

## Bavarian Nordic Announces Interim Results for the First Nine Months of 2021

COPENHAGEN, Denmark, November 12, 2021 - Bavarian Nordic A/S (OMX: BAVA) announced today its interim financial results for the first nine months of 2021 and business progress for the third quarter of 2021.

**Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said:** “We continued to experience a challenging market environment for our travelers vaccine business during the third quarter, due to COVID-19. Despite these headwinds, we remain on track to meet our guidance as both our smallpox and Ebola vaccine sales remain unaffected. This truly highlights the importance of a broader and more diversified product portfolio. We are very pleased with the strong pipeline progress seen during the quarter, where highly promising results for our COVID-19 booster vaccine candidate were reported and funding for the remaining phases was secured. Likewise, we have presented strong results for our RSV vaccine candidate, which showed remarkable efficacy in reducing symptomatic RSV infections in a challenge study. These assets provide an encouraging outlook for Bavarian Nordic, and we look forward to providing more updates as the work progresses.”

### Financial highlights

- Total revenue in the first nine months was DKK 1,354 million comprised of DKK 1,323 million from combined product sales and DKK 31 million from contract work.
- Revenue in the third quarter totaled DKK 449 million comprised of DKK 214 million from sales of MVA-BN smallpox vaccine, DKK 160 million from sales of Rabipur/RabAvert, DKK 72 million from sales of Encepur and DKK 3 million from contract work.
- EBITDA in the first nine months was DKK 44 million.
- Strong cash position of DKK 2,182 million\*\* at the end of the period.
- Full-year guidance maintained with expected revenue of approximately DKK 1,900 million, EBITDA of approximately DKK 100 million and securities, cash and cash equivalents at year-end of approximately DKK 1,400 million.

DKK million	Q3 2021	Q3 2020	9m 2021	9m 2020	2021 Guidance
Revenue	449	558	1,354	1,623	~1,900
EBITDA	52	163	44	1,001*	-100
Securities, cash and cash equivalents	2,182**	2,569	2,182**	2,569	-1,400

\* EBITDA in the first nine months of 2020 was positively impacted by the sale of the Priority Review Voucher (DKK 628 million).

\*\* Unutilized credit facilities of DKK 243 million not included. Repo pledged securities deducted.

### Other highlights

- In August, initial results from the first-in-human trial of the COVID-19 vaccine candidate, ABNCoV2 were reported, which demonstrated that the vaccine candidate was well tolerated and induced a strong antibody response, higher than currently approved vaccines. Results from the high dose groups are now available and suggest a plateau in the responses as similar high antibody titers were shown for these groups. Importantly, a strong neutralization response was demonstrated against SARS-CoV-2 variants, including the Delta variant.
- In August, Bavarian Nordic initiated a phase 2 clinical trial of ABNCoV2 to investigate the vaccine’s potential as a universal booster vaccine for individuals with existing immunity from prior COVID-19 disease or vaccination. Initial results from the study are expected in December 2021.
- In August, Bavarian Nordic entered a funding agreement with the Danish Ministry of Health, under which the Company will be eligible to receive up to DKK 800 million to further advance the development of ABNCoV2 as a booster vaccine for COVID-19. The agreement was finally executed in September upon approval from the Finance Committee of the Danish Parliament.
- In September, Bavarian Nordic reported positive results from the human challenge trial of MVA-BN RSV. The trial achieved the primary endpoint of the pivotal study by demonstrating a statistically significant reduction in viral load in vaccinated versus control (placebo) treated volunteers. The vaccine demonstrated a 79% efficacy in reducing symptomatic RSV infections. Preparations for a phase 3 trial in 2022 continue, pending a final decision driven by regulatory discussions and feedback on the trial design and funding/partnering considerations.

### Events after the reporting date

- In accordance with the shareholder authorization for the board of directors and the Company’s remuneration policy, the board of directors has today decided to issue warrants to executive management and certain employees in the Bavarian Nordic Group. In accordance with the Company’s remuneration policy, President and CEO, Paul Chaplin will receive an extraordinary grant as

further explained on page 6 in the interim report. A total of 716,256 warrants have been issued, which entitle the warrant holders to subscribe for up to 716,256 shares in total, with a nominal value of DKK 10 each at an exercise price of DKK 353.06 per share.

**Conference call and webcast**

The management of Bavarian Nordic will host a conference call today at 2 pm CET (8 am EST) to present the 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=6097>. 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 2839609.

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Company Announcement no. 35 / 2021

**About Bavarian Nordic**

Bavarian Nordic is a fully integrated vaccines company focused on the development, manufacturing 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. Government of a non-replicating smallpox vaccine, which has been approved by the FDA, also for the protection against monkeypox. The vaccine is approved as a smallpox vaccine in Europe and Canada. Our commercial product portfolio furthermore contains market-leading vaccines against rabies and tick-borne encephalitis. Using our live virus vaccine platform technology, MVA-BN®, we have created a diverse portfolio of proprietary and partnered product candidates designed to save and improve lives by unlocking the power of the immune system, including an Ebola vaccine, which is licensed to the Janssen Pharmaceutical Companies of Johnson & Johnson. We are also committed to the development of a next generation COVID-19 vaccine. For more information visit [www.bavarian-nordic.com](http://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 2021	1/7 - 30/9 2020	1/1 - 30/9 2021	1/1 - 30/9 2020	1/1-31/12 2020
<b>Income statements</b>					
Revenue	448,656	558,488	1,353,908	1,623,468	1,852,383
Production costs	313,913	245,597	940,555	868,167	1,195,094
Sales and distribution costs	37,575	72,575	135,671	222,439	285,783
Research and development costs	74,511	102,300	293,728	226,359	341,420
Administrative costs	69,641	74,075	225,571	200,408	278,145
Other operating income	-	-	-	627,647	627,647
Income before interest and taxes (EBIT)	(46,984)	63,941	(241,617)	733,742	379,588
Financial items, net	(31,834)	(37,060)	(115,065)	(79,284)	(97,612)
Income before company tax	(78,818)	26,881	(356,682)	654,458	281,976
Net profit for the period	(81,440)	26,349	(362,543)	652,202	277,521
<b>Balance sheet</b>					
Total non-current assets			6,523,564	6,359,911	6,378,017
Securities, cash and cash equivalents			2,638,064	2,569,107	1,669,607
Other current assets			955,896	522,117	711,440
Total assets			10,117,524	9,451,135	8,759,064
Equity			5,770,699	5,264,117	4,894,353
Non-current liabilities			2,034,090	2,408,367	2,912,401
Current liabilities			2,312,735	1,778,651	952,310
<b>Cash flow statements</b>					
Cash flow from operating activities			(247,117)	987,639	571,911
Cash flow from investment activities			(1,355,880)	(2,051,270)	(1,911,532)
- Investment in intangible assets			(86,010)	(113,408)	(501,877)
- Investment in property, plant and equipment			(307,166)	(108,359)	(204,833)
- Net investment in securities			(947,362)	(1,826,820)	(1,202,145)
Cash flow from financing activities			1,655,265	1,331,154	1,334,874
<b>Financial Ratios<sup>1)</sup></b>					
EBITDA after Other operating income	51,581	162,658	43,596	1,001,276	739,736
EBITDA before Other operating income	51,581	162,658	43,596	373,629	112,089
Earnings (basic) per share of DKK 10			(5.8)	12.4	5.1
Net asset value per share			90.1	90.1	83.7
Share price at period-end			326	198	187
Share price/Net asset value per share			3.6	2.2	2.2
Number of outstanding shares at period-end (thousand) <sup>2)</sup>			64,065	58,450	58,450
Equity share			57%	56%	56%
Number of employees, converted to full-time, at period-end			750	649	690

<sup>1)</sup> Earnings per share (EPS) is calculated in accordance with IAS 33 "Earning per share". Other financial ratios have been calculated in accordance with the guidelines from the Danish Society of Financial Analysts.

