Q1 2015

QUARTERLY REPORT VALNEVA SE

May 12, 2015

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valneva

VALNEVA REPORTS STRONG Q1 2015 FINANCIAL RESULTS AND PROVIDES OPERATIONAL UPDATE

- Total Revenues and Grants of EUR 19.5 million in Q1 2015 compared to EUR 7.1 million in Q1 2014
- Revenue growth mainly driven by IXIARO®'s strong Q1 sales (EUR 9.7 million) and product sales from the newly acquired DUKORAL® and Nordics vaccine distribution business (EUR 5.4 million)
- Resulting EBITDA improvement of 7.0% and net loss improvement of 29.4% compared to Q1 2014
- Integration of acquired DUKORAL® and Nordics vaccine distribution business progressing well
- Valneva´s clinical stage programs Pseudomonas (Ph II/III) and C. difficile (Ph II) proceeding according to plan: data and/or future development decisions expected by year end 2015 or early 2016
- Strong newsflow for Valneva's vaccine technologies EB66® and IC31® with the signing of new collaborations and agreements
- Valneva re-confirms its 2015 revenue expectation of approximately EUR 75 to 85 million, compared to EUR 42.4 million in 2014

MAY 12, 2015

Key Financial Information (unaudited)

EUR IN THOUSANDS	3 MONTHS ENDED MARCH 31,	
	2015	*2014*
Revenues & Grants	19,501	7,095
Net profit/(loss)	(5,019)	(7,112)
EBITDA	(3,063)	(3,293)
Net operating cash flow	(10,947)	(10,037)
Cash, short-term deposits and marketable securities, end of period	38,979	28,706

Lyon (France), May 12, 2015 – Valneva SE ("Valneva"), a leading pure-play vaccines biotech company, today reports its consolidated financial results for the first quarter ended March 31, 2015 and provides an operational update. This condensed consolidated interim financial report is available on the Company's website www.valneva.com. It includes the preliminary first-time consolidation of Crucell Sweden AB (now Valneva Sweden AB) and acquired assets related to DUKORAL® and the Nordics vaccine distribution business.

A webcast for financial analysts, fund managers, investors and journalists will be held today at 2:00 pm (CET). A replay will be available after the webcast on the Company's website.
Link: http://edge.media-server.com/m/p/cf54ip2w

Thomas Lingelbach, President and Chief Executive Officer and Franck Grimaud, President and Chief Business Officer of Valneva, commented, "We are pleased to present a quarter showing our operational business, including the integration of the newly acquired DUKORAL® and Nordics vaccine distribution business, performed to our expectations. We will remain focused on executing our strategy to build a leading, financially self-sustainable pure-play vaccine company balancing growth from commercial product contributions and investments in promising R&D vaccine programs."

Business Highlights

CORPORATE NEWS

+ *Integration of acquired vaccine DUKORAL® and Nordic vaccine distribution progressing well*

In February 2015, Valneva 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 Travelers' Diarrhea caused by ETEC. 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.

The integration of the acquired company renamed Valneva Sweden AB, is progressing well. Valneva is already leading manufacturing, supply and sales activities while it continues to integrate transitional services, processes and systems from the seller. The Nordics vaccine distribution business is now operated by Valneva under the traditional brand "SBL Vaccines", and the Company is progressing initiatives to further grow this business segment.

+ *GSK becomes Valneva's key strategic partner in vaccines by completing its acquisition of Novartis' vaccine business*

On March 2, 2015 GlaxoSmithKline (GSK) and Novartis announced that their three-part transaction which includes the acquisition by GSK of Novartis' global vaccines business (excluding influenza vaccines) has been completed. The transaction also included Valneva's partnership with Novartis regarding the marketing & distribution agreement for IXIARO®, the R&D programs under the Strategic Alliance Agreement, including Valneva's late stage Pseudomonas aeruginosa and Clostridium difficile vaccine candidates, as well as Novartis' shareholding in Valneva (approximately 3 million ordinary shares and 2.7 million preferred shares).

GSK is already an important strategic partner for Valneva´s EB66® cell line technology and the Company has entered into a detailed dialogue with GSK regarding the various aspects of its new strategic relationships.

COMMERCIALIZED VACCINES

+ *IXIARO®/JESPECT®*

› Highest first quarter product sales since launch

IXIARO®/JESPECT® product sales were EUR 9.7 million in the first quarter of 2015 compared to EUR 3.8 million product sales in the first quarter of 2014, positively impacted by the timing of deliveries to Valneva's marketing & distribution partners and favorable foreign exchange effects, but also showing continued growth of product sales in the market. The Company re-confirms 2015 guidance for IXIARO®/JESPECT® revenues of approximately EUR 30 million. Market growth should continue to be driven through promotional efforts

including further collaboration with the U.S. Military in order to support enhanced vaccination recommendations and policies for their staff at risk of exposure.

