

DBV TECHNOLOGIES

Joint-stock company with a capital of € 1,937,248.60
Registered office: 80/84 rue des Meuniers, Green Square, Bâtiment D, 92220 Bagneux
RCS Nanterre 441 772 522
(the “Company”)

MIXED GENERAL MEETING OF THE SHAREHOLDERS
DATED JUNE 23, 2015

REPORT OF THE BOARD OF DIRECTORS
CONCERNING THE INTENDED MERGER TRANSACTIONS

Dear Sir,
Dear Madam,
Dear Shareholder,

We have convened you in mixed general meeting of the shareholders, both ordinary and extraordinary, in accordance with the law and the Company’s bylaws, in order to submit for your approval the merger by absorption by the Company of the holding companies Phys Participations, a French simplified joint stock company (*société par actions simplifiée*) with a capital of Euros 627,560, whose registered office is located at 80/84 rue des Meuniers, Green Square, Bâtiment D, 92220 Bagneux, registered with the Nanterre Trade and Companies Register under number 448 614 214 (“Phys”), and DBCS Participations, a French simplified joint stock company (*société par actions simplifiée*) with a capital of Euros 577,500, whose registered office is located at 80/84 rue des Meuniers, Green Square, Bâtiment D, 92220 Bagneux, registered with the Nanterre Trade and Companies Register under number 448 599 605 (“DBCS”).

I. Justification for the mergers

The companies Phys and DBCS are holding companies created at the request of certain investors upon their acquisition of interest in the capital of the Company in 2003, when the Company was not publicly listed, in order to consolidate the holdings of some of the founders. Phys and DBCS hold 301,250 and 284,798 Company shares, respectively, i.e. 1.55% and 1.47% of the capital and voting rights of the Company. These holdings make up the bulk of the assets of Phys and DBCS, whose sole activity is the management of these investments.

As part of the proposed merger, the Company would absorb Phys and DBCS, which would transfer to it all of their assets, in exchange for the Company’s assumption of all their liabilities and an allocation of new Company shares.

This transaction is part of a drive to improve liquidity and access to capital and to streamline the Company’s ownership structure, by its founders and original shareholders, while ensuring the stability of the shareholding.

If you approve of the merger, and subject to the remaining conditions precedent referred to in the merger agreements attached to this letter, these transactions will take effect, for accounting and tax purposes, on January 1, 2015. Consequently, all transactions originating from Phys and DBCS between January 1, 2015 and the date of final completion of the merger would be borne by the Company.

Under the same conditions, DBCS and Phys will be automatically wound-up, without liquidation, by universal transfer of their assets to the Company (*transmission universelle de patrimoine*), in the state in which they be found on the date of final completion of the merger.

II. Evaluation of the participating companies

A. Methods of Evaluation

Pursuant to the accounting regulations contained in articles 710-1 *et s.* of the General Accounting Plan from ANC Regulation 2014-03 (*Plan Comptable Général issu du Règlement ANC 2014-03*), the merger transaction involves companies under separate control and the control of the Company shall not be modified upon completion of the merger transaction, as a result of which the assets and liabilities transferred in the framework of the merger must be valued at their actual value (*valeur réelle*).

These evaluations were made on the basis of (i) annual accounts of the Company relating to its fiscal year ended December 31, 2014 as adopted by the Company's Board of Directors on March 24, 2014, (ii) Phys' annual accounts related to the fiscal year ended December 31, 2014 as adopted by its President on April 28, 2015 and approved on April 28, 2015 by the general meeting of the shareholders of DBCS, and (iii) DBCS' annual accounts related to the fiscal year ended December 31, 2014 as adopted by its President on April 23, 2015 and approved on April 23, 2015 by the general meeting of the shareholders of DBCS.

In accordance with Articles L. 236-10, R. 225-7, R. 236-6 and R. 236-7 of the Commercial Code, two merger auditors, the Group Fidorg Paris and Mr. Laurent Nadjar, were appointed by order of the President of the Commercial Court of Nanterre dated April 8, 2015 for the purpose of:

- (i) reviewing the terms of the merger transactions;
- (ii) ensuring that the relative values attributed to the shares of the companies involved in each transaction are relevant and that the exchange ratio is fair;
- (iii) reviewing the method(s) used to determine the proposed share exchange ratio;
- (iv) assessing the adequacy of these method(s) for the needs of the transactions, as well as the value to each of these methods leads, giving an opinion on the relative importance attributed to such methods in determining the value adopted;
- (v) indicating particular difficulties of evaluation, if any;
- (vi) assessing the value of the various contributions in kind and, if applicable, the special advantages (*avantages particuliers*) that would be granted;
- (vii) ensuring that the amount of the net assets contributed by each of the companies being acquired is at least equal to the amount of the capital increase of the Company;
- (viii) establishing one or more written reports, containing the particulars required pursuant to applicable laws and regulations, which will, as provided by the law and regulations in force, be made available to the shareholders of companies participating in the transaction.

The merger auditors are presently exercising their due diligence and have already been provided with some information about the participating companies, as well as the draft merger agreements and the draft resolutions submitted for your approval.

B. Evaluation of the absorbed companies

1. **For Phys :**

	Amount (in €)
Assets transferred	
Fixed financial assets (301,250 ordinary DBV shares)	13,818,338
Marketable securities	69,999
Liquidities	21,510
Total assets transferred	13,909,847
Liabilities assumed	
Loans and other financial debts	30,000
Accounts payable and other operating liabilities	2,520
Other debts	1,683
Provisions for contingencies (excl. taxes)	32,500
Total liabilities assumed	66,703
Net assets transferred	13,843,144

The actual value of the above assets and liabilities corresponds to the values for which they are accounted in the balance sheet of Phys as at December 31, 2014, except for fixed financial assets corresponding to the DBV shares held by Phys, which have been reevaluated according to the valuation method described below regarding the Company shares and the reserve corresponding to subsequent charges (*charges postérieures*) at closure of the fiscal year.

