Company Announcement

13 November 2012

Bavarian Nordic – Interim Financial Report for the Period 1 January to 30 September 2012

- Continued, steady improvements in the manufacturing efficiency of IMVAMUNE® smallpox vaccines further increases profitability in the infectious disease division
- Group reports a nine-month positive operating profit
- Raises full year group financial expectations and year-end cash preparedness

KVISTGAARD, Denmark, November 13, 2012 – Bavarian Nordic A/S (OMX: BAVA) today publishes its interim financial results for the first nine months of 2012. Revenue for the period was DKK 750 million (2011: DKK 155 million) and the result before tax was a profit of DKK 17 million (2011: DKK 333 million loss). For the third quarter ending 30 September 2012, revenue was DKK 304 million (2011: DKK 97 million) and the result before tax was DKK 30 million (2011: DKK 58 million loss). As of 30 September 2012 the cash preparedness was DKK 666 million, including un-utilized credit lines of DKK 120 million.

The infectious disease division has further improved the efficiency in the manufacturing of IMVAMUNE® and Bavarian Nordic now expects to deliver more than 8 million doses to the U.S. Strategic National Stockpile in 2012, where it had previously expected to deliver 7.5 million doses. Also, as result of the improved efficiency, the group sees lower production costs. In addition, lower research and development costs will contribute to an improved financial result for the year as well as improved cash preparedness at year-end. Consequently, the company again raises its financial expectations for the year with revenues increasing from approximately DKK 900 million to approximately DKK 975 million and the result before tax improving by DKK 80 million from a loss of approximately DKK 150 million to a loss of approximately DKK 70 million. EBIT in the infectious disease division is raised to approximately DKK 300 million and EBIT in the cancer vaccine division is raised to a DKK 250 million loss. Also, the company raises its expectations for the year-end cash preparedness from approximately DKK 400 million to approximately DKK 525 million.

Significant achievements in the third quarter and up to the reporting date

- 2.6 million doses of IMVAMUNE® smallpox vaccine delivered to the U.S. Strategic National Stockpile during third quarter
- Continued, steady improvements in the IMVAMUNE® manufacturing efficiency throughout the period
- Smallpox vaccine contract (RFP-3) further expanded by USD 5 million in September by the U.S. Government
- U.S. Government has expanded the population eligible to receive IMVAMUNE® in an emergency, thus significantly increasing the future business potential
- New contract awarded by the U.S. Government to develop a veterinary vaccine against Foot-and-mouth disease further broadens the use of MVA-BN® as technology platform for the development of biological countermeasures
- Preliminary Phase 2 data for CV-301 presented at the ESMO 2012 Congress shows promise in metastatic breast cancer

Anders Hedegaard, President & CEO commented: "*We are very pleased to report a continued strong performance in our infectious disease division with the manufacturing and deliveries of IMVAMUNE® smallpox vaccines for the U.S. Strategic National Stockpile again exceeding our targets. The division has further improved its profitability, contributing to an improved financial result for the group. The U.S. Government's recent expansions of our smallpox vaccine contract coupled with additional new contract awards that broaden*

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the scope of our technology into new disease areas strengthen our confidence in a sustained partnership with the U.S. Government to address their requirements for biological countermeasures. In our cancer vaccine division we remain focused on the ongoing PROSPECT Phase 3 study in metastatic prostate cancer to strengthen enrollment in the study. "

Selected, anticipated milestones

- Deliver more than 8 million doses IMVAMUNE® to the U.S. Strategic National Stockpile (2012)
- New IMVAMUNE® order from U.S. Government (2013)
- Report final Phase 2 data for CV-301 in breast cancer (2012)
- Expand CRADA with NCI for new cancer targets (2013)
- Initiate Phase 3 trial of IMVAMUNE® (2013)
- Initiate new Phase 2 study for the freeze-dried IMVAMUNE® (2013)
- Receive approval of MAA in Canada for IMVAMUNE® (2013)
- Receive approval of MAA in EU for IMVANEX® (2013)

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

Conference call
The Company will host a conference call today at 2 pm CET (8 am EST). President and CEO, Anders Hedegaard will present the interim results. The accompanying presentation is available on the company's website: http://www.bavarian-nordic.com/q3. Additional participants from Bavarian Nordic are Paul Chaplin, Executive Vice President and Division President Infectious Diseases, Reiner Laus, Executive Vice President and Division President Cancer Vaccines, Ole Larsen, Executive Vice President and CFO and Rolf Sass Sørensen, Vice President Investor Relations. Dial-in numbers for the conference call are: UK: +44 (0)20 7162 0077. USA: +1 334 323 6201. The participant code is 924959. For additional countries and further details please visit http://www.bavarian-nordic.com/q3.

About Bavarian Nordic
Bavarian Nordic is a vaccine-focused biotechnology company developing and producing novel vaccines for the treatment and prevention of life-threatening diseases with a large unmet medical need. The company's pipeline targets cancer and infectious diseases, and includes ten development programs. In oncology, the company's lead program is PROSTVAC®, a therapeutic vaccine candidate for advanced prostate cancer that is the subject of an ongoing pivotal Phase 3 trial and is being developed under a collaboration agreement with the National Cancer Institute. In clinical Phase 1 and Phase 2 trials, PROSTVAC® has been tested in nearly 600 patients. In infectious diseases, the company's lead program is IMVAMUNE®, a third-generation smallpox vaccine candidate that is being developed and supplied for emergency use to the U.S. Strategic National Stockpile under a contract with the U.S. Government. For more information, visit www.bavarian-nordic.com

Forward-looking statements
This announcement includes "forward-looking statements" that involve risks, uncertainties and other factors, many of which are outside of our control that could cause actual results to differ materially from the results discussed in the forward-looking statements. Forward-looking statements include statements concerning our plans, objectives, goals, future events, performance and/or other information that is not historical information. We undertake no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances after the date made, except as required by law.