<sup>2)</sup> Number of shares increased by 5,150,000 at completion of private placement March 2021.

**Reconciliation of EBITDA**

Income before interest and tax (EBIT)	(46,984)	63,941	(241,617)	733,742	379,588
Depreciation and amortization	98,565	98,717	285,213	267,534	360,148
<b>EBITDA after Other operating income</b>	<b>51,581</b>	<b>162,658</b>	<b>43,596</b>	<b>1,001,276</b>	<b>739,736</b>

## Management's Review

### Sales and other income

Comparative figures for 2020 are shown in brackets. Where market shares are mentioned, these are measured by value.

#### Q3 sales

mDKK	Q3 2021	Q3 2020	Growth
Rabipur/RabAvert	160	188	-15%
Encepur	72	110	-35%
JYNNEOS	214	160	+33%
Mvabea (Ebola)	-	-	-
Milestone payments	-	67	-
Contract work	3	33	-90%
<b>Total</b>	<b>449</b>	<b>558</b>	

#### 9M sales

mDKK	9m 2021	9m 2020	Growth
Rabipur/RabAvert	368	547	-33%
Encepur	316	406	-22%
JYNNEOS	550	480	14%
Mvabea (Ebola)	89	-	-
Milestone payments	-	67	-
Contract work	31	123	-84%
<b>Total</b>	<b>1,354</b>	<b>1,623</b>	

#### Rabipur/RabAvert

Rabipur/RabAvert revenue amounted to DKK 160 million (DKK 188 million) for the third quarter. The 15% decrease versus the prior year was primarily caused by an expected market share loss as the competitor returned into the market from a stock out situation last year.

The Q3 US market grew by approximately 4% compared with last year, but the market is still significantly below the pre-COVID-19 level. The US market share end of September was approximately 69%, 5 percentage point below same period prior year, but still approximately 7-8 percentage points higher than the level prior to the competitor out-of-stock situation.

European revenue remains very low due to COVID-19 and the impact on travelling to endemic rabies countries. However, the German market did show 71% growth versus prior year but coming from a very low base. Rabipur market share ended at approximately 95% in Germany, 4 percentage points down compared with prior year.

For the first nine months, Rabipur/RabAvert revenue amounted to DKK 368 million (DKK 548 million), i.e. a decrease of 33%.

#### Encepur

Encepur revenue amounted to DKK 72 million (DKK 110 million) for the third quarter, i.e. a decrease of 35% versus prior year primarily caused by continued negative market development in Germany and inventory movements at wholesaler and partner level.

The Q3 2021 German market declined by 13%, continuing the negative trend started in Q2 and caused by lack of resources for TBE vaccinations as general practitioners were focused on COVID-19 vaccinations. This decline followed a promising first quarter with an 8% market growth. The German market share was 31% by end of September, which is in line with prior year.

For the first nine months, Encepur revenue amounted to DKK 316 million (DKK 406 million), i.e. a decrease of 22%.

#### JYNNEOS

Revenue from the sale of JYNNEOS/IMVANEX/IMVAMUNE in the third quarter was DKK 214 million (DKK 160 million) comprising of both bulk batches and liquid frozen finished products to BARDA. For the first nine months, JYNNEOS/IMVANEX/IMVAMUNE revenue was DKK 550 million (DKK 480 million), of which DKK 460 million was related to orders from the US government and DKK 90 million was related to rest of World orders.

#### Mvabea (Ebola)

For the first nine months, revenue from Mvabea was DKK 89 million (DKK 0 million), which is related to the order announced in June 2020.

#### Contract work

Revenue from contract work in the third quarter was DKK 3 million (DKK 33 million). For the first nine months, revenue from contract work amounted to DKK 31 million (DKK 123 million), mainly stemming from qualification and validation activities relating to the fill-and-finish plant and the phase 3 trial of the freeze-dried version of the smallpox vaccine, both under contracts with the US government.

## Our marketed products

PRODUCT	INDICATION
Rabipur®/RabAvert®	Rabies
Encepur®	Tick-borne encephalitis (TBE)
JYNNEOS®/IMVAMUNE®/IMVANEX® (liquid-frozen)	Smallpox (and Monkeypox in the US)
Mvabea® (licensed to Janssen)	Ebola

## Update on strategic priorities

Bavarian Nordic's mission is to save and improve lives by unlocking the power of the immune system and in the medium term, we have established a bold vision and aspiration to become one of the largest pure play vaccine companies by developing **innovative life-saving vaccines**, excelling in **commercialization** and being a **best-in-class vaccine manufacturer**.

### Commercial

The establishment of the commercial infrastructure and transfer of marketing and distribution for Rabipur/RabAvert and Encepur from GSK has been completed for all markets, except Japan, in accordance with plans and in record time. In addition, market shares have either been maintained or increased during the transition and the awareness of Bavarian Nordic among health care practitioners has increased in key markets.

Preparations are ongoing to expand the commercial portfolio in 2022 with the addition of HEPLISAV-B<sup>®</sup> hepatitis B vaccine from Dynavax, which Bavarian Nordic will market and distribute in Germany, as well as the DUKORAL<sup>®</sup> cholera vaccine and IXIARO<sup>®</sup> Japanese encephalitis vaccine from Valneva which Bavarian Nordic will market and distribute in Germany and Switzerland according to the agreements entered with both companies during 2020 and 2021.

### R&D innovation

Several key pipeline projects have advanced during 2021, supporting the Company's strategy to develop innovative life-saving vaccines.

#### COVID-19 vaccine

Initial data from the first-in-human study of ABNCoV2, the capsid virus like particle (cVLP) COVID-19 vaccine candidate licensed from AdaptVac, were reported in August, and the remaining data for the high dose groups have now become available. The phase 1/2 dose-escalation trial enrolled 45 healthy SARS-CoV-2-naïve adult volunteers, who received two doses (dose ranges from 6-70 µg) of ABNCoV2, formulated with and without adjuvant. The high doses (50 µg and 70 µg) were however all administered without adjuvant. The results demonstrate that the vaccine was well tolerated across all dose groups with no observed difference in the adverse event profile following the first and second vaccinations. No serious adverse events were reported, and the safety profile was comparable to other vaccines based on recombinant protein-technology.

In all dose groups, antibody titers were boosted after the second vaccination to levels significantly higher than those reported for current approved COVID-19 vaccines. Titers were up to 12-fold higher than those measured in convalescent human samples with similar strong responses seen across the groups receiving 25, 50 and 70 µg, indicating a plateau within this range. This could potentially provide rationale for reducing the dose of the vaccine, while maintaining optimal effect, and thus could lead to an optimization of manufacturing costs, however more data is needed to facilitate a meaningful conclusion.

