

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

COPENHAGEN, Denmark, November 16, 2023 - Bavarian Nordic A/S (OMX: BAVA) announced today its interim financial results for the first nine months of 2023 and business progress for the third quarter of 2023.

- Revenue for the first nine months increased by 148% to DKK 4,615 million compared to the same period last year, while the operating profit (EBITDA) increased to DKK 1,552 million.
- The increased revenue was driven by growth across both business areas: travel health and public preparedness. Revenue from travel health grew by 56% to DKK 1,608 million, as a result of the continued rebound in global travel, strong brand performance and the recent expansion of the travel health portfolio. Revenue from public preparedness grew by 316% to DKK 2,890 million, largely driven by contracts with governments related to the 2022/2023 mpox outbreak. Other revenue was DKK 117 million.
- Financial guidance for the full year is maintained at a revenue of approximately DKK 6,900 million and an EBITDA of approximately DKK 2,300 million. This assumes that a smaller part of the previously announced smallpox/mpox orders will likely be delivered in first half of January 2024 rather than second half of December due to expected delivery schedules. The effect of this is compensated by a continued strong travel health business.

DKK million	Q3 2023	Q3 2022	9m 2023	9m 2022	FY 2023 Guidance *
Revenue	1,376	1,004	4,615	1,860	6,900
EBITDA	380	226	1,552	14	2,300

* Numbers are approximate

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: “Our travel health business has continued to demonstrate very strong performance and with the recent expansion of our portfolio, along with the prospects of launching our chikungunya vaccine, we have established a strong foundation for growth and positioned Bavarian Nordic as a global leader in travel vaccines. Strong sales related to the 2022/23 mpox outbreak also contributed to a nearly 150% increase in revenues for the first nine months and we remain firmly on track to deliver on the guidance and report a new record-breaking financial year for the company. While the global demand for mpox vaccines has largely been driven by the public health emergency response, the recent national recommendations in the U.S and Germany for mpox vaccinations highlight an emerging private market where Bavarian Nordic can improve vaccine access to risk populations, while creating a steady commercial business segment complementing the existing smallpox stockpiling business with governments around the world.”

Highlights from the third quarter

- The chikungunya vaccine candidate, CHIKV VLP is progressing towards regulatory submissions in the U.S. and Europe in 2024 after reporting positive topline results from two Phase 3 clinical trials in both adults and adolescents aged 12 to 64 years of age and adults aged 65 and above. A Phase 3 rollover study was initiated to evaluate the long-term safety and immunogenicity of the vaccine candidate as well as responses to a booster vaccination up to five years after the initial vaccination.
- A new contract valued at USD 120 million was received from the U.S. government, primarily supporting manufacturing of new bulk vaccine in 2023 to partly replenish the inventory used for the mpox outbreak.
- A second contract was entered to supply smallpox vaccines to rescEU, a strategic reserve within the EU. The order valued at more than EUR 11 million brings the expected total rescEU smallpox revenues for 2024 to EUR 21 million.

Events after the reporting date

- In October, the U.S. CDC Advisory Committee on Immunization Practices (ACIP) voted to recommend the routine use of JYNNEOS® in adults at risk of mpox infection, thus broadening its previous recommendation, which only covered outbreak situations. Pending approval of the updated recommendations, Bavarian Nordic is targeting a commercial launch of JYNNEOS in the U.S. in the first half of 2024.
- The Board of Directors has appointed Ms. Montse Montaner Picart as observer to the board with the intent to nominate her for election at the annual general meeting in April 2024. Ms. Picart is former and the first Chief Sustainability Officer of Novartis where she has held various leading positions. She has more than 30 years of industry and executive experience and has received several recognitions for her leadership in driving sustainable organizations.

Conference call and webcast

The management of Bavarian Nordic will host an investor/analyst call today at 2 pm CET (8 am EST) 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/3tonMNP>. To join the Q&A session, please register in advance via <https://bit.ly/48Cp0F2>.

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Company Announcement no. 36 / 2023

About Bavarian Nordic

Bavarian Nordic is a fully integrated vaccine company with a mission to protect and save lives through innovative vaccines. We are a global leader in smallpox and mpox vaccines, supplied to governments to enhance public health preparedness and have a strong portfolio of vaccines for travelers and endemic diseases. 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.

CONSOLIDATED KEY FIGURES (UNAUDITED)

DKK thousand	1/7 - 30/9 2023	1/7 - 30/9 2022	1/1 - 30/9 2023	1/1 - 30/9 2022	1/1-31/12 2022
Income statements					
Revenue	1,376,400	1,003,565	4,615,080	1,860,320	3,150,793
Production costs	514,368	383,752	1,626,494	1,107,248	1,449,531
Sales and distribution costs	96,609	50,243	234,613	135,559	212,932
Research and development costs	980,175	360,122	1,781,822	649,783	1,183,092
Administrative costs	111,309	81,482	382,247	249,494	376,023
Income before interest and taxes (EBIT)	(326,061)	127,966	589,904	(281,764)	(70,785)
Financial items, net	(8,450)	(108,622)	(5,277)	(205,368)	(260,826)
Income before company tax	(334,511)	19,344	584,627	(487,132)	(331,611)
Net profit for the period	(340,647)	12,108	573,799	(497,005)	(347,382)
Balance sheet					
Total non-current assets			8,938,037	7,749,236	7,906,666
Securities, cash and cash equivalents			1,506,246	3,241,578	2,845,166
Other current assets			2,954,955	1,304,186	1,639,414
Total assets			13,399,238	12,295,000	12,391,246
Equity			9,335,863	6,957,830	7,149,987
Non-current liabilities			1,176,305	3,023,692	2,953,919
Current liabilities			2,887,070	2,313,478	2,287,340
Cash flow statements					
Cash flow from operating activities			533,759	2,603	220,053
Cash flow from investment activities			(801,848)	(290,783)	(877,405)
Cash flow from financing activities			722,617	404,966	635,820
Financial Ratios¹⁾					
EBITDA	380,352	226,374	1,551,519	14,357	328,462
Earnings (basic) per share of DKK 10			7.5	(7.1)	(4.9)
Net asset value per share			119.8	98.4	101.1
Share price at period-end			159	215	213
Share price/Net asset value per share			1.3	2.2	2.1
Number of outstanding shares at period-end (thousand)			77,929	70,694	70,735
Equity share			70%	57%	58%
Number of employees, converted to full-time, at period-end			1,351	917	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)	(326,061)	127,966	589,904	(281,764)	(70,785)
Depreciation and amortization	148,730	98,408	403,932	296,121	399,247
Impairment loss	557,683	-	557,683	-	-
EBITDA	380,352	226,374	1,551,519	14,357	328,462

BAVARIAN NORDIC AT A GLANCE

About the company

Bavarian Nordic is a leading global provider of travel vaccines and a preferred partner with governments and international organizations on delivering vaccines for improving public preparedness, such as mpox/smallpox vaccines.

