

## Minutes from the Annual General Meeting 2014 in Bavarian Nordic A/S

On 24 April 2014 at 5 p.m., the annual general meeting of Bavarian Nordic A/S, Central Business Register (CVR) no. 16271187 was held at Comwell Borupgaard, Nørrevej 80, DK-3070 Snekkersten.

Lawyer Marianne Philip was appointed as chairman of the meeting and announced that the general meeting had been duly convened. 293 shareholders representing nominally DKK 63,631,100 shares and the corresponding number of voting rights or 24.39% of the Company's share total share capital of nominally DKK 260,943,610 were present or lawfully represented at the general meeting. The Company's CEO, the Board of Directors, the auditors and representatives of the press were also present.

The agenda included the following items as prescribed by Article 10 of the Articles of Association:

1. Report of the Board of Directors on the Company's activities during the past year.
2. Presentation and adoption of the annual report.
3. Proposal by the Board of Directors for the appropriation of profit or loss as recorded in the annual report as adopted.
4. Resolution to discharge the Board of Directors and the Executive Board from liability.
5. Election of members to the Board of Directors.
6. Election of auditors.
7. Any proposal by the Board of Directors or shareholders.

The Board of Directors had submitted the following proposals:

- a. Proposal to extend the authority granted under Article 5a of the Articles of Association, authorising the Board of Directors, for the period until 30 June 2015, to increase the Company's share capital by a total nominal amount of DKK 26,000,000.
- b. Proposal to extend the authority granted under Article 5b of the Articles of Association, authorising the Board of Directors, for the period until 31 December 2015, to issue warrants entitling the holders to subscribe for shares of a nominal value of up to DKK 6,000,000.
- c. Proposal to approve the remuneration to the Board of Directors for the current financial year.
- d. Proposal to authorise the Board of Directors to acquire own shares.
- e. Proposal to change the Company's corporate language to English.
- f. Proposal to hold future general meetings in either Danish or English as resolved by the Board of Directors and to prepare documents to be considered at the general meeting in either Danish or English, also as resolved by the Board of Directors.
- g. Proposal to prepare the Company's future annual reports and interim financial reports in English only.

- h. Proposal to adopt new general guidelines on incentive remuneration for the Board of Directors and the Executive Board.

8. Any other business

Re 1, 2, 3 and 4:

Asger Aamund, Chairman of the Board of Directors, reported on the Company's activities during 2013 and referred initially to the printed version of the report which provides a clear and comprehensible overview of Bavarian Nordic's development and performance in 2013.

Asger Aamund described some of the strategic goals, both goals already achieved and future goals that Bavarian Nordic is working to achieve. When looking at the earnings for 2013 and the earnings expected for 2014 and comparing the development with expenditure, it may be established that Bavarian Nordic has succeeded in balancing income and expenses, even with surplus liquidity. This balance is expected to continue in 2014 where the IMVAMUNE business is expected to yield a profit. The Cancer Immunotherapy Division expects to enrol the last patients out of a total of 1,200 in the PROSTVAC phase III trial before the end of the year.

Bavarian Nordic's most important business goal is to make both divisions profitable on a permanent basis. This may be achieved through sale of the IMVAMUNE/IMVANEX smallpox vaccine and through new contracts with the US government for the sale of other biodefense vaccines. It is also important, however, to enter into partner contracts and to sell cancer immunotherapies, primarily PROSTVAC, but also CV-301 for treatment of colon cancer - a product candidate for which Bavarian Nordic has great expectations.

Asger Aamund reported on the most important events in 2013 and the part of 2014 that had already passed, explaining that Bavarian Nordic is developing in a positive direction where the defined goals are being reached. With the appointment of Jim Breitmeyer as Division President, the management of the cancer division has been strengthened. Bavarian Nordic obtained a general approval of the IMVANEX/IMVAMUNE smallpox vaccine in Europe and Canada. Both PROSTVAC and IMVAMUNE are in phase III trial and the survival data are extremely good in the phase II trial with CV-301 for treatment of colon cancer. Bavarian Nordic has obtained the US health authorities' permission to file so-called interim reports for PROSTVAC phase III data, which ensures a faster market permission if the data are satisfactory. In 2014, Bavarian Nordic expects to finish the extension of the Kvistgaard production facility and will thus be ready to put the PROSTVAC vaccine into commercial production.

