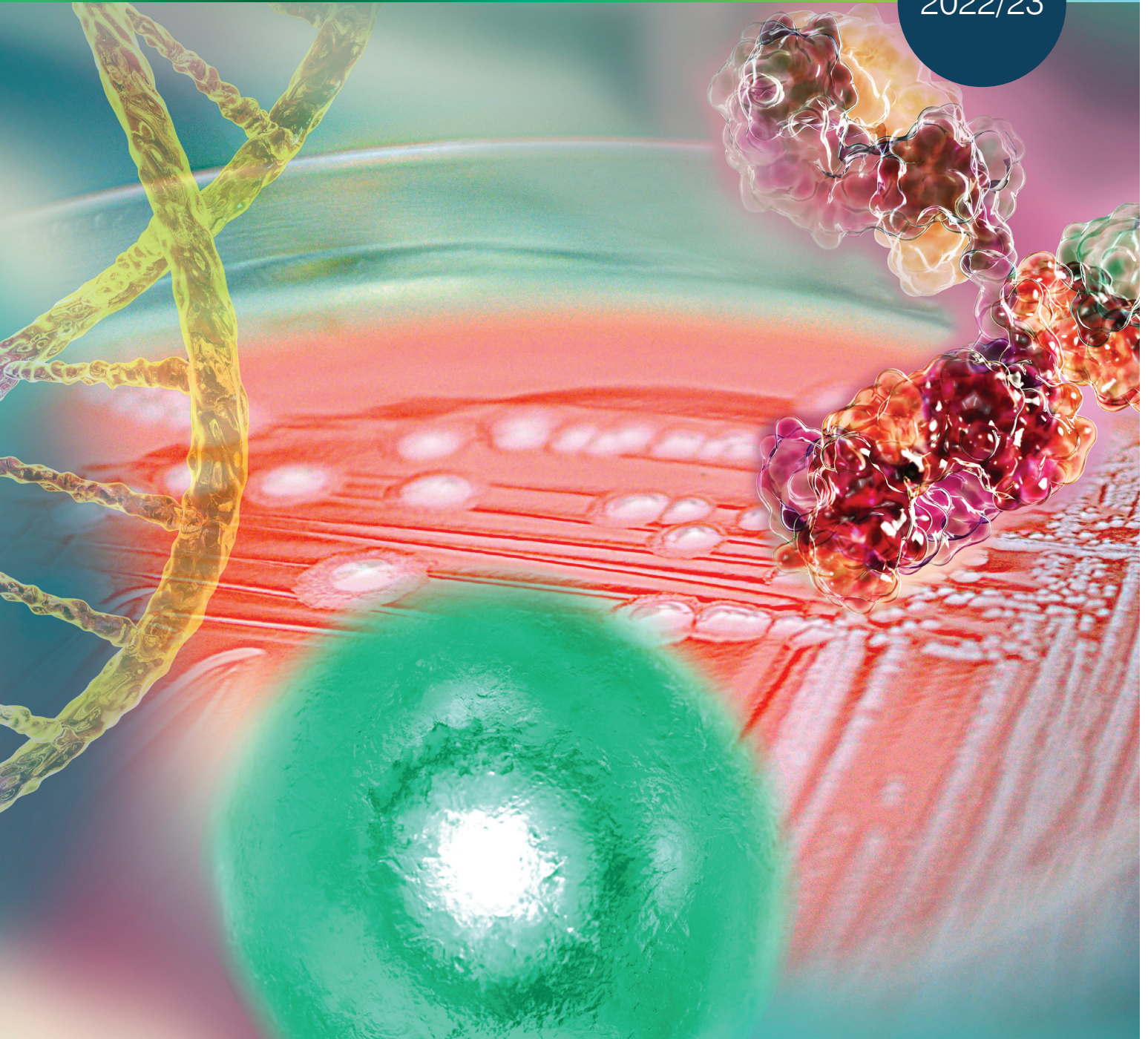


**FUJIFILM**

**Diosynth**  
biotechnologies

FUJIFILM Diosynth Biotechnologies  
Denmark ApS Annual Report

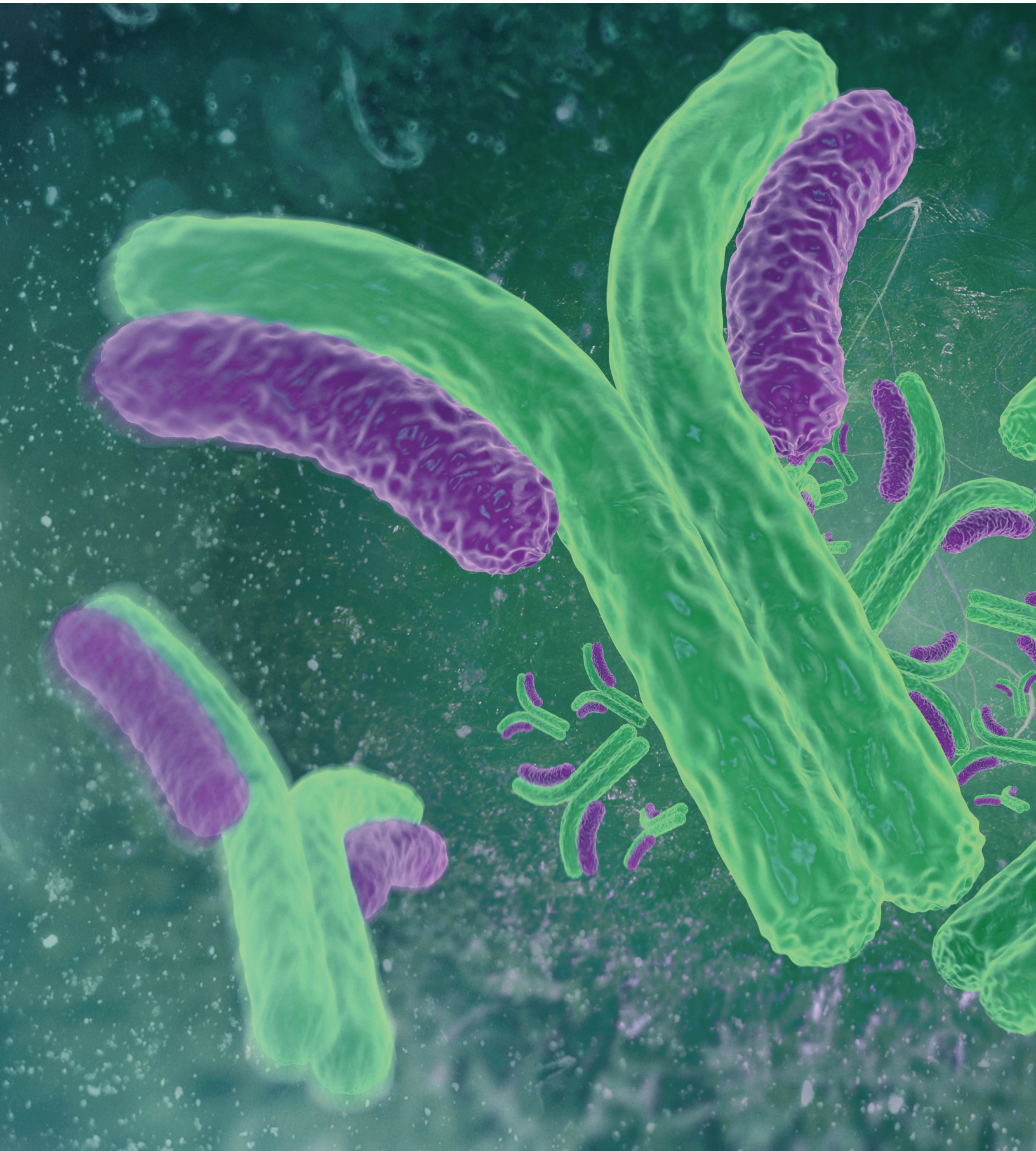
2022/23



Approved at the Company's annual general meeting on 28 September 2023

Chairman: \_\_\_\_\_







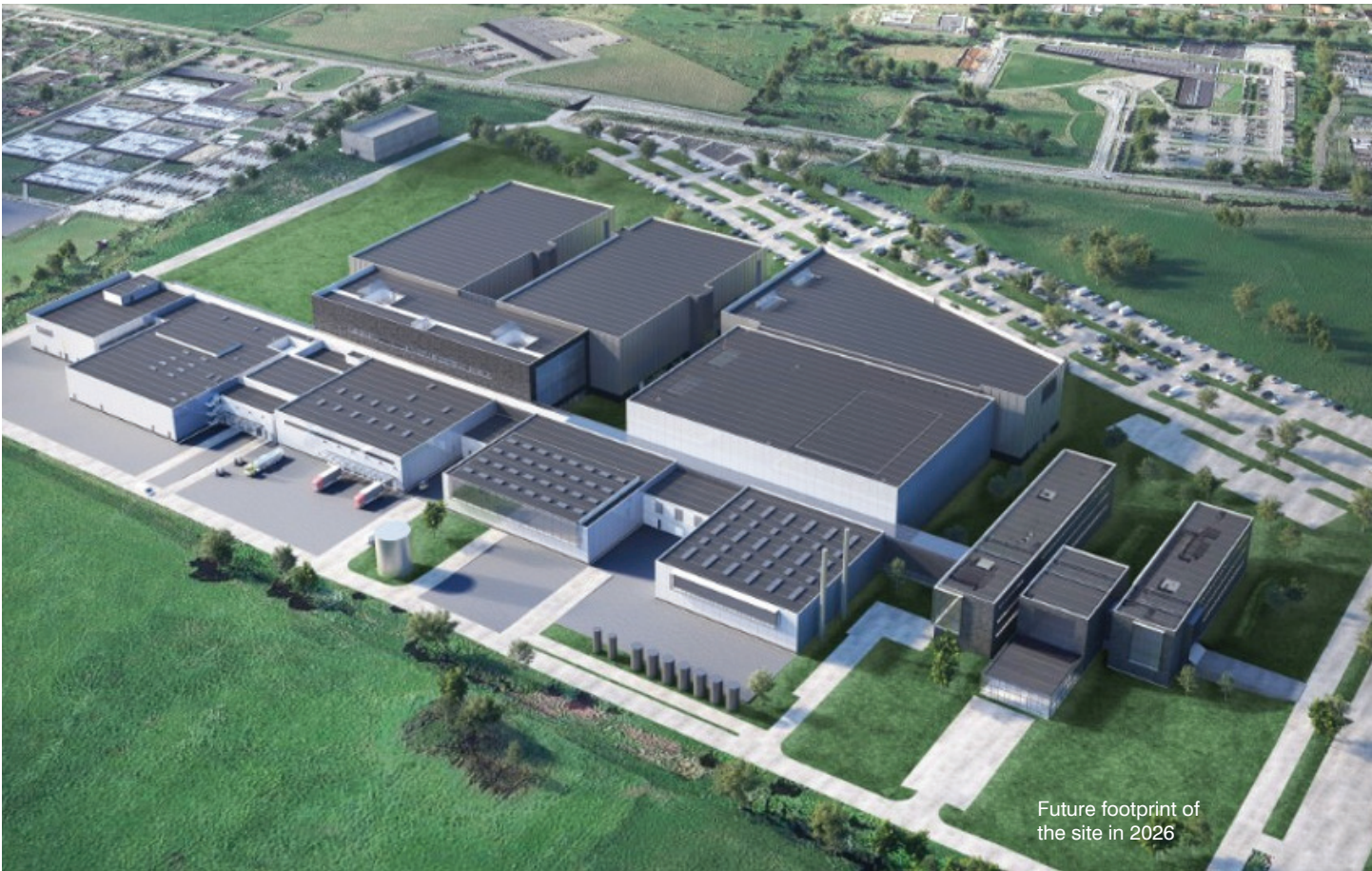


We deliver  
life-changing  
medicines.

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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 2022 - 31 March 2023.

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 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023.

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, 28 September 2023

