



## Bavarian Nordic offentliggør delårsregnskab for de første ni måneder af 2020

KØBENHAVN, Danmark, 11. november 2020 - Bavarian Nordic A/S (OMX: BAVA) offentliggjorde i dag regnskab for de første ni måneder af 2020 samt rapporterede på begivenheder for tredje kvartal 2020. Selskabet løfter EBITDA-forventningerne fra DKK 675 mio. til DKK 725 mio. og opjusterer forventningerne til likvider ved årets udgang.

**Administrerende direktør i Bavarian Nordic, Paul Chaplin udtaler:** "På trods af at vi succesfuldt har fortsat det transformative arbejde med kommercialiseringen af Bavarian Nordic i tredje kvartal 2020, har COVID-19 pandemien desværre påvirket mange områder af vores forretning. Markederne for Rabipur/RabAvert og Encepur er negativt påvirket af de forholdsregler, der er iværksat for at forhindre smittespredning, herunder det afledte fald i rejseaktiviteten. I modsætning er salget af JYNNEOS mere robust og muliggør at vi kan fastholde vores omsætningsforventninger til helåret. På baggrund af besparelser på driften er vi desuden tilfredse med at kunne opjustere vores EBITDA-forventninger samt vores likvidbeholdning ved årets udgang. Som følge af de forventede fortsatte udfordringer med COVID-19 og den forhøjede risiko for en potentielt lavere RSV-smitte næste år, har vi besluttet at udskyde det planlagte fase 3-forsøg med vores RSV-vaccinekandidat. For at fastholde momentum i udviklingsprogrammet planlægger vi et human challenge-forsøg med henblik på at evaluere effekten af denne lovende vaccinekandidat. Resultater fra dette forsøg, der forventes i løbet af andet halvår 2021, vil give os det første indblik i RSV-vaccinens beskyttende egenskaber, og vil samtidig mindske risikoen ved det planlagte fase 3-forsøg, der nu vil starte i 2022."

### Finansielle hovedpunkter

- Den samlede omsætning i de første ni måneder var DKK 1.623 mio. bestående af DKK 1.434 mio. fra det kombinerede salg af produkter, DKK 67 mio. fra en milepælsbetaling fra Janssen knyttet til den europæiske godkendelse af ebolavaccinen og DKK 123 mio. fra kontraktarbejde.
- Omsætningen i tredje kvartal udgjorde DKK 558 mio. bestående af DKK 188 mio. fra salg af Rabipur/RabAvert, DKK 160 mio. fra salg af JYNNEOS, DKK 110 mio. fra salg af Encepur, DKK 67 mio. fra milepælsbetalingen fra Janssen og DKK 33 mio. fra kontraktarbejde.
- Resultat af primær drift før afskrivninger og nedskrivninger (EBITDA) i de første ni måneder var DKK 1.001 mio. inklusive andre driftsindtægter på DKK 628 mio. fra salget af Priority Review Voucher.
- Stærk finansiell position på DKK 2.569 mio. ved udgangen af tredje kvartal, eksklusive uudnyttede kreditfaciliteter på DKK 244 mio.
- Forventningen til årets omsætning fastholdes på DKK 1.900 mio. mens det forventede driftsresultat før afskrivninger og nedskrivninger (EBITDA) øges fra DKK 675 mio. til DKK 725 mio. Likvider ved årets udgang forventes nu at være DKK 1.600 mio., DKK 100 mio. højere end tidligere forventet, hvilket skyldes det forbedrede driftsresultat samt ændrede forudsætninger for arbejdskapitalen.

DKK mio.	Q3 2020	Q3 2019	9M 2020	9M 2019	2020 forventet
Omsætning	558	144	1.623	372	1.900
Resultat af primær drift før afskrivninger og nedskrivninger (EBITDA)	163	(82)	1.001	(255)	725
Likvider	2.569	1.496	2.569	1.496	1.600*

\* Den forventede likviditet ved årets udgang inkluderer den ikke-udnyttede lånefacilitet på EUR 30 mio. fra Den Europæiske Investeringsbank som kontantbeholdning.

### Øvrige begivenheder

- I juli udstedte Europa-Kommissionen markedsføringstilladelse til MVABEA® (MVA-BN Filo), der blev udlicenseret til Janssen i 2014. MVABEA udgør den anden del af Janssens ebolavaccine, der også rummer ZABDENO® (Ad26.ZEBOV), der samtidigt opnåede europæisk godkendelse. I forbindelse med den europæiske godkendelse af MVABEA modtog Bavarian Nordic en milepælsbetaling på USD 10 mio. i henhold til licensaftalen med Janssen.
- I juli indgik Bavarian Nordic en endelig licensaftale med AdaptVac, der giver Bavarian Nordic de globale kommercielle rettigheder til en COVID-19 vaccine udviklet på AdaptVacs capsid virus like particle (VLP)-teknologi. I henhold til aftalen har Bavarian Nordic ydet en forudbetaling på EUR 4 mio. til AdaptVac og har forpligtet sig til potentielle fremtidige udviklingsmæssige og salgsrelaterede milepælsbetalinger samt trinvis stigende royalties. Bavarian Nordic er i gang med at ansøge om midler til den videre udvikling af vaccinen.
- I august blev positive topline resultater fra fase 3-forsøget med frysetørret MVA-BN® koppevaccine rapporteret. Forsøget vil understøtte de amerikanske sundhedsmyndigheders (FDA) godkendelse af den frysetørrede udgave, forventeligt i 2022.

**Begivenheder efter rapporteringsperioden**

- I oktober offentliggjorde Bavarian Nordic udnævnelsen af Anu Helena Kerns til Executive Vice President, People and Organization med tiltrædelse i november 2020. I den nyetablerede stilling vil Anu Helena Kerns lede den organisatoriske udvikling af Bavarian Nordic igennem den igangværende kommercielle transformation af selskabet.
- Selskabet har i dag besluttet at udskyde igangsættelsen af fase 3-forsøget med RSV-vaccinekandidaten indtil 2022. Beslutningen følger en vurdering af den potentielt negative effekt af de COVID-19-relaterede foranstaltninger omkring social afstand, der har mindsket prævalensen af andre virale luftvejsinfektioner, herunder RSV, hvilket meget vel kan fortsætte ind i 2021/2022-sæsonen. For at opretholde momentum i udviklingsprogrammet trods udfordringerne forårsaget af COVID-19, er der i 2021 planlagt et human challenge-forsøg, der vil generere de første effektdata mod RSV i løbet af 2021 og potentielt yderligere reducere risikoen ved fase 3-forsøget.
- I overensstemmelse med generalforsamlingens bemyndigelse til bestyrelsen og selskabets retningslinjer for incitamentsafflønning, har bestyrelsen i dag besluttet at udstede tegningsoptioner til koncernledelsen og udvalgte medarbejdere i Bavarian Nordic koncernen. Der udstedes i alt 1.280.258 tegningsoptioner, der giver optionsholderne ret til tegning af op til i alt 1.280.258 aktier a nominelt DKK 10, til en udnyttelseskurs på DKK 206,82 pr. aktie.

