



Financial Results (Consolidated) for Nine months ended December 31, 2019

FUJIFILM Holdings Corporation

Kenji Sukeno

President and Chief Operating Officer

Projected date of Quarterly report: February 14, 2020

Projected date of the beginning of cash dividends: —

Reference materials regarding operating results of the current quarter to be prepared: Yes

Meeting to explain operating results of the current quarter to be held: Yes

(Consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.)

February 6, 2020

URL: <https://holdings.fujifilm.com/en>

1. Results of Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

(1) OPERATING RESULTS

Amount Unit: Millions of yen unless otherwise specified / Figures are rounded off to the nearest million yen
%: Changes from the corresponding period of the previous fiscal year

	Revenue		Operating income		Income before income taxes		Net income attributable to FUJIFILM Holdings	
		%		%		%		%
Nine months ended Dec. 31, 2019	1,728,397	(4.0)	151,635	(4.2)	166,530	7.7	120,658	19.4
Nine months ended Dec. 31, 2018	1,799,816	(0.5)	158,347	28.6	154,565	(11.4)	101,052	(18.8)

Note: Comprehensive income

Nine months ended Dec. 31, 2019 ¥ 120,352 million (0.1%)

Nine months ended Dec. 31, 2018 ¥ 120,200 million (-33.1%)

	Net income attributable to FUJIFILM Holdings per share	Net income attributable to FUJIFILM Holdings per share (Assuming full dilution)
	Yen	Yen
Nine months ended Dec. 31, 2019	294.76	293.84
Nine months ended Dec. 31, 2018	236.96	236.25

(2) FINANCIAL POSITION

Amount Unit: Millions of yen unless otherwise specified / Figures are rounded off to the nearest million yen

	Total assets	Total equity (Net asset)	FUJIFILM Holdings shareholders' equity	FUJIFILM Holdings shareholders' equity ratio to total assets
				%
As of Dec. 31, 2019	3,450,897	2,095,446	2,055,894	59.6
As of March 31, 2019	3,414,692	2,244,841	2,036,963	59.7

2. Cash Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year End	Year Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	-	40.00	-	40.00	80.00
Year ending March 31, 2020	-	47.50	-		
Year ending March 31, 2020 (Forecast)				47.50	95.00

Note: Changes in dividends forecast during the quarter under review: None

3. Forecast for the Fiscal Year ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

Amount Unit: Millions of yen unless otherwise specified / Figures are rounded off to the nearest million yen
%: Changes from the corresponding period of the previous fiscal year

	Revenue		Operating income		Income before income taxes		Net income attributable to FUJIFILM Holdings		Net income attributable to FUJIFILM Holdings per share	
		%		%		%		%		Yen
For the Year ending March 31, 2020	2,370,000	△2.5	220,000	4.8	230,000	8.1	165,000	19.5		403.04

Note: Changes in forecast which was recently announced: Yes

Note: Net income attributable to FUJIFILM Holdings per share is calculated using the number of shares issued as of December 31, 2019 excluding treasury shares for the average number of shares for the relevant period.

Notes

(1) Changes in status of material subsidiaries during this quarter

(Company newly consolidated or removed from consolidation): None

(2) Adoption of simplified method of accounting or specific accounting treatments: None

(3) Changes in accounting principles

1. Changes in accounting policies accompanied by revisions of accounting standards: Yes

2. Changes in accounting policies other than 1. above: None

Note: See "(3) Changes in Accounting Principles" in "2. MATTERS RELATING TO SUMMARY (OTHER) INFORMATION" on page 7 for more details.

(4) Number of shares outstanding

1. Issued (including treasury stock):

2. Treasury stock:

3. Average number of shares:

As of Dec. 31, 2019	514,625,728	As of March 31, 2019	514,625,728
As of Dec. 31, 2019	105,238,856	As of March 31, 2019	105,340,377
Nine months ended Dec. 31, 2019	409,348,775	Nine months ended Dec. 31, 2018	426,460,101

This report is not reviewed.

Explanation of Appropriate Use of Forecast and Other Special Items

Statements regarding future events including forecasts of operating results are based on limited available information and reasonable assumptions as of today. The Company does not have an intention of guaranteeing the realization of the forecasts. Actual operating results are always subject to change significantly due to various matters.

Assumptions for the forecasts and warnings for users of the forecasts are mentioned in the page 6, (3) Explanation on Projected Information on Forecasts of the Consolidated Operating Results in 1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER.

[INDEX]

1.	QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER		
(1)	Explanation on Consolidated Operating Results	• • • • •	P. 2
(2)	Explanation on the Consolidated Financial Position	• • • • •	P. 6
(3)	Explanation on Projected Information on Forecasts of the Consolidated Operating Results	• • • • •	P. 6
2.	MATTERS RELATING TO SUMMARY (OTHER) INFORMATION		
(1)	Changes in Status of Material Subsidiaries during This Quarter (Company Newly Consolidated or Removed from Consolidation)	• • • • •	P. 7
(2)	Adoption of Simplified Method of Accounting or Specific Accounting Treatments	• • • • •	P. 7
(3)	Changes in Accounting Principles	• • • • •	P. 7
3.	OVERVIEW OF MATERIAL EVENTS REGARDING THE GOING CONCERN ASSUMPTION	• • • • •	P. 7
4.	CONSOLIDATED FINANCIAL STATEMENTS		
(1)	Consolidated Balance Sheets	• • • • •	P. 8
(2)	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	• • • • •	P. 10
	(Consolidated Statements of Income)	• • • • •	P. 10
	Nine months ended December 31	• • • • •	P. 10
	Three months ended December 31	• • • • •	P. 11
	(Consolidated Statements of Comprehensive Income)	• • • • •	P. 12
	Nine months ended December 31	• • • • •	P. 12
	Three months ended December 31	• • • • •	P. 12
(3)	Consolidated Statements of Cash Flows	• • • • •	P. 13
(4)	Notes to Consolidated Financial Statements	• • • • •	P. 14
	Note Relating to the Going Concern Assumption	• • • • •	P. 14
	Segment Information	• • • • •	P. 14
	1. Nine months ended December 31	• • • • •	P. 14
	2. Three months ended December 31	• • • • •	P. 16
	Note on Significant Changes to FUJIFILM Holdings Shareholders' Equity	• • • • •	P. 16

