



Bavarian Nordic Announces First Half 2020 Results

COPENHAGEN, Denmark, August 26, 2020 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today its interim financial results and business progress for the first half of 2020 and releases its financial calendar for 2021.

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: “The first half of 2020 has been a highly productive and successful period, despite the global challenges created by COVID-19. We remain fully on track to take over the commercial assets Rabipur®/RabAvert® and Encepur®; have received significant orders for our smallpox and Ebola vaccines; reported positive freeze-dried JYNNEOS Phase 3 data and accomplished our second MVA-based vaccine approval (MVABEA) in Europe that marked a significant milestone for our partnership with Janssen and the fight against Ebola. This year marks the beginning of our commercial transition and we have already taken over key markets and will continue to expand our global commercial presence over the next 18 months. While the travel vaccine sector has been negatively impacted by COVID-19, including sales for Rabipur/RabAvert, and the shut down in key markets like Germany has negatively impacted sales of Encepur, the strong outlook in other parts of our business has allowed us to maintain our full-year guidance. Lastly, we licensed an exciting technology against COVID-19 and plan the first human trials later this year and pending funding, will push for approval before the end of 2021.”

Financial highlights

- Total revenues in first half year were DKK 1,065 million comprised of DKK 975 million from combined product sales and DKK 90 million from contract work.
- Revenues in second quarter totaled DKK 700 million comprised of DKK 320 million from sale of MVA-BN smallpox vaccine bulk drug substance to U.S. Government, DKK 193 million from sale of Encepur, DKK 142 million from sale of Rabipur/RabAvert, and DKK 45 million from contract work.
- Other operating income of DKK 628 million from sale of Priority Review Voucher.
- EBITDA in first half was DKK 839 million.
- Strong cash position of DKK 2,380 million at end of the first half, excluding unutilized credit facilities of DKK 244 million.
- Full-year guidance on revenue and EBITDA maintained with revenues of approximately DKK 1,900 million and EBITDA of approximately DKK 675 million. The securities, cash and cash equivalents at year-end is now expected to be DKK 1,500 million, DKK 150 million higher than previously guided.

DKK million	Q2 2020	Q2 2019	H1 2020	H1 2019	2020 Guidance
Revenue	700	101	1,065	228	1,900
EBITDA	197	(83)	839	(173)	675
Securities, cash and cash equivalents	2,380	1,638	2,380	1,638	1,500*

* 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.

Other highlights

- In April, Bavarian Nordic was awarded a new order for JYNNEOS smallpox vaccine from the U.S. government. The total order value of USD 202 million 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.
- In June, 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, showing that the vaccine was well tolerated and immunogenic across all dose groups. These clinically meaningful Phase 1 data warrant further clinical investigation, and Bavarian Nordic is in the process of obtaining additional funding from the U.S. authorities for the advancement of this vaccine candidate.
- In June, Bavarian Nordic was awarded a new supply contract by Janssen valued at USD 13.9 million. Under the contract, Bavarian Nordic will manufacture and deliver bulk drug substance of MVA-BN Filo. While manufacturing of the vaccines will be initiated in 2020, supply and invoicing will not occur until 2021.
- In June, Bavarian Nordic entered into a marketing and distribution partnership with Valneva, who will assume responsibility for the marketing and distribution of Rabipur/RabAvert and Encepur in selected European countries and Canada, and Bavarian Nordic will assume the marketing and distribution of IXIARO® and DUKORAL®, Valneva's vaccines for Japanese Encephalitis and cholera in Germany and Switzerland.

Events after the reporting date

- In July, the European Commission granted marketing authorization for MVABEA® (MVA-BN Filo), which was licensed to Janssen in 2014. MVABEA is the second component of Janssen's Ebola vaccine regimen, which also consists of ZABDENO® (Ad26.ZEBOV), which gained European approval concurrently. In connection with the European approval of MVABEA, Bavarian Nordic received a milestone payment of USD 10 million under the license agreement with Janssen.
- In July, Bavarian Nordic concluded a license agreement with AdaptVac that provides Bavarian Nordic the global commercialization rights to a COVID-19 vaccine based on AdaptVac's proprietary capsid virus like particle (cVLP) technology. Under the terms of the agreement, Bavarian Nordic has made an upfront payment of EUR 4 million to AdaptVac and committed to potential future development and sales milestones and tiered royalties. A Phase 1/2a clinical study of the vaccine is planned to be initiated during the fourth quarter of 2020.
- In August, positive topline results from the Phase 3 study of freeze-dried MVA-BN® smallpox vaccine were reported. This is the only Phase 3 study required to support licensure of the freeze-dried formulation and upon completion of the study, expected in 2021, the Company plans to submit a supplement to the BLA to extend the approval for both formulations of MVA-BN, anticipated in 2022.

