Company Announcement

14 November 2013

Bavarian Nordic – Interim Financial Report for the Period 1 January to 30 September 2013

KVISTGAARD, Denmark, November 14, 2013 – Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) today publishes its interim financial results for the first nine months of 2013. Revenue for the period was DKK 875 million (2012: DKK 750 million) and the result before tax was a loss of DKK 18 million (2012: DKK 17 million profit). The Infectious Diseases division remains profitable with an EBIT after internal allocations of DKK 250 million in the period (2012: DKK 221 million). As of September 30, 2013 the cash preparedness was DKK 546 million, including unutilized credit lines of DKK 120 million. The company has research and delivery contracts with the U.S. Government of which payments of up to USD 330 million (approximately DKK 1.8 billion) remain as of September 30, 2013. The company maintains its 2013 full-year expectations with revenues in the level of DKK 1,100 million and a break-even result before tax. The Infectious Diseases division is expected to generate an EBIT of approximately DKK 360 million, which will be offset by total costs of DKK 325 million in the Cancer Immunotherapy division, primarily relating to the global Phase 3 study of PROSTVAC®. The Group's cash preparedness at year-end is expected to be approximately DKK 600 million.

Group key figures are found at the end of this announcement. The full financial statements for the period can be downloaded from the Company's website: www.bavarian-nordic.com.

Highlights from the third quarter and up to the reporting date

- In August, IMVANEX® smallpox vaccine received marketing authorization in Europe
- In August, enrollment of 4,000 subjects in the Phase 3 IMVAMUNE® lot consistency trial was completed
- In July and August, patient enrollment in two Phase 2 studies, sponsored by National Cancer Institute (NCI), combining PROSTVAC® and enzalutamide (Xtandi®) began. One study investigates the combination in non-metastatic castration sensitive prostate cancer and the other in metastatic castration-resistant prostate cancer

Anders Hedegaard, President & CEO commented: "*With a continued strong performance, we remain on track to meet the financial expectations we set out for the year. We are reaching completion of the final delivery for the initial 20 million dose order of IMVAMUNE smallpox vaccine to the U.S. Strategic National Stockpile, and will soon begin delivering on the next contract we were awarded in April this year. The European marketing authorization for IMVANEX in August, our first regulatory product approval, represented a historic milestone for the company and an important validation of our MVA-BN vaccine technology platform. Looking ahead, we remain highly focused on completing enrollment in the PROSPECT Phase 3 study of PROSTVAC. Additionally, our intention now is to prioritize colorectal cancer in the further clinical development of CV-301, based on the promising clinical Phase 2 study results reported in May of this year, and we are in the process of seeking regulatory input to determine next steps in the clinical development strategy.*"

Selected upcoming milestones

- Deliver 7 million doses of IMVAMUNE to the U.S. Strategic National Stockpile in 2013
- Initiate the final Phase 3 trial of IMVAMUNE in the fourth quarter of 2013
- Complete enrollment in the PROSPECT Phase 3 study of PROSTVAC in the first half of 2014
- Report data from NCI-sponsored clinical trials of PROSTVAC

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

In order to further strengthen and expand its relations to the investor community in USA, the company has appointed Seth Lewis as Vice President of Investor Relations. He will be based in the U.S. and take up this new position later in November. Seth Lewis joins the company from The Trout Group, LLC, where he has held the position as Senior Vice President.

Contact
Anders Hedegaard, President & CEO. Phone +45 23 20 30 64

Webcast and conference call
The Company will host a conference call today at 2.00 pm CET (8.00 am EST). President and CEO, Anders Hedegaard will present the interim results followed by a Q&A session with participation of the Company's executive management. Dial-in numbers for the conference call are: Denmark: +45 32 72 80 18, UK: +44 (0) 844 571 8957, USA: +1 866 682 8490. A webcast of the conference call will be broadcast simultaneously at www.bavarian-nordic.com/webcast. On this page, the accompanying presentation will be available prior to the conference call.

About Bavarian Nordic
Bavarian Nordic is an international biotechnology company developing and manufacturing novel cancer immunotherapies and vaccines for infectious diseases. Lead product candidates are PROSTVAC®, an immunotherapy product candidate for advanced prostate cancer that is the subject of an ongoing pivotal Phase 3 clinical trial and IMVAMUNE®, a non-replicating smallpox vaccine candidate in Phase 3 development, which is being developed and supplied for emergency use to the U.S. Strategic National Stockpile under a contract with the U.S. Government. IMVAMUNE® is approved in the European Union under the trade name IMVANEX®.

Bavarian Nordic's shares are listed on NASDAQ OMX Copenhagen under the symbol BAVA (Reuters: BAVA.CO, Bloomberg: BAVA.DC). The company has a sponsored Level 1 ADR program listed in the U.S. (OTC) under the symbol BVNRY.

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. 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.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Cancer Immunotherapy Pipeline

Indication	Program	Status
Prostate cancer	PROSTVAC®	Phase 3
Colorectal cancer	CV-301 colon	Phase 2
Breast cancer	CV-301 breast	Phase 2
Prostate cancer	MVA-BN® PRO	Phase 1/2
Breast cancer	MVA-BN®-HER2	Phase 1/2

The cancer pipeline is focused on novel cancer immunotherapies designed to treat major cancers with high unmet medical needs. Targeted immunotherapy for the treatment of cancer is part of a growing field in cancer research, with the objective to harness the natural power of the immune system to fight disease. The objective is to produce a strong, tumor-specific response from the immune system in order to slow the progress of the disease and increase overall survival - without the side effects associated with many traditional chemotherapies and hormonal therapies.

The lead product candidates, PROSTVAC and CV-301, have been in-licensed and are being developed under cooperative research and development agreements (CRADAs) with the National Cancer Institute (NCI). In May 2013, the license for CV-301 was expanded to include colorectal cancer. In addition, the Company has concluded Phase 1/2 clinical development of MVA-BN based product candidates for prostate and breast cancer.

Collectively, PROSTVAC and CV-301 have been the subject of over 30 clinical trials with more than 1,100 patients actively treated for prostate, colorectal, breast, lung, gastric, pancreatic, ovarian and other cancers. These extensive clinical studies suggest that the product candidates are well-tolerated with the ability to induce specific immune responses directed against the relevant tumor-associated antigens.

