FUJIFILM
Value from Innovation

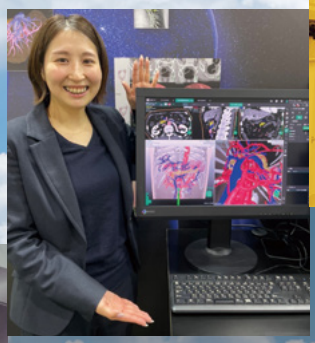
FUJIFILM Holdings Corporation

INTEGRATED REPORT 2022

NEVER STOP

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 contains information on the Fujifilm Group's corporate activities, including financial and non-financial information that is of particular importance to shareholders and other investors, as well as stories of value creation centered on innovation. Its basic concept is to communicate and share the Fujifilm Group's future vision with stakeholders. Together with the Sustainability Report, this Integrated Report introduces the Fujifilm Group's efforts to achieve sustainable growth.

Period of Coverage

Financial and non-financial data is aggregated from fiscal 2021 (April 2021 to March 2022). Some activity details on or after April 2022 are also included.

Organizations Covered by the Report

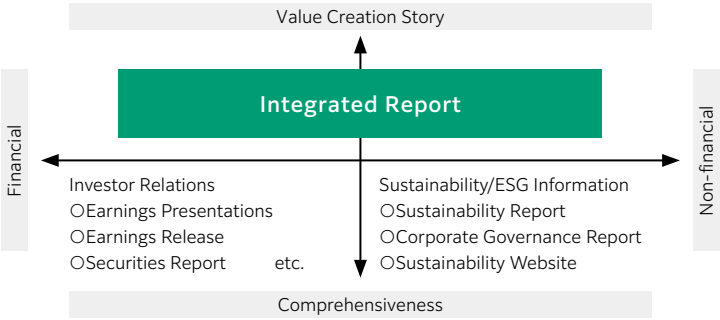
The Fujifilm Group includes FUJIFILM Holdings and all consolidated companies. Major consolidated companies are shown on our website.
https://holdings.fujifilm.com/en/about/group

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

Environment Social Governance
Guidance for Collaborative Value Creation

Position of the Integrated Report



About the Integrated Report Front Cover

The "NEVER STOP" logo depicts the Fujifilm Group's corporate attitude alongside a dynamic sky and city where people live. It represents the Fujifilm Group's strong will to "never stop until all social issues are resolved," as well as the innovation and increasing value the Group creates.

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

●Investor Relations
https://ir.fujifilm.com/en/investors.html

●Sustainability Report
https://holdings.fujifilm.com/en/sustainability/report

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The Fujifilm Group's Commitment

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 Fulfill Our Commitment

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 to accelerate the growth of business mainly in healthcare and advanced materials, aiming to achieve the goals set forth in the Sustainable Value Plan 2030.

Chapter 01

Sources of Value

05 Evolution of Innovation
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Evolution of Innovation

From our founding in 1934 to the present, we have continued to develop our proprietary core technologies to continually accumulate a competitive advantage by leveraging our base technologies. Here, we will explain the history of innovation in the Fujifilm Group, which has promoted a growth strategy by consistently anticipating the future.

Attempts to Realize the Domestic Production of Film (Glass Dry Plates to Films)

1934 **1935** **1936** **1937** **1940**

Fuji Photo Film Co., Ltd., is established, taking over the photographic film operations of Dainippon Celluloid Company Limited. First shipment of the first domestically produced film for motion pictures

Fuji Chrome Film

Fuji Process Film (graphic arts film)

Fuji X-Ray Film

Bellona, photographic print paper

Air cartographic camera

Fuji F5 50 cm, a lens for aerial photography

We decided to develop a film for motion pictures on our own. We were forced to supply raw materials to ourselves because of the war.

After achieving the domestic production of film for motion pictures, we expanded our product portfolio to include general-purpose film, photographic print paper, X-ray film and graphic arts film. We succeeded in the research and manufacturing of optical glass as we strove to manufacture cameras.

Materials Chemistry Technologies

Ability to create new materials that make the impossible possible by controlling molecular structures and conditions at will

Base

Base: Base technologies

Research and manufacturing of silver halide emulsions
(Silver halides are substances with a high level of visible-light photoactivity.)

Research and manufacturing of gelatin
(Superior sol-gel property, a property that evenly disperses silver halides)

Research and manufacturing of films
(Because celluloid is combustible, we studied incombustible TAC film and PET film and began manufacturing them ourselves.)

Research and manufacturing of sensitizing dyes
Sensitizing dyes are essential for generating high-fidelity photographic images.

Technology for roll-to-roll coating manufacturing of photographic materials

Core Technologies Currently Applied

Grain Formation Technology

This is a technology for controlling and forming nanosized grains, from photosensitive grains for photographic films to pigments. It has enabled a range of products to have advanced features.

Functional Polymer Technology

This is a technology for designing and synthesizing polymer materials that fulfill specific functions. For example, it supports products with superior functionality and quality, such as microcapsules and microfilters.

Functional Molecules Technology

This is a technology for designing and synthesizing organic compounds. For example, it realizes advanced functions of various products by synthesizing compounds based on molecule designs for controlling color and light. The technology contributes to developing highly functional chemical products.

Film Formation Technology

This is a technology for forming films in single-layer/multilayer/3D structures. Solvent/fusion membrane creation allows for the creation of diverse polymer films. The technology is linked to all processes, from material design and formula through processing.

Attempts at Colorization (Black and White to Color) and Establishment and Systematization of a Culture of High-Quality Manufacturing

1948 **1950** **1964**

Fuji Color Film

Fujica Six IA

Fuji Enlarger Type B

Analysis of silver halide using an electronic microscope (laboratory)

XP-1, Fuji hanger-type automatic processor

We acquired a multilayer coating technology because three color-developing layers for cyan, magenta and yellow were necessary.

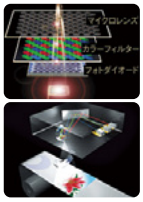
We developed a camera, an enlarger exposure unit and a processing machine on our own in pursuit of high technology. We acquired the mechanical, electric and optical technologies that were necessary for this systematization process.

Colorization resulted in a significant increase in the materials we use and the use of multilayered films. Technologies and processes evolved in response to the demand for the assurance of high quality and high-quality images. In this process, we acquired advanced analysis and imaging technologies for microprobe analysis and microscale analysis.

We acquired an oil dispersion technology for evenly dispersing the coupler in each gelatin layer to prevent colors mixing.

Color formation is a complicated mechanism, in which exposed silver halides and developing agents react with each other, and the reactant and coupler react with each other, thus forming colors. We acquired a technology for precisely controlling the redox reaction.

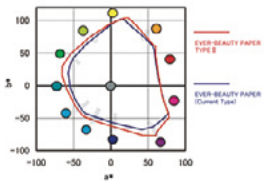
Optical Technologies



We possess energy-saving and environmentally friendly technologies in addition to our proprietary technologies that we have been honing for the handling of high-quality images. These technologies are applied in the design of hardware in various fields, such as digital cameras and medical equipment.

Base

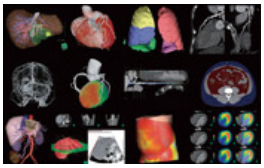
Analysis Technologies



Analysis, evaluation and simulation technologies in the molecular/atomic level and in the nanometer range, including analysis and simulation technologies that are essential for the functional design of materials, support the high-level material technology development by Fujifilm, which operates in various fields.

Base

Imaging Technology



Technologies for evaluating image quality, including the characteristics of photos such as color and picture quality, are applied in the analysis and evaluation of many imaging devices, from display devices to medical equipment.

Base

High-Precision Imaging Forming Technology

This is a technology for the exact transfer of materials to high-precision molds and for hardening them. It is applied in the design and manufacturing of lenses, medical equipment, cosmetics containers and other products.

High-Precision Coating Technology

We have a technology for the micrometer-level, uniform, multilayer coating of films including advanced materials, and a technology for casting films while controlling optical properties and other features. We stably manufacture a range of high-quality functional films.

Nano Dispersion Technology

This is a technology for stably dispersing nanosized particles stably in a liquid. It contributes to improving the functionality and quality of many products, ranging from coating liquids for functional materials, for which it ensures stability, to dyes, inks and cosmetics.

Redox Control Technology

This is a technology for controlling continuous organic/inorganic compound reactions. Instant cameras such as INSTAX feature our redox control technologies, which we have developed by leveraging our extensive experience in photographic technologies.

Evolution of Innovation

The Fujifilm Group has been providing society with a large number of products and solutions that contribute to solving social issues by combining its core technologies and acquiring new technologies.

1970 — **2000**

2001
Converted Fuji Xerox Co., Ltd. to a consolidated subsidiary (changed our investment ratio to 75%)

2006
Established FUJIFILM Holdings Corporation

2008
Acquired TOYAMA CHEMICAL Co., Ltd., made full-fledged entry into the pharmaceuticals business

1970–1999 Business expansion based on technological capabilities

Attempted at Digitalization and Acceleration of Globalization

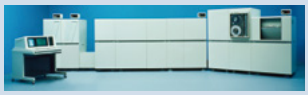
We promoted the digitalization of the photographic film, medicine and printing businesses ahead of others. Furthermore, we began to establish overseas subsidiaries in the 1960s and started to establish overseas production sites and promote overseas sales in the 1980s, thus accelerating globalization.

2000s: Period of exploration into growth areas

Second Foundation— Created a Resilient Business Portfolio

The photographic film market shrank at a rapid rate. To overcome this crisis—the potential loss of our core business—we restructured our business. Taking stock of the technologies we had cultivated in the development and production of photographic film, we entered the cosmetics and pharmaceuticals markets as future growth areas.

1983 World first
Launched FCR, a digital X-ray diagnostic imaging system



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

2003 World first
Launched a double-balloon endoscope

2004 World first
Launched Sapientia, a fully digital endoscope

2006
Launched the F Square i series of functional skincare cosmetics

(Entered the cosmetics market)

1965 Japan first
Launched the SK and GKN PS plates

1996 World first
Launched the WV (wide view) film

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

2002 Industry first
Launched the netprint service to retrieve personal documents from copiers in convenience stores

2002
Launched the "beat," a service providing Internet environments for small and medium-sized enterprises

1976 World first
Developed the Fujicolor F-II 400, a high-speed color negative film

1986 World first
Launched the Fujicolor QuickSnap, a 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

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

Leveraging Our Base and Core Technologies to Provide a Wide Array of Products and Solutions

▶ For our current base and core technologies, see The Fujifilm Group's proprietary technology on P.58.

2010

2012 Acquired SonoSite, Inc. and entered into the ultrasound diagnostics field

2017 Acquired Wako Pure Chemical Industries, Ltd.

2019 Converted Fuji Xerox Co., Ltd. to a wholly owned subsidiary

2020

2021 Changed company name from Fuji Xerox Co., Ltd. to FUJIFILM Business Innovation Corp.

2011 Acquired MSD Biologics Limited/ Diosynth RTP Inc.

2015 Acquired Cellular Dynamics International, Inc.

2018 Acquired Irvine Scientific Sales Company and expanded businesses in the fields of life sciences (culture media)

2019 Acquired Biogen (Denmark) Manufacturing ApS and accelerated the growth of the Bio CDMO business

2021 Completed the acquisition of FUJIFILM Healthcare Corporation, which is the successor to the diagnostic imaging business of Hitachi, Ltd.

2010s: Period of the examination of growth areas

Enhanced the Business Portfolio and Accelerate Growth

Anticipating the expansion of the market, we fully entered the Bio CDMO business in 2011 and actively pursued M&A opportunities by examining and identifying areas where we could demonstrate our competitive advantages.

2020s: Period of growth

Generating Value with a Positive Impact on Society, Leading Markets

We are focusing our efforts on generating value to positively impact industries and society by accelerating the creation of synergies within the Fujifilm Group and enabling our leading-edge proprietary technologies to evolve.

2011
Made full-fledged entry into the Bio CDMO business

2016
Launched the FDR nano, a lightweight, portable digital X-ray imaging device

Launched the FDR Xair, a mobile X-ray imaging device

2018
Announced REiLI, the AI technology brand

2021
Launched cloud services for medical institutions

2011
Launched the Jet Press 720

2012
Launched high-capacity magnetic tapes using barium ferrite (BaFe) magnetic particles

2018
Launched the "Hibimikke (Crack Finder)," a social infrastructure image diagnostic service

2021
Launched the FUJIFILM LTO Ultrium9 Data Cartridge, which provides safe, long-term storage of high-volume data at low cost

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

2011
Launched the Working Folder cloud service supporting document sharing

2020
Launched the CocoDesk, a personal workspace service

2021
Launched the Apeos Series of Fujifilm-brand multifunction devices and printers with enhanced security features

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

2021
Launched the INSTAX mini Evo hybrid instant camera

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

Sources of Innovation

The sources of innovation within the Fujifilm Group for creating corporate value are its technological capabilities, corporate culture, human resources, brand and global network. All of these elements are essential for responding to the needs and expectations of society and maintaining its trust.

Technological Capabilities

The Fujifilm Group has been cultivating world-leading technological capabilities and accumulating base technologies supporting each business in the field of photography, which is built on the accumulation of diverse advanced proprietary technologies. By leveraging its base technologies, the Group hones its proprietary core technologies for accumulating sustainable competitive advantages and combines them, thereby providing a range of innovative products and services.

Corporate Culture

Anchored by an open, fair and clear corporate culture, we create new value by boldly taking up challenges, aiming to remain a corporate entity that is trusted and needed by society.

Human Resources

We focus our efforts on developing human resources who take change as an opportunity to achieve growth, take on challenges and create change daily. We also aim to create an organization with a high level of employee engagement that permits diverse human resources to fully demonstrate their capabilities. Each individual employee supports the growth of the Fujifilm Group.

FUJIFILM
Value from Innovation

Brand

We have been improving the recognition and value of the Fujifilm brand by continuing to create groundbreaking products and services through innovation while enabling our advanced proprietary technologies cultivated in the field of photography to evolve. The brand has led to our high competitiveness in the global market.

Global Network

We began to export our products in 1938, four years after our founding. We established a sales company in Brazil in 1958 and subsequently expanded overseas aggressively, achieving growth as a global company. We established regional management companies to accelerate decision-making and enhance business management functions. This has enabled the collection of information in each country or region in a timely manner, the planning of strategies adapted to the local region, and cooperation with local companies in research and development, production, marketing, sales and other aspects of business.

Open Innovation Hub Total number of visitors and corporate visitors

(Cumulative total for three Open Innovation Hubs in Japan, the United States and Europe as of March 31, 2022)

Approx. 23,000 participants

Approx. 4,300 companies

Creating open innovation globally from Open Innovation Hubs in Japan, the United States and Europe
Note: Please see P. 61 for details.

Number of consolidated employees in FY2021

(As of March 31, 2022)

75,474 employees

Worldwide brand recognition

(According to our survey)

96%

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

Consolidated subsidiaries

(As of March 31, 2022)

280 companies

Established regional management companies at major locations in Europe, the United States, China and Southeast Asia

Number of open innovations with companies and organizations in Japan and other countries in FY2021

Approx. 300 cases

Total number of products certified as Green Value Products that contribute to the reduction of environmental impact

(As of March 31, 2022)

203 products

Products certified under the Green Value Products Certification Program

Number of visitors to the FUJIFILM SQUARE, a multipurpose showroom, in FY2021

More than 250,000

Contributing to the development of a photography culture and the spiritual wealth of people

FUJIFILM SQUARE official website

Number of patents owned

53,894 patents

Japan: 24,589 patents
Overseas: 29,305 patents
(Combined holdings of FUJIFILM Corporation and FUJIFILM Business Innovation Corp. as of March 31, 2022)

"Chemical Industry Competitiveness Ranking 2021" conducted by Patent Result Co., Ltd.

1st in the chemical industry

Ranked 1st for 11 consecutive years since 2012
Note: Please see P. 64 for details.

Data science-related training course participants for the acceleration of DX

(As of August 31, 2022)

Approx. 52,700 participants

including approx. 40,700 participants in the DX Literacy Course intended for Fujifilm Group employees in Japan and approx. 7,000 participants in the course helping people pass the IT Passport Japanese national examination

Total number of employees who have participated in e-learning program "FUJIFILM Corporate Movie," which was rolled out to the Fujifilm Group employees worldwide

(As of March 31, 2022)

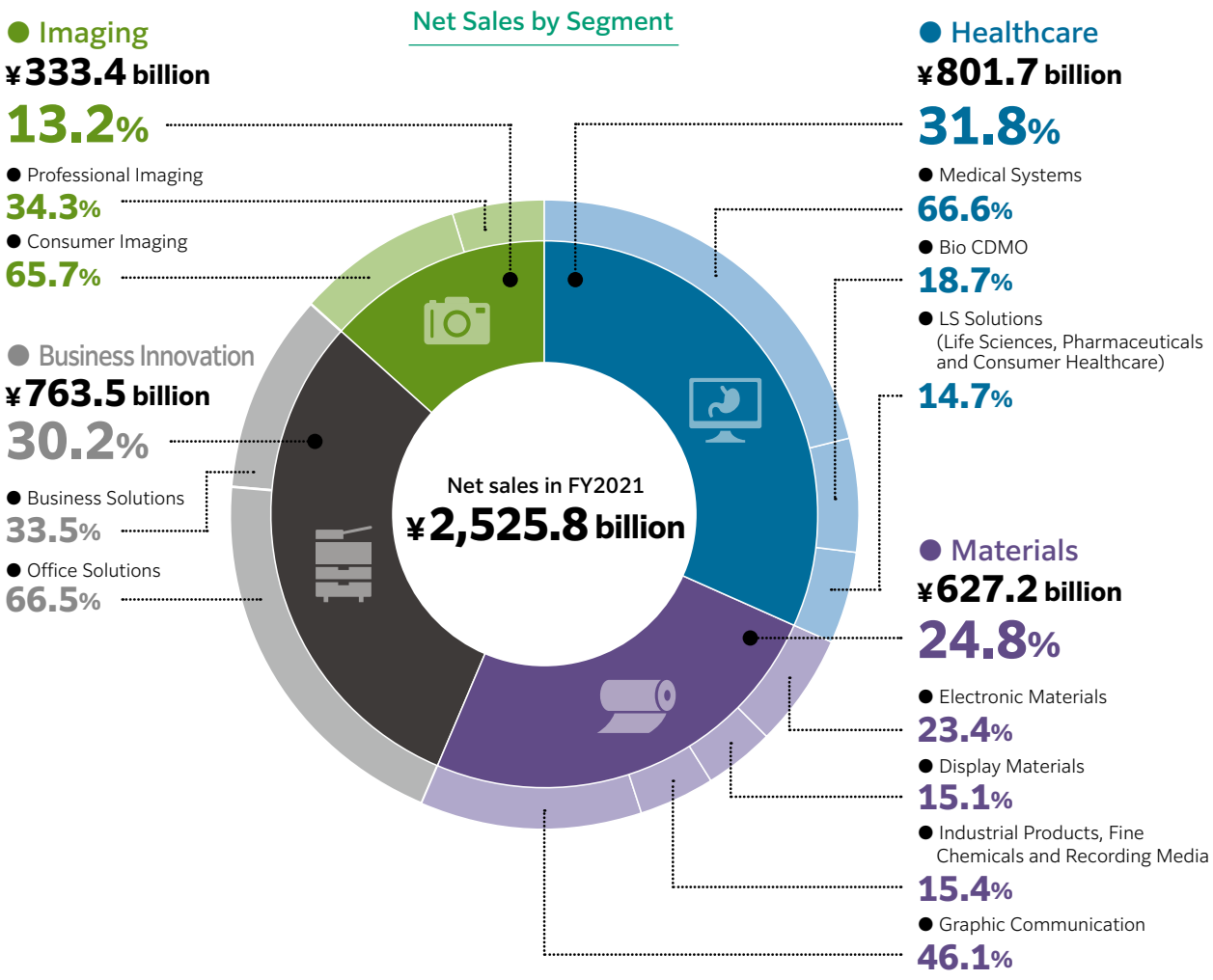
65,609 participants

Offered in 22 languages to promote understanding and penetration of the Fujifilm Group's future vision—what we strive to become

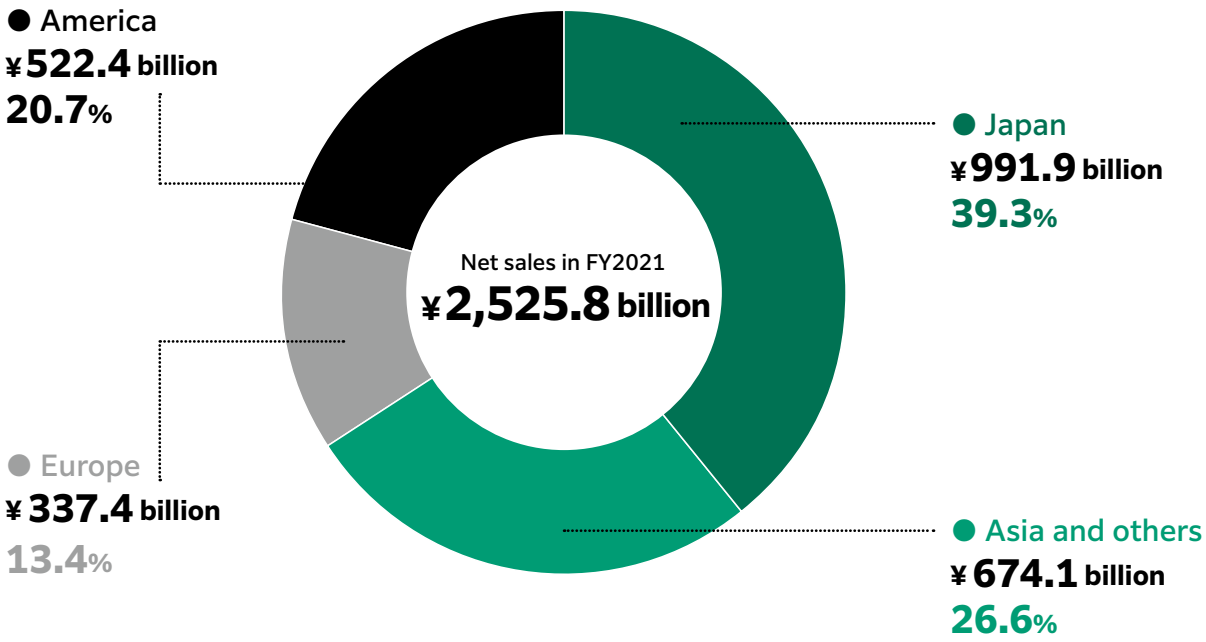
Overview of Our Businesses

The Fujifilm Group's current business portfolio was established through the evolution of innovation with our leading-edge, proprietary and advanced technologies honing the photographic film business. We aim to build a portfolio that enables us to continue innovating even if our business environment changes.

Net Sales by Segment



Domestic and Overseas Revenue



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
Global market share

No. 1[*1]

Medical-use PACS SYNAPSE

Medical Systems
Various diagnostic equipment such as X-ray diagnostic imaging, endoscopes, ultrasound, in-vitro diagnostic (IVD), and medical IT systems for centralized management of diagnostic images and other data

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

Consumer Healthcare
Functional cosmetics such as the ASTALIFT brand and supplement products

Bio CDMO
Process development and manufacturing services for high-quality biopharmaceuticals, demand for which is growing, and in the advanced medical fields of cell therapy drugs and gene therapy drugs

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

Materials

Various advanced materials and graphic communication solutions for communication equipment, sensors, next-generation displays and other equipment that support lifestyles in the era of AI and IoT

Protective film for polarizers
Global market share

No. 1[*2]

FUJITAC protective film for polarizers

Color resists for image sensors
Global market share

No. 1[*2]

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

Other Advanced Materials
Industrial products such as sensor films for touch panels, fine chemicals (advanced chemicals, reagents for research use, etc.) and recording media

Display Materials
Materials for LCD panels, OLED panels and other products

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

Total number of DocuWorks document handling software licenses worldwide

More than 8 million licenses

Office Solutions
Document-related office solutions provided through multifunction devices, printers, consumables and maintenance services

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

More than 50 million units

instax mini Evo

Broadcast zoom lens compatible with 4K cameras

World's first[*4]

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
Mirrorless digital cameras featuring high picture quality enabled by our proprietary color reproduction technology, TV and cine lenses, industrial lenses including security lenses and machine vision lenses, projectors, digital signage and more

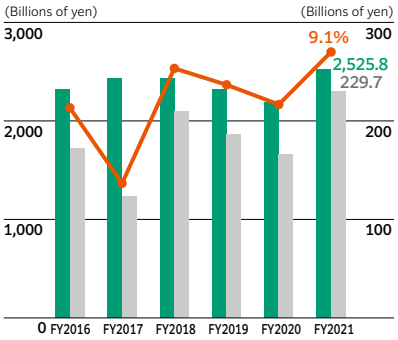
*1 According to a survey by Signify Research
*2 According to a survey by Fujifilm
*3 According to a survey by FUJIFILM Business Innovation
*4 A portable broadcast zoom lens with optical performance compatible with broadcast 4K cameras equipped with 2/3-inch sensors (according to a survey by Fujifilm)

Financial and Non-Financial Highlights

Revenue
¥2,525.8 billion

Operating Income
¥229.7 billion

Operating margin
9.1%

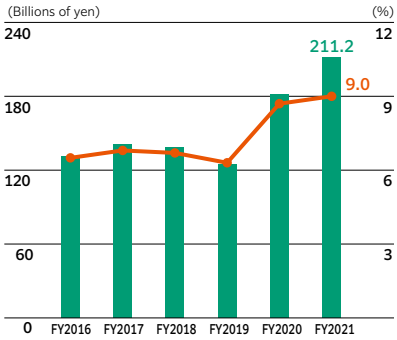


■ Revenue (left scale)
■ Operating income (right scale)
● Operating margin (%)

In fiscal 2021, we posted revenue of ¥2,525.8 billion (up 15.2% year on year) and record-high operating income of ¥229.7 billion (up 38.8% year on year). We thus achieved a significant increase in revenue and operating income due to the growth of healthcare and electronic materials in addition to the steady recovery from the impact of COVID-19 in the previous fiscal year.

Net income attributable to FUJIFILM Holdings
¥211.2 billion

ROE
9.0%

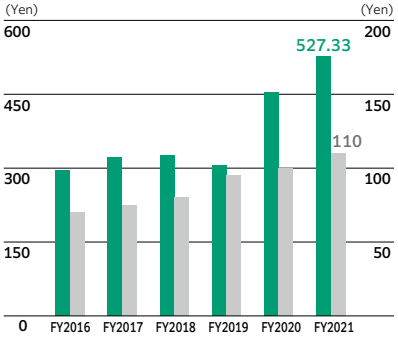


■ Net income attributable to FUJIFILM Holdings (left scale)
● ROE (right scale)

In fiscal 2021, net income attributable to FUJIFILM Holdings reached a record high of ¥211.2 billion (up 16.5% year on year), mainly reflecting other income including gains on valuation of investment securities and equity in net earnings of affiliated companies, in addition to the record-high operating income.

Net income attributable to FUJIFILM Holdings per share*
¥527.33

Cash dividend per share
¥110



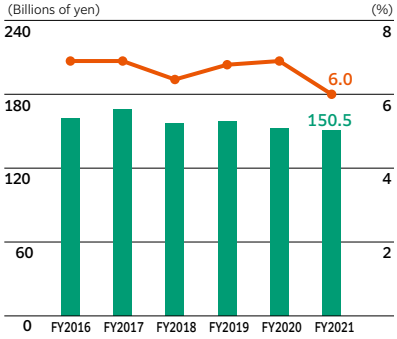
■ Net income attributable to FUJIFILM Holdings per share (left scale)
■ Cash dividend per share (right scale)

In fiscal 2021, earnings per share for net income attributable to FUJIFILM Holdings was ¥527.33 (up 16.3% year on year). The cash dividend per share increased for the 12th consecutive fiscal year to ¥110, with a dividend payout ratio of 20.9%. The Company has a policy of shareholder returns that emphasizes cash dividends, targeting a dividend payout ratio of 30%.

* Net income (loss) attributable to FUJIFILM Holdings per share is calculated based on the number of shares (excluding treasury stock) outstanding in each fiscal year.

R&D expenses
¥150.5 billion

Ratio of R&D expenses to revenue
6.0%

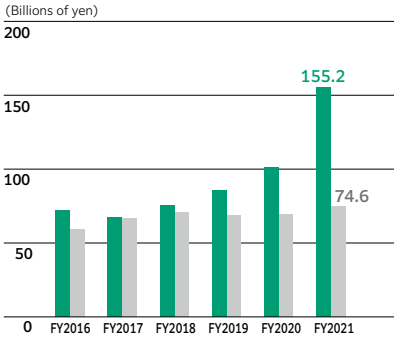


■ R&D expenses (left scale)
● Ratio of R&D expenses to revenue (right scale)

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.

Capital expenditures*
¥155.2 billion

Depreciation (only property, plant and equipment)*
¥74.6 billion



■ Capital expenditures
■ Depreciation

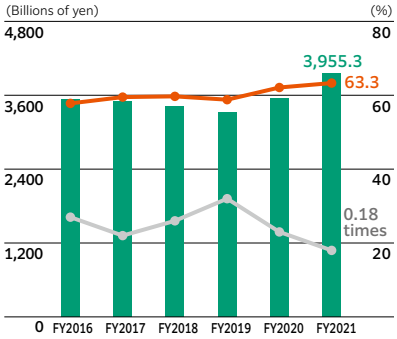
Capital expenditures amounted to ¥155.2 billion for fiscal 2021, mainly for the purpose of increasing the production capacity of high-growth products, rationalizing and labor saving of manufacturing facilities, and environmental conservation.

* The figures do not include amounts for rental equipment handled by the Business Innovation segment, etc.

Total assets
¥3,955.3 billion

Shareholders' equity ratio
63.3%

D/E ratio
0.18 times

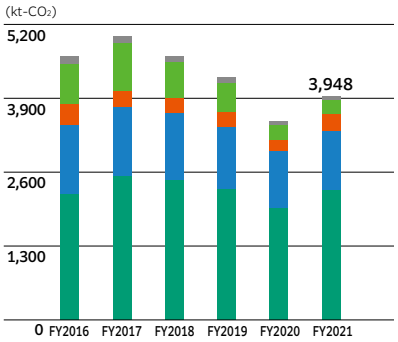


■ Total assets (left scale)
● Shareholders' equity ratio (right scale)
● D/E ratio (times)

In fiscal 2021, total assets were ¥3,955.3 billion (up 11.4% year on year), mainly reflecting increases in cash and cash equivalents and property, plant and equipment. Shareholders' equity ratio increased by 1.2 percentage points year on year to 63.3%. This shows the Company is maintaining a sound capital structure.

Greenhouse gas (GHG) emissions in the entire product life cycle

3,948 kt-CO_2

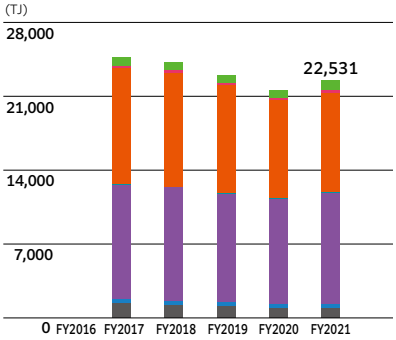


- Procurement stage
- Manufacturing stage
- Transportation stage
- Use stage
- Disposal stage

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, we are contributing to CO_2 emission reductions in society through our products and services.

Energy consumption*1

22,531 TJ



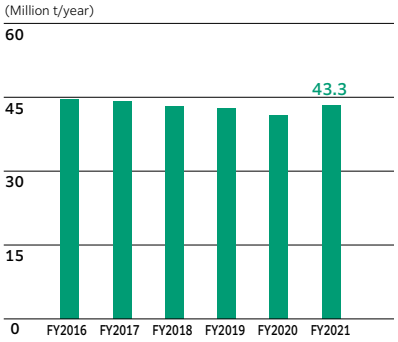
- Heavy oil, etc.*2
- Vehicle
- Gas*3
- Biogas*4
- Purchased power
- Purchased heat
- Renewable energy*5

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. 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 2040, achieving zero CO_2 emissions from all energy that we use.

*1 The total might not match the sum of the indicated figures.
*2 Total of heavy oil A, heavy oil C, kerosene, light oil and gasoline
*3 Total of natural gas, liquefied natural gas (LNG), city gas, butane and liquefied petroleum gas (LPG)
*4 Landfill methane gas
*5 Total of electricity generated by in-house power generators and purchased electricity.

Total Group water usage

43.3 million t/year



- Total Group water usage

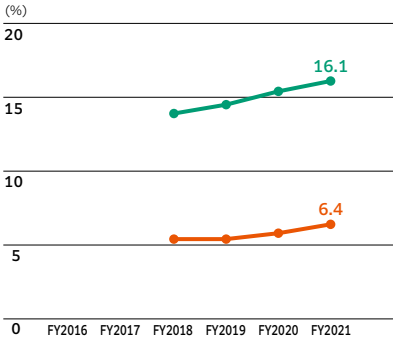
We have been using a large amount of clean water for the manufacturing of photographic films. Therefore, we have been taking actions to reduce water usage and to utilize recycled water since our early days. Our goal is to reduce the Group's water usage by 30%* by fiscal 2030. In Kumamoto Prefecture, where Fujifilm operates a factory, 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.

* Compared with fiscal 2013

Ratio of women in managerial positions

Fujifilm Group*
16.1%

Fujifilm Group in Japan
6.4%



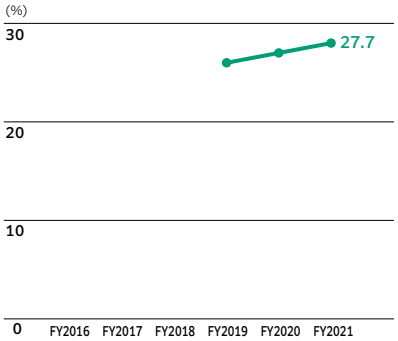
- Fujifilm Group*
- Fujifilm Group in Japan

In the Sustainable Value Plan 2030, the creation of frameworks and workplaces in which diverse employees can play active roles is a priority issue. In our efforts to promote the success of women, we have set a goal of 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.

* Executive and management positions are based on the definitions used by each Group company.

Percentage of key positions filled by non-Japanese employees*2

27.7%



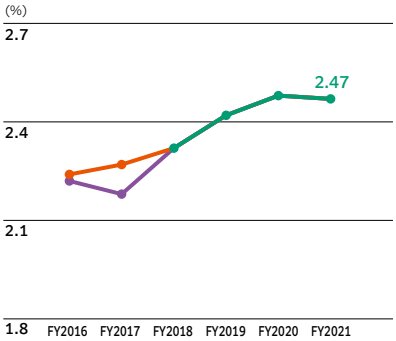
- Percentage of key positions filled by non-Japanese employees

To promote talented non-Japanese employees, we have set the goal of increasing the percentage of key positions*1 filled by non-Japanese employees to 35% by fiscal 2030. We appoint the right people to be the leaders of our businesses in each market, regardless of their nationality.

*1 Key positions: The positions of the presidents of major subsidiaries, general managers of departments in charge of key businesses, and the like are defined as key positions. Looking at the overall Group from a global perspective, to accelerate the growth of the global business, we have reorganized our structure by adding functions that will become increasingly important as well as adding key positions in the head office, clarifying them as core positions within the Group.
*2 Employees who do not have Japanese citizenship

Percentage of employment of persons with disabilities*

Fujifilm Group in Japan
2.47%



- Fujifilm Group in Japan
- Fujifilm
- FUJIFILM Business Innovation

In Japan, the Fujifilm Group has continued to achieve a percentage of employment of people with disabilities above the statutory level since fiscal 2016. We aim to maintain a percentage that is higher than the statutory level. We created operations that people with disabilities can skillfully accomplish by involving an external specialized institution (Local Vocational Centers for Persons with Disabilities), and helped those people become engaged in their jobs by working together with supporting organizations. We also continued to create workplaces where people with intellectual or mental disabilities can play active roles.

* Starting in fiscal 2018, we disclose the rate achieved by FUJIFILM Holdings Group companies to which the special calculation rules for corporate groups apply.

Chapter

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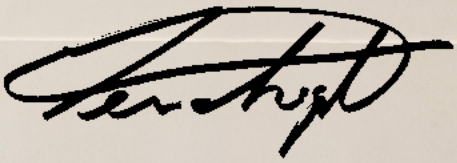
CEO Message

To continue creating positive changes in society, we will take on the challenge of transforming our business while planting the seeds of growth.

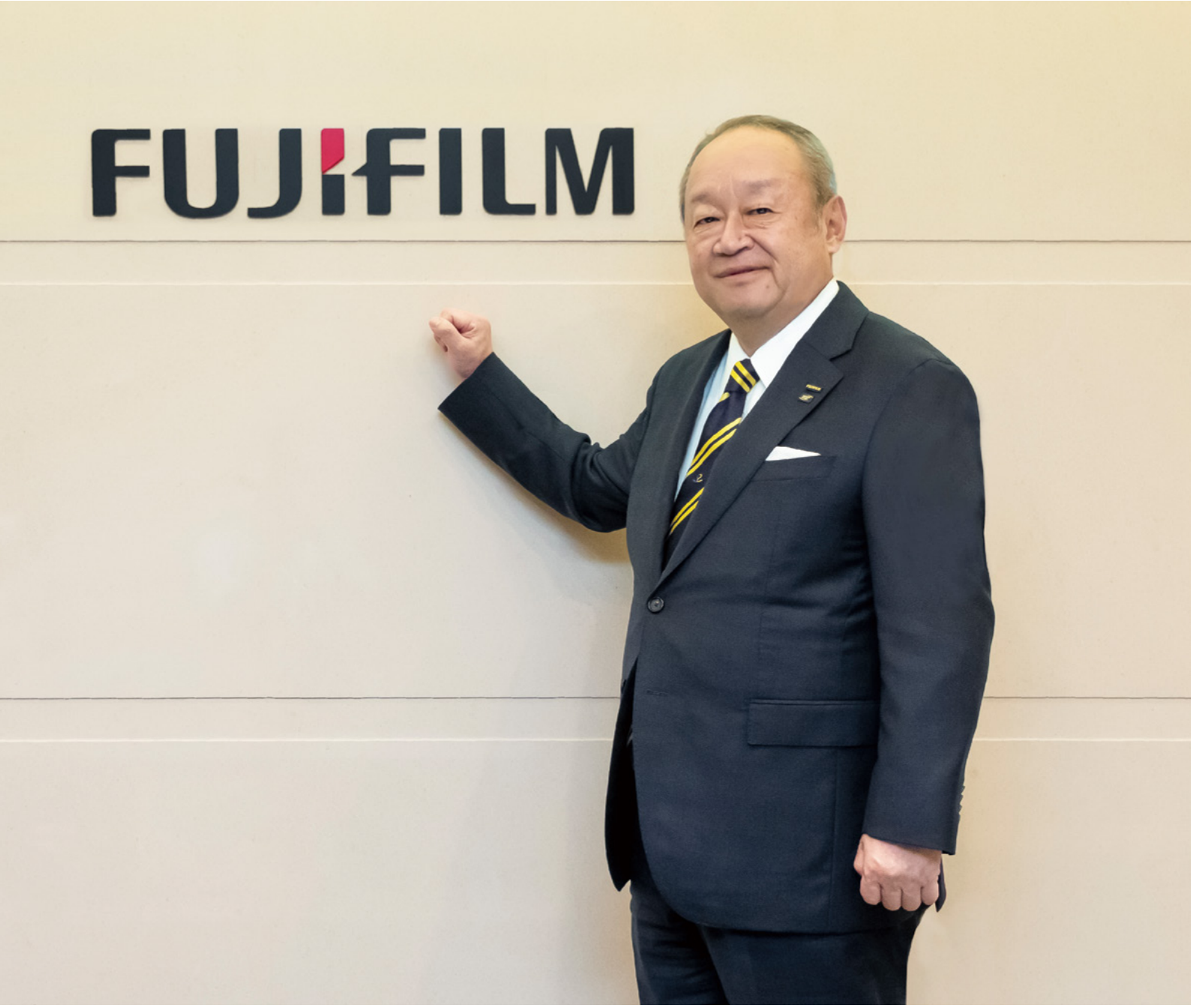


Teiichi Goto
President and CEO
Representative Director
FUJIFILM Holdings Corporation

Looking back on fiscal 2021

As a company, we directly confronted various social issues, including changing values caused by COVID-19 and the increasingly serious issue of climate change.

The global economic environment remains uncertain due to pandemics, geopolitical risks and energy issues. Looking back on fiscal 2021, I am reminded that the COVID-19 experience has changed the way that society operates. A typical example is the way we work. The pandemic has accelerated a diversification of work styles through telecommuting and remote offices. The same is true for the Fujifilm Group. As a manufacturing company, we value the opportunity for our employees to meet face-to-face and share our passions. At the same time, we believe that diverse work styles, such as working from home or from remote locations, will take root in society in the future. In this context, I believe we can play a major role in realizing a society in which people can exercise their creativity and feel fulfilled in their work.



Another major factor that cannot be ignored is the issue of climate change. Recently, we have experienced various changes, such as increasing numbers of extremely hot days and frequent flooding caused by linear precipitation zones. These changes are occurring in many parts of the world, which concerns us greatly. In the future, this will spill over into other issues, such as a food crisis. This is a social issue that the Fujifilm Group, as a company, must confront head-on and with sincerity. I feel strongly about this.

Looking back on my own personal experience, I had a very intense year since assuming the position of President and CEO in June 2021. I task myself with "Creating the future of the Fujifilm Group." In this context, I am reminded that every major decision I make as CEO to increase corporate value is truly a serious challenge. In June 2022, we decided to make new large-scale capital investments totaling around ¥200 billion in our U.S. and European sites to further accelerate the growth of our Bio CDMO business. In the history of our company, we have never made such large investments in consecutive years. As CEO, I gathered information based on the strategies formulated by our business divisions, and after careful consideration I decided on the strategy that I thought would be a winner.

Fiscal 2021 performance

We posted a significant increase in revenue and record-high profits. We also made steady progress in reorganizing our business portfolio.

For fiscal 2021, we reported consolidated revenue of ¥2,525.8 billion, operating income of ¥229.7 billion and net income attributable to FUJIFILM Holdings of ¥211.2 billion. Compared with fiscal 2019, prior to the COVID-19 pandemic, we achieved significantly higher revenue and profits, as well as record-high figures for operating income and net income attributable to FUJIFILM Holdings. This was due to a steady recovery from the previous year, which was affected by COVID-19, as well as growth in our healthcare and electronic materials businesses.

