Valneva SE

Annual financial statements at 31 December 2013

1. BALANCE SHEET

1.1. ASSETS

Headings	*Note No.*	*Gross Value*	*Depreciation, amortisation & provisions*	***31/12/2013***	***31/12/2012***
INTANGIBLE FIXED ASSETS	4.3.1				
Research and development expenditure		8,452	4,342	4,110	3,269
Concessions, patents and similar rights		8,212	3,273	4,940	6,638
Goodwill		8,117		8,117	8,111
Other intangible assets in process		1		1	
PROPERTY, PLANT AND EQUIPMENT	4.3.2				
Land		677	95	582	887
Constructions		6,139	1,554	4,585	6,551
Plan, machinery and equipment		3,991	2,451	1,539	3,548
Other PPE		667	442	225	759
Tangible fixed assets under construction		9		9	23
Prepayments					
LONG-TERM INVESTMENTS	4.3.3				
Non-consolidated investments		127,923		127,923	46
Receivables on non-consolidated investments					
Loans		117		117	98
Other financial assets		1,293	453	841	526
TOTAL NON-CURRENT ASSETS		**165,599**	**12,611**	**152,988**	**30,456**
INVENTORIES AND WORK IN PROGRESS	4.3.4				
Raw materials and supplies		360		360	614
Work-in-progress					
RECEIVABLES					
Trade receivables and related accounts	4.3.5	405	21	384	1,047
Other receivables	4.3.6	41,498	153	41,345	10,227
Called up capital					216
OTHER CURRENT ASSETS					
Marketable securities	4.3.7.b	1,390		1,390	1,748
Cash at bank and in hand	4.3.7.a	12,677		12,677	10,232
ACCRUAL ACCOUNTS					
Prepaid expenses	4.3.8	205		205	1,558
TOTAL CURRENT ASSETS		**56,535**	**174**	**56,361**	**25,642**
Unrealised losses on foreign exchange		**211**		211	47
TOTAL ASSETS		**222,345**	**12,784**	**209,560**	**56,145**

1.2. SHAREHOLDERS' EQUITY & LIABILITIES

(in thousands of euros)

Headings	*Note No.*	***31/12/2013***	***31/12/2012***
Share capital or individual share (of which paid up: 3,168)		8,385	3,219
Share premiums		166,656	62,414
Tax-driven reserves (of which provision for exchange rate fluctuations)		52,832	12
Retained earnings/(accumulated deficit)		-33,880	-21,922
NET INCOME (LOSS) FOR THE YEAR		**-9,952**	**-11,958**
Investment grants	4.3.11	458	587
Tax-driven provisions		815	998
SHAREHOLDERS' EQUITY	**4.3.10**	**185,314**	**33,350**
Subordinated grants		4,201	4,380
OTHER EQUITY	**4.3.12**	**4,201**	**4,380**
Provisions for contingencies		223	58
Provisions for losses		23	129
PROVISIONS FOR CONTINGENCIES AND LOSSES	**4.3.13**	**246**	**187**
BORROWINGS			
Bank borrowings	4.3.14	10,981	6,714
OPERATING PAYABLES			
Trade payables and related accounts	4.3.15	1,579	2,370
Tax and employee-related liabilities	4.3.16	1,111	1,661
OTHER PAYABLES			
Payables on fixed assets and equivalent	4.3.17	4,505	6,749
Other payables	4.3.17	41	10
ACCRUAL ACCOUNTS			
Deferred income	4.3.18	1,583	724
TOTAL LIABILITIES		**19,800**	**18,228**
Unrealised losses on foreign exchange			
TOTAL EQUITY & LIABILITIES		**209,560**	**56,145**

2. INCOME STATEMENT

INCOME STATEMENT (multiple-step)

(in thousands of euros)

Headings	*France*	*Export*	*Note No.*	***31/12/2013***	***31/12/2012***
Sale of trade goods	2			2	
Sales of services	588	1,100	4.4.1	1,688	2,171
NET SALES	**591**	**1,100**		**1,691**	**2,171**
Change in inventory of own production of goods and services					
Own production of goods and services capitalised			4.4.2	284	144
Grants			4.4.3	1,190	83
Reversals of depreciation, amortisation and provisions, expense reclassifications			4.4.5	145	127
Other income			4.4.4	465	585
OPERATING INCOME				**3,775**	**3,110**
Purchase of trade goods				2	
Purchases of raw materials and other supplies (including customs duties)				1,071	1,873
Change in inventory (raw materials and supplies)				254	65
Other purchases and external expenses			4.4.6	5,767	6,119
Taxes other than on income and related payments			4.4.7	231	343
Wages and salaries			4.4.8.b	4,268	4,686
Social charges			4.4.8.b	1,933	2,090
ALLOWANCES FOR DEPRECIATION AND AMORTISATION, PROVISIONS					
For fixed assets			4.4.9	2,760	3,066
For current assets			4.4.9		
For contingencies and losses			4.4.9		32
Other expenses				214	65
OPERATING EXPENSES				**16,501**	**18,339**
INCOME (LOSS) FROM ORDINARY ACTIVITIES				**-12,726**	**-15,229**
JOINT VENTURE OPERATIONS					
FINANCIAL INCOME					
Financial income from non-consolidated investments				168	13
Income from other marketable securities and receivables capitalised					
Other interests and similar income				183	435
Reversals of provisions and expense reclassifications			4.4.9	2	95
Foreign exchange gains				56	17
Net proceeds from the disposal of marketable securities				17,615	34
FINANCIAL INCOME				**18,024**	**594**
Amortisation and charges to provisions for financial items			4.4.9	655	48
Interest and similar expenses				605	169
Foreign exchange losses				1	58
Net charges on disposals of marketable securities				17,576	
FINANCIAL EXPENSES				**18,837**	**275**
NET FINANCIAL INCOME (EXPENSE)			**4.4.10**	**-814**	**319**
NCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX AND EXCEPTIONAL ITEMS				**-13,540**	**-14,910**

INCOME STATEMENT (cont.)

(in thousands of euros)

Headings	*Note No.*	***31/12/2013***	***31/12/2012***
Exceptional income from non-capital transactions		2	4
Exceptional income from capital transactions		5,129	145
Reversals of provisions and expense reclassifications	4.4.9	185	1,174
EXCEPTIONAL INCOME		**5,317**	**1,323**
Exceptional expenses on non-capital transactions			1
Exceptional expenses on capital transactions		3,736	2
Exceptional depreciation, amortisation and provisions	4.4.9	33	1,127
EXCEPTIONAL EXPENSES		**3,768**	**1,130**
NET EXCEPTIONAL ITEMS	**4.4.11**	**1,548**	**193**
Corporate income tax	4.4.12.a	-2,039	-2,759
TOTAL INCOME		**27,115**	**5,027**
TOTAL EXPENSES		**37,068**	**16,985**
PROFIT OR LOSS		**-9,952**	**-11,958**
Basic net earnings per share (in euros)	4.4.13	**-0.18**	**-0.56**
Diluted net earnings per share (in euros)	4.4.13	**-0.18**	**-0.56**

3. CASH FLOW STATEMENT

(in thousands of euros)

(In thousands of euros)	2013	2012
Cash flow from operating activities:		
Net income/(loss)	-9,952	-11,958
Income and expenses with no impact on cash or unrelated to operating activities		
Operating depreciation and amortisation expenses	2,760	3,098
Reversals of operating depreciation and amortisation expenses	-106	0
Financial depreciation and amortisation expenses	654	-47
Exceptional depreciation and amortisation	33	1,127
Reversals of exceptional provisions	-185	-1,174
Expense reclassifications on capitalised assets	-284	-144
Amount of grants recognised under income	-129	-145
(Gains)/losses on disposal of assets	-1,264	2
Cancellation of operating/exceptional receivables	0	0
Operating cash flows	**-8,475**	**-9,241**
Change in other current assets and liabilities:		
Inventories	254	65
Trade receivables and related accounts	663	86
Trade payables and related accounts	-2,158	408
Other receivables	-30,063	-2,836
Prepayments and accrued income	1,189	-1,486
Tax and employee-related liabilities	-550	-75
Other accruals and deferred income	899	-411
Other	5	1
Net cash from (used in) operating activities	-38,234	-13,489
Cash flow from investing activities		
Purchase of intangible fixed assets:	-14	-39
Purchase of property, plant and equipment	-570	-681
Purchase of long-term investments	-671	-15
Net capital expenditure	5,000	0
Change in working capital requirements with regard to assets	-2,244	-4,350
Net cash used in investing activities	1,501	-5,085
Cash flow from financing activities		
New borrowings	6,264	1,500
Repayment of borrowings	-20,454	-1,468
Subordinated grants received/repaid	-178	0
Investment grants received	0	0
Capital increase	40,747	132
Transaction costs charged to merger premium	-8,868	
Net cash from financing activities	17,511	164
Net change in cash and cash equivalents	-19,222	-18,410
Opening cash, cash equivalents and marketable securities	11,979	30,389
Cash contribution - Smol simplified merger (TUP) + Intercell AG merger	21,305	0
Closing cash, cash equivalents and marketable securities	14,062	11,979
Net change in cash and cash equivalents	-19,222	-18,410

4. NOTES TO THE FINANCIAL STATEMENTS

4.1. KEY EVENTS OF THE YEAR

Annual highlights of the year included:

- The merger of Vivalis and Intercell
- Sale of the clinical manufacturing operations to the Indian pharmaceutical company, Biological E
- €40 million capital increase at end of June 2013
- Passing of Dr. Majid Mehtali in August 2013.

4.1.1 Merger of Vivalis and Intercell to form Valneva SE

Valneva SE was formed in May 2013 from the merger of the Austrian biotech company, Intercell AG and the French biotech company, Vivalis SA.

The merger was announced in December 2012 and approved in February/March 2013 by extraordinary shareholders' meetings of Intercell and Vivalis.

The merger's purpose is to create a biotechnology company specialised in vaccines and antibodies possessing the strengths and complementary skills as well as diversified sources of revenue (products on the market and partnerships).

Intercell was formed in 1998 as a spin-off of the Research Institute of Molecular Pathology (IMP) of Vienna and has been listed on the Vienna stock exchange since 28 February 2005. Intercell produced, marketed and distributed its own vaccine against Japanese Encephalitis (JE), and had different vaccine candidates under clinical development and proprietary platforms such as adjuvant IC31®.

Created in 1999, Vivalis was a company originating from the Grimaud Group, a world leader in genetic selection and have been listed on the Paris stock exchange since June 2007. The company based in Nantes (France) had two proprietary technologies, the EB66® cell line – a new vaccine production platform the company licensed to major global pharmaceutical companies (GSK, Sanofi, Boehringer Ingelheim, etc.) – and VivaScreen®, and innovative high-throughput screening (HTS) technology for the analysis and rapid discovery of fully human therapeutic antibodies of the highest quality.

The assets and liabilities were contributed at fair market value. A summary of contributions at 1 January 2013 in light of the retroactive recognition of the merger is provided below:

- Assets: € 22.5 m
- Liabilities and shareholders equity € 16.9 m
- Shares: € 127.9 m
- Net assets contributed: € 133.5 m

A €1.4 million loss incurred during the period was recognized in merger premium.

4.1.2. Sale of its Clinical Manufacturing Operations (CMO) in France to the Indian pharmaceutical company, Biological E

In June 2013, Valneva SE announced the sale of its Clinical Manufacturing Operations (CMO) in France to the Indian pharmaceutical company, Biological E.
This sale was finalized in November 2013 by the transfer of personnel and the sale of the building and equipment devoted to the biomanufacturing activity.

4.1.3. A €40 million capital increase at the end of June 2013

In June 2013, Valneva launched a €40 million capital increase with pre-emptive subscription rights to acquire increased flexibility and strengthen its financial profile. This capital increase was oversubscribed by 146% with final gross proceeds of €40.2 million and the creation of 15.2 million new shares.

4.1.4. Passing of Majid Mehtali

In August 2013, Valneva announced the passing of Dr Majid Mehtali, Management Board Member and Chief Scientific Officer of the company at the age of 51. His passing was a great loss to the company though the experienced research team assembled by him has pursued his work according to decisions made.

4.2. ACCOUNTING POLICIES AND METHODS

4.2.1. General background

The financial statements have been drawn up in accordance with French generally accepted accounting principles in line with the requirements of Regulation 99-03 of the French Accounting Regulation Committee relating to the official chart of accounts for 1999, and in accordance with the fundamental accounting principles of prudence, of which management namely going concern, consistency and accruals, the time period concept and general financial statements preparation and presentation rules.

Items are recorded in the financial statements in accordance with the historical cost method.

