



Bavarian Nordic offentliggør regnskab for første halvår 2021

KØBENHAVN, Danmark, 25. august 2021 - Bavarian Nordic A/S (OMX: BAVA) offentliggjorde i dag regnskab samt rapporterede på begivenheder for første halvår 2021. Desuden offentliggør selskabet finanskalender for 2022.

Administrerende direktør i Bavarian Nordic, Paul Chaplin udtaler: "Vi er særdeles tilfredse med eksekveringen af vores kommercielle strategi, og har nu overtaget næsten 30 Rabipur/RabAvert og Encepur markeder fra GSK. I forbindelse med overtagelsen var vores mål at standse det historiske tab af markedsandele, som skete inden vores overtagelse af produkterne, og gradvist øge dem igen, samtidig med at vi ville øge kendskabet til Bavarian Nordic blandt læger og øvrigt sundhedspersonale. Vi er glade for nu at have opfyldt alle disse mål, på trods af at markederne fortsat er præget af COVID-19. Både rabies- og TBE-markedet lider under det lave antal internationale rejser samt en begrænset tilgængelighed hos læger for andre typer vaccinationer end COVID-19 i visse markeder. Som direkte følge heraf præciserer vi vores finansielle forventninger for 2021 til den nedre ende af det tidligere udmeldte interval.

I løbet af året har vi endvidere modtaget nye ordrer på vores ebola- og koppevacciner og har gjort væsentlige fremskridt i udviklingen af vores pipeline, i særdeleshed med påbegyndelsen af fase 2 med vores COVID-19 vaccinekandidat, ABNCoV2, efter at have rapporteret meget lovende kliniske resultater. Den nyligt indgåede aftale med det danske sundhedsministerium er en vigtig blåstempling af teknologien og af Bavarian Nordics kompetence til at udvikle en lovende boostervaccine mod COVID-19. Finansieringsaftalen vil, i tillæg til vores eget økonomiske bidrag til at udvikle programmet gennem fase 2, være tilstrækkelig til, med nuværende planer, at gennemføre udviklingen af ABNCoV2 frem til godkendelse. Vi ser frem til at rapportere fase 2 resultater for vaccinen samt afgørende resultater fra human challenge-forsøget med RSV-vaccinen senere på året."

Finansielle hovedpunkter

- Den samlede omsætning i første halvår var DKK 905 mio. bestående af DKK 877 mio. fra det kombinerede salg af produkter og DKK 28 mio. fra kontraktarbejde.
- Omsætningen i andet kvartal udgjorde DKK 370 mio. bestående af DKK 146 mio. fra salg af Encepur, DKK 127 mio. fra salg af Rabipur/RabAvert, DKK 89 mio. fra salg af Mvabea til Janssen og DKK 8 mio. fra kontraktarbejde.
- Resultat af primær drift før afskrivninger og nedskrivninger (EBITDA) var et underskud på DKK 8 mio. i første halvår.
- Stærk finansiell position på DKK 2.208 mio. ved udgangen af halvåret, eksklusive uudnyttede kreditfaciliteter på DKK 243 mio. og efter fratæk af belånte obligationer
- De finansielle forventninger til helåret fastholdes i den nedre ende af de tidligere udmeldte intervaller som følge af den fortsatte COVID-19 påvirkning på markederne for rabies- og TBE-vacciner. Således ventes en omsætning på ca. DKK 1.900 mio. og et driftsresultat før afskrivninger og nedskrivninger (EBITDA) på ca. DKK 100 mio. Likvider ved årets udgang forventes at være ca. DKK 1.400 mio.

| DKK mio. | Q2 2021 | Q2 2020 | H1 2021 | H1 2020 | 2021 forventet |
|---|---------|---------|---------|---------|-------------------|
| Omsætning | 370 | 700 | 905 | 1,065 | -1,900 |
| Resultat af primær drift før afskrivninger og nedskrivninger (EBITDA) | (9) | 197 | (8) | 839* | -100 |
| Likvider | 2.208** | 2.380 | 2.208** | 2.380 | -1,400 |

* * EBITDA var i første halvår 2020 positivt påvirket af salget af Priority Review Voucher (DKK 628 mio.).

** Fratrukket belånte obligationer

Begivenheder i andet kvartal

- I april offentliggjorde selskabet nye prækliniske resultater for COVID-19 vaccinekandidaten, ABNCoV2, der bekræftede vaccinsens potentiale til at yde bred beskyttelse mod SARS-CoV2 virusvarianter.
- I april modtog Bavarian Nordic ny ordre fra Janssen på produktion af yderligere ebolavacciner. Ordren har en værdi på ca. USD 28 mio. og vil blive produceret og leveret i løbet af 2021. Johnson & Johnson-vaccinen, der dels består af Mvabea® fra Bavarian Nordic, blev desuden prækvalificeret af Verdenssundhedsorganisationen (WHO), hvilket i kombination med EU-godkendelsen i 2020 vil hjælpe med at fremskynde godkendelse i lande, hvor ebola er en vedvarende trussel mod folkesundheden.
- I maj udnyttede den amerikanske regering den sidste option på USD 12 mio. under den samlede kontrakt på USD 202 mio. på JYNNEOS®, som blev tildelt i april 2020.

- I maj indgik Bavarian Nordic en aftale med Dynavax om markedsføring og distribution af deres HEPLISAV B[®] hepatitis B vaccine i Tyskland

Begivenheder efter rapporteringsperioden

- I august indgik Bavarian Nordic en aftale med det danske sundhedsministerium om finansiering af den videre udvikling af ABNCoV2 som en COVID-19 boostervaccine. I henhold til aftalen vil Bavarian Nordic kunne modtage op til DKK 800 mio.
- I august påbegyndte Bavarian Nordic et fase 2 klinisk forsøg med ABNCoV2 med henblik på at undersøge vaccinenes potentiale som en universel boostervaccine for personer med eksisterende immunitet fra tidligere COVID-19 vaccination eller sygdom.
- I august blev foreløbige resultater fra det første forsøg i mennesker med ABNCoV2 rapporteret. Resultaterne viste, at vaccinekandidaten var veltolereret og fremkaldte en kraftig antistofrespons, der var højere end det, der er rapporteret for de godkendte vacciner. Endvidere vist høje neutraliserende antistofniveauer mod SARS-CoV2 virusvarianter, herunder også Delta-varianten.
- Selskabet har i dag offentliggjort finanskender for 2022, der kan findes på side 8 i denne rapport.

Webcast og telefonkonference

Selskabets ledelse afholder en telefonkonference i dag kl. 14.00 dansk tid for at præsentere delårsregnskabet og besvare eventuelle spørgsmål. Det er muligt at høre en live eller arkiveret webcast af telefonkonferencen på <https://www.bavarian-nordic.com/investor/events.aspx?event=6096>. For at stille spørgsmål, benyt venligst et af følgende telefonnumre og oplys deltagerkoden: 8569159. Danmark: +45 32 72 80 42, UK: +44 (0) 844 571 8892, USA: +1 631-510-7495.

Kontakt

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

Selskabsmeddelelse nr. 28 / 2021

Om Bavarian Nordic

Bavarian Nordic er et fuldt integreret vaccineselskab, der er fokuseret på udvikling, produktion og kommercialisering af livsvigtige vacciner. Vi er globalt førende inden for koppevacciner, og er mangeårig leverandør til den amerikanske regering af en ikke-replikerende koppevaccine, som er godkendt af de amerikanske sundhedsmyndigheder under navnet JYNNEOS[®], også til beskyttelse mod abekopper. Vaccinen er desuden godkendt som koppevaccine i Europa under navnet IMVANEX[®] og i Canada under navnet IMVAMUNE[®]. Vores kommercielle produktportefølje består endvidere af to markedsledende vacciner: Rabipur[®]/RabAvert[®] mod rabies og Encepur[®] mod flåtbåren hjernebetændelse. Med udgangspunkt i vores virale vaccineplatform, MVA-BN[®], har vi udviklet en bred portefølje af produktkandidater, der sigter mod at forbedre og beskytte liv ved at frigøre immunsystemets egne kræfter. Blandt andet har vi udviklet ebolavaccinen Mvabea[®], der er licenseret til Janssen Pharmaceutical Companies of Johnson & Johnson. Vi er desuden engageret i udviklingen af en næstgenerations COVID-19 vaccine baseret på en indlicenseret, kunstig viruslignende partikelteknologi. Vaccinekandidaten, ABNCoV2, undersøges for øjeblikket i kliniske forsøg. For yderligere information besøg www.bavarian-nordic.com.

