2019 Universal Registration Document

New version of the Registration Document

valneva

LEADING THE Way

Contents

UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report

2019

A European Company (*Societas Europaea*) with a Management Board and a Supervisory Board

Registered Office: 6 rue Alain Bombard, 44800 Saint-Herblain (France)

Nantes Trade and Companies Registry (R.C.S.) No. 422 497 560

This Universal Registration Document was filed on March 30, 2020 with the French Financial Markets Authority (*Autorité des Marchés Financiers* or AMF), as the competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of the said regulation.

This Universal Registration Document may be used for the purpose of a public offer of securities or the admission of securities to trading on a regulated market, if it is supplemented by a *Note d'Opération* and, as the case may be, by a summary and all the amendments to the Universal Registration Document. These documents are then together approved by the AMF in accordance with Regulation (EU) 2017/1129.

Incorporation by reference:

In accordance with Article 19 of the Regulation (EU) 2017/1129 of June 14, 2017, this Universal Registration Document incorporates by reference the following information:

- for the fiscal year 2018, the Registration Document of the Company Valneva SE filed with the AMF on March 25, 2019 (No. D.19-0197) includes: the historical consolidated and parent entity financial statements, the Statutory Auditors' Reports, the Annual Management Report and the financial highlights (in particular in Section A.4.3 of said Registration Document);
- for the fiscal year 2017, the Registration Document of the Company Valneva SE filed with the AMF on March 21, 2018 (No. D.18-0159) includes: the historical consolidated and parent entity financial statement, the Statutory Auditors' Reports, the Annual Management Report and the financial highlights (in particular in Section A.4.3 of said Registration Document).

For the purposes of this Universal Registration Document, unless otherwise stated, Valneva SE is individually referred to as **the Company**. Valneva SE, together with its subsidiaries, are referred to as ***the Group***, ***the Valneva Group***, or ***Valneva***.

This is a free translation of the French original document. In the event of any discrepancy between the French version and the English translation, the French version shall prevail in all cases.

General introductory comments

This Universal Registration Document (URD) contains forward-looking statements about the Group's targets and forecasts [(1)]. Such statements may in certain cases be identified by the use of the future, conditional tense and forward-looking words, including, but not limited to, "believes", "targets", "anticipates", "intends", "should", "aims", "estimates", "considers", "wishes", "may", etc. These statements are based on data, assumptions and estimates that the Company considers to be reasonable. They are subject to change or adjustment owing to uncertainties arising from unpredictable outcomes inherent to all research and development (R&D) activities, as well as in the economic, financial, competitive, regulatory and climatic environment. In addition, the Group's business activities and its ability to meet its targets and forecasts may be affected by the occurrence of risk factors described in this URD [(2)]. Furthermore, attainment of these targets and forecasts implies the success of the Group's strategy, which is also outlined in this URD [(3)].

The Company makes no representations, warranties or other commitments as to the achievement of the targets and forecasts shown in this URD. Investors are invited to carefully consider all risks before making any investment decision. One or more of these risks may have an adverse effect on the Group's business, condition, financial results, or its targets and forecasts. In addition, other risks not yet identified or that are considered non-significant by the Group could have the same adverse effect, and investors may lose all or part of their investment.

This URD also contains information relating to the markets in which the Group operates. This information is notably based on studies carried out by external resources. Given the very rapid pace of change in the pharmaceutical sector in France and throughout the world, this information may prove to be erroneous or no longer up to date.

The forward-looking statements, targets and forecasts shown in this URD may be affected by risks, either known or unknown, uncertainties, and other factors that may cause the Group's future results, performance and achievements to be significantly different from the stated or implied targets and forecasts. These factors may include changes in the economic and business environment or in regulations, as well as factors described in this URD.

(1) See in particular Section 1.4.4 (c).
(2) See Section 1.5.
(3) See Section 1.3.2 (b).

Indicative financial reporting timetable

2019 Consolidated Financial Statements (unaudited)

February 27, 2020

2019 Consolidated and Parent Entity Financial Statements (audited)

March 31, 2020

Q1 2020 Interim Results

May 7, 2020

AGM – Record Date

June 12, 2020, 11:59 pm (according to French corporate law)

Annual General Meeting 2019

June 17, 2020

HY 2020 Financial Statements

August 4, 2020

9M 2020 Interim Results

October 29, 2020

This financial calendar is for indicative purposes only and the Group could change its publication dates, should it deem it necessary.

Company stock market and shareholding information

The Valneva SE ordinary shares (ISIN: FR0004056851) are traded on Compartment B of Euronext Paris (mnemonic: VLA.PA) and are eligible for the Deferred Settlement Service. The Valneva SE preferred shares (ISIN: FR0011472943) are also listed on Euronext Paris.

Note: on January 7, 2019, the Company announced that it intends to delist from the Vienna Stock Exchange in order to focus on the best capital markets for life science companies and increase liquidity by centralizing trading on Euronext Paris. The Valneva SE ordinary and preferred shares are therefore no longer traded on the Vienna Stock Exchange since December 20, 2019 (after market close) (1).

Valneva SE's ordinary share price performance in 2019

VLA. PA (Source: Euronext Paris)

	High (in euros)	Low (n euros)	Month-end closing (in euros)	Volume in the month	Transactions in the month	Transactions in equity (in euros)
January 2019	3,78	3,1	3,37	1 765 614	4187	6 144 515
February 2019	3,45	3,08	3,42	1 331 908	3327	4 273 361
March 2019	3,6	3,335	3,46	1 882 605	4345	6 564 634
April 2019	3,53	3,29	3,29	1 031 784	3231	3 542 792
May 2019	3,495	3,23	3,41	1 063 779	2672	3 600 455
June 2019	3,5	3,12	3,175	1 039 069	2655	3 447 805
July 2019	3,29	3,02	3,07	771 207	2265	2 423 478
August 2019	3,18	2,935	3,165	785 559	2 189	2 400 303
September 2019	3,22	2,9	2,9	745 486	1 929	2 257 892
October2019	2,905	2,51	2,51	1 592 848	2 888	4 328 184
November2019	2,675	2,365	2,5	2 452 794	3 975	6 206 084
December 2019	2,66	2,42	2,51	1 609 582	3 131	4 083 486

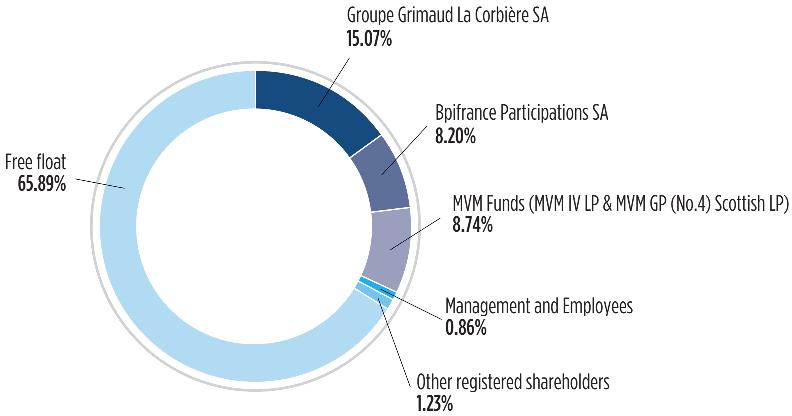
At December 31, 2019, the Company's market capitalization on Euronext Paris amounted to approximately €234 million.

Valneva SE ST (Source: Vienna Stock Exchange)

	High (in euros)	Low (in euros)	Month-end closing (in euros)	Volume in the month	Transactions in equity (in euros)
January 2019	3,7600	3,2800	3,3600	456 114	1 570 421
February 2019	3,4100	3,0650	3,4050	358 916	1 157 807
March 2019	3,5900	3,3000	3,4450	301 152	1 034 566
April 2019	3,5150	3,2650	3,3250	179 986	616 440
May 2019	3,4850	3,2350	3,4000	204 204	684 702
June 2019	3,4900	3,1050	3,1200	161 200	533 365
July 2019	3,2650	3,0200	3,0400	229 096	721 554
August 2019	3,2000	2,8150	3,1600	200 582	608 084
September 2019	3,2000	2,9100	2,9200	237 848	718 314
October2019	2,9100	2,5150	2,5600	595 954	1 620 338
November 2019	2,6350	2,3800	2,4950	698 046	1 774 399
December 2019	2,7000	2,3950	2,5150	452 894	1 141 122

(1) See the Press Releases published by the Company on September 19 and December 20, 2019: https://valneva.com/media/press-releases/?y=2019 Upon decision of the Vienna Stock Exchange, Valneva SE shares listed on Euronext Paris continue to be traded electronically on the "global market" segment of the Vienna Stock Exchange's Multilateral Trading Facility.

Shareholding structure at December 31, 2019



Share ownership calculated in reference to a total share capital of 90,923,298 Valneva SE ordinary shares with a par value of €0.15 each. The Valneva SE preferred shares (17,836,719 shares with a par value of €0.01 each) and convertible preferred shares (20,514 shares with a par value of €0.15 each) are not taken into account in this calculation. There have been no significant changes in the shareholder structure since December 31, 2019.

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Presentation of the Group and its business

1.1. Selected financial information

1.1.1. Financial data and key figures

Financial information presented below originates from the Group's audited annual financial statements.

Consolidated income statement

	Year ended December 31		
In € thousand (except per share amounts)	2019	2018	2017
Product sales	129,511	103,476	92,619
Revenues from collaborations, licensing and services	(3,315)	9,559	12,672
REVENUES[1]	**126,196**	**113,035**	**105,291**
Cost of goods and services	(49,968)	(44,448)	(45,979)
Research and development expenses	(37,883)	(25,291)	(23,356)
Marketing and distribution expenses	(24,145)	(20,930)	(17,875)
General and administrative expenses	(18,398)	(16,932)	(15,545)
Other net income and expense, net	6,338	4,004	4,240
Amortization and impairment of fixed assets/intangibles	(2,952)	(3,177)	(10,731)
OPERATING PROFIT/(LOSS)	**(811)**	**6,261**	**(3,954)**
Financial income	1,449	178	72
Financial expense	(3,082)	(4,209)	(8,678)
Result from investments in affiliates	1,574	1,122	-
PROFIT/(LOSS) BEFORE INCOME TAX	**(870)**	**(3,351)**	**(12,560)**
Income tax	(874)	(88)	1,078
PROFIT/(LOSS) FOR THE YEAR	**(1,744)**	**(3,264)**	**(11,482)**
Profit/(losses) per share for loss from continuing operations attributable to the equity holders of the Company, expressed in € per share			
▪ Basic	(0.02)	0.04	(0.15)
▪ Diluted	(0.02)	0.04	(0.15)

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

Source: Audited consolidated financial statements of Valneva SE for the fiscal years ended December 31, 2017, 2018 and 2019.

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Consolidated balance sheet

(In € thousand)	Year ended December 31 2019	2018	2017
ASSETS			
Non-current assets	135,561	103,934	105,895
Current assets	129,162	125,972	83,448
TOTAL ASSETS	**264,723**	**229,907**	**189,343**
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the Company's equity holders	135,153	143,186	92,669
LIABILITIES			
Non-current liabilities	88,269	43,777	59,000
Current liabilities	41,300	42,944	37,674
TOTAL LIABILITIES	**129,569**	**86,721**	**96,674**
TOTAL EQUITY AND LIABILITIES	**264,723**	**229,907**	**189,343**

Source: Audited consolidated financial statements of Valneva SE for the fiscal years ended December 31, 2017, 2018 and 2019.

Consolidated cash flow statement

(In € thousand)	Year ended December 31 2019	2018	2017
Net cash generated from/(used in) operating activities	5,529	16,306	12,829
Net cash generated from/(used in) investing activities	(10,685)	(2,917)	(4,060)
Net cash generated from/(used in) financing activities	(7,696)	30,945	(10,438)
Net change in cash and cash equivalents	(12,852)	44,334	(1,670)
Cash at end of the year	64,439	77,084	33,545
CASH, CASH EQUIVALENTS, AND FINANCIAL ASSETS AT END OF THE YEAR	**64,439**	**81,725**	**38,055**

Source: Audited consolidated financial statements of Valneva SE for the fiscal years ended December 31, 2017, 2018 and 2019.

1.1.2. Annual operating highlights

In 2019, Valneva achieved several major milestones:

R&D

- Valneva's Lyme disease vaccine candidate VLA15 delivered final Phase 1 data and positive initial booster data;
- Valneva initiated and fully recruited two parallel Phase 2 studies for VLA15;
- Valneva's single-shot chikungunya vaccine candidate VLA1553 delivered excellent final Phase 1 results.

Commercial

- Valneva announced a $59 million IXIARO® supply contract with the U.S. government;
- The European Medicines Agency (EMA) approved an extension of IXIARO®'s shelf life to 36 months.

Strategic

- Delisting from the Vienna Stock Exchange to increase liquidity;
- Mutual agreement with GlaxoSmithKline (GSK) to end Strategic Alliance Agreement; Valneva regained control of R&D;
- CEPI award of up to $23.4m to Valneva for late-stage development of its single-dose chikungunya vaccine.

Organizational

- Formation of a Scientific Advisory Board with six renowned vaccine experts;
- Appointment of MVM Partner Mr. Thomas Casdagli to the Supervisory Board.

(a) Valneva's Lyme disease vaccine candidate VLA15 delivered final Phase 1 data and positive initial booster data

On January 31, 2019 Valneva SE announced positive initial booster data and final Phase 1 data for its Lyme disease vaccine candidate, VLA15.

To investigate whether a VLA15 booster will elicit an anamnestic response, Valneva amended its Phase 1 study protocol during 2018, adding a booster dose in a sub-cohort of the Phase 1 study population. At the same time, the full Phase 1 study population has been followed-up across all doses for up to one year, providing the final Phase 1 data.

The final Phase 1 data confirmed the safety and tolerability profile observed at all time-points,as reported intheinterim analysis. VLA15 demonstrated a favorable safety profile and had no associated safety concerns. In addition, the final Phase 1 immunogenicity results indicated that the alum-adjuvanted formulations elicit higher immune-responses at all time-points, confirming the interim data findings. As expected, based on the interim Phase 1 data, antibody titres declined post Day 84 across all groups, trending towards baseline at approximately one year post initial vaccination.

To evaluate the benefit of a booster dose, 64 subjects across the two higher dose groups (48µg and 90µg, both with and without alum) from Phase 1 received a booster in the period 12 to 15 months after their initial dose in the primary immunization. These single re-vaccinations resulted in a significant immune-response, yielding OspA antibody titres at levels 2.7-fold (ST32) –5.8-fold (ST1) over the initial titres observed at Day 84 (geometric mean fold rise (GMFR)). These results were in line with published data from other OspA-based Lyme vaccines that had previously been in development.

(b) Valneva initiated and fully recruited two parallel Phase 2 studies for VLA15

On June 12, 2019, Valneva SE announced progress of the Phase 2 study for its Lyme disease vaccine candidate, VLA15, into the main study phase. An independent Data Safety Monitoring Board (DSMB) cleared two dosage levels to be used for clinical development. As part of the VLA15-201 run-in Phase, 120 subjects received one of three alum adjuvanted dose levels of VLA15 (90µg, the high dose from Phase 1, 135µg or180µg) or placebo. The DSMB reviewed safety data from those subjects and cleared the 135µg and 180µg dosage levels for further investigation in the main study phase.

On July 1, 2019, the Company announced the initiation of the second study of Phase 2 clinical development for its Lyme disease vaccine candidate. The overall Phase 2 objectives for VLA15 are to determine the optimal dosage level and vaccination schedule for use in Phase 3 pivotal field efficacy studies, based on immunogenicity and safety data. The objective of this second Phase 2 study, VLA15-202, is to evaluate an alternative immunization schedule for the two lead dosage levels.

On September 30, 2019, Valneva SE announced that it had completed patient recruitment of the Phase 2 studies for its Lyme disease vaccine candidate. A total of 819 subjects were recruited for Phase 2 development in the two studies. The results of these studies, comprising immunogenicity and safety data, will support the dose and vaccination schedule to be used in Phase 3.

Study VLA15-201 includes 573 subjects across nine sites in Europe and the United States. Study VLA15-202 includes 246 subjects across five sites in the United States. In both studies, dosage levels of 135µg and 180µg of VLA15 are used and administered either at Day 1, Month 1 and Month 2 (VLA15-201) or at Day 1, Month 2 and Month 6 (VLA15-202).

(c) Valneva's single-shot chikungunya vaccine candidate VLA1553 delivered excellent final Phase 1 results

On November 18, 2019, Valneva SE announced excellent final Phase 1 results for its single-shot chikungunya vaccine candidate, VLA1553.

The objectives of the Phase 1 study (VLA1553-101) were to assess the safety and immunogenicity profile of VLA1553 after a single vaccination across three dose levels. This final analysis of the study included the safety and immunogenicity results up to Month 13 and full results from the "intrinsic human viral challenge".

The safety profile observed in the prior analysis, announced in May 2019, was confirmed. VLA1553 was generally safe in all dose groups. The low and medium dose groups were well tolerated and showed a superior safety profile, including viremia, compared to the high dose group. No adverse events of special interest (e.g. chikungunya infection related) and no vaccine related Serious Adverse Events (SAEs) were reported up to Month 13. The product candidate's local tolerability profile was excellent.

The final results showed an excellent immunogenicity profile in all vaccinated dose groups after a single vaccination, with a 100% seroconversion achieved at Day 14 after a single vaccination in all dose groups and titers were sustained at 100% at Month 12.

The study was designed so that all study participants would be re-vaccinated either after 6 months (n=26) or after 12 months (n=68). There was no anamnestic response observed after re-vaccination (either after 6 or 12 months) demonstrating that a single vaccination of VLA1553 is sufficient to induce a sustained high titer of neutralizing antibodies. All subjects receiving a second shot (at Month 6 or Month 12) of the vaccine were protected from vaccine-induced viremia and associated clinical symptoms, serving as "intrinsic human viral challenge" providing first indications of efficacy.

While the study finalization was ongoing, Valneva successfully achieved a number of supportive studies including mosquito transmission, biodistribution and persistence in non-humanprimates (NHPs) as well as a passive transfer study in NHPs todevelop a Correlate Of Protection (COP) using human sera from VLA1553-101. The data provided from these studies allowed for an End of Phase 2 meeting with the U.S. Food and Drug Administration (FDA).

For more information on the progress of the program since the end of the fiscal year 2019, please refer to the Section "Valneva provides business update on COVID-19 situation" of this URD[1].

(d) Valneva announced a $59 million IXIARO® supply contract with the US Government

On January 16, 2019, Valneva announced the signing of a new $59 million contract with the U.S. government Department of Defense for the supply of its Japanese encephalitis (JE) vaccine, IXIARO®.

Under the terms of the agreement, Valneva supplied IXIARO® doses to the Defense Logistics Agency of the U.S. Department of Defense (DoD), through 2019 and the beginning of 2020 with a value of $59 million guaranteed and potentially worth up to $70 million.

(e) The European Medicines Agency (EMA) approved an extension of IXIARO®'s shelf life to 36 months

On November 28, 2019, Valneva SE announced that the European Medicines Agency had approved the extension of the shelf life of its Japanese encephalitis vaccine, IXIARO®, from 24 months to 36 months.

(f) Delisting from the Vienna Stock Exchange to increase liquidity

On January 7, 2019, Valneva SE announced its intention to delist from the Vienna Stock Exchange in order to focus on the best capital markets for life science companies and increase liquidity by centralizing trading on Euronext Paris.

Valneva SE's ordinary shares had been listed on the Vienna Stock Exchange since May 28, 2013 and admitted to trade on the Official Market (*Amtlicher Handel*) in the Prime Market (ISIN FR0004056851). They are further listed on Euronext Paris (compartment B), where they will continue to trade.

In addition to the delisting of the ordinary shares, the Company's Management Board had decided to terminate the trading of the preferred shares (ISIN FR0011472943) on theThird Market (MTF) segment of the Vienna Stock Exchange. The trading of Valneva SE's preferred shares on the MTF was terminated in parallel with that of the ordinary shares.

The delisting of Valneva shares from the Vienna Stock Exchange had been approved by the Company's Supervisory and Management Boards and was submitted for shareholder voting at the Company's Combined General Meeting, which took place on June 27, 2019. Shareholders resolved on the revocation of the admission of Valneva SE's ordinary shares from the Official Market of the Vienna Stock Exchange, according to §38 (6) of the Austrian Stock Exchange Act 2018.

(1) See Section 1.1.3 (a).

On July 2, 2019, following the Combined General Meeting approval, the request to revoke admission of Valneva's shares was submitted to the Vienna Stock Exchange.

On September 19, 2019, Valneva SE announced that the Vienna Stock Exchange resolved to revoke the admission of Valneva shares from the Official Market through a resolution dated September 18, 2019.

On December 20, 2019, Valneva SE confirmed that it had completed the delisting of its ordinary and preferred shares from the Vienna Stock Exchange. Valneva shares remained tradeable on Euronext Paris (Compartment B).

(g) Mutual agreement with GlaxoSmithKline (GSK) to end Strategic Alliance Agreement; Valneva regained control of R&D

On June 20, 2019, Valneva SE announced that GSK and Valneva had decided, by mutual agreement, to end the Strategic Alliance Agreement (SAA), originally agreed between Novartis and Intercell (predecessor companies of GSK and Valneva, respectively). Valneva paid €9 million to GSK immediately and will pay up to a further €7 million in milestones relating to marketing approvals of its Lyme vaccine. As a result, Valneva is now fully in control of its main R&D assets, including its Lyme vaccine candidate, VLA15.

(h) CEPI award of up to $23.4m to Valneva for late-stage development of its single-dose chikungunya vaccine

On July 25, 2019, Valneva SE and the Coalition for Epidemic Preparedness Innovations (CEPI) announced a new partnering agreement. With support from the European Union's (EU's) Horizon 2020 programme, CEPI will provide Valneva up to US$23.4 million for vaccine manufacturing and late-stage clinical development of a single-dose, live-attenuated vaccine (VLA1553) against chikungunya. In line with CEPI's committment to equitable access, the funding will underwrite a partnership effort to accelerate regulatory approval of Valneva's single-dose chikungunya vaccine for use in regions where outbreaks occur and support World Health Organization (WHO) prequalification to facilitate broader access in lower and middle income countries.

Valneva will also maintain a stockpile of the vaccine candidate and work to transfer the secondary manufacturing of the drug product to partners forlower and middle income countries — where outbreaks of chikungunya have occurred — to improve access to the vaccine for at-risk populations.

For more information on the progress of the program since the end of the fiscal year 2019, please refer to the Section "Valneva provides business update on COVID-19 situation" of this URD[1].

(i) Formation of a Scientific Advisory Board with six renowned vaccine experts

On July 29, 2019, Valneva SE announced the formation of a Scientific Advisory Board (SAB) as part of the evolution of its governance structure.

The SAB consists of distinguished academic and industry professionals who wprovide the Company with guidance and expert advice on R&D strategies. The SAB remit also includes program execution considerations in the framework of innovation, market dynamics and trends.

Former Company's Supervisory Board members, Dr. Ralf Clemens, MD, Ph.D. and Dr. Alain Munoz, MD, Ph.D., joined the SAB on this date, with Dr. Clemens joining as Chair of the SAB.

On November 13, 2019, the Company announced the appointment of Dr. Norman W. Baylor, PhD and Dr. George R. Siber to its SAB.

On December 9, 2019, Valneva SE announced the appointment of Dr. Stanley A. Plotkin, MD and Dr. Anna Durbin, MD, to its SAB.

(j) Appointment of MVM Partner Mr. Thomas Casdagli to the Supervisory Board

On December 12, 2019, Valneva SE announced the appointment of MVM Partner Mr. Thomas Casdagli to the Company's Supervisory Board. Mr. Casdagli replaced Dr. Balaji Muralidhar as MVM Partners LLP representative.

Based in the United-Kingdom and the United States, leading healthcare investor MVM Partners is one of Valneva's largest shareholders. MVM acquired 7.5% of Valneva'sordinary share capital in 2016 and had subsequently increased its stake to 8.7%.

(1) See Section 1.1.3 (a).

1.1.3. Recent events

Since the beginning of the year 2020, Valneva has made the following announcements:

- Valneva provides business update on COVID-19 situation;
- Signature of a new $85 million financing arrangement with leading US Healthcare funds Deerfield and OrbiMed;
- The exercise of the US DoD option on IXIARO® 2019 supply contract bringing total value to $70 Million;
- An end of Phase 2 meeting with the FDA for its chikungunya vaccine candidate;
- The expansion of its commercial operations with the opening of its French commercial office;
- FDA Approval of IXIARO® shelf life extension to 36 months; New US Military Request for Proposal issued.

(a) Valneva provides business update on COVID-19 situation

On March 24, 2020, Valneva SE provided business update on COVID-19 situation.

As the provider of two travel vaccines, one against Japanese encephalitis and one against cholera/ETEC, the Group expects that its 2020 revenues may be adversely affected. The Group estimates that 2020 product sales revenues could be impacted by between €20 million and €40 million (compared to guidance of €125 million to €135 million announced previously). First-quarter sales 2020 will not be materially adversely affected as the impact of the COVID-19 crisis did not affect its major markets until March.

This reduction in product sales revenue, offset by the likely delay in chikungunya Phase 3 initiation and therefore delay of initial Phase 3 costs, may lead to negative EBITDA of up to €50 million in 2020 compared to earlier published guidance of negative EBITDA of up to €35 million[(1)].

While uncertainty remains around the duration, severity and geographic scope of the COVID-19 outbreak, the Group is well positioned to deal with the crisis. At the end of December 2019, Valneva reported cash of €64.4 million and, in February 2020, the Group announced an $85 million debt financing arrangement; Valneva has drawn $45 million from this facility to date. Valneva is also well placed to take cost management measures if required and has commenced a review of non-mission critical projects and expenses. Excluding further cost containment measures, national government support mechanisms and Lyme partnering but including full draw down of the $85 million debt facility, the cash position at the end of 2020 could be in the range of €35 million to €40 million.

Lyme disease vaccine candidate VLA15: The two Phase 2 studies VLA15-201 and VLA15-202 are fully recruited and all subjects have been fully vaccinated. Valneva continues to closely follow the study monitoring/visits/blood draws within the COVID-19 framework and sees the Phase 2 progress as relatively unaffected. All testing activities relating to the data analysis are proceeding as planned to provide first Phase 2 data mid-2020. The Group also re-affirms its commitment to complete the partnering process for the late stage development and commercialization in the next few months.

Chikungunya vaccine candidate (VLA1553): Valneva recently held its End of Phase 2 meeting with the U.S. Food and Drug Administration (FDA) and has received clearance for an Accelerated Approval Pathway (direct access to Phase 3). Phase 3 development plan was also accepted by the FDA. Valneva will initiate the Phase 3 as soon as the COVID-19 situation permits. Currently, the Group's assumption is that it may start Phase 3 in the fourth quarter of this year, representing approximately a delay of 3 to 6 months compared to its original plans.

Valneva will continue to monitor the COVID-19 situation carefully and work closely with its partners, customers and the regulatory agencies.

(b) Signature of a new $85 million Financing Arrangement with Leading US Healthcare Funds Deerfield and OrbiMed

On February 3, 2020, Valneva announced a broad debt financing transaction with funds managed by leading US-based healthcare investment firms Deerfield Management Company and OrbiMed. Both firms are providing their financing to support Valneva's long-term strategy.

The transaction includes an initial fixed rate straight debt of $60 million (at a high, single digit interest rate) and flexible terms that allow the company to draw down an additional $25 million of capital upon similar terms in the next 12 months. Amortization payments will start in 3 years, and the loan will mature in 6 years.

The intended use of proceeds is to repay the existing loan from the European Investment Bank and allow the Company to continue to advance its leading Lyme and chikungunya development programs in the short term. Completion of the transaction is subject to the satisfaction of conditions precedent, notably the perfection of liens and pledges over the main assets of the Company and its subsidiaries.

(1) See the COmpany's press release, published on February 27, 2020: https://valneva.com/media/press-releases/?y=2020

Valneva also confirmed its intention, subject to approval by the Company's shareholders, to list on Nasdaq to support potential co-funding for the late stage development of its Lyme disease program. The Company completed Phase 2 patient recruitment at the end of September and now expects to report initial data (primary endpoint) mid-2020.

(c) The exercise of the US DoD option on IXIARO® supply contract bringing total value to $70 Million

On January 14, 2020, Valneva announced that the U.S. government Department of Defense has exercised an option to purchase 80,000 additional doses of its Japanese encephalitis (JE) vaccine IXIARO®.

The option brought the total value of the contract signed with the DoD in January 2019 to $70 million. Shipments associated with the option commenced shortly after the signing.

(d) The expansion of its commercial operations with the opening of its French commercial office

On January 9 2020, Valneva SE announced a further expansion of its global commercial infrastructure with the opening of a French commercial office in Lyon.

The fully owned commercial subsidiary, Valneva France SAS, will take direct control of sales and marketing of IXIARO® and DUKORAL® in France with the aim of accelerating sales growth of the vaccines.

Valneva France SAS will be Valneva's sixth commercial country operation. The Company currently has direct commercial presence in the United States, Canada, the Nordic Countries, the United Kingdom and Austria.

(e) FDA Approval of IXIARO® shelf life extension to 36 months; New U.S. Military RFP issued

On March 8, 2020, Valneva SE today announced that the FDA has approved the extension of the shelf life of its Japanese encephalitis vaccine IXIARO® from 24 months to 36 months. Separately, the US Department of Defense has issued a Request for Proposal (RFP) for Japanese encephalitis vaccine. This RFP covers a period of three years comprising one year plus two years of options. Valneva will respond to this RFP expeditiously and, if successful, expects to enter into a new supply contract during the first half of 2020.

1

1.2. Overview and development of the Group

1.2.1. Business overview

(a) About Valneva

Valneva is a specialty vaccine company providing prevention against diseases with major unmet medical needs.

Valneva's portfolio includes two commercial vaccines for travelers: IXIARO®/JESPECT® indicated for the prevention of Japanese encephalitis and DUKORAL® indicated for the prevention of cholera and, in some countries, prevention of diarrhea caused by ETEC.
The Company has various vaccines in development including the only clinical stage Lyme disease vaccine candidate and the only single-shot vaccine against chikungunya.

Valneva has operations in Austria, Sweden, the United Kingdom, France, Canada and the U.S. with approximately 500 employees. More information is available at www.valneva.com.

Valneva's Vision

Valneva's vision is to contribute to a world in which no one dies or suffers from a vaccine-preventable disease.

(b) Significant events in the development of the Group's activities

Please refer to the Sections "Annual operating highlights" and "Description of the Group's activities" of this URD[(1)].

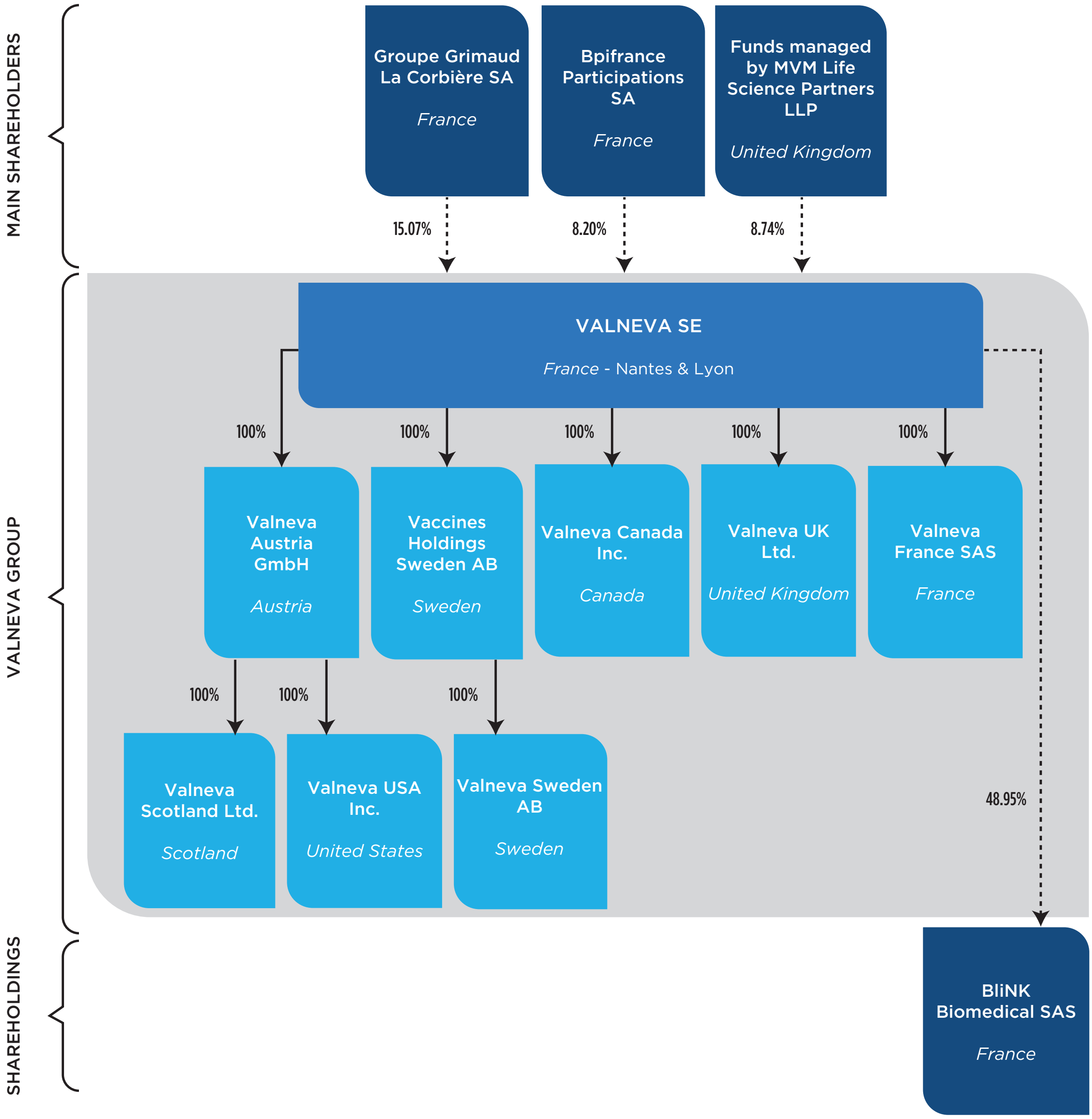
(c) Valneva's regulatory environment

Valneva operates in the regulatory environment for biological products for pharmaceutical use. As such, its activity depends on many decisions from administrative authorities in several countries, in particular with regard to clinical trial authorizations, vaccine marketing authorizations, approved indications and recommended uses for marketed vaccines, as well as inspections of manufacturing and distribution sites (compliance with good practices).

(1) See Sections 1.1.2 and 1.1.3.

1.2.2. Organization of the Group

(a) Organization at December 31, 2019



Percentages correspond to the percentage of ordinary capital held in each company, except for the shareholding of Valneva SE in BliNK Biomedical SAS, which is comprised of approximately 5.5% of preferred shares A2 (with voting rights) and approximately 10% of preferred shares A1 (without voting rights). Therefore, the Company owns 43.29% of the total voting rights in BliNK Biomedical SAS.

The subsidiaries and shareholdings of the Company only concern companies that are member of the consolidation scope of the Group[(1)]. The financial impacts of the companies that are members of the consolidation scope of the Group are included in the Notes to the Group's consolidated financial statements for the fiscal year 2019[(2)].

Additional financial information is also provided in the parent entity financial statements for the fiscal year 2019[(3)].

(b) Description of Valneva SE's subsidiaries

Valneva Austria GmbH

Valneva Austria GmbH is a fully-owned research subsidiary of Valneva SE, focusing on vaccines and preclinical and clinical development activities. The site is located at the Campus Vienna Biocenter, a melting pot of biotechnology and life sciences in Vienna. The facilities accommodate departments for vaccine research, (technical/clinical) product development, quality and regulatory affairs, as well as general and administrative functions.

In addition to using its latest-stage laboratory facilities for R&D activities, the site holds a certificate of Good Manufacturing Practice from the Austrian Agency for Health and Food Safety (AGES) for its Quality Control laboratories, and was successfully licensed by the US Food and Drug Administration.

At December 31, 2019, the site had a total of 185 people (including Management Board Members) mainly focusing on R&D and supporting commercialization of Valneva's Japanese encephalitis vaccine, IXIARO®, as well as DUKORAL®, FLUAD™, SANDOVAC™/AGRIPPAL™[(4)].

The financial highlights of the subsidiary at December 31, 2019 are:

- Shareholders' equity: €266,413,827.18
- Operating result: €25,120,828.30
- Net result: €24,055,823.05
- Total balance sheet: €332,606,148.19

(Figures according to IFRS reporting, as the GAAP-based financial statements of the subsidiary are not available at the filing date of this URD.)

Valneva Austria GmbH currently owns two fully-owned subsidiaries, Valneva Scotland Ltd. and Valneva USA Inc.:

Valneva Scotland Ltd.

Valneva Scotland Ltd. is primarily involved in the production of Valneva's Japanese encephalitis vaccine, IXIARO®/JESPECT®.

At December 31, 2019, the site had a total of 108 people.

The financial highlights of the subsidiary at December 31, 2019 are:

- Shareholders' equity: GBP 10,445,762.89
- Operating result: GBP 1,098,958.15
- Net result: GBP 847,060.75
- Total balance sheet: GBP 22,665,787.51

(Figures according to IFRS reporting, as the GAAP-based financial statements of the subsidiary are not available at the filing date of this URD.)

Valneva USA Inc.

The team in Gaithersburg (United States) is focusing on marketing and sales of Valneva's Japanese encephalitis vaccine, IXIARO®, to the US military and the US private market.

At December 31, 2019, the site had a total of 14 people.

The financial highlights of the subsidiary, at December 31, 2019, are:

- Shareholders' equity: USD -5,907,620.14
- Operating result: USD -2,137,770.69
- Net result: USD 2,716,394.31
- Total balance sheet: USD 32,691,400.72

(Figures according to IFRS reporting, as the GAAP-based financial statements of the subsidiary are not required by law.)

Vaccines Holdings Sweden AB

Vaccines Holdings Sweden AB is a fully-owned subsidiary of Valneva SE, created in December 2014[(5)].

The financial highlights of the subsidiary, at December 31, 2019, are:

- Shareholders' equity: SEK 210,454,886.03
- Operating result: SEK 3,805.75
- Net result: SEK -31,327.61
- Total balance sheet: SEK 210,454,886.03

(Figures according to IFRS reporting, as the GAAP-based financial statements of the subsidiary are not available at the filing date of this URD.)

Vaccines Holdings Sweden AB owns a fully-owned subsidiary acquired in February 2015 and named Valneva Sweden AB.

Valneva Sweden AB

Based in Solna (Sweden), Valneva Sweden AB manufactures the DUKORAL® vaccine and distributes this vaccine in the Nordic countries as well as the *Japanese encephalitis* vaccine IXIARO®. In addition, Valneva Sweden AB provides certain manufacturing and technical development services to Hookipa Pharma Inc.[(6)].

At December 31, 2019, the site had a total of 157 people.

(1) For a description of this scope, please refer to the Note 1 to the Group's consolidated financial statements for the fiscal year 2019, in Section 4.1.5 of this URD.
(2) See Section 4.1 of this URD.
(3) See in particular Section 4.2.5 (d) of this URD.
(4) See Section 2.7.9 of this URD.
(5) See the Press Releases published by the Company on January 5 and February 10, 2015: https://valneva.com/media/press-releases/?y=2015
(6) See Section 1.3.1 (c) of this URD.

The financial highlights of the subsidiary, at December 31, 2019, are:

- Shareholders' equity: SEK 137,823,915.43
- Operating result: SEK 67,547,837.67
- Net result: SEK 50,607,390.50
- Total balance sheet: SEK 569,684,427.22

(Figures according to IFRS reporting, as the GAAP-based financial statements of the subsidiary are not available at the filing date of this URD.)

Valneva Canada, Inc.

Valneva Canada, Inc. is a fully-owned subsidiary of Valneva SE, created in January 2015. Valneva Canada, Inc. is headquartered in Montreal (Quebec), and performs marketing and sales activities in Canada in relation to the IXIARO® and DUKORAL® vaccines.

At December 31, 2019, the site had a total of 8 people.

The financial highlights of the subsidiary, at December 31, 2019, are:

- Shareholders' equity: CAD 3,968,715.97
- Operating result: CAD 1,560,067.92
- Net result: CAD 1,093,279.26
- Total balance sheet: CAD 16,247,413.94

(Figures according to IFRS reporting, as the GAAP-based financial statements of the subsidiary are not required by law.)

Valneva UK Ltd.

Valneva UK Ltd. is a fully-owned subsidiary of Valneva SE, created in October 2015. Valneva UK Ltd. sells DUKORAL® and IXIARO® in the United Kingdom, as well as MOSKITO GUARD® products.

At December 31, 2019, the site had a total of 7 people (including a Management Board member).

The financial highlights of the subsidiary, at December 31, 2019, are:

- Shareholders' equity: GBP 778,237.02
- Operating result: GBP 216,053.89
- Net result: GBP 208,360.59
- Total balance sheet: GBP 4,177,216.63

(Figures according to IFRS reporting, as the GAAP-based financial statements of the subsidiary are not available at the filing date of this URD.)

Valneva France SAS

Valneva France SAS is a fully-owned subsidiary of Valneva SE, created on February 15, 2019. Since January 1, 2020, Valneva France sells the DUKORAL® and IXIARO® vaccines in France.

At December 31, 2019, the site had a total of 4 people.

The financial highlights of the subsidiary, at December 31, 2019, are:

- Shareholders' equity: €1,000
- Operating result: €0
- Net result: €0
- Total balance sheet: €554,637.82

(Figures according to GAAP-based financial statements.)

(c) Description of Valneva SE's shareholdings

BliNK Biomedical SAS

BliNK Biomedical SAS is a company created in 2015 which specializes in antibody-based therapeutics. BliNK Biomedical SAS' technology results from the combination of the IVV platform contributed by the company BliNK Therapeutics Ltd. and the VIVA|Screen® platform contributed by Valneva SE.

Today, BliNK Biomedical SAS is held by:

- Valneva SE, for 48.95% of the share capital (*i.e.* 43.29% of the total voting rights); and
- the historic investors of BliNK Therapeutics:
  - Kurma Biofund I, a professional investment fund,
  - different investment funds managed by the company Idinvest Partners,
  - the company Cancer Research Technology, and
  - the funders of BliNK Therapeutics,

  together, for 51.05%.

BliNK Biomedical SAS' Board (*Comité de supervision*) is chaired by its CEO and also includes a representative of Kurma Biofund I's management company (Kurma Partners), as well as a representative of Valneva SE.

To date, BliNK Biomedical SAS has ended its R&D operations, but continues to manage licensing agreements for its technologies.

1.2.3. Property, plant and equipment

At the filing date of this URD, the Group owns the following facilities:

- a 3,178 m² building located at 6 rue Alain Bombard in Saint-Herblain (France), used as laboratories and offices;
- a 3,547 m² plant located in Livingston, Scotland, United Kingdom, breaking down as follows:
  - manufacturing and cleanrooms: 1,806 m²;
  - general site usage (offices etc.): 148 m²;
  - quality control: 532 m² for QC development, retention tanks and QC storage;
  - engineering: 881 m² for storage, utilities, offices and switch room;
  - supply chain management and boiler house: 181 m².

At the filing date of this URD, the Group leases the following facilities:

- a 14,321 m² building located in Vienna (Austria), used as laboratories and offices (of which 801 m² of laboratories and office space are subleased to third parties);
- premises of approximately 315 m² located in Lyon, France, dedicated to sales and marketing activities;
- 352 m² of offices in Gaithersburg, Maryland (United States) dedicated to sales and marketing;
- 12,349 m² located in Solna (Sweden), breaking down as follows:
  - industrial operation manufacturing: 5,897 m² for production activities and also housing laboratories, engineering and offices;
  - clinical trial manufacturing unit: 823 m² of space for the development and manufacture of Clinical Trial Material (CTM) in addition to laboratories and office space;
  - supply chain, warehouse and customer service: 1,219 m² for pick and pack activities in addition to office space;
  - quality control: 1,350 m² of laboratories and offices,
  - 1,061 m² of office space subleased to third parties.
- about 136 m² of offices located at Kirkland, Québec (Canada), dedicated to sales and marketing activities;
- 72 m² of offices located at Fleet (United Kingdom), dedicated to sales and marketing activities;
- a 724 m² warehouse with offices located in Livingston, Scotland (United Kingdom).

For environmental factors having a potential impact on uses by Valneva of its intangible assets, please refer to the Company's CSR Report[(1)].

(1) See Section 3 of this URD.

1.3. Description of the Group's activities

1.3.1. Products and technologies of the Group

(a) IXIARO®/JESPECT®

Active substance and indications

Valneva's Japanese encephalitis vaccine is a purified, inactivated vaccine, administered in a convenient two-dose schedule. Each dose of IXIARO®/JESPECT® contains approximately 6 mcg of purified and inactivated proteins of the Japanese encephalitis vaccine and 250 mcg of aluminium hydroxide. The vaccine is indicated for the prevention of the disease for people who travel to, or live in, endemic areas. It has received marketing approval in the United States, Europe, Canada, Hong Kong, Singapore, and Israel under the trade name IXIARO® and in Australia and New Zealand where it is marketed as JESPECT®. It is the only vaccine available to the US military for Japanese Encephalitis. IXIARO® is approved for use in individuals two months of age and older in the US and EU member states, Canada, Norway, Liechtenstein, Iceland, Singapore, Hong Kong, and Israel. In all other licensed territories, IXIARO®/JESPECT® is indicated for use in persons aged 18 years or more.

Research and development

The US Food and Drug Administration and the European Commission granted marketing authorization for IXIARO® in the United States in March 2009 and in the 27 countries of the European Union in April 2009, respectively.

In June 2012, the Group submitted applications for the pediatric indication of the vaccine to the European Medicines Agency and the FDA. Following this submission, the pediatric indication was granted Orphan Drug Status by the FDA.

In December 2012, the Committee for Medicinal Products for Human Use of the EMA came to a positive opinion on the marketing authorization for IXIARO® in children. In February 2013, the vaccine received approval by the European Commission for use in children from the age of 2 months.

In May 2013, the FDA also granted a marketing authorization for the pediatric indication of the vaccine before granting a seven-year orphan drug market exclusivity for the pediatric indication in October 2013.

In May 2015, the European Medicines Agency approved an accelerated IXIARO® vaccination schedule of two doses administered seven days apart, compared to the previous 28-Day schedule. The accelerated IXIARO® vaccination schedule was also approved by Health Canada in March 2018 and the FDA in October 2018 for adult travelers aged 18-65 years. These approvals come in addition to the previously approved schedule.

Marketing

In 2015, Valneva took the strategic decision to build its own commercial network and to terminate the IXIARO®-related marketing & distribution agreement which had been signed with Novartis in 2006, and transferred to GSK in 2015 following an asset swap between Novartis and GSK. The Group now has its own dedicated sales and marketing organizations with offices in the United States, Canada, UK, Sweden and Austria.

To complement its own commercial sales infrastructure and ensure broad geographic availability of its products, Valneva entered into a number of country-specific marketing & distribution agreements with leading local distribution partners (such as GSK for Germany).

In 2019, revenues from IXIARO®/JESPECT® product sales grew to €94.3 million compared to €69.6 million in 2018.

Intellectual property

Please refer to the paragraph "Patent applications and patents for the main products, technologies and product candidates of the Group" of this URD[1].

(b) DUKORAL®

In February 2015, Valneva acquired the DUKORAL® vaccine, together with the associated production assets and a vaccine distribution business in the Nordic countries.

Active substance and indications

DUKORAL® is indicated for active immunization against disease caused by *Vibrio cholerae* serogroup O1 in adults and children from 2 years of age and over traveling to endemic/epidemic areas. Depending on the country, DUKORAL® is indicated for protection against cholera or against cholera and *Enterotoxigenic escherichia coli* (ETEC), or against diarrhea caused by LT-ETEC and cholera.

- Countries in which DUKORAL® is indicated for protection against cholera: the European Union (including Iceland and Norway) Australia, Hong Kong, South Korea, Indonesia and the United Arab Emirates.
- Countries in which DUKORAL® is indicated for protection against cholera and ETEC bacteria contamination: Bangladesh, Benin, Brazil, Burkina Faso, Cameroon, Chile, Congo (Brazzaville), Curacao, Gabon, Ivory Coast, Kenya, Madagascar, Malaysia, Mauritius, Mexico, New Zealand, the Philippines, Senegal, Singapore, South Africa, Switzerland, Tanzania, Thailand, Trinidad and Tobago, Uruguay and Zanzibar.
- Countries in which DUKORAL® is indicated against diarrhea caused by LT-ETEC and cholera: Canada.

(1) See Section 1.3.3 (b).

DUKORAL® is taken orally with bicarbonate buffer, which protects the antigens from the gastric acid. The vaccine acts by inducing antibodies against both the bacterial components and CTB. The antibacterial intestinal antibodies prevent the bacteria from attaching to the intestinal wall, thereby impeding colonization of *Vibrio cholerae* O1. The anti-toxin intestinal antibodies prevent the cholera toxin from binding to the intestinal mucosal surface, thereby preventing the toxin-mediated diarrheal symptoms.

Research and development

Approximately 50 clinical trials, involving more than 250,000 subjects, were conducted on DUKORAL®.

DUKORAL® was first granted authorization for use in Sweden in 1991.

In 2004, DUKORAL® was granted a marketing authorization by the European Commission (through the "centralized" procedure) for European Union members (including Norway and Iceland) and also was pre-qualified by the World Health Organization.

Today, DUKORAL® is authorized for use in more than 50 countries.

Marketing

DUKORAL® is currently the only approved cholera vaccine available for Canadian and Australian travelers. It is also approved for European travelers along with another vaccine called Vaxchora. Other vaccines approved for this indication are produced locally and their use is strictly limited to the national territory concerned (for example, Shanchol™, mORCVAX™ and OraVacs).

DUKORAL® is commercialized by Valneva's own marketing and distribution network, with a commercial head office in Lyon, and by leading local distribution partners such as GSK in Germany.

In 2019, revenues from DUKORAL® sales increased to €31.5 million compared to €30.4 million in 2018.

Intellectual property

Please refer to the paragraph "Patent applications and patents for the main products, technologies and product candidates of the Group" of this URD[(1)].

(c) Technologies and services

The Technologies and Services segment mainly includes revenues from the Group's technologies (EB66® cell line and vaccine adjuvant IC31®), as well as R&D services provided by Valneva to third parties including process and assay development, production and testing of Clinical Trial Material (CTM).

EB66® cell line

Valneva's EB66® cell line is a highly efficient platform for vaccine production. It is derived from duck embryonic stem cells and today represents a compelling alternative to the use of chicken eggs for large scale manufacturing of human and veterinary vaccines. EB66® is one of the most extensively studied and characterized cell line available for use in human vaccine development. More than 20 different families of viruses have been shown to efficiently propagate in EB66® cells.

Five EB66®-based vaccines have already been approved worldwide both in human and animal health.

IC31® adjuvant

Valneva's IC31® adjuvant is a synthetic vaccine adjuvant targeting antigens to improve immune response. Valneva has granted IC31® licenses to leading pharmaceutical companies including GSK, Statens Serum Institut, Aeras, Sanofi Pasteur and Altimmune.

R&D Services

Valneva leverages its capabilities in product development and clinical trial materials manufacturing with third parties, including:

- technical development (process and assay development for viral and bacterial vaccines);
- clinical immunology assay development and sample testing services;
- clinical manufacturing;
- *in-vivo* testing for pre-clinical proof of concept (PoC);
- immunogenicity and safety assessments;
- general facility services;
- clinical strategy and operations for clinical-stage vaccine programs.

In 2018, Valneva Sweden AB and Hookipa Pharma Inc. entered into a three-year collaboration and manufacturing agreement. Under the terms of the agreement, Valneva Sweden AB provides analytical services, developes process scale-up and produce Good Manufacturing Practices (GMP) clinical trial material to support the development of new immunotherapies based on Hookipa's Vaxwave® and TheraT® arenavirus vector-technologies.

Intellectual property

Please refer to the paragraph "Patent applications and patents for the main products, technologies and product candidates of the Group" of this URD[(2)].

(1) See Section 1.3.3 (c).
(2) *Idem.*

1.3.2. Market and strategies

(a) Main markets

General information

The biotech and vaccine industry is highly competitive and has experienced an increased level of horizontal and vertical concentration in recent years. Because of extremely high development costs mostly coupled with little revenue in the years of development, many biotech companies are being taken over by big pharmas or are part of further industry consolidation. In addition, significant changes in the sales and marketing of pharmaceutical products are currently occurring in the US and European pharmaceutical markets, including a decrease in the flexibility of pricing and a strengthening of cost control measures as health care cost management has now become a priority worldwide.

The Group's strategy is to focus its research and development program on the development of new products for unmet medical needs and where the health economic benefits are self-evident.

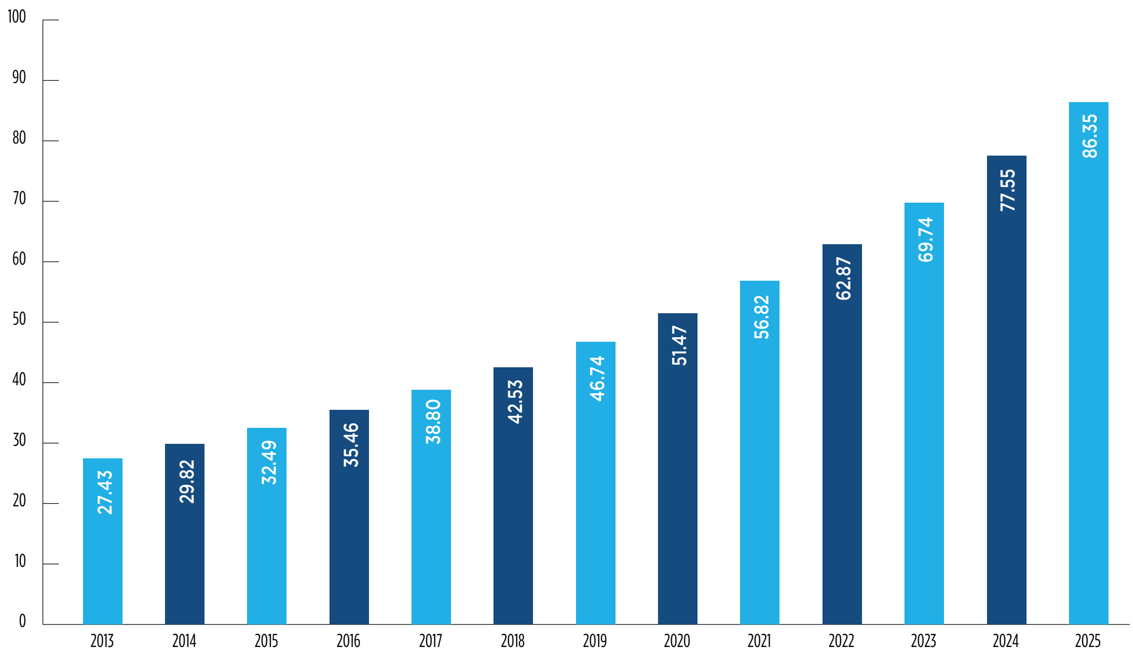
However, for certain product candidates, the Group may have to compete with other pharmaceutical companies developing similar products.

Competitive position

Human vaccine market

Having re-emerged over the last decade as a growing business area within the life science sector, the global vaccine market offers significant opportunity for future growth. This market is expected to grow from approximately $32.49 billion in revenues in 2015 to $86.35 billion by 2025.

Human vaccines market (in billion US dollars)



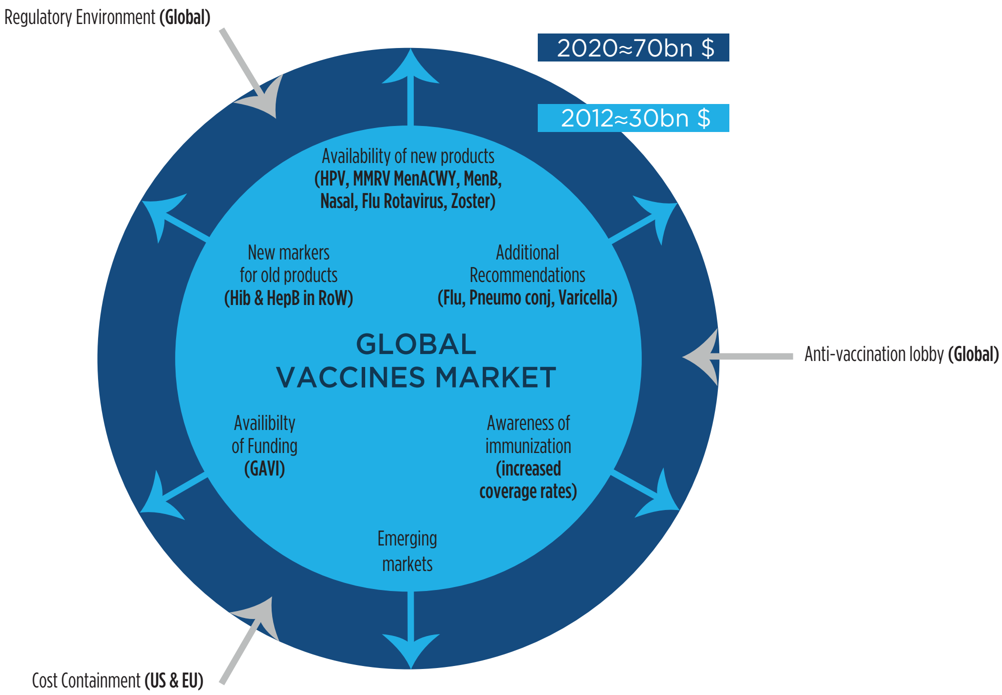
Source: OMS. U.S. CDC. FDA. Investor Presentations. Primary Interviews, Grand View Research[1]

Key growth drivers in the market are anticipated to be:

- favorable cost/benefit profile to governments and other healthcare providers;
- limited risk from generic competition;
- additional recommendations and increased coverage rates;
- new therapeutic areas like hospital infections, allergy and cancer which are currently dominated by pharmaceutical treatments.

(1) Source: Vaccines Market Analysis and Segment Forecasts To 2025, Grand View Research, 2016, p.26.

The opportunities clearly outweigh the threats within this market:



Source : Valneva

Travel vaccines market

The global Travelers Vaccines market is valued at 2823 million US$ in 2020 is expected to reach 5127.6 million US$ by the end of 2026, growing at a CAGR of 8.8% during 2021-2026[(1)].

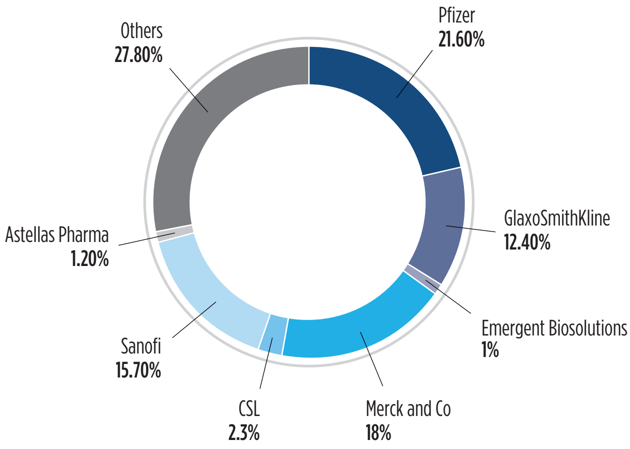
Key growth drivers in the market are anticipated to be:

- a growth in the number of travelers, including for selected population segments (older persons);
- an increase in the vaccination rate in response to improved awareness about the illness and up-to-date recommendations;
- the availability of more effective and safer vaccines;
- expanded indications, for infants or older persons for example;
- a change in geographical reach for the vector transmission of the illness (for example for chikungunya, Lyme disease, etc.).

(1) Source: Global Travelers Vaccines Market Research Report 2020 – Market Research Expertz – Jan 2020.

Vaccines market analysis and segment forecasts to 2025

Since the GSK/Novartis swap agreement in early 2015, the worldwide vaccine market is now dominated by four major players (Pfizer, Merck, Sanofi Pasteur, GSK), accounting by themselves for nearly 70% of revenues.



Source: Industry Journals, Annual Reports, Investor Presentations, Primary Interviews, Grand View Research[(1)]

Japanese encephalitis vaccines

Valneva's commercial vaccine against Japanese encephalitis (IXIARO®/JESPECT®) is the only approved and available vaccine for EU and US travelers going to Japanese encephalitis-endemic areas and for the US military personnel deployed to those areas.

In the different endemic territories, a number of locally manufactured and approved first generation, mouse-brain derived Japanese encephalitis vaccines are on the market. Several second generation Japanese encephalitis vaccines have also been approved in certain territories (Biken (Japan) -inactivated vero-cell based; Chengdu (China) – live-attenuated; Kaketsuken (Japan) – inactivated vaccine; Sanofi Pasteur (Australia/some Asian territories) – live-attenuated, chimeric Yellow Fever backbone-based vaccine). None of these vaccines is currently approved for sale in the European Union or the United States. In Australia, which is the only country where the Company´s Japanese encephalitis vaccine (JESPECT®) is in direct competition, Valneva has approximately a 50% market share (in volume).

Cholera vaccines

Valneva's DUKORAL® vaccine is the only vaccine against cholera authorized and available for travelers of the European Union, Canada and Australia (countries in which the vaccine received WHO prequalification) and with an approved indication for ETEC in certain countries. Canada, Nordic countries and Australia accounts for approximately 75% of the vaccine sales.

DUKORAL® market can be segmented between the travelers market and the market for endemic illnesses:

- the travelers market represents approximately 371.5 million travelers to Asia, South America and Africa in 2017[(2)];
- the endemic illness market is not currently a target market for the Group, as it currently represents lower than 3% of sales.

Sales trends are driven by typical factors associated with travelers' vaccines, including the number of travelers in endemic regions, national recommendations, awareness about the illness and the perception of risk by health practitioners and tourists. An indication for LT-ETEC diarrhea in Canada, in conjunction with educational and promotional efforts, has resulted in higher penetration rates in this market.

Other cholera vaccines distributed locally do exist. However, Asian manufacturers dominate the distribution in local markets, and in particular for the cholera vaccine.

US firm PaxVax (acquired by Emergent BioSolutions Inc. – EBSI – in August 2018) has developed, with the support of public grants, a frozen oral cholera vaccine that was granted a license in the United States in 2016. The trial demonstration of the vaccine's protection against ETEC was not successful in the Phase 1 study, which limits a potential competition of the vaccine with DUKORAL® in key markets (such as Canada, for example).

(1) Source: Vaccines Market Analysis and Segment Forecasts To 2025, Grand View Research, 2016, p.35.
(2) UNWTO Tourism Highlights 2017.

Competitive landscape of cholera vaccines

	DUKORAL® Cholera ETEC	VAXCHORA Cholera	EUVICHOL Cholera	mORC VAX Cholera	SHANCHOL Cholera	ORAVACS Cholera ETEC
	Valneva	PaxVax (EBSI)	EuBiologics (Korea)	Vabiotech (Vietnam)	Shanta (India)	United Biotech (China)
Components	01 rec B subunit	-	01 0139	01 0139	01 0139	01 rec B subunit
Age indication	2 +	18 to 64 years	1 +	1 +	1 +	2 +
Schedule	2 doses 1 week apart	A single dose at least 10 days before the risk of exposure	2 doses 2 weeks apart	2 doses 2 weeks apart	2 doses 2 weeks apart	3 doses 1 and 2 weeks apart
Registered	European Union and 16 other countries	FDA in 2016	South Korea	Vietnam	India	China Philippines
WHO prequalified	Yes	-	Yes	-	Yes	-
Price	-	-	$1.85	$1.85	-	-

Lyme disease vaccines

Currently, there is no vaccine available to protect humans against Lyme disease, the most common tick-transmitted infection in the Northern hemisphere.

Valneva has the only Lyme disease vaccine program in clinical development today. Another vaccine player may start a Phase 1 clinical trial in 2020.

According to the U.S. Centers for Disease Control and Prevention (CDC), approximately 300,000 Americans are infected with Lyme disease annually with at least an additional further 200,000 cases in Europe.

Peak revenue potential for a Lyme disease vaccine in the United States and European Union is estimated at more than $1 billion[1].

Chikungunya vaccines

Chikungunya is considered a major public health threat with no preventive vaccines or effective treatments available.

As of 2017, there have been more than one million reported cases in the Americas[2] and the economic impact is considered significant (e.g. Colombia outbreak 2014: $73.6 million[3]). The medical burden is expected to grow as the distribution of the CHIKV primary mosquito vectors continues to spread further geographically.

Several companies are conducting clinical trials to develop a vaccine against chikungunya, but Valneva is the only one to work on a single-shot vaccine which could have the potential to provide long term protection after a single immunization.

Valneva plans to take this vaccine to market with the prospect of leveraging major manufacturing and commercial synergies. Whilst the Group will focus its efforts on the traveler vaccine market, it plans to find a partner with the support of CEPI to meet Low and Middle-Income Countries needs.

The global market potential for chikungunya vaccines is estimated at up to $500 million[4]. The traveler market is estimated at around $250 million.

Zika

The outbreak of the Zika virus has been explosive and unpredictable in the past and has led to significant health effects and public health anxiety[5]. In particular, it is estimated that 200,000 cases will be identified in the 2015 epidemic in Brazil.

There is currently no vaccine against Zika virus infection.

A similar frequency of local transmission during epidemics has been observed between chikungunya, the mad cow and the Zika virus in the US over the period 2014-2016: Two Zika epidemics with 276 cases in Florida and 6 cases in Texas were observed in 2016[6] .

By 2019, 18 development programs for a candidate vaccine against Zika were known to be in various stages of pre-clinical and clinical development.

Valneva has an inactivated vaccine candidate against Zika in its development program,

(1) Lyme Disease. L.E.K. interviews, research and analysis for traveler vaccine market.
(2) PAHO/WHO data: Number of reported cases of Chikungunya Fever in the Americas - EW 51 (DEcember 22, 2017).
(3) Cardona-Ospina et al., Trans RSoc Trip Med Hyg 2015.
(4) Chikungunya. L.E.K. interviews, research and analysis for traveler vaccine market.
(5) G.A. Poland, I.G. Ovsyannikova, R.B. Kennedy. Zika Vaccine Development: Current Status. Thematic Review on Vaccines, Mayo Clinic Proc. 2019;94(12):2572-2586.
(6) PAHO, CDC, ECDC, L.E.K. analysis.

Clostridium difficile vaccines

The incidence of *C. difficile* infections has been increasing over recent years, fueling the need for effective treatment and disease prevention.

Three potential markets have been identified for a *C. difficile* vaccine[1]:

- the Community prophylaxis market, with age or risk-based vaccination strategies;
- the Prevention of CDI recurrences markets, following first episodes in combination with antibiotics;
- the Hospital prophylaxis market for patients at heightened risk for CDI at admissions (> 65 years with prolonged antibiotics treatment).

The global market against *C. difficile* infections is generally estimated at $1 billion[2].

Valneva's *C. difficile* vaccine candidate, for which positive Phase 2 results were announced by the Company in July 2016, is the second most advanced vaccine candidate against *C. difficile*. Pfizer is currently in Phase 3 clinical trial, while Sanofi Pasteur stopped its Phase 3 in December 2017[3]. There are different monoclonal antibody approaches, and one antibody has been put on the market in 2017. However, those approaches are currently likely to not target primary prevention. Different novel antibiotics targeting *C. difficile* are at different stages of development or have been licensed in the past years.

Vaccine production cell lines

The Group believes that the potential market for its EB66® vaccine production cell-line consists in all vaccines currently produced on embryonated chicken eggs, CEF cells (Chicken Embryo Fibroblast), and even isolated cell lines such as Vero and BHK. This includes large volume traditional human vaccines such as vaccines to prevent flu, measles or mumps, yellow fever and smallpox, but also new-generation vaccines based on viruses issued from Poxvirus or paramyxovirus, currently being developed by companies such as Sanofi Pasteur, Pfizer, Merck, Transgene or Bavarian Nordic, and numerous veterinary vaccines.

There are a few modern, highly characterized suspension cell-lines which are either in development (such as PER.C6® [Janssen], CAP® cells [Cevec]) or already part of approved vaccines, especially in the human vaccine space (such as MDCK [CSL Bio]). However, many of those are not available for licensing and their use is therefore limited.

(b) Strategy of the Group

Mid-Term Strategy

Valneva's strategy stems from its vision to contribute to a world in which no one dies or suffers from a vaccine-preventable disease.

Valneva aims to become the leading specialty vaccine company by combining growth of its commercial business with the development of prophylactic vaccine candidates for diseases with major unmet needs such as Lyme and chikungunya.

Products

Valneva successfully commercializes travelers' vaccines and aims to further grow its product sales from €129.5 million in 2019 to approximately €200 million in the mid-term.

Valneva aims to achieve this through further growth of IXIARO® product sales in the private market and through anticipated future sales of its chikungunya vaccine, once licensed and integrated into Valneva's existing manufacturing and commercial infrastructures.

In the short term, uncertainty remains around the duration, severity and geographic scope of the COVID-19 outbreak. Valneva is cognizant of the impact of the COVID-19 outbreak on the travel market. As the provider of two travel vaccines, one against Japanese encephalitis and one against cholera/ETEC, the Group expects that its 2020 revenues may be adversely affected. The Group estimates that 2020 product sales revenues could be impacted by between €20 million and €40 million (compared to guidance of €125 million to €135 million announced previously). However, the Group is in the opinion that first-quarter sales 2020 will not be materially adversely affected as the impact of the COVID-19 crisis did not affect its major markets until March.

R&D

Valneva's R&D team is committed to developing vaccine candidates in areas of major unmet medical need and providing innovative solutions for the benefit of both people and society.

Our current lead R&D assets include:

- the only clinical-stage vaccine against Lyme disease, the most common tick-transmitted infection in the Northern Hemisphere;
- the sole, single-shot vaccine against chikungunya, a highly prevalent mosquito-transmitted infection in tropical and subtropical regions.

As those unique assets progress through late-stage development towards market, we expect to increase R&D investment significantly in the coming years.

(1) Clostridium difficile Market View, VacZine Analytics, January 2014.
(2) https://www.fiercepharma.com/vaccines/c-diff-vaccine-as-sanofi-flops-pfizer-and-valneva-could-pick-up-slack
(3) http://mediaroom.sanofi.com/sanofi-ends-development-of-clostridium-difficile-vaccine/

We aim to independently develop the chikungunya vaccine to market, leveraging synergies by plugging it into our existing commercial and industrial infrastructures. For the late-stage development of our Lyme disease vaccine, we aim for a high quality partnership. Our intended approach favors a co-development and future profit share mechanism in order to capture significant economic value for our shareholders.

Financials

Valneva's commercial business provided a Net Operating Margin of over 30% in 2019. This enabled the Company to fully fund its 2019 R&D investment of ca. €38 million, an increase of around 50% compared to 2018.

Based on Valneva's integrated business model, R&D provides upside for shareholders. The Company's lead clinical programs are expected to progress into late-stage development in 2020. This may result in a period of negative EBITDA in the mid-term.

The required additional capital is expected to be raised by a combination of non-dilutive funding, corporate (partner) contributions and capital increases. The Company has communicated that a Nasdaq IPO is contemplated in the mid-term.

1.3.3. Research and development, patents, licenses

(a) Research and development

Valneva's vaccine candidates

Valneva is dedicated to developing vaccines for infectious diseases with major unmet needs.

Infectious diseases are a leading cause of death and suffering in people worldwide. More people every year are visiting destinations that put them at a high risk for exposure to infectious diseases. Vaccination is the most effective method for preventing infectious disease and reducing its global burden[1].

In line with its mission to advance vaccines for better lives, Valneva invests substantially in its two unique R&D programs for Lyme disease and chikungunya.

Valneva's R&D capabilities comprise all key functions needed to support the development of vaccines to licensure. Valneva's global R&D operations, which encompass approximately 1/3 of its total employee basis, are built on key R&D centers of excellence in Vienna (Austria) and Nantes (France).

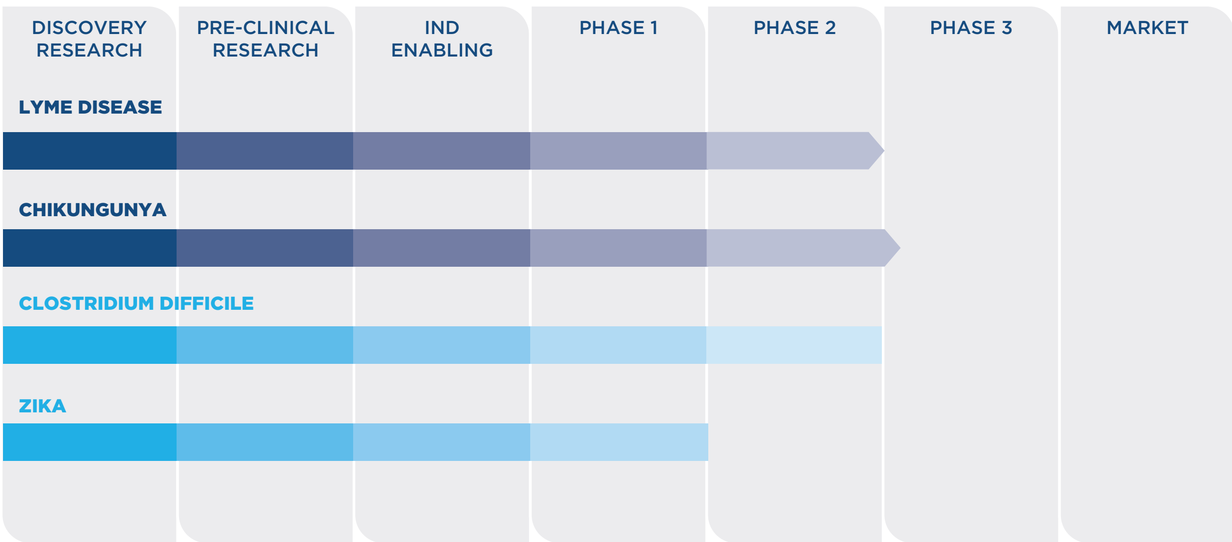
Technical development functions at Valneva's manufacturing sites in Scotland and Sweden provide manufacturing support and operate dedicated manufacturing units for products used in clinical trials (CTM-units).

Valneva's Clinical Portfolio

Valneva's R&D portfolio primarily reflects its scientific, technical and clinical competences in vector-borne infectious diseases and in both bacterial and viral vaccines.

Valneva wants to make a difference to people's lives by applying its innovative and pioneering science to address potential vaccine preventable diseases.

A portfolio of vaccine candidates for infectious diseases with major unmet needs for which there are no vaccines available:



Lyme disease vaccine candidate, VLA15

VLA15 is a multivalent, protein subunit vaccine that targets the outer surface protein A (OspA) of Borrelia. It is designed for prophylactic, active immunization against Lyme disease aiming for protection against the majority of human pathogenic Borrelia species in Europe and the US. VLA15 is designed to confer protection by raising antibodies that prevent Borrelia from migrating from ticks to humans after a bite. The safety profile is expected to be similar to other lipidated protein based vaccines that are approved for active immunization in adults and children.

The target population includes individuals at risk above 2 years of age living in endemic areas, people planning to travel to endemic areas to pursue outdoor activities and people at risk who have a history of Lyme disease (as infection with Borrelia does not confer protective immunity against all pathogenic Borrelia species). Vaccination with OspA was proven to work in the 1990s and VLA15 pre-clinical data showed that the vaccine has the potential to provide protection against the majority of the Borrelia species pathogenic for humans.

(1) Plotkin SL, Plotkin SA. A short history of vaccination. In: Plotkin SA, Orenstein WA, eds. Vaccines, 4th edn. Philadelphia: WB Saunders; 2004: 1-15.

The VLA15 program was granted Fast Track designation by the US Food and Drug Administration in July 2017[(1)]. It is currently the only active vaccine program in clinical development against Lyme disease.

Valneva's vaccine candidate VLA15 is currently in Phase 2 clinical development[(2)]. The Company completed Phase 2 patient enrolment in more than 800 people in two ongoing studies at the end of September 2019.

Study VLA15-201 includes 573 subjects across nine sites in Europe and the U.S., while study VLA15-202 includes 246 subjects across five sites in the United States. In both studies, dosage levels of 135µg and 180µg of VLA15 are administered either at Day 1, Month 1 and Month 2 (VLA15-201) or at Day 1, Month 2 and Month 6 (VLA15-202).

Valneva expects to report first Phase 2 results mid-2020, starting with the shorter vaccination schedule (Day 1, Month 1 and Month 2). The results of these studies, comprising immunogenicity and safety data, will support the decision on final dose and vaccination schedule for Phase 3 development.

The Company has initiated a partnering process for late stage development and future commercialization. Discussions are ongoing and the Company expects to announce a partnering process outcome in 2020.

About Lyme disease

Lyme disease is a systemic infection caused by *Borrelia* bacteria transmitted to humans by infected *Ixodes* ticks[(3)]. It is considered the most common vector borne illness in the Northern Hemisphere. According to the US Centers for Disease Control and Prevention, approximately 300,000 Americans[(4)] are diagnosed with Lyme disease each year with at least a further 200,000 cases in Europe[(5)].

Early symptoms of Lyme disease (such as a gradually expanding erythematous rash called *Erythema migrans* or more unspecific symptoms like fatigue, fever, headache, mild stiff neck, arthralgia or myalgia) are often overlooked or misinterpreted. Left untreated, the disease can disseminate and cause more serious complications affecting the joints (arthritis), the heart (carditis) or the nervous system. The medical need for vaccination against Lyme disease is steadily increasing as the disease footprint widens[(6)].

Currently no Lyme disease vaccine is available to protect humans from this devastating illness.

Chikungunya vaccine candidate, VLA1553

VLA1553 is a monovalent, single dose, live-attenuated vaccine candidate for protection against the chikungunya virus (CHIKV). The vaccine candidate is designed for prophylactic, active, single-dose immunization against chikungunya in humans over one year old. The vaccine aims for long-lasting protection and an anticipated safety profile similar to licensed vaccines for active immunization in adults and children. The target population segments are travelers, military personnel and individuals at risk living in endemic regions.

VLA1553 is based on an infectious clone (CHIKV LR2006-OPY1) attenuated by deleting a major part of the gene encoding the non-structural replicase complex protein nsP3, aiming for protection against various chikungunya virus outbreak phylogroups and strains[(7)].

The program was granted Fast Track designation by the FDA in December 2018.

In November 2019, Valneva reported excellent Phase 1 results. The vaccine candidate showed an excellent immunogenicity profile in all vaccinated dose groups after a single vaccination, with a 100% seroconversion achieved at Day 14. Titers were sustained at 100% at Month 12. VLA1553 was generally safe and well-tolerated with a superior safety profile in low and medium dose groups compared to the high dose group, and showed an excellent local tolerability.

An End of Phase 2 meeting took place on February 24, 2020 with the FDA. Valneva has received confirmation for the Accelerated Approval Pathway (direct access to Phase 3). Valneva will initiate the Phase 3 as soon as the COVID-19 situation permits. Currently, the Group's assumption is that it may start Phase 3 in the fourth quarter of this year, representing approximately a delay of 3 to 6 months compared to its original plans.

In July 2019, Valneva was awarded non-dilutive financial support of up to $23.4 million by CEPI for the late-stage clinical development of its single-dose, live-attenuated vaccine against chikungunya . The funding underwrites a partnership effort to accelerate regulatory approval of VLA1553 for use in regions where outbreaks occur and support World Health Organization prequalification to facilitate broader access in Lower and Middle-Income Countries.

(1) See the press release published by the Company on July 24, 2017: https://valneva.com/media/press-releases/?y=2017
(2) See Section 1.1.2 (b) of this URD.
(3) Stanek et al. 2012, The Lancet 379:461-473.
(4) As estimated by the CDC, https://www.cdc.gov/lyme/stats/humancases.html.
(5) Estimated from available national data. Number largely underestimated based on WHO Europe Lyme Report, as case reporting is highly inconsistent in Europe and many Lyme infections go undiagnosed; ECDC tick-borne-diseases-meeting-report.
(6) New Scientist, Lyme disease is set to explode and we still don't have a vaccine; March 29, 2017. https://www.newscientist.com/article/mg23431195-800-lyme-disease-is-set-to-explode-and-you-cant-protect-yourself/.
(7) Hallengärd et al. 2013 J. Virology 88: 2858-2866.

About Chikungunya

Chikungunya is a mosquito-borne viral disease caused by the chikungunya virus (CHIKV), a *Togaviridae* virus, transmitted by *Aedes* mosquitoes.

Clinical symptoms include acute onset of fever, debilitating joint and muscle pain, headache, nausea and rash, potentially developing into long-term, serious health impairments.

Chikungunya virus causes clinical illness in 72-92% of infected humans around 4 to 7 days after an infected mosquito bite. Complications resulting from the disease include visual, neurological, heart and gastrointestinal manifestations; fatalities have been reported (case fatality rates of 0.1% to 4.9% from epidemics[(1)]) in elderly patients at higher risk.

Chikungunya outbreaks have been reported in Asia, Africa, the Americas and recently (2017) in Europe. As of 2017, there have been more than one million reported cases in the Americas[(2)] and the economic impact is considered to be significant (e.g. Colombia outbreak 2014: $73.6m[(3)]).

The medical and economic burden is expected to grow as the CHIKV primary mosquito vectors continue to further spread geographically.

There are no preventive vaccines or effective treatments available and, as such, chikungunya is considered to be a major public health threat.

Zika vaccine candidate, VLA1601

VLA1601 is a highly purified inactivated vaccine candidate against the Zika virus (ZIKV), developed using the same manufacturing platform as Valneva's IXIARO® (JESPECT®) Japanese encephalitis vaccine.

Valneva reported positive final Phase 1 results for VLA1601. The vaccine met the study's primary endpoint showing an excellent safety profile in all tested doses and schedules.

The Company now seeks to partner the program.

About the Zika virus

The Zika virus is a mosquito-borne flavivirus that was first discovered in 1947. The first human cases were detected in 1952. Since then, outbreaks have been reported in tropical Africa, Southeast Asia, the Pacific Islands, and, in 2015, in the Americas.

According to the World Health Organization, there is scientific consensus that ZIKV is a cause of microcephaly and Guillain-Barré syndrome. Since 2013, 31 countries and territories have reported cases of microcephaly and other central nervous system malformations associated with ZIKV infection.

Clostridium vaccine candidate, VLA84

VLA84 is a vaccine candidate targeting the prevention of primary symptomatic *C.difficile* infection (CDI). The vaccine is designed to produce an immune response to neutralize the effects of *C. difficile* toxins A and B, considered to be largely responsible for CDI, which is emerging as a leading cause of life-threatening, healthcare-associated infections (HAIs) worldwide.

Valneva completed Phase 2 development. The vaccine candidate generated strong immune responses against *C. difficile* toxins A and B, and the safety and tolerability profile was good.

The vaccine candidate is currently Phase 3-ready and Valneva seeks to partner it.

