

FUJIFILM

Value from Innovation

FUJIFILM Holdings Corporation

Imaging Solutions Business Briefing

December 14, 2023

Event Summary

[Company Name]	FUJIFILM Holdings Corporation	
[Company ID]	4901-QCODE	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	Imaging Solutions Business Briefing	
[Fiscal Period]		
[Date]	December 14, 2023	
[Number of Pages]	44	
[Time]	08:30 – 09:40 (Total: 70 minutes, Presentation: 39 minutes, Q&A: 31 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	1	
	Masato Yamamoto	Director and Executive Vice President, General Manager of Imaging Solutions Division

Presentation

Moderator: Thank you very much for attending at this business briefing session of our company at the expense of your very busy schedule. Thank you very much. The imaging solutions business briefing is going to start at 8:30 AM to 9:30 AM, and Bio-CDMO business life science business briefing is from 9:45 AM to 11:45 AM.

The timing might be slightly different according to the proceedings. I am Nagasawa, Corporate Communications, FUJIFILM Holdings Corporation. I'd like to be the moderator here today. So first, we'd like to start from imaging solutions briefing.

I'd like to introduce the speaker from FUJIFILM. Senior Vice President and General Manager of Imaging Solutions Division, Masato Yamamoto. And also the Corporate Vice President, Corporate Communications, and in charge of ESG promotion, Chisato Yoshizawa is here as well.

So, today, we'd like to introduce to you the INSTAX and digital cameras and printing solutions and new businesses, and our initiatives, and also going forward, what kind of initiatives we are going to have. Yamamoto is going to explain all of them. And we have the presentation material here. It's in English.

On the website, you can find our Japanese version in the chat box, we have the URL. Please access through the URL for our Japanese documents. And after the presentation, we'd like to have a Q&A session, and we'd like to explain how you can participate in the Q&A session. Today, we are not going to use chat function of Zoom for Q&A. So, now, Mr. Yamamoto, the floor is yours.

Yamamoto: Thank you very much. Good morning, everyone or good afternoon, good evening. Thank you very much for listening to this business briefing of our company from all over the world.

Profile

MASATO YAMAMOTO

April	1986	Joined Fuji Photo Film Co., Ltd. (today's FUJIFILM Corporation) and assigned to the Professional Photo Products Division
June	2012	General Manager of Photo Imaging Products Division
June	2015	President and CEO of FUJIFILM North America Corporation [stationed in the United States]
June	2016	President of FUJIFILM Holdings America Corporation President and CEO of FUJIFILM North America Corporation [stationed in the United States]
June	2017	Director and Corporate Vice President of FUJIFILM Corporation, General Manager of Corporate Planning Headquarters In charge of Photo Imaging Products Division
April	2018	Managing Director of FUJIFILM Europe GmbH and FUJIFILM Europe B.V. In charge of Photo Imaging Products Division [stationed in Germany]
June	2020	Director and Corporate Vice President of FUJIFILM Corporation General Manager of Optical Devices & Electronic Imaging Products Division
April	2021	Amalgamating the Imaging Products Division and the Optical Devices & Electronic Imaging Products Division to launch the Imaging Solutions Division General Manager of Imaging Solutions Division
June	2021	Director and Senior Vice President of FUJIFILM Corporation, General Manager of Imaging Solutions Division
June (current)	2023	Director and Executive Vice President of FUJIFILM Corporation, General Manager of Imaging Solutions Division

Consistently involved in the imaging field since joining FUJIFILM
Acquired MBA MIT Sloan 96 ; 16 years overseas experience. Taking charge of overseas subsidiaries since appointment as a Corporate Vice President thanks to extended overseas assignments.

My name is Yamamoto, the Senior Vice President, General Manager of Imaging Solutions Division. And this is my bio, just very briefly.

In 1984, I joined this company for five years. I was in Japan. And also, after that, I was in charge of the overseas businesses. I was stationed in some of the countries: US, three times and MBA 14 years and 16 years, altogether outside of Japan, and also, I was engaged in the imaging business for almost my whole career.

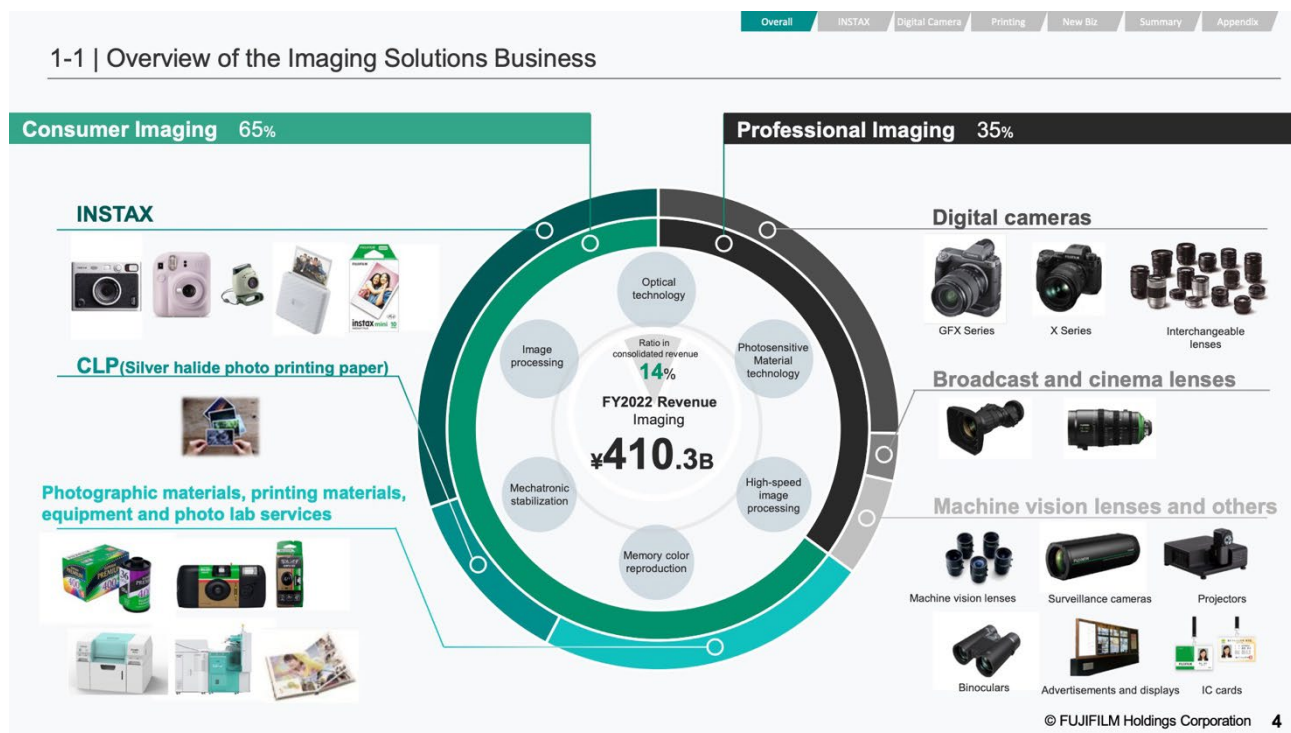
And about 10 years ago, Cheki, the INSTAX was introduced, and I became the Director in Charge. And after that, I was in the US and Europe, and also business planning division. And three years ago, I came back to Japan as well to be in charge of this business. So, I am responsible for this business. Thank you very much.

Today's Agenda

- 01 Overview of Imaging Solutions Business
- 02 INSTAX™
- 03 Digital Cameras
- 04 Printing Solutions
- 05 New Business
- 06 Summary

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First, I'd like to talk about the overview of the imaging solutions business strategies and the market situation. Overview, INSTAX, digital cameras, printing solutions, new businesses. I'd like to focus on those. Thank you.



First, the imaging business. This is the current situation. Last FY2022, sales were JPY410.3 billion, FUJIFILM Holdings Group, part of which 40%, but more than JPY400 billion of the sales. And as you can see here, we have consumer imaging. It's about 2/3 INSTAX and also silver halide photo printing paper and print services and printing materials. And also, for professional imaging, this is about 1/3 of the business here, digital cameras and also cinema lenses, broadcast-related lenses, and also, machine vision lenses and others. We have such a wide variety of products we are offering to the customers.

1-2 | Imaging Business Dashboard

Consumer imaging Professional imaging

90 years history of introducing innovative new technologies

Advancing technological development and reinforcing resources to establish imaging as a stable and high-growth business contributing to generating cashflow for the Fujifilm Group

Digital Camera
GFX100 II
GOOD DESIGN AWARD 2023
BEST 100
X-H2S | X-H2

30.3%
FY2022 business ROIC
NOPAT / (Operating capital + fixed assets)
Operating income ¥72.9 B
OPM **17.8%**
Capital investment ¥14.3 B

¥500 B*
FY2030 sales target
Creating new products, solutions and services that connect physical and cyber worlds

INSTAX 25th Anniversary
Cumulative total of INSTAX units sold
more than **80** million units

+7.5%
CAGR revenue FY2019-FY2023
¥445 B FY2023

World's First
Disposable film camera (1986)
富士フイルム
Launch of a digital camera that records images in a memory card (1988)

Global Network
Imaging Overseas revenue **85%**

¥410.3 B
FY2022 revenue (YoY +23.1%)

6,086 people
Consolidated workforce in imaging business (as of March 31, 2023)

FY19 FY21 FY23

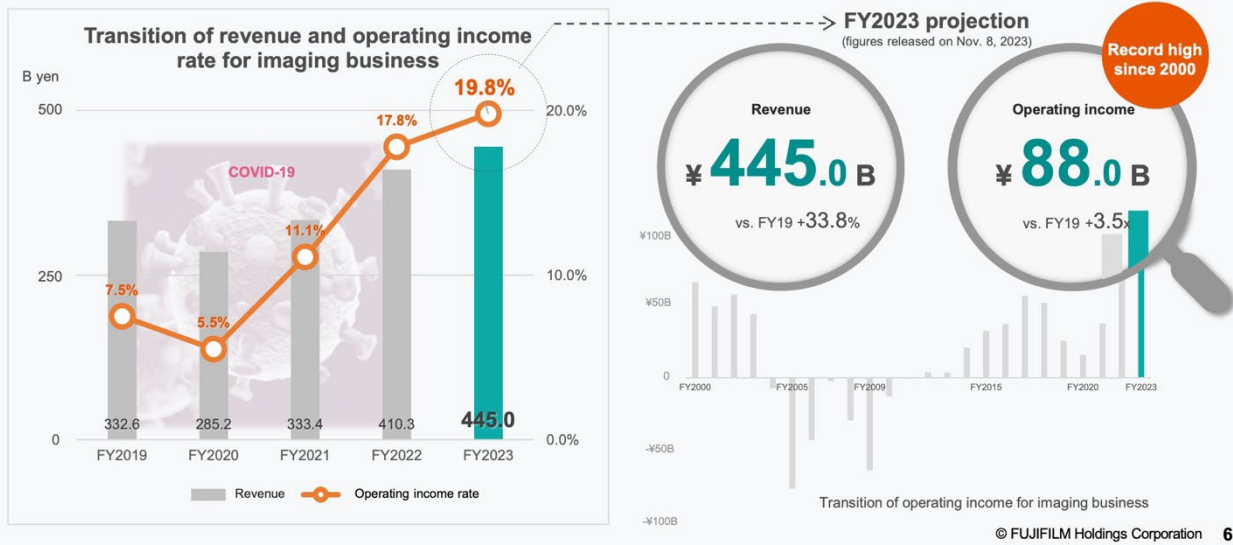
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Dashboard. This is the imaging business. We have this 90-year history, starting from motion picture films and also picture films, so we have a 90-year history. And also, we have been developing a lot of different products, and we deliver those to the global market.

INSTAX commemorates the 25th anniversary and 80 million units were already sold. And also, we have 6,000 employees in this business, and we have a very efficient structure of the business, and CAGR, 7.5% and also ROIC, 30% over, so this is a very profitable business. And also, we have overseas markets as well. Very actively, we are entering those markets for a long time. So, 85% of the revenue comes from outside of Japan. 2030, we are aiming to have JPY500 billion of the revenue that comes from outside of Japan.

1-3 | Reflection on the Performance of Imaging Business

The imaging business overcame difficulties including the COVID-19 pandemic and the soaring costs of energy and materials to achieve a level of operating income in FY2022 above the FY2019 level, hitting a record income since 2000. The FY2023 result is expected to be even greater.



This is the latest situation and the forecast. The forecasted revenue is JPY445 billion and operating income of JPY88 billion. That is what we are aiming to achieve. After FY2000, this is going to be the highest. Historically, we are achieving the highest numbers. OP margin, 19.8%, so very close to 20% already. That's our forecast.

Vision of the imaging business

The imaging business will leverage **Fujifilm's unique physical products and distinctive expertise**, established since the company's foundation, as the cornerstone of our operations.

Even as we move towards a CPS* society, we aim to **develop innovative products, solutions, and services that bridge the gap between the digital and physical realms**, bringing a new wave of emotions and experiences to society in order to enhance people's lives.

