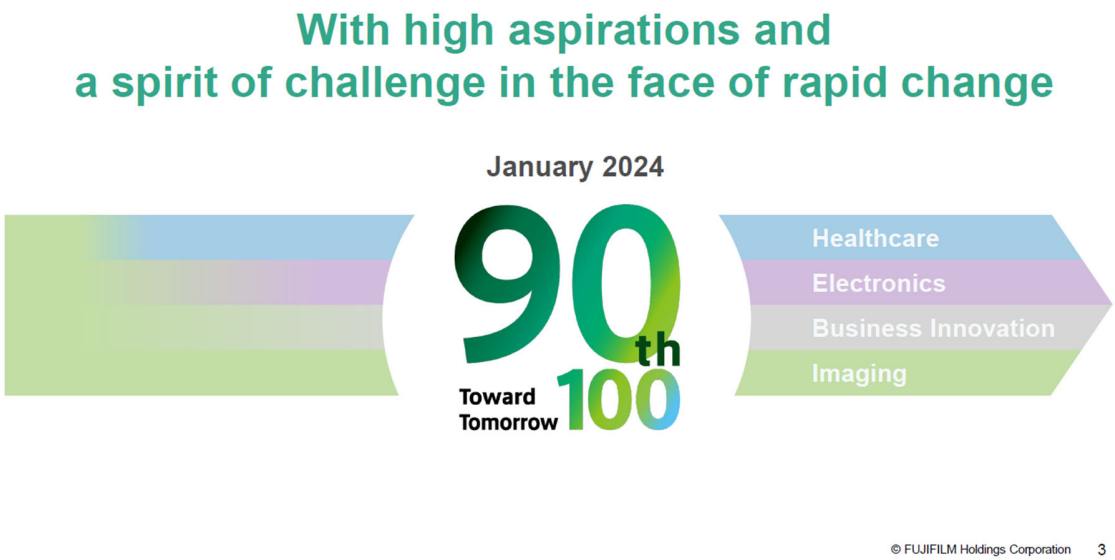
FUJIFILM Holdings Corporation

Fujifilm Holdings Corporation presentation delivered at the 43rd Annual J.P. Morgan Healthcare Conference on Monday, January 13, 2025 at 3:00 PM

Moderator : Good afternoon. Welcome to the J.P. Morgan Healthcare Conference. I'm Seiji Wakao, Japan Pharma Analyst.
It's my pleasure to introduce Mr. Goto, CEO of FUJIFILM Holdings, and welcome him to the conference. With that, let me hand it over to Mr. Goto.

Teiichi Goto: Thank you, Mr. Wakao, for your kind introduction. Good afternoon, everyone. I'm Teiichi Goto, the President and CEO of Fujifilm Holdings Corporation. I truly appreciate the invitation to speak here again this year.



Last year, on January 20th, the Fujifilm Group celebrated its 90th anniversary. I would like to express our sincere gratitude to all the stakeholders who have supported us throughout this long history.

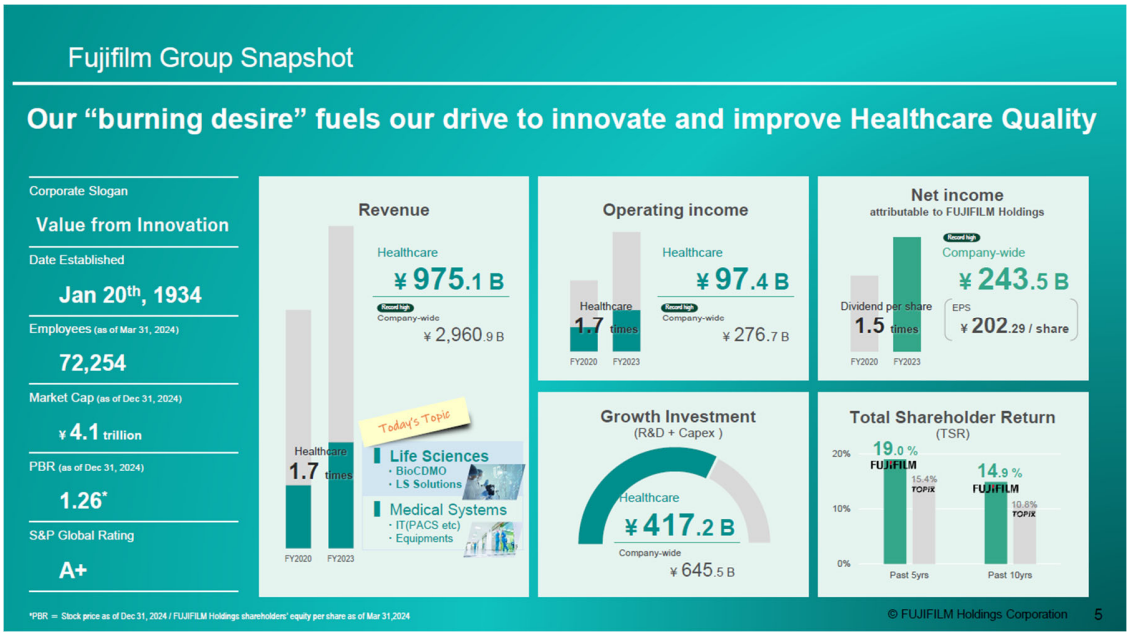
For more than 90 years now, we have faced both challenges and adversity. While we have made a mark in the worldwide world with advances in photography, we also overcame the crisis of losing our core film business and have since transformed into a company that innovates in the variety of business fields.

Within the DNA of Fujifilm Group can be found the code for our passionate aspirations, which have enabled us to come out on top in the face of numerous challenges.

In celebrating our 90th anniversary, we established the new Fujifilm Group Purpose, “Giving our world more smiles”. This represents our shared aspiration for the group to unite as one team and create new value through innovation. We decided upon this purpose because it is both fresh yet familiar. After all, we have been giving the world reasons to smile from our earliest days.

