



FUJIFILM

Diosynth
biotechnologies

2021/22

FUJIFILM Diosynth Biotechnologies Denmark ApS Annual Report

Approved at the Company's annual general meeting on 29 September 2022

Chairman: _____

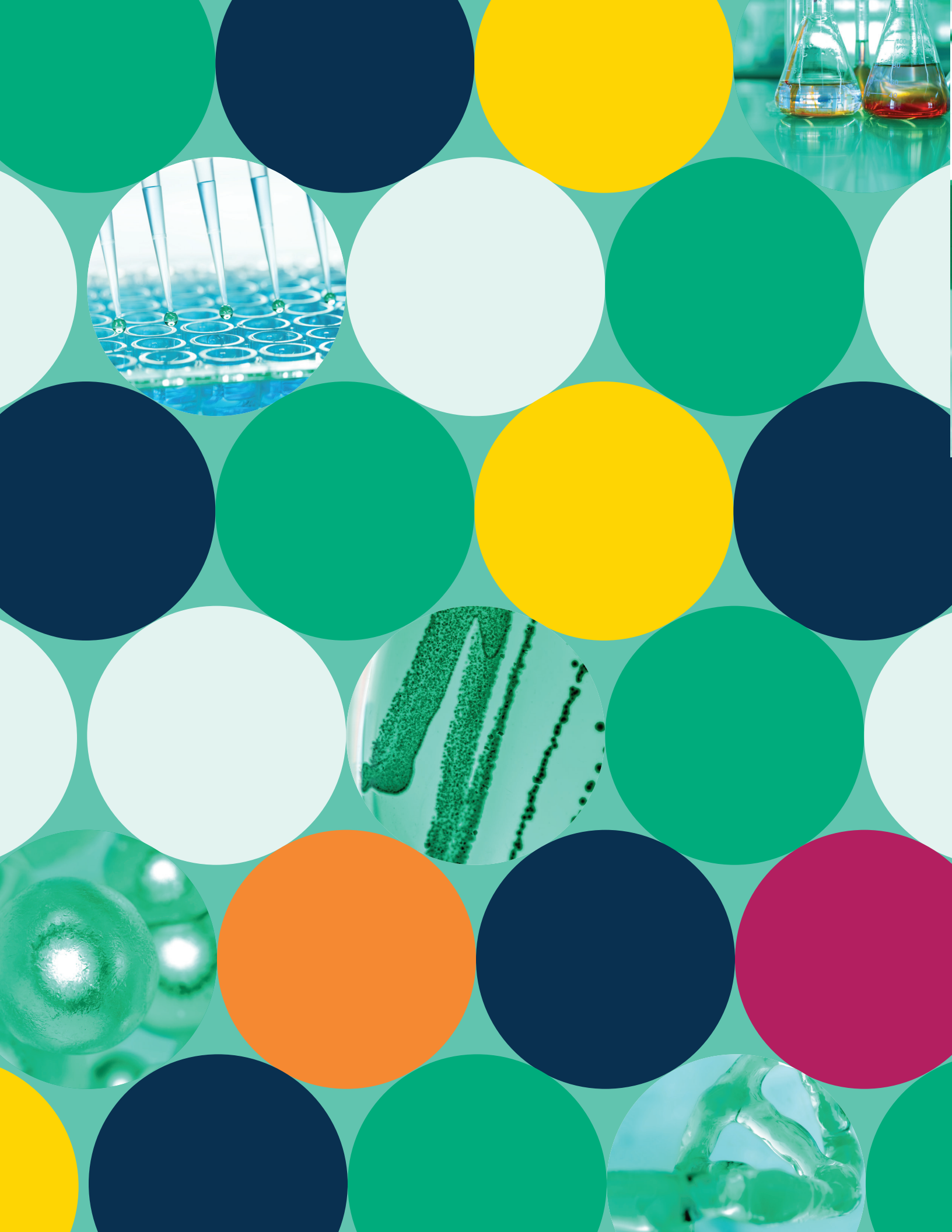




We deliver
life-changing
medicines.

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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 2021 - 31 March 2022.

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 2022 and of the results of the company's operations for the financial year 1 April 2021 - 31 March 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the company's operations and financial matters and the results of the company's operations and financial position.

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

Copenhagen, 29 September 2022

Executive Management:

Lars Petersen
COO

Board of Directors:

Martin Edward Meeson
Chair

Toshihisa Iida

Takatoshi Ishikawa

Lars Petersen

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 2021 - 31 March 2022 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 2022, and of the results of the Company's operations for the financial year 1 April 2021 - 31 March 2022 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.



