Annual Report 2023

Protecting our tomorrow

Bavarian Nordic A/S
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BAVARIAN NORDIC

Front cover

Aedes albopictus - the tiger mosquito, which can transmit the chikungunya and dengue viruses, is widely spread in the tropics, but has also in recent years started to establish itself further northwards and westwards in Europe as warmer climate, heat waves and floods are making the continent increasingly hospitable. In 2023, the mosquito was established in 13 countries and 337 regions in the EU/EEA. In 2013, these numbers were 8 and 114 respectively[1].

[1] European Centre for Disease Prevention and Control: Increasing risk of mosquito-borne diseases in EU/EEA following spread of Aedes species. June 2023. https://www.ecdc.europa.eu/en/news-events/increasing-risk-mosquito-borne-diseases-eueea-following-spread-aedes-species.

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Introduction

Letter from the Chair and the CEO

A remarkable year

2023 was in many ways a remarkable year for Bavarian Nordic. We more than doubled our revenue and delivered the best financial results in our history by protecting more lives through the distribution of our vaccines. The financial result was driven by a 49% increase in our travel health business combined with an extraordinary surge in deliveries of our smallpox/mpox vaccine to governments worldwide following the unprecedented outbreak of mpox.

With the resurgence in travel and greater vaccine awareness, we now see that our base commercial business, driven by travel health and public preparedness, is expected to be maintained at a new high with an attractive growth potential allowing Bavarian Nordic to drive value to all stakeholders through improving public health. By having a highly effective mpox/smallpox vaccine in our portfolio not only significantly contributes to our base business but allows us to respond to future public preparedness needs, such as a resurgence in mpox cases, that will contribute to more value to stakeholders through protecting additional vulnerable lives.

Luc Debruyne
Chair of the Board of Directors

These outstanding results are a resounding endorsement of the commercial strategy, which we launched in 2020 with an aim to transform Bavarian Nordic from an R&D-driven company, focused on government contracting with a single product, into one of the largest pure play vaccine companies. An important element of this strategy was the diversification of our commercial products, which has made us more resilient to market challenges and the less predictable government business within public preparedness.

Driven by two strategic acquisitions over the past four years, we have established ourselves as a global leader in travel vaccines – an area where we see multiple drivers of growth. First and foremost, there has been a rebound in international travel which is now looking to surpass the pre-COVID levels. Our products Rabipur and Encepur sold more in 2023 than ever before, and with the transfer of manufacturing of both vaccines to our facilities nearing completion in 2025, we will achieve the flexibility and scale that allows us to fulfil the demand and reinforce our competitive position in the market, while contributing to future margin improvements. The two new products, Vivotif and Vaxchora, that were added to our portfolio in 2023, were unfortunately withdrawn from the market during COVID-19 and we are now focused on relaunching both vaccines to maximize their true potential.

During 2022 and 2023, we saw an extraordinary demand from public health authorities for our smallpox/mpox vaccine, which has helped to protect populations at risk in more than 70 countries globally.

While mpox has not gone away, the global surge demand is decreasing. However, health authorities in several regions have recommended routine use of our vaccine in risk populations and we are planning a commercial launch in the US during the first half of this year. While the US and Canada remain our single largest customers, we have seen an increase in commitment from other countries, including a framework agreement with the EU, which has helped to establish a new, higher base business for the mpox/smallpox franchise. We also continue a close dialogue with the public authorities around the world to ensure we remain prepared in the event of mpox resurgence, and we continue to support existing and new customers in building and maintaining their smallpox preparedness.

The pipeline activities last year depict the nature of R&D, as we strive to bring new innovative lifesaving vaccines to the market. We experienced both disappointment and the closure of the RSV and COVID-19 programs, but also groundbreaking data and the promise of a new vaccine launch for the chikungunya vaccine in 2025. Value-creation through innovation remains a priority for Bavarian Nordic. A clear focus will be to maintain the existing commercial products through life-cycle management, that allows us to stay competitive and build the market-leading positions for our vaccines. We will also develop new assets focusing on infectious diseases which remain core to our commercial business and will discontinue all developments in immuno-oncology.


Paul Chaplin
President and CEO

Through the acquisition in 2023, we have reinforced our organization and presence globally. In addition to the acquired vaccines, we also took over a manufacturing facility in Switzerland, an R&D facility in the US and a specialty sales force which complemented our existing commercial setup. Nearly 300 employees joined Bavarian Nordic and we are now more than 1,400 employees, whose dedication and expertise have had a huge significance for the strong results delivered in 2023. Our increased global presence has strengthened our access to international talent, enabling us to further grow and diversify our employee base, which we consider an important contribution to the continued success of Bavarian Nordic.

As we witness the impact our vaccines have on global health, we are reminded of the importance of what we do. Vaccines can truly make a difference, and they remain one of most efficient health interventions globally. This is one of our core contributions to a more sustainable future. We are however also aware that we must take further responsibility as a vaccine manufacturer. That is why we are now increasing our commitment to reduce our climate impact. From 2023, we have started to report on our scope 3 emissions, which will help us to better analyze our impact throughout the entire value chain, and in 2024, we will lay the groundwork for defining a Net Zero target. We have defined further ambitions to support a more sustainable journey, and we invite you to learn more about our performance and initiatives on these matters in our sustainability report.

The 2023 results and outlook for 2024 and beyond clearly demonstrate our ability to combine our heritage in vaccine development and manufacturing with commercial excellence and create a company uniquely positioned for addressing future healthcare needs. As we continue our growth journey, we would like to extend our thanks to our shareholders for their continued trust and support.

Luc Debruyne
Chair of the
Board of Directors

Paul Chaplin
President and CEO

A pioneering force in vaccines

– expanding our reach and impact through life-changing solutions

Protecting lives every day is an essential part of our DNA in Bavarian Nordic, and we aspire to develop vaccines that address unmet medical needs for the greater good of the global society.

Our successful commercial transformation

Building on three decades of excellence in vaccine research, development, and manufacturing, we have accelerated our growth through strategic product acquisitions and expansion of our organization to include a full, global commercial infrastructure.

Through this commercial transformation, we have established Bavarian Nordic as one of the largest pure play vaccine companies with a leading global position in travel vaccines, while continuing to strengthen our position as a preferred partner to governments on public preparedness.

Since 2020, we have successfully transformed Bavarian Nordic into one of the largest pure-play vaccine companies

Three decades of excellence in R&D and vaccine manufacturing culminating in a successful transformation over the last five years...

- R&D
- End-to-end, large-scale vaccine manufacturing
- Global commercial operations with dedicated salesforce and distribution in strategic markets

...creating a focused and profitable vaccine specialty company with a strong platform for further growth

- Leading commer-cialized portfolio of travel vaccines
- A preferred partner to governments on vaccines for public preparedness

Global and diverse organization with 1,400+ employees, skilled in life-sciences

Saving and improving lives by unlocking the power of the immune system

Bavarian Nordic at a glance

In recent years, Bavarian Nordic has undergone a huge transformation by expanding our global commercial presence and manufacturing footprint and creating one of the world's largest pure play vaccine companies.

We have established a diverse portfolio of in-house developed and acquired products addressing infectious diseases across the globe. Our commercial vaccines are available in more than 30 countries, and through our partnerships with governments and international organizations, we are working to increase the availability of important vaccines to improve public preparedness in even more countries.

Our vaccines

We are a leading supplier of travel vaccines and a preferred partner with governments on vaccines for public preparedness.

Disease areas	Brand names	
Public preparedness		
Smallpox	JYNNEOS® / IMVAMUNE® / IMVANEX®	
Mpox		
Travel health		
Rabies	Rabipur® / RabAvert®	
Tick-borne encephalitis	Encepur®	
Cholera	Vaxchora®	
Typhoid	Vivotif®	
Hepatitis B	Heplisav-B®	Third-party products marketed and distributed by Bavarian Nordic
Cholera	Dukoral®	
Japanese encephalitis	Ixiaro®	

Vaccines and climate change

Climate change is a reality, and for all of us a wake-up call that something must be done to mitigate the risk and impact for future generations. Our role in this endeavor as a vaccine company is two-fold: We seek to minimize our impact on the climate and the environment through sustainable operations and a commitment to Net Zero emissions by 2050.

Our focus on sustainability goes hand in hand with our recognition of the critical role that vaccines play in mitigating the adverse effects of climate change on human health. By preventing the spread of infectious diseases, vaccines contribute to healthier populations, reducing the burden on healthcare systems and promoting resilience in the face of environmental challenges.

More than

50%

of all infectious diseases are made worse by climate change[1]

[1] Mora, C., McKenzie, T., Gaw, I.M. et al. Over half of known human pathogenic diseases can be aggravated by climate change. *Nat. Clim. Chang.* **12**, 869–875 (2022).

2023 highlights

New products

Acquisition of travel health portfolio from Emergent BioSolutions.

A strategic expansion of our travel health business with complimentary assets and growth potential, that included two commercial products and a late-stage infectious disease vaccine candidate.

Phase 3

Three Phase 3 trials concluded:

- Successful Phase 3 results for chikungunya vaccine candidate paves the way for potential commercial launch in 2025
- RSV vaccine development terminated after unsuccessful Phase 3 trial
- COVID-19 vaccine development terminated as the regulators, EMA and FDA, could not accept a submission for licensure, despite successful Phase 3 trial

10M

Delivered more than 10 million vaccine doses.

We continued to expand our impact on global health by supplying our vaccines to more than 40 countries.

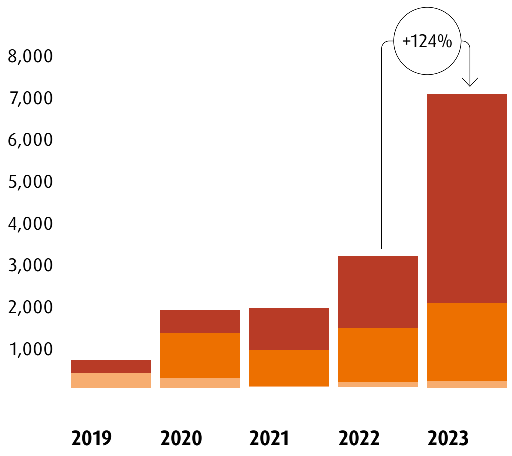
1,400

Grew organization by 41%.

Our organization continued to grow as result of our acquisition combined with organic growth, and we are now more than 1,400 employees worldwide.

Revenue, mDKK

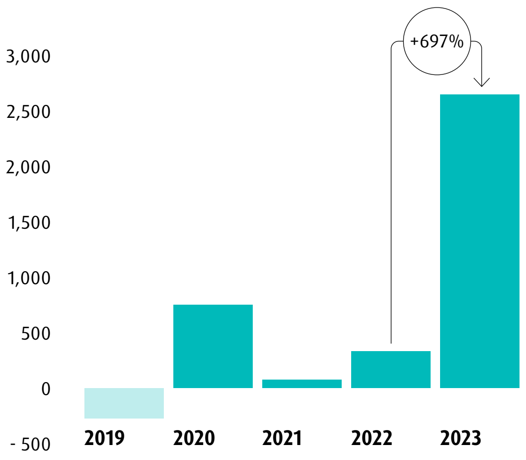
7,062



EBITDA, mDKK

2,615

EBITDA-margin 37%



Public Preparedness Travel Health Other income

Performance

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Group key figures

DKK million	2023	2022	2021	2020	2019
Income statement					
Revenue	7,062	3,151	1,898	1,852	662
Production costs	2,459	1,450	1,328	1,195	355
Sales and distribution costs	332	213	192	286	53
Research and development costs	2,228	1,183	399	341	409
Administrative costs	541	376	293	278	173
Income before interest and tax (EBIT)	1,503	(71)	(314)	380	(328)
Financial items, net	(20)	(261)	(141)	(98)	(16)
Income before company tax	1,483	(332)	(454)	282	(345)
Net result for the year	1,475	(347)	(465)	278	(347)
Balance sheet					
Total non-current assets	8,950	7,907	7,336	6,378	6,392
Total current assets	5,403	4,485	4,754	2,381	655
Total assets	14,353	12,391	12,089	8,759	7,047
Equity	10,340	7,150	7,492	4,894	1,865
Non-current liabilities	1,225	2,954	2,806	2,912	3,134
Current liabilities	2,788	2,287	1,909	952	2,047
Cash Flow Statement					
Securities, cash and cash equivalents	1,867	2,845	3,717	1,670	472
Cash flow from operating activities	1,119	220	(116)	572	(276)
Cash flow from investment activities	(946)	(877)	(2,877)	(1,912)	(810)
- Investment in intangible assets	(835)	(1,020)	(575)	(484)	(2,311)
- Investment in property, plant and equipment	(143)	(361)	(483)	(223)	(360)
- Acquisition of businesses	(1,832)	-	-	-	-
- Net investment in securities	1,864	674	(1,779)	(1,202)	1,861
Cash flow from financing activities	736	636	3,536	1,335	1,115

DKK million	2023	2022	2021	2020	2019
Financial Ratios[1)]					
EBITDA	2,615	328	75	740	(271)
Earnings (basic) per share of DKK 10	19.2	(4.9)	(5.5)	5.1	(10.7)
Net asset value per share	132.4	101.1	106.3	83.7	57.6
Share price at year-end	177	213	269	187	171
Share price/Net asset value per share	1.3	2.1	2.5	2.2	3.0
Number of outstanding shares at year-end (thousand units)	78,098	70,735	70,468	58,450	32,389
Equity share	72%	58%	61%	56%	26%
Number of employees, converted to full-time, at year-end	1,379	975	759	690	491

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)	1,503	(71)	(314)	380	(328)
Depreciation and amortization (note 9)	554	399	388	344	57
Impairment losses (note 9)	558	-	1	16	-
EBITDA	**2,615**	**328**	**75**	**740**	**(271)**

Strong performance in 2023

In 2023, Bavarian Nordic generated revenues of DKK 7,062 million (DKK 3,151 million) compared to the latest guidance of DKK 6,900 million. The improved revenue results from mainly better rabies vaccine sales and secondly increased revenue from smallpox/mpox vaccine sales.

EBITDA was an income of DKK 2,615 million (income of DKK 328 million) compared to latest guidance of DKK 2,300 million. The higher revenue, and a favorable product mix combined with general cost-conscious behavior drove the improved result.

Comparative figures for 2022 are shown in brackets.

Actual results compared to guidance

DKK million	**2023E** 15-Feb	**2023E** 03-Aug	**2023** Actual[1]
Revenue	6,000	6,900	7,062
EBITDA	2,200	2,300	2,615

[1] The actual and audited results were in line with the preliminary results, reported on February 21, 2024

Travel Health

Revenue from the Travel Health business increased by 49% to DKK 1,877 million (DKK 1,257 million), driven by organic growth, strong brand performance and expansion of the portfolio through the acquisition completed in May 2023.

Rabipur/RabAvert

Revenue from Rabipur/RabAvert increased by 32% to DKK 1,161 million (DKK 879 million), driven by continued and significant market growth in the two largest markets, US and Germany combined with strong brand performance in these markets, where we maintained our leading market positions, with market shares of 70% and 93% over the year respectively.

Encepur
Revenue from Encepur increased by 40% to DKK 417 million (DKK 299 million), largely driven by strong growth in the German market, where our market share was maintained at 27% over the year, demonstrating strong recovery after the temporary stock-out situation in fourth quarter 2022.

Vivotif
Revenue from sale of Vivotif was DKK 119 million, covering only the period from May 15, 2023 when the acquisition of the product from its former owner was completed.

Vaxchora
Revenue from sale of Vaxchora was DKK 24 million, covering only the period from May 15, 2023 when the acquisition of the product from its former owner was completed.

Third-party products
Revenue from the sale of third-party products (DUKORAL and IXIARO and HEPLISAV-B) increased by 99% to DKK 157 million (DKK 79 million), partly reflecting the general market growth, but 2023 also represented the first full year of performance, as sale of the products only began over the course of 2022.

Public Preparedness

Revenue from Public Preparedness increased by 190% to DKK 5,027 million (DKK 1,730 million), solely ascribed to our smallpox/mpox vaccine, for which demand was extraordinary due to the global mpox outbreak commenced in 2022.

JYNNEOS/IMVAMUNE/IMVANEX
Revenue from the sale of JYNNEOS/IMVAMUNE/IMVANEX was DKK 5,027 million (DKK 1,730 million) and included revenues from contracts with the US government, the Canadian government, the European Union as well as contracts entered with various other governments and organizations.

Other revenue

Other revenue totaled DKK 158 million (DKK 164 million) solely related to ongoing contracts with the U.S. government. In 2022, other revenue also included an upfront milestone payment of DKK 83 million related to our RSV program and DKK 30 million from the sale of bulk drug substance for the Ebola vaccine to Janssen.

Revenues by quarter

mDKK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	FY 2022	YOY change
Travel Health							
Rabipur/RabAvert	243	313	432	173	1,161	879	32%
Encepur	87	211	89	30	417	299	40%
Vivotif	-	27	54	38	119	-	N/A
Vaxchora	-	7	12	5	24	-	N/A
Third-party products	43	38	52	24	157	79	99%
Total	**373**	**596**	**639**	**269**	**1,877**	**1,257**	**49%**
Public Preparedness							**190%**
JYNNEOS/IMVAMUNE/IMVANEX	848	1,334	708	2,137	5,027	1,730	190%
Total	**848**	**1,334**	**708**	**2,137**	**5,027**	**1,730**	**190%**
Other revenue	**31**	**56**	**30**	**41**	**158**	**164**	**-4%**
Total	**1,252**	**1,987**	**1,376**	**2,447**	**7,062**	**3,151**	**124%**

Financial review

The financial review is based on the Group's consolidated financial information for the year ended December 31, 2023, with comparative 2022 figures for the Group in brackets. There is no significant difference in the development of the Group and the Parent Company (except if noted specifically below).

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 31 "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 the dominant currently circulating variant, the asset no longer represents a commercial opportunity for Bavarian Nordic as the regulators, EMA and FDA, could not accept a submission for licensure. 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 32, a summarized income statement and a summarized financial position highlights how the write-down has impacted the Annual Report.

Income statement

Revenue
Revenue for the year was DKK 7,062 million (DKK 3,151 million).

In the Parent Company revenue was DKK 130 million (DKK 212 million) lower than in the Group as sale of RabAvert in the US and Rabipur and Encepur in Switzerland is handled by the subsidiaries which is also the case for part of the sale of Vivotif and Vaxchora. The internal sale from the Parent Company to the subsidiaries is made under a commissionaire transfer pricing setup. The variance in revenue between Group and Parent Company is influenced by phasing of both external and internal sale.

Production costs
Production costs amounted to DKK 2,459 million (DKK 1,450 million). Costs related directly to revenue amounted to DKK 1,735 million (DKK 665 million) of which cost of goods sold totaled DKK 1,608 million (DKK 645 million).

Other production costs totaled DKK 426 million (DKK 512 million) of which net write-downs of inventory amounted to DKK 40 million compared to DKK 36 million in 2022. The write-down mainly relates to Process Performance Qualification (PPQ) batches for chikungunya. The PPQ batches can be used for future commercial sale and the write-down will be reversed at the time of expected approval of the chikungunya vaccine. Write-down of RSV materials (DKK 35 million) following the discontinuation of the Phase 3 study is recognized as research and development costs. Other production costs for 2023 includes idle capacity at the production site in Bern amounting to approximately DKK 125 million. The bulk manufacturing facility in Kvistgaard was shut down for a year during 2021/2022 due to the expansion of the facility for future production of Rabipur/RabAvert and Encepur. This shutdown resulted in a limited absorption of indirect production costs for the first three quarters of 2022.

The product rights to Rabipur/RabAvert and Encepur are amortized over 20 years with an annual amortization of DKK 273 million. The product rights for Vivotif and Vaxchora are amortized over 20 years, starting from the acquisition date May 15, 2023. The amortization amounted to DKK 25 million in 2023. Amortization of product rights are recognized as production costs.

Sales and distribution costs
The sales and distribution costs amounted to DKK 332 million (DKK 213 million) split between costs for distribution of products of DKK 59 million (DKK 37 million) and costs for running the commercial organization and activities of DKK 273 million (DKK 176 million). The increase in distribution costs is linked to the high sale of smallpox/mpox vaccines, whereas the increase in sales costs follows the expansion of our business by the acquisition of activities from Emergent BioSolutions.

7,062 mDKK
Revenue

2,615 mDKK
EBITDA

2,228 mDKK
Research and development costs

2,459 mDKK
Production costs

Research and development costs
The total research and development spending was DKK 2,228 million (DKK 1,183 million), adjusted for the impairment losses of DKK 558 million the total costs amounted to DKK 1,670 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 127 million (DKK 85 million) recognized as production costs. The impairment losses of DKK 558 million related to ABNCoV2 includes research and development costs of DKK 390 million (DKK 280 million) capitalized during the year.

Administrative costs
Administrative costs totaled DKK 541 million (DKK 376 million), an increase of DKK 165 million compared to last year. Transaction costs related to the acquisition from Emergent BioSolutions were expensed by DKK 64 million and the acquisition furthermore added some extra employees in support functions. Cost related to the integration of the new activities amounted to DKK 57 million.

EBIT/EBITDA
Income before interest and tax (EBIT) was an income of DKK 1,503 million (loss of DKK 71 million).

EBITDA was an income of DKK 2,615 million (income of DKK 328 million). Amortization of product rights amounted to DKK 298 million (DKK 273 million) whereas depreciation on other fixed assets amounted to DKK 256 million (DKK 126 million). Impairment losses related to ABNCoV2 development program amounted to DKK 558 million.

Financial income and financial expenses
Financial income was DKK 113 million (DKK 79 million) and consisted primarily of income from bank and deposit contracts, DKK 40 million (DKK 0 million) and income from securities, DKK 45 million (DKK 20 million).

Financial expenses were DKK 132 million (DKK 339 million) and consisted of interest expenses on debt, DKK 4 million (DKK 17 million), unwinding of the discount related to deferred consideration DKK 102 million (DKK 103 million), other financial expenses DKK 11 million (DKK 0 million) and net foreign exchange losses DKK 15 million (DKK 0 million). The other financial expenses related mainly to obtaining a bridge loan for the Emergent transaction and the revolving credit facility.

The net value adjustment of deferred consideration was an expense of DKK 86 million (DKK 60 million), consisting of three components: Unwinding* of the discount related to deferred consideration, adjustment of deferred consideration due to change in estimated timing, and currency adjustments.

For further details on financial income and expenses see note 11 and 12 →

In the Parent financial statements, the financial income was DKK 160 million (DKK 113 million) and included interests on receivables from subsidiaries of DKK 49 million (DKK 30 million). The financial expenses were DKK 141 million (DKK 341 million) and included interest expense on payables to subsidiaries of DKK 10 million (DKK 3 million).

Income before company tax was an income of DKK 1,483 million (loss of DKK 332 million).

* The deferred consideration for product rights is measured at net present value and the difference between the net present value and the amounts due is recognized in the income statement as a financial expense over the period until expected payment date using the effective interest method.

Tax on income for the year

Tax on the income for the year was an expense of DKK 8 million (DKK 16 million) and related primarily to taxes paid in Bavarian Nordic GmbH.

The parent company had a net profit for the year of DKK 1,441 million (net loss of DKK 342 million), but a taxable income of DKK 83 million after depreciation of tax assets and use of tax losses carried forward.

Despite the positive result for 2023, management still assess that the remaining deferred tax asset should remain at DKK 0 million on the balance sheet.

Following the tax position in the parent company the effective tax rate for the Group was positive by 0.5% (negative 4.8%). The Company retains the right to use the tax losses carried forward that was written down in prior years.

Net profit

The Group reported a net profit for the year of DKK 1,475 million (net loss of DKK 347 million).

Liquidity and capital resources

As of December 31, 2023, the Company had cash and cash equivalents of DKK 1,477 million (DKK 575 million) and held investments in securities of DKK 390 million (DKK 2,270 million). Year-end 2022 the Company had a repo loan position of DKK 1,104 million, which was settled during 2023. The net securities and cash position amounted to DKK 1,867 million (DKK 1,741 million).

The Company has obtained a revolving credit facility (RCF) agreement for DKK 1,000 million, the size of the agreement is as per the Company's request. The facility was undrawn as per December 31, 2023.

Cash flows

Cash flow from operating activities totaled a net contribution of DKK 1,119 million (net contribution of DKK 220 million) following the positive EBITDA of DKK 2,615 million (DKK 328 million). Net change in working capital was negative by DKK 1,551 million (negative by DKK 149 million) due to inventory build-up and a higher level of trade receivables following the higher sale and partly offset by higher trade payables.

Investment activities totaled DKK 946 million (DKK 877 million). Cash used for acquisition of business and product rights from Emergent BioSolutions amounted to DKK 1,832 million and investment in ABNCoV2 development asset amounted to DKK 390 million. Milestone payments to GSK and AdaptVac amounted to DKK 298 million (DKK 595 million). Investments in property, plant and equipment totaled DKK 143 million (DKK 361 million). The net divestment of securities contributed positively with DKK 1,902 million (cash contribution of DKK 674 million).

Cash flow from financing activities was a contribution of DKK 736 million (DKK 636 million), primarily from capital increase with a net proceed of DKK 1,599 million and funding received from the Danish Ministry of Health, DKK 240 million (DKK 400 million), partly offset by repayment of repo position (DKK 1,104 million).

The net cash flow for 2023 was positive by DKK 909 million (negative by DKK 22 million).

1,477 mDKK

Cash and cash equivalents

Balance sheet

The balance sheet total was DKK 14,353 million as of December 31, 2023 (DKK 12,391 million).

Assets
Intangible assets stood at DKK 6,482 million (DKK 5,943 million) with the main asset being the product rights to Rabipur/RabAvert, Encepur, Vivotif and Vaxchora of DKK 4,791 million (DKK 4,640 million). The acquisition of Vivotif and Vaxchora totaled DKK 450 million at initial recognition. Product rights are amortized on a straight-line basis over their expected useful lives of 10-20 years.

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 1,287 million (DKK 1,013 million). The chikungunya development asset consists of the initial calculated fair value of DKK 1,287 million, including the net present value of probable future development milestones, DKK 499 million.

The write-down of the capitalized ABNCoV2 development program costs 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 further in note 32.

Property, plant and equipment stood at DKK 2,328 million (DKK 1,684 million). The acquisition of the manufacturing facility in Bern contributed with an addition of DKK 681 million.

Inventories stood at DKK 1,644 million (DKK 919 million), of which the inventory of Rabipur/RabAvert and Encepur products amounted to DKK 948 million (DKK 578 million), mpox vaccines amounted to DKK 287 million, and Vivotif and Vaxchora products amounted to DKK 67 million, as per December 31, 2023.

Receivables stood at DKK 1,892 million (DKK 720 million), of which trade receivables amounted to DKK 1,778 million (DKK 523 million). The increase in trade receivables compared to year-end 2022 relates to sale of smallpox/mpox vaccines.

As of December 31, 2023, cash and securities stood at DKK 1,867 million (DKK 2,845 million).

Bavarian Nordic's cash and cash equivalents are primarily invested in deposit accounts with highly rated banks and in short-term Danish government and mortgage bonds.

Equity
After the transfer of the result for the year, equity stood at DKK 10,340 million (DKK 7,150 million). 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
The present value of the future milestone payments to GSK for the acquisition of the product rights has been recognized as deferred consideration. Deferred consideration amounted to DKK 1,873 million (DKK 2,021 million). One milestone of DKK 224 million to GSK was recognized during December 2023 with payment in January 2024. The adjustment of the net present value of the deferred consideration, both in terms of change in assumed timing of the future milestone payments and unwinding of the discount, amounted to DKK 72 million (DKK 53 million).

The deferred consideration to GSK does not include the sales milestone of EUR 25 million included in the asset purchase agreement with GSK as Management does not assess the sales milestone to be probable as of December 31, 2023.

The Purchase and Sale Agreement concluded with Emergent BioSolutions includes milestone payments totaling USD 80 million related to submission and approval of Biologics License Application (BLA) to FDA and Marketing Authorization Application to EMA for the chikungunya development asset.

At initial recognition, the net present value of probable future development milestone payments to Emergent BioSolutions amounted to DKK 499 million and was recognized as deferred consideration. The net present value as of December 31, 2023, amounted to DKK 504 million.

The Purchase and Sale Agreement also includes an earnout payment valued up to USD 30 million. The earnout payment relates to sale of Vivotif and Vaxchora. As per December 31, 2023, Management does not judge the sales milestone to be probable and therefore the earnout payment has not been recognized as deferred consideration.

As part of the ABNCoV2 write-down the previous recognized deferred consideration of DKK 596 million was 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. A final milestone was paid late 2023 and no deferred consideration remains at year-end 2023.

Prepayment and loan from Government
In August 2021, the Company entered a funding agreement with the Danish Ministry of Health to further advance the development of ABNCoV2. The agreement was valued at up to DKK 800 million and aimed to support the completion of the development towards licensure of ABNCoV2 as a booster vaccine.

Under the agreement, Bavarian Nordic was entitled to an upfront payment of DKK 80 million, in addition to payments of up to DKK 720 million, which were contingent upon reaching a number of predefined milestones including among others Phase 3 development milestones and milestones related to development and upscaling of manufacturing process for commercial production of the vaccine.

The Company received the full funding of DKK 800 million, of which DKK 240 million was received in 2023. ABNCoV2 met the primary endpoint in the Phase 3 trial, demonstrating non-inferiority against the mRNA comparator. However, additional tests showed that ABNCoV2 was not providing adequate protection against the latest mutated variants of the virus. After discussions with the European Medicines Agency, it was clear that ABNCoV2 could not be approved as a booster vaccine and that COVID-19 vaccines need to be constantly adapted to latest variants, which is not possible with ABNCoV2. Following this outcome, the obtained funding from the Danish Ministry of Health was reclassified from an obligation to a grant received, as the Company's vaccine candidate couldn't obtain a marketing authorization by the European Commission.

