

Bavarian Nordic Announces Interim Results for the First Three Months of 2023

COPENHAGEN, Denmark, May 9, 2023 - Bavarian Nordic A/S (OMX: BAVA) announced today its interim financial results and business progress for the first three months of 2023.

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: “We are pleased to report strong results from the first quarter, driven by the continued deliveries of mpox vaccines to countries worldwide combined with a strong performance in our travel vaccine business. The major highlight for the quarter was the announcement of the acquisition of the travel vaccine portfolio from Emergent BioSolutions. This transaction will expand our portfolio of both marketed and pipeline products, broaden our R&D, manufacturing and commercial capabilities, and not least strengthens our workforce with nearly 300 employees whom we are pleased to welcome to Bavarian Nordic on our journey to become one of the world’s largest pure play vaccine companies.”

Financial highlights from the first quarter

- Revenue for the first quarter was DKK 1,252 million and comprised of DKK 848 million from sale of JYNNEOS®/IMVANEX®/IMVAMUNE® mpox/smallpox vaccine, DKK 243 million from sale of Rabipur®/RabAvert®, DKK 87 million from sale of Encepur®, DKK 43 million from sale of third-party products, and DKK 31 million in other revenue.
- The operating result (EBITDA) was a profit of DKK 481 million.
- Cash and cash equivalents at end of the period was DKK 2,971 million, including proceeds from capital raise in February.
- Financial guidance for the full year is maintained at revenue of approximately DKK 6,000 million and EBITDA of approximately DKK 2,200 million, excluding the financial impact from the acquisition of the travel vaccine portfolio from Emergent BioSolutions, which is pending final closing, expected to occur in the second quarter of 2023.

DKK million	Q1 2023	Q1 2022	2023 Guidance
Revenue	1,252	320	~6,000
EBITDA	481	(94)	-2,200

Other highlights

- In February, Bavarian Nordic announced the acquisition of a portfolio of travel vaccines from Emergent BioSolutions, which includes two marketed vaccines for the prevention of cholera and typhoid and a Phase 3 vaccine candidate for the prevention of chikungunya. As part of the acquisition, Bavarian Nordic will also take over a manufacturing facility in Switzerland, an R&D facility in USA and a smaller specialty sales force in both EU and the US. The total acquisition price is up to USD 380 million including an upfront payment of USD 270 million and conditional milestone payments of up to USD 110 million. The acquisition is expected to close in the second quarter of 2023 and the process is progressing as planned. All statutory approvals, including antitrust, have been secured and only closing conditions between the parties remain outstanding.
- In February, Bavarian Nordic completed a private placement of ~7 million new shares, raising gross proceeds of DKK 1,642 million. The proceeds will be used together with the Company’s existing cash for the payment to Emergent BioSolutions upon closing of the transaction.
- Following the annual general meeting in March, Luc Debruyne, former President Global Vaccines at GSK, was elected as new chair of the board, succeeding Gerard van Odijk, who had served as member of the board since 2008 and as chair since 2014. In addition to Luc Debruyne, Heidi Hunter and Johan van Hoof were also elected as new members of the board.

Events after the reporting date

- In April, Bavarian Nordic announced the completion of accrual of cases for the primary efficacy analysis in the Phase 3 clinical trial of MVA-BN® RSV, the Company’s investigational vaccine for the prevention of respiratory syncytial virus (RSV) in adults ≥60 years of age. Topline results from the study are expected around mid-2023.

Conference call and webcast

The management of Bavarian Nordic will host an investor/analyst call today at 2 pm CEST (8 am EDT) to present the interim results followed by a Q&A session. A listen-only version of the call and presentation slides can be accessed via <https://bit.ly/41wdM0C>. To join the Q&A session, please register in advance via <https://bit.ly/3MMZx3e>.

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Company Announcement no. 17 / 2023

About Bavarian Nordic

Bavarian Nordic is a fully integrated vaccines company focused on the research and development, manufacturing and commercialization of life-saving vaccines. We are a global leader in smallpox and mpox vaccines, which have been developed through our long-standing partnership with the U.S. Government to enhance the public health preparedness and have a strong portfolio of vaccines for travelers and endemic diseases. Using our live virus vaccine platform technology, MVA-BN® and in-licensed technologies, we have created a diverse portfolio of proprietary and partnered product candidates designed to save and improve lives by unlocking the power of the immune system. For more information visit www.bavarian-nordic.com.

Forward-looking statements

This announcement includes forward-looking statements that involve risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, future events, performance and/or other information that is not historical information. All such forward-looking statements are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward-looking statements. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

Management's Review

Consolidated Key Figures (unaudited)

DKK thousand	1/1 - 31/3 2023	1/1 - 31/3 2022	1/1-31/12 2022
Income statements			
Revenue	1,252,053	320,056	3,150,793
Production costs	428,397	292,183	1,449,531
Sales and distribution costs	65,630	37,388	212,932
Research and development costs	298,018	104,799	1,183,092
Administrative costs	90,253	77,786	376,023
Income before interest and taxes (EBIT)	369,755	(192,100)	(70,785)
Financial items, net	6,725	(78,519)	(260,826)
Income before company tax	376,480	(270,619)	(331,611)
Net profit for the period	376,367	(271,943)	(347,382)
Balance sheet			
Total non-current assets	8,057,716	7,552,124	7,906,666
Securities, cash and cash equivalents	2,971,164	3,447,069	2,845,166
Other current assets	2,151,977	992,356	1,639,414
Total assets	13,180,857	11,991,549	12,391,246
Equity	9,120,901	7,125,298	7,149,987
Non-current liabilities	2,270,687	2,834,985	2,953,919
Current liabilities	1,789,268	2,031,266	2,287,340
Cash flow statements			
Cash flow from operating activities	(214,695)	23,796	220,053
Cash flow from investment activities	330,892	(290,909)	(877,405)
- Investment in intangible assets	(211,837)	(148,571)	(1,020,331)
- Investment in property, plant and equipment	(31,026)	(150,018)	(361,244)
- Net investment in securities	589,594	16,826	673,630
Cash flow from financing activities	584,247	75,389	635,820
Financial Ratios¹⁾			
EBITDA	481,496	(93,696)	328,465
Earnings (basic) per share of DKK 10	5.1	(3.9)	(4.9)
Net asset value per share	117.1	101.1	101.1
Share price at period-end	197	326	213
Share price/Net asset value per share	1.7	3.2	2.1
Number of outstanding shares at period-end (thousand)	77,873	70,473	70,735
Equity share	69%	59%	58%
Number of employees, converted to full-time, at period-end	1,040	830	975
¹⁾ Earnings per share (EPS) is calculated in accordance with IAS 33 "Earning per share". Other financial ratios have been calculated in accordance with the guidelines from the Danish Society of Financial Analysts.			
Reconciliation of EBITDA			
Income before interest and tax (EBIT)	369,755	(192,100)	(70,785)
Depreciation and amortization	111,741	98,404	399,250
EBITDA	481,496	(93,696)	328,465

Sales performance

Our products

PRODUCT	INDICATION	MARKETS
JYNNEOS® ¹	Mpox and Smallpox	Sold to governments
Rabipur® ²	Rabies	Global (20 countries)
Encepur®	Tick-borne encephalitis (TBE)	EU (12 countries)
Mvabea® ³	Ebola	Licensed to Janssen

¹ Also marketed as IMVAMUNE® and IMVANEX®.