Independent auditor's report

- 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, 29 September 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kåre Kansonen Valtersdorf
State Authorised Public Accountant
mne34490

Ilhan Dogan
State Authorised Public Accountant
mne47842

Statement on the Management's review

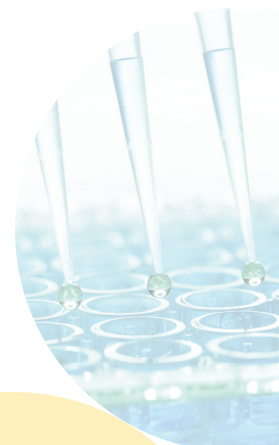
Management is responsible for the Management's review.

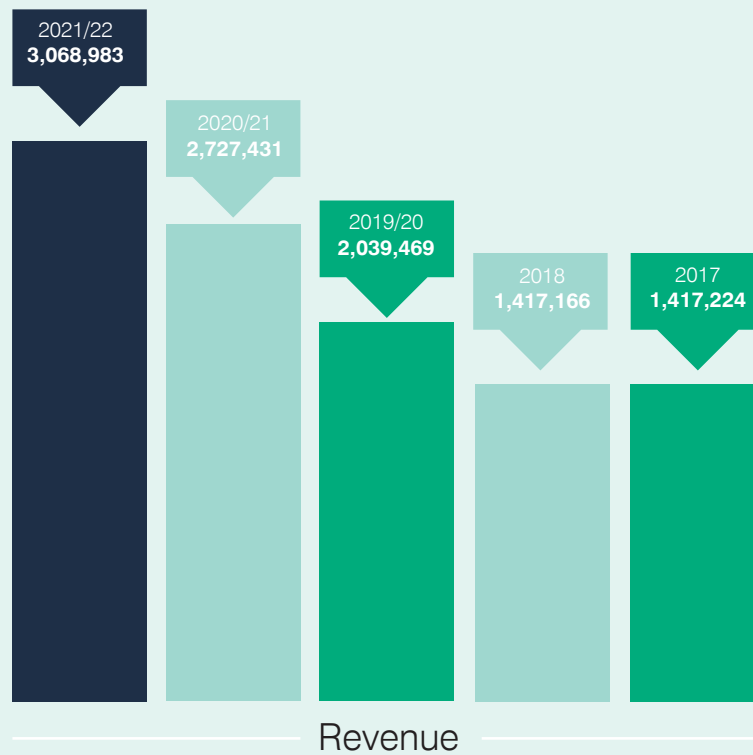
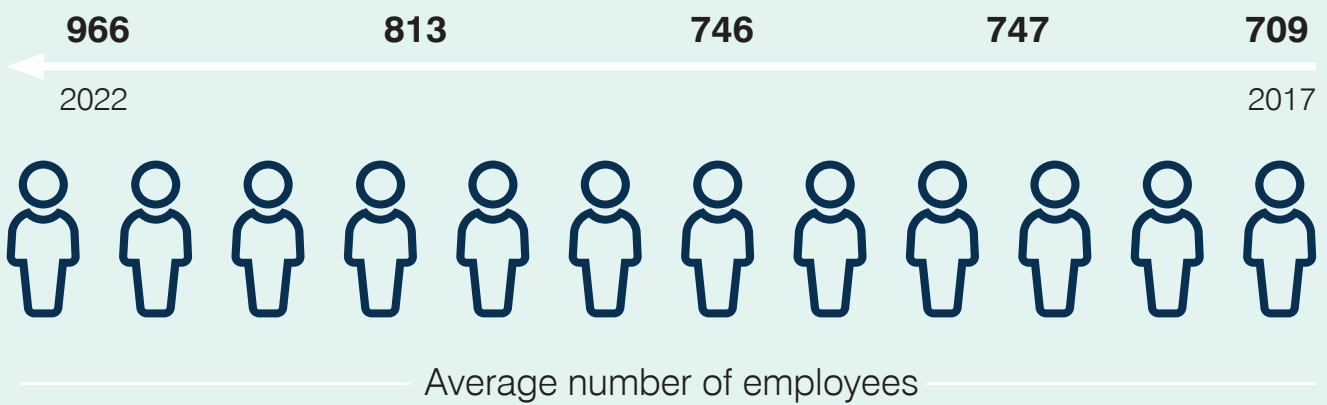
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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 2021 - 31 March 2022
Website..... www.fujifilmdiosynth.com
Telephone +45 77 41 60 00
Board of Directors Martin Edward Meeson, Chair
Toshihisa Iida
Takatoshi Ishikawa
Lars Petersen
Executive Management Lars Petersen, COO
Auditors KPMG Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28, 2100 Copenhagen Ø



