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Valneva Presents its H1 2015 Results and Provides Business Update

The Company reports strong H1 revenues, expects significant improvement in revenues and profitability of its JE vaccine in 2016

+ *Revenues and Grants increased to EUR 39.2m in H1 2015 (vs EUR 16.5m in H1 2014)*
+ *Revenue growth mainly driven by the inclusion of newly acquired activities in Sweden (EUR 14.9m) and strong in-market sales of IXIARO®/JESPECT® (+54% to EUR 15.1m)*
+ *Cash position of EUR 43.7m at June 30, 2015, strengthened by the successful completion of a EUR 45m capital increase at the beginning of the first half*
+ *Strong news flow announced in H1:*
    - *Acquisition of the DUKORAL® franchise and the Nordics trade business*
    - *Decision to take direct control over marketing and distribution of IXIARO® to increase margin and profitability*
    - *Marketing & distribution agreement for DUKORAL® and Vivotif® with US firm PaxVax*
    - *Signing of seven new EB66® deals, including an exclusive license agreement with Jianshun Biosciences to commercialize the cell-line in China*
    - *Second approval in Japan for a human flu vaccine produced in EB66® cells*
    - *Signing of an exclusive worldwide IC31® license with ITS (now Vaxin)*
+ *Enrollment for phase II/III of Pseudomonas vaccine candidate now completed. Valneva and development partner GSK amend current study protocol for additional clinical endpoints - data expected in Q2 2016.*
+ *Enrollment for phase II study of C. Difficile vaccine candidate now completed - results expected at the end of 2015*.

OUTLOOK:

+ Following the Company's decision to take direct control of IXIARO®'s marketing and distribution, Valneva expects 2015 overall IFRS revenues and grants to reach the lower end of its previous guidance range of EUR 75 to 85 million due to the short-term transition impact. The Company expects to fully make up for this short-term adverse financial impact already in 2016 with a significant improvement in the revenues and profitability of its Japanese encephalitis vaccine.

+ Valneva will continue to report a loss in 2015 in order to support its strategy of focused spending in research and development and to create long-term value through innovation. Financial results in the 2015 second half will be marked by the integration of the recently acquired DUKORAL® and Nordics trade business and the transition of the marketing and distribution of the Company's key value generator IXIARO®, setting the base for moving towards break-even following the transitional period in 2015.

Thomas Lingelbach, President and Chief Executive Officer and Franck Grimaud, Deputy CEO of Valneva, commented, "In the first half, Valneva has delivered on its strategy to become a fully integrated vaccine biotech company by acquiring a second commercial vaccine and taking direct control of the marketing and distribution of its products. Following a transitional period in the second half of 2015, we foresee a significant increase in the revenues and profitability of our Japanese encephalitis vaccine and expect our DUKORAL® vaccine to become profitable. We also look forward to the phase II results of our Clostridium difficile vaccine candidate at the end of 2015, the phase II/III results of our Pseudomonas aeruginosa vaccine candidate in 2016 and the launch of the phase I clinical trial for our Lyme Borreliosis vaccine candidate next year."

Lyon (France), August 31, 2015 – European biotechnology company Valneva SE ("Valneva" or "the Company") reports today its consolidated financial results for the first half year ended June 30, 2015. The Half Year Financial Report including the condensed consolidated interim financial report and the half year management report is available on the Company's website www.valneva.com

A webcast for financial analysts, fund managers, investors and journalists will be held today at 2:00pm (CET)
link: **http://edge.media-server.com/m/p/q7pbqipq**
A replay will be available after the webcast on the Company's website.