Udsagn om fremtiden

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

Consolidated Key Figures (unaudited)

| DKK thousand | 1/4 - 30/6 2021 | 1/4 - 30/6 2020 | 1/1 - 30/6 2021 | 1/1 - 30/6 2020 | 1/1-31/12 2020 |
|---|-----------------|-----------------|-----------------|-----------------|----------------|
| Income statements | | | | | |
| Revenue | 369,999 | 699,575 | 905,252 | 1,064,980 | 1,852,383 |
| Production costs | 249,301 | 379,486 | 626,642 | 622,570 | 1,195,094 |
| Sales and distribution costs | 47,061 | 75,017 | 98,096 | 149,864 | 285,783 |
| Research and development costs | 97,077 | 57,978 | 219,217 | 124,059 | 341,420 |
| Administrative costs | 83,200 | 74,881 | 155,930 | 126,333 | 278,145 |
| Other operating income | - | - | - | 627,647 | 627,647 |
| Income before interest and taxes (EBIT) | (106,640) | 112,213 | (194,633) | 669,801 | 379,588 |
| Financial items, net | (41,493) | (223) | (83,231) | (42,224) | (97,612) |
| Income before company tax | (148,133) | 111,990 | (277,864) | 627,577 | 281,976 |
| Net profit for the period | (150,258) | 111,275 | (281,103) | 625,853 | 277,521 |
| Balance sheet | | | | | |
| Total non-current assets | | | 6,426,395 | 6,354,989 | 6,378,017 |
| Securities, cash and cash equivalents | | | 2,513,448 | 2,379,907 | 1,669,607 |
| Other current assets | | | 1,068,535 | 507,814 | 711,440 |
| Total assets | | | 10,008,378 | 9,242,710 | 8,759,064 |
| Equity | | | 5,788,550 | 5,251,149 | 4,894,353 |
| Non-current liabilities | | | 2,391,883 | 3,256,008 | 2,912,401 |
| Current liabilities | | | 1,827,945 | 735,553 | 952,310 |
| Cash flow statements | | | | | |
| Cash flow from operating activities | | | (377,266) | 672,281 | 571,911 |
| Cash flow from investment activities | | | (1,179,496) | (1,944,953) | (1,911,532) |
| - Investment in intangible assets | | | (41,633) | (52,000) | (501,877) |
| - Investment in property, plant and equipment | | | (171,411) | (66,261) | (204,833) |
| - Net investment in securities | | | (965,891) | (1,824,178) | (1,202,145) |
| Cash flow from financing activities | | | 1,454,979 | 1,351,992 | 1,334,874 |
| Financial Ratios¹⁾ | | | | | |
| EBITDA after Other operating income | (9,249) | 197,413 | (7,985) | 838,618 | 739,736 |
| EBITDA before Other operating income | (9,249) | 197,413 | (7,985) | 210,971 | 112,089 |
| Earnings (basic) per share of DKK 10 | | | (4.6) | 12.6 | 5.1 |
| Net asset value per share | | | 90.7 | 89.8 | 83.7 |
| Share price at period-end | | | 259 | 181 | 187 |
| Share price/Net asset value per share | | | 2.9 | 2.0 | 2.2 |
| Number of outstanding shares at period-end (thousand) ²⁾ | | | 63,817 | 58,450 | 58,450 |
| Equity share | | | 58% | 57% | 56% |
| Number of employees, converted to full-time, at period-end | | | 730 | 604 | 690 |

¹⁾ Earnings per share (EPS) is calculated in accordance with IAS 33 "Earning per share". Other financial ratios have been calculated in accordance with the guidelines from the Danish Society of Financial Analysts.

²⁾ Number of shares increased by 5,150,000 at completion of private placement March 2021.

Reconciliation of EBITDA

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| Income before interest and tax (EBIT) | (106,640) | 112,213 | (194,633) | 669,801 | 379,588 |
| Depreciation and amortization | 97,391 | 85,200 | 186,648 | 168,817 | 360,148 |
| EBITDA after Other operating income | (9,249) | 197,413 | (7,985) | 838,618 | 739,736 |

Management's Review

Sales and other income

Comparative figures for 2020 are shown in brackets. Where market shares are mentioned, these are measured by value.

Q2 sales

| mDKK | Q2 2021 | Q2 2020 | Growth |
|------------------|------------|------------|--------|
| Rabipur/RabAvert | 127 | 142 | -10% |
| Encepur | 146 | 193 | -24% |
| JYNNEOS | - | 320 | - |
| Mvabea (Ebola) | 89 | - | - |
| Contract work | 8 | 45 | -83% |
| Total | 370 | 700 | |

Rabipur/RabAvert

Rabipur/RabAvert revenue amounted to DKK 127 million (DKK 142 million) for the second quarter. The 10% decrease versus the prior year was primarily caused by expected market share loss from competition being back after a temporary stock-out.

The US market grew by 5-6% compared with last year in the period January to May, but the market is still significantly below the pre-COVID-19 level. The US market share end of May was approximately 68%, which is approximately 7 percentage points higher than the level prior to the competitor out-of-stock situation.

European revenue remains very low due to COVID-19 and the impact on travelling to endemic rabies countries. The market is down approximately 90% compared to the pre-COVID-19 market.

For the first half year Rabipur/RabAvert revenue amounted to DKK 207 million (DKK 360 million), i.e. a decrease of 42%.

Encepur

Encepur revenue amounted to DKK 146 million (DKK 193 million) for the second quarter, i.e. a decrease of 24% versus prior year primarily caused by a significant market decline in Germany.

The Q2 2021 German market declined by nearly 26%, due to lack of resources for TBE vaccinations as general practitioners were focused on COVID-19 vaccinations. This decline followed a promising first quarter with an 8% market growth. The German market share was 32% by end of June, which is in line with prior year.

H1 sales

| mDKK | H1 2021 | H1 2020 | Growth |
|------------------|------------|--------------|--------|
| Rabipur/RabAvert | 207 | 360 | -42% |
| Encepur | 245 | 295 | -17% |
| JYNNEOS | 336 | 320 | 5% |
| Mvabea (Ebola) | 89 | - | - |
| Contract work | 28 | 90 | -69% |
| Total | 905 | 1,065 | |

For the first half year Encepur revenue amounted to DKK 245 million (DKK 295 million), i.e. a decrease of 17%.

JYNNEOS

Revenue from the sale of JYNNEOS/IMVANEX/IMVAMUNE in the second quarter was DKK 0 million (DKK 320 million). For the first half year JYNNEOS/IMVANEX/IMVAMUNE revenue was DKK 336 million, of which DKK 246 million was related to orders from the US government and DKK 90 million was related to rest of World orders.

Mvabea (Ebola)

Revenue from the sale of Mvabea to Janssen was DKK 89 million in the second quarter and in the first half of the year (DKK 0 million/DKK 0 million). The revenue was all related to the order announced in June 2020.

Contract work

Revenue from contract work in the second quarter was DKK 8 million (DKK 45 million), mainly stemming from qualification and validation activities relating to the fill-and-finish plant and the Phase 3 trial of the freeze-dried version of the smallpox vaccine, both under contracts with the US government. For the first half year revenue from contract work amounted to DKK 28 million (DKK 90 million).