1. QUALITATIVE INFORMATION ON OPERATING RESULTS DURING THE CURRENT QUARTER

(1) Explanation on Consolidated Operating Results

Amount Unit: Billions of yen

	Nine months ended December 31, 2019		Nine months ended December 31, 2018		Change	
					Amount	%
Domestic revenue	42.3%	730.5	40.3%	724.7	5.8	0.8
Overseas revenue	57.7%	997.9	59.7%	1,075.1	(77.2)	(7.2)
Revenue	100.0%	1,728.4	100.0%	1,799.8	(71.4)	(4.0)
Operating income	8.8%	151.6	8.8%	158.3	(6.7)	(4.2)
Income before income taxes	9.6%	166.5	8.6%	154.6	11.9	7.7
Net income attributable to FUJIFILM Holdings	7.0%	120.7	5.6%	101.1	19.6	19.4
Exchange rates (Yen / US\$)		¥109		¥111		(¥2)
Exchange rates (Yen / Euro)		¥121		¥129		(¥8)

Overviewing the global economy during the nine months of the fiscal year ending March 31, 2020 (April 1, 2019 through December 31, 2019), the U.S. economy continued to recover steadily as personal consumption and government spending increased. In Europe, a trend of economic recovery persisted due to a gradual increase in consumption despite weaknesses seen in some areas. In Asia, the Chinese economy has slowed moderately, influenced by further downturn in the manufacturing industry. In other Asian regions, the economic recovery has slowed. In Japan, personal consumption temporarily declined due to such factors as the consumption tax hike.

Since 2000, when demand for photographic film, our core business, drastically declined, the Fujifilm Group (the Group) has established a business foundation that generates profits stably through by actively promoting transformation of its business structure, and entered a new growth phase. In August 2017, the Group formulated “Sustainable Value Plan 2030” (“SVP2030”), a new CSR plan with targets for FY2031/3. We will continue to be a company that contributes to the realization of a sustainable society by making further efforts to solve social issues through business activities such as providing innovative technologies, products and services. In addition, the medium-term management plan VISION2019 was formulated as a concrete action plan to achieve the vision shown in “SVP2030”. The plan positions each business in three stages of “improving profitability”, “accelerating further growth” and “investing for creating the future”, and deploys measures tailored to their growth process in order to enhance profitability and build a strong business portfolio for a further leap forward.

In the fiscal year ending March 31, 2020, it is anticipated that the situation will remain uncertain with such incidents as the U.S.-China trade friction, the withdrawal of the UK from the EU in Europe, trends in emerging economies including China, and geopolitical risks such as the situation in North Korea and the Middle East. Fujifilm will generate cash stably by further improving the profitability of each business, and will strengthen our business portfolio by achieving the “accelerated growth in the healthcare and highly functional materials segment” and “fundamental enhancement of the document business” in particular.

During the nine months of the fiscal year ending March 31, 2020, the Group recorded ¥1,728.4 billion in consolidated revenue (down 4.0% from the same period of the previous fiscal year), reflecting such factors as a sales decrease in the photo imaging business, optical device and electronic imaging business and document business, despite a sales increase in the medical system business, bio CDMO business and regenerative medicine business.

Operating income was ¥151.6 billion (down 4.2% from the same period of the previous fiscal year). Consolidated income before income taxes amounted to ¥166.5 billion (up 7.7% from the same period of the previous fiscal year) and consolidated net income attributable to FUJIFILM Holdings totaled ¥120.7 billion (up 19.4% from the same period of the previous fiscal year).

The effective currency exchange rates for the U.S. dollar and the euro against the yen during the nine months of the fiscal year were ¥109 and ¥121, respectively.

Revenue by Operating Segment

Amount Unit: Billions of yen

Segment	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Change	
			Amount	%
Imaging Solutions	266.1	303.8	(37.7)	(12.4)
Healthcare & Material Solutions	741.2	758.9	(17.7)	(2.3)
Document Solutions	721.1	737.1	(16.0)	(2.2)
Consolidated Total	1,728.4	1,799.8	(71.4)	(4.0)

Operating Income by Operating Segment

Amount Unit: Billions of yen

Segment	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Change	
			Amount	%
Imaging Solutions	27.4	48.0	(20.6)	(42.8)
Healthcare & Material Solutions	70.8	70.0	0.8	1.1
Document Solutions	80.5	66.9	13.6	20.3
Corporate Expenses and Eliminations	(27.1)	(26.6)	(0.5)	-
Consolidated Total	151.6	158.3	(6.7)	(4.2)

Imaging Solutions

In the Imaging Solutions segment, consolidated revenue amounted to ¥266.1 billion (down 12.4% from the same period of the previous fiscal year).

