dbv technologies

2014 HALF-YEAR FINANCIAL REPORT

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I – FIRST HALF 2014 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEET

(Amounts in euros)

	Note	06/30/2014	12/31/2013 (1)
		€	€
ASSETS			
Fixed Assets			
Long-term intangible assets		46,672	63,007
Property, plant, and equipment		1,920,710	1,734,149
Long-term financial assets	4	831,420	623,829
Total Fixed Assets		**2,798,802**	**2,420,985**
Current assets			
Inventories and work in progress		6,784	6,568
Customer accounts receivable and related receivables		130,120	182,900
Other current assets	5	6,803,868	4,222,796
Cash and cash equivalents	6	29,062,028	39,402,761
Total Current Assets		**36,002,800**	**43,815,024**
TOTAL ASSETS		**38,801,602**	**46,236,009**

CONDENSED CONSOLIDATED BALANCE SHEET

(Amounts in euros)

	Note	06/30/2014	12/31/2013 (1)
		€	€
LIABILITIES			
Shareholders' equity			
Corporate Share Capital	7	1,546,919	1,508,830
Premiums related to the Share Capital		70,303,336	69,640,899
Reserves		(28,522,232)	(11,448,627)
Income or Loss		(11,773,743)	(19,306,416)
Total Shareholders' equity		**31,554,289**	**40,394,685**
Long-term Liabilities			
Conditional advances	8	1,310,111	1,316,533
Long-term Provisions		398,403	290,695
Total Long-term Liabilities		**1,708,514**	**1,607,228**
Current Liabilities			
Conditional advances	8	253,965	126,292
Supplier Accounts Payable and Related Payables	9	2,092,348	1,497,289
Other current liabilities	9	3,192,485	2,610,515
Total Current Liabilities		**5,538,798**	**4,234,096**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**38,801,602**	**46,236,009**

(1) The condensed consolidated balance sheet as of December 31, 2013, corresponds to DBV Technologies SA's, as the Company had no consolidated subsidiary at this date.

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT
(Amounts in euros)

	Note	At June 30 2014	At June 30 2013 (1)
		€	€
Operating revenues			
Sales	**10**	103,165	72,735
Other income	**10**	2,557,967	1,263,284
Total revenues		**2,661,132**	**1,336,019**
Operating expenses			
Cost of goods sold		(113,663)	(52,546)
Research & Development	**11/12**	(10,441,632)	(6,824,121)
General & Administrative	**11/12**	(4,182,864)	(2,716,033)
Total Expenses		**(14, 738,159)**	**(9,592,700)**
Operating Profit (Loss)		**(12,077,026)**	**(8,256,681)**
Financial revenues	**13**	329,026	359,447
Financial expenses	**13**	(25,743)	(9,722)
Financial profit (loss)		**303,283**	**349,725**
Corporate tax		-	-
Net Profit (Loss)		**(11,773,743)**	**(7,906,957)**
Basic earnings per share (EUR/share)		**(0.77)**	**(0.59)**

(1) The condensed consolidated profit and loss statement as of June 30, 2013, corresponds to DBV Technologies SA's, as the Company had no consolidated subsidiary at this date.

COMPREHENSIVE PROFIT AND LOSS STATEMENT

	At June 30 2014	At June 30 2013 (1)
	€	€
Net Profit (Loss)	**(11,773,743)**	**(7,906,957)**
Other items in the total profit (loss)	-	-
Actuarial gains and losses on employee benefits, net of corporate tax	(61,698)	-
Profit (loss) directly recognised in shareholders' equity	**(61,698)**	**-**
Other items in the total profit (loss) to be restated in the net profit (loss)	-	-
Total profit (loss) for the fiscal year	**(11,835,441)**	**(7,906,957)**

(1) The condensed consolidated profit and loss statement as of June 30, 2013, corresponds to DBV Technologies SA's, as the Company had no consolidated subsidiary at this date.

In accordance with IAS 1 *Presentation of Financial Statements* (2007) (IAS 1), the Group, as defined in Note 1, presents a combined statement of other elements of comprehensive income or loss.

Because the Group established a subsidiary (DBV Technologies Inc.) during the first half of 2014, a translation reserve was recognized as of June 30, 2014.

The Group does not hold any financial assets available for sale and non-current financial assets are measured at historical cost; therefore, no change in fair value is reflected in the comprehensive profit and loss statement.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(Amounts in euros)

	Note	06/30/2014	06/30/2013 (1)
		€	€
Cash flows from operating activities			
Results for the reporting period		(11,773,743)	(7,906,957)
Reconciliation of the net income (or loss) and the cash used for the operating activities:			
Amortization and depreciation		243,182	182,966
Retirement pension obligations		46,010	56,676
Expenses calculated on share-based payments		2,368,608	2,050,334
Operating cash flows before financial income or loss and taxes		**(9,115,942)**	**(5,616,980)**
Inventories and work in progress		(216)	17,458
Customer accounts receivable		52,780	79,079
Other receivables		(2,581,072)	(1,373,191)
Supplier accounts payable		595,060	540,836
Other current liabilities		583,432	717,861
Change in working capital requirement		**(1,350,016)**	**(17,957)**
Net cash flow from operating activities		**(10,465,958)**	**(5,634,937)**
Cash flows from investing activities			
Acquisitions of property, plant, and equipment		(399,173)	(788,809)
Acquisitions of long-term intangible assets		(14,235)	(41,465)
Acquisitions of long-term financial assets		(209,039)	(149,137)
Other cash flows related to investment transactions		-	(1,011)
Net cash flows from investing activities		**(622,447)**	**(980,422)**
Cash flows from financing activities:			
Capital increase		700,527	8,309
Treasury shares		(74,106)	140,291
Increase (decrease) in repayable advances	**8**	121,251	904,972
Net cash flows from financing activities:		**747,672**	**1,053,572**
(Decrease) / Increase in cash		**(10,340,733)**	**(5,561,787)**
Cash and cash equivalents at the beginning of the period		39,402,761	37,828,631
Cash and cash equivalents at the end of the period	**6**	29,062,028	32,266,844

(1) The condensed consolidated cash flow statement as of June 30, 2013, corresponds to DBV Technologies SA's, as the Company had no consolidated subsidiary at this date.

CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(Amounts in euros)

	Share Capital Shares of Common Stock					
	Number of Shares (note 7)	**Amount**	**Premiums related to the Share Capital**	**Reserves**	**Cumulative Income (Loss)**	**Total Share-holders' Equity**
At January 1, 2013	**13,408,147**	**1,340,815**	**54,612,601**	**(3,868 181)**	**(12,912,100)**	**39,173,135**
Net Income					(7,906,957)	(7,906,957)
Actuarial gains and losses on employee benefits, net of corporate tax						-
Profit (loss) directly recognised in shareholders' equity		**-**	**-**	**-**	**(7,906,957)**	**(7,906,957)**
Appropriation of net income				(12,912,100)	12,912,100	-
Increase in capital						-
Treasury shares	(17,005)			140,291		140,291
Issue of equity warrants			8,309			8,309
Share-based payments				2,050,334		2,050,334
At June 30, 2013 [(1)]	**13,391,142**	**1,340,815**	**54,620,910**	**(14,589,656)**	**(7,906,957)**	**33,465,112**
At January 1, 2014	**15,088,298**	**1,508,830**	**69,640,898**	**(11,448,627)**	**(19,306,416)**	**40,394,685**
Net income					(11,773,743)	(11,773,743)
Actuarial gains and losses on employee benefits, net of corporate tax				(61,698)		(61,698)
Profit (loss) directly recognised in shareholders' equity		**-**	**-**	**(61,698)**	**(11,773,743)**	**(11,835,441)**
Appropriation of net income				(19,306,416)	19,306,416	-
Capital increase	380,894	38,089	651,540			689,629
Treasury shares				(74,105)		(74,105)
Issue of equity warrants			18,800			18,800
Currency translation difference				7		7
Charge against share premium			(7,902)			(7,902)
Consolidated reserve				8		8
Share-based payments				2,368,608		2,368,608
At June 30, 2014	**15,469,192**	**1,546,919**	**70,303,336**	**(28,522,232)**	**(11,773,743)**	**31,554,289**

(1) The condensed statement of changes in consolidated shareholders' equity as of June 30, 2013, corresponds to DBV Technologies SA's, as the Company had no consolidated subsidiary at this date.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1: The Company

Incorporated in 2002, DBV Technologies S.A. (the "Company") develops and markets innovative products for the diagnosis and treatment of allergies, particularly food allergies and allergies in young children.
DBV Technologies is also developing an original electrostatic patch technology, *Viaskin®*, for the purpose of developing the cutaneous administration method in specific immunotherapy, or desensitization.

The Company markets a ready-to-use diagnostic product to detect the allergy to cow's milk in children called *Diallertest®*, which was launched in France in 2004. This product is currently distributed in France only through a commercial partner, under an exceptional regulatory status that does not allow it to be promoted. The Company is currently assessing the relevance of conducting such a study and might decide, if necessary, to stop marketing *Diallertest®*.

Viaskin® Peanut is the first specific immunotherapy product developed by DBV Technologies. Solid pre-clinical data have already been published. Pharmacological development was achieved through a vast network of collaborative efforts in the United States and in Europe. A tolerance study (Phase Ib) conducted in the United States demonstrated the safety and high level of tolerance of *Viaskin® Peanut* in patients with peanut allergies, and the FDA granted a Fast Track designation to the product. In France, the French Health Product Safety Agency (*Agence française de sécurité sanitaire des produits de santé*, AFSSAPS) authorized an efficacy study sponsored by the Paris region public hospitals (*Assistance Publique – Hôpitaux de Paris*, AP/HP). In 2012, an efficacy study (Phase IIb) was launched in the United States and Europe, with results expected sometime in 2014.

Viaskin® Milk is the second product developed in specific immunotherapy. A Phase II pilot study published by Dupont et al. (JACI 2010) demonstrated the safety and effectiveness of *Viaskin® Milk* in children (JACI 2010). In 2014, the Company prepares the launch of a clinical efficacy study using *Viaskin® Milk*.

Major events during the first half of 2014

On February 18, 2014, DBV Technologies announced the signing of a collaboration agreement with the Icahn School of Medicine in New York to investigate the efficacy and mechanism of epicutaneous tolerance utilizing *Viaskin®* for the treatment of Crohn's disease.

On March 17, 2014, DBV Technologies presented an update of the Viaskin Peanut's Efficacy and Safety Phase IIb clinical study (VIPES) for *Viaskin® Peanut*. At the third "safety" data supervisory committee meeting, the members of the independent committee reviewed the clinical data for all 221 patients randomized and treated in VIPES. The committee concluded that during the VIPES study, Viaskin presented no danger to patients and recommended that the study be continued according to the protocol in force. DBV expects to publish the results of the VIPES study in October 2014, after 12 months of treatment. The premature exit rate for the study is particularly low at 4%, which demonstrates excellent patient adherence to the treatment.

On March 25, 2014, DBV Technologies announced that five scientific presentations on its proprietary epicutaneous immunotherapy method (EPIT™) had been selected, including four oral presentations, for the 2014 Congress of the European Academy of Allergy and Clinical Immunology (EAACI) held in Copenhagen from June 7 to 11, 2014.