In April 2021, we formulated our medium-term management plan, titled VISION2023, and announced our goal of making healthcare our largest segment by fiscal 2023 (final year of the plan) in terms of both revenue and operating income. At the same time, we set a target of increasing sales in the healthcare segment to ¥1 trillion by fiscal 2026.

In fiscal 2021, this business benefited from the consolidation effect of FUJIFILM Healthcare Corporation (which took over the diagnostic imaging business of Hitachi, Ltd.), as well as strong sales of endoscopes and the Bio CDMO business, a growth driver. As a result, segment sales surpassed ¥800 billion. It was a major step forward in making healthcare our largest business segment in terms of both revenue and operating income ahead of plan.

Our materials segment also achieved significant year-on-year increases in both revenue and operating income, driven by growth of the electronic materials business. In short, we got off to a good start in the first year of VISION2023 and made solid progress in transforming our business portfolio, with healthcare and advanced materials positioned as growth areas.

Fiscal 2022: Outlook and challenges

In addition to achieving the targets of VISION2023, we aim to grow in terms of both social and economic value.

In fiscal 2022, we expect continued increases in both revenue and profits, with operating income forecast to reach a record high for the second consecutive year. Our specific targets are revenue of ¥2.7 trillion and operating income of ¥260 billion, and we are confident of achieving these. We also believe that we are moving in the right direction with our medium- and long-term strategies, including Sustainable Value Plan 2030 (SVP2030), our long-term CSR plan that sets fiscal 2030 as our goal for realizing a sustainable society.

Major risk factors going forward include supply constraints for semiconductors and other components, as well as soaring raw material and fuel prices. So far, we have been able to offset these risks through cost reductions and price increases, with the help of the yen's depreciation. No matter what challenges we face, however, we will meet them with sincerity. Our aim is to deliver further growth and improved profitability in all our businesses, and thus achieve our targets.

The challenge of the Fujifilm Group, as I personally feel now, is to further improve our "earning power." We will create a business model that provides continuous value with high-value-added products and services to increase profitability, use the accumulated profits to invest for the future, and continue the cycle of delivering results. Only with such earning power, which can be called the foundation of a company, will it be possible to benefit society and provide sufficient returns to employees, shareholders and other stakeholders, and thereby realize sustainable corporate growth.

In addition to constantly optimizing our business portfolio, we will target growth that delivers both social and economic value while strengthening our earning power under our vision of an "open, fair and clear" corporate culture.

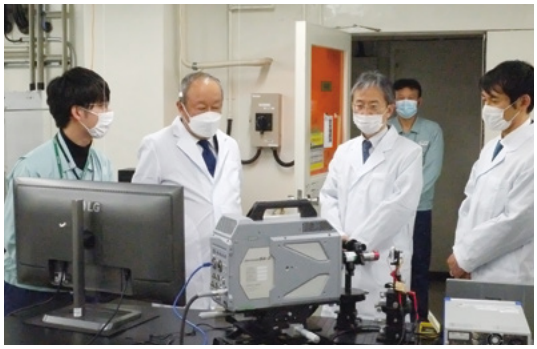
Resumption of field visits

The Fujifilm Group has strong field capabilities cultivated over many years that support its competitiveness.

I have long believed that "everything originally comes from the field." Based on this belief, I have been committed to the evolution and development of our business by visiting and seeing field worksites with my own eyes and using my sense of smell to sow the seeds for the future. Due to COVID-19, I have been unable to visit worksites for some time. In July 2022, however, I had the opportunity to visit our overseas offices in Europe and India, and I realized again the importance of communicating directly with people in the field.

In Italy, I visited the City of Health and Science University Hospital of Turin, one of Europe's top university hospitals, and attended the signing ceremony of a comprehensive agreement for the "REiLI" AI platform. I also met with many customers in the medical systems and graphic communications sectors and had meaningful discussions about the challenges they face.

In Belgium, I visited an electronic materials factory for the first time, and in the Netherlands I inspected a factory that manufactures the cell culture media necessary for cell culture, which started operation in December 2021. In both factories, all employees were enthusiastic about their work,



▲ We value communication with our employees in the field.

▲ Signing ceremony at the City of Health and Science University Hospital of Turin (© Max De Martino, X-photographer)

and I felt a strong sense of motivation. In Europe, various nations are accelerating the spread of renewable energy. By establishing bases in Europe and using renewables to power them, we will increase our competitiveness from an environmental standpoint. I am again reminded of the advantages of having manufacturing sites in Europe. In truth, "seeing is believing."

I also actively tour domestic sites. Recently, I visited FUJIFILM Corporation's Kanagawa Factory Ashigara Site to inspect its five laboratories and the production process of film for our INSTAX instant cameras. The laboratories have been developing highly distinctive technologies, reminding me of the strength of our field capabilities. In addition, INSTAX is the only product in its category with a 100% market share. The high level of technology supporting this product has even greater future potential, I feel. I always carry photo prints taken with my INSTAX and use them as business cards to people I meet or take on-the-spot photos with my INSTAX and give them as gifts. In these ways, I use it as a tool to deepen communication.

We will help create a society without healthcare disparities.

In mid-July, I visited India and participated in the opening ceremony of NURA, a diagnostic center focusing on cancer screening. I have been involved in the launch of the NURA project since before becoming president. Following the opening of NURA in Bangalore in February 2021, we recently established a new facility in Gurugram. We will open a third facility, in Mumbai, in December. The five-

▲ Opening ceremony of NURA in Gurugram, India. At front row center is Satoshi Suzuki, Ambassador Extraordinary and Plenipotentiary of Japan to India.

year survival rate for patients with cancer is approximately 30%*[1] in India, compared to 70% in Japan. One reason for the low survival rate in India is that health diagnostic services, such as cancer screening, are not widespread, which has prevented the early detection and treatment of cancer. Our NURA facilities will serve to help resolve this social issue. In addition to attracting significant attention in India, our activities to address social issues in emerging countries have been acclaimed. For example, we were selected to participate in the Program for Supply Chain Resilience in the Indo-Pacific Region, promoted by the Ministry of Economy, Trade and Industry (METI).

The addition of FUJIFILM Healthcare Corporation's CT and MRI systems to our product lineup has enabled our medical systems business to provide comprehensive one-stop solutions to needs on the medical frontlines. By combining our strengths in image processing and AI technologies, we are developing high-value-added solutions globally, with medical IT at the core. One of these solutions is NURA.

Within the Company, I often talk about the Fujifilm Group's future business development as we shift our emphasis from "products" to "products plus services." As we embrace new challenges at NURA, I feel that we have planted seeds that will blossom in the future.

In mid-August, I spoke at an official side event of the 8th Tokyo International Conference on African Development (TICAD8) in Tunisia, entitled "Global Health Action Japan: International Efforts to Raise Global Healthcare Standards." I spoke about tuberculosis (TB), which still has a high mortality rate in developing countries, and introduced our efforts to improve the quality and accessibility of medical care, including TB screening tests. As a specific example, we will deploy our FDR Xair portable X-ray unit and AI technology–based diagnostic support software to primary healthcare centers in regions where diagnostic equipment is in short supply. We are currently developing software to centrally manage data from TB screening tests conducted around the world to provide cloud-based medical treatment. We believe we can make further contributions by visualizing the status of TB countermeasures around the world in real time.

In a session with special guest Bill Gates, Co-Chair of the Bill & Melinda Gates Foundation, Mr. Gates praised the innovation of our efforts and expressed hope that we will strengthen our collaboration as partners. We will continue striving for advances in global healthcare through our products and services to help eliminate global healthcare disparities and maintain and improve people's health.

▲ At the Global Health Action Japan event, Mr. Gates shared his views on measures for global health*[2].

*1 Source: GLOBOCAN 2020, a database of the International Agency for Research on Cancer (IARC)

*2 Transcending national borders to raise the level of healthcare everywhere and reduce cascading health risks around the globe

Realizing a sustainable society

Through collaboration with local governments and partner companies, we aim to establish a carbon-neutral model for manufacturing.

As I mentioned at the beginning, my top priority in our quest to realize a sustainable society is the environment.

In March 2022, Fujifilm, together with Tokyo Gas Co., Ltd., and Minamiashigara City in Kanagawa Prefecture, concluded a comprehensive partnership agreement aimed at realizing a decarbonized society. I participated in these discussions and reaffirmed the importance of society working together to solve environmental issues. A sincere commitment to addressing environmental issues is a prerequisite for our future growth as a company.

"Health" is another priority of SVP2030. In April 2022, we issued ¥120 billion in social bonds, one of the largest issuances in Japan, to raise funds for our healthcare segment's Bio CDMO business. We are committed to addressing unmet medical needs* and solving social issues, such as improving access to healthcare.

With respect to health, it is important to not only foster our healthcare business but also protect the healthy lives of the employees who form the backbone of that business. In April 2022, we enhanced our health promotion system with the establishment of a new medical facility in Yokohama, Japan, for employees equipped with state-of-the-art diagnostic equipment. Our efforts have received high praise from third parties. For example, we have been

selected for inclusion in the Health & Productivity Stock Selection, a program jointly run by the METI and the Tokyo Stock Exchange (TSE), and in the Certified Health & Productivity Management Outstanding Organizations Recognition Program, run by the METI.

To develop these initiatives and realize a sustainable society, digital transformation (DX) is another important management strategy. As such, the Fujifilm Group established the DX Strategy Council, which I chair, to roll out Group-wide initiatives that include reforming business processes and applying them to products and services. A good example of this is the NURA, AI-based screening centers I mentioned earlier. Our DX efforts have also been highly regarded by external parties. For example, FUJIFILM Holdings has been selected under the Digital Transformation Stock Selection (DX Stock) Program, run by the METI and the TSE.

* Medical needs for which effective treatments have not been established

Reinforcing human and intellectual capital

We are stepping up efforts to develop human resources who will spearhead the transformation of our business portfolio.

Regarding human resource development, we often hear the term "recurrent education." However, we believe it is important to provide employees with new learning opportunities after they have gained a certain level of experience. I was sent to the University of Tokyo Executive Management Program, an educational program for people who are already working with the potential to become top managers, in my early 50s. There, I learned about science literacy and other liberal arts subjects, as well as thought training. These have served me well to this day as president.

The Fujifilm Group provides training on themes necessary for each role, from new to management-level employees. Seeing their eyes light up makes me realize the importance of such training. I regard this as a crucial opportunity to develop "discerning human resources" who will lead the transformation of our business.

Meanwhile, we will further enhance our intellectual capital through ongoing aggressive investments in research and development. Our R&D capability is and will remain the source of growth for the Fujifilm Group.

To stakeholders

We will continue embracing challenges to develop as a company that provides value to society.

The 1980s, when I joined the Company, were the heyday of photographic film. I recall that the general public's image of Fujifilm was that of a company that fosters social prosperity and happy families. More than 40 years have passed since those days. In the 2000s, when the photographic film market was rapidly shrinking due to the progressive digitization of photography, we took stock of the technologies we had cultivated in the photographic film business and examined fields where such technologies could be applied. We also expanded our business into fields related to life science, such as cosmetics and pharmaceuticals. This was our so-called exploratory period. The following decade, the 2010s, was a period of "verification," during which we identified areas with high growth potential where we could demonstrate our competitive advantage. The 2020s will then be a "growth period" for making aggressive growth-oriented investments aimed at building an even stronger business portfolio. Although our business structure has undergone major changes over the years, the Fujifilm Group's mission—Continue providing new value to the world—remains unchanged.

Clean water and clean air are essential for manufacturing photographic film, which was the starting point of our founding. Because photographic film cannot be tested before shooting, moreover, it was a product that customers purchased with "trust." Therefore, the Fujifilm Group's corporate culture is rooted in the concept of ESG, which includes "trust" and "environmental protection." With our "Never Stop" spirit, we remain committed to making a positive difference in society and helping realize a sustainable society.

In fiscal 2021, we got off to a good start with increased revenue and profits. We will continue transforming our business in line with people's changing needs and values, with the aim of providing value to the world in any era.

Value Creation Process

By leveraging its invested capital to create value through innovation, the Fujifilm Group has worked to resolve social issues through its business activities and consider the environment and society in its business processes. We will continue co-creating value with society and thus help realize a sustainable society.

Realizing a Sustainable Society

Invested capital

Financial capital

Stable financial base

- Shareholders' equity ..... **¥2,502.7 billion**
- Interest-bearing debt ..... **¥447.2 billion**
- Standard & Poor's (S&P) rating ..... **AA-**

Intellectual capital

Advanced and proprietary technologies and brand recognition

- Fundamental and core technologies **21**
- Number of patents held **53,894**
- Number of designs owned **3,589**
- Number of trademarks held **6,385**
- High global brand recognition **96%**

Human capital

Global and diverse workforce

- No. of Group employees **75,474**
- No. of DX-related training course participants ..... **Approx. 52,700**
- Ratio of overseas employees **52%**

Social capital

Global network

- No. of consolidated subsidiaries **280**
- No. of subsidiaries/affiliates **158**

Manufacturing capital

Production capacity to continue to generate innovation

- No. of manufacturing subsidiaries/affiliates **72**
- Capital investment ..... **¥155.2 billion**

Natural capital

Efficient use of resources

- Energy consumption ..... **22,531 TJ**
- Water usage ..... **43.3 million t/year**

Note: Actual figures for FY2021 (year-end)

Long-Term CSR Plan

—Medium-Term Management Plan— **VISION**

Priority Areas

▶ Materiality PP. 25–26

Environment

Health

4 segments

Healthcare P.47

Materials P.51

Create innovation

Stakeholder needs/expectations

Financial base

Innovation P.57

Value from Innovation

Sustainable Value Plan 2030 (SVP2030)

2023

Daily Life

Work Style

Business portfolio optimization

Business Innovation P.53

Imaging P.55

Create new value and resolve social issues

Integrate technologies

Co-create value with society

Customers | Employees | Shareholders/ other investors | Suppliers

Local communities | Future generations | Governments/ industry groups | NGOs/NPOs

Realize a decarbonized society through business activities

Value Co-Creation Story P.31

- Amount of CO_2 emissions throughout the entire product life cycle ..... **–7.5% reduction** (compared with FY2019)
- Amount of CO_2 emissions from in-house energy ..... **–3% reduction** (compared with FY2019)
- No. of in-house environmentally friendly certified products ("Green Value Products") ..... **203** (cumulative)
- Comprehensive Partnership Agreement with Tokyo Gas and Minamiashigara City to Realize a Decarbonized Society

Extend healthy life expectancy through prevention, diagnosis and treatment

Value Co-Creation Story P.35

- Expand access to medical care; Deployment of products/services using medical AI technology ..... **83 countries**
- Bio CDMO tank capacity (production capacity) ..... **180 kL**
- Deploy AI-based health screening services in emerging countries

Help realize a safe and secure society through digital technology

- No. of companies registered for the "Hibimikke (social infrastructure image diagnostic)" service (as of June 30, 2022) ..... **More than 1,000**
- Provide (free of charge) a smartphone app to support surveys of residential damage certification to speed up the issuance of disaster victimization certificates by local governments

Improve job satisfaction through business innovation

- Access to work styles that improve productivity/creativity ..... **29.3 million people**
- Bridge DX Library solutions ..... **103 types**

Note: Actual figures for FY2021 (year-end)

Corporate Governance P.89

The Fujifilm Group's Future Vision

To achieve the goals of Sustainable Value Plan 2030 (SVP2030), we will promote the priority measures set forth in VISION2023, our medium-term management plan announced in April 2021, and help realize a sustainable society.

Roadmap and Priority Issues (Materiality) for Realizing Our Future Vision

Strengthen our business portfolio and build a foundation for the next leap forward

VISION2019

Revenue: ¥2,315.1 billion
Operating income: ¥186.6 billion
CO_2 emission reduction: 25%
(compared with FY2013)

Accelerate growth in healthcare and advanced materials and build a business foundation for sustainable growth

VISION2023

Revenue: ¥2,700.0 billion
Operating income: ¥260.0 billion
CO_2 emission reduction: 11%
(compared with FY2019)

CO_2 emission reduction figures apply to energy used by the Company (Scope 1 + 2) (CO_2 emission reduction target for the entire product life cycle in FY2030: 50% compared with FY2019)

Process for Identifying Priority Issues Materiality

In formulating SVP2030, we conducted a materiality analysis (prioritized evaluation and selection of items) from the perspective of "social and environmental issues to be resolved" and "Fujifilm Group business growth" expected in 2030. We will review our priority issues on a regular basis to further resolve social issues and enhance the Group's corporate value.

Step 1
Clarify Basic Policies
Clearly show our future vision of how we can contribute as a global company to resolving social issues from a long-term perspective

Step 2
Identify Social Issues Based on Business Strategy
List issues from external perspectives (e.g., ISO 26000, GRI, SDGs) and in terms of potential of issue resolution by all our divisions

Step 3
Evaluate Materiality
Evaluate materiality via a two-pronged approach:
1) Consider society and the environment in our business processes
2) Resolve social issues through our business activities

Step 4
Plan and Review
Coordinate with relevant business divisions on identified materiality, set targets for deliberation/approval by the ESG Committee, report to the Board of Directors, then promote initiatives as a Group policy

For details, please refer to our Sustainability Report 2022 (PP.11–14). ▶ https://holdings.fujifilm.com/en/sustainability/report

Help realize a sustainable society by resolving social issues through innovative technologies, products and services

SVP2030

Revenue: ¥3,500.0 billion or more

CO_2 emission reduction: 50%

(compared with FY2019)

Reference: 50% reduction compared with FY2019 is equivalent to a 65% reduction compared with FY2013

Realize a Sustainable Society

Value from Innovation

- Deploy innovation to resolve global environmental and social issues
- Positively impact society through our business activities
- Respond appropriately to society's expectations through communication with stakeholders

SVP2030: Priority Areas/ Priority Issues (Materiality)		Value Co-Creation Stories P.29 Resolve social issues through our business activities	Sustainability P.74 Consider the environment and society in our business processes	SDGs addressed by the Fujifilm Group
Environ-ment	❶ Address climate change ❷ Promote recycling of resources ❸ Address energy issues with the aim of realizing a decarbonized society ❹ Ensure product and chemical safety	● ● ● ●	● ●	6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 12 Responsible Consumption and Production; 13 Climate Action; 17 Partnerships for the Goals
Health	❶ Address unmet medical needs ❷ Improve access to medical services ❸ Contribute to early detection of disease ❹ Promote enhanced health and beauty ❺ Promote health management	● ● ● ●	● Employees	3 Good Health and Well-being; 17 Partnerships for the Goals
Daily Life	❶ Help create a safe and secure society ❷ Contribute to spiritual enrichment and human connections	● ●		9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 17 Partnerships for the Goals
Work Style	❶ Create environments conducive to job satisfaction (provide solutions and services) ❷ Develop and utilize diverse human resources	●	● Employees ● Employees	5 Gender Equality; 8 Decent Work and Economic Growth; 17 Partnerships for the Goals

Innovation

Basis of Business Activities

Supply Chain	Strengthen CSR foundations (including the environment, ethics and human rights) throughout the supply chain	12 Responsible Consumption and Production
Gover-nance	Improve and maintain governance structures by further disseminating an open, fair and clear corporate culture	

Medium- to Long-Term Risks/ Opportunities and Materiality

We are working to achieve the goals of SVP2030 by identifying risks and opportunities from megatrends and identifying materialities and KPIs.

Megatrends

- Emerging risks of large-scale natural disasters and infectious disease pandemics, changes in the global environment and ecosystems due to climate change, and depletion of energy and resources
- Unstable political and economic conditions, heightened geopolitical risks due to escalating conflicts, and widening disparities between countries and regions

Priority Areas	Opportunities	Risks	Main Related Segments
Environ-ment	●Growing need for efficient, energy-saving, low-cost storage of large volumes of data in the era of big data ●Increasing demand for systems, products and technologies to monitor and forecast weather conditions and diagnose deterioration of infrastructure, including buildings and water sources, in response to abnormal weather events ●Need to incorporate CO_2 emission reduction initiatives (such as use of low power consumption products and preference for carbon-free production) into customers' procurement criteria ●Increasing need to use water-free products (including process-less plate) due to growing concern about water resources	●Supply chain disruptions and factory shutdowns due to abnormal weather events (such as torrential rains, floods and droughts) caused by rising temperatures ●Shortage of raw materials for products (pulp for paper; cellulose for film) due to depletion of forests and plants ●Shortage of raw materials for products due to depletion of fossil fuels and growing concern about the environment and other ESG factors ●Shortage of water necessary for production due to natural disasters and the like ●Increase in manufacturing costs due to carbon taxes on fossil fuel	▶Healthcare ▶Materials ▶Business Innovation ▶Imaging
Health	●Growing need for IT solutions to support healthcare and improve operational efficiency due to the aging population and shortage of medical personnel ●Increasing unmet medical needs, mainly for cancer, rare diseases and gene therapies ●Expanding market for biopharmaceuticals that deliver high efficacy with few side effects ●Progressive industrialization of advanced therapies ●Increasing need for vaccines and therapeutics to combat infectious disease pandemics	●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 biopharmaceutical process development and contract manufacturing market due to technological innovation	▶Healthcare
Daily Life	●Expanding peripheral markets, including semiconductors, due to spread of new communication and mobility technologies, such as 5G and autonomous driving ●Expanding demand for related materials due to the growth of the OLED market ●Growing demand for digital printing due to increase in on-demand printing ●Growth in the number of images taken and printing needs due to smartphone proliferation ●Expanding demand for analog products for the digital native generation ●Increasing demand for high-performance lenses due to higher resolution images, advanced in IoT technologies, and the growing importance of security monitoring	●Rising raw material costs due to soaring resource prices ●Raw material procurement risks and supply chain disruptions due to increased concern about economic security and the formation of economic blocs ●Commoditization of digital devices ●Parts procurement risk due to tight semiconductor supply–demand balance ●Fierce competitive environment in the semiconductor materials market ●Intensifying competition from alternative materials due to the commercialization of new technologies ●Lower-than-expected demand in the offset printing market ●Improving smartphone camera performance and intensifying competition in the high-end mirrorless digital camera market	▶Materials ▶Imaging
Work Style	●Need to build and operate IT infrastructure with enhanced security/networking against the backdrop of cyberattack threats and the spread of remote working ●Growing market for business solutions and services that utilize AI and the cloud for DX and improving office work productivity	●Decrease in print volumes due to entrenchment of remote working and increasing digitization of business processes ●Slowing growth and declining profitability due to the maturation of the office equipment market	▶Business Innovation

- Declining birth rates and aging populations globally, declining workforces, changes in work styles and retirement security due to the advent of the 100-year life era; growing interest in healthy life expectancy
- Increasing concern about human rights, diversification of individual values and emphasis on diversity in organizations
- Rapid advances in technology, rise of new lifestyles/businesses due to DX and rising cyber risks

Priority Issues (Materiality)	Major KPIs	Main Achievements in FY2021	FY2023 (Targets)	FY2030 (Targets)
Environ-ment ❶ Address climate change ❷ Promote recycling of resources ❸ Address energy issues with the aim of realizing a decarbonized society ❹ Ensure product and chemical safety	●CO_2 emission reduction rate from in-house energy ●CO_2 emission reduction rate over product life cycle ●Ratio of sales of environmentally friendly products/ services to overall revenue ●Contribution to CO_2 emission reduction in society	●CO_2 emission reduction rate from in-house energy: 3% (compared with FY2019) Healthcare: +6% (compared with FY2019) Materials: +2% (compared with FY2019) Business Innovation: -21% (compared with FY2019) Imaging: -13% (compared with FY2019) ■Set new decarbonization targets (10 years ahead of previous decarbonization targets) and formulated the Green Value Climate Strategy ■Decided to reflect decarbonization target achievement rate in executive compensation	■CO_2 emission reduction rate from in-house energy: 11% (compared with FY2019)	■CO_2 emission reduction rate from in-house energy: 50%
Health ❶ Address unmet medical needs ❷ Improve accessibility to medical services ❸ Contribute to early detection of disease ❹ Promote enhanced health and beauty ❺ Promote health management	●No. of countries/ regions where our medical AI technology-based products/services are deployed ●Ratio of Healthcare sales to total revenue ●Bio CDMO tank capacity (production capacity)	●No. of countries/regions where our medical AI technology-based products/services are deployed: 83 ●Ratio of Healthcare sales to total revenue: 31.8% →Healthcare became our largest business segment ●Bio CDMO tank capacity (production capacity): 180 kL ■Generated Group synergies with FUJIFILM Healthcare Corporation (integrated domestic manufacturing and North American sales bases; increased cross-selling) ■Decided to expand U.S. and U.K. biopharmaceutical API manufacturing facilities ■Commissioned new culture media plant in the Netherlands; established global production system at three bases (Japan, the U.S., and Europe) to support customers' drug discovery and drug manufacturing	■No. of countries/ regions where our medical AI technology-based products/ services are deployed: 100 ■Achieve further growth as the largest segment ■Bio CDMO tank capacity (production capacity): 337 kL	■No. of countries/ regions where our medical AI technology-based products/services are deployed: 196 ■Ratio of Healthcare sales to total revenue: 50% (¥1.75 trillion vs. total revenue of ¥3.5 trillion) ■Bio CDMO tank capacity (production capacity): 658 kL (FY2026)
Daily Life ❶ Help create a safe and secure society ❷ Contribute to spiritual enrichment and human connections	●Electronic Materials business: Growth rate and growth-oriented investments ●Ratio of Materials sales to total revenue	●Growth rate of Electronic Materials business: +22.8% (YoY) → Exceeded that of semiconductor materials market ●Ratio of Materials sales to total revenue: 24.8% ■Growth in sales of a wide range of products in the Electronic Materials business, including photoresists, CMP slurries, post-CMP cleaners and polyimides ■Established the Advanced Materials Strategy Headquarters; strengthened cross-business strategic functions for further growth ■Decided to expand production facilities for INSTAX film and increase production capacity by up to 20%	■Ratio of Materials sales to total revenue: 27%	■Annual growth rate of Electronic Materials business: More than 10% by FY2030 (FY2021→ FY2026: CAGR of 11%; FY2026→ FY2030: CAGR of 12%) ■Achieve ¥400 billion in Electronic Materials business sales
Work Style ❶ Create environments conducive to job satisfaction (provide solutions and services) ❷ Develop and utilize diverse human resources	●Provide solutions and services that help workers improve productivity and exercise their creativity ●Growth rate of Business Solutions business	●Provided 29.3 million people with work styles to support increased worker productivity and creativity ●Business Solutions business growth rate: +1.0% (YoY) ■Leveraged the Fujifilm brand to drive global expansion ■Started selling office products in new markets ■Acquired IT subsidiary of HOYA and relaunched it as Fujifilm Digital Solutions; strengthened core system sales and implementation support to accelerate business growth in the DX domain	■Achieve +4% annual growth (FY2020→ FY2023) in Business Solutions sales that contribute to customers' DX	■Provide 50 million people with work styles that support improved productivity and creativity

Special Feature:

Chapter 03

Value Co-Creation Stories

Demonstrating our ability to create innovations that resolve social issues

31 Environment
Pass on a sustainable global environment to future generations

35 Health
Creating a future where people around the world can enjoy better medical care

Environ-ment

Resolving social issues through our business activities

Pass on a sustainable global environment to future generations

Global environment: Current situation and our approach

Various problems are becoming increasingly serious on a global scale. These include rising sea levels and abnormal weather events due to climate change, depletion of terrestrial and marine resources, deforestation, water pollution and depletion, and ecosystem changes. For the sustainable development of society, it is essential to balance economic activities with the resolution of environmental issues, and we must deploy various measures with urgency.

Clean water and air are essential for making photographic film, which is the foundation of the Fujifilm Group. Moreover, because photographic film captures once-in-a-lifetime scenes that cannot be retaken, it has been a product that customers purchase with trust. With this is mind, we have been managing our business with an emphasis on stakeholder trust. Since our founding, we have always believed that environmental considerations, environmental conservation and communication with local communities form the basis of our corporate activities, and we engage in corporate activities based on this concept.

In December 2021, we set new decarbonization targets and formulated our environmental strategy, called the "Green Value Climate Strategy."

The core of this environmental strategy is to promote "Green Value Manufacturing" activities with low environmental impact while creating and diffusing "Green Value Products" and services with outstanding environmental performance. Accordingly, we will engage in business activities with a two-pronged approach: consideration for the environment in our business processes and resolution of environmental issues through our business activities.

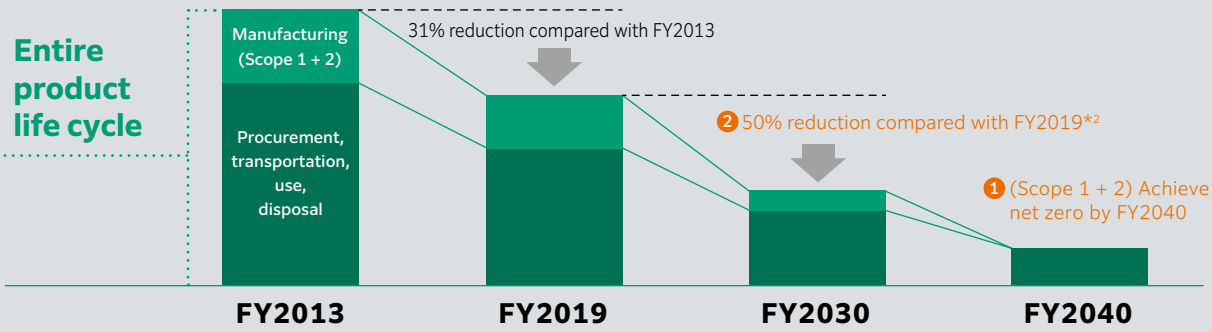
With regard to decarbonization, we have set a new CO_2 emission reduction target consistent with the "1.5˚C target" set in the Paris Agreement. We also fast-tracked the target date for achieving net zero CO_2 emissions from in-house energy by 10 years, to fiscal 2040. As a roadmap to realize this target, we aim to achieve a 50% reduction by fiscal 2030 compared with fiscal 2019. Furthermore, we have revised upward our CO_2 emission reduction target throughout the life cycle of our products—from raw material procurement to manufacturing, transportation, use and disposal—to 50% by fiscal 2030 compared with fiscal 2019.

1 CO_2 emissions from in-house energy use (Scope 1 + 2*1)

Achieve net zero by FY2040
(Previous target: FY2050)
(50% reduction by FY2030 (compared with FY2019))

2 CO_2 emission reduction throughout product life cycles

50% reduction by FY2030 (compared with FY2019)
Equivalent to 65% reduction compared with FY2013
(Previous target: 45% reduction compared with FY2013)



*1 Scope 1: Greenhouse gas emitted directly by the business itself (fuel combustion, industrial processes);
Scope 2: Indirect emissions from the use of electricity, heat and steam supplied by other companies
*2 Equivalent to 65% reduction compared with FY2013

Establishment of a carbon-neutral manufacturing model

Yasufumi Nakai

General Manager
Ecology and Quality Management Group
ESG Division
FUJIFILM Holdings Corporation

Nowadays, a commitment to decarbonization is one of the criteria for companies to participate in global business. For the materials and chemicals industry, located in the upstream portion of the supply chain, reducing CO_2 emissions is an indispensable initiative, and the Fujifilm Group is keenly aware of its mission to fulfill this responsibility.

Under our new environmental strategy, "Green Value Climate Strategy," we will not simply withdraw from businesses with high CO_2 emissions. We will also aim to realize a decarbonized society by developing and providing low-carbon solutions while fulfilling our responsibility to address social needs and reducing the carbon footprint of our current businesses. We utilize the internal carbon pricing (ICP) system when making investments needed to decarbonize while taking advantage of our technologies. Our policy is to make decisions after thoroughly examining return on investment and prioritizing measures accordingly. Target areas include capital investment, M&As, and renewable energy procurement, with initiatives scheduled to begin in fiscal 2022.

Since 2002, we have designed all of our products and services to be environmentally friendly from the perspectives of addressing climate change, promoting resource recycling, reducing and substituting hazardous substances, and minimizing waste. Products and services that meet certain standards for environmental friendliness are certified as the Fujifilm Group "Green Value Products" and disclosed to the public. Our Green Value Products certification system complies with the ISO 14021 self-declaration label, an international standard, to ensure objectivity, reliability and transparency. The system, which has received input from outside experts, has been in operation since fiscal 2018. Our goal is to increase the ratio of Green Value Products sales to total revenue from 30% in fiscal 2021 to 60% in fiscal 2030.

One of the pillars of "Green Value Manufacturing" is to realize carbon-neutral production.

Around 50% of our energy use is fuel, mostly natural gas, and the remainder is electricity. Our goal is to achieve net zero CO_2 emissions from these energy sources by fiscal 2040.

For Scope 1 fuels, we aim to achieve zero CO_2 emissions by improving the efficiency of energy supply systems and then seeking, developing and introducing new fuel technologies that do not emit CO_2 in real terms. Improving production processes to conserve energy is an important way to save both fuel and electricity. Therefore, we will use IT to visualize energy efficiency in the production process and design detailed manufacturing conditions in order to conserve energy.

For Scope 2 emissions, we will continue switching to renewable energy power across our global operations. Installing renewable energy generation facilities is another important option at sites where geographical conditions are favorable.

▲ Water source and irrigation forest at the Ashigara Site of our Kanagawa Factory

01 Decarbonization of electricity

In decarbonizing electricity and shifting to renewable energy, we consider social and geographic factors of the location of each business site. We then evaluate supply capacity, supply stability and economic rationality based on each business process. We are also exploring and implementing renewable energy opportunities globally.

Our carbon-neutral efforts around the world 1

FUJIFILM Eco-Manufacturing (Suzhou) Corp. (Suzhou City, Jiangsu Province, China)

FUJIFILM Eco-Manufacturing (Suzhou) Corp. recycles used MFPs and toner cartridges and manufactures new parts in China. In July 2022, it began operation at a new carbon-neutral factory that uses 100% renewable energy–derived electricity. Around 90% of the factory's electricity is supplied by a newly installed solar power generation facility, and the remaining 10% is purchased using Renewable Energy Certificates*1. In addition, we are leasing the roof of the factory to a solar power generation company for the installation and maintenance of solar panels. We also purchase power from that company under a scheme that has enabled us to switch to power derived from renewable energy sources without requiring large-scale capital investment. In cooperation with FUJIFILM Business Innovation (China) Corp., a sales company in China, we are engaged in a project to increase recycling of used products, which is expected to have a lower environmental impact than recycling. With an environmentally conscious factory that manufactures recycled products using electricity derived from renewable energy sources, we will help realize a recycling-oriented society.

(From left) Naoto Yamanaka, President
Akihiro Furukawa, Management Department
FUJIFILM Eco-Manufacturing (Suzhou) Corp.

*1 Certificates recognizing the environmental value of "zero greenhouse gas emissions" from electricity generated from renewable energy sources.

Our carbon-neutral efforts around the world 2

FUJIFILM Manufacturing Europe B.V. (Tilburg, Netherlands)

This company, which manufactures photographic paper printing plates for offset printing, membranes and cell culture media, has achieved complete electricity decarbonization through the use of wind power. Five wind power turbines installed on its factory's premises in 2011 supply 25% of the electricity consumed on the site. The remaining 75% is purchased as wind power from electricity companies. In the future, we plan to eliminate natural gas from the energy mix to achieve carbon-neutral production. First, we reduced the number of operating boilers that generate steam required for manufacturing to reduce fuel consumption. We are also considering switching to electric boilers that use electricity derived from renewable energy, thus eliminating natural gas usage. In another environmental initiative, we are promoting the reduction of water input and reuse of water in the manufacturing process to conserve water resources. We also use the wastewater treatment equipment on the premises jointly with three neighboring companies to purify wastewater discharged during manufacturing in a safe and efficient manner. We aim to improve the treatment technology and reuse treated water for agricultural purposes and production. Pursuing sustainability is our corporate social responsibility and is directly linked to gaining the trust of our customers. As a company that contributes to the local community, we will further accelerate our efforts to address environmental issues.

Albert van Maren
President & Managing Director
FUJIFILM Manufacturing Europe B.V.

02 Decarbonization of fuel

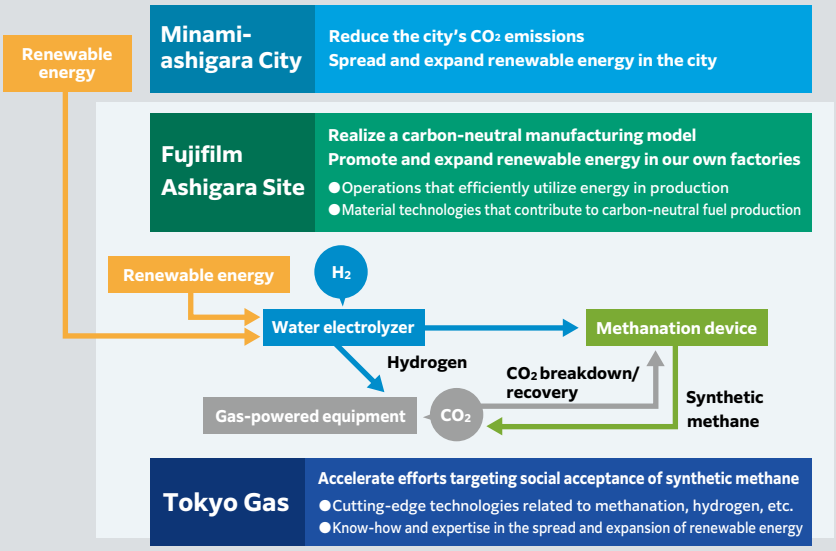
Decarbonization of fuel is a common challenge not only for our company but also for all material manufacturers that use high-temperature processes. Fuel is essential in the production of high-performance films, and high-temperature steam must be used to maintain high-temperature conditions during film formation, drying and other production processes. Due to the levels of heat and temperature required for these processes, fuel is more efficient than electricity, so we need to use our fuel effectively. We have achieved high energy efficiency thanks to in-house cogeneration equipment that efficiently generates heat and electricity at the same time. In the future, we will step up our technological development efforts aimed at fuel decarbonization.

In March 2022, we concluded a "Comprehensive Collaborative Agreement for the Realization of a Decarbonized Future" with Tokyo Gas Co. Ltd., and Minamiashigara City (Kanagawa Prefecture) with the aim of decarbonizing the fuels needed to make advanced films. Tokyo Gas has multiple cutting-edge decarbonization technologies, including methanation*2 and hydrogen, while Minamiashigara City is accelerating the reduction of CO_2 emissions to achieve carbon neutrality. Under the agreement, we will work together to establish a carbon-neutral manufacturing model. Minamiashigara City is the location of the Ashigara Site of our Kanagawa Factory, our main production base for advanced films, and the aforementioned agreement brings together an energy user, an energy provider and a local government to launch an advanced collaborative initiative to create a carbon-neutral manufacturing model. In the future, we will deepen cooperation in various areas, such as carbon-neutral community development and local production for local consumption with respect to energy. With an eye to expanding cooperative partners, including neighboring companies and other local governments, we will help local communities realize a decarbonized future.

*2 A technology for making synthetic methane, the main component of city gas, through a chemical reaction between hydrogen and CO_2. CO_2 emitted from the use of synthesized methane is offset by CO_2 separated and recovered in the synthesis process, so using gas produced by methanation does not increase CO_2 emissions in real terms.

Collaborative Initiatives with Other Companies

Carbon-Neutral Manufacturing Model (Conceptual Diagram)



▲ Press briefing held jointly with Tokyo Gas Co., Ltd., and Minamiashigara City, Kanagawa Prefecture

Our carbon-neutral efforts around the world 3

Kanagawa Factory (Odawara Site/Ashigara Site) FUJIFILM Corporation

In addition to electricity, the processes for manufacturing display materials and photosensitive materials at the Ashigara Site require high-temperature heat for drying after film formation and coating. Since April 2022, we have been engaged in a full-scale effort to achieve carbon-neutral production with net zero CO_2 emissions by utilizing methanation technology in collaboration with Tokyo Gas and Minamiashigara City.

Kenji Uematsu, Plant Manager
Kanagawa Factory (Odawara Site/Ashigara Site)
FUJIFILM Corporation

The commercialization of net zero CO_2 fuels, such as hydrogen and synthetic methane, requires new infrastructure and technological development, and production of these fuels requires a large amount of electricity derived from renewable energy sources. While electricity from renewable sources is becoming more widespread than in the past, its supply is still not sufficient to cover the entire energy needs of the materials industry. To make the most effective use of this precious energy in manufacturing while maintaining economic rationality, we are reviewing our entire manufacturing process and considering unconventional measures, such as changing manufacturing methods themselves and designing formulas that can significantly reduce energy consumption. We are also developing and introducing innovative energy-saving technologies.

At the Fujifilm Group's "carbon-neutral model factory," we will promote both energy conservation and the development of new technologies for using fuels that do not emit CO_2 and thus help realize a decarbonized society throughout our value chain and in our region.

Advancing environmentally conscious design to resolve social issues

The Fujifilm Group has focused on social and environmental considerations in its business processes by engaging in environmentally conscious design of products and services, as well as environmental conservation activities at its business sites. By promoting "mitigation measures" to reduce CO_2 emissions and curb climate change and "adaptation measures" to help society adapt to abnormal weather events already under way, we believe we can develop core technologies and provide solutions in each of our business fields to major social changes that might occur in the future. For example, energy storage technology is essential for the use of natural energy, which fluctuates with the seasons and weather, and semi-solid-state batteries, with their high levels of safety and energy density, will meet this need. As an application of bioengineering technology, we believe that using hydrogen-oxidizing bacteria to convert CO_2 into useful substances is an effective way to reduce CO_2 emissions. According to reports, meanwhile, climate change will also have a significant impact on human health, making it even more important to enhance our solutions to help reduce the burden on healthcare professionals and improve people's access to healthcare. By envisioning future society and developing a mechanism for environmentally conscious design, we will make a greater contribution to resolving social issues through our products and services.

Health

Resolving social issues through our business activities

Creating a future where people around the world can enjoy better medical care

Medical issues in society

Many countries and regions of the world have aging populations and their healthcare costs are increasing in line with population growth. On the other hand, there are regional disparities in healthcare services, with developed countries accounting for around 80% of global healthcare expenditures. In addition, the spread of COVID-19 has revealed a worldwide shortage of doctors and nurses while harsh working conditions in the medical field have become a social issue.

Facing these challenges, the Fujifilm Group has set a long-term goal of introducing products and services utilizing medical AI technology to all 196 countries and regions of the world by fiscal 2030 to improve access to healthcare.