**Webcast og telefonkonference**

Selskabets ledelse afholder en telefonkonference i dag kl. 14.00 dansk tid for at præsentere delårsregnskabet og besvare eventuelle spørgsmål. Det er muligt at høre en live eller aktiveret webcast af telefonkonferencen på <https://www.bavarian-nordic.com/investor/events.aspx?event=5692>. For at stille spørgsmål, benyt venligst et af følgende telefonnumre og oplys deltagerkoden: 9341969. Danmark: +45 32 72 80 42, UK: +44 (0) 844 571 8892, USA: +1 631-510-7495.

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**Kontakt**

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Selskabsmeddelelse nr. 47 / 2020

**Om Bavarian Nordic**

Bavarian Nordic er et fuldt integreret vaccineselskab, der er fokuseret på udvikling, produktion og kommercialisering af livsvigtige vacciner. Vi er globalt førende inden for koppevacciner, og er mangeårig leverandør til det amerikanske strategiske nationale beredskabslager af en ikke-replikerende koppevaccine, som er godkendt af de amerikanske sundhedsmyndigheder under navnet JYNNEOS®, også til beskyttelse mod abekopper. Vaccinen er desuden godkendt som koppevaccine i Europa under navnet IMVANEX® og i Canada under navnet IMVAMUNE®. Vores kommercielle produktportefølje består endvidere af to markedsledende vacciner: Rabipur®/RabAvert® mod rabies og Encepur® mod flåtbåren hjernebetændelse. Med udgangspunkt i vores virale vaccineplatform, MVA-BN®, har vi udviklet en bred portefølje af produktkandidater, der sigter mod at forbedre og beskytte liv ved at frigøre immunsystemets egne kræfter. Blandt andet har vi udviklet en ebolavaccine, der er licenseret til Janssen. For yderligere information besøg [www.bavarian-nordic.com](http://www.bavarian-nordic.com).

**Udsagn om fremtiden**

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

**Consolidated key figures (unaudited)**

DKK thousand	1/7 - 30/9 2020	1/7 - 30/9 2019	1/1 - 30/9 2020	1/1 - 30/9 2019	1/1-31/12 2019
<b>Income statements</b>					
Revenue	558,488	144,099	1,623,468	372,295	662,488
Production costs	245,597	92,752	868,167	220,115	354,757
Sales and distribution costs	72,575	10,412	222,439	32,170	53,476
Research and development costs	102,300	91,214	226,359	288,344	409,284
Administrative costs	74,075	46,227	200,408	129,495	173,417
Other operating income	-	-	627,647	-	-
Income before interest and taxes (EBIT)	63,941	(96,506)	733,742	(297,829)	(328,446)
Financial items, net	(37,060)	(1,188)	(79,284)	(87)	(16,303)
Income before company tax	26,881	(97,694)	654,458	(297,916)	(344,749)
Net profit for the period	26,349	(99,181)	652,202	(300,888)	(346,777)
<b>Balance sheet</b>					
Total non-current assets			6,359,911	882,142	6,392,194
Securities, cash and cash equivalents			2,569,107	1,495,596	472,364
Other current assets			522,117	185,480	182,510
Total assets			9,451,135	2,563,218	7,047,068
Equity			5,264,117	1,892,102	1,865,455
Non-current liabilities			2,408,367	444,839	3,134,392
Current liabilities			1,778,651	226,277	2,047,221
<b>Cash flow statements</b>					
Cash flow from operating activities			987,639	(268,908)	(275,910)
Cash flow from investment activities			(2,051,270)	353,840	(809,940)
- Investment in intangible assets			(113,408)	(1,489)	(2,310,908)
- Investment in property, plant and equipment			(108,359)	(297,982)	(360,102)
- Net investment in securities			(1,826,820)	653,323	1,861,143
Cash flow from financing activities			1,331,154	(252,403)	1,114,666
<b>Financial Ratios<sup>1)</sup></b>					
EBITDA after Other operating income	162,658	(82,329)	1,001,276	(254,925)	(271,401)
EBITDA before Other operating income	162,658	(82,329)	373,629	(254,925)	(271,401)
Earnings (basic) per share of DKK 10			12.4	(9.3)	(10.7)
Net asset value per share			90.1	58.5	57.6
Share price at period-end			198	184	171
Share price/Net asset value per share			2.2	3.1	3.0
Number of outstanding shares at period-end (thousand) <sup>2)</sup>			58,450	32,321	32,389
Equity share			56%	74%	26%
Number of employees, converted to full-time, at period-end			649	461	491

<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.

<sup>2)</sup> 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)	63,941	(96,506)	733,742	(297,829)	(328,446)
Depreciation and amortization	98,717	14,177	267,534	42,904	57,045
<b>EBITDA after Other operating income</b>	<b>162,658</b>	<b>(82,329)</b>	<b>1,001,276</b>	<b>(254,925)</b>	<b>(271,401)</b>

## Management's Review

### Sales and other income

Comparative figures for 2019 are shown in brackets. Sales figures for Rabipur/RabAvert and Encepur from 2019 have been provided by GSK and are presented for comparison only. Where market shares are mentioned, these are measured by value.

#### Q3 sales

mDKK	Q3 2020	Q3 2019	Growth
Rabipur/RabAvert	188	257*	-27%
Encepur	110	97*	14%
JYNNEOS	160	82	96%
Milestone payments	67	-	
Contract work	33	62	-47%
<b>Total</b>	<b>558</b>	<b>498</b>	

\* 2019 numbers provided by GSK for comparison only

#### 9M sales

mDKK	9M 2020	9M 2019	Growth
Rabipur/RabAvert	548	692*	-21%
Encepur	406	484*	-16%
JYNNEOS	480	130	269%
Milestone payments	67	-	
Contract work	123	242	-49%
<b>Total</b>	<b>1,623</b>	<b>1,548</b>	

\* 2019 numbers provided by GSK for comparison only

Rabipur/RabAvert revenue amounted to DKK 188 million (DKK 257 million) for the quarter. The 27% decrease versus the prior year was caused by COVID-19. The US rabies market declined by 14% in Q3 versus prior year due to COVID-19, RabAvert sales in the US compensated for most of the market decline by a significant market share gain. RabAvert, US, market share ended the quarter at approximately 79%. The travel segment continued to be hit hard by COVID-19 during the quarter leading to a decline of approximately 92% in the German rabies market vs prior year (July/August data). For the first nine months revenue amounted to DKK 548 million (DKK 692 million), i.e. a 21% decline with the COVID-19 impact partly being off-set by a stock-out by the competitor earlier in the year and market share gains in the US.

