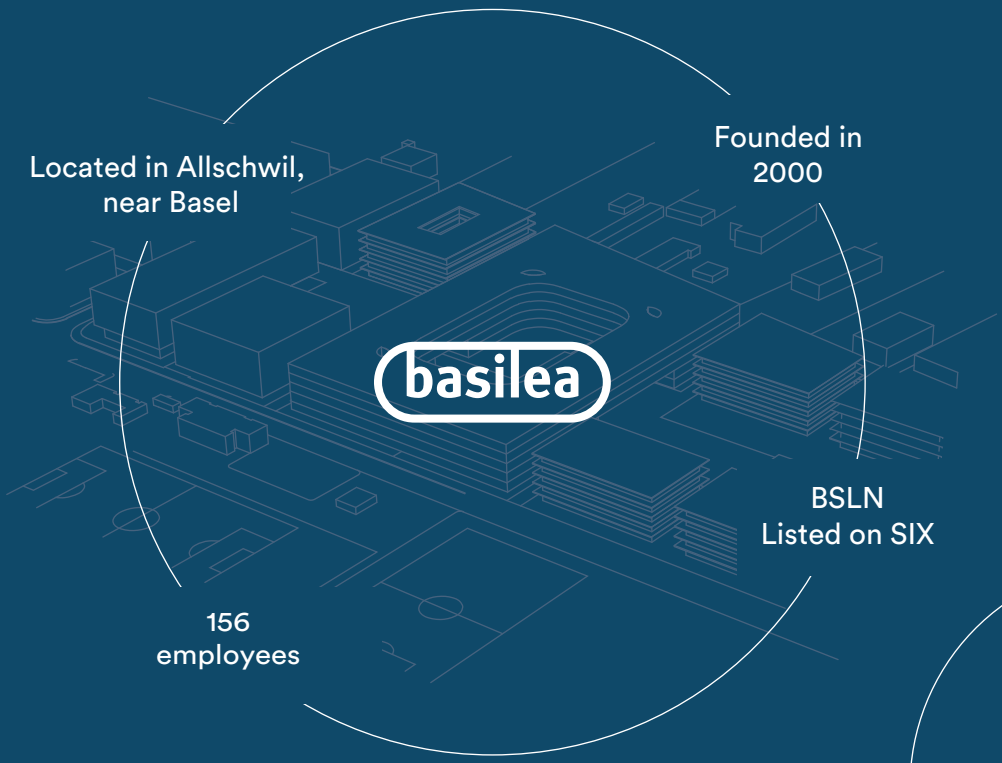
Half-Year Report 2024

Basilea at a glance



Located in Allschwil, near Basel

Founded in 2000

BSLN Listed on SIX

156 employees

Cultural diversity: employees from 19 different countries

For detailed information on our commercial products, please see page 10

Cresemba marketed in **73** countries

Zevtera marketed in **21** countries

Commercial partnerships cover over **100** countries

Total revenue of
CHF **76.3** mn

Operating result of
CHF **9.3** mn

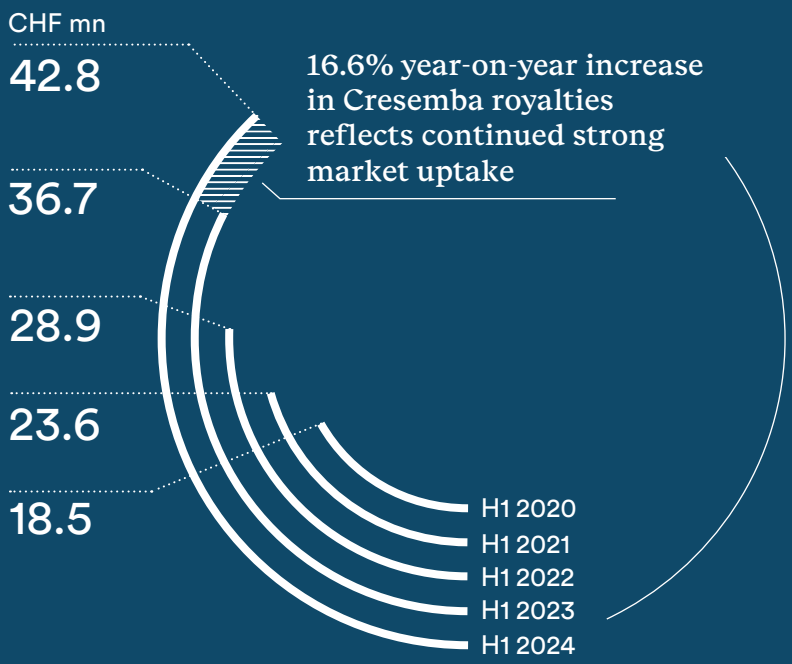
H1 2024: Profitable & solid cash position

Net cash provided by operating activities of
CHF **17.9** mn

Cash and restricted cash as of June 30, 2024 of
CHF **69.5** mn

Our key financial figures

Please find the financial report from page 20



Watch the half-year 2024 update by David Veitch, CEO

External video link to vimeo.com

Dear readers

Basilea is a biopharmaceutical company on an important mission – we are developing medicines to fight severe, life-threatening fungal and bacterial infections, where there is a high medical need of patients worldwide. We are well positioned to address the challenges around bringing novel antifungals and antibacterials to the market, and we are convinced that Basilea will continue to be successful in the long-term. Our business model builds on a broad R&D pipeline and financial strength, leveraging strong partnerships for research, development, and commercialization along the entire value chain. With Cresemba and Zevtera we have successfully launched two products on the market.

Success stories in 2024: FDA approval for Zevtera and strong Cresemba performance

The first half of 2024 was a remarkable six months for Basilea. The most significant milestone was the approval of our antibiotic Zevtera by the US Food and Drug Administration (FDA) in April. Zevtera is now approved in the US for the treatment of adult patients with *Staphylococcus aureus* bloodstream infections (bacteremia, SAB) and two other indications. The approval goes along with 10 years of market exclusivity, and we believe the US provides the most important commercial opportunity for Zevtera globally.

This positive decision by the FDA is a key milestone for Basilea and we are looking forward to bringing Zevtera to patients in the US as soon as possible, as current treatment options for SAB are limited. We are in negotiations with a number of potential partners who have expressed their interest in commercializing Zevtera. We continue to work towards securing a partnership for the commercialization of Zevtera in the US.

We are also very pleased with the continued commercial success of Cresemba, our antifungal. It is approved for the treatment of the two most common invasive mold infections, aspergillosis and mucormycosis in adults, and in the US in children, too.

Continued strong sales in the Asia Pacific region and China by our partner Pfizer triggered two milestone payments of USD 2.5 million in total in the first six months of 2024. These milestones reflect the excellent progress made and confirm that Cresemba is addressing a high medical need. It plays an important role in the treatment of patients suffering from life-threatening invasive mold infections.

Cresemba is marketed in more than 70 countries, including the US, most EU member states, China, Japan, and countries in Latin America.

We are also expecting a decision regarding the approval of Cresemba for the treatment of invasive aspergillosis and invasive mucormycosis in children in the EU. These severe mold infections primarily affect patients suffering from hematologic malignancies (blood diseases, such as leukemia), or immunodeficiency disorders and there is a high unmet medical need for new antifungal treatment options in children. At the end of June 2024, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency has already recommended the approval of Cresemba for pediatric patients, which would result in a two-year market exclusivity extension in Europe.

Exciting candidates in development

Already in 2023, Basilea managed to acquire three potential future medicines into our clinical portfolio: the antifungals fosmanogepix and BAL2062 and the antibacterial tonabacase. The most advanced is fosmanogepix, which is ready for phase 3 clinical studies. In a few years, after successful development by Basilea, this could become a leading therapy in the antifungal market, potentially treating infections caused by the two most relevant families of fungi: molds and yeasts.

In January this year, we added a fourth asset to our portfolio: a preclinical program of antibiotics from a novel class. For this program we received a grant from CARB-X (Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator), a global non-profit partnership dedicated to supporting the early development of antibacterial products. The current funding of up to USD 0.9 million will support the initial preclinical activities until clinical candidate nomination in the second half of 2024. Basilea could receive additional funding from CARB-X, for the continued preclinical and early clinical development of this antibiotics program if the project achieves certain milestones.

We also presented our pipeline and success factors of our business model at the Basilea Capital Markets Day (CMD) entitled “Creating anti-infective opportunities” in April this year in Zurich. We welcomed around 50 analysts, investors, and journalists alongside employees of Basilea. Key opinion leaders in antifungal and antibacterial medicine, along with the Basilea management team, discussed the value of developing new treatment options for patients and the anti-infectives market.
(More about the CMD at basilea-events.com)

We are operating with a new strategic focus on anti-infectives for two years now. But until very recently, we still held the rights to our last remaining oncology asset lisavanbulin, which Basilea had developed as a potential therapy for glioblastoma, the most common type of primary brain cancer. In June this year we announced that we partnered lisavanbulin with the Glioblastoma Foundation. This partnership ensures that patients continue to have access to this promising anticancer drug candidate.

Plans for the remainder of the year

Basilea’s business model is not only about identifying the most scientifically exciting anti-infective assets, but we also add value by designing and implementing the optimal preclinical and clinical development program for each compound, to bring it to the market, keeping in mind patients’ needs and the need for differentiation for successful commercial positioning.

We will now focus on developing our clinical and preclinical assets further. For fosmanogepix for instance, we are going to initiate one phase 3 study in candidemia/invasive candidiasis and another phase 3 study in mold infections.

In the coming weeks we are planning to publish the key performance indicators for measuring our status and progress in the area of sustainable development (ESG) in preparation for full reporting at a later date.

Sustained profitability and positive cash flow

I am pleased to report again a positive operating result, a net profit and positive cash flow for the past reporting period, driven by the continued commercial success of our marketed drugs. Royalties, which most directly reflect the Cresemba in-market sales, increased by 16.6 percent year-on-year. This is an impressive growth rate nine years after launch. Our financial strength not only allowed us to invest into the research and development of the four new assets in our pipeline, but it also enabled us to fully repay the remaining CHF 15.6 million of the senior secured loan received in 2022, hence further strengthening our financial situation.

Based on the strong performance of Cresemba in the first six months and the growth dynamics , we believe that we will see further increased royalties and major milestone payments in the second half of the year, even beyond what we had expected at the beginning of the year. We are therefore able to increase our guidance regarding both revenue and profit for the full-year 2024.

Anti-infectives are essential for our future

We are convinced that the markets for antibacterials and antifungals offer significant commercial opportunities. The medical need for novel and safe anti-infectives is growing as new or resistant pathogens emerge. Due to higher life expectancy and a growing number of people with weakened immune systems, there are more and more people with severe bacterial and fungal infections.

Here, the pharmaceutical industry plays an important role in society: we develop, produce, and bring to market, safe and effective medicines to treat or prevent illnesses. Anti-infectives are the basis of medicine as we know it today: from helping cancer patients with life-threatening infections or treating people undergoing organ transplants, to curing abscesses, or post-surgical wound infections, pneumonias, or blood infections. Without new antibiotics, the practice of medicine would return to the pre-antibiotic era, where even an initially minor infection could potentially result in the death of the patient.

There lies an exciting future ahead of us due to the promising drug candidates in our pipeline. With the help of our medicines, doctors have more opportunities to treat severe infections and potentially save lives.

