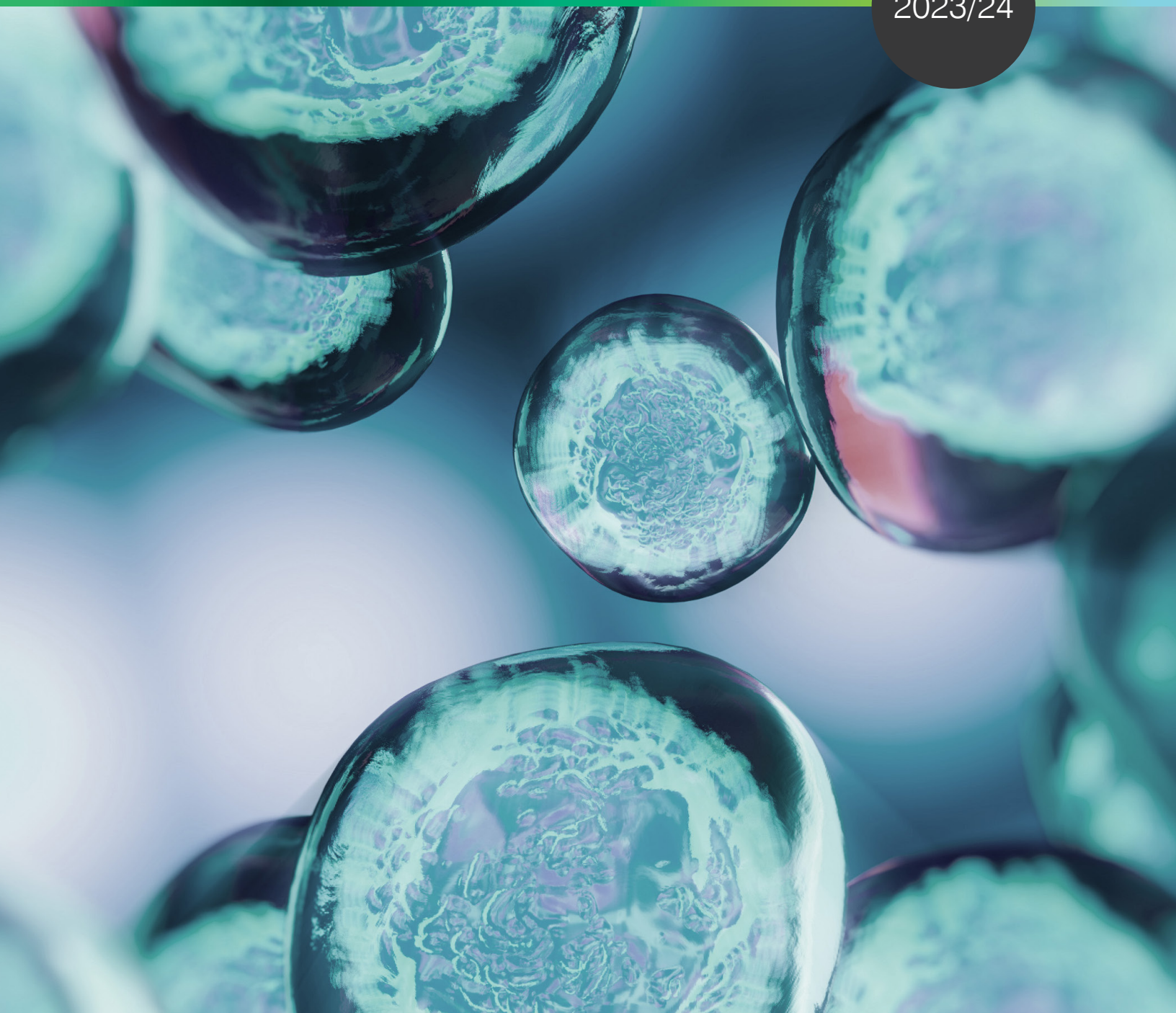


FUJIFILM

Diosynth
biotechnologies

FUJIFILM Diosynth Biotechnologies
Denmark ApS Annual Report

2023/24



Approved at the Company's annual general meeting on 30 September 2024

Chairman: _____





We deliver
life-changing
medicines.

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Future footprint of the site in 2026

Statement by the Board of Directors and the Executive Management

Today, the Board of Directors and the Executive Management have discussed and approved the annual report of FUJIFILM Diosynth Biotechnologies Denmark ApS for the financial year 1 April 2023 - 31 March 2024.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 - 31 March 2024.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 30 September 2024

Executive Management:

Lars Petersen
President & CEO

Board of Directors:

Toshihisa Iida
Chair

Christian Ørsøe Houborg

Lars Petersen

Yoshiki Kimura



Independent auditor's report

To the shareholders of FUJIFILM Diosynth Biotechnologies
Denmark ApS

Opinion

We have audited the financial statements of FUJIFILM Diosynth Biotechnologies Denmark ApS for the financial year 1 April 2023 – 31 March 2024 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2024 and of the results of the Company's operations for the financial year 1 April 2023 – 31 March 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 30 September 2024

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Sara Carstensen
State Authorised Public Accountant
mne34191