Encepur revenue amounted to DKK 110 million (DKK 97 million) for the quarter, i.e. a growth of 14% versus prior year. In July, the global TBE market showed a strong rebound from the COVID-19 impacted first half of 2020 and grew by 18% versus prior year. The largest single market, Germany, showed a slight decline in July/August versus prior year of approximately 1%, but still at a level suggesting the start of a recovery. For the first nine months revenue amounted to DKK 406 million (DKK 483 million) corresponding to a decline of 16%. Encepur market share in key markets were largely unchanged and the year-over-year decline was caused by inventory movements explained in the Q1 Interim Report and by COVID-19. During 2020, the Encepur market share has remained stable around 30% which is in contrast to the historical market share loss that Encepur has suffered.

Revenue from the sale of JYNNEOS in the third quarter was DKK 160 million (DKK 82 million). JYNNEOS revenue for the first nine

months was DKK 480 million (DKK 130 million). The revenue was related to sales invoiced under the U.S. government order awarded in April 2020.

Revenue from milestone payments in the third quarter, and first nine months, was DKK 67 million (DKK 0 million), which was related to the award of the European marketing authorization of the Ebola vaccine in July.

Revenue from contract work was DKK 33 million (DKK 62 million), mainly related to qualification and validation activities relating to the new fill-and-finish plant and the Phase 3 trial of the freeze-dried version of the smallpox vaccine, both under contracts with the U.S. government. Contract work revenue for the first nine months amounted to DKK 123 million (DKK 242 million).

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

### Update on strategic priorities

During 2020, Bavarian Nordic has made strong progress in support of its growth strategy to become one of the largest pure play vaccine companies by 2025 and to improve and save lives by excelling in **R&D innovation, manufacturing and commercialization**.

#### Commercial

A key priority for 2020 has been the establishment of a full commercial infrastructure, which has been completed with the hiring of a commercial leadership team and the establishment of core sales and marketing teams in Europe and the U.S.

The transfer of marketing and distribution of Rabipur/RabAvert and Encepur from GSK has been completed in several countries, including key markets, such as U.S. and Germany, and more than 80% of the product revenue is now covered by Bavarian Nordic's own distribution or by its partner Valneva, who has taken over the first of a number of selected European markets.

#### R&D innovation

The FDA approval of JYNNEOS® for smallpox and monkeypox in 2019 and the European Commission's approval of MVABEA® for Ebola earlier this year highlight the strengths and versatility of Bavarian Nordic's platform technology for the development of lifesaving vaccines, and the Company sees the continued progression of the pipeline a key strategic priority.

Key pipeline priorities are the 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 6.

#### RSV

Bavarian Nordic remains at the forefront of the development of a vaccine against RSV, and has developed a Phase 3 program, originally planned to start in 2021. However, due to COVID-19 and the social distancing measures taken globally, the prevalence of other respiratory viruses, including RSV, has been lower and this may very likely continue into the 2021/22 season and as such could adversely affect the planned efficacy study. To maintain the momentum of the program despite the challenges faced by COVID-19, we plan to conduct a Phase 2 human RSV challenge study in 2021, while also postponing the recruitment into the Phase 3 study until 2022. The human challenge study will generate the first

efficacy data against RSV during 2021 and potentially further de-risk the Phase 3 efficacy trial.

#### *MVA-BN smallpox, freeze-dried*

In August, positive topline results from the Phase 3 trial (lot consistency trial) of freeze-dried MVA-BN were reported. The study is expected to be completed in 2021 with subsequent FDA approval anticipated in 2022, which will unlock the value of the USD 299 million option for conversion of already manufactured bulk vaccine into final freeze-dried vaccines.

#### *COVID-19 vaccine development*

Following the completion of the license agreement with AdaptVac on their capsid virus like particle (cVLP) COVID-19 vaccine candidate in July, Bavarian Nordic has developed an accelerated development plan, conditioned upon the availability of external funding. While funding has not been secured to date, Bavarian Nordic remains highly positive about the potential of the vaccine to fulfil the WHO criteria (e.g. single-shot, rapid onset of protection, suitable for all ages) for a COVID-19 vaccine, and thus continues to seek funding to advance the program towards registration.

The Company has initiated a study to generate immunogenicity and efficacy data in non-human primates. Preliminary results from the study confirm the data previously generated by AdaptVac in mice, showing that the cVLP vaccine induces high levels of neutralizing antibodies, comparable with the levels detected in the convalescent sera of COVID-19 patients. Long-term efficacy data from the study are anticipated early in 2021.

Meanwhile, supported by a Horizon 2020 EU grant, AdaptVac are planning the initiation of a first-in-human study, with data expected to become available during first quarter of 2021.

#### *Equine encephalitis*

Topline results from the first-in-human trial of MVA-BN® WEV, a prophylactic vaccine against three equine encephalitis viruses (western, eastern and Venezuelan), were reported earlier in 2020, showing that the vaccine was well tolerated and immunogenic across all dose groups.

The Phase 1 clinical study was performed under a contract with the U.S. government and Bavarian Nordic is in the process of obtaining additional funding from the U.S. authorities for the further clinical advancement of the vaccine candidate.

#### *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 fourth quarter of 2020.

#### *Intravenous immunotherapy*

The investigation of innovative delivery methods for Bavarian Nordic's immune-oncology candidates remain a priority and Bavarian Nordic has two ongoing studies investigating intravenous administration of its vaccine candidates.

### **Manufacturing**

Bavarian Nordic wants to further leverage its expertise within manufacturing of 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 vaccines in parallel. All of this with the strategic aim to be a best-in-class vaccine company.

Despite COVID-19, the existing bulk manufacturing has continued uninterrupted during 2020 with production of bulk vaccine for the recently awarded smallpox order from the U.S. government as well as initiation of production of bulk vaccine of MVA-BN Filo (Ebola) for Janssen under the USD 13.9 million contract awarded in June 2020. The Ebola bulk vaccine will be supplied and invoiced in 2021.

Likewise, all activities to support commissioning of the new fill and finish facility have continued successfully to enable commercial manufacturing of the first product in 2021, which will be the liquid-frozen JYNNEOS smallpox vaccine for the U.S. government under the contract awarded in April 2020.

