

FUJIFILM Holdings Corporation

INTEGRATED REPORT

2018

The bottom half of the cover features a large, abstract graphic composed of several overlapping, flowing shapes. The colors transition from a dark green on the left, through a light green and yellow-green, into a bright blue, and finally into a soft purple on the right. The shapes create a sense of movement and depth, resembling a stylized landscape or a series of waves.

CORPORATE SLOGAN

Value from Inn

Fujifilm's Corporate Slogan, Value from Innovation, is our promise to customers that our constant creation of value for society through innovations in technologies, products and services is a strength that will broaden their possibilities in business and lifestyles in the future, as well as declares that we will ourselves gather widespread wisdom from within and outside of the Company as we innovate.



CONTENTS

About the Fujifilm Group

- 02 The Fujifilm Group's Starting Point
- 04 The Fujifilm Group's Value Creation History
- 06 Competitive Advantages and Business Portfolio
- 08 Financial Highlights

The Fujifilm Group's Value Creation

- 10 Value Creation Process
- 12 Message from the CEO
- 14 Interview with the COO
- 18 Feature 1: Strength and Future Development of the Document Business
- 20 Feature 2: Solving Environmental Issues through Business Activities

Foundation Supporting Value Creation

- 22 Status of Corporate Governance
- 22 Status of Corporate Governance
- 28 Management Structure
- 30 Outside Director Round Table Discussion
- 34 Sources of Corporate Value
- 40 The Fujifilm Group's Approach to Corporate Social Responsibility



novation

Business Activities

- 45 FY2018/3 Fujifilm Group Topics
- 46 Imaging Solutions
- 48 Healthcare & Material Solutions
- 52 Document Solutions

Financial Information / Non-Financial Information

- 54 Financial Highlights
- 56 Financial Analysis and Review
- 59 Business-Related and Other Risks
- 60 Consolidated Financial Statements
- 67 Non-Financial Information

Corporate Information

- 69 Creation of Shareholder Value
- 71 Corporate Information /
Domestic and International Appraisals

Integrated Report (Editorial Policy)

This report mainly contains financial and non-financial information regarding the Fujifilm Group's corporate activities that is believed to be highly important for shareholders/investors as well as growth strategies and other relevant matters.

We also disclose the Fujifilm Group's business and diverse CSR activities to a wide spectrum of stakeholders, including local communities and society, customers, investors, business partners and employees, through FUJIFILM Holdings' corporate site, including this Integrated Report and our Sustainability Report. Please visit our site for more information.

FUJIFILM Holdings Corporation Corporate Site
<http://www.fujifilmholdings.com/en/>

General Disclaimer

The information contained in this integrated report concerning business performance and results forecasts, excluding statements of objective fact, are based on management's views that have been made in accordance with information available at the time of issue. These forward-looking statements involve risks and uncertainties. Actual results may materially differ from those discussed in the forward-looking statements due to a variety of factors, including trends in economic conditions and markets in which the Company operates as well as fluctuations in foreign currency exchange rates.

The contents of amendments to earnings releases for prior fiscal years, which were announced in 2017, have reflected on the numerical data for FY2011/3 to FY2016/3. Unless otherwise specified in this integrated report, the information herein is as of March 31, 2018.

The Fujifilm Group's Starting Point

Value from Innovation

At Fujifilm, we are continuously innovating—creating new technologies, products and services that inspire and excite people everywhere. Our goal is to empower the potential and expand the horizons of tomorrow's businesses and lifestyles.

Corporate Philosophy

The Unchanging Values of the Fujifilm Group

We will use leading-edge, proprietary technologies to provide top-quality products and services that contribute to the advancement of culture, science, technology and industry, as well as improved health and environmental protection in society. Our overarching aim is to help enhance the quality of life of people worldwide.

Vision

What the Fujifilm Group Will Strive to Achieve

Anchored by an open, fair and clear corporate culture and with leading-edge, proprietary technologies, Fujifilm is determined to remain a leading company by boldly taking up the challenge of developing new products and creating new value.

Sustainability

Fujifilm will contribute to the realization of a sustainable society by working to solve social issues through its business activities.

CSR Plan: “Sustainable Value Plan 2030”

Fujifilm aims to contribute to the achievement of goals related to resolution of social issues such as SDGs, and has set the “environment,” “health,” “daily life,” and “work style” as its key areas, which will be addressed from the perspectives of both “resolving social issues through business activities” and “considering environmental and social impacts through business processes.” In addition to the priority issues of strengthening the management of supply chains and corporate governance, Fujifilm has formulated long-term goals up to the fiscal year ending March 2031 (FY2031/3) in “Sustainable Value Plan 2030.” In this CSR plan, Fujifilm has expressed its strong commitment to contribute to the realization of a sustainable society by working to solve social issues on a global scale through its business activities.

Medium-Term Management Plan: “VISION2019”

The medium-term management plan VISION2019 is a concrete action plan to achieve “Sustainable Value Plan 2030.” VISION2019 runs through the fiscal year ending March 2020 (FY2020/3). By efficiently utilizing profits generated by its solid management base, Fujifilm has built a diversified and extensive business portfolio. We will further enhance this portfolio by reinforcing each of the business segments, thereby achieving sustainable growth.

The Fujifilm Group's Value Creation History

The Fujifilm Group was established in 1934 to produce film in Japan. Since its founding, Fujifilm has consistently anticipated the future, amassed a wide range of technologies, and provided innovative products and services to contribute to society and continue to grow as a Company.

A key to our current business is the advanced and various technology cultivated by our photographic film business. Fujifilm identified domains with a competitive advantage and expected growth, and centered on a variety of technologies such as optics, chemicals, and electronics, which are needed to develop and produce photo-related products, promoted a growth strategy. Here, we will explain the history of innovation in the Fujifilm Group.

1958 | Launched Color Negative Films and Color Paper for General Use

In 1958, we launched *Fujicolor negative film* and *Fujicolor paper* for general photography amid growing demand to print color photos more easily and inexpensively. Sales have grown sharply as we continue to introduce new products incorporating cutting-edge technologies. The technologies we have amassed through photographic film research and development are a foundation supporting our business.



Fujicolor negative film
(35mm)

1962 | Debuted Plain Paper Copy Machines in Japan

We established Fuji Xerox Co., Ltd., as a joint venture with Rank Xerox Ltd. in the United Kingdom, and started selling Japan's first plain copy machine. With ground-breaking xerography technology, we revolutionized Japan's office environment. Ever since, we have been contributing to productivity gains at offices and other workplaces as well as labor saving and capacity bolstering measures for customers. Our initiatives include development and sales of digital color multifunction devices and provision of managed print services (MPS) that propose the most suitable print environments, such as for sales documents and others.



Plain paper copy machine, the Xerox 914

1958 | Rolled Out FUJITAC

We launched incombustible TAC base developed as a support for photographic film as *FUJITAC* for new applications. We then made several improvements using proprietary technologies to launch *FUJITAC* protective film for polarizers for LCD panels in the 1970s. Demand for Fujifilm's high-quality LCD panel materials is expanding as the LCD industry rapidly grows. We are now developing applications for our technologies such as materials for touch panels and OLED displays, aiming to expand our business domain.



FUJITAC protective film
for polarizers

1983 | Launched World's First Digital X-Ray Imaging Diagnostic System, FCR

The medical systems business started selling X-ray films in 1936. We pioneered the digitization of X-ray imaging and launched the world's first digital X-ray imaging diagnostic system *Fuji Computed Radiography (FCR)* in 1983 that hold the No.1 market share for over 30 years. We are now utilizing our sophisticated image processing technologies that we have cultivated over many years to provide more compact systems with low-dose and high-quality images, mainly using digital radiography (DR). We are contributing to enhance the efficiency of imaging diagnosis and quality of medical care.



World's first digital X-ray imaging diagnostic system *FCR*

1934–1950s

Engaging in the Domestic Production of Photographic Film / Establishing a Sales Network in Japan

- ▶ Established in 1934. Launched domestically made positive film for motion pictures
- ▶ Sold X-ray and graphic arts film and diversified business operations into the medical, graphic systems, and related fields
- ▶ Forged a robust position as a manufacturer of comprehensive photosensitive materials
- ▶ Expanded into the lens and optical fields

1960–1970s

Expanding Business / Improvement of Technologies

- ▶ Commenced the development of a global network by establishing local overseas subsidiaries and offices
- ▶ Established Fuji Xerox Co., Ltd., as a joint venture with Rank Xerox Ltd. in the United Kingdom
- ▶ Pioneered the successful research, development, and commercialization of color negative films

1980–1990s

Digitization /

- ▶ Accelerated the pace overseas production recognized global
- ▶ Pioneered efforts medical, and graphic
- ▶ Introduced a host of the *FCR* line of systems and digital

1986 | World's First One-Time-Use Recyclable Camera, Fujicolor QuickSnap

In the 1980s, not everyone could use cameras as they were expensive and difficult to operate, and photography was reserved for special situations such as travel and events. That changed when *QuickSnap* was developed via a reversal in tactic: "attach a lens to the film." *QuickSnap*'s introduction made taking beautiful photos easy and simple for everyone, contributing to the expansion of photo demand.



One-time-use recyclable camera *QuickSnap*

1988 | Developed the World's First Fully Digital Still Camera

We developed the world's first fully digital still camera, *FUJIX DS-1P*. Then, in 1998, we launched *FinePix 700*, which was a huge hit with a high resolution of 1.5 megapixels near that of silver halide photographs and a price under JPY 100,000. Fujifilm, a photographic film manufacturer, was able to pioneer R&D with an eye to future digitalization thanks to its history and culture of constantly creating new value without clinging to existing products.



FUJIX DS-1P



FinePix 700

2007 | Acquired Manufacturing Approval for Autologous Cultured Epidermis JACE

Manufacturing and sales approval being given for autologous cultured epidermis *JACE* developed by Japan Tissue Engineering Co., Ltd., which was made a consolidated subsidiary in 2014, was a Japan first for a regenerative medicine product. Through steps including expanding *JACE*'s indications beyond the treatment of severe burns to the treatment of giant nevi and working toward bringing it into greater use, we continue to help enhance patients' quality of life (QOL) and promote industrialization of regenerative medicine.



Autologous cultured epidermis *JACE*

2012 | The First in the World to Commercialize High-Capacity Magnetic Tapes Using Barium Ferrite (BaFe) Magnetic Particles

Fujifilm launched *LTO Ultrium 6*, the first magnetic tape for recording data in the world to use BaFe particles. Using BaFe dramatically increases the data storage capacity while realizing mass production of high-quality, cost-competitive products. We are working on solutions to satisfy social needs for safe, energy-efficient, effective storage of the rapidly increasing amount of data in the big data era.



FUJIFILM LTO Ultrium 7 data cartridges

2016 | Launched Tablet-Type Ultrasound Image Diagnostic Equipment SonoSite iViz

In 2012, Fujifilm acquired SonoSite, Inc., a leading company in portable ultrasound diagnostic equipment. In 2016, we launched *SonoSite iViz*, a tablet-type ultrasound diagnostic device that is compact, lightweight, has outstanding portability and has achieved high-resolution image quality.

The device is used to perform ultrasound testing in settings such as emergency and intensive care as well as at-home medical care, in addition to hospital examination rooms. We continue to precisely grasp needs in the point-of-care* market, supporting medical sites.



SonoSite iViz

* Entails physicians conducting treatment on site, such as in emergency rooms, operating rooms or at home, and deciding on and carrying out a course of medical treatment.

2017 | Launched Medium-Format Mirrorless Digital Camera Equipped with a Large-Sized Sensor FUJIFILM GFX 50S

The *FUJIFILM GFX 50S* is a medium-format mirrorless digital camera that delivers the best image quality Fujifilm has ever offered by combining color reproduction technologies accumulated through research and development for photographic film, camera lenses and the *X Series* digital cameras in recent years with GF lenses that faithfully carry on the design concept of *FUJINON* lenses, which have long been trusted and highly regarded by photographers around the world. By offering an extensive lineup of products, we provide everyone with the splendor of photography and the joy of taking photos.



FUJIFILM GFX 50S

2000–2016

Second Foundation: Creation and Enhancement of a Strong Business Portfolio

Accelerating Globalization

of globalization by developing bases to forge a widely presence
to digitize the photography, systems fields
innovative products, including digital X-ray imaging diagnostic still cameras

- ▶ Converted Fuji Xerox to a consolidated subsidiary
- ▶ Implemented business structure transformation in response to rapid digitization
- ▶ Established FUJIFILM Advanced Research Laboratories
- ▶ Transitioned to a holding company structure by establishing FUJIFILM Holdings Corporation
- ▶ Formulated "Value from Innovation" as the Company's new Corporate Slogan to mark 80th anniversary

From 2017

Aiming for Further Strides

- ▶ Formulated new CSR plan "Sustainable Value Plan 2030" with objectives for 2030 and new medium-term management plan VISION2019
Under VISION2019, Fujifilm will work to drive strong growth in the healthcare field as a core business while bolstering the document business

Competitive Advantages and Business Portfolio



instax SQUARE SQ6

instax instant camera
Annual worldwide sales volume

7.7 million units

Medical-use picture archiving and communications systems

Domestic market share*

No.1

Global market share*

No.1

* According to a survey by Fujifilm

Medical-use picture archiving and communications systems (SYNAPSE)



Approval and launch of regenerative medicine products

Japan First

Broadcast zoom lens compatible with 4K cameras

World First*



FUJINON UA107x8.4

* A portable broadcast zoom lens with optical performance compatible with broadcast 4K cameras equipped with 2/3 inch sensor (according to a survey by Fujifilm)

FUJITAC protective film for polarizers

Protective film for polarizers

Global market share

No.1

Image sensor color mosaic

Global market share

No.1



Multifunction device

Market share in sales volume in the Asia-Pacific region

No.1

Market share in MPS* sales in the Asia-Pacific region

No.1

* MPS (Managed Print Services)



ApeosPort-VI C7771



Imaging Solutions

Photo imaging

In the photo imaging business, we provide products and services related to photo-taking through printing including color film, photography equipment, and printing equipment.

Optical device and electronic imaging

In the electronic imaging business, we offer the X Series of mirrorless digital cameras achieving premium image quality by original color reproduction technologies and comfortable operability, and interchangeable lenses.

In optical device, we provide various industrial lenses including TV lenses and surveillance camera lenses.

Competitive advantages

Photo imaging

- ▶ Collective strength capable of providing services from photo-taking to printing
- ▶ Strong market position as a leading company

Optical device and electronic imaging

- ▶ Developed superior descriptive capability and color reproducibility of a digital camera based on its unique imaging design technology cultivated in the development of high-performance lenses and photographic film
- ▶ Advanced optical technologies and high-precision processing and assembly technologies



Healthcare & Material Solutions

Healthcare

In healthcare, we develop businesses in the fields of medical systems, pharmaceuticals/bio CDMO*, regenerative medicine, and life sciences and operate in the three fields of prevention, diagnosis, and treatment.

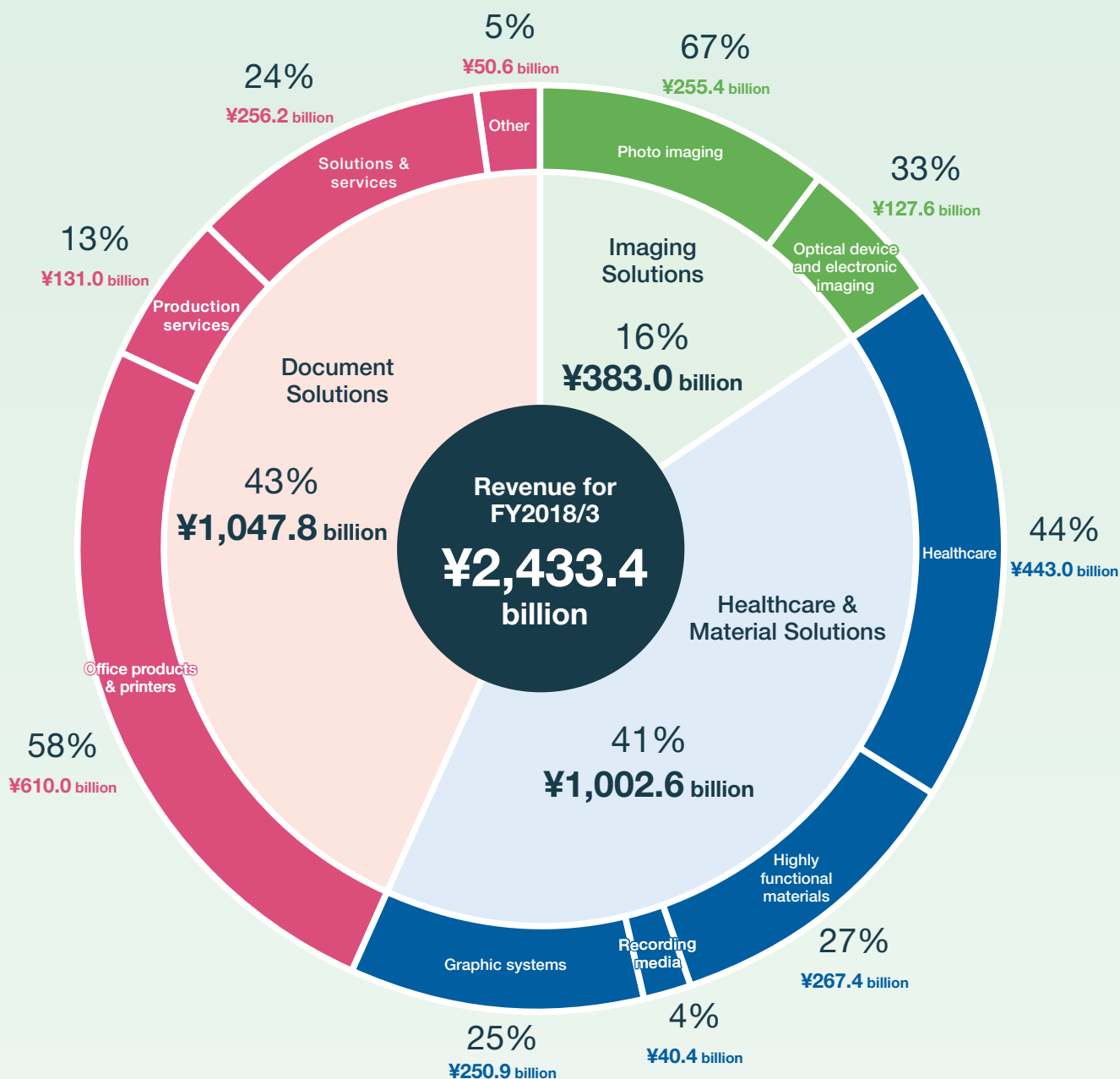
Competitive advantages

- ▶ Proprietary image processing technologies for providing images suitable for diagnosis
- ▶ Advanced chemical compounds, design capabilities, and technologies that enable development of pharmaceuticals that respond to unmet medical needs
- ▶ High levels of technological capabilities to manufacture under constant conditions and superior quality control, utilized in process development and contract manufacturing of biopharmaceuticals
- ▶ The three components essential for regenerative medicine — cells, culture media, and scaffolds — held within the Group

Graphic systems

We offer inkjet digital presses, industrial inkjet printheads, graphic arts films and computer-to-plate (CTP) plates.

* CDMO stands for Contract Development & Manufacturing Organization. A CDMO provides clients such as pharmaceutical and biotechnology companies with a wide range of services from cell line development in the early stage of pharmaceutical development to process development, stability testing, development and manufacturing of investigational drugs, and commercial drug manufacturing.



Document Solutions

In addition to providing products such as digital multifunction devices and printers for offices and consumables, we also support solutions for management issues through services that improve corporate document processing and administrative tasks, such as solution services and managed print services (MPS) using AI and IoT."

In the commercial printing field, we also provide solution-oriented document services, such as high-speed, high-quality digital printing systems and printing work flow solutions.

Competitive advantages

- ▶ Excellent customer base leveraging a powerful direct sales structure in Japan and the Asia-Oceania region
- ▶ Diverse solution and product lineups that meet customers' wide-ranging needs, including links with various cloud services

Highly functional materials

We provide display materials, industrial products including non-destructive testing equipment and various types of highly functional films, electronic materials including semiconductor and processing materials and the fine chemical business, which provides highly functional compounds and reagents.

Competitive advantages

- ▶ Advanced technologies, such as functional molecules for imparting high functionality to film
- ▶ Advanced film forming and coating technologies capable of supporting thinness and largeness
- ▶ Cost competitiveness and stable supply
- ▶ Rapid and accurate product formulation capabilities, development capabilities and global production systems

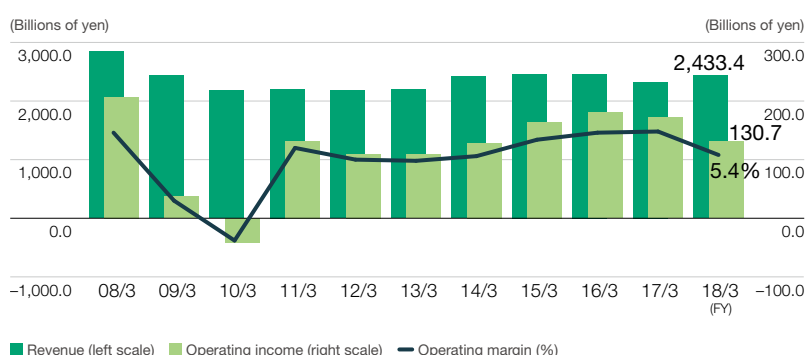
Recording media

We offer magnetic recording tape for computers with unique technologies such as barium ferrite (BaFe) particles and data archive services.

Financial Highlights

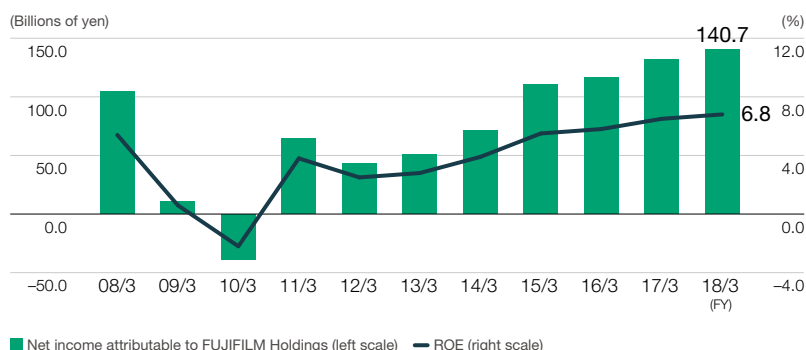
* Numerical data for FY2008/3 through FY2018/3 are posted on pages 54 and 55.

Revenue / Operating income / Operating margin



In the fiscal year ended March 31, 2018, the Group recorded JPY 2,433.4 billion in consolidated revenue (up 4.8% from the previous fiscal year), reflecting such factors as sales increases of business including the electronic imaging field of the optical device and electronic imaging business, medical systems business and electronic materials business. Operating income was JPY 130.7 billion (down 24.1% from the previous fiscal year) due to one-time expenses (JPY 70.0 billion) for structural reforms in the Document Solutions. The operating margin was 5.4%.

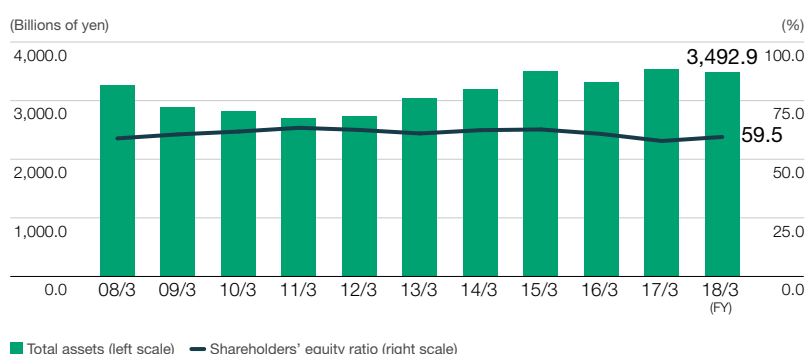
Net income attributable to FUJIFILM Holdings / ROE



Net income attributable to FUJIFILM Holdings was JPY 140.7 billion (up 7.0% from the previous fiscal year) due to the gains on sales of securities and profit gained from stock valuation by making Wako Pure Chemical Industries, Ltd., (currently FUJIFILM Wako Pure Chemical Corporation) a consolidated subsidiary.

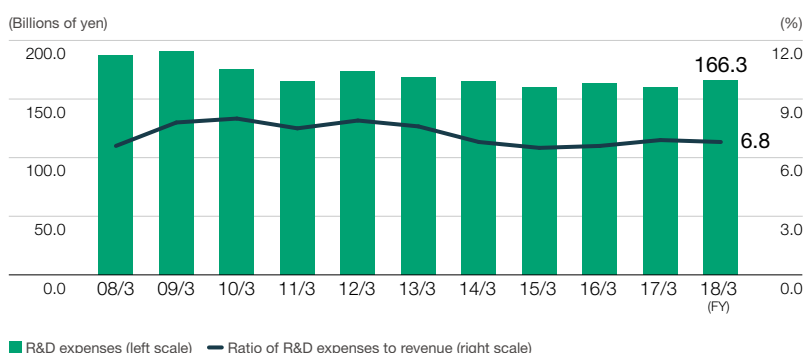
ROE was 6.8% (up 0.3 percentage points).

Total assets / Shareholders' equity ratio



Total assets as of March 31, 2018 were JPY 3,492.9 billion (down 1.1% from the previous fiscal year-end). The shareholders' equity ratio remained stable at 59.5% (up 1.7 percentage points).

R&D expenses / Ratio of R&D expenses to revenue



R&D expenses were JPY 166.3 billion for the fiscal year ended March 31, 2018 (up 3.8% from the previous fiscal year) and the ratio of R&D expenses to revenue was 6.8% (down 0.1 of a percentage point).

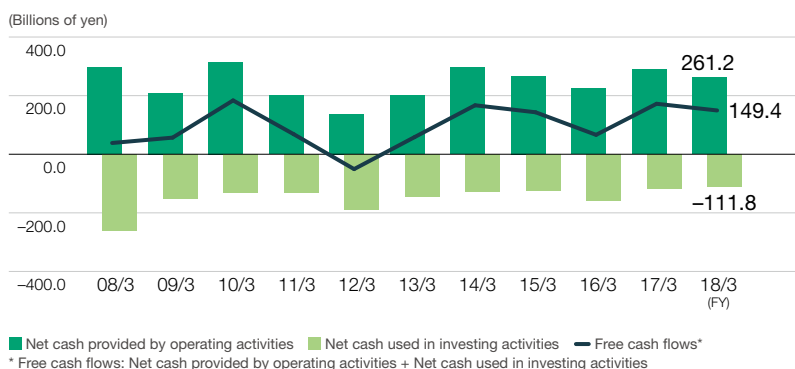
Capital expenditures / Depreciation (only property, plant and equipment)*



Capital expenditures amounted to JPY 67.5 billion for the fiscal year ended March 31, 2018, mainly for the purpose of increasing the production capacity of high-growth products, rationalizing and labor saving for production facilities, and environmental conservation. Depreciation (only property, plant and equipment) was JPY 66.5 billion.

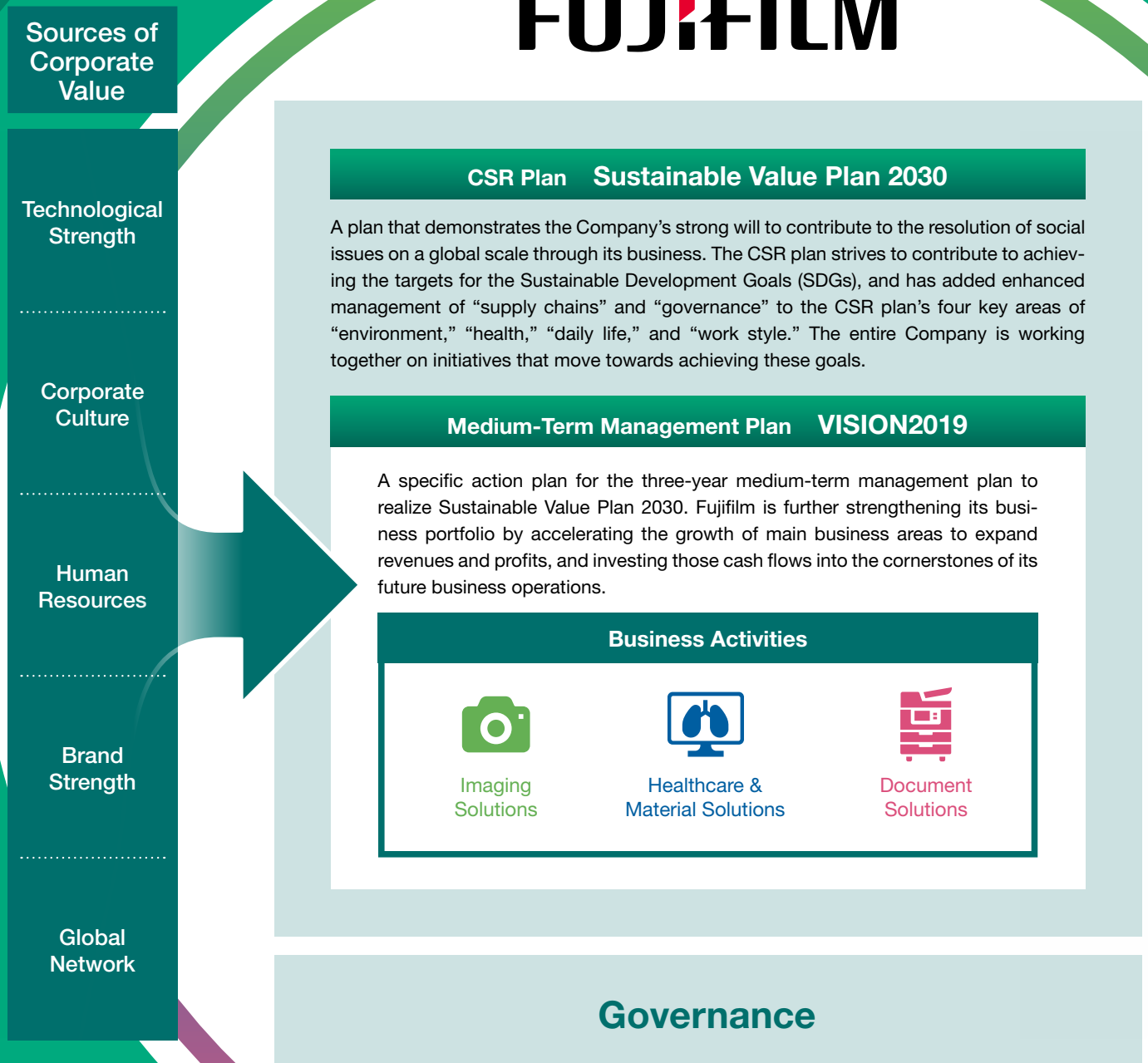
* These figures only include property, plant and equipment excluding rental equipment in the Document Solutions and others.