In April 2015, Valneva received a positive recommendation from CHMP for the European approval of an alternative, rapid IXIARO® vaccination schedule for adults. This accelerated alternative vaccination schedule will allow adult travelers (18-65 years) to receive full immunization within one week compared to almost four weeks under the conventional vaccination schedule (second dose 28 days after first dose). According to a recent study, only about 50% of travelers categorized as having higher JE risk have presented to travel clinics more than 28 days before departure, the time required to complete the conventional schedule[1]. Valneva therefore expects a positive sales impact from the accelerated schedule in Europe.

1 Deshpande et al., Use of Japanese Encephalitis Vaccine in US Travel Medicine Practices in Global TravEpiNet. AmJTropMedHyg 2014

In April 2014, Valneva granted vaccine manufacturer Adimmune Corporation rights to register and commercialize its JE vaccine under a local trade name in Taiwan. Under the terms of the agreement, Valneva will supply intermediate-stage bulk product while Adimmune will be responsible for final release and commercialization of the product. An application for licensure of final product was submitted to TFDA (Taiwan Food and Drug Administration) in June 2014. Under this collaboration and assuming respective tenders, Valneva may expect first revenues from supplies as early as H2/ 2016.

Valneva is also expecting further revenues from royalties on Biological E.'s sales of its Japanese encephalitis vaccine 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.

+ *DUKORAL®*

Valneva's recently acquired a second commercialized vaccine indicated for active immunization against Cholera and, in some countries, prevention of Travelers' Diarrhea caused by ETEC (Enterotoxigenic Escherichia coli).

First quarter product sales included EUR 4.5 million sales of DUKORAL® in the period from February 10, 2015 (acquisition completion date) through to quarter end.

DUKORAL® sales during the full first calendar quarter (including sales by the seller until acquisition closing) were EUR approximately EUR 9.8 million.

Through the acquisition, Valneva gained an experienced marketing and sales team in the Nordics and is currently complementing this team by building its own sales and marketing force in key markets like Canada with the objective to directly control DUKORAL®´s commercialization.

DUKORAL® is used to protect against Cholera - a very serious disease caused by Vibrio Cholerae (V. cholerae) caught from contaminated food or water causing severe diarrhea. In some regions, i.e. Canada and Switzerland, Dukoral® is indicated for the prevention of and protection against Travelers' Diarrhea caused by ETEC (Enterotoxigenic Escherichia coli) and/or Cholera. DUKORAL® is used in adults, adolescents and children from two years of age who will be visiting high-risk areas. The vaccine contains four different inactivated strains (types) of the bacterium V. cholerae serotype O1 and part of a toxin from one of these strains as active substances.

+ *Nordic sales of third party products*

The acquired Nordics vaccine distribution business generated revenues of EUR 0.9 million from the sale of third party vaccines including Vivotif®, Rabipur®, Encepur® and Menveo® from the acquisition date to the end of the first quarter of 2015.

The Nordics vaccine distribution business is now operated by Valneva under the traditional brand of "SBL Vaccines", and the Company has commenced initiatives to further leverage and grow this business segment based on its long-standing heritage in vaccines.

R&D PROGRAMS

+ *Pseudomonas aeruginosa: Recruitment of patients in current phase II/III progressing according to plan. Results / development decisions expected at the end of 2015 or early 2016*

The enrolment of patients in the second part of the current phase II/III pivotal efficacy trial post interim analysis is progressing according to plan. To date more than 700 ventilated intensive care patients (of 800 planned) have been enrolled in the trial. As previously announced the company and its development partner GSK are also considering extending the number of patients in this trial. New data are expected at the end of 2015/ early 2016.

Valneva estimates that 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 this vaccine candidate. According to Valneva's assumptions, the total market potential may be as significant as USD 1 billion annually.

+ *Clostridium difficile vaccine candidate: phase II enrolment completed, data expected in Q4 2015*

Valneva's second most advanced prophylactic vaccine candidate against Clostridium difficile (C. difficile) is currently being investigated in a phase II clinical trial.

The enrolment for this randomized, placebo-controlled, observer-blinded phase II study in 500 healthy patients 50 and older has recently been completed. This age group represents the overall target population for a prophylactic C. difficile vaccine as the risk of contracting the infection-associated disease increases with age. The current trial is being conducted in Germany and the United States under an Investigational New Drug application (IND) and aims to confirm the optimal dose and formulation of the vaccine in two different age groups (first group: 50 to 64 years and second group: 65+) to enable advancing the program into phase III. Data are expected in Q4 2015.

