



Bavarian Nordic Announces Interim Results for the First Three Months of 2020

COPENHAGEN, Denmark, May 14, 2020 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today its interim financial results and business progress for the first three months of 2020.

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: “The beginning of 2020 has been a productive period for Bavarian Nordic with continued progress on our strategic initiatives. Upon completion of the acquisition of Rabipur/RabAvert and Encepur from GSK, we entered the new year as a commercial vaccine company and are today reporting revenues of the acquired products for the first time. While we see increased uncertainties in certain markets and segments due to the COVID-19 situation, we are pleased to maintain our full-year guidance, supported by strong outlook in other parts of our business, including the recent large smallpox vaccine order from the U.S. government. With strong support as well as appreciation of our updated strategy from existing and new shareholders, we also completed the planned rights issue to finance the acquisition from GSK. As a company engaged in public health and preparedness, we feel the urgency to pursue a viable vaccine for COVID-19 and are extremely pleased to support AdaptVac and an international consortium in pursuing a capsid virus like particle-based vaccine, which we believe has the real possibility to meet the WHO criteria of a single shot vaccine to protect all populations from COVID-19.”

Financial highlights from the first quarter

- Revenues of DKK 365 million comprised of DKK 321 million from sale of the new products, Rabipur®/RabAvert® and Encepur® and DKK 44 million from contract work
- Other operating income of DKK 628 million from sale of Priority Review Voucher
- EBITDA of DKK 641 million
- Cash flow from financing activities was positive with DKK 1,363 million following completion of rights issue in March generating DKK 2,824 million in gross proceeds, partly offset by repayment of DKK 1,382 million bridge financing for upfront payment to GSK (including amortized costs of DKK 9 million)
- Strong cash position of DKK 2,205 million at end of the quarter, excluding unutilized credit facilities of DKK 244 million
- Outlook for the year maintained with revenues of approximately DKK 1,900 million and EBITDA of approximately DKK 675 million.

DKK million	Q1 2020	Q1 2019	2020 Guidance
Revenue	365	127	1,900
EBITDA	641	(90)	675
Securities, cash and cash equivalents	2,205	1,928	1,350

Events after the reporting date

- In April, the Company was awarded a new USD 202 million order for JYNNEOS® smallpox vaccine from the U.S. government with manufacturing and deliveries occurring in 2020 and 2021. This in addition to the USD 299 million order for delivery of freeze-dried doses and brings the total value of current orders and options beyond USD 500 million.
- In May, the Company signed an exclusive heads of agreement with AdaptVac to license their proprietary capsid virus like particle (VLP) based SARS-CoV-2 subunit (COVID-19) vaccine. A final license agreement is expected to be in place by end of first half 2020. As part of the agreement, Bavarian Nordic will be responsible for the clinical development and global commercialization of the vaccine.

Conference call and webcast

The management of Bavarian Nordic will host a conference call today at 2 pm CEST (8 am EDT) to present the interim 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=5690>. 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 5654328.

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Company Announcement no. 29 / 2020

Page 1 of 19

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 have 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 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 market-leading vaccines 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 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.

Consolidated key figures (unaudited)

DKK thousand	1/1 - 31/3 2020	1/1 - 31/3 2019	1/1-31/12 2019
Income statements			
Revenue	365,405	126,834	662,488
Production costs	243,084	77,555	354,757
Sales and distribution costs	74,847	10,161	53,476
Research and development costs	66,081	103,739	409,284
Administrative costs	51,452	39,686	173,417
Other operating income	627,647	-	-
Income before interest and taxes (EBIT)	557,588	(104,307)	(328,446)
Financial items, net	(42,001)	5,405	(16,303)
Income before company tax	515,587	(98,902)	(344,749)
Net profit for the period	514,578	(99,625)	(346,777)
Balance sheet			
Total non-current assets	6,374,683	683,806	6,392,194
Total current assets	2,630,588	2,078,009	654,874
Total assets	9,005,271	2,761,815	7,047,068
Equity	5,110,553	2,087,152	1,865,455
Non-current liabilities	3,184,714	452,201	3,134,392
Current liabilities	710,004	222,462	2,047,221
Cash flow statements			
Securities, cash and cash equivalents	2,205,150	1,927,854	472,364
Cash flow from operating activities	432,027	(70,845)	(275,910)
Cash flow from investment activities	(630,145)	193,248	(809,940)
- Investment in intangible assets	(21,671)	-	(2,310,908)
- Investment in property, plant and equipment	(10,828)	(72,762)	(360,102)
- Net investment in securities	(572,679)	265,972	1,861,143
Cash flow from financing activities	1,363,041	(250,719)	1,114,666
Financial Ratios¹⁾			
EBITDA after Other operating income	641,205	(89,832)	(271,401)
EBITDA before Other operating income	13,558	(89,832)	(271,401)
Earnings (basic) per share of DKK 10	12.6	(3.1)	(10.7)
Net asset value per share	87.7	64.6	57.7
Share price at period-end	109	139	127
Share price/Net asset value per share	1.2	2.2	2.2
Number of outstanding shares at period-end (thousand) ²⁾	58,300	32,311	32,311
Equity share	57%	76%	26%
Number of employees, converted to full-time, at period-end	552	436	419

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 25,911,252 at completion of rights issue end March 2020.