² Also marketed as RabAvert®.

³ Licensed to Janssen as part of a prime-boost vaccine regimen which has been approved in the EU. Janssen has made the vaccine available for high-risk areas in West Africa.

Third-party products

PRODUCT	INDICATION	MARKETS
IXIARO®	Japanese encephalitis	Germany and Switzerland
DUKORAL®	Cholera	Germany and Switzerland
HEPLISAV-B®	Hepatitis-B	Germany

Third-party products marketed and distributed in selected markets by Bavarian Nordic.

Q1 revenues

mDKK	Q1 2023	Q1 2022	Growth
JYNNEOS/IMVANEX/IMVAMUNE	848	-	-
Rabipur/RabAvert	243	117	108%
Encepur	87	69	26%
Third-party products	43	14	207%
Other revenue	31	120	-74%
Total	1,252	320	291%

Comparative figures for 2022 are shown in brackets. Where market shares are mentioned, these are measured by value.

JYNNEOS/IMVANEX/IMVAMUNE

Revenue from sale of JYNNEOS/IMVANEX/IMVAMUNE in the first quarter was DKK 848 million (DKK 0 million) and includes revenue from ongoing contracts with the US government as well as contracts entered in 2022 with various other governments and organizations in response to the global mpox outbreak.

Rabipur/RabAvert

The Rabipur/RabAvert business continued the strong growth trajectory from 2022 and delivered revenue amounting to DKK 243 million (DKK 117 million) for the first quarter. The 108% growth in revenue versus the prior year was driven by continued and significant market growth in the two largest markets, US and Germany combined with strong brand performance in these markets.

The US market grew by 40% versus the prior year and RabAvert now has a market share of approximately 69%, which is 5pp higher compared to prior year.

The German market grew by 211%, reaching the pre COVID level for the quarter. Rabipur achieved a market share of 95%.

Encepur

Also, the Encepur business delivered strong growth with revenue amounting to DKK 87 million (DKK 69 million) for the first quarter, i.e. an increase of 26% versus prior year.

The Germany market grew by 33% versus prior year. Encepur market share was 25%, 4pp below prior year, but improved compared to the fourth quarter 2022, that was impacted by a temporary stock-out situation.

Third-party products

Revenue from sale of third-party products in the first quarter was DKK 43 million (DKK 14 million).

Other revenue

Revenue from contract work in the first quarter was DKK 31 million (DKK 120 million), mainly stemming from ongoing contracts with the U.S. government.

Other matters

Acquisition of travel vaccines from Emergent BioSolutions

In February, we announced the acquisition of a portfolio of travel vaccines from Emergent BioSolutions for a total price of up to USD 380 million including an upfront payment of USD 270 million and conditional milestone payments of up to USD 110 million.

The acquisition includes two marketed vaccines for the prevention of cholera and typhoid and a Phase 3 vaccine candidate for the prevention of chikungunya, an emerging disease for which no vaccines are currently available.

As part of the acquisition, we will also take over a manufacturing facility in Switzerland, an R&D facility in USA and a smaller specialty sales force in both EU and the US.

The acquisition is expected to close in the second quarter of 2023 and the process is progressing as planned. All statutory approvals, including antitrust, have been secured and only closing conditions between the parties remain outstanding.

Developments in share capital

By December 31, 2022, Bavarian Nordic's share capital was DKK 707,353,760, comprising 70,735,376 shares of a nominal value of DKK 10 each.

In February 2023, Bavarian Nordic completed a private placement of 7,046,839 new shares, raising gross proceeds of DKK 1,642 million. The proceeds will be used together with the Company's existing cash for the payment to Emergent BioSolutions upon closing of the transaction.

In March 2023, additional 90,846 new shares were issued as a consequence of employees' exercise of warrants, raising gross proceeds of DKK 13.4 million.

By March 31, 2023, the share capital was DKK 778,730,610, comprising 77,873,061 shares of a nominal value of DKK 10 each.

New chair and members of the board

Following the annual general meeting in March, Luc Debruyne, former President Global Vaccines at GSK, was elected as new chair of the board, succeeding Gerard van Odijk, who has served as member of the board since 2008 and as chair since 2014. In addition to Luc Debruyne, Heidi Hunter and Johan van Hoof were also elected as new members of the board.

After constitution of the board and its subcommittees, the board composition is as follows:

Member	FRAC	NC	STI
Luc Debruyne, chair		C	M
Anders G. Pedersen, <i>deputy chair</i>	M		M
Peter Kürstein	M	M	
Frank Verwiel		M	M
Anne Louise Eberhard	C	M	
Heidi Hunter			C
Johan van Hoof	M		M
Linette M. Andersen, <i>employee-elected</i>			
Thomas A. Bennekov, <i>employee-elected</i>			
Anja Gjøøl, <i>employee-elected</i>			
Karen M. Jensen, <i>employee-elected</i>			

FRAC: Finance, Risk and Audit Committee

NC: Nomination and Compensation Committee

STI: Science, Technology and Investment Committee

M: Member, C: Chair

Research and development

Our pipeline

Our pipeline includes two vaccine candidates in Phase 3 development, both with topline results anticipated around mid-year 2023 (RSV and COVID-19). Pending final closing of the transaction, the acquisition of the travel health business from Emergent BioSolutions will add a third vaccine in Phase 3 development (Chikungunya) with expected topline results in the second half of 2023.

PRODUCT CANDIDATE	INDICATION	STATUS / MILESTONE
MVA-BN RSV	RSV	Phase 3 ongoing
ABNCoV2	COVID-19	Phase 3 ongoing
MVA-BN WEV	Equine encephalitis	Phase 1 completed
TAEK-VAC	Cancer	Phase 1 ongoing

RSV

MVA-BN RSV is being developed for prevention of respiratory syncytial virus (RSV) in older adults. The vaccine candidate is based on our proprietary vaccine platform technology, MVA-BN[®], and incorporates five RSV antigens to stimulate a broad immune response against both RSV subtypes (A and B).