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 <https://www.bavarian-nordic.com/investor/events.aspx?event=5691>. 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 9647956.

Contacts

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

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

Company Announcement no. 43 / 2020

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 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	1/4 - 30/6 2020	1/4 - 30/6 2019	1/1 - 30/6 2020	1/1 - 30/6 2019	1/1-31/12 2019
Income statements					
Revenue	699,575	101,362	1,064,980	228,196	662,488
Production costs	379,486	49,808	622,570	127,363	354,757
Sales and distribution costs	75,017	11,597	149,864	21,758	53,476
Research and development costs	57,978	93,391	124,059	197,130	409,284
Administrative costs	74,881	43,582	126,333	83,268	173,417
Other operating income	-	-	627,647	-	-
Income before interest and taxes (EBIT)	112,213	(97,016)	669,801	(201,323)	(328,446)
Financial items, net	(223)	(4,304)	(42,224)	1,101	(16,303)
Income before company tax	111,990	(101,320)	627,577	(200,222)	(344,749)
Net profit for the period	111,275	(102,082)	625,853	(201,707)	(346,777)
Balance sheet					
Total non-current assets			6,354,989	792,815	6,392,194
Total current assets			2,887,721	1,879,219	654,874
Total assets			9,242,710	2,672,034	7,047,068
Equity			5,251,149	1,986,577	1,865,455
Non-current liabilities			3,256,008	448,490	3,134,392
Current liabilities			735,553	236,967	2,047,221
Cash flow statements					
Securities, cash and cash equivalents			2,379,907	1,637,730	472,364
Cash flow from operating activities			672,281	(226,439)	(275,910)
Cash flow from investment activities			(1,944,953)	331,033	(809,940)
- Investment in intangible assets			(52,000)	(680)	(2,310,908)
- Investment in property, plant and equipment			(66,261)	(195,401)	(360,102)
- Net investment in securities			(1,824,178)	527,073	1,861,143
Cash flow from financing activities			1,351,992	(257,670)	1,114,666
Financial Ratios¹⁾					
EBITDA after Other operating income	197,413	(82,764)	838,618	(172,596)	(271,401)
EBITDA before Other operating income	197,413	(82,764)	210,971	(172,596)	(271,401)
Earnings (basic) per share of DKK 10			12.6	(6.3)	(10.7)
Net asset value per share			89.8	61.5	57.6
Share price at period-end			181	162	171
Share price/Net asset value per share			2.0	2.6	3.0
Number of outstanding shares at period-end (thousand) ²⁾			58,450	32,321	32,389
Equity share			57%	74%	26%
Number of employees, converted to full-time, at period-end			604	461	491

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)	112,213	(97,016)	669,801	(201,323)	(328,446)
Depreciation and amortization	85,200	14,252	168,817	28,727	57,045
EBITDA after Other operating income	197,413	(82,764)	838,618	(172,596)	(271,401)

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.

Q2 sales

mDKK	Q2 2020	Q2 2019	Growth
Rabipur/RabAvert	142	253*	-44%
Encepur	193	214*	-10%
Smallpox vaccine	320	0	
Contract work	45	101	-55%
Total	700	569	

* 2019 numbers provided by GSK for comparison only

H1 sales

mDKK	H1 2020	H1 2019	Growth
Rabipur/RabAvert	360	435*	-17%
Encepur	295	386*	-24%
Smallpox vaccine	320	49	553%
Contract work	90	179	-50%
Total	1,065	1,049	

* 2019 numbers provided by GSK for comparison only

Rabipur/RabAvert revenue amounted to DKK 142 million (DKK 253 million) for the quarter. The significant 44% decrease versus the prior year was caused by COVID-19. The rabies market can be divided in two segments, the pre-exposure, which is primarily a travel vaccine market, and the post-exposure segment. The travel segment has been hit hard by COVID-19 leading to a more than 75% estimated drop in the global rabies vaccine market (April/May data versus prior year). Europe was hit the hardest, as this market is nearly all due to travel, whereas the market decline was lower in the US and held up by the post-exposure segment. For the first half year revenue amounted to DKK 360 million (DKK 435 million), i.e. a limited drop of 17% 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 (from 64% to 85% since Q1 2019).