Using medical IT to help create a healthy society

The Fujifilm Group aims to create a healthy society that emphasizes the prevention and early detection of disease by developing a healthcare infrastructure that makes medical services accessible to all while improving the overall quality of care. We have a broad product lineup, centered on our core strengths in image processing and AI technologies, and SYNAPSE, a medical imaging information system (PACS*) that boasts the world's top market share. By providing these solutions to the world, including emerging countries, we are striving to resolve global healthcare issues.

We already deploy our AI technology–based products to medical institutions in more than 83 countries around the world. To bring these technologies directly to end users, in 2021 we opened NURA, a health screening center that focuses on cancer detection, in India. This marks the start of our effort to provide health screening services in emerging countries.

In addition to health screening centers in emerging countries, we will promote a wide range of initiatives, including the development of early detection and diagnosis systems for tuberculosis, in order to increase social value through our business and create economic value as a result.

Contributing to early detection of cancer and lifestyle-related diseases in emerging countries

We opened our first NURA health screening center in Bangalore in southern India in February 2021. There, we provide high-quality cancer screening and lifestyle disease testing services by supporting doctors' diagnoses with medical equipment that provides high-definition diagnostic images and IT systems utilizing AI technology. In July 2022, we opened a second center in Gurugram, near the nation's capital, and we will open a third center in December, in the country's largest city of Mumbai.

Our NURA initiative has been recognized for its contribution to resolving social issues in emerging countries through the use of digital technology. For example, it was selected for inclusion in the Asia Digital Transformation (ADX) Promotion Project promoted by Japan's Ministry of Economy, Trade and Industry (METI). In addition, we are engaged in a verification project to demonstrate the effectiveness of AI technology in supporting diagnostic imaging. This includes utilizing chest CT image data from 2,000 examinees to prevent lesions from being overlooked while also improving image reading speed. In the future, we will build a data linkage platform using blockchain technology and field-test a system that uses AI technology to analyze health screening data from our three NURA centers and provide feedback to examinees.

▲ Opening ceremony of the NURA center in Gurugram in July 2022

* Picture archiving and communication system

Message from the person in charge of our health screening service business

We want to bring a culture of preventive medicine to the world

Masahiro Morita

New Business Manager
Modality Solution Division
Medical Systems Business Division
FUJIFILM Corporation

Health checkups and physical examinations commonly conducted in Japan are not widespread in many countries and regions. Ten years ago, I was stationed at FUJIFILM Middle East FZE, a local subsidiary in Dubai. During that time, I returned to Japan once a year for a medical checkup. For my local colleagues, however, the culture of regular health checkups had not taken root, making me keenly aware of the lack of facilities to provide adequate health checkup services.

Since around 2011, we have considered launching a health screening center business as part of our effort to build a business model allowing us to generate ongoing revenue from our medical systems business. The overlap between my awareness of issues while living overseas and Fujifilm's business direction greatly motivated me to launch NURA, which provides high-precision health screening services at a reasonable price.

From NURA's conception stage, we shared our thoughts with the management of Dr. Kutty's Healthcare (DKH), a leading Indian healthcare company that operates hospitals and VISA screening centers in India and the Middle East. Dr. Kutty, the founder of DKH, and his son Dr. Kasim and the rest of the Kutty family have become like family as we worked together to address India's healthcare issues. We then established FUJIFILM DKH LLP in November 2019 as the operating entity of NURA, with Fujifilm investing 51% and DKH 49%.

The average five-year survival rate for cancer patients is approximately 30% in India*, compared to 70% in Japan. Delays in rolling out cancer screening and other health checkup services are believed to be one factor in the failure to provide early detection and treatment in India. In the course of our research in India, we also found that the number of patients suffering from oral cancer and myocardial infarctions caused by lifestyle-related diseases is high. At our Bangalore NURA center, therefore, we introduced various medical equipment, such as CT and mammography systems and endoscopes, as well as a medical IT system utilizing AI technology. In addition to high-quality Japanese-style health screening, we decided to offer additional services, such as testing for oral cancer and the risk of myocardial infarction, to nearby residents and business and medical facility personnel.

To enhance the level of service, we have shortened the time required for medical checkups compared to that of Japan, so that all examinations can be completed in around 120 minutes and the results can be explained by the doctor on the spot. Based on knowledge gained through our Bangalore center, we are also targeting enhanced convenience and making daily improvements at our Gurugram and Mumbai centers. These include introducing a system allowing examinees to check their diagnosis results on their smartphones. We have also adopted a process that reduces waiting time by managing the progress of each examinee's examination using a wristband with a two-dimensional code. These services, based on the spirit of Japanese hospitality and the provision of comfortable and sophisticated spaces, have been well received. From the opening of the first NURA center to September 30, 2022, approximately 4,500 people in a wide range of age groups, from their 20s to 80s, have visited our facilities, mainly due to word of mouth.

*Source: GLOBOCAN 2020, a database of the International Agency for Research on Cancer (IARC)

▲ Image of a patient consulting with a doctor

When we opened our first NURA center, we faced the spread of COVID-19 and other unexpected challenges and the risk of future uncertainty. Nevertheless, we committed to providing value through NURA based on the concept of "selling products + services" and the concerted efforts of DKH, our Medical Systems Business Division and other related entities, FUJIFILM India, and others.

To improve our service quality, we recently invited NURA endoscopists to Japan to receive training in transnasal endoscopy at the Fujifilm Nishi-Azabu Medical Center. Our sales team has also won major business deals for corporate health checkups, and everyone involved is seeing more and more opportunities for growth.

Going forward, we plan to open additional centers in Hyderabad and Chennai in India, as well as in other emerging countries, with the goal of operating 100 centers worldwide by 2030.

Deploying know-how acquired through NURA, in April 2022 we opened the Fujifilm Group Health Insurance Association's "FUJIFILM Mediterrace Yokohama," a health screening center for Fujifilm Group employees, at our Yokohama Minatomirai Center to provide regular medical checkups. We regard this as "reverse innovation" that originated from NURA.

"We want to use DX to create 'services' that have never existed in the world, and to create sustainable businesses based on 'services' that are useful to society." Under this concept, we will create social and economic value through NURA.

▲ Staff of the NURA Gurugram center

Message from a Founding Member of NURA

Dr. Mohamed Kasim
Executive Director, Dr. Kutty's Healthcare
Vice President, Board Director
FUJIFILM DKH LLP (NURA)

We are committed to providing sustained health through NURA by leveraging our experience in healthcare with the high-quality scanning and image processing technology offered by the Fujifilm Group. Screening helps healthy, asymptomatic people identify previously unrecognized health risks at an early stage, allowing them to modify their lifestyles and prevent lifestyle diseases. In the case of cancer, this gives them the best chance of receiving effective treatment. With the launch of NURA, we aim to spread awareness and create an environment where people can receive regular health screening and take preemptive healthcare measures. This initiative is one of a kind, and the response from customers is promising. In India, many people understand the importance of health checkups but do not want to know the risks early on, so prompting them to receive regular checkups represents a cultural transformation that is not easy to achieve. However, we are enjoying the challenge because we as a team feel we are on a goodness journey to create healthy citizens.

Dr. Tausif Ahmed Thangalvadi
Medical Director & General Manager
FUJIFILM DKH LLP (NURA)

Combining the latest AI-enabled technology with Japan's culture of annual health screening, NURA is a groundbreaking endeavor that gives Indians an opportunity to change their health-seeking behavior. The response to NURA in the past year has been very encouraging. At the beginning, changing people's mindset from reactive to preventive healthcare was very difficult. But with persistent adherence to service standards, quality and Japanese hospitality, as well as consistent innovation and evolution, we have been able to make a breakthrough. As public attention has increased, we have expanded NURA's offerings through partnerships with companies, physicians, insurance companies and others. The goal of NURA is to create a healthier world. Today, our goal is to keep India healthy. Tomorrow, we will take this message to the world with the aim of operating 100 locations by 2030.

Please also visit the official NURA website. ▶ https://nura.in

Portable FDR Xair to Fight Tuberculosis around the World

In October 2018, we launched the FDR Xair, a portable X-ray system weighing approximately 3.5 kg in total. It was originally developed to make X-ray examinations easily feasible for home healthcare in Japan. At the Japan-Africa Business Forum, co-hosted with the 7th Tokyo International Conference on African Development (TICAD7) held in Yokohama in August 2019, the combination of FDR Xair and our Cassette DR digital X-ray diagnostic imaging system (hereinafter "portable X-ray imaging system") attracted significant attention from heads of state and health ministers of various countries, who asked if it could be used as an X-ray system for tuberculosis (TB) screening.

TB is one of the world's three major infectious diseases, along with malaria and AIDS. An estimated 10 million people worldwide had been affected by TB as of 2020, and around 1.5 million people will die. It is second only to COVID-19 as an infectious disease that causes death, and around 90% of those affected live in developing countries in Africa and Southeast Asia. TB seriously affects the social and economic activities of developing countries due to its high transmission risk and medical costs. However, it is also a curable and preventable disease if TB screening tests can be implemented on a widespread basis.

We conducted a TB screening verification test using this portable X-ray imaging system in a member country of the Stop TB Partnership*1. The system was subsequently recommended as an effective means of TB screening even in areas without electric power infrastructure, thanks to its light weight, compact size, portability (with a built-in battery that requires no power source) and ease of use. As a result, the World Health Organization (WHO) issued new guidelines on March 24, 2021, World Tuberculosis Day. It recommended a new TB screening test using chest X-ray in addition to the conventional sputum examination. In addition, the IAEA and the WHO jointly issued recommended specifications for portable X-ray imaging systems, and we have confirmed that our system meets those specifications.

The WHO recommends applying AI technology to chest X-ray images to find people suspected of having TB infection on the spot in countries with few specialists and insufficient human resources. By connecting our proprietary small GPU option*2, we provide an operating environment for applying AI technology to assist in the detection of invasive shadows and nodules, the main findings of tuberculosis, from chest X-ray images. This enables the results of analyses to be confirmed on the spot.

Our portable X-ray imaging system has also been donated by Japan to Cambodia as part of its Official Development Assistance (ODA) program as a chest X-ray system for the diagnosis of pneumonia stemming from COVID-19.

In addition to selling equipment, we continue embracing the challenge of eradicating TB through the FUJIFILM Academy, a training program to develop local experts.

▲ FUJIFILM Academy training program

*1 A multi-sector partnership (confederation) established under the umbrella of the WHO in Geneva, Switzerland, in 2001 that works with various partners to combat TB

*2 Optional product for Cassette DR that provides an installation environment for software, etc.

Chapter

04 Strategy and Resource Allocation

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Review of Past Medium-Term Management Plans

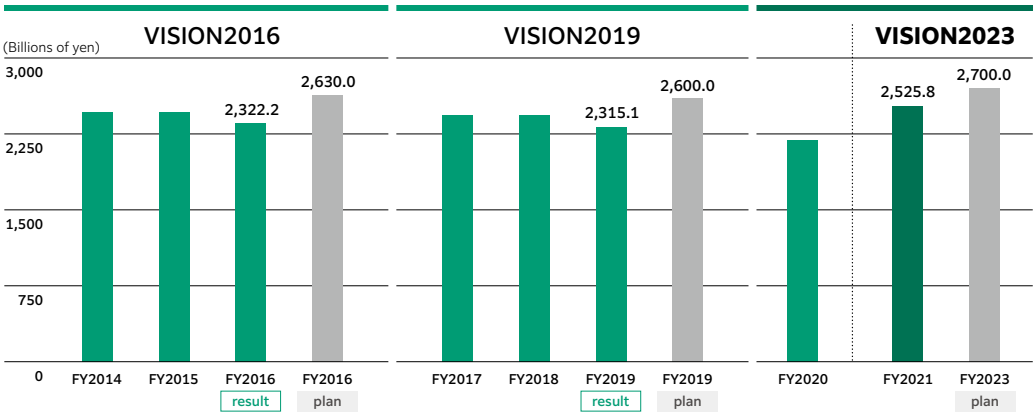
	VISION2016	VISION2019	VISION2023
Objectives	**Achieve record-high profits and increase ROE by building a business portfolio that can grow stably over the medium to long term while strengthening shareholder returns.**	**Further solidify the business portfolio established under the previous medium-term management plan by entrenching each business and strengthening M&A investments and shareholder returns, in order to achieve record-high profits, increase ROE and inspire new leaps forward.**	**Accelerate growth in the Healthcare and Advanced Materials segments and build an even stronger business foundation for sustainable growth, in order to achieve record-high figures for operating income and net income attributable to FUJIFILM Holdings.**
Priority issues/ Initiatives	●Accelerate the growth of core businesses: Increase sales, market share and profits by expanding sales activities, launching new products and engaging in M&As, with the Healthcare, Advancement Materials and Document businesses as growth drivers. ●Improve profitability in all businesses: Improve profitability by increasing productivity and efficiency in all businesses while maintaining business scale and a competitive edge. ●Set and disclose targets for ROE and shareholder return (more than ¥200 billion)	●Position each business into three stages according to growth process—"Improve profitability," "Further accelerate growth" and "Invest to create a new future"—and develop measures to suit the relevant growth process. ●Strengthen corporate governance as a foundation and accelerate global business development ●Deliver total shareholder returns of ¥300 billion ●Make total M&A investments of ¥500 billion	●Strengthen business portfolio management and make growth investments of ¥1.2 trillion over three years ●Strengthen cash flow management and set/disclose target values for ROIC and CCC ●Enter new markets for further growth ●Create synergies from the businesses strengthened through M&As in the Healthcare and Business Innovation segments ●Establish indicators to show the status of efforts to address social issues through our business activities and disclose target values
Achievements/ Progress	●Healthcare: Acquired Kalon Biotherapeutics (Texas-based) in the Bio CDMO business; Regenerative medicine: Acquired Cellular Dynamics International ●Advanced Materials: Improved profitability through increased sales in the Electronic Materials and Display Materials businesses ●Imaging: Achieved significant increases in profitability in both the Photo Imaging business driven by growth of instant photo systems and the Electronic Imaging business, which is shifting to high-end mirrorless digital cameras	●Healthcare: Made and implemented aggressive investment decisions, including the acquisition of the diagnostic imaging business of Hitachi, Ltd., a large-scale capital investment in the Bio CDMO business in Denmark and the acquisition of Wako Pure Chemical Industries ●Advanced Materials: Growth in revenue and profit driven by the Electronic Materials business ●Document: Posted an operating margin above 10% (in the plan's final year), sped up decision-making by making Fuji Xerox a wholly owned subsidiary and built a foundation for further synergies within the Fujifilm Group	**FY2021** ●Operating income of ¥229.7 billion and net income attributable to FUJIFILM Holdings of ¥211.2 billion (both record-high figures) ●Healthcare grew to become the largest segment in terms of both revenue and operating income thanks to steady recovery from COVID-19 and success in capturing ongoing demand related to COVID-19 ●Sold our radiopharmaceutical business to create an optimal business portfolio (following the sale of our regenerative medicine business to Japan Tissue Engineering)
Performance target achievement level	●FY2016: Underachieved revenue and operating income targets due to yen appreciation ●Net income attributable to FUJIFILM Holdings reached a record high of ¥131.5 billion ●Delivered around ¥290 billion in shareholder returns (including dividends and share buybacks) over the three-year period	●Achieved record-high operating income of ¥209.8 billion in fiscal 2018, but failed to meet the target for fiscal 2019 (final year of plan) due to COVID-19 in the fourth quarter and the significant impact of foreign exchange rates in the Asia-Pacific region ●Made around ¥700 billion in M&As and other growth-oriented investments over the three-year period ●Delivered around ¥300 billion in shareholder returns (including dividends and share buybacks) over the three-year period	

Revenue

VISION2016 (result)
¥2,322.2 billion

VISION2019 (result)
¥2,315.1 billion

VISION2023 (plan)
¥2,700.0 billion

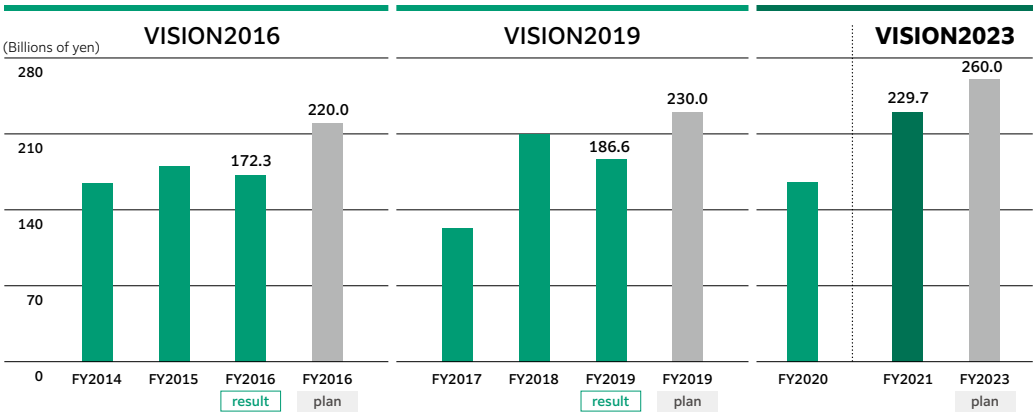


Operating income

VISION2016 (result)
¥172.3 billion

VISION2019 (result)
¥186.6 billion

VISION2023 (plan)
¥260.0 billion

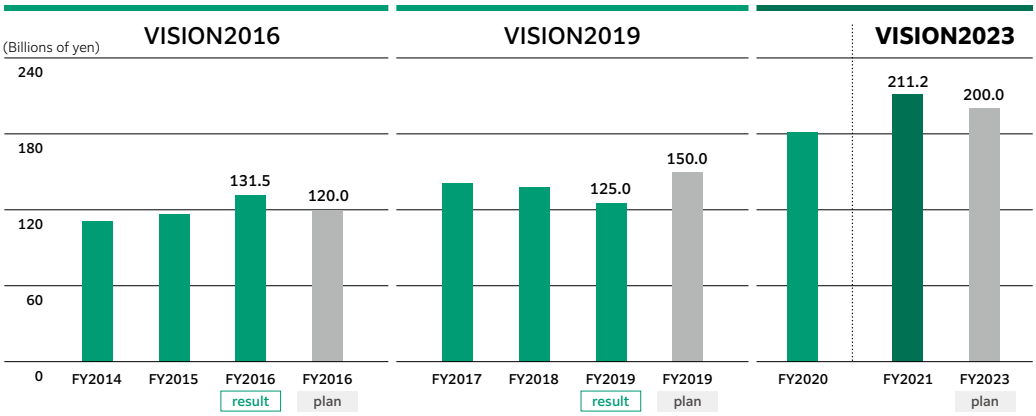


Net income attributable to FUJIFILM Holdings

VISION2016 (result)
¥131.5 billion

VISION2019 (result)
¥125.0 billion

VISION2023 (plan)
¥200.0 billion

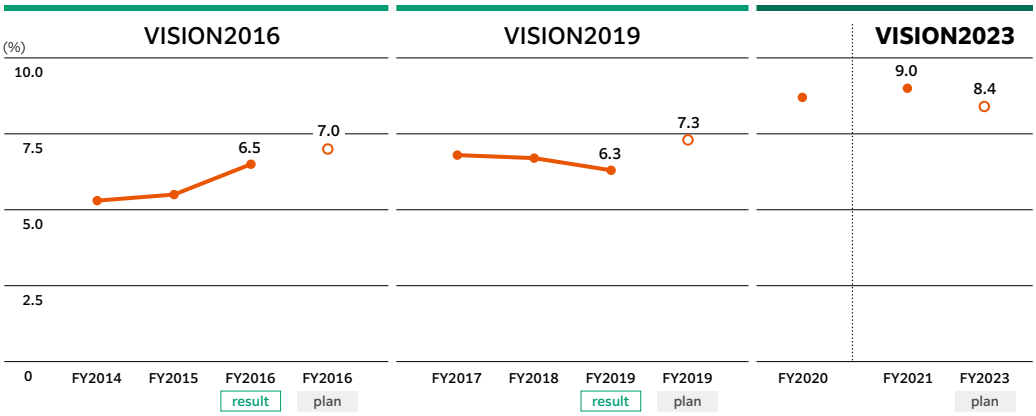


ROE

VISION2016 (result)
6.5%

VISION2019 (result)
6.3%

VISION2023 (plan)
8.4%



Message from the CFO

Masayuki Higuchi

Director and Corporate Vice President

CFO and General Manager of Corporate Planning Division

FUJIFILM Holdings Corporation

We will build a foundation for future earnings by strengthening our ability to generate cash and continuing to invest aggressively in growth.

Progress of the Medium-Term Management Plan

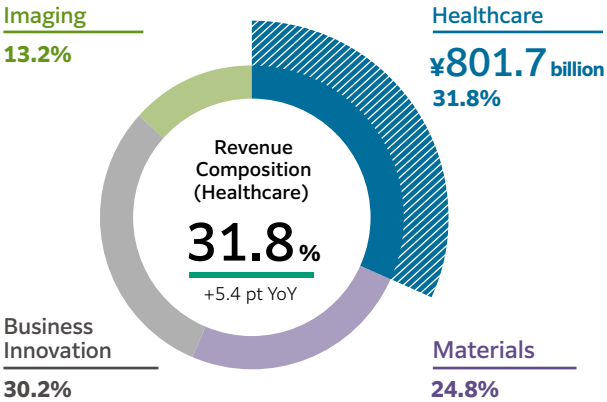
Q Please give us your views on current issues in light of the external business conditions.

The key objective of VISION2023, our three-year medium-term management plan that started in April 2021, is to "Accelerate growth of the Healthcare and Advanced Materials segments and build a more resilient business foundation to facilitate sustainable growth." In addition to achieving increased revenue, operating income and ROE, we are working to improve return on invested capital (ROIC) and cash conversion cycle (CCC) and thus strengthen our "earning power" and "cash generating ability."

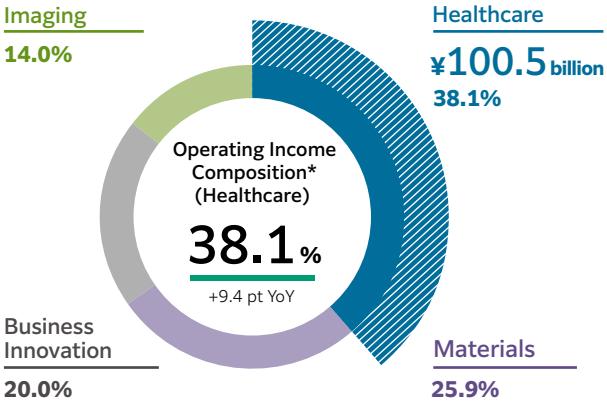
While various countries and regions are making progress in their attempts to live with COVID-19, the global economy is facing several concerns. These include global stagflation (inflation in a recessionary phase) due to shortages of semiconductors and other materials, supply chain disruptions, and soaring prices of energy (such as crude oil and natural gas) and resources (such as aluminum). Under these highly uncertain circumstances, we must promote stable cash generation by meticulously managing our operations with an emphasis on capital efficiency while striving to improve the profitability of all businesses. At the same time, we need to invest aggressively in growth to build a foundation for future earnings and thus overcome this difficult situation.

Q How did the first year of VISION2023 progress?

Looking back on fiscal 2021, the first year of VISION2023, we posted consolidated revenue of ¥2,525.8 billion, up 15.2% year on year, with revenue growth in all business segments. Moreover, Healthcare grew to become the Group's largest segment in terms of revenue and operating income, with significant increases in both.



Consolidated operating income increased 38.8% year on year to a record-high ¥229.7 billion, for an operating margin of 9.1%. Net income attributable to FUJIFILM Holdings rose 16.5% to a record-high ¥211.2 billion, thanks to the significant increase in operating income, as well as gains on sales and valuation of investment securities and improvement in equity in earnings of affiliates. We also exceeded all of our key KPI targets, with ROE of 9.0%, ROIC of 5.6%, CCC at 122 days and net cash provided by operating activities of ¥323.9 billion.



* Operating income composition figures are Group-wide before consolidation adjustments

By segment, we posted year-on-year increases in revenue and operating income in the Healthcare, Materials and Imaging segments. For the year, the Healthcare segment benefited from organic growth in all sub-segments, as well as the consolidation of FUJIFILM Healthcare Corporation (which took over the diagnostic imaging business of Hitachi, Ltd.) in the Medical Systems business. The Materials segment was bolstered by growth in the Electronic Materials business amid strong semiconductor demand. And the Imaging segment benefited from steady recovery from the impact of COVID-19, as well as the introduction of new instant photo systems and digital cameras. On the other hand, the Business Innovation segment was affected by shutdowns at overseas production sites due to lockdowns, as well as soaring material costs and rising logistics costs, resulting in higher segment revenue but lower operating income.

Q What is your guidance for fiscal 2022?

For fiscal 2022, we forecast year-on-year increases in revenue and operating income in all segments, with consolidated revenue of ¥2,700 billion (up 6.9%) and operating income of ¥250 billion (up 9.3%). In response to soaring prices of silver, aluminum, semiconductors and other materials, as well as rising logistics costs, we will secure profits by reflecting such costs in our selling prices and reducing costs. By steadily advancing our commercialization plans for each business while strengthening operations through DX and other measures, we will steadily achieve our targets for fiscal 2022—an operating margin of 9.3% (up 0.2 percentage point year on year), ROIC of 5.7% (up 0.1 percentage point) and a CCC of 114 days (8-day improvement)—and thus deliver improved earning power and management efficiency. We also forecast net income attributable to FUJIFILM Holdings of ¥195.0 billion (down 7.7%), excluding gains on sales and valuation of investment securities, and ROE of 7.6%, down 1.4 points.

●Performance Targets

(Billions of yen)

	FY2021 (result)	FY2021 VISION2023	FY2022 (forecast)*	FY2023 VISION2023
Revenue	2,525.8 100%	2,440.0 100%	2,700.0 100%	**2,700.0** **100%**
Operating income	229.7 9.1%	180.0 7.4%	250.0 9.3%	**260.0** **9.6%**
Income before income taxes	260.4 10.3%	185.0 7.6%	260.0 9.6%	**265.0** **9.8%**
Net income attributable to FUJIFILM Holdings	211.2 8.4%	130.0 5.3%	195.0 7.2%	**200.0** **7.4%**
Net income per share attributable to FUJIFILM Holdings	¥527.33	¥325.18	¥486.53	**¥500.27**
ROE	9.0%	6.2%	7.6%	**8.4%**
ROIC	5.6%	4.6%	5.7%	**6.1%**
CCC (days)	122	124	114	**103**

*The forecasts were announced on September 30, 2022.
FY2021 exchange rates: US$1.00 = ¥113, €1.00 = ¥131; silver price = ¥89,000/kg
Operating income exchange rate sensitivity: US$: ¥300 million, €: ¥800 million
Exchange rate assumptions (VISION2023): US$1.00 = ¥104, €1.00 = ¥124; silver price = ¥84,000/kg
Exchange rate assumptions (FY2022 forecasts): US$1.00 = ¥126, €1.00 = ¥134; silver price = ¥97,000/kg

Stronger cash flow management

Q How are you strengthening cash flow management?

Under VISION2023, we are working to strengthen cash flow management as a priority measure. In addition to increasing profitability, each segment has set targets for CCC and ROIC and is working to make improvements in both KPIs. As for ROIC, we have set targets for each segment after comprehensive consideration of business stage, time horizon, growth scenario, required expenses and investments, and other factors, rather than set a uniform target. During fiscal 2022, we will make large capital investments in Bio CDMO and other businesses, with expenditures expected to exceed cash generated. In response, we will improve ROIC through operational improvement activities, such as increasing investment returns and shortening the lead time to bring facilities up and running, and by consolidating the Group's internal funds at the head office and reducing external borrowings.

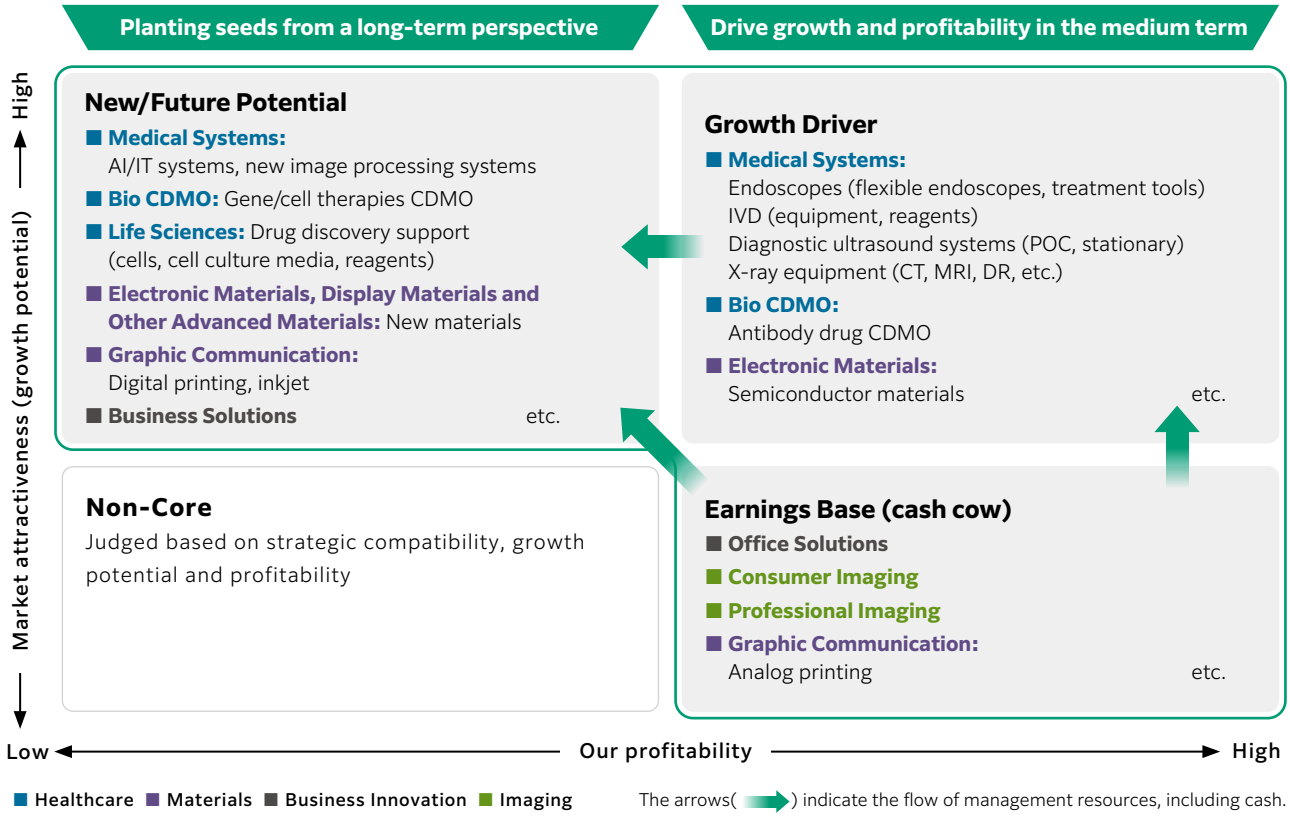
Q How do you use ROIC in your business management?

We use ROIC when making decisions on M&As and other investments. One specific criterion is that ROIC in the third year after each acquisition must exceed that case's weighted average cost of capital (WACC), which is the hurdle rate we set for each case. Our current Group-wide WACC is in the 5%–6% range and our fiscal 2022 target for ROIC is 5.7%, which we plan to achieve through aggressive growth investments in Bio CDMO and other businesses. However, we hope to raise Group-wide ROIC to the 8%–9% range during the period of our next medium-term management plan. To this end, we are also working to reinforce awareness of capital efficiency by reflecting the degree of achievement against ROIC targets in the medium-term performance-linked compensation of senior management.

Stronger business portfolio management

Q What is your basic approach to business portfolio management?

Having examined our businesses from various perspectives, such as positioning, potential and stage, we placed each business under one of four categories: New/Future Potential, Growth Driver, Earnings Base and Non-Core. For each, we will implement appropriate strategies and reallocate management resources across the Group in accordance with the businesses' respective growth phases. Our approach is to concentrate investments in areas where we can leverage the Group's strengths and generate higher returns over the medium to long term. Under this approach, we are stepping up investments in the New/Future Potential and Growth Driver businesses.



Q What business unit do you use when managing your business portfolio?

Although we operate 14 businesses, in our business portfolio management we do not make decisions or judgments on an individual business basis. Rather, we have consolidated our 14 businesses into six groups (Medical Systems, Life Sciences, Advanced Materials, Graphics, Business Innovation and Imaging), and conduct business management on a business group basis. For each of the six groups, we set financial targets for not only profit/loss but also ROIC and CCC, and we are engaging in business activities and making decisions necessary to achieve those targets. For example, our decision to sell* our radiopharmaceutical business, which was executed in the previous year, was made in light of the strategic direction of the Life Sciences group and was aimed at optimizing the Fujifilm Group's business portfolio and improving its future financial performance. The decision was reached through discussions on the allocation of management resources within the Life Sciences group. This concept of management by business group, embedded in VISION2023, is a major shift from the conventional framework centered on profitability management by individual business.

* We sold the radiopharmaceutical business of FUJIFILM Toyama Chemical Co., Ltd., to PeptiDream Inc.

Cash allocation

Q What is your approach to cash allocation during the medium-term management plan period?

Over the three years of VISION2023, we plan to make growth investments totaling more than ¥1.2 trillion, including in R&D capital expenditures. Of this total, we will concentrate ¥1 trillion in New/Future Potential and Growth Driver businesses centered on the Healthcare and Advanced Materials segments.

In fiscal 2022, we expect net cash flow provided by operating activities of ¥290 billion.

On the other hand, we plan to make ¥410 billion in capital expenditures. This will greatly exceed cash inflows, mainly due to large-scale capital expenditures for Bio CDMO and other businesses. In response, we will make operational improvements aimed at shortening CCCs while making planned growth investments by controlling working capital requirements through enhanced cash management. At the same time, we will allocate funds in a flexible manner, including in M&As and additional capital investments, as well as to shareholder returns.

With regard to growth investments related to the Bio CDMO business, in April 2022 we issued social bonds totaling ¥120 billion, the largest such issuance in Japan, to raise funds for initiatives aimed at resolving social issues.

Q What is your approach to shareholder returns?

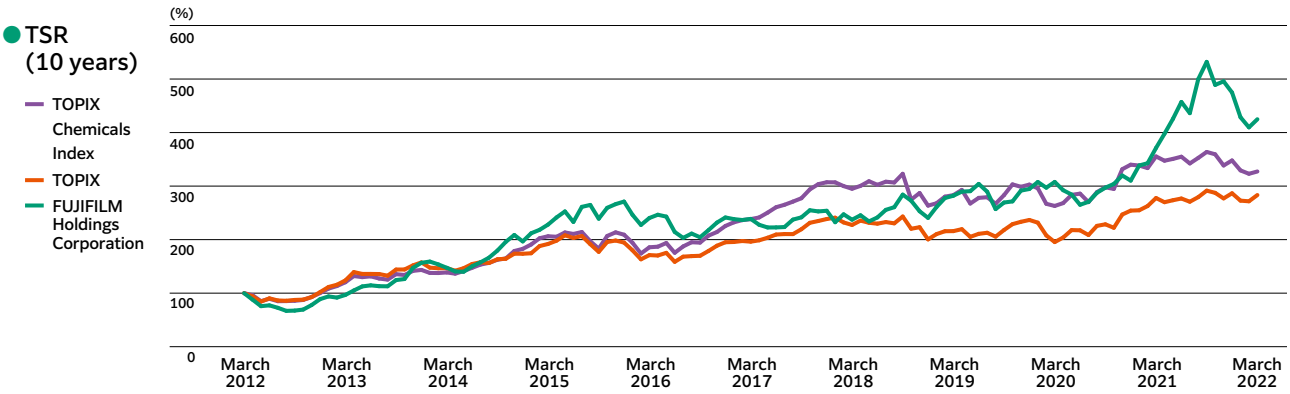
In fiscal 2021, we paid annual dividends of ¥110.00 per share, representing our 12th consecutive year-on-year dividend increase. In fiscal 2022, as well, we plan to pay dividends of ¥120.00, up ¥10.00 year on year for the 13th consecutive increase. We also plan to conduct flexible share buybacks in accordance with changes in stock prices, while taking into consideration our cash position and cash flows. We believe that generating returns through proactive investment in growth areas, particularly in the Healthcare and Advanced Materials segments, is in the best interest of our shareholders. We will continue allocating cash while finding the right balance between growth investments and shareholder returns.

● Total shareholder return (TSR)

Investment period	1 year	3 years		5 years		10 years	
		Cumulative	Annualized	Cumulative	Annualized	Cumulative	Annualized
FUJIFILM Holdings Corporation	15.8%	55.1%	15.8%	83.1%	12.9%	324.9%	15.6%
TOPIX	2.0%	31.2%	9.5%	44.3%	7.6%	183.3%	11.0%
TOPIX Chemicals Index	-7.9%	15.6%	5.0%	37.3%	6.6%	227.3%	12.6%

Notes:
1. Total shareholder return (TSR): Total return on investment, including capital gains and dividends
2. Both indexes include dividends
3. Annualized figures are geometric averages
4. Prepared by the Company based on data from Bloomberg

● TSR (10 years)



Strategies by Business Segment

Healthcare

Business activities

Relevant materiality: Environment, Health

Our Healthcare segment consists of the Medical Systems (including medical IT and equipment, etc.) and Life Sciences (including the Bio CDMO* business, Life Sciences business, Pharmaceuticals business and Consumer Healthcare business) domains. In the Life Sciences domain, we have positioned CDMO and drug discovery support as priority businesses.

* Abbreviation for Contract Development & Manufacturing Organization, which refers to companies offering services to pharmaceutical companies ranging from cell line and process development, stability testing, and development and manufacturing of clinical trial drugs to commercial drug manufacturing.

Market Conditions and Social Issues

In addition to increasing medical expenses due to the aging of society and the spread of COVID-19, working conditions in the healthcare field are becoming more severe due to a shortage of medical personnel.

Moreover, there are many diseases for which effective treatments have yet to be established, such as cancer, rare diseases and new infectious diseases. In recent years, biopharmaceuticals have been attracting attention as a means of treating and preventing these diseases. Biopharmaceuticals have grown to account for approximately 30% of the global pharmaceutical market, and the market for the CDMO business, which engages in contract development and manufacture of production processes, continues to expand at an annual rate of around 10%.

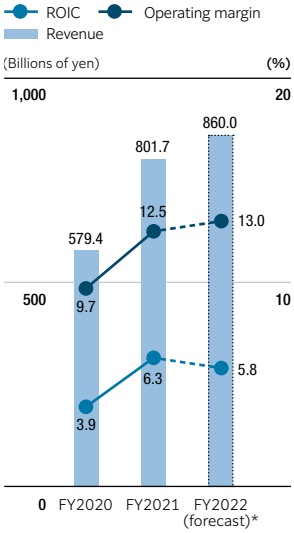
In the areas of prevention, diagnosis and treatment, we will help create a healthy society by resolving social issues, including by addressing unmet medical needs* and improving access to medical services.

* Medical needs for which effective treatments have not been established

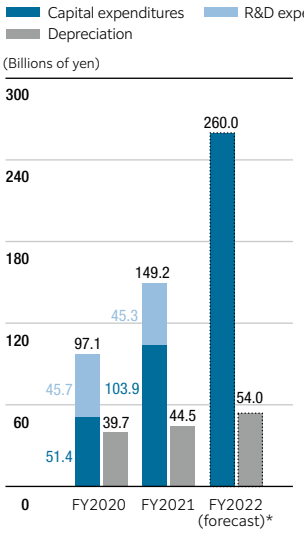
Competitive Advantages

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

Segment results

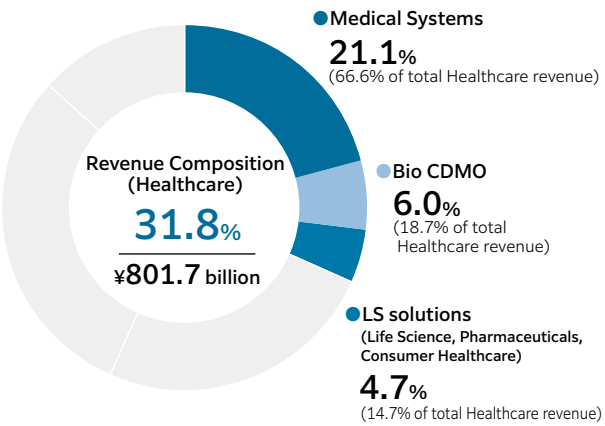


Capital expenditures, R&D expenses and depreciation



*The forecasts were announced on September 30, 2022.
Note: R&D expense forecasts are not disclosed by segment.

Sales Ratio by Segment (FY2021)



Risks and Opportunities

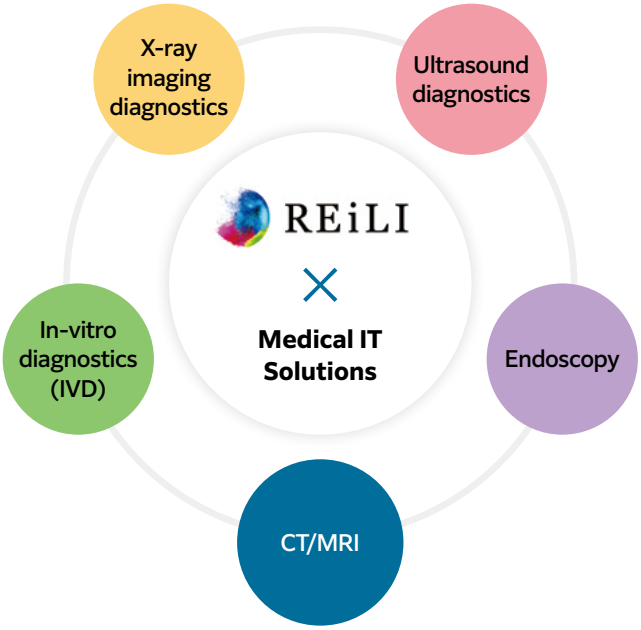
Against the backdrop of an aging population and a shortage of medical professionals, there is a growing need for solutions that contribute to medical support and operational efficiency, as well as increasing unmet medical needs centered on cancer and rare diseases, leading to new business opportunities. On the other hand, we recognize a number of risks. These include major unpredictable changes in medical administration policies due to healthcare system reforms, tighter laws and regulations covering medical devices, and intensifying competition in the contract biopharmaceutical process development and manufacturing market due to technological innovations.