A recent assessment of the cancer immunotherapy portfolio based on preclinical and clinical results to date has led to a prioritization of pipeline opportunities:

PROSTVAC

- Enrollment of the PROSPECT Phase 3 trial remains a top priority.
- Combination therapy approaches for PROSTVAC in metastatic castration-resistant prostate cancer (mCRPC) are also being investigated.

CV-301

- Based on the promising clinical study results reported in May of this year, the priority indication for CV-301 will focus on colorectal cancer.
- The Company is in discussions with regulatory authorities on a potential larger randomized, placebo controlled trial to further evaluate CV-301's potential in this setting.

MVA-BN HER2

- Promising Phase 1 data in metastatic breast cancer and a new preclinical study demonstrating potential in combination with a checkpoint inhibitor make this candidate attractive for further clinical development by the Company or a partner.

MVA-BN PRO

- This immunotherapy candidate remains a strategically important element within the Company's prostate cancer franchise, particularly as the company explores potential partnering opportunities.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

PROSTVAC - prostate targeted immunotherapy candidate

PROSTVAC is a prostate cancer immunotherapy candidate, currently in Phase 3 development for the treatment of patients with asymptomatic or minimally symptomatic mCRPC. Concurrently, PROSTVAC is being investigated in NCI-sponsored clinical trials in different stages of the disease and in combination with other modalities.. A robust data package has been established through 21 ongoing and completed clinical Phase 1 and Phase 2 trials, where more than 600 patients have been treated with the immunotherapy candidate, which has generally been well-tolerated. A randomized, placebo-controlled Phase 2 trial demonstrated the ability of PROSTVAC to extend the median overall survival by 8.5 months in patients with advanced prostate cancer. These results lead to the initiation of a pivotal Phase 3 clinical trial (PROSPECT). Other clinical trials of PROSTVAC in combination with radiation, hormonal therapy or chemotherapy, either concomitantly or sequentially, have indicated potential synergies for these treatment combinations.

The PROSPECT trial

The PROSPECT trial is a global randomized, double-blind, placebo-controlled study, which is expected to enroll 1,200 patients with asymptomatic or minimally symptomatic metastatic castration-resistant prostate cancer. The study is currently active at over 160 sites in 13 countries. Completion of enrollment in the study is expected in the first half of 2014.

In April 2013, the Company and the FDA agreed on an updated statistical analysis plan for the trial. The plan includes pre-specified interim analyses of data that will be performed to evaluate whether the trial should continue as planned or potentially be stopped early for efficacy or futility. If the trial achieves its efficacy threshold at one of the interim analyses, a Biologics License Application may be filed at an earlier stage, potentially shortening the overall development time.

The clinical trial is being conducted under a Special Protocol Assessment (SPA) agreement with the U.S. Food and Drug Administration (FDA).

Study design
PROSPECT is a three-arm study. Patients in the two active study arms will receive either PROSTVAC alone or PROSTVAC with adjuvant doses of GM-CSF (which was included in the Phase 2 clinical trial). Patients who have metastatic disease and have failed hormone therapy but who have not yet received other treatment options such as chemotherapy will be eligible to enroll in the study. The primary endpoint is overall survival (OS). For the study outcome to be positive, either one or both of the treatment arms must demonstrate a better overall survival than placebo.

For more information about the trial, visit the following websites:
Professionals: http://clinicaltrials.gov/ct2/show/NCT01322490
Patients: http://www.continueyourfight.com

Other PROSTVAC clinical trials

PROSTVAC is currently the subject of four NCI-sponsored clinical studies in different settings, evaluating the vaccine in combination with other therapies.

- One study is a Phase 2 clinical study combining PROSTVAC with enzalutamide – a hormonal therapy that was approved by the FDA in 2012. The study will enroll 34 patients with non-metastatic castration sensitive prostate cancer that will be randomized to receive enzalutamide with PROSTVAC treatment or enzalutamide only. The primary endpoint will be based on PSA kinetics (tumor re-growth rate after enzalutamide discontinuation).

- The second Phase 2 study combining PROSTVAC with enzalutamide will enroll 72 patients with metastatic castration-resistant prostate cancer who will be randomized to receive enzalutamide with PROSTVAC treatment or enzalutamide only. The primary endpoint is progression-free survival.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

- The third study is a Phase 2 clinical study comparing flutamide (anti-androgen therapy) with or without PROSTVAC, planned to enroll a total of 65 patients with non-metastatic prostate cancer. Results from 41 patients indicate an improvement in time to progression (TTP) for those patients receiving PROSTVAC in combination with flutamide (median TTP = 192 days) compared to flutamide alone (median TTP = 108 days).

- A fourth study is a Phase 2 clinical study in 50 patients with PSA progress after local therapy (surgery and/or radiation). 19 patients continued to the second stage of the trial that combines PROSTVAC with androgen ablation therapy.

CV-301 – an immunotherapy candidate with potential in multiple cancers

CV-301 (CEA-MUC-1-TRICOM) is an immunotherapy candidate with potential to treat multiple cancers. It originates from the same poxvirus technology platform as PROSTVAC. While PROSTVAC incorporates a single antigen over-expressed in prostate cancer (PSA), CV-301 incorporates two antigens (CEA and MUC-1) that are over-expressed in other major cancers, including colorectal and breast.

CV-301 has been the subject of 16 ongoing or completed NCI-sponsored clinical trials in colorectal, breast and other cancers, and more than 500 patients have been treated with the product candidate.

Promising data for CV-301 in colorectal and metastatic breast cancer

Data from a Phase 2 trial of CV-301 in patients with resected metastatic colorectal cancer were published in the Annals of Surgery in May 2013. In the study conducted at Duke University, 74 patients who were disease free after surgical resection of metastatic colon cancer received chemotherapy followed by immunotherapy with CV-301 either as CV-301 modified dendritic cells or in combination with GM-CSF. Compared to a group of contemporary control patients who were matched for key clinical features and had similar surgery and chemotherapy, the overall survival of the CV-301 treated patients was significantly longer ($p < 0.0001$). Treatment with CV-301 was well tolerated, with injection site reactions, fever, fatigue and muscle soreness as the most common side effects.