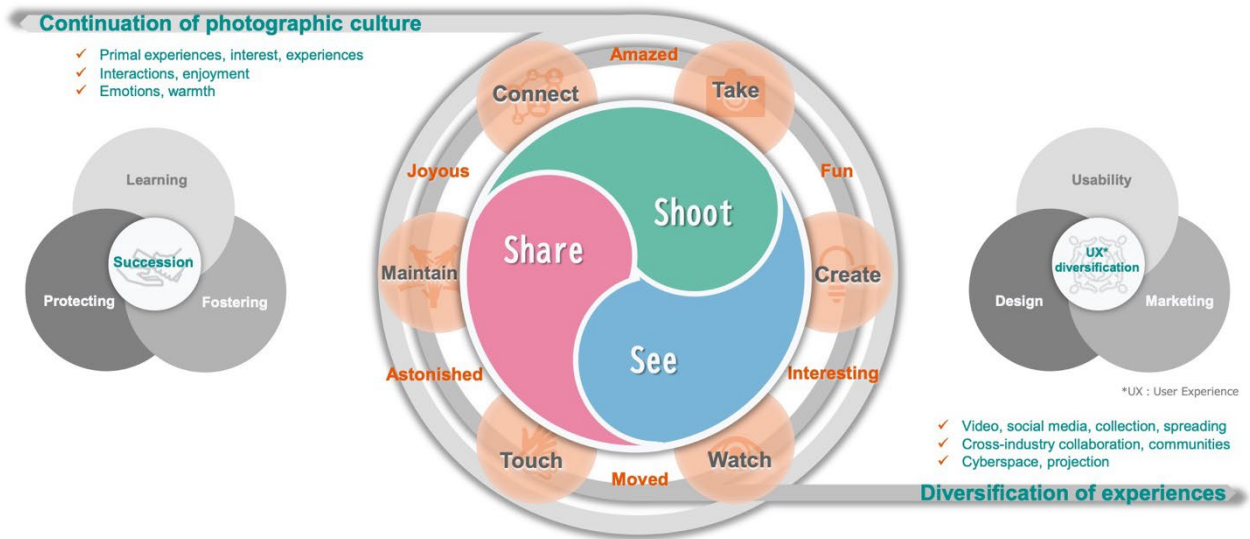
*CPS (Cyber-physical system)
CPS refers to a system that uses a network of sensors, etc. to gather diverse data in the real world (physical space) and apply Big Data processing technology in cyberspace for analysis and conversion into knowledge. Information and values created in this process are used to revitalize industries and find solutions to social issues. (JEITA: Japan Electronics and Information Technology Industries Association)

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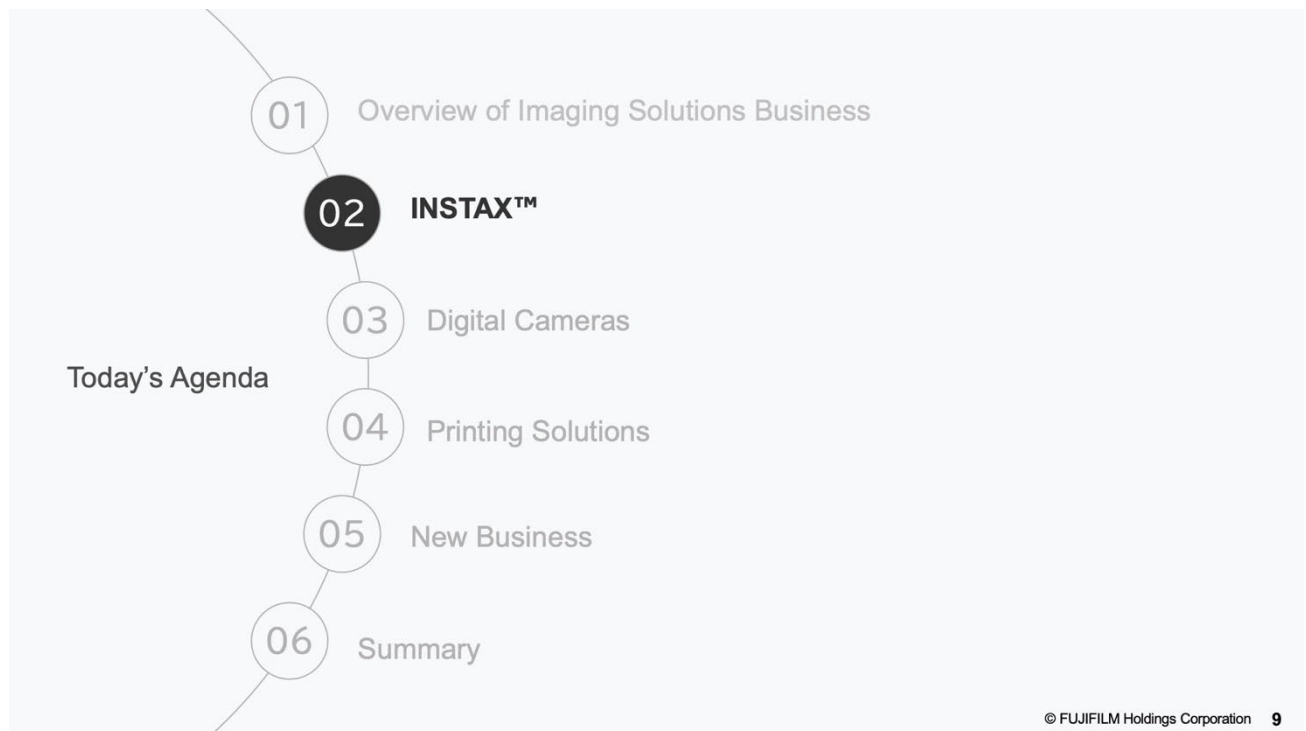
This is our company vision. Going forward, this imaging business includes real and cyber world, so cyber-physical system society, that is where we are going to head, or we have real and unique products based on which, we have real communication systems and also how we bring a new wave of emotions and experiences to society to enhance people's lives, and also, that the real and also the cyber world are going to be created by our solutions and services.

1-4 | Business Eco System for Imaging Business

“Taking pictures, enjoying photography and sharing images,” the starting point of an eco-system for the imaging business
 → **Developing a cycle that continues to create new inspirations and experiences**



This is the imaging business. We do have this kind of ecosystem that's very, very important in this world. Pictures, photos, are very close to human lives. It's essential. So, shooting photography and also viewing and sharing and having fun with it, and storing it, this is the cycle of the photography. And another cycle of shooting and seeing, sharing. These kinds of actions are going to evolve, and people repeat those processes. And also, we can provide experiences that are diversified and also photography culture that are evolving as well. So, perpetually, this cycle is going to continue. This is one of the areas where we are in, as a business, in a sense. This is a very unique world.



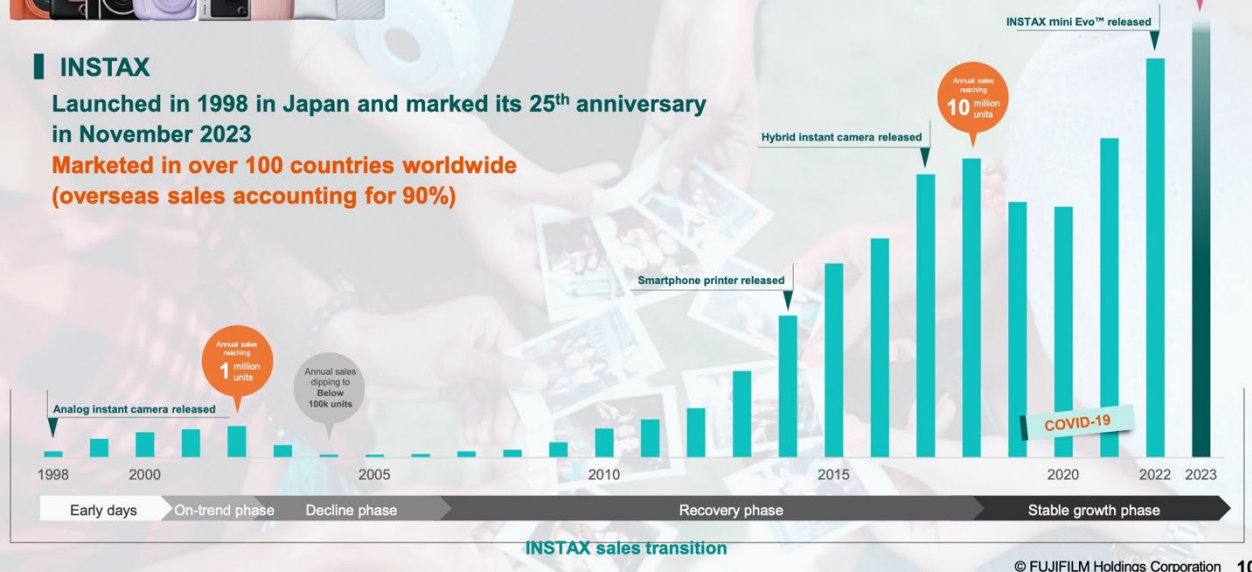
Based on this, this might be something you are interested in. I would like to talk about INSTAX business.

2-1 | Transition of INSTAX Sales



INSTAX
 Launched in 1998 in Japan and marked its 25th anniversary in November 2023
 Marketed in over 100 countries worldwide (overseas sales accounting for 90%)

25th anniversary (Nov, 2023)



INSTAX business started in 1998 in Japan, so we are commemorating the 25th anniversary in November this year, and you can see here, at the time of the introduction, we were expecting, and we achieved 1 million units in five years. And after that, because of cell phones and cameras attached, the need for this kind of camera shrank one time.

However, 2008 and 2009, that was the start for young people to be interested in this INSTAX because Korean TV drama used this. And because of this momentum, when I came back from the United States after 2010, globally, we noticed that new photography business and culture that can be revived.

So, actively, we started to productize and also, we started to spend CapEx so that we could grow globally, drastically, and we have put investments into the advertisement and promotions as well. And you can see the growth is significant compared to before. It's 3 times, 4 times, 5 times.

2018, we achieved 10 million units and over. Even after COVID-19, we overcame the situation. And right now, we are trying to surpass the past revenue and globally, the sales have been significant.

What is the tip of this secret and why the growth is continuing?



We have three important points: Unique and Only one, that is the first point. And brand story. And based on that, we have strategic marketing and NEVER STOP innovation.

2-2-01 | Continued Growth of INSTAX : Unique & Only one product 1/2

01. Unique & Only one Product



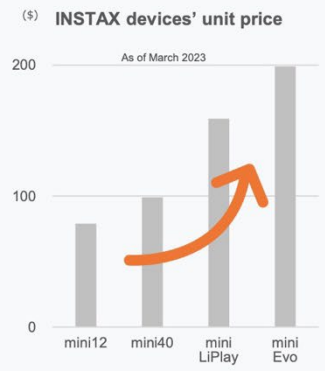
First, why Unique? Why Only One? This INSTAX Cheki, we are using silver halide photography. So analog feeling. This is really unique for the users and fans. And this is realistic. And also, quality and texture. Young people really love those fixtures. And uniqueness. And also, the lineup of the products, very diverse.

2-2-01 | Continued Growth of INSTAX : Unique & Only One 2/2

Extensive lineup covering all usage situations

Incorporating trends and evolving technologies with the times to expand the lineup, including hybrid instant cameras, smartphone printers and digital capture devices
Offering diverse ways of enjoying photography to broaden the user base from young women to men and the middle-aged group

	instax mini			instax SQUARE		instax WIDE
Analog Camera	instax mini 12	instax mini 40	instax mini 90	instax SQUARE 1	instax SQUARE 40	instax WIDE 300
Hybrid Camera	instax mini LiPlay	instax mini Evo		-	-	
Digital Camera *No Print Function	NEW instax Pal					
Smartphone Printer	instax mini Link 2	instax SQUARE Link	instax Link WIDE			



You can see the analog instant camera, top left and in the 10 years, we have had a lot of lineups: analog, mini, SQUARE, WIDE, and also hybrid camera, using digital methods.

This is a camera system using digital system. And also, smartphones. And also, printers that are attached to smartphones and cameras. And this is the Link series and the new one, Pal, this is a very casual one. Such diversification to address young people and also young women, young men, and middle-aged people, and also we can achieve high-end models recently.

It's increasing, as you can see on the graph on the right side, the unit price. And usually, it's less than USD100 for digital hybrid, mini Evo, that can sell for USD200.

02. : Brand story penetration and strategic marketing development



“Thorough customer analysis”

Reflecting to product development



“Global branding”

“don't just take, give.”



“Cross-industry collaboration”

Fashion · music · sports · games, etc.

Expanding the fan base that empathises with product value and story to turn INSTAX into a global entertainment brand

And the second one is a brand story. Customer analysis and also global branding, and cross-industry collaboration. Now, we are an entertainment brand globally.

Developing strategies and measures based on thorough customer analysis

Environmental analysis	Online quantitative survey	Analysis of social media post information	Face-to-face interviews	
	Segmentation	<ul style="list-style-type: none"> Avoid segmentation by simple attributes such as gender and age Segment users based on interest, lifestyle, usage situations and their sentiments in such situations 		
	Targeting	<ul style="list-style-type: none"> Narrow down the target for new products based on segmented user groups 		
Strategy development (STP)	Positioning	<ul style="list-style-type: none"> One-and-only product category that is neither a smartphone nor a digital camera Unique value that can only be delivered due to the combination of digital technology and analog experience 		
	Product	<ul style="list-style-type: none"> Finely define product designs, colors, functions, naming etc. for each of the targets / positionings defined Pursue distinctive uniqueness of INSTAX while keeping product specifications “simple” and “easy to use” 		
Campaign development (4P)	Price	<ul style="list-style-type: none"> Set optimum prices for each of the target groups for products ranging from “entry” models to “high-end” models with extensive functions and designs 		
	Place	<ul style="list-style-type: none"> Reinforce sales channels for physical stores and online shops in over 100 countries worldwide Expand sales channels for physical stores from discount stores and camera stores to homeware stores and apparel shops 		
	Promotion	<ul style="list-style-type: none"> Improve the brand's appeal through high-quality and globally-consistent promotions Reinforce marketing that involves INSTAX fans, encouraging them to speak about the brand with their own words 		

We have conducted analysis, and this has been done through customer analysis. Not out of the ordinary, we have conducted online surveys, social networking surveys, on a repeated basis. This has allowed us to capture information about lifestyles, as well as interest, and also settings by which the product is being used, and that will allow us to create even finer segments beyond age and gender, setting targets for new products and adding on value that will resonate with these targets: color, design, and worked on detail.

