



## Bavarian Nordic offentliggør regnskab for første halvår 2019

KØBENHAVN, Danmark, 15. august 2019 - Bavarian Nordic A/S (OMX: BAVA) offentliggjorde i dag regnskab samt rapporterede på begivenheder for første halvår 2019. Desuden offentliggør selskabet finanskalender for 2020.

**Administrerende direktør i Bavarian Nordic, Paul Chaplin udtaler:** "Vi har gjort væsentlige fremskridt i opfyldelsen af vores strategiske målsætninger i første halvår, dels med påbegyndelsen af et fase 3 forsøg med den frysetørrede udgave af MVA-BN og dels med udvidelsen af vores proof-of-concept fase 2 forsøg med BN-Brachyury. Vores økonomiske resultater er helt på linje med forventningerne, og vi ser frem til den sidste del af året, hvor der venter en række vigtige nyheder. Vi forventer blandt andet at rapportere yderligere kliniske data fra vores immunonkologiprogrammer, at færdiggøre registreringsplanerne for RSV, at opnå vores første produktgodkendelse i USA med samtidig tildeling af en priority review voucher for MVA-BN, samt at færdiggøre byggeriet af vores fyldefabrik, som vil forbedre den fremtidige indtjening og hjælpe til på sigt at gøre selskabet overskudsgivende igen. Det er en interessant tid, Bavarian Nordic går i møde."

### OPERATIONELLE HØJDEPUNKTER

#### Indfrielse af vores strategiske målsætninger

Vores strategi er udmøntet i fire hovedområder, og er målrettet mod at sikre og fastholde et bæredygtigt grundlag, samtidigt med at de kommercielle muligheder udvides:

- FASTHOLDE den globale førerposition inden for **koppevacciner**
- UDVIDE og hastigt VIDEREUDVIKLE pipelinen inden for **infektionssygdomme**
- ETABLERE en bred og stærk portefølje inden for **kræftimmunoterapi**
- UDVIDE de kommercielle muligheder og kompetencer

#### Koppevacciner

- Behandlingen af registreringsansøgningen for den flydende-frosne udgave af MVA-BN fortsætter med forventet godkendelse og tildeling af en priority review voucher i september 2019.
- I juni påbegyndte vi det afgørende og fuldt finansierede fase 3 forsøg med den frysetørrede udgave af MVA-BN koppevaccine som planlagt. Det randomiserede og dobbelt-blindede forsøg vil rekruttere 1.110 raske forsøgspersoner i tre grupper og vil evaluere sikkerheden og effekten på immunforsvaret af tre forskellige produktionspartier (lots) af den frysetørrede udgave af MVA-BN. Forsøget ventes afsluttet inden udgangen af 2020 og vil understøtte den efterfølgende godkendelse af den frysetørrede udgave.
- I juni vedtog den amerikanske regering loven *Pandemic and All-Hazards Preparedness and Advancing Innovation Act (PAHPA) of 2019*. Denne lov forbedrer støtten til kritiske programmer og initiativer omkring det amerikanske biologiske forsvar, herunder Biomedical Advanced Research and Development Authority (BARDA) og det strategiske nationale beredskabslager (SNS) med samlet USD 1,2 mia. årligt de næste fem år samt Project BioShield Special Reserve Fund (SRF) med USD 710 mio. årligt de næste 10 år. Den stærke finansielle støtte skaber et mere bæredygtigt fundament for virksomheder som vores for at kunne udvikle medicinske modforanstaltninger.
- Produktionen af råvaccine i henhold til den igangværende kontrakt med BARDA på frysetørret MVA-BN er påbegyndt og forløber planmæssigt. Hovedparten af vaccinerne vil blive faktureret i andet halvår 2019 og bidrager med i alt USD 50 mio. til den forventede omsætning for året. Ved årets udgang vil vi have produceret og oplagret råvaccine til en samlet værdi af USD 333 mio. siden tildelingen af den første kontrakt i 2015.
- I januar blev vi tildelt en ny kontrakt på USD 44 mio. af den amerikanske regering til kvalificering af vores nye fyldefabrik samt til overførsel og validering af produktionsprocessen for frysetørret MVA-BN. Disse aktiviteter vil foregå i 2020 forud for påbegyndelse af produktionen af den nuværende ordre (færdigproduktion og fyldning af råvaccine til ca. 13 mio. færdige doser).

#### Infektionssygdomme

- Vi er fortsat med helt fremme i udviklingen af en **RSV-vaccine** med vores differentierede vaccinekandidat, der succesfuldt har afsluttet fase 2 udviklingen i en ældre befolkningsgruppe. Forberedelserne til opstart af et fase 3 forsøg i 2020 fortsætter, og vi forventer at offentliggøre de endelige planer herfor, så snart udformningen af forsøget er aftalt med de amerikanske sundhedsmyndigheder.

- I februar påbegyndte Janssen et fase 1/2a forsøg med den **terapeutiske HPV-vaccine**. Dette er det første af tre kommercielle programmer under vores partnerskab med Janssen, der påbegynder kliniske forsøg. Janssen ventes desuden at påbegynde et fase 1/2a forsøg med hiv-vaccinen senere i år. Disse programmer samt vores igangværende ebolavaccineprogram med Janssen repræsenterer tilsammen potentielle fremtidige milepælsbetalinger på USD 1 mia. samt royaltys-betalinger ved fremtidigt salg.
- Vores partnerskab med det amerikanske forsvar om udvikling af en forebyggende vaccine mod **hesteencephalit virus** - en sjælden, men potentielt dødelig virus - skred yderligere frem, idet vi modtog finansiering til et fase 1 forsøg, som vi forventer at påbegynde senere i år. Et vellykket forsøg vil kunne føre til yderligere finansiering af den kliniske udvikling frem mod godkendelse.

