

Bavarian Nordic offentliggør regnskab for første halvår 2023

KØBENHAVN, Danmark, 23. august 2023 - Bavarian Nordic A/S (OMX: BAVA) offentliggjorde i dag regnskab samt rapporterede på begivenheder for første halvår 2023. Desuden offentliggør selskabet finanskalender for 2024.

- Omsætningen steg med 278% til DKK 3.239 mio. i første halvår og driftsoverskuddet (EBITDA) steg til DKK 1.171 mio.
- I første halvår bestod omsætningen af DKK 2.182 mio. fra salg af JYNNEOS®/IMVANEX®/IMVAMUNE® mpox-/koppevaccine, DKK 555 mio. fra salg af Rabipur®/RabAvert®, DKK 299 mio. fra salg af Encepur®, DKK 35 mio. fra salg af Vivotif® og Vaxchora®, DKK 81 mio. fra salg af tredjepartsprodukter og DKK 87 mio. i øvrige indtægter.
- Omsætningen i andet kvartal udgjorde DKK 1.987 mio. bestående af DKK 1.334 mio. fra salg af JYNNEOS®/IMVANEX®/IMVAMUNE® mpox-/koppevaccine, DKK 313 mio. fra salg af Rabipur®/RabAvert®, DKK 211 mio. fra salg af Encepur®, DKK 35 mio. fra salg af Vivotif® og Vaxchora®, DKK 38 mio. fra salg af tredjepartsprodukter og DKK 56 mio. i øvrige indtægter.
- Likvider udgjorde DKK 1.385 mio. ved udgangen af halvåret.
- De finansielle forventninger til helåret fastholdes med en omsætning på ca. DKK 6.900 mio. og et driftsresultat før afskrivninger og nedskrivninger (EBITDA) på ca. DKK 2.300 mio.

DKK mio.	Q2 2023	Q2 2022	H1 2023	H1 2022	2023 forventet *
Omsætning	1.987	537	3.239	857	6.900
EBITDA	690	(118)	1.171	(212)	2.300

* Cirkatal

Administrerende direktør i Bavarian Nordic, Paul Chaplin udtaler: "De stærke resultater er udtryk for vores succesfulde kommercielle strategi, og er vores bedste halvårsresultat nogensinde. Som ventet fortsætter vores mpox-vaccine med at generere en væsentlig indtægtstrøm i 2023, men nok så vigtigt præsterer vores rejsevacciner bedre og bedre for hvert kvartal som følge af markedsvækst og stærk brand performance. Vi er i gang med at udvide denne forretning yderligere gennem vores seneste opkøb, der har tilføjet to markedsførte vacciner samt en lovende vaccinekandidat mod chikungunya til porteføljen, hvilket gør os til det største rejsevaccineselskab i verden. Med to afsluttede, succesfulde fase 3-forsøg arbejder vi nu frem mod godkendelse af chikungunya-vaccinen, der vil udgøre et væsentligt bidrag til beskyttelse mod en alvorlig og invaliderende sygdom ved lancering i 2025. RSV-programmet er nedlagt efter de skuffende fase 3-resultater, men med vores øvrige forretning har vi etableret et robust fundament for videre vækst og vi er fokuserede på en fortsat stærk eksekvering af vores kommercielle strategi."

Begivenheder i perioden

- I maj afsluttede Bavarian Nordic købet af rejsevaccineporteføljen fra Emergent BioSolutions og overtog dermed ejerskabet af to markedsførte vacciner, Vivotif® mod tyfus og Vaxchora® mod kolera, samt fase 3-vaccinekandidaten CHIKV VLP mod chikungunya. Købet omfattede desuden en produktionsfacilitet i Schweiz samt forsknings- og udviklingsfaciliteter inklusive medarbejdere i USA. Ved transaktionens afslutning betalte Bavarian Nordic USD 274 mio. kontant til Emergent BioSolutions, inklusive estimerede justeringer for arbejdskapital, gæld og andre sædvanlige justeringer ved afslutning.
- I juni rapporterede Bavarian Nordic topline-resultater fra fase 3-forsøget med COVID-19 boostervaccinekandidaten ABNCoV2. Om end forsøget nåede sit primære endemål, hvilket var at vise non-inferioritet i forhold til en godkendt mRNA-vaccine med hensyn til at fremkalde neutraliserede antistoffer mod den originale SARS-CoV-2 virus (Wuhan wild type), kan dette være utilstrækkeligt til at understøtte en produktgodkendelse, da vaccinenes effektivitet mod fjernere, cirkulerende varianter vil være væsentlige i myndighedernes evaluering af den overordnede effektivitet af ABNCoV2. Desuden blev opfølgingsresultater fra fase 2-forsøget med ABNCoV2 rapporteret, som viste vedvarende antistofniveauer, der var associeret med et højt beskyttelsesniveau mod den originale SARS-CoV-2 virus (Wuhan) i 12 måneder efter boostervaccination. Mod en cirkulerende omikron-variant (XBB.1.1) sås dog lavere antistofniveauer, der var associeret med en lavere grad af beskyttelse.
- I juni rapporterede Bavarian Nordic indledende resultater fra det første fase 3-forsøg med CHIKV VLP, der viste at vaccinen var immunogen i raske voksne i alderen 65 år og opefter, hvilket sås ved en fremkaldelse af neutraliserende antistoffer i 87% af personerne, der blev vaccineret med CHIKV VLP 22 dage efter vaccination, hvormed forsøget nåede sit primære endemål.
- I juni indgik Bavarian Nordic en kontrakt til en værdi af EUR 10 mio. om levering af koppevacciner til rescEU, et strategisk beredskab hørende under den Europæiske Union (EU), med henblik på at styrke EU's evne til at beskytte sig mod biologiske trusler i fremtiden.

Begivenheder efter rapporteringsperioden

- I juli meddelte Bavarian Nordic at fase 3-forsøget med MVA-BN® RSV, selskabets vaccinekandidat mod RS-virus (RSV) for personer i alderen 60 år og opefter, ikke nåede alle de primære mål om at forebygge RSV-relateret sygdom i de nedre luftveje. På baggrund af disse resultater er udviklingen af RSV-programmet ophørt, herunder også partnerskabet med Nuance Pharma omkring udviklingen og lanceringen af vaccinen i udvalgte asiatiske markeder.

- I august rapporterede Bavarian Nordic positive toplinjerestater fra et randomiseret, dobbeltblindet, placebokontrolleret fase 3 klinisk forsøg med CHIKV VLP i unge og voksne i alderen 12 til 64 år. Forsøget nåede sit primære endemål, idet vaccinen fremkaldte neutraliserende antistoffer mod chikungunya i 98% af personerne i den aktive gruppe 22 dage efter vaccination. Desuden blev neutraliserende antistoffer observeret i 97% af forsøgspersonerne 2 uger efter vaccinationen, hvilket bekræfter en hurtig indtræden af beskyttende niveauer af immunitet. Resultaterne fra dette forsøg samt fase 3-forsøget i ældre, der blev rapporteret i juni, vil danne baggrund for indsendelse af registreringsansøgninger til de amerikanske og europæiske lægemiddelmyndigheder i 2024.
- I august modtog Bavarian Nordic en ny kontrakt til en værdi af USD 120 mio. fra den amerikanske regering. Kontrakten vil understøtte produktion af ny råvaccine til delvis genopfyldning af lageret, der blev anvendt i forbindelse med mpox-udbruddet i 2022 med henblik på at kunne opfylde selskabets langsigtede forpligtelser om levering af en frysetørret udgave af vaccinen til USA's koppevaccineberedskab.