The financial information is expressed in thousands of euros and was approved by the Executive Board on 20 March 2014.

4.2.2. Use of and changes in estimates

To produce this financial information, the Company's management makes estimates and assumptions that affect the carrying amount of the assets and liabilities, income and expenses, and the information disclosed in the notes.

Management makes these estimates and assessments continuously based on its past experience and various other factors considered reasonable that form the basis of these assessments.

The figures that appear in its future financial statements are likely to differ from these estimates should the assumptions change or the conditions differ.

The main significant estimates made by the Company's management relate notably to the valuation of intangible fixed assets and provisions.

4.2.3. Unrealised foreign exchange gains and losses

Foreign currency income and expense items are translated in the accounts at the exchange rate prevailing on the transaction date. Foreign-currency denominated receivables, payables and cash balances are recorded in the balance sheet at the closing exchange rate. Translation differences resulting from the retranslation of foreign-currency denominated receivables and payables at the closing exchange rate are recorded in "Unrealised foreign exchange gains/losses" in the balance sheet. A contingency provision is recorded to cover all unrealised foreign exchange losses.

4.2.4. Intangible fixed assets

With the exception of the specific cases mentioned below, intangible fixed assets are recognised at cost.

Intangible fixed assets with finite useful lives are amortised over their expected period of use. This amortisation period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

Intangible assets with indefinite useful lives are not amortised but are subject to systematic annual impairment tests.

4.2.5. Research and development expenditure

Research expenditure is expensed as and when incurred.

According to the option offered under the French Official Chart of Accounts, development expenditures are capitalised and recognised as intangible assets only if the Company considers all of the following criteria are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;

- The ability to measure reliably expenditure attributable to the intangible asset during its development

When these conditions are not fulfilled, development expenditures are treated as expenses. When a project for which development expenditures have been capitalised no longer meets one of the criteria defined above, the asset is cancelled.

Development expenditures recorded as intangible assets include staff costs (wages and social charges) allocated to the development projects, the cost of raw materials and services, external services and the depreciation and amortisation of fixed assets.

When development expenditure is capitalised, economic amortisation begins at the start of the commercial use of products resulting from this development work. Economic amortisation is calculated on a straight-line basis over an estimated useful life for projects of 10 years. Moreover, in accordance with the doctrine of the French tax administration, the Company records accelerated depreciation expenses on recognition of assets in accordance with the straight-line method over five years.

4.2.6. Goodwill - concessions, patents and similar rights

Goodwill was generated from the recognized the merger premium resulting from the simplified merger (*Transmission Universelle de Patrimoine*) of Humalys carried out in 2010

For the purposes of its business activity, the Company uses patent licences. These licences generate "guaranteed payments" for the owners and royalties. According to French tax regulations, the amount capitalised for these licences includes the "guaranteed payments" and an amount reflecting the estimated future royalties to be paid (the offsetting entry is recognised in "Amounts payable in respect of fixed assets and related accounts"). Each year, these future royalties are re-estimated according to the expected royalties to be paid, and discounted.

The amount of "guaranteed payments" is amortised over the shorter of the licence term or the patent protection period (normally 13 and 15 years). Estimated royalties are amortised every year according to the royalties outstanding during the year and actual payments are expensed to "Amounts payable on fixed assets and related accounts."

Computer software is recognised at cost and amortised over two years using the straight-line method. Accelerated tax depreciation is recognised over 12 months.

4.2.7. Property, plant and equipment

Tangible fixed assets are recognised at purchase cost or, where necessary, production cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. No residual value is included in the depreciable amount of the tangible fixed assets on their date of acquisition as the Company expects to use them over their useful life. However, the residual value and useful life of tangible fixed assets are reviewed annually by the Company and any changes included in the calculation of the assets' depreciable amount.

The estimated useful lives are as follows:

- Constructions
  - Buildings
    - o Structure 25 years
    - o Roofing 25 years
    - o Weatherboarding 25 years
    - o Exterior woodwork 20 years
    - o Interior partitions 20 years

  - General installations
    - o Fluid and energy systems 10 to 15 years
    - o Air treatment 10 years
    - o Ventilation and air conditioning 10 years

  - Buildings on land owned by third parties 8 to 10 years

- Land
  - Land improvements 10 years
  - Plantations 10 years

- Plant, machinery and equipment 4 to 10 years
- Vehicles 4 years
- Office and computer equipment 3 to 10 years
- Furniture 4 to 10 years

4.2.8. Impairment of assets

Intangible and tangible fixed assets are subject to impairment tests once there is an indication of loss in value. To assess whether there is any indication that an asset may be impaired, the Company considers the following external and internal indications:

External indications:

- The asset's market value has declined significantly (more than it would be expected as a result of the passage of time or normal use);

- Significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, economic or legal environment in which the entity operates or in the market to which an asset is dedicated;

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to decrease the asset's recoverable amount materially.

Internal indicators:

- Evidence is available of obsolescence or physical damage of an asset not provided by the depreciation or amortisation schedule;

- Significant changes in the extent to which, or manner in which, an asset is used or is expected to be used;

- The economic performance of an asset is, or will be, worse than expected;

- A significant decline in the future cash flows generated by the Company.

Where there is an indication of loss in value, an impairment test is carried out: the net carrying amount of the capitalised asset is compared with its present value.

The net carrying amount of an asset is its gross value less accumulated depreciation (or amortisation) and impairment.

Present value is an estimate determined, according to the market and the asset's utility for the Company, by comparing fair value and value in use. Fair value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal.

The value in use is the value of the future cash flows expected to arise from the continuing use of an asset and from its disposal. The Company considers value in use to be non-discounted expected net cash flows that are determined using budgetary data approved by the Executive Board.

In application of these principles, since the prior year 3D Screen platform development expenditures are henceforth fully written off.

4.2.9. Borrowing costs

Any borrowing costs incurred by the company to finance tangible and intangible fixed assets are expensed as and when incurred.

04/02/2010. Long-term investments

Non-consolidated investments consist of the acquisition cost of Vivalis Toyama Japan and Valneva Austria GMBH securities tendered in connection with the merger of 28 May 2013.

At the end of the reporting period, the Company determines their value in use (defined as the amount that the company would accept to pay for this interest if it had to acquire it.).

When the value in use of these financial assets is lower than their carrying amount, a provision for impairment is recorded for the difference.

Concerning Valneva Austria GMBH shares, an impairment test was conducted at the end of the reporting period to ensure that there was no loss in value.

The other long-term investments include deposits and bonds paid to the lessors for the leasing of premises, a liquidity agreement concluded in connection with the Company's listing for the purpose of ensuring the liquidity and orderly trading of its shares. A provision for impairment is recognised for financial assets where their carrying amount exceeds their recoverable amount at the balance sheet date, or in respect to the liquidity agreement, for the difference between the carrying value and the estimated recoverable value calculated on the basis of the average share price for the month preceding the end of the reporting period.

Furthermore, pursuant to the merger with Intercell AG, Valneva SE had recorded 124,322 shares in treasury for a value of €646,350, corresponding to financial compensation paid by the company to former Intercell shareholders who exercised their exit right.

4.2.11. Inventories

Inventories are stated at cost using the weighted average cost price. Provisions are recognised on the basis of the net realisable value.

4.2.12. Receivables and related accounts

Receivables are stated at nominal value. A provision for impairment is recognised where the carrying amount exceeds the recoverable amount.

4.2.13. Cash at bank and in hand

Cash at bank and in hand includes ready cash in current bank accounts.

4.2.14. Marketable securities

Marketable securities include mutual funds, time deposits and medium-term notes that can be assigned or sold at very short notice and present no significant risk of impairment.

A provision for impairment is recognised where the carrying amount exceeds the recoverable amount.

4.2.15. Employee commitments

Since 31 December 2005, the Company's employees have been entitled to retirement termination benefits. The corresponding commitments are paid according to the rights vested by the recipients in the form of provisions.

For defined benefit plans, retirement costs are determined once a year using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to determine the final obligation.

The final obligation is then discounted. These calculations mainly use the following assumptions:

- a discount rate;
- a salary escalation rate; and
- and employee turnover rate.

The gains and losses arising from changes in the actuarial assumptions are recognised in the income statement.

For basic schemes and other defined contribution plans, the Company recognises the contributions as expenses when payable, as it has no obligations over and above the amount of contributions paid.

4.2.16. Grants

Operating grants are recognised upon the signature of the contracts.

Investment grants are recognised in liabilities under "Investment grants" within shareholders' equity. These grants are transferred to income (under "Other exceptional income") as and when economic amortisation and accelerated amortisation charges are recognised for the assets financed by the grants

Operating grants are recognised in operating income under "Operating grants" at the same rate as the expenses financed by the grants.

4.2.17. Subordinated grants

Subordinated grants are recognised in liabilities under "Subordinated grants". In the event of a failure to complete work, the debt waiver is recognised in "Other exceptional income" for grants used to finance projects recognised under "Development expenditure", and in "Operating grants" for grants used for research or development projects not capitalised in the balance sheet.

4.2.18. Provisions for contingencies and losses

Provisions for contingencies and losses are recognised where the Company has an obligation towards a third party and it is probable or certain that it will recognise an outflow of resources for the benefit of this third party without consideration. These provisions are estimated using the most likely assumptions at the balance sheet date.

4.2.19. Payables

Payables are stated at nominal amount.

4.2.20. Net sales

Valneva's know-how and intellectual property are focused in the following two areas:

i. The manufacture of vaccines. Valneva offers research and commercial licences for its EBx® cell lines to biotechnology companies and the pharmaceutical industry for the production of viral vaccines;

ii. The perfection of systems for producing ("expressing") recombinant therapeutic proteins and monoclonal antibodies*.* Valneva works with biotechnology companies and offers them research licences for its EBx® embryonic stem cell lines for the production of recombinant proteins;

Sales generated by Valneva originate from:

- Research services performed on behalf of customers under the commercial agreements mentioned above;

- The sale of rights to use biological "material", particularly for testing by customers before licence agreements are signed.

For research services, sales are recognised according to the completion of the services provided by the agreements. Sales with respect to the rights to use biological "material" are recognised upon delivery to the customers.

Any reductions, discounts or rebates granted to customers are recognised as a deduction of sales as and when sales are recognised.

4.2.21. Operating grants

Operating grants are recognised in operating income under "Operating grants" at the same rate as the expenses financed by the grants.

4.2.22. Other income

Other income includes mainly:

- lump-sum payments for licence concessions;

- royalties.

The lump-sum payments for licence concessions are due by the partners upon the achievement of various milestones. Usually, an up-front payment is due at the beginning of the contract and additional payments are due upon the achievement of "milestones". The income is recognised according to the invoicing performed under contractual terms.

Royalties are recognised in income according to the sales generated over the period by the partners.

4.2.23. Staff costs

CICE wage tax credit

The CICE (*crédit d'impôt pour la compétitivité et l'emploi*) corresponds to a tax credit granted to companies with salaried employees reducing social security charges. The CICE rate tax credit must be allocated against income tax payable for the year in which the wages taken into account for the calculation of CICE were paid.

The 2013 CICE resulted in a reduction in social security charges in the income statement by €71,000.

4.2.24. Net exceptional items

Exceptional income and expenses are items which, due to their unusual nature and the fact that they are not recurrent, cannot be considered as inherent to the Company's normal operations, such as disposals or scrapping of assets, accelerated tax depreciation or amortisation charges or reversals, shares of investment grants recognised in income, debt waivers with regard to subordinated grants, etc.

4.2.25. Income tax

Corporate income tax includes the current taxes for the period less any tax credits, particularly research tax credits.

a. Current tax

Current tax is determined using the taxable income for the period which may differ from accounting income following add-backs and deductions of certain items of income and expense, depending on the prevailing tax positions, and using the tax rate enacted at the balance sheet date.

b. Research tax credit

Manufacturing and trading companies taxed according to the actual regime that incur research expenditure may benefit from a tax credit.

The tax credit is calculated for each calendar year and utilised against the tax payable by the Company for the year in which the research expenditure was incurred. Unused tax credits may be carried forward over the three years following the year in which it was recognised. The fraction not utilised against corporate income tax at the end of this period is repaid to the Company.

In accordance with article 41 of the Finance Act 2010-1657 of 29 December 2010, the Company no longer benefits from the provision providing for an early refund of its surplus research tax credit. In effect, because it is now part of a group, it no longer meets the EU definition of an SME and in consequence the company is no longer eligible for the early refund provision.

RTC receivables for fiscal 2010, 2011, and 2012 were collateralized with BPI in April 2013.

4.2.26. Earnings per share/diluted earnings per share

Basic net earnings per share are calculated using the weighted average number of shares outstanding during the period.