Also, the expansion of the bulk facility and the Rabipur/RabAvert and Encepur technology transfer project has progressed according to plan.

### **Other matters**

#### *Strengthening management with appointment of EVP People & Organization*

In October, Bavarian Nordic announced the appointment of Ms. Anu Helena Kerns to the position of Executive Vice President, People and Organization effective from November 2020. In this newly established role, Ms. Kerns will drive the organizational development of Bavarian Nordic through the ongoing commercial transformation of the company. Ms. Kerns brings more than 15 years of leadership experience driving human resource and communication strategies. She joins Bavarian Nordic after 11 years of tenure in Novo Nordisk where she has held various leadership roles with increasing responsibilities, including 5 years abroad where she was responsible for establishing a new regional organizational structure and driving the HR development and communication strategy.

#### *Incentive programs for employees and executive management in Bavarian Nordic*

The board of directors has today decided to issue warrants to executive management and certain employees in the Bavarian Nordic Group. The decision is made in accordance with the shareholder authorization for the board of directors adopted as Article 5b of the Articles of Association and the Company's guidelines regarding incentive programs.

The warrant program entails the issuance of 1,280,258 warrants in total which entitle the warrant holders to subscribe for up to 1,280,258 shares in total with a nominal value of DKK 10 each at an exercise price of DKK 206.82 per share. The warrants may be exercised wholly or partly during eight fixed subscription periods during 2024 and 2025.

The value of each warrant equals DKK 40.99 and is calculated on the Black-Scholes model with a risk-free interest rate of -0.66% per cent and on the historical volatility of the shares in relevant peers. The calculation is based on a share price of DKK 179.8.

## Our marketed products

PRODUCT	INDICATION
Rabipur®/RabAvert®	Rabies
Encepur®	Tick-borne encephalitis (TBE)
JYNNEOS® (liquid-frozen)	Smallpox/Monkeypox
MVABEA® (licensed to Janssen)	Ebola

## Our clinical pipeline

VACCINE	INDICATION	PHASE 1	PHASE 2	PHASE 3	STATUS / MILESTONE
MVA-BN (freeze-dried)	Smallpox				Phase 3 lot-consistency study ongoing with anticipated completion in 2021
MVA-BN RSV	RSV				Human challenge trial planned with data read-out in 2021 and subsequent Phase 3 initiation in 2022.
MVA-BN WEV	Equine encephalitis				Phase 1 dose finding study completed. Further development pending funding availability
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 review

*Financial statements for the period January 1 - September 30, 2020 are un-audited. Comparison figures for the same period 2019 are stated in brackets.*

### Revenue

Revenue generated for the nine months ending September 30, 2020 was DKK 1,623 million (DKK 372 million). Revenue was composed of DKK 953 million (DKK 0 million) from sale of the two new products Rabipur/RabAvert and Encepur, DKK 480 million (DKK 130 million) from sale of MVA-BN smallpox vaccine bulk drug substance to U.S. Government, DKK 67 million (DKK 0 million) in milestone payment from Janssen following the European Commission's grant of the marketing authorization for Janssen's Ebola vaccine regimen, and DKK 123 million (DKK 242 million) from contract work. Revenue reported for the three months ended September 30, 2020 was DKK 558 million (DKK 144 million).

### Production costs

Production costs totaled DKK 868 million (DKK 220 million). Costs related directly to revenue amounted to DKK 606 million (DKK 188 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 205 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 57 million (DKK 32 million). In the third quarter of 2020, production costs were DKK 246 million (DKK 93 million).

### Sales and distribution costs

Sales and distribution costs totaled DKK 222 million (DKK 32 million) split between costs for distribution of products DKK 109 million (DKK 0 million) and costs for running the commercial organization and activities DKK 113 million (DKK 32 million).

### Research and development costs

Research and development costs totaled DKK 226 million (DKK 288 million). The amount excludes R&D costs of DKK 83 million (DKK 151 million) classified as production costs. The higher research and development costs in 2019 are primarily explained by costs associated with formulation work on RSV.

### Administrative costs

Administrative costs totaled DKK 200 million (DKK 129 million), an increase of DKK 71 million compared to last year. The increase follows the acquisition of Rabipur/RabAvert and Encepur and include e.g. project management for the ongoing transfer project, service fee to GSK for their contribution to the project, increased IT costs for implementation of new systems required to run a full-scale commercial business.

### Non-recurring costs

The integration and transfer of Rabipur/RabAvert and Encepur from GSK necessitates OPEX investments that by nature are no longer needed after a full transition. Examples are use of consultants to establish distribution infrastructures, program management resources, implementation of new IT systems, recruitment costs etc. Some of these costs are one-off for 2020 and some will remain until the transfer is complete. It is estimated that the total will amount to DKK 75 million for 2020 and of which DKK 60 million was spent during the first nine months of 2020.

### 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/EBITDA

Income before interest and tax (EBIT) was a gain of DKK 734 million (loss of DKK 298 million).

EBITDA was a gain of DKK 1,001 million (loss of DKK 255 million). Amortization of product rights related to Rabipur/RabAvert and Encepur amounted to DKK 205 million (DKK 0 million) whereas depreciation on other fixed assets amounted to DKK 63 million (DKK 43 million).

### Financial items

Financial items totaled a net expense of DKK 79 million (net DKK 0 million) and consisted of interest expense on debt of DKK 27 million (DKK 12 million), net value adjustment of deferred consideration of DKK 54 million (DKK 0 million), a net loss on derivative financial instruments of DKK 7 million (DKK 0 million), net foreign exchange losses of DKK 3 million (DKK 0 million), partly offset by net income from securities of DKK 12 million (DKK 6 million).

The net value adjustment of deferred consideration consists of three components; Adjustment of deferred consideration due to change in estimated timing of payments (income of DKK 25 million), currency adjustments (income of DKK 10 million) and unwinding<sup>1</sup> of the discount related to deferred consideration (expense of DKK 89 million), see note 6 and 7.

Income before company tax was a gain of DKK 654 million (loss of DKK 298 million).

### Tax

Tax on income was DKK 2 million (DKK 3 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 nine months of 2020, Bavarian Nordic reported a net profit of DKK 652 million (net loss of DKK 301 million).

### Product rights

Product rights recognized in the balance sheet totaled DKK 5,254 million and relates to Rabipur/RabAvert and Encepur.

### Assets under construction

The new fill and finish facility constitute the main part of assets under construction.

### Trade receivables

Trade receivables increased compared to 2019 following the revenue from Rabipur/RabAvert and Encepur.