Medical Systems

Growth Strategy

Utilizing its proprietary image processing and AI technologies, Fujifilm is advancing its business in a wide range of areas. These include X-ray diagnostic imaging, endoscopy, ultrasound, in-vitro diagnostics (IVD) and medical IT solutions. In 2021, FUJIFILM Healthcare (which took over the Diagnostic Imaging business of Hitachi, Ltd.), whose main products include CT and MRI equipment, joined the Fujifilm Group. With medical IT at the core of our business, we will continue developing and providing products and services that meet the needs of the medical field by linking our various product groups around SYNAPSE, our medical-use picture archiving and communication system (PACS), which boasts the world's top market share. In these ways, we will foster advances in medical care and help maintain and improve the health of people around the world.

To help resolve the major global issue of eliminating medical disparities, we will provide our unique solutions, such as NURA, a health screening business launched in India, and tuberculosis testing that employs a portable X-ray imaging system. (For details, please refer to PP. 35–38.)



Medical Systems Business

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

Business Strategies

- Increase revenue of the AI/IT solution business by accelerating product development utilizing AI and IT technologies under our "REiLI" AI technology brand.
- Create synergies with FUJIFILM Healthcare Corporation.
- Strengthen overseas marketing and expand sales in the in-vitro diagnostic (IVD) business.
- Expand diagnostic solutions in the endoscopy business.
- Contribute to society by preventing the spread of COVID-19 (through ultrasound diagnostic equipment, X-ray imaging devices for doctors' rounds, antigen test kits, Hydro AG+ alcohol spray for maintaining disinfection, etc.).

Field	Diagnostic imaging system										Medical IT		IVD
Product	CT	MRI	Fluoroscopy system	General radiography system	Mammo-graphy	Mobile X-ray system	DR panels/ CR	Bone densitometry	Ultrasound system	Endoscopy	HER/ HIS	PACS	
FUJIFILM Corporation													
FUJIFILM Healthcare Corporation													

Future Initiatives

To maximize synergies between FUJIFILM Corporation and FUJIFILM Healthcare Corporation, we are building a business management structure that includes organizational integration. We are also developing high-value-added products and services by combining FUJIFILM Healthcare Corporation's products with FUJIFILM Corporation's image processing and AI technologies while stepping up cross-selling globally by proposing the integrated products and services of both companies. Furthermore, by accelerating the development of products utilizing AI and IT technologies, we will expand earnings in the AI/IT solutions business. In the IVD business, which handles COVID-19 test kits and other products, we will strengthen business development overseas, and in the endoscopy business we will focus on improving the quality of medical care by expanding diagnostic solution offerings that combine AI and IT.

Life Sciences

Growth Strategy

In the Bio CDMO business, we will address rapidly growing demand for biopharmaceuticals through industry-leading production technologies and large-scale capital investments, mainly for antibody drugs. At the same time, we will expand our contract business in a wide range of modalities, including such cutting-edge therapeutic fields as gene therapeutics, cell therapeutics and bispecific antibodies. Through Life Sciences Corporate Venture Capital (LS-CVC), established in February 2022, we have established a five-year, ¥7 billion investment program for global bio-ventures targeting cutting-edge technologies and other assets. In Pharmaceuticals, we will build a process development and contract manufacture business for next-generation nucleic acid drugs and mRNA vaccines. Here, we will utilize our proprietary technologies in such areas as nano-dispersion, analysis and process technologies, as well as our lipid nanoparticulate manufacturing facilities.

Bio CDMO

Contribute to improving medical accessibility and fulfilling unmet medical needs through the stable supply of high-quality biopharmaceuticals and process development and contract manufacture of gene therapeutics, an advanced medical field.

Business Strategies

- Further expand our contract manufacturing business in cutting-edge therapeutics by adding cell therapeutics launched in California to our gene therapeutics, which we are strengthening at our sites in Texas, Boston and the United Kingdom.
- Achieve differentiation by establishing industry-leading high-productivity technologies in each modality, such as the commercial continuous production system, which enables integrated production of antibody drugs from culture to purification, and proprietary plasmid technology to build highly productive cell lines for bispecific antibodies.
- Establish "end-to-end service offering" including process development, drug substance manufacturing, fill/finish, assembly, labeling and packaging, from small-scale to large-scale production.

Life Sciences

(Drug discovery support, contract development/manufacture of cell therapeutic processes)

Support the pharmaceutical industry by actively promoting business in the biomedical field.

Business Strategies

- Drug discovery support: Globally supply and sell cells (mainly iPS cells), culture media and reagents as a set
- Cell therapeutics (utilizing iPS cell technology and know-how): Accelerate the development of therapeutics with alliance partners and promote contract development and manufacturing services
- Strengthen the supply and customer support capabilities for cell culture media with three production sites: the United States, Europe and Japan
- With the acquisition in March 2022 of U.S.-based Shenandoah Biotechnology, which develops, manufactures and sells cytokines, we will further strengthen our R&D and customer consulting capabilities in the cell culture–related market to complement our existing products.

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

(Cosmetics, supplements)

Offer highly distinctive products that address broader needs and contribute to people's beauty and health.

Business Strategies

- Cosmetics: Enhance the value of the ASTALIFT brand by applying liposome technology to cosmetics and otherwise developing highly original and functional products; launch a new skincare brand that utilizes ASTALIFT technology to meet a wide range of ages and needs.
- Supplements: Respond to growing needs to maintain and improve health, focusing on our Metabarrier series of functional products.

Future Initiatives

Bio CDMO	Accelerate business growth by leveraging our strengths in the contract development of production processes for a wide range of biopharmaceuticals (including antibody drugs, protein products and vaccines), as well as contract manufacturing (small- to large-scale) from drug substances to drug formulation and packaging.
Life Sciences	Accelerate global business expansion with a broad lineup of products, covering not only culture media but also cells (mainly iPS cells) and reagents (including cytokines), and comprehensive proposal capabilities.
Pharma-ceuticals	Promote contract manufacturing of penicillin and other antibiotics while leveraging our lipid nanoparticulate manufacturing facilities and infrastructure to build a process development and contract manufacture business for nucleic acid drugs and mRNA vaccines.
Consumer Healthcare	Contribute to the enhancement of people's beauty and health by expanding our lineups of both cosmetics and supplements and strengthening our sales capabilities through e-commerce and physical stores. Contribute to resolving medical issues by providing cutting-edge products and services across all areas (prevention, diagnosis and treatment) on a global basis as a world-leading healthcare company.

TOPICS

Aiming to accelerate the growth of its contract biopharmaceutical development and manufacturing business, FUJIFILM Diosynth Biotechnologies (FDB), the core company of the Group's Bio CDMO business, launched contract services for the process development of gene therapeutics in Boston, United States, in May 2022, having previously done so at its Texas and U.K. sites. In June 2022, FDB decided to make large-scale investments totaling approximately ¥200 billion in its facilities in Denmark and Texas to increase production capacity for antibody drugs, which account for a large share of the biopharmaceutical market. At its Danish facility, FDB will install eight additional 20,000-liter culture tanks, enabling it to start production in the shortest possible time. By 2026, it plans to have 20 such tanks in Denmark and 28 worldwide. This investment will significantly increase the total capacity of its culture tanks by 3.7 times, to approximately 660,000 liters from the current level of around 180,000 liters. FDB also introduced the industry's first commercial continuous production system, which enables the integrated production of APIs, from culture to purification, at its Texas facility (following its introduction in the United Kingdom). It will aim for early commercialization by not only collaborating with customers to develop new drugs but also working with regulatory authorities. FDB's goal is to create a global market for contract manufacturing using continuous production systems.

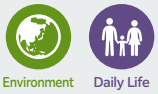
Targeting a wide range of biopharmaceuticals, we will accelerate business growth by leveraging our strengths in the contract development of production processes, as well as contract manufacturing (small- to large-scale) from drug substances to drug formulation and packaging. By also supporting customers through the stable supply of high-quality biopharmaceuticals, we will help resolve social issues, including by addressing unmet medical needs and further developing the healthcare industry.

Strategies by Business Segment

Materials

Business activities

Relevant materiality



In the Materials segment, we provide advanced materials for communication devices, sensors and next-generation displays that support people's lives in the age of AI and IoT as well as graphic communication products and services. It consists of seven businesses: Electronic Materials, Display Materials, Industrial Products, Fine Chemicals, Recording Media, Graphic Communication and Inkjet.

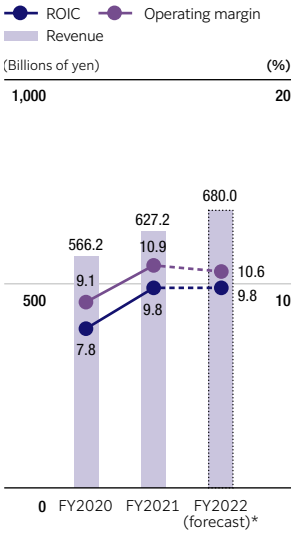
Market Conditions and Social Issues

Amid growing demand for semiconductors due to the spread of 5G, autonomous driving and the acceleration of DX, we need to address the challenges of developing materials for higher-performance semiconductors and reinforcing our supply chain to ensure stable supplies. In addition, functional materials for displays and other devices are finding new applications such as in-vehicle products. By developing and offering cutting-edge functional materials, we will help create a safe and secure society in the DX era.

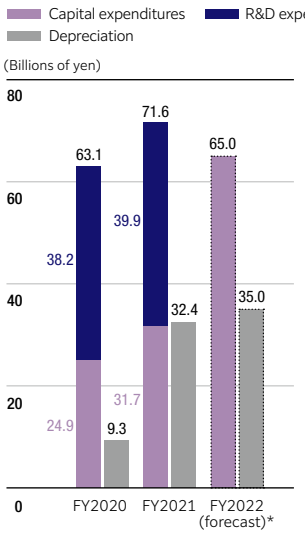
Competitive Advantages

- Advanced technologies, such as functional molecular technology for imparting high functionality to film
- Advanced film forming and coating technologies to support advances in thinness and display size
- Cost competitiveness and stable supply
- Rapid and accurate product formulation capabilities and development capabilities, and global production systems

Segment results



Capital expenditures, R&D expenses and depreciation



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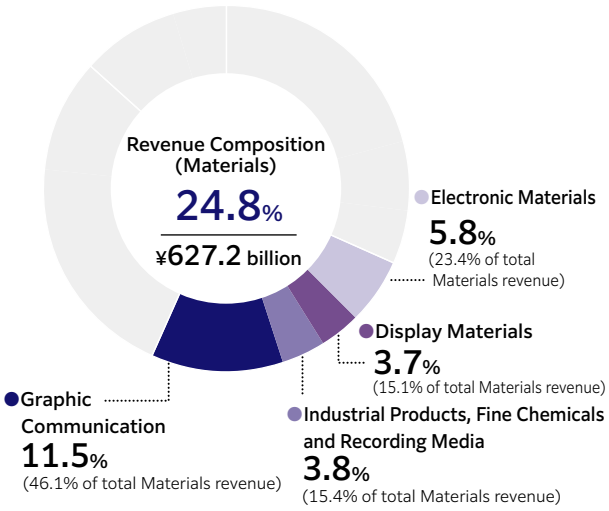
Sales Ratio by Segment (FY2021)



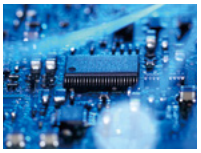
Risks and Opportunities

Demand is growing for display-related materials and materials for OLED in applications other than TVs and monitors, such as in-vehicle devices. In addition, the spread of 5G and autonomous driving is expanding the semiconductor market, leading to increased business opportunities for semiconductor-related materials. On the other hand, we recognize risks, such as surging raw material costs due to soaring resource prices and intensifying competition from alternative materials due to the development and commercialization of new technologies.

Growth Strategy

We will continue creating new businesses that foster acceleration of DX in various fields, including by developing 5G and other high-speed communication networks and enhancing the functionality of our sensors and communication devices, and by integrating the optical wavelength control and other technologies cultivated in our various businesses. We will also increase revenue and profits by maintaining our current competitive advantages and rapidly introducing highly profitable products that meet market needs. In Graphic Communication, in June 2022 we acquired UNIGRAPHICA AG, a leading European system integrator with strengths in providing customized inkjet systems, with the aim of further expanding our inkjet business in Europe.

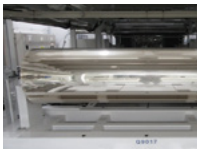
Electronic Materials



Business Strategies

- Offer total solutions to solve customer issues by combining our technologies with a wide range of advanced materials that enable semiconductor miniaturization and 3D packaging, including front-end process materials such as photoresist and CMP slurry, as well as polyimide for insulating layers for 3D packaging.
- Contribute to increases in the pixelization, sensitivity and functionality of image sensors through the development of Wave Control Mosaic (WCM) materials for controlling wider wavelength light.
- Strengthen our supply system through aggressive capital investment in our global production facilities.

Display Materials



Business Strategies

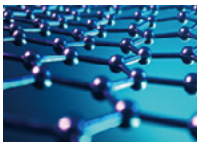
- Maintain a high market share for OLED materials.
- Maintain a strong market position in TAC film for LCD panels.
- Develop and introduce differentiated products by leveraging our strengths in thin and multilayer coating.
- Expand our business in materials for new applications, such as in-vehicle displays.

Industrial Products

Business Strategies

- Increase sales of advanced material products utilizing our proprietary technologies, such as EXCLEAR sensor film for touch panels.
- Create new businesses (optical sensors, telecommunication-related materials, etc.).

Fine Chemicals



Business Strategies

- Create new businesses (high-performance polymers, functional colorants battery materials, etc.) in such high-growth fields as life sciences, electronics, the environment and energy.
- Help reduce environmental impacts by deploying "flow synthesis" and other innovative manufacturing processes.

Recording Media

Business Strategies

- Increase sales of storage tapes to support data growth in the 5G/AI era.
- Leverage our ability to achieve low power consumption during data storage (95% reduction in CO_2 emissions compared to HDD) to help create a clean digital society.

Source: "Improving Information Technology Sustainability with Modern Tape Storage" (Brad Johns Consulting, LLC)

Graphic Communication

Business Strategies

- Digital Printing: Accelerate global expansion of digital printing presses mainly in the commercial printing domain and provide various DX solutions for brand owners and the printing industry by deploying synergies from the integration of FUJIFILM Corporation and FUJIFILM Business Innovation Corp.
- Analog Printing: Help reduce environmental impacts by shifting from treated to non-treated offset printing plates (currently under way).

Inkjet

Business Strategies

- Growth markets (commercial printing/packaging): Develop, introduce and expand high-precision, high-productivity inkjet printer heads, food-safe water-based pigment inks, and custom systems combining heads and inks to meet customer requirements.

Future Initiatives

Spearheaded by our Advanced Materials Strategy Headquarters, newly established in October 2021, we will reinforce collaboration between businesses to develop new businesses and build a strong business portfolio in advanced materials from a medium- to long-term perspective. In Graphic Communication, we established the Graphic Communication Division in July 2021 to accelerate the creation of synergies within the Group and provide more value to customers on a global basis.

Strategies by Business Segment

Business Innovation

Business activities

Relevant materiality: Environment, Work Style

The Business Innovation segment consists of the Office Solutions business, which provides office equipment and supplies, such as multifunction devices and printers, and the Business Solutions business, which helps customers address their business challenges through DX and work-style innovation by providing system integration, cloud services, multifunction device management solutions and BPO* for core business processes.

* Business process outsourcing

Market Conditions and Social Issues

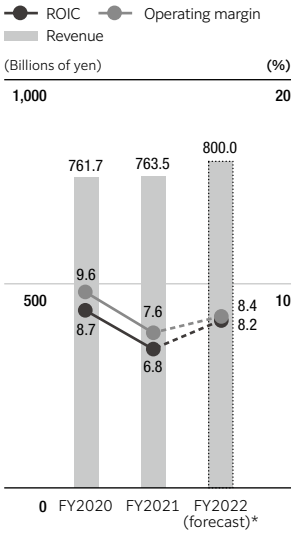
In fiscal 2021, the business environment remained challenging due to the slow recovery of print volumes for multifunction devices and printers stemming from COVID-19, as well as tight supply-demand conditions for semiconductor components and global logistics disruptions. Assuming the market recovers from COVID-19, in fiscal 2022 we expect our print volume to exceed that of the previous year, especially in the domestic market. Meanwhile, the establishment of remote work and other new work styles, as well as the digitization of business processes, has led to new demands for solutions and services, enabling us to provide new value to our customers.

Competitive Advantages

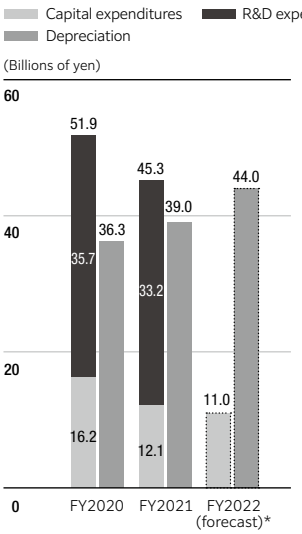
- Excellent customer base leveraging a robust direct sales structure in Japan and the Asia-Pacific region
- Solid sales capabilities for helping customers resolve increasingly complex and diverse management issues, a lineup of solutions and services for problem solving, and proprietary document-related technologies to support these offerings
- Strong relationships of trust with a wide range of customers, from major markets to the SMB* market, through our multifunction device and printer business

* Small to medium-size business

Segment results



Capital expenditures, R&D expenses and depreciation



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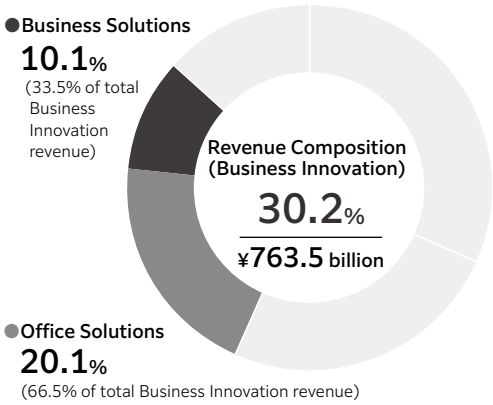
Sales Ratio by Segment (FY2021)



Risks and Opportunities

Office print volumes have been on a long-term downtrend due to the establishment of new work styles, such as remote work, and the digitization of business processes. At the same time, changes in the business environment are creating new demands, including for networks with enhanced security and solutions and services that address the decentralization of working locations. We will continue providing solutions and services that bring innovation to business, offering work styles that help workers improve their productivity and demonstrate their creativity.

Growth Strategy

FUJIFILM Business Innovation Corp., which assumed its new name in April 2021, promotes mutual use of common platforms and technology assets with FUJIFILM Corporation and strives to achieve rapid and efficient development and production, as well as global business expansion. In July 2022, we established the Device Technology Division as a new organization responsible for the overall strategic planning and promotion functions of multifunction devices and printers, including research and development. We will swiftly develop competitive multifunction devices and printers that meet market needs and promote global expansion, including OEM supply. At the same time, the new Business Solution and Service Division will integrate the overall strategic planning and promotion functions of the solutions and services and BPO businesses. Going forward, we will continue providing solutions and services that contribute to our customers DX efforts in order to accelerate overseas expansion and grow Business Solutions into the core business of the Business Innovation segment.

Accelerate growth by 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.

01

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 with robust security as a gateway.

02

Expand IT services for SMB customers

Offer complete IT services (IT Expert Service/ beat/Multi-vendor Service, etc.) for SMB customers facing problems, such as having only one person handling IT* or issues with IT implementation delays and productivity.

03

Resolve management issues through work-style reforms and digitalization

Accelerate support for customer work-style reforms and DX, starting from the digitization of paper documents (one-stop data utilization services/CocoDesk/netprint service/Microsoft Dynamics 365/Bridge DX Library, etc.).

Bridge DX Library

* 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.

Future Initiatives

We are determined to be our customers' partner in driving business innovations by creating innovative ways to work through the use of diverse digital services. To this end, we will accelerate efforts, including organizational restructuring and pursuit of M&A opportunities, to strengthen our DX support solutions and services, a pillar of growth. We will also expedite the global development of multifunction devices and printers to strengthen our revenue base while at the same time developing digital human resources and dramatically increasing business productivity through business DX.

Strategies by Business Segment

Imaging

Business activities

Relevant materiality

Environment Daily Life

The Imaging segment consists of two businesses: Consumer Imaging and Professional Imaging. In the Consumer Imaging business, we offer everything from color film and instant photo systems to printing equipment, color paper and photo printing services. In the Professional Imaging business, we offer high-end mirrorless digital cameras (such as the GFX series, which deliver the ultimate in image quality, and the compact, lightweight, high image quality X series), broadcast and cinema lenses, long range surveillance camera and machine vision lenses, projectors and digital signage.

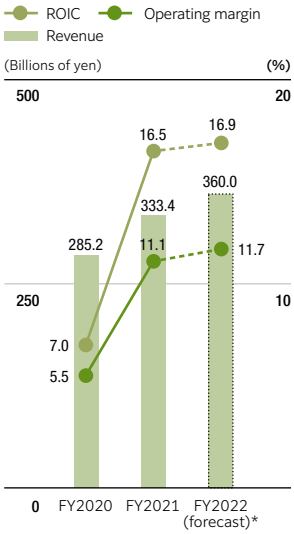
Market Conditions and Social Issues

In fiscal 2021, demand for instant photo systems, digital cameras and photo prints rebounded significantly on the back of the economic recovery from COVID-19 and the deep-seated need for photography and imaging. Based on our desire to "create the future of imaging," we will provide high-value-added products, services and solutions. Our aim is to help enrich lives by bringing the joy and excitement of photography and imaging to people around the world and strengthening the bonds between people through photography and imaging.

Competitive Advantages

- Technological development capabilities to continuously create distinctive products
- Advanced technologies (photosensitive materials, optics, image design, precision processing and assembly) to support our unique products
- Product planning capabilities to anticipate user needs
- Comprehensive capabilities to provide services from input (photography) to output (printing)
- Strong market position as a leading company (global brand power and solid marketing and sales capabilities)

Segment results



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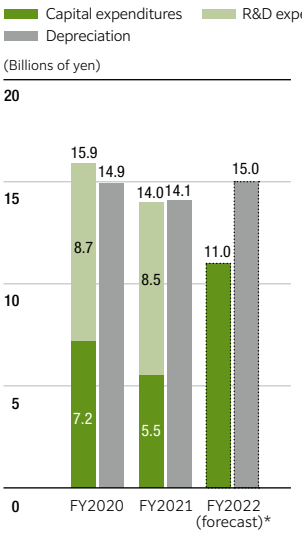

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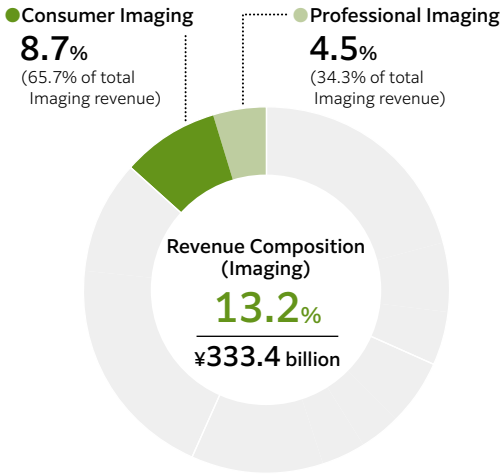
Sales Ratio by Segment (FY2021)



Risks and Opportunities

The spread of smartphones has led to an increase in the number of images taken, while demand for printing services and instant photo systems is growing and demand for lenses is rising on the back of emerging IoT technologies and the shift to 4K and 8K video, resulting in more and more business opportunities. We also recognize various risks. These include intensifying competition in the high-end mirrorless digital camera market, stiff competition in the high-performance industrial lens market due to technological advances and the improving camera performance of smartphones.

Growth Strategy

We will expand our Imaging segment by introducing attractive new products such as instant photo systems and mirrorless digital cameras, revitalizing photo printing demand through our "Print Days" campaign to communicate the value of photo printing, and expanding into new B-to-B fields such as projectors and surveillance cameras. Many of our products have earned high praise in the market. These include the INSTAX mini Link 2" smartphone printer, which is equipped with new functions such as the "instaxAiR" spatial drawing function that utilizes augmented reality (AR) technology. We also offer digital cameras with excellent color reproduction that are lighter and more compact than before thanks to key devices and proprietary image design technologies developed in-house. Going forward, we will accelerate the creation of new products and services in the video and photo content business and the imaging/image processing solutions business.

Consumer Imaging

Business Strategies

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

Professional Imaging

Business Strategies

- Roll out the GFX series and the X series of high-end mirrorless digital cameras that are compact and lightweight and deliver outstanding image quality with our proprietary color reproduction technology.
- Monitoring, measurement and digital signage: Promote the image/video solutions business

TOPICS

Expanding the production line for instant camera "INSTAX" film

To meet growing demand for instant photo system film, we will invest approximately ¥2 billion in the Kanagawa Plant Ashigara Site to add a production line for instant camera "INSTAX" film that is scheduled to start operation in the fall of 2022. Increasing overall demand for instant photo systems, including strong demand for our top-of-the-line INSTAX mini Evo launched in December 2021, has led to growth in film shipments. As a result, the Imaging segment posted a significant year-on-year jump in revenue in fiscal 2021. By expanding our facility through the aforementioned investment, we will increase our INSTAX film production capacity by up to 20%.

Future Initiatives

Going forward, we will create and deliver added value through the market launch of new products and services, such as INSTAX, that utilize the latest imaging technologies, including augmented reality (AR), as well as digital cameras with improved AF and video performance using AI technology. In the business solutions field, where we provide long range surveillance cameras and infrastructure image inspection solutions, we will help create a safe and secure society through products equipped with technologies for "seeing and finding the invisible."

Message from the CTO

Takashi Iwasaki

Director, Corporate Vice President, CTO and General Manager of CTO Office
FUJIFILM Holdings Corporation

Director and Senior Executive Vice President, CTO and General Manager of CTO Office
FUJIFILM Corporation

We value imagination to envision future society and pursue R&D that helps resolve social issues.

A variety of core technologies that have delivered innovation

To understand the Fujifilm Group's strengths in R&D, I think it's best to go back to our roots.

Our history began with the silver halide photographic system. In fact, that system is based on a combination of multiple technologies. In those days, for example, the cameras contained optical and mechanical technologies for system design, precision molding and imaging. In addition, photographic film incorporated fine chemical and process technologies for film formation, functional polymers, particle formation and nano-dispersion. The subsequent development and printing processes involved equally diverse technologies.

From a functional standpoint, photographic film combines a variety of elements, such as sensor, memory and display. The function of receiving light and obtaining information about the subject is the function of the sensor, while fixing the image is the memory and the print is the function of the display.

Thus, the silver halide photographic system is an outcome of outstanding technologies encompassing a wide variety of functions. In addition to technologies to enhance photographic performance, the silver halide photographic system incorporates process and quality assurance technologies to ensure consistent-quality results that do not disappoint users when precious photographic opportunities arise.

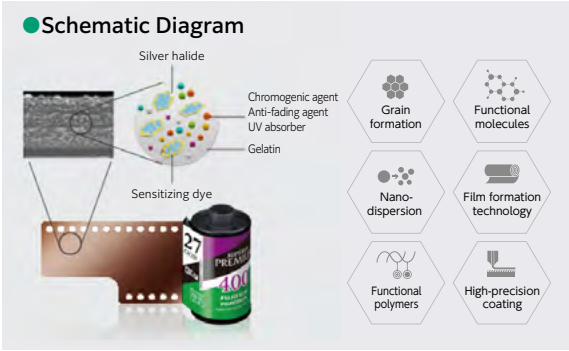
Developing these core technologies over the years has enabled us to significantly transform our business structure and lead us to where we are today.

The figure on the right shows the relationship between the Fujifilm Group's core technologies and its four current business segments, products and services. For example, the skincare cosmetics on the right are developed using core technologies, including nano-dispersion, redox control and grain formation, that have been refined in the field of photography. As you can see, these technologies live on in products for creating healthy skin, such as by ensuring that beauty ingredients penetrate the stratum corneum (top layer of the skin).

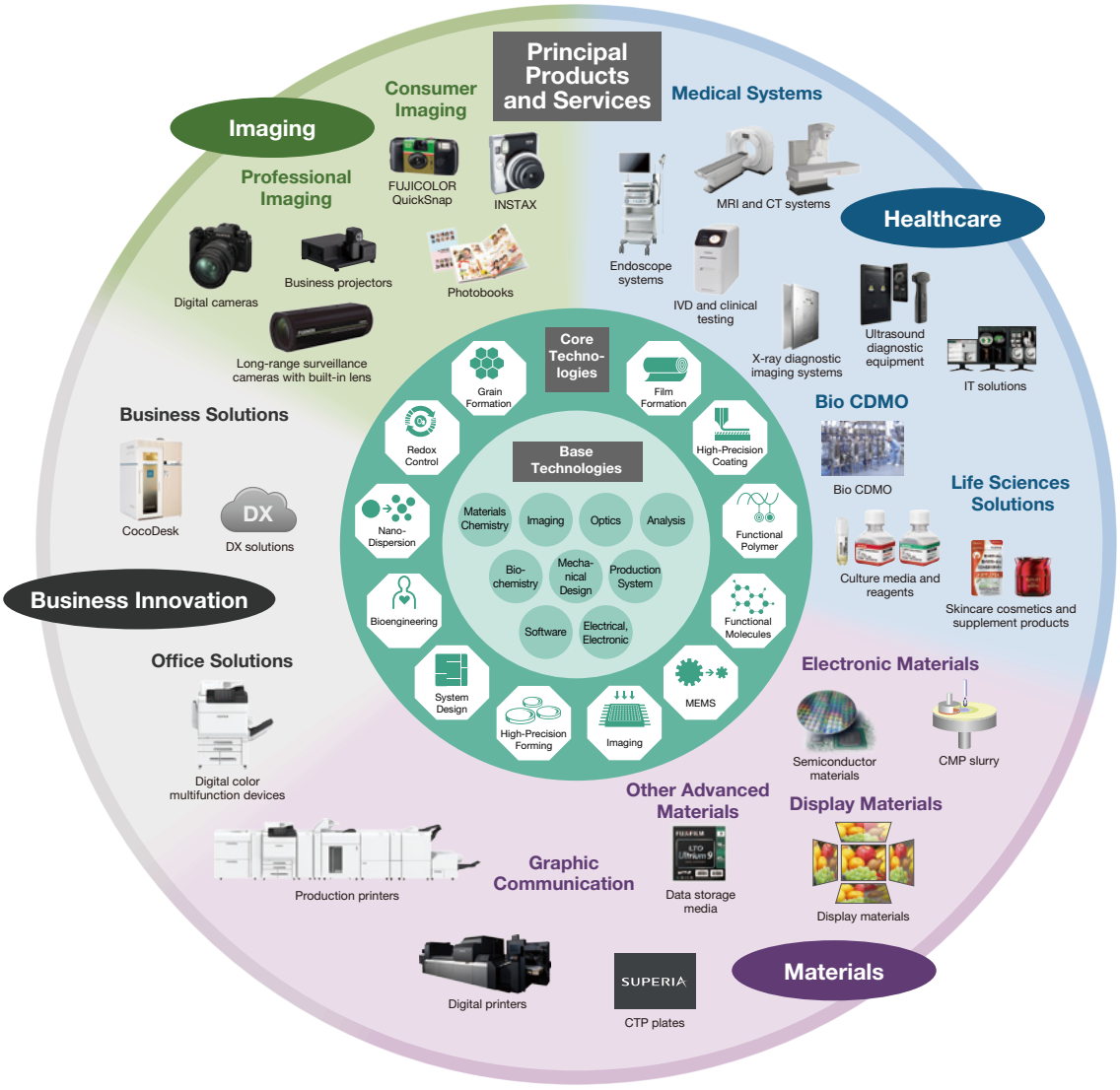
Recording photographic film (sensor)

Simultaneous application of several layers of functional substances on a film base of uniform thickness

The surface of photographic film is coated with layers of materials with various functions. We have the technology to make micrometer-thin, uniform, optically distortion-free film bases. This enables us to design functional materials at the nano-level, align and maintain them in fine, uniform particles, and then apply them on the base in multiple layers simultaneously, at high speed and uniformly.



The Fujifilm Group's proprietary technology



Combining HI and AI to create new levels of intelligence

We have two major strategies for our future R&D efforts. The first involves using AI and other digital technologies. We have embraced the challenge of digitization since our early days, developing Japan's first computer and the world's first fully digital camera. Over many years, while we were conducting R&D on AI in various business fields, we were also focusing on "human intelligence (HI)*1." We aim to create an ecosystem where HI and AI are interconnected and interact with each other to create new levels of intelligence. This same relationship also applies to real and cyber connections. Recently, as the term "digital twin*2" attracts attention, we will further advance our technologies by combining the Fujifilm Group's unique strengths cultivated in the real domain with knowledge accumulated in the cyber domain, while keeping an eye on the movement toward a DX society.

Another strategy is open innovation. Given the speed of technological innovation, the future of R&D will require combinations of multiple technologies, so one corporate group alone will be limited in its ability to deliver innovation. For this reason, we will collaborate with start-ups, universities and other partners to multiply our core technologies and create new value. Our Open Innovation Hubs in Japan, the United States and Europe serve as co-creation spaces where business units and research institutes work together to pursue collaborative activities tailored to the market characteristics of each region.

*1 Technology for translating facts, scientific figures and know-how obtained through experiments and observations in the real world into digital information, and reproducing the real world in digital space based on that information.

*2 Technology for digitizing information from the real world and using that information to reproduce the real world in a digital space.

Collaboration between the Divisional Laboratories and Corporate Laboratories

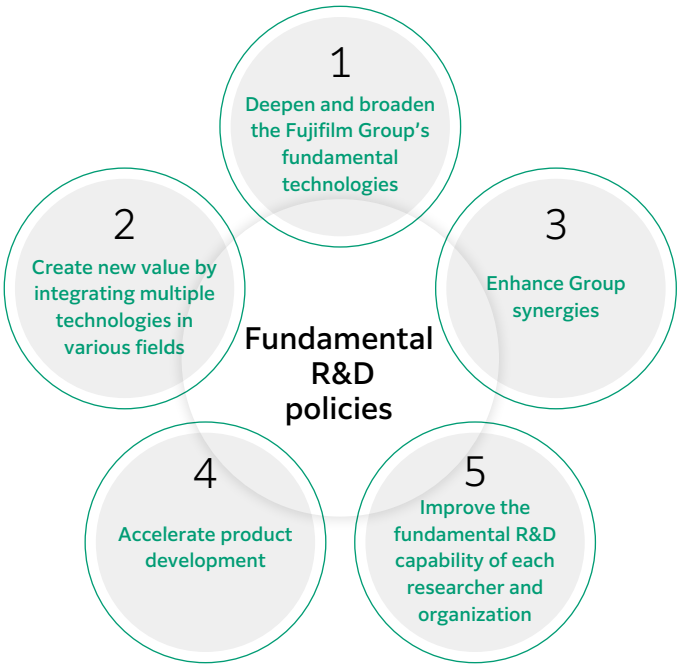
Our R&D structure is organized around two axes: Divisional Laboratories and Corporate Laboratories. Our Divisional Laboratories operate directly under each business division and engage in R&D directly related to its specific division.

Our Corporate Laboratories are R&D divisions under the direct control of the CTO Office, which I head. They are responsible for R&D on fundamental technologies from a Group-wide perspective. R&D conducted by our Divisional Laboratories focuses mainly on the next five years or so, while our Corporate Laboratories pursue themes for the next 10 years and even beyond. The themes addressed by the two laboratory groups differ in terms of both time frame and business space. The Divisional Laboratories pursue R&D themes directly related to the Fujifilm Group's current business operations. On the other hand, the Corporate Laboratories capture future needs based on different business spatial axes, including areas that extend beyond our current businesses, to address future changes in the global environment.

For R&D conducted by both laboratory groups, the persons in charge of each field from both sides meet regularly to discuss and collaborate. The Technology Strategy Committee, which I chair, serves as a committee for regular technical discussions on themes handled by the Corporate Laboratories. It consists of the president and the heads of the Corporate Planning Division, Human Resources Division, Intellectual Property Division and other corporate divisions, as well as the director in charge of the Divisional Laboratories to direct future business direction. Through this system of close collaboration among related divisions throughout the Group, we actively engage in discussions from multiple perspectives, from immediate business matters to medium- to long-term social issues. In the process, we delve deeper into issues, examine their value and improve their effectiveness.

Fundamental R&D policies

By integrating our business and R&D strategies under the five R&D policies listed on the right, we will continue striving to develop robust new businesses that help improve people's quality of life and maintain growth in existing business fields with innovative new products.



Medium- to long-term value creation in a "discontinuous" society

When considering medium- to long-term value creation, I feel that the environment surrounding R&D is becoming extremely complex. In the past, we developed products through a continuous process that took several years from basic research to practical application. Recently, however, the environment surrounding the Company has been changing discontinuously and rapidly, making it more and more difficult to conduct R&D with such a focus.

The spread of the Internet is emblematic of this. As people and information are instantly connected regardless of distance, the so-called butterfly effect, in which somebody inadvertently comes up with an idea that leads to huge business success, will increase in dynamism in the future. Moreover, CO_2 regulations and other environmental issues are closely related to changes in society's values, resulting in various regulatory changes and enhancements that bring about discontinuous changes in society, including daily life and business.

Under these circumstances, the Fujifilm Group's engineers are required to be more sensitive and open-minded than ever before. At the same time, I believe it is extremely important to be able to grasp the essence of the wide range of information that circulates on a daily basis.

Flexible imagination required of engineers

To express it more frankly, I think the requirement for future engineers would be "imagination."

Every year in my training for new employees, I always recite the Japanese proverb, "When the wind blows, the barrel-makers make money." In other words, the blowing wind stirs up dust, which gets into people's eyes. This triggers a series of events that eventually lead to barrel-makers making money. I feel that imagining chains of events like these will become increasingly important as we think about the future of our society. This is a case of the butterfly effect I mentioned earlier. What effect do events in distant societies and nature have on the world months or years later? This thought process trivializes the image when it is tied only to the business of "making money." We need to think a little more broadly and expansively, from the perspective of how society and people will change. I try to think this way myself, and I advise our engineers to do the same at every opportunity.

The key here, however, is not just to imagine, but to take action. This means making concrete moves, such as independently gathering factual information, launching small projects to grasp the state of change or investing in a related start-up. In the process, one gradually develops a kind of familiarity with the landscape. This kind of awareness and action is always important when trying to link our R&D with social trends.

Focus on everything from immediate business matters to medium- and long-term social issues

As for our future direction, we focus on how we can help resolve social issues related to Environment, Health, Daily Life and Work Style, which are the priority areas of our CSR plan, "Sustainable Value Plan 2030." These are also very important elements of our R&D.

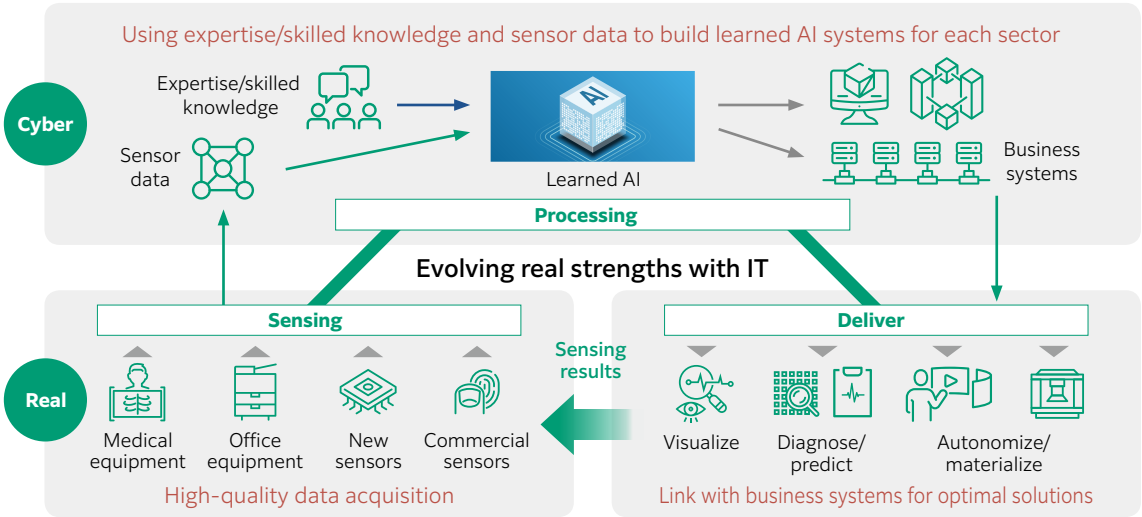
I feel we need to overlay the perspective of a "connected society (remotely connected society)" on these four priority areas.

With the spread of this remotely connected society, the movement to remotely connect not only humans to humans, but also humans to machines or machines to machines, will accelerate in the future. A typical example is autonomous driving, which is attracting worldwide attention. Sensing technologies will play a key role here, as I mentioned at the beginning. Our sensing technologies were developed from our work in the Imaging segment, but they are also key to the Healthcare segment, which we have positioned as a growth area. We will strengthen our focus on R&D related to sensing technologies, which we expect will continue evolving.

When I was serving as general manager of the Industrial Products Division, we used to hold workshops for young employees to talk about fantastic products and technologies. Ever since I was a child, I have loved science fiction and expanding my fantasies, and I believe that such fantasies could give rise to discontinuous ideas for innovation in the future.

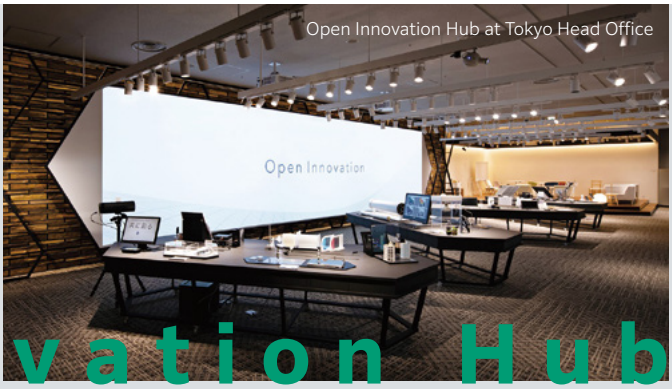
To expand the Fujifilm Group's business, we need to have R&D capabilities that are directly linked to business and technological foundations. At the same time, storytelling skills and "imagination," which we discussed earlier, are also important strengths for tackling challenges from the perspective of medium- to long-term growth. Leveraging these two strengths, we will promote R&D that brings together the technology and wisdom of the Fujifilm Group.

Acceleration of real and cyber interaction



▲ By integrating cyberspace and real space with IT, we aim to create new value to help resolve social issues.