Encepur revenue amounted to DKK 193 million (DKK 214 million) for the quarter, i.e. a decline of 10%. The large German market was down by 22% in Q2 versus the prior year, whereas the global TBE market showed a drop of 37% (April/May data versus prior year). For the first half year revenue amounted to DKK 295 million (DKK 386 million) corresponding to a decline of 24%. 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 COVID-19. Since Q1 2019, the Encepur market share has remained stable around 30% contrary to the historical market share loss that Encepur has suffered.

Revenue from the sale of smallpox vaccines in the second quarter, and first half year, was DKK 320 million (DKK 0 million) as bulk batches were invoiced under the U.S. government order awarded in April 2020.

Revenue from contract work was DKK 45 million (DKK 101 million), mainly related to qualification and validation activities relating to the new fill-and-finish plant and the Phase 3 trial (lot consistency) of the freeze-dried version of the smallpox vaccine, both under contracts with the U.S. government. Contract work revenue for the first half year amounted to DKK 90 million (DKK 179 million).

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

Update on strategic priorities

During first half of 2020, Bavarian Nordic has made strong progress in support of 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

The work to establish a full commercial infrastructure is progressing well and in line with plans. The full commercial leadership team has now been hired, including the heads of commercial organizations in the US and Germany.

The Company has begun the take-over of marketing and distribution of Rabipur/RabAvert and Encepur with the Netherlands as the first market on July 1, followed by the U.S. on August 1 and Germany planned for September 1. Transfer of physical distribution for other markets will follow during second half of 2020 and into 2021.

Complementing its own commercial strengths throughout Europe and the U.S., Bavarian Nordic has entered into a marketing and distribution partnership with Valneva, who will assume responsibility for the marketing and distribution of Rabipur/RabAvert and Encepur in selected European countries and Canada, and Bavarian Nordic will assume the marketing and distribution of IXIARO® and DUKORAL®, Valneva's vaccines for Japanese Encephalitis and cholera in Germany and Switzerland.

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 total order 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 above 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.

The contract expansion includes two options. The first has been exercised with a value of USD 106 million, with the majority

being recognized as income in 2020. The second option 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 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

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, e.g. because of potentially lower RSV prevalence resulting from social distancing measures or in case of enrollment challenges as the study would be enrolling a similar population of volunteers as multiple Phase 3 efficacy trials for COVID-19 vaccines.

MVA-BN smallpox, freeze-dried

The Phase 3 trial (lot consistency trial) of freeze-dried MVA-BN is proceeding as planned. Positive topline results from the study were reported in August 2020 and completion of the study is expected in 2021, with subsequent FDA approval anticipated in 2022.

COVID-19

In July, Bavarian Nordic concluded a license agreement with AdaptVac that provides Bavarian Nordic the global commercialization rights to a COVID-19 vaccine based on AdaptVac's proprietary capsid virus like particle (cVLP) technology. Under the terms of the agreement, Bavarian Nordic has made an upfront payment of EUR 4 million to AdaptVac and will in addition pay potential future development and sales milestones and tiered royalties.

Supported by a Horizon 2020 EU grant, a Phase 1/2a clinical study of the vaccine is planned for initiation during the fourth quarter of 2020, with data expected to become available early in 2021. Bavarian Nordic will assume responsibility for the further clinical development, manufacturing and commercialization and have plans to gain regulatory approvals before the end of 2021. These plans are dependent on external funding, which the Company is in the process of seeking from various initiatives established to rapidly advance COVID-19 vaccines.

Equine encephalitis

In June, 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. The Phase 1 clinical study was performed under a contract with the U.S. government and enrolled 45 healthy adults in three treatment groups receiving different doses of the vaccine. All subjects were revaccinated after four weeks.

Data from the study showed that the vaccine was well tolerated and immunogenic across all dose groups. Neutralizing antibody responses were observed in all dose groups, with peak levels reached after the second vaccination. Responses were detected as early as 2 weeks after the first vaccination in the highest dose group, in which 100% seroconversion was observed for all subjects after the second vaccination. The most common vaccine-related adverse event was injection site pain.

These clinically meaningful Phase 1 data warrant further clinical investigation, 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.

Ebola

In July, the European Commission granted marketing authorization for MVABEA® (MVA-BN Filo) together with ZABDENO® (Ad26.ZEBOV), which collectively constitute Janssen's Ebola vaccine regimen. The vaccine regimen is indicated for active immunization for prevention of disease caused by Ebola virus in individuals aged one year and above.

The marketing authorization has been granted to Janssen Vaccines & Prevention B.V., one of the Janssen Pharmaceutical Companies of Johnson & Johnson who obtained a worldwide license to develop, manufacture and commercialize MVA-BN Filo from Bavarian Nordic in 2014.