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Management's review

Pipeline

PIPELINE	Program	Status	Next milestone
Cancer	PROSTVAC®	Phase 3	Complete Phase 3 enrolment (2013)
	CV-301 (breast cancer)	Phase 2	Data (2012)
	CV-301 (lung, ovarian and other cancers)	Phase 1/2	Data update (2013)
	MVA-BN® PRO (prostate cancer)	Phase 1/2	Data (H1, 2013)
	MVA-BN® HER2 (breast cancer)	Phase 1/2	Await CV-301 data
Infectious diseases	IMVAMUNE® (smallpox)	Phase 2	Phase 3 (H1, 2013)
	IMVAMUNE® freeze-dried	Phase 2	Initiate new Phase 2 (H1, 2013)
	MVA-BN® Anthrax	Preclinical	Data (2012) *
	MVA-BN® RSV	Preclinical	Phase 1 (2013)

** If the ongoing preclinical studies provide positive data, the company expects that funding of clinical trials of the anthrax vaccine may be obtained from the U.S. Government*

Cancer Vaccine Division

Since 2008, Bavarian Nordic has collaborated with the National Cancer Institute (NCI) on the development of PROSTVAC® and since 2011 also on the development of the CV-301 portfolio in multiple cancers. The company expects to expand the collaboration to include a license for CV-301 for additional cancer targets. Both product candidates are off-the-shelf immunotherapies building on the same core technology (VF-TRICOM), which utilizes poxvirus vectors (vaccinia and fowlpox) to express one or more tumor-associated antigens which stimulate the immune system to recognize and destroy cancer cells bearing any of the targeted antigens.

Collectively, these two product candidates have been the subject of over 30 clinical trials in more than 1,000 patients with prostate, breast, lung, ovarian and other cancers. These extensive clinical studies suggest a favorable safety and tolerability profile along with immunologic responses directed against the relevant tumor-associated antigens.

PROSTVAC® - prostate cancer vaccine candidate

PROSTVAC® (PSA-TRICOM) is a therapeutic prostate cancer vaccine candidate, currently in Phase 3 development for the treatment of patients with metastatic castration-resistant prostate cancer (mCRPC). Concurrently, the vaccine is being investigated in a number of NCI-sponsored clinical trials in different settings. In total, the vaccine is under investigation in 19 ongoing and completed clinical trials involving more than 1,900 patients. A large randomized, placebo-controlled Phase 2 trial demonstrated the vaccine's ability to extend the median overall survival by 8.5 months in patients with advanced prostate cancer, leading to the initiation of a Phase 3 trial ("PROSPECT"). Other clinical trials of PROSTVAC® in combination with radiation, hormonal therapy or chemotherapy, either concomitantly or sequentially, have indicated potential synergies for these treatment combinations.

<u>The PROSPECT trial</u>
The PROSPECT Phase 3 trial was initiated in the USA in November 2011 as planned. This global randomized, double-blind, placebo-controlled study being conducted under a special protocol assessment (SPA) with the U.S. Food and Drug Administration (FDA) is expected to enroll about 1,200 patients with asymptomatic or minimally symptomatic mCRPC.

Since July, the study has also been actively enrolling patients outside the USA. Collectively, more than 60 study sites are now active across five countries. A somewhat lengthier and more arduous regulatory process than anticipated in certain European countries has delayed the study initiation into 2013 in these countries.

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Bavarian Nordic has responded to this delay by implementing a number of measures, aimed at maintaining the overall planned schedule for completing enrollment in 2013.

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

Other ongoing PROSTVAC® clinical trials
PROSTVAC® is currently the subject of three NCI-sponsored clinical studies, evaluating the vaccine in combination with other therapies.

1) A Phase 2 study comparing the samarium-153 (radioactive drug) with or without PROSTVAC® therapy in 68 mCRPC patients. An interim analysis, presented at the 2012 ASCO Annual Meeting, suggests that the combination of PROSTVAC® and samarium-153 is well tolerated with similar toxicity profile to samarium-153 alone. The early indication of improved time to progression (TTP) warrants continued study accrual.

2) A Phase 2 study comparing flutamide (antihormone therapy) with or without PROSTVAC® in patients with non-metastatic prostate cancer. In the study, planned to enrol a total of 65 patients, results from 41 patients indicate an improvement in TTP for those patients receiving PROSTVAC® in combination with flutamide (median TTP = 192 days) compared to flutamide alone (median TTP = 108 days).

3) A Phase 2 study in 50 patients with PSA progression after local therapy (surgery and/or radiation). 19 patients continued to the second stage of the trial that combines PROSTVAC® with androgen ablation therapy.

A Phase 2 study conducted by Eastern Cooperative Oncology Group (ECOG) and NCI was recently terminated due to enrollment challenges. The study was designed to compare the use of PROSTVAC® followed by docetaxel (chemotherapy) versus docetaxel alone. The study intended to enroll 144 good-prognosis, early stage mCRPC patients. Mandating chemotherapy in those patients turned out to create a large enrollment hurdle since asymptomatic or minimally symptomatic patients frequently reject such therapies. ECOG and the NCI are currently investigating opportunities to conduct another Phase 2 study combining PROSTVAC® with one of the new therapies approved for patients in late-stage prostate cancer.

CV-301 - breast cancer vaccine candidate

CV-301 (CEA-MUC-1-TRICOM) is currently studied in different cancers (breast, lung, ovarian and other cancers) in clinical trials led by the NCI. At the ESMO 2012 Congress in Vienna in October, preliminary data from a randomized Phase 2 trial in patients with metastatic breast cancer were presented.

