

# 04

Chapter

## Strategies for Business Growth

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# Strategies by Business Segment

## Healthcare

Relevant materiality



Environment



Health



Our Healthcare segment consists of Medical Systems, which includes medical IT and equipment, and LS Solutions, which includes the Bio CDMO\*<sup>1</sup>, Life Sciences, Pharmaceuticals, Consumer Healthcare and CRO\*<sup>2</sup> businesses.

In the life sciences field, we have positioned CDMO and drug discovery support as priority businesses.

\*1 Abbreviation for Contract Development & Manufacturing Organization, which offers services to pharmaceutical companies ranging from cell line development in the early stages of drug development, stability testing, and development and manufacturing of clinical trial drugs to commercial drug manufacturing.

\*2 Abbreviation of Contract Research Organization, which provides services such as drug efficacy evaluation and safety testing, and support pharmaceutical research and development conducted by pharmaceutical companies, bio-ventures, academia, etc.

\*3 According to a survey by Signify Research

Share of the global market for PACS (picture archiving and communication system)

**No. 1**<sup>\*3</sup>

Medical-use PACS SYNAPSE



## Business Environment

### Opportunities

The aging of society is increasing medical expenses, and at the same time, harsh working conditions in the medical field driven by a shortage of medical personnel are becoming apparent. In addition, there are many diseases for which effective treatments have yet to be established, such as cancer, rare diseases and new infectious diseases. Biopharmaceuticals, which have fewer side effects and are expected to be highly effective, have been attracting attention in recent years as a means of treating and preventing these diseases. They have grown to account for approximately 40% of the global pharmaceutical market, and the market size of the CDMO business, which develops production processes and contracts out manufacturing, continues to expand at an annual rate of approximately 15%.

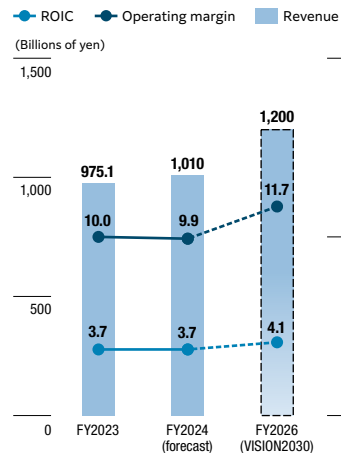
### Risks

Unforeseeable large-scale changes in medical administration policies due to healthcare system reforms, tighter laws and regulations affecting medical devices, the postponement or cancellation of new drug development by pharmaceutical companies and changes in the business environment as the difficulty of drug discovery increases, and intensifying competition in the biopharmaceutical process development and contract manufacturing market because of technological innovation are recognized as risks.

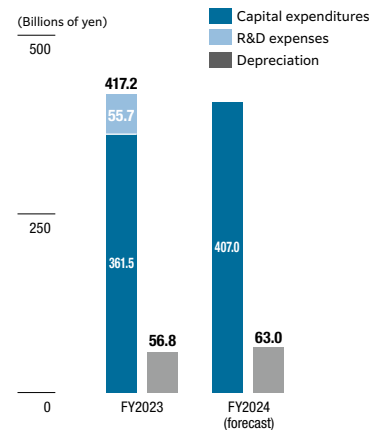
### Competitive Advantages

- Image processing and AI technologies for providing images suitable for diagnosis
- Advanced chemical compounds, design capabilities and nanotechnologies that enable development of pharmaceuticals to address unmet medical needs
- High levels of technological capabilities to manufacture under consistent conditions and with superior quality control utilized in the process development and manufacturing of biopharmaceuticals
- World-leading iPS cell initialization and differentiation induction technology, and culture medium development capabilities

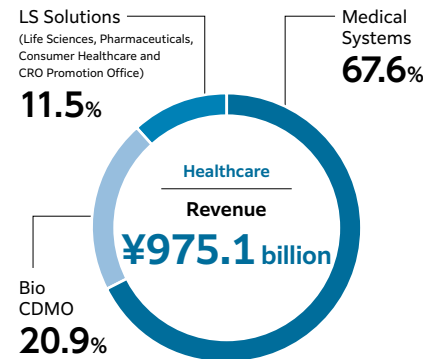
### Segment results



### Capital expenditures, R&D expenses and depreciation



### Revenue ratio by segment (FY2023)



Notes: 1. ROIC for FY2024 is based on the initial full-year forecast (announced in May 2024).  
2. R&D expenses forecasts are not disclosed by segment.

# Medical Systems

## Long-Term Competitive Environment and Major Risks

- Shift to focusing on "prevention, early diagnosis and early treatment" as a means of curbing escalating medical expenditures
- Increased need for operational efficiency in hospital management against a backdrop of physician shortages
- Intensifying price competition in each product line due to the addition of emerging manufacturers to existing competitors

## Basic Strategies and Actions

### Diverse equipment lineup and deepening of IT and AI technology to enhance our presence

- In addition to clinical value, create products and services that contribute to solving challenges in medical settings, such as providing workflow support
- Promote differentiation through solution proposals based on IT/AI and linkage with other equipment, rather than on stand-alone devices

### Expansion of recurring business leveraging IT and AI technology

- In the next three years, focus on accelerating IT implementation of various equipment and expand our market share, which will serve as the earnings base for our recurring business