Operating income amounted to ¥27.4 billion (down 42.8% from the same period of the previous fiscal year).

In the photo imaging business, revenue declined due to such factors as decreased sales of color paper. With instant photo systems, which enable users to enjoy on-the-spot printing of photos, we are working to further boost print demand from smartphones through the sales of *instax mini LiPlay*, a hybrid instant camera launched in June 2019, and *instax mini Link*, a printer launched in October 2019 that can print images taken with smartphones on instax film. In November 2019, *Neopan 100 ACROS II*, black-and-white film, was released and gained support mainly from film enthusiasts who prefer the unique texture of black and white film. We will continue to provide better products and services in response to diversifying customer needs in a wide range of fields, from analog to digital.

In the electronic imaging field of the optical device and electronic imaging business, revenue declined due to such factors as decreased sales of entry-level digital cameras. Sales were solid for *FUJIFILM GFX100*, a mirrorless digital camera equipped with a large format sensor with the world's highest 102 million pixels resolution, launched in June 2019, and *FUJIFILM X-Pro3*, a mirrorless digital camera launched in November 2019 as a flagship model of the *X Series*.

In the optical device field, revenue decreased as the demand for industrial lenses such as on-vehicle lenses declined mainly due to economic slowdown in China. To achieve business growth, Fujifilm is enhancing the deployment of new products such as *FUJIFILM PROJECTOR Z5000*, a projector that expands the freedom of projection with its two-axial rotatable lens, and *FUJINON UA107 x 8.4BESM AF*, the world's first* 4K-compatible broadcast lens equipped with an AF to be launched in March 2020.

* Among 4K-compatible broadcast lenses as of November 13, 2019, according to Fujifilm data

Healthcare & Material Solutions

In the Healthcare & Material Solutions segment, consolidated revenue amounted to ¥741.2 billion (down 2.3% from the same period of the previous fiscal year) .

Operating income amounted to ¥70.8 billion (up 1.1% from the same period of the previous fiscal year).

In the medical systems business, revenue increased due to solids sales in such business fields as medical IT, endoscopes and in-vitro diagnostics (IVD). In the X-ray imaging diagnostics field, sales of digital mammography systems were favorable not only in Western Europe, one of the main markets, but also in emerging markets such as Russia and Latin America where major tenders were won. In the medical IT field, revenue increased with strong sales of systems, particularly *SYNAPSE*, Picture Archiving Communication Systems (PACS), mainly in Japan. In the endoscopes field, strong sales were seen for such products as the *7000* systems capable of unique special-light illumination. In the ultrasound diagnostics field, sales were strong in China for such products as *SonoSite Edge II*, a portable ultrasound diagnostic device, and *SonoSite S II*, a full-flat ultrasound diagnostic device. In the Japanese market, *iViz air*, a wireless ultrasound diagnostic device with high image quality while being so compact that it fits in the palm of one's hand, was launched in December 2019. In the field of IVD, sales were favorable with the *FUJI DRI-CHEM Series*, a blood examination system, and contracted examinations in the domestic veterinary market. In December 2019, we announced the acquisition of Diagnostic Imaging-related Business from Hitachi Ltd. Through this acquisition, we will provide a wider range of high-quality solutions than ever, play a leading role in improving the quality of medical care, and establish a solid business foundation to become one of the world's leading healthcare companies. The acquisition is scheduled to be complete in July 2020, subject to the required clearance from competition law regulators. This has no impact on the consolidated results for the fiscal year ending March 31, 2020.

In the pharmaceutical business, revenue declined due to reduced sales of generic drugs aimed at improving profitability. In December 2019, a Phase II clinical trial of T-817MA started in Europe for treatment of Alzheimer disease (AD), targeting early AD patients with mild cognitive impairment and mild AD. Fujifilm also completed the construction of a new manufacturing facility for liposome formulations, which is a drug delivery system that selectively delivers drugs and enhances their efficacy. The facility is due to start operation in February 2020. We will contribute to solving social issues by aggressively promoting the development of new drugs in the fields of cancer, central neurological diseases, and infectious diseases, which have high unmet medical needs, and by creating innovative and high-value-added medicines.

In the bio CDMO business, revenue increased as the contract process development and manufacturing business for biopharmaceuticals progressed favorably. In November 2019, Fujifilm announced a capital investment of approximately ¥13 billion in total for development and manufacturing facilities in the gene therapy field, which is one of the priority areas of this business. The process development building is scheduled to open in the fall of 2021, and the expanded production facilities will be operational in the spring of 2021. We will work on further expansion of the business by leveraging our strengths of being able to offer integrated contracts covering production process development to manufacturing even in the advanced medical field of gene therapy.

In the regenerative medicine business, revenue increased due to strong sales of cell culture media for biopharmaceuticals by FUJIFILM Irvine Scientific, Inc., a consolidated subsidiary in the U.S. The business of iPS cell-based drug discovery support by FUJIFILM Cellular Dynamics, Inc., a U.S. subsidiary, also progressed favorably. Fujifilm will contribute to early industrialization of regenerative medicine by leveraging technologies and expertise of its group companies.

In the life sciences business, sales were favorable for renewed *ASTALIFT JELLY AQUARYSTA*, a jelly-type beauty serum, and supplements such as *MetabARRIER EX*. In addition, Fujifilm entered the male cosmetics market in November 2019. We will contribute to people's beauty and health by providing unique products that meet customer needs.

