

NEVER STOP

IMPROVING THE FUTURE

FUJIFILM Holdings Corporation
INTEGRATED REPORT
2019



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 SLOGAN

Value from Inno

FUJIFILM

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.

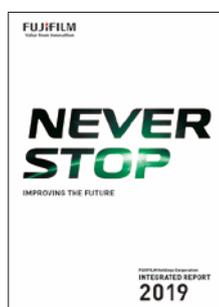
Our overarching aim is to help enhance the quality of life of people worldwide.

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.

vation



About the cover page

"NEVER STOP" is the key message of our global branding campaign launched in countries all over the world, aiming to accurately communicate the Fujifilm Group's ambition to expand into a broad array of businesses and embrace challenges in new areas. Since our founding, we have continued to not only grow as a company, but also solve various social issues while drawing on our cutting-edge proprietary technology to spark innovation and providing new value. Our key message represents the Fujifilm Group's commitment to constantly moving forward.

CONTENTS

About the Fujifilm Group

- 2 Value Creation History
- 4 Sources of Corporate Value
- 5 Technological Capabilities
- 6 Proprietary technologies underpinning growth and expansion into various fields
- 8 Towards being a corporation that instigates changes
- 10 Value Creation Process
- 12 Business Portfolio
- 14 Financial Highlights
- 16 Non-Financial Highlights

Management Message

- 18 Message from the CEO
- 20 Interview with the COO

The Fujifilm Group's Value Creation

- 24 Strategies for Value Creation
- 28 Economic Value
 - 28 **Feature 1** A Future Enabled by Next Generation AI Technology
 - 32 Imaging Solutions
 - 34 Healthcare & Material Solutions
 - 38 Document Solutions
- 40 Social Value
 - 40 **Feature 2** Promoting Sustainable Procurement through Group Synergies
 - 44 ESG Initiatives
 - 46 Sustainable Value Plan 2030 - Initiatives to Combat Priority Issues
- 50 Corporate Governance
 - 50 **Feature 3** Interview with the Outside Directors
 - 54 Status of Corporate Governance
 - 60 Management Structure

Financial Information/Non-Financial Information

- 62 11 Years Summary
- 64 Financial Analysis and Review
- 67 Business-Related and Other Risks
- 68 Consolidated Financial Statements
- 75 Non-Financial Information

Corporate Information

- 77 Creation of Shareholder Value
- 79 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
<https://www.fujifilmholdings.com/en/>

FUJIFILM Holdings Corporation Sustainability Report
<https://www.fujifilmholdings.com/en/sustainability/report/>

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, 2019.

Value Creation History

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

1934–1950s	1960–1970s	1980–1990s
Domestic production of film and establishment of sales network in Japan	Expansion of Business / Improvement of Technologies	Progress of Digitization / Acceleration of Globalization
<ul style="list-style-type: none"> ▶ Established in 1934. Launched domestically made positive film for motion pictures ▶ Diversified business operations into the medical, graphic systems and related fields by sales of X-ray and graphic arts film ▶ Forged a robust position as a manufacturer of comprehensive photosensitive materials ▶ Expanded into the lens and optical fields 	<ul style="list-style-type: none"> ▶ Commenced 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 successful research, development, and commercialization of color negative films 	<ul style="list-style-type: none"> ▶ Accelerated globalization by organizing overseas production bases and promoting overseas sales ▶ Pioneered efforts to digitize the photography, medical, and graphic systems fields ▶ Introduced a host of innovative products, including the FCR and digital still cameras

1958 Launched general-use color negative film and color paper

Launched general-use color negative film and color paper in response to growing demand of printing color photo more easily. The technologies honed through research, development, and production of photographic film now underpin our business operations.



Fujicolor negative film

1958 Launched FUJITAC

Incombustible TAC film developed as a base for photographic film went on sale as FUJITAC. We then leveraged our proprietary technology to make numerous improvements before launching FUJITAC as a protective film for polarizers for LCD panels in the 1970s. We are currently



FUJITAC, protective film for polarizers

expanding business domains by developing applications of this technology to materials for touch panels and OLED displays.

1962 Launched Japan's first plain-paper copy machines

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 through development and sales of digital color multifunction devices and solutions.



Xerox 914 plain-paper copy machine

1976 Developed Fujicolor F-II 400, world's first high-speed color negative film

Fujifilm was the first in the world to successfully develop film with a sensitivity of ASA 400. The product sent shockwaves around the world and made people take notice of Fujifilm's technological capabilities. It allowed anyone to take beautiful photos without fear of failure or the need for a flash either indoors or outdoors.



Fujicolor F-II 400

1983 Launched FCR, world's-first digital x-ray diagnostic imaging system

Our Fuji Computed Radiography (FCR) system was the first in the world to digitalize x-ray imaging and for more than 30 years has held the top market share. Currently, we are providing more compact systems characterized by low-dose radiation and high-quality images.



FCR (Fuji Computed Radiography)

1986 Launched QuickSnap, world's first one-time-use recyclable camera

The introduction of the QuickSnap made it easy for anyone to take beautiful photos and contributed to growth in photo demand.



Fujicolor QuickSnap, one-time-use recyclable camera

1988 Developed world's first fully digital still camera

We developed the FUJIX DS-1P, the world's first fully digital still camera. As a manufacturer of photographic film, Fujifilm anticipated the rise of a future digital era and moved quickly to engage in R&D.



FUJIX DS-1P



2000–2016

Second Foundation: Creation and Enhancement of a Strong Business Portfolio

- ▶ Converted Fuji Xerox to a consolidated subsidiary
- ▶ Transformed business structure in response to rapid digitization
- ▶ Established FUJIFILM Advanced Research Laboratories
- ▶ Transitioned to a holding company structure by establishing FUJIFILM Holdings Corporation
- ▶ Formulated new Corporate Slogan “Value from Innovation” to mark 80th anniversary

From 2017

Aiming for a Further Breakthrough

- ▶ 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

2007

The first in Japan to acquire marketing approval for JACE®, autologous cultured epidermis, as a regenerative medicine product

JACE® was developed by Japan Tissue Engineering Co., Ltd., which was made a consolidated subsidiary in 2014. By expanding indications for autologous cultured epidermis and bringing it into greater use, we continue to help enhance quality of life for people and promote the industrialization of regenerative medicine.



JACE®, autologous cultured epidermis

2012

Successfully commercialized world’s first high-capacity tapes using next-generation barium ferrite (BaFe) magnetic particles

Use of BaFe dramatically increases data storage capacity and brings high-quality products at competitive prices.

FUJIFILM LTO Ultrium 8 data cartridge



2016

Launched SonoSite iViz, tablet-based ultrasound image diagnostic device

We launched the tablet-based ultrasound image diagnostic device that has outstanding portability with its compact and lightweight body, and high-resolution image quality. We continue to accurately ascertain the needs of the POC* market and provide support to medical sites.



SonoSite iViz

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

2018

Announced REiLi, AI technology brand

By applying image processing technology Fujifilm has cultivated for over 70 years, we are developing and expanding our AI technology under the brand name of REiLi. By harnessing AI technology, we aim to support physicians and improve workflow in the area of diagnostic imaging.



SYNAPSE SAI viewer

2019

Launched FUJIFILM GFX100, equipped with a large format sensor with world’s highest 102 million pixels

The flagship model of the GFX series features an image sensor that is 1.7 times larger than a full-frame sensor. Combined with Fujifilm’s unique color reproduction technology cultivated through years of research and development of photographic film, this ground-breaking mirrorless digital camera realizes world-leading image quality and comes with fast, accurate autofocus, in-body image stabilization, and 4K video recording.



FUJIFILM GFX100

Sources of Corporate Value

The sources of corporate value for the Fujifilm Group are our technological capabilities, corporate culture, human resources, brand strength, and global network. These factors are indispensable if we are to meet the expectations and needs of our stakeholders and earn their trust.

Technological Capabilities



Our technological capabilities underpin the broad range of businesses in the Fujifilm Group. The products related to silver halide photography—a long-established business of the Group—comprise various technologies we have cultivated over the journey. Photographic film currently only accounts for less than 1% of Group-wide sales, but by combining the base technologies the Fujifilm Group have honed in the field of halide photography, which underpin our operations, with the core technologies that drive our sustained competitive advantage, we continue to bring various products and services to market.

■ Please see on pages 5–7 for more information.

Corporate Culture



The Fujifilm Group listens to and openly exchanges opinions with all its stakeholders, complies with rules in a fair manner, takes responsibility for its decisions and actions, and ensures transparency in all sincerity. Based on this open, fair, and transparent corporate culture, we boldly embrace challenges in the course of our business activities. Backed by this corporate culture, we will further hone our leading-edge, proprietary technologies to remain a dynamic corporation always ahead of the pack as a pioneer constantly generating new value.

Human Resources



Skilled human resources are essential if we are to generate and develop growth businesses and accelerate our global expansion. From a long-term perspective, the Fujifilm Group focuses on nurturing global and managerial human resources capable of sparking innovation on their own accord in response to changes in society and we are working to create an environment in which our diverse workforce can fully maximize the abilities.

Brand Strength



We have hitherto enhanced the value of the FUJIFILM brand by constantly creating revolutionary products and services through innovation based on the advanced proprietary technologies we have cultivated in photography. We are running a global branding campaign in multiple countries featuring the key message of “NEVER STOP.” We are determined to further enhance the brand power of FUJIFILM in order to deliver fresh value with our own cutting-edge technology and contribute to solving the various issues of society, as well as accurately communicate our stance on ceaselessly making improvements and progress so that we always remain a growth company.

Global Network



Shortly after its founding, Fujifilm took proactive steps to expand overseas, setting up its first overseas base in 1937. We have grown to become a global corporation with 279 consolidated subsidiaries and an overseas consolidated sales weighting of about 59% (overseas sales of JPY 1,425.0 billion) in fiscal 2018. In recent years we have identified the BRICs and the emerging markets of mainly Turkey, the Middle East, and Southeast Asia as key regions in which we are aggressively establishing local subsidiaries and strengthening our sales structures.

Technological Capabilities

The Fujifilm Group's technological capabilities are one source of corporate value. Here we discuss the Group's approach and initiatives for improving our know-how—so that we can constantly leverage our cutting-edge, proprietary technology to create innovative products and services and deliver value to society—and efforts with regard to open innovation, which is a cross between in-house and external technologies.

R&D policy

Under five research policies, we aim to develop bold new businesses that can contribute to improving quality of life and sustain growth in existing business fields with innovative new products by fusing together our business strategies and R&D strategies.

Research policies

1. Deepening and broadening Fujifilm Group's fundamental technologies
2. Creating new value by integrating multiple technologies in various fields
3. Enhancing group synergies
4. Accelerating developments
5. Improving the fundamental R&D capability of each researcher and organization

R&D structure

At Fujifilm, we have set up so-called Divisional Laboratories engage in R&D directly linked to each business and Corporate Laboratories conduct research into the base technologies we have thus far honed in the photographic business, such as advanced material chemistry, imaging, analysis, and production systems. The R&D Management Headquarters centrally manages these laboratories, which in turn promotes the speedy development of new products and creates new businesses to drive growth. Meanwhile, Fuji Xerox collaborates with universities, research institutes, corporations, and other partners in aiming to realize synergies with the goal of solving not only its own problems, but those of regional communities. And through collaboration of R&D centers in Japan and overseas, we have established structure to respond to global market demand quickly.

Approach to intellectual property

The Fujifilm Group engages in intellectual property activities to ensure that the value of our business undertakings created in various settings always gives us a competitive edge. The extent of our activities is quite broad ranging; for example, in addition to hitherto typical activities like assisting the creation of inventions, submitting patent applications, and acquiring right, we conduct strategic analyses of competitors and address industry standards for the purpose of achieving business superiority. By collaborating with business departments and R&D departments to create and harness strong intellectual property, we can contribute to business growth, mitigate business risks, and seek to enhance corporate value.

Open innovation initiatives to create new value through “co-creation”

We have established three Open Innovation Hubs in Japan, the US, and Europe as places to facilitate the co-creation of new value and where we can demonstrate to external business partners our base/core technologies—the source of the Fujifilm Group's competitiveness—along with the materials, products, and services that incorporate them. Since they were opened, a total of about 15,000 people from 3,000 companies (as of end-Aug. 2019) have visited and collaboration is proceeding in a number of ways. Furthermore, Fuji Xerox established “Smart Work Innovation Laboratory”—where visitors can experience for themselves products and services related to “Smart Work Innovation” and technologies undergoing demonstration—and opened its “Future Edge” hub that specializes in the production field and can be utilized for tasks ranging from searching for issues to conducting verification activities. Incorporating the latest AI and IoT technologies, we will propose solutions that respond to the diversifying issues in the rapidly changing business environment and resolve our customers' business challenges together with them.



Open Innovation Hub

AI/ICT initiatives

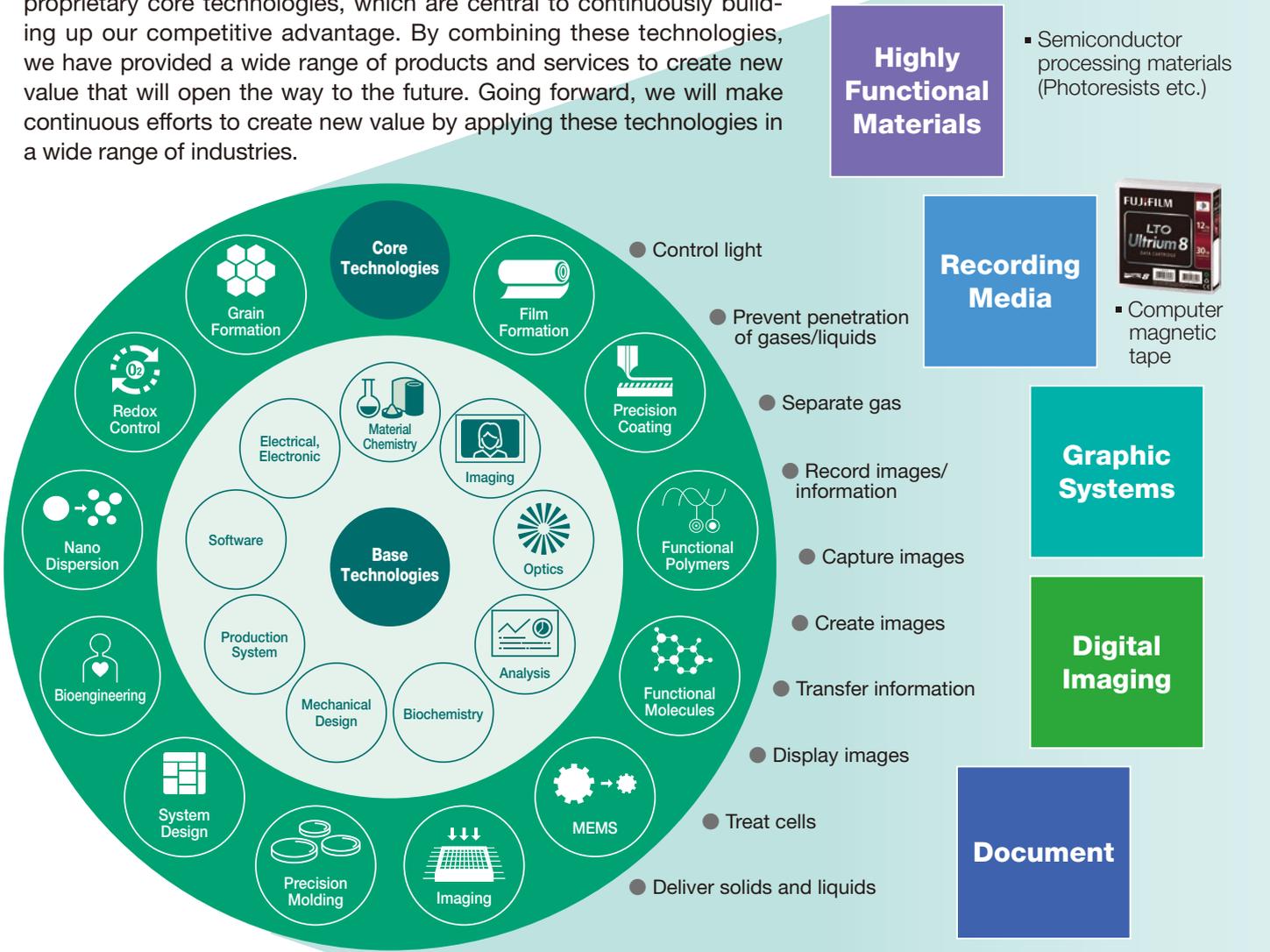
In the fields of diagnostic imaging and general photography, Fujifilm has thus far developed technologies capable of reading information from images. Based on this knowledge, we intend to accelerate the development of AI-based technology capable of supporting those in the healthcare industry through comprehensive analysis and decision-making by using the various data collected from our business activities, for example, by combining biological information from medical testing with diagnostic imaging data. In addition, Fujifilm will also work together with academic institutions to develop next-generation AI technology capable of resolving various issues facing society by linking its proprietary technology with documented knowledge such as diagnostic reports, medical literature, and human knowledge from experience.

(→ Please see “Feature 1: A future Enabled by Next Generation AI Technology” on page 28 for more information.)

Sources of Corporate Value—Technological Capabilities

Proprietary technologies underpinning growth and expansion into various fields

Since its founding, the Fujifilm Group has been accumulating the base technologies that have supported the Company’s business, including organic and inorganic materials chemistry, optical technologies, and analytical technologies. Based on these 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 to 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 a wide range of industries.

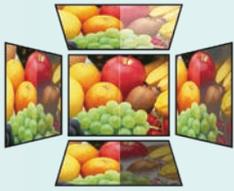


Technologies cultivated in the field of silver halide photography

<p>Cameras</p>  <ul style="list-style-type: none"> • Technology for designing and manufacturing high-quality lenses, hardware and systems 	<p>Photographic film</p>  <ul style="list-style-type: none"> • Technology for creating uniform, optically undistorted film bases • Technology for designing functional materials at the nano level and simultaneously coating multiple layers uniformly at high speed 	<p>Color paper / Minilabs</p>  <ul style="list-style-type: none"> • Technology for precisely controlling chemical reactions of coated functional substances
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New value generated by the Fujifilm Group

Highlights of our initiatives



▪ Optical film for displays

▪ Sensor film for touch panels



▪ Gas separation membranes

▪ CTP (Computer-to-Plate)

▪ Ink for inkjet printers

▪ Wide-format UV inkjet systems



▪ Inkjet digital press



▪ Digital cameras



▪ Optical lenses



▪ Multifunction devices/Printers

▪ Drug delivery systems



▪ Functional cosmetics

▪ Supplements



▪ Endoscope systems



▪ 3D medical-use picture archiving and communications systems

▪ Digital X-ray imaging diagnostic system

▪ Ultrasound diagnostic equipment

Living



We develop highly functional films essential for the manufacturing of LCDs used in devices such as televisions, computer monitors and smartphones. Going forward, we intend to develop and offer a broad-range of high value-added materials utilizing our know-how for film-formation to meet the demands of technology that is constantly evolving.

Offices



In addition to providing office equipment, we build communication environments best suited to our customers by turning multi-function devices into portals and connecting them to their own, or other companies', cloud services. By improving office productivity and streamlining operations, we aim to support initiatives for work-style reforms at companies.

Hospitals



We offer a broad range of diagnostic equipment built on our proprietary technologies, including X-ray diagnostic equipment, endoscopes, ultrasound equipment, and in-vitro diagnostic (IVD) systems. We will also provide diagnostic support to physicians by, for example, providing medical-use picture archiving and communications systems (PACS) and a platform comprising our image processing technology combined with AI technology.

Society



We have the optical technology to manufacture lenses with nano-level precision. In addition to 8K broadcasting lenses that are useful at filming locations, we aim to provide high value-added lenses to meet varied needs, such as lenses for high-performance surveillance cameras amid the growing awareness about security issues, and high-resolution performance machine vision lenses.

Towards being an ever-evolving corporation that creates changes

The Fujifilm Group has faced many difficulties over the years, including the development of the technology to manufacture film in Japan, being sued by Eastman Kodak under Section 301 of the U.S. Trade Law, and skyrocketing raw material prices at the time of the oil crises and Silver Thursday. Nevertheless, we have achieved considerable growth as a corporation by constantly honing our unique technological capabilities, overcoming difficulties, and providing society with high-quality products and services. After the year 2000 in particular, the Fujifilm Group experienced the crisis of losing of its core business when the photography market, which had been its main business, drastically decreased due to the surge of digitalization, but we still managed to significantly transform our business structure and expand our business domain by further developing the technologies we had cultivated thereto. Below we explain the process of constructing our robust business platform and initiatives to deliver new growth up ahead, dividing the process of corporate evolution into three steps.

STEP 1 Swiftly and appropriately respond to changes in the business environment

Crisis at hand—losing core business

In the year 2000, at the peak of global demand for photographic film, the photography business, which manufactured photographic film and photographic printing paper and other related products, accounted for roughly 60% of Fujifilm's sales and generated around two-thirds of operating income. However, digitalization progressed at an astonishing pace.

Due to the rise of digital cameras and smartphones, the decline of the photographic film market far exceeded our expectations, shrinking at an annual rate of 20%–30%, and by 2010 it had dropped to less than one-tenth of its historical peak. Fujifilm stood face-to-face with its biggest crisis ever—losing of its core business.

Pulling Group-wide resources together to overcome the crisis

To overcome this harsh business environment and thrive through the 21st century as a leading company, we implemented bold reforms based on three basic policies. Furthermore, while our competitors were announcing their withdrawal from the camera and film business, we continued business and made a declaration to preserve the culture of photography. Responding flexibly to a dramatically changing market, we transformed our business structure.

Three basic policies

1. Drastic structural reforms to overall business

We focused mainly on photography-related business and reorganized production facilities, R&D units, sales structures, and photo-developing stations. By building a system more appropriate for the business scale, we established a system that can stably maintain photography-related business.

2. Formulating a new growth strategy

To diversify our businesses, we took stock of the technologies we had cultivated in the development and production of photographic film, examined the fields in which these technologies could be applied, concentrated capital investments and R&D on growth areas, and promoted growth strategies. Despite the tough business conditions, we continued to invest around JPY 200 billion annually in R&D necessary for the future. In 2006, we established the FUJIFILM Advanced Research Laboratories to develop the underlying technologies for new businesses and new product development.

3. Strengthening consolidated management

To fully maximize synergy effects between Fujifilm and Fuji Xerox, we established a holding company to take control of both companies in 2006. We changed the name of Fuji Photo Film Co., Ltd. to FUJIFILM Corporation when the holding company structure was adopted, the name change symbolizing our determination to broadly expand our operations beyond the photography business.

Fujifilm developed the world's first fully digital camera

We unveiled the world's first fully digital camera in 1988 and then in 1989 we for the first time mass produced and launched sales of the *FUJIX DS-X* fully digital camera. Why did Fujifilm develop a camera that did not need photographic film ahead of its rivals? The main reason was because we foresaw digitalization at any early stage and took steps from the 1970s to advance the research and development of digital technology. This also owed itself to our corporate culture of constantly creating new value, rather than being fixated on existing products.



FUJIX DS-1P

STEP 1
Respond to changes

In response to the sharp decline in demand for color films, significantly transform and expand the business structure. Build a robust business platform.

STEP 2
Forecast changes and act proactively

Forecast future changes in the market, build new strategies and invest in businesses, for example by M&A.

STEP 3
Create changes by ourselves

By means of cutting-edge, proprietary technologies, create new value that has a positive impact on society while leading the market.

STEP 2 Forecast changes and act proactively

Establishment of our unique position in the digital camera market

Since the arrival of digital cameras, market growth had been driven by compact digital cameras. Global demand peaked in 2011 and turned to decline due to intensifying price competition and the impact of the spread of smartphones and their ever-improving camera functions. Anticipating that change, in 2011 the Company released the *FUJIFILM X100*, a premium compact digital camera equipped with an optical/electronic viewfinder which showed our commitment to image quality and design. In addition to being very well received by the market, this model marked a change of course to the high-end route. Currently, in addition to the X series, the *GFX* series and a wide lineup of their interchangeable lenses are available. In the years to come, we will continue to accelerate business growth.



FUJIFILM GFX100

Early entry into the expanding bio CDMO market

The contract development and manufacturing organization (CDMO) market for biopharmaceuticals, which have few side effects and are expected to be highly effective, is growing at annual rate of more than 8%. In anticipation of growth in this market, we acquired two bio CDMOs in 2011 to make a full-fledged entry into the bio CDMO market. As the manufacturing of biopharmaceuticals involves the handling of microbial and mammalian cells, the maintaining of manufacturing conditions such as temperature at constant levels and a high level of quality control are required. This is where we apply our advanced production technology cultivated in the manufacturing of photographic film. Conducting active capital investment, in 2019 we acquired the manufacturing subsidiary of U.S.-based biopharmaceutical giant Biogen. We aim to contribute to profit stably and achieve sales of JPY 100 billion in the fiscal year ending March 2022.



STEP 3 Create changes by ourselves

Initiatives in regenerative medicine field

Regenerative medicine has the potential to be an effective method for treating as-yet incurable diseases in the oncology and age-related macular degeneration fields, where unmet medical needs still exist. In working towards the establishment of new treatment methods, many companies, not just academic institutions, are engaged in research and development on a daily basis.

In 2014, we acquired Japan Tissue Engineering, the first company in Japan to acquire marketing approval for regenerative medicine products. We then made our full-fledged entry into the regenerative medicine field by acquiring the U.S.-based Cellular Dynamics International (now FUJIFILM Cellular Dynamics), a leading global company in the development and production of iPS cells. At the present time, the Fujifilm Group now holds all three of the components—the cells, cell culture media and scaffolding materials—necessary for the regenerative medicine business, thereby strengthening its structure for seamless development. With the aim of reaching commercial viability for a cell therapy pipeline at the earliest possible time, we are leveraging the Group's technologies and resources, and accelerating the pace of development by teaming up with expert partners. Harnessing Fujifilm engineering technologies and technology for developing cell culture media suitable for different cell types, we are making progress on the development of technology for the uniform and reasonably cheap volume production of iPS and other cells. As a leading company in the still developing regenerative medicine market, we intend to fully maximize group synergies toward the goal of the commercialization and industrialization of regenerative medicine while expanding our business operations.



Value Creation Process

By creating value through innovation, the Fujifilm Group aims to solve the challenges faced by society through its business activities (gain opportunities) and take the environment and society into consideration in all its business processes (mitigate risks) so as to contribute to the realization of a sustainable society.



*Goals in sustainable development adopted by the United Nations General Assembly in September 2015 to be addressed as social issues by the international community by 2030. There are 17 goals and 169 targets under the slogan "Leave no one behind."