Executive Management:

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Lars Petersen  
President & CEO

Board of Directors:

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Toshihisa Iida  
Chair

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Christian Ørsøe Houborg

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Lars Petersen

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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 2022 - 31 March 2023 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 2023, and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 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.

### **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.

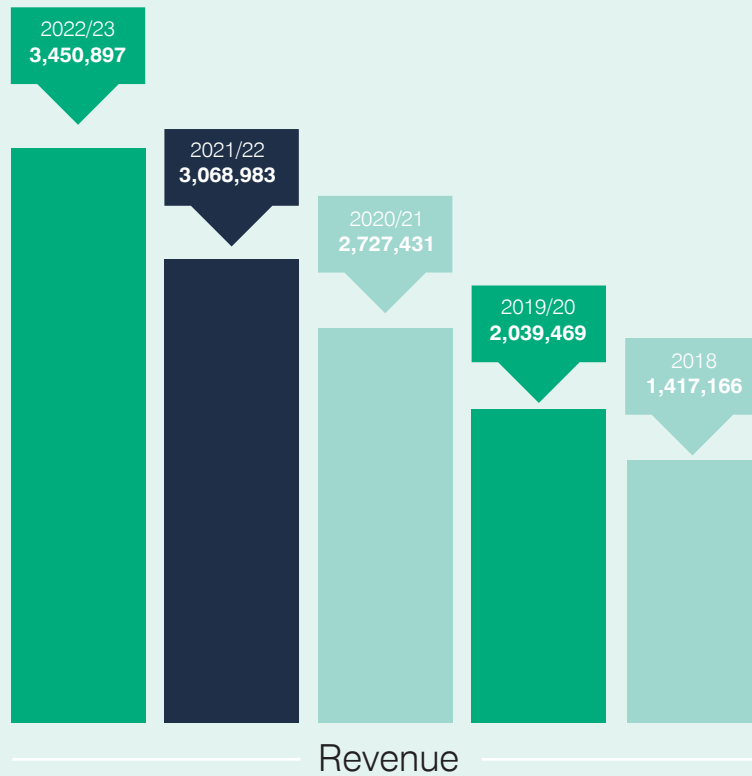
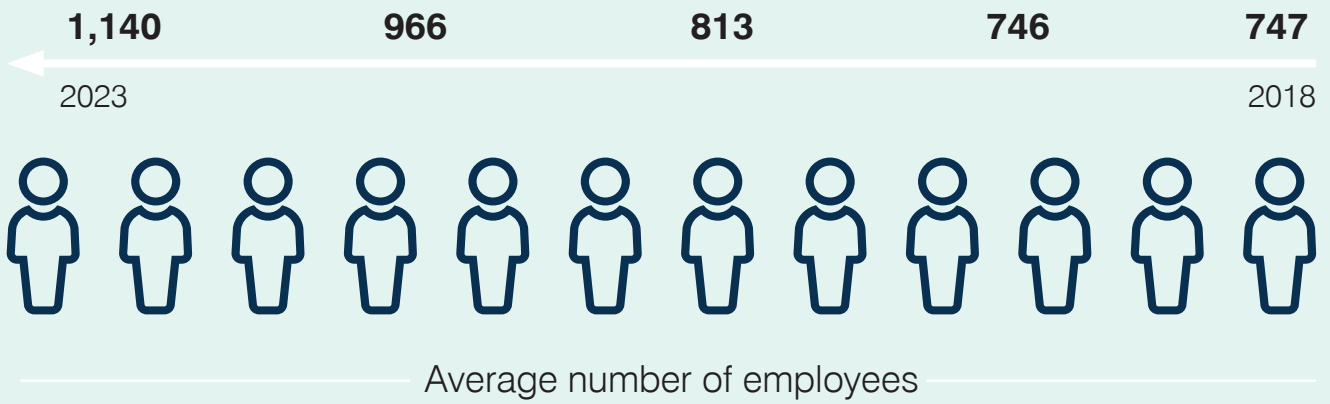
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 28 September 2023  
KPMG  
Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Kåre Kansonen Valtersdorf  
State Authorised Public Accountant  
mne34490

Ilhan Dogan  
State Authorised Public Accountant  
mne47842







# 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 2022 - 31 March 2023

Website..... [www.fujifilmdiosynth.com](http://www.fujifilmdiosynth.com)

Telephone ..... +45 77 41 60 00

Board of Directors .....Toshihisa 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 review