### Acceleration of business in health screening

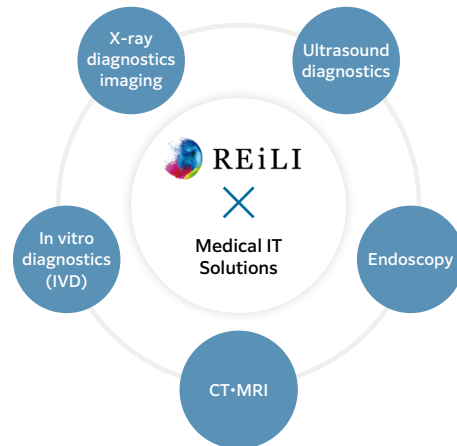
- Expand existing business in health screening
- Expand NURA, a health screening center focusing on cancer screening, to 100 locations worldwide, mainly in emerging countries

## TOPICS / Opened Southeast Asia's first NURA center in Hanoi, Vietnam

In July 2024, Fujifilm opened the NURA health screening center in Hanoi, Vietnam. NURA uses Fujifilm's medical equipment and AI technology to provide high-precision health screening services aimed at the early detection of cancer and lifestyle-related diseases. We opened the first center in Bengaluru, India, in 2021. We currently have four centers in India, two in Mongolia and one in Vietnam. An entire examination is completed in about 120 minutes, and after the examination, patients can receive an explanation of the results from the doctor while checking the diagnostic image on the spot. In Vietnam, non-communicable diseases such as cancer and ischemic heart disease are the leading causes of death, and while regular health examinations are mandatory, the rate of health examinations is low at around 3.5%. By forming an alliance with VIETNAM JAPAN HEALTH TECHNOLOGY JOINT STOCK COMPANY, which operates the T-Matsuoka Medical Center in Vietnam, and building an environment that provides high-quality health screening services in Vietnam, we aim to contribute to the early detection and treatment of these diseases and to establish a culture of health screening in Vietnam.



Grand opening ceremony



## Products

Diagnostic imaging system					Medical IT	IVD
CT	MRI	Fluoroscopy system	General radiography system	Mammography	HER*1/HIS*2	
Mobile X-ray system	DR panels/CR	Bone densitometer	Ultrasound system	Endoscopy	PACS	

\*1 Health Electronic Record  
\*2 Hospital Information System

# Life Sciences

## Bio CDMO

### Long-Term Competitive Environment and Major Risks

- As the market for antibody drugs is growing (CAGR +8%), backed by strong investment by pharmaceutical companies, CDMO companies are required to have ample supply capacity and high productivity
- In addition to supply capacity, “track record” and “trust” are important to be selected for outsourcing in the competitive environment
- Expanding needs for next-generation drugs (ADCs, bispecific antibodies, cell & gene therapy) and drug formulations with future growth potential

### Basic Strategies and Actions

#### “Partners for Life”

- Provide end-to-end services that support a wide range of pipelines from early development to commercial production
- Quick tech-transfer and respond to regulatory requirements and agility to meet fluctuating demand, backed by ample supply capacity

Build a track record and trust, and as a “Trusted Partner,” deliver cutting-edge biopharmaceuticals to more patients more quickly and with reliable quality

#### Building and optimizing a production structure to meet growing demand

- **Large-scale facilities:**  
Make additional investments in our site in North Carolina, U.S. As one of the largest CDMO production site for antibody drugs in North America, eight tanks are scheduled to start operation in 2028. Expand capacity through KojoX\*1, by cloning existing highly productive facilities at a faster speed than other companies
- **Small to medium-scale facilities:**  
Establish a production organization capable of meeting demand fluctuations (restructuring, conversion of facilities from those for gene therapies to those for antibody drugs)

▶ Please refer to the Bio CDMO Special Feature (pp. 55–59).

\*1 KojoX: An approach to standardize the design and facilities of existing facilities that are highly productive and have a track record of obtaining various certifications and deploying them to other sites.

\*2 EBITDA margin excludes one-time costs (inventory write-downs in FY2023 and reforming cost in FY2024).

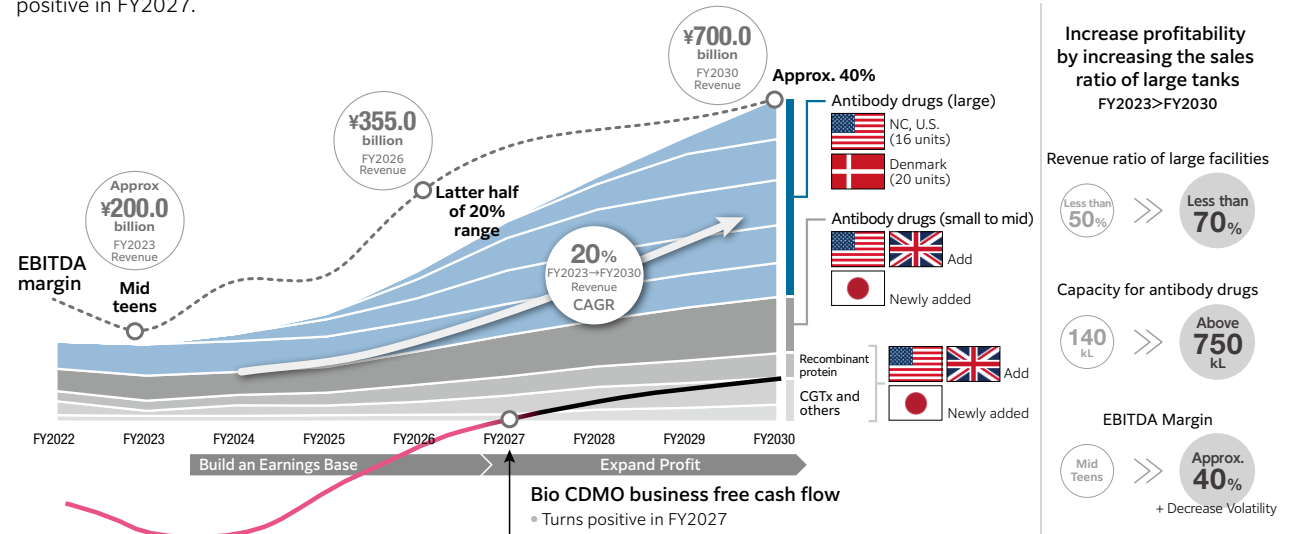
#### Development of next-generation technologies that will lead to sustainable growth