About *Clostridium difficile*

C. difficile is a bacterium that causes diarrhea and sometimes can lead to serious intestinal conditions or complications. It is estimated that 450,000 cases occur annually in the United States, and close to 30.000 patients die within 30 days of the diagnosis. Beyond the substantial morbidity and mortality, CDI is associated with significant economic burden due to prolongation of hospitalization, estimated at approximately USD 5 billion for U.S. acute care facilities alone.

Currently, no vaccine against *C. difficile* is available and antibiotic treatment of the established disease has significant limitations with recurrence in ~20 % of cases. The incidence of nosocomial infections is steadily increasing due to the growing number of medical interventions.

Capitalized research and development expenditures

Please refer to the Group's consolidated financial statements for the fiscal year 2019[(4)].

(b) Intellectual property

The Group manages its intellectual property by:

- seeking protection for its products, technologies and processes, by actively using the patent, trademark and trade secrets systems in Europe, the United States, Japan, China and other jurisdictions where the Group might have business interests;
- defending, and if needed, enforcing its property rights in selected jurisdictions; and
- reviewing and monitoring third party patent rights, in order to establish and ensure the unrestricted use and operation of its products, product candidates and technologies, in those jurisdictions where it has business interests.

(1) WHO, PAHO.
(2) PAHO/WHO data: Number of reported cases of chikungunya fever in the Americas - EW 51 (December 22, 2017).
(3) Cardona-Ospina et al., Trans R Soc Trip Med Hyg 2015.
(4) See Note 15, in Section 4.1.5 of this URD.

Patents and patent applications

The Group considers protecting technologies and products through patents and patent applications, essential to the success of its businesses.

On February 29, 2020, the Group had a portfolio of 453 issued patents, including 79 covering the big 5 European countries, Germany, France, United Kingdom, Spain and Italy, and 29 in the United States. At the same time, the Group had 85 patent applications pending, including 16 pending European and 7 pending international patent applications.

In 2019, 72 patents were issued to the Group.

The European and international patent applications by definition designate a large number of countries in which protection can be obtained later. In practice, many of these applications will result in the issuance of patents in the initially designated countries considered important by the Group. Consequently, the 16 patent applications in Europe and the 7 international patent applications (PCT) mentioned above may result in significantly more than 23 national patents issued.

In countries where the Group seeks legal protection through patents, the duration of legal protection for a particular product, method or use, is generally 20 years from the filing date. This protection may be extended in some countries, particularly in the European Union, China, Japan, South Korea, Australia, Canada and the United States. The protection, which may also vary by country, depends on the type of patent and its scope. In most industrialized countries, any new active substance, formulation, indication or manufacturing process may be legally protected. The Group conducts ongoing checks to protect its inventions and to act against any infringement of its patents.

Patent applications and patents for the main products, technologies and product candidates of the Group

The estimated patent expiry date ranges of patents and patent applications currently held and licensed by the Company for its main products, candidates and technologies are provided below.

The Company expects further new patent applications to be filed in particular for its product candidates and technologies.

IXIARO®

The Group's Japanese encephalitis marketed vaccine was initially developed by the Cheil Jedang Corporation, VaccGen International LLC and the Walter Reed Army Institute of Research (a research laboratory within the US Department of Defense – WRAIR). The Group was subsequently granted an authorization to develop, manufacture, distribute, market and otherwise commercially exploit its Japanese encephalitis vaccine worldwide, except for the Caribbean, through an exclusive sub-license agreement signed in 2003 (as amended) and based on the rights that VaccGen International LLC itself held with Cheil Jedang Corporation and the WRAIR.

The Group has not detected any additional patent applications or enforceable patent rights of third parties that might interfere with the development and commercialization of its Japanese encephalitis vaccine in Europe or the United States.

Furthermore, the patent protection of the Japanese encephalitis vaccine also benefits from a recent improvement of the adjuvant technology that is used for this product (developed by the Group) and which may be useful for the protection of other products. Several patents have been granted on this adjuvant technology in some European countries, but also in the United States. Sanofi Pasteur filed an opposition against one of these patents, the European patent EP 3'106'176B1, related to compositions comprising an aluminium component (with low heavy metal impurities and in particular low copper impurities) and formaldehyde inactivated virus particles. The oral proceeding for this opposition was held on March 9, 2020 and the process claims related to the production of aqueous compositions comprising said aluminium and formaldehyde inactivated virus particles were upheld. However, no opposition was filed against a similar European patent, EP 2'788'023B1, related to compositions comprising an aluminium component (with low heavy metal impurities and in particular low copper impurities) and a Japanese encephalitis vaccine protein.

DUKORAL®

The Group acquired the product DUKORAL® in the first quarter 2015[1]. DUKORAL® *per se* is no longer covered by any patent protection. The Company recently filed a patent application that describes the use of DUKORAL® or a component of DUKORAL® in cancer.

Lyme disease vaccine candidate

The Group's Lyme disease vaccine candidate is currently developed in-house, based on a proprietary approach. The Group filed patent applications covering the vaccine construct, as well as uses, processes and formulations of such vaccine. Several patents related to the active components were recently granted in the United States and the European Union, among other countries.

Chikungunya vaccine candidate

The Group's chikungunya vaccine candidate is currently developed in-house, based on know-how that Valneva acquired in 2014. The Group filed patent applications covering the stabilizing vaccine technology, as well as uses, processes and particular formulations of such vaccine.

Zika vaccine candidate

The Company's Zika vaccine candidate is also currently developed in-house, based on a proprietary approach. The Group filed patent applications covering the vaccine construct, as well as uses, processes and formulations of such vaccine. A patent directed to the adjuvant technology applied for this development was recently granted in the United States and the European Union. As earlier stated for the IXIARO® product, Sanofi Pasteur filed an opposition against Valneva Austria's European patent EP 3'106'176B1 related to compositions comprising an aluminium component (with low heavy metal impurities and in particular low copper impurities) and formaldehyde inactivated virus particles. Said patent covers the Zika vaccine candidate as currently developed.

(1) See the Press Release published by the Company on February 10, 2015: https://valneva.com/media/press-releases/?y=2015

Clostridium difficile candidate

In 2009, the Company entered into a conditional intellectual property assignment from TechLab Therapeutics LLC, for specific intellectual property rights relevant for the Company's *C. difficile* vaccine candidate, VLA84. TechLab may receive certain milestone payments and royalties on sales, should this vaccines candidate progress towards licensure and later commercialization.

Furthermore, the Group filed patent applications covering the active construct of the vaccine candidate, its developed indication and formulation and the use of its active component. Patents related to the active component were recently granted in the United States and Europe, among other countries. However, GlaxoSmithKline Biological SA filed an opposition against Valneva Austria's European patent EP 2'753'352B1 related to Valneva's *C. difficile* vaccine candidate VLA84 and certain variants thereof, while Valneva Austria filed an opposition against the European patent EP 2'714'911B1 of GSK that might cover said *C. difficile* vaccine candidate. The European Patent Office recently revoked said patent and GSK filed an appeal against this decision. Furthermore, the European Patent Office maintained Valneva's European patent related to various *C. difficile* vaccine candidates in amended form. The amended European patent still covers Valneva's *C. difficile* vaccine candidate VLA84. Both Valneva Austria and GSK filed an appeal against this decision.

EB66® cell platform

The Company obtained several patents covering (i) the establishment of embryonic derived cell lines, (ii) their use for the production of biologicals including their use in virus replication, and (iii) in some jurisdiction the cell line *per se*.

Adjuvant IC31®

The Company's IC31® technologies have been protected by a number of Intercell proprietary patents and patent applications. A certain number of patents covering the use of the IC31® technology in various aspects are granted in several territories, including Europe and the United States.

Estimated patent expiry date ranges of patents and patent applications currently held and licensed by the Group for its main products, candidates and technologies. These listed ranges are estimates at this particular moment and may change over time. Commercial partners are also indicated for each product, candidate and technology:

PRODUCT, PRODUCT CANDIDATE, TECHNOLOGY	Main aspects that are protected or planned to be protected by patents (own or in-licensed)	Estimated Patent Expiration Date Range (depending on country and use)	Commercial partners
Japanese encephalitis vaccine IXIARO®, JESPECT®, JEVAL®	Product, Formulation, Use, Manufacturing Process	2018 to 2032	GSK, CLS, Biological E., Adimmune
DUKORAL®	Use in cancer	2038	GSK
Lyme disease	Product, Formulation, Use, Manufacturing Process	2033 to 2040	In-house
Chikungunya	Product, Formulation, Use, Manufacturing Process	2040 to 2045	In-house
Zika	Product, Formulation, Use, Manufacturing Process	2036 to 2041	In-house
Clostridium difficile	Product, Formulation, Use, Manufacturing Process	2031 to 2036	In-house, looking for a partner for Phase III
IC31® partnered programs (only IC31® part)	Product, Formulation, Use, Manufacturing Process	2021 to 2026	Sanofi, Statens Serum Institut, AERAS, and others
EB66® and partnered programs (only EB66® part)	Product, Use, Manufacturing Process	2023 to 2036	Kaketsuken, GSK, Sanofi Pasteur, Delta-Vir, Transgene, Geovax, Merial, MSD Animal Health and others

Other protection mechanisms

The Company's core technologies, products and many of its projects for the development of products candidates depend upon the knowledge, experience and skills of the scientific and technical personnel. In order to protect the Company's trade secrets, proprietary know-how and technologies, the Company generally requires all employees, contractors, advisors and collaborators to enter into confidentiality agreements. These agreements prohibit the disclosure of the Company's confidential information. Agreements with employees and consultants also require disclosure and assignment to the Company of any ideas, developments, discoveries and inventions.

The expiration of a patent for a product may result in significant competition, due to the emergence of biosimilar or similar products, and in a strong reduction of product sales which benefited from patent protection. However, the vaccine field is largely protected from direct substitutions, as regulatory and manufacturing complexity has for now blocked the pathway in developed markets for vaccine biosimilars. However, this is not the case regarding similar products relying on a full or abbreviated regulatory approval process and this situation may also change in the future, thus opening a pathway to biosimilars. Nevertheless, in many cases, the Company may still continue to reap commercial benefits from its product manufacturing secrets, even when the patents for such product have expired.

Trademarks

Trademark rights held by the Company are national, international European-wide in scope. The rights are generally granted for a period of ten years and are indefinitely renewable, although in some cases, their validity is contingent on the trademark's continued use.

The Company holds the title to the names of the products used and those associated therewith.

The Company's trademarks benefit primarily from protection for pharmaceutical products included in Class 5 and for services in Class 42 of the International Classification of Products and Services.

The Company's key products, technologies and product candidates, namely IXIARO®, JESPECT®, DUKORAL®, EB66® and IC31®, and the number of trademarks related to these products held by the Group at February 29, 2020 is shown in the table below:

Trademarks – Number of registrations

Trademarks	Number of registrations or applications (in case of European Union trademarks, all jurisdictions are counted)
IXIARO®, IXIARO logo	189
JESPECT®	45

Trademarks	Number of registrations or applications (in case of European Union trademarks, all jurisdictions are counted)
DUKORAL®	89
EB66®	63
IC31®	35
Valneva®, Valneva logos	213
SBL trademarks	20

The Group also holds registrations for its different entities names, as well as the slogan and logo which constitute its graphic charter. The Group defends its trademark rights by filling a notice of opposition against applications for identical or similar trademarks, and initiates, if such is the case, legal actions to have its rights recognized.

VALNEVA trademark

Valneva SE and the company KRKA, tovarna zdravil, d.d., Novo Mesto (KRKA) signed a co-existence agreement on January 20, 2014, with respect to KRKA's earlier trademark DALNEVA covering goods of Class 5. Valneva agreed on restricting the specification of goods for the trademark Valneva, by adding the limitation "none of the afore-mentioned goods for the treatment of cardiovascular diseases" to the European Union Trademark (EUTM) application No. 011441268, and to any future applications.

Moreover, the Company also filed a notice of opposition before the European Union Intellectual Property Office (EUIPO) against the trademark application VALNECOR (application No. 13.519889) of the Company Vetpharma Animal Health SL, for Class 5, invoking Articles 8(1)b and 8(4) of the Regulation (EC) No. 207/2009 on the Community trademark (EUTMR – as amended). On February 19, 2016, the Opposition Division of the EUIPO decided in favor of Valneva SE and upheld the opposition (No. B 2508755) for all the contested goods in Class 5.

A letter of undertakings effective as of July 25, 2016 has been signed by VALNEVA, a French Simplified Joint Stock company, and Valneva SE, in order to:

- acknowledge the Company's prior rights; and
- record VALNEVA's undertaking never to contest or challenge the Company name and the trademarks Valneva – registered or filed – for any goods and services.

VALNEVA further agreed not to use the name VALNEVA for scientific R&D in the fields of medicine, antibodies and vaccines.

The Company and Boehringer Ingelheim International GmbH also signed a prior rights agreement on July 28, 2016. In this agreement, the Company undertakes not to use the trademark Valneva as a product name or part of a product name for the identification of specific products, but only to identify the fabricant of the product ("house mark" or "manufacturers brand"). The Company also undertakes to limit the registration of the mark "Valneva" in Class 5 to the "Pharmaceutical products for human and veterinary use, namely vaccines and antibodies and fragments thereof, blood serum, adjuvants for medical or veterinary use", only if so specifically requested by Boehringer Ingelheim. The Company filed a notice of opposition before EUIPO against the trademark application VALNOBI No.17579525 made in Class 5 in the name of Bayer AG. On February 4, 2019, the Opposition Division of the EUIPO decided in favor of Valneva SE and upheld the opposition (No. B 3 047 941) for all the contested goods in Class 5.

The Company filed notices of opposition against the EU trademark application VALNEVA No. 017895207 and the Austrian trademark application VALNEVA No. 295810. The Austrian trademark application was withdrawn and the EU trademark application was rejected to a large part of the contested goods and services, and in particular to all of the goods in class 5.

IXIARO trademark

On October 30, 2015, Valneva Austria GmbH acquired from GSK (GlaxoSmithKline Biologics SA, GlaxoSmithKline GmbH and CO.KG) the trademark IXIARO and the related trademarks and domain names, for all jurisdictions. No co-existence or prior rights agreements exist for the trademark IXIARO.

DUKORAL trademark

Various prior rights agreements related to the trademark DUKORAL were executed in the years 1996 to 2002. A further prior rights and delimitation agreement between Crucell Sweden AB, now Valneva Sweden AB, and Berlin-Chemie AG was signed on June 29, 2012. For mutual settlement of the opposition filed by then Crucell Sweden AB, Berlin Chemie AG undertakes not to derive any rights from the registration and use of their German trademark DUCORA against the Community Trademark registration of DUKORAL, and to tolerate new applications and modifications of the prior DUKORAL trademark, provided that Crucell Sweden AB shall not apply for the trademark DUCORA. Berlin-Chemie AG restricted the goods and services of their German registration of DUCORA. Then Crucell agreed to the registration or use of German trademark DUCORA under the conditions specified and to withdraw the opposition. Since this agreement is effective worldwide, the party who possesses prior rights in any country agrees to consent to the registration or use of the other party's respective mark under the same conditions as mentioned in this agreement.

Domain names

At February 29, 2020, the Group holds 56 domain names (reserved or in the process of being reserved).

(c) Dependence of the Group on patents and licenses, on industrial, commercial or financial contracts, or on new manufacturing processes

Please refer to the Section "Risk Factors" of this URD [1].

(1) See Section 1.5.

1.3.4. Investments

(a) Research and development expenses

Research and development expenses include the costs associated with R&D conducted by the Group or for the Group by outside contractors, research partners or clinical study partners, and expenses associated with R&D carried out by Valneva in connection with strategic collaboration and licensing agreements. The most expensive stages in the regulatory approval process in the United States and the European Union are late-stage clinical trials, which are the longest and largest trials conducted during the approval process. By contrast, pre-clinical R&D expenses primarily depend on the number of scientific staff employed.

The following table sets forth the research and development expenses for the Japanese encephalitis vaccine and the major product candidates, for the years ended December 31, 2017, 2018 and 2019(1):

	Year ended December 31,		
In € thousand	2017 (unaudited)	2018 (unaudited)	2019 (unaudited)
Lyme disease	5,375	6,305	14,783
C. difficile	476	251	261
Chikungunya	4,103	6,266	14,451
DUKORAL®	1,624	1,917	1,633
EB66®	457	769	1,111
hMPV	1,077	1,552	2,050
Japanese encephalitis vaccine	1,766	1,928	1,904
LT/ETEC study	656	2,005	390
Pseudomonas	96	2	-
Zika	4,882	2,514	287
Other research projects	2,854	1,781	1,013
TOTAL	**23,356**	**25,291**	**37,883**

(b) Additions to intangible assets

Additions to intangible assets in the year ended December 31, 2019 amounted to €0.4 million (2018: €0.5 million).

(c) Main current and planned investments

In the year ended December 31, 2019 the investments in tangible fixed assets amounted to €10.7 million (2018: €2.9 million) and comprised mainly investments in manufacturing buildings and renewing manufacturing equipment as well as research equipment. At the current Group structure, the 2020 budget concerns tangible fixed assets for an amount of €5.3 million intended for acquiring research equipment and renewing manufacturing equipment, as well as approximately €0.4 million to acquire/develop software, mainly to update software packages used within GMP production. These investments will be mainly financed by own funds.

(1) Source: Valneva Internal information.

1

1.4. Analysis and comments on the activities conducted in 2019

1.4.1. Business development, results and financial position of the Company and Group

(a) Valneva Group (IFRS)

Key financial information

	12 months ended December 31,	
In € thousand	2019	2018
Product Sales	129.5	103.5
Total Revenues	126.2	113.0
Net profit/(loss)	(1.7)	3.3
EBITDA	7.8	13.1
Cash	64.4	81.7

Full Year 2019 Financial review

Revenues

Valneva's total revenues in 2019 were €126.2 million (€136.9 million excluding the GSK SAA termination revenue recognition effect) compared to €113 million in 2018. A net negative effect of €10.7 million was included in Valneva's collaboration and licensing revenues to reflect both the paid as well as the future payment obligations related to the termination of the SAA.

Product sales revenues in 2019 increased to €129.5 million from €103.5 million in 2018, representing year-over-year growth of 25% (22% on a CER basis). Revenues from collaborations and licensing amounted to negative €3.3 million (positive €7.4 million excluding the GSK SAA termination effect) in 2019 compared to €9.6 million in 2018.

Operating result and EBITDA

Costs of goods and services sold (COGS) were €50 million in 2019. Gross margin on product sales amounted to 65.3 % compared to 61.7% in 2018. COGS of €28.3 million related to IXIARO®/JESPECT® sales, yielding a product gross margin of 70%. €14.0 million of COGS related to DUKORAL® sales, yielding a product gross margin of 55.6%. Of the remaining COGS in 2019, €2.8 million related to the Third Party Product distribution business and €4.9 million were related to cost of services. In 2018, overall COGS were €44.4 million, of which €39.7 million related to cost of goods and €4.8 million related to cost of services.

Research and development expenses in 2019 significantly increased to €37.9 million from €25.3 million in 2018. This was driven by planned increased investments into Valneva's clinical stage vaccine candidates. Marketing and distribution expenses in 2019 amounted to €24.1 million, compared to €20.9 million in 2018 as a result of continued investments in Valneva's key markets USA and Canada. In 2019, general and administrative expenses increased to €18.4 million from €16.9 million in 2018. Amortization and impairment charges of fixed assets/intangibles in 2019 amounted to €3.0 million compared to €3.2 million in 2018.

Other income, net of other expenses in 2019 increased to €6.4 million from €4 million in 2018. This increase was driven by increased Research Tax Credit (*Crédit d'Impôt Recherche*) and the income from the CEPI funding, partly offset by expenses related to a potential settlement of the merger litigation.

Valneva realized an operating loss of €0.8 million (operating profit of €9.9 million excluding the GSK SAA termination effect) in 2019 compared to an operating profit of €6.3 million in 2018. EBITDA in 2019 was €7.8 million (€18.5 million excluding the GSK SAA termination effect), compared to an EBITDA of €13.1 million in 2018.

Net result

In 2019, Valneva generated a net loss amounting to €1.7 million (net profit of €9 million excluding the GSK SAA termination effect) compared to a net profit of €3.3 million in 2018.

Finance costs and currency effects in 2019 resulted in a net finance expense of €1.6 million, compared to a net finance expense of €4.million in 2018. The improved net finance result compared to prior year was the result of foreign currency gains incurred during 2019, as well as lower interest expenses following the re-payment of the Biopharma (Pharmakon) loan in early January 2019. Results from investments in associates comprise a €1.6 million profit from Valneva's 48.9% shareholding in BliNK Biomedical SAS.

Cash flow and liquidity

Net cash generated by operating activities in the first nine months of 2019 amounted to €5.5 million compared to €16.3 million in 2018. Cash flow from operating activities included a cash payment of €9 million related to the SAA termination.

Cash outflows from investing activities in 2019 amounted to €10.7 million, compared to €2.9 million in 2018, and resulted primarily from the purchase of equipment.

Cash outflows from financing activities amounted to €7.7 million in 2019 and consisted of €11.7 million repayments of borrowings, €2.5 million of fees related to the private placement of new shares in October 2018, €2.7 million of payments of lease liabilities, €2.6 million of interest paid and also included proceeds from a €10 million disbursement from the European Investment Bank debt facility as well as €1.4 million from a *Banque Publique d'Investissement* loan related to the financing of the Research Tax Credit (*Crédit d'Impôt Recherche*) in France. Cash inflows from financing activities amounted to €30.9 million in 2018 and included €49.3 million proceeds from the private placement in public equity.

Liquid funds on December 31, 2019 stood at €64.4 million compared to €81.7 million on December 31, 2018. The main change was driven by repayment of the legacy Biopharma (Pharmakon) loan in January 2019.

(b) Valneva SE (French GAAP accounts)

The Company's financial statements for the fiscal year 2019 were prepared in accordance with French generally accepted accounting principles as defined by the French accounting standards Committee (*Comité de la réglementation comptable*).

Operating income

Operating income amounted to €6 million at December 31, 2019, up from €3.6 million for the fiscal year 2018.

Revenue amounted to €2.65 million in 2019, compared to €2.14 million in 2018.

Operating grants amounted to €1.6 million in 2019, no grants recorded in 2018.

Other operating income (mainly licensing income) amounted to €1.5 million in 2019, compared to €1.3 million in 2018.

Operating expenses

Operating expenses amounted to €34.1 million at December 31, 2019, compared to €22.8 million for the prior fiscal year.

Purchases of raw materials and external expenses represented €27.2 million in 2019, compared to €15.1 million in 2018. This increase is mainly due to "intercie R&D and services expenses" item.

Staff costs amounted to €5.3 million in 2019, compared to €5.5 million in 2018.

Amortization charges amounted at €1.0 million in 2019, compared to €1.5 million in 2018.

Operating loss from ordinary activities

The operating loss from ordinary activities for the fiscal year 2019 was €-28.1 million, compared to €-19.2 million for the fiscal year 2018.

Net financial expense

Net financial result amounted at €+0.4 million for the fiscal year 2019, compared to €+0.5 million for the fiscal year 2018.

Net exceptional items

Net exceptional items amounted at €-2.1 million in 2019, compared with €0.1 million in 2018.

Corporate income tax

The negative 2019 income tax corresponds to a Research Tax Credit (*Crédit d'Impôt Recherche*) charge of €1.9 million. The negative 2018 income tax corresponded to a Research Tax Credit charge of €1.8 million.

Net loss

Net loss for the fiscal year 2019 was €28 million, compared to €16.8 million in the prior fiscal year.

Fixed assets

Fixed assets increased from €164 million in 2018 to €164.9 million in 2019 (net value).

Current assets

Current assets amounted to €69.5 million in 2019, compared with €75.5 million in 2018.

This increase is mainly due to the decrease in cash position for €4.9 million.

Shareholders' equity

Shareholders equity decreased from €211.8 million at December 31, 2018 to €183.8 million at December 31, 2019. A detailed description is provided in the Notes to the parent entity financial statements for the fiscal year 2019.

Liabilities

Total debt increased by €20.6 million, from €25.5 million at December 31, 2018 to €46.1 million at December 31, 2019.

Total borrowings increased by €9.7 million, from €14.6 million in 2018, to €24.3 million in 2019.

This increase corresponds to the last drawing down of the European Investment Bank loan for €10 million and the payment of loan maturities for €0.2 million. The monetization of the 2018 Research Tax Credit (*Crédit d'Impôt Recherche*) and the repayment of the 2015 Research Tax Credit decreased the debt by €0.1 million.

Operating payables decreased by €2.3 million, from €5.3 million for the fiscal years 2018 to €3 million in 2019.

The decrease is mainly due to an invoice of €2.5 million recorded in December 2018 and paid in January 2019.

Other debts increased by €13.2 million, from €5.5 million at December 31, 2018 to €18.7 million at December 31, 2019. This change reflects the increase of the current accounts with the different Group's subsidiaries (€ 8.9 million) and the recognition of the advance from the CEPI grant (€4.3 million).

Cash

Total cash amounted to €37.8 million at December 31, 2019, compared to €42.7 million on the previous fiscal year. Net cash provided by operating activities represented an outflow of €-14.1 million at December 31, 2018, compared to an outflow of €13.4 million at December 31, 2018, reflecting:

- a €26.3 million outflow in cash flows for the fiscal year 2019;
- a net inflow of €13.2 million from the increase in debt and outflow of €2.1 million from the decrease of trade payable;
- a net inflow in operating receivables of €0.7 million.

Net cash used in investing activities was -€0.1 million in 2019, compared to €2.6 million in 2018. It came mainly from the €2.8 million received in August 2018 from Vaccines Holdings Sweden AB, which reduced the initial contribution of €17 million made to this subsidiary in 2015.

The net cash generated from financing activities amounted to €9.5 million in 2019, compared to €46 million in 2018. This results mainly from the latest drawing of the European Investment Bank loan for €10 million.

Results (and other key aggregates) of the Company for the last five years

	Year ended December 31				
Nature of items	2015	2016	2017	2018	2019
I- CAPITAL AT THE END OF THE YEAR					
Share capital *(in euros)*	11,383,243.14	11,815,935.39	11,816,042.64	13,816,042.74	13,819,938.99
Number of ordinary shares(1)	74,698,099	77,582,714	77,583,714	90,917,048	90,923,298
Maximum number of shares to be created by conversion of bonds	0	0	0	0	0
II- OPERATIONS AND INCOME FOR THE YEAR *(in euros)*					
Revenue excluding tax and financial income	1,512,809.28	3,196,953.12	3,223,001.34	3,876,876	4,641,374
Income before tax employee profit-sharing and depreciation allowance and provisions	(16,009,711.17)	(12,457,638.97)	(16,241,804.98)	(18,567,302.98)	(28,166,330.72)
Tax on profit (income if negative)	(1,850,965)	(1,896,797)	(1,781,781)	(1,727,572)	(1,866,427)
Employee profit-sharing due for the year	0	0	0	0	0
Income after tax employee profit-sharing and depreciation allowance and provisions	(17,619,145.14)	(12,587,988.59)	(15,276,741.54)	(16,847,324)	(27,991,662)
Distributed income	0	0	0	0	0
III- EARNINGS PER SHARE *(in euros)*					
Income after tax and employee profit-sharing, but before depreciation allowances and provisions	(0.19)	(0.14)	(0.19)	(0.19)	(0.29)
Income after tax employee profit-sharing and depreciation allowance and provisions	(0.24)	(0.16)	(0.20)	(0.19)	(0.31)
Dividend per share (indicate if gross or net)	0	0	0	0	0
IV- PERSONNEL					
Average headcount for the period	45	48	46	49	48
Annual payroll *(in euros)*	2,660,294.33	3,095,286.35	3,616,368.82	3,946,840.33	3,682,931.40
Total of amounts paid for social benefits for the year (social security, social welfare programs, etc.) *(in euros)*	1,283,423.61	1,355,866.14	1,496,564.75	1,593,324.98	1,586,429.08

(1) The figures do not include Valneva SE's preferred shares (i.e., i) 17,836,719 preferred shares (ISIN FR0011472943), representing around 1,189,115 Valneva SE's ordinary shares, once the preferred shares are written down to the par value of Valneva SE's ordinary shares, and ii) the convertible preferred shares of the Company (XFCS00X0I9M1), for the total amount of 1,074 with respect to the fiscal years 2015 and 2016, reduced to 789 for the fiscal years 2017 and 2018, then increased to 20,514 during the fiscal year 2019).

1.4.2. Major agreements and partnerships

(a) Strategic Alliance Agreement with GSK

In July 2007, Intercell AG (now Valneva Austria GmbH) and Novartis (now GSK, following the GSK-Novartis asset swap in March 2015) formed a strategic partnership to accelerate innovation in vaccines development for infectious diseases. Valneva granted GSK opt-in rights for the development, manufacturing and commercialization of Valneva's non-partnered novel vaccine targets after the completion of Phase 2 clinical trials (or earlier at GSK's discretion). Valneva retains the right to either co-develop and profit share with GSK, or to receive potential milestones of €120 million after Phase 2 for the remaining development period and royalties tied to sales performance.

On June 20, 2019, Valneva SE announced that GSK and Valneva have decided, by mutual agreement, to end the SAA. Valneva paid €9 million to GSK immediately and will pay up to a further €7 million in milestones relating to marketing approvals of its Lyme vaccine. As a result, Valneva is now fully in control of its main R&D assets including its Lyme vaccine candidate VLA15.

(b) Agreements for Japanese encephalitis vaccine

In 2005, Valneva signed an agreement with the leading Indian biopharmaceutical Company Biological E. Ltd. for the development, manufacturing, marketing and distribution in India and the Indian subcontinent of the Group's Japanese encephalitis vaccine. The product was successfully approved by the Indian regulatory authorities in 2011 under the trade name JEEV®.

At the beginning of April 2014, Valneva SE announced that it had granted vaccine manufacturer Adimmune Corporation certain exclusive rights to its Japanese encephalitis vaccine in Taiwan.

In November 2017, Valneva SE announced the signing of a contract with the US Department of Defense for the supply of IXIARO® to the US Military over a one-year period for a minimum value of $28.2 million and a maximum value of $39.6 million[1].

In January 2019, Valneva SE announced the signing of a new contract with the US Department of Defense for the supply of IXIARO® to the US Military in 2019 and at the beginning of 2020. On January 14, 2020, Valneva announced that the U.S. government Department of Defense had exercised an option to purchase additional doses of IXIARO®, thus bringing the total value of the contract signed with the DoD in January 2019 to $70 million[2].

(c) Agreements and partnerships on EB66® cell line

In March 2015, Valneva SE signed an exclusive license agreement with Jianshun Biosciences Ltd., granting the Chinese company the right to commercialize Valneva's EB66® cell line for the manufacturing of human and veterinary vaccines in People's Republic of China[3].

Among the various EB66® commercial licenses, the partnership with KRM Biologics (GSK's sublicensee, formerly named Kaketsuken), under a license agreement entered into by Vivalis (now Valneva) and GSK in 2007, has the potential for royalty amounts in the event of a pandemic flu crisis or preventative vaccine stock building in Japan.

In 2019, three veterinary vaccines produced with EB66® by licensees Zoetis, Intervet International B.V MSD and Ceva Santé Animale received a marketing authorization in U.S., Europe and Marocco, respectively.

(d) Agreements on IC31®

In March 2004, Intercell AG (now Valneva Austria GmbH) signed a cooperation and license agreement with Statens Serum Institut (SSI) to develop a tuberculosis vaccine using the Company's IC31® adjuvant. The clinical development will be conducted by SSI, while Valneva will receive upfront and milestone payments and share the profits from future product sales.

In January 2015, Valneva SE announced the signing of an exclusive worldwide commercial license agreement with UK company Immune Targeting Systems Ltd. (currently Altimmune Ltd.) for the use of the IC31® Adjuvant in vaccines against Hepatitis B. In January 2019, Altimmune Ltd. reported positive Phase I results for their candidate in combination with IC31®. Milestone payments as well as royalties on future sales of the product will be paid to Valneva if Altimmune Ltd. continues the development of this product in combination with IC31®.

(e) Financial agreements

In December 2013, Valneva SE announced that it had secured a $30 million financing from an investment fund managed by **Pharmakon Advisors** for its Austrian subsidiary Valneva Austria GmbH. The loan, guaranteed by the pledge of the shares of the Company's Austrian and Scottish subsidiaries, and payment to a restricted bank account of sales from Valneva's Japanese encephalitis vaccine IXIARO®/JESPECT® originating from Valneva's commercial partners, has been allocated primarily to grow sales of Valneva's Japanese Encephalitis Vaccine (IXIARO®/JESPECT®), and to finance clinical trials of the Group's vaccine candidates.

(1) See the Press Release published by the Company on November 7, 2017: https://valneva.com/media/press-releases/?y=2017
(2) See the Press Release published by the Company on January 14, 2020: https://valneva.com/media/press-releases/?y=2017
(3) See the Press Release published by the Company on March 17, 2015: https://www.valneva.com/media/press-realeases/?y=2015

The amount of this loan was increased to $41 million, following an additional drawing of $11 million in November 2015 for the purpose of improving the Group's cash position during the commercial transition phase for IXIARO®. This loan, entered into for a period of five years from December 2013, is subject to annual interest of 9.5% (temporarily increased to 10.5% between Q3 2015 and Q3 2016 inclusive) and, as from 2016, to a fee of 3.1% (2.5% for Canada, the United Kingdom, Sweden, Denmark and the US military market) on IXIARO®/JESPECT® vaccine sales revenues. This loan has now been fully paid back (the last repayment occurred at the beginning of January 2019).

In July 2016, Valneva SE announced the signing of a loan agreement with the **European Investment Bank**, providing for up to €25 million in financing. This could be utilized by the Company in one or several tranches until July 12, 2019. Each credit tranche was repayable at the end of a five-year period starting from the drawing date. The loan was secured by collateral (share pledges and/or personal guarantees) over the Company's material subsidiaries.

In total, Valneva drew down €20 million. This loan was fully repaid on March 4, 2020.

In February 2020, Valneva Austria GmbH signed a loan agreement with funds managed by leading US-based healthcare investment firms **Deerfield and OrbiMed**. The transaction included an initial fixed rate (9.95%) straight debt of $60 million and flexible terms that allow the company to draw down an additional $25 million of capital in the 12 months following signature of the loan agreement. The loan includes a minimum revenue covenant (€115 million on a rolling 12-month basis) and is secured by a set of collateral covering most of the Group's assets (real estate mortgages, personal guarantees of Valneva SE and most of the subsidiaries, pledges of shares in subsidiaries, pledges of intellectual property, goodwill, bank accounts and receivables). Repayment of the loan will begin in March 2023 and the loan will mature in March 2026.

(f) Distribution agreements

At the filing date of this Registration Document, the Group has entered into an agreement with Seqirus UK Limited for the distribution of Seqirus' flu vaccines (FLUAD®, and FLUCELVAX TETRATM) on the Austrian market, and into an agreement with Kamada fo the distribution of Kamada's rabies vaccine KamRAB™ in Canada.

At the filing date of this Registration Document, the Group has entered into distribution agreements for IXIARO® and/or DUKORAL® with approximately 15 distributors, including (a) GSK, for distribution of IXIARO® and DUKORAL® in Germany and Austria, and for IXIARO® in France, (b) Medic Italia S.r.l. for distribution of IXIARO® and DUKORAL® in Italy, (c) Seqirus, for distribution of JESPECT® and DUKORAL® in Australia, New Zealand and certain Pacific region territories.

(g) Agreement on Zika vaccine

In July 2017, Valneva SE announced the signing of an agreement by which Emergent Biosolutions, Inc. received an exclusive worldwide license for Valneva's Zika vaccine technology. The parties will share all costs until the availability of Phase 1 data in the United States. Valneva and Emergent initiated the Phase 1 clinical trial in the United States in February 2018 and announced positive interim data in November 2018. On October 31, 2019, Valneva anounced that it had regained all rights to this vaccine candidate, following Emergent Biosolutions' decision to focus its resources on other programs after its acquisition of PaxVax and to not exercise its option to continue with product development after Phase 1[(1)].

(h) Partnership with Hookipa

On December 6, 2018, Valneva Sweden AB, the Swedish subsidiary of Valneva SE, and HookipaPharma Inc., announced that they had entered into a three-year collaboration and manufacturingagreement. Under the terms of the agreement, Valneva Sweden AB provides analytical services, developes process scale-up and produce Good Manufacturing Practices clinical trial material to support thedevelopment of new immunotherapies based on Hookipa's Vaxwave® and TheraT® arenavirus vectortechnologies. In return, Valneva Sweden AB receives fixed and success-based service fees. The agreement may be extended beyond three years..

(i) Trademark coexistence agreement with Boehringer Ingelheim

In 2014, Boehringer Ingelheim International GmbH initiated three opposition procedures against the trademark VALNEVA in Brazil, European Union and Germany, on the grounds of its own trademark VAHELVA. These oppositions were withdrawn following the signature, on July 28, 2016, of a Prior Rights Agreement between Valneva and Boehringer. As part of this agreement, Valneva committed itself not to use the trademark "VALNEVA" as a product name or as part of a product name, but is able to use it as a trade name, house mark or manufacturer's brand.

(1) See the Press Release published by the Company on October 31, 2019: https://valneva.com/media/press-releases/?y=2019

1.4.3. Analysis of full-year results

Financial information presented in this Section concerns the fiscal year 2019. The 2019 consolidated financial information presented below include information relating to three fiscal years 2017, 2018 and 2019.

Please read the present analysis of the financial position and results of Valneva for the fiscal years 2017, 2018 and 2019 along with the Group's consolidated financial statements and the related Notes[1].

(a) Comparison of consolidated revenues and grants for the full years 2017, 2018 and 2019

Revenues[2]

The following table presents the major components of Valneva's revenues for the years ended December 31, 2017, 2018 and 2019[3]:

	Year ended December 31,			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
Product sales	129,511	103,476	92,619	26,034	25.2
Revenues from collaborations and licensing	(3,315)	9,559	12,672	(12,541)	(>100)
TOTAL REVENUES	**126,196**	**113,035**	**105,291**	**13,161**	**11.6**

Between 2018 and 2019: Valneva's aggregate revenues increased by €13.2 million, or 11.6% from €113 million in the year ended December 31, 2018 to €126.2 million in the year ended December 31, 2019. This increase was a result of strong growth of IXIARO® product sales, partly offset by a net negative effect of €10.7 million of negative revenues to reflect both the paid as well as the future payment obligations related to the termination of the GSK SAA.

Between 2017 and 2018: Valneva's aggregate revenues increased by €7.7 million, or 7.4%, from €105.3 million in the year ended December 31, 2017 to €113 million in the year ended December 31, 2018. This increase was a result of strong growth of IXIARO®/JESPECT® and DUKORAL® product sales, partly offset by a reduction of revenues from collaborations and licensing.

Total revenues by business segment

The following table presents the revenues by business segment for the years ended December 31, 2017, 2018 and 2019[4]:

	Year ended December 31,			Change 2019	
In € thousand	2019	2018	2017	Absolute	In %
Commercialized vaccines	129,674	103,650	92,887	26,024	25.1
Vaccine candidates	(10,516)	2,633	3,422	(13,148)	(499.4%)
Technologies and services	7,038	6,752	8,982	285	11.6
TOTAL REVENUES	**126,196**	**113,035**	**105,291**	**13,161**	**11.6**

Product sales

Between 2018 and 2019: IXARO®/JESPECT® product sales contributed €94.3 million to revenues in 2019 compared to €69.6 million in 2017, representing a 35.4% growth.

This increase was largely driven by demand in the United States, mainly on the military market but as well as on the private market. In additional countries for increased IXIARO®/JESPECT® product sales have been Canada and Germany. DUKORAL® product sales contributed €31.5 million in 2019, representing a growth of €1.1 million, or 3.5% compared to the year 2018. The increase was driven by strong sales performance in Canada, which was slightly offset by product sales to European countries other than Germany. Third party product sales for the year 2019 increased to €3.9 million from €3.5 million in the year 2018, due to increased sales of influenza vaccines.

(1) See Section 4.1 of this URD.
(2) "Grant income" was reclassified from the position "Revenue and Grants" and inclued in "Other income /expense" for periods starting January 1, 2018. The comparable periods were adjusted accordingly to maintain the comparability.
(3) Source: Audited annual consolidated financial statements of Valneva SE for the years ended December 31, 2017, 2018 and 2019.
(4) *Idem.*

Between 2017 and 2018: IXIARO®/JESPECT® product sales contributed €69.6 million to revenues in 2018 compared to €60 million in 2017, representing 15.9% growth. The increase was largely driven by demand in the United States, including in the private market where Valneva has taken direct control of sales and marketing. There was also a strong increase in IXIARO® sales in Canada in 2018 compared to 2017. DUKORAL® sales contributed €30.4 million to 2018 product sales, representing growth of €1.9 million, or 6.5% compared to the year 2017. The increase was largely driven by strong sales performance in Canada. Third party product sales for the year 2018 decreased to €3.5 million from €4 million in the year 2017, due to the fact that several GSK vaccines were no longer marketed by Valneva.

2017 – 2018 – 2019: as a percentage of total revenues, product sales represented 102.6% in the year ended December 31, 2019, 91.5% in the year ended December 31, 2018, compared to 81.9% in the year ended December 31, 2017.

The following table presents the Group's regional breakdown for product sales for the years ended December 31, 2017, 2018 and 2019[1]

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
France	1,430	1,759	1,702	(329)	(18.7)
Europe excluding France	36,165	33,585	31,605	2,580	7.7
North America(*)	88,097	63,209	53,820	24,888	39.4
Other markets(**)	3,819	4,924	5,493	(1,105)	(22.4)
TOTAL PRODUCT SALES	**129,511**	**103,476**	**92,619**	**26,034**	**25.2**

(*) "North America" refers to the United States of America and to Canada.
(**) "Other markets" refers to rest of world.

Revenues from collaborations, licensing and services

Between 2018 and 2019: revenues from collaborations and licensing decreased by €12.9 million, or 134.7%, from €9.6 million in 2018 to €-3.3 million in the year 2019. A net negative effect of €10.7 million was included in Valneva's collaboration and licensing revenues to reflect both the paid as well as the future payment obligations related to the termination of the SAA.

Between 2017 and 2018: revenues from collaborations and licensing decreased by €3.1 million, or 24.6%, from €12.7 million in 2017 to €9.6 million in the year 2018.

2017 - 2018 - 2019: as a percentage of total revenues, revenues from collaborations and licensing were -2.6% in the year ended December 31, 2019, 8,5% in the year ended December 31, 2018 and 11.2% in the year ended December 31, 2017.

The following table presents the business segment breakdown of revenue from collaborations, licensing and services for the years ended December 31, 2017, 2018 and 2019 [1]:

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
Commercialized vaccines	163	174	268	(11)	(6.1)
Vaccine candidates	(10,516)	2,633	3,422	(13,148)	(>100)
Technologies and services	7,038	6,752	8,982	285	(4.2)
TOTAL REVENUES FROM COLLABORATIONS, LICENSING AND SERVICES	**(3,315)**	**9,559**	**12,672**	**(12,874)**	**(134.7)**

(1) Source: Valneva internal information.

The following table presents the geographic breakdown of revenue from collaborations, licensing and services for the years ended December 31, 2017, 2018 and 2019[1]:

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
France	435	477	406	(42)	(8.9)
Europe excluding France	(5,097)	6,733	8,836	(11,830)	(>100)
North America[(1)]	292	1,625	2,484	(1,332)	(82.0)
Other markets[(2)]	1,054	723	945	331	45.8
TOTAL REVENUES FROM COLLABORATIONS, LICENSING AND SERVICES	**(3,315)**	**9,559**	**12,672**	**(12,874)**	**(134.7)**

(1) "North America" refers to the United States of America and to Canada.
(2) "Other markets" refers to rest of world.

(b) Comparison of consolidated income statement for the full year of 2017, 2018 and 2019

	Year ended December 31					
	2019		2018		2017	
	In € thousand	% of revenues	In € thousand	% of revenues	In € thousand	% of revenues
Product sales	129,511	102.6	103,476	91.5	92,619	88
Revenues from collaborations, licensing and services	(3,315)	(2.6)	9,559	8.5	12,672	12
Revenues	**126,196**	**100**	**113,035**	**100**	**105,291**	**100**
Cost of goods and services	(49,968)	(39.6)	(44,448)	(39.3)	(45,979)	(43.7)
Research and development expenses	(37,883)	(30)	(25,291)	(22.3)	(23,356)	(22.2)
Marketing and distribution expenses	(24,145)	(19.1)	(20,930)	(18.5)	(17,875)	(17)
General and administrative expenses	(18,398)	(14.6)	(16,932)	(15.0)	(15,545)	(14.8)
Other income and expenses, net	6,338	5	4,004	3.5	4,240	4
Amortization and impairment of fixed assets/intangibles	(2,952)	(2.3)	(3,177)	(2.8)	(10,731)	(10.2)
Operating profit/(loss)	**(811)**	**(0.6)**	**6,261**	**5.5**	**(3,954)**	**(3.8)**
Financial income	1,449	1.1	178	0.2	72	0.1
Financial expense	(3,082)	(2.4)	(4,209)	(3.8)	(8,678)	(8.2)
Result from investments in associates	1,574	1.2	1,112	1.0	-	-
PROFIT/(LOSS) BEFORE INCOME TAX	**(870)**	**(0.7)**	**3,351**	**3.0**	**(12,560)**	**(11.9)**
Income tax	(874)	(0.7)	(88)	(0.1)	1,078	1
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(1,744)**	**(1.4)**	**3,264**	**2.9**	**(11,482)**	**(10.9)**

Cost of goods and services

2019: COGS amounted to €50.0 million in 2019 of which €28.3 million related to IXIARO® yielding a product gross margin of 70.0%. €14.0 million of COGS are related to DUKORAL® sales, yielding a gross margin of 55.6%. Of the remaining 2019 COGS, €2.8 million related to the third party product distribution business and €4.9 million related to cost of services.

2018: COGS amounted to €44.4 million in 2018 of which €23.6 million related to IXIARO® sales, yielding a product gross margin of 66.2%. €13.7 million of COGS are related to DUKORAL® sales, yielding a gross margin of 54.8%. Of the remaining 2018 COGS, €2.4 million related to the third party

(1) Source: Valneva internal information.

product distribution business and €4.8 million related to cost of services.

2017: COGS were €46.0 million, leading to an overall gross margin of 56.3%. €21.7 million in COGS were related to IXIARO®/JESPECT® sales, yielding a product gross margin of 64.1%, and €15.2 million were related to DUKORAL® sales, yielding a product gross margin of 46.7%. Of the remaining COGS for full year 2017, €2.8 million were related to the third party product distribution business and €6.3 million were related to cost of services

2017 – 2018 - 2019: as a percentage of total revenues, the Group's COGS were 39.6% in the year ended December 2019, 39.3%in the year ended December 31, 2018, and 43.7% in the year ended December 31, 2017.

Research and development expenses

Between 2018 and 2019: the Group's research and development expenses for the year 2019 reached €37.9 million, representing a significant increase by €12.6 million or 49.8% from €25.3 million in 2018. This was driven by planned increased investments into Valneva's clinical stage vaccine candidates.

Between 2017 and 2018: the Group's research and development expenses for the year 2018 reached €25.3 million, representing a slight increase compared to 2017 R&D expenses of €23.4 million. This was driven by planned increased investments into Valneva's clinical stage vaccine candidates.

2017 – 2018 - 2019: as a percentage of total revenues, the Group's research and development expenses were 30.0% in the year ended December 2019, 22.3% in the year ended December 31, 2018, and 22.2% in the year ended December 31, 2017.

The following table presents the major components of the research and development expenses for the years ended December 31, 2016, 2017 and 2019[(1)]:

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
Employee benefit expense	(13,686)	(11,741)	(10,775)	(1,945)	16.6
Raw materials and consumables used	(2,250)	(1,659)	(1,903)	(591)	35.6
Consulting and other purchased services	(18,741)	(10,334)	(8,857)	(8,406)	81.3
License fees	(136)	(452)	(450)	316	(69.9)
Building and energy expenses	(4,935)	(4,056)	(4,572)	(879)	21.7
Depreciation, amortization and Impairment	(1,068)	(1,007)	(1,150)	(61)	6
Other expenses	(3,493)	(2,774)	(2,530)	(720)	25.9
Less: amounts capitalized as inventory	6,425	6,732	6,880	(307)	(4.6)
RESEARCH AND DEVELOPMENT EXPENSES	**(37,883)**	**(25,291)**	**(23,356)**	**(12,592)**	**49.8**

Marketing and distribution expenses

Between 2018 and 2019: marketing and distribution expenses in 2019 amounted to €24.1 million compared to €20.9 million in 2018. This increase was a result of continued investments in Valneva's key markets USA and Canada.

Between 2017 and 2018: marketing and distribution expenses in 2018 amounted to €20.9 million compared to €17.9 million in 2017. This increase was mainly a result of investment in the US private commercial operations combined with further investment in certain other markets.

2017 – 2018 - 2019: as a percentage of total revenues, the Group's marketing and distribution expenses were 19.1% in the year ended December 2019, 18.5% in the year ended December 31, 2018, and 17.0% in the year ended December 31, 2017.

(1) Source: Valneva internal information.

The following table presents a breakdown of the major marketing and distribution expenses for the years ended December 31, 2017, 2018 and 2019[(1)]:

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
Employee benefit expense	(7,202)	(7,016)	(5,658)	(186)	2.7
Consulting and other purchased services	(2,227)	(2,156)	(1,707)	(71)	3.3
Marketing and advertising expense	(6,776)	(5,719)	(4,998)	(1,057)	18.5
Warehousing and distribution expense	(3,013)	(2,857)	(2,676)	(156)	5.5
Depreciation, amortization and Impairment	(98)	(18)	(79)	(79)	>100
License fees	(947)	(657)	(465)	(290)	44.2
Other expenses	(3,882)	(2,507)	(2,290)	(1,375)	54.8
TOTAL MARKETING AND DISTRIBUTION EXPENSES	**(24,145)**	**(20,930)**	**(17,875)**	**(3,215)**	**15.4**

General and administrative expenses

Between 2018 and 2019: general and administrative expenses in 2019 amounted to €18.4 million compared to €16.9 million in 2018. This increase was primarily driven by non-cash charges for the Company's share payment plans and increased workforce.

Between 2017 and 2018: general and administrative expenses in 2018 amounted to €16.9 million, compared to €15.5 million in 2017. This increase was primarily driven by non-cash charges for the Company's new share option program.

2017 – 2018 - 2019: as a percentage of total revenues, the general and administrative expenses were 14.6% in the year ended December 31, 2019, 15.0% in the year ended December 31, 2018, and 14.8% in the year ended December 31, 2017.

The following table presents the major components of general and administrative expenses for the years ended December 31, 2017, 2018 and 2019[(2)]:

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
Employee benefit expense	(10,950)	(9,716)	(7,489)	(1,234)	12.7
Consulting and other purchased services	(5,033)	(4,864)	(6,225)	(170)	3.5
Depreciation, amortization and Impairment	(314)	(136)	(132)	(178)	130.5
Other expenses	(2,101)	(2,216)	(1,699)	115	(5.2)
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**(18,398)**	**(16,932)**	**(15,545)**	**(1,466)**	**8.7**

Other operating income and expenses, net

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

Between 2018 and 2019: the Group's other income and expenses, net, increased by €2.3 million, from €4.0 million net other income in the year ended December 31, 2018 to net other income of €6.3 million in the year ended December 31, 2019. This increase was driven by increased R&D tax credit and the income from the CEPI funding, partly offset by expenses related to a potential settlement of the merger litigation.

Between 2017 and 2018: the Group's other income and expenses, net, changed by €0.2 million, from net other income of €4.2 million in the year ended December 31, 2017 to net other income of €4.0 million in the year ended December 31, 2018.

(1) Source: Valneva internal information.
(2) *Idem.*

The following table presents the major components of the Group's other income and expenses, net for the years ended December 31, 2017, 2018 and 2019[(1)]:

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
Taxes, duties, fees, charges, other than income tax	(146)	(132)	(213)	(14)	10.4
Gains/losses on sale of fixed assets and assets for held for sale, net	(92)	(7)	0	(86)	>100
R&D tax credits and grants	8,200	4,274	4,463	3,926	91.9
Other income/(expenses)	(1,623)	(132)	(9)	(1,491)	>100
OTHER INCOME AND EXPENSES, NET	**6,338**	**4,004**	**4,240**	**(2,335)**	**58.3**

Amortization and impairment of fixed assets/intangibles

Between 2018 and 2019: amortization and impairment of fixed assets/intangibles decreased by €0.2 million from €3.2 million in the year ended December 31, 2018, to € 3.0 million in the year ended December 31, 2019. In the year 2019 an impairment of €0.1 million was included regarding the ZIKA intangible.

Between 2017 and 2018: amortization and impairment of fixed assets/intangibles decreased by €7.6 million from €10.7 million in the year ended December 31, 2017, to €3.2 million in the year ended December 31, 2018. The reduction resulted from re-assessment of the lifetime of IXIARO®/JESPECT®-related intangible assets, driven by patent extensions in both Europe and the US (lifetime extended from 15 to 23.75 years). Furthermore, 2017 included a one-time non-cash impairment charge amounting to €3.6 million related to Valneva's Phase 3-ready *Clostridium difficile* vaccine candidate.

Finance income/(expense), net

Between 2018 and 2019: net finance expenses decreased by €2.4 million, from €4.0 million in the year ended December 31, 2018 to €1.6 million in the year ended December 31, 2019. The improved net finance result compared to prior year was the result of foreign currency gains incurred during 2019, as well as lower interest expenses following the re-payment of the Biopharma (Pharmakon) loan in early January 2019

Between 2017 and 2018: net finance expenses decreased by €4.6 million, from €8.6 million in the year ended December 31, 2017 to €4.0 million in the year ended December 31, 2018. The reduced net finance expense compared to the prior year was partly the result of lower interest expenses from continued loan re-payments and foreign currency related losses incurred during 2017.

(1) Source: Valneva internal information.

The following table presents the major components of financial income/(expenses), net, for the years ended December 31, 2017, 2018 and 2019[1]:

	Year ended December 31			Change 2019	
In € thousand	2019	2018	2017	In euros	In %
Financial income					
Interest income from bank deposits and other	199	178	72	106	11.9
Change in fair value of financial assets and liabilities	-	85	-	85	(100)
Net foreign exchange gain	1,250	-	-	1,250	n.a.
	1,449	**178**	**72**	**191**	**>100**
Finance expense					
Interest expense to banks and government agencies	(331)	(382)	(198)	51	(13.3)
Interest expense to other	(1,376)	(3,407)	(4,862)	2,031	(59.6)
Interest expense on RoU assets according to IFRS16	(926)	-	-	(926)	
Change in fair value of financial assets and liabilities	(449)	(29)	(93)	(335)	>100
Net foreign exchange loss	-	(392)	(3,526)	1,212	(100)
	(3,082)	**(4,209)**	**(8,678)**	**392**	**(28.2)**
TOTAL FINANCE INCOME/(EXPENSE), NET	**(1,633)**	**(4,032)**	**(8,606)**	**2,398**	**(59.5)**

Result from investments in associates

Between 2018 and 2019: results from investements in associates amounted to €1.6 million in the year ended December 31, 2019 compared to €1.1 million in 2018 and resulted from Valneva's 48.9% shareholding in BliNK Biomedical SAS.

Between 2017 and 2018: results from investments in associates amounted to €1.1 million in the year ended December 31, 2018 compared to zero in 2017.

Income tax income/(expense)

Between 2018 and 2019: income tax expense amounted to €0.9 million in the year ended December 31, 2019, compared to €0.1 million in the year ended December 31, 2018

Between 2017 and 2018: income tax expense amounted to €0.1 million in the year ended December 31, 2018, compared to income tax income of €1.1 million in the year ended December 31, 2017. In 2017, a deferred tax asset was recognized arising from net operating losses in a subsidiary.

(1) Source: Valneva internal information.

1.4.4. Group's business trends and outlook

(a) Trends

Valneva reported strong financial results in 2019.

The Company's product sales revenue increased to €129.5 million in 2019, representing 25% growth (22% at CER).

Total revenues were €136.9 million in 2019 excluding the negative revenue recognition impact of the termination of the GSK Strategic Alliance Agreement. Including the GSK SAA termination effect, total revenues were €126.2 million in 2019.

Valneva's gross margin on product sales revenues was 65.3% in 2019.

EBITDA was €18.5 million in 2019 excluding the effect of the GSK SAA termination. Including the GSK SAA termination effect, EBITDA was €7.8 million

R&D investment was €37.9 million in 2019.

Valneva reported a strong cash position of €64.4 million at the end of December 2019.

(b) Significant post-closing events

Please refer to the Section "Recent events" of this URD[1].

(c) Goals 2020

As part of the management of its activities, Valneva prepares operational and financial targets for the current and subsequent fiscal years.

When preparing its targets, the Company's Management Board uses the same accounting rules as for its IFRS-compliant financial statements.

Based on information currently available and on uncertainties related to the COVID-19 outbreak and its impact on the travel market, Valneva has set the following financial targets for 2020:

- As the provider of two travel vaccines, one against Japanese encephalitis and one against cholera/ETEC, the Company expects that its 2020 revenues may be adversely affected. The Group estimates that 2020 product sales revenues could be impacted by between €20 million and €40 million (compared to guidance of €125 million to €135 million announced previously). First-quarter sales 2020 will not be materially adversely affected as the impact of the COVID-19 crisis did not affect its major markets until March.
- This reduction in product sales revenue, offset by the likely delay in chikungunya Phase 3 initiation and therefore delay of initial Phase 3 costs, may lead to negative EBITDA of up to €50 million in 2020 compared to earlier guidance of negative EBITDA of up to €35 million.
- While uncertainty remains around the duration, severity and geographic scope of the COVID-19 outbreak, the Group is well positioned to deal with the crisis. At the end of December 2019, Valneva reported cash of €64.4 million and, in February 2020, the Group announced an $85 million debt financing arrangement; the Company has drawn $45 million from this facility to date. Valneva is also well placed to take cost management measures if required and has commenced a review of non-mission critical projects and expenses. Excluding further cost containment measures, national government support mechanisms and Lyme partnering but including full draw down of the $85 million debt facility, the cash position at the end of 2020 could be in the range of €35 million to €40 million.

Major R&D milestones expected in 2020

The Group expects to announce major milestones for its two unique vaccine candidates against Lyme disease and chikungunya:

- First Phase 2 results for Lyme disease vaccine candidate VLA15 expected mid-2020[2];
- Signing of a partnering deal for late stage development and future commercialization of VLA15 in 2020;
- Phase 3 initiation for VLA1553 as soon as the COVID-19 situation permits. Currently, the Group's assumption is that it may start Phase 3 in the fourth quarter of this year, representing approximately a delay of 3 to 6 months compared to its original plans.

These targets and the envisioned achievements described above have been based on forward-looking data and, as such, are subject to uncertainties, especially in the current context of COVID-19. The success of the Group's strategy and action plan, its revenue and/or financial position may differ from the targets presented above, namely in the event of the occurrence of one of the risks described in the Section "Risks Factors"[3] or any other risk not thus far identified.

(1) See Section 1.1.3.
(2) See Section 1.1.3 (b) of this URD.
(3) See Section 1.5 of this URD.

1.4.5. Liquidity and capital resources

Liquid funds at December 31, 2019 amounted to €64.4 million (compared to €81.7 million at the end of December 2018) and consisted of cash and cash equivalents.

(a) Capital resources

The Group funds its operations primarily through equity and secured debt.

At December 31, 2019, the Group's borrowings amounted to €85.2 million, of which €19.8 million were bank borrowings, €58.9 million finance lease liabilities and €6.6 million other liabilities. €80.9 million of the Group's borrowings had a maturity of more than one year.

In July 2016, Valneva SE announced the signature of a loan agreement with the European Investment Bank and made successive drawings of up to €20 million. This loan was fully repaid in advance on March 4, 2020[1].

In addition, Valneva SE raised €50 million of gross proceeds in a private placement of its ordinary shares in 2018. A total of 13,333,334 new shares, par value €0.15 each, were placed with new and existing investors. The offering proceeds raised are used to pursue the clinical development of the Group's pipeline candidates, notably its vaccine candidates against Lyme and chikungunya, as well as for working capital and general corporate purposes.

In February 2020, Valneva announced the signature of a loan agreement with funds managed by leading US-based healthcare investment firms, Deerfield and OrbiMed[2].

Finnaly, in December 2013, Valneva SE also secured a $30 million financing from an investment fund managed by Pharmakon Advisors for its Austrian subsidiary Valneva Austria GmbH. This loan has now been fully paid back (the last repayment occurred at the beginning of January 2019).

*

For additional information on the Company's capital resources and borrowings to finance its activities, please refer to the Group's consolidated financial statements for the fiscal year 2019[3].

(b) Cash flow

The following table sets forth the Group's condensed cash flow information for the years ended December 31, 2018 and 2019:

(In € thousand)	Year ended at December 31, 2019	2018
NET CASH USED IN OPERATING ACTIVITIES		
Net cash generated from operating activities	**5,529**	**16,306**
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash used in investing activities	**(10,685)**	**(2,917)**
NET CASH GENERATED FROM FINANCING ACTIVITIES		
Proceeds from the issuance of ordinary shares, net of costs of equity transactions	(2,484)	49,286
Disposal/(Purchase) of treasury shares	21	(23)
Proceeds from borrowings	11,781	1,418
Repayment of borrowings	(11,684)	(15,571)
Payment of lease liabilities	(2,709)	
Interest paid	(2,621)	(4,165)
Net cash generated from/(used in) financing activities	**(7,696)**	**30,945**
Cash and cash equivalents at end of the period	**64,439**	**77,084**
CASH, CASH EQUIVALENTS AND SHORT-TERM DEPOSITS AT END OF THE YEAR	**64,439**	**81,725**

Net cash generated from operating activities in 2019 amounted to €5.529 million compared to €16.3 million in 2018 and resulted primarily from the positive 2019 EBITDA, but partly offset by an increase in working capital.

(1) See Section 1.4.2 (e).
(2) *Idem.*
(3) See Notes 23 and 25, in Section 4.1.5 of this URD.

Net cash used in investing activities amounted to €10.7 million in 2018 (compared to €2.9 million in 2018) and are primarily arising from purchases tangible and intangible assets.

Net cash used in financing activities in 2019 amounted to €7.7 million (compared to net cash generated from financing activities of €30.9 million in 2018) and primarily included net costs of equity transactions of €2.5 million related to the issuance of common stock in 2018, payment of lease liabilities of €2.7 million and interest of €2.6 million).

For additional information on the Company's cash flow at December 31, 2019, please refer to the Group's consolidated financial statements for the fiscal year 2019[1].

(c) Funding requirements and anticipated financing sources

For the foreseeable future, the Group's funding requirements will primarily consist of research and development relating to the development and commercialization of its core technologies and product candidates currently in the product pipeline. The Group expects to make substantial investments in research and development in order to realize the value of its technologies and product candidates. These investments will require a substantial portion of any profits that the Group may receive from the sales of its commercial IXIARO®/JESPECT® and DUKORAL® vaccines. The Group intends to fund its future investment needs from its current liquid reserves and from proceeds of equity and debt financing activities, as reasonable.

1.4.6. Proposed appropriation of earnings

After deducting all expenses, taxes, depreciation and amortization expenses, the parent entity financial statements for the fiscal year 2019[2] show a loss of €27,991,662.49.

The Company proposes to appropriate this loss of €27,991,662.49 to the accumulated deficit that would be thus increased from € - 121,047,091.41 to € -149,038,753.90.

1.4.7. Disallowed tax deductions

In compliance with Article 223 *quater* and 223 *quinquies* of the French General Tax Code, the Company informs that the 2019 financial statements do not include any nondeductible expenses as referred to in Articles 39.4 and 39.5 (subsection 10) of the French General Tax Code, except those regarding excess lease payments on passenger vehicle that are not deductible from taxable income in the amount of €9,235.

(1) See the cash flow statement table in Section 4.1.3, and Note 31 to the Group's consolidated financial statements, in Section 4.1.5 of this URD.
(2) See Section 4.3 of this URD.

1.4.8 Suppliers and customers' payment terms

In accordance with paragraph 9 of Article L. 441-6, I of the French Commercial code, according to the terms agreed upon by the parties, invoices payable must be settled within a period not exceeding 60 days from their date of issuance. By way of exception, the parties may agree to a payment period of not more than forty-five days from the end of the month in which the invoice was issued, provided that this period is expressly stipulated by agreement and is not grossly unfair to the creditor. In case of summary invoice, with the meaning of Article 289, I,3° of the French General Tax Code, the payment period agreed upon by the parties shall not exceed forty-five days from the invoice's date of issuance.

Suppliers and customers' payment terms 2019

	Article D. 441 I.-1: Invoices received but not paid at the end of the fiscal year and whose payment is due						Article D. 441 I.-2: Invoices issued but not paid at the end of the fiscal year and whose payment is due					
	0 day *(information only)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total *(1 day and more)*	0 day *(information only)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total *(1 day and more)*
(A) Late payment categories												
Number of invoices concerned	137					23	8					2
Total amount for such concerned invoices *(in euros, before tax)*	352,113.69	127,446.10	(4,256.38)	0	1,970	125,159.72	31,892.43	6,626.67	0	0	0	6,626.67
Percentage of the total purchase amount (before tax) of the fiscal year	4.94%	1.79%	(0.06%)	0%	0.03%	1.76%						
Percentage of the revenues (before tax) of the fiscal year							1.89%	0.39%	0%	0%	0%	0.39%
(B) Invoices not accounted in (A) and related to litigious or non-accounted debts and credits												
Number of invoices excluded	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total amount for such excluded invoices *(in euros, before tax)*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
(C) Payment terms used as reference (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial code)												
Payment terms used for the calculation of late payments	- Contractual terms: 30 days or upon receipt of invoice. - Legal terms: see above the preliminary text of this Section.						- Contractual terms: 30 days or upon receipt of invoice. - Legal terms: see above the preliminary text of this Section.					

Suppliers and customers' payment terms 2018

	Article D. 441 I.-1: Invoices received but not paid at the end of the fiscal year and whose payment is due						Article D. 441 I.-2: Invoices issued but not paid at the end of the fiscal year and whose payment is due					
	0 day *(information only)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total *(1 day and more)*	0 day *(information only)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total *(1 day and more)*
(A) Late payment categories												
Number of invoices concerned	148					34	9					6
Total amount for such concerned invoices *(in euros before tax)*	449,372.40	2,585,303.92	0	0	146,077.51	2,731,381.43	65,888.80	59,066.37	50,199.90	0	0	109,266.27
Percentage of the total purchase amount (before tax) of the fiscal year	5.67%	32.64%	0%	0%	1.84%	34.49%						
Percentage of the revenues (before tax) of the fiscal year							4.11%	3.68%	3.13%	0%	0%	6.81%
(B) Invoices not accounted in (A) and related to litigious or non-accounted debts and credits												
Number of invoices excluded	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total amount for such excluded invoices *(in euros, before tax)*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
(C) Payment terms used as reference (contractual or legal – Article L. 441-6 or Article L. 443-1 of the French Commercial code)												
Payment terms used for the calculation of late payments	- Contractual terms: 30 days or upon receipt of invoice. - Legal terms: see above the preliminary text of this Section.						- Contractual terms: 30 days or upon receipt of invoice. - Legal terms: see above the preliminary text of this Section.					

1.4.9. Statutory disclosure of prior dividend distributions

In compliance with Article 243 *bis* of the French General Tax Code, the Company reminds that it has paid no dividend since its creation.

1.5. Risk factors

The global environment in which the Group operates exposes the organization to certain risks. To minimize the consequences, the Group must implement an increasingly demanding and thorough policy to control and manage these risks.

Some of the major risks to which the Group is exposed are described below. However, this is not an exhaustive and all too general list of all of the Group's risks taken in the context of its business or in consideration of its environment. The risks presented below are those that have been identified to date as being both significant and specific to the Group, and whose occurrence could have a major adverse effect on its business, financial situation and/or results. The risks identified as the most significant, taking into account both their likelihood and their impact, after application of mitigation measures, are indicated below by the letter M (major risks)

1.5.1. Specific risks relating to the Group's business

(a) Risks relating to production and distribution (M)

The Group's manufacturing facilities in Livingston, Scotland, and Solna, Sweden, plays and will play an important role in driving revenue growth and controlling production costs. The manufacture of biological material is a complex undertaking and technical problems may occur. The Group may experience delays, fail to successfully manufacture, or experience capacity shortfalls for the manufacture of its vaccines and regulatory requirements and/or meet market demand. The manufacture of biological material is subject to detailed regulations and routine inspections. It is impossible to predict the changes that regulatory authorities may require during the life cycle of a new vaccine. Such changes may prove costly and affect the Group's sales as well as its sales forecasts. Failure to comply with Good Manufacturing Practices, Good Distribution Practices or other regulatory requirements could lead to the suspension or revocation of production or distribution licenses, and impede the provision of products by the Group. The risk of suspension or revocation of a production or distribution license also exists for third parties with whom the Group has entered into manufacturing, supply or distribution agreements.

The Group's production facility in Livingston, Scotland, is the sole producer of the Japanese encephalitis vaccine. The Group's production facility in Solna, Sweden, is the sole producer of the DUKORAL® vaccine. Were one of the sites to be destroyed or seriously damaged by fire or by any other event, the Group might not be able to produce the vaccine in question which could lead to considerable losses. If a subcontractor or a logistic supplier's site could no longer be effective, owing to an accident, a natural disaster or a failure to comply with applicable regulations, the Group may not be able to supply one of its vaccines for several months, and consequently, would face considerable losses. In addition, the Group's activity requires the use of hazardous materials, thereby increasing the Group's exposure to dangerous and costly accidents that could bring about accidental contamination, personal injury, or environmental impacts. The Group is subject to strict environmental and safety standards, in addition to other laws and regulations, which could generate compliance costs that may adversely affect the performance of the Group and its financial position.

(b) Risks related to the quality and availability of products and services delivered by suppliers

The development and success of the Group's commercialized vaccines and vaccine candidates are dependent on the performance of third-party manufacturers and contracting parties. The quality and availability of goods, equipment and services supplied by these third parties are key to the Group´s development and sustainability.

The Group is just one of the customers of these suppliers. If one of them, for commercial, strategic or other reasons, were no longer to offer a given material, product or service or no longer to produce or provide it in sufficient quantities or to a standard of quality required by the Group, manufacturing and sale of the Group's products, including product candidates, could be prevented, limited or delayed. This in turn would have a material adverse effect on the Group's activities, financial situation and earnings. For example, fetal bovine serum, a critical and scarce raw material used in the manufacturing of the Japanese encephalitis vaccine, may not be available in the required quantities in the future.

(c) Risks relating to safety concerns affecting the development or marketing of Group products

Safety concerns, including serious adverse events occurring during the clinical development or commercialization of the Group's products, could be negatively viewed by investors, consumers or other market participants, and in this way adversely affect the Group's reputation and contribute to a decline in the share price, or adversely affect the Group's business, sales, financial position, operating results and prospects.

(d) Risks related to the use of hazardous substances in R&D

As part of its research and development, the Group uses hazardous and biological materials, solvents and other potentially genotoxic chemicals. Its employees handle recombinant genetic material, genetically modified organisms and viruses. Therefore, the Group is required to comply with numerous laws or regulations.

If it should fail to comply with the applicable law and regulations, obtain required authorizations or have these authorizations withdrawn, the Group might have to pay fines and suspend all or some of its R&D operations. Compliance with environmental, health and safety regulations incurs considerable costs, and the Group may have to pay significant expenses to comply with future legislation and regulations.

Although the Group believes that our safety procedures comply with applicable regulations, the risk of an accident or accidental contamination cannot be completely ruled out. In the event of an accident or contamination, the Group could face claims, which would mean it might have to incur potentially significant costs to compensate victims and repair damage and could have a negative impact on its income and its financial position.

(e) Risks relating to the need to attract and retain key staff

The Group's success largely depends on the work and expertise of its management and scientific and commercial personnel.

Moreover, the Group will need to recruit new executive managers and qualified personnel, particularly in the marketing and sales areas, to develop its business.

The Group competes with other companies and organizations to recruit and retain highly qualified individuals. This competition is extremely fierce, and the Group may not be able to attract or retain key talent on economically acceptable terms.

Any failure to attract and retain these key staff members could prevent Valneva from achieving its overall objectives and have a material adverse effect on its business, results, financial position, and prospects.

The Company's Austrian subsidiary, Valneva Austria GmbH, has taken out a "key person" insurance (a permanent disability/death insurance policy in which such subsidiary is the beneficiary) in connection with a member of the Company's Management Board, Mr. Thomas Lingelbach. The stock option and free share plans[1] set by the Company also mitigate these risks.

(f) Risk associated with dependence on two products

To date, the Group has only two products on the market, namely its Japanese encephalitis vaccine and DUKORAL®, and is dependent on the sales results of these products. Future revenues from this product may be affected by a number of factors, including (i) the performance of distributors, (ii) serious adverse events linked or suspected to be linked to the product, (iii) public distrust of vaccines or adjuvants or (iv) unfavorable developments with respect to therapeutic indications or recommendations, or the terms of reimbursement or coverage.

Because a substantial part of sales are generated in the United States for IXIARO®, with production costs in GBP, and in Canada for DUKORAL®, with production costs in SEK, the Group is exposed to foreign exchange risks, principally with respect to the US dollar, the British pound, the Swedish krona and the Canadian dollar [2]. In 2018 and 2019, the Group has entered into currency option contracts to limit the risk of foreign exchange losses.

(g) Risks associated with COVID-19

Since these two vaccines are for travelers, the evolution of the COVID-19 pandemic, if prolonged, could significantly affect the number of travels and therefore the sale of these two vaccines, which would have an adverse impact on the Company's financial results. If the pandemic is prolonged and affects sales for longer or more massively than the assumptions made by the Company[3], the Company's financial results could be significantly impaired. In addition, government measures requiring the mandatory closure of businesses could prevent or disrupt the continuity of industrial production of vaccines marketed or in development or the continuity of supplies needed for production.

As Phase 3 clinical trials of the chikungunya vaccine cannot be launched during a pandemic period, any extension of the pandemic could lead to a delay in the development of this vaccine, with an unfavorable effect on the Group's prospects and results in the medium term.

In addition, if the Group's consolidated revenues on a twelve-month rolling basis (excluding grants) were to fall below €115 million, Valneva would not be able to comply with the minimum revenue clause in the financing agreement with Deerfield and Orbimed[4], which could result in additional costs (up to 10 additional points of interest over the duration of the default) and/or an early repayment obligation (payment of the principal increased by 8% and of an indemnity representing the interests expected until March 2023). Discussions with the lenders are being held to obtain a temporary waiver of this minimum revenue covenant.

(1) See Section 2.6.2.1 (c) of this URD.
(2) See Note 2.5 (b) of the Group's consolidated financial statements 2019, in the Section 4.1.5 of this URD.
(3) See the Company's press release, published on March 24, 2020: https://valneva.com/media/press-releases/
(4) See Section 1.4.2 (e) of this URD.

1.5.2. Risks specific to products developed or marketed by the Group

(a) Risks related to the Lyme disease vaccine (M)

Risk of failure: The Company has made large investments in order to obtain the necessary marketing authorizations for this product. A development failure (including insufficient efficacy or safety) would result in the total loss of these investments.

Non-partner risk: The Company does not have the financial resources to conduct the Phase 3 clinical development of this vaccine on its own prior to marketing. Therefore, Company will have to enter into a collaboration agreement with a partner in this market. If the Company is unable to enter into such a partnership agreement, it will consequently not be able to complete the development and commercialization of this vaccine and will not benefit from a return on all the investments invested in the development of the vaccine.

(b) Risks related to DUKORAL® vaccine

Risk related to indications and recommendations (M): A reassessment of the product's indications by the Canadian federal agency supervising pharmaceutical products distributed in this country, or a reassessment of the recommendations for use of the vaccine issued by the authorities, could have a significant negative impact on the sales volumes of this product, particularly in Canada, which remains the principal market for this vaccine.

Competition: Another vaccine company has announced its intention to market one or more products competing with this vaccine and is expected to receive marketing authorization in Europe in the near future. The introduction of these competing vaccines will impact DUKORAL®'s sales volume and, therefore, the current positive cash flow from sales.

(c) Risks related to the chikungunya vaccine

Risk of failure: the development of this vaccine, while less complex than the Lyme disease vaccine, is still ongoing and could possibly take longer than expected or even fail. If the remaining studies show insufficient efficacy or safety, the investments made to date would be lost.

Non-partner risk: Pursuant to the agreement with CEPI[(1)], the Company is seeking to enter into a partnership agreement for the development, manufacture and commercialization of the vaccine in low- and middle-income countries. If the Company is unable to enter into such an agreement, or if the partnership fails, CEPI's financing would be reduced and the Company would be required to finance a greater part of the program itself.

(1) See Section 1.1.2 (h) of this URD.

1.5.3. Insurance and coverage of risks

The Group has taken out policies covering the main insurable risks for values it deems compatible with the nature of its business. Expenses paid by the Company and its subsidiaries for all insurance policies in 2019 amounted to € 1,730,319.13.

Main Valneva SE Group policies:

Risks covered	Insurer	Term – Expiration
Property Damage and Business Interruption Insurance (including (cold) storage)	HDI Versicherung AG	Renewed yearly unless terminated at three months' prior notice (earliest January 1, 2021)
Marine Cargo – Transport Insurance	HDI Versicherung AG	Renewed yearly unless terminated at three months' prior notice (earliest January 1, 2021)
Public and Product Liability Insurance max. coverage: €40,000,000 (per claim, 1.5 times p.a.)	XL Catlin Insurance Company and Swiss Re International SE	Renewed yearly unless terminated at three months' prior notice (earliest January 1, 2022)
D&O[(1)]	XL Insurance Company SE et al.	Validity: from May 27, 2019 until May 31, 2020 (to be renewed thereafter)
Corporate Travel Insurance	Europaeische Reiseversicherungs AG	Terminated at one month's prior notice (earliest January 1, 2021)

(1) The D&O covers any pecuniary consequences of loss or damage resulting from any claims brought against the directors and officers, binding their civil liability, whether individual or joint, and attributable to any professional misconduct, whether actual or alleged, committed by them in performing their managerial duties. This policy is also subject to certain conditions and restrictions of common practice for similar contracts.

The Group also has other insurance policies in place, but these are less important than those described above.

The Group cannot ensure that it will always be able to keep, and if applicable, obtain, similar insurance coverage at an acceptable cost. This could lead it to accept insurance policies that are more expensive and take on a higher level of risk itself (particularly as it develops its business, especially in bio-production).

The occurrence of one or more large claims, even if covered by its insurance policies, could seriously affect its operations and its financial position, given the possible interruption to its operations that could result from such a claim, the time taken for insurance companies to pay any recovery, the damage possibly exceeding insured limits in policies, and, finally, the increase in premiums that would result.

Given the prospects of the Group[(1)], Valneva anticipates that its insurance premiums will continue to rise, while remaining immaterial compared to its research and development expenses, annual losses and the value of its assets.

(1) See Sections 1.4.4 (a) and 1.4.4 (c) of this URD.

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1.5.4. Litigation

Following the merger between the companies Vivalis SA and Intercell AG, some former Intercell shareholders initiated legal proceedings before the Commercial Court of Vienna to revise the amount of compensation offered to existing shareholders, or the exchange ratio between Intercell and Valneva shares. If the court decides to increase the financial compensation, every former Intercell shareholder who opted for financial compensation instead of exchange would be entitled to an increase, even if he or she was not a party to the dispute. If the court decides to revise the exchange ratio, there is legal uncertainty as to whether the court could extend this revision to all former Intercell shareholders who exchanged their shares, even if they were not party to the dispute. There is therefore a risk that Valneva will be forced to compensate all former shareholders following the reevaluation of the exchange ratio. If so, these payments could have a material adverse effect on Valneva's activities, earnings and prospects. In 2016 and 2017, settlement agreements were executed with some Intercell shareholders who had held a small number of shares, which has decreased the risks associated to these proceedings. Broader settlement agreements are being discussed.

In July 2016, the Company received a request for an additional payment, with a threat of lawsuit, in connection with the acquisition of the company "Humalys SAS" in 2009, a transaction by which Vivalis SA (now Valneva SE) acquired a technology that was further combined with another antibody discovery technology and contributed to the company BliNK Biomedical SAS at the beginning of 2015[1]. The former Humalys shareholders claimed an additional payment because of this transfer. This request was followed in late 2016 by a summons to appear before the Lyon High Court (*Tribunal de Grande Instance*). A first instance decision is expected at the end of 2020 or the beginning of 2021. The Company, after consultation with its external legal advisors, believes that this claim is unsubstantiated and this lawsuit is unlikely to succeed in court[2].

*

Please refer to the paragraphs "Patent applications and patents for the main products, technologies and product candidates of the Group", "Trademarks" and "Trademark coexistence agreement with Boehringer Ingelheim", of this URD[3].

The Company has no knowledge of any other governmental, legal or arbitration proceedings (including pending or threatening litigation of which the Company has knowledge) that in future might have or in the last 12 months had a material impact on the financial position or profitability of the Company or the Group.

(1) See Section 1.2.2 (c) of this URD.
(2) No provision was made in the Group's accounts with respect to this litigation.
(3) See Sections 1.3. (b) and 1.4.2 (i).

1.5.5. Internal control procedures relating to operating and functional processes

This Section applies to Valneva SE and all of its direct or indirect subsidiaries within Valneva's consolidation scope, unless otherwise stated.

(a) Purpose of internal control procedures and inherent limitations

The purpose of internal control is to ensure:

- compliance with laws and regulations;
- the application of instructions and priorities set by the Management Board; and
- the effective functioning of internal control procedures of the Group, notably contributing to safeguarding its assets;
- the reliability of the financial information.

The objective of the internal control system is to prevent and manage risks inherent in the Group's operations and the risks of errors or fraud, particularly in the accounting and finance areas. As in all systems of control, it cannot provide an absolute guarantee of eliminating these risks.

(b) General organization and implementation of internal control procedures

Internal control stakeholders

A number of parties are responsible for or involved in the area of internal control, including first and foremost, the Management Board, the Supervisory Board and the Audit and Governance Committee. In addition, the Management Committee, the Finance Department, the Legal Department, the Internal Audit Department and the Quality Assurance team also play a major role.

The Management Board

The Management Board defines the objectives of the Group, as well as the resources to be deployed to attain these objectives. To this purpose, the Management Board ensures compliance with these objectives.

The Management Board must ensure that acts of management or the conduct of operations, as well as the behavior of personnel, adhere to the framework defined by the priorities set for the Group's activities by the corporate bodies, the applicable laws and regulations and the values, standards and internal rules of the Group.

The Supervisory Board

The role of the Supervisory Board in the area of internal control is presented in the Report by the Supervisory Board on the Corporate Governance for the fiscal year 2019[(1)]. The Supervisory Board is assisted in this area by the Audit and Governance Committee.