## Financial highlights

| DKK'000 | 2022/23<br>12 months | 2021/22<br>12 months | 2020/21<br>12 months | 2019/20<br>15 months | 2018<br>12 months |
|---------|----------------------|----------------------|----------------------|----------------------|-------------------|
|---------|----------------------|----------------------|----------------------|----------------------|-------------------|

### Key figures

|                            |                |                |                |                 |                |
|----------------------------|----------------|----------------|----------------|-----------------|----------------|
| Revenue                    | 3,450,897      | 3,068,983      | 2,727,431      | 2,039,469       | 1,417,166      |
| Gross profit               | 1,004,857      | 561,262        | 494,437        | 65,121          | 214,188        |
| Net financials             | -57,810        | -15,899        | -85,247        | 10,972          | 4,453          |
| <b>Profit for the year</b> | <b>470,320</b> | <b>213,460</b> | <b>103,550</b> | <b>-176,316</b> | <b>253,501</b> |

|  |            |           |           |           |           |
|--|------------|-----------|-----------|-----------|-----------|
| Total assets                                 | 13,683,660 | 8,455,622 | 5,848,427 | 5,495,135 | 4,540,602 |
| Investments in property, plant and equipment | 4,303,288  | 2,617,913 | 473,378   | 103,646   | 132,947   |
| Equity                                       | 4,549,198  | 4,078,878 | 3,865,418 | 3,761,868 | 3,938,184 |

### Financial ratios

|                  |       |       |       |         |        |
|------------------|-------|-------|-------|---------|--------|
| Operating margin | 19.1% | 9.4%  | 8.0%  | -11.6 % | 22.4 % |
| Gross margin     | 29.1% | 18.3% | 18.1% | 3.2%    | 15.1%  |
| Return on assets | 6.0%  | 4.0%  | 3.9%  | -2.5%   | 3.2%   |
| Equity ratio     | 33.2% | 48.2% | 66.1% | 68.5%   | 86.7%  |
| Return on equity | 10.9% | 5.4%  | 2.7%  | -4.6%   | 6.7%   |

### Average number of employees

|              |            |            |            |            |
|--------------|------------|------------|------------|------------|
| <b>1,140</b> | <b>966</b> | <b>813</b> | <b>746</b> | <b>747</b> |
|--------------|------------|------------|------------|------------|



# 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

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

**“Our culture and our relentless pursuit to be a great – perhaps even the best - place to work is what drives us as an organization.”**

Lars Petersen, President and CEO



**“We are dedicated to building a strong organization across the two sites enabling us to scale production volumes and support the needs of our partners.”**

Christian Houborg  
Head of site, SVP



### **Message from Executive Management**

Fiscal Year 2022/2023 was a very successful year for our company. It was the third 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 2023, we recorded DKK 3,450.9 million in revenue and DKK 601.6 million in profit before tax.

Expansion projects have been in focus during this time. We are committed to completing and getting the first expansion ready for operations. Once ready the facility will expand production lines for bulk drug substance with six additional mammalian cell bioreactors. We also held a groundbreaking ceremony in September of 2022 to celebrate the start of our second growth project to transform the Denmark site into the largest end-to-end CDMO in Europe. The 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 the Summer of 2026.

Close collaboration with our sister site in North Carolina (USA) has been at the center of our attention throughout the year, as we are dedicated to building a strong organization across the two sites enabling us to scale production volumes and support the needs of our partners. The continued development of our capacity across sites enables us to support our partners in manufacturing lifesaving therapies for patients around the world and to deliver on our promise to them for support from pre-clinical through to commercialization. Complementing our commercial support is the establishment of our drug product manufacturing filling line which by 2024 will complete our end-to-end services portfolio, making it even more attractive for clients to partner with us.





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



## Financial model

FDBD is a subsidiary of FUJIFILM Corporation.

### 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.

# Management's Review

## Business review

We are honoured 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 fuelled by recent ongoing investment of DKK 11 billion will transform our site into the largest end-to-end CDMO in Europe.

## Our business

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.

FDB 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.

FDBD's 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 review

An improvement in the activities in the business areas resulting in a higher than expected revenue and much higher profit.

### Revenue and Profit

The company delivered a total revenue of DKK 3,450.9 million in financial year 2022/23 compared to DKK 3,069.0 million in financial year 2021/22.

The growth in revenue was 12.4% compared to the financial year 2021/22 and exceeded the expectations of a revenue at the same level as financial year 2021/22.

Profit before tax was DKK 601.6 million compared to DKK 271.9 million in financial year 2021/22. Net profit was DKK 470.3 million in 2022/23 compared to DKK 213.5 million in 2021/22 while the expected profit before tax for financial year 2022/23 was between DKK 275-350 million. The improvement in profit before tax is a result of organic growth and can be attributed to the increased manufacturing activities in the drug substance manufacturing area.

## Investments

FDBD invested a total of DKK 4,303.3 million in tangible fixed assets in 2022/23. This is a significant increase compared to 2021/22 where the investments equalled DKK 2,617.9 million. 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 investments are funded through cash flow from operations and loan arrangements with FUJIFILM Corporation Europe.

Total assets increased in 2022/23. At year-end the total assets were DKK 13,683.7 million compared to the DKK 8,455.6 million in the financial year 2021/22.

## Equity

At the end of the financial year the equity shows DKK 4,549.2 million. The equity ratio decreased from 48.2% in 2021/22 to 33.2% in 2022/23. 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 year 2020

The Danish Tax Authorities (DTA) has reviewed FDBD's Transfer Pricing documentation for the income year 2020. DTA has challenged FDBD payment of Royalty to Fujifilm Corporate in income year 2020.