The company employs nearly 1,400 people across its research and development facilities in Germany and the USA, manufacturing sites in Denmark and Switzerland and within a global commercial organization present in strategic markets across Europe and the USA.

Bavarian Nordic is listed on the Nasdaq Copenhagen exchange under the ticker symbol BAVA.CO.



Our vaccines

Travel health



Rabipur/RabAvert is indicated for both pre- and post-exposure vaccination against rabies. The vaccine is marketed globally in 20 countries.



Encepur is a vaccine against tick-borne-encephalitis (TBE) and is marketed in 12 countries in the EU.



Vivotif is an oral typhoid vaccine approved in 25 countries.



Vaxchora is an oral cholera vaccine approved in 27 countries and is the only FDA-approved cholera vaccine.

Third-party products which are marketed and distributed in selected markets by Bavarian Nordic:

IXIARO is a Japanese encephalitis vaccine and **DUKORAL** is a cholera vaccine, both from Valneva, and marketed and distributed by Bavarian Nordic in Germany and Switzerland

HEPLISAV-B is a vaccine against hepatitis B from Dynavax, marketed and distributed by Bavarian Nordic in Germany.

Public preparedness



JYNNEOS/IMVANEX/IMVAMUNE is a vaccine against both mpox and smallpox. Sold to governments and organizations.

COMMERCIAL PERFORMANCE

Q3 sales

mDKK	Q3 2023	Q3 2022	Growth
Travel health			
Rabipur/RabAvert	432	338	28%
Encepur	89	62	44%
Vivotif	54	N/A	N/A
Vaxchora	12	N/A	N/A
Third-party products	52	11	356%
	639	411	55%
Public preparedness			
JYNNEOS/IMVANEX/IMVAMUNE	708	578	23%
Other revenue	30	15	104%
Total	1,376	1,004	37%

9m sales

mDKK	9m 2023	9m 2022	Growth
Travel health			
Rabipur/RabAvert	987	689	43%
Encepur	388	275	41%
Vivotif ¹⁾	82	N/A	N/A
Vaxchora ¹⁾	19	N/A	N/A
Third-party products	133	64	106%
	1,608	1,028	56%
Public preparedness			
JYNNEOS/IMVANEX/IMVAMUNE	2,890	695	316%
Other revenue	117	138	-15%
Total	4,615	1,860	148%

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

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

Travel health

Rabipur/RabAvert

The Rabipur/RabAvert business continued the strong growth trajectory from 2022 and delivered revenue amounting to DKK 432 million (DKK 338 million) for the third quarter. The 28% 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 third quarter, the US market grew by 23% versus the prior year (26% for the first nine months) and RabAvert maintained its market share of approximately 70%, which is 2pp higher compared to prior year.

The German market grew by 65% in the third quarter versus the prior year (104% for the first nine months). Rabipur maintained a high market share of 94%.

For the first nine months Rabipur/RabAvert revenue amounted to DKK 987 million (DKK 689 million), i.e. an increase of 43%.

Encepur

The Encepur business delivered strong growth with revenue amounting to DKK 89 million (DKK 62 million) for the third quarter, i.e. an increase of 44% versus prior year.

The German market grew by 33% in the third quarter versus the prior year (34% for the first nine months). Encepur market share was maintained at 27%, demonstrating strong recovery after the temporary stock-out situation in fourth quarter 2022.

For the first nine months Encepur revenue amounted to DKK 388 million (DKK 275 million), i.e. an increase of 41%.

Vivotif and Vaxchora

Revenue from sale of Vivotif in the third quarter was DKK 54 million and DKK 82 million for the first nine months¹.

Revenue from sale of Vaxchora in the third quarter was DKK 12 million and DKK 19 million for the first nine months¹.

Both Vivotif and Vaxchora have recently been re-launched with an ambition to drive combined annual peak revenue to a level of USD 100 million.

Third-party products

Revenue from sale of third-party products in the third quarter was DKK 52 million (DKK 11 million) and for the first nine months revenue from sale of third-party products amounted to DKK 133 million (DKK 64 million). The vast majority of third-party product revenue stems from the sale of Ixiaro.

Public preparedness

Revenue from sale of JYNNEOS/IMVANEX/IMVAMUNE in the third quarter was DKK 708 million (DKK 578 million) and includes revenue from ongoing contracts with the U.S. government as well as contracts entered with various other governments and organizations in response to the global mpox outbreak.

For the first nine months revenue from the sale of JYNNEOS/IMVANEX/IMVAMUNE amounted to DKK 2,890 million (DKK 695 million).

For the full year, Bavarian Nordic has signed contracts for JYNNEOS/IMVANEX/IMVAMUNE worth more than DKK 5,000 million. Hence, a significant portion of the planned deliveries in 2023 will occur in the fourth quarter 2023, primarily related to larger contracts with the U.S. and Canada.

Other revenue

Other revenue in the third quarter was DKK 30 million (DKK 15 million), mainly stemming from ongoing contracts with the U.S. government.

For the first nine months other revenue amounted to DKK 117 million (DKK 138 million). The higher revenue in 2022 was primarily related to an RSV milestone payment of DKK 83 million.

¹ Vivotif and Vaxchora were 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.

BUSINESS UPDATES

Travel health - integration of acquired assets.

After closing of the acquisition of the travel vaccine portfolio from Emergent BioSolutions in May 2023, a main priority for Bavarian Nordic has been to ensure an effective integration of the acquired business and assets into its existing infrastructure. In addition to integration of people, systems and processes, an essential part of this work is to take over marketing and distribution of the two marketed vaccines, Vivotif and Vaxchora. The first marketing authorizations have been successfully transferred and more than half of all submissions have been completed with near-term anticipated approval. Bavarian Nordic is working with the regulatory authorities in remaining markets with the aim to complete all submissions by the end of 2023.