Our marketed products

| PRODUCT | INDICATION |
|---|------------------------------------|
| Rabipur®/RabAvert® | Rabies |
| Encepur® | Tick-borne encephalitis (TBE) |
| JYNNEOS®/IMVAMUNE®/IMVANEX® (liquid-frozen) | Smallpox (and Monkeypox in the US) |
| Mvabea® (licensed to Janssen) | Ebola |

Update on strategic priorities

Bavarian Nordic's fundamental mission is to save and improve lives by unlocking the power of the immune system and in the medium term, we have established a bold vision and aspiration to become one of the largest pure play vaccine companies by developing **innovative life-saving vaccines**, excelling in **commercialization** and being a **best-in-class vaccine manufacturer**.

Commercial

Commercial execution remains on track with the remaining markets for Rabipur/RabAvert and Encepur, except Japan, now transferred from GSK in accordance with plans and in record time. In addition, market shares have either been maintained or increased during the transition and the awareness of Bavarian Nordic among health care practitioners have increased in key markets.

In May, the Company entered an agreement with Dynavax on marketing and distribution of their HEPLISAV-B® hepatitis B vaccine in Germany with expected launch in the first half of 2022. The vaccine was granted marketing authorization by the European Commission in February 2021. The vaccine will complement and strengthen Bavarian Nordic's commercial portfolio in Germany, which, in addition to the Company's own vaccines for rabies and tick-borne encephalitis, also will include Valneva's vaccines for Japanese Encephalitis and cholera from 2022 as part of the mutual marketing and distribution agreement entered last year.

R&D innovation

Several key pipeline projects have advanced during the first half, supporting the Company's strategy to develop innovative life-saving vaccines.

COVID-19 vaccine

In August, Bavarian Nordic advanced the development of ABNCoV2, the capsid virus like particle (cVLP) COVID-19 vaccine candidate licensed from AdaptVac, by initiating a Phase 2 clinical trial to investigate the potential of ABNCoV2 as a booster vaccine for individuals with previous COVID-19 disease or vaccination. The trial will enroll 150 healthy adults with existing immunity against SARS-CoV-2, acquired through previous disease or from prior immunization with approved COVID-19 vaccines, and will investigate the ability of a single vaccination with ABNCoV2 to boost existing levels of SARS-CoV-2 neutralizing antibodies across all groups. A second arm in the trial will enroll up to 60 healthy adults with no prior vaccination or disease who will receive two vaccinations for evaluation of neutralizing antibody levels from ABNCoV2 when used as a prime-boost vaccine. In both groups, neutralizing immune responses against circulating variants of SARS-CoV2 will be evaluated, as high levels of neutralizing antibodies have been reported as highly predictive of protection against COVID-19¹. Initial trial results are expected in the fourth quarter of 2021.

In parallel with the Phase 2 trial, Bavarian Nordic is preparing for a Phase 3 trial of ABNCoV2 in 2022.

A funding agreement, valued at up to DKK 800 million, was entered with the Danish Ministry of Health in August to support the completion of the development of ABNCoV2 towards licensure. Under the agreement, which is subject to final approval by the Finance Committee of the Danish Parliament, Bavarian Nordic is entitled to an upfront payment of DKK 80 million, in addition to payments of up to DKK 720 million, which

are contingent upon reaching a number of predefined milestones including among others completion of the ongoing Phase 2 trial, Phase 3 development milestones and milestones related to upscaling of manufacturing for commercial production of the vaccine.

All payments are potentially subject to repayment, however only upon successful marketing authorization of the vaccine by the European Commission. Repayment may occur via supply of vaccines and royalty payments from the sale of the vaccine to other customers. Royalty payments are only triggered upon reaching a certain volume in sales. The Danish Ministry of Health could be entitled to an additional, capped royalty payment if the sales reach a certain threshold above the sales volume for the ordinary royalty payment.

Earlier in August, initial data from the first-in-human study of ABNCoV2 were reported. The study was conducted by AdaptVac and the PREVENT-nCoV consortium under a Horizon 2020 EU grant. The Phase 1/2 dose-escalation trial enrolled 45 healthy SARS-CoV-2-naïve adult volunteers at the Radboud University Medical Centre in the Netherlands, who received two doses (dose ranges from 6-70 µg) of ABNCoV2, formulated with and without adjuvant. The results demonstrate that the vaccine was well tolerated across all dose groups with no observed difference in the adverse event profile after first and second vaccinations. No serious adverse events were reported, and the safety profile was comparable to other vaccines based on recombinant protein-technology.

In all dose groups, antibody titers were significantly higher after the boost vaccination and were up to 12-fold higher than those measured in convalescent human samples and significantly higher than those reported for current approved COVID-19 vaccines. Importantly, high neutralization titers were demonstrated against all SARS-CoV-2 variants of concern, including the dominant Delta variant.

Final results from the study are expected later in the second half of 2021.

RSV

As planned, Bavarian Nordic initiated a Phase 2 human challenge trial of its RSV vaccine candidate, MVA-BN RSV in the first quarter of 2021. All subjects have been vaccinated and challenged, and the trial will generate the first efficacy data against RSV during second half of 2021. In parallel, activities to support a regulatory Phase 3 trial in 2022 are ongoing, pending results from the human challenge trial.

MVA-BN smallpox, freeze-dried

The tech transfer of the freeze-dried version of the MVA-BN smallpox vaccine to Bavarian Nordic's fill and finish line has been initiated, which, together with the completed Phase 3 trial (lot consistency trial) will form basis for submission of a supplement to the Biologics License Application (BLA) to extend the approval for both formulations of MVA-BN, anticipated in 2022.

Immuno-oncology

During first quarter, Bavarian Nordic initiated a Phase 1/2 open label trial of intravenous administration of TAEK-VAC, a tumor antibody enhanced therapeutic vaccine targeting HER2 and brachyury, which has been generated from the MVA-BN platform. The first stage of the trial is investigating the safety and tolerability of escalating doses of the vaccine before advancing into stage 2, expected in the second half of 2021.

¹ Khoury et al. doi.org/10.1101/2021.03.09.21252641

Our clinical pipeline

| VACCINE | INDICATION | PHASE 1 | PHASE 2 | PHASE 3 | STATUS / MILESTONE |
|----------------------------|---------------------|---------|---------|---------|---|
| MVA-BN <i>freeze-dried</i> | Smallpox | | | | Phase 3 lot-consistency study ongoing with anticipated completion in 2021 |
| MVA-BN RSV | RSV | | | | Human challenge trial ongoing with data read-out in 2021 and subsequent Phase 3 initiation in 2022. |
| ABNCoV2 | COVID-19 | | | | Phase 2 ongoing with expected data read-out in Q4 2021 |
| TAEK-VAC | Cancer | | | | Phase 1/2 study ongoing |
| MVA-BN WEV | Equine encephalitis | | | | Phase 1 dose finding study completed. |

Manufacturing

The ongoing activities to expand Bavarian Nordic's manufacturing footprint are progressing as planned, while also running the planned production in parallel.

Key manufacturing activities in 2021 relate to the production of bulk vaccine for the US government, as well as production of Mvabea (Ebola) bulk vaccine for Janssen.

In June, the Kvistgaard manufacturing facility was inspected by the Danish Medicines Agency (DMA). In addition to the primary inspection of the new fill and finish facility, the existing bulk manufacturing facility was reinspected in accordance with the GMP requirements. Both inspections were successful and Bavarian Nordic expects to receive the formal approval of the entire facility from the DMA during the third quarter of 2021.

During first half, transfer and validation of the final drug production of the liquid-frozen JYNNEOS smallpox vaccine was completed and commercial production of the vaccine has been initiated at the new fill and finish facility.

Additionally, the expansion of the bulk facility to support technology transfer of Rabipur/RabAvert and Encepur have progressed timely.