Consequently, the Danish Tax Authorities have suggested to increase the taxable income of FDBD for income year 2020, by DKK 46.0 million, with a tax value of DKK 10.1 million by only allowing royalty payments on "new customers". FDBD does not agree with the suggested increase of taxable income, so the review is currently ongoing with DTA, FDBD and Fujifilm Corporate. As a result of FDBD's assessments and evaluation of DTA's suggestion, FDBD has not recorded any provisions related to this transfer pricing audit in these financial statements.

## Uncertainties as to recognition or measurement

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



# 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 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 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 various aspects of social infrastructure. For additional information FUJIFILM Sustainable Value Plan 2030 is available at <https://holdings.fujifilm.com/en/sustainability/plan/svp2030>

## Impact on external environment

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 as part of our management process 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 remain at a minimum. These include environmental assessments and traffic flow strategies.

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, labelling & packaging, or laboratories. We maintain a good collaboration with all parts of authorities and, as last years, there has been no enforcements in 2022/23.

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. Here we collaborate with the local community and other production companies to identify and implement environmental improvements locally. In 2022/23 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.

## Impact on climate and water resource

FDBD work to ensure more sustainable production to support the Fujifilm's Sustainable Value Plan 2030 with e.g. climate action targets including operating on carbon-free energy and achieving net zero CO<sub>2</sub>-emissions by the end of Fiscal Year 2030. The company has in 2022/23 invested 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 with the purpose of collecting and reusing specific wastewater streams in the facility are in detailed design aiming for installation during 2023/24.

## Management systems, health, and safety

During the year we have further developed our management system within EHS to match the expanding organization and facilities, and in the start of 2023, we were successfully recertified within Environment (ISO14001 Environmental Management) and Health and Safety (ISO45001 Health and Safety Management). In the year to come we will continuous to focus on improvements and matching the organizational needs as we see changes in organizational structure, leadership as well as growth in number of employees.

All employees are expected to act responsibly and follow the policies and procedures to protect themselves, their co-workers, the community, and the environment. This is embedded in the FUJIFILM Code of Conduct and further detailed in the FDB EHS policy. All employees are trained in the FUJIFILM Code of Conduct and EHS as part of their introduction, where this expectation is conveyed during our new hire program.

We create curriculums of EHS training to match the line of work for the employee and have during the year further developed our trainings eg. confined space and working at heights to become closer to practice. Refresher workshops has also been held to sustain LOTO abilities train.

For contractors it is part of the mandatory EHS part of contractor training. With many new employees and contractors onboarding we see the emphasis on strong communication of these elements as essential to sustain our good EHS culture at site.

In FDBD we emphasize a proactive health and safety culture involving employees in identification and mitigation of risks at the workplace. In the previous year we have strengthen the inclusion of mental wellbeing in this identification process and are initiating activities to improve in this area to reduce impact on colleagues.

There have been no severe incidents in the year and the lost time injury rate has fallen further to 3,24 per million workhours, which is seen as a positive achievement in the light of the rapid growth in workforce.

Our two large expansion projects are progressing safely with no high impact injuries. As owner we keep a strong focus together with our partners on health and safety both during design and construction. This 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. This involves collaborative trainings and participation in design and planning reviews.

## 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. In FDBD we put People First in everything we do, and it is our first of nine leadership principles: "psychological safety".

In the year we have developed a strategic direction based on the Vision Zero concept articulating the direction set forth in the FDB EHS policy. This direction encompasses health, safety and mental wellbeing of our employees. In the coming year this will be implemented and concrete actions like leadership training, project involvement and updated IT system for chemical management will be implemented.

At the end of the year, we performed a survey on employees' mental wellbeing which resulted in two proactive initiatives to be implemented during the coming year, reintroduce dialogue tools on stress and workload and through small talk cards engage all in dialogues in a variety of topics related to collaboration.

At the end of 2022/23, the company had 1259 full-time employees, which was 290 more employees than the 969 employees the year before. This growth is driven by increased business and expansion activities in Hillerød where all of our employee's work.

Our culture and our relentless pursuit to be a great – perhaps even the best - place to work is what drives us, as we continue expanding our organization. Our employees are the core of our culture, and we take pride in their development and passion in everything we do. As we expand our global locations, capabilities, and workforce, our shared passion for advancing tomorrow's medicine will always be our driving force.

## Knowledge resources

FDBD is operating in the area of manufacturing of biopharmaceutical products with a high degree of specialized 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.

## 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>

## 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 2022/23 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, 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 the financial year 2022/23, the board consists of 4 male board members. 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 39% females and 61% males. The goal of an equal split between genders for the upper management levels are therefore not fulfilled but it is still seen as reachable for 2025 where the goal is to reach and maintaining a balanced gender representation for upper management levels of 40%/60%. The company will continue to focus on an equal representation of gender going forward. The company aims to have an inclusive and diverse culture. At the end of 2022/23 the company had 1259 full-time employees with more than 55 different nationalities.

### Data ethics

In accordance with the Danish Financial Statements Act §99d, 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.

### 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.

## Outlook

### The outlook for 2023/24

The expectation for 2023/24 is higher compared to the 2022/23. 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 2023/24 is to further build on some of these partnerships and program transfers resulting in a changed 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. 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 2023/24. This is due to increased demand for the manufacturing activities.

The assembly, label and packaging and quality control will continue the activities at approximately the same level as in the 2022/23, although this will be subject to demand-based fluctuations inherent in the pharmaceutical industry.

The revenue is expected to be higher than 2022/23 revenue. Profit before tax for 2023/24 is expected to be between DKK 600-700 million. The expected increase in profit is driven by increased manufacturing activities.

