



Bavarian Nordic Introduces Incentive Program for all Employees and Issues Warrants to Executive Management and Certain Employees

COPENHAGEN, Denmark, December 8, 2015 - Bavarian Nordic A/S (OMX: BAVA, OTC: BVNRY) announced today that the Company introduces a three year incentive program in January 2016 for all employees in the Bavarian Nordic Group. The program is a cash bonus program based on so-called phantom shares, which entails that employees upon expiry of the program will be entitled to receive a cash bonus if there has been an increase in the Company's share price. The incentive program will not have a dilutive effect on the shareholders.

Each employee is awarded up to six phantom shares per month of employment until 31 December 2018, and may thus receive a maximum of 216 phantom shares. Awards will terminate if the employment is terminated. New employees will participate in the program after 3 months employment. The exercise price is DKK 366.85 and has been established as the average share price ("closing price") for the Company's share in a period of 15 business days prior to today added a 15 % premium.

The phantom shares may be exercised in January 2019, only if the Company's share price by then exceeds the exercise price by at least DKK 5. In that case each employee in the program will receive a cash bonus per phantom share equivalent to DKK 1 per point the share price of the Company's shares exceeds the exercise price.

Based on the current number of employees in the Group, the program will comprise up to 88,560 phantom shares, of which members of the executive management will receive up to 432 phantom shares. The value of each phantom share equals DKK 70.29 calculated on the basis of the Black-Scholes model with a risk-free interest rate of 0.25 per cent and on the historical volatility of the shares. The calculation is based on a market value of the share of DKK 334.00 per share.

Furthermore, the board 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 granting and exercise of warrants is conditional upon continued employment subject to the principles of the Danish Stock Option Act (in Danish: aktieoptionsloven).

The warrant program entails the issuance of 335,002 warrants in total which entitle the warrant holders to subscribe for up to 335,002 shares in total with of a nominal value of DKK 10 each at an exercise price of DKK 366.85 per share. The exercise price is established as the average share price ("closing price") for the Company's share in a period of 15 business days prior to this day added a 15 % premium.

The warrants may be exercised wholly or partly during a subscription period of 14 days from the day of publication of the Company's 2018 annual report and/or during subscription periods each of 14 days from the day of publication of each of the following seven financial reports, the last one being the Company's third quarterly report (Q3) for the first nine months of 2020.

Under the warrant program the executive management will receive a total of 69,802 warrants and certain employees in the Company and its subsidiaries, a total of 265,200 warrants.

The value of each warrant equals DKK 115.01 and is calculated on the Black-Scholes model with a risk-free interest rate of 0.25 per cent and on the historical volatility of the shares. The calculation is based on a market value of the shares of DKK 334.00 per share.

The award of warrants will incur consequential amendments to the Articles of Association.

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About Bavarian Nordic

Bavarian Nordic is a fully integrated biotechnology company focused on the development, manufacturing and commercialization of cancer immunotherapies and vaccines for infectious diseases, based on the Company's live virus vaccine platform. Through long-standing collaborations, including a collaboration with the U.S. government, Bavarian Nordic has developed a portfolio of vaccines for infectious diseases, including the non-replicating smallpox vaccine, IMVAMUNE[®], which is stockpiled for emergency use by the United States and other governments. The vaccine is approved in the European Union (under the trade name IMVANEX[®]) and in Canada. Bavarian Nordic and its partner Janssen are developing an Ebola vaccine regimen, which has been fast-tracked, with the backing of worldwide health authorities. Additionally, in collaboration with the National Cancer Institute, Bavarian Nordic has developed a portfolio of active cancer immunotherapies, including PROSTVAC[®], which is currently in Phase 3 clinical development for the treatment of advanced prostate cancer. The company has partnered with Bristol-Myers Squibb for the potential commercialization of PROSTVAC. For more information visit www.bavarian-nordic.com or follow us on Twitter [@bavariannordic](https://twitter.com/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.