FUJIFILM
Value from Innovation

NEVER STOP

IMPROVING THE FUTURE

FUJIFILM Holdings Corporation

INTEGRATED REPORT 2021

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.

Editorial Policy

This integrated report mainly contains financial and non-financial information regarding the Fujifilm Group's corporate activities that is important for shareholders and investors as well as growth strategies and other relevant matters. Beginning this year, we focus on the basic concept of communicating and sharing the Fujifilm Group's vision and ideals with stakeholders. In this report, we have emphasized presenting the Fujifilm Group's efforts toward sustainable growth in conjunction with the Sustainability Report SVP Stories. Photographs presented in this report were taken after sufficient measures were put in place to prevent infection.

Period of Coverage

Financial and non-financial data is aggregated from fiscal 2020 (April 2020 to March 2021). Some activity details on or after April 2021 are also included.

Organizations Covered by the Report

The Fujifilm Group (FUJIFILM Holdings and all consolidated companies)
◎ Major consolidated companies are shown on our website.
https://holdings.fujifilm.com/en/about/group

Referenced Standards and Guidelines

◎ International Integrated Reporting Council (IIRC): International Integrated Reporting Framework
◎ Global Reporting Initiative (GRI): The GRI Sustainability Reporting Standards
◎ Sustainability Accounting Standards Board (SASB): Sustainability Accounting Standards
◎ Task Force on Climate-related Financial Disclosures (TCFD): TCFD Recommendations Report
◎ Ministry of Economy, Trade and Industry (METI): Guidance for Collaborative Value Creation
◎ METI: TCFD Guidance 2.0
◎ Ministry of the Environment: Environmental Reporting Guidelines 2018

Disclosure Tools

Integrated Report

Sustainability Report
SVP Stories

Sustainability Report
Management Performance

About the Integrated Report Front Cover The FUJIFILM corporate logo features a sharp design in the central portion of the name (between "I" and "F"), expressing the Company's commitment to advanced technology. With this portion as a motif, we layer it with a light shining on the Earth, creating an appeal to our work to resolve social issues through value created by advanced technologies.

FUJIFILM Holdings Corporation Corporate Site
https://holdings.fujifilm.com/en

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

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The Fujifilm Group's Commitment

Our Purpose

Corporate Philosophy

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

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.

Corporate Slogan

Value from Innovation

How We Act

Charter for Corporate Behavior

Based on the following six principles, the Fujifilm Group respects human rights and maintains compliance with as well as respects the spirit of all laws and international rules in its global business activities. Beyond this, we will take proactive action toward the realization of a sustainable society through innovation, while taking into account the impact of our activities.

1. **A Trusted Company**
2. **Social Responsibility**
3. **Respect for Human Rights**
4. **Global Environmental Conservation**
5. **Vibrant Workplaces**
6. **Management of Various Crises**

Code of Conduct

In all aspects of our corporate activities, we emphasize compliance and endeavor to create new value. If compliance requirements conflict with business profits or the demands of third parties, we give priority to compliance. An open, fair, and clear corporate culture is the basis for all our activities.

- **Respect for Human Rights**
- **Fair Corporate Activities**
- **Protection / Preservation of Corporate Assets and Information**
- **Measures Related to Environmental Issues**

How We Will Achieve Our Purpose

CSR Plan

Sustainable Value Plan 2030

With fiscal 2030 as its long-term goal, this plan lays the foundations of the Fujifilm Group's business management strategies for sustainable growth. In this plan, we have set targets in the four priority areas of the environment, health, daily life and work style, as well as in supply chain and governance, the basis of our business activities. These targets serve as guideposts toward our goal of contributing to the realization of a sustainable society through the dual standpoints of resolving social issues through our business activities and considering society and the environment in our business processes.

Medium-Term Management Plan

VISION2023

In April 2021, the Fujifilm Group formulated a specific action plan for achieving the goals set forth in the Sustainable Value Plan 2030.

FUJIFILM, from Founding to Now

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Value Creation Story

The Fujifilm Group has faced and overcome many tough challenges over the years, including the development of technology to manufacture film in Japan, skyrocketing raw material prices at the time of the oil crises and Silver Thursday, and being sued by Eastman Kodak under Section 301 of the U.S. Trade Law. In particular, the photography market, which had been our 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. By orienting ourselves to the future and determining what must be done and what is lacking today, and emphasizing the strengthening of strategies and allocating resources from a pre-arranged backcasting, we have been able to build a resilient business portfolio.

By creating value through innovation, the Fujifilm Group aims to resolve 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.

▶ **For more information, please see "Medium-Term Management Plan VISION2023" on pages 29–33.**

Realization of a Sustainable Society through Value from Innovation

SUSTAINABLE DEVELOPMENT GOALS

Using future-oriented backcasting to strengthen strategies and allocate resources

Needs, Expectations, and Trust of Society

Resolving Issues in Global Society

CSR Plan: Sustainable Value Plan 2030 (SVP2030)

Environment
Contribute to resolving environmental issues through reducing environmental impacts

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 through various products, services and technologies

Work Style
Promote social change where every person is motivated in their workplaces, through extending our in-house work-style reform

Supply Chain | **Governance**

Business Activities

Sources of Corporate Value

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

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Business Segments

- Healthcare
- Materials
- Business Innovation
- Imaging

Creating Value through Innovation

Medium-Term Management Plan

Basic Strategy in the New Medium-Term Management Plan VISION2023

Accelerate business growth in healthcare and advanced materials and build a more resilient business platform to facilitate sustainable growth

- Reinforce business portfolio management
- Strengthen cash flow management
- Enter into new markets for further growth
- Create stronger integrated business synergies through M&A

Corporate Philosophy / Vision Code of Conduct

Evolution of Our Technologies and Businesses

Since its founding, the Fujifilm Group has amassed a wide range of technologies cultivated through its photographic film business and provided products and services valuable to society, continuing to grow as a company. The Group promoted a growth strategy by consistently anticipating the future and centering on 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
Domestic Production of Film and Establishment of Sales Network in Japan

- Established in 1934. Launched domestic 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
- Developed Japan's first computer for lens design in 1956

From 1960
Expansion of Business / Enhancement of Technologies

- Commenced development of a global network by establishing local overseas subsidiaries and offices
- Established Fuji Xerox, as a joint venture with Rank Xerox
- Pioneered successful research, development and commercialization of high-sensitivity color negative films

From 1980
Pursuit of Digitization and 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

STEP 1 toward Transformation

2000–2006 Adapting to changes
Second Foundation— Creation of a Resilient Business Portfolio

In 2000, the photographic film business accounted for roughly 60% of Fujifilm's sales and generated around two-thirds of operating income. With the subsequent rapid rise of digital technology, the photographic film market shrank at a rapid pace. The market fell to less than one-tenth of its historical peak by 2010. In order to overcome the biggest crisis since its founding—losing its core business—Fujifilm undertook a large-scale business restructuring centered on reorganizing its photography-related business. By taking stock of the technologies we had cultivated in the development and production of photographic film and examining the fields in which these technologies could be applied, we were able to enter the markets of cosmetics and pharmaceuticals, newly identified as future growth areas. After making Fuji Xerox Co., Ltd. (now FUJIFILM Business Innovation Corp.) a consolidated subsidiary in 2001, we established FUJIFILM Holdings Corporation in 2006 to bolster our consolidated management. This also marked our transition to a holding company structure.

Healthcare & Material Solutions

1936 Launch of X-ray film

1958 Launched FUJITAC

1959 Launched Fuji Medical X-Ray Film PX, a film pursuing non-flammability and high sensitivity

1971 Launched the endoscope business

1983 World first — Launched FCR, the world's first digital X-ray diagnostic imaging system

1999 Launched the medical-use picture archiving and communications systems (PACS) SYNAPSE

2004 World first — Developed a fully digital double-balloon endoscope

2006 Entered into the cosmetics market

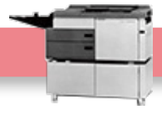
Document Solutions

1962 Established Fuji Xerox

1962 Japan first — Launched sales of Japan's first plain-paper copy machines

1975 Industry first — Launched the Fuji Xerox 6500, a full-color copy machine

1987 World first — Launched the Zero Printer 100, offering both printing and copying functions



2000 Established a "Zero Landfill" system on a nationwide scale, achieving a recycling rate of 99.97%

2000 Launched the Color DocuTech 60, the world's fastest (at that time) full-color electronic printing and publishing system

2001 Fuji Xerox became a consolidated subsidiary of Fuji Photo Film (changed Fuji Photo Film's investment ratio to 75%)

2002 Industry first — Launched the Net Print service to retrieve personal documents from copiers in convenience stores

Imaging Solutions

1934 Launched positive film for motion pictures made domestically in Japan

1958 Launched general-use color negative film color paper

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

1986 World first — Launched the Fujicolor QuickSnap, the world's first one-time-use recyclable camera

1988 World first — Developed the FUJIX DS-1P, a fully digital still camera

1998 Launched the instax mini 10 instant camera

Successfully transformed the business structure in response to sharp decline in demand for photographic film

2000 World first — Launched the FinePix 4700Z digital camera equipped with the Honeycomb Super CCD sensor

Evolution of Our Technologies and Businesses

STEP 2 toward Transformation

2007–2017 Forecast changes and act proactively
To Enhance the Business Portfolio and Accelerate Growth

In anticipation of market growth, the Fujifilm Group made full-fledged entry into the regenerative medicine business in 2010 and the bio CDMO (contract development and manufacturing organization) business in 2011. In addition to actively pursuing M&A, we expanded our business by applying advanced production technologies, such as process engineering, cultivated through the manufacture of photographic film. In fiscal 2017, we formulated Sustainable Value Plan 2030 (SVP2030), a long-term corporate social responsibility (CSR) plan, and VISION2019, a medium-term management plan acting as a concrete action plan for realizing the former's goals. We took action toward the priority issues of accelerating growth in the healthcare field and improving profitability of the document business.

STEP 3 toward Transformation

Since 2018 Creating changes by ourselves
Generating Value with a Positive Impact on Society, Leading Markets

We have accelerated synergies across the Fujifilm Group, focusing on the creation of value that exerts positive impact on society while evolving our leading-edge proprietary technologies. Especially in the bio CDMO business, we acquired a manufacturing subsidiary of U.S.-based Biogen Inc. and are aggressively promoting capital investment to reinforce our production capacity. By acquiring Hitachi, Ltd.'s diagnostic imaging business and making Fuji Xerox a wholly owned subsidiary, we also strengthened our business portfolio. This has built a foundation for our future growth. Toward the realization of our medium-term management plan VISION2023 announced in April 2021, we will accelerate the growth of the Fujifilm Group and contribute to resolving social issues.

Healthcare & Material Solutions

Growth with healthcare as an earnings pillar

2008
Acquired Toyama Chemical, made full-fledged entry into the pharmaceuticals business

2010
Made full-fledged entry into the regenerative medicine business

2011
Made full-fledged entry into the bio CDMO business

2012 World first
Developed high-capacity magnetic tapes using barium ferrite (BaFe) magnetic particles

2012
Acquired Sonosite, and entered into the ultrasound diagnostics field

2018
Acquired Irvine Scientific Sales Company, and expanded presence in the biotherapeutics field

2018
Announced REiLI, the AI technology brand

2019
Acquired Biogen (Denmark) Manufacturing, accelerated growth in the bio CDMO business

2021
Completed acquisition of Hitachi's diagnostic imaging business, established new company

Document Solutions

Accelerated synergy creation in the Group

2009
Launched the ApeosPort-IV Series, offering environmental impact reduction services

2011
Launched the Working Folder cloud service supporting document sharing

2013
Provided an integrated patient information system to support in-home medical care for medical institutions in disaster areas

2017 Industry first
Released the Iridesse Production Press, capable of printing a spectrum of metallic colors

2019
Acquired shares held by Xerox Corporation, making Fuji Xerox a wholly owned subsidiary

2020
Launched CocoDesk, a personal workspace service

2021
Changed company name from Fuji Xerox to FUJIFILM Business Innovation

Imaging Solutions

2009 World first
Developed a 3D digital camera

2011
Launched the FUJIFILM X-S1, a high-end digital camera

2015 World first
Launched a broadcast zoom lens compatible with 4K cameras

2019 World record *
Launched the FUJIFILM GFX100, equipped with a large-format sensor with 102 million pixels

2019
Launched the instax mini Link a printer for smartphones

* As of May 2019 for consumer-use mirrorless digital cameras, according to a survey by Fujifilm

2021 Transition to New Segments

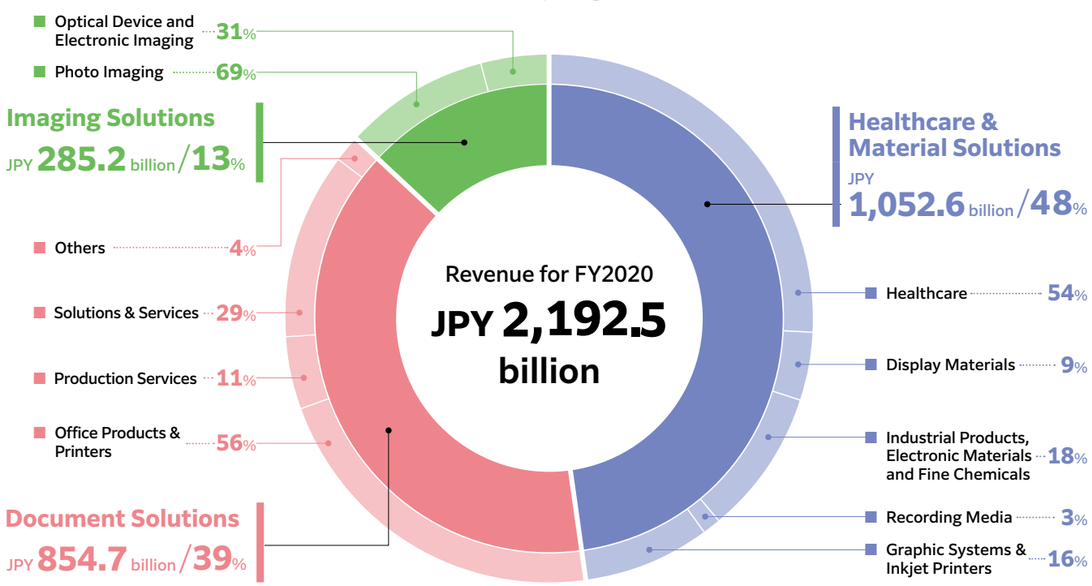
We have reorganized our businesses into the following four segments, and will implement strategies according to the phase each segment is in.

▶ **For more information, please see "Medium-Term Management Plan VISION2023" on pages 29–33.**

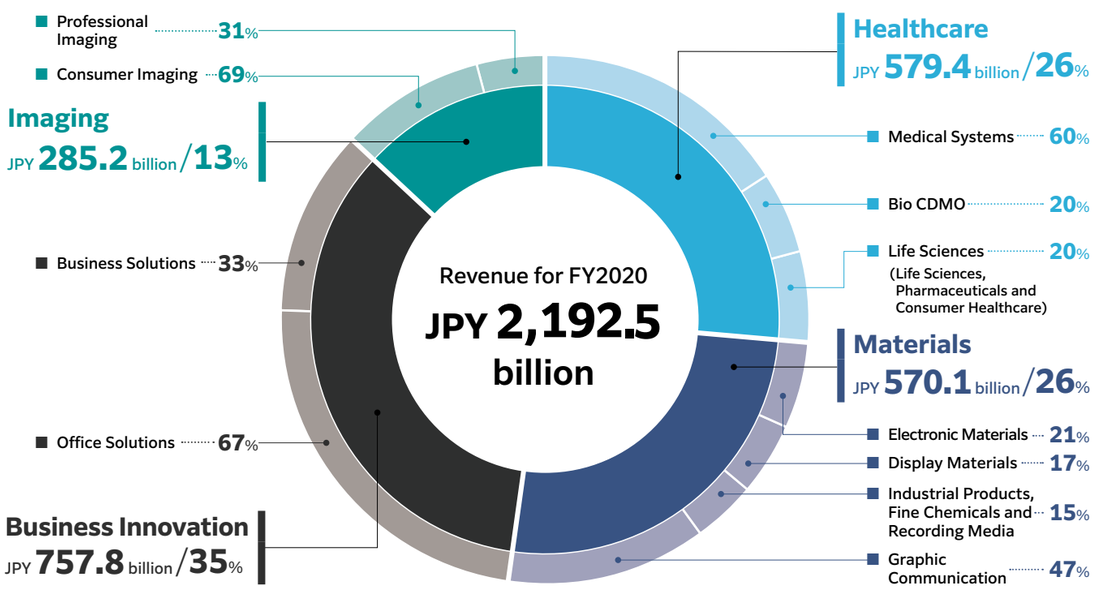
Business Portfolio

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 horned in the photographic film business. We are continuing to put together and promote growth strategies to further solidify this portfolio.

Revenue by Segment



Reference: Breakdown of Newly Reorganized Segments*



Note: Figures are provisional due to incomplete audit.

Healthcare

Providing a wide range of businesses in the fields of prevention, diagnosis and treatment as a total healthcare company

Medical-use picture archiving and communication system (PACS)

Global market share

No. 1[*1]

Medical-use PACS SYNAPSE

Medical Systems

Various diagnostic equipment such as X-ray diagnostic imaging, endoscopes and ultrasound, and medical IT systems for centralized management of diagnostic images and other data

Bio CDMO

Process development and manufacturing services for high-quality biopharmaceuticals and COVID-19 vaccine in growing demand, and the advanced medical field of gene therapy drugs

Life Sciences

Total solutions in the fields of induced pluripotent stem (iPS) cells, culture media and reagents for drug discovery support

Pharmaceuticals

Process development and manufacturing services for next-generation nucleic acid drugs and mRNA vaccines

Consumer Healthcare

Functional cosmetics such as the ASTALIFT brand and supplement products

Materials

Various advanced materials and graphic communication solutions

Protective film for polarizers

Global market share

No. 1[*2]

FUJITAC protective film for polarizers

Color photoresists for image sensors

Global market share **No. 1**[*2]

Electronic Materials

Various materials (photoresists, CMP slurries, etc.) used to manufacture semiconductors

Display Materials

Materials for LCD panels, organic EL panels and other products

Other Advanced Materials

Fine chemicals (advanced chemicals, reagents for research use, etc.), industrial products such as sensor films for touch panels and recording media

Graphic Communication

Graphic communication solutions (offset printing equipment, digital printing systems, etc.) and inkjet solutions such as industrial printheads

Business Innovation

Products and solution services that bring about new changes in work styles, improving productivity and inspiring creativity

A3 color multifunction devices

Market share in sales volume in the Asia-Pacific region

No. 1[*3]

Apeos C7070

Cumulative total number of licenses of document handling software DocuWorks

7.77 million licenses[*4]

Office Solutions

Multifunction devices, printers, consumables and document solutions

Business Solutions

Solution-oriented document services tailored to various industries and operations, including system integration, cloud services, management of multifunction devices and business process outsourcing

Imaging

Various products and services related to photographs and videos from shooting to printing

Instant photo system

Cumulative worldwide sales volume

Over **50** million units

instax mini 11

Broadcast zoom lens compatible with 4K cameras

World's first[*5]

FUJINON UA107×8.4BESM AF

Consumer Imaging

instax, color films, color paper for photo printing, developing and printing systems, photo printing services and more

Professional Imaging

Ultra-high image quality GFX Series cameras, compact, lightweight and high image quality X Series cameras, TV and cine lenses, security lenses, machine vision lenses, projectors and more

*1 According to a survey by Signify Research *2 According to a survey by Fujifilm *3 According to a survey by FUJIFILM Business Innovation *4 As of April 2021
*5 A portable broadcast zoom lens with optical performance compatible with broadcast 4K cameras equipped with 2/3 inch sensors (according to a survey by Fujifilm)

Sources of Corporate Value

The sources of our value creation are our technological capabilities, corporate culture, human resources, brand and global network. All of these are indispensable if we are to meet the needs and expectations of society and earn its trust.

Corporate Culture

Inner branding activities

active in

22 languages

- Conducting e-Learning through the FUJIFILM Corporate Movie for all Group employees worldwide designed to promote understanding and penetration of the Fujifilm Group's vision
- Conducting ongoing internal training to improve compliance awareness and strengthen risk management
- Providing whistleblowing contact points in 23 languages and ensuring an "open, fair and clear" corporate culture from our vision

Technological Capabilities

Number of patents held

58,208

(Combined holdings of FUJIFILM Corporation and FUJIFILM Business Innovation Corp. as of March 31 2021)

- Conducting R&D utilizing cutting-edge technologies such as big data analysis at the Informatics Research Laboratory
- Creating open innovation globally from Open Innovation Hubs in Japan, the United States and Europe
- Launched the All-Fujifilm DX Promotion Program, promoting digital transformation (DX) leveraging artificial intelligence (AI) and the Internet of Things (IoT) across the entire Fujifilm Group
- Developing intellectual property strategies reducing business risks and contributing to business growth in collaboration with business divisions and R&D divisions

Human Resources

Data science-related training for DX acceleration Course participants:

4,485

(Cumulative total as of September 2021)

- Implementing health promotion measures globally tailored per country/region and promoting health management
- Recognized as a Health and Productivity Enterprise (White 500) for five consecutive years and as a 2021 Health and Productivity Stock
- Established long-term goals for development and utilization of diverse human resources, appointing talented non-Japanese employees to key posts, and promoting the success of female employees
- Conducting ongoing FUJIFILM WAY Training and training for enhancing problem formulation skills

Competitive Advantages of the Fujifilm Group

Brand

Worldwide brand recognition

96%

- Earned high recognition rates in a 2021 brand survey conducted in 12 countries. Recognition scores included 100% in Japan, 99% in Singapore, 97% in China and 92% in the United States, the United Kingdom and Germany
- Conducting the NEVER STOP global branding campaign worldwide, widely promoting the Fujifilm Group's broad business domains and corporate stance of consistently taking on challenges
- Carry out education and training within the Group and in the sales distribution network to improve customer satisfaction
- Conduct employee engagement survey

Global Network

Number of consolidated subsidiaries worldwide

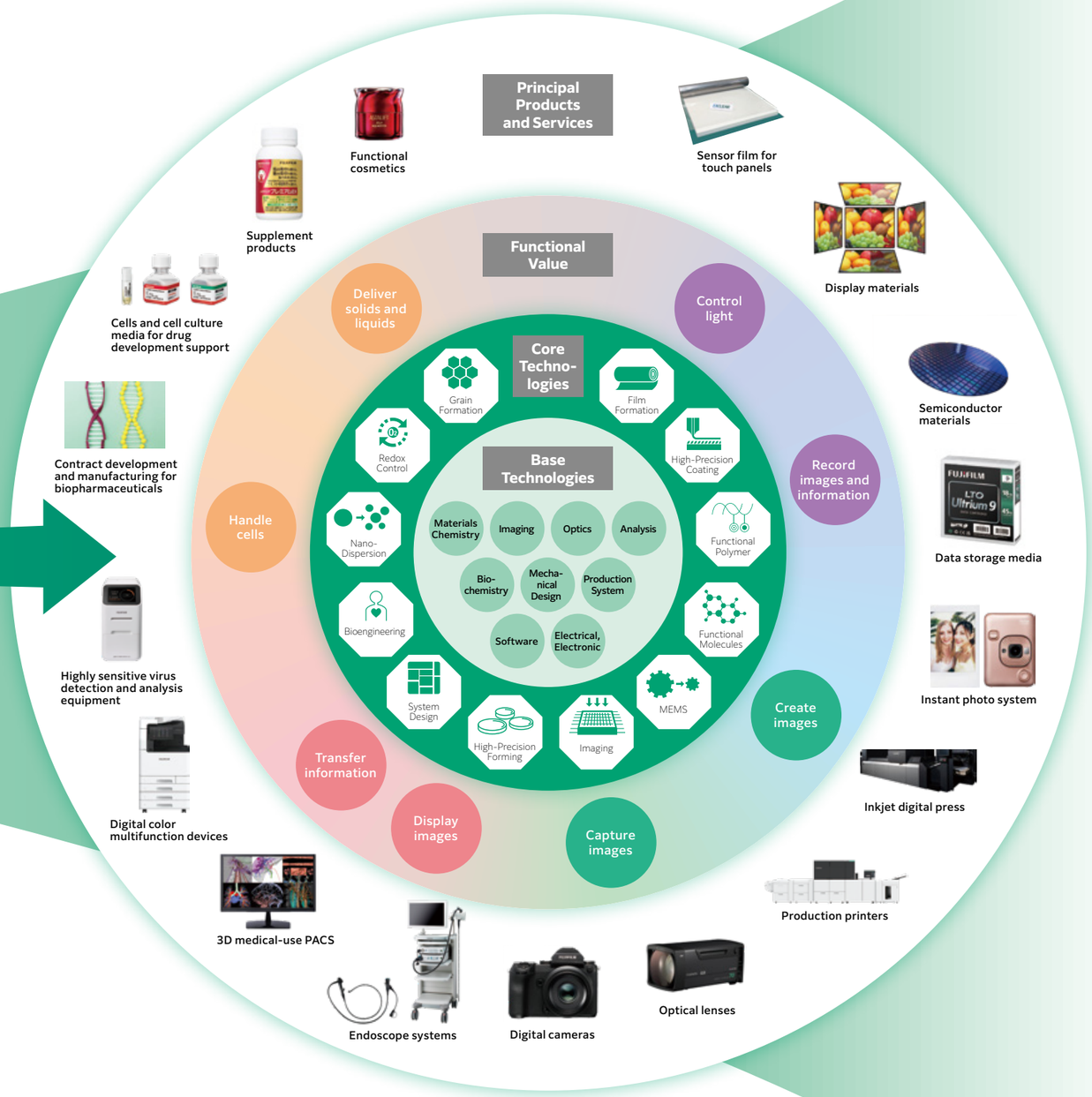
310

(As of March 31, 2021)

- International revenue ratio (excluding Japan) for fiscal 2020: 58%
- Established regional management companies at major locations in Europe, the United States, China and Southeast Asia
- Established five bio CDMO facilities in Europe and the United States, the main markets for biopharmaceutical development and manufacturing
- Newly established process development and API manufacturing locations for gene therapy drugs

The Fujifilm Group's Proprietary Technologies

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 provide a wide range of products and services.



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 the 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

We established the CTO Office at FUJIFILM Holdings in December 2020. This office is tasked with formulating a portfolio of technologies for us to evolve and new technologies for us to incorporate, and with following through on this evolution and incorporation. The office's operations are founded in the Fujifilm Group's business concept of resolving medium- to long-term social issues. 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 our base technologies. These laboratories provide the technologies we need in each business from a group-wide perspective.

In addition, FUJIFILM Business Innovation is advancing R&D to contribute to solving customers' management issues. We are constantly working to design people-centric products and services, as well as collaborating with universities, research institutes, corporations and other partners in our focus to generate synergies for resolving issues faced by 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 Open Innovation Hubs in Japan, the United States and Europe as places to facilitate the co-creation of new value and where we can link our base and core technologies—the source of the Fujifilm Group's competitiveness—along with the materials, products and services that incorporate them, to the issues and needs faced by external business partners and society. While all locations share the same core concepts, their exhibits are tailored to each location's respective market environment and regional characteristics. Since their openings, the three regions have welcomed a combined total of 20,000 visitors from about 4,000 companies (as of August 31, 2021), and collaborations have taken place in various forms. In 2020, with the ongoing spread of COVID-19, rapidly establishing an online environment of co-creation has resulted in growing collaborations with distant and worldwide business partners, as well as broader activities in general.

FUJIFILM Business Innovation also offers the Business Innovation Lab, a place where visitors can experience our long-cultivated communications technologies hands-on. It also provides Future Edge, a facility for verification and testing ahead of new business innovations in the global communications domain and where it works alongside customers to generate new innovations. 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.

◀ Please watch our video on the Open Innovation Hub for more information. (The password is "fujifilm".)

AI / ICT initiatives

In order to create innovative products and services and dramatically evolve our business processes, we are taking strong action led by the ICT* Strategy Division, toward DX using advanced technologies such as AI and the IoT. Our goal is to contribute to achieving DX not only for ourselves but also for our customers and society as a whole.

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

* Information and Communication Technology

Topic 1: Formulation of the Fujifilm Group AI Policy

In November 2020, we adopted the Fujifilm Group AI Policy, guidelines for the effective and appropriate use of AI in all corporate activities.

The Fujifilm Group, based on its corporate philosophy, has been developing and accumulating technologies for deciphering valuable information from large volumes of image data in the fields of medical diagnostic imaging and photo imaging. With these technologies and knowledge as strengths, we are developing AI technologies that can tackle needs and issues in areas such as healthcare and advanced materials and are promoting their implementation in society.

The Company will work to create new value and resolve social issues by providing products and services offering safety and peace of mind, developed in accordance with the Fujifilm Group AI Policy. In addition, in order to properly utilize and enforce this policy, we will enhance literacy training for employees involved in the development and usage of AI, and better cultivate AI human resources.

Outline of the Fujifilm Group AI Policy

1. Accelerating new value creation with the active use of AI
2. Developing and providing products and services respecting human rights
3. Ensuring fair and appropriate use of AI
4. Ensuring the security of information to be used
5. Fulfilling accountability and ensuring transparency
6. Developing human resources capable of utilizing AI in an advanced and appropriate manner

Combinations of Fujifilm Group businesses and AI technology

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 products field

ひびみっけ

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-AAM: Drug Candidate Compound Search and Design Simulation Technology

This 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 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 business innovation 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 value-added solutions based on systems integration and cloud services and BPO*2.

Topic 2: Formulation of the DX Vision

In July 2021, the Fujifilm Group formulated its DX Vision, clearly defining its commitment to dramatically increasing value provided to customers and to continuing to take on the challenge of resolving social issues through the further promotion of DX.

In addition to creating the Digital Reform Committee in 2017 as an organization managing the digital officers appointed in each division, we are promoting DX on a group-wide, cross-organizational basis, aiming to resolve DX issues using the latest ICT within all business activities, services and operations.

▶ **For details, please see "Message from the CEO" on page 21.**

*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

Message from the CEO

Teiichi Goto
President and CEO,
Representative Director

Career Summary

Apr. 1983	Joined Fuji Photo Film Co., Ltd.
Jan. 1995	Assigned to Ho Chi Minh Representative Office, Singapore Branch
Oct. 1999	Senior Manager, Singapore Branch (in charge of 13 countries and regions in Asia)
May 2008	President, FUJIFILM Medical Systems (Shanghai) Co., Ltd.
Dec. 2010	General Manager, Modality Solutions Division, Medical Systems Business Division
June 2013	General Manager, Medical Systems Business Division, FUJIFILM Corporation
June 2014	Corporate Vice President and General Manager of Medical Systems Business Division, FUJIFILM Corporation
June 2018	Director, FUJIFILM Holdings Corporation Director and Senior Vice President, FUJIFILM Corporation General Manager, Medical Systems Business Division, General Manager, Healthcare Business Development Office
June 2020	Director, FUJIFILM Holdings Corporation Director and Executive Vice President, FUJIFILM Corporation General Manager, Medical Systems Business Division
June 2021	President and Chief Executive Officer (CEO), Representative Director, FUJIFILM Holdings Corporation (to present) President and CEO, Representative Director, FUJIFILM Corporation (to present)

The Fujifilm Group's raison d'etre is to take on and resolve social issues. With our spirit to "NEVER STOP," we will continue to take on new challenges and create a better future.

On Appointment as President and CEO, Representative Director

Our aim is to take greater leaps forward as a leading company creating new value.

