Q3 2014

QUARTERLY REPORT VALNEVA SE

Valneva SE announces Q3 2014 financial results and provides operational update

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Quarterly Report

Valneva Announces Best Quarterly Results since Vivalis/Intercell Merger, Meets Business Objectives & Reconfirms Full Year Outlook

The Company posts balanced EBITDA and significantly reduced net loss

+ *Balanced EBITDA of EUR 0.0m in Q3 2014 (vs EUR -5.5m in Q3 2013). While the Group still expects negative EBITDA in the near future due to R&D investments, it confirms its objective to be EBITDA profitable in the mid-term.*
+ *Net loss decreased to EUR 2.6m in Q3 2014 (vs EUR 10.0m in Q3 2013) benefiting from the positive impact of merger synergies and a strong improvement in the profitability of IXIARO®.*
+ *Revenues and grants were down to EUR 12.8m in Q3 2014 (vs EUR 14.7m in Q3 2013) mainly due to IXIARO®/JESPECT®'s fluctuating supply patterns and a decrease in collaboration and licensing revenues.*
+ *Cash position of EUR 36.9m at quarter-end, only slightly below cash position at end of previous quarter (EUR 37.3m).*

OUTLOOK:

+ Valneva reconfirms its 2014 overall IFRS revenue expectations of EUR 40 – 45 million and anticipates continued growth of IXIARO®/JESPECT® in-market sales.

+ The Company also reaffirms its prior guidance of a significant improvement of its operational results (excluding any non-cash amortization and impairment charges) in 2014 compared to the pro-forma financial performance of the combined two businesses (Vivalis and Intercell) in 2013. This improvement will be mainly due to EUR 5 – 6 million merger synergies and a strong improvement in the profitability of IXIARO®.

+ Valneva will continue to financially support the Group's strategy of focused spending in research and development in order to create long-term value through innovation while at the same time striving towards mid-term financial break-even. Valneva confirms that its key research and development projects are progressing according to plan.

Lyon (France), November 6, 2014 – European biotechnology company Valneva SE ("Valneva" or "the Group") today reported its consolidated financial results for the third quarter ended September 30, 2014. The condensed consolidated interim financial report is available on the Company's website www.valneva.com.

A webcast for financial analysts, fund managers, investors and journalists will be held today at 2:00pm (CET)
link: **http://www.media-server.com/m/p/rqqvqg9m**
A replay will be available after the webcast on the Company's website.

KEY FINANCIAL INFORMATION:

EUR in thousands	3 months ended September 30		9 months ended September 30		
	2014	2013	2014	2013	2013 Pro-forma
Revenues & Grants	12,844	14,680	29,315	24,351	32,045
Net profit/(loss)	(2,568)	(9,968)	(14,752)	(18,082)	(31,942)
EBITDA	(15)	(5,523)	(3,610)	(10,436)	(18,198)
Net operating cash flow	8	(14,928)	(7,098)	(22,033)	n/a
Cash, short-term deposits and marketable securities, end of period	36,920	18,179	36,920	18,179	18,179

PRODUCT:

+ **IXIARO®/JESPECT®: Continuous strong in-market sales growth and uptake in travelers**

In the first nine months of the year, IXIARO®/JESPECT® product sales revenues were EUR 19.3 million compared to EUR 20.7 million pro-forma product sales in the same period last year. This decrease was mainly due to the change in the U.S. military sales responsibility from late 2013 onwards which resulted in Valneva now recognizing only two thirds of the total sales revenue to the US military instead of 100% previously.

The Company reiterates its product sales revenue guidance for full year 2014, which it expects to be in the same range as full year 2013 (EUR 27.2 million pro-forma), representing a solid double-digit year-on-year growth rate taking into account the change in revenue recognition resulting from the transition of the U.S. military sales responsibility to Novartis.

Valneva is working closely with the Company's main distributor Novartis to increase public awareness on the disease, which is progressively having a positive impact on in-market sales as observed in the third quarter 2014.

Total IXIARO®/JESPECT® product sales revenue were EUR 9.5 million in the third quarter 2014 compared to EUR 11.4 million in the third quarter 2013 due to fluctuating supply patterns to the U.S. military and to the prior-year-effect of the largest U.S. military order the Company ever received, which boosted 2013 third-quarter sales.

In the third quarter 2014, Valneva continued to record the first revenues from royalties on Biological E.'s sales of Japanese encephalitis vaccines (JEV) in India under the trade name JEEV. Valneva expects the royalties on Biological E.'s sales to increase progressively, especially as the vaccine has been prequalified by the World Health Organization (WHO) - a key step for distribution of the vaccine in developing countries.

Similarly, Valneva's collaboration with vaccine manufacturer Adimmune Corporation to whom it granted the rights to register and commercialize its JE vaccine under a local trade name in April 2014 is progressing well towards mid-term market approval in Taiwan. Under the agreement, intermediate-stage bulk product will be supplied by Valneva while Adimmune will be responsible for final release and commercialization of the product.

With further in-market sales growth, the newly signed agreement with Adimmune, increasing revenues from royalties on Biological E.'s JEV sales in India, and the changes to the Company's main marketing & distribution agreement earlier this year, Valneva expects further significant improvement in the profitability of its commercial product franchise.

TECHNOLOGY AND LICENSING BUSINESS:

+ **EB66® Cell Line: construction of EB66®-based Influenza facility in Texas progressing well; additional EB66® license agreements expected in Q4**

In September 2014, Valneva joined GlaxoSmithkline (GSK) in celebrating the site dedication of the Texas A&M pandemic influenza vaccine facility in Texas and welcomed the confirmation that it was on track for completion of construction by the end of 2015, to be followed by its start-up phase in 2016. This new facility is expected to provide the capabilities to produce, within four months of a declared influenza pandemic, the bulk antigen needed for up to 50 million doses of GSK's next generation pandemic influenza vaccine, based on Valneva's proprietary EB66® cell line.

