using percentages based on historical experience and reasonable and supportable forecasts. For individually evaluated receivables, their credit quality is reviewed every quarter based on the financial positions of customers and delays in payment, and an allowance is individually recorded.

Financial assets are charged-off when it becomes clear that the financial assets will be uncollectable according to a decision of court.

The following table provides the roll-forward of allowance for credit losses on trade accounts receivable and lease receivables for the year ended March 31, 2024, and the breakdown of balances of the allowance for credit losses on trade accounts receivable and lease receivables as of March 31, 2024.

	2024		
	Trade accounts receivable	Lease receivables	Total
	<i>(Millions of yen)</i>		
Balance, as of April 1	¥14,484	¥4,965	¥19,449
Provisions/(Reversal)	1,920	(56)	1,864
Charge-offs	(2,161)	(1,101)	(3,262)
Other (Note)	1,439	1,065	2,504
Balance, as of March 31	<u>¥15,682</u>	<u>¥4,873</u>	<u>¥20,555</u>
Ending balance: collectively evaluated for impairment	5,839	1,685	7,524
Ending balance: individually evaluated for impairment	9,843	3,188	13,031

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

22. Credit Quality of Financial Assets and Allowance for Credit Losses (continued)

	2024		
	Trade accounts receivable	Lease receivables	Total
	<i>(Thousands of U.S. dollars)</i>		
	<i>(Note 3)</i>		
Balance, as of April 1	\$95,920	\$32,881	\$128,801
Provisions/(Reversal)	12,715	(371)	12,344
Charge-offs	(14,311)	(7,291)	(21,602)
Other (Note)	9,530	7,053	16,583
Balance, as of March 31	<u>103,854</u>	<u>32,272</u>	<u>136,126</u>
Ending balance: collectively evaluated for impairment	38,669	11,159	49,828
Ending balance: individually evaluated for impairment	65,185	21,113	86,298

(Note) Other represents mainly changes due to the fluctuation in exchange rates and the adoption of ASU 2016-13.

Lease receivables by the origination year as of March 31, 2024 are as follows.

	2024						Total
	Origination year (at the end of year: March 31)						
	2023	2022	2021	2020	2019	2018 or before	
	<i>(Millions of yen)</i>						
Lease receivables							
Collectively evaluated for impairment	¥37,054	¥24,536	¥16,254	¥9,247	¥2,345	¥ 672	¥90,108
Individually evaluated for impairment	458	393	488	587	478	2,032	4,436
Total	<u>¥37,512</u>	<u>¥24,929</u>	<u>¥16,742</u>	<u>¥9,834</u>	<u>¥2,823</u>	<u>¥2,704</u>	<u>¥94,544</u>

	2024						Total
	Origination year (at the end of year: March 31)						
	2023	2022	2021	2020	2019	2018 or before	
	<i>(Thousands of U.S. dollars)</i>						
	<i>(Note 3)</i>						
Lease receivables							
Collectively evaluated for impairment	\$245,391	\$162,490	\$107,642	\$61,239	\$15,530	\$ 4,450	\$596,742
Individually evaluated for impairment	3,033	2,603	3,232	3,887	3,165	13,457	29,377
Total	<u>\$248,424</u>	<u>\$165,093</u>	<u>\$110,874</u>	<u>\$65,126</u>	<u>\$18,695</u>	<u>\$17,907</u>	<u>\$626,119</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

22. Credit Quality of Financial Assets and Allowance for Credit Losses (continued)

Past due lease receivables as of March 31, 2024 are as follows.

2024			
Past due receivables			
30-90 days	Greater than 90 days	Total	Total finance receivables
<i>(Millions of yen)</i>			
Lease receivables	¥372	¥2,325	¥2,697
			¥94,544

2024			
Past due receivables			
30-90 days	Greater than 90 days	Total	Total finance receivables
<i>(Thousands of U.S. dollars)</i>			
<i>(Note 3)</i>			
Lease receivables	\$2,464	\$15,397	\$17,861
			\$626,119

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue

If a contract with a customer includes multiple performance obligations, the transaction price of multiple contracts will be allocated based on the standalone selling price of each individually sold product (if the standalone selling price is not directly observable, then it will be based on an assumed selling price when sold individually).

Costs incurred by the Company in connection with sales incentives related to purchase or promotion of the Company's products are classified as reduction of revenue. Such costs include the estimated cost of promotional discounts and dealer volume rebates. These costs are mainly based on claims from customers / dealers or amount calculated in accordance with agreements to the extent that there is likely to be no significant reversal of cumulative revenue recognized.