The average number of outstanding shares is calculated according to the various changes in the Company's share capital, and adjusted, where appropriate, by the number of treasury shares held by the Company.

Diluted net earnings per share are calculated by dividing net income by the number of ordinary shares outstanding plus all potentially dilutive ordinary shares. If a net loss is recognised for the period, diluted net earnings per share is the same as basic net earnings per share.

4.3. NOTES TO THE BALANCE SHEET

4.3.1 - NET INTANGIBLE FIXED ASSETS

a. Change from 1 January 2013 to 31 December 2013

In thousands of euros	At 1 January 2013	Changes in the period			At 31 December 2013
		Increase	Decrease	Other changes	
Preliminary expenses	0	0	0	0	0
Development expenditure	8,169	284	0	0	8,453
Goodwill	8,111	6	0	0	8,117
Concessions, patents and rights	8,082	0	0	0	8,082
Software	313	7	-190	0	130
Intangible assets under development	0	1	0	0	1
Other	0	0	0	0	0
Gross intangible fixed assets	**24,675**	**297**	**-190**	**0**	**24,783**
Preliminary expenses	0	0	0	0	0
Development expenditure (1)	4,900	672	0	0	5,572
Concessions, patents and rights	1,473	446	0	0	1,919
Software	284	29	-190	0	124
Total amortisation	**6,657**	**1,148**	**-190**	**0**	**7,615**
Net intangible fixed assets	**18,018**	**-850**	**0**	**0**	**17,167**
Development expenditure	934	0	-156	0	778
Concessions, patents and rights	0	0	0	0	0
Software	28	1	-28	0	2
Total accelerated tax amortisation	**962**	**1**	**-183**	**0**	**780**
Net tax value of intangible fixed assets	**17,056**	**-852**	**183**	**0**	**16,387**
(1) Of which exceptional impairment	1,226	3	0	0	1,229

<u>Development expenditure:</u>

In 2013, a new development expenditure of €284,000 was capitalised in accordance with the accounting policy described in Note 4.2.5.

<u>Concessions, patents and rights:</u>

The derecognition of software was linked both to the sale of selected equipment to BE Vaccines SAS for €91,000 and the derecognition of obsolete software for €99,000.

b. Change from 1 January 2012 to 31 December 2012

In thousands of euros	At 1 January 2012	Changes in the period: Increase	Decrease	Other changes	At 31 December 2012
Preliminary expenses	0	0	0	0	0
Development expenditure	8,025	144	0	0	8,169
Goodwill	8,100	11	0	0	8,111
Concessions, patents and rights	8,491	20	-363	-66	8,082
Software	305	8	0	0	313
Intangible assets under development	0	0	0	0	0
Other	0	0	0	0	0
Gross intangible fixed assets	**24,921**	**183**	**-363**	**-66**	**24,675**
Preliminary expenses	0	0	0	0	0
Development expenditure (1)	3,130	1,770	0	0	4,900
Concessions, patents and rights	1,331	505	-363	0	1,473
Software	227	57	0	0	284
Total amortisation	**4,688**	**2,332**	**-363**	**0**	**6,657**
Net intangible fixed assets	**20,233**	**-2,149**	**0**	**-66**	**18,018**
Development expenditure	2,084	0	-1,150	0	934
Concessions, patents and rights	0	0	0	0	0
Software	30	19	-21	0	28
Total accelerated tax amortisation	**2,114**	**19**	**-1,171**	**0**	**962**
Net tax value of intangible fixed assets	**18,119**	**-2,168**	**1,171**	**-66**	**17,056**
(1) Of which exceptional impairment	149	1,077	0	0	1,226

Development expenditure:

In 2012, a new development expenditure of €144,000 was capitalised in accordance with the accounting policy described in Note 4.2.5.
An exceptional impairment charge of €1,077,000 was recognised for the full amount of capitalised R&D expenditures for the 3DScreen platform.

Concessions, patents and rights:

3 licenses were terminated in 2012. These licenses were recognised in 2011 at €429,000.
After being remeasured at present value, this amount was reduced by €66,000. The net value of licenses derecognised in 2012 was consequently €363,000, for which a present value adjustment for the corresponding amount of outstanding amount of payables to suppliers was reversed.

4.3.2 - NET PROPERTY, PLANT AND EQUIPMENT

a. Change from 1 January 2013 to 31 December 2013

In thousands of euros	At 1 January 2013	Changes in the period			At 31 December 2013
		Increase	Decrease	Other changes	
Land	1,010	4	-337	0	677
Buildings on own land	4,703	0	-1,678	0	3,025
Buildings on land of third parties	572	9	-28	0	553
Building installations and improvements	3,908	135	-1,483	0	2,561
Plant, machinery and equipment.	8,195	363	-4,567	0	3,991
General installations and improvements	580	18	-556	0	42
Vehicles	37	0	-20	0	17
Office, IT equipment, furniture	908	32	-335	0	605
Recoverable packaging	5	0	-2	0	3
Tangible fixed assets under construction	23	9	-23	0	9
Prepayments	0	0	0	0	0
Gross intangible fixed assets	**19,941**	**569**	**-9,027**	**0**	**11,483**
Land	123	34	-62	0	95
Buildings on own land	877	197	-603	0	471
Buildings on land of third parties	88	64	-23	0	129
Building installations and improvements	1,668	307	-1,019	0	955
Plant, machinery and equipment.	4,639	865	-3,086	0	2,418
General installations and improvements	169	38	-194	0	13
Vehicles	37	0	-20	0	17
Office, IT equipment, furniture	560	110	-261	0	409
Recoverable packaging	5	0	-2	0	3
Total depreciation	**8,166**	**1,615**	**-5,272**	**0**	**4,509**
Impairment	0	0	0	0	0
Plant, machinery and equipment	7	27	0	0	34
Net intangible fixed assets	**11,768**	**-1,073**	**-3,756**	**0**	**6,940**

€48,000 in capital expenditures were incurred for fixtures and laboratory equipment for the Lyon site and 521,000 for Saint-Herblain.

Derecognition of tangible fixed assets concerned exclusively the sale of the building and various equipment to BE Vaccines SAS.

b. Change from 1 January 2012 to 31 December 2012

In thousands of euros	At 1 January 2012	Changes in the period Increase	Decrease	Other changes	At 31 December 2012
Land	1,010	0	0	0	1,010
Buildings on own land	4,682	21	0	0	4,703
Buildings on land of third parties	568	4	0	0	572
Building installations and improvements	3,906	12	-10	0	3,908
Plant, machinery and equipment.	7,573	622	0	0	8,195
General installations and improvements	575	5	0	0	580
Vehicles	37	0	0	0	37
Office, IT equipment, furniture	873	38	-3	0	908
Recoverable packaging	5	0	0	0	5
Tangible fixed assets under construction	29	0	0	-6	23
Prepayments	15	0	-15	0	0
Gross intangible fixed assets	**19,273**	**702**	**-28**	**-6**	**19,941**
Land	87	36	0	0	123
Buildings on own land	669	208	0	0	877
Buildings on land of third parties	24	64	0	0	88
Building installations and improvements	1,325	351	-8	0	1,668
Plant, machinery and equipment.	3,641	998	0	0	4,639
General installations and improvements	125	44	0	0	169
Vehicles	32	5	0	0	37
Office, IT equipment, furniture	430	133	-3	0	560
Recoverable packaging	5	0	0	0	5
Total depreciation	**6,338**	**1,839**	**-11**	**0**	**8,166**
Impairment	0	0	0	0	0
Plant, machinery and equipment	7	0	0	0	7
Net intangible fixed assets	**12,928**	**-1,137**	**-17**	**-6**	**11,768**

€232,000 in capital expenditures were incurred for laboratory equipment for the Lyon site and €390,000 for Saint-Herblain.

4.3.3. - LONG-TERM INVESTMENTS

a. Change from 1 January 2013 to 31 December 2013

In thousands of euros	At 1 January 2013	ıs / Merger contribu	Disposals	At 31 December 2013
Non-consolidated investments	47	127,876	-1	127,922
Receivables on non-consolidated investments	0	0	0	0
Loans (1)	98	19	0	117
Deposits and bonds	40	8	-1	47
Treasury shares		646		646
Liquidity agreement	601	0	-1	600
Gross value	**786**	**128,549**	**-3**	**129,332**
Non-consolidated investments	1	0	-1	0
Depreciation of deposits and bonds	8	0	0	8
Treasury shares impairment		123		123
Liquidity agreement impairment	107	214	0	321
Total depreciation	**116**	**338**	**-1**	**453**
Total net long-term investments	**670**	**128,211**	**-2**	**128,880**
Non-consolidated investments	0	0	0	0
Total accelerated tax amortisation	**0**	**0**	**0**	**0**
Net tax value	**670**	**128,211**	**-2**	**128,880**

(1): Long-term loans in connection with social housing levies

The increase in non-consolidated investments reflects the contribution of the total amount of Intercell Austria AG shares in connection with the merger of 28 May 2013.

Also in connection with this merger, 124,322 treasury shares representing €646,350 and corresponding to financial compensation the company paid to former Intercell shareholders having exercised their exit right account for the increase in treasury shares.

The liquidity agreement concluded in July 2007 amounted to €600,000 at 31/12/2013. Assets held under this liquidity agreement included cash plus 41,216 shares at 31 December 2012. The portion in shares has been valued on the basis of the average trading price for December 2013 requiring an additional allowance for impairment for €214,000. On that basis, the impairment at 31 December 2013 was €321,000.

A provision for impairment of €123,000 for treasury shares was recorded according to this same principle of valuation at 31 December 2013.

<u>Portfolio of shares held in treasury:</u>

	Number of shares at 31/	Gross	Provision	Net
Liquidity agreement	41,216	495	321	173
Financial compensation	124,322	646	123	523

b. Change from 1 January 2012 to 31 December 2012

In thousands of euros	At 1 January 2012	Acquisitions	Disposals	At 31 December 2012
Non-consolidated investments	47	0	0	47
Receivables on non-consolidated investments	604	0	-604	0
Loans (1)	77	21	0	98
Deposits and bonds	46	-6	0	40
Liquidity agreement	601	0	0	601
Gross value	**1,375**	**15**	**-604**	**786**
Non-consolidated investments	0	1	0	1
Depreciation of deposits and bonds	8	0	0	8
Depreciation of liquidity agreement	202	0	-95	107
Total depreciation	**210**	**1**	**-95**	**116**
Total net long-term investments	**1,165**	**14**	**-509**	**670**
Non-consolidated investments	0	0	0	0
Total accelerated tax amortisation	**0**	**0**	**0**	**0**
Net tax value	**1,165**	**14**	**-509**	**670**

Treasury advances paid to our subsidiary in Japan in 2011 for €604,000 were reclassified as other receivables, in light of the nature of the agreement executed.

The liquidity agreement concluded in July 2007 amounted to €600,000 at 31/12/2012. Assets held under this liquidity agreement included both cash and Vivalis shares. The portion in shares has been valued on the basis of the average trading price for December 2012, allowing for the reversal of a depreciation expense of €95,000, thus reduced to €107,000.

4.3.4. INVENTORIES AND WORK-IN-PROGRESS

a. Change from 1 January 2013 to 31 December 2013

In thousands of euros	At 1January 2013	Increase°	Decrease	31 December 2013
Raw materials and supplies	614	0	254	360
Total	**614**	**0**	**254**	**360**

b. Change from 1 January 2012 to 31 December 2012

In thousands of euros	At 1January 2012	Increase°	Decrease	31 December 2012
Raw materials and supplies	679	0	65	614
Total	**679**	**0**	**65**	**614**

4.3.5. – TRADE RECEIVABLES AND RELATED ACCOUNTS

In thousands of euros	31 December 2013	At 31 December 2012
Customers	380	1,043
Doubtful trade receivables	25	25
Gross value	**405**	**1,068**
Provision for impairment of trade receivables	-21	-21
Total trade receivables(net value)	**384**	**1,047**

a. Change from 1 January 2013 to 31 December 2013

In thousands of euros	Gross	Up to 1 year	More than 1 year
Customers	132	132	0
Doubtful trade receivables	25	0	25
Trade receivables – sales invoice accruals	248	248	0
Total	**405**	**380**	**25**

b. Change from 1 January 2012 to 31 December 2012

In thousands of euros	Gross	Up to 1 year	More than 1 year
Customers	230	230	0
Doubtful trade receivables	25	0	25
Trade receivables – sales invoice accruals	813	813	0
Total	**1,068**	**1,043**	**25**

4.3.6. OTHER RECEIVABLES

In thousands of euros	31 December 2013	At 31 December 2012
Income tax	9,064	6,954
VAT	311	407
Grants	2,598	1,983
Vivalis Japan treasury advances	607	765
Provision for impairment of Vivalis Japan treasury advances	-153	
Treasury advances to Valneva GMBH	26,965	
Other operating receivables	254	119
Amounts receivable on disposal of assets	1,700	0
Provision for impairment		-1
Total other receivables (net value)	**41,345**	**10,227**

The corporate income tax receivables virtually all concern the Research Tax Credit (RTC) and the CICE (*crédit d'impôt compétitivité emploi*) wage tax credit.