Valneva granted an exclusive commercial license to GSK in 2007 to develop and market worldwide pandemic and seasonal human influenza vaccines using Valneva's EB66® technology. GSK's EB66®-based H5N1 pandemic influenza vaccine candidate has successfully completed a Phase I clinical trial. GSK also signed an agreement with the Chemo-Sero Therapeutic Research Institute (Kaketsuken) in 2009 to co-develop, manufacture, and supply EB66®-based influenza vaccines in Japan. At the beginning of 2014, the Japanese health authorities granted the first ever marketing approval for a human vaccine produced in the EB66® cell line for a pandemic H5N1 influenza vaccine.
Valneva also announced at the beginning of August a new clinical development license agreement with US firm GeoVax Labs, Inc. to develop MVA-based vaccines against HIV/AIDS. The agreement will allow GeoVax to enter clinical trials with a vaccine candidate

derived from EB66® cells and also permits the transfer of the cell line to a third party GMP manufacturer.

Valneva expects to announce additional EB66® cell line license agreements in the fourth quarter of the year.

+ **IC31® Adjuvant / IC31® Tuberculosis Vaccine: First phase II data expected in Q4/2014**

Valneva has granted multiple licenses (Novartis, Statens Serum Institut – SSI) to evaluate IC31® in new vaccine formulations in infectious disease and additional collaborations have been initiated in oncology.

In the field of tuberculosis, three clinical vaccine candidates, all formulated with Valneva´s IC31® adjuvant, are currently being tested in phase I and II clinical trials as part of the Company's agreement with SSI and their partners, including Aeras and Sanofi Pasteur. First Phase II data from one of the trials is expected to be published in the fourth quarter of 2014.

In March 2014, Aeras announced the initiation of another phase II randomized clinical trial for its tuberculosis (TB) vaccine candidate Aeras-404 using Valneva's IC31® proprietary adjuvant.

+ **VIVA|Screen® antibody platform:**

As already announced in its first-half results publication, Valneva is currently reviewing its strategy for the VIVA|Screen® business, looking for new ways to maximize the value of its antibody platform.

The move follows a change in the strategy of its main licensee Sanofi Pasteur which decided not to exercise certain options and to delay one of its programs on the VIVA|Screen® platform. Valneva successfully completed antibody discovery work for Sanofi Pasteur in 2013 and delivered respective antibody candidates for three different targets. At the end of February 2014, Valneva announced the initiation of a fourth antibody discovery program for Sanofi Pasteur.

In July 2014, Valneva announced the signing of a research collaboration and license agreement with a leading global animal health care company to discover antibodies from animal B-lymphocytes using VIVA|Screen® technology. Financial details were not disclosed.

PRODUCT CANDIDATES IN DEVELOPMENT:

+ **Pseudomonas aeruginosa: recruitment of patients for phase II/III continuation progressing well**

The enrolment of further patients in the phase II/III pivotal efficacy trial for which the group announced the continuation following an interim analysis at the end of March 2014 is progressing according to plan and the enrolment should be completed by mid-2015.

In addition to the 394 patients already enrolled in the study, the Company has started the recruitment of another 400 ventilated intensive care patients in 40 different sites. Valneva is also considering the option to extend the study further if necessary. Preliminary results are expected at the end of 2015 / early 2016.

Pseudomonas aeruginosa is one of the leading causes of nosocomial infections, which are infections acquired or occurring during the course of hospitalization. The presence of Psuedomonas Aeruginosa in ventilated patients is associated with increased mortality. Valneva estimates that the up to one million intensive care unit patients on mechanical ventilation in the U.S. and Europe annually could represent a potential target population for a respective vaccine.

+ **Clostridium difficile Vaccine Candidate: phase II initiation expected in Q4/2014 or in Q1/2015**

After reporting positive phase I results for its Clostridium difficile (C.difficile) vaccine candidate at the end of 2013, Valneva has defined further its development approach which got confirmed by a positive FDA pre-IND meeting. The company has now submitted the Investigational New Drug (IND) application and is preparing the initiation of the phase II clinical trial in elderly subjects which the Company expects to commence in the fourth quarter of 2014 or in the first quarter of 2015.

Phase I showed a favorable safety and tolerability profile in both study populations, elderly subjects and adults, with local tolerability being even better in elderly subjects. The vaccine candidate was also highly immunogenic in elderly subjects and was able to induce immune responses to C. difficile toxins A and B, similar to the ones observed in adults.

C. difficile is the most common pathogen of acute healthcare- associated diarrhea in Europe and the U.S. In 2013, 470,000 cases of Clostridium difficile have been estimated globally with rising incidence rates and a respective economic burden primarily due to prolongation of hospitalization. Valneva estimates that elderly people (above 50 years of age) with elective hospital admissions as well as long-term care facility residents could represent the first target group for a respective prophylactic vaccine.

+ **Borrelia (Lyme disease): pre-clinical development completed**

Valneva has developed a multivalent, protein subunit based vaccine candidate. This candidate has completed pre-clinical development and has entered the IND - Investigational New Drug - process. Valneva expects to announce a decision on the next development steps in 2015.

To date, there is currently no vaccine available to protect humans against Lyme disease. According to the Centers for Disease Control and Prevention (CDC), 300,000 Americans are diagnosed each year with Lyme disease and the disease spread keeps increasing. In Europe, 180,000 to 200,000 cases are diagnosed each year.

FINANCIAL REVIEW:

Third quarter 2014 financial review

+ **Revenues and Grants**

Valneva's third-quarter 2014 revenues and grants decreased by EUR 1.8 million to EUR 12.8 million compared to EUR 14.7 million in the same period of the previous year. This decrease was due to a decrease in product sales and revenues from collaborations, licensing and services and was only partly offset by the increase in grant income.

IXIARIO®/JESPECT® product sales decreased by EUR 1.8 million to EUR 9.5 million in the third quarter 2014 compared to EUR 11.4 million in the third quarter 2013. The decrease was mainly due to the prior-year-effect of the supply of the largest U.S. military order ever received by the Company, which boosted third-quarter sales in 2013, and to the change in the distribution to the U.S. military which resulted in Valneva now recognizing only two thirds of the total sales revenues to the U.S. military instead of 100% previously.

Revenues from collaborations, licensing and services decreased by EUR 0.9 million to EUR 1.5 million in the third quarter 2014 from EUR 2.5 million in the third quarter 2013 mainly due to a decrease in R&D reimbursements from Valneva's partners.