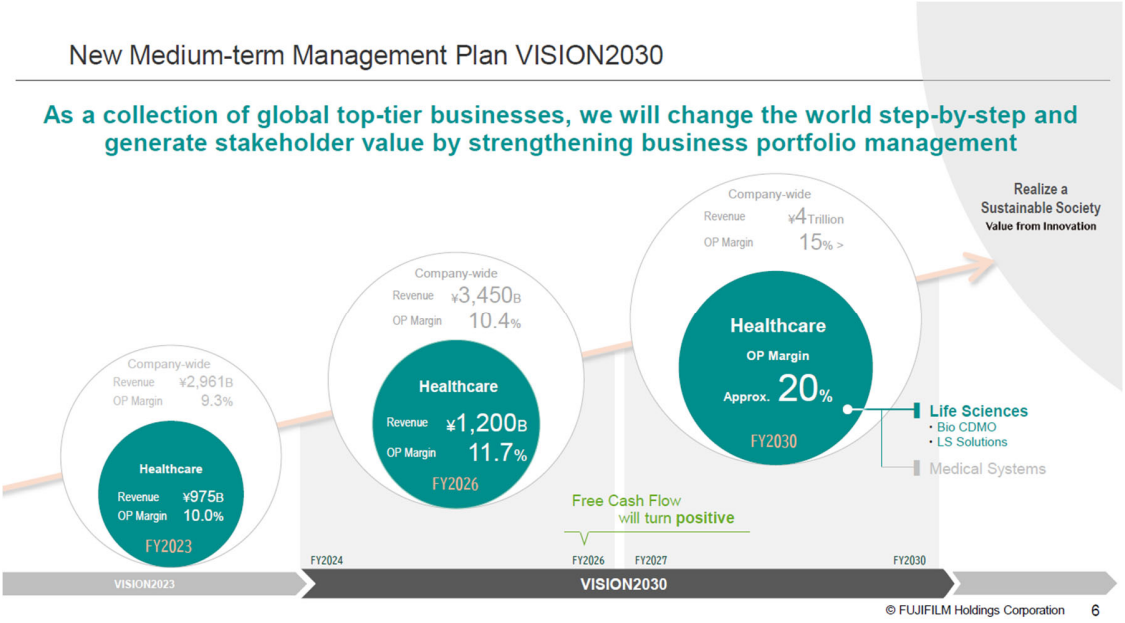
For the Fujifilm Group to continue providing innovative value and achieve sustainable growth toward our 100th anniversary and beyond, we believe that the aspirations of each of our employees as a driving force for continuing fulfilling this group purpose.

Learning from the past to shape the future, we will continue to take on challenges by combining our technological strengths with the wisdom of our diverse and talented workforce to contribute to resolving social issues through all of our businesses, Healthcare, Electronics, Business Innovation and Imaging. We will do this while providing people around the world with reasons to smile.



Throughout the period of the medium term management plan VISION2023, the Fujifilm Group invested approximately 1.2 trillion in growth areas focusing on the Healthcare and Electronic fields.
In addition, we achieved recorded high sales and operating income and laid the foundation for one next stage of growth.

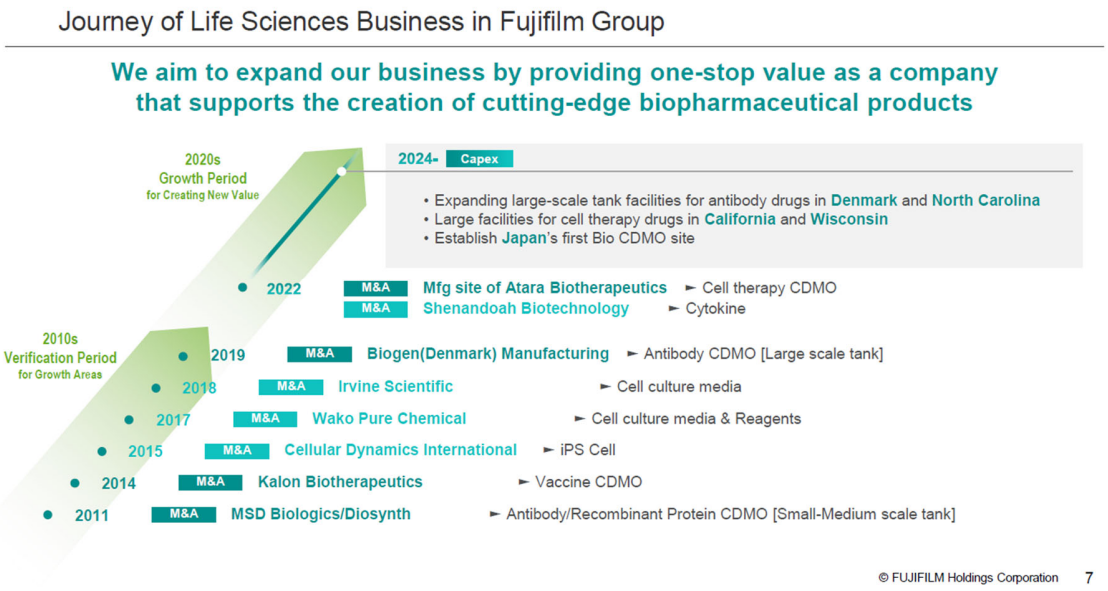
With the transformation of our business portfolio, particularly in Healthcare, this achievement is due to the resilience of the company and each employee who has learned how to produce sustainable growth despite the rapidly changing external environment.



In response to the challenges of VISION2023, the Fujifilm Group announced a new medium term management plan, VISION2030, in April last year.

