Company Announcement

Bavarian Nordic Announces Interim Results for the First Nine Months of 2018

COPENHAGEN, Denmark, November 9, 2018 – Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today its interim financial results in line with guidance for the first nine months of 2018 and business progress for the third quarter of 2018.

Highlights

- A Biologics License Application for MVA-BN® smallpox vaccine (formerly IMVAMUNE®) was submitted to the U.S. Food and Drug Administration (FDA). Pending acceptance of the BLA, the Company anticipates approval of the vaccine during 2019 with subsequent filing for a Priority Review Voucher.
- IMVANEX® smallpox vaccine was supplied to the Public Health England for vaccination of healthcare workers involved in first ever human cases of monkeypox in the U.K.
- Following the positive Phase 2 results for our RSV vaccine candidate, MVA-BN® RSV, we have initiated discussions with the FDA, which will continue into 2019 with an aim to agree on the design of Phase 3, which we plan to initiate in 2020.
- Two studies of our cancer immunotherapy candidate, CV301, in combination with checkpoint inhibitors were initiated. This takes the total number of studies to three, which is in accordance with our strategy to seek rapid proof of concept for the combination of our platform and checkpoint inhibition in three indications. During 2019 we will further advance the potential of our platform by using other routes of administration, which are expected to provide an even broader and more potent anti-tumor response.
- A Phase 2 study of BN-Brachyury was initiated in patients with chordoma, a rare cancer in the bones of the skull base and spine with limited treatment options. The vaccine has received orphan drug designation from the FDA for the treatment of chordoma, and the study could potentially provide pivotal results for registration of the vaccine.
- Production and deliveries of MVA-BN smallpox vaccine remain on track to fulfil full year guidance.
- As planned, Henrik Juuel joined the Company in November as new Chief Financial Officer and member of the executive management.

"The recent BLA submission for our smallpox vaccine highlights the competences and strengths of Bavarian Nordic today, which we proudly apply to advance our technology to develop new vaccines to meet the unmet medical needs that remain in both infectious disease and oncology. We have seen strong progress in our pipeline over the past months with several new studies initiating, seeking proof-of-concept for our immuno-oncology platform across major solid tumor types, but also in rare and underserved cancers, such as chordoma. Following the positive Phase 2 data from our RSV program, we have also recently initiated discussions with the FDA on the design of Phase 3, anticipated to start in 2020. Meanwhile, we continue our successful operations with production of bulk vaccines and construction of our new fill/finish facility going according to plan, securing the foundation for future revenues and success for Bavarian Nordic," said Paul Chaplin, President & Chief Executive Officer of Bavarian Nordic.

Financial results

Financial results for the first nine months were in line with our expectations.

- Revenue generated for the nine months ending September 30, 2018 was DKK 319 million/USD 50 million (DKK 1,329 million/USD 206 million in the first nine months of 2017).
- The income before interest and tax (EBIT) was a loss of DKK 261 million/USD 41 million (profit of DKK 531 million/USD 82 million in the first nine months of 2017).
- As of September 30, 2018, the Group's cash preparedness was DKK 2,401 million/USD 373 million (DKK 2,604 million/USD 404 million as of December 31, 2017).

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Outlook for 2018 maintained
The majority of revenues in 2018 relate to our contract with the U.S. Government for the manufacture of MVA-BN bulk vaccine, all of which have already been produced as of the reporting date. Therefore, we remain on track to fulfill our financial expectations for 2018, with revenues of approximately DKK 500 million/USD 78 million for the full year and a loss before interest and tax (EBIT) of approximately DKK 385 million/USD 60 million. The expected cash preparedness at year-end was upgraded in August from approximately DKK 1,850 million/USD 287 million to approximately DKK 2,100 million/USD 326 million after being granted an unsecured loan facility of EUR 30 million from the European Investment Bank.

Danish kroner (DKK) is the Company's functional currency. Solely for information purposes, figures above have also been converted into USD using an assumed exchange rate of DKK 6.44 per 1.00 USD, which was the exchange rate as of September 30, 2018.

Anticipated selected pipeline developments

MVA-BN smallpox vaccine

- FDA acceptance of the Biologics License Application (BLA) for liquid-frozen MVA-BN (Q4, 2018)
- Anticipated FDA approval and award of a Priority Review Voucher (2019)
- Initiation of a Phase 3 MVA-BN freeze-dried lot consistency study (H1, 2019)

RSV

- Continue discussions with the FDA on the regulatory pathway for approval (H1, 2019)
- Initiate Phase 3 study in 2020

Janssen partnership

- Initiate Phase 1/2a study of MVA-BN HPV + AdVac (H2, 2018*)
- Initiate Phase 1 study of MVA-BN HIV + AdVac (H2, 2018*)

CV301

- Report clinical results of NSCLC combination Phase 1/1b (H2, 2018)
- Initiate a Phase 1 intra-tumoral administration in patients with solid tumors (H1, 2019)

BN-Brachyury

- Report clinical results from Phase 1 study (H2, 2018)
- Initiate Phase 1 intravenous administration (H1, 2019)
- Report clinical results from Phase 2 in chordoma (H2, 2019)

** Janssen is responsible for the clinical development*

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 live and recorded webcast of the presentation can be accessed via http://www.bavarian-nordic.com/investor/events.aspx?event=5285. To join the Q&A session, use one of the following dial-in numbers: Denmark: +45 35 15 81 21, UK: +44 (0) 330 336 9411, USA: +1 323-794-2551. Participant code is 8332812.

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About Bavarian Nordic
Bavarian Nordic is a fully integrated biotechnology company focused on the development of innovative and safe therapies against cancer and infectious diseases. Using our live virus vaccine platform technology, MVA-BN®, we have created a diverse portfolio of proprietary and partnered product candidates intended to improve the health

and quality of life for children and adults. We supply our MVA-BN® non-replicating smallpox vaccine to the U.S. Strategic National Stockpile and other government stockpiles. The vaccine is approved in the European Union (under the trade name IMVANEX®) and in Canada (under the trade name IMVAMUNE®. In addition to our long-standing collaboration with the U.S. government on the development of MVA-BN and other medical countermeasures, our infectious disease pipeline comprises a proprietary RSV program as well as vaccine candidates for Ebola, HPV, HBV and HIV, which are developed through a strategic partnership with Janssen. Additionally, in collaboration with the National Cancer Institute, we have developed a portfolio of active cancer immunotherapies, designed to alter the disease course by eliciting a robust and broad anti-cancer immune response while maintaining a favorable risk-benefit profile. Through multiple industry collaborations, we seek to explore the potential synergies of combining our immunotherapies with other immune-modulating agents, e.g. checkpoint inhibitors. For more information visit www.bavarian-nordic.com or follow us on Twitter @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.

Management Review

Product Pipeline
Our pipeline comprises multiple product candidates addressing unmet needs in infectious diseases and cancer. Most of our programs are supported by external funding through either corporate or governmental partnerships. Detailed information on our pipeline programs are available in Bavarian Nordic's annual report, or on the Company's website: www.bavarian-nordic.com.