KEY FINANCIAL INFORMATION:

EUR in thousands	3 months ended June 30,		6 months ended June 30,	
	2015	2014	2015	2014
Revenues & Grants	19,713	9,376	39,214	16,471
Net profit/(loss)	(8,970)	(5,071)	(13,988)	(12,184)
EBITDA	(5,450)	(302)	(8,513)	(3,595)
Net operating cash flow	(2,047)	2,931	(13,035)	(7,106)
Cash, short-term deposits and marketable securities, end of period	43,673	37,260	43,673	37,260

BUSINESS HIGHLIGHTS:

+ ***Integration of DUKORAL® and Nordic vaccine distribution business progressing well***

In February 2015, Valneva completed the acquisition of the DUKORAL® vaccine and one of Sweden's leading vaccine distributors "SBL Vaccin Distribution" to create a critical mass in its travel vaccine portfolio and to add a commercial infrastructure to its assets. The integration of the business has successfully progressed. Regulatory licenses and other processes are currently being transferred from the Seller so the gradual take-over of transitional services can be completed before year-end.

In support of the Company's objective to directly control the commercialization of its products in key markets, Valneva created a subsidiary in Canada, DUKORAL®'s largest market, at the end of January 2015, and is now building a commercial team there.

Progress is also being made in setting up a marketing and distribution network for other territories through a combination of Valneva's own sales and marketing teams and country-specific marketing & distribution arrangements. The Company recently entered into a marketing and distribution agreement for DUKORAL® in Italy, Spain and Portugal with the US firm PaxVax Inc. Under the terms of the agreement, Valneva will promote and commercialize PaxVax's typhoid vaccine Vivotif® in Canada and the Nordic countries (Sweden, Norway, Denmark and Finland).

+ ***Valneva takes direct control over Marketing & Distribution of IXIARO® to increase margin and profitability***

In June 2015, Valneva announced its decision to take direct control over the marketing and distribution of IXIARO® by terminating the marketing and distribution agreement it had signed with Novartis vaccines in 2006 and transferred to GlaxoSmithKline (GSK) in 2015. The decision was taken in support of Valneva's strategy to build a leading, independent and fully integrated vaccines biotech company, and to leverage synergies with the recently acquired second travel vaccine (DUKORAL®) and commercial infrastructure in the Nordics. Through this step, Valneva expects to significantly improve sales margins and profitability from IXIARO®, its largest revenue contributor, as of 2016 and beyond. Prior to termination, Valneva recognized 50% of in-market net sales revenues of IXIARO® to private travelers and two thirds of US military sales. Going forward, Valneva will recognize 100% of sales from markets where it distributes the product directly (Canada, UK, Sweden, Norway, Finland, Denmark, US Military). Margins will improve in other markets under country-specific marketing & distribution arrangements.

Valneva expects the transition of the marketing and distribution of IXIARO® in key markets to last until the beginning of 2016. Valneva is confident that a constant vaccine supply will remain available for customers, without disruption.

COMMERCIALIZED VACCINES:

+ ***Japanese encephalitis vaccine (IXIARO®/JESPECT®):***

In the 2015 first half, revenues from IXIARO®/JESPECT® product sales increased by 54% to EUR 15.1 million compared to EUR 9.8 million in the 2014 first half, benefiting from strong in-market sales.

After completion of the marketing and distribution transition from GSK, Valneva expects annual IXIARO® net sales revenues to increase to more than EUR 50 million. However, as announced previously, 2015 sales will be negatively affected and are now expected to be approximately EUR 25 million compared to Valneva's previous guidance of approximately EUR 30 million. Valneva expects 2015 in-market sales levels to be consistent with previous estimates, though with lower revenues primarily from the reduced product deliveries to GSK as a result of GSK's right to sell its remaining inventories during the transition period.

The Company expects to fully make up for this short-term adverse financial impact already in 2016 with a significant improvement in the revenues and profitability of its JE vaccine.

+ ***Cholera / ETEC vaccine (DUKORAL®)***

In the 2015 first half, Valneva posted EUR 8.1 million in product sales from DUKORAL®. With EUR 5.3 million in DUKORAL® product sales from the previous owner between January 1, 2015 and the acquisition closing date on February 9, 2015, pro forma product sales increased to EUR 13.4 million compared to EUR 11.5 million pro forma in the 2014 first half. This performance was largely driven by strong sales in Canada, DUKORAL®'s key market, and other select European markets, and by favorable exchange rates.

