VALNEVA SE

Quarterly Split
of Audited Consolidated Income Statement
for the Year Ending December 31, 2015

(IFRS, unaudited)

Consolidated Income Statement – quarterly split (after PPA adjustment)

Consolidated income statement

€ in thousand (except per share amounts)	Year ended December 31, 2015				
	Q1 unaudited	Q2 unaudited	Q3 unaudited	Q4 unaudited	FY audited
Product sales	15,137	12,360	16,672	17,377	61,545
Revenues from collaborations, licensing and services	3,476	6,232	3,533	3,573	16,814
Revenues	**18,613**	**18,592**	**20,205**	**20,950**	**78,360**
Grant income	888	1,121	1,263	1,703	4,975
Revenues and Grants	**19,501**	**19,713**	**21,468**	**22,652**	**83,335**
Cost of goods and services	(12,110)	(11,547)	(9,988)	(13,315)	(46,961)
Research and development expenses	(5,504)	(6,985)	(6,241)	(6,636)	(25,367)
Distribution and marketing expenses	(1,218)	(2,274)	(2,293)	(3,337)	(9,121)
General and administrative expenses	(2,768)	(4,316)	(3,122)	(4,188)	(14,394)
Other income and expenses, net	152	(6)	163	(461)	(152)
Amortization and impairment of fixed assets/intangibles	(1,793)	(1,844)	(1,818)	(1,818)	(7,273)
OPERATING LOSS	**(3,741)**	**(7,259)**	**(1,831)**	**(7,103)**	**(19,934)**
Finance income and expenses, net	714	(1,264)	(3,055)	(1,038)	(4,643)
Result from investments in affiliates	(97)	(167)	(303)	(8,432)	(8,999)
Gain on bargain purchase	13,183	-	-	-	13,183
LOSS BEFORE INCOME TAX	**10,060**	**(8,690)**	**(5,189)**	**(16,573)**	**(20,393)**
Income tax	(268)	(156)	25	174	(224)
LOSS FOR THE YEAR	**9,792**	**(8,846)**	**(5,164)**	**(16,398)**	**(20,617)**

Note to the quarterly split of the 2015 Consolidated Income Statement

The results in the quarterly breakdown of the 2015 income statement in this document differ from previously released quarterly results to reflect the retrospective adjustments to the purchase accounting for the ex-Crucell business (see note 5.31 of Consolidated Financial Statements 2015).

On February 9, 2015, the Company completed the acquisition of Crucell Sweden AB and all assets, licenses and privileges related to DUKORAL®, a vaccine against cholera and diarrhea caused by certain types of ETEC. During the initial purchase price accounting all assets and liabilities were identified and measured at their fair value in accordance with IFRS 3. 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 were 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 then available. Therefore this purchase price accounting was preliminary.

In December 2015 changes to the Canadian DUKORAL® product monograph that Health Canada had requested became effective. The updated product monograph and subsequent labelling may negatively impact DUKORAL® sales in Canada going forward. In order to reflect these business changes Valneva and the seller had agreed on amendments to the purchase agreement which led to a €25 million reduction of the purchase consideration, bringing it from originally €45 million down to €20 million.

Therefore, the Company adjusted the preliminary purchase price accounting retrospectively in December 2015 in accordance with IFRS 3.45. The purchase price, intangible assets, fixed assets, inventories, and deferred taxes were adjusted accordingly. The resulting €13.2 million gain on bargain purchase related to the acquisition was retrospectively included in the income statement of Q1 2015. Adjustments to asset values also led to changes in the income statements of the subsequent quarters, in particular affecting costs of goods sold through changes in depreciation and amortization relating to the re-valued assets.