Regarding the display materials business, although overall sales decreased due to such factors as production adjustment at panel manufacturers and a declined demand for *WV film*, sales remained solid for products related to OLED.

In the industrial products business, although overall sales declined mainly due to inventory adjustment at customers for *EXCLEAR*, touch-panel sensor films, sales were solid for non-destructive testing equipment.

In the electronic materials business, revenue remained at the same level as the previous year as sales remained solid for such products as CMP slurries, although the sales of peripheral materials for advanced photolithography were affected by the sluggish semiconductor market, and the sales of color resists for image sensors were affected by inventory adjustment at some customers.

In the fine chemical business, revenue remained at the same level as the previous year, reflecting the solid sales of laboratory chemicals in the life science field.

In the recording media business, revenue increased due to favorable sales of *FUJIFILM LTO Ultrium8 Data Cartridge*, a magnetic data storage tape with a maximum storage capacity of 30 TB. Fujifilm is making sure to meet customer needs in the big data era by expanding the sales of magnetic data storage tapes that utilize unique technologies such as barium ferrite (BaFe) particles, and by providing data archive services.

In the graphic systems business, revenue decreased mainly due to a declined demand for printing plates. In the printing plates field, we are promoting the sales of environmentally responsive products including process-less CTP plates. In the digital printing field, Fujifilm continues to develop and provide innovative products to the increasingly digitalized commercial and package printing market for business growth, centering on *Jet Press750S*, a new lineup of the *Jet Press* series of commercial inkjet digital press, launched in March 2019.

In the inkjet business, revenue decreased as the sales of industrial inkjet printheads were affected by the decline in demand due to such factors as the economic slowdown in China. In November 2019, Fujifilm launched *Samba JPC*, an inkjet printer component that encompasses core parts and software required for developing industrial single-pass inkjet printing devices for commercial and package printing applications. We will continue to develop and supply innovative products for the industrial inkjet printer market, whose areas of application are expanding further, thereby contributing to the advancement of various industries.

Document Solutions

In the Document Solutions segment, consolidated revenue amounted to ¥721.1 billion (down 2.2% from the same period of the previous fiscal year).

Operating income amounted to ¥80.5 billion (up 20.3% from the same period of the previous fiscal year) due to such factors as favorable domestic sales and improved profitability by operational reforms.

Regarding the office products field of the office products and printers business, although overall sales volume decreased from the same period of the previous fiscal year due to a decrease in exports to Europe and the United States, the sales of flagship color multifunction devices were strong in Japan.

In the production services business, although the sales of printers for mission-critical systems decreased, the overall number of sales units increased from the same period of the previous fiscal year as the sales remained strong for an on-demand production color printer called the *Iridesse™ Production Press*, and sales were also favorable for color devices for DTP (Desktop publishing) in Japan.

In the solutions and services business, overall revenue increased due to a large BPO (Business Process Outsourcing) contract acquired in Australia and solid sales of solution services that support design/introduction/operation/management of IT environments in the office. We aim for further growth in the service field by continuously providing new services that support customers in the diversification of work styles.

In November 2019, Fujifilm acquired all shares of Fuji Xerox Co., Ltd. owned by Xerox Corporation and made it a wholly owned subsidiary. By making it a wholly owned subsidiary, we will accelerate the business expansion into growth areas and further enhance our ability to respond to issues of our customers through flexible personnel exchanges within the Fujifilm Group, active sharing of technology and collaboration. In addition, our business opportunities will expand by launching a worldwide OEM supply of printer engines and other products while we continue stable supply of products to Xerox Corporation as before, increasing our capability for cash generation.

(2) Explanation on the Consolidated Financial Position

At the end of the third quarter of the fiscal year ending March 31, 2020, total assets increased by ¥36.2 billion, compared with the end of the previous fiscal year, to ¥3,450.9 billion, owing to an increase in property, plant and equipment. Total liabilities increased by ¥185.6 billion, compared with the end of the previous fiscal year, to ¥1,355.5 billion. FUJIFILM Holdings shareholders' equity increased by ¥18.9 billion, compared with the end of the previous fiscal year, to ¥2,055.9 billion. As a result, the current ratio decreased by 49.0 percentage points, to 197.5%, the debt-equity ratio increased by 8.5 percentage points, to 65.9%, and the equity ratio decreased by 0.1 percentage points, to 59.6%, compared with the end of the previous fiscal year. Fujifilm is maintaining a stable level of asset liquidity and a sound capital structure.

(Cash Flows)

Amount Unit: Billions of yen

	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Change
Net cash provided by operating activities	162.4	143.6	18.8
Net cash used in investing activities	(202.4)	(159.4)	(43.0)
Net cash used in financing activities	(150.0)	(103.1)	(46.9)

During the third quarter of the fiscal year ending March 31, 2020, net cash provided by operating activities totaled ¥162.4 billion, due to a decrease in notes and accounts receivable and other factors. Net cash used in investing activities amounted to ¥202.4 billion, due to the acquisition of businesses and other factors. Thus, free cash flows—or the sum of cash flows from operating and investing activities—were ¥(40.0) billion. Net cash used in financing activities amounted to ¥150.0 billion, due to capital transactions with noncontrolling interests and other factors.

As a result, cash and cash equivalents at the end of the quarter under review amounted to ¥457.5 billion, down ¥197.2 billion from the end of the previous fiscal year.

