

Valneva announces the launch of a capital increase with shareholders preferential subscription rights of approximately EUR 45 million

- **Subscription ratio: 11 new ordinary shares for 34 existing ordinary shares**
- **Subscription price: EUR 2.47 per new ordinary share**
- **Subscription period: from January 15th, 2015 to January 28th, 2015 inclusive**
- **Subscription commitments received from a fund managed by Athyrium Capital Management LLC, Bpifrance, Capital Ventures International and Groupe Grimaud la Corbière amounting to a total of approximately EUR 20 million**
- **Crédit Agricole Corporate and Investment Bank and Kempen & Co to underwrite the remainder of the Rights Issue**

Lyon (France), January 12th, 2015 – Following its announcement on January 5th, European biotechnology company Valneva SE (“**Valneva**”) today announces the launch of a capital increase with preferential subscription rights for holders of ordinary shares for a gross amount of approximately EUR 45 million (the “**Rights Issue**”). This Rights Issue is part of the financing for the acquisition of Crucell Sweden AB and all assets, licenses and privileges related to Dukoral^{®1}, a vaccine against cholera and traveler’s diarrhea caused by ETEC (*Enterotoxigenic Escherichia coli*), as well as a Nordics vaccine distribution business of the seller and its affiliates (the “**Acquisition**”). The net proceeds of the Rights Issue are estimated to amount to approximately EUR 42 million.

The Company intends to use EUR 30 million of the net proceeds to fund the Acquisition whose total purchase price amounts to EUR 45 million (the “**Acquisition Price**”). The remaining proceeds, of approximately EUR 12 million, will be used to finance the integration and working capital needs of the assets being acquired, the development of the Company’s clinical stage vaccine products, and to reinforce Valneva’s financial flexibility in order to allow the Company to advance its sustainable, independent and growing activity, as well as for general corporate purposes.

The remainder of the Acquisition Price will be financed through a loan facility put in place with Athyrium Opportunities Fund (A) LP, Athyrium Opportunities Fund (B) LP and / or other investment funds managed or advised by Athyrium Capital Management (or any affiliate), in an amount of EUR 15 million. The completion of the Acquisition is subject to customary closing conditions for a transaction of this type.

Main Terms and Conditions of the Rights Issue

The share capital increase will be carried out with preferential subscription rights of holders of ordinary shares by the issuance of 18,231,466 new ordinary shares at a price of EUR 2.47 per share (comprised of the EUR 0.15 nominal value and issue premium of EUR 2.32 per share), representing a total gross amount of EUR 45,031,721.02 (including issue premium).

Each holder of Valneva ordinary shares will receive one preferential subscription right for each ordinary share registered for accounting purposes in their securities accounts as of the close of trading on



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January 14th, 2015. 34 preferential subscription rights will entitle the holder to subscribe on an irreducible basis (*“à titre irréductible”*) to 11 new ordinary shares. Subscriptions subject to reduction (*“à titre réductible”*) will be accepted.

Based on the closing price of Valneva's shares on January 12th, 2015 (i.e. EUR 4.02), the theoretical value of each preferential subscription right is EUR 0.38. The subscription price represents a 38.56% discount to the closing price of Valneva's shares on January 12th, 2015 and a 32.16% discount to the theoretical ex-right price.

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

Subscription commitments and underwriting of the offering

Groupe Grimaud la Corbière (**“Groupe Grimaud”**), holding 11,843,327 existing ordinary shares representing approximately 21% of the Company's ordinary share capital on the date hereof, has irrevocably undertaken (i) to sell 4,851,494 and 6,256,884 preferential subscription rights to Athyrium Opportunities II Acquisition LP (**“Athyrium”**) and Capital Ventures International, respectively, (ii) to exercise the amount of 734,944 of preferential subscription rights not sold, allowing for subscription on an irreducible basis for 237,776 new ordinary shares representing EUR 587,306.72 and (iii) to place an order subject to reduction for 216,907 new ordinary shares representing a maximum amount of EUR 535,760.29 in order to fulfil its commitment to reinvest the total proceeds from the sale of these preferential subscription rights in this Rights Issue.

Athyrium, not yet a shareholder of the Company as of the date hereof, has irrevocably undertaken to subscribe for a maximum amount of EUR 3,876,914.47 in new ordinary shares. In this context, Athyrium has undertaken to acquire from Groupe Grimaud 4,851,494 preferential subscription rights at a price of EUR 0.23 per preferential subscription right and to subscribe for new ordinary shares on an irreducible basis by exercising a total of 4,851,494 preferential subscription rights, for a total number of 1,569,601 new ordinary shares, representing a subscription amount of EUR 3,876,914.47. For a period of five years following the settlement of the Offering and for as long as Athyrium holds 80% of those new shares subscribed to it, Athyrium is entitled to appoint one board observer to the Company's supervisory board to participate, with consultative voice only, in the meetings of the supervisory board and its committees.