Product	Indication	Status	Collaborator
INFECTIOUS DISEASES			
MVA-BN *liquid-frozen* *	Smallpox	Approved/Phase 3	BARDA
MVA-BN *freeze-dried*	Smallpox	Phase 2	BARDA
MVA-BN RSV	Respiratory Syncytial Virus	Phase 2	
MVA-BN Filo *monovalent* **	Ebola	Phase 3	Janssen
MVA-BN Filo *multivalent* **	Ebola/Marburg	Phase 2	Janssen
MVA-BN HPV + AdVac **	Chronic HPV infection	Phase 1/2a planned in 2018	Janssen
MVA-BN HIV + AdVac **	HIV-1	Phase 1 planned in 2018	Janssen
MVA-BN HBV + AdVac **	Hepatitis B	Preclinical	Janssen
CANCER IMMUNOTHERAPY			
CV301 + *nivolumab/pembrolizumab*	Non-small cell lung cancer	Phase 1	
CV301 + *nivolumab*	Microsatellite stable oligometastatic resectable colorectal cancer	Phase 2	Bristol-Myers Squibb
CV301 + *atezolizumab*	Metastatic Bladder cancer	Phase 2	Genentech
CV301 + *durvalumab*	Advanced Metastatic Microsatellite Stable Colorectal cancer	Phase 2	AstraZeneca
BN-Brachyury	Chordoma	Phase 2	
BN-Brachyury	Advanced Solid tumors	Phase 1	NCI

* *Approved in Canada (marketed as IMVAMUNE®) and the European Union (marketed as IMVANEX® in the EU).*
** *Licensed by Janssen, who is responsible for the clinical development*

INFECTIOUS DISEASES

MVA-BN® liquid-frozen smallpox vaccine
MVA-BN is the only non-replicating smallpox vaccine approved in Europe (trade name IMVANEX®) for use in the general adult population and in Canada (trade name IMVAMUNE®) for use in a public health emergency for adults who are contraindicated to replicating smallpox vaccines.

Monkeypox in the United Kingdom
In September, Bavarian Nordic supplied its non-replicating IMVANEX (MVA-BN) for vaccination of healthcare workers involved in the treatment and care of three individuals who had contracted monkeypox, a zoonotic virus related to the human smallpox. Two of the cases were unrelated, originating from travel to Nigeria, where an outbreak has been ongoing since 2017. IMVANEX is not approved for monkeypox, however, in the past when smallpox vaccines were routinely administered, they were shown also to be highly efficacious in preventing monkeypox. While a stockpile of replicating smallpox vaccines was readily available, IMVANEX was chosen over the existing vaccines by the Public Health of England, to provide the safest alternative in response to the emergency, which was the first of its kind in the U.K. This case, together with a recent case in Israel, also originating from Nigeria, highlights the need for not only global, but also regional preparedness plans and stockpiling of safer vaccines to meet the demands of modern healthcare systems.

BLA submitted to the FDA
MVA-BN has been developed in collaboration with the U.S. Government, and during first half of 2018 we completed the clinical development required for U.S. registration. We have recently submitted a Biologics License Application (BLA) to the U.S. Food and Drug Administration (FDA), which is pending the normal 60-day review for acceptance of the submission. The approval, if granted, is anticipated in 2019, upon which the Company would also be eligible to receive a Priority Review Voucher.

The clinical development of MVA-BN comprises 22 clinical studies, including two Phase 3 studies that have supported a favorable safety profile and efficacy in comparison to replicating smallpox vaccines. The second and final Phase 3 study was successfully completed in February 2018. This randomized, open-label study in 440 volunteers, revealed the peak neutralizing antibodies induced by MVA-BN were shown to be 2-fold higher than those stimulated by ACAM2000. This met the co-primary endpoint of non-inferiority and was even shown to be a

statistically superior immune response. Importantly, vaccination with MVA-BN resulted in a highly-attenuated take (reduction in lesion size), and in fact prevented the vaccine take in most of subjects re-vaccinated with ACAM2000, thereby also successfully meeting the second co-primary endpoint of the study. Using the same statistical parameters, the immune responses were also shown to be non-inferior after a single MVA-BN vaccination – at a time when ACAM2000 is reported to have induced a protective response.

MVA-BN® freeze-dried smallpox vaccine
In parallel with the development of liquid-frozen MVA-BN, efforts to provide a long-term storage solution for MVA-BN are ongoing, supported by contracts with the U.S. Government. A freeze-dried formulation of the vaccine has been developed, which offers a longer shelf life. Several activities to support the final development, future production and stockpiling of the new formulation are now in their completion phase.

To replenish and replace the existing stockpile of MVA-BN at the U.S. Strategic National Stockpile (SNS), the Company was awarded a new contract from BARDA in September 2017, initially valued at up to USD 539 million for the supply of freeze-dried MVA-BN. This represented the single largest order for MVA-BN and included an additional vaccine bulk order of USD 100 million and options valued at USD 439 million. The options included USD 140 million to support additional clinical activities and the transfer of the freeze-dried manufacturing process to Bavarian Nordic's new facility. An additional option of USD 299 million is related to the filling and freeze drying of all the vaccine bulk from the current contract (USD 100 million) and previous options from the MVA-BN liquid frozen contract (USD 233 million) that represents approximately 13 million freeze-dried MVA-BN doses. The ten-year contract also includes pricing for additional orders of vaccine bulk and vaccine doses of either liquid frozen or freeze dried MVA-BN. So, the company expects additional orders over time, initially to replace the expired 20 million doses of liquid-frozen MVA-BN in the SNS, and over time to fulfill the stated goal of sufficient non-replicating smallpox vaccine to protect 66 million people, corresponding to 132 million doses.

Three months post the initial contract award, the first option of USD 37 million was exercised (December 2017). This option will fund a Phase 3 safety lot consistency study in 1,110 healthy volunteers that will be initiated in first half of 2019 and support the regulatory activities to gain approval of the freeze-dried formulation. The majority of this first option will be revenue recognized during 2019 and 2020 while conducting the Phase 3 study.

We have already produced, and revenue recognized bulk vaccine worth of USD 233 million from orders received in 2015 and 2016, and during 2018 and 2019, we will produce and revenue recognize the additional USD 100 million vaccine bulk order received in 2017.

The construction of a new fill/finish facility at our existing manufacturing site in Denmark is progressing as planned. The production of freeze dried MVA-BN will be initiated in 2021 triggering the options of USD 299 million under the contract and it is projected that the production of the 13 million MVA-BN doses will be finalized in 2023.

MVA-BN RSV
MVA-BN RSV is our product candidate for the prevention of respiratory syncytial virus (RSV), a common respiratory virus that usually causes mild, cold-like symptoms, but in serious cases can cause life-threatening lower respiratory infections, leading to a similar number of deaths in the elderly population, as influenza. There are currently no approved vaccines for the prevention of RSV.

Our vaccine has been designed to target five different RSV proteins to ensure a broad immune response against both RSV subtypes (A & B), mimicking the immune response observed following a natural response to an RSV infection that is believed to induce protection for at least a year.

The Phase 2 program was designed to confirm the broad immune response, as well as determine the dose and schedule of vaccinations. The initial study, involving 421 subjects aged 55 and older, confirmed that the vaccine induced robust antibody and T cell responses against RSV with only a single vaccination and these responses remained elevated for an entire RSV season (6 months post vaccination).

The study was extended with 88 subjects being re-enrolled one year later, after having received a single low or high dose of the vaccine in the initial study. In most of these subjects, the broad antibody responses against RSV remained elevated after one year. Similarly, the T cell responses against RSV also remained elevated after one year in half of the subjects re-enrolled, depending on which of the RSV proteins encoded in the vaccine were evaluated (ranging from 27% to 72% of the subjects).