### Securities, cash and cash equivalents

Securities, cash and cash equivalents increased by DKK 2,097 million compared to December 31, 2019 mainly following the rights issue and the sale of the Priority Review Voucher.

<sup>1</sup> The deferred consideration for product rights is measured at net present value and the difference between the net present value and the amounts

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

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

#### Cash flow

Cash flow generated by operating activities was DKK 988 million (negative by DKK 269 million), with a significant contribution from the sale of the Priority Review Voucher. Cash flow from investment activities was negative by DKK 2,051 million (positive by DKK 354 million) following net investments in securities of DKK 1,827 million (net sale of DKK 653 million) after sale of the Priority Review Voucher and the completion of the rights issue. Cash flow from investment activities also include DKK 108 million of investments in property, plant and equipment related to finalization of the fill-and-finish plant and the ongoing expansion of the bulk facility for future production of Rabipur/RabAvert and Encepur. Investment in intangible assets amounted to DKK 92 million and includes the ongoing Rabipur/RabAvert and Encepur technology transfer project, IT system investments and milestone payments under the license agreement with AdaptVac. Cash flow from financing activities was a contribution of DKK 1,331 million (negative by DKK 252 million), following the rights issue partly offset by repayment of the bridge loan. The net change in cash and cash equivalents was DKK 268 million (DKK -167 million).

#### Equity

The Group's equity as of September 30, 2020 stood at DKK 5,264 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 3,184 million, an increase of DKK 32 million compared to December 31, 2019. The payment of adjustment to upfront consideration to GSK (DKK 22 million) was offset by the adjustment of net present value (DKK 54 million), both in terms of change in assumed timing of the future milestone payments and unwinding of the discount.

#### Debt to credit institutions

Debt to credit institutions decreased by DKK 1,375 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 by delaying projects, development or manufacturing or by negatively impacting demand for products.

## Outlook for 2020

Despite the negative impact from COVID-19, Bavarian Nordic maintains the revenue guidance for 2020 with expected revenue of approximately DKK 1,900 million. The EBITDA guidance for 2020 is raised from DKK 675 million to approximately DKK 725 million. Despite the significant organizational expansion and transformation, the raised EBITDA guidance is allowed by continued stringent focus on costs supported by some savings related to COVID-19. Based on the current cash position, expected income and current working capital and investment assumptions, the securities, cash and cash equivalents at year-end are expected to be approximately DKK 1,600 million, DKK 100 million higher than previously guided. Both previous and updated cash guidance includes the EUR 30 million loan from the European Investment Bank as cash, which is currently not drawn upon.

The cash spend of approx. DKK 1.2 billion in fourth quarter consist of expected milestone payments to GSK related to marketing authorization transfer (approx. DKK 375 million); negative EBITDA contribution; investments in the range of DKK 130-160 million; inventory build-up of Encepur and Rabipur/RabAvert in the range of DKK 300-350 million

#### Financial calendar 2021

The 2021 dates for announcement of the Company's financial reports and the annual general meeting have now been determined, and planned future reporting dates are as follows:

2020 Annual Report	March 12, 2021
Annual General Meeting*	April 20, 2021
Three-month report (Q1)	May 27, 2021
Half-year report (Q2)	August 25, 2021
Nine-month report (Q3)	November 12, 2021

\* Pursuant to Article 12 of the Articles of Association, shareholders who wish to submit a request for proposals for consideration at the annual general meeting must lodge this with the Company no later than Monday, March 8, 2021.



## Financial statements

### Unaudited Condensed Consolidated Income Statements for the Periods Ended September 30, 2020 and 2019 and December 31, 2019

DKK thousand	Note	1/7 - 30/9 2020	1/7 - 30/9 2019	1/1 - 30/9 2020	1/1 - 30/9 2019	1/1-31/12 2019
Revenue	3	558,488	144,099	1,623,468	372,295	662,488
Production costs	4	245,597	92,752	868,167	220,115	354,757
<b>Gross profit</b>		<b>312,891</b>	<b>51,347</b>	<b>755,301</b>	<b>152,180</b>	<b>307,731</b>
Sales and distribution costs		72,575	10,412	222,439	32,170	53,476
Research and development costs	5	102,300	91,214	226,359	288,344	409,284
Administrative costs		74,075	46,227	200,408	129,495	173,417
<b>Total operating costs</b>		<b>248,950</b>	<b>147,853</b>	<b>649,206</b>	<b>450,009</b>	<b>636,177</b>
<b>Other operating income</b>		<b>-</b>	<b>-</b>	<b>627,647</b>	<b>-</b>	<b>-</b>
<b>Income before interest and tax (EBIT)</b>		<b>63,941</b>	<b>(96,506)</b>	<b>733,742</b>	<b>(297,829)</b>	<b>(328,446)</b>
Financial income	6	5,796	9,187	47,775	18,660	22,540
Financial expenses	7	42,856	10,375	127,059	18,747	38,843
<b>Income before company tax</b>		<b>26,881</b>	<b>(97,694)</b>	<b>654,458</b>	<b>(297,916)</b>	<b>(344,749)</b>
Tax on income for the period		532	1,487	2,256	2,972	2,028
<b>Net profit for the period</b>		<b>26,349</b>	<b>(99,181)</b>	<b>652,202</b>	<b>(300,888)</b>	<b>(346,777)</b>
<b>Earnings per share (EPS) - DKK</b>						
Basic earnings per share of DKK 10		0.5	(3.1)	12.4	(9.3)	(10.7)
Diluted earnings per share of DKK 10		0.5	(3.1)	12.4	(9.3)	(10.7)

### Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended September 30, 2020 and 2019 and December 31, 2019

DKK thousand	1/7 - 30/9 2020	1/7 - 30/9 2019	1/1 - 30/9 2020	1/1 - 30/9 2019	1/1-31/12 2019
<b>Net profit for the period</b>	<b>26,349</b>	<b>(99,181)</b>	<b>652,202</b>	<b>(300,888)</b>	<b>(346,777)</b>
<b>Items that might be reclassified to the income statement:</b>					
Exchange rate adjustments on translating foreign operations	(50)	(407)	(311)	(250)	(149)
Fair value of financial instruments entered into to hedge future cash flows	(3,467)	(8,916)	(1,433)	(12,238)	2,644
<b>Other comprehensive income after tax</b>	<b>(3,517)</b>	<b>(9,323)</b>	<b>(1,744)</b>	<b>(12,488)</b>	<b>2,495</b>
<b>Total comprehensive income</b>	<b>22,832</b>	<b>(108,504)</b>	<b>650,458</b>	<b>(313,376)</b>	<b>(344,282)</b>

## Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended September 30, 2020 and 2019 and December 31, 2019