Importantly, ABNCoV2 demonstrated high neutralization titers against all SARS-CoV-2 variants of concern, including the dominant Delta variant.

A phase 2 clinical trial was initiated in August to investigate the potential of ABNCoV2 as a booster vaccine for individuals with previous COVID-19 disease or vaccination. Upon assessment of the phase 1 results, the phase 2 trial has been amended and will expand the group of healthy volunteers with existing immunity to a total of 180 (previously 150 subjects), of which 90 subjects will receive a single dose of 100 µg ABNCoV2 and 90 subjects will

receive 50 µg of ABNCoV2, thus seeking to confirm the optimal dose for boosting the existing levels of SARS-CoV-2 neutralizing antibodies. Enrollment has been completed in the first group with initial results expected in December 2021 according to plan. The second group is expected to initiate enrollment later in November.

In August a funding agreement, valued at up to DKK 800 million, was entered with the Danish Ministry of Health to support the completion of the development of ABNCoV2 towards licensure. The agreement includes an upfront payment of DKK 80 million, in addition to payments of up to DKK 720 million, which are contingent upon reaching a number of predefined milestones including among others completion of the ongoing phase 2 trial, phase 3 development milestones and milestones related to upscaling of manufacturing for clinical and commercial production of the vaccine.

All payments are potentially subject to repayment, however only upon successful marketing authorization of the vaccine by the European Commission. Repayment may occur via supply of vaccines and royalty payments from the sale of the vaccine to other customers. Royalty payments are only triggered upon reaching a certain volume in sales. The Danish Ministry of Health could be entitled to an additional, capped royalty payment if the sales reach a certain threshold.

The phase 3 trial of ABNCoV2 is anticipated in 2022, pending results from the ongoing phase 2 trial and further discussions and feedback from the regulatory authorities.

The manufacturing of vaccines for the phase 3 trial has been agreed with a contract manufacturer and is planned for December 2021, with filling at Bavarian Nordic's own facility anticipated during first quarter of 2022.

#### RSV

In September, positive results from the human challenge trial of MVA-BN<sup>®</sup> RSV were reported. The phase 2 double-blinded, placebo-controlled trial enrolled healthy adult volunteers, between 18-50 years of age who were randomized to receive either a single vaccination of MVA-BN RSV or placebo. Volunteers were challenged intranasally with an RSV type A strain 28 days after vaccination. A total of 61 subjects were evaluable.

The study demonstrated a significant reduction in viral load in vaccinated subjects (n=30) versus placebo (n=31), thus meeting the primary endpoint of this critical study. At the same time, the vaccinated subjects showed a significant reduction in clinical symptoms typically associated with RSV infections. The MVA-BN RSV vaccine demonstrated a vaccine efficacy of up to 79% in preventing symptomatic RSV infections.

No vaccine-related serious adverse events were observed, and the vaccine was well tolerated, consistent with the safety profile previously reported in phase 1 and phase 2 clinical studies.

Pending further analysis of the current RSV infection rates, discussions with regulatory authorities about the phase 3 design, and funding/partnering considerations, the Company will determine the immediate next steps and expects to communicate these during fourth quarter of 2021. In the meantime, preparations are ongoing to enable a trial start in 2022 should this be decided upon.

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

The tech transfer of the freeze-dried version of the MVA-BN smallpox vaccine to Bavarian Nordic's fill and finish line has been initiated, which, together with the completed phase 3 trial (lot consistency trial) will form basis for submission of a supplement

to the Biologics License Application (BLA) to extend the approval for both formulations of MVA-BN, anticipated in 2022.

#### Immuno-oncology

A phase 1/2 open label trial of intravenous administration of TAEK-VAC, a tumor antibody enhanced therapeutic vaccine targeting HER2 and brachyury, which has been generated from the MVA-BN platform, was initiated earlier in 2021. The first stage of the trial is investigating the safety and tolerability of escalating doses of the vaccine before advancing into stage 2, expected in 2022.

#### Manufacturing

The ongoing activities to expand Bavarian Nordic's manufacturing footprint are progressing as planned, while also running the planned production in parallel, including among others production of bulk vaccine for the US government, as well as production of Mvabea (Ebola) bulk vaccine for Janssen.

In June, the Kvistgaard manufacturing facility was inspected by the Danish Medicines Agency (DMA). In addition to the primary inspection of the new fill and finish facility, the existing bulk manufacturing facility was reinspected in accordance with the GMP requirements. Both inspections were successful and Bavarian Nordic received the formal approval of the entire facility from the DMA during the third quarter of 2021.

The transfer and validation of the final drug production of the liquid-frozen JYNNEOS smallpox vaccine has been completed and commercial production of the vaccine has been initiated at the new fill and finish facility.

Additionally, the expansion of the bulk facility to support technology transfer of Rabipur/RabAvert and Encepur have progressed timely. In accordance with the expansion plans the bulk facility is now shut down and will not reopen until third quarter of 2022 which means there will be a significant reduction of the bulk manufacturing capacity in 2022.

## Other matters

#### *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 remuneration policy.

The warrant program entails the issuance of 716,256 warrants in total which entitle the warrant holders to subscribe for up to 716,256 shares in total with a nominal value of DKK 10 each at an exercise price of DKK 353.06 per share. The warrants may be exercised wholly or partly during eight fixed subscription periods during 2025 and 2026.

The value of each warrant equals DKK 76.05 and is calculated on the Black-Scholes model with a risk-free interest rate of -0.53% per cent and on the historical volatility of the shares in relevant peers. The calculation is based on a share price of DKK 307.20.

#### *Retention scheme introduced for CEO Paul Chaplin*

In order to secure Paul Chaplin's continued service as CEO for Bavarian Nordic A/S in the light of increasing demand driven by the COVID-19 pandemic for leaders with strong vaccine experience, the board of directors has today decided, in accordance with the remuneration policy, to grant Mr. Chaplin an extraordinary retention cash bonus in 2024 equivalent to one year's base wage (2021 level) as well as an extraordinary Long Term Incentive (LTI) grant equal to one year's base wage (2021 level) out of which 50% will be granted as warrants in 2021 and the remaining 50% will in Q2 2022 be granted either as warrants or RSUs (the latter would be subject to approval at the annual general meeting in 2022).

## Our clinical pipeline

VACCINE	INDICATION	PHASE 1	PHASE 2	PHASE 3	STATUS / MILESTONE
MVA-BN freeze-dried	Smallpox				Phase 3 completed. Submission of BLA supplement anticipated in 2022
MVA-BN RSV	RSV				Phase 2 completed. Decision on phase 3 pending.
ABNCoV2	COVID-19				Phase 2 ongoing with expected data read-out in Q4 2021.
TAEK-VAC	Cancer				Phase 1/2 study ongoing.
MVA-BN WEV	Equine encephalitis				Phase 1 dose finding study completed. Further development is pending external funding.



## Financial review

Financial statements for the period January 1 - September 30, 2021 are un-audited. Comparison figures for the same period 2020 are stated in brackets.