Cash flows



Net cash provided by operating activities totaled JPY 261.2 billion due to depreciation, amortization, a decrease in notes and accounts receivable and other factors. Net cash used in investing activities amounted to JPY 111.8 billion due to acquisition of the businesses of Wako Pure Chemical Industries, Ltd. and others. Thus, free cash flows were JPY 149.4 billion.

Value Creation Process



Since its founding, the Fujifilm Group has designated technological strength, corporate culture, human resources, brand strength, and its global network as the sources of its corporate value. The CSR plan Sustainable Value Plan 2030 and medium-term management plan VISION2019 serve as the focal points for expanding our business activities in a wide range of fields.

The Fujifilm Group will contribute to the realization of a sustainable society along with improving our corporate value and continuous growth. We will appropriately ascertain expectations and needs from a variety of stakeholders and earn trust through our business activities by continuing to provide valuable products and services around the world using leading-edge, proprietary technology.

Value Creation through Innovation
Unique Products and Services

SUSTAINABLE DEVELOPMENT GOALS

17 Goals to Transform Our World

Through its business activities, the Fujifilm Group will contribute to the resolution of issues that directly affect global society.

Local communities and society

Customers

Shareholders

Business partners

Employees

Expectation, Needs and Trust

Realization of a Sustainable Society

Message from the CEO

Constantly Moving
Forward to Steadily
Provide Valuable
Products and
Services to
Society

Shigetaka Komori

Chairman and
Chief Executive Officer



Modern society faces a wide range of issues, such as poverty, hunger and environmental pollution. Each of these issues must be treated as problems facing the entire international community, and efforts must be made to solve them. In the process, I believe that companies have a responsibility to contribute to the solution of social issues through their business activities; that is, by providing their technologies, products and services. As valued members of society that contribute in these ways, companies are expected to remain in business over the long term and achieve continuous growth into the future as going concerns.

The Fujifilm Group was founded with the aim of manufacturing photographic film in Japan. Since our founding, we have encountered challenges such as the loss of a large part of the market for photographic film due to advances in digital technology. However, the Group has always overcome those challenges through ceaseless efforts. We have continued to grow by driving innovation and dramatically transforming our business models. We have reshaped our business portfolio according to changes in society. However, we have

maintained an unwavering commitment to solving social issues through our business activities. This unwavering commitment has been handed to successive generations.

In 2017, FUJIFILM Holdings unveiled Sustainable Value Plan 2030 (SVP2030), a new CSR plan that reaffirms and clearly articulates this commitment. SVP2030 is consistent with the Sustainable Development Goals (SDGs) adopted by the United Nations for the year 2030. Under SVP2030, FUJIFILM Holdings will emphasize efforts to resolve social issues in the four fields of the “environment,” “health,” “daily life” and “work style”; strengthen CSR foundations in terms of environmental, ethical and human rights issues affecting the whole supply chain; and achieve further penetration of an “open, fair and clear” corporate culture as a corporate group.

In addition, the medium-term management plan VISION2019 is a concrete action plan to achieve SVP2030.

The VISION2019 maps out each of our businesses to the following three stages according to their growth phase:

(1) improving profitability, (2) accelerating growth, and (3) investing for the future. Key measures are improving profitability to generate stable cash flow, accelerating the growth of main business areas to expand revenues and profits, and investing in businesses that will constitute the pillars of our future business operations. Through these measures, we will further enhance the business portfolio we have built to date.

In the fiscal year ended March 31, 2018 (FY2018/3), we implemented M&As in growth fields, particularly healthcare, and pushed ahead with structural reforms aimed at strengthening our business operations in the Document Solutions segment. Steady progress has been made on all fronts. Sales grew in the electronic imaging business, medical systems business, electronic materials business and other areas. Excluding one-time expenses related to structural reforms and others, performance has been progressing steadily against the medium-term management plan. In the fiscal year ending March 31, 2019 (FY2019/3), the plan's second year, we will further accelerate activities to achieve the targets of the plan.

In order to continue to drive sustained growth as a company, it will be essential to develop technologies from a medium- and long-term perspective and execute upfront investments such as M&A deals.

The Group is also proactively investing in growth areas such as healthcare and highly functional materials, and will continue to execute these growth investments. In June 2018, we acquired Irvine Scientific Sales Company, Inc. and IS JAPAN CO., LTD. Both companies are leaders in cell culture media, which are essential to regenerative medicine. With these acquisitions, we will further accelerate business development in the areas of regenerative medicine and biopharmaceuticals. We will also spearhead the industrialization of regenerative medicine by strengthening collaboration with government and academia. By supplying products that address unmet medical needs for diseases that do not yet have effective treatments, we will contribute to the solution of social issues.

M&A is an effective means of enabling a company to "buy time" by gaining access to business resources that it does not possess internally, in order to accelerate business growth. To draw an analogy with trekking a mountain, M&As enable a company to start trekking not from the first station at the base of the mountain, but from the fifth station halfway up the mountain. If the strengths of both parties can be combined, the company could trek to the summit all at once. Based on consideration of various conditions, such as whether or not the cost effectiveness of an M&A deal is appropriate, the Group will proactively implement M&As, while taking full advantage of the technologies and other resources that it possesses, in order to nurture businesses that will support its future.

In the Document Solutions segment, we strengthened governance in response to an incident of inappropriate

accounting at overseas sales subsidiaries of Fuji Xerox in New Zealand and Australia. In addition, we will continue to steadily implement the structural reforms we announced in January 2018, with a view to achieving a lean and resilient management structure.

Moreover, guided by Smart Work Innovation, a strategy that provides new value, the Group will provide solutions and services that leverage artificial intelligence (AI) and Internet of Things (IoT) technologies. By doing so, the Group will provide support for boosting office work efficiency, creative work-style reforms, and strengthening corporate competitiveness, which are priorities shared by many companies, thereby expanding its business.

There has been a wide range of reporting on the possible management combination of Fuji Xerox and Xerox Corporation. Our approach to this issue has consistently remained unchanged. If the scheme approved by both companies in this January is accepted, I believe that we will be able to strengthen business in an ideal manner for both parties.

The Fujifilm Group positions strengthening the Document Solutions segment as a top priority. To this end, we will see structural reforms at Fuji Xerox through to the very end as we proactively implement growth strategies. In the process, we will drive growth in the Document Solutions segment, ensuring that it serves as a stable earnings base for the entire Group.

The Fujifilm Group has set a clear course of aiming for sustained growth. To achieve this growth, it will be crucial to coordinate the leadership of management with the frontline operations responsible for executing business activities.

To do so, our global workforce of approximately 78,000 employees must conduct themselves responsibly as members of the Fujifilm Group. FY2018/3 was a year in which we made every effort to strengthen governance in response to the inappropriate accounting at certain overseas sales subsidiaries of Fuji Xerox.

In FY2019/3, we appointed a new female director and established the voluntary Nomination and Remuneration Advisory Committee chaired by an independent outside director. We will work to strengthen the system to enhance the decision-making transparency of the Board of Directors. Concurrently, we will once again rigorously instill the spirit of "open, fair and clear," as laid out in the Group's vision, throughout the Fujifilm Group worldwide.

The Fujifilm Group will conduct business fairly at all times and will provide innovative products and services leveraging cutting-edge, proprietary technologies. By doing so, the Group will constantly move forward as an enterprise that contributes to the solution of social issues and achieves continuous growth.

We ask for the continued support and understanding of all our shareholders as we endeavor to reach our goals.

Interview with the COO

Steadily Executing the Medium-Term Management Plan VISION2019



Kenji Sukeno

President and
Chief Operating Officer

Q1

Tell us about progress on the medium-term management plan VISION2019, looking back at the fiscal year ended March 2018 (FY2018/3)

A1

The Fujifilm Group is engaging in business activities aimed at achieving our medium-term management plan VISION2019, which extends through the fiscal year ending March 2020 (FY2020/3). VISION2019 maps out three stages for businesses—improving profitability, accelerating growth, and investing for the future. Through well-modulated allocation of business resources, the plan targets expansion of revenues and profits and solid growth for the Group as a whole. It designates key challenges as strengthening business growth in the healthcare and highly functional materials fields and dramatically reinforcing document business.

In FY2018/3, the first fiscal year of the medium-term management plan VISION2019, sales grew in the electronic imaging business, medical systems business, electronic materials business and other areas, and consolidated revenue rose 4.8% year on year to JPY 2,433.4 billion. Operating income decreased 24.1% year on year to JPY 130.7 billion, owing to the posting of one-time expenses related to structural reforms aiming to strengthen document business operations. On an actual business activity basis excluding one-time expenses, operating income increased 13.8% year on year to JPY 200.7 billion. Net income attributable to FUJIFILM Holdings reached a record high of JPY 140.7 billion. Both the Imaging Solutions and Healthcare & Material Solutions segments achieved revenue and income growth. The Document Solutions segment attained income growth on an actual business activity basis in a challenging market environment. Steadily executing strategies rooted in VISION2019 in each business field enabled us to get off to a good start.

In FY2019/3, we are making solid headway towards our business performance targets. In the Imaging Solutions segment, business is brisk and we raised our sales target for *instax* instant cameras from 9 million units to 10 million units. In the Healthcare & Material Solutions segment, businesses such as medical systems and electronic materials continue to do well. We are accelerating business expansion in the bio CDMO business and other growth fields by actively investing, while building a foundation to underpin pharmaceuticals, regenerative medicine, and other businesses in the future and tying our efforts to the swift generation of profits. In the Document Solutions segment, structural reforms and other fundamental reinforcements are making steady progress. We will consistently

implement such measures to deliver record operating income of JPY 230 billion and net income attributable to FUJIFILM Holdings of JPY 150 billion in FY2020/3, the final fiscal year of VISION2019.

In addition, Fujifilm plans on shareholder returns of JPY 300 billion comprising JPY 100 billion in dividends and JPY 200 billion in share buybacks over the three-year period to FY2020/3. Fujifilm bought back JPY 50 billion in shares in FY2018/3 and launched a JPY 100 billion share buyback from August in 2018. By pursuing profitability exceeding the cost of capital in each business and promoting a capital policy of striking a good balance between growth investments and shareholder returns, we plan on raising return on equity (ROE) to 7.3% in FY2020/3 and 8% in FY2021/3.

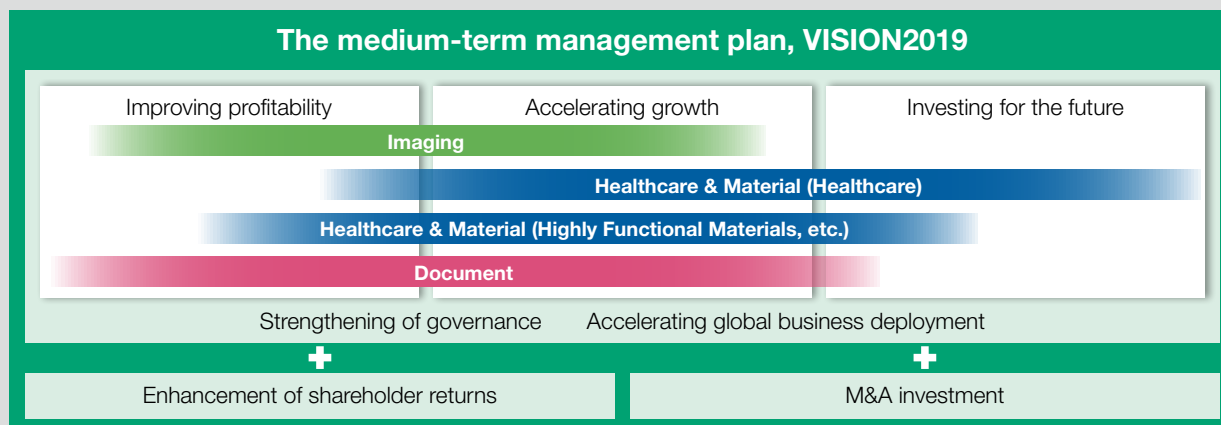
Q2 What headway has been made in strengthening corporate governance?

A2 We would like to express our deepest regrets to everyone for concerns caused by inappropriate accounting at some of Fuji Xerox's overseas subsidiaries in 2017. The Fujifilm Group is working to bolster governance, which we have designated as crucial to developing the foundation for promoting our business strategy.

To strengthen governance with a sense of urgency, the Group established the Committee for Strengthening Governance, where I serve as Chairman, and launched projects for enhancing the five fields—management of Group companies, accounting, auditing, compliance, and IT governance. We integrated the financial accounting function of Fujifilm and Fuji Xerox with the Accounting and Finance Division of FUJIFILM Holdings. We have also put in place organizations and mechanisms such as the Global Audit Division, which we established to strengthen the audit function throughout the Group. In addition, we established the FUJIFILM Holdings Hotline, an internal reporting gateway with support in 22 languages. Before, the internal reporting system was established within each Group company and region, but now the hotline goes directly to FUJIFILM Holdings so that the Company can oversee all the reporting worldwide to rapidly detect and promptly respond to signs of misconduct or legal violations in the organization. Moreover, to instill anew the open, fair, and clear mindset espoused in our corporate vision, we conduct compliance education covering all Group employees in Japan and overseas, while myself and other management repeatedly convey messages about compliance.

The compliance awareness survey we conducted in late 2017 showed that over 90% of employees understand this

■ The medium-term management plan, VISION2019



The VISION2019 maps out each of our businesses to the following three stages according to their growth phase: (1) improving profitability, (2) accelerating growth, and (3) investing for the future. Key measures are improving profitability to generate stable cash flow, accelerating the growth of main business areas to expand revenues and profits, and investing in businesses that will constitute the pillars of our future business operations. Through these measures, we will also pursue further growth by enhancing our overseas sales foundation, established through existing business operations, while accelerating overseas deployment of healthcare products and new highly functional products.

Fujifilm plans shareholder returns of JPY 300 billion with JPY 100 billion in dividends and JPY 200 billion in share buybacks over the three-year period to FY2020/3. Though various initiatives, we look to achieve JPY 2,600 billion in revenues, JPY 230 billion in operating income, and ROE of 7.3% in FY2020/3. Moreover, we intend to realize growth surpassing the medium-term management plan through strategic M&A investment.

ethos. Initiatives on this front have no end goal. We will continue to constantly strive to strengthen governance and ensure thorough compliance as we work to maintain the trust placed in us.

In addition, Ms. Makiko Eda as an independent outside director was newly appointed at the general meeting of shareholders on June 28, 2018 to enhance corporate governance and ensure the diversity of the Board of Directors. This brought the number of directors on the Board to 10, including 4 outside directors. Ms. Eda is the Company's first female outside director. We look forward to her active participation in discussions at Board of Directors meetings, leveraging her corporate management background and ample overseas experience. Furthermore, we established the Nomination and Remuneration Advisory Committee as a voluntary advisory organization comprising a majority of outside directors and an independent outside director serving as the Chairman. The committee discusses the succession plan of the CEO and the basic policy and procedures related to compensation for directors. We aim to increase management transparency through these measures.

Q3

Tell us about the growth strategy for the priority business field of healthcare and progress therein.

A3

We are expanding business with the aim of being a total healthcare company covering the fields of "diagnosis" where we started out with X-ray film in 1936 shortly after our founding, "prevention" including cosmetics and supplements, and "treatment" including pharmaceuticals and regenerative medicine. Accelerating growth in the healthcare field is also a key task in our medium-term management plan, VISION2019.

While reinforcing and expanding the medical systems and bio CDMO businesses, which are currently doing well, we look to bring the pharmaceuticals and regenerative medicine businesses into the black through efficient R&D while making necessary investments, driving strong growth in such areas as a core business for the future.

Fujifilm's medical systems business boasts an extensive product lineup unrivaled by peers. It includes X-ray imaging diagnostic systems, medical IT systems, endoscopes, ultrasound diagnostic equipment, and in-vitro diagnostic (IVD) systems. Additionally, we are strengthening comprehensive solution proposals centering on highly competitive medical IT solutions. Fujifilm is also proactively advancing business through national projects in Saudi Arabia where protecting women's health is a social issue. In January 2018, we signed a Memorandum of Understanding with the government of Saudi Arabia regarding an agreement to collaborate on the establishment of the country's first women's health

checkup center. And in Russia, we are contributing to the resolution of other issues in the healthcare field such as enhancement and advancement of healthcare services. In May 2018, Fujifilm signed a distribution agreement with a major Russian pharmaceutical company JSC R-Pharm for medical devices and dietary supplements in Russia.

In emerging countries where growth is remarkable, our goal is to solve social issues by providing products and services meeting local needs while expanding business at the same time. Through such initiatives, we aim to raise the profitability of the medical systems business overall and deliver annualized sales growth of 7%.

Within the pharmaceuticals business, the market is growing by leaps and bounds for biopharmaceuticals as they are likely to have few side effects and be highly effective. FUJIFILM Diosynth Biotechnologies has expertise in areas such as advanced biotechnology and process management spanning from culturing to extraction and purification. With FUJIFILM Diosynth Biotechnologies at the core of our biopharmaceuticals business, we will accelerate growth by deploying the quality control technologies and standardized manufacturing process technologies we have amassed via photographic film development and manufacturing to develop highly efficient and productive technologies, and by proactively making capital investments.

In new drug development, we will work to efficiently conduct R&D, narrowing down themes to areas such as cancer and Alzheimer's disease where there are significant unmet medical needs. In the drug delivery system (DDS) field, encompassing the delivery of the necessary amount of medicine to the necessary location in the body at the required rate, we are working on commercial application of formulation technology that utilizes our proprietary technologies. For example, we began a U.S. Phase I clinical trial of *FF-10832* for advanced solid tumors in May 2018. This liposome-based agent harnesses Fujifilm's advanced nano-dispersion, analysis, and process technologies cultivated through the photographic film business to encapsulate the existing water-soluble anti-cancer agent gemcitabine* in liposomes. By encapsulating the anti-cancer agent in liposomes, *FF-10832* is expected to realize selective delivery of the drug to the tumor, suppressing side effects and enhancing pharmacological efficacy.

In the DDS field, Fujifilm will broaden the application of this liposome formulation technology and micro-needle technology from existing drugs to promising next-generation drugs such as nucleic acid pharmaceuticals and gene therapies.

* An anti-cancer drug (generic name: gemcitabine, brand name: Gemzar) developed by the U.S. company Eli Lilly and Company. It is a first-line treatment for pancreatic cancer, and also indicated for a wide range of other cancers including lung cancer and ovarian cancer.

Further, in July 2018, we decided to make a consolidated subsidiary of Toyama Chemical Co., Ltd., which researches, develops, manufactures, and markets small-molecule pharmaceutical products, and merge it with FUJIFILM RI Pharma Co., Ltd., which researches, develops, manufactures, and markets radiopharmaceuticals, to form a new company, FUJIFILM Toyama Chemical Co., Ltd. in October 2018. In the increasingly competitive market for small-molecule pharmaceutical products, we aim to accelerate the development of new diagnostic and therapeutic drugs while strengthening ties between “diagnosis” and “treatment.”

In the regenerative medicine business, we are aggressively investing business resources as “investing for the future.” In June 2018, we made Irvine Scientific Sales Company, Inc. and IS JAPAN CO., LTD., leading companies in cell culture media, consolidated subsidiaries.

With all three key components for regenerative medicine—“cells,” “culture medium,” and “scaffolds”—within the Group, we look to bolster systems enabling unified development while accelerating expansion of the culture media business where strong growth is expected.

Additionally, we will fully unleash synergies with Group companies such as Japan Tissue Engineering Co., Ltd., which launched Japan’s first regenerative medicine product, FUJIFILM Cellular Dynamics, Inc., a leading developer and manufacturer of iPS cells, and FUJIFILM Wako Pure Chemical Corporation, a comprehensive reagent manufacturer with advanced technologies related to culture medium/cytokine, to speed up R&D in the regenerative medicine field.

While actively undertaking these measures, we aim to make pharmaceuticals, CDMO, and regenerative medicine collectively profitable by FY2020/3, and generate revenue of JPY 500 billion and operating income of JPY 40 billion in the healthcare field in FY2020/3.

Q4

Tell us about growth strategies and the future outlook for the document business.

A4

VISION2019 takes on the challenge of fortifying the document business so that it can secure profit even in a tough business climate.

We are first setting out to improve earnings and profitability and transform the corporate structure into a solid one by carrying out drastic structural reforms to completion. We are making steady headway on that and expect benefits amounting to JPY 27 billion in FY2019/3 and JPY 55 billion in FY2020/3 onward, compared with FY2017/3, from cost cuts including a workforce reduction of 10,000 personnel in total in Japan and overseas.

Moreover, we are emphasizing profitability and scaling back business negotiations in areas that are not very profitable such as low-end printer business. In the first quarter of FY2019/3, revenues declined year on year but income improved due to the effects of these steps.

As for future business growth, Fuji Xerox will leverage its proprietary technologies in the fields of artificial intelligence (AI), Internet of Things (IoT) and Internet of Humans (IoH) under the new value proposition strategy, Smart Work Innovation, announced in March 2018, to deliver new industry- and operation-specific solutions and services, thereby assisting customers in improving productivity and bolstering competitiveness.

Through these activities, we aim to achieve an operating income margin of 10% in the document business in FY2020/3, one year ahead of the initial deadline of FY2021/3 set in the medium-term management plan.

On January 31, 2018, we announced an agreement with Xerox Corporation to combine Fuji Xerox and Xerox Corporation and acquire a majority 50.1% stake in the combined company. However, a subsequent lawsuit filed by Xerox Corporation shareholders opposed to the merger resulted in a New York state court ruling a temporary injunction. As we are fundamentally strengthening Fuji Xerox’s business, a combination with Xerox Corporation is preferable but it is not a necessity. Since we still believe the proposal for a business combination structured as announced on January 31, 2018, would be best for both companies and their shareholders, we will thoroughly explain its validity and legitimacy in the courts.

Q5

What is your message to stakeholders?

A5

As we develop operations across an extensive range of business fields, the Fujifilm Group will accelerate business growth and fortify its portfolio by appropriately deploying measures in tune with the status of each business, continuing to create services and products that enhance the quality of people’s lives via innovation. We ask our shareholders for further support and to look forward to seeing the Fujifilm Group develop business with greater strength and speed as it continues to grow.

Feature 1: Strength and Future Development of the Document Business

Contributing to improvements in work efficiency and reforms of work styles with problem-solving document services

The Document Solutions segment is a key business that generates 43% of net sales for the Fujifilm Group. In recent years, however, competition has heated up in the office machine industry, especially in advanced countries, and the market environment has become more challenging amid a corporate push toward electronic documents in less-paper offices*. In this special feature, we describe the value that the Document Solutions segment of the Fujifilm Group has provided to date, and follow with an explanation of its current initiatives and development.

* A movement to reduce paper used in offices

Contributing to improvements in office productivity since foundation

Plain paper copy machines, which utilize groundbreaking “xerography” technology to enable high-quality copies, have drastically reduced the enormous time and man-hours required to copy office documents by hand or typewriter, bringing about a revolution in office work productivity. In the 1980s, office automation advanced, and digital copy machines evolved into multifunction devices capable of printing documents from computers. They also had facsimile and scanning functions, contributing greatly to the reduction of laborious work in the office. Once color printing became available, multifunction devices enhanced the appeal of office documents such as proposals and plans. Additionally, Fuji Xerox was the first in its territory to provide managed print services (MPS), which optimize allocation in the office document

printing environment. Through activities that proposed office solutions based on documents, Fuji Xerox came to deeply understand the management and administrative issues faced by its corporate customers. We propose ideas for increasing the efficiency and effectiveness of entire document workflows, helping our customers fix their issues through a variety of solutions and services. More recently, Fuji Xerox has addressed customer needs for further improving office productivity by offering solutions that link multifunction devices to cloud-based services.



World's first plain paper copy machine, the Xerox 914

“Smart Work Innovation” for accelerating work reforms

As competition among corporations intensifies globally and work-style reforms are required in Japan, most companies face a need to transition to hardened cost structures to gain an advantage in global competition through such measures as sharply improving work productivity so that limited human resources can be effectively utilized, reducing ancillary work and allocating manpower to more important work. Fuji Xerox came up with “Smart Work Innovation” as a strategy that provides new value while addressing these needs. Based on this strategy, Fuji Xerox has three basic aspirations: free people from repetitive work (release from restraints), like voluminous data entry work; make it easy for anyone to

perform specialized work done by experts (freedom from specialization), like veteran operators at call centers; and support of creative work-style reforms that enhance the individuality and creativeness of people. Fuji Xerox provides solutions and services that enable customers to realize work improvements and higher productivity by leveraging its unique strengths such as “advanced multifunction devices” featuring network connectivity to cloud computing, “knowledge and experience in improving office work” accumulated through providing solutions and MPS, and unique “artificial intelligence (AI) technology” researched and developed since the 1980s.

High-precision data entry service using AI technology

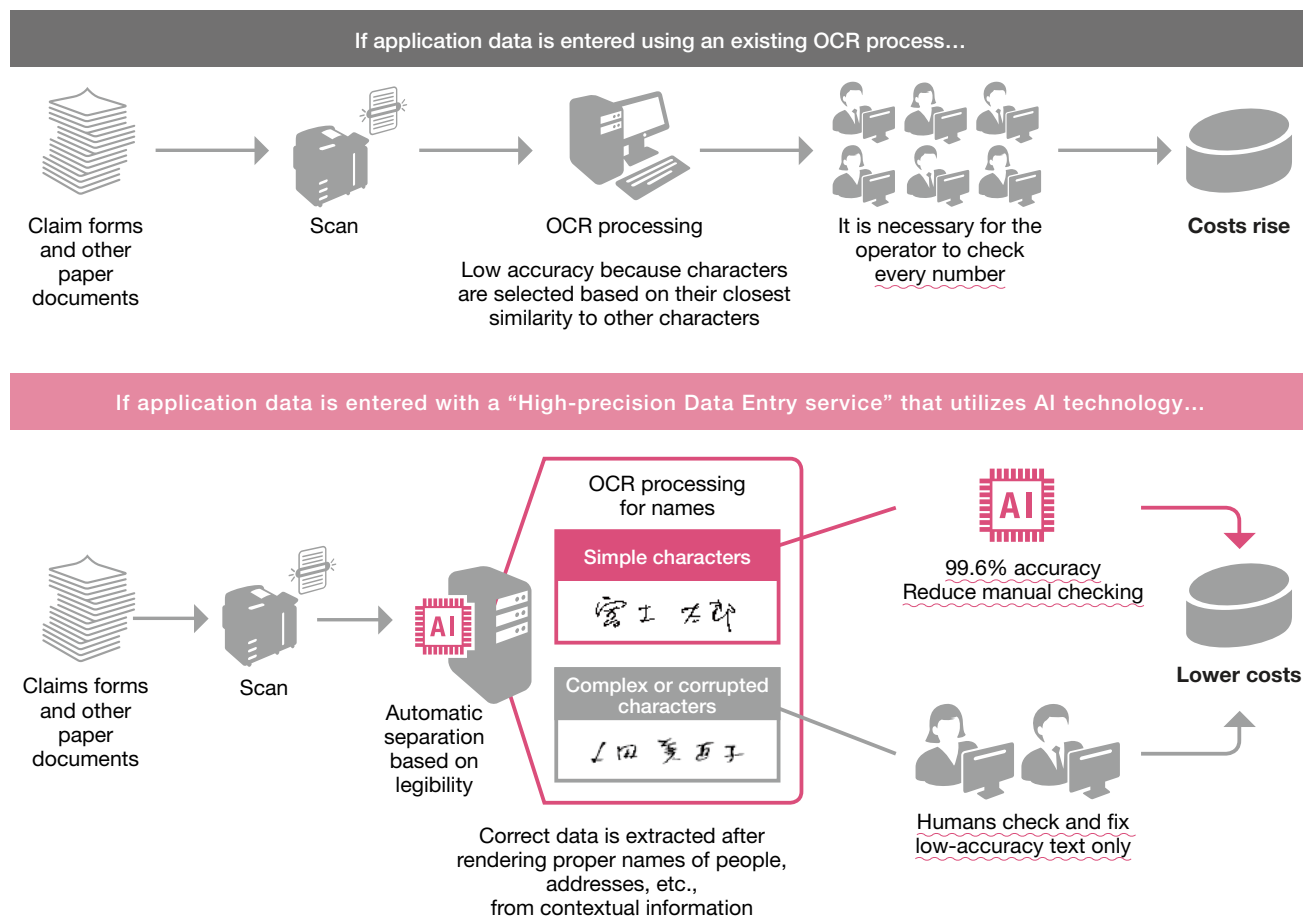
Even today, despite computers being used everywhere, handwritten forms are occasionally used for paperwork at banks, insurance companies and public institutions. Turning this paperwork into digital data requires manual entry into computer systems. Optical character reading

(OCR) software, which can read character information and convert it to data, has been developed for this purpose, but it is not very accurate and it is essential that everything is checked for accuracy by a human being. Fuji Xerox has created a tool as a high-precision data

entry service that considerably improves this entry work. The tool has a unique AI that utilizes a framework for visual information processing that is identical to human beings. The tool does not only read each and every character, it is able to more accurately recognize characters by analyzing the characters based on the related information that was previously learned by the AI. The tool has a 99.96% character recognition rate, which is

better than manual entry by a person. Moreover, the AI calculates a confidence score for the outcome of character recognition. The system is able to forward any characters with low confidence scores to a person for double checking and revisions. Through automated processing with machines and human judgment, the tool can greatly improve business processes with highly accurate character recognition at a lower cost.