The Management Committee

The Management Committee currently includes fourteen members:

- Mr. Thomas Lingelbach, President & CEO;
- Mr. Franck Grimaud, President & CBO;
- Mr. Wolfgang Bender, CMO;
- Mr. David Lawrence, CFO;
- Mr. Frédéric Jacotot, General Counsel & Corporate Secretary;
- Mr. Jason Golan, VP Commercial Operations;
- Mr. Olivier Jankowitsch, VP Global Supply Operations;
- Mr. Andreas Meinke, VP Preclinical and Translational Research;
- Mr. Michael Möhlen, VP Corporate Technical Development;
- Mr. Klaus Schwamborn, VP Discovery Research & Innovation;
- Ms. Frances Muir, Site Director Livingston;
- Ms. Janet Hoogstraate, Chair of the Management Board of Valneva Sweden AB;
- Mr. Manfred Tiefenbacher, VP Finance; and
- Mr. Gerald Strohmaier, VP Human Resources.

The Management Committee is chaired by the CEO, Mr. Thomas Lingelbach.

The Management Committee complements the Management Board by providing input on the development and execution of Valneva's business strategy.

The Management Committee is a senior management body holistically overseeing cross-functional and cross-site alignment. The alignment includes capabilities, objectives and operational oversight across all areas of the business. Further, the Management Committee provides input on, and supports the implementation of, Group-wide initiatives in any areas including organizational development, business effectiveness, stakeholder management and compliance culture.

The Management Committee meets every 6 weeks. At the end of each meeting, meeting minutes are drafted and given to all participants with a list of action points.

The Finance Department

The Chief Financial Officer ensures compliance with accounting and financial regulations. He also provides the Management Board with cost accounting and financial information serving as tools for the budget management of the Group.

The Legal Department

The General Counsel, also serving as Corporate Compliance Officer, is responsible for safeguarding Valneva's legal interests and ensuring compliance with applicable laws and regulations, notably by implementing and updating the Group's corporate compliance program.

The Internal Audit Department

As defined in the "Internal Audit Charter", internal audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the Group's operations. The department works to enhance

(1) See Section 2.1.3 (b) of this URD.

and protect the Valneva value by providing risk-based and objective assurance, advice, and insight. It assists management in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's risk management, controls, and governance processes.

The risk-based annual audit program is approved by the Management Board and examined by the Audit and Governance Committee. Audits conducted cover a selection of operational and financial processes, internal control design and effectiveness, third-party contract compliance, as well as compliance with anti-kickbacks/anti-bribery/anti-corruption regulations. Follow-up audits are also implemented.

Quality Assurance

Valneva manufactures vaccines in commercial stage, vaccines in pre-clinical phase and clinical batches of vaccines and proteins. Valneva also manufactures master cell or virus banks. For this purpose, Valneva must comply with regulations developed by several governmental authorities and is subject to inspections by regulatory authorities.

To ensure compliance with the regulatory requirements, Valneva has a Quality Assurance Department and quality assurance systems.

In compliance with Good Manufacturing Practice, internal and external audits are conducted to ensure compliance with GMP and implementation of the relevant procedures.

(c) Internal control procedures

Analysis of risks

Valneva has conducted an in-depth analysis of its risks. The risks Valneva faces are described in this URD[1].

Internal control procedures implemented, other than those relating to the production of accounting and financial information

Procedures are established to ensure that the main risks are managed internally in accordance with the objectives defined by the Management Board.

In respect of business-related risks, telephone meetings involving Department Heads and the Risk Manager are organized. With respect to scientific matters, the Group also retains the services of consultants on certain specific topics to validate its choices.

Concerning intellectual property risks, the Group has an "Intellectual Property Manager" that ensures permanent oversight, notably by conducting reviews of the status of intellectual property with the assistance of specialized firms. For every new activity launched within the Group, studies are conducted. Studies are also conducted regularly for the older technologies. This way, it is possible to determine if there is a need to acquire new licenses.

As an additional measure, the Group has insurance policies covering the main insurable risks for amounts that it deems to be compatible with the nature of its business. For example, risks related to product liability are covered up to €40.0 million.

The Group also safeguards its property and intangible assets. It has established systems for the double storage of data and cells at different sites.

For market and financial risks, the Group monitors its cash position on a monthly basis.

In the light of current volatility in financial markets, the Group applies a conservative and prudent strategy of financial management. Its assets are allocated among several French, UK, Austrian, Canadian, US and Swedish banking institutions with call money and fixed-term accounts.

(d) Internal control procedures relating to the preparation of accounting and financial information

Internal control objectives relating to accounting and financial information

Internal control procedures relating to the processing of accounting and financial information are aiming at ensuring:

- the reliability of the Company's financial statements established in accordance with French GAAP;
- the reliability of the Group's consolidated financial statements established in accordance with IFRS; and
- effective management of risks of errors, fraud, inaccuracies or omissions of material information in the financial statements concerning the financial position and the assets and liabilities of the Group.

Participants

Internal control relating to accounting and financial information involves the Management Board, the Finance Department, under the oversight of the Supervisory Board and the Audit and Governance Committee.

The accounting and financial organization is based on the principle of the separation of functions and the knowledge of the responsibilities of each function.

The separation of functions is effective as the Finance Department is split into Accounting and Controlling function, whereas the Purchasing Department is a separate department.

(1) See Section 1.5.

In the Group's smaller entities, it is not possible to separate functions and a single person is responsible for accounting, payroll and management control.

Concerning the definition and documentation of the responsibilities of each, an organizational chart exists with a description of each function. In addition, a number of procedures exist, particularly in the area of purchasing.

Forward-looking management tools

The long-term business plan is an internal document drafted by the Management Board. Its purpose is to define the objectives of the Group over a period of several years with a breakdown of specific objectives for each activity. It is updated on a regular basis in the light of decisions concerning strategic priorities and market developments.

The budget is established according to IFRS after the Management Board has defined the strategic priorities. Every year, the Controlling Department meets with all sales managers, department managers and project leaders. The controlling function then gives the different options to the Management Board. The Management Board, according to the priorities developed in the business plan, makes choices concerning operating expenses, capital expenditure and Human Resources. This budget is initially presented to the Management Committee and submitted for final approval to the Supervisory Board.

Twice a year, or more often in case of significant events, the Controlling Department drives a forecast process based on the last actual quarterly results and prepares a bottom-up forecast for the remaining months of the current fiscal year, with the same granularity as in the initial budget process. The related profit and loss and cash position forecasts are presented to the Management Committee and then submitted to the Supervisory Board for information.

The Supervisory Board is informed about the profit and loss statement and cash position on a monthly basis, and is given a detailed presentation of the profit and loss statement and cash position in comparison to the budget in quarterly meetings.

All these documents are for internal use only and are not available to the public.

Quarterly reporting: intermediate balances

Every month, the Finance Department produces an IFRS statement of intermediate balances and applies the general principles for periodic closings. These intermediate balances are also presented in a cost accounting format by segment to serve as a tool for monitoring business performances.

A schedule for producing monthly balances is drafted by Valneva's Finance Department and the Accounting Departments of the subsidiaries including a breakdown of tasks, the party responsible for each task and deadlines for completion. The deadlines for the remittance of documents according to this schedule are validated by all parties.

Intermediate balances are established by combining information from financial and cost accounting data. For cost accounting data, the Controlling Department has different software applications to record the amount of time worked by each employee, and a software application for the allocation of costs to projects.

Intermediate monthly Financial Reports are provided to each manager and department Head for his or her area of responsibility, and to the Management Committee, the Management Board and the Supervisory Board, thus providing a tool to monitor actual results in relation to the budget.

All these documents are for internal use only and are not available to the public.

From 2016 onward, the Company has prepared the documents required by law in connection with the prevention of financial problems. These documents are for internal use only (including the French Works Council and the Statutory Auditors) and are not available to the public. In accordance with applicable law, these documents only relate to the parent entity "Valneva SE" and do not include any subsidiary.

Preparation of financial statements

Participants

The annual parent entity financial statements are prepared by the Head of Accounting in France, while the annual consolidated financial statements and the interim consolidated financial statements are prepared under IFRS rules by Valneva's Director Accounting and Tax, as well as the Accounting Departments of the Group's entities.

For tax matters, the team also uses tax lawyers that primarily provide advice in the following areas:

- tax matters, tax techniques or the interpretation of regulations;
- assessment of year-end tax statements prepared by the Accounting Department (statement 2065 and related schedules).

Information collection and processing

Information is collected in the same way as for intermediate balances.

For the annual consolidated and parent entity financial statements, a work program for tasks is drafted by the Valneva's Finance Department providing a detailed breakdown of tasks, the party responsible for each task and deadlines for completion. The deadlines for the remittance of documents according to this schedule are validated by all parties.

The Finance Department also drafts a document listing all points that need to be verified to identify risks and avoid any risk of fraud or errors.

Furthermore, accounting topics of the current year (for example the treatment of development expenditure and the amortization of capitalized development expenditure, the interpretation of complex material contracts as well as price-related aspects of acquisitions) are discussed in meetings organized prior to the closing of annual and interim financial statements. This is also the case for changes in accounting principles that would have a material impact on the presentation of financial statements. These accounting topics are addressed immediately to the Statutory Auditors.

The consolidated financial statements of the Valneva Group and the parent entity financial statements are audited by the Joint Statutory Auditors, Deloitte & Associés, and PricewaterhouseCoopers.

The half year financial statements are subject to a limited review by the Joint Statutory Auditors. The quarterly financial statements are not reviewed by the Joint Statutory Auditors.

Accounting and financial information systems

All entities maintain their accounting information on the Microsoft Dynamics AX 2012 ERP system.

AX interfaces with the payroll, the cash management software and the BI-Tool, TAGETIK, which is used for controlling. Valneva performs regular reconciliations between these different applications.

Fixed assets, depreciation and amortization as well as supplier invoices have been recorded through the ERP system AX.

At year-end, AX accounting data for the Valneva SE entity is then transferred to the *États Comptables et Fiscaux* software application of SAGE in order to:

- establish separate annual financial statements under French GAAP on the basis of the official format;
- establish the 2065 tax declaration and the related schedules; and
- electronically transmit the tax statement.

Computer data is regularly backed up and stored on magnetic tapes that are themselves stored for safekeeping in a safe.

As for source data (contracts, minutes, etc.), an original and a copy exist for each document. A copy of each of these documents is maintained at one of the Valneva sites (generally, at the site concerned by such document), while copies are shared through the internal network of the Group (with restricted access).

Identification and analysis of risk affecting accounting and financial information

When the financial statements are prepared, the Finance Department follows a document listing all tasks, operations and controls that need to be verified to identify risks and avoid any risk of fraud or errors.

In addition, Valneva has documented the key processes by identifying the key controls.

Oversight

Valneva carries out normal oversight, for example on account closings, such as conducting stock counts or performing bank reconciliations.

Valneva has a matrix for authorizing purchases and invoices and has documented the key processes by identifying the key controls.

Other accounting and financial information destined for shareholders

In connection with special corporate actions (issuance of stock options, exercise of the corresponding rights, capital increases, etc.), it may be necessary to provide shareholders with accounting and financial information. This information is, according to its nature and the specific obligations that apply to the operation in question, prepared in coordination with Valneva's Management Board and the General Counsel, and incorporated in statutory documents.

These operations are frequently subject to a Report of the Joint Statutory Auditors and/or an Equity Auditor.

Financial and accounting communication

The Finance and Legal Departments have established a schedule for the publication of mandatory disclosures.

The Registration Document is drafted jointly by the Legal, Finance and Corporate Communications Departments, with input from other functions, including Marketing & Sales, then reviewed by the Company's Statutory Auditors.

2

Corporate Governance

Valneva

A European Company *(Societas Europaea)* with a Management Board and a Supervisory Board

Share capital: €13,819,938.99

Registered offices: 6 rue Alain Bombard, 44800 Saint-Herblain (France)

Nantes Trade and Companies Registry (R.C.S.) No. 422 497 560

Corporate Governance Report by the Supervisory Board (Article L. 225-68 of the French Commercial Code)

To the Shareholders,

In accordance with the provisions of Article L. 225-68, paragraph 7 of the French Commercial Code, we hereby report to you on:

- the composition of the Company's Management Board and Supervisory Board, and the list of all offices and positions held by each of their respective members in any company other than Valneva SE;
- the conditions for the preparation and organization of the Supervisory Board's work during the fiscal year ended December 31, 2019;
- the current authorizations for capital increases, and their use during the fiscal year 2019;
- the agreements entered into between a corporate officer or a shareholder holding more than 10% of the Company's voting rights, and another corporation controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code (excluding agreements which relate to ordinary transactions and have been entered into upon customary terms & conditions);
- the procedure for assessing the standard agreements, and its implementation;
- the remuneration policy applicable to the Management and Supervisory Board members;
- the remuneration and benefits granted or paid to the Management Board and Supervisory Board members, as well as their shareholding in the Company's share capital;
- the factors likely to have an impact in the event of a public offering; and
- the special procedures relating to the participation of shareholders in the General Meeting.

In addition, in 2010, the Supervisory Board adopted the Corporate Governance Code for small and mid-caps, published by MiddleNext in December 2009 and amended on September 14, 2016 [(1)]. The Company complies with most of the recommendations of this Code and set out in this Report those recommendations which the Company does not apply and the reasons underlying this decision, in accordance with the "comply or explain" rule.

Finally, this Report contains our observations on the Annual Management Report prepared by the Company's Management Board, and on the financial statements for the fiscal year 2019.

This Report was approved by the Supervisory Board on March 30, 2020.

For the purposes of this Report, unless otherwise stated, Valneva SE is individually referred to as ***the Company.*** Valneva SE, together with its subsidiaries, are referred to as ***the Group***, ***the Valneva Group***, or ***Valneva.***

(1) https://www.middlenext.com/spip.php?rubrique44

2.1. Management and Supervisory Board members

2.1.1. Management Board

The Company's Management Board is currently composed of the following members:

Mr. Thomas Lingelbach

CHAIR OF VALNEVA SE'S MANAGEMENT BOARD – PRESIDENT & CEO (56 YEARS OLD)

Appointed on May 10, 2013
End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
Valneva France SAS *Membre du Comité de supervision* (Supervisory Board member) Since February 2019	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Grätzelmixer GmbH *Geschäftsführer* Since September 2017 **Valneva UK Limited** Director Since October 2015 **Valneva Sweden AB** Chair of the Board Since February 2015 **Valneva Canada Inc.** Member of the Board of Directors Since January 2015 **Vaccines Holdings Sweden AB** Chair of the Board Since December 2014 **Valneva Austria GmbH** *Geschäftsführer* Since August 2013 **Valneva USA Inc.** ▪ President & CEO Since November 201 ▪ Director Since August 2008 **Valneva Scotland Ltd.** *Director* Since December 2006	**Elatos GmbH** *Geschäftsführer* From December 2013 to October 2015
OTHER POSITIONS	
Hookipa Biotech GmbH Chair of CMC (Chemicals Manufacturing and Controls) Advisory Board Since January 2019	-

(1) Current listed companies are indicated by (*).

Mr. Franck Grimaud

MEMBER OF VALNEVA SE'S MANAGEMENT BOARD – PRESIDENT & CBO (53 YEARS OLD)

Appointed on May 10, 2013
End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
Valneva France SAS *Président* (President) Since February 2019 **BliNK Biomedical SAS** *Membre du Comité de supervision* (Supervisory Board member) Since January 2015	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Valneva Scotland Ltd. Director Since June 2017 **Valneva USA Inc.** ▪ Director Since December 2015 ▪ Deputy CEO Since December 2015 **Valneva UK Limited** Director Since October 2015 **Valneva Sweden AB** Board member Since February 2015 **Valneva Canada Inc.** ▪ Member of the Board of Directors Since January 2015 ▪ President Since January 2015 **Vaccines Holdings Sweden AB** ▪ Board member Since December 2014 ▪ Managing Director Since December 2014 **Valneva Austria GmbH** *Geschäftsführer* (Managing Director) Since August 2013	**Grimaud (Deyang) Animal Health Co Ltd.** Board member From September 2000 to February 2019 **Valneva Toyama Japan K.K.** (Company liquidated on December 17, 2018) Representative Director & President From April 2011 to December 2018 **Chengdu Grimaud Breeding Farm Co Ltd.** Board member From January 2000 to July 2018
OTHER POSITIONS	
Fonds Pays de la Loire Participations Chair of the Governing Board (*Président du Conseil de direction)* Since September 2016 **Atlanpole Biothérapies** ▪ President *(Président)* Since February 2018 ▪ Board member (Administrateur) Since January 2015	**Atlanpole Biothérapies** Treasurer *(Trésorier)* January 2015 to February 2018

(1) Current listed companies are indicated by (*).

Mr. Frédéric Jacotot

MEMBER OF VALNEVA SE'S MANAGEMENT BOARD – GENERAL COUNSEL & CORPORATE SECRETARY (56 YEARS OLD)

Appointed on March 21, 2017 (with effect as from April 1, 2017)

End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
Valneva France SAS *Membre du Comité de supervision* (Supervisory Board member) Since February 2019	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Valneva Sweden AB Board member Since June 2017 **Vaccines Holdings Sweden AB** Board member Since June 2017 **Valneva Austria GmbH** *Geschäftsführer* (Managing Director) Since September 2017	-

(1) Current listed companies are indicated by (*).

Mr. David Lawrence

MEMBER OF VALNEVA SE'S MANAGEMENT BOARD – CHIEF FINANCIAL OFFICER (57 YEARS OLD)

Appointed on August 1, 2017 (with effect as from August 7, 2017)

End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Offices and positions currently held in any company other than Valneva SE[(1)]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
Valneva France SAS *Membre du Comité de supervision* (Supervisory Board member) Since February 2019	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Valneva Sweden AB Board member Since November 2017 **Vaccines Holdings Sweden AB** Board member Since November 2017 **Valneva USA Inc.** Director Since November 2017 **Valneva Canada Inc.** Member of the Board of Directors Since November 2017 **Valneva Scotland Ltd.** Director Since October 2017 **Valneva Austria GmbH** *Geschäftsführer* (Managing Director) Since August 2017 **Stuart & Muir Consulting Ltd.** ▪ Director Since December 2011 ▪ Secretary Since December 2011	**Synpromics Ltd.** Director From May 2012 to August 2019 **Redx Pharma Plc (*)** Director From May 2016 to August 2017 **Synpromics Agbiosub Ltd.** Director From July 2013 to September 2015

(1) Current listed companies are indicated by (*).

Mr. Wolfgang Bender

MEMBER OF VALNEVA SE'S MANAGEMENT BOARD – CHIEF MEDICAL OFFICER (66 YEARS OLD)

Appointed on August 1, 2017 (with effect as from September 1, 2017)
End of term of office at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
Valneva France SAS *Membre du Comité de supervision* (Supervisory Board member) Since February 2019	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Valneva Sweden AB Board member Since November 2017 **Valneva Austria GmbH** *Geschäftsführer* (Managing Director) Since September 2017 **Valneva UK Limited** Director Since October 2017 **LB Life Sciences Consulting** Senior Consultant Since April 2014 (Dormant since September 1, 2017)	-

(1) Current listed companies are indicated by (*).

Business addresses:

The business address of Messrs. Franck Grimaud and Frédéric Jacotot is located at: Valneva SE, 6 rue Alain Bombard, 44800 Saint-Herblain (France).

The business address of Messrs. Thomas Lingelbach and Wolfgang Bender is located at: Valneva Austria GmbH, Campus Vienna Biocenter 3, 1030, Vienna (Austria).

The business address of Mr. David Lawrence is located at: Valneva Scotland Ltd., Oakbank Park Road, Livingston EH53 0TG (Scotland).

2.1.2. Supervisory Board

Following the Combined General Meeting held on June 27, 2019[1] and the decisions of the Company's Supervisory Board dated June 27 and December 12, 2019[2], the Board is currently composed of the following members:

Mr. Frédéric Grimaud

CHAIR OF VALNEVA SE'S SUPERVISORY BOARD (55 YEARS OLD)

Appointed by the Extraordinary General Meeting of December 12, 2012
Term of office ending at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Independant	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
No	-	-	-

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
Filavie SAS Chair of the Board (Président du conseil d'administration) Since July 2017 **Genesis Investment SAS** Supervisory Board member (Membre du conseil de surveillance) Since March 2016 **Choice Genetics SAS** ▪ Board member *(Administrateur)* Since March 2020 ▪ Nomination and Compensation Committee member (Membre du Comité de nomination et rémunération) Since November 2014 **La Couvée SAS** Management and Steering Committee member (Membre du Comité de pilotage et de direction) Since June 2005 **Groupe Grimaud La Corbière SA** Chairman of the Management Board (Président du directoire) Since June 2004 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of President of the company **Vital Meat SAS** Since December 2018 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of President of the company **Galor SAS** Since December 2015 **Permanent representative of the company Grimaud Frères Holding SAS**, in its capacity as of President of the company **Grimaud Frères Sélection SAS** Since December 2015	**Permanent representative of the company Groupe Grimaud La Corbière** SA, in its capacity as of President of the company **Choice Genetics SAS** From December 2015 to March 2020 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of Chair of the Board of the company **Choice Genetics SAS** From December 2015 to March 2020 **Pen Ar Lan SA** Chair of the Board (Président du conseil d'administration) From November 2011 to March 2020 **Permanent representative of the company Grimaud Frères Holding SAS**, in its capacity as of President of the company **Les élevages de la Fronière SAS** From July 2015 to December 2018 **Permanent representative of the company Hubbard Holding SAS**, in its capacity as of President of the company **Hubbard SAS** From February 2013 to February 2018 **Choice Genetics SAS** ▪ Chair of the Board (Président du conseil d'administration) From October 2014 to December 2015 ▪ President (Président) From January 2008 to December 2015 **Galor SAS** President (Président) From November 2013 to December 2015 **Blue Genetics Holding SAS** President (*Président*) From May 2013 to December 2015

(1) At the end of which the office of Mssrs. Alain Munoz and Ralf Clemens, as well as Bpifrance Participations SA (represented by Mrs. Maïlys Ferrère) ended.
(2) Meetings at the end of which (i) Mrs. Louisa Shaw-Marotto replaced Mr. James Sulat in his capacity as Chair of the Supervisory Board, and (ii) Mr. Balaji Muralidhar's resignation as Supervisory Board member was noted, thus giving rise to the appointment of Mr. Thomas Casdagli, by co-optation.

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
Permanent representative of the company Groupe Grimaud La Corbière SA, in its capacity as of President of the company **Hubbard Holding SAS** Since December 2015 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of President of the company **Hypharm SAS** Since December 2015 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of President of the company **Filavie SAS** Since December 2015 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of President of the company **Novogen SAS** Since December 2015 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of President of the company **Blue Genetics Holding SAS** Since December 2015 **Permanent representative of the company Groupe Grimaud La Corbière SA**, in its capacity as of President of the company **Grimaud Frères Holding SAS** Since December 2014	**Novogen SAS** President *(Président)* From July 2008 to December 2015 **Hubbard Holding SAS** President *(Président)* From April 2005 to December 2015 **Grimaud Frères Sélection SAS** President *(Président)* From November 2002 to December 2015 **Hypharm SAS** President *(Président)* From November 2002 to December 2015 **Filavie SAS** President *(Président)* From November 2002 to December 2015
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Novogen NA Inc. Chair of the Board Since September 2017 **Blue Genetics Mexico** Chair of the Board Since July 2013 **Grimaud Vietnam Company Limited** President Since June 2009 **Choice Genetics USA LLC** Board member Since May 2008 **Grimaud (Putian) Breeding Farm Co Ltd.** Chair of the Board Since December 2000 **Grimaud (Deyang) Animal Health Co Ltd.** Chair of the Board Since November 2000 **Grimaud Italia SRL** Board member Since 2000 **Chengdu Grimaud Breeding Farm Co Ltd.** Chair of the Board Since October 1996	**Hubbard UK Ltd.** (Company liquidated on February 25, 2020) Director From September 2017 to February 2020 **Choice Genetics Vietnam** Chair of the Council From January 2013 to February 2019 **Hubbard Polska Sp Zoo** Supervisory Board member From 2006 to February 2018 **Blue Genetics Vietnam** Chairman of the Council From July 2014 to January 2018 **Hubbard LLC** Chair of the Board From March 2005 to December 2017 **Ovogenetics Holding BV** Director From December 2014 to May 2016

(1) Current listed companies are indicated by (*).

Ms. Louisa Shaw-Marotto

VICE-CHAIR OF VALNEVA SE'S SUPERVISORY BOARD (52 YEARS OLD)

Appointed by the Extraordinary General Meeting of June 30, 2016
Term of office ending at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Independant	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
Yes	Member until June 27, 2019	Chairwoman since June 27, 2019	Expertise as a commercial executive in the vaccine industry with U.S. and global marketing experience

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
The Medicines Company, USA Vice President Medical Affairs Since June 2019	**Executive Perspective Consulting LLC** President From July 2014 to June 2019
OTHER POSITIONS	
-	**Rutgers University** Advisory Board member From May 2017 to June 2018

(1) Current listed companies are indicated by (*).

Mr. James Sulat

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD (69 YEARS OLD)

Appointed by the Extraordinary General Meeting of March 7, 2013
Term of office ending at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Independant	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
Yes	Chairman	-	Finance, Strategy, Capital Markets and Corporate Governance

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company othe than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Arch Therapeutics, Inc. (*) Member of the Board of Directors Since August 2015 **AMAG Pharmaceuticals, Inc. (*)** ▪ Chair of the Compensation Committee Since May 2019 ▪ Member of the Board of Directors Since April 2014 ▪ Transactions Committee member Since April 2014	**AMAG Pharmaceuticals, Inc. (*)** Audit Committee member From April 2014 to May 2019 **Momenta Pharmaceuticals Inc. (*)** ▪ Member of the Bord of Directors From June 2018 to June 2019 ▪ Audit Committee member From June 2008 to June 2019 ▪ Nominations and Corporate Governance Committee member From June 2008 to June 2019 ▪ Chair of the Board of Directors From December 2008 to June 2018 **Tolero Pharmaceuticals, Inc.** Member of the Board of Directors From May 2015 to January 2017 **DiaDexus, Inc.** ▪ Member of the Board of Directors From January 2015 to June 2016 ▪ Chair of the Audit Committee From January 2015 to June 201 ▪ Nominations and Corporate Governance Committee member January 2015 to June 2016

(1) Current listed companies are indicated by (*).

Mr. Alexander von Gabain

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD (69 YEARS OLD)

Appointed by the Extraordinary General Meeting of March 7, 2013
Term of office ending at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Independent	Audit and Governance Committee	Nomination and Compensation Committee	Scientific Committee	Experience and expertise
Yes	-	Member	Member until June 27, 2019	R&D in molecular medicine and biotechnology Co-Founder and former CEO of Intercell Build-up of innovation incubators and ecosystems

Offices and positions currently held in any company other than Valneva SE[1]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Eveliqure Biosciences, GmbH, Vienna Member of the Advisory Board Since April 2017	**Business incubator of the Viennese Universities, INiTS** Universitäres Gründerservice Wien GmbH Chair of the Supervisory Board From April 2007 to September 2019 **Karolinska Institutet Holding AB** Chair of the Supervisory Board From January 2015 to April 2017
OTHER POSITIONS	
Paul Ehrlich Institute, PEI Member of the Scientific Advisory Board Since May 2017 **EIT Health** Chair of the Supervisory Board Since September 2017	**Max Perutz Laboratories, Vienna University** Professor and Chair of Microbiology From January 1993 to September 2018 **EIT Health** Member of the Supervisory Board From January 2015 to August 2017 **Karolinska Institutet** Deputy Vice-Chancellor From August 2014 to July 2017

(1) Current listed companies are indicated by (*).

Ms. Anne-Marie Graffin

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD (58 YEARS OLD)

Appointed by the Extraordinary General Meeting of March 7, 2013
Term of office ending at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

2

Independant	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
Yes	Member since June 27, 2019	Member until June 27, 2019	Experience as an executive in the vaccine industry

Offices and positions currently held in any company other than Valneva SE[(1)]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
M2Care SAS Board member (*Administrateur*) Since October 2019 **Nanobiotix SA (*)** Supervisory Board member *(Membre du conseil de surveillance)* Since January 2014 **Sartorius Stedim Biotech SA (*)** Board member *(Administrateur)* Since Avril 2015 **SARL SMAG Consulting** Managing Director *(Gérant)* Since September 2011	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
-	-

(1) Current listed companies are indicated by (*).

Ms. Sandra E. Poole

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD (56 YEARS OLD)

Appointed by the Extraordinary General Meeting of June 29, 2017
Term of office ending at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021

Independant	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
Yes	Member	-	Experience as a product development and manufacturing executive in biotech and biopharma

Offices and positions currently held in any company other than Valneva SE(1)	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
ViaCyte Inc. Member of the Board of Directors Since june 2019 **Retrophin, Inc. (*)** Member of the Board of Directors Since May 2019 **Sandra Poole Consulting, LLC** Managing Director Since August 2016	**Candle Therapeutics** COO From January 2020 to March 2020 **LogicBio Therapeutics Inc.** COO From April 2018 to March 2019 **ImmunoGen Inc. (*)** ▪ Executive Vice-President, Technical Operations and Commercial Development From October 2016 to January 2017 ▪ Executive Vice-President, Technical Operations From July 2015 to October 2016 ▪ Senior Vice-President, Technical Operations From September 2014 to June 2015

(1) Current listed companies are indicated by (*).

Mr. Thomas Casdagli

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD, BY COOPTATION (43 YEARS OLD)

Appointed by the Superviosry Board on December 12, 2019
Term of office ending at the Ordinary General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2019

Independant	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
No	-	Member	17 years experience in investments in innovative life science companies Qualified as chartered accountant with PricewaterhouseCoopers' Private Equity and Venture Capital practice

Offices and positions currently held in any company other than Valneva SE[(1)]	Offices and positions previously held in any company other than Valneva SE (including in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
eZono AG Board member Since August 2019 **Xention Pharma Ltd.** Board member Since January 2016 **Onbone Oy** Board member Since November 2014 **Patient Connect Ltd.** Chair of the Board Since November 2011 **MVM Partners LLP** Partner Since September 2002	**Alliance Pharma plc (*)** Non-executive Director From March 2009 to May 2018

(1) Current listed companies are indicated by (*).

Business addresses

The business address of the Supervisory Board members is the registered office of the Company: 6 rue Alain Bombard, 44800 Saint-Herblain (France).

Employee-elected Supervisory Board members

None.

Non-voting Observer (Censeur)

None.

Co-optations

During its meeting held on December 12, 2019, the Company's Supervisory Board noted that Mr. Balaji Muralidhar resigned from the Board, effective at the end of this meeting. In accordance with Article L. 225-78 of the French Commercial Code and Article 17 of the Company's Articles of Association, the Supervisory Board decided to appoint Mr. Thomas Casdagli as Supervisory Board member, with effect at the end of said meeting, subject to confirmation by the shareholders in the next Annual General Meeting. This appointment will expire at the end of Mr. Muralidhar's initial term of office, *i.e.* at the end of the Ordinary General Meeting called to approved the 2019 financial statements.

Number of qualifying shares to be held by each Supervisory Board member

None.

2.1.3. Rules governing the management and supervisory bodies

(a) Rules governing the Management Board

Provisions of the Company's Articles of Association

Membership (Article 14 of the Articles of Association)

The Company is directed by a Management Board, which carries out its duties under the control of the Supervisory Board.

The Management Board shall be composed of two to at most seven members, appointed by the Supervisory Board.

On penalty of nullity of appointment, the members of the Management Board shall be natural persons. They may be chosen from outside the shareholders.

If a member of the Supervisory Board is appointed to the Management Board, his mandate on the former Board shall end as soon as he takes up his position.

The members of the Management Board shall be appointed by the Supervisory Board; they shall be dismissed by the Ordinary General Meeting or by the Supervisory Board.

If the dismissal is decided without just cause, it may give rise to damages.

In the event that the concerned party has concluded an employment agreement with the Company, the revoking of his functions as a member of the Management Board shall not have the effect of terminating this agreement.

The Management Board shall be appointed for a period of three (3) years, ending on the date of the General Meeting convened to decide on the financial statements for the past financial year and held during the year in which the mandate expires, on expiry of which, it shall be entirely renewed. In the event of a vacancy, the Supervisory Board shall make provision within two months for the filling of the vacant position. A member of the Supervisory Board may be appointed by the Supervisory Board to exercise the duties of a member of the Management Board for the remaining period until the renewal of the Management Board and up to six months. During this period, the duties of the party in question on the Supervisory Board shall be suspended.

The members of the Management Board shall all be re-electable.

The age limit for the exercise of functions of the members of the Management Board shall be set at seventy (70). A member of the Management Board in office shall be considered to have resigned at the end of the financial year during which he reaches this age.

The Supervisory Board shall appoint one of the members of the Management Board as Chairman. The Chairman of the Management Board shall carry out his duties for the duration of his mandate as a member of the Management Board.

The Chairman of the Management Board may be dismissed by decision of the General Meeting or by the decision of the Supervisory Board, with a majority of the members of the Supervisory Board.

Management Board meeting (Article 14 of the Articles of Association)

The Management Board shall meet as often as the interests of the Company demand, on convening by its Chairman, its Managing Director or by at least half of its members, at the registered office of the Company or at any other location indicated in the convening notice; it may be convened by any means, including by e-mail or even verbally. The agenda must appear in the convening notice but may be supplemented at the time of the meeting.

The Chairman of the Management Board shall chair the sessions and appoint a Secretary, who may be chosen from outside of its members. In the absence of the Chairman of the Management Board, the sessions shall be chaired by the Managing Director or failing that, by the member of the Management Board whom the Management Board has appointed for this purpose.

For decisions to be valid, at least half of the members must be present. If the Management Board includes two members, the decisions shall be taken unanimously. If it includes more than two members, decisions shall be taken by a majority of members present.

Each member of the Management Board shall have one voting right and the Chairman shall not have a casting vote in the event of a tied vote.

For the purposes of calculating the quorum and majority, members of the Management Board who take part in its meeting *via* conference call or telecommunications media, which permit their identification and guarantee their effective participation, the nature and conditions of application of which are determined by legislative and regulatory provisions in effect shall be considered to be present.

However, this procedure may not be used to establish the Annual Financial Statements and Management Report, or to establish the consolidated accounts and Management Report for the Group, if it is not included in the Annual Report.

The Statutory Auditors shall be convened to all of the meetings of the Management Board which examine or draw up the annual or interim financial statements.

The decisions are confirmed by minutes drawn up in a special register and signed by the Chairman of the Management Board and another member of the Management Board who has taken part in the session. The minutes shall mention the name of the present or represented members and those of the absent members. Copies or extracts of these minutes shall be certified the Chairman of the Management Board, one of its members or any other person designated by the Management Board and during the liquidation period, by the liquidator.

The members of the Management Board may allocate the executive tasks among themselves with the authorization of the Supervisory Board, pursuant to Article R. 225-39 of the French Commercial Code. This allocation may in no case dispense the Management Board from meeting and deciding on the most important management issues of the Company nor have the effect of depriving the Management Board of its character as a body which provides the general management of the Company in a collective manner.

Remuneration of Management Board members (Article 14 of the Articles of Association)

The procedure for and amount of remuneration of each of the members of the Management Board shall be set by the Supervisory Board.

Responsibilities and powers of the Management Board (Article 15 of the Articles of Association)

The Management Board shall be assigned the most extensive powers for acting in all circumstances in the name of the Company and shall exercise these within the limits of the Company object and subject to those expressly attributed by law to the Supervisory Board and to the General Meetings of shareholders and those which require the prior authorization of the Supervisory Board, as specified below.

Any limitation on the powers of the Management Board shall be unenforceable against third parties.

The Management Board shall convene the General Meetings of the shareholders, set their agenda and execute their decisions.

At least once a quarter, the Management Board shall submit a report to the Supervisory Board which retraces the principal actions or events occurring in the management of the Company.

After the closure of each financial year and within the following three (3) months, the Management Board shall submit the annual documents to the Supervisory Board, as well as all documents provided by law, for verification and control purposes. It shall propose the allocation of results for the past financial year.

The Chairman of the Management Board shall represent the Company in its relations with third parties. At the same time, the Supervisory Board shall be authorized to attribute the same power of representation to one or several members of the Management Board, for which each of them shall then have the title of Managing Director *(Directeur Général)*.

The Supervisory Board may abolish this power of representation by withdrawing the role of Managing Director *(Directeur Général)* from the member of the Management Board. The Company shall even be committed by the actions of the Chairman or one of the Managing Directors *(Directeurs Généraux)* which do not relate to the Company object, unless it demonstrates that the third party was aware that this action exceeded this object or could not have been unaware of the same in view of the circumstances.

The stipulations limiting this power of representation are unenforceable against third parties.

The actions committing the Company with regard to third parties are validly executed with a single signature of any one of the members of the Management Board authorized to represent the Company, pursuant to the stipulations of this Article.

The Management Board may entrust special, permanent or temporary missions which it determines to one or several of its members or to any other person and delegate the powers to them which it judges necessary for one or several given objects, with or without the power of subdelegation.

The Management Board shall examine and present the quarterly and half-yearly accounts to the Supervisory Board.

The Management Board shall decide or authorize the issuance of bonds under the conditions of Article L. 228-40 of the French Commercial Code, unless the General Meeting decides to exercise this power. The Management Board may delegate to its Chairman and, with the agreement of the same, to one or several of its members, the powers necessary for realizing the issuance of bonds, within a one-year deadline, and draw up the procedures for these.

The members of the Management Board, as well as any person convened on to attend its meetings shall be bound by secrecy with regard to information of a confidential character or which is presented as such.

Provisions of the Management Board's Rules of procedure

Rules of procedure of the Company's Management Board define the Management Board's duties of and its operating procedures, in accordance with the law and the Company's Articles of Association, as well as the corporate governance rules applicable to publicly traded companies.

The main provisions of the Management Board's Rules of procedure, as amended on April 9, 2018, are as follows:

Number of members – Meetings

Pursuant to the Articles of Association, there may be at least two members and no more than seven members of the Management Board.

The Management Board shall meet at least once each calendar month and written minutes of such meetings shall be prepared.

Powers and distribution

The Management Board has the most extensive powers for acting in all circumstances in the name of the Company and shall exercise these within the limits of the Company object and subject to those expressly attributed by law to the Supervisory Board and to the General Meetings of shareholders, and those which require the prior authorization of the Supervisory Board, as specified in Article 19 of the Company's Articles of Association.

Any limitation on the powers of the Management Board shall be unenforceable against third parties.

The members of the Management Board work to lead the Company. All powers of the Management Board are exercised collegially with joint and several liability.

However, pursuant to Article R. 225-39 of the French Commercial Code, and with the prior authorization of the Supervisory Board, the members of the Management Board divide the supervision of the business of the Company as follows:

- Thomas Lingelbach, Chairman of the Management Board – President & CEO:
  - Quality and Regulatory Compliance,
  - Global Human Resources,
  - Research – Pre-clinical R&D,
  - Technical Development,
  - Manufacturing – Manufacturing sites,
  - Supply Operations;
- Franck Grimaud, President & CBO:
  - Corporate Development,
  - Business Development,
  - Alliance Management,
  - Commercial Operations;
- David Lawrence, CFO:
  - Finance – Tax,
  - Investor Relations,
  - Corporate Communication,
  - IT;
- Wolfgang Bender, CMO:
  - Clinical Strategy and Operations,
  - Medical Affairs,
  - Pharmacovigilance,
  - Project Management;
- Frédéric Jacotot, General Counsel & Corporate Secretary:
  - Corporate Secretary Affairs,
  - Corporate Compliance;
  - Legal:
  - IP.

In spite of such distribution, the individual actions of each member of the Management Board are deemed to have been collegially made. As such, all members of the Management Board are bound by these individual actions and jointly and severally liable for them.

At the monthly Management Board meetings, the Management Board has to be informed of the decisions made by those of its members who are responsible for supervising the particular business functions mentioned above.

Powers of the President & CEO and President & CBO

The President & CEO *(Président du directoire)* represents the Company in its relations with third parties.

The Supervisory Board has decided to give the same power of representation to one member of the Management Board, who has the title of President & CBO *(Directeur Général).*

The Company shall be bound by the actions of the President & CEO *(Président du directoire)* or President & CBO *(Directeur Général)* which do not relate to the Company's business purpose, unless it demonstrates that the third party was aware that this action exceeded this business purpose or could not have been unaware of the same in view of the circumstances.

Delegation of Powers or Signing Authorities

The President & CEO *(Président du directoire)* – Chairman of the Management Board – as well as the President & CBO *(Directeur Général)* can convey their respective authority to another member of the Management Board or to any other person (***the Agent***) to represent the Company *vis-à-vis* third parties in specific areas covered by the delegation, subject to the following conditions:

- the scope of the delegation of powers must be limited: they may not delegate all of his/their management powers. The terms of the delegation must, therefore, be specific and limited in nature;
- as a general rule, the Agent can bind the Company with respect to third parties only to the extent of the authority which was given to him.

Any agreement, contract or commitment (each an ***Agreement***) made on behalf of the Company must be agreed and signed by the President & CEO *(Président du directoire)* and the President & CBO *(Directeur Général)* unless such an Agreement represents a total value of less than €500,000, in which case:

- if such an Agreement represents a total value of more than €100,000, it may be signed by either one Management Board member and one Management Committee member, or alternatively by 2 Management Board members,
- if such an Agreement represents a total value of less than €100,000, it may be signed by 2 persons that are either Management Committee members or Management Board members.

Limitations on the powers of the President & CEO *(Président du directoire)* or the President & CBO *(Directeur Général)* shall be unenforceable against third parties.

Mutual Information

The members of the Management Board have a duty to mutually consult with each other about:

- the most important decisions made by the Management Board, or decisions made in the area of activity for which they are responsible within the Company, particularly actions intended to develop or adapt the business of the Company;
- more generally, all actions related to the implementation of the Company's general strategy shall be referred to the Management Board.

Reporting duty to the Supervisory Board

According to Article L. 225-68, paragraph 4 of the French Commercial Code, the Management Board shall quarterly submit to the Supervisory Board a written report on the Company's business activities.

The Management Board shall meet regularly, either in person or by telephone, with the Chairman of the Supervisory Board.

Confidentiality

In compliance with Article L. 225-92 of the French Commercial Code, all members of the Management Board or people attending Management Board meetings are bound by professional secrecy with respect to discussions and deliberations of such Board and any information they may receive in the course of their duties.

All members of the Management Board or people attending Management Board meetings are obligated not to disclose any such information outside the Management Board.

Compliance

All members of the Management Board or people attending Management Board meetings undertake to comply with the Valneva insider policy. All members of the Management Board are responsible for maintaining the commitments set forth in the Company's Code of Conduct in connection with all of the business conducted by themselves and by the functions reporting to them.

(b) Rules governing the Supervisory Board

Provisions of the Company's Articles of Association

Supervisory Board membership (Articles 16 and 17 of the Articles of Association)

The Supervisory Board consists of at least three (3) members and at most eighteen (18) members, appointed by the Ordinary General Meeting, subject to legal exemptions.

The members of the Supervisory Board, who are natural persons, must be aged less than eighty (80), subject to the following stipulations.

A legal person may be appointed as member of the Supervisory Board but must, under the conditions provided by the law, designate a natural person who shall be its permanent representative on the Supervisory Board. The permanent representatives must be aged less than eighty (80), subject to the following stipulations.

The duration of the functions of the members of the Supervisory Board is set at three (3) years (with one year understood as the interval between two consecutive Ordinary General Meetings), subject to the following stipulations.

The duration of the functions of any member of the Supervisory Board shall be limited to the remaining period until the annual Ordinary General Meeting, held in the year during which the member of the Supervisory Board in question reaches the age of eighty (80).

The members of the Supervisory Board shall be re-elected on one or several occasions, subject to the above stipulations concerning the age limit. They may be dismissed at any time by decision of the Ordinary General Meeting, under the conditions and pursuant to the procedures provided by law.

Note: Recommendation No. 9 of the MiddleNext Code does not include provisions with respect to the term of Supervisory Board members' appointments. In contrast, it is recommended that the Supervisory Board ensures that the term of appointments be adapted, within the limits established by the law, to the specific characteristics of the Company. The term of Supervisory Board members' appointment is set by the Company's Articles of Association at three years (one year being understood as the period between two consecutive Annual General Meetings), in accordance with the law. However, in contrast to the Recommendation of the MiddleNext Code, the renewals of offices are not scattered.

Supervisory Board meetings (Article 18 of the Articles of Association)

The Supervisory Board shall appoint a Chairman and a Deputy Chairman from among its members, who are responsible for convening the Supervisory Board and directing its discussions. The Chairman shall also designate a secretary, who may be selected from outside the shareholders and who, together with the Chairman and the Deputy Chairman, shall comprise the bureau.

They shall be appointed for the duration of their mandate for the Supervisory Board and shall always be re-electable.

The Chairman and the Deputy Chairman shall be natural persons.

In the event of absence or impediment of the Chairman, the session of the Supervisory Board shall be chaired by the Deputy Chairman.

The Supervisory Board shall meet as often as the interests of the Company demand and at least once per quarter, at the convening of the Chairman, the Deputy Chairman or a member of the Supervisory Board, made by all written means, including by e-mail or even verbally.

However, the Chairman shall convene the Supervisory Board on a date which must not be more than fifteen (15) days later, when at least one member of the Management Board or at least one third of the members of the Supervisory Board submit a grounded request in this sense. If the request has remained without response, its authors may themselves call the meeting, indicating the agenda of the session. Other than this case, the agenda shall be set by the Chairman and may only be set at the time of the meeting.

The Supervisory Board may also be held by videoconference or any other electronic means of telecommunications or remote transmission.

The meetings shall take place at the registered office or at any other location indicated in the convening notice.

For resolutions to be valid, at least half of the members of the Supervisory Board must be present. Subject to the provisions of Article 19 of the Articles of Association, decisions shall be taken by a majority of votes of present or represented members; in the event of a tie vote, the Chairman of the session shall have the deciding vote.

Moreover, for the purposes of calculating the quorum and majority, the members of the Supervisory Board who take part in the Supervisory Board meetings by videoconference or any other electronic means of telecommunications or remote transmission shall be considered to be present, except for the adoption of the following decisions:

- verification and control of the annual financial statements and, as appropriate, of the consolidated accounts;

- appointment of the members of the Management Board;
- appointment of the Chairman or of the Deputy Chairman of the Supervisory Board and determination of their remuneration.

The members of the Supervisory Board may be represented at each session by one of their colleagues, but one member may only represent one of his colleagues as a proxy. These powers shall only be valid for a single session and may be granted by simple letter, e-mail or fax.

The decisions of the Supervisory Board shall be noted in the minutes drawn up in a special register or on numbered and initialed loose sheets, pursuant to the conditions set by the current legislation.

These minutes shall be signed by the Chairman of the session and by another member of the Supervisory Board.

Remuneration of Supervisory Board members (Article 20 of the Articles of Association)

Members of the Supervisory Board may receive by way of remuneration of their activity a fixed annual amount [...], determined by the Ordinary General Meeting, shall be maintained until a decision to the contrary and shall be charged to the general expenses of the Company.

The Supervisory Board shall share these benefits among its members in a manner which it considers appropriate.

The Supervisory Board may also allocate exceptional remuneration to certain of its members for missions or mandates entrusted to them in the cases and under the conditions provided by law.

No remuneration, permanent or otherwise, may be paid to the members of the Supervisory Board, other than what is allocated to the Chairman and possibly to the Deputy Chairman, or that due by way of an employment contract corresponding to an effective job.

Responsibilities and powers of the Supervisory Board (Article 19 of the Articles of Association)

The Supervisory Board exercises permanent control of the management of the Company carried out by the Management Board.

It appoints the members of the Management Board and sets their remuneration. It designates the Chairman of the Management Board and possibly the Managing Director. It also can remove them in accordance with the provisions provided for by statute and the Company's Articles of Association.

It convenes the General Meeting of shareholders, in the absence of convening by the Management Board.

At any time during the year, it conducts reviews and controls it considers appropriate and shall be provided with all documents it considers useful to fulfill its duties.

By a majority of present or represented members, pursuant to current legal and regulatory provisions, the Supervisory Board authorizes the following agreements and transactions, prior to their conclusion:

(i) any sale of property in kind;
(ii) any total or partial sale of equity holdings;
(iii) any grant of security, as well as guarantees; and
(iv) any agreement referred to in Article 22 of the Company's Articles of Association and subject, according to Article L. 229-7 of the French Commercial Code, to the rules set forth in Articles L. 225-89 to L. 225-90 of the French Commercial Code, which relates to the Supervisory Board's approval of regulated agreements, with the exception of agreements related to standard transactions entered into upon ordinary terms[1].

With a majority representing more than half of its members in office, the Supervisory Board authorizes, prior to their conclusion, the following agreements and transactions:

(i) approval of the annual budget;
(ii) approval of the business plan;
(iii) appointment and revocation of the members of the Management Board and Managing Directors, decisions on their remuneration and leaving terms;
(iv) submission of draft resolutions to the General Meeting relating to any distribution (including distribution of dividends or reserves) to the shareholders;
(v) approval of material changes in accounting policies;
(vi) submission of draft resolutions to the Extraordinary General Meeting and exercise of delegations of authority or delegations of powers granted by General Meetings and relating to the issue of shares or securities granting access, immediately and/or in the future, to the share capital of the Company;
(vii) share capital reductions and share buyback programs;
(viii) submission of draft resolutions to the General Meeting relating to any amendment to the Company's Articles of Association;
(ix) acquisition and disposal of business branches, equity interests or assets for an amount exceeding €1.0 million, as well as any lease management *(location-gérance)* of all or part of the business, except for the transactions previously submitted and approved as part of the annual budget or business plan;
(x) sale of rights to, or licensing of, antibodies, vaccines or related products for an amount exceeding €1.5 million;
(xi) implementation of any capital expenditure for an amount exceeding €1.0 million, if not previously submitted and approved as part of the annual budget;
(xii) implementation of any expense for recruiting a team for a total annual gross compensation (including social charges and withholding taxes) of €1.5 million in the first year, if not previously submitted and approved as part of the annual budget;
(xiii) any implementation, refinancing or amendment to the terms of any borrowings (including any bonds) for an amount exceeding €1 million, if not previously submitted and approved as part of the annual budget;

(1) However, please refer to the paragraph "Procedure for review of ordinary agreements with related parties", at the end of this Section 2.1.3 (b).

(xiv) grants of options entitling their holders to subscribe for newly issued shares *(options de souscription d'actions)* or to acquire existing shares *(options d'achat d'actions),* grants of free shares or other plans in favor of the Management Board members and key employees (*i.e.* employees with an annual gross compensation in excess of €100,000);

(xv) any merger, demerger, asset contribution, dissolution, liquidation or other restructurings;

(xvi) any settlement or compromise relating to any litigation of an amount exceeding €500,000, provided that any settlement or compromise relating to a litigation of an amount exceeding €250,000 will be reviewed by the Audit and Governance Committee of the Supervisory Board;

(xvii) any material change in the business; and

(xviii) any agreement or undertaking to do any of the foregoing.

At the annual Ordinary General Meeting, the Supervisory Board presents its observations on the Report by the Management Board, as well as on the annual financial statements.

The Supervisory Board may grant all special mandates or specific missions to one or several of its members, for one or several given purposes.

The Supervisory Board may also appoint, among its members, one or several specialized Committees, the composition and duties of which it shall set and which shall carry out their activities on the Supervisory Board's responsibility, provided that such duties cannot result in the Supervisory Board delegating to the Committees the powers exclusively given to it by the law or the Company's Articles of Association, or in any decrease in, or limitation of, the powers of the Supervisory Board.

Provisions of the Supervisory Board's Rules of procedure

In compliance with Recommendation No. 7 of the MiddleNext Code, Valneva SE's Supervisory Board has Rules of procedure which may be consulted on Valneva's website: www.valneva.com. A hardcopy can also be requested from the following address: Valneva SE, 6 rue Alain-Bombard, 44800 Saint-Herblain (France), or by email from: **investors@valneva.com**.

These Rules of procedure set forth the missions and objectives of the Supervisory Board and its Committees, as well as its operating procedures. The main provisions of the Supervisory Board's Rules of procedure, as amended on June 27, 2019, are as follows:

Independence and duty to speak

Each Supervisory Board member shall ensure he or she retains his or her independence of judgment, decision and action. He or she undertakes not to be influenced by any factor outside the Company's corporate interest that it is his or her duty to pursue.

Each Supervisory Board member shall disclose to the Supervisory Board any matter that might come to his or her attention and which he or she considers as likely to affect the Company's corporate interest.

Each Supervisory Board member shall communicate his or her questions or opinions to ensure that the Company's corporate interest is pursued at all times, and shall do his or her utmost to convince other Supervisory Board members in order to ensure that such interest is pursued. In the event there is a disagreement between Supervisory Board members during a Supervisory Board meeting, the dissenting member may request that his or her position be recorded in the minutes of the meeting.

Independence and conflicts of interests

Each Supervisory Board member shall do his or her utmost to avoid any conflict arising between his or her interests and the Company's corporate interest. He or she shall inform the Supervisory Board as soon as he or she becomes aware of any conflict of interests or potential conflict of interests, and subsequently refrain from taking part in discussions and voting on any related resolutions.

Once in each fiscal year, the Supervisory Board shall review the conflicts of interests and potential conflicts of interests of which it has been informed.

Loyalty and good faith

Each Supervisory Board member and attendee shall refrain from acting in any way that might go against the corporate interest of the Company and shall act in good faith in all circumstances.

Each Supervisory Board member shall undertake to comply with all the decisions adopted by the Supervisory Board which are in compliance with applicable laws and regulations.

Confidentiality

In accordance with Article L. 225-92 of the French Commercial Code, each Supervisory Board member and attendee shall be bound by professional secrecy with respect to discussions and deliberations of the Supervisory Board and Committees of the Supervisory Board, as well as any information he or she may receive in the performance of his or her duties.

Each Supervisory Board member or attendee shall be bound not to disclose any such information outside the Supervisory Board.

Insider policy

Each Supervisory Board member and attendee shall comply with the Company's insider policy.

Diligence

By accepting his or her office of Supervisory Board member, each Supervisory Board member undertakes to devote the necessary time and due diligence in performing his or her duties, in accordance with applicable laws and regulations. Unless genuinely prevented from doing so, each Supervisory Board member shall attend all meetings of the Supervisory Board and Committee meetings of which he or she is a member.

Supervisory Board members shall resign from office as Supervisory Board member in the event they consider themselves unable to exercise their duties in accordance with the application laws and regulations and/or the Rules of procedure.

Professionalism, self-evaluation and protection

Each Supervisory Board member shall contribute to the collegial administration and efficiency of the work of the Supervisory Board and of any Committee. He or she shall make any recommendation which might improve the Supervisory Board procedures.

Each Supervisory Board member shall have a duty to ensure that the deliberations of the Supervisory Board are taken in the Company's corporate interest and recorded in the minutes of the meetings.

Each Member shall ensure that all information required in relation to the items to be discussed during the Supervisory Board's meetings is obtained in a timely manner.

Once in each fiscal year, the Chairman of the Supervisory Board shall request all Supervisory Board members to provide their opinion on the functioning of the Supervisory Board and its Committees and on the preparation of the Supervisory Board's work.

The Chairman of the Supervisory Board shall make sure that the potential liability of Supervisory Board members is adequately insured and shall inform these members of the coverage thus provided.

Committees – Common provisions

The Supervisory Board may set up its own Committees, to facilitate its proper functioning and to contribute effectively in the preparation of its decisions.

A Committee's mission is to study the issues and projects which the Supervisory Board or its Chairman refers to it for consideration, to prepare the work and decisions of the Supervisory Board relating to its subject and projects, and to report the findings to the Supervisory Board in the form of reports, proposals, opinions, information or recommendations.

Committees shall perform their duties under the responsibility of the Supervisory Board. No Committee may deal, on its own initiative, with issues which extend beyond the specific scope of its missions. Committees shall have no decision-making power.

Procedure for review of ordinary agreements with related parties

Background and scope

Following the enactment of French Law 2019-486 of May 22, 2019, known as *Loi Pacte*, the Company's Supervisory Board created a procedure to regularly assess whether the agreements with related parties which relate to ordinary transactions and have been entered into upon customary terms & conditions (***Ordinary Agreements***) meet the legal requirements to qualify as such. This procedure applies to all members of the Legal and Finance Departments within the Group, as well as to the members of the Management Board and Supervisory Board.

Description and implementation of the procedure

Any member of the Legal or Finance Departments who is aware of an agreement, or a draft agreement, that may fall within the scope of Articles L. 225-86 *et seq*. of the French Commercial Code shall report thereon to the General Counsel without delay. The General Counsel, or any qualified person designated by the General Counsel, determines, in accordance with the applicable legal criteria, whether the agreement in question falls within the regime of regulated agreements or constitutes an Ordinary Agreement. If the General Counsel or his designee determines that the agreement falls within the scope of the Ordinary Agreements, he/she shall record the reasons accurately and in writing. The explanatory memorandum will be kept in the archives of the Legal Department. It may be provided to the Statutory Auditors upon request.

At least once per calendar year, the Management Board will provide the Audit and Corporate Governance Committee and the Supervisory Board with a summary of the Ordinary Agreements entered into or performed during the previous fiscal year, together with the reasons justifying their categorization as Ordinary Agreements. This will be followed by a discussion of the Supervisory Board, during which the Board will check that the agreements so reported do indeed meet the criteria required by law to qualify as Ordinary Agreements.

The Company's Supervisory Board reviewed the qualification of the Ordinary Agreements entered into or performed during the fiscal year 2019, during its meeting held on March 30, 2020. Qualification of these agreements as Ordinary Agreements was confirmed.

(c) Service agreements

There are no service agreements binding the members of the Supervisory Board to the Company or to one of its affiliates.

However, concerning the Management Board members, please refer to the description of the Management Agreements set forth within the Group[1].

(1) See Sections 2.6.2.1 (b) and (d) of this URD.

2.1.4. Absence of conflicts of interests and previous convictions, non-accumulation of appointments

Conflicts of interests involving the Management Board, the Supervisory Board and executive management bodies

With the exception of Mr. Frédéric Grimaud who is a second cousin of Mr. Franck Grimaud, member of the Company's Management Board, there is no family relationship in the Boards and management bodies of the Company.

To the Company's knowledge, there is no potential conflict of interest between the duties of the members of the Management Board and the Supervisory Board and their private interests and/or other duties.

To the Company's knowledge, there are no agreements or any agreement with certain major shareholders, customers, suppliers or others, pursuant to which a member of the Management Board or the Supervisory Board of the Company has been appointed in that capacity.

Independence of the Supervisory Board members (Recommendation No. 3 of the MiddleNext Code)

There are five criteria from which the independence of Supervisory Board members can be presumed and which is characterized by the absence of any significant financial, family or personal relationship likely to affect their independence of judgment:

- they must not have been, during the last five years, an employee or corporate officer of the Company or a company of the Group;
- they must not have had any material business relationship with the Company or the Group for the last two years (as a client, supplier, competitor, service provider, creditor, banker, etc.);
- they must not be a reference shareholder of the Company or hold a significant percentage of voting rights;
- they must not have a close relationship or close family ties with a corporate officer or a reference shareholder;
- they must not have been a Statutory Auditor of the Company in the course of the previous six years.

In accordance with the criteria for independence defined above, the Company considers that Messrs. Sulat and von Gabain, as well as Ms. Graffin, Ms. Poole and Ms. Shaw-Marotto, meet all these criteria and consequently are independent members of Valneva SE's Supervisory Board. Therefore, the Company meets Recommendation No. 3 of the MiddleNext Code which advises a minimum of 2 independent members.

Absence of previous convictions

As far as the Company is aware, no member of the Management Board or the Supervisory Board has been:

- convicted of fraud over the last five years;
- associated with any bankruptcy, receivership, liquidation proceeding or with any company's placement under judicial administration over the last five years;
- the subject of any indictment and/or official public sanction pronounced by any statutory or regulatory authorities (including professional bodies) over the last five years; and
- disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from participating in the management or conduct of the affairs of any issuer over the last five years.

Non-accumulations of appointments

Recommendation No. 15 of the MiddleNext Code provides that the suitability of holding an employment contract while serving as a corporate officer shall be determined by the Supervisory Board and in light of regulations.

For companies with a Management Board and a Supervisory Board, this Recommendation applies to the Chair of the Management Board. The Chair of the Company's Management Board does not have any employment contract with Valneva SE. He does however have a Management Agreement with Valneva SE's subsidiary, Valneva Austria GmbH, in which he is also a Managing Director. In accordance with Austrian law, the Management Agreement of a Managing Director within a GmbH contains many labor law-related provisions and therefore, is close to a standard employment agreement.

In addition, the members of the Management Board and Supervisory Board comply with the rules governing multiple appointments under French law (Articles L. 225-21 and L. 225-94-1 of the French Commercial Code).

The Management Board members shall not simultaneously hold more than five offices as managing director, member of the Management Board, sole managing director, director or member of the Supervisory Board of public limited companies having their registered office on French territory.

The members of the Supervisory Board do not simultaneously hold more than five appointments as director or member of the Supervisory Board of other *sociétés anonymes* with a head office in France, it being understood that (a) this number does not include directorships or Supervisory Board memberships in companies controlled by Valneva SE within the meaning of Article L. 233-16 of the French Commercial Code, and (b) directorships in companies whose shares are not listed on a regulated stock market and which are controlled, within the meaning of Article L. 233-16 of the French Commercial Code, by a single company, count as one directorship, provided that the number of such directorships does not exceed five.

No Supervisory Board member can legally exercise a management function in the Company; the MiddleNext Code Recommendation (Recommendation No. 1) whereby a Board member "manager" must not accept more than two offices in other listed companies is consequently not relevant in the case of Valneva SE.

2.2. Conditions of reparation and organization of the work of the Supervisory Board for the fiscal year ended December 31, 2019

2.2.1. Holding of the Supervisory Board meetings and attendance rate

The Management Board members are invited to attend every Supervisory Board meeting, except closed sessions.

The joint Statutory Auditors are also invited to those Supervisory Board meetings that examine the half-year and annual financial statements.

A record of attendance is signed by all Supervisory Board members present.

Minutes are drawn up for every Supervisory Board meeting and submitted for approval to each Supervisory Board member before the next meeting is held.

*

Valneva SE's Supervisory Board met 12 times in the fiscal year 2019. The average attendance rate was 91.70 %. The Supervisory Board members thus generally comply with the attendance requirement set out in Recommendation No. 1 of the MiddleNext governance Code.

On September 26, 2019, the Supervisory Board created new rules that make the payment of part of the fees of the Supervisory Board members conditional upon minimum Supervisory Board and committee meeting attendance requirements, thus complying with MiddleNext recommendation number 10:

- Supervisory Board members attend not less than 75% of all Supervisory Board meetings and, if applicable, committee meetings, held in-person or by telephone or video conference in a 12-month allocation period (June 1 - May 31);
- The attendance rates for each Supervisory Board member will be based on attendance sheets, approved minutes and committee Chairs' reports, for each 12-month allocation period;
- if any Supervisory Board member fails to attend 75 % of such meetings in any such period, the rest of the Board will meet and assess whether that member sufficiently fulfilled his/her duties. In doing so, the Supervisory Board will take into account that member's work outside of Supervisory Board and Committee meetings and meeting preparation, *e.g.* in significant interactions with the Management Board, as properly documented, provided that his/her attendance to Supervisory Board and Committee meetings did not fall short of 66%;
- Supervisory Board members are requested to keep appropriate documentation of the specifics of such work, including the date, place, duration and purpose, and to make it available to the rest of the Supervisory Board for purposes of the above-mentioned assessment;
- members whose work is being assessed in accordance with the above will not participate in the related discussions and votes.
- if, following such assessment, the Supervisory Board determines that a member did not sufficiently fulfill his/her duties in a 12-month allocation period, the Supervisory Board will set a revised amount of fees for that period, and the difference with the initial amount will be deducted from the fees payable for the immediately following period;
- the period from June 1, 2019 until May 31, 2020 will be the first 12-month allocation period in which the above-mentioned assessment will be made.

Seven members of the Supervisory Board out of ten attended the Combined General Meeting held on June 27, 2019. While Recommendation No. 1 of the MiddleNext governance Code was not fully complied with, it can be explained by the fact that the term of office of several members was expiring and was not being renewed at that General Meeting.

2.2.2. Notification of meetings to Supervisory Board members and Statutory Auditors

Each year, Valneva SE makes a provisional schedule of the Supervisory Board meetings for the following calendar year.

Furthermore, Valneva SE sends a meeting notice by email to the Supervisory Board members and by registered letter with acknowledgment to the Joint Statutory Auditors, approximately 8 days before the meeting.

In advance of Supervisory Board meetings, all documents, technical files and information necessary for the performance of their duties is provided to all Supervisory Board members. The Management Board may inform the Supervisory Board members of major events and provide additional information outside meetings. Consequently, the Company applies Recommendation No. 4 of the MiddleNext Code. However, in contrast to this Recommendation, the Rules of procedures of the Supervisory Board do not define specific requirements for issuing this information. Instead, it is incumbent on each Supervisory Board member to ensure that they receive this information in a timely manner.

Furthermore, the Supervisory Board members are reminded of the confidential nature of items provided to them, in the documents themselves and the accompanying e-mails or correspondence (Recommendation No. 1 of the MiddleNext Code).

2.2.3. Purpose of meetings

For the year 2019, the Supervisory Board considered and/or decided on the following matters:

- Quarterly Reports from the Management Board;
- Management Board performance appraisal and bonus for 2018;
- Management Board goals and objectives for 2019;
- Management Board compensation;
- Investor relations;
- Review of consolidated and entity financial statements and management report for the year ended on December 31, 2018;
- “Points to be watched” under the MiddleNext Governance Code;
- Authorization to grant stock options;
- Authorization to grant equity warrants;
- Authorization to grant free shares to Management Board and Senior Manage;
- Supervisory Board report on the Company's corporate governance;
- Draft resolutions to be submitted to the shareholders;
- Related party transactions;
- Company policy on equal opportunity employment and salaries;
- Corporate development strategy and strategic projects;
- Reappointment of Statutory Auditors;
- Amendment of internal rules of the Supervisory Board;
- Review of Consolidated Half-Year Financial Statements and Management Board Report;
- Supervisory Board self-evaluation;
- 2020 budget;
- Authorization for the Company to guarantee the obligations of a subsidiary under a lease agreement;
- Discharge of Valneva Austria GmbH’s Managing Directors;
- Review of AGM results;
- Authorization to incur capital expenditure;
- Vienna stock exchange delisting;
- Corporate governance development plan;
- Allocation of Supervisory Board fees and meeting attendance requirements;
- IT security;
- Authorization to proceed with debt financing;
- Authorization to enter into a SAA Terminaion Agreement with GSK;
- Post-AGM appointments: Chair, Vice-Chair, committee members and Chair.

2.2.4. Evaluation of the work of the Supervisory Board

Recommendation No. 11 of the MiddleNext Code provides that the Supervisory Board should conduct a yearly evaluation of its work. This self-evaluation was conducted on June 29, 2019.

2.2.5. Committees

In compliance with Recommandation No. 6 of the MiddleNext Code, the Company has created Committees in light of its own situation.

2.2.5.1. Nomination and Compensation Committee

Composition

The Nomination and Compensation Committee is or was composed of the following members:

- Mr. Alain Munoz, Committee Chair, until June 27, 2019;
- Ms. Louisa Shaw-Marotto, Committee Chair, from June 27, 2019
- Mr. Alexander von Gabain;
- Ms. Anne-Marie Graffin, until June 27, 2019;
- Mr. Balaji Muralidhar, until December 12, 2019;
- Mr. Thomas Casdagli, from December 12, 2019.

The Committee meets as often as required to serve the Company’s interests and at least twice a year.

Duties

The Committee issues proposals to the Supervisory Board on all aspects of top managers’ appointment and remuneration.

It draws up succession plans for corporate officers and Members of the Supervisory Board so as to be able to propose replacements to the Supervisory Board when a seat falls vacant.

As part of its duties, the Committee has the following specific responsibilities:

(a) with respect to appointments, the Committee shall:

- issue recommendations on the appropriateness of appointments, revocation, dismissal and renewal of appointment of members and Chairman of the Supervisory Board, Committees or Management Board. It shall also issue recommendations on the candidates considered, in terms of expertise, availability, appropriateness and complementarity with other Supervisory Board members and Management Board members,
- at any time, be in a position to formulate proposals on potential successors to the Chairman of the Management Board or Supervisory Board; and
- issue recommendations, upon Management Board request, on the appointment or resignation of a member of the Board of Directors (or any equivalent body), and on the appointment or dismissal of permanent representatives of the Company on such Board of Directors or equivalent bodies;

(b) in the area of remuneration, the Committee shall:

- examine and make proposals with respect to the various components of corporate officers' (including Management Board members) remuneration, the allocation of incentive bonuses and all the provisions relating to retirement benefits and any other kind of benefit,
- ensure the consistency of these rules with the annual assessment of the performance of the Company's corporate officers, on one hand, and with the Company's strategy on the other hand, and verify that these rules are applied properly,
- make recommendations to the Supervisory Board relating to the overall amount of Supervisory Board members' fees to be proposed to the General Meeting and on the allocation of these attendance fees between said Supervisory Board members,
- examine the Management Board's policy and projects with respect to rights issues reserved to employees, and
- assist the Supervisory Board in the drafting of sections of the Annual Report that fall within the scope of its remuneration.

2.2.5.2. Audit and Governance Committee

Composition

The Audit and Governance Committee is or was composed of th following members:

- Mr. James Sulat, Chair of the Committee;
- Bpifrance Participations, represented by Ms. Maïlys Ferrere, until June 27, 2019;
- Ms. Louisa Shaw-Marotto, until June 27, 2019;
- Ms. Sandra Poole;
- Ms. Ane-Marie Graffin, from Jun 27, 2019.

The Committee meets as often as required to serve the Company's interests and at least twice a year.

Duties

The Committee shall deal with questions of accounting and audit; it shall prepare the adoption of the financial statements and monitor the implementation of proper risk management processes. In addition, the Committee shall monitor the independence of the Statutory Auditors, especially with respect to the additional services provided to the Company (audit-related and non-audit-related services). The Committee shall review the Reports issued by the Statutory Auditors, the Management Board and the Supervisory Board.

The Committee shall also provide advice on and monitor the implementation of the corporate governance and corporate compliance policies of the Company.

As part of its duties, the Committee has the following specific responsibilities:

- review, audit and monitor the implementation of, and issue recommendations on, the following items:
  - scope of consolidation, accounting methods and audit procedures,
  - quarterly, half-yearly and annual financial statements, and in particular provisions, material risks and off-balance sheet commitments,
  - accounting positions relating to material transactions,
  - proposed adoptions of material changes to accounting methods,
  - Company's financial position,
  - review by the Statutory Auditors of the half year and annual separate accounts and consolidated financial statements, and
  - procedures for preparing detailed financial information to be provided to shareholders and to the market, and Company press releases relating to accounting and financial information;
- oversight of the Statutory Auditors and ensuring that conditions guaranteeing the independence of these Statutory Auditors exist through the following procedures:
  - steering of the selection procedure applicable to the Statutory Auditors,
  - submission of recommendations to the Supervisory Board on the Management Board's proposals to the General Meeting with respect to appointing, replacing and reappointing the Statutory Auditors,

    - assessment of the amount of fees paid to the Statutory Auditors and recommendation thereon to the Management Board,
    - monitoring that the Statutory Auditors comply with the rules governing their independence,
    - approval of services other than the certification of accounts, after analyzing risks affecting the independence of Statutory Auditors and the safeguard measures adopted,
    - supervising the audit assignment of the Statutory Auditors, taking into account, as applicable, items noted by the French Superior Council of Statutory Auditors *(Haut Conseil du Commissariat aux Comptes)* following an audit;
- oversight of internal audit procedures and monitoring the efficiency of internal and risk management procedures:
    - submission of recommendations on the mission and organization of the Company's Internal Audit Department and its action plan,
    - review of the main conclusions made by the Internal Audit Department within its work, followed by a Report to the Supervisory Board, and
    - review of the contribution of the Internal Audit Department within the evaluation of the risk management process and of the internal control.

The Committee meets prior to any Supervisory Board meeting called to deliberate on the review or approval of the financial statements, the Annual Management Report, presentation of budgets for the coming year or the review of risks and internal control procedures.

The Committee's review of the financial statements shall be accompanied by a presentation by the Statutory Auditors highlighting the key points, not only of the results, but also of the accounting choices made, and a presentation by the Finance Department of the Company on the risk exposure and significant off-balance sheet commitments.

This Committee reports on a regular basis to the Supervisory Board on the performance of its mission and informs the Supervisory Board immediately in the event of a problem. The Committee also reports to the Supervisory Board on the results of the accounts certification assignment so as to contribute to the integrity of financial information, and the role it played in this process.

2.2.5.3. Strategy Committee

A Strategy Committee has been provided for under the Supervisory Board's Rules of procedures. However, this Committee is not yet effective.

The main provisions relating to this Committee in the Internal Rules of the Supervisory Board are hereinafter set out:

Composition and operation

The Strategy Committee shall be composed of at least three members or their permanent representatives appointed by the Supervisory Board.

The Committee shall meet as often as required to serve the Company's interest, and at least twice per year.

Duties

The Committee shall:

- review and issue recommendations to the Supervisory Board on projects for the strategic plans and annual budgets of the Company drawn up by the Management Board. In this respect, the Committee may interview the Management Board members on the assumptions applied in drawing up the said plans;
- review and issue recommendations to the Supervisory Board on the creation of any business division or subsidiary, on investments in any business division or on the acquisition of any equity interest in a country in which the Company does not operate;
- review and issue recommendations to the Supervisory Board on all proposed mergers, spin-offs or asset transfers in connection with the Company; and
- review and issue recommendations to the Supervisory Board on any transaction entailing a significant alteration in the scope of the business activities of the Company and its subsidiaries.

2.2.5.4. Scientific Committee

On June 27, 2019, after the AGM, the Supervisory Board decided to dissolve the Scientific Committee. The Supervisory Board's internal rules were changed accordingly. The Management Board formed a Scientific Advisory Board (SAB) to advise the Company on its R&D programs and strategy. One of the Supervisory Board members attends SAB meetings.

Composition

The Scientific Committee was composed of three members, as follows:

- Mr. Ralf Clemens, Chair of the Committee;
- Mr. Alexander von Gabain; and
- Mr. Alain Munoz.

The Committee met as often as required to serve the Company's interests and at least twice a year.

Duties

The Committee had the following responsibilities:

- examine the R&D strategy developed by the Management Board and make recommendations to the Supervisory Board;
- provide an opinion to the Supervisory Board on the achievement by the Management Board of objectives relating to R&D;
- stay informed about new scientific developments of critical importance to the success of Valneva's R&D and offer an opinion to the Supervisory Board regarding any scientific technical or R&D-related subject;
- provide an opinion or recommendations to the Supervisory Board regarding projects or operations concerning Valneva's projects in research or under development; and
- provide assistance to the Supervisory Board for work evaluating and overseeing the Company's R&D strategy.

2.3. Authorizations for capital increases

In accordance with the provisions of Article L. 225-100, paragraph 7 of the French Commercial Code, the Section "Powers of the Management Board, in particular for the issuance and buyback of shares"[1] provides information on the current authorizations granted to the Management Board by the General Meeting of the Company to proceed with capital increases in accordance with Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code, and on the uses made thereof during the fiscal year 2019.

2.4. Limitations imposed on the powers of the Management Board by the Supervisory Board

Please refer to the Section "Rules governing the management and supervisory bodies"[2].

(1) See Section 2.7.8 of this URD.
(2) See the description of Article 15 of the Company's Articles of Association and the Management Board's rules of procedure, in Section 2.1.3 (a), as well as the description of Article 19 of the Company's Articles of Association, in Section 2.1.3 (b) of this URD.

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2.5. Agreements entered into between a corporate officer or a shareholder holding more than 10% of the Company's voting rights, and another corporation controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code (excluding agreements which relate to ordinary transactions and have been entered into upon customary terms & conditions)

Contracting party	Agreement	Purpose of the agreement[1]
Mr. Thomas Lingelbach	**Management Agreement** entered into with Valneva Austria GmbH on June 25, 2015	This agreement provided for the payment of remuneration and benefits to Mr. Thomas Lingelbach, in his capacity as Managing Director of Valneva Austria GmbH. This agreement expired at the end of Valneva SE's Annual General Meeting scheduled for June 2019.
	Management Agreement entered into with Valneva Austria GmbH on July 9, 2018, with effect in June 2019, as amended in March 2020.	This agreement provides for the payment of remuneration and benefits to Mr. Thomas Lingelbach, in his capacity as Managing Director of Valneva Austria GmbH. This agreement has been effective since Valneva SE's Annual General Meeting held on June 27, 2019.
Mr. David Lawrence	**Temporary Management Agreement** entered into with Valneva UK Ltd.on December 18, 2018, with effect on January 1, 2019	This agreement provided for the payment of remuneration and benefits to Mr. David Lawrence, in his capacity as Managing Director of Valneva UK Ltd. This agreement was effective from January 1, 2019 until the end of Valneva SE's Annual General Meeting held on June 27, 2019.
	Management Agreement entered into with Valneva UK Ltd.on December 21, 2018, with effect in June 2019, as amended in March 2020	This agreement provides for the payment of remuneration and benefits to Mr. David Lawrence, in his capacity as Managing Director of Valneva UK Ltd. This agreement has been effective since Valneva SE's Annual General Meeting held on June 27, 2019.
Mr. Wolfgang Bender	**Management Agreement** entered into with Valneva Austria GmbH on August 7, 2017, with effect on September 1, 2017	This agreement provided for the payment of remuneration and benefits to Mr. Wolfgang Bender, in his capacity as Managing Director of Valneva Austria GmbH. This agreement expired at the end of Valneva SE's Annual General Meeting held on June 27, 2019.
	Management Agreement entered into with Valneva Austria GmbH on July 9, 2018, with effect in June 2019, as amended in March 2020	This agreement provides for the payment of remuneration and benefits to Mr. Wolfgang Bender, in his capacity as Managing Director of Valneva Austria GmbH. This agreement has been effective since Valneva SE's Annual General Meeting held on June 27, 2019.

(1) Detailed information on selected terms of this agreement is provided in Sections 6.2.1 (b) and (d) of this URD.

2.6. Remuneration of the Management Board and Supervisory Board members – Shareholding

The information provided in this Section sets out, first, the remuneration policy applicable to the Management Board and Supervisory Board members, as adopted by the Company (including the manner in which the elements of remuneration contribute to the long-term performance of the Company, but also the manner in which the performance criteria defined for the corporate officers are applied), and then goes on to detail the elements of remuneration paid or allocated to the members of the Management Board and Supervisory Board of Valneva SE, in accordance with the remuneration policy and payment ceilings approved by the Company's last Ordinary General Meeting.

2.6.1. Corporate officers' remuneration policy

The Company complies with MiddleNext recommendation N°13 on the remuneration of corporate officers. Its remuneration policy is set out below. These have been determined by the Supervisory Board based on a proposal from the Appointments and Compensation Committee, in accordance with the Supervisory Board's rules of procedure. The management of potential conflicts of interest is based on Article 6 of the Board's internal rules and Recommendation No. 2 of the MiddleNext Code. If the Shareholders of the Company decide to change the governance and adopt a Board of Directors structure, the principles set out below will apply to the new bodies and new officers as set out in the "Table of concordance between positions, in the event of a change of governance system" set out below[1], subject to the modifications indicated in this table.

2.6.1.1. Remuneration policy applicable to the Management Board members

The principles set out below in connection with the remuneration of the Management Board in 2020 may apply to any new member of the Management Board possibly appointed in the future (including the Chairperson). The amounts of remuneration and benefits paid or granted to the Management Board members for 2019 are presented in the Section "Remuneration paid or granted to the Management Board members" of this URD[2]. The Management Board members have entered into Managements Agreements with the Company or its subsidiaries, the duration of which is identical to that of their term of office, and for which the applicable notice period is 2 months, end-of-month. The terms of office of the Management Board members, as well as the conditions of termination of their Management Agreement(s), are described in the Section "Indemnities or benefits granted to the corporate officers in case of appointment, termination or change of duties" of this URD[3].

Fixed, variable and special compensation

	Chair of the Management Board	Other Management Board members
Fixed compensation	▪ Gross annual compensation of approximately €370,000 to €420,000, in line with the Company's practice. ▪ Fixed remuneration based on an assessment of the market, the individual performance of the officer and his or her responsibilities (Recommendation No. 13 of the Middlenext Code). ▪ Annual adjustment based on the same inflation figures as those used to adjust the Group's employee salaries in each country.	▪ Gross annual compensation of approximately €200,000 to €330,000, in line with the Company's practice. ▪ Fixed remuneration based on an assessment of the market, the individual performance of the officer and his or her responsibilities (Recommendation No. 13 of the Middlenext Code). ▪ Annual adjustment based on the same inflation figures as those used to adjust the Group's employee salaries in each country.

(1) See Section 2.6.1.3 of this URD.
(2) See Section 2.6.2.1.
(3) See Section 2.6.2.1 (d).

	Chair of the Management Board	Other Management Board members
Annual variable performance-based compensation	Maximum 60% of gross annual fixed compensation ▪ See below the paragraph “Variable or exceptional remuneration rules applicable to the Management Board members”	Maximum 50% of gross annual fixed compensation ▪ See below the paragraph “Variable or exceptional remuneration rules applicable to the Management Board members”
Multi-year variable remuneration	The members of Valneva SE’s Management Board do not have any multi-year variable remuneration.	
Grant of free shares	The Company implements programs for the grant, without consideration, of convertible preferred shares to foster long-term retention of Company executive officers. Management Board members benefit from these programs. For a description of the principles and applicable conditions, as well as of the current plans: see the 26th resolution of the Company’s Combined General Meeting of June 29, 2017, the 36th resolution of the Company's Combined General Meeting of June 27, 2019, as well as the Section "Options to subscribe or purchase shares and free shares" of this URD[(1)]. In December 2017, the Company granted free convertible preferred shares (***FCPS***) to the members of the Management Board or Executive Committee (now replaced by the Management Committee) and to Manufacturing site Heads, with conversion rules based on Valneva’s stock price 4 years after the initial granting. This plan is based on the following general principles: (a) the participants were required to make a personal investment, through the purchase of Valneva SE ordinary shares on the market, (b) the conversion ratio gradually increases, depending on Valneva SE’s stock price after 4 years, with a target price (giving the highest conversion ratio) at €8, and (c) the maximum gross gain will be limited by decreasing the conversion ratio if the stock price exceeds the target. If the stock price reaches the target in 2021, this plan may result, at a maximum and after conversion of the convertible preferred shares, in the Chair of the Management Board receiving 346,952 Valneva SE ordinary shares, and in the each of the other Management Board members receiving 288,362 Valneva SE ordinary shares. In December 2019, the Company granted free ordinary shares to the members of the Management Board (331,667 shares for the Chairman and 262,570 for each of the other members of the Management Board) and to the members of the Management Committee. Subject to the performance and employment conditions provided for in the plan, the shares will be fully vested in three equal tranches (subject to rounding) in December 2021, December 2022 and December 2023. The 2017 and 2019 plans contribute to the objective of recognizing the Company's value on the markets by involving the Management Board in improving this value recognition. These plans do not include any lock-up period.	
Special compensation	See the sub-paragraphes “Note” and "Exceptional remuneration in the event of a change of control" in the paragraph “Variable or exceptional remuneration rules applicable to the Management Board members” below.	
Attendance fees	Valneva SE does not grant attendance fees to Management Board members.	
Benefits:		
A long-term insurance savings products	A long-term life insurance policy as a retirement savings product is taken out by Valneva Austria GmbH, a subsidiary of Valneva SE, for Mr. Thomas Lingelbach, in line with normal practice in Austria. Policy terms: the savings is released when the beneficiary reaches the retirement age in Austria (currently 65) or on the latter’s death if occurring before reaching this age. The cost of the policy (approximately €1000 per month or €12,000 per year) is incurred by the subsidiary Valneva Austria GmbH.	
Unemployment insurance for executive officers	The Company has taken out a policy for company executive officers (*Garantie Sociale des Chefs et Dirigeants d’Entreprises* or GSC) for the members of the Management Board contractually attached to Valneva SE and having their tax residence in France, in accordance with normal market practice in France. The purpose of this contract is to guarantee the payment of compensation in case of unemployment (up to 70% of the last professional net income filed with the tax authorities). The cost of the policy approximately €8,000 to €10,000 per year and per person) is paid by Valneva SE.	

