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Valneva announces launch of a fully underwritten €40 million capital increase with preferential subscription rights

- **Subscription ratio: 5 new ordinary shares for 13 existing ordinary shares**
- **Subscription price: €2.65 per new ordinary share**
- **Subscription period: from June 17th, 2013 to June 26th, 2013 inclusive**
- **Subscription commitments for an aggregate amount of approx. €30 million, representing approx. 75% of the total proposed capital increase, from France's Strategic Investment Fund ("FSI"), Groupe Grimaud and Unigrains**
- **Bank underwriting covering the remaining number of new shares which have not been subject to subscription commitments**

Lyon (France), June 13th, 2013 – As communicated in the context of the merger between Vivalis and Intercell - effective since May 28th, 2013 - to form VALNEVA S.E. ("Valneva" or the "Company"), the new combined group today announces the terms and conditions of its capital increase with preferential subscription rights to existing shareholders for a gross amount of approximately €40.2 million.

The proceeds from the capital increase will be used primarily to strengthen the Company's financial profile as well as to implement its strategy as Valneva strives to become a European leader in antibody discovery and vaccines development and commercialization. The Company intends to use the net proceeds of the capital increase in the following manner:

- To continue supporting the growth, commercialization development and life-cycle management of its Japanese encephalitis vaccine, IXIARO®/JESPECT®;

- To develop a second commercial vaccine, which could be either an internal or an in-licensed program and to progress its partnered vaccine development portfolio;

- To discover novel antibody candidates with the purpose to out-license them for clinical development;

- To invest in vaccine research in order to build a vaccine development portfolio; and

- To reinforce the company's financial flexibility in order to become a sustainable, independent, growing business and for general corporate purposes within the biotechnology sector;

A maximum amount of €10 million from the net proceeds of the capital increase will temporarily be used to fund the repayment of a royalty-related secured loan if a replacement loan is put in place by the end of the year. The Company is currently in negotiation with several investors in order to put in place a €20 million loan contract by year-end, with the objective to obtain more favourable conditions than the existing loan.

Thomas Lingelbach, President and Chief Executive Officer and Franck Grimaud, President and Chief Business Officer of Valneva, commented: «Thanks to the capital increase and with the long term support from of the FSI, Valneva will be able to fully implement its strategy striving to create a leading, financially self-sustainable European biotech company specialized in vaccines development and antibody discovery».

Subscription commitments and underwriting of the offering

Firm commitments have already been received from investors, some of whom are shareholders of the company, for an aggregate amount of approximately €30 million, representing 74.6% of the gross amount of the proposed capital increase.

Entry of France's Strategic Investment Fund

The FSI has decided to support Valneva's development by participating in this capital increase with the intention to become a long-term shareholder of the Group.

The FSI has undertaken pursuant to an agreement entered into with the Company (at that time Vivalis and Intercell AG), dated December 16th, 2012, to subscribe for a maximum amount of €25 million within the limit of 62.5% of the gross proceeds of the issue.

At the date of the Securities Note, the FSI does not hold any shares in the Company. Consequently, the FSI will acquire 10,885,254 preferential subscription rights held by Groupe Grimaud la Corbière ("Groupe Grimaud") and 660,992 preferential subscription rights held by the four members of the future Management Board of the Company (Franck Grimaud, Majid Mehtali, Thomas Lingelbach and Reinhard Kandera).

The FSI has thus irrevocably undertaken to:

- subscribe on an irreducible basis ("*à titre irréductible*") - through the exercise of the preferential subscription rights acquired - for 4,440,863 new ordinary shares, representing €11,768,286.95; and
- place an order on a reducible basis ("*à titre réductible*") for an amount of €13,231,713.05, which would allow it to subscribe for an additional maximum of 4,993,099 new ordinary shares.

Commitments from Groupe Grimaud and Unigrains

In addition to the subscription commitment by the FSI, Groupe Grimaud and Unigrains (one of Groupe Grimaud's long-term shareholders) have irrevocably undertaken to participate in the rights issue for an aggregate amount of €5 million, allowing them to subscribe for a maximum of 2,250,265 new ordinary shares.

- Groupe Grimaud has irrevocably undertaken to place an order for an amount of approximately €2 million, it being specified that Grimaud Group shall strive to maximise the proportion of orders passed on the basis of irrevocable entitlement during the subscription period in order to reinvest all of the proceeds of the sale of preferential rights to the FSI;
- Unigrains has irrevocably undertaken to place an order on a reducible basis ("*à titre réductible")* for an amount of approximately €3 million, which would allow it to subscribe for a maximum of 1,132,075 new ordinary shares.

Furthermore, within the framework of FSI's investment in the Company's capital, the FSI, Groupe Grimaud and each of the four Management Board members have undertaken to enter into a non-concerting shareholders agreement as at the date of the settlement-delivery of the capital increase (the "Shareholders Agreement"). As part of this Shareholders Agreement, the FSI shall be subject to a two-year lock-up commitment and shall be represented to Valneva's supervisory board (with one member), and Groupe Grimaud shall be subject to a four-year lock-up commitment.