(3) Explanation on Projected Information on Forecasts of the Consolidated Operating Results

In the forecast for the fiscal year ending March 31, 2020, revenue has been revised downward, taking into account the impact of the Chinese economic slowdown and other factors. Operating income and income before income taxes have been revised downwards by incorporating the impact of lower revenue. Net income attributable to FUJIFILM Holdings has been revised upward.

Regarding the structural reforms in the document business, one-time expenses of ¥10.0 billion and positive impact of ¥18.0 billion are projected.

The projected currency exchange rates for the U.S. dollar and the euro against the yen during the fiscal year ending March 31, 2020 are ¥109 and ¥121, respectively.

Amount Unit: Billions of yen

	Previous forecast (A) (announced on November 12, 2019)	Latest revised forecast (B)	Change (B-A)	Change (%)	(Ref.) Actual results for FY2019/3
Revenue	2,435.0	2,370.0	(65.0)	(2.7%)	2,431.5
Operating income	240.0	220.0	(20.0)	(8.3%)	209.8
Income before income taxes	245.0	230.0	(15.0)	(6.1%)	212.8
Net income attributable to FUJIFILM Holdings	162.0	165.0	3.0	1.9%	138.1
Net income attributable to FUJIFILM Holdings per share	¥395.72	¥403.04	¥7.32	1.8%	¥326.81

Note: As for the average number of shares for the relevant period to calculate Net income attributable to FUJIFILM Holdings per share, the number of shares issued as of September 30, 2019 excluding treasury shares is used for the Previous forecast, and the number of shares issued as of December 31, 2019 excluding treasury shares is used for the Latest revised forecast.

2. MATTERS RELATING TO SUMMARY (OTHER) INFORMATION**(1) Changes in Status of Material Subsidiaries during This Quarter (Company Newly Consolidated or Removed from Consolidation): None****(2) Adoption of Simplified Method of Accounting or Specific Accounting Treatments: None****(3) Changes in Accounting Principles: Yes**

In February 2016, U.S. Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02 "Lease". The standard document 842 prescribed by this standard replaces the standard document 840. This standard stipulates that the lessee of the lease should recognize lease liabilities and the right-of-use assets on the balance sheet. In addition, the standard requires qualitative and quantitative disclosures about leases. This standard is effective from the consolidated fiscal year (including the interim period) beginning after December 15, 2018, with early adoption permitted. We have applied this standard from the consolidated fiscal year that began on April 1, 2019. In applying this standard, we adopted the method of recognizing the cumulative effect of applying this standard at the commencement date, which is permitted as a transitional measure. As a result, the figures in the previous consolidated fiscal year, as comparative information, is reported based on the standard 840 and not restated.

We apply the following practical expedients: for contracts that already expired or exist on the date of standard application, it is not reevaluated whether they fall under leases, classification of the leases, or their initial direct costs, and for leasehold that already expired or exists on the date of standard application, it is not reevaluated whether the portion of the leasehold that has not been accounted for falls under a lease.

3. OVERVIEW OF MATERIAL EVENTS REGARDING THE GOING CONCERN ASSUMPTION: NONE

Note: This document is a faithful translation into English of an earnings report prepared in Japanese by FUJIFILM Holdings Corporation in accordance with Tokyo Stock Exchange guidelines.

Accordingly, the explanations for each business segment may include references to products that are marketed under different product names overseas or are not marketed overseas and may also include references to product marketing periods that differ by region.

"Xerox" is a registered trademark of Xerox Corporation in the United States and other countries. All other product names contained in this material are trademarks of their respective companies.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

Amount Unit: Millions of yen

	As of December 31, 2019	As of March 31, 2019	Change
ASSETS			
Current assets:			
Cash and cash equivalents	457,523	654,747	(197,224)
Notes and accounts receivable:			
Trade	539,167	580,423	(41,256)
Lease receivable	55,596	58,857	(3,261)
Affiliated companies	2,229	5,634	(3,405)
Allowance for doubtful receivables	(25,398)	(27,119)	1,721
	571,594	617,795	(46,201)
Inventories	411,329	374,456	36,873
Prepaid expenses and Other	153,524	83,908	69,616
Total current assets	1,593,970	1,730,906	(136,936)
Investments and long-term receivables:			
Investments in and advances to affiliated companies	25,850	33,445	(7,595)
Investment securities	110,374	105,678	4,696
Long-term lease receivables	61,755	72,814	(11,059)
Other long-term receivables	36,796	31,509	5,287
Allowance for doubtful receivables	(3,242)	(3,754)	512
Total investments and long-term receivables	231,533	239,692	(8,159)
Property, plant and equipment:			
Land	97,768	98,211	(443)
Buildings	729,478	690,207	39,271
Machinery and equipment and other	1,490,007	1,447,115	42,892
Construction in progress	47,267	36,420	10,847
	2,364,520	2,271,953	92,567
Less accumulated depreciation	(1,770,743)	(1,745,156)	(25,587)
Total property, plant and equipment	593,777	526,797	66,980
Other assets:			
Operating lease right-of-use assets	77,759	-	77,759
Goodwill, net	695,007	655,508	39,499
Other intangible assets, net	146,326	145,013	1,313
Other	112,525	116,776	(4,251)
Total other assets	1,031,617	917,297	114,320
Total assets	3,450,897	3,414,692	36,205