Grant income approximately doubled from the third quarter 2013 and reached EUR 1.8 million in the third quarter 2014, mainly due to the recognition of higher R&D tax credits in the third quarter 2014.

+ **Operating result and EBITDA**

Cost of goods and services sold in the third quarter 2014 amounted to EUR 6.2 million of which EUR 5.8 million related to IXIARIO®/JESPECT® sales and EUR 0.4 million related to

cost of services. On similar sales levels, cost of goods related to IXIARIO®/JESPECT® in the third quarter of the current year was higher than in the first half due to variabilities in inventory accounting which are expected to largely revert over the full fiscal year. In the third quarter 2013, cost of goods was EUR 6.6 million.

Research and development expenses in the third quarter 2014 reached EUR 4.6 million compared to EUR 7.8 million in the third quarter 2013. The decrease was mainly due to the disposal of the CMO business in the fourth quarter 2013 and a decrease in clinical study costs.

Selling, General and Administrative expenses amounted to EUR 2.9 million in the third quarter 2014, compared to EUR 7.0 million in the third quarter 2013. The third quarter 2013 included one-off expenses in connection with the merger between Intercell and Vivalis.

Other expenses, net of income were EUR 0.1 million in the third quarter 2014, remaining at the same level as the third quarter 2013. Non-cash amortization and impairment expenses for intangible assets amounted to EUR 2.0 million in the third quarter 2014, also maintained at the same level as in the third quarter last year. Valneva's operating loss decreased by EUR 5.8 million to EUR 3.0 million in the third quarter 2014 compared to EUR 8.8 million in the third quarter 2013.

In the third quarter 2014, Valneva's EBITDA result was balanced at EUR 0.0 million, whereas in the third quarter 2013 EBITDA was minus EUR 5.5 million. Third quarter 2014 EBITDA was calculated by excluding EUR 3.0 million in depreciation, amortization and impairment charges from the operating loss recorded in the condensed consolidated interim income statement under IFRS. Third quarter 2013 EBITDA was calculated by excluding EUR 3.3 million in depreciation, amortization and impairment charges from the operating loss recorded in the condensed consolidated interim income statement under IFRS.

+ **Net result**

Valneva's net loss in the third quarter 2014 was EUR 2.6 million compared to EUR 10.0 million for the same period of the previous year. The decrease reflects the progress made through the cost savings and synergies resulting from the merger.

Finance income, net of finance expenses in the third quarter 2014 was positive at EUR 0.6 million compared to net finance expenses of EUR 1.1 million in the third quarter 2013. The positive finance income in the third quarter of the current year was mainly due to unrealized foreign currency gains.

Nine months 2014 financial review

Note: As a result of the merger with Intercell AG ("Intercell"), Intercell's business has been included in the Group's consolidated financial statements from the merger closing date May 28, 2013. Therefore, the first nine months 2014 and 2013 IFRS results are not fully comparable as the ex-Intercell operations were only included for the period starting from June 2013. Pro-forma figures including the Intercell business for the first nine months 2013 period and excluding one-time effects due to the merger were prepared for illustrative purposes only. For detailed explanation of pro-forma assumptions and reconciliation to IFRS results, please refer to note 10 of the condensed consolidated interim financial report.

+ Revenues and grants

On a pro-forma basis (i.e. including the ex-Intercell business from January 2013 to May 2013), revenues and grants decreased by EUR 2.7 million, or 8.5%, to EUR 29.3 million in the nine months ended September 30, 2014 from EUR 32.0 million in the nine months ended September 30, 2013. The year-on-year decrease in revenues on a pro-forma basis was due to lower product sales and lower revenues from collaborations, licensing and services, which were only partly offset by an increase in grant income. On an unadjusted basis, aggregate revenues and grants in the first nine months of 2014 were EUR 29.3 million compared to EUR 24.4 million in the same period of the previous year, which included ex-Intercell revenues only from June 2013 to September 2013.

On a pro-forma basis, revenues from IXIARO®/JESPECT® products sales decreased by EUR 1.4 million, or 6.7% , to EUR 19.3 million in the nine months ended September 30, 2014 from EUR 20.7 million in the nine months ended September 30, 2013. This decrease was mainly due to the change in the U.S. military sales responsibility from late 2013 onwards which resulted in Valneva now recognizing only two thirds of the total sales revenues to the U.S. military instead of 100% previously. On an unadjusted basis, Valneva's revenues from products sales increased by EUR 2.6 million, or 15.5%, to EUR 19.3 million in the nine months ended September 30, 2014 from EUR 16.7 million in the nine months ended September 30, 2013.

On a pro-forma basis, revenues from collaborations, licensing and services decreased by EUR 2.3 million, or 27.5%, to EUR 6.1 million in the nine months ended September 30, 2014 from EUR 8.5 million in the nine months ended September 30, 2013. On an unadjusted basis, revenues from collaborations and licensing increased by EUR 1.3 million, or 26.2%, to EUR 6.1 million in the nine months ended September 30, 2014 from EUR 4.9 million in the nine months ended September 30, 2013.

On a pro-forma basis, grant income increased by EUR 1.0 million, or 34.3%, to EUR 3.9 million in the nine months ended September 30, 2014 from EUR 2.9 million in the nine months ended September 30, 2013. On an adjusted basis, revenues from grant income increased by EUR 1.1 million, or 39.7%, to EUR 3.9 million in the nine months ended September 30, 2014 from EUR 2.8 million in the nine months ended September 30, 2013.

+ **Operating result and EBITDA**

On a pro-forma basis, cost of goods was EUR 10.1 million in the first nine months of 2014, representing a significant decrease from EUR 13.7 million in the first nine months of 2013, which was primarily due to savings and improvements in the manufacturing of the JEV vaccine. On an unadjusted basis, cost of goods and services sold decreased by EUR 0.1 million, or 0.3%, to EUR 10.1 million in the nine months ended September 30, 2014 from EUR 10.2 million in the nine months ended September 30, 2013.