Reconciliation of EBITDA

Income before interest and tax (EBIT)	557,588	(104,307)	(328,446)
Depreciation and amortization	83,617	14,475	57,045
EBITDA after Other operating income	641,205	(89,832)	(271,401)

Management's Review

Sales and other income

Comparative figures for 2019 are shown in brackets. Sales figures from Q1 2019 have been provided by GSK and are presented for comparison only.

mDKK	Q1 2020	Q1 2019	Growth
Rabipur/RabAvert	218	182	20%
Encepur	103	172	-40%
Smallpox vaccine	-	49	-100%
Contract work	44	78	-43%
Total	365	481	

Rabipur/RabAvert revenue amounted to DKK 218 million (DKK 182 million) for the quarter. The significant increase was primarily driven by a competitor's out-of-stock situation in the beginning of the year, and to some extent by the launch of Rabipur in Japan during Q3 2019. The rabies market can be divided in two sub-segments, the pre-exposure, which is primarily a travel vaccine market, and the post-exposure segment. It is expected that the travel related demand for a rabies vaccine will be significantly reduced until global travel starts resuming back to normal levels. The post-exposure segment is expected to be much more resilient and is not expected to suffer from the COVID-19 situation.

Encepur revenue amounted to DKK 103 million (DKK 172 million) for the quarter. Market share in key markets were unchanged and the year-over-year decline was caused mainly by inventory movements in the supply chain and some market decline in key markets. Revenue is mainly recognized when wholesalers are supplied and invoiced and this can cause material fluctuations year-over-year as wholesalers and pharmacies either increase or decrease inventory levels. As access to physicians was restricted in March due to the COVID-19 situation in some markets this added to the decline versus prior year. Besides this short-term restricted access, the COVID-19 situation is not expected to impact the underlying demand for TBE vaccines, and a catch-up effect could be seen once restrictions are lifted, provided that this happens before the end of the tick season.

Revenue from the sale of smallpox vaccines was DKK 0 million (DKK 49 million). In April 2020, Bavarian Nordic was awarded a new smallpox vaccine order from the U.S. government of up to USD 202 million, of which USD 106 million has been secured with the majority being revenue recognized later in 2020.

Revenue from contract work was DKK 44 million (DKK 78 million), primarily related to qualification and validation activities relating to the new fill-and-finish plant under the smallpox contract with the U.S. government.

The sale of the Priority Review Voucher was completed in Q1 2020, generating DKK 628 million in other operating income.

Update on strategic priorities

In Q1, Bavarian Nordic continued to progress its growth strategy to become one of the largest pure play vaccines companies, improving and saving lives by excelling in **R&D innovation**, **manufacturing** and **commercialization** by 2025.

Commercial

Following the acquisition of Rabipur/RabAvert and Encepur and the FDA approval of JYNNEOS, Bavarian Nordic has an ambition to

expand its operations to include a full commercial organization. The acquisition creates the opportunity to establish a scaled commercial organization that is synergistic to JYNNEOS for the monkeypox indication.

The work to establish a full commercial infrastructure is progressing well and in line with plans. The commercial leadership team is now complete and very competent and experienced people have been recruited, including the heads of commercial organizations in the US and Germany. Preparations to take over physical distribution is also well on track for the first markets to be transferred during second half of 2020.

New JYNNEOS order from the U.S. government

In April, Bavarian Nordic was awarded a new order for JYNNEOS from the U.S. Biomedical Advanced Research and Development Authority (BARDA), part of the Office of the Assistant Secretary for Preparedness and Response at the U.S. Department of Health and Human Services. The order of a total value of USD 202 million was placed under the existing contract, awarded in 2017, for the manufacturing and supply of JYNNEOS. This new order is in addition to the existing option to manufacture approximately 13 million freeze-dried doses worth USD 299 million and brings the total value of current orders and option beyond USD 500 million.

The contract expansion covers two years and includes the manufacturing of additional bulk vaccine and the supply of up to 1.4 million doses of liquid frozen JYNNEOS. Most of these liquid frozen doses will be manufactured at Bavarian Nordic's new fill and finish facility, bringing the commercial production of both the liquid frozen and freeze-dried vaccine formulations in-house. This is the first order from the U.S. Government following the approval of JYNNEOS by the FDA in September 2019, which will ensure the availability of a licensed, non-replicating smallpox vaccine in the U.S. Strategic National Stockpile (SNS) for potential use by first-line responders.

