

NEVER STOP

IMPROVING THE FUTURE

FUJIFILM Holdings Corporation
INTEGRATED REPORT
2020



Value from Innovation

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

Corporate Philosophy

The Unchanging Values of the Fujifilm Group

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

Vision

What the Fujifilm Group Will Strive to Achieve

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

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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://holdings.fujifilm.com/en>

FUJIFILM Holdings Corporation Sustainability Report
<https://holdings.fujifilm.com/en/sustainability/report>

Value Creation History

Since its founding, the Fujifilm Group has amassed a wide range of technologies cultivated through its photographic film business and provided innovative products and services to contribute to society and continue to grow as a company. The Group promoted a growth strategy by consistently anticipating the future 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.

From 1934

1934–1950s

Domestic Production of Film and Establishment of Sales Network in Japan

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

1958

Launched general-use color negative film and color paper

Responded to growing demand of printing color photos 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. Since then, we have expanded our business fields by making continual improvements and applying this technology to materials for protective films for polarizers for liquid crystal display (LCD) panels, touch panels, and organic light-emitting display (OLED).



FUJITAC, protective films for polarizers

1960s–1970s

Expansion of Business / Improvement of Technologies

- 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 U.K.
- Pioneered successful research, development, and commercialization of color negative films

1962

Launched Japan's first plain-paper copy machines

Established Fuji Xerox, as a joint venture with Rank Xerox. Japan's first plain-paper copy machines using xerography technology revolutionized Japan's office environment.

Since that time, Fuji Xerox has provided solutions and services to resolve management issues and contribute to work-style reform in addition to the development and sale of digital color multifunction devices.



Xerox 914 plain-paper copy machine

1976

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

Fujifilm was the first in the world to successfully develop film with a sensitivity of 400 on the American Standards Association (ASA) scale. It allowed anyone to take beautiful photos without fear of failure or the need for a flash either indoors or outdoors. This sparked a tremendous response and led to recognition of Fujifilm's high technological capabilities.



Fujicolor F-II 400

1980s–1990s

Pursuit of Digitization / Acceleration of Globalization

- Accelerated globalization by organizing production sites and promoting sales overseas
- Promoted early efforts to digitize the photography, medical, and graphic systems fields
- Developed and sold a host of innovative products, including the Fuji Computed Radiography (FCR) system and digital still cameras

1983

Launched FCR, the world's first digital X-ray diagnostic imaging system



Fuji Computed Radiography (FCR)

Our FCR system was the first in the world to digitize 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.

1986

Launched Fujicolor QuickSnap, the 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.



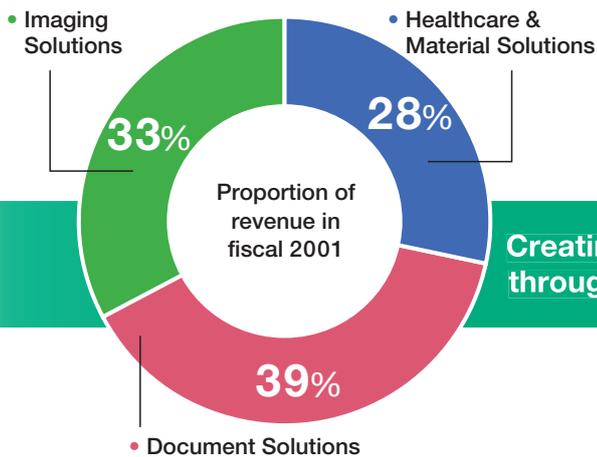
Fujicolor QuickSnap, one-time-use recyclable camera

From 2017

2000–2016

Second Foundation— Creation and Enhancement of a Strong Business Portfolio

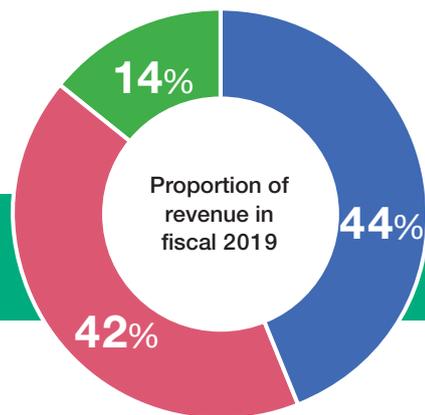
- Converted Fuji Xerox to a consolidated subsidiary
- Transformed business structure in response to rapid advances in digitization
- Established FUJIFILM Advanced Research Laboratories
- Transitioned to a holding company structure by establishing FUJIFILM Holdings Corporation



Creating new value
through innovation

Enhancing Our Business Portfolio and Aiming for a Further Breakthrough

- Formulated CSR plan, Sustainable Value Plan 2030 (SVP2030) with objectives for fiscal 2030
- Accelerated M&A efforts to drive strong growth in the healthcare field as a core business
- Made Fuji Xerox a wholly owned subsidiary to reinforce the document business



2007

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



Autologous cultured epidermis JACE®

JACE® was developed by Japan Tissue Engineering Co., Ltd., which was made a consolidated subsidiary in 2014. We have continued to develop new regenerative medicine products and innovate production technology as we contribute to improved quality of life and promote industrialization of regenerative medicine.

2012

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



FUJIFILM LTO Ultrium 8 data cartridge

Use of BaFe dramatically increases data storage capacity and brings high-quality magnetic tape for computers at competitive prices.

2018

Announced REiLi, AI technology brand



SYNAPSE SAI viewer

By applying image processing technology that Fujifilm has cultivated for over 70 years, it is developing and expanding our artificial intelligence (AI) technology that can be utilized in the medical field under the brand name of REiLi. We aim to support physicians and improve workflow in the area of diagnostic imaging.

2019

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



FUJIFILM GFX100

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 R&D of photographic film, this ground-breaking mirrorless digital camera realizes world-leading image quality.

Three Steps toward Achieving Transformation and Continuous Evolution

The Fujifilm Group has faced and overcome many tough challenges 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. In particular, the photography market, which had been the main business, fell into steep decline beginning in 2000 due to rapid advances in digitization. The Fujifilm Group faced the crisis of losing its core business, but we managed to boldly transform our business structure and expand our business domain by further developing and innovating the technologies we had cultivated, thereby making a successful transformation. Today, we continue our growth while providing the world with high-quality products and services. Below, we explain the process of constructing our 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

Significantly transform the business structure in response to the sharp decline in demand for photographic film. Build a solid business platform



Boldly transformed the business structure

In 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, digitization progressed at an astonishing pace thereafter. Due to the rise of digital cameras and smartphones, the photographic film market shrank 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 its core business—and set to work on bold reform. We focused mainly on photography-related business and reorganized production facilities, R&D structures, sales structures, and photo-developing stations. By building a system more appropriate for the size of the market, we established a system that can stably maintain photography-

related business. 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. Meanwhile, to diversify our businesses, we took stock of the technologies we had cultivated in the development and production of photographic film and examined the fields in which these technologies could be applied. We concentrated capital investments and R&D on growth areas.



Strengthened 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. At the same time, we changed the name of Fuji Photo Film Co., Ltd. to FUJIFILM Corporation, the name change symbolizing our determination to broadly expand our operations beyond the photography business.

Developed the world's first fully digital still camera

Fujifilm foresaw digitization at any early stage and took steps from the 1970s to advance the R&D of digital technology. In 1988, we announced the FUJIX DS-1P, the world's first fully digital still camera. Then in 1989, we for the first time mass produced and launched sales of the FUJIX DS-X fully digital camera. This was owing to our corporate culture of constantly creating new value, rather than being fixated on existing products.



FUJIX DS-1P

STEP
2

Forecast changes and act proactively

Forecast future changes in the market, build new strategies and invest in businesses, including M&As



Establishment of our unique position in the digital camera market

Since the arrival of digital cameras, market growth was driven by compact digital cameras. However, 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 Fujifilm released the FUJIFILM X100, a premium compact digital camera equipped with an optical/electronic viewfinder which showed our commitment to image quality and design. Not only was this model very well received by the market, it also 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.



Entry into the 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 an 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 thorough quality control are essential. This is where we apply our advanced production technology cultivated in the manufacturing of photographic film.

In order to further expand our business, we acquired a manufacturing subsidiary of U.S.-based biopharmaceutical giant Biogen Inc. in 2019 and are aggressively promoting capital investment to reinforce our production capacity.

► For more information, please see pages 38–39.

STEP
3

Create changes by ourselves

Generate new value and create markets that will positively impact society with unique, cutting-edge technologies



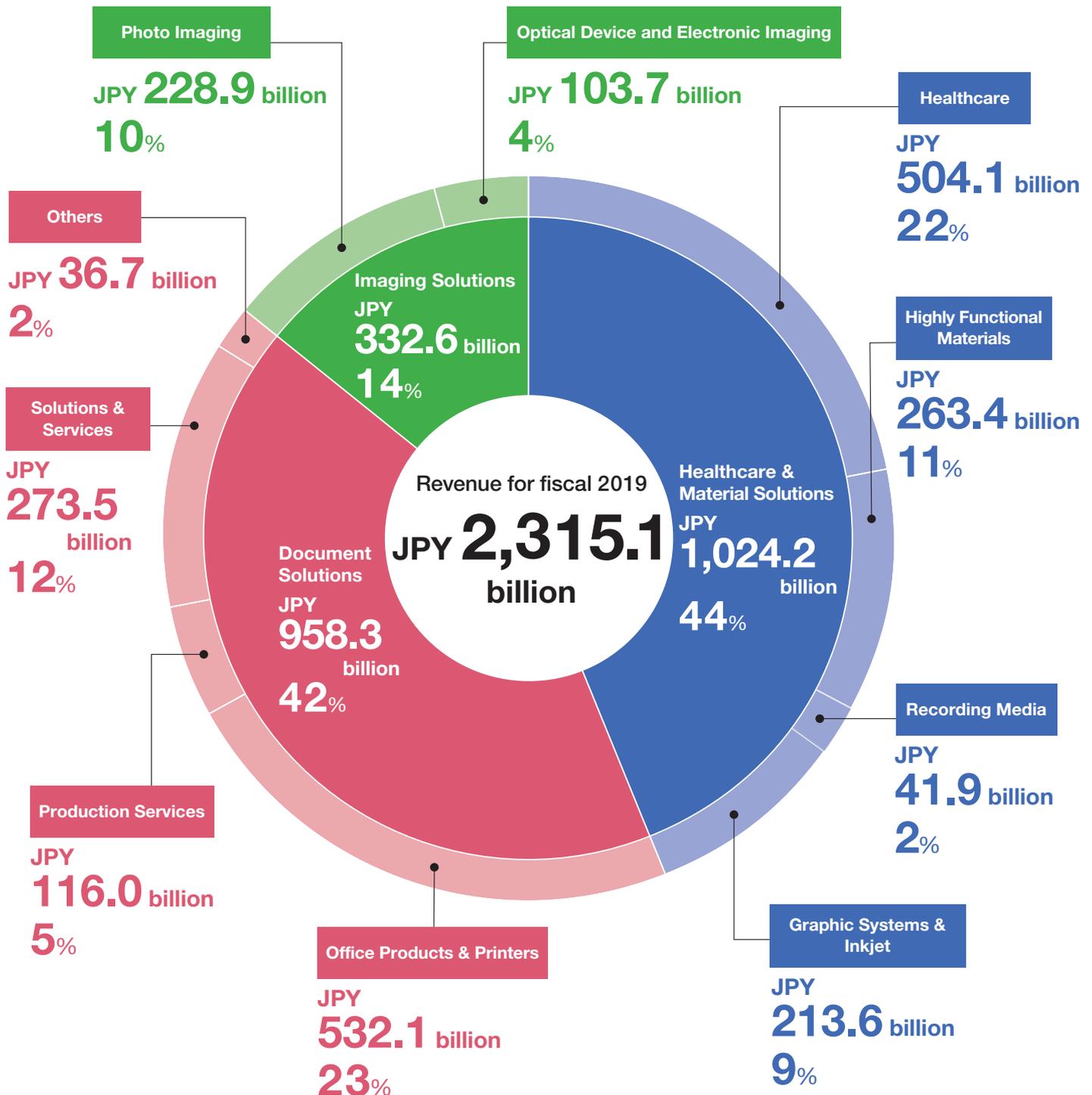
Efforts in the regenerative medicine field

Regenerative medicine holds promise as an effective treatment for as-yet incurable diseases in the oncology and age-related macular degeneration fields, where unmet medical needs still exist. In 2010, Fujifilm fully launched the regenerative medicine business. The Fujifilm Group possesses diverse technologies, including engineering technology cultivated in R&D of photographic film, the cell production technology of our Group company Japan Tissue Engineering Co., Ltd., the world-leading development and production technology, related to induced pluripotent stem cells (iPSCs), of FUJIFILM Cellular Dynamics, Inc., and the culture development and production technology of FUJIFILM Wako Pure Chemical Corporation and FUJIFILM Irvine Scientific, Inc. We will maximize synergies within the Group to develop our business as a leading company working to achieve practical application and industrialization of the still-developing field of regenerative medicine.



Business Portfolio

The Fujifilm Group's current business portfolio was built after we survived the crisis of losing our core business to advances in digitization by leveraging our unique, cutting-edge, and advanced technologies honed in the photographic film business. We are continuing to put together and promote growth strategies to further solidify this portfolio.





Healthcare & Material Solutions

Engaging in a wide range of businesses mainly in the B2B domain including the 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, computer-to-plate (CTP) plates, digital inkjet presses, and industrial inkjet printheads

Medical-use picture archiving and communication system (PACS)

Domestic & global market share

No. 1^{*1}



Medical-use PACS SYNAPSE

Protective film for polarizers

Global market share

No. 1^{*1}



FUJITAC protective film for polarizers

Color photoresists for image sensors

Global market share

No. 1^{*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 printing solutions to support digitalization in the commercial printing field

Solutions & Services

Supporting to resolve management issues by promoting digitalization of corporate document and operational processing

A3 color multifunction devices

Market share in sales volume in the Asia-Pacific region

No. 1^{*2}



ApeosPort C5570

Total number of licenses of document handling software Docuworks

7.5 million



Imaging Solutions

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

Photo Imaging

Products and services that range from photo-taking to printing, including color film and photographic paper, related services and equipment for color prints, and instant photo systems

Optical Device and Electronic Imaging

Digital cameras and interchangeable lenses in the electronic imaging field TV, cinema, and various industrial lenses in the optical devices field

instax instant camera
Total worldwide sales volume

over 50 million units



instax mini 11

Broadcast zoom lens compatible with 4K cameras

World's first^{*3}



FUJINON UA70x8.7 BESM

*1 According to a survey by Fujifilm *2 According to a survey by Fuji Xerox

*3 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)

Financial Highlights

Note: See pages 54-55 for numerical data for fiscal 2009 to fiscal 2019.

Revenue

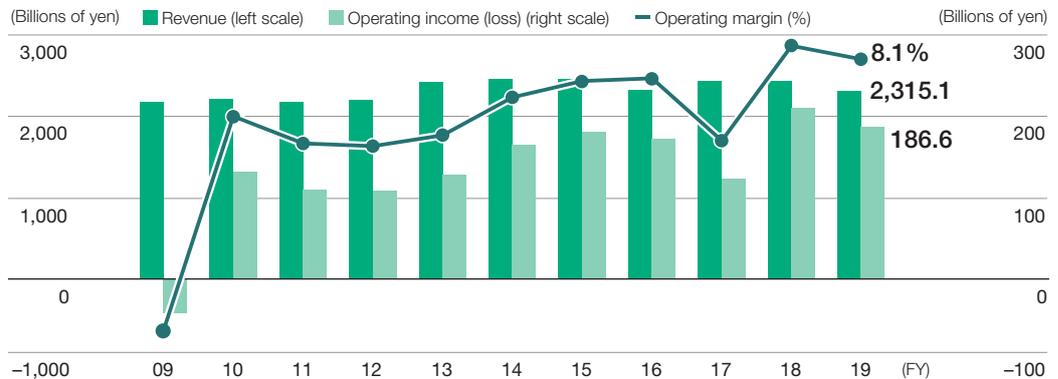
JPY 2,315.1 billion

Operating income

JPY 186.6 billion

Operating margin

8.1%



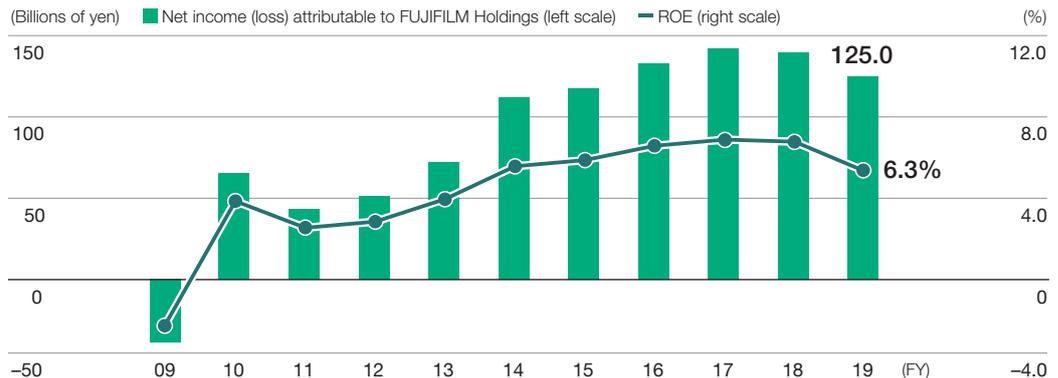
In fiscal 2019, ended March 31, 2020, the Fujifilm Group recorded JPY 2,315.1 billion in consolidated revenue (down 4.8% from the previous fiscal year), reflecting such factors as a sales decrease in the photo imaging business, optical device and electronic imaging business, and document business, although sales increased in the medical systems business, bio CDMO business, regenerative medicine business and electronic materials business. Operating income was JPY 186.6 billion (down 11.1%), and the operating margin was 8.1% (down 0.5 percentage points).

Net income attributable to FUJIFILM Holdings

JPY 125.0 billion

ROE

6.3%



Net income attributable to FUJIFILM Holdings was JPY 125.0 billion (down 9.5% from the previous fiscal year). Return on equity (ROE) was 6.3% (down 0.4 percentage points).

Total assets

JPY 3,321.7 billion

Shareholders' equity ratio

58.8%

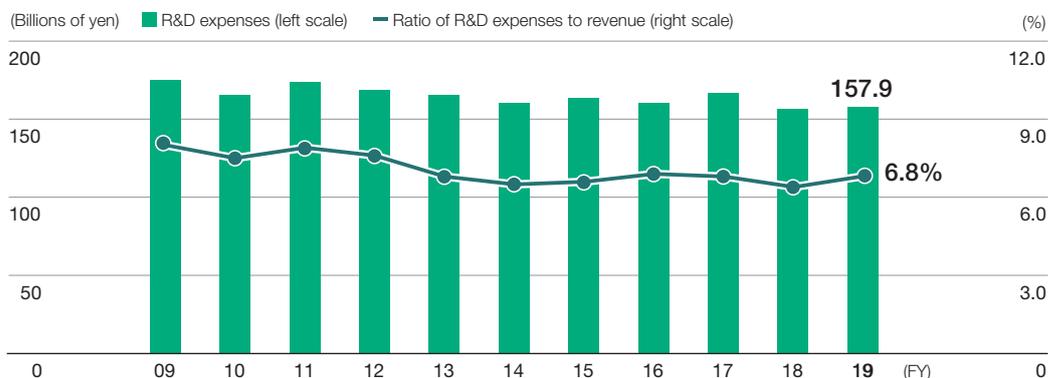


Total assets as of the end of fiscal 2019 were JPY 3,321.7 billion (down 2.7% from the previous fiscal year-end). The shareholders' equity ratio was 58.8% (down 0.9 percentage points) as we maintained a sound capital structure.

R&D expenses

JPY **157.9** billion

Ratio of R&D expenses to revenue
6.8%

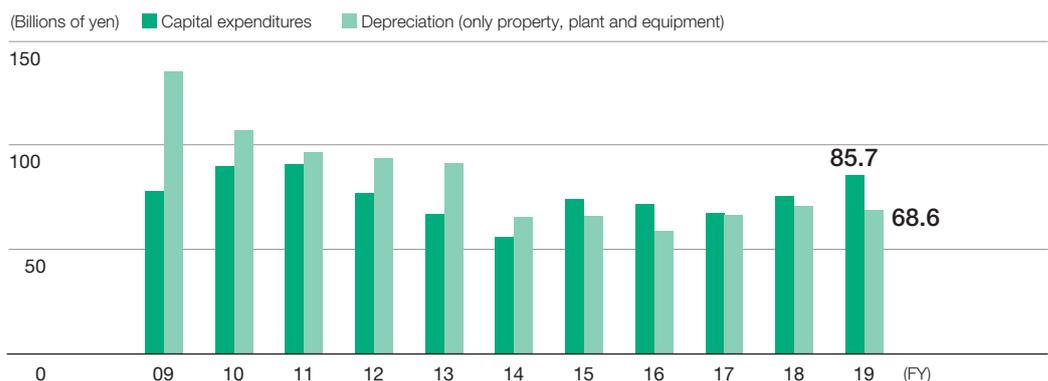


R&D expenses were JPY 157.9 billion for fiscal 2019 (up 1.1% from the previous fiscal year), and the ratio of R&D expenses to revenue was 6.8% (up 0.4 percentage points).

Capital expenditures

JPY **85.7** billion

Depreciation
(only property, plant and equipment)*
JPY **68.6** billion



Capital expenditures amounted to JPY 85.7 billion for fiscal 2019, mainly for the purpose of increasing production capacity of high-growth products, rationalizing and labor saving of manufacturing facilities, and environmental conservation. Depreciation was JPY 68.6 billion.

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

Net cash provided by operating activities

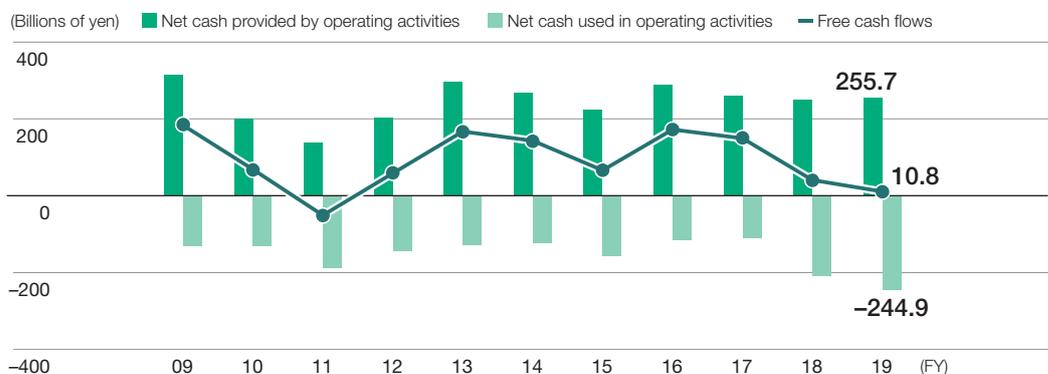
JPY **255.7** billion

Net cash used in investing activities

JPY **-244.9** billion

Free cash flows*

JPY **10.8** billion



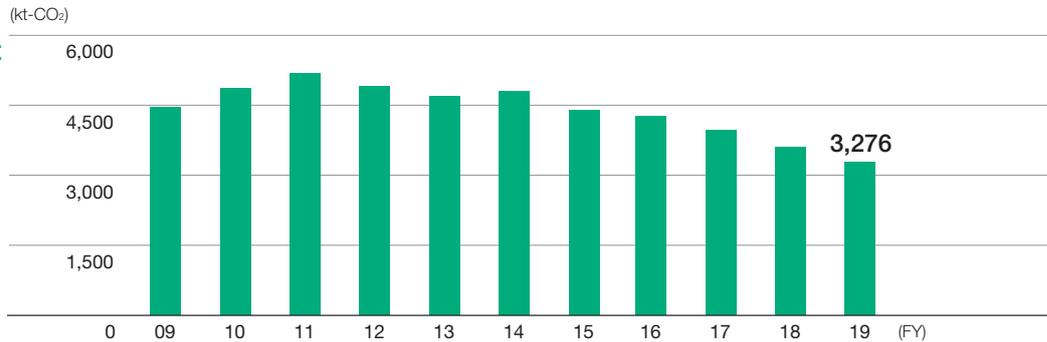
During fiscal 2019, net cash provided by operating activities totaled JPY 255.7 billion, due to a decrease in notes and accounts receivable and other factors. Net cash used in investing activities amounted to JPY 244.9 billion, mainly due to acquisitions of businesses. Thus, free cash flows were JPY 10.8 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

3,276 kt-CO₂

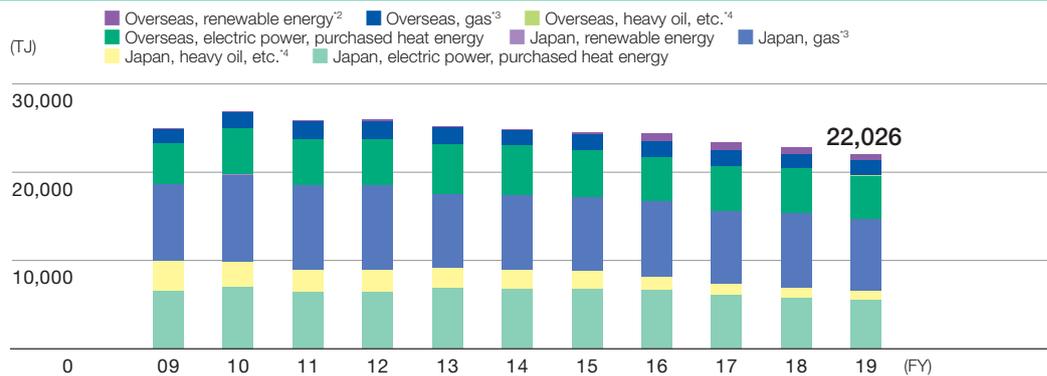


To realize the non-carbon society aimed for under the Paris Agreement, we set a CO₂ emissions reduction target with fiscal 2030 as the goal. Against the goal of reducing CO₂ emissions by 45%* throughout product lifecycles—the procurement of raw materials, product manufacturing, transportation, use, and disposal—at the end of fiscal 2019 CO₂ emissions had been reduced by 3,276 kt-CO₂, or 30%*. 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.

