Press Release

From cells to therapeutics **Vivalis**

First Quarter 2013 Operating Income Increases 32% to €1.9 million

Nantes, Lyon (France) – April 25, 2013: VIVALIS (NYSE Euronext Paris: VLS), a biopharmaceutical company, today announced its total operating income (without change in inventory and production and services capitalized) for the first quarter of 2013 (IFRS) of 1.9 million euros and a consolidated cash position of 5.8 million euros as of March 31, 2013.

The proposed merger between Vivalis and Intercell to form Valneva SE, announced on December 16, 2012, has received broad support from shareholders of both groups since the two EGM's voted over 97% in favor of the merger. As such, and remaining subject to final approvals expected to be obtained in May, the merger remains on track. Subject to the approval of the French stock market authorities, Valneva SE intends to launch a rights issue thereafter.

Operating Income

(In euro thousands, IFRS, non audited)	1st Quarter		
	2012	**2013**	***Var.***
Revenue from services	524	**378**	*-28%*
Licensing revenue (*upfront, milestones*)	323	**366**	*+13%*
Total revenue	847	**743**	***-12%***
Of which EB66® and bioproduction	*382*	***428***	*+12%*
VIVA|Screen™	*466*	***315***	*-32%*
Income from public financing*	*573*	***1,137***	*+98%*
Total operating income (w/o production and services capitalized)	*1,420*	***1,880***	*+32%*

**estimates*

For the first quarter of 2013, total revenue, including both revenue from services and licensing income, was down 12% compared to the same period in 2012 (0.7 million euros vs. 0.8 million from the prior year). Meanwhile, income from public financing (grants and research tax credits) increased significantly (+98%), due to a new grant from the European Union obtained by Vivalis. Consequently, first quarter total operating income, excluding changes in inventory and production and services capitalized, amounted to 1.9 million euros for 2013 vs. 1.4 million euros for the same quarter in 2012, representing a 32% increase.

Quarterly revenue from services decreased by 12% between the two periods due to lower service revenues recognized under the Sanofi agreement on the VIVA|Screen® monoclonal antibody platform due to the timing of the different on-going projects. Licensing revenue, including upfront and milestones payments, experienced a slight increase between the two periods (+12%) reflecting new licenses signed in 2012 and 2013.

Consolidated Cash at March 31, 2013

Consolidated cash (including cash equivalents and current financial assets) amounted to 5.8 million euros at March 31, 2013, compared with 12.1 million euros at December 31, 2012.

This level of cash takes into account the last guaranteed payment for the 2010 Humalys acquisition for 2 million euro and does not include any payment from the new grant.

As previously disclosed, cash burn is expected to decrease significantly in 2013 and 2014 due to the combined effect of an increase of revenues derived from Vivalis' two core technology platforms (the EB66® cell line, and the VIVA|Screen™ antibody discovery), the concentration on core activities with the expected sale of the CMO business unit in 2013, the end of the early payments related to the antibody discovery acquisitions made in 2010 and 2011, and the resumption of payments of the research tax credit. On a standalone, the Company estimates that its consolidated cash position at the end of 2013 will be approximately 8 million euros, not taking into account the proceeds from the sale of the CMO business.

Continued Scientific and Commercial Development

The Company maintained its scientific and commercial momentum in 2013.

The EB66® cell line has achieved a significant development milestones with the filing of a NDA for a pandemic flu vaccine developed by Kaketsuken in collaboration with GSK Biologicals in Japan. In addition, GSK Biologicals has announced a project with Texas A&M University to build a production plant to produce influenza vaccines in the EB66® cell line for the US market.

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On the commercial front, three new EB66® licenses were executed since the beginning of the year, including GSK Biologicals (Europe) for a new human indication and FATRO (Europe) in the veterinary vaccine field.

Franck Grimaud, CEO, and Majid Mehtali, CSO, co-managers of Vivalis, commented, "*2013 will definitely be a transforming year for Vivalis as we will merge with Intercell to form Valneva, a stronger, more diverse group focused on vaccines and monoclonal antibodies. This merger will put together a strong set of assets from both companies. On the Vivalis side, the EB66® cell line continues to progress swiftly. The NDA submission by Kaketsuken for its H5N1 vaccine is a major milestone for the platform as it is the first ever for a human vaccine developed in EB66® cells. On the licensing front, with three new agreements signed since beginning of the year, EB66® cells continue to become the premier alternative substrate to eggs for the production of vaccines. We continue to make progress on our VIVA|Screen® technology both for our partner Sanofi and our own proprietary programs. With continued progress in all of our assets, we strongly believe that the combination of Intercell's and Vivalis' capabilities, our broader reach, and overall basis will give Valneva the ability to deliver more value to our shareholders while securing our path to profitability.*"

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About VIVALIS (www.vivalis.com)

Vivalis (NYSE-Euronext: VLS) is a biopharmaceutical company that provides innovative cell-based solutions to the pharmaceutical industry for the manufacture of vaccines and recombinant proteins, and develops monoclonal antibodies for the prevention and treatment of pathologies with unmet medical needs. Vivalis' expertise and intellectual property are leveraged in two main areas:

1. EB66® Cell Line

Vivalis offers research and commercial licenses for its EB66® cell line, derived from duck embryonic stem cells, to pharmaceutical and biotechnology companies for the production of therapeutic and prophylactic viral vaccines, virosomes, VLPs and recombinant proteins, with a focus on monoclonal antibodies having enhanced cytotoxic activity. Clinical trials of EB66® produced vaccines are currently on-going in the USA and Japan. Through these programs, Vivalis receives upfront payments, clinical stage milestone payments and royalties on licensees' net sales.

2. VIVA|Screen™ Human Antibody Discovery Platform

Customized solutions for the discovery, development and production of rare, fully human monoclonal antibodies are offered by Vivalis. Through these programs, Vivalis receives payments associated with the funding of discovery phase, an upfront payment, clinical stage milestone payments along with royalties on net sales of licensed antibodies that are commercially developed and sold by our clients.

Based in Nantes and Lyon (France) and in Toyama (Japan), Vivalis was founded in 1999 by the Grimaud Group (ca. 1,700 employees), one of the worldwide leaders in animal genetic selection. Vivalis has established more than 30

partnerships and licenses with world leaders in this sector, including Sanofi Pasteur, GlaxoSmithKline, Transgene, Pfizer Animal Health, Kaketsuken, Kitasato Daiichi Sankyo Vaccine, Merial, Merck Animal Health and SAFC Biosciences. Vivalis is a member of the French ATLANTIC BIOTHERAPIES and LYON BIOPOLE bio-clusters and a member of the Japanese HOKURIKU INNOVATION CLUSTER FOR HEALTH SCIENCE in Toyama.

VIVALIS
Listed on Euronext Paris – Compartment B of NYSE Euronext
Reuters: VLS.PA – Bloomberg: VLS FP
Included in NYSE Euronext's SBF 250, CAC Small 90 and Next Biotech indexes

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