### Revenue

Revenue for the period was DKK 1,354 million (DKK 1,623 million). Revenue was composed of DKK 684 million (DKK 954 million) from sales of the two new products Rabipur/RabAvert and Encepur, DKK 460 million (DKK 480 million) from sales of MVA-BN smallpox vaccine to US government, DKK 90 million (DKK 0 million) from sales of smallpox vaccines to three European countries, DKK 89 million (DKK 0 million) sales of Mvabea to Janssen, DKK 0 million milestone payments (DKK 67 million) and DKK 31 million (DKK 123 million) from contract work. Revenue reported for the three months ended September 30, 2021 was DKK 449 million (DKK 558 million).

### Production costs

Production costs totaled DKK 941 million (DKK 868 million). Costs related directly to revenue amounted to DKK 453 million (DKK 606 million), of which cost of goods sold totaled DKK 432 million (DKK 523 million). Contract costs totaled DKK 20 million (DKK 83 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 205 million). Other production costs totaled DKK 283 million (DKK 57 million) and included write-down of inventories by DKK 77 million to cover likely expiry of products following the lower sale, offset by partial reversal of accrual made year-end 2020 to capture obsolete products related to distribution switch from GSK (DKK 34 million). In Q1 the production plant was utilized for production of RSV Phase 3 clinical trial material, which gave a much lower utilization of the commercial manufacturing capacity leading to low absorption of indirect production costs causing higher other production costs. Since August 2021, the current bulk manufacturing facility has been shut down due to the ongoing expansion of the drug substance facility for future production of Rabipur/RabAvert and Encepur, therefore no absorption of indirect production costs for this part of the production facility leading to increased other production costs.

In the third quarter of 2021, production costs were DKK 314 million (DKK 246 million).

### Sales and distribution costs

Sales and distribution costs totaled DKK 136 million (DKK 222 million) split between costs for distribution of products of DKK 13 million (DKK 109 million) and costs for running the commercial organization and activities of DKK 123 million (DKK 113 million). In 2020 GSK handled the sale and distribution of Rabipur/RabAvert and Encepur for which the Group paid a distribution fee based on the revenue incurred, leading to much higher distribution costs in 2020 compared to 2021.

### Research and development costs

Research and development costs totaled DKK 294 million (DKK 226 million). The increase compared to 2020 was driven by manufacturing of RSV Phase 3 material. The amount excludes R&D costs of DKK 20 million (DKK 83 million) recognized as production costs, see [note 5](#).

### Administrative costs

Administrative costs totaled DKK 226 million (DKK 200 million). The increase primarily relates to the ongoing transfer project for

Rabipur/RabAvert and Encepur and the impact from the extension of the executive management during 2020.

### Other operating income

Other operating income for 2020 related to the sale of the Priority Review Voucher, DKK 628 million.

### EBIT/EBITDA

Income before interest and tax (EBIT) was a loss of DKK 242 million, compared to a gain of DKK 734 million in first nine months of 2020.

EBITDA was a gain of DKK 44 million (gain of DKK 1,001 million). Amortization of product rights related to Rabipur/RabAvert and Encepur amounted to DKK 205 million (DKK 205 million) whereas depreciation on other fixed assets amounted to DKK 81 million (DKK 63 million).

### Financial items

Financial items totaled a net expense of DKK 115 million (net expense of DKK 79 million) and consisted of interest expense on debt of DKK 13 million (DKK 27 million), net value adjustment of deferred consideration of DKK 88 million (DKK 54 million) and a net expense from securities of DKK 28 million (income of DKK 12 million), partly offset by net foreign exchange rate gains of DKK 12 million (loss DKK 3 million), a net gain on derivative financial instruments of DKK 1 million (loss DKK 7 million) and interest income DKK 1 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 DKK 7 million income (income of DKK 26 million), currency adjustments of DKK 2 million income (income of DKK 10 million) and unwinding<sup>1</sup> of the discounting effect related to deferred consideration DKK 97 million (DKK 90 million), see [note 6](#) and [7](#).

Income before company tax was a loss of DKK 357 million (gain of DKK 654 million).

### Tax

Tax on income was DKK 6 million (DKK 2 million). The parent company's taxable income for the full year of 2021 is expected to be zero due to utilization of tax deductible 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 14](#) in the Annual Report for 2020.

### Net profit

For the first nine months of 2021, Bavarian Nordic reported a net loss of DKK 363 million (net gain of DKK 652 million).

### Product rights

Product rights recognized in the balance sheet totaled DKK 4,981 million (DKK 5,186 million as of December 31, 2020) and relates to Rabipur/RabAvert and Encepur.

### Acquired rights and development in progress

Acquired rights and development in progress relates to the development of ABNCoV2, the Company's COVID-19 vaccine candidate. The asset includes the upfront payment to AdaptVac of DKK 30 million paid last summer when the license and

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

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

collaboration agreement was signed and capitalization of development costs for running the ongoing phase 2 study (DKK 19 million). Under the Group's accounting policies and in accordance with common industry practice, development costs are generally expensed in the year they occur. During the development of ABNCoV2, the Group has, however, started capitalization of directly related development cost at commencement of the phase 2 studies as - unlike most other development candidates - the feasibility of developing a final vaccine and obtain regulatory approval is considered highly likely, because the development of other COVID-19 vaccine candidates based on the same antigen has been successful. Furthermore, the Group has ensured significant finance of the development through the funding obtained from Danish Ministry of Health and a minimum demand agreed in the agreement with the Danish Ministry of Health.

Under the agreement, the Company is entitled to an upfront payment of DKK 80 million, in addition to payments of up to DKK 720 million, which are contingent upon reaching a number of predefined milestones under the development project. All payments are potentially subject to repayment, however only upon successful obtainment of marketing authorization and upon reaching certain annual levels of doses sold.

The upfront payment of DKK 80 million was received mid-October.

#### Securities, cash and cash equivalents

Securities, cash and cash equivalents were DKK 2,638 million as of September 30, 2021, including repo pledged securities of DKK 456 million (DKK 1,670 million as of December 31, 2020, no repo pledged securities). The increase is primarily due to the capital increase in March 2021 which generated net proceeds of DKK 1.1 billion.

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 negative by DKK 247 million (positive by DKK 988 million), primarily following an increase in trade receivables compared to year-end 2020. Cash flow from investment activities was negative by DKK 1,356 million (negative by DKK 2,051 million) following net investments in securities of DKK 947 million (net investment of DKK 1,827 million). Cash flow from investment activities also include DKK 307 million (DKK 108 million) of investments in property, plant and equipment related to the ongoing expansion of the drug substance facility for future production of Rabipur/RabAvert and Encepur. Investment in other intangible assets amounted to DKK 86 million (DKK 92 million) and includes the ongoing Rabipur/RabAvert and Encepur technology transfer project, the development project for the COVID-19 vaccine and IT system investments. Cash flow from financing activities was a contribution of DKK 1,655 million (DKK 1,331 million), following the proceeds from capital increase through private placement, proceeds from warrant exercise and conclusion of repo transactions. The net change in cash and cash equivalents was positive by DKK 52 million (positive by DKK 268 million).

#### Equity

The Group's equity as of September 30, 2021 stood at DKK 5,771 million (DKK 4,894 million as of December 31, 2020). The capital increase through private placement increased the equity by DKK 1,148 million before costs.