The study enrolled 48 patients to receive CV-301 in combination with docetaxel or docetaxel alone. Enrolment completed in February 2012 and 5 patients remained on study at the time of the analysis. The primary study endpoint was progression-free survival (PFS), while secondary endpoints included overall survival and immunologic correlative studies. Demographics were well matched and toxicity was similar in both arms. Immune analysis and correlation to patient clinical outcomes is ongoing.

The preliminary analysis of the study showed PFS of 6.6 months in the CV-301 group versus 3.8 months among those receiving docetaxel alone (HR=0.67, p=0.12). The clear separation of the curves indicates potential clinical benefit. Because of its size the study was not designed to reach statistical significance.

The final study data is pending results from the remaining 5 patients. Once available, Bavarian Nordic will, as also previously announced, determine the future development strategy for CV-301.

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Infectious Disease Division

The successful, long-term partnership with the U.S. Government on the development of a non-replicating smallpox vaccine, IMVAMUNE® (MVA-BN®) is a key driver for the infectious disease division, which has been delivering the vaccine for the U.S. Strategic National Stockpile for emergency use since 2010. Contracts with the U.S. Government for the development and supply of IMVAMUNE® awarded to date total almost USD 800 million, including contract awards to advance the development of Bavarian Nordic's vaccine technology, MVA-BN® as a broad platform for the development of biological countermeasures.

Concurrently with the deliveries, Bavarian Nordic is also working with the U.S. Government to further improve IMVAMUNE® by developing a freeze-dried version of the vaccine, which may have a longer shelf-life and simplified shipment and storage logistics. Bavarian Nordic is well positioned for future delivery contracts with the U.S. Government beyond the current contract to deliver 20 million doses of the vaccine. Under the current contract, Bavarian Nordic will also conduct pivotal preclinical and clinical studies to form the basis for U.S. approval. Based on the extensive clinical experience with IMVAMUNE® to-date, Bavarian Nordic has already submitted applications for marketing authorization in Canada and Europe, with anticipated approvals in 2013.

IMVAMUNE® - smallpox vaccine candidate

Deliveries to the U.S. Strategic National Stockpile

During the first nine months of 2012, Bavarian Nordic delivered 6.3 million doses of IMVAMUNE® to the U.S. Strategic National Stockpile, of which 2.6 million doses were delivered in the third quarter.

As reported during the year, the company has steadily improved the manufacturing efficiency and this continued in the third quarter. In combination, the different efforts that have been made to optimize and reduce the working capital, allow for even more vaccine doses to be delivered in 2012 than previously anticipated. These efforts comprise a better utilization of raw materials, higher consistency in bulk production, better oversight of sub-contractors, shorter release times for the vaccines and an overall reduction in resource requirements and staff. Bavarian Nordic now expects to deliver more than 8 million doses in 2012, where it had previously expected to deliver 7.5 million doses. The remaining approximately 6 million doses under the base contract will be delivered in 2013.

Throughout 2012, the division has been profitable and has gradually improved its operating margin.

Two contract expansions add USD 37 million to the total contract value

In May, the U.S. Government awarded additional USD 32 million under the IMVAMUNE® contract, primarily to support one of the two planned clinical Phase 3 studies of IMVAMUNE® (the lot consistency study). Furthermore, the contract was extended until June 2017.

In September, an additional USD 5 million was awarded under the contract to support a study investigating long term storage of frozen bulk vaccine, allowing longer storage and thereby a greater flexibility in the manufacturing process.

These recent awards bring the total value of the contract to USD 549 million.

U.S. Government expands population eligible to receive IMVAMUNE® in an emergency

Based on additional data, generated by Bavarian Nordic to demonstrate the safety of IMVAMUNE® in immunocompromised individuals, the U.S. Government decided in July to expand the population that is eligible to receive IMVAMUNE® during an emergency. Now, the government may authorize the use of IMVAMUNE® to protect individuals of all ages with HIV infection or atopic dermatitis (AD). Children, pregnant women, and nursing mothers with HIV or AD are eligible to receive IMVAMUNE®, despite limited clinical data in these specific populations. Previously, only certain people with HIV were eligible.

The Biomedical Advanced Research and Development Authority (BARDA) highlighted the need to protect these vulnerable populations in its 2010 Broad Agency Announcement for Medical Countermeasure Development, in which it noted the need for sufficient quantity of attenuated smallpox vaccine to protect 28 million people

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with atopic dermatitis, 10 million people with immune deficiencies, and their household contacts, totaling 66 million people.

These requirements well exceed the current delivery contract for 20 million doses of IMVAMUNE® intended to protect the 10 million people with immune deficiencies, in particular HIV. Bavarian Nordic anticipates that the significant increase of the eligible population will lead to a long term business relationship with the U.S. Government, to ensure IMVAMUNE® is available to protect the immunocompromised individuals, who should not receive the currently stockpiled traditional smallpox vaccine due to possible severe complications.

Ongoing dialogue with the U.S. Government on new IMVAMUNE® orders

During 2013, Bavarian Nordic will finalize the deliveries of the initial 20 million doses IMVAMUNE® to the U.S. Strategic National Stockpile. Bavarian Nordic expects to receive new orders for the current liquid-frozen version until the freeze-dried version is eligible for stockpiling. Data to support the emergency use of this improved version are anticipated in 2016. The company is in ongoing dialogue with BARDA to address both current and future requirements.

Phase 3 clinical development of IMVAMUNE®

To support the licensure of IMVAMUNE® in the USA, two Phase 3 studies have been agreed with the FDA; a lot consistency study in 4,000 healthy individuals and a study in 400 military personnel, designed to demonstrate non-inferiority between IMVAMUNE® and the current U.S. licensed smallpox vaccine. Planning of the lot consistency study is on track and clinical trial sites have been selected. The study is still expected to be initiated in the first half of 2013. The selection of a suitable military site to perform the second Phase 3 study has been delayed, and the study is now expected to be initiated during the first half of 2013. This delay will however not have any impact on the timing of the Biological License Application (BLA).