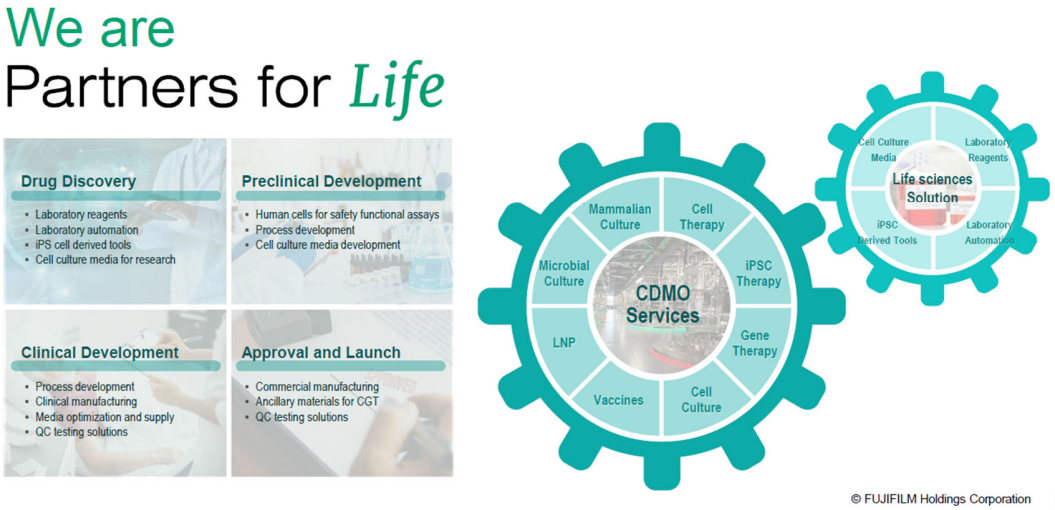
VISION2030 was formulated as an action plan to realize the goals of our long-term CSR plan and Sustainable Value Plan 2030. By promoting management and emphasizes profitability and capital efficiency, we aim to further enhance the corporate value of the Fujifilm Group and evolve into a company that creates a sustainable social value for various stakeholders as a collection of world class businesses.

In terms of financial performance, the company wide negative free cash flow that resulted from the strategic capital investment in the Bio CDMO business is expected to turn positive by fiscal year 2026. With the target for the company-wide operational margin in fiscal year 2030, we will achieve approximately 20 percent in the Healthcare segment, including the Bio CDMO.



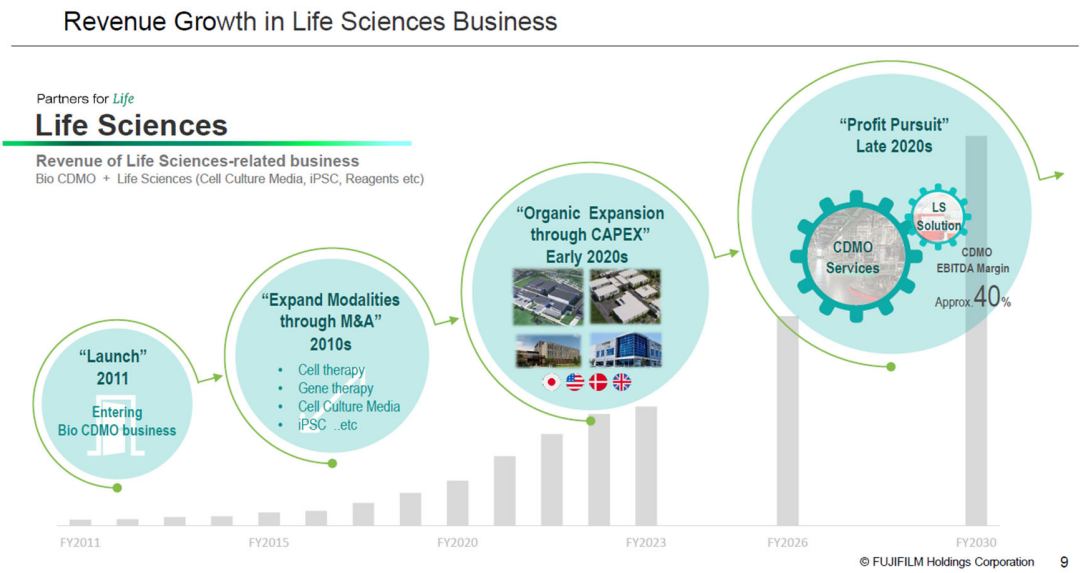
The Fujifilm Group transformed its business structure in response to the rapid contraction of the photographic film market in the early 2000s. In particular, we positioned Healthcare as a key growth driver and have been making significant strides in the Bio CDMO market since 2011. In addition, we have been actively pursuing M&A since 2010 and have been recently making strategic capital investments.

Our Business Domain in Life Sciences



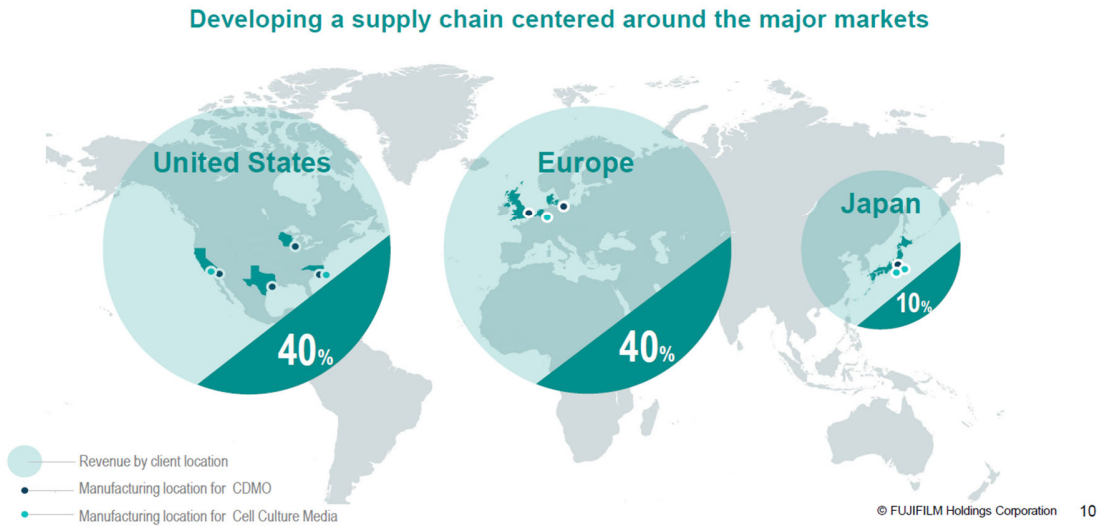
Now, Fujifilm has grown to be a business that can handle a wide range of biopharmaceutical CDMO services. We can also provide research tools such as iPS cells, culture media, and reagents.