Management review

Financial highlights

DKK'000	2021/22 12 months	2020/21 12 months	2019/20 15 months	2018 12 months	2017 12 months
Key figures					
Revenue	3,068,983	2,727,431	2,039,469	1,417,166	1,417,224
Gross profit	583,823	494,437	65,121	214,188	241,078
Net financials	-15,899	-85,247	10,972	4,453	28,922
Profit/loss for the year	213,460	103,550	-176,316	253,501	170,735
Total assets					
Total assets	8,455,622	5,848,427	5,495,135	4,540,602	4,416,378
Investments in property, plant and equipment	2,617,913	473,378	103,646	132,947	163,053
Equity	4,078,878	3,865,418	3,761,868	3,938,184	3,684,683
Financial ratios					
Operating margin	9.4%	8.0%	-11.6%	22.4 %	11.9 %
Gross margin	19.0%	18.1%	3.2%	15.1%	17.0%
Return on assets	4.0%	3.9%	-2.5%	3.2%	3.7%
Equity ratio	48.2%	66.1%	68.5%	86.7%	83.4%
Return on equity	5.4%	2.7%	-4.6%	6.7%	4.7%
Average number of employees					
Average number of employees	966	813	746	747	709

For terms and definitions, please see the accounting policies.



Lars Petersen, COO,
FUJIFILM Diosynth Biotechnologies Denmark

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. The latest expansion fueled by recent investment of DKK 11 billion will transform our site into the largest end-to-end CDMO in Europe.

Message from Executive Management

We look at the financial year 2021/22 as another successful year for our company. It was the second full financial year for FUJIFILM Diosynth Biotechnologies Denmark ApS 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. The company delivered DKK 3,069.0 million in revenue and DKK 271.9 million in profit before tax. The revenue was higher than expected driven by a higher demand for manufacturing activities.

The result before tax is despite the pandemic challenges within the high range of last year's outlook. The revenue and gross profit exceeded expectations for the year.

Our manufacturing services and expertise have brought us new customers and new programs, which also solidified our position as a trusted partner for large-scale biologics manufacturing. These new customers and new programs have also contributed to the result of the year.

Similar to financial year 2020/21, this year was also affected by the pandemic and one of the largest risks for our manufacturing operations remains to secure raw materials for production. We navigated successfully through the pandemic in close collaboration with our colleagues and customers, securing uninterrupted manufacturing operations.

During the pandemic the demand for manufacturing capacity increased and our long-term plan and outlook remain positive.

Continued investment

On 9 June 2020 FUJIFILM Corporation announced that it will invest USD 928 million (DKK 6.1 billion) into our company. This investment is still ongoing and will double our current drug substance manufacturing capacity, expand our capabilities to include fill/finish, and enhance our current assembly, labeling and packaging services.

On June 29 2022, FUJIFILM Corporation has announced and entrusted us with an additional USD 1.6 billion (DKK 11 billion) investment to further expand our capacity, transforming our facility the largest end-to-end CDMO in Europe, offering a total of 20 x 20,000L bioreactors for drug substance production complemented by comprehensive drug product and finished goods services.

The expansions will transform our site into the largest end-to-end CDMO in Europe and will further enhance our ability to support our partners and their evolving needs to advance tomorrow's medicines.



Our Business

Purpose

FUJIFILM Diosynth Biotechnologies Denmark (FDBD) is a part of FUJIFILM Diosynth Biotechnologies (FDB), a world-leading contract development and manufacturing organization (CDMO) for biologics, vaccines and advanced therapies. FDB 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.

FDBD operates in a global network (FDB) which have 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.

Our purpose, along with the FDB group, is to be the leading and most trusted global contract development and manufacturing organization partner in the biopharmaceutical industry.

Financial model

FDBD is a financially independent company and a subsidiary of FUJIFILM Corporation.



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



Business area

Drug Substance Manufacturing

Our large-scale drug substance manufacturing facility has a current 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 the therapies for patients worldwide.

The site also houses quality control laboratories, warehouses, and a number of organizations, supporting manufacturing activities: process science, supply chain management, engineering and quality assurance.

Financial Review

A significant improvement in the activities in the business areas resulting in higher than expected revenue and profit.

Revenue and profit

The company delivered a total revenue of DKK 3,069.0 million in financial year 2021/22 compared to DKK 2,727.4 million in the previous period.

The growth in revenue was 12.5%, which exceeded expectations.

Profit before tax was DKK 271.9 million compared to DKK 132.8 million in the previous year. The improvement can be attributed to the increased manufacturing activities in the drug substance manufacturing area.

The revenue in 2020/21 was negatively impacted throughout the year by USD exchange rates. The revenue in 2021/22 has been less impacted.

Net profit

FDBD reported net profit of DKK 213.5 million in 2021/22 compared to DKK 103.6 million in 2020/21.

Investments

FDBD invested a total of DKK 2,617.9 million in tangible fixed assets in 2021/22. This is a significant increase compared to 2020/21. The investments are covering the expansion of the facility in building for the future project as well as the operational capital investment to support the continuous manufacturing. The impact of COVID-19 on the expansion was managed and mitigated during the year with the use of on-site testing, tracking of positive cases as well as working from home where possible.

Total assets increased in 2021/22. At year-end the total assets were DKK 8,455.6 million compared to the DKK 5,848.4 million the year before.