## 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 are still ongoing in FDBD and 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.

## 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 used to support the expansion projects.

## Interest risk

FDBD is exposed to interest risk and the interest level follows the general interest level in the market. The company have loans 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 2022 - 31 March 2023

### Income statement

| Note  | DKK'000                             | 2022/23    | 2021/22    |
|-------|-------------------------------------|------------|------------|
| 2     | Revenue                             | 3,450,897  | 3,068,983  |
| 3,4   | Production costs                    | -2,446,040 | -2,507,721 |
|       | <b>Gross profit</b>                 | 1,004,857  | 561,262    |
| 3,4,5 | Administrative expenses             | -345,425   | -272,637   |
|       | <b>Operating profit</b>             | 659,432    | 288,625    |
| 6     | Other operating expenses            | 0          | -822       |
|       | <b>Profit before net financials</b> | 659,432    | 287,803    |
| 7     | Financial income                    | 130,396    | 50,045     |
| 8     | Financial expenses                  | -188,206   | -65,944    |
|       | <b>Profit before tax</b>            | 601,622    | 271,904    |
| 9     | Tax for the year                    | -131,302   | -58,444    |
|       | <b>Profit for the year</b>          | 470,320    | 213,460    |

# Financial statements

## 1 April 2022 - 31 March 2023

### Balance sheet

Note DKK'000

|  | 2022/23           | 2021/22          |
|--|-------------------|------------------|
| <b>ASSETS</b>  |                   |                  |
| <b>Fixed assets</b>  |                   |                  |
| <b>10 Intangible assets</b>  |                   |                  |
| Software   | 122,465           | 132,101          |
| Knowhow and Customer Rights  | 45,799            | 183,202          |
| Development projects in progress and prepayments for intangible assets | 181,279           | 84,716           |
|  | <u>349,543</u>    | <u>400,019</u>   |
| <b>11 Property, plant and equipment</b>                                |                   |                  |
| Land and buildings   | 1,556,358         | 1,653,956        |
| Fixtures and fittings, other plant and equipment and computer hardware | 1,269,561         | 1,262,328        |
| Leasehold improvements   | 23,296            | 13,152           |
| Property, plant and equipment in progress                              | 7,074,411         | 2,992,612        |
|  | <u>9,923,626</u>  | <u>5,922,048</u> |
| <b>Total fixed assets</b>  | <u>10,273,169</u> | <u>6,322,067</u> |
| <b>Non-fixed assets</b>  |                   |                  |
| <b>Inventories</b>   |                   |                  |
| Raw Materials and consumables  | 1,064,779         | 639,077          |
| Work in progress   | 65,041            | 4,406            |
|  | <u>1,129,820</u>  | <u>643,483</u>   |
| <b>Receivables</b>   |                   |                  |
| Trade receivables  | 315,924           | 225,804          |
| <b>12 Contract assets</b>  | 1,479,751         | 1,011,119        |
| Receivables from group enterprises                                     | 37,134            | 32,631           |
| Corporation tax receivable   | 0                 | 1,629            |
| Other receivables  | 280,754           | 152,308          |
| <b>13 Prepayments</b>  | 26,846            | 21,550           |
|  | <u>2,140,409</u>  | <u>1,445,041</u> |
| <b>Cash</b>  | 140,262           | 45,031           |
| <b>Total non-fixed assets</b>  | <u>3,410,491</u>  | <u>2,133,555</u> |
| <b>TOTAL ASSETS</b>  | <u>13,683,660</u> | <u>8,455,622</u> |



# Financial statements

## 1 April 2022 - 31 March 2023

### Balance sheet

Note DKK'000

|   | 2022/23           | 2021/22          |
|---|-------------------|------------------|
| <b>EQUITY AND LIABILITIES</b>                           |                   |                  |
| <b>Equity</b>   |                   |                  |
| 14 Share capital  | 390               | 390              |
| Retained earnings                                       | 4,548,808         | 4,078,488        |
| <b>Total equity</b>                                     | <b>4,549,198</b>  | <b>4,078,878</b> |
| <b>Provisions</b>                                       |                   |                  |
| 15 Deferred tax   | 255,342           | 237,339          |
| <b>Total provisions</b>                                 | <b>255,342</b>    | <b>237,339</b>   |
| <b>Liabilities other than provisions</b>                |                   |                  |
| <b>16 Non-current liabilities other than provisions</b> |                   |                  |
| Prepayments received from customers                     | 137,665           | 46,522           |
| Payables to group enterprises                           | 0                 | 1,668,737        |
|   | <b>137,665</b>    | <b>1,715,259</b> |
| <b>Current liabilities other than provisions</b>        |                   |                  |
| 16 Prepayments received from customers                  | 449,466           | 287,182          |
| 16 Payables to group enterprises                        | 6,246,845         | 588,731          |
| Trade payables  | 1,820,935         | 1,246,214        |
| Corporation tax payable                                 | 6,120             | 0                |
| Other payables  | 218,089           | 302,019          |
|   | <b>8,741,455</b>  | <b>2,424,146</b> |
| <b>Total liabilities other than provisions</b>          | <b>8,879,120</b>  | <b>4,139,405</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                     | <b>13,683,660</b> | <b>8,455,622</b> |

- 1 Accounting policies
- 17 Contractual obligations and contingencies, etc.
- 18 Collateral
- 19 Related parties
- 20 Appropriation of profit

# Financial statements

## 1 April 2022 - 31 March 2023

### Statement of changes in equity

| Note | DKK'000                                 | Share capital | Retained earnings | Total     |
|------|---|---------------|-------------------|-----------|
|      | 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 1 April 2022                  | 390           | 4,078,488         | 4,078,878 |
| 20   | Transfer, see "Appropriation of profit" | 0             | 470,320           | 470,320   |
|      | Equity at 31 March 2023                 | 390           | 4,548,808         | 4,549,198 |





# Financial statements

## 1 April 2022 - 31 March 2023

### Notes to the financial statements

#### 1 Accounting policies

The annual report of FUJIFILM Diosynth Biotechnologies Denmark ApS for 2022/23 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.