* Comparison vs. fiscal 2013

Annual changes in energy consumption*¹

22,026 TJ



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 fiscal 2050, all the electricity purchased will be converted power from renewable energy sources, as the Fujifilm Group 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 fiscal 2019 energy consumption was reduced by 3.8%⁵ to 22,026 TJ.

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

*² FUJIFILM Manufacturing Europe B.V. classified its energy usage as renewable energy because the supply of wind-generated power has been 100% since fiscal 2015.

*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

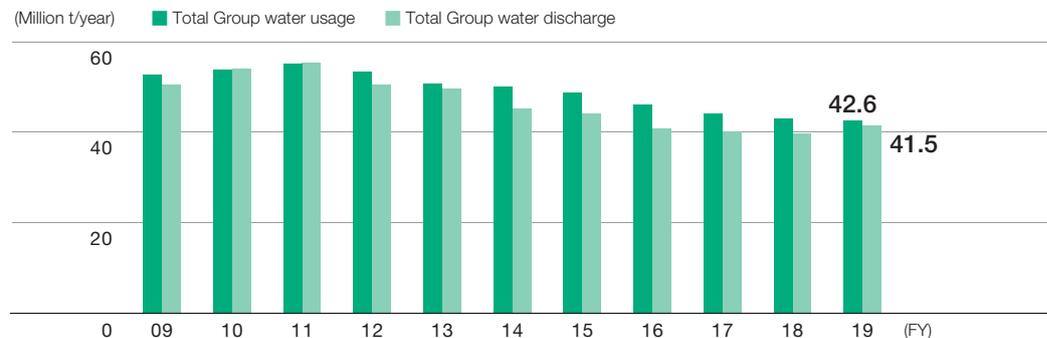
*⁵ Year-on-year rate

Total Group water usage

42.6 million t/year

Total Group water discharge*¹

41.5 million t/year



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%² by fiscal 2030. As of the end of fiscal 2019 usage had been reduced by 15%² to 42.6 million t/year, and the amount discharged was 41.5 million t/year.

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

*² Comparison vs. fiscal 2013

Amount of waste generated*1

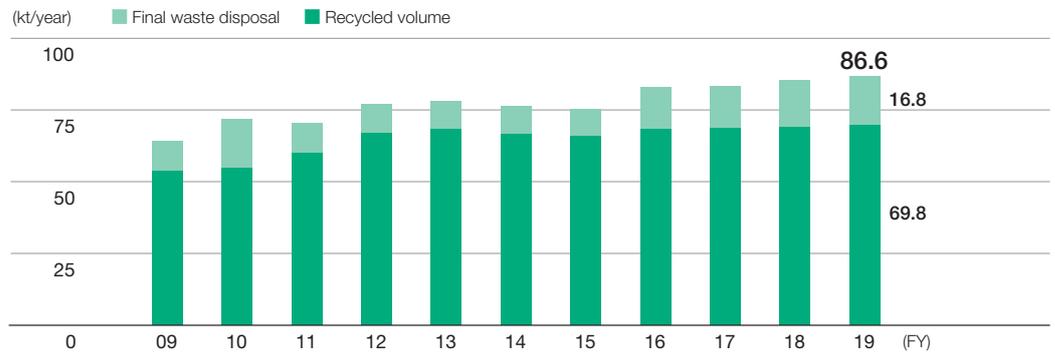
86.6 kt/year

Final waste disposal*2

16.8 kt/year

Recycled volume

69.8 kt/year



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 geographic region. The goal is to reduce the amount of waste generated by 30%*3 by fiscal 2030, but since fiscal 2016 the final disposal volume has increased due to the expansion of new businesses and the difficulties involved in recycling plastics due to tightening of international import restrictions. As of the end of fiscal 2019, final waste disposal increased by 11%*3 to 16.8 kt/year.

*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 *3 Comparison vs. fiscal 2013

Ratio of women in managerial positions

The Fujifilm Group

14.5%

Fujifilm

4.0%

Fuji Xerox

7.4%



Under SVP2030, 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. The Group has set a target of 25% by the end of fiscal 2030 and had attained 14.5% as of the end of fiscal 2019. It was 4.0% at Fujifilm and 7.4% at Fuji Xerox.

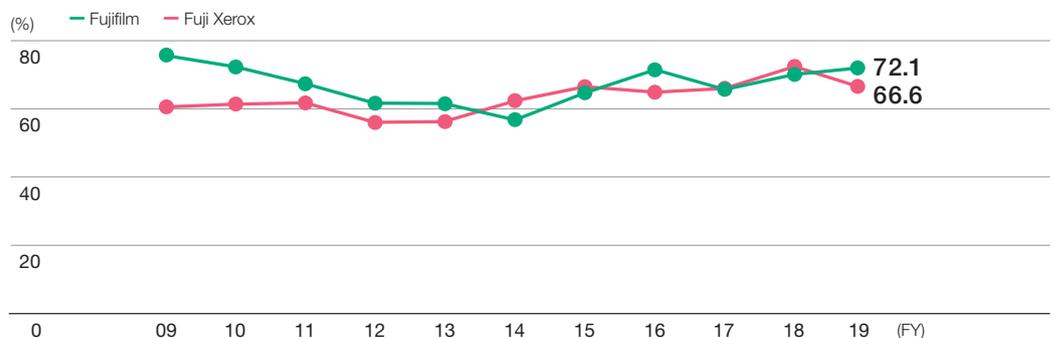
Utilization of paid leave

Fujifilm

72.1%

Fuji Xerox

66.6%



We are promoting improvements in work environments so that each and every one of our diverse employees with their own strengths can demonstrate their abilities to the fullest extent and deliver results through efficient work styles, working with stakeholders inside and outside the Group. 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 fiscal 2019, the paid leave utilization rate was 72.1% for Fujifilm and 66.6% for Fuji Xerox.

Message from the CEO



Shigetaka Komori

Chairman, Representative Director
and Chief Executive Officer

The world is currently battling COVID-19. There are some countries and regions where the spread seems to be slowing, but globally, the virus continues to run rampant. People's lifestyles changed rapidly and dramatically with the emergence of COVID-19. The virus also soured outlooks and dealt tremendous damage to the economy.

Various measures have been implemented to face the threat, and fervent R&D on therapeutic drugs and vaccines is taking place as countries and companies work to bring the COVID-19 situation to an end.

The Fujifilm Group, too, is contributing to society by providing products and services to stave off the spread of the virus and terminate it. Antiviral drug Avigan[®] Tablets developed by FUJIFILM Toyama Chemical Co., Ltd. holds promise as a treatment for COVID-19, and a system for increasing production has been quickly developed in response to requests from the Japanese government for a national stockpile and from overseas. In addition, we have partnered with a global pharmaceutical company headquartered in India and a global provider of medical supplies and pharmaceuticals to put together a global development and supply system capable of quick response. Moreover, in the bio CDMO business, we are supporting the development and manufacture of vaccines and therapeutic drugs through manufacturing bulk drug substances for a COVID-19 vaccine candidate which will be purchased

by the governments of the U.S. and the U.K.

We are also providing medical equipment to diagnose pneumonia, developing AI technology, and providing materials, services, and solutions to support new work styles in the fields of high functional materials and documents as we meet society's expectations in a wide range of fields.

A company's value to society lies in continuing to provide useful products and services

These contributions of the Fujifilm Group to the COVID-19 situation are the results of our past preparations and are by no means coincidental.

I have engaged in management up to now based on the belief that a company's role is to continue creating new value that is useful to society and resolving social issues through its businesses. When carrying out business restructuring, I took inventory of the technologies possessed by the Group and identified business segments in which we could continue providing superior value while also taking into account market growth. One of those segments is the pharmaceutical business.

When fully entering the pharmaceutical market, we

Identifying the Role We Should Play and Continuing to Provide New Value

acquired FUJIFILM Toyama Chemical, which had strengths in the area of infectious disease and possessed an antiviral drug called Avigan® Tablets in the pipeline. This decision was made because we believed that it could help us contribute to addressing and combating infectious disease, which is one of the most pressing social issues of modern times and has historically been a threat to humanity, including the plague and Spanish flu.

At the same time, we are convinced that the technology and human resources cultivated in our R&D on photographic film can contribute to resolving social issues. As such, we also expanded our business into the healthcare domain, which is one of the most important growth industries of the 21st century, and have continued to invest aggressively in it. As a result, we have built a solid portfolio capable of providing society with valuable products and services even in the midst of difficult circumstances such as those of the present. Even as some companies have been forced to withdraw from the market due to COVID-19, the Fujifilm Group continually provides society with new value, generates profits, and grows while reinvesting those profits as we continue to contribute to society.

| Becoming an even stronger company

It will take some time for people around the world to go back to moving about freely with peace of mind as they did before the COVID-19 pandemic.

The spread of this virus has been more rapid due to the progression of globalization that has revealed problems such as the supply chain.

We do not believe the trend toward globalization that people have sought after will change, but social systems and lifestyles are showing dramatic changes, including enhancement of measures to prevent epidemics and acceleration of digital transformation (DX).

As society goes through these drastic changes, we will identify the role that society expects us to play and accomplish what is required of us. We will also aim to provide new value and create change in anticipation of life with COVID-19 and the post-COVID-19 world. We have experienced major crises in the past, so we are confident that we have the strength to face and overcome these changes.

We hope that you will keep an eye on our future growth, and we thank you in advance for your continued support.

Interview with the COO

Taking Big Changes as Opportunities and Developing a Growth Strategy for the Next Breakthrough

Kenji Sukeno

President, Representative Director
and Chief Operating Officer



Q Please reflect on VISION2019, which was launched in fiscal 2017, and tell us about future growth at Fujifilm.

A Under the VISION2019 three-year medium-term management plan, which concluded in March 2020, we divided each business into three stages of growth, namely improving profitability, accelerating growth, and investing for the future. We worked to strengthen the business portfolio we have built by creating steady cash flows through further improvement of profitability, expanding sales and profits through acceleration of business growth, and investing in businesses that will be the pillars of the future.

In fiscal 2019, which was the final year of the plan, revenue amounted to JPY 2,315.1 billion, and operating income was JPY 186.6 billion. This was due primarily to the impact of COVID-19 in the fourth quarter and exchange rates in the Asia-Pacific region. The spread of COVID-19 in particular and the restrictions on business and consumption activities brought revenue and operating income down by JPY 47.0 billion and JPY 26.0 billion, respectively. Although we did not meet the initially planned performance targets, we believe we made significant progress on two priority issues.

One of those was accelerating growth in the healthcare field. The medical systems business saw growth in medical IT, endoscopes, in-vitro diagnostic

(IVD) systems, and other fields. On top of this, we received orders from major pharmaceutical companies around the world, resulting in a significant increase in sales owing to recognition of the proprietary high production technology and extensive manufacturing track record of our bio CDMO business. We are aggressively expanding capacity and investing to address future increases in orders received and heightened demand for contract manufacturing of biopharmaceuticals. The other priority issue on which progress was made was enhancing profitability of the document business. By making bold operational and structural reform, we increased profitability, achieving an operating margin of more than 10% a year ahead of schedule and strengthening our financial position.

On the other hand, among businesses marked for improving profitability, demand for some products continues to drop among entry-level mirrorless cameras within the electronic imaging business and CTP plates of the graphic systems business due to drastic changes in the market environment. Many of the businesses in this stage have been impacted by the spread of COVID-19, and we are stepping up our efforts to increase business profitability even in the face of crisis.

Utilizing the cash generated from increased business profitability, we conducted strategic M&A investments and provided returns to shareholders, further accelerating business growth and increasing capital efficiency. Our M&A investments included FUJIFILM Wako Pure Chemical, FUJIFILM Irvine Scientific, FUJIFILM Diosynth Biologics Denmark ApS, and others in the healthcare field as well as the acquisition of shares to make Fuji Xerox a wholly owned subsidiary. As for return to shareholders, over the three-year period ended fiscal 2019, our dividends and share buybacks amounted to JPY 300.0 billion as planned.

COVID-19 has brought about an unprecedented situation in which lifestyles and work styles have changed significantly. In the midst of these circumstances, we have positioned fiscal 2020 as a preparatory period for addressing the impact of COVID-19 and working on the next breakthrough. Fiscal 2021 will be the first year of the next medium-term management plan. Taking these big changes in society as opportunities for future growth, we will develop

strategies that anticipate a post-COVID-19 world.

In fiscal 2020, despite the difficult environment, we will work to improve the profitability of each of our businesses and promote business growth in the healthcare and highly functional materials business fields along with a new growth strategy in the document business. On the financial side, we will strengthen our cash management and maintain financial soundness. Beginning this fiscal year, we have introduced ROIC*1 and CCC*2 as metrics for assessing business divisions for improving ROE*3, and by strengthening management from these standpoints, we will maximize our cash generation capabilities. While working to improve profitability by promoting cost reductions in each business, we will make prioritized capital injections in the necessary domains with respect to capital expenditures and R&D expenses for growth, tying this into the next breakthrough. We will maintain an annual dividend of JPY 95 per share.

*1 Return on invested capital

*2 Cash conversion cycle

*3 Return on equity

Q What are your initiatives in the healthcare field?

A Under VISION2019, we invested management resources into accelerating growth in the healthcare field as a priority issue.

Within the healthcare field, our medical systems and bio CDMO businesses have been the strongest drivers of sales. In the medical systems business, we have achieved growth by providing comprehensive solutions globally. Our broad lineup includes X-ray diagnostic imaging systems, endoscopes, ultrasound diagnostic systems, IVD systems, and our SYNAPSE medical-use PACS, which has the largest share of the global market. In the medical IT field, we possess unique image processing technology that we have cultivated over many years and are promoting the development and practical application of AI technology to support workflows on the front lines of medicine under the brand REiLL.

In December 2019, we made the decision to acquire the diagnostic imaging business of Hitachi, Ltd., which has sales of around JPY 150.0 billion. Expanding our product lineup will not only allow us to provide one-stop, total solutions but will also allow us to provide high-value-added solutions and accelerate the global development of our medical systems business by combining newly acquired products such as CTs and MRIs with our own image processing and AI technologies.

In our bio CDMO business, we take orders for contract development and manufacture of various types of biopharmaceuticals, including antibody drugs,

hormone preparations, gene therapy drugs, and vaccines. We have steadily increased the number of orders received as the reputation of our industry-leading proprietary high production technology, manufacturing facilities that meet the diverse needs of our customers, and industry-leading track record of contract manufacturing grows in the market. In August 2019, we acquired the Denmark-based manufacturing subsidiary of U.S.-based biopharmaceutical giant Biogen to respond to increasing demand for contract manufacturing. Our facility in Denmark has been selected as a partner for the global supply of COVID-19 therapeutic drugs by the COVID-19 Therapeutics Accelerator, a project launched by the Bill & Melinda Gates Foundation to promote medical treatments for COVID-19, and has taken an order for process development and manufacturing of therapeutic drugs. Our facilities in the U.S. and the U.K. are also contributing to staving off and ending the spread of COVID-19 by taking on the manufacture of active pharmaceutical ingredients (APIs) for candidate COVID-19 vaccines procured by the governments of those countries. Our full-scale entry into the market for the bio CDMO business was made in fiscal 2011, and from that time up to fiscal 2019, we achieved an average annual growth rate of 20%, far exceeding the growth rate of the biopharmaceutical market. Continuing to enhance our ability to meet customer demand, we aim to achieve sales of over JPY 200.0 billion by fiscal 2025.

Interview with the COO

In the pharmaceutical business, we are focused on developing pipelines and domains in which our unique technology can be leveraged, balancing streamlining of R&D with addressing of unmet medical needs. In September 2019, we began phase 2 clinical trials for Alzheimer's drug T-817MA in Europe. In the field of drug delivery systems, we are working on phase 1 clinical trials for liposome-based drug formulations FF-10850 and FF-10832 (anticancer drugs), which leverage our proprietary technology.

In the regenerative medicine business, FUJIFILM Cellular Dynamics, a global leader in the development, manufacture and sale of iPSCs, launched operations at its new iFACT cGMP-compliant therapeutic iPSC production facility in March 2020. This will accelerate in-house development of regenerative medical products and roll out development and contract manufacturing services. In the drug discovery support business, we are expanding our development of a business involving iPSC-derived differentiated cells for drug discovery

support for pharmaceutical companies and academic institutions. Furthermore, we are obtaining access to new technologies and know-how related to regenerative medicine through investments in venture companies and others, thereby accelerating technical development and contributing to industrialization of the field of regenerative medicine.

We are working to expand our business in the field of biomedicine, including cultivation of iPSCs and other necessary cells in the regenerative medicine business and bio CDMO. Bringing together and fusing the cutting-edge technologies and know-how of Group companies, we are working on advanced biomedicine R&D, including the establishment of the Bio Science & Engineering Laboratory in the U.S. to solidify our research infrastructure in this field.

As a total healthcare company, we are reinforcing our business in the fields of prevention, diagnosis, and treatment and will contribute to better quality medical treatment and promotion of human health.

Q Please describe your initiatives in the document business.

A In the document business, we have been promoting operational and structural reform to improve profitability and strengthen our business structure since fiscal 2017. This included not only streamlining and optimization of our product lineup but also cost reduction through shortened development time and improved operational efficiency. We have developed a solid business foundation, and in fiscal 2019, we recorded operating income in the document business of JPY 105.0 billion, our highest ever.

In November 2019, we acquired the 25% stake in Fuji Xerox held by Xerox Corporation to make it a wholly owned subsidiary in order to achieve growth and further improvement of profitability through the new strategy of the document business. In January 2020, we decided to end the Technology Agreement, providing for technology/brand licenses and sales territories, with XC as of March 31, 2021. We also made the announcement that the name of the company will be changed to FUJIFILM Business Innovation Corp. in April 2021 and that the business would be developed under the Fujifilm brand.

Going forward, on top of supplying OEM services worldwide and introducing revolutionary new products,

these measures will allow us to promote flexible and speedy business activities, including development of our business in domains beyond the document field combining the technologies of Fujifilm and Fuji Xerox and setting up operations in Europe and the U.S. utilizing the sales channels of Fujifilm.

People's work styles and operational processes are changing as telecommuting becomes more widespread as a measure to combat the spread of COVID-19. In the midst of these circumstances, in addition to AI and the advanced technologies cultivated by Fuji Xerox, we will provide new document solutions in a secure cloud environment by expanding strategic alliances with DocuSign, Inc., Esker SA and other IT service providers that offer advanced solutions. We are also accelerating our shift to a solutions & service business supporting work styles that are free from the constraints of time and space, including acquiring CSG Limited, a company that possesses strengths in the area of SMB* in Australia and New Zealand and provides office printing devices and IT services.

* Small and Medium Business

Q Please describe your ESG initiatives.

A As the global economy is being hit hard by the spread of COVID-19, environmental, social, and governance (ESG) initiatives that aim for the development of a sustainable society are gaining more attention than ever before. Photographic film, which could be called the starting point of the Fujifilm Group, required clean air and water for production, so consideration for the environment has been built into our DNA since the time of our founding. Moreover, it was the nature of this product that you could only verify the quality after developing and printing it, which meant that it was necessary to earn society's trust, and this, too, is reflected in the corporate philosophy and vision. The Fujifilm Group considers the ESG approach to be foundational to management and has simultaneously contributed to resolving social issues and achieved business growth.

In 2017, we established our SVP2030, a CSR plan outlining our long-term vision for contributing to the development of a sustainable society. From the two angles of considering society and the environment in our business processes and resolving social issues through our business activities, we have established the environment, health, daily life, work style, supply chain, and governance as the key areas of our efforts. Under the VISION2019 medium-term management plan, positioned as the specific action plan for achieving the targets of our CSR plan, we steadily promoted efforts in these key areas.

Particularly in the area of the environment, we actively participated in international initiatives, including supporting TCFD^{*1} recommendations and participating in RE100^{*2}, which aims to have companies use 100% renewable energy for the electricity they consume. We are engaged in groupwide efforts to bring about a non-carbon society. In 2020, these efforts were recognized, and we were placed on the CDP^{*3} Climate Change A List.

Additionally, in July 2020, we raised our target for reduction of CO₂ emissions from 30% compared to fiscal 2013 to 45% in response to the rapidly spreading impact of global climate change, and we obtained certification from the SBT Initiative^{*4}. We also established a target of increasing the percentage of revenue from products and services that offer outstanding reduction of environmental impact within groupwide sales to 60%, utilizing the

Fujifilm Group's in-house environmentally friendly product certification system Green Value Products in order to contribute to resolving social issues through our business activities.

In the area of health, we are pooling the collective strength of the Group to help bring an end to the spread of COVID-19. We are working quickly to increase production of Avigan[®] Tablets, a candidate therapeutic drug for COVID-19 developed by FUJIFILM Toyama Chemical, for a domestic stockpile and partner with other companies for overseas development. Furthermore, in the bio CDMO business, we have been tapped for the manufacture of COVID-19 therapeutic drugs and APIs for vaccine candidates. We have also begun providing mobile X-ray imaging diagnostic imaging devices and ultrasound diagnostic imaging systems to diagnose pneumonia, developing diagnosis support technology utilizing AI, and selling PCR test reagents.

In the area of work styles, we established a new target percentage of foreign nationals in key posts of 35% and of women in managerial position of 25% throughout the Group by the end of fiscal 2030. We will promote global efforts to train and utilize diverse human resources.

^{*1} Task Force on Climate-related Financial Disclosures. 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 non-profit organization (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 companies that join the RE100 are committed to achieving 100% renewable electricity used in their business activities.

^{*3} An international NPO based out of London promoting the disclosure and management of the environmental impact of company activities in the areas of climate change, water, and forests in collaboration with more than 525 institutional investors with a consolidated equity value of USD 96 trillion under management.

^{*4} Jointly established in September 2014 by CDP, World Resources Institute (WRI), World Wide Fund for Nature (WWF), and the United Nations Global Compact for the purpose of promoting science-based targets for reduction of greenhouse gases to limit the global temperature increase to less than two degrees Celsius compared to pre-industrial levels. In November 2016, the Paris Agreement, which aims to limit the increase to less than two degrees Celsius, went into effect as an international framework on climate change.