On March 31, 2014, DBV Technologies made an additional contribution of €300,000 to its liquidity agreement held by Natixis, in accordance with the March 8, 2011 Code of Ethics of the French Financial Markets Association (AMAFI), as approved by the *Autorité des Marchés Financiers*.

On April 1, 2014, DBV Technologies announced, at the express request of Minister Pierre Moscovici, that it has been selected to join the new Euronext index launched earlier this year, called CAC PME, which is the first index created for share savings plans for SMEs.

On April 7, 2014, DBV Technologies announced the establishment of a US subsidiary, DBV Technologies Inc., and the appointment of Susanna Mesa as Vice President Finance US, Investor Relations and Strategy.

From April 15 to 18, 2014, four papers were presented by DBV Technologies to the Francophone Congress of Allergology (CFA) in Paris. This year, the highlights of the CFA were the presentation of an abstract by Dr. Bourrier of *Hôpitaux Pédiatriques de Nice* (CHU-LENVAL) and Professor Dupont of *Assistance Publique Hôpitaux de Paris* (AP-HP), which for the first time described a case from the Phase II ARACHILD study treated with EPIT for 18 months who has maintained his level of desensitization after a year without treatment while following a strict diet.

On May 13, 2014, DBV Technologies announced the signing of an agreement with Dr. Jonathan Spergel of The Children's Hospital of Philadelphia to study *Viaskin® Milk* in eosinophilic esophagitis (EoE) induced by milk in children.

On May 21, 2014, DBV Technologies hosted its first investor day in New York.
DBV Technologies' senior management reviewed the Company's Epicutaneous Immunotherapy (EPIT™) method, its pipeline strategy and its proprietary Viaskin® technology. DBV also provided an update on its ongoing international Phase IIb, VIPES, in peanut allergic patients with Viaskin® Peanut and presented its global development plan. Key food allergy opinion leaders also presented during the event.

On June 10, 2014, DBV Technologies presented important preclinical data at the 2014 Annual Congress of the European Academy of Allergy and Clinical Immunology (EAACI), which was held in Copenhagen, Denmark, from June 7 to 11. These data provided insight into the action mechanism of Viaskin® and confirmed the ability of epicutaneous immunotherapy (EPIT™) to modulate the immune response long-term through the induction of regulatory T cells (Treg) in allergic patients. These new data confirm the relevance of Viaskin® in the treatment of allergic patients.

Note 2: General principles and statement of compliance

Preliminary remarks:

DBV Technologies Inc. was founded on April 7, 2014. The capital of this US subsidiary is wholly owned by DBV Technologies SA. These financial statements are therefore the first consolidated financial statements of the group thus formed.

The financial information as at June 30, 2013 and December 31, 2013 corresponds to the information previously published and includes only business flows unique to the parent company DBV Technologies, which had no equity interest in a subsidiary over the periods in question.

General principles

The interim consolidated condensed financial statements (the "Financial Statements") present the transactions of DBV Technologies Group (the "Group") as of June 30, 2014. DBV Technologies is a French joint stock company (*société anonyme*) with registered offices at 80/84 rue des Meuniers, 92220 Bagneux (France).

The interim condensed consolidated financial statements at June 30, 2014 were prepared under the responsibility of the management of DBV Technologies. These interim condensed financial statements were approved by the Board of Directors of the company on July 25, 2014.

The consolidated financial statements of the Group are expressed in euros unless otherwise stated.

For consolidation purposes, both DBV Technologies and its subsidiary DBV Technologies Inc. have prepared individual financial statements for the period ended June 30, 2014.

Statement of compliance

The international standards include IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards) and SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The IFRS standards as adopted by the European Union differ in certain aspects from the IFRS standards published by the IASB. Nevertheless, the Group is satisfied that the financial information for the periods presented would not have differed substantially if it had applied IFRS as published by the IASB.

The interim consolidated condensed financial statements for the period ended June 30, 2014 are prepared in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union, which allows a presentation of a selection of explanatory notes.

The notes do not include all information required for full annual financial statements and should thus be read in conjunction with the financial statements for 2013.

The Group is not subject to significant seasonal effects in sales.

Note 3: Accounting principles and methods used at June 30, 2014

These initial condensed consolidated financial statements are prepared using the same accounting policies and methods as those applied by DBV Technologies at December 31, 2013, except for the following specific accounting principles that are of mandatory application from December 31, 2014:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- Amendments to IFRS 10, 11, 12 - Transition Guidance
- Amendments to IAS 27 - Separate Financial Statements
- Amendments to IAS 28 - Investments in Associates and Joint Ventures
- Amendments to IAS 32 - Financial Instruments: Presentation
- Amendments to IAS 36 - Impairment of Assets

Methods of consolidation:

Subsidiaries under the exclusive control of the Group are consolidated using the full consolidation method.
When the accounting policies applied by subsidiaries are not consistent with those used by the Group, the necessary changes are made to the financial statements of those companies to make them compatible with the accounting policies adopted by the Group.

Translation of financial statements in foreign currencies:

The assets and liabilities of companies whose functional currency is not the euro, none of which operates in a hyperinflationary economy, are translated into euros at the exchange rates prevailing at the balance sheet date. The income statements are translated at average rates for the year which, in the absence of significant

fluctuation, are close to the rate prevailing on the date of the various transactions. This is also the case for cash flows and changes in working capital requirements. Differences resulting from the conversion terms of the balance sheet and income statement are recorded in the balance sheet as a separate item of shareholders' equity ("Translation differences"). These include:

- differences related to the difference between the exchange rate at the beginning and end of the period that occur during the conversion of balance sheet items that are the counterpart for shareholders' equity at the beginning of the year;
- differences due to the difference between the annual average rates and closing rates recorded during the conversion of income or loss.