Contracts that are expected, at the start of contracts, to be fulfilled within one year from when the Company transfers the promised goods or services to the customer to the time at which the customer issues payment for these goods or services do not include the effect of the time value of money in the promised compensation.

Revenue Recognized from Contracts with Customers and Other Sources

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Revenue recognized from contracts with customers	¥2,851,339	¥2,758,664	\$18,883,040
Revenue recognized from other sources	109,577	100,377	725,675
Total	<u>¥2,960,916</u>	<u>¥2,859,041</u>	<u>\$19,608,715</u>

Revenue recognized from other sources is revenue recognized from lease commitments.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue (continued)

Association between Disaggregated Revenue, Segment Revenue and Timing of Satisfaction of Performance Obligations

The disaggregated revenue by geographic segment, attributed to the locations of the external customers, is as follows:

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Japan	¥1,049,550	¥1,026,295	\$ 6,950,662
The Americas	641,784	656,909	4,250,226
Europe	470,573	430,350	3,116,377
Asia and others	799,009	745,487	5,291,450
Revenue total	<u>¥2,960,916</u>	<u>¥2,859,041</u>	<u>\$19,608,715</u>

Of revenue for the year ended March 31, 2024, amounts classified as revenue recognized from other sources were ¥48,405 million (\$320,563 thousand) for Japan, ¥4,121 million (\$27,291 thousand) for the Americas, ¥716 million (\$4,742 thousand) for Europe, and ¥56,335 million (\$373,079 thousand) for Asia and others. Of revenue for the year ended March 31, 2023, amounts classified as revenue recognized from other sources were ¥39,285 million for Japan, ¥3,846 million for the Americas, ¥753 million for Europe, and ¥56,493 million for Asia and others.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue (continued)

The disaggregated revenue by operating segment is as follows.

The non-destructive inspection equipment / materials, which had been included in other highly functional materials, was transferred to medical systems and accordingly, information for the year ended March 31, 2023 was prepared using the classification method after the changes to the operating segments. The summary of the changes is described in Note 25 “Segment Information”.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Healthcare:			
Medical systems	¥ 659,563	¥ 622,099	\$ 4,367,967
Bio CDMO	203,448	194,165	1,347,338
LS solutions	112,070	112,611	742,185
Total	<u>975,081</u>	<u>928,875</u>	<u>6,457,490</u>
Materials:			
Electronic materials	199,724	180,616	1,322,675
Display materials	78,276	70,136	518,385
Other highly functional materials	80,427	89,106	532,629
Graphic communication	331,614	341,935	2,196,119
Total	<u>690,041</u>	<u>681,793</u>	<u>4,569,808</u>
Business Innovation:			
Office solutions	524,383	555,455	3,472,735
Business solutions	301,753	282,625	1,998,364
Total	<u>826,136</u>	<u>838,080</u>	<u>5,471,099</u>
Imaging:			
Consumer imaging	297,569	266,866	1,970,656
Professional imaging	172,089	143,427	1,139,662
Total	<u>469,658</u>	<u>410,293</u>	<u>3,110,318</u>
Revenue total	<u>¥2,960,916</u>	<u>¥2,859,041</u>	<u>\$19,608,715</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue (continued)

Of revenue for the year ended March 31, 2024, amounts classified as revenue recognized from other sources were ¥3,603 million (\$23,861 thousand) for medical systems, ¥1,957 million (\$12,960 thousand) for bio CDMO, ¥6,234 million (\$41,285 thousand) for graphic communication, ¥70,826 million (\$469,046 thousand) for office solutions, ¥24,782 million (\$164,119 thousand) for business solutions, and ¥2,175 million (\$14,404 thousand) for consumer imaging. Of revenue for the year ended March 31, 2023, amounts classified as revenue recognized from other sources were ¥3,097 million for medical systems, ¥1,843 million for bio CDMO, ¥9,150 million for graphic communication, ¥61,948 million for office solutions, ¥22,313 million for business solutions, and ¥2,026 million for consumer imaging.

(1) Healthcare

In the Healthcare segment, primarily for sale of materials for medical systems such as X-ray films, revenue is recognized when goods are delivered or shipped to customers, depending on the timing of title and risk transfer from the Company to customers. For certain equipment which requires customer acceptance such as digital endoscopes and ultrasound imaging and diagnostic systems, revenue is recognized when equipment is installed and customer acceptance is obtained. In addition, revenue from provision of maintenance services for medical systems, etc. is recognized when the services are provided to customers. In the bio CDMO business, for certain contracts for which there is no potential for transfer and which have an enforceable right to receive payment from the customer for completed performance, revenue is recognized for the performance in the current year according to the progress based on costs.