Value Creation through Innovation

Global society



Outcome

CSR plan: "Sustainable Value Plan 2030"

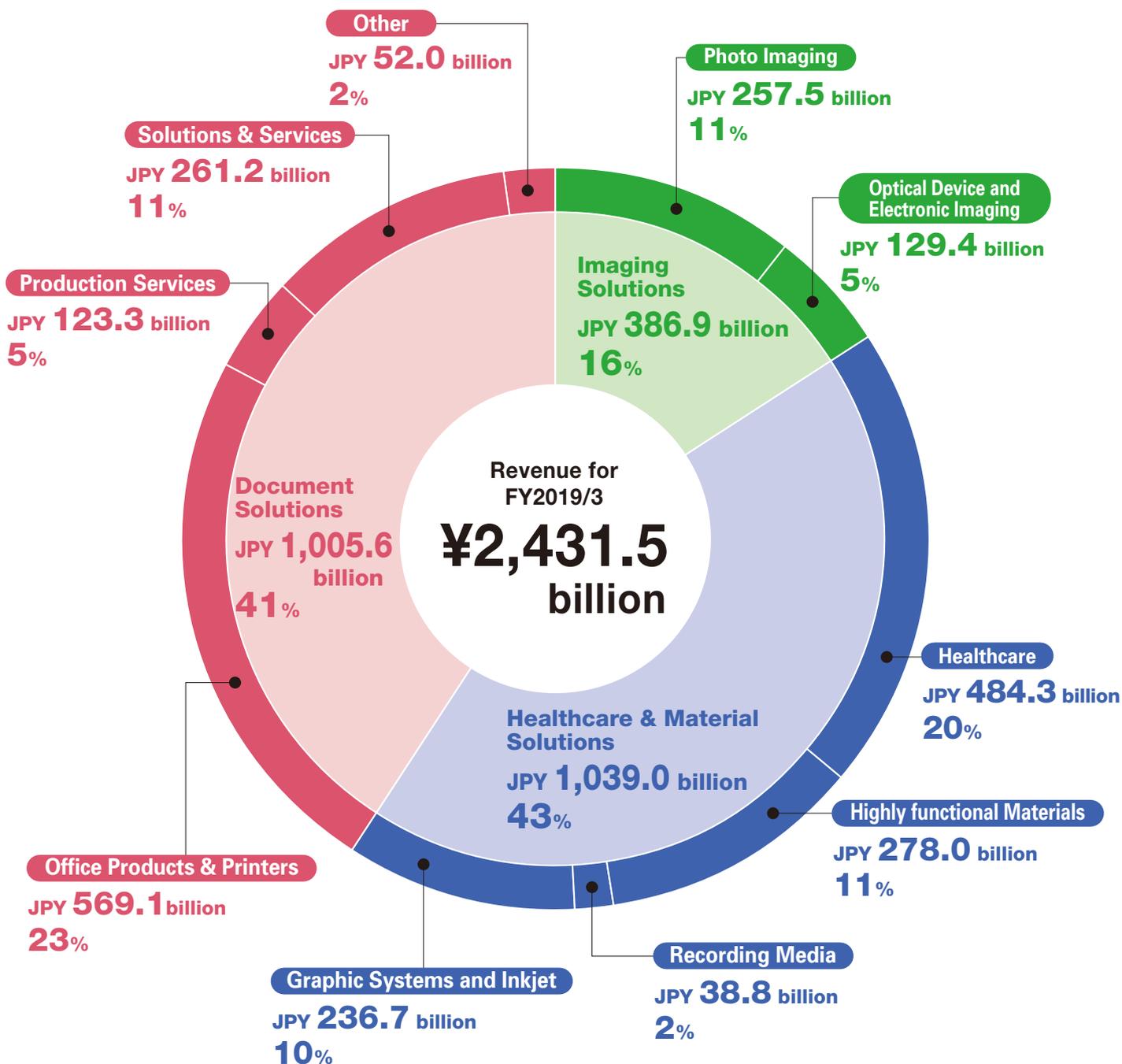
Priority issues being addressed		Social value
Environment	Reduce our own environmental impacts and contribute to the resolution of environmental issues.	<p>The Fujifilm Group will make contributions in the following areas by implementing Groupwide initiatives on lifecycle of our products and providing customers with products and services that save energy and resources.</p> <ul style="list-style-type: none"> • Contribute to reduce CO₂ emissions in society and mitigate climate changes • Mitigate water risks by reducing water input and using water resources more efficiently • Use resources effectively and reduce waste volume • Create and spread the use of renewable energies by providing highly functional materials • Minimize adverse effect on the environment and people's health in the production and use of chemical substances
Health	Create a healthy society through the process of prevention, diagnosis, and treatment in healthcare	<ul style="list-style-type: none"> • Provide healthcare to fulfill unmet medical needs through R&D in pharmaceuticals and regenerative medicine • Improve accessibilities to medical services with the use of medical IT • Reduce burdens on doctors and medical staff by providing products and services that harness AI or IoT • Contribute to early disease detection and help lower medical costs by promoting easy-to-use health checkup services • Prolong healthy lives by providing supplements
Daily Life	Support the tangible and intangible aspects of social infrastructure in people's lives through various products, services and technologies.	<ul style="list-style-type: none"> • Contribute to the development of an ICT society by providing large-capacity magnetic tapes • Enhance the safety of social infrastructure by providing non-destructive inspection systems • Contribute to the enrichment of people's lives by furthering the development of photographic culture and providing opportunities for people to enjoy photos
Work Style	Promote social change where every person is motivated in their workplaces, through extending our in-house work-style reforms.	<ul style="list-style-type: none"> • Build office environments that encourage creativity by providing products and services that boost business productivity and contribute to greater business efficiency • Support diverse working styles by providing satellite office services

tion of a
able Society



Business Portfolio

Our current business portfolio was established after we survived the crisis of losing our core business to digitalization by leveraging our cutting-edge, proprietary, and advanced technologies honed in the photographic film business. Under VISION2019, our medium-term management plan, we are pushing ahead with growth strategies designed to further strengthen our portfolio, having positioned each business segment in the following three stages: (1) boosting profitability; (2) further accelerating growth; and (3) investing for the future.



Imaging Solutions



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

Photo Imaging

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

Optical Devices & Electronic Imaging

Digital cameras, interchangeable lenses, and TV lenses

instax instant camera
Annual worldwide sales volume

10.02 million units



instax mini LiPlay

Broadcast zoom lens compatible with 4K cameras

World's first*1



FUJINON UA70x8.7 BESM

Healthcare & Material Solutions



Engaging in a wide range of businesses mainly in the B2B domain including priority business fields of healthcare and highly functional materials

Healthcare

Businesses in medical systems, pharmaceuticals, bio CDMO, regenerative medicine, and life sciences

Highly Functional Materials

Businesses in display materials, industrial products, electronic materials, and fine chemicals

Recording Media

Mainly magnetic tapes for computers and data archive services

Graphic Systems & Inkjets

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

Medical-use picture archiving and communications systems

Domestic & global market share

No.1*2



Medical-use Picture Archiving and Communications Systems (PACS) SYNAPSE

Protective film for polarizers
Global market share

No.1



FUJITAC protective film for polarizers

Color photoresists for image sensors
Global market share

No.1

Document Solutions



Engaging in document-related businesses including multifunction devices for offices and related services

Office Products & Printers

Digital multifunction devices and printers for offices and consumables, as well as document solutions leveraging cloud and mobile technologies

Production Services

High-speed, high-quality digital printing systems and solution-oriented document services in the commercial printing field

Solutions & Services

Supporting the resolution of management issues through services that improve corporate document and operational processing

Multifunction devices
Market share in sales volume in the Asia-Pacific region

No.1*3

Market share in MPS*4 sales in the Asia-Pacific region

No.1*3

ApeosPort-VII C5573



*1 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)

*2 According to a survey by Fujifilm

*3 According to a survey by Fuji Xerox

*4 Managed Print Services

Financial Highlights

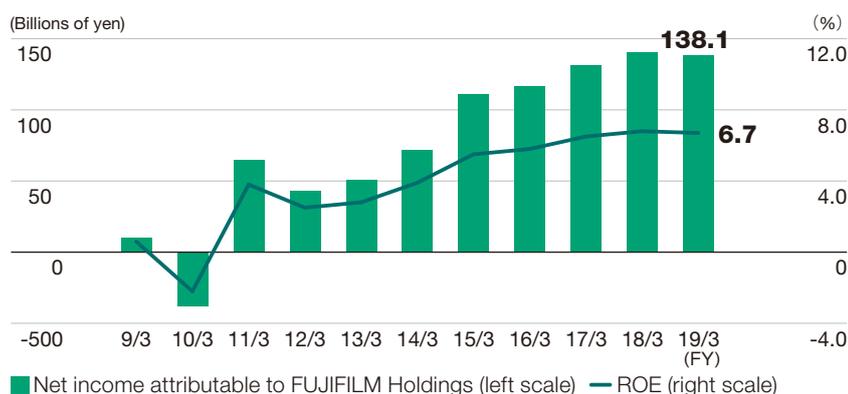
*Numerical data for FY2009/3 to FY2019/3 are posted on pages 62 and 63

Revenue / Operating income / Operating margin



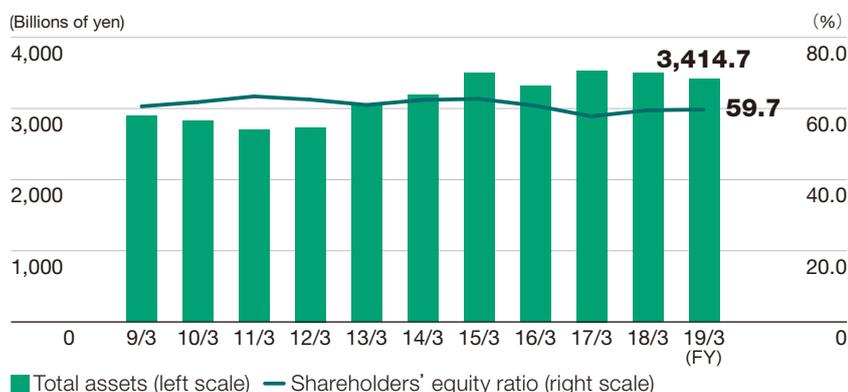
In the fiscal year ended March 31, 2019, the Group recorded JPY 2,431.5 billion in consolidated revenue (down 0.1% from the previous fiscal year), reflecting such factors as a sales decrease in the document business, although sales increased in the medical systems business, bio CDMO business, regenerative medicine business and electronic materials business. Operating income was JPY 209.8 billion (up 70.1% from the previous fiscal year) due to improved profitability and positive impacts of structural reforms in the document business. The operating margin was 8.6%.

Net income attributable to FUJIFILM Holdings / ROE



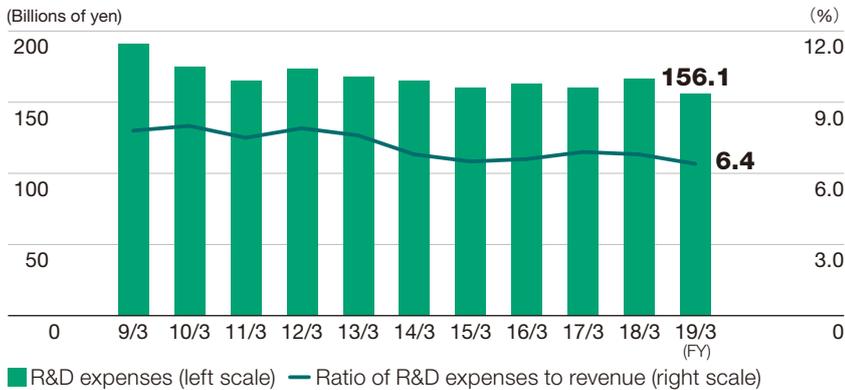
Net income attributable to FUJIFILM Holdings was JPY 138.1 billion (down 1.8% from the previous fiscal year). ROE was 6.7% (down 0.1 percentage points).

Total assets / Shareholders' equity ratio



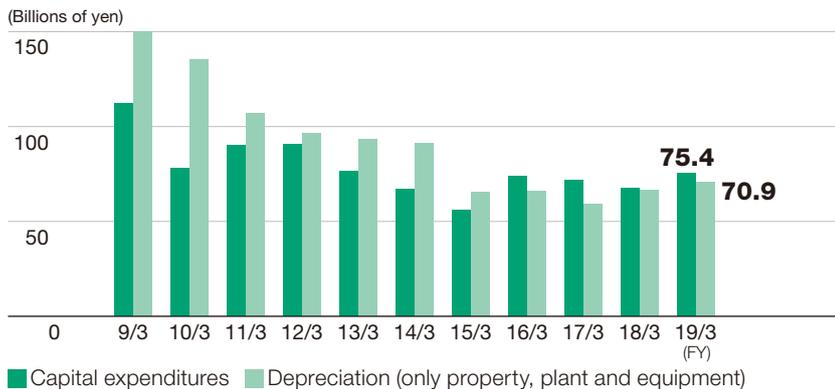
Total assets as of March 31, 2019 were JPY 3,414.7 billion (down 2.2% from the previous fiscal year-end). The shareholders' equity ratio remained stable at 59.7% (up 0.2 percentage points).

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



R&D expenses were JPY 156.1 billion for the fiscal year ended March 31, 2019 (down 7.0% from the previous fiscal year), and the ratio of R&D expenses to revenue was 6.4% (down 0.5 percentage points).

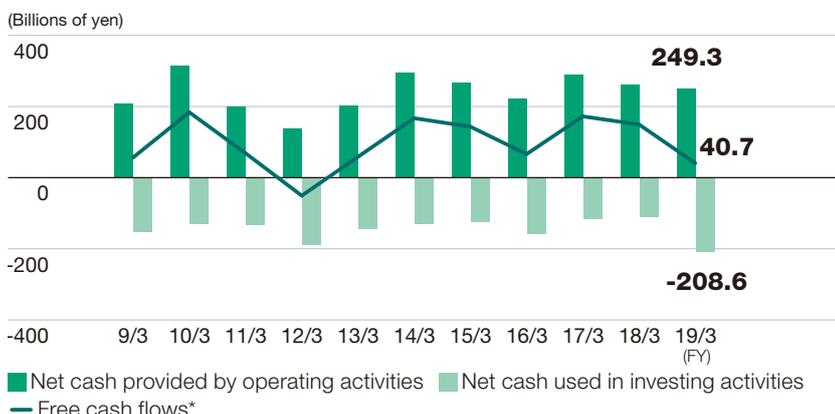
Capital expenditures / Depreciation (only property, plant and equipment)*



Capital expenditures amounted to JPY 75.4 billion for the fiscal year ended March 31, 2019, mainly for the purpose of increasing production capacity of high-growth products, rationalizing and labor saving of production facilities, and environmental conservation. Depreciation (only property, plant, and equipment) was JPY 70.9 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 249.3 billion due to a decrease in accounts receivables and other factors. Net cash used in investing activities amounted to JPY 208.6 billion, mainly due to acquisition of businesses. Thus, free cash flows were JPY 40.7 billion.

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

Non-Financial Highlights

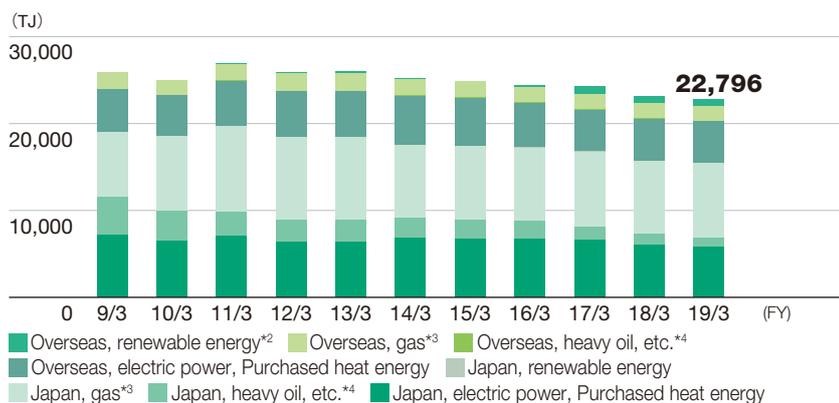
Amount of CO₂ Emissions throughout Product Lifecycles



To realize the non-carbon society aimed for under the Paris Agreement, we set a CO₂ emissions reduction target with FY2031/3 as the goal. Against the goal of reducing CO₂ emissions by 30%* throughout product lifecycles—the procurement of raw materials, product manufacturing, transportation, use, and disposal—at the end of FY2019/3 CO₂ emissions had been reduced by 3.68 million t-CO₂, or 22%*. In addition to reducing CO₂ throughout product lifecycles, we are promoting contributions to reducing CO₂ in society through the provision of our products and services.

*Vs. FY2014/3

Annual Changes in Energy Consumption*¹

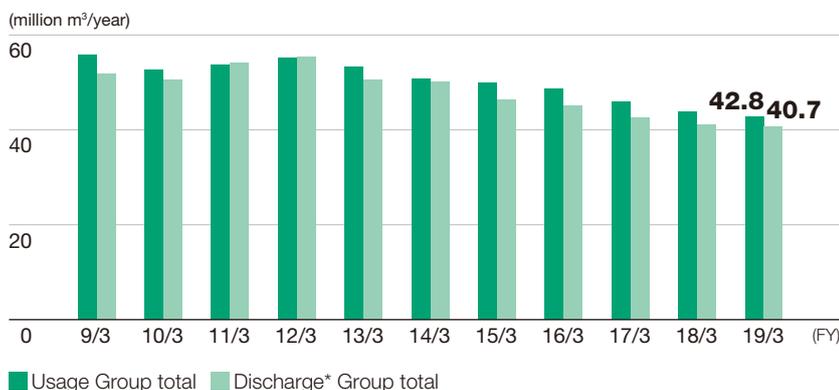


*¹ Per unit calorific value is based on the Energy Conservation Act.
 *² FUJIFILM Manufacturing Europe B.V. (EF) classified its energy usage as renewable energy because the supply of wind-generated power has been 100% since FY2015.
 *³ Total of natural gas, liquefied natural gas (LNG), city gas, butane and liquefied petroleum gas (LPG)
 *⁴ Total of heavy oil A, heavy oil C, kerosene, light oil and gasoline

In April 2019, we joined RE100, an international initiative that aims for 100% of the electricity used by companies in their business activities to come entirely from renewable energy sources. By FY2051/3, all the electricity purchased will be converted power from renewable energy sources, as the Company aims for zero CO₂ emissions from its energy usage. By actively deploying measures within the Group, such as maximizing efficiency in energy use and pursuing CO₂ emissions reduction in energy procurement, in FY2019/3 energy consumption was reduced by 1.7%* to 22,796 TJ.

*Year-on-year rate

Annual Trend in Water Usage and Discharge as Waste Water



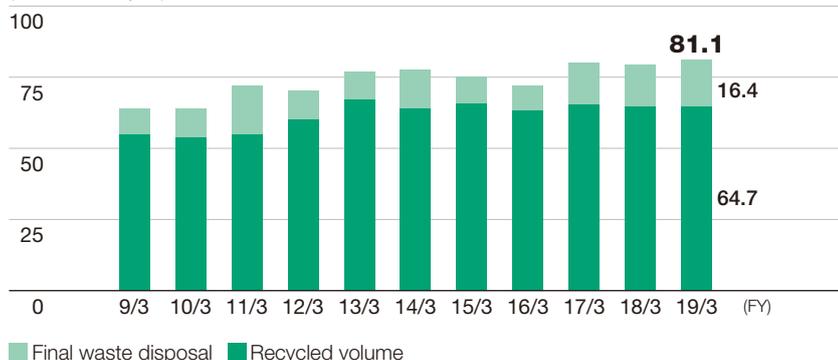
* Includes water, rainwater, etc. used in the business activities

To secure clean water that is indispensable in the production of photographic film, we have been working on reducing water usage and using water recycling since our founding. Our goal is to reduce the Group's water usage by 30%* by FY2031/3. As of the end of FY2019/3 usage had been reduced by 15%* to 42.8 million m³/year, and the amount discharged was 40.7 million m³/year.

*Vs. FY2014/3

Waste Generation*¹, Recycling & Final Disposal*²

(thousand tons/year)



■ Final waste disposal ■ Recycled volume

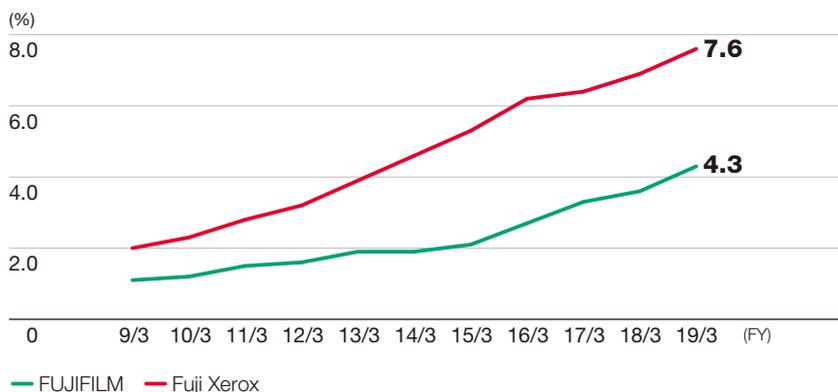
*¹ Processed by external service providers and simple incineration or landfill disposal on sites.

*² Simple incineration or landfill disposal by external service providers or on sites.

In addition to developing product designs that take recycling and resource conservation into consideration, we are promoting waste reduction activities at the manufacturing stage in light of the social conditions in each of four geographic regions: Japan, Europe, the United States, and China. The goal is to reduce the amount of waste generated by 30%* by FY2031/3, but in FY2019/3 the final disposal volume increased due to the expansion of new businesses and the difficulties involved in recycling plastics in Asia. As of the end of FY2019/3, the amount of waste generated increased by 5%* to 16,400 tons/year.

*Vs. FY2014/3

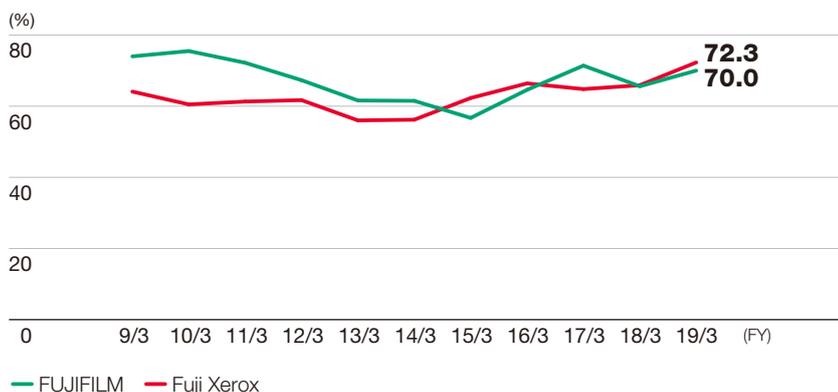
Ratio of Women in Managerial Positions



— FUJIFILM — Fuji Xerox

Under the Sustainable Value Plan 2030, the creation of mechanisms and workplaces that enable diverse employees to play active roles is a priority issue in the field of “work-styles”. One of these efforts involves increasing the ratio of women in executive and management positions. Fujifilm has set a target of 6% and Fuji Xerox 14% by the end of FY2021/3 and had attained 4.3% and 7.6%, respectively, as of the end of FY2019/3.

Utilization of Paid Leave



— FUJIFILM — Fuji Xerox

We are promoting improvements in work environments so that each and every one of our diverse employees with his or her own strengths can demonstrate their abilities to the fullest extent and deliver results through efficient work styles, working with stakeholders inside and outside the Company. In the leave system, we are working to introduce leave systems that take into consideration the work-life balance of employees. As of the end of FY2019/3, the paid leave utilization rate was 70.0% for Fujifilm and 72.3% for Fuji Xerox.

Message from the CEO

On January 20, 2019, FUJIFILM Holdings celebrated its 85th anniversary.

Then in May, Japan ushered in a new imperial era, switching to Reiwa following the roughly 30-year-long Heisei period. The Fujifilm Group has also renewed its strong enthusiasm for growth at the beginning of this new era.

For the Fujifilm Group, the first half of the Heisei era (1989-2003) was a time during which we made significant progress in developing our technologies and expanding overseas. Then in the second half (2004-2019), we largely transformed the nature of our business operations. Even though the demand for our then-mainstay product of photographic film declined sharply due to the rise of digitalization, we overhauled our business structure to survive that crisis and posted record-high profit in FY2008/3. But in 2008, just as we were gearing up for the next phase of growth, we were hit hard by the impact of the global financial crisis, while the business environment enveloping the Group again changed dramatically. Nevertheless, we grew stronger every time we overcame a crisis by exhaustively reinforcing our business platform and driving growth in key businesses. As a result, we posted record-high profit again in FY2019/3. In this final year of our medium-term management plan, VISION2019, we will strive to achieve our stated targets and realize new growth.

Realizing sustained growth by addressing both long-term and near-term challenges

I believe that companies must constantly provide society with new value. The key challenge for corporate management is to maximize profits in operations so that better products and services can be developed by reinvesting profits from business activities. At the same time, companies are expected to fulfill an important role in helping the international community address climate change, poverty, hunger, and other issues highlighted in the SDGs*, for example. In playing an important part in an ecosystem that enables society as a whole to further thrive, companies themselves must lay the groundwork for the future based on a long-term perspective.

A company's management must always concurrently address near-term issues and draw up long-term business plans to prepare themselves for the future. The former might mean responding appropriately to changes in the economic environment and competition with rivals to properly execute sales and profit plans on an annual basis, or incorporating rapid developments in technology into its business activities. The latter would include such issues as investing in human resources and the creation

of new technologies and businesses. The very essence of corporate management is to constantly create value by striking the right balance between solutions for both near-term and long-term issues at a high level.

Aiming to be a company that drives change

In my opinion, there are three stages in a company's evolution. Firstly, a corporation that can swiftly and appropriately respond to changes in its operating environment would generally be thought of as a good company. However, a better company would be one that does more than just respond—it anticipates changes and takes action accordingly. But the ideal company is the one that drives change itself.

When the Fujifilm Group came face to face with a crisis at the start of the 21st century, we took appropriate action to boldly transform our business structure by beefing up growth businesses and creating new ones. And we have achieved further growth with a robust portfolio of multiple businesses by anticipating future changes in respective markets and making strategic moves.

We currently aim to be a company that has a positive impact on industry and society with the new value we create. To some extent I think we have achieved this in the fields of medical IT system and regenerative medicine in which we are leveraging the use of AI, but going forward we are committed to creating positive changes for society in various business fields by further developing the broad-ranging proprietary technologies we have accumulated thus far and actively incorporating new technology and knowledge, such as AI and IoT.

We hope to fulfill our corporate social responsibilities and continue to achieve prosperous growth together with society. We will make every effort to remain indispensable to people's livelihoods and I look forward to the continued support from all our shareholders.

*The Sustainable Development Goals (SDGs) were adopted by the United Nations General Assembly in September 2015. Based on the motto "leave no one behind," the agenda comprises 17 global goals and 169 targets that the international community needs to address by the year 2030.

**Constantly creating value
by balancing solutions
for both near-term and long-term issues
at a high level**



Chairman and
Chief Executive Officer
Shigetaka Komori

Interview with the COO

**Steadily achieving
VISION2019 targets and
seeking to further enhance
corporate value**

President and
Chief Operating Officer
Kenji Sukeno



Looking back at FY2019/3, please tell us how the medium-term management plan, VISION2019, is progressing.

A In FY2019/3, the midway point of VISION2019, sales declined in the document business mainly because we downsized the low-margin, low-end printer business, but sales increased in such businesses as the medical systems and bio CDMO businesses. Overall, sales remained flat year on year at JPY 2,431.5 billion. Operating income totaled a record-high JPY 209.8 billion owing to ongoing profitability improvements in each business, as well as the impact of structural reforms in the document business. Net income attributable to FUJIFILM Holdings came to JPY 138.1 billion.

We are steadily executing strategies for each business based on VISION2019 and in the photo imaging business sales of the *instax* instant camera series were brisk with more than 10 million units sold. In the electronic imaging business, sales of the *X Series* and *GFX Series* mirrorless digital cameras were solid. In the focus healthcare field, results were firm in the medical systems and bio CDMO

businesses, while profitability improved in the pharmaceuticals and regenerative medicine businesses. Profit grew sharply in the document business due to our efforts to steadily implement operational reforms, including the lowering of CoGS.

FY2020/3 will be the final year of VISION2019. Given that profitability has significantly improved in each business in the healthcare field and we continue to steadily execute structural reforms in the document business, we are now targeting record-high operating income of JPY 240.0 billion (+JPY 10.0 billion versus our initial forecast) for the second straight year, net profit attributable to FUJIFILM Holdings of JPY 155.0 billion (+JPY 5.0 billion), and ROE of 7.5% (+0.2%). We aim to pay a year-end dividend of JPY 95 per share and buy back JPY 50.0 billion worth of shares in order to deliver a total of JPY 300.0 billion in shareholder returns over the three-year duration of VISION2019, as we initially planned.



Please tell us about your growth strategy for the key healthcare field and how it is progressing.

A The healthcare field is a future earnings pillar for the Company, which is why we have positioned it as a key focus area. We see each business in this field as either requiring further growth acceleration or investments aimed at generating future growth. We therefore execute our growth strategy in accordance with these growth stages.

Within the healthcare field, the medical systems and bio CDMO businesses are the drivers of growth. In addition to providing products and services of competitive superiority powered by Fujifilm's proprietary technology, we aim to outpace market growth mainly by leveraging aggressive capex and M&As.

We possess a strong competitive advantage and steadily executing our growth strategy in a broad range of fields in the medical systems business; namely, X-ray diagnostic imaging, medical IT, endoscopes, ultra-sound, and in-vitro diagnostics (IVD). In particular, our picture archiving communication system—a platform for managing and storing image data taken with various medical diagnostic imaging equipment—has maintained the top global share^{*1} since FY2018/3 and we continue to propose medical IT-focused comprehensive solutions to our customers. Up ahead, by combining our image processing and image analysis technologies that we have honed over many years, we hope to further develop AI-driven technology to provide diagnostic support to physicians and generate further growth by providing products and services that improve workflow.

The bio CDMO business is expanding at a healthy clip having benefitted mainly from the expansion of production capacity we have carried out since FY2018/3. By harnessing the engineering technology we have accumulated in the research, development, and production of photographic film, along with the biotechnology know-how of our Group companies, we are constantly expanding production capacity and pushing ahead with the development of technologies for further enhancing productivity. Some examples include *Apollo™ X*, which employs next-generation high-productivity technology to achieve industry-leading antibody production, as well as fully integrated continuous production systems from culturing to purification. In August 2019 we turned the manufacturing subsidiary of US-based biopharmaceutical giant Biogen into a consolidated subsidiary. This acquisition provided us with the facilities to carry out mass production and means we can meet broad-ranging contract needs for either small or large volumes. Moreover, we aim to further accelerate the pace of business growth by drawing on the strengths in the area of process development and manufacturing of various types of biopharmaceuticals, including antibodies and gene therapy drugs.

Meanwhile, we think investments for generating future growth are needed in the pharmaceuticals and regenerative medicine businesses. Not only are we engaging in more efficient development and working to reduce SG&A

costs, for example by identifying and focusing on the fields in which we can leverage Fujifilm's proprietary technology, we are also making proactive investments and deploying sensible strategies.

We strengthened the structure of the pharmaceuticals business with the integration of two Group companies in FY2019/3: Toyama Chemical and FUJIFILM RI Pharma. This new structure will serve to speed up our decision-making process. In the development of new drugs, we are steadily stepping up our R&D mainly in fields in which we can demonstrate our Company's strengths. In June 2019, the new candidate compound *T-817MA* for stimulating the rehabilitation effects following a stroke started phase 2 clinical trials in Japan. This potential drug is slated for phase 2 clinical trials in Europe for patients with early-onset Alzheimer's disease in FY2020/3. Furthermore, drug delivery systems that primarily use liposome-based drug formulations to efficiently deliver active ingredients to affected areas of the body and boost drug efficacy is also an area that we intend to focus on going forward because we can apply the proprietary technology we cultivated in the development of photographic film.