Valneva's C. difficile vaccine is part of the Strategic Alliance Agreement (SAA) signed between Valneva Austria GmbH and Novartis in 2007, and recently transitioned to GSK. Following completion of phase II clinical development and if GSK opts-in, Valneva will have the right, at its option, to either co-develop and profit-share with GSK or receive milestone payments for the remaining development period along with sales-based royalties[2].

2 Intercell press release, July 2, 2007, "Intercell and Novartis form world-leading strategic partnership to drive vaccines innovation". http://www.valneva.com/?page=4&Y=2007

Currently, no vaccine targeting healthcare-associated diarrhea is approved. Trends indicate that community-acquired C. difficile infection is an increasing threat for elderly, in addition to those with elective hospital admissions and long-term care facility residence.

C. difficile is the leading cause of healthcare-associated diarrhea in Europe, and the most common pathogen of acute healthcare associated infections in the U.S.[3] [4], In the U.S. alone, there were approximately 29,000 deaths within 30 days after diagnosis with C. difficile in 2011[5] . Antibiotic treatments have significant limitations and incidence is steadily increasing, resulting in a significant economic burden due to, amongst other aspects, prolonged hospitalization[6].

According to Valneva's assumptions, the total market potential for prophylactic C. difficile vaccines may significantly exceed USD 1 billion annually.

3 Clostridium difficile infection in Europe. A CDI Europe Report
4 Magill S, Edwards J R, Bamberg W et al. Multistate Point-Prevalence Survey of Health Care–Associated Infections. New England Journal of Medicine 2014;370:1198-208;

5 Lessa et al, Burden of Clostridium difficile Infection in the United States. N Engl J Med 2015;372:825-34.
6 Dubberke ER, Clinical Infectious Diseases 55, no. suppl 2 (2012): S88-S92;

+ *Borrelia (lyme disease): pre-clinical development completed, clinical entry planned for 2016*

Valneva has developed a multivalent, protein subunit based vaccine candidate. This candidate has completed pre-clinical development and is currently in the pre-IND-process including regulatory advice and consultation processes (both of which have been completed). Valneva expects to initiate a phase I clinical study in 2016.

+ *Other pre-clinical activities*

Valneva is conducting pre-clinical vaccine research for new vaccine candidates. Lead projects are focused in the area of travel vaccines but also include other vaccine indications in areas of high, unmet medical need.

TECHNOLOGIES & SERVICES

+ *EB66® cell line*

During the first quarter 2015, Valneva's cell line technology business showed good momentum with four additional license agreements on EB66®. The quarter was marked by the execution of an exclusive license agreement with Jianshun Biosciences Ltd to commercialize the EB66® cell line for the manufacturing of human and veterinary vaccines in the People's Republic of China. The growth of China's vaccine market represents a major business opportunity for Valneva. As part of the agreement, Valneva is entitled to receive an upfront payment of EUR 2.5 million (expected to be recognized as revenue in the second quarter 2015) and is entitled to further annual license fees and royalties.

The EB66® technology is increasingly seen as an alternative to the use of chicken eggs for large

scale manufacturing of human and veterinary vaccines and two additional European laboratories have entered into partnership with Valneva during the first quarter to develop and commercialize veterinary vaccines based on the EB66® cell line.

Valneva's historical partner Merial has also renewed its commitment to the EB66® technology by signing a new research license agreement for the development of new veterinary vaccines.

Valneva is confident that it will meet its target of seven to eight new license agreements on the EB66® cell line in 2015. In March, within the framework of the GSK Vaccines and Kaketsuken collaboration, a mock-up human Influenza Vaccine (or Prototype Vaccine) was approved in Japan, paving the way for the production of ad hoc pandemic Influenza vaccines. To date, three veterinary and two human vaccines produced on Valneva's EB66® technology have received marketing approval.

+ *IC31® adjuvant*

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 the field of Tuberculosis (TB), 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 were published in December 2014 showing that SSI's novel TB vaccine candidate H1/IC31® formulated with Valneva's proprietary adjuvant IC31® demonstrated good safety and immunogenicity in a phase II clinical trial in HIV-infected adults.

In January, Valneva announced the signing of an exclusive worldwide commercial license agreement with Immune Targeting Systems (ITS) Ltd. The agreement grants ITS the rights to research, develop and commercialize Hepatitis B vaccine candidates in combination with Valneva's IC31® adjuvant.