IMVAMUNE® licensure pending in EU and Canada

In February, Bavarian Nordic submitted a marketing authorization application (MAA) to the European Medicines Agency (EMA) for IMVAMUNE® that will be marketed under the trade name IMVANEX® in Europe. The MAA was filed for consideration under the centralized procedure and following a successful review could potentially lead to the market authorization of IMVANEX® in Europe (EAA countries) during 2013. If found acceptable by EMA, IMVANEX® will be indicated for active immunization against smallpox infection and disease in persons 18 years of age and older. The indication will include individuals with immune deficiencies and skin disorders such as those who are HIV infected and those diagnosed with AD.

In Canada, the marketing authorization application for IMVAMUNE®, which was submitted in 2011, is currently under review by the health authorities, Health Canada. Upon request from the authorities, Bavarian Nordic submitted additional documentation in the first half of 2012, thus fulfilling the latest requirements for the review, for which a decision is anticipated in the first half of 2013.

Anthrax

Through several preclinical studies sponsored by the U.S. National Institutes of Health (NIH) the immunogenicity and efficacy of several of the MVA-BN®-Anthrax vaccine candidates are being assessed. If these studies provide positive data, the company expects that funding of clinical trials of the anthrax vaccine may be obtained from the U.S. Government.

MVA-BN® vaccine platform development

New contracts with the U.S. Government advances the development of new MVA-BN® based vaccines

During 2012, the U.S. Government has awarded Bavarian Nordic two new contracts to advance the development of MVA-BN® for potential expansion of its use in both human and animal settings, thus recognizing the versatile properties of the MVA-BN® technology platform.

A contract valued up to USD 17.9 million over five years was awarded by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health. This contract will support the advanced development of candidate vaccine components and technologies that accelerate the immune response for use in post-event settings following the intentional release of pathogens that are considered a threat to public health.

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Under the contract, Bavarian Nordic will evaluate several novel technologies to accelerate and/or enhance the immune response to a recombinant MVA-BN® based vaccine. If successful, the new technologies would have benefits for all MVA-BN®-based vaccines for infectious disease and cancer. Under the 2 year base period of the contract, valued at USD 4.4 million, Bavarian Nordic would evaluate several candidate vaccines in preclinical studies. This may be followed by GMP production and a Phase 1 clinical trial for the lead candidate that will be performed under several contract options that may be exercised until the end of the contract in 2017.

A second contract valued at USD 1 million was awarded by the U.S. Department of Homeland Security Science and Technology Directorate for the development of an MVA-BN®-based animal vaccine against Foot-and-mouth disease virus (FMDV).

Foot-and-mouth disease is a severe disease of cattle, sheep, swine and other cloven-hoofed animals. FMDV remains one of the most feared agricultural pathogens due to the severe adverse impact on animal production and productivity. Concerns regarding the accidental or intentional introduction of FMDV have led to efforts by the U.S. Department of Agriculture and Department of Homeland Security to identify novel FMDV vaccines that address limitations of the currently available inactivated FMDV vaccines.

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Financial statement for the period (1 January – 30 September 2012, un-audited)

The comparison figures for the same period 2011 are stated in parenthesis.

Revenue generated for the nine months ended September 30, 2012 was DKK 750 million (DKK 155 million). Revenue was primarily generated from the sale of IMVAMUNE® under the RFP-3 contract, DKK 664 million (DKK 71 million) and revenue from the IMVAMUNE® freeze-dried contract, DKK 48 million (DKK 29 million). Revenue reported for the three months ended September 30, 2012 was DKK 304 million (DKK 97 million).

The production costs totaled DKK 379 million (DKK 194 million). Costs related directly to the revenue amount to DKK 379 million (DKK 108 million). Other production costs totaled DKK 0 million (DKK 86 million). The decrease is a result of the continued optimization of the manufacturing process which has led to a lower write-down and discarding of products. In the third quarter of 2012, the production costs were DKK 146 million (DKK 74 million).

The Group's research and development costs totaled DKK 225 million (DKK 187 million). The increase is mainly due to the PROSPECT trial. The research and development expenditures for the three months ending September 30, 2012 were DKK 81 million (DKK 67 million).

Distribution costs totaled DKK 29 million (DKK 16 million) and administrative expenses totaled DKK 94 million (DKK 91 million). The increase in distribution costs is related to delivery of IMVAMUNE®.

Financial items totaled DKK -6 million (DKK 1 million).

Income before tax is positive by DKK 17 million (DKK 333 million loss). The company recorded income before tax of DKK 30 million for the third quarter of 2012 (loss of DKK 58 million).

Tax on income for the period was DKK 195 million (tax income of DKK 56 million) of which DKK 182 million was related to a partial write-down of the deferred tax asset.

For the first nine months of 2012, Bavarian Nordic reported a net loss of DKK 178 million (DKK 277 million loss), or earnings per share of DKK -6.8 (DKK -10.6).

As of 30 September 2012 the Group's cash preparedness is DKK 666 million (DKK 632 million), including credit lines of DKK 120 million (DKK 120 million). Cash flow from operations was negative by DKK 11 million (DKK -465 million). The main reason for the improvement in the cash flow from operations is the positive development in EBIT. Cash flow from investment activities was DKK 13 million (DKK -396 million) and cash flow from financing activities was DKK -7 million (DKK 645 million). The cash flow from investing activities primarily consists of the sale of securities. The net change in cash and cash equivalents was negative by DKK 6 million (DKK -216 million).