Equity

At the end of the financial year the equity shows DKK 4,078.9 million. The equity ratio decreased from 66.1% in 2020/21 to 48.2% in 2021/22.

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

Our commitment is grounded in the FUJIFILM Code of Conduct, the FUJIFILM Healthcare Code of Conduct and other related policies and position statements. These principles and policies outline our focus on ethical business conduct, compliance, accountability and transparency and other topics as they relate to the business of the FUJIFILM Group. In Denmark, these efforts are primarily focused on our core business activities of manufacturing, quality assurance and packing of biopharmaceuticals.

The FUJIFILM Code of Conduct provides guidance on making ethical decisions while conducting business of the company. The Code of Conduct helps employees apply core values to specific situations in the day-to-day activities. The Code of Conduct serves as the company baseline standard and as a guide to other written standards, such as policies, procedures, and functional guidance.


FUJIFILM Corporation has established a Sustainable Value Plan 2030 on Corporate Social Responsibility that ensures top management commitment and accountability and sets a framework for FDB and FDBD. The Sustainable Value Plan 2030 is based upon the UN Sustainable Development Goals and sets targets for the sustainability efforts in FUJIFILM.

Environment

Address Climate Change  
Promote Recycling of Resources 


UN SDG
SDG 6, SDG 12,
SEG 13



Health

Promote a Healthy Work Place 

UN SDG
SDG 3

Work Style

Create Environments that Lead to a Motivated Workplace 

Develop Diverse Human Resources  

UN SDG
SDG 5, SDG 8

Supply Chain

Strengthen CSR Foundations Across the Entire Supply Chain  

UN SDG
SDG 12

Information on Fujifilm global strategies, commitments and efforts regarding social responsibility and sustainability is available at <https://holdings.fujifilm.com/en/sustainability>. FUJIFILM Corporation issues an annual Sustainability report, which also includes our company. The report is available at <https://holdings.fujifilm.com/en/sustainability/report/2021>.

FDBD is aware of the impact it has on society, people and environment. Based on the UN Sustainable Development Goals the company has evaluated both risks and opportunities and with the expectation to actively participate in building a sustainable society we have prepared long-term and mid-term plans for improvements.

Employees

We strive to be an attractive workplace, who can attract and retain the right employees with the right knowledge. This is essential to our current and future success as a company.

At the end of 2021/22 the company had 969 full time employees, which was 88 employees more than the 881 employees the year before. This increase in employees is driven by increase in business and expansion activities on the site. All of the employees work from the company's site in Hillerød.

Environmental, Health and Safety

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.

We work to ensure more sustainable production to support Fujifilm's Sustainable Value Plan SVP2030 with e.g. climate action targets including operating on carbon-free energy and achieving net zero CO₂-emissions by the end of Fiscal Year 2030. Furthermore, the company has in 2021/22 invested in programs that aim to reduce both energy and water consumption. This has resulted in concrete energy saving initiatives, including installation of new technologies (EDI unit) for generation of WPU/WFI as well as installation of variable speed drives for distribution pumps. Design of water saving initiatives with the purpose of collecting and re-using specific wastewater streams in our facility is ongoing, aiming to prepare the plan for installation during 2022/23.

The company is subject to public regulations according to the Danish Environmental Protection Act, including regulations relating to use of energy, discharge of production wastewater as well as disposal of materials used in production, labelling & packaging or laboratories. FDBD has established and maintained an EHS management system to effectively adhere to all relevant regulation and to constantly strive towards EHS-improvements. The EHS Management Systems are certified according to international recognized standards – ISO14001 Environmental Management, ISO50001 Energy Management and ISO45001 Health and Safety Management.

Our employees are responsible for knowing and adhering to the company EHS Policy. All employees are expected to act responsibly and follow the EHS policies and procedures to protect themselves, their co-workers, the community, the environment and the company's. As necessary, all employees are required to attend safety classes specifically tailored to their lines of work. The company emphasizes a proactive safety culture involving employees in mitigation of identified risks at the workplace as this will affect the lost time injury rate positively. The reduction in lost time injury rate for 2021 to 3,9 per million work hours mirrors the effect.

This year there has been a particular focus on safety in our expansion project, both in terms of design and execution. In the design we held numerous EHS risk assessments and sat actions to ensure safe design. We have prioritized working with partners, who have a high level of proactive safety awareness, and we have continuously followed up with management and EHS site visits at the construction site, ensuring EHS dialogues at all levels.

The company continues to actively engage in Hillerød Symbiose where the company collaborates with the local community and other production companies to identify and implement environmental improvements locally. In 2021/22 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.

EHS is included in several sections of the FUJIFILM Code of Conduct. All employees are trained in the FUJIFILM Code of Conduct and EHS as part of their introduction.