At one year, the subjects were boosted with the same vaccine dose; mimicking an annual booster regime, which showed a rapid and significant increase in antibody and T cell responses, notably in subjects with the weakest immunity prior to the annual booster vaccination. Additionally, a significant increase of antibodies in the nasal

mucosa was reported, which is believed to be an important correlate of protection against RSV. These findings support an annual vaccination strategy with MVA-BN RSV.

We have recently conducted a feasibility assessment of performing a human challenge study using a potentially more virulent RSV isolate to generate initial efficacy data for MVA-BN RSV. However, we have not been able to confirm the feasibility of manufacturing a more virulent RSV isolate and have concluded that such a study would not be practical or assist in the planning of a Phase 3 trial.

As we have now successfully completed the Phase 2 development of MVA-BN RSV in an elderly population, we have initiated discussions with the U.S. Food and Drug Administration (FDA) on a registration pathway for the vaccine, which will continue into 2019 with an aim to initiate Phase 3 trials in 2020.

IMMUNO-ONCOLOGY

Bavarian Nordic is developing innovative, targeted cancer immunotherapy programs to address major and orphan solid tumor indications. MVA-BN's ability to stimulate a large, powerful T-cell response serves as a foundation to create therapies that trigger the body's immune system and generate robust anti-tumor activity. Incorporating the learnings from the Company's former candidate, PROSTVAC, Bavarian Nordic has refined, strengthened and expanded its research, development and clinical activities in immuno-oncology, providing broader opportunities for its current candidates by:

- Improved antigen selection, including brachyury, MUC1 and CEA, known to target tumor-associated antigens and induce a tumor-specific T-cell response.
- The dosing regimen has been augmented to increase the priming and activation of T-cells against cancer antigens by administering MVA-BN in four different sites that targets a higher number of draining lymph nodes, the main sites of immune activation and allowing a higher vaccine dose.
- Fowlpox boosters are administered for a longer duration than with previous constructs, to increase the persistence of the T cell response throughout the administration of standard of care.
- Candidates are being studied in combination with checkpoint inhibitors, radiation and chemotherapy in clinical trials that employ adaptive trial designs to provide capital-efficient, rapid proof of concepts.
- The Company is also advancing its next-generation intra-tumoral and intravenous administration development to bolster the quality and quantity of T-cells, trafficking of T-cells, the recruitment of other arms of the immune system and alteration of the tumor microenvironment.

BN-Brachyury
Bavarian Nordic's novel immuno-oncology candidate, BN-Brachyury, targets a key prognostic indicator of several common (e.g. colorectal, prostate, small cell lung, and triple negative breast cancer) and rare or orphan (e.g. chordoma, thyroid, neuroendocrine) cancers. Brachyury is a transcription factor that is believed to play a prominent role in the metastasis and progression of tumors. Expression of brachyury is highly correlated with metastatic disease, poor overall survival, multi-drug resistance, and decreased survival rates. BN-Brachyury utilizes a prime-boost vaccination regimen that has been optimized to include the gene for brachyury and other molecules known to increase immune activation. A previous phase 1 trial demonstrated that MVA-BN-Brachyury could safely target brachyury and induce brachyury-specific T-cell immune responses. Further enhancement of this effect is being evaluated with fowlpox Brachyury boosters in the current BN-sponsored phase 1 study.

The Company recently initiated a Phase 2 trial of BN-Brachyury for the treatment of chordoma. Chordoma is a rare cancer that universally overexpresses brachyury and occurs in the base of the skull and spine. There are approximately 1,000 new cases of chordoma diagnosed in the U.S. and E.U. annually, and 10,000 people living with the disease. BN-Brachyury received orphan drug status from the FDA and may be eligible for Breakthrough Designation. Current treatments have resulted in limited success against chordoma, with a historical objective response rate of less than 5% with radiation alone. BN-Brachyury aims to significantly increase these results for chordoma patients.

The Phase 2 study holds the potential to serve as a registration trial in the ultra-orphan cancer. The multi-site trial will assess the effectiveness of BN-Brachyury with the current standard of care, radiation therapy, in patients with advanced chordoma. Radiation has been shown to inflame the tumor, releasing cancer antigens. BN-Brachyury is designed to teach T cells to attack brachyury-expressing cells and kill the tumor cells. Patients will receive a primer of MVA-BN Brachyury followed by a booster doses of the recombinant fowlpox virus around standard radiation therapy. The trial is expected to enroll up to 29 patients in a simon two-stage design, with a primary goal of determining if BN-Brachyury plus radiation results in a clinically-meaningful overall response rate (ORR) compared with historical control data.

CV301
CV301 is a cancer immunotherapy candidate that targets tumor-associated antigens, CEA and MUC1, which are overexpressed on numerous solid tumors, including bladder, colorectal and pancreatic cancers. Preclinical data demonstrated CV301's ability to induce tumor-specific T-cells that penetrate the tumor and cause the upregulation of PD-L1. This evidence strongly suggests synergistic effects with checkpoint inhibitors and the possibility of benefitting the 70-95% of patients (depending on tumor type) who do not respond to checkpoint inhibitors alone.

CV301 is administered through an innovative method, designed to generate a potent and durable T-cell response. Patients receive priming doses of MVA-BN-CV301 in four different injection sites, followed by multiple boosters of Fowlpox -CV301 at tapering intervals for the duration of checkpoint inhibitor therapy. Bavarian Nordic's CV301 strategy encompasses Company- and investigator-sponsored trials, collaborations with pharma companies and specially-designed trials that demand signs of meaningful efficacy for them to move forward. This strategy has been developed to discover the capabilities of CV301 in a responsible, cost-effective and rapid manner.

Three Phase 2 checkpoint inhibitor combination studies, all initiated in the second half of 2018, are now ongoing:

- Bladder cancer: Phase 2 study, sponsored by Bavarian Nordic, evaluating CV301 and atezolizumab (TECENTRIQ®) in metastatic bladder cancer. The study will initially enroll 13 patients in each of two cohorts (total 26 patients) evaluating the combination therapy in either platinum-eligible, or platinum-refractory patients. This study was amended to include multiple efficacy thresholds and will not enroll additional patients without early indications of activity (ORR and PFS).
- Colorectal cancer: Phase 2, investigator-led study of CV301, nivolumab (OPDIVO®) and chemotherapy. This study will enroll up to 78 patients with resectable oligometastatic microsatellite stable disease, randomized between standard perioperative chemotherapy with nivolumab or chemotherapy with nivolumab plus CV301. The primary endpoint is Overall Survival (OS). Other key endpoints (secondary and exploratory) include early indicators of clinical benefit, including pathologic complete response rate (pCR) at the time of surgery, as well as biologic mechanistic evaluations on resected tumor tissue, including gene expression profiling, T cell infiltration, T cell clonal expansion, and multiplex immunofluorescence to evaluate TME modification.
- Pancreatic and Colorectal cancer: Phase 1/2, investigator-led study of CV301 and durvalumab (IMFINZI®). The study will enroll up to 26 patients in each disease if early indicators of efficacy are reached, with a primary endpoint of Progression Free Survival (PFS).

Strengthening the platform
As Bavarian Nordic continues to progress its immuno-oncology candidates, it is also focusing on developing transformative administration approaches. Intra-tumoral and intravenous administration of cancer immunotherapies have shown to be potent tactics in activating a broader immune system response and allowing a modulation of the suppressive tumor microenvironment. Preclinical data of these two approaches has demonstrated an increase in the release and presentation of cancer antigens, priming and activation of the immune response, including T cells and Natural Killer (NK cells), trafficking and infiltration of T-cells and the recognition and enhanced killing of cancer cells.