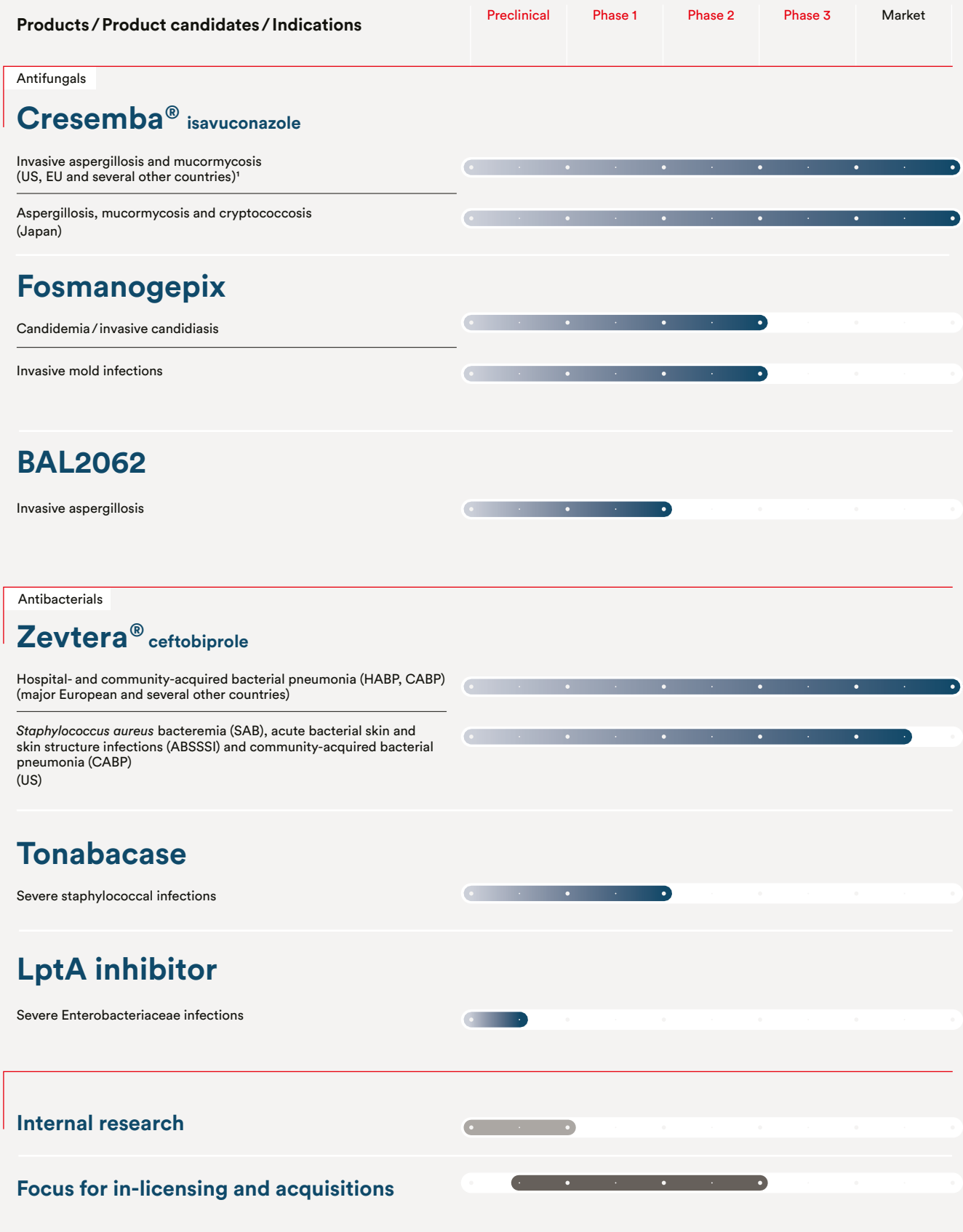
I would like to thank all our employees for their hard work and dedication in developing and commercializing our brands, as well as contributing to Basilea's mission and business success.

I would also like to express my thanks to you, our shareholders, for your confidence in Basilea and for your continued support, which is essential for the development of innovative medicines for patients who urgently need them.

Allschwil, August 2024

David Veitch
Chief Executive Officer

Portfolio



[1] The registration status and approved indications may vary from country to country.

Commercial products and development pipeline

Basilea has a business model optimized for its strategic focus areas. We focus on developing innovative medicines for the treatment of serious infections, addressing high medical needs and therefore creating meaningful market opportunities.

Focus on high medical need and meaningful market opportunity

Our expertise enables us to find the best assets and progress them efficiently through preclinical and clinical development. To achieve a global reach for our products, we collaborate with experienced commercialization partners, participating in the commercial success of our brands through a mix of royalty income, milestone payments and supply of products.

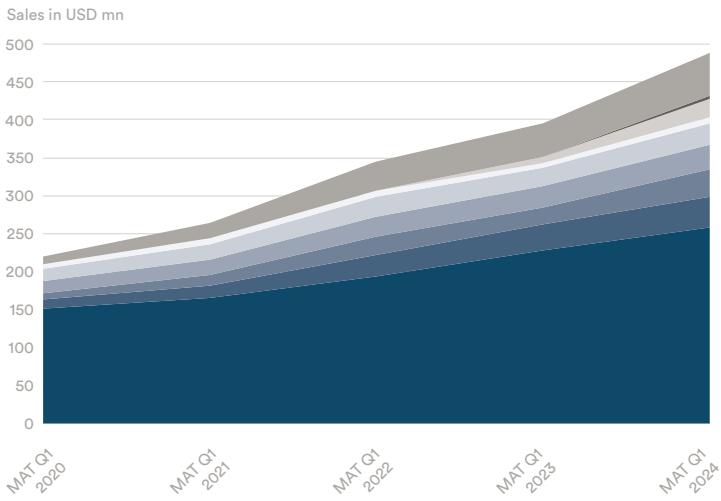
The success of the antifungal Cresemba®, with the active substance isavuconazole, and the antibiotic Zevtera®, with the active substance ceftobiprole, validates this business model.

Cresemba®
(isavuconazole)

Status: on the market

Cresemba is our antifungal approved for the treatment of the two most common invasive mold infections, aspergillosis and mucormycosis.[1]

Cresemba has Orphan Drug status in the US, the EU and Australia, which is associated with an extended market exclusivity. In addition to the initial approvals for the treatment of adults, Cresemba was recently approved in the US for the treatment of children, too. Associated with this, Cresemba was granted additional exclusivity to September 2027 in the US. We are pleased that Cresemba is now available to this vulnerable patient population. In Europe, the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) in its June meeting recommended to extend the indication to include pediatric



Strong 24% Cresemba y-o-y in-market sales increase (MAT Q1 2023 to Q1 2024)[2]

patients. We expect the formal decision by the European Commission in the third quarter this year. This would extend the exclusivity period in the EU, until October 2027. While already reflected in Basilea's previous business outlooks, these exclusivity extensions are important for the overall commercial potential of Cresemba, because sales of anti-infectives are expected to continue increasing until the end of the exclusivity period.

Current sales by our partners continue to grow strongly as shown by the latest available data in the chart opposite. Total global in-market sales of Cresemba amounted to USD 489 million in the 12 months between April 2023 and March 2024, which is a 24 percent increase year-on-year.[2] The continued strong sales dynamic is also reflected by CHF 42.8 million royalties we received from our partners in the first half year 2024.

[1] In the USA, Cresemba for intravenous injection is approved for adults and for pediatric patients 1 year of age and older with invasive aspergillosis and invasive mucormycosis and Cresemba capsules for oral administration are approved for adults and for pediatric patients 6 years of age and older who weigh 16 kilograms and greater. In China, oral and intravenous isavuconazole is approved for patients 18 years of age and older for the treatment of invasive aspergillosis and invasive mucormycosis. In Japan, it is also approved for cryptococcosis, in addition to aspergillosis and mucormycosis. In the EU, isavuconazole is approved for the treatment of adult patients with invasive aspergillosis as well as for the treatment of adult patients with mucormycosis, for whom amphotericin B is inappropriate. Isavuconazole is also approved in several other countries in Europe and beyond, although the registration status and approved indications may vary from country to country.

[2] IQVIA Analytics Link, March 2024. MAT: Moving annual total.

Zevtera®
(ceftobiprole)

Status:
on the market

Zevtera is our antibiotic for the treatment of severe bacterial infections. It has been shown to be particularly effective against methicillin-resistant *Staphylococcus aureus* (MRSA), a bacterium responsible for several difficult-to-treat infections associated with high mortality.

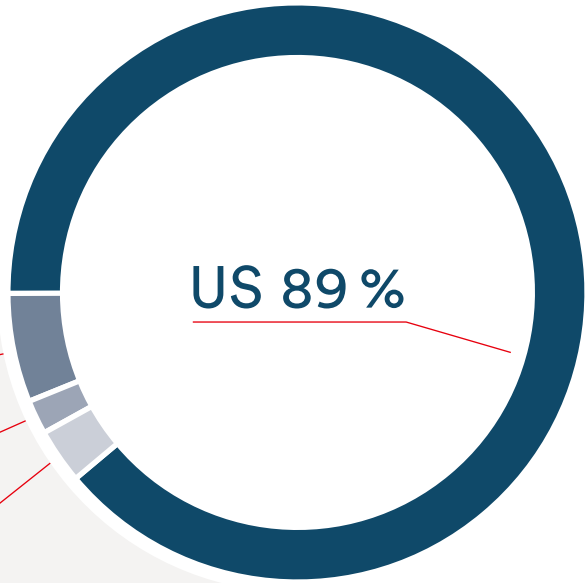
In April 2024, the US Food and Drug Administration (FDA) approved Zevtera for three indications: *Staphylococcus aureus* bacteremia (SAB), acute bacterial skin and skin structure infections (ABSSSI) and community-acquired bacterial pneumonia (CABP). SAB and ABSSSI are different indications than in major European countries and several non-European countries, where Zevtera is approved for the treatment of bacterial lung infections (pneumonia). Based on the particularly high incidence of MRSA across the United States, we believe that the USA offers the largest commercial market opportunity for Zevtera. Including the additional market exclusivity provided by the Qualified Infectious Disease Product (QIDP) status of Zevtera it is protected from generic competition in the US for ten years from the date of approval. We are currently in negotiations with potential commercialization partners for Zevtera in the US. In parallel, we are taking preparatory steps to shorten the time to market once we have a partner.

Basilea's ceftobiprole phase 3 program, which formed the basis for the FDA approval, is funded in part with federal funds from the US Department of Health and Human Services (HHS); Administration for Strategic Preparedness and Response (ASPR); Biomedical Advanced Research and Development Authority (BARDA), under contract number HHSO100201600002C. Basilea has been awarded approximately USD 112 million, or approximately 75 percent of the costs related to the SAB and ABSSSI phase 3 studies, regulatory activities and nonclinical work.

The US is commercially the most important market for hospital anti-MRSA antibiotics[1]

Daptomycin sales by region
(2015, before LOE)

A USD 2.4 bn market[2]
with the US being the
most important region



[1] IQVIA Analytics Link, March 2024

[2] Vancomycin, linezolid, teicoplanin, daptomycin, tigecycline, telavancin, ceftaroline, dalbavancin, ceftobiprole, oritavancin and tedizolid (daptomycin and tigecycline are partial sales in the US in IQVIA data)

[1] Ceftobiprole is approved in major European countries and several non-European countries for the treatment of adult patients with hospital-acquired bacterial pneumonia (HABP, excluding ventilator-associated bacterial pneumonia, VABP) and community-acquired bacterial pneumonia (CABP). In the United States, the drug is approved for the treatment of adult patients with bloodstream infections (bacteremia) caused by *Staphylococcus aureus* (SAB), including right-sided infective endocarditis, and adult patients with acute bacterial skin and skin structure infections (ABSSSI) and for adult and pediatric patients (3 months to less than 18 years old) with community-acquired bacterial pneumonia (CABP).

Four new compounds in our pipeline

An attractive and innovative pipeline is essential for Basilea. With our newly acquired assets, we plan to build on the success of Cresemba and Zevtera. These new assets, if successfully developed, will support our continued long-term growth. However, since not all development programs are guaranteed to succeed, it is vital for us to maintain a robust portfolio of promising drug candidates at various stages of development to offset potential attrition.

Focus on high priority diseases and pathogens

Since late 2023, we added one preclinical program and three clinical compounds to our pipeline. Moving forward, we will continue to look for additional opportunities in our focus areas of antifungals and antibacterials.

Antifungals

Fosmanogepix

Status: Phase-3-ready

Fosmanogepix is a broad-spectrum antifungal from a new class of drugs and the most advanced new compound in Basilea's clinical pipeline. It is available in intravenous and oral formulations. Manogepix, the active moiety of the prodrug fosmanogepix, inhibits a specific enzyme that is involved in the anchoring of so-called mannoproteins to the outer cell wall of fungi (see chart on the right). Mannoproteins are an integral part of the fungal cell wall architecture and hence, inhibiting their anchoring is lethal for fungi. Manogepix has activity against both yeasts and molds, including species that can be highly resistant to currently available antifungal therapies. This includes *Fusarium* species and azole-resistant *Aspergillus* species, as well as for example *Lomentospora prolificans* or *Scedosporium* species. Another critical pathogen is the multi-drug resistant yeast *Candida auris*, which is causing outbreaks in hospitals and other care facilities in many parts of the world. The emergence of such new pathogens highlights the strong need for new antifungal agents.

The FDA has granted fosmanogepix Qualified Infectious Disease Product (QIDP), Orphan Drug, and Fast Track designations, which make it eligible for a faster regulatory review process and provide longer protection against potential generic competition, respectively.

Fosmanogepix has successfully completed phase 2 clinical development and we anticipate starting a phase 3 study in invasive yeast infections in the coming weeks and another phase 3 study, in invasive mold infections, around year-end 2024.