Rightsizing of R&D organization

As part of the acquisition, Bavarian Nordic assumed R&D facility and personnel in San Diego, U.S., whose main priority was to continue the development of the chikungunya vaccine towards licensure. As part of a consolidation exercise, the R&D organization at both facilities in Munich and San Diego were sized according to the planned overall R&D activities at Bavarian Nordic. The rightsizing of the R&D organizations will generate annual run-rate cost reductions of approximately DKK 70 million.

Manufacturing operations

Operations at the manufacturing facility in Bern, Switzerland which was also part of the acquisition, remains unchanged. The facility performs end-to-end manufacturing of both Vivotif and Vaxchora and is furthermore ramping up production of the chikungunya vaccine as part of the preparations for commercial launch.

Mpox / smallpox

During the 2022/2023 global mpox outbreak, a series of contracts were entered with governments and organizations worldwide, mostly to fulfil the immediate demand for vaccination of risk groups, but some also resulting in longer-term commitments, in addition to the strong partnerships already in place with governments in the U.S. and Canada. These partnerships are primarily focused on stockpiling of vaccines for the nations' outbreak preparedness.

Revenue from the mpox/smallpox business remains largely dependent on governments' continued prioritization and commitment to building and maintaining these stockpiles. However, a private market is emerging following the national

recommendations for the use of JYNNEOS / IMVANEX in risk populations in the U.S and Germany.

Mpox vaccine recommended for routine use in the U.S.

In October, Bavarian Nordic's mpox vaccine received a recommendation from the U.S. Centers for Disease Control and Prevention's (CDC) Advisory Committee on Immunization Practices (ACIP) of the routine use of JYNNEOS in adults at risk of mpox infection in the U.S. Previously, ACIP recommended JYNNEOS for individuals at risk of mpox only during an outbreak. Pending approval of the updated recommendations, Bavarian Nordic is targeting a commercial launch of JYNNEOS in the U.S. in the first half of 2024. The recommendations follow a similar endorsement by the Standing Committee for Vaccination (STIKO) in Germany during 2022, and more recently the European AIDS Clinical Society (EACS) recommended the vaccine for adults infected with HIV, or on pre-exposure prophylaxis (PrEP) treatment, which may support additional national recommendations for the use of the vaccine in the future. These recommendations are recognizing the significance of maintaining a high awareness of the disease among risk groups and the importance of ensuring broader access to the vaccine.

New contracts entered during third quarter

The U.S. government ordered a significant number of vaccines for delivery in 2022 and 2023 for which existing bulk vaccine was used. This bulk, manufactured under previous contracts with the U.S., was originally intended for manufacturing a freeze-dried version of the vaccine and would thus need to be replaced in order to fulfil the freeze-dried contract.

During the third quarter, Bavarian Nordic received a new order valued at USD 120 million from the U.S. government, primarily for manufacturing of new bulk vaccine in 2023 to partly replenish the inventory. As result of this order, combined with other minor mpox vaccine orders secured during the quarter, the full year guidance was upgraded on August 3.

Subsequently, Bavarian Nordic also received a second smaller U.S. order valued at USD 5.5 million for additional bulk vaccine and final drug product in 2023.

The Company furthermore received a second contract to supply smallpox vaccines to rescEU, a strategic reserve within the EU. The order is valued at more than EUR 11 million and will be delivered in 2024 along with the EUR 10 million order received earlier this year.

PIPELINE PROGRESS

Chikungunya

Chikungunya represents an attractive opportunity for Bavarian Nordic's travel vaccine portfolio. This emerging and debilitating disease is caused by chikungunya virus, which is spread to people by infected mosquitoes. Symptoms include fever, joint pain, headache, muscle pain, joint swelling or rash, with some symptoms lasting months or even years. Chikungunya has been identified in more than 110 countries worldwide, and there is currently no licensed vaccine to prevent chikungunya virus.

Bavarian Nordic's virus-like particle (VLP)-based chikungunya vaccine candidate, CHIKV VLP (PXVX0317) was part of the acquisition from Emergent BioSolutions in May 2023.

Two Phase 3 trials of CHIKV VLP were reported in June and August 2023 respectively.

Both studies met their primary endpoints, 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 these 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 healthy 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 47% and 97% of the subjects at 1 or 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.

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

In continuation of the Phase 3 study in healthy adults and adolescents, a new Phase 3 study ([NCT06007183](#)) was initiated in August to evaluate the safety and long-term immunogenicity of a single dose of CHIKV VLP in up to 5 years after vaccination and to evaluate antibody responses after a booster vaccination with CHIK VLP administered 3, 4, or 5 years post-initial vaccination with CHIKV VLP. The study is planned to enroll 800 participants from the previous study ([NCT05072080](#)).

OTHER MATTERS

Signing of revolving credit facility

Bavarian Nordic has signed a revolving credit facility (RCF) agreement with Nordea and Danske Bank as equal partners. The facility is for DKK 1 billion and the size of the agreement is as per the Company's request. The facility has a maturity date three years after the effective date, with options to extend two times for one year, subject to approval from both banks.

The agreement is prepared for becoming sustainability linked (SLL) and in the first half 2024, Bavarian Nordic will work towards linking the facility to ESG targets set by the Company and in alignment with the banks.

Nordea has acted as Coordinator and Documentation agent and Danske Bank as Facility Agent. Further, Danske Bank will advise on the sustainability linkage.

Obtaining this facility is a strong recognition that Bavarian Nordic has become a bankable business. The facility is intended to provide additional financial flexibility, e.g., to absorb fluctuations in working capital or to handle periodic significant milestone payments related to previous acquisitions.

Appointment of board observer

The Board of Directors has appointed Ms. Montse Montaner Picart as observer to the board with the intent to nominate her for election at the annual general meeting in April 2024.

Ms. Picart is former and the first Chief Sustainability Officer of Novartis where she has held various leading positions. She has more than 30 years of industry and executive experience, demonstrating a proven track record in sustainability, compliance, operations excellence, and business transformation, and has received several recognitions for her leadership in driving sustainable organizations.

Ms. Picart currently serves as a board member of at Children's Tumor Foundation and is member of the advisory board and the executive council of O9 Solutions, Inc, scientific advisor at Nordic Capital and Sustainability Fellow at Deloitte.