Finanskalender 2024

Årsrapport 2023	6. marts 2024
Regnskab for første kvartal (Q1)	8. maj 2024
Halvårsregnskab (Q2)	22. august 2024
Regnskab for tredje kvartal (Q3)	15. november 2024

Webcast og telefonkonference

Selskabets ledelse afholder en telefonkonference for investorer og analytikere i dag kl. 14.00 dansk tid for at præsentere halvårsregnskabet og besvare eventuelle spørgsmål. Det er muligt at høre en live eller arkiveret webcast af telefonkonferencen via <https://bit.ly/3KdbHjU>. For at stille spørgsmål, skal der foretages registrering forud for eventet via <https://bit.ly/44ULhLC>.

Kontakt

Rolf Sass Sørensen, Vice President Investor Relations, Tlf. +45 61 77 47 43

Selskabsmeddelelse nr. 31 / 2023

Om Bavarian Nordic

Bavarian Nordic er et fuldt integreret vaccineselskab, der er fokuseret på udvikling, produktion og kommercialisering af livsvigtige vacciner. Vi er globalt førende inden for koppe- og mpox-vacciner, som er blevet udviklet gennem vores mangeårige partnerskab med den amerikanske regering, og har en stærk produktportefølje af rejsevacciner samt vacciner mod endemiske sygdomme. For yderligere information besøg www.bavarian-nordic.com.

Udsagn om fremtiden

Denne meddelelse indeholder fremadrettede udsagn, som er forbundet med risici, usikkerheder og andre faktorer, hvoraf mange er uden for vores kontrol. Dette kan medføre, at faktiske resultater afviger væsentligt fra de resultater, som er omhandlet i ovennævnte fremadrettede udsagn. Fremadrettede udsagn omfatter udsagn vedrørende vores planer, mål, fremtidige begivenheder, præstation og/eller anden information, som ikke er historisk information. Alle fremadrettede udsagn skal udtrykkeligt vurderes i sammenhæng med de forbehold, der er taget eller henvist til i denne erklæring. Vi påtager os ingen forpligtelser til offentligt at opdatere eller revidere udsagn om fremtiden således, at disse afspejler efterfølgende begivenheder eller omstændigheder, undtagen i det omfang dette er foreskrevet ved lov.

Management's Review

CONSOLIDATED KEY FIGURES (UNAUDITED)

DKK thousand	1/4 - 30/6 2023	1/4 - 30/6 2022	1/1 - 30/6 2023	1/1 - 30/6 2022	1/1-31/12 2022
Income statements					
Revenue	1,986,627	536,699	3,238,680	856,755	3,150,793
Production costs	683,729	431,313	1,112,126	723,496	1,449,531
Sales and distribution costs	72,374	47,928	138,004	85,316	212,932
Research and development costs	503,629	184,862	801,647	289,661	1,183,092
Administrative costs	180,685	90,226	270,938	168,012	376,023
Income before interest and taxes (EBIT)	546,210	(217,630)	915,965	(409,730)	(70,785)
Financial items, net	(3,552)	(18,227)	3,173	(96,746)	(260,826)
Income before company tax	542,658	(235,857)	919,138	(506,476)	(331,611)
Net profit for the period	538,079	(237,170)	914,446	(509,113)	(347,382)
Balance sheet					
Total non-current assets			10,578,155	7,670,807	7,906,666
Securities, cash and cash equivalents			1,384,899	3,253,439	2,845,166
Other current assets			3,030,187	1,104,310	1,639,414
Total assets			14,993,241	12,028,556	12,391,246
Equity			9,685,751	6,879,095	7,149,987
Non-current liabilities			2,381,071	2,953,327	2,953,919
Current liabilities			2,926,419	2,196,134	2,287,340
Cash flow statements					
Cash flow from operating activities			227,786	(119,792)	220,053
Cash flow from investment activities			(701,583)	(487,511)	(877,405)
Cash flow from financing activities			734,168	300,652	635,820
Financial Ratios¹⁾					
EBITDA	689,670	(118,319)	1,171,167	(212,016)	328,465
Earnings (basic) per share of DKK 10			12.1	(7.2)	(4.9)
Net asset value per share			124.3	97.6	101.1
Share price at period-end			194	234	213
Share price/Net asset value per share			1.6	2.4	2.1
Number of outstanding shares at period-end (thousand)			77,929	70,479	70,735
Equity share			65%	57%	58%
Number of employees, converted to full-time, at period-end			1,354	868	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)	546,210	(217,630)	915,965	(409,730)	(70,785)
Depreciation and amortization	143,461	99,311	255,202	197,714	399,250
EBITDA	689,670	(118,319)	1,171,167	(212,016)	328,465

COMMERCIAL UPDATE

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

Q2 sales

mDKK	Q2 2023	Q2 2022	Growth
JYNNEOS/IMVANEX/IMVAMUNE Mpox / smallpox	1,334	117	1,044%
Rabipur/RabAvert Rabies	313	234	34%
Encepur Tick-borne-encephalitis	211	144	47%
Vivotif ¹⁾ Typhoid	27	N/A	N/A
Vaxchora ¹⁾ Cholera	7	N/A	N/A
Third-party products ²⁾	38	38	-2%
Other revenue	56	4	1,426%
Total	1,987	537	270%

H1 sales

mDKK	H1 2023	H1 2022	Growth
JYNNEOS/IMVANEX/IMVAMUNE Mpox / smallpox	2,182	117	1,769%
Rabipur/RabAvert Rabies	555	351	58%
Encepur Tick-borne-encephalitis	299	213	40%
Vivotif ¹⁾ Typhoid	27	N/A	N/A
Vaxchora ¹⁾ Cholera	7	N/A	N/A
Third-party products ²⁾	81	53	54%
Other revenue	87	123	-29%
Total	3,239	857	278%

¹⁾ Includes only revenue from mid-May from the time when the acquisition of the vaccines was completed.

²⁾ Third-party products include IXIARO® for Japanese encephalitis, DUKORAL® for cholera and HEPLISAV-B® for hepatitis B, which are marketed and distributed in selected markets by Bavarian Nordic.

JYNNEOS/IMVANEX/IMVAMUNE

Revenue from sale of JYNNEOS/IMVANEX/IMVAMUNE in the second quarter was DKK 1,334 million (DKK 117 million) and includes revenue from ongoing contracts with the US government as well as contracts entered with various other governments and organizations in response to the global mpox outbreak.

For the first half year revenue from sale of JYNNEOS/IMVANEX/IMVAMUNE amounted to DKK 2,182 million (DKK 117 million).

Rabipur/RabAvert

The Rabipur/RabAvert business continued the strong growth trajectory from 2022 and delivered revenue amounting to DKK 313 million (DKK 234 million) for the second quarter. The 34% 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.

In the second quarter, the US market grew by 20% versus the prior year (28% for the first half) and RabAvert now has a market share of approximately 70%, which is 3pp higher compared to prior year.