The Ebola vaccine regimen is specifically designed to induce long-term immunity against the Ebola virus, in adults and children aged one year and above. As such, it will be used to support preventive vaccination in countries most at risk of outbreaks, as well as for other at-risk groups such as healthcare workers, biosafety level 4 (BSL4) laboratory workers, military personnel deployed in the affected regions, airport staff and visitors to high-risk countries.

In connection with the approval of MVABEA by the European Commission, Bavarian Nordic earned a milestone payment of USD 10 million under the license agreement with Janssen.

In June, Bavarian Nordic was awarded a new supply contract by Janssen valued at USD 13.9 million. Under the contract, Bavarian Nordic will manufacture and deliver bulk drug substance of MVA-BN Filo. While manufacturing of the vaccines will be initiated in 2020, supply and invoicing will not occur until 2021.

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.

Intravenous immunotherapy

The investigation of innovative delivery methods for Bavarian Nordic's immune-oncology candidates remain a priority and Bavarian Nordic has several ongoing studies investigating intravenous administration of its vaccine candidates; a Phase 1 trial in patients with advanced cancer was initiated early 2020 and a Phase 1/2 trial in patients with advanced HER2-expressing cancer was initiated in August.

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 bulk vaccines in parallel. All of this with the strategic aim to be a best-in-class vaccine manufacturer.

So far during COVID-19, all activities within manufacturing, including activities related to the establishment of the new fill and finish facility, the recently initiated expansion of the bulk facility and the Rabipur/RabAvert and Encepur technology transfer project have continued uninterrupted.

Other matters

Bavarian Nordic rejoins the Danish elite stock index OMXC25

In June, Bavarian Nordic rejoined the OMXC25 index, the leading stock index on the NASDAQ Copenhagen Stock Exchange. The re-inclusion was based on NASDAQ's biannual review of the 25 largest and most traded stocks in Denmark over the past six months.

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 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 - June 30, 2020 are un-audited. Comparison figures for the same period 2019 are stated in brackets.

Revenue

Revenue generated for the six months ending June 30, 2020 was DKK 1,065 million (DKK 228 million). Revenue was composed of DKK 655 million (DKK 0 million) from sale of the two new products Rabipur/RabAvert and Encepur, DKK 320 million (DKK 49 million) from sale of MVA-BN smallpox vaccine bulk drug substance to U.S. Government, and DKK 90 million (DKK 179 million) from contract work. Revenue reported for the three months ended June 30, 2020 was DKK 700 million (DKK 101 million).

Production costs

Production costs totaled DKK 623 million (DKK 127 million). Costs related directly to revenue amounted to DKK 443 million (DKK 121 million). Amortization of product rights related to Rabipur/RabAvert and Encepur has also been recognized as part of the production costs with a total of DKK 136 million (DKK 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 43 million (DKK 7 million). In the second quarter of 2020, production costs were DKK 379 million (DKK 50 million).

Research and development costs

Research and development costs totaled DKK 124 million (DKK 197 million). The amount excludes R&D costs of DKK 60 million (DKK 108 million) classified as production costs. The lower level of research and development costs in 2020 is primarily explained by phasing of the RSV project.

Sales and distribution costs

Sales and distribution costs totaled DKK 150 million (DKK 22 million) split between costs for distribution of products DKK 79 million (DKK 0 million) and costs for running the commercial organization and activities DKK 71 million (DKK 22 million).

Administrative costs

Administrative costs totaled DKK 126 million (DKK 83 million), an increase of DKK 43 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 approximately half of that was spent during the first six 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

Income before interest and tax (EBIT) was a gain of DKK 670 million (loss of DKK 201 million).

Financial items

Financial items totaled a net expense of DKK 42 million (net income of DKK 1 million) and consisted of interest expense on debt of DKK 23 million (DKK 8 million), net value adjustment of deferred consideration of DKK 28 million (DKK 0 million), a net loss on derivative financial instruments of DKK 1 million (DKK 0 million), partly offset by net income from securities of DKK 7 million (DKK 9 million) and net foreign exchange rate gains of DKK 2 million (DKK 0 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 27 million), currency adjustments (income of DKK 7 million) and unwinding of the discount related to deferred consideration (expense of DKK 62 million), see note 6 and 7.

Income before company tax was a gain of DKK 628 million (loss of DKK 200 million).

Tax

Tax on income was DKK 2 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 six months of 2020, Bavarian Nordic reported a net profit of DKK 626 million (net loss of DKK 202 million).

Product rights

Product rights recognized in the balance sheet totaled DKK 5,322 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 increased revenue from Rabipur/RabAvert and Encepur.