Following the 125th Ordinary General Meeting of Shareholders held on June 29, 2021, and the subsequent meeting of the Board of Directors, I was appointed as President and CEO, Representative Director of FUJIFILM Holdings Corporation.

Since its establishment, the Fujifilm Group has consistently offered products and services that are useful to society while evolving technologies that are both leading-edge and proprietary. Alongside this, it has made contributions toward the sustainable development of global society. This corporate stance has remained unchanged even amid shifts in the Group's management structure. I task myself with creating the future of the Fujifilm Group, and I will strive to further enhance its corporate value.

The COVID-19 pandemic is showing no signs of slowing down, and continues to deal a significant impact on all aspects of people's lives, living, education and work styles globally. Over the past year, the Fujifilm Group has made all-out efforts in helping the world overcome COVID-19, such as contract manufacturing of active ingredients in vaccine candidates, developing AI-based diagnostic imaging support software for pneumonia, and developing and supplying reagents for detecting new virus mutations. Having reinvented itself from a photographic film company into a corporation with a focus on the healthcare and advanced materials businesses, we have renewed our determination to contribute to society through the proactive creation of new value, the very raison d'etre of the Fujifilm Group.

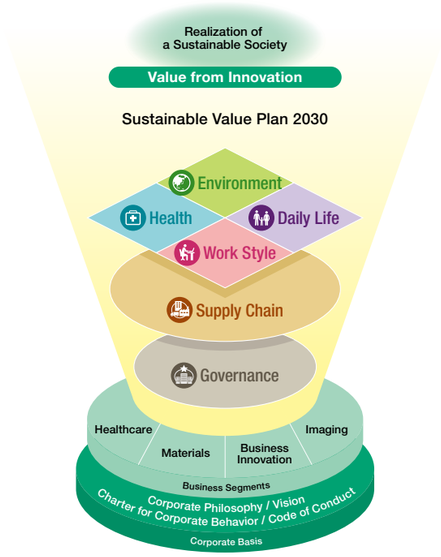
In April 2021, we announced our medium-term management plan VISION2023, to end in fiscal 2023 and marking the next phase of our growth. What I have told our Fujifilm Group employees is that the achievements we can boast today come from the seeds we have sown over the past decade; that these are, so to speak, the shoulders we stand on as we build the future of the Fujifilm Group. In our conversations, I have emphasized that we cannot rely on these to carry us through the next decade or more, and that we must each sharpen our senses, sow new seeds in R&D, and water and nurture these sprouts. Based on the belief that everything originally comes from the field, I have devoted myself to planting the seeds for the future and aiding the evolution and development of our businesses in my 17 years working overseas and my over 10 years in the Medical Systems Business.

We at the Fujifilm Group possess the capability to contribute to social issues from a variety of angles by developing a wide range of businesses, utilizing our profound technological and engineering capabilities. Going forward, our aim is to take greater leaps forward as a leading company creating new value as we identify the key essence of each business and work to constantly anticipate future developments.

Q What are your initiatives toward enhancing corporate value over the medium to long term?

A Promoting the new medium-term management plan VISION2023 to achieve the goals set out in the CSR plan "Sustainable Value Plan 2030 (SVP2030)." Growing healthcare into our largest segment in terms of both revenue and operating income.

In 2017, the Fujifilm Group drew up the CSR plan SVP2030, setting out goals to be achieved by 2030 in four priority areas (Environment, Health, Daily Life and Work Style) and two bases for business activities (Supply Chain and Governance), to be approached from the perspectives of "resolving social issues through business activities" and "considering society and the environment in our business processes."



At the same time, we have carried out activities based on the medium-term management plan VISION2019 for the past four years to achieve this goal. We have classified each of our businesses into one of three stages to strengthen our business portfolio: improving profitability, accelerating further growth and investing to create a new future. By taking measures appropriate to each stage, we have established a robust business foundation that is resilient even in the face of adversities such as the COVID-19 pandemic.

These measures include aggressive investment in the bio CDMO business, business reform at Fuji Xerox (now FUJIFILM Business Innovation) and making Fuji Xerox a wholly owned subsidiary.

VISION2023, our new medium-term management plan, becomes the next step in this process. Announced in April this year, this plan's core elements include accelerating business growth in healthcare and advanced materials and building a more resilient business platform to facilitate sustainable growth, growing healthcare into our largest segment in terms of both revenue and operating income. For fiscal 2023, the plan's final year, we are targeting revenue of 2.7 trillion yen and record-high profits, generating 260 billion yen in operating income and 200 billion yen in net income attributable to FUJIFILM Holdings.

To this end, we will promote four priority measures: (1) reinforce business portfolio management, (2) strengthen cash flow management, (3) enter into new markets for further growth and (4) create stronger integrated business synergies through M&A.

Climate-related initiatives, to be implemented in the SVP2030 priority area of "Environment," include raising the CO_2 emissions reduction target* from 30% to 45% across the entire product life cycle (30% reduction target already achieved in fiscal 2019), and increasing the Company's contribution to reducing CO_2 emissions generated in society from 50 million tons to 90 million tons. The emissions reduction target of 45% has been recognized by the international environmental initiative Science Based Targets (SBT) as "WB2°C (well-below 2 degrees Celsius)," i.e., science-based targets for achieving the 2°C targets adopted in the Paris Agreement. Furthermore, we have begun our study for a 1.5°C aligned science-based target. Based on these efforts, we continue to enhance scenario analysis in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

* Fiscal 2030 targets in reference to the fiscal 2013 level

In the area of "Health," we have set the target of expanding the deployment of our AI-based medical products and services from 57 countries and regions in fiscal 2019 to 196 in fiscal 2030 with the eventual goal of their introduction to all countries and regions. We will actively provide technical guidance to doctors and medical technologists who handle medical devices, enhancing medical access and quality of healthcare in regions with poor access to healthcare, thereby resolving regional disparities in healthcare services.

In the area of "Daily Life," as DX advances in our society, we will contribute to building a safe and secure society and peaceful living, including developing electronic materials for cutting-edge semiconductors that are essential for the development of 5G, autonomous driving, etc., promoting the introduction of recording media and display materials that facilitate a data-oriented society, assisting the digitization of the commercial printing and package printing, and creating products and services in the photographic and videographic fields that enrich our lives.

In the area of "Work Style," we will enhance our solutions and services to create new value, with the goal of providing 50 million people with work styles that support increased productivity and creativity.

Q Where are you focusing in promoting the new medium-term management plan VISION2023?

A Accelerate growth centered on healthcare and advanced materials, while improving profitability and efficiency in other businesses. Furthermore, work to promote DX group-wide and develop and strengthen human resources who can play an active role on the global stage.

As we strive toward the next stage of growth, we will steadily carry out the tasks set forth when I was appointed as CEO: (1) accelerate our business growth centered on healthcare and advanced materials fields and improve profitability and efficiency in other businesses, (2) promote DX group-wide and (3) develop and strengthen human resources who can play an active role on the global stage.

(1) Accelerate business growth centered on healthcare and advanced materials and improve profitability and efficiency in other businesses

Healthcare is a growing market, where competition will inevitably intensify. Amid this, we welcomed FUJIFILM Healthcare Corporation to the Group, the successor to Hitachi, Ltd.'s diagnostic imaging business, on March 31, 2021. We will accelerate the growth of the medical business by combining these new strengths, such as a broad product portfolio including CT, MRI and ultrasound, as well as a strong sales network, with Fujifilm's strengths in medical IT. In addition, we will make bold investments, particularly in bio CDMO and drug discovery support, and provide high-quality products and services to grow Healthcare into the Fujifilm Group's largest business segment.

Materials are also an area with great potential for growth, as the scope of digitization expands in line with technological innovation in areas such as digital communications (5G), AI and autonomous driving. We will grow our business here while developing materials for semiconductors, displays and other applications where our technologies can be utilized, while rapidly providing cutting-edge functional materials.

As for Business Innovation, FUJIFILM Business Innovation Corp. has dramatically expanded its sales regions and business domains since April of this year, when it changed its name from Fuji Xerox. By combining the sales, technology and product capabilities held by FUJIFILM Corporation and FUJIFILM Business Innovation, we aim to achieve further growth by providing value that brings innovation to our customers' businesses.

As for Imaging, we believe that it is our social mission as the best possible owner of this business to inherit and evolve the culture of photography. In the fields of photography and videography, we will build markets by creating Fujifilm-unique products and services commensurate with our broad capability in everything from imaging devices to printing.

(2) Promote DX group-wide

The key to accelerating growth in these business domains is to build a new, highly profitable business model by using DX and improving business process efficiency leveraging AI technology and ICT. The Fujifilm Group boasts a number of success cases supporting DX at our customers. For instance, the Medical Systems Business's SYNAPSE medical-use picture archiving and communication system (PACS) has been implemented in around 5,800 facilities worldwide and holds the top market share globally. Furthermore, DocuWorks, a document handling software as part of our Business Innovation business, boasts a cumulative total of 7.77 million licenses (as of April 2021) in Japan and overseas sales, contributing to improved operational efficiency for many customers.

Meanwhile, internally at the Fujifilm Group, there are also activities that can offer contributions to cross-organizational

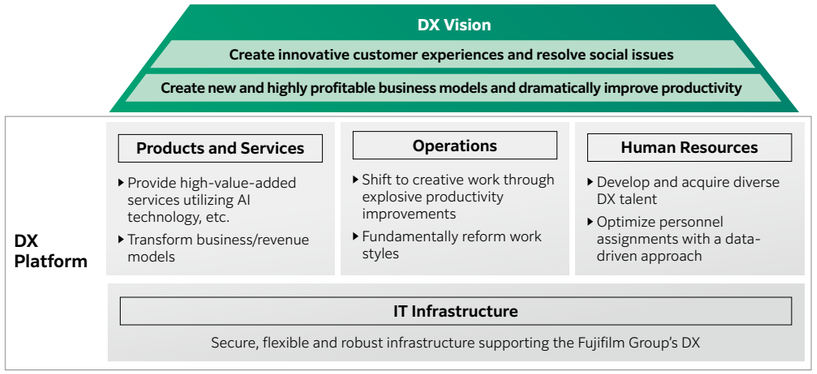
efficiency and the resolution of social issues, even in the midst of initiatives focused on product development by business divisions and improving the efficiency of departmental operations, and it is essential to evolve and accelerate these activities into DX group-wide.

To this end, we have launched the All-Fujifilm DX Promotion Program in fiscal 2021, a program where I serve as Program Director responsible for implementing the project as we work toward DX throughout the Fujifilm Group. In addition, we announced the DX Vision in July 2021, clearly defining the Fujifilm Group's vision for strongly promoting DX. In addition to "Human Resources DX," where we promote the development of human resources dedicated to DX and create an environment optimizing talent allocation, we are also working toward "Operations DX," where we aim to speed up decision-making and streamline operations through updating our system for centrally controlling management data worldwide, and "Products DX," where we apply robotics and AI technologies to products and services in a wide range of businesses to help customers accelerate their DX activities. We will also further strengthen information security, which serves as the foundation for promoting DX, and build a solid DX foundation.

(3) Develop and strengthen human resources who can play an active role on the global stage

It is essential that we cultivate and utilize diverse human resources who will continue to take on the challenge of creating synergies within the Group and realize our goals. Through my many years of working overseas, I have come to strongly believe that the foundation of business is built on trusting interpersonal relationships. We will proactively invest in development of human resources in order to increase our talent pool on a global level who are able to overcome language and cultural differences and who are able to autonomously innovate while persistently advancing the business. In particular, we will expand opportunities for highly motivated employees from the younger generations, and grow our pool of professional talent. At the same time, we will focus on fostering an organizational culture that allows diverse employees to demonstrate their individual capabilities, treating differences such as gender, nationality, disabilities and age as opportunities.

The Fujifilm Group's DX Platform



Fujifilm Group's DX Vision

Fujifilm's relentless pursuit of a better world is entrenched in the Company's commitment to a more sustainable, healthier and safer future. We are well prepared for taking on the greatest challenges of our time through the use of advanced and digital technology, valuable and innovative products and services, and from the connected contributions of every business, every team and every individual at Fujifilm.

To Our Stakeholders

We will continue to generate change for the better in society.

Clean water and air are necessary for the manufacturing of photographic film, an element at the very roots of the Fujifilm Group's history. Because quality was only determined once our customers had a developed or printed image in their hands, this was a product our customers had to "buy on trust." Here, the Fujifilm Group's corporate culture is rooted in the environmental, social and governance (ESG) concepts, including this trust and environmental conservation, and we have been contributing to resolving social issues alongside achieving business growth.

In recent years, the scope of CSR has been expanding, including addressing the COVID-19 pandemic, working toward the realization of a decarbonized society and promoting the diversification of human resources. To realize a sustainable society, we at the Fujifilm Group believe we need to create changes for the better, with a spirit to "NEVER STOP." We will create the future with the value that only we can provide, meet the expectations of our stakeholders, and continue to be a company that creates a virtuous cycle so that our employees can work with even greater pride. I look forward to your continued support for us here at the Fujifilm Group as we take on these many challenges.

Strategy and Value Creation

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The Fujifilm Group's Vision and Ideals

In April 2021, we formulated the new medium-term management plan VISION2023 covering fiscal 2021 to fiscal 2023. This action plan guides us toward achieving the goals set forth in Sustainable Value Plan 2030 (SVP2030), a long-term plan targeting fiscal 2030.

We will accelerate the growth of the Fujifilm Group and contribute to the realization of a sustainable society by promoting the priority measures set forth in VISION2023, and by providing valuable products and services based on our leading-edge, proprietary technologies.

Realization of a Sustainable Society through Value from Innovation

- Resolving global environmental and social issues with innovation
- Impacting society in a positive way through a wide range of business
- Adequately responding to the expectations of society through stakeholder engagement

SVP 2030

Targets Under SVP2030

Fiscal 2030

Revenue: JPY **3,500.0** billion or more

CO_2 emissions*: Down **45**% (vs. fiscal 2013)

VISION 2023

Targets Under VISION2023

Fiscal 2023

Revenue: JPY **2,700.0** billion

Operating income: JPY **260.0** billion

CO_2 emissions*: Down **38**% (vs. fiscal 2013)

VISION 2019

Achievements under VISION2019

Fiscal 2019

Revenue: JPY 2,315.1 billion

Operating income: JPY 186.6 billion

CO_2 emissions*: Down 30% (vs. fiscal 2013)

Fiscal 2017: Formulation of SVP2030

* CO_2 emission reductions are based on the entire product life cycle.

Targets are set in four priority areas and in the basis of our business activities via a two-pronged approach: considering society and the environment in our business processes and resolving social issues through our business activities.

Priority Areas		Business Segments	Goals in the SDGs
Environ-ment	• Address climate change • Promote recycling of resources • Address energy issues • Ensure product and chemical safety	▶ Healthcare ▶ Materials ▶ Business Innovation ▶ Imaging	6, 7, 12, 13, 17
Health	• Reduce healthcare disparities and build a healthy society through the global provision of leading-edge products and services in all areas of prevention, diagnosis and treatment	▶ Healthcare	3, 17
Daily Life	• Contribute to the creation of a safe and secure society in the age of advancing DX through the development and provision of leading-edge functional materials • Contribute to enriching and making people's lives peaceful through the development and provision of high-quality, high-performance products and services in the field of photography and videography	▶ Materials ▶ Imaging	9, 11, 17
Work Style	• Contribute to social change where every person is motivated in the workplace through global provision of products and solutions that increase productivity and creativity	▶ Business Innovation	5, 8, 17
Basis of Business Activities			
● Supply Chain	• Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics and human rights		12
● Governance	• Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture		

Process for Identifying Materiality

Step 1
Clarifying the Basic Policies

Have a long-term perspective to contribute to resolving social issues as a global company and show the future vision clearly

Step 2
Extracting Social Issues Based on Business Strategy

List issues from external perspectives (e.g., various guidelines such as ISO 26000, GRI and the SDGs) and in terms of potential of issue resolution by all our divisions

Step 3
Evaluation of Materiality

Evaluate materiality via a two-pronged approach:
(1) Considering society and the environment in our business processes
(2) Resolving social issues through our business activities

Step 4
Planning and Review

Promote measures as companywide policy after coordinating goals for identified materiality with the relevant business divisions and finalizing materiality in the deliberations at the ESG Committee

▶ For details of each step, please see the Sustainability Report 2021 Management Performance, pages 9–12.

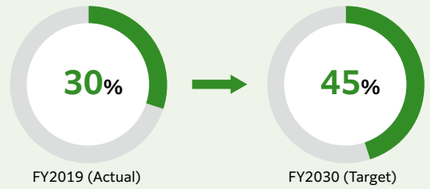
Opportunities, Risks, Targets and Initiatives in Priority Areas

By assessing opportunities and risks and setting targets for initiatives in each of our priority areas, and by developing these initiatives in our business segments, we aim to resolve social issues through our business activities.

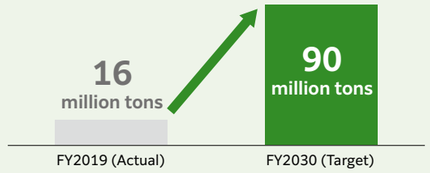
Priority Areas	Opportunities	Risks	Main Business Segments
Environment	• Growing needs for efficiently storing enormous volumes of data with less energy and at low cost in the era of big data • Increasing demand for systems, products and technologies for weather monitoring and prediction in response to abnormal weather events, and for diagnosing deterioration of infrastructure such as buildings and water sources	• Supply chain disruptions and factory stoppages due to abnormal weather events caused by temperature increases (e.g., heavy rain, floods, drought, forest thinning) • Material shortages due to tree and forest withering (Paper: pulp, Film: cellulose) • Material shortages due to fossil fuel depletion • Increase in manufacturing costs due to carbon taxes on fossil fuel • Securing water necessary for film production to mitigate natural disasters, etc.	▶ Healthcare ▶ Materials ▶ Business Innovation ▶ Imaging Goals in the SDGs
Health	• 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	• Major, unpredictable changes in healthcare administration policies due to healthcare reforms • 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	▶ Healthcare Goals in the SDGs
Daily Life	• Stronger demand for display-related materials with growth in the OLED market • Expansion in the semiconductor market from spread of 5G and autonomous driving • Expansion in the industrial printing markets for packaging and textiles, and growth in inkjet digital printing in these markets • Growth in the number of images 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	• 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 • 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 • Procurement risk due to tight supply-demand balance in semiconductors	▶ Materials ▶ Imaging Goals in the SDGs
Work Style	• 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 for DX and improving productivity in office work	• Decreased demand for printing with establishment of telecommuting and advancements in business process digitization • Decline in profitability due to tougher competition in office equipment markets	▶ Business Innovation Goals in the SDGs

Major Initiatives and Targets for Priority Areas per Business

Target 1 **Reduce CO_2 emissions over product life cycles*1**



Target 2 **Reduce CO_2 emissions through products and services*2**



Investment with Consideration of Environmental Impact

- Incorporating contribution to decarbonization in investment decisions
  → Targeting implementation of renewable energy at the new bio CDMO factories

Energy Strategy

- Switching to high-efficiency facilities across the Group
- Promoting social infrastructure development through environmental initiatives

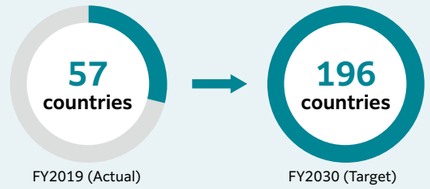
Creating and Promoting Environmentally Conscious Products

- Reducing society's power consumption through promoting use of large-capacity magnetic tape as an alternative to hard disk drives
- Reducing power load by introducing printing plate materials that do not need development processing
- Developing materials contributing to energy storage

*1 Reducing CO_2 in the entire product life cycle (Figures vs. fiscal 2013 levels)

*2 Target of CO_2 emissions reduction in society, which is to be achieved by replacing the conventional products with our environmentally conscious products and services (Cumulative reduction since fiscal 2017)

Target **Implementing medical AI-based products and services in all countries and regions**



- Implementing products and services based on medical AI technology in all countries and regions by fiscal 2030 to improve access to healthcare

Target 1 **Contribute to creation of a safe and secure society in the age of advancing DX through the development and provision of leading-edge functional materials**

Target 2 **Contribute to enriching and making people's lives peaceful through the development and provision of high-quality, high-performance products and services in the field of photography and videography**

Target **Provide solutions and services bringing business innovation to 50 million people around the world**

- Providing 50 million workers with work styles helping them be more productive and creative through solutions and services that bring innovation to their businesses

Targets for Achieving SVP2030 and Initiatives in Fiscal 2020

▶ For details, please see the Sustainability Report 2021 SVP Stories, pages 14–15.

Priority Area	Priority Issues	Major Targets for FY2030	Major Activities in FY2020
Environment	1. Address climate change 2. Promote recycling of resources 3. Address energy issues toward a decarbonized society 4. Ensure product and chemical safety	• Reduce the Fujifilm Group's CO_2 emissions by 45% by FY2030 (compared to the FY2013 level) • Contribute to a reduction in the CO_2 emissions generated in society by 90 million tons by FY2030 • Minimize adverse effect of chemical substances on human health and the environment	• Raising our FY2030 targets for reducing CO_2 emissions (Targets on the left are revised targets) • Obtained SBTi certification with higher targets • Newly certified 30 products under the Fujifilm Group Green Value Products certification system (total: 166 products) • Named on the CDP A List for Water Security, earned the highest "Leadership" rank in the CDP Supplier Engagement Rating for three consecutive years
Health	1. Fulfill unmet medical needs 2. Improve accessibility 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	• Develop new treatment solutions / Improve accessibility to new treatment solutions • Expand and scale up AI and IoT technologies to reduce burden on medical professionals • Promote management of health and productivity to maintain employees' vitality	• First time selected for Health and Productivity Stock Program • Opened a cancer-focused medical screening center in India • Released PCR test kits, manufactured APIs for COVID-19 vaccine candidates and provided contract manufacturing for drug preparations • Announced large-scale investments in Denmark and U.S. biopharmaceutical manufacturing facilities • Launched SYNAPSE Radiotherapy, a radiotherapy planning support software that utilizes AI in Japan
Daily Life	1. Contribute to creating a safe and secure society 2. Contribute to enriching humanity and relationships between people	• Aim at 100% preservation of records archived on tapes. • Offering opportunities to enjoy photos that give forms to memories	• Developed technology for magnetic tape storage media with high recording capacity of 580TB, which is 50x the conventional capacity • Enhanced the AI functionality of "Hibimikke (Crack Finder)" a social infrastructure image diagnostic service
Work Style	1. Create environments that lead to a motivated workplace 2. Develop and utilize diverse human resources	• Support work-style reform for customers • Improve the rate of women in managerial positions	• Received the Nikkei Superior Products and Services Award and the Nikkei Business Daily Award for the CocoDesk personal workspace, supporting telecommuting for businesspersons • Launched provision of our IT Expert Service, an outsourcing service helping SMEs to leverage IT • Improved the rate of women in managerial positions (14.5% in FY2019 to 15.4% in FY2020)
• Supply Chain	Strengthen CSR foundations across the entire supply chain including factors of the environment, ethics and human rights	• Promote sustainable procurement	• Re-informed our suppliers across the world about the Request to Suppliers and collected receipts from 213 suppliers
• Governance	Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture	• Improve compliance awareness across the entire global Group and reinforce risk management	• Establishment of the Fujifilm Group AI Policy • Revision of Corporate Governance Guidelines • Establishment of the Fujifilm Group Global Healthcare Code of Conduct and providing education to employees engaged in related businesses • Surveying all Group employees on understanding of Company policies and awareness of compliance

Reflecting on the VISION2019 Medium-Term Management Plan, and on Fiscal 2020

Enhancing our business portfolio and building the foundation for the next leap forward

In the VISION2019 medium-term management plan, we positioned our businesses in the following three stages: improving profitability, accelerating further growth and investing to create a future. Taking measures according to the stage of growth, we worked to improve the profitability of each business and set priority issues such as accelerating growth in the healthcare field and establishing a new growth strategy and further improving profitability of the document solutions business.

In healthcare, with the medical systems business and the bio CDMO business as growth drivers, we have been proactively making investments for sustainable growth, including the acquisition of Hitachi, Ltd.'s diagnostic imaging business, the acquisition of a facility in Denmark for the bio CDMO business and large-scale capital investment. In the document solutions business, we achieved an operating margin of more than 10% in fiscal 2019, one year ahead of the initial plan, by improving profitability through promotion of operational reforms and shortening development lead times. In addition, by making Fuji Xerox a wholly owned subsidiary of the Company, we have established a foundation that will lead to faster decision-making and further synergy creation within the Fujifilm Group.

(Billions of yen)

	VISION2019	FY2019 (Actual)	FY2020 (Actual)
Revenue	2,600.0 100%	2,315.1 100%	2,192.5 100%
Operating income	230.0 8.8%	186.6 8.1%	165.5 7.5%
Net income attributable to FUJIFILM Holdings	150.0 5.8%	125.0 5.4%	Record high 181.2 8.3%
ROE*	7.3%	6.3%	8.7%

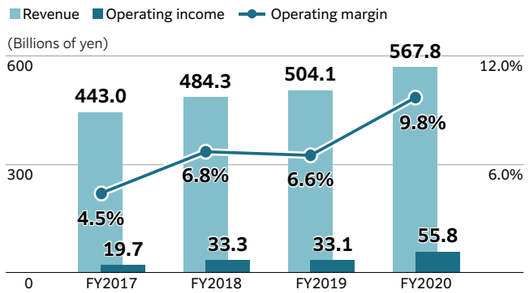
* Return on equity

Addressing Priority Issues and Performance Trends

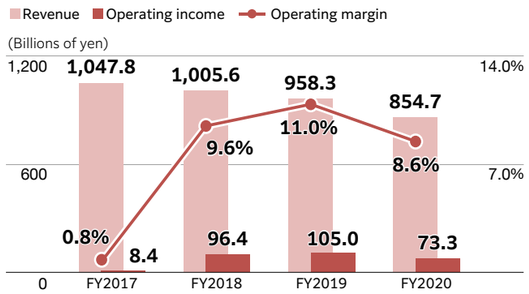
Priority issues	Measures FY2017	FY2018	FY2019	FY2020
Accelerating growth in the healthcare field	Acquisition of Wako Pure Chemical Industries, Ltd.	Acquisition of Irvine Scientific	Acquisition of Biogen (Denmark) Manufacturing Decision to acquire Hitachi, Ltd.'s diagnostic imaging business*	Bio CDMO business Decision to make large-scale capital investment Transfer of J-TEC shares
Establishing a new growth strategy and further improving profitability of the document solutions business	Announced structural reforms at Fuji Xerox		Converted Fuji Xerox to a wholly owned subsidiary Decided to terminate the technology agreement with U.S.-based Xerox Corporation	Established FUJIFILM RIPCORD, a service company to drive DX alongside U.S.-based RIPCORD

* Acquisition completed on March 31, 2021

Healthcare Field: Performance Trends



Document Solutions Business: Performance Trends



A business portfolio with steady profits, even amid the COVID-19 pandemic

In fiscal 2020, both sales and profits decreased year-over-year due to the impact of the spread of COVID-19, but the medical systems business, bio CDMO business and regenerative medicine business performed particularly well in contributing to pandemic control. Sales also increased in the highly functional materials field, which captured demand for working and learning at home. This was a year in which we built a resilient business portfolio and generated solid profits even amid the COVID-19 pandemic. In addition, net income attributable to FUJIFILM Holdings reached a record high, thanks to gains on the sale and valuation of investment securities, which gained significant value from strategic investments in venture companies, mainly in the healthcare segment. Also contributing were improvements in losses attributable to noncontrolling interests as a result of converting Fuji Xerox into a wholly owned subsidiary.

Medium-Term Management Plan VISION2023

In April 2021, we announced our medium-term management plan VISION2023, effective through fiscal 2023. Through four priority measures, we will accelerate growth in healthcare and highly functional materials and build a more resilient business platform to facilitate sustainable growth.

Accelerate business growth in healthcare and advanced materials and build a more resilient business platform to facilitate sustainable growth

- Continue active growth investments
- Concentrate management resources on "New/Future Potential" and "Growth Driver" businesses
- Accelerate and strengthen the cash generation and investment cycle

1 Reinforce business portfolio management

Implement appropriate strategies according to business phase

Optimal allocation of group-wide management resources

2 Strengthen cash flow management

Thorough business approach that emphasizes capital efficiency

Improve ROE*1, ROIC*2 and CCC*3

3 Enter into new markets for further growth

Continue to invest in fields and markets where our technological strengths*4 can be leveraged

4 Create stronger integrated business synergies through M&A

FUJIFILM Healthcare*5
→Combine AI technology with our extensive product lineup to create new value

FUJIFILM Business Innovation
→ • Accelerate global business deployment
• Strengthen solution and service businesses

VISION2023: Four priority measures

VISION2023 is based on the principles of accelerating growth in healthcare and highly functional materials and building a more resilient business platform to facilitate sustainable growth. Here, we will promote four priority measures to achieve these goals.

1 Reinforce business portfolio management

With our business segments reorganized into four areas—Healthcare, Materials, Business Innovation and Imaging—we will execute strategies befitting the phase of each business within these segments, with each business classified into one of four stages—New/Future Potential, Growth Driver, Earnings Base and Non-Core.

2 Strengthen cash flow management

In addition to growth in revenue and operating income and achieving ROE targets, we will adopt ROIC and CCC as new indicators and strengthen our ability to generate cash, through rigorous business management mindful of capital efficiency. In particular, we will focus on ROIC, an indicator of management efficiency in terms of effectively utilizing invested capital, with a group-wide target of 6.1% in fiscal 2023. In addition, through the efficient use of assets and business portfolio management, we will generate a cumulative total of JPY 1 trillion in operating cash flow over three years, which we will prioritize use in growth investment.

3 Enter into new markets for further growth

We will invest in areas where we can leverage the Fujifilm Group's technological strengths, such as AI technology, biotechnology and photo regulation materials technology as we work to enter new markets.

4 Create stronger integrated business synergies through M&A

Fujifilm will create synergistic benefits with FUJIFILM Healthcare, which has taken over Hitachi, Ltd.'s diagnostic imaging business. Also, FUJIFILM Business Innovation will generate integration benefits in accelerating global operational presence and reinforcing the Solutions & Services Business.