Other matters

Successful private placement strengthening the capital base and providing flexibility to advance COVID-19 vaccine candidate
In March 2021, Bavarian Nordic announced and completed a directed issue and private placement of 5,150,000 new shares, generating gross proceeds of DKK 1,148 million. Part of the proceeds will be used to fund the Phase 2 clinical study and scale-up of manufacturing to accommodate potential future clinical development to support licensure of ABNCoV2. Additionally, the proceeds will be used to secure financial flexibility to strengthen the Company's manufacturing capabilities, ensure the strategic flexibility necessary to pursue an active M&A strategy, and to strengthen the Company's capital base and cash preparedness for general corporate purposes.

Financial review

Financial statements for the period January 1 - June 30, 2021 are un-audited. Comparison figures for the same period 2020 are stated in brackets.

Revenue

Revenue generated for the six months ending June 30, 2021 was DKK 905 million (DKK 1,065 million). Revenue was composed of DKK 452 million (DKK 655 million) from sale of the two new products Rabipur/RabAvert and Encepur, DKK 246 million (DKK 320 million) from sale of MVA-BN smallpox vaccine bulk drug substance to US government, DKK 90 million (DKK 0 million) sale of smallpox vaccines to three European countries, DKK 89 million (DKK 0 million) sale of Mvabea to Janssen, and DKK 28 million (DKK 90 million) from contract work. Revenue reported for the three months ended June 30, 2021 was DKK 370 million (DKK 700 million).

Production costs

Production costs totaled DKK 627 million (DKK 623 million). Costs related directly to revenue amounted to DKK 343 million (DKK 443 million), of which cost of goods sold totaled DKK 324 million (DKK 384 million). Contract costs totaled DKK 19 million (DKK 60 million). Amortization of product rights related to Rabipur/RabAvert and Encepur has also been recognized as part of the production costs with a total of DKK 136 million (DKK 136 million). Other production costs totaled DKK 147 million (DKK 43 million), part of which is related to production of RSV Phase 3 clinical trial material, which gave a much lower utilization of the capacity for commercial manufacturing leading to low absorption of indirect production costs causing higher other production costs.

In the second quarter of 2021, production costs were DKK 249 million (DKK 379 million).

Sales and distribution costs

Sales and distribution costs totaled DKK 98 million (DKK 150 million) split between costs for distribution of products of DKK 10 million (DKK 79 million) and costs for running the commercial organization and activities of DKK 88 million (DKK 71 million). In 2020 GSK handled the sale and distribution of Rabipur/RabAvert and Encepur for which the Group paid a distribution fee based on the revenue incurred, leading to much higher distribution costs in 2020 compared to 2021.

Research and development costs

Research and development costs totaled DKK 219 million (DKK 124 million). The increase compared to 2020 was driven by manufacturing of RSV Phase 3 material. The amount excludes R&D costs of DKK 19 million (DKK 60 million) classified as production costs.

Administrative costs

Administrative costs totaled DKK 156 million (DKK 126 million). The increase primarily relates to the ongoing transfer project for Rabipur/RabAvert and Encepur and the impact from the extension of the executive management during 2020.

Other operating income

Other operating income for 2020 related to the sale of the Priority Review Voucher, DKK 628 million.

EBIT/EBITDA

Income before interest and tax (EBIT) was a loss of DKK 195 million, compared to a gain of DKK 670 million in first half of 2020.

EBITDA was a loss of DKK 8 million (gain of DKK 839 million). Amortization of product rights related to Rabipur/RabAvert and Encepur amounted to DKK 136 million (DKK 136 million) whereas depreciation on other fixed assets amounted to DKK 51 million (DKK 33 million).

Financial items

Financial items totaled a net expense of DKK 83 million (DKK 42 million) and consisted of interest expense on debt of DKK 9 million (DKK 23 million), net value adjustment of deferred consideration of DKK 60 million (DKK 28 million), a net loss on derivative financial instruments of DKK 2 million (DKK 1 million) and a net expense from securities of DKK 18 million (income of DKK 7 million), partly offset by net foreign exchange rate gains of DKK 5 million (DKK 2 million).

The net value adjustment of deferred consideration consists of three components; Adjustment of deferred consideration due to change in estimated timing of payments DKK 6 million income (income of DKK 27 million), currency adjustments of DKK 2 million income (income of DKK 7 million) and unwinding² of the discounting effect related to deferred consideration DKK 68 million (DKK 62 million), see note 6 and 7.

Income before company tax was a loss of DKK 278 million (gain of DKK 628 million).

Tax

Tax on income was DKK 3 million (DKK 2 million). The parent company's taxable income for the full year of 2021 is expected to be zero due to utilization of taxable amortization on the acquired product rights related to Rabipur/RabAvert and Encepur, leading to an effective tax rate close to 0% for the Group. We do not expect to use any tax loss carry forwards, hence the deferred tax asset on the balance sheet remains at DKK 0 million. The Company retains the right to use the tax losses carried forward that was written down in prior year, see note 14 in the Annual Report for 2020.

Net profit

For the first six months of 2021, Bavarian Nordic reported a net loss of DKK 281 million (net gain of DKK 626 million).

Product rights

Product rights recognized in the balance sheet totaled DKK 5,049 million (DKK 5,186 million as of December 31, 2020) and relates to Rabipur/RabAvert and Encepur.

Securities, cash and cash equivalents

Securities, cash and cash equivalents were DKK 2,513 million as of June 30, 2021, including repo pledged securities of DKK 305 million (DKK 1,670 million as of December 31, 2020, no repo pledged securities). The increase is primarily due to the capital increase in March 2021 which generated net proceeds of DKK 1.1 billion.

In addition to the current cash position, the Company has an undrawn loan with the European Investment Bank of EUR 30 million.

Cash flow

Cash flow generated by operating activities was negative by DKK 377 million (positive by DKK 672 million), primarily due to increase in inventories following the market take-overs from GSK and higher accounts receivables compared to year-end 2020. Cash flow from investment activities was negative by DKK 1,179 million (negative by DKK 1,945 million) following net investments in securities of DKK 966 million (net investment of DKK 1,824 million). Cash flow from investment activities also include DKK

² The deferred consideration for product rights is measured at net present value and the difference between the net present value and the amounts

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

171 million (DKK 66 million) of investments in property, plant and equipment related to the ongoing expansion of the bulk facility for future production of Rabipur/RabAvert and Encepur. Investment in other intangible assets amounted to DKK 42 million (DKK 30 million) and includes the ongoing Rabipur/RabAvert and Encepur technology transfer project and IT system investments. Cash flow from financing activities was a contribution of DKK 1,455 million (DKK 1,352 million), following the proceeds from capital increase through private placement and conclusion of repo transactions. The net change in cash and cash equivalents was negative by DKK 102 million (positive by DKK 79 million).

Equity

The Group's equity as of June 30, 2021 stood at DKK 5,789 million (DKK 4,894 million as of December 31, 2020). The capital increase through private placement increased the equity by DKK 1,148 million before costs.

Deferred consideration

Deferred consideration for product rights amounted to DKK 2,882 million, an increase of DKK 60 million compared to December 31, 2020, due to the adjustment of net present value following the unwinding of the discounting effect.

Debt to credit institutions

The Company has concluded repo transactions (further described in note 15) hence debt to credit institutions increased by DKK 306 million compared to December 31, 2020.

Significant risks and uncertainties

Bavarian Nordic faces a number of risks and uncertainties, common for the biotech/pharma industry. These relate to operations, research and development, manufacturing, commercial and financial activities. For further information about risks and uncertainties which Bavarian Nordic faces, refer to page 48-51 "Risk Management" in the 2020 Annual Report.

In addition to the risk factors stated in the annual report, the COVID-19 situation could impact Bavarian Nordic's business adversely by delaying projects, development or manufacturing or by negatively impacting demand for products.

Outlook for 2021

Bavarian Nordic maintains the financial guidance for 2021, expecting to meet to the lower end of the previously guided ranges due to continued COVID-19 impact on the TBE and rabies markets. Thus, revenue of approximately DKK 1,900 million and an EBITDA of approximately DKK 100 million are expected. Cash and cash equivalents at year-end are expected to be approximately DKK 1,400 million.