Treatment of translation differences for transactions and internal flows:

Translation differences arising from the elimination of internal transactions between consolidated companies denominated in foreign currencies are recorded as "Translation differences" in shareholders' equity and as "Minority interests" for the portion attributable to third parties, so as to neutralize the impact on the consolidated results. Translation differences for reciprocal financing flows are classified in a separate section of the statement of consolidated cash flows.

Note 4: Long-term financial assets

(Amounts in euros)

	06/30/2014	12/31/2013
Security deposits	75,062	82,342
Capitalized securities	278,057	278,057
Liquidity contract	478,300	263,430
Total long-term financial assets	**831,420**	**623,829**

The long-term financial assets are composed of security deposits paid to the lessor and of open-ended funds (*sociétés d'investissement à capital variable* "SICAVs") that guarantee ordinary rental agreements, as well as a liquidity contract. In this context, 9,018 shares have therefore been deducted from Shareholders' equity as of June 30, 2014 and the cash balance is maintained as long-term financial assets.

Note 5: Other current assets

Other current assets can be analyzed as follows:
(Amounts in euros)

	06/30/2014	12/31/2013
Research tax credit	5,765,140	3,312,462
Other tax claims	789,451	594,723
Other receivables	17,881	-
Prepaid expenses	231,396	315,611
Total	**6,803,868**	**4,222,796**

The other tax claims are primarily related to deductible VAT as well as to VAT reimbursement that has been requested.

The prepaid expenses essentially represent expenses for rents and insurance.

Research Tax Credit

The company benefits from the provisions in Articles 244 *quater* B and 49 *septies* F of the French Tax Code governing the Research Tax Credit (*Crédit d'Impôt Recherche*, "CIR"). In compliance with the principles described in Note 3.14 of the December 31, 2013 IFRS financial statements, the Research Tax Credit is posted to the accounts as "other income" during the year in which the eligible research expenditures have incurred.

The changes in this Research Tax Credit over the last three fiscal years are presented as follows:

- 2012: €2,473,045 (for 12 months), paid in 2013,
- 2013: €3,312,462 (for 12 months), to be paid in 2014,
- 2014: €2,452,678 (for 6 months), to be paid in 2015.

In its financial statements presented, the Company recognized in Other income a Research Tax Credit in the amount of €2,452,678 at June 30, 2014 and €1,128,954 at June 30, 2013.

Note 6: Cash and cash equivalents

Cash and cash equivalents are analyzed as follows:

(Amounts in euros)

	06/30/2014	12/31/2013
Cash	604,451	826,154
Term deposits	28,457,578	38,576,607
Total	**29,062,028**	**39,402,761**

Note 7: Capital

The share capital as of June 30, 2014 is set at the sum of €1,546,919. It is divided into 15,469,192 fully subscribed and paid-up shares with a par value of €0.10.

This number does not include equity warrants (*Bons de Souscription d'Actions*, "BSAs"), founders' share warrants (*Bons de Souscription de Parts de Créateur d'Entreprise*, "BSPCEs") and performance shares ("AGA") granted to certain investors and to certain individuals, both employees and non-employees of the Company.

All the shares give their owners the right to a proportional share of the income and net assets of the Company.

The impact of share-based payments on net income (or loss) is presented in Note 12.

Note 8: Borrowings and financial debts

Conditional advances from public institutions are governed by contracts with OSEO and COFACE.

The Company had three advance contracts with OSEO Innovation and one contract with COFACE. These advances do not bear interest and are 100% repayable at their nominal value in the event of technical and/or commercial success.

The portion of the conditional advances for terms longer than one year is posted to long-term liabilities, whereas the portion for terms of less than one year is posted to current liabilities. Income from subsidies received is itself spread over the duration of the project funded.

The table below presents the details of the debts recorded on the balance sheet by type of repayable advance (amounts in euros):

	2nd OSEO contract	3rd OSEO contract	4th OSEO contract	COFACE	Total
Balance sheet debt at start of period 01/01/2013	**257,414**	**249, 899**	**-**	**126, 752**	**634, 065**
+ receipts	-	256, 000	903, 500	-	1,159,500
- repayments	(260, 000)	-	-	-	(260,000)
+/- other transactions	2, 586	(1, 579)	(111, 047)	19, 300	(90, 740)
Balance sheet debt at 12/31/2013	**-**	**504, 320**	**792, 453**	**146,052**	**1,442,825**

	2nd OSEO contract	3rd OSEO contract	4th OSEO contract	COFACE	Total
Balance sheet debt at start of period 01/01/2014	**-**	**504, 320**	**792, 453**	**146, 052**	**1,442,825**
+ receipts	-	128,000		-	128,000
- repayments		-	-	-	-
+/- other transactions		(3,016)	3,721	(7,454)	(6,749)
Balance sheet debt as at 06/30/2014	**-**	**629,304**	**796,174**	**138,598**	**1,564,076**

Note 9: Supplier accounts receivable and other current liabilities

9.1 Supplier accounts payable and related payables

For supplier accounts payable and related payables, no discounting was performed insofar as the amounts did not present payment terms longer than 1 year at the end of each fiscal year presented.

9.2 Other current liabilities

(Amounts in euros)

	06/30/2014	12/31/2013
Social security tax liabilities	2,407,900	1,708,526
Tax liabilities	10,141	56,062
Other debts	165,437	52,207
Prepaid income	609,400	793,720
Total	**3,192,485**	**2,610,515**

The other liabilities include the short-term debts to employees and social welfare and tax agencies.

