

9M 2018

NINE-MONTHS FINANCIAL REPORT VALNEVA SE

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**VALNEVA SE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
AS OF SEPTEMBER 30, 2018 (UNAUDITED)**

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**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)**

| € in thousand (except per share amounts) | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|---------------------------|------------------------------------|---------------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Product sales | 17,563 | 19,809 | 71,101 | 67,883 |
| Revenues from collaboration, licensing and services | 1,799 | 2,674 | 7,227 | 8,459 |
| Revenues | 19,362 | 22,483¹ | 78,328 | 76,342¹ |
| Cost of goods and services | (8,235) | (7,702) | (32,257) | (32,142) |
| Research and development expenses | (5,346) | (5,390) | (18,227) | (15,121) |
| Marketing and distribution expenses | (4,070) | (3,810) | (15,011) | (11,996) |
| General and administrative expenses | (3,783) | (3,731) | (12,587) | (11,142) |
| Other income and expenses, net | 1,471 | 1,883 ¹ | 3,069 | 3,202 ¹ |
| Amortization and impairment of fixed assets/intangibles | (755) | (5,358) | (2,399) | (8,950) |
| OPERATING PROFIT/(LOSS) | (1,356) | (1,624) | 918 | 192 |
| Finance income | 101 | 32 | 100 | 62 |
| Finance expenses | (1,201) | (1,935) | (3,164) | (7,027) |
| Result from investments in associates | - | - | - | - |
| LOSS BEFORE INCOME TAX | (2,456) | (3,527) | (2,147) | (6,772) |
| Income tax | (604) | 84 | (1,106) | (1,032) |
| LOSS FOR THE PERIOD | (3,060) | (3,442) | (3,253) | (7,804) |
| Losses per share for profit/loss for the period attributable to the equity holders of the Company, expressed in € per share (basic and diluted) | (0.04) | (0.04) | (0.04) | (0.10) |

¹ "Grant income" was reclassified from the position "Revenue and Grants" and included in "Other income/expense" for periods starting Jan 1, 2018. The comparable period was adjusted accordingly to maintain the comparability.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

| € in thousand | Three months ended September 30, | | Nine months ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Loss for the period | (3,060) | (3,442) | (3,253) | (7,804) |
| Other comprehensive income/(loss) | | | | |
| Items that may be reclassified to profit or loss | | | | |
| Currency translation differences | 251 | 1,275 | (1,161) | 3,595 |
| Items that will not be reclassified to profit or loss | | | | |
| Defined benefit plan actuarial losses | - | - | - | - |
| Other comprehensive income/(loss) for the period, net of tax | 251 | 1,275 | (1,161) | 3,595 |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE COMPANY | (2,809) | (2,167) | (4,414) | (4,209) |

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)**

| € in thousand | September 30, 2018 | December 31, 2017 |
|--|-------------------------------|------------------------------|
| ASSETS | | |
| Non-current assets | 101,329 | 105,895 |
| Intangible assets | 45,774 | 48,468 |
| Property, plant and equipment | 37,327 | 38,374 |
| Other non-current assets | 16,850 | 17,368 |
| Deferred tax assets | 1,378 | 1,686 |
| Current assets | 74,009 | 83,448 |
| Inventories | 22,985 | 19,931 |
| Trade receivables | 8,247 | 17,622 |
| Other current assets | 9,705 | 7,840 |
| Current financial assets | 32 | - |
| Cash and cash equivalents | 33,040 | 38,055 |
| TOTAL ASSETS | 175,338 | 189,343 |
| EQUITY | | |
| Capital and reserves attributable to the Company's equity holders | 89,727 | 92,669 |
| Share capital | 11,638 | 11,638 |
| Share premium and other regulated reserves | 252,934 | 252,934 |
| Retained earnings and other reserves | (171,592) | (160,421) |
| Net result for the period | (3,253) | (11,482) |
| LIABILITIES | | |
| Non-current liabilities | 44,347 | 59,000 |
| Borrowings | 40,315 | 54,097 |
| Deferred tax liability | 15 | 65 |
| Non-current contract liabilities, other liabilities and provisions | 4,017 | 4,838 |
| Current liabilities | 41,264 | 37,674 |
| Borrowings | 20,032 | 17,399 |
| Trade payables and accruals | 9,189 | 9,527 |
| Current tax liability | 1,394 | 322 |
| Tax and employee-related liabilities | 7,818 | 7,531 |
| Current contract liabilities, other liabilities and provisions | 2,831 | 2,896 |
| TOTAL LIABILITIES | 85,612 | 96,674 |
| TOTAL EQUITY AND LIABILITIES | 175,338 | 189,343 |