FUJIFILM Corporation has established a Sustainable Value Plan 2030, which sets environmental goals to reduce the total environmental impact from FUJIFILM activities and contribute to the resolution of environmental issues. The plan sets goals to create a health society through impacting healthcare as well as support daily life with support various aspects of social infrastructure. For additional information FUJIFILM Sustainable Value Plan 2030 is available at <https://holdings.fujifilm.com/en/sustainability/report/2021>.

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 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.

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 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 human rights statement is available at <https://holdings.fujifilm.com/en/sustainability/vision/policy/statement>

Community

FDBD 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. The company strives to minimize our use of natural resources, reduce waste, and mitigate our impact on climate change. FDBD proactively assesses environmental risks and opportunities to continuously improve our performance.

The company has not identified any operations with significant potential or actual negative impact on local communities. We continuously make assessments to ensure that the impact of our operations on our local communities remains minimal. These include environmental assessments and traffic flow strategies. FDBD aims to have a positive impact in the local community through our community programs and participation in Hillerød Symbiose – a partnership of local industries, public companies and authorities. However, some of the community initiatives have proved to be a challenge throughout the pandemic.

Account of the gender composition of Management, cf. §99b

Diversity

In FDBD, employees and board members are always selected based on qualifications and skills, striving for an equal representation of genders at all levels. The company wants to be an attractive employer and a workplace with focus on diversity, inclusion and gender equality.

At the end of 2021/22, the board consists of 4 male board members. The board is currently consisting of two members appointed by FUJIFILM Corporation, the CEO of the FDB Group and the COO of the FDBD. The goal for 2025 about a female representation of 25% has not been retrieved 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 2025, targeting 25%.

The upper management levels (associate director+) currently consist of 42% females and 58% males and the gender composition is therefore considered to be satisfactory. The company will continue focus on an equal representation of gender going forward.

The company aims to have an inclusive and diverse culture. At the end of 2021/22 the company had 969 full-time employees with more than 44 different nationalities.

Data ethics

As part of the global FUJIFILM Group, FDBD conducts all our business activities in line with our core value of trust, supported by a robust Charter for Corporate Behaviour 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 2022/23

The expectation for 2022/23 is higher compared to 2021/22. The financial period of 2021/22 included some investment in the structure and readiness for the future. New clients and new programs have been transferred into the manufacturing facility. The expectation for 2022/23 is to build on some of these investments and transfers resulting in a different mix in production activities. We still see a high demand and interest from new clients.

The stable demand and the ability to keep uninterrupted manufacturing have proven to be a necessary component in the performance of the company in unstable times like during the pandemic. We will continuously focus on long range planning, but keeping flexibility for our clients going forward as well.

The large-scale drug substance manufacturing is expected to increase the manufacturing activities in 2022/23. This is due to increased demand and differences in the production mix due to new clients and new programs.

The assembly, label and packaging and quality control will continue the activities at approximately the same level as in the 2021/22, although this will be subject to demand-based fluctuations inherent in the pharmaceutical industry.

The revenue is expected to be close to 2021/22 revenue and profit before tax for 2022/23 is expected to be between DKK 275-350 million. The expected increase in profit is driven by increased manufacturing activities as well as impacted by an expected strong USD exchange rate.

Building for the future

On the 9 June 2020 FUJIFILM Corporation announced that it will make an investment of approximately DKK 6.1 billion into our company. The investment will double our current drug substance manufacturing capacity, expand its capabilities to include fill/finish, and enhance its current assembly, labelling and packaging services.

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

These investments in FDBD will 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. Quality of the services performed by FDBD is the license to operate.