In the regenerative medicine business, we are pushing ahead with R&D with a view to commercialization mainly in the field of cell therapy where there are many unmet medical needs. Together with leading US-based venture capital firm Versant Venture Management, we established a new company called Century Therapeutics. Furthermore, backed by financing commitments from pharmaceutical giant Bayer, this company will further accelerate its development of immunotherapeutic drugs for cancer using CAR-T cells derived from allogeneic iPS cells while minimizing risks through partner collaborations. We will look to expand our contracted development and manufacturing business mainly in the establishment of allogeneic iPS cell line, process development of cell production and manufacturing of investigational and therapeutic drugs. And by investing in a venture capital firms that possess promising technology and know-how, we can gain constant access to the latest technical information related to regenerative medicine, which should help advance our own technological development.



SYNAPSE SAI Viewer—an AI platform to support diagnostic workflow using such AI technology as automatic organ extraction from CT images on picture archiving communication systems.

*1 According to a survey by Fujifilm

Interview with the COO

Sales of culture media needed for cell culture remain brisk and in anticipation of greater demand going forward, we made the decision in July 2019 to begin construction of a culture media production plant in Europe.

As a leading company, we intend to expand our business operations and contribute to the industrialization of regenerative medicine by fully maximizing synergies mainly between the following Group companies: Japan Tissue Engineering, the first company in Japan to develop and

bring to market regenerative medicine products; FUJIFILM Cellular Dynamics, a leading company in the development and production of iPS cells; FUJIFILM Wako Pure Chemical Corporation and FUJIFILM Irvine Scientific, both experts in the field of culture media.

In aiming to further improve profitability in FY2020/3, the final year of VISION2019, we intend to expand our existing businesses and keep on accelerating research and development.



Please tell us about the progress and future initiatives for drastically strengthening the document business.

A With the aim of building a robust platform for the document business so that it can withstand tough business conditions, instead of simply establishing a structure that calls for efficiency or reducing headcount, we are implementing company-wide operational reforms and striving to improve profitability. More specifically, we are undertaking various on-site initiatives such as reducing CoGS by speeding up development, streamlining operations with the use of RPA and so on.

As a result, the benefits of our initiatives in monetary terms in FY2019/3 came to JPY 31 billion, JPY 4 billion more than our forecast. Also, after partially revising our schedule, we have pushed back the expected completion of structural reforms from FY2020/3 to FY2021/3 but we still expect to curtail overall costs by JPY 2.9 billion and realize benefits of JPY 55 billion (vs. FY2017/3) in line with our initial forecast.

Going forward, based on a resilient earnings structure established as a result of our operational reforms, we will endeavor to boost sales in the growth fields of solutions & services and production services. Firstly, in the growth field of solutions & services, we aim to develop solutions that leverage our proprietary AI, IoT, and IoH technologies

and consolidate the strategic partnerships we have with other firms that possess highly competitive cloud services. We hope to make our customers' operations more efficient and contribute to work-style reforms by providing a wide array of solutions and services for different sectors, including manufacturing, finance, healthcare, logistics, public services, and education, as well as for different types of operations, such as information security or document management. Secondly, in the production services field, we will make every effort to expand sales by rolling out products and services that meet customer needs, but also deliver more services that aim to support overall printing workflow. We are looking to achieve business growth by strengthening collaboration between Fujifilm's Graphic Systems Business Division and Inkjet Business Division and maximizing Group synergies.

Based on the measures outlined above, we aim to achieve the FY2021/3 operating profit margin target of 10% in the document business one year ahead of schedule. The cash we steadily generate will be invested back into the aforementioned growth fields with the goal of driving up sales and establishing a business platform capable of delivering sustained growth.



11000 Inkjet Press—a high-resolution, high-speed roll-fed color inkjet printer for commercial printing.



Please tell us about your ESG initiatives.

A Since its foundation, the Fujifilm Group has continued to place CSR at the very core of business management to find solutions to social issues through its business activities. The essence of our corporate philosophy and vision is to contribute to the advancement of society and environmental

protection by providing top-quality products and services and help further enhance the quality of life of people worldwide as well as to do business openly, fairly, and clearly.

In 2017, the Group formulated and fully committed itself to putting into action two plans: the Sustainable Value

Plan 2030 (SVP2030), a CSR plan targeted at helping to achieve the SDGs and other goals related to issues faced by society; and the medium-term management plan, VISION2019, which runs through FY2020/3, as a concrete action plan for realizing this ambition.

In September 2019, we have adopted "Fujifilm Group Employee Wellness Declaration," which stipulates our intention to actively maintain and enhance the wellness of our employees given their role in supporting these business activities. We also actively take part in global initiatives for the purpose of accelerating measures intended to resolve climate change-related issues; for example, we have endorsed the TCFD^{*2} and joined the RE100^{*3}. We are committed to ensuring that Fujifilm Group initiatives contribute to society and will vigorously promote these activities on a Group-wide basis.

In June 2019, we exhaustively reorganized our CSR Group to establish a new ESG Division. This division now reports directly to the president and will work harder to

incorporate ESG perspectives into management and business strategies.

Discussions are currently in progress ahead of the formulation of our next medium-term management plan, but at the same time, we will take steps to also review the SVP2030 in response to changes in society and our business environment.

Based on these plans, while we recognize that social issues could pose longer-term risks for the Company as we aim to realize a sustainable society, we also think that the solving of society's challenges presents an opportunity to create new businesses. For this reason, we will continue to put in place a strong system through which we can take the initiative to develop new technologies and products and to propose solutions.

The Fujifilm Group aims to achieve sustained growth by continuing to meet the expectations and earn the trust of shareholders and all other stakeholders.



Please tell us about your capital policy.

A We use ROE^{*4} as an indicator of capital efficiency. We introduced an ROE target in VISION2016, our previous medium-term management plan, and clarified our policy on emphasizing profits. We also demonstrated our stance on prioritizing capital efficiency by extending shareholder returns mainly through continuous and steady dividend hikes and proactive share buybacks. Owing to improved profitability in respective businesses, ROE had increased to 6.7% in FY2019/3 from 5.3% in FY2015/3, the first year of VISION2016. We are making good progress toward our FY2021/3 ROE target of 8.0% as called for in VISION2019, the current medium-term management plan, as we work harder to further improve profitability.

In order to further boost ROE under our next medium-term management plan, we will utilize ROIC^{*5} as a metric for assessing business divisions. Each business will

be assigned a ROIC target to enhance capital efficiency according to its stage of growth (improving profitability; accelerating growth; or investing for the future) and managed so that we can achieve our overall ROE target. At the same time as pursuing cost reductions in each business, we will actively engage in M&As and spend capital for future growth while keeping a stern eye on the impacts of such investments.

Furthermore, in seeking to improve capital efficiency, we intend to better manage cash flow by utilizing CCC^{*6} as a control indicator. At present, excluding M&As, we steadily generate free cash flow of around JPY 140–JPY 150 billion annually, but by improving CCC we hope to create a virtuous cycle whereby cash is generated through the reduction of working capital and the selection of effective investments, which is then reinvested effectively to boost profits.

To our shareholders

We intend to steadily achieve the targets we set out in VISION2019, which comes to an end this fiscal year. And in order to generate sustained growth and enhance corporate value up ahead, we will make a point of engaging in dialogue with shareholders and stepping up efforts to continuously

create products and services of value to meet the expectations of society and earn its trust.

We hope to meet your expectations for future growth of the Fujifilm Group and I look forward to your continued support for many more years to come.

^{*2} The Task Force on Climate-related Financial Disclosures (TCFD) was set up by the Financial Stability Board, a global body comprising major central banks and financial regulators. In June 2017 the TCFD announced recommendations for private business corporations to disclose the financial implications of risks and opportunities stemming from climate change in order to gauge what impacts climate change issues have on the stability of financial markets. The TCFD recommends that climate-related financial information be incorporated as an evaluation factor by financial institutions, much like existing financial information disclosures.

^{*3} The RE100 is an initiative operated as a partnership between two global NPOs: The Climate Group, which promotes climate change measures; and CDP, which helps companies disclose and manage information on their environmental impacts. The companies that join the RE100 are committed to achieving 100% renewable electricity used in their business activities.

^{*4} Return on equity

^{*5} Return on invested capital

^{*6} Cash conversion cycle

Strategies for Value Creation

The Fujifilm Group aims to address social issues and contribute to the realization of a sustainable society by creating “new value” through business activities. The Group, has been working on achieving its CSR plan “Sustainable Value Plan 2030 (SVP2030)” and the medium-term management plan “VISION2019” since fiscal year 2017. “SVP2030” is formulated in line with “Sustainable Development Goals (SDGs)” ending in FY2031/3 and reflects our long term vision. “VISION2019” is a specific action plan to achieve the goals set forth in SVP2030. We will achieve sustainable growth by further strengthening enhanced business portfolio by making effective use of profits generated by our solid management base with intensifying each business segment and contributing to solving social issues through our business activities.

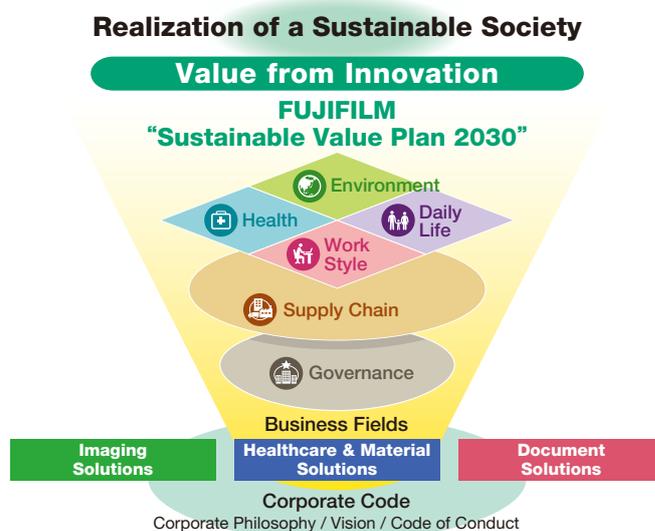
CSR Plan “Sustainable Value Plan 2030”

The Fujifilm Group has believed that solving social issues would provide opportunities for business growth. We have been committed to contributing to the development of a sustainable society by actively addressing new value creation as a key management priority. With the SVP2030 plan, we have further reinforced this commitment by formulated long-term goals up to FY2031/3 to show our strong will to contribute to “resolving social issues on a global scale through business activities”.

The Fujifilm Group's Priority Issues for SDGs to Address

The Fujifilm Group 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.

 <h3>Environment</h3> <p>Reduce our own environmental impacts and contribute to the resolution of environmental issues.</p> 	 <h3>Health</h3> <p>Create a healthy society through the process of prevention, diagnosis and treatment in healthcare.</p> 
 <h3>Daily Life</h3> <p>Support the tangible and intangible aspects of social infrastructure in people's lives through various products, services and technologies.</p> 	 <h3>Work Style</h3> <p>Promote social change where every person is motivated in their workplaces, through extending our in-house work-style reforms.</p> 
 <h3>Supply Chain</h3> 	 <h3>Governance</h3>



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 tons 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)

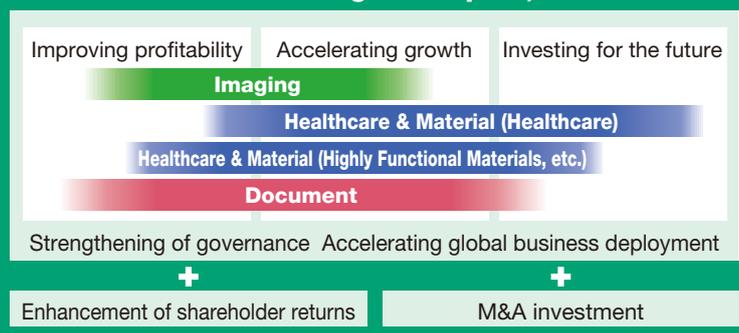
The medium-term management plan, “VISION2019”

“VISION2019” positions the 15 businesses of the Fujifilm Group into three stages of growth: “improving profitability”, “accelerating growth”, and “investing for the future”. Each business stage is clarified as: “generating cash flow by improving profitability of each business”, “expanding sales and profits by accelerating growth of main businesses” and “developing businesses that will become future pillars of growth and profit”. By promoting these, we would like to achieve a further leap. In addition, we will strengthen our overseas sales base and actively expand healthcare products and new highly functional materials.

Fujifilm plans shareholder returns of JPY 300 billion with JPY 100 billion in dividends and JPY 200 billion in share buybacks over three years to FY2020/3. As a result, we aim to achieve revenue of JPY 2,480 billion, operating income of JPY

240 billion, and a ROE of 7.5% in FY2020/3. Moreover, we intend to achieve growth exceeding our medium-term management plan through strategic M&A investments.

The medium-term management plan, “VISION2019”



Process for Identifying Materiality (Priority Issues)

With the following four steps, items which are highly “socially interested/requested” and “significant for the Fujifilm Group” are extracted as “Materiality (Priority Issues)”.

STEP 1 Clarifying the Basic Policies

Reviewing the CSR activities under the medium-term CSR plan “SVP2016” with FY2017/3 as the last year and taking into account of global trend in response to such issues like climate change, we set up a “company-wide initiative to clearly specify a future vision from the long term perspective on contributions to resolving social issues as a global company” as our basic policy.

STEP 2 Extracting Social Issues Based on Business Strategy

Social issues were identified and listed up from various indexes of standards such as ISO26000 and GRI guidelines, and from Paris Agreement and SDGs which should be addressed from a long-term perspective. In discussion with all business divisions, we identified technologies, products, and services that could contribute to resolving social issues.

STEP 3 Evaluation of Materiality

“Materiality” was evaluated by approaching from both sides of “resolving social issues through business” and “reducing the social impact of business activities in society”.

(1) Resolving social issues through business

Fujifilm’s technologies, products and services that show the potential of making a social contribution and the social issues were organized in a matrix diagram. Based on the diagram, the possibility of contributing to solving social issues and the scale of the impact on society were evaluated, and the social issues that must be prioritized were identified.

(2) Reduction of the impact of our business activities

Social issues were extracted and evaluated from two perspectives, a social one and from our company’s, and finally mapped on five levels. Issues that were rated ‘4’ or higher on both sides were organized and defined as 15 priority issues in 6 fields.

STEP 4 Planning and Review

Once priority issues were defined, the relevant business divisions at operating companies that had introduced measures on issues took the initiative in studying the indicators for making progress towards long-term goals. Concerning global environmental issues on a global scale, they set numerical targets for FY2031/3. Priority issues of “SVP2030” were deliberated and decided on by the CSR Committee (present ESG Committee). For achievement of “SVP2030”, we will review the medium-term management plan every three years when we prepare it, and work together to promote activities throughout the company while implementing the PDCA cycle.

Strategies for Value Creation

Implementation Items for Achieving CSR Plan in the Medium-term Management Plan

Under its CSR plan, "Sustainable Value Plan 2030 (SVP2030)," the Fujifilm Group is targeting FY2030 as its long-term goal. Taking a long-term perspective on the roles that need to be fulfilled as a global company, the Plan shows the areas that will be addressed with the aim of solving social issues from two aspects: "solving social issues through our business activities" and "reducing the negative impact of our business activities in society." In extracting the social issues that we should address, we added those that should be addressed from a long-term perspective, such as the Paris Agreement goals and the 169 targets of the Sustainable Development Goals (SDGs), to about 130 social issues taken from a number of indicators listed in, for example, ISO 26000 and the Global Reporting Initiative (GRI) guidelines. We are also holding discussions on the possibilities of contributing to the solving of social issues in each business.

The three-year medium-term management plan "VISION2019" is a concrete specific action plan to realize "SVP2030." We will contribute to solving social issues through business activities by accelerating business growth to achieve the targets set under "VISION2019."

On this page, we feature the issues and goals of the priority issues established under "SVP2030" and the VISION 2019-based activities that we are putting into action through our businesses.

	"Sustainable Value Plan 2030" Priority Issues and Targets	"VISION2019" Items for Implementation in Each Business
Environment 	1. Address climate change. (compared to FY2013) (1) Reduce the Fujifilm Group's CO2 emissions by 30% by FY2030. (2) Contribute to a reduction in the CO2 emissions generated by society by 50 million tons by FY2030.	(2) ● Recording Media Expand sales of magnetic tapes, deploy data archive services overseas. ● Graphic Systems Expand sales of high value-added products, such as process-less plates with high environmental performance. ● Document Enhance value provided by solutions.
	2. Promote recycling of resources. (compared to FY2013) (1) Reduce the amount of water the Fujifilm Group uses for production by 30% by FY2030. (2) Contribute to the treatment of 35 million tons of water per year in society by FY2030. (3) Reduce the amount of waste generated by the Fujifilm Group by 30% by FY2030. (4) Improve the efficiency of the Fujifilm Group's resource use per unit of production by 30% by FY2030.	(2) ● Graphic systems, Inkjet Expand sales of high value-added products, such as process-less printing plates with high environmental performance. ● Industrial Products Expand sales of highly functional products, such as microfilters.
	3. Address energy issues toward a non-carbon society.	—
	4. Ensure product and chemical safety.	● Fine Chemicals Develop of competitive compounds and reagents

	“Sustainable Value Plan 2030” Priority Issues and Targets	“VISION2019” Items for Implementation in Each Business
Health 	1. Fulfill unmet medical needs.	<ul style="list-style-type: none"> ● Pharmaceuticals, Bio CDMO <ul style="list-style-type: none"> • Develop new medicines in areas with high unmet medical needs. • Expand contract manufacturing for biopharmaceuticals. ● Regenerative Medicine <ul style="list-style-type: none"> • Research and develop regenerative medicine products using iPS cells • Broaden of cell culture media business, deploy culture medium business globally • Develop and disseminate cell culture media or other production technologies that support advanced biomedical treatment (gene therapy, etc.)
	2. Improve accessibilities to medical services.	<ul style="list-style-type: none"> ● Medical Systems <ul style="list-style-type: none"> • Propose solutions that accommodate a range of diagnostic devices with medical IT and AI technologies. • Promote medical ICT business that utilizes medical image data. • Provide products and services that match needs of emerging countries.
	3. Contribute to early disease detection.	<ul style="list-style-type: none"> ● Medical Systems Develop early diagnosis systems focusing on IVD field and expand their sales.
	4. Contribute to health promotion and beauty.	<ul style="list-style-type: none"> ● Life Sciences <ul style="list-style-type: none"> • Introduce foods with function claims to targeting markets such as lifestyle-related disease prevention and aging care. • Expand of sales of “ASTALIFT” functional cosmetics series.
	5. Promote management of a healthy workplace.	—
Daily Life  	1. Contribute to creating a safe and secure society.	<ul style="list-style-type: none"> ● Industrial Products Offering of <i>Hibimikke (Crack Finder)</i> social infrastructure image diagnostic service. ● Recording media, Electronic materials, Display materials Develop products and services that contribute to the development of ICT society, such as high-capacity magnetic tapes and semiconductor materials, and expand their sales.
	2. Contribute to enriching humanity and relationships between people.	<ul style="list-style-type: none"> ● Photo Imaging, Electronic Imaging Offer opportunities to enjoy photographs that give forms to memories.
Work Style  	1. Create environments that lead to motivated workplace. (provide solutions and services).	<ul style="list-style-type: none"> ● Document Contribute to work style reforms through “Smart Work Innovation” new value proposition strategy.
	2. Develop and utilize diverse human resources.	—
Supply Chain 	Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.	Strengthen the entire supply chain while cooperating with our suppliers based on the Fujifilm Group Procurement Policy.
Governance	Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.	Work to achieve sustainable growth and improve corporate value through sincere and fair business activities.

A Future Enabled by Next Generation AI Technology

Against the backdrop of progress in digital technology, advances have been made into technologies related to artificial intelligence (AI) and the Internet of Things (IoT), which links all manner of objects through the internet. These technologies have significantly changed the industrial structure, where many companies now provide new products and services that aggressively utilize AI and IoT to make our daily lives more convenient and abundant. In this feature, under the understanding that this paradigm shift is a major opportunity, we describe the Fujifilm Group's AI technology development-related initiatives designed to connect to business growth and to contribute to solve social issues.

Fujifilm's AI Technology

Over the 85 years since our founding, Fujifilm has expanded into a broad spectrum of businesses based on the technologies we have accumulated through our research and development of photographic film, thereby delivering valuable, innovative products and services that match the needs of our customers. Among these products and services, in the field of medical imaging diagnoses and photo imaging, we have worked to enhance and develop

technologies that bring information of greater value from image data.

Our "wisdom" in interpreting these data now serves as the core of Fujifilm's AI technology. By combining this AI technology together with the information, knowledge, experience, and other knowhow we have accumulated through our products, services, and businesses deployed in a wide range of fields, we develop solutions that create new value.

AI Technology-use in the Medical Systems Business

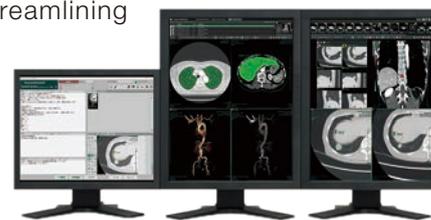
The Essential High-quality Image Data for AI

Fujifilm has expanded its medical systems business with a focus on X-ray films since 1936. In anticipation of the arrival of digitalization, however, we were one of the first companies to conduct research and development into digital technologies, and in 1983 became the first company in the world to launch sales of a digital X-ray diagnostic imaging system. In undertaking the challenge of developing digital X-ray imaging, we uncompromisingly analyzed the radiological interpretation methods that doctors had acquired until that point through experience, including "which areas doctors focus on during diagnosis" and "what constitutes an image that enables easy diagnosis." As a result, we established optimal image processing methods that correspond to specific parts of the body and differences in the recording conditions. This optimization has enabled the stable generation of images that are easy to radiologically interpret and diagnose unaffected by the skill or experience of the radiological technician.

SYNAPSE SAI viewer AI Platform

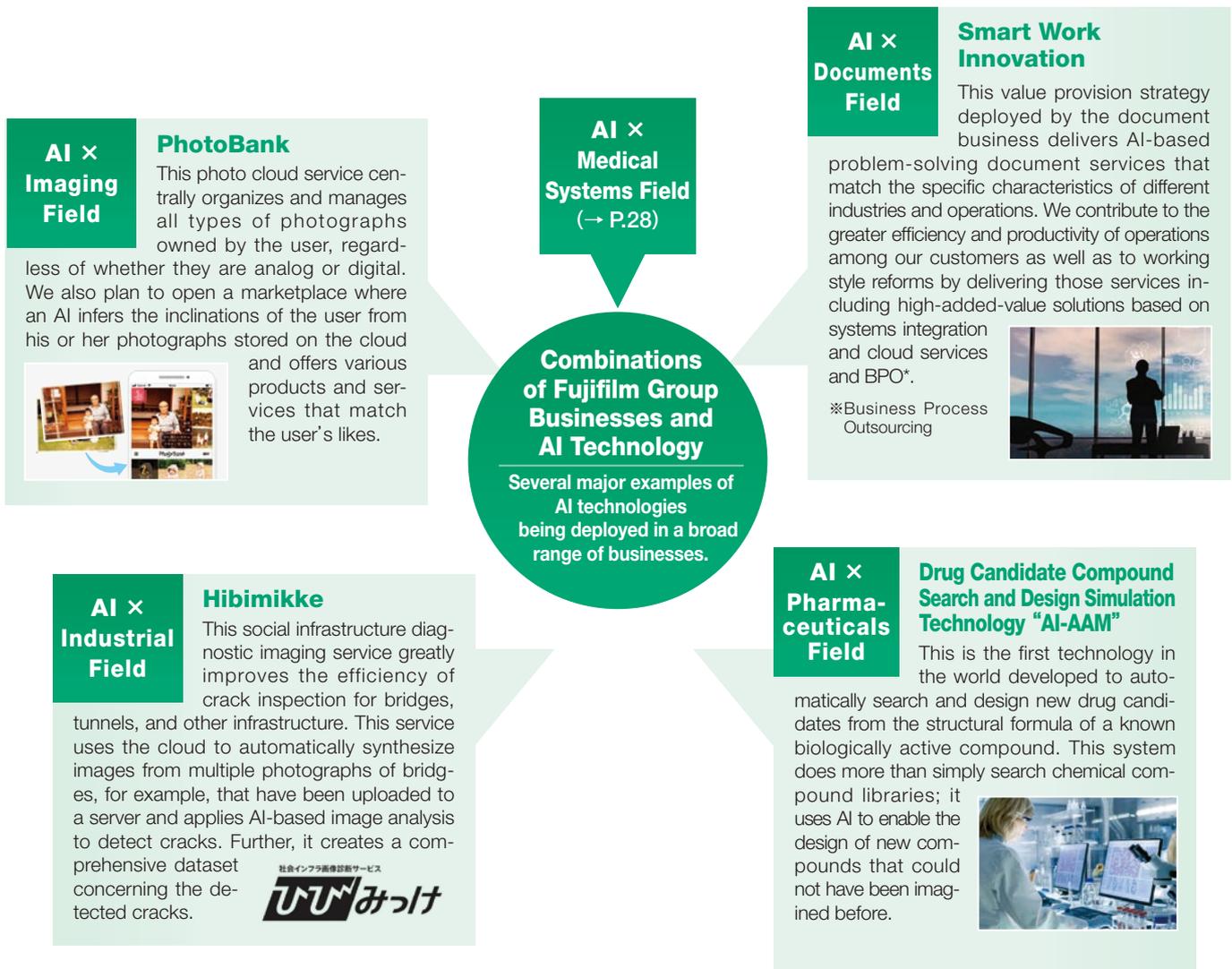
In July 2019, Fujifilm launched sales of the SYNAPSE SAI viewer (hereafter, SAI viewer), an AI platform that supports the image diagnosis workflow. This platform is equipped with three types of applications developed by Fujifilm, including those that identify organs from CT images and those that display temporal changes in bone. Going

forward, we plan to continue delivering new functions, including applications provided by partner companies. Moreover, by combining the knowhow and high-quality data we have accumulated thus to AI technology, we will deploy solutions that support efficient image diagnosis among doctors, including support for medical imaging diagnosis and streamlining medical setting workflows, under the "REILI" AI technology brand.



AI Linked by IoT

SAI viewer is used in connection with a medical-use picture archiving and communication system (PACS), a platform for managing and archiving various types of image data used by hospitals. We propose new solutions by combining products enabled by AI technologies including SAI viewer to Fujifilm's PACS, which maintains the largest share of the global industry, together with our broad product lineup of X-ray imaging diagnostic equipment, endoscopes, and other devices. Moreover, the use of AI and IoT will also help to improve medical access by resolving doctor shortages in emerging countries and by eliminating the medical disparity between urban and rural areas.



Research and Development Framework for Next Generation AI

In 2016, Fujifilm established the Informatics Research Laboratory, which conducts research and development for the purpose of reinforcing and expanding application of information infrastructure technologies that address IoT, AI, and other increasingly sophisticated forms of ICT. That same year we established the ICT Strategy Management Office, which promotes the company-wide shift to ICT. Moreover, in 2018 we opened Brain(s) as an AI technology development base. In addition to enhancing cooperation towards AI use within the Group, we are building a research and development framework that advances joint research with academia and collaboration with other companies as a means of supporting the development of next generation AI.

The Future Aimed for by the Fujifilm Group through AI

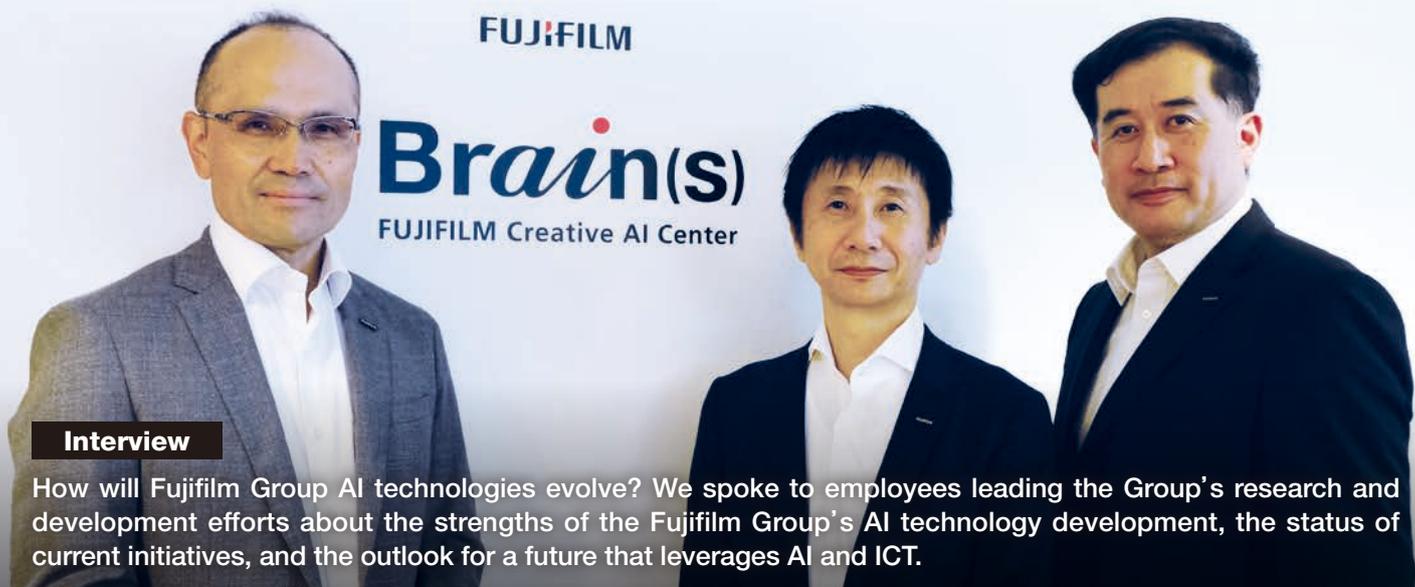
Against a backdrop of progress in the transition to more sophisticated ICT, deriving new value from various types of data by leveraging IoT and AI will connect to corporate competitiveness. As the Fujifilm Group advanced digitalization in the photographic film and diagnostic imaging fields, we accumulated the wisdom to decipher the required information from a limited amount of data. This wisdom serves as the core of the Fujifilm Group's AI technology. Moreover, through our deployment of a broad range of businesses, the Fujifilm Group has built up information and knowledge, including a chemical compound library and production process knowhow for manufacturing high-quality products. By applying AI technologies imbued with this knowhow into our products and services, we deliver innovative products and services with completely new functions and characteristics to society, and strike a balance between efforts to accelerate business growth and solutions to solve social issues.