#### Kræftimmunoterapi

- I juni rapporterede vi de første resultater fra det igangværende fase 2 forsøg med **BN-Brachyury** i behandlingen af chordoma. Der blev observeret en partiel respons i en af de første 10 patienter, der blev behandlet med kombinationen af vaccinen og strålebehandling, hvormed forsøget opfyldte kriteriet for at udvide rekrutteringen til i alt 29 patienter. Vi har set en stærk opbakning til forsøget blandt læger og patienter og forventer at rekruttere de resterende patienter hurtigt. Kriteriet for succes for det samlede fase 2-forsøg er at opnå mindst 4 objektive responser blandt alle 29 forsøgsdeltagere.
- Vores anden kræftvaccine, **CV301**, undersøges i øjeblikket i tre fase 2 forsøg i forskellige kræftformer, hvor vaccinen kombineres med forskellige checkpoint-hæmmere. De første resultater fra det ene af disse forsøg, hvor CV301 kombineres med atezolizumab i patienter med blærekræft, ventes senere i 2019.
- Begge vaccinekandidater vil blive anvendt i nye forsøg senere i år med henblik på at undersøge nye administrationsmetoder som led i vores strategi om at forbedre vores immunonkologiplatform yderligere.

#### Kommercielle forhold

- Byggeriet af vores **fyldefabrik** skrider frem som planlagt, og vi forventer at bygningen og produktionsudstyr står klar ved udgangen af 2019, som også vil være året med de største investeringer i projektet med samlede projektinvesteringer på i alt ca. DKK 270 mio. Efterfølgende påbegyndes kvalificering og validering af udstyr og processer, hvilket fortsætter indtil slutningen af 2020, hvor selve produktionen påbegyndes.

#### ØVRIGE FORHOLD

- Skattestyrelsen besluttede i juli at frafalde deres forslag om omfordeling af omkostningerne til udvikling til PROSTVAC mellem Bavarian Nordic A/S og dets amerikanske datterselskab, Bavarian Nordic, Inc. for indkomstårene 2012-2016. Dermed blev transfer pricing-revisoren for 2012-2016 afsluttet uden ændringer i den skattepligtige indkomst for selskabet.

#### ØKONOMISKE RESULTATER OG FORVENTNINGER

##### De økonomiske resultater for første halvår var på linje med vores forventninger

- Omsætningen i perioden var DKK 228 mio. (DKK 98 mio. i samme periode i 2018)
- Resultatet før renter og skat (EBIT) var et underskud på DKK 201 mio. (underskud på DKK 280 mio. i samme periode i 2018)
- Pr. 30. juni 2019 var koncernens kapitalberedskab DKK 1.882 mio. (DKK 2.314 mio. pr. 31. december 2018), inklusive udnyttede lånefaciliteter på DKK 244 mio. (DKK 244 mio. pr. 31. december 2018).

##### Forventningerne til 2019 fastholdes

Hovedparten af vores omsætning i 2019 er relateret til produktion og frigivelse af råvaccine til den amerikanske regering, der finder sted i andet halvår 2019. Således fastholder vi de økonomiske forventninger til 2019 som udmeldt den 21. marts 2019 med en omsætning på ca. DKK 600 mio., et underskud før skat (EBIT) på ca. DKK 360 mio. og et kapitalberedskab ved årets udgang på ca. DKK 1.600 mio.

Indtægter fra salg af den priority review voucher, som selskabet vil modtage i forbindelse med den forventede FDA-godkendelse af MVA-BN koppevaccinen i 2019, indgår ikke i de økonomiske forventninger.

De økonomiske forventninger er baseret på en vekselkurs på DKK 6,50 pr. 1,00 USD. For yderligere detaljer om forudsætningerne, der ligger til grund for forventningerne, henvises til årsrapporten for 2018.

##### Finanskalender for 2019 og 2020

Datoerne for offentliggørelse af selskabets finansielle rapporter samt den ordinære generalforsamling i 2020 er blevet fastlagt som følger:

7. november 2019	Delårsrapport (Q3) for 9 måneder (1. januar - 30. september 2019)
13. marts 2020	Årsrapport 2019
21. april 2020	Ordinær generalforsamling *
14. maj 2020	Delårsrapport (Q1) for 3 måneder (1. januar - 31. marts 2020)
26. august 2020	Delårsrapport (Q2) for 6 måneder (1. januar - 30. juni 2020)
11. november 2020	Delårsrapport (Q3) for 9 måneder (1. januar - 30. september 2020)

*\* I henhold til §12 i selskabets vedtægter henledes opmærksomheden på, at fristen for aktionærer til indgivelse af ønsker om optagelse af et bestemt emne til behandling på den ordinære generalforsamling, er onsdag den 11. marts 2020.*

#### **Webcast og telefonkonference**

Selskabets ledelse afholder en telefonkonference i dag kl. 14.00 dansk tid for at præsentere delårsregnskabet og besvare eventuelle spørgsmål. Præsentationen kan følges via webcast på <http://www.bavarian-nordic.com/investor/events.aspx?event=5504>. For at stille spørgsmål til ledelsen, benyt venligst et af følgende telefonnumre og oplys deltagerkoden 5278296: Danmark: +45 32 72 80 42, UK: +44 (0) 844 571 8892, USA: +1 631-510-7495.

#### **Kontakt**

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Selskabsmeddelelse nr. 14 / 2019

#### **Om Bavarian Nordic**

Bavarian Nordic er et fuldt integreret biotekselskab, der er fokuseret på udvikling af innovative vacciner mod cancer og infektionssygdomme. Med udgangspunkt i vores virale vaccineplatform, MVA-BN<sup>®</sup>, har vi udviklet en bred portefølje af produktkandidater, der sigter mod at forbedre sundheden og livskvaliteten for børn og voksne. Vi leverer en ikke-replikerende MVA-BN-baseret koppevaccine til det amerikanske strategiske nationale beredskabslager samt til andre landes beredskaber. Vaccinen er godkendt i EU og Canada, hvor den markedsføres henholdsvis under handelsnavnene IMVANEX<sup>®</sup> og IMVAMUNE<sup>®</sup>. Ud over vores mangeårige samarbejde med den amerikanske regering om udvikling af medicinske foranstaltninger, har vi inden for infektionssygdomme et egenudviklet program for RS-virus samt vaccinekandidater mod Ebola, HPV, hiv og hepatitis B, der udvikles som led i et strategisk partnerskab med Janssen. Desuden har vi i samarbejde med National Cancer Institute udviklet en portefølje af aktive cancerimmunoterapier, der er udformet til at ændre patienters sygdomsforløb ved at fremkalde et robust og bredt immunrespons mod kræft, og som har en favorabel bivirkningsprofil. I samarbejde med flere medicinalsekskaber søger vi at udforske den potentielle synergieffekt ved at kombinere vores immunoterapier med andre immunmodulerende lægemidler, som fx checkpoint-hæmmere. For yderligere information besøg [www.bavarian-nordic.com](http://www.bavarian-nordic.com) eller følg os på Twitter [@bavariannordic](https://twitter.com/bavariannordic).