Ilhan Dogan
State Authorised Public Accountant
mne47842

Statement on the Management's review

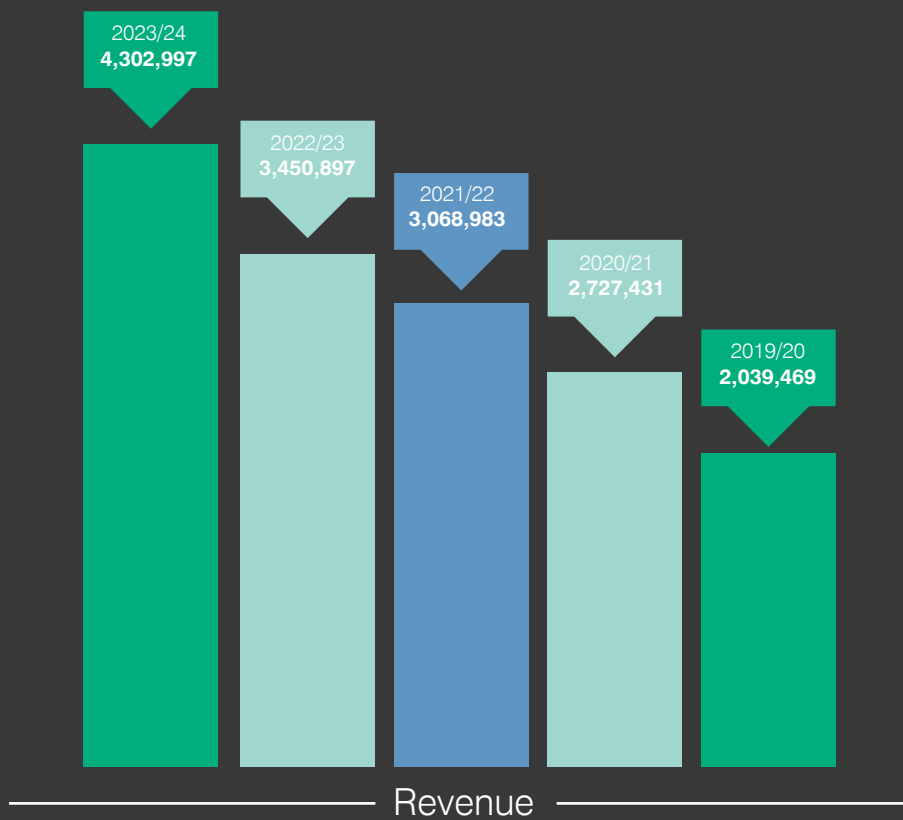
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.



Company details

Name.....FUJIFILM Diosynth Biotechnologies Denmark ApS

Address, Postal code, City..... Biotek Allé 1, 3400 Hillerød

CVR no. 26 06 07 02

Established..... 1 June 2001

Registered office Hillerød

Financial year 1 April 2023 - 31 March 2024

Website..... www.fujifilmdiosynth.com

Telephone +45 77 41 60 00

Board of DirectorsToshihisa Iida, Chairman
Christian Ørsøe Houborg
Lars Petersen
Yoshiki Kimura

Executive Management..... Lars Petersen, President & CEO

Auditors KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28, 2100 Copenhagen Ø

Management's review

Financial highlights

DKK'000	2023/24	2022/23	2021/22	2020/21	2019/20
Key figures	12 months	12 months	12 months	12 months	15 months
Revenue	4,302,997	3,450,897	3,068,983	2,727,431	2,039,469
Gross profit	1,261,019	1,004,857	561,262	494,437	65,121
Net financials	-335,243	-57,810	-15,899	-85,247	10,972
Profit for the year	400,239	470,320	213,460	103,550	-176,316

Total assets	20,501,391	13,683,660	8,455,622	5,848,427	5,495,135
Investments in property, plant and equipment	5,734,928	4,303,288	2,617,913	473,378	103,646
Equity	4,949,437	4,549,198	4,078,878	3,865,418	3,761,868

Financial ratios

Operating margin	20.2%	19.1%	9.4%	8.0 %	-11.6 %
Gross margin	29.3%	29.1%	18.3%	18.1%	3.2%
Return on assets	5.1%	6.0%	4.0%	3.9%	-2.5%
Equity ratio	24.1%	33.2%	48.2%	66.1%	68.5%
Return on equity	8.4%	10.9%	5.4%	2.7%	-4.6%

Average number of full-time employees	1,468	1,140	966	813	746
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Gender composition of management

Members on the Board of Directors

Number of members on the Board of Directors	4
Share of the underrepresented gender in %	0
Target in %	25
Year when the target is fulfilled	2028

Other management levels

Number of members in other management levels	52
Share of the underrepresented gender in %	50
Target in %	45
Year when the target is fulfilled	-

The quantitative disclosures on the gender composition of management are provided under separate heading in the Management's review below.

Financial ratios

The financial ratios stated under “Financial highlights” have been calculated as follows:

Operating margin

$$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$$

Gross margin

$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Return on assets

$$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$$

Equity ratio

$$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$$

Return on equity

$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$



“The continued development of our capacity supports our partners in manufacturing life-impacting therapies for patients around the world and to deliver on our promise to them.”

Christian Houborg, SVP, Site Hillerød



Message from Executive Management

Fiscal Year 2023/2024 was the most successful year for our company since the site was acquired by FUJIFILM Diosynth Biotechnologies in 2019. It was the fourth full financial year for us under the ownership of FUJIFILM Corporation and as part of FUJIFILM Diosynth Biotechnologies, a world leading contract development and manufacturing organization for biologics, vaccines and advanced therapies. For the Fiscal Year ending 31 March 2024, we recorded DKK 4,303.0 million in revenue and DKK 532.8 million in profit before tax.

Our trusted partners have been in focus throughout the year as they are always central to our business. We are committed to unprecedented delivery and to building partnerships for the future of our expanding site.

During this past fiscal year, we achieved mechanical completion of our first expansion and are prepared for first thaw and operations. At the end of 2024 this new facility will expand our production lines for bulk drug substance with six additional mammalian cell culture bioreactors. We celebrated the mechanical completion in January with Mr. Toshihisa Iida, Director, Corporate Vice President, General Manager of the Life Science Strategy Headquarters and Bio CDMO Division, and Chairman, FUJIFILM Diosynth Biotechnologies, in attendance.

During the year we have also focused on our second growth project to transform the Denmark site into the largest end-to-end CDMO in Europe. This second expansion will increase the capacity of the current site by adding 8 x 20,000 L bioreactors and two downstream processing lines. When the expansion is completed, the site will offer 20 x 20,000 L bioreactors for drug substance production complemented by comprehensive drug product and finished goods services. The expansion project will create 450 new jobs in Denmark and is expected to be completed in 2026.

Additionally, we have designed and are currently at the final stages of establishing our new Drug Product facilities with high flexibility, designed for Annex1 compliance using modern DP technologies. This will complement our commercial support completing our end-to-end services portfolio, making it even more attractive for clients to partner with us. The growth of our site is supporting our global strategy to transform the industry and make medicine available to patients around the world.

FUJIFILM Diosynth Biotechnologies' strategy for collaboration across all sites in the US, UK and Denmark is guiding us toward a common goal of being OneFDB, thus enabling us to scale production volumes and support the needs of our partners more efficiently.

We are dedicated to building a strong organization and culture across our network. The continued development of our capacity supports our partners in manufacturing life-impacting therapies for patients around the world and to deliver on our promise to them for support across the entire drug life cycle from pre-clinical through to commercialization.



The main business areas all performed from the manufacturing site in Hillerød.



Financial model

Fujifilm Diosynth Biotechnologies Denmark ApS is a subsidiary of FUJIFILM Corporation.

