



BAVARIAN NORDIC

Company Announcement

Bavarian Nordic Announces Annual Report 2019

COPENHAGEN, Denmark, February 20, 2020 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today its Annual Report for 2019. Below is a summary of business progress, financial performance for the year and financial outlook for 2020. The full report is attached as a PDF file and can be found on the company's website, www.bavarian-nordic.com.

A year of transformation

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: “2019 was a decisive year for Bavarian Nordic with several important events that have reshaped the Company towards fulfilling our vision. In particular, the FDA approval of JYNNEOS and our acquisition of Rabipur/RabAvert and Encepur from GlaxoSmithKline were two significant game-changers for us as we are now transitioning into a commercial vaccine company with a solid cash flow generation, allowing us to continue investments in our pipeline to bring additional life-saving products to the market. By establishing commercial operations, we will become a full-fledged company leveraging our existing strengths in R&D and manufacturing with an ambition to deliver sustainable profitability. To succeed in this endeavor, we have strengthened our leadership team with experienced people in commercial and R&D and will also be inviting many new colleagues to join us on this exciting journey.”

Important events after the balance sheet date

- In January 2020, we completed the sale of the Priority Review Voucher, granted by the FDA in connection with the approval of JYNNEOS in 2019. Net proceeds from the sale were DKK 620 million.
- In November 2019, we strengthened our leadership team with the appointment of Jean-Christophe (JC) May as Executive Vice President and Chief Commercial Officer, who took up his position in January 2020. Based in a newly established office in Zug, Switzerland, he is heading our commercial organization, which is being ramped up to secure a successful transition of sales and marketing responsibilities for the acquired vaccines, as well to grow the market for our monkeypox vaccine.
- Our leadership team was further strengthened with the appointment in January 2020 of Laurence De Moerlooze as Executive Vice President and Chief Medical Officer, who will take up her position in April 2020. She is joining the Company from Takeda Vaccines where she currently serves as Vice President and Global Program Lead for vaccines against Zika virus and Norovirus and has previously worked at GSK for more than 15 years, holding various leading roles in medical affairs and vaccine development working with numerous life-saving vaccines including Rabipur/RabAvert and Encepur.
- During the first quarter of 2020, we will transfer our headquarters to Hellerup near Copenhagen in order to allow for the further expansion of the manufacturing facility in Kvistgaard, as we scale up and expand our manufacturing activities to incorporate the acquired vaccines, as well as launch our new fill and finish facility.

Strategy and short-term goals

By 2025, we aspire to be one of the largest pure play vaccines companies, improving and saving lives by excelling in **R&D innovation, manufacturing and commercialization**. To drive forward our ambitions for growth, we have outlined the following three strategic pillars along with our mid- to long-term goals in the annual report:

- A company driven by **Commercial** excellence
- Develop **Innovative** and lifesaving vaccines
- Best-in-class vaccine **Manufacturer**

The key strategic activities and milestones in 2020 for each strategic area include:

A company driven by Commercial excellence

- Assume full sales and marketing responsibility for Rabipur/RabAvert and Encepur from GlaxoSmithKline
- Establish a full commercial organization to support Rabipur/RabAvert, Encepur and JYNNEOS for the monkeypox indication
- Take over physical distribution of Rabipur/RabAvert and Encepur in selected markets
- Increase awareness and establish a new market for the monkeypox indication

Develop Innovative and lifesaving vaccines

- Continue preparations for initiation of the Phase 3 trial of MVA-BN RSV in the elderly in 2021
- Advance the Phase 3 trial of smallpox MVA-BN freeze-dried formulation
- Obtain successful marketing authorization of Ebola vaccine MVA-BN Filo in the EEA (partnered with Janssen)
- Establish proof-of-concept for BN-Brachyury in chordoma
- Explore intra-tumoral/intravenous administration within immunotherapy

Best-in-class vaccine Manufacturer

- Complete the qualification and validation of the newly built fill and finish facility
- Commence investment in expansion of vaccine bulk manufacturing
- Commence the manufacturing technology transfer of Rabipur/RabAvert and Encepur

Financial performance

Bavarian Nordic achieved its planned goals for 2019 and outperformed compared to guidance on revenue and earnings before interest and tax (EBIT).