- Continuous Manufacturing System (continuous manufacturing of APIs from culture to purification):  
- Improve productivity by applying N-1 Perfusion (20,000 L), Apply next-generation production technology (500-2,000 L)
- ADC (Antibody-Drug Conjugate): Start end-to-end CDMO service from production of the antibody drug substance in Japan (Toyama) to conjugation (drug binding to antibody) and formulation (scheduled for 2027)

#### Revenue, EBITDA Margin\*2, Free Cash Flows (Illustration)

Aim to achieve ¥700 billion in revenue, with the contribution of new additional facilities in North Carolina, U.S., which will start operation in FY2028.

Achieve stable and high profitability by increasing the rate of large tanks. Free cash flow of Bio CDMO business is expected to turn positive in FY2027.



#### Product

##### Modality

- Antibody drugs
- Recombinant protein
- Gene therapeutics
- Cell therapeutics

# Life Sciences

## LS Solutions

### Long-Term Competitive Environment and Major Risks

- Driven by high-growth biopharmaceutical demand, materials for drug discovery support and drug manufacturing also continue to grow
- Spread of multi-company purchasing of culture medium for antibody drug production
- Reduced demand growth due to slowing investment in new modalities

### Basic Strategies and Actions

#### "Partners for Life"

- Create solutions that contribute to drug discovery, drug manufacturing and healthcare with iPS cells, culture media and reagents
- Become a "Trusted Partner" by pursuing the satisfaction of a broad scope of customers including pharmaceutical companies, biotech and academia

#### Drug Discovery Support Materials (Overall): Provide solutions in a wide range of areas from drug discovery processes to manufacturing

- Provide solutions that combine iPS cells, culture media and reagents in a wide range of areas, from basic research to manufacturing, safety and quality testing; strengthen differentiation and our competitive advantage by developing distinctive products

#### Consumer Healthcare: Becoming a trusted cosmetics and supplement company

- Using the core technologies we have developed to date, continue to provide highly original products that meet a wider range of needs and contribute to the health and beauty of people

#### Drug Discovery Support Materials (Culture Medium): Stabilize product supply by expanding production sites and strengthening the supply chain structure

- Grow businesses and improve profitability by implementing appropriate capital expenditures in line with expanding demands, focusing on antibody drug manufacturing
- Expand production in areas closer to customers, achieve stable supply by strengthening the supply chain

#### Support for R&D of iPS cell therapy: Build a business foundation by supporting the pipeline of cell therapeutics from the exploratory and research stages

- Establish a CDMO business for iPS cells by acquiring milestone royalty income according to the progress of development through the provision and licensing of iPS cell lines, and build a track record through contract development

## Products and businesses

### Life Sciences

Develop a Process Development and Contract Manufacturing business for iPS cells, culture media, reagents and other drug discovery support materials and cell therapeutics



### Pharmaceuticals

- Promote liposomal formulation development using our nano-dispersion, analysis and process technologies
- Use our lipid nanoparticulate manufacturing facilities and infrastructure to build a process development and contract manufacturing business for antibiotics such as penicillin and next-generation nucleic acid drugs and mRNA vaccines

### Consumer Healthcare

Cosmetics, supplements



### CRO Business

Use our proprietary iPS cell technology and AI technology to provide services such as searching for new drug seeds and evaluating their effectiveness and safety

Bio CDMO

LS Solutions

#### TOPICS

### Presenting a wide range of drug discovery support solutions at one of the world's largest exhibitions in collaboration with Group companies developing business in the life sciences field

Fujifilm, FUJIFILM Diosynth Biotechnologies, FUJIFILM Irvine Scientific, FUJIFILM Cellular Dynamics and FUJIFILM Wako Pure Chemical participated in the BIO International Convention 2024, the world's largest biotechnology exhibition, held in San Diego, U.S., in June 2024. The companies operated a joint booth under the "Partners for Life" vision for the Life Sciences field and the

group purpose "Giving our world more smiles."

We were able to demonstrate the value that the Fujifilm Group provides to the life sciences industry as a trusted partner to our customers, along with a wide range of solutions that support pharmaceutical companies from the initial stage of drug development to commercial production.



