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Merger by absorption of the company PHYS PARTICIPATIONS by the  
company DBV TECHNOLOGIES

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**Report of the Merger Auditors on the remuneration of contributions**

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To the Shareholders,

In the performance of the assignment entrusted to us on April 8, 2015 by the President of the Nanterre Commercial Court concerning the merger by absorption of the company PHYS PARTICIPATIONS by the company DBV TECHNOLOGIES, we have prepared this report on the remuneration of the contributions specified in Article L. 236-10 of the French Commercial Code, it being noted that our assessment of the value of the contributions forms a separate report.

The remuneration of the contributions results from the exchange ratio adopted in the draft merger agreement signed by the representatives of the companies concerned date May 11, 2015. It is our responsibility to express an opinion on the fairness of the exchange ratio.

To this end, we have performed our due diligence in accordance with the professional guidelines of the national auditing body, Compagnie nationale des commissaires aux comptes, applicable to this assignment. These guidelines require investigations, on the one hand, to verify that the relative values attributed to the shares of the companies participating in the transaction are pertinent and, on the other hand, to analyze the positioning of the exchange ratio in relation to the relative values judged to be pertinent.

As our assignment is completed by the lodging of the report, we have no need to update this report to take into account facts and circumstances subsequent to the date of its signing.

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Please therefore find, below, our findings and conclusions presented in the following order:

1. Presentation of the transaction and description of the contributions
2. Verification of the pertinence of the relative values attributed to the shares of the companies participating in the transaction
3. Assessment of the fairness of the proposed remuneration
4. Summary and key points
5. Conclusion

## 1. Presentation of the transaction and description of the contributions

The transaction submitted for your approval consists of the merger by absorption of the company PHYS PARTICIPATIONS by the company DBV TECHNOLOGIES.

It should be noted that a merger by absorption of the company DBCS PARTICIPATIONS by the company DBV TECHNOLOGIES is also envisaged.

### 1.1 Background of the transaction

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DBV TECHNOLOGIES is a biopharmaceutical company whose shares are listed on the NYSE Euronext regulated market in Paris and on Nasdaq in New York.

The company is developing a product ("Viaskin Peanut") to fight peanut allergies. The goal is to market this product once the therapeutic testing is completed and the health agreements/authorizations are obtained.

DBCS PARTICIPATIONS and PHYS PARTICIPATIONS are holding companies formed by certain founders of DBV TECHNOLOGIES whose main purpose is holding all equity interests in DBV TECHNOLOGIES. The absorbed companies are currently non-controlling shareholders of DBV TECHNOLOGIES.

The purpose of the envisaged merger transaction is to improve liquidity and access to capital and to rationalize the holding structure of DBV TECHNOLOGIES by its founders and historical shareholders while ensuring the stability of shareholding. As the result of the merger operations, the partners of DBCS PARTICIPATIONS and PHYS PARTICIPATIONS will become direct shareholders in DBV TECHNOLOGIES.

## 1.2 Presentation of the companies participating in the transaction.

### 1.2.1 Absorbing company: DBV TECHNOLOGIES

DBV TECHNOLOGIES is a limited company whose shares are listed on the NYSE Euronext regulated market in Paris and on Nasdaq in New York.

Its corporate purpose in France and in all countries:

- 1° The development of any innovative medical products, in particular any drug, diagnostic product or treatment;
- 2° The study, research and development, industrial fabrication and marketing of those products;
- 3° The exploitation and development of any patents or licenses relating to those products, and, in general, all commercial, real estate or non real estate, financial or other transactions relating directly or indirectly, in whole or in part, to the corporate purpose or to any other similar or connected purpose, that may facilitate the exploitation and commercial development.

The term of the company is set as 29/03/2092.

The share capital of DBV TECHNOLOGIES is €1,937,248.60, divided into 19,372,486 shares with a nominal value of €0.10 each, fully paid up.