In 2014, Bavarian Nordic expects to realise sales of approximately DKK 1.2 billion and a break-even result. At the end of 2014, the financial resources are expected to be DKK 600 million.

Asger Aamund explained that the commercial interest in immunotherapeutic solutions to treat cancer in particular had been significant for a long time. As part of the treatment, the body's natural defence mechanisms are trained and stimulated to fight against various types of cancer. However, scientists in both the pharmaceutical industry and at universities have expressed great scepticism about the development of vaccines and other drugs in this area, because the results have been limited. Following the introduction on the market of a number of immunotherapies which have shown promising results for patients suffering from for instance melanoma and kidney cancer, there has been a change of sentiment and immunotherapy is expected to become one of the most important methods of treatment in modern cancer therapy. Bavarian Nordic is therefore in the front line in the international fight against cancer, both on a stand-alone basis and in its cooperation with the US National Cancer Institute. Asger Aamund stated that this development, when combined with the progress made in the Infectious Diseases Division which is finishing the development of the new freeze dried version of the IMVAMUNE smallpox vaccine and which is working on new vaccine projects with the US government, shows that the prerequisites of a profitable growth are present for Bavarian Nordic in the years to come.

Anders Hedegaard started by announcing that 2014 had been a good year for Bavarian Nordic. He then reported on revenue and the results for 2013 which were better than expected. The financial resources at the end of 2013 were DKK 652 million, which was DKK 52 million better than expected. Anders Hedegaard showed the

development in the revenue and results for 2010 to 2013, which have steadily improved, and the result estimated for 2014.

He then reported on the most important events in 2013, including the approval of the IMVANEX/IMVAMUNE smallpox vaccine in Europe and Canada, the conclusion of a new contract with the USA representing a value of up to DKK 1.3 billion, and the increased cooperation with NCI on cancer immunotherapies to also include colon cancer. Bavarian Nordic continues to be successful in optimising production which is the reason why it has been decided to increase the production at Kvistgaard and to make it ready for the production of PROSTVAC. The PROSPECT phase III trial with PROSTVAC is now active in 14 countries with a total of 185 centers and it has been agreed with the FDA that interim analyses from the trial may reduce the development time if the results are good. Anders Hedegaard then outlined Bavarian Nordic's infectious disease and cancer immunotherapy pipeline.

He described the relations to the US government in relation to IMVAMUNE. In the USA, Bavarian Nordic is a textbook example of a well-functioning public-private partnership.

Anders Hedegaard then reported on the work of the Cancer Immunotherapy Division and the results achieved in the PROSTVAC phase III trial, including the enrolment of patients in the trial. He described the increased cooperation with NCI.

Anders Hedegaard finished by outlining the financial expectations for 2014 and thanked the employees for their efforts in 2013.

Claus Berner Møller of ATP thanked for the report and the review of the annual report, stating that 2013 was the year in which Bavarian Nordic succeeding in balancing income and expenses which is a great achievement for a biotech company. The new US order and the approval of IMVANEX/IMVAMUNE in Europe and Canada are good news for Bavarian Nordic. The PROSTVAC trial was further delayed in 2013, but Claus Berner Møller believed that with the appointment of Jim Breitmeyer, the trial was now on track. Claus Berner Møller indicated that ATP had preferred a partnership agreement for PROSTVAC and there should soon be a basis for such an agreement, but the question is of course which terms to expect.

He explained that, in ATP's opinion, the Board of Directors should not receive any warrants in the light of Bavarian Nordic's current situation. However, ATP will vote for the proposed guidelines on incentive remuneration because the management had promised to discuss them with ATP after the general meeting with a view to changing them again at next year's general meeting.