Insurance Claim Form Cases



For further improvements in office productivity

In China and emerging countries in Asia, markets are poised to expand as the volume of office documents increases alongside economic growth. Fuji Xerox aims to expand its share of these markets by introducing new products tailored to each market. In advanced markets, we will continue to help customers improve office productivity by launching innovative services that combine proprietary AI technology and our solutions capabilities. In addition to these services, Fuji Xerox also offers services that sharply improve productivity of companies,

such as an information extraction service from engineering drawings, expert knowledge systemization service, and the Smart Cyber Security service. Our customers highly value our ability to solve problems outside the scope of printing. In many countries, we rate No.1 in customer satisfaction. Fuji Xerox will continue to meet increasingly complex and diverse customer needs, in line with its mission of contributing to office productivity improvements.

Feature 2: Solving Environmental Issues through Business Activities

Initiatives to Mitigate Global Warming

Reducing CO₂ Emissions

A stable society and sustainability are essential for companies to sustain growth, and solving social issues that threaten this stability and sustainability is a major management issue to be addressed for companies. Over the past few years, companies have taken on ESG (environment, social and governance) activities to reduce longer-term risks for companies. Meanwhile, companies are focusing on the “E” (environment) in ESG as a driver of new innovation, which is also drawing the attention of shareholders and investors. In particular, “global warming” has been highlighted in the United Nations’ Sustainable Development Goals (SDGs), the Paris Agreement that was adopted at COP21, as well as Principles for Responsible Investment (PRI) and OECD Guidelines for Multinational Enterprises as a major issue that needs to be addressed by companies as well. On the following pages, we introduce the initiatives of the Fujifilm Group to reduce CO₂ emissions through the provision of products and solutions that help reduce environmental impact.

Our basic approach to reducing CO₂ emissions

The Fujifilm Group has formulated Sustainable Value Plan 2030 (SVP2030) as a CSR plan with targets for FY2031/3, the final year of the plan. Priority issues include strengthening management of supply chains and corporate governance and the four fields of the environment, health, daily life and work styles, from the dual standpoints of the opportunities and risks of “resolving social issues through business activities” and “considering environmental and social impacts through business processes.” Regarding the environment, we have set specific numerical targets for reducing CO₂ emissions by FY2031/3.

SVP2030 | Targets for reducing CO₂ emissions by FY2031/3

- ▶ Amount of CO₂ emissions for all Fujifilm products **reduced by 30%** (compared to FY2014/3)
- ▶ Through our products and services, help society **reduce CO₂ emissions by 50 million tons**
(Offset 50 million tons of CO₂, the amount emitted by the Fujifilm Group from FY2018/3 to FY2031/3)

This goal is special in that we proactively contribute to reducing CO₂ emissions across society through our business activities, in addition to reducing our own CO₂ emissions. Some of the initiatives we take to reduce our CO₂ emissions include the use of wind and solar power as renewable energy at Group plants, switching from heavy oil to LNG (liquefied natural gas) for fuel, and promoting the efficient use of energy. However, the amount that can be reduced by our company alone is limited, and the impact on overall society is minuscule. For this reason, the Fujifilm Group helps its customers reduce electricity consumption by offering products and services that reduce their environmental impact while at the same time addressing needs and other factors to improve other companies’ business efficiency. In this way, we proactively contribute to the reduction of CO₂ emissions across society.

The Fujifilm Group continues to provide products and services with little environmental impact while contributing to customers business by leveraging its advanced technologies accumulated in the development and production of photographic film.

Solving environmental issues through our business activities

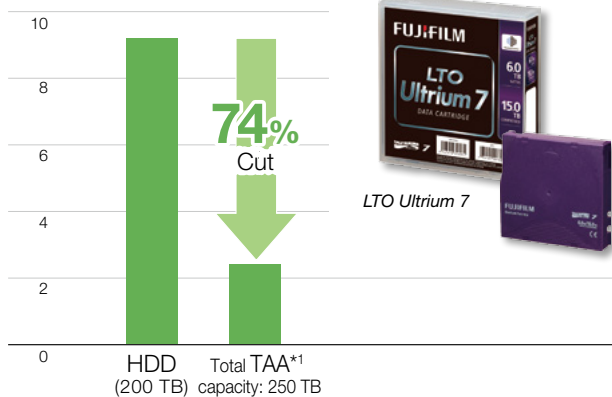
—Example of helping customers reduce their CO₂ emissions

Magnetic tape for computers helps reduce CO₂ emissions

As the pace of moving to IT accelerates with the Internet of Things (IoT) and artificial intelligence (AI), the amount of data managed by companies has grown exponentially, making it imperative that this data is safely, cheaply and efficiently stored. In the past, most companies managed all of this data by putting it onto hard disk drives (HDDs). However, costs and environmental impact became issues with HDDs because they consume a large amount of electricity and generate plenty of heat, which requires more electricity to cool them down. In the [recording media business](#), Fujifilm developed magnetic tape to solve these issues by offering a solution with lower electricity costs and a smaller environmental footprint than storing data on HDDs. We propose to customers an ideal solution where frequently used data is stored on highly accessible HDDs, while infrequently used data is archived on magnetic tape. Leveraging our independently developed barium ferrite (BaFe) particles and technologies for coating particles on thin films accumulated in photographic film production, our magnetic tape enables the simple and reliable storage of large volumes of data that must be kept for long periods of time. Electricity is used only when data is read or written. When data is stored on magnetic tape, by using our online archive system utilizing the magnetic tape *dternity*, electricity consumption can be cut by about 74%.

Comparison of electricity usage with *dternity*

(kWh/day)



Operating conditions: About 110 GB of data is written daily, power is on 24-hours a day, calculated based on data writing hours and other hours

TAA data: Value actually measured by the Company for HDD with 10 TB capacity + tape with 240 TB capacity (LTO Ultrium 7 x 40)

HDD data: JEITA Tape Storage Technical Committee "Contribution to Energy Conservation from Use of Tape Storage 2016"

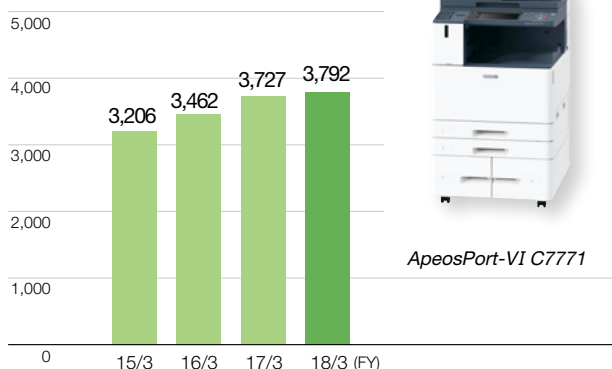
*1 Tape Archive Appliance

Contribution to reduction of CO₂ emissions from offices with digital multifunction devices and environmental solutions

All multifunction devices in the **document solutions business** have been designed with consideration paid to the environment to conserve energy while improving office productivity. Fuji Xerox helps corporate customers reduce costs and CO₂ emissions by spreading environmentally friendly products with energy-saving technologies, and by proactively introducing and proposing solutions and services to customers that reduce the environmental footprint of offices. These initiatives have been recognized by external entities through many awards, including the Energy Conservation Award and the Eco-Products Award.

Helping customers reduce CO₂ emissions*2

(kt-CO₂)



*2 Shows amount of CO₂ emissions related to electricity consumption, etc., that can be reduced through products, solutions and services provided by Fuji Xerox.

Broad range of activities to increase environmental awareness of customers

In the **life sciences business**, Fujifilm offers frameworks for increasing environmental awareness and reducing environmental impact at customers through cosmetics used in our everyday lives. More specifically, this framework supports a project for offsetting CO₂ by the equivalent of one day's portion of CO₂ emissions (6 kg) from the daily lifestyle of an average customer each time one item is purchased in the *ASTALIFT* skincare series of *ASTALIFT JELLY AQUARYSTA* and *ASTALIFT MOIST LOTION* products. This framework has been recognized as a unique initiative in collaboration with the *COOL CHOICE* program being promoted by the Ministry of the Environment. For this effort, Fujifilm received the Prize for Excellence in the 6th Carbon Offset Awards*3.

*3 Sponsored by the Carbon Offset Promotion Network



Certification numbers
CO2-0199
CO2-0202



ASTALIFT
JELLY AQUARYSTA



ASTALIFT
MOIST LOTION

Environmental activities that emphasize CO₂ reduction effectiveness

The Fujifilm Group contributed to a reduction of 4.63 million tons of CO₂ through its business activities in FY2018/3, marking steady progress of 9% toward its 2030 target of 50 million tons. Looking ahead toward further CO₂ emission reductions, Fujifilm will continue helping to solve social issues and environmental problems through its business activities, providing groundbreaking products and services that help customers grow their businesses while reducing CO₂ emissions.

Status of Corporate Governance

Basic Policy Regarding Corporate Governance

The Company aims to achieve sustainable growth and increase the corporate value of the Fujifilm Group while contributing to the sustainable development of society by conducting sincere and fair business activities. The Company has positioned corporate governance as an important management priority to achieve this aim.

Activities for Strengthening Corporate Governance

The Company has implemented such measures as appointment and addition of outside directors, formulation of Corporate Governance Guidelines, evaluation on the effectiveness of the Board of Directors. In addition, it will promote groupwide measures to strengthen governance in response to the inappropriate accounting in overseas subsidiaries of Fuji Xerox Co., Ltd. to further strengthen the corporate governance system.

Fiscal year	Activities for strengthening governance	Purpose
FY2007/3	Transitioned to a holdings company structure	To strengthen consolidated management of the Fujifilm Group
	First appointment of outside director	To properly supervise performance of duties to ensure transparency of the management, while promoting active discussion by asking for appropriate advice and necessary explanation at the Board of Directors meetings from an objective viewpoint
FY2008/3	Introduction of stock option system	To make the Company's directors (excluding outside directors) share the stockholders' interest in the fluctuation of the stock price of shares of the Company and enhance their motivation and morale to contribute towards increasing the corporate value of the Company
FY2010/3	Abolition of retirement benefit program for directors and Audit & Supervisory Board members	
FY2015/3	Increase in the number of outside directors to two persons	To further strengthen proper supervision and audit of performance of duties, while promoting active discussion by asking for appropriate advice and necessary explanation at the Board of Directors meetings from an objective viewpoint
FY2016/3	Formulation of Corporate Governance Guidelines	To present the Company's basic policy on corporate governance from a wide range of perspectives to ensure accountability to all stakeholders
	Commencement of the evaluation of the effectiveness of the Board of Directors	To ensure the effectiveness of the Board of Directors
FY2018/3	Increase in the number of outside directors to three persons, thereby raising the ratio of outside directors on the Board of Directors to one-third	To further incorporate stakeholders' perspectives and sense of value into the management
		To enhance transparency of decision-making of the Board of Directors with advice given based on their expertise and experience
FY2019/3	Increase in the number of outside directors to four persons	To enhance discussions of the Board of Directors and increase the transparency of management decision-making
	Establishment of the Nomination and Remuneration Advisory Committee	To enhance discussions regarding the CEO succession plan as well as discussions regarding basic policies, procedures, and other matters related to director remuneration, and to improve their transparency

Corporate Governance Structure

(As of June 28, 2018)

Corporate organization	Company with an Audit & Supervisory Board
Number of directors (number of outside directors)	10 (4)
Number of outside directors deemed to be independent**1	4
Directors' term of office	One year (the same term of office applies to outside directors)
Incentive compensation to directors	Introduction of a stock option system geared toward in-house directors
Number of Audit & Supervisory Board members (number of outside Audit & Supervisory Board members)	4 (2)
Number of independent officers**2	6
Adoption of an executive officer system	Yes
Independent auditor	KPMG AZSA LLC
Introduction of countermeasures (takeover defense measures) for large-scale purchases of company shares	None**3

*1 Compliant with the Company's "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board members"

*2 Independent officers as stipulated by Tokyo Stock Exchange, Inc.

*3 If the Company receives a proposal seeking to acquire a controlling interest, it will strive to help shareholders make a decision by proactively gathering information and disclosing it in a timely manner, while taking appropriate measures within the scope permitted by relevant laws and regulations, such as the Companies Act and the Financial Instruments and Exchange Act, to increase the Company's corporate value and secure the common interests of shareholders.

TOPICS

■ Bolstering the Number of Outside Directors and Increasing Diversity

At the general meeting of shareholders held in June 2018, Ms. Makiko Eda, Chief Representative Officer of World Economic Forum Japan, was newly elected as an outside director in addition to the reelection of three other outside directors. This brought the number of outside directors to 4 among a total of 10, raising the proportion of outside directors from 33% to 40%. Ms. Eda has ample experience related to business execution and high-level insight into global business activities, and she is the Company's first female outside director.

The Company draws on the opinions and advice backed by diverse expertise and experience of its outside directors to increase the transparency of the Board of Directors' decision-making and enhance its deliberations.

■ Establishment of the Nomination and Remuneration Advisory Committee

The Company established the Nomination and Remuneration Advisory Committee in June 2018 as a discretionary advisory body to the Board of Directors. The committee is intended to ensure transparency in the CEO succession plan and the procedures for deciding on remuneration for directors.

The committee is chaired by an independent outside director. It serves as a forum drawing on the insight and advice of the outside directors.

Corporate Governance Guidelines and Evaluation of the Effectiveness of the Board of Directors

The Company recognizes corporate governance to be an important management issue, and in October 2015 formulated and published the Corporate Governance Guidelines as the fundamental basis for achieving the Fujifilm Group's sustainable growth, ongoing improvements in corporate value, and contributing to the sustainable development of society. We revised the guidelines in February 2018, giving further consideration to the actual situation.

The guidelines stipulate the roles and duties of the Board of Directors as follows: (i) to decide on basic management policies, strategies and important matters related to business execution; and (ii) to supervise business execution. In accordance with the guidelines, the Board of Directors conducts an annual self-evaluation of its own effectiveness and publishes a summary of the results.

Policy on Training of Directors and Audit & Supervisory Board Members

The Company will appropriately provide the necessary training and information for the directors and Audit & Supervisory Board members to carry out their expected roles and responsibilities properly.

Roles of Outside Directors and Outside Audit & Supervisory Board Members

The role of outside directors and outside Audit & Supervisory Board members (collectively, "outside officers") is to contribute to deepening the deliberations of the Board of Directors, the Audit & Supervisory Board, and other bodies by asking questions from an independent perspective and providing advice backed by their ample experience. They also play a role in judging and verifying that the decision-making of the Board of Directors and its process are rational when viewed objectively from a perspective of increasing corporate value, giving consideration to the benefit of stakeholders such as minority shareholders.

Sharing Information with Outside Officers

In-house directors, in-house Audit & Supervisory Board members and the management team share information with the outside officers to enable them to perform their roles and responsibilities smoothly and in a sufficient manner.

Now the prior explanation to outside officers of agenda for meetings has been enhanced as a method and opportunity for providing information to them. Furthermore, the Company has increased its explanations of overview and issues for each business as well as opportunities for business site observations to promote better understanding among the outside officers.

Reasons for Selecting Outside Audit & Supervisory Board Members

Outside Directors*

◆ Tatsuo Kawada

Reasons for Selection: Mr. Kawada has served as representative director of a general textile manufacturer for many years. With his strong leadership, he has achieved transformation of the company's business model, creation of innovation, and organizational reform. The Company deems that he is capable of executing the duties expected of an outside director in an appropriate and sufficient manner by utilizing his ample experience and wide range of knowledge as a corporate executive to give useful suggestions and express opinions on many aspects of the Company's management.

Attendance

Meetings of Board of Directors 11/11

◆ Makoto Kaiami

Reasons for Selection: Mr. Kaiami has served in important positions such as Presiding Justice of the Division of Tokyo High Court and President of Tokyo District Court, and has ample experience and a wide range of knowledge accumulated over his many years as a judge. The Company deems that he is capable of executing the duties expected of an outside director in an appropriate and sufficient manner by utilizing this experience and knowledge to give useful suggestions and express opinions on many aspects of the Company's management, such as compliance and internal control.

Attendance

Meetings of Board of Directors 11/11

◆ Kunitaro Kitamura

Reasons for Selection: Mr. Kitamura has served as representative director of financial institutions for many years, demonstrating strong leadership. He has ample experience and a wide range of knowledge in the fields of loans, finance, and capital markets. The Company deems that he is capable of executing the duties expected of an outside director in an appropriate and sufficient manner by utilizing this experience and knowledge to give useful suggestions and express opinions on many aspects of the Company's management, such as M&A and capital policy.

Attendance

Meetings of Board of Directors 10/11

◆ Makiko Eda

Newly Elected

Reasons for Selection: Since 2000, Ms. Eda has led brand strategy and marketing activities in the Asia-Pacific region and implemented training and development of global personnel for a Japanese-incorporated subsidiary of a major U.S. semiconductor manufacturer. Furthermore, she has gained ample experience and a wide range of knowledge as a corporate manager while serving as a representative director of the same company for four and a half years since 2013. Currently, in her role as Chief Representative Officer of World Economic Forum Japan, she is working to improve on all manner of regional and industrial issues on a global scale. In addition, in her role as a member of the Council for Regulatory Reform, Cabinet Office, Government of Japan, she has been contributing to reform of such areas as healthcare and nursing care. The Company deems that she will be able to execute the duties expected of an outside director in an appropriate and sufficient manner by utilizing this experience and knowledge to give useful suggestions and express opinions on many aspects of the Company's management.

Outside Audit & Supervisory Board Members*

◆ Hisayoshi Kobayakawa

Reasons for Selection: Mr. Kobayakawa has ample experience and a wide range of knowledge as a certified public accountant. The Company deems that he appropriately executes his duties as an outside Audit & Supervisory Board member from an objective viewpoint based on such experience and knowledge.

Attendance

Meetings of Board of Directors	14/14
Meetings of Audit & Supervisory Board	14/14

◆ Shiro Uchida

Reasons for Selection: Mr. Uchida has ample experience and a wide range of knowledge as both a certified public accountant and as a corporate manager. The Company deems that he appropriately executes his duties as an outside Audit & Supervisory Board member from an objective viewpoint based on such experience and knowledge.

Attendance

Meetings of Board of Directors	13/14
Meetings of Audit & Supervisory Board	14/14

* For a brief history of each outside director and outside Audit & Supervisory Board member, please see page 28 (Management Structure).

Applicable to the Board of Directors meetings and Audit & Supervisory Board meetings held after the election on June 29, 2017. Regarding the attendance of Mr. Kawada, Mr. Kaiami and Mr. Kitamura, the number showed only after June 29, 2017 when they were elected as the Company's outside director.

Remuneration to Directors and Audit & Supervisory Board Members

The Company discloses the number of individuals to whom remuneration is paid and the total amount of remuneration by directors as well as Audit & Supervisory Board members.

Remuneration and other matters relating to directors as well as Audit & Supervisory Board members are determined by way of resolution at the Company's annual general meeting of shareholders. In this manner, steps are taken to determine the total maximum amounts of remuneration payable to directors as well as Audit & Supervisory Board members. Remuneration (including bonuses) paid to each director is determined by a resolution of the Board of Directors after deliberations in the Nomination and Remuneration Advisory Committee. Remuneration (including bonuses) paid to each Audit & Supervisory Board member is determined based on deliberations between Audit & Supervisory Board members. The basic remuneration of directors as well as Audit & Supervisory Board members is paid as a fixed remuneration amount in accordance with individual duties and status, whether full or part time. Directors' bonuses are determined in accordance with the Company's business results and individual director's responsibilities and performance.

The Company has introduced a stock option system in connection with the payment of remuneration to directors (excluding outside directors). The stock option system was introduced as a performance-linked remuneration to make directors share an interest in stock price fluctuations to act as an incentive to further motivate directors to enhance corporate value. The Board of Directors determines the number of

stock options allocated in accordance with established rules, considering each director's position, responsibilities, authority, and other factors.

Amount of remuneration paid to directors and Audit & Supervisory Board members (For FY2018/3)

Subject of remuneration	Number of officers receiving remuneration	Basic remuneration (¥ million)	Bonus (¥ million)	Total monetary remuneration (¥ million)
Directors (excluding outside directors)	10	284	95	379
Audit & Supervisor Board members (excluding outside members)	3	39	3	42
Outside officers	7	36	8	44
Total	20	364	106	471

1. In addition to the above monetary remuneration, remuneration was also paid by way of stock options (¥311 million paid to nine directors). This represents the total amount recorded as remuneration expenses in the fiscal year ended March 31, 2018 in relation to the No. 10-1 Stock Acquisition Rights and the No. 10-2 Stock Acquisition Rights issued to the directors of the Company.
2. The number of directors who received remuneration includes four directors who retired during the fiscal year ended March 31, 2018.
3. The number of Audit & Supervisory Board members who received remuneration includes one Audit & Supervisory Board member who retired during the fiscal year ended March 31, 2018.
4. The number of outside officers who received remuneration includes two outside directors who retired during the fiscal year ended March 31, 2018.
5. Bonuses paid to outside officers include ¥5 million paid to three outside directors and ¥3 million paid to two outside Audit & Supervisory Board members.

Approach to Compliance, Risk Management, and Internal Control System

The Company ensures that the activities and behavior of its officers, and employees are in compliance with laws and regulations and social ethics. Specifically, the Company has formulated the "Fujifilm Group Charter for Corporate Behavior" and the "Fujifilm Group Code of Conduct," and established the CSR Committee and dedicated compliance divisions to maintain and improve compliance. A whistleblowing system has also been established for all Group companies.

In its approach to risk management, the Company builds appropriate risk management systems at all Group companies. Complementing these systems, in the case of important risk matters, the CSR Committee conducts reviews and promotes basic policy development and appropriate measures from a groupwide perspective.

Moreover, the Company has established an internal control system based on the "Basic Policy on Establishing a Structure for an Internal Control System" decided by resolution of the Board of Directors. Each year, the Company checks the implementation status of the internal control system and reports the result to the Board of Directors.

Corporate Governance Structure

Directors and the Board of Directors

The Company has positioned the Board of Directors as the organization for determining basic Group management policies and strategies and other important matters relating to business execution as well as supervising the implementation of business affairs. The Company's Articles of Incorporation stipulate that the Board can consist of up to 12 directors. Currently, the Board has ten directors, including four outside directors. The Board's regular meetings are held in principle once a month, with extraordinary Board meetings held on an as-required basis. In addition, certain matters are determined on a flexible decision-making basis at the Board of Directors' meetings by directors with special authority. To better clarify their missions and responsibilities, the Company's directors are given a one-year term of office.

Nomination and Remuneration Advisory Committee

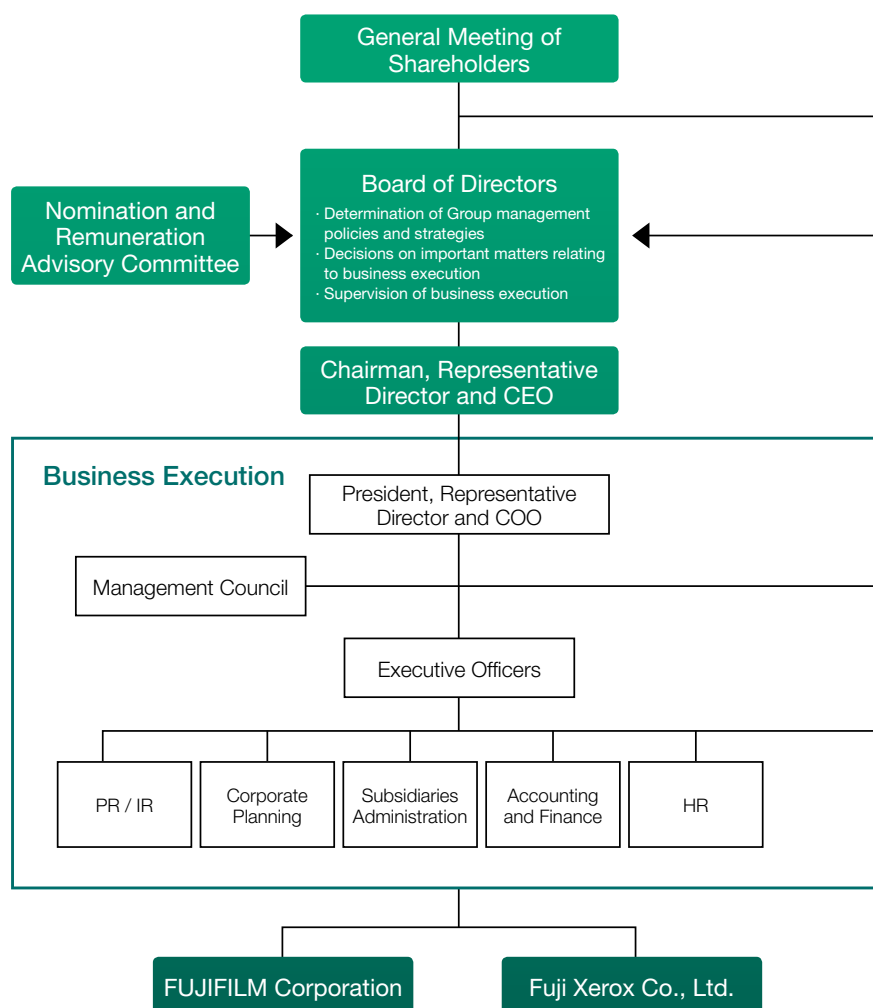
As an advisory body for the Board of Directors, the Nomination and Remuneration Advisory Committee aims to ensure transparency in the CEO succession plan, the decision-making process of directors' remuneration and related matters. The committee is chaired by an outside director.

Management Council

The Management Council makes decisions on the submission of matters to be exclusively deliberated by the Board of Directors. At the same time, the Council deliberates on the measures adopted by executive officers to implement particularly important initiatives in accordance with the basic policies, plans, and strategies formulated by the Board of Directors.

General Meeting of Shareholders

The Company has positioned the general meeting of shareholders as the highest decision-making body of the Group's management. The meeting also provides a valuable opportunity for direct communication with shareholders, and the Company strives to provide information and create an environment from the shareholder's perspective so that they can exercise their rights appropriately.

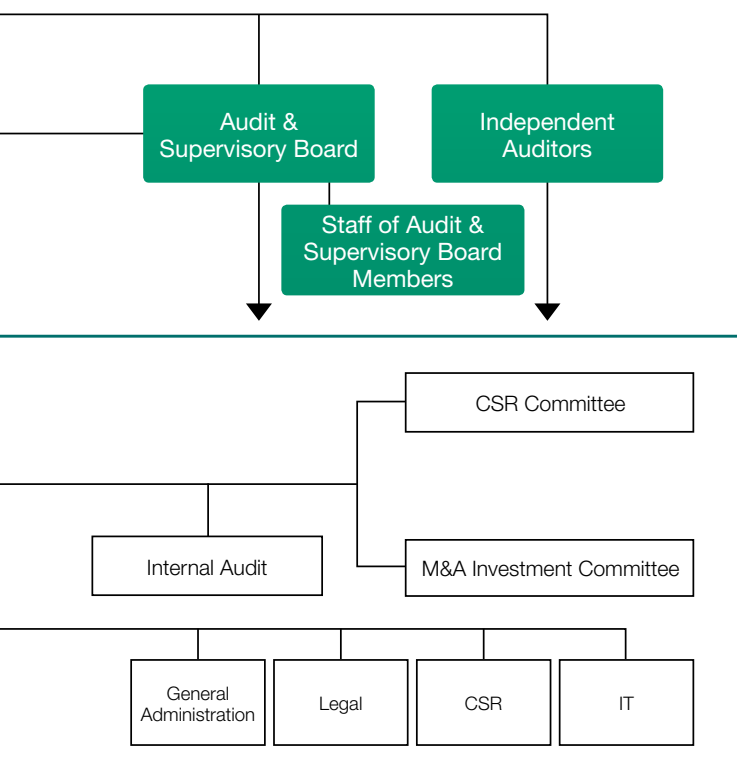


Executive Officers

The Company has adopted an executive officer system to facilitate agile business execution. Executive officers carry out business affairs in accordance with the basic policies and strategies formulated by the Board of Directors. The Company currently has 11 executive officers, including 5 concurrently serving as Board members. The executive officers have a one-year term of office, the same as the Company's directors.

Audit & Supervisory Board and Audit & Supervisory Board Members

The Company has adopted an Audit & Supervisory Board system with an Audit & Supervisory Board, which consists of four members, including two outside Audit & Supervisory Board members. As an independent organization with key roles and responsibilities in the Company's corporate governance system to ensure transparent and fair decision-making in the business as a whole, Audit & Supervisory Board members audit the entire scope of directors' performance of their duties following audit policies and an audit plan in conformity with the Audit & Supervisory Board members' audit standards determined by the Audit & Supervisory Board. At meetings of the Audit & Supervisory Board, which are held in principle once a month, information on audit results is shared among Board members. In addition, all Audit & Supervisory Board members attend meetings of the Board of Directors, while the full-time Audit & Supervisory Board members attend every Management Council meeting, regularly exchange opinions with the representative directors, and audit the entire range of business execution.



Staff of Audit & Supervisory Board Members

The Company has established the Audit & Supervisory Board Office to strengthen the audit functions of the Audit & Supervisory Board members.

Independent Auditors

The Company engages KPMG AZSA LLC as its independent auditor. KPMG AZSA LLC expresses an audit opinion on the Company's financial statements from an independent standpoint. The independent auditor also conducts an audit of internal controls on financial reporting.

CSR Committee

The CSR Committee deliberates and decides on important matters related to the CSR activities of the Fujifilm Group. The committee also conducts reviews and promotes basic policy development and appropriate measures from a groupwide perspective with regard to important risks facing each Group company.

M&A Investment Committee

The M&A Investment Committee selects M&A projects that align with companywide management strategy and business strategy, and conduct discussions to ensure M&As are conducted through the proper process with appropriate schemes and at an appropriate price. The committee also checks on the progress of management integration projects after the M&A.

Internal Audits

The Company established a Global Internal Audit Division in September 2017 as an internal auditing unit that is independent from business operations. Integrating the internal auditing function of the Group companies, the Company has established a global auditing system to strengthen the auditing function of the entire Group through enhancing the auditing capability and efficiency by using IT. In addition, the division is in charge of assessing internal control over financial reporting by the Company and its Group companies in response to the April 2008 application of the internal control reporting system in Japan. The Company compiles the outcome of the assessment in a "Management's Report on Internal Control over Financial Reporting."

Moreover, designated staff are appointed to each operating company and audits are conducted across a wide range of areas, including the environment, quality control, security, labor, and issues relating to the Pharmaceutical Affairs Law of Japan.