*1 Return on equity
*2 Return on invested capital
*3 Cash conversion cycle. Number of days from when payment is made to purchase raw materials to when payment is collected for products or services
*4 AI/IT technologies, biotechnology, optical control material technology, etc.
*5 Successor company for diagnostic imaging business of Hitachi, Ltd. acquired on March 31, 2021

Performance Targets

(Billions of yen)

	FY2020 (Actual)	FY2021 VISION2023	FY2021 Latest Earnings Forecast*6	FY2023 VISION2023
Revenue	2,192.5 100%	2,440.0 100%	2,500.0 100%	2,700.0 100%
Operating income (Excluding one-time expenses)	189.5 8.6%	215.0 8.8%	235.0 9.4%	270.0 10.0%
One-time expenses	24.0	35.0	35.0	10.0
Operating income	165.5 7.5%	180.0 7.4%	200.0 8.0%	Record high 260.0 9.6%
Income before income taxes	235.9 10.8%	185.0 7.6%	220.0 8.8%	Record high 265.0 9.8%
Net income attributable to FUJIFILM Holdings	181.2 8.3%	130.0 5.3%	160.0 6.4%	Record high 200.0 7.4%
Earnings per share for net income attributable to FUJIFILM Holdings	¥453.28	¥325.18	¥400.18	¥500.27
ROE	8.7%	6.2%	7.1%	8.4%
ROIC	4.3%	4.6%	4.9%	6.1%
CCC	123 days	124 days	124 days	103 days

(Note 1) Fiscal 2020 exchange rates (actual): USD = JPY 106, EUR = JPY 124, silver price (per kg) = JPY 84,000
VISION2023 exchange rate assumptions: USD = JPY 104, EUR = JPY 124, silver price (per kg) = JPY 84,000
Latest exchange rate forecast for fiscal 2021: USD = JPY 109, EUR = JPY 132, silver price (per kg) = JPY 95,000
(Note 2) Operating income fluctuation per change in one foreign exchange unit: USD = JPY 0.3 billion, EUR = JPY 0.8 billion

Performance Targets in the VISION2023: Record profits

We are targeting revenue of JPY 2.7 trillion in fiscal 2023, with operating income to reach a record high in fiscal 2022 and further grow in fiscal 2023. Our goal for net income attributable to FUJIFILM Holdings is to reach a record high of JPY 200 billion in fiscal 2023. The plan does not incorporate one-time gains such as the gain on the sale and valuation of investment securities recorded in fiscal 2020, but it does include expected temporary profit declines in fiscal 2021. In addition, we will achieve ROE of 8.4% in fiscal 2023.

*6 As of the Q1 fiscal 2021 financial results announcement
*7 After segment eliminations
*8 Fiscal 2020 figures are forecasts as of the time when VISION2023 was announced
*9 Revenue in the fiscal 2020 earnings forecast reference data is based on the reclassification of revenue from "Production Services" under Business Innovation (Document Solutions) to the Materials area in the forecast announced on February 9, 2020 (reference data)

Performance Targets by Segment

(Billions of yen)

Revenue*7	FY2020*8	FY2021 VISION2023	FY2021 Latest Earnings Forecast*6	FY2023 VISION2023
Healthcare	550.0	750.0	770.0	860.0
Materials*9	570.0	600.0	620.0	720.0
Business Innovation*9	780.0	800.0	800.0	820.0
Imaging	280.0	290.0	310.0	300.0
Total	2,180.0	2,440.0	2,500.0	2,700.0

Operating income [Operating margin]	FY2020*7	FY2021 VISION2023	FY2021 Latest Earnings Forecast*6	FY2023 VISION2023
Healthcare	56.0 [10.2%]	70.0 [9.3%]	78.0 [10.1%]	103.0 [12.0%]
Materials	52.0 [9.1%]	56.0 [9.3%]	62.0 [10.0%]	95.0 [13.2%]
Business Innovation	71.0 [9.1%]	75.0 [9.4%]	75.0 [9.4%]	82.0 [10.0%]
Imaging	11.0 [3.9%]	16.0 [5.5%]	22.0 [7.1%]	25.0 [8.3%]
Corporate expenses / consolidated adjustment	-30.0	-37.0	-37.0	-45.0
Total	160.0 [7.3%]	180.0 [7.4%]	200.0 [8.0%]	260.0 [9.6%]

Medium-Term Management Plan VISION2023

Message from CFO

Strengthening our business portfolio management and building a more resilient business foundation facilitating sustainable growth

Masayuki Higuchi
Director and Corporate Vice President
CFO and General Manager of
Corporate Planning Division
FUJIFILM Holdings Corporation

Reinforcing Business Portfolio Management—Strategic execution fitting business phases

Along with the formulation of our medium-term management plan VISION2023, we have reorganized our businesses into four segments: Healthcare, Materials, Business Innovation and Imaging. Starting in fiscal 2021, we are disclosing financial information such as revenue and operating income for Healthcare as an independent segment to illustrate progress in this management plan.

In addition, each of our businesses will be categorized as one of New/Future Potential, Growth Driver, Earnings Base and Non-Core. For each of these, we will implement appropriate strategies and reallocate management resources across the Group in accordance with their respective growth phases. In order to classify the businesses, we examined each business from various perspectives, including its positioning, potential and stage. Our basis for this examination is the approach of concentrating investment in areas where we can leverage the Company's strengths and where we can generate higher returns over the medium to long term. We will concentrate investing our management resources into New/Future Potential and Priority businesses for growth, as these will drive our future generations. Meanwhile, we will pursue management efficiency and control investments in Earnings Base businesses, maximizing cash flow.

Reorganizing into Four Business Segments

Healthcare
- **Medical Systems**
- **Bio CDMO**
- **Life Sciences**
  - Life sciences (drug discovery support: iPS cells, cell culture media, reagents)
  - Pharmaceuticals
  - Consumer healthcare (cosmetics, supplements)

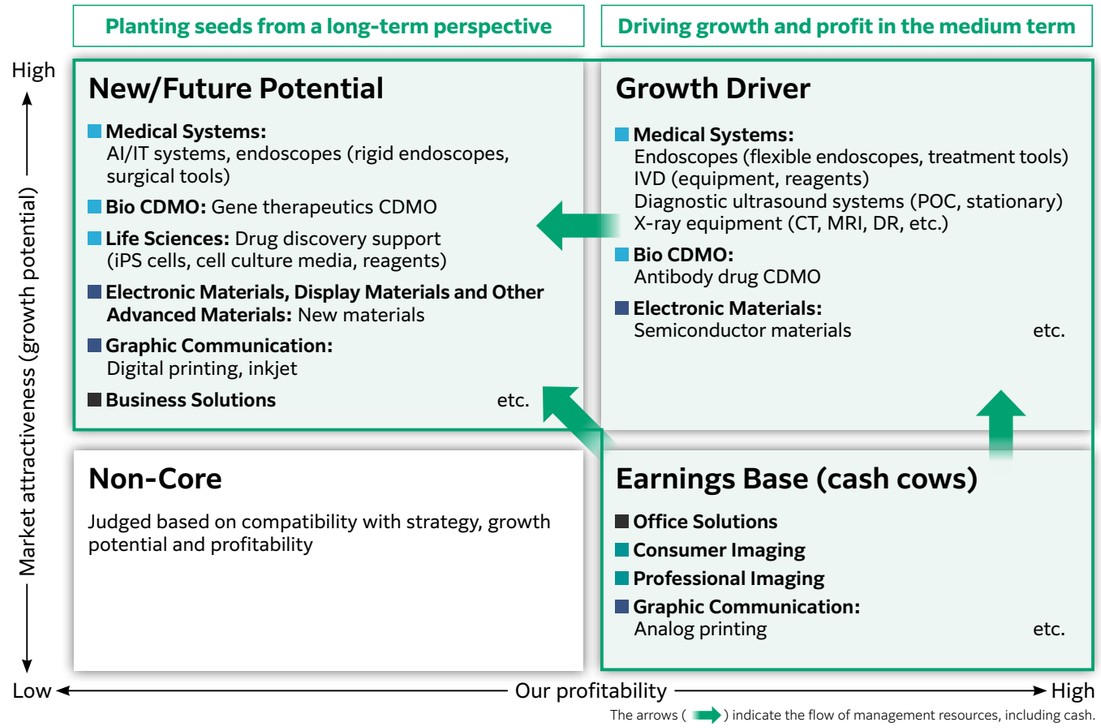
Materials
- Advanced Materials
  - **Electronic Materials**
  - **Display Materials**
  - **Other Advanced Materials**
    - Industrial products
    - Fine chemicals
    - Recording media
- **Graphic Communication**
  - Graphic communication
  - Inkjet

Business Innovation
- **Office Solutions**
- **Business Solutions**

Imaging
- **Consumer Imaging**
- **Professional Imaging**

As of fiscal 2021, results are disclosed for **four segments** (healthcare, materials, business innovation and imaging) and **11 subsegments** ( )*

* Revenue and operating income are disclosed for the four segments, and revenue is disclosed for the 11 subsegments.

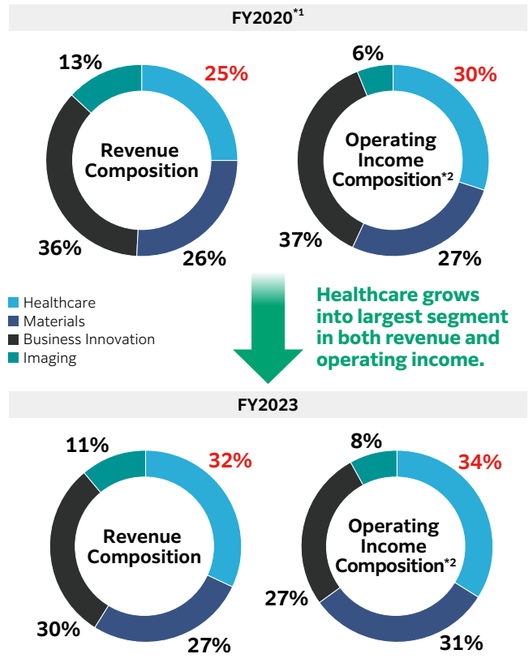


Specifically, over the three years of the VISION2023 plan, we will invest a total of more than 1.2 trillion yen in R&D, capital expenditures and other growth investments, of which 1 trillion yen will be concentrated in New/Future Potential and Priority businesses. By newly disclosing the revenue results of the medical systems business, bio CDMO business and electronic materials business, each are either New/Future Potential or Growth Driver, we will visualize the progress of growth in each of these businesses.

In the Earnings Base businesses, we will focus on profitability and efficiency to maximize cash generation and generate resources for investment in growth. Businesses that we have positioned as Non-Core in terms of strategic fit, growth potential and/or profitability will be examined with a view to either transforming them into Earnings Base businesses through thorough reform, or potentially disposing of them through sale or withdrawal.

Through these measures, we aim to grow Healthcare to become the Group's largest segment, with revenue accounting for 32% across the Group in fiscal 2023 (vs. 25% in fiscal 2020) and operating income of 34% in fiscal 2023 (vs. 30% in fiscal 2020).

Revenue and Operating Income Composition



*1 Figures for fiscal 2020 are forecasts as of the time when the medium-term management plan was announced.
*2 Operating income composition data is group-wide and before consolidation adjustments.

Medium-Term Management Plan VISION2023

Strengthening Cash Flow Management—Rigorous business management mindful of capital efficiency

In VISION2023, our key measures include working to strengthen our business portfolio management and cash flow management. While we increase profitability of each business, we must also shorten their CCC, an indicator of operational efficiency, and increase their in/out efficiency for individual investment projects to select projects with higher returns and increase ROIC. We will conduct rigorous business management mindful of capital efficiency, and in order to understand the efficiency of each business activity, we will set ROIC and CCC key performance indicator (KPI) targets for each business and work to improve these indicators. We aim to shorten the CCC through the number of inventory days by product, on-time delivery ratio, production lead times, overdue receivables ratio, etc., by bringing these down to field-level activity targets for each business. This indicator is more easily incorporated by individuals in the field as it is exactly the kind of activity that contributes to the Company's cash generation. In addition, we do not set uniform ROIC targets, but rather in a way that comprehensively takes into account the direction, phase, time frame and growth scenario for the business, and we strive to improve this figure for each business. In other words, we believe it is important to use ROIC as a compass helping us overlook the Group's business portfolio.

By strengthening our business portfolio and more efficiently utilizing assets, we will generate 1 trillion yen in operating cash flow over the next three years, allocate this cash to growth areas on a priority basis and build a resilient business foundation that will enable us to achieve sustainable growth and further enhance our corporate value.

Tables below are based on data at the time of the VISION2023 announcement.

ROIC*1 and CCC Targets

	FY2020*2	FY2021 VISION2023	FY2023 VISION2023
ROIC	4.2%	4.6%	6.1%
Healthcare	3.5%	4.3%	5.3%
Materials	8.1%	8.2%	12.9%
Business Innovation	8.8%	9.1%	10.6%
Imaging	6.1%	7.0%	12.1%
CCC	125 days	124 days	103 days

*1 Calculation method:
Group-wide ROIC = NOPAT ÷ (Interest-bearing debt + Shareholders' equity)
ROIC per segment = NOPAT ÷ (Working capital + fixed assets)

*2 Figures for fiscal 2020 are forecasts at the time of the VISION2023 announcement

Capital Expenditures and R&D Expenses Targets (Cumulative Total, FY2021–2023) (Billions of yen)

	Capital expenditures	R&D expenses	Total
Healthcare	450	144	594
Materials	110	125	235
Business Innovation	120	114	234
Imaging	40	27	67
Corporate expenses / consolidated adjustments	30	80	110
Total	750	490	1,240

Depreciation Targets (Billions of yen)

	FY2020	FY2021 VISION2023	FY2023 VISION2023
Healthcare	44	54	57
Materials	28	28	35
Business Innovation	40	39	38
Imaging	15	15	15
Corporate expenses / consolidated adjustments	3	4	5
Group-wide	130	140	150

Initiatives for "Health" through Business Activities

Goals for resolving social issues

We aim to improve accessibility to medical care through the introduction of products and services utilizing medical AI technology in all countries and regions by fiscal 2030.

Number of countries in which products and services have been/are planned to be introduced

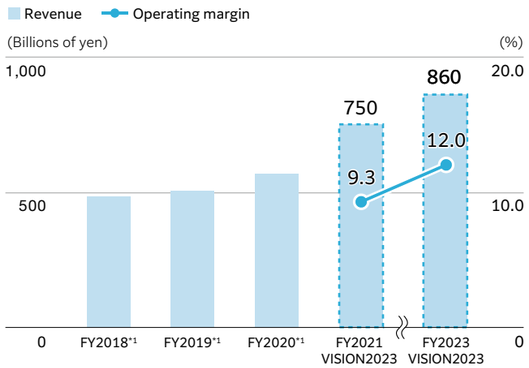
Healthcare

Create a healthy society through providing advanced products and services globally in all areas of prevention, diagnosis and treatment to reduce healthcare disparities.

Competitive advantages

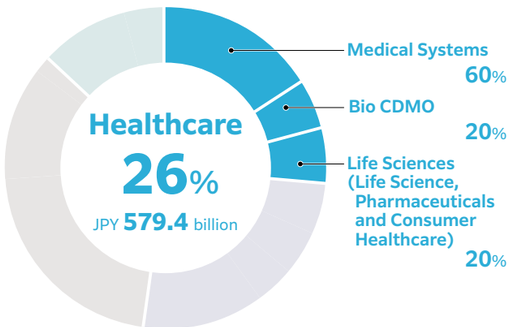
- AI technologies and image processing technologies for providing images suitable for diagnosis
- Advanced chemical compounds, design capabilities and nanotechnologies that enable development of pharmaceuticals that respond to unmet medical needs
- High levels of technological capabilities to manufacture under constant conditions and superior quality control, utilized in process development and manufacturing of biopharmaceuticals
- World-leading iPS cell initialization and differentiation induction technology and culture media development capabilities enabling high-quality regenerative medicine

Healthcare Segment Business Results



*1 Figures for fiscal 2018–2020 are actual value for the healthcare field in Healthcare & Material Solutions prior to segment disclosure changes.

Sales Ratio by Segment (FY2020*2)



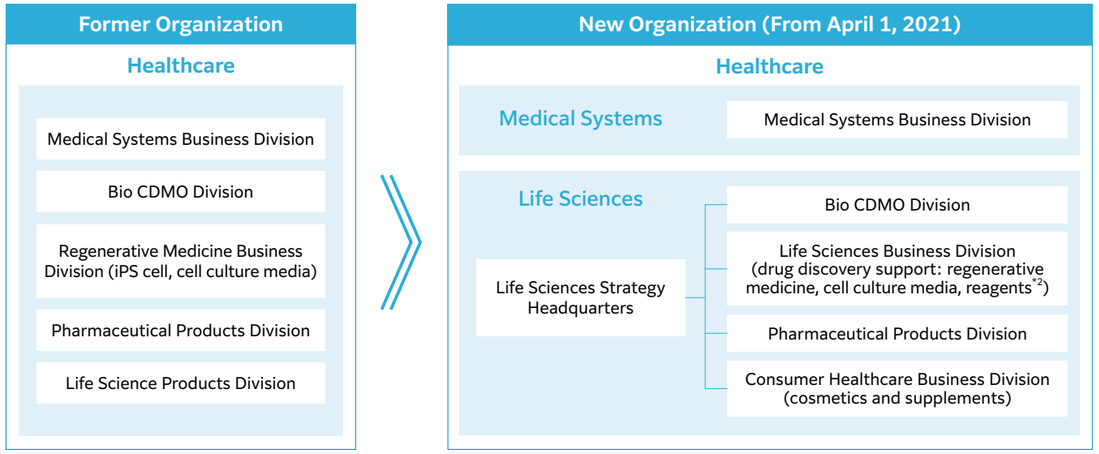
*2 Fiscal 2020 revenue in the new segments

Initiatives for "Health" through Business Activities

Redefine priority areas and restructure the organization

Categorize Healthcare into Medical Systems and Life Sciences covering bio CDMO*1, drug discovery support and such, with the Life Sciences Strategy Headquarters established to oversee life sciences field. In Life Sciences, we have positioned bio CDMO and drug discovery support as priority areas.

*1 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.



*2 Integrating the life science reagents business within the fine chemicals business

Growth strategies for the Healthcare Segment

We plan to secure an increase in sales and profits through sales growth mainly in the medical systems and the bio CDMO businesses. In addition, on April 1, 2021, we drafted and promoted a comprehensive strategy across businesses including business portfolio, M&A and alliances, technology and R&D, to generate further synergies and new businesses within the field of life sciences and newly established the Life Sciences Strategy Headquarters which leads related businesses. We also established the Life Sciences Business Division that integrates regenerative medicine businesses such as iPS cell and cell culture media and reagent businesses within the fine chemicals business, in order to strengthen businesses related to drug discovery support. We aim to further expand our business by reorganizing and enhancing our businesses in the domain of life sciences from the customers' perspective, by focusing on commercialization of the CDMO market for biopharmaceuticals and drug discovery support businesses which are expected to experience high growth in the medium to long term, and by offering the value of one-stop solution as a company that supports the creation of cutting-edge medicine.

Medical Systems business

Create new value and help resolve social issues by combining our industry-leading AI/IT technology with a broad product lineup.

Business strategies

- Increase earnings with AI/IT solutions business, accelerating development of various medical devices centered on our AI platform "REiLI."
- Create synergies for FUJIFILM Healthcare that succeeds the diagnostic imaging business of Hitachi, Ltd. (including CT, MRI, ultrasound diagnostic equipment and electronic medical records).
- Strengthen the in-vitro diagnostic (IVD) business overseas marketing, expand sales.
- Capture leading endoscopy hospitals in North America and gain market share by expanding operating room business armed with surgical devices.
- Step up social contribution to prevent the spread of COVID-19 (including ultrasound diagnostic equipment, X-ray imaging devices for doctor's rounds, antigen test kits, Hydro AG+ alcohol spray for maintaining disinfection, etc.).

▶ For our latest initiatives, please see "Feature 1: Initiatives in Healthcare" on pages 49–53.

Bio CDMO business

Help improve medical accessibility and fulfill unmet medical needs through stable supply of high-quality biopharmaceuticals and process development and contract manufacture of gene therapeutics, an advanced medical field.

Business strategies

- Respond to rapidly expanding biopharmaceutical demand with industry-leading production technology and large-scale capital investment primarily in antibody drugs.
- Strengthen production capacity of cutting-edge gene therapeutics and genetically modified cell therapeutics by establishing a new manufacturing base located in the Greater Boston area of the United States.
- Promote contract development and manufacturing of COVID-19 vaccines and therapeutics.

FOCUS Establishing a new large-scale manufacturing site for biopharmaceuticals in the United States

Biopharmaceuticals are expected to demonstrate significant market growth as they have few side effects and can be expected to have high efficacy. Since manufacturing them requires advanced manufacturing/quality control technologies, equipment and accumulated know-how, pharmaceutical companies and bio-ventures are increasingly outsourcing process development and manufacturing to CDMOs that possess excellent technologies and equipment. In addition, customers have expressed their desire "to further shorten lead time from order to delivery" and "to outsource not only the production of APIs but also the formulations and packaging," and their needs are diversifying.

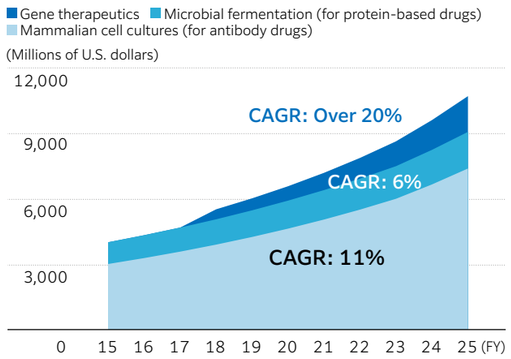
In these circumstances, Fujifilm has actively and consistently invested in five sites of FUJIFILM Diosynth Biotechnologies (hereinafter, FDB), a core company of biopharmaceuticals CDMOs, and in June 2020 decided to invest approximately JPY 100.0 billion in the Denmark site to respond to demand for contract manufacturing in the European market. Currently, along with significantly increasing the production capacity of APIs, we are working on building a system of mass production through an "end-to-end" system capable of systematically performing bulk drug manufacturing, formulation and packaging, within the site. We plan to start operations in stages from 2022 to 2023.

Further, in January 2021 we announced plans for a large-scale investment of more than JPY 200.0 billion in the United States, the world's largest biopharmaceutical market, and to build a new large-scale manufacturing base with an end-to-end system.

The new site, scheduled to begin operations in the spring of 2025, will be equipped with 8 x 20,000L mammalian cell culture tank bioreactors, the largest at FDB's U.S. bases, to handle bulk drug production consignments. Furthermore, in the future we plan to establish a system with the potential to expand to up to 32 x 20,000L culture tank bioreactors, aiming to respond flexibly to increase in orders.

Fujifilm aims to steadily advance the construction of large-scale manufacturing sites equipped with comprehensive outsourcing systems in the United States and Europe, which occupy a large share of the biopharmaceutical market, and aims for further business growth.

Trend and Forecasts in Biopharmaceutical CDMO API Manufacturing Market Size*



* Based on our own research

FUJIFILM Diosynth Biotechnologies

With bases in the United Kingdom, the United States and Denmark, we conduct contract development and manufacturing of a wide array of biopharmaceuticals, including antibody drugs, hormone preparations, gene therapy drugs and vaccines. With over 30 years of experience and achievements, we offer a comprehensive list of contract services from cell line development to process development, investigational drug manufacturing and commercial production using our industry-leading, proprietary and highly productive pAVEway™ and Apollo™X technologies.

Initiatives for "Health" through Business Activities

Life Sciences business (Drug discovery support: regenerative medicine, cell culture media, reagents)

Help further develop the pharmaceutical industry and create a regenerative medicine industry by actively promoting business in the biomedical field.

Business strategies

- Focus on regenerative medicine, cell culture media and reagents that make use of our strengths to develop a total solution business for drug discovery support.
- Promote the contract development and manufacture of regenerative medicine products such as cell therapeutics.
- Strengthen supply and customer support capabilities for cell culture media with three production sites: the United States, Europe and Japan.

Pharmaceutical business

Help further develop the pharmaceutical industry by utilizing our unique Drug Delivery System (DDS) technology, manufacturing facilities and infrastructure.

Business strategies

- Promote liposomal formulation development using our nano-dispersion, analysis and process technologies.
- Use our lipid nanoparticulate manufacturing facilities and infrastructure to build a process development and contract manufacture business for next-generation nucleic acid drugs and mRNA vaccines.

Consumer Healthcare business (Cosmetics, supplements)

Offer highly unique products that capture more needs and contribute to people's beauty and health.

Business strategies

- Cosmetics: Develop highly original products such as ASTALIFT White Jelly Aquarysta and develop ASTALIFT into a top-class brand.
- Supplements: Respond to growing needs to maintain and improve health, focusing on our Metabarrier series.

Initiatives for "Daily Life" through Business Activities

Goals for resolving social issues

- **We aim to contribute to the creation of a safe and secure society in the era of DX promotion, through the development and provision of cutting-edge functional materials.**
- **We aim to contribute to enriching lifestyles and to peaceful living through the development and provision of high-quality, high-performance products and services in the picture and imaging field.**

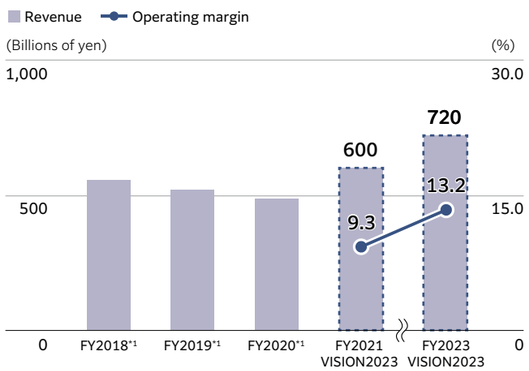
Materials

Contribute to creating a safe and secure society by developing and providing advanced materials in the era of promoting DX.

Competitive advantages

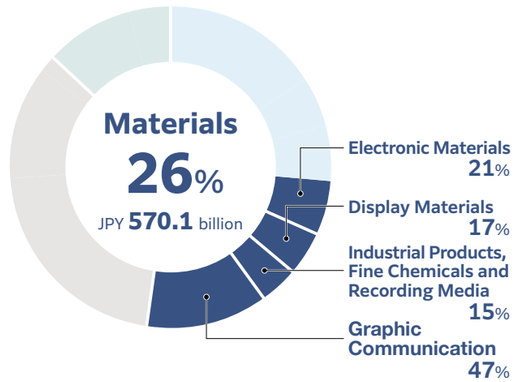
- Advanced technologies, such as functional molecules technology for imparting high functionality to film
- Advanced film forming and coating technologies capable of supporting thinness and enlargement
- Cost competitiveness and stable supply
- Rapid and accurate product formulation capabilities and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

Materials Segment Business Results



*1 Figures for fiscal 2018–2020 are actual value for the materials field in Healthcare & Material Solutions prior to segment disclosure changes.

Revenue Ratio by Segment (FY2020*2)



*2 Fiscal 2020 revenue in the new segments

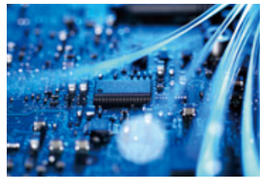
Initiatives for "Daily Life" through Business Activities

Growth strategies for advanced materials

We are committed to continuous creation of new businesses that contribute to the acceleration of DX in various fields by improving the development of high-speed communication networks such as 5G and enhancing the functionality of sensors and communication devices, through the integration of technologies such as wavelength (including optics) control cultivated in each business. We also aim to expand both sales and profits by maintaining our current competitive advantage and quickly launching high-profit products that meet market needs.

Electronic Materials business

Accelerate market share expansion and strengthen profitability by offering a wide range of products that address miniaturization and high integration for cutting-edge semiconductors that are vital to 5G, AI, autonomous driving, etc.



Business strategies

- Expand sales of photoresist and other pre-process materials for the promising EUV market as well as post-process materials such as polyimide insulating film for 3D integration.
- Sensors: In addition to our image sensor materials that boast a high market share, we aim to develop new markets by supplying Wave Control Mosaic (WCM), electromagnetic wave control materials for ranging.

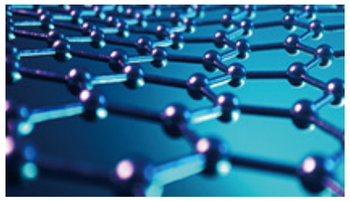
Display Materials business

Create timely new products to suit changing market environments by utilizing our wide-ranging technical capabilities that can also be used for next-generation displays.

Business strategies

- Extend materials (anti-reflection film) for organic EL that have gained de facto standards for smartphone applications to TV applications as well.
- Develop new technologies focused on foldable smartphones and rollable TVs, which are expected to witness growing demand, by leveraging our advanced thin film formation technology.
- Introduce differentiated products in the in-vehicle market, a new target area.

Fine Chemicals business



Business strategies

- Create new businesses (highly functional polymers, colorant dyes, battery materials, etc.).

Industrial Products business

Business strategies

- Develop solutions business with existing products such as inspection materials and films for measuring pressure and create new businesses (optical sensors and communication-related materials).

Recording Media business

Business strategies

- Expand sales of storage tapes to support data growth in the 5G/AI era and accelerate sales expansion in China.

Growth strategies for graphic communication

- Contribute to the expansion of customers' businesses by providing products that improve productivity and reduce environmental impact, as well as high-definition printing and printing on various materials using proprietary technologies, and printing diverse products in small lots.
- Transform manufacturing in a wide range of industries by making the most of the advantages of head and ink technologies for inkjet printers used in various applications such as building materials and ceramics.

Graphic Communication business

Business strategies

- Digital printing: Accelerate growth by promoting sales expansion through the integrated synergy between Fujifilm and FUJIFILM Business Innovation.
- Analog printing: Increase market share by focusing on the replacement of offset printing plates to environment-conscious processless plates, and contribute to decrease in the environmental burden.

FOCUS Establishing the Graphic Communication Division

—To accelerate the generation of synergies and provide further value to the printing industry globally—

In the Fujifilm Group's graphic communication business field, Fujifilm's Graphic Systems Business Division and FUJIFILM Business Innovation's Graphic Communication Services Business Group was integrated into the Graphic Communication Division on July 1, 2021. Focusing on the printing plates business, Fujifilm is strong in the commercial printing market, including overseas markets such as the United States and Europe, and even in digital printing the Company has developed the JetPress series of inkjet digital presses that enable print quality surpassing that of offset printing. FUJIFILM Business Innovation has built strong relationships with customers in the domain of office solutions, mainly multifunction devices, and has demonstrated its strengths in digital printing technology and product capabilities taking advantage of the strength of its thorough familiarity with customer operations. Utilizing the technologies and sales channels of both the companies, we aim to accelerate the generation of synergies and globally expand our one-stop solutions from analog to digital, continuing to drive the digitalization of the industry.

The BELIEVING IN PRINT-FUJIFILM Virtual Exhibit 2021 was held from June 24–July 30, 2021. In an online 3D space that mimics a realistic exhibition, many new products such as the FUJIFILM Business Innovation's Revoria Press PC1120 were exhibited. Our appeal for customers in the printing industry extends over a wide range of products and solutions.

Inkjet business

Business strategies

- Develop, introduce and expand sales of high-precision, high-productivity inkjet printer heads, food-safe watercolor pigment inks and custom systems integrating head and ink according to customer needs for growing markets (commercial printing and package printing).

Initiatives for "Daily Life" through Business Activities

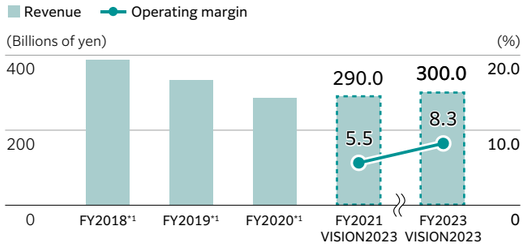
Imaging

Contribute to enriching lifestyles and peaceful living by developing and providing high-quality, high-performance products and services in the picture and imaging field.

Competitive advantages

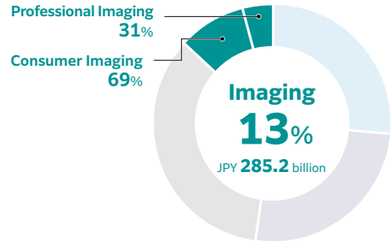
- Comprehensive strength capable of providing services from phototaking to printing
- Strong market position as a leading company
- Unique lineup of products equipped with two types of sensors (APS-C size and large format) that are small, lightweight and achieve superior color reproducibility owing to in-house developed key devices and unique imaging design technology
- Advanced optical technologies and high-precision processing and assembly technologies

Imaging Segment Business Results



*1 Figures for fiscal 2018–2020 are actual value for Imaging Solutions prior to segment disclosure changes.