#### **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 2019	1/4 - 30/6 2018	1/1 - 30/6 2019	1/1 - 30/6 2018	1/1-31/12 2018
<b>Income statements</b>					
Revenue	101,362	86,340	228,196	97,634	500,617
Production costs	49,808	45,655	127,363	64,761	255,117
Research and development costs	93,391	88,099	197,130	204,733	386,299
Distribution costs	11,597	8,965	21,758	18,472	33,725
Administrative costs	43,582	50,640	83,268	89,558	179,958
Income before interest and taxes (EBIT)	(97,016)	(107,019)	(201,323)	(279,890)	(354,482)
Financial items, net	(4,304)	(2,169)	1,101	(10,983)	(2,153)
Income before company tax	(101,320)	(109,188)	(200,222)	(290,873)	(356,635)
Net profit for the period	(102,082)	(109,814)	(201,707)	(292,259)	(361,927)
<b>Balance sheet</b>					
Total non-current assets			792,815	445,467	552,680
Total current assets			1,879,219	2,710,095	2,508,256
Total assets			2,672,034	3,155,562	3,060,936
Equity			1,986,577	2,249,831	2,180,628
Non-current liabilities			448,490	398,685	397,613
Current liabilities			236,967	507,046	482,695
<b>Cash flow statements</b>					
Securities, cash and cash equivalents			1,637,730	2,479,785	2,317,214
Cash flow from operating activities			(226,439)	(311,438)	(288,529)
Cash flow from investment activities			331,033	(89,911)	17,089
- Investment in intangible assets			(680)	(2,729)	(10,186)
- Investment in property, plant and equipment			(195,401)	(80,304)	(201,775)
- Net investment in securities			527,073	(6,748)	229,206
Cash flow from financing activities			(257,670)	292,644	245,844
<b>Financial Ratios (DKK) <sup>1)</sup></b>					
Earnings (basic) per share of DKK 10			(6.3)	(9.1)	(11.2)
Net asset value per share			61.5	69.8	67.5
Share price at period-end			162	188	127
Share price/Net asset value per share			2.6	2.7	1.9
Number of outstanding shares at period-end			32,321	32,245	32,311
Equity share			74%	71%	71%
Number of employees, converted to full-time, at period-end			461	428	419

<sup>1)</sup> 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.

**Notes**

(stated in the end of this document):

1. Significant accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Revenue
4. Production costs
5. Research and development costs
6. Financial income
7. Financial expenses
8. Inventories
9. Other receivables
10. Debt to credit institutions
11. Prepayment from customers
12. Other liabilities
13. Deferred tax asset
14. Right-of-use assets and lease liabilities
15. Transferred financial assets that are not derecognized
16. Financial instruments
17. Warrants
18. Significant changes in contingent liabilities and other contractual obligations
19. Significant events after the balance sheet date
20. Approval of the unaudited condensed consolidated interim financial statements

**FINANCIAL STATEMENT FOR THE PERIOD JANUARY 1 - JUNE 30, 2019**

*Financial statements are un-audited. Comparison figures for the same period 2018 are stated in parentheses.*

Revenue generated for the six months ending June 30, 2019 was DKK 228 million (DKK 98 million). Revenue was composed of DKK 49 million (DKK 0 million) from the sale of MVA-BN smallpox vaccine bulk drug substance to U.S. Government and DKK 179 million (DKK 61 million) from contract work. Revenue reported for the three months ended June 30, 2019 was DKK 101 million (DKK 86 million).

Production costs totaled DKK 127 million (DKK 65 million). Costs related directly to revenue amounted to DKK 120 million (DKK 47 million). Other production costs totaled DKK 7 million (DKK 18 million). In the second quarter of 2019, production costs were DKK 50 million (DKK 46 million).

Research and development costs totaled DKK 197 million (DKK 205 million). The amount excludes R&D costs of DKK 108 million (DKK 39 million) classified as production costs.

Distribution costs totaled DKK 22 million (DKK 18 million) and administrative costs totaled DKK 83 million (DKK 90 million).

Income before interest and tax (EBIT) was a loss of DKK 201 million (loss of DKK 280 million).

Financial items totaled a net income of DKK 1 million (net expense of DKK 11 million). Net income from securities amounted to DKK 9 million (DKK 2 million), partly offset by interest expenses on debt of DKK 8 million (DKK 7 million), net foreign exchange rate losses of DKK 0 million (DKK 5 million) and net losses on derivate financial instruments of DKK 0 million (DKK 2 million).

Income before company tax was a loss of DKK 200 million (loss of DKK 291 million).

Tax on income was DKK 1 million (DKK 1 million) and relates to the German subsidiary. The Danish tax loss carry forward related to the result for the first six months of 2019 has been fully written-down. The recognized deferred tax asset remains at DKK 0 million. The Company retains the right to use the tax loss carry forward (tax value DKK 343 million) and the other tax assets (tax value DKK 45 million) that has been written-down. The development in the deferred tax asset is shown in note 13.