Management Structure

* Fuji Photo Film Co., Ltd. was renamed FUJIFILM Holdings Corporation in October 2006.
The operating company FUJIFILM Corporation took over the businesses of Fuji Photo Film Co., Ltd.

(As of October 1, 2018)

Board of Directors



Chairman, Representative Director & CEO

Shigetaka Komori

1963 Joined the Company
2000 President, Representative Director of the Company
2006 CEO of the Company
2012 Chairman, Representative Director & CEO of the Company (to present)
Chairman, Representative Director & CEO of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Chairman, Representative Director & CEO of FUJIFILM Corporation
- Chairman, Representative Director of Fuji Xerox Co., Ltd. (to present)



President, Representative Director & COO

Kenji Sukeno

1977 Joined the Company
2012 Corporate Vice President of the Company
Director of FUJIFILM Corporation
2013 Director of the Company
2015 Senior Corporate Vice President of FUJIFILM Corporation
2016 President, Representative Director & COO of the Company (to present)
President, Representative Director & COO of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- President, Representative Director & COO of FUJIFILM Corporation
- Director of Fuji Xerox Co., Ltd.
- Chairman, Director of FUJIFILM Toyama Chemical Co., Ltd.



Director & Senior Executive Vice President

Kouichi Tamai

2003 Joined the Company
2006 Corporate Vice President of the Company
2008 Director of FUJIFILM Corporation
2010 Director of the Company
2013 Executive Corporate Vice President of FUJIFILM Corporation
2016 Director & Senior Executive Vice President of FUJIFILM Corporation (to present)
2018 Director & Senior Executive Vice President of the Company (to present)
President & Representative Director of Fuji Xerox Co., Ltd. (to present)

Significant Concurrent Positions

- Director, Senior Executive Vice President & CIO of FUJIFILM Corporation
- President & Representative Director of Fuji Xerox Co., Ltd.



Director

Junji Okada

1979 Joined the Company
2010 President of FUJIFILM Europe GmbH
2016 President and Director of Toyama Chemical Co., Ltd.
2018 Corporate Vice President
General Manager of Corporate Planning Division & General Manager of Group Company Management Division of the Company (to present)
Director, Corporate Vice President (to present), General Manager of Corporate Planning Headquarters, General Manager of Pharmaceuticals Products Division (to present) of FUJIFILM Corporation
President and Representative Director of FUJIFILM Toyama Chemical Co., Ltd. (to present)

Significant Concurrent Positions

- Director, Corporate Vice President and General Manager of Pharmaceuticals Products Division of FUJIFILM Corporation
- President and Representative Director of FUJIFILM Toyama Chemical Co., Ltd.



Director & CTO

Takashi Iwasaki

1981 Joined the Company
2009 President & CEO of FUJIFILM Electronic Materials U.S.A., Inc.
2014 Corporate Vice President, General Manager of Highly Functional Materials Business Development Headquarters & General Manager of Industrial Products Division of FUJIFILM Corporation
2016 Director of FUJIFILM Corporation
2018 Director, CTO & General Manager of Technology Management Division of the Company (to present)
Director, Senior Corporate Vice President & CTO of FUJIFILM Corporation (to present)
General Manager of Electronics Materials Division (to present)
President and Representative Director of FUJIFILM Electronics Materials Co., Ltd. (to present)

Significant Concurrent Positions

- Director, Senior Corporate Vice President & CTO, General Manager of Electronics Materials Division of FUJIFILM Corporation
- President and Representative Director of FUJIFILM Electronics Materials Co., Ltd.



Director

Teiichi Goto

1983 Joined the Company
2008 President of FUJIFILM Medical Systems (Shanghai) Co., Ltd.
2013 General Manager of Medical Systems Business Division of FUJIFILM Corporation (to present)
2014 Corporate Vice President of FUJIFILM Corporation
2016 Director of FUJIFILM Corporation
2017 General Manager of Healthcare Business Development Office of FUJIFILM Corporation
2018 Director of the Company (to present)
Director, Senior Corporate Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director, Corporate Vice President, General Manager of Medical Systems Business Division of FUJIFILM Corporation



Director (Outside)

Tatsuo Kawada

1987 President of SEIREN CO., LTD.
2011 Chairman and President of SEIREN CO., LTD.
2014 Chairman and CEO of SEIREN CO., LTD. (to present)
2017 Outside Director of the Company (to present)

Significant Concurrent Positions

- Chairman and CEO of SEIREN CO., LTD.
- Outside Director of Hokuriku Electric Power Company
- Outside Director of Daikin Industries, Ltd.
- Outside Director of Hokuohoku Financial Group, Inc.



Director (Outside)

Makoto Kaiami

1978 Assistant Judge of Tokyo District Court
2000 Presiding Justice of the Division of Tokyo District Court
2012 Presiding Justice of the Division of Tokyo High Court
2014 President of Tokyo Family Court
2015 President of Tokyo District Court
2016 Retired office at mandatory retirement age
2017 Registered as Attorney at Law (to present)
Joined Sophiacity Law Office as of counsel
Outside Director of the Company (to present)
2018 Joined Otemachi Law Office (to present)

Significant Concurrent Positions

- Outside Director of Tokyu Fudosan Holdings Corporation
- Outside Audit & Supervisory Board Member of SEIREN CO., LTD.



Director (Outside)

Kunitaro Kitamura

2011 Representative Director and Deputy President of Sumitomo Mitsui Trust Holdings, Inc.
Representative Director and Deputy President of The Chuo Mitsui Trust and Banking Company, Limited (currently Sumitomo Mitsui Trust Bank, Limited)
2012 Representative Director and President of Sumitomo Mitsui Trust Holdings, Inc.
Chairman and Representative Director of Sumitomo Mitsui Trust Bank, Limited
2017 Chairman (Director) of Sumitomo Mitsui Trust Bank, Limited (to present)
Director of Sumitomo Mitsui Trust Holdings, Inc. (to present)
Outside Director of the Company (to present)

Significant Concurrent Positions

- Director of Sumitomo Mitsui Trust Holdings, Inc.
- Chairman (Director) of Sumitomo Mitsui Trust Bank, Limited



Director (Outside)

Makiko Eda

2013 Representative Director & President of Intel Japan K.K.
2018 Chief Representative Officer of World Economic Forum Japan (to present)
Outside Director of the Company (to present)

Significant Concurrent Positions

- Chief Representative Officer of World Economic Forum Japan

Audit & Supervisory Board Members



Audit & Supervisory
Board Member
Kazuya Mishima

1978 Joined the Company
2009 Divisional Manager of Legal Group of Corporate Planning Division of the Company
General Manager of Legal Department of FUJIFILM Corporation
2012 Corporate Vice President and General Manager of Corporate General Administration Division in charge of Legal and CSR affairs of the Company
Corporate Vice President of FUJIFILM Corporation
2015 President & Representative Director of FUJIFILM Business Expert Corporation
2017 Audit & Supervisory Board Member of the Company (to present)
Audit & Supervisory Board Member of FUJIFILM Corporation (to present)

Significant Concurrent Positions

· Audit & Supervisory Board Member of FUJIFILM Corporation



Audit & Supervisory
Board Member
Naohiko Sugita

1981 Joined the Company
2012 Senior Manager for CSR Group of Corporate General Administration Division of the Company
2014 General Manager of CSR Group of Corporate Planning Division of the Company
General Manager of CSR Division, General Manager of Customer Satisfaction Promotion Office of CSR Division and General Manager of Compliance & Risk Management of CSR Division of FUJIFILM Corporation
2016 Executive Director of DAITO CHEMICAL CO., LTD.
2018 Audit & Supervisory Board Member of the Company (to present)
Audit & Supervisory Board Member of FUJIFILM Corporation (to present)

Significant Concurrent Positions

· Audit & Supervisory Board Member of FUJIFILM Corporation
· Audit & Supervisory Board Member of FUJIFILM Wako Pure Chemical Corporation



Audit & Supervisory
Board Member (Outside)
**Hisayoshi
Kobayakawa**

1968 Registered as Certified Public Accountant (to present)
1996 Senior Partner of Price Waterhouse (currently PricewaterhouseCoopers Co., Ltd.)
Executive Representative Partner of Aoyama Audit Corporation
2000 Audit & Supervisory Board Member of General Sekiyu K.K. (currently TonenGeneral Sekiyu K.K.)
Full-time Audit & Supervisory Board Member of TonenGeneral Sekiyu K.K.
2007 Audit & Supervisory Board Member of TonenGeneral Sekiyu K.K.
Full-time Audit & Supervisory Board Member of TonenGeneral Sekiyu K.K.
2014 Substitute Audit & Supervisory Board Member of the Company
2015 Audit & Supervisory Board Member of the Company (to present)



Audit & Supervisory
Board Member (Outside)
Shiro Uchida

1986 Registered as Certified Public Accountant (to present)
2010 CEO of PricewaterhouseCoopers Co., Ltd.
2012 Chairman of PricewaterhouseCoopers Co., Ltd.
2015 Chairman and Representative Director of SAP Japan Co., Ltd. (to present)
2016 Audit & Supervisory Board Member of the Company (to present)

Significant Concurrent Positions

· Chairman and Representative Director of SAP Japan Co., Ltd.
· Outside Director of Nihon Trim Co., Ltd.

Executive Officers

Chairman and CEO	Shigetaka Komori
President and COO	Kenji Sukeno
Senior Executive Vice President	Kouichi Tamai
Corporate Vice President	Junji Okada
Corporate Vice President & CTO* ¹	Takashi Iwasaki
Corporate Vice President	Shigenobu Inenaga
Corporate Vice President	Shigeru Sano
Corporate Vice President	Masahiro Fukuoka
Corporate Vice President & CDO* ²	Akira Yoda
Corporate Vice President	Chisato Yoshizawa
Corporate Vice President	Kazuhisa Horikiri
Corporate Vice President	Masayuki Higuchi

*1 Chief Technical Officer

*2 Chief Digital Officer

Outside Director Round Table Discussion

FUJIFILM Holdings enhances a corporate governance structure that serves as a foundation for contributing to the sustainable development of society with the aim of sustaining growth and increasing corporate value. On June 28, 2018, Ms. Makiko Eda became a new outside director at the Company, bringing the total to four outside directors. In this round table discussion, the outside directors talked about the effectiveness of the Board of Directors, issues or their expectations for the future and other related matters.

Makoto Kaiami

- Attorney
Otemachi Law Office
- Outside Director of Tokyu
Fudosan Holdings
Corporation
- Outside Audit & Supervisory
Board Member of SEIREN
CO., LTD.

Kunitaro Kitamura

- Director of Sumitomo Mitsui
Trust Holdings, Inc.
- Chairman (Director) of
Sumitomo Mitsui Trust
Bank, Limited

Makiko Eda

- Chief Representative Officer
of World Economic Forum
Japan

Tatsuo Kawada

- Chairman and CEO of
SEIREN CO., LTD.
- Outside Director of Hokuriku
Electric Power Company
- Outside Director of Daikin
Industries, Ltd.
- Outside Director of Hokuohoku
Financial Group, Inc.

Deliberations of the Board of Directors

—Having participated on the Board of Directors as an outside director for the past year, what are your thoughts about the meetings? Were they engaging and meaningful?

Kawada: I believe the role of outside directors on the Board of Directors is to consider the appropriateness of management policies, risks that may have been missed internally, and identify issues that should be examined, all from a third-party perspective. In this context, outside directors must have an accurate understanding of the workings of the entire company, including each business, but in reality it is

nearly impossible to know every last detail. Matters deliberated by the Board of Directors are explained in detail beforehand so that we outside directors are as informed as possible when attending meetings, including background information. With my experience as a manager, I check to make sure important decisions are being made appropriately for the Fujifilm Group.

Kaiami: I feel the same way. The most important responsibility of outside directors is to supervise management from a third-party perspective. From this standpoint, I have posed questions about points that draw my attention during the deliberations of the Board of Directors, no matter how

minor. If my questions make other directors aware of an issue, then it is all for the better. Such questions may also lead to a more open conversation. Also, as an outside director with a legal background, I am especially scrupulous when it comes to checking matters concerning compliance.

Kitamura: I have made every effort to fulfill my duty as a supervisor of the Board of Directors based on the Corporate Governance Code. According to my own experiences, a manager tends to be interested in the earnings side of the business. I concentrate on taking a holistic view of the company across business divisions from the perspective of a shareholder or an investor. When evaluating the effectiveness of the Board of Directors, I requested more qualitative information about management plans in addition to figures with regards to materials provided before meetings of the Board of Directors. These requests were promptly addressed, leaving me with a positive impression of the speed with which things are accomplished inside the Company. Thanks to the information provided before meetings, I have been able to add more to the discussions of the Board of Directors.

Kaiami: As Mr. Kitamura said so well, the information about specific topics prior to meetings has become more sufficient and briefings about businesses were enhanced over the past year. During discussions, I also ask for further explanations on the matters brought internally before the Board of Directors in order to have more meaningful conversations.

—The number of outside directors was increased to four with the appointment of Ms. Eda at the general meeting of shareholders this year. Ms. Eda is Fujifilm's first female director, with international experience and an extensive background as a manager. Please tell us your thoughts about being appointed an outside director of the Company.

Eda: Based on my experience, I believe I can offer new discussions while checking conditions and asking questions from a perspective that differs from an insider. As a woman I do not have any special opinions on the matter. The Fujifilm Group engages in business activities through "an open, fair and clear" approach on the global market. I believe my role is to make sure the Company is accurately moving in this direction from my unique standpoint of having so many opportunities to interact with people and organizations overseas.

—Ms. Eda, I hear you are also working to solve social issues through the World Economic Forum Japan.

Eda: The Fujifilm Group aims to be a company that helps to solve social issues through its business activities. The world is dealing with many serious issues on a global scale, and contributing to the resolution of social issues is an essential aspect of the sustainable growth of corporations. With limited natural resources around the world, companies must do more than pursue profits by making every effort to understand conditions facing the human race on a global scale. Shareholders and other stakeholders in society strictly examine companies whether they conduct business in a way that helps solve these issues or not. I aim to contribute to the growth of the Fujifilm Group by providing advice and guidance based on these global situations.

—The Company is concentrating management resources in the healthcare field in a bid to accelerate growth while reinforcing its business foundation through M&A. Mr. Kitamura, with your experience and knowledge gained at financial institutions, what is your opinion of debate about matters regarding M&A at the Company?

Kitamura: The Company has a long track record in strategic M&A based on clear business goals in its medium-term management plan. In my opinion, internal discussions are based on extensive experience in this area. In healthcare, especially the pharmaceuticals and regenerative medicine fields, it usually takes time for specific outcomes to emerge, making it difficult to assess the suitability of deals. With M&A, it is important to remember while examining a deal that sealing the deal in itself is not the objective. At the Company, in



addition to the Board of Directors, an independent organization called the M&A Investment Committee examines risks as a part of a balanced control structure. I expect this structure to continue functioning well into the future.

Initiatives to Strengthen Corporate Governance

—When improper accounting practices were discovered at a subsidiary of Fuji Xerox, the Fujifilm Group took it as an opportunity to further strengthen corporate governance and reinforce the management of business processes. What is your assessment?



Kaiami: After the improper accounting incident came to light, Fujifilm set up the Committee for Strengthening Governance on the advice of the Independent Investigation Committee, and began discussions on this matter in a substantially short time. I believe management rapidly took the right steps, coming up with various measures to strengthen governance. One of these was improving its internal notification system. A system was introduced in a short time where all employees inside and outside Japan can directly notify the parent company (the Company). I believe this incident served to underscore the drive that the Fujifilm Group has for making itself a stronger company.

—What are your views on initiatives to reinforce compliance?

Kaiami: Fujifilm has a nearly 100% response rate for a compliance awareness survey of all employees, underscoring the thoroughness of its efforts on this front. I

believe it is necessary to truly push for greater awareness of compliance now that employee awareness is on the rise. Matters that come through the internal notification system are also reported to us, the outside directors. It is my intention to get involved in the examination and debate of such matters so that we will not miss even a small sign of potentially greater risks.

Nomination and Remuneration Advisory Committee

—In June 2018, the Company established the Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors, and appointed Mr. Kawada as the head of the committee. What kind of debate will take place in this committee?

Kawada: The Company's Nomination and Remuneration Advisory Committee aims to improve corporate governance by increasing the transparency of CEO succession plans and procedures related to determining director remuneration. The committee has just begun to debate these matters in detail. CEO succession planning is a conversation that must take place from a long-term perspective. Personally, I believe companies should make preparations in five-year and ten-year increments depending on their traditions, culture and management policies, screen candidates from a wide pool of people with flexible thinking, and then groom them for the position. I aim to have more substantive conversations with Mr. Kitamura and Chairman Komori, who are members of the committee. I think remuneration levels and calculation methods should be decided based on a variety of factors, including the industry to which a company



belongs and its positioning within it, as well as business models and unique corporate cultures. The committee will debate these matters while referring to examples at other companies in the industry. Once opinions on remuneration come together, we will work to increase the transparency of the remuneration calculation process.

Issues and Expectations for the Fujifilm Group

—What issues confront the Fujifilm Group, and what are your expectations?

Kawada: The Fujifilm Group faced a moment of crisis that threatened its existence with the emergence of digital technologies that decimated demand for photographic film, its core product since its foundation. However, the Fujifilm Group underwent a massive business transformation and has continued to grow as a company. I believe there are few examples of successful transformations on this scale around the world. As an outside director, I can sense the strong vitality that runs through the Company, and I expect the Fujifilm Group to continue growing into the future. However, there is the potential for unexpected problems that may inhibit growth and expansion. I think it is essential for companies to examine the potential for various risks from even more diverse perspectives than before, including specific contributions to earnings. As an outside director, I will do my best to contribute in this area.

Kitamura: I have been involved with the Fujifilm Group as an outside director for the past year, and am impressed with the free-spirited atmosphere at the Fujifilm Group and the unique individuality of its employees. When someone decides to do something on their own initiative, they are likely to put three times more effort into it than being told by someone else to do it. I believe this organizational culture was fostered by the bold business transformation undertaken in the past, and I expect further growth from the Fujifilm Group.

Eda: The more I learn about the Fujifilm Group, the more I feel excited and I become happier to have become a member of this exciting company, which is creating a better future by providing new value through business activities. I have only just arrived, but I already am impressed with the speed things are accomplished internally. I was also



impressed with the open nature of employees asking questions and expressing opinions. In order to prosper amid rapid changes in the business environment, companies must continue to take on new challenges without being stuck in the past. This is quite an undertaking, in my opinion. Regardless, I believe if each and every employee takes a proactive approach to these challenges as opportunities for self-development, it will lead to growth for the Fujifilm Group.

Kaiami: I believe working with passion every day is important. Being able to work with passion largely depends on whether the work will contribute to society in the end, in my opinion. The Fujifilm Group has undergone a huge transformation from a company centered on photographic film into a company with operations in a broad range of business fields centered in the field of healthcare. Nonetheless, the Fujifilm Group continues to create new value in the photographic field where its roots were laid. Nowadays, the Fujifilm Group aims to contribute greatly to society by creating new value in the healthcare field. I am confident the Fujifilm Group will continue to grow as its employees engage in business activities with confidence and passion.

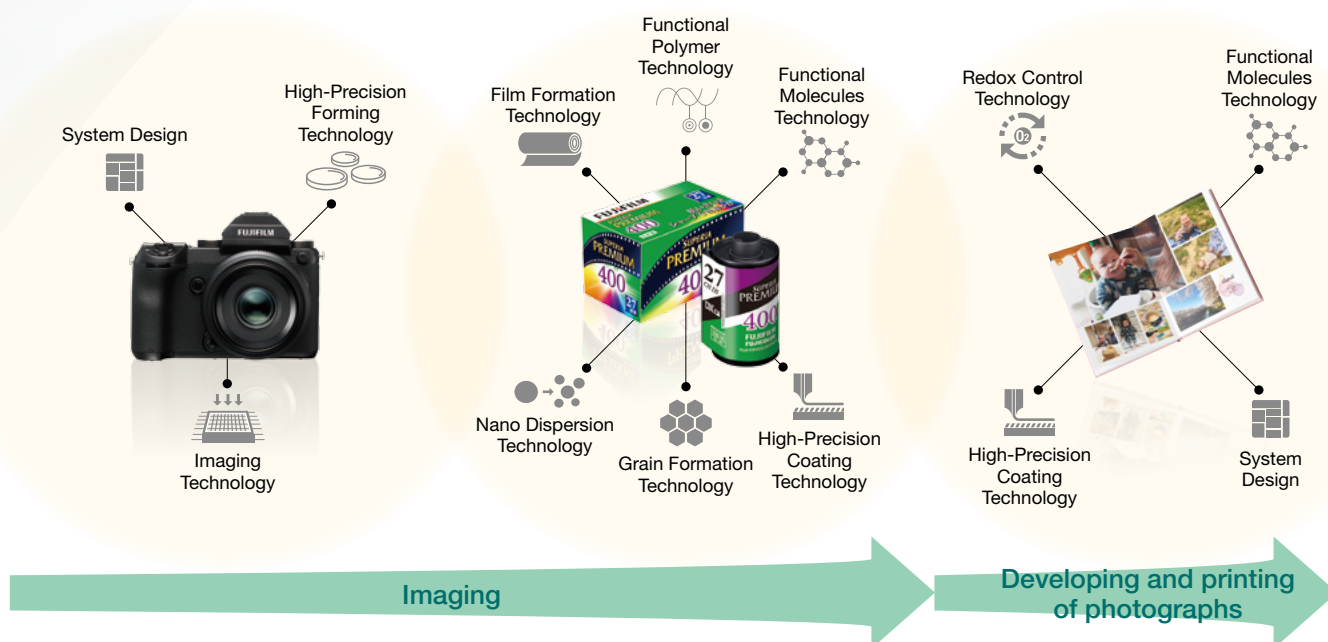
Sources of Corporate Value

Technological strength, corporate culture, brand strength, human resources and global network are essential components for the Fujifilm Group to meet the expectations, needs and reliability of our stakeholders, and therefore these are the sources of our corporate value. This section explains these five components in detail.

Technological Strength

Competitive Advantages Cultivated in the Field of Silver Halide Photographs

The products related to silver halide photographs, a business that the Fujifilm Group has been involved in for many years, consist of various accumulated technologies. Currently, the ratio of photographic film as a percentage of Companywide sales is just under 1%. However, the competitive technologies developed from the field of silver halide photographs are still supporting our wide range of products and businesses in different forms.



Cameras

Technology for ensuring high-quality design and manufacture of lenses, hardware, and systems

Fujifilm began developing lenses shortly after its establishment, and they continue to be highly rated under the *FUJINON* brand. Moreover, Fujifilm possesses unique strengths in camera hardware and system design.

Photographic film

Technology for coating multiple layers of functional materials simultaneously on a thin film base

The surface of the photographic film is coated with multiple layers of materials that boast a variety of functions. Fujifilm possesses the technology to make an optically warp-free, thin, uniform film base in units of microns. In addition, it is our technological strength to design functional materials at the nanometer level, align and maintain minute homogeneous particles, and on a base of these, uniformly coat at high speed multiple layers at the same time.

Color paper / Minilabs

Technology for precisely controlling chemical reactions of coated functional substances

In the developing and printing of photographs, Fujifilm achieves high color reproducibility and image preservability by precisely controlling the chemical reactions of a variety of functional substances coated on photographic film and color paper. Moreover, Fujifilm boasts high-level system design technologies that help build systems for printing equipment including minilabs.

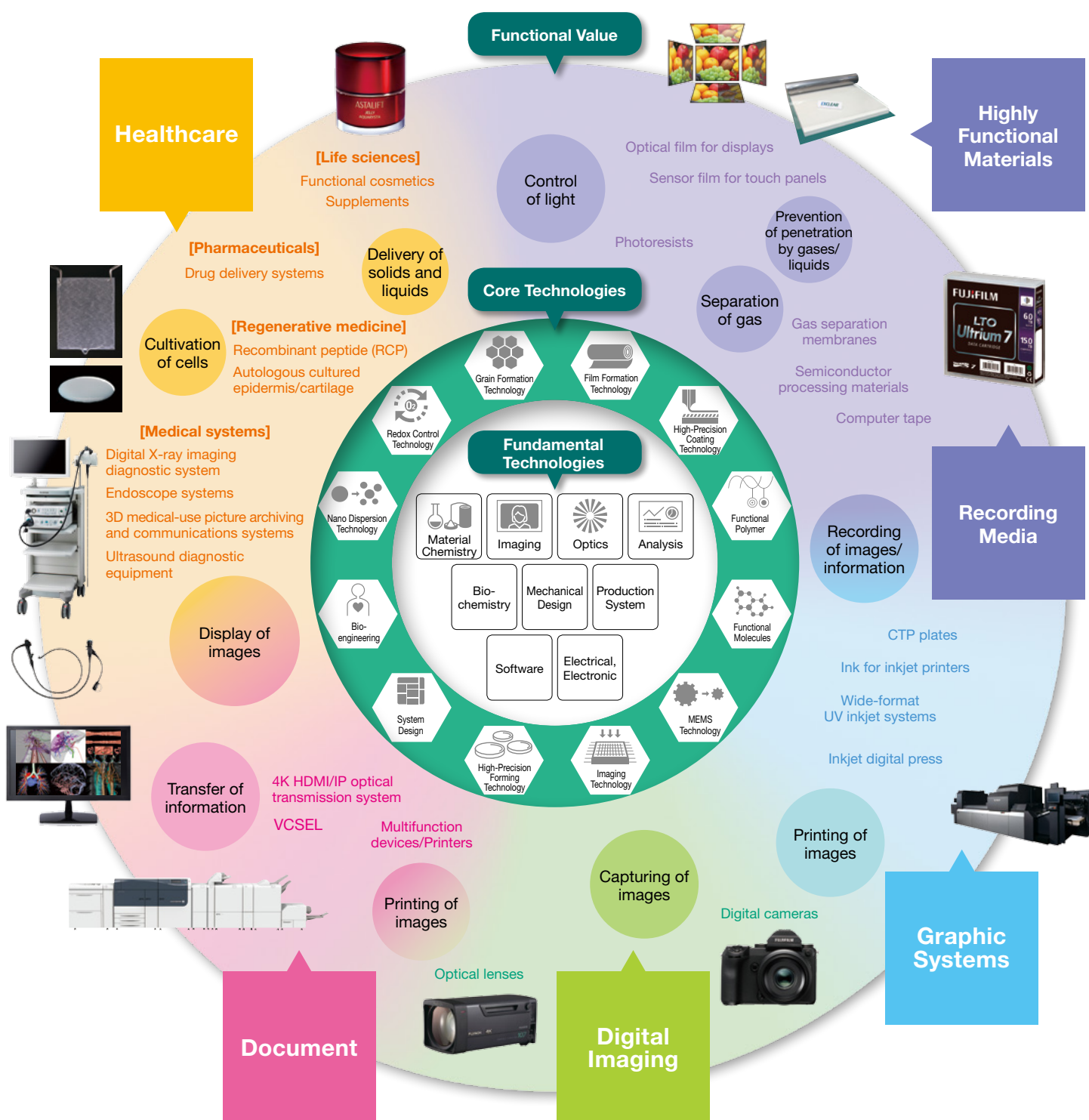
Technological Strength

Development of Applications of Unique Technologies

Since its founding, the Fujifilm Group has been accumulating the fundamental technologies that have supported the Company's business. These technologies include organic and inorganic materials chemistry, optical technologies, and analytical technologies.

Based on these fundamental technologies, we have honed our proprietary core technologies, which are central to continuously building up our competitive advantage. By combining these technologies, we have provided a wide range of products and services which create new value that will open the way to the future.

Going forward, we will make continuous efforts to create new value by applying these technologies in various industries.



Technological Strength

Linking Technology with Growth

Basic policy on R&D

Aiming to create a new business to replace photographic film, for which the market was rapidly shrinking from its peak in 2000, the Fujifilm Group has promoted R&D reforms along with business restructuring. In order to build a new growth strategy, we took inventory of our technologies by dividing and organizing new and existing technologies and markets into four quadrants.

Based on the results, we selected priority business fields from three viewpoints: “being able to use our technologies,” “future potential for market growth” and “can continue to stay competitive” (Figure 1) and concentrated capital expenditures and R&D investment on them. We also continue to invest R&D resources in key growth areas (Figure 2).

Our R&D structure comprises Divisional Laboratories to

carry out R&D directly linked to each business and Corporate Laboratories to research fundamental technologies cultivated through the photographic business, such as material chemistry, imaging, analysis, and production systems. Fujifilm has promoted speedy new product development and new business creation to drive growth through a structure whereby the R&D Management Headquarters centrally manages this vertical and horizontal matrix.

Further, in August 2015, Fujifilm established within the Corporate Planning Division the Innovation & Strategy Planning Division, which consists of management staff responsible for business strategy and technical staff with expertise on the Company’s technology, thereby enhancing swift and effective new business creation.

Figure 1: Key theme selection at time of restructuring

Key themes are selected after taking an inventory of technologies by dividing and organizing new and existing technologies and markets into four quadrants.

	Existing markets	New markets
New technologies	<ul style="list-style-type: none"> High-quality digital cameras Medical-use picture archiving and communications systems Digital printing devices Endoscope system with a laser light source 	<ul style="list-style-type: none"> Pharmaceuticals Functional cosmetics Ultrasound diagnostic equipment Materials for regenerative medicine
Existing technologies	<ul style="list-style-type: none"> PS plates, CTP plates Photographic film Compact digital cameras X-ray film 	<ul style="list-style-type: none"> Optical film for displays Sensor films for touch panels Gas separation membranes

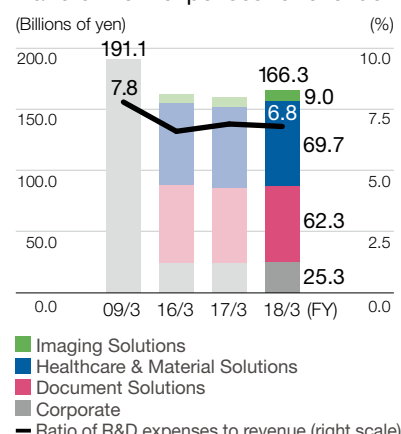
Three questions to ask when selecting key themes

Is it a growth market?

Do we have the technology?

Can we continue to stay competitive?

Figure 2: R&D expenses/
Ratio of R&D expenses to revenue



* FY2009/3 has been recorded on a gross basis.