Data from a randomized Phase 2 trial of CV-301 in 48 patients with metastatic breast cancer were previously presented. The study enrolled 48 patients to receive CV-301 in combination with docetaxel or docetaxel alone. The preliminary analysis of the study showed progression-free survival of 6.6 months in the CV-301 group versus 3.8 months among those receiving docetaxel alone (HR=0.67, p=0.12). The study was not designed to demonstrate statistical significance for progression-free survival.

Development strategy for CV-301

While CV-301 has the potential to treat multiple cancers (e.g. breast, lung, colorectal), the company has prioritized metastatic colorectal cancer as the lead indication for CV-301 based on the highly promising Phase 2 data announced earlier this year. Discussions with regulatory authorities on a potential larger randomized, placebo controlled trial to further evaluate CV-301's potential in this setting are underway.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Infectious Diseases Pipeline

*Biodefense pipeline**

Indication	Program	Status
Smallpox	IMVAMUNE® *liquid-frozen* **	Phase 3 / Approved ***
Smallpox	IMVAMUNE® *freeze-dried*	Phase 2
Anthrax	MVA-BN® Anthrax	Preclinical
Filoviruses	MVA-BN® Filo	Preclinical
Foot-and-mouth disease	MVA-BN® FMDV	Preclinical

Commercial pipeline

Respiratory syncytial virus	MVA-BN® RSV	Preclinical

* *Government funded programs*
** *Sold to government stockpiles*
*** *Approved in the European Union in August 2013 under the trade name IMVANEX®*

The successful, long-term partnership with the U.S. Government on the development of a non-replicating smallpox vaccine, IMVAMUNE (MVA-BN) is a key driver for the Infectious Diseases division, which has been delivering the vaccine to the U.S. Strategic National Stockpile (SNS) for emergency use since 2010. Contracts with the U.S. Government for the development and supply of IMVAMUNE awarded to date exceed USD 1 billion, including contract awards to advance the development of Bavarian Nordic's vaccine technology, MVA-BN as a broad platform for the development of medical countermeasures against other potential biological threats.

Ongoing contracts include:

- A USD 549 million contract (RFP-3) for the development, licensing, and delivery of 20 million doses of IMVAMUNE to the SNS. Awarded in 2007 by the Biomedical Advanced Research and Development Authority (BARDA), a division of the U.S. Department of Health and Human Services (HHS).
- A contract valued at up to USD 228 million for the delivery of 8 million doses of IMVAMUNE to the SNS. Awarded in April 2013 by BARDA.
- A USD 116 million contract (RFP-2) for the clinical development of IMVAMUNE. Awarded in 2004 by the National Institutes of Allergy and Infectious Diseases (NIAID)
- A contract valued at up to USD 95 million for the development of a freeze-dried version of IMVAMUNE. Awarded in 2009 by BARDA.
- A USD 18 million contract to support the advanced development of an MVA-BN-based vaccine against viral hemorrhagic fever Marburg (MVA-BN Filo). Awarded in 2012 by NIAID.
- A USD 1 million contract for the development of an MVA-BN-based animal vaccine against Foot-and-mouth disease virus. Awarded in 2012 by the U.S. Department of Homeland Security Science and Technology Directorate (DHS).

The above listed contracts total USD 1,007 million, of which Bavarian Nordic has received USD 677 million as of September 30, 2013, after which up to USD 330 million remains.

IMVAMUNE - smallpox vaccine candidate (MVA-BN)

IMVAMUNE is approved in the European Union under the trade name IMVANEX.

IMVANEX receives marketing authorization in Europe

On August 7, the European Commission granted marketing authorization for IMVANEX (MVA-BN) for active immunization against smallpox disease for the general adult population, including people with weakened

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

immune systems (people diagnosed with HIV or atopic dermatitis). The authorization covers all European Union member states and Iceland, Liechtenstein and Norway.

IMVANEX will be made available to governments for use in accordance with official national recommendations.

An application for marketing authorization of IMVAMUNE in Canada has been submitted, with a decision anticipated in the fourth quarter of 2013.

Deliveries to the U.S. Strategic National Stockpile

During the first nine months of 2013, Bavarian Nordic delivered 5 million doses of IMVAMUNE to the SNS, of which 2.3 million doses were delivered in the third quarter. As of September 30, 2013, 0.6 million doses remain for delivery under the initial contract for 20 million doses. Upon the imminent completion of deliveries under this contract, deliveries under the new contract from April 2013 will be initiated.

Developing the next generation of IMVAMUNE

Concurrently with deliveries of IMVAMUNE in the liquid-frozen formulation to the SNS, Bavarian Nordic is developing a freeze-dried formulation of the vaccine under a contract with BARDA. The U.S. Government has signaled its strong desire to develop a new formulation of IMVAMUNE that can be procured and stockpiled for emergency use in the SNS, and the freeze-dried vaccine offers storage and transportation advantages as well as increased shelf-life. A Phase 2 study designed to meet the emergency use requirements was initiated in May 2013 with the final report anticipated in 2016.

Phase 3 clinical development of IMVAMUNE

To support the licensure of IMVAMUNE in the U.S., two Phase 3 studies have been agreed upon with the FDA; a lot consistency study in 4,000 healthy individuals and a study in 440 military personnel, designed to demonstrate non-inferiority between IMVAMUNE and the current U.S. licensed smallpox vaccine.

The Phase 3 lot consistency trial was initiated in March 2013 and completed enrollment in August, four months ahead of schedule. A total of 3,000 people were vaccinated with three different lots of IMVAMUNE (1,000 subjects per IMVAMUNE lot), which brings the total number of people vaccinated with IMVAMUNE to more than 7,000 in a total of 19 completed or on-going clinical trials. The safety data from the 3,000 subjects receiving IMVAMUNE in this study will be compared with 1,000 additional subjects receiving placebo. Data from the trial are expected in 2015.

The second Phase 3 study comparing the safety and immunogenicity of IMVAMUNE to the U.S. licensed smallpox vaccine is expected to initiate enrollment in the fourth quarter of 2013. In collaboration with MILVAX (Military Vaccine) Agency, a CRADA was signed with the U.S. Army Research Institute for Infectious Diseases (USAMRIID) to perform the trial at a U.S. military garrison in South Korea.

While Bavarian Nordic proceeds with the clinical trials, the overall licensing package, including the supporting animal data, will have to be agreed on with the agency and later ratified by a Vaccines-Related Biological Product Advisory Committee (VRBPAC).