Amount Unit: Millions of yen

	As of December 31, 2019	As of March 31, 2019	Change
LIABILITIES			
Current liabilities:			
Short-term debt	274,281	170,579	103,702
Notes and accounts payable:			
Trade	215,807	210,658	5,149
Construction	18,491	25,758	(7,267)
Affiliated companies	1,640	1,940	(300)
	235,938	238,356	(2,418)
Accrued income taxes	19,367	18,950	417
Accrued liabilities	165,659	182,833	(17,174)
Short-term operating lease liabilities	24,326	-	24,326
Other current liabilities	87,617	91,567	(3,950)
Total current liabilities	807,188	702,285	104,903
Long-term liabilities:			
Long-term debt	389,081	353,533	35,548
Accrued pension and severance costs	29,937	40,335	(10,398)
Long-term operating lease liabilities	54,310	-	54,310
Other long-term liabilities	74,935	73,698	1,237
Total long-term liabilities	548,263	467,566	80,697
Total liabilities	1,355,451	1,169,851	185,600
EQUITY			
FUJIFILM Holdings shareholders' equity	40,363	40,363	-
Common stock, without par value:			
Authorized: 800,000,000 shares			
Issued: 514,625,728 shares			
Additional paid-in capital	-	24,494	(24,494)
Retained earnings	2,577,873	2,507,719	70,154
Accumulated other comprehensive income (loss)	(127,738)	(100,593)	(27,145)
Treasury stock, at cost	(434,604)	(435,020)	416
Total FUJIFILM Holdings shareholders' equity	2,055,894	2,036,963	18,931
Noncontrolling interests	39,552	207,878	(168,326)
Total equity	2,095,446	2,244,841	(149,395)
Total liabilities and equity	3,450,897	3,414,692	36,205

Note: Details of accumulated other comprehensive income (loss)

	As of December 31, 2019	As of March 31, 2019	Change
Unrealized gains (losses) on securities	(9)	(2)	(7)
Foreign currency translation adjustments	(13,218)	2,112	(15,330)
Pension liability adjustments	(114,558)	(102,463)	(12,095)
Unrealized gains (losses) on derivatives	47	(240)	287

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

Nine months ended December 31

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019		Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018		Change	
					Amount	%
	%		%			
Revenue	100.0	1,728,397	100.0	1,799,816	(71,419)	(4.0)
Cost of sales	58.2	1,005,332	58.1	1,045,376	(40,044)	(3.8)
Gross profit	41.8	723,065	41.9	754,440	(31,375)	(4.2)
Operating expenses:						
Selling, general and administrative	26.2	453,434	26.7	480,288	(26,854)	(5.6)
Research and development	6.8	117,996	6.4	115,805	2,191	1.9
Operating income	33.0	571,430	33.1	596,093	(24,663)	(4.1)
Operating income	8.8	151,635	8.8	158,347	(6,712)	(4.2)
Other income (expenses):						
Interest and dividend income		4,217		4,054	163	
Interest expense		(1,931)		(2,813)	882	
Foreign exchange gains (losses), net		(1,580)		(2,540)	960	
Gains (losses) on equity securities, net		1,990		(5,437)	7,427	
Other, net		12,199		2,954	9,245	
Income before income taxes	0.8	14,895	(0.2)	(3,782)	18,677	-
Income before income taxes	9.6	166,530	8.6	154,565	11,965	7.7
Income taxes	1.9	33,041	2.2	38,848	(5,807)	(14.9)
Equity in net earnings (losses) of affiliated companies	(0.0)	(38)	(0.0)	(1,329)	1,291	(97.1)
Net income	7.7	133,451	6.4	114,388	19,063	16.7
Less: Net (income) loss attributable to the noncontrolling interests	(0.7)	(12,793)	(0.8)	(13,336)	543	(4.1)
Net income attributable to FUJIFILM Holdings	7.0	120,658	5.6	101,052	19,606	19.4

Three months ended December 31

Amount Unit: Millions of yen

	Three months ended December 31, 2019 From October 1, 2019 To December 31, 2019		Three months ended December 31, 2018 From October 1, 2018 To December 31, 2018		Change	
					Amount	%
	%		%			
Revenue	100.0	596,263	100.0	627,073	(30,810)	(4.9)
Cost of sales	58.2	346,782	57.3	359,540	(12,758)	(3.5)
Gross profit	41.8	249,481	42.7	267,533	(18,052)	(6.7)
Operating expenses:						
Selling, general and administrative	25.4	151,573	25.0	156,799	(5,226)	(3.3)
Research and development	6.4	38,312	5.8	36,317	1,995	5.5
Operating income	31.8	189,885	30.8	193,116	(3,231)	(1.7)
Operating income	10.0	59,596	11.9	74,417	(14,821)	(19.9)
Other income (expenses):						
Interest and dividend income		1,545		1,349	196	
Interest expense		(555)		(877)	322	
Foreign exchange gains (losses), net		1,156		(2,666)	3,822	
Gains (losses) on equity securities, net		2,667		(14,225)	16,892	
Other, net		4,589		(2,264)	6,853	
Income before income taxes	1.6	9,402	(3.0)	(18,683)	28,085	-
Income before income taxes	11.6	68,998	8.9	55,734	13,264	23.8
Income taxes	1.4	8,093	2.4	15,324	(7,231)	(47.2)
Equity in net earnings (losses) of affiliated companies	0.1	537	(0.1)	(199)	736	-
Net income	10.3	61,442	6.4	40,211	21,231	52.8
Less: Net (income) loss attributable to the noncontrolling interests	(0.3)	(1,929)	(0.7)	(4,653)	2,724	(58.5)
Net income attributable to FUJIFILM Holdings	10.0	59,513	5.7	35,558	23,955	67.4

