Company Announcement

Bavarian Nordic Announces Exercise of USD 44 Million Option by the U.S. Government under Contract for Freeze-dried MVA-BN® Smallpox Vaccine

COPENHAGEN, Denmark, January 18, 2019 – Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today that the U.S. Biomedical Advanced Research and Development Authority (BARDA) have exercised another option under the ongoing contract for freeze-dried MVA-BN® smallpox vaccine.

The option, valued at USD 44 million, will cover qualification of the new fill-finish facility, currently being established at the Company's manufacturing site in Denmark, as well as transfer and validation of the freeze-drying process. The majority of this contract option is expected to be revenue recognised in 2019 and 2020.

This is the second option exercised under the contract. In 2017, BARDA exercised an option of USD 37 million to cover development costs associated with the Phase 3 study required for the eventual approval of the freeze-dried MVA-BN smallpox vaccine. This Phase 3 will be initiated in the first half of 2019.

"We are well underway in the establishment of our new fill-finish facility, which will not only unlock the full value of our smallpox vaccine contracts with the U.S. Government, but will also strengthen the commercial foundation of our company in the future as we become a fully-fledged vaccine manufacturer. The option awarded today will support the final stages of bringing the facility into operations, and we look forward to continuing our successful partnership with BARDA in the development and production of biological countermeasures to protect the U.S. population, " said Paul Chaplin, President and Chief Executive Officer of Bavarian Nordic.

About the new fill-finish facility
Bavarian Nordic is currently constructing a 3,200 sqm fill-finish facility in extension of its existing large-scale vaccine manufacturing facility in Denmark. Utilizing isolator technology, and with large-scale lyophilization, labelling and packaging line, the new facility will add to the current flexibility of the Company to manufacture multiple products at commercial scale, thus consolidating its position as a leading vaccine manufacturer. The new facility has been designed with a potential annual capacity of up to 40 million doses of liquid vaccines and 8 million doses of freeze-dried vaccines.

The Company is investing approximately USD 75 million in the project, and the newly awarded option from BARDA will support the process transfer and validation activities, required for finalizing the production of freeze-dried MVA-BN smallpox vaccine.

The construction began in March 2018, and the facility is expected to be fully operational in 2020, upon which qualification and validation of the process for freeze-dried MVA-BN will begin, before initiating commercial manufacturing in 2021.

About the smallpox vaccine contracts with the U.S. Government
Since 2010, Bavarian Nordic has manufactured its liquid-frozen MVA-BN smallpox vaccine for the U.S. government, and has supplied 28 million doses to the U.S. Strategic National Stockpile (SNS) for emergency use. Concurrently, BARDA has supported the development of a freeze-dried version of the vaccine with longer shelf-life to replace the current stockpile that has expired. Manufacturing of bulk vaccine to support this transition was initiated in 2016 and by end of 2019, the Company will have manufactured and invoiced bulk vaccine worth USD 333 million. The fill-finish of this bulk will trigger additional contract options valued at USD 299 million. The ten-year contract, awarded in 2017, also includes pricing for additional orders of vaccine bulk and vaccine doses of either liquid-frozen or freeze-dried MVA-BN.

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About Bavarian Nordic
Bavarian Nordic is a fully integrated biotechnology company focused on the development of innovative and safer 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 unlock the power of the immune system to improve public health with a focus on high unmet medical needs. We supply our MVA-BN non-replicating smallpox vaccine to the U.S. SNS and other government stockpiles. The vaccine is approved in the European Union and in Canada (under the trade names IMVANEX® and IMVAMUNE® respectively). In addition to our long-standing collaboration with the U.S. government on the development of 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.

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