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Valneva Reports Significantly Improved Preliminary Full Year 2014 Results

The Company today announced preliminary (unaudited) Q4 2014 and FY 2014 Financial Results:

- *Total FY 2014 revenues and grants amounted to EUR 42.4 million, within the company's guidance of between EUR 40 to 45 million.*
- *Strong Q4 IXIARO®/JESPECT® product sales of EUR 8.8 million resulted in FY 2014 net sales revenues of EUR 28.1 million, a 14.0% year-on-year growth after adjusting for the change in revenue recognition resulting from the transition of the U.S. military sales responsibility to Novartis*
- *Cash position at the end of 2014 stood at EUR 29.5 million*
- *Significant 2014 EBITDA improvement to EUR -7.4 million compared to EUR -20.4 million EBITDA on a pro forma basis in 2013*
- *2015 revenues expected to be boosted by the recently completed acquisition of the Dukoral® vaccine and a Nordic vaccine sales infrastructure*
- *Audited 2014 results and full 2015 business outlook to be released on March 20, 2015*

Key Financial Information

(unaudited, preliminary numbers)

EUR in thousands	3 months ended Dec 31,		12 months ended Dec. 31,		
	2014	2013	2014	2013	2013 pro forma
Product sales	8,842	6,543	28,124	23,239	27,212
Revenues from collaborations and licensing	2,653	2,335	8,799	7,206	10,814
Grant income	1,618	2,762	5,506	5,546	5,658
Total revenues & grants	**13,113**	**11,640**	**42,429**	**35,991**	**43,684**
EBITDA	**(3,754)**	**(1,273)**	**(7,364)**	**(11,709)**	**(20,402)**
Cash, short-term deposits and marketable securities, end of period	**29,468**	**40,167**	**29,468**	**40,167**	**40,167**

Lyon (France), February 26, 2015 – European biotechnology company Valneva SE ("Valneva" or "the Company") today published its preliminary financial results for the fourth quarter and the full year ended December 31, 2014 and provided an operational business update. Audited full year financial results are scheduled to be released on March 20, 2015.

BUSINESS HIGHLIGHTS

Valneva becomes a pure-play vaccine company

+ **Acquisition of Dukoral® Vaccine**

On February 10, 2015, the Company completed the acquisition of Crucell Sweden AB, including the Nordics vaccine distribution business and all assets, licenses and privileges related to Dukoral®, a vaccine against cholera and traveler's diarrhea caused by ETEC. The acquisition included the purchase of a manufacturing site in Solna (Sweden).

The acquired business generated revenues of EUR 37.9 million in 2013 and EUR 36.4 million in 2014 from the sales of the Dukoral® vaccine and the distribution of several other vaccines for third parties.

Valneva financed the acquisition with a combination of debt and equity. The latter was raised through a public rights issue with shareholders preferential subscription rights, which was launched on January 12, 2015 and successfully closed on February 4, 2015. The final gross proceeds of the rights issue amounted to EUR 45.0 million, corresponding to the issuance of 18,231,466 new ordinary shares, at a subscription price of EUR 2.47 per new ordinary share. The debt part of the acquisition financing was raised through a loan facility put in place with Athyrium in an amount of EUR 15 million.

+ **Creation of BliNK Biomedical - Valneva to concentrate on vaccines research, development and commercialization**

On December 11, 2014, Valneva and the UK company BliNK Therapeutics Ltd announced the creation of a private company specialized in the discovery of innovative monoclonal antibodies and to be named BliNK Biomedical SAS. The transaction closed on January 20, 2015.

Valneva contributed its VIVA|Screen® antibody technology to the new business in exchange for ordinary shares representing an equity stake of approximately 48.2% in the new company. BliNK Biomedical SAS will be run as an independent business by its own management team. This step will allow Valneva to concentrate on vaccines research, development and commercialization, while continuing to benefit from its VIVA|Screen® antibody technology through financial participation in the new company.

MARKETED PRODUCT

+ **IXIARO®/JESPECT®: Strong fourth quarter sales**

In 2014, IXIARO®/JESPECT® product sales were EUR 28.1 million compared to EUR 27.2 million pro-forma product sales in 2013, representing a 3.4% year-on-year growth. After adjusting for the change in revenue recognition resulting from the transition of the U.S. military sales responsibility to Novartis, 2014 product sales represented a 14.0% year-on-year growth compared to 2013 pro-forma product sales. The transition of the U.S. military sales responsibility to Novartis resulted in Valneva now recognizing only two thirds of the total sales revenue to the U.S. military instead of 100% previously.