(Consolidated Statements of Comprehensive Income)**Nine months ended December 31**

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019	Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018	Change
Net income	133,451	114,388	19,063
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	(7)	(3)	(4)
Foreign currency translation adjustments	(16,809)	1,860	(18,669)
Pension liability adjustments	3,425	3,844	(419)
Unrealized gains (losses) on derivatives	292	111	181
Total	(13,099)	5,812	(18,911)
Comprehensive income (loss)	120,352	120,200	152
Less: Comprehensive (income) loss attributable to noncontrolling interests	(8,830)	(13,335)	4,505
Comprehensive income (loss) attributable to FUJIFILM Holdings	111,522	106,865	4,657

Three months ended December 31

Amount Unit: Millions of yen

	Three months ended December 31, 2019 From October 1, 2019 To December 31, 2019	Three months ended December 31, 2018 From October 1, 2018 To December 31, 2018	Change
Net income	61,442	40,211	21,231
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	4	(6)	10
Foreign currency translation adjustments	33,797	(28,601)	62,398
Pension liability adjustments	1,040	1,254	(214)
Unrealized gains (losses) on derivatives	157	(121)	278
Total	34,998	(27,474)	62,472
Comprehensive income (loss)	96,440	12,737	83,703
Less: Comprehensive (income) loss attributable to noncontrolling interests	(2,563)	(2,748)	185
Comprehensive income (loss) attributable to FUJIFILM Holdings	93,877	9,989	83,888

(3) Consolidated Statements of Cash Flows

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019	Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018	Change
Operating activities			
Net income	133,451	114,388	19,063
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	91,812	95,572	(3,760)
(Gains) losses on equity securities, net	(1,990)	5,437	(7,427)
Equity in net (gains) losses of affiliated companies, net of dividends received	1,360	5,584	(4,224)
Changes in operating assets and liabilities:			
Notes and accounts receivable	43,462	20,254	23,208
Inventories	(38,151)	(41,201)	3,050
Notes and accounts payable - trade	6,521	(5,960)	12,481
Accrued income taxes and other liabilities	(18,363)	(85,218)	66,855
Other	(55,704)	34,705	(90,409)
Subtotal	28,947	29,173	(226)
Net cash provided by operating activities	162,398	143,561	18,837
Investing activities			
Purchases of property, plant and equipment	(64,763)	(47,099)	(17,664)
Purchases of software	(15,152)	(13,696)	(1,456)
Proceeds from sales and maturities of marketable and investment securities	104	2,347	(2,243)
Purchases of marketable and investment securities	(1,850)	(12,260)	10,410
(Increase) decrease in time deposits, net	(2,039)	(3,942)	1,903
(Increase) decrease in investments in and advances to affiliated companies	(1,001)	(3,539)	2,538
Acquisitions of businesses, net of cash acquired	(105,904)	(84,310)	(21,594)
Other	(11,797)	3,101	(14,898)
Net cash used in investing activities	(202,402)	(159,398)	(43,004)
Financing activities			
Proceeds from long-term debt	50,096	100,036	(49,940)
Repayments of long-term debt	(62,040)	(1,143)	(60,897)
Increase (decrease) in short-term debt with maturities of three months or less, net	(1,254)	(7,285)	6,031
Proceeds from short-term debt with maturities longer than three months	150,000	-	150,000
Cash dividends paid to shareholders	(35,817)	(33,166)	(2,651)
Subsidiaries' cash dividends paid to noncontrolling interests	(9,796)	(7,752)	(2,044)
Net purchases of stock for treasury	(15)	(75,403)	75,388
Capital transactions with noncontrolling interests and other	(241,125)	(78,413)	(162,712)
Net cash used in financing activities	(149,951)	(103,126)	(46,825)
Effect of exchange rate changes on cash and cash equivalents	(7,269)	351	(7,620)
Net decrease in cash and cash equivalents	(197,224)	(118,612)	(78,612)
Cash and cash equivalents at beginning of period	654,747	768,246	(113,499)
Cash and cash equivalents at end of period	457,523	649,634	(192,111)

(4) Notes to Consolidated Financial Statements**Note Relating to the Going Concern Assumption**

N/A

Segment Information**1. Nine months ended December 31****(A) Operating Segment Information****a. Revenue**

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019		Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018		Change	
	%		%		Amount	%
Revenue:						
Imaging Solutions:						
External customers	15.4	266,164	16.9	303,833	(37,669)	(12.4)
Intersegment		1,738		1,623	115	-
Total		267,902		305,456	(37,554)	(12.3)
Healthcare & Material Solutions:						
External customers	42.9	741,170	42.1	758,854	(17,684)	(2.3)
Intersegment		1,345		1,118	227	-
Total		742,515		759,972	(17,457)	(2.3)
Document Solutions:						
External customers	41.7	721,063	41.0	737,129	(16,066)	(2.2)
Intersegment		9,777		6,272	3,505	-
Total		730,840		743,401	(12,561)	(1.7)
Eliminations		(12,860)		(9,013)	(3,847)	-
Consolidated total	100.0	1,728,397	100.0	1,799,816	(71,419)	(4.0)

b. Operating income

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019		Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018		Change	
	%		%		Amount	%
Operating Income:						
Imaging Solutions	10.2	27,431	15.7	47,977	(20,546)	(42.8)
Healthcare & Material Solutions	9.5	70,818	9.2	70,018	800	1.1
Document Solutions	11.0	80,469	9.0	66,915	13,554	20.3
Total		178,718		184,910	(6,192)	(3.3)
Corporate expenses and eliminations		(27,083)		(26,563)	(520)	-
Consolidated total	8.8	151,635	8.8	158,347	(6,712)	(4.2)