The Group's equity as of 30 September 2012 is DKK 1,052 million (DKK 1,196 million). The decrease in equity is primarily due to the partial write-down of the deferred tax asset.

Write-down of deferred tax asset

Due to the Danish Parliament's passing in June 2012 of a resolution (L173) that limits the use of deferred tax assets, the company partially wrote down the deferred tax asset as per 30 June 2012, as management believes that not all the tax losses carried forward can be used for offset within a few years. However, the company retains the right to use the tax loss of DKK 182 million that has been written down.

The RFP-3 contract

As of 30 September 2012, USD 346 million has been received under the RFP-3 contract, and thus USD 203 million remains under the contract that has a total secured value of USD 549 million.

During the first nine months of 2012, Bavarian Nordic delivered 6.3 million doses of IMVAMUNE® to the U.S. Strategic National Stockpile, of which 2.6 million doses were delivered in the third quarter.

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Raised financial expectations

As a result of the continued improved efficiency in the manufacturing of IMVAMUNE®, Bavarian Nordic now expects to deliver more than 8 million doses in 2012, where it had previously expected to deliver 7.5 million doses. Thus higher revenues are expected for the year. Also, as result of the improved manufacturing economics, the group sees lower production costs. In addition, research and development costs are lowered from DKK 400 million to DKK 370 million, contributing to an improved financial result for the year as well as improved cash preparedness at year-end. Consequently, the company again raises its financial expectations for the year with revenues increasing from approximately DKK 900 million to approximately DKK 975 million and the result before tax improving by DKK 80 million from a loss of approximately DKK 150 million to a loss of approximately DKK 70 million. Also, the company raises its expectations for the year-end cash preparedness from approximately DKK 400 million to approximately DKK 525 million.

Based upon these new assumptions, the infectious disease division is now expected to generate an EBIT of approximately DKK 300 million in 2012 before allocation of internal charges, where it had previously assumed an EBIT of approximately DKK 230 million.

The cancer vaccine division is now expected to generate a negative EBIT of approximately DKK 250 million in 2012 before allocation of internal charges, where it had previously assumed a negative EBIT of approximately DKK 280 million.

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Statement from the Board of Directors and Corporate Management

The Board of Directors and Corporate Management have, today reviewed and approved Bavarian Nordic A/S' interim report for the period 1 January to 30 September 2012.

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

In our opinion, the interim report gives a true and fair view of the group's assets and liabilities and financial position as of 30 September 2012 and the results of the group's activities and cash flows for the period 1 January to 30 September 2012.

In our opinion, the management's review provides a true and fair description of the development in the group's activities and financial affair, the results for the period and the group's financial position as a whole as well as a description of the most important risks and uncertainty factors faced by the group.

Kvistgaard, 13 November 2012

Corporate Management:

Anders Hedegaard
President and CEO

Board of Directors:

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

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Group Key Figures

DKK million	1/7-30/9 2012	1/7-30/9 2011	1/1-30/9 2012	1/1-30/9 2011	1/1-31/12 2011
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Income statements					
Revenue	304.4	97.1	749.8	154.9	523.6
Production costs	145.7	74.4	379.1	194.0	403.4
Research and development costs	81.0	67.4	224.5	187.2	261.7
Distribution costs	10.5	5.2	28.6	16.2	33.4
Administrative costs	33.2	29.5	94.4	91.3	133.4
Income before interest and taxes	34.0	(79.4)	23.2	(333.8)	(308.3)
Financial items, net	(4.3)	21.6	(6.4)	1.2	11.9
Income before company tax	29.7	(57.8)	16.8	(332.6)	(296.4)
Result for the period	19.8	(50.2)	(177.9)	(276.7)	(268.4)
Balance sheet					
Non-current assets			635.7	894.2	865.2
Current assets			1,008.3	948.4	1,111.3
Assets			1,644.0	1,842.6	1,976.5
Equity			1,052.3	1,196.4	1,207.6
Non-current liabilities			98.9	99.0	105.4
Current liabilities			492.8	547.2	663.5
Cash flow statements					
Net cash including bonds			546.4	511.7	584.0
Cash flow from operating activities			(11.1)	(465.1)	(375.2)
Cash flow from investment activities			12.7	(396.3)	(261.8)
Investment in tangible assets			(10.6)	(25.6)	(31.2)
Cash flow from financing activities			(7.3)	645.4	642.4
Financial Ratios (DKK) [1]					
Earnings (basic) per share of DKK 10 [2]			(6.8)	(10.6)	(10.3)
Net asset value per share (historical)			40.3	46.2	46.3
Net asset value per share (adjusted) [3]			40.3	45.8	46.3
Share price at period-end (historical)			50	40	38
Share price at period-end (adjusted) [3]			50	40	38
Share price/Net asset value per share (historical)			1.2	0.9	0.8
Share price/Net asset value per share (adjusted) [2] + [3]			1.2	0.9	0.8
Number of outstanding shares at period-end			26,094	25,881	26,094
Equity share			64%	65%	61%
Number of employees, converted to full-time, at year-end			447	442	439

1) Earnings per share (EPS) is calculated in accordance with IAS 33 "Earning per share". The financial ratios have been calculated in accordance with "Anbefalinger og Nøgletal 2010" (Recommendations and Financial ratios 2010).
2) Due to rights issue in May 2011 and debt conversion in November 2011 earnings per share and net asset value per share for 2011 have been recalculated based on the average number of shares for 2012/outstanding shares at period-end 2012.
3) Period-end share prices for 2011 have been adjusted for the rights issue in May 2011 and debt conversion in November 2011.