Total IXIARO®/JESPECT® product sales revenues increased to EUR 8.8 million in the fourth quarter 2014 compared to EUR 6.5 million in the fourth quarter 2013, mainly driven by growth in the travel markets and supplies to the U.S. military and also benefited from recent fluctuations in currency exchange rates.

R&D PROGRAMS

+ **Pseudomonas aeruginosa: recruitment of patients for phase II/III continuation progressing according to plan**

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. Valneva is also considering the option to extend the study further. Preliminary decisions / results are expected at the end of 2015 / early 2016.

+ **Clostridium difficile Vaccine Candidate: phase II initiated**

In December 2014, Valneva announced the initiation of the Phase II clinical trial of its VLA84 prophylactic vaccine candidate against Clostridium difficile (C. difficile). Data from the Phase I study in healthy elderly and adults showed good safety and immunogenicity of the vaccine candidate, and indicated functionality of induced antibodies, supporting the Company's decision to progress the vaccine candidate into Phase II.

The Phase II study will be conducted in Germany as well as in the United States under an Investigational New Drug application (IND) and data are expected to be reported at the end of 2015.

+ **Borrelia (lyme disease): Pre-clinical development completed, decision on next development steps in 2015**

Valneva has developed a multivalent, protein subunit based vaccine candidate. This candidate has completed pre-clinical development and has entered the pre-IND process including regulatory advice and consultation processes.

In November 2014, the preclinical data of Valneva's novel vaccine candidate for prevention of Lyme borreliosis was published in PLOS ONE, the largest scientific

journal in the world by volume, revealing that vaccine candidate can provide protection against the majority of Borrelia species pathogenic for humans.
Valneva expects to announce a decision on timing for clinical development entry in 2015.

TECHNOLOGIES & SERVICES

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

In November 2014, Valneva announced that it has signed two new research agreements in Japan to develop human and veterinary vaccines in Valneva's EB66® cell line. Details of the agreements were not disclosed but do include annual fees and pre-agreed financial terms for future product commercialization.

+ **IC31® adjuvant / IC31® Tuberculosis Vaccine: phase II results showed good safety and immunogenicity**

Valneva has granted multiple licenses (to Novartis and Statens Serum Institut – SSI, among others) to evaluate IC31® in new vaccine formulations in infectious disease.
In December 2014, Valneva announced that the Statens Serum Institut's novel Tuberculosis vaccine candidate H1/IC31® formulated with Valneva's proprietary adjuvant IC31® showed good safety and immunogenicity in Phase II clinical trial in HIV-infected adults.

FINANCIAL REVIEW

(unaudited preliminary numbers)

(Note: As a result of the merger between Vivalis SA and Intercell AG, Intercell's business has been included in the Group's consolidated financial statements from the merger closing date May 28, 2013. Therefore, 2013 and 2014 results are not fully comparable. While the results of Vivalis SA (now Valneva SE) were fully included in the income statement of 2014 and of 2013, the results from the ex-Intercell operations were only included for the seven month period starting in June 2013 and are not part of the results for the comparator period of the previous year. Pro-forma comparator figures including the Intercell business for the full year 2013 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 32 of Valneva's consolidated financial statements for the year 2013.)

+ **Preliminary fourth quarter revenues and grants**

Valneva's revenues and grants increased from EUR 11.6 million in the fourth quarter 2013 to EUR 13.1 million in the fourth quarter 2014. IXIARO® product sales contributed EUR 8.8 million to these results, compared to fourth quarter 2013

product sales of EUR 6.5 million. Revenues from collaborations and licensing increased from EUR 2.3 million in the fourth quarter 2013 to EUR 2.7 million in the fourth quarter 2014. Grant income decreased from EUR 2.8 million in the fourth quarter 2013 to EUR 1.6 million in the fourth quarter 2014 due to a timing effect in the recognition of R&D tax credits in the previous year.

+ **Preliminary full year 2014 revenues and grants**

Valneva's aggregate full year 2014 revenues and grants increased from EUR 36.0 million in the year 2013 to EUR 42.4 million in the year 2014. This increase was mainly due to the contribution of ex-Intercell revenues to the business since June 2013 following the closing of the merger of Vivalis and Intercell to form Valneva. On a pro forma basis (combining Intercell's revenues and grants in the first five months of 2013 with Valneva's revenues and grants for the full year 2013), revenues and grants slightly decreased from EUR 43.7 million in 2013 to EUR 42.4 million in 2014. This decrease was mainly due to a decrease in revenues from collaborations and licensing.