On a pro-forma basis research and development expenses decreased by EUR 9.0 million, or 37.1%, to EUR 15.2 million in the first nine months of 2014 from EUR 24.2 million in the first nine months of 2013, mainly due to cost synergies and prioritization of research and development activities in connection with the merger, including the disposal of the CMO business in the fourth quarter of 2013. On an unadjusted basis research and development expenses increased slightly by EUR 0.4 million, or 2.6%, to EUR 15.2 million in the nine months ended September 30, 2014 from EUR 14.8 million in the nine months ended September 30, 2013.

On a pro-forma basis, selling, general and administrative expenses decreased from EUR 17.3 million in the first nine months of 2013 to EUR 10.2 million in the first nine months of 2014, primarily due to savings and to cost synergies from the merger and to the prior-year effect of one-off expenses in connection with the merger between Intercell and Vivalis in the first nine months of 2013. On an unadjusted basis, selling, general and administrative expenses amounted to EUR 10.2 million in the first nine months of 2014, representing a decrease of EUR 1.9 million from the EUR 12.1 million of selling, general and administrative expenses incurred in the first nine months of 2013.

On a pro-forma basis, other income and expenses, net decreased by EUR 0.8 million, or 145.5% , to net expenses of EUR 0.2 million in the nine months ended September 30, 2014 from a net income of EUR 0.5 million in the nine months ended September 30, 2013. On an unadjusted basis, other income and expenses, net decreased by EUR 0.1 million, from the prior year to an expense of EUR 0.2 million in the nine months ended September 30, 2014.

On a pro-forma basis, operating loss decreased by EUR 13.1 million, or 48.3%, to EUR 14.0 million in the nine months ended September 30, 2014 from EUR 27.0 million in the nine months ended September 30, 2013. This decrease was mainly due to cost synergies and prioritization of R&D activities in connection with the merger, including the disposal of the CMO business in the fourth quarter 2013. On an unadjusted basis, operating loss decreased by EUR 2.3 million, or 14.2%, to EUR 14.0 million in the nine months ended September 30, 2014 from EUR 16.3 million in the nine months ended September 30, 2013.

Valneva's EBITDA improved to minus EUR 3.6 million in the first nine months of 2014 from minus EUR 10.4 million in the first nine months of 2013. On a pro-forma basis, EBITDA improved to minus EUR 3.6 million in the first nine months of 2014 from minus EUR 18.2 million in the same period of the previous year. EBITDA was calculated by

excluding depreciation, amortization and impairment from the operating loss recorded in the condensed consolidated interim income statement under IFRS.

In 2014, Valneva started to report a split of operating results for its three business segments "Products", "Technologies and Services" and "Product R&D". The Products segment, which includes marketed vaccines - currently the Group's JEV vaccine - showed an operating profit of EUR 7.2 million in the first nine months of 2014, without taking into account non-cash amortization charges on intangible assets of EUR 4.9 million, whereas in the first nine months of 2013 the operating profit amounted to EUR 1.8 million, without taking into account non-cash amortization charges on intangible assets of EUR 2.1 million. The Technologies and Services segment, which includes EB66®, VivaIScreen®, IC31® and other revenue-generating service and licensing activities showed a net loss of EUR 1.7 million in the first nine months of 2014, without taking into account non-cash amortization and impairment charges on intangible assets of EUR 2.5 million (thereof impairment charges: EUR 1.3 million). In the first nine months of 2013 the operating net loss amounted to EUR 3.3 million, without taking into account non-cash amortization charges of EUR 1.0 million. The Product R&D segment, which includes proprietary research and development programs aiming to generate new products with significant market potential such as the vaccine candidates against Pseudomonas aeruginosa and C. difficile, currently represents the Company's main area of investment and showed an operating loss of EUR 3.1 million in the first nine months of 2014 and EUR 4.4 million in the first nine months of 2013.

+ **Net result**

Valneva's net loss in the first nine months of 2014 was EUR 14.8 million compared to EUR 18.1 million for the same period of the previous year. On a pro-forma basis, the net loss decreased by 53.8% to EUR 14.8 million in the first nine months of 2014 from EUR 31.9 million in the first nine months of 2013. The decrease reflects the progress made in both, the merger consolidation and the cost saving projects.

Income tax expenses increased from zero in the nine months ended September 30, 2013 to EUR 0.3 million in the nine months ended September 30, 2014, on both a pro-forma and an unadjusted basis.

On a pro-forma basis, net finance expenses decreased by EUR 4.4 million, or 90.9%, to EUR 0.4 million in the nine months ended September 30, 2014 from EUR 4.9 million in the nine months ended September 30, 2013. On an unadjusted basis, net finance expenses decreased by EUR 1.3 million, or 75.1%, to EUR 0.4 million in the nine months ended September 30, 2014 from EUR 1.8 million in the nine months ended September 30, 2013.

+ **Cash flow and liquidity (unadjusted)**

Net cash used in operating activities decreased by EUR 14.9 million from EUR 22.0 million in the nine months ended September 30, 2013 to EUR 7.1 million in the nine months ended

September 30, 2014. This decrease resulted primarily from the improved operating loss and from a lower increase in working capital.

Cash in/out-flows from investing activities changed by EUR 28.0 million, or 141.3%, to a net cash used in investing activities of EUR 8.2 million in the first nine months ended September 30, 2014 from a net cash generated from investing activities of EUR 19.8 million in the nine months ended September 30, 2013. The change in net cash generated from investing activities in the nine months ended September 30, 2013 compared to net cash used in investing activities in the nine months ended September 30, 2014 resulted primarily from purchases of financial assets (net of proceeds from sale of financial assets) of EUR 5.6 million in the nine months ended September 30, 2014, whereas the proceeds from sale of financial assets (net of purchases of financial assets) amounted to EUR 10.0 million in the nine months ended September 30, 2013. The purchases of intangible assets and property, plant and equipment (net of proceeds from thereof) amounted to EUR 2.9 million in the nine months ended September 30, 2014 and to EUR 2.2 million in the nine months ended September 30, 2013.