(1) See Section 2.6.2.1 (c).

	Chair of the Management Board	Other Management Board members
Leasing of a car	Each Management Board member is provided with a vehicle. The maximum leasing fee is €1,210 per month or €14,520 for the year for each Management Board member. The leasing of a car can be replaced with a "car allowance" of the same amount, paid to Management Board members. In 2020, Mr. David Lawrence and Mr. Wolfgang Bender received and will receive such a car allowance instead of a company car. Car insurance and other car-related expenses (including, though not limited to, the tax on company vehicles, etc.) are incurred by the Company or the subsidiary to which the Management Board member is contractually attached, depending on the case.	
Reimbursement of the costs of travel from the place of residence to the place of work by plane and associated costs	The Company or its subsidiaries, depending on the case, reimburse Management Board members for the cost of weekend travels by plane between their place of residence and the sites of Valneva Group, including transportation to and from the airport.	
Foreign tax residents	With respect to those Management Board members who are tax residents of a country other than France and Austria, the Company or its subsidiaries bear pension plan charges and provide indemnification against possible additional tax resulting from foreign tax residency. Therefore, the Company or its subsidiaries (a) pay an amount equal to 15% of Mr. David Lawrence's remuneration to a British pension fund, (b) contribute to Mr. Wolfgang Bender's retirement and sickness coverage in the amount of approximately €24,000 per year, and (c) will, as the case may be, bear the additional tax resulting from the potential taxation of reimbursed costs of travel between their place of residence and the Group's offices in Austria or France. In addition, the Company pays the fees of a UK tax adviser for the completion of Mr. Lawrence's UK tax return, in particular for the recognition of French and Austrian tax credits, up to a maximum of €3,000 per year.	
Other miscellaneous benefits	Other miscellaneous benefits such as, though not limited to, the provision of a cell phone or laptop computer, the leasing of a parking place, etc.) are granted to members of the Management Board of the Company or its subsidiary to which the Management Board member is contractually attached, depending on the case.	

Variable or exceptional remuneration rules applicable to the Management Board members

The ***Bonus*** represents the variable part of the Management Board´s annual compensation. The Bonus process applied follows the principles of a state the art performance management system with the following key elements:

- the Management Board receives goals for a new business year from the Supervisory Board;
- these goals are set according to the recommendation of the Nomination and Compensation Committee;
- the Management Board goals are linked to key strategic and operational objectives necessary to develop the Company according to its published strategy and financial guidance;
- the Management Board goals are SMART (Specific, Measurable, Accepted, Relevant, Time-bound);
- performance against agreed goals is reviewed throughout each business year;
- the Management Board goals may be adjusted during the year in case of major changes in the business´ environment or priorities;
- performance against the agreed Management Board goals is assessed upon completion of a business year *(**the Appraisal**)*;
- Bonus pay-out is linked to the Appraisal and based on the individual the Management Board members Target Bonus. The ***Target Bonus*** is the Bonus assuming a 100% Appraisal;
- the Appraisal is made by the Supervisory Board upon the recommendation of the Nomination and Compensation Committee.

The Target Bonus represents either 50% or 60% of the respective yearly gross salary. For 2020, the Supervisory Board decided that the achievement of one or more specific targets may exceed 100% but that the assessment of the total targets remains limited to 100%.

A majority of the Management Board goals are wholly or partly of a quantitative nature and split between operational and strategic objectives.

For 2018 and 2019, each Management Board member has been given an individual goal, of a mostly qualitative nature, in addition to the collective goals. Each individual goal was weighted at 20%, and the collective goals were weighted at 80%.

For 2019 (bonus paid in 2020), the agreed Management Board goals were linked to:

- financial performance, weighted in total at 20%;
- strategic business development activities, weighted in total at 20%;
- R&D progression, weighted in total at 25%;
- preparation of the Company for the future, weighted in total at 15%.

For 2020 (bonus to be paid in 2021), the objectives have become entirely collective again and are broken down into the following areas: commercial and financial performance (sales, net margin before R&D, gross margin on product sales) (25%), execution of business development strategies (Lyme partnership, preparation for NASDAQ, rationalisation of activities) (30%), progress of R&D programmes (compliance with planned development stages for Lyme and chik) (30%), improvement of value recognition on the financial markets (10%), optimisation of the functioning of the corporate bodies (5%).

Note: When the Management Board achieves exceptional results exceeding the specified objectives, the Supervisory Board, on the recommendation of the Nomination and Compensation Committee, may decide to grant an exceptional bonus. This bonus, when granted, is generally for an amount less than the Target Bonus.

*

For the fiscal year 2019, the Company's Supervisory Board, in its meeting held on February 25, 2020, assessed the Management Board's performance, in regard to goals and objectives, as set out below:

Overall achievement of goals and associated Bonus:

- President & CEO: 87% - Bonus = €200,668.80
- President & CBO: 83% - Bonus = €108,549.06
- CFO: 83% - Bonus = €114,081.42
- CMO: 89% - Bonus = €129,791.81
- General Counsel: 89% - Bonus = €56,461.68

Exceptional remuneration in the event of a change of control:

In the event of a change of control of the Company before the full vesting of the convertible preferred shares granted in 2017 and the first tranche of the free ordinary shares granted in 2019 (*i.e.* December 2021 in both cases), the Company or its subsidiaries will pay the Management Board members an indemnity intended to compensate for the loss of the convertible preferred shares and free shares. This indemnity will be calculated on the basis of the Valneva share price at the time of the change of control, as if all the shares were immediately fully vested (and if applicable converted), and will be increased by 45% in order to cover, on a flat-rate basis, the major part of the social security contributions and income tax payable by the beneficiaries. Notwithstanding the provisions of the 2019 plan, this compensation will not be affected or conditioned by the 2019 performance of the Management Board members but will be subject to the acceptance by the Supervisory Board of a share acquisition price substantially higher than the Valneva share price (***the Price Acceptance Condition***).

In the event of a change of control of the Company after the full vesting of the first or second tranche of free ordinary shares granted in December 2019, if the number of shares granted on an accelerated basis at the time of the change of control is less than the maximum theoretical number due to the application of the performance condition provided for in the plan, and if the Price Acceptance Condition is met, the Company or its subsidiaries will pay the Management Board members an indemnity intended to compensate for the reduction in the number of shares fully vested as a result of the application of the performance condition provided for in the plan. This indemnity will be calculated on the basis of the Valneva share price at the time of the change of control and will be increased by 45% in order to cover, on a flat-rate basis, the major part of the social security contributions and income tax due by the beneficiaries.

*

The payment of Bonuses and where applicable, exceptional compensation, in respect of the fiscal years 2019 and 2020, which constitute elements of variable and exceptional remuneration, will be subject to the approval, by the Company's Ordinary General Meeting ruling on the accounts for the fiscal year in question, of the elements of remuneration of the person concerned, under the conditions provided for in Article L. 225-100 of the French Commercial Code.

Compensation or benefits due to corporate officers on assuming, terminating or changing functions

These financial benefits are granted to Management Board members in certain scenarios involving the termination or change of functions.

These benefits and their conditions for 2019 and 2020 are described in the Section "Indemnities or benefits granted to the corporate officers in case of appointment, termination or change of duties" of this URD[1].

Recommendation No. 16 of the MiddleNext Code provides guidelines with regard to "golden handshakes" for corporate officers; the severance package of the Management Board members is not, however, in full compliance with this Recommendation[2].

2.6.1.2. Remuneration policy applicable to the Supervisory Board members

The principles set out below in connection with the remuneration of the Supervisory Board members in 2020 may apply to any new member of the Supervisory Board possibly appointed in the future (including the Chairperson). The terms of office of the Supervisory Board members are specified in the Section "Supervisory Board" of this URD[3].

Remuneration granted to the Supervisory Board members

The Company grants a remuneration to all members of the Supervisory Board of Valneva SE on the basis of their office, except (i) to members of the Board who are legal entities, as the case may be, and (ii) individual members having expressly waived their right to the fees.

(1) See Section 2.6.2.1 (d).
(2) See Section 2.9 of this URD.
(3) See Section 2.1.2.

In accordance with the Company's practices, the annual allocation of remuneration authorized by the Shareholders is made on the basis of the role on the Board, as shown in the following schedule:

Chair of the Supervisory Board: €50,000 to €60,000 per year

Vice-Chair of the Supervisory Board and Committee Chair: €45,000 to €55,000 per year

Member of the Supervisory Board and Committee Chair: €35,000 to €45,000 per year

Member of the Supervisory Board: €30,000 to €35,000 per year

The above amounts could be increased by up to 50% if necessary to attract qualified individuals in connection with the renewal of certain offices and the preparation of a possible listing on the NASDAQ.

In accordance with Recommendation No. 10 of the MiddleNext Code, the payment of the remuneration granted to Board members is linked to certain attendance conditions for Supervisory Board members(1).

Equity warrants (BSA)

The Company grants equity warrants to Supervisory Board members.

The normal annual allocation is 12,000 BSA warrants for the Chair of the Supervisory Board and 6,500 BSA warrants for each of the other Supervisory Board members. This allocation may be approximately doubled (24,000 to 25,000 warrants for the Chairperson and 12,500 to 13,000 warrants for each other member), if it was technically impossible to grant BSA equity warrants in the preceding year. Because no equity warrants could be granted in 2018 or 2019, such a double allocation is planned for 2020, and possibly for 2021.

For a description of the principles and applicable conditions: see the 37th resolution of the Company's Combined General Meeting of June 27, 2019 (and Section 20 of the Report by the Management Board related to that Meeting).

2.6.1.3. Table of concordance between positions, in the event of a change of governance system

POSITION TITLE (FORMER -> NEW)
▪ Chair of the Management Board -> Managing Director
▪ Other Management Board members -> Deputy Managing Directors
▪ Chair of the Supervisory Board -> Chair of the Board of Directors, without general management responsibilities
▪ Other Supervisory Board members -> Members of the Board of Directors

2.6.1.4. Draft resolutions of the Ordinary General Meeting of June 17, 2020, following the “Say on Pay” principle

[...] resolution – Approval of the remuneration policy applicable to the corporate officers

The Shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, after considering the Report by the Supervisory Board on the Corporate Governance dated March 30, 2020 and which includes, in particular, the remuneration policy for corporate officers established in accordance with Article L. 225-82-2 of the French Commercial Code, approve the remuneration policy applcicable to the corporate officers, as provided in Sections 2.6.1.1., 2.6.1.2 and 2.6.1.3 of the Company's Universal Registration Document (in which said Report by the Supervisory Board is incorporated).

[...] resolution – Approval of the information referred to in Article L. 225-37-3, I of the French Commercial Code, pursuant to Article L. 225-100, II of the French Commercial Code

The Shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings, after considering the Report by the Supervisory Board on the Corporate Governance dated March 30, 2020 and which includes, in particular, the information referred to in Article L. 225-37-3, I of the French Commercial Code, approve such information, as provided in Section 2.6 and in particular in Sections 2.6.2 and 2.6.3 of the Company's Universal Registration Document (in which said Report by the Supervisory Board is incorporated).

[...] resolution – Approval of the fixed, variable and exceptional components making up the total remuneration and benefits of any kind paid during, or granted in respect of the fiscal year ended December 31, 2019, to Mr. Thomas Lingelbach, Chairman of the Management Board

The Shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings and with Article L. 225-100 of the French Commercial Code, after considering the Report by the Supervisory Board on the Corporate Governance dated March 30, 2020 and which includes, in particular, the components referred to in Article L. 225-37-3 of the French Commercial Code, approve the fixed, variable and exceptional components making up the total remuneration and benefits of any kind paid during, or granted in respect of

(1) See Section 2.2.1 of this URD.

the fiscal year ended December 31, 2019, to Mr. Thomas Lingelbach, Chairman of the Management Board, as provided in Section 2.6.2.1 of the Company's Universal Registration Document (in which said Report by the Supervisory Board is incorporated).

[...] resolution – Approval of the fixed, variable and exceptional components making up the total remuneration and benefits of any kind paid during, or granted in respect of the fiscal year ended December 31, 2019, to the Management Board members (other than the Chair of the Management Board)

The Shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings and with Article L. 225-100 of the French Commercial Code, after considering the Report by the Supervisory Board on the Corporate Governance dated March 30, 2020 and which includes, in particular, the components referred to in Article L. 225-37-3 of the French Commercial Code, approve the fixed, variable and exceptional components making up the total remuneration and benefits of any kind paid during, or granted in respect of the fiscal year ended December 31, 2019, to the Management Board members (other than the Chair of the Management Board), as provided in Section 2.6.2.1 of the Company's Universal Registration Document (in which said Report by the Supervisory Board is incorporated).

[...] resolution – Approval of the fixed, variable and exceptional components making up the total remuneration and benefits of any kind paid during, or granted in respect of the fiscal year ended December 31, 2019, to Mr. Frédéric Grimaud, Chairman of the Supervisory Board

The Shareholders, acting in accordance with the quorum and majority voting requirements applicable to Ordinary General Meetings and with Article L. 225-100 of the French Commercial Code, after considering the Report by the Supervisory Board on the Corporate Governance dated March 30, 2020 and which includes, in particular, the components referred to in Article L. 225-37-3 of the French Commercial Code, approve the fixed, variable and exceptional components making up the total remuneration and benefits of any kind paid during, or granted in respect of the fiscal year ended December 31, 2019, to Mr. Frédéric Grimaud, Chairman of the Supervisory Board, as provided in Section 2.6.2.2 of the Company's Universal Registration Document (in which said Report by the Supervisory Board is incorporated).

2.6.2. Remuneration paid or granted during the fiscal year 2019

The information presented in this Section applies to remuneration granted or paid to members of the Management and Supervisory Boards by:

- the Company;
- the companies controlled, pursuant to Article L. 233-16 of the French Commercial Code, by the Company in which the office is exercised;
- the companies controlled, pursuant to Article L. 233-16 of the French Commercial Code, by the company(ies) controlling the Company in which the office is exercised;
- the company(ies) controlling, pursuant to the same Article, the Company in which the office is exercised,

in consideration for services they provide to companies of the Group.

The amounts presented below are on a gross basis before tax.

2.6.2.1. Remuneration paid or granted to the Management Board members

(a) Summary of the Management Board members remuneration

	Mr. Thomas LINGELBACH		Mr. Franck GRIMAUD		Mr. Frédéric JACOTOT	
	2019	2018	2019	2018	2019	2018
Remuneration payable for the period	€652,942.47	€694,400.34	€415,734.86	€423,759.85	€295,311.57	€289,044.91
Measurement of multi-year variable remuneration granted in the period	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Measurement of options granted in the period	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Measurement of free Valneva SE ordinary shares granted in the period	€845,750.85	n.a.	€669,553.50	n.a.	€669,553.50	n.a.
Measurement of FCPS granted in the period	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL	**€1,498,693.32**	**€694,400.34**	**€1,085,288.36**	**€423,759.85**	**€964,865.07**	**€289,044.91**

	Mr. David LAWRENCE		Mr. Wolfgang BENDER	
	2019	2018	2019	2018
Remuneration payable for the period	€466,76.75	€510,451.10	€480,571.82	€485,923.43
Measurement of multi-year variable remuneration granted in the period	n.a.	n.a.	n.a.	n.a.
Measurement of options granted in the period	n.a.	n.a.	n.a.	n.a.
Measurement of free Valneva SE ordinary shares granted in the period	€669,553.50	n.a.	€669,553.50	n.a.
Measurement of FCPS granted in the period	n.a.	n.a.	n.a.	n.a.
TOTAL	**€1,135,730.25**	**€510,451.10**	**€1,150,125.32**	**€485,923.43**

(b) Presentation of individual remuneration[1]

M. Thomas Lingelbach – Chairman of the Management Board, President & CEO of Valneva SE

	2019[2]		2018[3]	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	€384,423 (in accordance with the decision of the Company's Supervisory Board held on March 1, 2019) Payable in 14 equal installment	€384,423	€377,181 (in accordance with the decision of the Company's Supervisory Board held on March 20, 2018) Payable in 14 equal installments	€377,181
Annual variable remuneration	Maximum 60% of gross annual salary i.e. €230,653.80 (with respect to 2019 objectives)	€226,308.60, *i.e.* 60% of the gross annual salary 2018 (Amount paid with respect to 2018 objectives - validation by the Supervisory Board on March 1, 2019 of 100% of the objectives)	Maximum 60% of gross annual salary *i.e.* €226,308.60 (with respect to 2018 objectives)	€165,172.50 (Amount paid with respect to 2017 objectives - validation by the Supervisory Board on January 23, 2018 of 75% of the objectives)
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€50,000	€50,000, *i.e.* 13.26 % of the gross annual salary 2018 (in accordance with the decision of the Company's Supervisory Board held on March 1, 2019(**))	€22,023 (in accordance with the decision of the Company's Supervisory Board held on January 23, 2018)
Attendance fees	€0	€0	€0	€0
Fringe benefits:				
Car rental	▪ Lease fee: from maximum €1,100 per month (January to June 2019) to €1,210 per month (July to December 2019), or €13,860 for the year 2019 ▪ Insurance: €3,398.28 for a complete year of insurance ▪ Other car related expenses: €3,048.99	€20,974.28 *i.e.* ▪ €14,527.01 for the car leasing (including €667.01 borne by the corporate officer) ▪ €3,398.28 for the car insurance ▪ €3,048.99 for other car related expenses (except fuel)	▪ Lease fee: maximum €1,100 per month, or €13,200 for the year 2018 ▪ Insurance: €3,338.69 for a complete year of insurance ▪ Other car related expenses: €6,725.73	€23,668.12 *i.e.* ▪ €13,603.70 for the car leasing (including €403.70 borne by the corporate officer) ▪ €3,338.69 for the car insurance ▪ €6,725.73 for other car related expenses (except fuel)
Death and endowment insurance policy	Maximum €1,000 per month, or €12,000 for the year 2019	€12,000	Maximum €1,000 per month, or €12,000 for the year 2018	€12,000
Reimbursement of homeworkplace journeys made by flights and of associated costs (*)	€5,558.40	€5,558.40	€5,646.32	€5,646.32
TOTAL	**€652,942.47**	**€699,264.34**	**€694,400.34**	**€605,690.94**

(*) The current Management Agreement executed between Mr. Thomas Lingelbach and the subsidiary Valneva Austria GmbHprovides that Mr. Lingelbach be reimbursed for the costs of weekend flights between hometowns in Germany and Austria andsites of Valneva, these costs including the transfers from and to the airport.

(**)Exceptional remuneration in connection with the private placement finalized on October 1, 2018 (operation was more successful than expected).

(1) For a description of the variable or exceptional remuneration rules applicable to the corporate officers, please refer to the paragraph "Variable or exceptional remuneration rules applicable to the Management Board members", in Section 2.6.1 of this URD.

(2) Amounts set and paid in accordance with (a) the provisions of the Management Agreement executed between Mr. Thomas Lingelbach and the subsidiary Valneva Austria GmbH, entered into force, depending on the case, on June 25, 2015, or at the end of the Company's Combined General Meeting of June 27, 2019,and (b) the Company's Supervisory Board decisions, as applicable. (as amended)

(3) Amounts set and paid in accordance with (a) the provisions of the Management Agreement executed between Mr. Thomas Lingelbach and the subsidiary Valneva Austria GmbH (as amended), entered into force on June 25, 2015, and (b) the Company's Supervisory Board decisions, as applicable.

Mr. Franck **Grimaud** – Management Board member, President & CBO of Valneva SE

	2019[1]		2018[2]	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	€261,564 (in accordance with the decision of the Company's Supervisory Board held on March 1, 2019) Payable in 12 installments	€261,564	€257,470.08 (in accordance with the decision of the Company's Supervisory Board held on March 20, 2018) Payable in 12 installments	€257,470.08
Annual variable remuneration	Maximum 50% of gross annual salary, *i.e.* €130,782 (with respect to 2019 objectives)	€121,010.90 or 47% of the gross annual remuneration 2018 (Amount paid with respect to 2018 objectives – validation by the Supervisory Board on March 1, 2019 of 94% of the objectives)	Maximum 50% of gross annual salary, i.e. €128,735.04 (with respect to 2018 objectives)	€94,937.25 (Amount paid with respect to 2017 objectives – validation by the Supervisory Board on January 23, 2018 of 75% of the objectives)
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€15,000	€15,000, *i.e.* 5.83% of the gross annual salary 2018 (in accordance with the decisions of the Supervisory Board of March 1, 2019(**))	€12,658.30 (Amount paid with respect to the 15% exceptional bonus calculated on the maximum annual variable remuneration due in 2016, validated by the Supervisory Board on January 27, 2017)
Attendance fees	€0	€0	€0	€0
Fringe benefits:				
Car rental	▪ Lease fee: from maximum €1,100 per month (January to June 2019) to €1,210 per month (July to December 2019), or €13,860 for the year 2019 ▪ Insurance: €1,643.86	€11,910.22 *i.e.* ▪ €10,266.36 for the car leasing ▪ €1,643.86 for the car insurance	▪ Lease fee: maximum €1,100 per month, or €13,200 for the year 2018 ▪ Insurance: €1,623.73	€12,589.62 *i.e.* ▪ €10,965.89 for the car leasing ▪ €1,623.73 for the car insurance
GSC(*)	€7,885	€7,885	€7,731	€7,731
TOTAL	**€415,734.86**	**€417,370.12**	**€408,759.85**	**€385,386.25**

(*) A Social Insurance Contract for Company Directors and Managers (Convention Garantie Sociale des Chefs et Dirigeants d'Entreprise) has been granted to Mr. Franck Grimaud. The purpose of this contract is to guarantee the payment of compensation in case of unemployment (up to 70% of the last professional net income filed with the tax authorities). This GSC was set up pursuant to an authorization of the Board of Directors of October 26, 2000. The expense incurred by the Company for 2019 for the GSC was €7,885, compared to €7,731 for 2018.

(**) Exceptional remuneration in connection with the private placement finalized on October 1, 2018 (operation was more successful than expected).

(1) Amounts set and paid in accordance with (a) the provisions of the Management Agreements executed between Mr. Franck Grimaud and Valneva SE, entered into force, depending on the case, at the end of the Combined General Meeting called on June 30, 2016 for the purpose of approving the financial statements for the fiscal year ended 31 December, 2015, or at the end of the Company's Combined General Meeting dated June 27, 2019, and (b) the Company's Supervisory Board decisions, as applicable.

(2) Amounts set and paid in accordance with (a) the provisions of the Management Agreement executed between Mr. Franck Grimaud and Valneva SE (as amended), entered into force at the end of the Combined General Meeting called on June 30, 2016 for the purpose of approving the financial statements for the fiscal year ended 31 December, 2015, and (b) the Company's Supervisory Board decisions, as applicable.

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Mr. Frédéric Jacotot – Management Board member at Valneva SE, General Counsel & Corporate Secretary

	2019(1)(1)		2018(2)(1)	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	▪ Remuneration due with respect to the employment agreement: €81,703.77 (period from January 1, 2019 to June 27, 2019) ▪ Additional compensation due with respect to the Management Board member position: gross annual basis of €46,233 from January 1, 2019 to June 27, 2019 (*i.e.* €22,546.50), and €203,646 for the period from June 28, 2019 ownards (in acccordance with the decision of the Company's Supervisory Board held on March 1, 2019) Payable in 12 installments	€204,715.39 *i.e.* ▪ €159,206.35 for the employment agreement ▪ €45,509.04 for the Management Board member position	▪ Remuneration due with respect to the employment agreement: €159,206.35 ▪ Additional compensation due with respect to the Management Board member position: €45,509.04 (in accordance with the decision of the Company's Supervisory Board held on March 20, 2018) Payable in 12 installments	€204,715.39 *i.e.* ▪ €159,206.35 with respect to the employment agreement ▪ €45,509.04 with respect to the Management Board member position
Annual variable remuneration	Concerning 2019 objectives: ▪ Maximum 30% of the gross annual salary with respect to the employment agreement, *i.e.* €23,287.50 for the period from January 1, 2019 to June 27, 2019; and ▪ Maximum 50% of the additional compensation due with respect to the Management Board member position, *i.e.* €63,440.10 (11,273.25 for the period from January 1, 2019 to June 27, 2019, and €52,166.85 for the period from June 28, 2019 onwards)	▪ €43,314.75 paid with respect to his 2018 employee objectives ▪ €19,568.87 paid with respect to his 2018 Management Board objectives, *i.e.* 43% of the gross annual salary 2018 (validation by the Supervisory Board held on March 1, 2019 of 86% of the objectives)	Concerning 2018 objectives: ▪ Maximum 30% of the gross annual salary with respect to the employment agreement, *i.e.* €46,575; and ▪ Maximum 50% of the additional compensation due with respect to the Management Board member position, *i.e.* €22,754.52	▪ €38,774.41 paid with respect to his 2017 employee objectives ▪ €6,991.88 paid with respect to his 2017 Management Board objectives – validation by the Supervisory Board on January 23, 2018 of 75% of the objectives)
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€15,000	€15,000, *i.e.* 32.96% of the gross annual salary 2018 (in accordance with the decisions of the Supervisory Board held on March 1, 2019(***))	€932.25 (in accordance with the decision of the Company's Supervisory Board held on January 23, 2018)
Attendance fees	€0	€0	€0	€0
Fringe benefits(3)	€0	€0	€0	€0
TOTAL	**€295,311.57**	**€284,307.88**	**€227,469.91**	**€251,413.93**

(*) Amounts in the column "Amounts due" are given on a full civil year basis, while amounts in column "Amounts paid" takes into consideration the termination date of Mr. Frédéric Jacotot's employment agreement.
(**)Amounts in the column "Amounts due" are given on a full civil year basis, while amounts in column "Amounts paid" takes into consideration the starting date for the payment of remuneration to Mr. Frédéric Jacotot in his capacity as member of the Management Board, i.e. August 1, 2017.
(***)Exceptional remuneration in connection with the private placement finalized on October 1, 2018 (operation was more successful than expected).

(1) Amounts set and paid in accordance with (a) the provisions of the Management Agreement executed between Mr. Frédéric Jacotot and Valneva SE, entered into force at the end of the Company's Combined General Meeting of June 27, 2019, and (b) the Company's Supervisory Board decisions, as applicable
(2) Amounts set and paid in accordance with the Company's Supervisory Board decision
(3) The Management Agreement of Mr. Frédéric Jacotot provides that the Company subscribes to a Social Insurance Contrat for Company Director and Managers (Convention Garantie Sociale des Chefs et Dirigeants d'Entreprise). The formalities executed to this end should be finalized soon. Besides, Mr. Jacotot waived his right to a company car for 2019 and 2020, whose monthly rental amounts would have been borne by the Company.

Mr. David Lawrence – Management Board member at Valneva SE, CFO

	2019[1]		2018[2]	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed compensation	€274.895 (in accordance with the decision of the Company's Supervisory Board held on March 1, 2019) Payable in 12 installment	€274.895	€269,505 (in accordance with the decision of the Company's Supervisory Board held on March 20, 2018) Payable in 12 installment	€269,505
Annual variable remuneration	Maximum 50% of the gross annual salary, *i.e.* €137,447.50 (with respect to 2019 objectives)	€134,752.50, *i.e.* 50% of the gross annual salary 2018 (Amount paid with respect to 2018 objectives – validation by the Supervisory Board held on March 1, 2019 of 100% of the objectives)	Maximum 50% of the gross annual salary, *i.e.* €134,752.50 (with respect to 2018 objectives)	€41,406.25 (Amount paid with respect to 2017 objectives – validation by the Supervisory Board on January 23, 2018 of 75% of the objectives) *i.e.* ▪ €24,843.75 with respect to the Management Agreement executed with Valneva SE ▪ €16,562.50 with respect to the Management Agreement executed with Valneva Austria GmbH
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€50,000	€50,000, *i.e.* 18.55% of the gross annual salary 2018 (in accordance with the decisions of the Supervisory Board held on March 1, 2019(*))	€5,520.83 *i.e.* ▪ €3,312.50 with respect to the Management Agreement executed with Valneva SE ▪ €2,208.33 with respect to the Management Agreement executed with Valneva Austria GmbH
Attendance fees	€0	€0	€0	€0
Fringe benefits:				
Contribution to UK pension plan	15% of gross annual salary, *i.e.* €41,234.25	€41,234.25	15% of gross annual salary, *i.e.* €40,425.75	€40,425.75
Reimbursement of home-workplace journeys made by flights and of associated costs(***)	€0	€0	€3,767.85	€3,767.85
Car allowance	From €1,000 (January to June 2019) to €1,100 (July to December 2019) per month, or €12,600 for the year 2019	€12,614.30 (including €14.30 borne by the corporate officer)	€1,000 per month, or €12,000 for the year 2018	€12,000
TOTAL	**€466,176.75**	**€513,496.05**	**€460,451.10**	**€372,625.68**

(*) Exceptional remuneration in connection with the private placement finalized on October 1, 2018 (operation was more successful than expected).
(***) Reimbursement for the travel costs for Mr. Lawrence, between hometown in the United-Kingdom and Austria or France, as applicable, with respect to the year 2018 only.

(1) Amounts set and paid in accordance with (a) the provisions of the Management Agreements executed between Mr. David Lawrence and the subsidiary Valneva UK Ltd. entered into force, depending on the case, on January 1, 2019, or at the end of the Company's Combined Annual Meeting of June 27, 2019, and (b) the Company's Supervisory Board decisions, as applicable.
(2) Amounts set and paid in accordance with (a) the provisions of the Management Agreement executed between Mr. David Lawrence and the Company (as amended), entered into force on August 7, 2017, and (b) the Company's Supervisory Board decisions, as applicable.

2

Mr. Wolfgang Bender – Management Board member at Valneva SE, CMO

	2019[1]		2018[2]	
	Amounts due	**Amounts paid**	**Amounts due (basis: full civil year)**	**Amount paid (with starting date of office at September 1, 2017)**
Fixed compensation	€291,667 *i.e.* ▪ €115,715 (Management Agreement with Valneva SE) ▪ €175,952 (Management Agreement with Valneva Austria GmbH) (Company's Supervisory Board held on March 1, 2019) Payable in 12 or 14 equal installments	€286,540.94 *i.e.* ▪ €113,904 (Management Agreement withValneva SE) ▪ €172,636.94 (Management Agreement with Valneva Austria GmbH)	€286,540.94 *i.e.* ▪ €113,904 (Management Agreement with Valneva SE) ▪ €172,636.94 (Management Agreement with Valneva Austria GmbH) (Company's Supervisory Board held on March 20, 2018) Payable in 12 or 14 equal installments	€286,540.94 *i.e.* ▪ €113,904 (Management Agreement with Valneva SE) ▪ €172,636.94 (Management Agreement with Valneva Austria GmbH)
Annual variable remuneration	Maximum 50% of the gross annual salary, *i.e.* €145,833.50 (with respect to 2019 objectives) *i.e.* ▪ €58,333.40 (Management Agreement with Valneva SE) ▪ €87,500.10 (Management Agreement with Valneva Austria GmbH)	€143,270.50, *i.e.* 50% of the gross annual salary (with respect to 2018 objectives - validation by the Supervisory Board held on March 1, 2019 of 100% of the objectives) *i.e.* ▪ €56,952 (Management Agreement with Valneva SE) ▪ €86,318.50 (Management Agreement with Valneva Austria GmbH)	Maximum 50% of the gross annual salary, *i.e.* €143,270.47 (with respect to 2018 objectives) *i.e.* ▪ €56,952 (Management Agreement with Valneva SE) ▪ €86,318.47 (Management Agreement with Valneva Austria GmbH)	€35,000 (with respect to 2017 objectives - validation by the Supervisory Board held on January 23, 2018 of 75% of the objectives) *i.e.* ▪ 14,000 (Management Agreement with Valneva SE) ▪ €21,000 (Management Agreement with Valneva Austria GmbH)
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€15,000	€15,000 *i.e.* 5.24% of the gross annual salary 2018 (decisions of the Supervisory Board held on March 1, 2019 - Exceptional remuneration in connection with the private placement finalized on October 1, 2018 (operation was more successful than expected)	4,666.67 € *i.e.* ▪ €1,866.67 € (Management Agreement with Valneva SE) ▪ €2,800 (Management Agreement wih Valneva Austria GmbH)
Attendance fees	€0	€0	€0	€0
Fringe benefits:				
Contribution to German health insurance and pension plan	From €12,000 (January to June 2019) to €24,000 (July to December 2019) per year, *i.e.* a total of 18,000: ▪ €7,200 (Management Agreement with Valneva SE) ▪ 10,800 (Management Agreement with Valneva Austria GmbH)	€18,000 per year *i.e.* ▪ €7,200 (Management Agreement with Valneva SE) ▪ €10,800 (Management Agreement with Valneva Austria GmbH)	€12,000 per year *i.e.* ▪ €4,800 (Management Agreement with Valneva SE) ▪ €7,200 (Management Agreement with Valneva Austria GmbH)	€11,655.96 *i.e.* ▪ €4,662.36 (Management Agreement with Valneva SE) ▪ €6,993.60 (Management Agreement with Valneva Austria GmbH)
Reimbursement of homework place (Germany-Austria) journeys made by flights and of associated costs	€12,471.32	€12,471.32	€17,112.02	€17,112.02
Car allowance	From €1,000 (January to June 2019) to €1,100 (July to December 2019) per month, or €12,600 for the year 2019	€12,000 (Additionnal €600 paid in March 2020)	€1,000 per month, or €12,000 for the year 2018	€12,000
TOTAL	**€480,571.82**	**€492,408.82**	**€485,923.43**	**366 975,59 €**

(1) Amounts set and paid in accordance with (a) the provisions of the Management Agreements executed, on the one hand, between Mr. Wolfgang Bender and the Company, and on the other hand, between Mr. Wolfgang Bender and the subsidiary Valneva Austria GmbH, entered into force, depending on the case, on September 1, 2017, or at the end of the Company's Combined General Meeting of June 27, 2019, and (b) the decisions of the Company's Supervisory Board, as applicable.
(2) Amounts set and paid in accordance with (a) the provisions of the Management Agreements executed, on the one hand, between Mr. Wolfgang Bender and the Company, and on the other hand, between Mr. Wolfgang Bender and the subsidiary Valneva Austria GmbH, entered into force on September 1, 2017, and (b) the Company's Supervisory Board decisions, as applicable.

(c) Options to subscribe for or purchase shares and free shares

- The Company has been offering employees stock options or free shares (restricted shares) through a series of plans established with the objective of promoting employee motivation and retention[(1)]. In consequence, it applies the first part of the Recommendation No. 18 of the MiddleNext Code on stock options and free shares. The number of such instruments granted to each employee notably depends on his or her job category.
- In the past, awards of these instruments to corporate officers were linked to the achievement of major goals set by the Company. However, certain awards were decided without reference to performance criteria. In this respect, the Company does not always apply second part of the Recommendation No. 18 of the MiddleNext Code on the exercise and vesting conditions for such instruments. Nevertheless, in the context of the recent free convertible preferred share programs to which corporate officers and senior executives participate, the conversion into ordinary shares depends on the stock price at program maturity. In this respect, a performance criterion therefore exists. Further, the free ordinary share plan 2019-2023, as launched by the Company for the Management Board and Management Committee members, includes performance conditions (goal achievement for the Management Board and minimum annual performance for the Management Committee). In addition, the Company links the full vesting of shares or the exercise of stock options to the presence of the beneficiary within the Group. Because the Company cannot provide the same level of salary as that generally prevailing in the biopharmaceutical industry, grants of stock options and/or free shares provides a means for offsetting part of this difference.
- Corporate officers are subject lockup requirements for a percentage of free shares or shares resulting from the exercise of stock option (usually 20%) until such time as they no longer exercise their office.
- Most stock option plans do not include a discount on the exercise price. However, the 2013 stock option plan provided for a 10% discount on the average Euronext Paris closing Valneva share price over the twenty trading days immediately preceding the date the options were granted.
- Since 2015, the Company has decided that its stock option plans would primarily be for the benefit of non-executive employees, while members of the Management Board and the Management Committee (or formerly "Executive Committee"), as well as the Manufacturing site Heads (since 2017), would have the opportunity to participate in 4-year free share programs (convertible preferred shares or ordinary shares). Under the 2015 and 2017 free convertible share programs, a prior personal investment in Valneva shares was required from the participants.

Options to subscribe for or purchase shares

Options to subscribe for or purchase shares granted by the Company to Management Board members in 2019

None of the Management Board members received stock options to subscribe for or purchase shares during the fiscal year 2019.

Options to subscribe for or purchase shares of the Company exercised by Management Board members in 2019

None of the Management Board members exercised stock options to subscribe for or purchase shares during the fiscal year 2019.

*

Considering the foregoing, tables 4 & 5 of Annex 2 of the AMF Position-Recommandation No. 2014-04 are non-applicable.

Stock option plans history

The majority of the Company's employees benefits from Valneva SE stock options. However, the Company never launched any plan for stock purchase options.

At December 31, 2019, for all Company plans combined, 5,247,110 stock options were outstanding, permitting the subscription for 5,313,098 new Valneva SE ordinary shares[(2)], representing a potential nominal increase in the share capital of €796,694.70 (or a maximum potential dilution of 5.77%[(3)] of the Company's share capital).

(1) See paragraph "Options to subscrire for or purchase shares" below.
(2) Provided that all stock options become available for exercise.
(3) Rate calculated in reference to a total share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20 514 convertible preferred shares (ISIN XFCS00X0I9M1), with a par value of €0.15 each.

Highlights of Company stock option plans in force in 2019 are presented below:

Plan 6

Grant decision date	**General Meeting:** June 9, 2009
	Management Board meeting: October 1, 2010
Number of beneficiaries at launch of plan	1
Duration of plan (as from the date of the decision of the Board of Directors or Management Board)	Until October 1, 2020
Maximum amount authorized by the General Meeting	Authorization to grant a maximum number of 290,000 stock options
Subscription price	€4.72(*)
Option/share conversion ratio	1: 1.099617653 (then rounded-up)(**)
Stock options granted to employees and/or corporate officers by the Board of Directors or Management Board at launch of plan	14,000
Starting date for the exercise of options	According to objectives
Stock options exercised at December 31, 2019	0
Shares subscribed for at December 31, 2019 by exercising stock options	0
Outstanding stock options not yet exercised at December 31, 2019	7,000 (all available for exercise)
Of which outstanding stock options held by corporate officers	0
Shares potentially available for subscription at December 31, 2019 from outstanding stock options	7,698
Stock options having lapsed at December 31, 2019	7,000
Stock options remaining to be granted at December 31, 2019 under the General Meeting's authorization – Authorization status	0 – Authorization expired
Theoretical number of shares available for take up at December 31, 2019, if the Board of Directors or Management Board makes use of the remainder amount under the General Meeting's authorization	0

(*) Subscription price has been revised in accordance with the decision of the Company's Management Board of February 25, 2015.
(**) Conversion ratio has been revised in accordance with the decision of the Company's Management Board of February 25, 2015.

Plan 7

Grant decision date	**General Meeting:** June 28, 2013 **Management Board meeting:** October 2, 2013
Number of beneficiaries at launch of plan	293
Duration of plan (as from the date of the decision of the Board of Directors or Management Board)	Until October 2, 2023
Maximum amount authorized by the General Meeting	Authorization to grant an amount of stock options conferring a right to subscribe to a total number of shares representing 4% maximum of the Company's share capital on the date the capital increase is adopted under the terms of the 9th resolution of Valneva's Combined General Meeting of March 7, 2014(1)
Subscription price	€2.919(2)
Option/share conversion ratio	1: 1.099617653 (then rounded-up for each beneficiary)(3)
Stock options granted to employees and/or corporate officers by the Board of Directors or Management Board at launch of plan	1,052,950
Starting date for the exercise of options(4)	October 2, 2015 & October 2, 2017
Stock options exercised at December 31, 2019	0
Shares subscribed for at December 31, 2019 by exercising stock options	0
Outstanding stock options not yet exercised at December 31, 2019	654,600 (all available for exercise)
Of which outstanding stock options held by corporate officers	210,000
Shares potentially available for subscription at December 31, 2019 from outstanding stock options	719,890
Stock options having lapsed at December 31, 2019	398,350
Stock options remaining to be granted at December 31, 2019 under the General Meeting's authorization – Authorization status	0 – Authorization declared null and void by the Combined General Meeting of June 26, 2014
Theoretical number of shares available for take up at December 31, 2019, if the Board of Directors or Management Board makes use of the remainder amount under the General Meeting's authorization	0

(1) At the Supervisory Board's meeting of the Company held on August 29, 2013, the number of stock options was set at 2,231,356.
(2) Subscription price has been revised in accordance with the decision of the Company's Management Board of February 25, 2015.
(3) Conversion ratio has been revised in accordance with the decision of the Company's Management Board of February 25, 2015.
(4) 50% of options may be exercised after being held for 2 years by their beneficiary; the remaining 50% becoming available for exercise after being held for 4 years.

Plan 8

Grant decision date	**General Meeting:** June 26, 2014 **Management Board meeting:** July 28, 2015
Number of beneficiaries at launch of plan	259
Duration of plan (as from the date of the decision of the Board of Directors or Management Board)	Until July 28, 2025
Maximum amount authorized by the General Meeting	Authorization to grant an amount of stock options conferring a right to subscribe to a total number of shares representing 4% maximum of the Company's share capital on the date of the stock option grant
Subscription price	€3.92
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the Board of Directors or Management Board at launch of plan	712,000
Starting date for the exercise of options	July 28, 2017 & July 28, 2019(1)
Stock options exercised at December 31, 2019	0
Shares subscribed for at December 31, 2019 by exercising stock options	0
Outstanding stock options not yet exercised at December 31, 2019	543,750 (all available for exercise)
Of which outstanding stock options held by corporate officers	100,000
Shares potentially available for subscription at December 31, 2019 from outstanding stock options	543,750
Stock options having lapsed at December 31, 2019	168,250
Stock options remaining to be granted at December 31, 2019 under the General Meeting's authorization – Authorization status	0 – Authorization declared null and void by the Combined General Meeting of June 30, 2016
Theoretical number of shares available for take up at December 31, 2019, if the Board of Directors or Management Board makes use of the remainder amount under the General Meeting's authorization	0

(1) 50% of options may be exercised after being held for 2 years by their beneficiary; the remaining 50% becoming available for exercise after being held for 4 years.

Plan 9

Grant decision date	**General Meeting:** June 30, 2016 **Management Board meeting:** October 7, 2016
Number of beneficiaries at launch of plan	402
Duration of plan (as from the date of the decision of the Board of Directors or Management Board)	Until October 7, 2026
Maximum amount authorized by the General Meeting	Authorization to grant an amount of stock options conferring a right to subscribe to a total number of shares representing 4% maximum of the Company's share capital on the date of the stock option grant
Subscription price	€2.71
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the Board of Directors or Management Board at launch of plan	584,250
Starting date for the exercise of options	October 7, 2018 & October 7, 2020(1)
Stock options exercised at December 31, 2019	0
Shares subscribed for at December 31, 2019 by exercising stock options	0
Outstanding stock options not yet exercised at December 31, 2019	418,750 (including 209,375 stock options available for exercise)
Of which outstanding stock options held by corporate officers	0
Shares potentially available for subscription at December 31, 2019 from outstanding stock options	418,750 (including 209,375 shares which can be subscribed from stock options available for exercise)
Stock options having lapsed at December 31, 2019	165,500
Stock options remaining to be granted at December 31, 2019 under the General Meeting's authorization – Authorization status	0 – Authorization declared null and void by the Combined General Meeting of June 28, 2018
Theoretical number of shares available for take up at December 31, 2019, if the Board of Directors or Management Board makes use of the remainder amount under the General Meeting's authorization	0

(1) 50% of options may be exercised after being held for 2 years by their beneficiary; the remaining 50% becoming available for exercise after being held for 4 years.

Plan 10

Grant decision date	**General Meeting:** June 30, 2016 **Management Board meeting:** December 7, 2017
Number of beneficiaries at launch of plan	424
Duration of plan (as from the date of the decision of the Board of Directors or Management Board)	Until December 7, 2027
Maximum amount authorized by the General Meeting	Authorization to grant an amount of stock options conferring a right to subscribe to a total number of shares representing 4% maximum of the Company's share capital on the date of the stock option grant
Subscription price	€2.85
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the Board of Directors or Management Board at launch of plan	1,269,500
Starting date for the exercise of options	December 7, 2019 & December 7, 2021(1)
Stock options exercised at December 31, 2019	0
Shares subscribed for at December 31, 2019 by exercising stock options	0
Outstanding stock options not yet exercised at December 31, 2019	1,053,500 (including 526,750 stock options available for exercise)
Of which outstanding stock options held by corporate officers	0
Shares potentially available for subscription at December 31, 2019 from outstanding stock options	1,053,500 (including 526,750 shares which can be subscribed from stock options available for exercise)
Stock options having lapsed at December 31, 2019	216,000
Stock options remaining to be granted at December 31, 2019 under the General Meeting's authorization – Authorization status	0 – Authorization declared null and void by the Combined General Meeting of June 28, 2018
Theoretical number of shares available for take up at December 31, 2019, if the Board of Directors or Management Board makes use of the remainder amount under the General Meeting's authorization	0

(1) *50% of options may be exercised after being held for 2 years by their beneficiary; the remaining 50% becoming available for exercise after being held for 4 years.*

Plan 11

Grant decision date	**General Meeting:** June 28, 2018 **Management Board meeting:** September 30, 2019
Number of beneficiaries at launch of plan	467
Duration of plan (as from the date of the decision of the Board of Directors or Management Board)	Until September 30, 2029
Maximum amount authorized by the General Meeting	Authorization to grant an amount of stock options conferring a right to subscribe to a total number of shares representing 4% maximum of the Company's share capital on the date of the stock option grant
Subscription price	€3.05
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the Board of Directors or Management Board at launch of plan	2,691,510
Starting date for the exercise of options	September 30, 2020 - September 30, 2021 - September 30, 2022(1)
Stock options exercised at December 31, 2019	0
Shares subscribed for at December 31, 2019 by exercising stock options	0
Outstanding stock options not yet exercised at December 31, 2019	2,569,510
Of which outstanding stock options held by corporate officers	0
Shares potentially available for subscription at December 31, 2019 from outstanding stock options	2,569,510
Stock options having lapsed at December 31, 2019	122,000
Stock options remaining to be granted at December 31, 2019 under the General Meeting's authorization – Authorization status	993,807 Authorization valid until August 28, 2021
Theoretical number of shares available for take up at December 31, 2019, if the Board of Directors or Management Board makes use of the remainder amount under the General Meeting's authorization	993,807

(1) 1/3 of options may be exercised after being held for 1 year by their beneficiary; then another 1/3 after being held for 2 years, and the remainder after being held for 3 years.

Free shares (ordinary shares or convertible preferred shares)

Valneva SE ordinary shares

Free ordinary shares granted to the Management Board members in 2019

FREE SHARE PLAN 2019-2023

Corporate officers beneficiaries	Name	Number of free ordinary shares granted	IFRS 2 valuation of the free ordinary shares granted
	Thomas Lingelbach	331,667	€845,750.85
	Franck Grimaud	262,570	€669,553.50
	Frédéric Jacotot	262,570	€669,553.50
	David Lawrence	262,570	€669,553.50
	Wolfgang Bender	262,570	€669,553.50
Date of full vesting	The tranches will vest in the beneficiaries as follows: First tranche after two (2) years as from December 19, 2019, Second Tranche after three (3) years as from December 19, 2019, Third Tranche after four (4) years as from December 19, 2019. The vesting ("*attribution définitive*") of each tranche will be subject to performance and employment conditions.		
Date of availability	Upon vesting of the free ordinary shares. No compulsory free share holding period will be applicable to the beneficiaries. However, in accordance with section II (4th paragraph) of Article L. 225-197-1 of the French Commercial Code, the Supervisory Board decided that the Management Board members should keep not less than 20% of the vested free shares of each tranche until termination of their office as Management Board member or corporate officer.		
Performance conditions	The vesting of each tranche will be contingent upon the level of achievement of the Management Board member's collective and individual goals in the Relevant Year (as defined below), as assessed by the Supervisory Board, starting above 60% (60% = no vesting) and increasing in a linear way, so that 80% goal achievement will result in vesting of 50% of the relevant tranche and 100% goal achievement will result in vesting of 100% of the relevant tranche. ***Relevant Year*** means 2021 for the first tranche, 2022 for the second tranche and 2023 for the third tranche. If a vesting period expires before the performance has been assessed for the Relevant Year, the vesting of the relevant tranche will be postponed until all Participants have been assessed.		
Employment conditions	Participants must continuously remain a Management Board member, corporate officer or employee (fulltime or not less than 80%) of the Company or a direct or indirect subsidiary of theCompany until vesting, subject to the retirement exception (see below in the paragraph "Free share plan history"). If a Management Board member's term of office is not renewed upon expiration in June 2022, the shares already vested will be kept, but the unvested shares will be lost.		

Valneva SE free ordinary shares fully vested in and delivered to Management Board members in 2019

No free ordinary shares were transferred to Management Board members in the form of new Valneva SE ordinary shares during the fiscal year 2019.

Considering the foregoing, table 7 of Annex 2 of the AMF Position-Recommandation No. 2014-04 is non-applicable.

Valneva SE convertible preferred shares

Free convertible preferred shares granted to the Management Board members in 2019

None of the Management Board members received free convertible preferred shares from the Company during the fiscal year 2019.

Free convertible preferred shares fully vested in and delivered to Management Board members in 2019

During the fiscal year 2019. 14,825 free convertible preferred shares were fully vested in and delivered to corporate officers participating in the Free convertible preferred share program 2015-2019. However, they were not converted into Valneva SE ordinary shares, as the conditions for such conversion set horth under the program were not met(1). Considering the foregoing, tables 6 & 7 of Annex 2 of the AMF Position-Recommandation No. 2014-04 are non-applicable.

(1) See below in the paragraph "Free share plans history", the sub-paragraph "Conversion of convertible preferred shares (FCPS and SPS) into ordinary shares of the Company" with respect to the Free convertible preferred share program 2015-2019.

Free share plans history

Free ordinary share plans

At December 31, 2019, 2,191,947 free ordinary shares were in vesting period, *i.e.* a potential share capital increase of €331,015.80 in par value (representing a maximum potential dilution of 2.38%[(1)] of the Company's share capital). A detailed description of the free share plan in force during the fiscal year 2019 is provided in the table below:

FREE SHARE PLAN 2019-2023

General Meeting date	June 27, 2019
Management Board decision	December 19, 2019
Maximum amount authorized by the General Meeting	The total number of ordinary shares granted under this resolution currently may not represent more than three percent (3%) of the Company's share capital on the grant date, nor exceed the maximum legal amount applicable on the grant date.
Number of beneficiaries	14
Duration of vesting period	The tranches will vest in the beneficiaries as follows: First tranche after two (2) years as from December 19, 2019, Second Tranche after three (3) years as from December 19, 2019, Third Tranche after four (4) years as from December 19, 2019.
Duration of holding period	Follwing free shares vesting, no compulsory holding period will be applicable to the beneficiaries.
Total number of free ordinary shares granted	2,191,947 allocated in three tranches, each amounting to one third of the total individual allocation. If one third is not a wholenumber, the number of free shares will be rounded down for the first two tranches and rounded up for the third tranche.
Corporate officers beneficiaries	M. Thomas Lingelbach : 331,667 M. Franck Grimaud : 262,570 M. Frédéric Jacotot : 262,570 M. David Lawrence : 262,570 M. Wolfgang Bender : 262,570
Free ordinary shares fully vested at December 31, 2019	0
Free ordinary shares being vested at December 31, 2019	2,191,947 (including 1,381,947 by the corporate officers)
Free ordinary shares lapsed at December 31, 2019	0
Free ordinary shares remaining to be granted at December 31, 2019 under the General Meeting's authorization - Authorization status	572,040 Authorization valid until August 27, 2021

(1) Rate calculated in reference to a total share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred sahres (XFCS00X0I9MI), with a par value of €0.15 each.

FREE SHARE PLAN 2019-2023

Performance and employment conditions	Concerning non-corporate officers employees, the vesting of each tranche will be contingent upon the beneficiary's performance in the Relevant Year having been rated not lower than "Meets Expectations" (regardless of any qualifying sign), as assessed by his/her supervisor under the Company's employee performance appraisal rules. Concerning corporate officers, the vesting of each tranche will be contingent upon the level of achievement of the Management Board member's collective and individual goals in the Relevant Year (as defined below), as assessed by the Supervisory Board, starting above 60% (60% = no vesting) and increasing in a linear way, so that 80% goal achievement will result in vesting of 50% of the relevant tranche and 100% goal achievement will result in vesting of 100% of the relevant tranche. ***Relevant Year*** means 2021 for the first tranche, 2022 for the second tranche and 2023 for the third tranche. If a vesting period expires before the performance has been assessed for the Relevant Year, the vesting of the relevant tranche will be postponed until all Participants have been assessed. Besides, the beneficiaries must continuously remain a MB member, corporate officer or employee (full time or not less than 80%) of the Company or a direct or indirect subsidiary of the Company until vesting, subject to the retirement exception below. If a Management Board member's term of office is not renewed upon expiration in June 2022, the shares already vested will be kept, but the unvested shares will be lost.
Provisions relating to retirement	Beneficiaries who will retire in accordance with the age requirements of their applicable retirement regime before complete vesting will remain entitled to a prorated amount of shares, for each unvested tranche, based on the period from the initial grant date until retirement, as compared to the total duration of the tranche in question (2, 3 or 4 years); provided, however, that the performance condition stated above was met in the performance appraisal immediately preceding the retirement. For Management Board members (including the CEO), the level of performance will also affect the amount of shares kept.
Provisions relating to a change of control	If (a) a Change of Control (as defined below) occurs not earlier than December 19, 2023, and (b) the performance condition stated above was met for the calendar year immediately preceding the year of Change of Control (or for the year of Change of Control if already assessed), all tranches will vest immediately. For Management Board members (including the CEO), their level of performance will also affect the amount of shares that wil be the subject of accelerated vesting. If a Change of Control takes place before December 19, 2021, and Article L. 225-197-1, III of the French Commercial Code does not apply, the plan will be canceled and the Company will indemnify the beneficiaries for the loss of unvested free ordinary shares granted under the canceled plan, subject however to the above-mentioned performance conditions, and for the Management Board (including the CEO), to the shareholders' approval to the indemnity so allocated. The gross amount of this indemnity will be calculated as though such free ordinary shares had been vested upon the Change of Control. The conditions and limitations set forth in the applicable plan rules will apply to this calculation, *mutatis mutandis*. ***Change of Control*** means that a person or entity other than the Company's current shareholders has taken control of the Company, "control" having the meaning set forth in Article L 233-3 of the French Commercial Code.

Free convertible preferred share program 2015-2019

On June 25, 2015, Valneva SE's General Meeting decided to create convertible preferred shares in accordance with the terms and conditions set out in its resolution No. 17, and to grant to the Management Board of the Company all powers necessary to decide the granting and issuance of free convertible preferred shares for the benefit of Management Board members and key employees (resolution No. 20).

Consequently, on July 28, 2015, the Management Board implemented the free convertible preferred share program 2015-2019, a long-term incentive plan for the Company's executive management.

Personal investment

As a prerequisite to the possibility of participating in the program, each potential beneficiary was required to make a cash investment in the Company, by subscribing for convertible preferred shares at a price of €161.0 each (SPS).

Minimum and maximum investment amounts were defined for each participant.

The maximum number of SPS to be granted by the Management Board was set at 2,000 by the Company's General Meeting held on June 25, 2015 (resolution No. 18)[1].

The Management Board, during its meeting held on July 17, 2015, granted 1,280 SPS, as follows:

BENEFICIARIES	Position at the grant date	SPS granted by the Management Board to participants	Maximum investment *(in euros)*
Mr. Thomas Lingelbach	Chairman of the Management Board	308	49,588
Mr. Franck Grimaud	Member of the Management Board	218	35,098
Mr. Reinhard Kandera	Member of the Management Board	218	35,098
Other beneficiaries (Executive Committee members at the time of the grant) (in total)		536	86,296
TOTAL		**1,280**	**206,080**

SPS minimum and maximum subscription

- Management Board members:
  - CEO: the CEO, Mr. Thomas Lingelbach, was granted the possibility to subscribe for 154 SPS to 308 SPS;
  - Management Board members other than the CEO were granted the possibility to subscribe for 109 SPS to 218 SPS.
- The other beneficiaries were granted the possibility to subscribe for 33 SPS to 67 SPS.

On July 28, 2015, the Management Board of the Company recorded the subscription of 1,074 SPS, and waivers for the remainder, *i.e.* 206 SPS:

BENEFICIARIES	Position at the subscription date	SPS granted by the Management Board to the participants, on July 17, 2015	SPS subscribed for by beneficiaries	Subscription amount *(in euros)*
Mr. Thomas Lingelbach	Chairman of the Management Board	308	308	49,588
Mr. Franck Grimaud	Member of the Management Board	218	218	35,098
Mr. Reinhard Kandera	Member of the Management Board	218	218	35,098
Other beneficiaries (Executive Committee members at the time of the subscription) (in total)		536	330	53,130
TOTAL		**1,280**	**1,074**	**172,914**

Free convertible preferred shares awards

The maximum number of free convertible preferred shares that may be granted by the Management Board was capped at 5.5% of the share capital of the Company as at the date of the Management Board's grant decision, by the General Meeting of the Company held on June 25, 2015 (resolution No. 20)[2].

Following the subscription of SPS, the Management Board, in its meeting held on July 28, 2015, conditionally granted the program beneficiaries a number of free convertible preferred shares corresponding to a ratio of 25 free convertible preferred shares to 1 SPS, as follows:

(1) It being understood that in any case, the total number of issued convertible preferred shares (SPS or FCPS) cannot at any time represent together more than 6% of the share capital of the Company.

(2) It being reminded that the total number of issued convertible preferred shares (SPS and FCPS) cannot at any time represent together more than 6% of the share capital of the Company.

BENEFICIARIES	Position at the grant date	FCPS granted to beneficiaries
Mr. Thomas Lingelbach	Chairman of the Management Board	7,700
Mr. Franck Grimaud	Member of the Management Board	5,450
Mr. Reinhard Kandera	Member of the Management Board	5,450
Other beneficiaries (Executive Committee members at the time of the grant) (in total)		8,250
TOTAL		**26,850**

The free convertible preferred shares granted to the beneficiaries will be transferred to that beneficiary upon expiration of a period of 4 years from July 28, 2015, subject to certain conditions of presence.

Note: Mr. Reinhard Kandera and another beneficiary outside the Management Board resigned in February 2017. Consequently, the transfer of their free convertible preferred shares became null and their SPS (285 in total) have been be bought back by Valneva SE at their par value, before cancellation, in accordance with the Company's Articles of Association.

In its meeting held on July 29, 2019, the Company's Management Board noted the completion of the vesting period applicable to the outstanding FCPS, as follows:

BENEFICIARIES	Position	Number of FCPS fully vested
Mr. Thomas Lingelbach	Chairman of the Management Board	7,700
Mr. Franck Grimaud	Member of the Management Board	5,450
Mr. Frédéric Jacotot	Member of the Management Board	1,675
Other beneficiaries (now Management Committee members) (in total)		4,900
TOTAL		**19,725**

Conversion of convertible preferred shares (FCPS and SPS) into ordinary shares of the Company

The Free convertible preferred share program 2015-2019 provided that the SPS and FCPS be converted into Valneva SE ordinary shares 4 years after their issuance (with respect to the SPS) or their initial granting (with respect to the free convertible preferred shares), subject to the Final Share Price be above €4.05.

The Management Board, in its meeting held on July 29, 2019, 2019, noted that on the date the convertible preferred shares were fully vested, the conditions required for their conversion were not met. Therefore, the Management Board declared the absence of conversion of the 789 SPS and 19,725 FCPS registered in the Company's share capital.

Free convertible preferred share program 2017-2021

The Combined General Meeting of shareholders of June 29, 2017, in its 26th resolution, had decided to grant the Company's Management Board all powers necessary to decide the granting and issuance of new FCPS for the benefit of corporate officers or employees of the Company or its subsidiaries.

On November 30, 2017, the Supervisory Board also authorized the Management Board to grant FCPS to members of the Company's Management Board and Executive Committee (today "Management Committee"), as well as to Manufacturing site Heads (collectively with the Management Board members, the ***Executive Managers***), on condition that the Executive Managers make a prior personal investment in the Company by purchasing Valneva SE ordinary shares.

Consequently, on December 7, 2017, the Management Board implemented the Free convertible preferred share program 2017-2021, a long-term incentive plan for the Group's Executive Managers.

Personal investment

As a prerequisite to the possibility of participating in the program, each potential beneficiary was required to make a cash investment in the Company, by purchasing Valneva SE ordinary shares:

BENEFICIARIES	Position	Required investment *(in euros)*
Mr. Thomas Lingelbach	Chair of the Management Board – President & CEO	16,510
Mr. Franck Grimaud	Member of the Management Board – President & CBO	13,722
Mr. Frédéric Jacotot	Member of the Management Board – General Counsel & Corporate Secretary	13,722
Mr. David Lawrence	Member of the Management Board – CFO	13,722
Mr. Wolfgang Bender	Member of the Management Board – CMO	13,722
Other Executive Managers (in total)	Executive Committee members (today “Management Committee” members) and Manufacturing site Heads	3,415 each (except for the Senior Vice-President who was required to invest 5,071)

The Management Board decided that in order to participate in the program, the Executive Managers should pay the entire amount stated above within the investment period which started from December 7, 2017 until December 14, 2017 inclusive.

Free convertible preferred shares awards

The Combined General Meeting of June 29, 2017 decided that the maximum number of free convertible preferred shares that may be granted by the Management Board was capped at 3%[(1)] of the share capital of the Company as at the date of the Management Board’s grant decision.

Noting the purchase of Valneva SE ordinary shares as required for the participation to the program, the Management Board, in its meeting held on December 15, 2017, granted the program beneficiaries a number of free convertible preferred shares as follows:

BENEFICIARIES	Position	FCPS granted to the beneficiaries
Mr. Thomas Lingelbach	Chair of the Management Board – President & CEO	5,596
Mr. Franck Grimaud	Member of the Management Board – President & CBO	4,651
Mr. Frédéric Jacotot	Member of the Management Board – General Counsel & Corporate Secretary	4,651
Mr. David Lawrence	Member of the Management Board – CFO	4,651
Mr. Wolfgang Bender	Member of the Management Board – CMO	4,651
Other Executive Managers (in total)	Executive Committee members (today “Management Committee” members) and Manufacturing site Heads	1,157 each (except for the Senior Vice-President who has received 1,718 FCPS)
TOTAL		**34,017**

The FCPS granted to the beneficiaries will be transferred to that beneficiary upon expiration of a period of 4 years from December 15, 2017, subject to certain conditions of presence.

Conversion of free convertible preferred shares into ordinary shares of the Company

The free convertible preferred shares will be convertible into Valneva SE ordinary shares 4 years after their initial granting, if the minimum Final Share Price (as hereinafter defined) is met at vesting date. in such a case, the conversion will be realized on the basis of a ratio determined by the Management Board at the time of launching the plan.

The ***Final Share Price*** will be the volume-weighted average stock market price of the Company’s ordinary shares over a period of 6 months immediately preceding the Conversion Date, as rounded to the second decimal place (*e.g.* 6.2450 to be rounded to 6.25).

No conversion will occur if the Final Share Price is lower than €4.50. If the Final Share Price is higher than €8, the conversion ratio will be such that the beneficiaries’ gross gain will not exceed the gross gain they would have realized if the Final Share Price was €8.

Subject to fulfilling these conditions, if the beneficairy does not request conversion of his convertible preferred shares within 3 months fom expiry of the 4 years' period mentioned above, his FCPS will be automatically converted into Valneva SE ordinary shares at the end of that 3 months' period.

The FCPS cannot give rights to more than 2,363,000 ordinary shares of the Company.

If any of the transactions listed in of Article 13.3, subparagraph 3, (iii) of the Articles of Association of the Company, including but not limited to any share capital increase by public offering with preferential subscription rights, takes place, the Management Board will adjust the conversion ratio and the conversion table provided above in the manner set forth in the Articles of Association so as to protect the rights of the program beneficiaries.

Note: Management Board members who are beneficiaries of the plan shall keep and retain under registered form at least 10% of the ordinary shares resulting fom the conversion of their convertible preferred shares.

(1) It being understood that the total number of issued convertible preferred shares cannot at any time represent together more than 6% of the share capital of the Company.

(d) Indemnities or benefits granted to the corporate officers in case of appointment, termination or change of duties

With respect to some members of the Company's Management Board, provisions exist for certain indemnities on termination of their offices and/or functions (other than for mere expiration of such offices or functions), under the terms of a Management Agreement executed with the Company or one of its subsidiaries, depending on the case.

	Employment agreement		Supplemental retirement plan		Indemnities or benefits payable on termination or change of duties		Indemnities relating to a non-compete clause	
MANAGEMENT BOARD MEMBERS	Yes	No	Yes	No	Yes	No	Yes	No
Mr. Thomas Lingelbach Appointed on May 10, 2013 End of term of office at the Ordinary General Meeting called to rule on the accounts for the fiscal year ending December 31, 2021		x[1]	x[2]		x[4]		x[5]	
Mr. Franck Grimaud Appointed on May 10, 2013 End of term of office at the Ordinary General Meeting called to rule on the accounts for the fiscal year ending December 31, 2021		x		x	x[3][4]		x[5]	
Mr. David Lawrence Appointed on August 1, 2017 (with effect as from August 7, 2017) End of term of office at the Ordinary General Meeting called to rule on the accounts for the fiscal year ending December 31, 2021		x		x	x[4]		x[5]	
Mr. Wolfgang Bender Appointed on August 1, 2017 (with effect as from September 1, 2017) End of term of office at the Ordinary General Meeting called to rule on the accounts for the fiscal year ending December 31, 2021		x[1]		x	x[4]		x[5]	
Mr. Frédéric Jacotot Appointed on March 21, 2017 (with effect as from April 1, 2017) End of term of office at the Ordinary General Meeting called to rule on the accounts for the fiscal year ending December 31, 2021		x[6]		x	x[6]			x[6]

(1) However, in accordance with Austrian law, the Management Agreement of a Managing Director within a GmbH contains many labor law-related provisions and therefore, is close to a standard employment agreement.

(2) Mr. Thomas Lingelbach is a beneficiary of a life-insurance (savings plan type) in view of its retirement, whose fees are borne by the company Valneva Austria GmbH. The saving is released when the beneficiary reached the statutory retirement age in Austria (currently 65 years old), or on the date of his decease, if earlier. Please refer to the descriptions "Death and endowment insurance policy" below, in this Section 2.6.2.1 (d).

(3) See the description relating to the Garantie Sociale des Chefs et Dirigeants d'Entreprise of Mr. Franck Grimaud, in Section 2.6.2.1 (b) of this URD.

(4) Please refer to the description related to the indemnities payable by the Company or its subsidiaries, as appropriate, as well as the Sections "Death and endowment insurance policy", in this Section 2.6.2.1 (d).

(5) Please refer to the paragraphs "Additional provisions specifically relating to the non-compete commitments, in this Section 2.6.2.1 (d).

(6) Mr. Frédéric Jacotot had an employment agreement with Valneva SE which ended at the end of the Combined General Meeting held on June 27, 2019. Since then, Mr. Jacotot beneficiaries of a Management Agreement executed with the Company, and which includes provisions on (i) indemnities or benefits payable on termination or change of duties, and (ii) indemnities relating to a non-compete clause.

Indemnities payable to Mr. Thomas Lingelbach, Chair of the Management Board - President & CEO

Management Agreement executed with Valneva Austria GmbH

Effective as from the end of the Annual General Meeting of Valneva SE
called for the purpose of approving the financial statements of the fiscal year 2018

Authorized by the Supervisory Board on June 28, 2018

(1) Inability to work due to illness or accident

- Valneva Austria GmbH shall pay an amount of compensation which would enable the corporate officer to receive the equivalent of 100% of the compensation outlined in Section 6.1 of the Management Agreement (as adjusted) for a period of three months, and 49% for an additional maximum period of three months.
- The limit for a two-year term of office is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement:
(i) at the initiative of Valneva GmbH **without good cause** (under Section 20 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or
(i) at the initiative of the corporate officer **with good cause** (in compliance with Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz*), including resignation justified by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2021, and no later than June 30, 2022), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a pro rata basis – after possible deduction of the amount saved by the corporate officer as a result of services not rendered or any amount earned for any other type of work performed, or intentional loss of earnings (Section 29 of the Austrian White Collar Workers Act – *Angestelltengesetz),* it being understood that the bonus cannot exceed 60% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

Estimate gross amounts to be paid by Valneva Austria GmbH, including charges, in case of event (2) occurring at December 31, 2020

Indemnities: €938,207.54
Costs: €94,381.96
Total: €1,032,589.50

(3) Termination of the Management Agreement:
(i) at the initiative of Valneva GmbH **with good cause** (under Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or
(ii) at the initiative of the corporate officer **without good cause** (including resignation not justified by circumstances entailing a reduction in fact or in right of his responsibilities in Valneva SE)

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (5).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. In contrast, it shall enter into effect after the notice period provided for in Section 20 of the Austrian White Collar Workers Act – *Angestelltengesetz* (notice period ending on the last day of the current month) in the case of termination at the initiative of the corporate officer.

(4) Dismissal of the corporate officer in connection with a Change of Control of Valneva SE (as defined in the Management Agreement)

- Indemnification for the loss of unvested or unconverted (upon Change of Control) preferred shares granted or purchased under Valneva SE's long-term incentive programs.
- The gross amount of this indemnity shall be calculated as though such preferred shares had been vested and converted upon the Change of Control. The conditions and limitations set forth in the applicable LTI program rules shall apply to such calculation, *mutatis mutandis.*
- The indemnity shall be in lieu of any other termination indemnity provided for in Section 12 of the Management Agreement.

Note: the Company's Supervisory Board, during its meeting held on March 13, 2020, decided to replace this indemnity with an exceptional remuneration linked to the change of control and disconnected from the end of the duties, as explained in the paragraph "Exceptional remuneration in the event of a change of control", in Section 2.6.1.1 of this URD. This modification will be effective after approval and signature of an amendment to the Management Agreement.

Estimate gross amounts to be paid by Valneva Austria GmbH, including charges, in case of event (4) occurring at December 31, 2020 with a share price of €7 upon Change of Control, assuming the Free convertible preferred share program 2017 is still in force

Indemnities: €2,266,491.92
Costs: €167,289.20
Total: €2,433,781.12

(5) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause. This applies (i) automatically, except where expressly waived by Valneva GmbH, in the event of dismissal by Valneva Gmb*H for good cause (*Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz),* or the early and unjustified resignation at the initiative of the c*orporate officer (*Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz)* ,or resignation without cause at the initiative of the corporate officer and (ii) upon the express declaration by Valneva SE in the case of termination by Valneva GmbH without good cause.
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement (as adjusted) and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Estimate gross amounts to be paid by Valneva Austria GmbH, including charges, in case of event (5) occurring at December 31, 2020
Indemnities in case of application of the non-compete clause for a period of 12 months: €625,471.70 Costs: €61,989.60 Total: €687,461.30

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva Austria GmbH in accordance with the foregoing shall be pay only if Mr. Thomas Lingelbach achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.
Any severance payments made to the corporate officer by the compensation fund upon termination of the Management Agreement, as well as prospective entitlements to the corporate officer to severance benefits (in case that the fund does not have to make a payment upon termination) shall be deducted from the indemnities set in Section 12 of the Management Agreement, to the extent permitted by law.

The contractual relationship between Valneva Austria GmbH and Mr. Thomas Lingelbach is regulated by the provisions of its Management Agreement, the Austrian Act on Limited Liability Companies *(GmbH-Gesetz),* the Austrian White Collar Workers Act *(Angestelltengesetz),* the Articles of Association of Valneva Austria GmbH and the binding resolutions of the General Assembly of Valneva Austria GmbH.

Management Agreement executed with Valneva Austria GmbH (as amended)

Effective since June 25, 2015

Authorized by the Supervisory Board on June 25, 2015
Amended by decision of the Supervisory Board of March 20, 2018

(1) Inability to work due to illness or accident

- Valneva Austria GmbH shall pay an amount of compensation which would enable the corporate officer to receive the equivalent of 100% of the compensation outlined in Section 6.1 of the Management Agreement (as adjusted) for a period of three months, and 49% for an additional maximum period of three months.
  The limit for a two-year term of office is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement*:*
(i) at the initiative of Valneva GmbH **without good cause** (under Section 20 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or
(i) at the initiative of the corporate officer **with good cause** (in compliance with Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz*), including resignation justified by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2018, and no later than June 30, 2019), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis – after possible deduction of the amount saved by the corporate officer as a result of services not rendered or any amount earned for any other type of work performed, or intentional loss of earnings (Section 29 of the Austrian White Collar Workers Act – *Angestelltengesetz*), it being understood that the bonus cannot exceed 60% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

(3) Termination of the Management Agreement:
(i) at the initiative of Valneva GmbH **with good cause** (under Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or
(ii) at the initiative of the corporate officer **without good cause** (including resignation not justified by circumstances entailing a reduction in fact or in right of his responsibilities in Valneva SE)

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (4).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. In contrast, it shall enter into effect after the notice period provided for in Section 20 of the Austrian White Collar Workers Act – *Angestelltengesetz* (notice period ending on the last day of the current month) in the case of termination at the initiative of the corporate officer.

(4) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This applies (i) automatically, except where expressly waived by Valneva GmbH, in t*he event of dismissal by Valneva GmbH for good cause (*Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or the early and unjustified re*signation at the initiative of the corporate officer (*Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz*),or resignation without cause at the initiative of the corporate officer and (ii) upon the express declaration by Valneva SE in the case of termination by Valneva GmbH without good cause.
- When the non-compete clause applies, this results, in all circumstances other than termination for good cause, in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement (as adjusted) and the bonus defined by Section 6.3 of the Management Agreement, on a *pro rata basis*, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva Austria GmbH in accordance with the foregoing shall be pay only if Mr. Thomas Lingelbach achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.
Any severance payments made to the corporate officer by the compensation fund upon termination of the Management Agreement, as well as prospective entitlements to the corporate officer to severance benefits (in case that the fund does not have to make a payment upon termination) shall be deducted from the indemnities set in Section 12 of the Management Agreement, to the extent permitted by law.

The contractual relationship between Valneva Austria GmbH and Mr. Thomas Lingelbach is regulated by the provisions of its Management Agreement, the Austrian Act on Limited Liability Companies *(GmbH-Gesetz),* the Austrian White Collar Workers Act *(Angestelltengesetz),* the Articles of Association of Valneva Austria GmbH and the binding resolutions of the General Assembly of Valneva Austria GmbH.

Indemnities payable to Mr. Franck Grimaud, Management Board member – President & CBO

Management Agreement executed with Valneva SE

Effective as from the end of the Annual General Meeting of Valneva SE
called for the purpose of approving the financial statements of the fiscal year 2018

Authorized by the Supervisory Board on June 28, 2018

(1) Inability to work due to illness or accident

- Valneva SE shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration outlined in Section 6.1 of the Management Agreement (as adjusted), so that he receives an aggregate amount equal to 100% of his fixed remuneration for a maximum period of three months, and to 49% of such remuneration for an additional maximum period of three months at most.
  The limit for a two-year term of office is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **without good cause *(juste motif);*** or
(ii) resignation of the corporate officer **justified** by circumstances entailing a reduction in law or in fact of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2021, and no later than June 30, 2022), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis, it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

**Estimate gross amounts to be paid by Valneva SE, including charges,
in case of event (2) occurring at December 31, 2020**

Indemnities: €597,111.75
Costs: €247,622.24
Total: €844,733.99

(3) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **with good cause *(juste motif)***; or
(ii) resignation of the corporate officer **unjustified** by circumstances entailing in law or in fact a reduction in his responsibilities in Valneva SE

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (5).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Dismissal of the corporate officer in connection with a Change of Control of Valneva SE (as defined in the Management Agreement)

- Indemnification for the loss of unvested or unconverted (upon Change of Control) preferred shares granted or purchased under Valneva SE's long-term incentive programs.
- The gross amount of this indemnity shall be calculated as though such preferred shares had been vested and converted upon the Change of Control. The conditions and limitations set forth in the applicable LTI program rules shall apply to such calculation, *mutatis mutandis.*
- The indemnity shall be in lieu of any other termination indemnity provided for in Section 12 of the Management Agreement.

Note: the Company's Supervisory Board, during its meeting held on March 13, 2020, decided to replace this indemnity with an exceptional remuneration linked to the change of control and disconnected from the end of the duties, as explained in the paragraph "Exceptional remuneration in the event of a change of control", in Section 2.6.1.1 of this URD. This modification will be effective after approval and signature of an amendment to the Management Agreement.

**Estimate gross amounts to be paid by Valneva SE, including charges,
in case of event (4) occurring at December 31, 2020 with a share price of €7 upon Change of Control,
assuming the Free convertible preferred share program 2017 is still in force**

Indemnities : €1,883,748.02
Costs: €781,190.30
Total: €2,664,938.32

(5) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This clause applies (i) automatically, except where expressly waive*d by Valneva* SE, in the event of dismissal by Valneva SE for good cause (juste motif) or resignation of the corporate office not justified by circumstances entailing a reduction in responsibilities in right or in law in Valneva SE, and (ii) upon the express declaration by Valneva SE, in other cases of termination (removal by Valneva SE without good cause, resignation of the corporate officer justified by the circumstances defined above).
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement (as adjusted) and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Estimate gross amounts to be paid by Valneva SE, including charges, in case of event (5) occurring at December 31, 2020
Indemnities in case of application of the non-compete clause for a period of 12 months: €398,075 Costs: €165,081.50 Total: €563,156

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva SE in accordance with the foregoing shall be pay only if Mr. Franck Grimaud achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.

Relations between Valneva SE and Mr. Franck Grimaud, in his capacity as a member of the Company's Management Board and Managing Director, are governed by French law and regulations, the Company's Articles of Association, the provisions of the Management Agreement and the decisions of Valneva SE's Supervisory Board.

2

Management Agreement executed with Valneva SE

Entered into force at the end of the Company's Annual General Meeting held on June 30, 2016

Authorized by the Supervisory Board on June 25, 2015
Amended by decision of the Supervisory Board of March 20, 2018

(1) Inability to work due to illness or accident

- Valneva SE shall pay an amount of compensation which, when added to health insurance benefits, would enable Mr. Grimaud to receive the equivalent of 100% of the compensation outlined in Section 6.1 of the Management Agreement (as adjusted) for a period of three months, and 49% for an additional maximum period of three months.
- The limit for a two-year term of office is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **without good cause *(juste motif)***; or
(ii) resignation of the corporate officer **justified** by circumstances entailing a reduction in law or in fact
of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2018, and no later than June 30, 2019), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis, it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).
- From the amount of compensation payable in accordance with the above, shall be deducted unemployment insurance benefits received under the private policy covering company managers and officers *(GSC – Garantie Sociale des Chefs et dirigeants d'entreprise)* during the benefit payment period.

(3) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **with good cause *(juste motif)***; or
(ii) resignation of the corporate officer **unjustified** by circumstances entailing in law or in fact a reduction in his responsibilities
in Valneva SE

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (4).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This clause applies (i) automatically, except where expressly waive*d by Valneva* SE, in the event of dismissal by Valneva SE for good cause (juste motif) or resignation of the corporate office not justified by circumstances entailing a reduction in responsibilities in right or in law in Valneva SE, and (ii) upon the express declaration by Valneva SE, in other cases of termination (removal by Valneva SE without good cause, resignation of the corporate officer justified by the circumstances defined above).
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement (as adjusted) and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva SE in accordance with the foregoing shall be pay only if Mr. Franck Grimaud achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.

Relations between Valneva SE and Mr. Franck Grimaud, in his capacity as a member of the Company's Management Board and Managing Director, are governed by French law and regulations, the Company's Articles of Association, the provisions of the Management Agreement and the decisions of Valneva SE's Supervisory Board.

Indemnities payable to Mr. Wolfgang Bender, Management Board member – CMO

Management Agreement executed with Valneva SE

Effective as from the end of the Annual General Meeting of Valneva SE
called for the purpose of approving the financial statements of the fiscal year 2018

Authorized by the Supervisory Board on June 28, 2018

(1) Inability to work due to illness or accident

- Valneva SE shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration, so that he receives an aggregate amount equal to 100% of the compensation outlined in Section 6.1 of the Management Agreement for a period of three months, and to 49% for an additional maximum period of three months. The limit for a period of 24 consecutive months is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **without good cause *(juste motif)***; or
(ii) resignation of the corporate officer **justified** by circumstances entailing a reduction in law or in fact of his responsibilities in Valneva Austria GmbH

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2021, and no later than June 30, 2022), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis, it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

**Estimate gross amounts to be paid by Valneva SE, including charges,
in case of event (2) occurring at December 31, 2020**

Indemnities: €264,159
Costs: €26,257.40
Total: €290,416.40

(3) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **with good cause *(juste motif)***; or
(ii) resignation of the corporate officer **unjustified** by circumstances entailing in law or in fact a reduction in his responsibilities in Valneva Austria GmbH

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (5).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Dismissal of the corporate officer in connection with a Change of Control of Valneva SE (as defined in the Management Agreement)

- Indemnification for the loss of unvested or unconverted (upon Change of Control) preferred shares granted or purchased under Valneva SE's long-term incentive programs.
- The gross amount of this indemnity shall be calculated as though such preferred shares had been vested and converted upon the Change of Control. The conditions and limitations set forth in the applicable LTI program rules shall apply to such calculation, *mutatis mutandis.*
- The indemnity shall be in lieu of any other termination indemnity provided for in Section 12 of the Management Agreement.

Note: the Company's Supervisory Board, during its meeting held on March 13, 2020, decided to replace this indemnity with an exceptional remuneration linked to the change of control and disconnected from the end of the duties, as explained in the paragraph "Exceptional remuneration in the event of a change of control", in Section 2.6.1.1 of this URD. This modification will be effective after approval and signature of an amendment to the Management Agreement.