While the first USD 106 million of the contract has been secured, with the majority being recognized as income in 2020, the second part is expected to be exercised during 2021.

R&D innovation

Bavarian Nordic sees the continued progression of the development pipeline as of strategic importance with the aim to develop lifesaving vaccines. Key pipeline priorities are development and approval of the freeze-dried version of the smallpox vaccine, development and approval of an RSV vaccine, and to advance other infectious diseases and immunotherapy projects.

See full pipeline on page 7.

RSV

The preparations for the Phase 3 efficacy trial of MVA-BN RSV in the elderly are continuing with an aim to initiate the study in 2021, provided that the COVID-19 situation does not prevent running larger Phase 3 studies in this field.

MVA-BN smallpox, freeze-dried

The Phase 3 trial (lot consistency trial) of freeze-dried MVA-BN is proceeding as planned. Enrollment was completed in November 2019 and all subjects are already in long-term follow-up phase, hence no substantial impact by the COVID-19 situation is expected. Completion of the study is expected in 2021, with subsequent FDA approval anticipated in 2022.

Equine encephalitis

The Phase 1 clinical study of MVA-BN WEV performed under the contract with the U.S. government is proceeding as planned. All subjects are already in long-term follow-up phase, hence no substantial impact by the COVID-19 situation is expected and with topline results expected in Q2 2020.

Ebola

The MVA-BN Filo vaccine candidate, which is licensed to Janssen and part of their Ebola vaccine regimen, is currently under review by the European Medicines Agency (EMA) with potential approval in 2020.

BN-Brachyury

The Phase 2 trial of BN-Brachyury in 29 patients with advanced chordoma is continuing as planned. Enrollment was completed in October 2019 and the study is progressing with treatments as per the study protocol and follow-up. Results are anticipated in 2020.

Intra-tumoral/intravenous immunotherapy

The investigation of innovative delivery methods for Bavarian Nordic's immune-oncology candidates remain a priority and a Phase 1 open label trial of intravenous administration of MVA-BN-Brachyury vaccine in patients with advanced cancer was initiated early 2020. The study progressed as planned until the COVID-19 situation, forcing the NCI to stop the enrollment until the situation returns to normal.

Manufacturing

Bavarian Nordic wants to further leverage its expertise within manufacturing of live virus vaccines. This involves completing the manufacturing footprint to encompass the full value chain from bulk manufacturing to fill and finish, as well as increasing bulk capacity and introducing the flexibility to manufacture different bulk vaccines in parallel. All of this with the strategic aim to be a best-in-class vaccine manufacturer.

During the COVID-19 situation, the manufacturing, including activities related to the establishment of the new fill and finish facility have continued uninterrupted.

As part of the facility expansion, including the technology transfer for Rabipur/RabAvert and Encepur, a significant number of new employees have joined Bavarian Nordic, and more will be added over time. Onboarding and training of new staff has remained largely unaffected during these times.

New fill and finish facility

Commissioning and qualification of the facility is progressing as planned and the preparations for validation of the first product on the line are ongoing. The first commercial product to be filled will be JYNNEOS liquid-frozen smallpox vaccine, which is planned to commence in 2021.

Expansion of vaccine bulk manufacturing

Bavarian Nordic will be investing in the expansion of the existing bulk manufacturing, which will significantly increase the capacity and flexibility of the existing facility, by allowing multiple products to be manufactured in parallel.

Technology transfer of Rabipur/RabAvert and Encepur

The planned technology transfer activities for both Rabipur/RabAvert and Encepur, Rabipur, including raw materials and QC test methods are progressing according to plan.

Other matters**New CMO joins Bavarian Nordic**

In April, Laurence de Moerloozee joined Bavarian Nordic as Executive Vice President and Chief Medical Officer (CMO), a role she was appointed in January 2020. Dr. De Moerloozee joins

Bavarian Nordic from Takeda Vaccines, where she served as Vice President and Global Program Lead for vaccines against Zika virus and Norovirus. Prior to joining Takeda, she worked at GlaxoSmithKline (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.

The executive management of Bavarian Nordic hereinafter consists of Paul Chaplin, President & Chief Executive Officer, Henrik Juuel, Chief Financial Officer, JC May, Chief Commercial Officer, Laurence de Moerloozee, Chief Medical Officer, Tommi Kainu, Chief Business Officer and Henrik Birk, Chief Operating Officer.

Annual general meeting

The annual general meeting has been postponed due to the COVID-19 situation. The Company expects the meeting to be held in June 2020 and the new date will be announced separately.

Financial review

Financial statements for the period January 1 - March 31, 2020 are un-audited. Comparison figures for the same period 2019 are stated in brackets.