Equine encephalitis

Bavarian Nordic has an ongoing partnership with the U.S. Department of Defense (DOD) to develop MVA-BN® WEV, a prophylactic vaccine candidate against Western, Eastern and Venezuelan equine encephalitis virus.

After having concluded a Phase 1 clinical trial, Bavarian Nordic was awarded a contract by the DOD of up to USD 83 million in December 2022 to advance the 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, further non-clinical studies, process development and manufacturing of clinical trial material. Options under this contract are valued at USD 28 million and could support Phase 3 preparations.

The base contract was increased to USD 64 million in August 2023, primarily due to higher non-clinical costs associated with the development.

Preparations are ongoing to initiate the Phase 2 study in 2024.

Developments in the share capital

There were no changes in the share capital during the third quarter of 2023.

By September 30, 2023, Bavarian Nordic's share capital was DKK 779,286,040, comprising 77,928,604 shares of a nominal value of DKK 10 each.

Financial calendar 2024

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 - September 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 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 and integrated into the Company's current U.S. entity. See [note 19](#) "Acquisition of businesses" for further information.

Write-down of ABNCoV2 development program

Following the Phase 3 results announced in August, where ABNCoV2 demonstrated a reduced level of neutralizing antibodies against a circulating variant, the asset no longer represents a commercial opportunity for Bavarian Nordic and therefore Management has decided to fully write-down all assets and liabilities related to the development program. The net write-down amounts to DKK 558 million and has been recognized as an impairment loss and included as part of the research and development costs. In note 20, a summarized income statement and a summarized financial position highlights how the write-down has impacted the interim report. As part of the net write-down, current accounts payable and accrual for committed and projected costs of DKK 321 million has been included and this amount reflects the expected negative future cash flow from the development program.

Revenue

Revenue for the period was DKK 4,615 million (DKK 1,860 million). Revenue was composed of DKK 1,375 million (DKK 963 million) from sales of Rabipur/RabAvert and Encepur, DKK 2,890 million (DKK 695 million) from sale of JYNNEOS/IMVANEX/IMVAMUNE, DKK 101 million (DKK 0 million) from sale of Vaxchora and Vivotif (included from May 15, 2023), DKK 133 million (DKK 94 million) from sale of third-party products (DUKORAL, IXIARO and HEPLISAV-B), and finally DKK 117 million (DKK 25 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 September 30, 2023, was DKK 1,376 million (DKK 1,004 million).

Production costs

Production costs totaled DKK 1,626 million (DKK 1,107 million). Costs related directly to revenue amounted to DKK 1,235 million (DKK 568 million), of which cost of goods sold totaled DKK 1,150 million (DKK 554 million). Contract costs totaled DKK 85 million (DKK 14 million). Amortization of product rights was recognized as part of the production costs with a total of DKK 219 million (DKK 205 million). Amortization of product rights mainly relates to Rabipur/RabAvert and Encepur, DKK 205 million (DKK 205 million), whereas amortization of Vivotif and Vaxchora amounted to DKK 14 million (DKK 0 million). Other production costs totaled DKK 172 million (DKK 335 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 third quarter of 2023, production costs were DKK 535 million (DKK 384 million).

Sales and distribution costs

Sales and distribution costs totaled DKK 235 million (DKK 136 million) split between costs for distribution of products of DKK 43 million (DKK 19 million) and costs for running the commercial organization and activities of DKK 192 million (DKK 117 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.

Research and development costs

Research and development costs totaled DKK 1,782 million (DKK 650 million), adjusted for the impairment losses of DKK 558 million the total costs amounted to DKK 1,224 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 85 million (DKK 14 million) recognized as production costs, see [note 5](#).

Administrative costs

Administrative costs totaled DKK 382 million (DKK 249 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 36 million.

EBIT/EBITDA

Income before interest and tax (EBIT) was a gain of DKK 590 million, compared to a loss of DKK 282 million in the first nine months of 2022. Adjusted for the impairment losses of DKK 558 million the EBIT for the first nine months of 2023 would have amounted to DKK 1,148 million.

EBITDA was a profit of DKK 1,552 million (gain of DKK 14 million). Amortization of product rights amounted to DKK 219 million (DKK 205 million) whereas depreciation on other fixed assets amounted to DKK 185 million (DKK 91 million). The increase in depreciations relates to the Bern production site and depreciations on the rebuilt plant in Kvistgaard. The impairment losses on ABNCoV2 development program amounted to DKK 558 million.

Financial items

Financial items totaled a net expense of DKK 5 million (net expense of DKK 205 million) and consisted of interest income of DKK 26 million (DKK 0 million), net gains on derivative financial instruments DKK 15 million (net loss of DKK 11 million), financial income from securities of DKK 32 million (net expense of DKK 194 million), and net foreign exchange rate gain of DKK 19 million (gain of DKK 23 million) due to increase in USD exchange rate. This is partly offset by interest expense on debt of DKK 9 million (DKK 16 million) and net value adjustment of deferred consideration of DKK 87 million (DKK 7 million) from the acquisition of Encepur and Rabipur/RabAvert and Vivotif and Vaxchora.

The net value adjustment of deferred consideration, amounting to DKK 87 million (DKK 7 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 53 million), currency adjustments of DKK 21 million expense (expense of DKK 0 million) and unwinding of the discounting

effect related to deferred consideration of DKK 73 million (DKK 60 million), see note 6 and 7.

Income before company tax was a gain of DKK 585 million (loss of DKK 487 million).

Tax

Tax on income was DKK 11 million (DKK 10 million) and relates to taxes in subsidiaries. The effective tax rate is close to 2% for the Group as no tax has been recognized for the Parent Company due to a substantial non-recognized tax asset which can be utilized to reduce future income tax payables.

After the acquisition from Emergent BioSolutions, 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 28 million relates to Bavarian Nordic Berna GmbH, Swiss subsidiary acquired from Emergent BioSolutions.

Net profit

For the first nine months of 2023, Bavarian Nordic reported a net gain of DKK 574 million (net loss of DKK 497 million). Adjusted for the impairment losses of DKK 558 million the net profit would have amounted to DKK 1,132 million.

Product rights

Product rights recognized in the balance sheet totaled DKK 5,281 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, 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

After the write-down of the ABNCoV2 development program acquired rights and development in progress only consist of the acquired chikungunya Phase 3 study and stood at DKK 876 million (DKK 1,013 million as of December 31, 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 write-down of the ABNCoV2 development program amounted to DKK 1,403 million and included 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 774 million (see [note 14](#)).