Debt to credit institutions
As of December 31, 2023, debt to credit institutions amounted to DKK 17 million (DKK 1,123 million) and consisted of a mortgage loan. The repo position amounting to DKK 1,104 million as of December 31, 2022, was 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 81 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 is a fully insured plan and therefore no obligation has been recognized.

Outlook for 2024

For 2024, Bavarian Nordic expects revenue of DKK 5,000-5,300 million and EBITDA of DKK 1,100-1,350 million.

The expected revenue is comprised of DKK 2,700–3,000 million from Public Preparedness vaccines, of which DKK 1,600 million have already been secured by contracts, approximately DKK 2,100 million from Travel Health vaccines and approximately DKK 200 million from contract work. Travel Health anticipates a 12% growth, driven by a mix of continued market growth and market share gains.

Key assumptions
Research and development costs of approximately DKK 850 million are expected, of which the chikungunya program represents nearly half.

Similarly, the chikungunya program will impact manufacturing costs negatively by approximately DKK 240 million due to manufacturing of drug substance batches as part of the preparations for commercial launch in 2025. Pending approval of the vaccine, it is expected that these costs will be reversed and capitalized in 2025. Adjusting the implicit 2024 EBITDA margin for this effect would give an EBITDA margin range of 27-30%.

Net working capital is expected to increase by approximately DKK 900 million due to final inventory build-up before completion of tech-transfer of rabies and TBE manufacturing. Other tangible investments of approximately DKK 300 million are expected.

Cash outflow in 2024 further includes milestone payments of DKK 1,800 million to GSK and Emergent BioSolutions.

The outlook is based on the following assumptions on currency exchange rates of DKK 6.90 per 1 USD and DKK 7.45 per 1 EUR.

Revenue, mDKK

5,000 – 5,300

EBITDA, mDKK

1,100 – 1,350

Sustainability

Pioneering vaccines for a sustainable future
Our focus on sustainability goes hand in hand with our recognition of the critical role that vaccines play in mitigating the adverse effects of climate change on human health. By preventing the spread of infectious diseases, vaccines contribute to healthier populations, reducing the burden on healthcare systems and promoting resilience in the face of environmental challenges.

We recognize that mitigating climate change is not just a moral imperative but also a necessity for the sustainability of our planet and the well-being of future generations. That's why, beyond climate goals, we are continuously investing in sustainable and efficient manufacturing processes to enhance our resource efficiency and minimize our environmental footprint.

We believe a commitment to developing a fully sustainable business is key to lasting success in global markets. Our quest to improve and protect lives and communities is driven by actions within the ESG framework. The priorities are embedded in our business strategy and plans for the coming years.

Environmental • Net Zero by latest 2050 • Reduced environmental footprint	✓ Scope 1 and emission reductions ✓ Scope 3 baseline is adopted ✓ Energy audits conducted ✓ Waste recycling focus	Define roadmap to achieve Net Zero carbon emission	Track the environmental impact across supply chain	Further investigate biodiversity and climate impact
Social • Access to vaccines • Positive impact on employees	✓ Human Rights Policy in place ✓ Continued focus on retention and a healthy and safe work environment	Development of an Endemic Market strategy	Track social impact across supply chain	Further implement 'Vision 0' for work-place safety culture
Governance • Business ethics compliance • Transparent business conduct	✓ Participant of Global UN Compact ✓ Joined the Pharmaceutical Supply Chain Initiative (PSCI)	Further enhance and develop supplier and business partner due diligence program	Explore alternatives to in-vivo testing	

Addressing the impact of climate change on people's health

Expanding access to vaccines

Fostering trust among stakeholders

Sustainability report 2023

Our progress on sustainability is reported in our sustainability report, which covers our reporting obligations cf. sections 99a and 107d of the Danish Financial Statements Act and Article 8 of the EU Taxonomy Regulation.

Read our Sustainability Report →

ESG key figures

Key figures for selected environmental social and governance areas in the table are provided in accordance with the recommendations set out in "ESG key figures in the annual report" from the Danish Finance Society / CFA Society Denmark, FSR – Danish Auditors, and Nasdaq Copenhagen.

The data has been subject to an independent auditor's review in the form of limited assurance. The Independent Auditor's Assurance Report can be found in our sustainability report.

Environmental data[1]	Unit	2023	2022	2021	2020	2019
CO_2e, scope 1	Tonnes	4,364	1,765	1,422	1,381	909
CO_2e, scope 2	Tonnes	6,318[2]	988	1,085	1,175	1,178
Energy consumption	GJ	136,066	53,325	42,577	45,110	34,137
Water consumption	m^3	33,835	21,772	17,023	19,170	14,770

Social data[1]	Unit	2023	2022	2021	2020	2019
Full-Time Workforce	FTEs	1,379	975	759	690	491
Gender Diversity[3]	%	56	59	61	61	N/A
Gender Diversity, Management	%	47	55	56	56	51
Employee Turnover Ratio	%	18	19	14	9	10
Sickness Absence[4]	Days per FTE	10	8	7	6	6

Governance data[5]	Unit	2023	2022	2021	2020	2019
Gender diversity, Board	%	29	20	29	29	29
Board meeting attendance rate	%	97	99	99	97	98
CEO pay ratio	Times	21	22	16	16	15

1 Data derived from the Company's sustainability reports 2019-2023, except for FTEs, which are based on the Group Key Figures on page 12.
2 From 2023, Scope 2 reporting is based on market-based emissions (methodology change).
3 Data not collected before 2020.
4 Sickness absence does not include offices in the USA and staff working remotely in Canada. For the years 2019-2021, the numbers include child sick days.
5 Data derived from the Company's annual reports 2019-2023, except for CEO pay ratio, which is presented in the 2023 remuneration report.

Our progress on sustainability is reported in our sustainability report, which covers our reporting obligations cf. sections 99a and 107d of the Danish Financial Statements Act and Article 8 of the EU Taxonomy Regulation

Contents

Strategy and business

Our way forward

Spurred by our ambitious growth strategy the past four years has positioned us favorably to further leverage the strong commercial presence, we have established in key markets.

With the recent acquisition from Emergent BioSolutions and the near-term completion of the technology transfer of manufacturing of previously acquired vaccines from GSK, we remain focused on the successful integration of these activities in the short term, but also on executing on our commercial strategy in pursuit of further growth and opportunities.

Deliver continued growth

Drive growth in Travel Health

Expand base business within Public Preparedness

Strong focus on organic growth supported by selective and synergistic M&A

Bring innovative solutions

Improve competitiveness of existing product portfolio through life-cycle management

Secure reliable supply

Develop new pipeline programs and platforms

Our focus and key growth drivers

Rabies/TBE
Continued market growth driven by increased travel.

Continued strong brand performance through dedication and focus.

Geographical expansion of own distribution.

Typhoid/cholera
Relaunch typhoid and cholera vaccines via our existing commercial platform.

CHIKV
Expected launch of CHIKV vaccine candidate in 2025.

Mpox
Commercial launch of the vaccine in the US in 2024.

Markets and products

Deliver continued growth

A global leader in travel vaccines

The travel vaccine market has seen a significant rebound since the dramatic decrease during the COVID-19 pandemic. It is estimated that in 2024, global travel will surpass the pre-COVID level (2019). However, during 2023, we have already seen higher sales of our vaccines in certain areas, exceeding this level.

The continued organic market growth combined with our efforts to build and expand the markets, including the forthcoming anticipated launch of a new vaccine against chikungunya in 2025 are the drivers to support our primary goal to drive growth in our leading position within travel health, where we expect an annual growth rate (CAGR) of 10-12% in the years 2024-2027.

Rabies
Our rabies vaccine, marketed as Rabipur® or RabAvert®, is market-leading in Western markets, where it is sold in 20 countries. In Europe, it is predominantly a travel vaccine (pre-exposure) for those travelling to countries where rabies is endemic and represents a risk. In the US, which is also the single-largest market, the vaccine is mostly sold for post-exposure use, i.e. for individuals potentially at risk after being bitten or scratched by animals known to carry the disease.

The uptake of rabies vaccines for travelers to endemic regions remains low and represents a good opportunity for Bavarian Nordic to expand the market through disease awareness campaigns.

Tick-borne encephalitis (TBE)
Our TBE vaccine, Encepur®, is available in 14 European countries where we are market challenger in key markets with Germany representing our largest single-market. Tick-borne encephalitis (TBE) is prevalent in central, eastern and northern Europe and the geographic range of the virus appears to have expanded to new areas, likely due to a complex combination of changes in diagnosis and surveillance, human activities and socioeconomic factors, and ecology and climate.

Typhoid
Our typhoid vaccine, Vivotif®, was added to our portfolio during 2023 as part of the acquisition from Emergent BioSolutions. We are in the phase of relaunching the product in key markets, focused on establishing the vaccine as the optimal choice for individuals who prefer an oral medication.

Cholera
Our cholera vaccine, Vaxchora®, was also added to our portfolio during 2023 as part of the acquisition from Emergent BioSolutions. It is the only FDA-licensed vaccine for the prevention of cholera and our focus is similar to Vivotif on relaunching the product in key markets (USA) as well as expanding our reach to markets in Europa, where the vaccine is also approved in more than 25 countries.

Chikungunya
The chikungunya vaccine candidate, CHIKV VLP, represents a significant future asset for Bavarian Nordic's travel health portfolio. Based upon the successful Phase 3 results reported in 2023, we plan to submit applications for regulatory approval in the US and Europe in 2024, to support potential launch of the vaccine in 2025 as second to the market, which is expected to reach annual estimated value of USD 500 million in a few years.

Markets and products

A preferred partner to governments on vaccines for public preparedness

For more than a decade, we have been a trusted partner to governments on their smallpox preparedness with USA and Canada as key customers. Building on the recent mpox outbreak, we continue to expand our partnerships to enable that nations remain prepared in the future against both smallpox and mpox.

Smallpox/mpox

Our vaccine, JYNNEOS® (also marketed as IMVAMUNE® and IMVANEX®), is a non-replicating vaccine approved for both smallpox and mpox in the US, Canada and Europe.

We continue to work with not only our key customers, USA and Canada, to supply our vaccine to their national stockpiles under existing contract, but also to expand our customer base, thus adding to the increase base of this business.

In response to the global mpox outbreak in 2022, we supplied the vaccine to more than 70 countries, including countries where the vaccine did not have regulatory approval, but was accepted under national emergency provisions.

During the outbreak, the vaccine was provided to at-risk populations via vaccination campaigns facilitated by the public health authorities. While this approach has generally worked well during the outbreak, a significant proportion of the people at risk have not received the vaccine.

In October 2023, U.S. CDC Advisory Committee on Immunization Practices (ACIP) recommended the routine use of JYNNEOS® in adults at risk of mpox infection. This has opened for the opportunity to launch the vaccine for the private market, which we intend to do in 2024. Other countries have made similar recommendations, potentially enabling a future commercial market for the vaccine outside USA.

Innovation

Innovation remains a cornerstone for Bavarian Nordic's success. We have a strong heritage in the discovery and development of novel vaccines. However, as part of our commercial transformation, our research and development efforts now go beyond that. Our growing portfolio of commercial vaccines increases the need for staying competitive, complying with regulations and adapting to market dynamics. Hence, a significant part of our resources is dedicated to life-cycle management of the products to ensure sustained profitability.

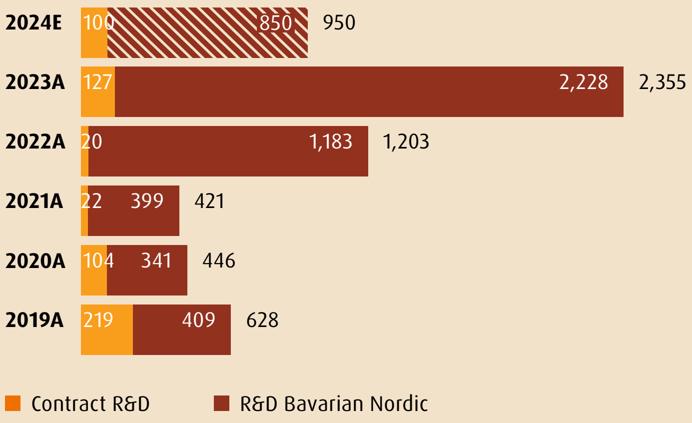
The clinical development of our chikungunya vaccine also remains a high priority to support a successful commercial launch, pending approval in 2025.

Finally, we continue our strong partnership with the US government in the development of the fully funded program for an equine encephalitis vaccine.

Investments in R&D significantly lowered
While the planned investments in R&D in 2024 have been significantly lowered, the increased focus on life-cycle management combined with activities to support launch of the chikungunya vaccine will drive a higher R&D base in the short term compared to historical levels. R&D costs in 2022 and 2023 were significantly higher due to running two large Phase 3 trials.

R&D investments in 2019A – 2024E

DKK million



Bring innovative solutions

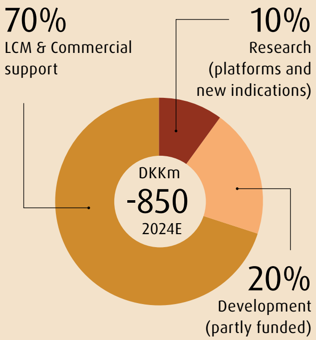
Our focus and key growth drivers

Life-cycle management
Defend and build positions for growing commercial portfolio.

Commercial launch of chikungunya vaccine
Submission of BLA and MAA in 2024 to support approval and launch in US and Europe in 2025.

Early development
Disciplined approach to the discovery and early development of new platforms and vaccine candidates.

Allocation of R&D in 2024



Innovation

Bring innovative solutions

Life-cycle management

Until 2020, where we launched our commercial transformation strategy, our smallpox vaccine was the only product in our portfolio and was only sold to a few governments. Now, the portfolio has grown significantly, and we are operating in commercial markets where competitive edge is becoming increasingly important for success. By continuous improvement and differentiation of our products, we retain the ability to defend and increase our market shares.

Hence, R&D activities to support the life cycle of our products are increasing. In 2024, we are forecasting total R&D costs of DKK 850 million of which approximately 70% are allocated to life-cycle management, which includes activities within areas such as:

- Label extensions (e.g. new indication, new population, new data)
- New presentation formats
- Geographical expansions (approvals in new territories)
- Manufacturing process improvements to increase yield and lower cost of goods sold (COGS)
- Maintenance of registration in various territories

Current focus for life-cycle management of existing products

Life-cycle management

Shelf-life extension
- Smallpox/mpox
- Typhoid

In Vivo to In Vitro potency
- Rabies
- TBE

Booster projects
- Chikungunya
- TBE

Geographical expansion
- Smallpox/mpox
- Chikungunya
- TBE
- Cholera

Label expansion
- Rabies
- TBE

Innovation

Clinical programs

Chikungunya

Positive Phase 3 results reported in 2023, moving forward towards licensure.

Our chikungunya vaccine candidate, CHIKV VLP (PXVX0317), was part of the acquisition in 2023. During the year, we reported positive topline results from two pivotal Phase 3 clinical trials, evaluating the vaccine in more than 3,600 individuals aged 12 years and above.

Both studies met their primary endpoints, demonstrating that CHIKV VLP induced high levels of neutralizing antibodies against chikungunya, with antibody titers equal to or above the threshold agreed with authorities as a marker of seroprotection. The vaccine candidate was well-tolerated across both studies and adverse events were mainly mild or moderate in nature.

Based on these promising results, we expect to submit 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.

In 2023, we also initiated a Phase 3 study 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. The study is planned to enroll 800 participants aged 12 to 64 years of age from the previous Phase 3 study.

→ Read more about the vaccine candidate

Equine encephalitis

A fully funded program leveraging the proven MVA-BN platform technology.

The development program for MVA-BN® WEV, a multi-valent vaccine candidate against the rare, but potentially deadly mosquito-borne equine encephalitis viruses (western, eastern and Venezuelan), is funded by the U.S. Department of Defense (DOD) with contracts awarded to date amounting to nearly USD 120 million. Under these contracts, Bavarian Nordic has completed the Phase 1 clinical development and is planning to initiate a Phase 2 clinical study in 2024. The contract also includes options to support Phase 3 preparations if warranted by the clinical results.

→ Read more about the vaccine candidate

Our R&D facilities

Bring innovative solutions

Martinsried, Germany

San Diego, CA, USA

Innovation

Manufacturing

In 2024, Bavarian Nordic celebrates its 20th year as a vaccine manufacturer. The Kvistgaard site, which today represents the single-largest site of the Company was taken over in 2004 and completely repurposed for production of our MVA-BN vaccines. We have routinely manufactured smallpox/mpox vaccines since 2010 and have subsequently expanded the site significantly to handle production of other vaccines and established end-to-end manufacturing, which has enabled us to bring most of our production needs in-house.

Most recently, we established an additional manufacturing line, which will allow us to manufacture Rabipur/RabAvert and Encepur, thus completing the five-year transition plan that was agreed with GSK upon our acquisition of the vaccines in 2020. In 2024, we will perform the last steps of qualification of these processes, allowing for regulatory submissions in 2025, upon which we will fully assume the commercial manufacturing of both products. This will provide more flexibility to meet supply demands as well as lower the cost of goods sold for both products.

Another priority for our Kvistgaard site during 2024 will be the manufacturing of freeze-dried smallpox vaccines under our contract with the US government. The sudden, increase demand for our vaccine during the mpox outbreak has postponed activities related to the approval of the freeze-dried version, but we expect to submit the application for a supplement BLA (Biologics License Application) to the FDA in 2024 and subsequently initiated manufacturing of the contracted doses.

Through our recent acquisition from Emergent BioSolutions, we added more than 60 years of vaccine manufacturing experience as we took over the Thörishaus facility near Bern, Switzerland, where the oral vaccines, Vivotif (typhoid) and Vaxchora (cholera) are manufactured. The facility will also house the manufacturing of the chikungunya vaccine and throughout 2024, preparations will continue to support a successful launch, pending approval in 2025.

In addition to our own dedicated facilities, we have established a global network of manufacturing partners to assist us with certain production tasks.

Our manufacturing facilities

Bring innovative solutions

Kvistgaard, Denmark
Products
- JYNNEOS/IMVAMUNE/IMVANEX (smallpox/mpox)
- Rabipur/RabAvert (rabies)
- Encepur (tick-borne encephalitis)

Thörishaus, Switzerland
Products
- Vivotif (typhoid)
- Vaxchora (cholera)
- Chikungunya vaccine (not yet approved)

Contents

Corporate information

Governance

The Board of Directors

Bavarian Nordic is managed in a two-tier structure composed of the Board of Directors ("the Board") and the Executive Management. The Board is responsible for the overall strategic management and the financial and managerial supervision of Bavarian Nordic, as well as for regular evaluation of the work of the Executive Management. In addition, the Board supervises the Company in a general sense and ensures that it is managed in an adequate manner and in accordance with applicable law and the Company's articles of association.

The Board discharges its duties in accordance with the rules of procedure of the Board, which are reviewed and updated by all members of the Board.

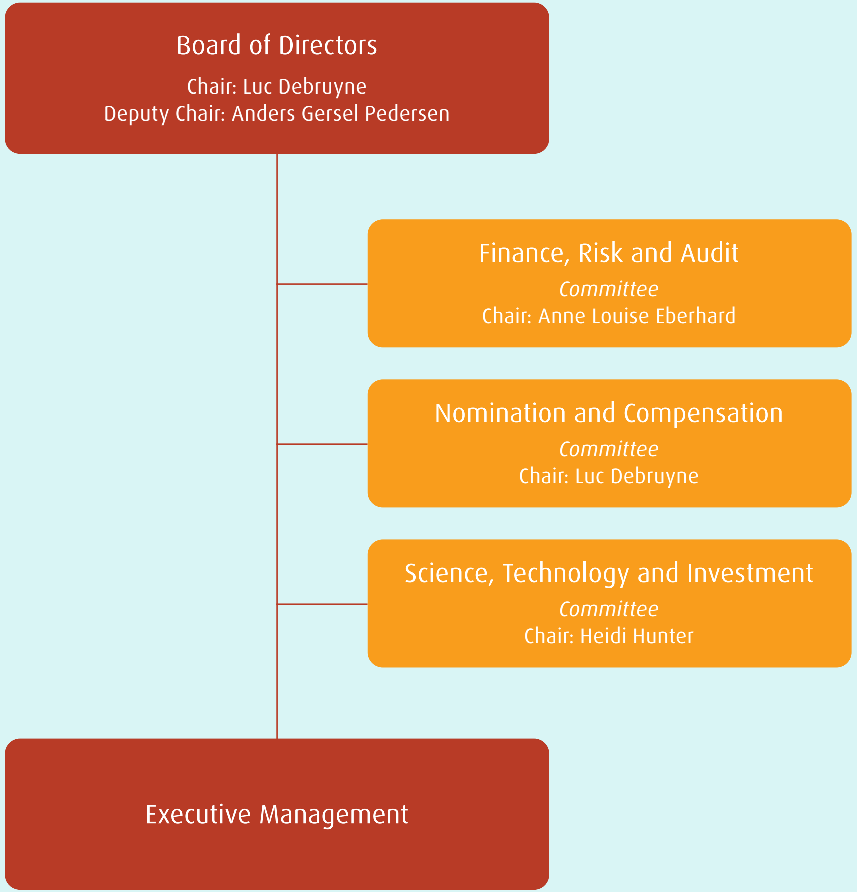
The registered Executive Management is appointed by the Board, which lays down their terms and conditions of employment and the framework for their duties. The Executive Management is responsible for the day-to-day management of Bavarian Nordic in compliance with the guidelines and directions issued by the Board. The day-to-day operations do not include transactions of an unusual nature or of material importance to the affairs of Bavarian Nordic.

As of December 31, 2023, the registered Executive Management consisted of Paul Chaplin, President and CEO and Henrik Juuel, Executive Vice President and CFO, both registered with the Danish Business Authority, assisted by four Executive Vice Presidents who together with the registered Executive Management are responsible for the day-to-day operations of the Company (collectively the "Executive Management").

Board committees

To support the Board in its duties, the Board has established and appointed three subcommittees: a Finance, Risk and Audit Committee, a Nomination and Compensation Committee and a Science, Technology and Investment Committee. The committees, which comprise only shareholder-elected members of the Board are charged with reviewing issues pertaining to their respective fields that are due to be considered at board meetings. More information about the committees, including the terms of reference which specify the tasks and responsibilities for each of the committees are available on the Company's website:

Board committees →



Composition of the Board

The Board consists of eleven members: seven external members and four employee representatives. The external members are elected by the shareholders at the annual general meeting for terms of one year; retiring members are eligible for re-election. The Board elects a chair from among its members. The employee representatives are elected by the employees for a four-year term; the current four-year term expires in 2025.

The composition of the Board should reflect a diversity of backgrounds, experiences and expertise relevant to the Company considering the industry and markets it is operating within and that collectively enable the Board to oversee the strategy and development of the Company at any time.

For an overview of the specific competencies identified for each of the Board members, see page 45.

Meeting Attendance

Number of meetings attended by each board member out of the total number of meetings within the member's term.

	Board of Directors	Finance, Risk, and Audit Committee	Nomination and Compensation Committee	Science, Technology, and Investment Committee
Luc Debruyne[1]	●●●●●●		●●●	●●●
Anders Gersel Pedersen	●●●●●●●●●	●●●●●		●●●●●
Peter Kürstein	○●●●●●●●●	●●●●●	○●●●●	
Frank Verwiel	○●●●●●●●●		●●●●●	○○●●●
Anne Louise Eberhard[2]	●●●●●●●●●	●●●●●	●●	●●
Heidi Hunter[2]	●●●●●●			●●●
Johan van Hoof[2]	●●●●●●	●●●●		●●●
Gerard van Odijk[3]	●●●		●●	●●
Linette M. Andersen	●●●●●●●●●			
Thomas A. Bennekov	●●●●●●●●●			
Anja Gjøl	●●●●●●●●●			
Karen M. Jensen	●●●●●●●●●			

1 Luc Debruyne, Heidi Hunter and Johan van Hoof were elected as new members of the Board in March 2023
2 Anne Louise Eberhard retired from the Science, Technology, and Investment Committee and became member of the Nomination and Compensation Committee in March 2023
3 Gerard van Odijk retired from the Board in March 2023

● Meeting attended ○ Meeting not attended

Changes to the Board during 2023

At the beginning of 2023, the Board consisted of nine members: five shareholder-elected members and four employee representatives. During 2022, two shareholder-elected board members resigned without the election of new board members. In addition, Gerard van Odijk, member of the Board since 2008 and chair since 2014 stepped down at the annual general meeting in March 2023. Following the annual general meeting in March 2023, with the election of Luc Debruyne as new chair, and Heidi Hunter and Johan van Hoof as new members of the Board, the Board consisted of eleven members: seven shareholder-elected members and four employee representatives.

In November, the Board appointed Ms. Montse Montaner Picart as observer 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.

An overview of the composition of the Board is found on pages 42-45.

Meeting attendance
The overall attendance for the Board at meetings in 2023, including meetings in the subcommittees was 97%.

Evaluation of the Board
The Board and its subcommittees conduct every year a self-evaluation of the Board's and subcommittee's work, accomplishments and composition. The chair heads the annual evaluation, which is conducted at least every third year with external assistance. The process, whether it is facilitated internally or by external consultants, evaluates topics such as board dynamics, board agenda, quality of the material that is submitted to the Board, discussions at the Board meetings, the chair's leadership of the Board, strategy, Board composition and Board competencies. Typically, the process is facilitated by each Board member filling out a detailed questionnaire, and the Board members are asked to score to which extent they agree to the individual questions. The results of the questionnaire are then discussed at a subsequent Board meeting, and the individual comments submitted are used in the planning and handling of future Board meetings.

The 2023 self-evaluation was performed through completion of a detailed questionnaire, facilitated with external assistance. In general, key conclusions were positive with a continued satisfaction with the Board's work as well as the work in the committees. Introductory training of new board members was identified as a new focus area for 2024, and organizational development will continue to be a focus area also in 2024.

Board and management gender diversity

By December 31, 2023 and also by the reporting date, the Board had a representation of two female and five male members elected by the shareholders, thus the Board had an equal gender distribution as in accordance with the guidelines from the Danish Business Authority.

Furthermore, by December 31, 2023 the other management levels[1] in Bavarian Nordic had a representation of ten female and thirteen male managers, thus the other management levels had an equal gender distribution as in accordance with the guidelines from the Danish Business Authority.

Board of Directors	**2023**
Total number of members	7
Underrepresented gender in percent	29%*
Other management levels	
Total number of members	21
Underrepresented gender in percent	48%

*considered an equal gender distribution in accordance with the guidelines from the Danish Business Authority.

[1] as defined in accordance with the guidelines from the Danish Business Authority

During 2023 Bavarian Nordic had an equal gender distribution across the Board and other management levels, thus as in accordance with the guidelines from the Danish Business Authority, no target figures for the underrepresented gender were set.

As a company, Bavarian Nordic always strive to attract and engage a highly qualified and diverse group of employees and aim to eliminate biases and create an inclusive atmosphere. In order to achieve these ambitions, the Bavarian Nordic outlined the below specified ambitions and objectives for the work with diversity and inclusion.

Bavarian Nordic wish to:

- Have a balanced gender distribution in all managerial positions and at all levels in the organization.
- Seek an age-diverse workforce that brings new perspectives, knowledge and experiences.
- Develop a workplace that embraces the diverse backgrounds and perspectives stemming from an increasingly global and specialized organization.
- Ensure that the compositions of our Board and Executive Management is diverse in terms of experience, competencies and gender.

Remuneration policy and report

The remuneration of the Board and the Corporate Management is governed by the remuneration policy which was updated in 2023 and subsequently approved by the shareholders at the annual general meeting on March 30, 2023.

In accordance with section 139 b in the Danish Companies Act, Bavarian Nordic has prepared a report on the remuneration of the individual members of the Board and Corporate Management in 2023.

Remuneration Policy →
Remuneration Report →

Business ethics

To ensure corporate oversight of the Company's global business ethics compliance risks, we have a Business Ethics Compliance Committee who represents Executive Management and relevant business functions and who meets regularly to review and assess risks, training, and the levels of compliance. The Finance, Risk and Audit Committee receives regular updates from the Business Ethics Compliance Committee. The Company has appointed a global Chief Compliance Officer with overall responsibility for the Company's global compliance program, and the Company has appointed a US Compliance Officer with responsibility for the Company's US compliance program.

Data ethics policy

Bavarian Nordic has a data ethics policy to ensure we maintain strong data ethics in our company. The data ethics policy is based on 8 principles and supplements our general procedures and policies for processing (personal) data.

In 2023, we have carried out initiatives to support the data ethics principles. We have implemented enhancements to our policies and procedures to support the handling and processing of personal data. We have also improved processes on how we use data as well as our records of processing activities. Further, a series of awareness training activities have been carried out for all employees of Bavarian Nordic to make sure that everyone understands how to use data in compliance with our data ethics policy.

We continue to actively work with supporting and implementing the data ethics principles into our way of doing business.