The Danish tax authority has decided to withdraw the proposed adjustment of the allocation of the PROSTVAC development costs between Bavarian Nordic A/S and its U.S. subsidiary, Bavarian Nordic, Inc. for the income years 2012-2016. The transfer pricing tax audit for 2012-2016 has thereby been completed without any changes to taxable income.

For the first six months of 2019, Bavarian Nordic reported a net loss of DKK 202 million (net loss of DKK 292 million).

Following the implementation of IFRS 16 "Leases" right-of-use-assets have been recognized with DKK 66 million and lease liabilities with DKK 66 million. For further disclosure see note 14.

Securities, cash and cash equivalents decreased by DKK 679 million compared to December 31, 2018. In January the repo transactions were settled reducing the value of securities by DKK 247 million. During the first six months of 2019 DKK 195 million was spent on investments in property, plant and equipment, mainly related to the construction of the new fill/finish manufacturing line in Kvistgaard.

As of June 30, 2019, the Group's cash preparedness was DKK 1,882 million (DKK 2,314 million as of December 31, 2018):

DKK million	30/6 2019	30/6 2018	31/12 2018
Securities	1,524	2,300	2,050
Cash and cash equivalents	114	180	267
Securities, cash and cash equivalents	1,638	2,480	2,317
Unutilized credit facility	244	20	244
Repo transactions loan	-	(288)	(247)
<b>Cash preparedness</b>	<b>1,882</b>	<b>2,212</b>	<b>2,314</b>
European Investment Bank (bullet loan with expiry in 2022)	372	372	372

Cash flow spend on operating activities was DKK 226 million (spend of DKK 311 million), mainly driven by the net loss of DKK 202 million (net loss of DKK 292 million). Cash flow from investment activities was positive by DKK 331 million (spend of DKK 90 million) as investments in property, plant and equipment was off-set by net disposal of securities of DKK 527 million (net investment of 7 million). Cash flow from financing activities was a spend of DKK 258 million (contribution of DKK 293 million), mainly due to settlement of the repo transactions resulting in a repayment of DKK 247 million (see note 15). The net change in cash and cash equivalents was DKK -153 million (DKK -109 million).

The Group's equity as of June 30, 2019 stood at DKK 1,987 million (DKK 2,181 million as of December 31, 2018).

#### **Significant risks and uncertainties**

Bavarian Nordic faces a number of risks and uncertainties, common for the biotech 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 51-52 "Risk Management" in the 2018 Annual Report.

Since the publication of the 2018 Annual Report, the overall risk profile of the Company remains largely unchanged.

**FINANCIAL STATEMENTS****Unaudited Condensed Consolidated Income Statements for the Periods Ended June 30, 2019 and 2018 and December 31, 2018**

DKK thousand	Note	1/4 - 30/6 2019	1/4 - 30/6 2018	1/1 - 30/6 2019	1/1 - 30/6 2018	1/1-31/12 2018
Revenue	3	101,362	86,340	228,196	97,634	500,617
Production costs	4	49,808	45,655	127,363	64,761	255,117
<b>Gross profit</b>		<b>51,554</b>	<b>40,685</b>	<b>100,833</b>	<b>32,873</b>	<b>245,500</b>
Research and development costs	5	93,391	88,099	197,130	204,733	386,299
Distribution costs		11,597	8,965	21,758	18,472	33,725
Administrative costs		43,582	50,640	83,268	89,558	179,958
<b>Total operating costs</b>		<b>148,570</b>	<b>147,704</b>	<b>302,156</b>	<b>312,763</b>	<b>599,982</b>
<b>Income before interest and tax (EBIT)</b>		<b>(97,016)</b>	<b>(107,019)</b>	<b>(201,323)</b>	<b>(279,890)</b>	<b>(354,482)</b>
Financial income	6	4,078	5,428	9,617	11,022	34,973
Financial expenses	7	8,382	7,597	8,516	22,005	37,126
<b>Income before company tax</b>		<b>(101,320)</b>	<b>(109,188)</b>	<b>(200,222)</b>	<b>(290,873)</b>	<b>(356,635)</b>
Tax on income for the period		762	626	1,485	1,386	5,292
<b>Net profit for the period</b>		<b>(102,082)</b>	<b>(109,814)</b>	<b>(201,707)</b>	<b>(292,259)</b>	<b>(361,927)</b>
<b>Earnings per share (EPS) - DKK</b>						
Basic earnings per share of DKK 10		(3.2)	(3.4)	(6.3)	(9.1)	(11.2)
Diluted earnings per share of DKK 10		(3.2)	(3.4)	(6.3)	(9.1)	(11.2)

**Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended June 30, 2019 and 2018 and December 31, 2018**

DKK thousand	1/4 - 30/6 2019	1/4 - 30/6 2018	1/1 - 30/6 2019	1/1 - 30/6 2018	1/1-31/12 2018
<b>Net profit for the period</b>	<b>(102,082)</b>	<b>(109,814)</b>	<b>(201,707)</b>	<b>(292,259)</b>	<b>(361,927)</b>
<b>Items that might be reclassified to the income statement:</b>					
Exchange rate adjustments on translating foreign operations	153	12,058	157	12,128	93
Fair value of financial instruments entered into to hedge future cash flows	366	(255)	(3,322)	(111)	(228)
<b>Other comprehensive income after tax</b>	<b>519</b>	<b>11,803</b>	<b>(3,165)</b>	<b>12,017</b>	<b>(135)</b>
<b>Total comprehensive income</b>	<b>(101,563)</b>	<b>(98,011)</b>	<b>(204,872)</b>	<b>(280,242)</b>	<b>(362,062)</b>

## Unaudited Condensed Consolidated Statements of Financial Position - Assets as of June 30, 2019 and 2018 and December 31, 2018