# Electronics

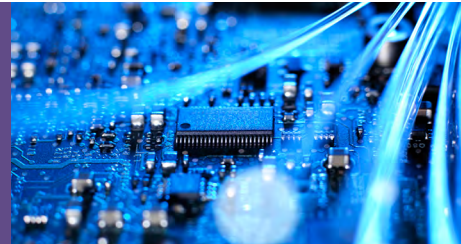
Relevant materiality



Environment



Daily Life



## Business Environment

### Opportunities

The spread of 5G, autonomous driving and generative AI are expanding the semiconductor market, leading to increased business opportunities for semiconductor-related materials. Demand is also growing for display-related materials and materials for LCDs and OLEDs in applications other than TVs and monitors, such as in-vehicle devices.

### Risks

In addition to rising raw materials costs due to soaring resource prices and intensifying competition from alternative materials due to the development and commercialization of new technologies, other issues including the risk of procuring raw materials, supply chain disruptions due to heightened awareness of economic security and the formation of economic blocs are recognized as risks.

## Competitive Advantages

- Advanced technologies, such as functional molecular technology for imparting high functionality to film
- Advanced film forming and coating technologies to support advances in thinness and display size
- Cost competitiveness and stable supply
- Rapid and accurate product formulation capabilities and development capabilities, and a global production and supply system adjacent to customers

We provide advanced materials for communication devices, sensors and next-generation displays that support people's lives in the age of AI and IoT. The Electronics segment consists of the Semiconductors Materials business and the Advanced Functional Materials Division (AF Materials Division: Display Materials, Industrial Products and Fine Chemicals).

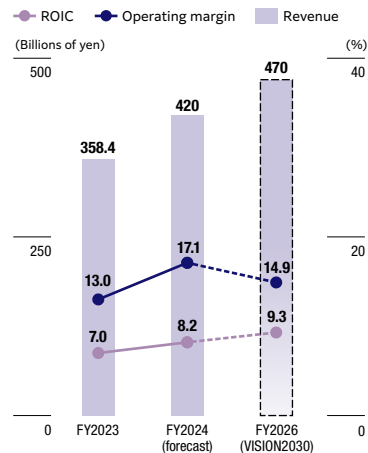
Share of the global market in color resists for image sensors

**No. 1\***

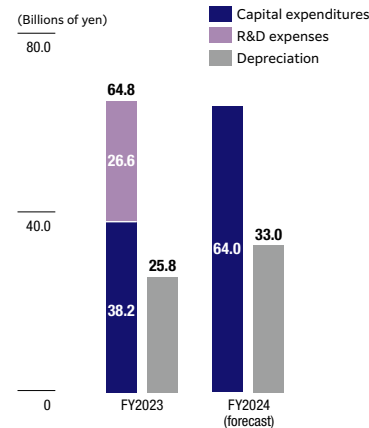
\* According to a survey by Fujifilm



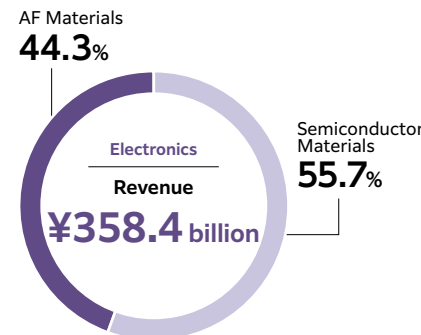
### Segment results



### Capital expenditures, R&D expenses and depreciation



### Revenue ratio by segment (FY2023)



Notes:  
 1. Display Materials and Other Electronics Materials have been integrated into AF Materials.  
 2. The Graphic Communications business has been reclassified from the "Electronics" (former "Materials") segment to the "Business Innovation" segment.  
 3. In conjunction with these reclassifications, the figures for FY2023 have been restated.

Notes: 1. ROIC for FY2024 is based on the initial full-year forecast (announced in May 2024).  
 2. R&D expenses forecasts are not disclosed by segment.

# Semiconductor Materials

## Long-Term Competitive Environment and Major Risks

- Market growth of semiconductors supporting DX/AI technology will continue at a CAGR of +7% from 2023 onward
- In addition to advancing miniaturization technology, technology evolution in the back-end process for integrating multiple chips is accelerating
- Increasing geopolitical risks in terms of economic security

## Basic Strategies and Actions

Strengthen the supply chain network for major customers who are expanding globally and acquire business in advanced nodes

- Actively invest in strengthening supply chain networks to respond to the expansion of major chip manufacturers in the U.S., Europe and Asia
- In addition to business expansion through one-stop solutions, acquire business in advanced EUV based on our strengths in CMP slurry and NTI development, which has a high market share, and propose new materials for Beyond EUV
- Steadily execute PMI in the process chemicals business acquired in 2023, and create sales synergies in process chemicals materials by leveraging customer connections in our existing materials business

Respond to geopolitical risks and launch and expand businesses in emerging markets

- Build the supply chain in anticipation of heightened geopolitical risks
- Enter emerging markets early and launch and expand businesses

Develop high-value-added products and businesses utilizing a broad portfolio and technologies

- Expand the advanced packaging materials business by leveraging materials technology for front-end processes
- Accelerate the development of new products and technologies for next-generation image sensors

### TOPICS Strengthening the global supply network and contributing to the development of the semiconductor industry

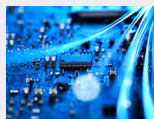
In January 2024, Fujifilm began full-scale operation of the production facility for CMP slurry, a key material in the manufacturing process of semiconductors, in the FUJIFILM MATERIAL MANUFACTURING Kyushu Area in Kikuyomachi, Kumamoto. CMP slurry is a polisher, which contains a mixture of wires and insulators of varying hardness, for evenly leveling semiconductor surfaces on a micron scale. With the expected expansion of semiconductor demand in the future, a stable supply of high-performance, high-quality products is required.