To our shareholders

As a total healthcare company, the Fujifilm Group is putting forth utmost efforts to bring an end to the COVID-19 pandemic. Under the current harsh business environment, we will leverage our strengths in developing various businesses and provide products and services

worthy of the expectations and trust of our shareholders to achieve sustainable growth and improve corporate value. 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.

Endeavoring to Overcome the COVID-19 Pandemic

— The Fujifilm Group's Initiatives —

As COVID-19 runs rampant around the world, the Fujifilm Group is supporting people's lifestyles by providing proprietary technology, products, and services in various business fields, including support for the front lines of medical treatment in the healthcare field. We will continue to provide the new value truly required by people in a world of perpetual change.

Increased production of Avigan® Tablets in response to demand from the Japanese government and overseas

FUJIFILM Toyama Chemical is conducting clinical trials in Japan and the U.S. treating COVID-19 patients with antiviral drug Avigan® Tablets (known generically as "Favipiravir"). It is also ramping up production of the drug while strengthening collaboration with FUJIFILM Wako Pure Chemical and other companies both at home and abroad. Additionally, partnering with a major Indian pharmaceutical company and global drug and medical supply companies, it is working to expand the Japanese government's stockpile and respond to demand from overseas by building a global structure for speedy development and supply of Avigan® Tablets.

Launching development of AI technology to support diagnosis of COVID-19-induced pneumonia

Applying technology for quantifying lesions of interstitial pneumonia developed jointly with Kyoto University, Fujifilm is accelerating development of diagnosis support technology to aid in evaluation of the progress of COVID-19 pneumonia patients and determination of the effectiveness of treatment. Interstitial quantification technology supports physician diagnosis and also contributes to the development and evaluation of COVID-19 therapeutic drugs. Software designed using AI technology identifies lung lesion characteristics based on CT images.

Providing medical diagnostic equipment to contribute to greater efficiency in testing and prevention of viral spread

At medical institutions, X-rays and ultrasound diagnostic imaging systems are being used in order to diagnose COVID-19 and observe progress after treatment.

Fujifilm has developed medical diagnostic equipment such as the FUJIFILM DR CALNEO AQRO, which is a mobile digital X-ray imaging device that is compact yet offers high-quality images with low-dose radiation, the CALNEO Xair, a portable X-ray imaging device, and the iViz air, which is a highly portable, lightweight, and compact wireless ultrasound diagnostic imaging system. By providing medical diagnostic equipment that can be moved and operated smoothly in isolation wards and tight spaces such as beside hospital beds, we are supporting the front lines of infectious disease diagnosis, reducing patient stress, preventing viral spread, and increasing the efficiency of testing.



Ultra-lightweight mobile digital X-ray imaging device FUJIFILM DR CALNEO AQRO



Portable X-ray imaging device CALNEO Xair



Wireless ultrasound diagnostic imaging system iViz air

Information Special site: "Fujifilm's Response to the COVID-19 Pandemic"

This site provides information on the Fujifilm Group's commitment during the COVID-19 pandemic.
<https://brand.fujifilm.com/covid19/global>





Enabling fast PCR tests

FUJIFILM Wako Pure Chemical is reducing the risk of infection by minimizing the time required to perform tasks and contributing to lighter workloads for testing personnel and faster testing at medical institutions. This includes the development and supply of μ TAS Wako COVID-19 gene detection reagent for the μ TAS Wako g1 fully automatic gene analyzer that allows easy PCR testing even for less experienced testing personnel and PCR testing pretreatment reagent and gene detection kits for COVID-19 that allow PCR testing using saliva.

Fully automatic gene analyzer μ TAS Wako g1



SARS-CoV-2 RT-qPCR Detection kit Ver. 2 (COVID-19 gene detection kit)

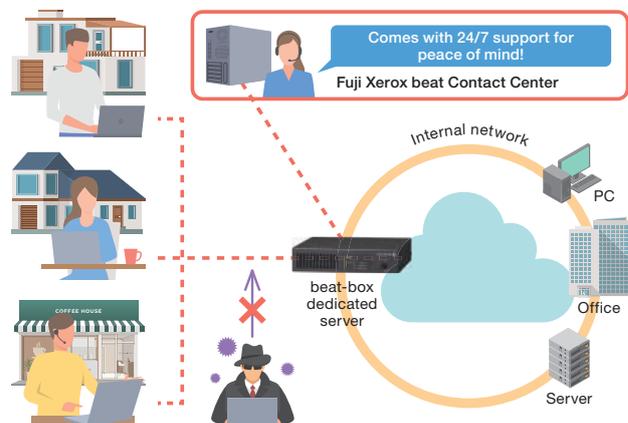
Manufacturing COVID-19 therapeutic drugs and APIs for vaccine candidates

FUJIFILM Diosynth Biotechnologies is a core company for the bio CDMO business. It was contracted by the COVID-19 Therapeutics Accelerator, a therapeutics promotion project launched by the Bill & Melinda Gates Foundation, the Wellcome Trust, Mastercard Incorporated and others, for process development and manufacturing of drugs to treat COVID-19. Some of the manufacturing capacity of the facility in Denmark has been secured to handle the demand for mass production. Moreover, the company was tapped for the manufacture of APIs for a COVID-19 vaccine candidate procured by the U.S. and U.K. governments. Leveraging the manufacturing infrastructure of FDB in the states of North Carolina and Texas in the U.S., the UK, and Denmark, we are supporting the development and manufacture of COVID-19 vaccines and therapeutic drugs.



Providing products and services to support flexible work styles

Fuji Xerox provides solutions for the challenges faced by companies with respect to telecommuting, which has been rapidly adopted under the COVID-19 pandemic. The beat/basic service, an all-in-one network environment outsourcing service for small and medium-sized enterprises, expands cloud connection functions and allows the quick deployment of a secure and convenient network environment. It supports changing work styles. It also provides a network printing service to print documents at 7-Eleven convenience store locations all over Japan and a paperless fax function allowing faxes received by multifunction machines at offices to be checked on home PCs and smartphones.



The Fujifilm Group's Value Creation Process for Realizing a Sustainable Society

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

Value Creation through



CSR plan: Sustainable Value Plan 2030 (SVP2030)

Medium-term management plan

Specific action plan to realize SVP2030

▶ P. 28 Strategies for Value Creation

Delivering products and services in three business segments to resolve social issues

Sources of Corporate Value

- Technological Capabilities
- Corporate Culture
- Human Resources
- Brand Strength
- Global Network

▶ P. 22 Sources of Corporate Value

Business Segments

- Healthcare & Material Solutions
- Document Solutions
- Imaging Solutions

▶ P. 34 Feature 1: The Fujifilm Group's Initiatives in the Healthcare Field

OUTPUT

Priorities within SVP2030

- Environment
- Health
- Daily Life
- Work Style
- Supply Chain

Governance

▶ P. 42 Corporate Governance

Corporate Philosophy / Vision

▶ P. 1 Corporate Philosophy / Vision

Needs, Expectations,

Global Society

OUTCOME



Realization of a Sustainable Society

Environment



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

The Fujifilm Group will contribute in the following areas by implementing groupwide initiatives on the lifecycles of our products and providing customers with products and services that save energy and resources.

- Contribute to reduction of CO₂ emissions in society and mitigate climate changes
- Mitigate water risks by reducing and efficiently using water
- 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.

- Provide healthcare to fulfill unmet medical needs through R&D in pharmaceuticals and regenerative medicine
- Improve accessibility 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 the Internet of Things (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.

- Contribute to the development of an information and communication technology (ICT) society by providing materials that support higher performing semiconductors, large-capacity magnetic tapes, and more
- 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 reform.

- Build work environments that encourage creativity by providing products and services that boost business productivity and contribute to greater business efficiency

Supply Chain



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

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 needs and expectations of society and earn its trust.

Five Elements that Comprise the Sources of Our Corporate Value

Technological Capabilities



Our technological capabilities underpin the broad range of businesses in the Fujifilm Group. Since our founding, we have accumulated base technology that forms the basis of business support in the field of silver halide photography, which is comprised of various technologies we have cultivated. Moreover, based on these base technologies, we have honed unique core technologies that drive our sustained competitive advantage. Combining these, we provide various products and services that create new value and pave the way for the future.

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 clear corporate culture, we boldly embrace challenges in the course of our business activities. We will be a corporation that is trusted and needed by society and further hone our unique leading-edge technologies to remain a dynamic corporation always ahead of the pack as a pioneer constantly generating new value.

Human Resources



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 their abilities. Each employee will support the creation and development of growth businesses and the acceleration of global expansion.

Brand Strength



We are running a global branding campaign in multiple countries featuring the key message of "NEVER STOP." We are determined to further enhance the power of the Fujifilm brand in order to deliver fresh value with our unique cutting-edge technologies and contribute to resolving 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.

The Fujifilm brand has led to a strong competitive advantage as we have continuously created revolutionary products and services through innovation based on advanced proprietary technologies cultivated in photography.

Global Network



Shortly after its founding, the Company took proactive steps to expand overseas, setting up its first overseas base in 1937. We have grown to become a global corporation with 317 consolidated subsidiaries and an overseas consolidated sales ratio of 56.6% in fiscal 2019. We established regional management companies to allow for faster decision-making and strengthen business management functions. This has enabled us to gather information in a timely manner in each country/region, make strategic proposals suited to the local area, and develop a sales system in collaboration with local companies in the areas of R&D, production, marketing, sales, and more.

Measures for Strengthening and Utilization

- Create new value with external business partners by establishing Open Innovation Hubs (Japan, U.S., and Europe)
- Build an R&D structure supporting next-generation AI technology, including Informatics Research Laboratory and ICT Strategy Management Office

Total number of visitors to Open Innovation Hubs

17,000

- Revise the Charter for Corporate Behavior and Code of Conduct and establish Global Healthcare Code of Conduct
- Review the Fujifilm Way, which summarizes the ideal human resources and the way we do things within the Group
- Conduct internal training to improve compliance awareness and strengthen risk management
- Establish a contact point for the whistleblowing system

Whistleblowing system

23 languages supported

- Establish long-term targets for developing and utilizing diverse human resources
 - Percentage of non-Japanese employees among key posts in the Group
 - Percentage of women among executives in the Group
- Conduct various training programs for employees (global human resources development, DX human resources development, etc.)
- Promote health management and measures to improve health in five priority domains (lifestyle-related diseases, cancer, smoking, mental health, and long working hours)

Health and Productivity Enterprise (White 500)

Certified

four years in a row

- Roll-out of the “NEVER STOP” global branding campaign
 - Carry out NEVER STOP Healthcare 2020 to communicate the wide-ranging businesses and initiatives of Fujifilm in the healthcare field
- Carry out education and training within the Group and in the sales distribution network to improve customer satisfaction
- Conduct awareness surveys to measure employee engagement

Customer satisfaction evaluation*

86.3 %

- Establish regional management companies at major locations in Europe, the U.S., China, and Southeast Asia
- Establish four bio CDMO facilities in Europe and the U.S., the main markets for biopharmaceutical development and manufacturing
- Establish two Bio Science & Engineering Laboratories in Japan and the U.S. to strengthen the foundation of our research in the field of biotherapeutics
- Open a marketing facility in Boston, Massachusetts supporting R&D on and manufacturing of new drugs in order to swiftly respond to customer demand for biotherapeutics

Overseas consolidated sales ratio

56.6 %

* We surveyed customer satisfaction with photo-related products, digital cameras, medical systems, and the documents business, for which after-sales service is an important element (the percentage of customers selecting the top two scores in a five-grade evaluation).

Value Created by Technology

Our technological capabilities are one of the sources of corporate value that support the diverse businesses of the Fujifilm Group. We work to improve our technological capabilities in order to create revolutionary products and services with our advanced proprietary technologies and continue providing new value to the world. At the same time, we are aggressively promoting open innovation combining our technology with outside technology.

R&D policy

Under the 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

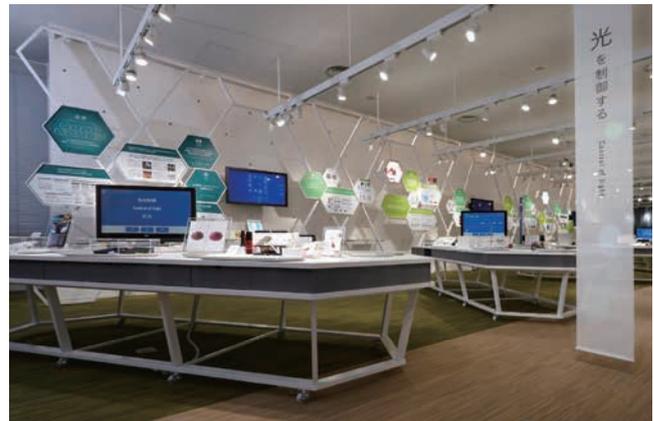
At Fujifilm, we have set up so-called Divisional Laboratories to engage in R&D directly linked to each business and Corporate Laboratories to conduct research into the base technologies we have thus far honed in the photographic business, such as advanced material chemistry, imaging, analysis, and production 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 development sites in Japan and overseas, we have established a 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 created through various business activities always provides a competitive edge. The extent of our activities is extremely broad ranging; for example, in addition to conventional activities like assisting the creation of inventions, submitting patent applications, and acquiring rights, we conduct strategic analyses of competitors and address industry standards for the purpose of achieving business superiority. With an aim to further enhance corporate value, we engage in intellectual property activities that contribute to business growth and reducing business risks by creating and utilizing strong intellectual property in close collaboration with business divisions and R&D divisions.

Open innovation initiatives creating new value through co-creation

We have established three Open Innovation Hubs in Japan, the U.S., 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 their openings, the three hubs have welcomed a combined total of 17,000 visitors from 3,400 companies (as of August 31, 2020), and collaborations have taken place in various forms. Additionally, Fuji Xerox opened Future Edge, which specializes in transforming communication businesses utilizing production printing technologies, and the Smart Work Innovation Laboratory. Also incorporating the latest AI, IoT, and other technologies, both hubs propose solutions to address the diverse management challenges of customers in a rapidly changing business environment.



AI / ICT initiatives

We are promoting operational reform and the creation of innovative products and services via DX led by the ICT Strategy Management Office.

We have built a platform for data utilization and are working to enhance our AI capabilities by combining imaging AI that applies Fujifilm image processing technology, analytical AI that uses statistical analysis technology, and linguistic AI that makes use of Fuji Xerox natural language processing technology as we promote advanced DX.

Utilizing next-generation AI and IoT technology, we will provide products and services that lead to solutions for social issues.

▶ For details, please refer to applications of AI technology in our businesses on page 27.

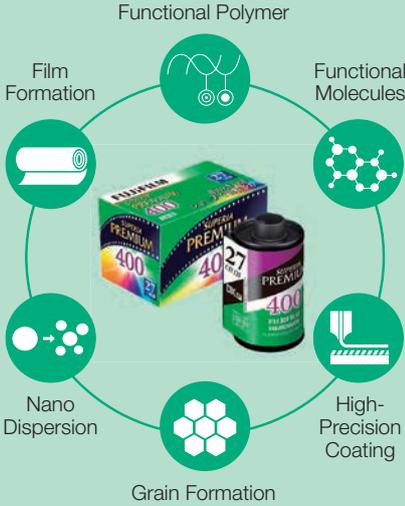
Proprietary Technologies Cultivated in the Field of Silver Halide Photography

The products related to silver halide photography—a long-established business of the Fujifilm Group—comprise various technologies we have cultivated over our history. Today, photographic film only accounts for less than one percent of overall sales, but the technologies we have cultivated in the field of silver halide photography have a competitive advantage and continue to support a wide range of products and services, albeit in a different form.

Imaging **Developing and printing of photographs**

Photographic film

Technology for coating multiple layers of functional materials simultaneously to a film base of uniform thickness



The surface of the photographic film is coated with multiple layers of materials that boast a variety of functions. We possess technology to create a micrometer-level film base that is thin, uniform, and has no optical distortion. Another strength is our technology for designing functional materials at the nano level, maintaining fine, uniform grains, and applying those to a base quickly, uniformly, and simultaneously in multiple layers.

Cameras

Technology for designing and manufacturing high-quality lenses, hardware, and systems



We have been developing lenses since shortly after our founding, and our FUJINON brand of lenses continues to be rated highly. We also possess technology for designing camera hardware and systems.

Color paper / Minilabs

Technology for precisely controlling chemical reactions of applied functional substances

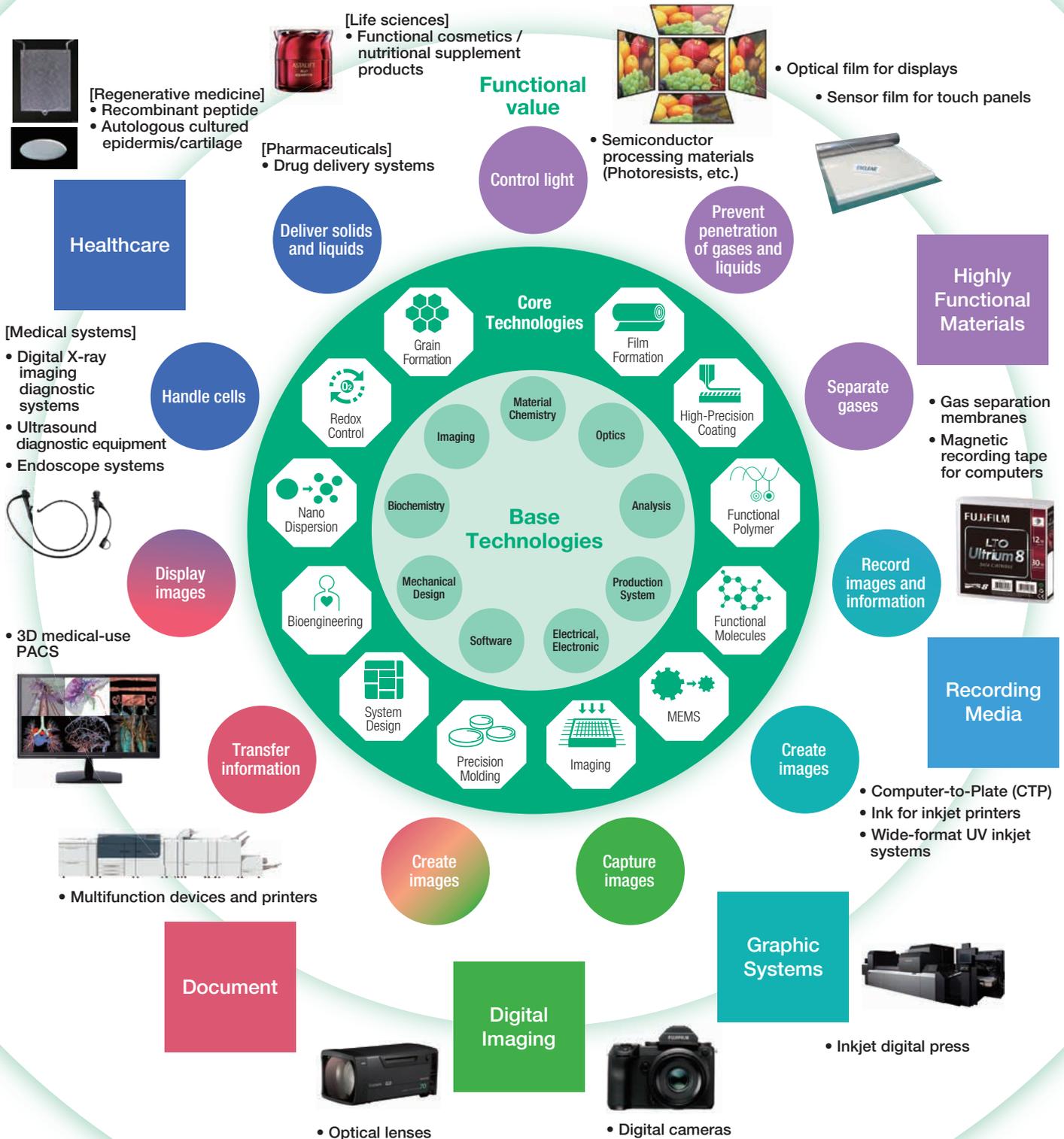


In the area of developing and printing photos, we have achieved high color reproducibility and image preservability by precisely controlling the chemical reactions of various functional substances coated on photographic film and color paper. We also possess the advanced technology to design systems for building printing equipment systems such as Minilabs.

Origin Today Future

Rolling Out Proprietary Technologies into Various Fields

Since our founding, we have been accumulating the base technologies to support our 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.



New Value Generated by the Fujifilm Group

We are working to create new value to bring about a positive impact in response to the needs and expectations of society, using not only the wide-ranging and diverse technologies that the Fujifilm Group has cultivated up to now but also combining them with outside technologies through open innovation.

Environment

Contributing to the creation of a sustainable society

In addition to conventional environmentally conscious design, we will create environmentally conscious products and services, utilizing the Fujifilm Group Green Value Products certification system to contribute to the creation of a sustainable society. These efforts will include addressing climate change, resource recycling, and reducing waste.



Daily Life

Contributing to the evolution of technology

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 constantly evolving technologies such as virtual reality (VR) and augmented reality (AR).



Health

Providing diagnostic support for physicians

Developing AI technologies that can be used to support medical imaging diagnosis, medical setting workflows, and for medical equipment maintenance services, including AI platforms and applications that support the diagnostic imaging workflow, we will provide solutions that support efficient image diagnosis.



Work Style

Contributing to the creation of various work styles

We will provide various solutions to contribute to the creation of various work styles that are free from the constraints of time and space, including collaboration with in-house and outside business cloud services by turning multifunction devices into portals and development of network environments equipped with solid security functions.



FOCUS

Combinations of Fujifilm Group businesses and AI technology

Fujifilm's AI technology consists of image processing and recognition technology cultivated in fields such as photographs and medical systems. These are some applications of AI technology in our businesses.

AI in the imaging field

Year Album

A service allowing a photo book to be easily edited and ordered from many images. AI technology is utilized in the personalization function that selects images according to user tastes and likes and proposes layouts.

AI in the industrial field

This social infrastructure diagnostic imaging service greatly improves the efficiency of inspection for bridges, tunnels, and other infrastructure. This service uses the cloud to automatically synthesize images from multiple photographs that have been uploaded to a server and applies AI-based image analysis to detect damage. Further, it creates a comprehensive dataset for the results.

AI in the pharmaceutical field

AI and Simulation Technology (AI-AAM) capable of searching and designing new drug candidate compounds

AI-AAM is a world-first technology to automatically search and design new drug candidates from the structural formula of a known biologically active compound. In addition to searching for drug candidates from chemical libraries, this technology also allows design of new drug candidate compounds with different drug scaffolds with our unique AI technology*1.

AI in the medical systems field

SYNAPSE

SAI viewer

An AI platform that utilizes and designs AI technology to provide support for the image diagnosis workflow on Fujifilm's PACS, SYNAPSE. We are developing AI technologies that can be used to support medical imaging diagnosis, medical setting workflows, and for medical equipment maintenance services.

AI in the documents field

We provide AI-based document services tailored to the specific needs of different industries and operations in order to solve customer business challenges. We contribute to the greater efficiency and productivity of operations among our customers as well as to work-style reform by delivering those services including high-added-value solutions based on systems integration and cloud services and BPO*2.

*1 Unique AI technology which extracts necessary conditions for stable structural compounds from a massive number of the known compounds in chemical libraries and designs new compounds based on the conditions.

*2 Business Process Outsourcing

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 SVP2030 and its medium-term management plan.

