

Moderna reports 92% interim profit drop

By  Katja Hamilton

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Moderna, a biotechnology company known for its pioneering work with mRNA therapies and vaccines, has reported a significant drop in its interim profit. During the second quarter of 2023, its total revenue was \$344m, compared to \$4.7bn in the same period last year.



Source: Moderna.

This decline is mainly due to a sharp decrease in the sales of its Covid-19 vaccine. Product sales in Q2 2023 were \$293m, a remarkable 94% decrease compared to the same period in 2022, primarily due to lower sales volume.

The second quarter of 2023 presented Moderna with a notable financial challenge, resulting in a loss of \$1.4bn. This stands in stark contrast to the profit of \$2.2bn generated during the same period the previous year.

This loss has also impacted the company's earnings per share. In the most recent quarter, the loss translated to \$3.62 per share, which is a significant departure from the \$5.24 earned per share in Q2 2022.

Overall, Moderna's recent financial performance has been weak, evident from the substantial drops in both total earnings and earnings per share compared to the previous year.

The company's costs related to production and sales in Q2 2023 amounted to approximately \$731m. This includes

expenses associated with product manufacturing, royalties, and other operational expenditures. Notably, it had to reduce the value of its products by about \$464m due to unsold Covid-19 items and other factors influencing its vaccine production strategy and consumer preferences.

Subsequently, these shifts in product offerings and customer demand have driven production costs up by 249% relative to product sales, a notable increase from the 30% experienced during the same period the previous year. These changes, coupled with alterations in market dynamics, have significantly impacted the company's financial position.



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Scaling innovation at Moderna

Given the seasonal nature of Covid, Stéphane Bancel, chief executive officer of Moderna said second quarter sales were on target.

“I am pleased with the progress our US commercial team has made to get new contracts in place for fall 2023.

“Our late-stage clinical pipeline is firing on all cylinders with four infectious-disease vaccines in Phase 3, including RSV which was recently submitted to regulators for approval. Our individualised neoantigen therapy is now in Phase 3 for melanoma and our lead rare-disease programme for Pernicious Anemia (PA) is in dose confirmation.

“We believe that all these products should launch in 2024, 2025 or 2026, and we are continuing to invest in scaling Moderna to bring forward an unprecedented number of innovative mRNA medicines for patients.”

Bancel projected 2023 sales of between \$6bn to \$8bn, dependent on Covid-19 vaccination rates in the US.

The company now anticipates a full-year tax benefit of approximately \$0.7bn to \$1.0bn, driven by its operating loss, and will also receive tax credit for research and development.

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Katja is the Finance, Property and Healthcare Editor at Bizcommunity.

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