Finally, Claus Berner Møller thanked Asger Aamund for his work for Bavarian Nordic and wished Bavarian Nordic good luck in 2014.

Michael Thøgersen of the Danish Shareholders Association was very pleased with the positive results and the operating profit, stating that he was surprised that the new tax loss carryforward rules had not attracted more attention in the press and asking if Bavarian Nordic expects to be able to utilise the tax loss. On behalf of his members, Michael Thøgersen thanked Bavarian Nordic for hosting a visit in April 2014 and asked a number of questions relating to the PROSTVAC and IMVAMUNE trials and the use of the products. In this respect, Michael Thøgersen inquired into the Company's fast track approval in the USA. He commented on Bavarian Nordic's CSR report and asked for information about the Company's industrial accidents. Michael Thøgersen also asked for information about the distribution of men and women at management level.

Finally, Michael Thøgersen thanked Asger Aamund for his work for Bavarian Nordic, wishing him good luck in the future.

Anders Hedegaard answered the questions raised, stating that Bavarian Nordic has made massive efforts to change the tax rules, that the distribution of men and women at management level was 55% and 45%, respectively, but that the company found it decisive to recruit the most qualified employees. As regards the possibilities of a partnership agreement, Anders Hedegaard noted that the greater focus on immunotherapy has

increased the interest in PROSTVAC, but that it is important that the terms of any future agreement reflect the Company's risks.

The general meeting adopted the report of the Board of Directors, approved the annual report and the proposal to carry forward the profit for the year to the next year, and discharged the Board of Directors and the Executive Board from liability.

re 5:

Gerard van Odijk, Claus Bræstrup, Anders Gersel Pedersen, Erik G. Hansen and Peter Kürstein were ready to accept re-election. Asger Aamund announced that he resigns from the Board of Directors in connection with the general meeting.

The chairman of the meeting informed the meeting about the managerial posts held by the candidates. The proposed candidates were re-elected.

Following the resolution, the Board of Directors has the following members:

Gerard van Odijk  
Anders Gersel Pedersen  
Claus Bræstrup  
Erik Gregers Hansen  
Peter Kürstein.

re 6:

Deloitte, statsautoriseret revisionspartnerselskab, was re-elected as the Company's auditors.

re 7:

- a) The Board of Directors proposes to extend the authority granted under Article 5a of the Articles of Association, authorising the Board of Directors, for the period until 30 June 2015, to increase the Company's share capital, in one or more issues, by a total nominal amount of up to DKK 26,000,000. The proposal will require an amendment of the date specified in Article 5a of the Articles of Association, subsections 1 and 2, from "30 June 2014" to "30 June 2015".

The chairman of the meeting presented the proposal.

The chairman of the meeting announced that the general meeting had adopted the proposal by a majority of more than two thirds.

- b) The Board of Directors proposes to extend the authority granted under Article 5b of the Articles of Association, authorising the Board of Directors, for the period until 31 December 2015, to issue warrants, in one or more issues, to subscribe for shares of a nominal value of up to DKK 6,000,000, of which members of the Company's Board of Directors may separately be granted warrants to subscribe for shares of a nominal value of up to DKK 300,000, subject to a maximum nominal amount of DKK 50,000 per member. The Board of Directors also proposes to authorise the Board of Directors to reuse or reissue any lapsed non-exercised warrants subject to the terms and time limits of the authorisation. The proposal means that the Board of Directors will also be authorised to implement the capital increase relating to the warrants until 1 April 2019 and that Article 5b of the Articles of Association must be amended accordingly.

The chairman of the meeting presented the proposal.

The chairman of the meeting announced that the general meeting had adopted the proposal by a majority of more than two thirds.