Securities, cash and cash equivalents

Securities, cash and cash equivalents increased by DKK 1,908 million compared to December 31, 2019 mainly following the rights issue and the sale of the Priority Review Voucher.

In addition to the current cash position, the Company has an undrawn loan with the European Investment Bank of EUR 30 million. This loan is included as cash in the end-of-year guidance.

Cash flow

Cash flow generated by operating activities was DKK 672 million (negative by DKK 226 million), mainly driven by the sale of the Priority Review Voucher. Cash flow from investment activities was negative by DKK 1,945 million (positive by DKK 331 million) following net investments in securities of DKK 1,824 million (net sale of DKK 527 million) after sale of the Priority Review Voucher and the completion of the rights issue. Cash flow from financing activities was a contribution of DKK 1,352 million (negative by DKK 258 million), following the rights issue partly offset by

repayment of the bridge loan. The net change in cash and cash equivalents was DKK 79 million (DKK -153 million).

Equity

The Group's equity as of June 30, 2020 stood at DKK 5,251 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 3,157 million, an increase of DKK 6 million compared to December 31, 2019. The payment of inventory value adjustment to GSK (DKK 22 million) was offset by the adjustment of net present value (DKK 28 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 1,374 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

Despite the negative impact from COVID-19, Bavarian Nordic maintains the revenue and EBITDA guidance for 2020 with expected revenue of approximately DKK 1,900 million and an EBITDA of approximately DKK 675 million. 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 1,500 million, DKK 150 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.

Financial calendar 2020 and 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:

Nine-month report (Q3)	November 11, 2020
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 June 30, 2020 and 2019 and December 31, 2019

DKK thousand	Note	1/4 - 30/6 2020	1/4 - 30/6 2019	1/1 - 30/6 2020	1/1 - 30/6 2019	1/1-31/12 2019
Revenue	3	699,575	101,362	1,064,980	228,196	662,488
Production costs	4	379,486	49,808	622,570	127,363	354,757
Gross profit		320,089	51,554	442,410	100,833	307,731
Sales and distribution costs		75,017	11,597	149,864	21,758	53,476
Research and development costs	5	57,978	93,391	124,059	197,130	409,284
Administrative costs		74,881	43,582	126,333	83,268	173,417
Total operating costs		207,876	148,570	400,256	302,156	636,177
Other operating income		-	-	627,647	-	-
Income before interest and tax (EBIT)		112,213	(97,016)	669,801	(201,323)	(328,446)
Financial income	6	34,445	4,078	44,302	9,617	22,540
Financial expenses	7	34,668	8,382	86,526	8,516	38,843
Income before company tax		111,990	(101,320)	627,577	(200,222)	(344,749)
Tax on income for the period		715	762	1,724	1,485	2,028
Net profit for the period		111,275	(102,082)	625,853	(201,707)	(346,777)
Earnings per share (EPS) - DKK						
Basic earnings per share of DKK 10		2.2	(3.2)	12.6	(6.3)	(10.7)
Diluted earnings per share of DKK 10		2.2	(3.2)	12.6	(6.3)	(10.7)

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

DKK thousand	1/4 - 30/6 2020	1/4 - 30/6 2019	1/1 - 30/6 2020	1/1 - 30/6 2019	1/1-31/12 2019
Net profit for the period	111,275	(102,082)	625,853	(201,707)	(346,777)
Items that might be reclassified to the income statement:					
Exchange rate adjustments on translating foreign operations	(200)	153	(261)	157	(149)
Fair value of financial instruments entered into to hedge future cash flows	5,603	366	2,034	(3,322)	2,644
Other comprehensive income after tax	5,403	519	1,773	(3,165)	2,495
Total comprehensive income	116,678	(101,563)	627,626	(204,872)	(344,282)