Revenue Ratio by Segment (FY2020*2)



*2 Fiscal 2020 revenue in the new segments

Growth Strategies for the Imaging Segment

In the Imaging segment, the Photo Imaging Products Division and the Optical Device & Electronic Imaging Products Division were integrated into the Imaging Solutions Division on April 1, 2021 in order to continue offering new value and products that cater to diversifying needs in images and videos in the imaging field.

The needs for images and videos in society and daily life are diversifying amidst rapid advancement in various technologies, as seen in the diversification of image-recording devices, network acceleration, advancement in AI technology and progress toward a data-oriented society, among other things. In the light of this situation, Fujifilm is redefining the market from broader perspectives, and is committed to accelerate the development of new products and services based on its brand power as a comprehensive photo imaging company as well as technological assets that cover fields ranging from imaging devices to photo printing systems and services, under the new system.

Consumer Imaging

Business strategies

- instax instant photo systems: Introduce various new products and apps and promote cross-industry cooperation to propose different ways to enjoy instax and expand user base.
- Expand environment-conscious dry systems (inkjet, xerography, etc.) to meet strong smartphone printing demand.

Professional Imaging

Business strategies

- Develop high-end mirrorless camera (GFX/X series) that achieves outstanding image quality with our unique color reproduction technology and is small and lightweight.
- Monitoring, measurement and digital signage: Promote image recognition solutions business.

Initiatives for "Work Style" through Business Activities

Goals for resolving social issues

We aim to offer work styles that support workers in improving productivity and demonstrating creativity by providing solutions and services that bring innovation to business.

Work-style support

50 million people

Fiscal 2030 (Target)

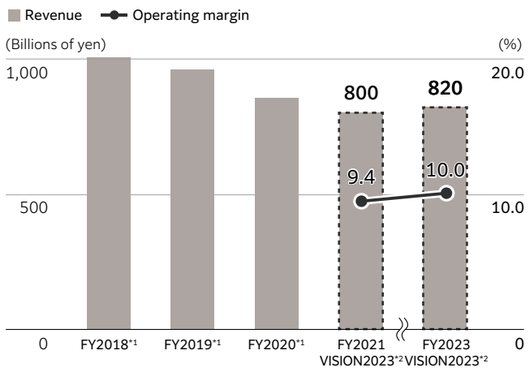
Business Innovation

Contribute to a social change where people feel fulfillment in their work through providing products, solutions and services worldwide that increase productivity and inspire creativity.

Competitive advantages

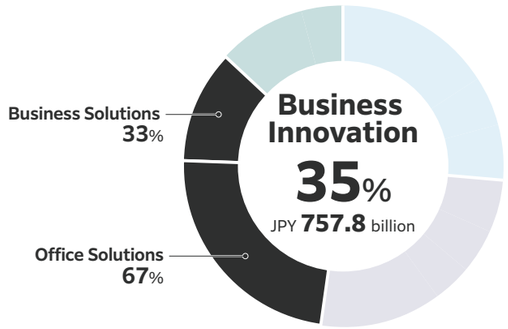
- Excellent customer base leveraging a robust direct sales structure in Japan and the Asia-Pacific region
- Solid sales capabilities that can help solve the increasingly complex and diverse management issues of customers, as well as a lineup of cloud-based products and supporting document technology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

Business Innovation Segment Business Results



*1 Figures for fiscal 2018–2020 are actual value for Document Solutions prior to segment disclosure changes.
*2 With the reorganization of business segments, the production services business of the former Document Solutions segment was transfered to the graphic communication business of the Materials segment from fiscal 2021.

Revenue Ratio by Segment (FY2020*3)



*3 Fiscal 2020 revenue in the new segments

Initiatives for "Work Style" through Business Activities

Growth strategies for the Business Innovation Segment

On April 1, 2021, Fuji Xerox changed its corporate name and set off as FUJIFILM Business Innovation. In conjunction with this name change, we will accelerate the global development of business innovation under the Fujifilm brand. Promoting the mutual use of common infrastructure and technology assets with Fujifilm will enable us to achieve rapid and efficient development and production and expand our business globally regardless of area. We are expanding the business under the Fujifilm brand by developing new distributors in the new markets of Europe, the United States and emerging countries in addition to OEM supply to companies other than Xerox Corporation, which has already started. In Japan and the Asia-Pacific region, where we already have a strong market presence, we will continue to provide high-performance products, solutions and services developed in-house as we contribute to solving customer issues.

In Japan, FUJIFILM Business Innovation Japan has been established in line with this name change by integrating the direct sales divisions, 31 Japan domestic sales companies and Fuji Xerox InterField. We will strengthen the development of the office equipment and related solutions business, centered around multifunction devices, under a unified nationwide operation by bringing together our comprehensive strengths, including the knowledge and expertise we have accumulated through our domestic sales activities. As in the past, we will continue to focus on sales activities that emphasize the importance of ties with local communities.

In addition, going forward we will focus even further on the IT solutions and services business, accelerating the growth of our solutions and services business and the expansion of global business opportunities by assisting our client companies with work-style reforms, operational streamlining and digitalization.

Launching new Fujifilm brand products

ApeosPro C810

Apeos C8180

Apeos C7070

Apeos C320 z

ApeosPrint C320 dw

Accelerating growth by further strengthening solutions and services

By providing solutions and services tailored to customer needs, we will support their efforts to reform work styles and promote DX.

1	**Improve business productivity using multifunction devices as a gateway**	Enhance document management and cloud collaboration (DocuWorks/Working Folder/ coordination with other companies' cloud services) using multifunction devices, which have robust security, as a gateway.	
2	**Expand IT services for SMB[*1] customers**	Offer complete IT services (IT Expert Service/beat/ multivendor services, etc.) for SMB customers facing problems such as having only one person handling IT[*2] or issues with IT implementation delays and productivity.	
3	**Resolve management issues through work-style reforms and digitalization**	Accelerate support for customer work style reforms and digital transformation, starting from the digitization of paper documents (Data utilization one-stop service/ CocoDesk/net-based printing services, etc.).	

*1 Small to medium-sized business
*2 The problem of companies not being able to properly manage IT because their information systems department consists of just one person, or because of an inability to secure someone to be in charge

Message from the President of FUJIFILM Business Innovation

Our name is our mission: Bringing together the strengths of the Fujifilm Group to help customers worldwide accelerate their business

Leaping forward as a company that constantly brings innovation to business

On April 1, 2021, we changed our name to FUJIFILM Business Innovation and set off under a new management structure. The new name embodies our commitment to continue as a company that constantly brings innovation to business under the Fujifilm Group corporate slogan of "Value from Innovation."

This opens a new page in our history and has also expanded our business and sales domains and made more dynamic business development possible. At the same time, we recognize that we need to make significant changes in the way we provide value to our customers, as work environments—which are deeply involved with our business domain—undergo a global transformation and paradigm shift.

Given these circumstances, to devise and achieve a solid growth strategy as president and CEO, I will promote the acquisition of global business opportunities and an acceleration of growth in the solutions and services business to make a further leap forward.

Providing solutions ahead of changing times based on accumulated technology and expertise

As businesses diversify and competition intensifies, there is a need for more efficient business processes and faster decision-making. To create new value and innovation, it is increasingly important that businesses create an environment in which information can be exchanged and shared quickly and accurately. In this context, our role is to support our customers around the world to maximize the power of their organizations by improving the efficiency of their work and work styles, and through DX, which will lead to new value creation. Our company name truly is our mission.

To fulfill this mission, we will continue to evolve ahead of the times in business centered around multifunction devices, whose strength lies in their robustness and security. On April 1, we launched five models and 22 products in the Apeos series, which have been redesigned under the Fujifilm brand and offer advanced solutions. We will accelerate our global expansion, including a new OEM supply. In addition, we help customers resolve issues and grow in every aspect of their business by supporting the digitalization of business processes with the technology and expertise we have cultivated over many years. We will further develop our IT and solution services as a pillar of future profits.

Accelerating synergies with Fujifilm as we continue to take on technical innovation

As a member of the Fujifilm Group, which has continued to create innovations that bring change to the world, we will pursue synergies by combining our technological capabilities and expertise to accelerate the business of our customers around the world. In the commercial printing field, we will expand our business by enlarging our lineup of new products and promoting cooperation within the sales network under a new structure that integrates the relevant divisions of Fujifilm and the company. In the medical systems field, we will support work-style reforms on the front lines of medicine through solutions that combine imaging processing and natural language processing technologies.

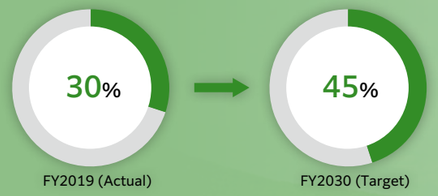
Changing the company to create change: To embody our fiscal 2021 corporate direction to "Create a new history," each and every one of our employees will continue to take on the challenge of playing a part in creating a new history.

Hisanori Makaya
President and CEO
FUJIFILM Business Innovation Corp.

Initiatives for "Environment" through Business Activities

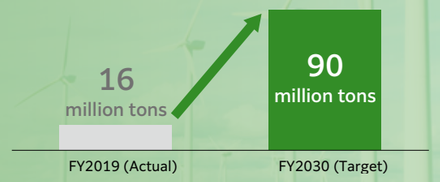
Goals for resolving social issues

Target 1: Reduce CO_2 emissions over product life cycle*1



*1 Reducing CO_2 in the entire product life cycle (Figures vs. fiscal 2013 levels)

Target 2: Reduce CO_2 emissions through products and services*2



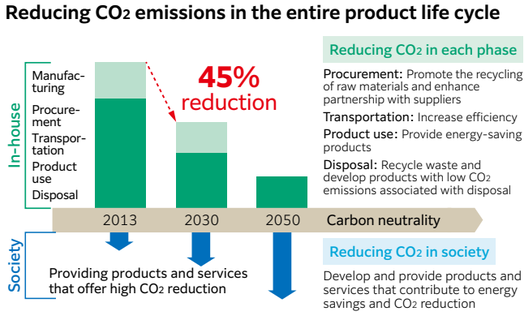
*2 Target of CO_2 emissions reduction in society, which is to be achieved by replacing the conventional products with our environmentally conscious products and services (Cumulative reduction since fiscal 2017)

The Fujifilm Group carbon neutrality goals

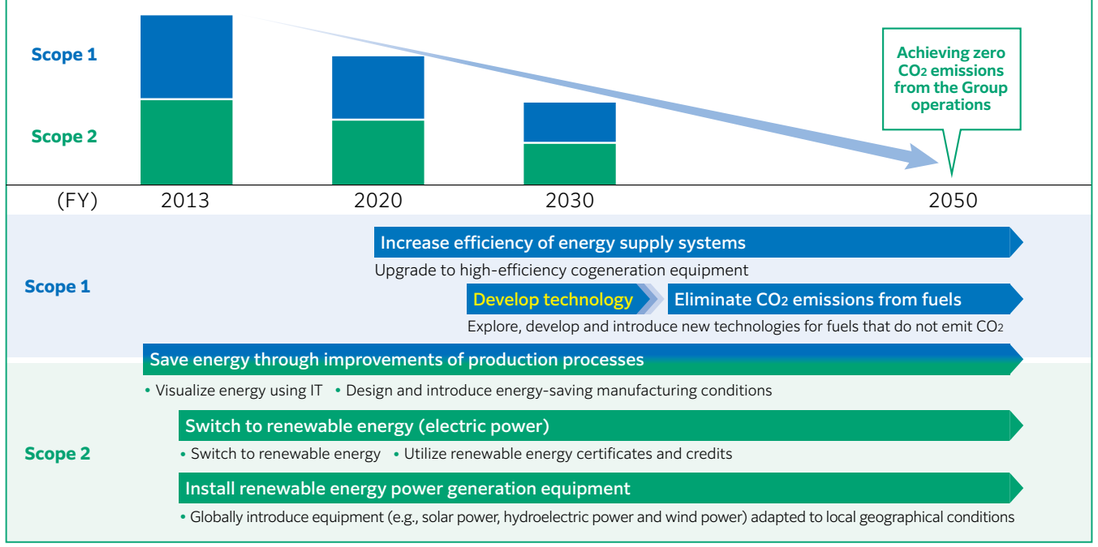
The Fujifilm Group will reduce CO_2 emissions by 45% (compared to fiscal 2013) in the entire product life cycle by fiscal 2030. By fiscal 2050, we aim to eliminate CO_2 emissions in our energy usage (Scope 1 and 2).

Furthermore, by developing and providing energy-saving products and services that help reduce CO_2, we will promote the reduction of CO_2 emissions in society and contribute to the realization of a decarbonized society.

Reducing CO_2 emissions in the entire product life cycle



Road map for reducing CO_2 emissions (Scope 1 and 2)



Environment-conscious investment

To realize a decarbonized society, the Fujifilm Group makes decisions on capital investments in plant construction and other areas with consideration to their environmental impact. In the deployment of renewable energy in particular, we examine location conditions based on regulations, support and the level of infrastructure.

FUJIFILM Diosynth Biotechnologies (FDB), which plays a central role in the ever-expanding market for pharmaceutical CDMOs, announced in March 2021 that it will establish a new large-scale biopharmaceutical manufacturing site, as its second site in North Carolina, U.S.A.

In selecting the region for the new site, we considered the total environmental impact based on a life-cycle assessment. On the assumption we will be supplying the United States, the area of greatest demand, we are working to reduce our environmental impact, including CO_2 emissions, by completing the entire process in the United States, from bulk drug substance production, formulation and packaging to transport. In addition, the new site will take advantage of North Carolina's active promotion of environmental programs, including the use of renewable energy such as solar power generation, and will proactively deploy systems to reduce environmental impact in cooperation with local governments and businesses. We aim to cover all of our electricity use with power derived from renewable energy sources and going forward will continue to accelerate manufacturing expansion and business growth premised on environmental consciousness.

The new FDB site, scheduled to commence operation in spring 2025 (Holly Springs, North Carolina, U.S.A.)

Energy strategy

We are promoting an energy strategy centered around a switch to efficient equipment group-wide and environmental initiatives for social infrastructure development.

In the switch to efficient equipment group-wide, the Energy Strategy Promotion Committee plays a central role in considering measures for maximizing energy use efficiency and for reducing CO_2 emissions in energy procurement group-wide. We are also actively developing these measures within the Group as we promote energy conservation efforts and the introduction of renewable energy.

In the area of environmental initiatives for social infrastructure development, through our memberships in RE100 and JCLP* we are presenting society with approaches to the decarbonization of electric power and fuel via the development of social infrastructure, acting on society and industry as a whole to lead the realization of a decarbonized society.

* Japan Climate Leaders' Partnership

Devise and disseminate environmentally conscious products

The Fujifilm Group operates the Green Value Products certification system, a mechanism for continually creating superior environmentally conscious products and services. In fiscal 2020, 30 new products were certified, for a cumulative total of 166 certified products.

As the increase in energy consumption at data centers has become a social issue, FUJIFILM Corporation's data archiving solution, which uses high-capacity magnetic tape, reduces power consumption by about 74% by storing infrequently accessed data stored on HDDs on LTO tape (magnetic tape), which requires power only when reading and writing data. This solution was certified Gold in recognition of its ability to contribute to energy reductions in data centers.

We have set a new environmental target of increasing the percentage of products certified as Green Value Products to 60% of group-wide sales by 2030, as we aim to further reduce the environmental impact of our products and services.

Data archiving solution that combines magnetic tape and HDDs and allows for the safe, low-cost, long-term storage of large volumes of data

Initiatives for "Environment" through Business Activities

Information disclosure based on the TCFD recommendations

▶ For more information, please see the Sustainability Report 2021 Management Performance, pages 59–60.

In December 2018, the Fujifilm Group announced that it would endorse the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, we have started a scenario analysis of the Fujifilm Group on climate change since fiscal 2020.

Under both the 2°C and 4°C scenarios, we believe we can make a significant contribution to addressing climate change and enhancing resilience over the medium to long term.

Furthermore, studies are underway aimed at achieving 1.5°C certifications, and we will enhance our scenario analysis based on these efforts.

Analysis results of our scenario based on TCFD recommendations

(1) 4°C scenario

Measures surpassing those in place at present are not implemented, resulting in the average temperature rising by the year 2100 by 3.2°C to 5°C and over the level during the Industrial Revolution.

Business Risks (Physical risks)

In the 4°C scenario, risks such as the impact of abnormal climate on production facilities, disruption of raw materials supply, factory shutdowns due to power failures, etc., were found. To address these risks, we have been developing preventive measures based on the Business Continuity Plans (BCPs) for diversification of production sites, procurement sources and securing of a stable power supply. Especially in recent years, typhoons and heavy rains due to abnormal climate have caused damage from the disruption of power supply, which is an important lifeline, in various regions. To secure a stable power supply, the Fujifilm Group has been setting up in-house cogeneration systems at its major production sites in line with implementation planning since the 1960s, and we have been reviewing the risks of power failure regularly. For example, in the previous fiscal year we conducted a re-examination of power failure risks and introduced emergency in-house cogeneration systems as BCP for radioactive pharmaceutical production facilities.

Furthermore, there are risks of change in animal and plant habitats caused by changes in temperature and precipitation patterns that may lead to a decline in the animal and plant population and to extinction. These changes are likely to cause procurement instabilities and steep rises in prices for plant-derived materials. In addition, the depletion of fossil fuels is expected to cause supply instabilities and rising prices for petroleum-based materials. The Fujifilm Group is working to reduce these risks by reducing material consumption, such as by employing thinner films made from plant-derived materials and by reusing parts of multifunction devices in the Business Innovation segment.

Opportunities

Demand for systems, products and technology aimed at adapting to abnormal climate is expected to rise. Examples are improvements in weather monitoring and forecast accuracy and inspection of buildings and other structures to prepare for typhoons and heavy rains. Also, changes in the climate and ecosystems are expected to cause shortages of drinking water and food. For this reason, the production of drinking water and the output of agricultural plantations are expected to increase. The Fujifilm Group believes it can contribute to adaptation to climate change impacts and expand its business opportunities by utilizing its high-precision lens processing and manufacturing technology. This technology can be used in high-sensitivity cameras that can monitor rivers and sea levels even at night or in inclement weather, and in degradation analysis technologies for bridges, embankments, etc., that make use of high-definition image analysis and AI technology. With regard to the water shortage problem that is growing into a global risk, we believe we are able to make huge contributions to secure drinking water and water for agricultural use with our filtration technology that employs ion exchange membranes for desalination of brine and seawater.

Business Risks (Physical risks)	Measures (Activities)
• Supply chain disruptions and factory production stoppages due to sealevel rise or natural disasters such as flooding • Factory production stoppages due to drought • Power grid disruptions and power outages due to typhoons	• Diversification of raw material suppliers and production sites through the formulation of BCPs • Measures against flooding through monitoring of rainfall information upstream of rivers and preventing the inflow of river water (sluice gate control) • Continual water risk assessment for all sites by our water risk assessment system • Install regular and emergency in-house cogeneration systems
• Material shortages due to tree and plant die-off (Paper: pulp, Film: cellulose)	• [Paper] Reduce paper with solutions and services utilizing digital and IT • [Film] Reduce film materials by using thinner films and promotion of recycling
• Material shortages due to fossil fuel depletion	• Recycling and use of used multifunction machines (reuse) • Offer appropriate management across the life cycle of multifunction device (machine selection, operation and disposal) to optimize the number of machines and reduce printing waste (Managed Print Services).
• Growing adverse impact on the health of employees, such as heatstroke and sleep deprivation, due to intense heat	• Measure and address heat index at work sites and send heatstroke warnings to employees

The Fujifilm Group's technologies	Business opportunities against climate change
• Lens processing, polishing, coating and manufacturing technologies/Image processing technologies • High-precision image analysis and AI technology • Ion exchange membranes by electro separation technologies	• Providing high-sensitivity surveillance cameras capable of monitoring rivers and weather even in rough weather or at night • Offer infrastructure degradation diagnosis services for bridges, roads and embankments in case of typhoons • Contribution to measures for water shortage by water filtration technology and products such as ion exchange membranes

(2) 2°C scenario

Rigorous measures are implemented to build a decarbonized society, keeping temperature rises by the year 2100 down to 2°C or less in comparison with the level during the Industrial Revolution.

Business Risks (Transition risks)

In the 2°C scenario, political measures to cut the use of fossil fuels and foster technological innovation are implemented in the transition to a decarbonized society. They include, for example, carbon tax and carbon border adjustment mechanisms designed to discourage the transfer of business operations prompted by differences in carbon tax among countries, introduction of which can have financial risks. The Fujifilm Group's direct CO_2 emissions in fiscal 2020 amounted to 948,000 tons. Based on carbon pricing by EU-ETS (as of April 2021), etc., the price per ton of CO_2 is assumed to be JPY 5,000, resulting in financial risk of approx. JPY 4.7 billion. In our CSR plan SVP2030, we set the target to achieve zero CO_2 emissions from the energy consumed in fiscal 2050. To achieve this, we are implementing both promotion of energy conservation and introduction of renewable energy sources. Our direct CO_2 emissions in fiscal 2020 were 6% less than the previous fiscal year.

Opportunities

To minimize the impact on energy supply systems, systems and products with higher energy efficiency will be prioritized for use in society. Also, society is likely to become decentralized through greater harmonization with natural energy sources and to see a rise in demand for lower travel distances and times for people and goods. Alongside wider use of renewable energy sources, the need for large-capacity, high-efficiency storage battery facilities is expected to grow. The Fujifilm Group contributes to reducing CO_2 emissions where customers use its products, with CO_2 emissions during data storage reduced by the use of its large-capacity magnetic tape data archiving system utilizing its BaFe magnetic particle technology, and by supplying energy-saving devices such as energy-saving multifunction devices. Our solutions services utilizing digitization and IT are expected to see a growth in demand for reductions in travel distances, time and space and also in actions to cater to a more diversified society.

We promote the development and dissemination of green energy applications in the decarbonized society of the future. In the area of highly functional materials, we are moving forward in the development of technologies to build a more resilient energy society, represented by natural glass refining that uses technology for separating mixed gases, methane refining from biomethane and methanation and high-capacity storage battery materials that use dispersed coating and organic materials technologies.

Business Risks (Transition risks)	Measures (Activities)
• Increase in costs to build new facilities due to carbon taxes on fossil fuel and transition to fuel without emitting CO_2 • Steep rise in procurement prices due to carbon taxes on raw materials	Promotion of energy saving and renewable energy usage • Reduce CO_2 emissions by 45% across the entire product life cycle by fiscal 2030 (compared to the fiscal 2013 level) • Convert 50% of purchasing energy to renewables by fiscal 2030 • Achieve no CO_2 emissions in the manufacturing stage by converting energy purchasing to 100% renewables by fiscal 2050, and using hydrogen for in-house cogeneration systems Prediction for 2030 • Accomplish CO_2 emission targets in SVP2030 by these measures and other energy-saving measures. Cost reduction of 1.0 billion yen/year in carbon tax on CO_2 emissions at the manufacturing stage in fiscal 2030 versus fiscal 2020*2

The Fujifilm Group's technologies	Business opportunities against climate change
• BaFe magnetic material with excellent magnetic properties and long-term storage • Material processing technology for photopolymerization with excellent developability of printing machine • Gas separation membrane technology • IT solution and system design technology with excellent communication quality and confidentiality	• Products contributing to energy consumption reduction • Energy-saving data storage by high-capacity magnetic tape data archiving systems • Resource and energy usage reduction by process-less CTP plates for printing • CO_2 separation membrane removes CO_2 from natural gas • Reduce CO_2 emissions by cutting back on time, transportation and space with solutions and services utilizing digital and IT technologies

*1 When the carbon tax is assumed to be JPY 5,000/ton as the same level as the emission allowance price under EU-ETS (as of April 2021), fiscal 2020 CO_2 emissions at the manufacturing stage total 948,000 tons, which translates to 948,000 × JPY 5,000/ton ≒ JPY 4.7 billion/year.

*2 Fiscal 2020 CO_2 emissions at the manufacturing stage were 948,000 tons. The CO_2 emissions target for the manufacturing stage in the year 2030 is 747,000 tons in SVP2030. If this target is achieved, the carbon tax-saving value translates to (948–747) thousand tons × JPY 5,000/ton in fiscal 2030 compared to fiscal 2020 (identical to*2) ≒ JPY 1 billion/year.

Feature 1

Initiatives in Healthcare

Contributing to resolving healthcare issues with one-stop solutions centered on medical IT

On March 31, 2021, FUJIFILM Healthcare, which had acquired the diagnostic imaging business of Hitachi, Ltd., was added to the Fujifilm Group. In this section, we describe the direction targeted by the medical systems business, which drives growth in the healthcare field for us as a total healthcare company.

Message from the General Manager of the Medical Systems Business Division

As one of the world's leading healthcare companies, we will leverage the strength of our Group synergies to create superior value centered on medical IT.

Masataka Akiyama | Corporate Vice President and General Manager, Medical Systems Business Division, FUJIFILM Corporation

The Fujifilm Group aims to grow annual revenue in the healthcare field to 1,000 billion yen by the mid-2020s. In that field, the medical systems business offers a broad lineup centered on SYNAPSE, our medical-use picture archiving and communication system (PACS), which has the largest share of the global market. In the medical IT market, we posses unique image processing technology cultivated over many years, and are also developing AI technology to support workflows on the front lines of medicine under the REiLi brand as we continue to grow.

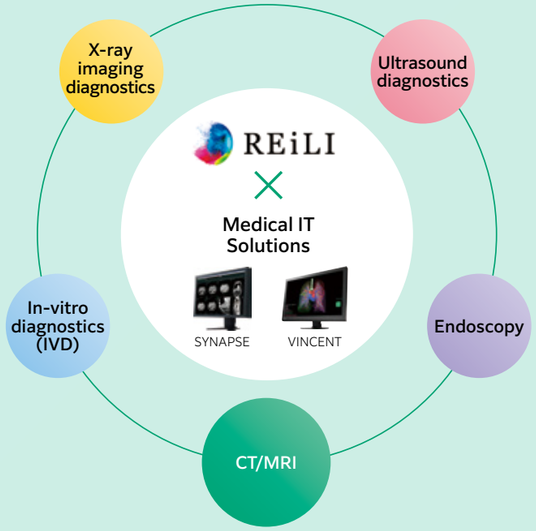
In March of this year, we also added FUJIFILM Healthcare, which over many years has developed a strong worldwide reputation, to the Group. By combining FUJIFILM Healthcare's products with our own image processing and AI technology, we will extend a global offering of high-value-added products and services unique to the Fujifilm Group.

In addition, we will strengthen global cross-selling, offering comprehensive proposals for products and services from both companies. In CT and MRI, we are already in the process of securing deals in Asia, Europe and elsewhere through cross-selling. In the past, the lineup offered by medical systems business lacked its own CT and MRI products, but through the trust relationships Fujifilm has built with its customers, we have seen cases which have quickly led to contracts. The Company's product lineup, which includes both endoscope systems and diagnostic imaging equipment, is also highly unique worldwide; the addition of FUJIFILM Healthcare's fluoroscopy equipment will further enhance our competitive advantage. Specifically, we will be able to provide a one-stop offering of the equipment needed for endoscopic retrograde cholangiopancreatography (ECRP), in which contrast media is injected into the biliary and pancreatic ducts using an endoscope, and the condition of these ducts is observed using X-ray fluoroscopy. To create an environment where endoscopic procedures can be performed more safely and accurately, there are significant advantages to being able to provide the necessary equipment from a single manufacturer. Going forward, we hope to contribute to the widespread use of endoscopic procedures in emerging countries and elsewhere by realizing the sale of endoscopic systems and fluoroscopic equipment as a set.

The medical systems business has established sales channels and service networks in 169 countries and regions around the world, with overseas sales accounting for more than 60% of total sales. Going forward, our goal is to further expand sales through the use of the Fujifilm Group's sales channels and service networks, including the development of new fields using CT and MRI as a foothold.

In addition, the Group is currently focusing on initiatives to resolve medical issues around the world, and in February 2021 opened NURA, a diagnostic center in India that utilizes AI. Through the medical screening services business in emerging countries, we will bring the Group's collective strengths to contributing to solutions to medical issues, including the early detection of cancer and lifestyle diseases in medically developing countries.

We hope you will continue to look forward to exciting growth from the medical systems business.



Message from the Senior Deputy General Manager

We will contribute to realizing a society in which all people can lead happy, healthy lives by offering value unique to the Fujifilm Group.

Corporate Vice President and Senior Deputy General Manager, Medical Systems Business Division, FUJIFILM Corporation
President and Chief Operating Officer, Representative Director, FUJIFILM Healthcare Corporation
Akio Yamamoto

Over the years, FUJIFILM Healthcare has generated products that were the first of their kind in Japan and the world on the strength of our ability to continually refine our own technology. For example, in 1960 we were the first in the world to commercialize ultrasound diagnostic equipment, and later introduced mobile medical exam vehicles to conduct Group gastric examinations, thus offering new value ahead of our competitors. This kind of innovation has been supported by our employees' passion and sense of mission.

In recent years, the front lines of medical treatment have sought proposals for solutions that combine a variety of products and services to provide consistent support for everything from diagnosis to treatment. As a member of the Fujifilm Group since April, our goal has been to provide solutions of even greater added value, and we are pushing ahead daily with efforts to quickly build a close, collaborative system for sales, development and other functions and to create synergies. I sense that the level of motivation and enthusiasm is increasing among all of our employees, regardless of department, through active personnel exchanges and study sessions. I also feel confident that as we incorporate the sense of speed of Fujifilm's business, and based on the customer relationships both companies have accumulated, we will be able to expand new business opportunities, including in countries and regions we have yet to enter. Going forward, as the Fujifilm Group accelerates its growth as one of the world's leading healthcare companies, we will focus on delivering new value only achievable by the Fujifilm Group, contributing to healthcare through a more multifaceted approach as we combine the technologies of both companies. We are also determined to contribute to a society in which everyone can lead happy lives, and even if they fall ill, can quickly recover and once again return to those happy lives.

I look forward to your continued support.

Dialogue with the Heads of Development

We will bring together the R&D capabilities of the Fujifilm Group to create a future in which people around the world can benefit from better healthcare.

The goal of the medical systems business is to create new value through the integration of the AI and IT technologies that are the Company's strength and a wide-ranging product lineup that now includes products from FUJIFILM Healthcare. We asked the leaders of development at Fujifilm and FUJIFILM Healthcare about their efforts to accelerate the creation of development synergies and their progress thus far.

As you work to accelerate the creation of development synergies, what kind of initiatives are you putting into practice?

Nabeta To create development synergies, we began visiting one another's offices the day after FUJIFILM Healthcare joined the Fujifilm Group, holding top-level discussions and actively exchanging ideas at the field level. At the same time, we took stock of the technologies and business domains of both companies, and together with our sales organizations and other related departments, strategically screened more than 100 synergy proposals categorized in the fields of prevention, diagnosis and treatment.

In doing so, we delved deeper into synergy development themes based on three concepts: (1) Constantly evolve existing products and continue to refine their level of perfection as medical devices; (2) Make strategic use of AI in our devices to evolve toward high value-added medical DX; and (3) Practice rigorous cost cutting while further strengthening device competitiveness to maximize profits.

Kawano When we compared the existing technology and technology under development at both companies, we were extremely surprised to find very little redundancy, not only in our product lineups but in the technology we each had under development, and we found that many of our technologies could be used effectively with one another.