Creating an Exciting Future Together: The Value of Open Innovation



Open Innovation Hub at Tokyo Head Office

Open Innovation Hub

Resolving social issues through open innovation based on technological capabilities

One source of corporate value that underpins the Fujifilm Group's diverse businesses is its technological capabilities. The Group has continued providing new value to the world by combining fundamental and core technologies that form the basis of its competitiveness while enhancing its advanced and proprietary technologies. We will continue to improve our technological capabilities, acquire technologies through M&As and actively promote open innovation that combines our own technologies with external ones. One example of these initiatives is our Open Innovation Hubs.

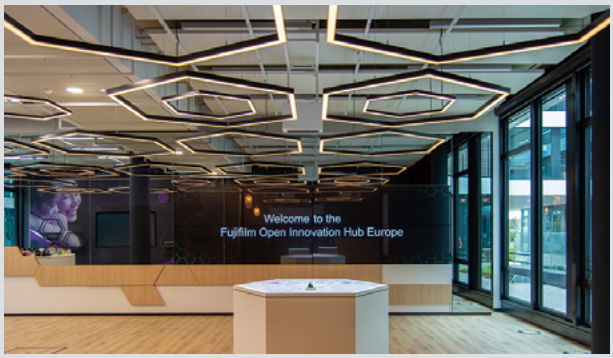
Open Innovation Hubs: Co-creating new value

Open Innovation Hubs are places for "co-creating" new value where people meet to exchange ideas and collaborate about cutting-edge core technologies and ongoing development themes that we have cultivated since our origins in photosensitive materials, as well as multiple issues that society and our business partners are facing. We operate three Open Innovation Hubs, in Japan, the United States and Europe. While sharing a common concept globally, they tailor their displays to the market environments and regional characteristics of each country. Since first opening in 2014, our Open Innovation Hubs have attracted 23,000 visitors from 4,300 companies (as of March 31, 2022) in three regions, resulting in various forms of collaboration currently in progress.

Deploying open innovation globally across three locations

The Open Innovation Hub at our Tokyo Head Office is a co-creation space where people can deepen discussions with customers, partner companies and other visitors while directly experiencing products incorporating the core technologies developed by the Fujifilm Group, leading to the creation of new products and services. During its temporary closure due to COVID-19, we held "Live Streaming Tours" and expanded its circle of access from student internships to corporations. We also increased our collaborations with distant and overseas business partners. Since reopening, we have broadened the scope of our activities by providing both real and online spaces. In April 2021, we extensively renewed the display area of the hub to accelerate efforts to resolve social issues related to the Environment, Health, Daily Life and Work Style, which are priority areas set forth in the Sustainable Value Plan 2030 (SVP2030). We are transforming the hub into a place that encourages visitors to feel that they would like to earnestly pursue business with the Fujifilm Group, as well as a space for proactive dialogue. In a new initiative aimed at accelerating technological development and creating value through collaboration with other companies, we are participating in a community of companies to promote new business creation while expanding our network with new business personnel from other companies. We also bring together new business ideas generated by Fujifilm Group companies and divisions with those of other companies that we believe are best suited, with the aim of sparking innovations that foster business creation.

In July 2022, we relocated our Open Innovation Hub in Europe from the Netherlands to FUJIFILM Europe GmbH's Headquarters in Düsseldorf, Germany. Our aim is to strengthen open innovation with an eye on social issues, using the hub as an interactive co-creation space to utilize digital technology in collaboration with business units.



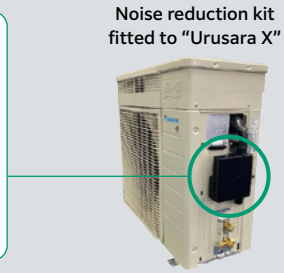
Open Innovation Hub relocated to FUJIFILM Europe GmbH's Headquarters in Germany

Our Open Innovation Hub in the United States was relocated to a virtual space in response to changes in the way people work and move due to COVID-19. This has made it possible to activate communication with people outside the Group without geographical restrictions. Through the hub, we also participate in multiple external communities that are well suited to our objectives, leading to deeper discussions under more clearly defined themes. Our aim is to foster the creation of innovations that help realize a sustainable society through various forms of collaboration while also taking advantage of co-creation opportunities with Japanese and U.S. companies and U.S. start-ups.

U.S. Open Innovation Hub relocated to a virtual space

Here are two examples of our open innovation initiatives.

CASE 01 Practical application of new noise reduction technology for air conditioners in collaboration with Daikin Industries



Since 2019, FUJIFILM Corporation and Daikin Industries, Ltd., have together engaged in open innovation on the theme of noise reduction technologies, and in January 2022 they announced the commercialization of a new technology to reduce the noise of air-conditioner ventilators. Fujifilm's noise reduction technology uses soundproofing materials developed based on the concept of "airflow but no sound." By applying this technology to Daikin Industries' humidification/ventilation air-conditioning units, the sound of airflow during operation has been reduced by more than 20%. Daikin Industries has fitted a noise reduction kit incorporating the ventilation soundproofing materials to its "Urusara X" and "Urusara mini" room air conditioners currently on the market. The noise reduction technology that Fujifilm and Daikin Industries are working on has a wide range of applications in air-conditioning equipment in general and offers new possibilities for the miniaturization of components. Both companies will continue developing technologies to further improve the performance of air conditioners.

Social issues to address

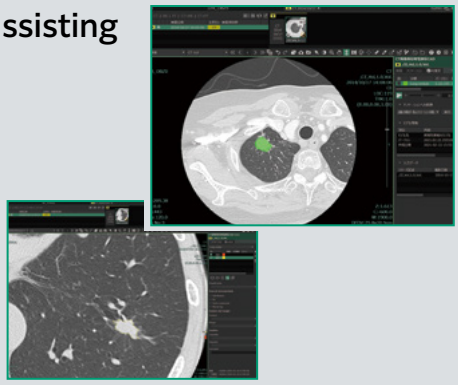
- It is essential to improve the environmental and energy-saving performances of air conditioners, which are in growing worldwide demand.
- Miniaturing components to conserve resources and enhance performance requires higher compressor and ventilation speeds, which leads to increased operating noise.

Innovation to address issues

- The Fujifilm Group has applied its technology for controlling light waves using metamaterials*, cultivated in the field of optics, to the field of acoustics.
- Utilizing metamaterial technology in a unique structure, we have developed a ventilation soundproofing material that controls sound waves and allows "airflow but no sound."
- The result is lower ventilation noise while maintaining required ventilation volume.
- We put our new noise reduction technology into practical use by applying Fujifilm's ventilation soundproofing material to Daikin Industries' high-performance ventilation fans.

* Artificial materials with wave properties that cannot be achieved with natural materials in structures smaller than a wavelength.

CASE 02 Development support tool for AI technology assisting diagnostic imaging jointly developed with the National Cancer Center Japan



Annotation tool (left) and screen displaying the results of applying the learned AI engine

In April 2021, FUJIFILM Corporation and the National Cancer Center Japan jointly developed the "AI Development Support Platform" to facilitate the efforts of research institutes and medical institutions conducting R&D on AI technologies to support diagnostic imaging. We now have a research infrastructure system in place that enables physicians and researchers to develop AI technology (software) to support diagnostic imaging without advanced engineering knowledge, such as programming. We expect the platform to help accelerate R&D on AI-based diagnostic imaging technology. Fujifilm aims to commercialize the platform by using research and verifying the platform's usefulness in multiple research themes within the National Cancer Center Japan.

Social issues to address

- Across society as a whole, extensive R&D is being conducted on diagnostic support technologies for medical images to meet various needs on the clinical frontlines. However, developing highly accurate AI technologies requires physicians to process (annotate) high-quality training data, which takes huge amounts of time.
- Commonly used annotation tools are not optimized for medical imaging, and acquiring advanced engineering knowledge for multiple development processes, from creation and management of training data to design of training models and execution and evaluation of training, is a barrier to learning.

Innovation to address issues

- Creating a platform that efficiently supports the development of AI technology for diagnostic imaging will enable the development of such technology without advanced engineering knowledge. It will also help reduce the large amount of time physicians spend on processing and managing training data.

Leading Our Businesses to "Victory" and Enhancing the "Value" of the Fujifilm Group: Intellectual Property Initiatives Supporting Our Management Strategies

Naoko Sakuma

General Manager, Intellectual Property Division
FUJIFILM Holdings Corporation

General Manager, Intellectual Property Division,
and General Manager, Intellectual Property Legal Division
FUJIFILM Corporation

The Fujifilm Group's intellectual property activities

The Fujifilm Group's approach to intellectual property activities can be summed up in one expression: "Everything comes down to business." We are also working to monetize our intellectual property rights by licensing or selling them to other companies. At the same time, intellectual property is an indispensable management asset that protects the Fujifilm Group's business and underpins its sustainable development. For this reason, the primary mission of the Intellectual Property Division is to utilize intellectual property to maximize business earnings.

To clarify this approach, the Intellectual Property Division has adopted the following as its raison d'être: Leverage intellectual property to create "value and victory" for the Fujifilm Group's businesses. One way is to demonstrate our "value" as a company. The other is "victory," which means to bolster our business by not only playing defense but also going on the offensive to increase revenue and market share. In addition to establishing and maintaining an intellectual property advantage over our competitors, our aim is to be the first to initiate proactive intellectual property activities that can be game-changers in our business fields. To secure strong rights, particularly related to patents, we endeavor to create inventions in the product development sector, file and obtain rights, and formulate and create scenarios for using our intellectual property to implement our business strategies. Our wide-ranging activities also include standardization of industry and research to analyze technology and competitor trends based on patent information. In these ways, we aim to continuously produce concrete results in various aspects of our business as an Intellectual Property Division with unapparelled strength.

To ensure close coordination with our management strategies, our Intellectual Property Division reports directly to the president and is divided into three major functions: Intellectual Property Technology, Legal & Liaison, and Standardization. Rather than subdividing the work of each member and assigning fixed responsibilities, we encourage members to gain as much diverse experience as possible and broaden the scope of each person's knowledge. Intellectual property work requires a high level of expertise, and a multifaceted perspective based on diverse experience is essential to deepening that expertise. Amid accelerated worldwide digitalization and dramatic changes in conventional paradigms, training of fundamental "thinking skills" will become an increasingly important part of human resource development. We believe that enhancing the "quality" of each member from a medium- to long-term perspective will help us become an Intellectual Property Division with unapparelled strength.

First-mover strategy

As a prerequisite for making our "value" and "victory" story come true, we need to not only obtain rights directly related to our products and technologies but also anticipate which other companies will follow and acquire rights in a swift,

broad, multifaceted manner. Through this first-mover strategy, we can reduce the likelihood of future intellectual property disputes and be aggressive in our intellectual property activities, in addition to creating markets for our products that competitors cannot easily enter.

Our efforts in this area have been highly evaluated in the industry. In the Chemical Industry Competitiveness Ranking*1, we have maintained the top position for many years since 2012, and in 2021 remained No. 1, far ahead of the No. 2 position.

*1 Annual survey by Patent Result Co., Ltd. Shows ranking of companies according to the number of patents they hold that are cited as reasons for rejection of other companies' patents. Ranks advanced companies possessing numerous innovative technologies that prove to be an impediment for competitors to obtain their own rights.

Intellectual property strategies to accelerate expansion into growth areas

Intellectual property mix is another strategy where we are stepping up our efforts. In addition to obtaining industrial property rights, such as patents, utility model rights, design rights and trademarks, we strive to conceal our know-how and otherwise produce outcomes that combine the characteristics of each intellectual property. In these ways, we protect the value of innovative products unique to the Fujifilm Group from multiple perspectives.

When expanding our business into growth areas and developing new products, we collaborate with our business divisions and R&D divisions to create strong intellectual property. One outcome of these efforts is ASTALIFT, a functional skincare cosmetic product that marked our foray into the life sciences field during our second founding period. We achieved this by applying patents and utility models derived from our photographic film technology, including nanotechnology cultivated in photographic film, to the development of cosmetics. This bold diversion of technology enabled us to apply our core technologies in photographic film to the new business of cosmetics. It was supported by our intellectual property activities that led to our swift acquisition of multiple rights.

We also analyze the value of our technologies in each industry and their assessment by other companies based on various information, such as precedents and trends of other companies in the process of obtaining rights to our patents. Then we provide information obtained from this analysis to our business divisions and R&D divisions to spark ideas for new product development. As our business activities diversify, moreover, we support value creation and work to reduce business risks from an intellectual property perspective in all situations, including business alliances, technology transfers and M&As.

Standardization activities to increase our advantage in the global marketplace

At a time when social values are changing dramatically, an important strategy for companies to increase their competitiveness is to take the lead in formulating rules and prompting standardization in the global marketplace. As part of our intellectual property activities, we recognized the importance of such efforts at an early stage. To this end, we have promoted various activities, including sending employees as experts in their respective fields to technical committees for international standards, such as ISO and IEC*2.

With respect to formulating rules, recently we played a central role in the establishment of the Japan Industrial Standards (JIS) and the launch of a certification system for sterilization products. In April 2022, we acquired certification from SIAA*3 for our "Hydro Ag+ Alcohol Spray," which utilizes the silver that we have handled for many years, and our proprietary coating technology. (Certification was received for "Industrial Sterilization Coating Certification," a new SIAA category.) Our employees were involved in the development of the JIS standard, which enables objective evaluation of a product's differentiating feature, namely, the ability to sustain a long-lasting reduction in the number of bacteria through alcohol sterilization. Following repeated discussions with SIAA, manufacturers of processed products, consumer groups and others, we achieve the outcomes of issuing a new JIS standard and implementing its certification system in society. We will continue pursuing a strategy that starts with rule formulation, which will lead to enhanced business competitiveness.

▲ Above: Members of the Intellectual Property Division of FUJIFILM Holdings Corporation and the Medical Systems Division of FUJIFILM Corporation who worked together to establish a new certification system and acquire certification; Right: SIAA's "Sterilization Coating Certification" mark

SIAA
JIS Z 2811
除菌膜施工用
無機系加工剤
JP0712255X0001E

*2 International Electrotechnical Commission
*3 Society of International Technology for Antimicrobial Articles

How can we make our intellectual property activities more valuable to society?

The so-called IP landscape, which is based on trends in the intellectual property of the Fujifilm Group and other companies, is another initiative that we seek to further develop. Rather than simply compiling patent maps and other "past" data, we want to build a system that can provide intelligence for envisioning the "future" of the business domains we are aiming to enter. To this end, we will combine and integrally analyze a variety of information, including on cutting-edge technological trends and market and business forecasts from academic conferences and published papers.

Another important challenge for the future is to strengthen the governance of intellectual property activities throughout the Group. The Fujifilm Group is expanding and diversifying the scope of its intellectual property activities as it aggressively pursues M&As in Japan and overseas, including in Healthcare, which has grown to become its largest business segment. We need to acquire more extensive and specialized knowledge in this area because laws and regulations concerning intellectual property rights differ from country to country and region to region, and the most appropriate intellectual property activities differ according to technological field. Therefore, the Fujifilm Group is building a system that will allow it to develop intellectual property activities globally while basically respecting the activities of each Group company.

Society's value expectations of companies are changing along with the growing interest in social issues, such as carbon neutrality and the circular economy. The same is true for intellectual property, which is an important asset for a company. Until now, the prevailing view has been that intellectual property is for the protection of one's own business. However, we also need to consider new forms of co-creation, such as using intellectual property related to technologies that can help resolve social issues for the benefit of society as a whole. We will continue integrating our intellectual property activities with our management strategies in order to lead the Fujifilm Group's businesses to success and enhance the Group's social value in a sustainable manner.

Column

Intellectual property mix strategy reflected in FDR nano

Our FDR nano received the "Minister of Economy, Trade and Industry Award" and "Invention Achievement Award" at the 2021 National Commendation for Invention. This product is a compact, lightweight and highly mobile digital X-ray system that can be used in confined spaces, such as inpatient wards, emergency rooms and operating rooms. Our proprietary high-sensitivity technology enables the system to perform high-quality imaging with small X-ray doses while being compact and lightweight. It also incorporates distinctive design features, such as a 4-wheel caster cart and a monitor with an arm, enabling quick movement and rapid image review during manual operation.

The National Commendation for Invention warmly praised FDR nano for its highly mobile design. In addition to exceptional performance, the system has a unique, sophisticated design enabling it to be used in confined spaces. We have more than 50 rights for FDR nano, including design rights and trademark rights, in addition to patent rights for the technology. In this way, we use our intellectual property mix strategy to protect the Fujifilm brand.

▲ FDR nano

▲ Received the "Minister of Economy, Trade and Industry Award" and "Invention Achievement Award" at the 2021 National Commendation for Invention

DX Strategy

Seigo Sugimoto
Corporate Vice President and Chief Digital Officer (CDO)
General Manager of ICT Strategy Office
FUJIFILM Holdings Corporation

DX to accelerate innovation creation

The Fujifilm Group's DX Vision

Since 2014, we have worked actively to achieve digital transformation (DX) with the aim of using AI and IoT technologies to transform the Group. In 2021, we established the DX Strategy Council, chaired by the CEO and vice-chaired by the CDO, as the highest decision-making body for promoting DX for the entire Fujifilm Group. We also launched the All-Fujifilm DX Promotion Program to spearhead Group-wide DX activities. Furthermore, in July 2021 we formulated our DX Vision, which clearly states the the Group's future vision of what the Group aims to become.

The 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.

As stated in the DX Vision, we will target a dramatic increase in employee productivity to give us more time to create products and services that provide new value to our customers and help resolve social issues. The basic idea is to establish and accelerate a virtuous cycle by using digital technology to drastically change the way we work.

To realize this vision, we are working to build a DX foundation underpinned by three pillars: Products and Services DX*1, Operations DX*2 and Human Resources DX*3. We are also developing a common Group-wide IT infrastructure so that we do not fall into a cycle of disconnected individual optimization.

*1 Applying robotics and AI technologies to products and services to help customers accelerate their DX activities
*2 Revamping our systems to enable centralized global management of management data to improve operational efficiency
*3 Creating an environment for developing DX human resources and optimizing human resource allocation

● **Value Creation Framework for DX Initiatives: Shows what needs to be accomplished from the perspectives of "management" and "strategy" with the aim of using digital technologies to deliver optimal value to customers.**

* Use of material informatics, process informatics and various other forms of informatics in all aspects of DX

DX roadmap

To realize its long-term CSR plan, Sustainable Value Plan 2030, the Fujifilm Group advances its business activities from the two aspects of "resolving social issues through our business activities" and "considering society and the environment in our business processes." It is extremely difficult to strike a balance between achieving corporate growth (by increasing the output of products and services that help resolve social issues and increasing revenue) and reducing environmental impacts (by reducing CO_2 emissions and the like). To strike such a balance, the effective use of digital technology, or DX, is crucial.

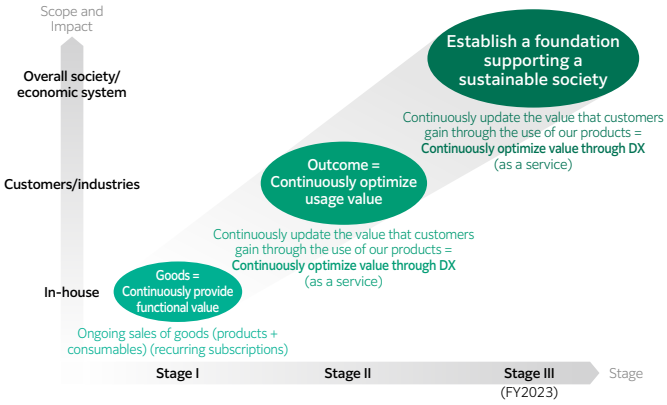
Therefore, we formulated a DX roadmap as a common guideline to promote DX throughout the Group. The aim of the roadmap is to create and instill more products and services as the foundation to support a sustainable society by 2030. It is divided into three stages.

In Stage I, we will deploy digital technology to strengthen our recurring (pay-as-you-go) business model, which includes sales of consumables and maintenance services, a Fujifilm strong point. In the process, we will continue providing customers with the "functional value" of our products and services. We will also use digital technology to further strengthen our relationships with customers and maintain and expand revenues, while enhancing the functionality and performance of our products and services and increasing the options for how the products and services are used.

In Stage II, we will aim to continuously optimize our products by deploying digital technology to provide not only functional value but also "usage value." Examples include a multifunction device that can predict and remotely prevent failure and an X-ray diagnostic imaging system that automatically processes its images to make them easier for medical professionals to assess. When customers use these kinds of products or services, they receive "experiential value." By increasing the number of customers who appreciate the benefits of our products and services, we can expand revenue.

In Stage III, we will work together with customers and partners to establish products, services and businesses that serve as a foundation to support a sustainable society. One example already in operation is our health checkup service business in emerging countries, starting with our NURA health screening centers in India (see PP. 35–37). We will accelerate efforts to resolve the world's medical issues through Group-wide efforts, including our work on the early detection of cancer and lifestyle-related diseases in emerging countries. Our aim is to create an environment (ecosystem) that is continuously beneficial to our customers, partners and other stakeholders.

●The Fujifilm Group's DX roadmap



Creating innovations

The Fujifilm Group is working on a medical AI development platform and other initiatives to accelerate the adoption of medical AI in society. This is an area where we can help create a society without medical disparities and where everyone can receive high-quality medical care.

One example is SYNAPSE Creative Space, a cloud-based AI technology development support service that uses a research platform system for AI technology development. This service, which we developed jointly with the National Cancer Center Japan, enables doctors and researchers to develop their own AI-based image diagnostic support technology without programming or other specialized knowledge. Trials are currently under way at medical and research institutions, with the launch scheduled for fiscal 2022.

By connecting with other companies through digital platforms in the market and society, we aim to create innovations that help resolve broader and larger social issues that would be difficult for a single company to achieve alone.

The Group will also step up development of its own DX human resources, namely business planners and data scientists, who can use data and digital technology to propose new products and services and thus speed up the pace of change.

In recognition of these Group-wide efforts, FUJIFILM Holdings was selected for inclusion in "Digital Transformation (DX) Stock 2022" by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in June 2022.

We will continue responding quickly and flexibly to rapid changes in the business environment in our quest to achieve sustainable innovation throughout the Group.

Human Resources Strategy

We will foster a culture in which each employee sees changes as opportunities for growth, embraces challenges and continues to create change.

Yasushi Zama

Director, Corporate Vice President
General Manager of Human Resources Division
FUJIFILM Holdings Corporation

Corporate Vice President
General Manager of Human Resources Division
FUJIFILM Corporation

Overview of the Fujifilm Group's Human Resources Development

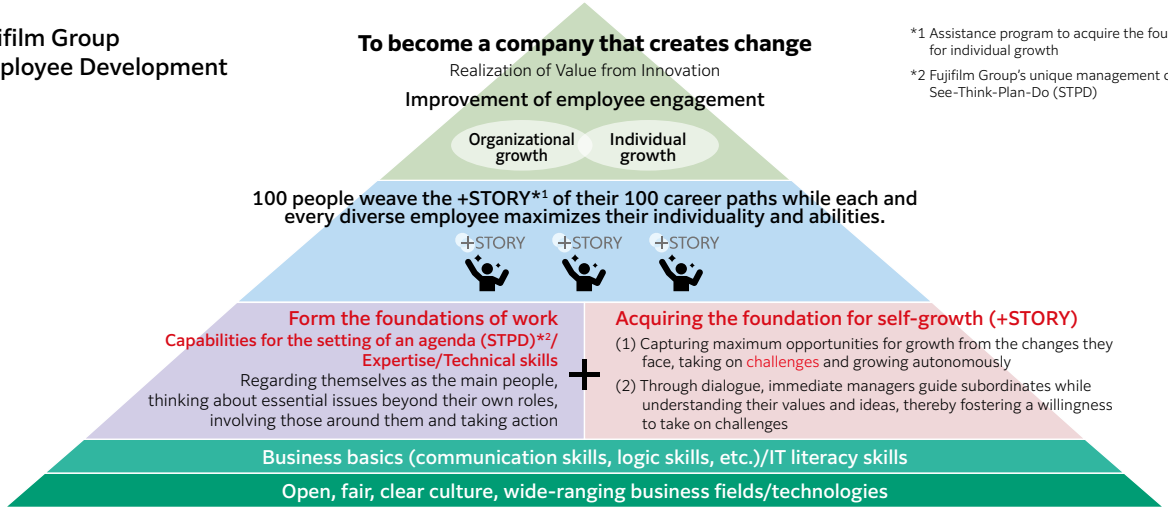
To build a company that continuously delivers change, it is important to create an upward spiral of individual and organizational growth. To this end, the Fujifilm Group practices human resources development that focuses on acquiring a foundation for work and personal growth. Our aim is to develop employees who see changes as opportunities for growth, embrace challenges and create change every day while building an organization with high employee engagement.

The foundation for this is the Fujifilm Group's vision of an open, fair and clear corporate culture.

Our approach to the Sustainable Value Plan 2030 (SVP2030), which targets the year 2030, remains basically the same. In other words, "the creation of frameworks and workplaces in which diverse employees can play active roles" is a priority issue under SVP2030.

We value the diversity of our employees, not only with respect to gender and nationality but also in terms of their diverse experiences and skills. We believe that strong individuals are the source of innovation in the Fujifilm Group. In this context, we recognize the need to step up efforts to hire exceptional foreign employees and promote the advancement of women in the future. As of fiscal 2021 year-end, the ratio of foreign national employees in key positions was 28% and the ratio of women in managerial positions (Group-wide) was 16.1%. Both these figures represent year-on-year increases. By promoting diversity, our targets for fiscal 2030 are 35% for foreign nationals in key positions and 25% for women in managerial positions. To achieve these targets, we will emphasize opportunities for appointment without regard to nationality or gender.

●Fujifilm Group Employee Development



*1 Assistance program to acquire the foundation for individual growth

*2 Fujifilm Group's unique management cycle See-Think-Plan-Do (STPD)

Developing human qualities and nurturing leadership talents

In addition to formulating our medium-term management plan, VISION2023, in fiscal 2021 we reorganized our business segments and have since been implementing strategies according to the growth phase of each business.

To accelerate the growth of our diverse operations, which now encompass 14 businesses, it is essential to develop human resources who can provide strong leadership.

To this end, we are enhancing our training programs to develop leadership personnel. One example is a program for the next generation of management leaders that allows them to study the liberal arts, including history, religion, philosophy and geopolitics. It is important to have leaders who are well educated and have a personal grounding based on broader, historical perspectives in order to make decisions for a wide range of situations they have never experienced before. That is why we believe it is important to thoroughly study the liberal arts.

Practical experience is also indispensable for employees to grow. For this reason, the Fujifilm Group offers job rotations across businesses and positions. Our aim is for employees to realize the importance of continuing to change themselves and grow as human beings through a diverse range of work experiences. The Fujifilm Group has adopted an innovative management cycle called STPD (See, Think, Plan, Do), and learning this cycle is a common work procedure for employees in all businesses and positions. The STPD cycle emphasizes the ability to identify essential issues and implement responses. In addition to addressing current problems, it encourages employees to "look carefully at the facts, think until they understand the essence of an issue, clarify the issue and then forge ahead with a concrete implementation plan." When putting this STPD cycle into practice, it is important for employees to exercise ownership by acting independently regardless of role or age. They need to take ownership of the challenges they have set for themselves and embrace challenges with the involvement of colleagues. Mastering and practicing the STPD cycle, which is the foundation of our work, is the source of innovation created by the Fujifilm Group.

Fostering DX and global human resources is a key to growth

Our DX human resources development is based on the principle that each employee should take the initiative in promoting DX and consider it as his or her own responsibility. With this in mind, we are stepping up recruitment of personnel with specialized knowledge and strong IT skills.

Our DX Literacy Course, an online training program that all domestic Group employees are required to take, aims to encourage all employees to incorporate DX into their own work. We also encourage and help employees to acquire certifications, such as IT Passport, a national one. To date, approximately 13,000 Group employees have applied to acquire such certifications, demonstrating a high level of willingness to learn.

In addition, we offer various types of "boot camp" programs that provide intensive education to accelerate the development of DX-savvy business planners, data scientists and other specialized personnel who will be responsible for DX in their respective business units. We will continue enhancing our systems so that all employees can play leading roles in DX and transform the way they work and their business while grasping essential issues.

Fostering global human resources is another priority that requires a stronger focus. To help employees in Japan gain global experiences from a young age, we have extensive training programs, including Overseas Training System*3 and Short-Term Onsite Training System*4. We aim to develop global human resources who can take on the management of overseas Group companies in their late 30s. Indeed, several employees of that generation are currently in management roles as heads of local subsidiaries.

To accelerate its global business development, the Fujifilm Group must foster local employees who will play key roles in the core management of Group companies. While adapting to conditions in each country and region, we will strengthen our systems, such as leadership development training, in the same way as we do in Japan.

*3 A system to develop global business leaders and high-level experts in the Fujifilm Group's various fields by having Japanese employees attend language schools and other specialized educational institutions overseas and participate in training programs.

*4 A system in which Japanese employees work with local staff at overseas subsidiaries for around 1–6 months to gain an understanding of real conditions and apply knowledge thus obtained to future business operations.

Cherishing each person's "story"

One aspect of the Fujifilm Group's unique human resource development system is "+STORY" ("plus-story"). This is a support program to help students acquire a foundation for personal growth. Once a year, each employee reflects on his or her own experiences, gains new insights and learning through dialogue with superiors, and fosters motivation to take on further challenges. It also provides an opportunity for superiors to seriously consider how to support the "+STORY" of each subordinate while understanding his/her values and ideas through dialogue.

This is often thought of as a "career interview" system, but we use the word "story" instead of "career." If employees work hard, they will experience a variety of feelings, including satisfaction, joy and frustration. They will have encounters with diverse people. Not a single one of these experiences will be a waste of time, as all are a source of employee growth. When they connect those experiences together, they will have "stories" that are truly unique to each employee. They can then grow by acquiring and adding the necessary skills and attitudes for the next challenge. And I believe that

the diverse +STORY versions spun by our employees will become the driving force of the Fujifilm Group.

We also focus on creating policies and environments that support each employee's +STORY. Since March 2021, for example, we have held monthly +STORY LIVE online seminars introducing the +STORY of Fujifilm Group employees. This is a forum for employees with various specialties, personalities and backgrounds to share their insights and aspirations from their work and life. The seminar attracts several hundred participants each time. At the June 2022 seminar, President Goto also participated and gave words of encouragement while sharing his own experiences. We feel that this helped motivate participants to take on new challenges.

The president of Fujifilm Vietnam, who also spoke at +STORY LIVE, conducted a +STORY dialogue session for local employees, which was well received. Going forward, we will expand this forum to overseas Group companies while tailoring it to each country and region. By encouraging employees to share experiences and ideas and motivate each other, we believe we can firmly instill and pass on the Fujifilm Group's corporate culture.

We also focus on understanding employees' sense of job satisfaction and work continuously to improve engagement with them. Previously, we conducted surveys of all Fujifilm Group employees, but they were individual surveys based on different indicators, such as job satisfaction and branding. They were also conducted by corporate units, such as the Human Resources Division and the Corporate Communications Division. We are now reviewing the survey design with the aim of horizontally integrating the surveys and reflecting issues obtained from survey results in our management and business strategies. We also plan to conduct a new engagement survey in fiscal 2022.

▲ +STORY dialogue in Vietnam

Health management unique to the Fujifilm Group

Employee health is also an important part of our human resources strategy. It is the foundation on which all employees can work with vitality as we strive to put our corporate philosophy and vision into practice. The Fujifilm Group established its Group Employee Wellness Declaration in 2019, and as the head of the Human Resources Division, I have become the Health Management Officer for the entire Group. We pursue a wide range of initiatives that make the most of our characteristics as a healthcare company. To promote the health of employees throughout the Group, for example, we have established priority issues to address, such as lifestyle diseases, cancer and mental health, and we have set KPIs for our specific health promotion efforts. In April 2022, the FUJIFILM Health Insurance Association opened a new medical facility for employees, FUJIFILM Mediterrace Yokohama. In establishing the center, FUJIFILM Corporation and the FUJIFILM Health Insurance Association collaborated to introduce the latest medical equipment, including ultrasound equipment and endoscopes, to provide state-of-the-art health checkups to employees. Our proactive efforts have been highly evaluated by external organizations. For example, we have been selected as a Health & Productivity Stock and one of the Certified Health & Productivity Management Outstanding Organizations.

Nurturing and passing on our DNA of continuously embracing change

The basic requirement of our recruiting activities is to find people who share the values we have discussed. The important thing to remember is that 100 different people have 100 different stories. The Fujifilm Group also respects diversity in its hiring practices. For the Fujifilm Group to continue changing, it is important to bring in fresh ideas. In addition to creating synergies with companies/employees newly added to the Group through M&As, we will be more aggressive than ever in hiring experienced personnel.

The Fujifilm Group has achieved new levels of growth by embracing the challenge of making bold changes in its business structure to an extent unparalleled among Japanese companies. I myself sometimes look back to the year 2000. If the Company had stood still at that time, I don't think we would be where we are today. This is because our employees, who have been agents of change, have continued taking on challenges without fear of the unknown.

Even as we change, we will always cherish our open, fair and clear corporate culture, as well as the values that employees have developed while working and growing in the Fujifilm Group. If the Fujifilm Group were a large tree, these would be the roots. To continue creating change, we will keep enhancing our human resources development system, which will serve as the foundation for change, to further increase the value of the Fujifilm Group.

Chapter

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Building a framework for sustainable growth and medium- to long-term improvement of corporate value

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

More than a year has passed since I was appointed Chairman of the Board of Directors in June 2021. During that time, with the goal of further strengthening the functions of the Board of Directors, I have pursued measures to further invigorate discussions at Board meetings and improve corporate governance.

Ensuring that our business execution aligns with the medium- to long-term values demanded by society

In our dialogue with shareholders and other investors, we are asked how our Board of Directors has changed since we separated the positions of Board Chairman and CEO and clarified their respective roles. For example, our Board of Directors deliberates on not only important management matters of the Company but also the important business execution matters of two operating companies—FUJIFILM Corporation and FUJIFILM Business Innovation Corp.—as well as subsidiaries of both companies. We have overcome the crisis of losing our core business due to the rapid digitization of photography and built a strong business portfolio centered on healthcare. In the process, we decided that the Board of Directors, consisting mainly of people familiar with technology, human resources and other assets that can be utilized in the future, and who are highly knowledgeable about each business, will be involved in decisions on business execution at the Group's operating companies. This was a highly significant decision. The effective functioning of our Board of Directors as a management board has enabled us to achieve the uninterrupted growth we have delivered to date. Meanwhile, the Board of Directors has dealt with a number of corporate governance and sustainability matters over the past year. These include formulating new decarbonization targets and environmental strategies, incorporating ESG indicators into executive compensation, reducing cross-shareholdings, and introducing DX initiatives. Of the 14 Board meetings held during my first year as Chairman (June 29, 2021–June 29, 2022), 11 included discussions on corporate governance and sustainability issues. This is proof that our Board of Directors has a medium- to long-term perspective. It also shows that the Board is fulfilling the role I mentioned in last year's Integrated Report, namely, "to ensure that our direction of business execution aligns with social trends and the medium- to long-term values demanded by society." In line with our management policy and management plan, we will further deepen discussions on human capital, which is the source of innovation and competitiveness, and on the experience and qualifications required of our directors and Audit & Supervisory Board members. We will also establish a framework to deliver sustainable growth and increase corporate value over the medium to long term.

Deepening dialogue to pursue higher levels of corporate governance

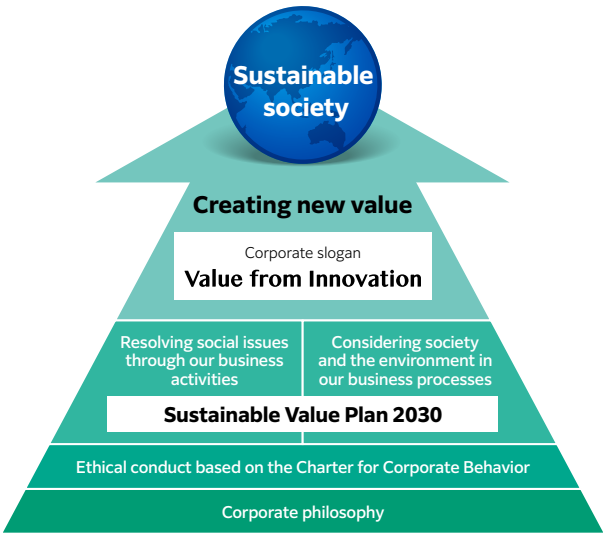
At the Environmental Strategy Briefing for institutional investors held in April 2022, I engaged in dialogue with shareholders and other investors directly in my capacity as Chairman of the Board. I trust that they now understand the difficulty and significance of tackling environmental issues, which have been part of our DNA since our founding, as well as the fact that our materials and fine chemicals businesses produce high CO_2 emissions because of the need to use fuel for heat energy during the manufacturing stage. At the same time, I am keenly aware of their expectation that we achieve the ambitious new decarbonization targets we have set. These and other issues of interest to shareholders and other investors, as well as recommendations made to the Company, are reported to and discussed by the Board of Directors. Going forward, we will provide more opportunities for outside directors to participate in dialogue with shareholders and other investors. We will also continue pursuing higher levels of corporate governance through constructive and effective dialogue with our stakeholders.

Initiatives for Realizing a Sustainable Society

We are advancing initiatives throughout the Fujifilm Group that aim to realize a sustainable society in line with Sustainable Value Plan 2030 (SVP2030), a CSR plan formulated to establish our long-term targets through 2030.

Basic Policy

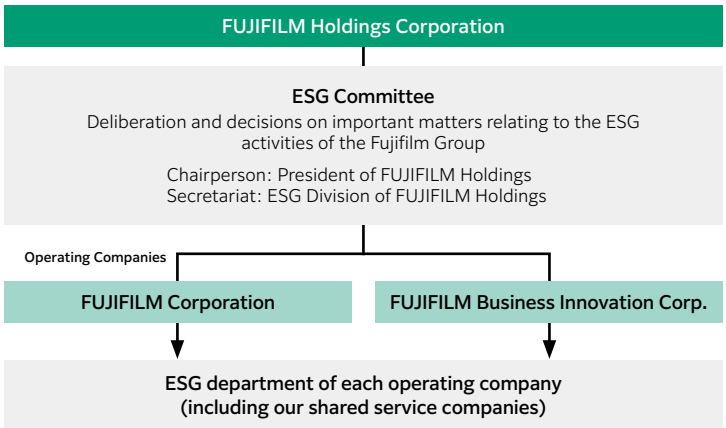
In August 2017, the Fujifilm Group established SVP2030, our long-term CSR plan that extends to fiscal 2030. SVP2030 includes the four priority areas of the Environment, Health, Daily Life and Workstyle, as well as the two areas of Supply Chain and Governance, which form the basis of our business activities. Under these six areas, we have set 15 priority issues, and promote activities to achieve these targets as the vision for the entire Group. In addition to the numerical targets in Environment (see P.75), SVP2030 lays down numerical targets that serve as KPIs for Health and Workstyle. Specifically, in Health, we aim to improve access to medical care through the introduction of products and services utilizing medical AI technology from the Medical Systems business to all 196 countries and regions throughout the world by fiscal 2030. Moreover, in the area of Workstyle, we aim to offer 50 million individuals with work styles that support workers in improving productivity and demonstrating creativity by providing solutions and services that bring innovation to business. We have disclosed information regarding these targets and their progress through the Company's website, the Integrated Report, the Sustainability Report and other similar means. Moreover, we take various opportunities to verify that our business activities satisfy the demands and expectations of our stakeholders, and reflect the results within our overall business activities.



Structure of Promotion

Under the explicit policy of resolving the challenges faced by society through our business activities, the Fujifilm Group's approach of balancing contributions to the development of society with greater growth for the Company's business is rooted in the foundations of our management and corporate culture. To accelerate our ESG initiatives, during June 2019 we constructively reorganized our CSR Group, which was originally situated within the Corporate Planning Division, and established the ESG Division as an organization directly under the President. The ESG Division incorporates ESG perspectives into the foundations of the Fujifilm Group's management and undertakes the role of instilling ESG-related measures within the Company. At the same time, it discloses information on Group-wide investigations, proposals and activity results regarding ESG issues outside the Company, communicates with stakeholders, supports the CSR activities of Group companies and manages the progress of these activities.

Chaired by the Company's President, the ESG Committee also engages in decision-making regarding important ESG-related matters for the Fujifilm Group, and reports on these decisions to the Board of Directors. The ESG Committee is composed of the Company's President as chair; the executive officers responsible for ESG, corporate planning and human resources; and the presidents of the operating companies (Fujifilm and FUJIFILM Business Innovation). Related executive officers and general managers, among others, also participate in the discussions depending on the agenda item.



Function of the ESG Division of FUJIFILM Holdings

- ESG Committee Secretariat
- Activity promotion across the Fujifilm Group
  - Policies, strategies and priority issues determined by the ESG Committee
  - Implement and manage progress initiatives
  - Support the Fujifilm Group's CSR activities (collect information and conduct analysis and evaluation)
  - Promote public information disclosure and dialogue with stakeholders
  - Promote compliance and risk management
- Consultation Offices for the entire Fujifilm Group

Function of the ESG department of each operating company

- Formulate and implement CSR activity plan
- Ensure thorough compliance and conduct risk management
- Promote communication with stakeholders
- Report CSR measures to FUJIFILM Holdings' ESG Committee

Environment

In terms of climate-related initiatives, under the concept of meeting the qualifications for participating in global business, we have moved up our targets for decarbonization and are promoting a new environmental strategy that aims to achieve zero CO_2 emissions from energy consumed by the Company in 2040.

Related Materiality (Material Issues)

Environment

- Address climate change
- Promote recycling of resources
- Address energy issues with the aim of realizing a decarbonized society
- Ensure product and chemical safety

Information disclosure based on the TCFD recommendations

Metrics and Targets

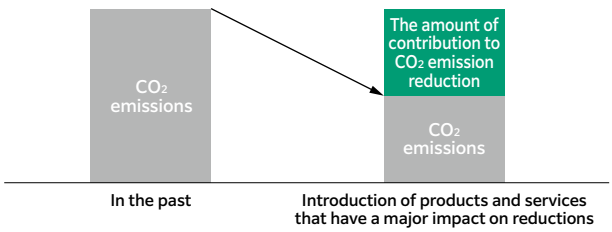
In December 2021, the Fujifilm Group set new CO_2 emission reduction targets to realize the decarbonized society envisioned by the Paris Agreement. Under the new targets, we aim to achieve practically zero CO_2 emissions from energy consumed by the Company by fiscal 2040 (carbon zero), while at the same time halving (compared with fiscal 2019) CO_2 emissions generated throughout the life cycles of our products, from raw material procurement to manufacturing, transport, use and disposal, by fiscal 2030. We will also convert 50% of purchased energy to renewable energy sources by fiscal 2030.