DKK thousand	Note	30/6 2019	30/6 2018	31/12 2018
<b>Assets</b>				
Software		27,522	26,190	32,381
Intangible assets in progress		454	3,910	119
<b>Intangible assets</b>		<b>27,976</b>	<b>30,100</b>	<b>32,500</b>
Land and buildings		170,881	187,518	179,442
Leasehold improvements		908	1,245	1,047
Plant and machinery		49,253	58,081	54,311
Fixtures and fittings, other plant and equipment		23,253	20,529	21,894
Assets under construction		453,394	146,648	262,114
<b>Property, plant and equipment</b>		<b>697,689</b>	<b>414,021</b>	<b>518,808</b>
<b>Right-of-use assets</b>	14	<b>65,819</b>	-	-
Other receivables		1,331	1,346	1,372
<b>Financial assets</b>		<b>1,331</b>	<b>1,346</b>	<b>1,372</b>
<b>Deferred tax assets</b>	13	-	-	-
<b>Total non-current assets</b>		<b>792,815</b>	<b>445,467</b>	<b>552,680</b>
<b>Development projects for sale</b>		<b>22,200</b>	<b>22,200</b>	<b>22,200</b>
<b>Inventories</b>	8	<b>97,221</b>	<b>139,777</b>	<b>78,688</b>
Trade receivables		82,188	30,883	31,227
Tax receivables		-	5,396	-
Other receivables	9	25,001	19,961	21,345
Prepayments		14,879	12,093	37,582
<b>Receivables</b>		<b>122,068</b>	<b>68,333</b>	<b>90,154</b>
Securities	15	1,523,558	2,300,234	2,050,556
Cash and cash equivalents		114,172	179,551	266,658
<b>Securities, cash and cash equivalents</b>		<b>1,637,730</b>	<b>2,479,785</b>	<b>2,317,214</b>
<b>Total current assets</b>		<b>1,879,219</b>	<b>2,710,095</b>	<b>2,508,256</b>
<b>Total assets</b>		<b>2,672,034</b>	<b>3,155,562</b>	<b>3,060,936</b>



## Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of June 30, 2019 and 2018 and December 31, 2018

DKK thousand	Note	30/6 2019	30/6 2018	31/12 2018
<b>Equity and liabilities</b>				
Share capital		323,206	323,106	323,106
Treasury shares		(684)	(233)	(507)
Retained earnings		1,595,507	1,870,591	1,797,122
Other reserves		68,548	56,367	60,907
<b>Equity</b>		<b>1,986,577</b>	<b>2,249,831</b>	<b>2,180,628</b>
Debt to credit institutions	10	396,539	398,685	397,613
Lease liabilities	14	51,951	-	-
<b>Non-current liabilities</b>		<b>448,490</b>	<b>398,685</b>	<b>397,613</b>
Debt to credit institutions	10	2,148	290,481	248,877
Lease liabilities	14	14,290	-	-
Prepayment from customers	11	9,736	63,854	41,818
Trade payables		112,051	71,545	93,962
Company tax		1,142	82	1,108
Other liabilities	12	97,600	81,084	96,930
<b>Current liabilities</b>		<b>236,967</b>	<b>507,046</b>	<b>482,695</b>
<b>Total liabilities</b>		<b>685,457</b>	<b>905,731</b>	<b>880,308</b>
<b>Total equity and liabilities</b>		<b>2,672,034</b>	<b>3,155,562</b>	<b>3,060,936</b>

## Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended June 30, 2019 and 2018 and December 31, 2018

DKK thousand	1/1 - 30/6 2019	1/1 - 30/6 2018	1/1-31/12 2018
<b>Net profit for the period</b>	<b>(201,707)</b>	<b>(292,259)</b>	<b>(361,927)</b>
Adjustment for non-cash items:			
Financial income	(9,617)	(11,022)	(34,973)
Financial expenses	8,516	22,005	37,126
Tax on income for the period	1,485	1,386	5,292
Depreciation, amortization and impairment losses	28,727	19,879	41,639
Share-based payment	14,738	18,559	33,913
Changes in inventories	(18,533)	(27,930)	33,159
Changes in receivables	(24,973)	(20,222)	(39,990)
Changes in current liabilities	(32,062)	(28,008)	(10,973)
<b>Cash flow from operations (operating activities)</b>	<b>(233,426)</b>	<b>(317,612)</b>	<b>(296,734)</b>
Received financial income	16,030	15,204	27,662
Paid financial expenses	(7,592)	(7,586)	(15,642)
Paid company taxes	(1,451)	(1,444)	(3,815)
<b>Cash flow from operating activities</b>	<b>(226,439)</b>	<b>(311,438)</b>	<b>(288,529)</b>
Investments in and additions to intangible assets	(680)	(2,729)	(10,186)
Investments in property, plant and equipment	(195,401)	(80,304)	(201,775)
Investments in/disposal of financial assets	41	(130)	(156)
Investments in securities	(879,633)	(790,356)	(1,228,709)
Disposal of securities	1,406,706	783,608	1,457,915
<b>Cash flow from investment activities</b>	<b>331,033</b>	<b>(89,911)</b>	<b>17,089</b>
Payment on loans	(247,803)	(1,075)	(2,151)
Proceeds from loans	-	288,329	246,729
Repayment of lease liabilities	(6,580)	-	-
Proceeds from warrant programs exercised	1,314	5,415	5,415
Cost related to issue of new shares	(25)	(25)	(25)
Purchase of treasury shares	(4,576)	-	(4,124)
<b>Cash flow from financing activities</b>	<b>(257,670)</b>	<b>292,644</b>	<b>245,844</b>
<b>Cash flow of the period</b>	<b>(153,076)</b>	<b>(108,705)</b>	<b>(25,596)</b>
Cash as of 1 January	266,658	282,521	282,521
Currency adjustments 1 January	590	5,735	9,733
<b>Cash end of period</b>	<b>114,172</b>	<b>179,551</b>	<b>266,658</b>

## Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods June 30, 2019 and 2018