Prepayments

Cost related to scale-up activities at the CMO to prepare for future production of drug substance for commercial launch of ABNCoV2 has previously been recognized as non-current prepayments. But following the discontinuation of the ABNCoV2 development program these prepayments have been impaired and recognized as part of the impairment loss for ABNCoV2 with DKK 236 million. At year-end 2022 these prepayments stood at DKK 193 million.

As part of the scale-up activity future commercial batches were produced at the CMO. Since the ABNCoV2 product was not yet approved the costs for this production, DKK 221 million (DKK 132 million as of December 31, 2022), have been recognized as current prepayments. These prepayments have also been

impaired and recognized as part of the impairment loss for ABNCoV2.

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 September 30, 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 1,506 million as of September 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 1,506 million (DKK 1,741 million as of December 31, 2022).

Cash flow

Cash flow generated by operating activities was positive by DKK 534 million (positive by DKK 3 million) following an EBITDA of DKK 1,552 million. Working capital increased by DKK 1,046 million (increased by DKK 47 million) due to inventory build-up and increased trade receivable position compared to December 31, 2022.

Cash flow from investment activities was negative by DKK 802 million (negative by DKK 291 million). Cash used for acquisition of subsidiaries and product rights from Emergent BioSolutions, amounted to DKK 1,835 million and investment in ABNCoV2 development asset amounted to DKK 390 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 723 million (DKK 405 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 was positive by DKK 455 million (positive by DKK 117 million).

Equity

The Group's equity as of September 30, 2023, stood at DKK 9,336 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. 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 2,078 million. The deferred consideration consists of likely milestone payments to GlaxoSmithKline dependent on operational steps in the ongoing technology transfer of the Encepur and Rabipur related production activities.

The net present value of probable future development milestone payments to Emergent BioSolutions, for the chikungunya development asset amounts to DKK 525 million and has been recognized as deferred consideration.

As part of the ABNCoV2 write-down the previous recognized deferred consideration of DKK 596 million has been reduced to DKK 74 million, reflecting the most likely milestone scenario. The

revaluation of the deferred consideration is offsetting the impairment losses on the development asset.

Prepayment and loan from Government

The Group secured DKK 800 million in financing for the ABNCoV2 development program from the Danish Ministry of Health. Repayment of the financing is conditional upon regulatory approval of the vaccine and upon commercial success. Management assesses that regulatory approval cannot be obtained as regulators (e.g. FDA, EMA and WHO) request variant-adapted COVID vaccines updated annually; a requirement which ABNCoV2 cannot meet. Based on this assessment the received financing has been reclassified from a financial liability to a conditional grant received. The grant has been recognized in the income statement partly offsetting the impairment losses on the development asset, see note 20.

Debt to credit institutions

As of September 30, 2023, debt to credit institutions amounted to DKK 18 million and consists 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 part of a collective foundation in which other plans of non-related employers also

participate, and the different plans all participate in the various risks relating to the foundation.

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 at a revenue of approximately DKK 6,900 million and an EBITDA of approximately DKK 2,300 million.

This assumes that a smaller part of the previously announced smallpox/mpox orders will likely be delivered in first half of January 2024 rather than second half of December due to expected delivery schedules. The effect of this is compensated by a continued strong travel health business.

FINANCIAL STATEMENTS

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

DKK thousand	Note	1/7 - 30/9 2023	1/7 - 30/9 2022	1/1 - 30/9 2023	1/1 - 30/9 2022	1/1-31/12 2022
Revenue	<u>3</u>	1,376,400	1,003,565	4,615,080	1,860,320	3,150,793
Production costs	<u>4</u>	514,368	383,752	1,626,494	1,107,248	1,449,531
Gross profit		862,032	619,813	2,988,586	753,072	1,701,262
Sales and distribution costs		96,609	50,243	234,613	135,559	212,932
Research and development costs	<u>5</u>	980,175	360,122	1,781,822	649,783	1,183,092
Administrative costs		111,309	81,482	382,247	249,494	376,023
Total operating costs		1,188,093	491,847	2,398,682	1,034,836	1,772,047
Income before interest and tax (EBIT)		(326,061)	127,966	589,904	(281,764)	(70,785)
Financial income	<u>6</u>	38,087	9,033	97,461	91,030	78,537
Financial expenses	<u>7</u>	46,537	117,655	102,738	296,398	339,363
Income before company tax		(334,511)	19,344	584,627	(487,132)	(331,611)
Tax on income for the period		6,136	7,236	10,828	9,873	15,771
Net profit for the period		(340,647)	12,108	573,799	(497,005)	(347,382)
Earnings per share (EPS) - DKK						
Basic earnings per share of DKK 10		(4.4)	0.2	7.5	(7.1)	(4.9)
Diluted earnings per share of DKK 10		(4.4)	0.2	7.5	(7.1)	(4.9)

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

DKK thousand	1/7 - 30/9 2023	1/7 - 30/9 2022	1/1 - 30/9 2023	1/1 - 30/9 2022	1/1-31/12 2022
Net profit for the period	(340,647)	12,108	573,799	(497,005)	(347,382)
Items that might be reclassified to the income statement:					
Exchange rate adjustments on translating foreign operations	8,912	30,250	5,557	19,915	7,002
Change in fair value of financial instruments entered into to hedge future cash flows	(30,791)	(2,493)	(50,243)	(25)	33,245
Other comprehensive income after tax	(21,879)	27,757	(44,686)	19,890	40,247
Total comprehensive income	(362,526)	39,865	529,113	(477,115)	(307,135)