# Financial statements

1 April 2022 - 31 March 2023

| DKK'000   | 2022/23          | 2021/22          |
|---|------------------|------------------|
| <b>2 Segment information</b>  |                  |                  |
| Breakdown of revenue by geographical segment:   |                  |                  |
| North America   | 1,638,965        | 1,616,248        |
| Europe  | 1,788,049        | 1,068,153        |
| Asia  | 23,883           | 384,582          |
|   | <u>3,450,897</u> | <u>3,068,983</u> |
| <b>3 Staff costs</b>  |                  |                  |
| Wages/salaries  | 768,528          | 681,897          |
| Pensions  | 73,633           | 60,741           |
| Other social security costs   | 13,945           | 12,885           |
|   | <u>856,106</u>   | <u>755,523</u>   |
| Staff costs are recognised as follows in the financial statements:  |                  |                  |
| Production costs  | 748,741          | 667,609          |
| Administrative expenses   | 107,365          | 87,914           |
|   | <u>856,106</u>   | <u>755,523</u>   |
| Average number of full-time employees   | <u>1,140</u>     | <u>966</u>       |
| By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.  |                  |                  |
| <b>4 Amortisation/depreciation of intangible assets and property, plant and equipment</b>   |                  |                  |
| Amortisation of intangible assets   | 186,994          | 181,092          |
| Depreciation of property, plant and equipment   | 301,710          | 310,707          |
|   | <u>488,704</u>   | <u>491,799</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 446,849 thousand and Administrative expenses with DKK 41,855 thousand. |                  |                  |
| <b>5 Fee to the auditors appointed in general meeting</b>   |                  |                  |
| Statutory audit fee   | 1,520            | 1,350            |
| Other services  | 751              | 1,973            |
|   | <u>2,271</u>     | <u>3,323</u>     |
| <b>6 Other operating expenses</b>   |                  |                  |
| Other operating expenses mainly include loss on sale of the property, plant and equipment.  |                  |                  |



# Financial statements

1 April 2022 - 31 March 2023

## Notes to the financial statements

DKK'000

|   |                | 2022/23                        | 2021/22   |                  |
|---|----------------|--------------------------------|---|------------------|
| <b>7 Financial income</b>   |                |                                |   |                  |
| Unrealized exchange adjustments   |                | 53,307                         | 0   |                  |
| Realized exchange gain  |                | 73,918                         | 49,729  |                  |
| Other financial income  |                | 3,171                          | 316   |                  |
|   |                | <u>130,396</u>                 | <u>50,045</u>   |                  |
| <b>8 Financial expenses</b>   |                |                                |   |                  |
| Interest expenses, group entities   |                | 34,012                         | 8,187   |                  |
| Unrealized exchange adjustments   |                | 0                              | 37,541  |                  |
| Realized exchange losses  |                | 153,879                        | 19,715  |                  |
| Interest surcharges and tax recognised under net financials               |                | 22                             | 501   |                  |
| Other financial expenses  |                | 293                            | 0   |                  |
|   |                | <u>188,206</u>                 | <u>65,944</u>   |                  |
| <b>9 Tax for the year</b>   |                |                                |   |                  |
| Estimated tax charge for the year   |                | 113,243                        | 27,263  |                  |
| Deferred tax adjustments in the year                                      |                | 18,003                         | 31,711  |                  |
| Tax adjustments, prior years  |                | 56                             | -530  |                  |
|   |                | <u>131,302</u>                 | <u>58,444</u>   |                  |
| <b>10 Intangible assets</b>   |                |                                |   |                  |
|   | Software       | Knowhow and<br>Customer Rights | Development<br>projects in progress<br>and prepayments<br>for intangible assets | Total            |
| Cost at 1 April 2022  | 266,967        | 549,610                        | 84,716  | 901,293          |
| Additions   | 0              | 0                              | 136,518   | 136,518          |
| Disposals   | -16,543        | 0                              | 0   | -16,543          |
| Transferred   | 39,955         | 0                              | -39,955   | 0                |
| Cost at 31 March 2023   | <u>290,379</u> | <u>549,610</u>                 | <u>181,279</u>  | <u>1,021,268</u> |
| Impairment losses and<br>amortisation at 1 April 2022                     | 134,866        | 366,408                        | 0   | 501,274          |
| Amortisation for the year   | 49,591         | 137,403                        | 0   | 186,994          |
| Reversal of accumulated amortisation<br>and impairment of assets disposed | -16,543        | 0                              | 0   | -16,543          |
| Impairment losses and<br>amortisation at 31 March 2023                    | <u>167,914</u> | <u>503,811</u>                 | <u>0</u>  | <u>671,725</u>   |
| <b>Carrying amount at 31 March 2023</b>                                   | <u>122,465</u> | <u>45,799</u>                  | <u>181,279</u>  | <u>349,543</u>   |

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 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 2022 - 31 March 2023