The smallpox and Ebola business are not expected to be impacted by COVID-19.

Other key assumptions for the guidance remain largely unchanged.

Financial calendar 2021 and 2022

The 2022 dates for announcement of the Company's financial reports and the annual general meeting have now been determined, and planned future reporting dates are as follows:

| | |
|-------------------------|-------------------|
| Nine-month report (Q3) | November 12, 2021 |
| 2021 Annual Report | March 4, 2022 |
| Annual General Meeting* | April 5, 2022 |
| Three-month report (Q1) | May 9, 2022 |
| Half-year report (Q2) | August 24, 2022 |
| Nine-month report (Q3) | November 9, 2022 |

* Pursuant to Article 12 of the Articles of Association, shareholders who wish to submit a request for proposals for consideration at the annual general meeting must lodge this with the Company no later than Monday, February 21, 2022.

Financial statements

Unaudited Condensed Consolidated Income Statements for the Periods Ended June 30, 2021 and 2020 and December 31, 2020

| DKK thousand | Note | 1/4 - 30/6 2021 | 1/4 - 30/6 2020 | 1/1 - 30/6 2021 | 1/1 - 30/6 2020 | 1/1-31/12 2020 |
|--|-------------------|------------------|-----------------|------------------|-----------------|----------------|
| Revenue | 3 | 369,999 | 699,575 | 905,252 | 1,064,980 | 1,852,383 |
| Production costs | 4 | 249,301 | 379,486 | 626,642 | 622,570 | 1,195,094 |
| Gross profit | | 120,698 | 320,089 | 278,610 | 442,410 | 657,289 |
| Sales and distribution costs | | 47,061 | 75,017 | 98,096 | 149,864 | 285,783 |
| Research and development costs | 5 | 97,077 | 57,978 | 219,217 | 124,059 | 341,420 |
| Administrative costs | | 83,200 | 74,881 | 155,930 | 126,333 | 278,145 |
| Total operating costs | | 227,338 | 207,876 | 473,243 | 400,256 | 905,348 |
| Other operating income | | - | - | - | 627,647 | 627,647 |
| Income before interest and tax (EBIT) | | (106,640) | 112,213 | (194,633) | 669,801 | 379,588 |
| Financial income | 6 | 11,713 | 34,445 | 18,625 | 44,302 | 97,922 |
| Financial expenses | 7 | 53,206 | 34,668 | 101,856 | 86,526 | 195,534 |
| Income before company tax | | (148,133) | 111,990 | (277,864) | 627,577 | 281,976 |
| Tax on income for the period | | 2,125 | 715 | 3,239 | 1,724 | 4,455 |
| Net profit for the period | | (150,258) | 111,275 | (281,103) | 625,853 | 277,521 |
| Earnings per share (EPS) - DKK | | | | | | |
| Basic earnings per share of DKK 10 | | (2.4) | 2.2 | (4.6) | 12.6 | 5.1 |
| Diluted earnings per share of DKK 10 | | (2.4) | 2.2 | (4.6) | 12.6 | 5.1 |

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended June 30, 2021 and 2020 and December 31, 2020

| DKK thousand | 1/4 - 30/6 2021 | 1/4 - 30/6 2020 | 1/1 - 30/6 2021 | 1/1 - 30/6 2020 | 1/1-31/12 2020 |
|---|------------------|-----------------|------------------|-----------------|----------------|
| Net profit for the period | (150,258) | 111,275 | (281,103) | 625,853 | 277,521 |
| Items that might be reclassified to the income statement: | | | | | |
| Exchange rate adjustments on translating foreign operations | 157 | (200) | 3,991 | (261) | (3,082) |
| Change in fair value of financial instruments entered into to hedge future cash flows | 2,170 | 5,603 | (10,786) | 2,034 | (3,096) |
| Other comprehensive income after tax | 2,327 | 5,403 | (6,795) | 1,773 | (6,178) |
| Total comprehensive income | (147,931) | 116,678 | (287,898) | 627,626 | 271,343 |

Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended June 30, 2021 and 2020 and December 31, 2020

| DKK thousand | 1/1 - 30/6 2021 | 1/1 - 30/6 2020 | 1/1-31/12 2020 |
|--|--------------------|--------------------|--------------------|
| Net profit for the period | (281,103) | 625,853 | 277,521 |
| Adjustment for non-cash items: | | | |
| Financial income | (18,625) | (44,302) | (97,922) |
| Financial expenses | 101,856 | 86,526 | 195,534 |
| Tax on income for the period | 3,239 | 1,724 | 4,455 |
| Depreciation, amortization and impairment losses | 186,647 | 168,817 | 360,147 |
| Share-based payment | 34,390 | 16,886 | 32,998 |
| Changes in inventories | (146,361) | (53,834) | (420,320) |
| Changes in receivables | (209,922) | (246,079) | (88,094) |
| Changes in current liabilities | (38,304) | 130,370 | 345,723 |
| Cash flow from operations (operating activities) | (368,183) | 685,961 | 610,042 |
| Received financial income | 4,480 | 1,365 | 5,847 |
| Paid financial expenses | (12,610) | (13,070) | (40,034) |
| Paid company taxes | (953) | (1,975) | (3,944) |
| Cash flow from operating activities | (377,266) | 672,281 | 571,911 |
| Investments in products rights | - | (21,672) | (393,992) |
| Investments in other intangible assets | (41,633) | (30,328) | (107,885) |
| Investments in property, plant and equipment | (171,411) | (66,261) | (204,833) |
| Investments in/disposal of financial assets | (561) | (2,514) | (2,677) |
| Investments in securities | (1,116,911) | (2,104,089) | (2,343,828) |
| Disposal of securities | 151,020 | 279,911 | 1,141,683 |
| Cash flow from investment activities | (1,179,496) | (1,944,953) | (1,911,532) |
| Payment on loans | (1,088) | (1,383,457) | (1,375,598) |
| Proceeds from loans | 306,706 | - | - |
| Repayment of lease liabilities | (9,745) | (8,360) | (17,799) |
| Proceeds from warrant programs exercised | 44,800 | 15,564 | 15,564 |
| Proceeds from rights issue | - | 2,824,326 | 2,824,326 |
| Proceeds from capital increase through private placement | 1,148,450 | - | - |
| Cost related to issue of new shares | (25,563) | (98,745) | (103,184) |
| Sale of preemptive rights - treasury shares | - | 2,664 | 2,664 |
| Purchase of treasury shares | (8,581) | - | (11,099) |
| Cash flow from financing activities | 1,454,979 | 1,351,992 | 1,334,874 |
| Cash flow of the period | (101,783) | 79,320 | (4,747) |
| Cash as of 1 January | 285,487 | 297,545 | 297,545 |
| Currency adjustments 1 January | 2,197 | 56 | (7,311) |
| Cash end of period | 185,901 | 376,921 | 285,487 |