Intravenous vaccination
The Company presented data at the 2018 Annual Meeting of the American Association for Cancer Research (AACR) that demonstrated that intravenous administration of an MVA-BN-based vaccine improved the quantity and quality of the T-cell response, while also amplifying antigen expression. Furthermore, IV administration stimulated immune stimulatory cytokines and the activation and expansion of NK cells that recognize cancer cells and help overcome tumor T-cell escape mechanisms, including MHC mutation or loss. The responses have been shown to be further elevated when MVA-BN is encoded with the co-stimulatory molecule CD40 Ligand.

Bavarian Nordic plans to commence a clinical study evaluating the intravenous administration of BN-Brachyury in the first half of 2019 and the development of a novel cancer immunotherapy incorporating CD40L to target triple negative breast cancer.

Intra-tumoral vaccination
Bavarian Nordic's research indicates that intra-tumoral administration can breach the tumor microenvironment's immunosuppressive mechanisms by generating intra-tumoral inflammation within solid tumors. Competitive approaches using live viruses, cytokines, toll-like receptors (TLR) agonists and stimulator of interferon gene (STING) agonists are among the agents being investigated to produce such a result. Intra-tumoral administration has shown the ability to activate the release of cancer antigens and create a systemic immune response by attracting newly generated T-cells into the tumor. It has also demonstrated a direct impact on the tumor through

an improvement in the migration and invasion of T-cells. Intra-tumoral administration provides flexibility in the dosing and scheduling regimen, allowing for increased control of safety and proper treatment.

The Company intends to initiate a clinical study in the first half of 2019 to assess the intra-tumoral administration of CV301 in patients with solid tumors.

PROSTVAC
While the NCI and other investigators continue to evaluate PROSTVAC for prostate cancer in clinical studies, the vaccine is no longer an active part of the Company's cancer immunotherapy pipeline. This decision reflects the Company's refined strategy within immuno-oncology and the termination by Bristol-Myers Squibb of the option- and license agreement following the discontinuation of the Phase 3 study in 2017.

OTHER DEVELOPMENTS

Henrik Juuel joins Bavarian Nordic as new CFO
As planned, Henrik Juuel has now joined Bavarian Nordic as Executive Vice President and Chief Financial Officer (CFO). He was previously the CFO of Orexo AB, prior to which he held senior positions at several large and diverse organizations including Group CFO of Virgin Mobile (Central and Eastern Europe), CFO of GN ReSound, and CFO of NNE Pharmaplan. Mr. Juuel began his career at Novo Nordisk in 1992, and during his 15-year tenure with the company held several senior finance positions in Denmark and abroad. Mr. Juuel was granted 10,150 restricted stock units (including potential matching shares), each with a value of DKK 156.2, which is based on the average closing price of the Company's shares over a period of 15 trading days prior to his employment on November 1, 2018.

New incentive programs for employees and executive management in Bavarian Nordic
The board of directors has today decided to issue warrants to executive management and certain employees in the Bavarian Nordic Group. The decision is made in accordance with the shareholder authorization for the board of directors adopted as Article 5b of the Articles of Association and the Company's guidelines regarding incentive programs.

The warrant program entails the issuance of 535,136 warrants in total which entitle the warrant holders to subscribe for up to 535,136 shares in total with a nominal value of DKK 10 each at an exercise price of DKK 179.6 per share. The warrants may be exercised wholly or partly during eight fixed subscription periods during 2022 and 2023.

The value of each warrant equals DKK 51.6 and is calculated on the Black-Scholes model with a risk-free interest rate of -0.43 per cent and on the historical volatility of the shares. The calculation is based on a share price of DKK 159.0.

Furthermore, the Company introduces a three-year incentive program in January 2019 for all employees in the Bavarian Nordic Group, with the exception of employees receiving warrants. The program is a cash bonus program based on the development in the Company's share price. The incentive program will not have a dilutive effect on the shareholders.

Each employee participating in the program is awarded so-called phantom shares every month of employment until 31 December 2021. The exercise price is DKK 179.6. The phantom shares may be exercised in January 2022, only if the Company's share price by then exceeds the exercise price by at least DKK 5. In that case, each phantom share will yield a cash bonus equivalent to DKK 1 per point the share price exceeds the exercise price.

Based on the current number of employees in the Group eligible for participating in the program, the program will comprise up to 60,336 phantom shares. The average value of each phantom share granted equals DKK 32.5 calculated on the basis of the Black-Scholes model with a risk-free interest rate of -0.43 per cent and on the historical volatility of the shares. The calculation is based on a share price of DKK 159.0.

New share buy-back program
Bavarian Nordic launches a new share buy-back program, under which the Company intends to buy back up to 27,373 of its own shares. The purpose of the share buy-back program is to meet the Company's obligations arising from the share-based incentive programs for the Board of Directors and Executive Management, in accordance with the Company's remuneration policy and the general guidelines for incentive remuneration. The share buy-back program is initiated pursuant to the authorization granted at the annual general meeting on April 17, 2018, according to which the Company may purchase up to 10 % of the Company's share capital for the time being. The share buy-back program will be executed in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and supplementing Regulation (EU) 2016/1052

of 8 March 2016, which together constitute the Safe Harbour Regulation. Bavarian Nordic A/S has appointed Danske Bank A/S Lead Manager of the program. Danske Bank A/S will buy back shares on behalf of Bavarian Nordic A/S and make decisions on trading with Bavarian Nordic A/S' shares independently and without influence of Bavarian Nordic A/S.

The program will be implemented in accordance with the authorization within the following scope:

- A maximum of 27,373 shares will be bought back within the duration of the program.
- The maximum consideration for Bavarian Nordic A/S-shares bought back within the duration of the program is DKK 6.8 million. However, based on yesterday's closing price of Bavarian Nordic's share on Nasdaq Copenhagen A/S, the total consideration is expected to be in the level of DKK 4.4 million.
- The program terminates at the latest on November 22, 2018.
- The maximum number of shares, which may be purchased per trading day, shall not exceed 25% of the average daily volume of shares in the Company traded on Nasdaq Copenhagen A/S in the preceding 20 trading days.
- The shares may not be purchased at a price which is higher than the higher of the following:
- The price of the last independent trade.
- The highest current independent purchase bid on Nasdaq Copenhagen A/S.

Bavarian Nordic A/S may terminate the program at any time. If the Company determines to terminate the program, the Company will give notice hereof.