Open innovation for new values by collaboration

Fujifilm has opened “Open Innovation Hubs” in Japan, the U.S. and Europe as places that allow outside business partners to become familiar with Fujifilm’s fundamental/core technologies, which are the source of competitiveness of the Fujifilm Group, as well as materials, products and services to which these technologies are applied, and to co-create new value. Since the opening, a total of about 12,000 people from 2,400 companies (as of August 31, 2018) have visited the three locations, and collaboration is proceeding in various forms.

Further, Fuji Xerox created the Customer Co-creation Laboratory in its R&D center located in Yokohama, Japan with the aim of responding to the rapidly changing business environment and the increasingly diversified expectations of our customers. The Company introduces to customers case examples in which it worked to resolve its business challenges, then works together with customers to solve their business challenges.

Reinforcing information fundamental technologies for advanced ICT that accelerates innovation

In April 2016, Fujifilm established the Informatics Research Laboratory that engages in the R&D on cutting-edge technologies in the field of information sciences including big data analysis and software fundamental technologies, with the aim of building a structure that covers advanced ICT such as the IoT (Internet of Things) and AI (Artificial Intelligence). Further, in order to accelerate Groupwide ICT use by combining technologies accumulated to date with new technologies, the Company established the ICT Strategy Management Office in October 2016. In addition, in October 2018, we opened a base called FUJIFILM Creative AI Center “Brain(s),” which researches and develops next generation AI technology through collaboration with academic institutions. Fujifilm will proactively develop ICT open innovation activities, and provide innovative products and solutions to solve social issues.

Corporate Culture

The Fujifilm Group possesses an open, fair and clear corporate culture, and continuously takes on challenges with courage in the course of business activities. Backed by this corporate culture, we will further hone leading-edge, proprietary technologies to remain vigorous, consistently creating new value and exercising pioneering leadership.

Respect for Human Rights

Compliance is the core of the Company's open, fair, and clear corporate culture and respect for basic human rights is the most important aspect of compliance. The Fujifilm Group has clearly stated its commitment to this point in section "3. Respect for Human Rights. We respect and protect fundamental human and labor rights set out in international declarations. We reject the use of forced labor or child labor in any form." in the Fujifilm Group's Charter for Corporate Behavior and Code of Conduct, and we periodically hold training seminars for employees on respect for human rights and eliminating discrimination. In June 2018, the Company formulated its Human Rights Statement, which declared that respect for human rights both inside and outside the Company is the basis for all business activities, and clarified the Company's basic stance on promoting activities to prevent human rights violations.

Occupational Health and Safety/ Promotion of Health

Creating a workplace where employees can work with vigor and in good health, both physically and mentally—this is a basic condition to achieve sustainable growth and development of the Group. Considering that the securing of employees' occupational health and safety is the primary issue in our corporate activities, we implement the Occupational Health and Safety Program and prevention measures for workers' accidents, especially at production sites.

For health promotion, Fujifilm launched the Health Promotion Group in the Human Resources Development in July 2018 to further strengthen the Group's overall health and productivity management. We will now set about building a system that can integrate individual employees' data from regular health checks and stress checks and utilize it effectively. Following on from the same achievement in the previous fiscal year, in the fiscal year ended March 31, 2018 Fujifilm was selected again as a "2018 Certified Health and Productivity Management Organization (Large Enterprise Category)—White 500," a program that highlights enterprises practicing outstanding health and productivity management.



Brand Strength

The FUJIFILM brand has enhanced its value through continuous offer of innovative products and services based on advanced proprietary technologies accumulated in photography.

The Company conducts a worldwide brand survey and is formulating a brand strategy based on quantitative data regarding the FUJIFILM brand. As part of this, in October 2018, we will run a corporate global branding campaign featuring the key message "NEVER STOP" in the U.S. and other countries around the world. We will make a determined effort to bolster the brand power of FUJIFILM to accurately convey the Company's advanced, original technologies to provide new value while contributing to resolving various social issues and always continuing to improve and move forward to constantly remain a growing company.



Human Resources

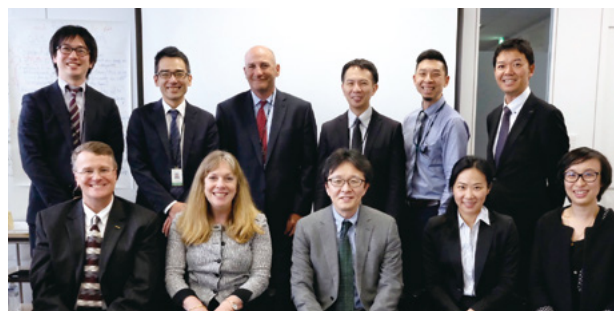
In order to create and develop prospective business and accelerate global expansion, it is essential to have skilled human resources. Having recognized that human resources are one of the sources of corporate value, the Fujifilm Group is working on developing an environment where diverse human resources can maximize their abilities, while focusing on the development of global and executive talented people from a long-term viewpoint.

Development of Global Human Resources

Those who think and act on their own in the global and diversified society, and are actively reforming and expanding our businesses for the next generation—giving top priority to developing such global and executive talented people, the Fujifilm Group is implementing systems to develop human resources based on an international viewpoint across the Group. We also offer the FUJIFILM Way training to familiarize domestic and overseas employees with an overview of ideal human resources for the Group and working practice.

Fujifilm is implementing measures to foster global human resources based on “scheduled training to develop global skills and mindsets” and “creating the capabilities of our employees to work globally.” It has prepared a training system that offers planned practical training for Japanese employees who are appointed to positions overseas, an overseas trainee system and an onsite training system that give opportunity to young employees to gain overseas experience. In the fiscal year ended March 31, 2018, the Company held the first Global Expert Technicians Conference, bringing together technicians of different specialist fields from every country to discuss the Group’s technologies and issues and to have exchanges with one another.

Fuji Xerox is enhancing our program to develop management-level candidates from overseas affiliates through study in Japan at graduate schools or in long-term OJT. In human resource development in Japan, in January 2018 we started an open application program for young employees to develop next-generation leaders. We also worked to help them acquire the global leaderships skills required of future business managers by cultivating their mental facilities, strengthening their language abilities, and increasing their opportunities to gain experience, such as dialogue sessions with global leaders.



A personnel manager conference is held to build a structure for worldwide human resource utilization

Diversity

Fujifilm has been implementing Work Style Innovation activities, enabling diverse employees to utilize their individual strengths and demonstrate their own capabilities in an effective way of working that produces results. In addition to streamlining through operational improvements, we are also working on visualization of operations through IT and operational process innovation utilizing RPA* in an effort make further efficiency gains. Furthermore, as part of our diversity efforts, we also promote recruitment of employees with disabilities as well as retirees by setting medium- to long-term goals and working as a unified Group towards them.

Fuji Xerox has made “Respect diversity” one of the 10 values that it emphasizes as a company and works toward. Its initiatives in this regard have been praised by various external parties. In the fiscal year ended March 31, 2018, the Empowerment of Women Facilitators Meeting raised issues related to performance evaluation and working environment for people working short hours to accommodate child raising commitments. In response, Fuji Xerox issued a Guide for Managers Supporting Workers Balancing Work

and Child Raising, which provides a systematic overview of communication, systems, and evaluation at each phase of pregnancy, childbirth, and child raising. The guide aims to support workers balancing work and child raising by giving a fair evaluation of their work performance, including clear target setting that takes into account shorter working hours. The company also actively undertakes recruitment of people with disabilities and promotes understanding of this issue in the workplace.

* Robotic Process Automation:
Automating work by software
robots

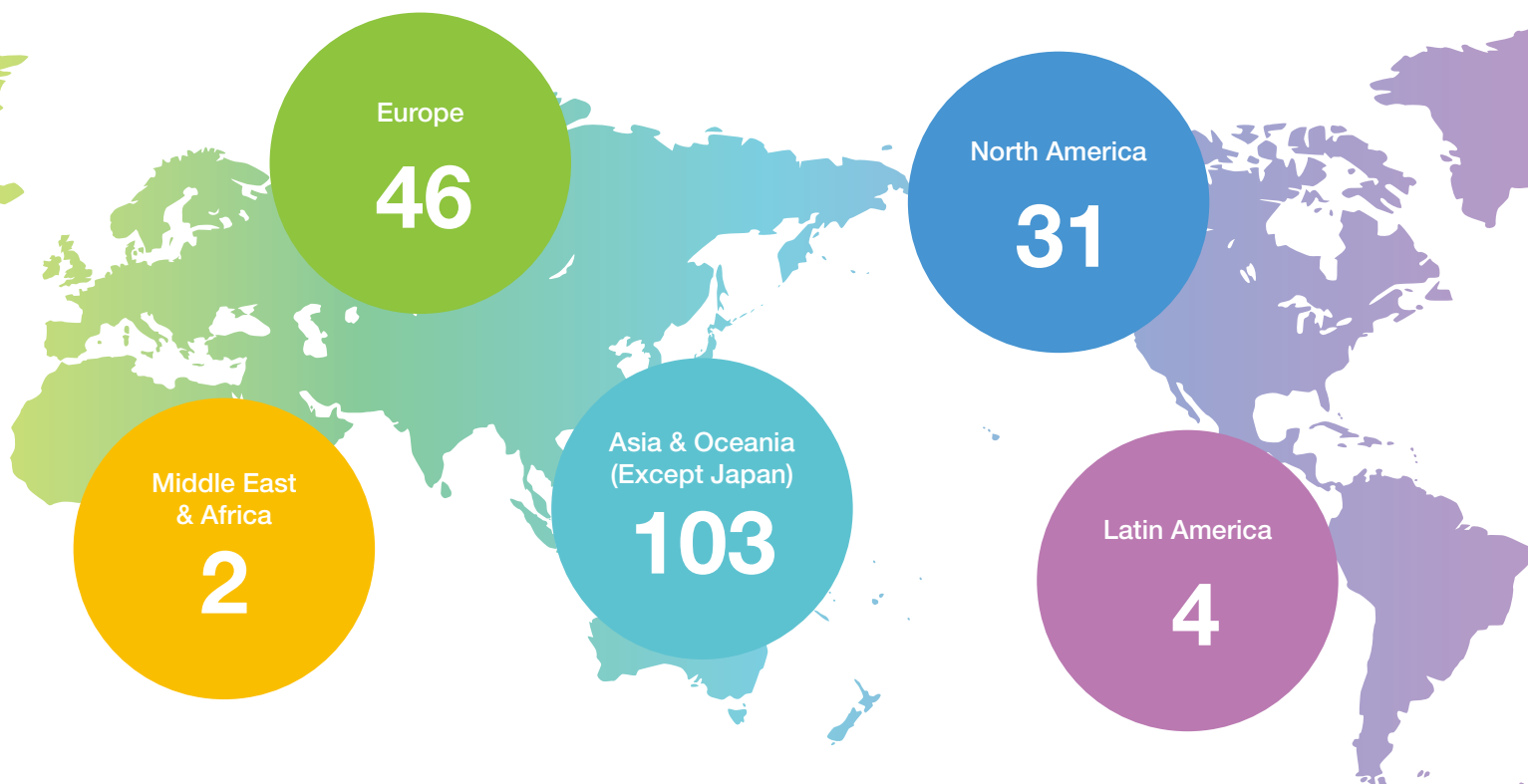


The Empowerment of Women Facilitators Meeting has been held regularly since 2015, to jointly promote initiatives with domestic sales affiliate companies

Global Network

Shortly after it was founded, Fujifilm took proactive steps to expand overseas, setting up the first overseas base in 1937. As of the fiscal year ended March 31, 2018, the Fujifilm Group has grown into a global entity that maintains 283 consolidated subsidiaries and has consolidated overseas revenue accounting for about 59%, or JPY 1,426.9 billion, of the total revenue.

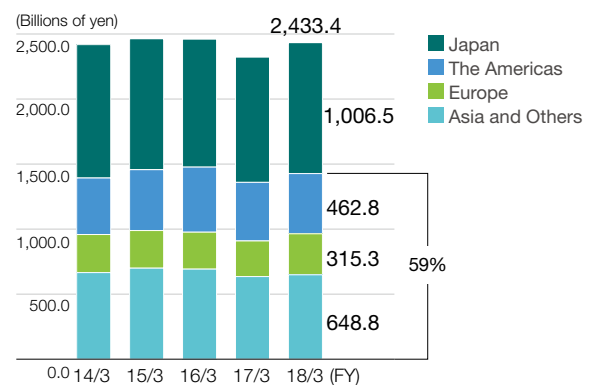
In recent years, the Fujifilm Group has positioned such emerging countries as Brazil, Russia, India, and China (BRICs) as well as Turkey, the Middle East, and Southeast Asia as priority markets. In addition to aggressively establishing local subsidiaries in each market, the Fujifilm Group is strengthening its sales structure.



Worldwide network of consolidated subsidiaries



Consolidated revenue by geographic region (destination base)



The Fujifilm Group's Approach to Corporate Social Responsibility

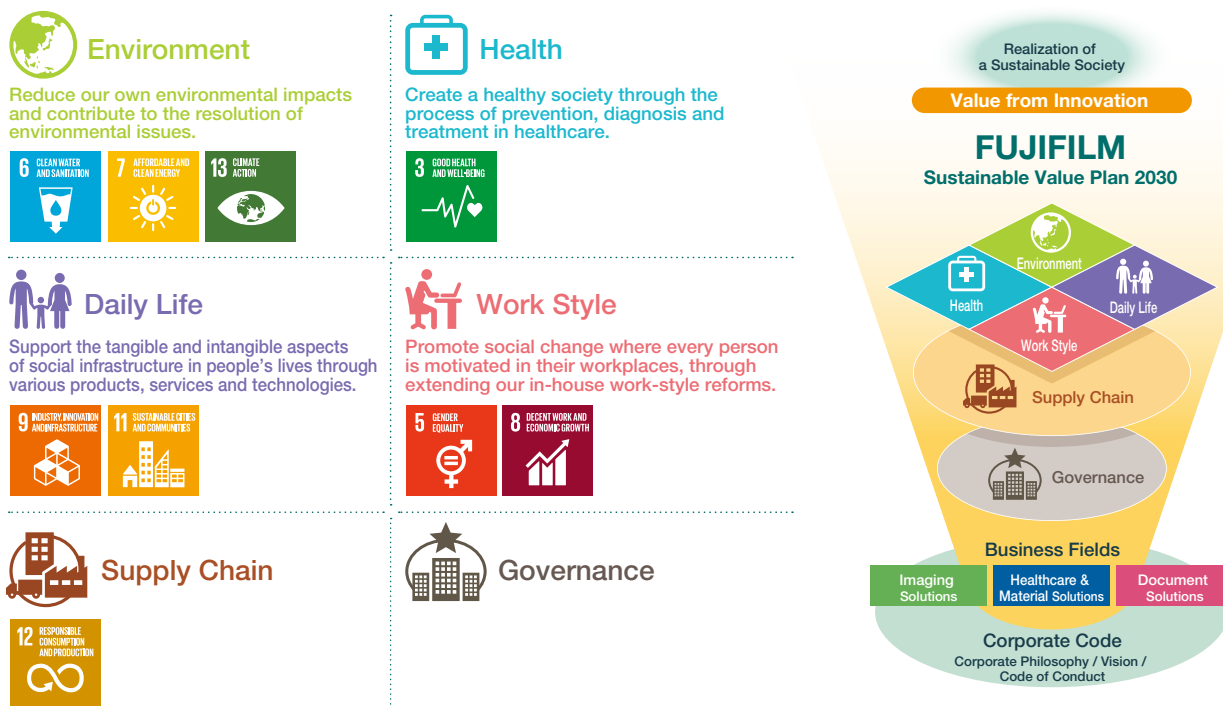
The Fujifilm Group's business originated with photographic film, a product for which lots of clean water and fresh air are indispensable to the manufacturing process. Moreover, photographic film requires customers to "buy on trust" that it will finish as a beautiful image since they cannot try it out beforehand. For these reasons, for the Fujifilm Group, an approach which emphasizes environmental conservation and maintaining the trust of stakeholders has been a major premise at the very foundation of our business activities. With the environment and trust as the origins of the Fujifilm Group's CSR activities, we are currently engaged in various initiatives in accordance with the Fujifilm Group's Approach to Corporate Social Responsibility, which is to "Contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities."

CSR Plan: "Sustainable Value Plan 2030"

We announced "Sustainable Value Plan 2030" ("SVP2030"), a new CSR plan, in August 2017. The Fujifilm Group believes that solving social issues provides opportunities for business growth. By actively creating new value as part of our efforts to address each challenge, we are committed to continuously contributing to the development of a sustainable society as a key management priority. Such commitment is further reinforced through formulation of SVP2030, which sets long-term goals for FY2031/3. In this plan, we show our strong will to contribute to resolving social issues on a global scale through business activities.

The Fujifilm Group's Priority Issues and Main Contributions to SDGs Targets

Fujifilm aims to contribute to the achievement of goals related to resolution of social issues such as SDGs, and has set the "environment," "health," "daily life," and "work style" as its key areas, which will be addressed from the perspectives of both "resolving social issues through business activities" and "considering environmental and social impacts through business processes." Adding the enhanced management on "supply chains" and "corporate governance," to the priority issues, and with "environment" in particular, we have set specific numerical targets for FY2031/3.



The numerical targets for the environment for FY2031/3 are:

- ◆ 30% reduction in the Group's CO₂ emissions (vs. FY2014/3)
- ◆ Contribute to a 50 million ton reduction in CO₂ emissions in society
- ◆ 30% reduction in the amount of water the entire Group uses (vs. FY2014/3)
- ◆ Contribute to the treatment of 35 million tons of water per year used by society
- ◆ 30% reduction in waste produced by the Group (vs. FY2014/3)
- ◆ 30% improvement in the material input per unit by the Group (vs. FY2014/3)

Some of the Fujifilm Group's "SVP2030" Priority Issues in FY2018/3

Reduce our own environmental impacts and contribute to the resolution of environmental issues.



Environment

For details, please refer to page 15 of the FUJIFILM Holdings Corporation Sustainability Report



Social Issues

Since the Industrial Revolution, various environmental problems have arisen as people's lives have become richer, and these problems are becoming more serious on a global scale. To achieve sustainable growth going forward, the international community must balance economic activity with resolving environmental issues. The Paris Agreement calls on all countries to work to reduce greenhouse gas emissions.

Priority Issues

1. Address climate change.
2. Promote recycling of resources.
3. Address energy issues toward a non-carbon society.
4. Ensure product and chemical safety.

FY2018/3 Activities

1. Addressing climate change

In FY2018/3, CO₂ emissions for the entire lifecycle of products of the Fujifilm Group were reduced by 7% compared to the previous fiscal year. With respect to the FY2031/3 target of a 30% reduction in CO₂ emissions compared to the base year of FY2014/3, we are making steady progress, and have already reduced emissions by 15%.

We have gotten off to a good start, as our efforts through products and services have helped reduce overall CO₂ emissions by society by 4.63 million tons, which is 9% of the FY2031/3 target. We are helping to further reduce overall CO₂ emissions by society with high-capacity magnetic tape, multifunction devices, medical IT systems, and other products.

2. Countermeasures to water problems

The Fujifilm Group has been working over many years to reduce the volume of water use and to use recycled water. In light of water risk, which is receiving increasing attention as an important international issue, we are working to further reduce our use of water resources and to use water resources efficiently. In 2017, in recognition of "water risks and opportunities" initiatives, we were selected for inclusion in the "Water A List" (the highest assessment) in CDP's* CDP Water 2017 survey on water resource management.

* An international non-profit that works together with institutional investors with total assets of US\$100 trillion in order to promote the disclosure of information and management of the environmental impact of corporations in the areas of climate change, water resources and forestry.

Create a healthy society through the process of prevention, diagnosis and treatment in healthcare.



Health

For details, please refer to page 24 of the FUJIFILM Holdings Corporation Sustainability Report



Social Issues

The SDGs call for achieving universal health coverage (UHC), in which all people can receive the full spectrum of essential, quality health services, from health promotion to prevention, treatment, rehabilitation, and palliative care without suffering financial hardship. To achieve UHC, in addition to building up the medical infrastructure for all people to be able to receive health and medical services near where they live and raising the quality of medical care, we must create a society that puts health first, and sets up an environment for prevention and early detection of diseases.

Priority Issues

1. Fulfill unmet medical needs.
2. Improve accessibilities to medical services.
3. Contribute to identifying diseases at an early stage.
4. Contribute to health promotion and beauty.
5. Promote management of a healthy workplace.

FY2018/3 Activities

1. Development of liposome-based agent to selectively deliver drugs to cancer tissues and increase pharmacological efficacy

The Fujifilm Group is working to develop new drugs with a focus on cancer, central nervous system diseases, and infectious diseases, for which there is a high level of unmet medical needs, and we are also pursuing technological development for drug delivery systems. In the field of DDS, in May 2018 we started a Phase I clinical trial of the anti-cancer drug FF-10832, and decided to build a facility that will manufacture liposome drugs in FUJIFILM Toyama Chemical Co., Ltd.'s pharmaceutical production site.

2. Working to improve the healthcare environment in emerging countries

By participating in the international promotion (outbound support) of Japan's medical technologies and services being undertaken by the Ministry of Economy, Trade and Industry and the Ministry of Health, Labour and Welfare, the Fujifilm Group has been supporting the improvement of medical technologies, development of personnel, upgrading of medical infrastructure, and other initiatives in countries throughout the world. In January 2018, we promoted the wider use of screening systems in parts of the Middle East and Africa that do not have health examination systems. One such example was the signing of a memorandum of agreement with Saudi Arabia concerning cooperation on the establishment of a women's health screening center.

Support the tangible and intangible aspects of social infrastructure in people's lives through various products, services and technologies.



Daily Life

For details, please refer to page 32 of the FUJIFILM Holdings Corporation Sustainability Report



Social Issues

As industrial and economic development proceeds urbanization, people's lives have become more convenient and comfortable. However, on the other hand, stress and alienation from society have become problems. In particular, the rapid evolution of the information-oriented society has created new forms of enjoyment and fresh services, but it has also led to an increase in various concerns and risks. To create a healthy and sustainable society, in addition to building infrastructure and an environment that allows all people to live safely and securely, it's also important to have communication providing emotional support and purpose in life.

Priority Issues

1. Contribute to creating a safe and secure society.
2. Contribute to enriching humanity and relationships between people.

FY2018/3 Activities

1. Supporting safe management and upkeep of social infrastructure

In April 2017, we started offering the "Hibimikke (Crack Finder)" social infrastructure image diagnostic service utilizing the high-precision image analysis technology that we have cultivated in medical imaging diagnostic systems. Due to the growing inspection needs in conjunction with the degradation of social infrastructure, it has become difficult to find enough inspectors who possess advanced skills and know-how. We support manual inspection work by using image analysis utilizing AI to detect cracks and convert detection results into data. By doing so, we are contributing to a significant increase in both efficiency and accuracy.

2. Photo exhibition connecting hearts

We hold Japan's largest open-entry photo exhibition "PHOTO IS 50,000-Person Photo Exhibition." In 2017, the 12th year of this event, in addition to setting new records for the most photos on exhibit and the largest number of venues, we also held the exhibition overseas for the first time. The submitted photographs are exhibited with a short description of what the photograph means to the exhibitor, and visitors to the exhibition can also send handwritten messages to the exhibitors through a "Kizuna Post" system set up at the venue. We will continue to respond to increasingly diverse customer needs, provide convenient, high-value-added products and services, and communicate the original value of photographs, which is to "shoot, retain, adorn and present."

Promote social change where every person is motivated in their workplaces, through extending our in-house work-style reforms.



Work Style

For details, please refer to page 36 of the FUJIFILM Holdings Corporation Sustainability Report



Social Issues

With the ever-increasing competition amid globalization and technological innovation, a company has to offer a work environment where individuals can exert their capabilities and creativity to the fullest extent and have greater satisfaction in their job. This is the way for a company to grow constantly—by streamlining its business and fully utilizing diverse human resources. To this end, it is indispensable for us to build a system that realizes a new way of working and delivers a communication environment free from various limitations. We must also promote various work styles for employees to choose to meet the needs of their lifestyle and life stage changes.

Priority Issues

1. Create environments that lead to motivated workplace.
2. Develop and utilize diverse human resources.

FY2018/3 Activities

1. Initiatives for work-style reforms

The various companies of the Fujifilm Group are advancing work style reform initiatives. At Fujifilm, the annual average total working hours per employee have reduced by 113 hours compared to

FY2015/3 due to the Work Style Innovation reform that achieved a significant result through more efficient work styles from FY2015/3. At Fuji Xerox, the annual average total working hours per employee has decreased by 143 hours compared to FY2013/3 by starting work style innovations from FY2014/3, and improving our work operation processes and expanding our working systems.

2. Diversity initiatives

Fujifilm has been implementing Work Style Innovation activities, aiming to become a company where diverse employees can utilize their individual strengths to demonstrate their capabilities in effective ways of working that produce results. In FY2018/3, we started the visualization of business processes utilizing IT and the development of business processes through RPA* in addition to our conventional business reforms. We will further improve our working efficiency and respond to the needs of our employees for diverse work styles. The work-at-home system for employees engaged in childcare or nursing care to support their work-life balance and productivity improvement showed over 90% satisfaction rate by those who used the system. The number of users also increased from 129 in FY2015/3 to 344 in FY2018/3 (144 men and 200 women). Further, the Paid Leave by the Hour System was newly introduced in April 2018 to enable more flexible time-off practices.

* An abbreviation of Robotic Process Automation: Automating work by software robots



Supply Chain

For details, please refer to page 42 of the FUJIFILM Holdings Corporation Sustainability Report



Social Issues

In recent times, environmental destruction associated with new land development and labor exploitation issues, including harsh working environments and overwork, are becoming social issues rapidly to keep pace with expansion of the global population and economic growth. Against this backdrop, corporations are now required to build sustainable supply chains from the viewpoint of the environment, ethics, and human rights so that they can maintain a sustainable manufacturing process to provide products and services.

Priority Issues

- Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.

FY2018/3 Activities

1. Enhancement of CSR procurement activities

Fujifilm Group believes it is important that the business partners and suppliers, especially production materials suppliers, understand the importance of CSR management and work together with us in resolving issues. In particular, Fuji Xerox, which has a high rate of overseas production and belongs to the electronics and electric industry where the request for CSR initiatives has been high from

early stage, has started focusing on CSR procurement in FY2008/3 and introduced a scheme for mutual consensus assessment for CSR operations with its suppliers. In FY2018/3, Fujifilm expanded CSR procurement assessments that we have promoted in Japan and China to suppliers for North America sites. By introducing comprehensive supply chain management system, we conducted the survey toward 90% of our suppliers in North America sites.

2. Biodiversity conservation in the supply chain

Procurement standards for paper, a product that is important in our Document business, have been established to protect forests with high protection value and to preserve forest ecosystems, in addition to protecting the rights of local residents and maintaining corporate ethics. Since 2012, we have been using these standards to monitor the situation through local audits to ensure a continuous and stable supply of paper with care given to the sustainability of forest resources and harmony with local communities. We received the Excellence prize in the 18th Green Purchasing Award organized by the Green Purchasing Network in FY2018/3 in recognition of our efforts to implement green purchasing involving suppliers and related business in Japan and other countries. We also participate in the Vancouver Declaration for the UN SDGs and FSC Certification that pledges support for the initiative for the sustainable management of natural forest resources.

* Forest Stewardship Council®. An independent NPO that operates an international forest certification system with the aim of promoting responsible forest management worldwide.



Governance

For details, please refer to page 47 of the FUJIFILM Holdings Corporation Sustainability Report

Social Issues

To continue as a valued member of society and to grow, the company must meet the expectations of its various stakeholders and to win the trust of society. To fulfill its social responsibilities and promote sustainable growth and longterm improvement in corporate value, the company must conduct its business activities in accordance with the social code of conduct, with an emphasis on transparency and fairness. It is important to improve corporate governance, which is essential for swift and bold decision-making, and implement measures that lead to corporate growth and improvement in corporate value alongside changes in the business environment.

Priority Issues

- Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.

FY2018/3 Activities

We established the Committee for Strengthening Governance to thoroughly and continually strengthen governance. We created a comprehensive project framework and strengthened Group company governance and business management processes by establishing five theme-based projects (Strengthen Group Company Management, Strengthen Accounting, Strengthen Auditing Practices, Strengthen Compliance, and Strengthen IT Governance). In addition, we conducted compliance training for all employees domestically and overseas, and reinforced and re-emphasized compliance education. In November 2017, we established the FUJIFILM Holdings Hotline whistle-blowing system, which all employees can use to contact FUJIFILM Holdings directly, as a way to maintain and improve compliance.

Regarding the corporate governance structure, at the June 2018 general meeting of shareholders, in addition to the three outside directors who were reappointed, we newly appointed a female outside director. This resulted in 4 of the 10 directors being outside directors. We will improve the transparency of the board's decision-making and further enhance deliberations.

Business Activities

The Fujifilm Group develops businesses in three business fields: Imaging Solutions, Healthcare & Material Solutions, and Document Solutions. This section shows the state of business activities for each field.

FY2018/3 Fujifilm Group Topics

Here is information on key topics for the Fujifilm Group in FY2018/3.

Bio CDMO* business

Expansion of Biopharmaceuticals Production Capacity with New Facility Operating at U.S. Site

At FUJIFILM Diosynth Biotechnologies Texas, LLC (Texas, U.S.), newly completed facilities compliant with the latest manufacturing control and quality control regulations came into operation in January 2018. As biopharmaceuticals are gaining an increasing share of the overall pharmaceuticals market due to the potential to achieve strong results with very few side effects. In addition to making further progress through the growth strategies of this business domain, Fujifilm will also contribute to the further development of the pharmaceuticals industry through the stable provision of high-quality pharmaceuticals.

* CDMO stands for Contract Development & Manufacturing Organization. CDMO provide clients such as pharmaceutical and biotechnology companies with a wide range of services from cell line development in the early stage of pharmaceutical development to process development, stability testing, manufacturing of investigational drugs, and commercial drug manufacturing.



The new production facility which started operation

Graphic/Document business

Integration of Sales Functions for Inkjet Digital Presses for the Printing Market

In October 2017, the domestic sales functions for inkjet digital presses of FUJIFILM Corporation and Fuji Xerox Co., Ltd. for the printing market were integrated into FUJIFILM Digital Press Co., Ltd., one of FUJIFILM Corporation's sales companies. We will deliver optimal products and solutions in the printing market where digitization is advancing through the establishment of a sales framework with strong proposal and sales capabilities, providing the entire range of both companies' extensive product lineups.