**Estimate gross amounts to be paid by Valneva SE, including charges,
in case of event (4) occurring at December 31, 2020 with a share price of €7 upon Change of Control,
assuming the Free convertible preferred shares program 2017 is still in force**

Indemnities: €1,883,748.02
Costs: €187,244.55
Total: €2,070,992.57

(5) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This clause applies (i) automatically, except where expressly waive*d by Valneva* SE, in the event of dismissal by Valneva SE for good cause (juste motif) or resignation of the corporate office not justified by circumstances entailing a reduction in responsibilities in right or in law in Valneva SE or Valneva Austria GmbH, and (ii) upon the express declaration by Valneva SE, in other cases of termination (removal by Valneva SE without good cause, resignation of the corporate officer justified by the circumstances defined above).
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement (as adjusted) and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

2

Estimate gross amounts to be paid by Valneva SE, including charges, in case of event (4) occurring at December 31, 2020
Amount of indemnities in case of application of the non-compete clause for a period of 12 months: €176,106 Costs: €17,504.94 Total: €193,610.94

(6) Change of control after termination of office due to retirement

In accordance with the provisions of the Free convertible preferred share program 2017-2021 and the Free ordinary share plan 2019-2023, in the event of retirement, Mr. Bender shall be authorized to retain the benefit of a portion of the free shares initially granted. In the event of a change of control of the Company before the full vesting of these shares, Mr. Bender, provided that he has achieved at least 60% of his objectives at the last annual appraisal before his retirement, will continue to benefit from the exceptional remuneration mentioned in the paragraph "Exceptional remuneration in the event of a change of control" in Section 2.6.1.1 of this URD, up to the limit of the number of free shares whose benefit is retained after retirement (details concerning the method for determining the remuneration that may be received by the corporate officer in this context are set forth in said paragraph).

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva SE in accordance with the foregoing shall be pay only if Mr. Wolfgang Bender achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.

Relations between Valneva SE and Mr. Wolfgang Bender, in his capacity as a member of the Company's Management Board and CMO, are governed by French law and regulations, the Company's Articles of Association, the provisions of the Management Agreement and the decisions of Valneva SE's Supervisory Board.

Management Agreement executed with Valneva Austria GmbH

Effective as from the end of the Annual General Meeting of Valneva SE
called for the purpose of approving the financial statements of the fiscal year 2018

Authorized by the Supervisory Board on June 28, 2018

(1) Inability to work due to illness or accident

- Valneva Austria GmbH shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration, so that he receives an aggregate amount equal to 100% of the compensation outlined in Section 6.1 of the Management Agreement for a period of three months, and to 49% for an additional maximum period of three months.
  The limit for a period of 24 consecutive months is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement:
(i) at the initiative of Valneva GmbH **without good cause**, or
(i) at the initiative of the corporate officer **with good cause** (in compliance with Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz*), including resignation justified by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2021, and no later than June 30, 2022), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis – after possible deduction of the amount saved by the corporate officer as a result of services not rendered or any amount earned for any other type of work performed, or intentional loss of earnings (Section 29 of the Austrian White Collar Workers Act – *Angestelltengesetz*), it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

Estimate gross amounts to be paid by Valneva Austria GmbH, including charges, in case of event (2) occurring at December 31, 2020

Indemnities: €402,582.57
Costs: €39,079.79
Total: €441,662.37

(3) Termination of the Management Agreement:
(i) at the initiative of Valneva GmbH **with good cause** (under Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or
(ii) at the initiative of the corporate officer **without good cause** (including resignation not justified by circumstances entailing a reduction in fact or in right of his responsibilities in Valneva SE)

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (4).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This applies (i) automatically, except where expressly waived by Valneva GmbH, in the event of dismissal by Valneva GmbH *for good cause (*Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or the early and unjustified resignation at the initiative of the c*orporate officer (*Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or resignation without cause at the initiative of the corporate officer and (ii) upon the express declaration by Valneva Austria GmbH in the case of termination by Valneva GmbH without good cause.
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Estimate gross amounts to be paid by Valneva Austria GmbH, including charges, in case of event (4) occurring at December 31, 2020

Amount of indemnities in case of application of the non-compete clause for a period of 12 months: €268,388.38
Costs: €20,495.11
Total: €288,883.50

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva Austria GmbH in accordance with the foregoing shall be pay only if Mr. Wolfgang Bender achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.
Any severance payments made to the corporate officer by the compensation fund upon termination of the Management Agreement, as well as prospective entitlements to the corporate officer to severance benefits (in case that the fund does not have to make a payment upon termination) shall be deducted from the indemnities set in Section 12 of the Management Agreement, to the extent permitted by law.

The contractual relationship between Valneva Austria GmbH and Mr. Wolfgang Bender is regulated by the provisions of its Management Agreement, the Austrian Act on Limited Liability Companies *(GmbH-Gesetz),* the Austrian White Collar Workers Act *(Angestelltengesetz),* the Articles of Association of Valneva Austria GmbH and the binding resolutions of the General Assembly of Valneva Austria GmbH.

Management Agreement executed with Valneva SE

Entered into force on September 1, 2017

Authorized by the Supervisory Board on August 1, 2017
Amended by decision of the Supervisory Board of March 20, 2018

(1) Inability to work due to illness or accident

- Valneva SE shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration, so that he receives an aggregate amount equal to 100% of the compensation outlined in Section 6.1 of the Management Agreement for a period of three months, and to 49% for an additional maximum period of three months. The limit for a period of 24 consecutive months is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **without good cause *(juste motif)***; or
(ii) resignation of the corporate officer **justified** by circumstances entailing a reduction in law or in fact of his responsibilities in Valneva Austria GmbH

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2018, and no later than June 30, 2019), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis, it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

(3) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **with good cause *(juste motif)***; or
(ii) resignation of the corporate officer **unjustified** by circumstances entailing in law or in fact a reduction in his responsibilities in Valneva Austria GmbH

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (4).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This clause applies (i) automatically, except where expressly waiv*ed by Valneva* SE, in the event of dismissal by Valneva SE for good cause (juste motif) or resignation of the corporate office not justified by circumstances entailing a reduction in responsibilities in right or in law in Valneva SE or Valneva Austria GmbH, and (ii) upon the express declaration by Valneva SE, in other cases of termination (removal by Valneva SE without good cause, resignation of the corporate officer justified by the circumstances defined above).
- When the non-compete clause applies, this results, in all circumstances other than removal for good cause (juste motif), in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement (as adjusted) and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva SE in accordance with the foregoing shall be pay only if Mr. Wolfgang Bender achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.

Relations between Valneva SE and Mr. Wolfgang Bender, in his capacity as a member of the Company's Management Board and CMO, are governed by French law and regulations, the Company's Articles of Association, the provisions of the Management Agreement and the decisions of Valneva SE's Supervisory Board.

Management Agreement executed with Valneva Austria GmbH

Entered into force on September 1, 2017

Agreement authorized by the Supervisory Board on August 1, 2017

Completed through an Addendum effective as from December 20, 2017, authorized by the Supervisory Board on December 19, 2017

Amended by decision of the Supervisory Board of March 20, 2018

(1) Inability to work due to illness or accident

- Valneva Austria GmbH shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration, so that he receives an aggregate amount equal to 100% of the compensation outlined in Section 6.1 of the Management Agreement for a period of three months, and to 49% for an additional maximum period of three months.
  The limit for a period of 24 consecutive months is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement:
(i) at the initiative of Valneva GmbH **without good cause**, or
(ii) at the initiative of the corporate officer **with good cause** (in compliance with Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz*), including resignation justified by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2018, and no later than June 30, 2019), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis – after possible deduction of the amount saved by the corporate officer as a result of services not rendered or any amount earned for any other type of work performed, or intentional loss of earnings (Section 29 of the Austrian White Collar Workers Act – *Angestelltengesetz*), it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

(3) Termination of the Management Agreement:
(i) at the initiative of Valneva GmbH **with good cause** (under Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or
(ii) at the initiative of the corporate officer **without good cause** (including resignation not justified by circumstances entailing a reduction in fact or in right of his responsibilities in Valneva SE)

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (4).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This applies (i) automatically, except where expressly waived by Valneva GmbH, in the event of dismissal by Valneva Gmb*H for good cause (*Section 27 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or the early and unjustified resignation at the initiative of the c*orporate officer (*Section 26 of the Austrian White Collar Workers Act – *Angestelltengesetz*), or resignation without cause at the initiative of the corporate officer and (ii) upon the express declaration by Valneva Austria GmbH in the case of termination by Valneva GmbH without good cause.
- When the non-compete clause applies, this results, in all circumstances other than termination for good cause, in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva Austria GmbH in accordance with the foregoing shall be pay only if Mr. Wolfgang Bender achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.
Any severance payments made to the corporate officer by the compensation fund upon termination of the Management Agreement, as well as prospective entitlements to the corporate officer to severance benefits (in case that the fund does not have to make a payment upon termination) shall be deducted from the indemnities set in Section 12 of the Management Agreement, to the extent permitted by law.

The contractual relationship between Valneva Austria GmbH and Mr. Bender is regulated by the provisions of its Management Agreement, the Austrian Act on Limited Liability Companies *(GmbH-Gesetz),* the Austrian White Collar Workers Act *(Angestelltengesetz),* the Articles of Association of Valneva Austria GmbH and the binding resolutions of the General Assembly of Valneva Austria GmbH.

Indemnities payable to Mr. Frédéric Jacotot, Management Board member – General Counsel

Management Agreement executed with Valneva SE

Effective as from the end of the Annual General Meeting of Valneva SE
called for the purpose of approving the financial statements of the fiscal year 2018

Authorized by the Supervisory Board on June 28, 2018

(1) Inability to work due to illness or accident

- Valneva SE shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration outlined in Section 6.1 of the Management Agreement (as adjusted), so that he receives an aggregate amount equal to 100% of his fixed remuneration for a maximum period of three months, and to 49% of such remuneration for an additional maximum period of three months at most.
  The limit for a two-year term of office is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement pursuant to removal of the corporate officer by Valneva SE without good cause *(juste motif)*

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2021, and no later than June 30, 2022), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis, it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

Estimate gross amounts to be paid by Valneva SE, including charges, in case of event (2) occurring at December 31, 2020

Indemnities: €464,892.75
Costs: €193,395.38
Total: €658,288.13

(3) Termination of the Management Agreement pursuant to:
(i) removal of the corporate officer by Valneva SE **with good cause *(juste motif)***; or
(ii) resignation of the corporate officer **unjustified**

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (5).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Dismissal of the corporate officer in connection with a Change of Control of Valneva SE (as defined in the Management Agreement)

- Indemnification for the loss of unvested or unconverted (upon Change of Control) preferred shares granted or purchased under Valneva SE's long-term incentive programs.
- The gross amount of this indemnity shall be calculated as though such preferred shares had been vested and converted upon the Change of Control. The conditions and limitations set forth in the applicable LTI program rules shall apply to such calculation, *mutatis mutandis.*
- The indemnity shall be in lieu of any other termination indemnity provided for in Section 12 of the Management Agreement.

Note: the Company's Supervisory Board, during its meeting held on March 13, 2020, decided to replace this indemnity with an exceptional remuneration linked to the change of control and disconnected from the end of the duties, as explained in the paragraph "Exceptional remuneration in the event of a change of control", in Section 2.6.1.1 of this URD. This modification will be effective after approval and signature of an amendment to the Management Agreement.

Estimate gross amounts to be paid by Valneva SE, including charges, in case of event (4) occurring at December 31, 2020 with a share price of €7 upon Change of Control, assuming the Free convertible preferred share program 2017 is still in force

Indemnities: €1,883,748.02
Costs: €783,639.18
Total: €2,667,387.20

(5) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
This clause applies (i) automatically, except where expressly waive*d by Valneva* SE, in the event of dismissal by Valneva SE for good cause (juste motif) or resignation of the corporate office not justified, and (ii) upon the express declaration by Valneva SE, in other cases of termination (removal by Valneva SE without good cause).
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement (as adjusted) and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Estimate gross amounts to be paid by Valneva SE, including charges, in case of event (5) occurring at December 31, 2020
Indemnities in case of application of the non-compete clause for a period of 12 months: €309,928.50 Costs: €128,930.26 Total: €438,858.76

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva SE in accordance with the foregoing shall be pay only if Mr. Frédéric Jacotot achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.

Relations between Valneva SE and Mr. Franck Grimaud, in his capacity as a member of the Company's Management Board and Managing Director, are governed by French law and regulations, the Company's Articles of Association, the provisions of the Management Agreement and the decisions of Valneva SE's Supervisory Board.

Indemnities payable to Mr. David Lawrence, Management Board member – CFO

Temporary Management Agreement executed with Valneva UK Ltd.

Effective as from January 1, 2019 until the end of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2018

Authorized by the Supervisory Board on December 6, 2018

(1) Inability to work due to illness or accident

- Valneva UK Ltd. shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration, so that he receives an aggregate amount equal to 100% of the compensation outlined in Section 6.1 of the Management Agreement for a period of three months, and to 49% for an additional maximum period of three months.
  The limit for a period of 24 consecutive months is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement:
(i) at the initiative of Valneva UK Ltd. **without good cause**, or
(ii) at the initiative of the corporate officer **justified** by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2021, and no later than June 30, 2022), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis, it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

(3) Termination of the Management Agreement:
(i) at the initiative of Valneva UK Ltd. **with good cause**, or
(ii) at the initiative of the corporate officer **not justified** by circumstances entailing a reduction in fact or in right of his responsibilities in Valneva SE

No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (4).
Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This applies (i) automatically, except where expressly waived by Valneva UK Ltd., in the event of dismissal by Valneva UK Ltd. for good cause, or resignation at the initiative of the corporate officer not justified by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE, and (ii) upon the express declaration by Valneva UK Ltd. in the other cases of termination (removal by Valneva UK Ltd. without good cause, resignation of the corporate officer justified by the circumstances defined above).
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva UK Ltd. in accordance with the foregoing shall be pay only if Mr. David Lawrence achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.

The contractual relationship between Valneva UK Ltd. and Mr. David Lawrence in his capacity as Management Board member and CFO is regulated by the English law, the Articles of Association of Valneva UK Ltd., the provisions of his Management Agreement and the decisions of the Board of Directors of Valneva UK Ltd.

Management Agreement executed with Valneva UK Ltd.

Effective as from the end of the Annual General Meeting of Valneva SE
called for the purpose of approving the financial statements of the fiscal year 2018

Authorized by the Supervisory Board on December 6, 2018

(1) Inability to work due to illness or accident

- Valneva UK Ltd. shall pay the difference between the health insurance allowance and the corporate officer's fixed remuneration, so that he receives an aggregate amount equal to 100% of the compensation outlined in Section 6.1 of the Management Agreement for a period of three months, and to 49% for an additional maximum period of three months.
  The limit for a period of 24 consecutive months is 100% compensation up to a maximum of six months, and 49% for a further maximum of six months.
- In all cases, payments shall cease upon termination of the Management Agreement.

(2) Termination of the Management Agreement:
(i) at the initiative of Valneva UK Ltd. **without good cause**, or
(i) at the initiative of the corporate officer **justified** by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE

- Payment until the termination of the Management Agreement (or until the date of the Annual General Meeting of Valneva SE called for the purpose of approving the financial statements of the fiscal year 2021, and no later than June 30, 2022), of an amount equal to:
  - the fixed compensation provided for in Section 6.1 of the Management Agreement (as adjusted); and
  - the bonus mentioned in Section 6.3 of the Management Agreement, on a *pro rata* basis, it being understood that the bonus cannot exceed 50% of the gross annual salary defined in Section 6.1 of the Management Agreement (as adjusted).

**Estimate gross amounts to be paid by Valneva UK Ltd., including charges,
in case of event (2) occurring at December 31, 2020**

Indemnities: €720,608.51
Costs: €86,473
Total: €807,081.53

(3) Termination of the Management Agreement:
(i) at the initiative of Valneva UK Ltd. **with good cause**, or
(ii) at the initiative of the corporate officer **not justified** by circumstances entailing a reduction in fact or in right of his responsibilities in Valneva SE

- No severance benefits are payable to the corporate officer, without prejudice, however to the possible application of the non-compete provisions mentioned below in (5).
- Discontinuation of payment of any compensation, bonuses and benefits in kind as from the date of effect of the termination of the corporate office. This date is immediate in the case of a removal for good cause. It takes effect after a two-month notice period (end of month) in the event of resignation.

(4) Dismissal of the corporate officer in connection with a Change of Control of Valneva SE (as defined in the Management Agreement)

- Indemnification for the loss of unvested or unconverted (upon Change of Control) preferred shares granted or purchased under Valneva SE's long-term incentive programs.
- The gross amount of this indemnity shall be calculated as though such preferred shares had been vested and converted upon the Change of Control. The conditions and limitations set forth in the applicable LTI program rules shall apply to such calculation, *mutatis mutandis.*
- The indemnity shall be in lieu of any other termination indemnity provided for in Section 12 of the Management Agreement.

Note: the Company's Supervisory Board, during its meeting held on March 13, 2020, decided to replace this indemnity with an exceptional remuneration linked to the change of control and disconnected from the end of the duties, as explained in the paragraph "Exceptional remuneration in the event of a change of control", in Section 2.6.1.1 of this URD. This modification will be effective after approval and signature of an amendment to the Management Agreement.

**Estimate gross amounts to be paid by Valneva UK Ltd., including charges,
in case of event (4) occurring at December 31, 2020 with a share price of €7 upon Change of Control,
assuming the Free convertible preferred share program 2017 is still in force**

Indemnities: €1,883,748.02
Costs: €259,957.23
Total: €2,143,705.25

(5) Application of the non-compete clause

- The Management Agreement contains a post-contractual non-compete clause.
  This applies (i) automatically, except where expressly waived by Valneva UK Ltd., in the event of dismissal by Valneva UK Ltd. for good cause, or resignation at the initiative of the corporate officer not justified by circumstances entailing a reduction in law or fact of his responsibilities in Valneva SE, and (ii) upon the express declaration by Valneva UK Ltd. in the other cases of termination (removal by Valneva UK Ltd. without good cause, resignation of the corporate officer justified by the circumstances defined above).
- When the non-compete clause applies, this results in the payment of financial consideration equal to the amount of compensation defined by Section 6.1 of the Management Agreement and the bonus defined by Section 6.3 of the Management Agreement, on a pro rata basis, for the duration of the non-compete obligation (*i.e.* 1 year from the date of the Management Agreement's termination).

This payment shall not be payable in combination with the continued payment of compensation mentioned above in paragraph (2).

Estimate gross amounts to be paid by Valneva UK Ltd., including charges, in case of event (5) occurring at December 31, 2020
Indemnities in case of application of the non-compete clause for a period of 12 months: €480,405.71 Costs: €57,005.58 Total: €537,411.29

Except in the case of indemnities paid in consideration of the non-compete clause, any indemnity that would be payable by Valneva UK Ltd. in accordance with the foregoing shall be pay only if Mr. David Lawrence achieves not less than 60% of his individual and collective goals in the aggregate during the preceding calendar year, as these goals are set and assessed by the Supervisory Board.
Indemnities set in Section 12 of the Management Agreement shall exclude any other indemnity, compensation or benefit, to the extent permitted by law.

The contractual relationship between Valneva UK Ltd. and Mr. David Lawrence in his capacity as Management Board member and CFO is regulated by the English law, the Articles of Association of Valneva UK Ltd., the provisions of his Management Agreement and the decisions of the Board of Directors of Valneva UK Ltd.

Additional provisions specifically relating to the non-compete commitments

Mr. Thomas Lingelbach

- Legal restrictions on competition pursuant to Section 24 of the Austrian Act on Limited Liability Companies apply to the corporate officer.
- Article 10.2 of the Management Agreement of Mr. Lingelbach (non-applicable if waiver by Valneva Austria GmbH): for a period of one year following the termination of his Management Agreement, the corporate officer shall not be gainfully employed with a competitor, especially in the fields of serums.

  "Being gainfully employed" means in particular (without limitation): (i) entering into a contractual relationship with a competitor of Valneva Austria GmbH, be it as white-collar employee, consultant or in a similar position; or (ii) becoming a direct or indirect owner or shareholder of a home or foreign competitor of Valneva Austria GmbH, except for the investment in listed stock corporations for investment reasons only; or (iii) becoming member of a legal (representative) body of a competitor of Valneva Austria GmbH, especially in the Management Board, the Supervisory Board or as a counsel or consultant, even if the services are not remunerated.
- Article 10.3 of the Management Agreement of Mr. Lingelbach: the corporate officer shall not, for a period of 12 months following the termination of the employment, induce personnel, freelancer, consultants or members of the Scientific Board in whichever form to terminate their employment contract with Valneva Austria GmbH.

Mr. Franck Grimaud

- Article 10.1 of the Management Agreement of M. Grimaud (non-applicable if waived by the Supervisory Board of Valneva SE): for a period of one year following the termination of his respective Management Agreement, the corporate officer shall not be gainfully employed with a competitor, especially in the fields of serums.

  "Being gainfully employed" means in particular (without limitation): (i) entering into a contractual relationship with a competitor of Valneva SE or Valneva Austria GmbH, be it as white-collar employee, consultant or in a similar position; or (ii) becoming direct or indirect owner or shareholder of a home or foreign competitor of Valneva SE or Valneva Austria GmbH, except for the investment in listed stock corporations for investment reasons only; or (iii) becoming member of a legal (representative) body of a competitor of Valneva SE or Valneva Austria GmbH, especially in the Management Board, the Supervisory Board or as a counsel or consultant, even if the services are not remunerated.
- Article 10.2 of the Management Agreement of Mr. Grimaud: the corporate officer shall not, for a period of 12 months following the termination of the employment, induce personnel, freelancers, consultants or members of the Scientific Board in whichever form to terminate their employment contract with Valneva SE.

Mr. David Lawrence

- Article 10.1 of the Management Agreement of M. Lawrence (non-applicable if waived by the Supervisory Board of Valneva SE): for a period of one year following the termination of his respective Management Agreement, the corporate officer shall not be gainfully employed with a competitor, especially in the fields of serums.

  "Being gainfully employed" means in particular (without limitation): (i) entering into a contractual relationship with a competitor of Valneva UK Ltd., Valneva SE or Valneva Austria GmbH, be it as white-collar employee, consultant or in a similar position; or (ii) becoming direct or indirect owner or shareholder of a home or foreign competitor of Valneva UK Ltd., Valneva SE or Valneva Austria GmbH, except for investments in listed companies for investment reasons only; or (iii) becoming member of a governing body of a competitor of Valneva UK Ltd., Valneva SE or Valneva Austria GmbH, especially in the Management Board, the Supervisory Board or as an advisor or consultant, even if the services are not paid.
- Article 10.2 of the Management Agreement of Mr. Lawrence: the corporate officer shall not, for a period of 12 months following the termination of the employment, induce personnel, freelancers, consultants or members of the Scientific Board to terminate their employment or consultancy contract with Valneva UK Ltd., Valneva SE or their subsidiaries.

Mr. Wolfgang Bender

The Management Agreements executed between Mr. Wolfgang Bender and Valneva Austria GmbH or Valneva SE, depending on the case contain the following provisions:

- Legal restrictions on competition pursuant to Section 24 of the Austrian Act on Limited Liability Companies apply to the corporate officer in accordance with his Management Agreement signed with Valneva Austria GmbH.
- Article 10.1/10.2 (depending on the concerned agreement) of the Management Agreement of Mr. Bender (non-applicable if waiver by Valneva Austria GmbH or by the Supervisory Board of Valneva SE, depending on the case): for a period of one year following the termination of his Management Agreement, the corporate officer shall not be gainfully employed with a competitor, especially in the fields of vaccines.

  "Being gainfully employed" means in particular (without limitation): (i) entering into a contractual relationship with a competitor of Valneva Austria or Valneva SE, depending on the case, be it as white-collar employee, consultant or in a similar position; or (ii) becoming a direct or indirect owner or shareholder of a home or foreign competitor of Valneva Austria GmbH or Valneva SE, depending on the case, except for the investment in listed companies for investment reasons only; or (iii) becoming member of a governing body of a competitor of Valneva Austria GmbH or Valneva SE, depending on the case, especially in the Management Board, the Supervisory Board or as an advisor or consultant, even if the services are not paid.

- Article 10.2/10.3 of the Management Agreement of Mr. Bender: the corporate officer shall not, for a period of 12 months following the termination of the employment, induce personnel, freelancer, consultants or members of the Scientific Board to terminate their employment contract with Valneva Austria GmbH or their employment or consultancy contract with Valneva SE or its subsidiaries, depending on the case.

The Management Agreements signed by Mr. Wolfgang Bender contain an additional provision authorizing M. Bender to remain a Managing Director of LB Life Sciences Consulting, provided that he shall not perform any consulting activity for so long as he is a Managing Director of Valneva Austria GmbH or a Management Board member of Valneva SE.

Mr. Frédéric Jacotot

- Article 10.1 of the Management Agreement of M. Jacotot (non-applicable if waived by the Supervisory Board of Valneva SE): for a period of one year following the termination of his respective Management Agreement, the corporate officer shall not be gainfully employed with a competitor, especially in the fields of serums.

  "Being gainfully employed" means in particular (without limitation): (i) entering into a contractual relationship with a competitor of Valneva SE or Valneva Austria GmbH, be it as white-collar employee, consultant or in a similar position; or (ii) becoming direct or indirect owner or shareholder of a home or foreign competitor of Valneva SE or Valneva Austria GmbH, except for the investment in listed stock corporations for investment reasons only; or (iii) becoming member of a legal (representative) body of a competitor of Valneva SE or Valneva Austria GmbH, especially in the Management Board, the Supervisory Board or as a counsel or consultant, even if the services are not remunerated.
- Article 10.2 of the Management Agreement of Mr. Jacotot: the corporate officer shall not, for a period of 12 months following the termination of the employment, induce personnel, freelancers, consultants or members of the Scientific Board in whichever form to terminate their employment contracts with Valneva SE.

Death and endowment insurance policy subscribed to the benefit of Mr. Thomas Lingelbach

Mr. Thomas Lingelbach, in its capacity as Managing Director of Valneva Austria GmbH, benefit from a life and endowment insurance policy paid for by Valneva Austria GmbH.

The premium currently paid by Valneva Austria GmbH amount to €1,000 per month(1)

Valneva Austria GmbH will stop paying this insurance premium upon termination or expiration of the Management Agreement between the corporate officer and Valneva Austria GmbH.

Mr. Lingelbach may then, in its sole discretion, (a) leave the accrued savings within the insurance policy until the retirement age (such savings would then approximately amount to €179,189(2), (b) terminate the insurance policy and get the accrued savings as a cash settlement, or (c) convert the accrued savings into a life annuity paid by the insurance company.

Upon expiration of his Management Agreement at the end of June 2022, Mr. Lingelbach could get approximately €204,408 as a cash settlement, or €10,456 per year as a life annuity.

Contribution paid to the benefit of Messrs. David Lawrence and Wolfgang Bender with respect to their pension plan and health insurance program

Messrs. David Lawrence and Wolfgang Bender, Management Board members and respectively CFO and CMO, benefit of a pension plan and a health insurance program, to which the Company or the Austrian subsidiary, as applicable, contributed in 2018 for the amount set forth in the applicable Management Agreements:

- with respect to Mr. David Lawrence, Valneva SE contributed 15% of the corporate officer's fixed remuneration (*i.e.* €41,234.25);
- concerning Mr. Wolfgang Bender, Valneva SE paid allowances in the amount of €7,200. Valneva Austria GmbH also paid allowances for the total amount of €10,800.

These pension plans are standard plans in each country of the corporate officers and does not constitute "top-hat" retirement schemes.

(1) See Section 2.6.2.1 (b) of this URD.
(2) These numbers are approximate only because they depend on the actual financial performance of the insurance policy.

2.6.2.2. Remuneration paid and granted to the Supervisory Board members

Fees and other remuneration to non-executive officers, in office during the fiscal year 2019

	Amounts granted in 2019(1)	Amounts paid in 2019(2)	Amounts granted in 2018(3)	Amounts paid in 2018(4)
Mr. Frédéric Grimaud, Chairman of the Supervisory Board				
Attendance fees	€50,000	€50,000	€50,000	€50,000
Other remuneration	€0	€0	€0	€0
Ms. Louisa Shaw-Marotto, Vice-President of the Supervisory Board (Supervisory Board member until June 27, 2019)				
Attendance fees	€45,000	€37,500	€30,000	€30,000
Other remuneration	€0	€0	€0	€0
Mr. James Sulat, Member of the Supervisory Board (Vice-President until June 27, 2019)				
Attendance fees	€35,000	€40,000	€45,000	€45,000
Other remuneration	€0	€0	€0	€0
Ms. Anne-Marie Graffin, Supervisory Board member				
Attendance fees	€30,000	€30,000	€30,000	€30,000
Other remuneration	€0	€0	€0	€0
Mr. Alexander von Gabain, Supervisory Board member				
Attendance fees	€30,000	€30,000	€30,000	€30,000
Other remuneration	€0	€0	€0	€0
Ms. Sandra E. Poole, Supervisory Board member				
Attendance fees	€30,000	€30,000	€30,000	€30,000
Other remuneration	€0	€0	€0	€0
Mr. Thomas Casdagli, Supervisory Board member (since December 12, 2019, by co-optation)				
No fees are paid or granted to Mr. Casdagli, the latter having expressly waived it.				
Mr. Balaji Muralidhar, Supervisory Board member (until December 12, 2019)				
Attendance fees	€30,000	€15,000	€0 (express waiver)	€0 (express waiver)
Other remuneration	€0	€0	€0	€0
Mr. Alain Munoz, Supervisory Board member (until June 27, 2019)				
Attendance fees	€2,916.66 (June 1 to June 27, 2019)	€20,416.66	€35,000	€35,000
Other remuneration	€0	€0	€0	€0
Mr. Ralf Clemens, Supervisory Board member (until June 27, 2019)				
Attendance fees	€2,916.66 (June 1 to June 27, 2019)	€20,416.66	€0	€35,000
Other remuneration	€0	€0	€0	€0
Bpifrance Participations SA, Supervisory Board member (until June 27, 2019) - Represented by Ms. Maïlys Ferrere				
No payment has to be made with respect to the office of Supervisory Board member, either to Bpifrance Participations SA, or to its permanent representative.				
TOTAL	**€255,833.32**	**€273,333.32**	**€285,000**	**€285,000**

(1) As a result of a Supervisory Board decision dated June 27, 2019 - Amounts valid for the period from June 1, 2019 to May 31, 2020.
(2) Amounts received from January 1, 2019 to December 31, 2019.
(3) As a result of a Supervisory Board decision dated September 27, 2017 - Amounts valid for the period from June 1, 2017 to May 31, 2019.
(4) Amounts received from January 1, 2018 to December 31, 2018.

2.6.3. Change in the annual remuneration of the employees and corporate officers, and of the performance of the Company, during the last five years

The information presented in the table below has been prepared taking into account:

- the annual remuneration due to each of the corporate officers, including, as the case may be, the bonus or exceptional remuneration, as well as benefits in kind (see in particular Sections 2.6.2.1 (b) and 2.6.2.2 above), and
- the annual base salary **(1) on average** and **(2) median**, on a full rate equivalent basis, of the non-corporate officer employees of the Company, including, as the case may be, the bonus.

For Management Board members, the ratios shown in respect of non-corporate officer employees have been rounded up if their value was equal to or greater than -.50, and down if it was less than -.50.

For the Chairman of the Supervisory Board, the ratios have been indicated to two decimal places in order to provide more detail in the data, since the level of compensation is fairly close to the average and median salary of the non-corporate officer employees.

The " = " sign means that the remuneration remained the same from one year to another.

The information is not provided with respect to Messrs. Thomas Casdagli and Balaji Muralidhar, nor with respect to Bpifrance Participations SA (represented by Mrs. Maïlys Ferrère), due either to the absence of compensation or to compensation paid over a period that does not allow for comparison.

	2015	2016	2017	2018	2019
Net result (*)	- 18.38%	+ 28.56%	- 21.36%	- 10.28%	- 66.15%
Average remuneration of the non-corporate officer employees (*)	+ 6.35%	+ 18,42(*)	+ 6,46%	+ 2,31%	- 3,52%
CHANGE IN THE REMUNERATION OF MANAGEMENT BOARD MEMBERS (*) - RATIOS WITH RESPECT TO NON-CORPORATE OFFICERS EMPLOYEES					
Mr. Thomas Lingelbach Chairman of the Management Board - President & CEO	+ 0.86%	+ 6.70%	+ 9.78%	+7.03%	- 5.97%
Remuneration ratio (1)	12	11	11	12	12
Remuneration ratio (2)	15	14	15	16	15
Mr. Franck Grimaud Management Board member - President & CBO	+ 14.82%	+ 8.44%	+ 2.13%	+ 2.12%	- 1.89%
Remuneration ratio (1)	8	8	7	7	7
Remuneration ratio (2)	10	10	10	10	10
Mr. Frédéric Jacotot Management Board member (since April 1, 2017) General Counsel & Corporate Secretary	n.a.	n.a.	n.a.	+ 5.79%	+ 2.17%
Remuneration ratio (1)	n.a.	n.a.	4	5	5
Remuneration ratio (2)	n.a.	n.a.	5	7	7
Mr. David Lawrence Management Board member (Since August 7, 2017) - *CFO*	n.a.	n.a.	n.a.	+ 9.24%	- 8.67%
Remuneration ratio (1)	n.a.	n.a.	8	9	8
Remuneration ratio (2)	n.a.	n.a.	11	12	11
Mr. Wolfgang Bender Management Board member (Since September 1, 2017) - *CMO*	n.a.	n.a.	n.a.	+ 3.51%	- 1.10%
Remuneration ratio (1)	n.a.	n.a.	8	8	8
Remuneration ratio (2)	n.a.	n.a.	11	11	11
CHANGE IN THE REMUNERATION OF SUPERVISORY BOARD MEMBERS (*) - RATIOS OF THE CHAIRMAN OF THE SUPERVISORY BOARD WITH RESPECT TO NON-CORPORATE OFFICERS EMPLOYEES					
Mr. Frédéric Grimaud Chairman of the Supervisory Board	=	=	=	=	=
Remuneration ratio (1)	1.10	0.93	0.87	0.85	0.84
Remuneration ratio (2)	1.39	1.20	1.15	1.14	1.11

	2015	2016	2017	2018	2019
Ms. Louisa Shaw-Marotto Vice-President of the Supervisory Board (Member of the Supervisory Board until June 27, 2019)	n.a.	n.a.	=	=	+ 50%
Mr. James Sulat Supervisory Board member (Vice-President of the Supervisory Board until June 27, 2019)	=	=	=	=	- 22.22%
Ms. Anne-Marie Graffin Supervisory Board member	=	=	=	=	=
Mr. Alexander von Gabain Supervisory Board member	=	=	=	=	=
Ms. Sandra E. Poole Supervisory Board member	n.a.	n.a.	n.a.	=	=
Mr. Alain Munoz Supervisory Board member (until June 27, 2019)	=	=	=	=	- 14.29%
Mr. Ralf Clemens Supervisory Board member (until June 27, 2019)	n.a.	n.a.	+ 16.66%	=	=

(*) Change compared to the previous year.
The significant increase in the average remuneration of employees over the fiscal year 2016 is explained by the fact that bonus components on objectives and possible benefits in kind have only been applied as from this fiscal year.
In addition, the negative change, if any, in the remuneration of the Management Board members between the fiscal years 2018 and 2019 is explained by the allocation of exceptional remuneration for the year 2018, which is not reflected in the year 2019.

2.6.4. Shareholding of the Management and Supervisory Board members in the share capital of the Company

2.6.4.1. Share capital held by the Management and Supervisory Board members

The figures below have been calculated in reference to a share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

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Shareholding of the Management Board members at February 29, 2020

Nom	Shares owned	Number of stock options owned and free shares being acquired
Mr. Thomas Lingelbach Chairman of the Management Board – President & CEO	**148,229 Valneva SE shares** (*i.e.* 0.16% of the Company's share capital) Divided as follows: ▪ 139,983 ordinary shares ▪ 3,575 preferred shares (ISIN FR0011472943) ▪ 308 convertible preferred shares (ISIN XFCS00X0I9M1)	**+ 200,000 stock options**, giving right to subscribe for 209,962 Valneva SE ordinary shares **+ 5,596 free convertible preferred shares being acquired,** giving right to a maximum of 346,952 Valneva SE ordinary shares **+ 331,667 free ordinary shares being vested**
Mr. Franck Grimaud Management Board member – President & CBO	**491,557 Valneva SE shares** (*i.e.* 0.53% of the Company's share capital) Divided as follows: ▪ 485,889 ordinary shares ▪ 5,668 convertible preferred shares (ISIN XFCS00X0I9M1)	**+ 100,000 stock options,** giving right to subscribe for 109,962 Valneva SE ordinary shares **+ 4,651 free convertible preferred shares being acquired,** giving right to a maximum of 288,362 Valneva SE ordinary shares **+ 262,570 free ordinary shares being vested**
Mr. Frédéric Jacotot Management Board member – General Counsel & Corporate Secretary	**12,544 Valneva SE shares** (*i.e.* 0.01% of the Company's share capital) Divided as follows: ▪ 10,802 ordinary shares ▪ 1,742 convertible preferred shares (ISIN XFCS00X0I9M1)	**+ 10,000 stock options,** giving right to subscribe for 10,997 Valneva SE ordinary shares **+ 4,651 free convertible preferred shares being acquired,** giving right to a maximum of 288,362 Valneva SE ordinary shares **+ 262,570 free ordinary shares being vested**
Mr. David Lawrence Management Board member – CFO	**39,802 Valneva SE ordinary shares** (*i.e.* 0.04% of the Company's share capital)	**+ 4,651 free convertible preferred shares being acquired,** giving right to a maximum of 288,362 Valneva SE ordinary shares **+ 262,570 free ordinary shares being vested**
Mr. Wolfgang Bender Management Board member – CMO	**19,802 Valneva SE ordinary shares** (*i.e.* 0.02% of the Company's share capital)	**+ 4,651 free convertible preferred shares being acquired,** giving right to a maximum of 288,362 Valneva SE ordinary **shares** **+ 262,570 free ordinary shares being vested**

Shareholding of the Supervisory Board members at February 20, 2020

Name	Shares owned	Number of equity warrants owned
Mr. Frédéric Grimaud Chairman of the Supervisory Board	**257,996 Valneva SE ordinary shares** (*i.e.* 0.28% of the share capital of the Company)	**9,000 BSA 25 and 18,750 BSA 27,** giving right to 27,750 Valneva SE ordinary shares in total
Ms. Louisa Shaw-Marotto Vice-President of the Supervisory Board	0	0
Mr. James Sulat Member of the Supervisory Board	**20,992 Valneva SE ordinary shares** (*i.e.* 0.02% of the share capital of the Company)	**4,875 BSA 25 and 9,375 BSA 27,** giving right to 14,250 Valneva SE ordinary shares in total
Mr. Alexander von Gabain Member of the Supervisory Board	**39,687 Valneva SE shares** (*i.e.* 0.04% of the share capital of the Company), Breaking down as follows: ▪ 32,218 ordinary shares; and ▪ 22,048 preferred shares (ISIN FR0011472943)	**4,875 BSA 25 and 9,375 BSA 27**, giving right to 14,250 Valneva SE ordinary shares in total
Ms. Anne-Marie Graffin Member of the Supervisory Board	0	**4,875 BSA 25 and 9,375 BSA 27**, giving right to 14,250 Valneva SE ordinary shares in total
Ms. Sandra E. Poole Member of the Supervisory Board	0	0
Mr. Thomas Casdagli Member of the Supervisory Board (by co-optation)	0	0

2.6.4.2 Corporate officers' dealings on the Company's securities

In accordance with Article L. 621-18-2 of the French Monetary and Financial Code, the table below shows the transactions carried out by Valneva SE's corporate officers on the Company's shares during the fiscal year 2019, for an individual or aggregate amount in excess of €20,000. These transactions were carried out on Euronext Paris.

Name	Office	Date	Nature of the transaction	Unit price *(in euros)*	Number of shares
Wolfgang Bender	Management Board member	2019/08/13	Purchase of ordinary shares	3.0997	15,000
David Lawrence	Management Board member	2019/08/14	Purchase of ordinary shares	3.0962	10,000
		2019/08/13	Purchase of ordinary shares	3.0947	10,000
		2019/08/14	Purchase of ordinary shares	3.0732	3,000
		2019/08/20	Purchase of ordinary shares	3.0100	3,000
		2019/09/20	Purchase of ordinary shares	3.0089	3,500
		2019/11/01	Purchase of ordinary shares	2.5487	10,000
		2019/11/11	Purchase of ordinary shares	2.6062	2,500
Thomas Lingelbach	Chair of the Management Board	2019/07/29	Full vesting of FCPS (Free convertible preferred share program 2015-2019)(1)	0	7,700
		2019/08/14	Purchase of ordinary shares	3.0686	10,000

(1) See the paragraph "History of the free share plans of the Company", in Section 2.6.2.1 (c) of this URD.

2.7. Factors likely to have an impact in case of a public offering

2.7.1. Structure of the Company's share capital at December 31, 2019

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At December 31, 2019, the Company's share capital stood at €13,819,938.99 and was divided into:

- 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each;
- 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each; and
- 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

These shares were all fully paid-up.

The theoretical number of corresponding voting rights (including voting rights having been suspended, such as those associated with treasury shares, as well as double voting rights) amounted to 118,026,990. Net voting rights amounted to 117,835,668.

Company's shareholding structure at December 31, 2019

(End of business day, to the Company's knowledge)

		Shares held (*)					
SHAREHOLDERS		Ordinary shares	Preferred shares	Convertible preferred shares	%	Theoretical voting rights	%
Groupe Grimaud La Corbière SA (**)		**13,704,830**	**0**	**0**	**14.88**	**25,809,660**	**21.87**
Bpifrance Participations SA		**7,456,785**	**0**	**0**	**8.09**	**14,913,570**	**12.64**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**197,768**	**0**	**8.84**	**13,801,756**	**11.69**
Management Board members	**Total Management Board members**	**696,278**	**238**	**15,418**	**0.77**	**1,199,051**	**1.02**
	Mr. Franck Grimaud	485,889	0	5,668	0.53	968,478	0.82
	Mr. Thomas Lingelbach	139,983	238	8,008	0.16	145,761	0.12
	Mr. Frédéric Jacotot	10,802	0	1,742	0.01	15,604	0.01
	Mr. David Lawrence	39,802	0	0	0.04	44,604	0.04
	Mr. Wolfgang Bender	19,802	0	0	0.02	24,604	0,02
Employees (non-corporate officers)		**86,571**	**10**	**5,096**	**0.10**	**173,142**	**0.15**
Other shareholders (private individuals)		**1,189,763**	**1,469**	**0**	**1.29**	**2,291,357**	**1.94**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		725,198	0	0	0.79	1,414,099	1.20
Including independant members of the Supervisory Board	Mr. James Sulat	20,992	0	0	0.02	38,859	0.03
	Mr. Alexander von Gabain	38,218	1,469	0	0.04	38,218	0.03
Other floating capital		**59,838,454**	**989,630**	**0**	**66.02**	**59,838,454**	**50.70**
SUBTOTAL BY CATEGORY		**90,923,298**	**1,189,115**	**20,514**	**100**	**118,026,990**	**100**
TOTAL			**92,132,927**		**100**	**118,026,990**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

(**)The Groupe Familial Grimaud is comprised of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.

For comparison purposes, for the previous fiscal years 2017 and 2018, the Company's shareholding structure was as follows:

Company's shareholding structure at December 31, 2018

(End of business day, to the Company's knowledge)

		Shares held (*)					
SHAREHOLDERS		Ordinary shares	Preferred shares	Convertible preferred shares	%	Theoretical voting rights	%
Groupe Grimaud La Corbière SA (**)		**13,704,830**	**0**	**0**	**14.88**	**25,809,660**	**23.02**
Bpifrance Participations SA		**7,456,785**	**0**	**0**	**8.10**	**14,913,570**	**13.30**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**6,651,139**	**197,768**	**0**	**7.44**	**6,651,139**	**5.93**
Management Board members	**Total Management Board members**	**626,978**	**238**	**593**	**0.68**	**1,104,765**	**0.98**
	Mr. Franck Grimaud	482,589	0	218	0.52	960,376	0.86
	Mr. Thomas Lingelbach	129,983	238	308	0.14	129,983	0.12
	Mr. Frédéric Jacotot	4,802	0	67	0.01	4,802	0.00
	Mr. David Lawrence	4,802	0	0	0.01	4,802	0.00
	Mr. Wolfgang Bender	4,802	0	0	0.01	4,802	0.00
Employees (non-corporate officers)		**105,071**	**10**	**196**	**0.11**	**202,503**	**0.18**
Other shareholders (private individuals)		**1,173,319**	**1,469**	**0**	**1.27**	**2,254,644**	**2.01**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		724,899	0	0	0.79	1,413,800	1.26
Including independant members of the Supervisory Board	Mr. Alain Munoz	41,800	0	0	0.05	83,600	0.07
	Mr. James Sulat	17,867	0	0	0.02	35,734	0.03
	Mr. Alexander von Gabain	38,218	1,469	0	0.04	38,218	0.03
Other floating capital		**61,198,926**	**989,630**	**0**	**67.52**	**61,198,926**	**54.58**
SUBTOTAL BY CATEGORY		**90,917,048**	**1,189,115**	**789**	**100**	**112,135,207**	**100**
TOTAL			**92,106,952**		**100**	**112,135,207**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 92,106,952 Valneva SE shares, divided into (a) 90,917,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 789 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

(**)The Groupe Familial Grimaud is comprised of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.

Company's shareholding structure at December 31, 2017

(End of business day, to the Company's knowledge)

SHAREHOLDERS		Shares held (*) Ordinary shares	Preferred shares	Convertible preferred shares	%	Theoretical voting rights	%
Groupe Grimaud La Corbière SA (**)		**12,104,830**	**0**	**0**	**15.37**	**24,209,660**	**24.49**
Bpifrance Participations SA		**7,456,785**	**0**	**0**	**9.47**	**14,913,570**	**15.09**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**5,851,139**	**197,768**	**0**	**7.68**	**5,851,139**	**5.92**
Management Board members	**Total Management Board members**	**626,978**	**238**	**593**	**0.80**	**1,104,765**	**1.12**
	Mr. Franck Grimaud	482,589	0	218	0.61	960,376	0.97
	Mr. Thomas Lingelbach	129,983	238	308	0.17	129,983	0.13
	Mr. Frédéric Jacotot	4,802	0	67	0.01	4,802	0.00
	Mr. David Lawrence	4,802	0	0	0.01	4,802	0.00
	Mr. Wolfgang Bender	4,802	0	0	0.01	4,802	0.00
Employees (non-corporate officers)		**122,427**	**10**	**196**	**0.14**	**202,503**	**0.20**
Other shareholders (private individuals)		**1,237,040**	**1,469**	**0**	**1.57**	**2,364,656**	**2.39**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		744,899	0	0	0.95	1,433,800	1.45
Including independant members of the Supervisory Board	Mr. Alain Munoz	41,800	0	0	0.05	83,600	0.08
	Mr. James Sulat	17,867	0	0	0.02	35,734	0.04
	Mr. Alexander von Gabain	38,218	1,469	0	0.05	38,218	0.04
Other floating capital		**50,200,371**	**989,630**	**0**	**64.97**	**50,200 371**	**50.79**
SUBTOTAL BY CATEGORY		**77,583,714**	**1,189,115**	**789**	**100**	**98,846,664**	**100**
TOTAL			**78,773,618**		**100**	**98,846,664**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 78,773,618 Valneva SE shares, divided into (a) 77,583,714 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 789 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

(**)The Groupe Familial Grimaud *is comprised of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.*

2.7.2. Restrictions under the Articles of Association on the exercise of voting rights or the transfer of shares; clauses of agreements brought to the attention of the Company in accordance with Article L. 233-11 of the French Commercial Code

2.7.2.1. Restrictions under the Articles of Association on voting rights held by shareholders in General Meetings

(a) Restrictions relating to double voting rights

In principle, except in cases where the law provides otherwise, each shareholder shall have as many voting rights and express as many votes at meetings as this shareholder has ordinary shares fully paid up. Consequently, Article 13.2, 2° of the Company's Articles of Association states that: "for the same par value, each *[Valneva SE]* capital share or dividend right *(action de jouissance)* shall confer one vote".

Nevertheless, prior to the merger of Vivalis SA and Intercell AG, shareholders of the Company had the possibility to benefit from a double voting right for registered ordinary shares held for at least two years, under the terms set out in the Articles of Association.

Following the merger, and in accordance with the Merger Agreement in its version dated December 16, 2012, it was agreed that the double voting right for holders of Vivalis' ordinary shares would be cancelled and that a new system of double voting rights would be effective again two years after the merger.

Therefore, Article 13.2, 3° of the Articles of Association states that "ordinary shares fully paid up and evidenced as having been held in registered form in the name of the same shareholder for at least two years from the registration of the Company as a European Company *[i.e. as from May 28, 2013]*, carry a double voting right in respect to that granted to other ordinary shares *[of the Company]*, according to the portion of share capital they represent".

Consequently, double voting rights on Valneva SE ordinary shares have been reinstated as from May 28, 2015 only, for shareholders complying with the rules defined in the Articles of Association.

(b) Mandatory information regarding threshold crossings

Article 12, paragraph 4 of the Company's Article of Association states that in addition to the legal obligation to inform the Company of holdings of certain fractions of the share capital and to make any resulting declaration of intent, "each natural or legal person, acting alone or in concert, who comes to hold or ceases to hold a fraction equal to 2% of the share capital or voting rights, or any multiple of this percentage, shall be obliged to notify the Company of the same within four stock exchange trading days, as soon as one of these thresholds is crossed, by registered letter with notice of receipt, addressed to the registered office of the Company, specifying the number of shares, corresponding voting rights and securities giving access to the share capital that it holds alone or in concert".

In accordance with Article 12, paragraphs 8 and 9 of the Company's Articles of Association, failure to observe this requirement to report the crossing of ownership thresholds shall be "sanctioned, at the demand [...] of one or several shareholders who together hold a fraction of at least 2% of the share capital or voting rights of the Company, by suspension of voting rights attached to the shares which exceed the fraction that has not been regularly declared for each General Meeting held until the date of regularization of the notification. Furthermore, "in the event that the registered shareholder knowingly disregards the notification obligation for threshold crossing with regard to the Company, the Commercial Court within the jurisdiction of which the Company has its registered offices may, at the request of the Company or of a shareholder, pronounce the complete or partial suspension of voting rights, for a total period not exceeding five years, against any shareholder who not complied with the requirements governing the disclosures cited above or the content of the declaration of intent provided in Article L. 233-7, VII of the French Commercial Code within six (6) months of the publication of the said declaration".

(c) Suspension on restrictions to the exercise of voting rights

The Company's Articles of Association do not provide for mechanisms designed to suspend, during General Meetings held to adopt or authorize defensive measures against a public offer targeting Valneva SE, the effects of:

- any clause in agreements executed after April 21, 2014 providing for restrictions on the exercise of voting rights attached to Valneva SE ordinary shares (such as a temporary waiver to the exercise of voting rights or to the double voting right); or
- the restrictions provided for in the Articles of Association as described above.

2.7.2.2. Clause of Articles of Association providing for restrictions on transfer of the Company's shares

Valneva SE's Articles of Association do not contain any clause that would restrict the transfer of shares of the Company (such as approval or right of first refusal clauses).

2.7.2.3. Clauses of agreements brought to the attention of the Company in accordance with Article L. 233-11 of the French Commercial Code

The Company was not informed in 2019 of any new contractual provisions providing for preferential terms and conditions for the sale and purchase of Valneva shares concerning at least 0.5% of the Company's share capital or voting rights.

2.7.3. Direct or indirect shareholdings in the share capital of the Company, of which the Company has been informed in accordance with Articles L. 233-7 and L. 233-12 of the French Commercial Code(1)

Caisse des Dépôts et des Consignations (CDC)

On March 7, 2019, the CDC declared that it has indirectly (through Bpifrance Participations SA(2) and CDC EVM) and passively crossed below the threshold of 14% of the voting rights of Valneva SE, as defined by the Company's Articles of Association.

The crossing of this threshold resulted from the increase of outstanding voting rights, which brought CDC's indirect stake to 9.69% of the share capital and 13.78% of the Company's voting rights, breaking down as follows:

SHAREHOLDERSC	Ordinary shares	%	Voting rights (theoretical)	%
CDC (direct)	0	0	0	0
Bpifrance Participations	7,456,785	8.20	14,913 570	12.64
CDC EVM	1,353,700	1.48	1,353,700	1.14
TOTAL CDC	**8,810,485**	**9.69**	**16,267,270**	**13.78**

On February 17, 2020, the CDC declared that through CDC Croissance, it has crossed above the threshold of 14% of the voting rights of Valneva SE, as defined by the Company's Articles of Association (on February 12, 2020).

The crossing of this threshold resulted from the purchase of shares by CDC Croissance, which brought CDC stake (through CDC Croissance, and indirectly through Bpifrance Participations SA(3)) to 9.90% of the share capital and 14.04% of the voting rights of the Company, breaking down as follows:

SHAREHOLDERS	Ordinary shares	%	Voting rights (theoretical)	%
CDC (direct)	0	0	0	0
Bpifrance Participations	7,456,785	8.09	14,913,570	12.63
CDC Croissance	1,667,120	1.81	1,667,120	1.41
TOTAL CDC	**9,123,905**	**9.90**	**16,580,690**	**14.04**

On March 5, 2020, the CDC declared that through CDC Croissance, it has crossed above the legal threshold of 10% of Valneva SE's share capital (on February 28, 2020). On March 3, 2020, CDC also individually crossed above the threshold of 2% of the Company's share capital, as defined by the Company's Articles of Association.

(1) For a reminder of the applicable thresholds, please refer to Section 2.7.2.1 (b) of this URD.
(2) Bpifrance Participations SA is controlled by Bpifrance SA, itself jointly controlled 50% by the CDC and 50% by EPIC Bpifrance.
(3) *Idem.*

The crossing of these thresholds resulted from the purchase of shares by CDC Croissance, which brought CDC stake (through CDC Croissance, and indirectly through Bpifrance Participations SA[(1)]) to 10.13% of the share capital and 14.22% of the voting rights of the Company, breaking down as follows:

SHAREHOLDERS	Ordinary shares	%	Voting rights (theoretical)	%
CDC (direct)	0	0	0	0
Bpifrance Participations	7,456,785	8.09	14,913,570	12.63
CDC Croissance	1,877,145	2.04	1,877,145	1.59
TOTAL CDC	**9,333,930**	**10.13**	**16,790,715**	**14.22**

Groupe Grimaud La Corbière SA

On January 25, 2019, Groupe Grimaud La Corbière SA declared that it has crossed below (i) the legal threshold of 15% of the share capital and (ii) the threshold of 24% of the voting rights of Valneva SE, as defined by the Company's Articles of Association.

The crossing of these thresholds resulted from the share capital increase of the Company executed on October 1, 2018 in the context of the private placement of Valneva SE.

Groupe Grimaud La Corbière declared to own 13,704,830 ordinary shares of the Company on October 1, 2018 (or 14.88% of the share capital), representing 25,809,660 voting rights (or 23.02% of the voting rights of the Company).

On March 5, 2019, Groupe Grimaud La Corbière SA declared that it has individually crossed below the threshold of 22% of the voting rights of Valneva SE, as defined by the Company's Articles of Association.

The crossing of this threshold resulted from (i) the purchase of new Company's ordinary shares, and (ii) the allocation of double voting rights by the funds MVM IV LP et MVM GP (No. 4) Scottish LP (such funds being managed by the English company MVM Partners LLP).

Since February 27, 2019, Groupe Grimaud La Corbière SA holds 13,704,830 ordinary shares of the Company, or 14.88% of the share capital, which corresponds to 25,809,660 voting rights, or 21.88% of the Company's voting rights.

Financière Grand Champ SAS

On January 25, 2019, the company Financière Grand Champ SAS declared that the *Groupe Familial Grimaud* (which includes Financière Grand Champ SAS) crossed below (i) the legal threshold of 25% of the Company's voting rights and (ii) the threshold of 16% of the Company's share capital, as defined by the Company's Articles of Association.

The crossing of these thresholds resulted from the share capital increase of the Company executed on October 1, 2018 in the context of the private placement of Valneva SE.

The company Financière Grand Champ SAS declared that the Groupe Familial Grimaud owns 14,429,729 Valneva SE ordinary shares since October 1, 2018 (or 15.67% of the share capital), representing 27,223,460 voting rights (or 24.28% of the Company's voting rights), breaking down as follows:

SHAREHOLDERS	Ordinary shares	%	Voting rights (theoretical)	%
Groupe Grimaud La Corbière	13,704,830	14.88	25,809,660	23.02
Financière Grand Champ	193,977	0.21	387,954	0.35
Joseph Grimaud	137,831	0.15	244,346	0.22
Marie-Thérèse Grimaud	69,230	0.08	138,460	0.12
Frédéric Grimaud	257,996	0.28	512,940	0.46
Renée Grimaud	64,135	0.07	128,270	0.11
Thomas Grimaud	100	ns	200	ns
Odile Grimaud	62	ns	62	ns
Agnès Grimaud	1,022	ns	1,022	ns
Anne-Marie Grimaud	480	ns	480	ns
Bruno Grimaud	66	ns	66	ns
TOTAL GROUPE FAMILIAL GRIMAUD	**14,429,729**	**15.67**	**27,223,460**	**24.28**

On March 5, 2019, the company Financière Grand Champ SAS declared that the *Groupe Familial Grimaud* (which includes Financière Grand Champ SAS) crossed below the threshold of 24% of the Company's voting rights, as defined by the Company's Articles of Association.

The crossing of this threshold resulted from (i) the purchase of new Company's ordinary shares, and

(1) *Idem.*

(ii) the allocation of double voting rights by the funds MVM IV LP et MVM GP (No. 4) Scottish LP (such funds being managed by the English company MVM Partners LLP).

Since February 27, 2019, the Groupe Familial Grimaud holds 14,429,729 ordinary shares of the Company, or 15.67% of the share capital, which corresponds to 27,223,460 voting rights, or 23.07% of the Company's voting rights.

MVM Funds

On March 1, 2019, MVM IV LP et MVM GP (No. 4) Scottish LP (together, the ***MVM Funds***) declared that they have crossed above, through the intermediary of their management company MVM PARTNERS LLP:

- the threshold of 6% of the Company's voting rights (as defined by the Company's Articles of Association), following the block acquisition of 241,626 ordinary shares of the Company on February 26, 2019;
- the thresholds of 8% and 10% of the Company's voting rights (as defined by the Company's Articles of Association), and the legal threshold of 10% of the Company's voting rights, following an allocation of double voting rights on February 27, 2019.

The Funds have certified that they do not own or hold any securities giving future access to the shares to be issued, nor any shares held indirectly, nor any shares treated as equivalent to shares held by them within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code.

The Funds also declared that the purchase of shares of the Company by MVM PARTNERS LLP (acting as their management company) occurred in the normal course of business of the latter in its capacity as management company. This transaction was carried out with no intention of implementing a particular strategy in relation to the Company or exercising any particular influence on the Company's management. MVM PARTNERS LLP does not act in concert with a third party and does not intend to take control of the Company or to request one or more seats into the Management or Supervisory Board, either for itself or for any other person.

The respective holdings of shares and voting rights are as follows as at February 27, 2019:

SHAREHOLDERS	Ordinary shares	Preferred shares	Total number of shares*	%	Voting rights (theoretical)	%
MVM IV LP	6,683,893	2,876,629	6,875,668	7.46	12,357,724	10.47
MVM GP (No. 4) Scottish LP	208,872	89,895	214,865	0.23	386,180	0.33
TOTAL	**6,892,765**	**2,966,524**	**7,090,533**	**7.70**	**12,743,904**	**10.80**

* *It being specified that the par value of the preferred shares equals to 1/15 of the par value of the ordinary shares of Valneva SE.*

On August 14, 2019, the MVM Funds declared that they have crossed above, through the intermediary of their management company MVM PARTNERS LLP, the threshold of 8% of the Company's share capital (as defined by the Company's Articles of Association), following the purchase of 1,057,852 Valneva SE's ordinary shares on this date.

The Funds have certified that they do not own or hold any securities giving future access to the shares to be issued, nor any shares held indirectly, nor any shares treated as equivalent to shares held by them within the meaning of Articles L. 233-7 *et seq.* of the French Commercial Code.

The Funds also declared that the purchase of shares of the Company by MVM PARTNERS LLP (acting as their management company) occurred in the normal course of business of the latter in its capacity as management company. This transaction was carried out with no intention of implementing a particular strategy in relation to the Company or exercising any particular influence on the Company's management. MVM PARTNERS LLP does not act in concert with a third party and does not intend to take control of the Company or to request one or more seats into the Management or Supervisory Board, either for itself or for any other person.

The respective holdings of shares and voting rights are as follows as at August 14, 2019:

SHAREHOLDERS	Ordinary shares	Preferred shares	Total number of shares*	%	Voting rights (theoretical)	%
MVM IV LP	7,709,689	2,876,629	7,901,464	8.58	13,383,520	11.34
MVM GP (No. 4) Scottish LP	240,928	89,895	246,921	0.27	418,236	0.35
TOTAL	**7,950,617**	**2,966,524**	**8,148,385**	**8.85**	**13,801,756**	**11.69**

* *It being specified that the par value of the preferred shares equals to 1/15 of the par value of the ordinary shares of Valneva SE.*

2.7.4. List of holders of any securities with special control rights; Description of said rights

The Company is not aware of the existence of any special control rights, other than the double voting rights attached to all fully paid-up ordinary shares of the Company that have been registered in the name of the same shareholder for a minimum period of two years[(1)].

2.7.5. Control mechanisms provided for in a potential employee stock ownership system, where control rights are not exercised by the latter

The Company has not implemented any employee stock ownership system that may contain control mechanisms where control rights are not exercised by the employees.

2.7.6. Shareholders' agreements known to the Company and which may result in share transfer and voting rights restrictions

A shareholders' agreement dated July 5, 2013 was executed between Groupe Grimaud La Corbière SA (GGLC), the *Fonds Stratégique d'Investissement* (now Bpifrance Participations SA) and Messrs. Franck Grimaud and Thomas Lingelbach, members of Valneva SE's Management Board[(2)].

This agreement was signed in the context of a capital increase with preferential subscription rights, launched by Valneva SE for a total amount of approximately €40 million following the creation of the Company through the merger of Vivalis SA and Intercell AG[(3)].

The initial term of the agreement was set at 6 years. The agreement was subsequently renewable for successive periods of one year, unless terminated beforehand by any one of the parties.

When the agreement reached its first expiry date, the signatories of the agreement did not wish to allow its renewal. It therefore expired on July 4, 2019.

2.7.7. Rules applicable to the appointment and replacement of Management Board members and to the amendment of the Company's Articles of Association

The applicable rules comply with the provisions of the Company's Articles of Association and the law.

(1) See Section 2.7.2.1 (a) of this URD.
(2) Following the death of Majid Mehtali in August 2013, the other parties to the shareholders' agreement have proceeded with an amendment on November 10, 2016, in order to acknowledge withdrawal from the agreement of the heirs. An additional amendment has been executed on April 1, 2017 in order to withdraw Mr. Reinhard Kandera from the shareholders' agreement, following its departure from the Group end of March 2017
(3) See the Prospectus submitted for clearance with the French Financial Markets Authority (Visa No. 13-0275): https://www.amf-france.org

2.7.8. Powers of the Management Board, in particular for the issuance and buyback of shares

Concerning the issuance and buyback of shares, the powers of the Management Board are those provided for by statute and regulations applying to European companies with a Management Board and a Supervisory Board.

2.7.8.1. Current delegations in connection with stock options and free shares(1)

Combined General Meeting held on June 29, 2017

RESOLUTION 26 - AUTHORIZATION FOR THE MANAGEMENT BOARD TO FREELY AWARD PREFERRED SHARES OF THE COMPANY FOR THE BENEFIT OF EMPLOYEES AND/OR CORPORATE OFFICERS OF THE COMPANY AND ITS SUBSIDIARIES, ENTAILING WAIVER BY SHAREHOLDERS OF THEIR PREFERENTIAL SUBSCRIPTION RIGHT

Duration of the delegation	38 months, *i.e.* until August 28, 2020 inclusive.
Authorized amount	The total number of convertible preferred shares that may be granted without consideration based on this resolution may not represent more than 3%(2) of the Company's share capital on the date of the Management Board's grant decision. The maximum number of ordinary shares that may be created if these free convertible preferred shares are converted is 2,363,000, or a maximum capital increase of €354,450.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019. **Note:** Delegation used in the context of the grant of 34,017 free convertible preferred shares (plan 2017-2021) by the Management Board on December 15, 2017, giving right at maximum to the grant of 2,109,054 ordinary shares of the Company (See Section 2.6.2.1 (c) of this URD).

Combined General Meeting held on June 28, 2018

RESOLUTION 23 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD FOR THE PURPOSE OF GRANTING STOCK OPTIONS, THROUGH ONE OR MORE ISSUES, FOR THE BENEFIT OF EMPLOYEES AND/OR CORPORATE OFFICERS OF THE COMPANY AND ITS AFFILIATES, ENTAILING WAIVER BY SHAREHOLDERS OF THEIR PREFERENTIAL SUBSCRIPTION RIGHT

Duration of the delegation	38 months, *i.e.* until August 27, 2021 inclusive.
Authorized amount	The maximal total number of stock options to be granted further this resolution shall represent a maximum of shares to be subscribed of 4% of the share capital of the Company at the stock option grant date.
Uses during fiscal year 2019	Delegation used in the context of the issuance of 2,691,510 stock options by the Management Board on September 30, 2019, giving right at maximum to the grant of 2,691,510 ordinary shares of the Company (See Section 2.6.2.1 (c) of this URD).

Combined General Meeting held on June 27, 2019

RESOLUTION 39 - ISSUE OF FREE SHARES, REPURCHASE BY THE COMPANY OF ITS SHARES ON THE MARKET FOR THIS PURPOSE

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	The total number of ordinary shares granted under this resolution currently may not represent more than three percent (3%) of the Company's share capital on the grant date, nor exceed the maximum legal amount applicable on the grant date.
Uses during fiscal year 2019	Delegation used in the context of the Management Board granting 2,191,947 free ordinary shares of the Company on December 19, 2019 (Free share plan 2019-2023 - See Section 2.6.2.1 (c) of this URD).

(1) The maximum amounts indicated in the lines "Authorized amount" do not take into account adjustments to be made, in accordance with applicable legal or regulatory provisions and, if applicable, with contractual provisions providing for other forms of adjustment, in order to preserve the rights of the holders of securities or other rights giving immediate and/or future access to the capital of the Company, or of beneficiaries of stock options or convertible preferred shares, as the case may be.
(2) It being understood that in any case, all Company's convertible preferred shares cannot at any time represent more than 6% of the share capital.

2.7.8.2. Current authorizations related to share buyback programs and cancellation of shares of the Company

Combined General Meeting held on June 27, 2019

RESOLUTION 24 - AUTHORIZATION AND POWERS TO BE GIVEN TO THE MANAGEMENT BOARD9 FOR THE PURPOSE OF ALLOWING THE COMPANY TO MAKE TRANSACTIONS ON ITS OWN SHARES

Duration of the delegation	18 months, *i.e.* until December 26, 2020 inclusive.
Description of the authorization	Authorization to trade in Company shares, pursuant to the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, Articles 241-1 *et seq.* of the General Regulations of the French Financial Markets Authority, Regulation (EU) 596/2014 of the European Parliament and Council of April 16, 2014 on market abuse (***MAR Regulation***) and the EU Delegated Regulation 2016/1052 of March 8, 2016 completing the MAR Regulation, with the possibility of sub-delegation provided for by law. These shares, including preferred shares, may be purchased, sold or transferred on one or more occasions, at any time except in the period from the filing by a third party of a proposed public offering targeting the Company's shares until the end of the offering period, and by any means, especially by trading in the market or off-market, including block transactions, except involving the use of derivatives. The purchase and sale of shares through block trades may account for the entire authorized share buyback program. The Company may: ▪ buyback its own shares up to a maximum of 5% of its share capital existing at the date of such buyback, as adjusted based on corporate actions that might affect the share capital after this resolution, less treasury shares, at a price per share not exceeding €10.0. However, when shares are purchased to promote liquidity under the conditions defined by the French Financial Market Authority's General Regulations, the number of shares to be taken into account for calculating this 5% limit will equal the number of shares purchased minus shares resold during the authorization period; ▪ sell, assign or transfer by any means all or part of the shares thus acquired; ▪ or cancel said shares by reducing the share capital, subject to the adoption of the 28th resolution below and within the limit of 5% of the Company's share capital per 24 month period. In the event of an increase in the capital by capitalizing reserves and a grant of restricted share units, stock splits or reverse stock splits, the prices indicated above will be adjusted by a multiplier equal to the ratio between the number of shares making up the share capital before and after the transaction. The shareholders decide that these share purchases may be made for the purposes provided for by law, or subsequently permitted by law, and notably to: ▪ ensure liquidity or maintain an orderly market in the Company's share through a liquidity agreement that complies with the accepted market practice set by the AMF in its decision No. 2018-01 of July 2, 2018 and executed with an investment services provider acting independently; ▪ hold acquired shares and subsequently remit them as payment or in exchange as part of financial transactions (and notably mergers, spin-offs and contributions); ▪ implement and honor obligations, and in particular remit shares pursuant to the exercise of rights attached to securities giving access, by any means, immediately or in the future, to the Company's shares, as well as all hedging transactions resulting from the obligations of the Company relating to these securities, in accordance with the provisions provided for by market authorities and at such times as the Management Board or the person acting on the authority of the latter shall determine; ▪ cancel acquired shares, subject to an Extraordinary General Meeting of shareholders approving the 28th resolution below authorizing the Management Board to reduce the share capital by canceling treasury shares; ▪ cover share option plans reserved for employees or other share allocations according to the conditions set out in Articles L. 3332-1 *et seq.* and R. 3332-4 of the French Labor Code, or the allocation of Company shares to employees and/or officers of the Company, or companies referred to in Article L. 225-197-2 of the French Commercial Code, or share allocations as part of employee profit sharing. The maximum amount of funds allocated for this program is set at €15,000,000.
Uses during fiscal year 2019	Delegation used in the fiscal year 2019, in the context of the implementation of the Company's liquidity agreement.

RESOLUTION 28 - AUTHORIZATION GRANTED TO THE MANAGEMENT BOARD TO CANCEL TREASURY SHARES

Duration of the delegation	18 months, *i.e.* until December 26, 2020 inclusive.
Description of the authorization	Authorization to proceed, at its sole discretion, with the reduction, on one or more occasions, of the share capital, within the limit of 10% of the capital, adjusted for corporate actions that could affect the share capital after this decision, per 24 month period, by canceling the shares, including any preferred shares, which the Company holds or might hold by any means, including by purchasing shares through buyback programs authorized by the 24th resolution above, or buyback programs authorized previously or following the date of the Combined General Meeting of June 27, 2019, or by any other means, by charging the difference between the buyback price of the canceled shares and their par value to additional paid-in capital and available reserves.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

2.7.8.3. Other current delegations(1)

Combined General Meeting held on June 27, 2019

RESOLUTION 29 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD TO INCREASE THE SHARE CAPITAL BY ISSUING ORDINARY SHARES OR ANY SECURITIES GIVING ACCESS TO THE CAPITAL WHILE MAINTAINING THE PREFERENTIAL SUBSCRIPTION RIGHT

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	**Total nominal amount of the share capital increases:** €4,500,000. The securities that may be issued pursuant to this delegation may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by Articles L. 228-91 *et seq.* of the French Commercial Code, or warrants, or may be associated with the issue of such securities, or enable the issue thereof as intermediate securities. Maximal nominal amount of debt securities: €125,000,000 (maximum amount also applicable to resolutions 30, 31, 32, 34 and 35). Except subject to prior authorization by the General Meeting, this delegation of authority shall be suspended as from the date of the filing by a third-party of a proposed public offering to acquire the Company's shares and until the end of this offering period.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

RESOLUTION 30 - GRANT OF AUTHORITY TO THE TO THE MANAGEMENT BOARD TO INCREASE THE CAPITAL BY ISSUING ORDINARY SHARES OR ANY SECURITIES GIVING ACCESS TO THE CAPITAL TO THE CAPITAL, THROUGH A PUBLIC OFFERING, CANCELING PREFERENTIAL SUBSCRIPTION RIGHTS THOUGH INCLUDING AN OPTION FOR A PRIORITY PERIOD

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	**Total nominal amount of the share capital increases:** €4,000,000. The securities that may be issued may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by Articles L. 228-91 *et seq.* of the French Commercial Code, or warrants, or may be associated with the issue of such securities, or enable the issue thereof as intermediate securities. **Maximal nominal amount of debt securities:** €125,000,000. The par value of the debt securities that may be issued under this delegation will be credited against the maximum nominal amount of debt securities as set out in the 29th resolution above. Except subject to prior authorization by the General Meeting, this delegation of authority shall be suspended as from the date of the filing by a third-party of a proposed public offering to acquire the Company's shares and until the end of this offering period.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

(1) The maximum amounts indicated both in the lines "Authorized amount" and in resolution 36 does not take into accountadjustments to be made, in accordance with applicable legal or regulatory provisions and, if applicable, with contractualprovisions providing for other forms of adjustment, in order to preserve the rights of the holders of securities or other rightsgiving immediate and/or future access to the capital of the Company.

RESOLUTION 31 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES AND/OR SECURITIES GIVING IMMEDIATE AND/OR FUTURE ACCESS TO THE COMPANY'S SHARE CAPITAL THROUGH PRIVATE PLACEMENT, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	**Total amount of the share capital increases:** 20% of the share capital of the Company, per year. The securities that may be issued may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by Articles L. 228-91 *et seq.* of the French Commercial Code, or warrants, or may be associated with the issue of such securities, or enable the issue thereof as intermediate securities. **Maximal nominal amount of debt securities:** €125,000,000. The par value of the debt securities that may be issued under this delegation will be credited against the maximum nominal amount of debt securities as set out in the 29th resolution above. Except subject to prior authorization by the General Meeting, this delegation of authority shall be suspended as from the date of the filing by a third-party of a proposed public offering to acquire the Company's shares and until the end of this offering period.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

RESOLUTION 32 - DELEGATION OF AUTHORITY GIVEN TO THE MANAGEMENT BOARD TO INCREASE THE NUMBER OF SHARES TO BE ISSUED IN THE CASE OF A CAPITAL INCREASE, WITH OR WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS FOR EXISTING SHAREHOLDERS, WITHIN THE LIMIT OF 15% OF THE INITIAL ISSUE AMOUNT

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	Increase in the number of securities to be issued for each issuance carried out pursuant to the 29th, 30th and 31rd resolutions above, within thirty (30) days of the closing of the subscription period, up to the limit of 15% of the initial issue and at the same price as that decided for the initial issue. The nominal amount of the share capital increases that may be carried out under this delegation will be credited against the maximum nominal amount set out in the resolution pursuant to which the issue is decided, and against the aggregate nominal capital increase ceiling set under the 36th resolution. Unless otherwise authorized by the General Meeting beforehand, this delegation of authority shall be suspended as from the date of the filing by a third party of a proposed public offering to acquire the Company's shares and until the end of this offering period.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

RESOLUTION 33 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD IN ORDER TO INCREASE THE SHARE CAPITAL THROUGH THE CAPITALIZATION OF RESERVES, EARNINGS OR PREMIUM

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	**Total nominal amount of the share capital increases:** €4,500,000.
Uses during fiscal year 2019	Delegation used during the fiscal year 2019 in the context of the full vesting of 19,725 free convertible preferred shares, as noted by the Management Board on July 29, 2019 (see Section 2.6.2.1 (c) of this URD), and of the exercise of 3,125 BSA 27 on April 2019 and of 3,125 additionnal BSA 27 on October 25, 2019.

RESOLUTION 34 - AUTHORIZATION GIVEN TO THE MANAGEMENT BOARD, IN THE EVENT OF THE ISSUANCE OF ORDINARY SHARES OF THE COMPANY AND/OR SECURITIES GIVING IMMEDIATE OR FUTURE ACCESS TO THE CAPITAL OF THE COMPANY, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS, OF SETTING THE ISSUE PRICE, WITHIN THE LIMIT OF 10% OF THE SHARE CAPITAL

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	Authorization for each of the issues decided on in connection with the delegations of authority granted by resolutions 30 and/or 31 within the limit of 10% of the Company's share capital (whereby this limit is determined on the date of the June 27, 2019 General Meeting) per twelve-month period, to derogate from the conditions for setting the price provided for in the aforementioned resolutions and set the issue price for ordinary shares and/or securities giving immediate or future access to the capital issued, according to the following procedures: the issue price must not be lower than the weighted average share price on Euronext Paris, calculated over a period of between three (3) and ninety (90) consecutive trading days preceding the setting of the issue price and possibly reduced by a maximum of fifteen percent (15%) if the Management Board so decides. **Total nominal amount of the share capital increases:** 10% of the Company's share capital (this limit being determined on the date of the Combined General Meeting of June 27, 2019), within the limit of the maximum increase in capital provided for under the 30th resolution, or according to the case, the 31st resolution above. Except subject to prior authorization by the General Meeting, this delegation of authority shall be suspended as from the date of the filing by a third-party of a proposed public offering to acquire the Company's shares and until the end of this offering period.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

RESOLUTION 35 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES AND/OR SECURITIES GIVING IMMEDIATE AND/OR FUTURE ACCESS TO THE CAPITAL OF THE COMPANY, IN CONSIDERATION FOR CONTRIBUTIONS IN KIND FOR EQUITY SECURITIES OR OTHER SECURITIES GIVING ACCESS TO THE CAPITAL, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS

Duration of the delegation	26 months, *i.e.* until August 26, 2021 inclusive.
Authorized amount	**Total amount of the share capital increases:** ten percent (10%) of the Company's share capital at any time, as this share capital may have been adjusted after the Combined General Meeting of June 27, 2019. The securities that may be issued pursuant to this delegation may notably consist of debt securities, including securities giving the right to receive debt securities, whether or not governed by articles L. 228-91 *et seq.* of the French Commercial Code, or of warrants, or may be associated with the issue of such securities, or enable the issue thereof as intermediate securities. These securities may or may not be for a limited term, may or may not be subordinated, and may be issued in euros or in a foreign currency, or in any other monetary units established by reference to several currencies. **Maximal nominal amount of debt securities:** the maximum nominal amount of the debt securities that may be issued under this delegation will not exceed, and will be credited against, the maximum total amount of debt securities set out in resolution 29 above. Except subject to prior authorization by the General Meeting, this delegation of authority shall be suspended as from the date of the filing by a third-party of a proposed public offering to acquire the Company's shares and until the end of this offering period.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

RESOLUTION 36 - MAXIMUM AGGREGATE AMOUNT OF CAPITAL INCREASES

Authorized amount	The maximum aggregate amount of capital increases that may be carried out, with immediate effect or in the future, under resolutions 29 to 35, may not exceed four million five hundred thousand euros (€4,500,000).

RESOLUTION 37 - ISSUE OF EQUITY WARRANTS (FOR NATURAL PERSONS WHO ARE NOT EMPLOYEES OF THE COMPANY AND EXERCISE AS MEMBERS OF THE COMPANY'S SUPERVISORY BOARD OR WHO HAVE EXERCISED SUCH OFFICE ON JANUARY 1, 2019)

Duration of the delegation	18 months, *i.e.* until December 26, 2020 inclusive.
Authorized amount	Authorization to issue 115,000 euity warrants "BSA 30", each giving right to 1 new ordinary share of the Company.
Uses during fiscal year 2019	Delegation unused during the fiscal year 2019.

2.7.9. Agreements executed by Valneva that may be modified or terminated in the event of a change in control of the Company

The loan agreement with investment funds Orbimed and Deerfield[1] may be terminated if there is a change of control of the Company, with the obligation of repaying the drawn instalments and paying an additional 12.95%.

The Collaboration and Manufacturing Agreement signed by the Company's indirect subsidiary "Valneva Sweden AB" with Hookipa Biotech GmbH[2] may be terminated if a competitor of Hookipa Biotech GmbH, defined as a company active in the field of viral vector technologies in oncology or against CMV, HIV or HBV, takes control of the Company.

Further, the Group has signed various agreements for distribution of third party products by Valneva, in particular an agreement relating to the distribution of Seqirus' flu vaccines (FLUAD™, SANDOVAC™/AGRIPPAL™) in Austria, and an agreement relating to the distribution of Kamada's rabiesvaccine "KamRAB™" in Canada. These can be terminated if there is a change in control of the Company.

Lastly, the agreements relating to the distribution of Valneva's products (IXIARO®/DUKORAL®) generally cannot be terminated by distributors in case of a change in control of Valneva SE, with the exception of the agreements with Seqirus (IXIARO® in Australia et New Zealand), PaxVax – now Emergent BioSolutions Inc. – (DUKORAL® in Italy, Spain and Portugal) and GSK (IXIARO® in France and Germany, DUKORAL® in Germany).

2.7.10. Agreements providing for indemnities to Management Board members or employees in the event of resignation, dismissal without just and sufficient cause, or termination of employment resulting from a public offering

There is no agreement providing for the payment of indemnities to employees in the event of resignation, dismissal without just and sufficient cause, or termination of employment resulting from a public offering.

With respect to indemnities or benefits due to the corporate officers, please refer to the Section "Indemnities or benefits granted to the corporate officers in case of appointment, termination or change of duties" [3].

(1) See Section 1.4.5 (a) of this URD.
(2) See Section 1.4.2 (h) of this URD.
(3) See Section 2.6.2.1 (d) of this URD.

2.8. Specific rules concerning the participation of shareholders in General Meetings

Rules concerning the participation of shareholders in General Meetings are described in Article 27 of the Company's Articles of Association, which can be consulted on Valneva's website: **www.valneva.com**. A hardcopy can also be requested at the following address: Valneva SE, 6 rue Alain Bombard, 44800 Saint-Herblain (France), or by email: **investors@valneva.com**.

2.9. Table of middlenext recommendations not fully implemented

Recommendations	Divergence	Reasons
No. 1	Not all Supervisory Board members attended the June 2019 Combined General Meeting.	The term of office of several Supervisory Board members was expiring and was not being renewed at that General Meeting.
No. 4	The Rules of procedure do not specify the practical procedures for providing information to the Supervisory Board members.	The Rules of procedure provide that it is incumbent on each Supervisory Board member to make sure they received the necessary information in a timely manner.
No. 9	The renewal of terms of office is not staggered (there are 8 members out of 10 whose term of office will be expiring at the same time).	Upon the creation of Valneva SE (through Vivalis SA – Intercell AG merger in 2013), short terms of office (set at 3 years) were considered to be adapted to the nature of the Company's business, and an identical term length was considered necessary to maintaining the post-acquisition balance of powers on the Supervisory Board. Those two members who joined the Supervisory Board in June 2017 also have a 3-year term of office, but this will expire one year after expiration of the other members' term of office.
No. 16	In certain cases, notably in the case of a dismissal without just cause of the corporate officers more than two years after the end of the term of office, the severance benefits may exceed two years of remuneration.	The severance benefit is derived from Austrian legal provisions and comparable to a penalty clause to the extent it is contingent on the reasons for the dismissal and the time of its occurrence. Accordingly, no severance payment is payable in the case of premature termination for cause or non-renewal at the end of the office's term (June 2022).
No. 18	The exercise of stock options by, and the definitive grant of free convertible preferred shares to corporate officers are not subject to performance criteria.	Stock options, which are no longer currently granted to corporate officers, represented a means to partially offset an amount of compensation lower than that paid by most of Valneva's competitors. Concerning free convertible preferred shares, the deviation is in appearance only. In fact, it is the conversion of the shares and not their final grant which creates the benefit for the manager. However, this conversion is subject to very demanding conditions regarding the price of the Valneva SE share.