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Other developments

Construction of PROSTVAC manufacturing

Following the decision in early 2013 to consolidate the Company's manufacturing activities at the facility in Kvistgaard, Denmark, the Berlin facility that had been producing clinical trial materials has been closed and all activities transferred to Kvistgaard. Furthermore, construction of the new production unit that will perform the future commercial manufacturing of PROSTVAC has begun.

The facility which is already producing IMVAMUNE smallpox vaccine will be transformed into a multi-purpose facility, allowing Bavarian Nordic to take a more flexible manufacturing approach and reduce dependence upon subcontractors, thus providing the company greater control of pre-launch manufacturing activities for PROSTVAC. With this initiative, the Company aims to improve the profitability of manufacturing in the longer term. The alteration requires initial investments in the level of DKK 75 million over three years which will be offset by savings at the same level.

New website launched

In November, the Company launched a new website that has been redesigned to provide investors, patients and the medical community with a better understanding of the company's versatile technology platform and promising advanced-stage development programs.

Strengthening the investor relations in the U.S.

In order to further strengthen and expand its relations to the investor community in USA, the company has appointed Seth Lewis as Vice President of Investor Relations. He will be based in the U.S. and take up this new position later in November. Seth Lewis joins the company from The Trout Group, LLC, where he has held the position as Senior Vice President.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Financial statement for the period (1 January – 30 September 2013, un-audited)

The comparison figures for the same period 2012 are stated in parenthesis.

Revenue generated for the nine months ended September 30, 2013 was DKK 875 million (DKK 750 million). Revenue was primarily generated from the sale of IMVAMUNE, DKK 562 million (DKK 664 million) and delivery of development results under the RFP-3 contract, DKK 173 million (DKK 0 million); a more detailed description is provided below. Revenue reported for the three months ended September 30, 2013 was DKK 319 million (DKK 304 million).

The production costs totaled DKK 347 million (DKK 379 million). Costs related directly to revenue amounted to DKK 304 million (DKK 379 million). Other production costs totaled DKK 43 million (DKK 0 million), of which DKK 36 million was related to write down of inventory. In the third quarter of 2013, production costs were DKK 135 million (DKK 146 million).

The Group's research and development costs totaled DKK 397 million (DKK 225 million), of which expensing (amortization) of capitalized IMVAMUNE development costs amounts to DKK 134 million (DKK 0 million); see more detailed description below. The remaining increase of DKK 38 million is mainly due to the PROSPECT trial. The research and development expenditures for the three months ending September 30, 2013 were DKK 106 million (DKK 81 million).

Distribution costs totaled DKK 27 million (DKK 29 million) and administrative expenses totaled DKK 110 million (DKK 94 million). The increase in administrative expenses is mainly due to a reclassification of research and development costs in the Infectious Diseases Division.

Financial items totaled DKK -12 million (DKK -6 million), of which DKK -9 million relates to currency adjustments.

Income before tax was a loss of DKK 18 million (profit of DKK 17 million). The company recorded a profit before tax of DKK 24 million for the third quarter of 2013 (profit of DKK 30 million).

Tax on income for the period was an expense of DKK 2 million (2012: tax expense of DKK 195 million, of which DKK 182 million was related to a write-down of the tax asset). Based on the current expectations for future earnings, management assesses that the effect of the gradual reduction of the corporate tax rate from 25% in 2013 to 22% in 2016 can be offset by a reduction of the previous write-down of the tax asset. Accordingly, no adjustment has been made of the deferred tax asset as per September 30, 2013. The write-down will be reassessed once a year, next time December 31, 2013.

For the first nine months of 2013, Bavarian Nordic reported a net loss of DKK 20 million (DKK 178 million loss).

As of September 30, 2013 the Group's cash preparedness was DKK 546 million (DKK 666 million), including unutilized credit lines of DKK 120 million (DKK 120 million). Cash flow from operations was positive by DKK 1 million (DKK -11 million). Cash flow from investment activities was DKK -200 million (DKK 13 million) and cash flow from financing activities was DKK -5 million (DKK -7 million). The cash flow from investing activities primarily consists of the purchase of securities of DKK 85 million (DKK 33 million) and capitalized IMVAMUNE development costs of DKK 84 million (DKK 7 million). The net change in cash and cash equivalents was negative by DKK 205 million (DKK -6 million).

The Group's equity as of September 30, 2013 was DKK 997 million (DKK 1,052 million).

IMVAMUNE development project

The company has received DKK 209 million in payment for development results under the RFP-3 contract. Of this amount, DKK 173 million are shown in a separate line in note 4, relating to development results delivered in previous financial years, for which the final right to receive payment did not vest until the 2013, and DKK 36 million are included in IMVAMUNE sales, as the company's final right to payment for these occurred in step with the sale of IMVAMUNE doses in 2013. Meanwhile, the company expensed (amortized) DKK 134 million of the

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

capitalized costs relating to the IMVAMUNE development project, which, net of additions for the period, reduced the asset to DKK 71 million at 30 September 2013 (DKK 115 million). The costs are recognized in research and development costs. For further information, see notes 1 and 2.

Financial expectations

The Company maintains its 2013 full-year financial expectations with revenue at the level of DKK 1,100 million and a break-even result before tax. The cash preparedness at year-end is expected to be approximately DKK 600 million.

The Infectious Diseases division is expected to generate an EBIT of approximately DKK 360 million, after expenses (amortization) of capitalized IMVAMUNE development costs of approximately DKK 150 million.

The Cancer Immunotherapy division is expected to generate a negative EBIT of approximately DKK 325 million.

Research and developments costs are expected to amount to approximately DKK 570 million, of which approximately DKK 100 million will be capitalized in the balance sheet under IMVAMUNE development project and approximately DKK 110 million are contract expenses (stated under production costs in the profit and loss statement).

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Statement from the Board of Directors and Corporate Management

The Board of Directors and Corporate Management have, today reviewed and approved Bavarian Nordic A/S' interim report for the period 1 January to 30 September 2013.

The interim report has been prepared in accordance with IAS 34 "Presentation of interim reports" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies, including those of NASDAQ OMX Copenhagen. The interim report has not been audited or reviewed by the company's auditors.