Now, for detailed information about our business, Mr. Iida, General Manager of the Life Science Strategy Headquarters and Bio CDMO Division, will make some comments. Thank you very much.



Toshihisa Iida: Thank you, Mr. Goto. With this chart, you can see how our revenue of the life sciences-related business have grown since we entered CDMO business in 2011. We ended last fiscal year 2023 with JPY 316 billion, which is equivalent to USD 2.2 billion. Now, we are in the phase of organic expansion through aggressive CAPEX investment. We aim to nearly triple our revenue in 2030.

Global Footprint & Revenue Contribution by Region



This shows the geographical split of our revenue as well as manufacturing footprint. Actually, 90 percent of our revenue is generated in the United States, Europe, and Japan. Accordingly, as you see, we set up the manufacturing sites, both on CDMO and cell culture media, being close to the market. We also put our priority to supply chain resilience.

Resilient Supply Chain

Most of raw materials are procured
from suppliers in the US, Europe and Japan

**Resilient supply chain
with minimal geopolitical risk**

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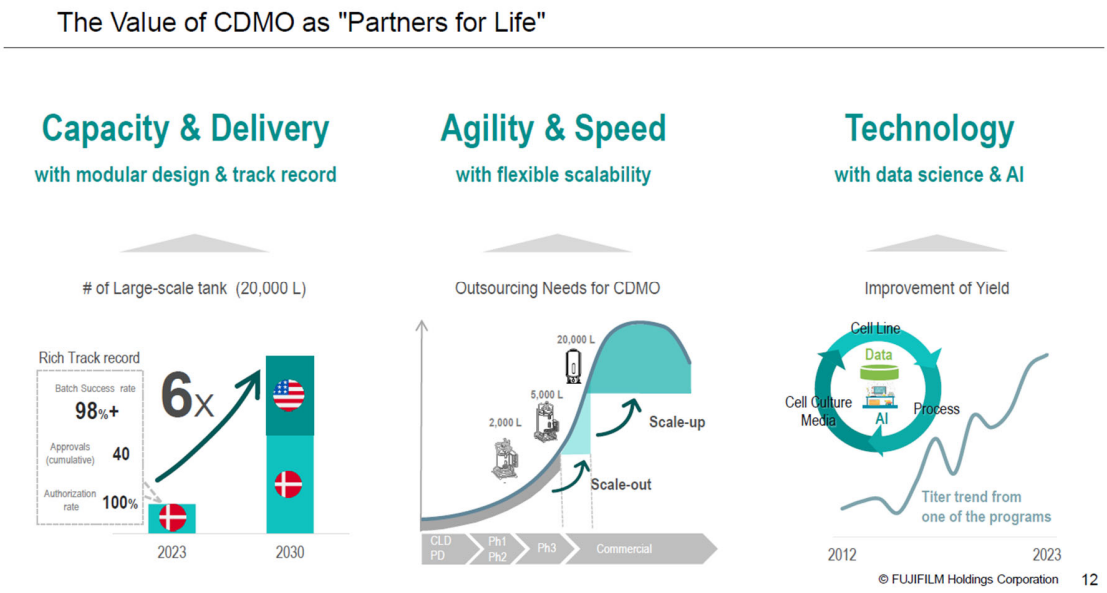
To minimize the geopolitical risks, actually, over 95 percent of materials we source for CDMO and cell culture media are from US, Europe, and Japan. Our policy is manufacturing and sourcing as close as possible to the markets where the clients and patients are. This will enable us to secure a stable and continuous supply to the customers.



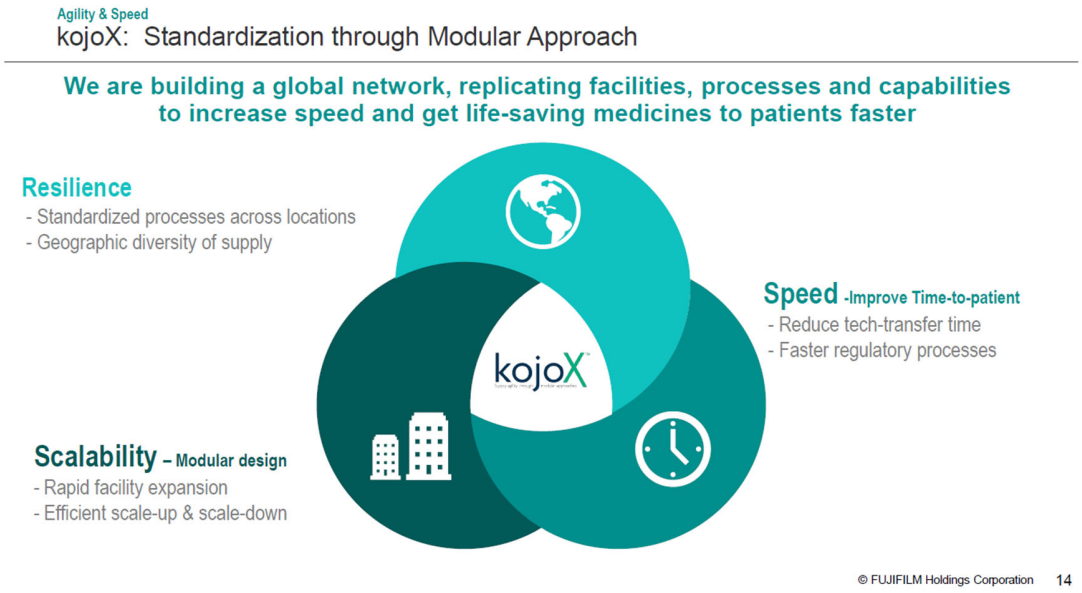
Let's move on to a few topics around the CDMO business. What we can offer, added value to the customers, and how we can differentiate from our competitors.