Notes
(stated at the end of this document):

1. Accounting policies
2. Significant accounting estimates and judgments
3. Intangible assets under construction
4. Segment reporting
5. Revenue
6. Production costs
7. Inventories
8. Other receivables
9. Other liabilities
10. Related party transactions
11. Incentive plans

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Income Statement

DKK million	Note	1/7-30/9 2012	1/7-30/9 2011	1/1-30/9 2012	1/1-30/9 2011	1/1-31/12 2011
		un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Revenue	5	304.4	97.1	749.8	154.9	523.6
Production costs	6	145.7	74.4	379.1	194.0	403.4
Gross profit		**158.7**	**22.7**	**370.7**	**(39.1)**	**120.2**
Research and development costs		81.0	67.4	224.5	187.2	261.7
Distribution costs		10.5	5.2	28.6	16.2	33.4
Administrative costs		33.2	29.5	94.4	91.3	133.4
Total operating costs		**124.7**	**102.1**	**347.5**	**294.7**	**428.5**
Income before interest and tax (EBIT)		**34.0**	**(79.4)**	**23.2**	**(333.8)**	**(308.3)**
Financial income		2.0	6.9	6.4	7.6	21.6
Financial expenses		6.3	(14.7)	12.8	6.4	9.7
Income before company tax		**29.7**	**(57.8)**	**16.8**	**(332.6)**	**(296.4)**
Tax on income for the period		(9.9)	7.6	(194.7)	55.9	28.0
Net profit for the period		**19.8**	**(50.2)**	**(177.9)**	**(276.7)**	**(268.4)**
Earnings per share (EPS) - DKK[1)]						
-basic earnings per share of DKK 10		0.8	(1.9)	(6.8)	(10.6)	(10.3)
-diluted earnings per share of DKK 10		0.8	(1.9)	(6.8)	(10.6)	(10.3)

1) Due to the rights issue in May 2011 and the debt conversion in November 2011 earnings per share and diluted earnings per share for 2011 have been recalculated based on the average number of shares for 2012 in accordance with IFRS 33.64.

Statement of comprehensive income

DKK million	1/7-30/9 2012	1/7-30/9 2011	1/1-30/9 2012	1/1-30/9 2011	1/1-31/12 2011
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
Net profit for the period	**19.8**	**(50.2)**	**(177.9)**	**(276.7)**	**(268.4)**
Exchange rate adjustments, investments in subsidiaries	6.0	(16.8)	0.1	(2.7)	(11.8)
Fair value of financial instruments entered into to hedge future cash flow:					
Fair value adjustment for the period	0.2	(25.0)	7.9	(6.8)	(13.5)
Fair value adjustment transferred to revenue	2.7	0.2	6.2	0.3	5.8
Tax on other comprehensive income	(0.7)	6.2	(3.5)	1.6	1.9
Other comprehensive income after tax	**8.2**	**(35.4)**	**10.7**	**(7.6)**	**(17.6)**
Total comprehensive income	**28.0**	**(85.6)**	**(167.2)**	**(284.3)**	**(286.0)**

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Statement of financial position

DKK million	Note	30/9 2012	30/9 2011	31/12 2011
		un-audited	*un-audited*	*audited*
Assets				
Acquired patents and licenses		12.1	7.4	13.0
Software		5.5	10.4	9.5
Intangible assets in progress	3	117.6	107.0	109.4
Intangible assets		**135.2**	**124.8**	**131.9**
Land and buildings		185.0	177.9	193.1
Leasehold improvements		7.9	10.5	9.8
Plant and machinery		96.0	114.9	110.1
Fixtures and fittings, other plant and equipment		24.4	27.3	26.1
Assets under construction		15.3	23.9	9.7
Property, plant and equipment		**328.6**	**354.5**	**348.8**
Other receivables		0.8	0.3	0.4
Prepayments		-	20.6	17.0
Financial assets		**0.8**	**20.9**	**17.4**
Deferred tax assets		**171.1**	**394.0**	**367.1**
Total non-current assets		**635.7**	**894.2**	**865.2**
Inventories	**7**	**255.4**	**275.2**	**218.9**
Trade receivables		113.4	49.8	187.6
Tax receivables		-	0.1	-
Other receivables	8	23.1	23.8	18.6
Prepayments		70.0	87.8	102.2
Receivables		**206.5**	**161.5**	**308.4**
Securities		280.0	461.1	311.9
Cash and cash equivalents		266.4	50.6	272.1
Securities, cash and cash equivalents		**546.4**	**511.7**	**584.0**
Total current assets		**1,008.3**	**948.4**	**1,111.3**
Total assets		**1,644.0**	**1,842.6**	**1,976.5**
Equity and liabilities				
Share capital		260.9	258.8	260.9
Retained earnings		745.1	909.1	923.0
Other reserves		46.3	28.5	23.7
Equity		**1,052.3**	**1,196.4**	**1,207.6**
Provisions		15.3	8.7	15.3
Credit institutions		83.6	90.3	90.1
Non-current liabilities		**98.9**	**99.0**	**105.4**
Credit institutions		9.0	8.6	9.0
Prepayment from customers		265.3	366.5	406.4
Trade payables		82.1	39.8	84.4
Company tax		1.7	0.5	1.0
Provisions		-	6.1	-
Other liabilities	9	134.7	125.7	162.7
Current liabilities		**492.8**	**547.2**	**663.5**
Total liabilities		**591.7**	**646.2**	**768.9**
Total equity and liabilities		**1,644.0**	**1,842.6**	**1,976.5**