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

DKK thousand	1/1 - 30/9 2023	1/1 - 30/9 2022	1/1-31/12 2022
Net profit for the period	573,799	(497,005)	(347,382)
Adjustment for non-cash items:			
Financial income	(97,461)	(91,030)	(78,537)
Financial expenses	102,738	296,398	339,363
Tax on income for the period	10,828	9,873	15,771
Depreciation, amortization and impairment losses	961,615	296,121	399,247
Share-based payment	41,395	33,429	49,284
Changes in inventories	(691,356)	(111,171)	(439,029)
Changes in receivables	(691,712)	(153,688)	(133,167)
Changes in provisions	387	-	-
Changes in current liabilities	337,089	217,693	423,407
Cash flow from operations (operating activities)	547,322	620	228,957
Received financial income	42,660	18,216	18,552
Paid financial expenses	(47,943)	(13,824)	(24,244)
Paid company taxes	(8,280)	(2,409)	(3,212)
Cash flow from operating activities	533,759	2,603	220,053
Investments in products rights	-	3,595	(594,920)
Investments in other intangible assets	(519,614)	(279,483)	(425,411)
Investments in property, plant and equipment	(213,648)	(295,047)	(361,244)
Cash used for acquisition of businesses	(1,835,449)	-	-
Investments in/disposal of financial assets	(42,468)	(126,940)	(169,460)
Investments in securities	(8,929)	(380,460)	(414,613)
Disposal of securities	1,818,260	787,552	1,088,243
Cash flow from investment activities	(801,848)	(290,783)	(877,405)
Payment on loans	(1,105,076)	(1,617)	(374,339)
Proceeds from loans	240,000	400,000	1,003,661
Repayment of lease liabilities	(24,070)	(16,115)	(21,981)
Proceeds from warrant programs exercised	21,459	32,087	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	722,617	404,966	635,820
Cash flow of the period	454,528	116,786	(21,532)
Cash as of 1 January	575,407	591,820	591,820
Currency adjustments 1 January	2,247	10,040	5,119
Cash end of period	1,032,182	718,646	575,407

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

DKK thousand	Note	30/9 2023	30/9 2022	31/12 2022
Assets				
Product rights		5,281,232	4,708,129	4,639,895
Acquired rights and development in progress		875,947	897,233	1,013,484
Software		15,134	16,352	14,768
Intangible assets in progress		363,035	242,805	274,490
Intangible assets	14	6,535,348	5,864,519	5,942,637
Land and buildings		930,523	329,491	630,138
Leasehold improvements		21,424	16,357	24,765
Plant and machinery		402,279	236,382	321,745
Fixtures and fittings, other plant and equipment		706,259	215,314	511,195
Assets under construction		235,243	846,457	196,130
Property, plant and equipment		2,295,728	1,644,001	1,683,973
Right-of-use assets	15	85,711	70,613	67,433
Other receivables		12,176	5,310	5,086
Prepayments		7,327	164,793	207,537
Financial assets		19,503	170,103	212,623
Deferred tax assets		1,747	-	-
Total non-current assets		8,938,037	7,749,236	7,906,666
Inventories	8	1,739,948	591,214	919,072
Trade receivables	9	1,162,322	654,282	523,145
Tax receivables		84	-	-
Other receivables	10	20,178	26,177	43,263
Prepayments		32,423	32,513	153,934
Receivables		1,215,007	712,972	720,342
Securities	16, 17	474,064	2,522,932	2,269,759
Cash and cash equivalents		1,032,182	718,646	575,407
Securities, cash and cash equivalents		1,506,246	3,241,578	2,845,166
Total current assets		4,461,201	4,545,764	4,484,580
Total assets		13,399,238	12,295,000	12,391,246

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

DKK thousand	Note	30/9 2023	30/9 2022	31/12 2022
Equity and liabilities				
Share capital		779,286	706,943	707,354
Treasury shares		(1,537)	(1,463)	(1,463)
Retained earnings		8,426,317	6,131,979	6,300,575
Other reserves		131,797	120,371	143,521
Equity		9,335,863	6,957,830	7,149,987
Deferred consideration for product rights		1,025,592	2,392,272	2,324,657
Prepayment and loan from Government		-	564,616	566,420
Debt to credit institutions	<u>11</u>	15,592	17,280	17,008
Retirement benefit obligations		56,375	-	-
Deferred tax liabilities		27,794	-	-
Lease liabilities	<u>15</u>	50,952	49,524	45,834
Non-current liabilities		1,176,305	3,023,692	2,953,919
Deferred consideration for product rights		1,651,039	761,622	287,436
Debt to credit institutions	<u>11, 16</u>	1,923	874,372	1,105,583
Lease liabilities	<u>15</u>	37,625	23,998	24,487
Prepayment from customers	<u>12</u>	-	19,327	-
Trade payables		793,693	381,904	605,928
Company tax		7,611	6,663	6,337
Other liabilities	<u>13</u>	395,179	245,592	257,569
Current liabilities		2,887,070	2,313,478	2,287,340
Total liabilities		4,063,375	5,337,170	5,241,259
Total equity and liabilities		13,399,238	12,295,000	12,391,246

Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods September 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	-	-	573,799	-	-	-	573,799
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	5,557	-	-	5,557
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	(50,243)	-	(50,243)
Total comprehensive income for the period	-	-	573,799	5,557	(50,243)	-	529,113
Transactions with owners							
Share-based payment	-	-	-	-	-	45,000	45,000
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	-	-	32,962	1,656,763
Equity as of September 30, 2023	779,286	(1,537)	8,426,317	(18,000)	(18,349)	168,146	9,335,863

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	-	-	(497,005)	-	-	-	(497,005)
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	19,915	-	-	19,915
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	(25)	-	(25)
Total comprehensive income for the period	-	-	(497,005)	19,915	(25)	-	(477,115)
Transactions with owners							
Share-based payment	-	-	-	-	-	37,580	37,580
Warrant program exercised	2,259	-	39,049	-	-	(9,221)	32,087
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	2,259	(351)	40,076	-	-	18,294	60,278
Equity as of September 30, 2022	706,943	(1,463)	6,131,979	(10,644)	(1,376)	132,391	6,957,830

NOTES

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|--|---|
| 1. Significant accounting policies | 13. Other liabilities |
| 2. Significant accounting estimates, assumptions and uncertainties | 14. Intangible assets |
| 3. Revenue | 15. Right-of-use assets and lease liabilities |
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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 September 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, except for the write-down of the ABNCoV2 development program.