Capital Ventures International, not yet a shareholder of the Company as of the date hereof, has irrevocably undertaken to subscribe for a maximum amount of EUR 5 million in new ordinary shares. In this context, Capital Ventures International has undertaken to acquire from Groupe Grimaud 6,256,884 preferential subscription rights for a total price consideration of EUR 1 and to subscribe for new ordinary shares on an irreducible basis by exercising the total number of 6,256,884 preferential subscription rights thus acquired, for a total number of 2,024,286 new ordinary shares, representing a subscription amount of EUR 4,999,986.42. Furthermore, Capital Ventures International has reserved the right to place an order subject to reduction.

Bpifrance Participations, holding 5,499,863 existing ordinary shares representing approximately 10% of the Company's ordinary share capital on the date hereof, has irrevocably undertaken to subscribe for a maximum amount of EUR 10 million in new ordinary shares. In particular, Bpifrance Participations has irrevocably undertaken to subscribe on an irreducible basis for 1,779,360 new ordinary shares for EUR

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4,395,019.20 and to place an order subject to reduction in the amount of 2,269,222 new ordinary shares for a maximum amount of EUR 5,604,978.34.

In total, the undertakings to subscribe for shares on an irreducible basis and, as applicable, subject to reduction, by Bpifrance Participations, Athyrium, Capital Ventures International and Groupe Grimaud, represent approximately EUR 20 million or 44.4% of the Rights Issue.

The remaining part of the Rights Issue not covered by the subscription commitments of Bpifrance, Athyrium, Capital Ventures International and Groupe Grimaud, represents EUR 25 million and is underwritten by Crédit Agricole Corporate and Investment Bank and Kempen & Co N.V. (together, the **"Joint Bookrunners"**) who are acting as Joint Bookrunners of the Rights Issue pursuant to an underwriting agreement entered into on January 12th, 2015 between the Joint Bookrunners and the Company.

The members of the management board have also indicated their intent to subscribe new ordinary shares in the Rights Issue by selling a portion of their preferential subscription rights and using the proceeds from that sale to subscribe for the capital increase by exercising the remaining portion of their preferential subscription rights.

Lock-up commitment

Bpifrance Participations, Groupe Grimaud and Athyrium have agreed to a lock-up for a period ending 90 days after the settlement date of the Rights Issue, subject to certain customary exceptions, except that Groupe Grimaud may pledge the shares it holds as well as those acquired in the Rights Issue.

The Company entered into a 180-day lock-up commitment vis-à-vis the Joint Bookrunners, subject to certain customary exceptions.

Indicative timetable of the rights issue

The subscription period for the new shares will run from January 15th, 2015 to the close of trading on January 28th, 2015. During this period, the preferential subscription rights will be listed and traded on the regulated market of Euronext in Paris (**"Euronext Paris"**) under ISIN code FR0012444842.

Any preferential subscription rights not exercised before the end of the subscription period, i.e. before the close of business on January 28th, 2015, will lapse automatically.

The settlement-delivery and the listing of the new ordinary shares on Euronext Paris and on the Vienna Stock Exchange are expected to occur on or about February 6th, 2015.

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 French language prospectus, approved by the Autorité des marchés financiers ("**AMF**") under number 15-020 dated January 12th, 2015 consists of the registration document ("document de référence") (the "**Registration Document**") of Valneva filed with the AMF on April 30th, 2014 under number D.14-0444, 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'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 **Chapter 1.1.2** "Risk Factors" described in the Registration Document, as well as in Section 2 of the Securities Note.

¹ About Dukoral[®]

Dukoral[®] is used to protect against cholera - a very serious disease caused by *Vibrio Cholerae* (*V. cholerae*), which is caught from contaminated food or water and causes severe diarrhea. In some regions, i.e. Canada and Switzerland, Dukoral[®] is indicated for the prevention of and protection against travelers' diarrhea caused by ETEC (*Enterotoxigenic Escherichia coli*) and/or cholera.

Dukoral[®] is used in adults, adolescents and children from two years of age who will be visiting high-risk areas. The vaccine contains four different inactivated strains (types) of the bacterium *V. cholerae* serotype O1, and part of a toxin from one of these strains as active substances.