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, 2019	323,106	(507)	1,797,122	(37,409)	(357)	98,673	2,180,628
<b>Comprehensive income for the period</b>							
Net profit	-	-	(201,707)	-	-	-	(201,707)
<b>Other comprehensive income</b>							
Exchange rate adjustments on translating foreign operations	-	-	-	157	-	-	157
Fair value of financial instruments	-	-	-	-	(3,322)	-	(3,322)
<b>Total comprehensive income for the period</b>	-	-	(201,707)	157	(3,322)	-	(204,872)
<b>Transactions with owners</b>							
Share-based payment	-	-	-	-	-	14,108	14,108
Warrant program exercised	100	-	1,505	-	-	(291)	1,314
Cost related to issue of new shares	-	-	(25)	-	-	-	(25)
Purchase of treasury shares	-	(288)	(4,288)	-	-	-	(4,576)
<b>Total transactions with owners</b>	100	(288)	(2,808)	-	-	13,817	10,821
<b>Equity as of June 30, 2019</b>	<b>323,206</b>	<b>(795)</b>	<b>1,592,607</b>	<b>(37,252)</b>	<b>(3,679)</b>	<b>112,490</b>	<b>1,986,577</b>

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, 2018	322,451	(233)	2,156,883	(37,502)	(129)	64,827	2,506,297
<b>Comprehensive income for the period</b>							
Net profit	-	-	(292,259)	-	-	-	(292,259)
<b>Other comprehensive income</b>							
Exchange rate adjustments on translating foreign operations	-	-	-	12,128	-	-	12,128
Fair value of financial instruments	-	-	-	-	(111)	-	(111)
<b>Total comprehensive income for the period</b>	-	-	(292,259)	12,128	(111)	-	(280,242)
<b>Transactions with owners</b>							
Share-based payment	-	-	-	-	-	18,386	18,386
Warrant program exercised	655	-	5,945	-	-	(1,185)	5,415
Warrant program expired	-	-	47	-	-	(47)	-
Cost related to issue of new shares	-	-	(25)	-	-	-	(25)
<b>Total transactions with owners</b>	655	-	5,967	-	-	17,154	23,776
<b>Equity as of June 30, 2018</b>	<b>323,106</b>	<b>(233)</b>	<b>1,870,591</b>	<b>(25,374)</b>	<b>(240)</b>	<b>81,981</b>	<b>2,249,831</b>

## NOTES

### 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.

Except for the adoption of new standards effective as of January 1, 2019, as described below, the accounting policies used in the interim financial statements are consistent with those used in the consolidated financial statements for 2018 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by EU.

#### **New standards, interpretations and amendments adopted**

As of March 31, 2019, the Company has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2019 financial year, including the following accounting standards, which is the most relevant for the Company:

- IFRS 16, Leases (issued 2016)
- IFRIC 23, Uncertainty over income tax treatment (issued 2017).

Except for the implementation of IFRS 16 "Leases", described below, the implementation of new or amended standards and interpretations has not had any material impact on the condensed consolidated interim financial statements.

#### **Effect from implementing IFRS 16, Leases**

IFRS 16 has replaced IAS 17, Leases and IFRS 16 has introduced a changed accounting model for a lessee. Previously, lease contracts for a lessee were classified as either operating or finance leases. IFRS 16 requires the majority of operating leases to be recognized as lease assets with a related lease liability, similar to the previous accounting of finance leases. The lease payments, previously accounted for as operating expenses, have been split into an interest cost and a repayment of the lease liability. The lease assets are depreciated over the term of the lease contract.

We have implemented IFRS 16 using the simplified retrospective transition approach without restating comparative figures, with a lease asset value equal to the lease liability value upon transition. Consequently, 2018 comparative figures are reported according to IAS 17. This applies to all numbers prior to January 1, 2019 in text and tables, throughout the entire report, unless otherwise specifically stated.

Upon implementation we have elected to use the following exemptions proposed by the standard:

- Not to recognize lease contracts for which the lease terms ends within 12 months as of the date of initial application
- Not to reassess whether a contract is or contains a lease
- Apply only a single discount rate for a portfolio of lease assets with reasonable similar characteristics
- Exclude initial direct costs from the measurement of the right-of-use asset
- Not to separate non-lease components from lease components.

The Company recognizes all operating leases - with the few exemptions listed above - on the balance sheet as assets with a corresponding lease liability. The lease liability is equal to the discounted value of all future lease payments. The lease assets, right-of-use-assets, correspond to the lease liability adjusted by the amount of any prepaid or accrued lease payments recognized in the statement of financial position immediately before the date of initial application.

When assessing the future lease payments, we have included the payments, which are fixed or variable, dependent on an index or a rate. Non-lease components are included as part of the lease liability. When assessing the lease term, any extension or termination options have been included in the assessment. The options are included in determining the lease term, if exercise is reasonably certain. When determining the discount rates used to calculate the net present value of future lease payments, we have used an incremental country specific borrowing rate, based on a government bond plus the Group's credit margin, ranging from 2.5% to 5.0%.

Upon implementation January 1, 2019, we have recognized a right of use asset of DKK 83 million and a lease liability of DKK 83 million. The implementation has no impact on equity. The right-of-use-assets relate primarily to land and buildings with lease terms ranging from 5 to 7 years.

Had the Group applied the previous accounting policy for leases according to IAS 17 in the first six months of 2019, the income before interest and tax (EBIT) for the period would have been a loss of DKK 202 million, an increase of DKK 1 million in loss compared to the actual numbers for the first six months of 2019.

Implementation of IFRS 16 has no impact on the underlying cash flows. However, due to the lease payments being split into interest costs and a repayment of the lease liability, the presentation in the cash flow statement has changed. The change has improved the cash flow from operating activities by DKK 7 million whereas the cash outflow from financing activities has been negatively impacted by DKK 7 million.

The impact from implementation of IFRS 16 "Leases" is further described in note 14.

#### **Effect from implementing IFRIC 23, Uncertainty over income tax treatment**

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

We have established the necessary processes and procedures to obtain information that is required to apply the interpretation. The implementation has had no significant impact on the 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 2018, the Management has not changed significant estimates and judgments regarding recognition and measurement.