DKK thousand	1/1 - 30/9 2020	1/1 - 30/9 2019	1/1-31/12 2019
<b>Net profit for the period</b>	<b>652,202</b>	<b>(300,888)</b>	<b>(346,777)</b>
Adjustment for non-cash items:			
Financial income	(47,775)	(18,660)	(22,540)
Financial expenses	127,059	18,747	38,843
Tax on income for the period	2,256	2,972	2,028
Depreciation, amortization and impairment losses	267,535	42,904	57,045
Share-based payment	24,263	20,320	26,449
Adjustment for other non-cash items	-	-	22,200
Changes in inventories	(256,703)	269	(22,074)
Changes in receivables	(58,437)	16,058	15,763
Changes in current liabilities	302,599	(52,042)	(51,229)
<b>Cash flow from operations (operating activities)</b>	<b>1,012,999</b>	<b>(270,320)</b>	<b>(280,292)</b>
Received financial income	2,938	18,464	27,052
Paid financial expenses	(25,339)	(13,304)	(19,457)
Paid company taxes	(2,959)	(3,748)	(3,213)
<b>Cash flow from operating activities</b>	<b>987,639</b>	<b>(268,908)</b>	<b>(275,910)</b>
Investments in products rights	(21,673)	-	(2,307,570)
Investments in other intangible assets	(91,735)	(1,489)	(3,338)
Investments in property, plant and equipment	(108,359)	(297,982)	(360,102)
Investments in/disposal of financial assets	(2,683)	(12)	(73)
Investments in securities	(2,172,512)	(1,128,303)	(1,239,097)
Disposal of securities	345,692	1,781,626	3,100,240
<b>Cash flow from investment activities</b>	<b>(2,051,270)</b>	<b>353,840</b>	<b>(809,940)</b>
Payment on loans	(1,383,998)	(248,344)	(248,884)
Proceeds from loans	-	-	1,372,953
Repayment of lease liabilities	(13,119)	(9,737)	(12,923)
Proceeds from warrant programs exercised	15,564	10,315	10,315
Proceeds from rights issue	2,824,326	-	-
Cost related to issue of new shares	(103,184)	(61)	(2,219)
Sale of preemptive rights - treasury shares	2,664	-	-
Purchase of treasury shares	(11,099)	(4,576)	(4,576)
<b>Cash flow from financing activities</b>	<b>1,331,154</b>	<b>(252,403)</b>	<b>1,114,666</b>
<b>Cash flow of the period</b>	<b>267,523</b>	<b>(167,471)</b>	<b>28,816</b>
Cash as of 1 January	297,545	266,658	266,658
Currency adjustments 1 January	(3,623)	5,368	2,071
<b>Cash end of period</b>	<b>561,445</b>	<b>104,555</b>	<b>297,545</b>

## Unaudited Condensed Consolidated Statements of Financial Position - Assets as of September 30, 2020 and 2019 and December 31, 2019

DKK thousand	Note	30/9 2020	30/9 2019	31/12 2019
<b>Assets</b>				
Product rights		5,253,999	-	5,458,700
Software		16,405	25,006	22,512
Intangible assets in progress		93,670	1,194	3,043
<b>Intangible assets</b>		<b>5,364,074</b>	<b>26,200</b>	<b>5,484,255</b>
Land and buildings		156,846	166,601	162,327
Leasehold improvements		2,539	875	843
Plant and machinery		79,123	46,754	44,265
Fixtures and fittings, other plant and equipment		15,454	21,846	20,368
Assets under construction		659,132	555,909	618,101
<b>Property, plant and equipment</b>		<b>913,094</b>	<b>791,985</b>	<b>845,904</b>
<b>Right-of-use assets</b>	13	<b>78,615</b>	<b>62,573</b>	<b>60,590</b>
Other receivables		4,128	1,384	1,445
<b>Financial assets</b>		<b>4,128</b>	<b>1,384</b>	<b>1,445</b>
<b>Total non-current assets</b>		<b>6,359,911</b>	<b>882,142</b>	<b>6,392,194</b>
<b>Development projects for sale</b>		<b>-</b>	<b>22,200</b>	<b>-</b>
<b>Inventories</b>	8	<b>357,465</b>	<b>78,419</b>	<b>100,762</b>
Trade receivables		130,662	42,088	43,405
Tax receivables		1,014	-	767
Other receivables	9	24,958	30,960	28,387
Prepayments		8,018	11,813	9,189
<b>Receivables</b>		<b>164,652</b>	<b>84,861</b>	<b>81,748</b>
Securities		2,007,662	1,391,041	174,819
Cash and cash equivalents		561,445	104,555	297,545
<b>Securities, cash and cash equivalents</b>		<b>2,569,107</b>	<b>1,495,596</b>	<b>472,364</b>
<b>Total current assets</b>		<b>3,091,224</b>	<b>1,681,076</b>	<b>654,874</b>
<b>Total assets</b>		<b>9,451,135</b>	<b>2,563,218</b>	<b>7,047,068</b>

## Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of September 30, 2020 and 2019 and December 31, 2019

DKK thousand	Note	30/9 2020	30/9 2019	31/12 2019
<b>Equity and liabilities</b>				
Share capital		584,501	323,891	323,891
Treasury shares		(1,077)	(684)	(684)
Retained earnings		4,587,477	1,508,054	1,460,007
Other reserves		93,216	60,841	82,241
<b>Equity</b>		<b>5,264,117</b>	<b>1,892,102</b>	<b>1,865,455</b>
Deferred consideration for product rights		1,954,280	-	2,691,400
Debt to credit institutions	10	393,821	395,998	395,443
Lease liabilities	13	60,266	48,841	47,549
<b>Non-current liabilities</b>		<b>2,408,367</b>	<b>444,839</b>	<b>3,134,392</b>
Deferred consideration for product rights		1,229,335	-	459,730
Debt to credit institutions	10	2,163	2,148	1,375,116
Lease liabilities	13	20,695	14,363	13,851
Prepayment from customers	11	81,221	8,314	6,631
Trade payables		296,174	116,951	112,088
Company tax		258	449	-
Other liabilities	12	148,805	84,052	79,805
<b>Current liabilities</b>		<b>1,778,651</b>	<b>226,277</b>	<b>2,047,221</b>
<b>Total liabilities</b>		<b>4,187,018</b>	<b>671,116</b>	<b>5,181,613</b>
<b>Total equity and liabilities</b>		<b>9,451,135</b>	<b>2,563,218</b>	<b>7,047,068</b>

## Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods September 30, 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
<b>Comprehensive income for the period</b>							
Net profit	-	-	652,202	-	-	-	652,202
<b>Other comprehensive income</b>							
Exchange rate adjustments on translating foreign operations	-	-	-	(311)	-	-	(311)
Fair value of financial instruments	-	-	-	-	(1,433)	-	(1,433)
<b>Total comprehensive income for the period</b>	-	-	652,202	(311)	(1,433)	-	650,458
<b>Transactions with owners</b>							
Share-based payment	-	-	-	-	-	19,933	19,933
Warrant program exercised	1,498	-	17,514	-	-	(3,448)	15,564
Capital increase through rights issue	259,112	-	2,565,214	-	-	-	2,824,326
Cost related to issue of new shares	-	-	(103,184)	-	-	-	(103,184)
Purchase of treasury shares	-	(524)	(10,575)	-	-	-	(11,099)
Transfer regarding restricted stock units	-	131	3,635	-	-	(3,766)	-
Sale of preemptive rights - treasury shares	-	-	2,664	-	-	-	2,664
<b>Total transactions with owners</b>	260,610	(393)	2,475,268	-	-	12,719	2,748,204
Equity as of September 30, 2020	584,501	(1,077)	4,587,477	(37,869)	854	130,231	5,264,117

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	-	-	(300,888)	-	-	-	(300,888)
<b>Other comprehensive income</b>							
Exchange rate adjustments on translating foreign operations	-	-	-	(250)	-	-	(250)
Fair value of financial instruments	-	-	-	-	(12,238)	-	(12,238)
<b>Total comprehensive income for the period</b>	-	-	(300,888)	(250)	(12,238)	-	(313,376)
<b>Transactions with owners</b>							
Share-based payment	-	-	-	-	-	19,172	19,172
Warrant program exercised	785	-	11,814	-	-	(2,284)	10,315
Warrant program expired	-	-	1,455	-	-	(1,455)	-
Cost related to issue of new shares	-	-	(61)	-	-	-	(61)
Purchase of treasury shares	-	(288)	(4,288)	-	-	-	(4,576)
Transfer regarding restricted stock units	-	111	2,900	-	-	(3,011)	-
<b>Total transactions with owners</b>	785	(177)	11,820	-	-	12,422	24,850
Equity as of September 30, 2019	323,891	(684)	1,508,054	(37,659)	(12,595)	111,095	1,892,102



## 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
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12. Other liabilities
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16. Significant changes in contingent liabilities and other contractual obligations
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### 1. Significant accounting policies

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

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

The accounting policies used in the interim financial statements are consistent with those used in the consolidated financial statements for 2019 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by EU.

As of September 30, 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.

DKK thousand	1/7 - 30/9 2020	1/7 - 30/9 2019	1/1 - 30/9 2020	1/1 - 30/9 2019	1/1-31/12 2019
<b>3. Revenue</b>					
MVA-BN smallpox vaccine sale	160,168	81,540	480,477	130,499	324,258
Rabipur/RabAvert	187,987	-	547,678	-	-
Encepur	110,491	-	405,890	-	-
Other product sale	-	270	-	270	-
Sale of goods	458,646	81,810	1,434,045	130,769	324,258
Milestone payments	66,553	-	66,553	-	-
Contract work	33,289	62,289	122,870	241,526	338,230
Sale of services	99,842	62,289	189,423	241,526	338,230
<b>Revenue</b>	<b>558,488</b>	<b>144,099</b>	<b>1,623,468</b>	<b>372,295</b>	<b>662,488</b>
Total revenue includes: Fair value adjustment concerning financial instruments entered into to hedge revenue	11,283	(2,168)	13,146	(2,168)	(13,006)
<b>4. Production costs</b>					
Cost of goods sold	140,080	24,474	523,776	36,729	87,272
Contract costs	23,298	42,942	82,837	151,331	219,200
Amortization product rights	68,234	-	204,701	-	-
Other production costs	13,985	25,336	56,853	32,055	48,285
<b>Production costs</b>	<b>245,597</b>	<b>92,752</b>	<b>868,167</b>	<b>220,115</b>	<b>354,757</b>
<b>5. Research and development costs</b>					
Research and development costs occurred in the period Of which:	125,598	134,156	309,196	439,675	628,484
Contract costs recognized as production costs	(23,298)	(42,942)	(82,837)	(151,331)	(219,200)
<b>Research and development costs</b>	<b>102,300</b>	<b>91,214</b>	<b>226,359</b>	<b>288,344</b>	<b>409,284</b>
<b>6. Financial income</b>					
Financial income from bank and deposit contracts	-	63	193	585	602
Interest income from financial assets not measured at fair value through the income statement	-	63	193	585	602
Financial income from securities	2,644	3,863	6,337	12,958	16,435
Fair value adjustments on securities	2,034	-	5,837	-	-
Adjustment of deferred consideration due to change in estimated timing of payments	(1,593)	-	25,499	-	-
Currency adjustment deferred consideration	2,711	-	9,909	-	-
Net gains on derivative financial instruments at fair value through the income statement	-	396	-	380	5,503
Net foreign exchange gains	-	4,865	-	4,737	-
<b>Financial income</b>	<b>5,796</b>	<b>9,187</b>	<b>47,775</b>	<b>18,660</b>	<b>22,540</b>
<b>7. Financial expenses</b>					
Interest expenses on debt	4,333	3,986	27,479	12,050	18,490
Interest expenses on financial liabilities not measured at fair value through the income statement	4,333	3,986	27,479	12,050	18,490
Fair value adjustments on securities	-	6,389	-	6,697	15,330
Unwinding of the discount related to deferred consideration	27,678	-	89,565	-	-
Net loss on derivative financial instruments at fair value through the income statement	5,710	-	7,203	-	-
Net foreign exchange losses	5,135	-	2,812	-	5,023
<b>Financial expenses</b>	<b>42,856</b>	<b>10,375</b>	<b>127,059</b>	<b>18,747</b>	<b>38,843</b>