#### Deferred consideration

Deferred consideration for product rights amounted to DKK 2,911 million, an increase of DKK 88 million compared to December 31, 2020, due to the adjustment of net present value following the unwinding of the discounting effect.

#### Debt to credit institutions

The Company has concluded repo transactions (further described in note 15), hence debt to credit institutions increased by DKK 455 million compared to December 31, 2020. The European Investment Bank loan obtained in August 2017 (DKK 372 million) shall be repaid in August 2022 and therefore presented as current liabilities.

#### 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 48-51 "Risk Management" in the 2020 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 or availability of critical raw materials.

#### Outlook for 2021

Bavarian Nordic maintains the financial guidance for 2021, expecting to meet to the lower end of the previously guided ranges due to continued COVID-19 impact on the TBE and rabies markets. Thus, revenue of approximately DKK 1,900 million and an EBITDA of approximately DKK 100 million are expected. Cash and cash equivalents at year-end are expected to be approximately DKK 1,400 million.

The smallpox and Ebola business are not expected to be impacted by COVID-19.

Other key assumptions for the guidance remain largely unchanged.

#### Financial calendar 2021 and 2022

2021 Annual Report	March 4, 2022
Annual General Meeting*	April 5, 2022
Three-month report (Q1)	May 9, 2022
Half-year report (Q2)	August 24, 2022
Nine-month report (Q3)	November 9, 2022

\* 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, February 21, 2022.



## Financial statements

### Unaudited Condensed Consolidated Income Statements for the Periods Ended September 30, 2021 and 2020 and December 31, 2020

DKK thousand	Note	1/7 - 30/9 2021	1/7 - 30/9 2020	1/1 - 30/9 2021	1/1 - 30/9 2020	1/1-31/12 2020
Revenue	<a href="#">3</a>	448,656	558,488	1,353,908	1,623,468	1,852,383
Production costs	<a href="#">4</a>	313,913	245,597	940,555	868,167	1,195,094
<b>Gross profit</b>		<b>134,743</b>	<b>312,891</b>	<b>413,353</b>	<b>755,301</b>	<b>657,289</b>
Sales and distribution costs		37,575	72,575	135,671	222,439	285,783
Research and development costs	<a href="#">5</a>	74,511	102,300	293,728	226,359	341,420
Administrative costs		69,641	74,075	225,571	200,408	278,145
<b>Total operating costs</b>		<b>181,727</b>	<b>248,950</b>	<b>654,970</b>	<b>649,206</b>	<b>905,348</b>
<b>Other operating income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>627,647</b>	<b>627,647</b>
<b>Income before interest and tax (EBIT)</b>		<b>(46,984)</b>	<b>63,941</b>	<b>(241,617)</b>	<b>733,742</b>	<b>379,588</b>
Financial income	<a href="#">6</a>	12,369	5,796	30,994	47,775	97,922
Financial expenses	<a href="#">7</a>	44,203	42,856	146,059	127,059	195,534
<b>Income before company tax</b>		<b>(78,818)</b>	<b>26,881</b>	<b>(356,682)</b>	<b>654,458</b>	<b>281,976</b>
Tax on income for the period		2,622	532	5,861	2,256	4,455
<b>Net profit for the period</b>		<b>(81,440)</b>	<b>26,349</b>	<b>(362,543)</b>	<b>652,202</b>	<b>277,521</b>
<b>Earnings per share (EPS) - DKK</b>						
Basic earnings per share of DKK 10		(1.3)	0.5	(5.8)	12.4	5.1
Diluted earnings per share of DKK 10		(1.3)	0.5	(5.8)	12.4	5.1

### Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended September 30, 2021 and 2020 and December 31, 2020

DKK thousand	1/7 - 30/9 2021	1/7 - 30/9 2020	1/1 - 30/9 2021	1/1 - 30/9 2020	1/1-31/12 2020
<b>Net profit for the period</b>	<b>(81,440)</b>	<b>26,349</b>	<b>(362,543)</b>	<b>652,202</b>	<b>277,521</b>
<b>Items that might be reclassified to the income statement:</b>					
Exchange rate adjustments on translating foreign operations	3,834	(50)	7,825	(311)	(3,082)
Change in fair value of financial instruments entered into to hedge future cash flows	(3,053)	(3,467)	(13,839)	(1,433)	(3,096)
<b>Other comprehensive income after tax</b>	<b>781</b>	<b>(3,517)</b>	<b>(6,014)</b>	<b>(1,744)</b>	<b>(6,178)</b>
<b>Total comprehensive income</b>	<b>(80,659)</b>	<b>22,832</b>	<b>(368,557)</b>	<b>650,458</b>	<b>271,343</b>

## Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended September 30, 2021 and 2020 and December 31, 2020

DKK thousand	1/1 - 30/9 2021	1/1 - 30/9 2020	1/1-31/12 2020
<b>Net profit for the period</b>	<b>(362,543)</b>	<b>652,202</b>	<b>277,521</b>
Adjustment for non-cash items:			
Financial income	(30,994)	(47,775)	(97,922)
Financial expenses	146,059	127,059	195,534
Tax on income for the period	5,861	2,256	4,455
Depreciation, amortization and impairment losses	285,211	267,535	360,147
Share-based payment	55,381	24,263	32,998
Changes in inventories	(32,196)	(256,703)	(420,320)
Changes in receivables	(213,885)	(58,437)	(88,094)
Changes in current liabilities	(97,908)	302,599	345,723
<b>Cash flow from operations (operating activities)</b>	<b>(245,014)</b>	<b>1,012,999</b>	<b>610,042</b>
Received financial income	7,323	2,938	5,847
Paid financial expenses	(7,630)	(25,339)	(40,034)
Paid company taxes	(1,796)	(2,959)	(3,944)
<b>Cash flow from operating activities</b>	<b>(247,117)</b>	<b>987,639</b>	<b>571,911</b>
Investments in products rights	-	(21,673)	(393,992)
Investments in other intangible assets	(86,010)	(91,735)	(107,885)
Investments in property, plant and equipment	(307,166)	(108,359)	(204,833)
Investments in/disposal of financial assets	(15,342)	(2,683)	(2,677)
Investments in securities	(1,138,549)	(2,172,512)	(2,343,828)
Disposal of securities	191,187	345,692	1,141,683
<b>Cash flow from investment activities</b>	<b>(1,355,880)</b>	<b>(2,051,270)</b>	<b>(1,911,532)</b>
Payment on loans	(1,630)	(1,383,998)	(1,375,598)
Proceeds from loans	456,418	-	-
Repayment of lease liabilities	(14,608)	(13,119)	(17,799)
Proceeds from warrant programs exercised	100,804	15,564	15,564
Proceeds from rights issue	-	2,824,326	2,824,326
Proceeds from capital increase through private placement	1,148,450	-	-
Cost related to issue of new shares	(25,588)	(103,184)	(103,184)
Sale of preemptive rights - treasury shares	-	2,664	2,664
Purchase of treasury shares	(8,581)	(11,099)	(11,099)
<b>Cash flow from financing activities</b>	<b>1,655,265</b>	<b>1,331,154</b>	<b>1,334,874</b>
<b>Cash flow of the period</b>	<b>52,268</b>	<b>267,523</b>	<b>(4,747)</b>
Cash as of 1 January	285,487	297,545	297,545
Currency adjustments 1 January	4,067	(3,623)	(7,311)
<b>Cash end of period</b>	<b>341,822</b>	<b>561,445</b>	<b>285,487</b>