In our opinion, the interim report gives a true and fair view of the group's assets and liabilities and financial position as of 30 September 2013 and the results of the group's activities and cash flows for the period 1 January to 30 September 2013.

In our opinion, the management's review provides a true and fair description of the development in the group's activities and financial affair, 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.

Kvistgaard, 14 November 2013

Corporate Management:

Anders Hedegaard
President and CEO

Board of Directors:

Asger Aamund Chairman of the Board	Claus Bræstrup	Erik G. Hansen
Peter Kürstein	Gerard van Odijk	Anders Gersel Pedersen

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Group Key Figures

DKK million	1/7-30/9 2013	1/7-30/9 2012	1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Income statements					
Revenue	318.9	304.4	875.0	749.8	1,016.6
Production costs	135.1	145.7	346.8	379.1	513.5
Research and development costs	105.9	81.0	397.2	224.5	357.4
Distribution costs	11.5	10.5	27.4	28.6	39.6
Administrative costs	34.8	33.2	109.6	94.4	137.8
Income before interest and taxes	31.6	34.0	(6.0)	23.2	(31.7)
Financial items, net	(6.6)	(4.3)	(11.7)	(6.4)	(17.0)
Income before company tax	25.0	29.7	(17.7)	16.8	(48.7)
Result for the period	19.2	19.8	(19.9)	(177.9)	(240.0)
Balance sheet					
Non-current assets			585.7	635.7	644.3
Current assets			868.7	1,008.3	894.9
Assets			1,454.4	1,644.0	1,539.2
Equity			996.6	1,052.3	999.7
Non-current liabilities			93.9	98.9	54.2
Current liabilities			363.9	492.8	485.3
Cash flow statements					
Net cash including bonds			426.0	546.4	549.9
Cash flow from operating activities			0.8	(11.1)	20.1
Cash flow from investment activities			(200.4)	12.7	71.0
Investment in tangible assets			(28.5)	(10.6)	(20.9)
Cash flow from financing activities			(5.0)	(7.3)	(9.6)
Financial Ratios (DKK) [1)]					
Earnings (basic) per share of DKK 10			(0.8)	(6.8)	(9.2)
Net asset value per share			38.2	40.3	38.3
Share price at period-end			66	50	50
Share price/Net asset value per share			1.7	1.2	1.3
Number of outstanding shares at period-end			26,094	26,094	26,094
Equity share			69%	64%	65%
Number of employees, converted to full-time, at year-end			427	447	450

[1)] Earnings per share (EPS) is calculated in accordance with IAS 33 "Earning per share". The financial ratios have been calculated in accordance with "Anbefalinger og Nøgletal 2010" (Recommendations and Financial ratios 2010).

Notes
(stated in the end of this document):

1. Accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Segment reporting
4. Revenue
5. Production costs
6. Research and development costs
7. Inventories
8. Other receivables
9. Other liabilities
10. Financial instruments
11. Related party transactions
12. Incentive plans

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Income Statement

DKK million	Note	1/7-30/9 2013	1/7-30/9 2012	1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
		un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Revenue	4	318.9	304.4	875.0	749.8	1,016.6
Production costs	5	135.1	145.7	346.8	379.1	513.5
Gross profit		**183.8**	**158.7**	**528.2**	**370.7**	**503.1**
Research and development costs	6	105.9	81.0	397.2	224.5	357.4
Distribution costs		11.5	10.5	27.4	28.6	39.6
Administrative costs		34.8	33.2	109.6	94.4	137.8
Total operating costs		**152.2**	**124.7**	**534.2**	**347.5**	**534.8**
Income before interest and tax (EBIT)		**31.6**	**34.0**	**(6.0)**	**23.2**	**(31.7)**
Financial income		0.8	2.0	1.1	6.4	8.9
Financial expenses		7.4	6.3	12.8	12.8	25.9
Income before company tax		**25.0**	**29.7**	**(17.7)**	**16.8**	**(48.7)**
Tax on income for the period		(5.8)	(9.9)	(2.2)	(194.7)	(191.3)
Net profit for the period		**19.2**	**19.8**	**(19.9)**	**(177.9)**	**(240.0)**
Earnings per share (EPS) - DKK						
- basic earnings per share of DKK 10		0.7	0.8	(0.8)	(6.8)	(9.2)
- diluted earnings per share of DKK 10		0.7	0.8	(0.8)	(6.8)	(9.2)

Statement of comprehensive income

DKK million	1/7-30/9 2013	1/7-30/9 2012	1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Net profit for the period	**19.2**	**19.8**	**(19.9)**	**(177.9)**	**(240.0)**
Items that might be reclassified to the income statement:					
Exchange rate adjustments, investments in subsidiaries	9.2	6.0	7.2	0.1	4.9
Fair value of financial instruments entered into to hedge future cash flow:					
Fair value adjustment for the period	0.2	0.2	0.7	7.9	8.2
Fair value adjustment transferred to revenue	-	2.7	-	6.2	6.2
Tax on other comprehensive income	(0.1)	(0.7)	(0.2)	(3.5)	(3.6)
Other comprehensive income after tax	**9.3**	**8.2**	**7.7**	**10.7**	**15.7**
Total comprehensive income	**28.5**	**28.0**	**(12.2)**	**(167.2)**	**(224.3)**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Statement of financial position

DKK million	Note	30/9 2013	30/9 2012	31/12 2012
		un-audited	*un-audited*	*audited*
Assets				
Acquired patents and licenses		17.3	12.1	17.1
Software		3.5	5.5	5.1
IMVAMUNE development project		71.2	114.8	122.7
Intangible assets in progress		2.8	2.8	3.6
Intangible assets		**94.8**	**135.2**	**148.5**
Land and buildings		179.9	185.0	183.6
Leasehold improvements		0.7	7.9	1.3
Plant and machinery		87.6	96.0	91.6
Fixtures and fittings, other plant and equipment		20.9	24.4	27.3
Assets under construction		27.6	15.3	16.8
Property, plant and equipment		**316.7**	**328.6**	**320.6**
Other receivables		0.8	0.8	0.7
Financial assets		**0.8**	**0.8**	**0.7**
Deferred tax assets		173.4	171.1	174.5
Total non-current assets		**585.7**	**635.7**	**644.3**
Inventories	7	217.7	255.4	229.2
Trade receivables		190.3	113.4	56.5
Tax receivables		1.3	-	1.5
Other receivables	8	19.1	14.1	10.1
Prepayments		14.3	79.0	47.7
Receivables		**225.0**	**206.5**	**115.8**
Securities		277.2	280.0	196.4
Cash and cash equivalents		148.8	266.4	353.5
Securites, cash and cash equivalents		**426.0**	**546.4**	**549.9**
Total current assets		**868.7**	**1,008.3**	**894.9**
Total assets		**1,454.4**	**1,644.0**	**1,539.2**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Statement of financial position