Financial calendar 2019

March 21, 2019	2018 Annual Report
April 24, 2019	Annual General Meeting *
May 22, 2019	First quarterly report (Q1) for the three-month period ended 31 March 2019
August 15, 2019	Half-year report (Q2) for the six-month period ended 30 June 2019
November 7, 2019	Third quarterly report (Q3) for the nine-month period ended 30 September 2019

** 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 Thursday, March 14, 2019.*

CONSOLIDATED KEY FIGURES (UNAUDITED)

DKK thousand	1/7 - 30/9 2018	1/7 - 30/9 2017	1/1 - 30/9 2018	1/1 - 30/9 2017	1/1-31/12 2017
Income statements					
Revenue	221,731	734,271	319,365	1,329,243	1,370,151
Production costs	80,489	98,735	145,250	275,942	290,617
Research and development costs	71,888	161,359	276,621	373,236	518,405
Distribution costs	6,883	7,977	25,355	27,883	39,878
Administrative costs	43,504	34,186	133,062	120,938	168,057
Income before interest and taxes (EBIT)	18,967	432,014	(260,923)	531,244	353,194
Financial items, net	14,369	9,641	3,386	(37,347)	(50,914)
Income before company tax	33,336	441,655	(257,537)	493,897	302,280
Net profit for the period	31,719	325,672	(260,540)	365,914	181,343
Balance sheet					
Total non-current assets			480,586	341,236	382,186
Total current assets			2,622,727	2,575,004	2,770,485
Total assets			3,103,313	2,916,240	3,152,671
Equity			2,278,541	2,637,388	2,506,297
Non-current liabilities			398,147	28,116	399,760
Current liabilities			426,625	250,736	246,614
Cash flow statements					
Securities, cash and cash equivalents			2,407,478	2,416,168	2,583,718
Cash flow from operating activities			(295,185)	388,012	216,065
Cash flow from investment activities			98,232	(942,394)	(1,345,209)
- Investment in intangible assets			(4,718)	(15,448)	(22,341)
- Investment in property, plant and equipment			(123,472)	(11,376)	(56,357)
- Net investment in securities			226,554	(915,415)	(1,266,598)
Cash flow from financing activities			252,838	209,049	613,441
Financial Ratios (DKK) [1)]					
Earnings (basic) per share of DKK 10			(8.1)	11.6	5.7
Net asset value per share			70.5	82.5	77.7
Share price at period-end			169	282	224
Share price/Net asset value per share			2.4	3.4	2.9
Number of outstanding shares at period-end			32,311	31,981	32,245
Equity share			73%	90%	79%
Number of employees, converted to full-time, at period-end			425	442	420

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

Notes
(stated in the end of this document):

1. Significant accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Revenue
4. Production costs
5. Research and development costs
6. Financial income
7. Financial expenses
8. Inventories
9. Other receivables
10. Debt to credit institutions
11. Prepayment from customers
12. Other liabilities
13. Deferred tax asset
14. Transferred financial assets that are not derecognized
15. Financial instruments
16. Incentive plans
17. Significant changes in contingent liabilities and other contractual obligations
18. Significant events after the balance sheet date
19. Approval of the unaudited condensed consolidated interim financial statements

FINANCIAL STATEMENT FOR THE PERIOD JANUARY 1 – SEPTEMBER 30, 2018

Financial statements are un-audited. Comparison figures for the same period 2017 are stated in parentheses.

- Revenue generated for the nine months ending September 30, 2018 was DKK 319 million (DKK 1,329 million).
- The income before interest and tax (EBIT) was a loss of DKK 261 million (profit of DKK 531 million).
- As of September 30, 2018, the Group's cash preparedness was DKK 2,401 million (DKK 2,604 million as of December 31, 2017), including unutilized credit lines of DKK 243 million (DKK 20 million as of December 31, 2017).

Revenue generated for the nine months ending September 30, 2018 was DKK 319 million (DKK 1,329 million). Revenue was composed of DKK 231 million (DKK 854 million) from the sale of IMVAMUNE primarily bulk drug substance to U.S. Government and DKK 88 million (DKK 77 million) from contract work. In September 2017 the PROSTVAC upfront option payment of DKK 399 million was recognized as revenue. Revenue reported for the three months ended September 30, 2018 was DKK 194 million (DKK 300 million).

The production costs totaled DKK 145 million (DKK 276 million). Costs related directly to revenue amounted to DKK 112 million (DKK 256 million). Other production costs totaled DKK 33 million (DKK 20 million). In the third quarter of 2018, production costs were DKK 80 million (DKK 99 million).

Research and development costs totaled DKK 277 million (DKK 373 million). As the IMVAMUNE development asset was fully amortized in 2017, no prior-year IMVAMUNE development costs have been expensed in the first nine months of 2018. In the first nine months of 2017 expensing of prior-year IMVAMUNE development costs amounted to DKK 67 million.

Distribution costs totaled DKK 25 million (DKK 28 million) and administrative costs totaled DKK 133 million (DKK 121 million).

The income before interest and tax (EBIT) was a loss of DKK 261 million (profit of DKK 531 million).

Financial items totaled a net income of DKK 3 million (net expense of DKK 37 million). Net income from securities amounted to DKK 7 million (DKK 10 million), net loss on derivative financial instruments amounted to DKK 4 million (net gain of DKK 13 million), interest expenses on debt amounted to DKK 11 million (DKK 2 million) and net foreign exchange rate gains amounted to DKK 11 million (net loss DKK 80 million). In September 2017 the provision for long-term incentive agreements related to PROSTVAC milestones was reversed. The reversal was recognized as respectively financial items (DKK 22 million) and administrative costs (DKK 2 million).

Income before company tax was a loss of DKK 258 million (profit of DKK 494 million).

Tax on income was DKK 3 million (DKK 128 million). The Danish tax loss carry forward related to the result for the first nine months of 2018 has been fully written-down. The deferred tax asset remains at DKK 0 million. The Company retains the right to use the tax loss carry forward (tax value DKK 282 million) and the other tax assets (tax value DKK 40 million) that has been written-down. The development in the deferred tax asset is shown in note 13.

The Danish tax authority ("Skattestyrelsen") has notified the Company that Skattestyrelsen is proposing an adjustment of the allocation of the PROSTVAC development costs between Bavarian Nordic A/S and its U.S. subsidiary, Bavarian Nordic, Inc. between 2012-2016. The Company is in dialogue with Skattestyrelsen regarding the proposal.

For the first nine months of 2018, Bavarian Nordic reported a net loss of DKK 261 million (net profit of DKK 366 million).

Securities, cash and cash equivalents decreased by DKK 176 million compared to December 31, 2017. During the first nine months of 2018 DKK 123 million was spent on investments in property, plant and equipment, mainly related to the construction of the new fill/finish manufacturing line in Kvistgaard.

The Company has entered into transactions that transfer ownership of securities to a counterparty, while the Company retains the risks associated with the holding of the securities (repo transactions). The securities remain on the balance sheet, and the security lending is accounted for as loans received against collateral and recognized as debt to credit institutions. As per September 30, 2018 that security lending amounts to DKK 249 million. See further details in note 14.

As of September 30, 2018, the Group's cash preparedness was DKK 2,401 million (DKK 2,604 million as of December 31, 2017):

DKK million	30/9 2018	30/9 2017	31/12 2017
Securities	2,062	1,957	2,301
Cash and cash equivalents	345	459	283
Securites, cash and cash equivalents	2,407	2,416	2,584
Unutilized credit facility	243	392	20
Repo transactions loan	(249)	-	-
Cash preparedness	**2,401**	**2,808**	**2,604**
European Investment Bank (bullet loan with expiry in 2022)	372	-	372

In August 2018 the Company was granted an unsecured loan facility of EUR 30 million from the European Investment Bank to support the Company's investments into a new fill-finish manufacturing facility, which is currently under construction.

Cash flow spend on operating activities was DKK 295 million (contribution of DKK 388 million), mainly driven by the net loss of DKK 261 million (net gain of DKK 366 million). Cash flow from investment activities was positive by DKK 98 million (spend DKK 942 million) as investments in property, plant and equipment was off-set by net disposal of securities of DKK 227 million (net investment of 915 million). Cash flow from financing activities contributed with DKK 253 million (DKK 209 million) primarily from the concluded repo transactions. The net change in cash and cash equivalents was DKK 56 million (DKK -345 million).