Revenues were DKK 662 million, compared to a guidance of DKK 600 million as more revenue was recognized on the BARDA funding to support qualification and validation of the new fill and finish facility. Revenue from product sales was DKK 324 million and revenue from ongoing development contracts was DKK 338 million.

The result before interest and tax (EBIT) was a loss of DKK 328 million, compared to a guided loss of DKK 360 million.

The cash preparedness at year-end was DKK 716 million, compared to a guidance of DKK 700 million, and was composed of DKK 472 million in cash, cash equivalents and investments in securities and DKK 244 million in undrawn credit lines.

For a detailed financial review, see the annual report.

2019	DKK million		USD million*	
	guidance	actual	guidance	actual
Revenue	600	662	90	99
EBIT	(360)	(328)	(54)	(49)
Cash preparedness, year-end**	700	716	105	107

* Danish kroner (DKK) is the Company's reporting currency. The USD figures provided above are based upon an assumed exchange rate of DKK 6.68 per 1.00 USD, which was the exchange rate as of December 31, 2019.

** Cash preparedness includes cash, cash equivalents, investments in securities and the aggregate amount of undrawn credit lines.

Outlook for 2020

The acquisition of Rabipur/RabAvert and Encepur will have a significant positive impact on Bavarian Nordic's revenue, as the vaccines will become the primary revenue driver. In 2019, GlaxoSmithKline posted revenues of approximately DKK 1,490 million from combined sales of the vaccines, compared to Bavarian Nordic's estimate of approximately DKK 1,300 million. The higher revenue is primarily ascribed to better performance for Rabipur/RabAvert, which has benefitted from competitor stock-outs during 2019 and is not considered to reoccur in the short term. Bavarian Nordic does not anticipate stock-outs to affect the sales in 2020 and thus maintain expectations to grow combined sales of the new products by a low-to-mid single digit rate annually from the previous estimated 2019 level.

2020E (all numbers are approximate)	DKK million	USD million
Revenue	1,900	288
EBITDA	675	102
Cash and cash equivalents, year-end	1,350	205

In addition to sales from Rabipur/RabAvert and Encepur the guidance also assumes revenue from our smallpox vaccine business, a milestone payment from Janssen related to expected EMA approval of the Ebola vaccine and other revenue from contract work. The smallpox revenue mainly relates to sales from uncommitted contracts, but also includes committed contract work related to the ongoing Phase 3 study of the freeze-dried smallpox vaccine and validation of the new fill and finish facility. The revenue assumptions are based on currency exchange rates of DKK 6.60 per 1 USD and DKK 7.45 per 1 EUR.

Net proceeds of DKK 620 million from the sale of the Priority Review Voucher, granted to the Company by the FDA in connection with the approval of JYNNEOS in 2019, were received in January 2020 and will be recognized as other operating income in the consolidated financial statements for 2020.

Research and development costs of approximately DKK 500 million are expected for 2020, of which approximately DKK 150 million are expected to be recognized as production costs as the investment is deployed towards contract work.

See the annual report for a full description of assumptions for the 2020 guidance.

Rights issue in first half 2020

To support the acquisition of Rabipur/RabAvert and Encepur, including repayment of the bridge financing provided by Citi and Nordea, the Company is planning a rights issue on Nasdaq Copenhagen in the first half of 2020. The rights issue, which has been approved by the Company's shareholders, is fully underwritten by Citi and Nordea as Joint Global Coordinators.

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 annual results followed by a Q&A session. A listen-only version of the call can be accessed via <http://www.bavarian-nordic.com/investor/events.aspx?event=5689>. 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 9168708.

About Bavarian Nordic

Bavarian Nordic is a fully integrated biotechnology company focused on the development, manufacture and commercialization of life-saving vaccines. We are a global leader in smallpox vaccines and has been a long-term supplier to the U.S. Strategic National Stockpile of a non-replicating smallpox vaccine, which has been approved by the FDA, also for the protection against monkeypox. Our commercial product portfolio furthermore contains market-leading vaccines against rabies and 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 investigational Ebola vaccine, licensed to Janssen. 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.

Contacts

Rolf Sass Sørensen

Vice President Investor Relations (EU)

Tel: +45 61 77 47 43

Graham Morrell, Paddock Circle Advisors (US)

graham@paddockcircle.com

Tel: +1 781 686 9600

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