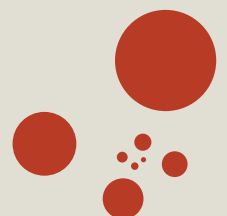


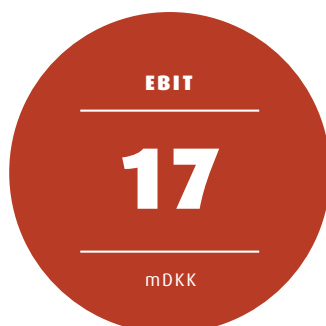


SUMMARY
ANNUAL
REPORT
2014



BAVARIAN NORDIC

SUMMARY OF THE ANNUAL REPORT 2014



Significant milestones

2014 was an important year for Bavarian Nordic where a number of significant achievements have helped build a strong strategic foundation for the future. The Company met its financial and operational targets and even exceeded expectations, as new opportunities surfaced during the year

The Company received new contracts and options valued at more than USD 140 million from the U.S. Government, which includes the supply of additional 4 million doses of IMVAMUNE® smallpox vaccine. However, the paramount event of 2014 was the partnership with Janssen (part of Johnson & Johnson) on the development and supply of an Ebola vaccine. As an additional validation of the Company's vaccine platform, Janssen chose to evaluate the MVA-BN® technology in three additional infectious disease targets, which

may result in an expanded collaboration in the short to mid-term future.

A pivotal milestone in the development of PROSTVAC® immunotherapy for prostate cancer was the completion of enrollment in the global Phase 3 study, where 1,298 patients have participated across 200 centers in 15 countries. More importantly, in March 2015, an agreement was entered with Bristol-Myers Squibb, a leading oncology company, for the commercialization of PROSTVAC. Bristol-Myers Squibb provides a strong foundation for exploring the full potential of PROSTVAC in the future treatment paradigm of prostate cancer.

Financial review

Comparison figures for 2013 are stated in parentheses.

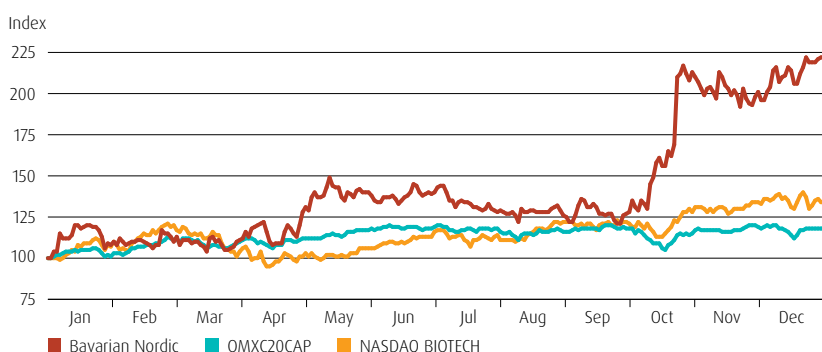
Bavarian Nordic generated revenue of DKK 1,217 million in 2014 (DKK 1,213

million), which was in line with the Company's guidance. The majority of the revenue was derived from deliveries of IMVAMUNE and ongoing development contracts.

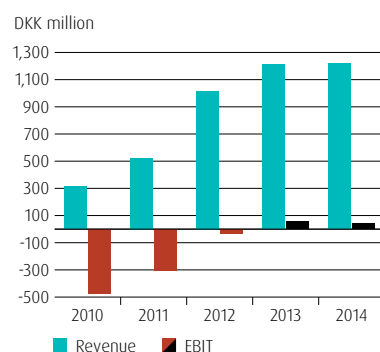
Earnings before interest and tax (EBIT) were DKK 17 million (DKK 33 million), which was in line with the Company's guidance. A net financial income of DKK 48 million was posted (DKK 27 million expense). The positive change is attributed to the high USD/DKK exchange rate. Net profit for the year amounted to DKK 26 million (a loss of DKK 47 million).

After the transfer of the profit for the year, equity stood at DKK 1,252 million (DKK 976 million). The Group's cash preparedness was DKK 1,000 million at the end of the year (DKK 652 million), which is in line with the Company's latest guidance for the year.

Share price development in 2014 compared to indices



Revenue and EBIT



Shareholder information

The price of Bavarian Nordic's share increased almost 122% during the year, clearly outperforming the OMXC20CAP index as well as the Nasdaq Biotechnology Index which increased by 18% and 34% respectively. The increase in the Bavarian Nordic share in 2014 has primarily been driven by the Ebola vaccine agreement with Janssen. The strong momentum has continued into 2015 as a result of the PROSTVAC agreement with Bristol-Myers Squibb.

The trading volume has also increased significantly and measured by market cap, Bavarian Nordic's share is amongst the most traded shares in Denmark.

As of December 31, 2014, Bavarian Nordic had approximately 22,000 registered shareholders owning approximately 91% of the share capital. The Company increased its foreign ownership, in particular in the U.S., where the ownership increased by 50% over the year mainly due to the Johnson & Johnson Development Corporation investment. Bavarian Nordic does not hold any of its own shares.

For registered shareholders, the Company has established a shareholder portal where it is possible to sign up for a number of electronic information services, as well as request admission cards and/or vote by proxy for the general meetings. The portal is found at www.bavarian-nordic.com/shareholder.