The acquired DUKORAL® business still showed a negative gross margin in the first half of the transitional year 2015 while integration into Valneva and restructuring of the cost base of the acquired manufacturing site in Sweden is ongoing. Cost of goods were also negatively impacted by recognition of idle capacity cost during manufacturing transition in the first half and by non-cash acquisition accounting effects (cost of sales of acquired product inventory recorded at fair market value as opposed to the lower historical manufacturing cost). The Company expects the acquired business to become profitable following the transitional 2015 period.

Valneva will continue to invest in growing the DUKORAL® vaccine by way of promotional efforts and geographic expansion focusing its own dedicated resources on key countries.

+ ***Vaccine distribution***

Through the acquisition of Crucell Sweden AB in February 2015, Valneva also acquired "SBL Vaccin Distribution" (SBL), a vaccine distribution business with well-established commercial operations in the European Nordic countries (Sweden, Norway, Denmark and Finland). SBL is marketing or distributing a broad range of vaccines sourced from other vaccine companies including GlaxoSmithkline. In July 2015, SBL entered into an agreement with the US firm PaxVax Inc. to market and distribute PaxVax's typhoid vaccine "Vivotif®".

Product sales from the vaccine distribution business amounted to EUR 4.3 million in the 2015 first half. 2015 first half pro forma product sales, including those originating from the previous owner prior to the February 9, 2015 acquisition closing date, amounted to EUR 4.9 million compared to EUR 5.1 million for the 2014 first half pro forma product sales.

Valneva intends to further leverage its presence in the European Nordic countries with complementary customer products.

VACCINE CANDIDATES:

+ ***Pseudomonas aeruginosa – VLA 43***

Pseudomonas aeruginosa is one of the leading causes of nosocomial (hospital-acquired) infections. Of the 2 million nosocomial infections in the U.S. alone per year, 10% are caused by Pseudomonas aeruginosa.

Valneva has now completed enrolment of its phase II/III efficacy trial with a total of 800 ventilated intensive care unit patients recruited across approximately 40 different study sites. During this period, Valneva completed additional post-hoc[1] analyses from the previous phase II study which revealed interesting findings in sub-patient populations with certain co-morbidities. The Company also conducted additional research on the contemplated mode of action and a potential extension of the number of patients in the current phase II/III, above the pre-specified 800, was evaluated. As a result of these evaluations, which also included consultations with Regulatory Authorities, Valneva and its development partner GSK decided not to extend the current study further but to amend the current study protocol for additional clinical endpoints.

Valneva will accordingly await full analysis from the ongoing phase II/III efficacy trial, including day 180 follow-up time-points, before releasing data. A data release is expected in the second quarter of 2016.

The current phase II/III trial will retain its pivotal character should the primary endpoint with regards to all-cause mortality on Day 28 with all 800 enrolled patients be met, and hence be in support of product approval. However, should the study not meet its primary endpoint but confirm a clinically meaningful vaccines effect, it is anticipated that a further phase III study will be required in support of product licensure.

The development of Valneva's vaccine candidate against Pseudomonas aeruginosa is part of the strategic alliance agreement signed between Valneva and Novartis in 2007, which recently transitioned to GSK. Currently, there is no vaccine available against Pseudomonas aeruginosa and Valneva estimates that the total market potential for the product could be as significant as USD 1 billion annually.

+ ***Clostridium difficile Vaccine Candidate – VLA 84***

Clostridium difficile (C. difficile) is the leading cause for nosocomial diarrhea in Europe and the US. It is estimated that annually up to 3 million people become infected while receiving hospital treatment in the US. Currently, no vaccine against C. difficile exists and antibiotic treatment of the established disease has significant limitations.

In December 2014, Valneva initiated a randomized, placebo-controlled, observer-blinded phase II study aimed to confirm the optimal dose and formulation of the vaccine in two different age groups (first group: 50 to 64 years and second group: 65+). The trial was conducted in Germany and the United States under an Investigational New Drug application (IND) and included 500 participants. Enrollment is now completed and results from the phase II study are expected at the end of 2015.