## Unaudited Condensed Consolidated Statements of Financial Position - Assets as of September 30, 2021 and 2020 and December 31, 2020

DKK thousand	Note	30/9 2021	30/9 2020	31/12 2020
<b>Assets</b>				
Product rights		4,981,064	5,253,999	5,185,765
Acquired rights and development in progress		49,167	-	29,813
Software		26,594	16,405	17,631
Intangible assets in progress		105,314	93,670	57,543
<b>Intangible assets</b>		<b>5,162,139</b>	<b>5,364,074</b>	<b>5,290,752</b>
Land and buildings		354,187	156,846	366,232
Leasehold improvements		10,013	2,539	3,713
Plant and machinery		255,972	79,123	204,664
Fixtures and fittings, other plant and equipment		220,828	15,454	223,238
Assets under construction		421,696	659,132	213,309
<b>Property, plant and equipment</b>		<b>1,262,696</b>	<b>913,094</b>	<b>1,011,156</b>
<b>Right-of-use assets</b>	<u>14</u>	<b>79,265</b>	<b>78,615</b>	<b>71,987</b>
Other receivables		4,692	4,128	4,122
Prepayments		14,772	-	-
<b>Financial assets</b>		<b>19,464</b>	<b>4,128</b>	<b>4,122</b>
<b>Total non-current assets</b>		<b>6,523,564</b>	<b>6,359,911</b>	<b>6,378,017</b>
<b>Inventories</b>	<u>8</u>	<b>553,278</b>	<b>357,465</b>	<b>521,082</b>
Trade receivables	<u>9</u>	302,973	130,662	139,292
Tax receivables		-	1,014	-
Other receivables	<u>10</u>	43,215	24,958	37,334
Prepayments		56,430	8,018	13,732
<b>Receivables</b>		<b>402,618</b>	<b>164,652</b>	<b>190,358</b>
Securities	<u>15, 16</u>	2,296,242	2,007,662	1,384,120
Cash and cash equivalents		341,822	561,445	285,487
<b>Securities, cash and cash equivalents</b>		<b>2,638,064</b>	<b>2,569,107</b>	<b>1,669,607</b>
<b>Total current assets</b>		<b>3,593,960</b>	<b>3,091,224</b>	<b>2,381,047</b>
<b>Total assets</b>		<b>10,117,524</b>	<b>9,451,135</b>	<b>8,759,064</b>

## Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of September 30, 2021 and 2020 and December 31, 2020

DKK thousand	Note	30/9 2021	30/9 2020	31/12 2020
<b>Equity and liabilities</b>				
Share capital		640,651	584,501	584,501
Treasury shares		(1,176)	(1,077)	(1,077)
Retained earnings		5,069,631	4,587,477	4,246,359
Other reserves		61,593	93,216	64,570
<b>Equity</b>		<b>5,770,699</b>	<b>5,264,117</b>	<b>4,894,353</b>
Deferred consideration for product rights		1,953,519	1,954,280	2,464,932
Debt to credit institutions	<a href="#">11</a>	19,443	393,821	393,268
Lease liabilities	<a href="#">14</a>	61,128	60,266	54,201
<b>Non-current liabilities</b>		<b>2,034,090</b>	<b>2,408,367</b>	<b>2,912,401</b>
Deferred consideration for product rights		957,251	1,229,335	357,736
Debt to credit institutions	<a href="#">11, 15</a>	830,787	2,163	2,174
Lease liabilities	<a href="#">14</a>	21,059	20,695	20,422
Prepayment from customers	<a href="#">12</a>	50,755	81,221	74,347
Trade payables		222,795	296,174	345,320
Company tax		2,063	258	497
Other liabilities	<a href="#">13</a>	228,025	148,805	151,814
<b>Current liabilities</b>		<b>2,312,735</b>	<b>1,778,651</b>	<b>952,310</b>
<b>Total liabilities</b>		<b>4,346,825</b>	<b>4,187,018</b>	<b>3,864,711</b>
<b>Total equity and liabilities</b>		<b>10,117,524</b>	<b>9,451,135</b>	<b>8,759,064</b>

## Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods September 30, 2021 and 2020

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, 2021	584,501	(1,077)	4,246,359	(40,640)	(809)	106,019	4,894,353
<b>Comprehensive income for the period</b>							
Net profit	-	-	(362,543)	-	-	-	(362,543)
<b>Other comprehensive income</b>							
Exchange rate adjustments on translating foreign operations	-	-	-	7,825	-	-	7,825
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	(13,839)	-	(13,839)
<b>Total comprehensive income for the period</b>	-	-	(362,543)	7,825	(13,839)	-	(368,557)
<b>Transactions with owners</b>							
Share-based payment	-	-	-	-	-	29,818	29,818
Warrant program exercised	4,650	-	119,201	-	-	(23,047)	100,804
Capital increase through private placement	51,500	-	1,096,950	-	-	-	1,148,450
Cost related to issue of new shares	-	-	(25,588)	-	-	-	(25,588)
Purchase of treasury shares	-	(317)	(8,264)	-	-	-	(8,581)
Transfer regarding restricted stock units	-	218	3,516	-	-	(3,734)	-
<b>Total transactions with owners</b>	<b>56,150</b>	<b>(99)</b>	<b>1,185,815</b>	<b>-</b>	<b>-</b>	<b>3,037</b>	<b>1,244,903</b>
<b>Equity as of September 30, 2021</b>	<b>640,651</b>	<b>(1,176)</b>	<b>5,069,631</b>	<b>(32,815)</b>	<b>(14,648)</b>	<b>109,056</b>	<b>5,770,699</b>
DKK thousand	Share capital	Treasury shares	Retained earnings	Reserves for currency adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity
Equity as of January 1, 2020	323,891	(684)	1,460,007	(37,558)	2,287	117,512	1,865,455
<b>Comprehensive income for the period</b>							
Net profit	-	-	652,202	-	-	-	652,202
<b>Other comprehensive income</b>							
Exchange rate adjustments on translating foreign operations	-	-	-	(311)	-	-	(311)
Change in fair value of financial instruments entered into to hedge future cash flows	-	-	-	-	(1,433)	-	(1,433)
<b>Total comprehensive income for the period</b>	-	-	652,202	(311)	(1,433)	-	650,458
<b>Transactions with owners</b>							
Share-based payment	-	-	-	-	-	19,933	19,933
Warrant program exercised	1,498	-	17,514	-	-	(3,448)	15,564
Capital increase through rights issue	259,112	-	2,565,214	-	-	-	2,824,326
Cost related to issue of new shares	-	-	(103,184)	-	-	-	(103,184)
Purchase of treasury shares	-	(524)	(10,575)	-	-	-	(11,099)
Transfer regarding restricted stock units	-	131	3,635	-	-	(3,766)	-
Sale of preemptive rights - treasury shares	-	-	2,664	-	-	-	2,664
<b>Total transactions with owners</b>	<b>260,610</b>	<b>(393)</b>	<b>2,475,268</b>	<b>-</b>	<b>-</b>	<b>12,719</b>	<b>2,748,204</b>
<b>Equity as of September 30, 2020</b>	<b>584,501</b>	<b>(1,077)</b>	<b>4,587,477</b>	<b>(37,869)</b>	<b>854</b>	<b>130,231</b>	<b>5,264,117</b>



## Notes

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### 1. Significant accounting policies

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

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

The accounting policies used in the interim financial statements are consistent with those used in the consolidated financial statements for 2020 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by EU.