*Chief Digital Officer

Akira Yoda

FUJIFILM Holdings Corporation
Corporate Vice President and CDO*





Interview

How will Fujifilm Group AI technologies evolve? We spoke to employees leading the Group's research and development efforts about the strengths of the Fujifilm Group's AI technology development, the status of current initiatives, and the outlook for a future that leverages AI and ICT.

Please tell us about the source of the Fujifilm Group's strengths in AI technology development.

Sugimoto In general, there are two types of AI, namely Artificial General Intelligence (AGI), which can think and apply information on its own based on the given information, just as the human brain does, and Narrow AI, which is designed for a specific field and supports and assesses human capability. The latter includes computer-based Japanese chess, self-driving technology, and diagnostic imaging in the medical field. It is this Narrow AI that the Fujifilm Group has spent many years researching in the fields of medical, imaging, and printing.

Yamaguchi Fujifilm was one of the first to foresee the arrival of digitalization and has worked on developing its own digital technologies since the 1970s. In the field of photography, we were the first company in the world to develop a fully digital still camera. In the medical field, we also undertook the challenge of developing a technology to replace X-ray film, our core product at the time, which ultimately led to our success in digitalizing X-ray imaging. The result was the FCR (Fuji Computed Radiography), the first digital X-ray diagnostic imaging system in the world. As we continued our research and development in this area, we took the lead in the field of medical-use picture archiving and communications systems (PACs), which function to store diagnostic imaging information recorded using various medical-use diagnostic imaging equipment at hospitals and improve medical treatment efficiency. Some of the challenges in this field are the limited amount of case history data, precisely reading data recorded under varying conditions, for example physiques and organ sizes differ by individual, compensating for these differences, and converting these

data into a form that supports the judgments of doctors. Through our work in developing the FCR, we perfected our imaging processing knowhow and technology, and established a technology that can correct data in a way that contributes to the judgments of doctors, even if there is variation in the recording conditions. And this experience is now supporting our development of AI technology.

Shimohori In general, effectively training AI using a limited amount of data is said to be very difficult. Until last year, I was primarily involved in software engineering at another company, but I transferred to Fujifilm because I felt the draw of the company with its extremely high level of data asset value, specifically its sophisticated image processing technologies acquired through research and development into photographic film, its stores of data with high market value for medical and other settings, and its ability to develop these into specific products and services from the level of compounds and other materials. After entering the company, I still feel that this awareness was correct.

Sugimoto The source of Fujifilm's image processing technologies is photography. This is because we have worked to perfect the technology to automatically adjust image data recorded under various conditions, such as different brightness and equipment, and to print these data in the exact way that they are seen by the human eye or in a manner that approaches the image that remains in the human mind.

Yamaguchi Because Fujifilm delivers value through photographs, our history has been considering solutions to problems based on an in-depth understanding of the points on which our customers do not compromise, such as which types of information they want us to visualize. This DNA is also helpful in the medical systems business. The aspect that doctors truly want us to support during the development of medical AI technology is finding those lesions that are difficult to distinguish by the human eye. Upon understanding this, we have set the goals that we must target and work to enable medical AI that will truly be helpful in medical settings.

Shimohori The Fujifilm Group is not an IT company, so our mission is not to focus entirely on improving AI technology. As a manufacturer, it is important for us to utilize AI



Hiroshi Yamaguchi

FUJIFILM Corporation
General Manager, Imaging
Technology Center, Research
& Development Management
Headquarters

in our own products and services in order to offer solutions to the challenges faced by our customers and society. The top management regularly communicate company-wide that solving social issues and using AI are important missions, and those of us on the frontlines of development are strongly aware of these missions. Recently, focus has been placed on strengthening personnel in the area of AI, and Fujifilm has also been enhancing its reorganization and recruitment efforts.

Sugimoto The human resources working to develop AI technology include many of the engineers who have been involved in developing software for the photography and printing fields since the 1980s. Until now, Fujifilm also recruited a certain number of employees with mechanical engineering and electrical engineering backgrounds at regular intervals, and their skills, abilities, and knowledge have been passed on to research centers and factories. These human resources have now been joined by those who have been involved in the latest AI technology research, which is serving as a very positive stimulus in development settings.

Shimohori There are also many engineers who are well-versed in ICT and IoT on the factory lines, so the use of digital technology and the usage rate of so-called IoT and analytics has been surprisingly advanced. And I feel that our culture is to work together beyond fields in achieving the target output.

Sugimoto In general, siloed styles where each field is independent for reasons of efficiency seems to be common, but the Fujifilm Group knows from its past experience that everyone coming and working together results in greater output. This is not only true for researchers. Those involved in sales, planning, and developers, among others, interact to communicate on a regular basis, which has led to organic collaboration. I think that this shows how our culture of working together and our stance of attempting to learn about fields that are different from our own is alive and well when creating new businesses by combining different fields together.



Seigo Sugimoto

FUJIFILM Corporation
General Manager, ICT Strategy Management Office, Corporate Planning Headquarters
General Manager, Informatics Research Laboratory, Research & Development Management Headquarters

Please explain what the Fujifilm Group wants to realize through AI technology development.

Sugimoto The Brain(s) next generation AI technology development base that we opened in Tokyo last year plays the role of a network hub for strengthening product and service development. Brain(s) has started to give rise to co-recreation that is generating opportunities to collaborate with more and more new partner companies.

Yamaguchi One of the things that can be accomplished with AI and ICT beyond simply giving communications capabilities to various objects and connecting them to the internet, is linking the stages before and after the processes of our solutions that we currently provide. It can create and deploy new value that has not existed before. These many linked products and services are also another strength of the Fujifilm Group.

Shimohori These types of initiatives serve to expand the scope of both employees and the company. If we fail to shift our focus away from the areas in which we are involved and expand our vision, and fail to link ideas and technologies from outside the company, in other words areas beyond our individual expertise, with our own expertise, experience, and knowledge, collaboration will not find a strong footing.

Masahiro Shimohori

FUJIFILM Corporation
Senior Technical Scientist
ICT Strategy Management Office,
Corporate Planning Headquarters
Business Development &
Creation Division, Corporate Planning Headquarters



Sugimoto Exactly true. As the number of new contact points with customers increases and the more collaboration progresses, we will necessarily encounter scenarios where existing ways of working are no longer acceptable. In the future, in addition to each employee expanding the scope of their expertise, as a company we will investigate human resources development and organizational frameworks that address these situations.

Yamaguchi In respect to expanding scope, the healthcare field involves a long process that includes prevention, diagnosis, treatment, and aftercare. By applying AI and ICT to this entire process, we can dramatically expand the scope of optimization. We hope to deploy solutions that only Fujifilm can offer with its business platforms in a wide range of fields that go beyond medical systems to encompass pharmaceuticals, bio CDMO, and regenerative medicine.

Shimohori The use of AI and ICT is driving progress in applications for and optimization of AI through data collaborations in all aspects of the value chain. Against a backdrop of dynamic changes going forward, the Fujifilm Group must not only participate in this field, it must also maintain its presence as a truly important partner that is worthy of recognition and expectation from the market.

Sugimoto For this reason, we also intend to drive a digital revolution among operations within the company, in other words, increase efficiency of operational workflows and optimize the overall supply chain within the company by using AI and IoT, and establish a system that cooperates in real time, and thereby complete the digital transformation of the Fujifilm Group. By combining our products with AI and ICT, we can deliver products and services that connect to the true value demanded by our customers, as well as to solutions for the problems faced by society.



Imaging Solutions

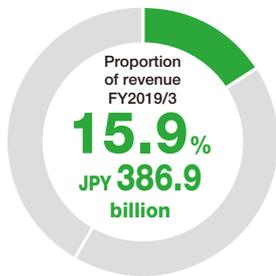


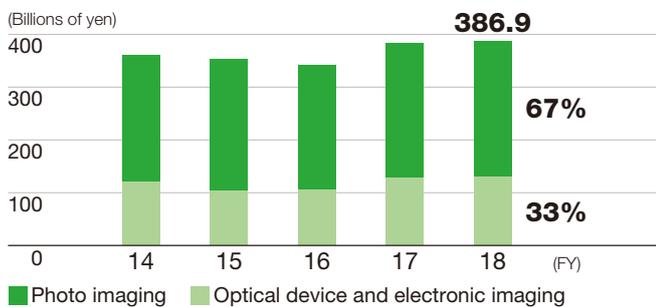
Photo Imaging

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

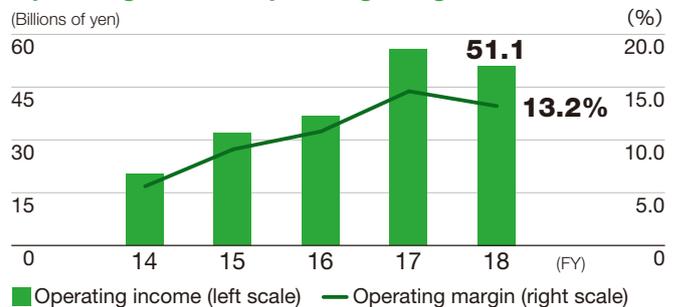
Optical Device and Electronic Imaging

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

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
- ▶ Single lens reflex camera and smart phone users switching over to or purchasing mirrorless digital cameras due to enhanced performance
- ▶ 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 mirrorless digital 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

Competitive advantages

Photo imaging

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

Optical device and electronic imaging

- ▶ Unique lineup of products equipped with two types of sensors (APS-C size and large format) that are small, lightweight, and achieve superior color reproducibility owing to in-house developed key devices and unique imaging design technology
- ▶ Advanced optical technologies and high-precision processing and assembly technologies

◆ Review of FY2019/3 ◆

Consolidated revenue totaled JPY 386.9 billion (+1.0% YoY) thanks to solid sales in all businesses. Operating profit came to JPY 51.1 billion (-8.4% YoY), mainly reflecting advertising and promotion costs and R&D investments. Revenue in the photo imaging business was boosted mainly by sales of instant photo systems that enable users to enjoy on-the-spot printing of photos, such as *instax* series and *instax films*. As for instant photo system, revenue increased globally, mainly in Europe and the U.S. owing to

the success of our global sales promotion. In the electronic imaging field of the optical device and electronic imaging business, despite the shrinking digital camera market, mirrorless digital camera sales increased in comparison to the previous year mainly thanks to brisk sales of *FUJIFILM X-T3*. Interchangeable lenses sales also increased due to favorable sales of mirrorless digital cameras. In the field of optical devices, sales remained solid mainly for various industrial use lenses including vehicle-mounted lenses.

Photo Imaging

Revenue JPY **257.5** 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 SQ20

Key points in FY2019/3 results and major initiatives

- Sales of instant photo system, *instax* series and *instax films* were strong.
- Cumulative *instax* unit sales were 10.02 million in FY2019/3.
- In the added-value printing business, sales were favorable for *Wall Decor*, which lets customers decorate their walls with stylish photos.
- The cloud-based photo service, *FUJIFILM PhotoBank*, was announced in February 2019, launched in FY2020/3.

Optical Device and Electronic Imaging

Revenue JPY **129.4** billion

Principal Products and Services

- *X Series* digital cameras
- *GFX Series* mirrorless digital camera with a large-format sensor
- Interchangeable lenses for digital cameras
- TV lenses, cinema lenses
- Security camera and security camera lenses
- Projector and projector lenses
- Vehicle-mounted lenses



FUJIFILM X-T3



FUJIFILM GFX 50R



FUJINON Premista28-100mmT2.9

Key points in FY2019/3 results and major initiatives

Electronic imaging

- Sales were favorable for *FUJIFILM X-T3*, which is equipped with high-speed, high-precision auto focus and advanced movie recording, and *FUJIFILM X-T30*, a compact, lightweight, and high-performance camera.
- Sales were favorable for *FUJIFILM GFX 50R*, our mirrorless digital camera with a large format sensor, thanks to acclaim for its ultra-high image quality based on Fujifilm's unique color reproduction technology, as well as the incorporation of range finder style.

Optical devices

- We announced *FUJIFILM PROJECTOR Z5000*, which incorporates the optical technology of our *FUJINON* lens in February 2019 and newly entered the projector market with its launch in FY2020/3.

TOPICS

Meeting customer demand and constantly evolving—*instax*

The *instax* series of instant photo system have been well-loved by customers world-wide for more than 20 years since it was first launched in Japan in 1998. The product is currently sold in more than 100 countries and enjoyed great popularity mainly among the digital native generation in their teens or 20s. More than 10 million units were sold in FY2019/3, while around 45 million have been sold in total since it first went on sale.

In responding to user needs, Fujifilm has left the product's core feature intact—the ability to print photos immediately—but we have continued to develop and bring various new products to market every year, thereby generating fresh value unique to the *instax* series. For the *instax mini LiPlay* that went on sale in June 2019, we added a new sound function

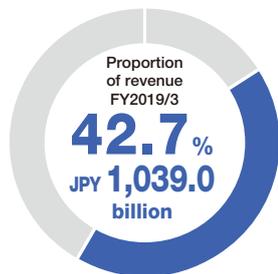
so users can record voices together with photos. One could probably say this edition of the *instax* is the “ultimate” version, given that it has features users wanted in an in-depth global survey, such as being compact, lightweight, and having function to print images in their smartphone on *instax* films. By expanding the horizons of the *instax* series and suggesting new ways for people to enjoy various situations, we are generating stable earnings along with adding richness to people's lives with photos by delivering the fundamental photographic values of “shooting, preserving, and sharing” photos.



instax mini LiPlay



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

Graphic Systems & inkjets

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

Highly Functional Materials

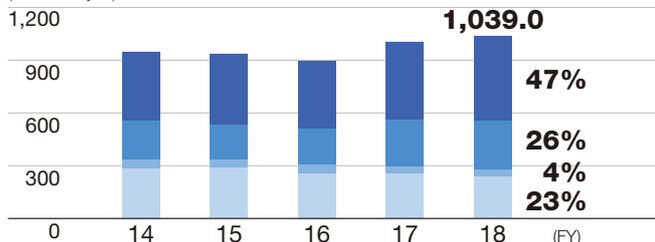
Develops the industrial product business which includes display materials, non-destructive testing equipment, and various types of highly functional films; the electronic materials business which includes semiconductor processing materials; and the fine chemicals business which provides highly functional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

Recording Media

Provides products including computer tape and data archive services

Revenue

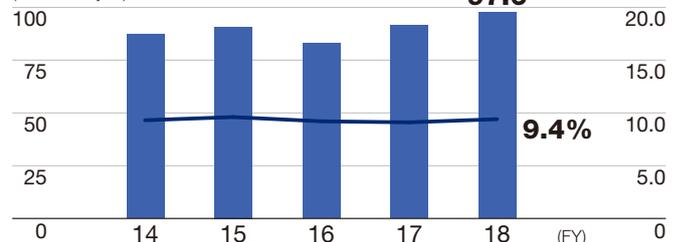
(Billions of yen)



■ Healthcare ■ Highly functional materials ■ Recording media ■ Graphic Systems & Inkjets

Operating income/Operating margin

(Billions of yen)



■ Operating income (left scale) — Operating margin (right scale)

Business opportunities

Healthcare

- ▶ 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 biopharmaceuticals, which is expected to deliver high efficacy with few side effects
- ▶ Enhanced industrialization of regenerative medicine
- ▶ Rising awareness of healthy life expectancy and lifestyle-related ailments

Highly Functional Materials, Recording Media, Graphic Systems & Inkjets

- ▶ Stronger demand for display-related materials from growth in the OLED and touch panel market
- ▶ Expansion in the semiconductor market from spread of 5G and automated driving
- ▶ 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

Healthcare

- ▶ Fiercer competition from the rise of new entrants
- ▶ Strengthened laws and regulations 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 & Inkjets

- ▶ Tougher competition from alternative materials for TAC film
- ▶ More competitive environment in the semiconductor materials market
- ▶ Weaker-than-expected demand in the graphic arts film and printing plates
- ▶ Higher raw materials prices

Competitive advantages

Healthcare

- ▶ Image processing technologies for providing images suitable for diagnosis
- ▶ Advanced chemical compounds, design capabilities, and nanotechnologies 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 manufacturing of biopharmaceuticals
- ▶ The three components essential for regenerative medicine—cells, culture media, and scaffolds—held within the Group

Highly functional materials

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

◆ Review of FY2019/3 ◆

Consolidated revenue amounted to JPY 1,039.0 billion (+3.6% from the previous fiscal year) due to strong sales in the medical systems, bio CDMO, regenerative medicine, electronic materials, and others. Operating income amounted to JPY 97.6 billion (+6.8% from the previous fiscal year), mainly due to an improvement of profitability.

In the medical systems business, revenue increased due to strong sales in all business fields such as X-ray imaging diagnostic, medical IT, endoscopes, ultrasound diagnostic and In-vitro Diagnostics fields (IVD). In the pharmaceutical business, revenue decreased mainly due to an influence of generic-drugs in the small-molecular drugs. In the bio CDMO business, the sales in the contract process development and manufacturing business for biopharmaceuticals progressed steadily. In the regenerative medicine business, revenue increased due to favorable sales of cell culture media for biopharmaceuticals by Irvine Scientific Sales Company, Inc. (currently FUJIFILM Irvine Scientific), a leading company in cell culture media that the Group made a consolidated subsidiary in June 2018. In the life sciences business in March 2019, we launched sales of *ASTALIFT D-UV CLEAR White Solution*, the product with the highest UV protection in *ASTALIFT* series, as well as the much-improved and renewed skin-whitening *ASTALIFT*

WHITE Essence Infiltr.

Revenue rose in the display materials business owing to solid sales of not only TAC products, but also products in the areas of OLED and touch panels. Sales were also strong in the industrial equipment business, particularly for our touch panel sensor film *EXCLEAR* and our films for measuring pressure *PRESCALE*. Higher revenue in the electronic materials business was underpinned by sustained strong sales of mainly peripheral materials for cutting-edge photolithography, CMP slurry, color photoresists for image sensors, and polyimide for advanced packaging. Revenue remained steady in the fine chemicals business, supported by sales of reagents for research institutes in the life sciences field and healthy orders for contracted services mainly in testing and analysis.

In the recording media business, revenue decreased due to the inventory adjustment of magnetic tape for high volume data storage and other factors. Revenue also decreased in the graphic systems business owing chiefly to the impact of overall weaker demand for graphic arts film and printing plates. In the inkjet business, revenue decreased due to such factors as the impact of inventory adjustments of industrial inkjet printheads by customers.

Healthcare

Revenue JPY **484.3** 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*



Key points in FY2019/3 results and major initiatives

- Revenue increased due to strong sales in all business fields.
- In the X-ray imaging diagnostics field, the sales of *CALNEO Xair*, a portable X-ray imaging device with a light and small body that supports simple X-ray examinations in limited space, started from October 2018 in Japan. The sales of DR equipment including this new product showed favorable growth and increased revenue.
- In the medical IT field, sales of systems, particularly *SYNAPSE*, the Picture Archiving Communication Systems (PACS), were strong especially in Japan and the U.S.
- In the endoscopes field, strong sales were seen for such products as the *7000* systems capable of special-light illumination.
- In the ultrasound diagnostics field, sales were strong for products such as the full-flat *SonoSite SII* and the portable *SonoSite EdgeII*, in major markets such as the U.S., Europe, Japan and China.
- In the IVD field, the sales of the *DRI-CHEM* series, a densitometry analysis system, were strong mainly in overseas market.

Pharmaceuticals, Bio CDMO

Principal Products and Services

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



Culturing tank for biopharmaceutical manufacturing

Key points in FY2019/3 results and major initiatives

<Pharmaceuticals>

- In the pharmaceutical business, revenue decreased mainly due to an influence of generic drugs in the small-molecular drugs.
- In March 2019, clinical trials were started with National Cancer Center Japan for new immunotherapy of cancer utilizing its liposome, a drug delivery system technology.

<Bio CDMO>

- In the bio CDMO business, contract orders for process development and manufacturing of biopharmaceuticals remained brisk.
- In March 2019 we announced the acquisition of Biogen (Denmark) Manufacturing ApS, a manufacturing subsidiary of major US biopharmaceuticals corporation Biogen Inc.

Regenerative Medicine

Principal Products and Services

- iPSC-derived cells for drug discovery support
- Recombinant peptide
- Autologous cultured epidermis/cartilage
- Media cell culture



Autologous cultured epidermis JACE®

Key points in FY2019/3 results and major initiatives

- In the regenerative medicine business, revenue increased due to favorable sales of cell culture media for biopharmaceuticals by Irvine Scientific Sales Company, Inc. (currently FUJIFILM Irvine Scientific), a leading company in cell culture media.
- FUJIFILM Cellular Dynamics, a subsidiary in the U.S., launched *iCell® Microglia* from January 2019, an iPSC-derived cell type that enables an evaluation of new medicines for degenerative neurological diseases such as Alzheimer's disease in a similar environment to the human body.

Life Sciences

Principal Products and Services

- Functional cosmetics
- Nutritional supplement products
- Hair care products



ASTALIFT D-UV CLEAR White Solution ASTALIFT WHITE Essence Infil

Key points in FY2019/3 results and major initiatives

- In March 2019 we launched sales of *ASTALIFT D-UV CLEAR White Solution*, the product with the highest UV protection in *ASTALIFT* series, as well as *ASTALIFT WHITE Essence Infil* with enhanced beauty effect.
- Revenue from supplements increased thanks to robust sales mainly in our *MetabARRIER* series.

Highly Functional Materials Revenue

Revenue JPY **278.0** 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

Key points in FY2019/3 results and major initiatives

- Revenue increased on solid sales of not only TAC products, but also products in the areas of OLED displays and touch panels.

Industrial Products, Electronic Materials, Fine Chemicals

Principal Products and Services

<Industrial Products>

- Non-destructive testing equipment and materials
- Sensor film for touch panel

<Electronic Materials>

- Semiconductor processing materials

<Fine Chemicals>

- Highly functional chemicals
- Laboratory chemicals

Key points in FY2019/3 results and major initiatives

<Industrial Products>

- Sales were robust particularly for our touch panel sensor film *EXCLEAR*, along with solid sales of pressure measurement film *PRESCALE*.

<Electronic Materials>

- Revenue increased, reflecting strong sales of such products as advanced peripheral materials related to photolithography, CMP slurries, color resist for image sensor, polyimide for advanced package and others.

<Fine Chemicals>

- Revenue remained steady supported by the solid sales of laboratory chemicals for research institutes and contract services for inspections and analysis in the life science field.

Recording Media

Revenue JPY **38.8** billion

Principal Products and Services

- Magnetic recording tape for computers
- Data archive service

LTO Ultrium 8 data cartridge computer tape with BaFe magnetic particles



Key points in FY2019/3 results and major initiatives

- Revenue decreased due to the inventory adjustment of magnetic tape for high volume data storage and other factors.
- Fujifilm certainly meets customer's need in this big data era by expanding the sales of magnetic tape for data storage, which uses barium ferrite (BaFe) particles and also providing a data archive service etc.

Graphic Systems & Inkjets

Revenue JPY **236.7** billion

Principal Products and Services

- Printing materials, CTP plates
- Inkjet digital presses
- Ink for inkjet printers
- Industrial inkjet printheads



Jet Press 750S

Key points in FY2019/3 results and major initiatives

- Revenue decreased owing chiefly to the impact of overall weaker demand for graphic arts film and printing plates.
- In March 2019 we started selling *Jet Press 750S*, the latest model in our *Jet Press* series of inkjet digital presses for commercial printing. We will achieve further growth in this business by developing and selling innovative products for the increasingly digitalized commercial printing market.
- Revenue decreased due to such factors as the impact of inventory adjustments of industrial inkjet printheads by customers.
- In addition to commercial printing and sign display fields, we are developing unique products and expanding our business into new fields such as textiles and packaging.

TOPICS

Accelerating expansion of bio CDMO business

We are currently expanding our operations in the potentially high-growth bio CDMO business by actively making investments to augment our capabilities. In August 2019 we acquired and consolidated a manufacturing subsidiary of US-based biopharmaceutical giant Biogen Inc. Accordingly, the Group now can swiftly respond to the broad ranging needs of customers, from small production volumes to much larger, having access to large-scale production facilities on top of existing facilities such as maneuverable 2,000-liter single-use tanks suitable for the production of different types of biopharmaceuticals, and the latest mobile clean rooms equipped with sophisticated virus containment capabilities. Moreover, by leveraging our advanced production and quality control technologies honed in the photographic film business, along with the biotechnologies of our Group companies, we seek to

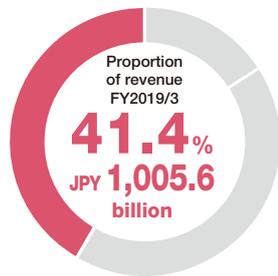
develop technologies for further enhancing productivity. We also set our sights on making a full-fledged entry into the drug formulation business in which we hope to provide one-stop contract development and manufacturing, from active pharmaceutical ingredients through to pharmaceutical preparation. We will continue to expand this business by taking on orders for contract development and manufacture of various types of biopharmaceuticals, including those expected to grow in demand like antibodies, hormone products, vaccines and gene therapy drugs. We are targeting revenue of JPY 100 billion in this business in FY2022/3.



Bio CDMO business
Base in Denmark (inside the factory)



Document Solutions



Office Products & Printers

Provides digital multifunction devices and printers for offices and consumables, along with document solutions using cloud and mobile technologies.

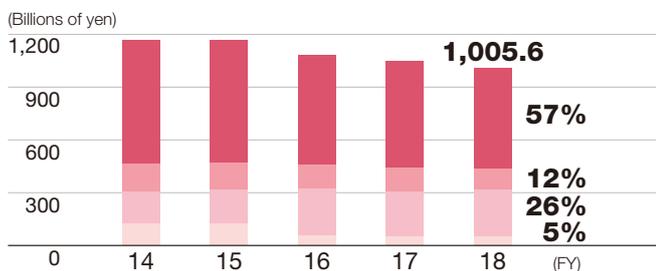
Production Services

Provides high-speed, high-image-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

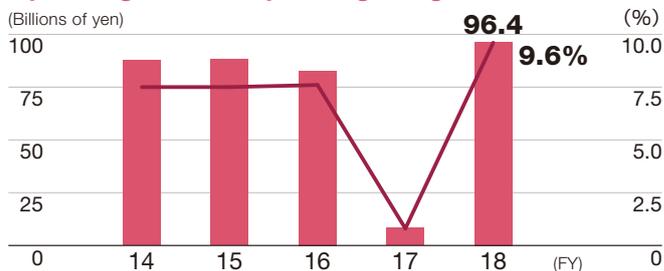
Supports the resolution of management issues through services that improve corporate document and operational processing, such as solution services and managed print services (MPS) using AI and IoT.

Revenue



■ Office products & printers ■ Production services
 ■ Solutions & services ■ Others

Operating income/Operating margin



■ Operating income (left scale) — Operating margin (right scale)

* Operating income for FY2018/3 came to JPY 78.4 billion, excluding one-time expenses related to structural reforms.

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 such as textiles and packaging, and growth in inkjet digital printing in these markets

Risks

- ▶ Decline in the number of pages printed as the digitalization of corporate business processes replaces printing systems
- ▶ Decline in profitability due to tougher competition in office equipment markets in advanced countries

Competitive advantages

- ▶ Excellent customer base leveraging a robust direct sales structure in Japan and the Asia-Oceania region
- ▶ Robust sales capabilities that can help solve the increasingly complex and diverse management issues of customers, as well as a lineup of cloud-based products and supporting document technology for delivering total solutions

◆ Review of FY2019/3 ◆

Consolidated revenue totaled JPY 1,005.6 billion (-4.0% YoY) due to such factors as a reduction in low-profitability parts of the low-end office printer business. Operating income rose sharply to JPY 96.4 billion (11.5 times YoY), mainly reflecting profitability improvements and a positive impact from structural reforms and so on. In the office products field of the office products and printers business, overall sales volume decreased from the previous fiscal year, although the sales were solid for the *ApeosPort-VII C* / *DocuCentre-VII C* series consisting of color multifunction

devices with enhanced security functions added in December 2018. In the production services business, though the overall number of sales unit fell from the same period of the previous fiscal year, strong sales remained for an on-demand production color printer called the *Iridesse™ Production Press* especially in Europe and the U.S.. In solutions & services business, overall revenue increased due to new contracts for BPO (Business Process Outsourcing) and solid sales of business-specific solutions.