Revenue

Revenue generated for the three months ending March 31, 2020 was DKK 365 million (DKK 127 million). Revenue was composed of DKK 321 million (DKK 0 million) from sale of the two new products Rabipur/RabAvert and Encepur and DKK 44 million (DKK 78 million) from contract work. The sale of MVA-BN smallpox vaccine bulk drug substance to U.S. Government amounted to DKK 49 million in the first quarter 2019.

Production costs

Production costs totaled DKK 243 million (DKK 78 million). Costs related directly to revenue amounted to DKK 172 million (DKK 56 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 68 million (DKK 0 million). Management has assessed the amortization period for the product rights to be 20 years, which is further described in the Annual Report for 2019, note 15. Other production costs totaled DKK 3 million (DKK 22 million).

Research and development costs

Research and development costs totaled DKK 66 million (DKK 104 million). The amount excludes R&D costs of DKK 29 million (DKK 43 million) classified as production costs. The reduction in research and development costs is primarily related to phasing of the RSV project.

Sales and distribution costs

Sales and distribution costs totaled DKK 75 million (DKK 10 million) split between costs for distribution of products DKK 39 million (DKK 0 million) and costs for running the commercial organization and activities DKK 36 million (DKK 10 million).

Administrative costs

Administrative costs totaled DKK 51 million (DKK 40 million), an increase of DKK 11 million compared to last year. The increase is mainly driven by an increased number of employees within IT and external IT costs to be able to implement new systems required to run a full-scale commercial business.

Other operating income

Other operating income totaled DKK 628 million and regards the sale of the Priority Review Voucher, granted to the Company by the FDA in connection with the approval of JYNNEOS. The sale of the Priority Review Voucher was announced in December 2019, but not completed until January 2020 due to customary closing conditions, including anti-trust review.

EBIT

Income before interest and tax (EBIT) was a gain of DKK 558 million (loss of DKK 104 million).

Financial items

Financial items totaled a net expense of DKK 42 million (net income of DKK 5 million) and consisted of interest expense on debt of DKK 18 million (DKK 4 million), unwinding of the discount related to deferred consideration of DKK 21 million (DKK 0 million), a net expense from securities of DKK 6 million (net income DKK 8 million) and a net loss on derivative financial instruments of DKK 3 million (DKK 0 million), partly offset by net foreign exchange rate gains of DKK 6 million (DKK 1 million).

Income before company tax was a gain of DKK 516 million (loss of DKK 99 million).

Tax

Tax on income was DKK 1 million (DKK 1 million) and relates to the German subsidiary. The parent company's taxable income for the full year of 2020 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 13 in the Annual Report for 2019.

Net profit

For the first three months of 2020, Bavarian Nordic reported a net profit of DKK 515 million (net loss of DKK 100 million).

Product rights

Product rights recognized in the balance sheet totaled DKK 5,390 million and relates to Rabipur/RabAvert and Encepur.

Assets under construction

The new fill and finish facility constitutes the main part of assets under construction, DKK 633 million (DKK 333 million).

Trade receivables

Trade receivables increased compared to 2019 mainly following the sale of Rabipur/RabAvert and Encepur in the first quarter 2020.

Securities, cash and cash equivalents

Securities, cash and cash equivalents increased by DKK 1,733 million compared to December 31, 2019 following the rights issue and the sale of the Priority Review Voucher.

As of March 31, 2020, the Group's cash preparedness was DKK 2,449 million (DKK 716 million as of December 31, 2019):

DKK million	Q1 2020	Q1 2019	FY 2019
Securities	741	1,788	175
Cash and cash equivalents	1,464	140	297
Securities, cash and cash equivalents	2,205	1,928	472
Unutilized credit facility	244	244	244
Cash preparedness	2,449	2,172	716
Bridge Loan (expiry March 2020)	-	-	1,373
European Investment Bank (bullet loan with expiry in 2022)	372	372	372

Cash flow

Cash flow generated by operating activities was DKK 432 million (spend of DKK 71 million), mainly driven by the sale of the Priority Review Voucher. Cash flow from investment activities was negative by DKK 630 million (positive by DKK 193 million) mainly due to net investments in securities of DKK 573 million (net sale of DKK 266 million). Cash flow from financing activities was a contribution of DKK 1,363 million (spend of DKK 251 million), following the rights issue partly offset by repayment of the bridge loan. The cash spend in 2019 related to settlement of repo transactions. The net change in cash and cash equivalents was DKK 1,165 million (DKK -128 million).

Equity

The Group's equity as of March 31, 2020 stood at DKK 5,111 million (DKK 1,865 million as of December 31, 2019). The rights issue increased the equity by DKK 2,824 million before costs.

Deferred consideration

Deferred consideration for product rights amounted to DKK 3,151 million after payment of inventory value adjustment to GSK and adjustment of net present value (discounting impact for 3 months).