DKK thousand	1/7 - 30/9 2023	1/7 - 30/9 2022	1/1 - 30/9 2023	1/1 - 30/9 2022	1/1-31/12 2022
3. Revenue					
JYNNEOS/IMVANEX/IMVAMUNE	707,533	577,719	2,889,718	694,503	1,730,472
Rabipur/RabAvert	431,876	337,931	987,018	688,863	879,341
Encepur	89,281	61,957	387,838	274,976	298,736
Vivotif	54,110	-	81,606	-	-
Vaxchora	11,968	-	18,992	-	-
Other product sale	51,822	11,366	132,939	94,101	108,496
Sale of goods	1,346,590	988,973	4,498,111	1,752,443	3,017,045
Milestone payments	-	-	-	83,048	83,048
Contract work	29,810	14,592	116,969	24,829	50,700
Sale of services	29,810	14,592	116,969	107,877	133,748
Revenue	1,376,400	1,003,565	4,615,080	1,860,320	3,150,793
Total revenue includes: Fair value adjustment concerning financial instruments entered into to hedge revenue	7,212	-	7,212	-	-
4. Production costs					
Cost of goods sold	380,439	206,848	1,150,516	554,073	644,683
Contract costs	20,322	9,229	84,809	13,974	19,889
Amortization product rights	78,989	68,234	219,041	204,701	512,024
Other production costs	34,618	99,441	172,128	334,500	272,935
Production costs	514,368	383,752	1,626,494	1,107,248	1,449,531
5. Research and development costs					
Research and development costs occurred in the period	442,814	369,351	1,308,948	663,757	1,202,981
Of which:					
Contract costs recognized as production costs	(20,322)	(9,229)	(84,809)	(13,974)	(19,889)
Impairment loss of ABNCoV2 development program	557,683	-	557,683	-	-
Research and development costs	980,175	360,122	1,781,822	649,783	1,183,092
<i>Impairment loss of ABNCoV2 development program</i>					
Acquired rights and development in progress	1,403,264	-	1,403,264	-	-
Intangible assets in progress	26,224	-	26,224	-	-
Prepayments	456,551	-	456,551	-	-
Prepayment and loan from Government	(806,420)	-	(806,420)	-	-
Deferred consideration	(521,936)	-	(521,936)	-	-
Impairment loss of ABNCoV2 development program	557,683	-	557,683	-	-
For further information refer to note 20 .					
6. Financial income					
Financial income from bank and deposit contracts	10,354	-	25,571	27	26
Interest income from financial assets measured at amortized cost	10,354	-	25,571	27	26
Financial income from securities	3,320	6,409	11,628	15,312	19,543
Fair value adjustments on securities	(1,382)	-	19,900	-	-
Adjustment of deferred consideration due to change in estimated timing of payments	(306)	26,222	6,509	52,541	54,390
Net gains on derivative financial instruments at fair value through the income statement	-	(8,921)	15,087	-	-
Net foreign exchange gains	26,101	(14,677)	18,766	23,150	4,578
Financial income	38,087	9,033	97,461	91,030	78,537

DKK thousand	1/7 - 30/9 2023	1/7 - 30/9 2022	1/1 - 30/9 2023	1/1 - 30/9 2022	1/1-31/12 2022
7. Financial expenses					
Interest expenses on debt	2,035	7,143	9,067	15,614	16,640
Interest expenses on financial liabilities measured at amortized cost	2,035	7,143	9,067	15,614	16,640
Fair value adjustments on securities	-	81,921	-	209,190	190,301
Unwinding of the discounting effect related to deferred consideration	27,843	17,676	73,187	59,647	103,049
Currency adjustment deferred consideration	16,659	(1,001)	20,484	31	11,597
Net loss on derivative financial instruments at fair value through the income statement	-	11,916	-	11,916	17,776
Financial expenses	46,537	117,655	102,738	296,398	339,363

DKK thousand	30/9 2023	30/9 2022	31/12 2022
8. Inventories			
Raw materials and supply materials	561,178	163,955	206,211
Work in progress	895,195	300,112	641,183
Manufactured goods and commodities	468,506	252,475	234,097
Write-down on inventory	(184,931)	(125,328)	(162,419)
Inventories	1,739,948	591,214	919,072
Write-down on inventory 1 January	(162,419)	(172,941)	(172,941)
Write-down during the period	(42,612)	(6,579)	(78,101)
Use of write-down	20,100	45,055	46,031
Reversal of write-down	-	9,137	42,592
Write-down end of period	(184,931)	(125,328)	(162,419)

9. Trade receivables			
Trade receivables from JYNNEOS/IMVANEX/IMVAMUNE	593,067	226,590	329,897
Trade receivables from Encepur and Rabipur/RabAvert	540,849	391,292	167,332
Trade receivables from Vivotif and Vaxchora	18,885	-	-
Trade receivables from other product sale	169	-	-
Trade receivables from contract work	9,352	36,400	25,916
Trade receivables	1,162,322	654,282	523,145

10. Other receivables			
Receivable VAT and duties	14,615	16,873	-
Derivative financial instruments at fair value	1,737	1,854	31,894
Interest receivables	3,806	7,450	11,369
Other receivables	20	-	-
Other receivables	20,178	26,177	43,263

11. Debt to credit institutions			
Mortgage	17,515	19,457	18,930
European Investment Bank (loan in DKK)	-	372,195	-
Security lending (repo transactions)	-	500,000	1,103,661
Debt to credit institutions	17,515	891,652	1,122,591

DKK thousand	30/9 2023	30/9 2022	31/12 2022
12. Prepayment from customers			
Prepayments from customers as of January 1	-	16,904	16,904
Prepayments received during the period	-	2,423	-
Recognized as revenue during the period	-	-	(16,904)
Prepayments from customers end of period	-	19,327	-
13. Other liabilities			
Financial instruments at fair value	20,086	11,684	8,302
Liability relating to phantom shares	(424)	17,729	11,102
Payable salaries, holiday accrual etc.	175,989	73,793	107,952
Gross to net deduction accrual	189,133	123,237	97,679
Other accrued costs	10,395	19,149	22,319
Payable VAT and duties	-	-	10,215
Other liabilities	395,179	245,592	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	-	389,746	3,159	115,547	508,452
Transfer	-	-	2,023	(2,023)	-
Additions from acquisition of businesses	860,379	875,981	9,775	1,212	1,747,347
Exchange rate adjustments	-	-	160	33	193
Cost as of September 30, 2023	6,319,079	2,279,211	121,211	389,259	9,108,760
Amortization and impairment losses as of January 1, 2023	818,805	-	91,326	-	910,131
Amortization	219,042	-	9,089	-	228,131
Additions from acquisition of businesses	-	-	5,568	-	5,568
Impairment losses	-	1,403,264	-	26,224	1,429,488
Exchange rate adjustments	-	-	94	-	94
Amortization and impairment losses as of September 30, 2023	1,037,847	1,403,264	106,077	26,224	2,573,412
Carrying amount as of September 30, 2023	5,281,232	875,947	15,134	363,035	6,535,348