OTHER NEWS

Valneva was chosen to receive the Tech 40 label, which recognizes innovative listed European small and medium enterprises launched by EnterNext. EnterNext is a subsidiary of Euronext dedicated to promoting and growing the market for small and medium enterprises. Although the 40 companies are not expected to vary significantly from year to year, Tech 40 will allow each year 40 top-performing European companies to benefit from premium services. It is one of a series of measures adopted by EnterNext since 2014 to boost the visibility of tech companies on financial markets and provide them with special assistance.

FINANCIAL REVIEW (unaudited)

Note: As a result of the acquisition of Crucell Sweden AB and all assets, licenses and privileges related to DUKORAL® as well as a vaccine distribution business in the Nordics, the acquired business has been included in the Group's consolidated financial statements from the acquisition closing date February 9, 2015. Therefore, first quarter 2015 and first quarter 2014 IFRS results are not fully comparable because the ex-Crucell operations are not part of the results for the comparator period of 2014. In the initial accounting for the acquisition, the net purchase consideration and the fair values assigned to the identifiable acquired assets and liabilities were determined on a provisional basis. Adjustments to those provisional values as a result of completing the initial accounting are possible and may lead to subsequent adjustments of the first quarter 2015 results. Such adjustments may be recognized within twelve months of the acquisition date.

REVENUES AND GRANTS

Valneva's aggregate first quarter 2015 revenues and grants increased by EUR 12.4 million to EUR 19.5 million compared to EUR 7.1 million in the same period of the previous year.

Product sales amounted to EUR 15.1 million in the first quarter 2015 compared to EUR 3.8 million in the first quarter 2014. This increase was mainly due to a significant increase of IXIARO® product sales by EUR 5.9 million and a EUR 5.4 million contribution from the newly acquired DUKORAL® and Nordics vaccine distribution business, not included in the first quarter 2014 revenues.

IXIARO® product sales contributed EUR 9.7 million to Valneva's first quarter 2015 revenues, DUKORAL® product sales accounted for EUR 4.5 million and the Nordics trade business contributed EUR 0.9 million in the period from Feb 10, 2015 to March 31, 2015.

Revenues from collaborations, licensing and services amounted to EUR 3.5 million in the first quarter 2015 and EUR 2.5 million in the first quarter 2014. This increase was mainly due to revenues from services generated by the acquired business, which contributed EUR 0.9 million in the period starting Feb 10, 2015.

Grant income increased slightly and amounted to EUR 0.9 million in the first quarter 2015 and to EUR 0.8 million in the comparable period of 2014.

OPERATING RESULT AND EBITDA

ost of goods and services sold in the first quarter 2015 amounted to EUR 14.3 million of which EUR 6.7 million related to sales of IXIARO® (yielding a product gross margin of 31.2%) and EUR 6.8 million related to the acquired business. The gross margin for the acquired business was negatively impacted, and will continue to be so in the coming quarters, due to the fact that sales where mainly generated from acquired product inventory valued at fair market value as opposed to its lower historical manufacturing cost.

Research and development expenses in the first quarter 2015 reached EUR 5.5 million compared to EUR 5.8 million in the first quarter 2014. The decrease reflected the spin-off of the antibody business in January 2015. Selling, general and administrative expenses amounted to EUR 4.0 million in the

first quarter 2015, compared to EUR 3.2 million in the first quarter 2014. The increase was due to EUR 0.2 million of acquisition costs and an additional EUR 1.3 million of SG&A expenses contributed by the acquired business since acquisition closing. The main part of these additional expenses consisted of selling expenses resulting from the acquired vaccines sales infrastructure in the Nordic countries.

Non-cash amortization expenses for intangible assets decreased to EUR 1.8 million in the first quarter 2015 from EUR 2.2 million in the first quarter 2014.

Valneva's operating loss decreased by EUR 0.5 million to EUR 6.0 million in the first quarter 2015 compared to EUR 6.4 million in the first quarter 2014.

Valneva's EBITDA was minus EUR 3.1 million in the first quarter 2015 compared to minus EUR 3.3 million in the first quarter 2014. The acquired business contributed EBITDA of minus EUR 1.3 million.