Cash in-flows from financing activities decreased by EUR 10.0 million, or 63.3 %, to EUR 5.8 million in the nine months ended September 30, 2014 from EUR 15.8 million in the nine months ended September 30, 2013. In the nine months ended September 30, 2014, net cash generated from financing activities resulted primarily from a capital increase through the newly established equity line. The net proceeds from this capital increase of EUR 8.6 million (after deduction of transaction costs of EUR 0.3 million) were partly offset by net repayments of borrowings of EUR 2.9 million. In the nine months ended September 30, 2013, net cash generated from financing activities resulted primarily from the net proceeds of EUR 38.8 million of a capital increase completed in July 2013 and the monetization of the Company's CIR (Research Tax Credit – Crédit impôt Recherche) for the years 2010 to 2012 through a EUR 6.3 million credit line, repayable upon collection of the respective tax credits. This cash inflow from borrowings was partly offset by the repayment of borrowings of EUR 28.6 million, mainly in connection with the merger and by purchase of treasury shares of EUR 0.6 million in connection with the exercise of exit rights of former Intercell shareholders in connection with the merger.

Liquid funds stood at EUR 36.9 million at September 30, 2014, compared to EUR 18.2 million at September 30, 2013 and consisted of EUR 27.1 million in cash, EUR 0.6 million in restricted cash, EUR 2.6 million in short-term deposits, and EUR 6.7 million in securities.

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About Valneva SE

Valneva is a European biotech company focused on vaccine development and antibody discovery. It was formed in 2013 through the merger between Intercell AG and Vivalis SA. Valneva's mission is to excel in both antibody discovery, and vaccine development and commercialization, either through in-house programs or in collaboration with industrial partners using innovative technologies developed by the company. Valneva generates diversified revenue from both its marketed product, a vaccine for the prevention of Japanese encephalitis (IXIARO®), commercial partnerships around a portfolio of product candidates (in-house and partnered), and licensed technology platforms (EB66®cell line, VIVA|Screen® and IC31®) that are becoming widely adopted by the biopharmaceutical industry worldwide. Headquartered in Lyon, France, the company employs approximately 270 people in France, Austria, Scotland, the United States, and Japan. www.valneva.com

Forward-Looking Statements

This press release contains certain forward-looking statements relating to the business of Valneva, including with respect to the progress, timing and completion of research, development and clinical trials for product candidates, the ability to manufacture, market, commercialize and achieve market acceptance for product candidates, the ability to protect intellectual property and operate the business without infringing on the intellectual property rights of others, estimates for future performance and estimates regarding anticipated operating losses, future revenues, capital requirements and needs for additional financing. In addition, even if the actual results or development of Valneva are consistent with the forward-looking statements contained in this press release, those results or developments of Valneva may not be indicative of their achievement in the future. In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "anticipates," "believes," "intends," "estimates," "aims," "targets," or similar words. These forward-looking statements are based largely on the current expectations of Valneva as of the date of this press release and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the expectations of Valneva could be affected by, among other things, uncertainties involved in the development and manufacture of vaccines, unexpected clinical trial results, unexpected regulatory actions or delays, competition in general, currency fluctuations, the impact of the global and European credit crisis, and the ability to obtain or maintain patent or other proprietary intellectual property protection. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made during this presentation will in fact be realized. Valneva is providing the information in these materials as of this press release, and disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Valneva SE

Condensed Consolidated Interim Financial Report

as of September 30, 2014

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

EUR in thousands (except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Product sales	9,518	11,365	19,282	16,697
Revenues from collaboration, licensing and services	1,555	2,461	6,146	4,870
Revenues	**11,073**	**13,826**	**25,427**	**21,567**
Grant income	1,771	854	3,888	2,784
Revenues and grants	**12,844**	**14,680**	**29,315**	**24,351**
Cost of goods and services	(6,225)	(6,625)	(10,150)	(10,181)
Research and development expenses	(4,630)	(7,816)	(15,220)	(14,841)
General, selling and administrative expenses	(2,858)	(7,001)	(10,225)	(12,123)
Other income and expenses, net	(104)	(71)	(241)	(133)
Amortization and impairment	(2,024)	(1,990)	(7,446)	(3,340)
OPERATING LOSS	**(2,997)**	**(8,822)**	**(13,966)**	**(16,268)**
Finance income	1,163	144	1,972	240
Finance expenses	(603)	(1,291)	(2,417)	(2,024)
LOSS BEFORE INCOME TAX	**(2,437)**	**(9,969)**	**(14,410)**	**(18,052)**
Income Tax	(132)	1	(342)	(29)
LOSS FROM CONTINUING OPERATIONS	**(2,568)**	**(9,968)**	**(14,752)**	**(18,082)**
Loss from discontinued operations	-	-	-	-
LOSS FOR THE PERIOD	**(2,568)**	**(9,968)**	**(14,752)**	**(18,082)**
Losses per share for loss from continuing operations attributable to the equity holders of the Company, expressed in EUR per share (basic and diluted)	**(0.05)**	**(0.19)**	**(0.27)**	**(0.52)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

EUR in thousands	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Loss for the period	**(2,568)**	**(9,968)**	**(14,752)**	**(18,082)**
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to profit or loss				
Currency translation differences	(1,757)	1,125	(1,582)	1,186
Total items that are or may be reclassified subsequently to profit or loss	**(1,757)**	**1,125**	**(1,582)**	**1,186**
Other comprehensive income/(loss) for the period, net of tax	**(1,757)**	**1,125**	**(1,582)**	**1,186**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	**(4,325)**	**(8,842)**	**(16,334)**	**(16,896)**

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

EUR in thousands	September 30, 2014	December 31, 2013
ASSETS		
Non-current assets	**181,225**	**191,045**
Intangible assets and goodwill	118,742	125,403
Property, plant and equipment	43,180	45,067
Other non-current assets	19,303	20,575
Current assets	**59,173**	**63,346**
Inventories	8,999	4,819
Trade receivables	2,156	7,570
Other current assets	11,098	10,791
Current financial assets	6,650	3,658
Cash, cash equivalents and short-term deposits	30,269	36,509
Assets held for sale	**-**	**-**
TOTAL ASSETS	**240,398**	**254,391**
EQUITY		
Capital and reserves attributable to the Company's equity holders	**136,911**	**144,111**
Share capital	8,452	8,206
Share premium and other regulated reserves	206,708	198,322
Retained earnings and other reserves	(63,497)	(38,308)
Net result for the period	(14,752)	(24,110)
LIABILITIES		
Non-current liabilities	**77,965**	**82,181**
Borrowings	64,658	64,902
Other non-current liabilities and provisions	13,307	17,279
Current liabilities	**25,522**	**28,100**
Borrowings	6,894	6,381
Trade payables and accruals	8,277	11,388
Tax and employee-related liabilities	5,696	5,096
Other current liabilities and provisions	4,655	5,235
TOTAL LIABILITIES	**103,487**	**110,280**
TOTAL EQUITY AND LIABILITIES	**240,398**	**254,391**