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)**

| € in thousand | Nine months ended September 30, | |
|---|---------------------------------|-----------------|
| | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | (3,253) | (7,804) |
| Depreciation and amortization | 5,152 | 8,490 |
| Impairment | - | 3,568 |
| Share-based payments | 1,447 | 510 |
| Income tax | 1,106 | 1,032 |
| Other adjustments for reconciliation to cash used in operations | 2,768 | 5,933 |
| Changes in working capital | 5,354 | 7,070 |
| Cash generated from operations | 12,573 | 18,799 |
| Income tax paid | (891) | (549) |
| Net cash generated from operating activities | 11,682 | 18,250 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property, plant and equipment | (1,417) | (1,944) |
| Proceeds from sale of property, plant and equipment | 76 | - |
| Purchases of intangible assets | (234) | (1,102) |
| Interest received | 100 | 62 |
| Net cash used in investing activities | (1,476) | (2,984) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of common stock, net of costs of equity transactions | - | (68) |
| Disposal/(Purchase) of treasury shares | 55 | (140) |
| Proceeds from borrowings, net of transaction costs | 1,418 | 6,124 |
| Repayment of borrowings | (12,292) | (13,023) |
| Interest paid | (1,959) | (2,935) |
| Net cash used in financing activities | (12,777) | (10,042) |
| Net change in cash and cash equivalents | (2,571) | 5,223 |
| Cash at beginning of the period | 33,545 | 35,267 |
| Exchange gains/(losses) on cash | (918) | 70 |
| Cash at end of the period | 30,056 | 40,560 |
| Cash, cash equivalents and short-term deposits at end of the period | 33,040 | 43,797 |

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

| € in thousand | Share capital | Share premium and other regulated reserves | Retained earnings and other reserves | Net result | Total equity |
|---|---------------|--|--------------------------------------|-----------------|----------------|
| Balance as of January 1, 2017 | 11,638 | 252,937 | (115,339) | (49,184) | 100,051 |
| Total comprehensive loss | - | - | 3,595 | (7,804) | (4,209) |
| Income appropriation | - | - | (49,184) | 49,184 | - |
| Employee share option plan | | | | | |
| - value of employee services | - | - | 510 | - | 510 |
| - exercise of share options | - | - | - | - | - |
| Treasury shares | - | - | (140) | - | (140) |
| Cost of equity transactions, net of tax | - | (3) | - | - | (3) |
| | - | (3) | (45,218) | 41,380 | (3,841) |
| Balance as of September 30, 2017 | 11,638 | 252,934 | (160,558) | (7,804) | 96,210 |
| Balance as of January 1, 2018 | 11,638 | 252,934 | (160,421) | (11,482) | 92,669 |
| Total comprehensive loss | - | - | (1,161) | (3,253) | (4,414) |
| Income appropriation | - | - | (11,482) | 11,482 | - |
| Employee share option plan | | | | | |
| - value of employee services | - | - | 1,417 | - | 1,417 |
| - exercise of share options | - | - | - | - | - |
| Treasury shares | - | - | 55 | - | 55 |
| Cost of equity transactions, net of tax | - | - | - | - | - |
| | - | - | (11,170) | 8,228 | (2,942) |
| Balance as of September 30, 2018 | 11,638 | 252,934 | (171,592) | (3,253) | 89,727 |

translation disclaimer: This is a free translation into English of the original French language version of the interim financial report provided solely for the convenience of English speaking. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, this English version has not been audited by the company's statutory auditors and in all matters of interpretation of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, the translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and the VALNEVA expressly disclaims all liability for any inaccuracy herein.