The Group's equity as of September 30, 2018 stood at DKK 2,279 million (DKK 2,506 million as of December 31, 2017).

Financial expectations
Bavarian Nordic maintains its financial expectations for 2018 as announced March 12, 2018. The Company still expects revenues of approximately DKK 500 million for the full year and a loss before interest and tax (EBIT) of approximately DKK 385 million. The expected cash preparedness at year-end was upgraded from approximately DKK 1,850 million to approximately DKK 2,100 million after obtaining an unsecured loan facility of EUR 30 million from the European Investment Bank in August 2018.

The financial expectations are based on an exchange rate of DKK 6.60 per 1.00 USD.

Significant risks and uncertainties
Bavarian Nordic faces a number of risks and uncertainties, common for the biotech 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 "Risk Management" in the 2017 annual report.

Since the publication of the 2017 annual report, the overall risk profile of the Company remains largely unchanged.

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, 2018.

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, 2018, and the results of the group's activities and cash flows for the period January 1 to September 30, 2018.

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.

Kvistgaard, November 9, 2018

Corporate Management:

Paul John Chaplin President and CEO	Henrik Juuel 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

FINANCIAL STATEMENTS

Unaudited Condensed Consolidated Income Statements for the Periods Ended September 30, 2018 and 2017

DKK thousand	Note	1/7 - 30/9 2018	1/7 - 30/9 2017	1/1 - 30/9 2018	1/1 - 30/9 2017	1/1-31/12 2017
Revenue	3	221,731	734,271	319,365	1,329,243	1,370,151
Production costs	4	80,489	98,735	145,250	275,942	290,617
Gross profit		**141,242**	**635,536**	**174,115**	**1,053,301**	**1,079,534**
Research and development costs	5	71,888	161,359	276,621	373,236	518,405
Distribution costs		6,883	7,977	25,355	27,883	39,878
Administrative costs		43,504	34,186	133,062	120,938	168,057
Total operating costs		**122,275**	**203,522**	**435,038**	**522,057**	**726,340**
Income before interest and tax (EBIT)		**18,967**	**432,014**	**(260,923)**	**531,244**	**353,194**
Financial income	6	21,875	28,386	28,079	50,309	56,426
Financial expenses	7	7,506	18,745	24,693	87,656	107,340
Income before company tax		**33,336**	**441,655**	**(257,537)**	**493,897**	**302,280**
Tax on income for the period		1,617	115,983	3,003	127,983	120,937
Net profit for the period		**31,719**	**325,672**	**(260,540)**	**365,914**	**181,343**
Earnings per share (EPS) - DKK						
Basic earnings per share of DKK 10		1.0	10.3	(8.1)	11.6	5.7
Diluted earnings per share of DKK 10		1.0	10.2	(8.1)	11.5	5.7

Unaudited Condensed Consolidated Statements of Comprehensive Income for the Periods Ended September 30, 2018 and 2017

DKK thousand	1/7 - 30/9 2018	1/7 - 30/9 2017	1/1 - 30/9 2018	1/1 - 30/9 2017	1/1-31/12 2017
Net profit for the period	**31,719**	**325,672**	**(260,540)**	**365,914**	**181,343**
Items that might be reclassified to the income statement:					
Exchange rate adjustments on translating foreign operations	(12,120)	12,959	8	44,979	50,896
Fair value of financial instruments entered into to hedge future cash flows	583	(129)	472	241	130
Tax on other comprehensive income	-	24	-	(57)	(57)
Other comprehensive income after tax	**(11,537)**	**12,854**	**480**	**45,163**	**50,969**
Total comprehensive income	**20,182**	**338,526**	**(260,060)**	**411,077**	**232,312**

Unaudited Condensed Consolidated Statements of Financial Position - Assets as of September 30, 2018 and 2017 and December 31, 2017

DKK thousand	Note	30/9 2018	30/9 2017	31/12 2017
Assets				
Software		24,472	7,916	27,288
IMVAMUNE development project		-	980	-
Intangible assets in progress		5,787	20,966	5,704
Intangible assets		**30,259**	**29,862**	**32,992**
Land and buildings		183,238	198,383	194,155
Leasehold improvements		1,133	1,434	1,329
Plant and machinery		55,551	59,080	56,986
Fixtures and fittings, other plant and equipment		20,676	21,352	20,531
Assets under construction		188,381	29,667	74,977
Property, plant and equipment		**448,979**	**309,916**	**347,978**
Other receivables		1,348	1,458	1,216
Financial assets		**1,348**	**1,458**	**1,216**
Deferred tax assets	13	**-**	**-**	**-**
Total non-current assets		**480,586**	**341,236**	**382,186**
Development projects for sale		**22,200**	**22,201**	**22,200**
Inventories	8	**130,927**	**96,679**	**111,847**
Trade receivables		21,668	18,068	19,396
Tax receivables		5,396	-	5,396
Other receivables	9	22,759	17,706	22,916
Prepayments		12,299	4,182	5,012
Receivables		**62,122**	**39,956**	**52,720**
Securities	14	2,061,826	1,956,980	2,301,197
Cash and cash equivalents		345,652	459,188	282,521
Securites, cash and cash equivalents		**2,407,478**	**2,416,168**	**2,583,718**
Total current assets		**2,622,727**	**2,575,004**	**2,770,485**
Total assets		**3,103,313**	**2,916,240**	**3,152,671**

Unaudited Condensed Consolidated Statements of Financial Position - Equity and Liabilities as of September 30, 2018 and 2017 and December 31, 2017

DKK thousand	Note	30/9 2018	30/9 2017	31/12 2017
Equity and liabilities				
Share capital		323,106	319,814	322,451
Treasury shares		(233)	(233)	(233)
Retained earnings		1,902,359	2,304,507	2,156,883
Other reserves		53,309	13,300	27,196
Equity		**2,278,541**	**2,637,388**	**2,506,297**
Provisions		-	-	-
Debt to credit institutions	10	398,147	28,116	399,760
Non-current liabilities		**398,147**	**28,116**	**399,760**
Debt to credit institutions	10	251,213	2,136	2,152
Prepayment from customers	11	57,231	98,758	79,617
Trade payables		37,048	36,452	82,901
Company tax		904	10,344	139
Other liabilities	12	80,229	103,046	81,805
Current liabilities		**426,625**	**250,736**	**246,614**
Total liabilities		**824,772**	**278,852**	**646,374**
Total equity and liabilities		**3,103,313**	**2,916,240**	**3,152,671**

Unaudited Condensed Consolidated Statements of Cash Flow for the Periods Ended September 30, 2018 and 2017 and December 31, 2017