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

DKK thousand	1/1 - 30/6 2020	1/1 - 30/6 2019	1/1-31/12 2019
Net profit for the period	625,853	(201,707)	(346,777)
Adjustment for non-cash items:			
Financial income	(10,012)	(9,617)	(22,540)
Financial expenses	52,236	8,516	38,843
Tax on income for the period	1,724	1,485	2,028
Depreciation, amortization and impairment losses	168,817	28,727	57,045
Share-based payment	16,886	14,738	26,449
Adjustment for other non-cash items	-	-	22,200
Changes in inventories	(53,834)	(18,533)	(22,074)
Changes in receivables	(246,079)	(24,973)	15,763
Changes in current liabilities	130,370	(32,062)	(51,229)
Cash flow from operations (operating activities)	685,961	(233,426)	(280,292)
Received financial income	1,365	16,030	27,052
Paid financial expenses	(13,070)	(7,592)	(19,457)
Paid company taxes	(1,975)	(1,451)	(3,213)
Cash flow from operating activities	672,281	(226,439)	(275,910)
Investments in products rights	(21,672)	-	(2,307,570)
Investments in other intangible assets	(30,328)	(680)	(3,338)
Investments in property, plant and equipment	(66,261)	(195,401)	(360,102)
Investments in/disposal of financial assets	(2,514)	41	(73)
Investments in securities	(2,104,089)	(879,633)	(1,239,097)
Disposal of securities	279,911	1,406,706	3,100,240
Cash flow from investment activities	(1,944,953)	331,033	(809,940)
Payment on loans	(1,383,457)	(247,803)	(248,884)
Proceeds from loans	-	-	1,372,953
Repayment of lease liabilities	(8,360)	(6,580)	(12,923)
Proceeds from warrant programs exercised	15,564	1,314	10,315
Proceeds from rights issue	2,824,326	-	-
Cost related to issue of new shares	(98,745)	(25)	(2,219)
Sale of preemptive rights - treasury shares	2,664	-	-
Purchase of treasury shares	-	(4,576)	(4,576)
Cash flow from financing activities	1,351,992	(257,670)	1,114,666
Cash flow of the period	79,320	(153,076)	28,816
Cash as of 1 January	297,545	266,658	266,658
Currency adjustments 1 January	56	590	2,071
Cash end of period	376,921	114,172	297,545

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

DKK thousand	Note	30/6 2020	30/6 2019	31/12 2019
Assets				
Product rights		5,322,233	-	5,458,700
Software		18,797	27,522	22,512
Intangible assets in progress		32,255	454	3,043
Intangible assets		5,373,285	27,976	5,484,255
Land and buildings		161,306	170,881	162,327
Leasehold improvements		2,357	908	843
Plant and machinery		83,171	49,253	44,265
Fixtures and fittings, other plant and equipment		26,295	23,253	20,368
Assets under construction		620,966	453,394	618,101
Property, plant and equipment		894,095	697,689	845,904
Right-of-use assets	13	83,650	65,819	60,590
Other receivables		3,959	1,331	1,445
Financial assets		3,959	1,331	1,445
Total non-current assets		6,354,989	792,815	6,392,194
Development projects for sale		-	22,200	-
Inventories	8	154,596	97,221	100,762
Trade receivables		318,286	82,188	43,405
Tax receivables		1,015	-	767
Other receivables	9	24,001	25,001	28,387
Prepayments		9,916	14,879	9,189
Receivables		353,218	122,068	81,748
Securities		2,002,986	1,523,558	174,819
Cash and cash equivalents		376,921	114,172	297,545
Securities, cash and cash equivalents		2,379,907	1,637,730	472,364
Total current assets		2,887,721	1,879,219	654,874
Total assets		9,242,710	2,672,034	7,047,068

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

DKK thousand	Note	30/6 2020	30/6 2019	31/12 2019
Equity and liabilities				
Share capital		584,501	323,206	323,891
Treasury shares		(553)	(684)	(684)
Retained earnings		4,576,142	1,595,507	1,460,007
Other reserves		91,059	68,548	82,241
Equity		5,251,149	1,986,577	1,865,455
Deferred consideration for product rights		2,789,858	-	2,691,400
Debt to credit institutions	10	394,362	396,539	395,443
Lease liabilities	13	71,788	51,951	47,549
Non-current liabilities		3,256,008	448,490	3,134,392
Deferred consideration for product rights		367,197	-	459,730
Debt to credit institutions	10	2,163	2,148	1,375,116
Lease liabilities	13	13,834	14,290	13,851
Prepayment from customers	11	26,472	9,736	6,631
Trade payables		201,496	112,051	112,088
Company tax		-	1,142	-
Other liabilities	12	124,391	97,600	79,805
Current liabilities		735,553	236,967	2,047,221
Total liabilities		3,991,561	685,457	5,181,613
Total equity and liabilities		9,242,710	2,672,034	7,047,068

Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods June 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
Comprehensive income for the period							
Net profit	-	-	625,853	-	-	-	625,853
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	(261)	-	-	(261)
Fair value of financial instruments	-	-	-	-	2,034	-	2,034
Total comprehensive income for the period	-	-	625,853	(261)	2,034	-	627,626
Transactions with owners							
Share-based payment	-	-	-	-	-	14,259	14,259
Warrant program exercised	1,498	-	17,514	-	-	(3,448)	15,564
Capital increase through rights issue	259,112	-	2,565,214	-	-	-	2,824,326
Cost related to issue of new shares	-	-	(98,745)	-	-	-	(98,745)
Transfer regarding restricted stock units	-	131	3,635	-	-	(3,766)	-
Sale of preemptive rights - treasury shares	-	-	2,664	-	-	-	2,664
Total transactions with owners	260,610	131	2,490,282	-	-	7,045	2,758,068
Equity as of June 30, 2020	584,501	(553)	4,576,142	(37,819)	4,321	124,557	5,251,149