In thousands of euros	31 December 2013	At 31 December 2012
2013 RTC	2,039	
2012 RTC	2,759	2,759
2011 RTC	2,046	2,046
2010 RTC	2,144	2,144
CICE 2013 tax credit	71	
Miscellaneous tax reductions	5	5
Total corporate income tax receivables (net value)	**9,064**	**6,954**

In thousands of euros	Allocated	Reversed	Paid	Balance
DIACT (2008)	550	330	220	0
OSEO (2009)	6,016		4,742	1,274
NANTES (2009)	894		894	0
ANR (2010)	541	76	465	0
FEDER	1,500		752	748
FUI RHONES ALPES	374		112	262
FUI PAYS DE LOIRE	628		314	314
Total grants and advances	**10,503**	**406**	**7,499**	**2,598**

a. At 31 December 2013

In thousands of euros	**Gross**	**Up to 1 year**	**More than 1 year**
Income tax	9,064	2,144	6,920
VAT	311	311	0
Grants	2,598	478	2,120
Vivalis Japan treasury advances	607	607	
Provision for impairment of Vivalis Japan treasury advances	-153	-153	0
Treasury advances to Valneva GMBH	26,965	26,965	
Other operating receivables	254	250	4
Amounts receivable on disposal of assets	1,700	1,700	0
Total	**41,345**	**32,301**	**9,044**

b. At 31 December 2012

In thousands of euros	**Gross**	**Up to 1 year**	**More than 1 year**
Income tax	6,954	0	6,954
VAT	407	349	58
Grants	1,983	305	1,678
Personnel and related accounts	4	0	4
Social security and related receivables	47	47	0
Vivalis Japan treasury advances	765	765	0
Sundry debtors	67	67	0
Total	**10,227**	**1,533**	**8,694**

4.3.7. NET CASH FLOW

In thousands of euros	31 December 2013	At 31 December 2012
Cash at bank and in hand (1)	10,317	372
Fixed term deposits	2,360	9,860
Marketable securities (2)	1,390	1,748
Cash assets	**14,067**	**11,980**
Bank facilities	5	1
Cash liabilities	**5**	**1**
Net cash flow	**14,062**	**11,979**
(1) of which notes sent for collection or discounting:	**0**	**0**
(2) of which accrued income on certain assets	**0**	**0**

b. Valeurs mobilières de placement

The Company applies a conservative and prudent strategy of financial management. The company's assets are allocated among several French banking institutions and several different investment vehicles.

*** Change from 1 January 2013 to 31 December 2013**

In thousands of euros	At 1 January 2013	Acquisitions	Disposals	At 31 December 2013
Open-ended investment fund (SICAV)	747	39,565	-39,923	390
Mutual funds	1		-1	0
Medium-term notes / Certificates of deposit	1,000			1,000
Total	**1,748**	**39,565**	**-39,924**	**1,390**

*** At 31 December 2013**

In thousands of euros	Historic value	Market price	ccrued interest
Open-ended investment fund (SICAV)	390	390	
Mutual funds			
Certificates of deposit	1,000	1,000	98
Total	**1,390**	**1,390**	**98**

*** Change from 1 January 2012 to 31 December 2012**

In thousands of euros	At 1 January 2012	Acquisitions	Disposals	At 31 December 2012
Open-ended investment fund (SICAV)	8,901	14,931	-23,085	747
Mutual funds	3,589	0	-3,588	1
Medium-term notes / Certificates of deposit	3,000	0	-2,000	1,000
Total	**15,490**	**14,931**	**-28,673**	**1,748**

*** At 31 December 2012**

In thousands of euros	Historic value	Market price	ccrued interest
Open-ended investment fund (SICAV)	747	748	
Mutual funds	1	1	
Certificates of deposit	1,000	1,000	58
Total	**1,748**	**1,749**	**58**

At 31/12/2013, amounts for unrealised gains from marketable securities were not material.

4.3.8 Prepaid expenses

In thousands of euros	**31 December 2013**	**At 31 December 2012**
Office supplies	3	4
Maintenance and repairs	24	47
Leasing expenses	1	3
Rent and service charges		30
Insurance premiums	134	46
Documentation and conventions	5	14
Conventions	16	19
Fees		1,366
Advertising		8
Travel and entertainment		14
Bank services	7	
Site security services	2	1
Social charges	6	2
Royalties for licences, patents	7	4
Total	**205**	**1,558**

4.3.9. Accrued income

In thousands of euros	**31 December 2013**	**At 31 December 2012**
Receivables on non-consolidated investments	0	0
Accrued interest on liquid assets under the equity agreement	0	0
Trade receivables and related accounts	248	813
Other receivables	55	79
Marketable securities (certificates of deposit)	0	0
Bank – accrued interest on time deposits	298	365
Total accrued income (1)	**601**	**1,257**

(1) for 2012: amount up to one year: €1,257,000

(1) for 2013: amount up to one year: €601,000

4.3.10 - SHAREHOLDERS' EQUITY

a. Change from 1 January 2013 to 31 December 2013

In thousands of euros	At 1 January 2013	Changes in the period			At 31 December 2013
		Increase	Decrease	Other changes	
Share capital	3,219	5,165	0	0	8,384
Share premiums	62,414	104,242	0	0	166,656
Regulated reserves	12	52,820	0	0	52,832
Retained earnings/(accumulated deficit)	-21,922	0	0	-11,958	-33,880
Net income/(loss) for the year	**-11,958**	0	-9,952	11,958	**-9,952**
Net investment grants	587	0	-129	0	458
Tax-driven provisions	998	0	3	-185	816
Total shareholders' equity	**33,350**	**162,228**	**-10,079**	**-185**	**185,313**

Share capital

At 31 December 2013, the share capital in the amount of €8,384,000 was comprised of 55,898,115 shares including 54,709,000 ordinary shares each with a par value of €0.15 and 17,836,719 preferred shares with a par value of €0.01.

In connection with the merger with Intercell AG resulting in the formation of Valneva SE, the Company issued 17,836,719 new ordinary shares and 17,836,719 new preferred shares, resulting in a capital increase by the Company of **2,676,004** for ordinary shares and **€178,000** for preferred shares

The new ordinary shares carry the same rights as existing ordinary shares, including entitlement to dividends as from 1 January, 2013. Each preferred share will be converted into 0.4810 new ordinary shares upon the issuance of a market authorisation in the United States or Europe for the Group vaccine against the Pseudomonas aeruginosa, and within a period of seven years from the merger completion date (subject to fulfilment of certain financial conditions). If this above-mentioned condition is not fulfilled within this seven-year period, the preferred shares will be cancelled and repaid at their nominal value of €0.01 per share.

On 4 July 2013, Valneva SE finalized a capital increase launched in June 2013 by the issuance of pre-emptive subscription rights. This financing transaction generated proceeds of €40,188,000 (including **€2,274,000** from the capital increase and **€37,913,000** in issue premium) and resulted in the issuance of 15,165,215 new ordinary shares with an offering price of €2.65 per share. These new ordinary shares have a settlement date and were listed on 5 July, 2013. The new ordinary shares carry all rights attaching to share ownership ("immediate dividend rights" or dividends rights as from their issue date).

Furthermore, the Company issued 244,537 new ordinary shares (345,086 in 2012) pursuant to the exercise of stock options in progress resulting in a capital increase of **€37,000** (€358,000 in 2012) and an increase in issue premium of **€306,000**.

At 31 December 2013, 21.19% (rounded off) of the share capital was mainly held by the "Groupe Grimaud La Corbière S.A." holding company, 9.84% by BPI (*Banque Publique* *d'Investissement*) and 62.88% by the free float. The remaining capital is primarily held by financial investors, employees and management.

Other equity

At the time of the merger, the difference between the net assets contributed by the transferor (€135 million) and the nominal value of the capital increase of the transferee (€2,854,000) was recorded as a merger premium for the amount of **€127,711,000**. From this premium, €58,820,000 was transferred to a restricted reserve account to prevent a capital payment effect.

Furthermore, €8,868,000 relating to the merger and capital increase costs were charged to additional paid-in capital.

No dividend was paid in 2013.

b. Change from 1 January 2012 to 31 December 2012

In thousands of euros	At 1 January 2012	Changes in the period			At 31 December 2012
		Increase	Decrease	Other changes	
Share capital	3,168	51	0	0	3,219
Share premiums	62,117	314	-17	0	62,414
Regulated reserves	12	0	0	0	12
Retained earnings/(accumulated deficit)	-13,534	0	0	-8,388	-21,922
Net income/(loss) for the year	**-8,388**	**0**	**-11,958**	**8,388**	**-11,958**
Net investment grants	732	0	-271	126	587
Tax-driven provisions	2,148	24	-1,174	0	998
Total shareholders' equity	**46,255**	**389**	**-13,420**	**126**	**33,350**

(1) of which TUP merger contribution: €30,000

At 31 December 2012, the share capital in the amount of €3,219,000 was comprised of 21,462,529 shares (including 8,427,174 bearer shares) each with a par value of €0.15, with 99% paid up.

Share premiums were paid successively:

- o in 2002 during a capital increase;
- o in 2003 during the issue of shares subscription warrants;

between the 2004 and 2012, during new rights issues each year, including mainly in 2005 (IPO) and 2010 (rights issue).
At 31 December 2012, 51% (rounded off) of the share capital was mainly held by the "Groupe Grimaud La Corbière S.A." holding company and 39% by the free float. The remaining capital (10 %) is primarily held by financial investors, employees and management.

No dividend was paid in 2012.

4.3.11. Investment grants

In thousands of euros	**MENRT 04G608**	**REGION NANTES**	**MINEFI 6075**	**REGION EPF**	**REGION EPF**
Amount granted	441	500	954	111	137
Grant date	5 janvier 2005	13 septembre 2005	11 août 2006	12 octobre 2006	12 octobre 2006
Net amount at 01/01/2011	**75**	**162**	**23**	**50**	**81**
Grant for 2011	0	0	0	0	0
Reclassifications into operating grants	0	0	0	0	0
Grant transferred to 2011 net income	14	63	22	7	10
Net amount at 31/12/2011	**61**	**99**	**1**	**43**	**71**
Grant for 2012	0	0	0	0	0
Reclassifications into operating grants	0	0	0	0	0
Grant transferred to 2012 net income	15	55	1	6	10
Net amount at 31/12/2012	**46**	**44**	**0**	**37**	**61**
Grant transferred to 2013 net income	13	42		6	10
Net amount at 31/12/2013	**33**	**2**	**0**	**31**	**51**

In thousands of euros	**REGION EPF**	**REGION Energie**	**OSEO Vivabio**	**DEPT 44 Nvx Labo**	**TOTAL**
Amount granted	115	15	556	87	
Grant date	12 octobre 2006	15 décembre 2008	26 juin 2009	13/10/2009	
Net amount at 01/01/2011	**83**	**13**	**422**	**85**	**994**
Grant for 2011	0	0	0	0	0
Reclassifications into operating grants	0	0	-116	0	-116
Grant transferred to 2011 net income	10	3	14	3	146
Net amount at 31/12/2011	**73**	**10**	**292**	**82**	**732**
Grant for 2012	0	0	0	0	0
Reclassifications into operating grants	0	0	0	0	0
Grant transferred to 2012 net income	11	2	41	4	145
Net amount at 31/12/2012	**62**	**8**	**251**	**78**	**587**
Grant transferred to 2013 net income	11	2	42	3	**129**
Net amount at 31/12/2013	**51**	**6**	**209**	**75**	**458**

4.3.12. Subordinated grants

In thousands of euros	**REGION PDL**	**OSEO Vivabio**	**NANTES Metrop.**	**TOTAL**
Amount granted	894	2,770	894	
Grant date	22 May 2009	26 June 2009	16 November 2009	
Net amount at 01/01/2011	**894**	**2,770**	**894**	**4,558**
Grant for 2011	0	0	0	0
Repayment during 2011	0	0	0	0
Net amount at 31/12/2011	**894**	**2,770**	**894**	**4,558**
Grant for 2012	0	0	0	0
Repayment during 2012	-178	0	0	-178
Net amount at 31/12/2012	**716**	**2,770**	**894**	**4,380**
Grant for 2013	0	0	0	0
Repayment during 2013	-179	0	0	-179
Net amount at 31/12/2013	**537**	**2,770**	**894**	**4,201**

4.3.13. Provisions for contingencies and losses

a. Change from 1 January 2013 to 31 December 2013

In thousands of euros	At 1 January 2013	Changes in the period			31 December 2013
		Charge	Reversals		
			Used	Not used	
Disputes	12	0	0	0	12
Foreign exchange risk	46	164	0	0	210
Retirement severance benefits	129		0	-106	23
Minimum annual CIT charge	0	0	0	0	0
Total provisions for contingencies and losses	**187**	**164**	**0**	**-106**	**245**
- of which operating	141		0	-106	35
- of which financial	46	164	0	0	210
- of which exceptional	0	0	0	0	0

b. Change from 1 January 2012 to 31 December 2012

In thousands of euros	At 1 January 2012	Changes in the period			31 December 2012
		Charge	Reversals		
			Used	Not used	
Disputes	12	0	0	0	12
Foreign exchange risks	0	46	0	0	46
Retirement severance benefits	97	32	0	0	129
Minimum annual CIT charge	0	0	0	0	0
Total provisions for contingencies and losses	**109**	**78**	**0**	**0**	**187**
- of which operating	109	32	0	0	141
- of which financial	0	46	0	0	46
- of which exceptional	0	0	0	0	0

(1) of which TUP merger contribution: €35,000.