Financial outlook for 2015

In 2015, the Company expects revenue at the level of DKK 1,000 million and a break even result before interest and tax (EBIT). Revenue will primarily be generated from the delivery of MVA-BN Filo (Ebola) vaccine under the Janssen license agreement, but also from deliveries of IMVAMUNE to

the U.S. and Canada, as well as from ongoing research and development contracts.

The cash preparedness at year end is expected to be in the level of DKK 1,100 million.

Short-term objectives and growth opportunities

Over the next 12-18 months, a number of potential events and share price drivers are expected to materialize. The Company will manufacture and deliver MVA-BN Filo vaccine to Janssen, targeting 2 million doses for the prime-boost vaccine regimen. The vaccine is also anticipated to enter Phase 2 and Phase 3 clinical trials. The collaboration with Janssen may yield additional sales of MVA-BN Filo, and finally there is a potential for expansion of the collaboration in additional infectious disease targets.

For IMVAMUNE, the Company expects to complete the Phase 2 study of freeze-dried IMVAMUNE to support a pre-EUA submission which is a requirement for stockpiling in the U.S. Concurrently, work is ongoing to secure additional orders from the rest of the world.

For PROSTVAC, interim analyses of the Phase 3 clinical trial are expected to occur. Furthermore, as part of the clinical collaboration with Bristol-Myers Squibb, the Company will work to advance clinical studies exploring the therapeutic potential of PROSTVAC alone and in combination with Yervoy and other checkpoint inhibitors.

The Company also continues to expand and strengthen the pipeline with new projects and trials. An MVA-BN based vaccine targeting respiratory syncytial virus (RSV), which represents a potential blockbuster market, is anticipated to enter clinical Phase 1 trials in the first half of 2015.

STRATEGY



PROSTVAC

Commercialize PROSTVAC globally through partnership with Bristol-Myers Squibb.



IMVAMUNE

Maintain global leadership in smallpox preparedness and build a long-term revenue stream based on worldwide sales of IMVANEX/IMVAMUNE.



Ebola partnership with Janssen

Establish a global leadership in Ebola preparedness and treatment through collaboration with Janssen.



Growing a balanced pipeline

Establish a global leadership position in the rapidly growing field of cancer immunotherapy by expanding our pipeline and introducing new combinations involving cancer immunotherapies.

Utilize the proprietary vaccine platforms to expand the infectious disease vaccine pipeline to meet high unmet medical needs.

CONSOLIDATED KEY FIGURES

DKK million	2014	2013	2012	2011	2010
Income statement					
Revenue	1,216.8	1,212.5	1,016.6	523.6	314.1
Production costs	495.1	484.7	513.6	403.4	444.5
Research and development costs	478.9	496.6	340.1	261.7	188.6
Distribution and administrative costs	226.1	197.8	194.6	166.8	155.1
Income before interest and tax (EBIT)	16.7	33.4	(31.7)	(308.3)	(474.1)
Financial items, net	47.7	(27.2)	(17.0)	11.9	(9.4)
Income before company tax	64.4	6.2	(48.7)	(296.4)	(483.4)
Net profit for the year	25.9	(46.7)	(240.0)	(268.4)	(389.9)
Balance sheet					
Total non-current assets	568.1	551.8	644.3	865.2	850.6
Total current assets	1,319.1	900.4	894.9	1,111.4	616.5
Total assets	1,887.3	1,452.2	1,539.2	1,976.6	1,467.1
Equity	1,252.1	976.3	999.7	1,207.6	810.4
Non-current liabilities	51.9	86.7	54.2	105.4	106.5
Current liabilities	583.3	389.3	485.3	663.6	550.2
Cash Flow Statement					
Securities, cash and cash equivalents	979.7	532.1	549.9	584.0	355.7
Cash flow from operating activities	338.7	147.1	20.1	(375.2)	(239.9)
Cash flow from investment activities	(503.7)	(146.5)	71.0	(261.8)	(45.8)
- Investment in intangible assets	(53.6)	(111.0)	(24.3)	(16.5)	(16.2)
- Investment in property, plant and equipment	(52.4)	(44.4)	(20.9)	(31.2)	(45.7)
Cash flow from financing activities	216.2	(7.1)	(9.6)	642.4	471.0
Financial Ratios (in DKK) ¹⁾					
Earnings (basic) per share of DKK 10	1.0	(1.8)	(9.2)	(12.1)	(25.7)
Net asset value per share (historical)	45.2	37.4	38.3	46.3	62.5
Net asset value per share (adjusted) ²⁾	45.2	35.3	36.1	43.6	29.3
Share price at year-end (historical)	198	89	50	38	245
Share price at year-end (adjusted) ³⁾	198	89	50	38	190
Share price/Net asset value per share (historical)	4.4	2.4	1.3	0.8	3.9
Share price/Net asset value per share (adjusted) ^{2) + 3)}	4.4	2.5	1.4	0.9	6.5
Number of outstanding shares at year-end	27,671	26,094	26,094	26,094	12,962
Equity share	66%	67%	65%	61%	55%
Number of employees, converted to full-time, at year-end	422	426	450	439	402

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

2) Due to issue of new shares in 2014, net asset value per share for 2010-2013 have been recalculated based on outstanding shares at year-end 2014

3) Year-end share price for 2010 have been adjusted for rights issue in May 2011

This summary for 2014 contains key messages and figures from the statutory audited annual report for 2014 and does not replace the statutory report. The annual report is published in English only and can be downloaded from the Company's website: www.bavarian-nordic.com.