The data ethics policy is based on 8 principles:

1. Our Executive Management is dedicated to ensuring and maintaining a high standard of data ethics
2. We ensure accountability for data processing
3. We require an appropriate level of data ethics for processing activities carried out by third parties
4. We ensure that the processing activities carried out provide value to the data subjects, and are transparent and secure
5. We train our employees and monitor processing activities
6. We maintain an Ethics Hotline, where violations of data protection laws can be reported by internal and external stakeholders
7. We identify and monitor the use of new technologies for processing of data
8. We carry out internal controls

Business ethics is prioritized on all levels in the organization, and all employees are trained annually in our Code of Conduct, which is also available for external stakeholders via our website. Violations of the Code of Conduct may be reported through the Ethics Hotline (whistleblower scheme), which is also accessible on our website. In 2023, the Company received three compliance concerns from all reporting channels, none of which have been substantiated.

Code of Conduct →
Ethics Hotline →

Corporate governance

Bavarian Nordic remains focused on good corporate governance, having implemented the recommendations from the Committee of Corporate Governance (Komitéen for god Selskabsledelse) for companies listed on the Nasdaq Copenhagen exchange.

Management believes that the Company is operated in compliance with guidelines and recommendations that support the Company's business model and can create value for Bavarian Nordic's stakeholders. Regularly and at least once a year, Management monitors adherence to the recommendations on corporate governance in order to ensure the best possible utilization of and compliance with the recommendations and legislation.

In accordance with Section 107 b of the Danish Financial Statements Act, Bavarian Nordic has published a statutory report on Corporate Governance for the financial year 2023. The report provides a detailed account of the two-tier management structure of Bavarian Nordic, including an overview of the Board and its committees and a review of their activities over the year. The statement also describes key elements of the Company's internal control and risk management systems related to financial reporting processes. The report is available on the Company's website:

Corporate Governance →

Risk management

Bavarian Nordic's business model spans the full value chain from research and development, over production to commercialization and rests on the ability to innovate and commercialize new vaccines. The business model covers partnership business, complex governmental sales and direct sales. By the nature of our business, we are exposed to a variety of risks along our value chain.

Bavarian Nordic has increased its global presence during 2023 following the acquisition of activities from Emergent BioSolutions which includes commercial products, a late-stage vaccine candidate for chikungunya, a production facility in Switzerland and expanded R&D facilities and presence in North America, all impacting the risk profile of the company.

Bavarian Nordic is driving the risk management and risk mitigation processes through a structured Enterprise Risk Management (ERM) process, whereby risks are managed through identification, monitoring and mitigation. The process is an integrated part of the Company's operational procedures and the management processes. The Finance, Risk and Audit Committee (FRAC) oversees the process and is closely monitoring the risks on a quarterly basis.

The Board of Directors receives regular risk updates from FRAC which is taken into consideration in the Board's overall strategic considerations and decisions.

The formal process ensures both bottom-up and top-down identification and handling of risks. In this process, key risks are first identified through a bottom-up process including description of the risks and mitigating actions taken to reduce either the likelihood of occurrence or the potential impact. Residual risk, after agreed mitigating actions, is further mitigated by insurance where this is relevant and possible. All risks have assigned risk owners, normally at the executive level, and assigned risk-responsible employees who monitors and mitigates the risks closely.

The table below summarizes the key risks that are important to Bavarian Nordic's business including examples of mitigating actions.

Risk area	Risks	Mitigation actions
Manufacturing and Supply	Disruptions to Bavarian Nordic's supply chain caused by manufacturing issues, internal systems, or supply chain issues, could have a significant impact on the ability to supply products at the right time and could impact both customer relations and financial performance. Bavarian Nordic utilizes subcontractors and CMOs as part of the supply chain; any disruptions to the planning and execution at CMOs or subcontractors could impact Bavarian Nordic's ability to supply products timely.	• Update and maintain risk assessment for equipment and implement preventive maintenance where necessary. • Internal quality audits, including mock inspections. • Dual sourcing strategies. • Adequate safety inventory for core products. • Close supply chain control and direct monitoring of key vendors. • Constantly updated disaster recovery plans. • Updated and adequate factory IT. • Systematic and integrated Sales and Operations Planning model.

→

Risk area	Risks	Mitigation actions
Systems and Processes	As Bavarian Nordic is expanding its presence and global supply coverage, inefficient processes or systems, incl. ERP, could restrict the Company's ability to scale up and deliver on the growth potential across products and markets.	• Investments and efforts to secure that Bavarian Nordic uses one ERP system and has a broad covering BI system. • Constant standardization of processes and quality systems. • Employee training.
Cyber security	Disruptions, including hacking, malware, or other external attempts to disrupt Bavarian Nordic's ability to operate, could have a significant impact on the Company's IT infrastructure and systems, from inability to perform operationally to inability to perform commercial sales or perform R&D. The impact could influence revenue and/or costs.	• Internal procedures for security monitoring and vulnerability assessment. • Constantly having continuity plans updated, incl. having updated internal processes for data recovery. • Plans for micro-segmentation to reduce the impact of attacks. • Training and awareness campaigns both inside the IT department and within the business. • Externally performed maturity assessments test, incl. gap analysis and gap closure plan identification. • Involvement of third-party cybersecurity specialist to ensure a constant overview of threats and preventative measures available. • Perform annual security penetration tests and audits by a third party.

Risk area	Risks	Mitigation actions
Development and approval of pipeline products, incl. life-cycle management activities of the current portfolio	Bavarian Nordic is targeting launch of a chikungunya vaccine in 2025 with further market expansion in subsequent years. The commercial launch requires regulatory steps and approvals. Bavarian Nordic will further develop products in the pipeline, incl. life-cycle management activities for the current portfolio of products. Any research and development activities can be delayed or even abandoned. The product approval phase can be delayed or even fail. All clinical material and production facilities require regulatory approval; such approvals can be delayed or even fail. Delays, failures or paused projects could have an impact on Bavarian Nordic's future pipeline and hence future profitability.	Close dialogue with authorities (e.g., FDA and EMA) to secure optimal path to approval and compliance with GMP etc. • Strong quality system in place to ensure compliance with standards agreed with and required by authorities. • Communication with experts and regulators, to discuss regulatory strategy and development of recommendation. • Shelf-life extension initiatives for products in the current portfolio. • Develop early-stage pipeline of vaccines, or new platforms, to stay competitive.
ESG Transparency and Reporting	Bavarian Nordic must live up to ESG compliance and reporting requirements. Additional requirements for transparency and reporting from all stakeholders incl. investors, customers, partners and future talents drives needs for data standardization, systems and high employee focus. Insufficient focus on ESG can impact the ability to attract funding, customers, suppliers, or new employees.	• Prepare for CSRD readiness both short and long term. • Deliver system-based and compliant transparency on main data areas. • Set and deliver on targets/selected ESG KPIs that demonstrate Bavarian Nordic's commitment to drive sustainable business and deliver on ESG. • Actively communicate results and ambitions to all stakeholders.

Risk area	Risks	Mitigation actions
Laws, Regulations and Compliance	Not complying with laws, incl. anti-corruption laws, regulations or any other compliance requirements could damage the Company's reputation, result in significant fines and impede the Company's ability to operate.	• Follow and monitor the established internal compliance structure and governance. • Internal and external legal resources available. • Monitor development in relevant laws and regulations. • Allocation of internal resources to secure adaptation of new rules and regulations. • Constant monitoring by the Business Ethics Compliance Committee.
Commercia-lization and Competition	Bavarian Nordic is competing in markets where prices may be determined by the local supply/demand, including products from competitors that are significantly larger than Bavarian Nordic. Pressure from local healthcare politics to reduce costs may impact Bavarian Nordic's pricing or volume. Geopolitical or macroeconomic changes or health crises, e.g., pandemics, could impact demand, pricing and access to vaccinations. Competitors might develop product candidates with higher potential which could reduce the value of Bavarian Nordic's pipeline and products.	• Ensure product availability through meticulous sales and operations planning • Secure an engaged and competent sales, marketing and medical affairs organization. • Look for and leverage differentiation. • Further develop products in the market (life-cycle management) • Build strong relations through dedication and focus to achieve preferred supplier status.
Partnering	Partnering with other companies and government bodies in the industry is a central element of the Company's strategy. Loss of partnerships, e.g., due to collaboration issues, failed projects or similar, could have a significant impact on the Company's reputation and future performance.	• Frequent interactions with partners to build and maintain common understanding. • Processes in place to resolve potential issues.

Risk area	Risks	Mitigation actions
Attraction and retention of talent and employees	Bavarian Nordic is dependent on the ability to attract and retain talents for many functions. In times of high competition for the right talents or adverse impact on Bavarian Nordic's image, it could impact the Company's ability to perform at high standards and compete against other companies.	• Perform employer branding. • Provide training and development. • Offer competitive remuneration package. • Identifying and develop key talents, incl. talent programs.
Intellectual property rights (IP)	The validity of patents is crucial for the Company to secure future revenues and return on the investments made in development. Patents might be challenged by competitors.	• Dedicated and experienced resources involved in the filing of patent applications to minimize vulnerability to future invalidity actions, and with ability to defend patents if such actions are filed.
Currency and tax exposure to risks Currency risks and additional financial risks are further explained in note 23 in the consolidated financial statements.	Significant fluctuations in the DKK/USD and other currencies which Bavarian Nordic could be exposed to, could impact financial positions. Potential disputes with tax authorities could result in additional tax payments.	• Material net USD exposure is hedged using FX contracts or options. • Frequent monitoring of planned cash flows in other currencies allows for hedging when the risk is identified. • Taxes are paid where the Company operates. Inter- company transactions are governed by agreements in compliance with OECD's transfer pricing guidelines. • External and internal tax expertise is engaged whenever Bavarian Nordic is exposed to new tax risks to avoid lack of compliance or negative surprises.

Shareholder information

Bavarian Nordic has been listed on the Nasdaq Copenhagen exchange since 1998 under the symbol BAVA. The Company is included in the OMXC25 index and the OMXC Large Cap index.

For US investors, Bavarian Nordic has a sponsored Level 1 American depositary receipt (ADR) program with Deutsche Bank Trust Company Americas acting as the depositary bank. Three ADRs represent one Bavarian Nordic share and the ADR symbol is BVNRY.

Share capital

The Company's share capital was DKK 780,978,340 by year-end 2023, comprising 78,097,340 shares with a nominal value of DKK 10 each. Each share carries one vote.

In March 2023, Bavarian Nordic completed a private placement of 7,046,839 new shares, raising gross proceeds of DKK 1,642 million to be used as partly payment for the assets acquired from Emergent BioSolutions. In addition, 315,619 new shares were issued as a consequence of warrant exercise by employees, raising proceeds of DKK 46 million.

By December 31, 2023, there were 4,520,915 outstanding warrants, which entitle warrant holders to subscribe for 4,520,915 shares of DKK 10 each.

Thus, the fully diluted share capital amounted to DKK 826,182,550 at year-end, comprising 82,618,255 shares. For further information about outstanding warrants, see note 30 in the consolidated financial statements.

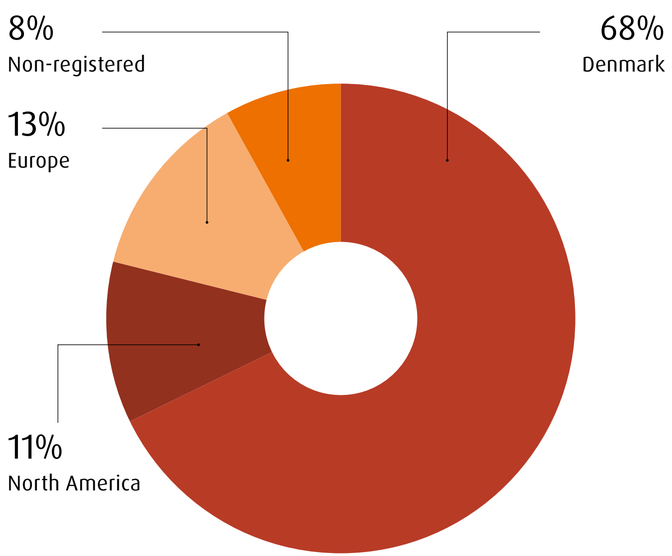
Ownership

At the end of 2023, Bavarian Nordic had approximately 123,000 registered shareholders owning 92% of the share capital. The remaining 8% were held by non-registered shareholders. Bavarian Nordic held 153,694 shares, corresponding to 0.20% of the share capital as treasury shares, which have been repurchased to meet future obligations under incentive schemes for the Company's Board and Executive Management. See note 30 in the consolidated financial statements.

The following shareholder had publicly informed Bavarian Nordic that they own five per cent or more of the Company's shares:

ATP Group, Hillerød, Denmark, 10.12% as of December 31, 2023

Distribution of share capital

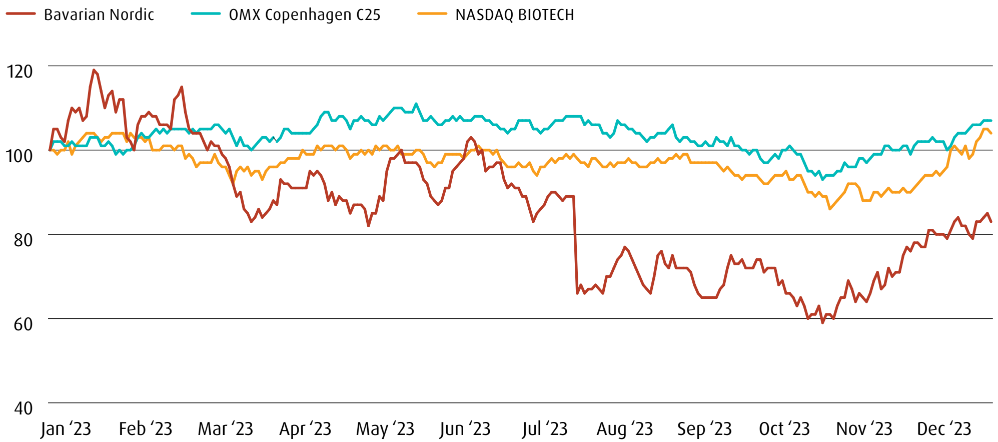


Capital allocation and return policy
In the short term, Bavarian Nordic's main priority to use the cash generated to pay the significant milestones to GSK and Emergent BioSolutions which are due in 2024 and 2025. In the mid-to long term, the Company expects to increase its financial flexibility through a strong positive cash flow and increased access to debt financing, which it intends to use to invest in growing the existing business, including the pipeline and selective acquisitions as well as return excess cash to its shareholders.

Share price development
Bavarian Nordic's shares closed the year at DKK 177.45, corresponding to a 17% decrease over the year, compared to an increase of 7% in the OMXC25 index and an increase of 4% in the Nasdaq Biotechnology (NBI) index.

The year-low was DKK 126.60 on October 25, 2023, and the year-high was DKK 254.50 on January 17, 2023 – based on the daily closing prices of Bavarian Nordic's shares.

Share price development compared to indices



At year-end Bavarian Nordic had a market capitalization of DKK 13.9 billion.

At year-end Bavarian Nordic had a market capitalization of DKK 13.9 billion.

Investor relations
Bavarian Nordic maintains an active dialogue with shareholders, analysts, prospective investors and other stakeholders by providing relevant, timely and correct communication about relevant strategic, economic, financial, operational and scientific affairs of the Company. This work is carried out by Management and Investor Relations through frequent interactions with the investor community via participation in investor conferences, meetings and conference calls.

Through our online shareholder portal, registered shareholders can request admission cards and/or vote by proxy for the general meetings. The shareholder portal can be accessed via our investor relations website, along with financial reports, company announcements, investor presentations, and more. To register shares by name, shareholders must contact their custodian bank.

Investor relations website →

Contact our investor relations team:
investor@bavarian-nordic.com →

Financial calendar 2024

March 6, 2024
Annual report

April 16, 2024
Annual General Meeting

May 8, 2024
Three-month interim report (Q1)

August 22, 2024
Half-year interim report (Q2)

November 15, 2024
Nine-month interim report (Q3)

In connection with the publication of financial reports, Management will host a conference call to present the results followed by Q&A for investors and analysts. These events are being webcast live and on-demand through the Company's website.

Additional information about the annual general meeting will become available on our website no later than 3 weeks before the event. Shareholders who have requested so will receive a notification via e-mail.

Board of Directors

Luc Debruyne, Chair of the Board of Directors

Chair of the Nomination and Compensation Committee

Member of the Science, Technology and Investment Committee

Other positions
Chairman of the board of Fund Plus. Member of the board of University Hospitals UZ Leuven. Member of the Institutional Advisory Board at VIB, the Life Sciences Board at Greenlight Biosciences Inc., Chair of the Portfolio Strategy and Management Board of CEPI and Strategy Advisor to the CEO. Professor of Practice at the University of Leuven, Faculty of Medicine, Biomedical Sciences Group.

Anders Gersel Pedersen, MD, PhD, Deputy chair of the Board of Directors

Member of the Science Technology and Investment Committee

Member of the Finance, Risk and Audit Committee

Other positions
Member of the board of Genmab A/S, Hansa Biopharma AB and Bond Avillion 2, an entity of Avillion LLP. Chair of the board of Aelis Farma. Dr. Pedersen is also the CEO in his private holding company Gerselconsult ApS.

Peter Kürstein, MBA

Member of the Nomination and Compensation Committee

Member of the Finance, Risk and Audit Committee

Other positions
Chairman of the board of Ferrosan Medical Devices Holding A/S. Deputy Chairman of the board of FOSS A/S, Experimentarium and American Chamber of Commerce. Member of the board of N. Foss & Co. A/S and Den Erhvervsdrivende Fond Gl. Strand, Dansk BørneAstma Center and Art 2030. Member of the executive board of Mijamax ApS.

Frank Verwiel, MD, MBA

Member of the Nomination and Compensation Committee

Member of the Science, Technology and Investment Committee

Other positions
Chair of the board of Intellia Therapeutics, Inc.

Anne Louise Eberhard, LL.M, Graduate Diploma BA

Chair of the Finance, Risk and Audit Committee

Member of the Nomination and Compensation Committee

Other positions
Chair of the board of Finansiel Stabilitet SOV, Moneyflow Group A/S and its subsidiary Moneyflow 1 A/S. Member of the board of FLSmidth & Co. A/S and its subsidiary FLSmidth A/S, Simcorp A/S, Den Danske Unicef Fond, Knud Højgaards Fond, and VL 52 ApS. Member of the executive board of EA Advice ApS. Advisory Board Member of a Danish ESG initiative by EY and Axcelfuture, and Faculty Member at Copenhagen Business School, Board Educations.

Heidi Hunter, MBA

Chair of the Science, Technology and Investment Committee.

Other positions
Member of the board of Vicore Pharma Holding AB, IO Biotech, Inc., and Sutro BioPharma, Inc.

Johan van Hoof, MD

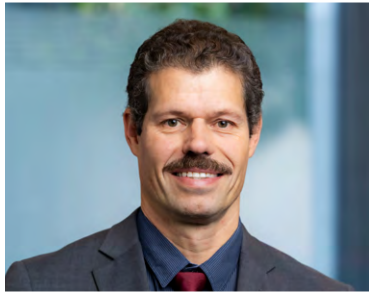
Member of the Finance, Risk and Audit Committee

Member of Science, Technology and Investment Committee

Other positions
Independent advisor for the biotech/vaccine industry and for not-for-profit organizations/academia.

Linette Munksgaard Andersen
Manager, Customer Service,
Shipping and Distribution

Employee-elected



Thomas Alex Bennekov
Sr. App. and Integration Analyst

Employee-elected

Anja Gjøl
Scientist

Employee-elected

Karen Merete Jensen
Senior QA Specialist & Coordinator

Employee-elected

Board overview

	First elected	Term expires	Independent	Gender	Nationality	Year of birth
Luc Debruyne	2023	2024	Yes	Male	Belgian	1963
Anders Gersel Pedersen	2010	2024	No[1]	Male	Danish	1951
Peter Kürstein	2012	2024	Yes	Male	Danish	1956
Frank Verwiel	2016	2024	Yes	Male	Dutch	1962
Anne Louise Eberhard	2019	2024	Yes	Female	Danish	1963
Heidi Hunter	2023	2024	Yes	Female	American	1958
Johan van Hoof	2023	2024	Yes	Male	Belgian	1957
Linette M. Andersen	2021	2025	No[2]	Female	Danish	1974
Thomas A. Bennekov	2021	2025	No[2]	Male	Danish	1968
Anja Gjøl	2021	2025	No[2]	Female	Danish	1980
Karen M. Jensen	2021	2025	No[2]	Female	Danish	1959

1 Anders Gersel Pedersen is not considered independent under the Danish corporate governance recommendations due to being a member of the board for more than 12 years.
2 Employee representatives are not considered independent under the Danish corporate governance recommendations.

For full leadership biographies,
visit our website: Board of Directors →

Board competencies

The shareholder-elected members of the Board generally possess extensive leadership experience as well as board experience from public or private companies and organizations. In addition, each member brings different experience and skills relevant to their representation on the Board and its subcommittees, which collectively enable the Board to oversee the strategy and development of the Company at any time.

The Board has identified the core competencies which collectively should be possessed by the shareholder-elected members to perform their duties in supporting the Company's strategy. To assess whether all core competencies are adequately represented, each member has identified their primary competencies as shown in the table below. The members may also have knowledge or experience in areas other than their primary competencies. Employee representatives are not part of the competency self-assessment.

Competency overview

	Corporate Leadership	Life Sciences	Product Development and Supply	Commercial Strategy, M&A and Business Development	Finance, Capital and Risk Management	People and Culture	ESG	Technology and Digitalization
Luc Debruyne	●	●	●	●	●	●	●	
Anders Gersel Pedersen	●	●	●	●	●	●	●	
Peter Kürstein	●	●	●	●	●	●		
Frank Verwiel	●	●		●		●		
Anne Louise Eberhard	●			●	●	●	●	●
Heidi Hunter	●	●		●	●	●	●	●
Johan van Hoof	●	●	●	●				
Linette M. Andersen	Employee representative							
Thomas A. Bennekov	Employee representative							
Anja Gjøl	Employee representative							
Karen M. Jensen	Employee representative							

Executive Management

Paul Chaplin , PhD.
President and Chief Executive Officer

Henrik Juuel, MSc.
Executive Vice President, Chief Financial Officer

Jean-Christophe May, PharmD, MBA.
Executive Vice President, Chief Commercial Officer

Laurence De Moerlooze, PhD.
Executive Vice President, Chief Medical Officer

Anu Helena Kerns, MSc.
Executive Vice President, People and Organization

Russell Thirsk, MSc.
Executive Vice President, Chief Operating Officer

Executive management overview

	Joined	Nationality	Gender	Year of birth
Paul Chaplin	1999	British	Male	1967
Henrik Juuel	2018	Danish	Male	1965
Jean-Christophe May	2020	French	Male	1967
Laurence De Moerlooze	2020	Belgian	Female	1964
Anu Helena Kerns	2020	Danish	Female	1972
Russell Thirsk	2022	British	Male	1968

For full leadership biographies, visit our website: Executive management →

Financial statements

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Financial statements – Group

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Financial statements

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Consolidated income statements

For the years ended December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Revenue	3	7,062,340	3,150,793
Production costs	4,8,9	2,459,294	1,449,531
Gross profit		**4,603,046**	**1,701,262**
Sales and distribution costs	5.8	331,579	212,932
Research and development costs	6,8,9	2,228,080	1,183,092
Administrative costs	7,8,9,10	540,848	376,023
Total operating costs		**3,100,507**	**1,772,047**
Income before interest and tax (EBIT)		**1,502,539**	**(70,785)**
Financial income	11	112,784	78,537
Financial expenses	12	132,380	339,363
Income before company tax		**1,482,943**	**(331,611)**
Tax on income for the year	13	7,754	15,771
Net result for the year		**1,475,189**	**(347,382)**
Earnings per share (EPS) - DKK			
Basic earnings per share of DKK 10	14	19.2	(4.9)
Diluted earnings per share of DKK 10	14	19.2	(4.9)

Consolidated statements of comprehensive income

For the years ended December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Net result for the year		**1,475,189**	**(347,382)**
Other comprehensive income			
Remeasurements of defined benefit plans	27	(32,555)	-
Income tax		4,505	-
Items that will not be reclassified to the income statement		**(28,050)**	**-**
Recycled to financial items		(31,894)	1,351
Change in fair value of financial instruments entered into to hedge future cash flows		45,887	31,894
Exchange rate adjustments on translating foreign operations		34,489	7,002
Items that will be reclassified to the income statement		**48,482**	**40,247**
Other comprehensive income after tax		**20,432**	**40,247**
Total comprehensive income		**1,495,621**	**(307,135)**

Revenue

DKK million

EBIT

DKK million

Consolidated statements of cash flow

For the years ended December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Net result for the year		**1,475,189**	**(347,382)**
Adjustment for non-cash items:			
Financial income	11	(112,784)	(78,537)
Financial expenses	12	132,380	339,363
Tax on income for the year		7,754	15,771
Depreciation, amortization and impairment	9	1,111,504	399,247
Share-based payment	30	55,477	49,284
Changes in inventories		(599,015)	(439,029)
Changes in receivables		(1,345,427)	(133,167)
Changes in provisions		24,744	-
Changes in current liabilities		368,739	423,407
Cash flow from operations (operating activities)		**1,118,561**	**228,957**
Received financial income		63,260	18,552
Paid financial expenses		(52,412)	(24,244)
Paid company taxes		(10,203)	(3,212)
Cash flow from operating activities		**1,119,206**	**220,053**

DKK thousand	Note	2023	2022
Investments in product rights	15, 24	(298,117)	(594,920)
Investments in other intangible assets	15	(536,763)	(425,411)
Investments in property, plant and equipment	16	(142,525)	(361,244)
Cash used for acquisition of businesses	31	(1,831,573)	-
Investments in financial assets		(38,706)	(169,460)
Investments in securities		(10,834)	(414,613)
Disposal of securities		1,912,954	1,088,243
Cash flow from investment activities		**(945,564)**	**(877,405)**
Payment on loans	26	(1,105,545)	(374,339)
Proceeds from loans	26	240,000	1,003,661
Repayment of lease liabilities	28	(34,270)	(21,981)
Proceeds from warrant programs exercised		45,517	37,918
Proceeds from capital increase		1,641,913	-
Costs related to issue of new shares		(42,795)	(111)
Purchase of treasury shares		(8,988)	(9,328)
Cash flow from financing activities		**735,832**	**635,820**
Cash flow of the year		**909,474**	**(21,532)**
Cash and cash equivalents as of January 1		575,407	591,820
Currency adjustments		(7,647)	5,119
Cash and cash equivalents as of December 31		**1,477,234**	**575,407**

Consolidated statements of financial position – Assets

December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Non-current assets			
Product rights		4,791,442	4,639,895
Acquired rights and development in progress		1,286,749	1,013,484
Software		12,443	14,768
Intangible assets in progress		391,102	274,490
Intangible assets	15	**6,481,736**	**5,942,637**
Land and buildings		987,013	630,138
Leasehold improvements		25,047	24,765
Plant and machinery		412,674	321,745
Fixtures and fittings, other plant and equipment		696,060	511,195
Assets under construction		206,721	196,130
Property, plant and equipment	16	**2,327,515**	**1,683,973**
Right-of-use assets	17	**125,170**	**67,433**
Other receivables	20	11,185	5,086
Prepayments	21	4,556	207,537
Financial assets		**15,741**	**212,623**
Total non-current assets		**8,950,162**	**7,906,666**

DKK thousand	Note	2023	2022
Current assets			
Inventories	18	**1,643,736**	**919,072**
Trade receivables	19	1,778,104	523,145
Tax receivables		84	-
Other receivables	20	95,136	43,263
Prepayments	21	18,510	153,934
Receivables		**1,891,834**	**720,342**
Securities	23	390,247	2,269,759
Cash and cash equivalents		1,477,234	575,407
Securities, cash and cash equivalents		**1,867,481**	**2,845,166**
Total current assets		**5,403,051**	**4,484,580**
Total assets		**14,353,213**	**12,391,246**

Consolidated statements of financial position – Equity and liabilities

December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Equity			
Share capital		780,978	707,354
Treasury shares		(1,537)	(1,463)
Retained earnings		9,330,002	6,300,575
Other reserves		230,489	143,521
Equity		**10,339,932**	**7,149,987**
Liabilities			
Deferred consideration	24	1,016,856	2,324,657
Prepayment and loan from Government	25	-	566,420
Debt to credit institutions	26	15,135	17,008
Retirement benefit obligations	27	80,732	-
Deferred tax liabilites	13	29,068	-
Lease liabilities	28	83,621	45,834
Non-current liabilities		**1,225,412**	**2,953,919**

DKK thousand	Note	2023	2022
Deferred consideration	24	1,360,133	287,436
Debt to credit institutions	26	1,913	1,105,583
Lease liabilities	28	44,633	24,487
Prepayment from customers	29	-	-
Trade payables		954,142	605,928
Company tax		7,205	6,337
Other liabilities	22	419,843	257,569
Current liabilities		**2,787,869**	**2,287,340**
Total liabilities		**4,013,281**	**5,241,259**
Total equity and liabilities		**14,353,213**	**12,391,246**

Consolidated statements of changes in equity

December 31, 2023

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 year							
Net result for the year	-	-	1,475,189	-	-	-	1,475,189
Other comprehensive income	-	-	(28,050)	34,489	13,993	-	20,432
Total comprehensive income for the year	**-**	**-**	**1,447,139**	**34,489**	**13,993**	**-**	**1,495,621**
Transactions with owners							
Share-based payment	-	-	-	-	-	58,677	58,677
Warrant programs exercised	3,156	-	54,856	-	-	(12,495)	45,517
Warrant programs expired	-	-	1,276	-	-	(1,276)	-
Capital increase through private placement	70,468	-	1,571,445	-	-	-	1,641,913
Costs related to issue of new shares	-	-	(42,795)	-	-	-	(42,795)
Purchase of treasury shares	-	(440)	(8,548)	-	-	-	(8,988)
Transfer regarding restricted stock units	-	366	6,054	-	-	(6,420)	-
Total transactions with owners	**73,624**	**(74)**	**1,582,288**	**-**	**-**	**38,486**	**1,694,324**
Equity as of December 31, 2023	**780,978**	**(1,537)**	**9,330,002**	**10,932**	**45,887**	**173,670**	**10,339,932**

The share capital comprises a total of 78,097,834 shares of DKK 10 as of December 31, 2023 (70,735,376 shares). The shares are not divided into share classes, and each share carries one vote.