DKK million	Note	30/9 2013	30/9 2012	31/12 2012
		un-audited	*un-audited*	*audited*
Equity and liabilities				
Share capital		260.9	260.9	260.9
Retained earnings		677.6	745.1	683.0
Other reserves		58.1	46.3	55.8
Equity		**996.6**	**1,052.3**	**999.7**
Provisions		19.4	15.3	17.3
Credit institutions		74.5	83.6	36.9
Non-current liabilities		**93.9**	**98.9**	**54.2**
Credit institutions		8.8	9.0	52.4
Prepayment from customers		165.4	265.3	195.6
Trade payables		88.6	82.1	104.2
Company tax		0.2	1.7	2.2
Provisions		0.8	-	14.8
Other liabilities	9	100.1	134.7	116.1
Current liabilities		**363.9**	**492.8**	**485.3**
Total liabilities		**457.8**	**591.7**	**539.5**
Total equity and liabilities		**1,454.4**	**1,644.0**	**1,539.2**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Statement of cash flow

DKK million	1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
	un-audited	*un-audited*	*audited*
Income before interest and tax (EBIT)	**(6.0)**	**23.2**	**(31.7)**
Depreciation, amortization and impairment losses	36.0	36.6	56.5
Expensing (amortization) of IMVAMUNE development project in progress	134.2	-	-
Share-based payment	9.9	12.3	16.9
Adjustment for other non-cash items	-	6.2	5.3
Changes in inventories	11.5	(36.5)	(10.3)
Changes in receivables	(110.7)	117.6	208.9
Changes in provisions	(11.8)	-	16.8
Changes in current liabilities	(51.8)	(170.0)	(226.9)
Cash flow from operations (operating activities)	**11.3**	**(10.6)**	**35.5**
Received financial income	6.6	7.5	10.3
Paid financial expenses	(7.3)	(6.7)	(18.9)
Exchange rate adjustments intercompany accounts	(6.7)	0.1	(4.3)
Paid corporation taxes	(3.1)	(1.4)	(2.5)
Cash flow from operating activities	**0.8**	**(11.1)**	**20.1**
Investments in intangible assets	(87.0)	(9.3)	(24.3)
Investments in property, plant and equipment	(28.5)	(10.6)	(20.9)
Disposal of property, plant and equipment	-	-	0.1
Investments in/disposal of financial assets	(0.1)	(0.4)	(0.3)
Investments in/disposal of securities	(84.8)	33.0	116.4
Cash flow from investment activities	**(200.4)**	**12.7**	**71.0**
Payment on mortgage and bank debt	(5.0)	(6.7)	(9.0)
Repurchase of stock options in subsidiary	-	(0.6)	(0.6)
Cash flow from financing activities	**(5.0)**	**(7.3)**	**(9.6)**
Cash flow of the period	**(204.6)**	**(5.7)**	**81.5**
Cash as of 1 January	353.5	272.1	272.1
Currency adjustments 1 January	(0.1)	-	(0.1)
Cash end of period	**148.8**	**266.4**	**353.5**
Securities - highly liquid bonds	277.2	280.0	196.4
Credit lines	120.0	120.0	120.0
Cash preparedness	**546.0**	**666.4**	**669.9**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

Statement of changes in equity - Group

DKK million	Share capital	Retained earnings	Reserves for currency adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity group
Equity as of 1 January 2013	**260.9**	**683.0**	**(6.3)**	**(0.5)**	**62.6**	**999.7**
Comprehensive income for the period						
Net profit	-	(19.9)	-	-	-	(19.9)
Other comprehensive income						
Exchange rate adjustments, investments in subsidiaries	-	-	7.2	-	-	7.2
Fair value of financial instruments	-	-	-	0.5	-	0.5
Total comprehensive income for the period	**-**	**(19.9)**	**7.2**	**0.5**	**-**	**(12.2)**
Transactions with owners						
Share-based payment (warrants)	-	-	-	-	9.1	9.1
Warrants program expired	-	14.5	-	-	(14.5)	-
Total transactions with owners	**-**	**14.5**	**-**	**-**	**(5.4)**	**9.1**
Equity as of 30 September 2013	**260.9**	**677.6**	**0.9**	**-**	**57.2**	**996.6**

DKK million	Share capital	Retained earnings	Reserves for currency adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity group
Equity as of 1 January 2012	**260.9**	**923.0**	**(11.2)**	**(11.3)**	**46.2**	**1,207.6**
Comprehensive income for the period						
Net profit	-	(177.9)	-	-	-	(177.9)
Other comprehensive income						
Exchange rate adjustments, investments in subsidiaries	-	-	0.1	-	-	0.1
Fair value of financial instruments	-	-	-	10.6	-	10.6
Total comprehensive income for the period	**-**	**(177.9)**	**0.1**	**10.6**	**-**	**(167.2)**
Transactions with owners						
Share-based payment (warrants)	-	-	-	-	11.9	11.9
Total transactions with owners	**-**	**-**	**-**	**-**	**11.9**	**11.9**
Equity as of 30 September 2012	**260.9**	**745.1**	**(11.1)**	**(0.7)**	**58.1**	**1,052.3**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

1. Accounting policies

The interim report is prepared in accordance with IAS 34, Presentation of interim reports, as adopted by EU and the additional Danish requirements for submission of interim reports for companies listed on NASDAQ OMX Copenhagen.

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

Except for an addition concerning new matters in the financial statements and the implementation of the amended IAS 1 and IFRS 13, the accounting policies used in the interim report are consistent with those used in the Annual Report 2012 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. We refer to the Annual Report 2012 for further description of the accounting policies, including the definitions of financial ratios, calculated in accordance with "Anbefalinger og Nøgletal 2010" (Recommendations and Financial ratios 2010).