We also have new insights into methods for shortening the development period already established by the development division of Fujifilm's medical systems business, and we are working to apply those methods to the development process at FUJIFILM Healthcare.

I think that the shift to high added value using AI technology that is being sought in diagnostic imaging equipment can be broken down into three categories: higher image quality, workflow improvements and diagnostic support. For example, we are discussing how to reduce the workload involved in diagnoses by automatically extracting suspected lesions from CT and MRI data. Discussions are also underway to effectively utilize the technology assets of both companies, including the development of clinical support applications on the AI platform being developed by Fujifilm, to add value to our products and apply them on equipment and on the medical-use PACS SYNAPSE.

Further, Fujifilm's PACS, which boasts the world's top market share, is an indispensable system for managing and sharing a variety of medical information within hospitals. We are convinced that, when combined with FUJIFILM Healthcare's products, it will become a powerful tool. We are now in the process of implementing Fujifilm's image processing and AI technologies in FUJIFILM Healthcare products, strengthening our collaboration to enable us to unify our development platforms.

Can you offer some specific examples of how you are creating development synergies?

Kawano First, in CT and MRI, we are working to increase the added value of the equipment itself by developing technology to incorporate the viewer and analysis functions of Fujifilm's SYNAPSE VINCENT, a 3D image analysis system. VINCENT includes a segmentation function for automatically extracting brain regions, lumbar nerves, liver, etc. Using FUJIFILM Healthcare's MRI analysis technology, we can determine not only the shape of the captured area but other qualitative characteristics such as calcification and hemorrhage, and we expect that combining these kinds of technologies will further enhance added value.

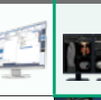
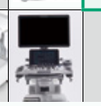
Nabeta CT/MRI and VINCENT are already generating global sales synergies. FUJIFILM Healthcare has been receiving requests from customers around the world to install VINCENT, and efforts to sell CT/MRI and VINCENT together are steadily progressing. Expectations in the field are also growing, and based on their customers' needs, Fujifilm's local subsidiaries have requested the development of new products that combine CT/MRI and VINCENT.

We are beginning to understand from feedback on VINCENT from the field that it is highly useful in emergency medicine, where CT and MRI are used more frequently and where rapid diagnoses are particularly required. I believe there is an opportunity to further expand sales of VINCENT globally.

In addition, in terms of utilizing AI technology, we have launched an endoscopic diagnosis support system that can complete a series of workflows to support image-based diagnosis of lesions on a single monitor. This has been well-received, and going forward we hope to achieve a similar system for MRI.

Kawano Next, with regards to X-ray imaging equipment, we are working to develop a combination of FUJIFILM Healthcare's mobile X-ray systems and fluoroscopic imaging systems with Fujifilm's high sensitivity, low-dose panel technology and AI technologies. In this context, FUJIFILM Healthcare's fluoroscopic imaging systems are equipped with frame interpolation technology—which detects movement between frames in the captured image and creates and interpolates intermediate frames—and other technology to enhance image quality and radically reduce exposure doses. By combining this with Fujifilm's image processing technology, we will achieve even lower doses and higher image quality.

Nabeta Fluoroscopic imaging systems are used to capture moving images, which increases the exposure dose. When combined with Fujifilm's image processing technology, however, the benefits of reduced exposure due to lower doses can be very significant. We believe we can further contribute to medical safety by reducing exposure not only for patients but also for doctors, nurses and radiologists as well.

Field	Diagnostic Imaging System										Medical IT		IVD
Product	CT	MRI	Fluoro-scopy system	General radio-graphy system	Mammo-graphy	Mobile X-ray system	DR/CR	Bone densito-metry	Ultra-sound systems	Endo-scopy	HER/ HIS	PACS	
Fujifilm													
FUJIFILM Healthcare													

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Strengths of Fujifilm + FUJIFILM Healthcare portfolio not found with other companies

DR panels	CR
Top share in Japan From Yano Research Institute Ltd., *Interim Forecast for 2020 ME Equipment Market by Function and Manufacturer Market Share*	Top global share From Azure Insights, Azure 2020
Lineup	**PACS**
The world's most unique product lineup, combining endoscopes and diagnostic imaging equipment	Top global share From Signify Research Report published March 2021

Strengths in PACS, image processing technology and AI technology

Advanced image processing and software technologies

SYNAPSE | SYNAPSE VINCENT | SYNAPSE SAI viewer

Diagnostic support AI, Workflow AI, Image recognition AI

REiLI

Kawano With regard to ultrasound systems, as we discussed development synergies we confirmed that our product lineups do not overlap, and that we have different technologies—FUJIFILM SonoSite's products are portable ultrasound systems, while FUJIFILM Healthcare's are stationary systems. This is why we plan to enhance the product value of both companies simultaneously by providing and integrating image processing technology, AI technology and high-function application technology. The use of AI technology in particular will not only lead to higher image quality but to the value of being able to make more accurate diagnoses quickly and on the spot.

We are also considering establishing a common development platform on which both companies can jointly develop multiple products, which will lead to improved development efficiency and speed and to reduced costs.

Nabeta In addition to innovation based on combining technologies from both companies, we are also focusing on reducing costs through the use of common components and a shift to a more robust R&D structure.

How do you feel about the results of your efforts thus far?

Kawano Many of the technologies Fujifilm has been researching and developing, such as its AI platform, are a step ahead of what we are doing. Having contact with such advanced technology immediately gets engineers thinking they want to learn. And as we actually learn about one another's technology we deepen our mutual understanding and can proceed with our discussions with a sense of mutual respect. I think that by fostering this kind of positive environment, we pool our wisdom even in the face of difficult challenges, creating the motivation to "Give it a try!" I get the strong sense that this is beginning to give shape to the passionate aspirations of both companies.

Nabeta In just the three months since April, we have already held more than 80 subcommittee meetings where active, in-depth discussions have taken place, and I feel development is making steady progress.

Kawano As companies with different cultures and foundations, there are of course situations in which adjustments are necessary. In such situations, Mr. Nabeta or I sometimes go directly into the subcommittees to sort out their direction and encourage the participants, but I think overall things are progressing extremely well. The discussions also provide numerous opportunities for positive insights about other ways of doing things.

Nabeta As this development progresses, in fiscal 2021 we plan to launch products that combine components from both companies, in addition to new products under the REiLI brand of AI technology to support workflow on the front lines of medical treatment. We are also looking not just at short-term output but also on drafting development proposals to meet our medium- and long-term dreams.

What message do you have for your stakeholders?

Kawano We will continue to accelerate the integration of Fujifilm and FUJIFILM Healthcare's products and technologies. At the same time, we will expand our business portfolio from diagnostics to treatment and prevention, centered on AI technology, and strive to increase sales for the Group as a whole.

Nabeta By quickly and reliably combining Fujifilm's medical AI and IT systems with the full lineup of diagnostic equipment now available with the addition of FUJIFILM Healthcare, we hope to resolve a variety of issues on the front lines of medical treatment, and propose a new workflow that contributes to improvements in operational efficiency and quality. By doing so, we aim to reduce the burden on the front lines of medicine in developed countries, exhausted by the COVID-19 pandemic, and maximize the time that medical professionals can devote to treatment, study and other activities. And in emerging countries, we hope to contribute to improving the healthcare environment and access to healthcare by providing the Fujifilm Group's diagnostic systems in the area of medical screening that supports the early detection of disease, as we have with the NURA medical screening center opened in India in February 2021. We hope you will look forward to further growth and initiatives from the Fujifilm Group going forward.

The NURA medical screening center was opened in Bangalore, India on February 4, 2021. NURA offers Fujifilm's medical devices, capable of providing high-definition diagnostic images, as well as IT systems based on AI technology to assist doctors in carrying out screening and tests for diagnosing cancer and lifestyle diseases. In the future, Fujifilm plans to introduce mobile screening buses to build a mechanism in which more people can access such testing at reasonable prices, thereby contributing to the early detection of cancer and lifestyle diseases in emerging countries.

Feature 2

Efforts to Promote Diversity

Strong individuals are the source of innovation. Our continued goal is to enhance diversity and build a strong organization that can contribute to creating a prosperous society.

Respect for and promotion of diversity and the prohibition of discrimination are set out in the Fujifilm Group Code of Conduct. Our internal systems and rules are created and operated based on the belief that opportunity should be equal for all, regardless of nationality, age, gender, disability, etc. In addition, by creating an environment that allows employees to work flexibly and return to work smoothly during life events such as childcare or nursing care, we aim to ensure that no employee misses an opportunity to grow through their work and can contribute to the organization.

Chisato Yoshizawa
Corporate Vice President
General Manager of
Corporate Communications Division
and ESG Division
FUJIFILM Holdings Corporation

Promoting the creation of an environment in which diverse human resources can play a long-term role

The Fujifilm Group emphasizes the importance of enabling each individual to maximize their potential, increase productivity and deliver the greatest results possible, and we have worked to put in place an environment that makes this possible. We also emphasize diversity not only in terms of attributes such as gender and nationality but also in human resources with diverse experiences and skills. These "strong individuals" then become the source of the Fujifilm Group's innovation.

As the global expansion of our business accelerates, the ratio of international (i.e., non-Japanese) employees across the Fujifilm Group as a whole reached 46% in fiscal 2020, with the ratio of international employees in key positions reaching 27%. The percentage of women in managerial positions in the Fujifilm Group was 15.4%. We consider further increasing these percentages to be an important issue in the promotion of diversity. Specifically, we have set long-term goals to increase the ratio of international employees in key positions to 35%, and the ratio of women in managerial positions to 25% by fiscal 2030. We will actively promote the appointment of talented international and female employees to managerial positions and the further recruitment of human resources with the potential to become future candidates for management. At our overseas affiliates (in countries and regions other than Japan), international employees are active in management and administrative positions. In Japan as well, we will continue moving forward to promote outstanding personnel, regardless of nationality, by putting the right people in the right positions.

In addition, while our overseas affiliates have made progress in creating an environment in which employees can take an active role and be promoted regardless of gender, at the Fujifilm Group in Japan the ratio of females in managerial positions was 5.8% in fiscal 2020, and there remains room for improvement. To date, the Company has continued to emphasize the importance of encouraging continuous employment uninterrupted by life events, with the goal of promoting an active role for women. While respecting the changes that come with different life stages and life events, including childbirth, fertility treatment, childcare and nursing care, we have also established a system that allows employees to work flexibly and enjoy a smooth return to the workplace, and we aim to increase the percentage of women in managerial positions by providing career support and equitable opportunities for promotion to management regardless of gender.

Further, we are promoting the employment of people with disabilities as part of our efforts to develop and utilize diverse human resources. In Japan, we have maintained an employment rate at or above the legally stipulated level since fiscal 2016, and in February 2018 FUJIFILM Holdings was certified as a special exception to the Group calculation, strengthening cooperation within the Group. As of the end of June 2021, we reached an employment rate of 2.53%, exceeding the legally stipulated rate of 2.3%. We work to assign the right people to the right positions in the case of employees with disabilities as well, according to their job aptitude, skills and the individual's wishes, and some employees have taken on leadership roles by improving their skills. Going forward, we will work to create an environment in which those with disabilities can work for the long term, as we work with outside organizations to support the hiring of the disabled.

A culture that values both work and life takes root

With an atmosphere of support from superiors and colleagues for employees at various stages of their lives, I get the sense that a management culture that considers a balance between work and life has begun to take root. One such example is the fact that to date, 35 employees in Japan have utilized the birth support leave system, which allows them a set period of time to focus on fertility treatment. While some employees may have had the child they desired and others have not as a result, I believe that the process of focusing on one's life for a certain period of time over the course of a long career is extremely important. Some of the users of the leave system have said that even if they did not achieve the desired result, by doing their best they were able to gain emotional closure, which allowed them to focus on their work once again. We will continue to create an environment that facilitates the use of these various systems regardless of gender, as we strengthen our promotion of diversity among our employees.

Aiming to increase engagement by deepening business understanding and sharing values

The Fujifilm Group aims to contribute to the creation of a prosperous society by deepening our employees' understanding of our corporate philosophy and the value generated by our diverse businesses, while creating further value by bringing pride to their work. To that end, we are developing internal branding activities targeting all employees in and outside Japan, including employees of companies that have newly joined the Fujifilm Group. As part of that effort, we created the FUJIFILM Corporate Movie, which is being rolled out successively to employees worldwide, offering a message that explains in 22 languages the Fujifilm Group's purpose—what kind of corporate group we strive to become. By sharing our vision for the Fujifilm Group with all of our employees, we will further increase our engagement with them.

Voice from Europe

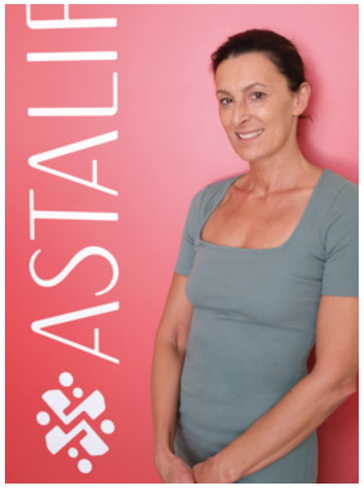
I want more people to know about the women who play an active role in the Fujifilm Group.

Women4Women is an editorial initiative conceived and created at FUJIFILM Europe by an integrated corporate communications/human resources team. The magazine was launched last year, with the aim of giving voice to the stories of the many female professionals who work at Fujifilm every day with passion and enthusiasm. The role of women at Fujifilm is growing, and for this reason we felt it was important to highlight this through a highly appealing tool such as an editorial magazine.

The first issue, published in October last year, featured women working in the medical systems division, particularly in the area of women's health. The magazine's release coincided with Breast Cancer Prevention Month, so it was a time of great involvement for all women. Subsequent issues focused on 'women in science' and 'powerful women'. Our ambassadors contributed with intense stories, providing stimuli to evolve the status of women in business. To date, 60 Fujifilm ambassadors have been involved, worldwide.

In addition to the stories of our female colleagues, each issue features prestigious external contributions to complement the central theme. We have hosted journalists, physicians, university professors, influencers and thinkers. We also carefully choose the photographic themes, using the exciting work of our X-Photographers.

Women4Women is distributed within the Fujifilm network, but is also shared on social networks to attract a wider audience, and has been noticed by a number of women's media outlets, such as Elle and Marie Claire, who have relaunched it on their social channels, helping to increase its awareness and readership. The magazine is also available to the divisions for circulation to clients and various stakeholders. We can say that clients are also enthusiastic about this new model of storytelling about professional women. Each issue has about 2,500 readings and the aim is to grow it more and more, turning it into a real women's magazine of stories and opinions.



Luana Porfido
European Head of Corporate Communication and Integration Chief
FUJIFILM Europe GmbH

Women4Women
July 2021 Issue

Corporate Governance

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Message from the Chairman of the Board of Directors

Contributing to sustainable growth and enhancement of corporate value over the medium to long term through highly effective supervision of the Fujifilm Group's business execution

Following the 125th Ordinary General Meeting of Shareholders held on June 29, 2021, and the subsequent Board of Directors' meeting, I was appointed as Chairman, Representative Director and Board Chairman of FUJIFILM Holdings Corporation. Since assuming the position of President, Representative Director and COO in 2016, I have worked to take action under the major themes of developing and strengthening new businesses, efficient management and further strengthening global expansion. Over the past five years, revenue has grown more than 1.4 times in the Healthcare field, where we have been focusing our management resources. In particular, the bio CDMO business has made great leaps forward, becoming an important growth driver for the Company. In addition to Healthcare, our resilient business portfolio with its technological connections and diversity has supported strong performance, demonstrating our strong conglomerate premium despite headwinds like those we have seen during the COVID-19 pandemic. Furthermore, we have maintained a stable financial base despite the COVID-19 pandemic, and in addition to deciding on proactive growth investments for the future, we have been able to achieve stable shareholder returns with 11 consecutive years of dividend increases (as of fiscal 2020).

Board of Directors' roles and responsibilities for enhancing corporate value

Our new medium-term management plan VISION2023 started in fiscal 2021. VISION2023 serves as a concrete action plan for realizing the goals of Sustainable Value Plan 2030 (SVP2030), a long-term CSR plan targeting completion in fiscal 2030. At the Board of Directors, we will engage in active discussions to ensure that our business execution aligns with these management and CSR plans, and that it is consistent with social trends and the medium- to long-term value demanded by society. Our new management structure established following the Ordinary General Meeting of Shareholders also further strengthens the decision-making and supervision functions of business execution of the Board of Directors. As chair of the Board, I promise to contribute to sustainable growth and enhancement of corporate value over the medium to long term through highly effective supervision of the Group's business execution.

The Company's Board of Directors consists of 11 directors with a wealth of business and international experience, and the extensive insights that follow. The Board also has four independent outside directors, who possess highly specialized knowledge derived from their various backgrounds, including company management, finance, ESG and industrial policy. The open exchange of opinions among this diverse membership based on their respective experiences and perspectives brings greater depth to discussions at Board of Directors' meetings and leads to even stronger corporate governance.

The roles expected of the Board of Directors will continue to grow in significance as we work to resolve social issues through our business activities and discuss medium- and long-term management issues toward the realization of a sustainable society. We will continue to promote initiatives to strengthen governance and fulfill the roles and responsibilities of the Board of Directors in order to continuously increase the value we provide to our diverse stakeholders, including shareholders, customers, business partners and employees.

This report's narrative on corporate governance

The following pages offer detailed insights into our corporate governance system. I believe that corporate governance is a process of continuous improvement to achieve sustainable enhancement of corporate value in an ever-changing world. There is no doubt that dialogue with stakeholders is an important element in this process. Through a series of constructive and effective dialogues, we will pursue a higher level of corporate governance.

Kenji Sukeno
Chairman, Representative Director and Board Chairman of the Company

Career History

Apr. 1977	Joined Fuji Photo Film Co., Ltd.
Mar. 1985	FUJIFILM UK Ltd. (returned to Japan in 1991)
Dec. 2002	CFO, FUJIFILM Holdings America Corporation
Aug. 2008	Director, FUJIFILM Business Expert Corporation
June 2010	Deputy General Manager, Optical Devices Business Division, FUJIFILM Corporation
June 2012	Corporate Vice President and General Manager of Corporate Planning Division, FUJIFILM Holdings Corporation Director, Corporate Vice President and General Manager of Corporate Planning Headquarters, FUJIFILM Corporation
June 2013	Director, Corporate Vice President and General Manager of Corporate Planning Division, FUJIFILM Holdings Corporation Director, Corporate Vice President and General Manager of Corporate Planning Headquarters, FUJIFILM Corporation
June 2016	President, Representative Director and COO, FUJIFILM Holdings Corporation President, Representative Director and COO, FUJIFILM Corporation
June 2021	Chairman, Representative Director and Board Chairman, FUJIFILM Holdings Corporation (to present) Chairman, Director and Board Chairman, FUJIFILM Corporation (to present)

Corporate Governance Structure

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.

The Company has formulated and published the Corporate Governance Guidelines stipulating 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.

Outline of corporate governance structure

Institutional Design

- Adopted a system with an Audit & Supervisory Board
- Established the Nomination and Remuneration Advisory Committee as an arbitrary advisory body to the Board of Directors

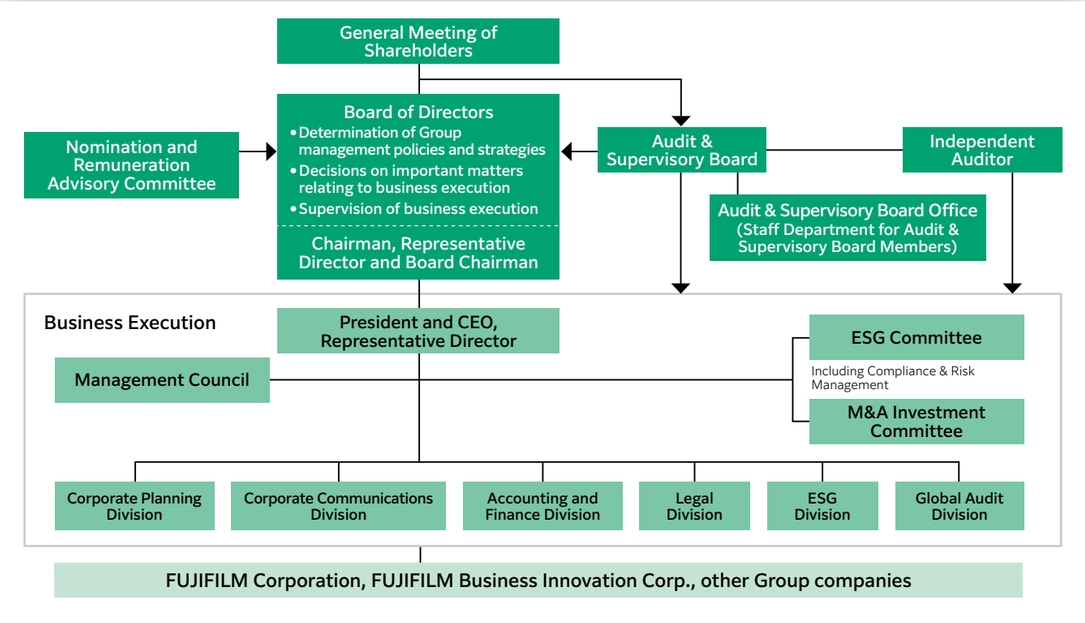
Board of Directors

- Set the number of directors at 12 or less, of which at least one-third shall be independent outside directors (currently 11 directors, including four independent outside directors)
- Separated the roles of the Chairman of the Board of Directors and CEO to clarify roles of supervision and decision-making in business execution
- Set the terms of office of directors at one year to further clarify the mission and responsibilities of directors

Nomination and Remuneration Advisory Committee

- Set the composition of the committee to be of three or more members appointed by resolution of the Board of Directors, with the chairman to be an outside director (currently comprised of three members, including two independent outside directors, one of which is the chairman)
- Set the committee as an advisory body to the Board of Directors, with the goal to ensure objectivity and transparency regarding the CEO succession plan and procedures in directors' remuneration and related matters

Corporate governance structure



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.

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 Board's regular meetings are held in principle once a month, with extraordinary Board meetings held on an as-required basis.

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. Please refer to page 64 for information about these activities.

Audit & Supervisory Board

We have adopted a system with an Audit & Supervisory Board. Each Audit & Supervisory Board member audits 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 auditor

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 deliberates on important matters and group-wide measure topics based on the basic policies, plans and strategies decided 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, five 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 ESG-related matters for the Fujifilm Group. The committee also conducts reviews and promotes basic policy development and appropriate measures from a Group-wide 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 Group-wide management strategy and business strategy, and holds discussions to ensure M&As are conducted through the proper processes 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 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, administrative departments within each operating company and the Company's ESG Division conduct audits on issues like the environment, quality, occupational safety and export control.

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."

Corporate Governance Structure

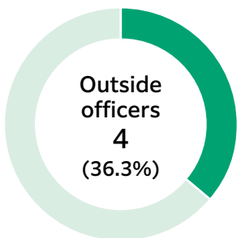
Overview of the Board of Directors and Audit & Supervisory Board

Name and position		Membership	Gender	Meeting attendance in FY2020		Years in office*1	Expertise and experience sought*2					
				Board of Directors' meetings	Audit & Supervisory Board meetings		Global management	Experience in core businesses and industries	Innovation / technology / DX	Finance and accounting	Legal affairs / risk management	ESG
Kenji Sukeno	Chairman, Representative Director and Board Chairman	Nomination and Remuneration Advisory Committee (Member)	Male	12 of 12		8	●	●		●		●
Teiichi Goto	President and CEO, Representative Director		Male	12 of 12		3	●	●	●			●
Kouichi Tamai	Director & Senior Executive Vice President		Male	12 of 12		11	●	●	●			●
Takashi Iwasaki	Director, Corporate Vice President & CTO		Male	12 of 12		3	●	●	●			
Takatoshi Ishikawa	Director		Male	12 of 12		2	●	●	●			
Junji Okada	Director		Male	12 of 12		3	●	●		●		
Masayuki Higuchi	Director, Corporate Vice President and CFO		Male	(New appointee)		-	●	●		●	●	
Tatsuo Kawada	Director (Outside)	Outside/Independent Officer Nomination and Remuneration Advisory Committee (Chairman)	Male	12 of 12		4	●	●	●			●
Kunitaro Kitamura	Director (Outside)	Outside/Independent Officer Nomination and Remuneration Advisory Committee (Member)	Male	12 of 12		4	●			●		●
Makiko Eda	Director (Outside)	Outside/Independent Officer	Female	12 of 12		3	●	●				●
Takashi Shimada	Director (Outside)	Outside/Independent Officer	Male	9 of 9		1	●				●	●
Nobuo Hanada	Audit & Supervisory Board Member		Male	9 of 9	11 of 11	1				●	●	
Motoko Kawasaki	Audit & Supervisory Board Member		Female	(New appointee)	(New appointee)	-					●	●
Masataka Mitsuhashi	Audit & Supervisory Board Member (Outside)	Outside/Independent Officer	Male	12 of 12	14 of 14	2	●			●		●
Tatsuya Inagawa	Audit & Supervisory Board Member (Outside)	Outside/Independent Officer	Male	9 of 9	11 of 11	1					●	

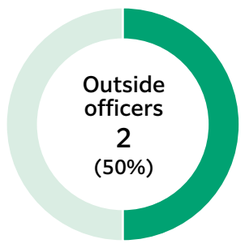
*1 As of elections at the 125th Ordinary General Meeting of Shareholders held June 29, 2021
*2 A maximum of four items sought from each member. This is not a comprehensive list of each individual's expertise and experience.

Ratio of outside officers in each meeting/committee

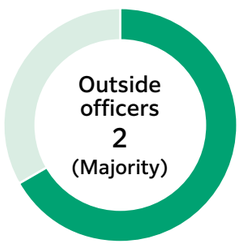
Board of Directors
11 members



Audit & Supervisory Board
4 members



Nomination and Remuneration Advisory Committee
3 members



Selection policy for director and Audit & Supervisory Board member candidates

Candidates for director and Audit & Supervisory Board members

Director candidates are selected giving overall consideration including diversity of the Board of Directors, to enable exchange of opinions from the diverse perspectives of all directors along with free and open deliberation with no distinction between race, ethnic group, nationality, gender, or age, to their personality and acumen, wealth of professional experience, international business experience, depth of insight into the Fujifilm Group's business and management environment, ability to analyze and judge matters objectively and such.

Candidates for Audit & Supervisory Board members are selected giving overall consideration to their personalities, insights, extensive work experience and considerable knowledge in fields such as corporate management, finance, accounting and law.

Outside officers

Outside officers are selected giving overall consideration to their ample insight, extensive work experience and deep specialized knowledge in fields such as corporate management, finance, accounting and law, with the expectation that they 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 third-party viewpoint.

Outside officers are also expected to play their roles in judging and verifying that the decision-making and processes of the Board of Directors are rational when viewed objectively from a perspective of increasing corporate value, giving consideration to the benefit of stakeholders such as minority shareholders.

Corporate Governance Structure

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

Outside directors

Name	Reasons for selection
Tatsuo Kawada	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 the CEO succession plan and remuneration for directors, and has deliberated on and recommended a successor to the CEO with ample qualifications. In the belief that he is able to execute his duties as an outside director in an appropriate and sufficient manner, the Company has selected Mr. Kawada as an outside director.
Kunitaro Kitamura	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' meetings 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 efforts to enhance transparency of the processes related to the CEO succession plan and remuneration for directors, and has deliberated on and recommended a successor to the CEO with ample qualifications. In the belief that he is able to execute his duties as an outside director in an appropriate and sufficient manner, the Company has selected Mr. Kitamura as an outside director.
Makiko Eda	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 execute her duties as an outside director in an appropriate and sufficient manner, the Company has selected Ms. Eda as an outside director.
Takashi Shimada	Mr. Shimada has successively held important posts at METI serving as Deputy Vice-Minister, Director-General of Trade Policy Bureau, and Vice-Minister, 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. By offering suggestions and advice on many aspects of the Company's management at the Board of Directors' meetings based on this ample experience and his wide range of knowledge, he has contributed to secure fairness and appropriateness of decision-making by the Board of Directors. Though he has not been involved in corporate management except as an outside officer, in the belief that he is able to execute his duties as an outside director in an appropriate and sufficient manner, the Company has selected Mr. Shimada as an outside director.

Outside Audit & Supervisory Board members

Name	Reasons for selection
Masataka Mitsuhashi	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 society the 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.
Tatsuya Inagawa	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.

* All of the outside directors and outside Audit & Supervisory Board members possess independence that satisfies the Guidelines Concerning Listing Management, etc., stipulated by the Tokyo Stock Exchange and the Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members stipulated by the Company.

Support for outside officers

The management team shares information with the outside officers to enable them to perform their roles and responsibilities smoothly and in a sufficient manner. Now, the prior explanation to outside officers of agenda for meetings has been enhanced as a method and opportunity for providing information to them. Furthermore, the Company has increased opportunities for outside officers to review an overviewed explanation of issues for each business as well as to observe business sites to promote their better understanding. In addition, as of July 1, 2021, an organization for planning and operating meetings of the Board of Directors was established within the Legal Division with the aim of strengthening the Board's functions and effectiveness. The organization will explore and implement various measures that will lead to greater contribution by outside officers to the management of the Company.

Evaluating the effectiveness of the Board of Directors

At the Fujifilm Group, to ensure the effectiveness of the Board of Directors' roles of determining management basic policies, strategies and key matters pertaining to business execution, and of supervision of business execution, the directors and the Audit & Supervisory Board members conduct self-assessments and are interviewed about their opinions each year. Given these, the Board of Directors deliberates on analysis of the evaluation results and measures for improvement, and a summary of the outcome of the deliberation is disclosed. Note that for the purpose of ensuring objectivity and transparency, we regularly outsource preparation of a questionnaire survey, evaluation and analysis of a portion of evaluation results to an external institution as of the material published April 2020.

Overview of effectiveness evaluation published April 2021

Evaluated targets	All 11 of the Board of Director's meetings held from January to December 2020
Evaluators	All 11 directors and all 4 Audit & Supervisory Board members
Implementation period	January to March 2021
Evaluation point	・Improvements from the previous fiscal year (New item as of this evaluation) ・Management basic policies, management strategies and the deliberation of propositions about the decision and supervision of the important business execution ・The composition, the deliberation and the administration of the Board of Directors ("BoD")
Outline: Evaluation method	After answering a questionnaire, individual interviews are carried out based on the result of the questionnaire and reported to the BoD for discussion.

Overview of analysis and evaluation results

- In their determination of basic management policies and strategies, as well as decisions and oversight for important matters related to business execution, the BoD appropriately performed its roles and duties for sufficient deliberation and decision-making regarding factors and perspectives that the Board members and members of the Audit & Supervisory Board deem to be important;
- The BoD maintains an appropriate composition, and its administration is managed well. We have implemented measures to improve the quality of the deliberation by the BoD by setting separate opportunities to make sufficient explanation to directors and Audit & Supervisory Board members with regard to businesses and propositions.
- At briefing sessions for outside directors on the bio CDMO business held in the fiscal year under review, reports and information on post-merger integration (PMI) measures for the Danish facility acquired in the previous fiscal year were also provided, leading to their deeper understanding and helping to revitalize discussions at BoD meetings.

Measures for enhancement of effectiveness

Based on the result of the evaluation, we will continue our efforts to further enhance the deliberation and effectiveness of the BoD by taking the following countermeasures.