Treasury shares
In May 2023, the Board of Directors decided to launch a share buy-back program, under which the Company bought back 43,954 of its own shares (71,562 shares in 2022). The purpose of the share buy-back program was to meet the Company's obligations arising from the share-based incentive program for the Executive Management and the Board of Directors. Under the share-based incentive program, payment of half of the achieved bonus for 2022 for members of the Executive Management are converted to restricted stock units for a value corresponding to half of the achieved bonus. The restricted stock units will be released to the Executive Management 3 years after grant. This to further increase the long-term shared interests between the Executive Management and the Company's shareholders. The Board of Directors is granted restricted stock units corresponding to 50% of the annual fee (excl. committee fee). The vesting period for those restricted stock units is also 3 years.

Treasury shares represent 0.16% (0.18%) of the total share capital.

For further information about share based payment see note 30.

Consolidated statements of changes in equity

December 31, 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, 2022	**704,684**	**(1,112)**	**6,588,908**	**(30,559)**	**(1,351)**	**114,097**	**7,374,667**
Comprehensive income for the year							
Net result for the year	-	-	(347,382)	-	-	-	(347,382)
Other comprehensive income	-	-	-	7,002	33,245	-	40,247
Total comprehensive income for the year	**-**	**-**	**(347,382)**	**7,002**	**33,245**	**-**	**(307,135)**
Transactions with owners							
Share-based payment	-	-	-	-	-	53,976	53,976
Warrant programs exercised	2,670	-	46,145	-	-	(10,897)	37,918
Warrant programs expired	-	-	17,898	-	-	(17,898)	-
Capital increase through private placement	-	-	-	-	-	-	-
Costs related to issue of new shares	-	-	(111)	-	-	-	(111)
Purchase of treasury shares	-	(716)	(8,612)	-	-	-	(9,328)
Transfer regarding restricted stock units	-	365	3,729	-	-	(4,094)	-
Total transactions with owners	**2,670**	**(351)**	**59,049**	**-**	**-**	**21,087**	**82,455**
Equity as of December 31, 2022	**707,354**	**(1,463)**	**6,300,575**	**(23,557)**	**31,894**	**135,184**	**7,149,987**

Transactions on the share capital

DKK thousand	**2023**	**2022**	**2021**	**2020**	**2019**
Share capital as of January 1	707,354	704,684	584,501	323,891	323,106
Issue of new shares	73,624	2,670	120,183	260,610	785
Share capital as of December 31	**780,978**	**707,354**	**704,684**	**584,501**	**323,891**

The share capital comprises a total of 70,735,376 shares of DKK 10 as of December 31, 2022 (70,468,393 shares). The shares are not divided into share classes, and each share carries one vote.

Rules on changing Articles of Association
Changing the Articles of Association requires that the resolution passes by at least 2/3 of the votes as well as 2/3 of the voting capital represented.

Note 1

Material accounting policies

Basis of preparation

The consolidated financial statements for Bavarian Nordic have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU and Danish disclosure requirements for the consolidated financial statements of listed companies. Danish disclosure requirements for the presentation of consolidated financial statements are imposed by the Statutory Order on Adoption of IFRS Accounting Standards issued under the Danish Financial Statements Act (Class D).

The accounting policies are unchanged from last year except for changes due to implementation of new and revised standards that were effective January 1, 2023.

The consolidated financial statements are presented in Danish kroner (DKK), which is the functional currency of the parent company.

The consolidated financial statements are presented on a historical cost basis, apart from derivative financial instruments, securities and liability relating to phantom shares, which are measured at fair value.

The accounting policies have been consistently applied for the financial year and for the comparative figures except for implementation of new standards and amendments, see further below.

In the narrative sections of the consolidated financial statements comparative figures for 2022 are shown in brackets.

Implementation of new and revised standards and interpretations

Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRSs) issued by the IASB and IFRS Accounting Standards endorsed by the European Union effective on or after January 1, 2023. It is assessed that application of amendments effective from January 1, 2023 has not had a material impact on the consolidated financial statements for 2023. Furthermore, Management does not anticipate any significant impact on future periods from the adoption of these amendments.

Standards and interpretations not yet in force

At the date of publication of the consolidated financial statements, a number of new and amended standards and interpretations have not yet entered into force or have not yet been adopted by the EU. Therefore, they are not incorporated in the consolidated financial statements.

None of the new or amended standards and interpretations are expected to have a material impact on the consolidated financial statements.

Applying materiality

The consolidated financial statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature or function. The transactions are presented in classes of similar items in the consolidated financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the consolidated financial statements or in the notes.

The specific disclosures required by IFRS Accounting Standards are provided in the Consolidated Financial Statements unless the information is considered immaterial to the users of the financial statements.

Accounting policies

The accounting policies for specific line items are described in the notes to the financial statements. Set out below is a description of the accounting policies for the basis of consolidation, foreign currency translation and the cash flow statement.

Recognition and measurement

Income is recognized in the income statement when generated. Assets and liabilities are recognized in the balance sheet when it is probable that any future economic benefit will flow to or from the Group and the value can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described in the description of the accounting policies in the respective notes to the financial statements.

Basis of consolidation

The consolidated financial statements include Bavarian Nordic A/S and the subsidiaries in which the Group holds more than 50% of the voting rights or otherwise has control.

Principles of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and the individual subsidiaries, and these are prepared in accordance with the Group's accounting policies and for the same accounting period.

Intra-group income and expenses together with all intra-group profits, receivables and payables are eliminated on consolidation. In the preparation of the consolidated financial statements, the book value of shares in subsidiaries held by the parent company is set off against the equity of the subsidiaries.

Foreign currency translation

On initial recognition, transactions denominated in currencies other than the Group's functional currency are translated at the exchange rate ruling at the transaction date.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

Exchange differences between the exchange rate at the date of the transaction and the exchange rate at the date of payment or the balance sheet date, respectively, are recognized in the income statement under financials. Property, plant and equipment and intangible assets, inventories and other nonmonetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date.

On recognition in the consolidated financial statements of subsidiaries whose financial statements are presented in a functional currency other than Danish kroner (DKK), the income statements are translated at the average exchange rates of the respective months.

Note 1

Material accounting policies *(continued)*

Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates of the respective months to exchange rates at the balance sheet date are recognized as other comprehensive income.

Segment reporting
The Group does not prepare segment reporting internally and therefore only reports one operating segment externally.

Geographic spilt of revenue and revenue from major customers is disclosed in note 3 to the consolidated financial statements. Geographic location of noncurrent assets is disclosed in note 15 and 16 to the consolidated financial statements.

Cash flow statement
The cash flow statement is prepared in accordance with the indirect method on the basis of the Group's net result for the year. The statement shows the Group's cash flows broken down into operating, investing and financing activities, cash and cash equivalents at year end and the impact of the calculated cash flows on the Group's cash and cash equivalents.

Cash flows in foreign currencies are translated into Danish kroner (DKK) at the exchange rate on the transaction date.

In the cash flows from operating activities, net profit for the year is adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities include cash flows from the purchase and sale of intangible assets, property, plant and equipment, investments and securities.

Cash flows from financing activities include cash flows from the raising and payment of loans and capital increases.

Additionally, cash flows from assets held under finance leases are recognized by way of lease payments made.

Reporting under the ESEF Regulation
The Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires the use of a particular electronic reporting format for annual reports of listed companies in the EU. More specifically, the ESEF Regulation requires the annual report to be prepared in XHTML format with iXBRL tagging of the consolidated financial statements including notes.

The Company's iXBRL tagging has been made using the ESEF taxonomy disclosed in the annexes to the ESEF Regulation and developed based on the IFRS Accounting Standards taxonomy published by the IFRS Foundation.

The line items in the consolidated financial statements are XBRL-tagged to the elements of the ESEF taxonomy that are considered to match the content of those line items. For line items not considered to be covered by line items defined in the taxonomy, entity-specific extensions to the taxonomy have been incorporated. Except for subtotals, these extensions are anchored to standard elements of the ESEF taxonomy.

Consistently with the requirements of the ESEF Regulation, the annual report approved by Management is comprised of a ZIP file bava-2023-12-31-en.zip, which includes an XHTML file that may be opened using standard web browsers, and a number of technical XBRL files enabling mechanical retrieval of the XBRL data incorporated.

Net asset value per share:

$$\frac{\text{Equity}}{\text{Number of shares at year-end}}$$

Share price/Net asset value per share:

$$\frac{\text{Market price per share}}{\text{Net asset value per share}}$$

Equity share, %:

$$\frac{\text{Equity x 100}}{\text{Total assets}}$$

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33 "Earnings per share" and specified in note 14.

Note 2

Key accounting estimates and judgments

Key accounting estimates

In the preparation of the consolidated financial statements, Management makes a number of accounting estimates, which form the basis for the presentation, recognition and measurement of the Group's assets and liabilities.

The recognition and measurement of assets and liabilities often depend on future events that are somewhat uncertain. In that connection, it is necessary to assume a course of events that reflects Management's assessment of the most probable course of events.

The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the measurement of assets and liabilities in the following reporting period. Management bases its estimates on historical experience and various other assumptions that are held to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. If necessary, changes are recognised in the period in which the estimate is revised. Management considers the key accounting estimates to be reasonable and appropriate based on currently available information. The actual amounts may differ from the amounts estimated as more detailed information becomes available.

When determining the possible impact from climate risks on the financial reporting, management has assessed that the effect of climate related risks do not significantly impact estimates and assumptions. Likewise, it is not estimated to have any significant accounting impact.

Management has made the following accounting estimates which significantly affect the amounts recognized in the consolidated financial statements:

Accounting policy	Key accounting estimates	Note
Revenue	Estimate of US sales deductions and provisions for sales rebates	3
Intangible assets	Estimate regarding impairment of assets; assessment whether future sales and development milestones have become probably; assessment whether development costs should be expensed or capitalized	15
Inventories	Estimate of indirect production costs capitalized and inventory write-down	18
Acquisition of businesses	Estimate of fair value for identifiable net assets for which observable market prices are not available	32

Note 3

Revenue

Accounting policies

Sale of goods

Revenue from sale of goods is recognized when Bavarian Nordic has transferred control of products sold to the buyer and it is probable that Bavarian Nordic will collect the consideration to which it is entitled for transferring the products. Control of the products is transferred at a point in time, typically on delivery. The amount of sales to be recognized is based on the consideration Bavarian Nordic expects to receive in exchange for its goods. When sales are recognized, Bavarian Nordic also records estimates for a variety of sales deductions, including product returns as well as rebates and discounts to government agencies, wholesalers, health insurance companies, managed healthcare organisations and retail customers. Revenue is measured net of value added tax, duties, etc. collected on behalf of a third party.

Where contracts contain customer acceptance criteria, Bavarian Nordic recognizes sales when the acceptance criteria are satisfied.

Where absolute amounts are known, the rebates are recognized as other liabilities. Wholesaler charge-backs are netted against trade receivable balances.

The pricing mechanisms in the US market and the different kind of rebates are described below.

Pricing mechanisms in the US market

In the US, sales rebates are paid in connection with government and commercial programmes. Key customers in the US include private payers, Group Purchasing Organizations (GPOs) and government payers. GPOs play a role in negotiating price concessions with drug manufacturers for the commercial channels, and determine which drugs are offered as preferred options on their drug lists.

US Medicaid & Medicare rebates

Medicaid & Medicare are government insurance programmes. Medicaid and Medicare rebates have been estimated using a combination of historical experience, product and population growth, price increases, and the impact of contracting strategies. The calculation also involves interpretation of relevant regulations that are subject to changes in interpretative guidance from government authorities. Bavarian Nordic adjusts the provision periodically to reflect actual sales performance.

Wholesaler charge-backs

Wholesaler charge-backs relate to contractual arrangements between Bavarian Nordic and indirect customers whereby products are sold at contract prices lower than the list price originally charged to wholesalers. A wholesaler charge-back represents the difference between the invoice price to the wholesaler and the indirect customer's contract price. Accruals are calculated for estimated charge-backs using a combination of factors such as historical experience, current wholesaler inventory levels, contract terms and the value of claims received but not yet processed.

Note 3

Revenue *(continued)*

Accounting policies *(continued)*

Other discounts and sales returns
Other discounts are provided to wholesalers, hospitals, pharmacies, etc. They are usually linked to sales volume or provided as cash discounts. Accruals are calculated based on historical data and recorded as a reduction in gross sales at the time the related sales are recorded. Sales returns are related to damaged or expired products.

Sale of services and licenses
Furthermore, revenue comprises the fair value of the consideration received or receivable for income derived from development services where revenue is measured at the expected net sales price.

Sales of licences that transfer the rights associated with ownership of intellectual property are recognized at a point in time when control is transferred. Revenue from development services and licences that do not transfer the right of ownership to intellectual property are recognized over time in line with the execution and delivery of the work.

Agreements with commercial partners generally include non-refundable upfront license and collaboration fees, milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones, as well as royalties on product sales of licensed products, if and when such product sales occur, and revenue from the supply of products. For these agreements that include multiple elements, total contract consideration is attributed to separately identifiable components on a reliable basis that reasonably reflects the selling prices that might be expected to be achieved in stand-alone transactions provided that each component has value to the partner on a stand-alone basis. The allocated consideration is recognized as revenue in accordance with the principles described above.

Key accounting estimates

Provisions for sales deductions
Sales discounts and rebates are predominantly issued in the US in connection with the US Federal and State Government Healthcare programs, namely Medicare and Medicaid, and commercial rebates.

The estimate of sales discounts and rebates is based on a calculation which includes a combination of historical utilization data, combined with expectations in relation to the development in sales and utilization. Furthermore, specific circumstances regarding the different programs are considered. The obligations concerning sales discounts and rebates are incurred at the time the sale is recorded. However, the actual discount or rebate related to a specific sale may be invoiced later.

Bavarian Nordic considers the provisions established for sales discounts and rebates to be reasonable and appropriate based on currently available information. However, the actual amount of discounts and rebates may differ from the amounts estimated as more detailed information becomes available.

Partner contracts
Whether a component of a multiple element contract has value to the partner on a stand-alone basis is based on an assessment of specific facts and circumstances and is associated with judgement. This applies also to the assessment of whether a license transfers rights associated with ownership of an intangible asset. Furthermore, allocation of the total consideration of a contract to separately identifiable components requires considerable estimates and judgement to be made by Management. At inception and throughout the life of a contract Management is performing an analysis of the agreement with its partners based on available facts and circumstances at each assessment date such as historical experience and knowledge from the market to the extent obtainable. This includes also an understanding of the purpose of the deliverables under the contract and the negotiation taken place prior to concluding the contract.

Note 3

Revenue *(continued)*

DKK thousand	2023	2022
Travel health		
Rabipur/RabAvert	1,161,162	879,341
Encepur	416,756	298,736
Vivotif	118,885	-
Vaxchora	23,736	-
Other product sale	156,533	78,414
	1,877,072	**1,256,491**
Public preparedness		
Mpox/smallpox vaccine sale	5,027,001	1,730,472
Sale of goods	**6,904,073**	**2,986,963**
Milestone payments	-	83,048
Contract work	158,267	80,782
Sale of services	**158,267**	**163,830**
Revenue	**7,062,340**	**3,150,793**
Total revenue includes:		
Fair value adjustment concerning financial instruments entered into to hedge revenue	5,016	-

Other product sale consists of the following:
- Sale of Dukoral and Ixiaro licensed from Valneva
- Sale of Heplisav licensed from Dynavax

DKK thousand	2023	2022
Geographic split of revenue:		
USA	2,577,081	841,527
Canada	1,556,039	197,283
France	740,256	268,186
Germany	714,136	650,208
Spain	429,664	11,972
Australia	338,076	97,655
Switzerland	107,738	70,986
Sweden	71,966	2,860
Chile	65,188	-
Taiwan	53,796	-
United Kingdom	44,721	169,203
Hong Kong	13,943	115,599
Saudi Arabia	4,839	100,442
Belgium	-	335,399
Other geographic markets	344,897	289,473
Revenue	**7,062,340**	**3,150,793**

In 2023 revenue achieved on the Danish market amounted to DKK 18.9 million (DKK 19.3 million).

In 2023 the following customers represented more than 10% of total revenue:
- Biomedical Advanced Research and Development Authority (BARDA), USA, DKK 1,708.3 million.
- Health Canada/PHAC, Department of Health, Canada, DKK 1,534.8 million.
- Agence nationale de santé publique FR, France, DKK 729.9 million.

In 2022 no customer represented more than 10% of total revenue.

Note 3

Revenue *(continued)*

Accounting for contract with Biomedical Advanced Research and Development Authority (BARDA)
When drug substance batches are invoiced to BARDA the batches remain in the Company's physical possession until filling as final product. The filling takes place either at the Company's facility in Kvistgaard or at CMO's (a bill-and-hold arrangement). Revenue is recognized once the BDS are releasable according to contract with BARDA.

Payment is due within 30 days after invoicing.

Note 4

Production costs

Accounting policies

Production costs consist of costs incurred in generating the revenue for the year. Costs for raw materials, consumables, production staff and a proportion of production overheads, including maintenance, amortization, depreciation and impairment of intangible and tangible assets used in production as well as operation, administration and management of the production facility are recognized as production costs. Amortization of acquired product rights are recognized as production costs. In addition, the costs related to idle capacity and write-down to net realisable value of goods on stock are recognized.

DKK thousand	**2023**	**2022**
Cost of goods sold	1,608,263	644,683
Contract costs	126,877	19,889
Other production costs	426,125	512,024
Amortization of product rights	298,029	272,935
Production costs	**2,459,294**	**1,449,531**

Other production costs amounted to DKK 426.1 million (DKK 512.0 million), of which net write-downs of inventory amounted to DKK 40.3 million compared to DKK 35.5 million in 2022. The write-down mainly relates to Process Performance Qualification (PPQ) batches for chikungunya. The PPQ batches can be used for future commercial sale and the write-down will be reversed at the time of expected approval of the chikungunya vaccine. Write-down of RSV materials (DKK 35.0 million) following the discontinuation of the Phase 3 study is recognized as research and development costs. Development in write-downs is further described in note 18.

Other production costs for 2023 includes idle capacity at the production site in Bern, approx. DKK 125 million.

The bulk manufacturing facility was shutdown for a year during 2021/2022 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 for the first 3 quarters of 2022.

The product rights to Rabipur/RabAvert and Encepur are amortized over 20 years with an annual amortization of DKK 272.9 million. The product rights for Vivotif and Vaxchora are amortized over 10-20 years, starting from the acquisition date May 15, 2023. The amortization amounted to DKK 25.1 million in 2023.

Note 5

Sales and distribution costs

Accounting policies

Sales and distribution costs comprise costs incurred for the sale and distribution of products sold during the year. This includes costs incurred for sales campaigns, training and administration of the sales force and for direct distribution, marketing and promotion. Also included are salaries and other costs for the sales, distribution and marketing functions, loss allowance for expected credit losses, amortization, depreciation and other indirect costs.

Note 6

Research and development costs

Accounting policies

Research and development costs include salaries and costs directly attributable to the Group's research and development projects, less government grants. Furthermore, salaries and costs supporting direct research and development, including costs of patents, rent, leasing and depreciation attributable to laboratories, and external scientific consultancy services, are recognized under research and development costs. No indirect or general overhead costs that are not directly attributable to research and development activities are included in the disclosure of research and development expenses recognized in the income statement.

Research costs are expensed in the year they occur.

Development costs are generally expensed in the year they occur. In line with industry custom, capitalization of development costs does not begin until it is deemed realistic that the product can be completed and marketed and it is highly likely that a marketing authorization will be received. In addition, there must be sufficient certainty that the future earnings to the Group will cover not only production costs, direct distribution and administrative costs, but also the development costs.

Contract research and development costs incurred to achieve revenue are included in "Research and development costs incurred this year" in the table and then transferred under "Contract costs recognized as production costs" to be recognized as production costs.

Grants that compensate the Group for research and development expenses incurred, which are recognized directly in the income statement, are set off against the costs of research and development at the time when a final and binding right to the grant has been obtained.

Note 6

Research and development costs *(continued)*

DKK thousand	2023	2022
Research and development costs incurred this year	1,797,274	1,202,981
Of which:		
Contract costs recognized as production costs (note 4)	(126,877)	(19,889)
Impairment loss of ABNCoV2 development program	557,683	-
Research and development costs recognized in the income statement	**2,228,080**	**1,183,092**
Impairment loss of ABNCoV2 development program		
Acquired rights and development in progress	1,403,264	-
Intangible assets in progress	26,224	-
Prepayments	456,551	-
Prepayment and loan from Government	(806,420)	-
Deferred consideration	(521,936)	-
Impairment loss of ABNCoV2 development program	**557,683**	**-**
Fair value adjustment concerning financial instruments entered into to hedge research and development costs	-	30,201

ABNCoV2 development program

Under the Group's accounting policies development costs are generally expensed in the year they occur. During the development of ABNCoV2, the Group, however, started capitalizing directly related development cost as – unlike most other development candidates – the feasibility of developing a final vaccine and obtain regulatory approval was considered likely, because the development of other COVID-19 vaccine candidates based on the same antigen had been successful. Furthermore, the Group had ensured significant finance of the development through the funding obtained from Danish Ministry of Health and a minimum demand agreed in the agreement with the Danish Ministry of Health.

Following the Phase 3 results announced in August 2023, where ABNCoV2 demonstrated a reduced level of neutralizing antibodies against a circulating variant, the asset no longer represented a commercial opportunity for Bavarian Nordic as the regulators, EMA and FDA, could not accept a submission for licensure. Therefore, Management decided to fully write-down all assets and liabilities related to the development program. The net write-down amounted to DKK 558 million and was recognized as an impairment loss and included as part of the research and development costs.

See note 32 for a summarized income statement and a summarized financial position showing how the write-down has impacted the Annual Report.

Research and development costs include expenses for external clinical research organizations, or CRO's, of DKK 831.3 million (DKK 874.9 million).

See further description in note 15.

Note 7

Administrative costs

Accounting policies

Administrative costs include costs of Group Management, staff functions, administrative personnel, office costs, rent, short-term lease payments and depreciation not relating specifically to production, research and development or sales and distribution.

Note 8

Staff costs

DKK thousand	2023	2022
Wages and salaries	1,026,464	664,791
Contribution based pension	68,051	52,635
Social security expenses	52,640	24,861
Other staff expenses	68,262	48,373
Share-based payment, see specification in note 30	55,477	49,284
Staff costs	**1,270,894**	**839,944**
Staff expenses are distributed as follows:		
Production costs	545,968	333,547
Sales and distribution costs	148,016	89,304
Research and development costs	333,548	198,838
Administrative costs	209,564	168,259
Capitalized salaries	33,798	49,996
Staff costs	**1,270,894**	**839,944**
Average number of employees converted to full-time	1,255	874
Number of employees as of December 31 converted to full-time	1,379	975

The Group has mainly defined contribution plans and pays regular fixed contributions to independent pension funds and insurance companies. Employees in Bavarian Nordic Berna GmbH is covered by a defined benefit plan, see further note 27.

DKK thousand	2023	2022
Staff costs include the following costs:		
Board of Directors:		
Remuneration	6,345	5,475
Share-based payment	2,070	1,750
Remuneration to Board of Directors	**8,415**	**7,225**
Executive Management:		
Salary	11,330	9,873
Paid bonus	2,484	2,068
Other employee benefits	705	692
Contribution based pension	1,574	1,367
Share-based payment	13,443	13,485
Corporate Management	**29,536**	**27,485**
Salary	12,622	11,527
Paid bonus	2,639	2,947
Other employee benefits	1,471	1,362
Contribution based pension	2,228	1,472
Share-based payment	11,999	8,756
Salary and benefits in notice period	-	7,851
Other Executive Management	**30,959**	**33,915**
Remuneration to Executive Management	**60,495**	**61,400**
Total management remuneration	**68,910**	**68,625**

Note 8

Staff costs *(continued)*

CEO and President of the Company Paul Chaplin and CFO Henrik Juuel constitute the Corporate Management in the Parent Company.

COO Russell Thirsk, CPO Anu Kerns, CCO JC May and CMO Laurence De Moerlooze constitute the Other Executive Management.

Restricted stock units
In March 2023 Corporate Management was granted 10,927 restricted stock units (excl. matching shares) (12,682 restricted stock units) at a value of DKK 2.5 million (DKK 2.1 million) at grant. Other Executive Management was granted 11,502 restricted stock units (excl. matching shares) (9,896 restricted stock units) corresponding to a value of DKK 2.6 million (DKK 1.6 million) at grant.

In December 2023 Corporate Management was granted 32,028 performance restricted stock units at a value of DKK 5.3 million at grant. Other Executive Management was granted 29,574 performance restricted stock units at a value of DKK 4.9 million at grant.

In March 2023, the members of the Board of Directors were granted in total 10,644 restricted stock units (11,467 restricted stock units) corresponding to 50% of their fixed fee amounting to DKK 2.1 million (DKK 1.8 million).

For further description of restricted stock units see note 30.

Warrants
In December 2023 Corporate Management was granted 83,921 warrants (126,487 warrants) with a fair value of DKK 5.3 million (DKK 9.2 million). Other Executive Management was granted 77,491 warrants (122,300 warrants) with a fair value of DKK 4.9 million (DKK 8.9 million).

Fair value calculated based on Black-Scholes, cf. note 30.

Incentive programs for the Executive Management and other employees are disclosed in note 30.

Members of the Executive Management have contracts of employment containing standard terms for members of the Executive Management of Danish listed companies, including the periods of notice that both parties are required to give and competition clauses. If a contract of employment of a member of the Executive Management is terminated by the Company without misconduct on the part of such member, the member of the Executive Management is entitled to compensation, which, depending on the circumstances, may amount to a maximum of 8-18 months' remuneration. In the event of a change of control the compensation may amount to 24 months' remuneration.

Note 9

Depreciation, amortization and impairment losses

DKK thousand	**2023**	**2022**
Depreciation and amortization included in:		
Production costs	477,544	352,554
Sales and distribution costs	181	73
Research and development costs	19,631	6,403
Administrative costs	56,465	40,217
Depreciation and amortization	**553,821**	**399,247**
Hereof loss from disposed fixed assets	704	1,175
Impairment losses included in:		
Research and development costs	557,683	-
Impairment losses	**557,683**	**-**

The product rights to Rabipur/RabAvert and Encepur are amortized over 20 years with an annual amortization of DKK 272.9 million. The product rights were acquired from GSK as per December 31, 2019.

The product rights for Vivotif and Vaxchora are amortized over 10-20 years, starting from the acquisition date May 15, 2023. The amortization amounted to DKK 25.1 million in 2023. The product rights were acquired from Emergent BioSolution May 15, 2023.

Amortization of product rights is recognized as part of cost of goods sold under production costs.

See further description in note 15.

Note 10

Fees to auditor appointed at the annual general meeting

DKK thousand	2023	2022
Audit of financial statements[1]	3,903	2,208
Other assurance services	268	176
Tax advisory	486	501
Other services	653	143
Fees	**5,310**	**3,028**

[1] 2023 audit of financial statements includes DKK 0.4 million of additional fee related to 2022 primarily due to expansion of sales activities following the mpox outbreak.

The fee for non-audit services provided to the Group by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 0.9 million (DKK 0.3 million) and consisted of assurance work related to the assistance with compliance reviews, and other accounting and tax advisory services.

Note 11

Financial income

Accounting policies

Interest income is recognized in the income statement at the amounts relating to the financial year. Financial income also includes net positive value adjustments of financial instruments and securities, adjustment of the net present value of provisions and net currency gains.

DKK thousand	2023	2022
Financial income from bank and deposit contracts[1]	40,214	26
Financial income from securities	14,340	19,543
Fair value adjustments on securities	30,777	-
Adjustment of deferred consideration due to change in estimated timing of payments	13,759	54,390
Currency adjustment deferred consideration	2,563	-
Net gains on derivative financial instruments at fair value through the income statement	11,131	-
Net foreign exchange gains	-	4,578
Financial income	**112,784**	**78,537**

[1] Interest income from financial assets measured at amortized cost

Note 12

Financial expenses

Accounting policies

Interest expenses are recognized in the income statement at the amounts relating to the financial year. Financial expenses also include adjustment of net present value of the deferred consideration, cf. note 24, negative value adjustments of financial instruments and securities and net currency losses.

DKK thousand	2023	2022
Interest expenses on debt[1]	3,558	16,640
Fair value adjustments on securities	-	190,301
Unwinding of the discount related to deferred consideration	101,961	103,049
Currency adjustment deferred consideration	-	11,597
Net loss on derivative financial instruments at fair value through the income statement	-	17,776
Financial expenses, other	11,469	-
Net foreign exchange losses	15,392	-
Financial expenses	**132,380**	**339,363**

[1] Interest expenses on financial liabilities measured at amortized cost

Note 13

Tax for the year

Accounting policies

Income tax for the year comprises current tax and deferred tax for the year. The part relating to the profit for the year is recognized in the income statement, and the part attributable to items in the comprehensive income is recognized in the comprehensive income statement.

The tax effect of costs that have been recognized directly in equity is recognized in equity under the relevant items.

Current tax receivable is recognized in the balance sheet under current asset.