Valneva breaks its reported income down into the three business segments "Products", "Technologies and Services" and "Product R&D". The Products segment includes marketed vaccines, currently IXIARO®/JESPECT®, DUKORAL® and third party products. Without taking into account the non-cash amortization charges on intangible assets, the Products segment showed an operating profit of EUR 0.2 million in the first quarter 2015 and of EUR 1.1 million in the first quarter 2014. The Technologies and Services segment includes EB66®, VivaIScreen® (for 2014 until the spin-off in early 2015), IC31® and other revenue-generating service and licensing activities. In the first quarter 2015, this segment showed a profit of EUR 0.8 million compared to a net loss of EUR 0.8 million in the comparable period of the previous year without taking into account non-cash amortization charges on intangible assets. The Product R&D segment 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. This segment, which is currently the company's main area of investment, had an operating loss of minus EUR 2.4 million in the first quarter 2015 and minus EUR 1.9 million in the first quarter 2014.

NET RESULT

Valneva's net loss in the first quarter 2015 was minus EUR 5.0 million compared to minus EUR 7.1 million in the same period of the previous year.

Financial income, net of expenses in the first quarter 2015 amounted to EUR 0.7 million, whereas financial expense, net of income amounted to EUR 0.7 million in the comparable period of the previous year. In the first quarter financial income included a gain from exchange rate fluctuations of EUR 2.1 million.

Result from investment of affiliates amounted to a loss of minus EUR 0.1 million for the first quarter 2015, which represented Valneva's portion of the net loss reported by BLiNK Biomedical SAS. Valneva's investment in BLiNK Biomedical SAS is consolidated at equity.

CASH FLOW AND LIQUIDITY

Net cash used in operating activities in the first quarter 2015 amounted to EUR 10.9 million and resulted primarily from the operating loss in connection with the Group's R&D activities and from an increase in working capital due to a significant reduction of trade payables.

Cash outflows from investing activities of EUR 34.9 million in the first quarter 2015 resulted mainly from the acquisition of the Crucell Sweden AB and all assets, licenses and privileges related to DUKORAL® as well as a vaccine distribution business in the Nordics.

Cash inflows from financing activities amounted to EUR 55.8 million and resulted primarily from EUR 41.8 million net proceeds from a capital increase and EUR 14.7 million net inflows from new borrowings in connection with the financing of the above mentioned acquisition.

Liquid funds at March 31, 2015, stood at EUR 39.0 million compared to EUR 28.7 million at March 31, 2014. Liquid funds at March 31, 2015 consisted of EUR 38.3 million cash, and EUR 0.7 million restricted cash.

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+ *About Valneva SE*

Formed in 2013 through the merger of Intercell AG and Vivalis SA, Valneva is a biotechnology company specialized in the development, manufacture and commercialization of innovative vaccines with a mission 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 active immunization against Cholera and, in some countries, prevention of Travelers' Diarrhea caused by ETEC (Enterotoxigenic Escherichia coli). 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 has its registered seat in Lyon, France, is 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.

Condensed Consolidated Interim Financial Report as of March 31, 2015

TABLE OF CONTENTS

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

EUR IN THOUSANDS (EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED MARCH 31	
	2015	*2014*
Product sales	15,137	3,822
Revenues from collaboration, licensing and services	3,476	2,458
Revenues	**18,613**	**6,280**
Grant income	888	815
Revenues and Grants	**19,501**	**7,095**
Cost of goods and services	(14,258)	(2,358)
Research and development expenses	(5,504)	(5,776)
General, selling and administrative expenses	(4,028)	(3,179)
Other income and expenses, net	152	(74)
Amortization and impairment	(1,824)	(2,156)
OPERATING LOSS	**(5,962)**	**(6,449)**
Finance income	2,103	290
Finance expenses	(1,370)	(953)
Result from investments in affiliates	(97)	-
LOSS BEFORE INCOME TAX	**(5,325)**	**(7,112)**
Income tax	307	-
LOSS FROM CONTINUING OPERATIONS	**(5,019)**	**(7,112)**
Loss from discontinued operations	-	-
LOSS FOR THE PERIOD	**(5,019)**	**(7,112)**
Losses per share *for loss from continuing operations attributable to the equity holders of the Company, expressed in EUR per share (basic and diluted)*	(0.07)	(0.13)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

EUR IN THOUSANDS	THREE MONTHS ENDED MARCH 31	
	2015	*2014*
Loss for the period	**(5,019)**	**(7,112)**
Other comprehensive income/(loss)		
Items that are or may be reclassified subsequently to profit or loss		
Currency translation differences	(2,833)	64
Total items that are or may be re-classified subsequently to profit or loss	**(2,833)**	**64**
Other comprehensive income/(loss) for the period, net of tax	**(2,833)**	**64**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY	**(7,851)**	**(7,048)**