(2) Materials

In the Materials segment, for sale of electronic materials such as semiconductor processing materials, display materials such as protective films for polarizers, reagents, highly functional materials such as magnetic tapes for computers, and materials for graphic systems such as CTP plates, revenue is recognized when goods are delivered or shipped to customers, depending on the timing of title and risk transfer from the Company to customers. For certain equipment which requires customer acceptance, including inkjet equipment such as Inkjet Digital Presses, revenue is recognized when equipment is installed and customer acceptance is obtained.

(3) Business Innovation

In the Business Innovation segment, primarily for certain equipment which requires customer acceptance, including equipment such as digital MFPs, revenue is recognized when equipment is installed and customer acceptance is obtained. In addition, mainly managed print services and business process outsourcing services are provided as services. Revenue from these services is recognized when the services are provided to customers.

(4) Imaging

In the Imaging segment, primarily for sale of instant photo systems, color films, color paper for photo printing, and digital cameras, revenue is recognized when goods are delivered or shipped to customers, depending on the timing of title and risk transfer from the Company to customers. In addition, primarily for provision of services for photo printing, revenue is recognized when the services are provided to customers.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue (continued)

Contract Balance

The breakdown of contract balances as of March 31, 2024 and 2023 is as follows.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 3)</i>
Receivables from contracts with customers	¥629,496	¥578,744	\$4,168,848
Contract liabilities	115,121	98,355	762,391
Contract assets	36,097	36,006	239,053

Contract assets relate to the right to receive consideration. The performance obligations based on the contract have been satisfied, and the contract assets are reclassified to trade accounts receivable when the right to consideration becomes unconditional.

Contract liabilities are the portion of consideration received from the customer prior to satisfaction of the performance obligations based on the contract, and are reclassified to revenue upon satisfaction of the corresponding performance obligations.

Revenue recognized in the years ended March 31, 2024 and 2023 and included in the balance of contract liabilities at the beginning of the year were ¥79,658 million (\$527,536 thousand) and ¥112,941 million, respectively.

Revenue recognized from the satisfaction (or partial satisfaction) of performance obligations in past periods was not material for the years ended March 31, 2024 and 2023.

Transaction Price Allocated to Remaining Performance Obligations

As of March 31, 2024, the transaction price allocated to unsatisfied performance obligations for contracts with an individual estimated contract period exceeding one year is ¥314,257 million (\$2,081,172 thousand). This transaction price primarily relates to contract development and manufacturing organization of biopharmaceuticals and maintenance service contracts for equipment sold to customers. This transaction price is expected to be recognized as revenue over a period of approximately one to five years. In addition, the relevant disclosure is omitted for contracts with an individual estimated contract period of less than one year.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

23. Revenue (continued)

Assets Recognized from the Costs to Obtain or Fulfill a Contract with a Customer

The Company identifies the portion which is expected to be recoverable of the incremental cost to obtain a contract with a customer and fulfillment cost directly related to the contract as an acquired asset and recognizes it in “Prepaid expenses and other” of “Current assets” and “Other” of “Other assets” in the consolidated balance sheets.

The costs to fulfill contracts capitalized by the Company include expenses for surveys performed to optimize overall print environments of printer devices for offices which are conducted before providing outsourcing services, including maintenance, for printing devices within offices in the Business Innovation segment. These assets are amortized equally over a period of approximately one to ten years based on the estimated contract period. In addition, when the amortization period of the asset to be identified is within one year, practical expedients are applied and the incremental cost of the contract is expensed as incurred.

	<u>2024</u>	<u>2023</u>	<u>2024</u>
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Assets recognized from the costs to obtain contracts	¥ 1	¥ 2	\$ 7
Assets recognized from the costs to fulfill contracts	<u>1,621</u>	<u>1,668</u>	<u>10,735</u>
Total	<u>¥1,622</u>	<u>¥1,670</u>	<u>\$10,742</u>

Aggregate amortization expenses for identifiable assets acquired from the cost of contract for the years ended March 31, 2024 and 2023 were ¥855 million (\$5,662 thousand) and ¥1,003 million, respectively.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Acquisition and Sale of Business

Acquisition of Semiconductor Process Chemical Business of Entegris, Inc.