In addition, in June 2024, FUJIFILM Electronic Materials Korea completed the construction of a new plant in Pyeongtaek, South Korea, to produce "WAVE CONTROL MOSAIC (WCM)," a color filter material for image sensors, which is an advanced semiconductor material. Full-scale operation is scheduled for December 2024, further strengthening our production and quality assurance systems to meet global semiconductor demand. Production of WCM is scheduled to begin in the FUJIFILM MATERIAL MANUFACTURING Kyushu Area in 2025. This will create a supply network consisting of four bases in Shizuoka, Taiwan, South Korea and Kumamoto, and realize prompt and stable supply to customers. We will continue to contribute to the development of the semiconductor industry by accelerating the timely introduction of products that meet customer needs.

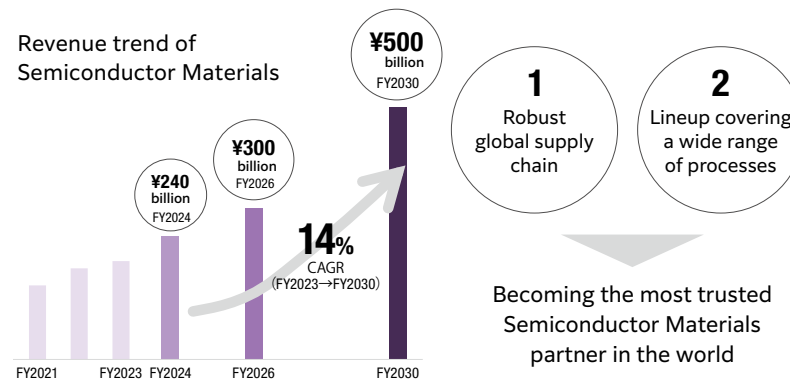
## Products

### Semiconductor Materials

Wide range of products that enable semiconductor miniaturization and higher stacking (e.g., photoresist, CMP slurry, polyimide, process chemicals)



Revenue trend of Semiconductor Materials



# AF Materials

## Long-Term Competitive Environment and Major Risks

- Expansion of business opportunities due to the evolution of HMI (Human Machine Interface), which connects the real world and the information space, and changes in the "communication" and "energy" infrastructures that support the explosive growth of the information space
- The ability to quickly and continuously propose and implement new materials that anticipate market and technological changes and solve social issues is important

## Basic Strategies and Actions

Reorganize customer proposals and implementation activities by division to focus on the market, propose new materials that meet customer needs and accelerate business growth for electronics materials as a whole

### Responding to the evolution of HMI



- Promote businesses targeting growth markets such as anti-reflective materials for OLEDs which is expanding in the smartphone and IT fields; touch sensor materials; and luminescent layer materials
- Increase our presence in the industry by proposing multiple new materials (e.g., materials for high-definition color filters, thin-layer optical films, reflective films for head-up displays) to manufacture for micro-OLED, AR/VR and mobility, which are expected to be the next-generation HMI, supporting them in addressing key challenges

### Business expansion in the telecommunications and energy markets

- Based on the technologies of the Electronics Materials Group (e.g., flow synthesis, high-purity liquefaction, inorganic particle formation, optical control using liquid crystals), propose and implement new materials (e.g., wide-band wavelength separation devices for optical communications, materials for separation and recovery of rare metal\*<sup>1</sup>) that capture customer needs by utilizing the customer contacts in the communications market (e.g., data center archives) and the energy market (e.g., dispersants for lithium batteries) that have been accumulated to date

\*1 Materials for separation and recovery of rare metal: Low molecular weight materials that recover rare metals such as cobalt from waste lithium-ion batteries

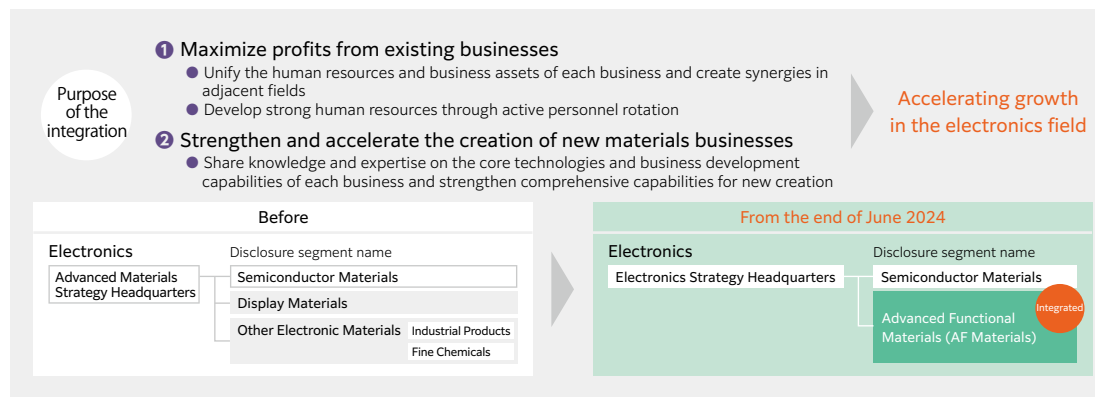
### Business and products

Display Materials	Industrial Products
Organic EL materials, TAC products for LCD panels and sensor films for touch panels 	Pressure measurement film Prescale, recording media, etc. 
Fine Chemicals	
Advanced polymers, functional colorants, battery materials, etc.	