DKK thousand	1/4 - 30/6 2019	1/4 - 30/6 2018	1/1 - 30/6 2019	1/1 - 30/6 2018	1/1-31/12 2018
<b>3. Revenue</b>					
MVA-BN smallpox vaccine sale	110	32,545	48,959	36,925	360,523
Sale of goods	110	32,545	48,959	36,925	360,523
Contract work	101,252	53,795	179,237	60,709	140,094
Sale of services	101,252	53,795	179,237	60,709	140,094
<b>Revenue</b>	<b>101,362</b>	<b>86,340</b>	<b>228,196</b>	<b>97,634</b>	<b>500,617</b>
Total revenue includes: Fair value adjustment concerning financial instruments entered into to hedge revenue	-	-	-	-	907
<b>4. Production costs</b>					
Cost of goods sold, MVA-BN smallpox vaccine	68	7,252	12,255	7,419	94,557
Contract costs	65,215	34,491	108,389	39,021	74,269
Other production costs	(15,475)	3,912	6,719	18,321	86,291
<b>Production costs</b>	<b>49,808</b>	<b>45,655</b>	<b>127,363</b>	<b>64,761</b>	<b>255,117</b>
<b>5. Research and development costs</b>					
Research and development costs occurred in the period Of which:	158,606	122,590	305,519	243,754	460,568
Contract costs recognized as production costs	(65,215)	(34,491)	(108,389)	(39,021)	(74,269)
<b>Research and development costs</b>	<b>93,391</b>	<b>88,099</b>	<b>197,130</b>	<b>204,733</b>	<b>386,299</b>
<b>6. Financial income</b>					
Financial income from bank and deposit contracts	91	210	522	335	842
Interest income from financial assets not measured at fair value through the income statement	91	210	522	335	842
Financial income from securities	3,987	5,218	9,095	10,687	21,765
Net foreign exchange gains	-	-	-	-	12,366
<b>Financial income</b>	<b>4,078</b>	<b>5,428</b>	<b>9,617</b>	<b>11,022</b>	<b>34,973</b>
<b>7. Financial expenses</b>					
Interest expenses on debt	3,973	3,377	8,064	7,054	14,531
Interest expenses on financial liabilities not measured at fair value through the income statement	3,973	3,377	8,064	7,054	14,531
Fair value adjustments on securities	3,154	2,389	308	8,308	18,667
Net loss on derivative financial instruments at fair value through the income statement	16	314	16	1,825	3,928
Net foreign exchange losses	1,239	1,517	128	4,818	-
<b>Financial expenses</b>	<b>8,382</b>	<b>7,597</b>	<b>8,516</b>	<b>22,005</b>	<b>37,126</b>

DKK thousand	30/6 2019	30/6 2018	31/12 2018
<b>8. Inventories</b>			
Raw materials and supply materials	30,150	30,363	28,391
Work in progress	158,387	172,523	156,232
Manufactured goods and commodities	1,750	1,797	1,757
Write-down on inventory	(93,066)	(64,906)	(107,692)
<b>Inventories</b>	<b>97,221</b>	<b>139,777</b>	<b>78,688</b>
Write-down on inventory 1 January	(107,692)	(52,705)	(52,705)
Write-down during the period	(3,364)	(12,201)	(54,987)
Use of write-down	4,236	-	-
Reversal of write-down	13,754	-	-
<b>Write-down end of period</b>	<b>(93,066)</b>	<b>(64,906)</b>	<b>(107,692)</b>
<b>9. Other receivables</b>			
Receivable VAT and duties	20,738	12,231	10,669
Financial instruments at fair value	-	74	-
Accrued interest	4,263	7,656	10,676
<b>Other receivables</b>	<b>25,001</b>	<b>19,961</b>	<b>21,345</b>
<b>10. Debt to credit institutions</b>			
Mortgage	26,492	28,642	27,566
European Investment Bank (loan in DKK)	372,195	372,195	372,195
Security lending (repo transactions)	-	288,329	246,729
<b>Debt to credit institutions</b>	<b>398,687</b>	<b>689,166</b>	<b>646,490</b>
<b>11. Prepayment from customers</b>			
Prepayments from customers as of January 1	41,818	79,617	79,617
Prepayments received during the period	34,498	14,411	29,075
Recognized as income during the period	(66,580)	(30,174)	(66,874)
<b>Prepayments from customers end of period</b>	<b>9,736</b>	<b>63,854</b>	<b>41,818</b>
<b>12. Other liabilities</b>			
Financial instruments at fair value	3,694	269	388
Liability relating to phantom shares	904	1,607	275
Payable salaries, holiday accrual etc.	54,981	59,185	58,403
Deposit and prepaid rent from sub-tenants	-	1,777	1,379
Other accrued costs	38,021	18,246	36,485
<b>Other liabilities</b>	<b>97,600</b>	<b>81,084</b>	<b>96,930</b>

**13. Deferred tax asset**

DKK thousand	Recognized in		Recognized in equity	June 30, 2019
	January 1, 2019	the income statement		
Intangible assets	3,703	(831)	-	2,872
Property, plant and equipment	15,515	3,230	-	18,745
Development projects for sale	17,420	-	-	17,420
Accrued project costs	(7,335)	5,711	-	(1,624)
Financial instruments	78	-	731	809
Share-based payment	4,154	2,430	-	6,584
Tax losses carried forward	310,359	32,718	-	343,077
Write-down	(343,894)	(43,258)	(731)	(387,883)
<b>Recognized deferred tax assets</b>	-	-	-	-

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

Reconciliation between operating lease commitments disclosed in the Annual Report for 2018 and the lease liabilities recognized January 1, 2019:

DKK thousand	1/1 2019
Operating lease commitments as disclosed in note 28 in the Annual Report 2018 (IAS 17)	48,556
Discounted using the incremental borrowing rate January 1, 2019	(4,006)
Short term leases, recognized on a straight line basis as an expense	(404)
Consumption expenditures included in the operating lease commitments in the Annual Report 2018	(6,884)
Included lease option terms with a highly probable extension	45,605
<b>Lease liabilities recognized January 1, 2019 (IFRS 16)</b>	<b>82,867</b>