2.10. Observations of the Supervisory Board on the Annual Management Report and the financial Statements for the fiscal year 2018

In accordance with Article L. 225-68 of the French Commercial Code, we hereby present you our observations on the statutory and consolidated financial statements approved by the Management Board, as well as on the Management Reports submitted to the General Meeting of shareholders.

We inform you that the parent entity and the consolidated financial statements for the year ended December 31, 2019, as well as the Management Reports, were submitted to the Supervisory Board in a timely manner with regard to legal and regulatory provisions.

The parent entity financial statements for the year ended December 31, 2019 (French GAAP) show the following main items:

- Balance sheet: €234,514 thousand;
- Revenues: €2,648 thousand;
- Operating loss: €28,116 thousand;
- Net loss: €27,992 thousand.

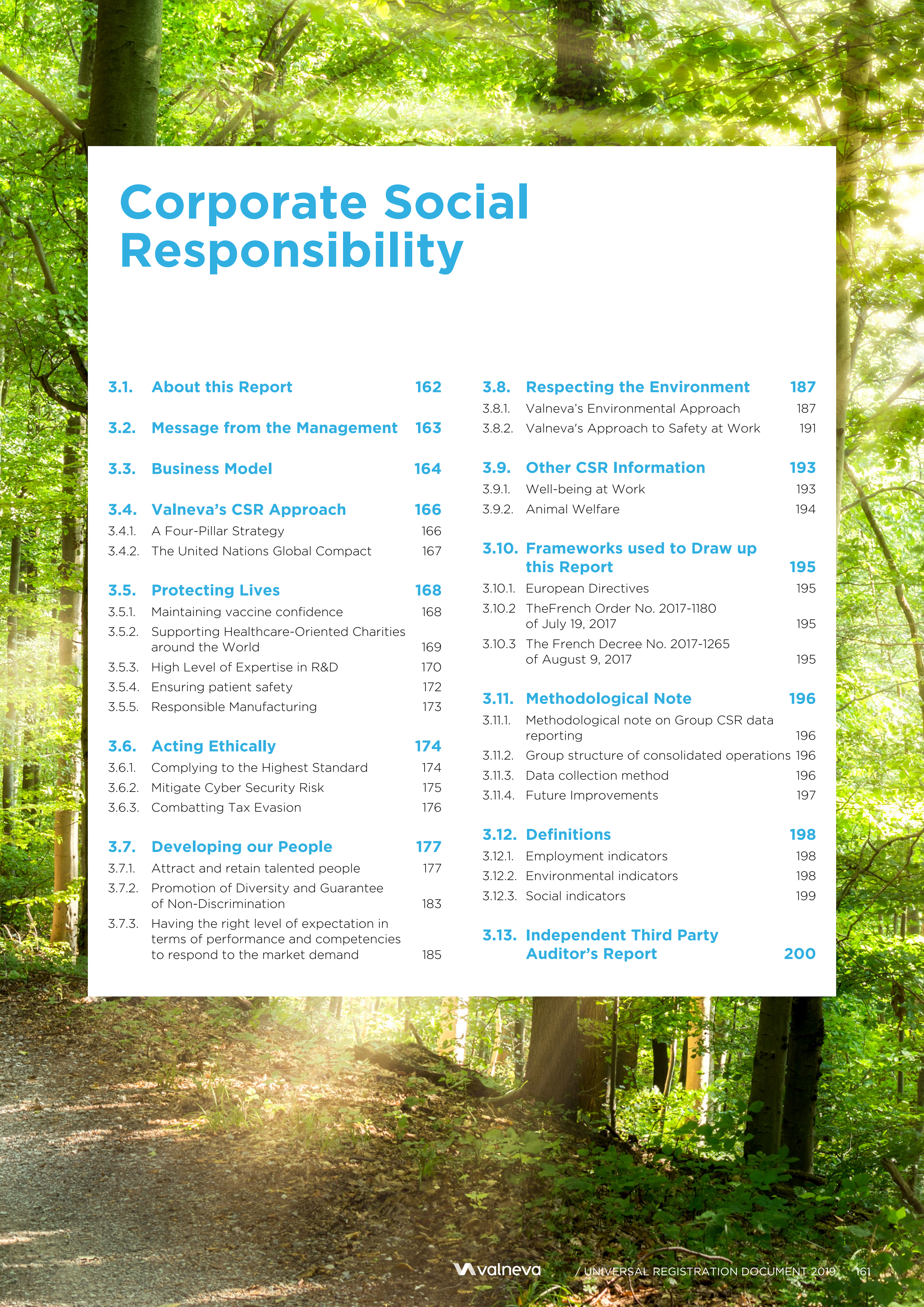
The consolidated financial statements for the year ended December 31, 2019 (IFRS) show the following main items:

- Balance sheet: €264,723 thousand;
- Revenues: €126,196 thousand;
- Operating loss: €811 thousand;
- Net loss: €1,744 thousand.

The members of the Supervisory Board, after having heard the Management Reports and having proceeded to a review of the statutory and consolidated financial statements, have no particular comment to make, whether concerning the Management Board Reports or concerning the parent entity and the consolidated financial statements for the year ended December 31, 2019.

The members of the Supervisory Board also ask you to approve the agreements referred to in Article L. 225-86 of the French Commercial Code, duly authorized by your Supervisory Board. Your Joint Statutory Auditors were informed of these agreements. They present them to you and read you their Special Report.

3



Corporate Social Responsibility

3.1. About this Report

The 2019 Corporate Social Responsibility (CSR) Report offers an in-depth account of Valneva's CSR activities over the past year and the Company's CSR priorities going forward.

Last year, the format of the report evolved in accordance with French Decree n° 2017-1265 of August 9, 2017. While Valneva was not required to issue a CSR report under the new law, the Company decided to voluntarily continue its reporting for 2018. In 2019, the Group having crossed the threshold of 500 employees, it is subject to the obligation to publish non-financial information. Thus, the present report describes not only the risks faced by the Company in its pursuit of sustainable growth, but also shows the counter measures put in place and Valneva's future plans to minimize these challenges.

Valneva's CSR strategy remains centered upon four pillars, which are reflected in the organization of this report: Protecting Lives, Acting Ethically, Developing our People, and Respecting the Environment.

The scope of reporting adopted in 2018 and utilized in 2019 covers sites in the UK (Livingston and London-Fleet), Sweden (Solna), Austria (Vienna), Canada (Montréal-Kirkland), the U.S. (Washington, D.C.-Gaithersburg) and France (Nantes-Saint-Herblain and Lyon), or 100% of the Group's total headcount in 2019.

Valneva's environmental impact data come from its two production sites and two R&D sites. Together, these four sites represent 96% of the Group's total headcount in 2019.

The environmental impact of Valneva's commercial offices is not integrated into the scope of this Report.

Note: For the purposes of this Report, unless otherwise stated, Valneva SE, together with its subsidiaries, are referred to as ***the Company, the Group*** or ***Valneva.***

3.2. Message from the Management

Corporate Social Responsibility is critical to Valneva as we strive to advance vaccines for better lives. Our daily activities are guided by a concern for protecting lives, conducting business ethically, developing our workforce and preserving the environment. The risks inherent to this work are carefully considered at all levels of the organization, where we collectively endeavor to mitigate risk as we drive for continued growth.

Epidemic emergencies persist around the world, highlighting Valneva's important role as a specialty vaccine company providing protection against diseases with major unmet medical needs. Since the Company's creation in 2013, Valneva has worked to protect the global population from dangerous illnesses such as Japanese encephalitis, cholera, Lyme disease and the chikungunya virus. We continue to invest in research & development, in an effort to bring us closer a world in which no one dies or suffers from a vaccine-preventable disease. To further that vision, Valneva also dedicates resources to charitable organizations whose daily work supports access to healthcare in their local communities.

Doing business in an ethical manner is part of Valneva's DNA. Both within the Company and with partners, we aim to be an exemplary business in terms of reporting, compliance and transparency. From the R&D stage into product marketing and beyond, Valneva strives to be a compliance leader for companies of similar size in its sector.

Valneva's growth would not have been possible without the commitment and talents of its greatest asset: the Company's workforce. In order to support its employees, Valneva fosters a working atmosphere where all are encouraged to pursue continued development. No matter where our employees are located, we are proud to offer a positive workplace environment across our offices in Europe and North America.

Valneva is also acutely aware of the need to preserve the environment and to use natural resources responsibly. Sustainable growth is an important aspect of our CSR approach and informs our work around the globe. From the production line to our support functions, reducing our carbon footprint, lowering the consumption of energy and raw materials and limiting the creation of waste are goals that we work actively to achieve.

As Valneva expands its global reach, we pride ourselves on taking these four factors into account, growing responsibly and in harmony with our CSR values.

Thomas LINGELBACH, President and Chief Executive Officer

Franck GRIMAUD, President and Chief Business Officer

David LAWRENCE, Chief Financial Officer

Wolfgang BENDER, Chief Medical Officer

Frédéric JACOTOT, General Counsel & Corporate Secretary

3.3. Business Model

Our resources

Human Resources
Talented individuals lie at the heart of Valneva's success

Financial Resources
We focus on generating long-term value through increasing R&D investment

Scientific Expertise
Our collective knowledge and skills allow for new and ever-evolving products

Natural Resources
With water and energy, we transform raw biological material into essential vaccines

Intellectual Property
Discoveries and breakthroughs made in-house keep us on the cutting-edge

Industrial Resources
Our infrastructure keeps our business moving forward

Stakeholder Relations
Relationships among employees, with the medical community, patient advocacy groups and local communities inform our work

Our business

Valneva is a specialty vaccine company providing prevention against diseases with major unmet medical needs. Valneva's portfolio includes two commercial vaccines for travelers: IXIARO®/JESPECT® indicated for the prevention of Japanese encephalitis and DUKORAL® indicated for the prevention of cholera and, in some countries, prevention of diarrhea caused by ETEC. The Company has various vaccines in development including a unique vaccine against Lyme disease.

Our vision is to contribute to a world in which no one dies or suffers from a vaccine-preventable disease.

Our CSR goals

We strive to create value by:

- protecting lives through vaccination and the promotion of access to healthcare
- acting ethically in both R&D and our daily business
- developing our people for future success
- respecting the environment upon which we all depend

Research & Development

Clinical programs include:

– Lyme disease

– Chikungunya

vaccines candidates

Commercialization

Two commercial vaccines against:

– Japanese encephalitis

– Cholera/ETEC

Manufacturing

Sites in Scotland and Sweden

Quality Control function on manufacturing sites & in Vienna

Our results

Product Sales Revenues

€129.5M in 2019

Protecting Lives

Over €40,000 donated
to support research, awareness and healthcare initiatives around the world, including the Baan Dek Foundation and the Encephalitis Society

R&D Investment

€37.9M in 2019

Ethics

13 comprehensive policies
to govern our activities

People

~ 500 employees
of 31 different nationalities

Environment

Constant reduction
of CO_2 emissions every year since 2016

3.4. Valneva's CSR Approach

3.4.1. A Four-Pillar Strategy

The Company's commitment to responsible and sustainable business spans four key focus areas, which form the foundation of its CSR approach.

Valneva devotes particular attention to its first pillar, Protecting Lives, which is a main driver of the Company's work.

The second pillar covers Acting Ethically, both in R&D and in business.

The third pillar focuses on the Group's employees or, more specifically, on Developing Our People.

Finally, Valneva's fourth pillar is dedicated to Respecting the Environment through the prevention of pollution, effective waste management and the control of the Group's energy consumption.

These four pillars are in line with the United Nations' Sustainable Development Goals.

Table of risks and opportunities

Pillar	Risks and opportunities	Corresponding Sustainable Development Goals (SDGs)
Protecting Lives	Maintain vaccine confidence Support healthcare-oriented charities around the world Maintain a high level of expertise in R&D Ensure patient safety Responsible manufacturing	3 Bonne santé et bien-être 11 Villes et communautés durables 12 Consommation et production responsables
Acting Ethically	Comply to the highest standard Mitigate cybersecurity risk	16 Paix, justice et institutions efficaces
Developing our People	Attract and retain talented people Promote diversity and guarantee non-discrimination Have appropriate levels of expectation to respond to market demand	5 Égalité entre les sexes 8 Travail décent et croissance économique
Respecting the Environment	Climate change and our infrastructure Maintain safe manufacturing and R&D environments	3 Bonne santé et bien-être 7 Énergie propre et d'un coût abordable 13 Mesures relatives à la lutte contre les changements climatiques

3.4.2. The United Nations Global Compact

In line with its CSR approach, Valneva has sustained its support of the United Nations Global Compact and incorporates its ten principles into the Company's strategies, policies and procedures.

The 10 Principles of the UN Global Compact

10 **Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.**

7 **Principle 7: Businesses should support a precautionary approach to environmental challenges;**

8 **Principle 8: undertake initiatives to promote greater environmental responsibility; and**

9 **Principle 9: encourage the development and diffusion of environmentally friendly technologies.**

1 **Principle 1: Businesses should support and respect the protec-tion of internationally proclaimed human rights, within the scope of their influence; and**

2 **Principle 2: make sure that they are not complicit in human rights abuses.**

3 **Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**

4 **Principle 4: the elimination of all forms of forced and compulsory labor;**

5 **Principle 5: the effective abolition of child labor; and**

6 **Principle 6: the elimination of discrimination in respect of employment and occupation.**

As part of the Group's participation in the UN Global Compact, a version of this Report will be submitted as Valneva's official Communication on Progress and will be available on the UNGC website.

3.5. Protecting Lives

Valneva is engaged in the development of vaccines against diseases with major unmet medical needs, with the aim of protecting the lives of people around the world. The Company provides vaccines to consumers across the globe and ensuring access to healthcare and patient safety are Valneva's most important goals.

3.5.1. Maintaining vaccine confidence

Valneva is a specialty vaccine company focused on prevention against diseases with major unmet medical needs. In order to effectively address these critical global health issues, the Company must receive marketing authorization from healthcare authorities in various countries around the world. This allows Valneva to provide potential protective measures to the greatest possible number of people.

The Company's new products must be acceptable not only to regulatory bodies, but also to health care professionals (HCPs), patients and the general public before going to market. In pursuit of their acceptance, Valneva strives to ensure that these decisive stakeholders recognize the risks and public health burden represented by certain diseases and that these challenges could be reduced drastically through vaccination.

Maintaining a base level of confidence in vaccines as a potential solution to these problems is a critical component of this work. The Company addresses the risk of waning vaccine confidence through various means and with the help of multiple actors, both within and outside of Valneva.

In addition to rigorous safety testing, which is further discussed in the Section entitled "Maintaining a high level of expertise in R&D", Valneva's methods of maintaining vaccine confidence include:

- open dialogue with Key Opinion Leaders (KOLs) to ensure that Valneva's products and strategy address the disease burden and risks faced by patients;
- regular engagement with regulatory authorities using scientific and data-driven discussions to support brand labels, bolstered by the support of KOLs;
- close interaction and participation in regulatory agency, scientific advice committee and similar meetings, to update the authorities on our projects as well as remained well-informed on the type of data to be requested by these stakeholders;
- experienced local commercial teams with in-depth knowledge of the needs of their local market; and
- a broader commercial structure with the capacity to create robust market access plans that help prepare stakeholders ahead of any new product launch.

To measure the effectiveness of the activities undertaken by Valneva to mitigate the risk of commercial exposure, the Company ensures that its commercial teams are strong and highly-skilled, with 9% of staff dedicated to this function in 2019 (compared to 8.6% 2018).

In addition, Valneva uses its position to highlight the importance of vaccination and foster confidence on a large scale. One such example is the Company's participation in the World Health Organization's World Immunization Week awareness campaign in April 2019.

3.5.2. Supporting Healthcare-Oriented Charities around the World

In addition to Valneva's core business, which is inherently connected to global health, the Company supports access to healthcare and awareness initiatives both within and outside of our direct areas of expertise. Through corporate partnerships, social media campaigns and joint events with charities around the world, Valneva aims to further protect lives via corporate giving.

The Baan Dek Foundation: Valneva's chosen charitable partner

Since 2016, Valneva has been an official sponsor of the Baan Dek Foundation, a Thai charity which aims to foster children's health, safety and education in Chiang Mai and Bangkok.

In 2019, Valneva decided to expand its involvement with Baan Dek through an increased financial commitment (doubling the previous amount of its annual donation) and by making an official visit to charitable organization in March.

The time spent on the ground, enmeshed in Baan Dek's daily work, allowed Valneva representatives to give back to the Foundation as individuals and gain a deeper understanding of the needs that they work to address.

This knowledge translated into new collaborations and projects during 2019, including:

- welcoming a Baan Dek representative to our offices in Scotland for a site visit and presentation of the Foundation and our work together;
- a one-time donation of outdated mobile devices from Valneva Scotland, to support Baan Dek's Digital Superheroes life-skills education initiative;
- exchanging knowledge about our work during our visit to Thailand and Baan Dek's visit to Valneva; and
- increased focus on Baan Dek's Dao Ethical Gifts program, culminating in our annual Christmas e-card and staff present.

Support of the Encephalitis Society

For three years, Valneva has also been a supporter of the Encephalitis Society, the UK-registered brain inflammation charity that envision a world aware of encephalitis, its consequences and the support available.

The organization's aim is to improve the quality of life of all people affected directly and indirectly by encephalitis, through direct support programs, awareness campaigns for this often-ignored disease and research promotion and collaboration.

Valneva worked directly with the Encephalitis Society throughout 2019, providing not only financial support for its various awareness-building and research initiatives, but also sharing information on encephalitis and providing increased visibility to the foundation. Highlights include:

- In February, Valneva used social media to push the World Encephalitis Day (WED) campaign out to a broad, global audience, directly contributing 19.6 million to the 50 million people reached in 189 different countries on WED2019;
- In May, Valneva hosted the chief executive of the Encephalitis Society for a presentation on the disease, the organization and the partnership which was simulcast to employees around the world;
- In October, the Company shared a petition on behalf of the Society with our staff;
- In November, Valneva was co-finalists in the Excellence in Collaboration and Partnership category at the 2019 Pharmaceutical Market Excellence Awards (PMEAs);
- In December, Valneva helped sponsor the Encephalitis Conference 2019, held at the Royal College of Physicians in London.

Local Community Engagement

In addition to corporate-level sponsorships of charities like these – whose missions align perfectly with Valneva's – the Company also encourages social engagement at the local level on all sites. Employees are empowered to organize and participate in charity events, as well as volunteering in and holding fundraisers that benefit their communities.

In 2019, Valneva donated over €40,000 to health-related charitable organizations around the world, including Baan Dek, the Encephalitis Society and local organizations in the communities where we work. In addition to this monetary support, donations of goods to the needy were also made across the Company.

Access to Healthcare in Low- and Middle-Income Countries (LMICs)

In July 2019, Valneva and the Coalition for Epidemic Preparedness Innovations (CEPI) announced a new partnering agreement. With support from the European Union's (EU's) Horizon 2020 programme, CEPI will provide Valneva up to US$ 23.4 million for vaccine manufacturing and late-stage clinical development of a single-dose, live-attenuated vaccine (VLA1553) against chikungunya. In line with CEPI's commitment to equitable access, the funding will underwrite a partnership effort to accelerate regulatory approval of Valneva's single-dose chikungunya vaccine for use in regions where outbreaks occur and support WHO prequalification to facilitate broader access in lower and middle income countries.

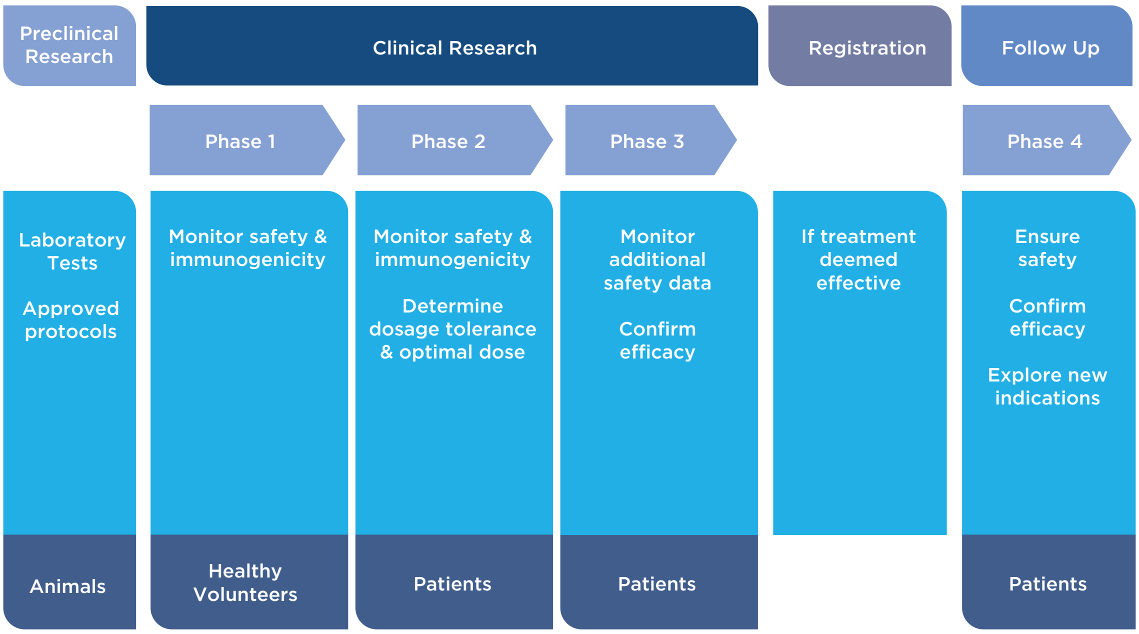
Valneva will also maintain a stockpile of the vaccine candidate and work to transfer the manufacturing of the drug product to partners for lower and middle income countries — where outbreaks of chikungunya have occurred — to improve access to the vaccine for at-risk populations.

3.5.3. High Level of Expertise in R&D

Valneva's products are based on novel technologies and target complex areas of significant unmet medical need. Therefore, even after very promising early results have been obtained for a product candidate, it may be discovered in later clinical trials that the product is not as effective as the Company strives for its products to be. The risk of project failure is thus inherent to the work undertaken by Valneva and all other companies in its industry.

The Company has to align and carry out several different activities, including multiple clinical trials, over a number of years before any vaccine candidate can be brought to market. Therefore, good planning and strategic guidance are essential to successful development. As such, Valneva works to mitigate the risk that one of its R&D projects cannot progress to market. To do so, the Company continuously examines its research practices, has an internal committee dedicated to maintaining the highest research standards and receives additional scientific guidance through its Scientific Advisory Board, which was created in 2019.

How do Clinical Trials Work?



Valneva's RDOC: Continuously Reviewing R&D Progress

Valneva's Research & Development Operational Committee ("RDOC") guides the conduct of clinical trials for the Company's vaccine candidates. The RDOC meets every month to perform a thorough review of Valneva's product pipeline and ensure that the research to be carried out by the clinical teams corresponds to a clear medical need.

To complement the scientific review from Valneva's internal experts, the Company also refers to external experts to confirm that the approaches it adopts for its clinical trials are the most appropriate and effective. These reviews are coupled with rigorous project planning and regular alignment meetings to ensure that the development process is both well thought-out and progresses steadily, based on a sound scientific foundation and with the appropriate resources.

In 2019, 33% of Valneva's workforce was dedicated to R&D, compared to 18% in 2018. Additionally, €37.9 million of Company revenues were reinvested into R&D in 2019, compared to €25.3 million in 2018.

These investments in our growing R&D function underscores Valneva's dedication to excellence in this crucial area of our business.

Valneva's SAB: Expert Guidance for R&D Advancement

To ensure the quality of decision-making in the R&D field, Valneva created its Scientific Advisory Board (SAB) in July 2019. This SAB is a panel of distinguished academic and industry professionals who provide Valneva with further guidance and expert advice on R&D strategies. The SAB's purview also covers program execution considerations in the framework of innovation, market dynamics and trends.

Former Valneva Supervisory Board members Dr. Ralf Clemens, MD, Ph.D. (Chairperson) and Dr. Alain Munoz, MD, Ph.D. are core members of the SAB. In November 2019, they were joined by Drs. Norman W. Baylor and George R. Siber. Finally, in December 2019, the SAB was completed with the additions of Drs. Stanley A. Plotkin and Anna Durbin. Collectively, the SAB boasts specific expertise in the following areas of particular relevance to Valneva's current and future pipeline:

- Vaccinology
- Microbiology and immunology
- Infectious diseases
- Flaviviruses (a specific family of viruses primarily found in mosquitoes and ticks, many of which can also infect humans)

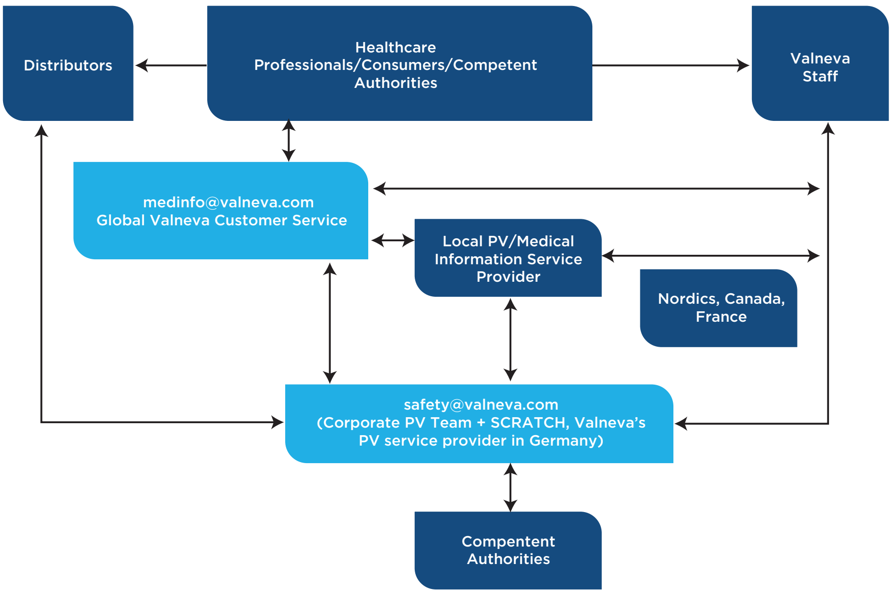
3.5.4. Ensuring patient safety

Once Valneva has successfully developed a product and received marketing approval from the necessary health authorities, the Company must ensure ongoing monitoring of patient safety. This responsibility to ensure the quality and safety of its products is paramount to Valneva, who continues to monitor its products to ensure that any potential impacts to the safety profile are detected and assessed.

Valneva's Pharmacovigilance (PV) department oversees all activities related to product safety monitoring around the globe, ensuring the appropriate flow and management of safety-related information according to applicable regulations. Healthcare professionals and vaccine users have direct access, by phone and email, to Valneva's Medical Information professionals who provide timely and accurate information on the Group's products.

In countries where Valneva's products are distributed by third parties, individually adapted pharmacovigilance agreements exist to ensure the proper processing of all safety-related information. PV audit plans are also used to verify that Valneva's partners operate according to both the terms set up in these agreements and current safety regulations, in line with the PV processes used for products distributed in-house.

Valneva's Pharmacovigilance (PV) System The Flow of Safety Information



Valneva's Pharmacovigilance department maintains a Global Safety Database for its licensed products and submits individual case safety reports to national authorities. On a quarterly basis, signal detection reports are compiled for the Company's licensed products, IXIARO®/JESPECT® and DUKORAL®, for identification of any peculiarities or unusual trends. These reports are then shared with the Product Safety Review Board, Valneva's internal decision making body for safety-related matters. On a regular basis (every three years for both IXIARO®/JESPECT® and DUKORAL®), Periodic Safety Update Reports (PSURs) are compiled and submitted to the relevant authorities.

The primary aim of Valneva as Marketing Authorization Holder and Manufacturer is to ensure patient safety. During PV audits and inspections, Valneva has proved to have a robust PV system in place. Furthermore, a set of KPIs has been established to monitor compliance on a quarterly basis.

The primary PV KPI is the rate of submission of individual case safety reports (serious as well as non-serious) to the authorities, with an objective of 95% of submissions in time. A rate of 100% was met in both 2019 and 2018.

3.5.5. Responsible Manufacturing

Valneva's manufacturing network includes in-house operations covering the production of clinical and commercial products for the Company and on behalf of clients outside the Company. Its business is thus dependent on the ability to manufacture vaccines at Valneva's wholly-owned production sites in Livingston, Scotland and Solna, Sweden.

In Livingston, just outside of Edinburgh, Valneva operates a U.S. Food and Drug Administration (FDA)-approved manufacturing site. The Livingston team is currently dedicated to drug substance production for Valneva's viral vaccines.

Valneva's manufacturing site in Solna, near Stockholm, has a long tradition of vaccine manufacturing connected to the Swedish state-owned vaccine institute.

The Company also operates Good Manufacturing Practice (GMP) laboratories and facilities in Vienna, which are dedicated to the testing and quality control of Valneva's commercial and clinical stage vaccines.

The vaccine manufacturing carried out on these sites presents inherent risks. Figuring prominently among these risks are those regarding the quality of the products produced, as well as the possibility of being unable to provide the market with a sufficient number of IXIARO® and DUKORAL® doses to satisfy public health needs.

Valneva manages manufacturing risks primarily through its Quality Control and Quality Assurance functions, which monitor and regularly audit the Company's processes.

- **Quality Control** evaluates the performance of the manufacturing process to ensure adherence to specifications and limits, and assesses the suitability of incoming raw materials, components, containers, closures, labelling, in-process materials and final vaccine lots.
- **Quality Assurance** involves the systematic and independent examination of all trial-related activities and documents. This includes site audits, vendor audits and system/process audits, as well as general and pre-approval inspections.

Biopharmaceutical manufacturing and release testing is performed regularly at these sites to help avoid disruption to supply and to deliver products in alignment with the Company's Master Production Schedule. Multiple other counter-measures are in place to mitigate production risks, including:

- annual quality and safety audits;
- preventive maintenance measures;
- a business continuity plan including an internal crisis management team and disaster recovery; and
- routine servicing and replacement of key equipment.

In 2019, over 6% of Valneva's annual revenues were spent on manufacturing site improvements versus less than 1% in 2018.

Objective: Future actions to protect against manufacturing risk include the continued refinement of the Company's business continuity plan, as well as increases to bulk safety stocks.

3.6. Acting Ethically

Developing new vaccines means that the Group has a responsibility to its consumers. Valneva maintains high ethical standards, protecting trial subjects through solid R&D processes and continuously improving its business integrity and transparency – all to preserve the trust of the patients and the communities it serves.

3.6.1. Complying to the Highest Standard

Focused on integrity in its daily business, Valneva conducts its activities with high ethical standards across all functions. The Company has created an internal framework of policies that incorporate its ethical principles into tangible business processes. This allows employees to conduct themselves ethically. Valneva has continued to grow its set of rules, guidelines and training activities to further realize its standards of integrity in accordance with new and evolving legal requirements. These efforts allow Valneva to mitigate the risk of a failure in business compliance.

Valneva's Code of Conduct

As stated in its official Code of Conduct, Valneva is committed to conducting business responsibly and in compliance with applicable laws, rules and regulations. Valneva commits itself and expects every employee to live up to the highest standards of integrity in the common mission to develop new vaccines. The Company shares the vision to serve the medical community's needs and to seek significant returns for its stockholders, in continued pursuit of excellent science for the fight against infectious diseases. Valneva tries to motivate and help every employee to contribute to the Company's success in achieving its goal, and its Code of Conduct applies to all Supervisory Board members, Management Board members, directors and employees of Valneva SE and its subsidiaries.

Valneva's Anti-Bribery and Anti-Corruption Policy

In 2016, Valneva instituted its Anti-Bribery and Anti-Corruption Policy (ABAC) to align its business with the best practices in the industry and the highest compliance and ethics standards. The ABAC policy builds upon the Code of Conduct by providing standards to ensure Valneva's business activities are conducted ethically and do not attempt to improperly influence others (including by paying, offering, or accepting bribes in any form, directly or indirectly). This policy was designed in compliance with all global anti-bribery and anti-corruption laws including, but not limited to, the UK Bribery Act, the US Foreign Corrupt Practices Act (FCPA) and the Canadian Criminal Code and Corruption of Foreign Public Officials Act. Valneva has zero tolerance for bribery or corruption of any kind.

Valneva's Anti-Bribery Procedure

All Valneva employees have 24/7 access to a secured compliance helpline system. If an employee has a concern or believes in good faith that a law, a rule or one of the principles in Valneva's Code of Conduct has been – or is about to be – violated, such employee can inform his or her manager, one of Valneva's internally-designated Compliance Officers, or use the compliance helpline. Since the 2016 decision to use this helpline service, Valneva has vowed to ensure that employees are not disciplined or discriminated against for reporting any possible incident, even if the facts reported prove to be inaccurate, provided that they have acted in good faith.

The Suite of Policies at Valneva

In addition to the cornerstone policies mentioned above, Valneva is proud to have a cohesive collection of corporate policies that cover a vast array of topics such as:

- Anti-harassment, Anti-discrimination and Anti-bullying
- Conflicts of Interest
- Corporate Procurement
- Data Protection
- Employee Invention
- Environment, Occupational Health and Safety (EOHS)
- Global Communications
- Insider Trading
- Information Technology (IT)
- Professional and Personal Relationships in the Workplace
- Non-Retaliation and Non-Retribution
- Corporate Travel

Focus on Ethics-Related Training

Valneva designates each September as Compliance & Ethics (C&E) Month to bring greater awareness of compliance and ethics matters to employees. In 2019, the idea that nothing brings concepts and events to life better than a good movie or TV show inspired this year's C&E Month challenge.

To raise awareness of the importance of compliance and ethics in the workplace, the Compliance Committee encouraged all employees to take the 2019 C&E Month REAL OR REEL? quiz. The 2019 event garnered approximately 39% voluntary employee participation, compared to 54% in 2018.

Furthermore, Valneva increased its efforts to provide ethics-related training via the implementation of an e-learning platform that will measure successful participation via quizzes during and at the end of each e-learning course.

Compliance Audits

In 2019, Valneva conducted internal compliance audits focusing on processes and checks of books and records with regard to Anti-Bribery and Anti-Corruption. These preventive measures gave insights on the current compliance status at different Valneva entities and the results will serve as a foundation for the next steps towards increased and strengthened preventive measures against compliance risks.

3.6.2. Mitigate Cyber Security Risk

Companies of all sizes and across all sectors depend on information technology to advance. With this daily use of computers, web applications and mobile devices comes an ever-increasing risk related to cyber security. As our world becomes more and more connected, hacking methods and cyber-attacks are advancing, too.

At Valneva these risks have been carefully evaluated and include:

- interruption of business operations,
- loss of batches in manufacturing (due to critical production systems being down),
- loss of data,
- phishing of information,
- fraud,
- data breaches in light of European General Data Protection Regulation (GDPR) regulations, and
- phishing of financial transactions.

These risks can take a variety of forms, through social engineering, the introduction of malware into IT systems via removable media or external hardware, malware infection via inter- and intranet, remote access intrusions and even simple human error. From a phishing attack to malware or hacking of corporate banking information, there are a multitude of potential issues against which employees and upper management must be informed. Valneva's workforce is considered to be its first and primary line of defense against online crime.

In 2019, Valneva's cyber security risk underwent an in-depth reassessment. Data systems were evaluated as safe and the most serious cyber security weaknesses were identified as data leakage and the careless use of IT systems. In the event of a cyber-security attack, the Company's goal was defined as recovering from potential attacks within a reasonable timeframe.

The following counter-measures were put in place to mitigate the risks associated with cyber security:

- Spam email gateway and email filtering
- Constant updating of the Company's backup infrastructure
- Regular and timely IT system patching to reduce attack vectors
- Multiple layers of security to protect sensitive IT infrastructure
- IT infrastructure penetration testing
- Formalized disaster & contingency procedures
- Regular security assessments (both internal and external)
- GDPR team in place (including a group Data Protection Officer, or DPO) to ensure compliance with all GDPR processes
- User awareness trainings, including tailored trainings for Valneva's Management Board, Supervisory Board, senior management as well as all Finance department staff

One indicator of Valneva's performance in reducing its cyber security risk is the efficacy of IT and cyber security training measures. As a complement to the Company's existing IT & Telecommunication policy and to bolster the Valneva's defense against such risks, a large-scale training initiative began in 2019 and continues into 2020. As a way of educating employees on how to recognize threats and prevent cyber-related incidents, whether at home or at work, this comprehensive, interactive training program is required as a refresher for all employees on the current IT policy.

3.6.3. Combatting Tax Evasion

Valneva fulfils its tax obligations in each of the countries where its activities are carried out.

3.7. Developing our People

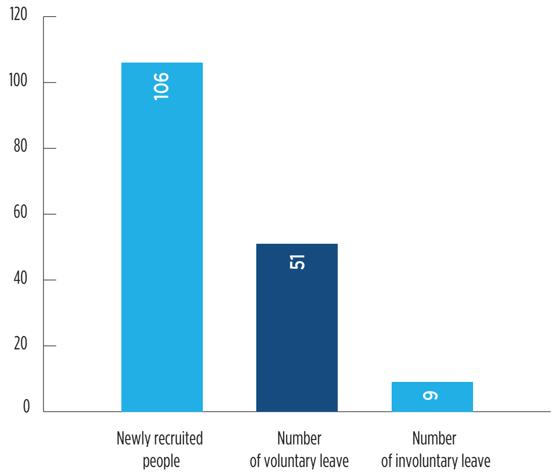
Valneva's success stems from the engagement and expertise of approximately 500 employees, who are the Group's single largest asset. Because a diverse workforce performs better, Valneva has committed itself to diversity and to the professional development of its employees. This commitment to people starts by creating a lively, open and friendly working environment.

3.7.1. Attract and retain talented people

Valneva's HR approach

- Attract and retain talented people.
- Build a sustainable workforce for the future.
- Assess and reward performance.
- Value and support diversity.
- Protect its workforce

New hires and departures



Headcount by region

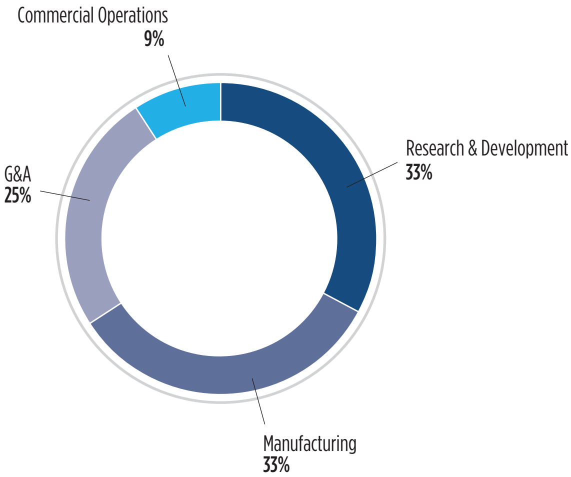
On December 31, 2019, the Group had 521 employees working in Austria, Canada, France, Sweden, the United Kingdom, and in the United States.

A wealth of expertise

The majority of Valneva employees work in the areas of manufacturing and R&D. Manufacturing is based in Scotland and Sweden, while R&D is based in Austria and France.

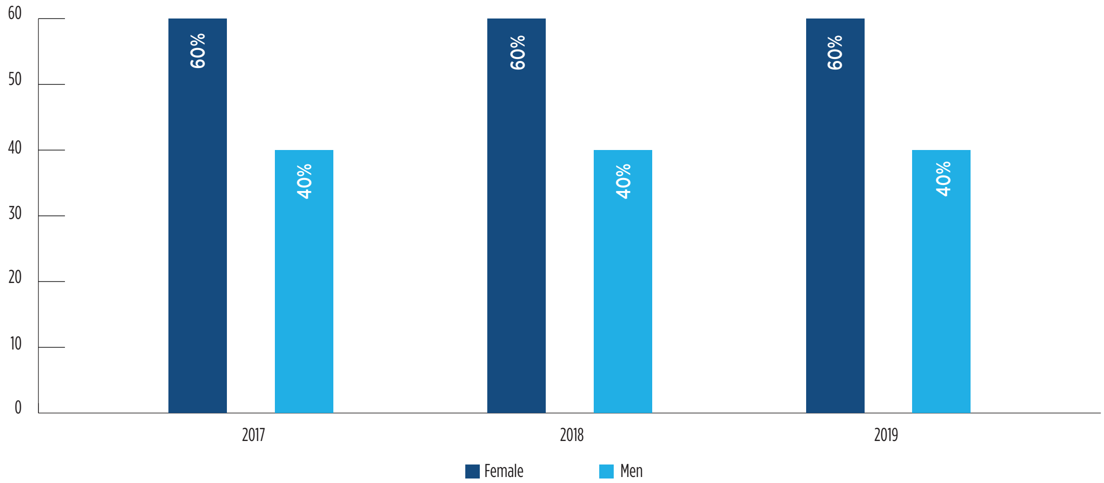
The Support functions (G&A) are mostly spread across four main sites in Austria, France, Scotland and Sweden.

Commercial Operations have been consolidated over the past four years, with teams now located in Canada, United States, United Kingdom, Austria, in the Nordic countries and, most recently, in France.



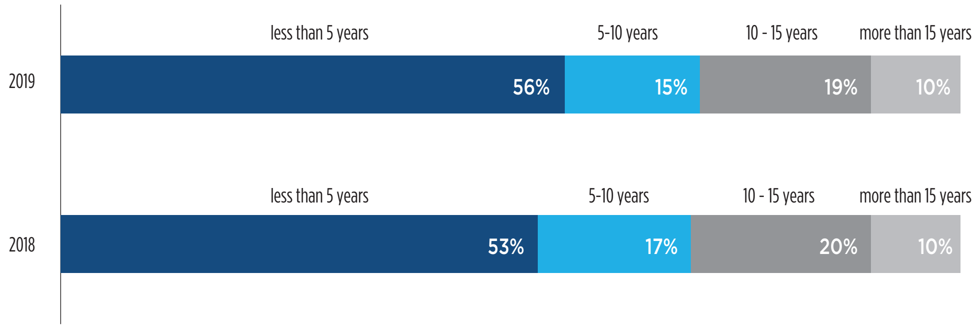
Gender Breakdown

Women are more highly represented than men at Valneva.



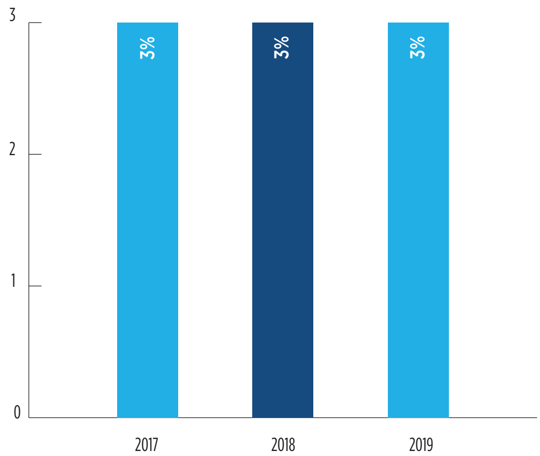
Seniority & Turnover

Seniority



Valneva's voluntary turnover rate, or employee turnover rate, has remained constant over the last three years. It is lower than the average voluntary turnover rate for the life sciences industry, which was 4.7% in 2018[1].

Turnover



Valneva supports its employees in maintaining a healthy work-life balance. Good working conditions, flexibility and attractive benefits are distinctive elements of the Company's employer brand.

For many years, Valneva has been offering services to employees such as:

- childcare assistance ;
- on-site health-related services.

In addition to ensuring well-being at work and guaranteeing competitive compensation and benefits, Valneva also surveys its employees in France to find out how they feel at work and what can be done to develop a dynamic, open and friendly working environment.

Certification from the Austrian Government:

In October 2019, Valneva Austria was granted the base certificate for being a family-friendly employer by the non-profit workandfamily, part of the Austrian Ministry of Family Affairs. The certificate is a clear commitment to providing a family-friendly working culture and comes as a result of a self-initiated audit and application process.

Valneva: A Unique Corporate Identity

Valneva is an international and multicultural Group where enthusiasm, innovation and strong execution skills are driving forces. With operations in six countries across the globe, Valneva's teams are diverse and multidisciplinary. Enriched by the 31 nationalities represented in its workforce, Valneva is built upon a unique identity in the vaccine industry.

(1) Source: Mercer report 2020.

Valneva's HR Strategy

Valneva has developed a global HR strategy based on its misson, its vision and its goals.

	Objectives
Pillar 1 Organisational development	1.1 HR support the strategic development of the organisation
	1.2 Valneva's employee have a positive attitude towards change and are prepared to be agile / adapt quickly thereby, supporting the overall change readiness of the organisation
	1.3 Business decisions that result in noticeable changes are being implemented professionally, resulting in smooth and efficient adaptation to different future scenarios
Pillar 2 Talent acquisition & retention	2.1 Be an employer of choice and differentiate Valneva amongst the competition
	2.2 Continuously adapt and enhance talent acquisition stratgey across sites considering the market pulse
	2.3 Boost retention ratio across sites
Pillar 3 People development	3.1 Role specific and individual development needs that are critical for tje success of the company are known and met
	3.2 Key competencies are developed in-house to ensure high relevance of the ocntent and a shared understanding within the company
	3.3 The leadership culture is based on shared values and required competencies

Employee Mobility in Action

Valneva, as an international company, offers the opportunity of mobility to its employees whenever possible.

In 2019, a Valneva Scotland employee had the opportunity to move from Scotland to Austria, giving the Austrian team the benefit of her experience while familiarizing herself with her new surroundings.

Social Events: Solidifying Valneva's Culture

Valneva values its corporate culture and organizes social and cultural events on a regular basis. A number of events are organized at all sites simultaneously to encourage cohesion within Valneva. For example, in 2019, Valneva employees celebrated IXIARO®'s 10th anniversary by videoconference. This was an opportunity to highlight the teams through their testimonials, as many of them have been present for 10 years if not more.

Twice a year, local events are organized at each site, including end-of-year celebrations and barbecues in the summer.

Newsletters are published regularly to inform employees and bring Vaneva's corporate culture to life. In addition, an intranet is used to relay the group's social events and activities.

An Open Dialog across Levels

As a European company, Valneva is proud to maintain an internal organization that represents its European workforce, called the International Work Council (IWC). The 12 members of the IWC were elected in 2017 for a four-year term and meet at least twice a year. They are informed about and consulted on cross-border operations carried out by Valneva, contributing to a better understanding of the cultural and organizational specificities of each European site.

In addition to the IWC and local work councils for Valneva in Europe, the Canadian and US site leaders and HR team members maintain a constant open dialog with the local workforce.

Labor relations

Organization of employee-management dialogue	Health, Safety and Working Conditions Committee (CHSCT) Report for Nantes, Local Committees, IWC Expectation Guide Performance
Collective bargaining agreements	96% of the Group employees are covered by a collective bargaining agreement

HR Committees: Heading up Global HR Processes

The Human Resources Management Committee (HRMC) is dedicated to Valneva's global strategy in terms of human resources and sensitive issues. The HRMC defines the Company's HR strategy and supervises:

- organizational development;
- senior leadership development;
- global remuneration policy.

The Human Resources Operational Committee (HROC) is responsible for the implementation and execution of HR policies, systems and other HR processes for all Valneva business units. The HROC acts as a functional coordinating body that:

- handles feedback for all local HR functions;
- coordinates aspects of the information and consultation processes with the work councils, in particular the IWC.

Offering Competitive Compensation

An early priority for the Company, Valneva implemented a Group compensation policy based on international benchmarks in 2013. The principles of this policy are

consistent and have been harmonized across the different sites since the Company's creation.

In 2019, Valneva decided to introduce a new, reliable classification system used by a large number of life science companies. This change of referential is based on a multidimensional analysis that brings more ganularity and differentiation than the previous structure. Valneva has an even more accurate tool for its forward-looking management of jobs and skills.

Innovative Working Arrangements

Working hours at Valneva are governed by different national agreements, in compliance with local regulations and local contractual needs.

Whenever possible, flexible working hour arrangements exist to facilitate a better work-life balance for employees. In addition, home office pilot programs are ongoing, in order to offer more flexibility in the organization of work.

2019 Objective (achieved): In striving for the continuous improvement of Valneva's working conditions, time savings accounts were implemented in France.

2020 Objective: Formalization of remote work across the Company (ex., charter).

3.7.2. Promotion of Diversity and Guarantee of Non-Discrimination

Valneva's Global Anti-Harassment, Anti-Discrimination and Anti-Bullying Policy, in conjunction with its Global Professional and Personal Relationships in the Workplace Policy, allow the Company to promote equal opportunity and treatment while maximizing the talents and expertise of all employees.

Diversity is part of Valneva's DNA and the Company promotes inclusion in all aspects of the business.

Recognizing and Promoting Diversity

We believe that discrimination, in any form, is unacceptable in the workplace. Valneva promotes equal opportunity through recruitment and employment, as well as equal consideration with regard to compensation, training and advancement efforts for all employees. This means that prospective and current employees receive the same treatment regardless of nationality, ethnic origin, gender identity, physical or mental disability, age, religion or beliefs, family situation or sexual orientation.

As a global company that respects all cultures, Valneva believes that the diversity of its teams is a valuable asset for future success, supporting greater innovation, efficiency and competitiveness. The 31 nationalities represented at Valneva are a by-product of our focus on inclusion.

Valneva SE and Valneva Austria GmbH are signatories of the Diversity Charter, an initiative seeking to ban discrimination from the workplace.

CHARTE DE LA diversité SIGNATAIRE

Mitglied CHARTA der Vielfalt
www.charta-der-vielfalt.at

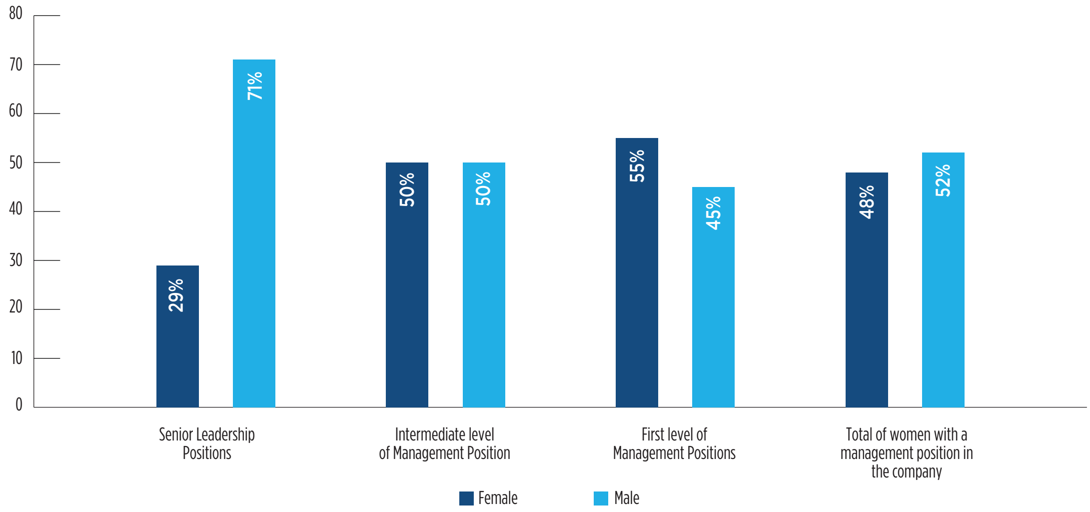
Number of Women in Management Positions

We believe that good Corporate Governance is the basis for the trust that our investors, institutions, and employees place in the Company. Valneva will continue to strengthen this confidence in the future while ensuring a diverse and highly qualified group of Board members.

Valneva's Supervisory and Management Boards are committed to managing the Company transparently, in accordance with the French Middlenext Governance Code for Small and Medium Capitalization Companies and with a focus on long-term value creation. As of today, four women serve on Valneva's Supervisory Board, helping to move the Company forward with the highest of ethical standards.

The Management Committee is a senior management body that complements Valneva's Management Board, providing input on the development and execution of Valneva's business strategy. This Committee holistically oversees cross-functional and cross-site (entity) alignment, including capabilities, objectives and operational oversight across all areas of the business. Currently, two women are part of the Management Committee: the directors of Valneva's Solna and Livingston sites, which are principally dedicated to manufacturing.

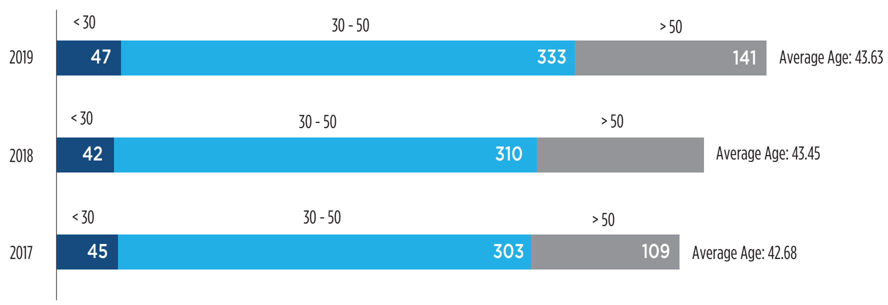
Valneva is committed to ensuring that women and men have equal opportunities to become part of the Company's corporate governance structure, notably through the development of their qualifications.



Average Age at Valneva

The average age of employees at Valneva in 2019 is 44 years old. This has been stable over the last three years.

Average Age



3.7.3. Having the right level of expectation in terms of performance and competencies to respond to the market demand

Valneva promotes equal opportunity and seeks to help each of its employees maximize his or her talents. As an integral part of its strategy, the HR Department has put into place an internally designed Performance Management system. Valneva's system helps to define the roles and responsibilities of employees and managers within the Group. All Valneva employees, including managers, are trained to use this system effectively.

LEAD Model Project

In 2019, Valneva has decided to launch a focus group on a new competency model to refine the individual performance assessment process. The objective is to determine the key behavioral competencies within Valneva based on the LEAD model (Lead, Empower, Act and Deliver). The cross-functional focus group comprises managers from several functions and countries.

People Development Approach

Valneva emphasizes talent management, meaning that employees are gradually trained for further responsibilities.

Developing employees' skill sets plays a key role in the Group's success. The professional development initiatives proposed by Valneva are tied to the improvement and expansion of operational expertise and are used to enhance communication and management skills at every level of the corporate hierarchy. Employees are willing to learn and take on new roles and responsibilities within the Group, thanks to the professional development options provided to them. The overall goal is to help employees boost their personal potential and advance their professional careers at Valneva.

To guide employees and managers in their development, the Human Resources Department created an Expectations Guide, based on the contributions of the multi-country internal team who worked on creating Valneva's "Employee Value Proposition." The Expectations Guide is a tool that makes it possible for each employee to progress in a manner that is aligned with Valneva's expectations.

Valneva Corporate Training Program

Training is a cornerstone of Valneva's HR strategy and allows the Group to maintain high working standards in all of its activities. The Company offers a broad range of training events, including sessions on ethics & compliance, risk management, biosafety and cyber security awareness.

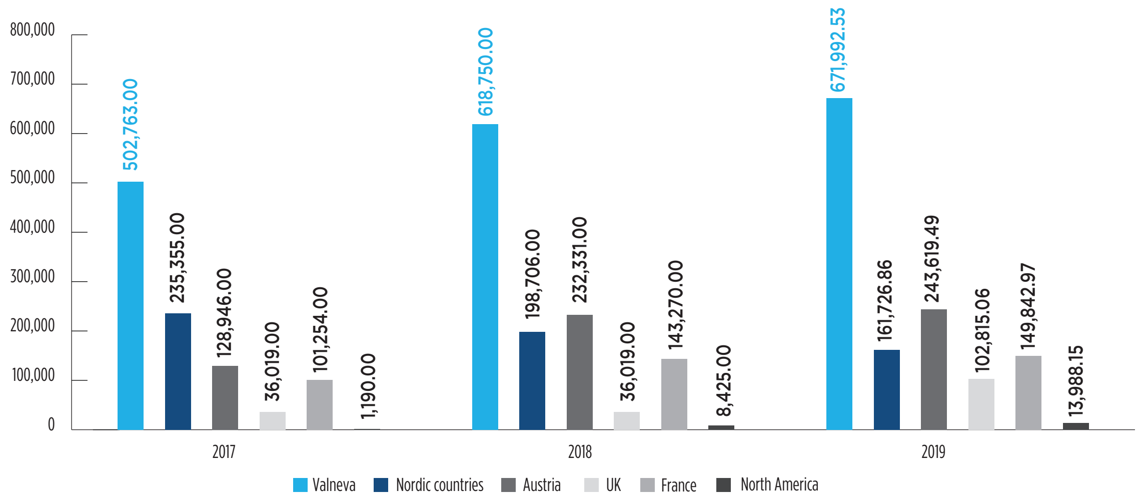
In Scotland, a pilot Competency Management Program has commenced which will add significant focus to the training, development and assessment of our people for competency and quality assurance.

In Sweden, the "Lead without being a Manager" training was conducted for the thrid consecutive year and included 12 employees from different departments. The purpose of this training was to encourage employees to become good ambassadors for Valneva's values (respect, pride and engagement) and lead by example in their role.

Valneva has continued the implementation of its Senior Leadership Development Program, aimed at supporting Company leaders in developing a more visible and effective leadership attitude.

Valneva's Training Investment

Across the Group, Valneva's total training investment was €671,953 for 2019, which represents an average of €1,290 per employee. The slight decrease in the average budget per employee is explained by a larger than expected increase in the Company's workforce. It should also be noted that regulatory training (GMP) is excluded from the training budget presented here.



2019
average investment of
1,273 euros
per employee

2018
average investment of
1,303 euros
per employee

2017
average investment of
1,290 euros
per employee

Partnering with Educational Institutions

At Valneva, preparing for the future begins by encouraging the development of the new generation of employees by welcoming students who want to discover Valneva's professions and more broadly the pharmaceutical sector. Valneva has welcomed 21 students at all its sites, which represents a clear increase compared to 2018 (about a dozen). They have been fully integrated, not only into the teams, but also into the entire Valneva community.

Creating New Oppotunities in Higher Education

In addition to regularly welcoming interns in various roles within the Group, Valneva Sweden has been actively involved in the creation of a post-secondary degree in Pharmaceutical Engineering. Valneva has a seat on the Board of the degree program, which allows the Group to positively influence the practical direction of the course.

The Company continues its cooperation with universities and vocational training institutes by inviting students to discover Valneva's professions.

3.8. Respecting the Environment

As a vaccine company, Valneva is aware that the environment directly affects people's health. The Group feels that it has a responsibility to reduce its own carbon footprint and manage its waste and consumption. In addition, Valneva is aware that the increase in the power and frequency of meteorological phenomena linked to climate change may disrupt the Group's supplies, production or sales, or lead to product losses, and ultimately affect its results. The implementation of a low-carbon policy, which is reflected in particular by the elements described below, is therefore an important element of Valneva's environmental approach, while at the same time making it possible to mitigate the Group's financial risks related to the effects of climate change.

3.8.1. Valneva's Environmental Approach

Valneva considers Environment, Occupational Health and Safety (EOHS) in the framework of its business activities with the intent to protect people, business assets, natural resources and the environment. We strive to prevent the injury or illness of employees, negative effects on the environment and any impact on the safety and quality of our manufactured products, by:

- proactively managing risk and supporting a positive, innovative EOHS culture;
- strategically analyzing and minimizing health & safety risks; and
- preventing pollution, minimizing waste and conserving resources.

At the request of the Management Board, the local EOHS teams share experience to improve cross-site efficiency and alignment, as well as risk reduction.

With the knowledge that climate change is an important global issue, Valneva seizes the opportunity to continuously improve its sustainability model.

Environmental sustainability is a guiding principle at Valneva. The Group aims to use natural resources efficiently and minimize the environmental impact of its activities and products during their lifecycles. It integrates sustainable operations & supply chains, innovative products & packaging and environmental sustainability into its business decisions process. Valneva pursues its development in strict compliance with a number of corporate social responsibility rules and environmental sustainability guidelines.

Good practices for waste separation, recycling and monitoring were adopted by the Group after the 2015 French Energy Transition Act established obligations to promote the circular economy and waste recycling. These practices are a major priority and procedures have already been implemented on all sites.

Further developing its environmental practices, Valneva formalized a Global EOHS Policy in 2017 based on five core principles: Protect, Prevent, Manage, Analyze & Minimize environmental and safety risks.

Valneva Global EOHS Policy: Focus on the Environment

With regard to the environment, this policy ensures that the Company uses natural resources responsibly and works to minimize its environmental impact. This includes energy efficiency, minimization of waste, efficient use of water, choice of chemicals, raw materials and other materials.

The Company respects the environmental standards and requirements set by authorities in each country where it operates, and has routine and monitoring systems in place to ensure continued compliance.

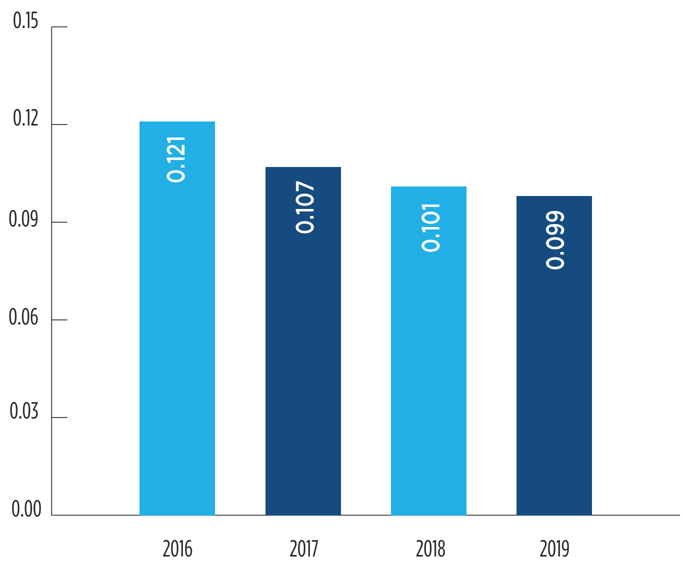
Reducing our Carbon Footprint

Since energy use constitutes the main source of Valneva's CO_2 emissions, the Group seeks to optimize and continuously reduce its energy consumption while ensuring energy security for all its business activities.

Valneva's CO_2 emissions have been steadily decreasing since the Group's decision to work with green energy providers for the electricity consumed on three of its four main sites. In 2018 and 2019, the electric power used in Nantes, Vienna and Solna was entirely produced by renewable energies.

This year in order to establish a Key Performance Indicator, CO2 emissions were linked to surfaces (in square meter) of the 4 main sites used for Valneva activities. The goal of this KPI is to check if the Company improve his carbon footprint year after year and based on a time-stable basis between each main sites.

Valneva global CO_2 emissions per square meter



For the fourth year in a row, the work of the EHS teams on Valneva's production and R&D sites contributed to a further reduction in CO_2 emissions.

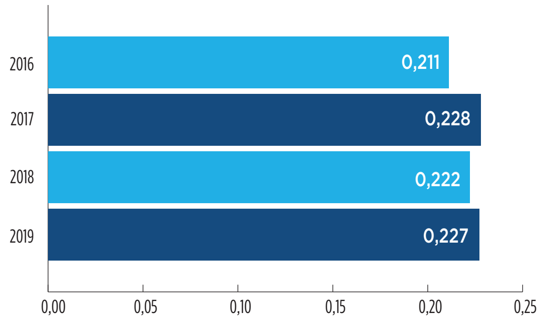
To refine the presentation of energy management and the associated carbon impact, activities have been divided in two categories: manufacturing sites and R&D sites.

Each category has its own KPI linked to the specificities of its activity.

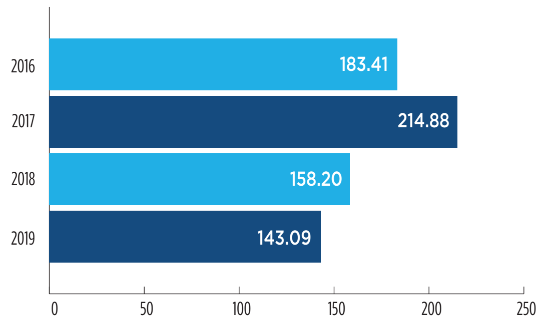
Energy consumption per square meter is the chosen KPI for R&D sites, where the activity is stable and not linked to a manufacturing process.

For the manufacturing sites, the chosen KPI is energy consumption per vaccine batch produced, as the activity of those sites is directly linked to customer demand.

Energy consumption per square meter R&D sites



Energy consumption per batch produced Manufacturing sites



For R&D sites, variations in activity have very little impact on energy consumption, which is stable over time. When the activity or the climatic conditions have an impact, these are not visible on the graph due to the optimization work on energy consumption implemented by the teams on site.

For the production sites, the work of the teams on the shopfloor led to an improvement in energy efficiency despite the production increase and higher temperatures than usual during the summer of 2019.

Waste Management

Waste has an enormous impact on the environment, causing pollution and greenhouse gas emissions while generating substantial costs for the Group. Proper waste management - including appropriate reuse, recycling and energy recovery - is a key factor in optimizing resource efficiency.

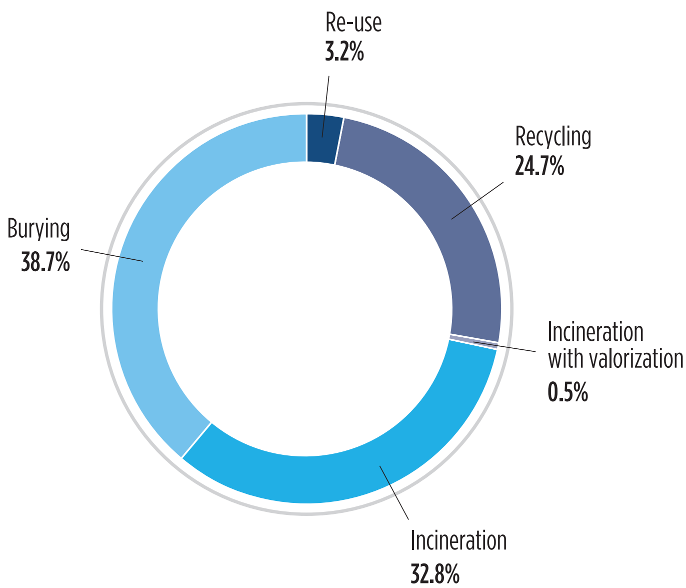
Valneva's activities produce waste which is then eliminated at the different sites in a manner which respects applicable local and European regulations. Separating, recycling and monitoring waste are priorities for Valneva. For that reason, procedures have been implemented and indicators adopted to closely monitor the Group's environmental impacts.

Two types of waste are produced by the four sites within the reporting boundary of this Report:

- Non-hazardous waste (paper, cardboard, plastic, etc.);
- Hazardous waste (used chemical products, contaminated plastic, electrical and electronic equipment waste, etc.)

This last category includes very specific waste associated with Valneva's activities in the biotech field: biological waste. It is subject to specific monitoring procedures by the teams on each site.

Valneva waste repartition by treatment mode



In 2019, Valneva choose to present its work on waste valorization instead of presenting the quantities of waste produced.

The Company treats and valorizes its waste in five different ways:

- **Re-use** which allows direct re-use of waste as a raw material in another sector;
- **Recycling** which recovers and transforms waste into a new raw material;
- **Incineration with energy recovery**, which destroys waste while producing energy that is subsequently used by customers of the incineration plant;
- Simple **incineration** which allows for the destruction of waste; and finally,
- **Burying or landfill use**, which is the final treatment menthod for waste that cannot be valorized using another channel. Valneva seeks to leverage the other channels as much as possible, in order to provide a second life for the largest quantity of waste.

To manage this valorization of waste, Valneva works with specialized companies in the sector and seeks the most well-adapted waste solutions. For each channel, contracts are drawn up with service providers in order to guarantee the traceability and the nature of the waste recycled.

From the moment waste is collected until its final treatment, service providers give the Company substantiating documents as required by local and European regulations.

Other Ways Valneva Reduces Waste

- Replacement of paper cups, plastic water bottles and plastic cutlery with reusable options
- Composting workshop and food waste recycling, including coffee capsules
- Livingston's dedicated Green Team, made of employee volunteers, coordinates waste reduction and recycling initiatives. The creation of Green Teams on other sites is an additional goal.

3.8.2. Valneva's Approach to Safety at Work

Valneva's manufacturing activities involve certain risks that could affect the Company's ability to provide potentially life-saving vaccines.

In order to ensure a steady rhythm of production, the Company understands that employees are key. Thus, Valneva reinforces safety at all of its manufacturing and R&D sites through its strong EOHS culture.

Valneva Global EOHS Policy: Focus on Manufacturing

The Global EOHS Policy applies equally to Valneva's manufacturing and R&D activities and aims to sustain the Group's high level of control over the related risks in the long term.

The EOHS team on site are dedicated to ensure the implementation and respect of the policy. The Company ensures that EHS rules are followed consistently through several complementary actions, including comprehensive training and procedures. EOHS teams monitor key indicators and perform regular reporting of near misses, incidents and accidents.

EOHS: The right instincts

- **Always wear personal safety equipment, when and where required.**
- **Respect safety warnings and signs.**
- **Take part in EOHS training, both overall introduction and special EOHS training when required.**
- **Encourage reporting of unsafe behavior and safety risk.**

Managing EOHS Risks and Opportunities

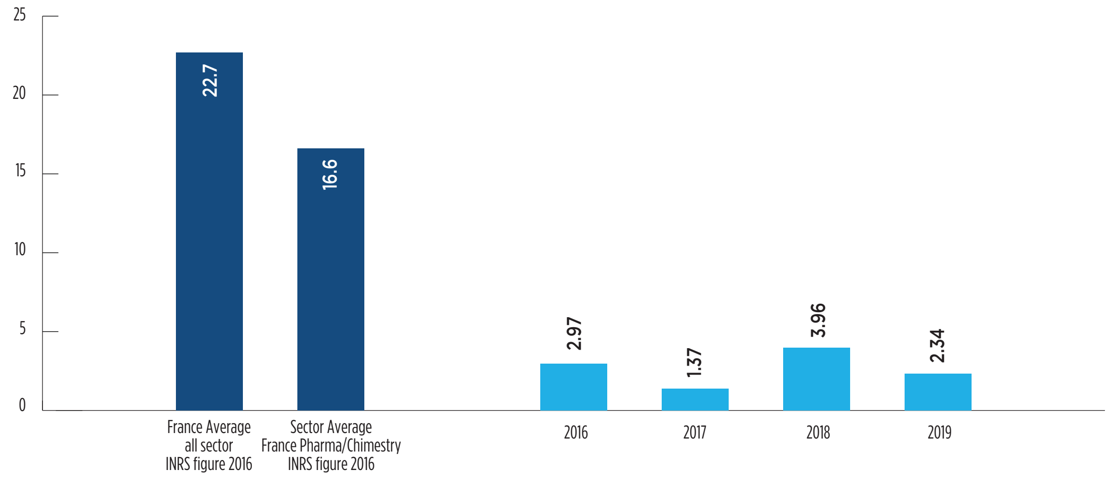
Potential biotechnology risks have been identified at Valneva's manufacturing and R&D sites. Dedicated teams have been tasked with implementing and monitoring the necessary procedures for managing these risks, which include maintenance of the various installations and pieces of equipment at these locations. Objectives associated with those risks are defined by the local teams directly linked to the specificities of the different sites.

Work Accidents

The nature of Valneva's activity, together with the Group's ongoing improvement of its safety-training measures, has resulted in maintaining a low number of work accidents that have historically been non-critical.

The Frequency Rate, which indicates the accidentology in the Group, and Severity Rate, which indicates the severity of accidents within the Company are presented in the 2019 report because they are a means of showing the effectiveness of the work carried out by Valneva teams in terms of risk prevention for employees.

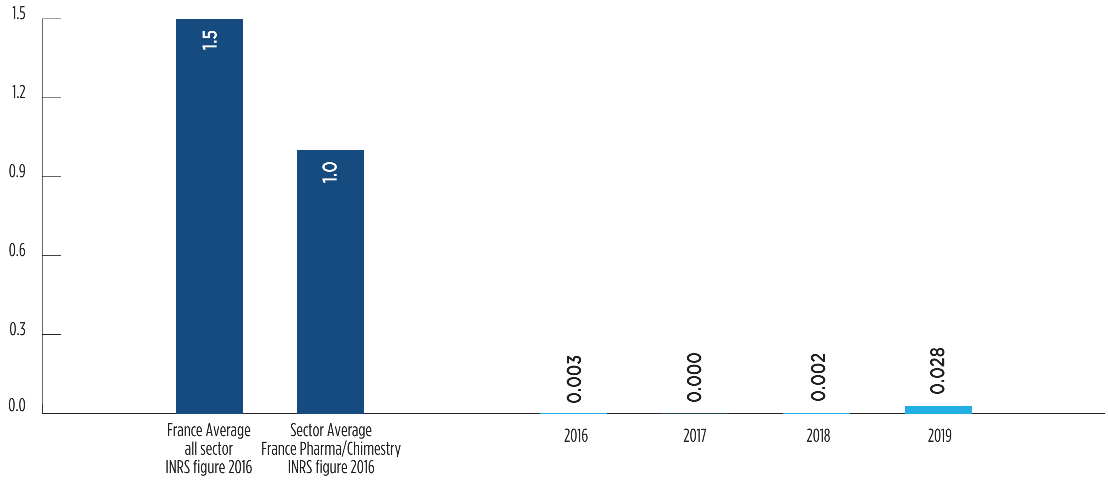
Work Accidents: Frequency Rate



Valneva's work accident frequency rate is historically low, thanks to the work of local teams to act as soon as a minor event occurs, thereby preventing more serious events.

Valneva's work accident frequency rate is far below those registered by all businesses in France according to 2016 statistics from the French National Research and Safety Institute for the Prevention of Occupational Accidents and Diseases, or INRS.

Work Accidents: Severity Rate



Work accidents at Valneva only result in short-term work stoppages.In fact, Valneva teams are used to acting on "near accidents" and "near miss" in order to act on risks at the source, which has a significant impact on the consequences of accidents.

The comparison to all companies in France shows that Valneva's everity rate is far below the averages recorded by the INRS in 2016.

3.9. Other CSR Information

3.9.1. Well-being at Work

Well-being at work is a part of Valneva's identity. In the five years since the Company's creation, Valneva has undertaken numerous actions in order to create an enjoyable workplace at its sites around the world.

Well-being at work takes many forms at Valneva and each site has its own ideas for promoting health, from being active to providing healthy food options and more.

Staying Active

- Each year, Valneva provides a financial contribution for sports activities for employees in Sweden, Scotland, Canada and France.
- The Group offers on-site activities such as yoga, traditional Japanese shiatsu and Indian head massage techniques.
- Valneva encourages its employees to participate in walks or races, for charity or not, in the cities where the sites are located.
- The Company invites employees from multiple locations to travel to Austria and participate in the annual Vienna Business Run.

Eating Healthy

- Fruit baskets, cold and hot drinks (tea, water, coffee) are available on all sites.
- Meal vouchers in France and Austria and discounts in restaurants near the Swedish site are offered to employees.
- Vegetarian and other healthy meals are prepared by a company are available in Sweden.
- Monthly events are held in France, including cooking competitions and holiday-themed lunches.

Healthy Working Conditions

- In Scotland, staff can see a doctor and a nurse on site every month, can participate in a Mental Health Awareness program, and be trained in first aid. The HR team has also worked on improving private health insurance benefits for all employees who wish it.
- In France, standing desks have been set up for those whose doctors have recommended less sitting. This action was supplemented by the installation of more ergonomic office and lab equipment.
- In Austria, a nursery service is available near the site with easy access for Valneva employees. Free vaccination against influenza and tick-borne encephalitis is also available to all employees in Vienna.

In 2018, Valneva France launched a survey in order to measure employees' sense of well-being at work. The results of this survey were used to create action programs in 2019 that continue the Company's progress in the area of well-being at work.

3

3.9.2. Animal Welfare

The well-being of animals is an important topic for any pharmaceutical business. Valneva works proactively to ensure animal welfare, as it is an integral part of vaccine development.

Valneva has an animal laboratory in Vienna and, occasionally, teams in Nantes need to perform specific analyses that require external companies to perform certain animal tests. Before any work can begin, the Company completes questionnaires for these partners that verify adherence to all regulations. The associated contracts include specific clauses that require the respect of all existing obligations with regard to animal welfare.

Animal Welfare in Vienna

Valneva acknowledges its responsibility for the welfare of animals kept in its state of the art laboratories. National laws (Austrian Tierversuchsgesetz 2012 and Tierversuchs-Verordnung 2012) and international regulations (European Union's Directive 2010/63/EU and European Convention ETS No. 123) in regards to laboratory animal housing and the performance of animal experiments are strictly followed. Regular, unannounced inspections by the respective authorities are carried out in the laboratories.

In addition, recommendations of the Institute for American Laboratory Animal Research (ILAR) and the German Society of Laboratory Animal Science (GV-SOLAS) are followed to grant best possible housing conditions and responsible treatment of laboratory animals.

The ethical framework within these provisions ensures prospective assessment of proposals for in vivo testing with respect to any potential harm to the animals with special focus on the so-called '3R principle' ("Reduce, Refine, Replace"), one of the key strategies to meet our highs demands of Social Responsibility.

Well-being of animals is important to Valneva, and the Company uses the best practices possible for this necessary aspect of its business.

3.10. Frameworks used to Draw up this Report

3.10.1. European Directives

Directive 2014/95/EU October 22, 2014 amended Directive 2013/93/EU and introduces changes for disclosures to be included in a CSR Report. The transposition of this directive is complete since August 9, 2017.

This directive requires companies thus concerned to publish a Report containing information risk prevention policies in the areas of environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, and the outcome of these policies, including a description of the "due diligence processes" and covering the entire supply chain under this approach.

3.10.2. The French Order No. 2017-1180 of July 19, 2017

The Order No. 2017-1180 is requires the publication of non-financial information by certain large businesses et certain groups of businesses.

3.10.3. The French Decree No. 2017-1265 of August 9, 2017

The Decree No. 2017-1265 of August 9, 2017 completes the transposition of the CSR Directive (Directive 2014/95/EU on the publication of non-financial information by companies) initiated by Order No. 2017-1180 of July 19, 2017 on the publication of non-financial information by certain large companies and groups of companies. This decree specifies the content of the declaration, the information to be provided, the publication procedures and the verification obligations.

3.11. Methodological Note

3.11.1. Methodological note on Group CSR data reporting

In accordance with French law, Valneva's Corporate Social Responsibility Report focuses on the risks and opportunities linked to the Company's activities.

In order to manage these risks and opportunities, Valneva is committed to maintaining a robust risk monitoring system and continuously evaluates the risk-reward profile of its activities. The present Report is built upon Valneva's existing risk management system, which is described in its official Corporate Risk Management Policy.

Valneva defines risks as all occurrences and possible developments inside and outside of the Company, which may have a negative impact on the achievement of Valneva's objectives.

The Company has also identified opportunities that may have a positive impact on the achievement of Valneva's objectives.

The risks identified within Valneva are formally evaluated and classified by their importance, according to their likelihood and potential impact. The Company then establishes a list of its ten major risks, which is updated two times per year.

The present Report is inspired by this list, but goes over and above the principal risks by presenting additional opportunities that the Company would like to develop. In this Report, the risks and opportunities linked to corporate social responsibility are thus presented in terms of the Four Pillars of Valneva's previously-defined CSR strategy.

The different entities forming the Group operate according to different models linked to business operations (R&D, production and sales and marketing) as well as their respective cultural and legal environments.

The legal and regulatory context does not reflect the same requirements for compliance from one site to another.

The different priorities relating to the environment and also employment are reflected differently according to the sites, even though common practices and shared values can be observed.

3.11.2. Group structure of consolidated operations

The quantitative data in the employment area is consolidated at the Group level for the collection of information in 2018. These data are derived from the human resource management software: Bamboo.

Quantitative environmental data has been harmonized at the Group level. Environmental impact measures energy consumption, GHG emissions and waste for the production and R&D sites only (Livingston, Vienna, Solna and Nantes).

3.11.3. Data collection method

Data collection in 2018 required application of a working method and different steps that are presented below:

1. maintaining the resource persons identified ~~in~~ since 2017 to report quantitative and qualitative employment, social and environmental data for each site in order to optimize the collection process;
2. classifying the source documents received according to three fields: employment, environment, and social.

These documents are then made available to the CSR audit firm.

For the construction of this CSR Report, data collection is organized through resource persons identified internally:

- resource persons to coordinate, where possible, and transmit quantitative and qualitative data for employment-related information requirements;
- other resource persons to coordinate, where possible, and transmit quantitative and qualitative data for the environmental information requirements;
- resource persons to coordinate, where possible, and transmit quantitative and qualitative data for the social information requirements;
- one person in Nantes (France) to coordinate the data collection at the international level.

3. implementation of a dedicated CSR reporting platform (installed on the internal server) to improve the data storage and facilitate access for the resource persons.

3.11.4. Future Improvements

Valneva hopes to put in place key performance indicators (KPIs) for the following risks/opportunities in 2020:

- supporting healthcare-oriented charities around the world;
- high level of expertise in R&D;
- responsible manufacturing;
- cybersecurity.

We also aim to develop more complete KPIs for the following risks/opportunities in 2020:

- attract and retain talented people;
- promotion of diversity and guarantee of non-discrimination;
- KPI relating to the compliance system;
- climate change.

3.12. Definitions

3.12.1. Employment indicators

Relevance

Employment indicators provide an understanding, through quantitative and qualitative data, conditions with respect to human rights, employability, working conditions, training policies impacts on employee health and safety, diversity and equal opportunity employment.

Total headcount

Employees included in the headcount are those with an employment contract (permanent or fixed-term) with a Valneva Group company, both active and passive. Workforce is expressed based on headcount as of December 31, 2019, regardless of the amount of working hours or the starting date in the reporting year. External Workforce and Students (*e.g.,* Internship, PhD students, Summer students) are excluded.

Total headcount also excludes the 5 Management Board members.

Average age

Average age is calculated by subtracting the birthdate from 12/31/2019. For example, 12/31/2019 - 12/16/1973 = 45.04 years.

Seniority

Calculated by the difference between Entry Date and December 31, 2019, ignoring any absences due to maternity, paternity or educational leave.

Gender balance

Takes into account the total headcount.

Employee development

Training budget per site divided by number of employees per site.

Global sum of training budget spent divided by number of employees.

Regulatory training (GMP) is excluded from the training budget presented here.

Conventions and collective bargaining agreements

A collective bargaining agreement is concluded between the employer and labor unions for the purpose of setting rules governing working conditions, employment and social guarantees for employees.

Occupational accidents

Accident resulting from or arising in the course of work, regardless of the cause, to any salary employee or a person working on behalf of the Group. An occupational accident can also arise in the course of a business-related trip or during the Home-Work daily trip. Only lost-time accidents are used in the Frequency and Severity Rate calculations presented in this report.

Frequency Rate

The frequency rate is the number of accidents with lost time greater than one day, occurring during a period of 12 months per million working hours.