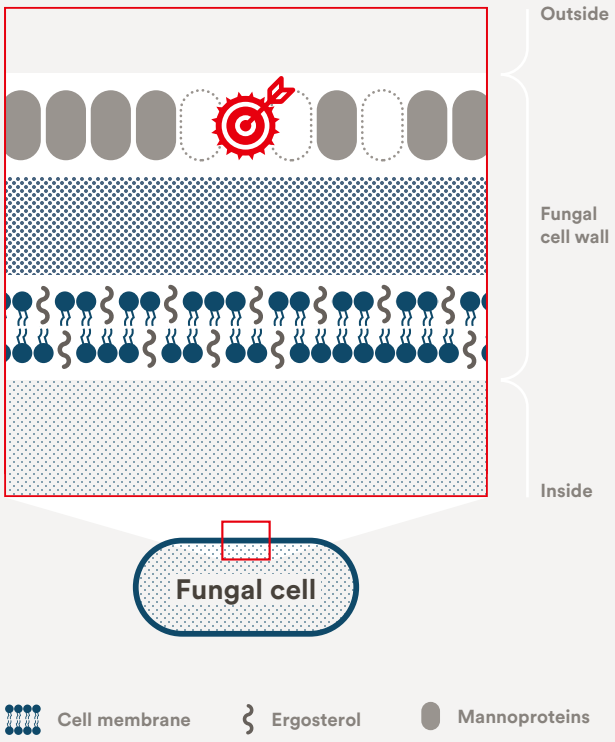
BAL2062

Status: Phase 1

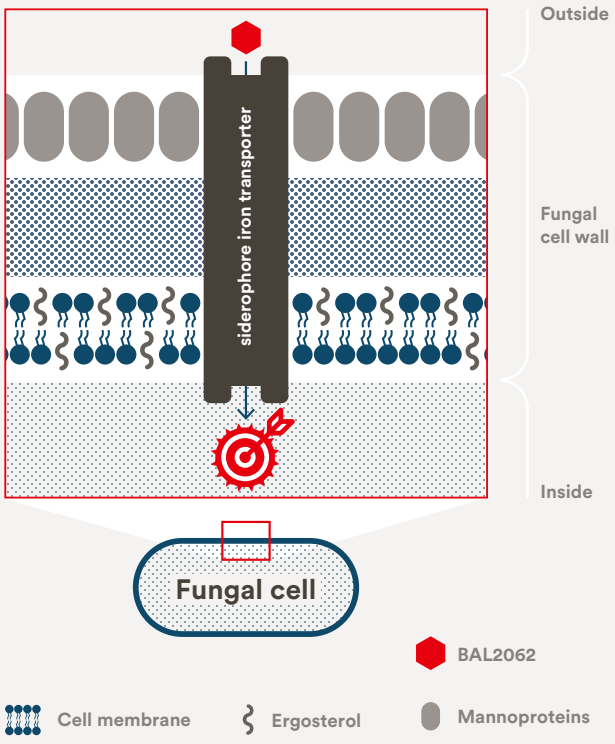
The second new clinical-stage antifungal in our pipeline is BAL2062, which is available as an intravenous formulation. Originating from a naturally occurring compound, it uses a fungi-specific transporter (siderophore iron transporter, see chart on the right) to enter the cell to enter the cell, and has shown to quickly kill fungal cells. BAL2062 could become the first drug approved from this class of antifungals. It has shown activity against *Aspergillus* species, including azole-resistant strains, as well as *Fusarium* and selected *Candida* species, among others. The FDA has granted QIDP, Orphan Drug, and Fast Track designations to BAL2062 for the treatment of invasive aspergillosis. We have initiated a preclinical profiling program to define the optimal positioning and the most efficient clinical development path for this asset.

Targets for fosmanogepix and BAL2062 in the fungal cells

Fosmanogepix



BAL2062



Antibiotics

Tonabacase

Status: Phase 1

Tonabacase, for which we have acquired an exclusive evaluation license, is a novel antibiotic of the endolysin class. It is derived from bacteriophages, i.e. viruses that infect and kill bacteria. Endolysins cause a rapid destabilization of the bacterial cell wall by degrading the peptidoglycan layer, leading to the death of bacteria (see chart on the right). In addition, endolysins are expected to provide significant advantages over conventional antibiotic treatments in infections that involve biofilms. Tonabacase has proven activity against staphylococcal bacteria, and over the course of 2024, we will evaluate various hypotheses in preclinical studies to determine the optimal future clinical development program. Upon successful completion of the preclinical evaluation phase, we will have the exclusive option to license the drug candidate for further clinical development and commercialization, and could immediately move to phase 2 clinical development.

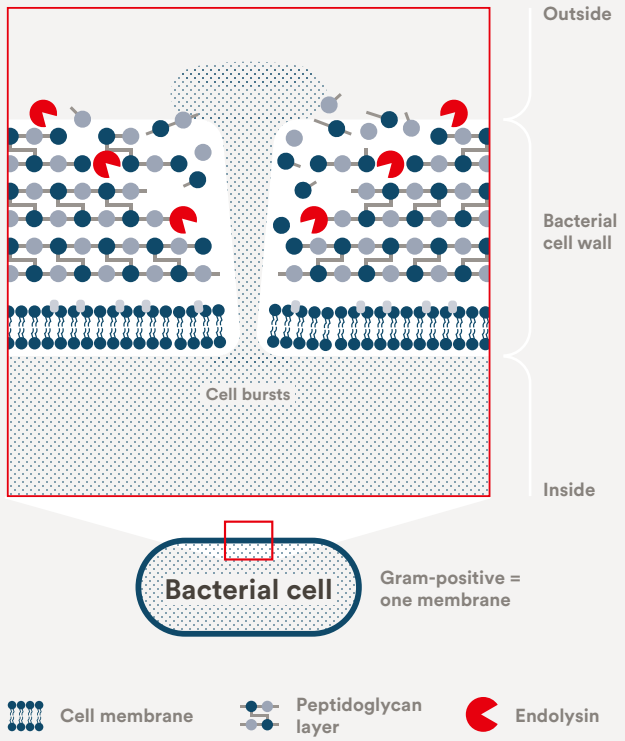
LptA inhibitor

Status: preclinical

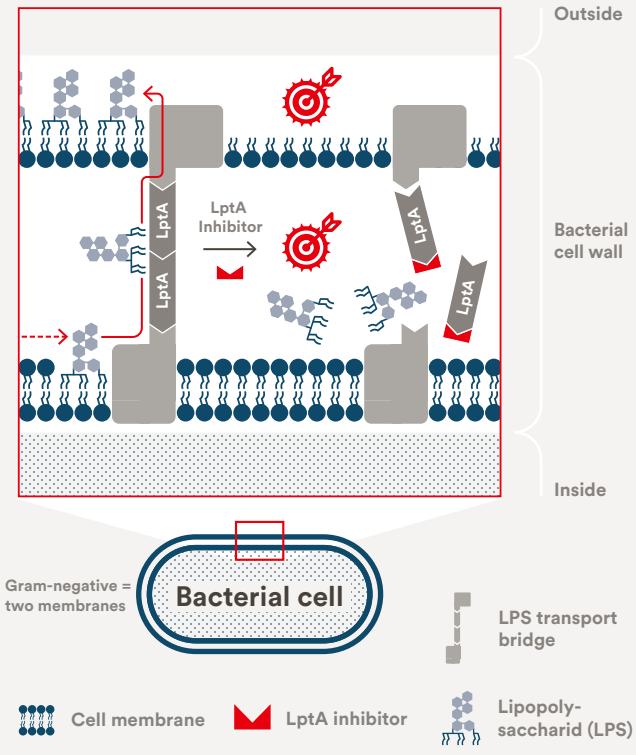
In January 2024, we acquired the rights for a preclinical program of antibiotics inhibiting LptA, which is part of the lipopolysaccharide (LPS) transport bridge, an essential structure in Gram-negative bacteria (see chart on the right). Inhibition of LptA results in a loss of the integrity of the outer cell membrane. Potent and rapid killing of bacteria has been shown in vitro and in vivo against Gram-negative bacteria of the Enterobacteriaceae family, such as *E. coli* and *K. pneumoniae*, including strains resistant to beta-lactams and colistin, an antibiotic regarded as last-resort therapy. We have been awarded a grant of up to USD 0.9 million from CARB-X to support the work until candidate nomination, which we expect to achieve in the second half of 2024.[1]

Mode of action of tonabacase and LptA inhibitor

Tonabacase



LptA inhibitor[2]



[1] CARB-X's funding for this project is provided in part with federal funds from the US Department of Health and Human Services (HHS); Administration for Strategic Preparedness and Response; Biomedical Advanced Research and Development Authority; Antibacterials branch; under agreement number 75A50122C00028; and by awards from Wellcome (WT224842) and Germany's Federal Ministry of Education and Research (BMBF).

[2] adapted from Schuster et al. Sci. Adv. 9 (2023)

Key financials

in CHF mn, rounding consistently applied

	H1 2024	H1 2023	
Cresemba & Zevtera related revenue	73.3	80.5	-8.9%
Royalty income	42.8	36.7	16.6%
Total revenue	76.3	84.9	-10.1%
Total cost and operating expenses	-67.0	-48.0	39.6%
Operating result	9.3	36.9	-74.8%
Profit before taxes	7.3	31.9	-77.1%
Net profit	20.7	31.8	-34.9%
Cash flow from operating activities	17.9	21.9	-18.3%

	June 30, 2024	June 30, 2023	
Net financial debt	26.2	38.1	-31.2%
Cash and cash equivalents and restricted cash	69.5	112.9	-38.4%

Full-year 2024 guidance
in CHF mn

	Updated	Previous
Cresemba & Zevtera related revenue	~190	~180
Royalty income	~92	~89
Total revenue	~196	~183
Cost of products sold	~40	~33
Operating expenses	~120	~120
Total cost and operating expenses	~160	~153
Operating result	~36	~30
Net profit	~42	~25

Key milestones

H1 2024

- Zevtera: US FDA approval granted for three indications ✓
- LptA inhibitor: inlicensed program for treatment of severe Enterobacteriaceae infections ✓
- Lisavanbulin: partnered with Glioblastoma Foundation ✓

H2 2024

- Cresemba: Granting of two-year pediatric extension for Europe
- Fosmanogepix: Initiation of phase 3 study in yeast infections (candidemia/invasive candidiasis)
- Fosmanogepix: Initiation of phase 3 study in mold infections
- Zevtera: Announcement of US commercialization partner
- Tonabacase: Decision on definitive licensing option

Financial report

Condensed consolidated interim financial statements 20
Notes to the condensed consolidated interim financial statements 24

Condensed consolidated interim financial statements

Basilea Pharmaceutica Ltd, Allschwil & subsidiaries

Condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 (unaudited, in CHF thousands)

	Footnote	2024	2023
ASSETS			
Current assets			
Cash and cash equivalents		62 963	59 933
Restricted cash	1	6 507	4 389
Accounts receivable	5	28 080	27 891
Other receivables	6	20 869	30 257
Inventories, net	7	31 375	26 410
Other assets		5 219	3 265
Total current assets		**155 013**	**152 145**
Non-current assets			
Property, plant and equipment, net	2	3 525	3 757
Intangible assets, net	3	473	548
Operating lease, right-of-use assets, net	15	15 887	16 795
Other assets		344	43
Deferred tax assets	16	13 421	-
Total non-current assets		**33 650**	**21 144**
TOTAL ASSETS		**188 663**	**173 289**
LIABILITIES			
Current liabilities			
Accounts payable		11 471	5 847
Senior secured loan	9	-	15 453
Deferred revenue	4	1 233	1 233
Operating lease liabilities	15	2 062	2 062
Accruals and other liabilities	10	23 015	22 997
Total current liabilities		**37 781**	**47 592**
Non-current liabilities			
Convertible senior unsecured bonds	8	95 683	95 455
Deferred revenue	4	8 844	9 460
Operating lease liabilities	15	14 702	15 636
Other liabilities	14	14 867	15 148
Total non-current liabilities		**134 096**	**135 700**
Total liabilities		**171 877**	**183 292**
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital[1]	12	13 170	13 100
Treasury shares[2]	12	(52 016)	(54 008)
Additional paid-in capital		1 044 785	1 042 002
Accumulated other comprehensive loss	12	(9 003)	(10 210)
Accumulated deficit:			
Loss carried forward		(1 000 886)	(1 011 337)
Net profit		20 737	10 451
Total shareholders' equity (deficit)		**16 786**	**(10 003)**
TOTAL LIABILITIES AND EQUITY		**188 663**	**173 289**

1 As of June 30, 2024, 13,169,749 shares (December 31, 2023: 13,099,826) were issued and 12,121,115 shares (December 31, 2023: 12,001,669) outstanding with a par value of CHF 1.00 per share.
2 As of June 30, 2024, 1,048,634 shares (December 31, 2023: 1,098,157) with a par value of CHF 1.00

These financial statements should be read in conjunction with the footnotes.