Current tax payable is recognized in the balance sheet under current liabilities.

Deferred tax is measured using the balance sheet liability method on all temporary differences between accounting values and tax values. Deferred tax liabilities arising from temporary tax differences are recognized in the balance sheet as a liability.

Deferred tax assets arising from temporary deductible differences and tax losses carried forward are recognized when it is probable that they can be realized by offsetting them against taxable temporary differences or future taxable profits. At each balance sheet date, it is assessed whether it is probable that there will be sufficient future taxable income for the deferred tax asset to be utilized.

Deferred income tax is provided on temporary taxable differences arising on investments in subsidiaries, unless the parent company is able to control the timing when the deferred tax is to be realized and it is likely that the deferred tax will not be realized within the foreseeable future.

Deferred tax is calculated at the tax rates applicable on the balance sheet date for the income years in which the tax asset is expected to be utilized.

Note 13

Tax for the year *(continued)*

DKK thousand	2023	2022
Tax recognized in the income statement		
Current tax on profit for the year	11,493	15,738
Adjustments to current tax for previous years	(9,929)	33
Current tax	**1,564**	**15,771**
Change in deferred tax	6,190	-
Deferred tax	**6,190**	**-**
Tax for the year recognized in the income statement	**7,754**	**15,771**
Tax on income for the year is explained as follows:		
Income before company tax	1,482,943	(331,611)
Calculated tax (22.0%) on income before company tax	326,247	(72,954)
Tax effect on:		
Different tax percentage in foreign subsidiaries	(3,308)	572
Non-recognized deferred tax asset on current year losses in foreign subsidiaries	(747)	(1,953)
Income ()/expenses that are not taxable/deductible for tax purposes	16,273	(4,443)
Deduction for interest and currency adjustments related to debt forgiveness	(60,009)	-
Special tax credit	(32,788)	(46,946)
Change in unrealized intra-group profits	(11,025)	(25,099)
Change in non-recognized tax asset	(216,960)	166,561
Adjustments to current tax for previous years	(9,929)	33
Tax on income for the year	**7,754**	**15,771**
Tax recognized in other comprehensive income		
Remeasurements of defined benefit plans	4,505	-
Tax recognized in equity		
Tax on share based payment	-	-

Tax on income is an expense of DKK 7.8 million (DKK 15.8 million), corresponding to an effective positive tax rate of 0.5% (negative 4.8%). The parent company’s taxable income for 2023 is DKK 0 million after use of tax losses carried forward (DKK 0 million). Current tax and change in deferred tax expensed in 2023 relates mainly to Bavarian Nordic GmbH and Bavarian Nordic Berna GmbH.

'Income()/expenses that are not taxable/deductible for tax purposes' is primarily transaction costs related to 'Acquisition of businesses'.

'Special tax credit' primarily relates to the 8% step up deduction on research and development costs according to Section 8B of the Danish Tax Assessment Act.

Current tax on profit for previous years relates primarily to paid out tax credits on previous years losses arisen from research and development activities, according to Section 8X of the Danish Tax Assessment Act..

Note 13

Tax for the year *(continued)*

	2023						
DKK thousand	January 1, 2023	Adjustment to previous year	Additions from Acqui-sition of businessess	Recognized in the income statement	Recognized in equity	Exchange rate adjust-ments on translating foreign operations	December 31, 2023
Product rights	62,881	-	-	(112,955)	-	-	(50,074)
Acquired rights and development in progress	(2,659)	-	-	(108,445)	-	-	(111,104)
Property, plant and equipment	88,124	643	(33,546)	(1,223)	-	(1,933)	52,065
Right-of-use assets	287	-	-	(104)	-	-	183
Development projects for sale	32,446	-	-	(6,502)	-	-	25,944
Unrealized intra-group profits	(21,265)	-	-	11,025	-	642	(9,598)
Receivables	191	-	-	27	-	-	218
Provisions	-	-	-	1,100	-	-	1,100
Defined benefit plans	-	-	7,732	(1,428)	4,505	364	11,173
Financial instruments	(7,017)	-	-	-	(3,078)	-	(10,095)
Share-based payment	27,405	-	-	8,385	-	-	35,790
Tax losses carried forward	470,385	(11,703)	-	(13,030)	-	(642)	445,010
Not recognized tax asset	(650,778)	11,060	-	216,960	3,078	-	(419,680)
Recognized deferred tax assets/liabilities	**-**	**-**	**(25,814)**	**(6,190)**	**4,505**	**(1,569)**	**(29,068)**

	2022				
DKK thousand	January 1, 2022	Adjustment to previous year	Recognized in the income statement	Recognized in equity	December 31, 2022
Product rights	(10,421)	-	73,302	-	62,881
Acquired rights and development in progress	-	-	(2,659)	-	(2,659)
Property, plant and equipment	60,500	4,184	23,440	-	88,124
Right-of-use assets	370	-	(83)	-	287
Development projects for sale	32,446	-	-	-	32,446
Unrealized intra-group profits	-	(46,364)	25,099	-	(21,265)
Receivables	37	-	154	-	191
Financial instruments	297	-	-	(7,314)	(7,017)
Share-based payment	27,994	-	5,282	(5,871)	27,405
Tax losses carried forward	361,516	66,843	42,026	-	470,385
Not recognized tax asset	(472,739)	(24,663)	(166,561)	13,185	(650,778)
Recognized deferred tax assets	**-**	**-**	**-**	**-**	**-**

Note 13

Tax for the year *(continued)*

Deferred tax
Deferred tax assets relate to temporary differences between the tax base and accounting carrying amount and tax losses carried forward.

Deferred tax assets arising from temporary deductible differences and tax losses carried forward are recognized to the extent they are expected to be offset against future taxable income.

Recognized tax losses carried forward relate to Bavarian Nordic A/S and the two Danish subsidiaries Aktieselskabet af 1. juni 2011 I and Aktieselskabet af 1. juni 2011 II regulated within Danish tax jurisdiction.

The tax value of non-recognized tax losses carried forward in Bavarian Nordic A/S and the two Danish subsidiaries amounts to DKK 445.0 million (DKK 470.4 million), whereas the tax value of non-recognized temporary deductible differences amounts to DKK 0 million (DKK 180.4 million). Tax rate used for Danish entities is 22%.

The recognized deferred tax liability relates to Bavarian Nordic Berna GmbH, regulated within Swiss tax jurisdiction.

The Company's right to use the tax losses carried forward is not time-limited.

Pillar II
The Bavarian Nordic Group is not yet in scope of the Minimum Tax Act (Pillar II), as adopted by the Danish Parliament on December 7, 2023. If the group becomes covered by the Minimum Tax Act, no additional tax costs is expected for the Bavarian Nordic Group, based on the current group structure. It will result in a not insignificant compliance task for the Bavarian Nordic Group if the group is unable to utilize the safe harbour rules.

Note 14

Earnings per share (EPS)

Accounting policies

Earnings per share is calculated as the profit or loss for the year compared to the weighted average of the issued shares in the financial year. The basis for the calculation of diluted earnings per share is the weighted-average number of ordinary shares in the financial year adjusted for the dilutive effects of warrants.

DKK thousand	**2023**	**2022**
Net result for the year	1,475,189	(347,382)
Earnings per share of DKK 10	19.2	(4.9)
Diluted earnings per share of DKK 10	19.2	(4.9)
The weighted average number of ordinary shares for the purpose of diluted earning per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:		
Weighted average number of ordinary shares	76,860,003	70,547,859
Weighted average number of treasury shares	(149,442)	(129,468)
Weighted average number of outstanding ordinary shares used in the calculation of basic earnings per share	**76,710,561**	**70,418,391**
Weighted average number of outstanding ordinary shares used in the calculation of diluted earnings per share	**76,710,561**	**70,418,391**
Outstanding warrants that may have an effect on the calculation of diluted earnings per share in the future.		
2023-programs	1,258,558	-
2022-programs	992,310	1,013,923
2021-program	651,074	655,774
2020-programs	1,105,219	1,142,109
2019-program	513,754	599,493
2018-program	-	240,708
Outstanding warrants, cf. note 30	**4,520,915**	**3,652,007**

Note 15

Intangible assets

Accounting policies

Intangible assets are measured at historic cost less accumulated amortization and impairment losses. Cost of acquired product rights are measured at cash consideration and present value of any deferred payments for those rights. Furthermore costs of acquired product rights include transaction costs that are directly attributable to the acqusition.

Internal development projects that meet the requirements for recognition as intangible assets are measured at direct cost relating to the development projects.

Amortization is provided on a straight-line basis over the useful economic lives of the assets.

The useful lives of acquired product rights are estimated to be 10-20 years and software is estimated to be 3-5 years.

Amortization of acquired product rights is recognized as part of cost of goods sold under production costs.

Impairment

The carrying amounts of intangible assets carried at cost or amortized cost are tested at least annually to determine whether there are indications of any impairment in excess of that expressed in normal amortization. If that is the case, the asset is written down to the recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Impairment losses on intangible assets are recognized under the same line item as amortization of the assets.

For development projects in progress, the recoverable amount is assessed annually, regardless of whether any indications of impairment have been found.

Key accounting estimates

Product rights

When determining the amortization period for acquired product rights, Management need to make an assessment of expected useful economic life. In the assessment Management take among other things the following components into consideration: The maturity of the products acquired, development in the market the acquired products are targeting, the current competitors, clinical development of new competing products and entry barriers to the market due to advanced production technology. Straight-line amortization reflects the use and impairment of the product rights.

Management continuously updates the valuation model used when acquiring the product rights from GSK to assess the value creation expected from the acquisition. The latest update of the valuation model shows a value above the net present value of the purchase price, hence there is no indications of impairment.

As per December 31, 2022 Management still judge that the sales milestone of EUR 25 million included in Asset Purchase Agreement is not probable and therefore the present value has not been added to the cost of the product rights.

Key accounting judgments

Management has made the following accounting judgments which significantly affect the amounts recognized in the consolidated financial statements:

Acquired rights and development in progress

Under the Group's accounting policies and in accordance with common industry practice, development costs are generally expensed in the year they occur. During the development of ABNCoV2, the Group has, however, started capitalization of directly related development cost at commencement of the phase 2 and 3 studies as – unlike most other development candidates - the feasibility of developing a final vaccine and obtain regulatory approval is considered highly likely.

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 represented a commercial opportunity for Bavarian Nordic as the regulators, EMA and FDA, could not accept a submission for licensure. Therefore, Management decided to fully write-down all assets and liabilities related to the development program. The impact on the financials for 2023 is shown in note 32.

Note 15

Intangible assets *(continued)*

DKK thousand	2023 Product rights	Acquired rights and development in progress	Software	Other intangible assets in progress	Total
Costs as of January 1, 2023	5,458,700	1,013,484	106,094	274,490	6,852,768
Additions	-	389,751	3,034	143,978	536,758
Transfer	-	-	2,353	(2,353)	-
Additions from acquisition of businesses	449,577	1,286,778	4,207	1,212	1,741,779
Disposals	-	-	(1,227)	-	(1,227)
Exchange rate adjustments	-	-	497	(1)	496
Cost as of December 31, 2023	**5,908,277**	**2,690,013**	**114,958**	**417,326**	**9,130,574**
Amortization and impairment losses as of January 1, 2023	818,805	-	91,326	-	910,131
Amortization	298,030	-	12,028	-	310,058
Impairment losses	-	1,403,264	-	26,224	1,429,488
Disposals	-	-	(1,111)	-	(1,111)
Exchange rate adjustments	-	-	272	-	272
Amortization and impairment losses as of December 31, 2023	**1,116,835**	**1,403,264**	**102,515**	**26,224**	**2,648,838**
Carrying amount as of December 31, 2023	**4,791,442**	**1,286,749**	**12,443**	**391,102**	**6,481,736**
Geographical split of intangible assets – 2023					
Denmark					6,475,179
Germany					270
USA					2,005
Switzerland					4,282
Total intangible assets					**6,481,736**

Product rights
December 31, 2019 the Company acquired the product rights to two commercial products owned by GSK – Rabipur/RabAvert and Encepur.

The products have been on the market for more than 20 years. There is no need to further develop the products. Management assesses that it will require up to 10 years of clinical development for competitors to bring a new competing product to the market likewise the production process required to produce these products is highly complex. Based on these factors Management assesses that the acquired product rights should be amortized over 20 years.

The acquisition price for the two product rights consists of the upfront payment and the present value of the milestone payments included in the Asset Purchase Agreement with GSK. The milestone payments relate to transfer and re-registration of marketing authorizations, technology transfer of different steps of the production and packaging activities as well as a milestone payment when all services agreed to be rendered has been completed. The Asset Purchase Agreement specifies the above milestone payments for each product. In total EUR 470 million. The Asset Purchase Agreement also includes a sales milestone of EUR 25 million. The sales milestone is related to the total revenue of the two products. Management deems it unlikely that the sales milestone will be trickered, hence the sales milestone has not been recognized as part of the asset nor the deferred consideration as per December 31, 2021.

Note 15

Intangible assets *(continued)*

	2023		
DKK thousand	Acquistion price	Carrying amount December 31, 2023	Remaining amortization period
Rabipur/RabAvert	3,140,250	2,512,200	16 years
Encepur	2,318,450	1,854,760	16 years
Vivotif	312,208	291,357	9.5 years
Vaxchora	137,369	133,125	19.5 years
Total product rights		**4,791,442**	

Deferred consideration for the acquired product rights are described in note 24.

In May 2023, the Company concluded a Purchase and Sale Agreement with Emergent BioSolutions. The agreement included acquisition of product rights to two commercial travel vaccines – Vivotif and Vaxchora.

Vivotif and Vaxchora were first licensed in the US in 1989 and 2016 respectively. Vaccines have historically shown to have a long lifespan due to stringent regulatory requirements, high research and development costs and a complex manufacturing process. Vaxchora is targeting a market that has a relatively low market value, which further lowers the chance of competitors entering the market and taking significant market shares. Based on these factors Management assesses that the Vaxchora product right should be amortized over 20 years.

Vivotif was developed more than 30 years ago and the market is larger than for Vaxchora. Therefore, the risk of competition is also deemed higher, hence the amortization period is assessed to be 10 years.

The acquisition price for the two product rights consists of an upfront payment of DKK 312 million for Vivotif and DKK 137 million for Vaxchora.

The Purchase and Sale Agreement also includes an earnout payment starting at USD 30 million. The earnout payment relates to sale of Vivotif and Vaxchora. As per December 31, 2023 Management does not judge the sales milestone to be probable and therefore the earnout payment has not been recognized as either part of the project rights nor the deferred consideration.

Acquired rights and development in progress
The Purchase and Sale Agreement concluded with Emergent BioSolutions included acquisition of a late-stage vaccine candidate for chikungunya virus. The initial acquisition price amounted to DKK 788 million. The Company will complete the Phase 3 study and submit for approval. No further cost will be capitalized.

The agreement with Emergent BioSolutions also included milestone payments totaling USD 80 million related to submission and approval of Biologics License Application (BLA) to FDA and Marketing Authorization Application to EMA for the chikungunya development asset.

At initial recognition the net present value of probable future development milestone payments to Emergent BioSolutions amounted to DKK 499 million and was recognized as deferred consideration (note 24).

Write-down of ABNCoV2 development program
See note 32 for a summarized income statement and a summarized financial position showing how the write-down has impacted the Annual Report.

Intangible assets in progress
The as-is technology transfer from GSK to Bavarian Nordic of the manufacturing process for Rabipur/RabAvert and Encepur is progressing as expected. The transfer has taken place in a staged process, starting with packaging then filling and ending with the transfer of bulk manufacturing. The Company has incurred material costs in terms of internal labour and consultancy to handle the technology transfer and has gained crucial knowledge about the manufacturing process. These costs are capitalized as an intangible asset. As per December 31, 2022 the capitalized costs amounts to DKK 255.3 million (DKK 255.3 million), recognized as intangible assets in progress.

Other intable assets in progress relates to IT investments.

Note 15

Intangible assets *(continued)*

	2022				
DKK thousand	Product rights	Acquired rights and development in progress	Software	Other intangible assets in progress	Total
Costs as of January 1, 2022	5,458,700	733,770	100,385	134,371	6,427,226
Additions	-	279,714	3,006	142,691	425,411
Transfer	-	-	2,572	(2,572)	-
Disposals	-	-	-	-	-
Exchange rate adjustments	-	-	131	-	131
Cost as of December 31, 2022	**5,458,700**	**1,013,484**	**106,094**	**274,490**	**6,852,768**
Amortization as of January 1, 2022	545,870	-	77,400	-	623,270
Amortization	272,935	-	13,908	-	286,843
Disposals	-	-	-	-	-
Exchange rate adjustments	-	-	18	-	18
Amortization as of December 31, 2022	**818,805**	**-**	**91,326**	**-**	**910,131**
Carrying amount as of December 31, 2022	**4,639,895**	**1,013,484**	**14,768**	**274,490**	**5,942,637**
Geographical split of intangible assets – 2022					
Denmark					5,941,664
Germany					-
USA					973
Total intangible assets					**5,942,637**

Other intangible assets in progress include investments in software.

Note 16

Property, plant and equipment

Accounting policies

Property, plant and equipment include land and buildings, production equipment, leasehold improvements, office and IT equipment and laboratory equipment and is measured at cost less accumulated depreciation and impairment losses.

Cost includes the costs directly attributable to the purchase of the asset, until the asset is ready for use. For assets constructed by the Group cost includes materials, components, third-party suppliers and labour.

Borrowing costs directly attributable to the construction of property, plant and equipment are included in cost. Other borrowing costs are recognized in the income statement.

Depreciation is charged over the expected economic lives of the assets, and the depreciation methods, expected lives and residual values are reassessed individually for the assets at the end of each financial year. Assets are depreciated on a straightline basis over their estimated useful lives as follows:

Buildings	10-20 years
Installations	5-15 years
Leasehold improvements	5 years
Office and IT equipment	3-5 years
Laboratory equipment	5-10 years
Production equipment	3-15 years

Management reviews the estimated useful lives of material property, plant and equipment at the end of each financial year.

Impairment

The carrying amounts of property, plant and equipment carried at cost or amortized cost are tested annually to determine whether there are indications of any impairment in excess of that expressed in normal depreciation. If that is the case, the asset is written down to the recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Impairment losses on property, plant and equipment are recognized under the same line item as depreciation of the assets.

Note 16

Property, plant and equipment *(continued)*

DKK thousand	Land and buildings	Leasehold improvement	Plant and machinery	Other fixtures and fittings, other plant and equipment	Assets under construction	Total
	2023					
Costs as of January 1, 2023	858,543	40,237	514,369	626,036	196,130	2,235,315
Additions	13,387	2,838	20,600	8,864	96,836	142,525
Transfer	79,712	2,688	43,983	21,797	(148,180)	-
Additions from acquisition of businesses	300,131	1,234	86,336	234,826	58,926	681,453
Disposals	(178)	-	(27,101)	(11,603)	-	(38,882)
Exchange rate adjustments	16,467	39	8,520	9,295	3,009	37,330
Cost as of December 31, 2023	**1,268,062**	**47,036**	**646,707**	**889,215**	**206,721**	**3,057,741**
Depreciation and impairment losses as of January 1,2023	228,405	15,472	192,624	114,841	-	551,342
Depreciation	51,424	6,491	62,552	85,511	-	205,978
Disposals	-	-	(25,277)	(8,745)	-	(34,022)
Exchange rate adjustments	1,220	26	4,134	1,548	-	6,928
Depreciation and impairment losses as of December 31, 2023	**281,049**	**21,989**	**234,033**	**193,155**	**-**	**730,226**
Carrying amount as of December 31, 2023	**987,013**	**25,047**	**412,674**	**696,060**	**206,721**	**2,327,515**

Geographical split of property, plant and equipment – 2023	
Denmark	1,615,213
Germany	52,711
USA	40,006
Switzerland	619,587
Total property, plant and equipment	**2,327,517**

The net present value of property, plant and equipment acquired form Emergent BioSolutions amounted to DKK 681 million at the acquisition date and comprised mainly of the production site in Bern.

Mortgage loans of DKK 17.0 million are secured by mortgages totaling DKK 50.0 million on the property Bøgeskovvej 9/Hejreskovvej 10A, Kvistgaard. In addition, as of December 31, 2023, mortgage deeds for a total of DKK 75.0 million have been issued. The carrying amount of assets mortgaged in security of mortgage loans is DKK 1,399.7 million (land and buildings: DKK 987.0 million; plant and machinery: DKK 412.7 million).

Note 16

Property, plant and equipment *(continued)*

	2022					
DKK thousand	Land and buildings	Leasehold improvement	Plant and machinery	Other fixtures and fittings, other plant and equipment	Assets under construction	Total
Costs as of January 1, 2022	546,771	22,288	424,291	312,179	578,707	1,884,236
Additions	73,768	6,147	26,023	146,421	108,885	361,244
Transfer	238,004	11,802	73,919	167,745	(491,470)	-
Disposals	-	-	(9,864)	(428)	-	(10,292)
Exchange rate adjustments	-	-	-	119	8	127
Cost as of December 31, 2022	**858,543**	**40,237**	**514,369**	**626,036**	**196,130**	**2,235,315**
Depreciation and impairment losses as of January 1, 2020	200,818	12,277	169,761	88,712	-	471,568
Depreciation	27,587	3,196	31,061	26,360	-	88,204
Disposals	-	-	(8,198)	(301)	-	(8,499)
Exchange rate adjustments	-	(1)	-	70	-	69
Depreciation and impairment losses as of December 31, 2022	**228,405**	**15,472**	**192,624**	**114,841**	**-**	**551,342**
Carrying amount as of December 31, 2022	**630,138**	**24,765**	**321,745**	**511,195**	**196,130**	**1,683,973**

Geographical split of property, plant and equipment – 2022	
Denmark	1,626,673
Germany	56,564
USA	463
Switzerland	273
Total property, plant and equipment	**1,683,973**

The expansion of the drug substance facility for future production of Rabipur/RabAvert and Encepur completed end of 2022. The Company has not incurred any borrowing costs directly attributable to the construction, hence no borrowing costs have been capitalized.

Mortgage loans of DKK 18.9 million are secured by mortgages totaling DKK 50.0 million on the property Bøgeskovvej 9/Hejreskovvej 10A, Kvistgaard. In addition, as of December 31, 2022, mortgage deeds for a total of DKK 75.0 million have been issued. The carrying amount of assets mortgaged in security of mortgage loans is DKK 951.8 million (land and buildings: DKK 630.1 million; plant and machinery: DKK 321.7 million).

Note 17

Right-of-use-assets

Accounting policies

The right-of-use assets comprise the initial measurement of the corresponding lease liability. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

All operating leases with a lease term of more than 12 months are recognized on the balance sheet as right-of-use-assets.
For leases with a lease term of less than 12 months the lease payments are recognized as an operating expense on a straight-line basis over the term of the lease.

The right-of-use-assets are measured at the present value of all future lease payments. When assessing the lease term, any extension or termination options are included in the assessment. The options are included in determining the lease term, if exercise is reasonably certain. When determining the discount rates used to calculate the net present value of future lease payments, an incremental country specific borrowing rate is used, based on a government bond plus the Group's credit margin, ranging from 3.69% to 6.93%. A single discount rate is used for a portfolio of lease assets with reasonable similar characteristics. Initial direct costs are not included in measurement of the right-of-use-assets. Non-lease components are not separated from lease components.

A maturity analysis for lease payments is described in note 23.

Impact from change in lease terms, lease payments or modification of the lease contract is further described in note 28.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. IAS 36 is applied to determine whether a right-of-use asset is impaired and any identified impariment losses are accounted for as described in note 15.

	2023			
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	2,551	8,767	-	11,318
Additions from acquisition of businesses	41,943	-	-	41,943
Modifications	47,096	210	993	48,299
Disposals	(7,109)	(2,216)	(409)	(9,734)
Depreciations	(30,862)	(5,800)	(419)	(37,081)
Reversal depreciations	675	1,798	409	2,882
Exchange rate adjustments	106	3	1	110
Right-of-use assets as of December 31, 2023	**112,867**	**11,154**	**1,149**	**125,170**

	2022			
DKK thousand	Rent facility	Car leasing	Equipment	Total
Impact from applying IFRS 16 as of January 1, 2022	73,026	1,742	1,075	75,843
Additions	917	8,671	-	9,588
Modifications	5,326	986	-	6,312
Disposals	(2,412)	-	-	(2,412)
Depreciations	(19,475)	(3,050)	(500)	(23,025)
Reversal depreciations	909	-	-	909
Exchange rate adjustments	176	43	(1)	218
Right-of-use assets as of December 31, 2022	**58,467**	**8,392**	**574**	**67,433**

DKK thousand	2023	2022
Amounts included in the income statement		
Interest expense leases	3,074	1,888
Depreciation recognized on right-of-use assets	37,081	23,025
Cost recognized for short term leases (less than 12 months)	-	267

Note 18

Inventories

Accounting policies

Inventories except for raw materials are measured at the lower of cost using the weighted average cost formula method less write-downs for obsolescence and net realisable value. Raw materials are measured at cost based on the FIFO method. For raw materials, cost is determined as direct acquisition costs incurred. The cost of finished goods produced in-house and work in progress includes raw materials, consumables, filling cost, QC testing and direct payroll costs plus indirect costs of production.

Indirect costs of production include indirect materials and labour as well as maintenance of and depreciation on the machinery used in production processes, factory buildings and equipment used and cost of production administration and management. The net realisable value is the estimated sales price in the ordinary course of business less relevant sales costs determined on the basis of marketability, obsolescence and changes in the expected sales price.

Significant accounting estimates

Production overheads are measured on the basis of actual costs. The basis of the actual costs is reassessed regularly to ensure that they are adjusted for changes in the utilization of production capacity, production changes and other relevant factors. Biological living material is used, and the measurements and assumptions for the estimates made may be incomplete or inaccurate, and unexpected events or circumstances may occur, which may cause the actual outcomes to later deviate from these estimates. It may be necessary to change previous estimates as a result of changes in the assumptions on which the estimates were based or due to new information or subsequent events, for which certainty could not be achieved in the earlier estimates.

Estimates that are material to the financial reporting are made in the determination of any impairment of inventories as a result of 'out-of-specification' products, expiry of products and sales risk.

DKK thousand	2023	2022
Raw materials and supply materials	317,392	206,211
Work in progress	1,231,858	641,183
Manufactured goods and commodities	319,102	234,097
Write-down on inventory	(224,615)	(162,419)
Inventories	**1,643,736**	**919,072**
Write-down on inventory as of January 1	(162,419)	(172,941)
Additions from acquisition of businesses	(14,498)	-
Write-down for the year	(75,300)	(78,101)
Use of write-down	27,602	46,031
Reversal of write-down	-	42,592
Write-down on inventory as of December 31	**(224,615)**	**(162,419)**
Cost of goods sold amounts to, cf. note 4	1,608,263	644,683

The inventory value of Encepur and Rabipur/RabAvert products amounted to DKK 947.5 million (DKK 577.9 million), Jynneos/Imvamune/Imvanex amounted to DKK 286,8 million, and Vivotif and Vaxchora amounted to DKK 67,1 million as per December 31, 2023 incl. write-down.

Write-down for the year amounted to DKK 75.3 million (DKK 78.1 million) and mainly relates to write down of RSV material due to discontinuation of the RSV program.

Use of write-down in 2023 of DKK 27.6 million (DKK 46 million) relates to scrap of old Rabipur and Encepur batches fully written down last year.

As of December 31, 2023, the PPQ batches for chikungunya has been fully written down. If the PPQ batches can be used for future commercial sale then the write-down will be reversed at the time of expected approval of the chikungunya vaccine.

Note 19

Trade receivables

Accounting policies

Receivables are measured at initial recognition at fair value and subsequently at amortized value usually equal to the nominal value, net of impairment based on expected credit losses.

Write-downs are calculated using the 'full lifetime expected credit losses' method, whereby the likelihood of non-fulfilment throughout the lifetime of the financial instrument is taken into consideration. A provision account is used for this purpose.

DKK thousand	2023	2022
Trade receivables from public preparedness business	1,660,604	329,897
Trade receivables from travel health business	110,832	167,332
Trade receivables from contract work	6,668	25,916
Trade receivables	**1,778,104**	**523,145**

Credit risk

Bavarian Nordic's customers are predominantly public authorities and renowned wholesalers and therefore the credit risk is very low. There are overdue receivables as of December 31, 2023 DKK 51 million (DKK 40 million). As of December 31, 2023 a loss allowance of DKK 3 million (DKK 1 million) has been recognized.

The Group has applied the simplified approach to measure the expected credit loss and a lifetime expected loss allowance for all trade receivables.The allowance is an estimate based on shared credit risk characteristics and the days past due. At the time of revenue recognition, Bavarian Nordic assesses the full lifetime expected credit losses. In addition, undue and due receivables are analyzed in an ongoing process. Based on the credit assessment, receivables analysis, historical experience and industry experience, it is estimated whether the receivables are recoverable or write-downs are needed. Bavarian Nordic monitor the credit exposure on all customers, both new and existing.

Bavarian Nordic recognizes a loss allowance for expected credit losses and writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Subsequent recovery of amounts previously written down is credited against sales and distribution costs.

The payment conditions for the customers, including credit periods and any payment of interest in case of non-payment, vary, but are always based on industry practice in the relevant market. The average credit period is approximately 30 days for the public preparedness business, while the average credit period for the travel health business is 60 days.

The table details the risk profile for trade receivables.