About Valneva SE

Formed in 2013 through the merger of Intercell AG and Vivalis SA, Valneva is a biotechnology company developing, manufacturing and commercializing innovative vaccines with a vision to protect people from infectious diseases.

The Company seeks financial returns through focused R&D investments in promising product candidates and growing financial contributions from commercial products, striving towards financial self-sustainability.

Valneva's portfolio includes a commercial vaccine for the prevention of Japanese encephalitis (IXIARO[®]) and proprietary vaccines in development against *Pseudomonas aeruginosa*, *Clostridium difficile* and Lyme Borreliosis. A variety of partnerships with leading pharmaceutical companies complement the company's value proposition and include vaccines being developed using Valneva's innovative and validated technology platforms (EB66[®] vaccine production cell line, IC31[®] adjuvant).

Valneva is headquartered in Lyon, France, listed on Euronext-Paris and the Vienna stock exchange and operates out of France, Austria and Scotland with approximately 270 employees. More information is available at www.valneva.com.

Valneva Media Contact

Teresa Pinzolit

Communications@valneva.com

M +43 676 845567357

Stéphanie Lebihan

T +33 (0)228 07 37 15

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Forward-Looking Statements

This press release contains certain forward-looking statements relating to the business of Valneva, including with respect to the progress, timing and completion of research, development and clinical trials for product candidates, the ability to manufacture, market, commercialize and achieve market acceptance for product candidates, the ability to protect intellectual property and operate the business without infringing on the intellectual property rights of others, estimates for future performance and estimates regarding anticipated operating losses, future revenues, capital requirements, needs for additional financing, the Acquisition and the Rights Issue. In addition, even if the actual results or development of Valneva are consistent with the forward-looking statements contained in this press release, those results or developments of Valneva may not be indicative of their in the future. In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "anticipates," "believes," "intends," "estimates," "aims," "targets," or similar words. These forward-looking statements are based largely on the current expectations of Valneva as of the date of this press release and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the expectations of Valneva could be affected by, among other things, uncertainties involved in the development and manufacture of vaccines, unexpected clinical trial results, unexpected regulatory actions or delays, competition in general, currency fluctuations, the impact of the global and European credit crisis, the ability to obtain or maintain patent or other proprietary intellectual property protection, the ability to successfully integrate the Acquisition assets and the success of the Rights Issue. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this press release will in fact be realized. Valneva is providing the information in these materials as of this press release, and disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

This press release and the information it contains is not intended to constitute, and should not be construed as an offer to sell or a solicitation to buy or subscribe to any securities, in any jurisdiction. The distribution of this press release may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restrictions.

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This press release does not constitute or form part of an offer of securities for sale or solicitation of an offer to purchase securities to any person in the United States of America, Canada, Australia, Japan or in any other jurisdiction where such offer may be restricted. The securities referred to in this press release have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold in the United States absent registration or an applicable exemption from registration or in a transaction not subject to the registration requirements of the Securities Act. Subject to certain exceptions, the securities referred to herein may not be offered or sold in Australia, Canada or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada or Japan. There will be no public offering of securities in the United States.

This press release does not constitute a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4th, 2003 (the "**Prospectus Directive**"), as

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amended, to the extent such Directive has been transposed in the relevant Member State of the European Economic Area.

With respect to the Member States of the European Economic Area which have implemented the Prospectus Directive (each a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of the securities requiring a publication of a prospectus in any Relevant Member State, other than France. As a result, the new or existing shares of the Issuer may not be offered and will not be offered in any Relevant Member State other than France, except (i) to any legal entity which is a qualified investor as defined under the Prospectus Directive, (ii) to fewer than 100, or, if the Relevant Member State has implemented the relevant provisions of Directive 2010/73/EU,¹ natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive; or (iii) in any other circumstances not requiring the Issuer to publish a prospectus as provided under Article 3(2) of the Prospectus Directive and/or regulations applicable in the Relevant Member State.

For the purposes of this provision, an "offer to the public" in relation to the new or existing shares of the Issuer in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the new or existing shares of the Issuer to be offered so as to enable an investor to decide to purchase the new or existing shares of the Issuer, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

This communication is directed only at persons who: (i) are qualified investors within the meaning of the Financial Services and Markets Act 2000 (as amended) and any relevant implementing measures, and/or (ii) are outside the United Kingdom, and/or (iii) have professional experience in matters relating to investments who fall within the definition of "investment professionals" contained in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Order**"), or are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or fall within another exemption to the Order (all such persons referred to in (i) to (iii) above together being referred to as "**Relevant Persons**"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

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Please note that France has implemented the provisions of the Prospectus Directive 2010/73/EU by a decree dated November 8, 2012.