- We will further increase opportunities for the BoD to discuss and report on medium- and long-term management issues, as well as SDGs initiatives.
- We will establish a system for reporting to the BoD on the PMI of important M&A transactions and the investment impact of capital investments resolved by the BoD.
- We will increase the provision of information regarding internal discussion processes in order to stimulate discussion and improve deliberation quality at the BoD.
- We will use the internet and other means to enable outside directors to visit factories, made impossible in fiscal 2020 due to the COVID-19 crisis, and thereby further deepen their understanding of our management and businesses by allowing them direct access to field information.

Activities of the Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee convenes at least once a year in principle to deliberate on the CEO succession plan and the basic policies and procedures for director remuneration. The committee reports on its deliberations to the BoD. The committee consists of three or more members appointed by resolution of the BoD, and the chairman is selected from outside directors in order to strengthen objectivity and transparency.

In fiscal 2020, the committee met three times to discuss the following matters related to nomination and remuneration. All committee members were present at each meeting.

Nomination: CEO succession planning

- Confirmation of criteria for appointing a CEO
- Deliberations on CEO succession and the latest list of candidates

At a meeting held in February 2021, the Committee deliberated on the nomination of Mr. Goto as President and CEO, Representative Director to succeed Mr. Shigetaka Komori, set to retire as Chairman, Representative Director, and CEO in June of the same year. The committee then submitted a report regarding these deliberations to the BoD meeting held in March.

Remuneration: Executive remuneration

- Report on evaluation results for executive bonuses in fiscal 2019
- Deliberations on executive remuneration (evaluation and amount) for fiscal 2020 (including deliberations on the policy for determining remuneration content for individual directors)

At a meeting held in May 2021, the committee deliberated on the introduction of a new stock compensation system to replace the stock option system (resolved at the 125th Ordinary General Meeting of Shareholders) and on the presentation of a special bonus to Mr. Komori (resolved at the same Ordinary General Meeting of Shareholders).

At a meeting of the BoD held in April 2021, Mr. Sukeno was appointed as successor to Mr. Komori, who would retire from the Nomination and Remuneration Advisory Committee on May 1, 2021.

Corporate Governance Structure

Remuneration to directors and Audit & Supervisory Board members

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. The Company also discloses the number of officers receiving remuneration and the total amount of remuneration by director as well as by Audit & Supervisory Board member.

Director remuneration

Remuneration for directors is paid as a total amount including executive officer remuneration, and it is determined by the resolution of the BoD in accordance with the structure of the remuneration and evaluation system discussed at the Nomination and Remuneration Advisory Committee. The remuneration to be paid consists of fixed remuneration, which is determined according to position and responsibilities, and of performance-linked remuneration, which changes according to business performance.

At the 125th Ordinary General Meeting of Shareholders held on June 29, 2021, the Company introduced a new share-based remuneration plan to replace its existing stock option system. This has the purpose of encouraging the Company's directors, excluding outside directors (hereinafter, "Eligible Directors"), to share the interests of stock price fluctuations with our shareholders and to further enhance their motivation to contribute to improving the Company's value and the operating performance over the medium and long term.

Overview of share-based remuneration plan

The share-based remuneration plan is comprised of two plans: one to grant shares of the Company's common stock subject to provisions, including those concerning a certain restriction period and those concerning justifiable reasons for the Company to acquire the shares without contribution, etc., from the Company to Eligible Directors (hereinafter, the "Restricted Share-Based Remuneration Plan"), and one to grant shares of the Company's common stock or pay cash according to the level of achievement of medium-term numerical targets such as the Company's performance set in advance by the Company's BoD as medium-term performance-linked share-based remuneration (hereinafter, the "Performance Share Unit Plan").

After introduction of this share-based remuneration plan, allocation ratios for fixed remuneration, short-term performance-linked remuneration and share-based remuneration shall be (all figures approximate): 55% for fixed remuneration, 15% for performance-linked remuneration (of which 10% is short-term performance-linked, and 5% is Performance Share Units), and 30% for the Restricted Share-Based Remuneration Plan. These ratios shall be applied to the total amount of consolidated remuneration, etc., including the amount of employee portion of bonuses and remuneration for directors who concurrently serve as employees and the amount booked for share-based remuneration expenses. These shall be determined based on each director's position and other such factors. Note that these ratios are therefore subject to vary depending on our evaluation of business performance and changes in our stock value.

(1) Restricted Share-Based Remuneration Plan
The Company will issue or dispose of restricted shares by granting monetary remuneration receivables to the Eligible Directors for the purpose of allotting restricted shares, in principle, every fiscal year, and have the Eligible Directors hold these shares by having them contribute all of these monetary remuneration receivables in kind. The aforementioned monetary remuneration receivables shall be paid on the condition that the Eligible Directors agree to said contribution in kind and that the Company and the Eligible Directors have concluded an allotment agreement for transfer restricted shares.

In this plan, in order to enhance the motivation of Eligible Directors toward sustainable growth in corporate value over the medium to long term and to further encourage management from the shareholder's perspective, the Company imposes share transfer restrictions from the day the allotment was received until the day on which the Eligible Director loses the position of director, Audit & Supervisory Board member, corporate vice president, fellow, etc., or employee of the Company or its consolidated subsidiary.

(2) Performance Share Unit Plan
In this performance-linked share-based remuneration plan, the Company will deliver shares of its common stock or pay cash to Eligible Directors after the three fiscal years spanning the medium-term management plan. When making such deliveries and payments, the figures set in advance by the BoD corresponding to each Eligible Director's title, etc., shall be the base, with adjustments made in a range of 0% to 150% according to the level of achievement of indicators in the Company's medium-term management plan, such as consolidated revenue, consolidated operating income and return on invested capital (ROIC), etc., and the number of the Company's shares of common stock equating to 50% of that adjusted number and the cash equivalent of the stock price of the same number of the Company's shares of common stock at time of delivery shall be delivered or paid. The initial eligible period is from April 1, 2021 to March 31, 2024, and thereafter, the Performance Share Unit Plan may be implemented for the three consecutive fiscal years beginning with the fiscal year following the final fiscal year of the preceding eligible period.

The purpose of this plan is for Eligible Directors to share the benefits and risks of stock price fluctuations with shareholders, and to motivate them toward increasing our stock price, enhancing corporate value and improving business performance over the medium term.

Short-term performance-linked remuneration

For short-term performance-linked remuneration, "consolidated revenue" and "consolidated operating income," which are the numerical targets for the Company's short-term business management, are selected as performance-linked indicators in a single fiscal year, and the amount of short-term performance-linked remuneration is changed based on the achievement level of the indicators and the comparison with the previous fiscal year's results.

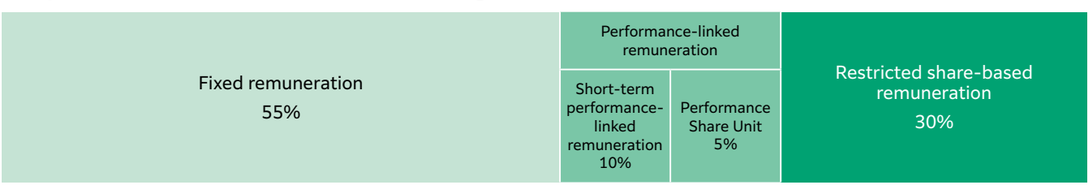
Outside director remuneration

The remuneration for outside directors consists of only fixed remuneration in consideration of their role and independence.

Audit & Supervisory Board member remuneration

The remuneration for Audit & Supervisory Board members consists of only fixed remuneration 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.

Composition of director remuneration (Excluding outside directors)



* The above shall be guidelines, with exact percentages determined according to the position of each director and other elements. The above percentages are based on various conditions at the time of resolution by the 125th Ordinary General Meeting of Shareholders.

Total amount of remuneration, etc., for each officer category, total amount by type of remuneration and numbers of eligible officers (Fiscal 2020)

In fiscal 2020, the Company's remuneration system for directors consisted of fixed remuneration, short-term performance-linked remuneration and granting stock options. The Company also granted stock remuneration-type stock options and ordinary-type stock options to directors, corporate vice presidents and important employees of the Company as well as directors, corporate vice presidents, fellows and important employees of subsidiaries of the Company.

Subject of remuneration	Number of officers receiving remuneration	Fixed remuneration (Millions of yen)	Short-term performance-linked remuneration (Millions of yen)	Stock options (Millions of yen)	Total amount of remuneration, etc. (Millions of yen)
Directors (excluding outside directors)	7	322	42	313	678
Audit & Supervisory Board members (excluding outside members)	3	42	—	—	42
Outside officers	8	61	—	—	61
Total	18	425	42	313	782

*1 Stock acquisition rights to be allocated as stock options differ from monetary compensation, etc., in that the settlement amount as monetary remuneration is not fixed, and there is a risk of value fluctuations. The amount of remuneration for the above stock options is estimated on the grant date by calculating third-party value 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 2020.
*2 The number of Audit & Supervisory Board members who received remuneration includes one Audit & Supervisory Board member who retired during fiscal 2020.
*3 The number of outside officers who received remuneration includes one outside director and one outside Audit & Supervisory Board member who retired during fiscal 2020.
*4 The above amounts include remuneration paid to directors who also hold employee posts as consideration for the fulfillment of their employee duties.

Approach to cross-shareholdings

The Fujifilm Group may hold cross-shareholdings after verifying their economic rationality and only when there is a recognized need for business purpose, such as to maintain or expand transactions, or a recognized contribution to the medium- to long-term development of the Company. Each year, the Company verifies whether cross-shareholdings have valid purpose from a medium- to long-term perspective, and whether the benefits and risks associated with these holdings are commensurate with the cost of capital and other factors. The results of these verifications are presented to the Board of Directors. As a result of verification, we will sell any shares for which holdings are deemed unreasonable.

As for voting rights related to cross-shareholdings, we will, in principle, exercise these rights in all agenda items in the appropriate use of our shareholder authority.

Corporate Governance Structure

Activities for strengthening corporate governance

The Company has implemented such measures as appointment and addition of outside directors, formulation of the Corporate Governance Guidelines and evaluation on the effectiveness of the Board of Directors. In fiscal 2020, we also further strengthened our corporate governance by launching a skills matrix that lists the expertise and experience we seek in directors and Audit & Supervisory Board members.

	From FY2006	From FY2015	From FY2020
Institutional design	2006 Transition to a holding company structure	2018 Establishment of voluntary Nomination and Remuneration Advisory Committee	2021 Separation of CEO/Chairman of the Board of Directors roles
Increasing the ratio of independent outside directors	2006 Appointment of an outside director 2014 Increased to two outside directors	2017 Increased to three outside directors, at least one-third of total directors 2018 Increased to four outside directors	
Ensuring the BoD's diversity		2018 Appointment of a female director	2020 Publication of Skills Matrix
Improving the BoD's effectiveness		2015 Establishment of the Corporate Governance Guidelines 2015 Commencement of the evaluation of the effectiveness of the Board of Directors	2019 Evaluation of the effectiveness of the Board of Directors utilizing an external institution
Designing executive remuneration	2007 Introduction of a stock option system 2009 Abolition of retirement benefit system for directors and Audit & Supervisory Board members	2019 Clarifying the basic policies relating to director remuneration	2021 Introduction of share-based remuneration plan, including restricted stock compensation and medium-term performance-linked share-based remuneration

Approach to compliance, risk management and internal control system

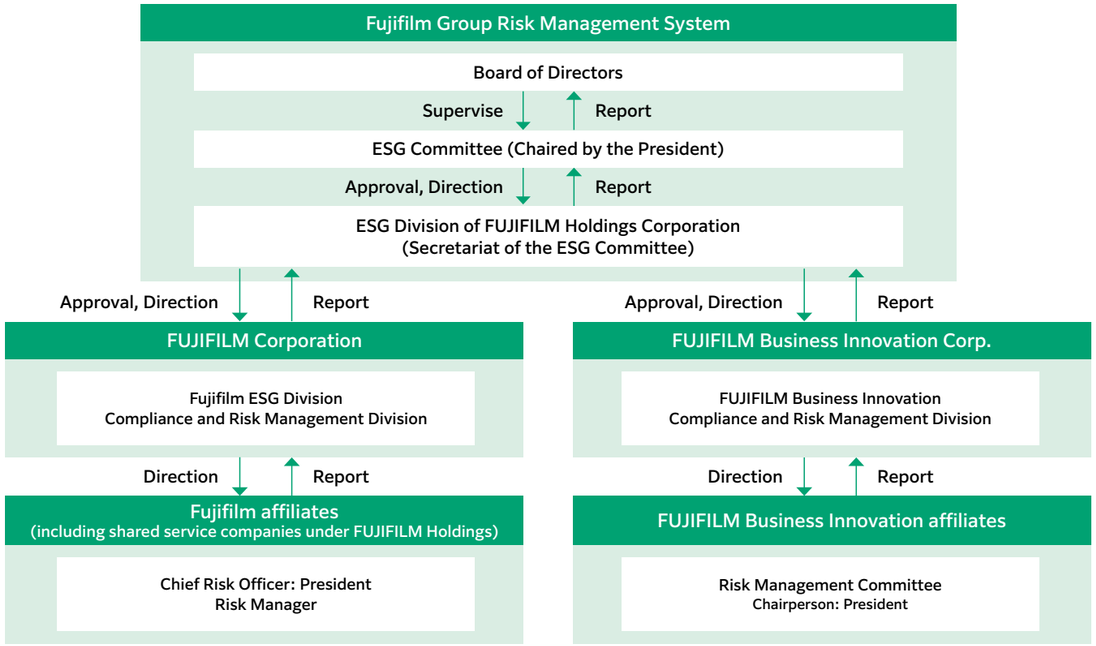
The Company ensures that the activities and behavior of its officers and employees are in compliance with laws and regulations and social ethics. Specifically, the Company has formulated the Fujifilm Group Charter for Corporate Behavior and the Fujifilm Group Code of Conduct, and established the ESG 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.

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. The ESG Division reports this information to directors and Audit & Supervisory Board members every quarter, ensuring the effectiveness of risk management.

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.

In fiscal 2020, the functions of the Compliance and Risk Management Division at FUJIFILM Corporation and FUJIFILM Business Innovation Corp. were integrated into FUJIFILM Holdings Corporation, with regulations and domestic whistleblowing systems for the two companies also integrated. Furthermore, in order to promote business activities with a higher level of ethics and transparency in the Healthcare area, with the Group's priority businesses, we established the Global Healthcare Code of Conduct and provided training sessions to the relevant divisions and operating companies.

Fujifilm Group compliance and risk management structure



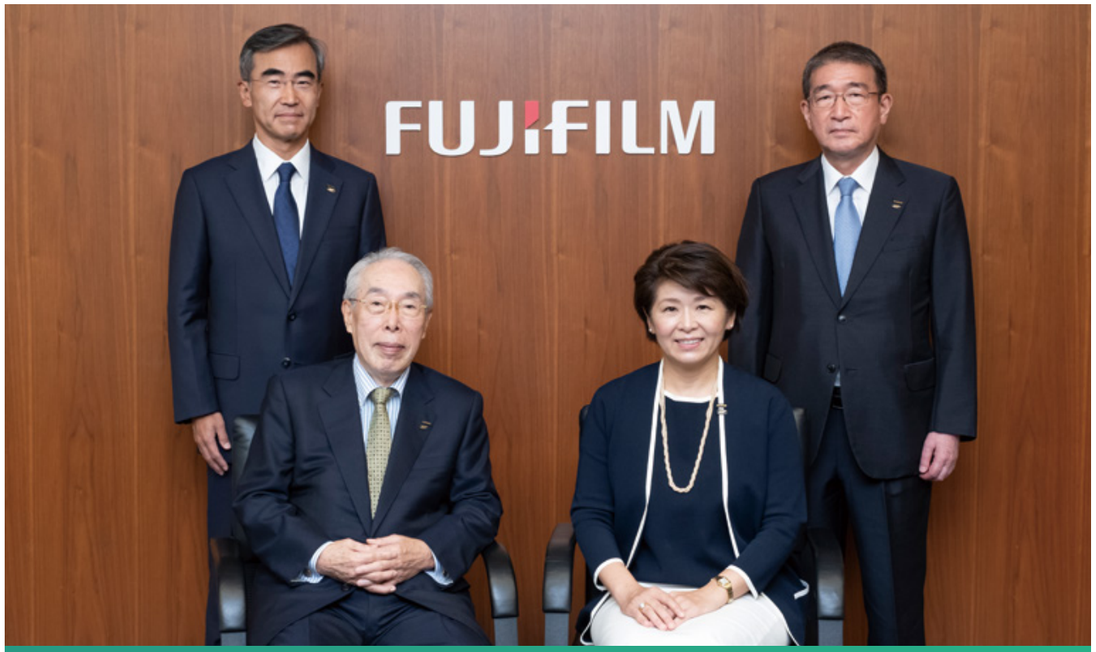
Recognition of risks

The following are the main types of risks recognized as having the potential to affect the Fujifilm Group's financial condition and business performance (as of the release of the 125th Annual Securities Report).

1. Risk of economic and exchange rate trends impacting performance
2. Risks related to environmental change and competition in the Imaging field
3. Risks related to environmental change and competition in the Healthcare & Material field
4. Risks related to environmental change and competition in the Document field
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

Please refer to "Business and Other Risks" on pages 17–22 of the 125th Annual Securities Report for details on each risk and our responses.

Roundtable Discussion with Outside Directors



The Board of Directors' Role in Achieving Sustainable Growth and Strengthening Governance

In this new management structure where decision-making and supervision have clear delineation in business execution, how will the Fujifilm Group handle the rapidly changing business environment, and how will it continue to grow? We received multifaceted opinions from our outside directors, possessed of abundant experience in their respective fields.

About the new management structure

FUJIFILM Holdings' new management structure was launched after the Ordinary General Meeting of Shareholders held on June 29, 2021. As an outside director, what is your assessment of this new management structure?

Shimada Over the past year, the Board of Directors has been discussing topics requiring major decisions, such as the medium-term management plan and business restructuring. In these discussions, something I have felt very strongly is the steadfast spirit of the various division managers. When Mr. Komori spoke at the Board of Directors' meeting on his retirement, the background became clear to me. To quote his remarks, "Our corporate culture is about being honest, frank and cheerful, and about taking unified, committed action after thorough discussion and decision-making. This is evident in the Fujifilm character, and it is our greatest strength." Though the Fujifilm Group has a reputation of growth on the back of its charismatic management and their decisions, this means the spirit held by the managers of each division, nurtured by this corporate character, is its real strength. Since Chairman Sukeno and President Goto embody this character, I have strong expectations for the Company's management going forward.

Eda Taking a governance perspective, the new structure's clarity on the Board of Directors' functions of decision-making and supervision as it pertains to business execution gives me high expectations. In order for a company to achieve long-term and sustainable growth in a rapidly changing world, management must take risks as appropriate, and strong governance is essential to that end. With a new governance structure offering a more clear definition between decision-making and supervision for execution, I believe that we as outside directors will also be able to conduct more effective external supervision processes. I have strong expectations that further constructive discussions built on top of this foundation will ensure even stronger governance, as well as lead to innovation and growth ahead.

What role did the Nomination and Remuneration Advisory Committee play in the CEO succession?

Kawada Since its inception in 2018, the Nomination and Remuneration Advisory Committee has been in ongoing discussions and preparations regarding a list of CEO successor candidates, as well as confirming talent requirements for the CEO and management dismissal requirements. Finally, the new structure was launched after a committee meeting in February 2021 and a Board of Directors' meeting in March. As chair of the committee, deliberations on Mr. Komori's successor presented me with significant responsibility given his more than 20 years since taking the position of representative director, but I believe that I was able to successfully fulfill this important role in the succession process.

Mr. 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 chairman of the Company's Nomination and Remuneration Advisory Committee.

Kitamura Our traditional focus has been in the important committee role of ensuring objectivity and transparency. While it is a difficult task to examine each candidate on a successor list in detail, this process eliminates arbitrariness in the selection process and ensures objectivity and transparency from our standpoint as outside directors. In that sense, I feel that our discussions leading up to a decision regarding the new CEO were very appropriate and thorough. The timing of the CEO change also seemed fortuitous in a period of decisions where the Company took dramatic steps forward, such as making Fuji Xerox (current FUJIFILM Business Innovation) a wholly owned subsidiary, making major investments in the bio CDMO business, and acquiring Hitachi's diagnostic imaging business (current FUJIFILM Healthcare).

About the medium-term management plan

In April, the Company announced its new medium-term management plan VISION2023. What is your assessment of this plan from the perspective of medium- to long-term value enhancement?

Kawada Like its predecessor, VISION2019, the new medium-term management plan also serves as a concrete action plan toward achievement of the CSR plan SVP2030. The days when it was enough for a company to put its focus on generating profits and other added economic value as its primary goal are long gone. Today, there are strong demands for management to take into account issues in the SDGs, like the environment and society. In its execution planning, the Fujifilm Group must not only incorporate profits but also ensure that actions to address these issues are included as well. I believe that the Company's medium-term management plan goes beyond simply incorporating these ideas; it sets very ambitious goals as well. The Board of Directors will play an even more important role here, including supervision for addressing these issues.

Eda I believe that the Fujifilm Group is constantly creating value toward achievement of its long-term goals. Now that the Company has a medium-term action plan toward long-term goals in 2030, people are more easily able to understand its management plans. It has presented a clear picture of the issues relevant to its 14 businesses, divided into the areas of Environment, Health, Daily Life and Work Style. In addition, stakeholders can now more easily see how these issues are linked to 2030 long-term goals and what FUJIFILM Holdings is doing with respect to them. This ease of understanding is a very strong point of this medium-term management plan.

With the COVID-19 pandemic, I believe that the world will continue its dramatic changes. However, so long as the Company can maintain an unwavering long-term perspective, we can expect sustainable growth and value creation. Also, the more people share an understanding of the Company's management plan, the more effective it will be. That is my positive assessment of how the Company has set up its new medium-term management plan.

What are the challenges faced in promoting the medium-term management plan?

Eda Even though the Fujifilm name is well known, I think it has been difficult to fully grasp what the company really is because of its wide range of businesses. The organization of this medium-term management plan is easy to grasp as an outside director, and the content is easy to explain to others. I very much hope this thorough plan setup will carry forward. I believe that if the Company can distinctly explain exactly what the Fujifilm Group is, its management policy and growth strategy will be easier to understand for more stakeholders.

Roundtable Discussion with Outside Directors

Ms. Makiko Eda
Chief Representative Officer, World Economic Forum Japan

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.

What advice would you give to ensure effective business portfolio management, one of VISION2023's key measures?

Kitamura The Fujifilm Group has been making progressive efforts with regard to its business portfolio in the sense that it has been dynamically shifting its business structure toward the Healthcare field. However, Japanese companies tend to lean toward new investments and acquisitions, and less often decide to withdraw from a business. This leads to shortages in competency and capital, stretching their supply lines thin. According to the results of one survey, corporate managers are more often conscious of profitability in individual businesses, including adding value to products and services, increasing market share and reducing costs. This contrasts with investor consciousness, focused on investment return and selection and concentration of businesses, leading to gaps between management and investor mindsets. Therefore, in business portfolio management, it is necessary to maintain a sense of and perspective on this issue, engaging in discussion from the shareholder and investor viewpoint.

It is also not easy to formulate rules that can be universally agreed-upon when assessing a business' profitability, including how to set transaction rates between divisions or how to allocate expenses. In this sense, I think it is a challenging task for the Company and its diverse range of businesses to grasp the profitability of each business and discuss its portfolio. However, it is still important to take on this challenge as part of business portfolio management.

Shimada Last year, the Ministry of Economy, Trade and Industry (METI) in Japan released Practical Guidelines for Business Transformations. My understanding is that these guidelines are designed to help Japanese companies overcome their strong biases toward maintaining the status quo and weaknesses in cross-organizational management functions, and to help them gain international competitiveness. The Fujifilm Group has been engaged in the most advanced form of business restructuring for 20 years now. These guidelines appear to have been published by the government for industries across Japan as a whole, with consideration to cases like Fujifilm's.

It is important to note that the Company arranges its businesses along the dual axes of growth and profitability, but the premise behind these analyses can change in an instant in the face of rapid evolution in innovation or major changes on a global scale. To give an example, the United States introduced regulations a year ago in the area of pharmaceuticals, an area where the Fujifilm Group does business. These regulations were designed to reduce dependence on a certain country and create security in the supply chain. Two years ago, it is very unlikely that anyone could have predicted that pharmaceuticals would also face similar regulations like those seen in semiconductors and 5G. In such a rapidly changing environment, the Fujifilm Group must act with agility to review the assumptions made in analyzing its businesses and planning its cash flows.

Mr. Takashi Shimada
Former Vice-Minister of Economy, Trade and Industry

Mr. Shimada has served in important positions at METI, including Deputy Vice-Minister, Director-General of Trade Policy Bureau, and Vice-Minister of 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.

What issues does the Fujifilm Group face?

Shimada One of questions is, as innovation itself shifts rapidly from "product innovation" to "architectural innovation," what kind of added value the Company will bring within the latter. I think this is a very big challenge.

The other is how the Company will be agile in reviewing its management plans and visions while identifying new opportunities and threats amid a variety of significant trends, such as the pandemic, cybersecurity and a U.S.–China technological hegemony. I hope that I can contribute to raising awareness of these issues.

On executive remuneration

Fujifilm introduced a new stock compensation plan in conjunction with its new medium-term management plan. What is your assessment of the introduction of this plan?

Kawada After deliberation by the Nomination and Remuneration Advisory Committee, the Company implemented a restricted stock compensation plan and a medium-term performance-linked share-based remuneration plan (hereinafter, the "Performance Share Unit Plan"). In particular, I would give the Performance Share Unit Plan high marks in that it introduces a performance-based system over a medium-term time frame, with the announced medium-term management plan serving as context. Beyond that, it is important that performance and assessment are in proper alignment with each other, and produce convincing results. We would like to verify this plan in its operational processes, including performance evaluations, from the perspective of ensuring objectivity and transparency.

Kitamura Although the previous stock option plan had performance-linked elements, the PSU plan is more advanced, especially in the sense that it is linked to achieving KPIs set in the medium-term management plan and provides stronger incentives toward medium-term growth and goal achievement. I believe this will further promote shared interest with shareholders and investors and contribute to sound risk-taking in management.

However, I think that compensation plans must be designed in a way that does not undermine a company's corporate culture and strengths it has cultivated over time. While a performance-linked plan is in line with this concept, we also need to constantly monitor its operational status and tune the plan as necessary.

Some have said they expect officer remuneration system to reflect non-financial KPIs.

Kitamura There is a lot of talk now about the "carbon neutral shock." Some say that this may force changes in corporate accounting not seen since the Great Depression hit in 1929.

Though few companies took the stance of voluntary disclosure before the Great Depression, it would lead to the birth of a trend toward quantitative financial disclosure. Today, the trend is to disclose even non-financial information to the outside world. The objective here is to communicate what a company has been doing, and what its contributions have been, in non-financial aspects. Therefore, it is possible that expectations will grow even further toward reflecting non-financial KPIs in compensation plans. I think this is one of the challenges FUJIFILM Holdings faces as a company.

Mr. Kunitaro Kitamura
Special Advisor to 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.

On diversity in the Board of Directors

How should companies work to ensure that diversity in the Board of Directors leads to increased corporate value?

Eda Since joining FUJIFILM Holdings' Board of Directors, I have come to realize that in addition to its corporate culture and its fundamental principle of being open, fair and clear, the Company also has a sense of speed. In addition, I believe that what is most important for a company's officers is not only diversity in form—the number of women or foreigners, for example—but also diversity of experiences and backgrounds. Only when a company has this can it engage in meaningful discussions.

Shimada While diversity of the Board of Directors is important, I think what is even more important is the diversity of the company. One company will be entirely different to another in areas like where it does business, what talent it has, and how much it has expanded globally. For a company that wants to generate new innovation through combining companies that are entirely different to each other, I think it is preferable to look at diversity in a way that is aligned with the company's strategy and to approach it in a way that is unified with the company's group management.

I also believe that there are best practices in governance as a global company, and that these will be constantly evolving. Each outside director will contribute to the Company's growth and further strengthen its governance to the maximum extent possible from their respective experiences and positions.

Management Structure (as of August 31, 2021)

Directors

Kenji Sukeno

Chairman, Representative Director and Board Chairman

1977 Joined the Company*1
2012 Corporate Vice President and General Manager, Corporate Planning Division of the Company
Director, FUJIIFLM Corporation
2013 Director of the Company
2016 President and COO, Representative Director of the Company
President and COO, Representative Director, FUJIFILM Corporation
2021 Chairman, Representative Director and Board Chairman of the Company (to present)
Chairman, Director and Board Chairman, FUFJIFILM Corporation (to present)

Significant Concurrent Positions
Chairman, Director and Board Chairman, FUFJIFILM Corporation
Director, FUJIFILM Business Innovation Corp.

Kouichi Tamai

Director & Senior Executive Vice President

2003 Joined the Company
2006 Corporate Vice President of the Company
2008 Director, FUJIFILM Corporation
2010 Director and Corporate Vice President of the Company
2016 Director and Senior Executive Vice President, FUJIFILM Corporation
2017 Deputy President and Representative Director, Fuji Xerox Co., Ltd. (current FUJIFILM Business Innovation Corp.)
2018 Director and Senior Executive Vice President of the Company (to present)
President, Representative Director, Fuji Xerox Co., Ltd. (current FUJIFILM Business Innovation Corp.)
2021 Chairman and CEO, Representative Director, FUJIFILM Business Innovation Corp. (to present)

Significant Concurrent Position
Chairman and CEO, Representative Director, FUJIFILM Business Innovation Corp.

Takatoshi Ishikawa

Director

1978 Joined the Company
2008 Representative Director, President of FUJIFILM Electronic Materials Co., Ltd.
2011 Corporate Vice President and General Manager of Electronic Materials Division, FUJIFILM Corporation
2012 Director of the Company
Director, Corporate Vice President and General Manager of Pharmaceuticals Products Division, FUJIFILM Corporation
2014 Director and Senior Corporate Vice President, FUJIFILM Corporation
2017 General Manager, Bio CDMO Division, FUJIFILM Corporation (to present)
2019 Director of the Company (to present)
Director and Executive Vice President, FUJIFILM Corporation
2020 Senior Executive Vice President, FUJIFILM Corporation (to present)
2021 General Manager, Life Sciences Strategy Headquarters, FUJIFILM Corporation (to present)

Significant Concurrent Positions
Director, Senior Executive Vice President and General Manager of Life Sciences Strategy Headquarters and Bio CDMO Division, FUJIFILM Corporation

Masayuki Higuchi

Director, CFO

1987 Joined the Company
2009 Senior Operations Manager, FUJIFILM Holdings America Corporation
2015 President and CEO, FUJIFILM Sonosite, Inc.
2018 Corporate Vice President and Deputy General Manager of Corporate Planning Division of the Company
Director, Corporate Vice President and General Manager of Corporate Planning Headquarters, FUJIFILM Corporation
2019 Corporate Vice President and General Manager of Corporate Planning Division of the Company
2021 Director, Corporate Vice President, CFO and General Manager of Corporate Planning Division of the Company (to present)
Director, Senior Vice President, CFO and General Manager of Corporate Planning Division, FUJIFILM Corporation (to present)

Significant Concurrent Positions
Audit & Supervisory Board Member of FUJIFILM Business Innovation Corp.
Director, Senior Vice President, CFO and General Manager of Corporate Planning Division, FUJIFILM Corporation

Teiichi Goto

President and CEO, Representative Director

1983 Joined the Company
2008 President, FUJIFILM Medical Systems (Shanghai) Co., Ltd.
2013 General Manager, Medical Systems Business Division, FUJIFILM Corporation
2014 Corporate Vice President, FUJIFILM Corporation
2016 Director, FUJIFILM Corporation
2017 General Manager of Medical Systems Business Division and Healthcare Business Development Office, FUJIFILM Corporation
2018 Director of the Company
Senior Corporate Vice President, FUJIFILM Corporation
2020 Executive Corporate Vice President, FUJIFILM Corporation
2021 President and CEO, Representative Director of the Company (to present)
President and CEO, Representative Director, FUJIFILM Corporation (to present)

Significant Concurrent Positions
President and CEO, Representative Director, FUJIFILM Corporation
Director, FUJIFILM Business Innovation Corp.