These are the three key things, answering those questions. The first, capacity and delivery. The worst thing for any pharmaceutical company is drug shortage. Without capacity, we cannot ensure the clients that they can meet the future demand. That's why we are investing so heavily and so quickly, building up the number of large-scale tanks mostly.

Even though we have enough capacity, if we cannot deliver, it means nothing. We put a priority on unprecedented delivery, which includes batch success rate and regulatory approval. Our batch success rate at a large-scale Denmark site achieved over 98 percent. Those would build up the track record and the trust from our clients.

Let me update you on the progress of the large-scale expansion. First, I am so pleased to confirm our first expansion at the Danish site went live in November and are going very well. We already secured nine new programs at that new facility. The right-hand side, the brand-new site in North Carolina, United States, also is on track.

We have completed almost all mechanical installations, and anticipate to start operations in the summer of this year. Up to October last year, we had only 6 large scale bioreactors, now we have 12, and we will have 20 by end of this year. We are further expanding at both locations, and all those projects are on track.



Next, let's move on to agility and speed. Let me talk about kojoX. The kojoX is our concept for modular build up of our facilities. It enables agility and speed. With same designed facilities, we can speed up the tech transfer across the sites, we can offer the scalability between small, mid to large scale depending on the demand flexibly.

Agility & Speed

How “kojoX” Works

The “kojoX” modular approach offers agile and reliable manufacturing solutions across sites, supporting the entire product lifecycle

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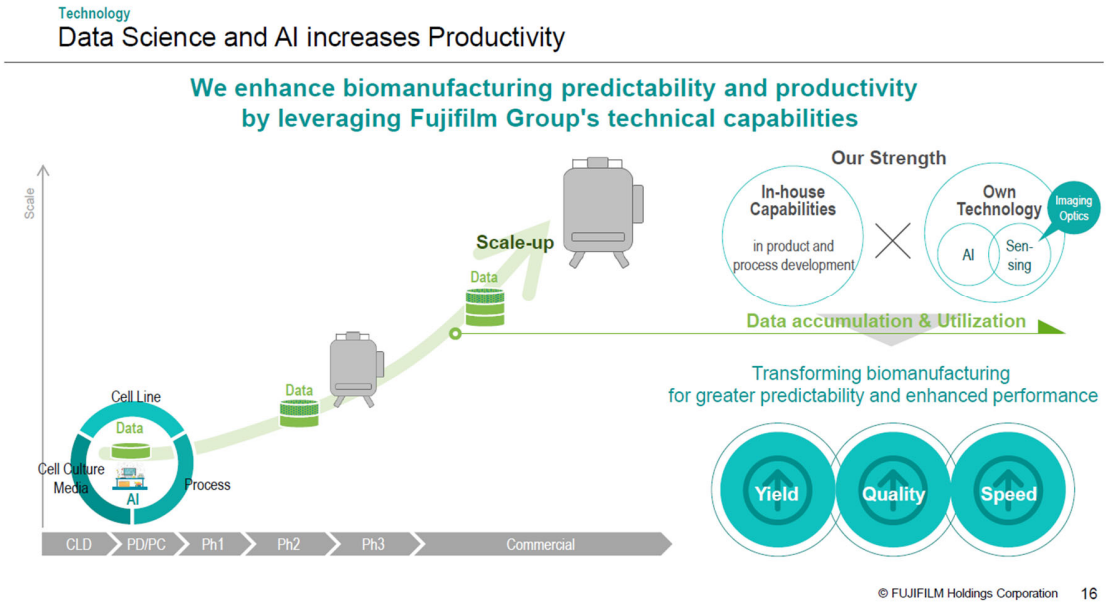
Again, we build up the facilities close to the market, which make it possible to provide resilient supply. This is what we are building up now, both in large scale in Denmark and North Carolina, as well as small to mid scale in UK and Japan. Important thing is that kojoX is not just a facility or hardware, but also software. The IT system, quality control are unified across the site and even human resources are transferred across the site to share their experience and know how.