## Developing a system to respond to rapidly changing markets

At the end of June this year, three business divisions in the Electronics field and the Divisional Laboratories\*<sup>2</sup> were integrated. We will maximize profits in existing businesses while strengthening and accelerating the creation of new materials businesses in the electronics field.

\*2 Divisional Laboratories: An organization that conducts business-directed R&D





# Business Innovation

Relevant materiality



Environment



Work Style



The Business Innovation segment consists of the Business Solutions business, which helps customers address their business challenges through DX and work-style innovation by providing system integration and cloud services tailored to the characteristics of each industry and business; multifunction device management solutions, along with BPO\*1 and ITO\*2 for core business processes; the Office Solutions business, which provides office equipment and supplies such as multifunction devices and printers; and the Graphic Communications business, which provides offset printing equipment, digital printing systems and inkjet-related products.

\*1 Business Process Outsourcing

\*2 IT Outsourcing

\*3 According to a survey by FUJIFILM Business Innovation

Market share by sales volume for A3 color multifunction devices in Japan and the Asia-Pacific region

**No. 1** \*3

Apeos C7070



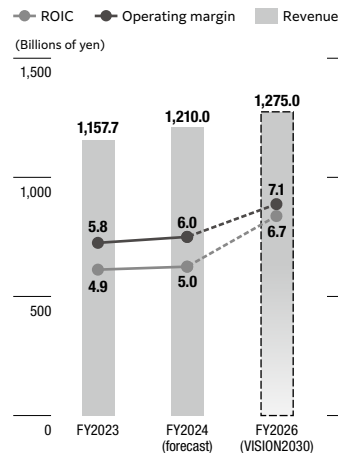
Market share by sales area of offset plates

**No. 1** \*3

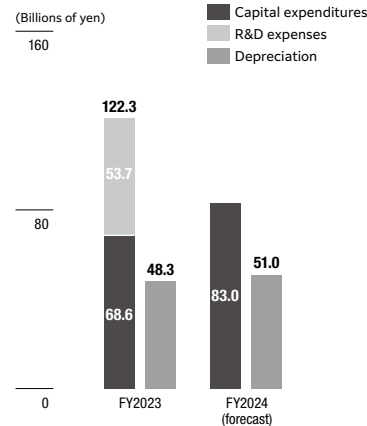
Market share by sales volume of digital printers

**No. 1** \*3

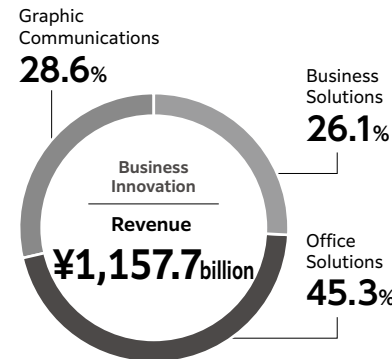
## Segment results



## Capital expenditures, R&D expenses and depreciation



## Revenue ratio by segment (FY2023)



Notes:

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- Information for FY2023 has been restated in line with this change in classification.

Notes: 1. ROIC for FY2024 is based on the initial full-year forecast (announced in May 2024).  
2. R&D expenses forecasts are not disclosed by segment.

## Business Environment

### Opportunities

Increased support is needed for building and operating office and IT infrastructure with enhanced security/networking against the backdrop of the threat of cyberattacks and the spread of remote work. Also, there is a growing market for business solutions and services that utilize AI and the cloud for DX to improve office work productivity. Demand for DX-related solutions is particularly high among small and medium-sized enterprises due to a lack of IT personnel and resources.

In addition, the need for high-speed digital printing and DX has expanded due to the increase in high-mix, small-lot printing and color printing. There is also a growing need for inkjet printheads for commercial printing and package printing (e.g., flexible packaging, labels), as well as food-safe water-based inkjet pigment inks and color materials.

### Risks

There is a risk of a long-term decline in office print volume due to the trend toward paperless operations and the spread of remote working. However, in A3 color multifunction devices, where we are particularly strong, the decline has been moderate due to factors such as continued demand for color products.

We also view lower-than-expected demand in the offset printing market as a risk.

### Competitive Advantages

- Provide high added value as the only solutions partner in the industry covering the entire range from office to commercial printing (analog and digital) and industrial printing
- Lineup of devices and DX solutions based on both xerography and inkjet technologies and their synergies, demonstrating strong solutions capabilities for customers' issues
- Excellent customer base leveraging a robust direct sales structure in Japan and the Asia-Pacific region
- Solid sales capabilities for helping customers resolve increasingly complex and diverse management issues, a lineup of solutions and services for problem-solving, and proprietary document-related technologies to support these offerings
- Familiarity with business processes in various industries developed through the Office Solutions business
- Strong relationships of trust with a wide range of customers, from major markets to the SMB\* market, through our multifunction device and printer business

\* Small to Medium Size Business

# Business Innovation

## Basic Strategies and Actions

Becoming a solutions partner that supports every customer's digital shift through environment-friendly devices and continuous customer service.