SVP2030 and medium-term management plan

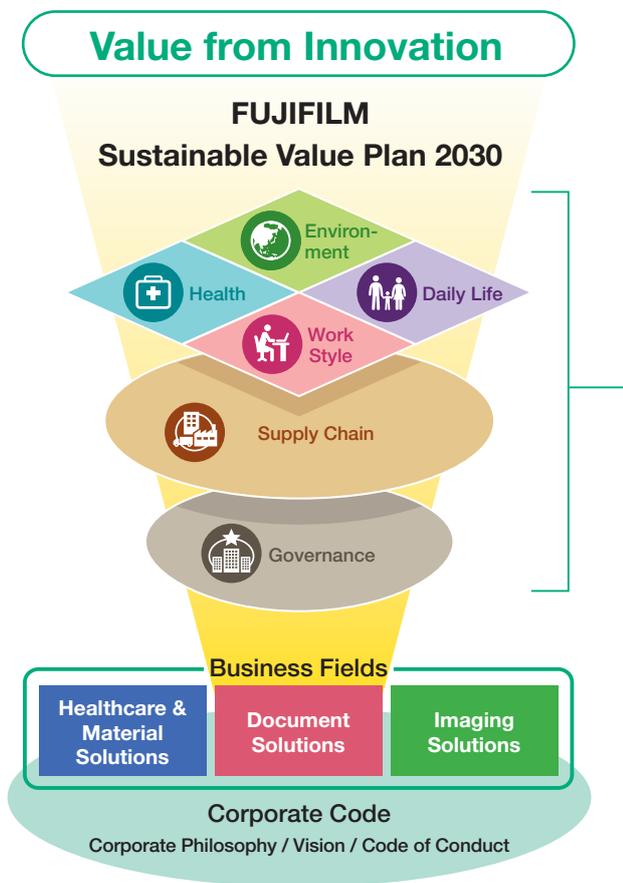
The Fujifilm Group has believed that resolving social issues would provide opportunities for business growth. We have been committed to contributing to the development of a sustainable society by actively addressing new value creation as a key management priority. With SVP2030, we have further reinforced this commitment by formulated long-term goals up to fiscal 2030 to show our strong will to contribute to “resolving social issues on a global scale through business activities.”

When putting together the priority issues, we prepared a list of challenges faced by society that should be worked on from a long-term perspective. We did so referring to the Sustainable Development Goals (SDGs), the Paris Agreement, and other such policies and evaluated the importance from the standpoints of solving social issues through our business activities and

considering environmental and social impacts through business processes. As such, we have established 15 priority issues in the four key areas of environment, health, daily life, and work style as well as the two additional areas of supply chain and governance. We have also set specific numerical targets for fiscal 2030 in the environment field.

The medium-term management plan is our specific action plan for achieving the goals set forth in SVP2030. We will work on solving social issues through business activities by accelerating business growth to achieve the targets set under our medium-term management plan. We will review SVP2030 when preparing medium-term management plans and work together to promote activities throughout the Group while implementing a plan-do-check-act (PDCA) cycle.

Realization of a Sustainable Society



Priority issues and the SDGs

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

Priority issues in SVP2030 and fiscal 2019 initiatives

	Priority Issues	Major Targets for FY2030	Major Activities in FY2019
Environment	<ol style="list-style-type: none"> 1. Address climate change. 2. Promote recycling of resources. 3. Address energy issues toward a non-carbon society. 4. Ensure product and chemical safety. 	<ul style="list-style-type: none"> • Reduce the Fujifilm Group's CO₂ emissions by 45% by FY2030 (compared to the FY2013 level). • Contribute to a reduction in the CO₂ emissions generated in society by 90 million tons by FY2030. • Minimize adverse effect on chemical substances on human health and the environment. 	<ul style="list-style-type: none"> • Endorsed the TCFD recommendations and joined RE100. • Certified 31 products under the in-house Green Value Products certification system. ▶ P. 40 Feature 2: Contributing to Solutions to Environmental Problems for Sustainable Development • Received first certification of A List on the CDP Climate Change. • Established targets for FY2030 regarding chemical substances.
Health	<ol style="list-style-type: none"> 1. Fulfill unmet medical needs. 2. Improve accessibilities to medical services. 3. Contribute to identifying diseases at an early stage. 4. Contribute to health promotion and beauty. 5. Promote management of a healthy workplace. 	<ul style="list-style-type: none"> • Develop new treatment solutions / Improve accessibility to new treatment solutions. • Expand and scale up AI & IoT technology to reduce burdens on medical staff. • Promote management of health and productivity to maintain employees' vitality. 	<p>Healthcare & Material</p> <ul style="list-style-type: none"> • Approved for inclusion within national health insurance coverage as regenerative care for epidermolysis bullosa. • Together with Kyoto University, we have successfully developed an AI technology to support diagnosis of interstitial pneumonia. • Launched SYNAPSE SAI viewer, an AI diagnosis support platform, as the first product under the brand of our medical AI technology, REiLi. ▶ P. 34 Feature 1: The Fujifilm Group's Initiatives in the Healthcare Field • Established Fujifilm Group Employee Wellness Declaration.
Daily Life	<ol style="list-style-type: none"> 1. Contribute to creating a safe and secure society. 2. Contribute to enriching humanity and relationships between people. 	<ul style="list-style-type: none"> • Aim at 100% preservation of records archived on tapes. • Offering opportunities to enjoy photos that give forms to memories. 	<p>Healthcare & Material Imaging</p> <ul style="list-style-type: none"> • Released a magnetic tape storage media that achieves a maximum recording capacity of 30TB, which is twice the conventional capacity. • Held FUJIFILM Global Photo Exhibition in 2019 worldwide.
Work Style	<ol style="list-style-type: none"> 1. Create environments that lead to motivated workplace (provision of solution services). 2. Develop and utilize diverse human resources. 	<ul style="list-style-type: none"> • Actions for work-style reform for customers. • Improve the rate of women in managerial positions. 	<p>Document</p> <ul style="list-style-type: none"> • Launched "CocoDesk," a personal workspace that supports telework for business people. • Improved the ratio of women in managerial positions (from 13.9% in FY2018 to 14.5% in FY2019). ▶ P. 10 Non-Financial Highlights
Supply Chain	Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics, and human rights.	<ul style="list-style-type: none"> • Promote sustainable procurement. 	<ul style="list-style-type: none"> • Re-informed our suppliers across the world about the Request to Suppliers presenting the Fujifilm Group Charter for Corporate Behavior and Code of Conduct as models for supplier behavior and collected receipts from 398 suppliers.
Governance	Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture.	<ul style="list-style-type: none"> • Improve compliance awareness across the entire global Group and reinforce risk management. 	<ul style="list-style-type: none"> • Conducted the harassment awareness survey in Japan. • Revised the Fujifilm Group Charter for Corporate Behavior and Code of Conduct.

Strategies for Value Creation

Reflecting on VISION2019

Enhancing Our Business Portfolio and Building the Foundation for the Next Leap Forward

Under the VISION2019 three-year medium-term management plan, which came to an end in fiscal 2019, we positioned our businesses in the following three stages: improving profitability, accelerating growth, and investing for the future. Taking appropriate measures according to the stage of growth, we worked to improve the profitability of each business and established priority issues such as accelerating growth in the healthcare field and enhancing profitability of the document business.

Fiscal 2019 was the final year of VISION2019, and overall, we were unable to achieve the targets for revenue and operating income due to the spread of COVID-19. However, we did make significant progress on the priority issues of accelerating growth in the healthcare field and enhancing profitability of the document business over the three years of the plan. By implementing growth measures in each business, we were able to solidify the foundation for making a leap forward in the next fiscal year and beyond.

Accelerating growth in the healthcare field

We achieved significant growth in the healthcare field, driven by the medical systems business and the bio CDMO business. In the medical systems business, we steadily increased its sales, primarily of medical IT and endoscopes. In December 2019, we decided to acquire Hitachi's diagnostic imaging business, which does around JPY 150.0 billion in sales, with the aim of securing further business growth. In the bio CDMO business, we engaged in aggressive capital investment and M&A corresponding to growth of the biopharmaceuticals market and increased demand, and sales have increased significantly as a result. Our efforts up to now have led to contracts for manufacturing COVID-19 therapy and vaccine candidates. We are making steady progress on achieving revenue of over JPY 200.0 billion in fiscal 2025.

The pharmaceutical business is considered to be in the investment stage, and our focus is on strengthening our position through business restructuring and pipeline development centered on drug delivery systems for liposome and other formulations in which our technology can be leveraged. Additionally, we have expanded our regenerative medicine business by acquiring companies that manufacture and sell media essential for cell cultivation. We began developing next-generation immune-oncology treatments using allogeneic iPSCs in collaboration with another company. In the U.S., we launched operations at a new production facility for therapeutic iPSCs, and promoted in-house development of regenerative medical products and have also accelerated development of a business involving iPSC-derived differentiated cells for drug discovery support for pharmaceutical companies and academia.

Enhancing profitability of the document business

In the document business, we promoted operational reform started in fiscal 2017 and shifted to a highly profitable product mix. We also reduced costs further and substantially improved profitability, thereby achieving an operating margin of more than 10% in fiscal 2019. Moreover, in November 2019 we acquired

the 25% share of Fuji Xerox held by Xerox Corporation, making Fuji Xerox a wholly owned subsidiary. In January 2020, we decided to end the Technology Agreement with Xerox Corporation in March 2021. In April 2021, Fuji Xerox will be renamed FUJIFILM Business Innovation and we will roll out our document business under the Fujifilm brand worldwide.

Improving the profitability of each business

The electronic materials business is considered to be in the growth stage. Putting together a wide-ranging product lineup for the semiconductor manufacturing process, we established a system that allows us to provide consistent quality and services from each of our manufacturing facilities, which are distributed around the world, and expanded the business. In the recording media business, we cultivated customers with magnetic tape offering superior cost and environmental performance in the midst of growing demand for data storage, and increased sales of our new product, FUJIFILM LTO Ultrium8, thereby greatly improving profitability. In the display materials business, we developed materials for new domains, including touch panels and OLEDs, and increased sales. In each of our businesses in the growth stage, we executed growth strategies and achieved results in line with the targets set in VISION2019. We also developed and provided cutting-edge functional materials and products with high added value for the ICT fields, establishing a cycle for realizing business growth.

The photo imaging business is considered to be in the improving profitability stage. In fiscal 2018, sales of our flagship product instax grew steadily, and annual unit sales of the camera surpassed 10 million. We also expanded our value-added printing services and achieved a significant increase in profit in the business as a whole. In the digital camera business, we focused on middle- to high-end mirrorless camera sales, and in fiscal 2018, we increased profitability and achieved an operating margin of 10%. On the other hand, the impact of COVID-19 in the final year of VISION2019 was substantial for many of our businesses considered to be in the profit improvement stage, including the photo imaging, optical device and electronic imaging, and graphic systems businesses, preventing us from achieving the sales and profit targets. It has become clear that further measures to improve profitability are required in these businesses in order to ensure business continuity in the face of crisis.

Shareholder returns and M&A

As set forth in VISION2019, we acquired a total of around JPY 200.0 billion worth of treasury shares over the three-year period. In fiscal 2019, we provided a dividend of JPY 95 per share, marking the 10th consecutive year of increases, and over the three-year period, we paid dividends amounting to about JPY 100.0 billion. Through this total of JPY 300.0 billion in shareholder returns, we worked to improve capital efficiency.

As for M&A, we invested more than the JPY 500.0 billion allocated under VISION2019, primarily in the healthcare field and the document business, which are the priority fields for accelerating growth. We have acquired pieces essential for our

future growth strategy, including the Denmark-based manufacturing subsidiary of leading biopharmaceutical company Biogen and the acquisition of Fuji Xerox shares.

Next medium-term management plan

We are working on establishing the next three-year medium-term management plan that will start in fiscal 2021. The focus will be on accelerating growth in the healthcare and highly functional materials fields, global development of the document business within a new framework, and further strengthening our position anticipating changes in the market post-COVID-19.

Consolidated earnings forecast for fiscal 2020

Preparing for the End of the COVID-19 Situation and the Preparatory Period for the Next Leap Forward

The consolidated earnings forecast for fiscal 2020 calls for revenue of JPY 2,200.0 billion and operating income of JPY 140.0 billion, assuming that the COVID-19 situation will bottom out in the first quarter and that we will see a gradual recovery up to the end of the fiscal year.

Fiscal 2020 will be a year for taking action to address COVID-19 and a preparatory period for a leap forward in the next fiscal year and beyond. This will include the efforts below.

Business efforts

1. Actions to help bring an end to the COVID-19 situation
Increased production and overseas rollout of treatment candidate Avigan® Tablets, contracted manufacturing of treatments and vaccine candidates, provision of medical equipment for diagnosing pneumonia, development and supply of PCR test reagents and testing kits, etc.
2. Thorough cost control to mitigate the negative effects of the spread of COVID-19 on business results
3. Aggressive investment in growth fields, including the medical systems, bio CDMO, and electronic materials businesses

4. Preparations for the April 2021 renaming of Fuji Xerox to FUJIFILM Business Innovation and development of FUJIFILM brand products
5. Development of business strategies in each business in anticipation of post-COVID-19 market changes

Financial policy

We will further strengthen cash management to maintain financial soundness. Capital and development investments will be concentrated in growth fields such as the bio CDMO and medical systems businesses and in essential fields such as expenses associated with the Fuji Xerox brand change. Furthermore, we will ensure financial soundness by maintaining a balance between cash flows and liabilities.

Shareholder returns

The targeted dividend payout ratio is 25% or more, and we plan to provide an annual dividend of JPY 95 per share in fiscal 2020. We will also flexibly buy back shares in consideration of cash flows.

Fiscal 2019 earnings forecast and results and fiscal 2020 forecast

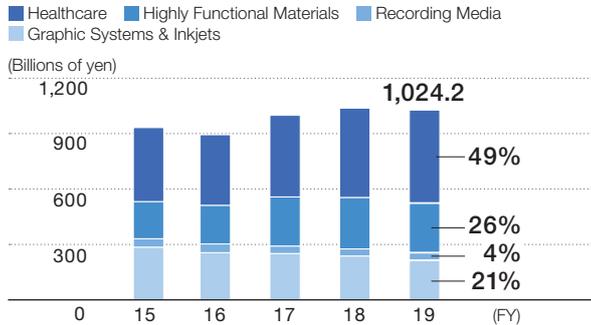
(Billions of yen)

	FY2019 earnings forecast (As of February 6, 2020)	FY2019 results		FY2020 earnings forecast (As of August 13, 2020)	
			vs earnings forecast		vs results of previous year
Revenue	2,370.0	2,315.1	-54.9 (-2.3%)	2,200.0	-115.1 (-5.0%)
Healthcare & Material	1,035.0	1,024.2	-10.8 (-1.0%)	1,020.0	-4.2 (-0.4%)
Healthcare	505.0	504.1	-0.9 (-0.2%)	535.0	30.9 (+6.1%)
Document	985.0	958.3	-26.7 (-2.7%)	895.0	-63.3 (-6.6%)
Imaging	350.0	332.6	-17.4 (-5.0%)	285.0	-47.6 (-14.3%)
Operating income	220.0	186.6	-33.4 (-15.2%)	140.0	-46.6 (-25.0%)
Healthcare & Material	104.0	92.4	-11.6 (-11.2%)	85.0	-7.4 (-8.0%)
Healthcare	43.0	33.1	-9.9 (-23.0%)	42.0	8.9 (+27.0%)
Document	119.0	105.0	-14.0 (-11.8%)	80.0	-25.0 (-23.8%)
Imaging	35.0	25.1	-9.9 (-28.3%)	10.0	-15.1 (-60.1%)
Corporate expenses / consolidated adjustment	-38.0	-35.9	2.1	-35.0	0.9
Operating margin	9.3%	8.1%	-1.2%	6.4%	-1.7%
Net income attributable to FUJIFILM Holdings	165.0	125.0	-40.0 (-24.2%)	120.0	-5.0 (-4.0%)
ROE	8.0%	6.3%	-1.7%	6.0%	-0.3%
Shareholder return measures (Dividends) (Yen)	95	95	0	95	0

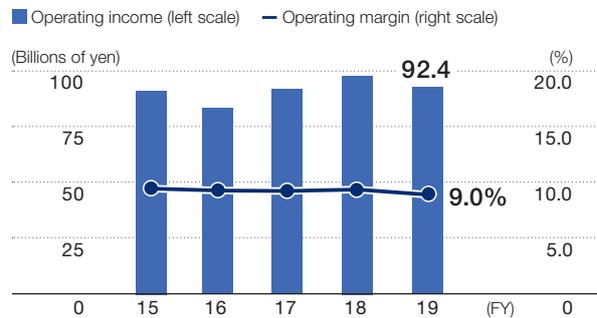
Competitive Advantages, Opportunities, and Risks in Each Business

Healthcare & Material Solutions

Revenue



Operating income / Operating margin



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
- ▶ World-leading iPSC initialization and differentiation induction technology and culture media development capabilities enabling high-quality regenerative medicine

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

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 for biopharmaceuticals, which are 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 with growth in the OLED market
- ▶ Expansion in the semiconductor market from spread of 5G and automated driving
- ▶ Growing needs for efficiently storing enormous volumes of data with less energy and at low cost in the era of big data
- ▶ Expansion in the industrial printing markets for packaging and textiles, and growth in inkjet digital printing in these markets

Risks

Healthcare

- ▶ Fiercer competition with the rise of new entrants
- ▶ Strengthened laws and regulations for medical equipment
- ▶ Increasing difficulty of new drug discovery
- ▶ Heightened competition in the market for contract process development and manufacturing of biopharmaceuticals due to technological innovations

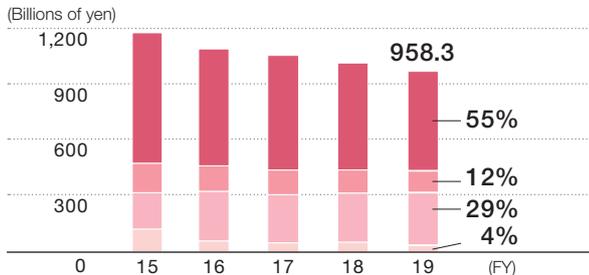
Highly Functional Materials, Recording Media, Graphic Systems & Inkjets

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

Document Solutions

Revenue

■ Office Products & Printers ■ Production Services
■ Solutions & Services ■ Others



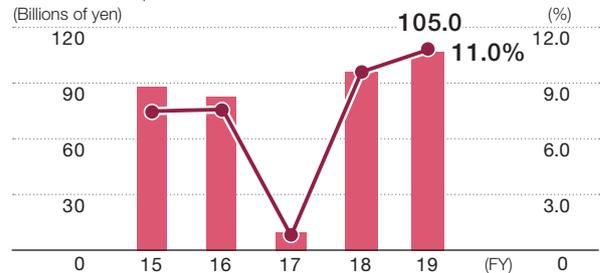
Competitive advantages

- ▶ Excellent customer base leveraging a robust direct sales structure in Japan and the Asia-Pacific 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

Operating income / Operating margin

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

Note: Operating income for fiscal 2017 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
- ▶ Increased demand for IT infrastructure development/management services related to security, network and so forth, in response to the changes in work environments such as telecommuting
- ▶ Growing market for business solutions and services that utilize AI and the cloud to improve the productivity of office work

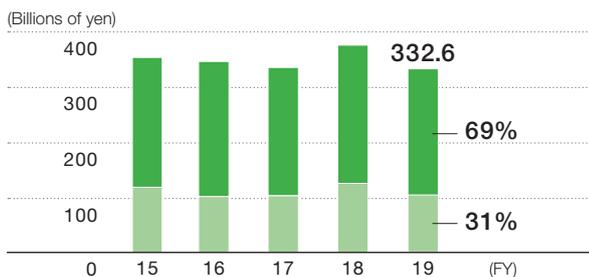
Risks

- ▶ Decreased demand for printing with establishment of telecommuting and acceleration of business process digitization
- ▶ Decline in profitability due to tougher competition in office equipment markets

Imaging Solutions

Revenue

■ Photo Imaging ■ Optical Device and Electronic Imaging



Competitive advantages

Photo Imaging

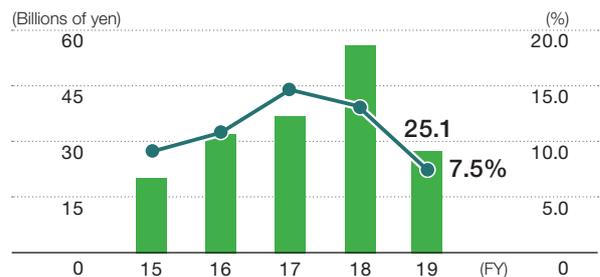
- ▶ Comprehensive strength capable of providing services from photo-taking to printing
- ▶ Strong market position as a leading company

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

Operating income / Operating margin

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



Business opportunities

- ▶ Growth in the number of photos taken and printing needs due to smartphone proliferation
- ▶ Expansion of demand for instant photo systems in emerging countries
- ▶ Single-lens reflex camera and smartphone 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

Feature 1

The Fujifilm Group's Initiatives in the Healthcare Field



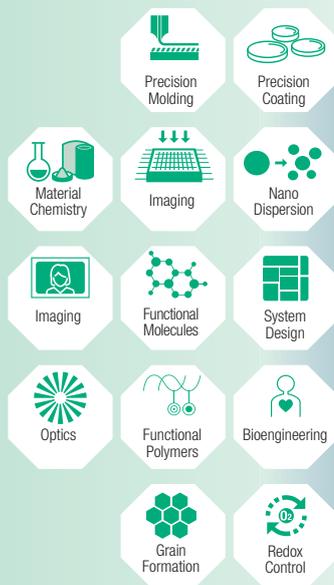
The Fujifilm Group has positioned the healthcare field as a future pillar for earnings. While reinforcing our business foundation and accelerating growth, we will provide various products and services contributing to the health of people around the world to work on resolving social issues related to health, including unmet medical needs and disparities in medical care. In this section, we provide information on the Group's initiatives in the healthcare field as we expand our business from the diagnostic field into the fields of prevention and treatment and continue to grow as a total healthcare company.

Our start in the healthcare field

The Fujifilm Group's healthcare business grew out of X-ray film

The Fujifilm Group's healthcare business grew out of X-ray film developed and taken to market in 1936 utilizing photographic film technology. Demand for X-ray film has increased rapidly with the spread of X-ray diagnosis. We worked on advances in X-ray film sensitivity to improve diagnostic images and reduce exposure dose while also developing automatic processors to improve operational efficiency.

Main core and base technologies of the Fujifilm Group utilized in the healthcare field



Diagnostics

Treatment

Prevention

From 1936

- 1936**
Launch of X-ray film
- 1983**
Launch of FCR

From 2000

- 2012**
Acquisition of SonoSite
- 2017**
Acquisition of Wako Pure Chemical Industries, Ltd.
- 2019**
Acquisition of medwork GmbH
- 2006**
Acquisition of Daiichi Radioisotope Laboratories, Ltd.
- 2008**
Acquisition of Toyama Chemical
- 2011**
Acquisition of MSD Biologics (UK) Limited and Diosynth RTP, LLC
- 2014**
Acquisition of Kalon Biotherapeutics, LLC
- 2019**
Acquisition of Denmark-based manufacturing subsidiary of Biogen
- 2014**
Conversion of Japan Tissue Engineering into a subsidiary
- 2017**
Acquisition of Wako Pure Chemical Industries
- 2015**
Acquisition of Cellular Dynamics International, Inc.
- 2018**
Acquisition of Irvine Scientific Sales Company
- 2006**
Entry into cosmetics market

Becoming a world-leading total healthcare company engaged in every stage from prevention to diagnosis and treatment

In anticipation of digitization, we launched the Fuji Computed Radiography (FCR), the first digital X-ray diagnostic imaging system in the world, in 1983. In addition to the knowledge we have accumulated from the development and manufacture of X-ray film, we have acquired image processing technology and know-how to generate images that are easier for physicians to read and diagnose in the process of taking up the challenge of digitalizing medical imaging data. Our previous experience is being put to use in our current development of AI technology.

Since 2000, when we transformed our business structure in response to the rapid decline of the photo-related market, we have positioned the healthcare field as a pillar of growth. In addition to diagnosis, we will expand our business into the fields of prevention and treatment. Based on the fact that our technologies such as those for the synthesis and design of compounds required for the manufacture of photographic film and quality control can be applied to other markets, we entered the cosmetics and pharmaceutical markets in rapid succession in

2006. After that, we expanded our business fields to include the bio CDMO* and regenerative medicine. Based on the technologies cultivated in photographic film, we are providing valuable products and services and accelerating the growth of our business by combining our technologies with those of Group companies acquired via M&As and collaborating with other companies.