Debt to credit institutions

Debt to credit institutions decreased by DKK 1,373 million compared to December 31, 2019 as the bridge loan was repaid following the completion of the rights issue.

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 54-55 "Risk Management" in the 2019 Annual Report.

In addition to the risk factors stated in the annual report, the COVID-19 situation could impact Bavarian Nordic's business adversely if the situation continues beyond the near term.

Outlook for 2020

Bavarian Nordic maintains the financial guidance for 2020 with expected revenue of approximately DKK 1,900 million and an EBITDA of approximately DKK 675 million. Securities, cash and cash equivalents at year-end are expected to be approximately DKK 1,350 million.

The key assumptions for the guidance remain largely unchanged since the publication of guidance in the 2019 Annual Report. While the COVID-19 situation may affect the commercial markets, the significant value of the recently awarded order for smallpox vaccine from the U.S. government is expected to mitigate for any increased uncertainties.

Financial calendar 2020

Annual General Meeting	TBD
Half-year report (Q2)	August 26, 2020
Nine-month report (Q3)	November 11, 2020

Development 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				Phase 3 planned to initiate in 2021. Initial data read-out in 2022
MVA-BN Filo	Ebola				Licensed to Janssen. Janssen has filed MAA in Europe with potential approval in 2020
MVA-BN WEV	Equine encephalitis				Phase 1 dose finding study ongoing, topline results anticipated in 2020
MVA-BN HPV	HPV				Licensed to Janssen. Phase 1/2a study ongoing
BN-Brachyury	Chordoma				Report initial ORR results from Phase 2 study of BN-Brachyury in chordoma during 2020

Financial statements

Unaudited Condensed Consolidated Income Statements for the Periods Ended March 31, 2020 and 2019 and December 31, 2019

DKK thousand	Note	1/1 - 31/3 2020	1/1 - 31/3 2019	1/1-31/12 2019
Revenue	3	365,405	126,834	662,488
Production costs	4	243,084	77,555	354,757
Gross profit		122,321	49,279	307,731
Sales and distribution costs		74,847	10,161	53,476
Research and development costs	5	66,081	103,739	409,284
Administrative costs		51,452	39,686	173,417
Total operating costs		192,380	153,586	636,177
Other operating income		627,647	-	-
Income before interest and tax (EBIT)		557,588	(104,307)	(328,446)
Financial income	6	7,155	9,496	22,540
Financial expenses	7	49,156	4,091	38,843
Income before company tax		515,587	(98,902)	(344,749)
Tax on income for the period		1,009	723	2,028
Net profit for the period		514,578	(99,625)	(346,777)
Earnings per share (EPS) - DKK				
Basic earnings per share of DKK 10		12.6	(3.1)	(10.7)
Diluted earnings per share of DKK 10		12.6	(3.1)	(10.7)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended March 31, 2020 and 2019 and December 31, 2019

DKK thousand	1/1 - 31/3 2020	1/1 - 31/3 2019	1/1-31/12 2019
Net profit for the period	514,578	(99,625)	(346,777)
Items that might be reclassified to the income statement:			
Exchange rate adjustments on translating foreign operations	(61)	4	(149)
Fair value of financial instruments entered into to hedge future cash flows	(3,569)	(3,688)	2,644
Other comprehensive income after tax	(3,630)	(3,684)	2,495
Total comprehensive income	510,948	(103,309)	(344,282)

Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended March 31, 2020 and 2019 and December 31, 2019

DKK thousand	1/1 - 31/3 2020	1/1 - 31/3 2019	1/1-31/12 2019
Net profit for the period	514,578	(99,625)	(346,777)
Adjustment for non-cash items:			
Financial income	(7,155)	(9,496)	(22,540)
Financial expenses	49,156	4,091	38,843
Tax on income for the period	1,009	723	2,028
Depreciation, amortization and impairment losses	83,616	14,473	57,045
Share-based payment	6,360	10,035	26,449
Adjustment for other non-cash items	-	-	22,200
Changes in inventories	(86,002)	4,394	(22,074)
Changes in receivables	(138,665)	48,494	15,763
Changes in current liabilities	17,925	(43,232)	(51,229)
Cash flow from operations (operating activities)	440,822	(70,143)	(280,292)
Received financial income	542	5,456	27,052
Paid financial expenses	(9,337)	(5,433)	(19,457)
Paid company taxes	-	(725)	(3,213)
Cash flow from operating activities	432,027	(70,845)	(275,910)
Investments in products rights	(21,671)	-	(2,307,570)
Investments in other intangible assets	(10,828)	-	(3,338)
Investments in property, plant and equipment	(22,787)	(72,762)	(360,102)
Investments in/disposal of financial assets	(2,180)	38	(73)
Investments in securities	(671,190)	(322,370)	(1,239,097)
Disposal of securities	98,511	588,342	3,100,240
Cash flow from investment activities	(630,145)	193,248	(809,940)
Payment on loans	(1,382,918)	(247,266)	(248,884)
Proceeds from loans	-	-	1,372,953
Repayment of lease liabilities	(3,548)	(3,453)	(12,923)
Proceeds from warrant programs exercised	-	-	10,315
Proceeds from rights issue	2,824,326	-	-
Cost related to issue of new shares	(99,983)	-	(2,219)
- hereof accrued costs	22,500	-	-
Sale of preemptive rights - treasury shares	2,664	-	-
Purchase of treasury shares	-	-	(4,576)
Cash flow from financing activities	1,363,041	(250,719)	1,114,666
Cash flow of the period	1,164,923	(128,316)	28,816
Cash as of 1 January	297,545	266,658	266,658
Currency adjustments 1 January	2,055	1,970	2,071
Cash end of period	1,464,523	140,312	297,545