Business area

Drug Substance Manufacturing

Our large-scale drug substance manufacturing facility currently has capacity of 120,000 liters to reliably manufacture biopharmaceuticals for late phase and commercial use.

Business area

Assembly, Label and Pack

Our facility for assembly, label and pack manufactures advanced delivery systems and ensures required labelling and secure packaging of therapies for patients worldwide.

The site also houses quality control laboratories, warehouses, and a number of support functions such as: process science, supply chain management, engineering and quality assurance.

Management's review

Business review

We are honored to be part of Fujifilm's relentless pursuit for innovation in life sciences, building new facilities and leading the future of biomanufacturing through innovation and sustainability.

Our business

FUJIFILM Diosynth Biotechnologies Denmark ApS is a part of FUJIFILM Diosynth Biotechnologies, a world-leading contract development and manufacturing organization (CDMO) for biologics, vaccines and advanced therapies. FUJIFILM Diosynth Biotechnologies offers complete solutions in pharmaceutical manufacturing – from pre-clinical investigations and process development to commercial cGMP production. The focus is to combine technical leadership in cell culture, microbial fermentation, cell and gene therapies with world class cGMP manufacturing facilities to advance tomorrow's medicines.

FUJIFILM Diosynth Biotechnologies has major locations in the United States of America, the United Kingdom and Denmark and it is building a new manufacturing site in Holly Springs, North Carolina, USA.

FUJIFILM Diosynth Biotechnologies Denmark ApS's mission, along with the larger group, is to be the leading and most trusted global contract development and manufacturing organization partner in the biopharmaceutical industry.

Financial review

A significant improvement in the activities in the business areas resulted in a much higher than expected revenue. The profit before tax was below expectations mostly due to higher financial expenses.

Revenue and Profit

The company delivered a total revenue of DKK 4,303.0 million in financial year 2023/24 compared to DKK 3,450.9 million in financial year 2022/23.

The growth in revenue was 24.7% compared to the financial year 2022/23 and significantly exceeded the expected revenue of DKK 3,200 - 3,500 million.

Profit before tax was DKK 532.8 million compared to DKK 601.6 million in financial year 2022/23. Net profit was DKK 400.2 million in 2023/24 compared to DKK 470.3 million in 2022/23 while the expected profit before tax for financial year 2023/24 was between DKK 600 - 700 million. The lower net

profit before tax in 2023/24 compared to 2022/23 can be attributed to the increased interest expenses mainly due to the higher interest level in the market combined with higher loans to support ongoing investment projects.

Investments

FUJIFILM Diosynth Biotechnologies Denmark ApS invested a total of DKK 5,734.9 million in tangible fixed assets in 2023/24. This is a significant increase compared to 2022/23 where the investments equaled DKK 4,303.3 million. The investments are related to the expansion of the facility as well as the operational capital investment to support the continuous manufacturing. The investments are funded through cash flow from operations and loan arrangements with FUJIFILM Corporation Europe.

Total assets increased in 2023/24. At year-end the total assets were DKK 20,501.4 million compared to the DKK 13,683.7 million in the financial year 2022/23.

Equity

At the end of the financial year the equity is DKK 4,949.4 million. The equity ratio decreased from 33.2% in 2022/23 to 24.1% in 2023/24. The decrease in the equity ratio is mainly due to the significant increase in the internal loans to support the current expansion projects.

Transfer Pricing Audit income years 2020, 2021 and 2022

The Danish Tax Authorities have reviewed FUJIFILM Diosynth Biotechnologies Denmark ApS's Transfer Pricing documentation for the income years 2020, 2021 and 2022.

The Danish Tax Authorities have challenged FUJIFILM Diosynth Biotechnologies Denmark ApS's payment of Royalty to FUJIFILM Corporate for the income years 2020, 2021 and 2022. Consequently, the Danish Tax Authorities have suggested to increase the taxable income of FUJIFILM Diosynth Biotechnologies Denmark ApS for the income years 2020, 2021 and 2022, by only allowing royalty payments on "new customers".

The claim from the Danish Tax Authorities is currently being negotiated and FUJIFILM Diosynth Biotechnologies Denmark ApS is in the process of making an assessment increasing the taxable income by DKK 61.8 million with a tax value including interest and surcharge of DKK 15.3 million. Based on the dialog with the Danish Tax Authorities, it is FUJIFILM Diosynth Biotechnologies Denmark ApS's understanding that the Danish Tax Authorities intend to proceed with the assessment. As a consequent, FUJIFILM Diosynth

Biotechnologies Denmark ApS has made a provision of DKK 15.3 million, in the financial statements, based on the FUJIFILM Diosynth Biotechnologies Denmark ApS's assessment.

Uncertainties as to recognition or measurement

The assessment of uncertain tax positions is based on determining whether it is probable that a liability may be recognized and measuring the amount of the liability based on the probability of different outcomes.

Events after the balance sheet date

Since the end of the financial period and until this date, there have been no events, which materially change the presentation of the annual report.

Statutory CSR report

Corporate social responsibility, Environmental, Health and Safety

In accordance with the Danish Financial Statements Act §99a, our Environmental, Health and Safety (EHS) Policy Statement sets forth our commitment to provide and maintain a healthy and safe work environment and to minimize the impact of our business operations and products on the environment.

FUJIFILM Diosynth Biotechnologies overall strategy is - Partners for Life.

A central part of our Partners for Life strategy is to be a responsible company for our stakeholders and the environment. We call this Partners for the Planet.

As a global contract development and manufacturing organization (CDMO), we are engaging our global workforce to develop sustainable environmental and safe practices. We endeavor to be true partners with our suppliers, customers and community to act responsibly and join forces where appropriate to address topics like ethics and climate change.

At our site in Hillerød we are committed to this plan and work systematically to continuously improve our impact and performance via our continuous improvement focus.

The way we operate is described and followed up in our management systems within Safety, Environment and Energy. The Systems are certified according to ISO 45001, ISO 14001 and ISO 50001.

Our overall sustainability performance is also evaluated annually according to the EcoVadis assessment which is a globally recognized assessment platform that rates businesses' sustainability based on four key categories: environmental impact, labor and human rights standards, ethics and sustainable procurement. During our recertification in March 2024, we received a Silver medal.