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

EUR in thousands	Nine months ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(14,752)	(18,082)
Depreciation and amortization	9,068	5,832
Impairment	1,288	-
Share-based payments	402	71
Income tax	342	29
Other adjustments for reconciliation to cash used in operations	(229)	389
Changes in working capital	(1,333)	(9,060)
Cash used in operations	**(5,214)**	**(20,819)**
Interest paid	(1,500)	(918)
Income tax paid	(384)	(296)
Net cash used in operating activities	**(7,098)**	**(22,033)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other businesses, net cash acquired	-	11,615
Purchases of property, plant and equipment	(580)	(1,190)
Proceeds from sale of property, plant and equipment	12	-
Purchases of intangible assets	(2,381)	(983)
Proceeds from sale of financial assets	8,066	10,035
Purchases of financial assets	(13,616)	-
Interest received	319	323
Net cash generated from/(used in) investing activities	**(8,180)**	**19,800**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions	8,632	38,777
Disposal/(Purchase) of treasury shares	100	(647)
Proceeds from borrowings, net of transaction costs	1,656	6,254
Repayment of borrowings	(4,592)	(28,606)
Net cash generated from financing activities	**5,796**	**15,779**
Net change in cash and cash equivalents	**(9,482)**	**13,545**
Cash at beginning of the period	36,509	832
Exchange gains/(losses) on cash	98	93
Cash at end of the period	**27,126**	**14,470**
Cash, cash equivalents, short-term deposits and financial assets at end of the period	**36,920**	**18,179**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

EUR in thousands	Share capital	Share premium and other regulated reserves	Retained earnings and other reserves	Net result	Total equity
Balance as of January 1, 2013	**3,219**	**62,414**	**(24,598)**	**(14,841)**	**26,194**
Total comprehensive loss	-	-	1,186	(18,082)	(16,896)
Income appropriation	-	-	(14,841)	14,841	-
Employee share option plan					
- value of employee services	-	-	71	-	71
- exercise of share options	27	214	-	-	240
Treasury shares	-	-	(646)	-	(646)
Issuance of common stock (merger with Intercell), May 2013	2,854	100,599	-	-	103,453
Issuance of common stock, July 2013	2,275	37,913	-	-	40,188
Cost of equity transactions, net of tax	-	(1,651)	-	-	(1,651)
	5,155	137,075	(14,230)	(3,241)	124,759
Balance as of September 30, 2013	**8,375**	**199,488**	**(38,829)**	**(18,082)**	**150,953**
Balance as of January 1, 2014	**8,206**	**198,322**	**(38,308)**	**(24,110)**	**144,111**
Total comprehensive loss	-	-	(1,582)	(14,752)	(16,334)
Income appropriation	-	-	(24,110)	24,110	-
Employee share option plan					
- value of employee services	-	-	403	-	403
- exercise of share options	6	(6)	-	-	-
Treasury shares	-	-	100	-	100
Issuance of common stock, May and June 2014	240	8,716	-	-	8,956
Cost of equity transactions, net of tax	-	(325)	-	-	(325)
	246	8,386	(25,189)	9,358	(7,200)
Balance as of September 30, 2014	**8,452**	**206,708**	**(63,497)**	**(14,752)**	**136,911**

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SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

This condensed consolidated interim financial report of Valneva SE (hereafter referred to as the "Group") for the first nine months ended September 30, 2014 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34) authorizing the presentation of selected explanatory notes. In consequence, these condensed consolidated financial statements must be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2013 (registration document filed with AMF under No. D.14-0444 on April 30th, 2014 available in French and in English at the company's website: www.valneva.com).

Due to the merger between Vivalis SA and Intercell AG the Group structure of consolidated operations at September 30, 2014 includes the following companies:

+ Valneva SE (formerly Vivalis SA)
+ Valneva Toyama Japan KK (formerly Vivalis Toyama Japan KK)
+ Valneva Austria GmbH with its fully owned subsidiaries:

  - Elatos GmbH
  - Intercell USA Inc.
  - Valneva Scotland Ltd

For ease of presentation, numbers have been rounded and, where indicated, are presented in thousands of euros. However, calculations are based on exact figures. Therefore, the sum of the numbers in a column of a table may not conform to the total figure displayed in the column.

This interim report of Valneva SE has not been audited or reviewed.

2. FLUCTUATION OF REVENUES

Revenues and grants comprise product sales, revenues from collaborations, licensing and services, and grant income. Revenues have fluctuated in the past and the Company expects that they will continue to fluctuate over different reporting periods in the future.

3. OTHER INCOME AND EXPENSES, NET

Other income and expenses, net included foreign exchange gains and losses in the prior year. According to the Company's updated accounting policies foreign exchange gains and losses are now included in finance income and expenses, respectively. Therefore EUR 784 thousand and EUR 1,050 thousand have been reclassified from other income and expenses to finance income and expenses for the third quarter 2013 and the first nine months of 2013, respectively.

4. SEGMENT REPORTING

As of January 1, 2014 the Group changed its internal reporting process in the course of the comprehensive business integration project following the merger of Vivalis and Intercell in May 2013, which included the introduction of new financial business reporting structures. Therefore the segments consist of following:

+ "Products" (marketed vaccines, currently the Group's JEV vaccine);
+ "Technologies and services" (services and inventions in commercialization stage, i.e. revenue-generating through collaboration, service and licensing agreements, including EB66®, VivaIScreen®, and IC31®);
+ "Product R&D" (proprietary research and development programs aiming to generate new approvable products in order to generate future cash flows from product sales or from commercialization through partnering with pharmaceutical companies).
+

Segment reporting information for earlier periods has been restated to conform with these changes.