On October 2, 2023 (EST), the Company made CMC Materials KMG Corporation, which operates semiconductor process chemical business globally and was a group company of Entegris, Inc., a U.S. semiconductor materials manufacturer, a wholly owned subsidiary in order to accelerate the growth of the electronic materials business. All issued shares of CMC Materials KMG Corporation were acquired with cash.

The purchase price amounted to ¥109,605 million (\$725,861 thousand), and the allocation of purchase price was completed as of March 31, 2024. Assets acquired and liabilities assumed are summarized as follows:

	CMC Materials KMG Corporation	
	<i>(Millions of yen)</i>	<i>(Thousands of U.S. dollars)</i>
		<i>(Note 3)</i>
Current assets	¥ 21,983	\$145,583
Property, plant and equipment	15,884	105,192
Goodwill and other intangible assets	87,482	579,351
Investments and other assets	1,106	7,325
Current liabilities	6,015	39,835
Non-current liabilities	10,835	71,755
Equity acquired	¥109,605	\$725,861

Customer-based and technology-based intangible assets were recognized at ¥33,404 million (\$221,219 thousand) and ¥4,494 million (\$29,762 thousand), and will be amortized over 26 years and 6.5 years, respectively. Goodwill was recognized at ¥48,818 million (\$323,298 thousand) and allocated to the Materials segment, attributable primarily to expected future growth and synergies with existing businesses. The goodwill is not deductible for tax purposes.

The acquisition related costs are recorded in “Selling, general and administrative” in the consolidated statements of income. The amounts are not material.

Results of operations after the acquisition date of the business acquired through this acquisition are included in the consolidated statements of income. The amounts are not material.

The disclosure of pro forma information regarding revenue and net income attributable to FUJIFILM Holdings as though the acquisition had been made on April 1, 2022 is omitted because the effect on the Company’s consolidated financial statements would be immaterial.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

24. Acquisition and Sale of Business (continued)

Sale of Electronic Medical Record and Medical-Receipt Systems Related Business

On March 31, 2023, FUJIFILM Healthcare Corporation, a consolidated subsidiary of the Company, entered into a share transfer agreement with Wemex Corporation to sell all outstanding shares of a new company, a wholly owned subsidiary to be established by FUJIFILM Healthcare Corporation, to which the electronic medical record and medical-receipt systems related business of FUJIFILM Healthcare Systems Corporation, is succeeded. In accordance with the share transfer agreement, FUJIFILM Healthcare Corporation transferred 100% of total shares of the new company held by FUJIFILM Healthcare Corporation (100% of total number of issued shares) to Wemex Corporation on October 2, 2023. Accordingly, the Company lost control of the new company.

Due to loss of control of the new company, gain on sale of ¥3,274 million (\$21,682 thousand) was recorded and included in “Selling, general and administrative” in the consolidated statements of income.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

25. Segment Information

Operating Segments

The Company's following four operating segments reflect how management reviews operating results and makes decisions about allocation of resources, and are determined based upon similarity in manufacturing technology, manufacturing processes, distribution methods and markets.

The Healthcare segment develops, manufactures, sells and provides services of equipment and materials for medical systems, contract development and manufacturing organization of biopharmaceuticals, iPSC cells (regenerative medicine), drug discovery support such as cell culture media and reagents, pharmaceuticals, cosmetics and supplements, and other related products. The Materials segment develops, manufactures, sells and provides services of electronic materials, display materials, industrial equipment, fine chemicals, equipment and materials for graphic communication, inks and industrial inkjet printheads, and other related products. The Business Innovation segment develops, manufactures, sells and provides services of digital MFPs, solutions and services, and other related products. The Imaging segment develops, manufactures, sells and provides services of instant photo systems, color films, services and equipment for photofinishing, digital cameras, optical devices, and other related products.

The non-destructive inspection equipment / materials, which had been included in the industrial products business, has been changed from the Materials segment to the Healthcare segment since the consolidated fiscal year under review in order to promote more synergies with equipment and materials for medical systems in development, manufacturing and sales. Segment information for the year ended March 31, 2023 was prepared using the classification method after the changes to the operating segments.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