Note 10: Operating revenues

Operational revenues break down as follows:

(Amounts in euros)

	06/30/2014	06/30/2013
Sales	103,165	72,735
Research tax credit	2,452,678	1,128,954
Subsidies	105,289	134,330
Total	**2,661,132**	**1,336,019**

Company sales consist of the sale of Diallertest® kits to the Company's commercial partner.

Note 11: Operating expenses

R&D expenses break down as follows:

	June 30	
	2014	2013
R&D expenses	€	€
Personnel costs	3,716,261	2,745,687
Sub-contracting, Collaboration, and Consultants	4,902,067	3,127,406
Research Supplies	391,530	300,182
Real Estate Rentals	99,314	111,658
Conferences, Travel expenses	335,083	264,160
Depreciation and amortization	190,030	140,501
Others	807,347	134,528
Total R&D expenses	**10,441,632**	**6,824,121**

G&A expenses break down as follows:

G&A expenses	June 30 2014	2013
	€	€
Personnel costs	2,952,358	1,737,632
Fees	281,843	413,700
Real Estate Rentals	41,090	47,927
Insurance	76,362	48,972
Communication, Sales and Travel expenses	229,538	241,538
Postal and Telecommunications Expenses	44,873	26,291
Administrative supplies and equipment rental	54,655	57,802
Other	502,145	142,172
Total G&A expenses	**4,182,864**	**2,716,033**

Personnel costs

At June 30, 2014, the Company had 48 employees, compared with 39 at June 30, 2013.

Personnel costs can be analyzed as follows (in euros):

	06/30/2014	06/30/2013
Wages and salaries	2,258,297	1,634,446
Social security taxes	934,942	741,862
Employer contribution to bonus shares	1,060,758	
Expenses for retirement commitments	46,014	56,676
Payments in shares	2,368,608	2,050,334
Total	**6,668,619**	**4,483,319**

Note 12: Share-based payments

The payments in shares of stock involve all the warrants (BSAs/BSPCEs), stock options and bonus shares granted to employees, non-employee members of the Board of Directors, scientific consultants, or service providers.

The warrants granted may be exercised at any time after a vesting period of between 0 and 4 years and become null and void after a period of 10 years from the date they are granted. The acquisition of the warrants by the recipients is not subject to market conditions. The expense representing the benefit granted is recorded in the financial statements using the straight-line method as a personnel expense over the vesting period. The acquisition of bonus shares and exercise of stock options depend on the existence of an employment contract or holding a corporate office between the recipient and the Company. Similarly, the exercise of the equity warrants depends on the existence of a directorship or consultant contract between the beneficiary and the Company.

In the first half of 2014, the following awards were made:

- 186,000 bonus shares, which carry a vesting period of two years and a holding period of two years, including 36,000 for new employees of the Company without performance conditions, and 150,000 for management, with the following performance conditions:
    (i) half of the shares awarded to Key Managers will not be vested until the later of the following dates (i) expiration of a period of two years from the award date and (ii) inclusion of the hundredth patient in the *Viaskin® Peanut* Phase III study no later than twelve (12) months after enrollment of the first patient in the study;
    (ii) half of the shares awarded to Key Managers will not be vested until the later of the following dates (i) expiration of a period of two years from the award date and (ii) FDA approval of the *Viaskin® Peanut* Phase III protocol.

  It should be noted that in the event of a change of control of the Company (as defined by Article L. 233-3 of the French Commercial Code), the performance criteria will be considered to have been definitively achieved.

- 10,000 equity warrants for independent directors, at a unit subscription price of €1.88 and an exercise price of €18.79, which is equal to the weighted average of the last 10 trading sessions preceding the Board meeting of June 3, 2014. These warrants may be exercised immediately.

- 75,000 stock options to employees of the Company at an exercise price of €19.01 per share, which is equal to the closing price of June 3, 2014, the date the Board approved the award.

  It should be noted that in the event of a change of control of the Company (as defined by Article L. 233-3 of the French Commercial Code), the options may be exercised early.

The expense recorded for the first half of 2014 amounts to €2,368,608, compared to €2,050,335 a year earlier.

As of June 30, 2014, the total number of ordinary shares that can be created by full exercise or definitive acquisition, depending on the case, of all of the securities giving access to the capital and instruments issued to date amounts to 2,824,313, at a weighted average exercise price of €6.62 (this weighted average exercise price does not include the 1,200,893 potential shares resulting from the definitive acquisition of performance shares).

Note 13: Financial income and expenses

Financial income and expenses break down as follows (in euros):

	06/30/2014	06/30/2013
Financial income	329,026	359,447
Financial expenses	(25,743)	(9,722)
Total	**303,283**	**349,725**

Financial income is mainly composed of capital gains on the disposals of marketable securities. Loan interest paid, foreign exchange losses and expenses related to the accretion of the OSEO and COFACE advances constitute the financial expenses.

Note 14: Contingent liabilities

No significant changes occurred in contingent liabilities between December 31, 2013 and June 30, 2014.

Note 15: Relationships with related parties

The compensation amounts presented below, which were awarded to the members of the Board of Directors of the Company, were recognized as expenses during the periods presented (in euros):

	06/30/2014	06/30/2013
Members of the Board of Directors	195,720	183,345
Directors' fees	20,000	20,000
Payments in shares to members of the Board of Directors	611,779	736,094
Total	**827,499**	**939,439**

The methods for valuation of the benefit for share-based payments are presented in Note 12.