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[1] *In the design and analysis of experiments, post hoc analysis consists of looking at the data - after the experiment has concluded - for patterns that were not specified a priori. In practice, post hoc analyses are usually concerned with finding patterns and/or relationships between subgroups of sampled populations that would otherwise remain undetected and undiscovered.*

Valneva, which aims to develop a vaccine for the prevention of recurring C. difficile diarrhea for hospital prophylaxis, and eventually community-wide prophylaxis estimates that the total market potential for prophylactic C. difficile vaccines may significantly exceed USD 1 billion annually.

+ ***Lyme borreliosis vaccine candidate – VLA 15***

Lyme borreliosis (LB) is a multi-systemic infection caused by Borrelia bacteria, transmitted by infected ticks. Valneva has developed a multivalent vaccine candidate (VLA15) which addresses OspA, one of the most dominant proteins expressed by the bacteria when present in a tick.

In November 2014, the preclinical data of Valneva's Lyme borreliosis vaccine candidate was published in PLOS ONE, the world's largest scientific journal by volume. This data showed that the vaccine candidate can provide protection against the majority of Borrelia species pathogenic for humans.

To date, there is currently no licensed vaccine available to protect humans against Lyme disease. According to the Centers for Disease Control and Prevention (CDC), 300,000 cases of Lyme disease are reported each year in the US, making it the most commonly reported tick-borne illness. In Europe, 180,000 to 200,000 cases are diagnosed each year.

Valneva expects to initiate a phase I clinical study in 2016.

TECHNOLOGIES AND SERVICES:

+ ***EB66® Cell Line:***

The EB66® cell line business delivered a significant news flow in the 2015 first half with the signing of seven new license agreements.

In March 2015, Valneva signed an exclusive license agreement with the Chinese company Jianshun Biosciences Ltd granting that company the right to commercialize Valneva's EB66® cell line for the manufacturing of human and veterinary vaccines in People's Republic of China only. Under its terms, Valneva has already received an upfront license payment of EUR 2.5 million. This will be followed by an additional payment of EUR 0.5 million in 2016, annual maintenance fees and 50% of the total revenues payable to Jianshun Biosciences Ltd from its sub-licensees.

Valneva also announced the approval of a second human vaccine produced in EB66® cells at the end of March. The approval was granted by the Japanese health authorities to Kaketsuken, a co-development partner of GSK, for an EB66®-based prototype vaccine against any strain of pandemic influenza. In 2014, Kaketsuken had already received a marketing approval for a pandemic H5N1 influenza vaccine, the first ever human vaccine produced in the EB66® cell line. Following the approval of the prototype vaccine, the EB66® technology may now be used to produce pandemic vaccines against any strain and hence opens a commercial perspective for stockpiling and outbreaks.

Valneva also entered into a number of additional license agreements in the 2015 first half. Research licenses have been signed with Merial, the animal health division of Sanofi (SNY), and two undisclosed European veterinary vaccine manufacturers in the field of veterinary vaccines and with Kaketsuken for the development of a novel human vaccine candidate. Valneva granted Boehringer Ingelheim a 10-month extension to its current research license in return for an extension fee.

A commercial license agreement was also signed with Italian pharmaceutical company Fatro for the development and commercialization of two veterinary vaccines. Under the financial terms of the commercial license agreements, Valneva will receive annual maintenance fees and is eligible for milestone payments along with future royalties on net sales.

Valneva is planning to announce additional EB66® deals in the second half.

+ ***IC31® Adjuvant / IC31® Tuberculosis Vaccine:***

Valneva has granted multiple licenses to evaluate IC31® in new vaccine formulations in infectious diseases.

At the beginning of 2015, Valneva announced the signing of an exclusive worldwide commercial license agreement with Immune Targeting Systems subsequently acquired by Vaxin Inc.. This agreement grants Vaxin Inc. the rights to research, develop and commercialize Hepatitis B vaccine candidates in combination with Valneva's IC31® adjuvant. Financial terms of the agreement were not disclosed. If successful, product candidates from these agreements may lead to additional cash payments for achieved milestones along with future royalties on net sales.