Unaudited Condensed Consolidated Statements of Financial Position - Assets as of March 31, 2020 and 2019 and December 31, 2019

DKK thousand	Note	31/3 2020	31/3 2019	31/12 2019
Assets				
Product rights		5,390,466	-	5,458,700
Software		20,693	29,790	22,512
Intangible assets in progress		13,240	119	3,043
Intangible assets		5,424,399	29,909	5,484,255
Land and buildings		158,005	175,161	162,327
Leasehold improvements		2,424	970	843
Plant and machinery		43,261	51,763	44,265
Fixtures and fittings, other plant and equipment		23,177	22,436	20,368
Assets under construction		633,261	332,997	618,101
Property, plant and equipment		860,128	583,327	845,904
Right-of-use assets	13	86,531	69,236	60,590
Other receivables		3,625	1,334	1,445
Financial assets		3,625	1,334	1,445
Total non-current assets		6,374,683	683,806	6,392,194
Development projects for sale		-	22,201	-
Inventories	8	186,764	74,294	100,762
Trade receivables		210,604	20,125	43,405
Tax receivables		747	-	767
Other receivables	9	18,183	19,476	28,387
Prepayments		9,140	14,059	9,189
Receivables		238,674	53,660	81,748
Securities		740,627	1,787,542	174,819
Cash and cash equivalents		1,464,523	140,312	297,545
Securities, cash and cash equivalents		2,205,150	1,927,854	472,364
Total current assets		2,630,588	2,078,009	654,874
Total assets		9,005,271	2,761,815	7,047,068

Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of March 31, 2020 and 2019 and December 31, 2019

DKK thousand	Note	31/3 2020	31/3 2019	31/12 2019
Equity and liabilities				
Share capital		583,003	323,106	323,891
Treasury shares		(599)	(396)	(684)
Retained earnings		4,444,869	1,700,397	1,460,007
Other reserves		83,280	64,045	82,241
Equity		5,110,553	2,087,152	1,865,455
Deferred consideration for product rights		2,715,580	-	2,691,400
Debt to credit institutions	10	394,901	397,076	395,443
Lease liabilities	13	74,233	55,125	47,549
Non-current liabilities		3,184,714	452,201	3,134,392
Deferred consideration for product rights		435,073	-	459,730
Debt to credit institutions	10	2,163	2,148	1,375,116
Lease liabilities	13	13,878	14,312	13,851
Prepayment from customers	11	28,117	14,627	6,631
Trade payables		150,910	93,881	112,088
Company tax		-	1,106	-
Other liabilities	12	79,863	96,388	79,805
Current liabilities		710,004	222,462	2,047,221
Total liabilities		3,894,718	674,663	5,181,613
Total equity and liabilities		9,005,271	2,761,815	7,047,068

Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods March 31, 2020 and 2019

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	-	-	514,578	-	-	-	514,578
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	(61)	-	-	(61)
Fair value of financial instruments	-	-	-	-	(3,569)	-	(3,569)
Total comprehensive income for the period	-	-	514,578	(61)	(3,569)	-	510,948
Transactions with owners							
Share-based payment	-	-	-	-	-	7,143	7,143
Capital increase through rights issue	259,112	-	2,565,214	-	-	-	2,824,326
Cost related to issue of new shares	-	-	(99,983)	-	-	-	(99,983)
Transfer regarding restricted stock units	-	85	2,389	-	-	(2,474)	-
Sale of preemptive rights - treasury shares	-	-	2,664	-	-	-	2,664
Total transactions with owners	259,112	85	2,470,284	-	-	4,669	2,734,150
Equity as of March 31, 2020	583,003	(599)	4,444,869	(37,619)	(1,282)	122,181	5,110,553

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
Comprehensive income for the period							
Net profit	-	-	(99,625)	-	-	-	(99,625)
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	4	-	-	4
Fair value of financial instruments	-	-	-	-	(3,688)	-	(3,688)
Total comprehensive income for the period	-	-	(99,625)	4	(3,688)	-	(103,309)
Transactions with owners							
Share-based payment	-	-	-	-	-	9,833	9,833
Transfer regarding restricted stock units	-	111	2,900	-	-	(3,011)	-
Total transactions with owners	-	111	2,900	-	-	6,822	9,833
Equity as of March 31, 2019	323,106	(396)	1,700,397	(37,405)	(4,045)	105,495	2,087,152

Notes

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. Right-of-use assets and lease liabilities
14. Financial instruments
15. Warrants
16. Significant changes in contingent liabilities and other contractual obligations
17. Significant events after the balance sheet date
18. 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 2019 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by EU.