Statement of the debts to related parties as of June 30:

	06/30/2014	06/30/2013
Compensation due	44,100	42,000
Directors' fees	20,000	36,500
Retirement pension obligations	-	46,149
Total	**64,100**	**124,649**

Note 16: Post-closing events

On July 17, 2014, DBV Technologies announced that the last patient in its phase IIb 'VIPES' study (VIaskin® Peanut's Efficacy and Safety) has completed the last food challenge visit after 12 months of treatment. Additionally the VIPES study drop-out rate was only at 6.4%, far below the 15% drop-out rate initially anticipated.

On July 17, 2014, DBV Technologies and the Consortium of Food Allergy Research (CoFAR) announced that enrollment into the CoFAR6 study, a multi-center, randomized, double-blinded, placebo-controlled phase II clinical trial of Viaskin® Peanut for the treatment of peanut allergic children and adults (4 to 25 years of age), has been completed.

II - MANAGEMENT DISCUSSION & ANALYSES

ANALYSIS OF PROFIT & LOSS STATEMENT

The Company's **total revenues** amounted to €1,336,019 and €2,661,132 for the first halves 2013 and 2014 respectively. These revenues were primarily generated by Research Tax Credit, and to a lesser extent, by the sales of *Diallertest®*, as well as by subsidies received within the framework of the various research projects conducted by the Company.

in euros	First Half	
	2014	**2013**
Sales	103,165	72,735
Other income	2,557,967	1,263,284
of which research tax credit	*2,452,678*	*1,219,847*
of which subsidies	*105,289*	*134,330*
Total Revenues	**2,661,132**	**1,336,019**

As no R&D expenditure is being capitalized until a marketing authorization is obtained, the research tax credit related to such research programs is, for its part, entirely posted to the accounts as other income. The amounts of financial assistance received by the Company during the periods have been deducted from the calculation of the basis of the research tax credit.

The Company posted, for the first half 2014, net revenues related to the research tax credit of €2,452,678 which corresponds to that generated during the first half 2014. Reimbursement of the 2013 research tax credit (ie. €3,312,462) has been requested by the Company in compliance with the E.C. tax treatment of small and medium companies. On the day of issuing this Interim Financial Report, the reimbursement had not yet been received.
The increase in research tax credit over the period reflects the intensification of R&D activities, notably related to the conduct of the Phase IIb ('VIPES) for *Viaskin® Peanut*, and the preparation for the follow-up trial OLFUS-VIPES.

Sales of Diallertest® slightly increased over the period, amounting to €103,165 in the first half 2014 compared with €72,735 a year earlier. This diagnostic product is not of strategic relevance for the Company, which has as its priority the future marketing of products stemming from the Viaskin® platform.

Research & Development expenses increased significantly in the first half 2014 by 53%, to reach € 10,441,632 compared with € 6,824,122 a year earlier. This strong variation reflects an intense R&D activity on one hand, both on the pre-clinical research and clinical development fronts, and the reinforcement of teams dedicated to R&D, in an effort to drive all on-going programmes.

The Research and Development expenses break down as follows:

in euros	First Half	
	2014	**2013**
Personnel costs	3,716,261	2,745,687
Sub-contracting, Collaborations and Consultants	4,902,067	2,637,834
Research Supplies	391,530	300,182
Real Estate Rentals	99,314	111,658
Conferences, Travel expenses	335,083	264,160
Depreciation & Amortization	190,030	85,043
Other expenses	807,347	134,528

Total R&D expenses	**10,441,632**	**6,824,121**

From one year to the next, this table allows us to note, in particular:

- An increase of 35% in personnel costs dedicated to R&D, resulting from both an increase in the workforce (40 employees as of June 30, 2014, compared with 30 a year earlier) and the expense related to the valuation of long-term incentives (performance shares and warrants: "*bons de souscription de parts de créateur d'entreprise" or* "BSPCEs" and "bons de souscription d'actions" or "BSAs") in compliance with IFRS 2, which increased to €1,184,067 from €1,024,992 a year earlier;
- An increase of 57% in "Sub-contracting, Collaborations and Consultants", which includes in particular, the costs of service providers on behalf of DBV Technologies within the framework of the Phase IIb trial VIPES for *Viaskin® Peanut,* as well the preparation of the follow-up trail OLFUS-VIPES;

General & Administration expenses include mainly administrative and management personnel costs, building costs related to headquarters, and certain fees (such as audit, legal, and consultants' fees). In the first half 2014, general & administration expenses reached €4,182,864 compared with €2,716,033 a year earlier.

G&A expenses break down as follows:

in euros	**First Half**	
	2014	**2013**
Personnel costs	2,952,358	1,737,632
Fees	281,843	413,700
Real Estate Rentals	41,090	47,927
Insurance Coverage	76,362	48,972
Communication, Entertainment and Travel expenses	229,538	141,788
Postal and Telecommunications Expenses	44,873	26,291
Administrative supplies and rental of personal property	54,655	29,858
Others	502,145	142,172
Total G&A	**4,182,864**	**2,716,033**

Therefore, the total increase mainly stems from:

- A 70% increase in personnel costs, mainly resulting from non-recurring compensation items such as the grant of performance shares ;

The **financial profit (loss)** reached €303,283 in the first half 2014 compared with €349,725 a year earlier. This item includes the financial revenues on the Company's financial assets on the one hand, and foreign exchange losses as well as undiscounting expenses in connection with the OSEO and COFACE advances, on the other. The change in the financial profit (loss) in the first half 2014 is explained by the decrease in financial income from €359,447 on June 30, 2013 to €329,026 on June 30, 2014.

Considering the deficits recorded over the last 3 fiscal years, the Company has not posted any **corporate tax expense** to the accounts.