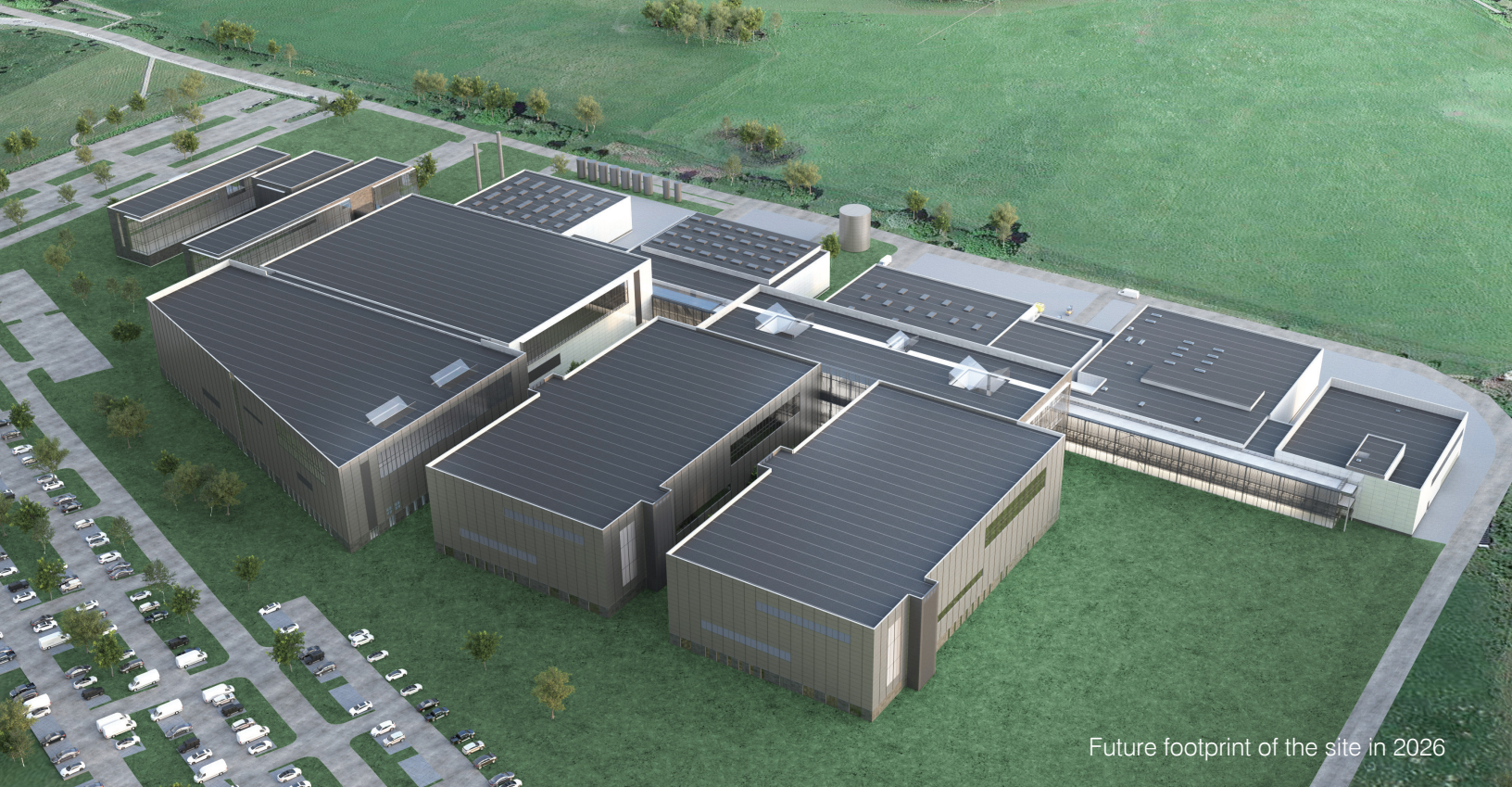
In the biopharmaceutical industry there are always general risks related to a large degree of uncertainty in relation to research and development of new products and the strong public regulations governing the industry. FDBD as a CDMO is also impacted by these risks through the partnering with our clients.

Operations and business continuity

FDBD is in the drug substance manufacturing highly dependent on being able to ensure uninterrupted manufacturing. A failure in the continuous manufacturing could result in loss of product in manufacturing. Therefore a business continuity approach is of great importance in the operations. FDBD has a business continuity plan in place to support the operations and mitigate potential risks.

Quality of the product

FDBD is highly dependent on the quality of the services delivered to our clients. This is an essential part of building customer trust. Failure in delivering high quality services could result in a negative reputational impact to FDBD and FDB. This risk is managed by quality management systems, GMP standard operating procedures in addition to highly skilled employees.



Future footprint of the site in 2026

Knowledgeable resources

FDBD is operating in the area of manufacturing of biopharmaceutical products with a high degree of specialised knowledge. FDBD strives to be an attractive workplace, who can attract and retain the right employees with the right knowledge. This is essential to our current and future success as a company.

IT infrastructure and security

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

Financial Risks

Credit risks

The clients of FDBD are typically large pharmaceutical companies. The distribution is not widely spread as the company mainly operates with a fewer number of clients. The business model for the services provided by FDBD includes some level of prepayment. The standard procedures for managing credit risks and managed clients credit agreements are in place.

Financial risks

FDBD 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 loan agreements. The company risk management is coordinated with FUJIFILM Corporation Europe Treasury. FDBD is participating in a FUJIFILM cash pool solution and has internal loan agreements with FUJIFILM Europe.

Interest risk

FDBD is not significantly exposed to interest risk. The company does have loans from financing in the period of change of ownership as well as financing to support the current expansion projects. These loan agreements are internal with FUJIFILM Corporation Europe. The risk is considered to be moderate.

Foreign exchange risks

FDBD has clients worldwide and the significant part of the financial activities are performed in USD. All manufacturing and supporting activities are performed in Denmark in local currency. The conclusion is that FDBD have significant currency risks and is quite heavily exposed to fluctuations in the USD 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 have no risk from usage and management of financial instruments.