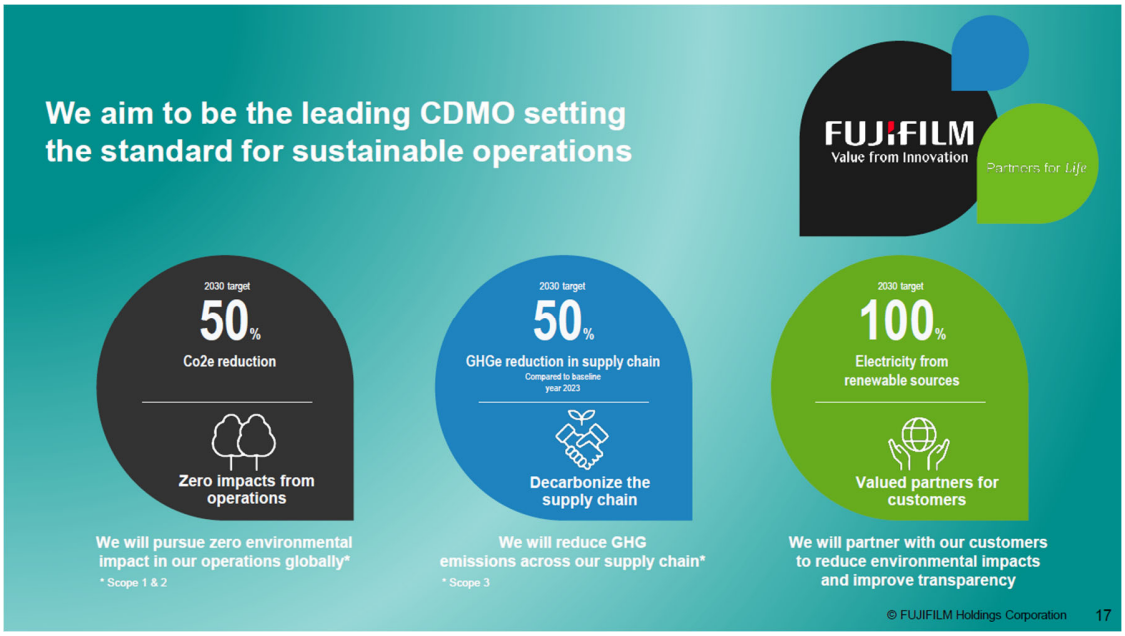


Next, I would like to talk about technology. Our goal is to transform the biomanufacturing into data science driven by utilizing entire Fujifilm Group's technology, know-how, and capabilities.

Our target will be improvement of yield, quality and speed. The key to this is optimization of cells, cell culture medias, and product and process. Fujifilm is a fortunate company to have all those in house. We can obtain and accumulate our own data from the wet process in our own laboratory.

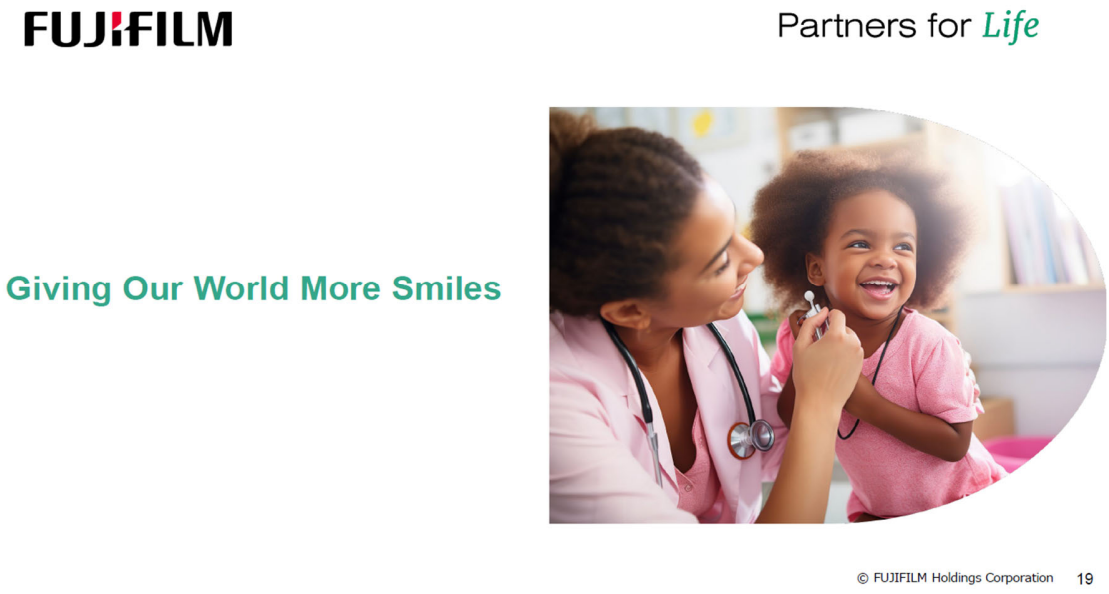
Then we can utilize our own AI technology, which have cultivated in photo imaging and medical diagnostic systems. Our aim is to visualize what is happening in the black box of bioreactor and predict the yield and the quality. Furthermore, not only to predict, but also improve by feeding back those data to the manufacturing process conditions.

We already started our pilot experiments. We are ready to propose to clients that we can apply it to the actual production product. What we offer is not just a subcontracted factory but partnership model – Partners for Life. That can improve productivity and quality by utilizing the data together with our clients.



Last, but not least, the Fujifilm group considers environmental conservation as a priority. We want to lead in this industry rather than follow. We are taking various initiatives towards those targets, such as 50 percent CO2 reduction from our own operation by 2030. Also, we already signed virtual PPA to convert all electricity used in the US and Denmark to be renewable energy.

This is the information to you, FUJIFILM Holding will host the business briefing conference on February 19 in Japan time. We wish many of you join this call. This is the end of presentation.



Being a partner for life, Fujifilm contribute to giving our world more smiles. Thanks for your listening.

Questions and Answers

Moderator: Thank you for your presentation. Let's move into the Q&A session. In addition to Mr. Goto and Mr. Iida, I'm pleased to announce that Lars Petersen, CEO and President of Fujifilm Diosynth, and Mr. Yutaka Yamaguchi, Corporate Vice President will also be joining. Thank you.

I'll start with my question. This first question is addressed to Mr. Goto. You launched a new midterm management plan VISION2030 last year. I'd like to hear your thoughts on direction of the new midterm plan, and in particular, how you plan to grow the healthcare field from the perspective of the CEO.

Teiichi Goto: Thank you, Mr. Wakao. In Vision 2030, I intend, as a Fujifilm Group, to grow our corporate value by managing our strong profits and efficient use of capital. We want to become a company that creates a smile value for all our stakeholders with our world-class businesses.

The Healthcare field is the most important area for increasing corporate value. To meet the strong demand of biopharmaceuticals, VISION 2030 lays out our plan for large scale investments like our new facility in Denmark which began operating November 2024, and another in North Carolina, opening later this year.

Large scale production does not bring full profit right away, but we will use the kojoX philosophy explained earlier to speed up profitability. In gene and cell therapy manufacturing, the market is stagnant because biotech funding is limited.