Basilea Pharmaceutica Ltd, Allschwil & subsidiaries

Condensed consolidated statements of operations for the six months ending June 30, 2024 and June 30, 2023 (unaudited, in CHF thousands, except per share amounts)

	Footnote	2024	2023
Product revenue	4	27 575	13 173
Contract revenue	4	45 698	67 327
Other revenue	4	3 020	4 405
Total revenue		**76 293**	**84 905**
Cost of products sold		(18 118)	(9 996)
Research & development expenses, net		(33 598)	(21 467)
Selling, general & administrative expenses		(15 321)	(16 544)
Total cost and operating expenses		**(67 037)**	**(48 007)**
Operating result		**9 256**	**36 898**
Interest income		627	490
Interest expense	8, 9	(2 521)	(5 797)
Other income		996	201
Other expense		(1 293)	(1 310)
Other components of net periodic pension cost		260	1 385
Profit before taxes		**7 325**	**31 867**
Income taxes	16	13 412	(27)
Net profit		**20 737**	**31 840**

Earnings per share	13	**2024**	2023
Basic earnings per share, in CHF		1.72	2.66
Diluted earnings per share, in CHF		1.61	2.42

Basilea Pharmaceutica Ltd, Allschwil & subsidiaries

Condensed consolidated statements of comprehensive income for the six months ending June 30, 2024 and June 30, 2023 (unaudited, in CHF thousands)

	Footnote	2024	2023
Net profit		**20 737**	**31 840**
Currency translation adjustments		1 207	12
Actuarial gain		-	208
Other comprehensive income, net of tax	12	**1 207**	**220**
Comprehensive income		**21 944**	**32 060**

These financial statements should be read in conjunction with the footnotes.

Basilea Pharmaceutica Ltd, Allschwil & subsidiaries

Condensed consolidated statements of cash flows for the six months ending June 30, 2024 and June 30, 2023 (unaudited, in CHF thousands)

	Footnote	2024	2023
Cash flow from operating activities			
Net profit		20 737	31 840
Adjustments to reconcile net profit to net cash provided by operating activities:			
Non-cash pension income		(280)	(147)
Deferred tax	16	(13 421)	-
Depreciation and amortization		827	753
Disposal of subsidiaries		1 024	-
Share-based compensation		2 502	2 265
Amortization of debt issuance cost	8, 9	370	649
Change in operating assets/liabilities:			
Accounts receivable		(175)	(6 517)
Other receivables		8 650	3 770
Inventories		(4 965)	(1 394)
Accounts payable		5 625	3 751
Deferred revenue		(616)	(616)
Accruals and other liabilities		16	(12 054)
Other operating cash flow items		(2 374)	(436)
Net cash provided by operating activities		**17 920**	**21 864**
Cash flow from investing activities			
Proceeds from disposal of subsidiaries		781	-
Investments in property, plant and equipment	2	(467)	(314)
Investments in intangible assets	3	(53)	(75)
Net cash provided/used in investing activities		**261**	**(389)**
Cash flow from financing activities			
Effects from share-based compensation		148	(88)
Net proceeds from capital increase		195	109
Net proceeds from treasury shares transactions		2 118	1 325
Repayments of senior secured loan		(15 603)	(18 429)
Net cash used in financing activities		**(13 142)**	**(17 083)**
Effect of exchange rate changes		**109**	**(12)**
Net change in cash, cash equivalents and restricted cash		**5 148**	**4 380**
Beginning of period		**64 322**	**108 567**
End of period		**69 470**	**112 948**
Supplemental information			
Cash paid for interest	8, 9	2 145	4 992
Cash paid for income taxes		11	14

The following table shows the components of cash, cash equivalents and restricted cash as of June 30, 2024 and June 30, 2023:

	2024	2023
Cash and cash equivalents	62 963	87 714
Restricted cash	6 507	25 234
Total cash, cash equivalents and restricted cash	**69 470**	**112 948**

These financial statements should be read in conjunction with the footnotes.

Basilea Pharmaceutica Ltd, Allschwil & subsidiaries

**Condensed consolidated statements of changes in shareholders' equity (deficit)
for the six months ending June 30, 2024 and June 30, 2023
(unaudited in CHF thousands)**

	Share Capital	Treasury Shares	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total
Balance at December 31, 2022	**13 093**	**(56 071)**	**1 037 120**	**(3 784)**	**(1 011 072)**	**(20 714)**
Net profit	-	-	-	-	31 840	31 840
Capital increase	-	-	109	-	-	109
Other comprehensive income	-	-	-	485	(265)	220
Treasury shares transactions	-	392	932	-	-	1 324
Effects from share-based compensation	7	-	2 204	-	-	2 211
Balance at June 30, 2023	**13 100**	**(55 680)**	**1 040 365**	**(3 299)**	**(979 497)**	**14 989**
Balance at December 31, 2023	**13 100**	**(54 008)**	**1 042 002**	**(10 210)**	**(1 000 886)**	**(10 003)**
Net profit	-	-	-	-	20 737	20 737
Capital increase	-	-	195	-	-	195
Other comprehensive income	-	-	-	1 207	-	1 207
Treasury shares transactions	-	1 992	111	-	-	2 103
Effects from share-based compensation	70	-	2 477	-	-	2 547
Balance at June 30, 2024	**13 170**	**(52 016)**	**1 044 785**	**(9 003)**	**(980 149)**	**16 786**

These financial statements should be read in conjunction with the footnotes.

Basilea Pharmaceutica Ltd, Allschwil and subsidiaries

Notes to the condensed consolidated interim financial statements (unaudited, all amounts in CHF unless stated otherwise)

1 Summary of significant accounting policies and new accounting pronouncements

Business purpose and history

Basilea Pharmaceutica Ltd, Allschwil, located in Allschwil, Switzerland (Basilea), together with its subsidiaries (together, the Company), is a commercial-stage biopharmaceutical company committed to discovering, developing and commercializing innovative drugs to meet the needs of patients with severe bacterial and fungal infections.

Supporting its commercial activities, the Company has operating subsidiaries in the United Kingdom and Germany. All subsidiaries are wholly owned and fully consolidated.

Basis of presentation

The condensed consolidated interim financial statements of Basilea have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) for interim financial information and accordingly do not include all information and disclosures as required by US GAAP for complete financial statements. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by US GAAP. The condensed consolidated interim financial statements should be read in conjunction with the 2023 consolidated financial statements contained in the Annual Report 2023.
The financial statements are presented in Swiss Francs (CHF).

In the opinion of the management, these condensed consolidated interim financial statements reflect all adjustments necessary, which are of a normal recurring nature, to fairly state the consolidated balance sheets, statements of operations, statements of comprehensive income, cash flows and changes in shareholders' equity (deficit) for the interim periods presented.

The following out-of-period adjustments were recorded and published in the 2023 consolidated financial statements:

First half of 2023:
Subsequent to the issuance of the Company's Annual Report for the year ended on December 31, 2022, the Company determined that its accounting for certain vendor invoices and credits was not correct. These should have reduced the Company's cost of goods sold with concurrent impact on accruals and other liabilities. The value of the vendor invoices and credits were CHF 2.1 million, with CHF 0.9 million originating in the period ended December 31, 2021, CHF 1.0 million originating in the period ended December 31, 2020 and CHF 0.2 million originating before 2020.

Historically, VAT receivables against foreign tax authorities were accounted in CHF instead of the currency in which the VAT refund was claimed.
As a consequence the related unrealized currency gains and losses were not accounted for. This resulted in a valuation adjustment of CHF 0.2 million originating in the period ended December 31, 2022 and recorded in the period ended June 30, 2023.

Second half of 2023:
Contractual royalty obligations were overstated, resulting in an expense reduction of CHF 0.3 million in the periods 2021 to 2023, thereof CHF 0.2 million in the period ended December 31, 2022.

Issuance stamp duty taxes originated in the period December 31, 2020, have not been declared and accrued in the amount of CHF 0.5 million affecting the additional paid-in capital.

Receivables related to a financial loan in USD are overstated in the amount of CHF 0.2 million as per December 31, 2023, with CHF 0.1 million originating in the period ended December, 2021.

The Company has evaluated the materiality of these errors based on an analysis of quantitative and qualitative factors and concluded that they were not material to the prior period financial statements, individually or in aggregate.

In the period ended June 30, 2024, there were no out-of-period adjustments recorded affecting the condensed consolidated balance sheet and the condensed consolidated statement of operations.

For better comparability, the following table reflects the impact of the correction on the Company's consolidated balance sheet and consolidated income statement for the period ended December 31, 2023.

in CHF million (except EPS)	December 31, 2023 prior correction	%	**December 31, 2023 as reported**
Balance Sheet			
Other receivables	30 614	1.2%	30 257
Total assets	173 646	0.2%	173 289
Accounts payable	6 084	4.1%	5 847
Accruals and other liabilities	24 607	7.0%	22 997
Total liabilities	185 139	1.0%	183 292
Equity	10 493	4.9%	10 003
Additional paid-in capital	1 042 492	0.0%	1 042 002
Income Statement			
Cost of products sold	(29 131)	7.8%	(26 794)
Operating result	16 868	10.9%	19 205
Other expense	(3 998)	5.5%	(4 355)
Net profit	8 471	17.8%	10 451
EPS (Basic)	0.72	17.2%	0.87

Fair value measurements

The Company applies the Accounting Standard Codification (ASC) 820 “Fair Value Measurements and Disclosures”. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In measuring fair value, the Company evaluates valuation approaches such as the market approach, the income approach and the cost approach. A three-level valuation hierarchy, which prioritizes the inputs to valuation approaches that are used to measure fair value, is based upon whether such inputs are observable or unobservable.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions made by the Company. The three-level hierarchy for the inputs to valuation approaches is briefly summarized as follows:

Level 1— Observable inputs such as quoted prices (unadjusted) for identical instruments in active markets.
Level 2— Observable inputs such as quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-derived valuations whose significant inputs are observable for substantially the full term of the assets or liabilities.
Level 3— Unobservable inputs that reflect the Companys estimate of assumptions that market participants would use in pricing the asset or liability.

The Company’s financial instruments consist mainly of short-term and long-term financial assets and liabilities, including cash and cash equivalents, short-term and long-term investments, accounts receivable, other receivables, other current assets, accounts payable, accruals and other current liabilities, and the Company's convertible senior unsecured bonds and senior secured loan.

The fair value of the financial instruments included in working capital approximate their carrying value due to the short-term nature of these positions. The carrying values of the long-term investments approximate their fair values, since they bear interest at rates close to the prevailing market rates.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with original final maturities of 90 days or less from the date of purchase to be cash equivalents. Cash equivalents comprise marketable securities with maturities of less than 90 days when purchased. Cash equivalents are reported at fair value.

Restricted cash

Restricted cash includes bank accounts reserved for the purchase of treasury shares.

Foreign currencies

The presentation currency of the consolidated financial statements is the Swiss Franc (CHF). The functional currency, which is the currency that best reflects the economic environment in which the Company operates and conducts its transactions, is separately determined for the Company's subsidiaries and is used to measure their financial position and operating results.

Transactions in currencies other than the functional currency of a subsidiary are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are remeasured at the rates of exchange prevailing on the date of the consolidated statements of financial position and the related translation gains and losses are recognized in the consolidated statements of operations in other income and other expense. Non-monetary items that are carried at cost are remeasured using the rate of exchange prevailing at the date of the transaction. Non-monetary items that are carried at fair value are measured using the exchange rate prevailing when the fair value was determined and the related remeasurement gains and losses are reported in the consolidated statements of comprehensive income.

Upon consolidation, the results of operations of subsidiaries whose functional currency is other than the CHF are translated into CHF at the monthly average exchange rates and assets and liabilities are translated at the month-end exchange rates. Translation adjustments are recognized directly in other comprehensive income.

Accounts receivable and other receivables

Accounts receivable and other receivables are recorded at net realizable value after consideration of an allowance for doubtful accounts. The Company maintains allowances for estimated uncollectible receivables based on historical experience and specifically identified at-risk accounts. The adequacy of the allowance is evaluated on an ongoing and periodic basis, and adjustments are made in the period in which a change in condition occurs. Other receivables mainly include various prepayments as well as unbilled revenue, which consists of revenue earned but not yet invoiced.

Inventories

Costs related to the manufacturing of inventories are expensed as research and development expenses when incurred prior to obtaining regulatory approval or evidence being available that regulatory approval for respective product can reasonably be expected. If regulatory approval is subsequently obtained, the recorded expenses are not reversed.

Costs related to the manufacturing of inventories which occurred after the receipt of regulatory approval for the respective product or evidence being available that regulatory approval can reasonably be expected are capitalized. Inventories are valued at the lower of cost and net realizable value. Cost is determined based on the first-in first-out principle. If inventory costs exceed the net realizable value, a provision is recorded. In addition, provisions are recorded due to obsolescence or lack of demand.

Property, plant and equipment

Tangible assets are recorded at cost less accumulated depreciation and impairment. Depreciation is determined on a straight-line basis over the estimated useful lives of the assets of approximately twenty years for buildings, five years for research & development equipment, three years for furniture and office equipment and three years for IT hardware and equipment. Leasehold improvements are depreciated over the shorter of five to ten years or the lease term.

Expenditures for major renewals and improvements that extend the asset life are capitalized, while expenditures for maintenance and repairs are charged to the statement of operations as incurred.

The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts, and resulting gains or losses are reflected in the statement of operations in the operating result.