Bank underwriting

The issuance of the new shares shall be subject of an underwriting agreement dated June 12th, 2013 between the Company, Crédit Agricole Corporate and Investment Bank and Société Générale Corporate & Investment Banking (together the "Underwriters") covering 3,844,458 new ordinary shares that are not subject to irrevocable subscription's commitments (i.e. 25.4% of the total proposed capital increase).

Main terms of the rights issue

The share capital increase will be carried out with preferential subscription rights by the issuance of 15,165,215 new ordinary shares at a price of €2.65 per new ordinary share (comprised of the €0.15 nominal value and issue premium of €2.50), representing a gross amount of €40,187,819.75 (including issue premium).

On the basis of Valneva's share capital at the date of this press release, i.e. €6,092,801.94 divided into 39,429,565 ordinary shares with a par value of €0.15 each, and 17,836,719 preferred shares with a par value of €0.01 each, the new ordinary shares that would be issued as a result of the capital increase would represent 38.5% of Valneva's share capital at this date (on a non-diluted basis and not including preferred shares).

Each Valneva shareholder will receive one preferential subscription right for each share registered for accounting purposes in their securities accounts as of the close of trading on June 14th, 2013. 13 preferential subscription rights will entitle the holder to subscribe on an irreducible basis ("*à titre irréductible*") to 5 new ordinary shares.

Based on the closing price of Valneva's shares on June 11th, 2013 (i.e. €4.61), the theoretical value of each preferential subscription right is €0.54.

The subscription price represents a 42.5% discount to the closing price of Valneva's shares on June 11, 2013 and a 34.8% discount to the theoretical ex-right price.

The Company entered into a 180-day lock-up commitment vis-à-vis the Underwriters, subject to usual exceptions.

The FSI, Groupe Grimaud and Unigrains entered into a 180-day lock-up commitment vis-à-vis the Underwriters, subject to usual exceptions.

Additional subscriptions on a reducible basis ("*à titre réductible*") are allowed.

The offer will be open to the public only in France and in Austria.

Crédit Agricole Corporate and Investment Bank[1] and Société Générale Corporate & Investment Banking are acting as Joint Lead Managers and Joint Bookrunners of the offering.

Indicative timetable of the rights issue

The subscription period for the new shares will run from June 17th, 2013 to the close of trading on June 26th, 2013. During this period, the preferential subscription rights will be listed and traded on the

[1] Crédit Agricole Corporate and Investment Bank is in strategic alliance with Kepler Cheuvreux in the brokerage and equity research activities

regulated market of NYSE Euronext in Paris ("Euronext Paris") as well as on the regulated market of the Vienna Stock Exchange ("Vienna Stock Exchange" or "VSE") under code ISIN FR0010916932.

Any preferential subscription rights not exercised before the end of the subscription period, i.e. the close of business on June 26th, 2013, will be void.

The settlement-delivery and the listing of the new ordinary shares are expected to occur on July 5th, 2013.

The new ordinary shares will carry full rights ("*jouissance courante*"). They will be immediately fungible with the Company's existing ordinary shares and will be traded on the same listing line under the same ISIN code FR0004056851.

Information available to the public

The prospectus, approved by the Autorité des marchés financiers ("AMF") under number 13-275 dated June 12th, 2012 consists of the registration document ("*document de référence*") (the "Registration Document") of Vivalis filed with the AMF on April 30th, 2013 under number D.13-0479, the Document E relative to the merger between Vivalis and Intercell registered under reference number E13-003 on January 23rd, 2013, a securities note (the "Securities Note") and a summary of the prospectus (included in the Securities Note).

Copies of the prospectus filed with the AMF may be obtained free of charge from VALNEVA SE's administrative office (70, Rue Saint-Jean de Dieu, 69007 Lyon) and are also available on Valneva's website (www.valneva.com) as well as on the AMF's website (www.amf-france.org).

Valneva draws investors' attention to the risk factors described in the Registration Document, the Document E, as well as in section 2 of the Securities Note.

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About Valneva SE

Valneva is a new fully integrated European biotech company in the field of vaccines and antibodies for the treatment and prevention of infectious diseases. It was created in 2013 through the merger between Intercell AG and Vivalis SA, combining the two companies core strengths: antibody discovery and vaccine development and commercialization.
Valneva's mission is to continue to excel in these fields through in-house programs and in collaboration with industrial partners using the innovative technologies developed by the company. Revenues are

generated through its marketed product, IXIARO®, a vaccine for the prevention of Japanese encephalitis, milestone payments from commercial partnerships that include a portfolio of early to late stage product candidates, and licensing fees from technology platforms developed by Valneva which are becoming widely adopted by the biopharmaceutical industry, world-wide. Headquarted in Lyon, France, the company employs approximately 350 people in France, Austria, Scotland, the United States, and Japan. The internationally experienced management team has a proven track-record across research, development, manufacturing and commercialization.

www.valneva.com

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This press release and the information contained herein do not constitute an offer to sell or the solicitation of an offer to purchase Valneva securities.

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This press release is solely an advertisement and does not constitute a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003, as amended, to the extent such Directive has been transposed in the relevant member State of the European Economic Area.

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For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member State), and includes any relevant implementing measure in the relevant member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU."

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