In April 2022, we initiated a global, randomized, double-blind Phase 3 clinical study (VANIR) of MVA-BN RSV in adults ≥ 60 years of age. The primary objective of the study will assess the efficacy of the vaccine candidate against lower-respiratory tract disease (LTRD) caused by RSV compared to placebo. The study has enrolled more than 20,000 participants and in April 2023, we announced that enough cases had been accrued to complete the primary efficacy analysis, which is expected around mid-2023.

Our partner for the development and commercialization of MVA-BN RSV in China and selected Asian markets, Nuance Pharma has received approval of its Investigational New Drug (IND) application in China and is planning to initiate a Phase 3 trial of MVA-BN RSV in China in the second half of 2023, in extension of the global trial.

Previously in a human challenge trial, MVA-BN RSV was shown to significantly reduce the viral load in volunteers challenged with RSV compared to placebo and recorded a vaccine efficacy of up to 88.5% when active RSV infection was confirmed by cell culture¹.

Results from a previous Phase 2 clinical trial in 421 participants ≥ 55 years of age also demonstrated that MVA-BN RSV induced both broad and durable antibody and T-cell responses against RSV, as well as mucosal immune responses that may be important for protection against RSV. Immune responses were rapidly and significantly increased in participants who were revaccinated after one year, notably in participants with the weakest immunity prior to the booster vaccination².

Clinical trials to-date have furthermore shown MVA-BN RSV to have a favorable safety profile as previously observed for MVA-BN or other recombinant MVA-BN based vaccines.

MVA-BN RSV has received Breakthrough Therapy Designation from the U.S. Food and Drug Administration (FDA) and PRIME designation from the European Medicines Agency (EMA) in 2022. These designations are designed to facilitate the development or expedite review of medicines that either target an unmet

medical need or may demonstrate substantial improvement over available therapy.

COVID-19

ABNCoV2 is a VLP-based vaccine candidate in development as a universal booster vaccine for COVID-19. The goal is to create a longer-lasting vaccine protection with broader efficacy that obviates the need for continuously adapting to new variants of the SARS-CoV-2 virus. The vaccine candidate was licensed from AdaptVac.

In September 2022, we initiated a double-blind, controlled Phase 3 clinical trial of ABNCoV2 in participants who either previously completed primary vaccination or have already received one booster dose of a licensed COVID-19 vaccine. One cohort is randomized to receive either a single 100 μg dose of ABNCoV2, or a single 30 μg adult booster dose of Comirnaty (Denmark and Belgium sites). A second cohort is evaluating the safety and tolerability of a single 100 μg dose of ABNCoV2 (US sites).

The primary endpoint of the trial is to assess non-inferiority of ABNCoV2 compared to Comirnaty[®] in terms of neutralizing antibodies against the SARS-CoV-2 (Wuhan wild type). Other variants of concern will also be assessed as secondary endpoints.

The study completed enrollment of more than 4,200 participants in March of 2023 and Initial results are expected around mid-2023.

Previous results from a Phase 2 clinical trial of ABNCoV2 have confirmed the vaccine candidate's ability to boost neutralizing antibodies to levels reported to be highly efficacious against SARS-CoV-2, both when used for primary vaccination and when used as a booster in participants previously vaccinated with mRNA- or adenovirus-based vaccines.

The Phase 3 development of ABNCoV2 is largely funded through an agreement with the Danish State.

Mpox / smallpox

JYNNEOS/IMVAMUNE/IMVANEX (MVA-BN) is licensed in the US, Canada and EU for the prevention of mpox and smallpox in adults ≥ 18 years of age. During the mpox outbreak in 2022, an emergency use authorization was issued by the FDA, allowing for the use of the vaccine in younger populations.

An NIH-sponsored Phase 2 clinical study was initiated in March 2023 to evaluate the safety and immune responses in adolescents 12-17 years of age after vaccination with JYNNEOS, compared to immune responses in adults ≥ 18 years of age. Results from this study could help MVA-BN gain full approval for adolescents.

Equine encephalitis

MVA-BN WEV is a multi-valent vaccine candidate developed under contracts with the US government to address the unmet medical need for a vaccine against western, eastern and Venezuelan equine encephalitis viruses, which are rare, but potentially deadly viruses transmitted to humans by mosquitoes.

The first contract valued up to USD 36 million was awarded by the U.S. Department of Defense (DoD) in 2018 and included the demonstration of protective efficacy in animals and a Phase 1 first-in-human trial of MVA-BN WEV. Results from this trial were reported in 2020, showing that the vaccine was well tolerated

¹ <https://www.medrxiv.org/content/10.1101/2022.12.02.22283030v1.full.pdf>

² Jordan E. et al. 2010. J. Infect. Dis. 28:223(6). 1062-1072

and immunogenic across all dose groups. Neutralizing antibody responses were observed against Venezuelan equine encephalitis virus in all dose groups, with peak levels reached after the second vaccination. Recent data has confirmed neutralizing antibody responses also against western and eastern equine encephalitis viruses that were durable throughout the six-months follow up period.

In December 2022, we entered a new agreement valued up to USD 83 million with DoD for the advanced development of MVA-BN WEV. The base agreement of USD 55 million has been secured for the period 2023-2026 and covers the costs for a clinical Phase 2 dose finding study of MVA-BN WEV, further non-clinical studies, process development and manufacturing of clinical trial material. Furthermore, the agreement includes options valued at USD 28 million to support Phase 3 preparations.

Immuno-oncology

TAEK-VAC, a tumor antibody enhanced therapeutic vaccine, is a novel immuno-oncology candidate employing the MVA-BN technology.

A Phase 1 open label trial of intravenous administration of the vaccine candidate in patients with advanced HER2 and brachyury-expressing cancers is ongoing and is currently enrolling patients into two cohorts with either chordoma (TAEK-VAC given as monotherapy) or HER2-positive breast cancer (TAEK-VAC in combination treatment with trastuzumab). Once safety of the combination treatment has been established in the second cohort, two further combination treatment cohorts will be opened for recruitment.

Financial review

Financial statements for the period January 1 - March 31, 2023 are un-audited. Comparison figures for the same period 2022 are stated in brackets.

Revenue

Revenue for the period was DKK 1,252 million (DKK 320 million). Revenue was composed of DKK 330 million (DKK 186 million) from sales of Rabipur/RabAvert and Encepur, DKK 848 million (DKK 0 million) from sale of MVA-BN smallpox/mpox vaccine, DKK 43 million (DKK 14 million) from sale of third-party products (DUKORAL, IXIARO and HEPLISAV-B), and finally DKK 31 million (DKK 7 million) from contract work. Milestone payments of DKK 83 million received in 2022 related to the RSV partner agreement with Nuance Pharma. Other product sale for 2022 included DKK 30 million from sale of Mvabea (Ebola) to Janssen.