Severity Rate

The severity rate represents the number of days lost due to temporary incapacity for 1,000 hours worked.

Turnover

$$\frac{\text{Number of employees who left during the year x 100}}{\text{(Number of employees at the begining of the year + number of employees at the end of the year) / 2}}$$

3.12.2. Environmental indicators

Relevance

Environmental indicators report inputs (energy, water and raw materials) and outputs (emissions, effluents, waste) and the types of impacts of the organization on the environment.

Energy

Only direct energy consumption (originating from a primary energy source) is taken into account. Consumption are expressed in MWh/m^2 for R&D sites or in MWh/batch for Manufacturing sites.

CO_2 Emissions

Direct greenhouse gas emissions are taken into account and expressed in tonnes of CO2 per unit area in square meters.

The transport component (employees, suppliers, customers) is not taken into account here due to a lack of data.

Waste

Waste management is expressed as a percentage based on the distribution of different types of waste, hazardous and non-hazardous, according to the valorization methods used for their treatment.

3.12.3. Social indicators

Relevance

Social indicators cover impacts of the business on the territory, impacts of products on consumer health and safety, practices with respect to suppliers and subcontractors, the purchasing policy.

All impacts are derived from qualitative data (procedures and the assessments of practices).

The Group defined more precisely its social policies, and focused around two pillars: "Protecting lives" (inherent to its R&D and vaccine commercial activities) and "Acting Ethically" (in consideration of Health, product safety and Compliance issues concerning all employees, internally and externally).

Periodic Safety Update Report (PSUR)

PSURs are pharmacovigilance documents intended to provide an evaluation of the risk-benefit balance of a medicinal product at defined time points after its authorization.

The objective of the PSUR is to present a comprehensive and critical analysis of the risk-benefit balance of the product, taking into account new or emerging safety information in the context of cumulative information on risk and benefits.

3.13. Independent Third Party Auditor's Report

VALNEVA SE
6 Rue Alain Bombard
44800 Saint-Herblain

This is a free translation into English of the independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended December 31, 2019

To the Shareholders,

As an independent third party and certified by COFRAC under number 3-1055 (information available on www.cofrac.fr"), we hereby report to you on the non-financial statement for the year ended December 31, 2019, included in the management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Management Board is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the ***Guidelines***).

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code, in addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ISO17020 requirements and applicable legal and regulatory requirements.

Responsibility of the independent third party verifier

On the basis of our work, our responsibility is to provide a report expressing a conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the ***Information).***

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation and the compliance of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with Article A. 225-1 and following Articles of the French Commercial Code:

- we obtained an understanding of all the activities of the companies included in the scope of consolidation and, the description of the principal risks;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1, III as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R. 225-105, II when relevant in regards to the principal risks and includes a clear and reasoned explanation for the absence of required Informations required in Article L. 225-102-1, III, 2°;
- we verified that the Statement presents the business model and the principal risks associated with all the companies' activities included in the scope of consolidation, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we referred to documentary sources and conducted interviews in order to:
  - assess the process used to identify and confirm the principal risks and the consistency of the key performance indicators used with respect to the principal risks and the policies presented;
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the companies included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;
- we asked what internal control and risk management procedures the entity has put in place and we assessed the data collection process implemented by the entity

to ensure the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes that we considered to be the most important[1], we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - substantive tests, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 22% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the companies included in the scope of consolidation.

Means and resources

Our work was carried out by a team of 3 people between October 2019 and march 2020 during a total of 22 weeks.

We conducted 14 interviews with people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Comments

Without qualifying our conclusion, and in accordance with Article A. 225-3 of the French Commercial Code, we express the following comments:

The cybersecurity policy related results do not include key performance indicators.

Improvement goals and commitments were only mentioned in the risk policies in regards to "ensure patient safety" and "responsible manufacturing". All other policies do not include improvement goals or commitments.

Toulouse, March 30, 2020

INDEPENDANT THIRD PARTY AUDITOR (*ORGANISME TIERS INDÉPENDANT*) SAS CABINET DE SAINT FRONT

Pauline de Saint Front

Associate Director

(1) Key performance indicators and other quantitative outcomes : (i) Percentage of Commercial on the total workforce, (ii) Percentage of R&D employee, (iii) Rate of submission of individual case safety reports to the authorities (iv) Percentage of annual budget spent on improving manufacturing sites, (v) Percentage of voluntary participation in C&E Month-Average seniority, (vi) Gender breakdown, (vii) Percentage of woman by position, (viii) Average age, (ix) CO_2 emission per m^2, (x) Waste recovery, (xi) Energy consumption per m^2, (xii) CO_2 emission and energy consumption per doses and batch, (xiii) Work accidents: severity rate, (xiv) Work accidents: frequency rate, (xv) Training investment average per employee.

4

Annual financial statements at December 31, 2019

Translation disclaimer: *This document is a free translation of the French language version of the IFRS annual financial statements and of the French GAAP annual financial statements of Valneva SE for the twelve-month period ended December 31, 2019 produced for the convenience of English speaking readers. In the event of any ambiguity or conflict between statements or other items contained herein and the original French version, the relevant statement or item of the French version shall prevail. 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, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and Valneva SE expressly disclaims all liability for any inaccuracy herein.*

4.1. Consolidated financial statements

4.1.1. Consolidated income statement and statement of comprehensive income

Consolidated income statement

(In € thousand) *(except per share amounts)*	*Note*	Year ended December 31, 2019	2018
Product sales	*4 - 5*	129,511	103,476
Revenues from collaboration, licensing and services	*4 - 5*	(3,315)	9,559
REVENUES		**126,196**	**113,035**
Cost of goods and services	*6 - 7*	(49,968)	(44,448)
Research and development expenses	*6 - 7*	(37,883)	(25,291)
Marketing and distribution expenses	*6 - 7*	(24,145)	(20,930)
General and administrative expenses	*6 - 7*	(18,398)	(16,932)
Other income and expenses, net	*8*	6,338	4,004
Amortization and impairment of intangibles	*13*	(2,952)	(3,177)
OPERATING PROFIT/(LOSS)		**(811)**	**6,261**
finance income	*9*	1,449	178
finance expenses	*9*	(3,082)	(4,209)
result from investments in associates	*16*	1,574	1,122
PROFIT/(LOSS) BEFORE INCOME TAX		**(870)**	**3,351**
income tax	*10*	(874)	(88)
PROFIT/(LOSS) FOR THE PERIOD		**(1,744)**	**3,264**
Earnings/(Losses) per share			
for profit/loss for the period attributable to the equity holders of the Company, expressed in € per share	*11*		
▪ basic		(0.02)	0.04
▪ diluted		(0.02)	0.04

Consolidated statement of comprehensive income

(In € thousand)	*Note*	Year ended December 31, 2019	2018
Profit/(Loss) for the period		**(1,744)**	**3,264**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Currency translation differences	*23*	656	(1,385)
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)	*29.1*	(13)	13
Other comprehensive income/(loss) for the year, net of tax		**644**	**(1,372)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**(1,100)**	**1,892**

4.1.2. Consolidated balance sheet

(In € thousand)	Note	At December 31, 2019	2018
ASSETS			
Non-current assets		**135,561**	**103,934**
Intangible assets	*13*	41,813	44,891
Right of use assets	*14*	49,334	-
Property, plant and equipment	*15*	20,003	37,997
Equity-accounted investees	*16*	2,263	1,122
Other non-current assets	*20*	17,161	17,236
Deferred tax assets	*10.2*	4,988	2,689
Current assets		**129,162**	**125,972**
Inventories	*18*	25,772	22,727
Trade receivables	*19*	24,030	11,259
Other current assets	*20*	14,921	10,261
Cash and cash equivalents	*21*	64,439	81,725
TOTAL ASSETS		**264,723**	**229,907**
EQUITY			
Capital and reserves attributable to the Company's equity holders		**135,153**	**143,186**
Share capital	*22*	13,642	13,638
Share premium and other regulated reserves	*22*	297,732	297,720
Retained earnings and other reserves	*22*	(174,476)	(171,435)
Profit/(loss) for the period		(1,744)	3,264
LIABILITIES			
Non-current liabilities		**88,269**	**43,777**
Borrowings	*25*	24,317	14,272
Lease liabilities	*14 - 28*	56,592	25,798
Contract liabilities and refund liabilities	*5.3*	6,837	3,053
Provisions	*29*	426	357
Other liabilities	*30*	97	297
Current liabilities		**41,300**	**42,944**
Borrowings	*25*	1,999	16,665
Trade payables and accruals	*26*	16,567	13,325
Income tax liability		2,458	1,406
Tax and Employee-related liabilities	*27*	10,624	8,643
Lease liabilities	*14 - 28*	2,308	864
Contract liabilities and refund liabilities	*5.3*	1,142	1,682
Provisions	*29*	2,315	264
Other liabilities	*30*	3,886	94
TOTAL LIABILITIES		**129,569**	**86,721**
TOTAL EQUITY AND LIABILITIES		**264,723**	**229,907**

4.1.3. Consolidated cash flow statement

(In € thousand)	*Note*	Year ended December 31, 2019	2018
Cash flows from operating activities			
Profit/(Loss) for the year		(1,744)	3,264
Depreciation and amortization	*13 - 14 - 15*	8,532	6,828
Impairment	*13*	75	-
Share-based payments	*24*	2,552	1,887
Income tax	*10*	874	88
Other adjustments for reconciliation to cash used in operations	*31*	4,268	1,559
Changes in working capital	*31*	(6,682)	3,955
Cash generated from operations	***31***	**7,875**	**17,580**
Income tax paid	*10*	(2,346)	(1,273)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**5,529**	**16,306**
Cash flows from investing activities			
Purchases of property, plant and equipment	*15*	(10,502)	(2,874)
Proceeds from sale of property, plant and equipment	*13 - 15*	-	76
Purchases of intangible assets	*13*	(382)	(297)
Interest received		199	178
NET CASH USED IN INVESTING ACTIVITIES		**(10,685)**	**(2,917)**
Cash flows from financing activities			
Proceeds from issuance of common stock, net of costs of equity transactions	*22*	(2,484)	49,286
Disposal/(Purchase) of treasury shares	*22*	21	(23)
Proceeds from borrowings, net of transaction costs	*25*	11,781	1,418
Repayment of borrowings	*25*	(11,684)	(15,571)
Payment of lease liabilities	*14*	(2,709)	-
Interest paid		(2,621)	(4,165)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**(7,696)**	**30,945**
Net change in cash and cash equivalents		**(12,852)**	**44,334**
Cash at beginning of the year		77,084	33,545
Exchange gains/(losses) on cash		207	(795)
CASH AT END OF THE YEAR	***21***	**64,439**	**77,084**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**64,439**	**81,725**

4.1.4. Consolidated statement of changes in equity

(In € thousand)	Note	Share capital	Share premium and other regulated reserves	Retained earnings and other reserves	Net result	Total Equity
BALANCE AS OF JANUARY 1, 2018		**11,638**	**252,934**	**(160,421)**	**(11,482)**	**92,669**
Total comprehensive income		-	-	(1,372)	3,264	1,892
Income appropriation		-	-	(11,482)	11,482	-
Share based payments:	23					
▪ value of services		-	-	1,863	-	1,863
▪ exercises		-	-	-	-	-
Treasury shares	23	-	-	(23)	-	(23)
Issuance of common stock		2,000	48,000	-	-	50,000
Cost of equity transactions, net of tax	22	-	(3,214)	-	-	(3,214)
		2,000	44,786	(11,014)	14,745	50,517
BALANCE AS OF DECEMBER 31, 2018		**13,638**	**297,720**	**(171,435)**	**3,264**	**143,186**
BALANCE AS OF JANUARY 1, 2019		**13,638**	**297,720**	**(171,435)**	**3,264**	**143,186**
Changes in Accounting Policy – Initial Application of IFRS 16	2.2	-	-	(9,474)	-	(9,474)
Restated balance as of January 1, 2019		**13,638**	**297,720**	**(180,909)**	**3,264**	**133,712**
Total comprehensive loss		-	-	644	(1,744)	(1,100)
Income appropriation		-	-	3,264	(3,264)	-
Share based payments:	23					
▪ value of services		-	-	2,504	-	2,504
▪ exercises		4	12	-	-	16
Treasury shares	23	-	-	21	-	21
		4	12	6,433	(5,008)	1,441
BALANCE AS OF DECEMBER 31, 2019		**13,642**	**297,732**	**(174,476)**	**(1,744)**	**135,153**

4.1.5. Notes to the consolidated financial statements

Note 1 General information

Valneva is a specialty vaccine company focused on prevention against diseases with major unmet needs.

Valneva's portfolio includes two commercial vaccines for travelers: IXIARO®/JESPECT® indicated for the prevention of Japanese encephalitis and DUKORAL® indicated for the prevention of cholera and, in some countries, prevention of diarrhea caused by ETEC. The Group has various vaccines in development including a unique vaccine against Lyme disease and chikungunya. Valneva has operations in Austria, Sweden, the United Kingdom, France, Canada and the US with approximately 500 employees.

List of direct or indirect interests:

Name	Country of incorporation	Consolidation method	Interest held at December 31, 2019	2018
BliNK Biomedical SAS	FR	Equity method	48.9%	43.3%
Vaccines Holdings Sweden AB	SE	Full	100%	100%
Valneva Austria GmbH	AT	Full	100%	100%
Valneva Canada Inc.	CA	Full	100%	100%
Valneva France SAS	FR	Full	100%	-
Valneva Scotland Ltd.	UK	Full	100%	100%
Valneva Sweden AB	SE	Full	100%	100%
Valneva UK Ltd.	UK	Full	100%	100%
Valneva USA, Inc.	US	Full	100%	100%

The closing date for the consolidated financial statements is December 31 of each year.

The Company is registered at 6 rue Alain Bombard, 44800 Saint-Herblain, France.

The Valneva SE site in Saint-Herblain (Nantes, France) includes general and administrative functions and R&D facilities. The Valneva SE site in Lyon operates commercial activities.

Vaccines Holdings Sweden AB is the holding company of Valneva Sweden AB.

Valneva Austria GmbH (Vienna, Austria) focuses on pre-clinical and clinical development activities of vaccines. The facilities accommodate departments for pre-clinical R&D, (technical/clinical) product development, quality and regulatory affairs, general and administrative as well as commercial functions.

Valneva Canada Inc. (Montreal, Quebec) performs marketing and sales activities in Canada in relation to the IXIARO®, DUKORAL® and VIVOTIF® vaccines.

Valneva France SAS (Lyon, France) was founded in February 2019 and will perform marketing and sales activities in France in relation to IXIARO® and DUKORAL® from 2020 onwards.

Valneva Scotland Ltd. (Livingston, United Kingdom) is primarily involved in the production of Valneva's Japanese encephalitis vaccine, IXIARO®/JESPECT®.

Valneva Sweden AB (Solna, Sweden) manufactures the DUKORAL® vaccine and distributes it, as well as third-party vaccines, in the Nordic countries. In addition Valneva Sweden AB provides R&D services.

Valneva UK Ltd. (based nearby London, United Kingdom) commercialises DUKORAL® and IXIARO® in the United Kingdom, as well as MOSKITO GUARD® products.

Valneva USA, Inc. focuses on marketing and sales of Valneva's Japanese encephalitis vaccine to the US military and the US private market.

The Company is of the opinion that Brexit may increase its costs and adversely affect some of the main risks to which the Company is exposed, e.g. by increasing risks related to currency exchange fluctuations, manufacturing & supply, customs duties and tax. Future performance of the business may also be impacted, as the manufacturing of bulk material for the IXIARO® product is conducted in the United Kingdom. Furthermore, Valneva uses a distribution site located in the UK to sell its products and some third party products on the local market. Valneva UK Ltd. reported a revenue of €8.6 million in 2019. Valneva has prepared for a "Hard Brexit", notably by setting up some safety stocks, thus minimizing the impact of border crossing problems following Brexit and by reviewing its product release processes for IXIARO®.

These consolidated financial statements were approved by the Management Board on February 25, 2020 (primary statements) and March 30, 2020 (full statements including Notes).

Note 2 Summary of significant accounting policies

The principal accounting policies applied in preparing these consolidated financial statements are outlined below. These policies have been consistently applied to all years presented.

2.1. Basis of presentation

These 2019 Consolidated Financial Statements have been prepared in accordance with the International financial reporting standards, which comprise IFRS (International Financial Reporting Standards), IAS (International Accounting Standard) and their interpretations, SIC (Standards Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee), as adopted by the European Union.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires the Group's management to exercise its judgment in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

For ease of presentation, numbers have been rounded and, where indicated, are presented in thousands of euros. Calculations, however, are based on exact figures. Therefore, the sum of the numbers in a column of a table may not conform to the total figure displayed in the column.

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2.2. Impact of new, revised or amended Standards and Interpretations

(a) New and amended standards adopted by the Group

STANDARD – INTERPRETATION – AMENDMENT		Effective Date	Effects
IFRS 16	Leases	January 1, 2019	See below
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments	January 1, 2019	None
Amendments to IFRS 9	Prepayment Features with Negative Compensation	January 1, 2019	None
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	January 1, 2019	None
Annual Improvements to IFRS Standards 2015-2017 Cycle		January 1, 2019	None
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	January 1, 2019	None

IFRS 16 Leases

From January 1, 2019, IFRS 16 (Leases) has to be applied. It replaces IAS 17 *Leases,* IFRIC 4 *Determining whether an arrangement contains a Lease,* SIC 15 *Operating Leases Incentives* and SIC 27 *Evaluation the Substance of Transactions Involving the Legal Form of a Lease*. For the lessee it results in the removal of the distinction between operating and finance lease, hence most of the leases have to be recognized on the balance sheet.

At the commencement date of a lease, a lessee recognizes a liability to make lease payments (*i.e.,* the lease liability) and an asset representing the right to use the underlying asset during the lease term (*i.e.,* the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability upon the occurrence of certain events (*e.g.,* a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17. Lessors continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

Valneva chose to apply the modified retrospective approach from the mandatory adoption date of January 1, 2019. Hence, the cumulative effect of initially applying IFRS 16 is recognized in opening equity at the date of initial application with no restatement of prior year figures required. Valneva chose not to apply IFRS 16 to leases of intangible assets according to IFRS 16.4.

For all leases previously classified as operating leases, Valneva measured right-of-use assets as its carrying amount as if IFRS 16 had always been applied since commencement date.

Furthermore, the following practical expedients have been used:

- using a single discount rate to a portfolio of leases with similar characteristics;
- applying the recognition exemption for leases ending within 12 months from the date of initial application and without an option for the lessee to prolong the contract to more than 12 months or it is not reasonably certain to excerise such an option;
- excluding initial direct costs from the measurement of the RoU asset and
- using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

To identify the potential IFRS 16 impact areas for Valneva SE, leasing contracts were identified and analyzed using a lease analysis tool. After the valuation of the contracts and the input of the data into the calculation tool, the postings of the first-time adoption of IFRS 16 were calculated as of January 1, 2019. For the main lease liability relating to a real-estate property in Solna, Sweden an interest rate of 2.49% and a remaining lease term of 19 years have been determined. The premises in Solna a currently leased, but a new lease agreement which will be effective in January 2021 was signed in 2018. This new agreement is seen as a modification to the existing contract and is therefore already taken into consideration at transition.

The effect of adopting IFRS 16 on the opening balance as at January 1, 2019 is as follows:

(In € thousand)	Balance as of December 31, 2018	IFRS 16 Adoption	Restated balances as of January 1, 2019
ASSETS			
Right-of-use-assets	**-**	**50,937**	**50,937**
thereof reclassification from PPE	-	26,414	26,414
Property, plant and equipment	**37,997**	**(26,414)**	**11,583**
EQUITY			
Retained earnings and other reserves	**(171,435)**	**(9,474)**	**(180,909)**
LIABILITIES			
Lease liabilities	**26,662**	**33,997**	**60,659**

In the course of the first-time adoption of IFRS 16, a reclassification from previously accounted for IAS 17 assets from property, plant and equipment to right-of-use assets amounting to €26.4 million was made.

In addition, Valneva recognized right-of-use assets previously accounted for as operating lease expenses amounting to €24.5 million as well as the corresponding lease liability (€34.0 million). The difference amounting to €9.5 million has been recognized in retained earnings and other reserves.

Out of €50.9 million right-of-use-assets, €26.4 million relate to real-estate properties in Austria and €23.6 million relate to real-estate properties in Sweden.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

(In € thousand)

Operating lease commitments as at December 31, 2018	**43,509**
Incremental borrowing rates as at January 1, 2019	0.01%-3.39%
Discounted operating lease commitments at January 1, 2019	**34,154**
Commitments relating to short-term leases	(158)
Commitments relating to leases previously classified as finance leases	26,662
LEASE LIABILITIES AS AT JANUARY 1, 2019	**60,659**

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2019, and not early adopted

Certain newly published accounting standards and interpretations which were not mandatory for December 31, 2019 reporting periods have not been adopted early by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3. Consolidation

Subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred. Identifiable assets acquired, liabilities, and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the fair value of the net assets of the acquired subsidiary exceeds the consideration, the difference is recognized directly in the income statement as a bargain purchase gain.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.

Associates

Associates are entities over which the Company has significant influence.

2.4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euros, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are converted into the functional currency using exchange rates applicable on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement.

(c) Subsidiaries

The results and financial position of all subsidiaries (none of which having the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are converted into the presentation currency as follows:

- assets and liabilities presented for each balance sheet are converted according to the exchange rate valid on the balance sheet date;
- income and expenses for each income statement are converted using exchange rates applicable on the dates of the transactions; and
- all resulting exchange differences are recognized as other comprehensive income and are shown as other reserves.

When a foreign operation is partially disposed of or sold, exchange differences that had been recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.5. Financial risks management

(a) Financial risks factors

The Group's activities expose it to a variety of financial risks market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Financial risk management is carried out under the CFO's responsibility and is closely supervised by the Management Board. The Group's risk management systems identify, evaluate and manage financial risks. The Management Board submits regular reports on its risk management systems, including the management of financial risks, to the Audit Committee of the Supervisory Board.

(b) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risks arising from various currencies, primarily with respect to the british pound (GBP), the canadian dollar (CAD), the swedish krona (SEK) and the US dollar ($). The foreign exchange risks from the exposure to other currencies, including the Danish Krone, the Swiss Franc and the Norwegian Krone, are relatively limited. Foreign exchange risks arise from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

The objective of the Group is to limit the potential negative impact of the foreign exchange rate changes, for example by currency conversion of cash and cash equivalents denominated in foreign currency and by using foreign currency options.

The Group has certain investments in foreign operations, the net assets of which are exposed to foreign currency translation risk.

At December 31, 2019, if the GBP had weakened by 10% against the €, with all other variables held constant, pre-tax comprehensive profit for the year would have been €219 thousand lower (2018: pre-tax loss would have been €142 thousand lower). Income was more sensitive to fluctuations in €/GBP exchange rate at the balance sheet date in 2019 than it was in 2018 mainly because of higher GBP-denominated cash equivalents.

At December 31, 2019, if the CAD had weakened by 10% against the €, with all other variables held constant, pre-tax comprehensive profit for the year would have been €381 thousand lower (2018: pre-tax loss would have been €293 thousand lower). Income was more sensitive to fluctuations in €/CAD exchange rate at the balance sheet date in 2019 than it was in 2018 mainly because of foreign currency options in place at December 31, 2018.

At December 31, 2019, if the SEK had weakened by 10% against the €, with all other variables held constant, pre-tax comprehensive profit for the year would have been €114 thousand lower (2018: pre-tax loss would have been €332 thousand lower). Income was less sensitive to fluctuations in €/SEK exchange rate at the balance sheet date in 2019 than it was in 2018 mainly because of less SEK-denominated cash equivalents.

At December 31, 2019, if the $ had weakened by 10% against the €, with all other variables held constant, pre-tax comprehensive profit for the year would have been lower by €1,652 thousand (2018: pre-tax loss would have been €243 thousand lower). Income was more sensitive to fluctuations in the €/$ exchange rate at the balance sheet date in 2019 than it was in 2018 mainly because of lower $-denominated borrowings and higher $-denominated receivables, only partly offset by reduction in $-denominated cash equivalents and also because of foreign currency options in place at December 31, 2018.

Interest rate risks

The Group is exposed to market risks in connection with hedging both of its liquid assets and of its medium and long-term indebtedness and borrowings subject to variable interest rates.

Borrowings issued at variable rate expose the Group to cash flow interest rate risks, which are offset by cash and financial assets held at variable rate. During 2018 and 2019, the Group's investments at variable rate, as well as the borrowings at variable rate, were denominated in €, SEK, $, CAD and in GBP.

The Group analyzes its interest rate exposure on a dynamic basis. Based on this analysis, the Group calculated the impact on profit and loss of a defined interest rate change. The same interest rate change was used for all currencies. The calculation only includes investments in financial instruments and cash in banks that represent major interest-bearing positions. As of the balance sheet date, the calculated impact on income before tax of a 0.25% shift would be an increase or decrease of €64 thousand (2018: €68 thousand).

(c) Credit risks

The Group is exposed to credit risk. Valneva holds bank accounts, cash balances, and securities at sound financial institutions with high credit ratings. To monitor the credit quality of its counterparts, the Group relies on credit ratings as published by specialized rating agencies such as Standard & Poor's, Moody's, and Fitch. The Group has policies that limit the amount of credit exposure to any single financial institution. The Group is also exposed to credit risks from its trade debtors, as its income from product sales, collaborations, licensing and services arises from a small number of transactions. The Group has policies in place to enter into such transactions only with highly reputable, financially sound counterparts. If customers are independently rated, these ratings are used. Otherwise, when there is no independent rating, a risk assessment of the credit quality of the customer is performed, taking into account its financial position, past payment experience and other relevant factors. Individual credit limits are set based on internal or external ratings in accordance with signature authority limits as set by the Management Board. The credit quality of financial assets is described in Note 17.3.

(d) Liquidity risks

The Group is exposed to liquidity risk due to the maturity of its financial liabilities and the fluctuations of its operating cash-flow, and the potential implementation of early repayment clauses in loan or grant agreements. Furthermore, fluctuations in the Group's operating cash flow during accounting periods also generate liquidity risks. Prudent liquidity risk management therefore implies maintaining sufficient cash resources, cash equivalents and short-term deposits in order to satisfy ongoing operating requirements and the ability to close out market positions. Extraordinary conditions on the financial markets may, however, temporarily restrict the possibility to liquidate certain financial assets.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At December 31, 2018 *(in € thousand)*	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Borrowings (excluding finance lease liabilities)(1)	17,395	5,762	11,028	-	34,185
Finance lease liabilities	978	1,955	24,208	-	27,141
Trade payables and accruals	13,325	-	-	-	13,325
Tax and employee-related liabilities(2)	5,672	-	-	-	5,672
Contract liabilities, other liabilities and provisions(3)	45	200	25	-	270
	37,414	**7,918**	**35,261**	**-**	**80,593**

(1) The categories in this disclosure are determined by IFRS 9. Finance leases are mostly outside the scope of IFRS 9 but they remain within the scope of IFRS 7. Therefore, finance leases have been shown separately.

(2) Social security and other tax payables are excluded from the tax and employee-related liabilities balance, as this analysis is required only for financial instruments.

(3) Deferred income, contract liabilities and provisions are excluded from the other liabilities and provisions balance, as this analysis is required only for financial instruments.

At December 31, 2019 *(in € thousand)*	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Borrowings	3,850	17,010	11,644	393	32,898
Lease liabilities	3,225	6,422	27,572	30,205	67,424
Contract liabilities and refund liabilities(1)	448	29	7,000	-	7,477
Trade payables and accruals	16,567	-	-	-	16,567
Tax and employee-related liabilities(2)	6,570	-	-	-	6,570
Other liabilities	222	47	-	-	269
	30,882	**23,507**	**46,216**	**30,598**	**131,204**

(1) Contract liabilities are excluded from the contract liabilities and refund liabilities balance, as this analysis is required only for financial instruments.

(2) Social security and other tax payables are excluded from the tax and employee-related liabilities balance, as this analysis is required only for financial instruments.

The fair values as well as the book values of the Group's borrowings are disclosed in Note 25. To manage liquidity risk, the Group holds sufficient cash, cash equivalents and short-term deposit balances.

2.6. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide benefits for shareholders and for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group actively manages its funds to primarily ensure liquidity and principal preservation while seeking to maximize returns. The Group's cash and short-term deposits are located at several different banks. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

In order to pursue its business strategy to grow into a major, self-sustainable vaccine company through organic growth and opportunistic mergers & acquisitions, the Group may rely on additional equity and debt financing. Capital consists of "Equity" as shown in the consolidated balance sheet.

2.7. Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the relatively short maturity of the respective instruments.

Note 3 Critical accounting estimates and judgment

Estimates and judgments are continously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1. Critical accounting estimates and assumptions

To produce this financial information, the Group's management makes estimates and assumptions that affect the carrying amount of the assets and liabilities, income and expenses and the information disclosed in the Notes.

The management makes these estimates and assessments continuously based on its past experience and various other factors considered reasonable that form the basis of these assessments.

The figures that appear in its future financial statements are likely to differ from these estimates should the assumptions change or the conditions differ.

The main significant estimates made by the Group's management relate primarily to the valuation of intangible assets (impairment testing, amortization period of development expenditures and acquired technologies), revenue recognition (for licensing income recognized over the projected development period; for likelihoods for refund liabilities; for income and repayments from grants, measured according to cost incurred compared to the budget), valuation of share based payments, recognition of deferred tax assets as well as the assumptions taken for the contingencies and provisions related to the litigations.

3.2. Critical judgments in applying the entity's accounting policies

Revenue and other income recognition

The Group generates revenues from license and service agreements for its product candidates and proprietary technologies. Such agreements usually provide for multiple performance obligations and multiple fee components. Management's judgment is required to determine whether such different components of an agreement are, from the partner's perspective, viewed as one transaction or as separately identifiable components, and, where revenue recognition criteria are applied separately to multiple components of an agreement, to determine the fair value of each component of an arrangement.

The Group receives funding from the Coalition for Epidemic Preparedness Innovations (CEPI), which include performance obligations and refund obligations. Management's judgment is required to determine whether such components of an agreement are revenues from customers or fall within the standard of accounting for government grants. In addition the valuation and of the various components need management's judgment.

Note 4 Segment information

Operating segments are reported in a manner consistent with the internal reporting, provided to the chief operating decision maker. The Group identified the Management Board as "Chief operating decision maker". The Management Board reviews the consolidated operating results regularly to make decisions about resources and to assess overall performance.

The Management Board primarily uses a measure of operating profit/(loss) to assess the performance of the operating segments. However, the Management Board also receives information about the segments' revenue on a monthly basis.

The individual segments consist of following:

- "commercialized vaccines" (marketed vaccines, currently the Group's vaccines IXIARO®/JESPECT®, DUKORAL®, as well as third-party products);
- "vaccine candidates" (proprietary research and development programs aiming to generate new approvable products in order to generate future cash flows from product sales or from commercialization through partnering with pharmaceutical companies);
- "technologies and services" (services and inventions at a commercialization stage, *i.e.* revenue generating through collaborations, service and licensing agreements, including EB66® and IC31®).

4.1. Income statement aggregated by segment

Income statement aggregated by segment for the year ended December 31, 2018

(In € thousand)	Commer-cialized vaccines	Vaccine candidates	Techno-logies and services	Corporate overhead	Total
Revenues	103,650	2,633	6,752	-	113,035
Cost of goods and services	(39,675)	(1)	(4,772)	-	(44,448)
Research and development expenses	(5,867)	(18,654)	(769)	-	(25,291)
Marketing and distribution expenses	(20,339)	(12)	(579)	1	(20,930)
General and administrative expenses	(4,336)	(1,756)	(775)	(10,066)	(16,932)
Other income and expenses, net	-	3,899	374	(269)	4,004
Amortization and impairment of fixed assets/intangibles	(2,767)	(7)	(403)	-	(3,177)
OPERATING PROFIT/(LOSS)	**30,666**	**(13,898)**	**(173)**	**(10,334)**	**6,261**
Finance income/expenses, result from investments in associates and income tax	-	-	-	(2,998)	(2,998)
PROFIT/(LOSS) FOR THE YEAR	**30,666**	**(13,898)**	**(173)**	**(13,332)**	**3,264**

Income statement aggregated by segment for the year ended December 31, 2019

(In € thousand)	Commer-cialized vaccines	Vaccine candidates	Techno-logies and services	Corporate overhead	Total
Revenues	129,674	(10,516)	7,038	-	126,196
Cost of goods and services	(45,020)	(2)	(4,946)	-	(49,968)
Research and development expenses	(3,928)	(32,778)	(1,178)	-	(37,883)
Marketing and distribution expenses	(22,989)	(895)	(261)	-	(24,145)
General and administrative expenses	(4,107)	(1,918)	(780)	(11,593)	(18,398)
Other income and expenses, net	7	7,709	484	(1,861)	6,338
Amortization and impairment of fixed assets/intangibles	(2,769)	(86)	(96)	-	(2,952)
OPERATING PROFIT/(LOSS)	**50,868**	**(38,485)**	**260**	**(13,454)**	**(811)**
Finance income/expenses, result from investments in associates and income tax	-	-	-	(933)	(933)
PROFIT/(LOSS) FOR THE YEAR	**50,868**	**(38,485)**	**260**	**(14,387)**	**(1,744)**

4.2. Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the final location where our distribution partner sells the product or where the customer/partner is located. Segment assets are based on the geographical location of the assets.

Revenues per geographical segment

	Year ended at December 31,	
(In € thousand)	2019	2018
US	63,992	42,458
Canada	24,396	22,375
Nordics	11,233	11,616
Germany	10,495	7,969
UK	8,610	8,152
Austria	7,800	4,964
Switzerland	(10,547)	1,602
Other Europe	5,342	8,251
Rest of World	4,873	5,647
REVENUES	**126,196**	**113,035**

Revenues in Switzerland 2019 include a one-time effect related to the discontinuation of the Strategic Alliance Agreement (SAA) with GSK (See Note 5).

Non-current assets per geographical segment

	At December 31,	
(In € thousand)	2019	2018
US	149	24
Canada	68	13
Nordics	29,334	3,299
UK	11,117	6,380
Austria	65,554	68,575
Other Europe	4,928	4,597
NON-CURRENT ASSETS	**111,150**	**82,888**

Non-current assets consist of intangible assets, right of use assets and property, plant and equipment. The increase in non-current assets relates to first time adoption of IFRS 16 (See Note 2.2).

4.3. Information about major customers

Product sales to the largest customer amounted to €46.7 million (2018: €29 million). Collaboration and licensing revenue from the two largest customers amounted to €4.1 million (2018: €1.6 million) and €0.8 million (2018: €1.6 million), respectively. There are no further customers with a contribution exceeding 10% of the annual revenue.

Note 5 Revenues from contracts with customers

IFRS 15 provide accounting requirements for all revenues arising from contracts with customers.

The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 are applied using the following five steps:

1. identify the contract(s) with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract;
5. recognise revenue when (or as) the entity satisfies a performance obligation.

Within the Valneva Group the following revenue streams were identified:

a. revenue from Product Sales;
b. revenue from Licensing & Services.

Product sales

The Group's product sales contracts generally include one performance obligation. Revenue is recognized at the point in time when the identified performance obligation is transferred to the customer, so when the customer obtains control over the goods.

Some of the Group's product sales agreements include retrospective rebates, charge-back clauses or discounts which give rise to variable consideration under IFRS 15. The expected rebates and discounts are deferred and shown as contract liabilities in the consolidated balance sheet.

In some cases, Valneva sells the products through distributors. When more than one party is involved in providing/distributing goods or services, the standard requires an entity to determine whether itself and its distributors are principals or agents in these transactions by evaluating the nature of its promises to the customer. An entity is a principal if it controls a promised good or service before transferring that good or service to the customer. An entity is an agent if its role is to arrange for another entity to provide the goods or services. If a distributor is an agent, revenue and cost of goods sold are only recognized at the time of sale from this distributor to the customer. If the distributor is a principal, revenue is recognized at the time of sale from Valneva to the distributor.

Revenues from licensing and services

The Group generates revenues from licensing and service agreements for its product candidates and proprietary technologies. The contracts in place often include several different promised services such as research licenses, commercial licenses and further research and development (R&D) services. The terms of such agreements include license fees payable as initial fees, annual license maintenance fees and fees to be paid upon achievement of milestones, as well as license option fees and fees for the performance of research services. In addition, the Group's licensing arrangements generally provide for royalties payable on the licensee's future sales of products developed within the scope of the license agreement.

IFRS 15 provides application guidance specific to the recognition of revenue from licenses of intellectual property, which differs from the recognition model for other goods and services. This application guidance provided on licenses is only applicable to licenses that are distinct or if the license is the primary or dominant component (*i.e.,* the predominant item) of the combined performance obligation. To conclude that a license is distinct, the license must be both capable of being distinct and distinct in the context of the contract.

According to the revenue recognition standard a license will provide a right of access to the entity's intellectual property throughout the license period; this results in revenue being recognized over time. A license may also be a right to use the entity's intellectual property as it exists at the point in time at which the license is granted, resulting in revenue being recognized at a point in time. The Group's license contracts in place provide right-to-use licenses.

The consideration for licensing contracts may consist of fixed and variable parts. In case of right-to-use licenses the fixed part of the consideration is recognized at the point in time of the grant of the licenses. For any variable consideration revenue is recognized at the point in time when the variable constraint is removed. Additionally, the new standard requires the recognition of revenue for sales-based or usage-based royalties (or sales milestone payments) on licenses at the later of when the subsequent sale or usage occurs and the performance obligation is (partially) satisfied.

For the R&D services and for performance obligations that combine licenses that are not distinct and other services it needs to be analyzed whether one of the criteria mentioned in IFRS 15.35 is met. In this case, the revenue for these services is recognized over time in relation to the status of research, otherwise the revenue is recognized at a point in time. Revenue for R&D services within the Group's contracts currently in place is recognized over time. Any part of the transaction price that is constrained can only be recognized when the variable constraint is removed.

Variable considerations are included in revenues only to the extent that is highly probable that a significant reversal in the amount of the cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period the Group updates the estimated transaction price and its assessment of whether an estimate of variable consideration is constrained.

Revenues as presented in the Consolidated Income Statement and in the Segment Reporting (See Note 4) include both revenues from contracts with customers and other revenues, which are out of scope from IFRS 15:

YEAR ENDED DECEMBER 31, 2018 *(in € thousand)*	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
Revenues from contracts with customers	103,650	2,633	5,295	111,578
Other revenues	-	-	1,457	1,457
REVENUES	**103,650**	**2,633**	**6,752**	**113,035**

YEAR ENDED DECEMBER 31, 2019 *(in € thousand)*	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
Revenues from contracts with customers	129,674	(10,516)	5,768	124,926
Other revenues	-	-	1,270	1,270
REVENUES	**129,674**	**(10,516)**	**7,038**	**126,196**

Valneva's total revenues for 2019 include a one-time effect related to the discontinuation of the Strategic Alliance Agreement (SAA) with GSK in June 2019. A negative effect of net €10.7 million was included in Valneva's revenues from collaboration and licensing reflecting both the current and future payment obligations related to the termination of the SAA, which consist of:

(In € thousand)	2019
Settlement fee (fixed)	(9,000)
Settlement fee (variable; excluding financing component)	(5,987)
Release of SAA related contract liabilities	4,274
NET ONE-TIME EFFECT OF SAA TERMINATION	**(10,714)**

5.1. Disaggregated revenue information

The Group's revenues from contracts with customers are disaggregated as follows:

Type of goods or service

YEAR ENDED DECEMBER 31, 2018 *(in € thousand)*	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
JEV® product	69,726	-	-	69,726
DUKORAL® product	30,401	-	-	30,401
Third party products	3,523	-	-	3,523
Others	-	2,633	5,295	7,928
REVENUES FROM CONTRACTS WITH CUSTOMERS	**103,650**	**2,633**	**5,295**	**111,578**

Year ended December 31, 2019 (in € thousand)	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
JEV® product	94,307	-	-	94,307
DUKORAL® product	31,471	-	-	31,471
Third party products	3,896	-	-	3,896
Others	-	(10,516)	5,768	(4,748)
REVENUES FROM CONTRACTS WITH CUSTOMERS	**129,674**	**(10,516)**	**5,768**	**124,926**

Geographical markets

Year ended December 31, 2018 (in € thousand)	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
United States	40,844	1,411	203	42,458
Canada	22,365	-	10	22,375
Nordics	10,716	-	619	11,335
Germany	7,954	-	15	7,969
United Kingdom	8,152	-	-	8,152
Austria	2,002	-	1,798	3,799
Switzerland	381	1,221	-	1,602
Other Europe	6,140	-	2,099	8,239
Other markets	5,096	-	551	5,647
REVENUES FROM CONTRACTS WITH CUSTOMERS	**103,650**	**2,633**	**5,295**	**111,578**

Year ended December 31, 2019 (in € thousand)	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
United States	63,700	162	130	63,992
Canada	24,396	-	-	24,396
Nordics	11,027	-	5	11,032
Germany	10,345	-	150	10,495
United Kingdom	8,596	-	15	8,610
Austria	2,668	-	4,136	6,803
Switzerland	167	(10,714)	-	(10,547)
Other Europe	4,794	36	440	5,270
Other markets	3,980	-	893	4,873
REVENUES FROM CONTRACTS WITH CUSTOMERS	**129,674**	**(10,516)**	**5,768**	**124,926**

Sales channels

Year ended December 31, 2018 *(in € thousand)*	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
Direct product sales	84,077	-	-	84,077
Sales through distributors and other revenues	19,573	2,633	5,295	27,501
REVENUES FROM CONTRACTS WITH CUSTOMERS	**103,650**	**2,633**	**5,295**	**111,578**

Year ended December 31, 2019 *(in € thousand)*	Commercialized vaccines	Vaccine candidates	Technologies and services	Total
Direct product sales	105,296	-	-	105,296
Sales through distributors and other revenues	24,378	(10,516)	5,768	19,631
REVENUES FROM CONTRACTS WITH CUSTOMERS	**129,674**	**(10,516)**	**5,768**	**124,926**

5.2. Receivables from contracts with customers

Trade receivables include €24,034 thousand (2018: €11,218 thousand) receivables from contracts with customers.

5.3. Liabilities from contracts with customers

A contract liability has to be recognized, when the customer already provided the consideration (payment) or part of the consideration, before an entity has fulfilled its performance obligation (agreed goods or services which should be delivered or provided), resulting from the "contract". Contract liabilities include deferrals relating to variable considerations like retrospective rebates and discounts as well as non-refundable upfront fees.

Refund liabilities mainly includes the variable portion of the settlement fee from discontinuation of the Strategic Alliance Agreement with GSK (See Note 5).

The following tables provide information about contract liabilities and refund liabilities:

	At December 31,		
(In € thousand)	2019	2018	At January 1, 2018
Contract liabilities non-current	732	3,053	4,274
Refund liabilities non-current	6,105	-	-
TOTAL	**6,837**	**3,053**	**4,274**

	At December 31,		
(In € thousand)	2019	2018	At January 1, 2018
Contract liabilities current	694	1,682	2,273
Refund liabilities current	448	-	-
TOTAL	**1,142**	**1,682**	**2,273**

The amount of €462 thousand (2018: €2,228 thousand) recognized in contract liabilities at the beginning of the period has been recognized as revenue in the year 2019.

Note 6 Expenses by nature

The consolidated income statement line items cost of goods and services, research and development expenses, marketing and distribution expenses, general and administrative expenses and amortization and impairment of fixed assets/intangibles include the following items by nature of cost:

	Year ended December 31,	
(In € thousand)	2019	2018
Employee benefit expense (Note 7)	48,771	43,189
Consulting and other purchased services	29,840	20,338
Cost of sales from inventory produced in prior year	5,320	4,856
Raw materials and consumables used	9,844	7,749
Depreciation and amortization & impairment (Notes 13 - 14 - 15)	8,607	6,828
License fees and royalties	7,553	5,825
Building and energy costs	6,995	8,331
Advertising costs	6,801	5,737
Supply, office and IT-costs	3,281	2,793
Warehousing and distribution costs	3,013	2,857
Travel and transportation costs	1,921	1,720
Other expenses	1,399	555
COST OF GOODS AND SERVICES, RESEARCH AND DEVELOPMENT EXPENSES, MARKETING AND DISTRIBUTION EXPENSES, GENERAL AND ADMINISTRATIVE EXPENSES AND AMORTIZATION AND IMPAIRMENT OF FIXED ASSETS/INTANGIBLES	**133,345**	**110,777**

Fees charged by the Group Auditors:

	Year ended December 31,			
	2019		2018	
(In € thousand)	PwC Audit	Deloitte & Associés	PwC Audit	Deloitte & Associés
Certification of accounts	103	100	113	116
Services other than certification of accounts	-	-	2	6
TOTAL	**103**	**100**	**115**	**122**

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Note 7 Employee benefit expense

Employee benefit expenses include the following:

	Year ended December 31,	
(In € thousand)	2019	2018
Salaries	34,128	30,382
Social security contributions	10,621	9,432
Stock options granted to management and employees	2,552	1,887
Training and education	672	619
Other employee benefits	798	870
EMPLOYEE BENEFIT EXPENSE	**48,771**	**43,189**

During the year 2019, the Group had an average of 508 employees (2018: 456 employees).

Note 8 Other income/(expenses), net

8.1. Grants

Grants from governmental agencies and non-governmental organizations are recognized at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all conditions.

Grant monies received as reimbursement of approved research and development expenses are recognized as other income when the respective expenses have been incurred and there is reasonable assurance that funds will be received. Advance payments received under such grants are deferred and recognized when these conditions have been met. Advanced payments received which need to be repayed are recognized as borrowings.

Government grant monies received to support the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

In 2019 the Group signed a funding agreement with Coalition for Epidemic Preparedness Innovations (CEPI). Valneva will receive up to $23.4 million for vaccine manufacturing and late-stage clinical development of a single-does, live attenuated vaccine (VLA1553) against chikungunya. In line with CEPI's commitment to equitable access, the funding will underwrite a partnership effort to accelerate regulatory approval of Valneva's single-dose Chikungunya vaccine for use in regions where outbreaks occur and support WHO prequalification to facilitate broader access in lower and middle income countries. CEPI money is treated under IAS 20 and presented as other income. In 2019 €1.8 million of grant income related to CEPI (2018: zero).

8.2. R&D tax credits

Research and development tax credits granted by tax authorities are accounted for as grants under IAS 20. In consequence, the portion of the research tax credit covering operating expenses is recognized in the income statement under "Grants" in "Other income and expenses, net" and the portion covering capitalized development expenditures under "Intangible assets" is recorded as deduction from the assets relating to fixed assets.

Other income/(expenses), net include the following:

	Year ended December 31,	
(In € thousand)	2019	2018
R&D tax credit	6,314	4,187
Grant income	1,886	87
Profit/(loss) on disposal of fixed assets, net	(92)	(7)
Taxes, duties, fees, charges, other than income tax	(146)	(132)
Miscellaneous income/(expenses), net	(1,623)	(132)
OTHER INCOME/(EXPENSES), NET	**6,338**	**4,004**

Miscellaneous income/(expenses) for year 2019 included €2.1 million expense relating to major litigations. For detailed information see Note 29.2.

Note 9 Finance income/(expenses), net

Interest income is recognized on a time-proportion basis using the effective interest method.

	Year ended December 31,	
(In € thousand)	2019	2018
FINANCE INCOME		
Interest income from other parties	199	178
Foreign exchange gains, net	1,250	-
	1,449	**178**
FINANCE EXPENSE		
▪ Interest expense to banks and government agencies	(331)	(382)
▪ Interest expense on other loans	(1,376)	(3,407)
▪ Interest expenses on lease liabilities	(926)	-
▪ Fair value losses on derivative financial instruments	(449)	(29)
▪ Foreign exchange losses, net	-	(392)
	(3,082)	**(4,209)**
FINANCE INCOME/(EXPENSES), NET	**(1,633)**	**(4,032)**

The net finance result amounted to minus €1.6 million for the year 2019 compared to minus €4 million in the year 2018. This decrease in net finance expenses was mainly due to a positive exchange rate effects in 2019 and reduced interest expense due to the decrease in borrowings.

The Group benefits from government assistance through arranging borrowing facilities that would have otherwise not been available to the Group. This assistance includes guarantees for the amount of €6.2 million (2018: €6.5 million).

Note 10 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed within the foreseeable future.

10.1. Income tax

Income tax is comprised of current and deferred tax.

	Year ended December 31,	
(In € thousand)	2019	2018
CURRENT TAX		
Current income tax charge	(2,849)	(1,512)
Adjustments in respect of current income tax of previous year	(258)	299
DEFERRED TAX		
Relating to origination and reversal of temporary differences	2,233	1,125
INCOME TAX INCOME/(EXPENSE)	**(874)**	**(88)**

The individual entities' reconciliations – prepared on the basis of the tax rates applicable in each country while taking consolidation procedures into account – have been summarized in the reconciliation below. The estimated tax charge is reconciled to the effective tax charge disclosed.

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	Year ended December 31,	
(In € thousand)	2019	2018
Profit/(Loss) before tax	(870)	3,351
Tax calculated at domestic tax rates applicable to profits in the respective countries	(1,431)	(336)
Income not subject to tax	1,727	2,012
Expenses not deductible for tax purposes	(169)	(697)
Deferred tax asset not recognized	(7,405)	(2,192)
Utilization of previously unrecognized tax losses	5,480	697
Income tax credit	105	139
Effect of change in applicable tax rate	(1,708)	(4)
Exchange differences	62	(10)
Income tax of prior years	(256)	302
Minimum income tax	(142)	-
INCOME TAX	**(874)**	**(88)**

	2019	2018
Effective income tax rate	-	2.6%

10.2. Deferred tax

As of December 31, 2019 the deferred tax assets of €110.2 million (2018: €114.2 million) are not recognized as there was not sufficient evidence that adequate taxable profit will be available against which the unused tax losses can be utilized in the foreseeable future.

As of December 31, 2019 the Group has tax losses carried forward of €457 million (2018: €491.5 million), of which €176.5 million are related to Valneva SE (2018: €189 million), €278.7 million are related to Valneva Austria GmbH (2018: €297.5 million), €0.6 million are related to Valneva USA, Inc. (2018: €2 million), €1.2 million are related to Valneva Scotland, Ltd. (2018: €1.6 million) and zero are related to Valneva Sweden AB (2018: €1.4 million).

Tax losses carried forward in France, Austria, United Kingdom and Sweden have no expiry date, whereas the tax loss from US entities will begin to expire in the year 2033 if unused.

The offset amounts are as follows:

	At December 31,	
(In € thousand)	2019	2018
DEFERRED TAX ASSETS		
▪ Deferred tax asset to be recovered after more than 12 months	8,995	10,495
▪ Deferred tax asset to be recovered within 12 months	5,413	2,116
TOTAL DEFERRED TAX ASSETS	**14,408**	**12,611**
DEFERRED TAX LIABILITIES		
▪ Deferred tax liability to be recovered after more than 12 months	(9,264)	(9,737)
▪ Deferred tax liability to be recovered within 12 months	(157)	(185)
TOTAL DEFERRED TAX LIABILITY	**(9,421)**	**(9,922)**
DEFERRED TAX, NET	**4,988**	**2,689**

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The gross movement on the deferred income tax account is as follows:

(In € thousand)	2019	2018
Beginning of year	2,689	1,620
Exchange differences	66	74
Other adjustments due to tax changes	-	(130)
Income statement charge	2,233	1,125
END OF YEAR	**4,988**	**2,689**

The deferred tax assets and liabilities are allocable to the various balance sheet items as follows:

	At December 31,	
(In € thousand)	2019	2018
DEFERRED TAX ASSET FROM		
Tax losses carried forward	114,148	122,700
Fixed assets	2,270	617
Inventory	3,399	1,888
Borrowings and accrued interest	1,332	1,282
Provision	1,570	-
Other items	1,903	288
Non-recognition of deferred tax assets	(110,215)	(114,164)
TOTAL DEFERRED TAX ASSETS	**14,408**	**12,611**
DEFERRED TAX LIABILITY FROM		
Fixed assets	(246)	(160)
Intangible assets	(8,931)	(9,574)
Other items	(243)	(188)
TOTAL DEFERRED TAX LIABILITY	**(9,421)**	**(9,922)**
DEFERRED TAX, NET	**4,988**	**2,689**

The corporate income tax rate in the United Kingdom will be 17% starting from April 1, 2020 (substantively enacted).

The corporate income tax rate in France will be gradually reduced over the next years to 25%. A 28% rate will apply for the first €500 thousand of profit in 2020 (with the remaining profits subject to the 31% in 2020). The rate will be reduced to 26.5% in 2021 and 25% from 2022 onward on the full amount of taxable profits.

The corporate income tax rate (federal and state tax together) in US is 25.67%.

The deferred tax asses and liabilities presented above as at December 31, 2019 have been adjusted for these changes in tax rates.

The resulting deferred tax assets were only recognized for entities where sufficient evidence has been provided that adequate taxable profit will be available against which the unused tax losses can be utilized in the foreseeable future.

Note 11 Earnings (Losses) per share

(a) Basic

Basic earnings (losses) per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of outstanding shares during the year, excluding shares purchased by the Company and held as treasury shares (See Note 23).

	Year ended December 31,	
	2019	2018
Net loss (profit) from continuing operations attributable to equity holders of the Company *(in € thousand)*	(1,744)	3,264
Weighted average number of outstanding shares	91,744,268	80,529,315
BASIC EARNINGS (LOSSES) FROM CONTINUING OPERATIONS PER SHARE *(IN EUROS PER SHARE)*	**(0.02)**	**0.04**

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary outstanding shares to assume conversion of all dilutive potential ordinary shares. The Company has share options as dilutive potential ordinary shares. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended December 31,	
	2019	2018
Profit used to determine diluted earnings per share *(in € thousand)*	(1,744)	3,264
Weighted average number of outstanding shares	91,744,268	80,529,315
Adjustments for share options	-	1,070,843
Weighted average number of outstanding shares for diluted earnings per share	91,744,268	81,600,158
DILUTED EARNINGS/(LOSSES) FROM CONTINUING OPERATIONS PER SHARE *(IN EUROS PER SHARE)*	**(0.02)**	**0.04**

Note 12 EBITDA

The Management Board primarily uses EBITDA (Earnings before interest, taxes, depreciation and amortization) to assess the performance of the Group. EBITDA was calculated by excluding depreciation, amortization and impairment of tangible and intangible assets from the operating profit.

	Year ended December 31,	
(In € thousand)	2019	2018
Operating profit/(loss)	(811)	6,261
Depreciation	2,502	3,067
Amortization	6,030	3,760
Impairment on intangibles and fixed assets	75	-
EBITDA	**7,796**	**13,089**

Note 13 Intangible assets and goodwill

Assets that have an indefinite useful life, such as acquired R&D technology and projects and capitalized development projects not ready for use are not subject to amortization and are tested annually for impairment. Furthermore, assets that have an indefinite useful life and assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling costs and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(a) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and implement the specific software. These costs are amortized on a straight-line basis over their estimated useful lives, generally three to six years.

Costs associated with developing or maintaining computer software programs are recognized as expenses when they have been incurred.

(b) Acquired R&D technology and projects

Acquired R&D technology projects are capitalized. Amortization of the intangible asset over its useful life starts when the product has been fully developed and is ready for use. These costs are amortized on a straight-line basis over their useful lives. This useful life is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading. The current acquired R&D technology and projects are amortized over periods of 24 years.

(c) Development costs

Research expenses are recognized as expenses when incurred. Development expenses incurred on clinical projects (related to the design and testing of new or significantly improved products) are recognized as intangible assets when the following criteria have been fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and to utilize or sell it;
- there is an ability to utilize or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial, and/or other resources to complete the development and to utilize or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as expenses when they are incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use on a straight-line basis over its useful life, generally 10-15 years.

(In € thousand)	Software	Acquired R&D technology and projects	Development costs	Intangible assets in the course of construction	Total
JANUARY 1, 2018					
Cost	5,514	83,087	10,075	46	98,722
Accumulated amortization and impairment	(3,025)	(39,675)	(7,555)	-	(50,254)
NET BOOK VALUE	**2,489**	**43,412**	**2,520**	**46**	**48,468**
DECEMBER 31, 2018					
Opening net book value	2,489	43,412	2,520	46	48,468
Exchange rate differences	(64)	(35)	(6)	-	(106)
Additions	156	82	228	-	466
Reclassification	46	-	-	(46)	-
Disposals	-	-	(12)	-	(12)
Amortization charge	(582)	(2,671)	(672)	-	(3,925)
Impairment charge	-	-	-	-	-
CLOSING NET BOOK VALUE	**2,045**	**40,788**	**2,058**	**-**	**44,891**
DECEMBER 31, 2018					
Cost	5,642	83,120	9,789	-	98,551
Accumulated amortization and impairment	(3,597)	(42,332)	(7,731)	-	(53,660)
NET BOOK VALUE	**2,045**	**40,788**	**2,058**	**-**	**44,891**
DECEMBER 31, 2019					
Opening net book value	2,045	40,788	2,058	-	44,891
Exchange rate differences	7	116	15	-	138
Additions	205	42	88	48	383
Disposals	-	-	(11)	-	(11)
Amortization charge	(629)	(2,687)	(197)	-	(3,512)
Impairment charge	-	(75)	-	-	(75)
CLOSING NET BOOK VALUE	**1,629**	**38,183**	**1,953**	**48**	**41,813**
DECEMBER 31, 2019					
Cost	5,873	83,294	10,047	48	99,263
Accumulated amortization and impairment	(4,244)	(45,111)	(8,095)	-	(57,450)
NET BOOK VALUE	**1,629**	**38,183**	**1,953**	**48**	**41,813**

13.1. Significant intangible assets

Significant intangible assets with an indefinite useful life comprise primarily the Borrelia vaccine candidate (VLA15) amounting to €3.3 million (2018: €3.3 million) and the Zika vaccine candidate (VLA1601) amounting to €0 thousand (2018: €75 thousand), which was impaired to zero in 2019.

Significant intangible assets with definite useful life comprise primarily the already commercialized vaccine against Japanese encephalitis (IXIARO®/JESPECT®) with acquisition costs amounting to €78.2 million and a book value amounting to €36.2 million. The accumulated depreciation amounts to €42 million. The useful life of the JEV intangible was reassessed in 2018 considering the valid patent period of patents used and the expected cash inflow period, taking into account that there is no indication that Valneva's vaccine will be replaced over that period. The remaining life was extended by 9 years to remaining 15 years as of January 1, 2018. Therefore the remaining life is 13 years as of December 31, 2019.

13.2. Impairment testing

The book values of capitalized in-process research and development projects have been assessed annually for impairment testing purposes using the risk-adjusted discounted cash flow method. Lyme VLA15 is currently the only active R&D program for which a book value is carried on the balance sheet. Management reviews the business performance based on in-process research and development projects. The recoverable amount of this project has been determined based on value-in-use calculations.

The calculations use post tax risk-adjusted cash flow projections based on the Group's long-range business model including probability-of-success assumptions derived from industry specific statistics on success rates of vaccines in the different development phases (risk-adjustment) and a discount rate of 10.43% (2018: 12.09% *per annum*).

The discount rate of 10.43% (2018: 12.09% *per annum*) is based on 0.34% risk-free rate (2018: 0.95%), 8.96% market risk premium (2018: 7.71%), -0.12% country risk premium (2018: 0.39%), 0.25% currency risk (2018: 0.32%), a beta of 1.19 (2018: 1.45), and a peer group related equity-capital ratio.

The long range business model covers a period of 16 years as well as an estimate on the perpetual annual growth rate beyond this horizon and therefore accounts for all project related cash flows from the development stage over the market entry until the market phase-out (project life cycle) of the relevant projects. These business models are updated on a regular basis and relevant changes in estimations done.

An impairment charge amounting to €0.1 million has been recognized following the decision of Emergent BioSolutions Inc. to not make use of their opt-in right post successful finalization of the Phase 1 clinical study.

In addition to Lyme VLA15 an impairment test has been performed on the intangible assets related to Valneva's JEV vaccine IXIARO® following the same methodology. Given there was no triggering event the impairment test has been performed on a voluntary basis.

13.3. Sensitivity to changes in assumptions

The net present value calculations are most sensitive to the following assumptions:

- discount rate;
- probability of project success;
- reduction of expected revenues/royalties.

The net present value calculation uses a discount rate of 10.43% (2018: 12.09%). An increase in the discount rate of 1,071 basis points from 10.43% to 21.14% would trigger an impairment loss (2018: increase of 253 basis points from 12.09% to 14.62%). Furthermore, an increase in the discount rate of one percentage point would result in no impairment loss.

The result of the acquired research and development projects (See Note 13.1) is inherently uncertain and the Group may experience delays or failures in clinical trials. A failure to demonstrate safety and efficacy in clinical product development of the acquired research and development project would result in an impairment loss. The net present value calculation uses a probability of success rate of 24.4% (2018: 24.4%) for acquired products in the stage of research and development. The weighted risk is applied on expected revenues, COGS and Sales and Marketing expenses. Expected Phase 3 R&D costs to develop the program to licensure have been included using a probability to be incurred of 42.7%.

The net present value calculations are based upon assumptions regarding market size, expected sales volumes resulting in sales value expectations, expected royalty income or expected milestone payments. A reduction in revenues of 10% would result in no additional impairment loss in 2019 and 2018.

Note 14 Leases

The Group leases various premises, equipment and vehicles. Rental contracts are typically made for fixed periods of few months to five years. The rental contracts for the premises in Sweden and Austria include a significantly longer fixed period. Normally the rental contracts do not include an option for early termination or prolongation of the rental period.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets (below € 5 thousand) are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and without an option for the lessee to prolong the contract to more than 12 months or it is not reasonably certain to excerise such an option. Low-value assets comprise mainly IT equipment and small items of office furniture.

The Group does not have residual value guarantees in the rental contracts.

Some lease agreements, including the major contracts for the premises in Austria and Sweden, contain variable payments based on inflation rates or on published interest rates.

14.1. Development of right-of-use assets and lease liabilties

	Right-of-use assets				
(In € thousand)	Land, buildings and leasehold improvements	Manufacturing and laboratory equipment	Furniture, fittings and other	Total	Lease liabilities
December 31, 2018	-	-	-	-	26,662
Reclass (IAS 17)	26,414	-	-	26,414	-
IFRS 16 Adoption	24,095	80	347	24,523	33,997
JANUARY 1, 2019	**50,510**	**80**	**347**	**50,937**	**60,659**
Additions	738	-	64	802	802
Amortization	(2,389)	(22)	(132)	(2,543)	-
Revaluation due to variable payments	61	-	(33)	27	27
Termination of contracts	-	-	(13)	(13)	(12)
Lease payments	-	-	-	-	(3,681)
Interest expenses	-	-	-	-	926
Exchange rate differences	120	-	2	(123)	179
DECEMBER 31, 2019	**49,039**	**58**	**236**	**49,334**	**58,901**

More details on lease liabilities can be seen in Note 28.

14.2. Other amounts recognized in the consolidated income statement

	Year ended December 31,	
(In € thousand)	2019	2018
Expense relating to short-term leases (included in other income and expenses)	146	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other income and expenses)	3	-

Note 15 Property, plant and equipment

Property, plant and equipment mainly comprise a manufacturing facility and leasehold improvements in rented office and laboratory space. All property, plant and equipment are stated at historical cost less depreciation and less impairment losses when necessary. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and that the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Property, plant and equipment include machinery, for which validation is required to bring the asset to its working condition. The costs of such validation activities are capitalized together with the cost of the asset. Validation costs beyond the normal validation costs, which are usually required to bring an asset to its working condition, are expensed immediately. The usual validation costs are capitalized on the asset and depreciated over the remaining life of the asset or the shorter period until the next validation is usually required.

Depreciation of assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

- buildings, leasehold improvements: 5-40 years;
- machinery, laboratory equipment: 2-15 years;
- furniture, fittings and office equipment: 4-10 years;
- hardware : 3-5 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is immediately written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement "other income and expenses, net" (See Note 8).

(In € thousand)	Land, buildings and leasehold improvements	Manufacturing and laboratory equipment	Computer hardware	Furniture, fittings and other	Assets in the course of construction	Total
JANUARY 1, 2018						
Cost	52,469	19,697	1,536	1,657	146	74,781
Accumulated depreciation and impairment	(17,583)	(15,730)	(1,307)	(1,122)	-	(35,742)
NET BOOK VALUE	**33,445**	**3,951**	**356**	**430**	**192**	**38,374**
DECEMBER 31, 2018						
Opening net book value	33,445	3,951	356	430	192	38,374
Exchange rate differences	(45)	(60)	(3)	(5)	(8)	(120)
Additions	98	1,907	229	36	599	2,869
Reclassification	-	89	-	44	(133)	-
Disposals	-	(70)	-	-	-	(70)
Depreciation charge	(1,491)	(1,255)	(172)	(137)	-	(3,055)
CLOSING NET BOOK VALUE	**32,007**	**4,562**	**410**	**368**	**650**	**37,997**

(In € thousand)	Land, buildings and leasehold improvements	Manufacturing and laboratory equipment	Computer hardware	Furniture, fittings and other	Assets in the course of construction	Total
DECEMBER 31, 2018						
Cost	52,381	18,333	1,906	1,742	650	75,012
Accumulated depreciation and impairment	(20,374)	(13,771)	(1,496)	(1,374)	-	(37,015)
NET BOOK VALUE	**32,007**	**4,562**	**410**	**368**	**650**	**37,997**
DECEMBER 31, 2019						
Closing net book value 2018	32,007	4,562	410	368	650	37,997
IFRS 16 Adoption	(26,414)	-	-	-	-	(26,414)
OPENING NET BOOK VALUE	**5,593**	**4,562**	**410**	**368**	**650**	**11,583**
Exchange rate differences	201	99	10	11	(34)	285
Additions	4,328	2,696	484	28	3,176	10,711
Disposals	(65)	(8)	(1)	(7)	-	(81)
Depreciation charge	(808)	(1,411)	(197)	(86)	-	(2,502)
Reversal of impairment charge	-	7	-	-	-	7
CLOSING NET BOOK VALUE	**9,248**	**5,944**	**707**	**313**	**3,791**	**20,003**
December 31, 2019						
Cost	22,044	21,137	2,432	1,762	3,791	51,167
Accumulated depreciation and impairment	(12,795)	(15,193)	(1,726)	(1,449)	-	(31,163)
NET BOOK VALUE	**9,248**	**5,944**	**707**	**313**	**3,791**	**20,003**

Depreciation and amortization expenses of €591 thousand (2018: €486 thousand) were charged to cost of goods and services, €1.1 million (2018: €1 million) were charged to research and development expenses, €98 thousand (2018: €18 thousand) were charged to marketing and distribution expenses and €314 thousand (2018: €136 thousand) were charged to general and administrative expenses. The increased in depreciation and amortization expenses in 2019 relates to first adoption of IFRS 16 and the amortization of right-of-use assets.

No operating property leases (2018: €2.4 million) are included in the income statement.

In 2018 Property, plant and equipment contained the following amounts where the Group was a lessee under a finance lease agreement for the office and research laboratory building in Vienna, including a waiver of termination right for 15 years as well as a purchase option:

(In € thousand)	Buildings and leasehold improvements	Total
DECEMBER 31, 2018		
Cost	34,795	34,795
Accumulated depreciation	(8,381)	(8,381)
NET BOOK VALUE	**26,414**	**26,414**

Due to the first time adoption of IFRS 16 in 2019, the assets from finance lease have been reclassified to right-of-use assets (See Notes 2.2 and 14).

Note 16 Equity-accounted investees

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Details of the Group's material associate are as follows:

Name of associate	Place of business	Measurement method	% of ownership interest at December 31, 2019	2018
BliNK Biomedical SAS	FR	Equity method	48.9%	43.3%

In 2015, Valneva and the UK company BliNK Therapeutics Ltd. founded BliNK Biomedical SAS ("BliNK"), a private company specialized in the discovery of innovative monoclonal antibodies. Valneva contributed assets and liabilities in conjunction with the VIVA|Screen® technology. From 2018 onward BliNK reduced its research activities and has licensed out its technology.

BliNK is a private company and its shares are not listed on a stock exchange.

While Valneva intends to retain a substantial ownership interest in the entity, BliNK is run as an independent business by its own management team. Valneva does not have control over the company in the regards of IFRS 10, but rather holds a significant influence in BliNK in accordance with IAS 28.3, and therefore the investment is consolidated at equity according to IAS 28.16.

Valneva recorded a profit of €1.6 million related to its share of equity in BliNK (2018: €1.1 million). The total equity of BliNK amounts to €4.6 million as of December 31, 2019 (€2.6 million as of December 31, 2018)

16.1. Summarized financial information for material associate

The summarized financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS (adjusted by the Group for equity accounting purposes).

(In € thousand)	At December 31, 2019	2018
BliNK Biomedical SAS		
Non-current assets	3	5
Current assets	6,370	5,067
Non-current liabilities	1,371	1,999
Current liabilities	217	483
Revenue	3,281	4,907
Profit/(loss) from continuing operations	1,629	2,187
Total comprehensive income	1,629	2,187

16.2. Reconciliation to the carrying amount

(In € thousand)	At December 31, 2019	2018
Net assets of associate	4,627	2,590
Proportion of the Company's ownership interest in BliNK Biomedical SAS	48.9%	43.3%
BALANCE AS OF DECEMBER 31,	**2,263**	**1,122**

Note 17 Financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date.

The valuation techniques utilized for measuring the fair values of assets and liabilities are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect management's market assumptions.

The fair value of instruments that are quoted in active markets are determined using the quoted prices where they represent those at which regularly and recently occurring transactions take place. Furthermore the Group uses valuation techniques to establish the fair value of instruments where prices, quoted in active markets, are not available.

17.1. Financial instruments by category

DECEMBER 31, 2018 *(in € thousand)*	Assets at fair value through profit and loss	Assets at amortized cost	Total
Assets as per balance sheet			
Trade receivables	-	11,259	11,259
Other assets[(1)]	177	11,617	11,794
Cash and cash equivalents	-	81,725	81,725
ASSETS	**177**	**104,602**	**104,778**

(1) Prepayments and tax receivables are excluded from the other assets balance, as this analysis is required only for financial instruments.

	Liabilities at fair value through profit and loss	Liabilities at amortized cost	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings (excluding finance lease liabilities)[(1)]	-	30,937	30,937
Finance lease liabilities	-	26,662	26,662
Trade payables and accruals	-	13,325	13,325
Tax and employee-related liabilities[(2)]	-	5,672	5,672
Contract liabilities, other liabilities and provisions[(3)]	-	270	270
LIABILITIES	**-**	**76,867**	**76,867**

(1) The categories in this disclosure are determined by IFRS 9. Finance leases are mostly outside the scope of IFRS 9 but they remain within the scope of IFRS 7. Therefore, finance leases have been shown separately.

(2) Social security and other tax payables are excluded from the tax and employee-related liabilities balance, as this analysis is required only for financial instruments.

(3) Deferred income, contract liabilites and provisions are excluded from the other liabilities and provisions balance, as this analysis is required only for financial instruments.

DECEMBER 31, 2019 *(in € thousand)*	Assets at fair value through profit and loss	Assets at amortized cost	Total
Assets as per balance sheet			
Trade receivables	-	24,030	24,030
Other assets[(1)]	-	11,737	11,737
Cash and cash equivalents	-	64,439	64,439
ASSETS		**100,206**	**100,206**

(1) Prepayments and tax receivables are excluded from the other assets balance, as this analysis is required only for financial instruments.

	Liabilities at fair value through profit and loss	Liabilities at amortized cost	Total
Liabilities as per balance sheet			
Borrowings	-	26,316	26,316
Lease liabilities	-	58,901	58,901
Trade payables and accruals	-	16,567	16,567
Tax and employee-related liabilities[(1)]	-	6,570	6,570
Contract liabilities, other liabilities and provisions[(2)]	-	220	220
LIABILITIES	**-**	**108,574**	**108,574**

(1) Social security and other tax payables are excluded from the tax and employee-related liabilities balance, as this analysis is required only for financial instruments.

(2) Deferred income, contract liabilites and provisions are excluded from the other liabilities and provisions balance, as this analysis is required only for financial instruments.

17.2. Fair value measurements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices);
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

DECEMBER 31, 2018 *(in € thousand)*	Level 2	Total
OTHER ASSETS		
Derivatives not designated as hedging instruments	177	177
OTHER ASSETS	**177**	**177**
CONTRACT LIABILITIES, OTHER LIABILITIES AND PROVISIONS		
Derivatives not designated as hedging instruments	-	-
CONTRACT LIABILITIES, OTHER LIABILITIES AND PROVISIONS	**-**	**-**

At December 31, 2019 the Company did not have assets and liabilities measured though profit and loss.

In 2018 and 2019, the Group entered into various foreign currency option contracts to limit the risk of foreign currency losses on expected future cash flows. The underlying currency amount and the duration of the options depend on the amount and timing of the expected future cash flows. At December 31, 2018 the Company had the following open foreign currency options:

DECEMBER 31, 2018	Underlying currency amount	Duration	Fair Value *(in € thousand)*
Foreign currency option	$4.8 million	89 days	-
Foreign currency option	CAD 5.0 million	113 days	177

At December 31, 2019 the Company did not have open foreign currency options.

17.3. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates as follows:

	At December 31,	
(In € thousand)	2019	2018
TRADE RECEIVABLES		
Receivables from governmental institutions (AAA-country)	37	-
Receivables from governmental institutions (AA-country)	8,825	-
A	5,519	1,562
Counterparties without external credit rating	9,650	9,698
TRADE RECEIVABLES	**24,030**	**11,259**
OTHER ASSETS		
A	11,430	11,586
Counterparties without external credit rating or rating below A	310	208
OTHER ASSETS	**11,740**	**11,794**
CASH AND CASH EQUIVALENTS		
AA	2,755	3,486
A	56,703	60,761
Counterparties without external credit rating or rating below A	4,981	17,478
CASH AND CASH EQUIVALENTS	**64,439**	**81,725**

The receivables from governmental institutions relate to organisations in countries with AAA or AA-ratings.

The rating information refers to long-term credit ratings as published by Standard & Poor's or another rating organization (equivalent to the Standard & Poor's rating).

The maximum exposure to credit risk at the reporting date is the fair value of the financial assets.

17.4. Impairment of financial assets

Trade receivables

According to IFRS 9.5.5.15 the simplified approach (measure the loss allowance at an amount equal to lifetime expected credit losses) has to be used for trade receivables, which do not contain a significant financing component. This is the case for the Valneva Group, as all trade receivables are short term with a maturity lasting less than 12 months.

Loss allowances for trade receivables had to be established at the time there were indications of possible default risks, including aged debtors whose due periods were exceeded. Accordingly, at the end of each reporting period, trade receivables were adjusted through a loss allowance in accordance with the expected outcome.

According to IFRS 9.5.5.17 default probabilities are to be determined on the basis of historical data, but must be adjusted on the balance sheet date on the basis of up-to-date information and expectations. Although a certain portion of trade receivables is overdue, the analysis of the historical data showed on both December 31, 2019 and December 31, 2018 that losses incurred are immaterial, taking further into account the limited number of customers as well as credit checks mentioned in Note 2.5 (c). Therefore, no loss allowance has been recorded either on December 31, 2019 or December 31, 2018.

Other assets and cash and cash equivalents

Historically, no losses have been incurred on other assets measured at amortized costs and on cash and cash equivalents. At December 31, 2019, the expected credit loss was calculated using the cumulative expected default rate based on the counterparties' ratings. Since the result was immaterial, no loss allowance has been recorded.

Note 18 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method, specifically the first-expiry first-out (FEFO) method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity) at standard costs. The variances between the actual costs and the standard costs are calculated monthly and allocated to the inventory, so there is no difference between actual and standard costs. It excludes borrowing costs. Provisions for faulty products are included in the value of inventories.

	At December 31,	
(In € thousand)	2019	2018
Raw materials	4,073	2,983
Work in progress	12,714	13,986
Finished goods	8,984	5,759
INVENTORY	**25,772**	**22,727**

The cost of inventories is recognized as an expense and is included in the position "Cost of goods and services" amounted to €34.6 million (2018: €31.4 million), of which €2.8 million (2018: €2.9 million) related to faulty products, which were written off.

Note 19 Trade receivables

Trade receivables and other assets are initially recognized at fair value.

The carrying amount of trade receivables is reduced through an allowance for doubtful account. When a trade receivable is considered uncollectible, it is written off against this allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods, or services directly to a debtor with no intention of trading the receivable.

They are included in current assets, except those with maturities beyond 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade receivables and other assets" in the balance sheet.

Trade receivables include the following:

	At December 31,	
(In € thousand)	2019	2018
Trade receivables	24,030	11,259
Less: provision for impairment of receivables	-	-
TRADE RECEIVABLES, NET	**24,030**	**11,259**

During the years 2019 and 2018, no material impairment losses have been recognized. The amount of trade receivables past due in 2019 amounted to €2 million (2018: €2.6 million).

The fair values of trade receivables equal their book values.

Note 20 Other assets

Other assets include the following:

(In € thousand)	At December 31, 2019	2018
Prepaid expenses	1,798	1,950
Non-current financial assets	367	314
Current financial assets	-	177
Other receivables	29,916	25,056
	32,081	**27,497**
Less non-current portion	(17,161)	(17,236)
CURRENT PORTION	**14,921**	**10,261**

The fair values of other assets equal their book values. Other receivables include deposits and advances amounted to €19 million (2018: €17 million), R&D tax credit receivables amounted to €5.9 million (2018: €6.3 million), tax receivables and consumables and supplies on stock amounted to €5 million (2018: €1.8 million).

Note 21 Cash and cash equivalents

Cash includes cash-at-bank, cash in hand, and deposits held at call with banks. Cash equivalents include short-term bank deposits and medium-term notes that can be assigned or sold on very short notice and are subject to insignificant risk of changes in value in response to fluctuations in interest rates with a maximum maturity of 3 months.

As of December 31, 2019, cash and cash equivalents do not include an amount (December 31, 2018: €4.6 million) for which there are restrictions on remittances.

(In € thousand)	At December 31, 2019	2018
Cash in hand	10	3
Cash at bank	39,429	57,082
Short-term bank deposits (maximum maturity of 3 months)	25,000	20,000
Restricted cash	-	4,641
CASH AND CASH EQUIVALENTS	**64,439**	**81,725**

The restriction of the restricted cash in 2018 expired as of January 2, 2019, as this was in connection of the Pharmakon loan, which was fully repaid then.

Note 22 Share capital, share premium and other regulated reserves

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any, from the proceeds.

When the Company purchases its own equity share capital (treasury shares), the consideration paid, including any directly-attributable incremental costs (net of income taxes, if any) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or otherwise disposed of. In cases where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects is included in equity attributable to the Company's equity holders.

The profit or loss for the year is fully included in net result while other comprehensive income solely affects retained earnings and other reserves.

(in € thousand) (EXCEPT NUMBERS OF SHARES)	Number of shares	Share capital	Share premium	Other regulated reserves[(1)]	Total share capital, share premium and other regulated reserves
Balance at January 1, 2018	**77,584,503**	**11,638**	**200,114**	**52,820**	**264,572**
Share based payments:					
▪ exercises	-	-	-	-	-
Issuance of ordinary shares	13,333,334	2,000	48,000	-	50,000
Cost of equity transactions, net of tax	-	-	(3,214)	-	(3,214)
BALANCE AT DECEMBER 31, 2018	**90,917,837**	**13,638**	**244,900**	**52,820**	**311,358**
Balance at January 1, 2019	**90,917,837**	**13,638**	**244,900**	**52,820**	**311,358**
Share based payments:					
▪ exercises	25,975	4	12	-	16
Issuance of ordinary shares	-	-	-	-	-
BALANCE AT DECEMBER 31, 2019	**90,943,812**	**13,642**	**244,912**	**52,820**	**311,374**

(1) Regulated non-distributable reserve relating to the merger with Intercell AG.

Conditional and authorized capital

On December 31, 2019, the Company had 19,082,251 shares of conditional capital in connection with (See Note 24):

- the possible exercise of existing stock options;
- the possible exercise of existing equity warrants (BSAs);
- the possible conversion of existing preferred shares;
- the possible final grant and conversion of existing convertible preferred shares;

Pursuant to resolution No. 36 of the General Meeting held on June 27, 2019, the nominal amount of increases in Valneva's share capital which can be carried out by the Company, immediately or in the future, may not under any circumstances exceed a maximum overall amount of €4.5 million or the equivalent value in a foreign currency, to which amount will be added, if applicable, the supplementary nominal amount of shares or securities to be issued for the purposes of any adjustments to be made in accordance with applicable legislative or regulatory provisions and, if applicable, with contractual stipulations providing for other forms of adjustment, in order to preserve the rights of the holders of securities giving access, immediately or in the future, to the share capital of the Company.

Note 23 Retained earnings and other reserves

(In € thousand)	Other comprehensive income	Treasury shares	Retained earnings	Total
Balance at January 1, 2018	**(4,107)**	**(1,110)**	**(155,205)**	**(160,421)**
Currency translation differences	(1,385)	-	-	(1,385)
Defined benefit plan actuarial losses	13	-	-	13
Income appropriation	-	-	(11,482)	(11,482)
Share based payments:				
▪ value of services	-	-	1,863	1,863
Purchase/sale of treasury shares	-	(23)	-	(23)
BALANCE AT DECEMBER 31, 2018	**(5,479)**	**(1,133)**	**(164,824)**	**(171,435)**
Balance at January 1, 2019	**(5,479)**	**(1,133)**	**(164,824)**	**(171,435)**
Changes in Accounting Policy – Initial Application of IFRS 16	-	-	(9,474)	(9,474)
Restated balance as of January 1, 2019	**(5,479)**	**(1,133)**	**(174,297)**	**(180,909)**
Currency translation differences	656	-	-	656
Defined benefit plan actuarial losses	(13)	-	-	(13)
Income appropriation	-	-	3,264	3,264
Share based payments:				
value of services	-	-	2,504	2,504
Purchase/sale of treasury shares	-	21	-	21
BALANCE AT DECEMBER 31, 2019	**(4,836)**	**(1,112)**	**(168,529)**	**(174,476)**

The Company has not received nor paid a dividend to its shareholders in the years ended December 31, 2019 and 2018.

Note 24 Share-based payments

The Company operates various share-based compensation plans, both equity-settled and cash-settled plans. The profit and loss statement includes the following expenses arising from share-based payments:

	Year ended December 31,	
(In € thousand)	2019	2018
Stock option plans	1,177	282
Free convertible preferred share plans	1,198	1,581
Free ordinary shares program	130	-
Equity warrants	-	-
Phantom shares	74	26
TOTAL EXPENSES ARISING FROM SHARE-BASED PAYMENTS	**2,578**	**1,889**

24.1. Stock option plans

The fair value of such share-based compensation is recognized as an expense for employee services received in exchange for the grant of the options. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Annually, the Group revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement and makes a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to nominal capital (nominal value) and share premium (amount exceeding nominal value) when the options are exercised.

Stock options are generally granted to employees and until 2015 also to Management Board Members.

Part of the stock options granted in the year 2010 can be exercised as long as certain objectives conditioned to entity stock market performances have been achieved.