The reevaluated net assets to be contributed by Phys thus amount to a sum of Euros 13,843,144. As such, under the valuation method described above, the valuation of 100% of the share capital and voting rights of Phys is 13,843,144, i.e. Euros 220.59 per share.

2. **For DBCS :**

	Amount (in €)
Assets transferred	
Fixed financial assets (284,798 ordinary DBV shares)	13,063,684
Accounts receivable	1,683
Marketable securities	224,976
Liquidities	20,711
Total assets transferred	13,311,054
Liabilities assumed	
Loans and other financial debts	30,000
Accounts payable and other operating liabilities	2,520
Tax and corporate debts	979
Other debts	36
Provisions for contingencies (excl. taxes)	32,250
Total liabilities assumed	65,785
Net assets transferred	13,245,269

The actual value of the above assets and liabilities corresponds to the values for which they are accounted in the balance sheet of DBCS as at December 31, 2014, except for fixed financial assets corresponding to the DBV shares held by DBCS, which have been reevaluated according to the

valuation method described below regarding the Company shares and the reserve corresponding to subsequent charges (*charges postérieures*) at closure of the fiscal year.

The reevaluated net assets to be contributed by DBCS thus amount to a sum of Euros 13,245,269. As such, under the valuation method described above, the valuation of 100% of the share capital and voting rights of Phys is 13,245,269, i.e. Euros 229.36 per share.

C. Evaluation of the Company

As the shares of DBV are listed for trading on Enternext NYSE EURONEXT PARIS and Nasdaq in New York, it was decided to adopt a valuation per share equal to the average share price on the compartment B of Euronext Paris for the last thirty (30) days, weighted by trading volumes, at the signing date of the merger agreements, i.e. Euros 45.87 per share.

To the extent that the assets transferred, and consequently the net assets transferred, by Phys and DBCS are almost exclusively composed of shares of the absorbing Company, it did not appear appropriate to adopt a discount in the valuation of these shares and the shares of the Company that would be issued as part of the merger, given that, contrary to what may have occurred in connection with certain previous capital increase transactions, there was no justification for such a discount and the actual value was established on the basis of a weighted average price of the last thirty (30) days of trading.

As such, the valuation of 100% of the capital and voting rights amounts to Euros 888,605,932.80.

III. Determination of the exchange ratio

The exchange ratio was determined based on the respective values of the involved companies as described above. This value per share determined for each entity allows for the calculation of the exchange ratio in the following manner:

For Phys: value per Phys share / value per Company share
For DBCS: value per DBCS share / value per Company share

Thus the exchange ratio is the following:

- 4.8090 shares of DBV for one (1) share of Phys; and
- 5.0001 shares of DBV for one (1) share of DBCS.

IV. Related capital increases and merger premium

If you approve the proposed merger transactions, in consideration for the contributions by Phys and DCBS mentioned above:

- 301,788 new ordinary shares of the Company having each a nominal value of € 0.10, fully subscribed, would be issued by the Company in consideration for Phys' contribution by way of an increase in its share capital of Euros 30,178.80; and
- 288,755 new ordinary shares of the Company having each a nominal value of € 0.10, fully subscribed, would be issued by the Company in consideration for DBCS' contribution by way of an increase in its share capital of Euros 28,875.50;

We inform you that the shareholders of Phys and DBCS have already agreed to waive all rights to the fractional shares (*rompus*) remaining after the calculation.

The merger premium, to which the new and existing DBV shareholders would be entitled, which represents the difference between the value of the reevaluated net assets contributed by Phys and DBCS, and the nominal value of the shares issued as consideration for these contributions, i.e. Euros 13,812,964.70 as concerns Phys, and (ii) Euros 13,216,393.76 as concerns DBCS, will be recorded as liabilities in the Company's balance sheet.

V. Capital reduction

Since Phys and DBCS respectively hold 301,250 and 284,798 of the shares of the Company, the Company would receive, in case of completion of the merger transactions, 301,250 and 284,798 of its own shares following the mergers.

We propose to you, upon final completion of the mergers and immediately after the aforementioned capital increases, a reduction in the share capital of (i) € 30,125 corresponding to the nominal value of the 301,250 shares previously held by Phys, which will be cancelled, and (ii) Euros 28,479.80 corresponding to the nominal value of the 284,798 shares previously held by DBCS, which will be cancelled.

As part of this capital reduction:

- the difference between (i) the real value of the 301,250 cancelled Phys shares, i.e. Euros 13,818,338, and the amount of the aforementioned capital reduction, i.e. Euros 30,125, corresponding to a balance of Euros 13,788,213 would be deducted in full from the merger premium described above, reducing it from the sum of Euros 13,812,964.70 to the sum of Euros 24,752.20; and
- the difference between the real value of the 284,798 cancelled DBCS shares, i.e. Euros 13,063,864 and the amount of the aforementioned capital reduction, i.e. Euros 28,479.80, corresponding to a balance of Euros 13,035,204.46, would be deducted in full from the merger premium described above, reducing it from the sum of Euros 13,216,393.76 to the sum of Euros 181,189.30.

We moreover propose to you that a portion of the merger costs be imputed proportionally to the merger premium account.

If the measures detailed above meet with your approval, we ask you, pursuant to the adoption of resolutions on the increase and reduction of capital, to amend article 6 of the Company bylaws relating to the share capital.

We hope that this transaction will receive your approval and therefore we invite you to vote favorably on the resolutions submitted to you.