- c) The Board of Directors proposes to pay the Board of Directors remuneration for the financial year 2014 of up to DKK 1,750,000 with DKK 500,000 being paid to the chairman and DKK 250,000 to each of the other members of the Board of Directors. The Board of Directors also proposes to grant each board member 5,000 warrants to subscribe for shares in the Company. The warrants will be granted within the board's authority under Article 5b of the Articles of Association.

The chairman of the meeting presented the proposal.

The chairman of the meeting announced that the general meeting had adopted the proposal by more than a simple majority of votes.

- d) The Board of Directors proposes to authorise the Board of Directors to acquire own shares in the Company on behalf of the Company.

It is therefore proposed to grant the Company's Board of Directors authority under section 198 of the Danish Companies Act as follows:

The general meeting hereby authorises the Board of Directors to acquire own shares on behalf of the Company under section 198 of the Danish Companies Act. The total nominal value of own shares acquired may not exceed 10% of the Company's share capital from time to time. The consideration paid for the Company's shares may not deviate by more than 10% from the bid price quoted by NASDAQ OMX Copenhagen A/S at the time of the acquisition. For this purpose, bid price means the closing price - all transactions at 5 p.m.

This authority is granted to the Company's Board of Directors for the period until the next annual general meeting.

The chairman of the meeting presented the proposal.

The chairman of the meeting announced that the general meeting had adopted the proposal by more than a simple majority of votes.

- e) The Board of Directors proposes to change the Company's corporate language to English and to include a new provision to this effect in Article 3 of the Articles of Association. The existing objects clause in Article 3 will be moved to Article 2. The heading will be changed to "Name, objects and corporate language of the Company".

The chairman of the meeting presented the proposal.

The chairman of the meeting announced that the general meeting had adopted the proposal by a majority of more than two thirds.

- f) The Board of Directors proposes to hold future general meetings in either Danish or English as resolved by the Board of Directors and to prepare documents to be considered at the general meeting in either Danish or English, also as resolved by the Board of Directors. As a consequence, it is proposed to include a new provision to this effect in Article 3 of the Articles of Association.

The chairman of the meeting presented the proposal. Anders Hedegaard assured the general meeting that the Company will ensure satisfactory communication with its shareholders.

The chairman of the meeting announced that the general meeting had adopted the proposal by more than a simple majority of votes.

- g) The Board of Directors proposes to prepare the Company's future annual reports and interim financial reports in English only, unless the Board of Directors resolves to prepare the annual report in Danish as well. As a consequence, a new provision will be included in Article 22 of the Articles of Association.

The chairman of the meeting presented the proposal.

Niels Jørgensen found it important that all shareholders would be able to read the annual re-port and that a Danish version should therefore also be prepared in future. Anders Hedegaard explained that if the proposal was adopted with the result that no Danish version of the annual report would be available, a mini-version of the annual report would be prepared in Danish.

The chairman of the meeting announced that the general meeting had adopted the proposal by more than a simple majority of votes.

- h) Proposal to adopt new general guidelines on incentive remuneration for the Board of Directors and the Executive Board

The chairman of the meeting presented the proposal and referred to ATP's comments on the report, including the Company's indication that it was ready to discuss any changes to the incentive schemes after the general meeting.

The chairman of the meeting announced that the general meeting had adopted the proposal by more than a simple majority of votes.

#### 9. Any other business

Michael Voss, Manager of Fundamental Fondsmæglerselskab, explained his view on Asger Aamund.

Solveig Rhee, who had previously been engaged in genetic engineering, thanked Asger Aamund for his work for the Company and the biotech industry.

Gerard van Odiijk thanked Asger Aamund for his valuable contribution to Bavarian Nordic.

The general meeting unanimously, all votes cast, authorised lawyer Marianne Philip to register the proposals adopted by the general meeting with the Danish Business Authority (Erhvervsstyrelsen) and to make such additions, alterations or amendments thereto or therein, including to the Articles of Association, and to take any other action as the Danish Business Authority may require for registration.

There being no further business to transact, the chairman of the meeting closed the general meeting.

Chairman of the meeting:

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Marianne Philip