Production costs

Production costs totaled DKK 428 million (DKK 292 million). Costs related directly to revenue amounted to DKK 293 million (DKK 114 million), of which cost of goods sold totaled DKK 268 million (DKK 112 million). Contract costs totaled DKK 25 million (DKK 2 million). Amortization of product rights related to Rabipur/RabAvert and Encepur was recognized as part of the production costs with a total of DKK 68 million (DKK 68 million). Other production costs totaled DKK 67 million (DKK 110 million). During the first eight months of 2022 the bulk manufacturing facility was shut down due to the expansion of the facility for future production of Rabipur/RabAvert and Encepur. The shutdown resulted in a limited absorption of indirect production costs.

Sales and distribution costs

Sales and distribution costs totaled DKK 66 million (DKK 37 million) split between costs for distribution of products of DKK 15 million (DKK 3 million) and costs for running the commercial organization and activities of DKK 51 million (DKK 34 million).

Research and development costs

Research and development costs totaled DKK 298 million (DKK 105 million). The increase compared to 2022 relates to RSV spend for the ongoing Phase 3 study. The amount excludes R&D costs of DKK 25 million (DKK 2 million) recognized as production costs, see [note 5](#). Research and development costs of DKK 173 million (DKK 111 million) related to ABNCoV2 were capitalized during the period.

Administrative costs

Administrative costs totaled DKK 90 million (DKK 78 million). The increase is mainly driven by an increased activity level, a larger organization and project cost related to the ongoing acquisition from Emergent BioSolutions.

EBIT/EBITDA

Income before interest and tax (EBIT) was a gain of DKK 370 million, compared to a loss of DKK 192 million in the first three months of 2022.

EBITDA was a profit of DKK 481 million (loss of DKK 94 million). Amortization of product rights related to Rabipur/RabAvert and Encepur amounted to DKK 68 million (DKK 68 million) whereas depreciation on other fixed assets amounted to DKK 44 million (DKK 30 million).

Financial items

Financial items totaled a net income of DKK 7 million (net expense of DKK 79 million) and consisted of interest income of DKK 3 million (DKK 0 million), net gains on derivative financial instruments DKK 4 million (DKK 0 million), financial income from securities of DKK 6 million (DKK 4 million), and net foreign exchange rate gains of DKK 1 million (DKK 8 million) due to increase in USD exchange rate. The fair value adjustment on the bond portfolio amounted to income of DKK 28 million (expense of DKK 63m) due to positive interest rate development in the period. This is partly offset by interest expense on debt of DKK 6 million (DKK 5 million) and net value adjustment of deferred consideration of DKK 29 million (DKK 21 million) from the acquisition of Encepur and Rabipur/RabAvert and ABNCoV2.

The net value adjustment of deferred consideration DKK 29 million (DKK 21 million) consists of three components; Adjustment of deferred consideration due to change in estimated timing of payments of DKK 1 million expense (income of DKK 7 million), currency adjustments of DKK 4 million expense (expense of DKK 1 million) and unwinding³ of the discounting effect related to deferred consideration of DKK 24 million (DKK 28 million), see [note 6](#) and [7](#).

Income before company tax was a gain of DKK 376 million (loss of DKK 271 million).

Tax

Tax on income was DKK 0 million (DKK 1 million related to taxes in subsidiaries). The effective tax rate is close to 0% for the Group as no tax has been recognized for the parent company due to substantial non-recognized tax asset which can be utilized to zero out the tax.

Deferred tax asset on the balance sheet remains at DKK 0 million. The Company retains the right to use the tax losses carried forward that was written down in prior year, see [note 13](#) in the Annual Report for 2022.

Net profit

For the first three months of 2023, Bavarian Nordic reported a net gain of DKK 376 million (net loss of DKK 272 million).

Product rights

Product rights recognized in the balance sheet totaled DKK 4,572 million (DKK 4,640 million as of December 31, 2022) and relates to Rabipur/RabAvert and Encepur.

Acquired rights and development in progress

Acquired rights and development in progress relates to the development of ABNCoV2 and stood at DKK 1,186 million (DKK 1,013 million as of December 31, 2022). The asset includes the upfront payment to AdaptVac of DKK 30 million, the net present value of probable future sales/development milestones DKK 596 million and capitalization of development costs for running the completed Phase 2 study and the running Phase 3 study, DKK 560 million. For further description of the asset and the accounting policy see [note 15](#) in the Annual Report for 2022.

The Group has secured significant financing for the ABNCoV2 development program through the funding obtained from the Danish Ministry of Health. Under the agreement, the Company is entitled to payments of up to DKK 800 million, which are contingent upon reaching a number of predefined milestones under the development project. All payments are potentially subject to repayment, however only upon successful obtainment

³ The deferred consideration for product rights is measured at net present value and the difference between the net present value and the amounts

due is recognized in the income statement as a financial expense over the period until expected payment date using the effective interest method.

of marketing authorization and upon reaching certain annual levels of doses sold. As per March 31, 2023, the upfront payment of DKK 80 million and further milestones amounting to DKK 560 million, in total DKK 640 million, have been received and recognized as 'Prepayment and loan from Government'. The last milestone payment of DKK 160 million was invoiced end April, but not yet received.

Prepayments

Scale-up activities to prepare for future production of drug substance for commercial launch of ABNCoV2 is taking place at the CMO who also produced the Phase 3 clinical trial materials. Costs related to the scale-up activities are recognized as prepayments and will be recognized as inventory in concurrence with future purchase of products from the CMO. As per March 31, 2023, DKK 212 million (DKK 193 million as of December 31, 2022) has been recognized as non-current prepayments.

As part of the scale-up activity future commercial batches have been produced. Since the ABNCoV2 product is not yet approved the costs for this production, DKK 136 million (DKK 132 million as of December 31, 2022), have been recognized as current prepayments. Will be reclassified to inventory once product approval is obtained.

Part of the technology transfer of the production and packaging activities for Encepur and Rabipur/RabAvert takes place at CMO's (filling of Encepur, labelling, and packing). Costs related to the technology transfer activities are recognized as prepayments when costs incur and then recognized as inventory in concurrence with purchase of production services from the CMO's. As per March 31, 2023, DKK 7 million (DKK 15 million as of December 31, 2022) has been recognized as non-current prepayments.

Securities, cash and cash equivalents

Securities, cash and cash equivalents were DKK 2,971 million as of March 31, 2023, and no repo pledged securities included (DKK 2,845 million as of December 31, 2022, including repo pledged securities of DKK 1,104 million). The net cash position amounts to DKK 2,971 million (DKK 1,741 million as of December 31, 2022).