2-2-02 | Continued Growth of INSTAX: Brand Story & Strategic Marketing 3/5

Global Branding Story

BRAND PHILOSOPHY

We take photos.
 We capture images.
 We grab shots.
 But we are not just about taking.
 We are also about giving.
 And creating generous moments.

When an INSTAX camera is added to any situation, something magical happens.

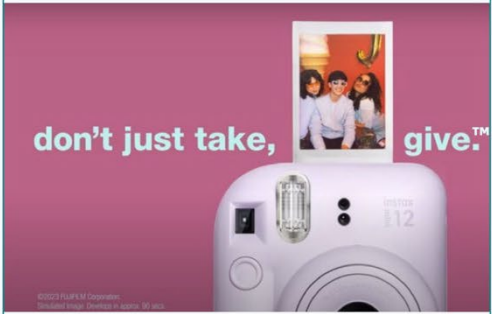
People are drawn together.
 To click and create.
 To see what develops.
 To pass and share.

This is a generous camera.
 Designed by generous company.
 For a generous generation.

Because we know an INSTAX photo isn't something you take, it's something you give.

Don't just take, give.

Since 2019, Fujifilm has undertaken activities to communicate the unique value offered by the INSTAX™ brand using the global common tagline "don't just take, give" throughout the world.



とるだけじゃない、あげたいから。

ブランドフィロソフィ

写真を撮ったり、瞬間を捉えたり、切り取ったり。でも、INSTAX“チエキ”が大切にしているのは、「とる」だけじゃなく、「伝える」こと。

どんなときも、INSTAXがあるだけでちょっと素敵な瞬間に出会える。みんなが集まって、シャッターを切る。何が出てくるのか、わくわくしながら。手にとって、楽しみながら。

INSTAXは写真をもっと、想いを伝える存在にするために。私たちがつくった想いを大切に作る世代に向けたカメラ。

INSTAXがあれば写真は「とる」だけのものから、「伝える」ものへと変わっていきます。

そう、その時の想いを伝えたいから。思いやりを大切に作る人に向けて。

とるだけじゃない、あげたいから。

We also conduct pricing, place and promotion that is compliant with the basics of marketing. And brand story, 2019, what we have done is to create a, "don't just take, give," a globally consistent tagline and this has been rolled out globally, and we are seeing many users resonate with this tagline.

2-2-02 | Continued Growth of INSTAX: Brand Story & Strategic Marketing 4/5

Expanding cross-industry collaborations

Music
Signed a **global partnership agreement** with the global singer-songwriter **Taylor Swift** in 2018
Released a **specialty-designed square format camera**
Introduced a "Butter"-themed collaboration model with the popular group **BTS**
Having artists **use INSTAX in their music videos**

Fashion
Featuring advertorials in the online media **HYPEBEAST**, which introduces contemporary fashion trends and street cultures from around the world to appeal to male targets

Games
Creating new INSTAX culture of printing game scenes on **Nintendo Switch**
Animal Crossing, Super Mario Brothers, Pokémon Snap, Splatoon 3

Sports
(Competitive breakdancing, which will become an Olympic event from the 2024 Paris Games)
Special sponsorship for the world Breaking competition "Undisputed Masters"
Breaking's culture of self-expression and respect for competitors is consistent with brand concept of INSTAX.
Expanding mutual consumer awareness and fostering culture

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We have also conducted cross-industry collaboration 2018, epoch-making was, as you well know, the global singer, songwriter Taylor Swift. She has been recruited as a global ambassador. And from this point onwards, we have been able to reinforce our global branding activities.

And BTS, the worldwide popular group, has been a collaboration partner. And we have also looked at singers, sports athletes, and have created their own videos using our products in self-expression.

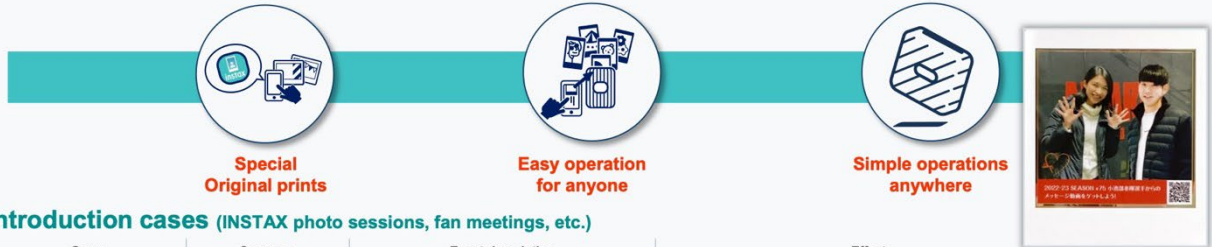
There have also been fashion brands and also Nintendo Switch. We have also collaborated with their games. And hence, in the world of virtual, we have been able to link up and we've seen new users come in.

In terms of sponsorship, Breaking is going to be an official event in the 2024 Paris Olympics, and we are collaborating in events.

2-2-02 | Continued Growth of INSTAX: Brand Story & Strategic Marketing 5/5

BtoB business deployment

Offering original-design INSTAX prints to customers to help boost customer engagement



Introduction cases (INSTAX photo sessions, fan meetings, etc.)

Genre	Company	Event description	Effect
Shopping mall 	Mitsubishi Jisho Property Management	Photo session in front of the Christmas tree at Landmark Plaza	<ul style="list-style-type: none"> QR access increase: 43% App download + survey response rate: 20%+
Theme park 	Sanrio Entertainment	Photo session offering original frames featuring Sanrio characters at an exclusive fan event	<ul style="list-style-type: none"> Survey response rate: 100%
Sponsored event 	Company S (Malaysia) (beverage manufacturer)	The beverage manufacturer sponsoring a dance competition offering commemorative photos featuring its logo	<ul style="list-style-type: none"> Providing photos to 600 people in 3 days
Hotel 	Hilton Suzhou (China)	Offering INSTAX prints in a family-targeted plan showing how guests enjoyed the hotel stay	<ul style="list-style-type: none"> Providing the experience to 33 families in one month
Music festival 	Coca-Cola (Spain)	Photographing people enjoying a ball pool at a music festival and offering the pictures to them	<ul style="list-style-type: none"> Using a QR code to encourage people to download a Coca Cola purchase app

*Over 100 cases in Japan and in 60 countries around the world

We also have the B2B, the INSTAX business, this is an app that we have created. It's a solution. And this is targeted for business operators, shopping malls, theme parks, and event operators, hotels, festivals, where the sponsors of business and events will take photographs, together with users and customers, and it will be printed out on INSTAX and use the original template or embed a QR code and having the customers access the QR code, they will be able to reinforce the engagement with the customers. And the number of cases like this using INSTAX is increasing globally.

03. NEVER STOP innovation



“ Devices ”

- Analog cameras
- Hybrid cameras(digital & analog)
Providing 100 combinations of photo effects
- Smartphone printers



“ Films ”

- A wide variety of films featuring on-trend designs of unique atmosphere
- Combination with software for enriched color reproduction



“ Software ”

- Software: *AR:Augmented Reality
New value incorporating AR technology
- QR code:
Access to sound, message, website etc.

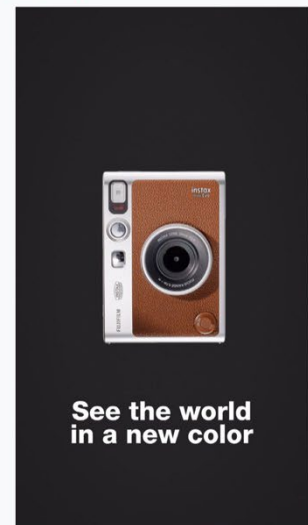
**Using evolving imaging technology and network technology
Broadening ways of enjoying INSTAX to boost customer engagement**

NEVER STOP innovation. I've touched upon this a little while earlier. This is where new devices have been delivered to the market. For example, films, combining films and film effects. And also, software by using AR technology and delivering new value, and also embedding QR codes. INSTAX is considered to be very analog, however, we are seeing digital transformation progress in INSTAX, and this has also been a factor for the success.

Strategy planning based on an intensive customer analysis (INSTAX mini Evo™)



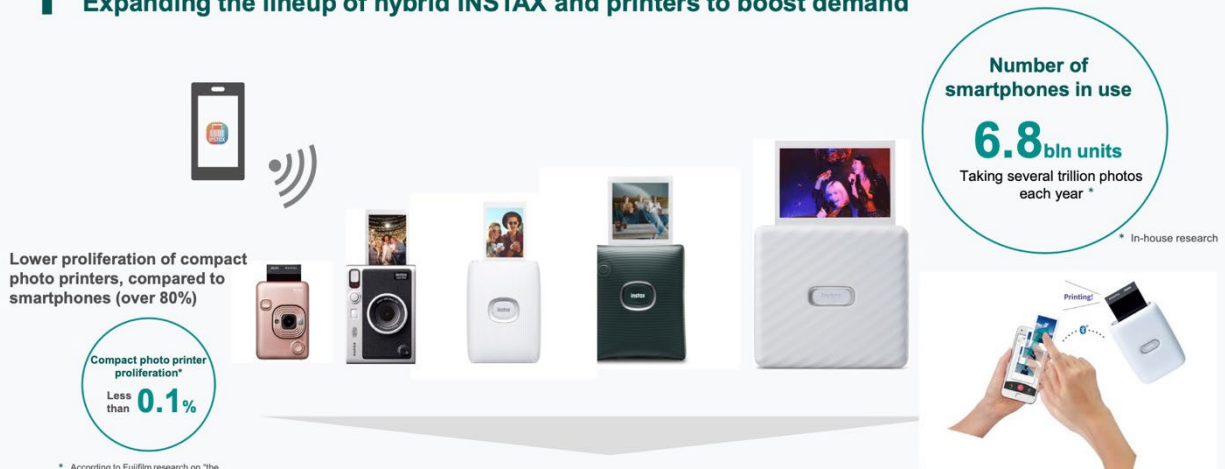
Hybrid camera “INSTAX mini Evo” has been expanding sales since it went on the market, FY23 sales is expected to be four times larger than the year of introduction.



Let me illustrate some examples. This is INSTAX mini Evo, it's a hybrid camera and there are a hundred different digital expressions of photography that can be enjoyed by various effects. And since the introduction [to years], sales have increased fourfold.

2-2-03 | Continued Growth of INSTAX : NEVER STOP Innovation 3/7

Expanding the lineup of hybrid INSTAX and printers to boost demand



There is still large room for growth for INSTAX prints
Link series sales volume in FY22 increased by more than 20% YoY

And one other important sector is our printers. The smartphone printers, we aim to deliver. Now smartphones today, as well, 6.8 billion units, are being used around the world, so it is said. And printers, for this purpose, have not yet penetrated the market. It's about 0.1% at present, according to our [SMF]. And we are using the INSTAX system in hybrid camera and in printer. The volumes of images that are stored in the smartphone will be printed out and we are ready to monetize on this technology.

2-2-03 | Continued growth of INSTAX: NEVER STOP Innovation 4/7

Developing strategies and measures based on thorough customer analysis (the case of INSTAX Pal™)

instax Pal

INSTAX Series' first-ever capture-only palm-top camera to enjoy taking pictures anywhere and any time
 Separating the printing function to achieve a compact form factor so that users can walk around with it casually and hold it with one hand while shooting from a high position or at an angle difficult to handle with a smartphone

Post-release response (from social media / mass media)

- We carry a smartphone around. Wouldn't that do?
- Tiny!
- It's clearly differentiated from smartphone's camera function.
- I love the toy-camera-like image quality.
- It's so small and cute that it makes one smile just having it.
- This is the most crazy and interesting camera of all cameras I have tested recently.
- I can just keep on shooting so casually.
- It's incredibly cute!
- The printing function makes INSTAX special.
- The lack of a viewfinder makes it difficult to compose a shot, but that makes it more interesting.

In October of this year, there's a new concept that's come up, INSTAX Pal. It's an INSTAX, the printer and the camera have now been separated, and the camera is now cute and tiny; very compact, allowing users to easily take pictures anytime and anywhere. It's cute and it offers an entirely different user experience.

2-2-03 | Continued Growth of INSTAX: NEVER STOP Innovation 5/7

Developing strategies and measures based on thorough customer analysis (the case of INSTAX Pal)

instax Pal



INSTAX Pal chosen by the U.S. TIME magazine as "THE BEST INVENTIONS OF 2023"
 *Category: Special Mention

Judging comment about this selection

“ These days, snapping photos with your phone is so universal it’s almost boring. If you’re looking for a more tactile experience but still want to keep things simple, the pocket-sized Fujifilm INSTAX Pal camera offers the benefits of a digital camera—like the option to add filters or share your photos on social media—as well as the ability to print out mini snapshots in 15 seconds. ”



INSTAX Pal™を使用している様子



This concept has been honored by Time Magazine as the Best Invention of 2023 in the category of Special Mention. INSTAX Pal has been chosen. "These days, snapping photos with your phone is so universal it's almost boring. But if you're looking for a more tactile experience, this is what it is," is what it says. And this has resonated with the users.