Inkjet digital press
Jet Press 750S

Pharmaceutical business

Construction of a New Plant at FUJIFILM Toyama Chemical Co., Ltd.'s Pharmaceutical Manufacturing Site

Fujifilm will invest approximately JPY 4 billion to build a new manufacturing facility equipped with advanced production systems utilizing cutting-edge ICT technologies and more at the pharmaceutical production site of FUJIFILM Toyama Chemical Co., Ltd. The new facility will manufacture liposome drugs utilizing proprietary technologies such as anti-cancer agent *FF-10832* for use in clinical studies and commercial marketing, ensuring the stable supply of high-quality liposome formulas. Construction of the new facility is scheduled to begin their operations in February 2020. On October 1, 2018, Toyama Chemical Co., Ltd., which conducts the research, development, manufacture and sales of small-molecule pharmaceutical products, and FUJIFILM RI Pharma Co., Ltd., which researches, develops, manufactures, and markets radiopharmaceuticals, merged to form FUJIFILM Toyama Chemical Co., Ltd., in order to accelerate the development of new diagnostic and therapeutic drugs.



Exterior of the new facility (illustration)

Regenerative medicine business

Acquisition of Leading Cell Culture Media Companies

In June 2018, Fujifilm concluded an agreement to acquire all of the outstanding shares in Irvine Scientific Sales Company, Inc. (California, U.S.) and IS JAPAN CO., LTD., leading companies in cell culture media, for about US\$800 million.

The market for cell culture media is expanding following the dramatic growth in demand for biopharmaceuticals centered around antibody drugs and the increasing need for treatments using cells, and its annual growth is expected to be approximately 10% going forward.

By acquiring these companies, we aim to accelerate growth of cell culture media business and maximize Group synergies in the bio CDMO, regenerative medicine and reagent businesses, thereby speeding up healthcare business growth.

What's "culture media"?

It contains the nutrients required for the growth and proliferation of cells—and which are essential for cell culturing in the R&D and manufacture of biopharmaceuticals and regenerative medicine products.



Imaging Solutions

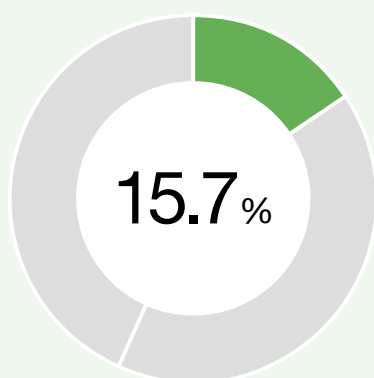
Photo Imaging

Provides photo-related products and services, ranging from photo-taking to printing

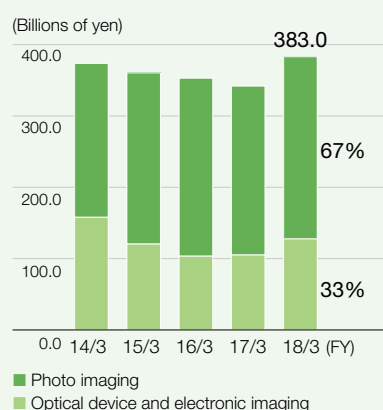
Optical Device and Electronic Imaging

Provides products such as digital cameras, interchangeable lenses, and TV lenses

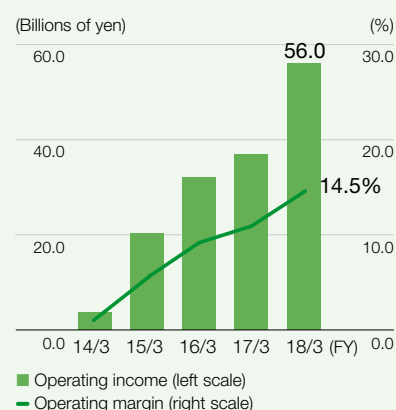
Proportion of revenue



Revenue



Operating income/ Operating margin



Business opportunities

- Growth in the number of photos taken and printing needs due to smartphone proliferation
- Expansion of demand in emerging countries for instant photo systems
- Acceleration of single lens reflex camera users switching to mirrorless cameras
- Growth in demand for lenses as IoT advances and security becomes more important
- Increase in demand for high-performance lenses from shifts to 4K and 8K imaging

Risks

- Escalation of competition in the high-end mirrorless camera market
- Enhancement of smartphone camera performance (driving users away from cameras)
- Escalation of competition in the high-performance industrial lens market due to competitors' technological enhancements

Performance Summary of FY2018/3

The consolidated revenue amounted to JPY 383.0 billion (up 12.1% from the previous fiscal year), due to a significant increase in sales in the electronic imaging business.

Consolidated operating income amounted to JPY 56.0 billion (up 52.0% from the previous fiscal year), due to the improvement in profitability in each business and other factors.

In the photo imaging business, sales rose led by instant photo systems such as *instax* instant cameras and *instax* films. Additionally, brisk value-added printing business contributed to sales expansion.

In the optical device and electronic imaging business, sales increased in the electronic imaging field on the back of strong sales of mirrorless digital cameras such as *FUJIFILM X-H1*. Sales also grew in the optical device field, reflecting brisk sales of the *MK Series* of cinema lenses and various industrial lenses including those for automobiles and projectors.

Photo Imaging

Revenue JPY **255.4** billion

Principal Products and Services

▶ Instant photo systems

▶ Printing materials

Photographic paper and chemicals for color prints
Inkjet paper and ink
Thermal paper and ribbon

▶ Printer devices

Minilabs (silver type, inkjet type)
Thermal photo printers

▶ Labs and photo printing services

Value-added printing business such as *Photobook*
Photo printing services

▶ Photographing sensitive materials

Color negative films
Reversal films
QuickSnap



instax SQUARE SQ6

Performance Highlights and Major Initiatives

- Sales of instant photo systems centered on the *instax* series and *instax* films that enable users to enjoy on-the-spot printing of photos were strong.
- Sales of the hybrid instant camera *instax SQUARE SQ10*, the smartphone printer *instax SHARE SP-3*, and square format film were strong.
- Generated new demand for printing photos by offering *Super Easy Print Applications*, a smartphone app for ordering prints of smartphone photos.
- Sales of value-added printing services continued to grow and contribute to sales, including *Wall Decor* printing services that enable users to enjoy decorating their walls, *Photobook* services including *Year Album* which select and layout photos automatically, and *PhotoZINE*, a photobook that can be finished immediately in stores.

Optical Device and Electronic Imaging

Revenue JPY **127.6** billion

Principal Products and Services

▶ X Series digital cameras

▶ GFX Series medium-format mirrorless digital camera with a large-sized sensor

▶ Interchangeable lenses for digital cameras

▶ TV lenses, cinema lenses

▶ Security lenses

▶ Automotive lenses

▶ Projector lenses



FUJINON UA107x8.4



FUJIFILM X-H1



FUJIFILM GFX 50S

Performance Highlights and Major Initiatives

Electronic imaging

- Sales were brisk for the *X Series* of digital cameras, especially the flagship *FUJIFILM X-H1* model and the *FUJIFILM X-A5* model with a compact, lightweight body.
- Sales were strong for the *FUJIFILM GFX 50S*, a medium-format mirrorless digital camera with a large-sized sensor, and various interchangeable lenses.

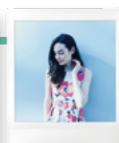
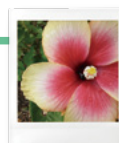
Optical device

- Sales were solid for various industrial-use lenses including those for automobiles and projectors, and the *MK Series* of cinema camera lenses.
- Launched the *UA24x7.8BE*, a compact, lightweight 4K high-definition compatible broadcast lens with a high zoom ratio of 24x.

Business topics

Imaging

Expansion of Instant Photo Business



In May 2017, we launched the hybrid instant camera *instax SQUARE SQ10*. This product is the first in the *instax* series to be equipped with digital features, enabling images to be edited and processed before printing. It uses the square format, which is popular on SNS and other platforms. Aside from the *instax SQUARE SQ10*, our lineup of products that have adopted the square format includes the instant camera *instax SQUARE SQ6* and the smartphone printer *instax SHARE SP-3*.

The sales of instant photo systems are growing in the United States and Europe and the products are extending their reach in emerging countries, with many people around the world, especially younger people, using them.

By suggesting new ways to use the *instax* instant photo systems and broadening its horizons, we are generating stable earnings along with adding richness to people's lives with photos by delivering the fundamental photographic values of "shooting, preserving, displaying, and sharing" photos.



Healthcare & Material Solutions

Healthcare

Develops businesses in the fields of medical systems, pharmaceuticals, bio CDMO, regenerative medicine, and life sciences; operates business in the three health fields of prevention, diagnosis, and treatment

Highly Functional Materials

Develops the industrial product business which includes display materials, non-destructive testing equipment, and various types of highly functional films; the electronic materials business which includes semiconductor processing materials; and the fine chemicals business which provides highly functional compounds and reagents

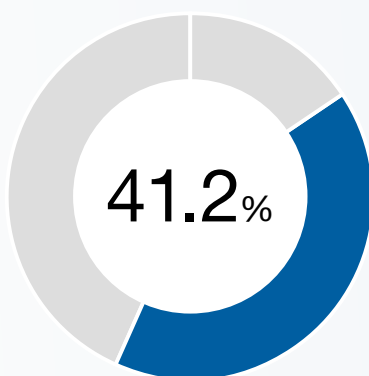
Recording Media

Provides products including computer tape and data archive services

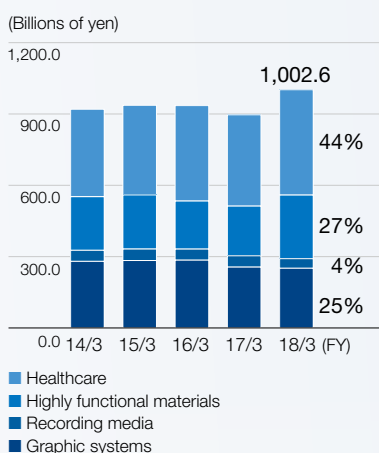
Graphic Systems

Provides inkjet digital presses, industrial inkjet printheads, graphic arts films and computer-to-plate (CTP) plates

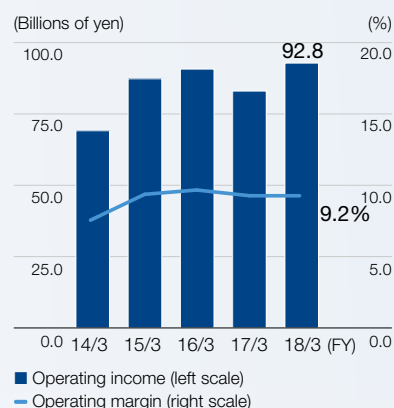
Proportion of revenue



Revenue



Operating income/
Operating margin



Healthcare

Business opportunities

- Increasing needs for solutions that support medicine and improve work efficiency due to an aging population and shortages of medical practitioners
- Increasing unmet medical needs, mainly for cancer, rare diseases and gene therapies
- Expanding market of the biopharmaceuticals, which is expected to deliver high efficacy with few side effects
- Spread of regenerative medicine through provision of regenerative medical products
- Rising awareness of health, including living healthy lives and lifestyle-related ailments

Risks

- Fiercer competition from the rise of new entrants
- Strengthened regulatory response for medical equipment
- Increasing difficulty of new drug discovery
- Heightened competition from technological innovations in the biopharmaceuticals market

Highly Functional Materials, Recording Media, Graphic Systems

Business opportunities

- Stronger demand for display-related materials from growth in the OLED and touch panel market
- Expansion in the semiconductor market from growth in smartphones and data centers
- Growing needs for efficiently storing enormous volumes of data at low cost in the era of big data
- Expansion in the industrial printing market, such as textiles and packaging, and growth in inkjet digital printing in these markets

Risks

- Tougher competition from alternative materials for TAC film
- A more competitive environment in the semiconductor materials market
- Weaker than expected demand in the graphic arts film and printing plate markets
- Higher raw materials prices

Performance Summary of FY2018/3

Revenue amounted to JPY 1,002.6 billion (up 11.5% from the previous year) due to strong sales in the medical systems business, electronic materials business and others.

Operating income amounted to JPY 92.8 billion (up 11.8% from the previous fiscal year) due to improvement of profitability in each business.

In the medical systems business, revenues increased due to strong sales in all business fields such as X-ray imaging diagnostics, medical IT, endoscopes, ultrasound, and in-vitro diagnostic (IVD). In the pharmaceuticals business, revenues decreased due to an adverse impact from generic drugs in the small-molecule drug field. In the bio CDMO business, however, contract work was firm for process development and the manufacturing of pharmaceuticals. In the regenerative medicine business, order receipts were favorable for autologous cultured epidermis *JACE* made by Japan Tissue Engineering Co., Ltd. (J-TEC), contributing to revenues. Revenues also increased in the life science business.

In the display materials business, sales increased for touch panels, OLED-related materials and other products in new fields. In the industrial materials business, sales remained strong for *EXCLEAR* touch panel sensor film. In the electronic materials business, sales grew sharply for advanced products such as photoresist and photolithography materials. In the fine chemicals business, sales expanded for highly functional compounds such as polymerization initiators, a raw material in superabsorbent polymers used in disposable diapers and other consumer staples.

In the recording media business, sales decreased due to the inventory adjustment of magnetic tape for data storage and other factors.

In the graphic systems business, sales declined owing to weaker overall demand for graphic arts film and printing plates. In the inkjet business, sales were favorable for ink and industrial inkjet printheads.

Healthcare

Revenue JPY **443.0** billion

Medical Systems

Principal Products and Services

- ▶ Digital X-ray imaging diagnostic systems: *FCR, DR*
- ▶ Medical-use picture archiving and communications systems *SYNAPSE*
- ▶ Endoscope systems
- ▶ Ultrasound diagnostic equipment
- ▶ In-vitro diagnostic (IVD) systems
- ▶ X-ray films

Medical-use picture archiving and communications systems *SYNAPSE*



Performance Highlights and Major Initiatives

- Sales increased due to strong sales in all fields.
- Sales of *FUJIFILM DR CALNEO AQRO*, an ultra-light weight mobile digital X-ray system with its weight cut down by 1/5 compared to the previous model, were strong.
- *FUJIFILM DR CALNEO Go PLUS*, a prop move typed mobile digital X-ray car, which has prominent forward visibility and has been well evaluated in medical treatment sites.
- Sales of systems, particularly *SYNAPSE*, the Picture Archiving Communication Systems (PACS), were strong.
- In the endoscope field, strong sales of *LASEREO*, an endoscope system equipped with a laser light source, were seen in domestic and overseas markets.
- In the ultrasound diagnostics field, sales of products which meet needs for operability and robustness in clinical fields increased particularly in Japan, the U.S., Europe, Asia and the Middle East region.
- In the IVD field, sales significantly increased due to the addition of clinical diagnostic reagents business in Wako Pure Chemical Industries, Ltd. (*FUJIFILM Wako Pure Chemical Corporation*), which become a consolidated subsidiary in April 2017.

Pharmaceuticals, Bio CDMO

Principal Products and Services

- ▶ Small-molecule drugs
- ▶ Contract development and manufacturing organization of biopharmaceuticals
- ▶ Radiopharmaceuticals



Culturing tank for biopharmaceutical manufacturing

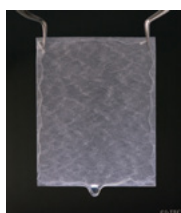
Performance Highlights and Major Initiatives

- Overall sales decreased, mainly due to the influence of generic drugs in the market for small-molecule drugs.
- In the bio CDMO business, the sales in business for contract development and manufacturing biopharmaceuticals progressed steadily. Production sites in Texas, U.S. started operations in January 2018. Furthermore, Fujifilm decided to accelerate the schedule to bolster its capacity to produce biopharmaceuticals at its production sites in the U.S. and to expand its facility in the UK for the development of production processes.
- In May 2018, management decided to turn Toyama Chemical Co., Ltd. into a wholly owned subsidiary and merged it with *FUJIFILM RI Pharma Co., Ltd.* in October 2018 in order to accelerate the development of new diagnostic and therapeutic drugs.

Regenerative Medicine

Principal Products and Services

- ▶ iPS cells for drug discovery support
- ▶ Recombinant peptide
- ▶ Autologous cultured epidermis/cartilage



Autologous cultured epidermis JACE

Performance Highlights and Major Initiatives

- Autologous cultured epidermis JACE contributed to sales revenue from an increase in sales orders, which was partly due to the receipt of a new indication from December 2016 onwards, for the treatment of giant congenital melanocyte nevus.
- In March 2018, the Company announced the acquisition of Irvine Scientific Sales Company, Inc. and IS JAPAN CO., LTD., leading companies in the culture media, and then turned them into consolidated subsidiaries in June. In addition to achieve further growth in the cell culture media business, maximum synergy will be generated through continued expansion of the CDMO business for pharmaceuticals, and acceleration of R&D in the area of regenerative medicine.

Life Sciences

Principal Products and Services

- ▶ Functional cosmetics
- ▶ Nutritional supplement products
- ▶ Hair care products



ASTALIFT BB CREAM



ASTALIFT WHITE BRIGHT LOTION

Performance Highlights and Major Initiatives

- Sales revenue increased due to strong sales of skin whitening products such as ASTALIFT WHITE BRIGHT LOTION, as well as other products such as MetabARRIER S, which is certified as Foods with Function Claims.
- Robust sales were also recorded for ASTALIFT BB CREAM, which is a new lineup of base makeup products.

Highly Functional Materials

Revenue JPY **267.4** billion

Display Materials

Principal Products and Services

- ▶ Protective film for polarizers
- ▶ Film for expanding viewing angles
- ▶ Materials for OLED/touch panel

FUJITAC protective film for polarizers



Performance Highlights and Major Initiatives

- Although sales of existing TAC film declined due to inventory adjustment, sales grew of products in new fields related to touch panel and OLED.

Industrial Products, Electronic Materials, Fine Chemicals

Principal Products and Services

Industrial Products

- ▶ Non-destructive testing equipment and materials
- ▶ Touch panel materials

Electronic Materials

- ▶ Semiconductor processing materials

Fine Chemicals

- ▶ Highly functional chemicals
- ▶ Laboratory chemicals

Performance Highlights and Major Initiatives

Industrial Products

- Sales were favorable for the touch panel sensor film EXCLEAR, industrial-use X-ray film and the pressure-measurement film Prescale.
- Sales fell due to the transfer of the paper business and the printer system business.

Electronic Materials

- A substantial increase in sales was seen reflecting strong sales of such advanced products as photoresist and peripheral materials related to photolithography, CMP slurries, and Image Sensor Color Mosaic and others.

Fine Chemicals

- Sales increased for highly functional chemicals such as polymerization initiators which are a raw material for high water absorption resin, used in daily necessities such as paper diapers.
- Fujifilm combined Wako Pure Chemical Industries, Ltd. and FUJIFILM Finechemicals Co., Ltd. on April 1, 2018. The new company name is FUJIFILM Wako Pure Chemical Corporation.

Recording Media

Revenue JPY **40.4** billion

Principal Products and Services

- ▶ Magnetic recording tape for computers
- ▶ Data archive service



LTO Ultrium 7 data cartridge computer tape with BaFe magnetic particles

Performance Highlights and Major Initiatives

- Revenues decreased due to the inventory adjustment of magnetic tape for data storage and other factors.
- Encouraging the spread of its data archive service, *dternity*, and others to certainly meet customers' needs in this big data era.

Graphic Systems

Revenue JPY **250.9** billion

Principal Products and Services

- ▶ Printing materials, CTP plates
- ▶ Digital printing equipment
- ▶ Inkjet digital presses
- ▶ Industrial inkjet printheads



Wide format UV inkjet printer *Acuity Select* series

Performance Highlights and Major Initiatives

- Revenues declined from lower sales of graphic arts film and printing plates due to weaker total demand, but sales increased for fully processless thermal CTP plates that help reduce environmental impacts.
- Fujifilm announced the Green Graphic Project as a new initiative to reduce CO₂ emissions.
- FUJIFILM Corporation and Fuji Xerox reorganized their sales functions for inkjet digital presses, and established a sales framework with stronger solutions and marketing capabilities.
- Sales were favorable for ink and industrial inkjet printheads.

Business topics

Healthcare & Material

Use of AI/IoT in Medical IT Field

PACS is a system for interpreting images. Diagnostic imaging taken with CT, MRI, DR and other medical diagnostic imaging systems are stored on servers and then shown to doctors on displays within the hospital.

As diagnostic imaging systems become more advanced, the number of images taken has increased sharply.

A solution is needed for doctors so they can efficiently interpret and diagnose these images.

Fujifilm is currently advancing R&D in AI technologies and solutions for improving image diagnosis, combining deep learning technology with its strengths in image processing and recognition technologies accumulated over many years in the photographic film field.

Fujifilm aims to contribute to the maintenance and improvement of everyone's health by increasing diagnostic efficiency and the quality of healthcare by developing and providing a wide range of products and services in line with the diverse needs of clinical settings, applying AI technologies to big data related to diagnostic information.



<Image of AI technologies being utilized>
Automatically detects lesions on images (the red area) and reduces overlooked risks



Document Solutions

Office Products & Printers

Provides digital multifunction devices and printers for offices and consumables, in addition to document solutions using cloud and mobile technologies.

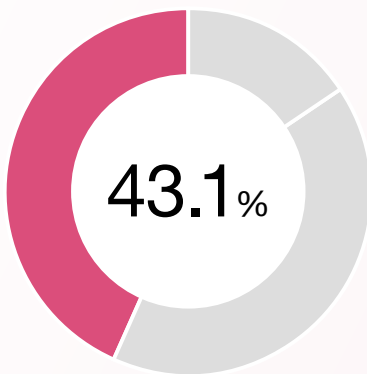
Production Services

Provides high-speed, high-quality digital printing systems and associated services as well as solution-oriented document services, such as printing work flow solutions, in the commercial printing field.

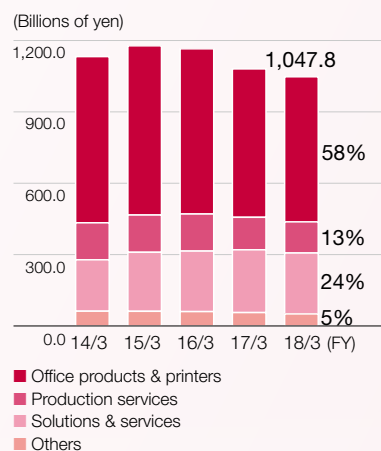
Solutions & Services

Supports the resolution of management issues through services that improve corporate document and operational processing, such as solution services and managed print services (MPS) using AI and IoT.

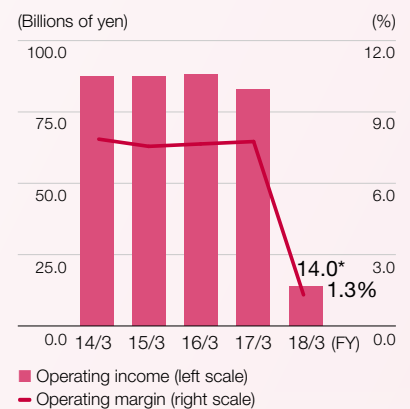
Proportion of revenue



Revenue



Operating income/ Operating margin



Business opportunities

- Stronger demand for office equipment and related services in emerging markets such as China and Southeast Asia
- Expansion of markets for solutions and services utilizing AI and cloud computing in advanced countries like Japan, where needs are growing for higher office productivity amid a push to increase work efficiency and reform work styles
- Expansion of the industrial printing market for textiles and packaging, and growth in inkjet digital printing in these markets

Risks

- Decline in the number of pages printed on office equipment due to advances in digital technologies
- Lower profitability due to tougher competition in office equipment markets in advanced countries

Performance Summary of FY2018/3

Consolidated revenue declined 3.1% from the previous fiscal year to JPY 1,047.8 billion, owing to contraction in the low-margin, low-end printer business and weaker sales in the Oceania region.

Segment operating income fell 83.1% to JPY 14.0 billion, reflecting one-time costs of JPY 70 billion that included restructuring charges.

In the office products field of the office products & printer business, sales volume declined for multifunction devices in Japan and the Oceania region, but overall sales volume rose slightly from the previous fiscal year thanks to strong sales in China and brisk exports to Europe and the U.S. In the office printers field, sales volume fell alongside contraction in the low-margin, low-end printer business.

In the production services business, annual sales volume declined.

In the solutions & services business, sales were robust for business-specific solutions, but revenue decreased year on year due to a change in an accounting practice for purchased products.

Office Products & Printers

Revenue JPY **610.0** billion

Principal Products and Services

- ▶ Office-use color/monochrome digital multifunction devices
- ▶ Color/monochrome printers

Office-use full-color digital multifunction device
ApeosPort-VI C7771



Performance Highlights and Major Initiatives

- Sales volume declined for multifunction devices in Japan and the Oceania region.
- Overall sales volume of multifunction devices rose slightly from the previous fiscal year, thanks to brisk sales in China and higher exports of new products to Europe and the U.S.
- Sales volume of printers decreased from contraction in the low-margin, low-end printer business.

Production Services

Revenue JPY **131.0** billion

Principal Products and Services

- ▶ On-demand publishing systems
- ▶ Computer printing systems



Iridesse™ Production Press, a color on-demand publishing system for the printing market

Performance Highlights and Major Initiatives

- Annual sales volume decreased.
- Sales were favorable for the *Iridesse™ Production Press*, a color on-demand publishing system launched in November 2017.
- Fuji Xerox refreshed its lineup of monochrome high-speed production printers in February 2018 to support various operations in the office and graphic arts markets and mission critical tasks.

Solutions & Services

Revenue JPY **256.2** billion

Principal Products and Services

- ▶ Business-specific solutions
- ▶ Managed print services (MPS)
- ▶ Business process outsourcing (BPO)

Performance Highlights and Major Initiatives

- Sales remained strong for business-specific solutions such as management solutions for engineering drawings.
- Revenue was robust for existing business process outsourcing (BPO) contracts.
- Overall revenue fell year on year due to a change in an accounting practice for recognizing revenue from purchased products.

Business topics

Document

New Value Provision Strategy “Smart Work Innovation”

In March 2018, Fuji Xerox came up with a new value provision strategy called “Smart Work Innovation” as a solution service that supports work style reforms at its customers.

Fuji Xerox aims to assist its customers in realizing higher corporate competitiveness, improved productivity and creative work style reforms by leveraging its accumulated research in the Document AI, IoT, and IoH (Internet of Humans) fields, in addition to its strength in providing solutions and services tailored to customers’ industries and operations through multifunction devices.

In April 2018, Fuji Xerox announced several new solutions and services, including a high-precision data entry service, engineering drawing information extraction service, expert knowledge systemization service, cloud security service and behavioral analysis optimization service.

Smart work innovation overall concept

Document AI*

Systemize and Utilize Information
Fuji Xerox helps workers demonstrate their creativity by converting distributed, hard-to-use information to valuable one.

Next-generation security

Protect Information
Fuji Xerox provides cloud-based security infrastructure covering office equipment, mobile and IoT devices.

IoH Intelligent portal

Collect and Utilize Information
As an evolved multifunction printer and various other forms, Intelligent Portal—which collects various data in offices and extracts valuable knowledge that was embedded in documents, people and other things—provides values to office work as a portal to leverage information from various sources.

* Document AI is Fuji Xerox's proprietary AI technology that extracts valuable intelligence from documents.

Financial Highlights

	2008/3	2009/3	2010/3	2011/3
Revenue:				
Domestic	¥1,259,506	¥1,134,192	¥1,059,395	¥1,024,839
Overseas	1,587,322	1,300,152	1,122,298	1,182,431
Total	2,846,828	2,434,344	2,181,693	2,207,270
Cost of sales	1,692,758	1,511,242	1,316,835	1,306,338
Operating expenses:				
Selling, general and administrative	759,139	694,740	588,109	572,156
Research and development	187,589	191,076	175,120	165,306
Operating income before restructuring and other charges	—	—	101,629	163,470
Restructuring and other charges	—	—	143,741	31,715
Operating income (loss)* ¹	207,342	37,286	(42,112)	131,755
Interest and dividend income	13,462	10,012	6,138	5,148
Interest expense	(7,380)	(7,037)	(4,577)	(5,435)
Income (loss) before income taxes	199,342	9,442	(41,999)	115,121
Net income (loss) attributable to FUJIFILM Holdings* ²	104,431	10,524	(38,441)	64,638
Capital expenditures* ³	¥ 170,179	¥ 112,402	¥ 77,913	¥ 89,932
Depreciation* ³	159,572	149,912	135,103	106,755
Net cash provided by operating activities	298,110	209,506	314,826	200,505
Average number of shares outstanding (in thousands)	508,354	498,837	488,608	486,297

Financial condition:

Total assets	¥3,266,384	¥2,896,637	¥2,827,428	¥2,698,004
Long-term debt	256,213	253,987	140,269	118,176
Total FUJIFILM Holdings shareholders' equity	1,922,353	1,756,313	1,746,107	1,711,329
Number of employees (persons)	78,321	76,252	74,216	78,862

Per share of common stock (Yen / U.S. dollars):

Net income (loss) attributable to FUJIFILM Holdings* ^{2, 4}	¥ 205.43	¥ 21.10	¥ (78.67)	¥ 132.92
Cash dividends* ⁵	35.00	30.00	25.00	30.00
FUJIFILM Holdings shareholders' equity* ⁶	3,811.19	3,594.52	3,573.66	3,552.79
Stock price at year-end	3,530	2,125	3,220	2,576

Price ratios / Profitability ratios:

PBR (price-to-book value ratio) (times)* ⁷	0.93	0.59	0.90	0.73
PER (price-to-earnings ratio) (times)* ⁷	17.18	100.71	—	19.38
ROE (return on equity) (%)	5.4	0.6	(2.2)	3.7
ROA (return on assets) (%)	3.2	0.3	(1.3)	2.3

Environmental information:

Amount of CO ₂ emissions throughout the entire product lifecycle (unit: 1000t-CO ₂)* ⁸	5,549	5,004	4,450	4,824
Water usage per unit (input) (input amount / revenue) (unit: 1000t / ¥100 million)	1.98	2.29	2.42	2.43

*1 Operating income (loss) for the fiscal years ended March 31, 2010 and 2011, presented in the table above are operating income (loss) after the recognition of restructuring and other charges.