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	431	7,476	-	7,907
Additions from acquisition of businesses	41,943	-	-	41,943
Modifications	(285)	-	-	(285)
Disposals	(7,415)	-	-	(7,415)
Depreciations	(21,394)	(4,170)	(304)	(25,868)
Reversal depreciations	701	-	-	701
Exchange rate adjustments	1,273	22	-	1,295
Right-of-use assets as of September 30, 2023	73,721	11,720	270	85,711

Lease liabilities

DKK thousand	30/9 2023
Non-current	50,952
Current	37,625
Lease liabilities	88,577

Amounts included in the income statement

DKK thousand	1/1 - 30/9 2023
Interest expense leases	2,019
Depreciation recognized on right-of-use assets	25,868
Cost recognized for short term leases (less than 12 months)	17,799

In the first nine months of 2023 the total cash outflow relating to lease was DKKt 26,089 split between interests of DKKt 2,019 and repayment of DKKt 24,070.

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	30/9 2023	30/9 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 September 30, 2023

DKK thousand	Level 1	Level 2	Total
Securities	474,064	-	474,064
Financial assets measured at fair value through the income statement	474,064	-	474,064
Derivative financial instruments to hedge future cash flow (currency)	-	(20,086)	(20,086)
Derivative financial instruments to hedge future cash flow (interest)	-	1,737	1,737
Financial assets/liabilities used as hedging instruments	-	(18,349)	(18,349)
Liability relating to phantom shares	-	424	424
Financial liabilities measured at fair value through the income statement	-	424	424

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 September 30, 2023**

	Outstanding as of January 1	Warrants exercised	Annulled	Terminated	Trans- ferred	Outstanding as of September 30
Corporate Management	725,932	-	-	-	-	725,932
Other Executive Management	429,550	(23,000)	-	-	-	406,550
Other employees	1,982,127	(80,541)	(39,630)	-	(1,175)	1,860,781
Resigned employees	514,398	(42,848)	-	-	1,175	472,725
Total	3,652,007	(146,389)	(39,630)	-	-	3,465,988
Weighted average exercise price	231	147	254	-	-	235
Weighted average share price at exercise		191				
Numbers of warrants which can be exercised as of September 30, 2023						721,255
at a weighted average exercise price of DKK						145

The total recognized cost of the warrant programs was DKK 35.8 million in the first nine months of 2023 (DKK 29.7 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. 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 acquisition further 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 and are integrated into Bavarian Nordic's current U.S. entity.

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 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.

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.

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	41,943
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	(41,943)
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. Impact from write-down of ABNCoV2

Following the Phase 3 results announced in August, where ABNCoV2 demonstrated a reduced level of neutralizing antibodies against a circulating variant, the asset no longer represents a commercial opportunity for Bavarian Nordic and therefore Management has decided to fully write-down all assets and liabilities related to the development program.

DKK thousand	Income statement including write-down	ABNCoV2 write-down	Income statement excluding write-down
Revenue	4,615,080	-	4,615,080
Production costs	1,626,494	-	1,626,494
Gross Profit	2,988,586	-	2,988,586
- Sales and distribution costs	234,613	-	234,613
- Research and development costs	1,781,822	557,683	1,224,139
- Administrative costs	382,247	-	382,247
Total operating costs	2,398,682	557,683	1,840,999
Income before interest and tax (EBIT)	589,904	(557,683)	1,147,587
EBITDA	1,551,519	-	1,551,519
Net Profit	573,799	(557,683)	1,131,482
DKK thousand	Financial position including write-down	ABNCoV2 write-down	Financial position excluding write-down
Intangible assets	6,535,348	1,429,488	7,964,836
Property, plant and equipment	2,295,728	-	2,295,728
Right-of-use assets	85,711	-	85,711
Financial assets	19,503	235,711	255,214
Deferred tax assets	1,747	-	1,747
Total non-current assets	8,938,037	1,665,199	10,603,236
Inventories	1,739,948	-	1,739,948
Receivables	1,215,007	220,840	1,435,847
Securities, cash and cash equivalents	1,506,246	-	1,506,246
Total current assets	4,461,201	220,840	4,682,041
Total Assets	13,399,238	1,886,039	15,285,277
Equity	9,335,863	557,683	9,893,546
Deferred consideration	2,676,631	521,936	3,198,567
Other non-current liabilities	150,713	806,420	957,133
Other current liabilities	1,236,031	-	1,236,031
Total equity and liabilities	13,399,238	1,886,039	15,285,277

The net write-down of ABNCoV2 development program amounted to DKK 558 million and consist of the following components:

- Intangible assets DKK 1,429 million: Includes the upfront payment to AdaptVac of DKK 33 million, the net present value of probable future sales/development milestones DKK 596 million, capitalized development costs for running Phase 2 study and Phase 3 study DKK 774 million and DKK 26 million in capitalized scale-up activities in Kvistgaard.
- Financial assets DKK 236 million: Relates to incurred cost for scale-up activities at the CMO for preparation for commercial launch.
- Receivables DKK 221 million: Commercial batches produced at CMO as part of the process qualification process.
- Deferred consideration DKK 522 million: As part of the ABNCoV2 write-down the previous recognized deferred consideration of DKK 596 million has been reduced to DKK 74 million, reflecting the most likely milestone scenario.
- Other non-current liabilities DKK 806 million: The obtained funding from Danish Ministry of Health has been reclassified from an obligation to a grant received. The amount includes DKK 6 million in amortized cost.

21. 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.

22. Significant events after the balance sheet date

On October 25, 2023, Bavarian Nordic announced that its mpox vaccine received a recommendation from the U.S. Centers for Disease Control and Prevention's (CDC) Advisory Committee on Immunization Practices (ACIP) for routine use in adults at risk of mpox infection.

23. 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 November 16, 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 September 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 September 30, 2023, and the results of the group's activities and cash flows for the period January 1 to September 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, November 16, 2023

Corporate Management:



Paul John Chaplin
President & CEO



Henrik Juuel
Executive Vice President & CFO

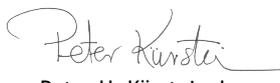
Board of Directors:



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