As of September 30, 2021, the Company has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2021 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 2020, Management has made a significant accounting judgment in relation to capitalization of the development costs related to ABNCov2. Under the Group's accounting policies and in accordance with common industry practice, development costs are generally expensed in the year they occur. During the development of ABNCov2, the Group has, however, started capitalization of directly related development cost at commencement of the phase 2 studies as - unlike most other development candidates - the feasibility of developing a final vaccine and obtain regulatory approval is considered highly likely, because the development of other COVID-19 vaccine candidates based on the same antigen has been successful. Furthermore, the Group has ensured significant finance of the development through the funding obtained from Danish Ministry of Health and a minimum demand agreed in the agreement with the Danish Ministry of Health.

Management has not changed significant estimates and judgments regarding recognition and measurement.

DKK thousand	1/7 - 30/9 2021	1/7 - 30/9 2020	1/1 - 30/9 2021	1/1 - 30/9 2020	1/1-31/12 2020
<b>3. Revenue</b>					
MVA-BN smallpox vaccine sale	213,667	160,168	550,045	480,477	540,769
Rabipur/RabAvert	160,347	187,987	367,537	547,678	627,699
Encepur	71,365	110,491	316,025	405,890	455,012
Other product sale	-	-	89,079	-	-
Sale of goods	445,379	458,646	1,322,686	1,434,045	1,623,480
Milestone payments	-	66,553	-	66,553	66,553
Contract work	3,277	33,289	31,222	122,870	162,350
Sale of services	3,277	99,842	31,222	189,423	228,903
<b>Revenue</b>	<b>448,656</b>	<b>558,488</b>	<b>1,353,908</b>	<b>1,623,468</b>	<b>1,852,383</b>
Total revenue includes: Fair value adjustment concerning financial instruments entered into to hedge revenue	(5,274)	11,283	(5,005)	13,146	13,146
<b>4. Production costs</b>					
Cost of goods sold	108,595	140,080	432,255	523,776	584,574
Contract costs	1,076	23,298	20,305	82,837	104,409
Amortization product rights	68,234	68,234	204,701	204,701	272,935
Other production costs	136,008	13,985	283,294	56,853	233,176
<b>Production costs</b>	<b>313,913</b>	<b>245,597</b>	<b>940,555</b>	<b>868,167</b>	<b>1,195,094</b>
<b>5. Research and development costs</b>					
Research and development costs occurred in the period Of which:	75,587	125,598	314,033	309,196	445,829
Contract costs recognized as production costs	(1,076)	(23,298)	(20,305)	(82,837)	(104,409)
<b>Research and development costs</b>	<b>74,511</b>	<b>102,300</b>	<b>293,728</b>	<b>226,359</b>	<b>341,420</b>
<b>6. Financial income</b>					
Financial income from bank and deposit contracts	1,243	-	1,340	193	193
Interest income from financial assets measured at amortized cost	1,243	-	1,340	193	193
Financial income from securities	2,238	2,644	7,703	6,337	8,756
Fair value adjustments on securities	-	2,034	-	5,837	6,783
Adjustment of deferred consideration due to change in estimated timing of payments	446	(1,593)	6,789	25,499	67,719
Currency adjustment deferred consideration	78	2,711	1,865	9,909	11,900
Net gains on derivative financial instruments at fair value through the income statement	940	-	940	-	2,571
Net foreign exchange gains	7,424	-	12,357	-	-
<b>Financial income</b>	<b>12,369</b>	<b>5,796</b>	<b>30,994</b>	<b>47,775</b>	<b>97,922</b>
<b>7. Financial expenses</b>					
Interest expenses on debt	4,589	4,333	13,473	27,479	31,853
Interest expenses on financial liabilities measured at amortized cost	4,589	4,333	13,473	27,479	31,853
Fair value adjustments on securities	12,834	-	35,830	-	-
Unwinding of the discounting effect related to deferred consideration	28,867	27,678	96,756	89,565	145,149
Net loss on derivative financial instruments at fair value through the income statement	(2,087)	5,710	-	7,203	-
Net foreign exchange losses	-	5,135	-	2,812	18,532
<b>Financial expenses</b>	<b>44,203</b>	<b>42,856</b>	<b>146,059</b>	<b>127,059</b>	<b>195,534</b>

DKK thousand	30/9 2021	30/9 2020	31/12 2020
<b>8. Inventories</b>			
Raw materials and supply materials	70,490	55,101	73,919
Work in progress	101,774	205,566	201,601
Manufactured goods and commodities	460,344	196,723	309,099
Write-down on inventory	(79,330)	(99,925)	(63,537)
<b>Inventories</b>	<b>553,278</b>	<b>357,465</b>	<b>521,082</b>
Write-down on inventory 1 January	(63,537)	(104,056)	(104,056)
Write-down during the period	(76,889)	(21,181)	(25,692)
Use of write-down	61,096	24,773	65,672
Reversal of write-down	-	539	539
<b>Write-down end of period</b>	<b>(79,330)</b>	<b>(99,925)</b>	<b>(63,537)</b>
<b>9. Trade receivables</b>			
Trade receivables from smallpox vaccine sale	-	-	-
Trade receivables from Encepur and Rabipur/RabAvert	264,621	113,753	121,355
Trade receivables from other product sale	-	-	-
Trade receivables from contract work	38,352	16,909	17,937
<b>Trade receivables</b>	<b>302,973</b>	<b>130,662</b>	<b>139,292</b>
<b>10. Other receivables</b>			
Receivable VAT and duties	37,970	18,354	31,486
Derivative financial instruments at fair value	-	2,348	606
Interest receivables	5,245	4,256	3,767
Other receivables	-	-	1,475
<b>Other receivables</b>	<b>43,215</b>	<b>24,958</b>	<b>37,334</b>
<b>11. Debt to credit institutions</b>			
Mortgage	21,617	23,789	23,247
European Investment Bank (loan in DKK)	372,195	372,195	372,195
Security lending (repo transactions)	456,418	-	-
<b>Debt to credit institutions</b>	<b>850,230</b>	<b>395,984</b>	<b>395,442</b>
<b>12. Prepayment from customers</b>			
Prepayments from customers as of January 1	74,347	6,631	6,631
Prepayments received during the period	-	77,185	77,185
Recognized as revenue during the period	(23,592)	(2,595)	(9,469)
<b>Prepayments from customers end of period</b>	<b>50,755</b>	<b>81,221</b>	<b>74,347</b>
<b>13. Other liabilities</b>			
Financial instruments at fair value	14,762	1,494	1,414
Liability relating to phantom shares	30,413	5,463	4,849
Payable salaries, holiday accrual etc.	85,152	93,226	101,229
Gross to net deduction accrual	74,404	23,205	26,355
Other accrued costs	23,294	25,417	17,967
<b>Other liabilities</b>	<b>228,025</b>	<b>148,805</b>	<b>151,814</b>