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

EUR IN THOUSANDS	MARCH 31, 2015	DECEMBER 31, 2014
ASSETS		
Non-current assets	**187,449**	**166,567**
Intangible assets and goodwill	105,986	105,204
Property, plant and equipment	52,266	41,611
Other non-current assets	29,197	19,753
Current assets	**103,184**	**52,967**
Inventories	30,314	7,282
Trade receivables	20,384	6,850
Other current assets	13,507	9,366
Current financial assets	-	19
Cash and cash equivalents and short-term deposits	38,979	29,449
Assets held for sale	**-**	**7,982**
TOTAL ASSETS	**290,633**	**227,517**
EQUITY		
Capital and reserves attributable to the Company's equity holders	**158,440**	**124,444**
Share capital	11,199	8,453
Share premium and other regulated reserves	245,798	206,707
Retained earnings and other reserves	(93,539)	(64,444)
Net result for the period	(5,019)	(26,272)
LIABILITIES		
Non-current liabilities	**97,080**	**75,704**
Borrowings	86,051	66,036
Other non-current liabilities and provisions	11,029	9,668
Current liabilities	**35,113**	**26,387**
Borrowings	4,795	7,117
Trade payables and accruals	14,104	11,009
Tax and employee-related liabilities	6,313	5,398
Other current liabilities and provisions	9,901	2,862
Liabilities held for sale	**-**	**982**
TOTAL LIABILITIES	**132,193**	**103,073**
TOTAL EQUITY AND LIABILITIES	**290,633**	**227,517**

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

EUR IN THOUSANDS	THREE MONTHS ENDED MARCH 31,	
	2015	*2014*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(5,019)	(7,112)
Depreciation and amortization	2,908	3,156
Impairment	(9)	-
Share-based payments	130	122
Income tax	(298)	-
Other adjustments for reconciliation to cash used in operations	(148)	381
Changes in working capital	(7,787)	(6,389)
Cash used in operations	**(10,223)**	**(9,842)**
Interest paid	(724)	(195)
Income tax paid	(1)	-
Net cash used in operating activities	**(10,947)**	**(10,037)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of other businesses, net of acquired cash	(32,205)	-
Purchases of property, plant and equipment	(531)	(168)
Proceeds from sale of property, plant and equipment	80	12
Purchases of intangible assets	(264)	(1,059)
Purchases of financial assets	-	2,360
Proceeds from sale of financial assets	(1,999)	(2,399)
Interest received	39	351
Net cash generated from investing activities	**(34,880)**	**(903)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of costs of equity transactions	41,838	-
Disposal/(Purchase) of treasury shares	(121)	37
Proceeds from borrowings	14,719	(179)
Repayment of borrowings	(678)	(674)
Net cash generated from financing activities	**55,757**	**(815)**
Net change in cash and cash equivalents	**9,930**	**(11,756)**
Cash at beginning of the period	28,857	36,509
Exchange gains/(losses) on cash	(462)	28
Cash at end of the period	**38,326**	**24,782**
Cash, cash equivalents, short-term deposits and financial assets at end of the period	**38,979**	**28,706**

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, 2014	**8,206**	**198,322**	**(38,308)**	**(24,110)**	**144,111**
Total comprehensive loss	-	-	64	(7,112)	(7,048)
Income appropriation	-	-	(24,110)	24,110	-
Employee share option plan					
- value of employee services	-	-	122	-	122
- exercise of share options	6	(6)	-	-	-
Treasury shares	-	-	37	-	37
	6	(6)	(23,887)	16,998	(6,889)
Balance as of March 31, 2014	**8,212**	**198,317**	**(62,194)**	**(7,112)**	**137,222**

Balance as of January 1, 2015	**8,453**	**206,707**	**(64,444)**	**(26,272)**	**124,444**
Total comprehensive loss	-	-	(2,833)	(5,019)	(7,851)
Income appropriation	-	-	(26,272)	26,272	-
Employee share option plan					
- value of employee services	-	-	130	-	130
- exercise of share options	12	132	-	-	144
Treasury shares	-	-	(121)	-	(121)
Issuance of common stock, February 2015	2,735	42,297	-	-	45,032
Cost of equity transactions, net of tax	-	(3,338)	-	-	(3,338)
	2,747	39,091	(29,094)	21,253	33,996
Balance as of March 31, 2015	**11,199**	**245,798**	**(93,539)**	**(5,019)**	**158,440**

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" or "Company") for the first three months ended March 31, 2015 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, 2014 available in French and in English at the company's website: www.valneva.com.

In February 2015, the Company completed the acquisition of Crucell Sweden AB (was subsequently renamed to Valneva Sweden AB) and all assets, licenses and privileges related to Dukoral®, a vaccine against cholera and traveler's diarrhea caused by ETEC (including a manufacturing site in Solna, Sweden) as well as a vaccine distribution business in the Nordic countries.

