

Company Announcement

Bavarian Nordic Announces Annual Report 2016

COPENHAGEN, Denmark, March 15, 2017 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today its Annual Report for 2016. Below is a summary of business progress and financial performance for the year, and financial outlook for 2017 from the report. The full report is attached as a PDF file and can be found on the company's website, www.bavarian-nordic.com.

Key highlights

- Consistent with previous years we have generated revenues above DKK 1 billion and recorded a break-even result. Cash preparedness was significantly strengthened and has more than tripled over the last three years.
- We received a new USD 100 million bulk vaccine order from the U.S. Government for **IMVAMUNE** smallpox vaccine, which remains our base revenue driver. A tender process is expected to be initiated during 2017 potentially allowing us to continue deliveries of IMVAMUNE in a freeze-dried formulation. We also completed enrollment of the final Phase 3 study of the liquid-frozen formulation required prior to submission for U.S. approval.
- The first and second interim analyses of the Phase 3 study of **PROSTVAC** have been completed and the study continues as planned. We expect the third analysis around mid-2017 and final data before year-end. Three new Phase 2 clinical studies of PROSTVAC were initiated during the year, notably a combination study of PROSTVAC and YERVOY®, a checkpoint inhibitor from Bristol-Myers Squibb. A study combining PROSTVAC with YERVOY and OPDIVO® (also from Bristol-Myers Squibb) will begin soon.
- We reported promising Phase 1 data for **MVA-BN RSV**, our vaccine candidate against respiratory syncytial virus, which is designed to induce a broad immune response through inclusion of five RSV-associated antigens - a highly differentiated approach. We also completed enrollment of a Phase 2 study of the vaccine in 400 subjects. Results from this study are expected in mid-2017 and will provide important information for larger efficacy studies.
- In line with our strategy to expand our cancer immunotherapy pipeline, we initiated the first clinical study of **CV301** as combination therapy. The study will serve as a proof-of-concept in patients with non-small cell lung cancer in combination with OPDIVO, which was provided through a drug supply agreement with Bristol-Myers Squibb. In 2017 and beyond, we expect the initiation of additional combination trials of CV301 in other indications, including a Phase 2 study in bladder cancer with Tecentriq® (atezolizumab) which will be supplied by Roche. Additionally we expect for the NCI to begin Phase 2 trials of **MVA-BN Brachyury** in the second half of the year.
- Our collaboration with **Janssen** on vaccines for infectious diseases continues to evolve. Janssen completed a submission for Emergency Use Assessment and Listing for the prime-boost Ebola vaccine to the World Health Organization, and has also continued the late-stage development of the vaccine. Furthermore, a clinical study of a multivalent prime-boost vaccine was initiated, designed to protect not only against Ebola, but also Sudan and Marburg viruses. In 2017, Janssen will initiate the first-in-human study of the HPV vaccine they licensed in late 2015, and they retain the option to license two additional disease targets.

Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic said: "2016 was an important year for Bavarian Nordic, both in the advancement and diversification of our clinical pipeline, and from a financial perspective as well. The year has seen the initiation of six clinical trials, positive data from our first clinical study in RSV, and the expansion of our partnerships. Financially we continue to see revenues from our core businesses, providing us with yet another breakeven result, and additional capital inflows from both new and existing investors which has allowed us to triple our cash preparedness over the past three years. We are proud of these achievements and 2017 will be just as significant as we prepare for pivotal events in our pipeline with data read outs from our Phase 2 RSV and Phase 3 PROSTVAC studies."

Financial Performance

Bavarian Nordic's overall financial results for 2016 were in line with the Company's latest guidance. While the revenue and earnings before interest and taxes (EBIT) projections were maintained throughout the year, expectations to the year-end cash preparedness were upgraded in April 2016 to DKK 1,900 million after successfully raising DKK 665 million in a private placement, and again in January 2017 to DKK 2,300 million, primarily as a result of payments for IMVAMUNE deliveries, which were received earlier than expected.

Danish kroner (DKK) is the Company's functional currency. All USD figures provided below are based upon an assumed exchange rate of DKK 7.05 per 1.00 USD, which was the exchange rate as of December 31, 2016.

2016	DKK million		USD million	
	guidance	actual	guidance	actual
Revenue	1,000	1,007	142	143
EBIT	0	33	0	5
Cash preparedness, year-end	2,300	2,292	326	325

Revenue was comprised of DKK 758 million from sale of IMVAMUNE bulk drug substance to the U.S. Government, DKK 74 million from the sale of IMVAMUNE final drug product to other customers, DKK 94 million from ongoing development contracts, and DKK 81 million from the remaining IMVAMUNE holdback in our contract with the U.S. Government.

Outlook for 2017

2017E	DKK million	USD million
Revenue	1,300	184
EBIT	350	50
Cash preparedness, year-end *	2,400	340

* Cash preparedness includes cash, cash equivalents, investments in securities and the aggregate amount of undrawn credit lines.

Bavarian Nordic expects revenue of DKK 399 million from recognition of the upfront payment received from Bristol Myers Squibb (BMS) as part of the global license option for PROSTVAC. This is based upon the assumption that we provide BMS with top-line PROSPECT (Phase 3) data in the second half of 2017. Revenues of approximately DKK 800 million are expected from the production of bulk material of IMVAMUNE for the U.S. Government, as well as from delivery of doses of IMVAMUNE to the Public Health Agency of Canada. Additional revenues of approximately DKK 100 million are expected from ongoing research and development contracts.

Research and development costs are expected to total approximately DKK 425 million.

Conference call and webcast

The management of Bavarian Nordic will host a conference call today at 2 pm CET (9 am EDT) to present the annual results followed by a Q&A session. Dial-in numbers for the conference call are: Denmark: +45 32 71 16 60, UK: +44 (0) 20 3427 1911, USA: +1 646 254 3364. Participant code is 7659153. A live and archived webcast of the call and relevant slides will be available at <http://www.bavarian-nordic.com/investor/events.aspx?event=5047>.

About Bavarian Nordic

Bavarian Nordic is a fully integrated biotechnology company focused on the development, manufacturing and commercialization of cancer immunotherapies and vaccines for infectious diseases, based on the Company's live virus vaccine platform. Through long-standing collaborations, including a collaboration with the U.S. government, Bavarian Nordic has developed a portfolio of vaccines for infectious diseases, including the non-replicating smallpox vaccine, IMVAMUNE®, which is stockpiled for emergency use by the United States and other governments. The vaccine is approved in the European Union (under the trade name IMVANEX®) and in Canada. Bavarian Nordic and its partner Janssen are developing an Ebola vaccine regimen, which has been fast-tracked, with the backing of worldwide health authorities, and a vaccine for the prevention and treatment of HPV. Additionally, in collaboration with the National Cancer Institute, Bavarian Nordic has developed a portfolio of active cancer immunotherapies, including PROSTVAC®, which is currently in Phase 3 clinical development for the treatment of advanced prostate cancer. The company has partnered with Bristol-Myers Squibb for the potential commercialization of PROSTVAC. For more information visit www.bavarian-nordic.com or follow us on Twitter [@bavariannordic](https://twitter.com/bavariannordic).

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.

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