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	-	-	(201,707)	-	-	-	(201,707)
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	157	-	-	157
Fair value of financial instruments	-	-	-	-	(3,322)	-	(3,322)
Total comprehensive income for the period	-	-	(201,707)	157	(3,322)	-	(204,872)
Transactions with owners							
Share-based payment	-	-	-	-	-	14,108	14,108
Warrant program exercised	100	-	1,505	-	-	(291)	1,314
Cost related to issue of new shares	-	-	(25)	-	-	-	(25)
Purchase of treasury shares	-	(288)	(4,288)	-	-	-	(4,576)
Transfer regarding restricted stock units	-	111	2,900	-	-	(3,011)	-
Total transactions with owners	100	(177)	92	-	-	10,806	10,821
Equity as of June 30, 2019	323,206	(684)	1,595,507	(37,252)	(3,679)	109,479	1,986,577

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 June 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	1/4 - 30/6 2020	1/4 - 30/6 2019	1/1 - 30/6 2020	1/1 - 30/6 2019	1/1-31/12 2019
3. Revenue					
MVA-BN smallpox vaccine sale	320,123	110	320,309	48,959	324,258
Rabipur/RabAvert	141,551	-	359,691	-	-
Encepur	192,629	-	295,399	-	-
Sale of goods	654,303	110	975,399	48,959	324,258
Contract work	45,272	101,252	89,581	179,237	338,230
Sale of services	45,272	101,252	89,581	179,237	338,230
Revenue	699,575	101,362	1,064,980	228,196	662,488
Total revenue includes:					
Fair value adjustment concerning financial instruments entered into to hedge revenue	1,863	-	1,863	-	(13,006)
4. Production costs					
Cost of goods sold	241,401	68	383,696	12,255	87,272
Contract costs	30,286	65,215	59,539	108,389	219,200
Amortization product rights	68,233	-	136,467	-	-
Other production costs	39,566	(15,475)	42,868	6,719	48,285
Production costs	379,486	49,808	622,570	127,363	354,757
5. Research and development costs					
Research and development costs occurred in the period	88,264	158,606	183,598	305,519	628,484
Of which:					
Contract costs recognized as production costs	(30,286)	(65,215)	(59,539)	(108,389)	(219,200)
Research and development costs	57,978	93,391	124,059	197,130	409,284
6. Financial income					
Financial income from bank and deposit contracts	5	91	193	522	602
Interest income from financial assets not measured at fair value through the income statement	5	91	193	522	602
Financial income from securities	2,540	3,987	3,693	9,095	16,435
Fair value adjustments on securities	10,724	-	3,803	-	-
Adjustment of deferred consideration due to change in estimated timing of payments	18,423	-	27,092	-	-
Currency adjustment deferred consideration	6,244	-	7,198	-	-
Net gains on derivative financial instruments at fair value through the income statement	-	-	-	-	5,503
Net foreign exchange gains	(3,491)	-	2,323	-	-
Financial income	34,445	4,078	44,302	9,617	22,540
7. Financial expenses					
Interest expenses on debt	4,689	3,973	23,146	8,064	18,490
Interest expenses on financial liabilities not measured at fair value through the income statement	4,689	3,973	23,146	8,064	18,490
Fair value adjustments on securities	-	3,154	-	308	15,330
Unwinding of the discount related to deferred consideration	31,070	-	61,887	-	-
Net loss on derivative financial instruments at fair value through the income statement	(1,091)	16	1,493	16	-
Net foreign exchange losses	-	1,239	-	128	5,023
Financial expenses	34,668	8,382	86,526	8,516	38,843