Income statement aggregates by segment for the nine months ended September 30, 2014:

EUR in thousands	Products	Techno-logies and services	Product R&D	Corporate Overhead	Total
Revenues and grants	19,431	3,302	6,583	-	**29,315**
Cost of goods and services	(8,907)	(1,243)	-	-	**(10,150)**
Research and development expenses	(2,458)	(3,066)	(9,698)	-	**(15,220)**
General, selling and administrative expenses	(823)	(688)	-	(8,715)	**(10,225)**
Other income and expenses, net	-	-	-	(241)	**(241)**
Amortization and impairment	(4,947)	(2,499)	-	-	**(7,446)**
Operating loss	**2,297**	**(4,193)**	**(3,115)**	**(8,955)**	**(13,966)**
Finance income/loss and income tax	-	-	-	(786)	**(786)**
Loss from continuing operations	**2,297**	**(4,193)**	**(3,115)**	**(9,741)**	**(14,752)**

Income statement aggregates by segment for the nine months ended September 30, 2013:

EUR in thousands	Products	Techno-logies and services	Product R&D	Corporate Overhead	Total
Revenues and grants	16,711	4,361	3,280	-	**24,351**
Cost of goods and services	(10,181)	-	-	-	**(10,181)**
Research and development expenses	(796)	(6,615)	(7,431)	-	**(14,841)**
General, selling and administrative expenses	(3,941)	(1,054)	-	(7,127)	**(12,123)**
Other income and expenses, net	-	-	-	(133)	**(133)**
Amortization and impairment	(2,103)	(968)	(269)	-	**(3,340)**
Operating loss	**(311)**	**(4,276)**	**(4,421)**	**(7,260)**	**(16,268)**
Finance income/loss and income tax	-	-	-	(1,814)	**(1,814)**
Loss from continuing operations	**(311)**	**(4,276)**	**(4,421)**	**(9,074)**	**(18,082)**

5. INTANGIBLE ASSETS

a) Impairment testing of in-process research & development projects and goodwill

Following a change in strategy from our partner Sanofi and the delays in different programs on the VIVAIScreen® platform, the book values of this project have been assessed for impairment testing purposes using the risk-adjusted discounted cash flow method.

The value-in-use calculations use post tax project cash flow projections based on the updated Company's long-range business model including the management's best estimate on probability of success of the respective projects (risk-adjustment) and a discount rate of 13.31% per annum.

The long range business model covers a period of 20 years and therefore accounts for the project-related cash flows from the development stage over the market entry until the market phase-out (project life cycle) of the project.

The discount rate of 13.31% per annum is based on 2.31% risk-free rate, 6.00% market risk premium, and a beta of 1.8.

In the course of the impairment testing an earn-out liability relating to the VIVAIScreen® platform was also adjusted taking into account the updated business model.

Whereas the impairment of the intangible assets (goodwill and in-process R&D) amounted to EUR 2,506 thousands, the change in the earn-out led to a decrease in the liability of EUR 1,217 thousands. These amounts have been netted and were recognized in the income statement as "Amortization and impairment".

b) Sensitivity to changes in assumptions

The net present value calculations are most sensitive to the following assumptions:
Probability of project success
Discount rate

The result of research and development projects is inherently uncertain and the Company may experience delays or failures in clinical trials. A failure to demonstrate safety and efficacy in clinical product development of one of the acquired research and development projects would result in an impairment loss.

The net present value calculation uses a discount rate of 13.31%. An increase in the discount rate of one percentage point would result in an additional impairment loss of EUR 0.8 million.

The net present value calculation uses a probability of success rate of 10% to 50% per annum for products in the stage of research and development. A decrease in the probability of success rate of five percentage points would result in an additional impairment loss of EUR 5.8 million.

6. FINANCIAL INSTRUMENTS

The fair values of the financial assets and financial liabilities correspond to the book values of such instruments except for the derivatives, consisting of rate SWAPs, which are measured at market fair value as at September 30, 2014.

7. CASH, CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

Cash, cash equivalents and short-term deposits include the following:

EUR in thousands	September 30, 2014	December 31, 2013
Cash at bank and in hand	27,696	36,509
Other short-term deposits	2,573	-
Cash, cash equivalents and short-term deposits	**30,269**	**36,509**

As of September 30, 2014, cash and cash equivalents include EUR 571 thousand (December 31, 2013: EUR 0 thousand) for which there are restrictions on remittances.

8. CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS

Share capital

In April 2014 the Company had set up an equity line with Crédit Agricole CIB enabling the Company to issue up to 10 percent of its ordinary share capital. The equity line has been implemented by way of issuance of 5,474,633 equity warrants subscribed by Crédit Agricole CIB which are exercisable exclusively upon Valneva's request in several tranches within the next 24 months. To date, the Company has exercised three tranches, one at the end of May and two at the end of June leading to the creation of 1.6 million new shares for a total gross proceeds amounting to EUR 8,956 thousands. The new shares have subsequently been sold on the market by Crédit Agricole CIB. For each tranche, the subscription price of the shares issued upon exercise of the equity warrants represented a 5% discount to the volume weighted average price for the three trading days preceding the pricing date.

In addition, the Company issued 37,333 new ordinary shares in connection with the exercise of stock options during the reporting period, resulting in an increase in the share capital of EUR 6 thousand.

Other reserves

Share premium included treasury shares and the employee share option plan reserve in the prior year. According to the Company's updated accounting policies treasury shares and the employee share option plan reserve are now included in other reserves.

9. BUSINESS COMBINATION

No adjustments have been made in the twelve months period following the initial accounting for the Intercell AG business combination. Therefore the values reported as of Dec 31, 2013 are final.

10. PRO- FORMA INFORMATION

a) Introductory comments

On May 28, 2013, Valneva SE ("Valneva" or the Company) completed its merger with Intercell AG. Intercell AG, with its fully owned subsidiaries Intercell Austria AG, Intercell Biomedical Ltd, Intercell USA, Inc. and Elatos GmbH (together "Intercell") was a biotechnology company engaged in the research, development and commercialization of vaccines and monoclonal antibodies against a variety of infectious diseases to tackle high unmet medical needs and reduce suffering across the world.