Office Products & Printers

Revenue JPY **569.1** billion

Principal Products and Services

- Color/monochrome digital multifunction devices
- Color/monochrome printers

Office-use full-color digital multifunction device *ApeosPort-VII C5573*



Key points in FY2019/3 results and major initiatives

- In the office product field, Overall sales volume declined year on year.
- Sales were solid for the *ApeosPort-VII C / DocuCentre-VII C* series consisting of color multifunction devices with enhanced security functions added in December 2018.
- In the office printer field, low-profitability parts of low-end printers business were reduced.

Production Services

Revenue JPY **123.3** 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

Key points in FY2019/3 results and major initiatives

- Overall sales volume declined year on year.
- Strong sales remained for an on-demand production color printer called the *Iridesse™ Production Press* especially in Europe and the U.S.
- In January 2019, Fuji Xerox announced the launch of the *11000 Inkjet Press*, a high-speed roll color inkjet printer for commercial printing with image quality comparable to that of offset printing. Its sales started from February 2019 in Japan.
- We aim to realize further growth in this business by expanding the digitalization of the commercial printing.

Solutions & Services

Revenue JPY **261.2** billion

Principal Products and Services

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

Key points in FY2019/3 results and major initiatives

- Revenue increased due to new contracts for BPO (Business Process Outsourcing) and solid sales of business-specific solutions.
- In February 2019, Fuji Xerox began offering a cloud-based accounts payable management system under partnership with Esker. The system significantly reduces cumbersome operations of processing bills by utilizing AI (artificial intelligence).
- We aim further growth in the service field by continuously providing services that support customers in diversification of work styles under the new value creation strategy called *Smart Work Innovation*.

TOPICS

Harnessing AI technology to solve management issues of customers and social issues

Fuji Xerox Co., Ltd. continues to expand the solutions & services business. Up until now, we have provided services using AI and solutions that enhanced connectivity multi-function devices and the cloud.

In February 2019, we began offering a cloud-based accounts payable management system under partnership with Esker (France), a leading firm in accounts payable management services. In addition to improving the efficiency of invoice processing, the implementation of this system will shorten the lead time required between application and approval, visualize unpaid amounts and invoices to be processed, and support to strengthen governance.

We will continue to develop collaboration with various partners like Esker and maintain our long-established and robust

customer base, the knowledge and experience we have amassed in working with our customers to improve their office work and our proprietary AI technology in which we have carried out R&D since 1980s. By drawing on these strengths, we expand solutions that support the improving of work efficiency and the creation of new value for customers.



Promoting Sustainable Procurement through Group Synergies

In recent years, interest in the SDGs and ESG investment have been growing by the day. There has been a remarkable trend of investors demanding that companies in which they invest should formulate and carry out risk management and growth strategies with an eye toward issues that confront society. Amidst this situation, the value of ESG investments is undergoing skyrocketing growth, with the amount of fiscal 2019/3 up 34% in the two years since 2016, to \$30.683 trillion (approximately JPY 3,418 trillion). Companies are pursuing a broad range of management categories with ESG investing, covering the Environment, Society, such as with human rights, labor, and other issues, and Corporate Governance. Included in these are the “CSR procurement activities” that have now become a much-discussed topic of conversation. These are activities that strengthen the level of management throughout the entire supply chain, calling for CSR-related management even on suppliers without capital relationship. In this feature, we introduce the CSR procurement activities that are accelerating initiatives to leverage synergies within the Fujifilm Group.

Why has CSR procurement come to be in such demand?

The 1990s, a decade notable for economic globalization, saw many multinational corporations aggressively expand into China, South East Asia and other emerging and developing countries. At the time, factories in these areas were the scene of environmental pollution, forced and child labor, among other human rights abuses, as well as explosions and fires. These were representative of a multitude of troubles that existed due to a poor level of management, causing problems such as line stops and defects.

In addition, NGOs, governments and citizen’s organizations that monitor such problems came to make demands on the corporations that placed orders to these factories to better manage and make improvements of such troubles within their supply chain. Those companies that neglected to take action became the subject of large-scale boycott campaigns and other initiatives that had a massive impact on their corporate brands.

As a result, many corporations began to demand that their suppliers strengthen their CSR management, including with regard to the environment, labor, and corporate ethics, so as to build a more stable supply chain. That said, improving the level of management at factories required a great deal of man-hours, cost and knowhow. As such, suppliers, with their limited human and financial resources, were constrained in their ability to respond just by themselves. The companies placing orders were asked to not only demand suppliers to make improvements, but facilitate such improvements. Therefore, the Fujifilm Group was a step ahead of the industry when it commenced development of CSR procurement activities that aimed to build a win-win relationship with suppliers.

The document business as the impetus of CSR procurement activities

Dealing with rising CSR procurement needs

CSR procurement initiatives at the Fujifilm Group originated with the document business. Taking the lead with this business is Fuji Xerox Co., Ltd. (FX), and it was in the 2000s that this company’s major customers, primarily industry-leading companies from the U.S. and Europe, began asking about whether or not FX’s suppliers practiced CSR management, the methods used, results achieved and other details as part of tender specifications. At the same time, issues were emerging in China, a main base of production, including those regarding inconsistent quality of delivered components and delays in delivery due to strikes at supplier companies.

The Group came to understand that in the background there were numerous factors attributed to a dramatic transformation of society, including local governments taking a more stringent regulatory approach to the environment, labor safety and compliance, as well as soaring wages and high employment turnover rates driven by a shrinking labor force.

In the aim of solving these problems, in 2005 the CSR Division at FX launched study sessions with the management from its primary suppliers. It was through these study sessions that we deepened an awareness of the necessity of CSR procurement activities, and conducted thorough discussions about the measures that would lead to solutions of issues in the front operations. This marked the full-scale rollout of initiatives to build a framework of CSR procurement that could contribute to a more robust level of management at suppliers, enhance productivity, and mitigate risks, including with environmental pollution, accidents, and shut-downs.

Main production site
Fuji Xerox Shenzhen



Creating a structure with the aim of coexistence and co-prosperity

In September 2007, the CSR Division at FX took up the following three points to put in place a framework for CSR procurement, and commenced CSR procurement activities simultaneously in Japan, China and Korea.

Point 1 Adoption of CSR procurement management criteria that meet global standards

To enable suppliers to more easily conform to the CSR procurement requirements of companies other than FX, the RBA Code of Conduct*, the global CSR procurement standard for the electronics industry, was adopted as their management criteria.

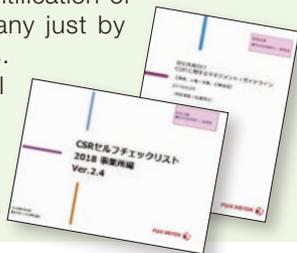
Point 2 Offer the knowhow held by Fuji Xerox and Fuji Xerox Shenzhen

FX provided to suppliers the range of expertise, including the "employee support program" of Fuji Xerox Shenzhen (FXSZ), its main production site. The program succeeded to boost employee retention rates, raise quality and productivity, and minimize hiring and educational costs, among other benefits. The company also offered its knowhow related to preventing environmental pollution and accidents, proactively supporting suppliers in enhancing level of management and reducing costs.

Point 3 Produce and provide management tools

FX developed management tools including the CSR Management Guidelines that summarized the standards with which suppliers must comply and to what extent they must comply, and the CSR Self-Checklist that was designed for simple identification of issues pertinent to a company just by responding to its questions.

These tools enabled even local staff at suppliers who may not be accustomed to audits to appropriately discover and make improvements to issues.



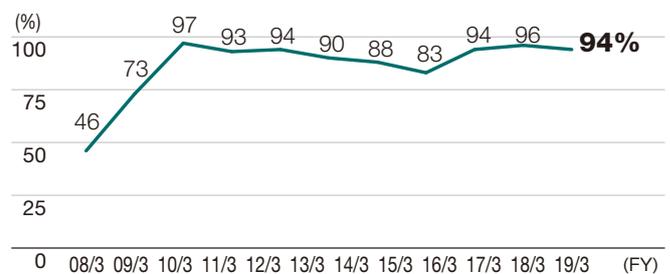
FX distributes these Management Guidelines and Self-Checklists to suppliers at a policy briefing held at the start of each fiscal year. The suppliers confirm the status of their companies, formulate plans to make improvements and submit these to FX. FX then performs an audit of those suppliers requiring a field evaluation, facilitating improvements on site as well as conducting follow-up confirmation. This process is repeated every year as part of a framework that was put in place to steadily move forward on improvements.

*Responsible Business Alliance: Stipulates the standards within the electronics industry supply chain for ensuring safe working environments, treating workers with respect and dignity, taking responsibility for the environment, and ethically conducting business. Formerly EICC (Electronics Industry Code of Conduct).

CSR procurement activities come to fruition

FX's CSR procurement activities gradually began to bear fruit as the spirit they represent became interwoven throughout the fabric of supplier companies. With regard to the most important categories of the CSR Self-Checklist, FX is seeking to have an over 90% rate of compliance at all of its suppliers. In 2007 when these activities began, 46%, or less than half of companies met these conditions, but this improved significantly over three years, and now the rate is holding steady at roughly 90% (see the following figure). In this way, activities that utilize the CSR Self-Checklist brought about major results at FX's production sites including FXSZ, and delays in delivery due to strikes, inconsistent quality and other causes at suppliers have decreased sharply.

90% achievement rate for the most important categories in CSR Self-Checklist



Promoting compliance based on FX's CSR procurement activities at their suppliers as well, is raising the level of management with regard to environmental, safety and other concerns at factories, and mitigating risks. Moreover, those suppliers that have proactively endeavored at CSR procurement have increased their rates of employee retention and cut costs associated with hiring, education and management. This has also benefitted their management through the growth of businesses with global companies.

These CSR procurement activities that have the aim of creating win-win relationships are steadily taking root at production sites, and are tied to firm support for procurement and production, which are at the foundation of the manufacturing industry.



CSR procurement activities briefing for suppliers

Rollout across the Fujifilm Group

Utilizing the FX CSR procurement scheme at Fujifilm’s production subsidiaries

Demands for CSR procurement activities are recently growing across a range of industries, and Fujifilm (FF) is also responding to audit requests targeting its suppliers, as well as taking action as a group to strengthen CSR procurement in order to head off trouble at suppliers before it occurs.

In November 2018, FUJIFILM Holdings Corporation (FH) integrated the CSR-related organizations at FF and FX. This also marked the start of efforts to rollout FX’s CSR procurement scheme to FF’s production subsidiaries.

For the first round of this rollout, FF selected FUJIFILM Imaging Systems (Suzhou) Co., Ltd. (FC) in Suzhou, China, which manufactures digital cameras, instant photo systems and medical equipment, all products that customers have in recent years made an increasing number of queries to confirm the CSR management of suppliers. Having obtained the cooperation of FXSZ, which possesses the expertise in audits and supporting improvements in China, FC began to practice CSR procurement.

Performing a trial audit

In January 2019, the members who established CSR procurement activities at FXSZ were dispatched to Suzhou in order to confirm the current status of CSR management at FC’s suppliers and whether FX’s approach to CSR procurement built up in the office equipment field could be applied to these suppliers. The staff members visited FC’s suppliers and audited management status based on the CSR Checklist, and also confirmed CSR management conditions by conducting interviews with employees. The two-day audit identified a number of issues at the suppliers and confirmed that Fuji Xerox’s approach could indeed be applied to FC. Subsequently, FC formed a four-member promotion team and initiated activities aimed at deploying CSR procurement promptly.



Tatsuo Maeda
FC Vice President
Management supervisor for production in the medical systems business at FC

Regulatory enforcement in China based on environmental and safety-related laws is increasing in severity every year, and depending on how our suppliers respond to that, there is a possibility of being caught up in a shut-down. This audit visit to suppliers revealed underlying issues that hold the potential for risks, and we have directed our suppliers to remedy these problems as soon as possible. Moreover, the Group company FXSZ and we were able to frankly share issues that are unique to China and ways to deal with them, and to effectively move forward on confirming them.

Working to enable CSR procurement at FC

With the intent of accelerating CSR procurement activities at FC, in May 2019 representatives from FC were dispatched to FXSZ’s CSR Division. Along with being trained on CSR procurement systems and the auditing method known as the “diagnostic visit,” the representatives accompanied an audit to FXSZ’s supplier to acquire their expertise. While cooperating with FXSZ, the representatives also deployed CSR procurement at FC.



Yin Jin hua
FC Head of CSR office
Supervisor for promoting CSR procurement at FC

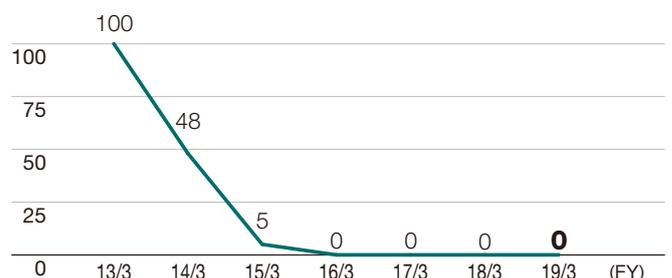
Through training at FXSZ and accompanying audits to suppliers, FC CSR procurement management team members have learned many things. In particular, we recognized that FXSZ CSR procurement covers various laws and regulations in China, and that during audits FXSZ does more than just point out problems, it also provides support by offering advice for improvement. This approach is also effective for building a win-win relationship with suppliers. Moreover, we also learned that it is important to sufficiently communicate with suppliers on a routine basis, and build relationships of trust. Working with the procurement division we seek to pursue the creation of an even stronger supply chain by getting CSR procurement on track.

For deployment throughout China

In June 2019, the Fujifilm Group’s China Environmental Meeting was held in Suzhou and attended by environmental and CSR staff from all FF and FX sites inside China. The event broke down all barriers between product lines including document, imaging and medical for the first time, thereby sharing the results and various concerns on environmental, labor safety and CSR procurement-related activities, and allowing for discussion with regard to finding solutions to such problems.

FXSZ shared the results of their CSR procurement deployment as the latest case along with the fact that no production line stops attributable to CSR risks occurred at their suppliers for four consecutive years since 2015 (see the following figure).

Line stoppage time at Fuji Xerox Shenzhen attributable to trading partners’ CSR risk factors



*Fiscal 2013/3 set at 100.

FXSZ also explained that many of the factories operated by their suppliers who have actively implemented CSR procurement in response to FXSZ's CSR procurement activities have raised their level of environmental, labor, and safety management, improved quality and productivity, prevented environmental pollution and accidents, and mitigated the risk of delays in component delivery due to shut-down orders issued by the government. In this way, the meeting served as an opportunity for the participants to once again share the necessity and importance of CSR procurement.



The Fujifilm Group's China Environmental Meeting in June, 2019



Liu Mei hua
FXSZ Department manager
CSR Department

Participated in launching CSR procurement activities at FXSZ and has led these activities for more than 10 years.

In order to effectively deploy CSR procurement, it is essential that suppliers themselves take initiatives. Although we faced various difficulties, I am incredibly proud that FXSZ's CSR procurement activities designed to benefit our suppliers have also contributed to the promotion of CSR throughout the Group. Many of the suppliers who have actively undertaken these activities have improved employee retention rates, reduced hiring and education costs, and increased the number of highly skilled and cross-skilled workers. As a result, this has led to productivity improvements, which are also contributing to the stability of production at FXSZ. Going forward, I will continue to promote effective activities further.

Group-wide Deployment

In August 2017, FH formulated the Sustainable Value Plan 2030 with a target fiscal year of 2031/3, in which one of the priority issues is strengthening the management of supply chains. The Fujifilm Group operates 15 businesses and employs a wide range of business models including B to B and B to C. Moreover, the Group offers a wide range of products and services, from instant cameras to medical devices, pharmaceuticals, highly functional materials, and office equipment. The Group therefore maintains a wide variety of suppliers and supply chains, which increases the importance of effective and efficient CSR procurement activities suited to each business.

By sharing and deploying expertise throughout, the Fujifilm Group will work to promote and reinforce CSR procurement, and to establish a sustainable supply chain. At the same time, the Group will promote Goal 8 of the SDGs, namely, "promote decent work (work that is humane and meaningful)," while contributing to the realization of sustainable economic growth.

Horizontally deploying the latest case studies within the Group makes it possible to effectively and preemptively take action in dealing with latent risks. Together with utilizing the expertise of FXSZ to actively foster the promotion of CSR procurement at FC, I intend to further share the experience gained from deploying CSR procurement at FC throughout the entire Group as a means of fortifying CSR management throughout the supply chain.



Shizuko Hisaeda
FH ESG Division
In charge of Group-wide promotion and deployment of CSR procurement activities at FH

CSR procurement is a valuable solution for the growth of our business in China

Hironobu Taketomi
FUJIFILM (China) Investment Co.,Ltd
President & CEO



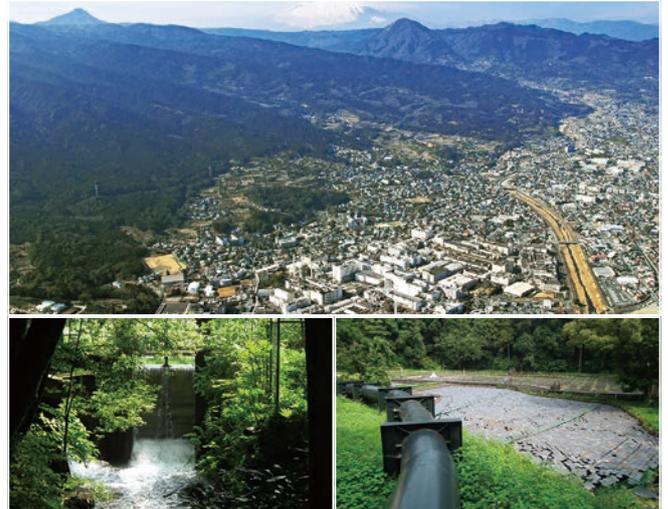
Lately, we see a lot in the news about trade friction between the U.S. and China, and economic slowdown in China. Nonetheless, China is the world's second largest market, and this is an important market that, compared to developed nations and other emerging countries, is anticipated to achieve great growth in the future.

It will be critical for Fujifilm Group to earn the trust of customers and society in China, and to have their understanding and support for its business activities in order to achieve continuous growth in the country. That's why it will be vital to strengthen management of the environment, labor safety and compliance, which in recent years have come under increasingly stringent enforcement, not just for one's own company, but throughout the supply chain. CSR procurement is a meaningful solution to accomplish this, so we intend to take the lead as the regional headquarters and work hand-in-hand with the FH ESG to rollout and promote this solution throughout the China region.

ESG Initiatives

The Fujifilm Group's roots of CSR

The Fujifilm Group's business originated with photographic film, a product for which lots of clean water and fresh air are essential 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. Thus, 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 consideration for environment and the trust of stakeholders as the roots 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."



FUJIFILM Ashigara site located in an environment blessed with copious clean air and water, its water source and watershed protection forest

The Fujifilm Group's Approach to CSR

The Fujifilm Group established its current Corporate Philosophy and Vision following the shift to a holding company structure in 2006. Based on the spirit of contribution to advancement of society, improved health, environment protection and enhancement of the quality of life of people by providing top-quality products and services with open, fair and clear workplace culture and leading-edge, proprietary technologies, we have established the Fujifilm Group Charter for Corporate Behavior and Code of Conduct which were implemented throughout the Group.

Furthermore, we have made clear the following statement so that all of Fujifilm Group employees have been aware and committed to fulfilling CSR in their daily business activities. "Fujifilm Group's Approach to CSR is to contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities",

The Fujifilm Group's Approach to CSR

The Fujifilm Group's approach to corporate social responsibility is to contribute to the sustainable development of society by putting our Corporate Philosophy into practice through sincere and fair business activities.

We will not only fulfill our economic and legal responsibilities, but also:

1. endeavor to understand global as well as local environmental and social issues and create value to address these issues through our business activities.
2. continue to evaluate the environmental and social impact of our business activities and strive to improve the performance while increasing our positive impact on society.
3. constantly reassess whether our activities are responding adequately to the demands and expectations of society through proactive stakeholder engagement with our stakeholders.
4. enhance corporate transparency by actively disclosing information.



Fujifilm Group Corporate Philosophy/Vision

<https://www.fujifilmholdings.com/en/about/philosophy/index.html>

Fujifilm Group Charter for Corporate Behavior

<https://www.fujifilmholdings.com/en/about/philosophy/conduct/index.html>

Fujifilm Group Code of Conduct

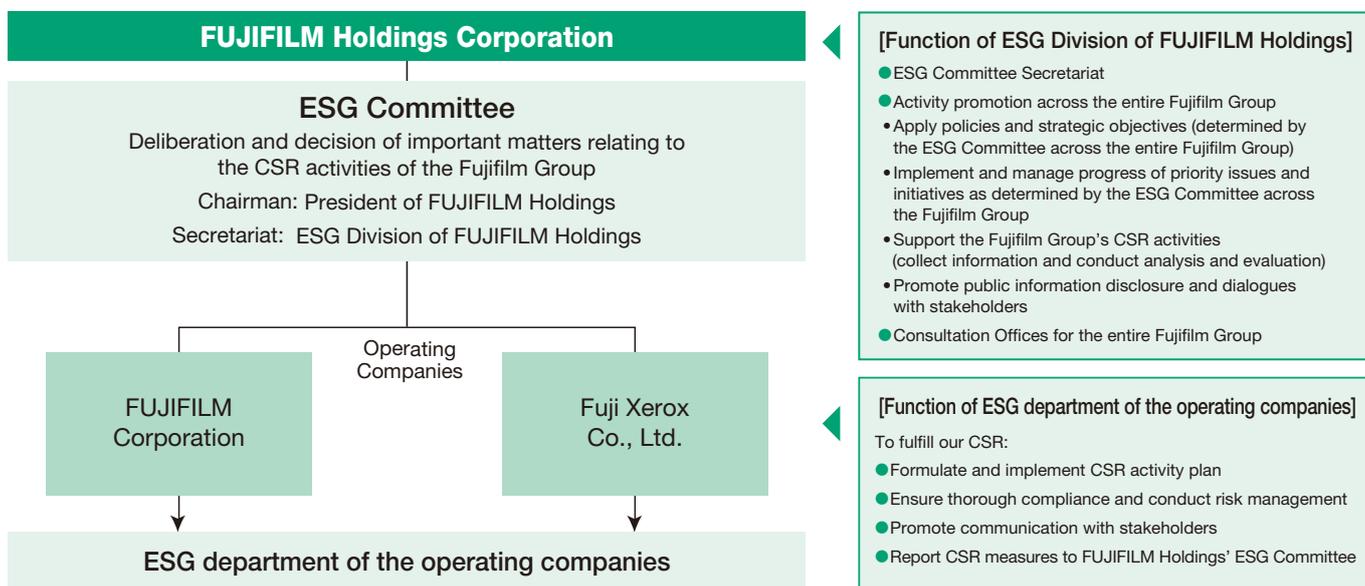
<https://www.fujifilmholdings.com/en/about/philosophy/law/index.html>

CSR promotion system

In June 2019, the Fujifilm Group reorganized the CSR Committee into the ESG Committee and established the ESG Division which has evolved from CSR Division newly under the direct command of the President in an effort to strengthen ESG initiatives and continuously enhance corporate value.

The ESG Committee, chaired by the President, deliberates and makes decisions on important issues related to the Fujifilm Group's ESG initiatives. Moreover, concerning matters of risk at Group companies, from the overall Group's perspective, the committee formulate basic policies while also promoting and examining appropriate countermeasures. The ESG Division is also secretariat of the ESG Committee and works with ESG department of each group company to promote and raise compliance awareness, while actively working on CSR throughout the Group.

The Fujifilm Group's CSR Promotion System



Communication with stakeholders on CSR initiatives

FUJIFILM Group engages in activities with a variety of stakeholders and believes that it's important to accurately capture their views and expectations. Through various opportunities, we verify whether we are responding appropriately to social demands and expectations and reflect our findings in our activities.

<FUJIFILM Holdings Corporation Sustainability Report>

The Sustainability report is published so that stakeholders can better appreciate the Fujifilm Group's efforts and initiatives.

Beginning with the FY2020/3 edition, the content has been enhanced with a two-part structure consisting of "Management Part" and "SVP Story Part". The Management Part mainly publishes our basic data from the environmental, social and governance (ESG) perspective with regard to those matters that society expects companies to address. The SVP Story Part showcases activities conducted by the Company based on its CSR plan, "Sustainable Value Plan 2030."



SVP Story Part

FUJIFILM Holdings Corporation Sustainability Report

<https://www.fujifilmholdings.com/en/sustainability/report/index.html>

<Fujifilm Holdings Corporate Website CSR Activities>

A wealth of information on CSR activities is also posted on the Fujifilm Holdings website.

<https://www.fujifilmholdings.com/en/sustainability/index.html>

“Sustainable Value Plan 2030” - Initiatives



Environment

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

For details, please refer to the page 12 of the SVP story part of 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.

The Fujifilm Group's 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.

The Fujifilm Group's Initiatives

1. Addressing climate change

We are actively involved in introducing renewable energy systems with the aim of reducing CO₂ emissions generated by the Fujifilm Group. In FY2016, we converted 100% of the power used by our factory in the Netherlands to renewable energy. And then, in FY2018, we installed large-scale solar power generation system at our factories in China. We are working to address climate change throughout the supply chain mainly by organizing briefing

sessions for our business partners and providing energy-saving technology held by the Fujifilm Group. Furthermore, with the aim of reducing CO₂ emissions in society, we set about clarifying the environmental value of our products and services to complement our existing internal rules for Design for Environment (DfE) and rolled out a new in-house environmentally friendly product certification system known as Fujifilm Group Green Value Products. Up ahead, we will continue to develop and spread products and services that minimize environmental impact.

2. Alternative safety evaluation method without animal testing

In June 2019, Amino acid Derivative Reactivity Assay (ADRA), an alternative skin sensitization test developed by Fujifilm has been adopted in the OECD test guidelines for evaluating the safety of chemicals substances. ADRA can evaluate a wider variety of chemical substances by making use of a reagent with high detection sensitivity developed with Fujifilm's chemical synthesis and molecular design technology. The adoption of ADRA in the OECD test guidelines marks the international recognition of the method as a standardized method of evaluation, contributing to the more widespread use of an alternative test without conducting animal experiments.

TOPICS

Endorsed the recommendations by the TCFD and joined RE100

The CSR plan known as Sustainable Value Plan 2030, which targets the fiscal year ending March 2031, sets out specific reduction targets with a focus on addressing climate change as a priority issue in the environmental field. The Fujifilm Group is steadily working towards achieving this.

In December 2018, we endorsed the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)*¹. Going forward, we will actively disclose information on the impact of climate change on our business activities from the perspectives of governance, strategy, risk management, and so on. In April 2019, the Company joined the RE100*², an

international initiative in which companies aim to use 100% renewable energy in their business activities. By the fiscal year ending March 2051, all electricity purchased will be converted to renewable energy-derived power, and by adopting new technologies such as converting fuel used in in-house power co-generation systems to hydrogen fuel, we will aim to achieve zero CO₂ emissions for all energy used by the Fujifilm Group.

In order to achieve the targets of the Paris Agreement and SDGs, we will actively participate in international climate change initiatives accelerating efforts through our business.

*¹ The Task Force on Climate-related Financial Disclosures was established by the Financial Stability Board, which is composed of central banks and financial regulators from major countries. In June 2017, the TCFD announced proposals that require private companies to disclose the financial impact of risks and opportunities due to climate change in order to understand the impact of climate change issues on financial market stability. As with existing financial information disclosures, it is recommended that climate change related financial information be used as a component of financial assessment by those who are financial-related.

*² An initiative convened by The Climate Group, an international NPO which promotes climate change countermeasures, in partnership with CDP, an international NPO that encourages companies to disclose and manage their information on environmental impacts. The RE100 is made up of companies committed to using 100% renewable energy in their business activities.

to Combat Priority Issues



Health

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

For details, please refer to the page 21 of the SVP story part of FUJIFILM Holdings Corporation Sustainability Report.



Social Issues

One of the goals set out under SDGs is to “achieve universal health coverage (UHC), ensuring that all people can access essential quality health services without facing financial hardship.” UHC requires the development of medical infrastructure that makes healthcare and medical services readily available to all, improvement in medical care quality and society that places top priority on health, with emphasis on disease prevention and early detection.

The Fujifilm Group’s Priority Issues

1. Fulfill unmet medical needs.
2. Improve accessibilities to medical services.
3. Contribute to early disease detection.
4. Contribute to health promotion and beauty.
5. Promote management of a healthy workplace.

The Fujifilm Group’s Initiatives

1. Development of regenerative medicine products

We are accelerating our initiatives in regenerative medicine, which has much potential to be an effective method of treatment for unmet medical needs. Japan Tissue Engineering, the first company in Japan to acquire marketing approval for regenerative medicine products, continues to take steps towards the industrialization of regenerative medicine. Namely, in aiming to expand indications for *JACE*[®], an

autologous cultured epidermis, epidermolysis bullosa was added as an indication in FY2018, and the company is submitting an application for the marketing approval of Japan’s first autologous cultured corneal epithelium as a regenerative medicine product for the ophthalmologic field.