### 1.2.2 Absorbed company: PHYS PARTICIPATIONS

PHYS PARTICIPATIONS is a simplified joint stock company whose corporate purpose is as follows:

"To hold all equity interests in DBV TECHNOLOGIES through contribution, subscription and/or increase of capital."

The term of the company is set as May 21, 2102.

The share capital of PHYS PARTICIPATIONS is €627,560, divided into 62,756 shares with a nominal value of €10 each, fully paid up. These 62 756 shares are distributed as follows:

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<b>Partners</b>	<b>Number of shares</b>	<b>Percentage holding</b>
Pierre-Henri Benhamou	23,101	36.81%
SC MORTON	5,006	7.98%
Indivision Stéphane Benhamou	11,549	18.40%
Pierre-Yves Vannerom	23,100	36.81%
<b>Total</b>	<b>62,756</b>	<b>100%</b>

### 1.2.3 Link between the companies concerned

PHYS PARTICIPATIONS holds 301,250 shares (1.55% of capital) of DBV TECHNOLOGIES.

Pierre-Henri Benhamou is Chairman of the Board of Directors of DBV TECHNOLOGIES et President of PHYS PARTICIPATIONS.

## 1.3 Description of the transaction

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### 1.3.1 Essential characteristics of the contribution

The Parties agreed, in the draft merger agreement signed on May 11, 2015, that, subject to the fulfillment of the conditions precedent specified in section 1.3.2, PHYS PARTICIPATIONS will contribute all its assets and liabilities, entitlements, values and obligations, without exception and unreservedly, to the recipient company DBV TECHNOLOGIES.

The essential characteristics of the merger transaction are as follows:

- From an accounting and fiscal point of view, the transaction will take effect on January 1, 2015;
- In terms of corporation tax, the merger transaction comes under the preferential treatment in Articles 210 A et seq. of the French General Tax Code;
- In terms of registration fees, the transaction is subject to the fixed fee of €500 in accordance with Article 816 I of the French General Tax Code.

### 1.3.2 Conditions precedent

These contributions made as part of the merger, as subject to the following conditions precedent:

- Approval by the General Meeting of shareholders of PHYS PARTICIPATIONS of the transaction and the draft merger agreement;
- Approval by the General Meeting of shareholders of DBV TECHNOLOGIES of the transaction, the draft merger agreement and the envisaged capital reduction;
- Approval of the financial statements for the fiscal year ended December 31, 2014 by the DBV TECHNOLOGIES General Meeting.

All of which under the conditions set out in applicable laws and regulations.

The fulfillment of those conditions precedent will be adequately established, in all matters, by the submission of a certified accurate copy or extract of the minutes of the deliberations of the General Meetings of DBV TECHNOLOGIES and PHYS PARTICIPATIONS.

Material proof of the final completion of the merger may be established by any other means.

These conditions precedent must be fulfilled no later than December 31, 2015. Failure to do so, unless that deadline is extended, will automatically render this agreement null and void.

### 1.3.3 Remuneration of the contribution

#### *Valuation method and calculation of the exchange ratio*

Under the terms of the merger agreement, the parties have adopted, for the determination of the exchange ratio of ownership interests, the actual value of the absorbed and absorbing companies on the transaction completion date.

Under CRC rule 2004-01, for companies under separate control and with the merger transaction in the natural direction, the assets transferred and the liabilities assumed must be valued at their actual value.

Under the terms of the merger agreement, the actual value of DBV TECHNOLOGIES SA securities has been calculated by adopting a valuation per share equal to the average of its share price on Compartment B of Euronext Paris over last 30 days weighted by the trading volume, on the signing date of the merger agreement, in this case €45.87.

The actual value of PHYS PARTICIPATIONS was determined by adopting the revalued net asset method, it being noted that the company's assets essentially consist of the DBV TECHNOLOGIES securities held. The DBV TECHNOLOGIES securities thus held have been valued by adopting the same valuation method as was used to determine the actual value of DBV TECHNOLOGIES.