**14. Right-of-use assets and lease liabilities****Right-of-use assets**

DKK thousand	Rent facility	Car leasing	Equipment	Total
Right-of-use assets as of January 1, 2021	68.931	2.312	744	71.987
Additions	-	753	768	1.521
Modifications	20.502	111	38	20.651
Depreciations	(13.486)	(1.142)	(350)	(14.978)
Exchange rate adjustments	43	41	-	84
<b>Right-of-use assets as of September 30, 2021</b>	<b>75.990</b>	<b>2.075</b>	<b>1.200</b>	<b>79.265</b>

**Lease liabilities**

DKK thousand	30/9 2021
Non-current	61.128
Current	21.059
<b>Lease liabilities</b>	<b>82.187</b>

**Amounts included in the income statement**

DKK thousand	1/1 - 30/9 2021
Interest expense leases	1,504
Depreciation recognized on right-of-use assets	14,978
Cost recognized for short term leases (less than 12 months)	386

In the first nine months of 2021 the total cash outflow relating to lease was DKkt 16,112 split between interests of DKkt 1,504 and repayment of DKkt 14,608.

**15. Transferred financial assets that are not derecognized**

The Company has entered into transactions that transferred ownership of securities to a counterparty, while the Company retains the risks associated with the holding of the securities (repo transactions). As the Company retains all risks, the securities remain in the balance sheet, and the transactions are accounted for as loans received against collateral (securities lending). The transactions involve selling the securities to be repurchased at a fixed price at a later date. Counterparties are entitled to sell the securities or deposit them as collateral for loans.

DKK thousand	30/9 2021	30/9 2020	31/12 2020
Carrying amount of transferred securities	455,048	-	-
Carrying amount of associated liabilities (repo transactions)	(456,418)	-	-
<b>Net position</b>	<b>(1,370)</b>	<b>-</b>	<b>-</b>

## 16. 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, 2021

DKK thousand	Level 1	Level 2	Total
Securities	1,841,194	-	1,841,194
Transferred securities that are not derecognized	455,048	-	455,048
<b>Financial assets measured at fair value through the income statement</b>	<b>2,296,242</b>	<b>-</b>	<b>2,296,242</b>
Derivative financial instruments to hedge future cash flow (currency)	-	(13,799)	(13,799)
Derivative financial instruments to hedge future cash flow (interest)	-	(848)	(848)
<b>Financial assets/liabilities used as hedging instruments</b>	<b>-</b>	<b>(14,647)</b>	<b>(14,647)</b>
Derivative financial instruments at fair value through the income statement (currency)	-	(115)	(115)
Security lending (repo transactions)	(456,418)	-	(456,418)
Liability relating to phantom shares	-	(30,413)	(30,413)
<b>Financial liabilities measured at fair value through the income statement</b>	<b>(456,418)</b>	<b>(30,528)</b>	<b>(486,946)</b>

As of December 31, 2020

DKK thousand	Level 1	Level 2	Total
Securities	1,384,120	-	1,384,120
<b>Financial assets measured at fair value through the income statement</b>	<b>1,384,120</b>	<b>-</b>	<b>1,384,120</b>
Derivative financial instruments to hedge future cash flow (currency)	-	606	606
Derivative financial instruments to hedge future cash flow (interest)	-	(1,414)	(1,414)
<b>Financial assets/liabilities used as hedging instruments</b>	<b>-</b>	<b>(808)</b>	<b>(808)</b>
Liability relating to phantom shares	-	(4,849)	(4,849)
<b>Financial liabilities measured at fair value through the income statement</b>	<b>-</b>	<b>(4,849)</b>	<b>(4,849)</b>



**17. Warrants****Outstanding warrants as of September 30, 2021**

	Outstanding as of January 1	Addition during the period	Warrants exercised	Annulled	Terminated	Trans- ferred	Outstanding as of September 30
Corporate Management	439,402	-	-	-	-	-	439,402
Other Executive Management	723,326	-	(31,709)	-	-	(215,328)	476,289
Other employees	2,062,360	-	(307,240)	(176,183)	-	(44,479)	1,534,458
Resigned employees	167,901	-	(126,056)	-	-	259,807	301,652
<b>Total</b>	<b>3,392,989</b>	<b>-</b>	<b>(465,005)</b>	<b>(176,183)</b>	<b>-</b>	<b>-</b>	<b>2,751,801</b>
<b>Weighted average exercise price</b>	<b>188</b>		<b>217</b>	<b>192</b>			<b>184</b>
<b>Weighted average share price at exercise</b>			<b>329</b>				
Numbers of warrants which can be exercised as of September 30, 2021							347,140
at a weighted average exercise price of DKK							238

The total recognized cost of the warrant programs was DKK 22.8 million in the first nine months of 2021 (DKK 15.9 million).

**Specification of parameters for Black-Scholes model**

DKK	Dec 2016	Jul 2017	Nov 2017	Nov 2018	Nov 2019	Jan 2020	Nov 2020
Average share price	222.50	383.50	259.50	159.00	154.05	171.20	179.84
Average exercise price at grant	260.20	430.40	303.00	179.60	185.40	197.00	206.82
Average exercise price determined at date of rights issue March 30, 2020 (DKK)	205.80	340.40	239.60	142.00	146.60	155.80	-
Applied volatility rate	44.6%	44.1%	52.4%	53.3%	52.2%	53.0%	39.8%
Expected life (years)	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Expected dividend per share	-	-	-	-	-	-	-
Risk-free interest rate p.a.	-0.48%	-0.46%	-0.55%	-0.43%	-0.69%	-0.65%	-0.66%
Fair value at grant <sup>1)</sup>	54	98	80	52	45	53	41

The applied volatility is based on the historical volatility of the Bavarian Nordic share, except for November 2020 program where the volatility is based on the volatility for a peer group.

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

**18. Significant changes in contingent liabilities and other contractual obligations**

No significant changes in contingent liabilities and other contractual obligations have occurred since December 31, 2020.

**19. Significant events after the balance sheet date****20. 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 12, 2021.

## 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, 2021.

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, 2021, and the results of the group’s activities and cash flows for the period January 1 to September 30, 2021.

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 12, 2021

### Corporate Management:



Paul John Chaplin  
President & CEO

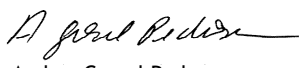


Henrik Juuel  
Executive Vice President & CFO

### Board of Directors:



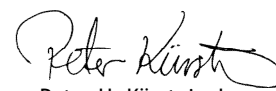
Gerard W.M. van Odijk  
Chairman of the Board



Anders Gersel Pedersen  
Deputy Chairman



Erik Gregers Hansen



Peter H. Kürstein-Jensen



Frank A.G.M. Verwiel



Elizabeth Mckee Anderson



Anne Louise Eberhard



Thomas Alex Bennekov  
Employee-elected



Anja Gjøel  
Employee-elected



Karen Merete Jensen  
Employee-elected



Linette Munksgaard Andersen  
Employee-elected