As FUJIFILM Diosynth Biotechnologies is a division of FUJIFILM Corporation, we are also contributing to deliver on the overall Fujifilm Sustainable Value Plan 2030, which sets environmental goals to reduce the total environmental impact from Fujifilm's activities and contribute to the resolution of environmental issues. The plan sets goals to create a healthy society through impacting healthcare as well as support daily life with various aspects of social infrastructure. For additional information, the Fujifilm Sustainable Value Plan 2030 is available at <https://holdings.fujifilm.com/en/sustainability/plan/svp2030>.

Impact on external environment

FUJIFILM Diosynth Biotechnologies Denmark ApS recognizes our responsibility to conduct business in a way that protects and improves our environment and the local community. As part of manufacturing products for our clients, we continuously work to minimize the environmental impact in all our processes as we strive to minimize our use of natural resources, reduce waste, and mitigate our impact on climate change.

Our company proactively assesses environmental risks and opportunities (positive and negative) as part of our management process to continuously improve our performance, and we use this to focus our actions on those with the most significance not only for us but also for the local community in which we are located.

We seek to engage in the community for the purpose of having a positive impact. One of our means is through participation in Hillerød Symbiose – a partnership of local industries, public companies and authorities. Here we collaborate with the local community and other production companies to identify and implement broad environmental improvements locally. In 2023/24 the company participated actively in several steering group meetings in Hillerød Symbiose, where the main topic for discussion was the collaboration on projects to save drinking water and reduce energy usage. Further discussions also considered the traffic in our surrounding area with the intent to identify and to make solutions for improvements.

Our development of processes and scale will also create more waste that needs handling. To be ahead of this we have established a group structure to assess and plan for handling both hazardous and non-hazardous waste in the years ahead.

We are subject to public regulations according to the Danish Environmental Protection Act, including regulations relating to use of energy, noise discharge of production, wastewater as well as disposal of materials used in production, labeling and packaging, and the operation of laboratories. We maintain a good collaboration with all authorities and in 2023/2024 there was one enforcement in relation to waste storage.

Impact on climate and water resource

Our Company works to ensure more sustainable production

to support Fujifilm's Sustainable Value Plan 2030 with climate action targets including operating on carbon-free energy and achieving net zero (Scope 1+2) CO₂-emissions latest by the end of Fiscal Year 2033. The Company has continued investing in programs that aim to reduce both energy and water consumption. This has resulted in concrete measures to further electrify the production facility by introducing electric steam boilers in the final design of our large-scale site expansion. Furthermore, water saving initiatives to collect and reuse specific wastewater streams in the facility are in detailed design aiming for installation during 2024/25.

In the spring 2024 we recertified our Energy management system as per ISO 50001. This certification we have chosen to maintain emphasizes the importance of mapping, controlling, and improving our energy using activities to work toward lowering our energy consumption.

As it appears in the table below, we have in total numbers been increasing our Scope 1 & 2 footprint year on year since 2019/20. This is mainly driven by the ongoing facility expansion and the fact that the market-based emission factor used to calculate scope 2 has increased over the past years. However, during the same period, we have reduced our carbon footprint relative to our revenue driven by a combination of continued increase in revenue from 2019 to today and systematic focus on energy savings.

Year		2023/24 12 months	2022/23 12 months	2021/22 12 months	2020/21 12 months	2019/20 15 months
Revenue	DKK (mill)	4,303	3,451	3,069	2,727	2,039
CO ₂ eq - Scope 1 (t)		6,378	5,141	5,138	5,438	6,680
CO ₂ eq - Scope 2 (t)		11,650	10,066	9,250	8,355	10,044
CO ₂ eq - Scope 1+2 (t)*		18,028	15,207	14,388	13,793	16,724
iCO ₂ eq / mill DKK rev		4.2	4.4	4.7	5.1	8.2

* Scope 1 and scope 2 describes our direct CO₂ emissions from the operation of our facilities and our indirect CO₂ emissions from energy purchases respectively. Scope 2 is calculated based on a market-based emission factor, cf. the GHG protocol.

To minimize our climate impact from the electricity used we have entered into a renewable energy PPA contract with Better Energy who will establish a Solar plant in Vedde near Sorø, Sealand Denmark to ensure our company's supply of renewable electricity from mid-2025 and 10 years forward.

For more details visit the [Press release](#).

Management systems, health, and safety

This year we further developed our EHS strategy based on the Vision Zero concept articulating the direction set forth in the FUJIFILM Diosynth Biotechnologies EHS policy. This direction encompasses health, safety, and mental wellbeing of our employees, and focuses on proactive prevention.

As our organization evolves and our site expands, we are continuously developing our systems and processes to match the numbers and competences of our employees in order to work safely.

This has meant that our onboarding structure and training of employees have been revised. EHS continues to be an important part where all new employees are introduced to our safety culture as well as the requirements to work safely and follow rules. This is also embedded in the Fujifilm Code of Conduct and EHS policy and has further been emphasized through management communications in the year.

In our two large expansion projects inductions, that are also mandatory for all employees and contractors emphasize the same elements and describe special rules relevant to the projects. As we are moving into new phases this will be updated to stay relevant for the attendants.

In FUJIFILM Diosynth Biotechnologies Denmark ApS we see the engagement of our health and safety groups as key to proactive relevant work preventing harm to our employees, contractors, and visitors. This year, we have expanded the size of the Health & Safety (H&S) organization. The election process across the site for these roles has brought in additional members, enhancing our ability to drive local initiatives effectively.

One element of the local work is the proactive health and safety culture involving employees in identification and mitigation of risks at the workplace. Throughout the year the health and safety groups in our operational areas have revisited the risks identified and further addressed mitigation efforts. To support the chemical use and related risks we have implemented a new system for chemical management that allows for easily accessible safety data sheets.

There have been no severe incidents in the year and the lost time rate has fallen further to 1.64 per million workhours.

In the two large expansion projects, we continue a strong focus with our partners on health and safety during design and construction. This is to ensure equipment and installations cater for health and safe work during later operation, and that the construction can progress in a safe and compliant way as per Danish requirements. As the first project transitions into operational activities, collaboration between project engineers, maintenance colleagues and EHS has resulted in actual corrections and improvements to ensure future safe operation.

Employees

Everyday our dedicated team members combine their expert knowledge with world-class manufacturing facilities to bring novel therapies to patients and to use our global brand to lead the industry. As we expand our capabilities, and workforce, our shared passion for advancing tomorrow's medicines will always be our driving force.