2-2-03 | Continued Growth of INSTAX: NEVER STOP Innovation 6/7

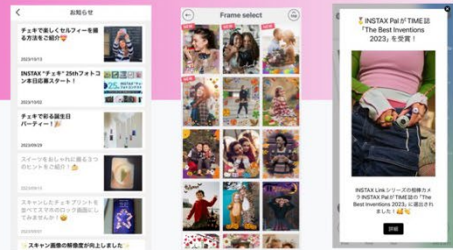
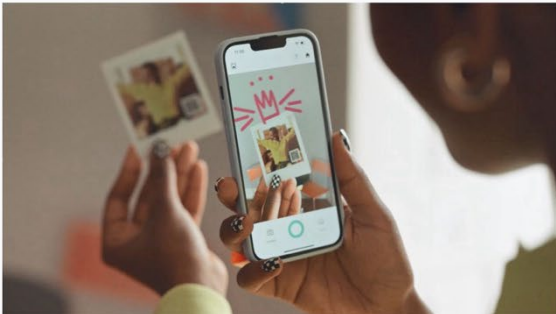
INSTAX DX for new value creation

› Dedicated application notifies users of "latest information" and "new services" and continuously proposes ways to enjoy INSTAX print

instax SQUARE Link
Smartphone Printer



Smartphone printer that supports the Square format (1:1)
 Featuring the function of applying an AR effect on INSTAX prints and the function of overlaying chat messages to prints in addition to printing smartphone photos using a dedicated app



› **AR* Print** *AR: Augmented Reality
 Applying one of five AR effects to produce an INSTAX print with a QR code

› **INSTAX Connect™**
 Overlaying a message on a smartphone picture to send it to someone special. Its recipient can reply with a message like an online chat. Also capable of printing



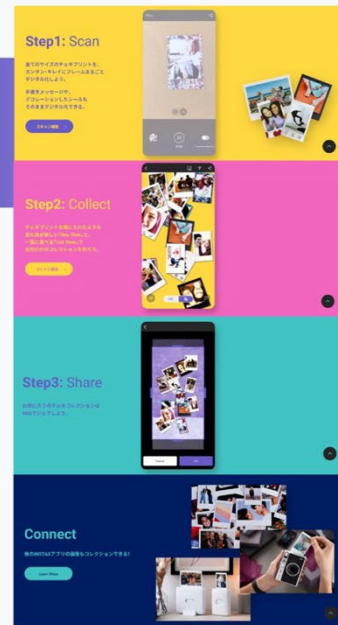
And talking about digital transformation, as we see on the video to the left, not just merely printing out what is real but combining with AR, providing an AR effect on INSTAX prints or otherwise, as you see to the right, you can embed messages, overlay messages, and print it out, or exchange and send it to someone special.

2-2-03 | Continued Growth of INSTAX: NEVER STOP Innovation 7/7

INSTAX DX for new value creation



A smartphone app that scans an INSTAX print, together with its frame, and turns it into digital data easily, capturing the unique soft looks
Creating new ways of enjoying INSTAX prints, e.g. making a photo collection or sharing on social media



In the upper right-hand corner, we have an app. This is a smartphone app and using this, connect with your customers, providing information about how to enjoy cameras, and also provide information about new frames, to frame your picture, and also to reinforce engagements with the customers and build a loyal customer base.

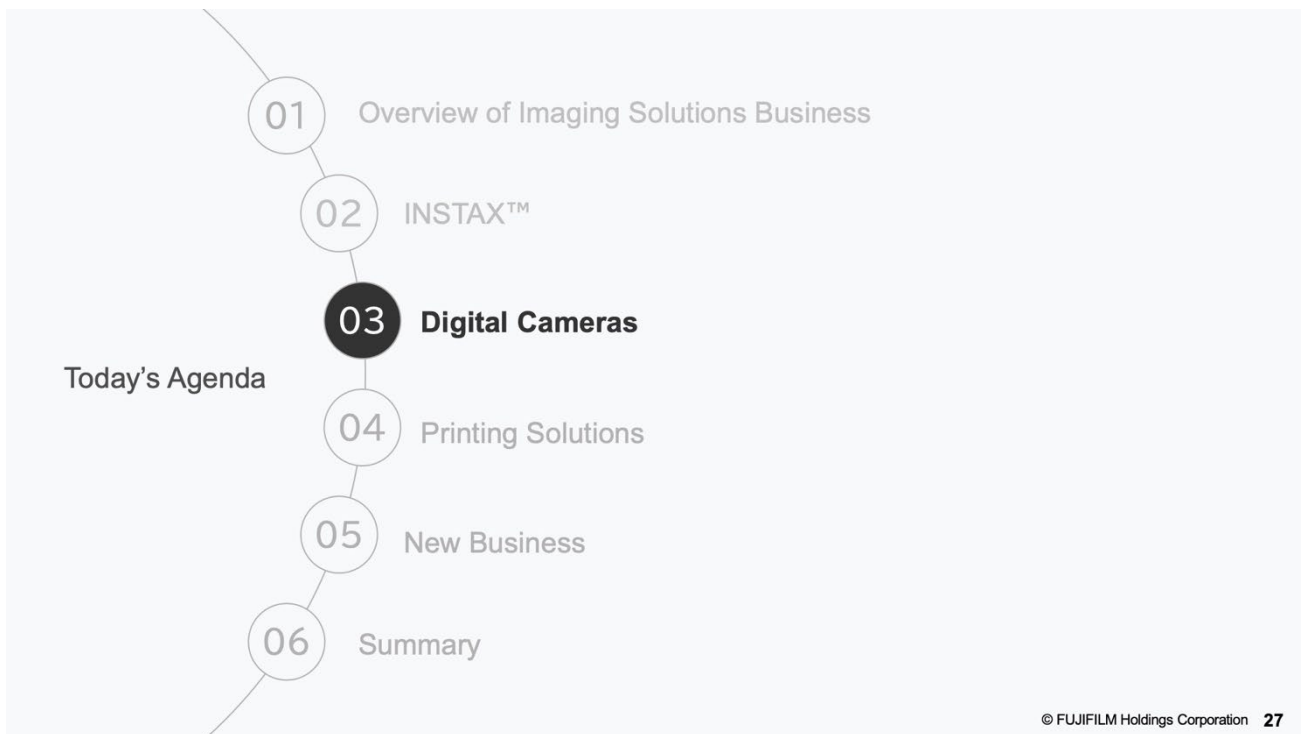
And as for analog cameras, it's been very difficult to build touchpoints with our customers. However, we have a new INSTAX app. It allows you to scan the printed image, uploading on to the SNS and then wanting to print that out is a need that we have observed. And by using this app, we can again continue to have a touchpoint and connect with the customer. In this way, INSTAX or otherwise referred to as Cheki here in Japan, I have indicated why this has delivered in some sales.

2-3 | Growth strategy of INSTAX

Evolving into the one-and-only tool that connects “real world” with “cyberspace” and enhances the value of photos and other contents in both worlds



We're promoting digital transformation to connect the real world with cyberspace, and to cultivate new demand, and this is the secret of success in the backdrop. We will be working on contact and even in cyberspace, to ensure that photos and also images are produced. And then, it is downloaded onto the real world, that is to say, taking the former printed material. This is one and only. It's a separate category, beyond instant photograph, to enjoy films, to enjoy images. This is the world of INSTAX.

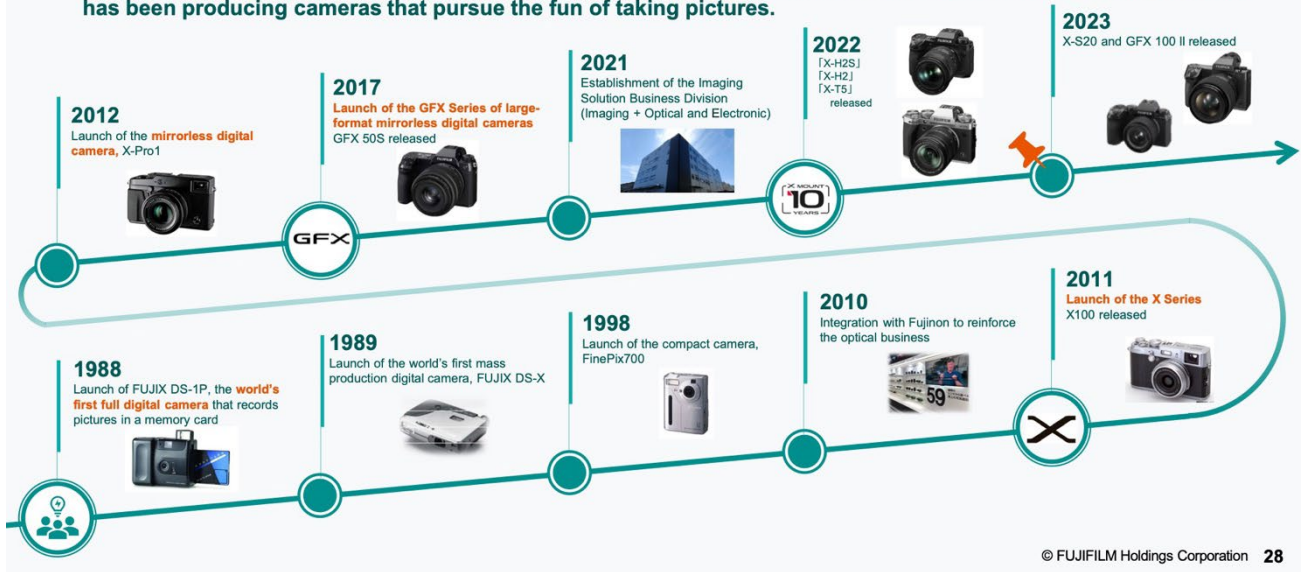


Next, about digital cameras. The imaging business has been very good. Another reason is this digital camera business. Now it is growing very steadily, so I'd like to talk about it.

3-1 | History of Fujifilm Digital Cameras

Digital cameras

Smartphones have evolved to the extent that people use them to take photos casually. Amidst this trend, Fujifilm has been producing cameras that pursue the fun of taking pictures.

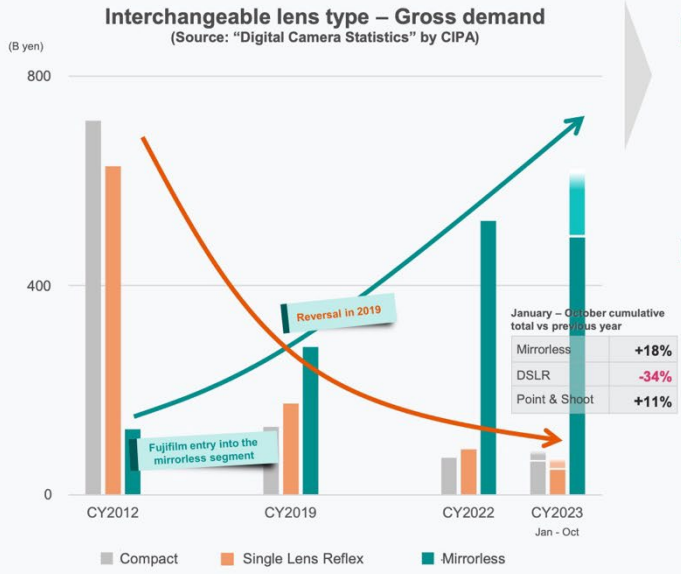


Well, since 1980s, we started with digital camera, and we started to investing into digital camera using memory cards. We have recording additionally, this is the very first digital camera we launched in 1990s, compact cameras, and we had the top market share as a top brand.

Globally, we have expanded the sales. And after that, smartphones were launched and around that time, we became a high-end professional brand with mirrorless products.

2012, we started to launch mirrorless digital cameras. And also after that, for 10 years, we became a top manufacturer of this area, so we expanded this business drastically. And so far, we are still growing.

3-2 | Trends in the Digital Camera Market



Change of gross demand
(Value base: CIPA Shipment)

- The gross demand for mirrorless cameras surpassed that of Single Lens Reflex in 2019.
- The market size topped 500 billion yen in CY2022.

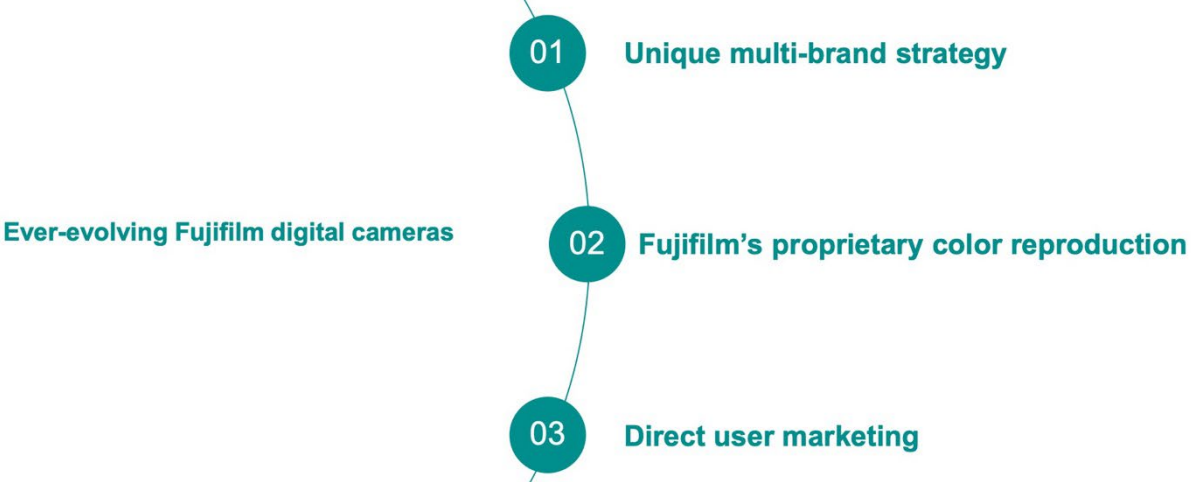
Fujifilm's mirrorless initiatives

- 2012**
Launch of the X Series equipped with an APS-C sensor
Extensive 40 interchangeable lenses available
- 2017**
Launch of the GFX Series equipped with a Large Format sensor

Establishing a distinctive market position with the two series strategy with X Series and GFX Series

This one shows interchangeable lens type. This is a growing demand. The orange line shows the Single Lens Reflex and Mirrorless in these 10 years has been growing. These are the green bars.