4.3.14. BORROWINGS

4.3.14. Borrowings

In thousands of euros		31 December 2013	At 31 December 2012
CA €1 million loan of 31/01/05 (1)	3-month Euribor floating rate + 0.65%	0	225
CA €800,000 loan of 31/12/2009 (1)	3-month Euribor floating rate + 1.10%	480	561
CA €500,000 loan of 16/07/2012 (1)	3-month Euribor floating rate + 1.40%	376	476
CM €890,000 loan of 31/01/2005 (1)	3-month Euribor floating rate + 0.60%	0	201
CM €450,000 loan of 16/06/2005 (1)	3-month Euribor floating rate + 0.50%	0	0
CM €400,000 loan of 25/04/2006 (1)	3.60% fixed rate	0	29
CM €400,000 loan of 10/08/2007 (1)	3-month Euribor floating rate + 0.70%	43	100
CM €1.2 million loan of 08/08/08 (1)	5.45% fixed rate	347	530
CM €600,000 loan of 23/12/2009 (1)	3-month Euribor floating rate + 1.25%	360	420
CM €1,030,000 loan of 18/06/2010 (1)	2.70% fixed rate	516	663
CM €1.2 million loan of 05/05/2011 (1)	3-month Euribor floating rate + 0.70%	772	944
CM €500;000 loan of 05/07/2012 (1)	3-month Euribor floating rate + 1.40%	376	477
CE €940,000 loan of 10/01/2005 (1)	CODEVI + 1% floating rate	0	241
CE €250,000 loan of 20/04/2006 (1)	CODEVI + 0.90% floating rate	0	20
CE €400,000 loan of 10/08/2007 (1)	3-month Euribor floating rate + 0.70%	50	113
CE €300,000 loan of 25/07/08 (1)	5.40% fixed rate	100	146
CE €600,000 loan of 23/12/2009 (1)	1-month Euribor floating rate + 1.20%	360	420
CE €500,000 loan of 31/07/2012 (1)	1-month Euribor floating rate + 1.30%	379	477
LCL €500,000 loan of 23/12/2009 (1)	1-month Euribor floating rate + 1.25%	301	350
LCL €470,000 loan of 30/07/2010 (1)	3-month Euribor floating rate + 0.80%	252	320
RTC credit mobilization	1-month Euribor floating rate + 1.7%	6,264	
Current bank facilities, bank credit balances		5	1
Total		**10,981**	**6,714**

(1) of which accrued interest €21,000

The dates indicated are those for the beginning of the repayment schedule.

No covenants exist under loans used to finance a portion of the work related to the construction of the laboratories of Valneva and their equipment.

Since 2010, the Company has been covered by an interest rate hedging contract through the parent company Grimaud La Corbière SA (GLC) for €1,479,000 at 31 December 2012.

This contract was implemented on 11 June 2010 for a three-year period. This interest rate swap agreement that accordingly expired on 10 June 2013 provided for payment to GLC each quarter of 3-month Euribor plus a fixed-rate amount of 1.31%.

In 2011, a second interest rate hedging contract was set up for €1,500,000 and increased to €2,300,000 at 31 December 2013.

This second contract was implemented on 1 September 2011 for a four-year period.
This interest rate swap agreement provides for payment to GLC each quarter of 3-month Euribor plus a fixed-rate amount of 1.82%.

In 2012, a third interest rate hedging contract was set up for €385,000 and reduced to €325,400 at 31/12/2013.

This last contract was implemented on 17 October 2012 for a seven-year period.
This interest rate swap agreement provides for a payment to GLC each month at 1-month Euribor plus a fixed-rate amount of 0.58%.

a. At 31 December 2013

In thousands of euros		Gross	Up to 1 year	More than 1 year	More than 5 years
Total borrowings		10,981	7,547	3,184	250
of which loans secured during the year	6,264				
of which loans repaid during the year	1,994				

b. At 31 December 2012

In thousands of euros		Gross	Up to 1 year	More than 1 year	More than 5 years
Total borrowings		6,714	1,641	4,487	586
of which loans secured during the year	1,500				
of which loans repaid during the year	1,461				

4.3.15. Trade payables and related accounts

a. At 31 December 2013

In thousands of euros	Gross	Up to 1 year	More than 1 and less than 5 years	More than 5 years
Operating payables	1,032	1,032	0	0
Notes payable	0	0	0	0
Fourn. Operating payables – purchase invoice accruals	547	547	0	0
Total	**1,579**	**1,579**	**0**	**0**

b. At 31 December 2012

In thousands of euros	Gross	Up to 1 year	More than 1 and less than 5 years	More than 5 years
Operating payables	575	575	0	0
Notes payable	12	12	0	0
Fourn. Operating payables – purchase invoice accruals	1,783	1,783	0	0
Total	**2,370**	**2,370**	**0**	**0**

4.3.16. Tax and employee-related liabilities

In thousands of euros	31 December 2013	At 31 December 2012
VAT due	51	126
Other taxes	0	42
Wages and salaries	412	646
Social charges	648	847
Other employee-related liabilities	0	0
Total tax and employee-related liabilities (1)	**1,111**	**1,661**
(1) up to 1 year	1,111	1,661

4.3.17. Other payables

In thousands of euros	31 December 2013	At 31 December 2012
Payables on non-consolidated investments	1	2,003
Amounts due in respect of fixed asset purchases	4,503	4,746
Other trade payables	41	10
Total other payables	**4,545**	**6,759**

Payables on non-consolidated investments correspond to the earn out payment in connection with Humalys shares for €1,000.

Amounts due with respect to fixed asset purchases include both estimated future royalties to be paid for licence concessions (See note 4.2.6) and debt incurred from the technology acquired in 2011. This latter item amounted to €3,900,000 at 31 December 2013 versus €4,300,000 at the end of 2012.

a. At 31 December 2013

In thousands of euros	Gross	Up to 1 year	More than 1 year	More than 5 years
Payables on non-consolidated investments	1	1		
Payables to fixed asset suppliers	4,410	545	3,865	0
Payables to fixed asset suppliers – purchase invoice a	93	93		
Other payables	41	41		
Total	**4,545**	**680**	**3,865**	**0**

b. At 31 December 2012

In thousands of euros	Gross	Up to 1 year	More than 1 year	More than 5 years
Payables on non-consolidated investments	2,003	2,003		
Payables to fixed asset suppliers	4,653	355	4,298	0
Payables to fixed asset suppliers – purchase invoice a	93	93		
Other payables	10	10		
Total	**6,759**	**2,461**	**4,298**	**0**

4.3.18. Deferred income

In thousands of euros	31 December 2013	At 31 December 2012
Operating grants	1,577	669
Research services and royalties	5	55
Total deferred income	**1,582**	**724**

a. At 31 December 2013

In thousands of euros	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating grants	1,577	702	876	
Research services and royalties	5	5		
Total	**1,583**	**707**	**876**	**0**

At 31 December 2013, deferred income included on the one hand operating grants:

- an outstanding amount of €130,000 from a grant of €220,000 (with €550,000 initially planned in December 2008), with €30,000 transferred to income for 2009, €160,000 for 2010 and €40,000 for 2011. In 2012, a charge to income of €110,000 was recognised as a consequence of headcount reduction of employees on permanent contracts in Nantes constituting the basis for the grant. This trend continued in 2013 with this grant reduced to €90,000 with the charge of €30,000 to the income statement.

- €419,000 outstanding from a grant obtained in March 2013 for a total amount of €1,500,000. Only €1,081,000 was recognized under income in 2013,
- €327,000 outstanding from a grant obtained in June 2013 for a total of €374,000. The share of income relating to fiscal 2013 amounted to €47,000,

- €537,000 outstanding from the grant issued in December 2013 for a total amount of €628,000. Expenses incurred in the period relating to this grant made it possible to generate €91,000 in income for 2013,

- €164,000 outstanding from a grant obtained in June 2009 for a total amount of €2,690,000. In 2011, €116,000 of this grant initially classified as an investment grant was reclassified as an operating grant. The amount transferred to income was €1,569,000 in 2009, €718,000 in 2010 and €355,000 in 2011. No income was recognised in 2012. This was also the case for 2013.

And on the other hand, €5,000 for services representing amounts invoiced to customers at the beginning of the period and corresponding to work to be completed by Valneva during the following year.

b. At 31 December 2012

In thousands of euros	**Gross**	**Up to 1 year**	**More than 1 year**	**More than 5 years**
Operating grants	669	0	595	74
Research services and royalties	55	55		
Total	**724**	**55**	**595**	**74**

At 31/12/2012, deferred income included:
- an outstanding amount of €430,000 from a grant of €550,000 obtained in December 2008, with €30,000 transferred to income for 2009, €160,000 for 2010 and €40,000 for 2011. In 2012, a charge of €110,000 was recognised as a consequence of headcount reduction of employees on permanent contracts in Nantes constituting the basis for the grant.
- €164,000 outstanding from a grant obtained in June 2009 for a total amount of €2,690,000. In 2011, €116,000 from this grant initially classified as an investment grant was reclassified as an operating grant. The amount transferred to income was €1,569,000 in 2009, €718,000 in 2010 and €355,000 in 2011. No income was recognised in 2012.
- €74,000 outstanding from a grant obtained in June 2010 for a total amount of €541,000. The amount transferred to income was €87,000 in 2010, €194,000 for 2011 and €185,000 for 2012.

This also includes research services representing amounts invoiced to customers at the beginning of the period and corresponding to work to be performed by Vivalis during the following year.

4.3.19. Accrued expenses

In thousands of euros	**31 December 2013**	**At 31 December 2012**
Trade payables and related accounts	547	1,782
Tax and employee-related liabilities	735	1,126
Payables on fixed assets and equivalent	93	93
Borrowings and financial liabilities	23	18
Other payables	41	11
Total accrued expenses (1)	**1,438**	**3,030**

(1) payables up to 1 year

4.4. NOTES TO THE INCOME STATEMENT

4.4.1. Net sales

In thousands of euros	**31/12/2013**	**31/12/2012**
Sale of trade goods	2	0
Research services	1,273	2,139
Other services	416	32
Total	**1,691**	**2,171**

In thousands of euros	**31/12/2013**	**31/12/2012**
Sales in France	591	1,526
Export sales	1,100	645
Total	**1,691**	**2,171**

4.4.2. Own production of goods and services capitalised

In thousands of euros	**31/12/2013**	**31/12/2012**
Development expenditure	284	144
Long-term investments	0	0
Property, plant and equipment	0	0
Total	**284**	**144**

4.4.3. Grants

In thousands of euros	**31/12/2013**	**31/12/2012**
ANR		185
ANRT	-2	
DIACT	-30	-110
FEDER	1,081	
FUI RHONE ALPES	47	
FUI PAYS DE LOIRE	91	
OSEO	0	0
Other	3	8
Total	**1,190**	**83**

The ANR provided a grant in 2010 for €541,000. As this project was discontinued in early 2013, a charge of €2,000 was recognized in the period as an adjustment.

Valneva received a public grant (DIACT) in 2008 of €550,000 destined to contribute to finance the creation of 55 new positions with income of €10,000 recorded for each position created. Amounts recognized under income reflect work for changes over the period for the Nantes establishment. Due to the reduction in company headcount in the period, a charge of €30,000 was recorded in 2013 as an adjustment.