Cash flow

Cash flow generated by operating activities was negative by DKK 215 million (positive by DKK 24 million). Working capital worsened by DKK 698 million (improved DKK 108 million) due to inventory build-up and increased trade receivable position compared to December 31, 2022. Cash flow from investment activities was positive by DKK 331 million, including DKK 590 in net proceed from sale of securities (negative by DKK 291 million, including DKK 17 million in net proceed from sale of securities). Adjusted for sale of securities the investments amounted to DKK 259 million mainly related to capitalization of the development project cost for the COVID-19. Cash flow from financing activities was a contribution of DKK 584 million (DKK 75 million), primarily from capital increase (DKK 1,600 million in net proceeds) and funding received from the Danish Ministry of Health (DKK 80 million), partly offset by repayment of repo position (DKK 1,104 million). The net change in cash and cash equivalents was positive by DKK 700 million (negative by DKK 192 million).

Equity

The Group's equity as of March 31, 2023, stood at DKK 9,121 million (DKK 7,150 million as of December 31, 2022). In February 2023 an accelerated book-building was completed to partly fund the ongoing acquisition from Emergent BioSolutions. The net

proceeds from the capital increase amounted to DKK 1,600 million.

Deferred consideration

Deferred consideration to GlaxoSmithKline for purchase of product rights amounted to DKK 2,044 million, whereas deferred consideration to AdaptVac related to potential future development and sales milestones and tiered royalties amounted to DKK 597 million as per March 31, 2023.

Debt to credit institutions

As of March 31, 2023, debt to credit institutions amounted to DKK 18 million and consist of a mortgage loan. The repo position amounting to DKK 1,104 million as of December 31, 2022 has been settled following the capital increase in February 2023.

Significant risks and uncertainties

Bavarian Nordic faces a number of risks and uncertainties, common for the biotech/pharma industry. These relate to operations, research and development, manufacturing, commercial and financial activities. For further information about risks and uncertainties which Bavarian Nordic faces, refer to page 40-43 "Risk Management" in the 2022 Annual Report.

Outlook for 2023

Bavarian Nordic maintains the financial guidance for 2023 with expected revenue of approximately DKK 6,000 million and an EBITDA of approximately DKK 2,200 million.

The guidance does not include financial impact from the acquisition of the travel vaccine portfolio from Emergent BioSolutions. The transaction is expected to close during the second quarter of 2023. Pending closing, an updated and fully consolidated financial guidance is expected to be issued at the latest in connection with the announcement of the 2023 half-year financial report in August 2023.

The financial expectations are based on, among others, revenue from confirmed smallpox/mpox vaccine orders totaling approximately DKK 4,400 million. Revenue from the rabies and TBE vaccine businesses is expected to grow compared to 2022 with more markets expected to return to pre-COVID levels. Other income includes among others expected milestone payments totaling DKK 195 million from Nuance Pharma, which will be triggered by the initiation of Phase 1 and Phase 3 clinical trials of the RSV vaccine in China.

Research and development costs are expected to amount to approximately DKK 1,900 million, including non-capitalized costs of approximately DKK 1,600 million of which the RSV project accounts for approximately DKK 1,000 million and capitalized costs of approximately DKK 300 million related to ABNCoV2.

Net working capital is expected to increase by approximately DKK 1,500 million due to planned inventory build-up during tech-transfer of manufacturing from GSK and due to increased sales.

The outlook is based on the following assumptions on currency exchange rates of DKK 7.00 per 1 USD and DKK 7.45 per 1 EUR.

Financial calendar 2023

Half-year report (Q2)
Nine-month report (Q3)

August 23, 2023
November 16, 2023

Financial statements

Unaudited Condensed Consolidated Income Statements for the Periods Ended March 31, 2023 and 2022 and December 31, 2022

DKK thousand	Note	1/1 - 31/3 2023	1/1 - 31/3 2022	1/1-31/12 2022
Revenue	3	1,252,053	320,056	3,150,793
Production costs	4	428,397	292,183	1,449,531
Gross profit		823,656	27,873	1,701,262
Sales and distribution costs		65,630	37,388	212,932
Research and development costs	5	298,018	104,799	1,183,092
Administrative costs		90,253	77,786	376,023
Total operating costs		453,901	219,973	1,772,047
Income before interest and tax (EBIT)		369,755	(192,100)	(70,785)
Financial income	6	41,164	19,522	78,537
Financial expenses	7	34,439	98,041	339,363
Income before company tax		376,480	(270,619)	(331,611)
Tax on income for the period		113	1,324	15,771
Net profit for the period		376,367	(271,943)	(347,382)
Earnings per share (EPS) - DKK				
Basic earnings per share of DKK 10		5.1	(3.9)	(4.9)
Diluted earnings per share of DKK 10		5.1	(3.9)	(4.9)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended March 31, 2023 and 2022 and December 31, 2022

DKK thousand	1/1 - 31/3 2023	1/1 - 31/3 2022	1/1-31/12 2022
Net profit for the period	376,367	(271,943)	(347,382)
Items that might be reclassified to the income statement:			
Exchange rate adjustments on translating foreign operations	(1,934)	1,821	7,002
Change in fair value of financial instruments entered into to hedge future cash flows	(35,226)	1,686	33,245
Other comprehensive income after tax	(37,160)	3,507	40,247
Total comprehensive income	339,207	(268,436)	(307,135)

Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended March 31, 2023 and 2022 and December 31, 2022

DKK thousand	1/1 - 31/3 2023	1/1 - 31/3 2022	1/1-31/12 2022
Net profit for the period	376,367	(271,943)	(347,382)
Adjustment for non-cash items:			
Financial income	(58,385)	(19,522)	(78,537)
Financial expenses	51,660	98,041	339,363
Tax on income for the period	113	1,324	15,771
Depreciation, amortization and impairment losses	111,742	98,403	399,247
Share-based payment	16,603	6,642	49,284
Changes in inventories	(285,298)	(123,527)	(439,029)
Changes in receivables	(266,118)	169,116	(133,167)
Changes in current liabilities	(146,214)	62,213	423,407
Cash flow from operations (operating activities)	(199,530)	20,747	228,957
Received financial income	7,789	8,301	18,552
Paid financial expenses	(20,555)	(4,449)	(24,244)
Paid company taxes	(2,399)	(803)	(3,212)
Cash flow from operating activities	(214,695)	23,796	220,053
Investments in products rights	-	3,595	(594,920)
Investments in other intangible assets	(211,837)	(152,166)	(425,411)
Investments in property, plant and equipment	(31,026)	(150,018)	(361,244)
Investments in/disposal of financial assets	(15,839)	(9,146)	(169,460)
Investments in securities	(10,833)	(17,209)	(414,613)
Disposal of securities	600,427	34,035	1,088,243
Cash flow from investment activities	330,892	(290,909)	(877,405)
Payment on loans	(1,104,136)	(545)	(374,339)
Proceeds from loans	80,000	80,000	1,003,661
Repayment of lease liabilities	(5,405)	(4,686)	(21,981)
Proceeds from warrant programs exercised	13,392	645	37,918
Proceeds from capital increase through private placement	1,641,913	-	-
Cost related to issue of new shares	(41,517)	(25)	(111)
Purchase of treasury shares	-	-	(9,328)
Cash flow from financing activities	584,247	75,389	635,820
Cash flow of the period	700,444	(191,724)	(21,532)
Cash as of 1 January	575,407	591,820	591,820
Currency adjustments 1 January	(4,134)	1,270	5,119
Cash end of period	1,271,717	401,366	575,407