2. Improving the medical environment in emerging countries

In light of the global objective of achieving UHC in emerging countries, as highlighted in the SDGs and elsewhere, the Fujifilm Group is leveraging its know-how honed in Japan to support mainly the improvement of medical technology, human resource development, and dissemination of regular medical checkup practice in emerging countries. In FY2018, we hosted our first mammography training seminar in South Africa for the purpose of providing technical instructions and training to doctors and technicians. We also ran endoscopy workshops in Myanmar, Kyrgyzstan, and other countries. Furthermore, we are jointly developing a highly sensitive rapid diagnosis kit for tuberculosis—one of the three major infectious diseases in the world—with Swiss NPO FIND^{*3}. With the goal of obtaining a recommendation from the World Health Organization (WHO), the kit achieved compliance with the EU’s Directive 98/79/EC for in-vitro diagnostic medical devices (IVDD) in December 2018. We then started providing the kit to research institutes for clinical assessment.

TOPICS

Establishment of Fujifilm Group Employee Wellness Declaration

Recognizing the health of its employees is an important management issue, the Fujifilm Group has been promoting health management, improving the health of its employees by, for example, implementing health awareness activities, and making efforts to build systems that can be used effectively such as by integrating health check results and stress check data for employees throughout the Group. The Company has also received external recognition, having been certified, for the third consecutive year, as one of the Certified Health and Productivity Management Organization Recognition Program—White 500.

In September 2019, the Fujifilm Group established its Employee Wellness Declaration. Amid increasing interest in extended healthy life expectancy and work

style reforms among a super-aging society, the Fujifilm Group will more strongly promote the health of its employees who are the source of new value creation for society by establishing this Declaration based on its management philosophy. Looking to the future, the Fujifilm Group will continue to develop initiatives that are right for each country and region, including setting KPIs targeting 2022 in five health related areas (lifestyle-related diseases, cancer, smoking, mental health, and long working hours). Moreover, Fujifilm will not only accelerate the employee wellness initiatives but also contribute to the health of many people by providing products and services of medical system business, pharmaceuticals business and so on in the healthcare field.

*3 FIND is an international non-profit organization headquartered in Geneva, Switzerland. Established in 2003, the organization provides support to joint development partners through the provision of blood samples, diagnostic agents and information, in order to promote the development and usage of new technologies that can meet diagnostic needs in developing countries for conditions including tuberculosis, malaria and AIDS.

“Sustainable Value Plan 2030” - Initiatives to Combat Priority Issues



Daily Life

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

For details, please refer to the page 29 of the SVP story part of 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 is also important to have communication providing emotional support and purpose in life.

The Fujifilm Group's Priority Issues

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

The Fujifilm Group's Initiatives

1. Contribution to the creation of a safe and secure society

In FY2018, we began collaboration with Nagasaki

Prefecture and Nagasaki University to explore next-generation AI technology for streamlining the inspection and diagnosis of social infrastructures including bridges, and carry out social implementation of AI-based solutions. We are also entering into the surveillance camera market in response to growing demand for security measures at mainly international border controls and public facilities. We are pushing forward with development of a number of products designed to minimize risk, such as the sale of long-range surveillance cameras with the use of cutting-edge optical technology and image processing technology.

2. Homesha Project to establish a new child-raising practice through “Praise with Photos”

In August 2018, The Homesha Project kicked off in earnest. This activity aims to spread a new child-raising practice that enhance a sense of self-esteem in children and instill confidence by using displayed photos to praise the actions of children. In comparison with other industrialized nations, many children in Japan show a low level of self-esteem. As the main partner of this project, the Fujifilm Group intends to broadly promote these practices in the hope that it will lead to an increase in the number of more confident children.



Work Style

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

For details, please refer to the page 33 of the SVP story part of 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.

The Fujifilm Group's Priority Issues

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

The Fujifilm Group's Initiatives

1. Providing solutions to support work-style reforms

Companies are required more than ever to strengthen their security measures as a result of the rapid expansion of IT utilization, the technological innovation and more

opportunities for employees to access Company's information assets from outside when working remotely. At the same time, many SMEs (small and medium enterprises) face the challenges of IT personnel shortage, deficient knowledge of how to manage IT after installation, and cost optimization. To address these issues, Fuji Xerox offers SMEs an outsourcing service known as *beat*. This one-stop service builds, runs, and manages a secure network environment that safeguards the client organization's information assets and IT network.

2. Optimizing Business Processes by Data Utilization

As part of work-style reforms at Fujifilm, we are actively training employees to adopt such data utilization and streamlining work processes by effective data utilization. We established the Digital Reform Committee in 2017 and since 2018 we have stationed so-called digital officers in each division and implemented data scientist training sessions that aim to develop core personnel. These initiatives, among others, are helping to improve productivity and keep costs down. We also have future plans to put in place an education system that utilizes ICT to improve competency levels across the entire Group.



Supply Chain

For details, please refer to the page 39 of the SVP story part of 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.

The Fujifilm Group's Priority Issues

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

The Fujifilm Group's Initiatives

1. Strengthening CSR procurement activities

We regard collaboration with suppliers concerning socially responsible management as highly important. This is why we have been working to gain their understanding particularly from our production materials suppliers.

Fuji Xerox has been leading promotion of ethical procurement in the Group since 2007. This is because the company belongs to the electrical and electronic industry, where demand for socially responsible management has been strong since early days. It also introduced a scheme for mutual consensus assessment on CSR initiatives with suppliers. With the assistance of Fuji Xerox, this scheme began to be rolled out to Fujifilm's production subsidiaries in FY2018. We will continue to advance and reinforce such CSR procurement activities at a Group-wide level.

For details, please refer to the special feature 2 on page 40: *Promoting Sustainable Procurement through Group Synergies.*

2. Respecting human rights

To identify priority human rights issues that the Fujifilm group should address, we identified human rights risks that our business could potentially cause in each existing business segment and conducted the risk assessment with options from overseas experts including international human rights NPOs. In FY2018, out of these issues, we have identified the following two areas as salient human rights issues and have begun to take concrete action: (1) Actions for suppliers, contractors and cooperation companies, and (2) Actions for employees.



Governance

For details, please refer to the page 42 of the SVP story part of 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 long-term 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.

The Fujifilm Group's Priority Issues

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

The Fujifilm Group's Initiatives

1. Revision of Charter for Corporate Behavior and Code of Conduct

In consideration of the changes taking place around the world, a company's responsibilities, as well as its impact

on society, are becoming even greater. In April 2019, we have revised the Fujifilm Group Charter for Corporate Behavior and Code of Conduct in order to lay out how each employee should conduct. We included details about measures for addressing issues like the SDGs, human rights, and crisis management, and clearly stated that the Fujifilm Group must contribute to creating a sustainable society through innovation and that compliance is key if we are to remain a company trusted and needed by society. To further employee understanding of these policies, we are currently running training sessions in 24 languages for all Group employees in and outside of Japan.

2. Strengthening corporate governance

In September 2017, we established the Global Audit Division, consolidating the existing audit organizations in each Group company, to create a global audit system. In FY2018, we introduced new auditing methods utilizing IT. The original system was developed internally, utilizing our own AI and other internal systems. This led to analysis that combined more detailed internal data and produced greater accuracy, making it possible to detect problems and signs of wrongdoing as well as to save costs through internal development. We are going to expand its application in the future.



FUJIFILM Holdings ensures transparency in the decision-making of its Board of Directors through the raising of active deliberations and monitoring that are backed by the expertise and experience of the outside directors at the Board of Directors. On this occasion, we had interviews with our outside directors on five Company-related themes: its Nomination and Remuneration Advisory Committee; the roles of outside directors; risk management and compliance; deliberations by the Board of Directors; and ESG matters.

Nomination and Remuneration Advisory Committee

Interviewees: Mr. Kawada (Outside Director) and Mr. Kitamura (Outside Director)

More than a year has passed since the establishment of the voluntary Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors in June 2018. How have the discussions at the Committee proceeded?

Kawada The Nomination and Remuneration Advisory Committee ensures transparency in the processes relating to the nomination of the CEO's successor and the determining of remuneration. To fulfill this role, we have been managing this committee with the aim of enhancing both the external aspects, such as the creation of systems, and the content of the discussions. From the aspect of enhancing the discussions, as outside directors we discussed from stakeholders' perspectives.

Please tell us about the thinking behind the CEO's succession plan discussed in the Nomination and Remuneration Advisory Committee.

Kawada Not only achieving short-term results, managers emphasize the assets necessary for a company to grow from a medium- to long-term perspective, such as

the human resource and development capabilities or the ability to respond to changes, which cannot be measured in numerical terms. As each company has its own history and culture, a CEO's succession plan should be formulated based on those factors. Having undergone the drastic changes in its business environment brought about by the development of digital technologies over the past 20 years, Fujifilm has achieved business restructuring from a photographic film company to the present state of boasting a wide range of business fields, including healthcare and highly functional materials. I think that it is necessary to consider the succession plan firmly amid the direction of how the Company is to be managed in the years to come while referring to such a history and process.

Kitamura How we set up the talent requirements for the next CEO would reflect the history and culture of the Company and very strongly bring out the uniqueness. I think that Fujifilm's history and culture are well reflected in the human resource requirements of the CEO candidates agreed at the Nomination and Remuneration Advisory Committee.

Kawada Based on the human resource requirements that we had set, we discussed the next candidates for CEO, where the detail information on the candidates was provided by Chairman Komori. Using that information as the basis, I think that the role that we should take is to properly engage in discussions and clearly demonstrate transparency, objectivity and validity from the so-called stakeholder perspective.

Kitamura Although we outside directors understand the business of a company by words, it is not like they know the company through “actual experiences” and we don’t know thoroughly about the personnel in that company. Chairman Komori has worked with each of the candidates, and thus it was very useful for our deliberations to be able to obtain his honest and detailed information on each candidate from a manager’s perspective, such as personality and future potential, in addition to career, ability and achievements.

Please tell us about your expectations for Fujifilm from the perspective of the development of human resources, not just of the CEO’s successor.

Kawada First of all, I think that the basis of human resource development is the idea that “human resources are not something to raise, but rather something to grow.” If you are aiming to become a manager, you have to figure out for yourself how to make use of various opportunities and how to demonstrate your skills. Fujifilm, however, gained valuable experience in successfully achieving business restructuring when facing the crisis of the loss of its core business. I think that the strength of Fujifilm’s human resource development will be to instill and pass on the knowledge gained here to its employees. How was the Company able to make that change, and how did it lead to today’s developments? I think that there are many things that can be utilized for future management of Fujifilm Group. In the years to come, if the greater percentage of employees comprises those who joined the Company after its situation improved, the sense of crisis and tension will fade, taking the current situation for granted. I want the coming generations of employees to firmly learn and utilize what the Company has gained from the experiences through daily work and training.

Please tell us about the remuneration plan, which is the other theme within the Nomination and Remuneration Advisory Committee.

Kitamura The remuneration plan is highly objective and transparent. Fujifilm’s remuneration plan was originally designed to increase the proportion of remuneration linked to results in the form of stock options in accordance with rises in position. This time, however, even with regard to results-linked KPIs and compensation fluctuations in the case of monetary remuneration, we conducted discussions anew in-house while referring to information on other companies’ remuneration plans. We too have firmly deliberated those remuneration plan proposals at the Nomination and Remuneration Advisory Committee. The future challenge is how to think about medium- to long-term performance linkage. I think there is room to consider remuneration to replace current stock options, increasing the linkage with targets that will lead to medium- to long-term performance improvement, for instance.

Mr. Kunitaro Kitamura

Chairman (Director), Sumitomo Mitsui Trust Bank, Limited

Having served as representative director of major financial institutions, Mr. Kitamura has ample experience and a wide range of knowledge in the fields of finance and capital markets. He serves as a member of the Company’s Nomination and Remuneration Advisory Committee.



Kawada Remuneration was previously positioned as compensation or treatment for results, but now it is becoming more pronounced as an element in incentives for increasing a company’s corporate value. Giving comprehensive consideration to the situation in the industry and the Company’s positioning, business model, corporate culture and others, we will further deliberate at the committee so that incentives may serve to enhance our medium- to long-term corporate value that the Company aims.

Mr. Tatsuo Kawada

Chairman and CEO, SEIREN CO., LTD.

Having served as a representative director of a general textile manufacturer, where he took the lead in the transformation of the company’s business model, creation of innovation, and organizational reform, Mr. Kawada has ample experience and a wide range of knowledge. He serves as chairperson of the Company’s Nomination and Remuneration Advisory Committee.



The Roles of Outside Directors

Interviewee: Mr. Kaiami (Outside Director)

Please tell us about the current supervisory function of the outside directors at the Board of Directors.

Kaiami In discussions at Board of Directors' meetings, outside directors speak from various angles based on their own knowledge and experience. Posing questions and voicing opinions based on their experience—Mr. Kawada as a company manager, Mr. Kitamura as the head of a financial institution, and Ms. Eda, who assumed the position of outside director last year, as a corporate manager with a wealth of international experience—adds depth to the discussion. Coming from the legal profession, I participate in discussions with the recognition that my role is to focus my attention and speak especially on compliance, governance, legal matters, and contracts.



Mr. Makoto Kaiami

Attorney at Law of Otemachi Law Office

Having served in important positions, such as Presiding Justice of the Division of Tokyo High Court and President of Tokyo District Court and others, Mr. Kaiami possesses ample experience and a wide range of knowledge accumulated over many years as a judge.

Do you have any expectations on the Company to strengthen the supervisory function of the outside directors?

Kaiami As an outside director, if I have questions from an external perspective, I try to raise them in a candid manner. However, thus far there have not been any cases in which I felt doubtful enough to overturn a judgment, and I feel that sufficient discussions are being conducted at the Management Council and others before matters are

raised as agenda topics for discussion at the Board of Directors' meetings. The explanation given prior to a Board of Directors' meeting, designed to promote the understanding of outside officers is currently being conducted in a very careful manner. If I were to be forced to point out something, I would like the Company to further enhance the explanation such as the internal review process and the different opinions in the discussion. I think that would be helpful to verify agenda topics from a variety of angles.

Risk Management and Compliance

Interviewee: Mr. Kaiami (Outside Director)

How do you evaluate Fujifilm's risk management and compliance efforts?

Kaiami Triggered by inappropriate accounting issues at Fuji Xerox overseas subsidiaries uncovered in 2017, the Company created the Committee for Strengthening Governance and have strengthened governance in a speedy manner. We are regularly receiving reports of the current status of initiatives at the Board of Directors' meetings and we evaluate that the strengthened system is being properly utilized. What is thought to be fulfilling a major role amid these initiatives is the Company's establishment of a hotline in as many as 23 languages that allows all Group employees worldwide, to report directly to the head office, thereby bringing about enhancements in the internal reporting system. With regard to the number and content of whistleblowing cases, and whether the content of such whistleblowing poses risks that could lead to serious cases, the Board of Directors receives regular reports and confirms that there have been no problems. It is important that the whistleblowing system continues to function properly in the years to come. Since Fujifilm has clear guidelines that users will not be penalized for using the whistleblowing system, I would like employees to remain thoroughly informed of those guidelines so that they can use the system with peace of mind. Another initiative is the in-house development of a system that automatically extracts improper communications from e-mails. Its feature is that the quality and quantity of problem extraction improves because AI can learn in-house terminology that we have developed independently. The system is expected to serve as a mechanism for strengthening monitoring functions.

Deliberations at Board of Directors

Interviewee: Ms. Eda (Outside Director)

Ms. Eda, you have been an outside director over a year now. Could you please tell us how you rate the discussions at Board of Directors' meetings?

Eda At the Company's Board of Directors' meetings, all the members participating in the meeting deepen the discussion in lively exchanges of questions and opinions without any hesitation. I am also asking questions from a range of angles with an outside perspective, and they are appreciated in a positive manner as an opportunity to deepen the discussion, and I thus receive thorough explanations in return. I think that Fujifilm's corporate culture is shown to be a characteristic feature in the proceedings of this type of discussion. The other outside directors also make remarks in light of their backgrounds of various experiences and expertise, and questions from new perspectives arise from each other's remarks, leading to broader discussions.

ESG

Interviewee: Ms. Eda (Outside Director)

Please tell us how you evaluate Fujifilm's ESG efforts.

Eda Based on the idea of "solving social issues through business activities and providing new value to society," to my mind the special feature of Fujifilm's ESG initiatives is that they were being put into practice on an ongoing basis before CSR and ESG even attracted attention. A variety of organizations, including governments and international bodies such as the United Nations as well as NGOs, are working to solve social issues, but corporate efforts can be expected to have a significant impact on society and the continuity of contribution. The corporate side will also be able to view social issues as business opportunities and lead to its own business growth. I think that SVP2030, the Company's long-term CSR plan targeting 2030, represents an excellent initiative that clearly shows the relationship between SDGs and business. We have positioned VISION2019, the medium-term management plan, as the action plan for SVP2030 and put that into practice throughout the Company. I sense a strong

will to work on ESG in the Company because the issues for further progress of the initiative are clarified.

Ms. Makiko Eda

Chief Representative Officer,
World Economic Forum Japan

Through experience as a global company manager and her incumbent position, Ms. Eda possesses ample international experience and a wide range of knowledge.



Please tell us about the global trends with regard to ESG and, in that context, what you expect to be done to bring about the further development of Fujifilm's ESG efforts.

Eda In January 2019, I participated in the "Davos Conference" hosted by the "World Economic Forum", in which I serve as the Chief Representative Officer of Japanese office. I felt that the number of companies that are clarifying and actively disseminating their visions and activities, such as "how to contribute to the various issues occurring in society," has been increasing primarily in Europe and the United States. Furthermore, not a few companies that collaborate across national and industry boundaries and together seek solutions to social issues centered on environmental issues were prominently seen.

For the Fujifilm Group to grow further as a global company in the years to come I think it will be even more important to increase the number of its supporters around the world, such as shareholders, customers and partner companies, by further clearly communicating the Company's vision and the value it provides and thereby attracting empathy. I think that Fujifilm's original philosophy, strong culture, and DNA should be communicated more proactively in a story, if possible, which is backed up by numerical data. This would lead to the gaining of empathy from those in society who want to give more support and work together. Moreover, if employees realize that Fujifilm's businesses contribute to the resolution of social issues, their commitment will also increase. I hope that such a virtuous cycle will emerge and sustainability will increase.

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 is further strengthening corporate governance and business

management processes by promoting governance enhancement measures such as establishment of a global internal audit system which integrates internal audit function in the Group and enhancement of overseas business management throughout the Group.

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 giving appropriate advice and asking for necessary explanation at the Board of Directors 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 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 auditing of business execution, while promoting active discussion at the Board of Directors
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 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 discuss the CEO succession plan as well as clarify basic policies, procedures, and other matters related to director remuneration
FY2020/3	Clarifying the basic policies relating to director remuneration	To conduct discussions on the structure of the compensation and evaluation system with regard to director remuneration (including performance-based compensation) at the Nomination and Remuneration Advisory Committee and improve transparency

Corporate Governance Structure (As of June 27, 2019)

Corporate organization	Company with an Audit & Supervisory Board
Number of directors (number of outside directors)	11: male10, female1 (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 performance-based compensation system
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.

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

The Company recognizes corporate governance as 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. Reviews of the guidelines are conducted as appropriate in conformity with revisions to the Corporate Governance Code and the Company's governance measures. The guidelines stipulate the basic management policy and 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. To ensure the effectiveness of the Board of Directors, the Directors and the Audit & Supervisory Board members make a self-evaluation and are interviewed about their opinions each year, and the Board of Directors deliberates on analysis of the evaluation results and measures for improvement. A summary of the outcome of the deliberation is disclosed.

Policy on Training of Directors and Audit & Supervisory Board Members

The Company appropriately provides 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 providing advice and asking questions backed by their ample experience and independent perspective. They also play their roles 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 opportunities for outside officers to be explained about overview and issues for each business as well as to observe business sites to promote their better understanding.

Status of Corporate Governance

Reasons for Selecting Outside Directors and Audit & Supervisory Board Members

Outside Directors*

Mr. Tatsuo Kawada

Reasons for Selection:

Mr. Tatsuo 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. By giving useful suggestions and expressing opinions on many aspects of the Company's management at the board of directors meetings based on his ample experience and wide range of knowledge as a corporate executive, Mr. Kawada has contributed to secure transparency and appropriateness in decision-making by the board of directors. In addition, as Chairman of the Nomination and Remuneration Advisory Committee, he has been leading efforts to enhance transparency of the processes related to a succession plan of the CEO and remuneration for directors. In the belief that he is able to continue executing his duties as outside director in an appropriate and sufficient manner, the Company reelected Mr. Kawada as outside director.

Attendance Meetings of Board of Directors 8/10

Mr. Makoto Kaiami

Reasons for Selection:

Mr. Makoto 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 wide range of knowledge accumulated over many years as a judge. By giving useful suggestions and expressing opinions on many aspects of the Company's management, including compliance and internal control of the entire Fujifilm Group, at the board of directors meetings based on this experience and knowledge, Mr. Kaiami has contributed to secure transparency and appropriateness in decision-making by the board of directors. In the belief that he is able to continue executing his duties as outside director in an appropriate and sufficient manner, the Company reelected Mr. Kaiami as outside director.

Attendance Meetings of Board of Directors 10/10

Mr. Kunitaro Kitamura

Reasons for Selection:

Mr. Kunitaro Kitamura has served as representative director of financial institutions for many years, demonstrating strong leadership. He has ample experience and wide range of knowledge in the fields of finance and capital markets. By giving useful suggestions and expressing opinions on many aspects of the Company's management, including M&A and capital policy, at the board of directors meetings based on this experience and knowledge, Mr. Kitamura has contributed to secure transparency and appropriateness in decision-making by the board of directors. In addition, as a member of the Nomination and Remuneration Advisory Committee, he has been contributing to the enhancement of transparency of the processes related to a succession plan of the CEO and remuneration for directors. In the belief that he is able to continue executing his duties as outside director in an appropriate and sufficient manner, the Company reelected Mr. Kitamura as outside director.

Attendance Meetings of Board of Directors 9/10

Ms. Makiko Eda

Reasons for Selection:

After being responsible for marketing in the overseas market for many years in a major U.S. semiconductor manufacturer, Ms. Makiko Eda served as representative director of a Japanese-incorporated subsidiary of the said company, and with her strong leadership, has achieved creation of a new market and development of global personnel. Currently in her role as Chief Representative Officer of the World Economic Forum Japan, she is working to bring leaders from various industries together to improve, on a global scale, wide range of issues such as regional and industrial issues. Based on such experience and knowledge, Ms. Eda has contributed to secure transparency and appropriateness in decision-making by the board of directors by giving useful suggestions and expressing opinions on many aspects of the Company's management at the board of directors meetings, while she proactively provides advice on the Fujifilm Group's measures concerning ESG. In the belief that she is able to continue executing her duties as outside director in an appropriate and sufficient manner, the Company reelected Ms. Eda as outside director.

Attendance Meetings of Board of Directors 7/7

Outside Audit & Supervisory Board Members*

Mr. Shiro Uchida

Reasons for Selection:

Mr. Shiro 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..... 8/10
Meetings of Audit & Supervisory Board 9/12

Mr. Masataka Mitsuhashi Newly Elected

Reasons for Selection:

Mr. Masataka Mitsuhashi has been involved in audit and M&A related business for many years. He has also served in positions such as representative director in consulting companies, and has ample experience and wide range of knowledge as both a certified accountant and as a corporate executive. Furthermore, as a representative of PricewaterhouseCoopers Sustainability LLC, he has been suggesting to the society a creation of a new corporate value from a sustainability perspective. Given his objective viewpoint based on such experience and knowledge, the Company deems that he is capable of executing the duties expected of an outside audit & supervisory board member in an appropriate manner.

*For a brief history of each outside director and outside Audit & Supervisory Board member, please see page 60-61 (Management Structure). The attendance status covers the Board of Directors meetings and Audit & Supervisory Board meetings held in FY2019/3. Regarding the attendance of Ms. Makiko Eda, the number shows only after June 28, 2018 when she was elected as the Company's outside director.

Remuneration to Directors and Audit & Supervisory Board Members

The Company discloses the number of individuals who receive remuneration and the total amount of remuneration by director as well as by Audit & Supervisory Board member. The total (maximum) amounts of remuneration paid to directors as well as Audit & Supervisory Board members are determined by way of resolution at the Company's annual general meeting of shareholders.

Remuneration for directors is paid as a total amount including executive officer remuneration, and it is determined by the resolution of the Board of Directors in accordance with the structure of the compensation and evaluation system discussed at the Nomination and Remuneration Advisory Committee. The remuneration to be paid consists of fixed compensation which is determined according to position and responsibility and performance-based compensation that changes according to business performance. Performance-based compensation consists of short-term performance-based compensation, linked to performance and goal achievement in a single fiscal year, and medium- and long-term performance-based compensation granted as stock options. The compensation of outside directors consists of only fixed compensation in consideration of their role and independence.

For short-term performance-based compensation, "consolidated sales" and "consolidated operating profit," which are the numerical targets for the Company's short-term

business management, are selected as performance-based indicators in a single fiscal year, and the amount of short-term performance-based compensation is changed based on the achievement level of the indicators and the comparison with the previous fiscal year's results.

Stock options are granted to directors (excluding outside directors) as medium- and long-term performance-based compensation for the purpose of encouraging directors to share the interests of stock price fluctuations with our shareholders and to contribute to improvement of corporate value. The number of shares granted as stock options is determined by the Board of Directors according to rules in consideration of the position, responsibility, authority etc. of each director.

The total amount (upper limit) of remuneration for Audit & Supervisory Board members is determined by way of resolution of the annual general meeting of shareholders. At the 111th annual general meeting of shareholders, held on June 28, 2007, a resolution was passed that set the upper limit at JPY 100 million per year. At the time the resolution was passed, Audit & Supervisory Board members numbered four. The remuneration for Audit & Supervisory Board member consists of only fixed compensation in consideration of their role and independence, and the amount of remuneration paid to each Audit & Supervisory Board member is determined based on deliberations among Audit & Supervisory Board members.

Total amount of remuneration, etc. for each officer category, total amount by type of remuneration, and numbers of eligible officers (FY2019/3)

Subject of remuneration	Number of officers receiving remuneration	Fixed compensation (millions of yen)	Short-term performance-based compensation (millions of yen)	Stock options (millions of yen)	Total amount of remuneration, etc. (millions of yen)
Directors (excluding outside directors)	9	264	89	297	650
Audit & Supervisor Board members (excluding outside members)	3	43	—	—	43
Outside officers	6	60	—	—	60
Total	18	367	89	297	753

*1 Stock acquisition rights to be allocated as stock options differ from monetary compensation, etc., in that the settlement amount as monetary compensation is not fixed, and there is a risk of value fluctuations. The amount of compensation for the above stock options is estimated on the grant date by calculating third-party values in accordance with different preconditions. Based on the appraisal value and number of grants, this is the amount recorded in the income statement for the portion corresponding to the period in FY2019/3.

*2 The number of directors who received remuneration includes three directors who retired during the fiscal year ended March 31, 2019.

*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, 2019.

*4 The total amount of remuneration includes executive officers remuneration which was paid to directors who also hold executive officer posts.