- Integrated Graphic Communications into the Business Innovation segment. Integrated the management of the Printing and Solutions businesses. Provide high added value as the only solutions partner in the industry covering the entire range from office to commercial printing (analog and digital) and industrial printing.
- Provide a lineup of devices and DX solutions based on both xerography and inkjet technologies and their synergies to customers across broad fields, from office to commercial and industrial printing, and demonstrate strong solutions capabilities for customers' issues.
- In addition to our customer base, which holds a large global market share, make the offset plate business a cash cow that has been transformed into a leaner structure through the global consolidation of production lines. Also, shift investment and resources to the digitalization of commercial printing. In doing so, improve the profitability of the Graphic Communications business and shift its classification from a "Value Reconstruction" business to an "Earnings Base" business.

### Business strategies

#### Business Solutions

- Develop products that cover the three stages of "IT Solutions," "Operational Solutions," and "Core Solutions" for SMEs that lack IT resources. Build and operate an IT environment tailored to the customer's stage by adding DX expertise to high-quality organization-wide problem-solving capabilities centered on account sales cultivated for large corporations.
- Further improve profitability by focusing on providing solutions centered on in-house products and partner products.

#### Office Solutions

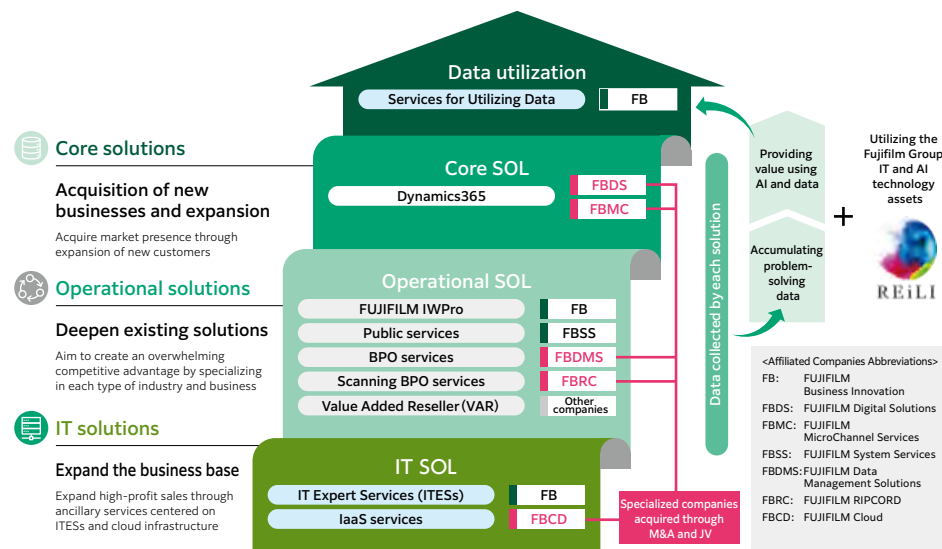
- Focus on the A3 color field, for which we hold the top-level market share. Maintain and improve profitability while shifting to more efficient sales, in addition to strengthening environmental measures and the production base.
- Expand sales in new markets through new business in multifunction devices and new OEMs by leading dealers in Europe and North America.
- Shift direct sales resources to solution sales for SMBs and strengthen marketing by area in Japan and the Asia-Pacific region.

#### Graphic Communications

- Consolidated production lines for offset plate materials due to a decline in total demand for analog printing. Improve profitability by focusing on expanding sales of high-value-added processless plates\*.
- Provide devices and DX solutions that support the digital shift in the printing industry, mainly in the analog sector, by investing in digital printing and DX in the growing field of commercial printing.
- Further enhance cash-generating capabilities and build a strong earnings base by reviewing sales prices and withdrawing from and streamlining low-profit products.

\* Processless plates: Do not require a developer, reducing both time and cost, and improving environmental performance (no developing solution and no waste liquid).

## Overview of the Business Solutions strategy



## TOPICS Promoting the Fujifilm brand to the world at "drupa 2024"

At drupa 2024, the world's largest international printing and media industry exhibition, held in Germany in May and June 2024, the Fujifilm Group exhibited under the theme of "Discover the difference." By offering a wide range of solutions, from offset plates for analog printing to various products for digital printing, ink-related products, robotics and workflow, we promoted the value we provide through our comprehensive capabilities to meet the diverse needs of our customers. In addition, we devised exhibits that allowed visitors to experience the use of our products. It led to many business negotiations and was a great opportunity for us to make significant progress toward expanding sales worldwide.



# Imaging

Relevant materiality



Environment



Daily Life



The Imaging segment consists of two businesses: Consumer Imaging and Professional Imaging. In the Consumer Imaging business, we offer everything from color film and instant photo systems (instax) to printing equipment, color paper and photo printing services. In the Professional Imaging business, we offer high-end mirrorless digital cameras (such as the GFX series, which delivers the ultimate in image quality and the compact, lightweight, high image quality X series), broadcast and cinema lenses, long-range surveillance camera and machine vision lenses, projectors and digital signage.