3-3 | Ever-evolving Fujifilm digital cameras



So we were the pioneers, as I mentioned before, started to launch mirrorless cameras and we started to grow the businesses and also the positions in the market.

Digital camera, we have multi-brand strategy, very unique, and also proprietary color reproduction, and direct user marketing.

3-3-01 | Ever-evolving Digital Cameras : Unique Multi-brand Strategy 1/2

01. Multi-brand strategy with X Series and GFX Series



“ Compact, lightweight, superior image quality, premium design ”

Using the APS-C sensor for optimum balance of image quality and mobility

FUJINON



“ Integrated development of cameras and lenses ”

Using the optical technology of Fujinon, backed by its 80 years of history, to develop lenses integrally with Fujifilm cameras to draw out the performance of image sensors to the maximum extent

GFX



“ Impressive image quality with 100MP ”

Outstanding image-resolving performance, rich tonality and definitions, made possible with the Large Format sensor

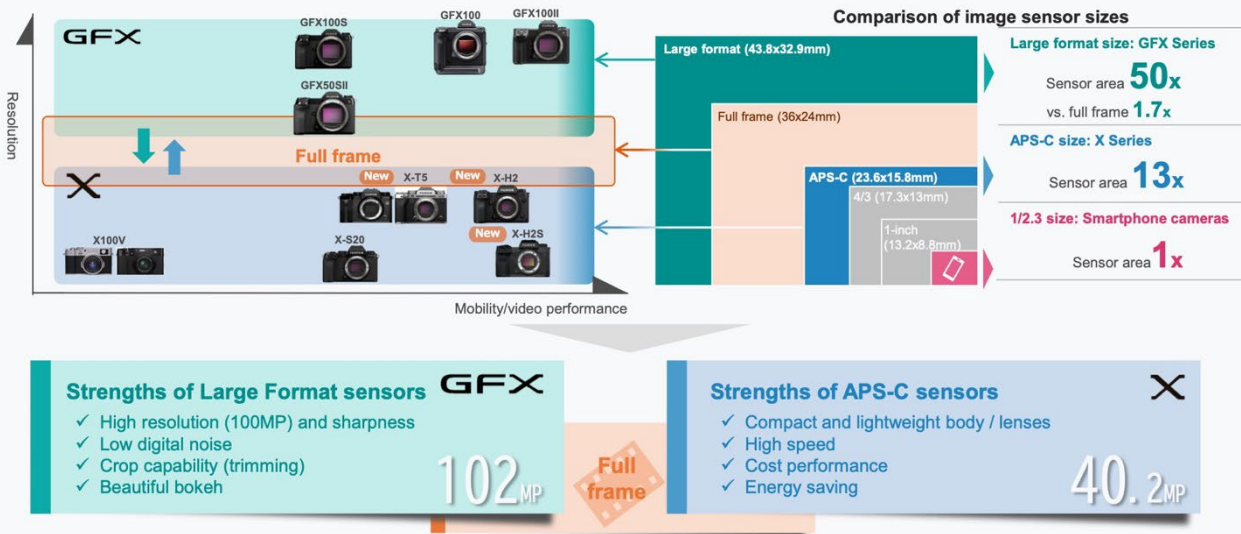
Pursuing cameras that users want to hold on to and use indefinitely

Introducing products that effectively combine design excellence, texture and performance to meet customer needs, achieving sales growth for both X Series and GFX Series

Multi-brand strategy. As you can see, we have X Series, a compact, lightweight, and superior image quality, and APS-C sensor is used. This is a very lightweight model and also, large format model, the sensors are used 100 million pixels, and this is GFX. And also, Fujinon lens, a very traditional one. So, we have all of them for users to be able to use forever.

3-3-01 | Ever-evolving Digital Cameras : Unique Multi-brand Strategy 2/2

Multi-brand strategy that present distinctive features for X Series and GFX Series, delivering aggressive product lineup and establishing unique market positions



This is our multi-brand strategy, as I mentioned before, other countries are focusing or other companies are focusing on full frame types, but we have a very unique approach, using compact and also lightweight.

X Series and GFX Series, that's 1.7 times as much as the full-size screen. Large format is used for this GFX.

3-3-02 | Ever-evolving Digital Cameras : Fujifilm's Proprietary Color Reproduction 1/2

02. Fujifilm's proprietary color reproduction



“ Memory color ”

Image design based on R&D from film-camera days, pursuing "memory color" or color as you saw and remembered



“ Film Simulation™ modes ”

「Film Simulation」 modes in different hues and tones, selectable as if switching films according to shooting intentions



“ Straight-out-of-camera JPEGs ”

Color reproduction and Film Simulation features produce superior image quality, eliminating the need for post-processing and editing for enhanced usability

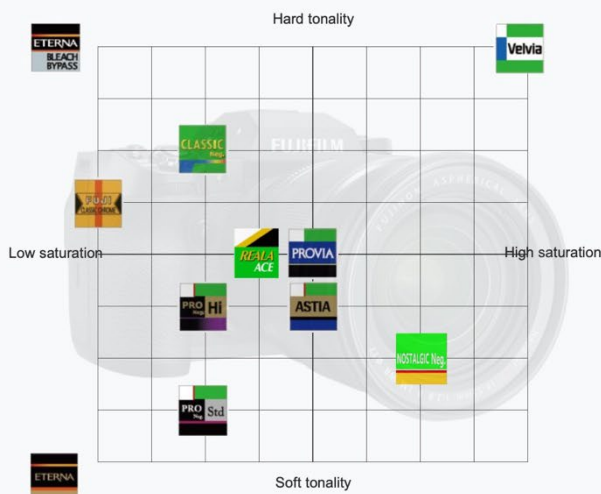
Fujifilm's proprietary color and tonal expression backed by its 90 years of history

About color, this is the uniqueness of FUJIFILM as well. We have 90 years of history in this area as well. So this is a very unique color reproduction of our company. You can reproduce this memory color, as you remember, and also the texture of the past films can be reproduced with film simulation modes, and also, quality of which is very high. And also, easy editing to reproduce color.

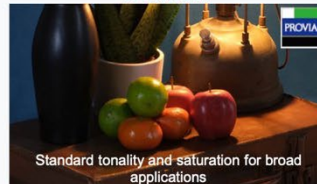
3-3-02 | Ever-evolving Digital Cameras : Fujifilm's Proprietary Color Reproduction 2/2

FILM SIMULATION modes (20 in total)

※Appendix(P56&P57)



1. PROVIA



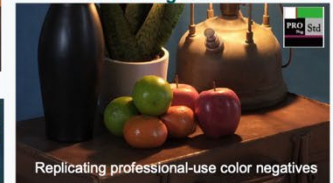
2. ASTIA



3. CLASSIC CHROME



4. PRO Neg. Standard



5. VELVIA



This is the uniqueness. About film simulation, or maybe you don't know about it, or you know about it, we have a lot of different films. Hence, for example, the [hue] is higher and also skin color is beautiful and soft color, and you can represent them in digital as well. And the users would know what kind of images they want, so, using this, they shoot pictures, only using digital cameras as well. We have 20 types of those modes.

3-3-03 | Ever-evolving Digital Cameras : Direct User Marketing 1/2

03. Direct user marketing



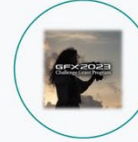
“ Product launch events ”

- Global launch event - X Summit
- User event - FUJIKINA
- Domestic event - X-FES



“ Users' informal gatherings ”

- FUJIFILM SQUARE
- WONDER PHOTO SHOP
- House of Photography ※ Refer to P44



“ Support for creative activities ”

- GFX Challenge Grant Program organizer
- World Press Photo Foundation sponsor
- KYOTOGRAPHIE sponsor (Kyoto international photography festival)

Identify potential needs of people who want more than smartphone cameras, drawing more people into the Fujifilm ecosystem to increase the fan base

User direct marketing. This is the uniqueness of our company. We have a lot of events and also promotional events and also user events, creators' events.

3-3-03 | Ever-evolving Digital Cameras : Direct User Marketing 2/2

Interest in photography among young people is growing as the number of visitors to flagship stores and events continues to increase.



X Summit at Stockholm



FUJIKINA at Shanghai



House of Photography at London



X Summit at Bangkok



FUJIKINA at NY



House of Photography Sydney

For example, this is X Summit, this is an event to show new products, and this is Stockholm this year, and also Bangkok, I went there as well.

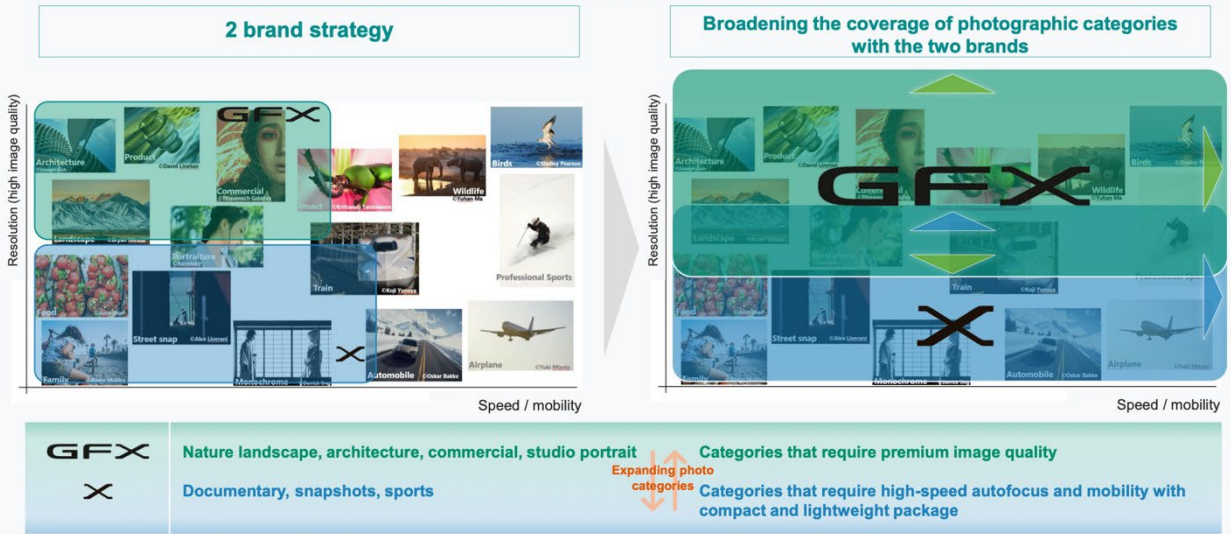
And people get together from all over the world to see their product launches and also, they can experience and also, they can learn, they can touch those products. And also, you can see Shanghai and New York. And users can participate after the presentation.

Shanghai, we had 40,000 participants in three days. There was a big audience. And also, House of Photography at London, this is our directly owned flagship store. Now we have London and Sydney INSTAX digital cameras and also printers, printing equipment; all of them can be experienced by the users and they can purchase them. So, this is the main street and about 300,000 visitors are there per year. The branding approach is very successful.

3-4-01 | Digital Camera Strategy : Photographic Categories

Reinforcing the multi-brand strategy to highlight distinctive features of the X Series and GFX Series to further expand the coverage of photography categories

Deploying distinctive products according to target users to **establish a unique market position**

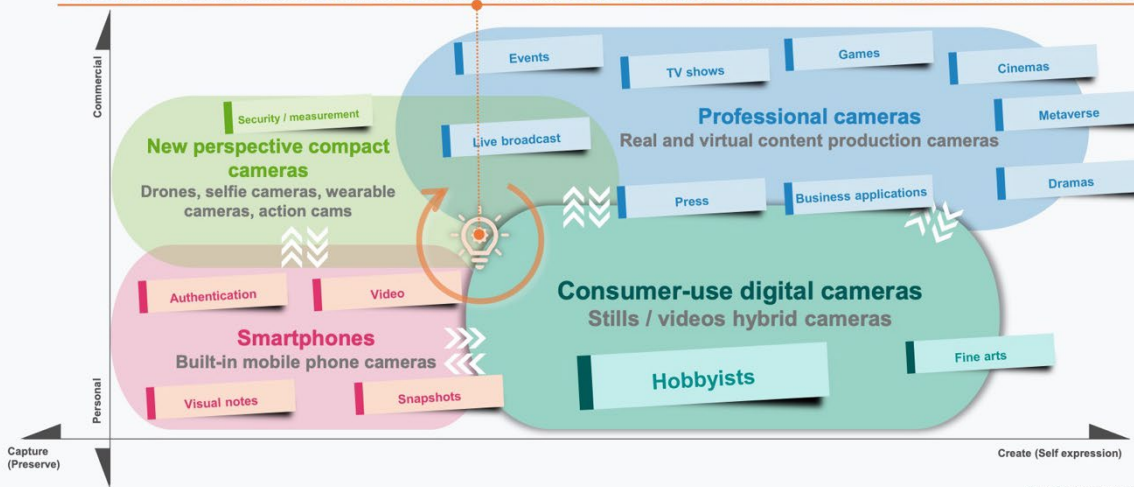


As you can see, this is the two-line strategy for digital cameras: high-quality image and also speed are very important. These are really unique cameras that we offer at our brand.