Valneva SE was a recipient of three new grants in the period:

- FEDER provided a grant for €1,500,000 in March 2013 for the 2009-2014 period; €1,081,000 was recognized under income for the period in progress whereas most of the expenses related to prior periods.

- The Rhône Alpes FUI provided a grant for €374,000 in October 2013, with €47,000 recognized under income in 2013.

- The Pays de Loire FUI provided a grant for €628,000 in December 2013, with €91,000 recognized under income in 2013.

In 2009, OSEO provided a "VIVABIO" grant totalling €2,806,000. Pursuant to the suspension of research programmes, no income was recognized in 2012 and 2013.

4.4.4. Other income

In thousands of euros	**31/12/2013**	**31/12/2012**
Upfront fees and milestone payments (1)	465	585
Other	0	0
Total	**465**	**585**

(1) See note 4.2.20

4.4.5. Reversals of depreciation, amortisation and provisions and expense reclassification

In thousands of euros	**31/12/2013**	**31/12/2012**
Reversal of provisions for retirement severance benefits	106	0
Reversals of provisions for trade receivables	0	0
Reversals of provisions for contingencies and losses	0	0
Operating expense reclassifications	39	127
Total	**145**	**127**

Operating expense reclassifications concerned amounts recharged for outside services to certain customers.

4.4.6. Purchases and external expenses

Main expense items *(in thousands of euros)*	**31/12/2013**	**31/12/2012**
Work by various third parties	1,463	2,425
Fees	1,576	1,093
Maintenance and repairs	549	688
Administrative services	327	347
Travel expenses	340	216
Electricity	161	163
Symposiums, seminars, conferences	125	139
Post and telephone expenses	172	125
Entertainment expenses	158	117
Property leasing	70	106
Sundry transport expenses	79	105
Advertising, publications, public relations	105	101
Insurance premiums	225	80
Waste management	52	74
Training fees	41	57
Analyses	45	46
Bank services	51	44
Natural gas	42	43
Leasing expenses	62	35
Water	12	18
Other	112	97
Total	**5,767**	**6,119**

4.4.7. Taxes, duties and related amounts

In thousands of euros	**31/12/2013**	**31/12/2012**
Taxes on remuneration	**100**	**131**
Training	73	80
Apprentices tax	28	30
Other taxes / remuneration	0	21
Other taxes	**131**	**212**
Local taxes	82	65
Local business tax	0	0
CFE - CVAE regional business tax	-3	71
Company vehicle tax	5	5
Corporate Social Solidarity Contribution C3S tax	4	4
Minimum annual CIT charge	0	0
Employer contribution for handicapped workers	11	10
Withholding taxes	4	53
Stamp and registration duties	3	2
Other taxes	26	2
Total	**231**	**343**

4.4.8. Personnel

a. Employees

Average number of employees	**31/12/2013**	**31/12/2012**
Executives and higher intellectual professions	56	64
Intermediate professions	25	36
Employees	2	3
Workers	0	0
Seconded personnel	0	0
Total	**84**	**103**

Employees present at 31 December 2013: 66 employees of which 62 on permanent contracts and on 4 on fixed term contracts
Employees present at 31 December 2012: 94 employees of which 83 on permanent contracts and on 11 on fixed term contracts

b. Personnel costs

In thousands of euros	**31/12/2013**	**31/12/2012**
Wages and salaries	4,267	4,686
Social charges	1,853	2,057
CICE wage tax credit	-71	
Other personnel expenses	151	33
Total	**6,200**	**6,776**

c. Remuneration paid to Executive Board and Supervisory Board members

In thousands of euros	**31/12/2013**	**31/12/2012**
Fixed	348	444
Variable	116	15
Fringe benefits	8	7
All Executive Board members	**472**	**466**
Attendance fees	157	40
All Supervisory Board members	**157**	**40**
TOTAL	**629**	**506**

Bonus share grants		
Executive Board members	33,333	33,334
Supervisory Board members	none	none

Stock options (number of shares subscribed)	**209,952**	**203,472**
Executive Board members	209,952	203,472
Supervisory Board members	0	0

Equity warrants (number of shares subscribed)	**0**	**0**
Executive Board members	0	0
Supervisory Board members	0	0

d. Individual training rights

	31/12/2013	**31/12/2012**
Rights vested in hours during the year	1,177	1,775
Training hours accumulated but unclaimed	4,599	5,967

Pursuant to the position of the French National Accounting Council, the individual right to training does not give rise to the recognition of provisions.

e. Employee benefits

Assumptions used for the valuation of pension benefits

	31 décembre 2013	31 décembre 2012
Discount rate	3.17%	2.69%
Salary increase rate	2.50%	2.50%
Social security charge rate	47.99%	47.85%
Turnover rate	12.45%	9.53%

Change in net commitments and reconciliation of the provision

In thousands of euros	31 décembre 2013	31 décembre 2012
Commitment at the beginning of period	**129**	**97**
Commitment at the end of period	**23**	**129**
Provision at the beginning of period	**129**	**97**
Humalys TUP merger contribution	0	0
Charge for the period		32
Reversal of the period	-106	0
Provision at the end of period	**23**	**129**

4.4.9. Depreciation, amortisation & impairment of fixed assets

In thousands of euros	**31/12/2013**	**31/12/2012**
Intangible fixed assets	1,144	1,228
Property, plant and equipment	1,616	1,838
Total fixed assets (A)	**2,760**	**3,066**
Employee commitments	0	32
Provisions for operating contingencies and losses	0	0
Total provisions (B)	**0**	**32**
Total net charges excluding current assets (C=A+B)	**2,760**	**3,098**
Trade receivables and other current assets	0	0
Total assets (D)	**0**	**0**
Exceptional amortisation (E=C+D)	**2,760**	**3,098**
Provisions for unrealised foreign exchange losses	164	47
Provision for current account advances	152	
Provisions for impairment of long-term investments	337	-94
Total financial assets (F)	**654**	**-47**
Exceptional amortisation of fixed assets (G)		27
Provisions for impairment of fixed assets (H)	30	1,077
Accelerated tax depreciation or amortisation of fixed as:	-182	-1,151
Other provisions (J)	0	0
Total exceptional items (K=G+H+I+J)	**-153**	**-47**

4.4.10. Net income/(loss) from financial items

In thousands of euros	**31/12/2013**	**31/12/2012**
Income from marketable securities	198	469
Interest on borrowings	-180	-169
Interest on convertible bond debt	-382	
Interest on current accounts	193	
Impairment of financial assets	-654	47
Other	11	-28
Net financial income/(expense)	**-813**	**319**

4.4.11. Net exceptional items

In thousands of euros	**31/12/2013**	**31/12/2012**
Net income on disposals	1,264	-2
Amortisation and provisions, net of reversals on tangible fixed assets	-27	0
Amortisation and provisions, net of reversals on intangible fixed assets	-3	-1,077
Accelerated tax depreciation and amortisation charges and reversals	182	1,151
Share of grant transferred to income	129	145
2010 Humalys income tax allocated to prior period losses	0	0
Other	2	-24
Net exceptional items	**1,548**	**193**

4.4.12. Income tax

a. Income tax charges

Effective tax rate

In thousands of euros	**31/12/2013**	**31/12/2012**
Net income/(loss)	-9,952	-11,958
Income tax	-2,039	-2,759
Net loss before tax	-11,991	-14,717
Effective tax rate	**0**	**0**

b. Tax losses carried forward

	31/12/2013	**31/12/2012**
Losses carried forward at the beginning of the period	47,806	32,999
Losses generated during period	19,615	14,807
Losses utilised during period	0	0
Prior losses used		
Losses expired during period		
Losses carried forward at the end of the period	**67,421**	**47,806**

(1) The loss includes an amount for SMOL Therapeutics linked to French tax group provisions for €1,841,000.

c. Deferred tax assets and deferred tax liabilities

In thousands of euros	**31/12/2013**	**31/12/2012**
Deferred tax assets (investment grants and accelerated tax depreciation or amortisa	424	528
Deferred tax liabilities		
Corporate Social Solidarity Contribution (C3S)	1	1
Capital grants taxable at time of allotment	0	0
Operating grants taxable at time of allotment	526	223
Unrealised gains from UCITS	0	0
Employee profit-sharing	0	0
Total deferred tax assets/deferred tax liabilities)	**-103**	**304**

4.4.13. Earnings per share

		31/12/2013	31/12/2012
Basic net loss *(in euros)*	(a)	-9,952,449	-11,957,883
Average number of shares outstanding:	(b)	40,328,234	21,284,880
Total number of potential shares	(c)	58,483,614	22,091,664
Basic net earnings per share (in euros)	**(a) / (b)**	**-0.25**	**-0.56**
Diluted net earnings per share (in euros)	**(a) / (c)**	**-0.17**	**-0.54**

In light of the net loss, diluted earnings per share is considered identical to basic earnings.

5. OTHER INFORMATION

5.1. Commitments and contingent liabilities

5.1.1 - Debt guarantee by collateral

In thousands of euros	31 December 2013	31 December 2012
- Equipment pledge	771	973
- pledges on non-consolidated investments (1)	127,876	2,000

(1) Valneva Austria GMBH securities in connection with the financing transaction with Pharmakon.

5.1.2 Off-balance sheet commitments

In thousands of euros	31 December 2013	At 31 December 2012
Commitments given		
- Commitment on Pharmakon Advisors Valneva Austria GMBH loan (1)	34,979	
- potential earn out payment on investment securities (2)	4,961	4,967
- sourcing commitment with a supplier	490	898
- commitment with a service provider		125
- property lease commitment	810	
- comfort letter in favour of Valneva GMBH (4)	9,968	
- equipment financing lease	1	3
- financial returns on OSEO reimbursable loans (3)	6,230	6,230
- financial returns and repayment of subordinated grants	220	736
- mortgage on loans	1,500	2,514
- interest payable on loans	175	292
Total commitments given	**59,334**	**15,765**
Commitments received		
- grant from Dept 44 - Laennec construction	45	45
- bonds received from the Grimaud Group parent company		
CRCA 10-year loan	0	227
CM 10-year loan	0	202
CM 7-year loan	947	1,376
CEP 10-year loan	0	249
CEP 7-year loan	50	114
CEP 5-year loan	391	494
LCL 7-year loan	257	327
- Security received from CRCA		
payables on non-consolidated investments		2,000
- credit line granted by CRCA	50	50
- Credit line granted by LCL	50	50
- Credit line granted by CEP	50	50
- Credit line granted by CM	50	50
Total commitments received	**1,890**	**5,234**

(1) Principal and interest until maturity for the Pharmakon loan guaranteed by Valneva SE

(2) The maximum earn out is €5.5 million over a 15 year period (2025) less €539,000 for the amount owed from 2010 to 2013 (See 4.3.3).
(3) The maximum amount repayable of reimbursable loans under the Vivabio program is €9 million over a maximum period of nine years from the obligating event for repayment of the financing for €2,771,000 (see note 4.3.12).
(4) On lease instalments payable until the end of the property lease in 2023.

5.1.3. Contingent liabilities

There are no significant cases of litigation in progress.

No provision has been recorded by the company in respect to stock option, equity warrant and bonus share plans. In effect, the company intends to issue new shares in connection with future grants and subscriptions.

5.1.4 Auditors' fees

	PWC		Deloitte	
	In € (excl. tax)		In € (excl. tax)	
	2013	2012	2013	2012
Audit				
Statutory auditing	44,000		46,657	59,000
Capital increase			95,460	
Merger	77,731		40,738	
Accessory missions			2,060	
Subtotal	**121,731**	**0**	**184,914**	**59,000**
Other services				
Legal, tax, labour issues				
Other directly related procedures				
Accessory missions				
Subtotal	**0**	**0**	**0**	**0**
Total	**121,731**	**0**	**184,914**	**59,000**

5.2. INFORMATION CONCERNING RELATED PARTIES

Related parties concerned relations with Grimaud Group and companies of the Grimaud Group, relations with the subsidiary Vivalis Toyama Japan, and since the merger of 28 May 2013, relations with the subsidiary Valneva Austria GMBH.

For Grimaud Group and its member companies services provided concern both a group management agreement and the provision of services and miscellaneous items by the Grimaud Group to Valneva.

These services consist of either normal operating activities (accounting, payroll, cash management, health analyses, interest rate swap allocation agreement, human resources, and IT services) or regulated activities (guarantees). For fiscal 2013 €283,000 excluding tax was invoiced for these services including €55,000 for trade receivables at 31 December 2013.