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Statement of cash flow

DKK million	1/1-30/9 2012	1/1-30/9 2011	1/1-31/12 2011
	un-audited	*un-audited*	*audited*
Income before interest and tax	**23.2**	**(333.8)**	**(308.3)**
Depreciations and amortizations	36.6	39.9	53.9
Share-based payment	12.3	16.4	17.8
Adjustment for other non-cash items	6.2	0.3	8.3
Changes in inventories	(36.5)	(153.8)	(97.5)
Changes in receivables	117.6	(10.8)	(162.1)
Changes in provisions	-	-	6.5
Changes in current liabilities	(170.0)	(12.9)	88.6
Cash flows from operations (operating activities)	**(10.6)**	**(454.7)**	**(392.8)**
Received financial income	7.5	1.0	15.8
Paid financial expenses	(6.7)	(11.5)	(5.9)
Exchange rate adjustments intercompany accounts	0.1	1.0	8.9
Paid corporation taxes	(1.4)	(0.9)	(1.2)
Cash flow from operating activities	**(11.1)**	**(465.1)**	**(375.2)**
Investments in intangible assets	(9.3)	0.5	(16.5)
Disposal of intangible assets	-	-	7.1
Investments in property, plant and equipment	(10.6)	(25.6)	(31.2)
Disposal of property, plant and equipment	-	-	0.2
Investments in/disposal of financial assets	(0.4)	1.2	-
Investments in/disposal of securities	33.0	(372.4)	(221.4)
Cash flow from investment activities	**12.7**	**(396.3)**	**(261.8)**
Payment on mortgage and bank debt	(6.7)	(6.3)	(8.5)
Payment on financial leasing liabilities	-	(0.2)	(0.2)
Repurchase of stock options in subsidiary	(0.6)	(2.0)	(2.3)
Proceeds through issue of new shares	-	697.6	697.6
Cost related to issue of new shares	-	(43.7)	(44.2)
Cash flow from financing activities	**(7.3)**	**645.4**	**642.4**
Cash flow of the period	**(5.7)**	**(216.0)**	**5.4**
Cash as of 1 January	272.1	266.8	266.8
Currency adjustments 1 January	-	(0.2)	(0.1)
Cash end of period	**266.4**	**50.6**	**272.1**
Securities - highly liquid bonds	280.0	461.1	311.9
Credit lines	120.0	120.0	120.0
Cash preparedness	**666.4**	**631.7**	**704.0**

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Statement of changes in equity - Group

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

DKK million	Share capital	Retained earnings	Reserves for currency adjustment	Reserves for fair value of financial instruments	Share-based payment	Equity group
Shareholders' equity as of 1 January 2011	**129.6**	**651.4**	**0.6**	**(5.5)**	**34.3**	**810.4**
Comprehensive income for the period						
Net profit	-	(276.7)	-	-	-	(276.7)
Other comprehensive income						
Exchange rate adjustments, investments in subsidiaries	-	-	(2.7)	-	-	(2.7)
Fair value of financial instruments	-	-	-	(4.9)	-	(4.9)
Total comprehensive income for the period	**-**	**(276.7)**	**(2.7)**	**(4.9)**	**-**	**(284.3)**
Transactions with owners						
Share-based payment (warrants)	-	-	-	-	16.4	16.4
Warrants program expired	-	9.7	-	-	(9.7)	-
Capital increase through rights issue	129.2	568.4	-	-	-	697.6
Cost related to issue of new shares	-	(43.7)	-	-	-	(43.7)
Total transactions with owners	**129.2**	**534.4**	**-**	**-**	**6.7**	**670.3**
Shareholders' equity as of 30 September 2011	**258.8**	**909.1**	**(2.1)**	**(10.4)**	**41.0**	**1,196.4**

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Notes

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

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

The accounting policies used in the interim report are consistent with those used in the Annual Report 2011 and in accordance with the recognition and measurement policies in the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. We refer to the Annual Report 2011 for further description of the accounting policies.

2. Significant accounting estimates and judgments
In the preparation of the interim report according to generally accepted accounting principles, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated. Such estimates comprise judgments made on the basis of the most recent information available at the reporting date. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

Similarly, the value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to set out e.g. a course of events that reflects Management's assessment of the most probable course of events.

Further to significant accounting estimates and judgments, which are stated in the Annual Report 2011, the Management has not performed significant estimates and judgments regarding recognition and measurement.

3. Intangible assets under construction
Intangible assets under construction include development costs related to the registration of IMVAMUNE® under the RFP-3 contract (own development).

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

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

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

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

Period 1/1 - 30/9 2012 DKK million	**Cancer Vaccines**	**Infectious Diseases**	**Holding**	**Total**
RFP-3 IMVAMUNE® sales	-	663.9	-	663.9
Contract work	-	85.9	-	85.9
Revenue	**-**	**749.8**	**-**	**749.8**
Depreciations	5.0	26.1	5.5	36.6
Income before interest and tax	**(168.7)**	**255.9**	**(64.0)**	**23.2**
Purchase/sale () of internal services	0.9	(0.9)	-	-
Distribution of the holding costs	8.7	35.5	(44.2)	-
Income before interest and tax after allocations	**(178.3)**	**221.3**	**(19.8)**	**23.2**
Investments	1.4	15.2	3.3	19.9

Period 1/1 - 30/9 2011 (DKK million)	**Cancer Vaccines**	**Infectious Diseases**	**Holding**	**Total**
RFP-3 IMVAMUNE® sales	-	71.4	-	71.4
Contract work	-	83.4	-	83.4
Product sale	-	0.1	-	0.1
Revenue	**-**	**154.9**	**-**	**154.9**
Depreciations	4.0	28.1	7.8	39.9
Income before interest and tax	**(146.0)**	**(127.0)**	**(60.8)**	**(333.8)**
Purchase/sale () of internal services	4.6	(4.6)	-	-
Distribution of the holding costs	7.6	38.4	(46.0)	-
Income before interest and tax after allocations	**(158.2)**	**(160.8)**	**(14.8)**	**(333.8)**
Investments	4.8	18.1	2.2	25.1