The **net loss** for the first half 2014 amounted to €(11,773,743) compared with a €(7,906,957) a year earlier. The loss per share (based on the weighted average number of shares outstanding over the period) amounted to €(0.77) and €(0.59) for the first halves 2014 and 2013 respectively.

ANALYSIS OF THE BALANCE SHEET

The **non-current fixed assets** include the property, plant, and equipment, the long-term intangible assets, and the long-term financial assets. The non-current fixed assets amounted to €2,798,802 and €2,420,985 on June 30, 2014 and December 31, 2013 respectively. This increase results primarily from the refurbishment of laboratories dedicated to research and industrial development.

The **net current assets** amounted to €36,002,800 and €43,815,024 on June 30, 2014 and December 31, 2013 respectively. This negative variation is explained by cash burn from operating activities, partially compensated by the cash-in of subsidies and repayable advances over the period.

As a result, as of June 30, 2014 the Company's **cash position** stood at €29,062,028 vs. €39,402,761 as at 31 December 2013.

The net change in the **shareholder's equity** of the Company resulted mainly from the net loss over the period. Therefore, Shareholders' equity reached €31,554,289 as of June 30, 2014 compared with €40,394,685 as of December 31, 2013.

ANALYSIS OF CASH FLOW STATEMENT

in euros	First Half	
	2014	**2013**
Net cash flow from operating activities	(10,465,958)	(5,634,937)
Net cash flow from investment activities	(622,447)	(980,422)
Net cash flow from financing activities	747,672	1,053,572

Net cash flow from operational activities for the first halves 2014 and 2013 stood respectively at €(10,465,958) and €(5,634,937), primarily fuelled by increasing efforts engaged in R&D.

Net cash flow from investment activities decreased in the first half 2014 as the cost of refurbishing laboratories dedicated to research and industrial development mainly incurred in 2013.

Net cash flow from financing activities reached €0.7 million in the first half 2014 versus €1.1 million a year earlier, primarily due the exercise of dilutive instruments.

III – INFORMATION REGARDING RELATIONSHIPS WITH RELATED PARTIES

The compensation amounts presented below, which were awarded to the members of the Board of Directors of the Company, were posted to the accounts as expenses during the course of the fiscal years presented (in Euros):

	30/06/2014	30/06/2013
Members of the Board of Directors	195,720	183,345
Directors' fees	20,000	20,000
Payments in shares to the members of the Board of Directors	611,779	736,094
Total	**827,499**	**939,439**

The methods for valuation of the benefit related to share-based payments are presented in Note 12 of the condensed financial statements.

Statement of the debts to related parties as of 30 June:

	30/06/2014	30/06/2013
	44,100	42,000
Directors' fees	20,000	36,500
Retirement pension obligations	-	46,149
Total	**64,100**	**124,649**

IV – RISK FACTORS

The Company operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The risks and uncertainties set out below are not exhaustive and the reader is advised to refer to the Company's *Document de Référence 2013* available on its website www.dbv-technologies.com.

- The Company is conducting preclinical and clinical programs intended to lead to the eventual commercialization of therapeutic solutions to treat allergies, in particular food allergies and in young children. The development of a candidate medicine is a long and costly process, carried out in several phases, the outcome of which is uncertain. The aim is to establish the therapeutic benefit of the candidate medicine for one or more given indications.

  At each development phase, the Company will present the results of its clinical studies to the authorities of the various countries according to its development plan. Additional requirements could arise concerning the study protocols, patient characteristics, durations of treatment, post treatment follow-up, differences in interpretation of the results, differences between the regulatory agencies of the various countries and requests for additional studies in order to specify certain points or targeting specific populations.

  Likewise during clinical trials, the timing of patient recruitment can be uncertain, even if the choice of centers and partners is always selected depending recruitment opportunities. In addition, some requests from regulatory authorities could impact the lead time of patient recruitment.

  Moreover, the Company could be unable to establish the proper tolerance, lack of adverse immediate or long-term effects, or the effectiveness of one or more of its therapeutic products in animals and humans. Any failure during any of the various clinical phases for a given indication could delay the development, production and commercialization of the therapeutic product in question or even suspend its development. Similarly, any decision by the health authorities or ethics committees requesting additional trials or studies could delay, or even suspend, the development of the therapeutic products in question.

  Even though the local lesions caused by use of the patch have always turned out to be mild, when used on a wider scale, these local effects (such as irritation, local inflammation or eczema) could constitute discomfort for some patients that could lead them to cease the treatment prematurely.

  Furthermore, the occurrence of long-term effects or the onset or worsening of pathologies or infections, whether pre-existing or not, that current knowledge does not enable identifying, could delay, or even suspend the development or commercialization of the products in question.

  To date, the Company cannot ensure that its current or future developments of candidate medicines will one day be successful, or a fortiori within deadlines compatible with the market's needs. Any failure or delay in developing its therapeutic products could have a material adverse effect on the Company's business, earnings, financial situation and outlook.

  Also if, after their marketing authorization (MA), the Company's therapeutic products cause side effects that are unacceptable or unnoticed during the clinical trial period, it would be impossible for it to continue marketing them for all or some of the indications targeted, which could have a material adverse effect on its business, outlook, financial situation, earnings and development.

  Lastly, the Company could decide not to market some products in some countries or even not to market its products at all if the market, reimbursement or competition conditions or any other event having occurred during the development phase were to call into question the commercial interest of the product(s) in question.

- In order to strengthen its clinical development program and to increase its visibility within the scientific community, the Company uses, and could continue to use, "support" studies conducted by public or university institutions.