Unaudited Condensed Consolidated Statements of Financial Position - Assets as of March 31, 2023 and 2022 and December 31, 2022

DKK thousand	Note	31/3 2023	31/3 2022	31/12 2022
Assets				
Product rights		4,571,661	4,844,596	4,639,895
Acquired rights and development in progress		1,186,337	844,763	1,013,484
Software		13,207	23,208	14,768
Intangible assets in progress		312,458	168,185	274,490
Intangible assets		6,083,663	5,880,752	5,942,637
Land and buildings		619,889	340,492	630,138
Leasehold improvements		23,288	9,393	24,765
Plant and machinery		311,458	250,381	321,745
Fixtures and fittings, other plant and equipment		499,556	218,771	511,195
Assets under construction		225,964	722,638	196,130
Property, plant and equipment		1,680,155	1,541,675	1,683,973
Right-of-use assets	<u>14</u>	65,436	77,388	67,433
Other receivables		9,037	4,845	5,086
Prepayments		219,425	47,464	207,537
Financial assets		228,462	52,309	212,623
Total non-current assets		8,057,716	7,552,124	7,906,666
Inventories	<u>8</u>	1,203,086	603,570	919,072
Trade receivables	<u>9</u>	741,363	285,396	523,145
Other receivables	<u>10</u>	42,290	36,162	43,263
Prepayments		165,238	67,228	153,934
Receivables		948,891	388,786	720,342
Securities	<u>15, 16</u>	1,699,447	3,045,703	2,269,759
Cash and cash equivalents		1,271,717	401,366	575,407
Securities, cash and cash equivalents		2,971,164	3,447,069	2,845,166
Total current assets		5,123,141	4,439,425	4,484,580
Total assets		13,180,857	11,991,549	12,391,246

Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of March 31, 2023 and 2022 and December 31, 2022

DKK thousand	Note	31/3 2023	31/3 2022	31/12 2022
Equity and liabilities				
Share capital		778,730	704,729	707,354
Treasury shares		(1,298)	(871)	(1,463)
Retained earnings		8,225,725	6,323,560	6,300,575
Other reserves		117,744	97,880	143,521
Equity		9,120,901	7,125,298	7,149,987
Deferred consideration for product rights		1,563,329	2,518,740	2,324,657
Prepayment and loan from Government		646,420	240,511	566,420
Debt to credit institutions	11	16,532	18,352	17,008
Lease liabilities	14	44,406	57,382	45,834
Non-current liabilities		2,270,687	2,834,985	2,953,919
Deferred consideration for product rights		1,077,701	649,493	287,436
Debt to credit institutions	11, 15	1,923	874,372	1,105,583
Lease liabilities	14	23,835	22,922	24,487
Prepayment from customers	12	-	120,415	-
Trade payables		444,834	204,418	605,928
Company tax		3,945	3,976	6,337
Other liabilities	13	237,031	155,670	257,569
Current liabilities		1,789,268	2,031,266	2,287,340
Total liabilities		4,059,956	4,866,251	5,241,259
Total equity and liabilities		13,180,857	11,991,549	12,391,246

Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods March 31, 2023 and 2022

DKK thousand	Share capital	Treasury shares	Retained earnings	Reserves for currency adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity
Equity as of January 1, 2023	707,354	(1,463)	6,300,575	(23,557)	31,894	135,184	7,149,987
Comprehensive income for the period							
Net profit	-	-	376,367	-	-	-	376,367
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	(1,934)	-	-	(1,934)
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	(35,226)	-	(35,226)
Total comprehensive income for the period	-	-	376,367	(1,934)	(35,226)	-	339,207
Transactions with owners							
Share-based payment	-	-	-	-	-	17,919	17,919
Warrant program exercised	908	-	15,887	-	-	(3,403)	13,392
Capital increase through private placement	70,468	-	1,571,445	-	-	-	1,641,913
Cost related to issue of new shares	-	-	(41,517)	-	-	-	(41,517)
Transfer regarding restricted stock units	-	165	2,968	-	-	(3,133)	-
Total transactions with owners	71,376	165	1,548,783	-	-	11,383	1,631,707
Equity as of March 31, 2023	778,730	(1,298)	8,225,725	(25,491)	(3,332)	146,567	9,120,901

DKK thousand	Share capital	Treasury shares	Retained earnings	Reserves for currency adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity
Equity as of January 1, 2022	704,684	(1,112)	6,588,908	(30,559)	(1,351)	114,097	7,374,667
Comprehensive income for the period							
Net profit	-	-	(271,943)	-	-	-	(271,943)
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	1,821	-	-	1,821
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	1,686	-	1,686
Total comprehensive income for the period	-	-	(271,943)	1,821	1,686	-	(268,436)
Transactions with owners							
Share-based payment	-	-	-	-	-	18,447	18,447
Warrant program exercised	45	-	785	-	-	(185)	645
Cost related to issue of new shares	-	-	(25)	-	-	-	(25)
Transfer regarding restricted stock units	-	241	2,503	-	-	(2,744)	-
Total transactions with owners	45	241	6,595	-	-	12,186	19,067
Equity as of March 31, 2022	704,729	(871)	6,323,560	(28,738)	335	126,283	7,125,298

Notes

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|---|--|
| <ol style="list-style-type: none"> 1. Significant accounting policies 2. Significant accounting estimates, assumptions and uncertainties 3. Revenue 4. Production costs 5. Research and development costs 6. Financial income 7. Financial expenses 8. Inventories 9. Trade receivables 10. Other receivables | <ol style="list-style-type: none"> 11. Debt to credit institutions 12. Prepayment from customers 13. Other liabilities 14. Right-of-use assets and lease liabilities 15. Transferred financial assets that are not derecognized 16. Financial instruments 17. Warrants 18. Significant changes in contingent liabilities and other contractual obligations 19. Significant events after the balance sheet date 20. Approval of the unaudited condensed consolidated interim financial statements |
|---|--|

1. Significant accounting policies

The interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU and the additional Danish requirements for submission of interim reports for companies listed on Nasdaq Copenhagen. The interim report has not been audited or reviewed by the Company's auditors.