The German market grew by 93% in the second quarter versus the prior year (137% for the first half). Rabipur maintained a high market share of 94%.

For the first half year Rabipur/RabAvert revenue amounted to DKK 555 million (DKK 351 million), i.e. an increase of 58%.

Encepur

The Encepur business delivered strong growth with revenue amounting to DKK 211 million (DKK 144 million) for the second quarter, i.e. an increase of 47% versus prior year.

The German market grew by 35% in the second quarter versus the prior year (34% for the first half). Encepur market share was 28%, demonstrating strong recovery after the temporary stock-out situation in fourth quarter 2022.

For the first half year Encepur revenue amounted to DKK 299 million (DKK 213 million), i.e. an increase of 40%.

Vivotif

Vivotif was added to the product portfolio in mid-May upon completion of the acquisition from Emergent BioSolutions, and only revenue from this date is included in the reported numbers. Comparative figures for 2022 are not available.

Revenue from sale of Vivotif in the second quarter and the first half was DKK 27 million.

Vaxchora

Vaxchora was added to the product portfolio in mid-May upon completion of the acquisition from Emergent BioSolutions, and only revenue from this date is included in the reported numbers. Comparative figures for 2022 are not available.

Revenue from sale of Vaxchora in the second quarter and the first half was DKK 7 million.

Third-party products

Revenue from sale of third-party products in the second quarter was DKK 38 million (DKK 38 million).

For the first half year revenue from sale of third-party products amounted to DKK 81 million (DKK 53 million).

Other revenue

Other revenue in the second quarter was DKK 56 million (DKK 4 million), mainly stemming from ongoing contracts with the U.S. government.

For the first half year other revenue amounted to DKK 87 million (DKK 123 million). Other revenue in 2022 included milestone payments of DKK 83 million from the RSV partner agreement with Nuance Pharma and DKK 30 million from sale of Mvabea (Ebola) to Janssen.

DEVELOPMENT UPDATE

Chikungunya

Two Phase 3 trials of the virus-like particle (VLP)-based chikungunya vaccine candidate, CHIKV VLP (PXVX0317) were reported in June and August 2023 respectively.

Both studies met their primary endpoint, demonstrating that CHIKV VLP induced high levels of neutralizing antibodies against chikungunya in individuals 12 years and above, with antibody titers equal to or above the threshold agreed with authorities as a marker of seroprotection.

Results from both studies will form the basis for submission of a Biologics License Application (BLA) to the U.S. Food and Drug Administration (FDA) and a Marketing Authorization Application (MAA) to the European Medicines Agency (EMA) in 2024 to support potential launch of the vaccine in 2025.

One study (NCT05072080) enrolled 3,254 adults and adolescents aged 12 to 64 years of age, who were randomized to receive either a single intramuscular injection of CHIKV VLP, or placebo. The results up to day 22 post vaccination showed that CHIKV VLP was highly immunogenic in healthy adolescents and adults, as demonstrated by the strong induction of chikungunya neutralizing antibodies in 98% of vaccinees in the active group.

Importantly, CHIKV VLP induced significant neutralizing antibodies in 97% of the subjects at 2 weeks post vaccination, confirming a rapid onset of protective levels of immunity. These responses were robust and durable, as 86% of the subjects had seroprotective levels of neutralizing antibodies 6 months post vaccination.

A similar study, which enrolled 413 healthy adults ≥ 65 years of age (NCT05349617), showed neutralizing antibodies in 87% of the vaccinees 22 days after a single vaccination. Seroprotective antibodies were confirmed in 82% of the individuals at day 15. Long-term immunogenicity results from this study are pending.

CHIKV VLP was well-tolerated across both studies and adverse events were mainly mild or moderate in nature.

RSV

Results from the Phase 3 trial of the respiratory syncytial virus (RSV) vaccine candidate, MVA-BN RSV, in adults ≥ 60 years of age were reported in July.

The study, which enrolled more than 20,000 participants, was designed to assess the safety and efficacy of a single dose of the vaccine candidate against lower-respiratory tract disease (LRTD) caused by RSV compared to placebo.

The final study results showed that the vaccine candidate had a 59% efficacy in preventing LRTD cases according to a pre-defined definition, with at least 2 symptoms, meeting one of the efficacy

criteria of the study. However, when measuring more severe LRTD based on at least 3 pre-defined symptoms, the vaccine candidate missed the co-primary endpoint of the study.

The safety profile observed in this study so far is in line with that observed in previous trials.

Following this outcome, Bavarian Nordic has discontinued its RSV program, however study participants will remain in follow-up until study end. The partnership with Nuance Pharma to develop and launch the vaccine in China and selected Asian markets has also been discontinued.

COVID-19

In June, topline results from the Phase 3 trial of ABNCoV2, a VLP-based, non-adjuvanted COVID-19 booster vaccine candidate, were reported.

The study enrolled a total of 4,205 adults who either previously completed primary vaccination or had already received one booster dose of a licensed COVID-19 vaccine. The active, controlled part enrolled 622 participants who were randomized to receive either a single dose of ABNCoV2, or a single booster dose of Comirnaty[®]. Results from this group showed that ABNCoV2 was non-inferior to Comirnaty in terms of neutralizing antibodies against the original SARS-CoV-2 virus (Wuhan wild type), thus meeting the study's primary objective. The second part of the study is evaluating the safety and tolerability of a single dose of ABNCoV2 in 3,583 participants.

The study's secondary objective, pending results in the third quarter of 2023, is to compare ABNCoV2 to Comirnaty in terms of neutralizing antibodies against circulating variants. While ABNCoV2 is based on the original Wuhan strain, it was designed to induce a broader protective response and has thus far shown robust and persistent antibody levels correlating with protection against previous variants of concern. However, recent Phase 2 data suggest that the vaccine may not adequately protect against current circulating and more distant variants.

The FDA no longer accepts applications for vaccine candidates based on the original strain only but require vaccines to be adapted to circulating variants. In alignment with this requirement, and supported by advice from the WHO, EMA has also recognized the need for updating the composition of COVID-19 vaccines to newer variants.

Therefore, while the trial might eventually meet both its primary and secondary objectives based on the original study design, and thus be successful, this outcome may be insufficient to support a product approval, and the level of efficacy against the current variants will be important in the assessment of a regulatory path forward for the vaccine.

OTHER MATTERS

Developments in share capital

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

In May, 55,543 new shares were issued as a consequence of employees' exercise of warrants, raising gross proceeds of DKK 8.1 million.

By June 30, 2023, the share capital was DKK 779,286,040, comprising 77,928,604 shares of a nominal value of DKK 10 each.

Financial calendar 2023 and 2024

Nine-month report (Q3)	November 16, 2023
2023 Annual Report	March 6, 2024
Annual General Meeting*	April 16, 2024
Three-month report (Q1)	May 8, 2024
Half-year report (Q2)	August 22, 2024
Nine-month report (Q3)	November 15, 2024

* Pursuant to Article 12 of the Articles of Association, shareholders who wish to submit a request for proposals for consideration at the annual general meeting must lodge this with the Company no later than Monday, March 4, 2024.