DKK thousand	30/9 2020	30/9 2019	31/12 2019
<b>8. Inventories</b>			
Raw materials and supply materials	55,101	38,286	39,578
Work in progress	205,566	132,024	163,513
Manufactured goods and commodities	196,723	1,750	1,727
Write-down on inventory	(99,925)	(93,641)	(104,056)
<b>Inventories</b>	<b>357,465</b>	<b>78,419</b>	<b>100,762</b>
Write-down on inventory 1 January	(104,056)	(107,692)	(107,692)
Write-down during the period	(21,181)	(3,939)	(17,824)
Use of write-down	24,773	4,236	7,683
Reversal of write-down	539	13,754	13,777
<b>Write-down end of period</b>	<b>(99,925)</b>	<b>(93,641)</b>	<b>(104,056)</b>
<b>9. Other receivables</b>			
Receivable VAT and duties	18,354	25,204	24,188
Financial instruments at fair value	2,348	-	3,530
Accrued interest	4,256	5,756	664
Other receivables	-	-	5
<b>Other receivables</b>	<b>24,958</b>	<b>30,960</b>	<b>28,387</b>
<b>10. Debt to credit institutions</b>			
Bridge loan	-	-	1,372,953
Mortgage	23,789	25,951	25,411
European Investment Bank (loan in DKK)	372,195	372,195	372,195
<b>Debt to credit institutions</b>	<b>395,984</b>	<b>398,146</b>	<b>1,770,559</b>
<b>11. Prepayment from customers</b>			
Prepayments from customers as of January 1	6,631	41,818	41,818
Prepayments received during the period	77,185	36,066	35,115
Recognized as income during the period	(2,595)	(69,570)	(70,302)
<b>Prepayments from customers end of period</b>	<b>81,221</b>	<b>8,314</b>	<b>6,631</b>
<b>12. Other liabilities</b>			
Financial instruments at fair value	1,494	12,595	1,243
Liability relating to phantom shares	5,463	1,422	1,135
Payable salaries, holiday accrual etc.	93,226	54,702	58,755
Other accrued costs	48,622	15,333	18,672
<b>Other liabilities</b>	<b>148,805</b>	<b>84,052</b>	<b>79,805</b>

**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	30,224	1,810	370	32,404
Modifications	-	276	-	276
Depreciations	(13,066)	(1,102)	(278)	(14,446)
Exchange rate adjustments	(210)	0	1	(209)
<b>Right-of-use assets as of September 30, 2020</b>	<b>75,317</b>	<b>2,612</b>	<b>686</b>	<b>78,615</b>

**Lease liabilities**

DKK thousand	30/9 2020
Non-current	60,266
Current	20,695
<b>Lease liabilities</b>	<b>80,961</b>

**Amounts included in the income statement**

DKK thousand	1/1 - 30/9 2020
Interest expense leases	1,516
Depreciation recognized on right-of-use assets	14,446
Cost recognized for short term leases (less than 12 months)	1,557

In the first nine months of 2020 the total cash outflow relating to lease was DKKt 14,635 split between interests of DKKt 1,516 and repayment of DKKt 13,119.

## 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 September 30, 2020

DKK thousand	Level 1	Level 2	Total
Securities	2,007,662	-	2,007,662
<b>Financial assets measured at fair value through the income statement</b>	<b>2,007,662</b>	<b>-</b>	<b>2,007,662</b>
Derivative financial instruments to hedge future cash flow (currency)	-	2,348	2,348
Derivative financial instruments to hedge future cash flow (interest)	-	(1,494)	(1,494)
<b>Financial assets/liabilities used as hedging instruments</b>	<b>-</b>	<b>854</b>	<b>854</b>
Liability relating to phantom shares	-	(5,463)	(5,463)
<b>Financial liabilities measured at fair value through the income statement</b>	<b>-</b>	<b>(5,463)</b>	<b>(5,463)</b>

As of December 31, 2019

DKK thousand	Level 1	Level 2	Total
Securities	174,819	-	174,819
<b>Financial assets measured at fair value through the income statement</b>	<b>174,819</b>	<b>-</b>	<b>174,819</b>
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)
<b>Financial assets/liabilities used as hedging instruments</b>	<b>-</b>	<b>2,287</b>	<b>2,287</b>
Liability relating to phantom shares	-	(1,135)	(1,135)
<b>Financial liabilities measured at fair value through the income statement</b>	<b>-</b>	<b>(1,135)</b>	<b>(1,135)</b>



## 15. Warrants

Outstanding warrants as of September 30, 2020

	Outstanding as of January 1	Adjustment rights issue	Addition during the period	Warrants exercised	Annulled	Terminated	Trans- ferred	Outstanding as of September 30
Corporate Management	340,791	90,006	-	(63,205)	-	-	-	367,592
Other Executive Management	326,333	92,460	23,763	-	-	-	-	442,556
Other employees	1,284,437	329,937	-	(86,590)	(80,685)	-	(39,880)	1,407,219
Resigned employees	178,442	45,931	-	-	-	-	39,880	264,253
<b>Total</b>	<b>2,130,003</b>	<b>558,334</b>	<b>23,763</b>	<b>(149,795)</b>	<b>(80,685)</b>	<b>-</b>	<b>-</b>	<b>2,481,620</b>

Weighted average exercise price	239		197	-	192	-	-	194
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Weighted average share price at exercise	-		-	207	-	-	-	-
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Numbers of warrants which can be exercised as of September 30, 2020								813,447
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at a weighted average exercise price of DKK								244
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The total recognized cost of the warrant programs was DKK 15.9 million in the first nine months of 2020 (DKK 15.3 million).

### Specification of parameters for Black-Scholes model

DKK	Dec 2015	Dec 2016	Jul 2017	Nov 2017	Nov 2018	Nov 2019	Jan 2020
Average share price	334.00	222.50	383.50	259.50	159.00	154.05	171.20
Average exercise price at grant	366.85	260.20	430.40	303.00	179.60	185.40	197.00
Average exercise price determined at date of rights issue March 30, 2020 (DKK)	290.20	205.80	340.40	239.60	142.00	146.60	155.80
Applied volatility rate	53.8%	44.6%	44.1%	52.4%	53.3%	52.2%	53.0%
Expected life (years)	3.3	3.0	3.0	3.0	3.0	3.0	3.0
Expected dividend per share	-	-	-	-	-	-	-
Risk-free interest rate p.a.	0.25%	-0.48%	-0.46%	-0.55%	-0.43%	-0.69%	-0.65%
Fair value at grant <sup>1)</sup>	115	54	98	80	52	45	53

The applied volatility is based on the historical volatility of the Bavarian Nordic share.

<sup>1)</sup> Fair value of each warrant applying the Black-Scholes model

## 16. Significant changes in contingent liabilities and other contractual obligations

Bavarian Nordic and GSK are in disagreement around payment for potential obsolete inventory of the acquired products. The companies are in early stage dialogue to resolve the matter which has no impact on the day-to-day cooperation between the two companies.

Besides the above no significant changes in contingent liabilities and other contractual obligations have occurred since December 31, 2019

## 17. Significant events after the balance sheet date

There have been no significant events between September 30, 2020 and the date of approval of these financial statements that would require a change to or additional disclosure in the financial statements.

## 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 November 11, 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 September 30, 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 September 30, 2020, and the results of the group's activities and cash flows for the period January 1 to September 30, 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, November 11, 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