Trade receivables

DKK thousand	Gross carrying amount	Loss allowance	Net carrying amount
2023			
Not past due date	1,730,046	-	1,730,046
Overdue by 0-3 months	39,613	(191)	39,422
Overdue by 3-6 months	8,188	(539)	7,649
Overdue by 6-12 months	2,755	(1,768)	987
Overdue by more than 12 months	729	(729)	-
Trade receivables	**1,781,331**	**(3,227)**	**1,778,104**
2022			
Not past due date	484,110	-	484,110
Overdue by 0-3 months	39,435	(823)	38,612
Overdue by 3-6 months	470	(47)	423
Overdue by 6-12 months	-	-	-
Overdue by more than 12 months	-	-	-
Trade receivables	**524,015**	**(870)**	**523,145**

Note 20

Other receivables

Accounting policies

Receivables are measured at initial recognition at fair value and subsequently at amortized value usually equal to the nominal value, net of impairment, to counter the loss after an individual assessment of risk of loss.

DKK thousand	2023	2022
Deposits	11,185	5,086
Receivable VAT and duties	46,585	-
Derivative financial instruments at fair value	45,887	31,894
Interest receivables	2,664	11,369
Other receivables	**106,321**	**48,349**
Classified as:		
Non-current assets	11,185	5,086
Current assets	95,136	43,263
Other receivables	**106,321**	**48,349**

Note 21

Prepayments

Accounting policies

Prepayments recognized under assets include costs paid in respect of subsequent financial years, including incurred costs related to technology transfer activities at CMO's, where the costs subsequently will be recognized as inventory in concurrence with purchase of production services from the CMO's. Prepayments are measured at cost.

DKK thousand	2023	2022
Prepayments to CMO's	4,556	351,322
Other prepayments	18,510	10,149
Prepayments	**23,066**	**361,471**
Classified as:		
Non-current assets	4,556	207,537
Current assets	18,510	153,934
Prepayments	**23,066**	**361,471**

Part of the technology transfer of the production and packaging activities for Encepur and Rabipur/RabAvert takes place at CMO's (filing of Encepur, labelling and packing). Costs related to the technology transfer activities are recognized as prepayments when costs incur and then recognized as inventory in concurrence with purchase of production services from the CMO's. As per December 31, 2023 DKK 4.6 million (DKK 14.9 million) has been recognized as non-current prepayments.

As per December 31, 2022 the main part of the prepayments to CMO's related to the scale-up activities to prepare for production of drug substance for commercial launch of ABNCoV2 incl. commercial batches produced as part of the process qualification process. The prepayments were written-down following the announcement of the Phase 3 results for ABNCoV2, see further see note 32.

Note 22

Other liabilities

Accounting policies

Derivative financial instruments and liability relating to phantom shares are measured at fair value. For further details regarding measurement of fair value for phantom shares see note 30.

Other financial liabilities are measured at initial recognition at fair value less any transaction costs.

Subsequent other financial liabilities are measured at amortized cost using the effective interest method, whereby the difference between proceeds and the nominal value is recognized in the income statement as a financial expense over the period. Amortized cost usually equal to the nominal value.

DKK thousand	**2023**	**2022**
Financial instruments at fair value	-	8,302
Liability relating to phantom shares	-	11,102
Payable salaries, holiday accrual etc.	212,122	107,952
Gross to net deduction accrual	159,802	97,679
Other accrued costs	47,919	22,319
Payable VAT and duties	-	10,215
Other liabilities	**419,843**	**257,569**

For a further description of financial instruments see note 23. The phantom share programs are described in note 30.

Note 23

Financial risks and financial instruments

Accounting policies

Derivative financial instruments
On initial recognition, derivative financial instruments are measured at the fair value on the settlement date. Directly attributable costs related to the purchase or issuance of the individual financial instruments (transaction costs) are added to the fair value on initial recognition, unless the financial asset or the financial liability is measured at fair value with recognition of fair value adjustments in the income statement. Subsequently, they are measured at fair value at the balance sheet date based on the official exchange rates, market interest rates and other market data such as volatility adjusted for the special characteristics of each instrument.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as effective hedges of future transactions (cash flow hedges) are recognized as comprehensive income. The ineffective portion is recognized immediately in the income statement. When the hedged transactions are realized, cumulative changes are recognized in the income statement together with the hedged transaction or in respect of a non-financial item as part of the cost of the transactions in question.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized as financials in the income statement as they occur.

The Company has designated certain derivative financial instruments as cash flow hedges as defined under IFRS 9 "Financial Instruments". Hedge accounting is classified as a cash flow hedge when the hedges of a particular risk is associated with the cash flows of highly probable forecast transactions.

Securities
Securities consist of highly liquid, listed bonds with high credit rating, which are measured at fair value on initial recognition and as of the balance sheet date. The Group's portfolio of securities is treated as "financial items at fair value through profit or loss", as the portfolio is accounted for and valued on the basis of the fair value in compliance with the Company's investment policy.

Both realized and unrealized value adjustments are recognized in the income statement under financials.

DKK thousand	2023	2022
Categories of financial instruments		
Trade receivables	1,778,104	523,145
Other receivables	60,434	16,455
Cash and cash equivalents	1,477,234	575,407
Financial assets measured at amortized cost	**3,315,772**	**1,115,007**
Securities	390,247	1,184,843
Transferred securities that are not derecognized	-	1,084,916
Financial assets measured at fair value through the income statement	**390,247**	**2,269,759**
Derivative financial instruments to hedge future cash flows (exchange rate)	44,784	30,025
Derivative financial instruments to hedge future cash flows (interest)	1,103	1,869
Financial assets used as hedging instruments	**45,887**	**31,894**
Deferred consideration	2,376,989	2,612,093
Debt to credit institutions	17,048	18,930
Security lending (repo transactions)	-	1,103,661
Prepayment and loan from Government	-	566,420
Lease liabilities	128,254	70,321
Trade payables	954,142	605,928
Other liabilities	419,843	238,165
Financial liabilities measured at amortized cost	**3,896,276**	**5,215,518**
Derivative financial instruments at fair value through the income statement (repo transactions)	-	8,302
Liability relating to phantom shares	-	11,102
Financial liabilities measured at fair value through the income statement	**-**	**19,404**

Note 23

Financial risks and financial instruments *(continued)*

Policy for managing financial risks
Through its operations, investments and financing the Group is exposed to fluctuations in exchange rates and interest rates. These risks are managed centrally in the Parent Company, which manages the Group´s liquidity. The Group pursues a treasury policy approved by the Board of Directors. The policy operates with a low risk profile, so that exchange rate risks, interest rate risks and credit risks arise only in commercial relations. The Group therefore does not undertake any active speculation in financial risk.

The Group´s capital structure is regularly assessed by the Board of Directors relative to the Group´s cash flow position and cash flow budgets.

Market risks
Market risk is the risk that changes in market prices will affect the Group's profit or the value of its holdings of financial instruments. Bavarian Nordic is exposed to various market risks with the main risks being exchange rate risks, interest rate risks and cash risks. All market risks are managed in accordance with the treasury policy approved by the Audit Committee.

Interest rate risk
It is the Group's policy to hedge interest rate risks on loans obtained with floating rate and a maturity of more than five years. Hedging will then consist of interest rate swaps that convert floating rate loans to fixed rate loans. Management determines the economic relationship between the hedged item and the hedging instrument to ensure a high hedge effectiveness.

The interest rate risk involved in placing cash funds and investing in securities is managed on the basis of duration, preferably via a low portfolio duration and pari settlement of securities i order to minimize value adjustment risks.

Exchange rate risks
The Group's exchange rate exposure is primarily to USD and EUR. The exchange rate exposure to USD is hedged to the greatest possible extent by matching incoming and outgoing payments denominated in USD, looking at maximum one year ahead. Regular assessments are made of whether the remaining net position should be hedged by currency forward contracts or currency option contracts.

The exposure to EUR is not hedged as management believes that fluctuations in EUR are limited due to the Danish fixed-rate policy which is expected to be maintained. Thus the fluctuations in EUR do not have a significant impact on financial performance.

The sensitivity analysis shows the net effect it would have had on equity and profit for the year if the year-end exchange rates of USD, EUR and CHF had been 15%, 1% or 5%, respectively, higher than the actual exchange rates. A corresponding decrease in the actual exchange rates would have had an opposite (positive/negative) effect on net result and equity.

Exchange rate risks on recognized financial assets and liabilities

DKK thousand	Cash and cash equivalents, securities	Receivables	Liabilities	Net position
2023				
EUR	149,934	455,057	(2,679,716)	(2,074,725)
USD	205,315	1,334,432	(945,701)	594,046
CHF	10,281	4,649	(181,627)	(166,697)
2022				
EUR	294,207	355,193	(3,156,284)	(2,506,884)
USD	237,026	148,254	(156,497)	228,783
CHF	2,175	2,692	(39,532)	(34,665)

Sensitivity analysis on exchange rates

DKK thousand	Likely change in exchange rate	Hypothetical change in equity	Hypothetical change in net result
2023			
Change if higher USD-rate than actual rate	15%	110,532	118,270
Change if higher EUR-rate than actual rate	1%	(19,347)	(21,505)
Change if higher CHF-rate than actual rate	5%	29,518	(8,117)
2022			
Change if higher USD-rate than actual rate	15%	75,638	56,962
Change if higher EUR-rate than actual rate	1%	(22,207)	(23,911)
Change if higher CHF-rate than actual rate	5%	(583)	(1,004)

Note 23

Financial risks and financial instruments *(continued)*

Derivative financial instruments not designated as hedge accounting
Currency forward contracts and currency option contracts which are not designated as hedge accounting are classified as financial assets/liabilities measured at fair value with value adjustments recognized through the income statement.

There were no open currency contracts as of December 31, 2023 or as per December 31, 2022 not designated as hedge accounting.

Hedging of expected future cash flows
The Company has concluded currency forward contracts to sell USD 210 million and to buy EUR 290 million (sell USD 75 million) to hedge net cash position during 2024 and 2025.

These concluded currency forward contracts are deemed to be effective hedges of future transaction (cash flow hedges) and thus treated as hedge acconting.

Cash flow hedge – forward currency contracts

DKK thousand	Forward price	Contract amount based on agreed rates	Fair value as of December 31	Fair value adjustment recognized in other comprehensive income
2023				
Forward currency contracts (USD/DKK)	6.90 - 6.94	1,454,570	39,184	9,159
Forward currency contracts (DKK/EUR)	7.41 - 7.42	2,150,674	5,600	5,600
			44,784	**14,759**
2022				
Forward currency contracts (USD/DKK)		543,454	30,025	30,671
			30,025	**30,671**

Cash flow hedge – interest rate swap

DKK thousand	Contract amount based on agreed rates	Fair value as of December 31	Fair value adjustment recognized in other comprehensive income
2023			
Interest rate swap			
DKK - fixed rate 0.9625% p.a. (expiry 2031)	17,041	1,103	(766)
		1,103	**(766)**
2022			
Interest rate swap			
DKK - fixed rate 0.9625% p.a. (expiry 2031)	19,192	1,869	2,574
		1,869	**2,574**

In 2016 the Company refinanced the old mortgage loans (fixed rate) and obtained a new mortgage loan with floating rate. The Company also concluded an interest rate swap to convert the floating rate loan to a fixed rate loan. The interest rate swap has the same maturity date and nominal amount as the mortgage loan to secure high effectiveness of the hedge.

Cash risks
The Group´s bank deposits are placed in deposit accounts without restrictions. The Group's cash and cash equivalents totaled DKK 1,477.2 million as of December 31, 2023 (DKK 575.4 million).

The Group's fixed rate bond portfolio expires as shown below. Amounts are stated excluding interest.

Note 23

Financial risks and financial instruments *(continued)*

	2023		2022	
DKK thousand	Fair value as of December 31	Effective interest	Fair value as of December 31	Effective interest
Bond portfolio				
Within 0-2 years	230,192	3.6%	1,226,652	3.4%
Within 3-5 years	-	-	492,898	3.5%
After 5 years	160,055	3.2%	550,208	3.7%
Total	**390,247**	**3.5%**	**2,269,758**	**3.5%**

Fluctuations in interest rate levels affect the Group's bond portfolio. A change in the interest rate level by 1 percentage point relative to the interest rate level on the balance sheet date will have an impact of DKK 13.0 million on the Group´s net result and equity (DKK 73.3 million).

The bond position with a duration of more than 5 years is a result of previous year's investment strategy. The Group is in process of adapting the bond portfolio to the amended investment strategy with the aim of reducing the duration of the portfolio.

Note 23

Financial risks and financial instruments *(continued)*

Maturity of financial liabilities (including interest)

DKK thousand	2023 Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Deferred consideration[1]	1,394,805	1,082,525	-	2,477,330
Credit institutions	2,720	10,698	7,167	20,586
Prepayment and loan from Government[2]	-	-	-	-
Lease liabilities	45,679	93,568	166	139,413
Trade payables	954,143	-	-	954,143
Other liabilities	445,181	-	-	445,181
Non-derivative financial liabilities	**2,842,528**	**1,186,791**	**7,333**	**4,036,652**

DKK thousand	2022 Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
Deferred consideration[1]	297,460	2,506,101	-	2,803,561
Credit institutions	1,103,003	10,355	9,423	1,122,781
Prepayment and loan from Government[2]	-	519,932	70,503	590,435
Lease liabilities	24,487	45,834	-	70,321
Trade payables	605,928	-	-	605,928
Other liabilities	265,775	-	-	265,775
Non-derivative financial liabilities	**2,296,653**	**3,082,222**	**79,926**	**5,458,801**

[1] Further explained in note 24.
[2] Further explained in note 25.

Financial liabilities due within one year DKK 2,824 million (DKK 2,297 million) is expected to be settled with short term assets recognized as of December 31, 2023, consisting of cash and cash equivalents, securities together with trade receivables and other receivables to a total of DKK 3,706 million (DKK 3,385 million).

The financial liabilities due after one year, DKK 1,194 million (DKK 3,162 million) is expected to be settled with the excess short-term assets of DKK 882 million (DKK 1,088 million) in conjunction with expected cash flow from future operations.

To further mitigate potential liquidity fluctuations, the Group has in 2023 obtained access to a Revolving Credit Facility of DKK 1,000 million. The facility was undrawn as of December 31, 2023.

With respect to the Group´s debt to credit institutions, a change in the applicable interest rate by 1 percentage point would have had an impact on the Group's net result and equity of DKK 0.2 million (DKK 0.2 million).

During 2023 the Company fulfilled all existing repo loan contracts (security lending) without entering into new contract. The position is therefore reduced to DKK 0 million by the end of 2023 (DKK 1,104 million). Further described below.

Debt to credit institutions is a mortgage loan of DKK 17.1 million (DKK 18.9 million), further described in note 26.

The Group has a credit facility of DKK 20 million (DKK 20 million) at Nordea. As of December 31, 2023, DKK 0.3 million (DKK 0.2 million) of the credit facility is utilized for bank guarantees.

To mitigate potential liqutity fluctuations, the group has in 2023 obtained access to a Revolving Credit Facility of DKK 1,000 million with Nordea and Danske Bank as joint lenders. The facility was undrawn as of December 31, 2023.

Credit risks

The primary credit risk relates to trade receivables. The Company assesses the expected credit losses also considering changes in the macro environment that might impose an increased risk of losses. This is compared to the previous model where indications of credit losses were needed for the Company to recognize an expected loss. The Group´s customers are predominantly public authorities and renowned pharmaceutical companies and wholesalers, and the credit risk on the Group's receivables is therefore considered to be very low. A loss allowance of DKK 3,226 thousand (DKK 870 thousand) has been recognized as of December 31, 2023, cf. note 19.

To manage credit risk regarding financial counterparties, Bavarian Nordic only enters into derivative financial contracts and money market deposits with financial counterparties possessing a satisfactory long-term credit rating from at least two out of the three selected ratings agencies: Standard and Poor’s, Moody’s and Fitch.

Cash and cash equivalents are not deemed to be subject to any special credit risk as they are deposited with Nordea. The bond portfolio is invested in either

Note 23

Financial risks and financial instruments *(continued)*

Danish government bonds, Danish mortgage bonds or bonds issued by Danish banks with high ratings.

Managing capital structure
In 2023 the Group has expanded its definition of capital from total equity alone to also include net interest-bearing debt. This change accommodates the introduction of external capital as a resource for the Group in accordance with the conclusion of a committed Revolving Credit Facility, see further below.

As of December 31, 2023 (December 31, 2022) net interest-bearing debt consists of deferred consideration, cf. note 24, prepayment and loan from government, cf. note 25, debt to credit institutions, cf. note 26, lease liabilities, cf. note 28 with subtraction of cash and cash equivalents together with securities, net debt DKK 655 million (DKK 1,526 million).

Total equity as of December 31, 2023, amounted to DKK 10,340 million (DKK 7,150 million).

The Group has in 2023 obtained access to a committed Revolving Credit Facility (RCF) of DKK 1,000 million with Nordea and Danske Bank as joint lenders. The facility was undrawn as of December 31, 2023. As an integrated part of the RCF agreement, the Group is subject to covenant requirements consisting of a net interest-bearing debt to EBITDA ratio. The Group regularly secures that compliance with the covenant is met.

Management regularly assesses whether the Group´s capital structure best serves the interests of the Group and its shareholders. The overall goal is to ensure that the Group has a capital structure which supports its long-term strategy and growth target. In supporting this goal and to maintain the capital structure, the Group can issue new shares, return capital to shareholders, sell assets to reduce debt or increase the groups debt obligations, including taking on bank debt and by way of deferred consideration, provided financial covenants are respected.

Transferred financial assets that are not derecognized

DKK thousand	2023	2022
Carrying amount of transferred securities	-	1,084,916
Carrying amount of associated liabilities (security lending)	-	(1,103,661)
Net position	**-**	**(18,745)**

Fair value hierarchy for financial instruments measured at fair value

	2023		
DKK thousand	Level 1	Level 2	Total
Securities	390,247	-	390,247
Financial assets measured at fair value through the income statement	**390,247**	**-**	**390,247**
Derivative financial instruments to hedge future cash flow (currency)	-	44,784	44,784
Derivative financial instruments to hedge future cash flow (interest)	-	1,103	1,103
Financial assets/liabilities used as hedging instruments	**-**	**45,887**	**45,887**

	2022		
DKK thousand	Level 1	Level 2	Total
Securities	2,269,759	-	2,269,759
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)**

Transferred financial assets that are not derecognized
In 2022 the Company entered into transactions that transfer ownership of securities to a counterparty, while the Company retains the risks associated with the holding of the securities. As the Company retains all risks, the securities remain in the balance sheet, and the transactions are accounted for as loans received against collateral (repo transactions and security 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. These agreements has been fulfilled and terminated during 2023, why no such arrangements exists as of December 31, 2023.

Securities (level 1)
The portfolio of publicly traded government bonds, publicly traded mortgage bonds and bank 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.

Liability relating to phantom shares is determined using the Black-Scholes. The valuation is based on observable share price, interest rates and volatility rates.

Note 24

Deferred consideration

Accounting policies

Deferred consideration including contingent milestone payments is recognized when its payment is probable and it can be measured reliably and is at initial recognition measured at fair value which equals present value of future deferred payments. Subsequently, the deferred consideration is measured at amortized cost. This means that the difference between the present value of the consideration and the nominal amounts due is recognized in the income statement as a financial expense over the period until expected payment date using the effective interest method.

The expected phasing of future payments and the probability of contingent payments are assessed on each reporting date and the impact is recognized as a financial item.

DKK thousand	Due within 1 year	Due between 1 and 5 year	Due after 5 years	Total
2023				
Deferred consideration, product rights	1,163,599	709,635	-	1,873,234
Deferred consideration, development project	196,534	307,221	-	503,755
Total	**1,360,133**	**1,016,856**	**-**	**2,376,989**
2022				
Deferred consideration, product rights	-	2,020,638	-	2,020,638
Deferred consideration, license agreement	287,436	304,019	-	591,455
Total	**287,436**	**2,324,657**	**-**	**2,612,093**

Product rights
The Asset Purchase Agreement with GSK includes milestone payments relating to transfer and registration of marketing authorizations, technology transfer of different steps of the production and packaging activities as well as a milestone payment when all services agreed to be rendered by GSK has been completed. In total EUR 470 million. During 2023 one milestone was reached and the invoice was received in December 2023 and paid in January 2024, EUR 30 million. The majority of the remaining milestone payments are expected to be payable in 2024. The completion milestone is expected to be payable beginning of 2025.

The cash flow from payment of deferred consideration will be recognized as cash flow from investment activities.

The Asset Purchase Agreement with GSK also includes a sales milestone of EUR 25 million. As per December 31, 2023 Management does not judge the sales milestone to be probable and therefore the sales milestone has not been recognized as either part of the product rights (note 15) nor the deferred consideration.

The carrying amount are measured using a discount rate of 4% per annum. The discount rate was determined at intial recognition based on an interest rate on a similar loan of the same size and maturity as the contingent milestone payments and the Company's credit rating as of December 31, 2019.

The fair value of the deferred consideration as per December 31, 2023 amounts to DKK 1,839 million (DKK 1,937 million), measured using the updated discount rate of 6.25% (6.7%). The discount rate has been determined based on the same components as described above.

Development project
The Purchase and Sale Agreement concluded with Emergent BioSolutions includes milestone payments relating to submission and approval of Biologics License Application (BLA) to FDA and Marketing Authorization Application to EMA for the chikungunya development asset. In total USD 80 million.

At initial recognition the net present value of probable future development milestone payments to Emergent BioSolutions amounted to DKK 499 million and was recognized as deferred consideration.

The cash flow from payment of deferred consideration will be recognized as cash flow from investment activities.

The carrying amount are measured using a discount rate of 6% per annum. The discount rate was determined at intial recognition based on an interest rate on a similar loan of the same size and maturity as the contingent milestone payments and the Company's credit rating as of May 15, 2023.

The fair value of the deferred consideration as per December 31, 2023 amounts to DKK 502 million, measured using the updated discount rate of 6.25%. The discount rate has been determined based on the same components as described above.

The Purchase and Sale Agreement concluded with Emergent BioSolutions in May 2023 includes an earnout payment starting at USD 30 million. The earnout payment relates to sale of Vivotif and Vaxchora. As per December 31, 2023 Management does not judge the sales milestone to be probable and therefore the earnout payment has not been recognized as either part of the project rights (note 15) nor the deferred consideration.

Note 24

Deferred consideration *(continued)*

License agreement
Under the terms of the license and collaboration agreement concluded with AdaptVac July 2020, the Company was committed to payment of potential future development and sales milestones and tiered royalties. Following the discontinuation of the ABNCoV2 development program only one milestone of EUR 10 million became payable. The invoice was received in December 2023 and paid in January 2024. The payment is presented as cash flow from investment activities in the cash flow statement.

Note 25

Prepayment and loan from Government

Accounting policies

Prepayment and loan from Government consists of an upfront payment and additional milestone payments from the Danish Ministry of Health to support the development of ABNCoV2, the Company's COVID-19 vaccine candidate. All payments are potentially subject to repayment, however only upon successful marketing authorization of the vaccine by the European Medicines Agency (EMA).

Initially the payments from the Danish Ministry of Health is measured at the amount received that is considered equal to the fair value of the obligation to repay the amount to the Danish Ministry of Health.

Subsequently, the financial liability part is measured at amortized cost. The interest rate used that is implicit in the transaction is based on an assessment of the company's incremental borrowing rate. The amortizations and the implicit interest are presented as amortization expenses under financial expenses.

DKK thousand	Due within 1 year	Due between 1 and 5 year	Due after 5 years	Total
2023				
Prepayment and loan from Government	-	-	-	-
Total	**-**	**-**	**-**	**-**
2022				
Prepayment and loan from Government	-	566,420	-	566,420
Total	**-**	**566,420**	**-**	**566,420**

Agreement with Danish Ministry of Health
In August 2021, the Company entered a funding agreement with the Danish Ministry of Health to further advance the development of ABNCoV2.

The agreement was valued at up to DKK 800 million and aimed to support the completion of the development towards licensure of ABNCoV2 as a booster vaccine.

Under the agreement, Bavarian Nordic was entitled to an upfront payment of DKK 80 million, in addition to payments of up to DKK 720 million, which were contingent upon reaching a number of predefined milestones including among others Phase 3 development milestones and milestones related to development and upscaling of manufacturing process for commercial production of the vaccine.

The Company received the full funding of DKK 800 million, of which DKK 240 million was received in 2023. ABNCoV2 met the primary endpoint in the phase 3 trial, demonstrating non-inferiority against the mRNA comparator. However, additional tests showed that ABNCoV2 was not providing adequate protection against the latest mutated variants of the virus. After dialogue with EMA it was clear that ABNCoV2 could not be approved as a booster vaccine and that Covid-19 vaccines need to be constantly adapted to latest variants, which is not possible with ABNCoV2. Following this outcome, the obtained funding from the Danish Ministry of Health was reclassified from an obligation to a grant received, as the Company's vaccine candidate couldn't obtain a marketing authorization by EMA.

Note 26

Debt to credit institutions

Accounting policies

Loans are measured at the time of borrowing at fair value less any transaction costs. Subsequently, debt is measured at amortized cost. This means that the difference between the proceeds of the loan and the amount to be repaid is recognized in the income statement over the term of the loan as a financial expense using the effective interest method.

DKK thousand	Due within 1 year	Due between 1 and 5 year	Due after 5 years	Total
2023				
Mortgage[1]	1,913	8,470	6,665	17,048
Total	**1,913**	**8,470**	**6,665**	**17,048**
2022				
Mortgage[1]	1,922	8,283	8,725	18,930
Security lending (repo transactions)	1,103,661	-	-	1,103,661
Total	**1,105,583**	**8,283**	**8,725**	**1,122,591**

[1] Floating interest - swapped to fixed interest of 0.9625% - expiry 2031

The fair value of the debt to credit institutions amounts to DKK 17.0 million (DKK 1,122.6 million). The fair value of mortgage debt is based on the market value of the underlying bonds set by the bank (level 2), whereas the fair value of the security lending is based on a discounted cash analysis flow of future payments of interest and principal by applying a market based discount rate (level 2).

The tables detail changes in the Group's liabilities arising from financing activities, both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flow as cash flows from financing activities.

Cash flow from financing activities

DKK thousand	January 1, 2023	Cash movement	Non-cash movement	December 31, 2023
2023				
Mortgage	18,930	(1,882)	-	17,048
Security lending (repo transactions)	1,103,661	(1,103,661)	-	-
Prepayment and loan from Government	566,420	240,000	(806,420)	-
Lease liabilities	70,321	(34,270)	92,203	128,254
Total liabilities from financing activities	**1,759,332**	**(899,813)**	**(714,217)**	**145,302**

DKK thousand	January 1, 2022	Cash movement	Non-cash movement	December 31, 2022
2022				
Mortgage	21,074	(2,144)	-	18,930
European Investment Bank (loan in DKK)	372,195	(372,195)	-	-
Security lending (repo transactions)	500,000	603,661	-	1,103,661
Prepayment and loan from Government	160,511	400,000	5,909	566,420
Lease liabilities	78,813	(21,981)	13,489	70,321
Total liabilities from financing activities	**1,132,593**	**607,341**	**19,398**	**1,759,332**

Note 27

Retirement benefit obligations

Accounting policies

In defined contribution plans, the Group makes regular payments of fixed contributions to independent pension funds and insurance companies. The Group is under no obligation to pay additional contributions. Costs for defined contribution plans are recognized in the income statement as the Group assumes an obligation to make the payment.

In defined benefit plans, the Group is under an obligation to pay a defined benefit on retirement. The actuarially calculated present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations. The total service costs of the year plus calculated interest based on actuarial estimates and financial assumptions at the beginning of the year are recognized in the income statement. The difference between the forecast development in plan assets and liabilities and the realized values at the end of the year is called actuarial gains or losses and is recognized in other comprehensive income. In connection with a change in benefits regarding the employees' employment with the Group to date, there will be a change in the actuarial calculation of the net present value, which is taken directly to the income statement.

Defined contribution plans
The Group offers pension plans to all employees in Denmark and abroad. Most of the pension plans are defined contribution plans, expect for the pension plan in Bavarian Nordic Berna GmbH, see below. The Group funds the plans through regular payments of premiums to independent insurance companies responsible for the pension obligations towards the beneficiaries. Once the pension contributions for defined contribution plans have been made, the Group has no further obligation towards current or former employees. Contributions to defined contribution plans are recognized in the income statement when paid.

Defined benefit plans
With the acquisition of the Swiss subsidiary Bavarian Nordic Berna GmbH, the Group has recognized a defined benefit plan obligation of DKK 81 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 is a fully insured plan and therefore not assessed to be a defined benefit plan.

Defined benefit liabilities are recognized in the balance sheet and in the income statement as indicated below.