## Notes to the financial statements

DKK'000

|  | Land and buildings | Fixtures and fittings, other plant and equipment and computer hardware | Leasehold improvements | Property, plant and equipment in progress | Total      |
|--|--------------------|--|------------------------|---|------------|
| <b>11 Property, plant and equipment</b>                                |                    |  |                        |   |            |
| Cost at 1 April 2022   | 2,987,819          | 2,811,486  | 13,606                 | 2,992,612                                 | 8,805,523  |
| Additions in the year  | 0                  | 0  | 0                      | 4,303,288                                 | 4,303,288  |
| Disposals in the year  | 0                  | -3,693   | 0                      | 0   | -3,693     |
| Transferred  | 29,198             | 179,426  | 12,865                 | -221,489                                  | 0          |
| Cost at 31 March 2023  | 3,017,017          | 2,987,219  | 26,471                 | 7,074,411                                 | 13,105,118 |
| Impairment losses and depreciation at 1 April 2022                     | 1,333,863          | 1,549,158  | 454                    | 0   | 2,883,475  |
| Depreciation in the year   | 126,796            | 172,193  | 2,721                  | 0   | 301,710    |
| Reversal of accumulated depreciation and impairment of assets disposed | 0                  | -3,693   | 0                      | 0   | -3,693     |
| Impairment losses and depreciation at 31 March 2023                    | 1,460,659          | 1,717,658  | 3,175                  | 0   | 3,181,492  |
| <b>Carrying amount at 31 March 2023</b>                                | 1,556,358          | 1,269,561  | 23,296                 | 7,074,411                                 | 9,923,626  |

|  | 2022/23   | 2021/22   |
|--|-----------|-----------|
| <b>12 Contract assets</b>                        |           |           |
| Contract assets, selling price                   | 1,641,436 | 1,265,058 |
| Contract assets, Prepayments received on account | -161,685  | -253,939  |
|  | 1,479,751 | 1,011,119 |

## 13 Prepayments

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

## 14 Share capital

| Analysis of the share capital:                  | 2022/23 | 2021/22 |
|---|---------|---------|
| 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 2022 - 31 March 2023

## Notes to the financial statements

DKK'000

### 15 Deferred tax

|  | 2022/23        | 2021/22        |
|--|----------------|----------------|
| Deferred tax at 1 April 2022   | 237,339        | 202,945        |
| Deferred tax adjustments regarding prior years                           | 0              | 2,683          |
| Deferred tax adjustments in the year, recognized in the income statement | 18,003         | 31,711         |
| <b>Deferred tax at 31 March 2023</b>                                     | <b>255,342</b> | <b>237,339</b> |

Deferred tax relates to:

|                               |                |                |
|-------------------------------|----------------|----------------|
| Intangible assets             | -11,859        | 3,216          |
| Property, plant and equipment | 267,201        | 246,789        |
| Tax loss                      | 0              | -12,666        |
|                               | <b>255,342</b> | <b>237,339</b> |

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

### 16 Non-current liabilities other than provisions

|                                     | Total debt at 31/3 2023 | Repayment next year | Long-term portion | Outstanding debt after 5 years |
|-------------------------------------|-------------------------|---------------------|-------------------|--------------------------------|
| Prepayments received from customers | 587,131                 | 449,466             | 137,665           | 25,077                         |
| Payables to group enterprises       | 6,246,845               | 6,246,845           | 0                 | 0                              |
|                                     | <b>6,833,976</b>        | <b>6,696,311</b>    | <b>137,665</b>    | <b>25,077</b>                  |

Payables to group enterprises have in April 2023 been refinanced and new loans have been obtained.

### 17 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.

The Danish Tax Authorities (DTA) has reviewed FDBD's Transfer Pricing documentation for the income year 2020. DTA has challenged FDBD payment of Royalty to Fujifilm Corporate in income year 2020.

Consequently, the Danish Tax Authorities have suggested to increase the taxable income of FDBD for income year 2020, by DKK 46.0 million, with a tax value of DKK 10.1 million by only allowing royalty payments on "new customers". FDBD does not agree with the suggested increase of taxable income, so the review is currently ongoing with DTA, FDBD and Fujifilm Corporate. As a result of FDBD's assessments and evaluation of DTA's suggestion, FDBD has not recorded any provisions related to this transfer pricing audit in these financial statements.

#### Other financial obligations

Other rent and lease liabilities:

|                            | 2022/23 | 2021/22 |
|----------------------------|---------|---------|
| Rent and lease liabilities | 12,305  | 16,135  |

Rent and lease obligations concerning machines, trucks and lease of buildings which are irrevocable until 2028 with remaining contract terms of 1 – 5 years.



# Financial statements

1 April 2022 - 31 March 2023

## Notes to the financial statements

### 18 Collateral

The Company has not provided any security or other collateral in assets at 31 March 2023.

### 19 Related parties

#### Parties exercising control

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

#### Information about consolidated financial statements

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

#### Related party transactions

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

| DKK'000  | 2022/23 | 2021/22 |
|--|---------|---------|
| Sales of Service to group enterprises                | 23,704  | 23,872  |
| Purchase of Service from group enterprises           | 54,565  | 45,024  |
| Royalty to Ultimate Parent Company                   | 50,515  | 44,186  |
| Sales of pass through cost to group enterprises      | 31,255  | 17,818  |
| Purchase of pass through cost from group enterprises | 13,510  | 21,165  |

### 20 Appropriation of profit

#### Recommended appropriation of profit

|                   |                |                |
|-------------------|----------------|----------------|
| Retained earnings | 470,320        | 213,460        |
|                   | <u>470,320</u> | <u>213,460</u> |

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