



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

COPENHAGEN, Denmark, November 11, 2020 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today its interim financial results for the first nine months of 2020 and business progress for the third quarter of 2020. The Company raises its EBITDA guidance from DKK 675 million to DKK 725 million and upgrades year-end guidance on cash.

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: “While during the third quarter of 2020 we successfully continued the transformational initiatives linked to the commercialization of Bavarian Nordic, the global COVID-19 pandemic has unfortunately impacted many parts of our business. The markets for Rabipur/RabAvert and Encepur have been adversely impacted by the measures taken to combat COVID-19 and the decline in the travel segment. In contrast, the sales of JYNNEOS have been more robust and resilient allowing us to maintain our revenue expectations for the year and with operational savings we are pleased to upgrade this year’s EBITDA guidance, as well as our year-end cash position. Due to the expected continued challenges from COVID-19 and the added risks associated with potentially low rates of RSV next year, we have decided to postpone the planned Phase 3 efficacy trial for our RSV vaccine candidate. To maintain the momentum of this program we are planning to conduct a human challenge trial to evaluate the efficacy of our promising RSV vaccine candidate. Data from this trial, which is expected during the second half of 2021, will provide the first insights into the protective efficacy of our vaccine, while also further de-risking the planned Phase 3 trial that will now commence in 2022.”

Financial highlights

- Total revenues in the first nine months were DKK 1,623 million comprised of DKK 1,434 million from combined product sales, DKK 67 million from a milestone payment from Janssen related to the European approval of the Ebola vaccine and DKK 123 million from contract work.
- Revenues in third quarter totaled DKK 558 million comprised of DKK 188 million from sale of Rabipur/RabAvert, DKK 160 million from sale of JYNNEOS, DKK 110 million from sale of Encepur, DKK 67 million from the milestone payment from Janssen and DKK 33 million from contract work.
- EBITDA in the first nine months was DKK 1,001 million, including other operating income of DKK 628 million from the sale of Priority Review Voucher.
- Strong cash position of DKK 2,569 million at end of the period, excluding unutilized credit facilities of DKK 244 million.
- Full-year guidance on revenue maintained at DKK 1,900 million, EBITDA guidance raised from DKK 675 million to DKK 725 million. The securities, cash and cash equivalents at year-end is now expected to be DKK 1,600 million, DKK 100 million higher than previously guided, as result of improved EBITDA and changes in working capital assumptions.

DKK million	Q3 2020	Q3 2019	9M 2020	9M 2019	2020 Guidance
Revenue	558	144	1,623	372	1,900
EBITDA	163	(82)	1,001	(255)	725
Securities, cash and cash equivalents	2,569	1,496	2,569	1,496	1,600*

* Cash guidance includes the EUR 30 million loan from the European Investment Bank as cash, which is currently not drawn upon.

Other highlights

- 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. Bavarian Nordic is seeking funding to accelerate the further development of the vaccine.
- In August, positive topline results from the Phase 3 study of freeze-dried MVA-BN® smallpox vaccine were reported. This Phase 3 study is required to support the licensure of the freeze-dried formulation by the FDA, anticipated in 2022.

Events after the reporting date

- 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.
- The Company has today decided to postpone the initiation of the Phase 3 study of its RSV vaccine candidate until 2022. This decision follows an assessment of the potential adverse impact from the social distancing measures related to COVID-19 which has reduced the prevalence of other respiratory viruses, including RSV, and this may very likely continue into the 2021/22 season. To maintain the momentum of the program despite the challenges faced by COVID-19, a Phase 2 human RSV challenge study has been planned for initiation in 2021, which will generate the first efficacy data against RSV during 2021 and potentially further de-risk the Phase 3 efficacy trial.
- In accordance with the shareholder authorization for the board of directors and the Company's guidelines regarding incentive programs, the board of directors has today decided to issue warrants to executive management and certain employees in the Bavarian Nordic Group. A total of 1,280,258 warrants are issued, 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.

Conference call and webcast

The management of Bavarian Nordic will host a conference call today at 2 pm CET (8 am ET) 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=5692>. 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 9341969.

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About Bavarian Nordic

Bavarian Nordic is a fully integrated vaccines 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	1/7 - 30/9 2020	1/7 - 30/9 2019	1/1 - 30/9 2020	1/1 - 30/9 2019	1/1-31/12 2019
Income statements					
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)
Balance sheet					
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
Cash flow statements					
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
Financial Ratios¹⁾					
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) ²⁾			58,450	32,321	32,389
Equity share			56%	74%	26%
Number of employees, converted to full-time, at period-end			649	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)	63,941	(96,506)	733,742	(297,829)	(328,446)
Depreciation and amortization	98,717	14,177	267,534	42,904	57,045
EBITDA after Other operating income	162,658	(82,329)	1,001,276	(254,925)	(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. 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%
Total	558	498	

* 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%
Total	1,623	1,548	

* 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 spend 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 unwinding¹ 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.