Intangible assets

Intangible assets with finite lives are recorded at cost less accumulated amortization and impairment. Intangible assets with finite lives consist of external direct costs of materials and services consumed in developing or obtaining internal-use software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which is three years for software. Expenditures for maintenance are charged to the statement of operations as incurred.

Convertible senior unsecured bonds

The convertible senior unsecured bonds were initially measured at amortized cost and are presented net of issuance costs incurred. The issuance costs are amortized using the effective interest method over the life of the debt instrument resulting in the accretion of the liability of the convertible senior unsecured bonds until maturity. The Company concluded that exercise contingencies will not prevent the embedded conversion feature from being considered indexed to the entity's own stock, and the embedded conversion feature was therefore not bifurcated.

Treasury shares

Treasury shares are recognized at the acquisition costs of the shares. Shares issued from treasury are recognized using the first-in first-out method.

Senior secured loan agreement

The senior secured loan is recorded at amortized cost and is presented net of issuance costs incurred. The issuance costs are amortized as interest expense using the effective interest method over the life of the debt instrument resulting in the accretion of the liability of the senior secured loan until maturity.

Leases

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use (ROU) assets and current and non-current lease liabilities, as applicable.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. Certain adjustments to the right-of-use asset may be required for items such as incentives received.

The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate to discount lease payments, which reflects the fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. To estimate its incremental borrowing rate, a credit rating applicable to the Company is estimated using a synthetic credit rating analysis since the Company does not currently have a rating agency-based credit rating. Prospectively, the Company will adjust the right-of-use assets for straight-line rent expense or any incentives received andremeasure the lease liability at the net present value using the same incremental borrowing rate that was in effect as of the lease commencement or transition date.

The Company has elected not to recognize leases with an original term of one year or less on the balance sheet. The Company typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew.

Assumptions made by the Company at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right of use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional ROU. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

In accordance with ASC 842, components of a lease should be split into three categories: lease components, non-lease components, and non-components. The fixed and in-substance fixed contract consideration (including any consideration related to non-components) must be allocated based on the respective relative fair values to the lease components and non-lease components.

Entities may elect not to separate lease and non-lease components. Rather, entities would account for each lease component and related non-lease component together as a single lease component. The Company has elected to account for lease and non-lease components together as a single lease component for all underlying assets and allocate all of the contract consideration to the lease component only.

ASC 842 allows for the use of judgment in determining whether the assumed lease term is for a major part of the remaining economic life of the underlying asset and whether the present value of lease payments represents substantially all of the fair value of the underlying asset. The Company applies the bright line thresholds referenced in ASC 842-10-55-2 to assist in evaluating leases for appropriate classification. The aforementioned bright lines are applied consistently to the Company's entire portfolio of leases.

Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company derives its revenues primarily from products and contractual arrangements. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Product revenue

Product revenue is recognized net of any sales and value added taxes and sales deductions based on contractually agreed payment terms. Control passes according to contractual shipment terms. The amount of consideration the Company receives and revenue the Company recognizes varies based on estimated rebates, discounts, returns and charge backs. The Company adjusts its estimate of revenue at the earlier of when the most likely amount of consideration the Company expects to receive changes or when the consideration becomes fixed. Sales returns are generally estimated and recorded based on historical sales and returns information. Sales returns allowances represent a reserve for products that may be returned due to expiration, destruction in the field or potential other reasons, and the returns reserve is based on historical return trends by product and by market as a percent of gross revenues.

Contract revenue

To determine the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period.
For certain contracts, the Company provides a service of combining a license and related tasks into a single performance obligation. Hence, the entire contract is accounted for as one performance obligation. The Company may, however, promise to provide a distinct license with distinct services within a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation.
Non-refundable upfront payments and substantive development and sales milestones will be recognized at a point in time, or over the remaining performance period based on the Company's progress towards satisfying its identified performance obligation. The Company infrequently sells licenses with observable standalone sales. In these cases, the observable standalone sales are used to determine the standalone selling price. More frequently, the Company sells a unique license for a specific drug, and in these cases the Company typically uses the expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

The Company accounts for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Following the guidance in ASC 808 "Collaborative Arrangements", the Company presents the results of activities for which it acts as the principal on a gross basis and reports any payments received from (or made to) other collaborators based on respective applicable GAAP. The Company's accounting policy for its qualifying collaborative agreements is to evaluate amounts due from (or owed to) its collaborators based on the nature of each separate activity.

Other revenue
Other revenue includes realizable amounts under the contract with the Biomedical Advanced Research and Development Authority (BARDA) related to the Company's ceftobiprole phase 3 development program and with the Combating Antibiotic-Resistant Bacteria Biopharmaceutical Accelerator (CARB-X) related to the LptA program. The Company considers the arrangements to be part of its ongoing major operations. Revenues from these contracts are recognized when recoverable costs are incurred.

Arrangements with multiple performance obligations
Contracts with customers may include multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis. The Company determines the standalone selling prices based on its overall pricing objectives, taking into consideration market conditions and other factors, including the value of the contracts and customer geographic locations or using expected cost plus margin.

Practical expedients and exemptions
The Company excludes from the transaction price all sales taxes that are assessed by a governmental authority and that are imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer (e.g., sales, use, value added, and some excise taxes).

The Company applies the general variable consideration guidance to estimate the transaction price if the license to the intellectual property is not the predominant item. With regard to royalties where the license is the sole or predominant item to which the royalty relates, for example when the customer would ascribe significantly more value to the license than to other goods or services provided under an arrangement the sale- and usage-based royalty exemption applies and royalties are recognized once earned.

The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less and contracts for which the Company recognizes revenue at the amount for which the Company has the right to invoice for services performed.

Cost of products sold
Expenses relating to the Company's products sold consisting of the manufacturing cost including manufacturing licenses, capacity reservation costs and shipping and handling costs are presented in cost of products sold.

Research & development expenses

Research and development costs are expensed as incurred. No amount was capitalized in any period presented. Costs of research and development equipment with alternative future uses are capitalized and depreciated over the equipment's useful life.

Research and development expenses primarily include costs for third-party services in connection with clinical studies and research projects, costs for producing substance to be used in such studies and projects, personnel expenses for the Company's research and development groups, and depreciation of equipment used for research and development activities. In addition, research and development expenses contain expenses for producing pharmaceutical material which may be used for commercialization subject to regulatory approval, and which was produced prior to obtaining regulatory approval or evidence being available that regulatory approval can reasonably be expected. Research and development expenses also include costs associated with acquired technology which include upfront fees and milestones in connection with technologies that had not reached technological feasibility and did not have an alternative future use.

Payments that the Company makes or receives related to its co-development arrangement are recorded in research and development expenses, net as the Company is acting as an agent in the arrangement.

Share-based compensation

The Company applies ASC 718 "Compensation – Stock Compensation" related to its stock-based compensation awards. According to ASC 718, the Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. Forfeitures are accounted as they occur.

The stock-based compensation expenses are allocated over the vesting period of the award. For awards which consist of portions with different vesting periods, the compensation expense is recognized pro rata for each portion of the award over the respective vesting period of such portion.

The Company applies ASC 718 "Compensation – Stock Compensation" for its Restricted Share Units (RSUs) and its Performance Share Units (PSUs). Management and certain key employees are eligible to receive PSUs. For RSUs certain employees are eligible to receive them only.

PSUs represent a promise to deliver shares to employees after the vesting period if certain vesting conditions on the share price performance (market-based performance condition) and in-market sales (non-market based performance condition) of certain products, are met and are therefore accounted for as market based awards. The Company estimates the fair value of its market based awards using the Monte Carlo Model.

RSUs represent a promise to deliver shares to employees after the vesting period.

The Company records the RSUs and PSUs expense as stock-based compensation. The RSUs are recorded using the straightline method over the vesting period. Forfeitures are accounted as they occur. The PSUs expense is recorded over the derived service period.

Income taxes

The Company applies the asset and liability method for the determination of provisions for income taxes. The income taxes for the reporting period consist of the current taxes (taxes paid and taxes payable) plus the change in the deferred taxes for the respective period. Deferred taxes represent the estimated future tax consequences of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates and laws expected to be in effect in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Interest and penalties in connection with income taxes are recorded as income taxes.

Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period, without consideration for common stock equivalents.

Diluted earnings per share include the effect of all potentially dilutive shares, consisting of stock options, RSUs and PSUs using the treasury-stock method, as well as shares issuable upon conversion of the convertible senior unsecured bonds, determined on an “if-converted” basis.

Pension plans

The Company applies ASC 715 “Compensation – Retirement Benefits” related to its pension plan. According to ASC 715, the projected benefit obligation for defined benefit pension plans is calculated annually by independent actuaries using the projected unit credit method. The projected benefit obligation at period end represents the actuarial present value of the estimated future payments required to settle the obligation that is attributable to employee services rendered before that date.

The Company records net gains/losses, consisting of actuarial gains/losses, curtailment gains/losses and differences between expected and actual returns on plan assets, in other comprehensive income/loss. Such net gains/losses are recorded directly in the consolidated statements of operations to the extent that they exceed 10% of the greater of projected benefit obligations or pension assets. The Company further records prior service costs/credits from plan amendments in other comprehensive income/loss in the period of the respective plan amendment and amortizes such amounts to the consolidated statement of operations over the future service period of the plan participants.

The Company records the service cost component of the net benefit costs with the other employee compensation costs within the result from operations. The other components will be reported separately outside of the result of operations.

In case the cost of all settlements is less than the sum of the service cost and interest cost components of net periodic pension cost for the plan for the year, the respective loss will not be recognized in the statement of operations.

Certain risks and uncertainties

The Company is subject to risks common to companies in its industry including but not limited to: uncertainty of results of clinical trials for its compounds; ability to achieve regulatory approval for its compounds; acceptance of Company's products by the market in case they obtained regulatory approval; ability to market its products; ability to manufacture its products at reasonable costs; protection of proprietary technology and intellectual property; development of new technological innovations by its competitors; dependence on key personnel; dependence on key suppliers; changes in foreign currency rates and compliance with governmental and other regulations.

New accounting pronouncements

As new accounting pronouncements are released, the Company reviews such pronouncements for the potential impact on the Company's financial statements. The new accounting pronouncements below may have an impact on the financial statements of the Company.

On January 1, 2023, the Company adopted ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which later was codified as ASC 326. In addition to the adoption of ASC 326, the Company adopted the accompanying ASU No. 2022-02, Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. Both standards mark a significant change requiring the immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets. ASU 2022-02 specifically eliminates the accounting guidance for troubled debt restructurings and requires disclosure of current-period gross write-offs by year of loan origination. Additionally, ASU 2022-02 updates the accounting for credit losses under ASC 326 and adds enhanced disclosures with respect to loan refinancings and restructurings in the form of principal forgiveness, interest rate concessions, other-than-insignificant payment delays, or term extensions when the borrower is experiencing financial difficulties. ASC 326 is intended to improve financial reporting by corporations by requiring earlier recognition of credit losses on loans from corporations, held-to-maturity (HTM) securities, and certain other financial assets. ASC 326 also amended the impairment guidance for available-for-sale (AFS) debt securities in that it eliminated the Other Than Temporary Impairment (OTTI) impairment model. Under Subtopic ASC 326-30, Financial Instruments—Credit Losses—Available-for-Sale Debt Securities, changes in expected cash flows due to credit on AFS debt securities will be recorded through an allowance, rather than permanent write-downs for negative changes and prospective yield adjustments for positive changes, as required by the current OTTI model. ASC 326 replaces the current incurred loss impairment model that recognizes losses when a probable threshold is met with a requirement to recognize lifetime expected credit losses immediately when a financial asset is originated or purchased. For the period ended June 30, 2024, the adoption of ASC 326 did not result in a material effect on the Company's Unaudited Condensed Consolidated financial statements.

ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40) became effective for the financial year 2024 for non-SEC filer. The Company assessed the potential impacts and concluded that the changes in the accounting method has no impact on the current accounting method.