The interim financial statements are presented in Danish Kroner (DKK), which is considered the primary currency of the Group's activities and the functional currency of the parent company.

The accounting policies used in the interim financial statements are consistent with those used in the consolidated financial statements for 2022 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by EU.

As of March 31, 2023, the Company has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2023 financial year. None of the new or amended standards or interpretations are assessed to have significant impact on the consolidated financial statements.

2. Significant accounting estimates, assumptions and uncertainties

In the preparation of the interim financial statements according to IAS 34, Interim Financial Reporting, as adopted by the EU, Management is required to make certain estimates as many financial statement items cannot be reliably measured but must be estimated. Such estimates comprise judgments made on the basis of the most recent information available at the reporting date. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

Similarly, the value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to set out e.g. a course of events that reflects Management's assessment of the most probable course of events.

Further to the significant accounting estimates, assumptions and uncertainties, which are stated in the Annual Report 2022, the Management has not changed significant estimates and judgments regarding recognition and measurement.

DKK thousand	1/1 - 31/3 2023	1/1 - 31/3 2022	1/1-31/12 2022
3. Revenue			
MVA-BN smallpox vaccine sale	847,845	123	1,730,472
Rabipur/RabAvert	242,471	116,732	879,341
Encepur	87,070	69,345	298,736
Other product sale	43,189	44,221	108,496
Sale of goods	1,220,575	230,421	3,017,045
Milestone payments	-	83,048	83,048
Contract work	31,478	6,587	50,700
Sale of services	31,478	89,635	133,748
Revenue	1,252,053	320,056	3,150,793
Total revenue includes: Fair value adjustment concerning financial instruments entered into to hedge revenue	-	269	(7,072)
4. Production costs			
Cost of goods sold	268,074	111,762	644,683
Contract costs	24,840	2,158	19,889
Amortization product rights	68,234	68,234	512,024
Other production costs	67,249	110,029	272,935
Production costs	428,397	292,183	1,449,531
5. Research and development costs			
Research and development costs occurred in the period	322,858	106,957	1,202,981
Of which:			
Contract costs recognized as production costs	(24,840)	(2,158)	(19,889)
Research and development costs	298,018	104,799	1,183,092
6. Financial income			
Financial income from bank and deposit contracts	3,309	149	26
Interest income from financial assets measured at amortized cost	3,309	149	26
Financial income from securities	6,007	4,322	19,543
Fair value adjustments on securities	27,584	-	-
Adjustment of deferred consideration due to change in estimated timing of payments	(737)	7,274	54,390
Net gains on derivative financial instruments at fair value through the income statement	4,183	-	-
Net foreign exchange gains	818	7,777	4,578
Financial income	41,164	19,522	78,537
7. Financial expenses			
Interest expenses on debt	6,239	4,511	16,640
Interest expenses on financial liabilities measured at amortized cost	6,239	4,511	16,640
Fair value adjustments on securities	-	63,089	190,301
Unwinding of the discounting effect related to deferred consideration	23,985	28,236	103,049
Currency adjustment deferred consideration	4,215	514	11,597
Net loss on derivative financial instruments at fair value through the income statement	-	1,691	17,776
Financial expenses	34,439	98,041	339,363

DKK thousand	31/3 2023	31/3 2022	31/12 2022
8. Inventories			
Raw materials and supply materials	250,270	110,209	206,211
Work in progress	781,996	199,468	641,183
Manufactured goods and commodities	333,239	466,835	234,097
Write-down on inventory	(162,419)	(172,941)	(162,419)
Inventories	1,203,086	603,570	919,072
Write-down on inventory as of January 1	(162,419)	(172,941)	(172,941)
Write-down during the period	-	-	(78,101)
Use of write-down	-	-	46,031
Reversal of write-down	-	-	42,592
Write-down end of period	(162,419)	(172,941)	(162,419)
9. Trade receivables			
Trade receivables from smallpox/mpox vaccine sale	406,945	123	329,897
Trade receivables from Encepur and Rabipur/RabAvert	310,733	164,389	167,332
Trade receivables from other product sale	-	30,281	-
Trade receivables from milestone payments	533	83,753	-
Trade receivables from contract work	23,152	6,850	25,916
Trade receivables	741,363	285,396	523,145
10. Other receivables			
Receivable VAT and duties	19,456	29,304	-
Derivative financial instruments at fair value	1,715	335	31,894
Interest receivables	9,594	6,523	11,369
Other receivables	11,525	-	-
Other receivables	42,290	36,162	43,263
11. Debt to credit institutions			
Mortgage	18,455	20,529	18,930
European Investment Bank (loan in DKK)	-	372,195	-
Security lending (repo transactions)	-	500,000	1,103,661
Debt to credit institutions	18,455	892,724	1,122,591
12. Prepayment from customers			
Prepayments from customers as of January 1	-	16,904	16,904
Prepayments received during the period	-	103,511	-
Recognized as revenue during the period	-	-	(16,904)
Prepayments from customers end of period	-	120,415	-
13. Other liabilities			
Financial instruments at fair value	5,046	863	8,302
Liability relating to phantom shares	1,850	4,036	11,102
Payable salaries, holiday accrual etc.	87,867	63,003	107,952
Gross to net deduction accrual	115,955	71,212	97,679
Other accrued costs	26,313	16,556	22,319
Payable VAT and duties	-	-	10,215
Other liabilities	237,031	155,670	257,569

14. Right-of-use assets and lease liabilities**Right-of-use assets**

DKK thousand	Rent facility	Car leasing	Equipment	Total
Right-of-use assets as of January 1, 2023	58,467	8,392	574	67,433
Additions	-	4,036	-	4,036
Depreciations	(4,689)	(1,274)	(122)	(6,085)
Exchange rate adjustments	47	4	1	52
Right-of-use assets as of March 31, 2023	53,825	11,158	453	65,436

Lease liabilities

DKK thousand	31/3 2023
Non-current	44,406
Current	23,835
Lease liabilities	68,241

Amounts included in the income statement

DKK thousand	1/1 - 31/3 2023
Interest expense leases	1,447
Depreciation recognized on right-of-use assets	6,085
Cost recognized for short term leases (less than 12 months)	3,610

In the first three months of 2023 the total cash outflow relating to lease was DKKt 5,828 split between interests of DKKt 423 and repayment of DKKt 5,405.

