



Bavarian Nordic Announces First Half 2021 Results

COPENHAGEN, Denmark, August 25, 2021 - Bavarian Nordic A/S (OMX: BAVA) announced today its interim financial results and business progress for the first half of 2021 and releases its financial calendar for 2022.

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: “We are very pleased to confirm the successful execution of our commercial strategy with nearly 30 Rabipur/RabAvert and Encepur markets now transferred to Bavarian Nordic. Our objective during this transition was to stop the historical market share losses before the acquisition of these products, start gaining more ground and increase the awareness of Bavarian Nordic among health care professionals and we are pleased that we today can tick all these boxes, despite that the markets are still impacted by COVID-19. Both the rabies and TBE markets are still suffering from a low level of international travel and limited availability of physicians for non-COVID vaccinations in certain markets and due to this alone, we are firming up our financial guidance for 2021 to reflect the lower end of the previously guided intervals.

So far this year, we also received new orders for our Ebola and smallpox vaccines and saw very important advancements in our pipeline assets with our promising COVID-19 vaccine candidate, ABNCoV2 entering Phase 2 after reporting highly promising clinical results. The recent agreement with the Danish Ministry of Health to provide aid for developing ABNCoV2 is a strong recognition of the technology and Bavarian Nordic to develop a highly promising general booster against COVID-19. With this funding, together with our existing commitment to fund the program to the end of Phase 2, we have sufficient funds to execute the existing plans to develop ABNCoV2 through to licensure. We look forward to reporting the Phase 2 results for ABNCoV2, as well as additional pivotal results from the RSV human challenge trial later this year.”

Financial highlights

- Total revenue in first half year was DKK 905 million comprised of DKK 877 million from combined product sales and DKK 28 million from contract work.
- Revenue in second quarter totaled DKK 370 million comprised of DKK 146 million from sale of Encepur, DKK 127 million from sale of Rabipur/RabAvert, DKK 89 million from sale of Mvabea to Janssen and DKK 8 million from contract work.
- EBITDA in first half year was a loss of DKK 8 million.
- Strong cash position of DKK 2,208 million at the end of the first half, excluding unutilized credit facilities of DKK 243 million and after deduction of repo pledged securities.
- Full-year guidance maintained at the lower end of the previously guided ranges, due to the continued COVID-19 impact on the TBE and rabies markets. Thus, revenue of approximately DKK 1,900 million, EBITDA of approximately DKK 100 million and securities, cash and cash equivalents at year-end of approximately DKK 1,400 million are expected.

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020	2021 Guidance
Revenue	370	700	905	1,065	~1,900
EBITDA	(9)	197	(8)	839*	~100
Securities, cash and cash equivalents	2,208**	2,380	2,208**	2,380	~1,400

* EBITDA in H1 2020 was positively impacted by the sale of the Priority Review Voucher (DKK 628 million).

** Repo pledged securities deducted.

Events in the second quarter

- In April, new preclinical results for the COVID-19 vaccine candidate, ABNCoV2 were announced, confirming its potential to offer broad protection against variants of the SARS-CoV2 virus.
- In April, Bavarian Nordic received a new Ebola supply order from Janssen, valued at approximately USD 28 million. Manufacturing and delivery will occur during 2021. The Johnson & Johnson Ebola vaccine regimen, which includes Mvabea® from Bavarian Nordic also received Prequalification from the World Health Organization, which along with the July 2020 approval from the European Commission, will help accelerate its registration in countries where Ebola is a persistent public health threat.
- In May, the US government exercised the final USD 12 million option remaining under the USD 202 million order for JYNNEOS® awarded in April 2020.
- In May, Bavarian Nordic entered an agreement with Dynavax on marketing and distribution of their HEPLISAV B® hepatitis B vaccine in Germany

Events after the reporting date

- In August, Bavarian Nordic entered a funding agreement with the Danish Ministry of Health, under which the Company will be eligible to receive up to DKK 800 million to further advance the development of ABNCoV2 as a booster vaccine for COVID-19.
- In August, Bavarian Nordic initiated 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.
- In August, initial results from the first-in-human trial of ABNCoV2 were reported, showing that the 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.
- The Company has today published its financial calendar for 2022, which is available on page 8 in this report.