We will continue to further grow our business in the fields of prevention, diagnosis, and treatment and contribute to resolving social issues related to health such as disparities in medical care, increasing physician workloads, and unmet medical needs as a total healthcare company.

* CDMO stands for contract development and manufacturing organization. Such organizations provide a wide range of services to pharmaceutical companies and others, from development of cell lines for the early stages of drug development to production process development, stability testing, development and manufacturing of investigational new drugs, and manufacturing of over-the-counter drugs.

Medical Systems Business

Pharmaceuticals Business

Bio CDMO Business

Regenerative Medicine Business

Life Science Business

Resolving social issues by addressing unmet medical needs and improving access to medical services in the fields of prevention, diagnosis, and treatment

Our aim

To create a healthy society through preventive, diagnostic, and treatment processes in the healthcare field



Feature 1 The Fujifilm Group's Initiatives in the Healthcare Field

Business structure in the healthcare field

Developing highly unique businesses in the fields of prevention, diagnosis, and treatment

Diagnostics

Medical Systems Business

Accelerating business growth via a broad medical IT-centered product lineup and proposals of solutions that utilize AI technology

The medical systems business in the diagnosis field is one of the businesses driving growth in the healthcare field. We are developing and providing a broad lineup of products and services that address the needs on the front lines of medical treatment with X-ray imaging diagnostic systems, ultrasound diagnostic equipment, endoscope systems, and IVD systems, applying medical IT, which serves as the foundation for utilizing these products and services. Moreover, we are developing AI technology that utilizes the image recognition and processing technology of Fujifilm and rolling out AI technology under the REiLI brand that can be utilized for supporting medical imaging diagnosis, streamlining medical setting workflows, and maintenance services for medical equipment.

X-ray diagnostic imaging systems and X-ray film

Fujifilm launched FCR, the world's-first digital X-ray diagnostic imaging system. Currently, leveraging the advanced image processing technology we have cultivated over the years, we are developing products that reduce patient stress and offer low-dose radiation, high-quality images, and a compact size to meet the needs in medical settings. We provide DR*1 panels, digital X-ray systems for diagnostics, digital mammogram systems, and more.



Ultra-lightweight mobile digital X-ray imaging device FUJIFILM DR CALNEO AQRO

Endoscope systems

Endoscopes are used for the early diagnosis of cancer and minimally invasive treatments. Fujifilm provides high-value-added products that leverage our proprietary technology, including BLI*2, a function for emphasizing and displaying fine blood vessels, structures, and other soft tissue on the surface of mucous membranes of internal organs, LCI*3, a function for emphasizing small color differences in the red regions of images, nasal endoscopes that reduce the physical stress experienced by patients, and double balloon endoscopes.



Endoscope system LASEREO 7000 system

Ultrasound diagnostic equipment

Combining Fujifilm's image processing technology and Fujifilm SonoSite's miniaturization and hardening technology, we provide portable ultrasound diagnostic equipment for POC*4 that can be used with peace of mind in various medical settings, including homes, hospital wards, and disaster sites.



Diagnostic ultrasound imaging systems SonoSite iViz

IVD systems

These IVD systems measure components, viral load, and more using special equipment by placing blood and other samples into reagents. Adding FUJIFILM Wako Pure Chemical's highly rated clinical testing system, which is used primarily in hospital testing rooms, to Fujifilm's specialized market of POCT*4, we have expanded both our product lineup and our sales network.



Densitometry Analyzer DRI-CHEM IMMUNO AG2

Medical IT

The PACS is a system that allows images taken with a CT, MRI, DR or other medical diagnostic imaging equipment to be stored on a server so that the necessary medical information can be referenced when needed. Our SYNAPSE series provides high-quality images suitable for diagnosis along with high operational stability and security and boasts of the top share of both the domestic and global markets.

We support physician diagnosis by connecting medical equipment via medical IT and utilizing AI technology, providing solutions that can contribute to streamlining of operations in medical settings.



SYNAPSE SAI viewer

*1 Digital Radiography

*2 Blue Light Imaging and Blue Laser Imaging

*3 Linked Color Imaging

*4 Point-of-Care Testing: The collective term for tests that can be performed quickly near the patient's location, including treatment rooms, diagnostic rooms, intensive care units, and bedside.

Treatment

Pharmaceuticals Business

Promoting development of new medicines for unmet medical needs

FUJIFILM Toyama Chemical takes the lead within our Group to develop, produce, and sell small-molecular drugs and radiopharmaceuticals. We have developed pipelines centered on areas with high unmet medical needs, namely cancer, central nervous system diseases, and infectious diseases. We are actively promoting development of liposome-based drug formulations to which our proprietary technology can be applied for a kind of drug delivery system technology to deliver drugs to the right part of the body in the right quantity at the right time.

Treatment
Prevention

Bio CDMO Business

Expanding our business through aggressive investment and capability reinforcement to meet customer needs

FUJIFILM Diosynth Biotechnologies provides the contract development and manufacture of various types of biopharmaceuticals, including antibody drugs, hormone preparations, gene therapy drugs, and vaccines in the field of biopharmaceuticals, which is a growing market. FUJIFILM Wako Pure Chemical handles the contract development and manufacture of small-molecular drugs.

▶ For more information, please see pages 38–39.



Treatment

Regenerative Medicine Business

Contributing to business growth, early realization of cell therapy, and industrialization of regenerative medicine

U.S.-based FUJIFILM Cellular Dynamics, a leading company in the development, manufacture, and sale of iPSCs, FUJIFILM Wako Pure Chemical and U.S.-based FUJIFILM Irvine Scientific, which are engaged in the development, manufacture, and sale of culture media necessary for cellular cultivation, and Japan Tissue Engineering, which developed and brought to market the first regenerative medicine products in Japan, are engaged in this business. Leveraging the technology of each company and the outstanding engineering technology of Fujifilm, we are working to achieve business growth, including our business of contract production of regenerative medicine products and the sale of cells for drug discovery support, and to industrialize regenerative medicine.



Prevention

Life Science Business

Providing original highly functional cosmetics and supplements

We sell functional cosmetics, supplements with functional claims, and more developed using our knowledge related to collagen, nanotechnology, and antioxidant technology cultivated through R&D on photographic film. We are expanding our highly original product lineup, including ASTALIFT, an anti-aging skin care series, and MetabARRIER EX, a food with functional claims.



ASTALIFT series



MetabARRIER Premium EX

Feature 1 The Fujifilm Group's Initiatives in the Healthcare Field



Bio CDMO business: Driving growth in the healthcare field

Fujifilm is engaged in the bio CDMO business, providing contract process development and manufacturing in the biopharmaceutical field. In this section, we introduce the strengths and future growth strategy of the bio CDMO business, which is one of our growth drivers in the healthcare field.

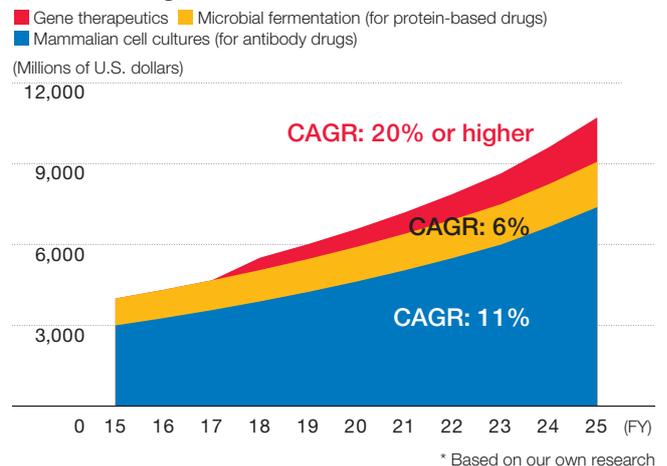
Growing bio CDMO market

Expanding our business by entering the emerging bio CDMO market

Biopharmaceuticals are highly effective against diseases that were difficult to treat using conventional small-molecular drugs and have fewer side effects, so there are hopes that they will help eliminate unmet medical needs. At the same time, manufacturing biopharmaceuticals requires advanced manufacturing and quality control technology, manufacturing facilities, and accumulated know-how. For that reason, pharmaceutical companies, bio ventures, and others are increasingly outsourcing process development and manufacturing to CDMOs with these technologies and facilities. The biopharmaceutical CDMO market is growing at an annual rate of 8%.

The bio CDMO business was launched when the market first emerged in 2011. Anticipating the future growth of the market, Fujifilm acquired a biopharmaceutical CDMO (now FUJIFILM Diosynth Biotechnologies) and made a full-scale entry into the bio CDMO business. Later, the introduction of Fujifilm's advanced technology increased productivity. We have expanded our business by building up a track record of orders from major pharmaceutical manufacturers and actively promoting investments in capability reinforcement to meet demand. From fiscal 2011 to fiscal 2019, we achieved an annual growth rate of 20%, exceeding that of the biopharmaceutical market as a whole.

Trend in biopharmaceutical CDMO API manufacturing market size*



Strengths of the Fujifilm Group

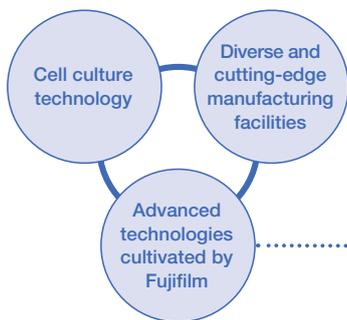
Combining industry-leading technology and manufacturing facilities with the advanced technology of Fujifilm

The strengths of the Fujifilm Group in the bio CDMO business can be divided into three main categories. The first of these is our industry-leading advanced cell culture technology. In the manufacture of biopharmaceuticals, producing antibodies using microbes and cells, our high productivity contributes to shorter development and manufacturing lead times. In addition to proprietary technologies for high productivity such as Apollo™ X mammalian cell expression technology and pAVEway™ microbial expression technology, we possess a wide range of culture technology, including in advanced medical fields such as human cells used in gene therapy.

The second is our diverse and cutting-edge manufacturing facilities. Currently, we have four facilities in Europe and the U.S., the main markets for biopharmaceuticals, each of them

with different characteristics. While taking advantage of these characteristics, we have made capital investments and reinforced capability to meet various customer needs, ranging from antibody drugs, hormone preparations, and gene therapy drugs to vaccines, from investigational to commercial products, from production process development and manufacturing of API to formulation, and from small- to large-scale production.

The third is process engineering and other advanced technologies cultivated in the development and manufacture of photographic film. Our experience with the complicated processes that control crystallization of silver halide used in photographic film has proven useful in various fields related to the bio CDMO business, including its application to handling of microbes and cells.



Fujifilm technologies	Application to bio CDMO business
Highly reliable, high-quality production technology <ul style="list-style-type: none"> • Constant conditions for manufacturing / quality control technology • Automatic control technology • Root cause analysis (5 whys) 	<ul style="list-style-type: none"> • By introducing our technologies and know-how to each production facility, we have improved the biopharmaceutical manufacturing success rate by more than 20% since the time of acquisition
Process engineering technology	<ul style="list-style-type: none"> • Development of continuous culture and refining processes • Design of various GMP* production facility
Image analysis and analytical technology	<ul style="list-style-type: none"> • Development of advanced analytical technology • Provision of analytical services • High-speed / low cost gene analysis technology based on proprietary color development • Improved efficiency of selecting cell lines with high antibody productivity • Streamlining of process development by utilizing IT and AI

* Good Manufacturing Practice (GMP) refers to the rules for manufacturing and quality control for pharmaceuticals and quasi-drugs.

Strategy for future growth

Aiming for sustainable growth by implementing new measures and investments in anticipation of market trends

The Fujifilm Group has steadily captured market trends and diversifying needs up to now and achieved business growth by addressing them ahead of the competition. Below are the three approaches we are taking with respect to our strategy for further

growth, namely developing high-productivity technology and expansion of production capacity, offering one-stop services, and expanding into the field of advanced medicine.

Industry trends

Development of high-productivity technology and expansion of production capacity

One-stop services

Expansion into the field of advanced medicine

Our strategy

Development of industry-first continuous production system

This revolutionary system offers integrated production, seamlessly connecting every process from culture to refining—the manufacturing process for biopharmaceutical APIs—allowing the continuous and efficient manufacture of high-quality APIs.

Acquisition of large-scale manufacturing facilities

The large-scale production facilities of the manufacturing subsidiary of biopharmaceutical giant Biogen were added to the manufacturing facilities of FDB that are optimal for small- to medium-scale production, enabling us to address all kinds of customer needs. In addition, we made a large-scale investment of around JPY 100.0 billion to substantially expand our biopharmaceutical manufacturing facilities.

Construction of new preparation manufacturing line

We have established end-to-end capabilities, including drug substance manufacturing, fill/finish, assembly, labeling and packaging at our facilities in Texas and Denmark.

Investment in field of gene therapy

At our facility in Texas, we have world-leading advanced containment technology and facilities (mobile clean rooms) to meet demand for the development and manufacture of gene therapy drugs. We made a capital investment totaling around JPY 13.0 billion to build a structure capable of handling everything from process development to manufacturing.

VOICE

Message from the General Manager of the Bio CDMO Division

Developing a wide range of businesses and leveraging our solid technological and manufacturing foundation to accelerate growth

With the development of biotechnology, biopharmaceutical R&D is continually evolving heavily toward more complicated gene and cell therapies. Our bio CDMO business, which handles biopharmaceutical process development and manufacturing, must accurately identify these changes, continually adopt new technologies, and evolve to establish production technology. Up to now, we have leveraged our strengths in the contract manufacturing and development of various kinds of biopharmaceuticals to keep a close eye on industry information and have developed technology, made investments, and reinforced our capability to meet demand.

We have earned the trust of our customers and grown to become a business capable of handling process development and manufacturing based on our advanced production technology, cutting-edge facilities, and the more than 30-year track record and experience of FDB, which is the core of the business. Most recently,

this has led to orders for the manufacture of COVID-19 therapeutic drugs and APIs for vaccine candidates.

We aim to achieve revenues of over JPY 200.0 billion in fiscal 2025, driving the Fujifilm Group's expansion in the healthcare field and continuing to contribute to further growth in the pharmaceutical industry through the stable supply of high-quality pharmaceuticals.

Takatoshi Ishikawa

General Manager, Bio CDMO Division
 Director, Senior Executive
 Vice President & CLSO
 FUJIFILM Corporation



Feature 2

Contributing to Solutions to Environmental Problems for Sustainable Development



The Fujifilm Group has established SVP2030, which sets forth targets to be achieved by fiscal 2030, and we are promoting activities from the standpoints of resolving social issues through our business activities and considering society and the environment in our business processes.

As people's lifestyles become more affluent, the environment has become an increasingly serious problem on a global scale since the Industrial Revolution. Under SVP2030, we have made the environment a key field and are reducing our environmental impact and accelerating initiatives designed to contribute to solutions to environmental problems for sustainable development.

Addressing climate change

Raising our fiscal 2030 targets for reducing CO₂ emissions

More and more people are recognizing that global warming will have a tremendous impact on society even if the target of the Paris Agreement, namely to limit man-made global warming to two degrees Celsius above pre-industrial levels, is met. As such, to further promote measures to address climate change, the Fujifilm Group decided in July 2020 to raise our environmental targets related to reducing CO₂ emissions.

Specifically, we have raised our target for reducing CO₂ emissions in the lifecycle of our products from raw material procurement to manufacturing, shipment, use, and disposal from 30% compared to fiscal 2013 to 45%. This target was certified by the Science Based Targets (SBT) Initiative*, an international environmental initiative, as a science-based target for keeping the global temperature rise well below two degrees Celsius, the target of the Paris Agreement. Going forward, we aim to achieve this target by further maximizing energy efficiency and introducing and utilizing renewable energy.

We also raised the target contribution of our products and services to reducing CO₂ emissions in society from 50 million tons to 90 million tons by fiscal 2030.

* Science Based Targets is a joint initiative of the CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI), and the WWF established in September 2014 for the purpose of promoting science-based targets for reducing greenhouse gas emissions to limit global warming to two degrees Celsius above pre-industrial levels.



Climate change strategy and management

Led by the Energy Strategy Promotion Committee, we are pursuing maximization of energy utilization efficiency and introduction of renewable energy across the Fujifilm Group and rolling out measures within the Group. We are also working to enhance our information disclosure. In December 2018, we supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in August 2020, we published the results of our analyses of climate change scenarios in our Sustainability Report.

► For details on information disclosures based on TCFD recommendations, please refer to page 55 onward of the 2020 Sustainability Report (Management).

Fiscal 2030 targets for reducing CO₂ emissions

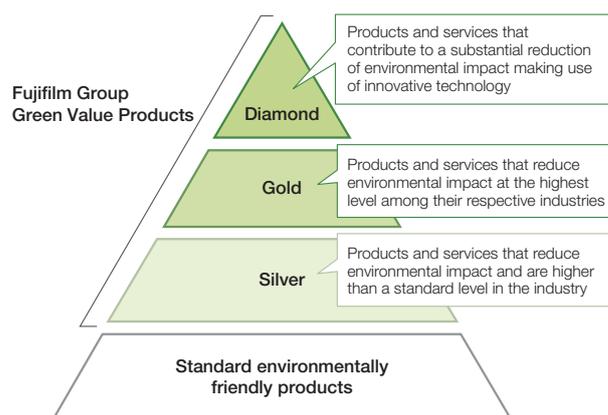
	FY2019 (Actual)	Previous target	New target
Amount of CO ₂ emissions reduction throughout product lifecycles	30% (vs. FY2013)	30% (vs. FY2013)	45% (vs. FY2013)
Contribution of our products and services to reducing CO ₂ emissions (Total)	16 million tons	50 million tons	90 million tons

Green Value Products certification system promoting the development and popularization of environmentally friendly products and services

The Fujifilm Group has promoted product development in accordance with its Rules for Design for Environment (DfE) and worked to reduce the environmental impact of our products since 2003.

In 2018, we launched the Green Value Products certification system for internal certification of especially environmentally friendly products. Under this system, we have established assessment criteria for each product group, changing the weighting of assessments according to social demand and product usage/characteristics while taking into account the entire product lifecycle. Environmentally friendly design assessments based on these criteria clarify the environmental value of products, and we certify the products, dividing them into three ranks according to the overall score for the assessment items. By establishing these criteria, we have clarified the targets to achieve in the new product development and planning stage and are able to present the contribution of our products and services to reducing environmental impact to our customers and society in an easy-to-understand manner.

By fiscal 2019, we had certified 136 products, and we have established a target of certified products accounting for 60% of products groupwide by fiscal 2030. We will continue to utilize this system to promote the development and popularization of products and services that reduce environmental impact throughout their lifecycles.



Certified Green Value Products

Printing material: Completely process-less thermal CTP*1 for newspaper printing

SUPERIA ZN-II

In 2015, Fujifilm launched SUPERIA ZN, a completely process-less thermal CTP*1 for the newspaper market requiring no development processing. This eliminates the need for chemicals, water, electricity, and liquid waste related to development processing, contributing to a reduction of environmental impact. Moreover, in 2018 we launched SUPERIA ZN-II, a completely process-less thermal CTP that eliminates the need for surface-protection paper (interleaf paper) used to prevent scratches during the transportation and reloading of CTP plates, in response to customer requests and to further reduce the environmental impact. It is certified as a Diamond Green Value Product.

The product has been rated highly not only for its environmental performance but also for its carbon footprint*2 and how we have put together a recycling system for aluminum, the main raw material, as well as a system for tracking CO₂ emissions throughout the life cycle, leading to receiving the Minister's Prize from the Minister of Economy, Trade and Industry at the 2nd Eco-Products Awards.



VOICE

Message from the Director of the Graphic Systems Research Institute

Working with customers to reduce environmental impact

The Graphic Systems Research Institute has long provided competitive products by engaging in R&D with reducing environmental impact as a major theme. The SUPERIA ZN-II completely process-less thermal CTP*1 for newspapers has been recognized not only for its contribution to reducing environmental impact but also for how it improves customer productivity and helps lower equipment costs. Furthermore, the sales divisions, ESG Division, and other organizations have come together to develop programs such as the Green Graphic Project*3, which utilizes aluminum recycling systems and carbon offset programs. In doing so, we are working together with customers on solutions to environmental issues throughout the supply chain.

We will continue contributing to solutions to our customers' management issues and reducing environmental impact by developing products and services to help not just the newspaper industry but the entire printing industry and market go process-less.

Takahiro Goto

Director, Graphic Systems Research Institute
R&D Management Headquarters
FUJIFILM Corporation



*1 When printing newspapers, manuscript data prepared on a computer is written on a printing plate, and a large quantity is printed via a printing machine with that printing plate. CTP plates are used as the printing plates in these processes.

*2 A measure of a product's CO₂ emissions throughout its life cycle. Our thermal CTP was the first printing-related material to receive carbon footprint certification in 2009.

*3 A CO₂ emissions reduction scheme that involves utilizing carbon offset programs to offset all CO₂ emissions from the manufacture of SUPERIA completely process-less thermal CTP plates, working together with customers to produce zero-carbon plates.

Roundtable Discussion with Outside Directors

Leveraging diverse specialties and experience, we will increase the effectiveness of the Board of Directors and meet stakeholder expectations



Kunitaro Kitamura

Chairman and Director of Sumitomo Mitsui Trust Bank, Limited

Mr. Kitamura has served in management at major financial institutions for many years, demonstrating strong leadership. He has ample experience and a wide range of knowledge with respect to finance and capital markets. He serves as a member of the Company's Nomination and Remuneration Advisory Committee.

Tatsuo Kawada

Chairman and CEO of SEIREN CO., LTD.

Having served for many years as 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.

Makiko Eda

Chief Representative Officer, Japan, World Economic Forum

Serving in management at a global corporation, Ms. Eda has created new markets and developed global human resources. In her current position, she has accumulated ample experience and a wide range of knowledge from working on improvements to regional and industrial issues on a global scale.

Takashi Shimada

Former Vice-Minister of Economy, Trade and Industry

Mr. Shimada has served in important positions, including Deputy Vice-Minister, Director-General of Trade Policy Bureau, and Vice-Minister of the Ministry of Economy, Trade and Industry (METI). He possesses ample experience and a wide range of knowledge from having promoted new industrial and trade policies to address changes in the global industrial structure.

FUJIFILM Holdings enhances discussions at the Board of Directors and increases the transparency of management decisions through advice backed by the objective perspective and rich experience of outside directors. Another roundtable discussion was held this year with outside directors on the topics of the effectiveness of the Board of Directors and the challenges and expectations associated with future growth.

Effectiveness of Board of Directors

This past June, Mr. Shimada was appointed as an outside director, bringing new expertise and experience to the Company's Board of Directors. As the members of the Board of Directors become more diverse, has there been any change in the discussions or atmosphere at the Board of Directors?

Kitamura The role that outside directors are expected to fulfill at the Board of Directors is to participate in discussions based on their unique perspective that comes from the experience accumulated at the organizations they have belonged to and the expertise cultivated through that experience. In other words, we recognize that the new insight obtained through the perspectives of outside directors is useful for increasing the effectiveness of the Board of Directors. I value the intuition and judgment based

on my own experience and background, and I speak up when I have even a small doubt. The chairman often encourages members to speak up, expecting such insights. Mr. Shimada has seen a great deal of industries, fields, and managers in his time. His appointment will further energize discussions at meetings of the Board of Directors.

Eda The atmosphere at our Board of Directors is certainly conducive to speaking freely. When the prior explanations are provided for the agenda, outside directors deepen their understanding when other outside directors ask questions based on their different backgrounds, enabling them to participate more actively in the discussions at meetings of the Board of Directors. The culture of emphasizing speed is one of the Group's strengths, and that hasn't changed. In addition, compared to two years ago when I was appointed, I feel the business strategy and investments including M&A are more strongly associated, and discussions are more open.



Mr. Shimada, what are your thoughts on participating in meetings of the Company's Board of Directors?