Note: The major products and services of each operating segment are as follows:

- Imaging Solutions: Color films, digital cameras, color paper, services and equipment for photofinishing, instant photo systems and optical devices
- Healthcare & Material Solutions: Equipment and materials for medical systems, cosmetics and supplements, pharmaceuticals, contract development and manufacturing organization of biopharmaceuticals, regenerative medicine, fine chemicals, equipment and materials for graphic arts, inks and industrial inkjet printheads, display materials, recording media, electronic materials
- Document Solutions: Digital MFPs, publishing systems, document management software and related solutions and services

(B) Geographic Information**a. Revenue**

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019		Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018		Change	
	%		%		Amount	%
Revenue:						
Japan:						
External customers	48.7	842,415	47.7	859,397	(16,982)	(2.0)
Intersegment		337,052		379,282	(42,230)	-
Total		1,179,467		1,238,679	(59,212)	(4.8)
The Americas:						
External customers	18.6	321,231	19.3	347,307	(26,076)	(7.5)
Intersegment		39,036		38,912	124	-
Total		360,267		386,219	(25,952)	(6.7)
Europe:						
External customers	10.4	179,989	10.3	184,674	(4,685)	(2.5)
Intersegment		12,316		14,157	(1,841)	-
Total		192,305		198,831	(6,526)	(3.3)
Asia and others:						
External customers	22.3	384,762	22.7	408,438	(23,676)	(5.8)
Intersegment		186,387		219,909	(33,522)	-
Total		571,149		628,347	(57,198)	(9.1)
Eliminations		(574,791)		(652,260)	77,469	-
Consolidated total	100.0	1,728,397	100.0	1,799,816	(71,419)	(4.0)

b. Operating income

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019		Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018		Change	
	%		%		Amount	%
Operating Income:						
Japan	7.3	86,366	7.2	89,181	(2,815)	(3.2)
The Americas	3.6	13,135	4.1	15,860	(2,725)	(17.2)
Europe	1.8	3,399	4.2	8,393	(4,994)	(59.5)
Asia and others	8.7	49,407	8.5	53,130	(3,723)	(7.0)
Eliminations		(672)		(8,217)	7,545	-
Consolidated total	8.8	151,635	8.8	158,347	(6,712)	(4.2)

c. Overseas revenue (Destination Base)

Amount Unit: Millions of yen

	Nine months ended December 31, 2019 From April 1, 2019 To December 31, 2019		Nine months ended December 31, 2018 From April 1, 2018 To December 31, 2018		Change	
					Amount	%
Revenue:	%		%			
Domestic	42.3	730,461	40.3	724,660	5,801	0.8
Overseas:						
The Americas	18.6	322,901	19.6	353,699	(30,798)	(8.7)
Europe	13.1	225,921	13.2	237,154	(11,233)	(4.7)
Asia and others	26.0	449,114	26.9	484,303	(35,189)	(7.3)
Subtotal	57.7	997,936	59.7	1,075,156	(77,220)	(7.2)
Consolidated total	100.0	1,728,397	100.0	1,799,816	(71,419)	(4.0)

Note: The presentation of the overseas revenue (Destination Base) has been classified and disclosed based on the customer's location.

2. Three months ended December 31**(A) Revenue by Operating Segment**

Amount Unit: Millions of yen

	Three months ended December 31, 2019 From October 1, 2019 To December 31, 2019		Three months ended December 31, 2018 From October 1, 2018 To December 31, 2018		Change	
					Amount	%
Revenue:	%		%			
Imaging Solutions	18.8	112,094	20.4	127,921	(15,827)	(12.4)
Healthcare & Material Solutions	41.7	248,425	41.4	259,793	(11,368)	(4.4)
Document Solutions	39.5	235,744	38.2	239,359	(3,615)	(1.5)
Consolidated total	100.0	596,263	100.0	627,073	(30,810)	(4.9)

Note: The major products and services of each operating segment are as follows:

Imaging Solutions	Color films, digital cameras, color paper, services and equipment for photofinishing, instant photo systems and optical devices
Healthcare & Material Solutions	Equipment and materials for medical systems, cosmetics and supplements, pharmaceuticals, contract development and manufacturing organization of biopharmaceuticals, regenerative medicine, fine chemicals, equipment and materials for graphic arts, inks and industrial inkjet printheads, display materials, recording media, electronic materials
Document Solutions	Digital MFPs, publishing systems, document management software and related solutions and services

(B) Overseas Revenue (Destination Base)

Amount Unit: Millions of yen

	Three months ended December 31, 2019 From October 1, 2019 To December 31, 2019		Three months ended December 31, 2018 From October 1, 2018 To December 31, 2018		Change	
					Amount	%
Revenue:	%		%			
Domestic	40.0	238,532	38.9	243,873	(5,341)	(2.2)
Overseas:						
The Americas	20.0	119,064	21.3	133,675	(14,611)	(10.9)
Europe	14.4	86,070	13.8	86,763	(693)	(0.8)
Asia and others	25.6	152,597	26.0	162,762	(10,165)	(6.2)
Subtotal	60.0	357,731	61.1	383,200	(25,469)	(6.6)
Consolidated total	100.0	596,263	100.0	627,073	(30,810)	(4.9)

Note on Significant Changes to FUJIFILM Holdings Shareholders' Equity

N/A