DKK thousand	30/6 2020	30/6 2019	31/12 2019
8. Inventories			
Raw materials and supply materials	51,094	30,150	39,578
Work in progress	217,007	158,387	163,513
Manufactured goods and commodities	336	1,750	1,727
Write-down on inventory	(113,841)	(93,066)	(104,056)
Inventories	154,596	97,221	100,762
Write-down on inventory 1 January	(104,056)	(107,692)	(107,692)
Write-down during the period	(14,178)	(3,364)	(17,824)
Use of write-down	3,854	4,236	7,683
Reversal of write-down	539	13,754	13,777
Write-down end of period	(113,841)	(93,066)	(104,056)
9. Other receivables			
Receivable VAT and duties	14,999	20,738	24,188
Financial instruments at fair value	5,817	-	3,530
Accrued interest	3,185	4,263	664
Other receivables	-	-	5
Other receivables	24,001	25,001	28,387
10. Debt to credit institutions			
Bridge loan	-	-	1,372,953
Mortgage	24,330	26,492	25,411
European Investment Bank (loan in DKK)	372,195	372,195	372,195
Debt to credit institutions	396,525	398,687	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	34,498	35,115
Recognized as income during the period	(2,238)	(66,580)	(70,302)
Prepayments from customers end of period	26,472	9,736	6,631
12. Other liabilities			
Financial instruments at fair value	1,495	3,694	1,243
Liability relating to phantom shares	3,761	904	1,135
Payable salaries, holiday accrual etc.	93,055	54,981	58,755
Other accrued costs	26,080	38,021	18,672
Other liabilities	124,391	97,600	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	58,368	1,627	595	60,590
Additions	30,264	1,701	370	32,335
Modifications	-	247	-	247
Depreciations	(8,552)	(716)	(176)	(9,444)
Exchange rate adjustments	(78)	1	(1)	(78)
Right-of-use assets as of June 30, 2020	80,002	2,860	788	83,650

Lease liabilities

DKK thousand	30/6 2020
Non-current	71,788
Current	13,834
Lease liabilities	85,622

Amounts included in the income statement

DKK thousand	1/1 - 30/6 2020
Interest expense leases	1,015
Depreciation recognized on right-of-use assets	9,444
Cost recognized for short term leases (less than 12 months)	483

In first half of 2020 the total cash outflow relating to lease was DKKt 9,375 split between interests of DKKt 1,015 and repayment of DKKt 8,360. 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 June 30, 2020

DKK thousand	Level 1	Level 2	Total
Securities	2,002,986	-	2,002,986
Financial assets measured at fair value through the income statement	2,002,986	-	2,002,986
Derivative financial instruments to hedge future cash flow (currency)	-	5,817	5,817
Derivative financial instruments to hedge future cash flow (interest)	-	(1,495)	(1,495)
Financial assets/liabilities used as hedging instruments	-	4,322	4,322
Liability relating to phantom shares	-	(3,761)	(3,761)
Financial liabilities measured at fair value through the income statement	-	(3,761)	(3,761)

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
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**Outstanding warrants as of June 30, 2020**

	Outstanding as of January 1	Adjustment rights issue	Addition during the period	Warrants exercised	Annulled	Terminated	Trans- ferred	Outstanding as of June 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)	(71,991)	-	(28,836)	1,426,957
Resigned employees	178,442	45,931	-	-	-	-	28,836	253,209
Total	2,130,003	558,334	23,763	(149,795)	(71,991)	-	-	2,490,314
Weighted average exercise price	239		197	-	192	-	-	194
Weighted average share price at exercise	-		-	207	-	-	-	-
Numbers of warrants which can be exercised as of June 30, 2020 at a weighted average exercise price of DKK								813,447 244

The total recognized cost of the warrant programs was DKK 10.3 million in the first six months of 2020 (DKK 10.4 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
Average exercise price determined at date of rights issue March 30, 2020 (DKK)	103.90	290.20	205.80	340.40	239.60	142.00	146.60	155.80
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 July 1, 2020, the Company announced that the European Commission had granted marketing authorization for MVABEA® (MVA-BN Filo) together with ZABDENO® (Ad26.ZEBOV), which collectively constitute Janssen's Ebola vaccine regimen. In connection with the approval of MVABEA® by the European Commission, Bavarian Nordic will receive a milestone payment of USD 10 million under the license agreement with Janssen.

On July 22, 2020, the Company announced the conclusion of a license agreement with AdaptVac that provides Bavarian Nordic the global commercialization rights to a COVID-19 vaccine based on AdaptVac's proprietary capsid virus like particle (cVLP) technology. Under the terms of the agreement, Bavarian Nordic has made an upfront payment of EUR 4 million to AdaptVac, in addition to potential future development and sales milestones and tiered royalties.

On August 24, 2020, the Company reported positive topline results from the Phase 3 study of freeze-dried MVA-BN® smallpox vaccine. This is the only Phase 3 study required to support licensure of the freeze-dried formulation and upon completion of the study, expected in 2021, the Company plans to submit a supplement to the BLA to extend the approval for both formulations of MVA-BN, anticipated in 2022.

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 August 26, 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 June 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 June 30, 2020, and the results of the group’s activities and cash flows for the period January 1 to June 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, August 26, 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