DKK thousand	1/1 - 30/9 2018	1/1 - 30/9 2017	1/1-31/12 2017
Net profit for the period	**(260,540)**	**365,914**	**181,343**
Adjustment for non-cash items:			
Financial income	(28,079)	(50,309)	(56,426)
Financial expenses	24,693	87,656	107,340
Tax on income for the period	3,003	127,983	120,937
Depreciation, amortization and impairment losses	29,918	28,560	37,529
Expensing (amortization) of IMVAMUNE development project	-	66,755	69,515
Share-based payment	26,209	25,866	26,797
Adjustment for other non-cash items	-	(2,704)	45,164
Changes in development projects for sale	-	47,868	-
Changes in inventories	(19,080)	50,304	35,136
Changes in receivables	(9,152)	111,926	114,088
Changes in current liabilities	(69,119)	(462,644)	(462,262)
Cash flow from operations (operating activities)	**(302,147)**	**397,175**	**219,161**
Received financial income	22,636	15,993	19,707
Paid financial expenses	(13,896)	(20,233)	(16,498)
Paid company taxes	(1,778)	(4,923)	(6,305)
Cash flow from operating activities	**(295,185)**	**388,012**	**216,065**
Investments in and additions to intangible assets	(4,718)	(15,448)	(22,341)
Investments in property, plant and equipment	(123,472)	(11,376)	(56,357)
Investments in/disposal of financial assets	(132)	(155)	87
Investments in securities	(840,764)	(1,305,784)	(2,162,790)
Disposal of securities	1,067,318	390,369	896,192
Cash flow from investment activities	**98,232**	**(942,394)**	**(1,345,209)**
Payment on loans	(1,614)	(1,598)	(2,133)
Proceeds from loans	249,062	-	372,195
Proceeds from warrant programs exercised	5,415	9,838	40,858
Proceeds from private placement	-	207,482	207,482
Cost related to issue of new shares	(25)	(2,419)	(707)
Purchase of treasury shares	-	(4,254)	(4,254)
Cash flow from financing activities	**252,838**	**209,049**	**613,441**
Cash flow of the period	**55,885**	**(345,333)**	**(515,703)**
Cash as of 1 January	282,521	853,596	853,596
Currency adjustments 1 January	7,246	(49,075)	(55,372)
Cash end of period	**345,652**	**459,188**	**282,521**

Unaudited Condensed Consolidated Statements of Changes in Equity for the Periods September 30, 2018 and 2017

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, 2018	**322,451**	**(233)**	**2,156,883**	**(37,502)**	**(129)**	**64,827**	**2,506,297**
Comprehensive income for the period							
Net profit	-	-	(260,540)	-	-	-	(260,540)
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	8	-	-	8
Fair value of financial instruments	-	-	-	-	472	-	472
Total comprehensive income for the period	**-**	**-**	**(260,540)**	**8**	**472**	**-**	**(260,060)**
Transactions with owners							
Share-based payment	-	-	-	-	-	26,914	26,914
Warrant program exercised	655	-	5,945	-	-	(1,185)	5,415
Warrant program expired	-	-	96	-	-	(96)	-
Cost related to issue of new shares	-	-	(25)	-	-	-	(25)
Total transactions with owners	**655**	**-**	**6,016**	**-**	**-**	**25,633**	**32,304**
Equity as of September 30, 2018	**323,106**	**(233)**	**1,902,359**	**(37,494)**	**343**	**90,460**	**2,278,541**

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, 2017	**313,539**	**(111)**	**1,731,898**	**(88,398)**	**(202)**	**60,511**	**2,017,237**
Comprehensive income for the period							
Net profit	-	-	365,914	-	-	-	365,914
Other comprehensive income							
Exchange rate adjustments on translating foreign operations	-	-	-	44,979	-	-	44,979
Fair value of financial instruments	-	-	-	-	184	-	184
Total comprehensive income for the period	**-**	**-**	**365,914**	**44,979**	**184**	**-**	**411,077**
Transactions with owners							
Share-based payment	-	-	-	-	-	19,046	19,046
Warrant program exercised	1,154	-	10,565	-	-	(1,881)	9,838
Warrant program expired	-	-	320	-	-	(320)	-
Capital increase through private placement	5,121	-	202,361	-	-	-	207,482
Cost related to issue of new shares	-	-	(2,419)	-	-	-	(2,419)
Purchase of treasury shares	-	(122)	(4,132)	-	-	-	(4,254)
Tax related to items recognized directly in equity	-	-	-	-	-	(20,619)	(20,619)
Total transactions with owners	**6,275**	**(122)**	**206,695**	**-**	**-**	**(3,774)**	**209,074**
Equity as of September 30, 2017	**319,814**	**(233)**	**2,304,507**	**(43,419)**	**(18)**	**56,737**	**2,637,388**

NOTES

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 2017 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by EU.

The implementation of IFRS 9 "Financial Instruments" has not changed the classification and measurement of financial instruments and IFRS 15 "Revenue from Contracts with Customers" has not changed revenue recognition; see the detailed description in the consolidated financial statements for 2017 note 1.

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 2017, the Management has not changed significant estimates and judgments regarding recognition and measurement, except that Management do not expect Bavarian Nordic, Inc. to be able to repay the intercompany loan in the foreseeable future. The loan is fully written-down in 2017 and from January 1, 2018 the loan is seen as part of the net investment in the US subsidiary. Changes in exchange rates related to the intercompany loan since January 1, 2018 are therefore recognized in other comprehensive income.

DKK thousand	1/7 - 30/9 2018	1/7 - 30/9 2017	1/1 - 30/9 2018	1/1 - 30/9 2017	1/1-31/12 2017
3. Revenue					
IMVAMUNE sale	193,987	300,315	230,912	853,706	874,307
Sale of goods	193,987	300,315	230,912	853,706	874,307
Upfront payment, PROSTVAC	-	398,538	-	398,538	398,538
Contract work	27,744	35,418	88,453	76,999	97,306
Sale of services	27,744	433,956	88,453	475,537	495,844
Revenue	**221,731**	**734,271**	**319,365**	**1,329,243**	**1,370,151**
4. Production costs					
Cost of goods sold, IMVAMUNE sale	53,312	80,097	60,731	216,350	221,210
Contract costs	12,121	15,105	51,142	39,121	61,772
Other production costs	15,056	3,533	33,377	20,471	7,635
Production costs	**80,489**	**98,735**	**145,250**	**275,942**	**290,617**
5. Research and development costs					
Research and development costs occured in the period	84,009	155,603	327,763	352,387	519,226
Of which:					
Contract costs recognized as production costs	(12,121)	(15,105)	(51,142)	(39,121)	(61,772)
Capitalized development costs	-	(2,639)	-	(6,785)	(8,564)
	71,888	137,859	276,621	306,481	448,890
Expensing (amortization) of prior-year costs attributable to the IMVAMUNE development project	-	23,500	-	66,755	69,515
Research and development costs	**71,888**	**161,359**	**276,621**	**373,236**	**518,405**
6. Financial income					
Financial income from bank and deposit contracts	256	110	591	163	644
Interest income from financial assets not measured at fair value through the income statement	256	110	591	163	644
Financial income from securities	5,842	6,031	16,529	15,181	20,817
Adjustment of net present value of provisions	-	22,245	-	22,245	22,245
Net gains on derivative financial instruments at fair value through the income statement (held for trading)	-	-	-	12,720	12,720
Net foreign exchange gains	15,777	-	10,959	-	-
Financial income	**21,875**	**28,386**	**28,079**	**50,309**	**56,426**

DKK thousand	1/7 - 30/9 2018	1/7 - 30/9 2017	1/1 - 30/9 2018	1/1 - 30/9 2017	1/1-31/12 2017
7. Financial expenses					
Interest expenses on debt	3,505	474	10,559	2,181	5,678
Interest expenses on financial liabilities not measured at fair value through the income statement	3,505	474	10,559	2,181	5,678
Fair value adjustments on securities	1,601	(573)	9,909	5,150	12,319
Net loss on derivative financial instruments at fair value through the income statement	2,400	-	4,225	-	-
Net foreign exchange losses	-	18,844	-	80,325	89,343
Financial expenses	**7,506**	**18,745**	**24,693**	**87,656**	**107,340**