*5 In addition to the above, in FY2019/3, officer retirement pensions were paid to eligible recipients as follows:

Retired director (one) JPY 4 million

Retired Audit & Supervisory Board members (two) JPY 4 million

Approach to Compliance, Risk Management, and Internal Control System

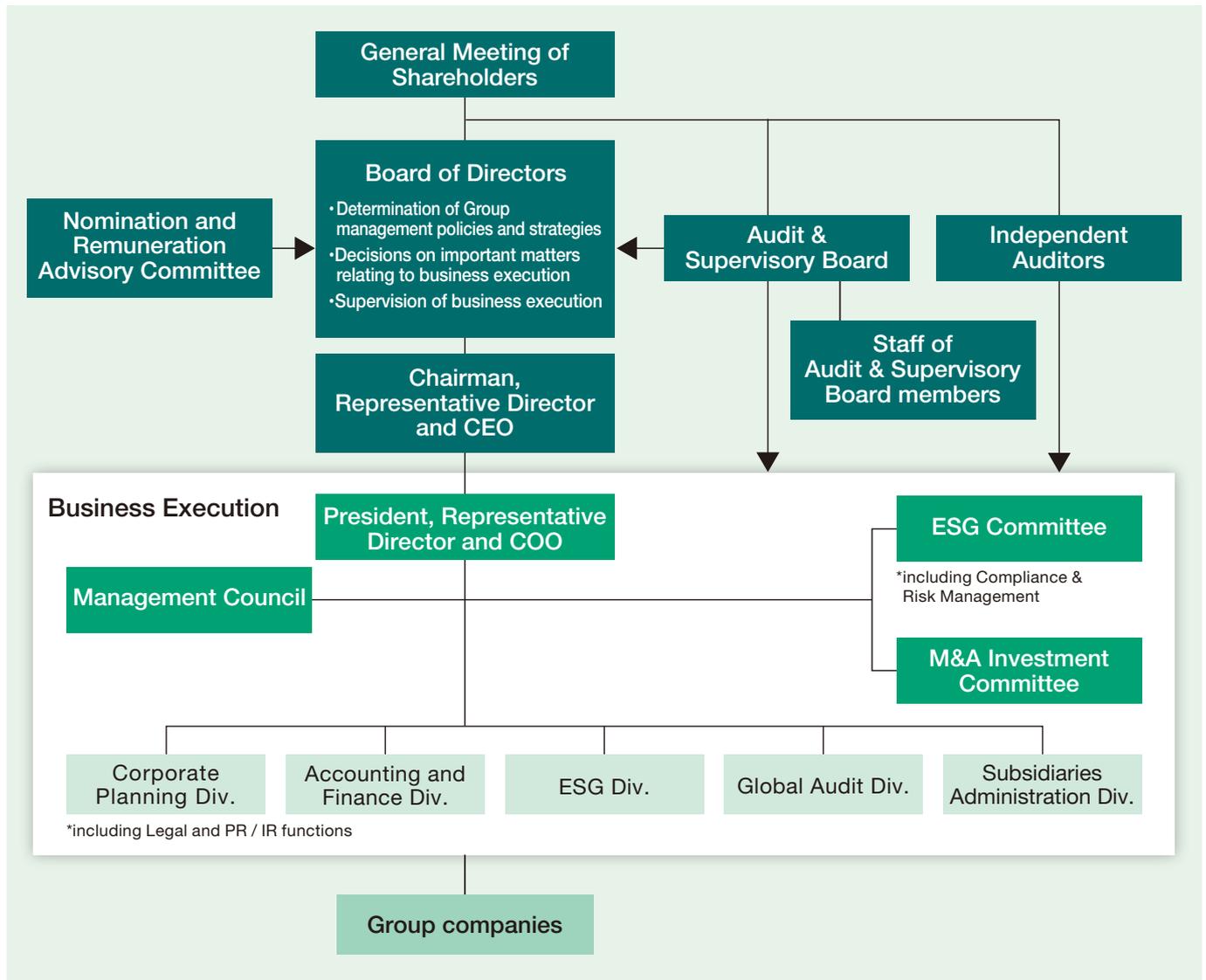
The Company ensures that the activities and behavior of its officers, and employees are in compliance with laws and regulations and social ethics. Specifically, the Company has formulated the "Fujifilm Group Charter for Corporate Behavior" and the "Fujifilm Group Code of Conduct," and established the ESG Committee and dedicated compliance divisions to maintain and improve compliance. A whistle-blowing system in 23 languages has also been set up 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 ESG 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.

Status of Corporate Governance

Corporate Governance Structure



General Meeting of Shareholders

The general meeting of shareholders is positioned as the highest decision-making body for Group management. In addition, we regard general meetings of shareholders as a valuable opportunity to communicate directly with shareholders and thus strive to provide information and improve the environment in consideration of the shareholders so that they can exercise their rights appropriately.

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.

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 eleven 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 director with special authority. To better clarify the missions and responsibilities of directors, their term of office is set at one year.

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. In addition, an Audit & Supervisory Board office has been established as a staff department for Audit & Supervisory Board Members to enhance the audit functions of 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.

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. Additionally, the Company has adopted an executive officer system to facilitate speedy business execution. Executive officers are responsible for business execution in accordance with the basic policy determined by the Board of Directors. The Company currently has 11 executive officers, four of whom are concurrently serving as Board members. The executive officers have a one-year term of office, the same as the Company's Directors.

Internal Audits

The Company has established a Global Audit Division which 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 utilizing 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 staffs are appointed to each operating company and audits are conducted across a wide range of areas, including the environment, quality control, security, labor, and pharmaceutical affairs.

ESG Committee

The ESG 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.

Management Structure

As of September 25, 2019

Board of Directors



Chairman, Representative Director & CEO

Shigetaka Komori

Profile

1963 Joined the Company
2000 President, Representative Director of the Company
2003 President, Representative Director & CEO of the Company
2006 President, Representative Director & CEO of FUJIFILM Corporation
2012 Chairman, Representative Director & CEO of the Company (to present)
Chairman, Representative Director & CEO of FUJIFILM Corporation (to present)
2017 Chairman, Representative Director of Fuji Xerox Co., Ltd. (to present)

Significant Concurrent Positions

- Chairman, Representative Director & CEO of FUJIFILM Corporation
- Chairman, Representative Director of Fuji Xerox Co., Ltd.



President, Representative Director & COO

Kenji Sukeno

Profile

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

Significant Concurrent Positions

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



Director & Senior Executive Vice President

Kouichi Tamai

Profile

2003 Joined the Company
2006 Corporate Vice President of the Company
2008 Director, Corporate Vice President of FUJIFILM Corporation
2010 Director, Corporate Vice President of the Company
2011 Director, Senior Corporate Vice President of FUJIFILM Corporation
2013 Director, Executive Corporate Vice President of FUJIFILM Corporation
2016 Director, Senior Executive Vice President of FUJIFILM Corporation
2018 Director, Senior Executive Vice President of the Company (to present)
President, Representative Director of Fuji Xerox Co., Ltd. (to present)

Significant Concurrent Positions

- President, Representative Director of Fuji Xerox Co., Ltd.



Director & CTO¹

Takashi Iwasaki

Profile

1981 Joined the Company
2009 President and CEO, Representative Director 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, Corporate Vice President 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 of FUJIFILM Corporation (to present)
2019 Director, Executive Corporate Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director, Executive Corporate Vice President & CTO, General Manager of Electronics Materials Division of FUJIFILM Corporation



Director

Takatoshi Ishikawa

Profile

1978 Joined the Company
2008 Representative Director, President of FUJIFILM Electronic Materials Co., Ltd.
2011 Corporate Vice President, General Manager of Electronic Materials Business Division of FUJIFILM Corporation
2012 Director of the Company
Director, Corporate Vice President and General Manager of the Pharmaceutical Products Division of FUJIFILM Corporation
2014 Director, Senior Vice President of FUJIFILM Corporation
2016 Director of the Company (to present)
2017 General Manager of Bio CDMO Division of FUJIFILM Corporation (to present)
2019 Director, Executive Corporate Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director, Executive Corporate Vice President and General Manager of Bio CDMO Division of FUJIFILM Corporation



Director

Junji Okada

Profile

1979 Joined the Company
2010 President of FUJIFILM Europe GmbH
2016 President and Representative Director of Toyama Chemical Co., Ltd.
2018 Director, Corporate Vice President of the Company (to present)
General Manager of Corporate Planning Division, General Manager of Group Company Management Division of the Company
Director, Corporate Vice President, General Manager of Corporate Planning Headquarters of FUJIFILM Corporation
General Manager of Pharmaceuticals Products Division of FUJIFILM Corporation (to present)
President, Chief Operating Officer of FUJIFILM Toyama Chemical Co., Ltd. (to present)
2019 Director, Senior Corporate Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

- Director, Senior Corporate Vice President and General Manager of Pharmaceuticals Products Division of FUJIFILM Corporation



Director

Teiichi Goto

Profile

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, Corporate Vice President 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, Senior Corporate Vice President and General Manager of Medical Systems Business Division of FUJIFILM Corporation



Director (Outside)

Tatsuo Kawada

Profile

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.

¹The Company refers to "FUJIFILM Holdings Corporation" and "Fuji Photo Film Co., Ltd." prior to its rename.

Board of Directors



Director (Outside)
Makoto Kaiami

Profile

1978 Assistant Judge of Tokyo District Court
2012 Presiding Justice of the Division of Tokyo District Court
2014 President of Tokyo Family Court
2015 President of Tokyo District Court
2017 Registered as Attorney at Law (to present)
Outside Director of the Company (to present)
2018 Attorney at Law of Otemachi Law Office (to present)

Significant Concurrent Positions

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



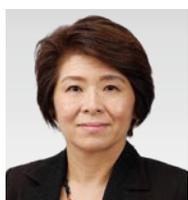
Director (Outside)
Kunitaro Kitamura

Profile

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 (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
- Outside Director of ASAGAMI CORPORATION



Director (Outside)
Makiko Eda

Profile

2013 Representative Director and President of Intel 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
- Outside Director of Tokyo Electron Limited

Audit & Supervisory Board Members



Audit & Supervisory Board Member
Kazuya Mishima

Profile

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 & 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

Profile

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)
Shiro Uchida

Profile

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.



Audit & Supervisory Board Member (Outside)
Masataka Mitsuhashi

Profile

1983 Registered as Certified Public Accountant (to present)
2004 Representative Director of Chuo Aoyama PwC Transaction Services Corporation (current PwC Advisory LLC)
2008 Partner of Aarata (current PricewaterhouseCoopers Aarata LLC)
2010 Representative Director and Deputy President of PricewaterhouseCoopers Co., Ltd.
2012 Representative Director and President of PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd. (current PricewaterhouseCoopers Sustainability LLC)
2018 Executive Adviser of PricewaterhouseCoopers Aarata LLC
Chairman of PricewaterhouseCoopers Sustainability LLC
2019 Audit & Supervisory Board Member of the Company (to present)

Executive Officers

Chairman and CEO
President and COO
Senior Executive Vice President
Corporate Vice President & CTO

Shigetaka Komori
Kenji Sukeno
Kouichi Tamai
Takashi Iwasaki

Corporate Vice President
Corporate Vice President
Corporate Vice President & CDO*2
Corporate Vice President

Shigenobu Inenaga
Masahiro Fukuoka
Akira Yoda
Chisato Yoshizawa

Corporate Vice President
Corporate Vice President
Corporate Vice President

Kazuhsa Horikiri
Masayuki Higuchi
Motoko Kawasaki

*1 Chief Technical Officer

*2 Chief Digital Officer

11 Years Summary

	FY2009/3	FY2010/3	FY2011/3	FY2012/3
Revenue:				
Domestic	¥1,134,192	¥1,059,395	¥1,024,839	¥1,001,814
Overseas	1,300,152	1,122,298	1,182,431	1,179,182
Total	2,434,344	2,181,693	2,207,270	2,180,996
Cost of sales	1,511,242	1,316,835	1,306,338	1,316,237
Operating expenses:				
Selling, general and administrative	694,740	588,109	572,156	582,114
Research and development	191,076	175,120	165,306	173,385
Operating income before restructuring and other charges	—	101,629	163,470	—
Restructuring and other charges	—	143,741	31,715	—
Operating income (loss) ^{*1}	37,286	(42,112)	131,755	109,260
Interest and dividend income	10,012	6,138	5,148	5,042
Interest expense	(7,037)	(4,577)	(5,435)	(3,991)
Income (loss) before income taxes	9,442	(41,999)	115,121	85,849
Net income (loss) attributable to FUJIFILM Holdings ^{*2}	10,524	(38,441)	64,638	42,762
Capital expenditures ^{*3}	¥ 112,402	¥ 77,913	¥ 89,932	¥ 90,946
Depreciation ^{*3}	149,912	135,103	106,755	96,580
Net cash provided by operating activities	209,506	314,826	200,505	137,309
Average number of shares outstanding (in thousands)	498,837	488,608	486,297	481,699

Financial condition:

Total assets	¥2,896,637	¥2,827,428	¥2,698,004	¥2,734,328
Long-term debt	253,987	140,269	118,176	20,334
Total FUJIFILM Holdings shareholders' equity	1,756,313	1,746,107	1,711,329	1,708,937
Number of employees (persons)	76,252	74,216	78,862	81,691

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

Net income (loss) attributable to FUJIFILM Holdings ^{*2, *4}	¥ 21.10	¥ (78.67)	¥ 132.92	¥ 88.77
Cash dividends ^{*5}	30.00	25.00	30.00	35.00
FUJIFILM Holdings shareholders' equity ^{*6}	3,594.52	3,573.66	3,552.79	3,547.68
Stock price at year-end	2,125	3,220	2,576	1,941

Price ratios / Profitability ratios:

PBR (price-to-book value ratio) (times) ^{*7}	0.59	0.90	0.73	0.55
PER (price-to-earnings ratio) (times) ^{*7}	100.71	—	19.38	21.87
ROE (return on equity) (%)	0.6	(2.2)	3.7	2.5
ROA (return on assets) (%)	0.3	(1.3)	2.3	1.6

Environmental information^{*8}:

Amount of CO ₂ emissions throughout the entire product lifecycle(unit: 1000t-CO ₂) ^{*9}	5,014	4,468	4,862	5,175
Water usage per unit (input) (input amount / revenue)(unit: 1000m ³ / ¥100 million)	2.29	2.42	2.43	2.53

*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.

						Millions of yen	Thousands of U.S. dollars ^{*11}
FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3 ^{*10}	FY2019/3	FY2019/3
¥ 991,426	¥1,025,256	¥1,006,533	¥ 983,703	¥ 962,711	¥1,006,512	¥1,006,536	\$ 9,067,892
1,208,114	1,392,839	1,456,854	1,476,680	1,359,452	1,426,853	1,424,953	12,837,414
2,199,540	2,418,095	2,463,387	2,460,383	2,322,163	2,433,365	2,431,489	21,905,306
1,353,835	1,503,046	1,511,744	1,491,758	1,391,519	1,464,269	1,433,973	12,918,675
569,161	621,343	626,947	624,972	598,131	677,827	631,557	5,689,703
168,160	165,245	160,281	163,027	160,232	167,940	156,132	1,406,595
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
108,384	128,461	164,415	180,626	172,281	123,329	209,827	1,890,333
4,764	6,219	5,858	6,206	5,404	6,262	4,787	43,126
(4,934)	(4,183)	(4,569)	(4,376)	(4,795)	(4,570)	(3,314)	(29,856)
112,883	144,740	188,966	182,242	194,775	197,807	212,762	1,916,775
50,847	71,558	110,940	116,402	131,506	140,694	138,106	1,244,198
¥ 76,660	¥ 67,004	¥ 56,127	¥ 74,143	¥ 71,805	¥ 67,483	¥ 75,372	\$ 679,027
93,549	90,950	65,294	65,831	58,870	66,526	70,868	638,450
202,099	296,589	267,778	223,479	288,619	261,152	249,343	2,246,333
481,715	481,915	482,050	465,556	443,874	436,098	422,591	
¥3,035,901	¥3,191,847	¥3,501,950	¥3,311,970	¥3,533,189	¥3,492,940	¥3,414,692	\$30,762,991
317,592	314,968	313,045	310,388	434,843	412,502	353,533	3,184,982
1,850,723	1,990,986	2,195,539	2,014,826	2,043,559	2,079,134	2,036,963	18,351,018
80,322	78,595	79,235	78,150	78,501	77,739	72,332	
¥ 105.55	¥ 148.49	¥ 230.14	¥ 250.03	¥ 296.27	¥ 322.62	¥ 326.81	\$ 2.94
40.00	50.00	60.00	65.00	70.00	75.00	80.00	0.72
3,840.79	4,130.91	4,552.91	4,472.45	4,668.26	4,832.62	4,976.88	44.84
1,836	2,771	4,277	4,451	4,348	4,245	5,034	45.35
0.48	0.67	0.94	1.00	0.93	0.88	1.01	
17.39	18.66	18.58	17.80	14.67	13.16	15.40	
2.9	3.7	5.3	5.5	6.5	6.8	6.7	
1.8	2.3	3.3	3.4	3.8	4.0	4.0	
4,897	4,694	4,797	4,410	4,287	4,011	3,680	
2.43	2.10	2.02	1.98	1.98	1.80	1.76	

*8 For the environmental data, there are slight variations in the figures as a result of changing the CO₂ conversion coefficient or calculation methods and so on.

*9 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).

*10 The changes in the classification of the presentation of net periodic pension cost and net periodic postretirement benefit cost are applied retroactively in the fiscal year ended March 31, 2019, according to the update of U.S. accounting standards.

*11 U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥111=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2019.

Financial Analysis and Review

Economic Environment

Overviewing the global economy during the fiscal year ended March 31, 2019 (April 1, 2018 through March 31, 2019), the general trend of gradual economic recovery persisted despite some weakness observed in China and a part of Europe. 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 although it has weakened in some areas. In China, the economy gradually slowed reflecting lower growth in consumption. Other Asian regions showed gradual economic recovery though the trend has weakened in some areas. In Japan, the general trend of gradual economic recovery persisted with personal consumption picking up 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 128, respectively.

Overview of Operating Results

In the fiscal year ended March 31, 2019, the Group recorded JPY 2,431.5 billion in consolidated revenue (down 0.1% from the previous fiscal year), reflecting such factors as a sales decrease in the document business, although sales increased in the medical systems business, bio CDMO business, regenerative medicine business and electronic materials business.

Operating income largely increased to JPY 209.8 billion (up 70.1% from the previous fiscal year) due to improved profitability and positive impacts of structural reforms in the document business.

Net Income Attributable to FUJIFILM Holdings

Consolidated income before income taxes amounted to JPY 212.8 billion (up 7.6% from the previous fiscal year) and consolidated net income attributable to FUJIFILM Holdings totaled JPY 138.1 billion (down 1.8% 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 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.

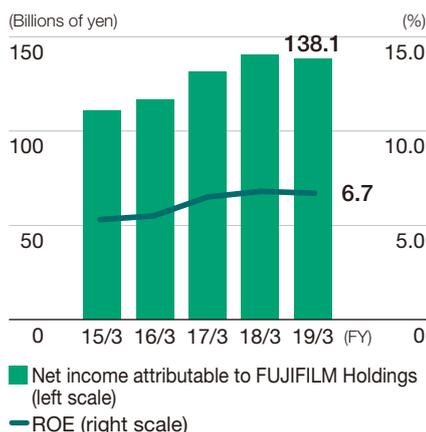
The Company has the policy of shareholder returns that puts emphasis on cash dividends, setting the targeted dividend payout ratio of 25% or more. Annual cash dividends in the fiscal year ended March 31, 2019 were JPY 80.00 per share. This amount included an interim cash dividend of JPY 40.00 per share.

Outlook for the Fiscal Year Ending March 31, 2020 (As of August 8, 2019)

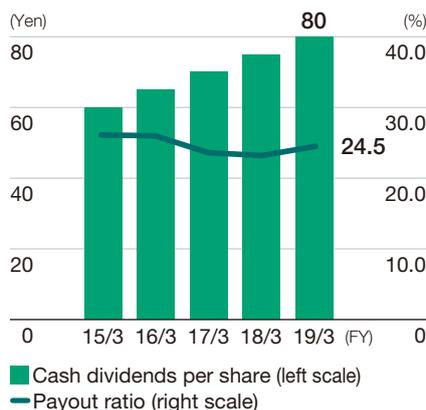
Regarding consolidated performance in the fiscal year ending March 31, 2020, through accelerating growth of the healthcare and highly functional materials business fields, which are core business fields of the Group, fundamental reinforcement of the document business, and improvement of profitability in each business, the Company projects JPY 2,480.0 billion in revenue (up 2.0% from the previous fiscal year), operating income of JPY 240.0 billion (up 14.4% from the previous fiscal year), income before income taxes of JPY 245.0 billion (up 15.2% from the previous fiscal year), and net income attributable to FUJIFILM Holdings of JPY 155.0 billion (up 12.2% from the previous fiscal year).

In the Document Solutions segment, JPY 10.0 billion as one-time costs for structural reforms and other factors, and JPY 18.0 billion as positive impacts 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, 2020 (As of August 8, 2019)

Billions of yen	FY2019/3 (Actual)	FY2020/3 (Forecast)	Change (%)
Revenue	2,431.5	2,480.0	2.0
Operating income	209.8	240.0	14.4
Income before income taxes	212.8	245.0	15.2
Net income attributable to FUJIFILM Holdings	138.1	155.0	12.2
Currency exchange rate (U.S. dollar/yen)	¥111	¥110	(¥1)
Currency exchange rate (euro/yen)	¥128	¥125	(¥3)

Operating Results by Segment for the Fiscal Year Ended March 31, 2019

Imaging Solutions

In the Imaging Solutions segment, consolidated revenue increased due to a solid sales increase in all businesses. Consolidated operating income decreased due to such factors as increased advertising and promotion costs and R&D investments.

Millions of yen	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3
Revenue	360,266	352,922	341,744	382,961	386,914
Operating income	20,347	32,013	36,847	55,787	51,128
Operating margin (%)	5.6	9.1	10.8	14.6	13.2
Total assets	322,103	314,766	365,939	341,534	325,337
Depreciation	11,078	12,865	11,095	13,254	14,060
Capital expenditures	7,909	10,167	10,333	9,427	10,579

Healthcare & Material Solutions

In the Healthcare & Material Solutions segment, consolidated revenue increased due to strong sales in the medical systems business, bio CDMO business, regenerative medicine business, electronic materials business and others. Operating income also increased mainly due to an improvement of profitability.

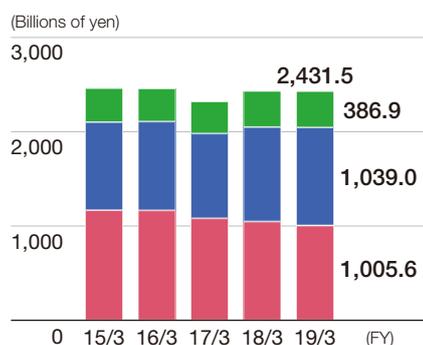
Millions of yen	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3
Revenue	936,177	942,100	899,543	1,002,602	1,038,966
Operating income	87,280	90,701	82,969	91,377	97,579
Operating margin (%)	9.3	9.6	9.2	9.1	9.4
Total assets	1,454,108	1,457,622	1,542,355	1,725,703	1,709,713
Depreciation	51,184	51,990	49,088	57,503	63,093
Capital expenditures	29,353	39,273	40,139	42,668	50,523

Document Solutions

In the Document Solutions segment, consolidated revenue decreased due to such factors as a reduction in low-profitability parts of the low-end office printer business. Operating income largely increased due to improved profitability, a positive impact from structural reforms and so on.

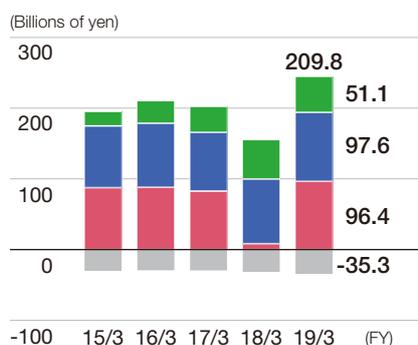
Millions of yen	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3
Revenue	1,166,944	1,165,361	1,080,876	1,047,802	1,005,609
Operating income	87,618	87,954	82,683	8,414	96,366
Operating margin (%)	7.5	7.5	7.6	0.8	9.6
Total assets	1,173,816	1,138,105	1,115,381	1,068,350	1,014,304
Depreciation	62,048	58,092	55,340	54,685	50,137
Capital expenditures	17,261	23,293	20,021	13,848	11,672

Revenue by segment

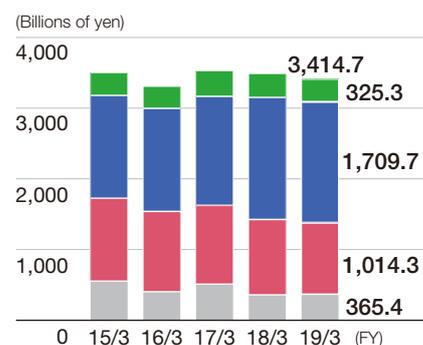


■ Imaging Solutions
 ■ Healthcare & Material Solutions
 ■ Document Solutions
 ■ Corporate expenses and eliminations

Operating income by segment



Total assets by segment



Financial Analysis and Review

Financial Condition

Assets, liabilities and Shareholder's Equity

At the end of the fiscal year ended March 31, 2019, total assets decreased by JPY 78.2 billion, compared with the end of the previous fiscal year, to JPY 3,414.7 billion, owing to decrease in cash and cash equivalents and other factors. Total liabilities decreased by JPY 24.4 billion, compared with the end of the previous fiscal year, to JPY 1,169.9 billion. FUJIFILM Holdings shareholders' equity decreased by JPY 42.2 billion, compared with the end of the previous fiscal year, to JPY 2,037.0 billion.

As a result, the current ratio decreased by 33.6 percentage points, to 246.5%, the debt-equity ratio remained unchanged at 57.4%, and the equity ratio increased by 0.2 percentage points, to 59.7%, 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 of JPY 75.4 billion were made during the year mainly for the purpose of increasing production capacity for high-growth products, rationalizing and labor saving of manufacturing facilities, and environmental conservation. By business segment, capital expenditures amounted to JPY 10.6 billion in Imaging Solutions, JPY 50.5 billion in Healthcare & Material Solutions, and JPY 11.7 billion in Document Solutions.

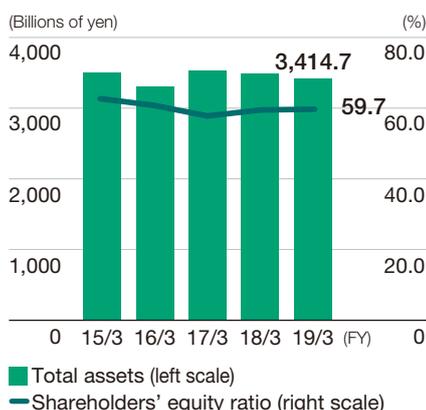
Depreciation and amortization* increased by JPY 4.4 billion year on year to JPY 70.9 billion.

* It is figure for tangible fixed assets only excluding rental equipment in the Document Solutions business.

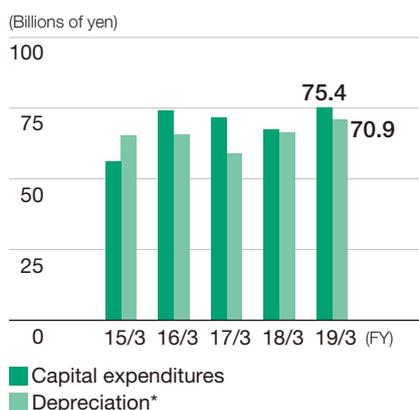
Cash Flow Analysis

During the fiscal year ended March 31, 2019, net cash provided by operating activities totaled JPY 249.3 billion, due to a decrease in notes and accounts receivable and other factors. Net cash used in investing activities amounted to JPY 208.6 billion, mainly due to acquisition of businesses. Thus, free cash flows—or the sum of cash flows from operating and investing activities—decreased by JPY 108.6 billion, compared with the previous fiscal year, to JPY 40.7 billion. Net cash used in financing activities amounted to JPY 153.5 billion, due to net purchases of stock for treasury, capital transactions with noncontrolling interests and other factors. As a result, cash and cash equivalents at the end of the fiscal year under review amounted to JPY 654.7 billion, down JPY 113.5 billion from the end of the previous fiscal year.

Total assets/Shareholders' equity ratio

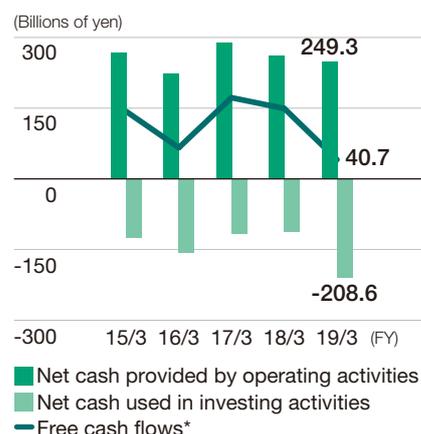


Capital expenditures/Depreciation*



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

Cash flows



* 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 FY2019/3.

(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 FY2019/3. 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 lifecycles, 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, tropical cyclones, 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

	FY2018/3	FY2019/3	FY2019/3
		Millions of yen	Thousands of U.S. dollars*
ASSETS			
Current assets:			
Cash and cash equivalents	¥ 768,246	¥ 654,747	\$ 5,898,622
Notes and accounts receivable:			
Trade and finance	634,851	639,280	5,759,279
Affiliated companies	15,010	5,634	50,757
Allowance for doubtful receivables	(30,811)	(27,119)	(244,315)
Inventories	361,321	374,456	3,373,477
Prepaid expenses and other	112,185	83,908	755,928
Total current assets	1,860,802	1,730,906	15,593,748
Investments and long-term receivables:			
Investments in and advances to affiliated companies	33,269	33,445	301,306
Investment securities	87,180	105,678	952,054
Long-term finance and other receivables	122,219	104,323	939,847
Allowance for doubtful receivables	(3,512)	(3,754)	(33,820)
Total investments and long-term receivables	239,156	239,692	2,159,387
Property, plant and equipment:			
Land	99,108	98,211	884,784
Buildings and structures	720,853	690,207	6,218,081
Machinery, equipment and other	1,644,568	1,447,115	13,037,072
Construction in progress	28,863	36,420	328,108
	2,493,392	2,271,953	20,468,045
Less accumulated depreciation	(1,955,847)	(1,745,156)	(15,722,126)
Net property, plant and equipment	537,545	526,797	4,745,919
Other assets:			
Goodwill, net	591,568	655,508	5,905,478
Other intangible assets, net	127,137	145,013	1,306,423
Deferred income taxes	48,647	32,762	295,153
Other	88,085	84,014	756,883
Total other assets	855,437	917,297	8,263,937
Total assets	¥ 3,492,940	¥ 3,414,692	\$ 30,762,991

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥111=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2019.