Financial statements

1 April 2021 - 31 March 2022

Income statement

Note	DKK'000	2021/22	2020/21
2	Revenue	3,068,983	2,727,431
3.4	Production costs	-2,485,160	-2,232,994
	Gross profit	583,823	494,437
3.4	Administrative expenses	-295,198	-271,942
	Operating profit/loss	288,625	222,495
5	Other operating expenses	-822	-4,497
	Profit before net financials	287,803	217,998
6	Financial income	50,045	27,503
7	Financial expenses	-65,944	-112,750
	Profit/loss before tax	271,904	132,751
8	Tax for the year	-58,444	-29,201
	Profit/loss for the year	213,460	103,550

Financial statements

1 April 2021 - 31 March 2022

Balance sheet

Note DKK'000

	2021/22	2020/21
ASSETS		
Fixed assets		
9 Intangible assets		
Software	132,101	140,053
Knowhow and Customer Rights	183,202	320,605
Development projects in progress and prepayments for software	84,716	53,355
	400,019	514,013
10 Property, plant and equipment		
Land and buildings	1,653,956	1,735,393
Fixtures and fittings, other plant and equipment	1,262,328	1,384,076
Leasehold improvements	13,152	0
Property, plant and equipment in progress	2,992,612	495,854
	5,922,048	3,615,323
	6,322,067	4,129,336
Total fixed assets		
Non-fixed assets		
Inventories		
Raw materials and consumables	639,023	473,196
	639,023	473,196
Receivables		
Trade receivables	225,804	339,226
11 Work in progress	1,015,579	544,554
Receivables from group enterprises	32,631	682
Corporation tax receivable	1,629	0
Other receivables	152,308	8,463
12 Prepayments	21,550	21,059
	1,449,501	913,984
	45,031	331,911
Total non-fixed assets	2,133,555	1,719,091
TOTAL ASSETS	8,455,622	5,848,427

Financial statements

1 April 2021 - 31 March 2022

Balance sheet

Note DKK'000

	2021/22	2020/21
EQUITY AND LIABILITIES		
Equity		
13 Share capital	390	390
Retained earnings	4,078,488	3,865,028
Total equity	4,078,878	3,865,418
Provisions		
14 Deferred tax	237,339	202,946
Total provisions	237,339	202,946
Liabilities other than provisions		
15 Non-current liabilities other than provisions		
Prepayments received from customers	46,522	136,704
Payables to group enterprises	1,668,737	0
	1,715,259	136,704
Current liabilities other than provisions		
15 Prepayments received from customers	287,182	291,681
15 Payables to group enterprises	588,731	810,245
Trade payables	1,246,214	409,387
Corporation tax payable	0	8,583
Other payables	302,019	123,463
	2,424,146	1,643,359
Total liabilities other than provisions	4,139,405	1,780,063
TOTAL EQUITY AND LIABILITIES	8,455,622	5,848,427

1 Accounting policies

16 Contractual obligations and contingencies, etc.

17 Collateral

18 Related parties

19 Fee to the auditors appointed by the Company in general meeting

20 Appropriation of profit

Financial statements

1 April 2021 - 31 March 2022

Statement of changes in equity

Note DKK'000	Share capital	Retained earnings	Total
Equity at 1 April 2020	390	3,761,478	3,761,868
20 Transfer, see "Appropriation of profit"	0	103,550	103,550
Equity at 1 April 2021	390	3,865,028	3,865,418
20 Transfer, see "Appropriation of profit"	0	213,460	213,460
Equity at 31 March 2022	390	4,078,488	4,078,878



Financial statements

1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies

The annual report of FUJIFILM Diosynth Biotechnologies Denmark ApS for 2021/22 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.

Other operating expenses

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

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	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.

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 group 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, plant and equipment and investments in subsidiaries and associates 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. Impairment losses on goodwill are not reversed.

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

Receivables are measured at amortised cost.

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

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.

Work in progress

Work in progress 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

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.





Financial statements

1 April 2021 - 31 March 2022

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

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

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
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	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements

1 April 2021 - 31 March 2022

Notes to the financial statements

DKK'000

2021/22

2020/21

2 Segment information

Breakdown of revenue by geographical segment:

North America	1,616,248	963,084
Europe	1,068,153	1,055,035
Asia	384,582	709,312
	<u>3,068,983</u>	<u>2,727,431</u>

3 Staff costs

Wages/salaries	681,897	621,534
Pensions	60,741	51,529
Other social security costs	12,885	8,923
	<u>755,523</u>	<u>681,986</u>

Staff costs are recognised as follows in the financial statements:

Production	667,609	599,641
Administration	87,914	82,345
	<u>755,523</u>	<u>681,986</u>

Average number of full-time employees

966

813

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

4 Amortisation/depreciation of intangible assets and property, plant and equipment

Amortisation of intangible assets	181,092	175,146
Depreciation of property, plant and equipment	310,707	312,584
	<u>491,799</u>	<u>487,730</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 449,094 thousand and Administrative expenses with DKK 42,705 thousand.