15. Transferred financial assets that are not derecognized

Repo transactions transfers the ownership of securities to a counterparty, while the Company retains the risks associated with the holding of the securities. As the Company retains all risks, the securities remain in the balance sheet, and the transactions are accounted for as loans received against collateral (securities lending). The transactions involve selling the securities to be repurchased at a fixed price at a later date. Counterparties are entitled to sell the securities or deposit them as collateral for loans.

DKK thousand	31/3 2023	31/3 2022	31/12 2022
Carrying amount of transferred securities	-	497,575	1,084,916
Carrying amount of associated liabilities (repo transactions)	-	(500,000)	(1,103,661)
Net position	-	(2,425)	(18,745)

16. Financial instruments

Method and assumption to determine fair value

The Group has financial instruments measured at fair value at level 1 and level 2.

Securities (level 1)

The portfolio of publicly traded government bonds and publicly traded mortgage bonds is valued at listed prices and price quotas.

Derivative financial instruments (level 2)

Currency forward contracts, currency option contracts and currency swap contracts are valued according to generally accepted valuation methods based on relevant observable swap curves and exchange rates.

Fair value hierarchy for financial instruments measured at fair value

As of March 31, 2023

DKK thousand	Level 1	Level 2	Total
Securities	1,699,447	-	1,699,447
Financial assets measured at fair value through the income statement	1,699,447	-	1,699,447
Derivative financial instruments to hedge future cash flow (currency)	-	(5,046)	(5,046)
Derivative financial instruments to hedge future cash flow (interest)	-	1,715	1,715
Financial assets/liabilities used as hedging instruments	-	(3,331)	(3,331)
Liability relating to phantom shares	-	(1,850)	(1,850)
Financial liabilities measured at fair value through the income statement	-	(1,850)	(1,850)

As of December 31, 2022

DKK thousand	Level 1	Level 2	Total
Securities	1,184,843	-	1,184,843
Transferred securities that are not derecognized	1,084,916	-	1,084,916
Financial assets measured at fair value through the income statement	2,269,759	-	2,269,759
Derivative financial instruments to hedge future cash flow (currency)	-	30,025	30,025
Derivative financial instruments to hedge future cash flow (interest)	-	1,869	1,869
Financial assets/liabilities used as hedging instruments	-	31,894	31,894
Derivative financial instruments at fair value (repo transactions)	-	(8,302)	(8,302)
Liability relating to phantom shares	-	(11,102)	(11,102)
Financial liabilities measured at fair value through the income statement	-	(19,404)	(19,404)

17. Warrants**Outstanding warrants as of March 31, 2023**

	Outstanding as of January 1	Addition during the period	Warrants exercised	Annulled	Terminated	Transferred	Outstanding as of March 31
Corporate Management	725,932	-	-	-	-	-	725,932
Other Executive Management	429,550	-	(14,000)	-	-	-	415,550
Other employees	1,982,127	-	(62,062)	(8,821)	-	-	1,911,244
Resigned employees	514,398	-	(14,784)	-	-	-	499,614
Total	3,652,007	-	(90,846)	(8,821)	-	-	3,552,340
Weighted average exercise price	231	-	147	237	-	-	233
Weighted average share price at exercise			181				
Numbers of warrants which can be exercised as of March 31, 2023							779,394
at a weighted average exercise price of DKK							145

The total recognized cost of the warrant programs was DKK 12.1 million in the first three months of 2023 (DKK 14.3 million).

Specification of parameters for Black-Scholes model

DKK	Nov 2018	Nov 2019	Jan 2020	Nov 2020	Nov 2021	Apr 2022	Dec 2022 ³⁾
Average share price	159.00	154.05	171.20	179.84	307.20	171.35	224.70
Average exercise price at grant	179.60	185.40	197.00	206.82	353.06	190.11	270.91
Average exercise price at grant - Executive Management							224.70
Average exercise price determined at date of rights issue March 30, 2020 (DKK)	142.00	146.60	155.80	-	-	-	
Applied volatility rate ¹⁾	53.3%	52.2%	53.0%	39.8%	41.8%	42.3%	46.6%
Expected life (years)	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Expected dividend per share	-	-	-	-	-	-	-
Risk-free interest rate p.a.	-0.43%	-0.69%	-0.65%	-0.66%	-0.53%	0.39%	2.04%
Fair value at grant ²⁾	52	45	53	41	76	47	64
Fair value at grant - Executive Management ²⁾							78

1) The applied volatility is based on the historical volatility of the Bavarian Nordic share, except for November 2020, November 2021 and April 2022 programs where the volatility is based on the volatility for a peer group.

2) Fair value of each warrant applying the Black-Scholes model

3) The December 2022 program has two set of exercise conditions. Executive Management can subscribe future shares at a exercise price of DKK 224.70 per share equivalent to the market price of Bavarian Nordic's shares at the time of grant. Vesting of the warrants is subject to prior fulfilment of KPI's as determined by the Board of Directors. Other employees can subscribe future shares at a exercise price of DKK 270.91 per share, determined as the average market price (closing price) of the Company's shares on Nasdaq Copenhagen over a period of 15 business days prior to grant plus 15%.

18. Significant changes in contingent liabilities and other contractual obligations

No significant changes in contingent liabilities and other contractual obligations have occurred since December 31, 2022.

19. Significant events after the balance sheet date

On April 11, 2023, Bavarian Nordic announced the completion of accrual of cases for the primary efficacy analysis in the Phase 3 clinical trial of MVA-BN[®] RSV.

20. Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors and Corporate Management and authorized for issue on May 9, 2023.

Statement from the Board of Directors and Corporate Management

The Board of Directors and Corporate Management have, today reviewed and approved the Bavarian Nordic A/S interim report for the period January 1 to March 31, 2023.

The interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies, including those of Nasdaq Copenhagen.

In our opinion, the interim report gives a true and fair view of the group’s assets and liabilities and financial position as of March 31, 2023, and the results of the group’s activities and cash flows for the period January 1 to March 31, 2023.

In our opinion, the management’s review provides a true and fair description of the development in the group’s activities and financial affairs, the results for the period and the group’s financial position as a whole as well as a description of the most important risks and uncertainty factors faced by the group.

Hellerup, May 9, 2023

Corporate Management:



Paul John Chaplin
President & CEO



Henrik Juuel
Executive Vice President & CFO

Board of Directors:



Luc Debruyne
Chairman of the Board



Anders Gersel Pedersen
Deputy Chairman



Peter H. Kürstein-Jensen



Frank A.G.M. Verwiel



Anne Louise Eberhard



Johan van Hoof



Heidi Hunter



Thomas Alex Bennekov
Employee-elected



Anja Gjøel
Employee-elected



Karen Merete Jensen
Employee-elected



Linette Munksgaard Andersen
Employee-elected