FINANCIAL REVIEW

Financial statements for the period January 1 - June 30, 2023 are un-audited. Comparison figures for the same period 2022 are stated in brackets.

Impact from the acquisition of travel vaccine portfolio

The acquisition from Emergent BioSolutions Inc. has been included in the Consolidated Financial Statements of Bavarian Nordic as of the date of completion of the transaction on May 15, 2023. The acquisition includes two marketed travel vaccines, a Phase 3 vaccine candidate for the prevention of Chikungunya virus, and four subsidiaries: a Swiss-based biologics manufacturing facility and three small sales entities in southern Europe. US-based sales and research and development activities have been carved-out from Emergent BioSolutions Inc. and integrated into the Company's current US entity. See [note 19](#) "Acquisition of businesses" for further information.

Revenue

Revenue for the period was DKK 3,239 million (DKK 857 million). Revenue was composed of DKK 854 million (DKK 564 million) from sales of Rabipur/RabAvert and Encepur, DKK 2,182 million (DKK 117 million) from sale of MVA-BN smallpox/mpox vaccine, DKK 35 million (DKK 0 million) from sale of Vaxchora and Vivotif, DKK 81 million (DKK 53 million) from sale of third-party products (DUKORAL, IXIARO and HEPLISAV-B), and finally DKK 87 million (DKK 10 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. Revenue reported for the three months ended June 30, 2023, was DKK 1,987 million (DKK 537 million).

Production costs

Production costs totaled DKK 1,112 million (DKK 723 million). Costs related directly to revenue amounted to DKK 835 million (DKK 352 million), of which cost of goods sold totaled DKK 770 million (DKK 347 million). Contract costs totaled DKK 65 million (DKK 5 million). Amortization of product rights was recognized as part of the production costs with a total of DKK 140 million (DKK 136 million). Amortization of product rights mainly relates to Rabipur/RabAvert and Encepur, DKK 136 million, whereas amortization of Vivotif and Vaxchora amounted to DKK 4 million. Other production costs totaled DKK 138 million (DKK 235 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 and hence a high level of other production cost. In the second quarter of 2023, production costs were DKK 684 million (DKK 431 million).

Sales and distribution costs

Sales and distribution costs totaled DKK 138 million (DKK 85 million) split between costs for distribution of products of DKK 27 million (DKK 8 million) and costs for running the commercial organization and activities of DKK 111 million (DKK 77 million). The increase in distribution costs is linked to higher revenue, whereas the increase in running costs is partly related to acquired activity from Emergent BioSolutions Inc.

Research and development costs

Research and development costs totaled DKK 802 million (DKK 290 million). The increase compared to 2022 relates to the Phase 3 study for RSV and the acquired chikungunya Phase 3 study including running cost for the R&D facility in San Diego taken over from Emergent BioSolutions. The amount excludes R&D costs of DKK 64 million (DKK 5 million) recognized as production costs, see [note 5](#). Research and development costs of DKK 280 million (DKK 234 million) related to ABNCoV2 were capitalized during the period.

Administrative costs

Administrative costs totaled DKK 271 million (DKK 168 million). Costs related to the acquisition of subsidiaries and activities from Emergent BioSolutions was expensed by DKK 64 million. Cost related to the integration of the new activities amounted to DKK 15 million.

EBIT/EBITDA

Income before interest and tax (EBIT) was a gain of DKK 916 million, compared to a loss of DKK 410 million in the first half of 2022.

EBITDA was a profit of DKK 1,171 million (loss of DKK 212 million). Amortization of product rights amounted to DKK 140 million (DKK 136 million) whereas depreciation on other fixed assets amounted to DKK 115 million (DKK 61 million).

Financial items

Financial items totaled a net income of DKK 3 million (net expense of DKK 97 million) and consisted of interest income of DKK 15 million (DKK 1 million), net gains on derivative financial instruments DKK 15 million (DKK 9 million), financial income from securities of DKK 30 million (net expense of DKK 119 million), and net foreign exchange rate loss of DKK 7 million (gain of DKK 38 million) due to decrease in USD exchange rate. This is partly offset by interest expense on debt of DKK 7 million (DKK 8 million) and net value adjustment of deferred consideration of DKK 42 million (DKK 17 million) from the acquisition of Encepur and Rabipur/RabAvert and ABNCoV2.

The net value adjustment of deferred consideration, amounting to DKK 42 million (DKK 17 million), consists of three components; Adjustment of deferred consideration due to change in estimated timing of payments of DKK 7 million income (income of DKK 26 million), currency adjustments of DKK 4 million expense (expense of DKK 1 million) and unwinding¹ of the discounting effect related to deferred consideration of DKK 45 million (DKK 42 million), see [note 6](#) and [7](#).

Income before company tax was a gain of DKK 919 million (loss of DKK 506 million).

Tax

Tax on income was DKK 5 million (DKK 3 million) and relates to taxes in subsidiaries. The effective tax rate is close to 1% for the Group as no tax has been recognized for the parent company due

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

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¹ The deferred consideration for product rights is measured at net present value and the difference between the net present value and the amounts

to a substantial non-recognized tax asset which can be utilized to zero out the tax.

After the acquisition from Emergent the Group has recognized a deferred tax asset of DKK 2 million. In the Parent Company no deferred tax asset has been recognized. The Parent 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. The deferred tax liability recognized with an amount of DKK 27 million relates to Bavarian Nordic Berna GmbH, Swiss subsidiary acquired from Emergent BioSolutions Inc.

Net profit

For the first half of 2023, Bavarian Nordic reported a net gain of DKK 914 million (net loss of DKK 509 million).

Product rights

Product rights recognized in the balance sheet totaled DKK 5,360 million (DKK 4,640 million as of December 31, 2022) and relates to Rabipur/RabAvert, Encepur, Vaxchora and Vivotif. Vaxchora and Vivotif was acquired from Emergent BioSolutions Inc., and the initial valuation of these product rights amounts to DKK 860 million and is amortized over 20 years.

Acquired rights and development in progress

Acquired rights and development in progress relates to the development of ABNCoV2 and the acquired chikungunya Phase 3 study and stood at DKK 2,170 million (DKK 1,013 million as of December 31, 2022). For ABNCoV2 the asset includes the upfront payment to AdaptVac of DKK 33 million, the net present value of probable future sales/development milestones DKK 596 million and capitalization of development costs for running Phase 2 study and Phase 3 study, DKK 664 million. For further description of the asset and the accounting policy see note 15 in the Annual Report for 2022. The chikungunya development asset consists of the initial calculated fair value of DKK 876 million, including the net present value of probable future development milestones, DKK 499 million. Further described in [note 19](#).

The Group has secured significant financing for the ABNCoV2 development program through the DKK 800 million funding obtained from the Danish Ministry of Health. The funding is recognized as 'Prepayment and loan from Government'. The funding is potentially subject to repayment, however only upon successful obtainment of marketing authorization and upon reaching certain annual levels of doses sold.

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 June 30, 2023, DKK 226 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 135 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 CMOs (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 CMOs. As per June 30, 2023, DKK 10 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 1,385 million as of June 30, 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 1,385 million (DKK 1,741 million as of December 31, 2022).