DKK thousand	2023	2022
Defined contribution plans	66,935	-
Defined benefit plans	1,116	-
Cost of pension plans recognized in income statement	**68,051**	**-**
Current service cost	11,817	-
Past service cost	(12,023)	-
Administration expenses	298	-
Net interest expenses	1,024	-
Cost of defined benefit plans recognized in income statement	**1,116**	**-**
Actuarial gains/losses on pension obligations	(34,324)	-
Actuarial gains/losses on plan assets	1,769	-
Actuarial gains/losses on defined benefit plans recognized in other comprehensive income	**(32,555)**	**-**
Plan assets as of January 1	-	-
Additions from acquisition of businesses	206,938	-
Exchange adjustments	10,648	-
Actual rate of interest	4,542	-
Actuarial gains/losses on plan assets	1,769	-
Administration expenses paid	(298)	-
Employer contributions	11,808	-
Employee contributions	7,117	-
Benefit paid out	(21,500)	-
Plan assets as of December 31	**221,024**	**-**

Note 27

Retirement benefit obligations *(continued)*

DKK thousand	2023	2022
Specification of present value of defined benefit obligation		
Present value of defined benefit liability as of January 1	-	-
Additions from acquisition of businesses	262,925	-
Exchange adjustments	13,529	-
Current service costs	11,817	-
Past service costs[1]	(12,023)	-
Calculated interest on liability	5,566	-
Actuarial gains/losses, financial assumptions	34,186	-
Actuarial gains/losses, demographic assumptions	(213)	-
Actuarial gains/losses, experience	352	-
Employee contributions	7,117	-
Benefit paid out	(21,500)	-
Present value of defined benefit liability as of December 31	**301,756**	**-**
Fair value of plan assets as of December 31	(221,024)	-
Net liability of defined benefit plans as of December 31	**80,732**	**-**
Net liability of defined benefit plans as of January 1	-	-
Additions from acquisition of businesses	55,987	-
Expenditure for the year	1,116	-
Actuarial gains/losses on pension obligation	34,325	-
Exchange adjustment	2,881	-
Actuarial gains/losses on plan assets	(1,769)	-
Payments received	(11,808)	-
Net liability of defined benefit plans as of December 31	**80,732**	**-**

[1] A reduction in the conversion factors (rate at which the accumulated account balance is converted to an annual pension at retirement) was announced by the Swiss pension provider Servisa in 2023. The impact of this change was calculated as if the change happened as of December 31, 2023, and led to a reduction of CHF 1.5 million in the defined benefit liability.

DKK thousand	2023
Percentage of plan assets invested in asset category	
Equity	31.0%
Bonds	28.4%
Property	16.0%
Other	24.6%
Actuarial assumptions applied at the balance sheet date (expressed as an average)	
Discount rate	1.35%
Future rate of salary increases	1.75%
Inflation	1.25%

The contributions to the plan for 2024 are expected in the same level as in 2023.

The sensitivity analysis below shows the change in one of the actuarial assumptions, while other assumptions are kept constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated.

Percentage increase/decrease in the gross liability resulting from a change in a single actuarial assumption

DKK thousand	2023	
	+0.5%-point	-0.5%-point
Discount rate	-8.2%	9.2%

Note 28

Lease liabilities

Accounting policies

The lease liability is initially measured at the present value of the future lease payments (see further in note 17), discounted by using an incremental country specific borrowing rate ranging from 3.69% to 6.93% applying only a single discount rate for a portfolio of lease assets with reasonable similar characteristics.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured and corresponding adjustments are made to the related right-of-use-asset whenever:

- The lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- A lease contract is modified and the lease modification is not accounted for as a seperate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

DKK thousand	2023	2022
Non-current	83,621	45,834
Current	44,633	24,487
Lease liabilities	**128,254**	**70,321**

DKK thousand	Due within 1 year	Due between 1 and 5 year	Due after 5 years	Total
2023				
Lease liabilities	44,633	83,621	-	128,254
Total	**44,633**	**83,621**	**-**	**128,254**
2022				
Lease liabilities	24,487	45,834	-	70,321
Total	**24,487**	**45,834**	**-**	**70,321**

Note 29

Prepayment from customers

Accounting policies

Prepayments are recognized under liabilities and will be recognized in the income statement as the delivery of paid products takes place.

DKK thousand	2023	2022
Prepayment from customers as of January 1	-	16,904
Recognized as revenue during the year	-	(16,904)
Prepayment from customers as of December 31	**-**	**-**

The recognition of revenue is described in note 3.

Note 30

Share-based payment

Accounting policies

Share-based incentive plans in which employees can only opt to buy shares in the Company (warrants) are measured at the equity instruments' fair value at the grant date and recognized in the income statement over the vesting period. The balancing item is recognized directly in equity. The fair value on the date of grant is determined using the Black-Scholes model.

Cash-based incentive programs in which employees can have the difference between the agreed exercise price and the actual share price settled in cash (phantom shares) are measured at fair value at the date of grant and recognized in the income statement over the period when the final right of cash-settlement is obtained. Granted rights are subsequently re-measured on each balance sheet date and upon final settlement, and any changes in the fair value of the programs are recognized in the income statement. The balancing item is recognized under other liabilities.

The fair value of the cash-based incentive programs is determined using the Black-Scholes model.

Restricted stock units and performance restricted stock units are measured at fair value at grant date.

For Executive Management cash bonus converted to restricted stock units, the number of restricted stock units are calculated by dividing the allocated cash bonus amount by the share price of the Company at grant date. As the cash bonus has already been accrued and expensed in the income statement, the grant of restricted stock units has no additional impact on the income statement. The accrued liability for the converted cash bonus is reclassified to equity. Matching shares are measured at the same fair value as the initial restricted stock units and expensed over the three year vesting period. The balancing item is recognized directly in equity.

Performance restricted stock units granted to Executive Management as part of their long term incentive scheme are expensed over the three year vesting period with the balancing item recognized directly in equity.

Restricted stock units granted as sign-on bonus for members of the Executive Management and restricted stock units granted to the Board of Directors are expensed at grant date with the balancing item recognized directly in equity.

Incentive plans

In order to motivate and retain key employees and encourage the achievement of common goals for employees, management and shareholders, the Company has established incentive plans by way of warrant programs and restricted stock units programs, the latter only for members of the Executive Management and Board of Directors. Furthermore, the Company has established three-year phantom share programs for all employees of the Group except for Executive Management and other employees receiving warrants.

Warrants

The Board of Directors has been granting warrants to the Company´s management and selected employees of the Company and its subsidiaries.

The warrants are granted in accordance with the authorizations given to the Board of Directors by the shareholders. The Board of Directors has fixed the terms of and the size of the grants of warrants, taking into account authorizations from the shareholders, the Group's guidelines for incentive pay, an assessment of expectations of the recipient´s work efforts and contribution to the Group´s growth, as well as the need to motivate and retain the recipient. Grant takes place on the date of establishment of the program. Exercise of warrants is by default subject to continuing employment with the Group. The warrants granted are subject to the provisions of the Danish Public Companies Act regarding termination of employees prior to their exercise of warrants in the case of recipients who are subject to the act.

Note 30

Share-based payment *(continued)*

Warrant overview – 2023	Outstanding as of January 1	Additions	Exercised	Annulled	Terminated	Outstanding as of December 31	Can be exercised as of December 31	Average exercise price (DKK)
November 2018	240,708	-	(209,476)	-	(31,232)	-	-	142
November 2019	599,493	-	(83,143)	(2,596)	-	513,754	513,754	146
January 2020	30,039	-	(23,000)	-	-	7,039	7,039	156
November 2020	1,112,070	-	-	(13,890)	-	1,098,180	-	207
November 2021	655,774	-	-	(4,700)	-	651,074	-	353
April 2022	81,872	-	-	-	-	81,872	-	190
December 2022	932,051	-	-	(21,613)	-	910,438	-	225/271
December 2023	-	1,258,558	-	-	-	1,258,558	-	172/192
Total	**3,652,007**	**1,258,558**	**(315,619)**	**(42,799)**	**(31,232)**	**4,520,915**	**520,793**	

Warrant overview – 2023	Outstanding as of January 1	Additions	Exercised	Annulled	Terminated	Transferred	Outstanding as of December 31
Corporate Management	725,932	83,921	(140,789)	-	-	-	669,064
Other Executive Management	429,550	77,491	(23,000)	-	-	-	484,041
Other employees	1,982,127	1,097,146	(100,020)	(42,799)	(19,853)	-	2,916,601
Resigned employees	514,398	-	(51,810)	-	(11,379)	-	451,209
Total	**3,652,007**	**1,258,558**	**(315,619)**	**(42,799)**	**(31,232)**	**-**	**4,520,915**
Weighted average exercise price (DKK)	**231**	**189**	**144**	**252**	**142**	**-**	**226**
Weighted average share price at exercise (DKK)			**179**				

Number of warrants which can be exercised as of December 31, 2023	520,793
at a weighted average exercise price of DKK	142

Recognized costs in 2023 DKK 48.0 million compared to DKK 42.9 million in 2022.

Note 30

Share-based payment *(continued)*

Warrant overview – 2022	Outstanding as of January 1	Additions	Exercised	Annulled	Terminated	Transferred	Outstanding as of December 31
Corporate Management	743,346	126,487	-	-	(143,901)	-	725,932
Other Executive Management	418,163	185,457	-	-	-	(174,070)	429,550
Other employees	1,880,363	701,979	(145,833)	(151,659)	(65,579)	(237,144)	1,982,127
Resigned employees	314,612	-	(121,150)	-	(90,278)	411,214	514,398
Total	**3,356,484**	**1,013,923**	**(266,983)**	**(151,659)**	**(299,758)**	**-**	**3,652,007**
Weighted average exercise price (DKK)	**219**	**253**	**142**	**242**	**242**	**-**	**231**
Weighted average share price at exercise (DKK)			**247**				
Number of warrants which can be exercised as of December 31, 2022							240,708
at a weighted average exercise price of DKK							142

Recognized costs in 2022 DKK 42.9 million compared to DKK 31.3 million in 2021. Recognized costs in 2022 DKK 42.9 million compared to DKK 31.3 million in 2021.

Specification of parameters for Black-Scholes model	Nov. 2019	Jan. 2020	Nov. 2020	Nov. 2021	Apr. 2022	Dec. 2022[3]	Dec. 2023[3]
Average share price	154.05	171.20	179.84	307.20	171.35	224.70	172.40
Average exercise price at grant	185.40	197.00	206.82	353.06	190.11	270.91	191.58
Average exercise price at grant – Executive Management						224.70	172.40
Average exercise price determined at date of rights issue March 30, 2020	146.60	155.80					
Applied volatility rate[2]	52.2%	53.0%	39.8%	41.8%	42.3%	46.6%	53.3%
Expected life (years)	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Expected dividend per share	-	-	-	-	-	-	-
Risk-free interest rate p.a.	-0.69%	-0.65%	-0.66%	-0.53%	0.39%	2.04%	2.55%
Fair value per share at grant[1]	45	53	41	76	47	64	62
Fair value per share at grant – Executive Management[1]						78	68

[1] Fair value of each warrant at grant date applying the Black-Scholes model

[2] The applied volatility is based on the historical volatility of the Bavarian Nordic share, except for programs issued since November 2020 where the volatility is based on the volatility for a peer group.

[3] The December 2022 and December 2023 program have two set of exercise conditions. Executive Management can subscribe future shares at a exercise price of DKK 224.70/172.40 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 270.91/191.58 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%.

Note 30

Share-based payment *(continued)*

Exercise periods	Can be exercised wholly or partly in a period of 14 days commencing from the day of publication of:			
December 2023	Annual Report 2026	Interim Report Q1 2027	Interim Report Q2 2027	Interim Report Q3 2027
	Annual Report 2027	Interim Report Q1 2028	Interim Report Q2 2028	Interim Report Q3 2028
December 2022	Annual Report 2025	Interim Report Q1 2026	Interim Report Q2 2026	Interim Report Q3 2026
	Annual Report 2026	Interim Report Q1 2027	Interim Report Q2 2027	Interim Report Q3 2027
April 2022	Interim Report Q2 2025	Interim Report Q3 2025	Annual Report 2025	Interim Report Q1 2026
	Interim Report Q2 2026	Interim Report Q3 2026	Annual Report 2026	Interim Report Q1 2027
November 2021	Annual Report 2024	Interim Report Q1 2025	Interim Report Q2 2025	Interim Report Q3 2025
	Annual Report 2025	Interim Report Q1 2026	Interim Report Q2 2026	Interim Report Q3 2026
November 2020	Annual Report 2023	Interim Report Q1 2024	Interim Report Q2 2024	Interim Report Q3 2024
	Annual Report 2024	Interim Report Q1 2025	Interim Report Q2 2025	Interim Report Q3 2025
January 2020	Annual Report 2022	Interim Report Q1 2023	Interim Report Q2 2023	Interim Report Q3 2023
	Annual Report 2023	Interim Report Q1 2024	Interim Report Q2 2024	Interim Report Q3 2024
November 2019	Annual Report 2022	Interim Report Q1 2023	Interim Report Q2 2023	Interim Report Q3 2023
	Annual Report 2023	Interim Report Q1 2024	Interim Report Q2 2024	Interim Report Q3 2024

Note 30

Share-based payment *(continued)*

Phantom shares
In 2019, the Company established a three-year phantom share program for all employees of the Group except for management and other employees receiving warrants. The employees receive up to four phantom shares per month free of charge during the period from January 1, 2020 to December 31, 2022. Each employee who is a full-time employee during the entire term of the plan will be eligible to receive a maximum of 144 phantom shares. Following the rights issues in March 2020 the monthly grant increased to five phantom shares for the remaining grant period and the maximum increased to 183 phantom shares.

The program exercised in January 2023.

In 2020, the Company established a three-year phantom share program for all employees of the Group except for management and other employees receiving warrants. The employees receive up to five phantom shares per month free of charge during the period from January 1, 2021 to December 31, 2023. Each employee who is a full-time employee during the entire term of the plan will be eligible to receive a maximum of 180 phantom shares.

Grants are made on a monthly basis during the life of the programs as long as the employee is employed with the Group.

On expiry of the programs, the employees may exercise the phantom shares granted to them and thus be entitled to a cash bonus calculated on the basis of the increase in the price of the Company´s shares. The exercise is conditional on the price of the Company´s shares being at least DKK 5 higher than the exercise price at the time of exercise.

On expiry of the programs, former employees are entitled to settlement of the phantom shares granted during their term of employment.

Note 30

Share-based payment *(continued)*

2021-2023 phantom share program

DKK thousand	**2023**	**2022**	**2021**
Outstanding as of January 1	79,132	37,996	-
Granted during the year	33,993	41,136	37,996
Outstanding phantom shares as of December 31	**113,125**	**79,132**	**37,996**
Liability in DKK thousand as of December 31	**-**	**3,732**	**3,589**
Specification of parameters for Black-Scholes model			
Share price December 31	177	213	269
Average share exercise price	203	203	203
Expected volatility rate	-	47%	42%
Expected life (years)	-	1.0	2.0
Expected dividend per share	-	-	-
Risk-free interest rate p.a.	-	3.46%	0.11%

The program will exercise mid-January 2024 conditional upon the Company's share price being above 203 DKK, which is deemed unlikely. As of December 31, 2023 the program is out-of-money and have no value.

The expected volatility is based on the volatility for a peer group.

Phantom shares granted in 2023 provided an expense of DKK 0 million, whereas the revaluation of previously granted phantom shares provided an income of DKK 3.7 million, total net income of DKK 3.7 million (net expense 2022: DKK 0.1 million).

The liability is included in other liabilities, cf. note 22.

2020-2022 phantom share program

DKK thousand	**2023**	**2022**	**2021**	**2020**
Outstanding as of January 1	110,500	68,873	30,921	-
Granted during the year	-	41,627	37,952	29,554
Adjustment following rights issue March 2020	-	-	-	1,367
Exercised during the year	(98,486)	-	-	-
Expired during the year	(12,014)	-	-	-
Outstanding phantom shares as of December 31	**-**	**110,500**	**68,873**	**30,921**
Liability in DKK thousand as of December 31	**-**	**7,370**	**8,604**	**1,864**
Specification of parameters for Black-Scholes model				
Share price December 31		213	269	187
Average share exercise price		147	147	147
Expected volatility rate		47%	42%	40%
Expected life (years)		-	1.0	2.0
Expected dividend per share		-	-	-
Risk-free interest rate p.a.		-	-0.02%	-0.17%

The expected volatility is based on the volatility for a peer group.

The 2020-2022 program exercised in January 2023 at a share price of DKK 227.30.

Revaluation of granted phantom shares and reversal of not exercised phantom shares provided a net expense of DKK 0.6 million (net income 2022: DKK 1.2 million).

The liability is included in other liabilities, cf. note 22.

Note 30

Share-based payment *(continued)*

Restricted stock units

In March 2023, the Board of Directors decided to postpone the payment of half of the achieved cash bonus for members of the Executive Management for 3 years, converting the postponed bonus of DKK 5.1 million into 22,429 unconditional restricted stock units using the share price of the Company at grant date (DKK 227). The Board of Directors decided to grant additional restricted stock units free of charge on expiry of a 3 years period (so-called ""matching shares"") upon the recipient still being employed in March 2026. One matching share is granted for each two acquired restricted stock units. The maximum number of matching shares is 11,213. The initial granted restricted stock units and the potential matching shares total 33,642 shares.

At the annual general meeting in March 2023, the Board of Directors were granted a total of 10,640 unconditional restricted stock units corresponding to 50% of the annual fixed fee of DKK 2.1 million (excl. committee fee). The restricted stock units will be delivered after 3 years in March 2026.

In May 2023, the Company bought back 43,954 of its own shares to meet the obligation to deliver up to 44,282 shares to the members of the Executive Management and the Board of Directors in March 2026.

Note 30

Share-based payment *(continued)*

Outstanding restricted stock units	2023					
	Outstanding as of January 1	Granted during the year	Released during the year	Outstanding as of December 31	Value at grant date (DKK)	Vesting date
Executive Management:						
Performance restricted stock units	-	61,602	-	61,602	167	Dec. 2026
Conversion of cash bonus for 2022	-	22,429	-	22,429	227	Mar. 2026
Matching shares – bonus 2022	-	11,213	-	11,213	227	Mar. 2026
Conversion of cash bonus for 2021	22,578	-	-	22,578	163	Mar. 2025
Matching shares – bonus 2021	11,288	-	-	11,288	163	Mar. 2025
CEO retention plan	17,109	-	-	17,109	156	Apr. 2025
Matching shares – CEO retention plan	8,554	-	-	8,554	156	Apr. 2025
Sign-on bonus COO	4,446	-	-	4,446	165	Apr. 2025
Matching shares – sign-on COO	2,223	-	-	2,223	165	Apr. 2025
Conversion of cash bonus for 2020	16,413	-	-	16,413	222	Mar. 2024
Matching shares – bonus 2020	8,207	-	-	8,207	222	Mar. 2024
Conversion of cash bonus for 2019	11,003	-	(11,003)	-	240	Mar. 2023
Matching shares – bonus 2019	5,500	-	(5,500)	-	240	Mar. 2023
Sign-on bonus CMO	8,651	-	(8,651)	-	149	May 2023
Matching shares – sign-on CMO	4,325	-	(4,325)	-	149	May 2023
Executive Management	**120,297**	**95,244**	**(29,479)**	**186,062**		
Board of Directors:						
Fee 2023	-	10,640	-	10,640	153	Apr. 2025
Fee 2022	11,467	-	-	11,467	153	Apr. 2025
Fee 2021	7,127	-	-	7,127	273	Apr. 2024
Fee 2020	7,111	-	(7,111)	-	190	Jun. 2023
Board of Directors	**25,705**	**10,640**	**(7,111)**	**29,234**		
Total	**146,002**	**105,884**	**(36,590)**	**215,296**		

The grant of the initial restricted stock units to the Executive Management related to conversion of cash bonus (22,429 shares) had no impact on the income statement for 2023, as the corresponding cash bonus (DKK 5.1 million) was accrued in 2022, though the amount has been reclassified from "Salary and wages" to "Share-based payment" in the staff cost note (note 8). The obligation related to the matching shares amount to DKK 2.5 million measured at the same fair value as the initial restricted stock units (DKK 227). The obligation will be expensed over the three year vesting period.

The grant of performance restricted stock units to the Executive Management (61,602 shares) will be expensed over the three year vesting period.

During 2023, DKK 8.6 million (DKK 9.2 million) has been expensed and recognized as share-based payment related to Executive Management.

The grant of restricted stock units to the Board of Directors (10,640 shares – DKK 2.1 million) were fully expensed at grant.

Note 30

Share-based payment *(continued)*

Outstanding restricted stock units	2022					
	Outstanding as of January 1	Granted during the year	Released during the year	Outstanding as of December 31	Value at grant date (DKK)	Vesting date
Executive Management:						
Conversion of cash bonus for 2021	-	22,578	-	22,578	163	Mar. 2025
Matching shares - bonus 2021	-	11,288	-	11,288	163	Mar. 2025
CEO retention plan	-	17,109	-	17,109	156	Apr. 2025
Matching shares - CEO retention plan	-	8,554	-	8,554	156	Apr. 2025
Sign-on bonus COO	-	4,446	-	4,446	165	Apr. 2025
Matching shares - sign-on COO	-	2,223	-	2,223	165	Apr. 2025
Conversion of cash bonus for 2020	16,413	-	-	16,413	222	Mar. 2024
Matching shares - bonus 2020	8,207	-	-	8,207	222	Mar. 2024
Conversion of cash bonus for 2019	11,003	-	-	11,003	240	Mar. 2023
Matching shares - bonus 2019	5,500	-	-	5,500	240	Mar. 2023
Sign-on bonus CMO	8,651	-	-	8,651	149	May 2023
Matching shares - sign-on CMO	4,325	-	-	4,325	149	May 2023
Conversion of cash bonus for 2018	16,080	-	(16,080)	-	144	Mar. 2022
Matching shares - bonus 2018	8,039	-	(8,039)	-	144	Mar. 2022
Executive Management	**78,218**	**66,198**	**(24,119)**	**120,297**		
Board of Directors:						
Fee 2022	-	11,467	-	11,467	153	Apr. 2025
Fee 2021	7,127	-	-	7,127	273	Apr. 2024
Fee 2020	7,111	-	-	7,111	190	Jun. 2023
Fee 2019	12,340	-	(12,340)	-	138	Apr. 2022
Board of Directors	**26,578**	**11,467**	**(12,340)**	**25,705**		
Total	**104,796**	**77,665**	**(36,459)**	**146,002**		

Note 30

Share-based payment *(continued)*

Total share-based payments
Below a specification of all share-based payments expensed in 2023 and 2022. The amounts reconcile to note 8.

DKK thousand	2023	2022
Warrants	47,989	42,937
Restricted stock units	10,653	11,039
Share-based payment recognized directly in equity	**58,642**	**53,976**
2021-2023 phantom share program	(3,733)	143
2020-2022 phantom share program	568	(1,234)
2019-2021 phantom share program	-	(3,601)
Share-based payment recognized as a liability (change during the year)	**(3,165)**	**(4,692)**
Total share-based payment expensed, cf. note 8	**55,477**	**49,284**
Restricted stock units converted to cash bonus at exercise	-	-
Non-cash adjustment in cash flow statement	**55,477**	**49,284**

Note 31

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 working capital adjustment led to a post-closing payment of USD 0.6 million.

Details of the acquisition
The purchase price has been allocated to the acquired net asset and the allocation is considered final, see further below. 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 in total contributed with DKK 142.6 million to revenue and a negative EBITDA of DKK 399 million.

Note 31

Acquisition of businesses *(continued)*

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 final calculation of the fair value of the acquired net assets at the time of the acquisition:

DKK thousand	**Total acquisition**
Product rights	449,577
Development asset	1,286,778
Other intangible assets	5,419
Property, plant and equipment	681,453
Right-of-use assets	41,943
Inventories	126,933
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	**2,397,416**
Contingent consideration	**(499,312)**
Consideration transferred	**1,898,104**
Cash acquired	(66,531)
Cash used for acquisition of business	**1,831,573**
Number of employees	280

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.

Note 32

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 represented a commercial opportunity for Bavarian Nordic and therefore Management 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	7,062,340	-	7,062,340
Production costs	2,459,294	-	2,459,294
Gross Profit	**4,603,046**	**-**	**4,603,046**
- Sales and distribution costs	331,579	-	331,579
- Research and development costs	2,228,080	557,683	1,670,397
- Administrative costs	540,848	-	540,848
Total operating costs	**3,100,507**	**557,683**	**2,542,824**
Income before interest and tax (EBIT)	**1,502,539**	**(557,683)**	**2,060,222**
EBITDA	**2,614,543**	**-**	**2,614,543**
Net result for the year	**1,475,189**	**(557,683)**	**2,032,872**

DKK thousand	Financial position including write-down	ABNCoV2 write-down	Financial position excluding write-down
Intangible assets	6,481,736	1,429,488	7,911,224
Property, plant and equipment	2,327,515	-	2,327,515
Right-of-use assets	125,170	-	125,170
Financial assets	15,741	235,711	251,452
Total non-current assets	**8,950,162**	**1,665,199**	**10,615,361**
Inventories	1,643,736	-	1,643,736
Receivables	1,891,834	220,840	2,112,674
Securities, cash and cash equivalents	1,867,481	-	1,867,481
Total current assets	**5,403,051**	**220,840**	**5,623,891**
Total assets	**14,353,213**	**1,886,039**	**16,239,252**
Equity	10,339,932	557,683	10,897,615
Deferred consideration	2,376,989	521,936	2,898,925
Other non-current liabilities	208,556	806,420	1,014,976
Other current liabilities	1,427,736	-	1,427,736
Total equity and liabilities	**14,353,213**	**1,886,039**	**16,239,252**

Note 32

Impact from write-down of ABNCoV2 *(continued)*

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

- ***Intangible assets DKK 1,429 million:*** Included 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:*** 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 was 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 was reclassified from an obligation to a grant received. The amount included DKK 6 million in amortized cost.

Note 33

Contingent liabilities and other contractual obligations

DKK thousand	2023	2022
Collaborative agreements		
Contractual obligations with research (CRO) and manufacturing (CMO) partners.		
- Due within 1 year	44,080	260,082

Sales milestone to GSK
The Asset Purchase Agreement with GSK regarding the acquisition of the product rights to Rabipur/RabAvert and Encepur includes a sales milestone of EUR 25 million. As per December 31, 2023 Management does not judge the sales milestone to be probable and therefore the sales milestone has not been recognized as either part of the product rights (note 15) nor the deferred consideration for product rights (note 24).

Earnout to Emergent
The Purchase and Sale Agreement concluded with Emergent BioSolutions in May 2023 includes an earnout payment starting at USD 30 million. The earnout payment relates to sale of Vivotif and Vaxchora. As per December 31, 2023 Management does not judge the sales milestone to be probable and therefore the earnout payment has not been recognized as either part of the project rights (note 15) nor the deferred consideration (note 24).

License agreements National Cancer Institute
The Group has license agreements with the National Cancer Institute (NCI) and Public Health Service (PHS) in the U.S. for PROSTVAC, CV301 and BN-Brachyury, respectively. The agreements include contingent liabilities for the Group to pay performance-based royalties, if and when certain milestone events are achieved. Further, the agreements include potential contingent liabilities for the Group to pay additional sublicensing royalties on the fair market value of consideration received, if and when the Group grants such sublicenses. Payments considered remote are not included in the amounts above.

Company mortgage
The Company has by letter of indemnity granted Nordea a floating charge on unsecured claims arising from the sale of goods and services and stocks of raw materials, intermediate products and finished products, DKK 150 million (DKK 150 million). The floating charge secures the operating credit line of DKK 20 million and the line for trading in financial instruments, DKK 50 million (DKK 50 million).

Lawsuits
Based on management's assessment the Group is not involved in any lawsuits or arbitration cases which could have a material impact on the Group's financial position or results of operations.

Note 34

Related party transactions

The Group Management and Board of Directors of Bavarian Nordic A/S are considered related parties.

Besides the remuneration of the Board of Directors and the Executive Management, cf. note 8, and the share-based payments, cf. note 30, there are no transactions with related parties.

Transactions with subsidiaries are eliminated in the consolidated financial statements, in accordance with the accounting policies.

Note 35

Significant events after the balance sheet date

On February 23, 2024, the Company announced that the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) has granted accelerated assessment for the upcoming Marketing Authorisation Application (MAA) for CHIKV VLP, the Company's investigational chikungunya vaccine.

Except as noted above, there have been no significant events between December 31, 2023 and the date of approval of these financial statements that would require a change to or additional disclosure in the financial statements.

Note 36

Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and Corporate Management and authorized for issue on March 6, 2024.