In July 2015, Vaxin Inc. announced that it had enrolled the first patient into a phase I clinical trial of HepTcell™ (FP-02.2), Vaxin's immunotherapeutic compound to treat people chronically infected with the hepatitis B virus (HBV). The multicenter trial will be conducted at seven sites within the United Kingdom and aims to recruit 72 patients with chronic HBV infection. Vaxin's hepatitis B immunotherapeutic candidate will be assessed in the presence or absence of Valneva's IC31 adjuvant.

FINANCIAL REVIEW:

Note: As a result of the acquisition of Crucell Sweden AB and all assets, licenses and privileges related to DUKORAL® as well as a vaccine distribution business in the Nordics, the acquired business has been included in the Group's consolidated financial statements from the merger closing date on February 9, 2015. Therefore, IFRS results for the first six months of 2015 and 2014 are not fully comparable because the ex-Crucell operations were not included in the results for the same period in 2014. In the initial accounting for the acquisition, the net purchase consideration and the fair values assigned to the identifiable acquired assets and liabilities were determined on a provisional basis. Adjustments to those provisional values on completing the acquisition accounting are possible and may lead to subsequent adjustments of the results for the first six months of 2015. Such adjustments may be recognized within twelve months of the acquisition date.

Second quarter 2015 financial review

+ ***Revenues and grants***

Valneva's second-quarter 2015 revenues and grants increased by EUR 10.3 million to EUR 19.7 million compared to EUR 9.4 million in the same period of the previous year. The increase was mainly driven by a EUR 8.6 million contribution in revenues by the acquired ex-Crucell operations from February 10, 2015 onwards and by an increase in collaboration and licensing revenues following the recognition of a EUR 2.5 million upfront payment from Jianshun Biosciences Limited.

Product sales amounted to EUR 12.4 million in the second quarter of 2015 compared to EUR 5.9 million in the second quarter 2014. IXIARO®/JESPECT® revenues decreased moderately by EUR 0.6 million in the second quarter of 2015 compared to the same period last year due to timing effects related to product

deliveries to the main distributor but are significantly up since the beginning of the year. DUKORAL® and Nordics trade product sales in the second quarter amounted to EUR 7.0 million.

Revenues from collaborations, licensing and services increased to EUR 6.2 million in the second quarter 2015 from EUR 2.1 million in the second quarter 2014. Service fees generated by the ex-Crucell business contributed EUR 1.6 million to this increase. Grant income decreased to EUR 1.1 million in the second quarter 2015 from EUR 1.3 million in the second quarter 2014.

+ ***Operating result and EBITDA***
Cost of goods and services sold amounted to EUR 12.8 million in the second quarter 2015 (EUR 11.2 million related to cost of goods and EUR 1.6 million to cost of services).
In this same quarter, the ex-Crucell business contributed EUR 7.9 million in cost of goods and services. In the second quarter 2014, cost of goods and services were exceptionally low at EUR 1.6 million (EUR 1.3 million related to cost of goods and EUR 0.3 million to cost of services).

Research and development expenses in the second quarter 2015 reached EUR 7.0 million compared to EUR 4.8 million in the second quarter 2014, reflecting higher clinical trial costs mostly from the phase II study of Valneva's Clostridium difficile vaccine candidate.
No R&D expenses linked to the antibody technology research were included in the second quarter 2015 as the antibody platform was integrated into BliNK Biomedical SAS as of the beginning of January 2015.

Selling, General and Administrative (SG&A) expenses in the second quarter 2015 amounted to EUR 6.7 million, compared to EUR 4.2 million in the second quarter 2014. This increase was mainly due to the acquisition of the ex-Crucell business, which contributed EUR 2.9 million to the SG&A costs in the second quarter 2015. Excluding the acquisition effect, SG&A expenses decreased by EUR 0.4 million from lower legal costs and lower SG&A expenses in the US.