Shimada The major global trends have changed rapidly over the past five or six years. Technologies such as AI and digitization influence each other, and technological development is taking place at an accelerated pace. The global economy's center of gravity is also changing as China maintains its fast growth. As a result, the concept of geopolitics has expanded beyond the fields of politics and economics into fields such as technology and healthcare, bringing greater importance to the perspectives of geotechnology and geohealth. Furthermore, global issues such as abnormal weather and pandemics have manifested and become more visible to people around the world. What I felt when working on the front lines of public administration was that we're at the point where swift changes have to be made to the rules and systems of the world that have simply been assumed up to now in response to these major trends and changes. These trends hold true especially for global companies such as Fujifilm. The basis of business activities that had been considered a matter of course up to now is changing greatly, which is a risk, but can also be an opportunity. I am determined to contribute to the Group's growth based on what I have seen and felt from the viewpoint of public administration.

Does the Company provide sufficient support for participating in discussions at meetings of Board of Directors?

Kawada I believe the most important mission of an outside director is to verify and ensure the validity and appropriateness of decisions made by the Board of Directors. Various opportunities to promote understanding, including business briefings and workplace tours, are provided to us so as to fill the information gap between inside and outside directors. When it comes to meetings of the Board of Directors, relevant material is shared beforehand, and enough time is secured to carefully review it. Furthermore, outside directors can deepen their understanding of the agenda items and exchange opinions with each other at prior explanation meetings provided before meetings of the Board of Directors. If I were to make a request, it would be to have ongoing opportunities to communicate with executive officers and employees in order to have even better discussions while referring to feedback from the front lines.

Kitamura In addition to the usual business briefings, last year we had new briefings on human resources development, IT strategy,

and initiatives to promote ESG. Such briefings on various topics are very useful for making the optimal decisions for the Company with a better understanding of the Fujifilm Group.

Nomination and Remuneration Advisory Committee

How is the CEO succession plan discussed at meetings of the Nomination and Remuneration Advisory Committee?

Kawada Currently, a majority of companies listed on the First Section of the Tokyo Stock Exchange have committee governance structures, but my understanding is that firm processes and systems have yet to be put in place, and all of these companies are engaged in trial and error. We are engaged in specific and deep discussions based on the human resource requirements for a successor and a list of candidates.

The committee is considered an advisory body, and I am determined to further enhance discussions by continuing to engage in activities to ensure objectivity and transparency in order to contribute to decision-making by the Board of Directors.



Kitamura I strongly recognize that a succession plan for Mr. Komori, who is the current CEO, is one of the most important issues for the Group. As Mr. Kawada said, appropriateness and transparency needs to be ensured in the selection process, and the committee must perform that function when it comes to our approach to a successor. In addition to objective data such as skills and career background, Mr. Komori has explained quite directly about the track records and evaluations of the candidates, providing us with a solid basis for making a decision. That has led to fruitful discussions.

Please tell us about the officer remuneration system, which is another item on the agenda of the Nomination and Remuneration Advisory Committee.

Kitamura I believe the officer remuneration system should be linked to medium- to long-term performance rather than simply reflecting current results or short-term performance. The stock option system has also reflected this way of thinking, but I think the new stock compensation system currently under review takes it a step further.

Roundtable Discussion with Outside Directors

Kawada I believe that incorporating a scheme that not only provides officers with appropriate incentives but also encourages appropriate risk taking, including medium- to long-term investments, is an important issue when it comes to the officer remuneration system.

M&A investment approval process

The Fujifilm Group is aggressively investing in growth. What is your evaluation of the decision-making process at the Board of Directors, particularly in regard to M&A?

Kitamura Last year there were decisions made on major deals, such as converting Fuji Xerox into a wholly owned subsidiary and acquiring the diagnostic imaging business of Hitachi. In each case, the M&A Investment Committee carefully discussed the deals, and then the Board of Directors thoroughly deliberated on the appropriateness of the acquisition price, synergy, and risks.

Eda With M&A, what's important is not only the judgment process of finalizing the investment but also whether the contribution to performance has been realized according to plan after the acquisition. As such, I am determined to also share and evaluate information on the post-acquisition integration process at meetings of the Board of Directors.

Kitamura That's exactly right. Generally, with M&A, there's a tendency to see the acquisition itself as a result, but what's really important is the post-acquisition results and verifying them. Even before Fuji Xerox was made a wholly owned subsidiary, there were remarkable improvements in terms of performance that came about from strengthening of governance and operational reform initiated by our management. Based on the growth



strategy and measures announced at the same time that it was converted into a wholly owned subsidiary, I believe the post-integration process has made even further progress.

Social contribution during COVID-19 pandemic

How do you evaluate the Group's social contribution through its business under the COVID-19 pandemic?

Eda I believe that making a social contribution through business activities is thoroughly ingrained in the corporate culture at the Group. When it comes to making a social contribution through the business, however, that's not something that you can do all of a sudden just because we're in the midst of a pandemic. The Group is making a big contribution right now precisely because it has been continuously engaged in corporate activities from the standpoint of social contribution for many years. The fact that the same values, including what the Group should be and what is important, are thoroughly shared among all individual employees also probably has something to do with it. As the market goes through drastic changes, there is a growing trend where stakeholders appreciate such organizations that value the long-term well-being of their employees and social contribution rather than focusing solely on short-term profits and are capable of paving the way for the next generation. In that sense, I think the Group is in a position to lead in this time where companies around the world are shifting significantly away from the principle of shareholder primacy from a short-term perspective. We outside directors will bring our strengths together to contribute to the Group's growth and further meet stakeholder expectations.



Date of interview: August 13, 2020

Message from the New Outside Director

Contributing to enhanced growth and risk response leveraging experience cultivated in the public sector



Takashi Shimada

Former Vice-Minister of the Ministry of Economy, Trade and Industry (METI)

Starting in 1982, I worked for the Ministry of International Trade and Industry and then the Ministry of Economy, Trade and Industry, and up until last summer, I was Vice-Minister. In addition to my career as a trade and industry bureaucrat, I did many jobs in interdisciplinary fields involving politics and administration and the public and private sectors, including serving as Secretary to the Minister of six Cabinets and working to rebuild Tokyo Electric Power Company after the nuclear accident in Fukushima. Leveraging this experience and perspective, I will fulfill my duties as a director and do my best to be useful to stakeholders.

In some ways, Japan let itself be bound by the stereotype of being good at continuous improvement but lacking in strong leadership and risk-taking change after the burst of the bubble economy in the 1990s. On the other hand, the Fujifilm Group took decisive action to fundamentally reform its business, with its momentum surpassing the level of excellent companies from Europe and the U.S. and developed a global business. It is, in fact, a direct rebuttal of the stereotype. Strong leadership and human resources development based on global standards, earnest efforts on the front lines and by the core workforce oriented toward medium- to long-term value creation, and continuous engagement to create value for all stakeholders—

it was the Fujifilm Group that was the first to put these things into place and tie them into growth with the sincerity of a Japanese corporate group.

Looking ahead to the post-COVID-19 era, this strength of the Company will be more important than ever. The world will become more intimately connected and prosper, but at the same time, the global risks lurking in the shadows such as pandemics and global warming will become bigger. The various presuppositions behind business activities, including international politics and international economic rules, have also been shaken. In such revolutionary times, I can think of no greater joy than to be able to support the Company in demonstrating its strengths and accelerating the provision of global solutions and the creation of added value. I will work sincerely to fulfill my duty as a director under that recognition.

Career Background

1982 Joined the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry (METI))
2015 Deputy Vice-Minister of METI
2016 Director-General of Trade Policy Bureau of METI
2017 Vice-Minister of METI
2019 Special Advisor to METI
2020 Outside Director of the Company

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.

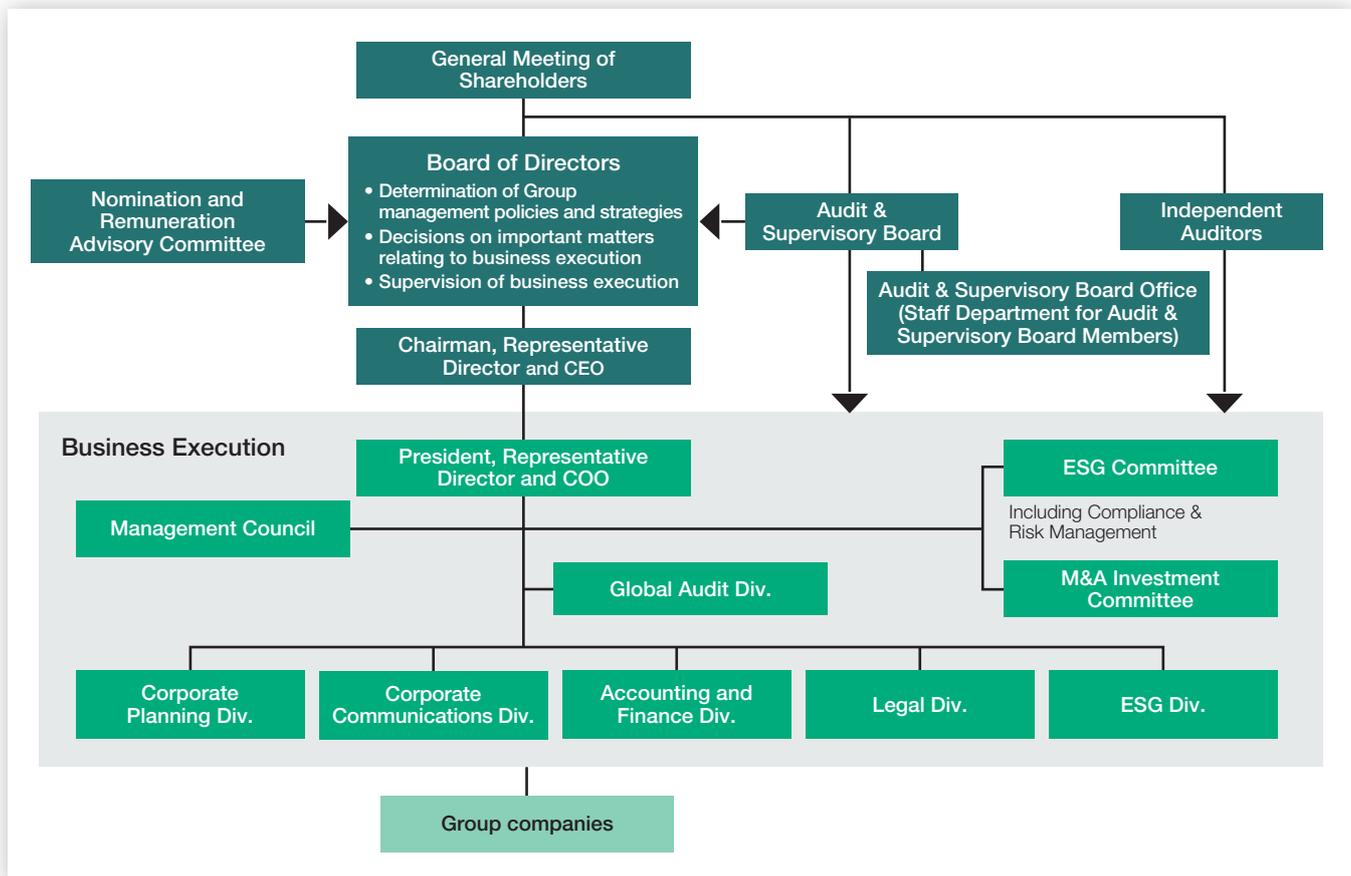
Corporate governance structure (As of June 26, 2020)

Corporate organization	Company with an Audit & Supervisory Board
Number of directors (number of outside directors)	11: male 10, female 1 (4)
Number of outside directors deemed to be independent*1	4
Directors' term of office	1 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.



Role and activities of each meeting and committee

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 voluntarily established Nomination and Remuneration Advisory Committee aims to ensure objectivity and transparency in the CEO succession plan, the decision-making process of directors' remuneration and related matters. Two of the three committee members, including the chair, are outside directors.

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 11 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. 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, 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 (a staff department for Audit & Supervisory Board Members) has been established to enhance the audit functions of Audit & Supervisory Board members.

Independent auditors

The Company engages KPMG AZSA LLC as its independent auditor. KPMG AZSA 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 13 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.

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.

Internal audits

Through coordination of the audit functions and staff of the Global Audit Division, which is independent from business operations, and each operating company, the Company has developed a global internal auditing system. Managing and integrating the internal auditing function of the Group companies, the Global Audit Division is strengthening the auditing function of the entire Group through enhancing auditing capabilities and efficiency by utilizing IT. In addition, designated staff are appointed to each operating company and audits are conducted across a wide range of areas, including the environment, quality control, security, labor, export control, and pharmaceutical affairs.

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 its "Management's Report on Internal Control over Financial Reporting."

Status of Corporate Governance

Activities for strengthening corporate governance

The Company has implemented such measures as appointment and addition of outside directors, formulation of Corporate Governance Guidelines, and evaluation on the effectiveness of the Board of Directors. In addition, the Nomination and Remuneration Advisory Committee has been established, which

serves as a voluntary advisory body for the Board of Directors, to improve the objectivity and transparency of the CEO succession plan and decision-making process of the directors' remuneration system and related matters, and further enhance corporate governance.

Fiscal year	Activities for strengthening governance	Purpose
2006	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
2007	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 toward increasing the corporate value of the Company
2009	Abolition of retirement benefit program for directors and Audit & Supervisory Board members	
2014	Increase in the number of outside directors to two	To further strengthen proper supervision and auditing of business execution, and promote active discussion at the Board of Directors
2015	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
2017	Increase in the number of outside directors to three, 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
2018	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
2019	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
	Evaluation of the effectiveness of the Board of Directors utilizing an external institution	To ensure objectivity and transparency by hiring an external institution to assist in creating a questionnaire survey and analyzing the evaluation results

Expertise and experience sought from Directors and Audit & Supervisory Board members of the Company

Name		Global management	Experience in core business and the industry	Innovation / technology	Finance and accounting	Legal affairs / risk management	ESG
Directors	Shigetaka Komori	√	√	√			√
	Kenji Sukeno	√	√		√		√
	Kouichi Tamai	√	√	√			√
	Takashi Iwasaki	√	√	√			
	Takatoshi Ishikawa	√	√	√			
	Junji Okada	√	√		√		
	Teiichi Goto	√	√				
	Tatsuo Kawada	Outside	√	√	√		√
	Kunitaro Kitamura	Outside	√			√	√
	Makiko Eda	Outside	√	√			√
	Takashi Shimada	Outside	√			√	√
	Audit & Supervisory Board members	Kazuya Mishima					√
Nobuo Hanada					√	√	
Masataka Mitsuhashi		Outside	√		√		√
Tatsuya Inagawa		Outside				√	

Note: A maximum of four sought-after items are indicated for each individual. The table is not indicative of all the expertise and experience possessed by each individual.

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 it 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 objective viewpoint. 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

Inside directors, inside 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. 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 promotes understanding among outside officers by providing them with an overview of each business, explaining the issues they face, and offering tours of business sites as well as by increasing opportunities for them to attend explanatory meetings concerning human resources development, IT strategies, initiatives to promote ESG, etc.

Status of Corporate Governance

Reasons for selecting outside directors and outside Audit & Supervisory Board members

Outside directors*

Tatsuo Kawada

Reasons for selection

Mr. Kawada has served as representative director of a general textile manufacturer for many years. With his strong leadership, he has achieved transformation of the company's business model, creation of innovation, and organizational reform. 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, he has contributed to secure fairness and appropriateness of 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 an outside director in an appropriate and sufficient manner, the Company has reselected Mr. Kawada as an outside director.

Attendance at Board of Directors' meetings 10/11

Kunitaro Kitamura

Reasons for selection

Mr. Kitamura has served as representative director of financial institutions for many years, demonstrating strong leadership. He has ample experience and a wide range of knowledge in the fields of 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' meeting based on this experience and knowledge, he has contributed to secure fairness and appropriateness of 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 an outside director in an appropriate and sufficient manner, the Company has reselected Mr. Kitamura as an outside director.

Attendance at Board of Directors' meetings 10/11

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. 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, a wide range of issues such as regional and industrial issues. Based on such extensive experience and knowledge, she has contributed to secure fairness and appropriateness of 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 an outside director in an appropriate and sufficient manner, the Company has reselected Ms. Eda as an outside director.

Attendance at Board of Directors' meetings 10/11

Takashi Shimada Newly elected

Reasons for selection

Mr. Shimada has successively held important posts at METI serving as Deputy Vice-Minister of Economy, Trade and Industry, Director-General of Trade Policy Bureau, and Vice-Minister of Economy, Trade and Industry where he responded to global changes in industrial structures, strengthened lateral coordination within various organizations at METI, and promoted new industrial and international trade policies. The Company believes that he is able to execute his duties as outside director in an appropriate and sufficient manner, by giving suggestions and advice on many aspects of the Company's management based on such ample experience and a wide range of knowledge, and thereby the Company has selected Mr. Shimada as an outside director.

Outside Audit & Supervisory Board members*

Masataka Mitsuhashi

Reasons for selection

Mr. 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 a wide range of knowledge as both a certified accountant and 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, and thereby the Company has selected Mr. Mitsuhashi as an outside Audit & Supervisory Board member.

Attendance at Board of Directors' meetings 9/9

Attendance at Audit & Supervisory Board meetings 10/10

Tatsuya Inagawa Newly elected

Reasons for selection

Mr. Inagawa has successively held important posts such as Superintending Public Prosecutor at the Takamatsu High Public Prosecutors Office and the Hiroshima High Public Prosecutors Office. He possesses extensive experience and deep insight in the areas of judicial affairs and compliance which were cultivated over many years as a public prosecutor. The Company believes that he is able to execute his duties as an outside Audit & Supervisory Board member in an appropriate manner from an objective perspective based on this experience and insight, and thereby the Company has selected Mr. Inagawa as an outside Audit & Supervisory Board member.

* For a brief history of each outside director and outside Audit & Supervisory Board member, please see page 52–53 (Management Structure). The attendance status covers the Board of Directors' meetings and Audit & Supervisory Board meetings held in fiscal 2019. Mr. Mitsuhashi's attendance covers the meetings held after his election on June 27, 2019.

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 other criteria 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. As for the percentages of fixed compensation and performance-based compensation, out of the total amount of consolidated compensation, which includes employee portion of bonus and compensation for directors who concurrently serve as employees, and stock option compensation, around 50% is fixed compensation, 15% short-term performance-based compensation, and 35% stock options, with the amount being determined based on the director's position and other such factors. These percentages are calculated based on a certain price

of the Company's stock, standardizing all the performance and evaluations. They fluctuate according to changes in performance, evaluation, and stock price. The compensation of outside directors consists of only fixed compensation in consideration of their role and independence.

For short-term performance-based compensation, consolidated revenue and consolidated operating income, 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 varies within a range of 0% to 150% of the base amount 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, etc., of each director.

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 (fiscal 2019)

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)	7	275	73	325	674
Audit & Supervisory Board members (excluding outside members)	2	43	—	—	43
Outside officers	7	61	—	—	61
Total	16	380	73	325	779

Notes: 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 fiscal 2019.

2. The number of outside officers who received remuneration includes one Audit & Supervisory Board member who retired during fiscal 2019.

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

4. In addition to the above, in fiscal 2019, officer retirement pensions were paid to eligible recipients as follows:

Retired director (one person): JPY 1 million

Retired Audit & Supervisory Board member (one person): JPY 1 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 a dedicated compliance division to promote and improve compliance awareness throughout the Group. A whistleblowing system in 23 languages has also been set up for all Group companies, and compliance education is provided for all employees in and outside of Japan.

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. Each year, the Company checks the implementation status of the internal control system and reports the result to the Board of Directors.

Management Structure

As of August 31, 2020

Board of Directors



Shigetaka Komori

Chairman,
Representative
Director & CEO

Profile

1963 Joined the Company*¹
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.



Kenji Sukeno

President,
Representative
Director & COO

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.



Kouichi Tamai

Director & Senior
Executive
Vice President

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 Position

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



Takashi Iwasaki

Director & CTO*²

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, Corporate Vice President, 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 Electronic 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 Electronic Materials Division of FUJIFILM Corporation



Takatoshi Ishikawa

Director

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
2017 General Manager of Bio CDMO Division of FUJIFILM Corporation (to present)
2019 Director of the Company (to present)
Director, Executive Corporate Vice President of FUJIFILM Corporation
2020 Director, Senior Executive Vice President, and CLSO*³ of FUJIFILM Corporation (to present)

Significant Concurrent Positions

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



Junji Okada

Director

Profile

1979 Joined the Company
2010 President of FUJIFILM Europe GmbH
2018 Director, Corporate Vice President of the Company
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)
2019 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 Pharmaceuticals Products Division of FUJIFILM Corporation



Teiichi Goto

Director

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
2020 Director, Executive Corporate Vice President of FUJIFILM Corporation (to present)

Significant Concurrent Positions

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



Tatsuo Kawada

Director (Outside)

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.

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

*² Chief Technical Officer

*³ Chief Life Science Officer

Board of Directors



**Kunitaro
Kitamura**
Director (Outside)

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 (current 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



Makiko Eda
Director (Outside)

Profile

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

Significant Concurrent Positions

- Chief Representative Officer, Japan World Economic Forum
- Outside Director of Tokyo Electron Limited



**Takashi
Shimada**
Director (Outside)

Profile

1982 Joined the Ministry of International Trade and Industry (current Ministry of Economy, Trade and Industry (METI))
2015 Deputy Vice-Minister of METI
2016 Director-General of Trade Policy Bureau of METI
2017 Vice-Minister of METI
2019 Special Advisor to METI
2020 Outside Director of the Company (to present)

Significant Concurrent Positions

- Outside auditor of The Yomiuri Shimbun, Osaka
- Outside auditor of The Yomiuri Shimbun, Seibu

Audit & Supervisory Board Members



**Kazuya
Mishima**
Audit & Supervisory
Board Member

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 Position

- Audit & Supervisory Board Member of FUJIFILM Corporation



Nobuo Hanada
Audit & Supervisory
Board Member

Profile

1983 Joined the Company
2006 Senior Operations Manager for Accounting and Finance Division of FUJIFILM Corporation
2012 Senior Operations Manager for Accounting and Finance Group of Corporate Planning Division of the Company
2013 General Manager of Audit Division of the Company
General Manager of Audit Division of FUJIFILM Corporation
2017 General Manager of Global Audit Division of the Company
2020 Audit & Supervisory Board Member of the Company (to present)
Audit & Supervisory Board Member of FUJIFILM Corporation (to present)

Significant Concurrent Position

- Audit & Supervisory Board Member of FUJIFILM Corporation



**Masataka
Mitsuhashi**
Audit & Supervisory
Board Member
(Outside)

Profile

1983 Registered as Certified Public Accountant
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 Pricewaterhouse Coopers 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)

Significant Concurrent Positions

- Independent Director of the Board of Nippon Paint Holdings Co., Ltd.
- External Director of Skymark Airlines Inc.