Based on the values calculated in this way, the exchange ratio has been set at 4.8090 DBV TECHNOLOGIES shares for 1 PHYS PARTICIPATIONS share.

It should be noted that the partners of PHYS PARTICIPATIONS have expressed their intention to individually waive their rights to any fractional shares.

#### *Capital increase*

The result of the exchange ratio calculated above is that PHYS PARTICIPATIONS shareholders should receive in exchange for the 62,756 shares comprising the share capital of PHYS PARTICIPATIONS, 301,788 DBV TECHNOLOGIES shares to be created by the latter through a capital increase.



The share capital of DBV TECHNOLOGIES will thus be increased by €30,178.80. To the extent that, after the merger, DBV TECHNOLOGIES will hold 301 250 treasury shares, the merger will be followed by a capital reduction by the cancellation of those treasury shares. Share capital will thus be reduced by €30,125.

The new shares referred to above will be subject to all DBV TECHNOLOGIES bylaws and will carry all entitlements from the date of their creation, regardless of the final completion date of the merger.

#### *Merger premium*

The difference between:

- the net value of the net assets transferred by PHYS PARTICIPATIONS, i.e. €13,843,144,
- and the nominal value of the shares actually created as part of the capital increase by PHYS PARTICIPATIONS SAS, i.e. €30,178.80,

will constitute the projected merger premium, i.e. €13,812,964.70, posted on the liabilities side of the balance sheet of DBV TECHNOLOGIES and to which the rights of the old and new company shareholders refer.

The capital reduction by cancellation of the treasury shares received involves the reduction of the merger premium to €13,788,213.

## 1.4 Presentation of the contributions

### 1.4.1 Description of the contributions

All asset and liability items are contributed on the basis of their actual value. It should be noted that certain items were contributed at their net book value as of December 31, 2014 insofar as their real value was considered to correspond to their net book value.

The valuations described below are based on the financial statements of the absorbed company as of December 31, 2014, revalued in light of the information communicated on May 4, 2015.

#### Transferred Net Assets

As the contributed assets amount to €13,909,847 and the liabilities assumed amount to €66,703, the transferred net assets amount to €13,843,144, broken down as follows:

	<b>Amount (in Euros)</b>
Transferred Assets	
Financial assets (301,250 DBV ordinary shares)	13,818,338
Tradable securities	69,999
Cash & equivalents	21,510
<b>Total transferred assets</b>	<b>13,909,847</b>
Liabilities assumed	
Borrowing and other financial liabilities	30,000
Trade payables and related liabilities	2,520
Other liabilities	1,683
Provisions for expenses (excl. tax)	32,500
<b>Total liabilities assumed</b>	<b>66,703</b>
<b>Transferred Net Assets</b>	<b>13,843,144</b>

## 2. Verification of the pertinence of the relative values attributed to the shares of the companies participating in the transaction

### 2.1 Work performed by the merger auditors

Our assignment comes under the other interventions defined by law and provided by the conceptual framework of our professional guidelines.

The purpose is to enlighten the shareholders of DBV TECHNOLOGIES and PHYS PARTICIPATIONS regarding the remuneration of the proposed contributions. Consequently, it is not strictly speaking an audit assignment or a limited audit assignment. Nor does it involve the validation of the tax regime applicable to the transactions.

It is not similar to a "*due diligence*" assignment carried out for a lender or an acquirer and does not include the full work necessary for that type of intervention. Our report cannot therefore be used in that context.

Our opinion is expressed as of the date of this report which constitutes the completion of our mission.

We have carried out the work that we considered necessary in accordance with the guidelines of the national auditing body, Compagnie nationale des commissaires aux comptes, applicable to this type of assignment.