Cash flow

Cash flow generated by operating activities was positive by DKK 228 million (negative by DKK 120 million) following an EBITDA of DKK 1,171 million. Working capital increased by DKK 948 million (decreased by DKK 53 million) due to inventory build-up and increased trade receivable position compared to December 31, 2022. As of June 30, 2023, the receivables from BARDA amounted to DKK 532 million for delivery of JYNNEOS smallpox/mpox vaccines.

Cash flow from investment activities was negative by DKK 702 million (negative by DKK 488 million). Cash used for acquisition of subsidiaries and product rights from Emergent BioSolutions Inc. amounted to DKK 1,835 million and investment in ABNCoV2 development asset amounted to DKK 280 million. The investment activities were partly funded by sale of securities of DKK 1,730 million.

Cash flow from financing activities was a contribution of DKK 734 million (DKK 301 million), primarily from capital increase (DKK 1,599 million in net proceeds) and funding received from the Danish Ministry of Health (DKK 240 million), partly offset by repayment of repo position (DKK 1,104 million). The net change in cash and cash equivalents was positive by DKK 260 million (negative by DKK 307 million).

Equity

The Group's equity as of June 30, 2023, stood at DKK 9,686 million (DKK 7,150 million as of December 31, 2022). In February 2023 an accelerated book-building was completed to partly fund the acquisition from Emergent BioSolutions Inc. The net proceeds from the capital increase amounted to DKK 1,599 million.

Deferred consideration

Deferred consideration to GlaxoSmithKline for purchase of product rights amounted to DKK 2,058 million, whereas deferred consideration to AdaptVac related to potential future development and sales milestones and tiered royalties amounted to DKK 596 million as per June 30, 2023. The net present value of probable future development milestone payments to Emergent BioSolutions Inc. for the chikungunya development asset amounted to DKK 499 million.

Debt to credit institutions

As of June 30, 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.

Retirement benefit obligations

With the acquisition of the Swiss subsidiary Bavarian Nordic Berna GmbH, the Group has recognized a retirement benefit obligation of DKK 56 million. The pension plan is a collective foundation plan, where mutual employers share the risk. Bavarian Nordic Berna GmbH's share of the estimated underfunding has been recognized as an obligation.

The pension scheme in Bavarian Nordic Switzerland AG (our existing subsidiary in Switzerland) is a fully insured plan and therefore no obligation has been recognized.

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 its financial guidance for 2023, which was upgraded on August 3.

The guidance assumes revenue for the full year of approximately DKK 6,900 million and an EBITDA of approximately DKK 2,300 million.

Revenue was upgraded by DKK 900 million as result of a new smallpox vaccine contract awarded by the U.S. government, other minor orders and includes approximately DKK 165 million in revenue from the acquired products, Vivotif and Vaxchora from mid-May, where the acquisition from Emergent BioSolutions was completed.

The revenue guidance no longer includes milestones of DKK 195 million from Nuance Pharma, which lapsed in connection with the discontinuation of the RSV program. This amount is offset by higher-than-expected revenues from the travel vaccine portfolio, largely driven by market growth and strong brand performance for both Rabipur/RabAvert and Encepur,

The EBITDA guidance was raised by DKK 100 million and includes a negative contribution from the acquired business, estimated at approximately DKK 375 million and largely driven by the further development of the chikungunya vaccine and estimated one-off integration costs.

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 STATEMENTS

Unaudited Condensed Consolidated Income Statements for the Periods Ended June 30, 2023 and 2022 and December 31, 2022

DKK thousand	Note	1/4 - 30/6 2023	1/4 - 30/6 2022	1/1 - 30/6 2023	1/1 - 30/6 2022	1/1-31/12 2022
Revenue	3	1,986,627	536,699	3,238,680	856,755	3,150,793
Production costs	4	683,729	431,313	1,112,126	723,496	1,449,531
Gross profit		1,302,898	105,386	2,126,554	133,259	1,701,262
Sales and distribution costs		72,374	47,928	138,004	85,316	212,932
Research and development costs	5	503,629	184,862	801,647	289,661	1,183,092
Administrative costs		180,685	90,226	270,938	168,012	376,023
Total operating costs		756,688	323,016	1,210,589	542,989	1,772,047
Income before interest and tax (EBIT)		546,210	(217,630)	915,965	(409,730)	(70,785)
Financial income	6	26,363	62,475	66,709	81,997	78,537
Financial expenses	7	29,915	80,702	63,536	178,743	339,363
Income before company tax		542,658	(235,857)	919,138	(506,476)	(331,611)
Tax on income for the period		4,579	1,313	4,692	2,637	15,771
Net profit for the period		538,079	(237,170)	914,446	(509,113)	(347,382)
Earnings per share (EPS) - DKK						
Basic earnings per share of DKK 10		7.1	(3.4)	12.1	(7.2)	(4.9)
Diluted earnings per share of DKK 10		7.1	(3.4)	12.1	(7.2)	(4.9)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended June 30, 2023 and 2022 and December 31, 2022

DKK thousand	1/4 - 30/6 2023	1/4 - 30/6 2022	1/1 - 30/6 2023	1/1 - 30/6 2022	1/1-31/12 2022
Net profit for the period	538,079	(237,170)	914,446	(509,113)	(347,382)
Items that might be reclassified to the income statement:					
Exchange rate adjustments on translating foreign operations	(1,421)	(12,156)	(3,355)	(10,335)	7,002
Change in fair value of financial instruments entered into to hedge future cash flows	15,774	782	(19,452)	2,468	33,245
Other comprehensive income after tax	14,353	(11,374)	(22,807)	(7,867)	40,247
Total comprehensive income	552,432	(248,544)	891,639	(516,980)	(307,135)

Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended June 30, 2023 and 2022 and December 31, 2022

DKK thousand	1/1 - 30/6 2023	1/1 - 30/6 2022	1/1-31/12 2022
Net profit for the period	914,446	(509,113)	(347,382)
Adjustment for non-cash items:			
Financial income	(66,709)	(81,997)	(78,537)
Financial expenses	63,536	178,743	339,363
Tax on income for the period	4,692	2,637	15,771
Depreciation, amortization and impairment losses	251,618	197,713	399,247
Share-based payment	31,596	25,508	49,284
Changes in inventories	(459,811)	(38,366)	(439,029)
Changes in receivables	(780,209)	(19,253)	(133,167)
Changes in provisions	(371)	-	-
Changes in current liabilities	291,983	110,244	423,407
Cash flow from operations (operating activities)	250,771	(133,884)	228,957
Received financial income	30,901	13,653	18,552
Paid financial expenses	(50,550)	2,045	(24,244)
Paid company taxes	(3,336)	(1,606)	(3,212)
Cash flow from operating activities	227,786	(119,792)	220,053
Investments in products rights	-	3,594	(594,920)
Investments in other intangible assets	(376,738)	(156,690)	(425,411)
Investments in property, plant and equipment	(183,391)	(242,467)	(361,244)
Cash used for acquisition of businesses	(1,835,449)	-	-
Investments in/disposal of financial assets	(35,781)	(126,556)	(169,460)
Investments in securities	(10,832)	(367,449)	(414,613)
Disposal of securities	1,740,608	402,057	1,088,243
Cash flow from investment activities	(701,583)	(487,511)	(877,405)
Payment on loans	(1,104,614)	(1,089)	(374,339)
Proceeds from loans	240,000	320,000	1,003,661
Repayment of lease liabilities	(12,981)	(10,415)	(21,981)
Proceeds from warrant programs exercised	21,459	1,545	37,918
Proceeds from capital increase through private placement	1,641,913	-	-
Cost related to issue of new shares	(42,621)	(61)	(111)
Purchase of treasury shares	(8,988)	(9,328)	(9,328)
Cash flow from financing activities	734,168	300,652	635,820
Cash flow of the period	260,371	(306,651)	(21,532)
Cash as of 1 January	575,407	591,820	591,820
Currency adjustments 1 January	(3,976)	5,632	5,119
Cash end of period	831,802	290,801	575,407