Conference call and webcast

The management of Bavarian Nordic will host a conference call today at 2 pm CET (8 am EST) to present the interim results followed by a Q&A session. A listen-only version of the call can be accessed via <https://www.bavarian-nordic.com/investor/events.aspx?event=6096>. To join the Q&A session, use one of the following dial-in numbers: Denmark: +45 32 72 80 42, UK: +44 (0) 844 571 8892, USA: +1 631-510-7495. Participant code is 8569159.

Contacts

Europe: Rolf Sass Sørensen, Vice President Investor Relations, Tel: +45 61 77 47 43

US: Graham Morrell, Paddock Circle Advisors, graham@paddockcircle.com, Tel: +1 781 686 9600

Company Announcement no. 28 / 2021

About Bavarian Nordic

Bavarian Nordic is a fully integrated vaccines company focused on the development, manufacturing and commercialization of life-saving vaccines. We are a global leader in smallpox vaccines and have been a long-term supplier to the U.S. government of a non-replicating smallpox vaccine, which has been approved by the FDA under the trade name JYNNEOS[®], also for the protection against monkeypox. The vaccine is approved as a smallpox vaccine in Europe under the trade name IMVANEX[®] and in Canada under the trade name IMVAMUNE[®]. Our commercial product portfolio furthermore contains the market-leading vaccine Rabipur[®]/RabAvert[®] against rabies and Encepur[®] against tick-borne encephalitis. Using our live virus vaccine platform technology, MVA-BN[®], we have created a diverse portfolio of proprietary and partnered product candidates designed to save and improve lives by unlocking the power of the immune system, including an Ebola vaccine, Mvabea[®], which is licensed to the Janssen Pharmaceutical Companies of Johnson & Johnson. We are also committed to the development of a next generation COVID-19 vaccine based on an in-licensed capsid virus-like particle technology. The vaccine candidate, ABNCoV2, is currently being investigated in clinical trials. For more information visit www.bavarian-nordic.com.

Forward-looking statements

This announcement includes forward-looking statements that involve risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, future events, performance and/or other information that is not historical information. All such forward-looking statements are expressly qualified by these cautionary statements and any other cautionary statements which may accompany the forward-looking statements. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

Consolidated Key Figures (unaudited)

DKK thousand	1/4 - 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	

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	

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.

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 freeze-dried	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.

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.

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 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	<u>14</u>	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	<u>8</u>	667,443	154,596	521,082
Trade receivables	<u>9</u>	339,955	318,286	139,292
Tax receivables		-	1,015	-
Other receivables	<u>10</u>	27,837	24,001	37,334
Prepayments		33,300	9,916	13,732
Receivables		401,092	353,218	190,358
Securities	<u>15, 16</u>	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	11	392,182	394,362	393,268
Lease liabilities	14	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	11, 15	308,878	2,163	2,174
Lease liabilities	14	21,079	13,834	20,422
Prepayment from customers	12	51,435	26,472	74,347
Trade payables		298,545	201,496	345,320
Company tax		1,461	-	497
Other liabilities	13	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
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 20. Approval of the unaudited condensed consolidated interim financial statements
-

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 Of which:	102,820	88,264	238,446	183,598	445,829
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 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 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

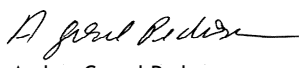


Henrik Juuel
Executive Vice President & CFO

Board of Directors:



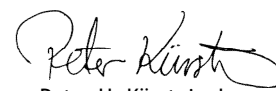
Gerard W.M. van Odijk
Chairman of the Board



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