Millions of yen Thousands of U.S. dollars*

	FY2018/3	FY2019/3	FY2019/3
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term debt	¥ 41,676	¥ 170,579	\$ 1,536,748
Notes and accounts payable:			
Trade	224,012	210,658	1,897,820
Construction	21,169	25,758	232,054
Affiliated companies	3,367	1,940	17,477
Accrued income taxes	28,226	18,950	170,721
Accrued liabilities	219,723	182,833	1,647,144
Other current liabilities	126,044	91,567	824,928
Total current liabilities	664,217	702,285	6,326,892
Non-current liabilities:			
Long-term debt	412,502	353,533	3,184,982
Accrued pension and severance costs	45,193	40,335	363,378
Deferred income taxes	17,298	19,959	179,811
Other non-current liabilities	55,024	53,739	484,135
Total non-current liabilities	530,017	467,566	4,212,306
Total liabilities	1,194,234	1,169,851	10,539,198
Equity:			
FUJIFILM Holdings shareholders' equity:			
Common stock, without par value:	40,363	40,363	363,630
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares			
Additional paid-in capital	79,153	24,494	220,667
Retained earnings	2,383,793	2,507,719	22,592,063
Accumulated other comprehensive (loss) income	(87,783)	(100,593)	(906,243)
Treasury stock, at cost (105,340,377 shares in 2019/3; 84,396,402 shares in 2018/3)	(336,392)	(435,020)	(3,919,099)
Total FUJIFILM Holdings shareholders' equity	2,079,134	2,036,963	18,351,018
Noncontrolling interests	219,572	207,878	1,872,775
Total equity	2,298,706	2,244,841	20,223,793
Total liabilities and equity	¥3,492,940	¥3,414,692	\$30,762,991

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥111=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2019.

Consolidated Statements of Income

			Millions of yen	Thousands of U.S. dollars*
	FY2017/3	FY2018/3	FY2019/3	FY2019/3
Revenue	¥2,322,163	¥2,433,365	¥2,431,489	\$21,905,306
Cost of sales	1,391,519	1,464,269	1,433,973	12,918,675
Gross profit	930,644	969,096	997,516	8,986,631
Operating expenses:				
Selling, general and administrative	598,131	677,827	631,557	5,689,703
Research and development	160,232	167,940	156,132	1,406,595
	758,363	845,767	787,689	7,096,298
Operating income	172,281	123,329	209,827	1,890,333
Other income (expenses):				
Interest and dividend income	5,404	6,262	4,787	43,126
Interest expense	(4,795)	(4,570)	(3,314)	(29,856)
Foreign exchange (losses) gains, net	(1,280)	(6,936)	(2,919)	(26,297)
Gains (losses) on sales of investment securities, net	22,510	50,999	(244)	(2,198)
Other, net	655	28,723	4,625	41,667
	22,494	74,478	2,935	26,442
Income before income taxes	194,775	197,807	212,762	1,916,775
Income taxes:				
Current	47,056	65,565	43,697	393,667
Deferred	(2,934)	(11,130)	12,359	111,342
	44,122	54,435	56,056	505,009
Equity in net income (loss) of affiliated companies	(3,463)	872	418	3,765
Net income	147,190	144,244	157,124	1,415,531
Less: Net income attributable to noncontrolling interests	(15,684)	(3,550)	(19,018)	(171,333)
Net income attributable to FUJIFILM Holdings	¥ 131,506	¥ 140,694	¥ 138,106	\$ 1,244,198

			Yen	U.S. dollars*
	FY2017/3	FY2018/3	FY2019/3	FY2019/3
Amounts per share of common stock:				
Net income attributable to FUJIFILM Holdings: Basic	¥296.27	¥322.62	¥326.81	\$2.94
: Diluted	295.22	321.55	325.82	2.94
Cash dividends declared	70.00	75.00	80.00	0.72

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥111=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2019.

Consolidated Statements of Comprehensive Income

	Millions of yen	Thousands of U.S. dollars*		
	FY2017/3	FY2018/3	FY2019/3	FY2019/3
Net income	¥147,190	¥144,244	¥157,124	\$1,415,531
Other comprehensive (loss) income, net of tax:				
Net unrealized (losses) gains on securities	(8,199)	(23,723)	(2)	(18)
Foreign currency translation adjustments	(28,241)	(8,031)	6,322	56,955
Pension liability adjustments	11,935	(3,526)	885	7,973
Net unrealized gains (losses) on derivatives	559	569	188	1,694
Other comprehensive (loss) income	(23,946)	(34,711)	7,393	66,604
Comprehensive income	123,244	109,533	164,517	1,482,135
Less: Comprehensive income attributable to noncontrolling interests	(15,678)	(1,902)	(20,245)	(182,387)
Comprehensive income (loss) attributable to FUJIFILM Holdings	¥107,566	¥107,631	¥144,272	\$1,299,748

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥111=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2019.

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, 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						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						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
Cumulative effect of application of Accounting Standards Update 2016-01	—	—	18,976	(18,976)	—	—	—	—
Cumulative effect of application of Accounting Standards Update 2016-16	—	—	296	—	—	296	99	395
Comprehensive income (loss):								
Net income	—	—	138,106	—	—	138,106	19,018	157,124
Net unrealized (losses) gains on securities	—	—	—	(2)	—	(2)	—	(2)
Foreign currency translation adjustments	—	—	—	5,898	—	5,898	424	6,322
Pension liability adjustments	—	—	—	61	—	61	824	885
Net unrealized gains (losses) on derivatives	—	—	—	209	—	209	(21)	188
Comprehensive income (loss)						144,272	20,245	164,517
Purchases of treasury stock	—	—	—	—	(100,018)	(100,018)	—	(100,018)
Sales of treasury stock	—	(212)	(49)	—	1,390	1,129	—	1,129
Dividends paid to FUJIFILM Holdings shareholders	—	—	(33,403)	—	—	(33,403)	—	(33,403)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(7,752)	(7,752)
Issuance of stock acquisition rights	—	(70)	—	—	—	(70)	—	(70)
Equity transactions with noncontrolling interests and other	—	(54,377)	—	—	—	(54,377)	(24,286)	(78,663)
Balance as of March 31, 2019	¥40,363	¥ 24,494	¥2,507,719	¥(100,593)	¥(435,020)	¥2,036,963	¥207,878	¥2,244,841

Thousands of U.S. dollars*

	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, 2018	\$363,631	\$713,090	\$21,475,613	\$(790,838)	\$(3,030,559)	\$18,730,937	\$1,978,127	\$20,709,064
Cumulative effect of application of Accounting Standards Update 2016-01	—	—	170,955	(170,955)	—	—	—	—
Cumulative effect of application of Accounting Standards Update 2016-16	—	—	2,667	—	—	2,667	892	3,559
Comprehensive income (loss):								
Net income	—	—	1,244,198	—	—	1,244,198	171,333	1,415,531
Net unrealized (losses) gains on securities	—	—	—	(18)	—	(18)	—	(18)
Foreign currency translation adjustments	—	—	—	53,135	—	53,135	3,820	56,955
Pension liability adjustments	—	—	—	550	—	550	7,423	7,973
Net unrealized gains (losses) on derivatives	—	—	—	1,883	—	1,883	(189)	1,694
Comprehensive income						1,299,748	182,387	1,482,135
Purchases of treasury stock	—	—	—	—	(901,063)	(901,063)	—	(901,063)
Sales of treasury stock	—	(1,910)	(442)	—	12,523	10,171	—	10,171
Dividends paid to FUJIFILM Holdings shareholders	—	—	(300,928)	—	—	(300,928)	—	(300,928)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(69,838)	(69,838)
Issuance of stock acquisition rights	—	(631)	—	—	—	(631)	—	(631)
Equity transactions with noncontrolling interests and other	—	(489,883)	—	—	—	(489,883)	(218,793)	(708,676)
Balance as of March 31, 2019	\$363,631	\$220,666	\$22,592,063	\$(906,243)	\$(3,919,099)	\$18,351,018	\$1,872,775	\$20,223,793

* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥111=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2019.

Consolidated Statements of Cash Flows

			Millions of yen	Thousands of U.S. dollars*
	FY2017/3	FY2018/3	FY2019/3	FY2019/3
Operating activities				
Net income	¥ 147,190	¥ 144,244	¥ 157,124	\$ 1,415,531
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	117,635	127,642	129,932	1,170,559
(Gains) losses on remeasurement of previously held equity interests	—	(20,838)	—	—
(Gains) losses on sales of investment securities, net	(22,510)	(50,999)	244	2,198
Deferred income taxes	(2,934)	(11,130)	12,359	111,342
Equity in net losses (gains) of affiliated companies, net of dividends received	4,546	1,142	4,719	42,513
Changes in operating assets and liabilities:				
Decrease (increase) in notes and accounts receivable	3,444	41,342	4,885	44,009
(Increase) decrease in inventories	4,891	(7,518)	(12,287)	(110,694)
(Decrease) increase in notes and accounts payable—trade	5,692	(19,999)	(12,469)	(112,333)
Increase (decrease) in accrued income taxes and other liabilities	(5,997)	68,551	(80,408)	(724,396)
Other	36,662	(11,285)	45,244	407,604
Net cash provided by operating activities	288,619	261,152	249,343	2,246,333
Investing activities				
Purchases of property, plant and equipment	(74,647)	(63,043)	(68,549)	(617,559)
Purchases of software	(22,318)	(18,541)	(20,471)	(184,423)
Proceeds from sales and maturities of marketable and investment securities	63,801	73,270	2,545	22,928
Purchases of marketable and investment securities	(20,055)	(5,063)	(23,349)	(210,351)
Decrease (increase) in time deposits, net	(38,589)	40,691	(3,630)	(32,703)
(Increase) decrease in investments in and advances to affiliated companies and other advances, net	(5,527)	(3,052)	(10,456)	(94,198)
Acquisitions of businesses, net of cash acquired	(1,334)	(127,269)	(84,310)	(759,550)
Other	(17,770)	(8,779)	(365)	(3,288)
Net cash used in investing activities	(116,439)	(111,786)	(208,585)	(1,879,144)
Financing activities				
Proceeds from long-term debt	226,495	2,100	100,035	901,216
Repayments of long-term debt	(6,777)	(165,416)	(25,947)	(233,757)
(Decrease) increase in short-term debt, net	(26,233)	(7,171)	(8,123)	(73,180)
Cash dividends paid to shareholders	(30,165)	(31,714)	(33,166)	(298,793)
Cash dividends paid to noncontrolling interests	(6,371)	(6,521)	(7,752)	(69,838)
Net purchases of treasury stock	(50,021)	(50,023)	(100,018)	(901,063)
Equity transactions with noncontrolling interests and other	4,362	(216)	(78,551)	(707,666)
Net cash used in financing activities	111,290	(258,961)	(153,522)	(1,383,081)
Effect of exchange rate changes on cash and cash equivalents	(8,409)	1,883	(735)	(6,622)
Net (decrease) increase in cash and cash equivalents	275,061	(107,712)	(113,499)	(1,022,514)
Cash and cash equivalents at beginning of year	600,897	875,958	768,246	6,921,136
Cash and cash equivalents at end of year	¥ 875,958	¥ 768,246	¥ 654,747	\$ 5,898,622
Supplemental disclosures				
Cash paid for interest	¥ 5,156	¥ 5,844	¥ 4,261	\$ 38,387
Cash paid for income taxes	29,741	62,052	50,903	458,586

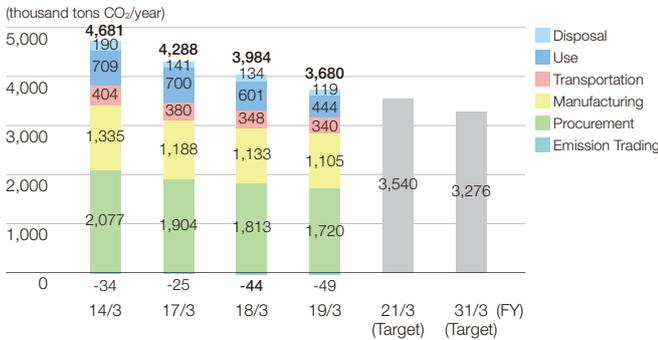
* U.S. dollar amounts presented are translated from yen, for convenience only, at the rate of ¥111=U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2019.

Non-Financial Information

Environmental Aspect

Anti-Global Warming Countermeasures

Annual changes in CO₂ emissions across the entire product lifecycle

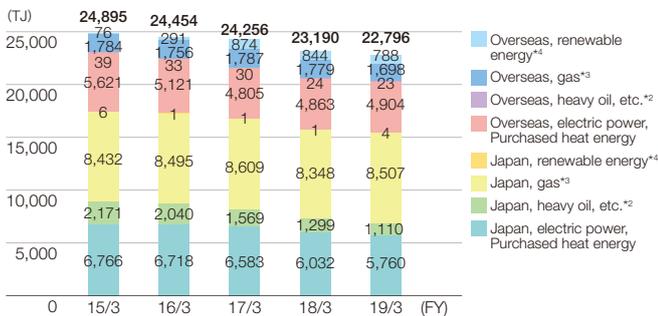


Annual changes in CO₂ emissions* (unit: thousand tons CO₂/year)

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
Japan (Manufacturing)	921	894	853	782	761
Japan (Non-manufacturing)	27	30	33	32	30
Overseas (Manufacturing)	346	308	268	278	274
Overseas (Non-manufacturing)	40	37	50	43	40
Group total	1,333	1,269	1,204	1,134	1,105
Vehicle	33	31	31	31	29
Total	1,366	1,299	1,235	1,165	1,135

*Calculation method: Calculation of CO₂ emission 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 FUJIFILM Manufacturing Europe B.V. (EF) classified its energy usage as renewable energy because the supply of wind-generated power has been 100% since FY2015.

Reducing Chemical Substances Emissions

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

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
Japan	6.8	6.5	5.9	6.4	6.4
Overseas	1.6	1.8	1.6	1.6	1.7
Group total	8.4	8.3	7.5	8.0	8.1

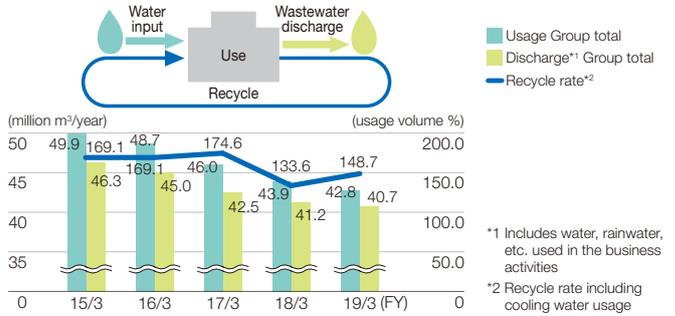
Reductions in VOCs atmospheric emissions* (Fujifilm non-consolidated)

Category	Name of substance	Reduction (tons)	Reduction rate in comparison to previous fiscal year (%)
Substances requiring reporting under the PRTR Law	Dichloromethane	4	9
	Methyl alcohol	4	3
Substances voluntarily controlled by the company	Ethyl acetate	17	15
	Methyl ethyl ketone	8	22
	Acetone	0	-1

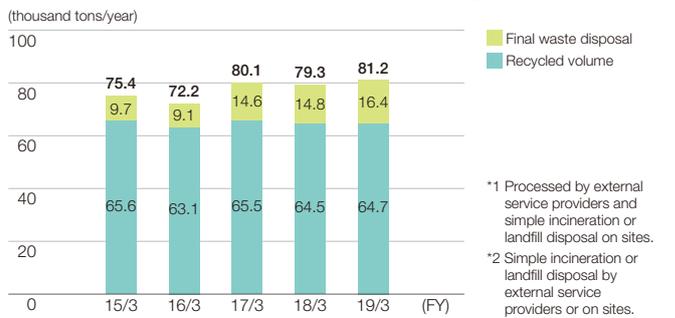
*Reduction in volumes in FY2019/3 compared with actual levels in previous year

Conserving Resources Measures

Annual Trend in Water Input, Recycling and Discharge as Wastewater



Annual Changes in Waste Generation*1, Recycling & Final Disposal*2



Pollution Prevention Measures

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

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	
SOx emissions	Japan	22	9	19	15	19
	Overseas	6	10	2	3	3
	Group total	28	19	21	18	22
NOx emissions	Japan	394	424	369	290	232
	Overseas	61	78	86	111	94
	Group total	455	502	455	401	326
Soot particle emissions	Japan	4.2	3.1	2.3	2.4	1.8
	Overseas	1.0	4.2	1.0	1.8	3.3
	Group total	5.2	7.3	3.3	4.2	5.1
Atmospheric emissions of specified CFCs*	CFC-11	0.21	0.21	0.00	0.16	0.00
	CFC-12	0.01	0.00	0.00	0.00	0.00

*Group total, below the limit of detection = 0

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

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3	
Total amount of COD*2	Japan	82.3	82.1	69.0	54.5	67.1
	Overseas	57.0	67.3	55.5	49.6	27.2
	Group total	139.3	149.4	124.5	104.1	94.2
Total amount of BOD*3	Japan	38.5	37.1	30.2	24.3	26.8
	Overseas	10.1	16.6	0.5	0.1	0.6
	Group total	48.6	53.7	30.7	24.4	27.4
Total amount of nitrogen emissions	Japan	223.3	232.3	170.9	181.7	167.2
	Overseas	5.3	4.2	1.4	2.7	1.8

*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 changing the CO₂ conversion coefficient or calculation methods and so on.

Non-Financial Information

Personnel and Labor

FUJIFILM

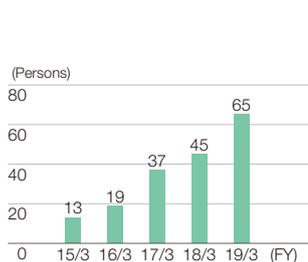
Status of regular employees (As of March 31, 2019)

Average length of employment (years)	Turnover rate*1	Retention rate after 3 years from reinstatement (childcare)*2
Total: 17.74	Total: 2.63%	Total: 96.0%
Male: 17.82	Male: 2.73%	Male: 100%
Female: 17.37	Female: 2.18%	Female: 95.6%

*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 = $\frac{\text{Number of employees as of the end of FY2019/3 among those returning to work after childcare leave in FY2017/3}}{\text{Number of employees reinstated after childcare leave in FY2017/3}}$

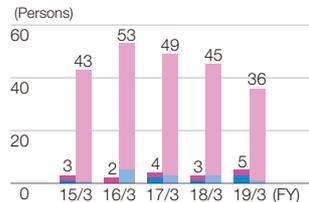
Re-employment*3



*3 Employees re-employed after retirement during the relevant fiscal year (April 1 to March 31).

Number of employees taking a leave of absence*4

Leave of absence for nursing care (■ male ■ female)
Leave of absence for childcare (■ male ■ female)



*4 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 care leave*5 (number of days)

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
Nursing care leave	13 (male 9, female 4)	15 (male 10, female 5)	26 (male 15, female 11)	39 (male 25, female 14)	25 (male 22, female 3)
Childcare leave	6 (male 4, female 2)	7 (male 5, female 2)	16 (male 8, female 8)	18 (male 10, female 8)	24 (male 18, female 6)
Child medical care leave	48 (male 9, female 39)	59 (male 16, female 43)	73 (male 31, female 42)	96 (male 44, female 52)	96 (male 42, female 54)
Volunteer work leave	0 (male 0, female 0) (0 days)	1 (male 1, female 0) (1 days)	0 (male 0, female 0) (0 days)	0 (male 0, female 0) (0 days)	1 (male 1, female 0) (5 days)

*5 Number of employees who began a leave during the relevant fiscal year

Percentage of employment of persons with disabilities*15

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
The Fujifilm Group			—		
FUJIFILM	2.12%	2.10%	2.24%	2.27%	2.32%
Fuji Xerox	2.06%	2.09%	2.22%	2.18%	

*15 We disclose the actual percentage determined by the group-wide calculation method under FUJIFILM Holdings from FY2018. Data as of May 1, 2019.

Fuji Xerox

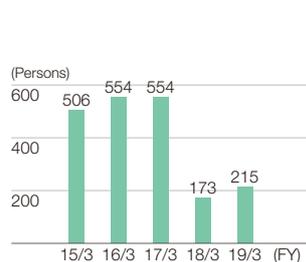
Status of regular employees (As of March 31, 2019)

Average length of employment (years)	Turnover rate*6	Retention rate after 3 years from reinstatement (childcare)*7
Total: 20.2	Total: 4.1%	Total: 91.5%
Male: 21.0	Male: 4.0%	Male: 91.7%
Female: 16.4	Female: 4.6%	Female: 91.5%

*6 Turnover rate = $\frac{\text{Attrition} + \text{Retirement}}{\text{Number of employees in Fuji Xerox at the end of preceding fiscal year (non-consolidated)} + \text{Number of assigned employees}}$

*7 Retention rate after 3 years from reinstatement = $\frac{\text{Number of employees as of the end of FY2019/3 among those returning to work after childcare leave in FY2017/3}}{\text{Number of employees reinstated after childcare leave in FY2017/3}}$

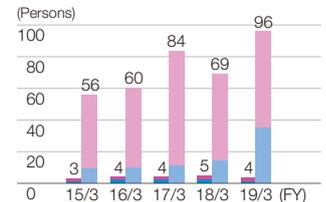
Re-employment*8



*8 Employees re-employed during fiscal 2018

Number of employees taking a leave of absence*9

Leave of absence for nursing care (■ male ■ female)
Leave of absence for childcare (■ male ■ female)



*9 Number of regular employees (including contracted employees) who began a leave of absence during the relevant fiscal year (April 1, 2018 1 to March 31, 2019).

Number of employees taking a care leave*10 (number of days)

	FY15/3	FY16/3	FY17/3	FY18/3	FY19/3
Nursing care leave*11	26 (male 17, female 9)	44 (male 27, female 17)	59 (male 40, female 19)	84 (male 64, female 20)	85 (male 69, female 16)
Childcare leave*12	298 (male 86, female 212)	314 (male 147, female 167)	373 (male 206, female 167)	386 (male 213, female 173)	382 (male 241*14, female 141)
Volunteer work leave*13	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)	8 (male 6, female 2) (50 days)

*10 Number of regular employees who began a leave during the relevant fiscal year (from April 1, 2018 to March 31, 2019)

*11 Number of employees taking leave of nursing care leave under the "accumulated paid leave (nursing care for family members)," "nursing care for family members" and "oneday nursing care leave" programs

*12 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 most) is granted for care of the eldest child at the time of birth of the second child.

*13 Volunteer work leave shows the number of employees who took "accumulated paid leave (volunteer activity)" and the number of days spent for such activities. Total number of days is shown in parenthesis.

*14 Including 53 taking a special leave when their wives' gave birth on and after the second child

Corporate Governance

Attendance rate of Board of Directors (FY2019/3) *

Name of directors	Attendance rate of Board of Directors
Shigetaka Komori	100% (10/10 times)
Kenji Sukeno	100% (10/10 times)
Kouichi Tamai	100% (10/10 times)
Junji Okada	100% (7/7 times)
Takashi Iwasaki	100% (7/7 times)
Teiichi Goto	100% (7/7 times)
Tatsuo Kawada	80% (8/10 times)
Makoto Kaiami	100% (10/10 times)
Kunitaro Kitamura	90% (9/10 times)
Makiko Eda	100% (7/7 times)

Attendance rate of Audit & Supervisory Board members (FY2019/3) *

Name of Audit & Supervisory Board members	Attendance rate of Audit & Supervisory Board members
Kazuya Mishima	100% (12/12 times)
Naohiko Sugita	100% (9/9 times)
Hisayoshi Kobayakawa	100% (12/12 times)
Shiro Uchida	75% (9/12 times)

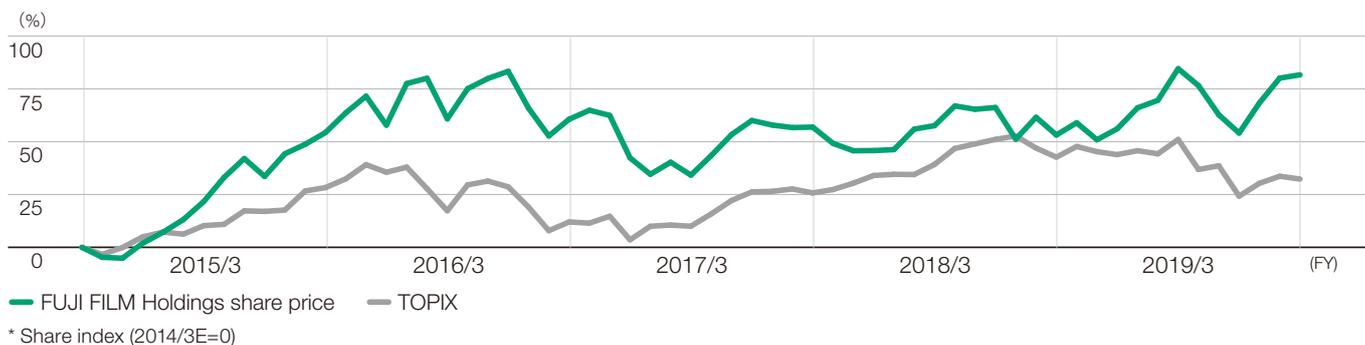
*The attendance rate is since the appointment.

Creation of Shareholder Value

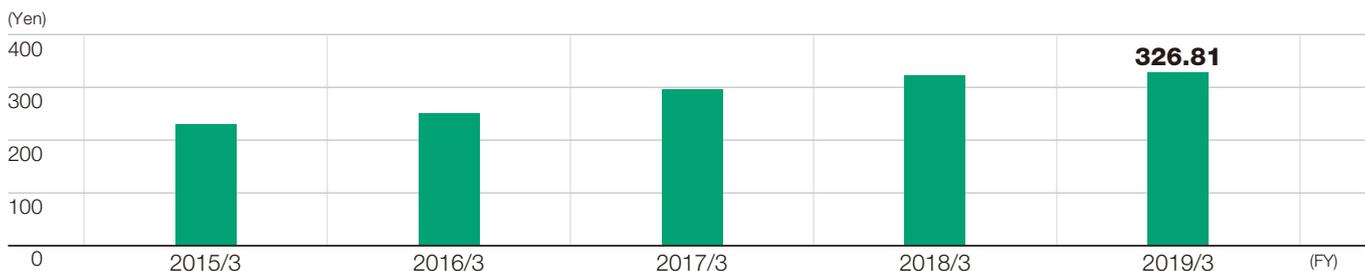
The Fujifilm Group implements sustainable growth through management based on a medium- to long-term perspective. We also believe that improvement of corporate value is an important obligation to our shareholders. This section will introduce information related to the Company's creation of shareholder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

Major IR activities (FY2019/3)

Activity	Number of times
For institutional investors/analysts	
Results briefings	4
Conferences hosted by securities companies	6
Business briefings and factory tours	7
Overseas IR road shows	6
For individual investors	
Company briefings	11

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

Creation of Shareholder Value

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 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 have the policy on shareholder returns that puts emphasis on cash dividends, targeting the dividend payout ratio of over 25%.
- 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, 2019)

Stock exchange listing

Tokyo

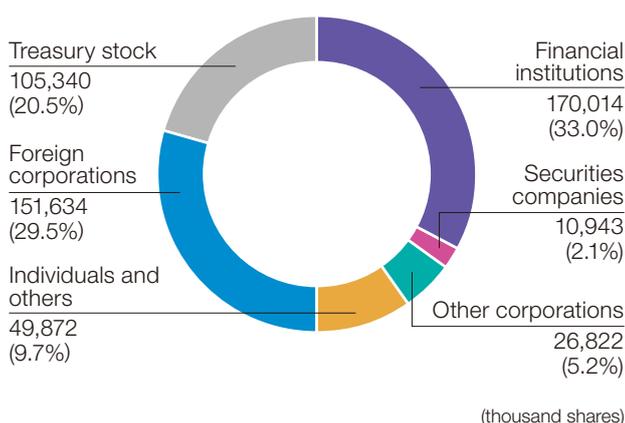
Share registrar

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

Distribution of shareholders and shares

Number of shareholders 97,838

Number of shares outstanding 514,625,728



Major shareholders

Name	Percentage of issued shares
The Master Trust Bank of Japan, Ltd. (trust account)	8.0%
Japan Trustee Services Bank, Ltd. (trust account)	5.1%
Nippon Life Insurance Company	3.4%
Sumitomo Mitsui Banking Corporation	2.0%
Japan Trustee Services Bank, Ltd. (trust account 5)	1.6%
Mitsui Sumitomo Insurance Company, Limited	1.4%
STATE STREET BANK WEST CLIENT — TREATY 505234	1.3%
STATE STREET BANK AND TRUST COMPANY 505225	1.1%
Daicel Corporation	1.1%
Japan Trustee Services Bank, Ltd. (trust account 9)	1.1%

* The Company holds treasury stock accounting for 20.5% of the total issued shares outstanding.

Corporate Information / Domestic and International Appraisals

Corporate Information (As of March 31, 2019)

Company name	FUJIFILM Holdings Corporation	Number of employees (consolidated)	72,332
Head office	7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan https://www.fujifilmholdings.com/en/	Number of employees	233
		Number of consolidated subsidiaries	279
Date of establishment	January 20, 1934		
Capital	JPY 40,363 million		

Domestic and International Appraisals

Credit Rating Agency Appraisals (As of July 4, 2019)

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



FTSE4Good

FTSE Blossom Japan Index



FTSE Blossom
Japan

MSCI Japan Empowering Women
Select Index (WIN)



MSCI Japan Empowering
Women Index (WIN)

S&P/JPX Carbon Efficient Index



Appraisals from External Institutions

Health and Productivity 2019



2019
健康経営優良法人
Health and productivity
ホワイト500

The Excellence Prize, Environmental
Report Section of the 22th
Environmental Communication Awards





FUJIFILM Holdings Corporation

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