In addition to promoting energy conservation and introducing renewable energy sources as a means of achieving these targets, we manage the Green Value Products certification system, which we use to certify our products and services that excel in reducing environmental impact, in a way that contributes to reducing CO_2 emissions in society.

In regard to the contributions of our products and services to reducing CO_2 emissions in society, we aim to reduce a cumulative total of 90 million tons of CO_2 emissions by fiscal 2030. Likewise, we plan to increase the ratio of net sales accounted for by Green Value Products certified under the Group's environmentally conscious product certification program to 60% by fiscal 2030.

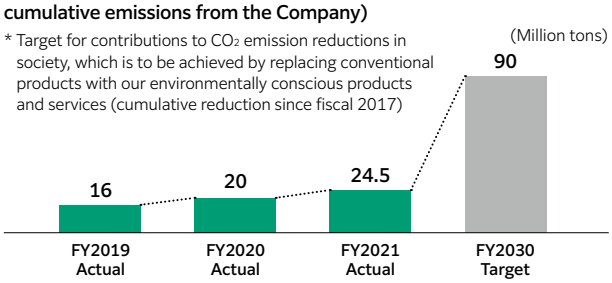
Note: Direct emissions from the Company during the product manufacturing stage (Scope 1) and indirect emissions associated with the use of electricity and steam supplied by other companies (Scope 2)

Provision of Products and Services That Have a Major Impact on Reducing CO_2 Emissions in Society



Contributions to a Cumulative Total of 90 Million Tons of Reduced CO_2 Emissions in Society* (this contribution exceeds twice the cumulative emissions from the Company)

* Target for contributions to CO_2 emission reductions in society, which is to be achieved by replacing conventional products with our environmentally conscious products and services (cumulative reduction since fiscal 2017)



Risk Management and Governance

As part of risk management, the Fujifilm Group has introduced a system to monitor environmental performance related to climate change on a global basis and uses this system to identify risks by monitoring emissions of CO_2, fluorocarbons and other greenhouse gases, as well as energy consumption volumes, at each business site. The Energy Strategy Promotion Committee analyzes factors involved in the identified risks and reports on these to the ESG Committee before we make decisions regarding a response. To assess the risks of climate change, we utilize the internal carbon pricing (ICP) scheme to investigate the assumed financial impacts and future responses. Moreover, we apply scenario analyses based on the TCFD recommendations to implement countermeasures against risks caused by external factors.

The ESG Committee discusses and makes decisions on issues and targets regarding climate change and reports on these to the Board of Directors. Thus far, the ESG Committee has made decisions on our involvement in climate change–related initiatives, such as declaring support for the TCFD recommendations and acquiring SBT certification, as well as on formulating new decarbonization targets and the "Green Value Climate Strategy" as an environmental strategy. In fiscal 2021, the Committee also discussed and made a decision on introducing ICP and the method for setting internal carbon prices.

Strategies: Risks and Opportunities by Analysis Based on Scenario

For scenario analysis based on the TCFD recommendations, we have taken into consideration two types of climate-related scenarios in reference to the Representative Concentration Pathways (RCP) 2.6 through 8.5 described in the report of the Intergovernmental Panel on Climate Change (IPCC). One is the 1.5°C scenario (RCP2.6) in which more rigorous measures are implemented to build a decarbonized society and effectively keep the rise in temperatures by the year 2100 to 1.5°C compared to the level during the Industrial Revolution. The other is the 4°C scenario (RCP8.5) in which the temperature rises by 3.2°C to 5°C over the Industrial Revolution level as a result of failing to implement measures that surpass those currently in place.

4°C Scenario

Case where 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 over the level during the Industrial Revolution

Risks (Physical risks)	Opportunities
We have recognized physical risks including the impact of abnormal weather on production facilities, disruption of raw materials supply and factory shutdowns due to power failures. We have therefore been taking various measures against these risks, for example, by decentralizing production sites and raw materials suppliers through the formulation of Business Continuity Plans (BCPs) and by securing stable power supplies through the installation of our own power generation equipment. With the outlook for changes in animal and plant habitats, declines in population numbers and even extinction due to changing temperature and precipitation patterns, we also face the risk of supply instabilities and rising 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 minimize these risks by reducing material consumption, such as by employing thinner films made from plant-derived materials and by reusing parts from multifunction devices.	The demand for systems, products and technology aimed at helping society adapt to abnormal weather is expected to rise. Specifically, we will be able to help society adapt to climate change by using our high-definition lens processing and manufacturing technologies to produce high-sensitivity cameras that can monitor rivers and sea levels at night and during inclement weather, and our degradation analysis technologies for bridges and embankments, for example, that make use of high-definition image analysis and AI technology. In addition, we expect to see an increase in the demand for solutions that help support the tasks of local governments, as well as the rapid rebuilding of residents' lives, through the digitalization of local government disaster response processes in the event of a natural disaster. With regard to water shortage problems, we believe we can contribute significantly to efforts to secure drinking water and water for agricultural use by desalinizing brine and seawater using our ion exchange membranes and other filtration technologies. Rising temperatures will also have a major impact on the health of people. The increasing burden on medical professionals due to the unanticipated spread of infectious diseases, for example, as well as the increasing frequency of typhoons, heavy rains and heatwaves, will make it more difficult for patients and medical professionals to move about, which presents the risk of medical care system collapse in countries and regions with few medical professionals. By deploying our medical IT, medical diagnostic imaging and AI technologies on a global basis, the Fujifilm Group will help improve access to medical care by reducing the burden on medical professionals and enabling remote diagnosis.

1.5°C Scenario

Case where rigorous measures are implemented to build a decarbonized society, keeping temperature rises by the year 2100 down to 1.5°C in comparison with the level during the Industrial Revolution

Risks (Transition risks)	Opportunities
During the process of transitioning to a decarbonized society, we have recognized financial risks due to the introduction of carbon taxes and carbon border adjustment mechanisms. The actual amount of CO_2 emitted from energy consumed by the Company in fiscal 2021 amounted to 1.053 million tons. When assuming a price of 11,000 yen per ton of CO_2 based on the carbon pricing of the European Union Emissions Trading System (EU-ETS), the financial risk amounts to approximately ¥11.6 billion. The Fujifilm Group is therefore promoting initiatives toward decarbonization along the two approaches of energy conservation and the introduction of renewable energy sources in an effort to achieve zero CO_2 emissions from the energy consumed by the Company by fiscal 2040.	To raise the energy consumption efficiency of society as a whole, we believe systems and products with higher energy efficiency will be prioritized for use in society, while the demand for energy storage devices will also increase with the wider use of natural energy sources. The Fujifilm Group contributes to reducing CO_2 emissions among our customers and product users by reducing the power consumed when saving data using large-capacity magnetic tape data archiving systems and by providing energy-saving multifunction devices. In addition, for the purpose of maintaining infrastructure that enables the use of natural energy sources, we are working in cooperation with a wind power electrical utility company to develop a technology that will allow operators to remotely inspect and diagnose wind turbine blade damage while in operation. Moreover, we believe we can contribute to the practical use of electric vehicles and stationary storage batteries by collaborating with other companies on the development of semi-solid batteries that offer advantages over conventional liquid lithium-ion batteries in terms of cost and capacity. We believe that because greater harmonization with natural energy sources will also enable society to decentralize from one that is concentrated in cities today, solutions that support lifestyles, medical care and business activities within a decentralized society will become more common. Examples in the area of medical care include solutions that support medical professionals through the use of medical IT, medical diagnostic imaging and AI technology, as well as those that contribute to greater access to medical care. In terms of business activities, we believe that solutions and services that digitalize and automate business processes and facilitate the shift to paperless operations will connect to business opportunities for the Company from the stance of both addressing a decentralized society, for example, remote work and hybrid work, and reducing CO_2 emissions by cutting back on travel distance, time and physical space. During the process of transitioning to a decarbonized society, there will be a demand to capture CO_2 in industries that cannot avoid the use of fossil fuels and to immobilize CO_2 from the atmosphere. We believe we can contribute in this area with bio-production systems that utilize hydrogen-oxidizing bacteria and our bioengineering technology to generate useful substances from CO_2 raw materials.

Initiatives for recycling of resources

Response to Water Risks: Working Together with Stakeholders

The Fujifilm Group is actively advancing resource recycling through an approach to the entire product life cycle, including reducing the use of water in production, recovering and reusing silver resources, and establishing a recycling system for multifunction devices. In regard to water resources, from early on we have worked to reduce the amount of water used for production and to use recycled water as the original business of the Company, namely producing photographic film, used large amounts of clean water. We are aiming to reduce the amount of water the Group uses for production by 30% by fiscal 2030 (compared with fiscal 2013) and already reduced this amount by 14% as of fiscal 2021. We are also striving to protect the environment and water resources together with local residents, NGOs and other stakeholders.

Contribution to reduce CO_2 emissions in society

Design for Environment (Product Stewardship)

The Fujifilm Group is engaged in Design for Environment (product stewardship) for all new products and improved products under our Green Policy (environmental policy). During the product development stage, we quantitatively and objectively assess the environmental impact across the entire product life cycle, from raw material procurement to production, transport, use and disposal, in an effort to design products with lower environmental impacts. Since fiscal 2018, we have managed the Green Value Products certification system for products and services that satisfy certain standards for environmental consciousness, and in fiscal 2021 achieved 30% for the ratio of Group-wide net sales accounted for by Green Value Products, compared with our target of 60% for fiscal 2030. In fiscal 2021, we revised our target for CO_2 emission reductions throughout the life cycle of our products upward from the original target of 45% in fiscal 2030, compared with fiscal 2013, to 50% in fiscal 2030, compared with fiscal 2019 (equivalent to a 65% reduction compared with fiscal 2013). As of fiscal 2021, we have reduced emissions 7.5% compared with fiscal 2019. Moreover, compared with our target of contributing to a cumulative total reduction of 90 million tons of CO_2 emissions in society by fiscal 2030, we have contributed to a cumulative total of 24.5 million tons of CO_2 reduced as of fiscal 2021.

FUJIFILM Group Green Value Products

Ensure product and chemical safety

Management of Chemical Substances

With the origin of our business in photographs that remain in the possession of customers indefinitely, the Fujifilm Group does not just comply with the related laws at the time of sale, but has rooted a consciousness of the environment into the future into our business activities. As an initiative that was far ahead of its time when it was first introduced in Japan in 1975, we established a testing organization to assess the safety of chemical substances, which has since guaranteed the safety of chemical substances on a voluntary basis. To this day, this organization continues to function as a chemical safety testing body with internationally recognized credibility. In terms of specific activities, we specify chemical substances that have been found to be seriously hazardous and a potential concern to society as "priority substances for risk management," and voluntarily restrict their use ahead of the introduction of new legal requirements. Similarly, we are working to mitigate risk by reducing their use or replacing them with safe alternative chemicals. Moreover, in an effort to promote animal testing alternatives, we are participating in joint studies on and developing alternatives to the animal testing methods used when assessing the safety of chemical substances. And in terms of information management regarding chemical substances contained in products, we employ the chemSHERPA information communication scheme, which complies with international standard IEC 62474. Along with our involvement in managing chemSHERPA, we also engage in activities to facilitate an understanding of chemSHERPA among our suppliers and the supply chain to ensure the safe use of our products. Currently, 90% of our suppliers have adopted chemSHERPA. We also strictly control emissions of fluorocarbons and volatile organic compounds (VOCs), hazardous waste and pollutants based on the regulations of each country and region in an effort to prevent accidents.

Biodiversity Conservation

For the preservation and maintenance of biodiversity, the Fujifilm Group has established the Fujifilm Group Basic Concepts and Action Guidelines for Biodiversity Conservation, under which we assess the risks our business activities present for biodiversity and promote efforts to minimize these. As a result of our risk assessments, we have designated paper procurement by FUJIFILM Business Innovation as an area that presents a high risk of affecting forest ecosystems and are therefore expanding paper procurement initiatives that consider ecosystems, biodiversity and the human rights of local residents.

During product development, we incorporate the perspective of biodiversity conservation into Design for the Environment and conduct a biodiversity assessment as part of every process involved in the product development cycle. We also established guidelines for the procurement of plant-derived materials and manage these to ensure they avoid any involvement in environmental destruction and human rights violations. We also engage in activities on an individual business site basis to minimize environmental impact. As an example of environmental protection in local communities, FUJIFILM Kyusyu Co., Ltd. has helped secure water resources by cooperating in activities to replenish groundwater levels in Miniami-Aso Village and by planting trees on the upper reaches of the Shirakawa River.

Diversity, Motivated Work Style and Healthy Workplace

Promoting the creation of systems that allow each and every diverse employee to demonstrate their individuality and abilities, we aim to remain a strong organization that boldly takes on the challenges of innovation and creates value for society even in a rapidly changing business environment.

Related Materiality (Material Issues)

Health | Daily Life | Work Style

- **Develop and utilize diverse human resources**
- **Create environments conducive to job satisfaction**
- **Early detection of diseases/Promote enhanced health/Promote management of a healthy workplace**

Diversity

Promoting the improvement of an environment in which diverse human resources can play a long-term role, we aim to ensure that each and every employee demonstrates their full potential and that no employee misses an opportunity to grow through their work and contribute to the organization.

Basic Policy

"Respect for and promotion of diversity" and the "prohibition of discrimination" are set out in the "Fujifilm Group Code of Conduct." On the premise of people's diversity, we prohibit discrimination and generate new value by respecting and being inspired by each other's personality and individuality, while aiming to become a robust organization that can contribute to the prosperity of society. Based on the idea that, regardless of attributes such as nationality and gender, opportunities in recruitment and for promotion as well as treatment should be equal, we create and operate internal systems and rules.
We also provide support so that each individual can contribute to the organization by making the most of their diversity without missing out on opportunities for growth through work even with the changes that come at different life stages, such as childbirth and nursing care.

Initiatives

In the area of "work styles," one of the Priority Issues addressed in SVP2030, our CSR plan, states "Create systems and workplaces so that the Fujifilm Group's diverse employees may exert their capabilities and creativity to the fullest extent." Concretely, we set the following targets to monitor the progress of our efforts to transform the way we work and to advance diversity and inclusion: (1) Promote talented employees worldwide; (2) Promote women in leadership roles; (3) Continue exceeding the legally stipulated rate of employment of people with disabilities (in Japan); and (4) Achieve zero retirement of employees due to childcare or nursing care (in Japan). We clearly state respect and promotion of diversity and prohibition of discrimination in the Fujifilm Group Charter for Corporate Behavior and Code of Conduct. Our Code of Conduct is shared in 24 languages and penetrated through the Group across the globe by trainings, including e-Learning.

Measurement of Effectiveness (KPIs)

Against the indices to measure "the extent to which diverse employees are exerting their capabilities and creativity" we have set long-term targets of 35% for the ratio of international employees in key positions and 25% for women in managerial positions by fiscal 2030. We will promote the appointment of excellent international and female employees to managerial positions and strengthen the recruitment of managerial candidates. Since fiscal 2016, the Fujifilm Group Japan's percentage of employees with disabilities has remained higher than the legally stipulated rate. We will continue to maintain this figure in the future. Regarding the staff turnover rate caused by childcare and nursing care, we are aiming for a job retention rate of 100% after three years from returning to work.

		FY2021	FY2030 Target
Percentage of international employees in major positions	Fujifilm Group	27.7%	35%
Percentage of women in managerial positions	Fujifilm Group*	16.1%	25%
	Fujifilm Group (Japan)	6.4%	15%
Percentage of employment of persons with disabilities	Fujifilm Group (Japan)	2.47%	2.35%

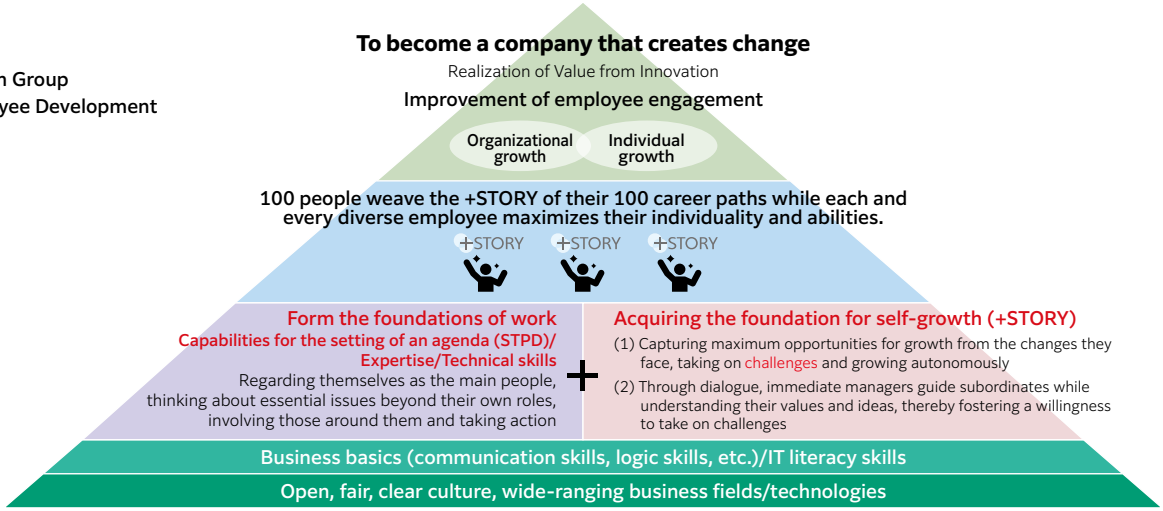
* Based on the definition by each overseas subsidiary

Motivated workplace

In SVP2030, we aim to "create environments that lead to a motivated workplace." Perceiving change as an opportunity for growth, each and every employee supports the growth of the Fujifilm Group by taking on challenges.

Basic Policy

In addition to organizational growth, personal growth is especially important for the realization of a company that creates change. As a pillar of human resource development, we are working on strengthening the capabilities for the setting of an agenda to form the foundations of work and on the "+STORY" self-growth support program for employees to acquire the foundations of self-growth. We are aiming to create an organization in which each and every diverse employee can maximize their individuality and abilities. The universal foundation to determine the direction of our human resources development is the FUJIFILM WAY (FF-WAY), which focuses on reinforcement of See-Think-Plan-Do (STPD). Incorporating essential factors to change people's minds toward realizing the Fujifilm Group's vision and to reform our corporate culture, the dissemination of the FF-WAY to all employees is being promoted.



Initiatives for "+STORY" Self-Growth Support Program

In human resource development designed to strengthen the individual, we are aiming for human resources who "think and act independently" and will "aggressively tackle new challenges" while raising the capability of employees to set an agenda. We are also actively providing educational opportunities that include training and education in accordance with a role by qualification system, selective training and global leader development training.

The "+STORY" self-growth support program, which is being deployed to provide a foundation for self-growth, has the following objectives.

(1) Each and every employee sees change as an opportunity and takes on challenges, enhancing their motivation to grow autonomously
(2) Through dialogue, immediate managers guide subordinates while understanding their values and ways of thinking, nurturing their willingness to take on challenges

Employees encounter different situations from time to time naturally while they are absorbed in their tasks at hand. This gives rise to particular emotions and feelings that a situation is rewarding, delightful, exciting or frustrating. It is important for each and every employee to draw on those personal feelings and on their encounters with people. Once a year, employees look back on their stories and engage in dialogue with their immediate managers, and the lessons and awareness gained from the dialogue lead to further challenges. By, for example, giving thought as to how they can assist in their subordinates' +STORY programs, immediate managers provide support to enhance the varied elements to the story of each and every employee.

Measurement of Effectiveness (KPIs)

Conducting a variety of employee training on a global basis, we are also focusing on FF-WAY training, training designed to strengthen the capability of employees to set an agenda as well as on the strengthening of personnel in the area of DX. In fiscal 2021, approximately 1.58 million hours of training (approximately 19 hours per employee) were conducted, and training costs were approximately ¥1.7 billion.

When, in fiscal 2020, we conducted a questionnaire survey designed to encourage engagement among all Group employees, 75% of respondents gave a positive answer to the question "Are you proud to work for the Fujifilm Group?" Likewise, to the question "Do you find your current job satisfying?," 67% of respondents answered positively. On the basis of the fiscal 2020 survey results, this survey was suspended in fiscal 2021 to enable the leaders of each organization to deeply analyze the status of employee engagement within their own organizations and allocate sufficient time to formulate and implement measures for its improvement. Ascertaining the status of these indicators in the regular surveys to be conducted in the years to come, we will create an environment in which employees can feel actively involved in the workplace and in their work while making further use of their enthusiasm and abilities.

Initiatives for Occupational Health and Safety/Health Promotion

Considering the promotion of workers' occupational health and safety to be the most important foundation for a company, the Fujifilm Group gives top priority to the occupational health and safety of all employees in its business activities while ensuring safe and comfortable working environments for them.

Basic Policy

The maintenance and enhancement of safe and comfortable working environments is stated in the Occupational Health and Safety and Health Promotion Policy of the Fujifilm Group Code of Conduct. We believe it is one of the top management's priorities to maintain and enhance the wellness of employees as our employees are the foundation imperative in realizing our Corporate Philosophy and Vision. Adhering to the concept that "occupational health and safety is the basis of all business activities," FUJIFILM Holdings gives the highest priority to ensuring the health and safety of its employees and remains strictly in full compliance with all laws and regulations governing occupational health and safety, health promotion, general health and safety and hygiene. For companies that have newly joined the Group, for example, following M&A, we closely manage their occupational safety risks appropriately by conducting related due diligence, including risks of workplace accidents deriving from the facilities and working procedures, along with confirming in advance their compliance with related laws and regulations.

Occupational Health and Safety Initiatives

In fiscal 2020, we newly enacted occupational safety and health regulations that meet the requirements of the international safety standard ISO 45001:2018 and started to implement them at our sites all over the world. Having clarified the safety management structure and safety promotion activity goals for the entire Group, we are working to further strengthen governance in occupational safety. We are conducting activities that include labor-management consultations on health and safety, checklist-based inspection tours of workplaces, and the identification of sources of danger and countermeasures in risk assessments for new operations or when work methods are changed.

Occupational Health and Safety KPIs

As our company-wide goals for occupational health and safety initiatives, we have set zero serious work-related accidents and a workplace accident rate of 0.1 or less by fiscal 2030.

		Fiscal 2021 Chemical industry average in parenthesis*4
Workplace accident rate*1	Fujifilm Group (Japan)	0.36 (0.58)
	Fujifilm Group (Overseas)	1.4
Workplace accident severity*2	Fujifilm Group (Japan)	0.006 (0.01)
	Fujifilm Group (Overseas)	0.025
TRIR*3	Fujifilm Group	2.07

*1 Workplace accident rate (LTIR) = $\frac{\text{Number of employees involved in workplace accidents}}{\text{Gross number of hours worked}} \times 1{,}000$

*2 Workplace accident severity = $\frac{\text{Number of workdays lost}}{\text{Gross number of hours worked}} \times 1{,}000$

*3 Total recordable incident rate (TRIR) is the number of injuries per million working hours (accidents without lost work time + accidents involving lost time and deaths)

*4 Source for chemical industry average: 2021 Survey on Industrial Accidents (Ministry of Health, Labour and Welfare)

Health Promotion Initiatives

Under the general manager of the FUJIFILM Holdings Human Resource Department, who is the Fujifilm Group's Employee Wellness Officer, we have established an Employee Wellness Promotion Group to serve the function of unifying each wellness promotion department in the Fujifilm Group, and to plan and roll out Group-wide wellness promotion initiatives.

The Fujifilm Group Employee Health and Wellness Declaration has been disseminated in all Group companies, and activities are being promoted in line with the characteristics of the culture and customs of each country and region. In Japan, the Group companies are working closely with the Fujifilm Group Health Insurance Association, occupational health physicians, companies and employee organizations to maintain and promote workplace wellness. Since fiscal 2019, we have assigned individuals responsible for employee wellness promotion in every company in Japan at the officer and person-in-charge levels. Group-wide wellness promotion meetings are organized to share the Group wellness policy and related information. In April 2022, we opened the "Fujifilm Group Health Insurance Association FUJIFILM Mediterrace Yokohama," a health checkup facility for employees that conducts health checkups using our state-of-the-art medical equipment.

Measurement of Effectiveness (KPIs) Relating to Health Promotion

Since fiscal 2018, we have been focusing on and promoting initiatives in five priority areas associated with employee wellness: lifestyle-related diseases, smoking, cancer, mental health and long working hours.

For cancer prevention, we provide our employees with high-quality health check-up services, such as mammography and endoscopic systems incorporating the Company's unique advanced technologies.

Fujifilm Group KPIs in Health Issues, Mid-Term Targets and Results

Priority areas	KPI		Results for FY2021	Mid-Term targets for FY2022
Lifestyle-Related Disease Control	Employees with BMI ≧ 25		26.9%	21%
	Employees with HbA1c ≧ 6.0%		7.7%	6%
Smoking Control	Employees who smoke		19.6%	12%
Cancer Control	Employees who received screening	Lungs	99.4%	100%
		Stomach	81.9%	100%
		(Of which) Stomach endoscopy	59.9%	90%+
		Large intestines	88.8%	100%
		Breasts	77.5%	90%+
		Cervical	65.9%	90%+

Scope: Fujifilm Group employees in Japan (Screening rates for stomach and large intestine cancers are for employees aged 40 or older)

Human Rights

We declare our respect for human rights in our daily business activities based on our Human Rights Statement and its foundation, the Fujifilm Group Charter for Corporate Behavior and Code of Conduct.

Related Materiality (Material Issues)

- **Strengthen CSR foundations (including the environment, ethics and human rights) throughout the supply chain**

Basic Policy

In 2018, the CSR Committee (current ESG Committee) approved and established the Fujifilm Group's Human Rights Statement, which declares that the Fujifilm Group considers respect for human rights to be its corporate responsibility and will take necessary measures to assess and reduce the risk of human rights violations in its business activities. The Fujifilm Group shares with its suppliers the recognition of the importance of social responsibility and corporate ethics in undertaking business activities. With this aim, we request that suppliers operate in line with our Code of Conduct and guidelines based on the "Request to Suppliers." In step with the expansion of our healthcare business, in July 2020 we established the Fujifilm Group Global Healthcare Code of Conduct to clarify our basic principles, such as respect for the human rights of patients in all of our activities, as well as to ensure appropriateness and transparency in our interactions with healthcare professionals. In December 2020, we adopted the Fujifilm Group AI Policy as the basis for our active utilization of AI in the drive to accelerate our efforts to resolve social issues in our various business areas. In view of the fact that AI technology has yet to reach maturity, we will examine the risks that are likely to emerge in ethics and other areas to ensure that we carry out our business activities with respect for basic human rights.

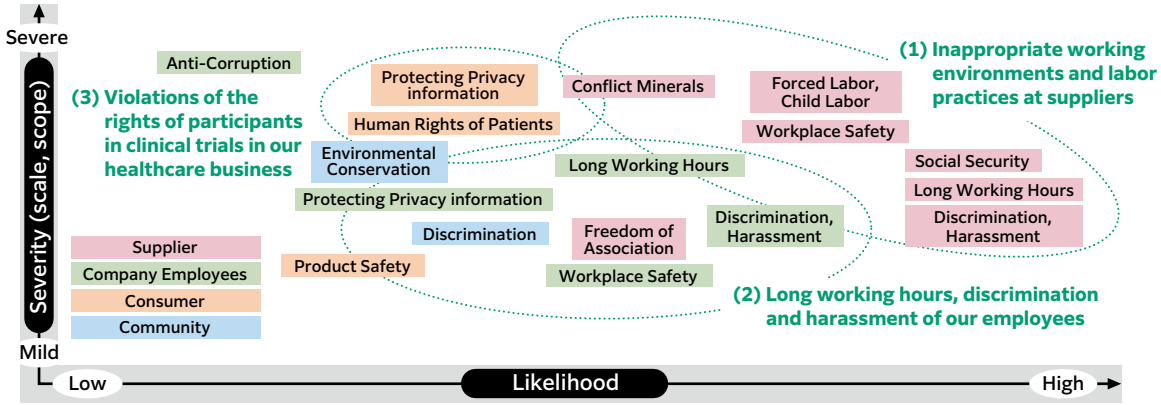
Initiatives for Human Rights Due Diligence

The Fujifilm Group has implemented a human rights due diligence process in accordance with the UN Guiding Principles on Business and Human Rights, covering all business activities it is operating or involved in. Specifically, we identify potential and actual risks that might occur in the value chain, specify the individuals who could be negatively impacted and how, examine preventive or mitigating measures and disclose relative information.

As a result of identifying human rights issues in fiscal 2019, we have set three human rights issues as a priority: (1) Inappropriate working environments and labor practices at suppliers; (2) Long working hours, discrimination and harassment of our employees; and (3) Violations of the rights of participants in clinical trials in our healthcare business.

Subsequently, we shared and discussed our awareness of these issues with executives in fiscal 2020 and will continue activities targeting priority issues from fiscal 2021 onward.

Impact Assessment of Potential Human Rights Issues (Risks Associated with Existing Businesses)



Measurement of Effectiveness (KPIs)

As part of our efforts to address labor environment issues at suppliers, we have confirmed that there are few CSR risks at primary suppliers. However, we continue to assess risks in China—a priority region where many of our manufacturing sites are located—and have implemented corrective measures from the perspective of human rights through expert teams conducting onsite visits and checks of suppliers where problems were discovered. As a result of risk assessments in fiscal 2021, we identified deficiencies in management systems for employee labor and human rights, and requested that suppliers rectify these issues. We identified no cases of the rights of indigenous peoples being violated in terms of modern slavery, reports of problems with working conditions for directly employed foreign workers in Japan and overseas, cases of serious human rights violations of the company's own employees or violations of the Global Healthcare Code of Conduct concerning participants in clinical trials.

Responsible Supply Chain Management

Supply Chain

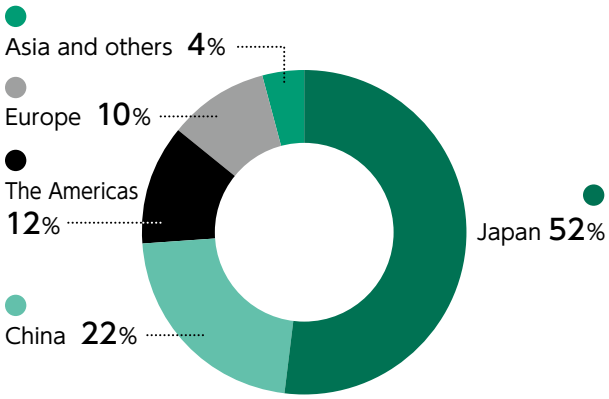
As a global company, the Fujifilm Group is working to contribute to resolving social issues by incorporating CSR perspectives throughout its diverse business value chains.

Promotion of CSR Procurement

Basic Policy

The Fujifilm Group pursues the optimization of production and procurement process in all businesses to manufacture ever better products and offer them at appropriate prices. As a concrete procurement strategy, we emphasize the following three points: (1) Cost improvement, (2) Constant and stable procurement and supply (quality and delivery deadlines), and (3) business continuity plans (BCPs) for procurement. We continually improve our procurement activities by setting strategy plans and targets each year. To secure stable procurement and business continuity, one important aspect is to understand and reduce CSR risks in the areas of human rights, labor, environment, safety and ethics—not only within our own company but also in our suppliers.

Proportion of Procurement Amount by Region



Actions for CSR Procurement

To improve sustainability in the supply chain, we engage in programs that promote CSR procurement activities and are run cyclically in the following four steps: (1) Dissemination of the Fujifilm Group's Approach to CSR, (2) Supplier assessments, (3) Request/support for suppliers' improvement activities, and (4) Improvement activities by suppliers. We conduct CSR risk assessments and self-checks (human rights and labor, environment, health and safety, ethics, supplier management/ BCP) for critical suppliers and suppliers in high-risk areas such as in China and in other Asian countries. For suppliers identified as high risk, we conduct individual onsite reviews, as well as request them to improve and offer them support. In China and Asia, expert teams conduct onsite visits and check for CSR activities by the supplier and provide advice on making improvements.

In addition, we engage in environmental initiatives throughout the supply chain that include working with suppliers under the major themes "Sharing information on chemical substances" (see P. 77), "Responsible paper procurement" and "Responsible plant-derived materials procurement." In fiscal 2021, we formulated guidelines for the procurement of plant-derived materials and established procurement standards for pulp, palm oil and paper mainly from forest resources that are managed in consideration of the environment and human rights. We are also thoroughly managing the entire supply chain to ensure compliance with CSR procurement so as not to be complicit in the destruction of nature or human rights abuses.

Sustainable Procurement Activity Cycle

1. Dissemination of the Fujifilm Group's Approach to CSR
2. Supplier assessments
3. Request/support for supplier's improvement activities
4. Improvement activities by suppliers

Measurement of Effectiveness (KPIs)

We inform suppliers of the Code of Conduct and collect written agreements from them.

In fiscal 2021, we collected consent forms from 204 companies and aim to collect them from 350 companies in fiscal 2022. The response rate for the CSR Self-Check is above 90%, and we target a plan achievement rate of 100% for expert teams conducting on-site visits and post-visit support.

Check results are as follows, with no significant risks identified in the assessment results for fiscal 2021.

CSR self-check conformance rate

Conformance rate	Description	Ratio of the number of suppliers
90% or above	Almost satisfy the requirements of our Code of Conduct	77%
80%–89%	Some issues need improvement	18%
Less than 80%	Need our support for their improvement	5%

Conflict Minerals

We recognize that human rights abuses and environmental destruction related to mining and procurement of minerals are a serious social issue. We therefore engage in responsible and fair transactions throughout our supply chain as a member of the global community.

Basic Policy

The Fujifilm Group is aware of conflict minerals issues, the mining of which causes human rights violations and disputes, and clearly declares that it will not be complicit, directly or indirectly, in supporting activities related to such disputes and human rights violations. The Fujifilm Group manages minerals by following the five steps of the Due Diligence Guidance specified by the Organisation for Economic Co-operation and Development (OECD) to ensure responsible procurement across our supply chain.

Initiatives

In line with the OECD five steps, FUJIFILM Business Innovation has many products particularly relevant to targeted minerals, and it formulates annual plans, collects survey results and implements countermeasures based on risk assessment results. FUJIFILM Business Innovation also tracks the origin of minerals annually, verifies the results and identifies the country of origin as defined by the Responsible Minerals Initiative (RMI). The Fujifilm Group discloses the Group's policy on these conflict mineral issues, as well as the details and results of its initiatives, on its website and in its Sustainability Report.

Measurement of Effectiveness (KPIs)

In fiscal 2021, FUJIFILM Business Innovation strengthened its initiatives for responsible mineral procurement. FUJIFILM Business Innovation has distributed the revised version of the CSR Management Guidelines to suppliers and has collected consent forms (98% collection rate) from them in an effort to disseminate the policy on responsible mineral procurement and strengthen efforts to track the origin of conflict minerals. FUJIFILM Business Innovation has confirmed that the percentage of RMAP (Responsible Minerals Assurance Process) conformant smelters is 72%. Based on the response results, suppliers have been asked to switch to RMAP conformant smelters and avoid using high-risk ones.

Collaboration with Initiatives in the Supply Chain Area

The Fujifilm Group participates in various initiatives and keeps abreast of global trends in a timely and accurate manner in order to meet evolving globally applicable production and procurement standards and deliver products and services that customers find reassuring. In the supply chain area, we are a member of organizations such as the United Nations Global Compact (UNGC), the Japan Electronics and Information Technology Industries Association (JEITA) and the RMI. We participate in JEITA's Responsible Minerals Trade Working Group. RMI is the leading organization in the global effort to address conflict minerals, and we will strengthen our initiatives for responsible mineral procurement by collaborating with RMI and JEITA.

Among its latest activities, FUJIFILM Business Innovation joined the Responsible Business Alliance (RBA) in April 2022. FUJIFILM Business Innovation engages in responsible and fair trade throughout the supply chain as a member of the global community, recognizing that human rights abuses and environmental destruction related to mining and procurement of minerals are serious social issues. The RBA establishes standards to ensure that working conditions are safe, workers are treated with respect and dignity, and the environment is taken into consideration in electronics industry supply chains. FUJIFILM Business Innovation also participates in the activities of the Japan Business Machine and Information System Industries Association (JBMIA) as a member of the Responsible Corporate Behavior Committee, which was established in April 2022. JBMIA is an organization dedicated to the development of the business machinery and associated information systems industry, and its Responsible Corporate Behavior Committee addresses human rights issues particularly in supply chains.

Roundtable Discussion with Outside Directors

Promoting further governance reforms to improve corporate value

How has the Company's governance evolved under the new management structure, which separates the roles of Board Chairman and CEO and clarifies their respective functions? In this section, we ask independent outside directors to speak about their roles, including the role that the Board of Directors should play in enhancing corporate value.

Evolution of governance

One year has passed under the new management structure. Have there been any changes in the operation or deliberations of the Board of Directors?

Kitamura Last year, we separated the roles of CEO and Chairman of the Board. The CEO is in effect the chief operating officer, and separating the CEO role from that of the Chairman, who has a supervisory function, reflects the direction of governance evolution. However, it is meaningless if the separation is in name only. I feel that that the content of Board deliberations has been enhanced thanks to Chairman Sukeno's Board operation guidelines, which call for more active discussions to strengthen governance. Our Board meetings now devote more time to topics related to medium- and long-term direction, such as decarbonization initiatives and DX strategies. Major M&A deals are also reported to the Board of Directors from the early stages of consideration. Details of internal discussions on each proposal are also shared before being submitted to the Board of Directors, allowing for more in-depth, substantive discussions at Board meetings.

Eda For M&A deals, the Board also receives reports on post-merger integration (PMI) status and analyses of deviations from pre-investment forecasts. In addition, reports on the progress of ongoing projects and other matters are provided even if they do not involve a clear conclusion. This kind of reporting helps strengthen the supervisory function, as it provides a context for internal discussions and allows decisions to be made based on that context. I feel that requests of outside directors are reflected in the operation of the Board of Directors, leading to positive outcomes.

Kitamura The Secretariat of the Board of Directors has become more supportive by providing business briefings, arranging site visits and sharing analyst reports related to our business. For example, we have resumed business site visits, which were restricted last year due to COVID-19, and in April 2022 we visited the Omiya site, the base of our Imaging business. The purpose of our Imaging business is to provide "joy" to customers, and I felt a sense of "joy" from the people working there. I was impressed by the good atmosphere at the site where products and services are created. Due to COVID-19, we only visited the Omiya site during the past year, but I would definitely like to continue these tours. Hearing directly from people on the ground gives us a real sense of the Group's potential.

Eda Business briefings are held more frequently, giving participants a deeper understanding of the issues and long-

term strategies of each business by hearing directly from Corporate Vice Presidents and division heads. This allows for very real and active discussion of business-related proposals at Board meetings. I also enjoyed the tour of the Omiya site, where I noticed the passion of the people in charge of the various products. Site visits give us an opportunity to see how much of a gap there is between the tone we normally perceive from Board members we interact with and the way people on the ground feel. It is difficult to expect executives and front-line employees to share the same awareness of our business, but I believe that both parties are very close in this respect. Since we have many career hires and new people coming in through M&As, the challenge will be to update our business to reflect the times while respecting our excellent DNA.

Please tell us about deliberations of the Nomination and Remuneration Advisory Committee.

Kitamura After deliberations by the Nomination and Remuneration Advisory Committee, the Board of Directors passed a resolution in March 2022 to reflect "the rate of achievement against CO_2 emission reduction targets" as an ESG indicator in executive compensation. When that committee began its deliberations, there were few examples of companies introducing ESG-related non-financial indicators in Japan. Among the Nikkei 500 constituents, only 66 companies had adopted ESG-related indicators and only 11 were using indicators related to CO_2 emissions. So one issue for discussion was whether it was appropriate for us to take the lead in introducing such indicators. There is growing recognition both internally and externally that ESG is an important management issue for improving corporate value over the medium to long term. Accordingly, we concluded that it is still important to link the results of our decarbonization targets to executive compensation to ensure the objectivity and transparency of our efforts. It was also a significant way to demonstrate the Company's sensitivity to social issues.

Kunitaro Kitamura
Special Advisor, Sumitomo Mitsui Trust Bank, Limited
Outside Director, ASAGAMI Corporation

Effectiveness of the Board of Directors

How do you view the state of the Group's governance?

Nagano Japanese companies are now required to manage their businesses in consideration of all stakeholders and face various external pressures, such as Japan's Corporate Governance Code and voices from the capital markets. In other words, management freedom is becoming more restricted than in the past, and the environment is becoming less conducive to bold corporate management. Despite this situation, we have achieved self-transformation by overhauling our business structure on the strength of our culture of autonomy and self-discipline. This was the result of management that harnessed the strengths of each and every employee with the support of our own culture. It was not accomplished simply because we had an external governance structure in place. I believe that the starting point for improving governance is how the chairman and CEO want to run the Board of Directors and how they want to apply governance to the management of the Company. Chairman Sukeno once told me, "An important job of the chairman is to stimulate free discussion as much as possible at Board meetings. Even within the Company, I tell people to read the agenda, not the air, when it comes to meetings." He added, "With the help and wisdom of outside directors, I hope to confirm whether Fujifilm's version of common sense deviates from that of the rest of the world. I want to incorporate diversity into our management." Here, the chairman clearly communicates how he intends to run the Board.

Based on your experience, what recommendations do you have for improving the effectiveness of the Board of Directors?

Nagano In my experience, outside and inside directors are like a mirror of each other and together produce nothing more than their respective strengths. Therefore, it is very important to share all kinds of information and to have people from outside the Company express their opinions. This process allows the executive side to incorporate perspectives that were not available within the Company, which is necessary to strengthen management, and to create an atmosphere in which this can be done. There are two roles required of outside directors to improve Board effectiveness. The first is to express opinions on individual topics from perspectives not available internally and reflect those opinions in management. The second is to discuss from various angles whether the Company is firmly in a cycle of

sustainable growth. Based on our culture of values, corporate philosophy and purpose that permeate our organization, for example are employees acting enthusiastically according to the Company's objectives, and is the Company growing through the support of its customers?

Sugawara I understand that the new administration, which has taken over from the previous CEO, Mr. Komori, is now in the process of establishing a new way of thinking about the Company's Board of Directors. In fact, all companies are looking for ways to improve the effectiveness of their Boards. In some cases, other companies are reviewing items to be discussed at Board meetings and utilizing advance explanations and written resolutions for individual matters as much as possible. This enables the Board to devote more time to larger-scale discussions about such matters as medium- to long-term technological trends, environmental issues and geopolitical risks. These are precisely the topics in which the experience, knowledge and networks of those outside the company can be utilized, and the significance of reflecting those assets in business execution is heightened.