Our 9 People Fundamentals transformed in the year from a leadership tool into an overall guide on our behaviors and attitudes, giving all employees the license to be themselves and to be respected and valued for what they bring to the table. Our fundamentals form the backbone of our culture and help us nurture and expand trust, establishing a unified approach to how we show up, how we interact and how we lead across the organization. The coming year will be

filled with engaging dialogues for all employees on what the Fundamentals mean in daily work.

Our best-in-class work culture is built by focusing on these people-centric approaches, purpose-driven motivation, and future-oriented strategies to drive organizational success and growth.

During the year we implemented tools and training to improve conversations about the psychosocial work environment in relation to not only workload and stress, but also harassment and diversity. For the latter we have implemented our own small talk card inspiring our teams to have conversations about how we are together in our company.

“It’s important that we trust by default, and that’s not about being perfect. When we trust and believe in each other, we will release the full potential of our culture. It all starts with people. That’s why our People Fundamentals are so important.”

Lars Petersen,
President and CEO

To improve leadership competences around change management and stress, leaders have had the opportunity to participate in training focusing on these elements. This naturally comes as an

acknowledgement of the many changes our growth includes.

At the end of 2023/24, the company had 1,557 full-time employees, which was 298 more employees than the previous year. This growth is driven by increased business and expansion activities in Hillerød where all our employees work.

Knowledge resources

FUJIFILM Diosynth Biotechnologies Denmark ApS operates in the area of manufacturing biopharmaceutical products with a high degree of specialized knowledge. The company strives to be an attractive workplace, that can attract and retain the right employees with the right knowledge. This is essential to our current and future success as a company.

Human rights

The Company respects fundamental human rights and believes that every individual deserves to be treated fairly and with dignity. The Company is committed to supporting internationally recognized fundamental human rights activities and initiatives. FUJIFILM Corporation embrace the United Nations’ Guiding Principles on Business and Human Rights (UNGPs) as a framework for implementation of respecting human rights. As a responsible organization, the company respects the human rights of all people with whom we interact, including our customers’ patients, customers, employees and third parties who work as our external business partners.

Fair working conditions and Human Rights are included as a section of the Fujifilm Code of Conduct as well as in

our terms and conditions for contracts with suppliers. All employees are trained in the Fujifilm Code of Conduct.

The processes, including Human Rights, are audited on a regular basis and no violations were identified. The Company has identified the risk of violation of Company policies as the main risk associated with human rights, but due to thorough implementation and monitoring, this risk is estimated to be low. The Company is committed to continue its human rights efforts in the future. For additional information, Fujifilm’s human rights statement is available at <https://holdings.fujifilm.com/en/sustainability/vision/policy/statement>.

Anti-monetary laundering and anti-corruption

As part of the Fujifilm Code of Conduct and supporting policies, the anti-monetary laundering policy and anti-corruption policy sets forth a commitment to preventing and detecting bribery and corruption of all types and set the basic standards for interactions with all third parties, including commercial counterparts, healthcare professionals, government employees and government entities. All employees are trained in the Fujifilm Code of Conduct. The company has implemented internal procedures to prevent money laundering and corruption. These processes are audited on a regular basis and for the financial year 2023/24 no violations have been identified.

The Company has identified the risk of violation of company policies as the main risk associated with bribery and corruption, but due to thorough implementation and monitoring, this risk is estimated to be low. The Company is committed to continue its efforts against bribery and corruption in the future.

Account of the gender composition of Management Diversity

In accordance with the Danish Financial Statements Act §99b, in FUJIFILM Diosynth Biotechnologies Denmark ApS, employees are always selected based on qualifications and skills, striving for an equal representation of genders at all levels.

In FUJIFILM Diosynth Biotechnologies Denmark ApS our People Fundamentals are highly prioritized, and we believe that every employee brings unique talent, strengths, and potential to make a difference in our inclusive and diverse culture regardless of gender. Bringing your full self to work matters for us, and we believe that having a diverse and equal gender composition in management makes us an even more attractive and relevant company for the benefit of our employees, customers, and society.

At the end of the financial year 2023/24, the board consists of 4 male board members. Two members appointed by FUJIFILM Corporation, the CEO of the FUJIFILM Diosynth Biotechnologies Group and the COO of FUJIFILM Diosynth Biotechnologies Denmark ApS. The goal for 2025 about a female representation of 25% has not been achieved since there has not been any changes to the board compared

to last year. We recognize that the diversity target for the board is hard to achieve, but we aim to increase female representation in the board by 2028, targeting 25%.

The upper management levels (Site Leadership Team) consist of 25% females and 75% males. For management with direct reporting line to Site Leadership Team and with personnel responsibilities 58% are females and 42% are males. For Other management levels (Site Leadership Team and direct reports with personnel responsibilities) the split equals 50% females and 50% males, please see overview on page 10, Financial Highlights. All management levels consist of 38% females and 62% males.

Our aspirational target is to have a minimum of 45% women and 45% men on all managerial levels leaving 10% flexibility for all gender identities. The Company will continue to focus on an equal representation of gender going forward, and we aim to have an inclusive and diverse culture regardless of gender.

According to our policy on gender composition of management, we wish to promote a balanced gender diversity across all management levels. However, the goal of an equal split between genders for all management levels is not fulfilled but it is still seen as reachable for 2028.

To achieve our aspirational targets, we will, among other things, focus on the following three drivers:

- We continuously work on improving our recruitment process and seek to build structured approaches to mitigate biases and ensure diversity in talents joining the Company.
- We promote a healthy talent pipeline by having continuously focus on our succession planning, where we monitor and promote diversity in our talent pool for leadership.
- We continuously analyze and foster a competitive, fair, and equal compensation package regardless of gender.

At the end of 2023/2024 the Company had 1,557 full time employees representing 65 different nationalities.

Data ethics

In accordance with the Danish Financial Statements Act §99d, as part of the global Fujifilm Group, FUJIFILM Diosynth Biotechnologies Denmark ApS conducts all our business activities in line with our core value of trust, supported by a robust Charter for Corporate Behavior and Code of Conduct which sets out the principles in accordance with which we work with our people, our business partners, and the communities in which we operate.

We have a strong focus on protecting the data entrusted to us, and are committed to ensuring that we use, handle and store data in compliance with all applicable data privacy laws. We align our security with recognized international standards, and the privacy and protection of data are integral to our development of new products and ways of working.