Financial statements – Parent company

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Financial statements

Notes

Income statements

For the years ended December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Revenue	2	6,932,388	2,939,164
Production costs	4,5	2,473,002	1,401,431
Gross profit		**4,459,386**	**1,537,733**
Sales and distribution costs	4	295,202	182,880
Research and development costs	3,4,5	2,286,844	1,206,121
Administrative costs	4,5,6	550,961	386,992
Total operating costs		**3,133,007**	**1,775,993**
Income before interest and tax (EBIT)		**1,326,379**	**(238,260)**
Income from investments in subsidiaries	13	84,703	124,551
Financial income	7	159,998	112,534
Financial expenses	8	141,415	341,274
Income before company tax		**1,429,665**	**(342,449)**
Tax on income for the year	9	(10,972)	28
Net result for the year	21	**1,440,637**	**(342,477)**

	Note
Notes with reference to the consolidated financial statements	
Revenue	3
Research and development costs	6
Staff costs	8
Production costs	4
Sales and distribution costs	5
Administrative costs	7

Statements of financial position – Assets

December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Non-current assets			
Product rights		4,791,442	4,639,895
Acquired rights and development in progress		1,286,782	1,013,484
Software		7,881	13,795
Other intangible assets in progress		389,073	274,490
Intangible assets	10	**6,475,178**	**5,941,664**
Land and buildings		664,357	629,829
Leasehold improvements		1,316	1,428
Plant and machinery		324,881	321,589
Other fixtures and fittings, other plant and equipment		452,163	489,558
Assets under construction		172,496	184,280
Property, plant and equipment	11	**1,615,213**	**1,626,684**
Right-of-use assets	12	**55,791**	**18,953**
Investments in subsidiaries	13	841,145	210,422
Other receivables		512	14,878
Other financial non-current assets		8,021	4,455
Financial assets		**849,678**	**229,755**
Total non-current assets		**8,995,860**	**7,817,056**

DKK thousand	Note	2023	2022
Current assets			
Inventories	14	**1,527,397**	**881,346**
Trade receivables		1,699,601	399,936
Receivables from subsidiaries		89,779	56,561
Other receivables		92,817	51,462
Prepayments		11,437	343,492
Receivables		**1,893,634**	**851,451**
Securities		390,247	2,269,759
Cash and cash equivalents		1,421,677	563,812
Securities, cash and cash equivalents		**1,811,924**	**2,833,571**
Total current assets		**5,232,955**	**4,566,368**
Total assets		**14,228,815**	**12,383,424**

Statements of financial position – Equity and liabilities

December 31, 2023 and 2022

DKK thousand	Note	2023	2022
Equity			
Share capital		780,978	707,354
Treasury shares		(1,537)	(1,463)
Retained earnings		9,351,470	5,901,429
Reserve for development costs		6,491	395,015
Other reserves		202,266	149,787
Equity		**10,339,668**	**7,152,122**
Liabilities			
Deferred consideration		1,016,856	2,324,657
Prepayment and loan from Government		-	566,420
Credit institutions		15,135	17,008
Lease liabilities	15	43,167	7,732
Non-current liabilities		**1,075,158**	**2,915,817**
Deferred consideration		1,360,133	287,436
Credit institutions		1,913	1,105,583
Lease liabilities	15	13,455	12,526
Trade payables		829,059	584,731
Payables to subsidiaries		357,713	153,788
Other liabilities	17	251,716	171,421
Current liabilities		**2,813,989**	**2,315,485**
Total liabilities		**3,889,147**	**5,231,302**
Total equity and liabilities		**14,228,815**	**12,383,424**

	Note
Notes with reference to the consolidated financial statements	
Trade receivables	19
Prepayments	21
Financial risks and financial instruments	23
Deferred consideration for product rights	24
Prepayment and loan from Government	25
Debt to credit institutions	26
Prepayment from customers	29
Share-based payment	30

Statements of changes in equity

December 31, 2023

DKK thousand	Share capital	Treasury shares	Retained earnings	Reserve for development costs	Other reserves	Equity
Equity as of January 1, 2023	**707,354**	**(1,463)**	**5,901,429**	**395,015**	**149,787**	**7,152,122**
Net result for the year	-	-	1,440,637	-	-	1,440,637
Exchange rate adjustments	-	-	35,195	-	-	35,195
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	13,993	13,993
Share-based payment	-	-	-	-	58,677	58,677
Warrant program exercised	3,156	-	54,856	-	(12,495)	45,517
Warrant recharged	-	-	3,397	-	-	3,397
Warrant program expired	-	-	1,276	-	(1,276)	-
Capital increase through private placement	70,468	-	1,571,445	-	-	1,641,913
Costs related to issue of new shares	-	-	(42,795)	-	-	(42,795)
Purchase of treasury shares	-	(440)	(8,548)	-	-	(8,988)
Transfer regarding restricted stock units	-	366	6,054	-	(6,420)	-
Reserve for development costs	-	-	388,524	(388,524)	-	-
Equity as of December 31, 2023	**780,978**	**(1,537)**	**9,351,470**	**6,491**	**202,266**	**10,339,668**

Transactions on the share capital and rules on changing Articles of Associations, see statement of changes in Group equity.

Other reserves consist of costs for share-based payments and hedging reserves.

Note 1

Material accounting policies and key accounting estimates and judgments

Accounting policies

The financial statements of the Parent Company Bavarian Nordic A/S have been prepared in accordance with the Danish Financial Statements Act (Class D).

The financial statements are presented in Danish kroner (DKK), which also is the functional currency of the Parent Company. The accounting policies are unchanged from previous year.

Changes in accounting policies
The accounting policies are unchanged from last year.

Supplementary accounting policies for the Parent Company
Accounting policies for investments in subsidiaries are described in note 13.

Pursuant to the schedule requirements of the Danish Financial Statements Act, entries recognized in the statement of comprehensive income in the consolidated financial statements are recognized directly in the statement of changes in equity in the Parent Company's financial statements.

Warrant recharged to subsidiaries is treated as the Parent Company's issuance of equity in exchange for cash.

The recharge is subsequently recognized in the income statement under the cost plus agreements with the subsidiaries. Income tax effects relating to warrant recharged is recognized in the income statement.

As allowed under section 86 (4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the Parent Company, as it is included in the consolidated cash flow statement.

Note 2

Revenue

Accounting policies and significant accounting estimates

See consolidated financial statements note 3.

DKK thousand	2023	2022
Travel health		
Rabipur/RabAvert	993,714	669,061
Encepur	417,371	301,100
Vivotif	147,542	-
Vaxchora	38,537	-
Other product sale	149,736	105,139
	1,746,900	**1,075,300**
Public preparedness		
MVA-BN smallpox vaccine sale	5,027,009	1,730,447
Sale of goods	**6,773,909**	**2,805,747**
Milestone Payments	-	83,048
Contract work	158,479	50,369
Sale of services	**158,479**	**133,417**
Revenue	**6,932,388**	**2,939,164**
Total revenue includes:		
Fair value adjustment concerning financial instruments entered into to hedge revenue	5,016	-

For further disclosures see the consolidated financial statements note 3.

Note 3

Research and development costs

Accounting policies

See consolidated financial statements note 6.

DKK thousand	2023	2022
Research and development costs incurred this year	1,856,001	1,226,008
Of which:		
Contract costs recognized as production costs	(126,840)	(19,887)
Impairment loss of ABNCoV2 development program	557,683	-
Research and development costs recognized in the income statement	**2,286,844**	**1,206,121**
Impairment loss of ABNCoV2 development program		
Acquired rights and development in progress	1,403,264	-
Intangible assets in progress	26,224	-
Prepayments	456,551	-
Prepayment and loan from Government	(806,420)	-
Deferred consideration	(521,936)	-
Impairment loss of ABNCoV2 development program	**557,683**	
Fair value adjustment concerning financial instruments entered into to hedge research and development costs	-	30,201

For impact from write-down of ABNCoV2 see description in note 32 in the consolidated financial statements.

Note 4

Staff costs

Accounting policies

See consolidated financial statements note 8.

DKK thousand	2023	2022
Wages and salaries	580,149	458,504
Contribution based pension	49,897	38,552
Social security expenses	5,942	3,749
Other staff expenses	42,963	34,529
Share-based payment	55,702	49,656
Staff costs	**734,653**	**584,990**
Staff expenses are distributed as follows:		
Production costs	457,306	311,474
Sales and distribution costs	17,065	12,862
Research and development costs	50,315	69,798
Administrative costs	187,423	149,025
Capitalized salaries	22,544	41,831
Staff costs	**734,653**	**584,990**
Average number of employees converted to full-time	762	604
Number of employees as of December 31 converted to full-time	815	688

Note 4

Staff costs *(continued)*

DKK thousand	2023	2022
Staff costs include the following costs:		
Board of Directors:		
Remuneration	6,345	5,475
Share-based payment	2,070	1,750
Remuneration to Board of Directors	**8,415**	**7,225**
Executive Management:		
Salary	11,330	9,873
Paid bonus	2,484	2,068
Other employee benefits	705	692
Contribution based pension	1,574	1,367
Share-based payment	13,443	13,485
Corporate Management	**29,536**	**27,485**
Salary	5,843	5,211
Paid bonus	1,074	1,775
Other employee benefits	154	163
Contribution based pension	776	698
Share-based payment	5,116	3,698
Salary and benefits in notice period	-	7,851
Other Executive Management	**12,963**	**19,396**
Remuneration to Executive Management	**42,499**	**46,881**
Total management remuneration	**50,914**	**54,106**

CEO and President of the Company Paul Chaplin and CFO Henrik Juuel constitute the Corporate Management in the Parent Company.

COO Russell Thirsk and CPO Anu Kerns constitute the Company's member of the Other Executive Management.

Incentive programs for management and other employees are disclosed in the consolidated financial statements note 30.

The CEO's contract of employment contains standard terms for members of the management of Danish listed companies, including the extended period of notice that both parties are required to give. For the Company, the notice is maximum 18 months. In the event of a change of control, the term of notice for the Company may be extended to maximum 24 months.

Note 5

Depreciation, amortization and impairment losses

DKK thousand	2023	2022
Depreciation and amortization included in:		
Production costs	426,707	349,893
Research and development costs	2,442	2,599
Administrative costs	24,444	27,807
Depreciation and amortization	**453,593**	**380,299**
Hereof profit ()/loss from disposed fixed assets	-	1,175
Impairment losses included in:		
Research and development costs	557,683	-
Impairment losses	**557,683**	**-**

For further disclosures see the consolidated financial statements note 9.

Note 6

Fees to auditor appointed at the annual general meeting

DKK thousand	2023	2022
Audit of financials statements	3,616	1,961
Other assurance services	268	176
Tax advisory	-	20
Other services	653	143
Fees	**4,537**	**2,300**

Note 7

Financial income

Accounting policies

See consolidated financial statements note 11.

DKK thousand	2023	2022
Financial income from bank and deposit contracts	38,383	27
Financial income from subsidiaries	49,045	30,256
Financial income from securities	14,340	19,543
Fair value adjustments on securities	30,777	-
Adjustment of deferred consideration due to change in estimated timing of payments	13,759	54,390
Currency adjustment deferred consideration	2,563	-
Net gain on derivative financial instruments at fair value in the income statement	11,131	-
Net foreign exchange gains	-	8,318
Financial income	**159,998**	**112,534**

Note 8

Financial expenses

Accounting policies

See consolidated financial statements note 12.

DKK thousand	2023	2022
Interest expenses on debt	1,019	15,346
Financial expenses to subsidiaries	10,078	3,205
Fair value adjustments on securities	-	190,301
Unwinding of the discount related to deferred consideration	101,961	103,049
Currency adjustment deferred consideration	-	11,597
Net loss on derivative financial instruments at fair value in the income statement	-	17,776
Financial expenses, other	11,469	-
Net foreign exchange losses	16,888	-
Financial expenses	**141,415**	**341,274**

Note 9

Tax for the year

Accounting policies

See consolidated financial statements note 13.

DKK thousand	2023	2022
Tax recognized in the income statement		
Current tax on profit for previous years	(10,972)	28
Currrent tax	**(10,972)**	**28**
Tax for the year recognized in the income statement	**(10,972)**	**28**
Tax on income for the year is explained as follows:		
Income before company tax	1,429,665	(342,449)
Calculated tax (22.0%) on income before company tax	314,526	(75,339)
Tax effect on:		
Income from investments in subsidiaries	(18,635)	(27,401)
Income()/expenses that are not taxable/deductible for tax purposes	13,853	(16,871)
Deduction for interest and currency adjustments related to debt foregiveness	(60,009)	-
Special tax credit	(32,788)	(46,946)
Current tax on profit for previous years	(10,972)	28
Change in non-recognized tax asset	(216,947)	166,557
Tax on income for the year	**(10,972)**	**28**
Tax recognized in equity	**-**	**-**
Tax for the year recognized in equity	**-**	**-**

'Income()/expenses that are not taxable/deductible for tax purposes' is primarily transaction costs related to 'Acquisition of businesses'.

'Special tax credit' primarily relates to the 8% step up deduction on research and development costs according to Section 8B of the Danish Tax Assessment Act.

Current tax on profit for previous years relates primarily to paid out tax credits on previous years losses arisen from reasearch and development activites, according to Section 8X of the Danish Tax Assessment Act.

Deferred tax
Recognized deferred tax assets relate to temporary differences between valuations for accounting and taxation purposes and tax losses carried forward.

DKK thousand	January 1, 2023	Adjustment to previous year	Recognized in the income statement	Recognized in equity	December 31, 2023
Product rights	62,881	-	(112,955)	-	(50,074)
Acquired rights and development in progress	(2,659)	-	(108,445)	-	(111,104)
Property, plant and equipment	88,124	643	3,540	-	92,307
Right-of-use-asset	287		(104)	-	183
Development projects for sale	32,446	-	(6,502)	-	25,944
Receivables	191	-	27	-	218
Provisions	-	-	1,100	-	1,100
Financial instruments	(7,017)	-	-	(3,078)	(10,095)
Share-based payment	27,405	-	8,385	-	35,790
Tax losses carried forward	449,015	(11,703)	(1,993)	-	435,319
Not recognized tax asset	(650,673)	11,060	216,947	3,078	(419,588)
Recognized deferred tax assets	**-**	**-**	**-**	**-**	**-**

For further disclosures see the consolidated financial statements note 13.

Note 10

Intangible assets

Accounting policies

See consolidated financial statements note 15.

DKK thousand	Product rights	Acquired rights and development in progress	Software	Other intangible assets in progress	Total
	2023				
Costs as of January 1, 2023	5,458,700	1,013,484	101,509	274,490	6,848,183
Additions	-	389,784	2,048	142,830	534,662
Transfer	-	-	2,023	(2,023)	-
Additions from acquisition of businesses	449,577	1,286,778	-	-	1,736,355
Cost as of December 31, 2023	**5,908,277**	**2,690,046**	**105,580**	**415,297**	**9,119,200**
Amortization as of January 1, 2023	818,805	-	87,714	-	906,519
Amortization	298,030	-	9,985	-	308,015
Impairment losses	-	1,403,264	-	26,224	1,429,488
Amortization as of December 31, 2023	**1,116,835**	**1,403,264**	**97,699**	**26,224**	**2,644,022**
Carrying amount as of December 31, 2023	**4,791,442**	**1,286,782**	**7,881**	**389,073**	**6,475,178**
Carrying amount as of December 31, 2022	**4,639,895**	**1,013,484**	**13,795**	**274,490**	**5,941,664**

Note 11

Property, plant and equipment

Accounting policies

See consolidated financial statements note 16.

	2023					
DKK thousand	Land and buildings	Leasehold improvement	Plant and machinery	Other fixtures and fittings, other plant and equipment	Assets under construction	Total
Costs as of January 1, 2023	857,365	4,458	514,210	554,605	184,280	2,114,918
Additions	3,618	361	19,963	4,516	93,966	122,424
Transfer	73,928	-	28,358	3,464	(105,750)	-
Cost as of December 31, 2023	**934,911**	**4,819**	**562,531**	**562,585**	**172,496**	**2,237,342**
Depreciation and impairment losses as of January 1, 2023	227,536	3,030	192,621	65,047	-	488,234
Depreciation	43,018	473	45,029	45,375	-	133,895
Depreciation and impairment losses as of December 31, 2023	**270,554**	**3,503**	**237,650**	**110,422**	**-**	**622,129**
Carrying amount as of December 31, 2023	**664,357**	**1,316**	**324,881**	**452,163**	**172,496**	**1,615,213**
Carrying amount as of December 31, 2022	**629,829**	**1,428**	**321,589**	**489,558**	**184,280**	**1,626,684**

For collateral see the consolidated financial statements note 16.

Note 12

Right-of-use-assets

Accounting policies

See consolidated financial statements note 17.

	2023			
DKK thousand	Rent facility	Car leasing	Equipment	Total
Right-of-use assets as of January 1, 2023	16,587	1,898	468	18,953
Additions	432	402	-	834
Modifications	46,484	210	993	47,687
Disposals	(90)	(1,798)	(409)	(2,297)
Depreciations	(10,341)	(985)	(357)	(11,683)
Reversal depreciations	90	1,798	409	2,297
Right-of-use assets as of December 31, 2023	**53,162**	**1,525**	**1,104**	**55,791**

	2022			
DKK thousand	Rent facility	Car leasing	Equipment	Total
Impact from applying IFRS 16 as of January 1, 2022	24,428	536	907	25,871
Additions	917	1,375	-	2,292
Disposal	3,290	1,058	-	4,348
Modifications	(2,412)	-	-	(2,412)
Depreciations	(10,545)	(1,071)	(439)	(12,055)
Reversal depreciations	909	-	-	909
Right-of-use assets as of December 31, 2022	**16,587**	**1,898**	**468**	**18,953**

DKK thousand	2023	2022
Amounts included in the income statement		
Interest expense leases	553	598
Depreciation recognized on right-of-use assets	11,683	12,055
Cost recognized for short term leases (less than 12 months)	-	145

Note 13

Investment in subsidiaries

Accounting policies

Investments in subsidiaries are recognized and measured under the equity method. This means that, in the balance sheet, investments are measured at the pro rata share of the subsidiaries' equity plus or less unamortized positive, or negative, goodwill and plus or less unrealized intra-group profits or losses.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these subsidiaries are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant subsidiary.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries is transferred to the net revaluation reserve according to the equity method under equity, if the net revaluation is positive. If the net revaluation is negative, it is recognized in retained earnings in equity.

Goodwill is calculated as the difference between cost of the investments and the fair value of the assets and liabilities acquired which have been measured at fair value at the date of acquisition. The amortization period for goodwill is usually five years.

Investments in subsidiaries are written down to the lower of recoverable amount and carrying amount.

Income from investments in subsidiaries' contains pro rata share of subsidiaries profits or losses after elimination of unrealized intra-group profits and losses.

Note 13

Investment in subsidiaries *(continued)*

DKK thousand	2023
Costs as of January 1, 2023	740,452
Additions	670,796
Change in receivables	(159,973)
Cost as of December 31, 2023	**1,251,275**
Net revaluation as of January 1, 2023	(530,029)
Net share of profit/loss for the year	34,778
Change in unrealized intra-group profits	49,925
Exchange rate adjustments	35,196
Net revaluation as of December 31, 2023	**(410,130)**
Carrying amount as of December 31, 2023	**841,145**
Carrying amount as of December 31, 2022	**210,422**

Non-current receivables from Bavarian Nordic, Inc. is recognized as part of "Investments in subsidiaries". During 2023 the receivables decreased by DKK 160 million, offset in additions in the table.

Company summary	Domicile	Ownership	Voting rights
Subsidiaries			
Bavarian Nordic GmbH	Germany	100%	100%
Bavarian Nordic, Inc.	USA	100%	100%
Bavarian Nordic Switzerland AG	Switzerland	100%	100%
Bavarian Nordic Berna GmbH	Switzerland	100%	100%
Bavarian Nordic Italy S.r.l.	Italy	100%	100%
Bavarian Nordic Spain SLU	Spain	100%	100%
Bavarian Nordic Portugal, Lda.	Portugal	100%	100%
Bavarian Nordic Canada Inc.	Canada	100%	100%
Bavarian Nordic Sweden AB	Sweden	100%	100%
Aktieselskabet af 1. juni 2011 I	Denmark	100%	100%
Aktieselskabet af 1. juni 2011 II	Denmark	100%	100%

Note 14

Inventories

Accounting policies and significant accounting estimates

See consolidated financial statements note 18.

DKK thousand	2023	2022
Raw materials and supply materials	295,918	198,839
Work in progress	1,185,796	641,182
Manufactured goods and commodities	223,112	203,744
Write-down on inventory	(177,429)	(162,419)
Inventories	**1,527,397**	**881,346**
Write-down on inventory as of January 1	(162,419)	(172,941)
Additions from acquisition of businesses	(460)	-
Write-down for the year	(42,152)	(78,101)
Use of write-down	27,602	46,031
Reversal of write-down	-	42,592
Write-down on inventory as of December 31	**(177,429)**	**(162,419)**
Cost of goods sold amounts to	1,622,326	603,598

For further details regarding development in inventory values see consolidated financial statements note 18.

Note 15

Lease liabilities

Accounting policies

See consolidated financial statements note 28.

DKK thousand	2023	2022
Non-current	43,167	7,732
Current	13,455	12,526
Lease liabilities	**56,622**	**20,258**

DKK thousand	Due within 1 year	Due between 1 and 5 year	Due after 5 years	Total
2023				
Lease liabilities	13,455	43,167	-	56,622
2022				
Lease liabilities	12,526	7,732	-	20,258

Note 16

Prepayment from customers

Accounting policies

See consolidated financial statements note 29.

DKK thousand	2023	2022
Prepayment from customers as of January 1	-	16,904
Recognized as income during the year	-	(16,904)
Prepayment from customers as of December 31	**-**	**-**

Note 17

Other liabilities

Accounting policies

See consolidated financial statements note 22.

DKK thousand	2023	2022
Derivative financial instruments at fair value in the income statement	-	8,302
Liability relating to phantom shares	-	11,142
Payable salaries, holiday accrual etc.	104,632	75,495
Gross to net deduction accrual	111,762	55,387
Other accrued costs	35,322	8,317
Payable VAT and duties	-	12,778
Other liabilities	**251,716**	**171,421**

For further details of derivative financial instruments, see consolidated financial statements note 23. The phantom share programs are disclosed in the consolidated financial statements note 30.

Note 18

Contingent liabilities and other contractual obligations

DKK thousand	2023	2022
Collaborative agreements		
Contractual obligations with research partners for long-term research projects.		
- Due within 1 year	44,080	260,082

Sales milestone to GSK
The Asset Purchase Agreement with GSK regarding the acquisition of the product rights to Rabipur/RabAvert and Encepur includes a sales milestone of EUR 25 million. As per December 31, 2022 Management does not judge the sales milestone to be probable and therefore the sales milestone has not been recognized as either part of the product rights nor the deferred consideration for product rights.

Earnout to Emergent
The Purchase and Sale Agreement concluded with Emergent BioSolutions. in May 2023 includes an earnout payment starting at USD 30 million. The earnout payment relates to sale of Vivotif and Vaxchora. As per December 31, 2023 Management does not judge the sales milestone to be probable and therefore the earnout payment has not been recognized as either part of the project rights nor the deferred consideration.

Joint taxation
The Company is jointly taxed with all Danish subsidiaries. As the administration company the Company stands surety with the other companies in the joint taxation of Danish corporate taxes and also withholding taxes on dividends, interest and royalties. Corporation taxes and withholding taxes payable in the joint taxation pool was DKK 0 as of December 31, 2023. Any adjustments of the taxable joint taxation income or taxes withheld at source may have the effect that the Company's liability increases.

Company mortgage and lawsuits
See the consolidated financial statements note 33.

Note 19

Mortgages and collateral

DKK thousand	2023	2022
Guarantees for subsidiaries		
The Parent Company stands surety for a credit facility to a subsidiary of a maximum of	3,651	3,532
The Parent Company stands surety for letter of credit to subsidiaries of a maximum of	2,341	2,335

Mortgages
See description regarding property, plant and equipment in note 16 in the consolidated financial statements.

Note 20

Related party transactions

The Corporate Management and Board of Directors of Bavarian Nordic A/S are considered related parties as they have significant influence over the Company.

Main intercompany transactions:
Bavarian Nordic GmbH provides research and development services to Bavarian Nordic A/S.

Bavarian Nordic, Inc. distributes and sells RabAvert in the US on behalf of Bavarian Nordic A/S. This is done under a Distribution Agreement.

Bavarian Nordic, Inc. provides research and development services to Bavarian Nordic A/S.

Bavarian Nordic, Inc. also provides services to Bavarian Nordic A/S in terms of commercial affair work towards the U.S. Government, with the purpose of ensuring an efficient communication and service to U.S. authorities, in order to maintain existing contracts and explore new product/contract opportunities on the U.S. market.

Bavarian Nordic Switzerland AG distributes and sells Encepur and Rabipur in Switzerland on behalf of Bavarian Nordic A/S. This is done under a Distribution Agreement.

Bavarian Nordic Switzerland AG provides global commercial services to Bavarian Nordic A/S.

Bavarian Nordic Sweden AB provides regional commercial services to Bavarian Nordic A/S.

Bavarian Nordic Canada Inc. provides research and development services to Bavarian Nordic A/S.

Bavarian Nordic Berna GmbH, distributes and sells Vivotif in Switzerland on behalf of Bavarian Nordic A/S. This is done under a Distribution Agreement.

Bavarian Nordic Berna GmbH, Manufactures and sells Vivotif and Vaxchora to Bavarian Nordic A/S. This is done under a Contract Manufacturing Agreement.

Bavarian Nordic Spain SLU, distributes and sells Vivotif and Vaxchora in Spain on behalf of Bavarian Nordic A/S. This is done under a Distribution Agreement.

Bavarian Nordic Italy S.r.l., distributes and sells Vivotif and Vaxchora in Italy on behalf of Bavarian Nordic A/S. This is done under a Distribution Agreement.

Bavarian Nordic Portugal, LDA, distributes and sells Vivotif and Vaxchora in Portugal on behalf of Bavarian Nordic A/S. This is done under a Distribution Agreement.

All services except for the distribution agreements are delivered under cost plus agreements and on arms length conditions.

The distribution agreements are honored according to OECD's guidelines for a Limited Risk Distributor.

Apart from intra-group transactions mentioned above and the remuneration of the Board of Directors and Corporate Management, cf. note 8 and note 30 in the consolidated financial statements, there are no transactions with related parties.

Note 21

Proposed appropriation of net profit/(loss)

DKK thousand	2023	2022
Retained earnings	1,440,637	(342,477)
Total	**1,440,637**	**(342,477)**

Note 22

Significant events after the balance sheet date

See description in note 35 in the consolidated financial statements.

Statement by the Board of Directors and Executive Management on the Annual Report

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Bavarian Nordic A/S for the financial year January 1, 2023 - December 31, 2023.

The consolidated financial statements are presented in accordance with IFRS Accounting Standards as endorsed by the EU. The parent financial statements are presented in accordance with the Danish Financial Statements Act. Furthermore, the Annual Report is prepared in accordance with Danish disclosure requirements for listed companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent company's financial position at December 31, 2023, as well as of the results of their operations and cash flows for the financial year January 1, 2023 - December 31, 2023.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent company's business and financial matters, the results for the year and of the Parent company's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent company face.

In our opinion, the Annual Report of Bavarian Nordic A/S for the financial year January 1, 2023 to December 31, 2023 identified as bava-2023-12-31-en.zip is prepared, in all material respects, in accordance with the ESEF Regulation.

We recommend the Annual Report for adoption at the Annual General Meeting

Hellerup, March 6, 2024

Executive Management

Paul John Chaplin
President and CEO

Henrik Juuel
Executive Vice President and 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 Gjøl
Employee-elected

Karen Merete Jensen
Employee-elected

Linette Munksgaard Andersen
Employee-elected

Independent auditor's report

To the shareholders of Bavarian Nordic A/S

Report on the Financial Statements

Opinion
We have audited the consolidated financial statements and the parent financial statements of Bavarian Nordic A/S for the financial year 1 January 2023 – 31 December 2023, which comprise the income statement, statements of financial position, statement of changes in equity and notes, including a summary of material accounting policies, for the Group as well as the Parent, and the statement of comprehensive income and the cash flow statement of the Group (collectively referred to as the "Financial Statements"). The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as endorsed by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2023, and of the results of its operations and cash flows for the financial year 1 January 2023 – 31 December 2023 in accordance with IFRS Accounting Standards as endorsed by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2023, and of the results of its operations for the financial year 1 January 2023 – 31 December 2023 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Long-form Auditor's report issued to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

After Bavarian Nordic A/S was listed on Nasdaq OMX Copenhagen in 1998, we were appointed auditors at the Annual General Meeting held on 27 May 1999 for the financial year 1999. We have been reappointed annually at the Annual General Meeting for a total consecutive engagement period of 25 years up to and including the 2023 financial year.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January 2023 – 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Acquisition of travel vaccines portfolio On 15 February 2023, the Group entered into an agreement with Emergent BioSolutions Inc. to acquire two marketed travel vaccines Vivotif and Vaxchora and a Phase 3 vaccine candidate for the prevention of chikungunya virus. 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. The transaction closed on 15 May 2023. The purchase price allocation is based on a number of Management judgements and estimates related to measurement of all acquired net assets at fair value, including intangible assets and land and buildings. Due to the significant impact on the consolidated financial statements and management judgements and assumptions, we have considered this as a key audit matter. Reference is made to note 31 in the consolidated financial statements.	purpose of our audit, the procedures we carried out included the following: • We assessed the purchase price allocation made including assessing whether the assumptions and estimates made by Management are reasonable and documented. Our assessment has focused on identification and recognition of intangible assets at fair value • We performed procedures in relation to the opening balance as of 15 May 2023 • We reconciled the purchase price allocation to supporting documentation, including calculations of fair value of the intangible assets • We tested the discounted cash flow forecasts and challenged Management's significant assumptions and estimates • In addition, we assessed the appropriateness of the disclosures; note 31 Acquisition of business.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement of the management commentary.

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the

Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Parent’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures in the notes, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements of Bavarian Nordic A/S, we performed procedures to express an opinion on whether the annual report of Bavarian Nordic A/S for the financial year 1 January 2023 to 31 December 2023 with the file name bava-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Bavarian Nordic A/S for the financial year 1 January to 31 December 2023 with the file name bava-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 6 March 2024

Kirsten Aaskov Mikkelsen
State-Authorised Public Accountant

Identification No (MNE) no 21358

Eskild Nørregaard Jakobsen
State-Authorised Public Accountant

Identification No (MNE) no 11681

Forward-looking statement

This annual report contains forward looking statements. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward looking statements. Actual results or performance may differ materially from any future results or performance expressed or implied by such statements. The important factors that could cause our actual results or performance to differ materially include, among others, risks associated with product discovery and development, uncertainties related to the outcome and conduct of clinical trials including unforeseen safety issues, uncertainties related to product manufacturing, the lack of market acceptance of our products, our inability to manage growth, the competitive environment in relation to our business area and markets, our inability to attract and retain suitably qualified personnel, the unenforceability or lack of protection of our patents and proprietary rights, our relationships with affiliated entities, changes and developments in technology which may render our products obsolete, and other factors. For a further discussion of these risks, please refer to the section "Risk Management" in this Annual Report. Bavarian Nordic does not undertake any obligation to update or revise forward looking statements in this Annual Report nor to confirm such statements in relation to actual results, unless required by law.

Design and production: Noted

BAVARIAN NORDIC