  The Company does not sponsor of these studies, it does not handle their steering and follow-up. Accordingly, efficacy results of these studies could be affected by failure to harmonize study protocols. Furthermore, the Company does not have any control over these studies' protocols, and can therefore not anticipate or ensure the manner in which the results will be obtained, used and/or published, or the occurrence of side effects. Moreover, the Company has no control over the quality of the statistical analysis performed by its institutions.

  In the context of these university studies, the Company will not control the publication policy with respect to the results and could be denied use of the results for regulatory or communication purposes by the studies' sponsors.

- Diallertest® Milk, developed by DBV Technologies, is the first product to diagnose allergies to bovine milk proteins in children currently available on the French market with a temporary exceptional status under regulations.

  Given the history of use, marketing authorization in Europe requires a single phase III study to be conducted, the protocol of which was discussed and approved by the European authorities (EMA) as part of a Scientific Advice then a Pediatric Investigation Plan (PIP) procedure. The Company is re-examining the strategic and economic interest of continuing the marketing of Diallertest® Milk.

  The marketing of Diallertest® Milk could be suspended, on a final or transitional basis, at any time for strategic reasons and/or at the request of the regulatory authorities.

- The Company is dependent on third parties for the supply of various materials, chemical or biological products (including extract proteins) that are necessary to produce patches for the achievement of its clinical trials or patches diagnosis and, ultimately, its future therapeutic patches.

  The supply of the Company in any of these materials and products could be reduced or interrupted. In such a case, the Company may not be able to find other suppliers of materials or chemical or biological products of acceptable quality, in appropriate quantities and at an acceptable cost. If key suppliers or manufacturers were lacking or if the supply of products and materials is reduced or discontinued, the Company may not be able to continue to develop, manufacture and market its products in a timely and competitive manner. In addition, these materials and products are subject to stringent manufacturing requirements and rigorous testing. Delays in the completion and validation of facilities and manufacturing processes of these materials and products in the Company's suppliers could affect its ability to complete clinical trials and to commercialize its products cost-effectively and in a timely manner.

  To prevent such situations, the Company intends to diversify its supply sources by identifying a minimum a second source of supply for critical raw materials and materials (natural protein and polymer film with a titanium coating).

  If the Company encounters difficulties in the supply of these materials, chemical or biological products, if it was not able to maintain its supply agreements or to establish new agreements to develop and manufacture its products in the future, its business, prospects, financial condition, results and development could be significantly affected.

- Within the framework of its development, the company relies on sub-contractors both for the manufacturing of the patches and for the conduct of the clinical trials. Although the Company has taken into account the risks of default on the part of its sub-contractors or risks of termination of the contractual relationships, and has taken measures intended to provide for these risks, any default on their part could

have consequences for the length of, or even the continuation of, the clinical studies, and the quality of the data, which must meet strict standards (Good Clinical Practices, Good Manufacturing Practices) imposed by the supervisory authorities, and therefore delay the marketing of the products.

Such events could have a material adverse effect on the business activity, the prospects, the financial position, the earnings, and the development of the Company.

- Throughout the world, the pharmaceutical industry faces continual changes in its regulatory environment and increased supervision by the relevant authorities and the public, which demand greater guarantees as to the safety and effectiveness of medicines. Furthermore, research incentives have been reduced.

  The health authorities, in particular the Food and Drug Administration (FDA) in the United States, have imposed increasingly high demands in terms of the volume of data requested in order to establish a product's effectiveness and safety. These requirements have reduced the number of products authorized. In addition, the products marketed are subject to regular reassessment of the risk/benefit analysis after their authorization. The late discovery of problems not detected at the research stage can lead to marketing restrictions, to the suspension or withdrawal of the product and to a greater risk of litigation.

  In parallel, while it is becoming increasingly difficult to put innovative products on the market for the reasons mentioned above, governmental authorities seek to facilitate the entry of generic medicines onto the market of the products already marketed through new regulations seeking to change patent law and the rules on data exclusivity on the key markets.

  Insofar as new regulations result in an increase in the costs of obtaining and maintaining authorizations to market products or limit the economic value of a new product for its inventor, the growth prospects of the pharmaceutical industry and of the Company could be reduced as a result.

  Furthermore, any clinical study is subject to the prior consent of the health authorities of the countries in which it is planned to conduct the study and of ethics committees; a rejection could impede or stop the Company's clinical development program.

  Likewise, for each study, the Company sets up a Data and Safety Monitoring Board; as good clinical practices recommend following the opinions of Data and Safety Monitoring Boards, the latter could lead to premature suspensions or delay product development.

  Moreover, depending on the information disclosed to them in the course of a study, in particular on the occurrence of serious adverse events, the health authorities could decide to suspend or prematurely stop the study.

  The materialization of one or more of these risks could have a material adverse effect on the business, prospects, financial situation, earnings and growth of the Company.

- In order to finance its activities, the Company has also opted for the Research Tax Credit (CIR - Crédit Impôt Recherche), which consists of the Government offering a tax credit to companies that make significant investments in research and development. The research expenditures that are eligible for the CIR include, in particular, wages and salaries, the depreciation of research equipment, provisions of services sub-contracted to approved research agencies (public or private), and the expenses associated with intellectual property. The Company has received a research tax credit that has been reimbursed and audited by the tax authorities for the years 2008 and 2010.

  For the coming years, it cannot be ruled out that the tax authorities may challenge the methods used by the Company to calculate the research and development expenditures or that the CIR might be called into question by a change in the regulations or by a challenge by the tax authorities even if the Company complies with the requirements for documentation and eligibility of the expenditures. If such a situation were to occur, that could have an adverse effect on the earnings, the financial position, and the prospects of the Company.

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