**Instant photo system instax**  
**Cumulative worldwide sales volume more than 80 million units**



instax mini 12

**New development**  
**Equipped with a high-speed 102 million pixels sensor**



Mirrorless digital camera FUJIFILM GFX100 II

## Business Environment

### Opportunities

Demand for events and travel has recovered, and demand for print businesses such as instant photo systems and digital cameras is growing steadily. In addition, business opportunities are expanding due to the growth in demand for lenses resulting from the shift to IoT and 4K/8K video, as well as the growth of the surveillance camera market in response to social issues such as increasing disasters and aging infrastructure.

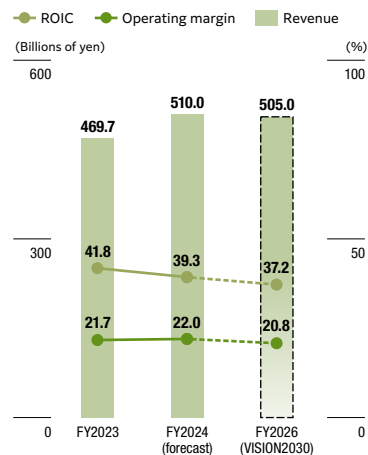
### Risks

Risks identified include an increasingly competitive environment in the high-end mirrorless digital camera market, declining demand for digital cameras due to the improved capabilities of smartphone cameras, tighter environmental laws and regulations, and disrupted supply chains due to geopolitical risks.

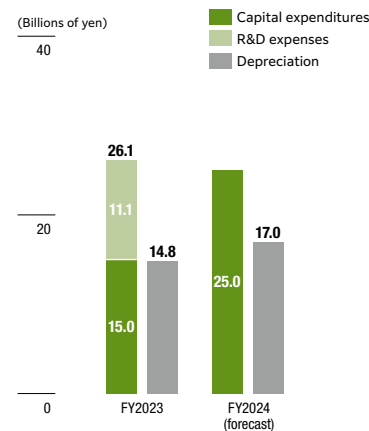
### Competitive Advantages

- Technological development capabilities to continuously create distinctive products in pursuit of originality
- Advanced technologies (photosensitive materials, optics, image design, precision processing and assembly) to support our appealing products
- Product planning capabilities to uncover and anticipate user needs
- Comprehensive capabilities to provide services from input (shooting) to output (printing)
- Strong market position as a leading company (global brand power and marketing and sales capabilities)

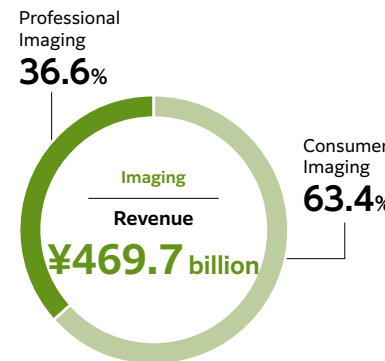
### Segment results



### Capital expenditures, R&D expenses and depreciation



### Revenue ratio by segment (FY2023)



Notes: 1. ROIC for FY2024 is based on the initial full-year forecast (announced in May 2024).  
 2. R&D expenses forecasts are not disclosed by segment.

# Imaging

## Long-Term Competitive Environment and Major Risks

- Diversification of photographic and visual expressions, products and solutions due to technological progress, changes in the social environment and changes in user awareness and behavior
- Increased demand for realistic communication, analogue sensibilities, surprises and overwhelming emotions that resonate with the natural human sensibility

**Possible Changes** | CPS (Cyber Physical System) penetration, Ultrafast and multiple-connected network society, AR/VR becoming a tool for daily life, Image generation through AI, Evolution and diversification of imaging devices, Fusion of photo and printing

## Basic Strategies and Actions

### Pillar of earnings: Growth of instax/digital cameras

**instax:** Promote the use of devices and services, and encourage users to print films

- Expand the user customer base by continuously launching attractive and unique products that combine analog taste with digital technology
- Capture demand at events and in the BtoB space
- Increase loyal customers by marketing DX and enforcing direct user communication

### Digital Cameras: Increase market presence by establishing a unique position

- Strengthen the two-line strategy of the "X Series," with the best balance of compact, lightweight, and high image quality, and the "GFX Series" with the highest image quality equipped with large format
- In addition to our proprietary color reproduction technology (film simulation), expand the user base by further broadening the shooting range, image expression and the enjoyment of photography

### Expand growth in new BtoB areas

**Create new businesses and solve social issues by combining technological assets, unique devices and expertise in imaging**

- Expand the market for new products ("Z projector for space production," "Long-range surveillance cameras SX series") using our imaging and optical device technology
- Solve social issues through "DX solutions for business-use (e.g., inspection, surveillance, photography) using AI image analysis and synthesis"

## TOPICS Realized DX of instax through BtoB! "instax Biz"

"instax Biz" is a "photography application" that is used for marketing by companies such as event organizers. Photos taken at events can be combined with original design templates, company logos, and as such, a QR code\* (two-dimensional code) can be printed on instax films. By scanning the QR Code, various digital content can be accessed, such as responses to questionnaires, obtaining digital coupons and viewing promotional videos. This allows companies to offer special experiences to visitors, as well as measure the effectiveness of events and collect marketing data to help strengthen customer relationships.

\* QR code is a registered trademark of DENSO WAVE INCORPORATED.

▶ Please refer to the official website for details.

## Products