Full year 2014 product sales of IXIARO®/JESPECT® were EUR 28.1 million representing an increase of 3.4% over 2013 sales on a pro forma basis despite the transition in the U.S. military sales responsibility to Novartis which resulted in Valneva now recognizing only two thirds of the total sales revenue to the U.S. military instead of 100% previously. After adjusting for the change in revenue recognition on U.S. military sales, 2014 product sales of IXIARO®/JESPECT® represented a 14.0% year-on-year growth compared to 2013 pro-forma product sales.

Revenues from collaborations and licensing increased from EUR 7.2 million in 2013 to EUR 8.8 million in 2014. On a pro forma basis revenues from collaborations and licensing decreased from EUR 10.8 million in 2013 to EUR 8.8 million in 2014 mainly due to a decrease in revenues from EB66® cell line technology from EUR 3.7 million in 2013 to EUR 2.3 million in 2014 and a decrease in revenues from VivaIScreen® antibody platform from EUR 2.9 million in 2013 to EUR 1.7 million in 2014.

Grant income amounted to EUR 5.5 million in 2014 and was flat compared to 2013. On a pro forma basis, grant income in 2013 was EUR 5.7 million.

+ **Cash position at year-end**

Liquid funds at December 31, 2014 stood at EUR 29.5 million compared to EUR 40.2 million at the end of December 2013 and consisted of EUR 28.9 million cash and EUR 0.6 million restricted cash.
Following the balance-sheet date, Valneva has further strengthened its cash position in February 2015 by completing a rights issue with gross proceeds of EUR 45.0 million and expected net proceeds of approximately EUR 42.0 million. Proceeds from the offering, together with the proceeds of a EUR 15.0 million loan

from Athyrium, have been dedicated to the funding of the acquisition of Crucell Sweden AB, the Dukoral® vaccine and the Nordics vaccine distribution business as well as resulting integration costs and working capital needs of the acquired business. The remaining part of the offering proceeds will be used to progress the development of Valneva's clinical stage vaccine products, and for general corporate purposes.

PREFERRED SHARES

Following the above-mentioned rights issue, and in accordance with the applicable statutory provisions and Valneva's articles of incorporation (the "Articles"), the Conversion Ratio for preferred shares has been adjusted. The Adjusted Conversion Ratio is 0.5246 ordinary shares to 1 preferred share. Conversion will be subject to the terms set forth in the Articles and will only be possible if and when the Condition set forth in the Articles has been met. The Condition notably includes the issuance of a marketing authorization for Valneva's Pseudomonas vaccine in the United States of America or Europe.

FINANCIAL CALENDAR 2015*

FY Results 2014	March 20, 2015
Q1 Results 2015	May 12, 2015
Annual General Meeting	June 25, 2015
Ex-Dividend Day**	July 6, 2015
Dividend Payment Day**	July 8, 2015
Half-Year Results 2015	August 31, 2015
Q3 Results 2015	November 10, 2015

*This financial calendar is for indicative purposes only and the Group could change its publication dates should it deem it necessary.
** The ex-dividend date and the dividend payment date are only given to comply with the requirements of the Austrian financial market authority and do not guarantee that the company will pay a dividend.

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About Valneva SE

Formed in 2013 through the merger of Intercell AG and Vivalis SA, Valneva is a biotechnology company developing, manufacturing and commercializing innovative vaccines with a vision to protect people from infectious diseases. The Company seeks financial returns through focused R&D investments in promising product candidates and growing financial contributions from commercial products, striving towards financial self-sustainability.

Valneva´s portfolio includes two commercial vaccines for travelers: one for the prevention of Japanese encephalitis (IXIARO®) and the second (Dukoral®) indicated for the prevention of and protection against traveler's diarrhea caused by ETEC (Enterotoxigenic Escherichia coli) and/or Cholera. The Company has proprietary vaccines in development including candidates against Pseudomonas aeruginosa, Clostridium difficile and Lyme Borreliosis. A variety of partnerships with leading pharmaceutical companies complement the Company's value proposition and include vaccines being developed using Valneva´s innovative and validated technology platforms (EB66® vaccine production cell line, IC31® adjuvant).

Valneva is headquartered in Lyon, France, listed on Euronext-Paris and the Vienna stock exchange and operates out of France, Austria, Scotland and Sweden with approximately 400 employees. More information is available at 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 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 in this press release will in fact be realized. Valneva is providing the information in these materials as of the date of this press release, and disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.