5 Other operating expenses

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

Financial statements

1 April 2021 - 31 March 2022

Notes to the financial statements

DKK'000

		2021/22	2020/21	
6 Financial income				
Unrealized exchange adjustments		0	2,393	
Realized exchange gain		49,729	24,466	
Other financial income		316	644	
		50,045	27,503	
7 Financial expenses				
Interest expenses, group entities		8,187	6,545	
Unrealized exchange adjustments		37,541	0	
Realized exchange losses		19,715	106,205	
Interest surcharges and tax recognised under net financials		501	0	
		65,944	112,750	
8 Tax for the year				
Estimated tax charge for the year		27,263	8,126	
Deferred tax adjustments in the year		31,711	21,075	
Tax adjustments, prior years		-530	0	
		58,444	29,201	
9 Intangible assets				
	Software	Knowhow and Customer Rights	Development projects in progress and prepayments for software	Total
Cost at 1 April 2021	231,289	549,610	53,355	834,254
Additions	0	0	67,438	67,438
Disposals	-399	0	0	-399
Transferred	36,077	0	-36,077	0
Cost at 31 March 2022	266,967	549,610	84,716	901,293
Impairment losses and amortisation at 1 April 2021	91,236	229,005	0	320,241
Amortisation for the year	43,690	137,403	0	181,093
Reversal of accumulated amortisation and impairment of assets disposed	-60	0	0	-60
Impairment losses and amortisation at 31 March 2022	134,866	366,408	0	501,274
Carrying amount at 31 March 2022	132,101	183,202	84,716	400,019

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

Financial statements

1 April 2021 - 31 March 2022

Notes to the financial statements

DKK'000

10 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 2021	2,943,399	2,758,921	12,884	495,854	6,211,058
Additions in the year	0	0	0	2,617,913	2,617,913
Disposals in the year	0	-10,564	-12,884	0	-23,448
Transferred	44,420	63,129	13,606	-121,155	0
Cost at 31 March 2022	2,987,819	2,811,486	13,606	2,992,612	8,805,523
Impairment losses and depreciation					
at 1 April 2021	1,208,006	1,374,845	12,884	0	2,595,735
Depreciation in the year	125,857	184,396	454	0	310,707
Reversal of accumulated depreciation and impairment of assets disposed	0	-10,083	-12,884	0	-22,967
Impairment losses and depreciation at 31 March 2022	1,333,863	1,549,158	454	0	2,883,475
Carrying amount at 31 March 2022	1,653,956	1,262,328	13,152	2,992,612	5,922,048

11 Work in progress

	2021/22	2020/21
Work in progress, selling price	1,269,518	544,554
Work in progress, Prepayments received on account	-253,939	0
	1,015,579	544,554

12 Prepayments

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

13 Share capital

Analysis of the share capital:

	2021/22	2020/21
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

The Company's share capital has remained DKK 390 thousand over the past 5 years.

Financial statements

1 April 2021 - 31 March 2022

Notes to the financial statements

DKK'000

14 Deferred tax

	2021/22	2020/21
Deferred tax at 1 April	202,945	181,871
Deferred tax adjustments regarding prior years	2,683	0
Deferred tax adjustments in the year, recognized in the income statement	31,711	21,074
Deferred tax at 31 March	237,339	202,945

Deferred tax relates to:

Intangible assets	3,216	17,921
Property, plant and equipment	246,789	235,121
Tax loss	-12,666	-50,097
	237,339	202,945

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

15 Non-current liabilities other than provisions

	Total debt at 31 March 2022	Short-term portion	Long-term portion	Outstanding debt after 5 years
Prepayments received from customers	333,704	287,182	46,522	0
Payables to group enterprises	2,257,468	588,731	1,668,737	0
	2,591,172	875,913	1,715,259	0

16 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

Other rent and lease liabilities:

	2021/22	2020/21
Rent and lease liabilities	16,135	20,178

Rent and lease obligations concerning machines, trucks and lease of buildings which are irrevocable until 2025 with remaining contract terms of 1 – 3 years.

17 Collateral

The Company has not provided any security or other collateral in assets at 31 March 2022.

Financial statements

1 April 2021 - 31 March 2022

Notes to the financial statements

18 Related parties

FUJIFILM Diosynth Biotechnologies Denmark ApS' related parties comprise the following:

Parties exercising control

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

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the 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	<u>2021/22</u>	<u>2020/21</u>
Sales of Service	34,161	775
Purchase of Service	63,830	46,782
Royalty	44,186	46,180
Purchase of materials	2,359	5,296
Sales of materials	7,529	76

19 Fee to the auditors appointed by the Company in general meeting

Statutory audit fee	1,350	1,293
Other services	1,973	85
	<u>3,323</u>	<u>1,378</u>

20 Appropriation of profit

Recommended appropriation of profit

Retained earnings	213,460	103,550
	<u>213,460</u>	<u>103,550</u>

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