¹ 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
Gross profit		312,891	51,347	755,301	152,180	307,731
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
Total operating costs		248,950	147,853	649,206	450,009	636,177
Other operating income		-	-	627,647	-	-
Income before interest and tax (EBIT)		63,941	(96,506)	733,742	(297,829)	(328,446)
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
Income before company tax		26,881	(97,694)	654,458	(297,916)	(344,749)
Tax on income for the period		532	1,487	2,256	2,972	2,028
Net profit for the period		26,349	(99,181)	652,202	(300,888)	(346,777)
Earnings per share (EPS) - DKK						
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
Net profit for the period	26,349	(99,181)	652,202	(300,888)	(346,777)
Items that might be reclassified to the income statement:					
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
Other comprehensive income after tax	(3,517)	(9,323)	(1,744)	(12,488)	2,495
Total comprehensive income	22,832	(108,504)	650,458	(313,376)	(344,282)

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
Net profit for the period	652,202	(300,888)	(346,777)
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)
Cash flow from operations (operating activities)	1,012,999	(270,320)	(280,292)
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)
Cash flow from operating activities	987,639	(268,908)	(275,910)
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
Cash flow from investment activities	(2,051,270)	353,840	(809,940)
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)
Cash flow from financing activities	1,331,154	(252,403)	1,114,666
Cash flow of the period	267,523	(167,471)	28,816
Cash as of 1 January	297,545	266,658	266,658
Currency adjustments 1 January	(3,623)	5,368	2,071
Cash end of period	561,445	104,555	297,545

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
Assets				
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
Intangible assets		5,364,074	26,200	5,484,255
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
Property, plant and equipment		913,094	791,985	845,904
Right-of-use assets	13	78,615	62,573	60,590
Other receivables		4,128	1,384	1,445
Financial assets		4,128	1,384	1,445
Total non-current assets		6,359,911	882,142	6,392,194
Development projects for sale		-	22,200	-
Inventories	8	357,465	78,419	100,762
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
Receivables		164,652	84,861	81,748
Securities		2,007,662	1,391,041	174,819
Cash and cash equivalents		561,445	104,555	297,545
Securities, cash and cash equivalents		2,569,107	1,495,596	472,364
Total current assets		3,091,224	1,681,076	654,874
Total assets		9,451,135	2,563,218	7,047,068

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
Equity and liabilities				
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
Equity		5,264,117	1,892,102	1,865,455
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
Non-current liabilities		2,408,367	444,839	3,134,392
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
Current liabilities		1,778,651	226,277	2,047,221
Total liabilities		4,187,018	671,116	5,181,613
Total equity and liabilities		9,451,135	2,563,218	7,047,068

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
Comprehensive income for the period							
Net profit	-	-	652,202	-	-	-	652,202
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	(311)	-	-	(311)
Fair value of financial instruments	-	-	-	-	(1,433)	-	(1,433)
Total comprehensive income for the period	-	-	652,202	(311)	(1,433)	-	650,458
Transactions with owners							
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
Total transactions with owners	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
Comprehensive income for the period							
Net profit	-	-	(300,888)	-	-	-	(300,888)
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	(250)	-	-	(250)
Fair value of financial instruments	-	-	-	-	(12,238)	-	(12,238)
Total comprehensive income for the period	-	-	(300,888)	(250)	(12,238)	-	(313,376)
Transactions with owners							
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)	-
Total transactions with owners	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
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 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
3. Revenue					
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
Revenue	558,488	144,099	1,623,468	372,295	662,488
Total revenue includes:					
Fair value adjustment concerning financial instruments entered into to hedge revenue	11,283	(2,168)	13,146	(2,168)	(13,006)
4. Production costs					
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
Production costs	245,597	92,752	868,167	220,115	354,757
5. Research and development costs					
Research and development costs occurred in the period	125,598	134,156	309,196	439,675	628,484
Of which:					
Contract costs recognized as production costs	(23,298)	(42,942)	(82,837)	(151,331)	(219,200)
Research and development costs	102,300	91,214	226,359	288,344	409,284
6. Financial income					
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	-
Financial income	5,796	9,187	47,775	18,660	22,540
7. Financial expenses					
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
Financial expenses	42,856	10,375	127,059	18,747	38,843

DKK thousand	30/9 2020	30/9 2019	31/12 2019
8. Inventories			
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)
Inventories	357,465	78,419	100,762
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
Write-down end of period	(99,925)	(93,641)	(104,056)
9. Other receivables			
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
Other receivables	24,958	30,960	28,387
10. Debt to credit institutions			
Bridge loan	-	-	1,372,953
Mortgage	23,789	25,951	25,411
European Investment Bank (loan in DKK)	372,195	372,195	372,195
Debt to credit institutions	395,984	398,146	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	77,185	36,066	35,115
Recognized as income during the period	(2,595)	(69,570)	(70,302)
Prepayments from customers end of period	81,221	8,314	6,631
12. Other liabilities			
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
Other liabilities	148,805	84,052	79,805

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

DKK thousand	Rent facility	Car leasing	Equipment	Total
Right-of-use assets as of January 1, 2020	58,369	1,628	593	60,590
Additions	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)
Right-of-use assets as of September 30, 2020	75,317	2,612	686	78,615

Lease liabilities

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

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
Financial assets measured at fair value through the income statement	2,007,662	-	2,007,662
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)
Financial assets/liabilities used as hedging instruments	-	854	854
Liability relating to phantom shares	-	(5,463)	(5,463)
Financial liabilities measured at fair value through the income statement	-	(5,463)	(5,463)

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 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
Total	2,130,003	558,334	23,763	(149,795)	(80,685)	-	-	2,481,620

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 ¹⁾	115	54	98	80	52	45	53

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

¹⁾ 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