However, we believe demand for these therapies will grow as important treatment for unmet medical needs. As a leader in iPS cell technology, we will grow our business through our drug discovery support business and CDMO business for investigational drugs and commercial manufacture.

As a trusted partner for pharmaceutical companies, biotech firms, and researchers, we will support drug discovery and provide fast, reliable production and supply. Our goal is to deliver innovative medicines to patients more quickly and efficiently. That's all.

Moderator: Thank you. So next question about market situation for antibody drugs. Could you share your thoughts on the current market environment for contract manufacturing antibodies? Specifically, I'd like to know about the level of demand from pharma and the pricing trend in this area.

Lars Petersen: Yes, I can answer that question. I would first like to say thank you so much for

your ownership (Fujifilm corporation) that we finally have more capacity. For four years, we have been running with completely full sites - large pharma companies and the entire industry are screaming for more. Having to say no to them so many times has been a nightmare. You could see some of the numbers stalling because we didn't have the capacity. Instead, we have utilized the situation to be more and more efficient. Now, we're in a situation with double capacity and more capacity coming over the next 10 months from now. It's so great.

The facility we just opened already has nine programs, and we basically are full for the expansion we just made. Now, we are filling up the North Carolina site. That's always been our plan.

We know that they (clients) would like to increase capacity within 24 months. They want to delay the investments until their Phase 3 trials are in good shape. Now, we are in a situation where we can fill up sites by 24-month chunks because we have more facilities coming online in late '26 and early '28.

That basically means that we can follow the market and we expect the market to see this. We are on the CDMO list of all top 30 pharma companies every time there's a capacity need. Now, finally we can begin to say yes to them. It's absolutely a unique situation for us.

Moderator: How about price? Is there a change?

Lars Petersen: Regarding trends, I would say that the biggest trend we see for large scale is much more reliability, right first time and if you are capable of being flexible. Prices of course, are always in the mix. You can never say people don't care about pricing, but that is never number one in discussions with any clients. I think you have heard this similarly from other CDMOs.

Being able to reliably deliver on time is always ahead of that as well as being able to deliver the needed capacity. Capacity and delivery are much more important than price.

Toshihisa Iida: Actually, our average batch price is increasing compared to several years ago. It's partly reflecting the inflation. We have that contract with the clients to adjust this inflation. Our batch price is increasing, actually.

Moderator: Thank you. Next, about the situation of cell gene therapy. Could you provide an update on this area, manufacturing for cell engine? Have you observed any improvement in the level of demand or contract in this area?

Toshihisa Iida: I can answer these questions. The situation, the market CGT continues to be challenging, we see. Recently, we see a number of pipelines. We have enough pipelines. Actually, we have seen an increase in the number of inquiries and some negotiations.

However, those programs are at a pretty early stage. The amount of each in the contract is still small. We will see in a few more years when those pipelines are developing later stage and into commercialization. At that time, we will have more business in terms of the revenue and the profit.

Moderator: Already you commented situation in Denmark, but I'd like to know more about the status of Denmark facility that we had operation in last year. What is their current utilization rate, and how much is it expected to be realized by the end 2025?

Lars Petersen: Yes, if you look at '25, we basically are full and have no more capacity at this facility. Of course, now, we are filling up '26 as well. We only have started right now, but the plan is to have an extremely full facility. That's the challenge we have for Denmark, if you will, but a good situation for me.

Toshihisa Iida: Because this is the first year, for most of those nine programs, we start manufacturing test batches, or PPQ batches. It's a relatively small number of batches, and we need change over time so that although we have the full capacities, including change-overs, on the revenue, we cannot expect 100 percent compared to our existing site.

Next year, 2025, we anticipate the contribution from the new facility will be around 30 percent of the existing facility which are fully utilized. The new facility will be fully utilized probably in the fourth year after the start of operations.

Lars Petersen: Maybe I can just elaborate on one thing, and that is the kojoX ecosystem. We already now have approval for the first one using comparability report, meaning because of kojoX, we can move programs very quickly between the facilities, and we expect to do exactly the same with the US facility.

That means, for example, that we already have the Danish authorities involved in the approval of the US facility because they are 97 percent similar to each other. That's another uniqueness of what we do. You have not seen this in the industry before. We've built the entire network internally, the entire network is designed and constructed internally.

We're not acquiring sites from other companies, because that creates all kinds of challenges. It is our own network and that enables our ability to replicate the sites. That is extremely effective in an agile setting.

Moderator: Could you comment specifically on US site? This site progresses very well. How about inquiries from pharma as a demand, especially in the US site?

Lars Petersen: For the Holly Springs site, we announced very early a partnership with a client, whose name you may have seen in the public domain. With that the first 50 percent of the site already is sold out to one big pharma company, and with a second client, we have four or five programs.

This is also why we, in March of last year, announced a further expansion of the site, which is getting ready late '27, early '28. We are now beginning to see customers looking into that site all the way out to late '27, early '28. This gives us a very, very clear vision that the pharma industry wants to get into these facilities.

Moderator: OK, thank you. Next, about capability of ADC. Regarding the manufacturing capability for ADCs, could you explain the strengths and the differentiation point of the service you offer us?

Toshihisa Iida: Yes, we will, the launch our first manufacturing site in new Japanese factory based in the Toyama Prefecture, and this is end-to-end ADC service, from antibody part to conjugation to the fill and the finish. Under the same locations, this is end-to-end.

This is unique opportunities. It's not a huge capacity site, but best fit to, for example, the clinical batches, which the clients need very speedy, very efficient supply chain. That's our first step for the ADC.

Moderator: I understand that Fujifilm has introduced N-1 perfusion technology for antibody drug manufacturing. What advantage does this technology provide for your antibody drug manufacturing?

Lars Petersen: I think it's important to note here that if at the first glance, you look at these new kojoX facilities, they look like any other facility, but most of the facilities that are in the industry today, are not ready for high titers.