While we do not currently have a stand-alone data ethics policy, we have a number of internal policies outlining

how we work with information security and the protection of data, including in respect of self-determination, human dignity, equality and fairness, diversity, accountability and awareness. We continue to monitor and develop these policies and guidance as part of our ongoing expansion within a dynamic and fast-growing global business. In the context of this continuing monitoring and development we are keeping under review whether and to what extent it is relevant to consolidate our existing policies and guidance into a stand-alone data ethics policy.

Outlook

The outlook for 2024/25

The revenue for 2024/25 is expected to be between DKK 4,100 - 4,600 million. This is driven by many factors. First of all the first expansion project will be completed in early 2025 and bring an additional 120,000 liter capacity to the site. The Company will be ramping up the manufacturing activities in this new expansion over the next couple of years and these activities are expected to have an increase on the sales. Second of all the Company is continuing to welcome new clients and new programs into the manufacturing facility and have been doing so over the last couple of years. The expectation for 2024/25 is to further build on some of these partnerships and program transfers resulting in a changed mix in production activities as well as new programs from new and existing clients. We are still seeing a high demand and interest from new clients.

The stable demand and the ability to keep an unpresented delivery from our manufacturing facility have proven to be a necessary component in the performance of the Company. We will continuously focus on long range planning in terms of high utilization of our current and new facility but at the same time maintain flexibility for our clients going forward as well.

The company is also bringing a drug product manufacturing line in service in early 2025 and have already started the technology transfer of programs into this manufacturing line. The manufacturing from the drug product line is expected to have a smaller impact to 2024/25 due to limited manufacturing activities expected in the year. However, this expansion project is important in the way that the facility is now an end-to-end facility.

The assembly, label and packaging and quality control will continue the activities at approximately the same level as in the 2023/24, although this will be subject to demand-based fluctuations inherent in the pharmaceutical industry.

The revenue for 2024/25 is expected to be between DKK 4,100 - 4,600 million. Profit before tax for 2024/25 is expected to be between DKK 100 - 200 million. The expected lower profit is driven by increased financial expenses due to the higher loans for expansion activities and the general interest level in the market.

Building for the future

On 9 June 2020 FUJIFILM Corporation announced that it will make an investment of approximately DKK 6.1 billion into FUJIFILM Diosynth Biotechnologies Denmark ApS. The investment will double the current drug substance manufacturing capacity, expand its capabilities to include fill/finish, and enhance its current assembly, labelling and packaging services. These investment projects are expected to conclude in 2024/25.

On June 29, 2022, FUJIFILM Corporation announced and entrusted us with an additional USD 1.6 billion (DKK 11 billion) investment to further expand our capacity.

These investments expand production lines for bulk drug substance with the addition of 14 bioreactors, bringing the total to 20 x 20,000 liter bioreactors, making our facility the largest end-to-end CDMO in Europe. The development will also include the addition of comprehensive drug product and finished goods services.

Business Risks

Industry risks

As part of a global Contract Development and Manufacturing Organization in the biopharmaceutical industry, the company is subject to the health authorities' regulated product requirements relating to drugs for patient treatment purposes. The quality of the services performed by FUJIFILM Diosynth Biotechnologies Denmark ApS is the license to operate.

In the biopharmaceutical industry there are always general risks related to a large degree of uncertainty in relation to research and development of new products and the strong public regulations governing the industry. The Company as a CDMO is also impacted by these risks through partnering with our clients.

Operations and business continuity

FUJIFILM Diosynth Biotechnologies Denmark ApS is in drug substance manufacturing and is highly dependent on being able to ensure uninterrupted manufacturing. A failure in the continuous manufacturing could result in loss of product. Therefore, a business continuity approach is of great importance in the operations.

The Company has a business continuity plan in place to support the operations and mitigate potential risks.

Quality of the product

FUJIFILM Diosynth Biotechnologies Denmark ApS is highly dependent on the quality of the services delivered to our clients. This is an essential part of building customer trust. Failure to deliver high quality services could result in a negative reputational impact to the Company and the greater FUJIFILM Diosynth Biotechnologies' brand. This risk is managed by quality management systems, GMP standard operating procedures in addition to highly skilled employees.

IT infrastructure and security

The IT infrastructure and security is an important part of ensuring continuous manufacturing operations. The Company has IT security policies and procedures in place.

Financial Risks

Credit risks

FUJIFILM Diosynth Biotechnologies Denmark ApS' clients are typically large pharmaceutical companies. The distribution is not widespread as the company mainly operates with a fewer number of clients. The business model for the services provided by the Company includes some level of prepayment. The standard procedures for managing credit risks and manage clients' credit agreements are in place.

Financial risks

The Company has cash available to cover manufacturing operations and to partly finance the expansion projects. However, a significant part of the expansion projects will have to be financed through internal loan agreements with FUJIFILM Corporation Europe. The Company risk management is coordinated with FUJIFILM Corporation Europe Treasury. The Company is participating in a Fujifilm cash pool solution.

Interest risk

FUJIFILM Diosynth Biotechnologies Denmark ApS is exposed to interest risk and the interest level follows the general interest level in the market. The risk is considered to be moderate.

Foreign exchange risks

The Company has clients worldwide and the main part of the financial activities are performed in USD and EUR. All manufacturing and supporting activities are performed in Denmark in local currency. The conclusion is that the Company has currency risks and is to some extent exposed to fluctuations in the USD and EUR exchange rate.

The Company is continuously evaluating potential risk mitigation for future manufacturing operations and financial periods but does not make use of any instruments such as hedging of foreign exchange exposure currently. The Company therefore has no risk from usage and management of financial instruments.