Unaudited Condensed Consolidated Statements of Financial Position - Assets as of June 30, 2023 and 2022 and December 31, 2022

DKK thousand	Note	30/6 2023	30/6 2022	31/12 2022
Assets				
Product rights		5,360,221	4,776,363	4,639,895
Acquired rights and development in progress		2,169,752	813,214	1,013,484
Software		18,141	19,754	14,768
Intangible assets in progress		356,162	204,145	274,490
Intangible assets	14	7,904,276	5,813,476	5,942,637
Land and buildings		933,098	334,774	630,138
Leasehold improvements		22,950	8,776	24,765
Plant and machinery		407,603	243,067	321,745
Fixtures and fittings, other plant and equipment		716,105	214,992	511,195
Assets under construction		242,948	810,638	196,130
Property, plant and equipment		2,322,704	1,612,247	1,683,973
Right-of-use assets	15	100,925	75,365	67,433
Other receivables		12,156	4,969	5,086
Prepayments		236,371	164,750	207,537
Financial assets		248,527	169,719	212,623
Deferred tax assets		1,723	-	-
Total non-current assets		10,578,155	7,670,807	7,906,666
Inventories	8	1,508,403	518,409	919,072
Trade receivables	9	1,310,244	506,890	523,145
Tax receivables		84	-	-
Other receivables	10	33,824	29,376	43,263
Prepayments		177,632	49,635	153,934
Receivables		1,521,784	585,901	720,342
Securities	16, 17	553,097	2,962,638	2,269,759
Cash and cash equivalents		831,802	290,801	575,407
Securities, cash and cash equivalents		1,384,899	3,253,439	2,845,166
Total current assets		4,415,086	4,357,749	4,484,580
Total assets		14,993,241	12,028,556	12,391,246

Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of June 30, 2023 and 2022 and December 31, 2022

DKK thousand	Note	30/6 2023	30/6 2022	31/12 2022
Equity and liabilities				
Share capital		779,286	704,793	707,354
Treasury shares		(1,537)	(1,463)	(1,463)
Retained earnings		8,766,964	6,082,702	6,300,575
Other reserves		141,038	93,063	143,521
Equity		9,685,751	6,879,095	7,149,987
Deferred consideration for product rights		1,415,870	2,400,545	2,324,657
Prepayment and loan from Government		806,420	480,511	566,420
Debt to credit institutions	11	16,053	17,807	17,008
Retirement benefit obligations		55,617	-	-
Deferred tax liabilities		27,421	-	-
Lease liabilities	15	59,690	54,464	45,834
Non-current liabilities		2,381,071	2,953,327	2,953,919
Deferred consideration for product rights		1,737,888	762,895	287,436
Debt to credit institutions	11, 16	1,924	874,373	1,105,583
Lease liabilities	15	44,044	23,727	24,487
Prepayment from customers	12	111	118,225	-
Trade payables		764,233	195,456	605,928
Company tax		7,469	4,484	6,337
Other liabilities	13	370,750	216,974	257,569
Current liabilities		2,926,419	2,196,134	2,287,340
Total liabilities		5,307,490	5,149,461	5,241,259
Total equity and liabilities		14,993,241	12,028,556	12,391,246

Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods June 30, 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	-	-	914,446	-	-	-	914,446
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	(3,355)	-	-	(3,355)
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	(19,452)	-	(19,452)
Total comprehensive income for the period	-	-	914,446	(3,355)	(19,452)	-	891,639
Transactions with owners							
Share-based payment	-	-	-	-	-	32,362	32,362
Warrant program exercised	1,464	-	25,613	-	-	(5,618)	21,459
Capital increase through private placement	70,468	-	1,571,445	-	-	-	1,641,913
Cost related to issue of new shares	-	-	(42,621)	-	-	-	(42,621)
Purchase of treasury shares	-	(440)	(8,548)	-	-	-	(8,988)
Transfer regarding restricted stock units	-	366	6,054	-	-	(6,420)	-
Total transactions with owners	71,932	(74)	1,551,943	-	-	20,324	1,644,125
Equity as of June 30, 2023	779,286	(1,537)	8,766,964	(26,912)	12,442	155,508	9,685,751

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	-	-	(509,113)	-	-	-	(509,113)
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	(10,335)	-	-	(10,335)
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	2,468	-	2,468
Total comprehensive income for the period	-	-	(509,113)	(10,335)	2,468	-	(516,980)
Transactions with owners							
Share-based payment	-	-	-	-	-	29,252	29,252
Warrant program exercised	109	-	1,880	-	-	(444)	1,545
Warrant program expired	-	-	5,971	-	-	(5,971)	-
Cost related to issue of new shares	-	-	(61)	-	-	-	(61)
Purchase of treasury shares	-	(716)	(8,612)	-	-	-	(9,328)
Transfer regarding restricted stock units	-	365	3,729	-	-	(4,094)	-
Total transactions with owners	109	(351)	2,907	-	-	18,743	21,408
Equity as of June 30, 2022	704,793	(1,463)	6,082,702	(40,894)	1,117	132,840	6,879,095