*2 Effective from the fiscal year ended March 31, 2010, net income (loss) is stated as net income (loss) attributable to FUJIFILM Holdings.

*3 Figures do not include amounts for rental equipment handled by the Document Solutions segment and others.

*4 Net income (loss) attributable to FUJIFILM Holdings per share is calculated based on the weighted average number of shares of common stock (excluding treasury stock) outstanding for the year.

*5 Cash dividends per share represent the amount declared per share for each period.

*6 FUJIFILM Holdings shareholders' equity per share is calculated based on the number of shares (excluding treasury stock) outstanding at the end of each period.

*7 The price-to-book value ratio (PBR) and price-to-earnings ratio (PER) are calculated based on the stock price as of the end of each fiscal year.

*8 CO₂ emission amounts represent those from not only direct in-house activities but also from the entire product lifecycle (from raw material procurement to product manufacturing, shipping, use, and eventual disposal).

*9 U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2018.

						Millions of yen	Thousands of U.S. dollars ^{a)}
2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2018/3
¥1,001,814	¥ 991,426	¥1,025,256	¥1,006,533	¥ 983,703	¥ 962,711	¥1,006,512	\$ 9,495,396
1,179,182	1,208,114	1,392,839	1,456,854	1,476,680	1,359,452	1,426,853	13,460,878
2,180,996	2,199,540	2,418,095	2,463,387	2,460,383	2,322,163	2,433,365	22,956,274
1,316,237	1,353,835	1,503,046	1,511,744	1,491,758	1,391,519	1,463,354	13,805,227
582,114	569,161	621,343	626,947	624,972	598,131	673,001	6,349,066
173,385	168,160	165,245	160,281	163,027	160,232	166,331	1,569,160
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
109,260	108,384	128,461	164,415	180,626	172,281	130,679	1,232,821
5,042	4,764	6,219	5,858	6,206	5,404	6,262	59,076
(3,991)	(4,934)	(4,183)	(4,569)	(4,376)	(4,795)	(4,570)	(43,113)
85,849	112,883	144,740	188,966	182,242	194,775	197,807	1,866,104
42,762	50,847	71,558	110,940	116,402	131,506	140,694	1,327,302
¥ 90,946	¥ 76,660	¥ 67,004	¥ 56,127	¥ 74,143	¥ 71,805	¥ 67,483	\$ 636,632
96,580	93,549	90,950	65,294	65,831	58,870	66,526	627,604
137,309	202,099	296,589	267,778	223,479	288,619	261,152	2,463,698
481,699	481,715	481,915	482,050	465,556	443,874	436,098	
¥2,734,328	¥3,035,901	¥3,191,847	¥3,501,950	¥3,311,970	¥3,533,189	¥3,492,940	\$32,952,264
20,334	317,592	314,968	313,045	310,388	434,843	412,502	3,891,528
1,708,937	1,850,723	1,990,986	2,195,539	2,014,826	2,043,559	2,079,134	19,614,472
81,691	80,322	78,595	79,235	78,150	78,501	77,739	
¥ 88.77	¥ 105.55	¥ 148.49	¥ 230.14	¥ 250.03	¥ 296.27	¥ 322.62	\$ 3.04
35.00	40.00	50.00	60.00	65.00	70.00	75.00	0.71
3,547.68	3,840.79	4,130.91	4,552.91	4,472.45	4,668.26	4,832.62	45.59
1,941	1,836	2,771	4,277	4,451	4,348	4,245	40.05
0.55	0.48	0.67	0.94	1.00	0.93	0.88	
21.87	17.39	18.66	18.58	17.80	14.67	13.16	
2.5	2.9	3.7	5.3	5.5	6.5	6.8	
1.6	1.8	2.3	3.3	3.4	3.8	4.0	
5,150	4,861	4,681	4,796	4,408	4,288	3,984	
2.53	2.43	2.07	2.00	1.95	1.95	1.81	

Financial Analysis and Review

Economic Environment

Overviewing the global economy during the fiscal year ended March 31, 2018 (April 1, 2017 through March 31, 2018), the general trend of gradual economic recovery persisted. In the U.S., the trend of economic recovery persisted steadily through increase in personal consumption and capital investments. In Europe, the trend of gradual economic recovery maintained due to the increase in consumption and capital investments. China and other Asian regions showed gradual economic recovery. In Japan, the general trend of gradual economic recovery persisted due to the improvement in the employment and income environment.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during this fiscal year were JPY 111 and JPY 130, respectively.

Overview of Operating Results

In this economic environment, the Fujifilm Group (the Group) had already expanded and improved its business portfolio by efficiently harnessing profits generated by the solid management base established through a series of structural reforms. In August 2017, FUJIFILM Holdings Corporation (the Company) has drawn up a new medium-term management plan, VISION2019 (a three-year plan for the fiscal year ending March 2018 to the fiscal year ending March 2020) for further enhancement of the business portfolio by reinforcing each of the business segments to achieve sustainable growth.

In the fiscal year ended March 31, 2018, the Group recorded JPY 2,433.4 billion in consolidated revenue (up 4.8% from the previous fiscal year), reflecting such factors as sales increase of businesses including electronic imaging field of the optical device and electronic imaging business, medical system business and electronic materials business.

Operating income was JPY 130.7 billion (down 24.1% from the previous fiscal year) due to one-time expenses (JPY 70.0 billion) of structural reforms in the Document Solutions.

Net Income Attributable to FUJIFILM Holdings

Consolidated income before income taxes amounted to JPY 197.8 billion (up 1.6% from the previous fiscal year) and consolidated net income attributable to FUJIFILM Holdings totaled JPY 140.7 billion (up 7.0% from the previous fiscal year).

Basic Policy Regarding Distribution of Profits

In addition to reflecting consolidated performance trends, dividend levels are to be determined based on the consideration of such factors as the level of funds required for M&A transactions, capital investment and new product development investments needed to support priority business expansion, as well as other measures aimed at increasing the Company's corporate value in the future. Adequate buybacks will be undertaken considering the situation of cash flows and stock prices. The company has the policy of shareholder returns that puts emphasis on cash dividends, setting the dividend payout ratio of 25% or more.

Annual cash dividends applicable to the fiscal year ended March 31, 2018 were JPY 75 per share. This amount included an interim cash dividend of JPY 37.5 per share, which has already been disbursed.

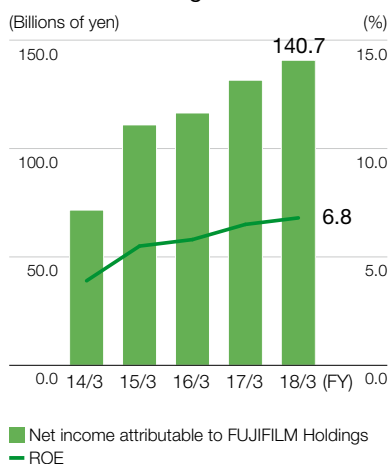
Outlook for the Fiscal Year Ending March 31, 2019

(As of May 10, 2018)

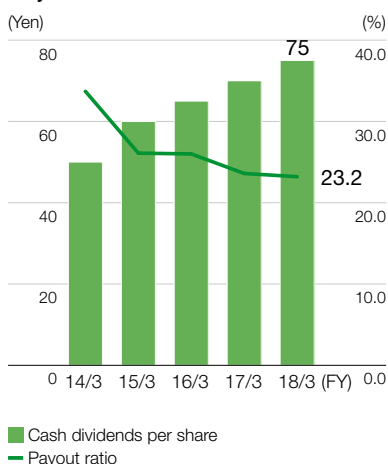
Regarding consolidated performance in the fiscal year ending March 31, 2019, through accelerating growth of the healthcare and highly functional materials business fields, which are core business fields of the Group, fundamental reinforcement of document business, and improvement of profitability in each business, the Company projects JPY 2,510.0 billion in revenue (up 3.1% from the previous fiscal year), operating income of JPY 200.0 billion (up 53.0% from the previous fiscal year), income before income taxes of JPY 205.0 billion (up 3.6% from the previous fiscal year), and net income attributable to FUJIFILM Holdings of JPY 130.0 billion (down 7.6% from the previous fiscal year).

In the Document Solutions, JPY 25.0 billion as one-time costs for structural reforms and other factors, and JPY 27.0 billion as effects from structural reforms, are expected.

Net income attributable to FUJIFILM Holdings / ROE



Cash dividends per share / Payout ratio



Outlook for the fiscal year ending March 31, 2019 (As of May 10, 2018)

Billions of yen	FY2018/3 (Actual)	FY2019/3 (Forecast)	Change (%)
Revenue	¥2,433.4	¥2,510.0	3.1
Operating income	130.7	200.0	53.0
Income before income taxes	197.8	205.0	3.6
Net income attributable to FUJIFILM Holdings	140.7	130.0	(7.6)
Currency exchange rates (U.S. dollar/yen)	¥111	¥110	(¥1)
Currency exchange rates (euro/yen)	¥130	¥130	—

Operating Results by Segment for the Fiscal Year Ended March 31, 2018

● Imaging Solutions

Revenue and operating income both increased due to a significant sales increase in the electronic imaging field of the optical device and electronic imaging business and profitability improvements in each business.

Millions of yen	Imaging Solutions				
	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Revenue					
External customers	¥373,624	¥360,266	¥352,922	¥341,744	¥382,961
Intersegment	2,371	2,391	2,910	2,586	2,315
Total	375,995	362,657	355,832	344,330	385,276
Operating income	3,581	20,347	32,013	36,847	56,025
Operating margin (%)	1.0	5.6	9.0	10.7	14.5
Total assets	322,340	322,103	314,766	365,939	341,534
Depreciation	13,497	11,078	12,865	11,095	13,254
Capital expenditures	9,260	7,909	10,167	10,333	9,427

● Healthcare & Material Solutions*

Revenue and operating income both increased due to strong sales increases and profitability improvements in the medical systems business, electronic materials business and others.

* From Financial Results for the fiscal year ended March 31, 2018, the Group has changed segment name from "Information Solutions" to "Healthcare & Material Solutions." This change has no effect on the segment information itself.

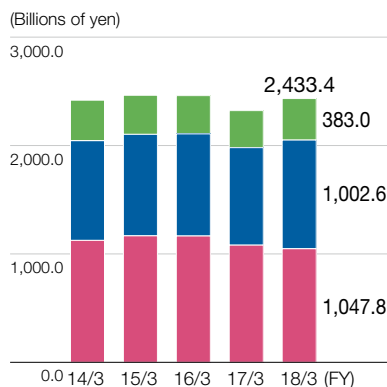
Millions of yen	Healthcare & Material Solutions				
	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Revenue					
External customers	¥ 919,599	¥ 936,177	¥ 942,100	¥ 899,543	¥1,002,602
Intersegment	1,442	2,176	1,830	1,198	940
Total	921,041	938,353	943,930	900,741	1,003,542
Operating income	69,072	87,280	90,701	82,969	92,796
Operating margin (%)	7.5	9.3	9.6	9.2	9.2
Total assets	1,333,087	1,454,108	1,457,622	1,542,355	1,725,703
Depreciation	68,816	51,184	51,990	49,088	57,503
Capital expenditures	32,424	29,353	39,273	40,139	42,668

● Document Solutions

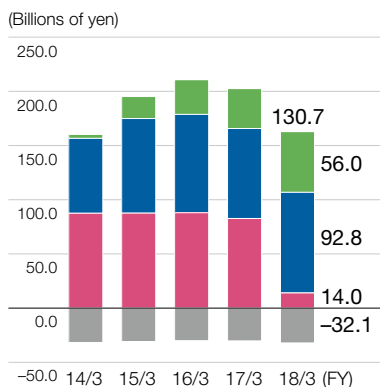
Revenue declined, mainly due to a shrink of some low-profitability parts of the low-end office printer business, and a sales decrease in Oceania region. Operating income decreased sharply due to one-time costs such as structural reforms and other factors.

Millions of yen	Document Solutions				
	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3
Revenue					
External customers	¥1,124,872	¥1,166,944	¥1,165,361	¥1,080,876	¥1,047,802
Intersegment	9,525	10,117	8,567	8,171	7,824
Total	1,134,397	1,177,061	1,173,928	1,089,047	1,055,626
Operating income	87,502	87,618	87,954	82,683	13,980
Operating margin (%)	7.7	7.4	7.5	7.6	1.3
Total assets	1,109,042	1,173,816	1,138,105	1,115,381	1,068,350
Depreciation	58,422	62,048	58,092	55,340	54,685
Capital expenditures	23,926	17,261	23,293	20,021	13,848

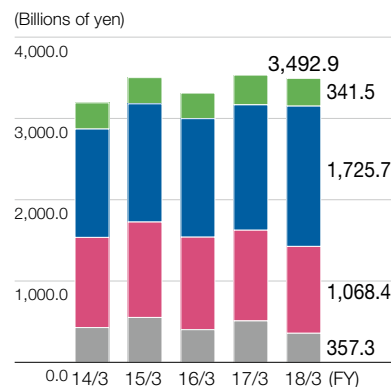
Revenue by segment



Operating income by segment



Total assets by segment



■ Imaging Solutions
 ■ Healthcare & Material Solutions
 ■ Document Solutions
 ■ Corporate expenses and eliminations

Financial Condition

Assets, Liabilities, and Shareholder's Equity —————
As the end of fiscal year ended March 31, 2018, total assets decreased by JPY 40.2 billion, compared with the end of the previous fiscal year, to JPY 3,492.9 billion, owing to decrease in cash and cash equivalents and other factors. Total liabilities decreased by JPY 70.9 billion compared with the end of the previous fiscal year, to JPY 1,194.2 billion. FUJIFILM Holdings shareholders' equity increased by JPY 35.6 billion, compared with the end of the previous fiscal year, to JPY 2,079.1 billion.

As a result, the current ratio decreased by 19.1 percentage points, to 280.1%, the debt-equity ratio decreased by 4.5 percentage points, to 57.4%, and the equity ratio increased by 1.7 percentage points, to 59.5%, compared with the end of the previous fiscal year. The Company is maintaining a stable level of asset liquidity and a sound capital structure.

Capital Expenditures and Depreciation

Capital expenditures amounted to JPY 67.5 billion for the fiscal year ended March 31, 2018. Mainly for the purpose of increasing the production capacity of high-growth products, rationalized and labor saving of production facilities, and environmental conservation. By segment, capital expenditures amounted to JPY 9.4 billion in the Imaging Solutions, JPY 42.7 billion in the Healthcare & Material Solutions, and JPY 13.8 billion in the Document Solutions.

Total depreciation* of property, plant and equipment increased JPY 7.7 billion year on year, to JPY 66.5 billion.

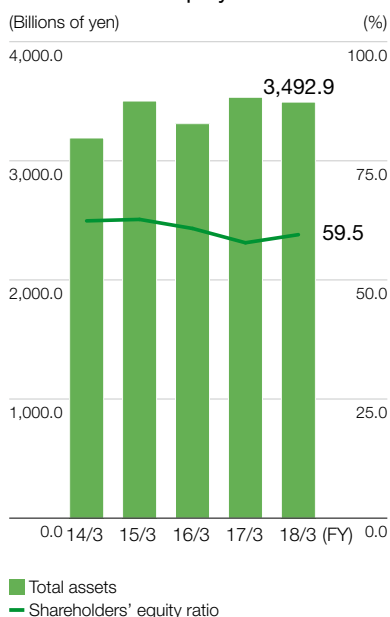
* These figures exclude rental equipment in the Document Solutions and others.

Cash Flow Analysis

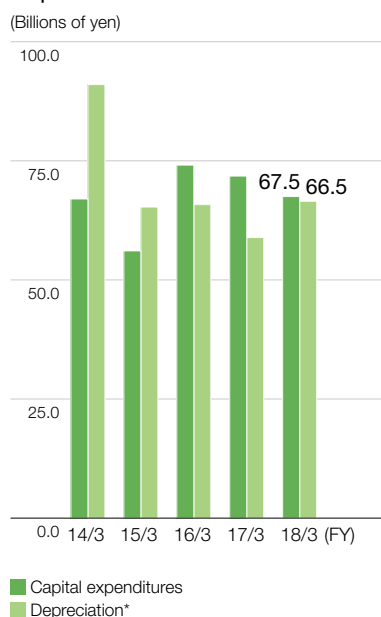
Net cash provided by operating activities totaled JPY 261.2 billion due to depreciation and amortization and decrease in notes and accounts receivable and other factors. Net cash used in investing activities amounted to JPY 111.8 billion, due to acquisition of businesses and others. Thus, free cash flows—or the sum of cash flows from operating and investing activities—decreased by JPY 22.8 billion compared with the previous fiscal year, to JPY 149.4 billion. Net cash used in financing activities amounted to JPY 259.0 billion, due to repayment of long-term debt, net purchases of stock for treasury and other factors.

As a result, cash and cash equivalents as of March 31, 2018 amounted to JPY 768.2 billion, down JPY 107.7 billion from the end of the previous fiscal year.

Total assets / Shareholders' equity ratio

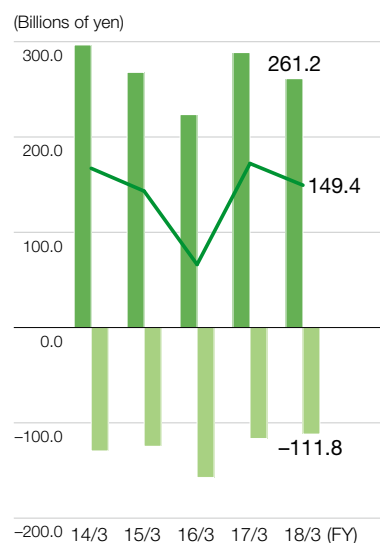


Capital expenditures / Depreciation*



* These figures exclude rental equipment in the Document Solutions segment and others.

Cash flows



Legend:
 ■ Net cash provided by operating activities
 ■ Net cash used in investing activities
 — Free cash flows*

* Free cash flows: Net cash provided by operating activities + Net cash used in investing activities

Business-Related and Other Risks

The following types of risks have the potential to affect the Fujifilm Group's financial condition and business performance. The text referring to the future is as of the end of FY2018/3.

(1) Impact of Economic and Exchange Rate Trends on Performance

The Fujifilm Group provides products and services in diverse markets throughout the world, and the share of consolidated revenue accounted for by overseas operations was approximately 59% in FY2018/3. There is a possibility that performance will be greatly affected by economic conditions throughout the world, and particularly by currency exchange rates.

To reduce the impact of currency exchange rates on performance, Fujifilm undertakes hedging measures, primarily using forward exchange contracts for the U.S. dollar and the euro, but currency exchange fluctuations, depending on their degree, still could have an impact on performance.

(2) Competition in Markets

In the business fields where the Fujifilm Group operates, the intensification of competition with other companies may lead to declines in the selling prices of products, shorter product life-cycles, and the emergence of alternative products. These phenomena may negatively impact Fujifilm's sales and, consequently, profit, forcing Fujifilm to increase R&D expenses and impair the goodwill and other intangible assets it holds. In the future, Fujifilm will continually work to develop products incorporating new technologies and to support the sales of such products with marketing activities. The success or failure of these activities is expected to have an influence on performance.

(3) Patents and Other Intellectual Property

The Fujifilm Group has diverse patents, expertise, and other intellectual property to secure competitive advantages, but such future events as the expiration of patents and emergence of replacement technologies may make it difficult to maintain a competitive edge.

In the wide range of business fields with which Fujifilm is associated, there are numerous companies with sophisticated and complex technologies, and the landscape of these technologies is evolving rapidly. Developing Fujifilm's business operations sometimes may require the use of other companies' patents, expertise, and other intellectual property, and when negotiations for the use of such intellectual property are not successful, there is a potential risk that Fujifilm's performance could be affected. In addition, although Fujifilm is developing its business while constantly taking care not to infringe on the intellectual property of other companies, it must be recognized that in reality it is difficult to completely eliminate the risk of getting involved in litigation. If Fujifilm becomes involved in litigation, not only litigation costs but also possible compensatory payment costs could have an influence on Fujifilm's performance.

(4) Public Regulations

In the regions where the Fujifilm Group is developing its business, diverse government regulations exist that apply to Fujifilm's operations, such as business and investment permits as well as limits and regulations related to imports and exports. Moreover, Fujifilm is subject to commercial, fair trade, patent, consumer protection, tax, foreign exchange administration, environmental, pharmaceutical, and other laws and regulations.

If Fujifilm were to infringe on any of these laws or regulations, it could be subject to fines. Moreover, it is possible that these laws and regulations might be tightened or greatly changed, and in such cases it is impossible to deny the possibility that Fujifilm's activities could be limited or that Fujifilm might have to bear greater costs to ensure full compliance with the current and altering regulations. Accordingly, these laws and regulations have the potential to affect Fujifilm's performance.

(5) Manufacturing Operations

In connection with the Fujifilm Group's manufacturing activities, natural or human-made disasters, discontinuation by vendors of the manufacture of raw materials and components, and confusion caused by other factors may prevent the Group from delivering its products as well as cause major facility and equipment failure. It is also possible that a rapid rise in the price of raw materials and parts, and other factors, could affect Fujifilm's performance.

The Fujifilm Group manufactures its products in conformance with rigorous quality control standards, but the possibility of defective products does exist. If Fujifilm were to have to respond to such an event by undertaking product recalls or other actions, Fujifilm's performance might be affected.

(6) Information Systems

The Fujifilm Group operates a variety of information systems in the ongoing execution of its operations and business. In this context, steps are taken to put in place an appropriate information system management framework as well as all relevant security countermeasures. Despite these initiatives, a wide range of factors including interruptions in electric power, disasters, and unauthorized access may impair the Group's information systems or lead to the leakage, modification, or falsification of personal data. If any of these events occurs, Fujifilm's performance may be affected.

(7) Large-Scale Disasters

The Fujifilm Group engages in production, sales, and related business activities worldwide. In the event of a large-scale natural disaster including earthquakes, typhoons, or floods as well as a fire, terrorist attack, war, or spread of infection such as a new influenza virus, Fujifilm's business activities, as well as its operating performance, may be affected.

(8) Structural Reforms

The Fujifilm Group has executed structural reforms at its subsidiary Fuji Xerox Co., Ltd. since FY2018/3, amid an increasingly adverse market environment. The reforms aim to enable Fuji Xerox to outperform the competition going forward and ensure powerful business growth. The Fujifilm Group will continue implementing effective measures such as reductions in costs and expenses as well as asset compression to improve its management efficiency in the future. However, the implementation of structural reforms and related measures may cause the Group to incur major contingent expenses associated with organizational and operational changes, and in such cases, Fujifilm's performance may be affected.

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars*
	March 31		
	2017	2018	2018
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 875,958	¥ 768,246	\$ 7,247,604
Marketable securities	6,044	35	330
Notes and accounts receivable:			
Trade and finance	640,279	634,851	5,989,160
Affiliated companies	19,708	15,010	141,604
Allowance for doubtful receivables	(24,207)	(30,811)	(290,670)
Inventories	339,242	361,321	3,408,689
Deferred income taxes	61,423	—	—
Prepaid expenses and other	116,353	112,150	1,058,019
Total current assets	2,034,800	1,860,802	17,554,736
Investments and long-term receivables:			
Investments in and advances to affiliated companies	28,962	33,269	313,859
Investment securities	134,032	87,180	822,453
Long-term finance and other receivables	139,124	122,219	1,153,009
Allowance for doubtful receivables	(2,579)	(3,512)	(33,132)
Total investments and long-term receivables	299,539	239,156	2,256,189
Property, plant and equipment:			
Land	90,772	99,108	934,981
Buildings and structures	697,327	720,853	6,800,500
Machinery, equipment and other	1,619,959	1,644,568	15,514,793
Construction in progress	31,259	28,863	272,292
	2,439,317	2,493,392	23,522,566
Less accumulated depreciation	(1,918,703)	(1,955,847)	(18,451,387)
Net property, plant and equipment	520,614	537,545	5,071,179
Other assets:			
Goodwill, net	499,833	591,568	5,580,830
Other intangible assets, net	76,448	127,137	1,199,406
Deferred income taxes	12,005	48,647	458,934
Other	89,950	88,085	830,990
Total other assets	678,236	855,437	8,070,160
Total assets	¥ 3,533,189	¥ 3,492,940	\$ 32,952,264

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2018.

	Millions of yen		Thousands of U.S. dollars*
	March 31		
	2017	2018	2018
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term debt	¥ 123,999	¥ 41,676	\$ 393,170
Notes and accounts payable:			
Trade	234,217	224,012	2,113,321
Construction	19,913	21,169	199,708
Affiliated companies	3,733	3,367	31,764
Accrued income taxes	32,005	28,226	266,283
Accrued liabilities	179,055	219,723	2,072,858
Other current liabilities	87,256	126,044	1,189,094
Total current liabilities	680,178	664,217	6,266,198
Non-current liabilities:			
Long-term debt	434,843	412,502	3,891,528
Accrued pension and severance costs	39,444	45,193	426,349
Deferred income taxes	50,736	17,298	163,189
Other non-current liabilities	59,930	55,024	519,094
Total non-current liabilities	584,953	530,017	5,000,160
Total liabilities	1,265,131	1,194,234	11,266,358
Equity:			
FUJIFILM Holdings shareholders' equity:			
Common stock, without par value:	40,363	40,363	380,783
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares			
Additional paid-in capital	81,761	79,153	746,726
Retained earnings	2,275,626	2,383,793	22,488,613
Accumulated other comprehensive (loss) income	(54,720)	(87,783)	(828,141)
Treasury stock, at cost (84,396,402 shares in 2018; 76,869,546 shares in 2017)	(299,471)	(336,392)	(3,173,509)
Total FUJIFILM Holdings shareholders' equity	2,043,559	2,079,134	19,614,472
Noncontrolling interests	224,499	219,572	2,071,434
Total equity	2,268,058	2,298,706	21,685,906
Total liabilities and equity	¥3,533,189	¥3,492,940	\$32,952,264

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2018.

Consolidated Statements of Income

	Millions of yen			Thousands of U.S. dollars*
	Year ended March 31			
	2016	2017	2018	2018
Revenue:				
Sales	¥2,115,363	¥1,992,022	¥2,103,200	\$19,841,510
Rentals	345,020	330,141	330,165	3,114,764
	2,460,383	2,322,163	2,433,365	22,956,274
Cost of sales:				
Sales	1,347,882	1,249,237	1,319,866	12,451,566
Rentals	143,876	142,282	143,488	1,353,661
	1,491,758	1,391,519	1,463,354	13,805,227
Gross profit	968,625	930,644	970,011	9,151,047
Operating expenses:				
Selling, general and administrative	624,972	598,131	673,001	6,349,066
Research and development	163,027	160,232	166,331	1,569,160
	787,999	758,363	839,332	7,918,226
Operating income	180,626	172,281	130,679	1,232,821
Other income (expenses):				
Interest and dividend income	6,206	5,404	6,262	59,076
Interest expense	(4,376)	(4,795)	(4,570)	(43,113)
Foreign exchange (losses) gains, net	(8,898)	(1,280)	(6,936)	(65,434)
Gains (losses) on sales of investment securities, net	11,996	22,513	51,222	483,226
Other, net	(3,312)	652	21,150	199,528
	1,616	22,494	67,128	633,283
Income before income taxes	182,242	194,775	197,807	1,866,104
Income taxes:				
Current	40,226	47,056	65,565	618,538
Deferred	8,219	(2,934)	(11,130)	(105,000)
	48,445	44,122	54,435	513,538
Equity in net income (loss) of affiliated companies	(302)	(3,463)	872	8,226
Net income	133,495	147,190	144,244	1,360,792
Less: Net income attributable to noncontrolling interests	(17,093)	(15,684)	(3,550)	(33,490)
Net income attributable to FUJIFILM Holdings	¥ 116,402	¥ 131,506	¥ 140,694	\$ 1,327,302

	Yen			U.S. dollars*
	Year ended March 31			
	2016	2017	2018	2018
Amounts per share of common stock:				
Net income attributable to FUJIFILM Holdings:				
Basic	¥250.03	¥296.27	¥322.62	\$3.04
Diluted	249.20	295.22	321.55	3.03
Cash dividends declared	65.00	70.00	75.00	0.71

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2018.

Consolidated Statements of Comprehensive Income

	Millions of yen			Thousands of U.S. dollars*
	Year ended March 31			
	2016	2017	2018	2018
Net income	¥ 133,495	¥147,190	¥144,244	\$1,360,792
Other comprehensive (loss) income, net of tax:				
Net unrealized (losses) gains on securities	(20,124)	(8,199)	(23,723)	(223,802)
Foreign currency translation adjustments	(72,886)	(28,241)	(8,031)	(75,764)
Pension liability adjustments	(39,873)	11,935	(3,526)	(33,264)
Net unrealized gains (losses) on derivatives	(571)	559	569	5,368
Other comprehensive (loss) income	(133,454)	(23,946)	(34,711)	(327,462)
Comprehensive income	41	123,244	109,533	1,033,330
Less: Comprehensive income attributable to noncontrolling interests	(1,881)	(15,678)	(1,902)	(17,943)
Comprehensive income (loss) attributable to FUJIFILM Holdings	¥ (1,840)	¥107,566	¥107,631	\$1,015,387

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2018.