2 Property, plant and equipment

In CHF million	Equipment	Leasehold improve-ments	Total
H1 2024			
Cost			
January 1, 2024	12.8	1.8	14.6
Additions	0.5	-	0.5
Disposals	(0.9)	-	(0.9)
June 30, 2024	12.4	1.8	14.2
Accumulated depreciation			
January 1, 2024	10.4	0.5	10.9
Additions	0.5	0.2	0.7
Disposals	(0.9)	-	(0.9)
June 30, 2024	10.0	0.7	10.7
Net book value as of June 30, 2024	**2.4**	**1.1**	**3.5**
H1 2023			
Cost			
January 1, 2023	12.9	1.8	14.7
Additions	0.3	-	0.3
June 30, 2023	13.2	1.8	15.0
Accumulated depreciation			
January 1, 2023	10.3	0.2	10.5
Additions	0.4	0.1	0.5
June 30, 2023	10.7	0.3	11.0
Net book value as of June 30, 2023	**2.5**	**1.5**	**4.0**

3 Intangible assets

The intangible assets as of June 30, 2024 and June 30, 2023 consist of software for internal use:

In CHF million	H1 2024	H1 2023
Cost		
January 1	**4.9**	**5.4**
Additions	0.1	0.1
June 30	**5.0**	**5.5**
Accumulated amortization		
January 1	**4.4**	**4.8**
Additions	0.1	0.1
June 30	**4.5**	**4.9**
Net book value as of June 30	**0.5**	**0.5**

4 Agreements

Below table summarizes revenues from all current agreements between the Company and its partners (ROY = royalties, Other = milestones and upfront payments):

Revenues from agreements:

Partner	Total Revenue		Product Revenue		Contract Revenue						Other Revenue	
In CHF million	H1 24	H1 23	H1 24	H1 23	H1 24			H1 23			H1 24	H1 23
					TOT	ROY	Other	TOT	ROY	Other		
Pfizer	31.9	43.7	10.1	4.2	21.8	19.6	2.2	39.2	14.2	25.0	-	0.3
Astellas	22.7	22.3	-	-	22.7	22.7	-	22.3	22.3	-	-	-
Asahi	3.3	5.8	2.7	0.5	0.5	0.5	-	5.2	0.2	5.0	0.0	0.1
BARDA	2.0	2.0	-	-	-	-	-	-	-	-	2.0	2.0
Gosun	1.1	1.2	1.1	1.2	-	-	-	-	-	-	-	-
Distributors	14.3	7.9	13.6	7.3	0.6	-	0.6	0.6	-	0.6	0.1	-
Others	1.0	2.0	-	-	-	-	-	-	-	-	1.0	2.0
	76.3	**84.9**	**27.6**	**13.2**	**45.7**	**42.8**	**2.9**	**67.3**	**36.7**	**30.6**	**3.0**	**4.4**

For the six months ending June 30, 2024, deferred revenue recognized in contract revenue amounted to CHF 0.6 million (six months ending June 30, 2023: CHF 0.6 million). The amount recognized corresponds to the change in the liabilities of deferred revenues.

License agreement with Pfizer related to isavuconazole

In June 2017, the Company entered into a license agreement with Pfizer Inc. for isavuconazole. The transaction was completed on July 19, 2017. Under the agreement Pfizer has the right to exclusively commercialize the drug in Europe (excluding the Nordics), Russia, Turkey and Israel (the Territory) and to manufacture isavuconazole for the Territory. In November 2017, the original Agreement was amended (the Amendment) to extend the Territory to China (including Hong Kong and Macao) and 16 countries in the Asia-Pacific region (the Extended Territory). The Amendment was completed on January 10, 2018.

Under the terms of the Agreement, the Company was eligible for a non-refundable upfront payment of CHF 70.0 million and up to USD 427.0 million in additional non-refundable milestone payments upon achievement of pre-specified regulatory and sales milestones over the term of the agreement. Under the terms of the Amendment, the Company was eligible for an additional

non-refundable upfront payment of USD 3.0 million and to receive up to USD 223.0 million in additional non-refundable milestone payments upon achievement of pre-specified regulatory and commercial milestones related to the Extended Territory over the term of the Amendment. In addition, the Company will also receive royalties in the mid-teen percentage range on Pfizer's sales in the Territory and the Extended Territory.

As the Company acts as principal for the sale of the product during an initial supply service period (the Supply Service Term), the sale of product to Pfizer is recorded gross and recognized in product revenue upon delivery. Any milestone payments are being recognized as contract revenue over the remaining performance period based on the progress towards satisfying its identified performance obligation Royalty revenue is recognized when earned as the license is the predominant item of the Agreement and its Amendement.

In 2020, the Supply Service Term ended and, in June 2020, the Company entered into a Supply Service Agreement with Pfizer. Under the terms of the Supply Service Agreement the Company delivers to Pfizer Active Pharmaceutical Ingredient (API) until December 2021 and certain semi-finished products until December 2024. The Company concluded that the Supply Service Agreement is distinct from the Agreement and its Amendment and results in a separate performance obligation that is treated as a separate contract.

In January 2023, the Company recognized a sales milestone payment of USD 1.3 million related to the Extended Territory as contract revenue. In June 2023, the Company recognized a sales milestone payment of USD 25.0 million related to the Territory and a sales milestone payment of USD 1.3 million related to the Extended Territory as contract revenue. In October 2023, the Company recognized a sales milestone payment of USD 1.3 million related to the Extended Territory as contract revenue. In March and May 2024, the Company recognized two sales milestone payments of USD 1.3 million each, related to the Extended Territory as contract revenue.

For the six months ending June 30, 2024, the Company recognized CHF 10.1 million (six months ending June 30, 2023: CHF 4.2 million) as product revenue. For the six months ending June 30, 2024, the Company recognized royalty revenue of CHF 19.6 million (six months ending June 30, 2023: CHF 14.2 million) as contract revenue.

License agreement with Astellas related to isavuconazole

In February 2010, the Company entered into a license, co-development and co-promotion agreement with Astellas Pharma Inc. (Astellas) for isavuconazole.

Under this agreement, the Company was eligible for a non-refundable upfront payment of CHF 75.0 million and non-refundable milestone payments of up to CHF 478.0 million based on the achievement of milestones related to regulatory filing, regulatory approval and commercialization of isavuconazole. In addition, the Company was also eligible for double-digit tiered royalty payments.

The agreement was amended in February 2014, providing the Company full rights to isavuconazole in all markets outside of the US and Canada in return for foregoing the Company's right to co-promote the product in the US and Canada, its right to receive payments related to co-promotion, and EU milestone payments. In addition, the amended agreement contains the Company's obligation to execute the PIP studies. Hence, the Company determined that the Amendment was a modification with an adjustment to an existing contract to be accounted for prospectively. The agreement was further amended in August 2015,

providing the Company full rights to isavuconazole in all markets outside the US. The Company determined that the Amendment in August 2015 was not a significant modification. The Company and Astellas continue to coordinate their development and manufacturing activities and each company is responsible for commercial activities in its respective territory.

Under the terms of the agreement as amended, the Company continued to be entitled to receive regulatory milestone payments of total CHF 42.0 million, sales milestone payments of up to CHF 290.0 million and tiered double-digit royalty payments from Astellas relating to its territory.

For the six months ending June 30, 2024, the Company recognized royalty revenue of CHF 22.7 million (six months ending June 30, 2023: CHF 22.3 million) in contract revenue.

License agreement with Asahi Kasei Pharma related to isavuconazole

In March 2016, the Company entered into a development and commercialization agreement with Asahi Kasei Pharma Corporation (Asahi Kasei Pharma) to develop, register and commercialize isavuconazole in Japan. Asahi Kasei Pharma is responsible for conducting clinical studies necessary to apply for a marketing authorization for isavuconazole in Japan for the treatment of invasive aspergillosis and mucormycosis and for applying for such authorization. Once isavuconazole is authorized, the Company will perform commercial manufacturing services, and Asahi Kasei Pharma will commercialize the product in Japan. Asahi Kasei Pharma will purchase the product for commercialization from the Company.

Under the terms of the agreement, the Company granted Asahi Kasei Pharma an exclusive license to develop, register and commercialize isavuconazole in Japan. The Company was eligible for a non-refundable upfront payment of CHF 7.0 million and up to approximately CHF 60.0 million of additional payments upon achievement of regulatory and commercial milestones. In addition, the Company will also be eligible for double-digit tiered royalty payments on sales in Japan.

In addition to the license, the agreement states that the Company has an obligation to manufacture and supply the product for clinical studies and to provide materials, documentation and support (together with the Ongoing Documentation and Information Transfer Obligation). Because the separation criterion is not met, the license and the Ongoing Documentation and Information Transfer Obligation are accounted for as one unit of account and the entire upfront payment was allocated to the unit of account. The related revenue was recognized over the period over which the Ongoing Documentation and Information Transfer Obligation was provided up to submission of the NDA in September 2021. In 2023 the Company recognized a commercial milestone payment of CHF 5.0 million as contract revenue.

For the six months ending June 30, 2024, the Company recognized CHF 2.7 million (six months ending June 30, 2023: CHF 0.5 million) as product revenue. For the six months ending June 30, 2024, the Company recognized royalty revenue of CHF 0.5 million (six months ending June 30, 2023: CHF 0.2 million) in contract revenue.

License agreement with Shenzhen China Resources Gosun Pharmaceuticals Co. Ltd. related to ceftobiprole

In September 2017, the Company entered into a development, manufacturing and commercialization agreement with Shenzhen China Resources Gosun Pharmaceuticals Co. Ltd. (Gosun) to develop, manufacture and commercialize ceftobiprole in China, Hong Kong and Macao (the Territory). Gosun is responsible for conducting clinical studies necessary to apply for a marketing authorization for ceftobiprole in the Territory and for applying for such authorization. The Company will initially supply the product to Gosun at a transfer price with the corresponding sale of product recorded as product revenue and will be eligible for tiered double-digit royalties on product sales once Gosun manufactures ceftobiprole itself, which will be recorded as contract revenue.

Under the terms of the agreement, the Company granted Gosun an exclusive license to develop, register, commercialize and manufacture ceftobiprole in the Territory. The Company was eligible for a non-refundable upfront payment of CHF 3.0 million and up to approximately CHF 145.0 million of additional payments upon achievement of regulatory and commercial milestones.

In addition to the license, the agreement states that the Company has an obligation to manufacture and supply the product for clinical studies and to provide materials, documentation and support (Ongoing Clinical Supply and Information Transfer Obligation). Because the separation criterion is not met, the license and the Ongoing Clinical Supply and Information Transfer Obligation are accounted for as one unit of account and the entire upfront payment was allocated to one unit of account. The related revenue is recognized as contract revenue over the performance period, being the period over which the Ongoing Clinical Supply and Information Transfer Obligation is provided up to the grant of the imported drug license (IDL) or the approval of a domestic drug application (DDA).

The Company concluded that the commercial manufacturing service is not a deliverable because the service is dependent on the clinical results and the grant of the IDL or approval of the DDA. Thus, any future milestone payments will be recognized as contract revenue upon satisfaction of the criteria associated with the specific milestone. Royalty revenue will be recognized when earned.

In 2017, the Company received a non-refundable net upfront payment of CHF 2.7 million (gross payment of CHF 3.0 million less withholding tax and stamp duty of CHF 0.3 million) from Gosun. The upfront payment was deferred and was recognized as contract revenue over the remaining service period, initially expected to be until the first quarter of 2022 in line with the period over which the Ongoing Clinical Supply and Information Transfer Obligation is provided up to grant of the IDL or approval of DDA. In November 2020, the IDL was granted in China and the service period ended. Therefore the Company decided to recognize the remaining deferred revenue of the non-refundable net upfront payment.

For the six months ending June 30, 2024, the Company recognized CHF 1.1 million as product revenue (six months ending June 30, 2023: CHF 1.2 million).

Distribution agreements related to isavuconazole and ceftobiprole

In 2017 and 2016, the Company entered into exclusive distribution agreements for isavuconazole and ceftobiprole with Avir Pharma Inc. for Canada, Knight Therapeutics (Knight) (formerly Grupo Biotoscana S.L.) for Latin and South America and Unimedic Pharma AB (Unimedic) for the Nordic countries, respectively. In 2017, the Company also entered into an exclusive distribution agreement for ceftobiprole with Advanz Pharma (Advanz) (formerly Correvio Pharma Corp.) for Europe (excluding the Nordic countries) and Israel. In addition, the Company entered into a distribution agreement for ceftobiprole with Hikma Pharmaceuticals LLC (Hikma) for the Middle East and North Africa in 2015. The agreement was extended to isavuconazole in 2016 and in 2022 to include ceftobiprole for Egypt. In 2021, the Company entered into an distribution agreement with JSC Lancet for ceftobiprole in Russia and in other countries of the Eurasian Economic Union.

Under these distribution agreements, the Company was eligible for non-refundable upfront payments of CHF 19.8 million and for sales and regulatory milestone payments of up to CHF 144.1 million related to the commercialization of isavuconazole and ceftobiprole in these territories. In addition, the Company sells products to its distributors for the commercialization in the territories and recognizes the related revenue in product revenue.

In 2015, the Company received a non-refundable upfront payment of CHF 1.0 million from Hikma related to ceftobiprole. In 2017 and 2016, the Company received non-refundable upfront payments of CHF 6.3 million and CHF 12.1 million, respectively, in connection with these distribution agreements. Thereof, CHF 6.3 million and CHF 12.0 million were recorded as deferred revenue in 2017 and 2016, respectively. In 2015, CHF 1.0 million was recorded as deferred revenue. The deferred revenue is recognized as contract revenue over the remaining performance period, approximately until 2032.

As of June 30, 2024, the Company presented deferred revenue of CHF 10.1 million (six months ending June 30, 2023: CHF 11.2 million) on its balance sheet as liabilities.

As of June 30, 2024, the Company recognized CHF 13.6 million as product revenue (six months ending June 30, 2023: CHF 7.3 million), CHF 0.6 million as contract revenue (six months ending June 30, 2023: CHF 0.6 million) and CHF 0.1 million as other revenue (six months ending June 30, 2023: no revenue).