It is also important to share with the employees in charge of the relevant matters what the outside directors have pointed out at the Board meetings and what has been discussed with the executives. There is not much point in having a rapport only between top executives and outside directors. It might be useful to use preliminary briefings and business presentations as opportunities to let employees at various levels involved in business execution know what perceptions and opinions people outside the Company have about their subject matter. Mr. Nagano mentioned earlier that all information should be shared, but it is not necessary to limit the source of information to executives. I think it will be more meaningful for both parties if we devise ways to share information from employees at various levels. The larger the organization, the more likely there is to be a discrepancy between the image of the actual situation as portrayed by upper management and the reality on the ground. If we sense a gap in awareness between management and the field that could indicate a weak point in management, we can share our concerns with the executive side, thereby triggering a new virtuous cycle. I hope to play such a role in the future.

Ikuro Sugawara
Former Vice Minister of Economy, Trade and Industry
Outside Director, TOYOTA MOTOR CORPORATION
Outside Director, Hitachi, Ltd.

Progress of medium-term management plan

How do you see the progress of the medium-term management plan, VISION2023? What are the challenges that lie ahead?

Kitamura In fiscal 2021, the first year of VISION2023, we got off to a very good start by achieving all of our major KPIs. From a business portfolio management perspective, we are on track in creating, nurturing and making our core businesses highly profitable, with Healthcare becoming our largest segment thanks to our aggressive growth investments in recent years. We also rejuvenated our portfolio through the sale of our radiopharmaceutical business.

Eda Our medium-term management plan is progressing smoothly, and we have accomplished our business portfolio reorganization through courageous decision-making and a sense of speed, resulting in growth of the Company. Due to heightened geopolitical risks, however, the global business environment is also fraught with risks that could instantly lead to an uncertain outlook. Our challenge going forward will be how courageous and agile we can be in making decisions when the future is uncertain and we are forced to make unexpected changes.

Kitamura Our focus on healthcare, which is directly related to people's health and lives, is understandable and meaningful in light of our corporate philosophy and purpose. Because it is directly connected to people's health and lives, however, a "just in case" approach is unacceptable. Our challenge is to continue pursuing absolute safety in the future. Another major strength we have is our employees, who are highly motivated to make autonomous and voluntary contributions. We believe we need to continue striving to maintain and improve engagement with employees in the future.

Nagano In the current era of VUCA (volatility, uncertainty, complexity and ambiguity), it is no longer sufficient to focus on the economic aspects as in the past; our business decisions now must also consider geopolitical risks. Even in normal times, we must always keep in mind the worst-case scenario when a risk materializes and consider how to respond. Because our business is sufficiently global in scale, moreover, I feel we can achieve further growth if we globalize our management by integrating the strengths of individual employees at Group companies scattered around the world.

Sugawara In evaluating the progress of our medium-term management plan, it is easy to focus discussion on the extent to which our initial goals and plans have been achieved. However, I place equal emphasis on the perspective of whether there are targets and plans that should have been set but were not recognized. Because we cannot turn back time, we face the risk of falling behind competitors or the world if we fail to take action, which could have a tremendous impact on the Company's future. In light of the risk factors mentioned so far and the rapid spread of new technologies, it is difficult to realize from an internal perspective alone if we have missed the right time to invest or if there are any potentially beneficial R&D themes that we have not yet explored. I would like to keep this in mind as I help formulate a long-term vision and incorporate it into our next medium-term plan.

Tsuyoshi Nagano
Chairman of the Board, Tokio Marine Holdings, Inc.
Outside Director, Seiko Holdings Corporation
Outside Director, Central Japan Railway Company

Further strengthening governance

What contributions would you like to make as an outside director?

Eda Even in the four years that I have served as an outside director, we have made tangible progress in transforming our operations, and I feel that Fujifilm is a very good company. As my understanding of the Company has deepened to a certain extent, I plan to continue speaking up and contributing to corporate growth by sharing my own insights based on global trends and consumer perspectives.

Nagano It is impressive that Fujifilm has steadily forged its own path and achieved self-transformation without bowing to external pressures. In this age of unpredictability, however, we have no choice but to embrace diversity. I want the Company to maintain its current strengths by utilizing the diverse opinions of its employees in addition to sound management decision-making. As an outside director with a different background, I would like to contribute by not being afraid to speak up, even if it appears unreasonable from an internal perspective. On the other hand, management will not become stronger unless the executive side is willing to cooperate, no matter how many people outside the Company raise their voices. Whether this Board will live up to its promise of incorporating diverse perspectives into management with any degree of sensitivity will be determined by the resolve of top management. Another thing is that management will fail to deliver results unless employees are also willing to cooperate. Based on my experience as a corporate manager, I would like to take a closer look at whether the cycle of sustainable management is working properly for employees as well.

Makiko Eda
Chief Representative Officer, World Economic Forum Japan
Outside Director, Tokyo Electron Ltd.

Sugawara We have earned a reputation in Japanese industry as a company that has successfully transformed itself. Each of our businesses earmarked as growth businesses is becoming a world leader in its respective field. Because we are at the forefront, however, we must confront unknown factors and risks earlier than other companies, and we will be forced to fight some tough battles at times. I would like to contribute by presenting the knowledge I can gain from my network about geopolitical, technological, political and other risks, as well as the risk of failing to act as I mentioned earlier, and by providing material for the Company to make flexible decisions. Looking ahead to sustainable growth, the mindset of today's young and mid-career workers, who will support the Company 10 to 20 years from now, is also important. Therefore, I hope to play a role in bringing an external perspective to our next generation of leaders by embracing opportunities to exchange opinions.

Kitamura An important role of an outside director is to look at things objectively, point out doubts when they arise, and maintain a close interest in our businesses that relate to people's daily lives.

We also need to express opinions from the consumer's perspective. As an outside director, I will continue contributing to the Company, confident that we can maintain our "NEVER STOP" spirit in resolving social issues through innovation.

Messages from Newly Appointed Outside Directors

The Fujifilm Group's commitment: Continue developing as an indispensable presence in the world

Tsuyoshi Nagano
Chairman (Director) of Tokio Marine Holdings, Inc.
Outside Director of Seiko Holdings Corporation
Outside Director of Central Japan Railway Company

For six years until 2019, I served as Group CEO of Tokio Marine Holdings and am currently its chairman. For many years, I focused on globally expanding Tokio Marine's insurance business, strengthening its integrated Group management and instilling its corporate culture.

In its Integrated Report and Sustainability Report, Fujifilm clearly states its business objectives and value creation story: "We will help realize a sustainable society and sustainably develop our business by resolving social issues in our priority areas of the Environment, Health, Daily Life and Work Style. This approach is consistent with my long-held beliefs in management and is one reason why I was eager to accept the position of outside director of FUJIFILM Holdings.

I believe that the role of the Board of Directors is to discuss robust policies for realizing Fujifilm's business objectives and reflect the results of such discussions in management. Through Board meetings, I always endeavor to discuss and reflect in management our ongoing efforts to address priority issues. These include instilling a corporate culture for achieving objectives, engaging in sound human resource development, raising employee satisfaction and otherwise ensuring that Fujifilm remains a good place to work and enables employees to demonstrate their individual strengths.

I believe that no matter how big a company becomes, it is always driven by individual employees, and it is most important to align the growth of employees with that of the Fujifilm Group. Together with stakeholders, I will do my utmost to ensure that the Group continues developing as an indispensable presence in the world.

Exhaustive discussion about the Fujifilm Group's future development from various perspectives

Ikuro Sugawara
Former Vice-Minister of Economy, Trade and Industry
Outside Director of TOYOTA MOTOR CORPORATION
Outside Director of Hitachi, Ltd.

I joined the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry) in 1981. During the 37 years until I left government office in 2017 after having served as vice-minister, I assisted in developing the Japanese economy from various policy-related angles, including industry, trade, technology, the environment and energy.

During those years, Japan faced turbulent times, exemplified by the bursting of the bubble economy, severe trade friction with the United States and the Global Financial Crisis. It was a valuable experience for me to witness the rise and fall of Japanese companies amid drastically changing competitive conditions due to the rapid emergence of new technologies.

While many companies spend their time competing with their domestic peers or fail by trying unfamiliar businesses through M&As, Fujifilm has always focused on winning in the global marketplace. By actively incorporating new technologies without forgetting where our strengths lie, we have succeeded in expanding our operations to encompass healthcare and business solutions.

The world is now in a state of upheaval. Trade and investment rules that were previously a given no longer apply. A company's ability to respond flexibly and decisively to new, sometimes unpredictable, challenges can become a make-or-break turning point. These challenges include responses to new regulations in such areas as the environment and data protection, conflicts between countries that ignore economic rationality, and the risk of pandemics and large-scale natural disasters.

In this context, the Board of Directors has an important mission to ensure that there are no mistakes by verifying and thoroughly discussing issues that will determine the future of the Group from various angles. As an outside director, I will contribute to Fujifilm's future development by drawing on my experience and knowledge.

Corporate Governance

The Fujifilm Group positions governance as one area of materiality and tirelessly endeavors to improve our governance structure on the basis of an open, fair and clear corporate culture.

Basic Policy

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.

Moreover, the Company has formulated and disclosed a set of corporate governance guidelines that stipulate the basic management policies along with the roles and responsibilities of the Board of Directors. These roles and responsibilities include determining basic Group management policies and strategies and other important matters relating to business execution, as well as supervising the implementation of business affairs.

Activities for strengthening corporate governance

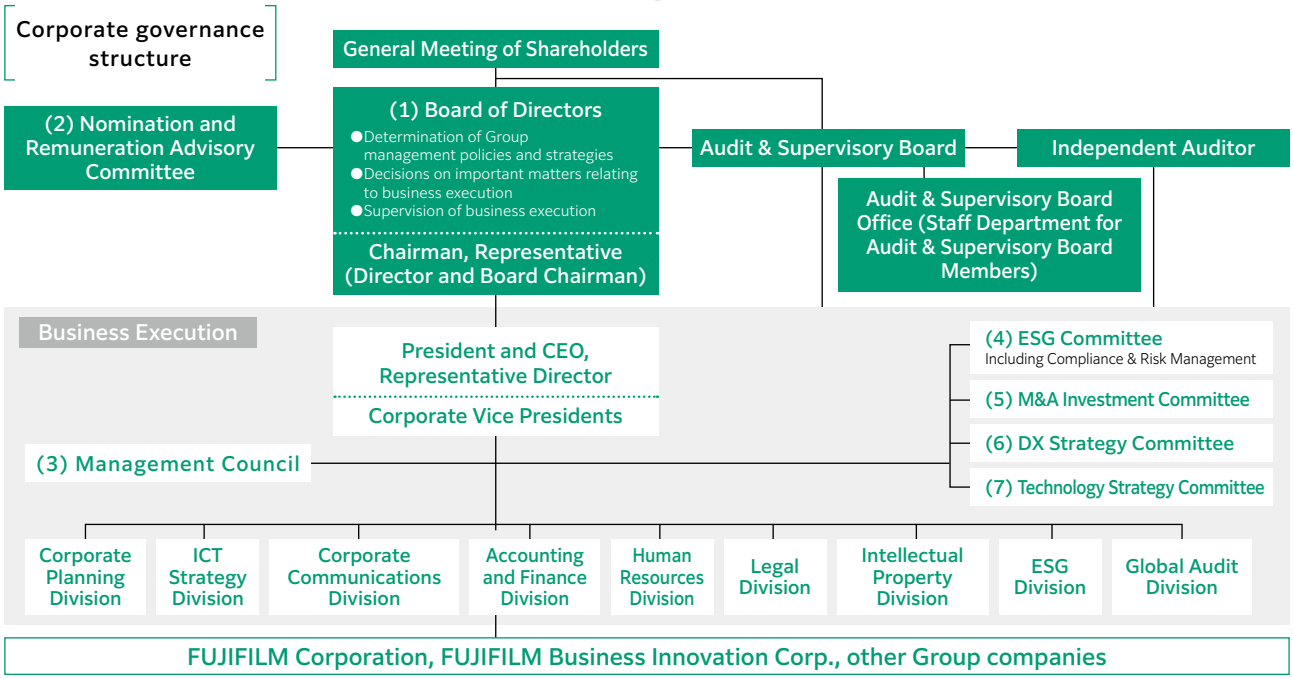
The Company has made an effort to nominate and increase the number of outside directors, formulate corporate governance guidelines and assess the effectiveness of the Board of Directors. In addition, we have further strengthened corporate governance by adding an ESG indicator (rate of actual emissions compared with the CO_2 emissions target) as a KPI (key performance indicator) for medium-term performance-linked share-based remuneration (PSU).

For details, please see the following.

Annual Securities Report (Japanese only)
https://data.swcms.net/file/fujifilm-ir/dam/jcr:cf6eb9de-ee2d-4d53-bc83-d3b42b58a2db/S100OLEH.pdf

Corporate Governance
https://holdings.fujifilm.com/en/about/governance

	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	2022 Increased the number of female directors
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		2021 Introduction of share-based remuneration plan, including restricted stock compensation and medium-term performance-linked share-based remuneration (abolishment of the stock option system) 2022 Addition of an ESG indicator as a KPI for medium-term performance-linked share-based remuneration



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 and strengthened the supervision function ● Set the terms of office of directors at one year to further clarify the mission and responsibilities of directors
Audit & Supervisory Board	● Set the number of Audit & Supervisory Board members at five or less, of which at least half shall be independent outside Audit & Supervisory Board members (currently four Audit & Supervisory Board members, including two independent outside Audit & Supervisory Board members) ● Established an Audit & Supervisory Board Office (a staff department for Audit & Supervisory Board members) to enhance the audit functions of Audit & Supervisory Board members
Nomination and Remuneration Advisory Committee	● Set the composition of the committee to be three or more members appointed by resolution of the Board of Directors, with at least half being independent outside directors (currently comprised of three members, including two independent outside directors, one of which is the chairman) ● The chairman shall be an independent outside director

Major meeting and committee roles and activities

(1) 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.

(2) Nomination and Remuneration Advisory Committee

As an advisory body to the Board of Directors, the Nomination and Remuneration Advisory Committee was voluntarily established for the purpose of ensuring objectivity and transparency regarding the CEO succession plan and the procedures for director remuneration plans and related matters. Please see below for activity details.

(3) 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. In addition, the Company has adopted the corporate vice president system to facilitate speedy business execution. Corporate Vice Presidents are responsible for business execution in accordance with the basic policy determined by the Board of Directors. The Company currently has 11 Corporate Vice Presidents, five of whom are concurrently serving as Board members. The Corporate Vice Presidents have a one-year term of office, the same as the Company's directors.

(4) 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.

(5) 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 post-merger integration (PMI) after the M&A.

(6) DX Strategy Committee

The Company established the DX Strategy Committee as the highest decision-making body involved in promoting DX throughout the Fujifilm Group. The CEO serves as chairman and the CDO as vice-chairman.

(7) Technology Strategy Committee

The Technology Strategy Committee formulates technology portfolios and builds technology strategies that take a bird's-eye view of the entire Fujifilm Group.

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 the independent outside directors in order to strengthen objectivity and transparency.

In fiscal 2021, the committee met three times to discuss the following matters related to nomination and remuneration. All committee members were present at each meeting.

Deliberation and reporting detail
● Deliberations regarding introduction of the new stock compensation system ● Report on evaluation results for executive bonuses in fiscal 2020 ● Report on allocation of stock compensation regarding the new stock compensation system ● Deliberations on executive remuneration (evaluation and amount) for fiscal 2021 ● Deliberations regarding the addition of an ESG indicator (rate of actual emissions compared with the CO_2 emissions target) as a KPI (key performance indicator) for medium-term performance-linked share-based remuneration (PSU) ● Partial revision of the policies relating to the determination of the content of remuneration of individual directors

Corporate Governance

Overview of the Board of Directors and Audit & Supervisory Board

Name and position		Nomination and Remuneration Advisory Committee	Meeting attendance in FY2021		Years in office*1	Number of company shares held*1	Gender
			Board of Directors' meetings	Audit & Supervisory Board meetings			
Kenji Sukeno	Chairman, Representative Director and Board Chairman	○ (committee member)	14 of 14		9	23,600 shares	Male
Teiichi Goto	President and CEO, Representative Director		14 of 14		4	17,900 shares	Male
Takashi Iwasaki	Director, Corporate Vice President & CTO		14 of 14		4	13,500 shares	Male
Takatoshi Ishikawa	Director		14 of 14		3	13,700 shares	Male
Masayuki Higuchi	Director, Corporate Vice President and CFO		12 of 12		1	5,700 shares	Male
Naoki Hama	Director		— (New appointee)		—	5,600 shares	Male
Chisato Yoshizawa	Director and Corporate Vice President		— (New appointee)		—	10,200 shares	Female
Kunitaro Kitamura	Director (Outside)	◎ (chairperson)	14 of 14		5	—	Male
Makiko Eda	Director (Outside)		14 of 14		4	—	Female
Tsuyoshi Nagano	Director (Outside)	○ (committee member)	— (New appointee)		—	—	Male
Ikuro Sugawara	Director (Outside)		— (New appointee)		—	—	Male
Nobuo Hanada	Full-time Audit & Supervisory Board Member		14 of 14	17 of 17	2	100 shares	Male
Motoko Kawasaki	Full-time Audit & Supervisory Board Member		12 of 12	13 of 13	1	2,200 shares	Female
Masataka Mitsuhashi	Audit & Supervisory Board Member (Outside)		14 of 14	17 of 17	3	—	Male
Tatsuya Inagawa	Audit & Supervisory Board Member (Outside)		14 of 14	17 of 17	2	—	Male

*1 As of elections at the 126th Ordinary General Meeting of Shareholders held June 29, 2022
*2 A maximum of four items sought from each member. This is not a comprehensive list of each individual's expertise and experience.

Selection policy for director and Audit & Supervisory Board member candidates

●Candidates for director

Director candidates are selected giving overall consideration, 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. Consideration further includes the diversity of the Board of Directors to enable the 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.

●Candidates for Audit & Supervisory Board members

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

●Outside officers

Outside officers are expected to contribute to deepening the deliberations of the Board of Directors, the Audit & Supervisory Board and other bodies by providing advice and asking questions backed by their ample experience and third-party viewpoint, and are therefore selected by giving overall consideration to their ample insight, extensive work experience and deep specialized knowledge in fields such as corporate management, finance, accounting and law. 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 shareholders.

Please see Notice of Convocation of the Ordinary General Meeting of Shareholders for detailed information.

https://ir.fujifilm.com/en/investors/stock-and-shareholder/shareholders-meeting/main/04/teaserItems1/00/tableContents/0/multiFileUpload2_0/link/ff_irnews_20220531_001j.pdf

Expertise and experience sought*2						Significant concurrent positions and qualifications
Global management	Experience in core businesses and industries	Innovation/ technology/DX	Finance and accounting/ capital policy	Legal affairs/ risk management	ESG	
●	●		●		●	Chairman, Director and Board Chairman, FUJIFILM Corporation Director, FUJIFILM Business Innovation Corp.
●	●	●			●	President and CEO, Representative Director, FUJIFILM Corporation Director, FUJIFILM Business Innovation Corp.
●	●	●				Director, Senior Executive Vice President and CTO, FUJIFILM Corporation General Manager of CTO Office
●	●	●				Director and Senior Executive Vice President, FUJIFILM Corporation General Manager of Life Sciences Strategy Headquarters and General Manager of Bio CDMO Division
●	●		●	●		Director, Senior Vice President, and General Manager of Corporate Planning Division, FUJIFILM Corporation Audit & Supervisory Board Member, FUJIFILM Business Innovation Corp.
●	●	●			●	Corporate Vice President and General Manager of Inkjet Business, FUJIFILM Corporation President and Representative Director, CEO, FUJIFILM Business Innovation Corp.
			●	●	●	Director and Senior Vice President, FUJIFILM Corporation General Manager of Corporate Communications Division and General Manager of ESG Division
●			●		●	Outside Director, ASAGAMI CORPORATION
●	●				●	Chief Representative Officer, World Economic Forum Japan Outside Director, Tokyo Electron Ltd.
●			●	●	●	Chairman (Director), Tokio Marine Holdings, Inc. Outside Director, Seiko Holdings Corporation Outside Director, Central Japan Railway Company
●				●	●	Outside Director, TOYOTA MOTOR CORPORATION Outside Director, Hitachi, Ltd.
			●	●		Full-time Audit & Supervisory Board Member, FUJIFILM Corporation
				●	●	Full-time Audit & Supervisory Board Member, FUJIFILM Corporation
●			●		●	Certified Public Accountant Outside Director, Nippon Paint Holdings Co., Ltd. Outside Director, Skymark Airlines Inc.
				●		Attorney, Takahashi Sogo Law Office Outside Director, Sumitomo Osaka Cement Co., Ltd.

●Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company has formulated and disclosed on our website our own Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members at the Board of Directors, taking into consideration the criteria stipulated by the Companies Act and Tokyo Stock Exchange, Inc.

https://www.fujifilm.com/files-holdings/en/about/governance/about_governance_ff_governance_guideline_en.pdf

Kunitaro Kitamura, Makiko Eda, Tsuyoshi Nagano, Ikuro Sugawara, Masataka Mitsuhashi and Tatsuya Inagawa are outside directors who possess a level of independence that satisfies the Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members. In addition, Tokyo Stock Exchange, Inc., has been notified of their status as independent directors.

CEO Succession Plan

The Company selects candidates for director, Audit & Supervisory Board member, CEO and Corporate Vice President at the Board of Directors in consideration of the criteria stipulated in the Company's Corporate Governance Guidelines. In regard to selecting CEO candidates, we comprehensively consider the qualifications deliberated at the Nomination and Remuneration Advisory Committee, an advisory body for the Board of Directors. Since establishing the Nomination and Remuneration Advisory Committee in 2018, each year the Committee has deliberated on whether to maintain the current CEO, as well as the successor candidate list prepared in consideration of the required qualifications for CEO. At a meeting held in February 2021, the Committee deliberated on the nomination of Teiichi Goto as President and CEO, Representative Director to succeed Shigetaka Komori, who had requested 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.

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 for materials published since April 2020.

●Overview of effectiveness evaluation published April 2022

Evaluated targets	All 12 of the Board of Directors' meetings held from January to December 2021
Evaluators	All 10 directors and all 4 Audit & Supervisory Board members (In office as of the end of December 2021)
Implementation period	January to March 2022
Evaluation point	• Items regarding improvement progress since the previous year • Management basic policies, management strategies and the deliberation of propositions about the decision-making and supervision of important business execution • The composition, deliberation and 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

Based on the following, we evaluate our Company's BoD to be fully effective.

- The BoD fully performs its roles and duties; in the making of decisions on basic management policies and management strategies, and in the making of decisions on, and the supervision of, important business execution, there are no major differences in the factors and perspectives that the Directors and Audit & Supervisory Board Members place importance on, and the BoD engages in much discussion.
- The roles and duties of the BoD are enhanced with the introduction of deliberations on important M&A activities at the initial feasibility review stage, periodic reporting on PMI progress, and deliberations on medium- and long-term issues (decarbonization).
- In addition to careful advance preparation, such as explanations of proposals to Outside Officers, the new Chairman's management of the agenda has further promoted free and active discussions, and further improved the quality of deliberations.

●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 increase opportunities to exchange views and discuss medium- and long-term issues such as sustainability, social value enhancement measures, DX strategies and human resources strategies.
- To further improve the quality of deliberations by the BoD, we will further enhance the provision of information on the background of proposals and the process of internal discussions.
- For the BoD to fulfill its expected roles and duties, we will provide opportunities for the Directors and Audit & Supervisory Board Members to acquire necessary knowledge and broaden their insights.
- We will further improve the efficiency and enhancement of the management of the BoD by measures such as holding flexible BoD meetings and pre-briefing sessions and by providing effective explanations of proposals, through the effective use of the online conference platform.

●Improvements based on the results of the previous evaluation of the effectiveness of the BoD (Evaluation target: Board meetings held in our company from January to December 2020)

Issues based on the previous evaluation	Examples of improvements
We will further increase opportunities for the BoD to discuss and report on medium- and long-term management issues and ESG initiatives.	Conducted deliberation on new decarbonization targets for FY2040.
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.	Revised internal rules to institutionalize the following: (1) reporting to and consulting with the BoD at the initial feasibility review stage for M&A, and (2) reporting the progress of the PMI to the BoD at a certain time after the completion of the acquisition. Based on this, conducted deliberations at the initial feasibility review stage for M&A cases in the healthcare field and PMI reporting on a European company manufacturing and distributing endoscopic instruments.
We will increase the provision of information regarding internal discussion processes to stimulate discussion and improve deliberation quality at the BoD.	In the case of the proposals to be submitted to the BoD of our company, where these have undergone deliberation of the Management Council, the M&A Investment Committee, or the boards of directors of the business operating subsidiaries, an outline of those deliberations was reported to the BoD of our company.
We will use the Internet and other means to enable outside directors to visit factories, made impossible 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.	Implemented the following measures to provide information to Outside Officers: (1) Informal gatherings for discussions between management and Outside Officers (2) Meetings to exchange opinions among Outside Officers only (3) Weekly provision of information relating to our company (analyst reports, press releases) (4) Briefing sessions on various businesses (5) Visiting business sites

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

The Company's remuneration system is intended to function in part as an incentive that encourages directors to perform their roles and responsibilities as expected. The total amount of Directors' remuneration is within the scope for remuneration determined by resolution of the General Meeting of Shareholders, with the basic remuneration and bonuses determined by a resolution of the Board of Directors according to the structure of remuneration, an evaluation system discussed in the Nomination and Remuneration Advisory Committee. The Company's director remuneration system is designed to include the monetary value of the employee portion of salaries and employee portion of bonuses for directors serving concurrently as Corporate Vice Presidents. Remuneration consists of fixed remuneration, short-term performance-linked remuneration, medium-term performance-linked share-based remuneration (performance share unit) and restricted share-based remuneration.

●Details of director remuneration, etc.

(1) Fixed remuneration

Fixed remuneration is determined according to position and responsibilities, and is paid on a regular basis.

(2) Short-term performance-linked remuneration

Short-term performance-linked remuneration is paid for a specific period each year as the employee portion of bonuses for directors who concurrently serve as Corporate Vice Presidents. Short-term performance-linked remuneration is paid in an amount calculated based on performance-linked indicators. Here, consolidated revenue and consolidated operating income, which are the numerical targets for the Company's short-term business management, are used as single-year performance-linked indicators, where the amount paid varies based on the achievement level of these indicators and in comparison with the previous fiscal year's performance within the range of 0% to 150% of a reference value.

These indicators were chosen under the assumption that they will serve as an incentive for achieving the short-term performance targets and that they will help improve medium- to long-term corporate value.

The target values and actual values for these indicators in fiscal 2021 are as follows.

	Actual value for the previous fiscal year	Actual value for the current fiscal year	Target value for the current fiscal year
Consolidated revenue	¥2,192.5 billion	¥2,525.8 billion	¥2,440.0 billion
Consolidated operating income	¥165.5 billion	¥229.7 billion	¥180.0 billion

(3) Medium-term performance-linked share-based remuneration (performance share unit)

Medium-term performance-linked share-based remuneration is paid to directors, other than outside directors (hereinafter, "Eligible Directors"), with adjustments made in a range of 0% to 150% relative to the base paid shares according to the level of achievement of indicators in the Company's medium-term management plan, such as consolidated revenue, consolidated operating income, ROIC and ESG indicators. A number of shares equivalent to 50% of the adjusted number of shares is paid as medium-term performance-linked share-based remuneration. In addition, cash equivalent to the share price times 50% of the adjusted number of shares is also paid.

The number of base paid shares by position, as determined by the Board of Directors, is listed in the regulations for medium-term performance-linked share-based remuneration. This form of remuneration shall be granted after performance is finalized.

These indicators were selected under the assumption that they will help better encourage Eligible Directors to contribute to share price growth, improved corporate value and enhanced performance over the medium term. As an incentive to achieve the new CO_2 emission reduction target set in December 2021 for the purpose of achieving a decarbonized society, on April 1, 2022, the Company added an ESG indicator (rate of actual emissions compared with the CO_2 emissions target) to the performance evaluation indicators.

The target values for these indicators apply from fiscal 2021 to fiscal 2023, the period covered by the medium-term management plan VISION2023. During fiscal 2023, the final fiscal year of the covered period, the target for consolidated revenue is ¥2,700 billion, consolidated operating income is ¥260 billion, ROIC is 6.1% and the ESG indicator is a decrease of 11%* (compared with fiscal 2019). The end of the covered period is March 31, 2024, meaning there are no actual values for performance evaluation indicators for fiscal 2021.

* Reduction rate for CO_2 emissions stemming from energy consumed by the Company (Scope 1 + 2)

(4) Restricted Share-Based Remuneration Plan

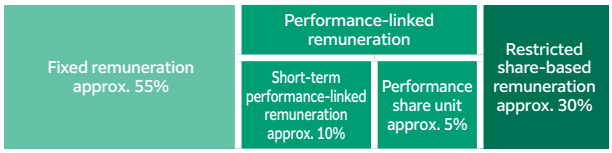
The Company will issue or dispose of restricted shares by granting monetary remuneration receivables to the Eligible Directors for the purpose of allotting restricted shares, in principle, every fiscal year, and have the Eligible Directors hold these shares by having them contribute all of these monetary 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, 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 shareholders' 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.

●Composition of director remuneration, etc.

Remuneration for directors other than outside directors (including the employee portion of salaries and the employee portion of bonuses for directors concurrently serving as Corporate Vice Presidents) is based on an allocation ratio for fixed remuneration, performance-linked remuneration (short-term performance-linked remuneration and performance share unit) and restricted share-based remuneration of approximately 55%:15% (short-term performance-linked remuneration: 10%, performance share unit: 5%):30%. The amount of remuneration is determined based on the position and performance evaluation of each director. The remuneration for outside directors consists entirely of fixed remuneration in consideration of their role and independence.

●Composition of director remuneration (Excluding outside directors)



Note: 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.

● Individual director remuneration

i) Method for deciding the Policies relating to the determination of the content of remuneration of individual directors
The Board of Directors decides upon the Policies relating to the determination of the content of remuneration of individual directors (hereinafter, the "Determining Policy") following deliberations by the Nomination and Remuneration Advisory Committee, of which more than half the members are independent outside directors, one of whom serves as chairman.

ii) Overview of the Determining Policy
Details are described on the previous page under Composition of director remuneration, etc., and Details of director remuneration, etc.

iii) Reasons the Board of Directors judged the specifics of individual director remuneration, etc., for the current fiscal year to be in line with the Determining Policy
When determining the specifics of individual director remuneration, the Nomination and Remuneration Advisory Committee considers the original proposal from various perspectives, including that of ensuring the objectivity and transparency of the decision-making process, and in terms of the consistency with the Determining Policy. Following this, the Board of Directors determines remuneration with respect to the Committee's findings. Based on the above, the Board of Directors judged the specifics of remuneration to be in line with the Determining Policy.

● 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.

● Total amount of remuneration, etc., for each officer category, total amount by type of remuneration and numbers of eligible officers (Fiscal 2021)

Subject of remuneration	Number of officers receiving remuneration	Total amount by type of remuneration, etc. (Millions of yen)						Total amount of remuneration, etc. (Millions of yen)
		Performance-linked remuneration, etc.			Remuneration other than performance-linked remuneration, etc.			
		Monetary remuneration		Non-monetary remuneration, etc.	Monetary remuneration	Non-monetary remuneration, etc.		
		Short-term performance-linked remuneration	Performance share unit		Fixed remuneration	Restricted share-based remuneration	Stock options*	
Directors	8	51 (—)	8 (8)	9 (9)	309 (154)	179 (179)	389 (389)	947 (741)
Audit & Supervisory Board members	3	— (—)	— (—)	— (—)	42 (42)	— (—)	— (—)	42 (42)
Outside officers	6	— (—)	— (—)	— (—)	55 (55)	— (—)	— (—)	55 (55)
Total	17	51 (—)	8 (8)	9 (9)	407 (252)	179 (179)	389 (389)	1,046 (839)

* Coinciding with the adoption of the Performance Share Unit Plan and Restricted Share-Based Remuneration Plan by resolution of the 125th Ordinary General Meeting of Shareholders held on June 29, 2021, as of the end of the Meeting, the stock option-based remuneration payment system (a system for issuing stock acquisition rights as payment for execution of duties) was abolished.

Notes:

1. The number of directors receiving renumeration, etc., and the amount of remuneration, etc., excludes the number of outside directors and the amount of their remuneration, etc. Moreover, the number of Audit & Supervisory Committee members receiving renumeration, etc., and the amount of remuneration excludes the number of Outside Audit & Supervisory Committee members and the amount of their remuneration, etc.
2. Stock acquisition rights 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 issuance date by calculating third-party value in accordance with different preconditions. Based on the appraisal value and number of issuances, this is the amount recorded in the income statement for the portion corresponding to the period in the current fiscal year.
3. The amount of remuneration, etc., under the Performance Share Unit Plan and the Restricted Share-Based Remuneration Plan is the amount recorded in the income statement for the portion corresponding to the period in the current fiscal year.
4. The number of directors who received remuneration includes one director who retired during the current fiscal year.
5. The number of Audit & Supervisory Board members who received remuneration includes one Audit & Supervisory Board member who retired during the current fiscal year.
6. The number of outside officers who received remuneration includes one outside director who retired during the current fiscal year.
7. The amount paid to directors who concurrently serve as Corporate Vice Presidents for the fulfillment of their employee duties, as well as the value of stock options recorded as expenses, are included in the table above. Here, the amount of remuneration, etc., as Corporate Vice Presidents is listed in parentheses. Of the directors who concurrently serve as Corporate Vice Presidents, six received salaries as employees, and six received bonuses as employees.
8. In addition to the above, director and Audit & Supervisory Board member retirement benefits totaling ¥325 million and special bonuses totaling ¥500 million were paid to one director who retired during the current fiscal year. In regard to retirement benefits for directors and Audit & Supervisory Board members, retirement benefit settlements were resolved coinciding with the abolition of the retirement benefit system for directors and Audit & Supervisory Board members at the 113th Ordinary General Meeting of Shareholders held on June 26, 2009. In addition, special bonuses were resolved at the 125th Ordinary General Meeting of Shareholders held on June 29, 2021.

For details on individual director renumeration, see the 126th Annual Securities Report [Director renumeration, etc.] (Japanese only).

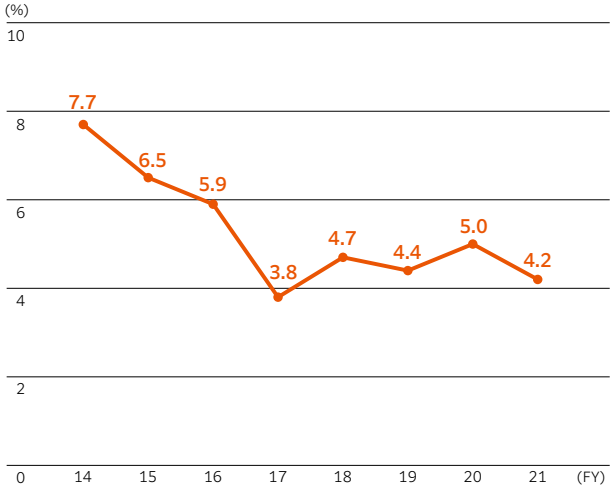
Approach to cross-shareholdings

The Fujifilm Group can 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. We also reported the results of these verifications for fiscal 2021 at the Board of Directors meeting held in May 2022 in line with this policy.

[Specific voting rights execution criteria]

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. When exercising voting rights, we judge the pros and cons following an individual investigation into whether doing so is in agreement with the purpose of the cross-shareholding, and whether doing so will help maintain or increase the corporate value of the cross-held company and its stock value.

● Ratio of equity accounted for by cross-shareholdings*



* Investment securities divided by equity on the consolidated balance sheet. The Fujifilm Group does not hold shares for purely investment purposes.

Approach to compliance, risk management and the 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. In addition, 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 2021, the Company established the Global Classified Information Management Regulations and the Global Personal Information Protection Regulations, which were then adopted throughout the Group. In addition, we built a system for legal compliance used by each domestic organization, and provided employee training on this system, based on the revised PMD Act, the revised Act on the Protection of Personal Information and the revised Whistleblower Protection Act, which went into effect over the period from August 2021 through the first half of fiscal 2022.

For details on the compliance and risk management structure, see P. 31 of the Sustainability Report 2022.
▶ https://holdings.fujifilm.com/en/sustainability/report

Corporate Governance

Risk Management

Based on the Risk Management Regulations stipulated by the Group-wide basic policy on risk management and risk management structure, the Fujifilm Group identifies issues for preventing the various risks that encompass the Group's business and implements an appropriate response in the event of a crisis. In particular, the Company has strengthened our risk prevention activities during normal times, has all Group companies identify risks through the following process each year and formulates action plans against these risks.

1 Risk extraction and process for establishing an action plan

Each company must clarify risks from the following 16 viewpoints, assess each risk, taking into account the probability of occurrence and scale of impact of Risk Items on business management, and create an action plan. Each company then reports the results to the Risk Management Department of the operating company* to which the reporting company belongs.

* Fujifilm, FUJIFILM Business Innovation

The operating companies then identify the priority risks for their respective businesses based on the submitted reports and report the results to the ESG Committee at FUJIFILM Holdings.

The ESG Committee at FUJIFILM Holdings deliberates on and acknowledges priority risk issues for the fiscal year.

The priority risks for the fiscal year are reported to the Board of Directors.

Risk items

(1) Economic and exchange rate trends impacting performance
(2) Changes in the business-specific environment and competition
(3) Manufacturing operations
(4) Product quality and product liability
(5) Pharmaceutical products business and regenerative medicine business
(6) Logistics
(7) Patents and other intellectual property rights
(8) Corporate acquisitions, business alliances, etc.
(9) Securing human resources
(10) Internal control (including preventing fraud and misconduct)
(11) Information systems
(12) Public regulations
(13) Environmental regulations
(14) Climate change
(15) Large-scale disasters
(16) Spread of COVID-19

2 Priority risk issues for fiscal 2021

For details on the risk issues besides those listed below, please see the 126th Annual Securities Report [Business risks, etc.] (Japanese only).

Risk items	Reason for selection	Countermeasures
Information security	Growing information security risks due to the greater frequency of advanced cyberattacks worldwide, digitalization of the Fujifilm Group (DX promotion, smart factories, etc.), and the greater volume of important technological information held in regard to healthcare	Improvements to internal rules and risk management systems Comprehensive training in each field
Healthcare related	Need for higher ethical conduct, transparency and fairness due to the expanded scale of the healthcare business as part of the Fujifilm Group, cases of Japanese companies exposed for violating the Foreign Corrupt Practices Act (FCPA) and revisions to the PMD Act in Japan, etc.	
Large-scale natural disasters	Earthquakes centered on the Tokyo Metropolitan Area, a Nankai Trough earthquake, the potential for a volcanic eruption of Mt. Fuji, global abnormal weather and increasing numbers of natural disasters	
Fraud and misconduct	Although the number of risk reports is on the decline, stronger governance and continuous training are necessary	
Chemical substance regulations	Recent strengthening of regulations in Europe, the United States and China	
Export and import control	Need to address control following changes in international affairs and updates to laws and regulations in various countries as led by the United States	
Human rights and harassment	Need for initiatives regarding the human rights of employees, particularly those of overseas suppliers, in light of the global supply chain	
Product safety and PL	Market expansion into developing countries and broader regulations in these countries	
Environment	Stricter regulations on controlling climate change and growing demand for decarbonized products	
Occupational safety	Increasing awareness of occupational safety and expansion of business involving the handling biological materials	
Personal information protection	Strengthening governance following stricter laws around the world and the 2022 revisions to the Act on the Protection of Personal Information in Japan	

Tax compliance

In accordance with the Fujifilm Group Tax Policy, the Fujifilm Group makes payment of all required taxes by all specified dates in all countries in which it operates and strives to maintain and improve governance on tax affairs. The Group does not have any serious issue concerning tax-related risks at this moment. For details on the Fujifilm Group Tax Policy, please see P. 29 of the Sustainability Report 2022.

▶ https://holdings.fujifilm.com/en/sustainability/report

Stakeholder Engagement

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.

To benefit overseas investors, we post English- language information in a timely manner on our website, and we are working to enhance our IR activities worldwide, including through 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 2021)

Activity	Number of times
Financial results briefings	4
Conferences hosted by securities companies	17
Business briefings and small meetings*1	7
Individual meetings with institutional investors*2	419

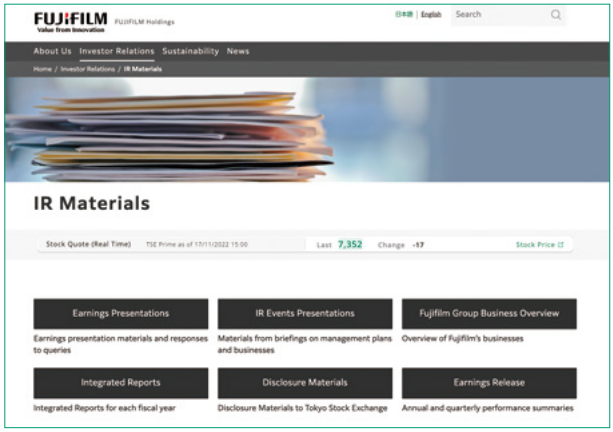
*1 Includes medium-term management plan briefings
*2 Includes individual meetings at conferences hosted by securities companies

●Financial results briefings

●Shareholder newsletters (Japanese only)

●Environmental strategy briefings

●IR Materials page on the Company's website



For details, please see the IR Materials page on the Company's website.
▶ https://ir.fujifilm.com/en/investors/ir-materials.html

Management Structure (as of September 30, 2022)

Directors

Kenji Sukeno

Chairman, Representative Director and Board Chairman

Career Summary

1977 Joined the Company*
2002 CFO, FUJIFILM Holdings America Corporation
2012 Corporate Vice President and General Manager, Corporate Planning Division of the Company
Director, FUJIFILM 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, FUJIFILM Corporation (to present)

Significant Concurrent Positions

Chairman, Director and Board Chairman, FUJIFILM Corporation
Director, FUJIFILM Business Innovation Corp.