Takashi Iwasaki

Director & CTO*2

1981 Joined the Company
2009 President and CEO, FUJIFILM Electronic Materials U.S.A., Inc.
2014 Corporate Vice President, General Manager of Highly Functional Materials Business Development Headquarters and Industrial Products Division, FUJIFILM Corporation
2016 Director, FUJIFILM Corporation (to present)
2018 Director, Corporate Vice President, CTO and General Manager of Corporate R&D Division of the Company
Director, Senior Vice President, CTO and General Manager of Electronic Materials Business Division, FUJIFILM Corporation
2019 Director and Executive Vice President, FUJIFILM Corporation
2020 Director and Senior Executive Vice President, FUJIFILM Corporation (to present)

Significant Concurrent Positions
Senior Executive Vice President, CTO, Director and General Manager of CTO Office and Advanced Materials Business Strategy Headquarters, FUJIFILM Corporation

Junji Okada

Director

1979 Joined the Company
2010 President, FUJIFILM Europe GmbH
2012 General Manager, Business Strategy Group, Corporate Planning Division of the Company
2013 General Manager, Corporate Communications Office, Corporate Planning Division of the Company
2015 General Manager, Corporate Planning Division, Corporate Planning Headquarters of FUJIFILM Corporation
2016 President and Representative Director, Toyama Chemical Co., Ltd. (current FUJIFILM Toyama Chemical Co., Ltd.) (to present)
2018 Director and Corporate Vice President of the Company
Director, Corporate Vice President and General Manager of Pharmaceuticals Products Division, FUJIFILM Corporation (to present)
2019 Director and Senior Vice President, FUJIFILM Corporation
2021 Director and Executive Vice President, FUJIFILM Corporation (to present)

Significant Concurrent Position
Director, Executive Vice President and General Manager of Pharmaceutical Products Division, FUJIFILM Corporation

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

Tatsuo Kawada

Director (Outside)

1987 Representative Director and 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 of SEIREN CO., LTD.
Outside Director of Hokuriku Electric Power Company
Member of the Board (external) of Daikin Industries, Ltd.

Makiko Eda

Director (Outside)

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

Significant Concurrent Positions
Chief Representative Officer of World Economic Forum Japan
Outside Director of Tokyo Electron Limited

Kunitaro Kitamura

Director (Outside)

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 Representative Director of Sumitomo Mitsui Trust Holdings, Inc.
Chairman (Director) of Sumitomo Mitsui Trust Bank, Limited
2017 Director of Sumitomo Mitsui Trust Holdings, Inc.
Outside Director of the Company (to present)

Significant Concurrent Position
Outside Director of ASAGAMI CORPORATION

Takashi Shimada

Director (Outside)

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
Outside Director of Dream Incubator Inc.
Audit & Supervisory Board Member (Outside) of Nippon Television Holdings Inc.

Audit & Supervisory Board Members

Nobuo Hanada

Audit & Supervisory Board Member

1983 Joined the Company
2006 Senior Operations Manager, Accounting and Finance Division, FUJIFILM Corporation
2012 Senior Operations Manager, Accounting and Finance Group, Corporate Planning Division of the Company
2013 General Manager, Audit Division of the Company
General Manager, Audit Division, FUJIFILM Corporation
2017 General Manager, 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

Motoko Kawasaki

Audit & Supervisory Board Member

1983 Joined the Company
2016 General Manager, CSR Group, Corporate Planning Division of the Company
General Manager, CSR Division, FUJIFILM Corporation
2019 Corporate Vice President, General Manager of ESG Division and Corporate General Administration Division of the Company
Corporate Vice President and General Manager of ESG Division, FUJIFILM Corporation
2021 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)

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 PricewaterhouseCoopers Aarata Sustainability Certification Co., Ltd. (current PricewaterhouseCoopers Sustainability LLC)
2018 Executive Adviser of PricewaterhouseCoopers Aarata LLC
Chairman of PricewaterhouseCoopers Sustainability LLC
2019 Outside Audit & Supervisory Board Member of the Company (to present)

Significant Concurrent Positions
Outside Director of Nippon Paint Holdings Co., Ltd.
External Director of Skymark Airlines Inc.

Tatsuya Inagawa

Audit & Supervisory Board Member (Outside)

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 Retired from Public Prosecutor
Registered as Attorney at Law
Attorney at Takahashi Sogo Law Office (to present)
2020 Outside Audit & Supervisory Board Member of the Company (to present)

Significant Concurrent Positions
Attorney at Takahashi Sogo Law Office
Outside Director of Sumitomo Osaka Cement Co., Ltd.

Please refer to our website for details of corporate executives' profiles. ▶ https://www.fujifilm.com/fbglobal/eng/company/profile/executive

Management Structure

Executive Officers

Kenji Sukeno
Chairman

Teiichi Goto
President and CEO
Group Chief Executive Officer

Kouichi Tamai
Senior Executive Vice President
Responsible for Business Innovation
Business Strategy

Takashi Iwasaki
Corporate Vice President & CTO
General Manager of CTO Office

Masayuki Higuchi
Corporate Vice President & CFO
General Manager of Corporate Planning Division
Responsible for Legal Division, Corporate Wide Business Development and Innovation, Budget Planning and Control, Consolidated Business Management, Strategic Business Planning, Fujifilm Way Management Innovation, Logistics Efficiency

Masahiro Fukuoka
Corporate Vice President
Responsible for Procurement & Equipment Manufacturing Division, Global Production

Masaru Yoshizawa
Corporate Vice President
General Manager of Accounting and Finance Division and Corporate General Administration Division
Responsible for Consolidated Accounting and Finance

Chisato Yoshizawa
Corporate Vice President
General Manager of Corporate Communications Division and ESG Division
Responsible for Global Audit Division

Kazuhisa Horikiri
Corporate Vice President
Responsible for Brand Management

Seigo Sugimoto
Corporate Vice President & CDO
General Manager of ICT Strategy Office, Corporate Planning Division
Director of AI Platform Technology Research Institute

Mayumi Suzuki
Corporate Vice President
General Manager of Fundamental Laboratories for Analytical Science and Technology

Naoto Yanagihara
Corporate Vice President
Responsible for Intellectual Property Division

Yasushi Zama
Corporate Vice President
General Manager of Human Resources Division

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Key Financial Data

* See pages 81–82 for numerical data for fiscal 2010 to fiscal 2020.

Revenue

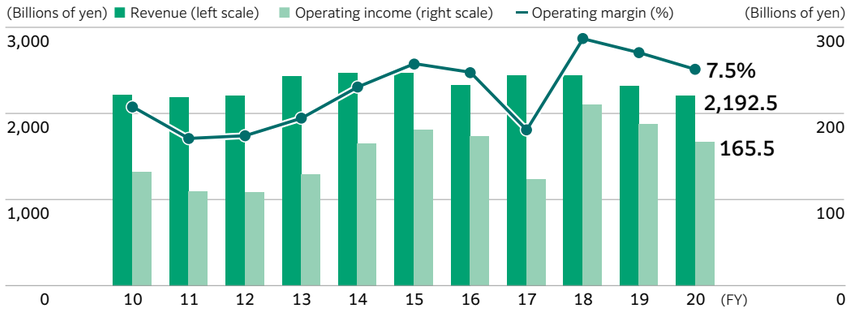
JPY **2,192.5** billion

Operating income

JPY **165.5** billion

Operating margin

7.5%



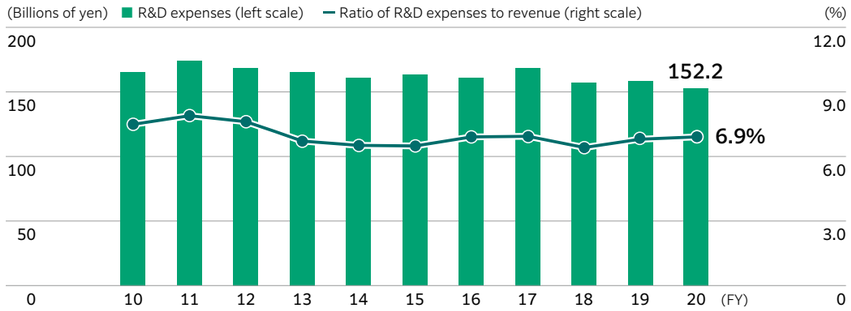
In fiscal 2020, the Fujifilm Group recorded JPY 2,192.5 billion in consolidated revenue (down 5.3% year-over-year), reflecting such factors as a decrease in sales in the photo imaging business, the optical device and electronic imaging businesses, and the document business, although sales increased in areas such as the bio CDMO business, the pharmaceutical business, and the electronic materials business. Operating income was JPY 165.5 billion (down 11.3%), and the operating margin was 7.5% (down 0.6 percentage points).

R&D expenses

JPY **152.2** billion

Ratio of R&D expenses to revenue

6.9%



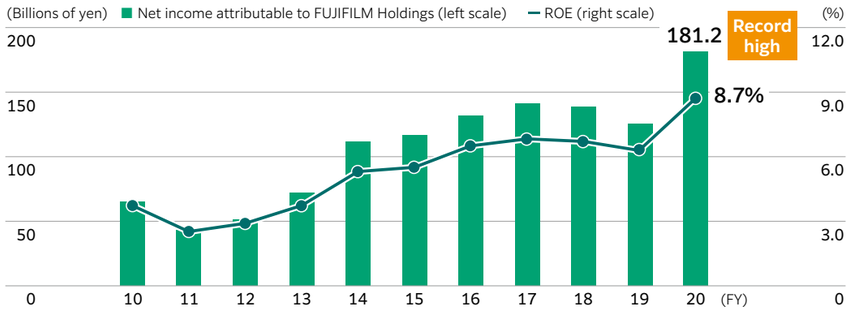
The Fujifilm Group does business in a variety of fields. It advances research and development in priority business areas through product design integrating a wide range of fundamental and core technologies, while at the same time generating new businesses for the future.

Net income attributable to FUJIFILM Holdings

JPY **181.2** billion

ROE

8.7%



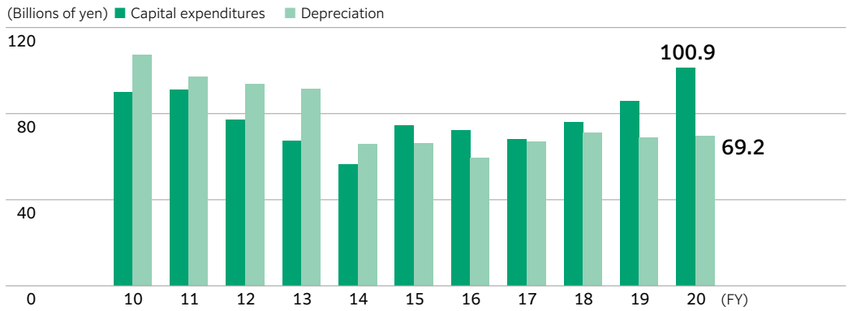
Consolidated net income attributable to FUJIFILM Holdings for fiscal 2020 reached a record high of JPY 181.2 billion (up 45.0% year-over-year). Return on equity (ROE) was 8.7% (up 2.4 percentage points), achieving our target of at least 8%. In addition to steady recovery in business performance, there were contributions from areas such as improved losses attributable to noncontrolling interests due to converting Fuji Xerox (current FUJIFILM Business Innovation) into a wholly owned subsidiary, as well as from gains on the sale and valuation of investment securities.

Capital expenditures

JPY **100.9** billion

Depreciation (only property, plant and equipment)*

JPY **69.2** billion



Capital expenditures amounted to JPY 100.9 billion for fiscal 2020, mainly for the purpose of increasing production capacity of high-growth products, rationalizing and labor saving of manufacturing facilities, and environmental conservation.

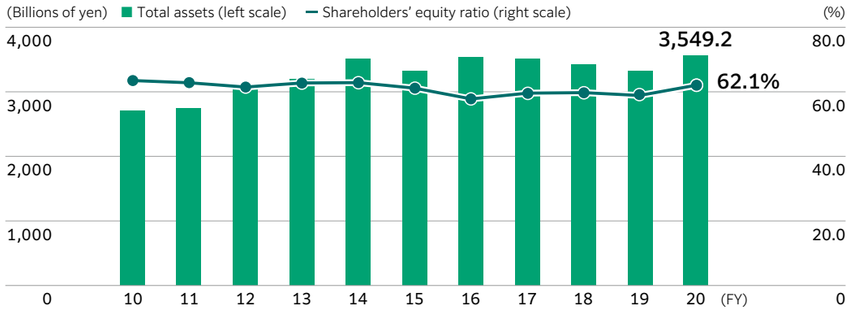
* These figures only include property, plant and equipment excluding rental equipment in the Document Solutions and others.

Total assets

JPY **3,549.2** billion

Shareholders' equity ratio

62.1%



Total assets as of the end of fiscal 2020 were JPY 3,549.2 billion (up 6.8% year-over-year) due to an increase in receivables. The shareholders' equity ratio was 62.1% (up 3.3 percentage points) as we maintained a sound capital structure.

Net cash provided by operating activities

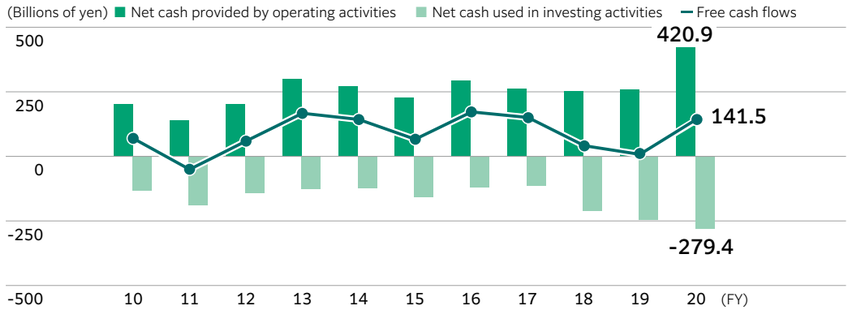
JPY **420.9** billion

Net cash used in investing activities

JPY **279.4** billion

Free cash flows*

JPY **141.5** billion



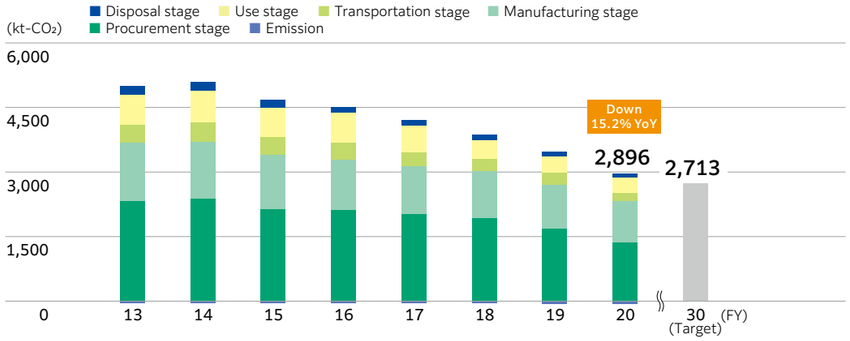
During fiscal 2020, net cash provided by operating activities amounted to JPY 420.9 billion, mainly due to a decrease in prepaid expenses and other current assets. Net cash used in investing activities amounted to JPY 279.4 billion, mainly due to acquisitions of businesses. As a result, free cash flows were JPY 141.5 billion (up JPY 130.7 billion year-over-year).

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

Key Non-Financial Data

Amount of CO_2 emissions throughout the entire product life cycle

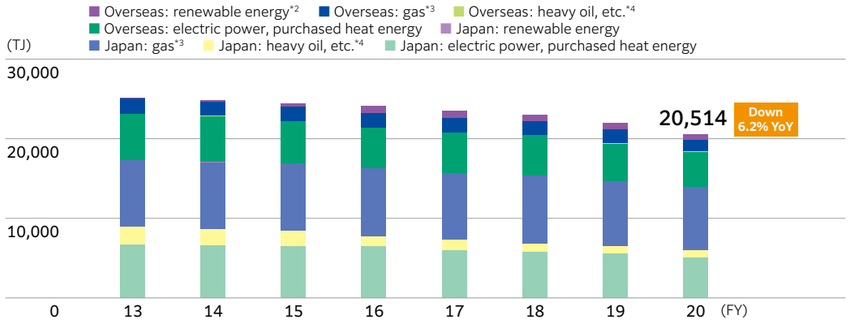
2,896 kt-CO_2



In order to realize a decarbonized society, a target of the Paris Agreement, we have set CO_2 emission reduction targets to achieve by fiscal 2030. We are working to reduce CO_2 emissions throughout product life cycles (in raw material procurement, and in product manufacturing, transportation, use and disposal). In addition to this, we are also contributing to CO_2 emission reductions in society by providing our products and services.

Energy consumption*1

20,514 TJ



In addition to examining measures to maximize energy use efficiency and reduce CO_2 emissions in energy procurement across the Group, we are proactively developing these measures within the Group. In 2019, we formulated goals for the implementation of renewable energy. Our target is to switch to renewable energy at a rate of 50% of purchased electricity by fiscal 2030, and at a rate of 100% by 2050, achieving zero CO_2 emissions from all energy we use.

*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

Total Group water usage

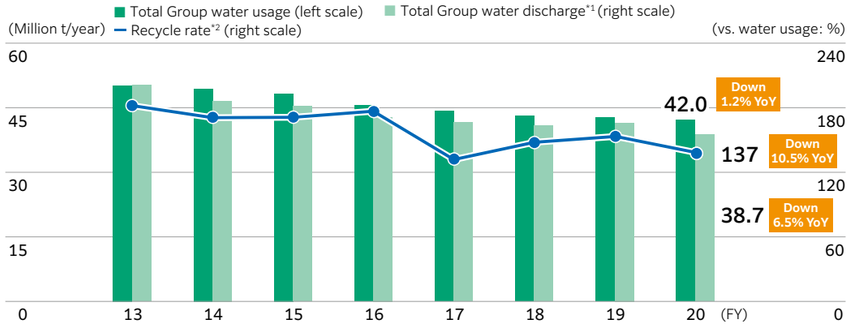
42.0 million t/year

Total Group water discharge*1

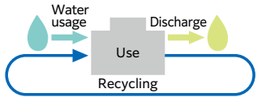
38.7 million t/year

Recycle rate

137%



To secure clean water, an indispensable element in the production of photographic film, we have been taking action to reduce water usage and to utilize recycled water since our founding. Our goal is to reduce the Group's water usage by 30%*2 by fiscal 2030. In Kumamoto Prefecture, where Fujifilm operates a plant, we have been making efforts to protect water sources for many years. For example, we have been working with local residents to plant trees and maintain forests protecting the catchment function of the watershed in the upper reaches of the Shirakawa River.



*1 Including water, rainwater, etc., used in business activities *2 Comparison vs. fiscal 2013

Amount of waste generated*1

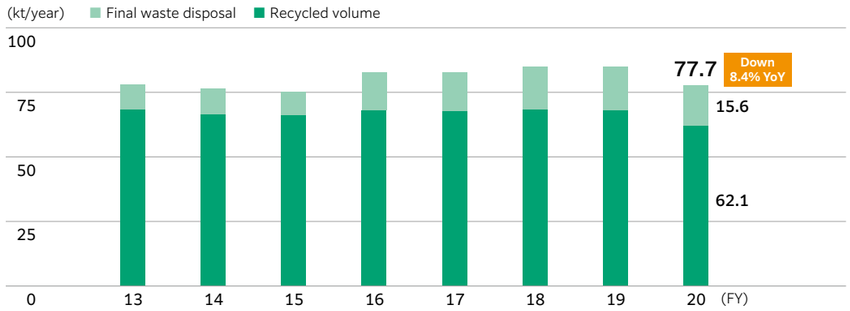
77.7 kt/year

Final waste disposal*2

15.6 kt/year

Recycled volume

62.1 kt/year



We are taking group-wide measures to reduce the amount of waste generated by 30% by fiscal 2030*3, such as reducing waste through process improvements and reusing plastic materials. 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. However, our design and manufacturing divisions have been working together to promote waste reduction activities and improve the quality of waste conversion to valuable resources and recycling, including in offices and distribution warehouses. These efforts resulted in a reduction of waste generated in fiscal 2020.

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

Fujifilm Group

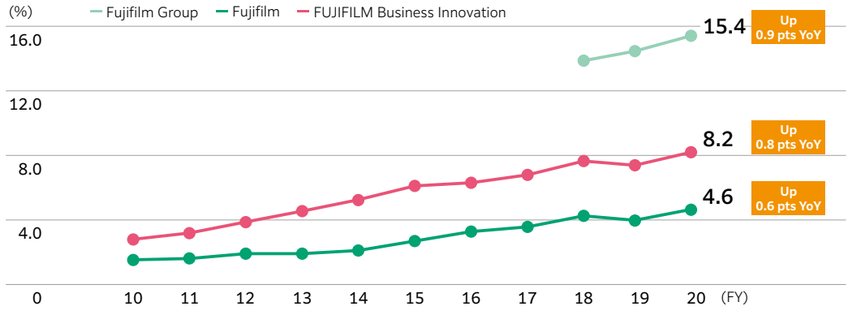
15.4%

Fujifilm

4.6%

FUJIFILM Business Innovation

8.2%



In Sustainable Value Plan 2030 (SVP2030), the creation of frameworks and workplaces in which diverse employees can play active roles is a priority issue under the area of "Work Style."

One of these efforts involves promoting the success of women, where we have set a goal increasing the ratio of women in executive and management positions in the Fujifilm Group to 25% by the end of fiscal 2030. Fujifilm and FUJIFILM Business Innovation have each formulated and announced a five-year action plan for promoting the success of women covering the period from April 2021 to March 2026 based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace.

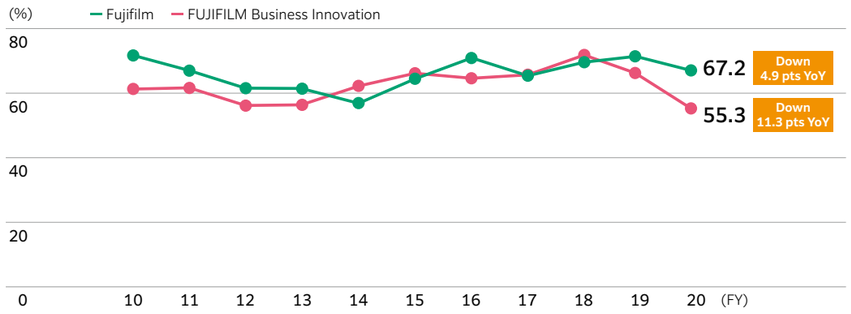
Utilization of paid leave

Fujifilm

67.2%

FUJIFILM Business Innovation

55.3%



We are taking action to improve 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 implementing our leave systems, we strive to consider the work-life balance of employees. In fiscal 2020, the paid leave utilization rate decreased due to temporary furloughs caused by the spread of COVID-19. However, we will continue to strive to improve the utilization rate by systematically granting paid leave and establishing days where employees are encouraged to take paid leave.

11-Year Financial Summary

(Millions of yen)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017*9	FY2018	FY2019	FY2020
Revenue:											
Japan	¥ 1,024,839	¥ 1,001,814	¥ 991,426	¥ 1,025,256	¥ 1,006,533	¥ 983,703	¥ 962,711	¥ 1,006,512	¥ 1,006,536	¥ 1,004,076	**¥ 927,910**
Overseas	1,182,431	1,179,182	1,208,114	1,392,839	1,456,854	1,476,680	1,359,452	1,426,853	1,424,953	1,311,065	**1,264,609**
Total	2,207,270	2,180,996	2,199,540	2,418,095	2,463,387	2,460,383	2,322,163	2,433,365	2,431,489	2,315,141	**2,192,519**
Cost of sales	1,306,338	1,316,237	1,353,835	1,503,046	1,511,744	1,491,758	1,391,519	1,464,269	1,433,973	1,360,648	**1,322,828**
Operating expenses:											
Selling, general and administrative	572,156	582,114	569,161	621,343	626,947	624,972	598,131	677,827	631,557	610,043	**552,068**
Research and development	165,306	173,385	168,160	165,245	160,281	163,027	160,232	167,940	156,132	157,880	**152,150**
Operating income before restructuring and other charges	163,470	—	—	—	—	—	—	—	—	—	**—**
Restructuring and other charges	31,715	—	—	—	—	—	—	—	—	—	**—**
Operating income*1	131,755	109,260	108,384	128,461	164,415	180,626	172,281	123,329	209,827	186,570	**165,473**
Interest and dividend income	5,148	5,042	4,764	6,219	5,858	6,206	5,404	6,262	4,787	5,183	**3,884**
Interest expense	(5,435)	(3,991)	(4,934)	(4,183)	(4,569)	(4,376)	(4,795)	(4,570)	(3,314)	(2,316)	**(2,578)**
Income before income taxes	115,121	85,849	112,883	144,740	188,966	182,242	194,775	197,807	212,762	173,071	**235,870**
Net income attributable to FUJIFILM Holdings	64,638	42,762	50,847	71,558	110,940	116,402	131,506	140,694	138,106	124,987	**181,205**
Capital expenditures*2	¥ 89,932	¥ 90,946	¥ 76,660	¥ 67,004	¥ 56,127	¥ 74,143	¥ 71,805	¥ 67,483	¥ 75,372	¥ 85,692	**¥ 100,883**
Depreciation*2	106,755	96,580	93,549	90,950	65,294	65,831	58,870	66,526	70,868	68,619	**69,152**
Net cash provided by operating activities	200,505	137,309	202,099	296,589	267,778	223,479	288,619	261,152	249,343	255,667	**420,861**
Average number of shares outstanding (Thousands)	486,297	481,699	481,715	481,915	482,050	465,556	443,874	436,098	422,591	408,215	**399,763**
Financial condition											
Total assets	¥ 2,698,004	¥ 2,734,328	¥ 3,035,901	¥ 3,191,847	¥ 3,501,950	¥ 3,311,970	¥ 3,533,189	¥ 3,492,940	¥ 3,414,692	¥ 3,321,692	**¥ 3,549,203**
Long-term debt	118,176	20,334	317,592	314,968	313,045	310,388	434,843	412,502	353,533	503,171	**439,351**
Total FUJIFILM Holdings shareholders' equity	1,711,329	1,708,937	1,850,723	1,990,986	2,195,539	2,014,826	2,043,559	2,079,134	2,036,963	1,953,252	**2,204,566**
Number of regular employees (consolidated) (Persons)	78,862	81,691	80,322	78,595	79,235	78,150	78,501	77,739	72,332	73,906	**73,275**
Per share of common stock (Yen)											
Net income (loss) attributable to FUJIFILM Holdings*3	¥ 132.92	¥ 88.77	¥ 105.55	¥ 148.49	¥ 230.14	¥ 250.03	¥ 296.27	¥ 322.62	¥ 326.81	¥ 306.18	**¥ 453.28**
Cash dividends*4	30.00	35.00	40.00	50.00	60.00	65.00	70.00	75.00	80.00	95.00	**100.00**
FUJIFILM Holdings shareholders' equity*5	3,552.79	3,547.68	3,840.79	4,130.91	4,552.91	4,472.45	4,668.26	4,832.62	4,976.88	4,886.66	**5,514.14**
Stock price at year-end	2,576	1,941	1,836	2,771	4,277	4,451	4,348	4,245	5,034	5,439	**6,571**
Price ratios / Profitability ratios											
Price-to-book-value ratio (PBR) (Times)*6	0.73	0.55	0.48	0.67	0.94	1.00	0.93	0.88	1.01	1.11	**1.19**
Price-to-earnings ratio (PER) (Times)*6	19.38	21.87	17.39	18.66	18.58	17.80	14.67	13.16	15.40	17.80	**14.50**
Return on equity (ROE) (%)	3.7	2.5	2.9	3.7	5.3	5.5	6.5	6.8	6.7	6.3	**8.7**
Return on assets (ROA) (%)	2.3	1.6	1.8	2.3	3.3	3.4	3.8	4.0	4.0	3.7	**5.3**
Environmental information*7											
Amount of CO_2 emissions throughout the entire product life cycle (kt-CO_2)*8	5,047	5,362	5,017	4,932	5,021	4,620	4,461	4,157	3,810	3,413	**2,896**
Water usage per unit (input) (input amount / revenue) (1,000m³ / ¥100 million)	2.41	2.50	2.40	2.05	1.98	1.95	1.96	1.81	1.76	1.84	**1.92**

*1 Operating income for fiscal 2010 as presented in the table above is operating income after recognition of restructuring and other charges.
*2 Figures do not include amounts for rental equipment handled by the Document Solutions segment, etc.
*3 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.
*4 Cash dividends per share represent the amount declared per share for each period.
*5 FUJIFILM Holdings shareholders' equity per share is calculated based on the number of shares (excluding treasury stock) outstanding at the end of each period.
*6 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.
*7 For the environmental data, there are slight variations in the figures as a result of changing the CO_2 conversion coefficient or calculation methods and so on.
*8 CO_2 emission amounts represent those from not only direct in-house activities but also from the entire product life cycle (from raw material procurement to product manufacturing, shipping, use and eventual disposal).
*9 Changes in classification for presentation of net periodic pension cost and net periodic post-retirement benefit cost are applied retroactively in fiscal 2017 in accordance with changes in U.S. generally accepted accounting principles (US GAAP).