**Righth-of-use assets**

DKK thousand	Rent facility	Car leasing	Equipment	Total
Impact from applying IFRS 16 as of January 1, 2019	80,470	1,736	661	82,867
Additions	-	861	-	861
Modifications	(10,944)	-	-	(10,944)
Depreciations	(6,127)	(722)	(157)	(7,006)
Exchange rate adjustments	41	-	-	41
<b>Right-of-use assets as of June 30, 2019</b>	<b>63,440</b>	<b>1,875</b>	<b>504</b>	<b>65,819</b>

**Lease liabilities**

DKK thousand	30/6 2019
Non-current	51,951
Current	14,290
<b>Lease liabilities</b>	<b>66,241</b>

**Amounts included in the income statement**

DKK thousand	1/1 - 30/6 2019
Interest expense leases	937
Depreciation recognized on right-of-use assets	7,006
Cost recognized for short term leases (less than 12 months)	187

In first six months of 2019 the total cash outflow relating to lease was DKKt 7,517, split between interests of DKKt 937 and repayment of DKKt 6,580.



**15. Transferred financial assets that are not derecognized**

In 2018 the Company entered into transactions that transferred ownership of securities to a counterparty, while the Company retained the risks associated with the holding of the securities (repo transactions). As the Company retained all risks, the securities remained in the balance sheet, and the transactions were accounted for as loans received against collateral (securities lending). The transactions involved selling the securities to be repurchased at a fixed price at a later date. Counterparties were entitled to sell the securities or deposit them as collateral for loans. All transactions were settled in January 2019.

DKK thousand	30/6 2019	30/6 2018	31/12 2018
Carrying amount of transferred securities	-	288,205	246,432
Carrying amount of associated liabilities (repo transactions)	-	(288,329)	(246,729)
<b>Net position</b>	<b>-</b>	<b>(124)</b>	<b>(297)</b>

**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, 2019

DKK thousand	Level 1	Level 2	Total
Securities	1,523,558	-	1,523,558
Derivative financial instruments at fair value through the income statement (currency)	-	(16)	(16)
<b>Financial assets measured at fair value through the income statement</b>	<b>1,523,558</b>	<b>(16)</b>	<b>1,523,542</b>
Derivative financial instruments to hedge future cash flow (interest)	-	(3,679)	(3,679)
<b>Financial assets/liabilities used as hedging instruments</b>	<b>-</b>	<b>(3,679)</b>	<b>(3,679)</b>
Liability relating to phantom shares	-	(904)	(904)
<b>Financial liabilities measured at fair value through the income statement</b>	<b>-</b>	<b>(904)</b>	<b>(904)</b>

As of December 31, 2018

DKK thousand	Level 1	Level 2	Total
Securities	1,804,124	-	1,804,124
Transferred securities that are not derecognized	246,432	-	246,432
<b>Financial assets measured at fair value through the income statement</b>	<b>2,050,556</b>	<b>-</b>	<b>2,050,556</b>
Derivative financial instruments to hedge future cash flow (interest)	-	(357)	(357)
<b>Financial assets/liabilities used as hedging instruments</b>	<b>-</b>	<b>(357)</b>	<b>(357)</b>
Derivative financial instruments at fair value (repo transactions)	-	(31)	(31)
Liability relating to phantom shares	-	(275)	(275)
<b>Financial liabilities measured at fair value through the income statement</b>	<b>-</b>	<b>(306)</b>	<b>(306)</b>

**17. Warrants****Outstanding warrants as of June 30, 2019**

	Outstanding as of January 1	Addition during the period	Warrants exercised	Annulled	Terminated	Trans- ferred	Outstanding as of June 30
Corporate Management	262,590	-	-	-	-	-	262,590
Other Executive Management	221,172	-	-	-	-	-	221,172
Other employees	1,065,467	-	(10,000)	(107,291)	-	-	948,176
Resigned employees	288,442	-	-	-	-	-	288,442
<b>Total</b>	<b>1,837,671</b>	<b>-</b>	<b>(10,000)</b>	<b>(107,291)</b>	<b>-</b>	<b>-</b>	<b>1,720,380</b>
<b>Weighted average exercise price</b>	<b>248</b>	<b>-</b>	<b>131</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>249</b>
<b>Weighted average share price at exercise</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Numbers of warrants which can be exercised as of June 30, 2019							532,430
at a weighted average exercise price of DKK							262

The total recognized cost of the warrant programs was DKK 10.4 million in the first six months of 2019 (DKK 16.1 million).

**Specification of parameters for Black-Scholes model**

DKK	Aug 2014	Dec 2015	Dec 2016	Jul 2017	Nov 2017	Nov 2018
Average share price	117.50	334.00	222.50	383.50	259.50	159.00
Average exercise price at grant	131.40	366.85	260.20	430.45	303.03	179.60
Expected volatility rate	39.7%	53.8%	44.6%	44.1%	52.4%	53.3%
Expected life (years)	3.3	3.3	3.0	3.0	3.0	3.0
Expected dividend per share	-	-	-	-	-	-
Risk-free interest rate p.a.	0.63%	0.25%	-0.48%	-0.46%	-0.55%	-0.43%
Fair value at grant 1)	29	115	54	98	80	52

The expected volatility is based on the historical volatility.

1) Fair value of each warrant at grant 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, 2018.

The Danish tax authority has decided to withdraw the proposed adjustment of the allocation of the PROSTVAC development costs between Bavarian Nordic A/S and its U.S. subsidiary, Bavarian Nordic, Inc. for the income years 2012-2016. The transfer pricing tax audit for 2012-2016 has thereby been completed without any changes to taxable income.

**19. Significant events after the balance sheet date**

There have been no significant events between June 30, 2019 and the date of approval of the Interim Results for the first six months of 2019.

**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 15, 2019.

**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, 2019.

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, 2019, and the results of the group’s activities and cash flows for the period January 1 to June 30, 2019.

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.

Kvistgaard, August 15, 2019

**Corporate Management:**

Paul John Chaplin  
President and CEO

**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