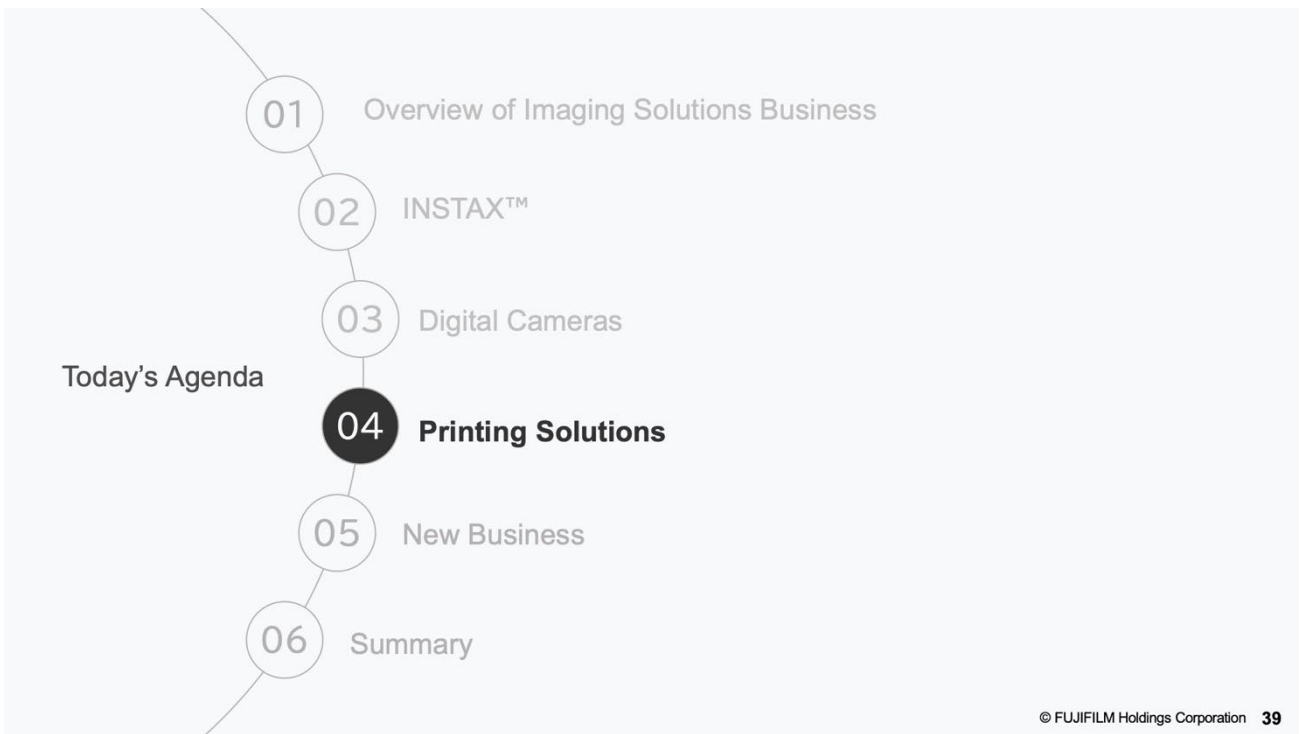
3-4-02 | Digital Camera Strategy : Environment Surrounding Digital Cameras

Combining Fujifilm's core technologies (optical technology, color reproduction, high-speed image capture, image processing, mechatronics) with new technologies to create products and services that provide new value in visual expression

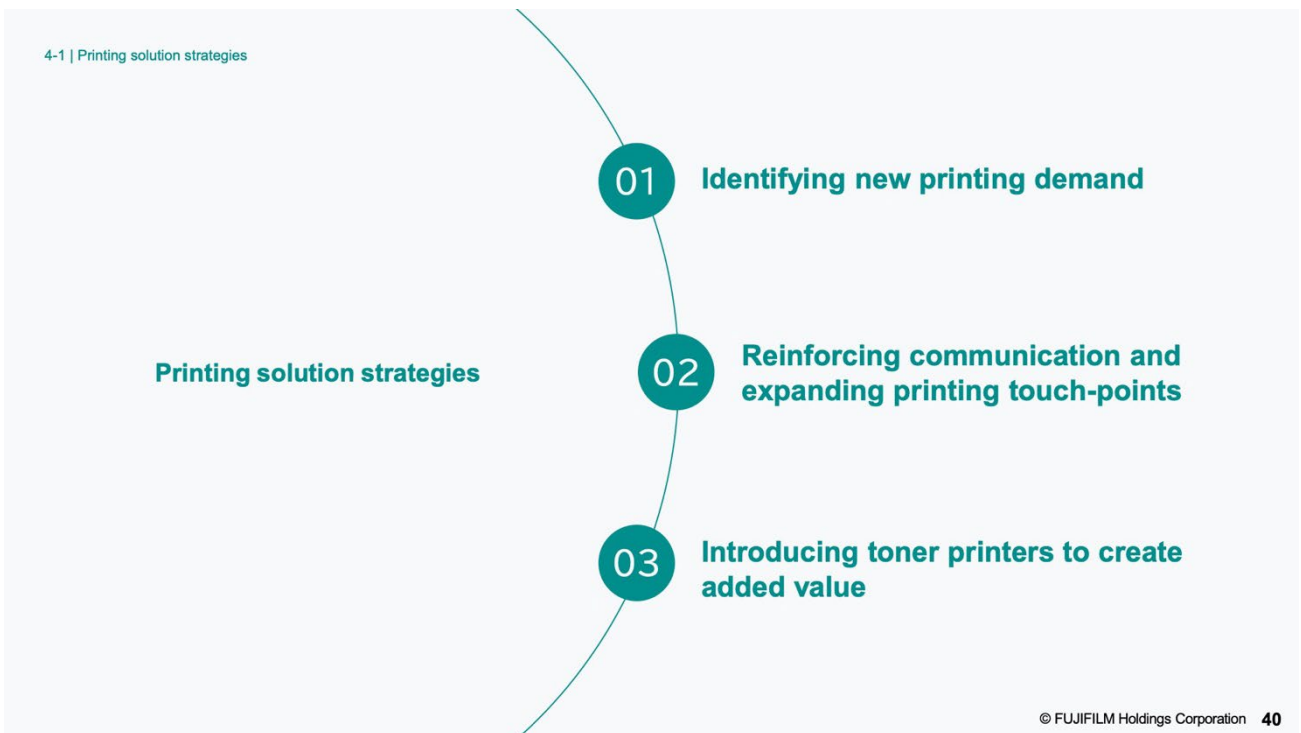
Technological advancements such as AI, 3D, virtual production and cloud computing leading to "creation of new visual expressions" and "fusion of visual expressions"



As for digital camera strategy, of course, these all are very important, better quality, than smartphones, for those people and also professional people, well, they might take videos and also, they might use networks and also technological advancement is required as well, so, the growth of the market is going to be still significant.



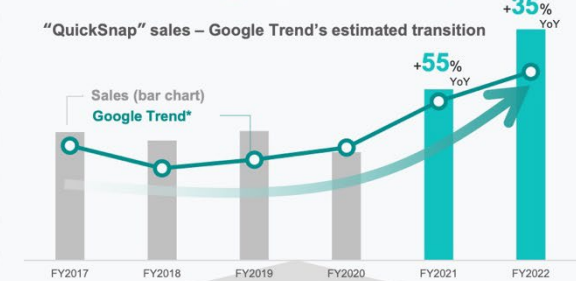
The next one is printing solutions.



Having this printing, of course, and operating ecosystem is important. We started with the silver halide and we have various systems but in terms of the recent, we have, of course, increasing toners, as well as others.

4-1-01 | Printing Solution Strategy : Identifying New Printing Demand 1/3

Revisited analog value "QuickSnap™"



* Analysis of multiple recent articles on "QuickSnap" (10,000 characters in total), using the AI Text Mining analysis system provided by User Local Inc.
 * The size of words reflects how characteristic they are to the analyzed product. Blue indicates nouns, red indicates verbs and green indicates adjectives.

Sense of excitement until the film is developed	↔ Convenience of checking pictures immediately after taking them
Inconvenience of limited features	↔ Various features including image processing
Retro image quality	↔ Vivid image quality



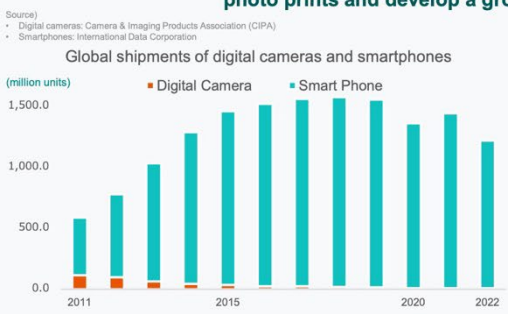
Finding appeal in the "value of experience" (Generation Z)
 © FUJIFILM Holdings Corporation 41

And what's very important, as you well know, is the so-called QuickSnap. While smartphones and digital cameras are considered to be the most popular, not only the older generation, but the younger generation is interested because of the excitement of not knowing how the picture will turn out until the film is developed. They love the retro feel, and they love the fact that it's not packed with functions and features.

4-1-02 | Printing Solution Strategy : Identifying New Printing Demand 2/3

Creating demand for photo prints

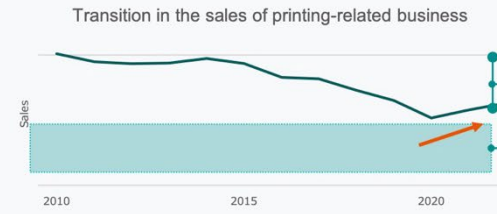
Disseminating the appeal of photo prints through various measures designed to generate demand for photo prints and develop a group of "potential print users"



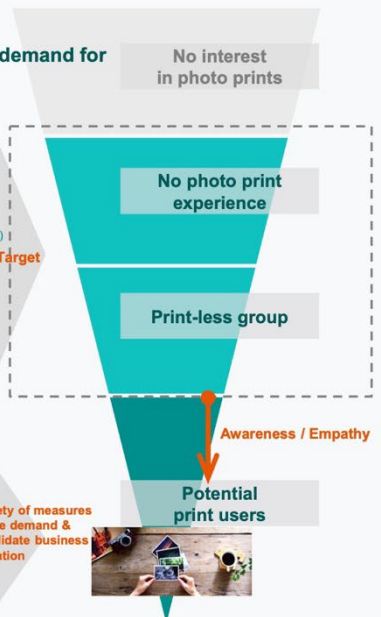
In 2021, Fujifilm products were used to take over **3 trillion shots** worldwide

At Company X's product launch event (summer 2022)

Company X Senior manager



- Those who want to print but have not done so
- Bedrock group (existing users)**
- School photos
 - Wedding
 - Professionals / enthusiasts



There is a new trend that is appearing, and we have come to understand this. And of course, the print demand generally has been thought to be on the verge of disappearing. However, the new generation who have not been familiar with the printing of photographs, they find it interesting, is amused by which to share images,

and to store. And therefore, the appeal of photo prints has now surged. And when you look at the number of shots, there are about 3 trillion shots.

4-1-03 | Printing Solution Strategy : Identifying New Printing Demand 3/3

■ Rediscovering the value of photo prints “Happiness is a photograph™”



© FUJIFILM Holdings Corporation 43

(Movie)

Why do we put such effort into them?

Why do we hold onto them so long?

Why do we want to show them others?

Why do we look at over and over?

Why do we talk about them at such length?

Why do they make us smile so much?

Photographs move us in mysterious ways.

But we know one thing for sure.

Photographs make people happy.

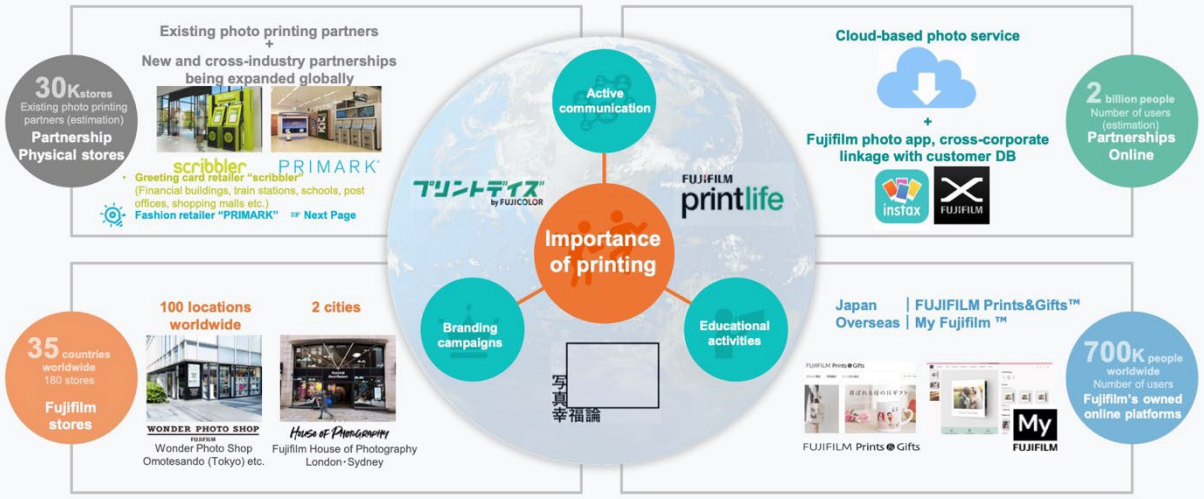
Happiness is a photograph.

FUJIFILM.

If some of this can be printed out, this would be a booster to our business. And of course, this is one of the important pillars of our business.

4-2-01 | Printing Solution Strategy : Expanding Printing Touch-points 1/2

Implementing branding campaigns, educational activities and active communication to build empathy with the value of printing, expanding touch-point channels in both physical and online worlds



And take a look. We have begun this, this year. Very encouraging, the culture that evolves around photographs, and this is our strength that we hope to be able to continue working on this initiative.

To the center of this slide, we're looking at communication, educational activities, and branding campaigns. This will continue. However, when it comes to heart and center of the business, as we see to the left, over several decades, we have been working as partners for photo printers, as well as stores. And of course, these are touchpoints.