**Tatsuya
Inagawa**
Audit & Supervisory
Board Member
(Outside)

Profile

1983 Public Prosecutor of Tokyo District Public Prosecutors Office
2016 Director-General of the Public Security Department of Supreme Public Prosecutors Office
2017 Superintending Public Prosecutor of Takamatsu High Public Prosecutors Office
2018 Superintending Public Prosecutor of Hiroshima High Public Prosecutors Office
2019 Registered as Attorney at Law
Attorney at Takahashi Sogo Law Office (to present)
2020 Audit & Supervisory Board Member of the Company (to present)

Significant Concurrent Position

- Attorney at Takahashi Sogo Law Office

Executive Officers

Chairman and CEO
Shigetaka Komori

President and COO
Kenji Sukeno

Senior Executive Vice President
Kouichi Tamai

Corporate Vice President & CTO
Takashi Iwasaki

Corporate Vice President
Masaru Yoshizawa

Corporate Vice President
Masahiro Fukuoka

Corporate Vice President
Chisato Yoshizawa

Corporate Vice President
Kazuhisa Horikiri

Corporate Vice President
Masayuki Higuchi

Corporate Vice President
Motoko Kawasaki

Corporate Vice President & CDO*4
Seigo Sugimoto

*4 Chief Digital Officer

Corporate Vice President
Shoei Imai

Corporate Vice President
Mayumi Suzuki

11-Year Financial Summary

	FY2009	FY2010	FY2011
Revenue:			
Domestic	¥ 1,059,395	¥ 1,024,839	¥ 1,001,814
Overseas	1,122,298	1,182,431	1,179,182
Total	2,181,693	2,207,270	2,180,996
Cost of sales	1,316,835	1,306,338	1,316,237
Operating expenses:			
Selling, general and administrative	588,109	572,156	582,114
Research and development	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	(42,112)	131,755	109,260
Interest and dividend income	6,138	5,148	5,042
Interest expense	(4,577)	(5,435)	(3,991)
Income (loss) before income taxes	(41,999)	115,121	85,849
Net income (loss) attributable to FUJIFILM Holdings* ²	(38,441)	64,638	42,762
Capital expenditures* ³	¥ 77,913	¥ 89,932	¥ 90,946
Depreciation* ³	135,103	106,755	96,580
Net cash provided by operating activities	314,826	200,505	137,309
Average number of shares outstanding (Thousands)	488,608	486,297	481,699
Financial condition			
Total assets	¥ 2,827,428	¥ 2,698,004	¥ 2,734,328
Long-term debt	140,269	118,176	20,334
Total FUJIFILM Holdings shareholders' equity	1,746,107	1,711,329	1,708,937
Number of regular employees (consolidated) (Persons)	74,216	78,862	81,691
Per share of common stock (Yen)			
Net income (loss) attributable to FUJIFILM Holdings* ^{2, 4}	¥ (78.67)	¥ 132.92	¥ 88.77
Cash dividends* ⁵	25.00	30.00	35.00
FUJIFILM Holdings shareholders' equity* ⁶	3,573.66	3,552.79	3,547.68
Stock price at year-end	3,220	2,576	1,941
Price ratios / Profitability ratios			
Price-to-book-value ratio (PBR) (Times)* ⁷	0.90	0.73	0.55
Price-to-earnings ratio (PER) (Times)* ⁷	—	19.38	21.87
Return on equity (ROE) (%)	(2.2)	3.7	2.5
Return on assets (ROA) (%)	(1.3)	2.3	1.6
Environmental information*⁸			
Amount of CO ₂ emissions throughout the entire product lifecycle (kt-CO ₂)* ⁹	4,468	4,862	5,175
Water usage per unit (input) (input amount / revenue) (1000m ³ / ¥100 million)	2.42	2.43	2.53

*1 Operating income (loss) for fiscal 2009 and 2010, presented in the table above are operating income (loss) after the recognition of restructuring and other charges.

*2 Effective from fiscal 2009, 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.

Millions of yen

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017*10	FY2018	FY2019
¥ 991,426	¥ 1,025,256	¥ 1,006,533	¥ 983,703	¥ 962,711	¥ 1,006,512	¥ 1,006,536	¥ 1,004,076
1,208,114	1,392,839	1,456,854	1,476,680	1,359,452	1,426,853	1,424,953	1,311,065
2,199,540	2,418,095	2,463,387	2,460,383	2,322,163	2,433,365	2,431,489	2,315,141
1,353,835	1,503,046	1,511,744	1,491,758	1,391,519	1,464,269	1,433,973	1,360,648
569,161	621,343	626,947	624,972	598,131	677,827	631,557	610,043
168,160	165,245	160,281	163,027	160,232	167,940	156,132	157,880
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
108,384	128,461	164,415	180,626	172,281	123,329	209,827	186,570
4,764	6,219	5,858	6,206	5,404	6,262	4,787	5,183
(4,934)	(4,183)	(4,569)	(4,376)	(4,795)	(4,570)	(3,314)	(2,316)
112,883	144,740	188,966	182,242	194,775	197,807	212,762	173,071
50,847	71,558	110,940	116,402	131,506	140,694	138,106	124,987
¥ 76,660	¥ 67,004	¥ 56,127	¥ 74,143	¥ 71,805	¥ 67,483	¥ 75,372	¥ 85,692
93,549	90,950	65,294	65,831	58,870	66,526	70,868	68,619
202,099	296,589	267,778	223,479	288,619	261,152	249,343	255,667
481,715	481,915	482,050	465,556	443,874	436,098	422,591	408,215
¥ 3,035,901	¥ 3,191,847	¥ 3,501,950	¥ 3,311,970	¥ 3,533,189	¥ 3,492,940	¥ 3,414,692	¥ 3,321,692
317,592	314,968	313,045	310,388	434,843	412,502	353,533	503,171
1,850,723	1,990,986	2,195,539	2,014,826	2,043,559	2,079,134	2,036,963	1,953,252
80,322	78,595	79,235	78,150	78,501	77,739	72,332	73,906
¥ 105.55	¥ 148.49	¥ 230.14	¥ 250.03	¥ 296.27	¥ 322.62	¥ 326.81	¥ 306.18
40.00	50.00	60.00	65.00	70.00	75.00	80.00	95.00
3,840.79	4,130.91	4,552.91	4,472.45	4,668.26	4,832.62	4,976.88	4,886.66
1,836	2,771	4,277	4,451	4,348	4,245	5,034	5,439
0.48	0.67	0.94	1.00	0.93	0.88	1.01	1.11
17.39	18.66	18.58	17.80	14.67	13.16	15.40	17.80
2.9	3.7	5.3	5.5	6.5	6.8	6.7	6.3
1.8	2.3	3.3	3.4	3.8	4.0	4.0	3.7
4,897	4,698	4,801	4,391	4,267	3,974	3,610	3,276
2.43	2.10	2.03	1.99	1.99	1.82	1.77	1.84

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

*8 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 fiscal 2017, according to the update of U.S. accounting standards.

Consolidated Balance Sheets

Millions of yen

	FY2018	FY2019
ASSETS		
Current assets		
Cash and cash equivalents	¥ 654,747	¥ 396,091
Notes and accounts receivable:		
Trade and finance	639,280	579,539
Affiliated companies	5,634	2,640
Allowance for doubtful receivables	(27,119)	(23,761)
Inventories	374,456	380,911
Prepaid expenses and other	83,908	153,783
Total current assets	1,730,906	1,489,203
Investments and long-term receivables		
Investments in and advances to affiliated companies	33,445	27,770
Investment securities	105,678	87,209
Long-term finance and other receivables	104,323	92,221
Allowance for doubtful receivables	(3,754)	(4,067)
Total investments and long-term receivables	239,692	203,133
Property, plant and equipment		
Land	98,211	96,776
Buildings and structures	690,207	732,716
Machinery, equipment and other	1,447,115	1,478,270
Construction in progress	36,420	47,481
	2,271,953	2,355,243
Less accumulated depreciation	(1,745,156)	(1,754,696)
Net property, plant and equipment	526,797	600,547
Other assets		
Operating lease right-of-use assets	—	75,261
Goodwill, net	655,508	687,155
Other intangible assets, net	145,013	142,071
Deferred income taxes	32,762	37,811
Other	84,014	86,511
Total other assets	917,297	1,028,809
Total assets	¥ 3,414,692	¥ 3,321,692

Millions of yen

	FY2018	FY2019
LIABILITIES		
Current liabilities		
Short-term debt	¥ 170,579	¥ 120,998
Notes and accounts payable:		
Trade	210,658	195,214
Construction	25,758	25,360
Affiliated companies	1,940	1,724
Accrued income taxes	18,950	24,893
Accrued liabilities	182,833	171,989
Short-term operating lease liabilities	—	25,696
Other current liabilities	91,567	94,133
Total current liabilities	702,285	660,007
Non-current liabilities		
Long-term debt	353,533	503,171
Accrued pension and severance costs	40,335	33,818
Long-term operating lease liabilities	—	52,652
Deferred income taxes	19,959	21,558
Other non-current liabilities	53,739	56,729
Total non-current liabilities	467,566	667,928
Total liabilities	1,169,851	1,327,935
EQUITY		
FUJIFILM Holdings shareholders' equity		
Common stock, without par value:	40,363	40,363
Authorized: 800,000,000 shares		
Issued: 514,625,728 shares		
Additional paid-in capital	24,494	—
Retained earnings	2,507,719	2,563,091
Accumulated other comprehensive income (loss)	(100,593)	(164,100)
Treasury stock, to cost (114,914,288 shares in FY2019; 105,340,377 shares in FY2018)	(435,020)	(486,102)
Total FUJIFILM Holdings shareholders' equity	2,036,963	1,953,252
Noncontrolling interests	207,878	40,505
Total equity	2,244,841	1,993,757
Total liabilities and equity	¥ 3,414,692	¥ 3,321,692

Consolidated Statements of Income

Millions of yen

	FY2017	FY2018	FY2019
Revenue	¥ 2,433,365	¥ 2,431,489	¥ 2,315,141
Cost of sales	1,464,269	1,433,973	1,360,648
Gross profit	969,096	997,516	954,493
Operating expenses:			
Selling, general and administrative	677,827	631,557	610,043
Research and development	167,940	156,132	157,880
	845,767	787,689	767,923
Operating income	123,329	209,827	186,570
Other income (expenses):			
Interest and dividend income	6,262	4,787	5,183
Interest expense	(4,570)	(3,314)	(2,316)
Foreign exchange gains (losses), net	(6,936)	(2,919)	(2,133)
Gains (losses) on equity securities, net	50,999	(244)	(22,084)
Others, net	28,723	4,625	7,851
	74,478	2,935	(13,499)
Income before income taxes	197,807	212,762	173,071
Income taxes:			
Current	65,565	43,697	42,822
Deferred	(11,130)	12,359	(6,708)
	54,435	56,056	36,114
Equity in net earnings of affiliated companies	872	418	1,341
Net income	144,244	157,124	138,298
Less: Net loss attributable to noncontrolling interests	(3,550)	(19,018)	(13,311)
Net income attributable to FUJIFILM Holdings	¥ 140,694	¥ 138,106	¥ 124,987

Yen

	FY2017	FY2018	FY2019
Amounts per share of common stock			
Net income attributable to FUJIFILM Holdings: Basic	¥ 322.62	¥ 326.81	¥ 306.18
Diluted	321.55	325.82	305.22
Cash dividends declared	75.00	80.00	95.00

Consolidated Statements of Comprehensive Income

Millions of yen

	FY2017	FY2018	FY2019
Net income	¥ 144,244	¥ 157,124	¥ 138,298
Other comprehensive (loss) income, net of tax:			
Net unrealized losses on securities	(23,723)	(2)	(9)
Foreign currency translation adjustments	(8,031)	6,322	(50,279)
Pension liability adjustments	(3,526)	885	142
Net unrealized gains on derivatives	569	188	137
Other comprehensive (loss) income	(34,711)	7,393	(50,009)
Comprehensive income	109,533	164,517	88,289
Less: Comprehensive loss attributable to noncontrolling interests	(1,902)	(20,245)	(8,800)
Comprehensive income (loss) attributable to FUJIFILM Holdings	¥ 107,631	¥ 144,272	¥ 79,489

Consolidated Statements of Changes in Equity

Millions of yen

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	FUJIFILM Holdings shareholders' equity	Noncontrolling interests	Total equity
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 gains (losses) 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 adoption of Accounting Standards Update 2016–01	—	—	18,976	(18,976)	—	—	—	—
Cumulative effect of adoption 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 gains (losses) 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						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
Comprehensive income (loss):								
Net income	—	—	124,987	—	—	124,987	13,311	138,298
Net unrealized gains (losses) on securities	—	—	—	(9)	—	(9)	—	(9)
Foreign currency translation adjustments	—	—	—	(45,489)	—	(45,489)	(4,790)	(50,279)
Pension liability adjustments	—	—	—	(122)	—	(122)	264	142
Net unrealized gains on derivatives	—	—	—	122	—	122	15	137
Comprehensive income						79,489	8,800	88,289
Purchases of treasury stock	—	—	—	—	(51,624)	(51,624)	—	(51,624)
Sales of treasury stock	—	—	(113)	—	542	429	—	429
Dividends paid to FUJIFILM Holdings shareholders	—	—	(38,432)	—	—	(38,432)	—	(38,432)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(9,813)	(9,813)
Issuance of stock acquisition rights	—	452	—	—	—	452	—	452
Transfer from retained earnings to additional paid-in capital	—	31,070	(31,070)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	(56,016)	—	(18,009)	—	(74,025)	(166,360)	(240,385)
Balance as of March 31, 2020	¥ 40,363	¥ —	¥ 2,563,091	¥ (164,100)	¥ (486,102)	¥ 1,953,252	¥ 40,505	¥ 1,993,757

Consolidated Statements of Cash Flows

Millions of yen

	FY2017	FY2018	FY2019
Operating activities			
Net income	¥ 144,244	¥ 157,124	¥ 138,298
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	127,642	129,932	122,653
(Gains) losses on remeasurement of previously held equity interests	(20,838)	—	—
(Gains) losses on equity securities, net	(50,999)	244	22,085
Deferred income taxes	(11,130)	12,359	(6,708)
Equity in net (gains) losses of affiliated companies, net of dividends received	1,142	4,719	(13)
Changes in operating assets and liabilities:			
Decrease (increase) in notes and accounts receivable	41,342	4,885	53,277
(Increase) decrease in inventories	(7,518)	(12,287)	(11,505)
(Decrease) increase in notes and accounts payable—trade	(19,999)	(12,469)	(10,558)
Increase (decrease) in accrued income taxes and other liabilities	68,551	(80,408)	(16,055)
Other	(11,285)	45,244	(35,807)
Net cash provided by operating activities	261,152	249,343	255,667
Investing activities			
Purchases of property, plant and equipment	(63,043)	(68,549)	(84,677)
Purchases of software	(18,541)	(20,471)	(25,047)
Proceeds from sales and maturities of investment securities	73,270	2,545	151
Purchase of marketable and investment securities	(5,063)	(23,349)	(3,230)
Decrease (increase) in time deposits, net	40,691	(3,630)	(10)
(Increase) decrease in investments in and advances to affiliated companies and other advances, net	(3,052)	(10,456)	(1,501)
Acquisitions of businesses, net of cash acquired	(127,269)	(84,310)	(121,789)
Other	(8,779)	(365)	(8,747)
Net cash used in investing activities	(111,786)	(208,585)	(244,850)
Financing activities			
Proceeds from long-term debt	2,100	100,035	200,669
Repayments of long-term debt	(165,416)	(25,947)	(163,541)
Increase (decrease) in short-term debt, net	(7,171)	(8,123)	390
Proceeds from short-term debt with maturities longer than three months	—	—	150,000
Payments of short-term debt with maturities longer than three months	—	—	(100,000)
Cash dividends paid to shareholders	(31,714)	(33,166)	(35,817)
Cash dividends paid to noncontrolling interests	(6,521)	(7,752)	(9,813)
Net purchases of treasury stock	(50,023)	(100,018)	(51,624)
Equity transactions with noncontrolling interests and other	(216)	(78,551)	(241,207)
Net cash used in financing activities	(258,961)	(153,522)	(250,943)
Effect of exchange rate changes on cash and cash equivalents	1,883	(735)	(18,530)
Net increase (decrease) in cash and cash equivalents	(107,712)	(113,499)	(258,656)
Cash and cash equivalents at beginning of year	875,958	768,246	654,747
Cash and cash equivalents at end of year	¥ 768,246	¥ 654,747	¥ 396,091
Supplemental disclosures			
Cash paid for interest	¥ 5,844	¥ 4,261	¥ 2,893
Cash paid for income taxes	62,052	50,903	106,929

Financial Analysis and Review

Economic environment

Overviewing the global economy during fiscal 2019, economic activities had been restrained and were rapidly slowing down due to the global COVID-19 pandemic. The Japanese economy was also significantly depressed and fell into a difficult situation. This harsh situation caused by COVID-19 means that close attention must be paid to the risk of a downturn in the domestic and overseas economies.

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

Overview of operating results

In fiscal 2019, the Fujifilm Group recorded JPY 2,315.1 billion in consolidated revenue (down 4.8% from 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, although sales increased in the medical systems business, bio CDMO business, regenerative medicine business, electronic materials business, and others.

Operating income also declined by 11.1% to JPY 186.6 billion.

Net income attributable to FUJIFILM Holdings

Consolidated income before income taxes amounted to JPY 173.1 billion (down 18.7% from the previous fiscal year) and consolidated net income attributable to FUJIFILM Holdings totaled JPY 125.0 billion (down 9.5%).

Basic policy regarding distribution of profits

In addition to reflecting consolidated performance trends, dividend levels are to be determined based on the consideration of such factors as the level of funds required for M&A transactions, capital expenditures and R&D expenses 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. The annual cash dividends for fiscal 2019 was JPY 95.00 per share, including an interim dividend of JPY 47.50 per share.

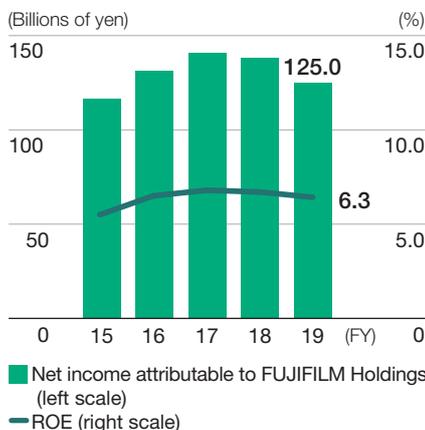
Outlook for fiscal 2020

(As of August 13, 2020)

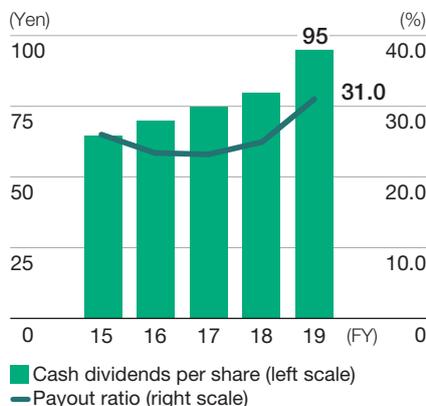
Regarding consolidated performance in fiscal 2020, although it is expected to recover gradually along with resumption of economic activity, our business will be negatively impacted by the spread of the COVID-19 pandemic. Thus, the Group projects JPY 2,200.0 billion in revenue (down 5.0% from the previous fiscal year), operating income of JPY 140.0 billion (down 25.0%), income before income taxes of JPY 170.0 billion (down 1.8%), and net income attributable to FUJIFILM Holdings of JPY 120.0 billion (down 4.0%).

The Company estimates one-time costs of JPY 25.0 billion in total, including JPY 9.0 billion for rebranding costs from Fuji Xerox to FUJIFILM Business Innovation Corp., JPY 5.0 billion for M&A related cost in acquiring the diagnostic imaging business from Hitachi, and JPY 11.0 billion to further strengthen our corporate structure.

Net income attributable to FUJIFILM Holdings / ROE



Cash dividends per share / Payout ratio



Outlook for fiscal 2020

(As of August 13, 2020)

	(Billions of yen)		
	FY2019 (Actual)	FY2020 (Forecast)	Change (%)
Revenue	2,315.1	2,200.0	-5.0
Operating income	186.6	140.0	-25.0
Income before income taxes	173.1	170.0	-1.8
Net income attributable to FUJIFILM Holdings	125.0	120.0	-4.0
Currency exchange rate (U.S. dollar/yen)	109	108	(1)
Currency exchange rate (euro/yen)	121	118	(3)

Operating results by segment for fiscal 2019

Healthcare & Material Solutions

Consolidated revenue was up in the medical systems, bio CDMO, electronic materials and other businesses, but overall revenue was down, primarily due to the impact of COVID-19. Operating income declined due to foreign exchange losses, COVID-19, and other factors.

(Millions of yen)	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	942,100	899,543	1,002,602	1,038,966	1,024,209
Operating income	90,701	82,969	91,377	97,579	92,402
Operating margin (%)	9.6	9.2	9.1	9.4	9.0
Total assets	1,457,622	1,542,355	1,725,703	1,709,713	1,775,913
Depreciation	51,990	49,088	57,503	63,093	63,881
Capital expenditures	39,273	40,139	42,668	50,523	58,223

Document Solutions

Consolidated revenue decreased due to the impact of COVID-19 and a decline in exports to Europe and the U.S. Operating income increased due to improved profitability as a result of operational reform and other factors.

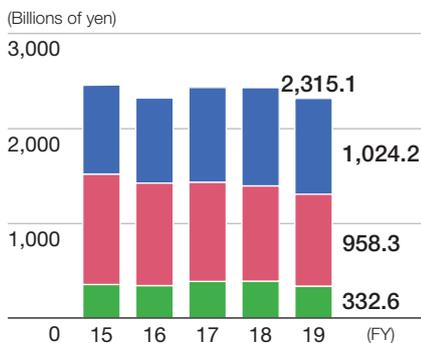
(Millions of yen)	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	1,165,361	1,080,876	1,047,802	1,005,609	958,329
Operating income	87,954	82,683	8,414	96,366	105,045
Operating margin (%)	7.5	7.6	0.8	9.6	11.0
Total assets	1,138,105	1,115,381	1,068,350	1,014,304	991,861
Depreciation	58,092	55,340	54,685	50,137	41,750
Capital expenditures	23,293	20,021	13,848	11,672	13,406

Imaging Solutions

Sales of instant photo systems, digital cameras, and other products decreased due to the impact of COVID-19, resulting in lower consolidated revenue. Operating income was down due to foreign exchange losses, COVID-19, and other factors.

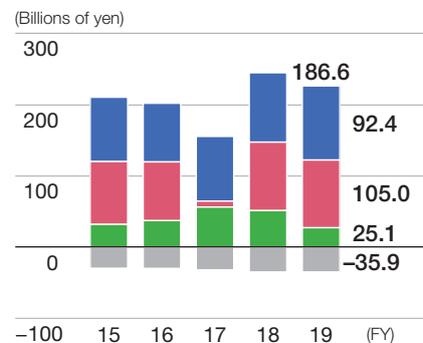
(Millions of yen)	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	352,922	341,744	382,961	386,914	332,603
Operating income	32,013	36,847	55,787	51,128	25,076
Operating margin (%)	9.1	10.8	14.6	13.2	7.5
Total assets	314,766	365,939	341,534	325,337	294,243
Depreciation	12,865	11,095	13,254	14,060	14,592
Capital expenditures	10,167	10,333	9,427	10,579	12,496

Revenue by segment

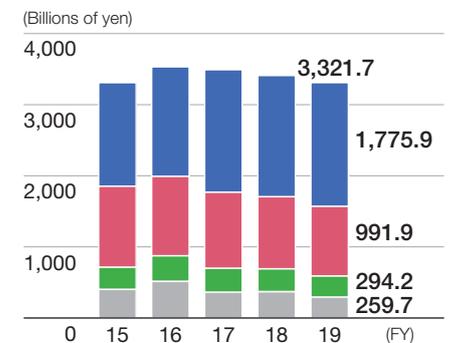


■ Healthcare & Material Solutions
■ Document Solutions
■ Imaging Solutions
■ Corporate expenses and eliminations

Operating income (loss) by segment



Total assets by segment



Financial Analysis and Review

Financial condition

Assets, liabilities and shareholders' equity

At fiscal 2019, year ended March 31, 2020, total assets decreased by JPY 93.0 billion, compared with the end of the previous fiscal year, to JPY 3,321.7 billion, owing to decrease in cash and cash equivalents and other factors. Total liabilities increased by JPY 158.1 billion, compared with the end of the previous fiscal year, to JPY 1,327.9 billion. FUJIFILM Holdings shareholders' equity decreased by JPY 83.7 billion, compared with the end of the previous fiscal year, to JPY 1,953.3 billion.

As a result, the current ratio decreased by 20.9 percentage points, to 225.6%, the debt-equity ratio increased by 10.6 percentage points, to 68.0%, and the shareholders' equity ratio decreased by 0.9 percentage points, to 58.8%, compared with the end of the previous fiscal year. The Company is maintaining a stable level of asset liquidity and a sound capital structure.

Capital expenditures and depreciation

Capital expenditures amounted to JPY 85.7 billion for fiscal 2019, mainly for the purpose of increasing production capacity of high-growth products, rationalizing and labor saving of manufacturing facilities, and environmental conservation. By business segment, capital expenditures amounted to JPY 58.2 billion in Healthcare & Material Solutions, JPY 13.4 billion in Document Solutions, and JPY 12.5 billion in Imaging Solutions.