Contract with BARDA for ceftobiprole U.S. phase 3 development program

In April 2016, the Company entered into a contract with BARDA for the clinical phase 3 development of ceftobiprole aiming to gain regulatory approval for the drug in the US. As of June 30, 2024, the Company was awarded a total amount of USD 111.9 million (December 31, 2023: USD 111.9 million) under this contract to support the phase 3 development of ceftobiprole. As of June 30, 2024, the Company collected total payments from BARDA of USD 101.6 million (As of June 30, 2023: USD 94.9 million) of the total award. The Company considers the arrangement to be part of its ongoing major operations. Hence, other revenue is recorded when recoverable costs are incurred.

For the six months ending June 30, 2024, the Company recognized CHF 2.0 million (six months ending June 30, 2023: CHF 2.0 million) as other revenue related to the BARDA contract.

Acqusition and in-licening transactions

Amplyx Pharmaceuticals, Inc.:
In November 2023, the Company acquired from Amplyx Pharmaceuticals, Inc., a subsidiary of Pfizer, Inc., patents covering fosmanogepix and APX2039. Fosmanogepix is an antifungal compound available in intravenous and oral formulations. It has been evaluated for efficacy and safety in a phase 1 / phase 2 program, including three open-label phase 2 studies for the treatment of candidemia, including *Candida auris*, and invasive mold infections. Fosmanogepix has Qualified Infectious Disease Product (QIDP), Orphan Drug and Fast Track designations from the US Food & Drug Administration (FDA). Under the terms of the agreement, the Company made an upfront payment of USD 37.0 million in cash, which was recorded as research and development expense in the consolidated statement of operations for the year ended December 31, 2023. The agreement also includes additional potential payments to Pfizer of up to USD 110.0 million upon the achievement of certain commercial milestones based on future product sales. In addition, the Company assumes all rights and obligations from previous agreements, comprising potential development, regulatory and commercial milestone payments of up to USD 396.0 million, as well as tiered single-digit royalty payments. The Company deemed that none of the milestone or royalty payments were probable as of June 30, 2024.

Gravitas Therapeutics, Inc.:
In October 2023, the Company acquired from Gravitas Therapeutics, Inc., the rights to the antifungal compound now named BAL2062 for the potential treatment of invasive mold infections caused by *Aspergillus* species. BAL2062 has demonstrated fungicidal activity against clinically important molds such as Aspergillus spp., including azole-resistant strains. Safety and tolerability have been demonstrated in a previously completed phase 1 study with single and multiple ascending intravenous doses. The drug candidate has Qualified Infectious Disease Product (QIDP), Orphan Drug and Fast Track designations from the US Food & Drug Administration (FDA). Under the terms of the agreement, the Company made initial payments of USD 2.0 million in cash, which were recorded as research and development expense in the consolidated statement of operations for the year ended December 31, 2023. Under the asset purchase agreement with Gravitas, the Company assumes the rights and obligations under a license agreement with Astellas Pharma Inc. who owns patents relating to BAL2062 and takes over an agreement with Fresh Tracks Therapeutics Inc., who previously owned the asset that was acquired by Gravitas. Upon achievement of defined milestones, Basilea will make total pre-approval milestone payments of potentially up to USD 1.8 million and total approval and commercialization milestone payments of potentially up to USD 67.0 million. In addition, the Company will pay tiered royalties on sales starting in the low single-digit percentage range, going to the mid-single-digit percentage range. The Company deemed that none of the milestone or royalty payments were probable as of June 30, 2024.

iNtRON Biotechnology, Inc.:
In October 2023, the Company entered into an exclusive evaluation license and option agreement with iNtRON Biotechnology, Inc. for tonabacase. Tonabacase is a potential first-in-class clinical-stage antibacterial of the endolysin class. Under the terms of the agreement, the Company made an upfront payment of CHF 0.8 million which was recorded as research and development expense in the consolidated statement of operations for the year ended December 31, 2023.

Spexis AG:
In January 2024, the Company entered into an asset purchase agreement with Spexis for a preclinical program of antibiotics from a novel class, targeting Gram-negative bacteria, including multidrug-resistant strains.
Under the terms of the agreement the Company made an upfront payment of CHF 0.5 million and a milestone payment upon completion of the transfer of CHF 0.8 million, which were recorded as research and development expenses in the condensed statement of operations as of June 30, 2024.

5 Accounts receivable

The accounts receivable primarily consist of receivables against Pfizer.
As of June 30, 2024 and December 31, 2023, the Company recorded no allowance for credit losses.

6 Other receivables

The company has recorded a CHF 0.5 million impairment for unrecoverable VAT receivables for the six months ended June 30, 2024 (December 31, 2023: CHF 0.7 million).

The following table shows the components of other receivables as of June 30, 2024 and December 31, 2023:

In CHF million	2024	2023
VAT receivables	1.4	3.2
Royalty receivables (Note 4 Agreements)	16.6	19.8
Other	2.9	7.3
Total	**20.9**	**30.3**

7 Inventories

The following table shows the components of inventories as of June 30, 2024 and December 31, 2023:

in CHF million	2024	2023
Raw materials	1.5	0.8
Semi-finished products	49.2	39.5
Finished products	0.5	0.5
Inventory provisions	(19.8)	(14.4)
Total	**31.4**	**26.4**

The Company owns manufacturing material valued at cost which was partly produced prior to obtaining regulatory approval for ceftobiprole and isavuconazole. As ceftobiprole and isavuconazole obtained regulatory approval in 2013 and 2015 respectively, the ceftobiprole and isavuconazole inventory is presented gross in the inventory table above. Inventory provisions in the total amount of CHF 13.9 million reflect that material was produced prior to approval. The Company intends to use such material to manufacture products for commercialization. As of June 30, 2024, the Company has recorded additional provisions for inventory in the total amount of CHF 6.0 million.

8 Convertible senior unsecured bonds

The convertible senior unsecured bonds are accounted for at amortized cost. The following table shows the carrying amount of the convertible senior unsecured bonds as of June 30, 2024 and December 31, 2023:

In CHF million	Maturity date	2024	2023
2027 convertible senior unsecured bonds	July 28, 2027	95.7	95.5
Total		**95.7**	**95.5**

For the six months ending June 30, 2024, the Company recognized interest expense of CHF 1.6 million (six months ending June 30, 2023: CHF 1.6 million) for contractual coupon interest and CHF 0.2 million (six months ending June 30, 2023: CHF 0.2 million) for accretion of the issuance costs.
The remaining unamortized debt issuance costs of CHF 1.5 million will be recognized over the remaining term of the convertible senior unsecured bonds, which is approximately 3 years.

The table below outlines the amortization and repayment related to the convertible senior unsecured bonds as of June 30, 2024:

In CHF million	2027 Bonds
Remainder 2024	1.6
2025	3.2
2026	3.2
2027	98.9
Total minimum payments	**106.9**
Less amount representing interest	(9.7)
Convertible senior unsecured bonds, gross	**97.2**
Unamortized issuance costs on convertible senior unsecured bonds	(1.5)
Convertible senior unsecured bonds, including unamortized issuance costs	**95.7**

In accordance with ASC 260, Earnings per Share, the issuance of the convertible senior unsecured bonds requires the use of the "if-converted" basis when calculating the Company's dilutive net income (loss) per share. Net income is adjusted to exclude, or add-back, all convertible senior unsecured bonds related earnings effects including interest charges and amortization of debt issuance costs. Weighted average shares are adjusted using the conversion ratio as if the convertible senior unsecured bonds had been converted at the date of issuance which corresponds to 1,553,360 shares of common stock.

On July 28, 2020 (payment date), the Company issued CHF 97.1 million aggregate principal amount of convertible senior unsecured bonds due July 28, 2027 (2027 bonds). The Company received total net proceeds from the sale of the 2027 bonds of approximately CHF 93.9 million, after deducting issuance costs of CHF 3.2 million. In 2020, in connection with the issuance of the 2027 bonds, the Company entered into a share lending agreement for 1,000,000 registered treasury shares until 2027. The fair value of the issued loaned shares as of June 30, 2024, amounted to CHF 39.1 million. These shares are deducted in the calculation of the weighted average shares outstanding.

2027 bonds

The 2027 bonds were issued bearing interest at a fixed rate of 3.25% per year (payable semi-annually in arrears on July 28 and January 28 of each year) and will mature on July 28, 2027 (maturity date), unless earlier redeemed or converted.

Holders may convert their 2027 bonds at any time at their option into shares fourty-one calendar days after the payment date (July 28, 2020) up to and including seven trading days before the maturity date.

In the event of conversion of the 2027 bonds, the Company will deliver shares of the Company's common stock. The conversion ratio is initially 80 shares per bond representing CHF 5,000, the principal amount of one bond (equivalent to an initial conversion price of CHF 62.50 per share of the Company's common stock). This remains unchanged at June 30, 2024. For all 2027 bonds together the current number of underlying shares is 1,553,360 shares. The conversion ratio and the corresponding conversion price will be subject to adjustment upon the occurrence of certain events but will not be adjusted for any accrued and unpaid interest.

The 2027 bonds will be redeemable at the Company's option on or after August 12, 2025, if the volume-weighted average price of a share on each of at least 20 out of 30 consecutive trading days is at least 130% of the prevailing conversion price or at any time if less than 15% of the aggregate principal amount is outstanding.

The 2027 bondholders may redeem the 2027 bonds at the principal amount plus accrued and unpaid interest (optional put) in the event the Company's shares are delisted or on the fifth anniversary of the payment date.

The Company may issue a share settlement on the fifth anniversary of the payment date related to the optional put or on the maturity date subject to certain conditions.

Total issuance costs of CHF 3.1 million related to the 2027 bonds include legal fees and other issuance-related costs and were deducted from the proceeds of the 2027 bonds. The Company will accrete the issuance costs as interest expense over the contractual term of the 2027 bonds.

9 Senior secured Loan agreement

On September 6, 2022, the Company entered into a CHF 75.0 million senior secured loan (the Loan) agreement with Athyrium Opportunities IV Acquisition LP (the Holder). The Loan was funded on September 19, 2022. The Company received total net proceeds from the Loan of CHF 73.9 million. Total issuance costs amounted to CHF 1.5 million. The initial maturity date for the Loan was approximately two years after the funding date, or September 19, 2024 (maturity date). The Loan bore an interest rate per annum equal to 7.75% plus the lesser of the Swiss Average Rate Overnight (SARON) or 3% per annum, but a minimum of 1.5% per annum. Interest was payable quarterly commencing December 31, 2022.

On December 18, 2023, the Company amended the Loan agreement (the Amended Loan). Under the terms of the Amended Loan agreement, the Company repaid CHF 33.0 million in future principal and interest on December 29, 2023. The exit fee was also adjusted to 1.25%. As a policy election, the Company elected to recognize CHF 0.1 million of issuance costs associated with the principal prepaid.

In conjunction with the prepayment, the repayment premium was waived by the Holder. The Amended Loan was completely repaid on March 29, 2024.

The Loan was used by the Company for the partial repayment of its 2022 convertible bonds, which were due on December 23, 2022 (the Convertible Bonds). The Convertible Bonds had an outstanding nominal amount of approximately CHF 113.8 million at maturity.

The Company accounted for the Loan at amortized cost and is amortizing the original issue discount and the issuance costs over the term of the Loan using the effective interest rate method, which is recorded as part of interest expense in the Company's statement of operations.

For the six month ending June 30, 2024, the effective interest rate was 13.2% and the Company recorded CHF 0.6 million of interest, CHF 0.1 million of issuance cost amortization and CHF 15.6 million related to the repayment of the remaining principal amount.

10 Accruals and other liabilities

Accruals and other current liabilities as of June 30, 2024 and December 31, 2023 consisted of the following:

In CHF million	2024	2023
Accrued research & development expenses	2.5	4.0
Accrued personnel and compensation costs	7.4	7.4
Accrued payables for goods received	6.4	2.5
Accrued royalties	1.6	1.7
Other current liabilities	5.1	7.4
Total accruals and other liabilities	**23.0**	**23.0**

The other current liabilities include liabilities to employees and accrued amounts for services provided but not invoiced.

11 Share-based compensation

The Company established a stock option plan effective on December 13, 2000, to incentivize executives and certain employees and provide an opportunity to obtain stock options on registered shares of Basilea. In order to minimize a potential dilution of shareholders, stock options granted after 2015 are net settled. Any new grants under the long-term incentive plan are limited by the guiding principle that the total potential dilution at the grant date shall not exceed 10% of the total outstanding share capital on a fully diluted basis.
In April 2021, the Company replaced its stock option plan by a new long-term incentive plan (LTIP). Under this LTIP the Company granted Performance Share Units (PSUs) and Restricted Share Units (RSUs) for the first time in 2021.

As of June 30, 2024, CHF 1.6 million of conditional capital remain available for stock options, PSUs and RSUs, which were issued and outstanding as of June 30, 2024 and for future grants.