And we have also been conducting initiatives that resonate with the younger people. To the bottom left-hand side of the slide, we have, of course, our directly operated stores, and there are about 100 locations worldwide. And we also have the Wonder Photo Shop that we are rolling out with our partners, where cameras and also printers are being sold, and there's an opportunity to touch and try.

And naturally, as we see to the right, there's online printing services that are possible through apps and through direct sales. Online printing services have also been rolled out globally.

4-2-02 | Printing Solution Strategy : Expanding Printing Touch-points 2/2

Create new touchpoints with the younger generation through alliances with partners in different industries, and enhance the customer experience by improving the quality of information and communication provided at touchpoints


Attracting new fans by both companies

PRIMARK

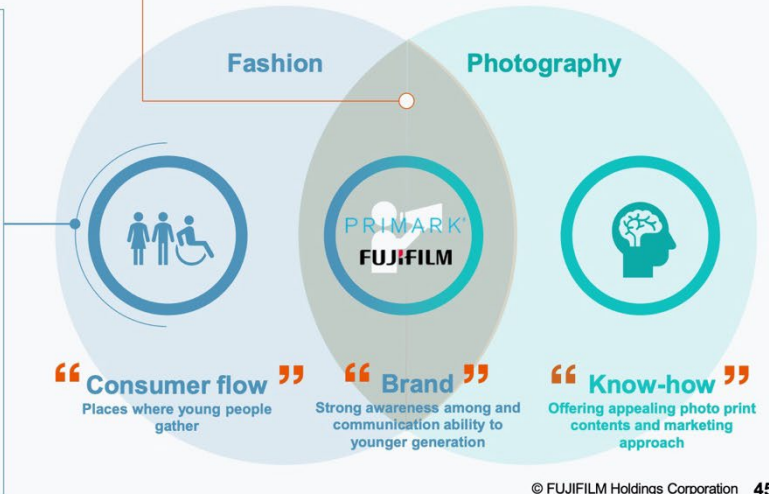
A leading international clothing retailer established in Ireland in 1969 and currently running over 400 stores in 16 countries worldwide including UK

"Photo by Fujifilm" concession at Primark's shops

- Manchester store opened in November 2023
- Birmingham store to open in January 2024
- Further deployment in UK and EU planned



Fujifilm's first Photo kiosks at fashion stores






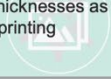


And just to introduce one new initiative, across industrial sectors, we have tied up with partners in a new initiative. To illustrate, in Ireland and UK, there's PRIMARK, a fast fashion brand, with over 400 stores. We have decided to work together to reach out to the younger generation who are fashion-conscious to achieve a touchpoint with these younger segments of users to enjoy photos.

This also allows us to capture new customers through our branding and also repeated users. So, there's a correlation. Under a common objective, we have decided to build new momentum into fashion and also photographs.

4-3 | Printing Solution Strategy : Introducing Toner Printers to Create Added Value

In the midst of diversifying values and needs, adding toner-based products to the lineup for simple value-add print experience to help "print easier" and "enrich your life with photos"

<p>FF</p> <p>Silver halide</p>  <p>“ Superior image quality High volume ”</p>	<p>FF</p> <p>Inkjet</p>  <p>“ Small – medium volume ”</p>	<p>FF</p> <p>Sublimation heat transfer</p>  <p>“ In-store terminals & events ”</p>	<p>FF/IB</p> <p>Toner system (xerography)</p>  <p>New</p>
<p>Developing a new toner-type printer with improved image quality for photo printing</p>			
<p>Toner printers' advantages</p>			
<p>“ Casual printing ”</p> <p>Printing instantly at a convenience store or supermarket</p> 	<p>“ Multiple output formats ”</p> <p>Catering to various print areas, sizes, thicknesses as well as duplex printing</p> 	<p>“ Enhanced profitability ”</p> <ul style="list-style-type: none"> • Low-cost printer with no need to handle chemicals or waste liquid • Synergy with Fujifilm Business Innovation to maximize profit 	

In terms of the methods that we have pursued, we have the silver halide from the past and also inkjet, and sublimation heat transfer in the printing method. We also have synergy that we are enjoying in the xerography method, by which we are using a toner system into print we've invested.

This allows us to enjoy casual printing. There are also multiple output formats that are possible, catering to various print area size, thickness, as well as duplex printing as well, and we will be able to maximize profit in synergy with FUJIFILM Business Innovation. So, this is the way forward.

Today's Agenda

- 01 Overview of Imaging Solutions Business
- 02 INSTAX™
- 03 Digital Cameras
- 04 Printing Solutions
- 05 New Business**
- 06 Summary

I'd just like to touch upon new businesses. Of course, there are various pursuits that we are conducting. But just to give one example, for high-value products, lens, camera, B2C, this has been our mainstay from the past, but we want to leverage this and go into B2B and expand our business there as well.

5-1 | New business : Standalone Items to Solution Business



Just to give you an example, we have security surveillance cameras. Of course, there are many, of course, players in this market, but this is an area which we will be able to leverage on our strengths, where we can differentiate from competitors.

5-2 | New business : Deploying New Business that Makes Use of Photographic and Optical Devices

Deploying new business that makes use of photographic and optical devices (cameras and lenses)
Offering “easy shooting → Automatic synthesis / AI analysis → Information + additional value” as a package

“Capturing what is invisible or difficult to see” “Converting images into data and applying AI analysis for on-site DX”



“ Easy shooting ”

Fool-proof operation, latest devices, shooting know-how



“ Automatic synthesis / AI analysis ”

Latest image processing technology AI analysis / Developed view synthesis



“ Information delivery ”

Dedicated viewer display Cloud storage / chronological differential analysis information

News release (Oct. 7, 2023)

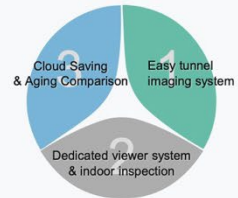
One-stop-shop solution from leasing imaging systems to utilizing data to enable inspections from office

“Tunnel inspection DX solution” launched

Using latest optical technology, image processing technology and AI to contribute to digital transformation in the infrastructure field

October 2023~

Commencing practical use for inspecting power generation headraces of a Japanese electric utility

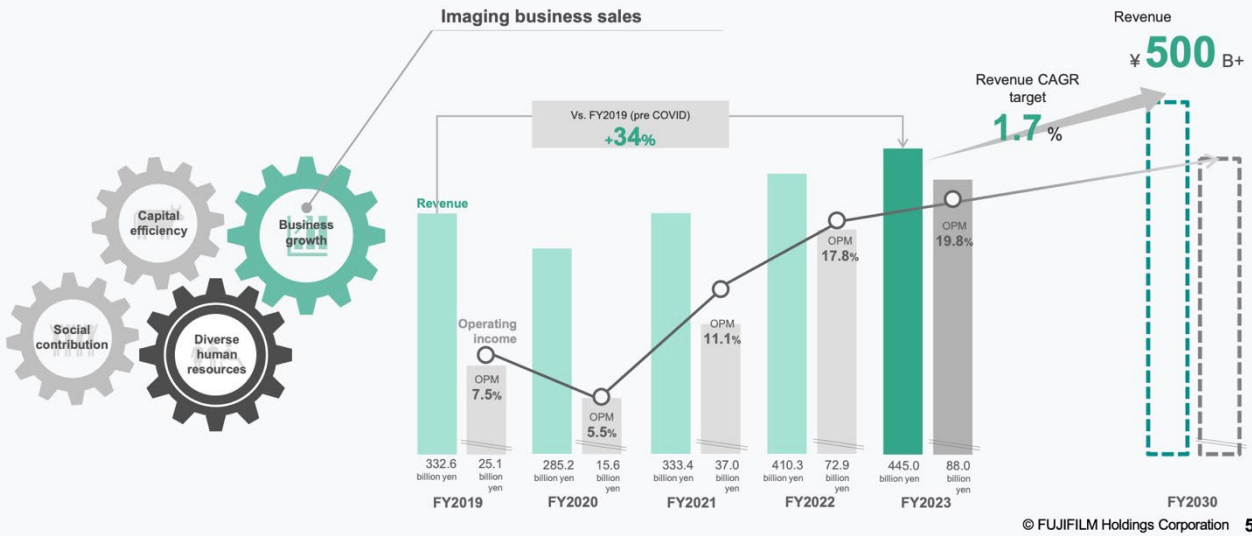


We have sold just lenses, but we are able to deliver on the final products with long-range lenses as well. And of course, we are talking about DX solutions. Whatever is being shot can be synthesized and analyzed by AI and information delivered. This is a new form of business. Under this name, we are seeing infrastructure becoming obsolete. There is also a dire shortage of non-power as a backdrop.

And this October, we have begun offering tunnel inspection DX solution. This is being used by major power companies here in Japan, and this allows for the cameras to capture detailed images of the walls of tunnels and digitize, inspect, and identify locations that require work on, and this will also allow us to achieve a new recurring type of a business model.

6 | Business Performance Target

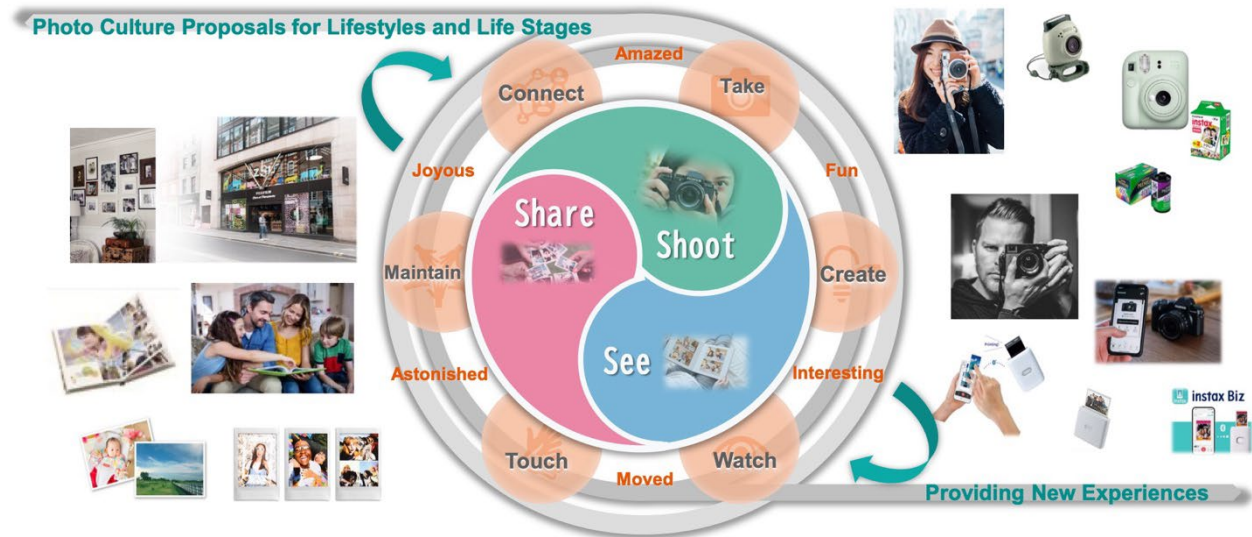
- Continuing to create unique and appealing imaging products and services to achieve **500+ billion yen in sales in FY2030**
- Implementing technological development and reinforcing resources as a **cash-generating business** to contribute to improving Fujifilm Group's cashflow with stable growth



I've gone through the contents of our presentation, I've looked at the current circumstances, and we are set on promoting new initiatives so that the imaging solutions business, by 2030, will top JPY500 billion in terms of revenue. And it is a cash-generation film. And we are set on contributing further to the cash generation business with FUJIFILM.

6 | Business Eco System for Imaging Business

FUJIFILM's unique ecosystem that delivers new value to the world of photography and imaging, which are indispensable to people and society.



This is an image that captures the business ecosystem for imaging business. We will deliver new experience and present new culture proposals that is in line with their life stages and offer solutions, and that will allow us to generate revenue.



**Delivering new enjoyment and emotive experiences
from photography and videography
to contribute to creating a safe and secure future society
where people live an enriched life**

And this is our vision: Delivering new enjoyment and emotive experiences from photography and videography to contribute to creating a safe and secure future society where people live and enrich life.

Under this mission, we are ready to contribute to our revenue base and to fulfill our mission. With this, I would like to conclude my presentation. Thank you for your kind attention.

Question & Answer

Moderator: Now we'd like to have a Q&A session. Please use the button on the screen to raise your hand. So here is the screen for your raising your hand button. And I'd like to call on your name. On your screen, if you are called, you have a pop-up and please select Unmute.

Up to three questions per person, please. If you have many questions, please do it one by one. And if you don't have any further questions, please delete the button. Please raise your hand.

Citigroup, Mr. Shibano. Could you please unmute yourself? We are very sorry; we cannot unmute you. Thank you very much, just a moment. Now we can hear you.

Shibano [Q]: Thank you very much for the explanation. My name is Shibano from Citigroup Securities. About INSTAX, upside opportunities going forward, even qualitatively, could you please elaborate on that? In concrete, what I'd like to know is regional aspects, the growth. Do you forecast any growth in what region, if any? And product portfolio, when you look at that, you have analog, hybrid, and digital, printing as well. And do you have any additional needs you would like to address going forward?

And also, you're very dominant in these markets, what about the bargaining power or pricing, does it contribute to your future profitability?

That is my question. Thank you.

Yamamoto [A]: Thank you very much for your question. So, you have given me three questions about the upside potential of INSTAX. The first one is about regional opportunity.

Right now, globally, we are selling this product, especially 90% of the revenue comes from outside of Japan; 60%, 70% Western countries, Europe, and the US, and we are going to grow more in those markets. In terms of regions going forward, we have emerging markets: Southeast Asia, India and Latin America, and those countries are really growing right now.