Unaudited Condensed Consolidated Statements of Financial Position - Assets as of June 30, 2021 and 2020 and December 31, 2020

| DKK thousand | Note | 30/6 2021 | 30/6 2020 | 31/12 2020 |
|--|---------------|-------------------|------------------|------------------|
| Assets | | | | |
| Product rights | | 5,049,298 | 5,322,233 | 5,185,765 |
| Acquired patents and licenses | | 29,813 | - | 29,813 |
| Software | | 28,791 | 18,797 | 17,631 |
| Intangible assets in progress | | 81,969 | 32,255 | 57,543 |
| Intangible assets | | 5,189,871 | 5,373,285 | 5,290,752 |
| Land and buildings | | 361,054 | 161,306 | 366,232 |
| Leasehold improvements | | 3,313 | 2,357 | 3,713 |
| Plant and machinery | | 263,583 | 83,171 | 204,664 |
| Fixtures and fittings, other plant and equipment | | 219,071 | 26,295 | 223,238 |
| Assets under construction | | 301,398 | 620,966 | 213,309 |
| Property, plant and equipment | | 1,148,419 | 894,095 | 1,011,156 |
| Right-of-use assets | 14 | 83,422 | 83,650 | 71,987 |
| Other receivables | | 4,683 | 3,959 | 4,122 |
| Financial assets | | 4,683 | 3,959 | 4,122 |
| Total non-current assets | | 6,426,395 | 6,354,989 | 6,378,017 |
| Inventories | 8 | 667,443 | 154,596 | 521,082 |
| Trade receivables | 9 | 339,955 | 318,286 | 139,292 |
| Tax receivables | | - | 1,015 | - |
| Other receivables | 10 | 27,837 | 24,001 | 37,334 |
| Prepayments | | 33,300 | 9,916 | 13,732 |
| Receivables | | 401,092 | 353,218 | 190,358 |
| Securities | 15, 16 | 2,327,547 | 2,002,986 | 1,384,120 |
| Cash and cash equivalents | | 185,901 | 376,921 | 285,487 |
| Securities, cash and cash equivalents | | 2,513,448 | 2,379,907 | 1,669,607 |
| Total current assets | | 3,581,983 | 2,887,721 | 2,381,047 |
| Total assets | | 10,008,378 | 9,242,710 | 8,759,064 |

Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of June 30, 2021 and 2020 and December 31, 2020

| DKK thousand | Note | 30/6 2021 | 30/6 2020 | 31/12 2020 |
|---|---------------|-------------------|------------------|------------------|
| Equity and liabilities | | | | |
| Share capital | | 638,172 | 584,501 | 584,501 |
| Treasury shares | | (1,176) | (553) | (1,077) |
| Retained earnings | | 5,086,384 | 4,576,142 | 4,246,359 |
| Other reserves | | 65,170 | 91,059 | 64,570 |
| Equity | | 5,788,550 | 5,251,149 | 4,894,353 |
| Deferred consideration for product rights | | 1,934,498 | 2,789,858 | 2,464,932 |
| Debt to credit institutions | <u>11</u> | 392,182 | 394,362 | 393,268 |
| Lease liabilities | <u>14</u> | 65,203 | 71,788 | 54,201 |
| Non-current liabilities | | 2,391,883 | 3,256,008 | 2,912,401 |
| Deferred consideration for product rights | | 947,930 | 367,197 | 357,736 |
| Debt to credit institutions | <u>11, 15</u> | 308,878 | 2,163 | 2,174 |
| Lease liabilities | <u>14</u> | 21,079 | 13,834 | 20,422 |
| Prepayment from customers | <u>12</u> | 51,435 | 26,472 | 74,347 |
| Trade payables | | 298,545 | 201,496 | 345,320 |
| Company tax | | 1,461 | - | 497 |
| Other liabilities | <u>13</u> | 198,617 | 124,391 | 151,814 |
| Current liabilities | | 1,827,945 | 735,553 | 952,310 |
| Total liabilities | | 4,219,828 | 3,991,561 | 3,864,711 |
| Total equity and liabilities | | 10,008,378 | 9,242,710 | 8,759,064 |

Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods June 30, 2021 and 2020

| DKK thousand | Share capital | Treasury shares | Retained earnings | Reserves for currency adjustment | Reserves for fair value of financial instruments | Share-based payment | Equity |
|---|---------------|-----------------|-------------------|----------------------------------|--|---------------------|------------------|
| Equity as of January 1, 2021 | 584,501 | (1,077) | 4,246,359 | (40,640) | (809) | 106,019 | 4,894,353 |
| Comprehensive income for the period | | | | | | | |
| Net profit | - | - | (281,103) | - | - | - | (281,103) |
| Other comprehensive income | | | | | | | |
| Exchange rate adjustments on translating foreign operations | - | - | - | 3,991 | - | - | 3,991 |
| Change in fair value of financial instruments entered into to hedge future cash flows | - | - | - | - | (10,786) | - | (10,786) |
| Total comprehensive income for the period | - | - | (281,103) | 3,991 | (10,786) | - | (287,898) |
| Transactions with owners | | | | | | | |
| Share-based payment | - | - | - | - | - | 22,989 | 22,989 |
| Warrant program exercised | 2,171 | - | 54,489 | - | - | (11,860) | 44,800 |
| Capital increase through private placement | 51,500 | - | 1,096,950 | - | - | - | 1,148,450 |
| Cost related to issue of new shares | - | - | (25,563) | - | - | - | (25,563) |
| Purchase of treasury shares | - | (317) | (8,264) | - | - | - | (8,581) |
| Transfer regarding restricted stock units | - | 218 | 3,516 | - | - | (3,734) | - |
| Total transactions with owners | 53,671 | (99) | 1,121,128 | - | - | 7,395 | 1,182,095 |
| Equity as of June 30, 2021 | 638,172 | (1,176) | 5,086,384 | (36,649) | (11,595) | 113,414 | 5,788,550 |

| DKK thousand | Share capital | Treasury shares | Retained earnings | Reserves for currency adjustment | Reserves for fair value of financial instruments | Share-based payment | Equity |
|---|----------------|-----------------|-------------------|----------------------------------|--|---------------------|------------------|
| Equity as of January 1, 2020 | 323,891 | (684) | 1,460,007 | (37,558) | 2,287 | 117,512 | 1,865,455 |
| Comprehensive income for the period | | | | | | | |
| Net profit | - | - | 625,853 | - | - | - | 625,853 |
| Other comprehensive income | | | | | | | |
| Exchange rate adjustments on translating foreign operations | - | - | - | (261) | - | - | (261) |
| Change in fair value of financial instruments entered into to hedge future cash flows | - | - | - | - | 2,034 | - | 2,034 |
| Total comprehensive income for the period | - | - | 625,853 | (261) | 2,034 | - | 627,626 |
| Transactions with owners | | | | | | | |
| Share-based payment | - | - | - | - | - | 14,259 | 14,259 |
| Warrant program exercised | 1,498 | - | 17,514 | - | - | (3,448) | 15,564 |
| Capital increase through rights issue | 259,112 | - | 2,565,214 | - | - | - | 2,824,326 |
| Cost related to issue of new shares | - | - | (98,745) | - | - | - | (98,745) |
| Transfer regarding restricted stock units | - | 131 | 3,635 | - | - | (3,766) | - |
| Sale of preemptive rights - treasury shares | - | - | 2,664 | - | - | - | 2,664 |
| Total transactions with owners | 260,610 | 131 | 2,490,282 | - | - | 7,045 | 2,758,068 |
| Equity as of June 30, 2020 | 584,501 | (553) | 4,576,142 | (37,819) | 4,321 | 124,557 | 5,251,149 |

Notes

1. Significant accounting policies
 2. Significant accounting estimates, assumptions and uncertainties
 3. Revenue
 4. Production costs
 5. Research and development costs
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-

1. Significant accounting policies

The interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU and the additional Danish requirements for submission of interim reports for companies listed on Nasdaq Copenhagen. The interim report has not been audited or reviewed by the Company's auditors.

The interim financial statements are presented in Danish Kroner (DKK), which is considered the primary currency of the Group's activities and the functional currency of the parent company.

The accounting policies used in the interim financial statements are consistent with those used in the consolidated financial statements for 2020 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by EU.

As of June 30, 2021, the Company has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2021 financial year. None of the new or amended standards or interpretations are assessed to have significant impact on the consolidated financial statements.

2. Significant accounting estimates, assumptions and uncertainties

In the preparation of the interim financial statements according to IAS 34, Interim Financial Reporting, as adopted by the EU, Management is required to make certain estimates as many financial statement items cannot be reliably measured but must be estimated. Such estimates comprise judgments made on the basis of the most recent information available at the reporting date. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

Similarly, the value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to set out e.g. a course of events that reflects Management's assessment of the most probable course of events.

