

PricewaterhouseCoopers Audit

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13002 Marseille

VALNEVA (formerly VIVALIS)

Société Européenne
Gerland Plaza TechSud
70, rue Saint-Jean-de-Dieu
69007 LYON

**Statutory auditors' special report on regulated
agreements and commitments**

Annual Shareholders' Meeting held to approve the
financial statements for the year ended 31 December 2013

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Annual Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2013

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby report to you on regulated agreements and commitments.

It is our responsibility to report to you, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-58 of the French Commercial Code (Code de commerce), it is your responsibility to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to communicate to you the information required by Article R. 225-58 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorised in 2013

In accordance with Article L. 225-88 of the French Commercial Code, we have been informed of the following agreements and commitments previously authorised by the Supervisory Board.

- Management agreement concluded in order to state the compensation and benefits of Mr. Franck Grimaud, Member of the Management Board and Managing Director of the Company, from the date of registration of VALNEVA as a *Société Européenne*, in the Trade and Company register of Lyon. In 2013, the charges for VALNEVA with respect to this agreement amounted to €14,606.46.
- Management agreement concluded in order to state the compensation and benefits of Mr. Majid Mehtali, Member of the Management Board, from the date of registration of VALNEVA as a *Société Européenne*, in the Trade and Company register of Lyon. In 2013, the charges for VALNEVA with respect to this agreement amounted to €166,672.39.
- Guarantee given by VALNEVA, as the absorbing company, to Biotech Growth N.V. in connection with a debt contracted by Intercell prior to the merger. The debt relating to this commitment, i.e. €26,575,142.26, was repaid on 13 August 2013.
- Guarantee given by VALNEVA to Biopharma Secured Investments as part of the debt contracted by its subsidiary, VALNEVA AUSTRIA GMBH and its indirect subsidiary VALNEVA SCOTLAND LIMITED. As part of this loan guarantee with Biopharma Secured Investments, VALNEVA has made the following commitments:
 - A personal guarantee,
 - A pledge of all the shares of VALNEVA AUSTRIA GMBH for the benefit of Biopharma Secured Investments,
 - A direct pledge from VALNEVA to pay all the amounts payable by VALNEVA AUSTRIA GMBH to Biopharma.

As at 31 December 2013, the amounts to be disbursed by VALNEVA AUSTRIA GMBH to Biopharma for the entire term of the loan total €34,979,145.

- Guarantee given by VALNEVA to VBC 3 Errichungs GmbH, lessor of the Vienna premises occupied by VALNEVA AUSTRIA GMBH, in connection with the comfort letter under which VALNEVA ensured that its subsidiary, VALNEVA AUSTRIA GMBH, had the funds necessary to comply with its lease obligations.

As at 31 December 2013, the amounts to be disbursed by VALNEVA AUSTRIA GMBH for the entire term of the lease total €9,968,182.38.

Agreements and commitments not previously authorised

Pursuant to articles L. 225-90 and L. 823-12 of the French Commercial Code, we hereby inform you that the following agreements and commitments were not previously authorised by your Supervisory Board.

It is our responsibility to inform you of the reasons why the authorisation procedure was not carried out.

The following agreement could not be authorised by your Supervisory Board prior to its fulfilment due to the fact that on the date it was submitted to the Board (29 August 2013), the composition of the Supervisory Board of your Austrian subsidiary, then known as Intercell Austria AG, was identical to that of your company which, under the law, prevented the members of your company's Board from voting on the requested authorisation.

- The agreement covering a cash loan to your subsidiary VALNEVA AUSTRIA GMBH stipulating the interest on the cash advance calculated based on the Euribor 3 month rate + 1%. As at 31 December 2013, the cash advance to VALNEVA AUSTRIA GMBH amounted to €26,964,713.09. The 2013 interest income recognized by VALNEVA with respect to this cash loan amounted to €61,977.85.

We wish to inform you that this agreement was approved a posteriori during your Supervisory Board's meeting on 30 September 2013.

The following agreement was not previously authorised by your Supervisory Board because the specific compensation components had not been determined in 2013.

- The service provider agreement of your subsidiary, VIVALIS TOYAMA JAPON stipulated the remuneration for research services performed by your subsidiary based on the costs incurred and a margin of 5%. The 2013 expense recognised by VALNEVA with respect to this service provider agreement amounted to €758,440.56.

AGREEMENTS AND COMMITMENTS APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in previous years which remained in force during the year ended 31 December 2013

In accordance with Article R. 225-57 of the French Commercial Code, we have been informed of the following agreements and commitments approved in prior years and which remained in force during the year ended December 31, 2013.

- The guarantee by Grimaud La Corbière Group for aggregate loans totalling €2,830,000 from the Caisse d'Epargne Pays de la Loire, Crédit Mutuel and Crédit Agricole remained in force. The 2013 expense recognised by VALNEVA with respect to this guarantee amounted to €3,313.02.
- The guarantee by Grimaud La Corbière Group for a loan of €800,000 from Caisse d'Epargne Pays de La Loire and Crédit Mutuel remained in force. The 2013 expense recognised by VALNEVA with respect to this guarantee amounted to €1,132.84.
- The guarantee by Grimaud La Corbière Group of a loan for €1,200,000 from Crédit Mutuel remained in force. The 2013 expense recognised by VALNEVA with respect to this guarantee amounted to €3,244.32.
- The guarantee by Grimaud La Corbière Group for aggregate loans totalling €1,500,000 from the Crédit Mutuel (K€1,030) and LCL (K€470) remained in force. The interest on the La Corbière Group's guarantee given to VALNEVA for these loans amounted to 0.75% of the outstandings and the corresponding expense for 2013 totalled €6,591.41.
- The guarantee by Grimaud La Corbière Group of the loan for €500,000 from Caisse d'Epargne Bretagne Pays de la Loire. The 2013 expense recognised by VALNEVA with respect to this guarantee amounted to €3,236.63.
- The guarantee by Grimaud La Corbière Group of an overdraft facility for €50,000 from Caisse d'Epargne Bretagne Pays de la Loire. The 2013 expense recognised by VALNEVA with respect to this facility amounted to €5.85.
- The Group management agreement relating to the billing of management fees by Grimaud La Corbière Group. The 2013 expense recognised by VALNEVA with respect to this management agreement amounted to €189,166.70.

- The compensation agreement with Majid Mehtali to provide additional remuneration for inventions of employees in respect of the patent application of 14 September 2004 No. EP04292224.5 "*Method of screening by using conformation sensitive peptides*" and a patent application on 14 September 2005 No. PCT: FR2005/002303. No charge was recognised by VALNEVA for 2013.

Neuilly-sur-Seine and Marseille, 24 March 2014

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte & Associés

French original signed by

Thierry CHARRON

French original signed by

Vincent GROS