

Briefing on business strategy of document business
Main questions and answers

- Q: How was the acquisition price calculated, given that a third party organization was involved in the valuation process of Fuji Xerox?
- A: We consulted with external financial advisors and conducted valuation analyses using DCF and CCA methods. We negotiated based on these analyses and reached an agreement at the current price. The EV / EBITDA value is about 5, and we believe that the acquisition price is reasonable compared to the industry average.
- Q: The TA (Technology Agreement), which defines the use of trademarks and sales territories with Xerox Corporation (hereinafter Xerox), will expire in March 2021. Is it possible to use the XEROX brand until then? Will this agreement be extended after March 2021?
- A: Until March 2021, the XEROX brand will continue to be used. Whether to extend the contract has not been determined at this time. The supply of products to Xerox will continue after Fuji Xerox becomes a wholly owned subsidiary, as a relevant supply contract will be in effect for another five years.
- Q: Who proposed this transaction, Xerox or Fujifilm?
- A: We have been discussing with Xerox what would be the desirable relationship for both companies. The idea for this transaction derived from the discussions.
- Q: Wouldn't this investment set back other investments in growth industries such as healthcare?
- A: We don't think so. By making Fuji Xerox a wholly owned subsidiary, the capacity to generate cash flow in the document business will further increase, which will allow us to solidify our continued investment in growth sectors, mainly healthcare and highly functional materials.
- Q: Will the structural reforms at Fuji Xerox that have been progressed since January 2018 continue as planned?
- A: There are no changes to the plan. We will continue the structural reforms as planned.

END