Further to the significant accounting estimates, assumptions and uncertainties, which are stated in the Annual Report 2020, the Management has not changed significant estimates and judgments regarding recognition and measurement.

| DKK thousand | 1/4 - 30/6 2021 | 1/4 - 30/6 2020 | 1/1 - 30/6 2021 | 1/1 - 30/6 2020 | 1/1-31/12 2020 |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|
| 3. Revenue | | | | | |
| MVA-BN smallpox vaccine sale | 167 | 320,123 | 336,378 | 320,309 | 540,769 |
| Rabipur/RabAvert | 126,858 | 141,551 | 207,190 | 359,691 | 627,699 |
| Encepur | 146,180 | 192,629 | 244,660 | 295,399 | 455,012 |
| Other product sale | 89,079 | - | 89,079 | - | - |
| Sale of goods | 362,284 | 654,303 | 877,307 | 975,399 | 1,623,480 |
| Milestone payments | - | - | - | - | 66,553 |
| Contract work | 7,715 | 45,272 | 27,945 | 89,581 | 162,350 |
| Sale of services | 7,715 | 45,272 | 27,945 | 89,581 | 228,903 |
| Revenue | 369,999 | 699,575 | 905,252 | 1,064,980 | 1,852,383 |
| Total revenue includes: Fair value adjustment concerning financial instruments entered into to hedge revenue | 0 | - | 269 | - | 13,146 |
| 4. Production costs | | | | | |
| Cost of goods sold | 118,249 | 241,401 | 323,660 | 383,696 | 584,574 |
| Contract costs | 5,743 | 30,286 | 19,229 | 59,539 | 104,409 |
| Amortization product rights | 68,233 | 68,233 | 136,467 | 136,467 | 272,935 |
| Other production costs | 57,076 | 39,566 | 147,286 | 42,868 | 233,176 |
| Production costs | 249,301 | 379,486 | 626,642 | 622,570 | 1,195,094 |
| 5. Research and development costs | | | | | |
| Research and development costs occurred in the period | 102,820 | 88,264 | 238,446 | 183,598 | 445,829 |
| Of which: | | | | | |
| Contract costs recognized as production costs | (5,743) | (30,286) | (19,229) | (59,539) | (104,409) |
| Research and development costs | 97,077 | 57,978 | 219,217 | 124,059 | 341,420 |
| 6. Financial income | | | | | |
| Financial income from bank and deposit contracts | 56 | 5 | 97 | 193 | 193 |
| Interest income from financial assets measured at amortized cost | 56 | 5 | 97 | 193 | 193 |
| Financial income from securities | 3,174 | 2,540 | 5,465 | 3,693 | 8,756 |
| Fair value adjustments on securities | - | 10,724 | - | 3,803 | 6,783 |
| Adjustment of deferred consideration due to change in estimated timing of payments | 6,008 | 18,423 | 6,343 | 27,092 | 67,719 |
| Currency adjustment deferred consideration | 421 | 6,244 | 1,787 | 7,198 | 11,900 |
| Net gains on derivative financial instruments at fair value through the income statement | - | - | - | - | 2,571 |
| Net foreign exchange gains | 2,054 | (3,491) | 4,933 | 2,323 | - |
| Financial income | 11,713 | 34,445 | 18,625 | 44,302 | 97,922 |
| 7. Financial expenses | | | | | |
| Interest expenses on debt | 4,222 | 4,689 | 8,884 | 23,146 | 31,853 |
| Interest expenses on financial liabilities measured at amortized cost | 4,222 | 4,689 | 8,884 | 23,146 | 31,853 |
| Fair value adjustments on securities | 8,147 | - | 22,996 | - | - |
| Unwinding of the discounting effect related to deferred consideration | 39,760 | 31,070 | 67,889 | 61,887 | 145,149 |
| Net loss on derivative financial instruments at fair value through the income statement | 1,077 | (1,091) | 2,087 | 1,493 | - |
| Net foreign exchange losses | - | - | - | - | 18,532 |
| Financial expenses | 53,206 | 34,668 | 101,856 | 86,526 | 195,534 |

| DKK thousand | 30/6 2021 | 30/6 2020 | 31/12 2020 |
|---|----------------|------------------|-----------------|
| 8. Inventories | | | |
| Raw materials and supply materials | 69,770 | 51,094 | 73,919 |
| Work in progress | 78,046 | 217,007 | 201,601 |
| Manufactured goods and commodities | 529,530 | 336 | 309,099 |
| Write-down on inventory | (9,903) | (113,841) | (63,537) |
| Inventories | 667,443 | 154,596 | 521,082 |
| Write-down on inventory 1 January | (63,537) | (104,056) | (104,056) |
| Write-down during the period | (6,252) | (14,178) | (25,692) |
| Use of write-down | 59,886 | 3,854 | 65,672 |
| Reversal of write-down | - | 539 | 539 |
| Write-down end of period | (9,903) | (113,841) | (63,537) |
| 9. Trade receivables | | | |
| Trade receivables from smallpox vaccine sale | 166 | - | - |
| Trade receivables from Encepur and Rabipur/RabAvert | 266,418 | 254,153 | 121,355 |
| Trade receivables from other product sale | 68,956 | - | - |
| Trade receivables from contract work | 4,415 | 64,133 | 17,937 |
| Trade receivables | 339,955 | 318,286 | 139,292 |
| 10. Other receivables | | | |
| Receivable VAT and duties | 23,228 | 14,999 | 31,486 |
| Derivative financial instruments at fair value | - | 5,817 | 606 |
| Interest receivables | 4,609 | 3,185 | 3,767 |
| Other receivables | - | - | 1,475 |
| Other receivables | 27,837 | 24,001 | 37,334 |
| 11. Debt to credit institutions | | | |
| Mortgage | 22,159 | 24,330 | 23,247 |
| European Investment Bank (loan in DKK) | 372,195 | 372,195 | 372,195 |
| Security lending (repo transactions) | 306,706 | - | - |
| Debt to credit institutions | 701,060 | 396,525 | 395,442 |
| 12. Prepayment from customers | | | |
| Prepayments from customers as of January 1 | 74,347 | 6,631 | 6,631 |
| Prepayments received during the period | - | 22,079 | 77,185 |
| Recognized as revenue during the period | (22,912) | (2,238) | (9,469) |
| Prepayments from customers end of period | 51,435 | 26,472 | 74,347 |
| 13. Other liabilities | | | |
| Financial instruments at fair value | 11,651 | 1,495 | 1,414 |
| Liability relating to phantom shares | 16,250 | 3,761 | 4,849 |
| Payable salaries, holiday accrual etc. | 80,511 | 93,055 | 101,229 |
| Gross to net deduction accrual | 63,175 | - | 26,355 |
| Other accrued costs | 27,030 | 26,080 | 17,967 |
| Other liabilities | 198,617 | 124,391 | 151,814 |

14. Right-of-use assets and lease liabilities**Right-of-use assets**

| DKK thousand | Rent facility | Car leasing | Equipment | Total |
|--|---------------|--------------|------------|---------------|
| Right-of-use assets as of January 1, 2021 | 68,931 | 2,312 | 744 | 71,987 |
| Additions | - | 753 | - | 753 |
| Modifications | 20,503 | 111 | 38 | 20,652 |
| Depreciations | (8,967) | (796) | (225) | (9,988) |
| Exchange rate adjustments | (6) | 24 | - | 18 |
| Right-of-use assets as of June 30, 2021 | 80,461 | 2,404 | 557 | 83,422 |

Lease liabilities

| DKK thousand | 30/6 2021 |
|--------------------------|---------------|
| Non-current | 65,203 |
| Current | 21,079 |
| Lease liabilities | 86,282 |

Amounts included in the income statement

| DKK thousand | 1/1 - 30/6 2021 |
|--|-----------------|
| Interest expense leases | 1,007 |
| Depreciation recognized on right-of-use assets | 9,988 |

Cost recognized for short term leases (less than 12 months) 220

In the first six months of 2021 the total cash outflow relating to lease was DKKt 10,752 split between interests of DKKt 1,007 and repayment of DKKt 9,745.