Furthermore, on 28 March 2007, the Supervisory Board authorised Vivalis' Executive Board to conclude a group management agreement with Grimaud Group. Under the terms of this agreement, the latter intervenes by coordinating Group management and ensuring a consistent performances and profitability. This agreement was concluded for one year subject to tacit renewal. For fiscal 2013, €189,000 was invoiced for services. This agreement with Groupe Grimaud was terminated on 31 October 2013.

Vivalis Japan invoiced Valneva €21,000 for supplies and €73,700 for operating expenses with €138,000 under trade payables at 31/12/2013.

In thousands of euros	**31 December 2013**	**At 31 December 2012**
Financial assets		
- Non-consolidated investments	127,923	47
- Receivables on non-consolidated investments		
Receivables		
- Trade receivables and related accounts		2
- Other receivables	27,419	783
Payables		
- Borrowings and miscellaneous debt		
- Trade payables and related accounts	193	743
- Payables on fixed assets and equivalent		
- Other payables		
Revenue		20
Financial income	168	13
Exceptional income		
Reclassification of operating expenses		6
Operating expenses		
- Purchase of raw materials and other supplies		121
- Other purchases and external expenses	1,192	2,040
- Other operating purchases		7
Financial expense		
- Interest and similar expense	38	16

5.3. DILUTIVE INSTRUMENTS

SHARE SUBSCRIPTION OPTIONS (SSO) ISSUED BY VALNEVA SE AT 12/01/2013)

POST-IPO AFTER ELIMINATION OF LASPED OPTIONS

Details of the resolutions.										
EGM of	23/05/02	29/11/02	29/11/02	29/11/02	29/11/02	29/11/02	03/11/04	03/11/04	03/11/04	03/11/04
Resolution number	1	24	24	24	24	24	15	15	15	15
Meeting Date of the Board of Directors or Executi	23/05/02	20/12/02	01/09/03	06/10/03	05/01/05	01/02/05	05/04/05	05/04/05	05/04/05	05/10/05
Resolution number	1	1	1	1 & 2	1	1 & 2	1 to 6	1 & 2	1 to 6	1 & 2
Type of securities issued	**SSO 2**	**SSO 3.1**	**SSO 3.2**	**SSO 3.3**	**SSO 3.4**	**SSO 3.5**	**SSO 4.1**	**SSO 4.2**	**SSO 4.3**	**SSO 4.4**
Initial terms and conditions										
Number of options issued	1810	1535	700	570	120	300	800	900	300	300
Number of shares to be subscribed	181000	153500	70000	57000	12000	30000	80000	90000	30000	30000
Category of shares to be subscribed	O	O	O	O	O	O	O	O	O	O
Beneficiaries(see foot of table)	R	R	R	R	R	R	R	R	R	R
Option issue price	free	free	free	free	free	free	free	free	free	free
Par value of Vivalis share	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €
Subscription price per share	0.45 €	1.80 €	1.80 €	1.80 €	1.80 €	1.80 €	1.80 €	1.80 €	1.80 €	1.80 €
Potential capital increase	27,150 €	23,025 €	10,500 €	8,550 €	1,800 €	4,500 €	12,000 €	13,500 €	4,500 €	4,500 €
Potential share premium	54,300 €	253,275 €	115,500 €	94,050 €	19,800 €	49,500 €	132,000 €	148,500 €	49,500 €	49,500 €
Commencement of the exercise period	24/05/06	to the objectives	01/09/04	06/10/07	05/01/09	01/02/09	05/04/2009 and on achievement of objectives	05/10/2009 and on achievemen t of	05/04/09	05/10/09
Expiry of exercise period	23/05/12	20/12/12	01/09/13	06/10/13	05/01/15	01/02/15	05/04/15	05/10/15	05/04/15	05/10/15
Conditions precedent for exercise	none	yes	yes	none	none	none	yes	yes	none	none
Changes and situation at 13 December 2013										
Number of options exercised	1310	1109	700	570	30	300	0	760	300	300
Number of shares subscribed	135000	119772	70800	60280	3240	33234	0	82080	33624	33942
Sums received by the company	60,750 €	215,590 €	126,000 €	106,272 €	5,400 €	59,821 €	0 €	147,744 €	60,523 €	60,851 €
Allocation to capital increase	20,250 €	17,966 €	10,620 €	9,042 €	486 €	4,985 €	0 €	12,312 €	5,044 €	5,091 €
Allocation to share premium	40,500 €	197,624 €	115,380 €	97,230 €	4,914 €	54,836 €	0 €	135,432 €	55,480 €	55,760 €
Options lapsed	500	426	0	0	0	0	100	0	0	0
Number of beneficiaries remaining	0	0	0	0	2	0	1	0	0	0
Number of options in force	0	0	0	0	90	0	700	0	0	0
Number of shares to be subscribed	0	0	0	0	10260	0	79800	0	0	0
Potential capital increase	0 €	0 €	0 €	0 €	1,539 €	0 €	11,970 €	0 €	0 €	0 €
Potential share premium	0 €	0 €	0 €	0 €	16,929 €	0 €	131,670 €	0 €	0 €	0 €
Closing share price at 31/12/2013	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €

Details of the resolutions.												
EGM of	03/11/04	03/11/04	13/09/05	13/09/05	09/06/09	28/06/13	09/06/09	10/06/10	07/06/11	**04/06/12**	**28/06/13**	Total
Resolution number	19 & 20	19 & 20	7	7	16	24	16	16	15	16	24	
Meeting Date of the Board of Directors or Executi	03/04/06	03/04/06	03/04/06	03/04/06	01/10/10	02/10/13	To be held	To be held	To be held	To be held	To be held	
Resolution number	1, 3, 3, 4	1, 3, 3, 4	1, 3, 3, 4	1, 3, 3, 4	4	1						
Type of securities issued	**SSO 5.1**	**SSO 5.2**	**SSO 6.1**	**SSO 6.2**	**SSO 7.1**	**SSO 8**	**OSA9**	**OSA10**	**OSA11**	**OSA12**	**OSA13**	
	(4bis)	(4bis)	Plan 5	Plan 5	Plan 6	(Plan 7 "ESOP 2013")	(2)	(3)	(4)	(5)	(6)	
Initial terms and conditions												
Number of options issued	160	160	240	290	14000	1052950	276000	7500	7500	157000	1178406	2,701,541
Number of shares to be subscribed	16000	16000	24000	29000	14000	1052950	276000	7500	7500	157000	1178406	3,511,856
Category of shares to be subscribed	O	O	O	O	O	O	O	O	O	O	O	
Beneficiaries(see foot of table)	R	R	R	R	R	R	R	R	R	R	R	
Option issue price	free	free	free	free	free	free	free	free	free	free	free	
Par value of Vivalis share	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	
Subscription price per share	1.80 €	1.80 €	1.80 €	1.80 €	5.19 €	3.21 €	(1)	(1)	(1)	(1)	90% of the average trading price for the 20 trading sessions preceding the grant date by the Executive Board	
Potential capital increase	2,400 €	2,400 €	3,600 €	4,350 €	2,100 €	157,943 €	41,400 €	1,125 €	1,125 €	23,550 €	176,761 €	526,778 €
Potential share premium	26,400 €	26,400 €	39,600 €	47,850 €	70,560 €	3,222,027 €	To be determined	To be determined	To be determ	To be determ	To be determined	4,398,762 €
Commencement of the exercise period	On achievem ent of objectives	On achievem ent of objectives	On achieveme nt of objectives	On achieveme nt of objectives	On achievemen t of objectives	02/10/2015 02/10/2017	To be set	To be set	To be set	To be set	To be set	
Expiry of exercise period	03/04/16	03/04/16	03/04/16	03/04/16	01/10/20	02/10/23	To be set	To be set	To be set	To be set	To be set	
Conditions precedent for exercise	yes	yes	yes	yes	yes	none	To be set	To be set	To be set	To be set	To be set	
Changes and situation at 13 December 2013												
Number of options exercised	0	160	0	290	0	0	0	0	0	0	0	5,829
Number of shares subscribed	0	17280	0	31320	0	0	0	0	0	0	0	620,572
Sums received by the company	0 €	31,104 €	0 €	56,376 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	930,431 €
Allocation to capital increase	0 €	2,592 €	0 €	4,698 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	93,086 €
Allocation to share premium	0 €	28,512 €	0 €	51,678 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	837,345 €
Options lapsed	0	0	150	0	7000	38350	276000	7500	7500	0	0	337,526
Number of beneficiaries remaining	1	0	1	0	1	281	0	0	0	0	0	
Number of options in force	160	0	90	0	7000	1014600	0	0	0	157000	1178406	2,358,046
Number of shares to be subscribed	18240	0	10260	0	7000	1014600	0	0	0	157000	1178406	2,475,566
Potential capital increase	2,736 €	0 €	1,539 €	0 €	1,050 €	152,190 €	0 €	0 €	0 €	23,550 €	176,761 €	371,335 €
Potential share premium	30,096 €	0 €	16,929 €	0 €	35,280 €	3,104,676 €	To be determined	To be determined	To be determined	To be determined	To be determined	3,335,580 €
Closing share price at 31/12/2013	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	
							EXPIRED	USED	USED			

Initial beneficiaries	Authorized	Allocated	Lapsed	Exercised	Options in progress	Shares to be granted
SSO 2: 19 people including 17 employees and 2 officers.	1810	1810	500	1310	0	0
SSO 3: 9 people including 7 employees and 2 officers.	3610	3225	426	2709	90	10260
SSO 4: 1 employee and 3 officers.	2400	2300	100	1360	700	79800
SSO 5: grants made to 2 officers.	1100	320	0	160	160	18240
SSO 6: grants made to 2 officers.	660	530	150	290	90	10260
SSO 7 andt SSO 9: 1 Employee	290000	14000	283000	0	7000	7000
SSO 8 and SSO 13: 290 employees and 3 officers - Valneva & Sub	2231356	1052950	38350	0	2193006	2193006
SSO 10: Valneva & Subsidiary employees and officers	7500	0	7500	0	0	0
SSO 11: Valneva & Subsidiary employees and officers	7500	0	7500	0	0	0
SSO 12: Valneva & Subsidiary employees and officers	157000	0	0	0	157000	157000
Total	2702936	1075135	337526	5829	2358046	2475566

(1): 80% of the average trading price for the 20 trading sessions preceding the grant date by the Executive Board

(2): resolution 16 of the AGM of 9 June 2009 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 17 of the same EGM of 09/06/2009 may not exceed 290.000 shares.

(3): resolution 16 of the AGM of 10 June 2010 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 17 of the same EGM of 10/06/2010 may not exceed 7.500 shares.

(4): resolution 15 of the AGM of 7 June 2011 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 16 of the same EGM of 07/06/2011 may not exceed 7.500 shares.

(5): resolution 16 of the AGM of 4 June 2012 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 17 of the same EGM of 04/06/2012 may not exceed 157,000 shares.

(6): resolution 24 of the AGM of 28 June 2013 specified that the total amount of shares issued under this plan and the plan for free shares voted by resolution 25 of the same EGM may not exceed 2,231,356 shares.

HYBRID SECURITIES ISSUED BY VALNEVA SE AT 21 December 2013).					To be granted
Details of the resolutions.					
EGM of	18/05/07	07/06/11	07/06/11	04/06/12	Total
Resolution number	2	18	18	19	
Meeting Date of the Board of Directors or E)	27/08/07	To be held	06/09/11	To be held	
Resolution number	All		4		
Type of securities issued	**Equity warrants (plan 19)**	**Equity warrants (plan 23)**	**Equity warrants (plan 23.1)**	**Equity warrants (plan 24)**	
Terms and conditions					
Number of hybrid securities issued	45000	15000	22500	26250	108750
Number of shares to be subscribed	45000	15000	22500	26250	108750
Category of shares to be subscribed	O	O	O	O	
Beneficiaries (see foot of table)	R	R	R	R	
Hybrid securities issue price	0 €	0 €	0 €	0 €	
Par value of Vivalis share	0.15 €	0.15 €	0.15 €	0.15 €	
Subscription price per share	8.41 €	(1)	5.17 €	(1)	
Potential capital increase	6,750 €	2,250 €	3,375 €	3,938 €	16,313 €
Potential share premium	371,700 €	To be determined	112,950 €	To be determined	484,650 €
Commencement of the exercise period	27/08/08	To be set	06/09/11	To be set	
Expiry of exercise period	27/08/12	To be set	06/09/16	To be set	
Conditions precedent for exercise	yes	To be set	yes	To be set	
Changes and position at 31 December 2013					
Number of hybrid securities subscribed by	45000	0	22500	0	67500
Number of hybrid securities exercised	0	0	0	0	0
Number of shares subscribed	0	0	0	0	0
Sums received by the company for hybrid s	0 €	0 €	0 €	0 €	0
Sums received by the company for shares	0 €	0 €	0 €	0 €	0
Allocation to capital increase	0 €	0 €	0 €	0 €	0
Allocation to share premium	0 €	0 €	0 €	0 €	0
Hybrid securities lapsed	45000	15000	11250	26250	97500
Number of beneficiaries remaining	0	0	2	To be set	2
Number of hybrid securities in force	0	0	11250	0	11250
Number of shares to be subscribed	0	0	11250	0	11250
Potential capital increase	0 €	0 €	1,688 €	0 €	1,688 €
Potential share premium	0 €	0 €	56,475 €	A déterminer	56,475 €
Price of hybrid securities (NL = not listed)	NL	NL	NL	NL	
Closing share price at 31/12/2013	4.16 €	4.16 €	4.16 €	4.16 €	
		EXPIRED (18 months)		EXPIRED (18 months)	

Initial beneficiaries

Equity warrant plan 19: 2 Members of the Supervisory Board

Equity warrant plan 23: individual non-salaried members of management or supervisory bodies of the company.