Teiichi Goto

President and CEO, Representative Director

Career Summary

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
2018 Director of the Company
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

Career Summary

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
2018 Director, Corporate Vice President, CTO and General Manager of Corporate R&D Division of the Company
2020 Director, Corporate Vice President, CTO and General Manager of CTO Office of the Company (to present)
Director & Senior Executive Vice President, CTO and General Manager of CTO Office of FUJIFILM Corporation (to present)

Significant Concurrent Positions

Senior Executive Vice President, CTO, Director and General Manager of CTO Office of FUJIFILM Corporation

Takatoshi Ishikawa

Director

Career Summary

1978 Joined the Company
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
2017 General Manager, Bio CDMO Division, FUJIFILM Corporation (to present)
2019 Director of the Company (to present)
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

Career Summary

1987 Joined the Company
2009 CFO, FUJIFILM Holdings America Corporation
2015 President and CEO, FUJIFILM Sonosite, Inc.
2018 Corporate Vice President of the Company
Director, Corporate Vice President and General Manager of Corporate Planning Headquarters, FUJIFILM Corporation
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

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

Naoki Hama

Director

Career Summary

1986 Joined the Company
2017 Corporate Vice President, General Manager of Display Materials Business Division and Deputy General Manager of Highly Functional Materials Business Development Headquarters of FUJIFILM Corporation
2018 Director, Corporate Vice President and General Manager of Highly Functional Materials Business Development Headquarters of FUJIFILM Corporation
2019 Director, Corporate Vice President and General Manager of Inkjet Business Division of FUJIFILM Corporation
2021 Corporate Vice President and General Manager of Inkjet Business Division of FUJIFILM Corporation (to present)
Director, Executive Vice President of FUJIFILM Business Innovation Corp.
2022 President & Representative Director, CEO of FUJIFILM Business Innovation Corp. (to present)
Director of the Company (to present)

Significant Concurrent Positions

Corporate Vice President, General Manager of Inkjet Business Division of FUJIFILM Corporation
President & Representative Director, CEO of FUJIFILM Business Innovation Corp.

Chisato Yoshizawa

Director

Career Summary

1986 Joined the Company
2017 Corporate Vice President, General Manager of Corporate Communication Office of Corporate Planning Division of the Company
Corporate Vice President, General Manager of Corporate Communications Division of FUJIFILM Corporation
2018 Director, Corporate Vice President and General Manager of Corporate Communications Division of FUJIFILM Corporation
2021 Corporate Vice President, General Manager of Corporate Communications Division and ESG Division of the Company (to present)
Director, Senior Vice President, General Manager of Corporate Communications Division and ESG Division of FUJIFILM Corporation (to present)
2022 Director, Corporate Vice President of the Company (to present)

Significant Concurrent Positions

Director, Senior Vice President, General Manager of Corporate Communications Division and ESG Division of FUJIFILM Corporation

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

Directors

Kunitaro Kitamura

Director (Outside)

Career Summary

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
Director of Sumitomo Mitsui Trust Holdings, Inc.
Outside Director of the Company (to present)

Significant Concurrent Positions

Outside Director of ASAGAMI CORPORATION

Makiko Eda

Director (Outside)

Career Summary

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 Ltd.

Tsuyoshi Nagano

Director (Outside)

Career Summary

1975 Joined Tokio Marine & Fire Insurance Co., Ltd.
2013 President & Chief Executive Officer (Representative Director) of Tokio Marine Holdings, Inc.
President & Chief Executive Officer (Representative Director) of Tokio Marine & Nichido Fire Insurance Co., Ltd.
2016 Chairman (Representative Director) of Tokio Marine & Nichido Fire Insurance Co., Ltd.
2019 Chairman (Director) of Tokio Marine Holdings, Inc. (to present)
2022 Outside Director of the Company (to present)

Significant Concurrent Positions

Chairman (Director) of Tokio Marine Holdings, Inc.
Outside Director of Seiko Holdings Corporation
Outside Director of Central Japan Railway Company

Ikuro Sugawara

Director (Outside)

Career Summary

1981 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
2010 Director-General of Industrial Science and Technology Policy and Environment Bureau of Ministry of Economy, Trade and Industry
2012 Director-General of Manufacturing Industries Bureau of Ministry of Economy, Trade and Industry
2013 Director-General of Economic and Industrial Policy Bureau of Ministry of Economy, Trade and Industry
2015 Vice-Minister of Ministry of Economy, Trade and Industry
2017 Special Advisor to the Cabinet
2022 Outside Director of the Company (to present)

Significant Concurrent Positions

Outside Director of TOYOTA MOTOR CORPORATION
Outside Director of Hitachi, Ltd.

Audit & Supervisory Board Members

Nobuo Hanada

Audit & Supervisory Board Member

Career Summary

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

Significant Concurrent Positions

Audit & Supervisory Board Member of FUJIFILM Corporation

Motoko Kawasaki

Audit & Supervisory Board Member

Career Summary

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

Audit & Supervisory Board Member of FUJIFILM Corporation

Masataka Mitsuhashi

Audit & Supervisory Board Member (Outside)

Career Summary

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)

Career Summary

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.

Management Structure (as of September 30, 2022)

Executive Officers

Kenji Sukeno
Chairman

Teiichi Goto
President and CEO
Group Chief Executive Officer

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

Masayuki Higuchi
Corporate Vice President & CFO
Chief Financial Officer
General Manager of Corporate Planning Division
Responsible for Legal Division, Fujifilm Way Management Innovation, Logistics

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

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

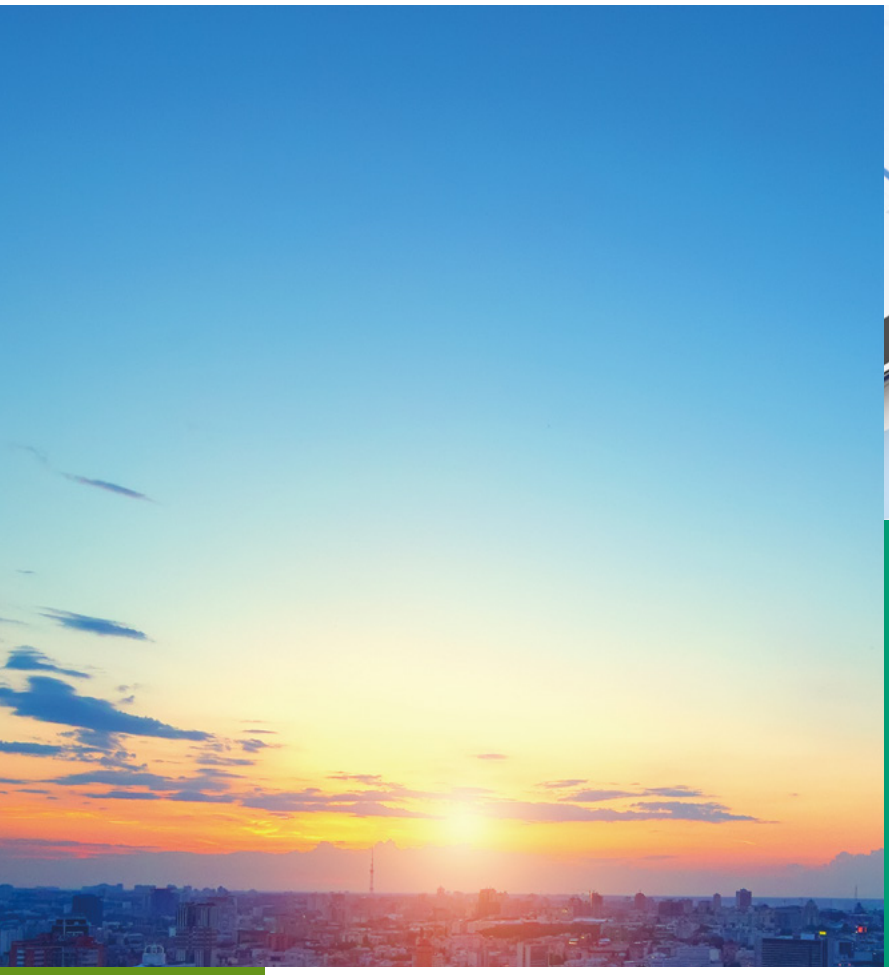
Masaru Yoshizawa
Corporate Vice President
General Manager of Accounting and Finance Division and Corporate General Administration Division

Kazuhisa Horikiri
Corporate Vice President
Responsible for Brand Management

Seigo Sugimoto
Corporate Vice President & CDO
Chief Digital Officer
General Manager of ICT Strategy Division

Naoto Yanagihara
Corporate Vice President
Responsible for Intellectual Property Division

Yasushi Zama
Corporate Vice President
General Manager of Human Resources Division



Chapter

06 Data Section

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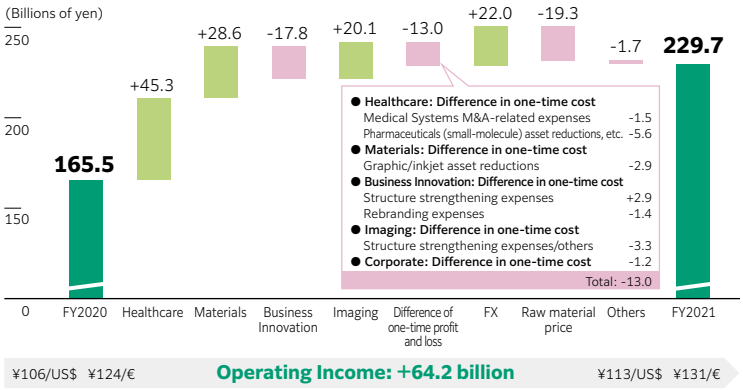
Financial Analysis and Review

Overview of Consolidated Business Performance and Results

Revenue	Revenue increased in all segments and rose 15.2% year-over-year to ¥2,525.8 billion.
Operating income	Operating income increased 38.8% year-over-year to ¥229.7 billion, a record high, resulting in the achievement of an operating margin excluding one-time cost (¥37.0 billion) in excess of 10%.
Net income attributable to FUJIFILM Holdings	Net income attributable to FUJIFILM Holdings rose to a record high of ¥211.2 billion, up 16.5% year-over-year, on contributions from record-high operating income and non-operating items, such as gains on investment securities, as well as increased equity in net income of non-consolidated subsidiaries and affiliates.



(Billions of yen)	FY2020	FY2021	Change from previous year	FY2022 (Forecast)*	Change from previous year
Revenue	2,192.5	2,525.8	333.3	2,700.0	174.2
Operating income	165.5	229.7	64.2	250.0	20.3
Operating margin	7.5%	9.1%		9.3%	+0.2 pt
Income before Income taxes	235.9	260.4	24.5	260.0	-0.4
Net income attributable to FUJIFILM Holdings	181.2	211.2	30.0	195.0	-16.2
Net income attributable to FUJIFILM Holdings per share	¥453.28	¥527.33	¥74.05	¥486.53	¥-40.80
ROE	8.7%	9.0%	+0.3 pt	7.6%	-1.4 pt
ROIC	—	5.6%	—	5.7%	+0.1 pt
CCC	—	122 days	—	114 days	-8 days
Exchange rate (¥/US$)	¥106	¥113	¥+7	¥126	¥+13
Exchange rate (¥/€)	¥124	¥131	¥+7	¥134	¥+3

*The forecasts were announced on September 30, 2022.

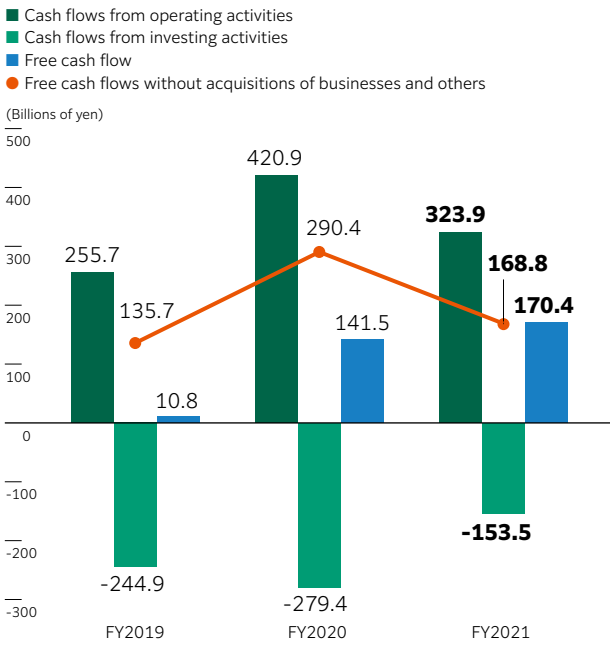
Analysis of Consolidated Balance Sheet

Total assets	Total assets increased by ¥406.1 billion to ¥3,955.3 billion, mainly due to an increase in property, plant and equipment.
Liabilities	Liabilities increased by ¥103.3 billion to ¥1,430.3 billion, mainly due to an increase in short-term debt.
Equity	Equity increased by ¥302.8 billion to ¥2,524.9 billion, mainly due to an addition to retained earnings.

(Billions of yen)	FY2019	FY2020	FY2021	YoY change
Cash and cash equivalents	396.1	394.8	486.3	91.5
Notes and accounts receivable	558.4	605.7	598.6	-7.1
Inventories	380.9	417.7	504.5	86.8
Other current assets	153.8	89.2	135.3	46.1
Total current assets	**1,489.2**	**1,507.4**	**1,724.7**	**217.3**
Property, plant and equipment	600.5	635.3	736.8	101.5
Goodwill, net	687.2	804.2	824.0	19.8
Investment securities and other	544.8	602.3	669.8	67.5
Total non-current assets	**1,832.5**	**2,041.8**	**2,230.6**	**188.8**
Total assets	**3,321.7**	**3,549.2**	**3,955.3**	**406.1**
Short-term and long-term debt	624.2	503.0	447.2	-55.8
Notes and accounts payable	222.3	239.9	303.2	63.3
Other liabilities	481.4	584.1	680.0	95.9
Total liabilities	**1,327.9**	**1,327.0**	**1,430.4**	**103.4**
Total FUJIFILM Holdings shareholders' equity	1,953.3	2,204.6	2,502.7	298.1
Non-controlling interests	40.5	17.6	22.2	4.6
Total equity	**1,993.8**	**2,222.2**	**2,524.9**	**302.7**
Total liabilities and net assets	**3,321.7**	**3,549.2**	**3,955.3**	**406.1**

Analysis of Consolidated Cash Flow

C/F from operating activities	Net cash provided by operating activities totaled ¥323.9 billion, mainly due to a decrease in notes and accounts receivable.
C/F from investing activities	Net cash used in investing activities amounted to ¥153.5 billion, mainly due to capital expenditures.
Free cash flow	As a result of the above, free cash flow was ¥170.4 billion. and free cash flow excluding business acquisitions and others was ¥168.8 billion.



Consolidated Financial Statements, etc.

See the Company's securities report for details.
(Japanese only)
▶ https://data.swcms.net/file/fujifilm-ir/dam/jcr:cf6eb9de-ee2d-4d53-bc83-d3b42b58a2db/S100OLEH.pdf

Consolidated Statements of Income

(Millions of yen)	FY2019	FY2020	FY2021
Revenue	2,315,141	2,192,519	2,525,773
Cost of sales	1,360,648	1,322,828	1,492,549
Gross profit	954,493	869,691	1,033,224
Operating expenses:			
Selling, general and administrative	610,043	552,068	652,995
Research and development	157,880	152,150	150,527
	767,923	704,218	803,522
Operating income	186,570	165,473	229,702
Other income (expenses):			
Interest and dividend income	5,183	3,884	4,646
Interest expense	(2,316)	(2,578)	(2,316)
Foreign exchange gains (losses), net	(2,133)	(2,593)	4,437
Gains (losses) on equity securities, net	(22,084)	48,778	4,453
Others, net	7,851	22,906	19,524
	(13,499)	70,397	30,744
Income before income taxes	173,071	235,870	260,446
Income taxes:			
Current	42,822	47,973	48,615
Deferred	(6,708)	7,638	8,514
	36,114	55,611	57,129
Equity in net earnings of affiliated companies	1,341	3,198	13,128
Net income	138,298	183,457	216,445
Less: Net loss attributable to noncontrolling interests	(13,311)	(2,252)	(5,265)
Net income attributable to FUJIFILM Holdings	124,987	181,205	211,180

(Yen)	FY2019	FY2020	FY2021
Amounts per share of common stock			
Net income attributable to FUJIFILM Holdings: Basic	306.18	453.28	527.33
Diluted	305.22	451.75	526.11
Cash dividends declared	95.00	100.00	110.00

Consolidated Statements of Comprehensive Income

(Millions of yen)	FY2019	FY2020	FY2021
Net income	138,298	183,457	216,445
Other comprehensive income (loss), net of tax:			
Unrealized gains (losses) on securities	(9)	12	26
Foreign currency translation adjustments	(50,279)	80,635	117,466
Pension liability adjustments	142	31,786	13,381
Unrealized gains (losses) on derivatives	137	336	(182)
Other comprehensive income (loss)	(50,009)	112,769	130,691
Comprehensive income (loss)	88,289	296,226	347,136
Less: Comprehensive loss attributable to noncontrolling interests	(8,800)	(3,757)	(7,127)
Comprehensive income attributable to FUJIFILM Holdings	79,489	292,469	340,009

Consolidated Balance Sheets

(Millions of yen)	FY2020	FY2021
ASSETS		
Current assets		
Cash and cash equivalents	394,795	486,328
Notes and accounts receivable:		
Trade and finance	625,963	616,424
Affiliated companies	2,462	2,354
Allowance for doubtful receivables	(22,707)	(20,144)
Inventories	417,662	504,467
Prepaid expenses and other	89,201	135,300
Total current assets	1,507,376	1,724,729
Investments and long-term receivables		
Investments in and advances to affiliated companies	31,849	43,467
Investment securities	111,650	105,329
Long-term finance and other receivables	87,494	85,261
Allowance for doubtful receivables	(3,167)	(3,010)
Total investments and long-term receivables	227,826	231,047
Property, plant and equipment		
Land	105,764	104,718
Buildings and structures	718,513	739,525
Machinery, equipment and other	1,474,840	1,497,457
Construction in progress	63,913	145,084
	2,363,030	2,486,784
Less: Accumulated depreciation	(1,727,779)	(1,749,945)
Net property, plant and equipment	635,251	736,839
Other assets		
Operating lease right-of-use assets	78,203	83,389
Goodwill, net	804,199	824,003
Other intangible assets, net	128,496	152,691
Deferred income taxes	33,179	24,210
Others	134,673	178,372
Total other assets	1,178,750	1,262,665
Total assets	3,549,203	3,955,280

(Millions of yen)	FY2020	FY2021
LIABILITIES		
Current liabilities		
Short-term debt	63,729	200,095
Notes and accounts payable:		
Trade	217,308	249,919
Construction	21,157	51,868
Affiliated companies	1,455	1,396
Accrued income taxes	24,527	21,453
Accrued liabilities	197,519	226,830
Short-term operating lease liabilities	28,938	31,494
Other current liabilities	161,651	196,520
Total current liabilities	716,284	979,575
Non-current liabilities		
Long-term debt	439,351	247,101
Accrued pension and severance costs	30,090	27,927
Long-term operating lease liabilities	54,946	56,866
Deferred income taxes	32,240	54,035
Other non-current liabilities	54,135	64,836
Total non-current liabilities	610,762	450,765
Total liabilities	1,327,046	1,430,340
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	2,702,760	2,867,848
Accumulated other comprehensive income (loss)	(52,836)	75,993
Treasury stock, to cost:		
As of March 31, 2021: 114,823,247 shares		
As of March 31, 2022: 113,834,546 shares	(485,721)	(481,547)
Total FUJIFILM Holdings shareholders' equity	2,204,566	2,502,657
Noncontrolling interests	17,591	22,283
Total equity	2,222,157	2,524,940
Total liabilities and equity	3,549,203	3,955,280

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, 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
Changes in 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
Changes in unrealized gains (losses) on derivatives	—	—	—	122	—	122	15	137
Net comprehensive income						79,489	8,800	88,289
Purchases of stock for treasury	—	—	—	—	(51,624)	(51,624)	—	(51,624)
Sales of stock from treasury	—	—	(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)
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
Changes in 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
Changes in unrealized gains (losses) on derivatives	—	—	—	336	—	336	—	336
Net comprehensive income						292,469	3,757	296,226
Purchases of stock for treasury	—	—	—	—	(20)	(20)	—	(20)
Sales of stock from treasury	—	—	(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)
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
Comprehensive income (loss):								
Net income	—	—	211,180	—	—	211,180	5,265	216,445
Changes in unrealized gains (losses) on securities	—	—	—	26	—	26	—	26
Foreign currency translation adjustments	—	—	—	115,727	—	115,727	1,739	117,466
Pension liability adjustments	—	—	—	13,258	—	13,258	123	13,381
Changes in unrealized gains (losses) on derivatives	—	—	—	(182)	—	(182)	—	(182)
Net comprehensive income						340,009	7,127	347,136
Purchases of stock for treasury	—	—	—	—	(32)	(32)	—	(32)
Sales of stock from treasury	—	—	(42)	—	4,206	4,164	—	4,164
Dividends paid to FUJIFILM Holdings shareholders	—	—	(44,086)	—	—	(44,086)	—	(44,086)
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(783)	(783)
Stock acquisition rights	—	(1,922)	—	—	—	(1,922)	—	(1,922)
Transfer from retained earnings to additional paid-in capital	—	1,964	(1,964)	—	—	—	—	—
Equity transactions with noncontrolling interests and other	—	(42)	—	—	—	(42)	(1,652)	(1,694)
Balance as of March 31, 2022	40,363	—	2,867,848	75,993	(481,547)	2,502,657	22,283	2,524,940

Consolidated Statements of Cash Flows

(Millions of yen)	FY2019	FY2020	FY2021
Operating activities			
Net income	138,298	183,457	216,445
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	122,653	123,423	132,999
(Gains) losses on equity securities, net	22,085	(48,778)	(4,453)
Deferred income taxes	(6,708)	7,638	8,514
Equity in net (gains) losses of affiliated companies, net of dividends received	(13)	(2,571)	(12,194)
Changes in operating assets and liabilities:			
Decrease (increase) in notes and accounts receivable	53,277	20,576	34,741
(Increase) decrease in inventories	(11,505)	9,215	(68,273)
(Decrease) increase in notes and accounts payable—trade	(10,558)	(9,713)	21,007
Increase (decrease) in prepaid expenses and other current assets	(66,944)	64,071	(30,766)
Increase (decrease) in accrued income taxes and other liabilities	(10,572)	46,099	28,794
Others	25,654	27,444	(2,880)
Net cash provided by operating activities	255,667	420,861	323,934
Investing activities			
Purchases of property, plant and equipment	(84,677)	(100,063)	(126,054)
Purchases of software	(25,047)	(25,544)	(39,853)
Proceeds from sales and maturities of marketable and investment securities	151	26,239	15,119
Purchase of marketable and investment securities	(3,230)	(1,685)	(2,860)
(Increase) decrease in time deposits, net	(10)	(3,090)	(4,959)
(Increase) decrease in investments in and advances to affiliated companies and other advances, net	(1,501)	(2,945)	(459)
Acquisition of businesses, net of cash acquired	(121,789)	(173,515)	(10,714)
Sales of businesses, net of cash disposed of	—	—	24,480
Proceeds from sale of subsidiaries	—	14,707	—
Others	(8,747)	(13,485)	(8,242)
Net cash used in investing activities	(244,850)	(279,381)	(153,542)
Financing activities			
Proceeds from long-term debt	200,669	4,073	2,079
Repayments of long-term debt	(163,541)	(78,650)	(61,929)
Increase (decrease) in short-term debt, net	390	(625)	2,364
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	(35,817)	(37,975)	(43,032)
Cash dividends paid to noncontrolling interests	(9,813)	(1,314)	(783)
Net purchases of stock for treasury	(51,624)	(20)	(31)
Capital transactions with noncontrolling interests and other	(241,207)	1,418	(3,852)
Net cash used in financing activities	(250,943)	(163,093)	(105,184)
Effect of exchange rate changes on cash and cash equivalents	(18,530)	20,317	26,325
Net increase (decrease) in cash and cash equivalents	(258,656)	(1,296)	91,533
Cash and cash equivalents at beginning of year	654,747	396,091	394,795
Cash and cash equivalents at end of year	396,091	394,795	486,328
Supplemental disclosures			
Cash paid for interest:			
Interest	2,893	3,112	2,519
Income taxes	106,929	51,841	61,780

11-Year Financial Summary

		FY2011	FY2012	FY2013
Revenue:				
Japan		1,001,814	991,426	1,025,256
Overseas		1,179,182	1,208,114	1,392,839
Total		2,180,996	2,199,540	2,418,095
Operating income		109,260	108,384	128,461
Interest and dividend income		5,042	4,764	6,219
Interest expense		(3,991)	(4,934)	(4,183)
Income before income taxes		85,849	112,883	144,740
Net income attributable to FUJIFILM Holdings		42,762	50,847	71,558
Capital expenditures*1		90,946	76,660	67,004
Depreciation*1		96,580	93,549	90,950
R&D expenses		173,385	168,160	165,245
C/F from operating activities		137,309	202,099	296,589
C/F from investing activities		(188,051)	(143,582)	(129,535)
Free cash flow		(50,742)	58,517	167,054
Cash dividends paid		16,860	19,271	24,097
Purchases of stock for treasury		7	6	23
Financial condition (Millions of yen)				
Total assets		2,734,328	3,035,901	3,191,847
Long-term/Short-term debt		198,301	358,272	359,699
FUJIFILM Holdings shareholders' equity		1,708,937	1,850,723	1,990,986
Per share of common stock (Yen)				
Net income (loss) attributable to FUJIFILM Holdings*2		88.77	105.55	148.49
Cash dividends*3		35.00	40.00	50.00
FUJIFILM Holdings shareholders' equity*4		3,547.68	3,840.79	4,130.91
Price ratios/Profitability ratios				
Operating income to net sales	(%)	5.0	4.9	5.3
Ratio of R&D expenses to revenue	(%)	7.9	7.6	6.8
Shareholders' equity ratio	(%)	62.5	61.0	62.4
Return on equity (ROE)	(%)	2.5	2.9	3.7
ROIC	(%)	—	—	—
D/E ratios	(Times)	0.12	0.19	0.18
Dividend payout ratio	(%)	39.4	37.9	33.7
Total return ratio	(%)	39.4	37.9	33.7
Stock price at year-end	(Yen)	1,941	1,836	2,771
Price-to-book-value ratio (PBR)*5	(Times)	0.55	0.48	0.67
Price-to-earnings ratio (PER)*5	(Times)	21.87	17.39	18.66

*1 The figures do not include amounts for rental equipment handled by the Business Innovation segment, etc.
*2 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.
*3 Cash dividend per share represents the amount declared per share for each period.

(Millions of yen)

FY2014	FY2015	FY2016	FY2017*6	FY2018	FY2019	FY2020	FY2021
1,006,533	983,703	962,711	1,006,512	1,006,536	1,004,076	927,910	991,885
1,456,854	1,476,680	1,359,452	1,426,853	1,424,953	1,311,065	1,264,609	1,533,888
2,463,387	2,460,383	2,322,163	2,433,365	2,431,489	2,315,141	2,192,519	2,525,773
164,415	180,626	172,281	123,329	209,827	186,570	165,473	229,702
5,858	6,206	5,404	6,262	4,787	5,183	3,884	4,646
(4,569)	(4,376)	(4,795)	(4,570)	(3,314)	(2,316)	(2,578)	(2,316)
188,966	182,242	194,775	197,807	212,762	173,071	235,870	260,446
110,940	116,402	131,506	140,694	138,106	124,987	181,205	211,180
56,127	74,143	71,805	67,483	75,372	85,692	100,883	155,230
65,294	65,831	58,870	66,526	70,868	68,619	69,152	74,583
160,281	163,027	160,232	167,940	156,132	157,880	152,150	150,527
267,778	223,479	288,619	261,152	249,343	255,667	420,861	323,934
(124,555)	(157,320)	(116,439)	(111,786)	(208,585)	(244,850)	(279,381)	(153,542)
143,223	66,159	172,180	149,366	40,758	10,817	141,480	170,392
28,929	29,737	30,845	32,526	33,403	38,432	39,979	44,086
62	150,050	50,022	50,024	100,018	51,624	20	32
3,501,950	3,311,970	3,533,189	3,492,940	3,414,692	3,321,692	3,549,203	3,955,280
349,689	365,693	558,842	454,178	524,112	624,169	503,080	447,196
2,195,539	2,014,826	2,043,559	2,079,134	2,036,963	1,953,252	2,204,566	2,502,657
230.14	250.03	296.27	322.62	326.81	306.18	453.28	527.33
60.00	65.00	70.00	75.00	80.00	95.00	100.00	110.00
4,552.91	4,472.45	4,668.26	4,832.62	4,976.88	4,886.66	5,514.14	6,244.29
6.7	7.3	7.4	5.1	8.6	8.1	7.5	9.1
6.5	6.6	6.9	6.9	6.4	6.8	6.9	6.0
62.7	60.8	57.8	59.5	59.7	58.8	62.1	63.3
5.3	5.5	6.5	6.8	6.7	6.3	8.7	9.0
—	—	—	—	—	—	4.3	5.6
0.16	0.18	0.27	0.22	0.26	0.32	0.23	0.18
26.1	26.0	23.6	23.2	24.5	31.0	22.1	20.9
26.1	154.5	61.5	58.7	96.6	72.1	22.1	20.9
4,277	4,451	4,348	4,245	5,034	5,439	6,571	7,502
0.94	1.00	0.93	0.88	1.01	1.11	1.19	1.20
18.58	17.80	14.67	13.16	15.40	17.80	14.50	14.23

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

*5 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.

*6 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).

Non-Financial Data for Past 5 Years

For details, please refer to the Sustainability Report 2022.
▶https://holdings.fujifilm.com/en/sustainability/report

	Units	FY2017	FY2018	FY2019	FY2020	FY2021
Environment (E) Note: Data for the overall Group						
Amount of GHG emissions throughout the entire product life cycle	kt-CO_2e	4,990	4,648	4,264	3,498	3,948
Total direct GHG emissions (Scope 1)	kt-CO_2e	687	672	633	603	633
Total indirect GHG emissions (Scope 2) market-based	kt-CO_2e	531	510	451	409	420
Energy consumption	TJ	24,682	24,206	23,014	21,601	22,531
Renewable energy-derived power consumption	MW/h	99,907	94,741	94,658	94,038	112,728
Atmospheric emissions (NOx)	t/year	401	326	325	268	269
Atmospheric emissions (SOx)	t/year	18	22	11	15	15
Volatile organic compounds (VOC) emissions	t	800	707	735	675	754
Water usage	Million m^3	44.2	43.2	42.7	41.3	43.3
Water withdrawal	kt/100 million yen	1.81	1.77	1.84	1.92	1.67
Total waste generated volume*1	t	86,200	88,700	88,000	81,900	86,600
Total waste used, recycled or sold	t	71,400	72,200	70,900	66,400	71,700
Recycling index*2		8.7	7.2	6.8	6.8	7.8
Valuables conversion index*3		0.80	0.65	0.64	0.59	0.61
Social (S)						
Number of employees	Persons	77,739	72,332	73,906	73,275	75,474
Percentage of female employees	%	—	—	27.8	28.5	30.0
Percentage of non-Japanese employees in major position	%	—	—	26.0	27.1	27.7
Percentage of women in managerial positions	%	—	13.9	14.5	15.4	16.1
Average annual salary*4	Yen	9,711,760	9,974,684	10,028,486	9,701,348	10,170,102
Percentage of employment of persons with disabilities	%	—	2.32	2.42	2.48	2.47
Number of employees taking nursing care leave*5						
Fujifilm	Persons	39 (male 25, female 14)	25 (male 22, female 3)	38 (male 24, female 14)	28 (male 18, female 10)	30 (male 24, female 6)
FUJIFILM Business Innovation*6	Persons	84 (male 64, female 20)	85 (male 69, female 16)	98 (male 82, female 16)	70 (male 55, female 15)	*15 59 (male 47, female 12)
Number of employees taking childcare leave*5						
Fujifilm	Persons	16 (male 8, female 8)	18 (male 10, female 8)	24 (male 18, female 6)	21 (male 16, female 5)	73 (male 48, female 25)
FUJIFILM Business Innovation*7	Persons	386 (male 213, female 173)	382 (male 241, female 141)	503 (male 332, female 171)	396 (male 244, female 152)	*15 298 (male 202, female 96)
Number of employees taking volunteer work leave*5						
Fujifilm	Persons	0 (male 0, female 0)	1 (male 1, female 0)	1 (male 1, female 0)	0 (male 0, female 0)	2 (male 1, female 1)
FUJIFILM Business Innovation*8	Persons	7 (male 5, female 2)	8 (male 6, female 2)	21 (male 12, female 9)	2 (male 1, female 1)	*15 2 (male 1, female 1)
Turnover rate						
Fujifilm	%	*9 2.79	*9 2.63	*10 1.22	*11 1.42	*11 1.72
FUJIFILM Business Innovation	%	—	—	—	*12 3.49	*12,15 3.55
TRIR*13		—	—	2.10	2.34	2.07
Training expenses	Yen	—	—	—	553,394,406	Approx. 1.7 billion
Training expenses per employee*14	Yen	—	—	—	7,552	Approx. 20,000

*1 Processed by external service providers and simple incineration or landfill disposal on Fujifilm sites
*2 Recycling index = (Recycled volume + Valuable-converted volume) / Simple disposal volume
*3 Valuables conversion index = Valuable-converted volume / Recycled volume
Valuable-Converted Waste is the volume of valuable resources sold to a third party.
*4 The average annual salary includes bonuses and extra wages.
The figures are on a non-consolidated basis of Fujifilm.
*5 Number of employees who began a leave period during the relevant fiscal year (from April to the following March)
*6 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
*7 Under the "accumulated paid leave (child healthcare)," "child healthcare (half or full day)" and "child nursing care leave" programs
As a program equivalent to childcare leave, special leave (of five days at most) is granted in addition to the above when an employee's spouse gives birth to a child, and the number of employees who used this program is shown.
*8 Volunteer work leave shows the number of employees who took "accumulated paid leave (volunteer activity)" and the number of days spent for such activities.
*9 Turnover rate = (Attrition + Compulsory retiree + Voluntary + Retiree through the early retirement program) / Annual average number of regular employees at Fujifilm on March 31 of the previous fiscal year
*10 Turnover rate = (Attrition + Voluntary) / Number of regular employees at Fujifilm on March 31 of the previous fiscal year
(Numerator not counting compulsory retiree, or retiree through the early retirement program)
*11 Turnover rate = (Attrition + Voluntary) / Number of regular employees at Fujifilm on March 31 of the previous fiscal year + Number of retirees
(Numerator not counting compulsory retiree, transferee to other group companies or retiree through the early retirement program)
*12 Turnover rate = (Attrition + Voluntary) / Number of regular employees at FUJIFILM Business Innovation on March 31 of the previous fiscal year + Number of retirees
(Numerator not counting compulsory retiree, transferee to other Group companies or retiree through the early retirement program)
*13 Total Recordable Incident Rate (TRIR): Number of injuries per million working hours (accidents not associated with lost work time + accidents involving lost time and deaths)
*14 For FY2021, the reported figure is the total spending for the programs rolled out by Fujifilm and for the programs led by our lines of business.
For FY2020 and before, we reported the spending for the programs rolled out by Fujifilm only.
*15 On May 1, 2021, the absorption-type split of the domestic sales functions of the former Fuji Xerox was completed and the functions were integrated into FUJIFILM Business Innovation Japan.

Appraisals and Awards

Credit ratings (As of September 30, 2022)

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

FTSE Blossom Japan Sector Relative Index

MSCI Japan ESG Select Leaders Index

MSCI Japan Empowering Women Index (WIN)

S&P/JPX Carbon Efficient Index

Appraisals from external organizations

CDP Water Security

CDP SUPPLIER ENGAGEMENT

JPX Nikkei Index 400 for 2022

2022 Health and Productivity Stock

Health and Productivity Management Outstanding Organization 2022

Digital Transformation Certification

DX Stocks 2022

Sompo Sustainability Index

S&P Global Sustainability Yearbook Member 2022

The Third ESG FINANCE AWARDS JAPAN's Environmentally Sustainable Corporations Category

Five Stars, Nikkei Smart Work Survey 2022

Sports Yell Company 2022

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

Corporate Overview

Corporate Overview (As of March 31, 2022)

Company name:	FUJIFILM Holdings Corporation
Head office:	7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan
Date of establishment:	January 20, 1934
Capital:	¥40,363 million
Number of regular employees (consolidated):	75,474
Number of regular employees:	815
Number of consolidated subsidiaries:	280
Inquiries about IR:	Corporate Communications Division, FUJIFILM Holdings Corporation 7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan TEL: +81-3-6271-1111 (Reception)
Website:	https://holdings.fujifilm.com/en

Stock Information (As of March 31, 2022)

●Stock exchange listing

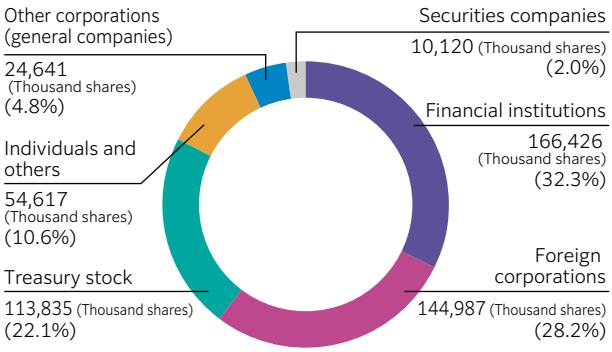
Tokyo

●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	136,325
Number of shares outstanding	514,625,728

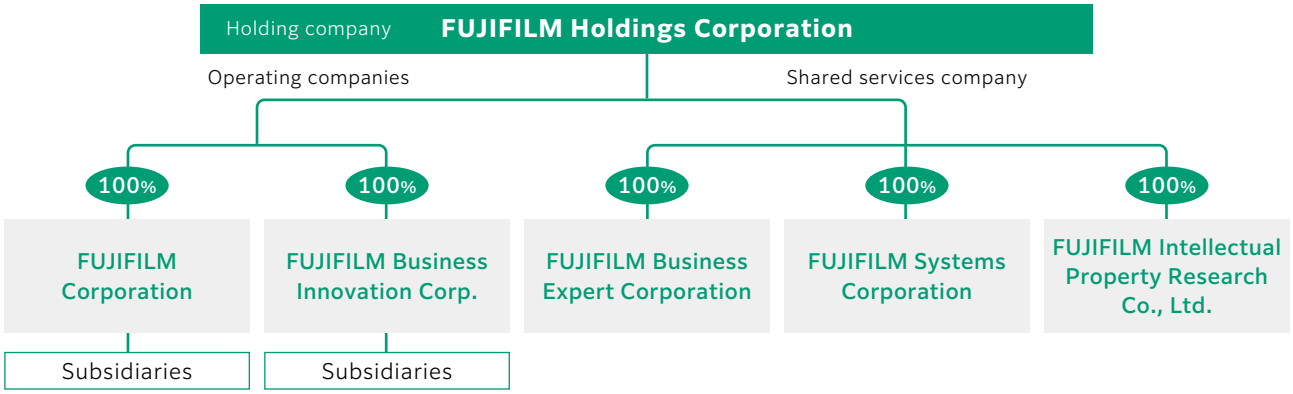


●Major shareholders

Name	Percentages of issued shares
The Master Trust Bank of Japan, Ltd. (Trust account)	18.9%
Custody Bank of Japan, Ltd. (Trust account)	6.4%
Nippon Life Insurance Company	4.1%
Sumitomo Mitsui Banking Corporation	2.3%
STATE STREET BANK WEST CLIENT - TREATY 505234	1.8%
Mitsui Sumitomo Insurance Company, Limited	1.4%
Daicel Corporation	1.4%
GOVERNMENT OF NORWAY	1.1%
STATE STREET BANK AND TRUST COMPANY 505103	1.1%
JP MORGAN CHASE BANK 385781	1.1%

Notes: 1. The Company holds 113,834,546 shares of treasury stock.
2. The shareholding ratio is calculated by deducting the number of treasury shares from the total number of issued shares (400,791,182 shares).
3. The numbers of shares and the shareholding ratio are rounded off to the nearest whole number of the units being used.

Fujifilm Group organization overview



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

Independent Assurance

To improve the objectiveness and accuracy of the information disclosed through the Integrated Report 2022, FUJIFILM Holdings has obtained SGS Japan Inc.'s independent assurance of the following reported information.

Information subject to independent assurance

- Water withdrawal (PP. 14, 23 and 111)
- Amount of waste generated (P. 111)
- Employee structure: Number of regular employees (PP. 10, 23, 111 and 113)
- Percentage of women in managerial positions (PP. 14, 68, 78 and 111)
- Percentage of employees with disabilities (PP. 14, 78 and 111)
- Percentage of non-Japanese employees in major positions (PP. 14, 78 and 111)
- Training expenses per employee (P. 111)
- Status of regular employees: Turnover rate (P. 111)
- Workplace accident rate and workplace accident severity (P. 80)

Please visit the website below for the Independent Assurance Report for FUJIFILM Holdings Corporation's Sustainability Report 2022.
https://holdings.fujifilm.com/en/sustainability/evaluation

Assurance by the Officer in Charge

Publication of Integrated Report 2022

We are in the sixth year since fiscal 2016, when we published the first integrated report to enable our shareholders, investors and other stakeholders to have a deeper understanding of the initiatives taken by the Fujifilm Group to improve its medium- to long-term corporate value.

In the Sustainable Value Plan 2030 (SVP2030) long-term CSR Plan that has fiscal 2030 as its target year, we have set targets in the four priority areas of the environment, health, daily life and work styles, and we are working to solve social issues through our businesses. In this integrated report, we explain our vision for 2030 under SVP2030, the progress in VISION2023 and the medium-term management plan that was formulated as a specific action plan under SVP2030 and other matters through value creation stories focused on the innovation supporting the Fujifilm Group. We also share feature articles in which we introduce examples of our initiatives in priority areas through value co-creation with external partner companies and organizations.

As General Manager of Corporate Communications Division who is responsible for overseeing the production of the integrated report, I wish to clearly state that this report was created through a legitimate process and its contents are accurate. I hope that this integrated report will help all of our stakeholders, including our shareholders, investors, customers and employees, have a better understanding of the Fujifilm Group. We would like to enhance the content of this report and increase its understandability, as we attach significant value to dialogue with our stakeholders. Therefore, we would appreciate your frank opinions.

Chisato Yoshizawa

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

FUJIFILM
Value from Innovation

FUJIFILM Holdings Corporation

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, 2022.