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DKK million	1/7-30/9 2012	1/7-30/9 2011	1/1-30/9 2012	1/1-30/9 2011	1/1-31/12 2011
	un-audited	*un-audited*	*un-audited*	*un-audited*	*audited*
5. Revenue					
RFP-3 IMVAMUNE® sale	277.3	42.8	663.9	71.4	402.4
Contract income	27.1	54.3	85.9	83.4	121.1
Product sale	-	-	-	0.1	0.1
Revenue	**304.4**	**97.1**	**749.8**	**154.9**	**523.6**
Total revenue includes:					
Fair value adjustment transferred from equity concerning financial instruments entered into to hedge revenue	(2.7)	(0.2)	(6.2)	(0.3)	(5.8)
6. Production costs					
Cost of goods sold, RFP-3 IMVAMUNE® sale	124.9	35.3	324.8	58.0	250.0
Contract costs	16.6	23.3	53.9	50.0	68.3
Cost of goods sold, product sale	-	-	-	-	0.1
Other production costs	4.2	15.8	0.4	86.0	85.0
Production costs	**145.7**	**74.4**	**379.1**	**194.0**	**403.4**

DKK million	30/9 2012	30/9 2011	31/12 2011
	un-audited	*un-audited*	*audited*
7. Inventories			
Raw materials and supply materials	24.3	26.8	27.4
Work in progress	242.6	321.6	223.5
Manufactured goods and commodities	19.5	9.2	23.4
Write-down on inventory	(31.0)	(82.4)	(55.4)
Inventories	**255.4**	**275.2**	**218.9**
Write-down on inventory 1 January	(55.4)	(107.7)	(107.7)
Write-down during the period	(19.0)	(38.7)	(16.1)
Use of write-down	36.0	55.0	44.3
Reversal of write-down	7.4	9.0	24.1
Write-down end of period	**(31.0)**	**(82.4)**	**(55.4)**
8. Other receivables			
Accrued project costs	9.0	5.4	7.4
Receivable VAT and duties	4.5	5.4	5.9
Accrued interest	3.9	12.7	5.3
Other receivables	5.7	0.3	-
Other receivables	**23.1**	**23.8**	**18.6**
9. Other liabilities			
Financial instruments at fair value	29.4	38.7	51.1
Liability relating to phantom shares	0.4	0.1	-
Payable salaries, holiday accrual etc.	43.4	42.0	41.7
Other accrued costs	61.5	44.9	69.9
Other liabilities	**134.7**	**125.7**	**162.7**

10. Related party transactions
The nature and extent of transactions with related parties remain unchanged from last year. Reference is made to the description in the Annual Report 2011.

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11. Incentive plans

Outstanding warrants as of 30 September 2012

	Outstanding as of 1 January	Addition during the period	Options exercised	Annulled	Terminated	Transferred	Outstanding as of 30 September
Board of Directors	128,202	30,000	-	-	-	(26,184)	132,018
CEO & President	126,166	35,000	-	-	-	-	161,166
Group Management	231,945	75,000	-	-	-	-	306,945
Other employees	858,616	363,500	-	(70,220)	-	(22,359)	1,129,537
Retired employees	165,667	-	-	-	-	48,543	214,210
Total	**1,510,596**	**503,500**	**-**	**(70,220)**	**-**	**-**	**1,943,876**
Weighted average exercise price	**124**	**58**	**-**	**122**	**-**	**-**	**107**
Numbers of warrants which can be exercised as of 30 September 2012							268,139

The total recognized cost of the warrant programs was DKK 7.3 million in the first half year of 2012 (2011: DKK 10.1 million).

2012 programs
In May 2012 the Board of Directors decided to award warrants to certain, newly employed employees in the Company and its subsidiaries. A total of 78,500 warrants were awarded for subscription of up to 78,500 shares of a nominal value of DKK 10 at an exercise price of DKK 54 per share. The value of each warrant equals DKK 13, calculated based on the Black-Scholes parameters shown in the below table. The total cost of the warrant program is DKK 1.0 million, which will be expensed over 3 years.

In August 2012 the Board of Directors decided to award warrants to management, certain employees in the Company and its subsidiaries and the Board of Directors. A total of 425,000 warrants were awarded for subscription of up to 425,000 shares of a nominal value of DKK 10 at an exercise price of DKK 59.10 per share. The value of each warrant equals DKK 16, calculated based on the Black-Scholes parameters shown in the below table. The total cost of the warrant program is DKK 6.8 million, which will be expensed over 3 years.

Specification of parameters for Black-Scholes model

DKK	Oct 2008	Mar 2009	Dec 2009	May 2010	Aug 2010	Dec 2010	Aug 2011	May 2012	Aug 2012
Average share price	156.0	103.0	149.0	212.5	223.0	238.0	50.0	43.0	52.0
Average exercise price at grant	156.0	124.0	184.0	291.0	259.0	261.0	54.1	54.0	59.1
Average exercise price after rights issue [1)]	97.0	77.0	114.0	216.0	192.0	194.0	-	-	-
Expected volatility rate	39.0%	62.3%	50.9%	62.7%	57.2%	49.5%	73.4%	52.5%	50.0%
Expected life (years)	3.0	3.0	3.0	3.0	3.0	3.0	3.3	3.3	3.3
Expected dividend per share	-	-	-	-	-	-	-	-	-
Risk-free interest rate p.a.	4.50%	2.50%	2.10%	2.00%	0.77%	1.63%	1.08%	0.31%	0.09%
Fair value at grant [2)]	49	39	48	72	76	78	24	13	16
Fair value after rights issue [3)]	21	29	25	17	21	23	-	-	-

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

1) Determined at date of rights issue 27 May 2011
2) Fair value of each warrant at grant applying the Black-Scholes model
3) Fair value of each warrant at date of rights issue 27 May 2011 applying the Black-Scholes model

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