In March 2015, the Company founded Valneva Canada Inc. for vaccine distribution in Canada.

The Group structure of consolidated operations at March 31, 2015 includes the following companies:

+ Valneva SE (formerly Vivalis SA)
+ Valneva Austria GmbH with its fully owned subsidiaries:
  - Elatos GmbH
  - Intercell USA Inc.
  - Valneva Scotland Ltd
+ Valneva Toyama Japan KK (formerly Vivalis Toyama Japan KK)
+ Valneva Canada Inc. (consolidated since inception in March 2015)
+ Vaccines Holdings Sweden AB with its fully owned subsidiary:
  - Valneva Sweden AB (formerly Crucell Sweden AB, consolidated since Feb 10, 2015

In January 2015 the Company co-founded BliNK Biomedical SAS together with UK Company BliNK Therapeutics Ltd. Valneva contributed assets and liabilities related to its VIVA|Screen® technology to the BliNK Biomedical SAS. Valneva holds a significant ownership interest in BliNK Biomedical SAS but does not have control rights over the company which is run as an independent business by its own management team. The investment is therefore consolidated at equity and Valneva's share in the result is shown in the income statement under a new line item "Result from investments in affiliates".

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. SEGMENT REPORTING

The segments consist of following:

+ "Products" (marketed vaccines, currently the Group's JEV vaccine IXIARO®/JESPECT®, DUKORAL®, a vaccine against cholera and traveler's diarrhea caused by ETEC and vaccines of third parties sold as part of the Company's vaccine distribution business in Nordic countries);

+ "Technologies and services" (services and inventions in commercialization stage, i.e. revenue-generating through collaboration, service and licensing agreements, including EB66® 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).

Income statement aggregates by segment for the three months ended March 31, 2015:

EUR IN THOUSANDS	PRODUCTS	TECHNOLOGIES AND SERVICES	PRODUCT R&D	CORPORATE OVERHEAD	TOTAL
Revenues and grants	15,331	2,525	1,645	-	**19,501**
Cost of goods and services	(13,480)	(778)	-	-	**(14,258)**
Research and development expenses	(645)	(721)	(4,072)	(65)	**(5,504)**
General, selling and administrative expenses	(1,027)	(188)	-	(2,813)	**(4,028)**
Other income and expenses, net	-	-	-	152	**152**
Amortization and impairment	(1,701)	(132)	-	9	**(1,824)**
Operating loss	**(1,522)**	**706**	**(2,428)**	**(2,718)**	**(5,962)**
Finance income/loss and income tax	-	-	-	943	**943**
Loss from continuing operations	**(1,522)**	**706**	**(2,428)**	**(1,775)**	**(5,019)**

Income statement aggregates by segment for the three months ended March 31, 2014:

EUR IN THOUSANDS	PRODUCTS	TECHNOLOGIES AND SERVICES	PRODUCT R&D	CORPORATE OVERHEAD	TOTAL
Revenues and grants	3,822	1,275	1,998	-	**7,095**
Cost of goods and services	(1,786)	(572)	-	-	**(2,358)**
Research and development expenses	(626)	(1,215)	(3,936)	-	**(5,776)**
General, selling and administrative expenses	(305)	(264)	-	(2,610)	**(3,179)**
Other income and expenses, net	-	-	-	(74)	**(74)**
Amortization and impairment	(1,613)	(543)	-	-	**(2,156)**
Operating loss	**(508)**	**(1,319)**	**(1,938)**	**(2,684)**	**(6,449)**
Finance income/loss and income tax	-	-	-	(664)	**(664)**
Loss from continuing operations	**(508)**	**(1,319)**	**(1,938)**	**(3,348)**	**(7,112)**

4. 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 March 31, 2015.

5. CASH, CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

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

EUR IN THOUSANDS	MARCH 31, 2015	DECEMBER 31, 2014
Cash at bank and in hand	29,979	28,165
Other short-term deposits	9,000	1,284
Cash, cash equivalents and short-term deposits	**38,979**	**29,449**

As of March 31, 2015, cash and cash equivalents include EUR 653 thousand (December 31, 2014: EUR 592 thousand) for which there are restrictions on remittances.

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

The acquisition of the Crucell Vaccine Assets (see note 7) was financed in part through a public rights issue with shareholders' preferential subscription rights, which was launched on January 12, 2015 and 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.

In addition, the Company issued 79,800 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 12 thousand.