Actually, I went to India last week and the purchasing power of the high-net worth is really increasing, in terms of the outlets. For example, we do not have outlet stores nationwide India, so we'd like to focus more on the branding and channel strategies so that we can grow more. I think we can.

And about potential, we do have these emerging markets as our potential. In terms of the products, analog and hybrid printers, we are focusing on those, so far, and hardware products like INSTAX Pal, we do have very interesting ideas, and also the fun of shooting and printing, we have some ideas for that and we would like to launch those products continually.

And another one is application software products. As I mentioned before, B2B products, B2B business. And what is suitable for the B2B businesses solutions and systems products, we are going to develop and also B2B business as well. The demand for events is really increasing right now. They have the momentum right now, so that's where we'd like to develop some systems, not only INSTAX itself, but we'd like to use our products for user engagements.

We would like to use more creativity to use the INSTAX printer product, plus solutions, and the products themselves are going to evolve going forward.

And about the pricing and dominant power, this year, we had the price increase in terms of the material crisis, they increased, but for this INSTAX, we were able to pass it on to the pricings. So, the leading power, in terms of pricing, is with us. We do have the power.

So, as you can see here on the screen, where we have high value-added products with higher unit prices, we can increase unit prices, and we were able to. Previously, it was about, for example, USD79 and USD69 for analog products, this INSTAX, but right now, it's over USD200, very close to JPY30,000, and people are buying them. That is because we are a leading brand. And also, we can provide new values incorporated into the products. That is why the customers really value the value of these products.

And going forward, we can continue. Thank you.

Shibano [Q]: Thank you very much. Well, based on your explanation right now, JPY100 billion or so of the operating profit right now for imaging right now, but some years ago, it was about JPY50 billion. So right now, you have a very high level of operating profit. Some investors say it is possible for you to maintain this level? You are talking about the INSTAX right now but including the other businesses, can you maintain this level of profitability? Or can you grow more just very briefly? That's my last question.

Yamamoto [A]: Thank you very much. As you have pointed out, during COVID-19, we really struggled, but at that time, we had to reduce the fixed cost and we did, thoroughly, to strengthen the foundation of the business. And also, in terms of pricing, as I mentioned before, the material cost increased. However, we were able to pass them on to our products. And also, we had the power of the products.

And because of those three, we are profitable. That's increasing. So going forward, right now, INSTAX has been stably growing. That contributes to the OP margin that is very high right now, so we will have to grow more in digital cameras as well, they are contributing to the profitability of our business as well.

For our digital cameras, unit prices are very high right now. They are high end. And also, they don't have price competition. We can maintain good prices, and that's how we are selling. So, the demand for digital cameras is, for professionals and also for hobbyists, have been very stable.

And also recently, last year and this year, we had two-digit growth. The market is very stable, and our share is growing. So, INSTAX and digital cameras, those two are going to be the traction. And the printing as well and also new demand should be captured gradually, we can add on more profits, so that we can maintain JPY100 billion or more. Thank you.

Shibano [M]: Thank you very much.

Moderator: Thank you. From JPMorgan, Wakao-san, please unmute yourself and present your question.

Wakao [Q]: Thank you very much, from JPMorgan, my name is Wakao. First of all, in reference to INSTAX, I have two questions: Competitor and also implications from the economy. In looking at the competition, you said that you are the one and only, and I'm sure that you have dominant share. I would like to inquire more about the competitive landscape.

And also secondly, about the implications from the economy. Of course, this is for the consumer. And hence, if the economy deteriorates, your revenue will likely suffer. And there are concerns from next fiscal year and onwards, and so how are you going to cope with this? And what are the measures that you're currently considering?

Yamamoto [A]: Thank you very much for the question. First, in reference to the competitive landscape, we enjoy a large share, 80% to 90% of the share of the market. Of course, there are competitors, Kodak and

Polaroid, to name a few, but the silver halide method, as you well know, offers great quality. And also, there's a sensation, texture, and depth of image that separates us from the rest.

And also, if you look at the print, the feel, the thickness, is also unique. Of course, there are methods that have been taken by other competitors, but it's very thin, and as we see with the ordinary prints. And other companies, of course, have been pursuing silver halide, however, were not able to catch up. And therefore, we will be leveraging the silver halide technology, as we have done so for the past 25 years. And therefore, in terms of the quality, as well as the value of our products, we have outstanding superiority.

And also, when it comes to global branding and also channel capability, we've invested substantially, and we have resources and assets that outperform the others, and therefore, when you look at the INSTAX and also system, we will continue to distance the competitors.

And next thing, around the state of the economy, there are concerns about inflation, especially in the West, the Western markets. There have been concerns voiced. That is indeed true. However, Black Friday has come in and there is now positive growth observed in the United States. And the INSTAX product sales has been growing.

And when we listen to people in the markets, with the economy deteriorating, consumers have been refraining from purchasing high-priced products. For the INSTAX product pricing, say, for the sake of purchase as a present, but this is where our consumers will not cut back on expenditures, and therefore, we believe that INSTAX is a product that is resilient to a failing economy.

Under COVID-19, when there were very few opportunities to shoot films, of course, our products might be impacted. However, even while people say that the economy is failing, we find that there's over tourism observed around the world. People are coming in contact. People are more mobile. And we find that digital cameras and also INSTAX, anything related to photography and images, are very resilient, sustainably against the state of the economy.

Thank you very much. And that is all.

Wakao [Q]: And I would also like to inquire, 2030, you're looking at JPY500 billion in terms of top line. What is the composition of the JPY500 billion, 60% for consumers, professional 35%, in terms of breakdown, would you say that the proportion attributed to consumer will grow?

Yamamoto [A]: Consumers versus professional, I do not believe that the ratio will change that much. The reason being INSTAX and digital cameras will grow. And we hope to be able to see these two sets of products grow. Thank you very much.

Moderator: Next is **Okazaki**-san from Nomura Securities.

Okazaki [Q]: Thank you very much, my name is Sagasaki from Nomura Securities. About digital cameras, color reproduction and also film simulation are very well accepted. It's demonstrated. So, how can you maintain this advantage because of AI advancements right now? For example, you can produce very high-quality images that's a very near future, what do you think about it?

Yamamoto [A]: Yes, as you mentioned before, AI can enable so many different things going forward. But the film simulations, not everyone can do it.

For example, when you are making films, for example, color graduation and also there is a balance of many different elements and aspects. And when we look at those images, well, the film shows, at the sense of viewers, FUJIFILM is unique and the only company that really knows how to represent those images. So, we do have the brand.

Velvia is our brand. So, colors of Velvia, well, you cannot do this without Velvia, so we do have advantages, we do have [niche] in AI and so on, well we'd like to incorporate AI into our strategy in many different aspects.

We do have films. And also, you have a combination of something else when you shoot photography and the combination makes good outcome and results. So, there's a set of digital camera and other systems to reproduce the colors.

Okazaki [Q]: Understood. To follow that up, suppose the asset value is very large in terms of the brands as well, so other than your digital cameras, do you explore some other business opportunities?

Yamamoto [A]: That's a very good question. This brand asset, as a business, if we have any partners to enhance the value, if we can monetize the opportunity, that will be possible. I cannot really say that there is no approach like that, but the Velvia simulation, it's very difficult for you to really be perfect in film simulation. So, it's not as simple, but just doing it. So, so far, our cameras' uniqueness with this film simulation, would be something we would like to focus on right now.

Okazaki [M]: Thank you very much.

Moderator: From Morgan Stanley, MUFG Securities, Omoguti-san, please.

Ono [Q]: This is Ono speaking. We have mistakenly registered the name. And this is a question in reference to pricing, especially come FY2024, there are two questions that I have for INSTAX and also digital camera.

First, for INSTAX, you have mentioned that you enjoy a competitive advantage. The competitor side, say, Kodak, when you look at their pricing, there's a stark difference in terms of price.

Even if this is backed by difference in quality, the gap is so large, and hence, what is the downside risk on the pricing side for INSTAX next fiscal year? And also, for digital cameras? You have the mirrorless and as a combined digital, and compared with the pricing of your competitors, as it played out this year, most likely, including external EC [priming], your premium pricing is very pronounced. That is my understanding. This has also provided or contributed to your high profitability ratio. This is an overlap with the earlier question.

For next fiscal year, if the premium should decline somewhat and the pricing is closer to standard, there is a risk of a downside on margin. I would like to inquire as to your thoughts on this.

Yamamoto [A]: Thank you very much for the question. First, your question about INSTAX. In comparison with the pricing of competitors and is there a possibility where our prices will have to decline in alignment with competitors? Of course, we understand that there is a possibility of our prices. But in terms of INSTAX, we will maintain the quality of our product, which is reflected into the price. We do not set prices on a comparison basis with our rival products. So, we are confident about the quality.

As we roll out the product onto the market, end users are convinced. And if customers purchase products from competitors to the price, as they come to the quality and features, with competitor products, sometimes they will return to INSTAX.

We will be able to maximize our position into the market to establish a more appropriate price as we deliver on our offerings to the market, and that is our position.

And as for digital cameras, likewise, our cameras, in terms of design and also color reproduction, have a strong future and we enjoy a very loyal fan base. When a [FUJINON] product comes up, comes out into the market, they will readily reach out to our products.

And that is the current situation we are observing. What will happen next year, we will continue to introduce our products into the market. And two years ago, there's the T Series and H Series in X series, which is our main products, without lowering the price, back orders, there's a backlog that still continues to this very day, even after the rollout two years ago. This is because of a loyal fan base and also there are, of course, switchovers of users from products with our competitors. And this is very pronounced.

Customers understand the features and the pricing, which is on par with the quality that we offer. And this cycle, we are confident will continue next year and two to three years down the line.

We do not sell with price, in order to boost our product. Our position is to deliver on quality and to win the understanding of our customers. And that is why we have decided to have touchpoints with our customers, so they will be able to touch and try our products. We are also rolling out various activities so that we are able to offer a convincing argument to our customers. In the past two or three years ago, after the product rollout in two or three years, prices would decline.

However, that is not the current situation that we are currently witnessing. That is all.

Ono [Q]: And there's also one more thing that I would like to inquire. Now for the digital cameras, you have X100V, and you have not been able to accept additional orders. And I have the impression that you're not going to increase production. As you are set on increasing top line, the capacity remains flat and the mix will now be reshuffled, so there are new products into the portfolio. and will that be the way in which you will be able to enhance your top line with the reshuffling of mix, engaging new products?

Yamamoto [A]: We understand that we have been inconveniencing customers because of the backlog. It is not as if we are suppressing supply. More than we had planned, the demand has been extremely brisk. And supply has not been able to catch up with the demand, the strong demand.

And digital camera, as you know, there are components and also parts that require lead time, which would mean that it's taken time to fill our orders. As we grow our business, naturally, we will, of course, increase our production capacity. But it's not as if we're just merely set on increasing the volume, but we are ready to deliver on new added value products, more attractive products, and that will be part and parcel of our planning.

Of course, it is very difficult to decide on the actual details of the planning. But of course, demand is very, very strong, so we understand that we need to really step up on our production capacity and expand on our digital camera business. And that is how I would like for you to understand our strategy.

Ono [M]: Thank you very much for the detailed explanation.

Moderator: Now we would like to receive one last question. One last question. CLSA Securities, Yoshida-san, please.

Yoshida [Q]: Thank you. My name is Yoshida from CLSA. About INSTAX, depending upon the country and region, the specs are different. But according to the user survey, what are the scenes of usage in each region? What kind of usage? Do you have any breakdown of the information? And you were talking about the focus on the emerging countries as markets, but in terms of the users and how they are using the products, which region is your focus?

Yamamoto [A]: Well, it's not really depending on the region. But at first, for INSTAX, we are targeting families and friends, those are scenes with friends and families and events. Those were the scenes at first, but for high-end INSTAX products, the user segments are more and more diversified.

So recently, we have hobbyists, snapshots, and sceneries, and a combination of sceneries. And also, they might capture cars. So, using the uniqueness of the INSTAX other than just group photos and those snap photos, that they can use their INSTAX to capture their moments. And also, they can print them and also, they can pass them on SNS to express themselves, and that is the evolution of the usage.

And also, they are more realistic. And also, they are according to their needs, in terms of the size and format and the types of cameras, so that they can enjoy shooting pictures and also printing.

So, in terms of region, at first maybe India and Asia Pacific, they might take pictures with families and friends, but they are going to evolve or diversify themselves, to take more pictures with different scenes, and that's the potential we are thinking about.

Yoshida [Q]: Yes. Thank you very much. One more thing about INSTAX. In main regions, what kind of retail channels do you use? Recently for entry digital camera, the markets are shrinking. And does it benefit INSTAX market capturing?

Yamamoto [A]: INSTAX retail is very much diversified. Depending on the country, it's different, but we have specialist, specialty photo shops and also, the US, it's a big market: retail stores, store grounds. And other than camera shops and also electric appliance shops, bookstores, maybe, and brand shops or high-end stationery shops. So, the number is increasing and also game shops. And depending on the country, smartphone shops. That's where they carry printers. So, it doesn't have to be cameras shops and also electronic appliance shops, well fashion-related shops, and brand shops, and also, they carry our products with the other gadgets. So, the retail channels are already expanding going forward as well. Thank you very much.

Yoshida [M]: Thank you.

Moderator: Thank you very much. With this, we would like to close the Q&A session. The next one is Bio-CDMO business briefing session. We ran out of time for the first one. So, we'd like to start at 9:55 AM for the life science business, Bio-CDMO, so please stay connected.

With this, we would like to close the imaging session. Thank you very much for the participation. Thank you very much.

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Document Notes

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