IMVAMUNE development project
Capitalized development costs regarding the registration of IMVAMUNE under the RFP-3 contract with the U.S. Government are expensed (amortized) and recognized in the income statement under research and development costs when the related income on delivery of the development results have been earned and recognized as revenue, which may be before the completion of the development project and obtaining of approval. When the development has been completed and IMVAMUNE has been approved by the FDA, the remaining carrying amount will be amortized in step with the delivery of doses over the expected economic life of the asset. In the income statement, the amortization is recognized under research and development costs.

Expensing (amortization) of capitalized development costs prior to the completion of the development project is shown as disposals under cost. Amortization made after obtaining approval is shown under accumulated amortization.

IAS 1 and IFRS 13
With effect from 1 January 2013 the Company adopted the following new and amended standards and interpretations:

- Revised IAS 1, *Presentation of Financial Statements, Presentation of other comprehensive income*
- IFRS 13, *Fair Value Measurement*

The implementation of the amended IAS 1 means that items in other comprehensive income are divided into items that at a later stage may be reclassified to the income statement (recycling) in accordance with other standards, respectively items which are not subsequently reclassified to the income statement. The implementation does not affect the total amount of other comprehensive income.

The implementation of IFRS 13 means that additional information on the fair value of financial instruments is provided in the interim report.

2. Significant accounting estimates, assumptions and uncertainties

In the preparation of the interim report according to generally accepted accounting principles, 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 significant accounting estimates, assumptions and uncertainties which are stated in the Annual Report 2012, the Management has not performed significant estimates and judgments regarding recognition and measurement.

IMVAMUNE development project
Management has assessed that development costs relating to the registration of IMVAMUNE under the RFP-3 contract with the U.S. Government continue to meet the conditions for capitalization. The carrying amount of the IMVAMUNE development project at 30 September 2013 was DKK 71 million (DKK 115 million).

In the second quarter, the company started expensing (amortizing) capitalized development costs under the IMVAMUNE project, as the company is receiving payment for the delivered development results as from 2013 and recognizing payments as revenue when received. Management believes that the development results have been delivered at the time when the company's right to payment has vested, and that the delivered development results represent a separate value to the U.S. Government. Accordingly, expensing (amortization) of the development costs is commenced before completion of the project and approval of IMVAMUNE. From the date when approval is obtained from the FDA and the smallpox vaccine is thus completed, the remaining carrying amount of the IMVAMUNE development project is amortized in step with the delivery of doses over the expected economic life of the asset.

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

3. Segment reporting

The Group consists of two primary business areas: Cancer Immunotherapy and Infectious Diseases and a Holding (not reportable segment). Holding covers costs for group management, investor relations, group finance, IT and legal. A large part of these costs are covered by the two operating segments through internal allocations.

Segment results reflect the results reported to the Company's chief operating decision management for the purposes of their decisions about allocating resources and assessing segment performance.

Financials are not allocated to operating segments. Therefore, the "Income before interest and tax" is presented as target in segment reporting. Similar the balance sheet is not divided into operating segments, therefore total assets per operating segment do not appear. Investments for the year are broken down by operating segments and are shown in the note below.

The accounting policies used for segment information is the same as the Group's accounting policies.

Period 1/1 - 30/9 2013 (un-audited)

DKK million	Cancer Immuno-therapy	Infectious Diseases	Holding	Total
IMVAMUNE sale	-	562.0	-	562.0
IMVAMUNE sale, development results	-	173.0	-	173.0
Contract work	-	140.0	-	140.0
Revenue	**-**	**875.0**	**-**	**875.0**
Depreciations	5.6	26.2	4.2	36.0
Income before interest and tax	**(222.7)**	**283.8**	**(67.1)**	**(6.0)**
Purchase/sale () of internal services	0.4	(0.4)	-	-
Distribution of the holding costs	8.7	34.1	(42.8)	-
Income before interest and tax after allocations	**(231.8)**	**250.1**	**(24.3)**	**(6.0)**
Investments	7.8	106.1	1.6	115.5

Period 1/1 - 30/9 2012 (un-audited)

DKK million	Cancer Immuno-therapy	Infectious Diseases	Holding	Total
IMVAMUNE sale	-	663.9	-	663.9
IMVAMUNE sale, development results	-	-	-	-
Contract work	-	85.9	-	85.9
Revenue	**-**	**749.8**	**-**	**749.8**
Depreciations	5.0	26.1	5.5	36.6
Income before interest and tax	**(168.7)**	**255.9**	**(64.0)**	**23.2**
Purchase/sale () of internal services	0.9	(0.9)	-	-
Distribution of the holding costs	8.7	35.5	(44.2)	-
Income before interest and tax after allocations	**(178.3)**	**221.3**	**(19.8)**	**23.2**
Investments	1.4	15.2	3.3	19.9

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

DKK million	1/7-30/9 2013	1/7-30/9 2012	1/1-30/9 2013	1/1-30/9 2012	1/1-31/12 2012
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
4. Revenue					
IMVAMUNE sale	262.9	277.3	562.0	663.9	883.3
IMVAMUNE sale, development results	-	-	173.0	-	-
Contract work	56.0	27.1	140.0	85.9	133.3
Revenue	**318.9**	**304.4**	**875.0**	**749.8**	**1,016.6**
Total revenue includes:					
Fair value adjustment transferred from equity concerning financial instruments entered into to hedge revenue	-	(2.7)	-	(6.2)	(6.2)
5. Production costs					
Cost of goods sold, IMVAMUNE sale	104.3	124.9	230.2	324.8	416.8
Contract costs	23.5	16.6	73.6	53.9	82.0
Other production costs	7.3	4.2	43.0	0.4	14.7
Production costs	**135.1**	**145.7**	**346.8**	**379.1**	**513.5**
6. Research and development costs					
Total research and development costs for the period	159.2	100.6	420.3	285.7	454.6
Hereof:					
Contract costs recognized as production costs	(23.5)	(16.6)	(73.6)	(53.9)	(82.0)
Capitalized development costs	(45.7)	(3.0)	(83.7)	(7.3)	(15.2)
	90.0	81.0	263.0	224.5	357.4
Expensing (amortization) of IMVAMUNE development project in progress	15.9	-	134.2	-	-
Research and development costs	**105.9**	**81.0**	**397.2**	**224.5**	**357.4**