Within the framework of our assignment, we performed the following work in particular:

- We spoke with the managers in charge of the envisaged transaction to understand the proposed transaction and its context, and to analyze the economic, accounting, legal and tax terms and conditions.
- We took note of various documents relating to the envisaged transaction, primarily the merger agreement signed by the parties;
- We reviewed the valuation adopted for the companies concerned in this transaction. We satisfied ourselves of the correct implementation of the methods applied and the calculation of the resulting valuation and we reviewed the valuation approaches and financial parameters used;
  
- To satisfy ourselves of the reliability of the financial statements and of the accounting information communicated to us, we checked that the Statutory Auditors of DBV TECHNOLOGIES had unreservedly certified the

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December 31, 2014 financial statements and we also reviewed the December 31, 2014 financial statements of PHYS PARTICIPATIONS which are not audited by a Statutory Auditor;

- We also obtained recent information on the activities of PHYS PARTICIPATIONS and DBV TECHNOLOGIES in order to check the consistency of the revaluation of the net assets of December 31, 2014;
  - o The valuation of a DBV TECHNOLOGIES share, equal to its average share price on Compartment B of Euronext Paris over the last 30 days weighted by the trading volume, was considered to be the most pertinent method for determining the real value.
  - o Taking into account the specifics of the activity and outlook of DBV TECHNOLOGIES, we did not apply any additional valuation methods.
  - o Nonetheless, we reviewed recent reports by financial analysts in order to confirm the average share price adopted. This review permitted us to confirm the valuation adopted.
  - o Similarly, we reviewed DBV TECHNOLOGIES' business plan to check that it did not call into question the valuation adopted.
  - o We also took note of the recent stance by the U.S. health authority, the Food and Drug Administration (FDA), which has granted the allergy treatment "Viaskin Peanut" the status of therapeutic breakthrough on the basis of the initial satisfying results from the trials conducted. This FDA decision signals the recognition of the need for a peanut allergy treatment, as well as the good results from the Phase II trials of VIPES in children.

The company's value is directly linked to future decision to authorize the marketing and effective sale of the product developed. Should the necessary authorizations not be obtained and the product not marketed, the DBV TECHNOLOGIES valuation adopted for this contribution could be called into question.

- o As of the date of our report, no factor, information or studies call into question the viability of the project.
- Lastly, we obtained a letter from the directors of the absorbed and absorbing companies confirming the significant factors used in our assignment.

## 2.2 Valuation methods and relative values attributed to the shares of the companies in the draft merger agreement.

### 2.2.1 Value attributed to the absorbing company – DBV TECHNOLOGIES

The actual value of DBV TECHNOLOGIES SA securities has been calculated by adopting a valuation per share equal to the average of its share price on Compartment B of Euronext Paris over last 30 days weighted by the trading volume, on the signing date of the merger agreement.

The resulting value per share is €45.87.

### 2.2.2 Value attributed to the absorbed company – PHYS PARTICIPATIONS

PHYS PARTICIPATIONS has been valued on the basis of its adjusted net book value.

It should be noted that PHYS PARTICIPATIONS owns 301,250 shares in DBV TECHNOLOGIES.

The main adjustment therefore consists of replacing the book value of the DBV TECHNOLOGIES shares with their actual value calculated as explained in section 2.2.1 of this report.

As regards other assets (current assets and liabilities and financial debts), their net book value has generally been considered representative of their actual value.

The total adjusted net assets obtained in this way, divided by the total number of shares, produces a value per share of €220.59.

### 2.3 Valuation criteria discarded

The companies discarded the following criteria:

- A comparison with recent comparable transactions could be made due to the lack of known similar transactions.
- The Discounted Cash Flow method taking into account the specifics of DBV TECHNOLOGIES.
- Similarly, taking into account the specifics of DBV TECHNOLOGIES, multiple sectors could not be identified, nor multiple valuations based on listed companies with the same activities as DBV TECHNOLOGIES.

### 2.4 Comments and/or observations of the merger auditors on the valuations given in the draft merger agreement.

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#### 2.4.1 Value attributed to the absorbing company – DBV TECHNOLOGIES

We have no observations to make on the basis of the valuation methods discarded by the companies.