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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 June 30, 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	1/4 - 30/6 2023	1/4 - 30/6 2022	1/1 - 30/6 2023	1/1 - 30/6 2022	1/1-31/12 2022
3. Revenue					
MVA-BN smallpox/mpox vaccine sale	1,334,340	116,661	2,182,185	116,784	1,730,472
Rabipur/RabAvert	312,671	234,200	555,142	350,932	879,341
Encepur	211,487	143,674	298,557	213,019	298,736
Vivotif	27,496	-	27,496	-	-
Vaxchora	7,024	-	7,024	-	-
Other product sale	37,928	38,514	81,117	82,735	108,496
Sale of goods	1,930,946	533,049	3,151,521	763,470	3,017,045
Milestone payments	-	-	-	83,048	83,048
Contract work	55,681	3,650	87,159	10,237	50,700
Sale of services	55,681	3,650	87,159	93,285	133,748
Revenue	1,986,627	536,699	3,238,680	856,755	3,150,793
Total revenue includes: Fair value adjustment concerning financial instruments entered into to hedge revenue	-	-	-	-	(7,072)
4. Production costs					
Cost of goods sold	502,003	235,463	770,077	347,225	644,683
Contract costs	39,647	2,587	64,487	4,745	19,889
Amortization product rights	71,818	68,233	140,052	136,467	512,024
Other production costs	70,261	125,030	137,510	235,059	272,935
Production costs	683,729	431,313	1,112,126	723,496	1,449,531
5. Research and development costs					
Research and development costs occurred in the period	543,276	187,449	866,134	294,406	1,202,981
Of which:					
Contract costs recognized as production costs	(39,647)	(2,587)	(64,487)	(4,745)	(19,889)
Research and development costs	503,629	184,862	801,647	289,661	1,183,092
6. Financial income					
Financial income from bank and deposit contracts	11,908	827	15,217	976	26
Interest income from financial assets measured at amortized cost	11,908	827	15,217	976	26
Financial income from securities	2,301	3,632	8,308	7,954	19,543
Fair value adjustments on securities	(6,302)	-	21,282	-	-
Adjustment of deferred consideration due to change in estimated timing of payments	7,552	19,045	6,815	26,319	54,390
Net gains on derivative financial instruments at fair value through the income statement	10,904	8,921	15,087	8,921	-
Net foreign exchange gains	-	30,050	-	37,827	4,578
Financial income	26,363	62,475	66,709	81,997	78,537
7. Financial expenses					
Interest expenses on debt	793	3,960	7,032	8,471	16,640
Interest expenses on financial liabilities measured at amortized cost	793	3,960	7,032	8,471	16,640
Fair value adjustments on securities	-	64,180	-	127,269	190,301
Unwinding of the discounting effect related to deferred consideration	21,359	13,735	45,344	41,971	103,049
Currency adjustment deferred consideration	(390)	518	3,825	1,032	11,597
Net loss on derivative financial instruments at fair value through the income statement	-	(1,691)	-	-	17,776
Net foreign exchange losses	8,153	-	7,335	-	-
Financial expenses	29,915	80,702	63,536	178,743	339,363

DKK thousand	30/6 2023	30/6 2022	31/12 2022
8. Inventories			
Raw materials and supply materials	433,510	128,082	206,211
Work in progress	908,129	220,209	641,183
Manufactured goods and commodities	309,083	336,429	234,097
Write-down on inventory	(142,319)	(166,311)	(162,419)
Inventories	1,508,403	518,409	919,072
Write-down on inventory 1 January	(162,419)	(172,941)	(172,941)
Write-down during the period	-	(6,579)	(78,101)
Use of write-down	20,100	4,072	46,031
Reversal of write-down	-	9,137	42,592
Write-down end of period	(142,319)	(166,311)	(162,419)
9. Trade receivables			
Trade receivables from smallpox/mpox vaccine sale	838,062	127,976	329,897
Trade receivables from Encepur and Rabipur/RabAvert	448,167	375,589	167,332
Trade receivables from Vivotif and Vaxchora	20,565	-	-
Trade receivables from milestone payments	753	-	-
Trade receivables from contract work	2,697	3,325	25,916
Trade receivables	1,310,244	506,890	523,145
10. Other receivables			
Receivable VAT and duties	17,444	13,486	-
Derivative financial instruments at fair value	12,442	10,256	31,894
Interest receivables	3,933	5,634	11,369
Other receivables	5	-	-
Other receivables	33,824	29,376	43,263
11. Debt to credit institutions			
Mortgage	17,977	19,985	18,930
European Investment Bank (loan in DKK)	-	372,195	-
Security lending (repo transactions)	-	500,000	1,103,661
Debt to credit institutions	17,977	892,180	1,122,591
12. Prepayment from customers			
Prepayments from customers as of January 1	-	16,904	16,904
Prepayments received during the period	111	101,321	-
Recognized as revenue during the period	-	-	(16,904)
Prepayments from customers end of period	111	118,225	-
13. Other liabilities			
Financial instruments at fair value	-	-	8,302
Liability relating to phantom shares	1,814	12,090	11,102
Payable salaries, holiday accrual etc.	151,919	68,929	107,952
Gross to net deduction accrual	169,560	121,952	97,679
Other accrued costs	47,457	14,003	22,319
Payable VAT and duties	-	-	10,215
Other liabilities	370,750	216,974	257,569

14. Intangible assets

DKK thousand	Product rights	Acquired rights and development in progress	Software	Other intangible assets in progress	Total
Cost as of January 1, 2023	5,458,700	1,013,484	106,094	274,490	6,852,768
Additions	-	280,287	2,997	82,483	365,767
Transfer	-	-	2,023	(2,023)	-
Additions from acquisition of businesses	860,379	875,981	9,775	1,212	1,747,347
Exchange rate adjustments	-	-	(35)	-	(35)
Cost as of June 30, 2023	6,319,079	2,169,752	120,854	356,162	8,965,847
Amortization as of January 1, 2023	818,805	-	91,326	-	910,131
Amortization	140,053	-	5,838	-	145,891
Additions from acquisition of businesses	-	-	5,568	-	5,568
Exchange rate adjustments	-	-	(19)	-	(19)
Amortization as of June 30, 2023	958,858	-	102,713	-	1,061,571
Carrying amount as of June 30, 2023	5,360,221	2,169,752	18,141	356,162	7,904,276

15. 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	-	5,066	-	5,066
Additions from acquisition of businesses	42,375	-	-	42,375
Disposals	(90)	-	-	(90)
Depreciations	(11,155)	(2,651)	(216)	(14,022)
Reversal depreciations	90	-	-	90
Exchange rate adjustments	68	4	1	73
Right-of-use assets as of June 30, 2023	89,755	10,811	359	100,925

Lease liabilities

DKK thousand	30/6 2023
Non-current	59,690
Current	44,044
Lease liabilities	103,734

Amounts included in the income statement

DKK thousand	1/1 - 30/6 2023
Interest expense leases	1,060
Depreciation recognized on right-of-use assets	14,022
Cost recognized for short term leases (less than 12 months)	11,869
In the first six months of 2023 the total cash outflow relating to lease was DKKt 14,041 split between interests of DKKt 1,060 and repayment of DKKt 12,981.	

16. Transferred financial assets that are not derecognized

The Company has entered into transactions that transferred ownership of securities to a counterparty, while the Company retains the risks associated with the holding of the securities (repo transactions). 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	30/6 2023	30/6 2022	31/12 2022
Carrying amount of transferred securities	-	499,355	1,084,916
Carrying amount of associated liabilities (repo transactions)	-	(500,000)	(1,103,661)
Net position	-	(645)	(18,745)

17. 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 June 30, 2023**

DKK thousand	Level 1	Level 2	Total
Securities	553,097	-	553,097
Financial assets measured at fair value through the income statement	553,097	-	553,097
Derivative financial instruments to hedge future cash flow (currency)	-	10,716	10,716
Derivative financial instruments to hedge future cash flow (interest)	-	1,726	1,726
Financial assets/liabilities used as hedging instruments	-	12,442	12,442
Liability relating to phantom shares	-	(1,814)	(1,814)
Financial liabilities measured at fair value through the income statement	-	(1,814)	(1,814)

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)

18. Warrants**Outstanding warrants as of June 30, 2023**

	Outstanding as of January 1	Warrants exercised	Annulled	Terminated	Transferred	Outstanding as of June 30
Corporate Management	725,932	-	-	-	-	725,932
Other Executive Management	429,550	(23,000)	-	-	-	406,550
Other employees	1,982,127	(80,541)	(32,636)	-	(1,175)	1,867,775
Resigned employees	514,398	(42,848)	-	-	1,175	472,725
Total	3,652,007	(146,389)	(32,636)	-	-	3,472,982
Weighted average exercise price	231	147	247	-	-	235
Weighted average share price at exercise		191				
Numbers of warrants which can be exercised as of June 30, 2023						721,255
at a weighted average exercise price of DKK						145

The total recognized cost of the warrant programs was DKK 23.8 million in the first six months of 2023 (DKK 21.8 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 ²⁾	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
Risk-free interest rate p.a.	-0.43%	-0.69%	-0.65%	-0.66%	-0.53%	0.39%	2.04%
Fair value at grant ¹⁾	52	45	53	41	76	47	64
Fair value at grant - Executive Management ¹⁾							78

¹⁾ Fair value of each warrant applying the Black-Scholes model

²⁾ 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.