Stock option plan

Each stock option entitles the participant to the purchase of one registered share at the strike price pursuant to the terms of the stock option plan. At the end of the option term, all unexercised stock options expire without value.
The last grant under this stock option plan was made in 2020.

As of June 30, 2024, all grants from the stock option plan have been vested.

For the six months ending June 30, 2024, the Company recognized expenses of CHF 0.1 million (six months ending June 30, 2023: CHF 0.4 million) related to this stock option plan.

Restricted and Performance Share Units plan
Under the LTIP certain employees are entitled to receive RSUs or PSUs. Each RSU converts into one fully paid-in registered share with a par value of CHF 1.00 upon vesting. Each PSU may convert into up to two fully paid-in registered shares with a par value of CHF 1.00 upon vesting. The conversion ratio depends on the relative total shareholder return (rTSR) of the Company's share price against a Swiss share index called Swiss Performance Index Extra (SPI Extra) (market-based performance condition) and on the compounded annual growth rate (CAGR) (non-market-based performance condition) of in-market sales of Cresemba. PSUs vest after three years, RSUs vest after three years for employees or after one year or three years for the board of directors.

In April 2022, the Company granted 54,166 PSUs and 40,741 RSUs to certain employees, management and board members. The PSU fair value as of the grant date was CHF 41.20 per unit and in total CHF 2.2 million. The RSU fair value at grant date was CHF 37.35 per unit and amounts to CHF 1.8 million in total. The expenses are distributed over the vesting period of 3 years for employees and for board members, adjusted by expected forfeitures and effective forfeitures.

In April 2023, the Company granted 61,025 PSUs and 40,537 RSUs to certain employees, management and board members. The PSU fair value as of the grant date was CHF 38.90 per unit and in total CHF 2.4 million. The RSU fair value at grant date was CHF 42.50 per unit and amounts to CHF 1.4 million and CHF 0.3 million for the board of directors RSU, respectively. The expenses are distributed over the vesting period of 3 years for employees and for board members, adjusted by expected forfeitures and effective forfeitures.

In April 2024, the Company granted 53,357 PSUs and 42,521 RSUs to certain employees, management and board members. The PSU fair value as of the grant date was CHF 45.20 per unit and in total CHF 2.4 million. The RSU fair value at grant date was CHF 40.55 per unit and amounts to CHF 1.4 million and CHF 0.3 million for the board of directors RSU, respectively. The expenses are distributed over the vesting period of 3 years for employees and for board members, adjusted by expected forfeitures and effective forfeitures.

For the six months ending on June 30, 2024, the Company presented CHF 2.4 million (six months ending June 30, 2022: CHF 1.7 million) in its statement of operations related to PSU and RSU expenses.

The PSU fair value for the 2024 granted share units is based on the fair value of the two key performance indicators (KPIs) rTSR and Sales-CAGR, whereas each KPI fair value is weighted with 50%. The rTSR fair value is calculated by using a Monte Carlo simulation of the Company's share price and the SPI Extra index price. The expected volatility for the Company's share was 31.95% and for the SPI Extra index 15.28%. The risk-free interest rate was 1.08% and the expected correlation 0.39. The RSU fair value is equal to the Company's share price on the grant date.

12 Shareholders' equity

As of June 30, 2024, Basilea had 13,169,749 registered shares (Namenaktien) issued with a par value of CHF 1.00 per share. As of December 31, 2023, Basilea had 13,099,826 registered shares issued with a par value of CHF 1.00 per share.

For the six months ending June 30, 2024, 69,923 RSUs/PSUs were exercised, which resulted in the issuance of 69,923 registered shares with a par value of CHF 1.00 per share. For the six months ending June 30, 2023, 11,191 options and 4,574 RSUs/PSUs were exercised, which resulted in the issuance of 6,142 registered shares with a par value of CHF 1.00 per share.

The Company had a total approved conditional capital of CHF 3,590,392 as of June 30, 2024 for the issuance of a maximum of 3,590,631 registered shares with a par value of CHF 1.00 per share. The conditional capital consisted of (i) conditional capital of CHF 1,590,392 (1,590,392 registered shares with a par value of CHF 1.00 per share) reserved for the issuance of shares under the long-term incentive plan available to directors, executives and certain employees, and (ii) conditional capital of CHF 2,000,000 (2,000,000 registered shares with a par value of CHF 1.00 per share) available for the potential conversion of the outstanding convertible senior unsecured bonds.

As of June 30, 2024, the Company held treasury shares in the total amount of CHF 52.0 million (December 31, 2023: CHF 54.0 million), comprising of 1,000,000 registered shares with a par value of CHF 1.00 per share held by Basilea Pharmaceutica Ltd, Allschwil for the potential conversion of the outstanding convertible senior unsecured bonds and further 48,634 registered shares with a par value of CHF 1.00 per share (December 31, 2023: 98,157 shares with a par value of CHF 1.00 per share).

On April 26, 2023, the shareholders have approved a capital band of CHF 1,300,000. Basilea is authorized until April 26, 2026 to increase the share capital by up to CHF 1,300,000. The capital band does not allow for capital reductions. As of June 30, 2024, there have been no capital increases based on the capital band.

Changes in accumulated other comprehensive income for the six months ending June 30, 2024 and June 30, 2023:

In CHF million	Currency translation adjustment	Unrecognized pension cost	Reclassification into P&L	Total
December 31, 2022	**(2.3)**	**(2.7)**	**1.2**	**(3.8)**
Change during the period	0.3	0.2	-	0.5
Total change during the period	**0.3**	**0.2**	**-**	**0.5**
June 30, 2023	**(2.0)**	**(2.5)**	**1.2**	**(3.3)**
December 31, 2023	**(2.5)**	**(9.2)**	**1.5**	**(10.2)**
Change during the period	1.2	0.0	-	1.2
Total change during the period	**1.2**	**0.0**	**-**	**1.2**
June 30, 2024	**(1.3)**	**(9.2)**	**1.5**	**(9.0)**

13 Earnings per share

The weighted average number of shares outstanding and the earnings for the six months ending June 30, 2024 and June 30, 2023 were as follows:

	2024	2023
Net profit, in CHF million	**20.7**	**31.8**
Net profit, in CHF million (diluted EPS calculation)	**22.3**	**33.3**
Weighted average number of shares outstanding, basic	12 085 335	11 978 115
Weighted average number of shares outstanding, diluted	13 821 753	13 781 539
Basic profit per share in CHF	**1.72**	**2.66**
Diluted profit per share in CHF	**1.61**	**2.42**

As of June 30, 2024, there were 1,070,225 stock options outstanding with a weighted average exercise price of CHF 77.65 as well as 367,386 share units with a weighted average grant date fair value of CHF 39.05. The calculation of the diluted earnings per share included 183,058 shares from PSU/RSU plans and 1,553,360 shares issuable upon conversion of the convertible senior unsecured bond.

As of June 30, 2023, there were 1,306,366 stock options outstanding with a weighted average exercise price of CHF 81.25 as well as 373,633 share units with a weighted average grant date fair value of CHF 42.25. The calculation of the diluted earnings per share included 219,168 shares from PSU/RSU plans, 30,896 shares from stock option plan and 1,553,360 shares issuable upon conversion of the convertible senior unsecured bond.

In 2020, the Company entered into a share lending agreement for 1,000,000 registered treasury shares. These shares are deducted in the calculation of the weighted average shares outstanding.

14 Pension plan

The pension plan is operated by an insurance company as a collective investment scheme and is a semi-autonomous solution. The Company and the participants provide monthly contributions to the pension plan which are based on the covered salary. The respective saving parts of premium are credited to employees' accounts. In addition, interest is credited to employees' accounts at the rate provided in the plan. The pension plan provides retirement benefits as well as benefits on long-term disability and death.

The pension plan qualifies as a defined benefit plan in accordance with US GAAP.

As of June 30, 2024, the Company recorded an accrued pension liability of CHF 14.9 million in other non-current liabilities (December 31, 2023: CHF 15.1 million).

The following table provides information on the pension expenses related to the Company's defined benefit pension plan for the six months ending June 30, 2024 and June 30, 2023:

In CHF million	2024	2023
Service cost	1.4	1.3
Interest cost	0.4	0.6
Expected return on plan assets	(0.9)	(0.9)
Amortization of prior service cost/(credit)	0.2	0.2
Gross expense	1.1	1.2
Participant contributions	(0.5)	(0.6)
Net periodic pension cost	0.6	0.6

15 Leases

Financing lease contracts

The Company had no finance leases for the six months ending on June 30, 2024 and 2023.

Operating lease contracts

The Company entered into operating lease contracts for office spaces. The aggregate minimum operating lease payments are expensed on a straight-line basis over the term of the related lease. For the six months ending on June 30, 2024, the Company recorded total operating lease expenses of CHF 1.0 million in the operating expense section.

The Company is recognizing lease expense on a straight-line basis throughout the remaining term of the lease. The Company's incremental borrowing rate is 2.2%. Under the terms of the lease, non-lease components such as utilities and maintenance, are not part of the lease payments and are expensed as incurred.

For the six months ending on June 30, 2024, CHF 0.9 million of the right-of-use (ROU) asset was amortized. The lease payment resulted in a decrease of the lease liability by CHF 0.9 million. There is approximately eight years of the lease term remaining.

On June 30, 2020, the Company entered into a lease agreement commencing on June 1, 2022, for office and laboratory space in Allschwil, in the canton of Basel-Landschaft. As per March 1, 2023 the office space was increased. The lease is accounted for as an operating lease, consequently a lease liability and a Right-of-Use (ROU) asset were recognized at commencement date. The term of the lease is ten years and term of the additional office space is approximately nine years; the annual lease payments are approximately CHF 2.4 million. Lease incentives are approximately CHF 1.8 million, of which CHF 0.6 milion are payable to the Company over the term of the lease. The Company has the option to extend the lease two times by five years, however, the Company concluded they are not reasonably certain to exercise the option.

The table below shows the operating lease ROU assets recorded:

In CHF million	H1 2024	H1 2023
Cost	**Buildings**	Buildings
January 01	23.7	22.3
Additions	-	1.4
June 30	23.7	23.7
Accumulated depreciation		
January 01	(6.9)	(5.0)
Additions	(0.9)	(1.0)
June 30	(7.8)	(6.0)
Total operating lease right-of-use assets	**15.9**	**17.7**

As of June 30, the following operating lease liabilities are recorded:

In CHF million	H1 2024	H1 2023
Buildings	2.1	2.1
Total current operating lease liabilities	**2.1**	**2.1**
Buildings	14.7	16.6
Total non-current operating lease liabilities	**14.7**	**16.6**

As of June 30, 2024, the future minimum commitments under ASC 842 for the operating lease were as follows:

In CHF million	
2024 (remainder of the year)	1.18
2025	2.37
2026	2.37
2027	2.37
2028	2.37
2029 and thereafter	8.10
Total lease payments	**18.76**
Less: imputed interest	(1.96)
Total operating lease liabilities	**16.80**

16 Deferred Tax

As per June 30, 2024, the Company recognized deferred tax assets to the extent that taxable profits are expected to be available to realize the deductible temporary difference or carry forward of unused tax losses and other line items generating temporary differences. The first-time recognition is based on the fact that the Company shows a sufficient track record on profitable periods and a profitable outlook for future periods.

17 Segment and geographic information

The Company operates in one segment, which is the discovery, development and commercialization of innovative pharmaceutical products. The Company's CEO, who is the chief operating decision maker (CODM) of the Company, reviews the statement of operations of the Company on a consolidated basis and makes decisions and manages the operations of the Company as a single operating segment.

18 Concentration of risk

The Company is generally subject to credit risk related to financial investments. The Company mitigates such credit risk by depositing and investing the funds only with counterparties, which are rated as high-quality investment grade by a major rating agency or are fully guaranteed by Swiss cantons at the time of the Company's investment.

The cash and cash equivalents as of June 30, 2024, amounted to CHF 63.0 million, of which CHF 43.9 million were held with three different banks. As of June 30, 2024, the highest total amount of cash and cash equivalents and investments held at one bank amounted to CHF 18.1 million.

The Company is also subject to credit risk related to accounts receivable. The highest total amount of accounts receivable with an individual counterparty as of June 30, 2024, amounted to CHF 13.2 million.

19 Commitments and contingencies

The Company entered into various purchase commitments for services and materials as well as for equipment as part of the ordinary business. In the opinion of management, these commitments are not in excess of current market prices in all material respects, reflect normal business operations and will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

As of June 30, 2024, there are no significant contingencies.

20 Subsequent events

There were no significant events between the balance sheet date and the approval of the report by the board of directors on August 8, 2024.

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The full Basilea Pharmaceutica Ltd, Allschwil Half-Year Report 2024, including the notes to the condensed consolidated interim financial statements, is published in English. A short version is available in German. In case of discrepancies, the English version prevails.

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For the benefit of patients around the world

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