Financial statements

1 April 2023 - 31 March 2024

Income statement

Note	DKK'000	2023/24	2022/23
2	Revenue	4,302,997	3,450,897
3,4	Production costs	-3,041,978	-2,446,040
	Gross profit	1,261,019	1,004,857
3,4,5	Administrative expenses	-392,960	-345,425
	Operating profit	868,059	659,432
6	Other operating expenses	-21	0
	Profit before net financials	868,038	659,432
7	Financial income	72,270	130,396
8	Financial expenses	-407,513	-188,206
	Profit before tax	532,795	601,622
9	Tax for the year	-132,556	-131,302
	Profit for the year	400,239	470,320

Financial statements

1 April 2023 - 31 March 2024

Balance sheet

Note DKK'000

	2023/24	2022/23
ASSETS		
Fixed assets		
11 Intangible assets		
Software	89,325	122,465
Knowhow and Customer Rights	0	45,799
Development projects in progress and prepayments for intangible assets	272,333	181,279
	<u>361,658</u>	<u>349,543</u>
12 Property, plant and equipment		
Land and buildings	1,436,332	1,556,358
Fixtures and fittings, other plant and equipment and computer hardware	1,158,433	1,269,561
Leasehold improvements	16,801	23,296
Property, plant and equipment in progress	12,736,773	7,074,411
	<u>15,348,339</u>	<u>9,923,626</u>
Total fixed assets	<u>15,709,997</u>	<u>10,273,169</u>
Non-fixed assets		
Inventories		
Raw materials and consumables	1,130,689	1,064,779
Work in progress	57,832	65,041
	<u>1,188,521</u>	<u>1,129,820</u>
Receivables		
Trade receivables	926,201	315,924
13 Contract assets	1,408,337	1,479,751
Receivables from group enterprises	48,411	37,134
Other receivables	287,841	280,754
14 Prepayments	30,844	26,846
	<u>2,701,634</u>	<u>2,140,409</u>
Cash	<u>901,239</u>	<u>140,262</u>
Total non-fixed assets	<u>4,791,394</u>	<u>3,410,491</u>
TOTAL ASSETS	<u>20,501,391</u>	<u>13,683,660</u>

Financial statements

1 April 2023 - 31 March 2024

Balance sheet

Note DKK'000

	2023/24	2022/23
EQUITY AND LIABILITIES		
Equity		
15 Share capital	390	390
Retained earnings	4,949,047	4,548,808
Total equity	4,949,437	4,549,198
Provisions		
16 Deferred tax	260,031	255,342
Total provisions	260,031	255,342
Liabilities other than provisions		
17 Non-current liabilities other than provisions		
Prepayments received from customers	151,563	137,665
Payables to group enterprises	12,166,294	0
	12,317,857	137,665
Current liabilities other than provisions		
Credit institutions	415,742	0
17 Prepayments received from customers	464,857	449,466
Trade payables	1,672,718	1,820,935
17 Payables to group enterprises	96,620	6,246,845
Corporation tax payable	57,589	6,120
Other payables	266,540	218,089
	2,974,066	8,741,455
Total liabilities other than provisions	15,291,923	8,879,120
TOTAL EQUITY AND LIABILITIES	20,501,391	13,683,660

- 1 Accounting policies
- 10 Appropriation of profit
- 18 Contractual obligations and contingencies, etc.
- 19 Security and collateral
- 20 Related parties

Financial statements

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Statement of changes in equity

Note DKK'000

	Share capital	Retained earnings	Total
Equity at 1 April 2022	390	4,078,488	4,078,878
10 Transfer, see "Appropriation of profit"	0	470,320	470,320
Equity at 1 April 2023	390	4,548,808	4,549,198
10 Transfer, see "Appropriation of profit"	0	400,239	400,239
Equity at 31 March 2024	390	4,949,047	4,949,437



Financial statements

1 April 2023 - 31 March 2024

Notes to the financial statements

1 Accounting policies

The annual report of FUJIFILM Diosynth Biotechnologies Denmark ApS for 2023/24 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company.

Basis of recognition and measurement

The annual report has been prepared under the historical cost method.

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all costs incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IFRS 15 (Revenue from Contracts with Customers) as the basis for interpretation for revenue recognition.

Revenue includes service fees for biologic bulk production and assembly, labelling and products to be distributed to external clients. Service fees are recognised exclusive of VAT.

Revenue for biologic bulk production is based on the input method cost incurred and is recognised over time as the company has a right to payment for services performed and materials used in production.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Knowhow and Customer Rights	4 years
Software	1-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Land and buildings	15-40 years
Fixtures and fittings, other plant and equipment and computer hardware	6-20 years
Leasehold improvements	3-5 years
Computer hardware	3-5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other Danish group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Knowhow and Customer rights are amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Knowhow and Customer rights are amortised on a straight-line basis over the amortisation period, which is 4 years. The amortisation period is based on the expected length of the inherent contracts.

Other intangible assets include software.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of intangible assets, property and plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment.

The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received.

The effective interest rate for the individual receivable or portfolio is used as discount rate.

Contract assets

Contract assets is measured at sales value of the work carried out. The sales value is measured on the basis of the level of completion at the balance sheet date and the expected income from the work in progress.

If the sales value cannot be calculated reliably, the sales value is measured at expenses incurred or net realisation value, if lower.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Trade payables consist of payables to suppliers and accrued operating- and capital expenditures.

Prepayments received from customers

Prepayments received from customers primarily consist of amounts received from customers as reservation fees for future production. The prepayments will be deducted in future production fees.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

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1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000

	2023/24	2022/23
2 Segment information		
Breakdown of revenue by geographical segment:		
North America	1,597,589	1,638,965
Europe	2,448,236	1,788,049
Asia	257,172	23,883
	<u>4,302,997</u>	<u>3,450,897</u>
3 Staff costs		
Wages/salaries	970,790	768,528
Pensions	95,855	73,633
Other social security costs	14,397	13,945
	<u>1,081,042</u>	<u>856,106</u>
Staff costs are recognised as follows in the financial statements:		
Production costs	930,483	748,741
Administrative expenses	150,559	107,365
	<u>1,081,042</u>	<u>856,106</u>
Average number of full-time employees	<u>1,468</u>	<u>1,140</u>
Total remuneration to Executive Management and Board of Directors: DKK 11,860 thousand for 2023/24. By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Executive Management and Board of Directors for 2022/23 is not disclosed.		
4 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	101,182	186,994
Depreciation of property, plant and equipment	310,193	301,710
	<u>411,375</u>	<u>488,704</u>
Amortisation/depreciation of intangible assets and property, plant and equipment are recognised in the income statement under the following items, Production costs with DKK 364,896 thousand and Administrative expenses with DKK 46,479 thousand.		
5 Fee to the auditors appointed in general meeting		
Statutory audit fee	1,891	1,520
Other services	373	751
	<u>2,264</u>	<u>2,271</u>

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1 April 2023 - 31 March 2024

Notes to the financial statements

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6 Other operating expenses

Other operating expenses mainly include loss on sale of the property, plant and equipment.