25. Segment Information (continued)

Operating Segments (continued)

a. Revenue

	Year ended March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Healthcare:			
External customers	¥ 975,081	¥ 928,875	\$ 6,457,490
Intersegment	51	93	338
Total	<u>975,132</u>	<u>928,968</u>	<u>6,457,828</u>
Materials:			
External customers	690,041	681,793	4,569,808
Intersegment	1,227	1,241	8,126
Total	<u>691,268</u>	<u>683,034</u>	<u>4,577,934</u>
Business Innovation:			
External customers	826,136	838,080	5,471,099
Intersegment	6,322	9,002	41,868
Total	<u>832,458</u>	<u>847,082</u>	<u>5,512,967</u>
Imaging			
External customers	469,658	410,293	3,110,318
Intersegment	1,543	2,290	10,218
Total	<u>471,201</u>	<u>412,583</u>	<u>3,120,536</u>
Eliminations	<u>(9,143)</u>	<u>(12,626)</u>	<u>(60,550)</u>
Consolidated total	<u>¥2,960,916</u>	<u>¥2,859,041</u>	<u>\$19,608,715</u>

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

25. Segment Information (continued)

Operating Segments (continued)

b. Segment profit or loss

	Year ended March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Operating income:			
Healthcare	¥ 97,378	¥102,770	\$ 644,887
Materials	42,897	65,466	284,086
Business Innovation	70,750	69,491	468,543
Imaging	101,947	72,876	675,146
Total	312,972	310,603	2,072,662
Corporate expenses and eliminations	(36,247)	(37,524)	(240,046)
Consolidated operating income	276,725	273,079	1,832,616
Other income (expenses)	40,563	9,145	268,629
Consolidated income before income taxes	¥317,288	¥282,224	\$2,101,245

c. Total assets

	March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Total assets:			
Healthcare	¥2,180,483	¥1,749,744	\$14,440,285
Materials	1,192,182	1,073,978	7,895,245
Business Innovation	990,179	946,508	6,557,477
Imaging	321,907	293,891	2,131,834
Total	4,684,751	4,064,121	31,024,841
Eliminations	(19,929)	(16,508)	(131,980)
Corporate assets	118,638	86,698	785,682
Consolidated total	¥4,783,460	¥4,134,311	\$31,678,543

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

25. Segment Information (continued)

Operating Segments (continued)

d. Other significant items

	Year ended March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Depreciation and amortization:			
Healthcare	¥ 56,859	¥ 50,481	\$ 376,550
Materials	37,595	32,791	248,973
Business Innovation	38,236	42,248	253,219
Imaging	14,768	14,079	97,801
Total	147,458	139,599	976,543
Corporate expenses	2,556	2,616	16,927
Consolidated total	¥150,014	¥142,215	\$ 993,470
Capital expenditures:			
Healthcare	¥347,208	¥219,808	\$2,299,391
Materials	46,731	44,664	309,477
Business Innovation	16,687	12,646	110,510
Imaging	10,103	9,569	66,907
Total	420,729	286,687	2,786,285
Corporate expenses	1,344	1,619	8,900
Consolidated total	¥422,073	¥288,306	\$2,795,185

Transfers between operating segments are generally based on market price. Corporate expenses in “b. Segment profit or loss”, are those expenses related to the Corporate Division of the Company. Corporate assets in “c. Total assets”, consist primarily of cash and cash equivalents as well as investment securities held for general corporate-wide purposes. Corporate expenses, in the “d. Other significant items”, relate to facilities and equipment held by the Company for company-wide purposes. Capital expenditures in the above table represent the purchase amount of property, plant and equipment (on goods-receipt basis) by each segment.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

25. Segment Information (continued)

Operating Segments (continued)

The Company will reclassify graphic communications business, which is included in the Materials segment, into the Business Innovation segment from the year ending March 31, 2025. Integration into the Business Innovation segment will, with the business solutions business and the office solutions business, increase the Business Innovation business value as the only solution partner that provides services in all printing areas from office and commercial printing to industrial printing. In conjunction with this change, the Materials segment and the electronic materials business will be renamed the Electronics segment and the semiconductor materials business, respectively. As a group of businesses in the electronics field centered on semiconductors, the Company will accelerate its growth by utilizing its unique strength.

The information on amounts of revenue, segment profit or loss, total assets, and other significant items by operating segment for the year ended March 31, 2024 using the classification method after changes is currently in the process of being calculated.