As of March 31, 2020, the Company has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2020 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 2019, the Management has not changed significant estimates and judgments regarding recognition and measurement.

The Annual Report 2019 has not yet been approved by the General Meeting due to the postponement of the General Meeting as a consequence of the COVID-19 lock-down. The General Meeting is expected to be held in June 2020.

DKK thousand	1/1 - 31/3 2020	1/1 - 31/3 2019	1/1-31/12 2019
3. Revenue			
MVA-BN smallpox vaccine sale	186	48,849	324,258
Rabipur/RabAvert	218,140	-	-
Encepur	102,770	-	-
Sale of goods	321,096	48,849	324,258
Contract work	44,309	77,985	338,230
Sale of services	44,309	77,985	338,230
Revenue	365,405	126,834	662,488
Total revenue includes:			
Fair value adjustment concerning financial instruments entered into to hedge revenue	-	-	(13,006)
4. Production costs			
Cost of goods sold	142,295	12,187	87,272
Contract costs	29,253	43,174	219,200
Amortization product rights	68,234	-	-
Other production costs	3,302	22,194	48,285
Production costs	243,084	77,555	354,757
5. Research and development costs			
Research and development costs occurred in the period	95,334	146,913	628,484
Of which:			
Contract costs recognized as production costs	(29,253)	(43,174)	(219,200)
Research and development costs	66,081	103,739	409,284
6. Financial income			
Financial income from bank and deposit contracts	188	431	602
Interest income from financial assets not measured at fair value through the income statement	188	431	602
Financial income from securities	1,153	5,108	16,435
Fair value adjustments on securities	-	2,846	-
Net gains on derivative financial instruments at fair value through the income statement	-	-	5,503
Net foreign exchange gains	5,814	1,111	-
Financial income	7,155	9,496	22,540
7. Financial expenses			
Interest expenses on debt	18,457	4,091	18,490
Interest expenses on financial liabilities not measured at fair value through the income statement	18,457	4,091	18,490
Fair value adjustments on securities	6,921	-	15,330
Unwinding of the discount related to deferred consideration	21,194	-	-
Net loss on derivative financial instruments at fair value through the income statement	2,584	-	-
Net foreign exchange losses	-	-	5,023
Financial expenses	49,156	4,091	38,843

DKK thousand	31/3 2020	31/3 2019	31/12 2019
8. Inventories			
Raw materials and supply materials	48,761	28,414	39,578
Work in progress	237,686	147,552	163,513
Manufactured goods and commodities	336	1,758	1,727
Write-down on inventory	(100,019)	(103,430)	(104,056)
Inventories	186,764	74,294	100,762
Write-down on inventory 1 January	(104,056)	(107,692)	(107,692)
Write-down during the period	-	-	(17,824)
Use of write-down	3,854	4,236	7,683
Reversal of write-down	183	26	13,777
Write-down end of period	(100,019)	(103,430)	(104,056)
9. Other receivables			
Receivable VAT and duties	15,391	8,716	24,188
Financial instruments at fair value	-	-	3,530
Accrued interest	2,792	10,760	664
Other receivables	-	-	5
Other receivables	18,183	19,476	28,387
10. Debt to credit institutions			
Bridge loan	-	-	1,372,953
Mortgage	24,869	27,029	25,411
European Investment Bank (loan in DKK)	372,195	372,195	372,195
Debt to credit institutions	397,064	399,224	1,770,559
11. Prepayment from customers			
Prepayments from customers as of January 1	6,631	41,818	41,818
Prepayments received during the period	22,079	31,510	35,115
Recognized as income during the period	(593)	(58,701)	(70,302)
Prepayments from customers end of period	28,117	14,627	6,631
12. Other liabilities			
Financial instruments at fair value	1,282	4,045	1,243
Liability relating to phantom shares	352	476	1,135
Payable salaries, holiday accrual etc.	57,046	52,952	58,755
Other accrued costs	21,183	38,915	18,672
Other liabilities	79,863	96,388	79,805

13. Right-of-use assets and lease liabilities**Righth-of-use assets**

DKK thousand	Rent facility	Car leasing	Equipment	Total
Right-of-use assets as of January 1, 2020	58,369	1,628	593	60,590
Additions	29,580	679	-	30,259
Depreciations	(3,937)	(357)	(76)	(4,370)
Exchange rate adjustments	52	(1)	1	52
Right-of-use assets as of March 31, 2020	84,064	1,949	518	86,531