Consolidated Statements of Changes in Equity

Millions of yen

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) income	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2015	¥40,363	¥80,315	¥2,088,300	¥ 87,462	¥(100,901)	¥2,195,539	¥222,638	¥2,418,177
Comprehensive income (loss):								
Net income	—	—	116,402	—	—	116,402	17,093	133,495
Net unrealized (losses) gains on securities	—	—	—	(19,968)	—	(19,968)	(156)	(20,124)
Foreign currency translation adjustments	—	—	—	(64,921)	—	(64,921)	(7,965)	(72,886)
Pension liability adjustments	—	—	—	(32,781)	—	(32,781)	(7,092)	(39,873)
Net unrealized gains (losses) on derivatives	—	—	—	(572)	—	(572)	1	(571)
Comprehensive income (loss)						(1,840)	1,881	41
Purchases of treasury stock	—	—	—	—	(150,050)	(150,050)	—	(150,050)
Sales of treasury stock	—	117	—	—	722	839	—	839
Dividends paid to FUJIFILM Holdings shareholders	—	—	(29,737)	—	—	(29,737)	—	(29,737)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(7,295)	(7,295)
Issuance of stock acquisition rights	—	73	—	—	—	73	—	73
Equity transactions with noncontrolling interests and other	—	2	—	—	—	2	(53)	(51)
Balance as of March 31, 2016	¥40,363	¥80,507	¥2,174,965	¥(30,780)	¥(250,229)	¥2,014,826	¥217,171	¥2,231,997
Comprehensive income (loss):								
Net income	—	—	131,506	—	—	131,506	15,684	147,190
Net unrealized (losses) gains on securities	—	—	—	(8,171)	—	(8,171)	(28)	(8,199)
Foreign currency translation adjustments	—	—	—	(25,598)	—	(25,598)	(2,643)	(28,241)
Pension liability adjustments	—	—	—	9,261	—	9,261	2,674	11,935
Net unrealized gains (losses) on derivatives	—	—	—	568	—	568	(9)	559
Comprehensive income (loss)						107,566	15,678	123,244
Purchases of treasury stock	—	—	—	—	(50,022)	(50,022)	—	(50,022)
Sales of treasury stock	—	(146)	—	—	780	634	—	634
Dividends paid to FUJIFILM Holdings shareholders	—	—	(30,845)	—	—	(30,845)	—	(30,845)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(6,371)	(6,371)
Issuance of stock acquisition rights	—	534	—	—	—	534	—	534
Equity transactions with noncontrolling interests and other	—	866	—	—	—	866	(1,979)	(1,113)
Balance as of March 31, 2017	¥40,363	¥81,761	¥2,275,626	¥(54,720)	¥(299,471)	¥2,043,559	¥224,499	¥2,268,058
Comprehensive income (loss):								
Net income	—	—	140,694	—	—	140,694	3,550	144,244
Net unrealized (losses) gains on securities	—	—	—	(23,717)	—	(23,717)	(6)	(23,723)
Foreign currency translation adjustments	—	—	—	(7,843)	—	(7,843)	(188)	(8,031)
Pension liability adjustments	—	—	—	(2,038)	—	(2,038)	(1,488)	(3,526)
Net unrealized gains (losses) on derivatives	—	—	—	535	—	535	34	569
Comprehensive income (loss)						107,631	1,902	109,533
Purchases of treasury stock	—	—	—	—	(50,024)	(50,024)	—	(50,024)
Sales of treasury stock	—	212	—	—	1,780	1,992	—	1,992
Dividends paid to FUJIFILM Holdings shareholders	—	—	(32,527)	—	—	(32,527)	—	(32,527)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(6,521)	(6,521)
Issuance of stock acquisition rights	—	(330)	—	—	—	(330)	—	(330)
Equity transactions with noncontrolling interests and other	—	(2,490)	—	—	11,323	8,833	(308)	8,525
Balance as of March 31, 2018	¥40,363	¥79,153	¥2,383,793	¥(87,783)	¥(336,392)	¥2,079,134	¥219,572	¥2,298,706

Thousands of
U.S. dollars*

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehen- sive (loss) income	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
Balance as of March 31, 2017	\$380,783	\$771,330	\$21,468,169	\$(516,226)	\$(2,825,198)	\$19,278,858	\$2,117,915	\$21,396,773
Comprehensive income (loss):								
Net income	—	—	1,327,302	—	—	1,327,302	33,490	1,360,792
Net unrealized (losses) gains on securities	—	—	—	(223,745)	—	(223,745)	(57)	(223,802)
Foreign currency translation adjustments	—	—	—	(73,991)	—	(73,991)	(1,773)	(75,764)
Pension liability adjustments	—	—	—	(19,226)	—	(19,226)	(14,038)	(33,264)
Net unrealized gains (losses) on derivatives	—	—	—	5,047	—	5,047	321	5,368
Comprehensive income (loss)						1,015,387	17,943	1,033,330
Purchases of treasury stock	—	—	—	—	(471,925)	(471,925)	—	(471,925)
Sales of treasury stock	—	2,000	—	—	16,793	18,793	—	18,793
Dividends paid to FUJIFILM Holdings shareholders	—	—	(306,858)	—	—	(306,858)	—	(306,858)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(61,519)	(61,519)
Issuance of stock acquisition rights	—	(3,113)	—	—	—	(3,113)	—	(3,113)
Equity transactions with noncontrolling interests and other	—	(23,491)	—	—	106,821	83,330	(2,905)	80,425
Balance as of March 31, 2018	\$380,783	\$746,726	\$22,488,613	\$(828,141)	\$(3,173,509)	\$19,614,472	\$2,071,434	\$21,685,906

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2018.

Consolidated Statements of Cash Flows

	Millions of yen			Thousands of U.S. dollars*
	Year ended March 31			
	2016	2017	2018	2018
Operating activities				
Net income	¥ 133,495	¥ 147,190	¥ 144,244	\$ 1,360,792
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	124,960	117,635	127,642	1,204,170
(Gains) losses on remeasurement of previously held equity interests	—	—	(20,838)	(196,585)
(Gains) losses on sales of investment securities, net	(11,996)	(22,513)	(51,222)	(483,226)
Deferred income taxes	8,219	(2,934)	(11,130)	(105,000)
Equity in net losses (gains) of affiliated companies, net of dividends received	2,302	4,546	1,142	10,774
Changes in operating assets and liabilities:				
Decrease (increase) in notes and accounts receivable	(20,061)	3,444	41,342	390,019
(Increase) decrease in inventories	5,784	4,891	(7,518)	(70,925)
(Decrease) increase in notes and accounts payable—trade	1,680	5,692	(19,999)	(188,670)
Increase (decrease) in accrued income taxes and other liabilities	(12,057)	(5,997)	68,551	646,708
Other	(8,847)	36,665	(11,062)	(104,359)
Net cash provided by operating activities	223,479	288,619	261,152	2,463,698
Investing activities				
Purchases of property, plant and equipment	(63,810)	(74,647)	(63,043)	(594,745)
Purchases of software	(22,278)	(22,318)	(18,541)	(174,915)
Proceeds from sales and maturities of marketable and investment securities	45,254	63,801	73,270	691,226
Purchases of marketable and investment securities	(30,798)	(20,055)	(5,063)	(47,764)
Decrease (increase) in time deposits, net	(271)	(38,589)	40,691	383,877
(Increase) decrease in investments in and advances to affiliated companies and other advances, net	(3,950)	(5,527)	(3,052)	(28,792)
Acquisitions of businesses, net of cash acquired	(36,697)	(1,334)	(127,269)	(1,200,651)
Other	(44,770)	(17,770)	(8,779)	(82,821)
Net cash used in investing activities	(157,320)	(116,439)	(111,786)	(1,054,585)
Financing activities				
Proceeds from long-term debt	2,955	226,495	2,100	19,811
Repayments of long-term debt	(6,110)	(6,777)	(165,416)	(1,560,528)
(Decrease) increase in short-term debt, net	20,808	(26,233)	(7,171)	(67,651)
Cash dividends paid to shareholders	(31,974)	(30,165)	(31,714)	(299,188)
Cash dividends paid to noncontrolling interests	(7,295)	(6,371)	(6,521)	(61,519)
Net purchases of treasury stock	(150,049)	(50,021)	(50,023)	(471,915)
Other	—	4,362	(216)	(2,038)
Net cash used in financing activities	(171,665)	111,290	(258,961)	(2,443,028)
Effect of exchange rate changes on cash and cash equivalents	(20,485)	(8,409)	1,883	17,764
Net (decrease) increase in cash and cash equivalents	(125,991)	275,061	(107,712)	(1,016,151)
Cash and cash equivalents at beginning of year	726,888	600,897	875,958	8,263,755
Cash and cash equivalents at end of year	¥ 600,897	¥ 875,958	¥ 768,246	\$ 7,247,604
Supplemental disclosures				
Cash paid for interest	¥ 5,922	¥ 5,156	¥ 5,844	\$ 55,132
Cash paid for income taxes	45,030	29,741	62,052	585,396

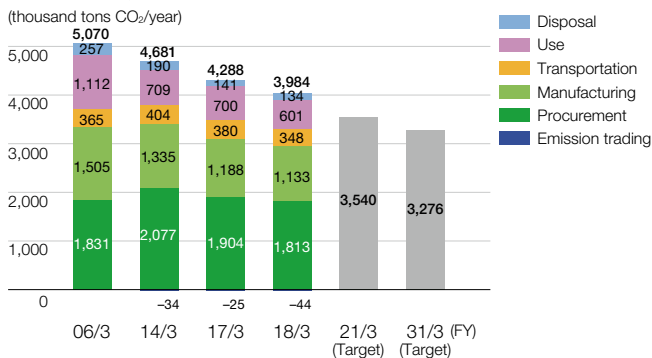
* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥106=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2018.

Non-Financial Information

Environmental Aspects

Anti-Global Warming Countermeasures

Annual changes in CO₂ emissions across the entire product lifecycle

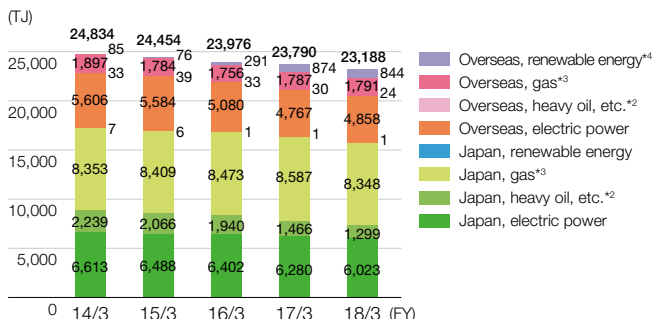


Annual changes in CO₂ emissions* (unit: thousand tons CO₂/year)

	FY06/3	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Japan (Manufacturing)	1,102	912	896	869	829	787
Japan (Non-manufacturing)	28	30	27	30	33	33
Overseas (Manufacturing)	345	350	344	306	274	283
Overseas (Non-manufacturing)	30	42	40	37	51	43
Group total	1,505	1,335	1,307	1,242	1,188	1,146
Vehicle	35	30	33	31	23	29
Total	1,540	1,365	1,340	1,273	1,211	1,175

* Calculation method: Calculation of CO₂ emissions by energy usage specified in the Act on the Rational Use of Energy. Emission coefficient by electric power utility used for purchased power.

Annual changes in energy consumption*1



*1 Per unit calorific value is based on the Energy Conservation Act.

*2 Total of heavy oil A, heavy oil C, kerosene, light oil and gasoline

*3 Total of natural gas, liquefied natural gas (LNG), city gas, butane and liquefied petroleum gas (LPG)

*4 Since partway through FY2016/3, FUJIFILM Manufacturing Europe B.V. (EF) started receiving 100% of its electricity supplied by wind power, so it has been incorporated into renewable energy.

Reducing Chemical Substance Emissions

Annual changes in atmospheric emissions of VOCs (unit: hundred tons/year)

	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Japan	6.6	6.8	6.5	5.9	6.5
Overseas	1.4	1.6	1.8	1.6	1.6
Group total	8.0	8.4	8.3	7.5	8.8

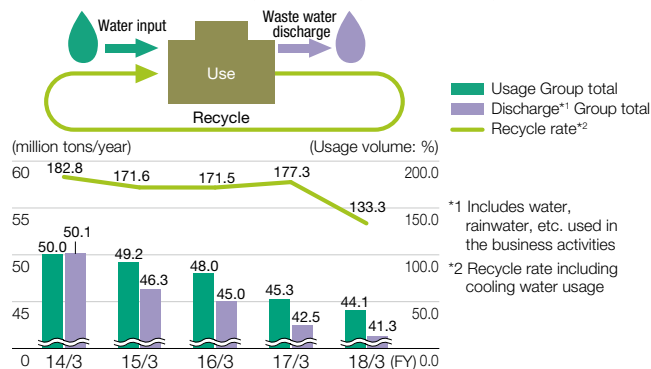
Reductions in VOCs atmospheric emissions* (Fujifilm non-consolidated)

Category	Name of substance	Reduction (tons)	Reduction rate in comparison to previous fiscal year (%)
Substances requiring reporting under the PRTR Law	Dichloromethane	3	6
Substances voluntarily controlled by the Company	Methyl alcohol	34	20
	Ethyl acetate	-22	-24
	Methyl ethyl ketone	-5	-14
	Acetone	15	77

* Reduction in volumes in FY2018/3 compared with actual levels in previous year

Conserving Resources Measures

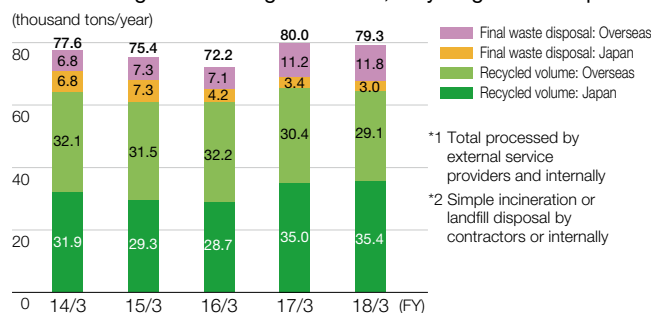
Annual trend in water usage, recycling, and discharge as waste water



*1 Includes water, rainwater, etc. used in the business activities

*2 Recycle rate including cooling water usage

Annual changes in waste generation*1, recycling & final disposal*2



*1 Total processed by external service providers and internally

*2 Simple incineration or landfill disposal by contractors or internally

Pollution Prevention Measures

Annual changes in volume of atmospheric emission (unit: tons/year)

		FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
SOx emissions	Japan	21	22	9	19	15
	Overseas	4	6	10	8	8
	Group total	25	28	19	27	23
NOx emissions	Japan	416	394	424	369	288
	Overseas	74	61	78	96	119
	Group total	490	455	502	465	407
Soot particles emissions	Japan	4.8	4.2	3.1	2.3	2.4
	Overseas	6.9	1.0	4.2	4.1	10.3
	Group total	11.7	5.2	7.3	6.4	12.7
Atmospheric emissions of specified CFCs*	CFC-11	0.00	0.21	0.21	0.00	0.16
	CFC-12	0.00	0.01	0.00	0.00	0.01

* Group totals below the limit of detection = 0

Annual changes in water contaminant burden and emissions*1 (unit: tons/year)

		FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Total amount of COD*2	Japan	85.2	82.3	82.1	69.0	54.5
	Overseas	31.3	57.0	67.3	55.5	49.6
	Group total	116.5	139.3	149.4	124.5	104.1
Total amount of BOD*3	Japan	43.5	38.5	37.1	30.2	24.3
	Overseas	1.6	10.1	16.6	0.5	0.1
	Group total	45.1	48.6	53.7	30.7	24.4
Total amount of nitrogen emissions	Japan	246.5	223.3	232.3	170.9	181.7
Total amount of phosphorus emissions	Japan	3.4	5.3	4.2	1.4	2.7

*1 Effluent release into public water bodies

*2 COD (Chemical Oxygen Demand): An indicator of water pollution. COD indicates the amount of oxygen consumed when water-borne pollutants (primarily organic contaminants) are oxidized upon the introduction of an oxidant.

*3 BOD (Biochemical Oxygen Demand): BOD is a way to measure the degree of water pollution, and indicates how much oxygen in the water is being used by organisms to decompose contaminants by looking at the reduction in oxygen in the water.

Notes: 1. Organizations covered in the environmental performance data are, as a general rule, those that are shown in the consolidated financial statements, and are significant in terms of environmental burden. However, certain sales and manufacturing (assembly) subsidiaries are excluded. Those not shown specifically are included in the tabulation figures above. Moreover, figures for the Group total may not reflect the sum of each subtotal.

2. For the environmental data, there are slight variations in the figures as a result of recalculation of the previous data, reflecting the database change during FY2016/3.

Personnel and Labor

FUJIFILM

Status of regular employees

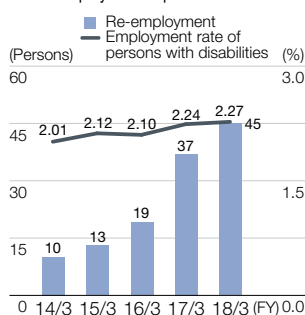
(As of March 31, 2018)

Average length of employment	Turnover rate*1	Retention rate after 3 years from reinstatement after childcare leave*2
Total: 18.1 Male: 18.0 Female: 18.4	Total: 2.8% Male: 2.9% Female: 2.4%	Total: 97.7% Male: 100% Female: 97.5%

*1 Turnover rate = $\frac{\text{Attrition} + \text{Retirement} + \text{Voluntary} + \text{New start for senior employees' program}}{\text{Annual average number of employees at FUJIFILM Corporation (non-consolidated)}}$

*2 Retention rate after 3 years from reinstatement after childcare leave = $\frac{\text{Number of employees as of the end of FY2018/3 among those returning to work after childcare leave in FY2016/3}}{\text{Number of employees reinstated after childcare leave in FY2016/3}}$

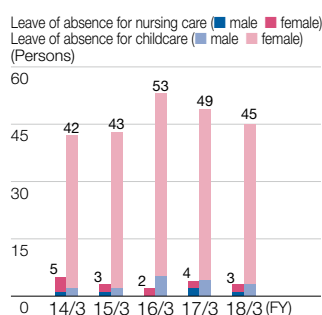
Employment rate of persons with disabilities*3 and re-employment of persons*4



*3 Data up to April 30, 2018

*4 Number of employees who began re-employment during the relevant fiscal year (from April 1 to March 31 of the following year)

Number of employees taking a leave of absence*5



*5 Number of employees who began a leave of absence during the relevant fiscal year (from April 1 to March 31 of the following year)

Number of employees taking a leave of absence*6

	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Leave of absence for nursing care	16 (male 9, female 7)	13 (male 9, female 4)	15 (male 10, female 5)	26 (male 15, female 11)	39 (male 25, female 14)
Leave of absence for childcare	9 (male 6, female 3)	6 (male 4, female 2)	7 (male 5, female 2)	16 (male 8, female 8)	18 (male 10, female 8)
Leave of absence for medical care	108 (male 27, female 81)	48 (male 9, female 39)	59 (male 16, female 43)	73 (male 31, female 42)	96 (male 44, female 52)
Leave of absence for volunteer work (the number of days spent on volunteer activities)	0 (male 0, female 0) (0 days)	0 (male 0, female 0) (0 days)	1 (male 1, female 0) (1 day)	0 (male 0, female 0) (0 days)	0 (male 0, female 0) (0 days)

*6 Number of employees who began a leave of absence during the relevant fiscal year (from April 1 to March 31 of the following year)

Fuji Xerox

Status of regular employees

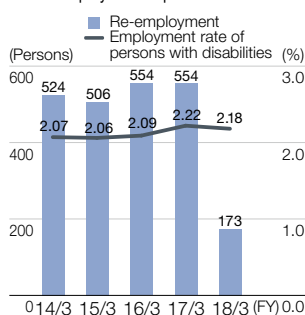
(As of March 31, 2018)

Average length of employment	Turnover rate*7	Retention rate after 3 years from reinstatement after childcare leave*8
Total: 20.6 Male: 21.3 Female: 17.0	Total: 2.7% Male: 2.6% Female: 3.3%	Total: 92.4% Male: 100% Female: 91.2%

*7 Turnover rate = $\frac{\text{Attrition} + \text{Retirement} + \text{New start for senior employees' program}}{\text{Annual average number of employees at Fuji Xerox Co., Ltd. (non-consolidated) + Number of loaned employees}}$

*8 Retention rate after 3 years from reinstatement after childcare leave = $\frac{\text{Number of employees as of the end of FY2018/3 among those returning to work after childcare leave in FY2016/3}}{\text{Number of employees reinstated after childcare leave in FY2016/3}}$

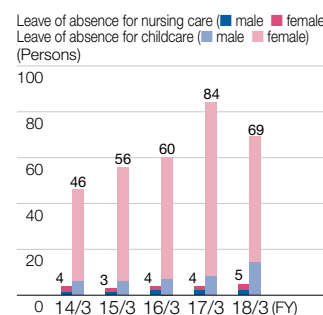
Employment rate of persons with disabilities*9 and re-employment of persons*10



*9 Data up to March 31, 2018

*10 Number of employees who have begun re-employment as of March 31, 2018

Number of employees taking a leave of absence*11



*11 Number of regular employees who began a leave of absence during the relevant fiscal year (from April 1 to March 31 of the following year)

* The above data only refers to regular employees, although some other employees are included.

Number of employees taking a leave of absence*12

	FY14/3	FY15/3	FY16/3	FY17/3	FY18/3
Leave of absence for nursing care*13	26 (male 16, female 10)	26 (male 17, female 9)	44 (male 27, female 17)	59 (male 40, female 19)	84 (male 64, female 20)
Leave of absence for childcare*14	284 (male 97, female 187)	298 (male 86, female 212)	314 (male 147, female 167)	373 (male 206, female 167)	386 (male 213, female 173)
Leave of absence for volunteer work (the number of days spent on volunteer activities)*15	15 (male 11, female 4) (54 days)	18 (male 12, female 6) (47 days)	20 (male 16, female 4) (62 days)	11 (male 8, female 3) (36 days)	7 (male 5, female 2) (22 days)

*12 Number of regular employees who took a new leave during the relevant fiscal year (from April 1, 2017 to March 31, 2018)

*13 Number of employees taking leave of nursing care leave under the "accumulated paid leave (nursing care for family members)," "morning nursing care accumulated paid leave," "afternoon nursing care accumulated paid leave," "nursing care for family members" and "one-day nursing care leave" programs

*14 Number of employees taking childcare leave under the "accumulated paid leave (child healthcare)" and "child medical care" programs. As a program equivalent to childcare leave, special leave (of 5 days at the most) is granted for caring for the older child at the time of birth of the second child and the number of employees who took such special leave is shown.

*15 Volunteer work leave shows the number of employees who took "accumulated paid leave (volunteer activity)" and the number of days spent on such activities.

Corporate Governance

Attendance rate of Board of Directors (FY2018/3)

Name of directors	Attendance rate of Board of Directors
Shigetaka Komori	100% (14/14 times)
Kenji Sukeno	93% (13/14 times)
Kouichi Tamai	93% (13/14 times)
Yuzo Toda*1	93% (13/14 times)
Norio Shibata*1	100% (14/14 times)
Masaru Yoshizawa*1	100% (14/14 times)
Tatsuo Kawada*2	100% (11/11 times)
Makoto Kaiami*2	100% (11/11 times)
Kunitaro Kitamura*2	91% (10/11 times)

Attendance rate of Audit & Supervisory Board members (FY2018/3)

Name of Audit & Supervisory Board members	Attendance rate of Audit & Supervisory Board members
Mamoru Matsushita*1	100% (14/14 times)
Kazuya Mishima*2	100% (10/10 times)
Hisayoshi Kobayakawa	100% (14/14 times)
Shiro Uchida	100% (14/14 times)

*1 Retired on June 29, 2018

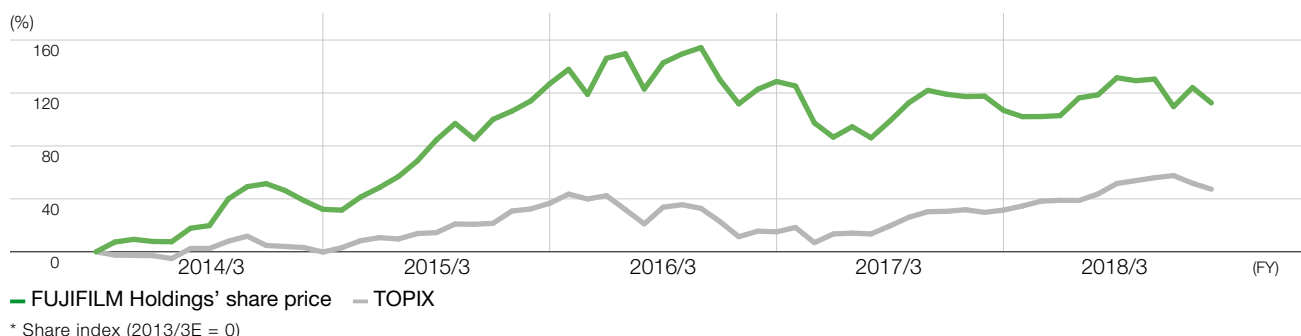
*2 Appointed to the current post on June 29, 2017.

Creation of Shareholder Value

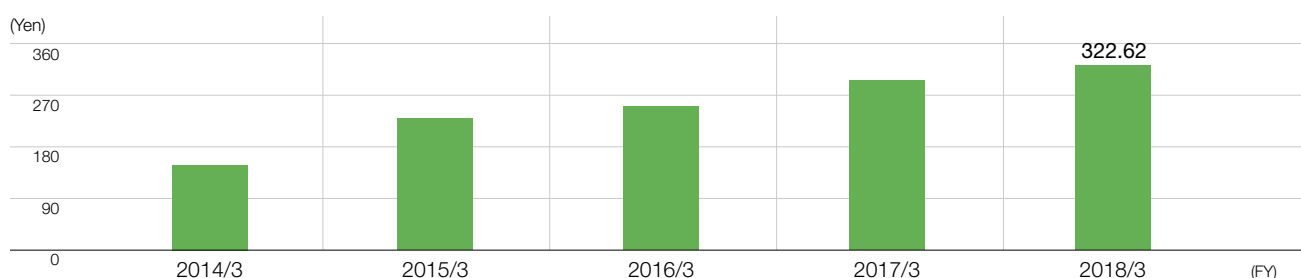
The Fujifilm Group implements sustainable growth through management based on a medium- to long-term perspective. We also believe that improvement of corporate value is an important obligation to our shareholders. This section will introduce information related to the Company's creation of shareholder value.

Share Price and EPS

Share Price



Earnings Per Share for Net Income Attributable to FUJIFILM Holdings (EPS)



Dialogue with Shareholders and Investors

At Fujifilm, top management is actively involved in IR activities and works to strengthen the relationship of trust with investors and enhance IR activities. In addition, we are working to reduce the gap between intrinsic corporate value and market ratings by continuously expounding the Company's management policy and utilizing management to assist the capital markets in forming their opinions. Specifically, in addition to the quarterly results briefings attended by senior management and executive officers, we actively provide points of contact, by joining IR conferences for the benefit of institutional investors in Japan and overseas and holding business briefings and individual meetings. We are thereby working to further enhance communication with investors.

For the sake of overseas investors, we post English-language information in a timely manner on our website and are enhancing our global IR activities, such as through closer communication by establishing our IR bases in North America and Europe.

For individual investors, we post content on the website that explains the Group's businesses in an easily understood manner and hold Company briefings in major cities in Japan.

Main IR activities (FY2018/3)

Activity	Number of times
For institutional investors/analysts	
Results briefings	4
Conferences hosted by securities companies	6
Business briefings and factory tours	2
Overseas IR road shows	5
For individual investors	
Company briefings	22

The Company conducts IR activities in accordance with the "IR Information Disclosure Policy," which can be viewed at the following URL.
http://www.fujifilmholdings.com/en/investors/policies_and_systems/ir_policy/

Capital Policies

Fujifilm considers return on equity (ROE) as an important indicator for increasing capital efficiency to improve corporate value. Furthermore, in order to respond to aggressive investments including M&A activities as growth strategies and the changes in free cash flows associated with changes in its business structure amid a changing corporate environment, Fujifilm is ensuring financial flexibility and stability by maintaining the shareholders' equity ratio and the interest-bearing debt to shareholders' equity ratio (D/E ratio).

Shareholder Returns

Fujifilm has established the following policies for shareholder returns.

- We set a target for the dividend payout ratio, putting more emphasis on cash dividends.
- Dividends are determined by reflecting upon consolidated performance and considering such factors as the level of cash required to increase corporate value in the future, for example, the amounts to be used for M&A, capital and R&D investments to support further future business expansion.
- We flexibly buy back shares in consideration of the situation of cash flows and the stock price.

Stock Information (As of March 31, 2018)

Stock exchange listing

Tokyo

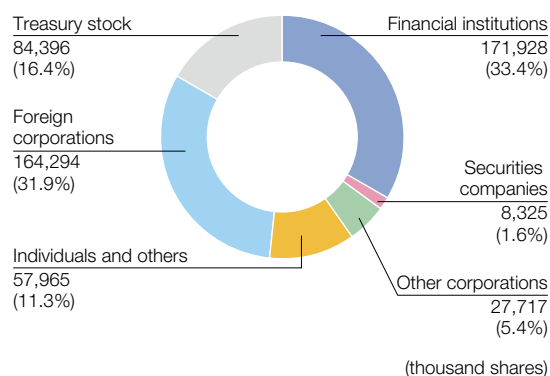
Share registrar

Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-8233, Japan

Distribution of shareholders and shares

Number of shareholders 117,386

Number of shares outstanding 514,625,728



Major shareholders

Name	Percentage of issued shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6.6%
Japan Trustee Services Bank, Ltd. (trust account)	5.4%
Nippon Life Insurance Company	3.4%
Sumitomo Mitsui Banking Corporation	2.0%
Japan Trustee Services Bank, Ltd. (trust account 5)	1.5%
STATE STREET BANK WEST CLIENT — TREATY 505234	1.5%
Japan Trustee Services Bank, Ltd. (trust account 9)	1.4%
Mitsui Sumitomo Insurance Company, Limited	1.4%
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	1.2%
STATE STREET BANK AND TRUST COMPANY 505225	1.2%

* The Company holds treasury stock accounting for 16.4% of the total issued shares outstanding.

Corporate Information / Domestic and International Appraisals

Corporate Information (As of March 31, 2018)

Company name	FUJIFILM Holdings Corporation	Number of employees (consolidated)	77,739
Head office	7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan http://www.fujifilmholdings.com/en/	Number of employees	220
		Number of consolidated subsidiaries	283
Date of establishment	January 20, 1934		
Capital	JPY 40,363 million		

Domestic and International Appraisals

Credit Rating Agency Appraisals

(As of June 15, 2018)

Credit Rating Agency		Credit Rating
Moody's	Long-term rating	A1
	Short-term rating	–
Standard & Poor's	Long-term rating	AA –
	Short-term rating	A-1+
Rating and Investment Information (R&I)	Long-term rating	AA
	Short-term rating	–

Note: "–" indicates no credit rating available

Adoption of Socially Responsible Investment

FTSE4Good Global Index



FTSE Blossom Japan Index



MSCI Japan Empowering Women Select Index (WIN)



Appraisals from External Institutions

Health and Productivity 2018



CDP A LIST 2017



The Excellence Prize, Environmental Report Section of the 20th Environmental Communication Awards



Competitive IT Strategy Company 2018





FUJIFILM Holdings Corporation

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