7. BUSINESS COMBINATION

On February 9, 2015, the Company completed the acquisition of Crucell Sweden AB, which was subsequently renamed to Valneva Sweden AB, and all assets, licenses and privileges related to Dukoral®, a vaccine against cholera and traveler's diarrhea caused by ETEC (including a manufacturing site in Solna, Sweden) as well as a vaccine distribution business in the Nordic countries (together "Crucell Vaccine Assets").

The Company anticipates that the acquisition will (i) complement its Japanese encephalitis vaccine by creating critical mass in traveler's vaccines and adding commercial infrastructure, (ii) add cash generating assets with long-term upside potential, (iii) unlock synergies to further support Valneva´s development towards financial sustainability, and (iv) create a fully-integrated vaccines player with scarcity value in an attractive pharmaceutical segment.

The Acquisition is expected to add cash generating assets to the Company's business. The carve-out consolidated revenue generated by the acquired Crucell Vaccine Assets amounted to EUR 36.4 million in the year ended December 31, 2014.

The agreed aggregate acquisition price amounts to EUR 45 million (the "Acquisition Price") and is comprised of EUR 3 million of cash consideration paid on the signing date, EUR 32 million paid on the completion date of the transaction and EUR 10 million to be paid upon completion of the transfer, installation and qualification of certain assets related to a packaging line for the Dukoral® product. The Acquisition and the three components of the acquisition consideration are viewed as a single transaction.

The Sale and Purchase Agreement provides for a working capital adjustment mechanism to the acquisition price which is calculated as the difference between an agreed working capital level and the actual working capital as on the completion date. The resulting adjustment to the acquisition price will result in a payment to be either made or received by the Company depending on the shortfall or surplus, respectively, to the agreed working capital level. In addition the seller will pay for cash outflows from certain liabilities.

Purchase consideration
EUR in thousands

Cash consideration paid as of Feb 9, 2015	35,000
Expected milestone payment (packaging line transfer)	10,000
Total cash consideration	**45,000**
Less: expected working capital adjustment payment by the seller	-5,550
Less: other liabilities expected to be paid by the seller	-6,101
Total net purchase consideration	**33,349**
Fair value of net assets acquired	33,349
Goodwill	0

The acquisition was financed through a combination of debt and equity. The latter was raised through a public rights issue with final gross proceeds of EUR 45.0 million (see note 6). 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.

The cash consideration paid as of March 31, 2015, net of cash acquired through the acquisition, is as follows:
EUR in thousands

Cash consideration	35,000
Cash and cash equivalents in acquired business	2,795
Cash outflow through acquisition	32,205

The main acquired assets and liabilities remain located in Sweden. The acquired assets and liabilities have been included in the Company's assets and liabilities as of the acquisition closing date February 9, 2015 and were consolidated from this date onwards. From the acquisition closing date through March 31, 2015, the acquired business contributed revenue and grants of EUR 6,296 thousand and a net loss of EUR 1,343 thousand to the Group's consolidated income.

If the transaction had occurred on January 1, 2015, the Group's consolidated revenues and grants for the three months ended March 31, 2015 would have been EUR 24,401 thousand, and its net loss would have been EUR 4,240 thousand, of which EUR 231 thousand result from non-recurring acquisition costs.

The fair value of the assets and liabilities acquired through the business combination are as follows:

EUR IN THOUSANDS	FAIR VALUE	ACQUIREE'S CARRYING AMOUNT
Cash, cash equivalents and financial assets	2,795	2,795
Property, plant and equipment, hardware	10,706	10,706
Intangible assets	2,150	4
Other non-current assets	369	369
Inventories	27,969	20,183
Trade and other current assets	3,460	3,460
Non-current liabilities	2,229	0
Trade payables and accruals	5,281	4,711
Tax and employee-related liabilities	2,173	2,173
Other current liabilities	4,416	4,416
Net assets acquired	**33,349**	**26,217**

In the initial accounting for the business combination, the net purchase consideration and the fair values assigned to the identifiable assets and liabilities, in particular inventory, intangible assets as well as tax and pension liabilities have been determined on a provisional basis due to the short period between acquisition and reporting date, pending final determination of working capital and other adjustment payments between the Company and the seller and other information relevant to confirm valuation not yet being available. Any adjustments to provisional values as a result of completing the initial accounting shall be recognized within twelve months from the acquisition date.

8. 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 May 12, 2015.

Translation disclaimer: This is a free translation into English of the original French language version of the interim financial report provided solely for the convenience of English speaking. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, this English version has not been audited by the company's statutory auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and the VALNEVA expressly disclaims all liability for any inaccuracy herein.