Geographic Segments Information

a. Revenue

Revenue from external customers, which are attributed to the location of the customers, for the years ended March 31, 2024 and 2023 are as follows:

	Year ended March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Japan	¥1,049,550	¥1,026,295	\$ 6,950,662
The Americas	641,784	656,909	4,250,226
Europe	470,573	430,350	3,116,377
Asia and others	799,009	745,487	5,291,450
Consolidated total	¥2,960,916	¥2,859,041	\$19,608,715

Revenue of The Americas is primarily related to operations in the United States.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

25. Segment Information (continued)

Geographic Segments Information (continued)

b. Long-lived assets

Long-lived assets as of March 31, 2024 and 2023 are as follows:

	March 31		
	2024	2023	2024
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 3)</i>
Japan	¥ 385,506	¥369,407	\$2,553,020
The Americas	447,731	244,704	2,965,106
Europe	488,537	293,885	3,235,344
Asia and others	73,961	68,115	489,808
Consolidated total	¥1,395,735	¥976,111	\$9,243,278

Long-lived assets of The Americas are primarily related to operations in the United States.

Major Customers and Other Information

No single customer of the Company accounted for more than 10% of consolidated revenue for each of the years ended March 31, 2024 and 2023.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Events

Stock Split and Partial Amendment to the Articles of Incorporation in Connection with the Stock Split

Based on the resolution of the Board of Directors meeting held on February 8, 2024, the Company conducted a stock split and partially amended its Articles of Incorporation in connection with the stock split as of April 1, 2024.

Purpose of stock split

The purpose is to create an environment where individual investors can invest more easily and expand the investor base by lowering the price per investment unit through the stock split.

Outline of stock split

(1) Method of stock split

With Sunday, March 31, 2024 as the record date (since this day falls on a non-business day of the shareholder registry administrator, the substantial record date is Friday, March 29, 2024), each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date was split into three shares.

(2) Number of shares to be increased by stock split

Total number of issued shares before the stock split	414,625,728 shares
Number of shares increased by the stock split	829,251,456 shares
Total number of issued shares after the stock split	1,243,877,184 shares
Total number of issuable shares after the stock split	2,400,000,000 shares

Schedule

Public notice of record date	Monday, March 11, 2024
Record date	Sunday, March 31, 2024
Effective date	Monday, April 1, 2024

Impact on per share information

Impact on per share information is described in Note 16 “Net Income Attributable to FUJIFILM Holdings per Share”.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

26. Subsequent Events (continued)

Stock Split and Partial Amendment to the Articles of Incorporation in Connection with the Stock Split (continued)

Amendment of Articles of Incorporation

(1) Reason for amendment

In connection with the stock split, the total number of issuable shares as set forth in Article 6 of the Company's Articles of Incorporation was amended, effective as of Monday, April 1, 2024, in accordance with Article 184, Paragraph 2 of the Companies Act.

(2) Details of amendment

The details of the amendment are as follows:

(Underlining indicates amendment)	
Current Articles of Incorporation	Following the amendment
Chapter II Shares	Chapter II Shares
Article 6. The total number of issuable shares is <u>800,000,000</u> shares.	Article 6. The total number of issuable shares is <u>2,400,000,000</u> shares.

Schedule for amendment

Date of resolution of the Board of Directors: Thursday, February 8, 2024
 Effective date: Monday, April 1, 2024

Other

(1) Change in the amount of capital

There will be no change in the amount of capital as a result of the stock split.

(2) Dividends

As the effective date of the stock split is April 1, 2024, the year-end dividend for the year ended March 31, 2024 with a record date of March 31, 2024 will be paid based on the number of shares before the stock split.

FUJIFILM Holdings Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Issuance of corporate bonds

At the Board of Directors meeting held on June 27, 2024, the Company approved a comprehensive resolution regarding the issuance of domestic unsecured straight bonds.

1.	Type of corporate bonds	Domestic unsecured straight bonds
2.	Total amount of corporate bonds to be offered	Up to ¥200 billion (\$1,324,503 thousand) (However, multiple issues within the scope of this amount are not ruled out.)
3.	Amount to be paid in	¥100 (\$0.66) and more per face value of ¥100 (\$0.66)
4.	Maturity date	Within 10 years
5.	Redemption method	Lump-sum redemption at maturity
6.	Period of issuance	From July 1, 2024 to September 30, 2024
7.	Interest rate	Using an interest rate that is higher than national government bond yield that corresponds to the said maturity of the issued bonds by no more than 0.6%
8.	Special clause	A restrictive covenant on collateral pledges is attached
9.	Use of proceeds	Investment and financing, redemption of bonds, redemption of commercial papers, repayment of borrowings, etc.
10.	Other	The matters stipulated in each item of Article 676 of the Companies Act and any other necessary matter shall be determined by the discretionary judgment of the Representative Director within the scope of jurisdiction of resolutions of the Board of Directors.