Consolidated Balance Sheets

(Millions of yen)

	FY2019	FY2020
ASSETS		
Current assets		
Cash and cash equivalents	¥ 396,091	¥ 394,795
Notes and accounts receivable:		
Trade and finance	579,539	625,963
Affiliated companies	2,640	2,462
Allowance for doubtful receivables	(23,761)	(22,707)
Inventories	380,911	417,662
Prepaid expenses and other	153,783	89,201
Total current assets	1,489,203	1,507,376
Investments and long-term receivables		
Investments in and advances to affiliated companies	27,770	31,849
Investment securities	87,209	111,650
Long-term finance and other receivables	92,221	87,494
Allowance for doubtful receivables	(4,067)	(3,167)
Total investments and long-term receivables	203,133	227,826
Property, plant and equipment		
Land	96,776	105,764
Buildings and structures	732,716	718,513
Machinery, equipment and other	1,478,270	1,474,840
Construction in progress	47,481	63,913
	2,355,243	2,363,030
Less: Accumulated depreciation	(1,754,696)	(1,727,779)
Net property, plant and equipment	600,547	635,251
Other assets		
Operating lease right-of-use assets	75,261	78,203
Goodwill, net	687,155	804,199
Other intangible assets, net	142,071	128,496
Deferred income taxes	37,811	33,179
Other	86,511	134,673
Total other assets	1,028,809	1,178,750
Total assets	¥ 3,321,692	¥ 3,549,203

(Millions of yen)

	FY2019	FY2020
LIABILITIES		
Current liabilities		
Short-term debt	¥ 120,998	¥ 63,729
Notes and accounts payable:		
Trade	195,214	217,308
Construction	25,360	21,157
Affiliated companies	1,724	1,455
Accrued income taxes	24,893	24,527
Accrued liabilities	171,989	197,519
Short-term operating lease liabilities	25,696	28,938
Other current liabilities	94,133	161,651
Total current liabilities	660,007	716,284
Non-current liabilities		
Long-term debt	503,171	439,351
Accrued pension and severance costs	33,818	30,090
Long-term operating lease liabilities	52,652	54,946
Deferred income taxes	21,558	32,240
Other non-current liabilities	56,729	54,135
Total non-current liabilities	667,928	610,762
Total liabilities	1,327,935	1,327,046
EQUITY		
FUJIFILM Holdings shareholders' equity		
Common stock	40,363	40,363
Common stock, without par value:		
Authorized: 800,000,000 shares		
Issued: 514,625,728 shares		
Additional paid-in capital	—	—
Retained earnings	2,563,091	2,702,760
Accumulated other comprehensive income (loss)	(164,100)	(52,836)
Treasury stock, to cost:		
(114,914,288 shares in FY2020,		
114,823,247 shares in FY2021)	(486,102)	(485,721)
Total FUJIFILM Holdings shareholders' equity	1,953,252	2,204,566
Noncontrolling interests	40,505	17,591
Total equity	1,993,757	2,222,157
Total liabilities and equity	¥ 3,321,692	¥ 3,549,203

Consolidated Statements of Income

(Millions of yen)

	FY2018	FY2019	FY2020
Revenue	¥ 2,431,489	¥ 2,315,141	**¥ 2,192,519**
Cost of sales	1,433,973	1,360,648	**1,322,828**
Gross profit	997,516	954,493	**869,691**
Operating expenses:			
Selling, general and administrative	631,557	610,043	**552,068**
Research and development	156,132	157,880	**152,150**
	787,689	767,923	**704,218**
Operating income	209,827	186,570	**165,473**
Other income (expenses):			
Interest and dividend income	4,787	5,183	**3,884**
Interest expense	(3,314)	(2,316)	**(2,578)**
Foreign exchange gains (losses), net	(2,919)	(2,133)	**(2,593)**
Gains (losses) on equity securities, net	(244)	(22,084)	**48,778**
Others, net	4,625	7,851	**22,906**
	2,935	(13,499)	**70,397**
Income before income taxes	212,762	173,071	**235,870**
Income taxes:			
Current	43,697	42,822	**47,973**
Deferred	12,359	(6,708)	**7,638**
	56,056	36,114	**55,611**
Equity in net earnings of affiliated companies	418	1,341	**3,198**
Net income	157,124	138,298	**183,457**
Less: Net loss attributable to noncontrolling interests	(19,018)	(13,311)	**(2,252)**
Net income attributable to FUJIFILM Holdings	¥ 138,106	¥ 124,987	**¥ 181,205**

(Yen)

	FY2018	FY2019	FY2020
Amounts per share of common stock			
Net income attributable to FUJIFILM Holdings: Basic	¥ 326.81	¥ 306.18	**¥ 453.28**
Diluted	325.82	305.22	**451.75**
Cash dividends declared	80.00	95.00	**100.00**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2018	FY2019	FY2020
Net income	¥ 157,124	¥ 138,298	**¥ 183,457**
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	(2)	(9)	**12**
Foreign currency translation adjustments	6,322	(50,279)	**80,635**
Pension liability adjustments	885	142	**31,786**
Unrealized gains (losses) on derivatives	188	137	**336**
Other comprehensive income (loss)	7,393	(50,009)	**112,769**
Comprehensive income (loss)	164,517	88,289	**296,226**
Less: Comprehensive loss attributable to noncontrolling interests	(20,245)	(8,800)	**(3,757)**
Comprehensive income attributable to FUJIFILM Holdings	¥ 144,272	¥ 79,489	**¥ 292,469**

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, 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
Change in 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
Change in net unrealized gains (losses) on derivatives	—	—	—	209	—	209	(21)	188
Net 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
Change in 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
Change in net unrealized gains (losses) on derivatives	—	—	—	122	—	122	15	137
Net 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
Comprehensive income (loss):								
Net income	—	—	181,205	—	—	181,205	2,252	183,457
Change in net unrealized gains (losses) on securities	—	—	—	12	—	12	—	12
Foreign currency translation adjustments	—	—	—	79,174	—	79,174	1,461	80,635
Pension liability adjustments	—	—	—	31,742	—	31,742	44	31,786
Change in net unrealized gains (losses) on derivatives	—	—	—	336	—	336	—	336
Net comprehensive income						292,469	3,757	296,226
Purchases of treasury stock	—	—	—	—	(20)	(20)	—	(20)
Sales of treasury stock	—	—	(32)	—	401	369	—	369
Dividends paid to FUJIFILM Holdings shareholders	—	—	(39,979)	—	—	(39,979)	—	(39,979)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(1,314)	(1,314)
Issuance of stock acquisition rights	—	485	—	—	—	485	—	485
Transfer from retained earnings to additional paid-in capital	—	1,525	(1,525)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	(2,010)	—	—	—	(2,010)	(25,357)	(27,367)
Balance as of March 31, 2021	¥ 40,363	¥ —	¥ 2,702,760	¥ (52,836)	¥ (485,721)	¥ 2,204,566	¥ 17,591	¥ 2,222,157

Consolidated Statements of Cash Flows

(Millions of yen)

	FY2018	FY2019	FY2020
Operating activities			
Net income	¥ 157,124	¥ 138,298	¥183,457
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	129,932	122,653	123,423
(Gains) losses on equity securities, net	244	22,085	(48,778)
Deferred income taxes	12,359	(6,708)	7,638
Equity in net (gains) losses of affiliated companies, net of dividends received	4,719	(13)	(2,571)
Changes in operating assets and liabilities:			
Decrease (increase) in notes and accounts receivable	4,885	53,277	20,576
(Increase) decrease in inventories	(12,287)	(11,505)	9,215
(Decrease) increase in notes and accounts payable—trade	(12,469)	(10,558)	(9,713)
Increase (decrease) in prepaid expenses and other current assets	—*	(66,944)	64,071
Increase (decrease) in accrued income taxes and other liabilities	(80,408)	(10,572)	46,099
Other	45,244	25,654	27,444
Net cash provided by operating activities	249,343	255,667	420,861
Investing activities			
Purchases of property, plant and equipment	(68,549)	(84,677)	(100,063)
Purchases of software	(20,471)	(25,047)	(25,544)
Proceeds from sales and maturities of investment securities	2,545	151	26,239
Purchase of marketable and investment securities	(23,349)	(3,230)	(1,685)
Decrease (increase) in time deposits, net	(3,630)	(10)	(3,090)
(Increase) decrease in investments in and advances to affiliated companies and other advances, net	(10,456)	(1,501)	(2,945)
Acquisition of businesses, net of cash acquired	(84,310)	(121,789)	(173,515)
Proceeds from sale of subsidiaries	—	—	14,707
Other	(365)	(8,747)	(13,485)
Net cash used in investing activities	(208,585)	(244,850)	(279,381)
Financing activities			
Proceeds from long-term debt	100,035	200,669	4,073
Repayments of long-term debt	(25,947)	(163,541)	(78,650)
Increase (decrease) in short-term debt, net	(8,123)	390	(625)
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)	(50,000)
Cash dividends paid to shareholders	(33,166)	(35,817)	(37,975)
Cash dividends paid to noncontrolling interests	(7,752)	(9,813)	(1,314)
Net purchases of treasury stock	(100,018)	(51,624)	(20)
Capital transactions with noncontrolling interests and other	(78,551)	(241,207)	1,418
Net cash used in financing activities	(153,522)	(250,943)	(163,093)
Effect of exchange rate changes on cash and cash equivalents	(735)	(18,530)	20,317
Net increase (decrease) in cash and cash equivalents	(113,499)	(258,656)	(1,296)
Cash and cash equivalents at beginning of year	768,246	654,747	396,091
Cash and cash equivalents at end of year	¥ 654,747	¥ 396,091	¥ 394,795
Supplemental disclosures			
Cash paid for interest	¥ 4,261	¥ 2,893	¥ 3,112
Cash paid for income taxes	50,903	106,929	51,841

* This information is not disclosed for fiscal 2018. Due to the increased materiality of increase (decrease) in prepaid expenses and other current assets, this is only disclosed for fiscal 2019 and fiscal 2020 (for comparison).

Financial Analysis and Review

Economic environment

The overview of the global economy during fiscal 2020 saw a continued harsh situation due to the global COVID-19 pandemic, but there were signs of recovery. The Japanese economy showed signs of recovery in capital investment and production, despite partial declines in personal consumption and other factors.

The effective currency exchange rates for the U.S. dollar and the euro against the yen during the fiscal year were JPY 106 and JPY 124, respectively.

Overview of operating results

In fiscal 2020, the Fujifilm Group recorded JPY 2,192.5 billion in consolidated revenue (down 5.3% year-over-year), reflecting such factors as a decrease in sales in the photo imaging business, the optical device and electronic imaging businesses, and the document business, although sales increased in areas such as the bio CDMO business, the pharmaceutical business, and the electronic materials business. Operating income was JPY 165.5 billion (down 11.3%), and the operating margin was 7.5% (down 0.6 percentage points).

Net income attributable to FUJIFILM Holdings

Consolidated income before income taxes amounted to JPY 235.9 billion (up 36.3% year-over-year) and consolidated net income attributable to FUJIFILM Holdings totaled JPY 181.2 billion (up 45.0%).

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 growth business expansion, as well as other measures aimed at increasing the Company's corporate value in the future. Adequate share buyback will be undertaken considering the situation of cash flows and the stock trend. The Company has the policy of shareholder returns that puts emphasis on cash dividends, targeting a dividend payout ratio of 30%.

The annual cash dividends for fiscal 2020 was JPY 100.00 per share, including an interim dividends of JPY 47.50 per share.

Outlook for fiscal 2021

(As of August 13, 2021)

In fiscal 2021, the economy is expected to recover, supported by expansionary fiscal policies and easing monetary policies aggressively pursued in various countries, and the spread of COVID-19 vaccines is to bring glimpses of the post-COVID world. On the other hand, if the spread of COVID-19 were to be prolonged due to re-acceleration of the pace of infection caused by the spread of mutated strains, there are risks that global economic activity could face even more severe suppression, leading to uncertainties about the future socioeconomic situation both in Japan and overseas. Despite these circumstances, the Group projects revenue of JPY 2,500 billion (up 14.0% year-over-year), operating income of JPY 200 billion (up 20.9%), income before income taxes of JPY 220 billion (down 6.7%) and net income attributable to FUJIFILM Holdings of JPY 160 billion (down 11.7%).

Operating results by segment for fiscal 2020

Healthcare & Material Solutions

Consolidated revenue increased in the healthcare field, where the bio CDMO and regenerative medicine areas performed well. Revenue was also up in highly functional materials (currently renamed as advanced materials) within the materials field. Operating income increased substantially due to higher revenue in the healthcare field and in highly functional materials.

(Millions of yen)	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue	¥ 899,543	¥ 1,002,602	¥ 1,038,966	¥ 1,024,209	**¥1,052,593**
Operating income	82,969	91,377	97,579	92,402	**107,507**
Operating margin (%)	9.2	9.1	9.4	9.0	**10.2**
Total assets	1,542,355	1,725,703	1,709,713	1,775,913	**2,123,041**
Depreciation	49,088	57,503	63,093	63,881	**66,183**
Capital expenditures	40,139	42,668	50,523	58,223	**74,109**

Document Solutions

Consolidated revenue decreased due to the impact from COVID-19. Although operating income declined due to lower revenue, the operating margin in the fourth quarter exceeded double digits, showing steady recovery in profitability. We have built a structure through business reforms that can steadily generate profits even amid a harsh environment.

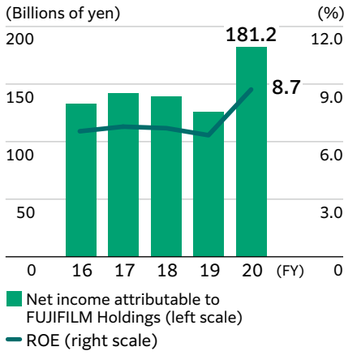
(Millions of yen)	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue	¥1,080,876	¥1,047,802	¥1,005,609	¥ 958,329	**¥854,690**
Operating income	82,683	8,414	96,366	105,045	**73,284**
Operating margin (%)	7.6	0.8	9.6	11.0	**8.6**
Total assets	1,115,381	1,068,350	1,014,304	991,861	**990,487**
Depreciation	55,340	54,685	50,137	41,750	**39,578**
Capital expenditures	20,021	13,848	11,672	13,406	**18,330**

Imaging Solutions

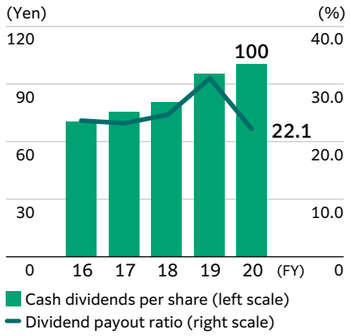
Consolidated revenue and profit decreased primarily due to the impact from COVID-19. Sales in the areas of instant photo systems and electronic imaging steadily recovered, resulting in increased revenue in the second half of the fiscal year.

(Millions of yen)	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue	¥ 341,744	¥ 382,961	¥ 386,914	¥ 332,603	**¥285,236**
Operating income	36,847	55,787	51,128	25,076	**15,591**
Operating margin (%)	10.8	14.6	13.2	7.5	**5.5**
Total assets	365,939	341,534	325,337	294,243	**278,232**
Depreciation	11,095	13,254	14,060	14,592	**14,946**
Capital expenditures	10,333	9,427	10,579	12,496	**7,213**

Net income attributable to FUJIFILM Holdings / ROE



Cash dividends per share / Dividend payout ratio

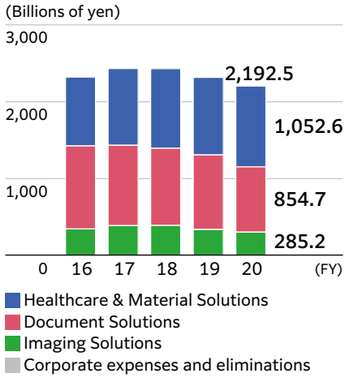


Outlook for fiscal 2021 (As of August 13, 2021)

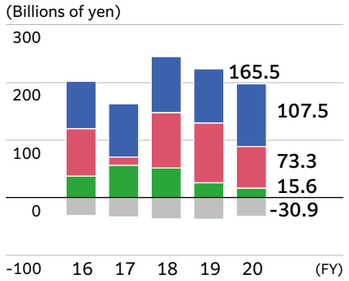
(Billions of yen)

	FY2020 (Actual)	FY2021 Forecast	Change (%)
Revenue	¥2,192.5	¥2,500.0	14.0
Operating income	165.5	200.0	20.9
Income before income taxes	235.9	220.0	-6.7
Net income attributable to FUJIFILM Holdings	181.2	160.0	-11.7
Currency exchange rate (U.S. dollar/yen)	106	109	(3)
Currency exchange rate (euro/yen)	124	132	(8)

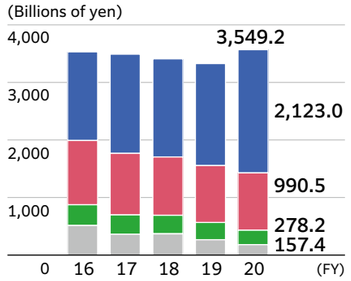
Revenue by segment



Operating income (loss) by segment



Total assets by segment



Financial Analysis and Review

Financial condition

Assets, liabilities and shareholders' equity

Total assets were JPY 3,549.2 billion, up JPY 227.5 billion year-over-year due to an increase in receivables. Total liabilities decreased by JPY 0.9 billion year-over-year, to JPY 1,327.0 billion. Total FUJIFILM Holdings shareholders' equity increased by JPY 251.3 billion to JPY 2,204.6 billion.

As a result, the current ratio decreased by 15.2 percentage points to 210.4%, the debt-equity ratio decreased by 7.8 percentage points to 60.2% and the shareholders' equity ratio increased by 3.3 percentage points to 62.1% year-over-year. This shows the Company is maintaining a stable level of asset liquidity and a sound capital structure.

Capital expenditures and depreciation

Capital expenditures amounted to JPY 100.9 billion for fiscal 2020, 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 74.1 billion in Healthcare & Material Solutions, JPY 18.3 billion in Document Solutions and JPY 7.2 billion in Imaging Solutions.

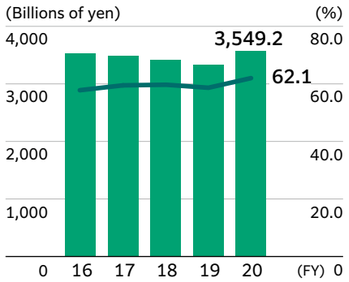
Depreciation* increased by JPY 0.6 billion year-over-year to JPY 69.2 billion.

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

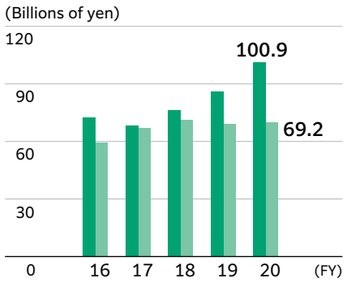
Cash flow analysis

During fiscal 2020, net cash provided by operating activities amounted to JPY 420.9 billion, mainly due to a decrease in prepaid expenses and other current assets. Net cash used in investing activities amounted to JPY 279.4 billion, mainly due to acquisitions of businesses. As a result, free cash flows, which are the sum of cash flows from operating and investing activities, increased by JPY 130.7 billion, compared with the previous fiscal year, to JPY 141.5 billion. Net cash used in financing activities amounted to JPY 163.1 billion, mainly due to repayments of long-term debt. As a result, cash and cash equivalents at the end of the fiscal year amounted to JPY 394.8 billion, down JPY 1.3 billion from the end of the previous fiscal year.

Total assets / Shareholders' equity ratio

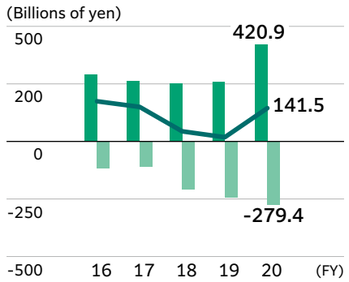


Capital expenditures / Depreciation*



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

Cash flows



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

Non-Financial Information

Environmental aspect

Global warming countermeasures

Annual changes in CO_2 emissions*

(kt-CO_2/year)

	FY2016	FY2017	FY2018	FY2019	FY2020
Japan (Manufacturing)	829	783	757	705	671
Japan (Non-manufacturing)	28	28	26	21	20
Overseas (Manufacturing)	276	278	273	253	226
Overseas (Non-manufacturing)	50	42	39	33	31
Group total	1,184	1,130	1,096	1,013	948
Vehicle	31	31	29	27	26
Total	1,215	1,161	1,125	1,040	974

* Calculation method: Calculation of CO_2 emissions by energy usage specified in the Act on the Rational Use of Energy. Emission coefficient by electric power utility used for purchased power.

Reducing chemical substances emissions

Annual changes in atmospheric emissions of VOCs

(Hundred t/year)

	FY2016	FY2017	FY2018	FY2019	FY2020
Japan	5.9	6.4	5.8	6.1	5.5
Overseas	1.6	1.6	1.3	1.3	1.3
Group total	7.5	8.0	7.1	7.3	6.8

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

Category	Name of substance	Reduction (t)	Reduction rate in comparison to previous fiscal year (%)
Substances requiring reporting under the PRTR Law	Dichloromethane	1.5	4
Substances voluntarily controlled by the Company	Methyl alcohol	23.6	19
	Ethyl acetate	6.6	5
	Methyl ethyl ketone	-2.1	-7
	Acetone	-0.4	-20

* Reduction in volumes in fiscal 2020 compared with actual levels in the previous fiscal year

Pollution prevention measures

Annual changes in volume of atmospheric emissions

(t/year)

		FY2016	FY2017	FY2018	FY2019	FY2020
SOx emissions	Japan	19	15	19	11	15
	Overseas	2	3	3	1	0
	Group total	21	18	22	11	15
NOx emissions	Japan	369	290	232	242	225
	Overseas	86	111	94	82	43
	Group total	455	401	326	325	268
Soot particle emissions	Japan	2.3	2.4	1.8	2.1	2.2
	Overseas	1.0	1.8	3.3	5.7	0.1
	Group total	3.3	4.2	5.1	7.9	2.3
Atmospheric emissions of specified CFCs*	CFC-11	0.00	0.16	0.00	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*1

(t/year)

		FY2016	FY2017	FY2018	FY2019	FY2020
Total amount of COD*2	Japan	69.0	55.9	68.6	49.4	54.1
	Overseas	55.5	49.6	27.2	19.7	25.6
	Group total	124.5	105.4	95.8	69.1	79.7
Total amount of BOD*3	Japan	30.2	24.3	26.8	25.1	21.5
	Overseas	0.5	0.1	0.6	1.2	0.5
	Group total	30.7	24.5	27.4	26.3	22.1
Total amount of nitrogen emissions	Japan	170.9	181.7	167.2	143.1	149.4
Total amount of phosphorous emissions	Japan	1.4	2.7	1.8	2.0	2.7

*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.

- 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.
- For the environmental data, there are slight variations in the figures as a result of changing the CO_2 conversion coefficient or calculation methods and so on.

Non-Financial Information

Personnel and labor

FUJIFILM Corporation

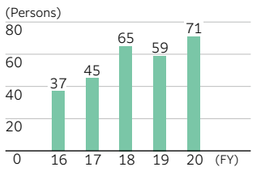
Status of regular employees (As of March 31, 2021)

Average length of employment (Years)	Turnover rate*1	Retention rate after 3 years from reinstatement (childcare)*2
Total: 18.09	Total: 1.42%	Total: 90.5%
Male: 18.16	Male: 1.34%	None
Female: 17.75	Female: 1.77%	Female: 90.5%

*1 Turnover rate = (Attrition + retirement for personal reasons) / (Number of regular employees at Fujifilm on March 31 of the previous fiscal year) (Retirements at mandatory retirement age and senior turnover are not included in turnover.)

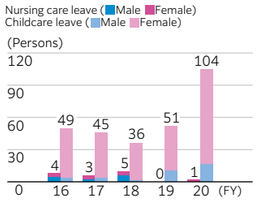
*2 Retention rate after 3 years from reinstatement after childcare leave = Number of regular employees as of the end of fiscal 2020 among those returning to work after childcare leave in fiscal 2018 / Number of employees reinstated after childcare leave in fiscal 2018

Re-employment*3



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

Number of employees taking a leave of absence*4



*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 care leave*5

	FY2016	FY2017	FY2018	FY2019	FY2020
Nursing care leave	26 (male 15, female 11)	39 (male 25, female 14)	25 (male 22, female 3)	38 (male 24, female 14)	28 (male 18, female 10)
Childcare leave	16 (male 8, female 8)	18 (male 10, female 8)	24 (male 18, female 6)	21 (male 16, female 5)	102 (male 66, female 36)
Volunteer work leave	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)	0 (male 0, female 0) (0 days)

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

FUJIFILM Business Innovation Corp.

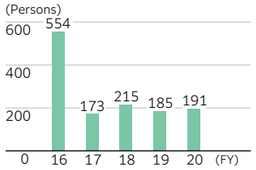
Status of regular employees (As of March 31, 2021)

Average length of employment (Years)	Turnover rate*6	Retention rate after 3 years from reinstatement (childcare)*7
Total: 20.33	Total: 3.49%	Total: 91.3%
Male: 21.06	Male: 3.21%	Male: 80.8%
Female: 16.71	Female: 4.85%	Female: 96.3%

*6 Turnover rate = (Attrition + retirement for personal reasons) / (Number of FUJIFILM Business Innovation regular employees on March 31 of the previous fiscal year) (Retirements at mandatory retirement age, transfers and senior turnover are not included in turnover.)

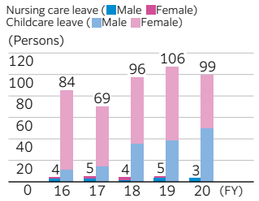
*7 Retention rate after 3 years from reinstatement after childcare leave = Number of regular employees as of the end of fiscal 2020 among those returning to work after childcare leave in fiscal 2018 / Number of employees reinstated after childcare leave in fiscal 2018

Re-employment*8



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

Number of employees taking a leave of absence*9



*9 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 care leave*10

	FY2016	FY2017	FY2018	FY2019*11	FY2020
Nursing care leave*12	59 (male 40, female 19)	84 (male 64, female 20)	85 (male 69, female 16)	98 (male 82, female 16)	70 (male 55, female 15)
Childcare leave*13	373 (male 206, female 167)	386 (male 213, female 173)	382 (male 241*15, female 141)	503 (male 332, female 171)	396 (male 244, female 152)
Volunteer work leave*14	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)	2 (male 1, female 1) (6 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 (half or full day)" and "one-day 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 parentheses.
*15 Including 70 taking a special leave when their wives' gave birth on and after the second child

Percentage of employment of persons with disabilities*16 (As of April 1, 2021)

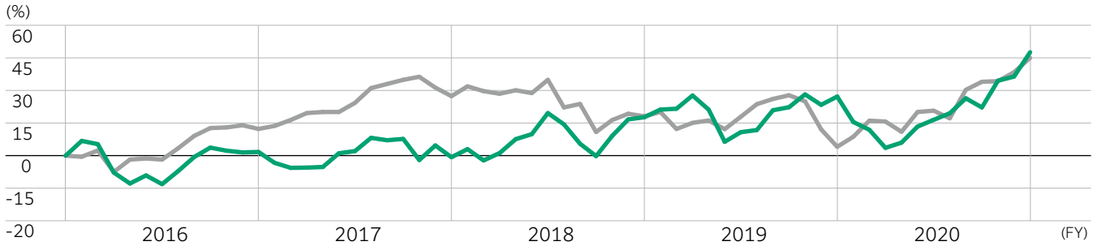
	FY2016	FY2017	FY2018	FY2019	FY2020
Fujifilm Group	—		2.32%	2.42%	2.48%
Fujifilm	2.24%	2.27%			
FUJIFILM Business Innovation	2.22%	2.18%			

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

Creation of Shareholder Value

Share price and EPS

Share price — FUJIFILM Holdings share price — TOPIX



Note: Closing price of March 31, 2016 used as reference point (FY2015 = 0)

Dialogue with shareholders and investors

At FUJIFILM Holdings, top management is actively involved in investor relations (IR) activities, enhancing these activities in an effort to strengthen trust relationships with investors. 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, members of top management attend events such as financial results briefings and business briefings, participate in conferences including large meetings with the CEO, hold small meetings with the CEO and CFO, and hold individual meetings to strengthen communication with investors in Japan and overseas.

In order to benefit overseas investors, we post English-language information in a timely manner on the IR section of our website, and we are working to enhance our IR activities worldwide, including through closer communication from IR members at our bases in North America and Europe. From Japan, we also conduct a number of individual meetings with overseas investors online and via teleconferencing.

For individual investors, we consistently post easy-to-understand information about the Fujifilm Group's businesses on the IR section of our website and through shareholder newsletters issued twice a year.

Major IR activities (Fiscal 2020)

Activity	Number of times
Financial results briefings	4
Conferences hosted by securities companies	14
Business briefings and small meetings	7
Individual meetings with institutional investors*	355

* Includes individual meetings at conferences hosted by securities companies

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

Capital policies

The Company considers return on equity (ROE), return on invested capital (ROIC) and cash conversion cycle (CCC) as important indicators for further 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, the Company 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

The Company has established the following policies for shareholder returns.

- We have the policy of shareholder returns that puts emphasis on cash dividends, targeting a dividend payout ratio of 30%.
- 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

Corporate overview (As of March 31, 2021)

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):	73,275
		Number of regular employees:	633
Date of establishment:	January 20, 1934	Number of consolidated subsidiaries:	310

Stock information (As of March 31, 2021)

Stock exchange listing

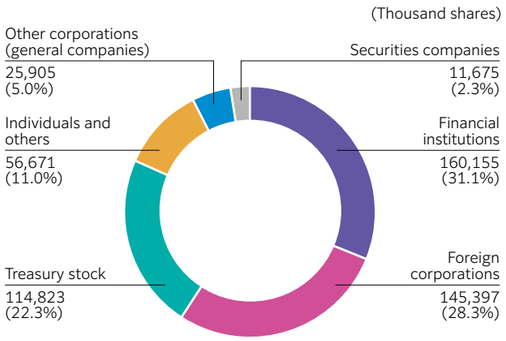
Tokyo

Share registrar

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

Distribution of shareholders and shares

Number of shareholders	136,348
Number of shares outstanding	514,625,728

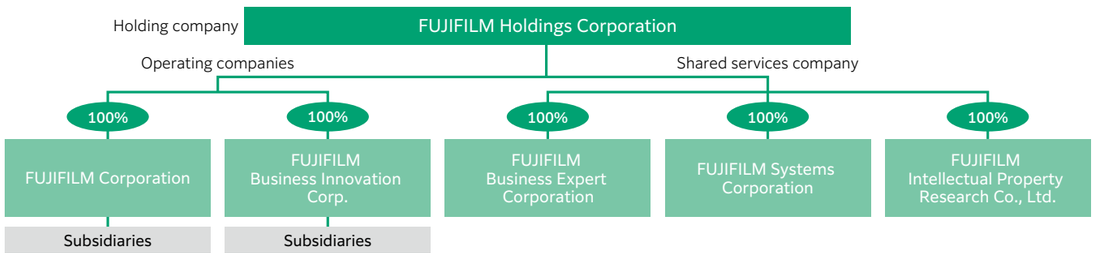


Major shareholders

Name	Percentages of issued shares
The Master Trust Bank of Japan, Ltd. (Trust account)	9.2%
Custody Bank of Japan, Ltd. (Trust account)	4.3%
Nippon Life Insurance Company	3.4%
Sumitomo Mitsui Banking Corporation	2.0%
STATE STREET BANK WEST CLIENT-TREATY 505234	1.3%
Mitsui Sumitomo Insurance Company, Limited	1.3%
Daicel Corporation	1.1%
GOVERNMENT OF NORWAY	1.1%
GIC PRIVATE LIMITED - C	1.1%
Custody Bank of Japan, Ltd. (Trust account 5)	1.0%

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

Fujifilm Group organization overview



Please refer to our website for more details about each consolidated subsidiary. ▶ https://holdings.fujifilm.com/en/about/group

Appraisals and Awards

Credit ratings (As of March 18, 2021)

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	a-1+

Note: " — " indicates no credit rating available.

Adoption of socially responsible investment (SRI)

FTSE4Good Global Index

FTSE Blossom Japan Index

MSCI Japan ESG Select Leaders Index

S&P/JPX Carbon Efficient Index

Appraisals from external organizations

CDP Water Security

CDP SUPPLIER ENGAGEMENT

JPX Nikkei Index 400 for 2021

2021 Health and Productivity Stock

Health and Productivity 2021

DX Stock

Sompo Sustainability Index

S&P Sustainability Yearbook Member

ESG FINANCE AWARDS JAPAN's Environmentally Sustainable Corporations Category

Excellence Award, 24th Environmental Communication Awards

Five Stars, Nikkei Smart Work Survey

Sports Yell Company 2021

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

FUJIFILM
Value from Innovation

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Corporate Communications Division

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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 differ materially from those discussed in these 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, 2021.

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