15. Transferred financial assets that are not derecognized

The Company has entered into transactions that transferred ownership of securities to a counterparty, while the Company retains the risks associated with the holding of the securities (repo transactions). As the Company retains all risks, the securities remain in the balance sheet, and the transactions are accounted for as loans received against collateral (securities lending). The transactions involve selling the securities to be repurchased at a fixed price at a later date. Counterparties are entitled to sell the securities or deposit them as collateral for loans.

| DKK thousand | 30/6 2021 | 30/6 2020 | 31/12 2020 |
|---|----------------|-----------|------------|
| Carrying amount of transferred securities | 305,050 | - | - |
| Carrying amount of associated liabilities (repo transactions) | (306,706) | - | - |
| Net position | (1,656) | - | - |

16. Financial instruments**Method and assumption to determine fair value**

The Group has financial instruments measured at fair value at level 1 and level 2.

Securities (level 1)

The portfolio of publicly traded government bonds and publicly traded mortgage bonds is valued at listed prices and price quotas.

Derivative financial instruments (level 2)

Currency forward contracts, currency option contracts and currency swap contracts are valued according to generally accepted valuation methods based on relevant observable swap curves and exchange rates.

Fair value hierarchy for financial instruments measured at fair value

As of June 30, 2021

| DKK thousand | Level 1 | Level 2 | Total |
|--|------------------|-----------------|------------------|
| Securities | 2,022,497 | - | 2,022,497 |
| Transferred securities that are not derecognized | 305,050 | - | 305,050 |
| Financial assets measured at fair value through the income statement | 2,327,547 | - | 2,327,547 |
| Derivative financial instruments to hedge future cash flow (currency) | - | (10,681) | (10,681) |
| Derivative financial instruments to hedge future cash flow (interest) | - | (914) | (914) |
| Financial assets/liabilities used as hedging instruments | - | (11,595) | (11,595) |
| Derivative financial instruments at fair value through the income statement (currency) | - | (56) | (56) |
| Security lending (repo transactions) | (306,706) | - | (306,706) |
| Liability relating to phantom shares | - | (16,250) | (16,250) |
| Financial liabilities measured at fair value through the income statement | (306,706) | (16,306) | (323,012) |

As of December 31, 2020

| DKK thousand | Level 1 | Level 2 | Total |
|--|------------------|----------------|------------------|
| Securities | 1,384,120 | - | 1,384,120 |
| Financial assets measured at fair value through the income statement | 1,384,120 | - | 1,384,120 |
| Derivative financial instruments to hedge future cash flow (currency) | - | 606 | 606 |
| Derivative financial instruments to hedge future cash flow (interest) | - | (1,414) | (1,414) |
| Financial assets/liabilities used as hedging instruments | - | (808) | (808) |
| Liability relating to phantom shares | - | (4,849) | (4,849) |
| Financial liabilities measured at fair value through the income statement | - | (4,849) | (4,849) |

17. Warrants**Outstanding warrants as of June 30, 2021**

| | Outstanding as of January 1 | Addition during the period | Warrants exercised | Annulled | Terminated | Trans- ferred | Outstanding as of June 30 |
|--|-----------------------------------|----------------------------------|-----------------------|------------------|------------|------------------|---------------------------------|
| Corporate Management | 439,402 | - | - | - | - | - | 439,402 |
| Other Executive Management | 723,326 | - | (12,191) | - | - | (215,328) | 495,807 |
| Other employees | 2,062,360 | - | (164,969) | (141,518) | - | (43,243) | 1,712,630 |
| Resigned employees | 167,901 | - | (39,976) | - | - | 258,571 | 386,496 |
| Total | 3,392,989 | - | (217,136) | (141,518) | - | - | 3,034,335 |
| Weighted average exercise price | 188 | - | 206 | 192 | - | - | 187 |
| Weighted average share price at exercise | - | - | 295 | - | - | - | - |
| Numbers of warrants which can be exercised as of June 30, 2021 | | | | | | | 595,009 |
| at a weighted average exercise price of DKK | | | | | | | 233 |

The total recognized cost of the warrant programs was DKK 16.4 million in the first six months of 2021 (DKK 10.3 million).

Specification of parameters for Black-Scholes model

| DKK | Dec 2016 | Jul 2017 | Nov 2017 | Nov 2018 | Nov 2019 | Jan 2020 | Nov 2020 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Average share price | 222.50 | 383.50 | 259.50 | 159.00 | 154.05 | 171.20 | 179.84 |
| Average exercise price at grant | 260.20 | 430.40 | 303.00 | 179.60 | 185.40 | 197.00 | 206.82 |
| Average exercise price determined at date of rights issue March 30, 2020 (DKK) | 205.80 | 340.40 | 239.60 | 142.00 | 146.60 | 155.80 | - |
| Applied volatility rate | 44.6% | 44.1% | 52.4% | 53.3% | 52.2% | 53.0% | 39.8% |
| Expected life (years) | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Expected dividend per share | - | - | - | - | - | - | - |
| Risk-free interest rate p.a. | -0.48% | -0.46% | -0.55% | -0.43% | -0.69% | -0.65% | -0.66% |
| Fair value at grant ¹⁾ | 54 | 98 | 80 | 52 | 45 | 53 | 41 |

The applied volatility is based on the historical volatility of the Bavarian Nordic share, except for November 2020 program where the volatility is based on the volatility for a peer group.

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

18. Significant changes in contingent liabilities and other contractual obligations

No significant changes in contingent liabilities and other contractual obligations have occurred since December 31, 2020.

19. Significant events after the balance sheet date

On August 9, 2021, Bavarian Nordic reported initial results from the first-in-human trial of ABNCoV2, showing that the COVID-19 vaccine candidate was well tolerated and induced a strong antibody response, superior to current approved vaccines. Importantly, a strong neutralization response was demonstrated against SARS-CoV2 variants, including the Delta variant.

On August 23, 2021, Bavarian Nordic announced the initiation of a Phase 2 clinical trial of ABNCoV2 to investigate the vaccine's potential as a universal booster vaccine for individuals with existing immunity from prior COVID-19 disease or vaccination.

On August 23, 2021, Bavarian Nordic announced a funding agreement with the Danish Ministry of Health to further advance the development of ABNCoV2. The agreement is valued at up to DKK 800 million and aims to support the completion of the development towards licensure of ABNCoV2 as a booster vaccine.

20. Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements were approved by the Board of Directors and Corporate Management and authorized for issue on August 25, 2021.

Statement from the Board of Directors and Corporate Management

The Board of Directors and Corporate Management have, today reviewed and approved the Bavarian Nordic A/S interim report for the period January 1 to June 30, 2021.

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies, including those of Nasdaq Copenhagen.

In our opinion, the interim report gives a true and fair view of the group's assets and liabilities and financial position as of June 30, 2021, and the results of the group's activities and cash flows for the period January 1 to June 30, 2021.

In our opinion, the management's review provides a true and fair description of the development in the group's activities and financial affairs, the results for the period and the group's financial position as a whole as well as a description of the most important risks and uncertainty factors faced by the group.

Hellerup, August 25, 2021

Corporate Management:



Paul John Chaplin
President & CEO

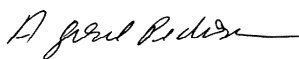


Henrik Juuel
Executive Vice President & CFO

Board of Directors:



Gerard W.M. van Odijk
Chairman of the Board



Anders Gersel Pedersen
Deputy Chairman



Erik Gregers Hansen



Peter H. Kürstein-Jensen



Frank A.G.M. Verwiel



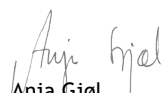
Elizabeth Mckee Anderson



Anne Louise Eberhard



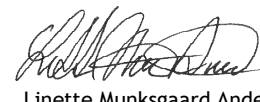
Thomas Alex Bennekov
Employee-elected



Anja Gjøel
Employee-elected



Karen Merete Jensen
Employee-elected



Linette Munksgaard Andersen
Employee-elected