Non-cash amortization and impairment expenses for intangible assets decreased to EUR 2.0 million in the second quarter 2015 from EUR 3.3 million in the second quarter 2014. In the second quarter 2014, an impairment expense of EUR 1.3 million for the company's VivaIScreen® technology was included.

Valneva's operating loss in the second quarter 2015 increased by EUR 4.2 million to EUR 8.7 million compared to EUR 4.5 million in the second quarter 2014. EUR 2.5 million operating loss related to the acquired DUKORAL® and the Nordics vaccine distribution business. Valneva's EBITDA amounted to minus EUR 5.4 million in the second quarter 2015 and to minus EUR 0.3 million in the second quarter 2014. EBITDA was calculated by excluding depreciation, amortization and impairment from the operating loss recorded in the condensed consolidated interim income statement under IFRS.

+ ***Net result***
Valneva's net loss in the second quarter 2015 was EUR 9.0 million compared to EUR 5.1 million for the same period of the previous year. The increase reflects initial losses from the acquisition of DUKORAL® and the Nordics vaccine distribution business (largely attributable to acquisition accounting effects) as well as an increase in Valneva's R&D spending resulting from progress in its on-going clinical programs.

First-half 2015 financial review

+ ***Revenues and grants***

Revenues and grants in the first six months of 2015 reached EUR 39.2 million which compare to EUR 16.5 million in the same period of the previous year. The acquired ex-Crucell business contributed revenues of EUR 14.9 million to Valneva's business as from February 10, 2015. The 138.0% year-on-year increase in revenues was attributable mainly to higher product sales of EUR 27.5 million in the 2015 first half compared to EUR 9.8 million in the 2014 first half and higher revenues from collaborations and licensing of EUR 9.7 million in the 2015 first half compared to EUR 4.6 million in the 2014 first half. These amounts were partly offset by slightly lower grant income of EUR 2.0 million in the 2015 first half compared to EUR 2.1 million in the 2014 first half. IXIARO® product sales increased by 54.0% to EUR 15.1 million in the 2015 first half from EUR 9.8 million in the 2014 first half. DUKORAL® product sales amounted to EUR 8.1 million and Nordics trade product sales amounted to EUR 4.3 million in the 2015 first half.

+ ***Operating result and EBITDA***

Cost of goods and services sold amounted to EUR 27.1 million in the first six months of 2015. This included EUR 11.2 million related to IXIARO® sales (yielding a product gross margin of 25.6%), EUR 10.0 million related to DUKORAL® sales, EUR 3.4 million related to the Nordics trade business and EUR 2.4 million related to cost of services. The gross margin for the acquired business was negatively impacted by idle capacity costs during a manufacturing transition period in the first half and by non-cash acquisition accounting effects (cost of sales of acquired product inventory recorded at fair market value as opposed to the lower historical manufacturing cost). In the comparable period of 2014, the reported cost of goods was exceptionally low at EUR 3.9 million, of which EUR 3.1 million related to IXIARO® and EUR 0.9 million to cost of services.

Research and development expenses in the first six months of 2015 reached EUR 12.5 million compared to EUR 10.6 million in the same period of the previous year. This increase was mainly due to clinical study costs, especially for the phase II study of Valneva's Clostridium difficile vaccine candidate, and was only partly offset by a reduction in R&D expenses for the antibody technology, which was spun off into BliNK Biomedical SAS at the beginning of January 2015.

Selling, general and administrative (SG&A) expenses in the 2015 first half amounted to EUR 10.7 million, compared to EUR 7.4 million in the 2014 first half. This increase was due to the additional SG&A costs from the newly acquired ex-Crucell business only partly offset by lower G&A expenses of the original business.

Other income/expense, net amounted to EUR 0.1 million in the first six months of 2015 and to minus EUR 0.1 million in the first six months of 2014.

Non-cash amortization and impairment expenses for intangible assets decreased to EUR 3.8 million in the 2015 first half from EUR 5.4 million in the 2014 first half, which included a EUR 1.3 million impairment for the VivaIScreen® technology.