The merger was accomplished through a stock-for-stock exchange of 17,836,719 newly issued ordinary Valneva shares, totalling a fair value of EUR 101.0 million, and 17,836,719 newly issued preferred Valneva shares, totalling a fair value of EUR 2.3 million.

The pro-forma consolidated income statements for the period ended on September 30, 2013 reflect the consolidated results of the Valneva Group as if the merger between Vivalis and Intercell had occurred on January 1, 2013. The pro-forma adjustments are based on available information and on assumptions that are considered reasonable by Valneva Group.

The prior-year pro-forma financial information (hereafter referred to as the "Pro-Forma Financial Information") is presented exclusively for illustrative purposes and does not provide an indication of the results of operating activities or the financial position of Valneva SE that would have been obtained for the periods ending on September 30, 2013 if the Merger had been completed at the dates considered. Similarly, it does not provide an indication of the future results of operating activities or financial position of Valneva SE.

b) Basis of preparation

The Pro-Forma Financial Information was prepared based on historical data of Vivalis SA, Intercell AG and Valneva SE, which was subject to a number of presentation reclassifications.

Regulatory framework

The Pro-Forma Financial Information has been prepared in accordance with AMF Instruction 2007-05 of October 2, 2007 and article 222-2 of the AMF General Regulation.

Acquisition

The merger has been treated in the Pro-Forma Financial Information as an acquisition of Intercell by Vivalis, as analysed in terms of the criteria provided for by IFRS 3r, applicable as of September 30, 2013. This reflects the legal treatment of the transaction pursuant to which Vivalis SA is the absorbing company and was the company issuing new shares to Intercell AG shareholders in consideration for the Merger.

Reclassifications and harmonization of accounting principles

The Pro-Forma Financial Information has been prepared in accordance with the IFRS accounting standards that are applied in the financial statements for the year ended December 31, 2013 published by Valneva SE.

Some items have been reclassified in the pro-forma consolidated financial information drawn up in accordance with IFRS, in order to account for differences in the presentation of the balance sheets and income statements of the two groups and to align their financial statements with the provisional presentation chosen by the consolidated group.

An analysis has also been completed in order to identify any pro-forma adjustments to be recognized, in order to harmonize the accounting principles applied to similar transactions. No significant difference was identified in this analysis.

Underlying assumptions

The Pro-Forma Financial Information was prepared on the basis of:

- Unaudited interim consolidated IFRS financial statements for the Valneva SE, for the nine months ended September 30, 2013;
- Unaudited interim consolidated IFRS financial statements for the Intercell AG for the first five months of 2013.

The pro-forma adjustments to the pro-forma consolidated income statements for the nine months ended September 30, 2013 were calculated on the assumption that the merger had been completed on January 1, 2013.

The Pro-Forma Financial Information is presented exclusively for illustrative purposes and does not provide an indication of the results of operating activities or the financial position of Valneva SE that would have been obtained for the periods ending September 30, 2013 if the Merger had been completed at the dates considered. Similarly, it does not provide an indication of the future results of operating activities or financial position of Valneva SE.

All pro-forma adjustments related directly to the merger.

Only those adjustments that can be documented and for which reliable estimates can be made are taken into account.
For example, the pro-forma consolidated financial information does not reflect:

- cost savings, other synergies and value creation that may result from the merger;
- specific factors that could result from clauses in the merger agreement, or from restructuring or consolidation costs that may be incurred because of the merger;
- potential impact of the asset-disposal program planned for after the merger;
- any tax expense or tax income potentially resulting from the new group structure;
- the potential impact resulting from changes in the financial structure of Valneva SE.

Intragroup transactions

To the best of the two companies' knowledge, there were no intragroup transactions among companies in the consolidated Group that might have had a significant impact on the income statements of the merged group at September 30, 2013.

c) Reconciliation to the Company's consolidated financial statements under IFRS

EUR in thousands **(unaudited)**	Nine months ended September, 2013 **Valneva reported income statement (IFRS)**	**Intercell income for the period**	**Pro-forma adjustments - exclusion of merger related costs**	**Adjusted pro-forma income statement**
Product sales	16,697	3,973		20,670
Revenues from collaborations, licensing and services	4,870	3,608		8,479
Revenues	**21,567**	**7,582**		**29,148**
Grant income	2,784	112		2,896
Revenues and Grants	**24,351**	**7,694**		**32,045**
Cost of goods and services	(10,181)	(3,494)		(13,676)
Research and development expenses	(14,841)	(9,719)	*356*[1]	(24,204)
General, selling and administrative expenses	(12,123)	(11,397)	*6,258*[1,2]	(17,262)
Other income and expenses, net.	(133)	663		530
Amortization and impairment	(3,340)	(1,117)		(4,457)
OPERATING PROFIT/(LOSS)	**(16,268)**	**(17,370)**		**(27,024)**
Finance income	240	89		329
Finance expenses	(2,024)	(12,128)	*8,937*[3]	(5,215)
PROFIT/(LOSS) BEFORE INCOME TAX	**(18,052)**	**(29,409)**		**(31,910)**
Income tax	(29)	(3)		(32)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(18,082)**	**(29,412)**		**(31,942)**
Loss from assets held for sale or discontinued operations	-	-		-
PROFIT/(LOSS) FOR THE PERIOD	**(18,082)**	**(29,412)**		**(31,942)**

Pro-forma adjustments in the nine months ended September 30, 2013 are the following:

1. Cancellation of the impact of the Intercell AG stock option plans provided for a change of control provision. Pursuant to this provision, all existing options become exercisable when more than 50 percent of Intercell AG voting rights are transferred. Assuming the change in control date on Jan 1, 2013, no expense would have been recognized. The expense of the vesting period of the stock options of EUR 0.9 million was cancelled.
2. Cancellation of the impact of merger costs of EUR 5.7 million incurred in order to perform the merger. These items represent significant charges that impact current results but have been considered unrelated to the Company's ongoing operations and performance.
3. Cancellation of the finance expense of EUR 8.9 million recognized in the consolidated income statement at September 30, 2013, for re-measurement of borrowings (due to the merger a change in control premium was paid to the lender in regard to borrowings).

11. EVENTS AFTER THE REPORTING PERIOD

No events that are expected to have a material effect on the financial statements occurred after the reporting period until November 5, 2014.

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