They are not ready for the pipelines that are coming, so many of the innovators' facilities are built 10, 15 years ago, and they all have to be rebuilt because, for example, to add an N-1 step requires space in a facility, and that's the most simple way to drive your titers up from three or four gram per liter to maybe seven, eight gram per liter, which suddenly is two times as efficient.

Every company has that type of thing in their pipeline. That means for many, it doesn't fit. Our kojoX concept actually adds these technologies in already upfront, so all our facilities could have this N-1 capability.

Moderator: Thank you. Could you comment on AI-powered manufacturing? Would these serve as a competitive advantage over other competing companies?

Toshihisa Iida: I think so, because Fujifilm is our long history of data science in other business segment, like photo imaging. Actually, Fujifilm is the first company who developed digital camera with face-detection technologies back in 2008 or 2009. That AI technologies also diversified into the medical diagnostic imaging field.

We have a number of capable AI engineers, as well as long the histories, we understand how the machines are learning or are deep learning and how they are managing. I think the people and engineers are now supporting our business, bioprocessing.

As I presented, our aim is to make visible, visualize what's happening in the bioreactor to be more predictable and to improve yield, quality and speed.

Moderator: I understand that your company is planning to expand its kojoX manufacturing facilities for antibody drugs through organic capital investment, is there a possibility that your company will acquire manufacturing facilities from Pharma in the future? If so, will such acquisition occur after completing their investment plan until 2028?

Toshihisa Iida: I think that, at the core of our strategy, is kojoX, as Lars mentioned. So which way makes more sense, organic growth versus through the acquisitions? At the moment, building up the kojoX network via organic growth is what makes more sense.

Lars Petersen: Maybe I can elaborate. When we have a fully built out network, we'll have nine buildings of four 20kLbioreactors. That creates a previously unseen flexibility in the large scale space.

In addition to that, you will see facilities coming into operations in '26 and '27 in Billingham in UK

and in Toyama. They are small to midscale that are built on the same concept, designed and constructed in a way that allows us to move from 2kLto 5kL to 20kL.

That agility will of course be disrupted should we go out and acquire other facilities because we can move much, much quicker building ourselves.

The newest facility expansion that we have announced, which is number four in the line of KojoX, is moving so fast that we actually joke internally if it will catch up on the one that it's copying. This is a very, very efficient way of working, so it would not make sense for us to acquire a facility unless it's a complete new technology.

We do believe our technology covers the majority of the modalities? that comes out right now, so we're in a very good situation, we think.

Moderator: Thank you. Any questions from the floor?

Audience Member: About AI, how are you using it to [inaudible] artificial intelligent [inaudible] ?

Toshihisa Iida: First, we started, so basically, we like to improve the titer productivity yield and the quality and the speed. The three key things, first is understanding the cell, understanding the media, understanding the process. Those three key things determine the quality and the work yield the titer and the speed.

Those are the data which come from the wet process in the lab. We have our own laboratory and we have the own cell line and cell culture media and also the own process. We understand all those, the three key things. Then we are building up within the laboratory from the wet, the data, the collecting.

We are making a kind of platform and for actual manufacturing, we need the data from the clients. Based on our platform, we start discussion with the client, "Can we share those manufacturing data and then we can...our AI engine can understand all the process to improve?"

Lars Petersen: Maybe just to elaborate, if you saw Jamie Dimon's keynote in there, he talked about how data and AI are connected. One of the challenges in biomanufacturing is that every company has its own data, so how do we make sure to share these data? That's why we work closely with several companies to see how we can get a broader input of data into AI so it becomes more efficient.

Many companies work with this in R&D space, but in biomanufacturing, there are some hurdles we need to overcome. We have all the technologies. We now need to work with our partners, and they all are very interested. We believe this will give us some breakthroughs. We just cannot set a timing on it right now.

Moderator: Thank you. Any question?

Audience Member: What about your preparation for an allogeneic stem cell expansion differentiation?

Lars Petersen: We did just announce an expansion of this getting operationalized. As you may know, we acquired a facility from the company, Atara, which was filled up with one product only. Now we have two more suites, so we can actually run multiple products. That's just recently been operationalized.

We are in that situation and we have multiple customers we are discussing within this space, still with the limitations of what you know is in the market in the advanced therapies, but we definitely are in a much better situation with the site now.

Toshihisa Iida: Also, we are increasing our footprint, not only in allogeneic but also autologous from that facility.

Moderator: Any question? Please.

[off-mic question]

Lars Petersen: The biggest challenge, I think we all know, with advanced therapy is how expensive it is to manufacture. How can we make sure we get the price down for sending these drugs to market. It's almost like the market has agreed on, how expensive these drugs should be?

But we still see, and we also have some of these clients in our facility, some drugs that could come into mainstream area, but they're still phase 1, phase 2.
I hope for patients, that you'd see an mRNA type situation where that happens suddenly.

We see MS drugs and cell therapy coming, we have not seen any of them succeed, but that

would change the entire game. We should cross our fingers and believe these will be modalities that will change? Hopefully in the near future.

Moderator: Any question? Two minutes left, so finally could you share the key catalyst in CDMO among 2025? Catalyst.

Lars Petersen: There's no question that in the US, in the fall opening up, maybe late summer, for our Holly Springs site is very, very big milestone. Actually, we have construction complete in a few months and really looking forward. I'm actually going there next week.

We also expect to have news on our drug product facility in Denmark, which is the first of that kind and will be replicated into our US facilities (Holly Springs).

As you all know, GLP-1 right now puts a lot of pressure on drug product capacity. We all know that. There's a lot of requests, and we cannot really catch up with all of them. We've got to make sure we do this in a good way and start it off well if we want to do it.

We're in a very, very good situation with that also. Expect that we have two good news coming out in 2025.

Moderator: Thank you. It's just about time, so we'd like to close this Q&A session. Thank you very much for joining us. I appreciate your presentation.