Valneva's operating loss increased by EUR 3.7 million, or by 33.6%, to EUR 14.7 million in the first six months of 2015 compared to EUR 11.0 million for the same period in 2014.

Valneva's EBITDA amounted to minus EUR 8.5 million in the 2015 first half and to minus EUR 3.6 million in the 2014 first half. EBITDA was calculated by excluding depreciation, amortization and impairment from the operating loss recorded in the condensed consolidated interim income statement under IFRS.

Valneva breaks down reported operating results into three business segments “Commercialized Vaccines”, “Technologies and Services” and “Vaccine Candidates”. The Commercialized Vaccines segment, which includes marketed vaccines - currently the Group’s JEV vaccine, DUKORAL® and Nordics vaccine distribution business– showed an operating loss of EUR 1.3 million in the 2015 first half, compared to an operating profit of EUR 4.8 million in the 2014 first half, excluding non-cash amortization charges on intangible assets. The Technologies and Services segment, which includes EB66®, VivaIScreen® (in 2014 only), IC31® and other revenue-generating services and licensing activities showed an operating profit of EUR 3.4 million in the first six months of 2015 compared to EUR 0.9 million operating loss for the same period in 2014 (excluding non-cash amortization charges on intangible assets). The Vaccine Candidates segment, which includes proprietary research and development programs aiming to generate new products with significant market potential such as the vaccine candidates against Pseudomonas aeruginosa and C. difficile, currently represents the Company’s main investment area and showed an operating loss of EUR 5.8 million in the 2015 first half compared to 3.0 million in the 2014 first half.

+ ***Net result***

Valneva’s net loss was EUR 14.0 million in the first six months of 2015 compared to EUR 12.2 million for last year’s same period. This 14.8% increase reflected mainly the net loss generated by the acquisition of the ex-Crucell business including DUKORAL® and the vaccine distribution business in the Nordics.

+ ***Cash flow and liquidity***

Net cash used in operating activities in the first six months of 2015 amounted to EUR 13.0 million (compared to EUR 7.1 million in the first six months of 2014) and resulted primarily from the operating loss in connection with the Group’s R&D activities, from an increase in working capital and from an increase in interest payments.

Cash out-flows from investing activities amounted to EUR 25.4 million in the 2015 first half and resulted primary from the acquisition of Crucell Sweden AB and all assets, licenses and privileges related to DUKORAL® as well as a vaccine distribution business in the Nordics, net of cash. In the 2014 first half the cash out-flows from investing activities amounted to EUR 6.5 million and concerned mainly investments in financial assets (securities and deposits) and purchases of intangible assets (capitalized development costs).

Cash inflows from financing activities in the first six months of 2015 amounted to EUR 53.6 million. This included primarily net proceeds of a capital increase of EUR 41.8 million (after deduction of transaction costs of EUR 3.3 million) in February 2015 and proceeds of new borrowings in connection with the acquisition. Cash inflows from financing activities in the first six months of 2014 amounted to EUR 6.5 million, resulting primarily from a capital increase through an equity line.

Liquid funds stood at EUR 43.7 million at June 30, 2015, compared to EUR 37.3 million at June 30, 2014 and consisted of EUR 42.0 million in cash and cash equivalents, EUR 0.6 million in restricted cash, and EUR 1.0 million in short-term deposits.

About Valneva SE

Valneva is a fully-integrated biotechnology company that specializes in the development, manufacture and commercialization of innovative vaccines with a mission to advance vaccines for better lives.
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 two commercial vaccines for travelers: one for the prevention of Japanese Encephalitis (IXIARO®) and the second (DUKORAL®) indicated for the prevention of Cholera and, in some countries, prevention of Diarrhea caused by ETEC (Enterotoxigenic Escherichia coli). The Company has proprietary vaccines in development including candidates 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, Scotland and Sweden with approximately 400 employees. More information is available at www.valneva.com.

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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 and needs for additional financing. 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, and the ability to obtain or maintain patent or other proprietary intellectual property protection. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made during this presentation will in fact be realized. Valneva is providing the information in these materials as of this press release, and disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.