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%.

19. Acquisition of businesses

On February 15, 2023, Bavarian Nordic A/S entered into an agreement with Emergent BioSolutions Inc. to acquire two marketed travel vaccines, Vivotif® for the prevention of typhoid fever and Vaxchora® against cholera as well as a Phase 3 vaccine candidate for the prevention of chikungunya virus. The transaction closed on May 15, 2023. The consideration included an upfront payment of USD 270 million and up to USD 110 million in future conditional milestone payments. Additionally, USD 4 million were added to the cash payment to Emergent BioSolutions Inc. which includes estimated adjustments for net working capital, debt, and other customary closing adjustments. The actual value of the estimated adjustments will be assessed post-closing and could lead to minor changes.

About the acquisition

In addition to the acquisition of the two marketed travel vaccines and the Phase 3 study, the acquisition includes a Swiss-based biologics manufacturing facility, US-based research and development facilities related to the development of the chikungunya vaccine, and EU/US-based commercial operations with a specialty salesforce. The acquisition includes four subsidiaries, the main being the manufacturing facility in Switzerland. The US-based activities are carved-out from Emergent BioSolutions Inc. and are integrated into Bavarian Nordic's current US entity.

Strategic rationale

The acquisition is strongly linked with Bavarian Nordic's vision to become one of the largest pure-play vaccine companies. The acquisition provides clear commercial synergies to the Company's existing business as travel vaccines are already a major part of the portfolio. This will establish Bavarian Nordic as a global leader in this area. Furthermore, the acquisition enables expansion of Bavarian Nordic's US commercial sales, marketing, and distribution setup, as well as increased scale in more European markets where the Company is not present today. Through the acquisition, Bavarian Nordic has also obtained the global rights and R&D know-how to a promising vaccine candidate against chikungunya.

Details of the acquisition

The purchase price allocation for the acquisition from Emergent BioSolutions is considered provisional since the transaction was closed on May 15, 2023, leaving limited time to identify and determine fair value of assets acquired and liabilities assumed. Adjustments may be applied to the purchase price allocation for a period of up to 12 months from the acquisition date. The transaction was not subject to recognition of goodwill.

Transaction costs of DKK 64 million are included in administration costs in the income statement for the three months ended June 30, 2023.

Bavarian Nordic is conditioned to pay Emergent BioSolutions upon the achievement of milestones related to the successful development of the chikungunya vaccine (USD 80 million) and sales performance of the marketed vaccines (USD 30 million). Based on current regulatory plans and expectations for future submission and approval of applications related to the chikungunya-vaccine all development milestones are assumed probable. The net present value of the probable milestone payments, DKK 499 million, has been recognized as part of the "Acquired rights and development in progress" (further addition to the asset) and a corresponding liability has been recognized as deferred consideration. The sales milestone of USD 30 million related to future sale of Vivotif® and Vaxchora® is currently not considered probable.

The acquisition has been included in the Consolidated Financial Statements of Bavarian Nordic as of the date of acquisition May 15, 2023. Bavarian Nordic has made the following provisional calculation of the fair value of the acquired net assets at the time of the acquisition:

DKK thousand	Total acquisition
Product rights	860,379
Development asset	875,981
Other intangible assets	5,419
Property, plant and equipment	681,453
Right-of-use assets	42,375
Inventories	130,804
Receivables	20,503
Prepayments	39,899
Cash	66,531
Deferred tax assets (liabilities), net	(25,814)
Retirement benefit obligations	(55,988)
Trade payables	(136,686)
Leasing liabilities	(42,375)
Other payables	(61,189)
Total acquisition price	2,401,292
Contingent consideration	(499,312)
Consideration transferred	1,901,980
Cash acquired	(66,531)
Cash used for acquisition of business	1,835,449
Number of employees	280

The receivables acquired include trade receivables of a fair value of DKK 21 million corresponding to the gross amount receivable according to contract.

Accounting policies

The purchase price for the acquisition comprises of identifiable assets and liabilities and contingent liabilities assumed measured at fair value at the date of acquisition by applying relevant valuation methods. Acquisition-related costs are expensed as incurred. Cost of acquired product rights are measured at cash consideration and present value of any probable deferred milestone payments for those rights. A corresponding deferred consideration is recognized at initial recognition. Subsequently, the deferred consideration is measured at amortized cost.

20. 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.

21. Significant events after the balance sheet date

On July 22, 2023, Bavarian Nordic announced that its Phase 3 study failed to meet one of the success criteria of the primary endpoint. Based on this outcome, Bavarian Nordic will discontinue its RSV program, including its partnership with Nuance Pharma to develop and launch the vaccine for selected Asian markets. A continued strong growth in the Company's travel vaccine business, combined with RSV savings in the second half year, is expected to offset the lack of expected 2023 milestone payments from Nuance Pharma, amounting to DKK 195 million. The termination of the RSV program is associated with non-cancellable commitments to external vendors which are not accounted for in the Q2 financial statements. However, the financial impact of these is offset by expected savings on the RSV program and both elements are included in the latest financial guidance for 2023.

On August 3, 2023, Bavarian Nordic announced a new contract valued at USD 120 million with the U.S. government. The contract will support manufacturing of new bulk vaccine to partly replenish the inventory used for the mpox outbreak, which will enable the Company to fulfil its long-term commitment to supply a freeze-dried vaccine to strengthen the U.S. smallpox preparedness.

On August 6, 2023, Bavarian Nordic announced positive topline results from a randomized, double-blind, placebo-controlled Phase 3 clinical trial of its chikungunya virus vaccine candidate, in adults and adolescents aged 12 to 64 years of age.

22. 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 August 23, 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 June 30, 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 June 30, 2023, and the results of the group’s activities and cash flows for the period January 1 to June 30, 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, August 23, 2023

Corporate Management:



Paul John Chaplin
President & CEO




Henrik Juuel
Executive Vice President & CFO

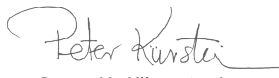
Board of Directors:



Luc Debruyne
Chairman of the Board



Anders Gersel Pedersen
Deputy Chairman



Peter H. Kürstein-Jensen



Frank A.G.M. Verwiel



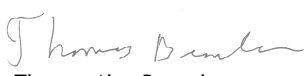
Anne Louise Eberhard



Johan van Hoof



Heidi Hunter



Thomas Alex Bennekov
Employee-elected



Anja Gjøøl
Employee-elected



Karen Merete Jensen
Employee-elected



Linette Munksgaard Andersen
Employee-elected