Equity warrant plan 23.1: 2 Members of the Supervisory Board

Equity warrant plan 24: individual non-salaried members of management or supervisory bodies of the company.

(1): Average closing price for the last 20 trading days at the time of grant to holders by the Management Board.

BONUS SHARES (BS) ISSUED BY VALNEVA SE AT AT 31/12/2013).

Details of the resolutions.														10/06/10	7 June 2011, 4 June 2012						
EGM of	31/03/07	31/03/07	31/03/07	31/03/07	31/03/07	31/03/07	09/06/09	09/06/09	09/06/09	09/06/09	09/06/09	09/06/09	09/06/09			09/06/09	10/06/10	07/06/11	04/06/12	28/06/13	Total
Resolution number	22	22	22	22	22	22	17+18	17+18	17+18	17+18	17+18	17+18	17+18			17+18	17+18	16+17	17	25	
Meeting Date of the Board of Directors or Executive Board	04/09/07	25/07/08	23/07/09	23/07/09	22/02/10	22/02/10	22/02/10	22/02/10	22/02/10	01/10/10	01/10/10	06/09/11	06/09/11	24/07/13	24/07/13	To be held	To be held	To be held	To be held	To be held	
Resolution number	1st	1st	1st	2nd	1st	2nd	3rd	4th	5th	1st	2nd	3rd	3rd	5th	6th						
Type of securities issued	**BS 1.1**	**BS 1.2**	**BS 1.3**	**BS 1.4**	**BS 1.5**	**BS 1.6**	**BS 2.1**	**BS 2.2**	**BS 2.3**	**BS 2.4**	**BS 2.5**	**BS 2.6**	**BS 2.7**	**BS 3.1**	**BS 3.2**	**BS 4**	**BS 5**	**BS 6**	**BS 7**	**BS 8**	
	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)			(1)	(3)	(4)	(5)	(6)	
Initial terms and conditions																					
Number of free shares to be allotted														7500	44500	152500	0	0	120000	1178406	1,502,906
Total number of free shares granted	296000	60500	18500	10000	33334	17666	15667	33333	6500	9500	38000	6000	28500	7500	44500	0	0	0	0	0	625,500
Category of shares to be subscribed	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	
Beneficiaries(see foot of table)	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
Par value of Valneva share	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	0.15 €	
Subscription price per share	free	free	free	free	free	free	free	free	free	free	free	free	free	free	free	free	free	free	free	free	
Potential capital increase	44,400 €	9,075 €	2,775 €	1,500 €	5,000 €	2,650 €	2,350 €	5,000 €	975 €	1,425 €	5,700 €	900 €	4,275 €	1,125 €	6,675 €	22,875 €	0 €	0 €	18,000 €	176,761 €	311,461 €
Potential share premium	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	
Commencement of the exercise period	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	To be set	To be set	To be set	To be set	To be set	
Expiry of exercise period	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	Various	To be set	To be set	To be set	To be set	To be set	
Conditions precedent for exercise	none	none	yes	yes	yes	yes	yes	yes	none	none	none	To be set	none	none	none	To be set	To be set	To be set	To be set	To be set	
Changes and situation at 31/12/2013																					
Number of bonus shares definitively granted	266000	44500	10500	5000	33334	17666	15667	0	0	0	33000	0	10000	0	0	0	0	0	0	0	435,667
Sums received by the company	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none
Allocation to capital increase	39,900 €	6,675 €	1,575 €	750 €	5,000 €	2,650 €	2,350 €	0 €	0 €	0 €	4,950 €	0 €	1,500 €	0 €	0 €	0 €	0 €	0 €	0 €	0 €	65,350 €
Allocation to share premium	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	none	
Number of free shares lapsed (not definitively granted)	30000	16000	8000	5000	0	0	0	0	2500	4000	5000	1500	18500	2000	0	152500	0	0	0	0	245,000
Number of beneficiaries remaining	0	0	0	0	0	0	0	1	6	7	0	7	0	6	18	To be set	To be set	To be set	To be set	To be set	
Number of free shares in force	0	0	0	0	0	0	0	33333	4000	5500	0	4500	0	5500	44500	0	0	0	120000	1178406	1,395,739
Potential capital increase	0 €	0 €	0 €	0 €	0 €	0 €	0 €	5,000 €	600 €	825 €	0 €	675 €	0 €	825 €	6,675 €	0 €	0 €	0 €	18,000 €	176,761 €	209,361 €
Closing share price at 31/12/2013	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	4.16 €	
																EXPIRED	USED	USED			

Initial beneficiaries	be granted	Granted	Lapsed	Definitively granted	progress	be granted
BS issue 1.1: 23 employees incl. 3 officers.	436000	296000	30000	266000	0	0
BS issue 1.2: 11 employees		60500	16000	44500	0	0
BS issue 1.3: 13 employees		18500	8000	10500	0	0
BS issue 1.4: 2 employees		10000	5000	5000	0	0
BS issue 1.5: 1 officer.		33334	0	33334	0	0
BS issue 1.6: 1 officer.		17666	0	17666	0	0
BS issue 2.1 and BS issue 4: 1 officer.	290000	15667	0	15667	0	0
BS issue 2.2 and BS issue 4: 1 officer.		33333	0	0	33333	0
BS issue 2.3 and BS issue 4: 11 employees		6500	2500	0	4000	0
BS issue 2.4 and BS issue 4: 13 employees		9500	4000	0	5500	0
BS issue 2.5 and BS issue 4: 6 employees		38000	5000	33000	0	0
BS issue 2.6 and BS issue 4: 10 employees		6000	1500	0	4500	0
BS issue 2.7 and BS issue 4: 6 employees		28500	18500	10000	0	0
BS issue 4		0	152500	0	0	0
BS issue 3.1: 10 employees and BS issue 5:	7500	7500	2000	0	5500	0
BS issue 3.2: 17 employees and BS issue 6 & 7:	164500	44500	0	0	44500	120000
BS issue 8: to be set	1178406	0	0	0	0	1178406
Total	2076406	625500	245000	435667	97333	1298406

(1): Resolution 22 of the AGM of 31 March 2007 specified that the total amount of shares issued under this plan and the plan for share subscription options may not exceed 436,000 shares.

(2): Resolution 17 of the AGM of 9 June 2009 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 16 of the same EGM of 09/06/2009 may not exceed 290,000 shares.
(3): Resolution 17 of the AGM of 10 June 2010 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 16 of the same EGM of 10/06/2010 may not exceed 7,500 shares.

(4): Resolution 16 of the AGM of 6 June 2011 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 15 of the same EGM of 09/06/2011 may not exceed 7,500 shares.

(5): resolution 16 of the AGM of 4 June 2012 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 17 of the same EGM of 04/06/2012 may not exceed 157,000 shares.

(6): Resolution 25 of the AGM of 28 June 2013 specified that the total amount of shares issued under this plan and the plan for share subscription options voted by resolution 24 of the same EGM of 10/06/2010 may not exceed 2,231,356 shares.

OPTIONS TO SUBSCRIBE FOR SHARES AND COMPOUND SECURITIES (OVMC) ISSUED BY VIVALIS SA - AT 31 DECEMBER 2013 (updated 13 March 2014)

Potential dilutive effect on earnings per share.

	31/12/2013	31/12/12	31/12/11	31/12/10	31/12/09	31/12/08
Total number of ordinary B shares before exercise of rights attached to the OVMC and BS	55898115	21,462,529	21,117,443	20,993,647	14,799,131	14,613,031
Portion of earnings per share before exercise of rights attached to OVMC and BS	1/55898115	1/21462529	1/21117443	1/20993647	1/14799131	1/14613031
Total number of potential ordinary B shares to be created in the event of maximum exercise of rights attached to the OVMC et BS	3,882,555	801,135	1,142,634	1,306,505	1,575,650	1,209,000
(after allocation of all the OVMC and BS).						
Total number of potential ordinary B shares after maximum exercise of rights attached to the OVMC and BS	59,780,670	22,263,664	22,260,077	22,300,152	16,374,781	15,822,031
(after allocation of all the OVMC and BS).						
Eliminations due to ceilings imposed by the general meeting.	-1,297,056	-172,000	-134,500	-297,500	-290,000	0
Ceiling relating to SSO 9, BS 3 and BS 4	0	*0*	*-119,500*	*-290,000*	*-290,000*	*0*
Ceiling relating to SSO 10 and BS 3.1	0	*-7,500*	*-7,500*	*-7,500*		
Ceiling relating to SSO 11 and BS 3.2	0	*-7,500*	*-7,500*			
Ceiling relating to SSO 12 and BS 7, 3.2	-157,000	*-157,000*				
Ceiling relating to SSO 8, SSO 13 and BS 8	-1,140,056					
Total potential number of category A and category B shares after capped exercise of rights attached to the OVMC and BS	58,483,614	22,091,664	22,125,577	22,002,652	16,084,781	15,822,031
(after allocation of all the OVMC and BS).						
Proportion of profit per share after capped exercise of rights attached to OVMC and BS	1/58483614	1/22091664	1/22125577	1/22002652	1/16084781	1/15822031
Namely profit per share divided by	1.0463	1.0293	1.0477	1.0481	1.0869	1.0827

5.4. SUBSIDIARIES AND ASSOCIATES

Name	Share capital Equity (1)	nership interest Dividends (3)	carrying value of s arrying value of sh	Loans, advances (4 Guarantees (5)	Net sales (6) Profit or loss (7)
SUBSIDIARIES (>50%-held)					
SMOL Therapeutics	Simplified merger (TUP) at 30/12/2013				
Vivalis Toyama Japan (JPY thousands)	¥5,660,000	100.00 %	46,471 €	606,822 € ¥87,819,000	¥102,882,000
	¥25,513,000	0 €	46,471 €	0 €	-¥23,690,000
VALNEVA AUSTRIA GMBH	70,000 €	0 €	127,876,224 €	26,964,713 €	ND

(1): Equity = equity other than earnings and share capital
(2): Ownership interest = percentage held by Valneva at 31/12/2013
(3): Dividends = dividends received by Valneva in 2013
(4): Loans, advances = loans, financial advances, current account advances
(5): Guarantees = outstanding balance of guarantees given by Valneva
(6): Net sales = sales excluding tax
(7): Profit or loss = reported net income or loss of the last financial period

5.5. MARKET RISKS

5.5.1 Interest rate risks

The Company is exposed to market risks in connection with hedging both of its liquid assets and of its medium and long-term indebtedness.

As far as its liquid assets are concerned, exchange rate risk is controlled by procedures for monitoring and validation existing at the Company level. Liquid assets are also mainly invested in investment securities with guaranteed return of principal on maturity offering a high degree of security (see Note 4.3.7)

The Company has also obtained loans to finance its investments. At 31 December 2013, borrowings totalled €10,981,000 including fixed rate debt of €956,000 (See note 4.3.14). Floating rates are based on the 3-Month and 1-month Euribor or Codevi benchmarks.

At 31 December 2013, the Company was covered by two interest rate hedging contracts through its parent company. In consequence, its exposure to risks relating to variable-rate debt is limited.

5.5.2. Exchange rate risk

The Company's exposure to exchange rate risks involving the US dollar or any other currency is limited. Therefore, at this stage of its development, the Company has taken no steps to protect its business against exchange rate risks. The Company will monitor its exchange rate exposure in relation to changes in its situation. The Company's strategy is to use the euro as the main currency when signing contracts. The Company could enter into contracts, however, in the future to cover exchange rate fluctuations if it appeared necessary and if the risks were deemed to be material.

5.6. SUBSEQUENT EVENTS

At the date of issue of this report, no material events have occurred subsequent to the end of this reporting period that requires disclosure.