7 Financial income

	2023/24	2022/23
Interest receivable, group entities	15	0
Unrealized exchange adjustments	0	53,307
Realized exchange gain	47,121	73,918
Other financial income	25,134	3,171
	<u>72,270</u>	<u>130,396</u>

8 Financial expenses

Interest expenses, group entities	324,862	34,012
Unrealized exchange adjustments	12,340	0
Realized exchange losses	58,041	153,879
Interest surcharges and tax recognised under net financials	594	22
Other financial expenses	11,676	293
	<u>407,513</u>	<u>188,206</u>

9 Tax for the year

Estimated tax charge for the year	112,527	113,243
Deferred tax adjustments in the year	4,688	18,003
Tax adjustments, prior years	15,341	56
	<u>132,556</u>	<u>131,302</u>

10 Appropriation of profit

Recommended appropriation of profit		
Retained earnings	400,239	470,320
	<u>400,239</u>	<u>470,320</u>

Financial statements

1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000

11 Intangible assets

	Software	Knowhow and Customer Rights	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 April 2023	290,379	549,610	181,279	1,021,268
Additions	0	0	113,296	113,296
Transferred	22,242	0	-22,242	0
Cost at 31 March 2024	312,621	549,610	272,333	1,134,564
Impairment losses and amortisation at 1 April 2023	167,914	503,811	0	671,725
Amortisation for the year	55,382	45,799	0	101,181
Impairment losses and amortisation at 31 March 2024	223,296	549,610	0	772,906
Carrying amount at 31 March 2024	89,325	0	272,333	361,658

Development projects in progress and prepayments for intangible assets consist of purchase of software licenses and ERP systems, which are customized for Fujifilm Diosynth Biotechnologies Denmark ApS needs. None of the Software are for the intention of sales. All software purchased is to be used inhouse in order to manage and control Fujifilm Diosynth Biotechnologies Denmark ApS Drug Substance Manufacturing, and Assembly, Label and pack.

12 Property, plant and equipment

	Land and buildings	Fixtures and fittings, other plant and equipment and computer hardware	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 April 2023	3,017,017	2,987,219	26,471	7,074,411	13,105,118
Additions in the year	0	0	0	5,734,928	5,734,928
Disposals in the year	0	-21,319	0	0	-21,319
Transferred	6,327	66,239	0	-72,566	0
Cost at 31 March 2024	3,023,344	3,032,139	26,471	12,736,773	18,818,727
Impairment losses and depreciation at 1 April 2023	1,460,659	1,717,658	3,175	0	3,181,492
Depreciation in the year	126,353	177,345	6,495	0	310,193
Reversal of accumulated depreciation and impairment of assets disposed	0	-21,297	0	0	-21,297
Impairment losses and depreciation at 31 March 2024	1,587,012	1,873,706	9,670	0	3,470,388
Carrying amount at 31 March 2024	1,436,332	1,158,433	16,801	12,736,773	15,348,339

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Notes to the financial statements

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	2023/24	2022/23
13 Contract assets		
Contract assets, selling price	1,804,678	1,641,436
Contract assets, Prepayments received on account	-396,341	-161,685
	<u>1,408,337</u>	<u>1,479,751</u>

14 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent and accrued Pharmaceutical Operations & Technology expenses.

15 Share capital

Analysis of the share capital:

3,850 A shares of DKK 100.00 nominal value each

385 385

50 B shares of DKK 100.00 nominal value each

5 5

390 390

Each A share carries five voting rights and each B share carries one voting right.

16 Deferred tax

Deferred tax at 1 April

255,342 237,339

Deferred tax adjustments in the year, recognized in the income statement

4,689 18,003

Deferred tax at 31 March

260,031 255,342

Deferred tax relates to:

Intangible assets

-11,952 -11,859

Property, plant and equipment

272,985 267,201

Receivables

-1,002 0

260,031 255,342

The provision for deferred tax primarily relates to timing differences in respect of intangible assets, property, plant and equipment.

Financial statements

1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000

17 Non-current liabilities other than provisions

	Total debt at 31/3 2024	Short-term portion	Long-term portion	Outstanding debt after 5 years
Prepayments received from customers	616,420	464,857	151,563	23,041
Payables to group enterprises	12,262,914	96,620	12,166,294	7,632,364
	<u>12,879,334</u>	<u>561,477</u>	<u>12,317,857</u>	<u>7,655,405</u>

18 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with FUJIFILM Diosynth Biotechnologies Holdings Denmark ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

	2023/24	2022/23
Other rent and lease liabilities		
Rent and lease liabilities	<u>23,072</u>	<u>12,305</u>

Rent and lease and other contract obligations concerning machines, trucks and lease of buildings etc. which are irrevocable until 2028 with remaining contract terms of 1 – 4 years. Besides rent and lease obligations FUJIFILM Diosynth Biotechnologies Denmark ApS has other commitments for DKK 48,378 thousand with a notice period of 0 - 2 years (2022/23: DKK 55,688 thousand).

19 Security and collateral

The Company has not provided any security or other collateral in assets at 31 March 2024.

Financial statements

1 April 2023 - 31 March 2024

Notes to the financial statements

DKK'000

20 Related parties

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Fujifilm Holdings Corporation (Ultimate Parent)	9-7-3, AKASAKA, TOKYO MIDTOWN WEST, MINATOKU, TOKYO, Japan 107- 0052	Participating interest
FUJIFILM Diosynth Biotechnologies Holdings Denmark ApS (Parent Company)	Biotek Allé 1, 3400, Hillerød Denmark	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the Ultimate Parent company's consolidated financial statements</u>
Fujifilm Holdings Corporation	9-7-3, AKASAKA, TOKYO MIDTOWN WEST, MINATOKU, TOKYO, Japan 107- 0052	The consolidated accounts of Fujifilm Holdings Corporation can be obtained by written application to 9-7-3, AKASAKA, TOKYO MIDTOWN WEST, MINATOKU, TOKYO, Japan 107- 0052

Related party transactions

FUJIFILM Diosynth Biotechnologies Denmark ApS was engaged in the below related party transactions:

DKK'000	2023/24	2022/23
Sales of Service to group enterprises	2,289	23,704
Purchase of Service from group enterprises	21,690	54,565
Royalty to Ultimate Parent Company	62,283	50,515
Sales of pass through cost to group enterprises	71,623	31,255
Purchase of pass through cost from group enterprises	29,734	13,510
Purchase of materials	45	0

Interest income and expenses with respect to group entities are disclosed in notes 7 and 8.

Further, the Company's balances with group entities at March 31, 2024 are recognized in the balance sheet.

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