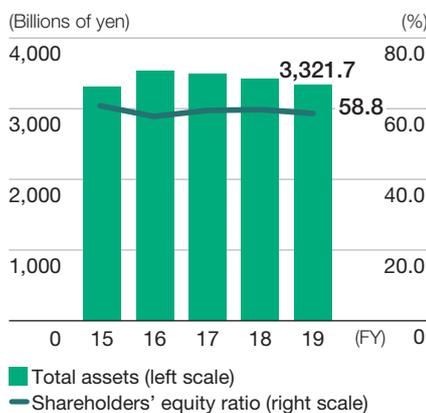
Depreciation and amortization* decreased by JPY 2.3 billion year on year to JPY 68.6 billion.

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

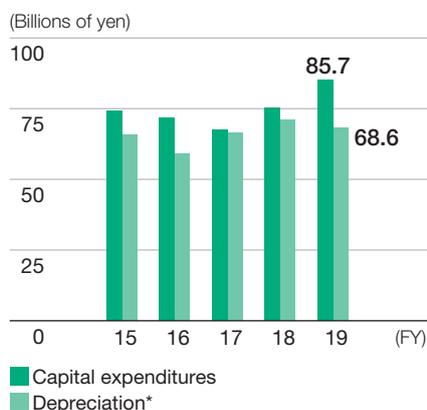
Cash flow analysis

During fiscal 2019, net cash provided by operating activities totaled JPY 255.7 billion, due to a decrease in notes and accounts receivable and other factors. Net cash used in investing activities amounted to JPY 244.9 billion, mainly due to acquisitions of businesses. Thus, free cash flows—or the sum of cash flows from operating and investing activities—decreased by JPY 29.9 billion, compared with the previous fiscal year, to JPY 10.8 billion. Net cash used in financing activities amounted to JPY 250.9 billion, due to net purchases of stock for treasury, equity transactions with noncontrolling interests and other factors. As a result, cash and cash equivalents at the end of the fiscal year amounted to JPY 396.1 billion, down JPY 258.7 billion from the end of the previous fiscal year.

Total assets / Shareholders' equity ratio

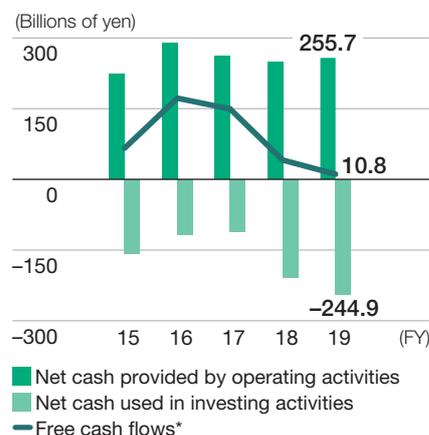


Capital expenditures / Depreciation*



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

Cash flows



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

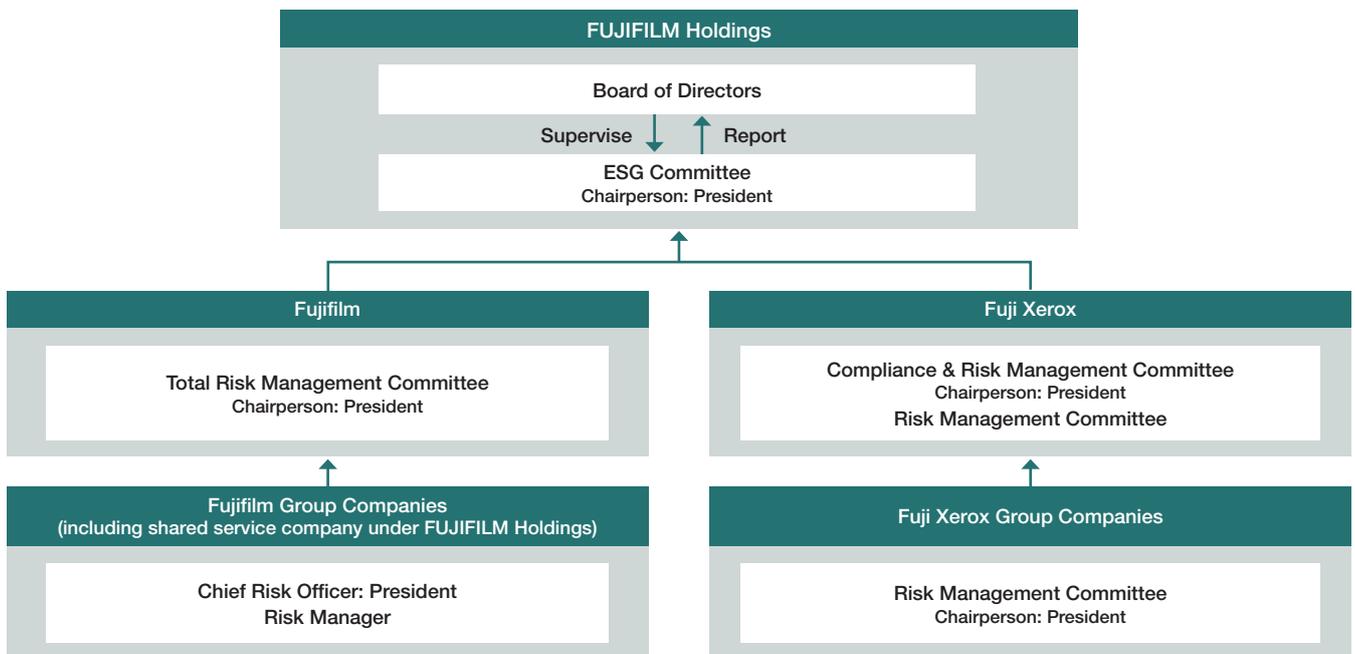
Operational Risks

The Fujifilm Group has set forth its basic policy on risk management and risk management structure for the entire Group within the Risk Management Regulations and engages in appropriate management of the various risks surrounding its business based on that basic policy and structure. Additionally, the Company and its subsidiaries determine and address risks occurring within the execution of individual operations appropriately based on the Risk Management Regulations. In accordance with the established procedures,

important risks are reported to the ESG Committee where the identification of key risk issues and action to take should a risk occur are discussed. In this way, we work to avoid risk and minimize the impact should they occur. Furthermore, we have established a Charter for Corporate Behavior and Code of Conduct for the Fujifilm Group and work to thoroughly ensure activities and conduct are in compliance with laws, regulations, and social ethics.

► For details, please refer to page 23 of the 2020 Sustainability Report (Management).

Fujifilm Group Compliance and Risk Management Structure



Recognition of risks

The following are the main types of risks recognized as having the potential to affect the Fujifilm Group's financial condition and business performance.

Main risks

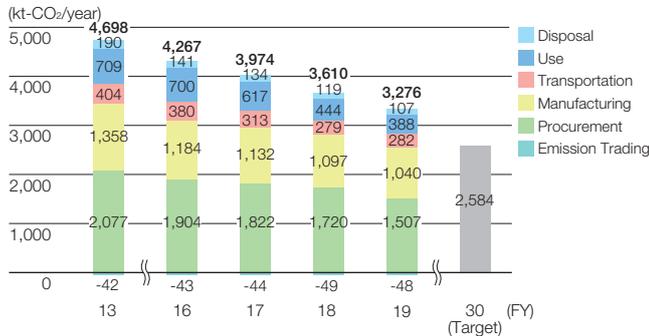
1. Risk of economic and exchange rate trends impacting performance
2. Risks related to environmental change and competition in the Imaging Solutions segment
3. Risks related to environmental change and competition in the Healthcare & Material Solutions segment
4. Risks related to environmental change and competition in the Document Solutions segment
5. Risks related to manufacturing operations
6. Risks related to product quality and product liability
7. Risks related to the pharmaceutical and regenerative medicine businesses
8. Risks related to logistics
9. Risks related to patents and other intellectual property rights
10. Risks related to corporate acquisitions, business alliances, etc.
11. Risks related to securing human resources
12. Risks related to internal control
13. Risks related to information systems
14. Risks related to public regulations
15. Risks related to environmental regulations
16. Risks related to climate change
17. Risks related to large-scale disasters
18. Risks related to the spread of COVID-19

Non-Financial Information

Environmental Aspect

Global warming countermeasures

Annual changes in CO₂ emissions across the entire product lifecycle

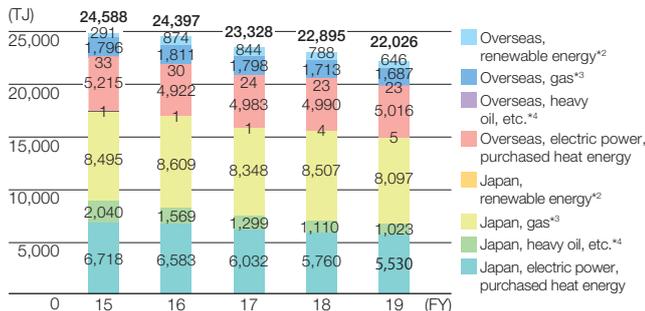


Annual changes in CO₂ emissions*

	FY2015	FY2016	FY2017	FY2018	FY2019
Japan (Manufacturing)	894	853	783	757	724
Japan (Non-manufacturing)	30	33	32	30	27
Manufacturing	311	273	275	270	255
Non-manufacturing	37	50	42	39	35
Group total	1,272	1,209	1,132	1,097	1,040
Vehicle	31	31	31	29	27
Total	1,303	1,240	1,163	1,126	1,068

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

Annual changes in energy consumption**



*1 Per unit calorific value is based on the Energy Conservation Act.
 *2 FUJIFILM Manufacturing Europe classified its energy usage as renewable energy because the supply of wind-generated power has been 100% since fiscal 2015.
 *3 Total of natural gas, LNG, city gas, butane and LPG
 *4 Total of heavy oil A, heavy oil C, kerosene, light oil and gasoline

Reducing chemical substances emissions

Annual changes in atmospheric emissions of VOCs

	FY2015	FY2016	FY2017	FY2018	FY2019
Japan	6.5	5.9	6.4	5.8	6.1
Overseas	1.8	1.6	1.6	1.3	1.2
Group total	8.3	7.5	8.0	7.1	7.2

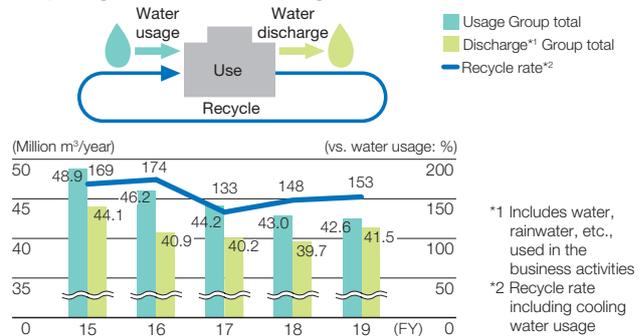
Reductions in VOCs atmospheric emissions* (Fujifilm non-consolidated)

Category	Name of substance	Reduction (Tons)	Reduction rate in comparison to previous fiscal year (%)
Substances requiring reporting under the PRTR Law	Dichloromethane	8	10
	Methyl alcohol	17	9
Substances voluntarily controlled by the Company	Ethyl acetate	-38	-37
	Methyl ethyl ketone	-1	-2
	Acetone	-5	-12

* Reduction in volumes in fiscal 2019 compared with actual levels in the previous fiscal year

Conserving resources measures

Annual trend in water usage, recycling and water discharge



*1 Includes water, rainwater, etc., used in the business activities
 *2 Recycle rate including cooling water usage

Annual changes in waste generation*, recycling and final disposal**



*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.

Pollution prevention measures

Annual changes in volume of atmospheric emission

	FY2015	FY2016	FY2017	FY2018	FY2019	
SO _x emissions	Japan	9	19	15	19	10
	Overseas	10	2	3	3	1
	Group total	19	21	18	22	11
NO _x emissions	Japan	424	369	290	232	242
	Overseas	78	86	111	94	82
	Group total	502	455	401	326	325
Soot particle emissions	Japan	3.1	2.3	2.4	1.8	2.1
	Overseas	4.2	1.0	1.8	3.3	5.7
	Group total	7.3	3.3	4.2	5.1	7.9
Atmospheric emissions of specified CFCs*	CFC-11	0.21	0.00	0.16	0.00	0.00
	CFC-12	0.00	0.00	0.00	0.00	0.00

* Group total, below the limit of detection = 0

Annual changes in water contaminant burden and emissions**

	FY2015	FY2016	FY2017	FY2018	FY2019	
Total amount of COD**	Japan	82.1	69.0	55.9	68.6	49.4
	Overseas	67.3	55.5	49.6	27.2	19.7
	Group total	149.4	124.5	105.4	95.8	69.1
Total amount of BOD**	Japan	37.1	30.2	24.3	26.8	25.1
	Overseas	16.6	0.5	0.1	0.6	1.2
	Group total	53.7	30.7	24.4	27.4	26.3
Total amount of nitrogen emissions	Japan	232.3	170.9	181.7	167.2	143.1
Total amount of phosphorous emissions	Japan	4.2	1.4	2.7	1.8	2.0

*1 Effluent release into public water bodies
 *2 Chemical Oxygen Demand (COD): An indicator of water pollution. COD indicates the amount of oxygen consumed when waterborne pollutants (primarily organic contaminants) are oxidized upon the introduction of an oxidant.
 *3 Biochemical Oxygen Demand (BOD): 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.

Personnel and Labor

Fujifilm

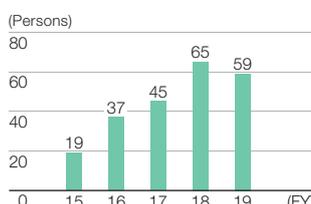
Status of regular employees (As of March 31, 2020)

Average length of employment (Years)	Turnover rate*1	Retention rate after 3 years from reinstatement (childcare)*2
Total: 17.88	Total: 1.22%	Total: 92.0%
Male: 17.94	Male: 1.15%	Male: 100.0%
Female: 17.58	Female: 1.54%	Female: 91.8%

*1 Turnover rate = $\frac{\text{Attrition} + \text{Voluntary resignation}}{\text{Number of regular employees at Fujifilm on March 31 of the previous fiscal year (retirements and senior turnover not included in turnover)}}$

*2 Retention rate after 3 years from reinstatement after childcare leave = $\frac{\text{Number of employees as of the end of fiscal 2019 among those returning to work after childcare leave in fiscal 2017}}{\text{Number of employees reinstated after childcare leave in fiscal 2017}}$

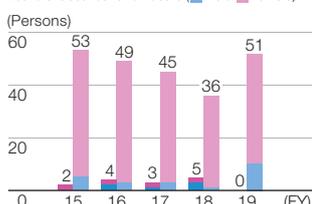
Re-employment*3



*3 Employees re-employed after retirement during the relevant fiscal year

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

	FY2015	FY2016	FY2017	FY2018	FY2019
Nursing care leave	15 (male 10, female 5)	26 (male 15, female 11)	39 (male 25, female 14)	25 (male 22, female 3)	38 (male 24, female 14)
Childcare leave	7 (male 5, female 2)	16 (male 8, female 8)	18 (male 10, female 8)	24 (male 18, female 6)	21 (male 16, female 5)
Volunteer work leave	1 (male 1, female 0) (1 day)	0 (male 0, female 0) (0 days)	0 (male 0, female 0) (0 days)	1 (male 1, female 0) (5 days)	1 (male 1, female 0) (0.5 days)

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

Percentage of employment of persons with disabilities*16

(As of June 1, 2020)

	FY2015	FY2016	FY2017	FY2018	FY2019
The Fujifilm Group	—				
Fujifilm	2.10%	2.24%	2.27%	2.32%	2.42%
Fuji Xerox	2.09%	2.22%	2.18%		

*16 We disclose the actual percentage determined by the groupwide calculation method under FUJIFILM Holdings from fiscal 2018.

Fuji Xerox

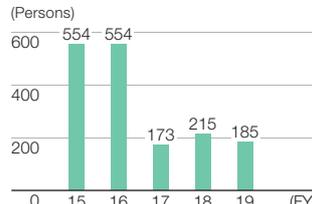
Status of regular employees (As of March 31, 2020)

Average length of employment (Years)	Turnover rate*6	Retention rate after 3 years from reinstatement (childcare)*7
Total: 20.08	Total: 2.98%	Total: 89.2%
Male: 20.81	Male: 2.85%	Male: 73.3%
Female: 16.36	Female: 3.70%	Female: 93.2%

*6 Turnover rate = $\frac{\text{Attrition} + \text{Voluntary resignation}}{\text{Number of employees at Fuji Xerox on March 31 of the previous fiscal year (retirements and senior turnover not included in turnover)}}$

*7 Retention rate after 3 years from reinstatement after childcare leave = $\frac{\text{Number of employees as of the end of fiscal 2019 among those returning to work after childcare leave in fiscal 2017}}{\text{Number of employees reinstated after childcare leave in fiscal 2017}}$

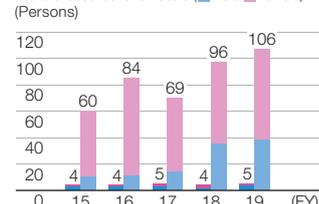
Re-employment*8



*8 Employees re-employed after retirement during the relevant fiscal year

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 who began a leave of absence during the relevant fiscal year (April 1 to March 31)

Number of employees taking a care leave*10

	FY2015	FY2016	FY2017	FY2018	FY2019*11
Nursing care leave*12	44 (male 27, female 17)	59 (male 40, female 19)	84 (male 64, female 20)	85 (male 69, female 16)	98 (male 82, female 16)
Childcare leave*13	314 (male 147, female 167)	373 (male 206, female 167)	386 (male 213, female 173)	382 (male 241*15, female 141)	503 (male 332, female 171)
Volunteer work leave*14	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)	21 (male 12, female 9) (36 days)

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

*11 Merger with Fuji Xerox Advanced Technology Co., Ltd. on April 1, 2019

*12 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

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

*14 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.

*15 Including 70 taking a special leave when their wives' gave birth on and after the second child

Corporate Governance

Attendance rate of Board of Directors (fiscal 2019)*

Name of directors	Attendance rate of Board of Directors
Shigetaka Komori	100% (11/11 times)
Kenji Sukeno	100% (11/11 times)
Kouichi Tamai	100% (11/11 times)
Takashi Iwasaki	100% (11/11 times)
Takatoshi Ishikawa	100% (9/9 times)
Junji Okada	100% (11/11 times)
Teiichi Goto	100% (11/11 times)
Tatsuo Kawada	91% (10/11 times)
Makoto Kaiami	100% (11/11 times)
Kunitaro Kitamura	91% (10/11 times)
Makiko Eda	91% (10/11 times)

Attendance rate of Audit & Supervisory Board members (fiscal 2019)*

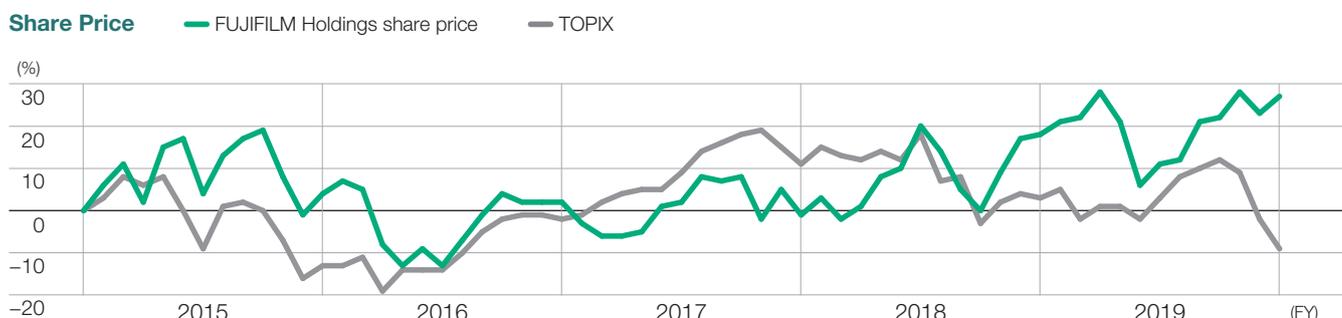
Name of Audit & Supervisory Board members	Attendance rate of Audit & Supervisory Board members
Kazuya Mishima	100% (14/14 times)
Naohiko Sugita	100% (14/14 times)
Hisayoshi Kobayakawa	100% (4/4 times)
Shiro Uchida	86% (12/14 times)
Masataka Mitsuhashi	100% (10/10 times)

* 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



Note: Closing price of March 31, 2015 used as reference point (FY2015=0)

Dialogue with shareholders and investors

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

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

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

Major IR activities (Fiscal 2019)

Activity	Number of times
For institutional investors/analysts	
Results briefings	4
Conferences hosted by securities companies	4
Business briefings and factory tours	7
Overseas IR road shows	5
For individual investors	
Company briefings	3

Please see the IR Information Disclosure Policy on the following website:
<https://ir.fujifilm.com/en/investors/policies-and-systems/ir-policy.html>

Capital policies

Fujifilm considers 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 a 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 expenditures and R&D expenses to support further future business expansion.
- We flexibly buy back shares in consideration of the situation of cash flows and the stock price.

Corporate Overview / Domestic and International Appraisals

Corporate Overview (As of March 31, 2020)

Company name:	FUJIFILM Holdings Corporation	Capital:	JPY 40,363 million
Head office:	7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan	Number of regular employees (consolidated):	73,906
Date of establishment:	January 20, 1934	Number of regular employees:	228
		Number of consolidated subsidiaries:	317

Stock information (As of March 31, 2020)

Stock exchange listing

Tokyo

Share registrar

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

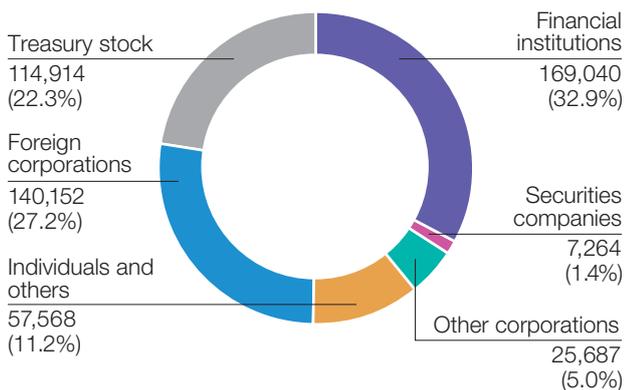
Major shareholders

Name	Percentage of issued shares
The Master Trust Bank of Japan, Ltd. (trust account)	8.5%
Japan Trustee Services Bank, Ltd. (trust account)	5.0%
Nippon Life Insurance Company	3.4%
Sumitomo Mitsui Banking Corporation	2.0%
Japan Trustee Services Bank, Ltd. (trust account 5)	1.5%
Japan Trustee Services Bank, Ltd. (trust account 9)	1.4%
Mitsui Sumitomo Insurance Company, Limited	1.3%
JPMORGAN CHASE BANK 385151	1.2%
STATE STREET BANK WEST CLIENT — TREATY 505234	1.2%
Daicel Corporation	1.1%

Distribution of shareholders and shares

Number of shareholders: 135,049

Number of shares outstanding: 514,625,728



Note: The Company holds treasury stock accounting for 22.3% of the total issued shares outstanding.

Domestic and international appraisals

Credit rating agency appraisals (As of November 6, 2019)

Credit Rating Agency	Credit Rating	
Moody's	Long-term rating	A2 stable
	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.

Appraisals from external institutions



CDP CLIMATE CHANGE



CDP SUPPLIER ENGAGEMENT LEADER



ESG FINANCE AWARDS JAPAN's Environmentally Sustainable Corporations Category



The 22nd 2020 Excellence Prize in the Sustainability Report, Environmental Report Category



Health and Productivity 2020



DX Stock 2020

Adoption of socially responsible investment



FTSE4Good Global Index



FTSE Blossom Japan Index

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

MSCI Japan Empowering Women Select Index (WIN)



S&P/JPX Carbon Efficient Index

Note: Please refer to our website for an explanation of each indicator.
<https://holdings.fujifilm.com/en/sustainability/evaluation>



FUJIFILM Holdings Corporation

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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 been retroactively adjusted for fiscal 2010 to fiscal 2015. Unless otherwise specified in this integrated report, the information herein is as of March 31, 2020.

Date of publication: October 2020
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