We have no particular comments to make on the application of the share price method which, taking into account the specifics of DBV TECHNOLOGIES, is the most pertinent method for valuing the company.

#### 2.4.2 Value attributed to the absorbed company – PHYS PARTICIPATIONS

The value attributed to PHYS PARTICIPATIONS calls for no comments on our part. The main revaluation was of the DBV TECHNOLOGIES securities held. Our assessment of the value adopted for DBV TECHNOLOGIES is explained in Section 2.4.1.

The adopted approach is pertinent given that the assets of PHYS PARTICIPATIONS essentially consist of holdings of DBV TECHNOLOGIES securities.

## 2.5 Assessment of relative values

As jointly agreed by the Parties:

- the actual value of a DBV TECHNOLOGIES share is set at €45.87,
- the actual value of a PHYS PARTICIPATIONS share is set at €220.59.

These relative values result from the valuation methods described above for each company participating in the transaction.

The checks performed on the data used and the calculations call for no special comments.

### 3. Assessment of the fairness of the proposed remuneration

#### 3.1. Exchange ratio proposed by the parties

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The exchange ratio of ownership interests has been set, by joint agreement of the Parties, at 4.8090 DBV TECHNOLOGIES for 1 PHYS PARTICIPATIONS share.

#### 3.2 Work performed by the merger auditors

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Our work consisted of analyzing the positioning of the proposed parity in relation to the relative values judged to be pertinent.

#### 3.3 Assessment and positioning of the exchange ratio, comments and/or observations

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The exchange ratio results from the application of the relative values determined by the parties to the transaction and examined in Section 2 of this document.

The exchange ratio has been determined as accurately as possible without rounding the number of DBV TECHNOLOGIES shares given in exchange for the PHYS PARTICIPATIONS shares issued to remunerate the contributions.

It should be noted that the partners of PHYS PARTICIPATIONS have expressed their intention to individually waive their rights to any fractional shares.

It should be noted that the valuation of PHYS PARTICIPATIONS is primarily linked to the valuation of the DBV TECHNOLOGIES securities that it holds. Consequently, the valuations adopted have been made using uniform valuation criteria. This approach does not disadvantage any shareholder and preserves the stability of shareholding.

Thus, the number of shares to be issued by DBV TECHNOLOGIES in exchange for the contribution made by PHYS PARTICIPATIONS corresponds precisely to the application of the relative values of the shares of each company participating in the transaction.



### 3.4 Impact of the exchange ratio on the position of various categories of shareholder

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Before the completion of the merger transaction, PHYS PARTICIPATIONS holds 301,250 shares (1.55% of Capital) in DBV TECHNOLOGIES.

Following the completion of the merger transaction and after the envisaged capital reduction, the partners of PHYS PARTICIPATIONS will receive 301,788 shares in DBV TECHNOLOGIES.

## 4. Summary – Key points

### 4.1 Work performed

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We have performed the necessary work to assess the relative values of the absorbed and absorbing companies' shares and to verify the fairness of the proposed exchange ratio.

### 4.2 Essential factors impacting the values and the exchange ratio

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The valuations adopted have been made using uniform valuation criteria. This approach does not disadvantage any shareholder and preserves the stability of shareholding.

**We draw your attention to the fact that this valuation relies mainly on the ability of DBV TECHNOLOGIES to actually achieve its business plan. This ability is directly impacted by the limits imposed by the risks and uncertainties of regulatory authorizations and the research and development process to obtain the marketing authorization for the products developed by DBV TECHNOLOGIES.**

The proposed exchange ratio strictly reflects the respective values of the absorbed and absorbing companies.

We have no further comments to make concerning the relative values adopted in the merger agreement.


5. Conclusion

In our opinion, based on our work and at the date of this report, taking previous observations into account, the exchange ratio of 4.8090 DBV TECHNOLOGIES shares for 1 PHYS PARTICIPATIONS share agreed by the parties is fair.

Paris, May 18, 2015

*The Merger Auditors*

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