DKK million	30/9 2013	30/9 2012	31/12 2012
	un-audited	*un-audited*	*audited*
7. Inventories			
Raw materials and supply materials	12.1	24.3	25.3
Work in progress	242.6	242.6	183.4
Manufactured goods and commodities	27.7	19.5	52.0
Write-down on inventory	(64.7)	(31.0)	(31.5)
Inventories	**217.7**	**255.4**	**229.2**
Write-down on inventory 1 January	(31.5)	(55.4)	(55.4)
Write-down during the period	(49.5)	(19.0)	(19.5)
Use of write-down	2.5	36.0	36.0
Reversal of write-down	13.8	7.4	7.4
Write-down end of period	**(64.7)**	**(31.0)**	**(31.5)**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

DKK million	30/9 2013	30/9 2012	31/12 2012
	un-audited	*un-audited*	*audited*
8. Other receivables			
Receivable VAT and duties	7.2	4.5	5.4
Financial instruments at fair value	5.3	-	-
Accrued interest	4.6	3.9	3.1
Other receivables	2.0	5.7	1.6
Other receivables	**19.1**	**14.1**	**10.1**
9. Other liabilities			
Financial instruments at fair value	-	29.4	19.0
Liability relating to phantom shares	1.2	0.4	0.5
Payable salaries, holiday accrual etc.	12.2	43.4	51.0
Other accrued costs	86.7	61.5	45.6
Other liabilities	**100.1**	**134.7**	**116.1**

10. 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)
Forward currency contracts and interest rate swaps 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 30 September 2013 (un-audited)

DKK million	Level 1	Level 2	Total
Securities	277.2	-	277.2
Financial assets measured at fair value in the income statement	**277.2**	**-**	**277.2**
Derivative financial instruments at fair value in the income statement (held for trading, currency)	-	5.3	5.3
Financial liabilities measured at fair value in the income statement	**-**	**5.3**	**5.3**

As of 31 December 2012 (audited)

DKK million	Level 1	Level 2	Total
Securities	196.4	-	196.4
Financial assets measured at fair value in the income statement	**196.4**	**-**	**196.4**
Derivative financial instruments to hedge future cash flow (interest)	-	(0.8)	(0.8)
Financial liabilities used as hedging instruments	**-**	**(0.8)**	**(0.8)**
Derivative financial instruments at fair value in the income statement (held for trading, currency)	-	(18.2)	(18.2)
Financial liabilities measured at fair value in the income statement	**-**	**(18.2)**	**(18.2)**

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87

11. Related party transactions

The nature and extent of transactions with related parties remain unchanged from last year. Reference is made to the description in the Annual Report 2012.

12. Incentive plans

Outstanding warrants as of 30 September 2013

	Out-standing as of 1 January	Addition during the period	Options exercised	Annulled	Terminated	Trans-ferred	Out-standing as of 30 September
Board of Directors	132,018	30,000	-	-	(19,269)	-	142,749
CEO & President	161,166	40,000	-	-	(32,117)	-	169,049
Group Management	306,945	140,000	-	-	(48,174)	(70,199)	328,572
Other employees	1,126,870	390,000	-	(25,344)	(97,932)	(99,658)	1,293,936
Retired employees	214,210	-	-	-	(70,647)	169,857	313,420
Total	**1,941,209**	**600,000**	**-**	**(25,344)**	**(268,139)**	**-**	**2,247,726**
Weighted average exercise price	**107**	**72**	**-**	**70**	**95**	**-**	**99**
Numbers of warrants which can be exercised as of 30 September 2013							736,385

The total recognized cost of the warrant programs was DKK 9.1 million in the first nine months of 2013 (2012: DKK 11.9 million).

2013 programs

In February 2013 the Board of Directors decided to award warrants to James Breitmeyer, new Executive Vice President and Division President, Cancer Immunotherapy. A total of 50,000 warrants were awarded for subscription of up to 50,000 shares of a nominal value of DKK 10 at an exercise price of DKK 55.00 per share. The value of each warrant equals DKK 6, calculated based on the Black-Scholes parameters shown in the below table. The total cost of the warrant program is DKK 0.3 million, which will be expensed over 3 years.

In August 2013 the Board of Directors decided to award warrants to management, certain employees in the Company and its subsidiaries and the Board of Directors. A total of 550,000 warrants were awarded for subscription of up to 550,000 shares of a nominal value of DKK 10 at an exercise price of DKK 73.90 per share. The value of each warrant equals DKK 16, calculated based on the Black-Scholes parameters shown in the below table. The total cost of the warrant program is DKK 8.9 million, which will be expensed over 3 years.

Specification of parameters for Black-Scholes model

DKK	Dec 2009	Maj 2010	Aug 2010	Dec 2010	Aug 2011	Maj 2012	Aug 2012	Feb 2013	Aug 2013
Average share price	149.00	212.50	223.00	238.00	50.00	43.30	52.00	45.50	68.00
Average exercise price at grant	184.00	291.00	259.00	261.00	54.10	54.00	59.10	55.00	73.90
Average exercise price after rights issue [1)]	114.00	216.00	192.00	194.00	-	-	-	-	-
Expected volatility rate	50.9%	62.7%	57.2%	49.5%	73.4%	52.5%	50.0%	28.3%	28.3%
Expected life (years)	3.0	3.0	3.0	3.0	3.3	3.3	3.3	3.1	3.3
Expected dividend per share	-	-	-	-	-	-	-	-	-
Risk-free interest rate p.a.	2.10%	2.00%	0.77%	1.63%	1.08%	0.31%	-0.09%	0.22%	0.78%
Fair value at grant [2)]	48	72	76	78	24	13	16	6	16
Fair value after rights issue [3)]	25	17	21	23	-	-	-	-	-

The expected volatility is based on the historical volatility (over 12 months).

[1)] Determined at date of rights issue 27 May 2011

[2)] Fair value of each warrant at grant applying the Black-Scholes model

[3)] Fair value of each warrant at date of rights issue 27 May 2011 applying the Black-Scholes model

Bavarian Nordic A/S Hejreskovvej 10A DK-3490 Kvistgård Denmark Phone: +45 33 26 83 83 Fax: +45 33 26 83 80 www.bavarian-nordic.com CVR-nr: 16 27 11 87