Lease liabilities

DKK thousand	31/3 2020
Non-current	74,233
Current	13,878
Lease liabilities	88,111

Amounts included in the income statement

DKK thousand	1/1 - 31/3 2020
Interest expense leases	492
Depreciation recognized on right-of-use assets	4,370
Cost recognized for short term leases (less than 12 months)	234

In first three months of 2020 the total cash outflow relating to lease was DKKt 4,040 split between interests of DKKt 492 and repayment of DKKt 3,548. The depreciation on right-of-use assets is higher than the total payment due to rent free periods for new lease agreements.

14. 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 March 31, 2020

DKK thousand	Level 1	Level 2	Total
Securities	740,627	-	740,627
Financial assets measured at fair value through the income statement	740,627	-	740,627
Derivative financial instruments to hedge future cash flow (interest)	-	(1,282)	(1,282)
Financial assets/liabilities used as hedging instruments	-	(1,282)	(1,282)
Liability relating to phantom shares	-	(352)	(352)
Financial liabilities measured at fair value through the income statement	-	(352)	(352)

As of December 31, 2019

DKK thousand	Level 1	Level 2	Total
Securities	174,819	-	174,819
Financial assets measured at fair value through the income statement	174,819	-	174,819
Derivative financial instruments to hedge future cash flow (currency)	-	3,530	3,530
Derivative financial instruments to hedge future cash flow (interest)	-	(1,243)	(1,243)
Financial assets/liabilities used as hedging instruments	-	2,287	2,287
Derivative financial instruments at fair value (repo transactions)	-	-	-
Liability relating to phantom shares	-	(1,135)	(1,135)
Financial liabilities measured at fair value through the income statement	-	(1,135)	(1,135)

15. Warrants

The below warrant overview has not been adjusted for effects of the rights issue. The adjustment will be performed in Q2 2020.

Outstanding warrants as of March 31, 2020

	Outstanding as of January 1	Addition during the period	Warrants exercised	Annulled	Terminated	Trans- ferred	Outstanding as of March 31
Corporate Management	340,791	-	-	-	-	-	340,791
Other Executive Management	326,333	23,763	-	-	-	-	350,096
Other employees	1,284,437	-	-	(37,931)	-	-	1,246,506
Resigned employees	178,442	-	-	-	-	-	178,442
Total	2,130,003	23,763	-	(37,931)	-	-	2,115,835
Weighted average exercise price	239	197	-	227	-	-	236
Weighted average share price at exercise	-	-	175	-	-	-	-
Numbers of warrants which can be exercised as of March 31, 2020							767,020
at a weighted average exercise price of DKK							274

The total recognized cost of the warrant programs was DKK 4.8 million in the first three months of 2020 (DKK 7.7 million).

Specification of parameters for Black-Scholes model

DKK	Aug 2014	Dec 2015	Dec 2016	Jul 2017	Nov 2017	Nov 2018	Nov 2019	Jan 2020
Average share price	117.50	334.00	222.50	383.50	259.50	159.00	154.05	171.20
Average exercise price at grant	131.40	366.85	260.20	430.40	303.00	179.60	185.40	197.00
Expected volatility rate	39.7%	53.8%	44.6%	44.1%	52.4%	53.3%	52.2%	53.0%
Expected life (years)	3.3	3.3	3.0	3.0	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%	-0.69%	-0.65%
Fair value at grant ¹⁾	29	115	54	98	80	52	45	53

The expected volatility is based on the historical volatility.

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

16. Significant changes in contingent liabilities and other contractual obligations

No significant changes in contingent liabilities and other contractual obligations have occurred since December 31, 2019.

17. Significant events after the balance sheet date

On April 30, 2020, the Company announced that the U.S. Biomedical Advanced Research and Development Authority (BARDA), has placed a new order under the contract, awarded in 2017, for the manufacturing and supply of JYNNEOS® (Smallpox and Monkeypox Vaccine, Live, Non-replicating), at a total value of USD 202 million. USD 106 million of the total contract value has been secured, with the majority being revenue recognized in 2020, while the remaining option is expected to be revenue recognized in 2021.

On May 6, 2020, the Company announced that it had entered into an exclusive head of terms agreement with AdaptVac, a joint venture established by ExpreS2ion Biotechnologies and NextGen Vaccines spun out of the University of Copenhagen, to license AdaptVac's proprietary capsid virus like particle (VLP) based SARS-CoV-2 subunit vaccine.

18. 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 May 14, 2020.

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 March 31, 2020.

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 March 31, 2020, and the results of the group’s activities and cash flows for the period January 1 to March 31, 2020.

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, May 14, 2020

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