DKK thousand	30/9 2018	30/9 2017	31/12 2017
8. Inventories			
Raw materials and supply materials	34,289	33,850	31,805
Work in progress	163,275	201,365	129,607
Manufactured goods and commodities	1,775	8,421	3,140
Write-down on inventory	(68,412)	(146,957)	(52,705)
Inventories	**130,927**	**96,679**	**111,847**
Write-down on inventory 1 January	(52,705)	(110,697)	(110,697)
Write-down during the period	(15,707)	(43,931)	(23,199)
Use of write-down	-	7,671	81,191
Write-down end of period	**(68,412)**	**(146,957)**	**(52,705)**
9. Other receivables			
Receivable VAT and duties	11,327	3,220	10,715
Financial instruments at fair value	1,216	-	-
Accrued interest	10,216	14,486	12,201
Other receivables	**22,759**	**17,706**	**22,916**
10. Debt to credit institutions			
Mortgage	28,103	30,252	29,717
European Investment Bank (loan in DKK)	372,195	-	372,195
Security lending (repo transactions)	249,062	-	-
Debt to credit institutions	**649,360**	**30,252**	**401,912**
11. Prepayment from customers			
Prepayments from customers as of January 1	79,617	530,645	530,645
Prepayments received during the period	14,520	702,180	704,813
Recognized as income during the period	(36,906)	(1,134,067)	(1,155,841)
Prepayments from customers end of period	**57,231**	**98,758**	**79,617**
12. Other liabilities			
Financial instruments at fair value	263	18	129
Liability relating to phantom shares	729	9,082	2,723
Payable salaries, holiday accrual etc.	55,263	55,598	59,960
Deposit and prepaid rent from sub-tenants	1,790	2,892	1,640
Other accrued costs	22,184	35,456	17,353
Other liabilities	**80,229**	**103,046**	**81,805**

13. Deferred tax asset

DKK thousand	January 1, 2018	Recognized in the income statement	Recognized in equity	September 30, 2018
Intangible assets	5,366	(1,247)	-	4,119
Property, plant and equipment	6,602	6,416	-	13,018
Development projects for sale	17,420	-	-	17,420
Financial instruments	28	-	(104)	(76)
Share-based payment	10,441	3,272	(8,823)	4,890
Tax losses carried forward	241,859	40,328	-	282,187
Write-down	(281,716)	(48,769)	8,927	(321,558)
Recognized deferred tax assets	**-**	**-**	**-**	**-**

14. Transferred financial assets that are not derecognized

The Company has entered into transactions that transfer ownership of securities to a counterparty, while the Company retains the risks associated with the holding of the securities. If the Company retains all risks, the securities remain in the balance sheet, and the transactions are accounted for as loans received against collateral. Such transactions are repo transactions and 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 2018	30/9 2017	31/12 2017
Carrying amount of transferred securities	248,874	-	-
Carrying amount of associated liabilities (repo transactions)	(249,062)	-	-
Net position	**(188)**	**-**	**-**

15. 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, 2018

DKK thousand	Level 1	Level 2	Total
Securities	1,812,952	-	1,812,952
Transferred securities that are not derecognized	248,874	-	248,874
Derivative financial instruments at fair value through the income statement	-	779	779
Financial assets measured at fair value through the income statement	**2,061,826**	**779**	**2,062,605**
Derivative financial instruments to hedge future cash flow (interest)	-	343	343
Financial assets/liabilities used as hedging instruments	**-**	**343**	**343**
Derivative financial instruments at fair value through the income statement	-	(169)	(169)
Security lending (repo transactions)	(249,062)	-	(249,062)
Liability relating to phantom shares	-	(729)	(729)
Financial liabilities measured at fair value through the income statement	**(249,062)**	**(898)**	**(249,960)**

As of December 31, 2017

DKK thousand	Level 1	Level 2	Total
Securities	2,301,197	-	2,301,197
Financial assets measured at fair value through the income statement	**2,301,197**	**-**	**2,301,197**
Derivative financial instruments to hedge future cash flow (interest)	-	(129)	(129)
Financial assets/liabilities used as hedging instruments	**-**	**(129)**	**(129)**
Liability relating to phantom shares	-	(2,723)	(2,723)
Financial liabilities measured at fair value through the income statement	**-**	**(2,723)**	**(2,723)**

16. Incentive plans

Outstanding warrants as of September 30, 2018

	Outstanding as of January 1	Addition during the period	Options exercised	Annulled	Terminated	Trans-ferred	Outstanding as of September 30
Board of Directors	20,000	-	(20,000)	-	-	-	-
Corporate Management	375,770	-	(30,000)	(29,610)	-	(111,319)	204,841
Other Group Management	103,877	-	-	-	-	-	103,877
Other employees	842,572	-	(4,500)	(17,952)	-	(59,442)	760,678
Retired employees	117,463	-	(11,000)	-	(5,900)	170,761	271,324
Total	**1,459,682**	**-**	**(65,500)**	**(47,562)**	**(5,900)**	**-**	**1,340,720**
Weighted average exercise price	**266**	**-**	**83**	**290**	**85**	**-**	**275**
Weighted average share price at exercise	**-**	**-**	**200**	**-**	**-**	**-**	**-**
Numbers of warrants which can be exercised as of September 30, 2018							247,000
at a weighted average exercise price of DKK							131

The total recognized cost of the warrant programs was DKK 23.3 million in the first nine months of 2018 (DKK 15.6 million).

Specification of parameters for Black-Scholes model

DKK	Aug 2014	Dec 2015	Dec 2016	Jul 2017	Nov 2017
Average share price	117.50	334.00	222.50	383.50	259.50
Average exercise price at grant	131.40	366.85	260.20	430.45	303.03
Expected volatility rate	39.7%	53.8%	44.6%	44.1%	52.4%
Expected life (years)	3.3	3.3	3.0	3.0	3.0
Expected dividend per share	-	-	-	-	-
Risk-free interest rate p.a.	0.63%	0.25%	-0.48%	-0.46%	-0.55%
Fair value at grant [1)]	29	115	54	98	80

The expected volatility is based on the historical volatility.

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

17. Significant changes in contingent liabilities and other contractual obligations
No significant changes in contingent liabilities and other contractual obligations have occurred since December 31, 2017 except for the Danish tax audit regarding allocation of the PROSTVAC development costs between Bavarian Nordic A/S and its U.S. subsidiary, Bavarian Nordic, Inc. between 2012-2016. The Company is in dialogue with the Danish tax authority ("Skattestyrelsen") regarding the proposal.

18. Significant events after the balance sheet date

On November 1, 2018, the Company announced that Henrik Juuel, as planned, had joined Bavarian Nordic as new Chief Financial Officer and member of the executive management.

On November 1, 2018, the Company announced the initiation of a Phase 2 trial of BN-Brachyury for the treatment of chordoma.

On November 2, 2018, the Company announced the initiation of a clinical trial evaluating the combination therapy of CV301 and durvalumab in metastatic colorectal and pancreatic cancers.

Except as noted above, there have been no significant events between June 30, 2018 and the date of approval of the Interim Results for the first nine months of 2018.

19. 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 9, 2018.