Stock options granted from 2013 to 2017 are exercisable in two equal portions after being held for two and for four years (the vesting periods), while Stock options granted from 2019 onwards are exercisable in three equal portions after being held for one year, two years and three years.

All options expire no later than ten years after being granted. Stock options are not transferable or negotiable and unvested options lapse without compensation upon termination of employment with the Group (cancelation). Stock options granted from 2013 onwards become exercisable with the effectiveness of the takeover of more than 50% of the outstanding voting rights of the Group.

Changes in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	2019			2018		
	Number of options	Number of shares available	Average exercise price in € per share	Number of options	Number of shares available	Average exercise price in € per share
Outstanding at January 1	2,859,850	2,927,662	3.14	3,020,400	3,088,892	3.13
Granted	2,569,510	2,569,510	3.05	-	-	-
Adjusted	-	-	-	-	-	-
Forfeited	(182,250)	(184,074)	3.03	(160,550)	(161,230)	3.01
Exercised	-	-	-	-	-	-
OUTSTANDING AT YEAR END	**5,247,110**	**5,313,098**	**3.06**	**2,859,850**	**2,927,662**	**3.14**
Exercisable at year end	1,941,475	2,007,463		1,193,975	1,261,787	

No stock options have been exercised in 2019 and in 2018.

Stock options outstanding at the end of the period have the following expiry dates and exercise prices:

Expiry date	Exercise price in € per share	Number of options at December 31, 2019	2018
2020	4.72	7,000	7,000
2023	2.92	654,600	672,850
2025	3.92	543,750	577,500
2026	2.71	418,750	450,750
2027	2.85	1,053,500	1,151,750
2029	3.05	2,569,510	-
		5,247,110	**2,859,850**

In 2019, 2,569,510 stock options were granted (2018: none). The weighted average grant date fair value of options granted during the year of 2019 was €0.87. The fair value of the granted options was determined using the Black Scholes valuation model.

24.2. Free ordinary shares

In accordance with the powers and authorizations granted by the Company's shareholders meeting held on June 27, 2019 the Company's Management Board granted free ordinary shares for the benefit of Management Board and Management Committee members, on December 19, 2019. The purpose of this Free share plan 2019-2023 is to provide a long-term incentive program for the Company's senior management.

The number of free ordinary shares so granted was as follows:

	Number of free ordinary shares granted
Management Board	1,381,947
Other Management Committee members	810,000
	2,191,947

In accordance with the foregoing, changes in the outstanding free ordinary shares are as follows:

	Number of free shares 2019	2018
Outstanding at January 1	-	-
Granted	2,191,947	-
Forfeited	-	-
Definitively granted	-	-
OUTSTANDING AT YEAR END	**2,191,947**	**-**

Subject to vesting conditions (including performance and presence conditions), the free share granted to a participant will vest in and be delivered to that participant *(seront définitivement attribuées)* in three tranches. Each tranche will amount to one third of the total individual allocation. If one third is not a whole number, the number of free shares will be rounded down for the first two tranches and rounded up for the third tranche.

The first tranche will vest in the participants two (2) years after December 19, 2019, the second tranche will vest three (3) years after December 19, 2019 and the third tranche will vest four (4) years after December 19, 2019.

Following the vesting of the free shares, no compulsory holding period will apply to the vested shares.

The plan further provides for accelerated vesting of the free shares in the event of a Change of Control (as defined in the applicable terms & conditions) occurring no earlier than December 19, 2021. In addition, the plan provides for the possibility to remain entitled to a prorated amount of shares, for any unvested tranche, in case of retirement of a beneficiary before complete vesting. However, this is subject to meeting the performance conditions defined for the plan. Finally, the terms and conditions applicable to the free share plan state that if a Change of Control takes place before December 19, 2021, and section III of Article L. 225-197-1 of the French Commercial Code does not apply, the plan will be canceled and the Company will indemnify the participants for the loss of unvested free shares, subject again to meeting the performance conditions and, for the Management Board members, to getting all required shareholder approvals. The gross amount of this indemnity will be calculated as though such free shares had been vested upon the Change of Control. The conditions and limitations set forth in the applicable terms and conditions of the plan will apply to this calculation, *mutatis mutandis*.

In accordance with section II (4^{th} paragraph) of Article L. 225-197-1 of the French Commercial Code, the Supervisory Board decided on November 21, 2019 that the Management Board members should keep no less than 20% of the vested free shares of each tranche until termination of their office as Management Board member or corporate officer.

24.3. Equity warrants

In 2015, and 2017 the Company granted equity warrants to members of the Supervisory Board. The warrants granted in 2015 (BSA 25) are exercisable in four equal portions after 2, 17, 31 and 45 months. The warrants granted in 2017 (BSA 27) are exercisable in four equal portions after 12, 24, 36 and 48 months. The subscription price for one new ordinary share under the 2015 plan (BSA 25) amounts to €3.92 per share. The subscription price for one new ordinary share under the 2017 plan (BSA 27) amounts to €2.574.

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Changes in the equity warrants outstanding are as follows:

	Number of equity warrants	
	2019	2018
Outstanding at January 1	164,000	202,250
Granted	-	-
Exercised	(6,250)	-
Forfeited	(53,875)	(38,250)
OUTSTANDING AT YEAR END	**103,875**	**164,000**

24.4. Free convertible preferred share plan

On June 25, 2015, the General Meeting of Valneva SE decided to create convertible preferred shares for the benefit of the Management Board members, but also for the benefit of key employees. Consequently, on July 28, 2015, the Management Board implemented the free convertible preferred share plan 2015-2019, a long-term incentive program for the Company's executive management.

The granted payable convertible preferred shares ("SPS") were as follows:

	Number of payable convertible preferred shares subscribed for by the beneficiaries	Subscription amount *(in euros)*
Management Board	744	119,784
Other Executive Committee members	330	53,130
	1,074	**172,914**

Following the subscription of SPS the Management Board conditionally granted the Program beneficiaries a number of free convertible preferred shares ("FCPS") corresponding to a ratio of 25 FCPS to 1 SPS, as follows:

	Number of free convertible preferred shares granted to the beneficiaries
Management Board	18,600
Other Executive Committee members	8,250
	26,850

SPS and FCPS will be convertible into Valneva's ordinary shares 4 years after their issuance (with respect to the SPS) or their initial granting (with respect to the FCPS), if the conversion conditions are met.

Due to the share price development in 2019 this plan lapsed without exercises.

In 2017, the free convertible preferred share program 2017-2021, a long-term incentive plan for the Group's Executive Managers was implemented. As a prerequisite to the possibility of participating in the program, each potential beneficiary was required to make a cash investment in the Company, by purchasing Valneva SE ordinary shares.

The free convertible preferred shares will be convertible into Valneva SE ordinary shares 4 years after their initial granting, if the conversion conditions set out below are met.

Upon expiration of the above-mentioned 4-year period (the **"Conversion Date"**), the Management Board will determine the conversion ratio, on the basis of (a) the Final Share Price (as hereinafter defined) and (b) the conversion table below.

The **"Final Share Price"** will be the volume-weighted average stock market price of the Company's ordinary shares over a period of 6 months immediately preceding the Conversion Date, as rounded to the second decimal place (*e.g.* 6.2450 to be rounded to 6.25).

No conversion will occur if the Final Share Price is lower than €4.50. If the Final Share Price is higher than €8, the conversion ratio will be such that the beneficiaries' gross gain will not exceed the gross gain they would have realized if the Final Share Price was €8.

The free convertible preferred shares cannot give rights to more than 2,363,000 ordinary shares of the Company.

Following the full payment of the amount of personal investment required, the Management Board conditionally granted the Program beneficiaries a number of free convertible preferred shares:

	Number of FCPS 2017 granted to the beneficiaries
Management Board	24,200
Other Executive Managers	9,817
	34,017

Changes in the SPS and FCPS are as follows (information for both FCPS plan 2015 and FCPS plan 2017):

	Number of SPS		Number of FCPS	
	2019	2018	2019	2018
Outstanding at January 1	789	789	53,742	53,742
Granted	-	-	-	-
Forfeited	(789)	-	(18,617)	-
OUTSTANDING AT YEAR END	**-**	**789**	**34,017**	**53,742**

The fair value of FCPS 2015 was determined using the Black Scholes model, whereas the fair value of FCPS 2017 was determined using the Monte Carlo valuation model.

24.5. Phantom shares

In 2017, a phantom share plan was issued for employees who are US citizens, with the same conditions as the stock options program (See Note 24.1) but which will not be settled in equity, but in cash. Therefore it is considered as a cash settled plan. The liability for the phantom shares is measured (initially and at the end of each reporting period until settled) at the fair value of the share options rights, by applying an option pricing model taking into account the terms and conditions on which the phantom rights were granted and the extent to which the employees have rendered services to date.

The carrying amount of the liability relating to the phantom shares at December 31, 2019 was €74 thousand (December 31, 2018: €26 thousand). No phantom share forfeited at December 31, 2019.

Phantom shares outstanding at the end of the period have the following expiry dates and exercise prices:

		Number of options at December 31,	
Expiry date	Exercise price in € per share	2019	2018
2023	2.919[1]	10,098	10,098(1)
2025	3.92	14,000	14,000
2026	2.71	9,000	9,000
2027	2.85	143,000	143,000
2029	3.05	179,750	-
		355,848	**176,098**

(1) Adjusted in accordance with French law requirements.

In 2019, 179,750 new phantom shares were granted (2018: none). The fair value of the granted options were determined on the balance sheet date December 31, 2019 and December 31, 2018 using the Black Scholes valuation model. The significant inputs into the models were:

	2019	2018
Expected volatility *(in %)*	34.67	39.51
Expected vesting period *(term in years)*	0.25-6.42	0.68-5.92
Risk-free interest rate *(in %)*	(0.67)-(0.41)	(0.68)-(0.17)

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Note 25 Borrowings

Borrowings are initially recognized at fair value if determinable net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings of the Group at yearend include the following:

	At December 31,	
(In € thousand)	2019	2018 (1)
NON-CURRENT		
Bank borrowings	19,759	9,707
Other loans	4,558	4,565
Finance lease Liabilities	-	25,798
	24,317	**40,070**
CURRENT		
Bank borrowings	-	211
Other loans	1,999	16,454
Finance lease Liabilities	-	865
	1,999	**17,529**
TOTAL BORROWINGS	**26,316**	**57,600**

(1) 2018 including finance lease liabilities.

The other loans included the CEPI loan in amount of €393 thousand. For detailed information see Note 8.1

The maturity of non-current borrowings is as follows:

	At December 31,	
(In € thousand)	2019	2018 (1)
Between 1 and 2 years	2,055	2,866
Between 2 and 3 years	11,552	2,933
Between 3 and 4 years	317	11,003
Between 4 and 5 years	10,000	23,269
Over 5 years	393	-
Non-current borrowings	**24,317**	**40,070**
Current borrowings	1,999	17,529
TOTAL BORROWINGS	**26,316**	**57,600**

(1) 2018 including finance lease liabilities.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(In € thousand)	At December 31, 2019	2018[1]
EUR	25,923	43,054
USD	393	14,546
TOTAL BORROWINGS	**26,316**	**57,600**

(1) 2018 including finance lease liabilities.

25.1. Bank borrowings and other loans secured

As at December 31, 2019, €26.3 million of the outstanding bank borrowings and other loans are guaranteed, secured or pledged. These bank borrowings and other loans are related to financing of Research and development expenses, fixed assets and CIR (R&D tax credit in France) and have various conditions (interest rates) and terms (maturities).

The following table presents the fair value of guaranteed bank borrowings and other loans without taking the interest subsidy into consideration, based on an estimated arms' length interest rate of 3.20% at year-end 2019:

	At December 31, 2019	
(In € thousand)	Carrying amounts	Fair values
Bank borrowings (excluding bank borrowings described below)	-	-
Other loans (excluding the other loans described in Note 25.2)	6,557	6,251
GUARANTEED, SECURED OR PLEDGED BORROWINGS	**6,557**	**6,251**

In July 2016, Valneva SE entered into a loan agreement with the European Investment Bank by which the Company was granted a €25 million term loan facility as part of the European Horizon 2020 initiative. Subject to fulfillment of certain conditions precedent, the loan may be drawn in one or several tranches within a 24-month period from signing, which was extended to a 36-month period from signing. Each tranche is repayable at the end of a five-year period starting from the drawing date. The loan is secured by collateral over the Company's material subsidiaries, mainly ranking behind securities linked to Valneva's existing indebtedness. Furthermore, the loan agreement contains covenants, including a positive Group EBITDA and a minimum cash balance of €3 million at all times. The Group does not expect these limitations to impact its ability to meet the cash obligations. In the year ended December 31, 2017, two €5 million tranches respectively were drawn under the loan facility that was granted with no commitment fee and subject to variable interest on amounts drawn. In July 2019, a €10 million tranche was drawn following the same conditions as the last two tranches of this loan.

At December 31, 2019 the loan is included in the balance sheet item "Borrowings" as follows:

(In € thousand)	2019	2018
Balance at January 1	**9,797**	**9,618**
Proceeds of issue	10,000	-
Transaction costs	(40)	(7)
Accrued interests	1,323	913
Payment of interest and loan	(1,322)	(727)
Balance at December 31	**19,759**	**9,797**
Less: non-current portion	19,759	9,797
CURRENT PORTION	**-**	**-**

25.2. Other loans

On December 20, 2013, the Group received a $30 million financing from an investment fund managed by Pharmakon Advisors for Valneva Austria GmbH. The loan extended over a five year period and carried an interest rate ranging from 9.5% to 10.5%. On November 18, 2015 the loan was increased by an additional financing of $11 million. From 2016 onwards, the Company was paying a royalty to Pharmakon Advisors ranging from 2.5% to 3.1% on its IXIARO®/JESPECT® sales during the term of the loan. The interest rate and the royalty payable in connection with the loan were both recognized as finance expenses. The finance expenses were calculated using the effective interest method and were therefore recognized pro rata to the outstanding principal in each accounting period until the loan was fully amortized. The foreign currency valuation was done at each balance sheet date and resulting exchange gains or losses were shown as finance income/expenses. The asset-based loan was guaranteed by Valneva SE and secured by a security interest on the incoming funds from Valneva's sales of IXIARO®/JESPECT® and on the shares of the Group's Austrian and Scottish subsidiaries, which hold the key IXIARO®/JESPECT® assets. The loan agreement included customary covenants for the Group's Austrian subsidiary, including limitations on indebtedness and new business activities as well as limitations for payments of dividends and other disbursements to its parent company Valneva SE. The Company did not expect these limitations to impact its ability to meet the cash obligation. The loan was fully repaid as of January 2, 2019. At December 31, 2018, the book values of the assets pledged amounted to €253 million.

The loan was included in the balance sheet item "Borrowings".

(In € thousand)	2019	2018
Balance at January 1	**14,546**	**25,906**
Accrued interest and royalty expense	-	2,458
Payment of interest, royalties and loan	(14,546)	(14,418)
Foreign exchange valuation	-	600
Balance at December 31	**-**	**14,546**
Less: non-current portion	-	-
CURRENT PORTION	**-**	**14,546**

Note 26 Trade payables and accruals

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are recognized initially at fair value. Short-term trade payables are subsequently measured at the repayment amount.

Trade payables and accruals include the following:

	At December 31,	
(In € thousand)	2019	2018
Trade payables	8,868	9,175
Accrued expenses	7,699	4,150
	16,567	**13,325**
Less non-current portion	-	-
CURRENT PORTION	**16,567**	**13,325**

Note 27 Tax and employee-related liabilities

The Group recognizes a liability and an expense for bonuses. The Group recognizes a liability when it has assumed a contractual obligation or when there is a past practice that has created a constructive obligation.

	At December 31,	
(In € thousand)	2019	2018
Employee-related liabilities	6,570	5,672
Social security and other taxes	4,054	2,971
	10,624	**8,643**
Less non-current portion	-	-
CURRENT PORTION	**10,624**	**8,643**

Note 28 Lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The development of lease liabilities is described in Notes 2.2 and 14.

The maturity of non-current lease liabilities is as follows:

	At December 31,	
(In € thousand)	2019	2018
Between 1 and 2 years	2,372	-
Between 2 and 3 years	2,341	-
Between 3 and 4 years	24,618	-
Between 4 and 5 years	1,510	-
Over 5 years	25,751	-
Non-current lease liabilities	**56,592**	**-**
Current lease liabilities	2,308	-
TOTAL LEASE LIABILITIES	**58,901**	**-**

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	At December 31,	
(In € thousand)	2019	2018
EUR	26,617	-
SEK	31,943	-
Other	340	-
TOTAL LEASE LIABILITIES	**58,901**	**-**

Note 29 Provisions

29.1. Provisions for employee commitments

Some Group companies provide retirement termination benefits to their retirees.

For defined benefit plans, retirement costs are determined once a year using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to determine the final obligation. The final obligation is then discounted. These calculations mainly use the following assumptions:

- a discount rate;
- a salary increase rate;
- an employee turnover rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For basic schemes and defined contribution plans, the Group recognizes the contributions as expenses when payable, as it has no obligations over and above the amount of contributions paid.

Assumptions used

	At December 31,	
	2019	2018
Discount rate	0.70%	1.60%
Salary increase rate	2.00%	2.00%
Turnover rate	0%-33.24%	0%-33.24%
Social security rate	43.00%-47.00%	47.00%-48.00%
Average remaining lifespan of employees (in years)	22	22

Changes in defined benefit obligation

Present value of obligation development:

	At December 31,	
(In € thousand)	2019	2018
Balance at January 1	**333**	**294**
Current service cost	59	52
Actuarial losses/(gains)	13	(13)
BALANCE AT DECEMBER 31	**404**	**333**

29.2. Other provisions

	At December 31,	
(In € thousand)	2019	2018
Non-current	22	24
Current	2,315	264
PROVISIONS	**2,337**	**288**

(In € thousand)	2019	2018
Balance at January 1	**288**	**300**
Charged to the income statement:		
Additional provision	2,217	190
Reversed provision	-	-
Used provisions	(167)	(195)
Exchange differences	-	(8)
BALANCE AT DECEMBER 31	**2,337**	**288**

The position comprises in 2019 an amount of €2.1 million from a provision for expected legal and settlement costs under a court proceeding relating to the Intercell AG/Vivalis SA merger. Furthermore, a provision for restructuring costs of €0.2 million in 2019 for the site in France is included.

Note 30 Other liabilities

	At December 31,	
(In € thousand)	2019	2018
Deferred income	3,715	91
Other financial liabilities	269	270
Other liabilities	-	30
	3,983	**391**
Less non-current portion	(97)	(297)
CURRENT PORTION	**3,886**	**94**

Deferred income mainly includes conditional advances from government grants and from a grant from Coalition for Epidemic Preparedness Innovations (CEPI) (See Note 8.1)

Note 31 Cash flow information

31.1. Cash generated from operations

The following table shows the adjustments to reconcile net loss to net cash generated from operations:

(In € thousand)	*Note*	Year ended at December 31, 2019	2018
Profit/(Loss) for the year		**(1,744)**	**3,264**
Adjustments for			
▪ Depreciation and amortization	*13 - 14 - 15*	8,532	6,828
▪ Impairment fixed assets/intangibles	*13 - 14 - 15*	75	-
▪ Share-based payments	*24*	2,552	1,887
▪ Income tax	*10*	874	88
▪ Dividends received from associated companies	*16*	433	-
▪ (Profit)/loss from disposal of fixed assets	*8*	92	7
▪ Share of (profit)/loss from associates	*16*	(1,574)	(1,122)
▪ Fair value (gains)/losses on derivative financial instruments		178	(178)
▪ Other non-cash income/expense		(976)	203
▪ Interest income	*9*	(199)	(178)
▪ Interest expense	*9*	2,633	3,788
▪ Changes in other long-term assets and liabilities		3,681	(962)
Changes in working capital (excluding the effects of acquisition and exchange rate differences on consolidation):			
▪ Inventory		(2,415)	(2,790)
▪ Trade and other receivables		(17,278)	4,336
▪ Trade and other payables and provisions		13,011	2,410
CASH GENERATED FROM OPERATIONS		**7,875**	**17,580**

The following table shows the adjustments to reconcile profit/loss from the disposal of fixed assets to proceeds from the disposal of fixed assets:

(In € thousand)	At December 31, 2019	2018
Net book value	92	82
Profit/(loss) on disposal of fixed assets	(92)	(7)
PROCEEDS FROM DISPOSAL OF FIXED ASSETS	**-**	**76**

31.2. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were (or future cash flows will be) classified in the Group's consolidated statement of cash flows as cash flows from financing activities. For development of lease liabilities see Note 14.1.

(In € thousand)	Bank borrowings	Other loans	Total
Balance at January 1, 2018	**11,204**	**32,771**	**43,975**
Financing cash flows[(1)]	(1,473)	(11,822)	(13,295)
Foreign exchange movements	-	600	600
Other changes[(2)]	187	(529)	(343)
BALANCE AT DECEMBER 31, 2018	**9,918**	**21,019**	**30,937**
Balance at January 1, 2019	**9,918**	**21,019**	**30,937**
Financing cash flows[(1)]	9,880	(14,367)	(4,487)
Foreign exchange movements	-	(1)	(1)
Other changes[(2)]	(39)	(94)	(133)
BALANCE AT DECEMBER 31, 2019	**19,759**	**6,557**	**26,316**

(1) The financing cashflows make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated cash flow statement.
(2) Other changes include interest accruals and payments.

Note 32 Commitments and contingencies

32.1. Capital commitments

There were no capital expenditure contracted for at December 31, 2019, and December 31, 2018.

32.2. Operating lease commitments

From January 1, 2019, the Group has recognised right-of-use assets for these leases, except for shortterm and low-value leases, see Notes 2.2 and 14 for further information.

Future aggregate minimum lease commitments under non-cancelable operating leases are as follows:

(In € thousand)	At December 31, 2018
No later than 1 year	2,132
Later than 1 year and not later than 5 years	8,365
Later than 5 years	33,012
OPERATING LEASE COMMITMENTS	**43,509**

32.3. Other commitments and guarantees

The other commitments consisted of:

	At December 31,	
(In € thousand)	2019	2018
Loans and grants	1,209	1,227
Royalties	11,331	12,227
OTHER COMMITMENTS	**12,540**	**13,454**

The guarantees and pledges consisted of:

	At December 31,	
(In € thousand)	2019	2018
Equipment pledge	-	-
Pledges on consolidated investments	-	252,991
Guarantees for non-consolidated investments	-	-
GUARANTEES AND PLEDGES	**-**	**252,991**

32.4. Contingencies

Following the merger between the companies Vivalis SA and Intercell AG in 2013, certain former Intercell shareholders initiated legal proceedings before the Commercial Court of Vienna to request a revision of the exchange ratio between Intercell and Valneva shares used in the merger. Valneva is discussing potential settlement agreements. Valneva therefore included €2.1 million of settlement costs and additional costs in connection with such potential settlement in “other expenses”, see Notes 29.2 and 8.

In July 2016, a claim for additional payment was raised and litigation was filed in December 2016, in connection with the 2009 acquisition of Humalys SAS, by which Vivalis (now Valneva) had acquired a technology, which was later combined with other antibody discovery technologies and spun off to BliNK Biomedical SAS in early 2015. Former shareholders of Humalys claimed additional consideration as a result of the spin-off transaction. A first instance decision in the Humalys case is expected at the end of 2020 or the beginning of 2021. After consultation with its external advisors Valneva believes that this claim is unsubstantiated and the filed litigation is not likely to succeed in court. Detailed information on the potential specific financial consequences which might result from a successful claim could adversely affect Valneva’s ability to defend its interests in this case and therefore is not provided, in accordance with IAS 37.92.

Note 33 Related-party transactions

33.1. Purchases of services

Services provided by companies of Groupe Grimaud La Corbière SA are considered related party transactions and included the provision of services and miscellaneous items to Valneva SE. These services were rendered by Group Grimaud La Corbière in connection with operating activities (interest rate swap allocation agreement) or with regulated activities (guarantees).

	Year ended December 31,	
(In € thousand)	2019	2018
Purchases of services:		
▪ Operating activities	-	1
PURCHASES OF SERVICES	**-**	**1**

33.2. Rendering of services

Services provided by Valneva to Groupe Grimaud La Corbière SA are considered related party transactions and consist of services within a Collaboration and Reasearch License agreement and of the provision of premises and equipment.

	Year ended December 31,	
(In € thousand)	2019	2018
Provision of services:		
Operating activities	236	117
PROVISION OF SERVICES	**236**	**117**

33.3. Key management compensation

The aggregate compensation of the members of the Company's Management Board includes the following:

	Year ended December 31,	
(In € thousand)	2019	2018
Salaries and other short-term employee benefits	2,449	1,900
Other long-term benefits	15	12
Share-based payments (expense of the year)	1,174	985
KEY MANAGEMENT COMPENSATION	**3,638**	**2,898**

4

33.4. Supervisory Board compensation

The aggregate compensation of the members of the Company's Supervisory Board amounted to €269 thousand (2018: €285 thousand). In the years 2015 and 2017 the Company granted equity warrants to members of the Supervisory Board.

For more information, see Note 24.2.

Note 34 Events after the reporting period

- In February 2020, Valneva Austria GmbH signed a debt financing agreement with US Healthcare Funds Deerfield and OrbiMed. The transaction value is up to $85 million. Amortization payments and will start in 3 years, while the loan will mature in 6 years. The intended use of proceeds is to repay existing borrowings from the European Investement Bank and allow the Group to continue to advance its leading Lyme and chikungunya development programs in the short term.
- On January 30, 2020 the World Health Organization declared a Public Health Emergency of International Concern because of the new corona disease COVID-19. The Company has reviewed the impact of COVID-19 and has provided a business update on March 24, 2020.

  Valneva is actively managing its operations to maintain business continuity while taking measures to protect the health and wellbeing of its employees, their families and the local communities in which they live and work. The Group has instituted a work from home policy and for critical areas of its business that necessitate employees to be onsite, such as certain R&D and manufacturing functions, Valneva is implementing strategies to promote additional social distancing. The continuous supply of Valneva's products to its patients and customers is of utmost priority to Valneva. Valneva's scientific and commercial teams are in close dialogue with their partners and are providing project-specific information on a real-time basis.

  Valneva is cognizant of the impact of the COVID-19 outbreak on the travel market. As the provider of two travel vaccines, one against Japanese encephalitis and one against cholera/ETEC, the Group expects that its 2020 revenues may be adversely affected. The Group estimates that 2020 product sales revenues could be impacted by between €20 million and €40 million (compared to guidance of €125 million to €135 million announced previously). First-quarter sales 2020 will not be materially adversely affected as the impact of the COVID-19 crisis did not affect its major markets until March.

  This reduction in product sales revenue, offset by the likely delay in chikungunya Phase 3 initiation and therefore delay of initial Phase 3 costs, may lead to negative EBITDA of up to €50 million in 2020 compared to earlier guidance of negative EBITDA of up to €35 million.

  While uncertainty remains around the duration, severity and geographic scope of the COVID-19 outbreak, the Group is well positioned to deal with the crisis. At the end of December 2019, Valneva reported cash of €64.4 million and, in February 2020, the Group announced an $85 million debt financing arrangement; Valneva has drawn $45 million from this facility to date. Valneva is also well placed to take cost management measures if required and has commenced a review of non-mission critical projects and expenses. Excluding further cost containment measures, national government support mechanisms and Lyme partnering but including full draw down of the $85 million debt facility, the cash position at the end of 2020 could be in the range of €35 million to €40 million.

  Valneva will continue to monitor the COVID-19 situation carefully and work closely with its partners, customers and the regulatory agencies.

4.1.6. Statutory Auditor's report on the consolidated financial statements

(For the year ended December 31, 2019)

To the Annual General Meeting

VALNEVA SE

6 rue Alain Bombard

44800 Saint-Herblain

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by European regulation and French such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Valneva SE for the year ended December 31, 2019. These financial statements were approved by the Management Board on March 30, 2020 based on information available at that date and in the evolving context of the COVID-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee and Governance.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*Code de Déontologie*) for statutory auditors.

Emphasis of Matter

Without qualifying our conclusion, we draw your attention to the Note 2.2. "Impact of new, revised or amended Standards adopted by the Group" to the consolidated financial statements which presents the impact of the first time adoption of the IFRS 16 "Lease" standard whose application is compulsory for financial periods commencing January 1, 2019.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the context described above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
Valuation of acquired R&D technologies and projects *(Note 13 "Intangible assets and goodwill" to the consolidated financial statements)*	
As a result of its activities dedicated to the development of innovative vaccines, the Group has recognized significant intangible assets related to acquired R&D technologies and products under development or already marketed (€40.1 million as of December 31, 2019 with €36.2 million related to the vaccine already on the market against Japanese encephalitis and €3.3 million related to the ongoing research and development program for Lyme VLA15). An impairment is recognized when the recoverable amount of these assets (corresponding to the higher of the asset's fair value less selling costs and value in use), is lower than their net carrying amount. These impairment tests require management to make assumptions and judgments at the clinical, technical and commercial levels. Given the inherent uncertainties related to the research and development processes, and in particular, Valneva's ability to achieve the expected clinical results and obtain regulatory approvals and expected commercial performances, we considered the valuation of acquired R&D technologies and products under development or already marketed to be a key audit matter..	We gained an understanding of the procedures implemented by Valneva regarding the valuation of these intangible assets. We involved our valuation specialists to assist us in analyzing the assumptions and methods used by the Management. We assessed the reasonableness of the main assumptions used in the determination of the cash flow projections: development and commercialization periods, term of protection for patents, development costs, expected dates for the launch of the products on the market,, projected market shares, selling prices and associated margins, specific market risk premiums where applicable, probability of success and probability to obtain regulatory approvals. These assessments were based on our understanding of the expected business projections for each different products, inquiries with researchers in charge of major research and development projects, and the verification of the consistency of the assumptions used with the forecasts derived from the strategic plans presented to the Supervisory Board. We also verified that the Note 13 "Intangible assets and Goodwill" to the consolidated financial statements provided appropriate disclosure.
Revenues from collaboration, licensing and service agreements *(Notes 5 "Revenues from contracts with customers", 3.2 "Critical judgments in applying the entity's accounting policies" to the consolidated financial statements)*	
Collaboration, licensing and service agreements (research, development, manufacturing and marketing) signed with biopharmaceutical and pharmaceutical companies and academic institutions for its vaccine candidates and its own technologies (proprietary technologies) generate significant revenues. These revenues represent a total of €(4.7) million as of December 31, 2019 with in particular a € 10.7 million negative revenue related to the termination of the strategic alliance agreement with GSK ("technologies and services" segment and "Vaccine candidates" for the part revenues from contracts with customers). Terms of the agreements are complex and include different types of performance obligation as well as different natures of termination fees. The revenue recognition policy of the corresponding revenues and associated termination costs notably depends on the nature of rights granted and payment mechanisms. A misinterpretation of contracts signed with partners could lead to an inadequate revenue recognition policy of the corresponding revenues and associated costs. The recognition of these revenues and termination fees is a key audit matter due to the multiplicity of contractual clauses.	We performed procedures to assess the design and verify the operating effectiveness of the internal controls related to the recognition of revenues and termination fees from collaboration, licensing and service agreements. We obtained Management's calculations for revenues from licenses and royalties and validated, by sample, the underlying data used by reference to internal and external sources (including the contracts with third parties and supporting documentation for milestone achievements). We ensured the revenue recognition policies were consistent with IFRS 15. We also verified that Notes 5 "Revenues from contracts with customers", and 3.2 "Critical judgments in applying the entity's accounting policies" to the consolidated financial statements provided appropriate disclosure.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
Other provisions and contingencies *(Notes 29.2 "Other provisions" and 32.4 "Contingencies" to the consolidated financial statements)*	
Valneva is involved in two litigations. Firstly, the former shareholders of Humalys, a subsidiary acquired in the past by Valneva subsequently spun off to Blink Biomedical, have initiated legal proceedings questioning the amount of the earn-out payment. Secondly, the former shareholders of Intercell, entity merged with Valneva SE, have initiated legal proceedings with regards to the exchange ratio in order to obtain financial compensation following the merger. Management considered these litigations as contingent liabilities in last year financial statements, considering the probability of an outflow of resources was low, and therefore did not recognize any provision in the financial statements. In light of the current discussions on possible settlement agreements, a provision of €2.1 millions has been recorded as of December 31, 2019 for the dispute relating to former shareholders of Intercell. Given the uncertainties surrounding the outcome of these litigations, we have considered the accounting treatment, the absence of provision for the dispute with the former shareholders of Humalys and the information given in the disclosures to the financial statements to be a key audit matter.	We performed the following procedures: ▪ We discussed the status of these two litigations with the Company's Management and in-house legal counsel; ▪ We analyzed the documentation supporting the positions of the parties in the framework of the legal procedure; ▪ We obtained and analyzed the memos and responses from lawyers to our external confirmation requests. Furthermore, we assessed the reasonableness of the absence of provision for the dispute with the former shareholders of Humalys in relation to the probability that the company will be liable. In addition, we have assessed whether Notes 29.2 "Other provisions" and 29.4 "Contingencies" to the consolidated financial statements provided appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Management Board approved on March 30, 2020. With regards to COVID-19 pandemic related events occurred, information known since the date the financial statements were approved, Management has confirmed that this will be subject to a specific communication at the Annual General Meeting called to decide on these financial statements.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the non-financial statement required by Article L. 225-102-1 of the French Commercial Code (code de commerce) is included in the management report, it being specified that, in accordance with Article L. 823-10 of this code, we have verified neither the fair presentation nor the consistency with the financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Valneva SE by the annual general meeting held on June 29, 2012 for PricewaterhouseCoopers Audit and on February 22, 2007 for Deloitte & Associés.

As at December 31, 2019, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 8th year and 13th year of total uninterrupted engagement, which are the 7th year for the two firms since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee and Governance is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee and Governance

We submit a report to the Audit Committee and Governance which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee and Governance includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this audit report.

We also provide the Audit Committee and Governance with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee and Governance the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Bordeaux, March 30, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
French original signed by	French original signed by
Cédric Mazille	Stéphane Lemanissier

4.2. Parent entity financial statements at December 31, 2019

4.2.1. Balance sheet

4.2.1.1. Assets

Headings (In € thousand)	Note No.	Gross Value	Amortization, depreciation and provisions	December 31, 2019	December 31, 2018
INTANGIBLE FIXED ASSETS	**3.1**				
Research and development expenditures		7,547	7,380	167	155
Concessions, patents and similar rights		352	283	70	122
Goodwill		0	0	0	0
Other intangible assets in process		0	0	0	0
PROPERTY, PLANT AND EQUIPMENT	**3.2**				
Land		679	261	418	445
Constructions		5,771	3,271	2,500	2,914
Plant, machinery and equipment		4,192	3,354	838	842
Other PPE		566	455	112	129
Tangible fixed assets under construction		0	0	0	1
Prepayments		0	0	0	0
LONG-TERM INVESTMENTS	**3.3**				
Non-consolidated investments		166,690	6,736	159,954	158,812
Receivables on non-consolidated investments		0	0	0	0
Loans		204	0	204	187
Other financial assets		1,279	627	652	786
TOTAL NON-CURRENT ASSETS		**187,280**	**22,366**	**164,914**	**164,395**
INVENTORIES AND WORK IN PROGRESS	**3.4**				
Raw materials and supplies		134	0	134	156
Work-in-progress		0	0	0	0
RECEIVABLES					
Trade receivables and related accounts	3.5	50	0	50	190
Other receivables	3.6	31,166	0	31,166	31,820
Called up capital		0	0	0	0
OTHER CURRENT ASSETS					
Marketable securities		0	0	0	0
Cash at bank and in hand	3.7	37,793	0	37,793	42,692
ACCRUAL ACCOUNTS					
Prepaid expenses	3.8	326	0	326	597
TOTAL CURRENT ASSETS		**69,470**	**0**	**69,470**	**75,455**
Unrealized losses on foreign exchange		131	0	131	289
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**256,881**	**22,366**	**234,514**	**240,139**

4.2.1.2. Liabilities and equity

Headings *(In € thousand)*	Note No.	December 31, 2019	December 31, 2018
Share capital or individual share		13,820	13,816
Additional paid-in capital		266,092	266,080
Regulated reserves		52,832	52,832
Retained earnings/(accumulated deficit)		(121,047)	(104,200)
Net income/(loss) for the year profit or loss		**(27,992)**	**(16,847)**
Investment grants	3.11	54	59
Tax-driven provisions		0	0
SHAREHOLDERS' EQUITY	**3.10**	**183,760**	**211,740**
Subordinated grants	3.12	1,832	2,041
OTHER EQUITY		**1,832**	**2,041**
Provisions for contingencies		2,231	384
Provisions for losses		563	500
PROVISIONS FOR CONTINGENCIES AND LOSSES	**3.13**	**2,794**	**884**
BORROWINGS			
Bank borrowings	3.14	24,335	14,646
OPERATING PAYABLES			
Trade payables and related accounts	3.15	1,621	3,687
Tax and employee-related liabilities	3.16	1,394	1,657
OTHER PAYABLES			
Payables on fixed assets and equivalent	3.17	11	8
Other financial liabilities	3.17	18,717	5,474
ACCRUAL ACCOUNTS			
Deferred income	3.18	0	0
TOTAL LIABILITIES		**46,078**	**25,473**
Unrealized losses on foreign exchange		50	1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**234,514**	**240,139**

4.2.2. Income statement

(In € thousand)	France	Export	Note No.	As at December 31, 2019	2018
Sales of services	654	1,995		2,648	2,144
NET SALES	**654**	**1,995**	**4.1**	**2,648**	**2,144**
Change in inventory of own production of goods and services					
Own production of goods and services capitalized			4.2	88	59
Grants			4.3	1,575	0
Reversals of depreciation, amortization and provisions, expense reclassifications			4.5	190	27
Other income			4.4	1,513	1,321
OPERATING INCOME				**6,014**	**3,552**
Purchase of trade goods				0	0
Purchases of raw materials & other supplies (including customs duties)				423	481
Change in inventory (raw materials and supplies)				22	27
Other purchases and external expenses			4.6	26,782	14,560
Taxes other than on income and related payments			4.7	208	156
Wages and salaries			4.8	3,683	3,947
Employee benefit expense			4.8	1,586	1,593
Allowances for depreciation and amortisation, provisions					
For fixed assets			4.9	795	1,287
For current assets			4.9	0	0
For contingencies and losses			4.9	231	206
Other expenses				400	525
OPERATING EXPENSES				**34,130**	**22,782**
INCOME (LOSS) FROM ORDINARY ACTIVITIES				**(28,116)**	**(19,230)**
Joint venture operations					
Financial income					
Financial income from non-consolidated investments				599	301
Income from other marketable securities and receivables capitalized				0	0
Other interests and similar income				94	12
Reversals of provisions and expense reclassifications			4.9	1,299	1,400
Foreign exchange gains				0	20
Net proceeds from the disposal of marketable securities				0	0
FINANCIAL INCOME				**1,993**	**1,732**
Amortization and charges to provisions for financial items			4.9	134	92
Interest and similar expenses				1,496	1,126
Foreign exchange losses				0	6
Net charges on disposals of marketable securities				0	0
FINANCIAL EXPENSES				**1,631**	**1,224**
NET FINANCIAL INCOME (EXPENSE)			**4.10**	**363**	**508**
INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX AND EXCEPTIONAL ITEMS				**(27,753)**	**(18,722)**

(In € thousand)	France	Export	Note No.	As at December 31, 2019	2018
Exceptional income from non-capital transactions				0	0
Exceptional income from capital transactions				5	39
Reversals of provisions and expense reclassifications				7	170
EXCEPTIONAL INCOME				**12**	**208**
Exceptional expenses on non-capital transactions				0	2
Exceptional expenses on capital transactions				111	59
Exceptional depreciation, amortization and provisions				2,006	0
EXCEPTIONAL EXPENSES				**2,117**	**61**
NET EXCEPTIONAL ITEMS			**4.11**	**(2,105)**	**147**
Corporate income tax			4.12	(1,866)	(1,728)
TOTAL INCOME				**8,019**	**5,493**
TOTAL EXPENSES				**36,011**	**22,340**
PROFIT OR LOSS				**(27,992)**	**(16,847)**
Basic net earnings per share *(in euros)*			4.13	(0.30)	(0.20)
Diluted net earnings per share *(in euros)*				(0.30)	(0.20)

4.2.3. Cash flow statement

Cash flow statement (In € thousand)	Note No.	2019	2018
Cash flow from operating activities			
Net profit/(loss)	Section 4.2.2	(27,992)	(16,847)
Income and expenses with no impact on cash or unrelated to operating activities			
Operating depreciation and amortization expenses	4.9	1,026	1,493
Reversals of operating depreciation and amortization expenses	4.9	(167)	(9)
Financial depreciation and amortization expenses	4.9	(1,165)	(1,307)
Exceptional depreciation and amortization	4.9	2,006	(14)
Reversals of exceptional provisions	4.9	(7)	(156)
Expense reclassifications on capitalized assets	4.2	(88)	(59)
Amount of grants recognized under income	4.11	(4)	(38)
(Gains)/losses on disposal of assets	4.11	91	59
Cancellation of operating/exceptional receivables		0	(42)
OPERATING CASH FLOWS		**(26,301)**	**(16,920)**
Change in other current assets and liabilities			
Inventories	3.4	22	27
Trade receivables and related accounts	3.5	140	97
Trade payables and related accounts	3.15	(2,066)	2,316
Other receivables	3.6	654	(34)
Prepayments and accrued income		430	(196)
Tax and employee-related liabilities	3.16	(263)	255
Other accruals and deferred income	3.17	13,243	1,114
Accruals and deferred income		50	(41)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**(14,093)**	**(13,381)**
Cash flow from investing activities			
Purchase of intangible fixed assets:	3.1	0	(16)
Purchase of property, plant and equipment	3.2	(286)	(222)
Purchase of long-term investments	3.3	(17)	2,828
Net capital expenditure		0	0
Change in working capital requirements with regard to assets	3.17	3	(20)
NET CASH USED IN INVESTING ACTIVITIES		**(301)**	**2,570**
Net cash generated from financing activities			
Proceeds from borrowings	3.14	11,382	1,425
Repayment of borrowings	3.14	(1,693)	(2,143)
Subordinated grants received/repaid	3.12	(210)	(47)
Investment grants received	3.11	0	0
Capital increase	3.10	16	50,000
Transaction costs charged to merger premium	3.10	0	(3,214)
NET CASH FROM FINANCING ACTIVITIES		**9,495**	**46,021**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(4,898)**	**35,211**
Opening cash, cash equivalents and marketable securities	3.7	42,692	7,481
Closing cash, cash equivalents and marketable securities	3.7	37,793	42,692
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(4,899)**	**35,210**

4.2.4. Notes to the financial statements

Note 1 Events of the year

- Opening of a French commercial office in Lyon. The fully owned commercial subsidiary, Valneva France SAS, will take direct control of sales and marketing of IXIARO® and DUKORAL® in France.
- Drawn down of a further €10 million from the existing European Investment Bank (EIB) loan facility.
- New partnering agreement signed with the Coalition for Epidemic Preparedness Innovations (CEPI) ; Grant for vaccine manufacturing and late-stage clinical development of a live-attenuated vaccine against Chikungunya.

Note 2 Accounting policies and methods

2.1. General background

The financial statements have been drawn up in accordance with French generally accepted accounting principles in line with the requirements of Regulation 99-03 of the French Accounting Regulation Committee relating to Regulation 2016-07 of the French accounting standard setter (*Autorité des Normes Comptables* or ANC), and applied in accordance with the fundamental accounting principles of prudence, going concern, consistency and accruals, the time period concept and general financial statements preparation and presentation rules.

Items are recorded in the financial statements in accordance with the historical cost method.

The financial information is expressed in thousands of euros and was approved by the Management Board on February 25, 2020 (primary statements) and March 30, 2020 (full statements including Notes).

2.2. Use of and changes in estimates

To produce this financial information, the Company's management has to make estimates and assumptions that affect the carrying amount of the assets and liabilities, income and expenses, and the information disclosed in the Notes.

Management makes these estimates and assessments continuously based on its past experience and various other factors considered reasonable that form the basis of these assessments.

The figures that appear in its future financial statements are likely to differ from these estimates should the assumptions change or the conditions differ.

The main significant estimates made by the Company's management relate notably to the valuation of intangible fixed assets, financial assets and provisions for contingencies and losses.

2.3. Unrealized foreign exchange gains and losses

Foreign currency income and expense items are translated in the accounts at the exchange rate prevailing on the transaction date.

In accordance with Regulation 2015-05 of July 2, 2015 on forward financial instruments and hedging transactions applicable as from January 1, 2017, foreign exchange gains and losses on trade receivables and payables are now recognized under "other income and expenses" in the operating income statement. Foreign exchange gains and losses on financial transactions remain recognized in the financial income statement.

Foreign-currency denominated receivables, payables and cash balances are recorded in the balance sheet at the closing exchange rate. Translation differences resulting from the retranslation of foreign-currency denominated receivables and payables at the closing exchange rate are recorded in "Unrealized foreign exchange gains/losses" in the balance sheet. A contingency provision is recorded to cover all unrealized foreign exchange losses. The portion of the unrealized loss corresponding to trade receivables and payables is recognized in operating income to ensure a symmetry between the recognition of the unrealized loss and the permanent loss.

2.4. Intangible fixed assets

With the exception of the specific cases mentioned below, intangible fixed assets are recognized at cost.

Intangible fixed assets with finite useful lives are amortized over their expected period of use. This amortization period is determined on a case-by-case basis according to the nature and characteristics of the items included under this heading.

When the useful life of intangible assets is indefinite, they are not amortized but instead subject to systematic impairment tests.

2.5. Research and development expenditures

Research expenditure is expensed as and when incurred.

According to the option offered under the French Official Chart of Accounts, development expenditures are capitalized and recognized as intangible assets only if the Company considers all of the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably expenditures attributable to the intangible asset during its development.

When these conditions are not fulfilled, development expenditures are treated as expenses. When a project for which development expenditures have been capitalized no longer meets one of the criteria defined above, the asset is canceled.

Development expenditures recorded as intangible assets include staff costs (wages and social charges) allocated to the development projects, the cost of raw materials and services, external services and the depreciation and amortization of fixed assets.

When development expenditures are capitalized, economic amortization begins at the start of the commercial use of products resulting from this development work. Economic amortization is calculated on a straight-line basis over an estimated useful life for projects of 10 years. Moreover, in accordance with the doctrine of the French tax administration, the Company records accelerated depreciation expenses on recognition of assets in accordance with the straight-line method over five years.

2.6. Concessions, patents and similar rights

Computer software is recognized at cost and amortized over two or six years according to the straight-line method.

2.7. Property, plant and equipment

Tangible fixed assets are recognized at purchase cost or, where necessary, production cost. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. No residual value is included in the depreciable amount of the tangible fixed assets on their date of acquisition as the Company expects to use them over their useful life. However, the residual value and useful life of tangible fixed assets are reviewed annually by the Company and any changes are included in the calculation of the assets' depreciable amount.

The estimated useful lives are as follows:

- constructions:
  - buildings:
    - i) structure: 25 years,
    - ii) roofing: 25 years,
    - iii) weatherboarding: 25 years,
    - iv) exterior woodwork: 20 years,
    - v) interior partitions: 20 years;
  - general installations:
    - i) fluid and energy systems: 10 to 15 years,
    - ii) air treatment: 10 years,
    - iii) ventilation and air conditioning: 10 years;
  - buildings on land owned by third parties: 8 to 10 years;
- land:
  - land improvements: 10 years,
  - plantations: 10 years;
- plant, machinery and equipment: 4 to 10 years;
- vehicles: 4 years;
- office and computer equipment: 3 to 10 years;
- furniture: 4 to 10 years.

2.8. Impairment of assets

Intangible and tangible fixed assets are subject to impairment tests once there is an indication of loss in value. To assess whether there is an indication that an asset may be impaired, the Company considers the following external and internal indications:

External indications:

- an asset's market value has declined significantly (more than it would be expected as a result of the passage of time or normal use);
- significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, economic or legal environment in which the Company operates or in the market to which an asset is dedicated;
- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to decrease the asset's recoverable amount and/or value in use materially.

Internal indicators:

- evidence is available of obsolescence or physical damage of an asset not provided by the depreciation or amortization schedule;
- significant changes in the extent to which, or manner in which, an asset is used or is expected to be used;
- the economic performance of an asset is, or will be, worse than expected;
- a significant decline in the future cash flows generated by the Company.

Where there is an indication of loss in value, an impairment test is carried out: the net carrying amount of the capitalized asset is compared with its present value.

The net carrying amount of an asset is its gross value less accumulated depreciation (or amortization) and impairment.

Present value is an estimate determined, according to the market and the asset's utility for the Company, by comparing fair value and value in use. Fair value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal.

The value in use is the value of the future cash flows expected to arise from the continuing use of an asset and from its disposal. The Company considers value in use to be non-discounted expected net cash flows that are determined using budgetary data approved by the Management Board.

2.9. Borrowing costs

Any borrowing costs incurred by the Company to finance tangible and intangible fixed assets are expensed as and when incurred.

2.10. Financial assets

Equity investments include costs for the acquisition of different subsidiaries of the Company.

The value of each equity investment is determined in reference to the share in the net equity and future prospects of the subsidiaries. When this value is lower than their carrying amount, an impairment expense is recorded for the difference.

The other long-term investments include deposits and bonds paid to the lessors for the leasing of premises, as well as for the liquidity agreement concluded in connection with the Company's listing for the purpose of ensuring the liquidity and orderly trading of its shares, in addition to treasury shares (124,322 ordinary shares and 124,322 preferred shares) in the amount of €646,350, corresponding to financial compensation paid by the Company to former Intercell shareholders who exercised their exit right following the merger with Intercell AG in May 2013.

An impairment is recognized for financial assets where their carrying amount exceeds their recoverable amount at the balance sheet date, or in respect to the liquidity agreement, for the difference between the carrying value and the estimated recoverable value calculated on the basis of the average share price for the month preceding the end of the reporting period.

2.11. Inventories

Inventories are stated at cost using the weighted average cost price. Amounts for impairment may be recognized on the basis of the net realizable value.

2.12. Receivables and related accounts

Receivables are stated at par value. An impairment expense is recognized where the carrying amount exceeds the recoverable amount.

2.13. Cash at bank and in hand

Cash at bank and in hand includes ready cash in current bank accounts and revolving short term deposits (one and three months).

2.14. Employee commitments

The Company's employees are entitled to retirement severance benefits. Since December 31, 2005, the corresponding commitments are paid according to the rights vested by the recipients in the form of provisions.

For defined benefit plans, retirement costs are determined once a year using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to determine the final obligation.

The final obligation is then discounted. These calculations mainly use the following assumptions:

- a discount rate;
- a salary escalation rate; and
- and an employee turnover rate.

The gains and losses arising from changes in the actuarial assumptions are recognized in the income statement.

For basic schemes and defined contribution plans, the Company recognizes the contributions as expenses when payable, as it has no obligations over and above the amount of contributions paid.

2.15. Grant income

Operating grants are recognized upon the signature of the contracts.

Investment grants are recognized in liabilities under "Investment grants" within shareholders' equity. These grants are transferred to income (under "Other exceptional income") as and when economic amortization and accelerated amortization charges are recognized for the assets financed by these grants.

Operating grants are recognized in "Other operating income" at the same rate as the expenses financed by the grants.

2.16. Subordinated grants

Subordinated grants are recognized in liabilities under "Subordinated grants". Should failure to complete work be reported, the debt waiver is recognized in "Other exceptional income". Grants used to finance research and development projects that are capitalized are recognized under "Development expenditure", whereas those used for projects not capitalized are recognized under "Operating Grants".

2.17. Provisions for contingencies and losses

Provisions for contingencies and losses are recognized where the Company has an obligation towards a third party and it is probable or certain that it will recognize an outflow of resources for the benefit of this third party without consideration. These provisions are estimated using the most likely assumptions at the balance sheet date.

2.18. Payables

Payables are stated at nominal amount.

2.19. Revenues

Valneva SE's know-how and intellectual property are focused on the manufacture of vaccines: Valneva SE offers research and commercial licenses for its EB66® cell lines to biotechnology companies and the pharmaceutical industry for the production of viral vaccines;

Sales generated by Valneva SE originate from:

- research services performed on behalf of customers under the commercial agreements mentioned above;
- the sale of rights to use biological "material", particularly for testing by customers before commercial license agreements are signed;
- when services are re-invoiced to the subsidiary Valneva Austria GmbH and other companies.

For research services, sales are recognized according to the completion of the services provided by the agreements. Sales with respect to the rights to use biological "material" are recognized upon delivery to the customers.

Any reductions, discounts or rebates granted to customers are recognized as a deduction of sales as and when revenue is recognized.

2.20. Operating grants

Operating grants are recognized in "Other operating income" at the same rate as the expenses financed by the grants.

2.21. Other income

Other income includes mainly:

- lump-sum payments for license concessions;
- royalties.

The lump-sum payments for license concessions are due by the partners upon the achievement of various milestones. Usually, an upfront payment is due at the beginning of the contract and additional payments are due upon the achievement of "milestones". The income is recognized according to the invoicing performed under contractual terms.

Royalties are recognized in income according to the sales generated over the period by the partners.

2.22. Staff costs

CICE wage tax credit

The **CICE** *(crédit d'impôt pour la compétitivité et l'emploi)* was a tax credit granted to companies with salaried employees. This tax credit was eliminated on January 1, 2019.

Unused tax credits continue to be carried forward over the three years following the year in which they were recognized. The fraction not applied at the end of this period is repaid to the Company.

Receivables relating to CICE wage tax receivables for 2016, 2017 and 2018 will be paid back in 2020, 2021 and 2022 and for that reason have not yet been allocated to expenses.

The 2015 CICE *(crédit d'impôt compétitivité emploi)* wage tax credit receivable was allocated to training expenses, R&D equipment and other investments.

2.23. Net exceptional items

Exceptional income and expenses are items which, due to their unusual nature and the fact that they are not recurrent, cannot be considered as inherent to the Company's normal operations, such as disposals or scrapping of assets, accelerated tax depreciation or amortization charges or reversals, shares of investment grants recognized in income, debt waivers with regard to subordinated grants, etc.

2.24. Corporate income tax

The incomes tax expense line item includes the current taxes for the period less any tax credits, particularly research tax credits.

(a) Current tax

Current tax is determined using the taxable income for the period which may differ from accounting income following add-backs and deductions of certain items of income and expense, depending on the prevailing tax positions, and using the tax rate enacted at the balance sheet date.

(b) Research tax credit

Manufacturing and trading companies taxed according to the actual regime that incur research expenditure may benefit from a tax credit.

The tax credit is calculated for each calendar year and utilized against the tax payable by the Company for the year in which the research expenditure was incurred. Unused tax credits may be carried forward over the three years following the year in which they were recognized. The fraction not applied at the end of this period is repaid to the Company.

In accordance with Article 41 of the Finance Act 2010-1657 of December 29, 2010, the Company no longer benefits from the provision providing for an early refund of its surplus research tax credit. In effect, because it is now part of a group, it no longer meets the EU definition of an SME and in consequence the Company is no longer eligible for the early refund provision.

Receivables relating to research tax credits (RTC) are henceforth collateralized with BPI *(Banque Publique d'Investissement).*

2.25. Earnings per share/Diluted earnings per share

Basic net earnings per share are calculated using the weighted average number of shares outstanding during the period.

The average number of outstanding shares is calculated according to the various changes in the Company's share capital, and adjusted, where appropriate, by the number of treasury shares held by the Company.

Diluted net earnings per share are calculated by dividing net income by the number of ordinary shares outstanding plus all potentially dilutive ordinary shares. If a net loss is recognized for the period, diluted net earnings per share are the same as basic net earnings per share.

Note 3 Notes to the balance sheet

3.1. Net intangible fixed assets

(a) Change from January 1, 2019 to December 31, 2019

		Changes in the period			
(In € thousand)	January 1, 2019	Increase	Decrease	Other changes	At December 31, 2019
Preliminary expenses	0	0	0	0	0
Development expenditure	7,478	88	(19)	0	7,547
Goodwill	0	0	0	0	0
Concessions, patents and rights	0	0	0	0	0
Software	352	0	0	0	352
Intangible assets under development	0	0	0	0	0
Other	0	0	0	0	0
GROSS INTANGIBLE FIXED ASSETS	**7,830**	**88**	**(19)**	**0**	**7,899**
Preliminary expenses	0	0	0	0	0
Development expenditure(1)	7,323	64	(8)	0	7,380
Goodwill(2)	0	0	0	0	0
Concessions, patents and rights(3)	0	0	0	0	0
Software	230	53	0	0	283
TOTAL AMORTIZATION	**7,553**	**117**	**(8)**	**0**	**7,662**
NET INTANGIBLE FIXED ASSETS	**277**	**(29)**	**(11)**	**0**	**237**
Development expenditure	0	0	0	0	0
Concessions, patents and rights	0	0	0	0	0
Software	0	0	0	0	0
TOTAL ACCELERATED TAX DEPRECIATION OR AMORTIZATION	**0**	**0**	**0**	**0**	**0**
NET TAX VALUE OF INTANGIBLE FIXED ASSETS	**277**	**(29)**	**(11)**	**0**	**237**
(1) Of which exceptional depreciation	*1,168*	*0*	*0*	*0*	*1,168*
(2) Of which exceptional depreciation	*0*	*0*	*0*	*0*	*0*
(3) Of which exceptional depreciation	*0*	*0*	*0*	*0*	*0*

Development expenditure: New development expenditures of €88 thousand were capitalized in 2019 in accordance with the accounting policy described in Note 2.5.

(b) Change from January 1, 2018 to December 31, 2018

		Changes in the period			
(In € thousand)	January 1, 2018	Increase	Decrease	Other changes	As at December 31, 2018
Preliminary expenses	0	0	0	0	0
Development expenditure	7,923	59	(504)	0	7,478
Goodwill	0	0	0	0	0
Concessions, patents and rights	0	0	0	0	0
Software	291	16	0	46	352
Intangible assets under development	46	0	0	(46)	0
Other	0	0	0	0	0
GROSS INTANGIBLE FIXED ASSETS	**8,260**	**75**	**(504)**	**0**	**7,830**
Preliminary expenses	0	0	0	0	0
Development expenditure(1)	7,251	564	(492)	0	7,323
Goodwill(2)	0	0	0	0	0
Concessions, patents and rights(3)	0	0	0	0	0
Software	179	51	0	0	230
TOTAL AMORTIZATION	**7,430**	**615**	**(492)**	**0**	**7,553**
NET INTANGIBLE FIXED ASSETS	**830**	**(540)**	**(12)**	**0**	**277**
Development expenditure	156	0	(156)	0	0
Concessions, patents and rights	0	0	0	0	0
Software	0	0	0	0	0
TOTAL ACCELERATED TAX DEPRECIATION OR AMORTIZATION	**156**	**0**	**(156)**	**0**	**0**
NET TAX VALUE OF INTANGIBLE FIXED ASSETS	**674**	**(540)**	**144**	**0**	**277**
(1) Of which exceptional depreciation	*1,168*	*0*	*0*	*0*	*1,168*
(2) Of which exceptional depreciation	*0*	*0*	*0*	*0*	*0*
(3) Of which exceptional depreciation	*0*	*0*	*0*	*0*	*0*

Development expenditure: New development expenditures of €59 thousand were capitalized in 2018 in accordance with the accounting policy described in Note 2.5.

Software: Deployment of a new reporting tool for €46 thousand.

3.2. Net intangible fixed assets

(a) Change from January 1, 2019 to December 31, 2019

(In € thousand)	January 1, 2019	Changes in the period Increase	Decrease	Other changes	December 31, 2019
Land	679	0	0	0	679
Buildings on own land	3,026	0	0	0	3,026
Buildings on land of third parties	557	0	(557)	0	0
Building installations and improvements	2,729	16	0	0	2,745
Plant, machinery and equipment	3,980	240	(28)	0	4,192
General installations, miscellaneous improvements	9	0	0	0	9
Vehicles	5	0	0	0	5
Office, IT equipment, furniture	554	30	(34)	0	550
Recoverable packaging	2	0	0	0	2
Tangible fixed assets under construction	0	0	0	0	0
Prepayments	1	0	(1)	0	0
GROSS INTANGIBLE FIXED ASSETS	**11,540**	**286**	**(619)**	**0**	**11,208**
Land	233	28	0	0	261
Buildings on own land	1,138	133	0	0	1,271
Buildings on land of third parties	442	50	(491)	0	0
Building installations and improvements	1,818	182	0	0	2,000
Plant, machinery and equipment	3,130	245	(21)	0	3,354
General installations, miscellaneous improvements	5	1	0	0	5
Vehicles	5	0	0	0	5
Office, IT equipment, furniture	429	40	(27)	0	442
Recoverable packaging	2	0	0	0	2
TOTAL DEPRECIATION	**7,202**	**678**	**(539)**	**0**	**7,341**
Impairment	0	0	0	0	0
Plant, machinery and equipment	7	0	0	0	7
NET INTANGIBLE FIXED ASSETS	**4,332**	**(392)**	**(80)**	**0**	**3,860**

€286 thousand in capital expenditures were incurred for fixtures, laboratory and IT equipment for the Saint-Herblain site.

Installations and improvements of the former premises leased in Lyon at rue St Jean de Dieu in the amount of €557 thousand were derecognized in November 2019.

(b) Change from January 1, 2018 to December 31, 2018

(In € thousand)	January 1, 2018	Changes in the period: Increase	Decrease	Other changes	As at December 31, 2018
Land	679	0	0	0	679
Buildings on own land	3,026	0	0	0	3,026
Buildings on land of third parties	557	0	0	0	557
Building installations and improvements	2,711	18	0	0	2,729
Plant, machinery and equipment	3,848	154	(23)	0	3,980
General installations, miscellaneous improvements	9	0	0	0	9
Vehicles	5	0	0	0	5
Office, IT equipment, furniture	541	49	(36)	0	554
Recoverable packaging	2	0	0	0	2
Tangible fixed assets under construction	0	0	0	0	0
Prepayments	0	1	0	0	1
GROSS INTANGIBLE FIXED ASSETS	**11,377**	**222**	**(59)**	**0**	**11,540**
Land	206	28	0	0	233
Buildings on own land	1,004	133	0	0	1,138
Buildings on land of third parties	380	62	0	0	442
Building installations and improvements	1,639	179	0	0	1,818
Plant, machinery and equipment	2,921	231	(23)	0	3,130
General installations, miscellaneous improvements	4	1	0	0	5
Vehicles	5	0	0	0	5
Office, IT equipment, furniture	426	39	(36)	0	429
Recoverable packaging	2	0	0	0	2
TOTAL DEPRECIATION	**6,588**	**672**	**(59)**	**0**	**7,202**
Impairment	0	0	0	0	0
Plant, machinery and equipment	7	0	0	0	7
NET INTANGIBLE FIXED ASSETS	**4,782**	**(450)**	**0**	**0**	**4,332**

€222 thousand in capital expenditures were incurred for fixtures, laboratory and IT equipment for the Saint-Herblain site.

3.3. Financial assets

(a) Change from January 1, 2019 to December 31, 2019

(In € thousand)	January 1, 2019	Acquisitions/Contributions/ Transformations/Mergers	Disposals	December 31, 2019
Non-consolidated investments	166,689	1	0	166,690
Receivables on non-consolidated investments	0	0	0	0
Loans[1]	187	16	0	204
Deposits and bonds	33	0	0	33
Treasury shares	646	0	0	646
Liquidity agreement	600	0	0	600
GROSS VALUE	**168,156**	**17**	**0**	**168,173**
Impairment of equity investments	7,877	0	(1,141)	6,736
Depreciation of deposits and bonds	0	0	0	0
Treasury shares impairment	243	88	0	331
Liquidity agreement impairment	250	46	0	296
TOTAL DEPRECIATION	**8,370**	**134**	**(1,141)**	**7,363**
TOTAL NET LONG-TERM INVESTMENTS	**159,786**	**(117)**	**1,141**	**160,810**

(1) Long-term loans in connection with social housing levies €204 thousand.

Non-consolidated investments

- Acquisition of shares of the new subsidiary Valneva France SAS for 1,000 €.

Treasury shares

124,322 ordinary shares and 124,322 preferred shares held in treasury representing €646,350 and corresponding to financial consideration the Company paid to former Intercell shareholders having exercised their exit right.

The liquidity agreement entered into in July 2007 with Natixis was transferred on June 25, 2018 to Oddo BHF. This liquidity agreement covering ordinary shares of Valneva SE is compliant in particular with the AMF Decision 2018-01 establishing liquidity contracts on equity securities as an accepted market. It is effective as a July 2, 2018 for a one-year period subject to tacit renewal in the amount of €600 thousand at December 31, 2019.

Assets held under this liquidity agreement included both cash and shares (67,000 shares at December 31, 2019). The portion in shares has been valued on the basis of the average trading price for December 2019, resulting in an additional impairment charge of €46 thousand. At December 31, 2019, the remaining amount of this provision amounted to €296 thousand.

A provision for impairment of €88 thousand for treasury shares was recorded according to this same principle of measurement at December 31, 2019. At December 31, 2019, the remaining amount of this provision amounted to €331 thousand.

Impairment of equity investments

- The impairment of BliNK Biomedical SAS securities was reversed in the amount of €1,141 thousand based on the net equity of this company and the earnings prospects announced on December 31, 2019.

Portfolio of shares held in treasury

(In € thousand)	Number of shares at December 31, 2019	Gross	Provision	Net
Liquidity agreement	67,000	466	296	170
Financial compensation:		646	331	315
▪ Ordinary shares with a value of €0.15	124,322			
▪ Preferred shares with a value of €0.01	124,322			

(b) Change from January 1, 2018 to December 31, 2018

(In € thousand)	January 1, 2018	Acquisitions/Contributions/ Transformations/Mergers	Disposals	As at December 31, 2018
Non-consolidated investments	169,526	(2,837)	0	166,689
Receivables on non-consolidated investments	0	0	0	0
Loans[(1)]	170	17	0	187
Deposits and bonds	41	(8)	0	33
Treasury shares	646	0	0	646
Liquidity agreement	600	0	0	600
GROSS VALUE	**170,983**	**(2,828)**	**0**	**168,155**
Impairment of equity investments	9,045	(1,168)	0	7,877
Depreciation of deposits and bonds	0	0	0	0
Treasury shares impairment	298	(56)	0	242
Liquidity agreement impairment	284	(34)	0	250
TOTAL DEPRECIATION	**9,627**	**(1,258)**	**0**	**8,369**
TOTAL NET LONG-TERM INVESTMENTS	**161,356**	**(1,570)**	**0**	**159,786**

(1) Long-term loans in connection with social housing levies €187 thousand.

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Non-consolidated investments

- Decrease in shares of the subsidiary Vaccines Holdings Sweden AB.

Vaccines Holdings Sweden AB made a payment of €2.791 million decided by the Board of Directors on August 3, 2018 authorized by the General Meeting of May 29, 2018. This payment reduces the initial capital contribution of €17 million made to this subsidiary in 2015. A payment of the same nature has already been made in October 2016 in the amount of €4.4 million, bringing the amount of equity shares to €9.8 million at December 31, 2018.

- Derecognition of shares of the subsidiary, Valneva Toyama Japan K.K.

Following the liquidation of the subsidiary on December 17, 2018, shares were canceled for their initial amount (€46 thousand).

Treasury shares

124,322 ordinary shares and 124,322 preferred shares held in treasury representing €646,350 and corresponding to financial consideration the Company paid to former Intercell shareholders having exercised their exit right.

The liquidity agreement entered into in July 2007 with Natixis was transferred on June 25, 2018 to Oddo BHF. This liquidity agreement covering ordinary shares of Valneva SE is compliant in particular with the AMF Decision 2018-01 establishing liquidity contracts on equity securities as an accepted market. It is effective as a July 2, 2018 for a one-year period subject to tacit renewal in the amount of €600 thousand at December 31, 2018.

Assets held under this liquidity agreement included both cash and shares (72,788 shares at December 31, 2018). The portion in shares has been valued on the basis of the average trading price for December 2018, resulting in the reversal of a depreciation expense of €34 thousand. At December 31, 2018, the remaining amount of this depreciation amounted to €250 thousand.

An impairment of €56 thousand for treasury shares was recorded according to this same principle of measurement at December 31, 2018. At December 31, 2018, the remaining amount of this depreciation amounted to €242 thousand.

Impairment of equity investments

- The impairment of Valneva Toyama Japan K.K. securities was written back to income following the derecognition of the securities (€46 thousand).
- The Impairment of BliNK Biomedical SAS securities (fully written down at December 31, 2015 in the amount of €8,998 thousand) was reversed in the amount of €1,122 thousand based on the net equity of this company and the earnings prospects announced on December 31, 2018.

Portfolio of shares held in treasury

(In € thousand)	Number of shares at December 31, 2018	Gross	Provision	Net
Liquidity agreement	72,788	487	250	237
Financial compensation:		646	242	404
▪ Ordinary shares with a value of €0.15	124,322			
▪ Preferred shares with a value of €0.01	124,322			

3.4. Inventories and work-in-progress

(a) Change from January 1, 2019 to December 31, 2019

(In € thousand)	January 1, 2019	Increase	Decrease	At December 31, 2019
Raw materials and supplies	156	0	(22)	134
Impairment	0	0	0	0
TOTAL	**156**	**0**	**(22)**	**134**

(b) Change from January 1, 2018 to December 31, 2018

(In € thousand)	January 1, 2018	Increase	Decrease	December 31, 2018
Raw materials and supplies	183	0	(27)	156
Impairment	0	0	0	0
TOTAL	**183**	**0**	**(27)**	**156**

3.5. Trade receivables and related accounts

(In € thousand)	At December 31, 2019	December 31, 2018
Trade receivables	50	190
Doubtful trade receivables	0	0
GROSS VALUE	**50**	**190**
Impairment of trade receivables	0	0
TOTAL TRADE RECEIVABLES (NET VALUE)	**50**	**190**

(a) Trade receivables by maturity at December 31, 2019

(In € thousand)	Gross	Up to 1 year	More than 1 year
Trade receivables	50	50	0
Doubtful trade receivables	0	0	0
Trade receivables – Sales invoice accruals	0	0	0
TOTAL	**50**	**50**	**0**

(b) Trade receivables by maturity at December 31, 2018

(In € thousand)	Gross	Up to 1 year	More than 1 year
Trade receivables	190	190	0
Doubtful trade receivables	0	0	0
Trade receivables – Sales invoice accruals	0	0	0
TOTAL	**190**	**190**	**0**

3.6. Other receivables

(In € thousand)	December 31, 2019	December 31, 2018
Corporate income tax	7,418	7,454
VAT	240	142
Current account advances/subsidiaries	23,500	24,141
Other operating receivables	8	82
TOTAL OTHER RECEIVABLES (NET VALUE)	**31,166**	**31,820**

Corporate income tax receivables represent the research tax credit (RTC) and the CICE *(crédit d'impôt compétitivité emploi)* wage tax credit.

(a) Trade receivables by maturity at December 31, 2019

(In € thousand)	December 31, 2019	December 31, 2018
2019 RTC	1,866	0
2018 RTC	1,728	1,728
2017 RTC	1,782	1,782
2016 RTC	1,901	1,901
2015 RTC	0	1,851
2018 CICE wage tax credit	44	44
2017 CICE wage tax credit	51	51
2016 CICE wage tax credit	46	45
2015 CICE wage tax credit	0	52
TOTAL CORPORATE INCOME TAX RECEIVABLES (NET VALUE)	**7,418**	**7,454**

(In € thousand)	Gross	Up to 1 year	More than 1 year
Corporate income tax	7,418	1,947	5,471
VAT	240	240	0
Current account advances/subsidiaries	23,500	23,500	0
Other operating receivables	8	8	0
TOTAL	**31,166**	**25,695**	**5,471**

(b) Trade receivables by maturity at December 31, 2018

(In € thousand)	Gross	Up to 1 year	More than 1 year
Corporate income tax	7,454	1,903	5,551
VAT	142	142	0
Current account advances/subsidiaries	24,141	24,141	0
Other operating receivables	82	82	0
TOTAL	**31,820**	**26,269**	**5,551**

3.7. Net cash

(In € thousand)	December 31, 2019	December 31, 2018
Cash at bank and in hand[1]	12,793	22,692
Fixed term deposits	25,000	20,000
Cash assets	**37,793**	**42,692**
Bank facilities	0	0
Cash liabilities	0	0
Net cash flow	**37,793**	**42,692**
(1) Of which notes sent for collection or discounting	*0*	*0*

3.8. Prepaid expenses

(In € thousand)	December 31, 2019	December 31, 2018
Office supplies	1	5
Work by various third parties	7	0
Maintenance and repairs	26	34
Leasing expenses	0	0
Rent and service charges	0	42
Insurance premiums	81	81
Documentation	5	4
Conventions	21	38
Travel expenses	29	17
Fees	60	207
Advertising, contributions	30	71
Bank services	10	11
Employee benefit expense	1	1
Site security services	3	3
Royalties, concessions, patents	51	84
TOTAL	**326**	**597**

3.9. Accrued income

(In € thousand)	December 31, 2019	December 31, 2018
Trade receivables and related account	0	0
Bank – Accrued interest on time deposits	10	5
TOTAL ACCRUED INCOME(1)	**10**	**5**

3.10. Shareholders' equity

(a) Change from January 1, 2019 to December 31, 2019

		Changes in the period			
(In € thousand)	January 1, 2019	Increase	Decrease	Other changes	December 31, 2019
Share capital or individual share	13,816	4			13,820
Additional paid-in capital	266,080	12	0	0	266,092
Regulated reserves	52,832	0	0	0	52,832
Retained earnings/ (accumulated deficit)	(104,200)	0	0	(16,847)	(121,047)
Net income/(loss) for the year	**(16,847)**	**0**	**(27,992)**	**16,847**	**(27,992)**
Net investment grants	59	0	(4)	0	54
Tax-driven provisions	0	0	0	0	0
TOTAL SHAREHOLDERS' EQUITY	**211,740**	**16**	**(27,992)**	**0**	**183,760**

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Share capital

At December 31, 2019, the share capital in the amount of €13,820 thousand was comprised of 92,132,927 shares, of which (a) 90,923,298 ordinary shares with a par value of €0.15, (b) 17,836,719 preferred shares with a par value of €0.01, and (c) 20,514 convertible preferred shares with a par value of €0.15.

Corporate actions in 2019:

On October 25, 2019, the Management Board duly noted the exercise of 6,250 warrants (BSA 27 warrants) by two members of the Supervisory Board. The final gross proceeds of the rights issue amounted to €16,087.50, corresponding to the issuance of 6,250 new ordinary shares, issued at a subscription price of €2.574 per share.

This issue generated an increase in the share capital of €937.50 thousand and share premium of €15,150.

The vesting of 19,725 convertible preferred shares awarded in 2015 with a par value of €0.15 generated a capital increase in the amount of €2,958.75 and a decrease in the share premium by the same amount.

At December 31, 2019, the breakdown of the capital ownership structure was primarily as follows:

- 14.88% by the Groupe Grimaud La Corbière SA;
- 8.09% by Bpifrance Participations SA;
- 8.84% by two funds managed by MVM Life Science Partners LLP (MVM IV LP & MVM GP (No. 4) Scottish LP).

The remaining capital is held as follows:

- 0.87% held by employees and management;
- 1.29% by other private persons as shareholders to the Company's knowledge (including private persons of the Grimaud family – including Frédéric Grimaud, Chairman of the Supervisory Board and Financière Grand Champ SAS – in addition to independent members of the Supervisory Board, James Sulat and Alexander von Gabain);
- the remaining 66.03% by the free float.

Rates are calculated in reference to total share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 per share, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 per share, and increased to €0.15 per share and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of 0.15.

Other equity

No dividend was paid in 2019.

Equity warrants (Bons de souscription d'actions or "BSA")

No warrants were granted in 2019.

(b) Change from January 1, 2018 to December 31, 2018

		Changes in the period			
(In € thousand)	January 1, 2018	Increase	Decrease	Other changes	December 31, 2018
Share capital or individual share	11,816	2,000	0	0	13,816
Additional paid-in capital	221,294	44,786	0	0	266,080
Regulated reserves	52,832	0	0	0	52,832
Retained earnings/ (accumulated deficit)	(88,923)	0	0	(15,277)	(104,200)
Net income/(loss) for the year	**(15,277)**	**0**	**(16,847)**	**15,277**	**(16,847)**
Net investment grants	97	0	(38)	0	59
Tax-driven provisions	156	0	(156)	0	0
TOTAL SHAREHOLDERS' EQUITY	**181,995**	**46,786**	**(17,041)**	**0**	**211,740**

Share capital

At December 31, 2018, the share capital in the amount of €13,816 thousand was comprised of 92,106,952 shares, of which (a) 90,917,048 ordinary shares with a par value of €0.15, (b) 17,836,719 preferred shares with a par value of €0.01, and (c) 789 convertible preferred shares with a par value of €0.15.

Corporate actions in 2018:

Valneva carried out a capital increase on October 1, 2018. The final gross proceeds of the rights issue amounted to €50,000,002.50, corresponding to the issuance of 13,333,334 new ordinary shares, issued at a subscription price of €3.75 per share.

This issue generated an increase in the share capital of €2,000,000.10 and share premium of €48,000,002.40.

At December 31, 2018, the breakdown of the capital ownership structure was primarily as follows:

- 14.88% by the Groupe Grimaud La Corbière SA;
- 8.10% by Bpifrance Participations SA; and
- 7.44% by two funds managed by MVM Life Science Partners LLP (MVM IV LP & MVM GP (No. 4) Scottish LP).

The remaining capital is held as follows:

- 0.80% held by employees and management;
- 1.19% by other private persons as shareholders to the Company's knowledge (including private persons of the Grimaud family – including Frédéric Grimaud, Chairman of the Supervisory Board and Financière Grand Champ SAS – in addition to independent members of the Supervisory Board, Alain Munoz, James Sulat and Alexander von Gabain); and
- the remaining 67.60% by the free float.

Rates are calculated in reference to total share capital of 92,106,952 Valneva SE shares, divided into (a) 90,917,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 per share, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 per share, and increased to €0.15 per share and (c) 789 convertible preferred shares (XFCS00X0I9M1), with a par value of 0.15.

Other equity

€3,214 thousand relating to the share issuance costs were charged against additional paid-in capital.

No dividend was paid in 2018.

Equity warrants (Bons d'émission d'actions or "BEA")

No warrants were drawn relating to the Equity Line obtained in 2016 and expiring on June 30, 2018.

Equity warrants (Bons de souscription d'actions or "BSA")

In 2018, there were no grants of warrants.

3.11. Investment grants

(In € thousand)	Region	Dept 44	Total
Net amount at 12/31/2018	**1**	**58**	**59**
Grant transferred to 2019 net income	1	3	4
Decrease in the grant	0	0	0
NET AMOUNT AT 12/31/2019	**0**	**55**	**55**

3.12. Subordinated grants

(In € thousand)	OSEO Vivabio	Nantes Metropole	Total
Amount granted	2,770	894	4,558
Grant date	June 26, 2009	November 16, 2009	
Net amount at 01/01/2011	**2,770**	**894**	**4,558**
Grant for 2011	0	0	0
Repayment during 2011	0	0	0
Net amount at 12/31/2011	**2,770**	**894**	**4,558**
Grant for 2012	0	0	0
Repayment during 2012	0	0	(178)
Net amount at 12/31/2012	**2,770**	**894**	**4,380**
Grant for 2013	0	0	0
Repayment during 2013	0	0	(179)
Net amount at 12/31/2013	**2,770**	**894**	**4,201**
Repayment during 2014	0	(72)	(250)
Net amount at 12/31/2014	**2,770**	**822**	**3,951**
Decrease in aid in line with actual expenses	(1,307)	0	(1,307)
Financial returns	**194**	**0**	**194**
Repayment during 2015	0	(143)	(322)
Net amount at 12/31/2015	**1,658**	**679**	**2,516**
Decrease in aid in line with actual expenses	0	0	0
Financial returns	198	0	198
Repayment during 2016	(70)	(179)	(428)
Net amount at 12/31/2016	**1,786**	**500**	**2,286**
Financial returns	204	0	204
Repayment during 2017	(223)	(179)	(402)
Net amount at 12/31/2017	**1,767**	**321**	**2,088**
Financial returns	210	0	210
Repayment during 2018	(79)	(178)	(257)
Net amount at 12/31/2018	**1,898**	**143**	**2,041**
Financial returns	213	0	213
Repayment during 2019	(315)	(107)	(422)
Net amount at 12/31/2019	**1,796**	**36**	**1,832**

3.13. Provisions for contingencies and losses

(a) Change from January 1, 2019 to December 31, 2019

		Changes in the period			
			Reversals		
(In € thousand)	January 1, 2019	Increase	Used	Not used	December 31, 2019
Disputes	0	0	0	0	0
Foreign exchange risks	289	0	(158)	0	131
Retirement severance benefits	333	67	0	0	400
Miscellaneous risks	94	2,006	0	0	2,100
Restructuring costs	168	164	(154)	(14)	164
TOTAL PROVISIONS FOR CONTINGENCIES AND LOSSES	**884**	**2,236**	**(312)**	**(14)**	**2,794**
▪ of which operating	512	231	(154)	(14)	575
▪ of which financial	289	0	(158)	0	131
▪ of which exceptional	82	2,006	0	0	2,088

A provision for restructuring costs recorded for €168 thousand relating to the R&D Department's reorganization initiated in July 2018 was reversed on December 31, 2019 following the completion of the restructuring plan. A provision for restructuring costs was recorded for €164 thousand relating to the Finance Department's reorganization initiated in October 2019.

A provision was recorded in the amount of €2,100 thousand in connection with the litigation with certain former Intercell shareholders who initiated legal proceedings before the Commercial Court of Vienna to request a revision of the exchange ratio between Intercell and Valneva shares used in the merger in 2013. This provision is based on features of an agreement to be applied during 2020.

(b) Change from January 1, 2018 to December 31, 2018

		Changes in the period			
			Reversals		
(In € thousand)	January 1, 2018	Increase	Used	Not used	December 31, 2018
Disputes	12	0	0	(12)	0
Foreign exchange risks	197	92	0	0	289
Retirement severance benefits	294	39	0	0	333
Miscellaneous risks	96	0	(2)	0	94
Restructuring costs	9	167	0	(9)	168
TOTAL PROVISIONS FOR CONTINGENCIES AND LOSSES	**608**	**299**	**(2)**	**(21)**	**884**
▪ of which operating	315	206	0	(9)	512
▪ of which financial	197	92	0	0	289
▪ of which exceptional	96	0	(2)	(12)	82

A provision for restructuring costs was recorded for €168 thousand relating to the R&D Department's reorganization initiated in July 2018.

3.14. Borrowings

(In € thousand)		At December 31, 2019	At December 31, 2018
CM €600 thousand loan of 12/23/2009	3-month Euribor floating rate + 1.25%	0	60
CE €600 thousand loan of 12/23/2009	1-month Euribor floating rate + 1.20%	0	60
EIB €5,000 thousand loan of 04/12/2017	3-month Euribor floating rate + 8.50%	5,000	5,091
EIB €5,000 thousand loan of 12/11/2017	3-month Euribor floating rate + 8.50%	5,000	5,000
EIB €10,000 thousand loan of 07/11/2019	3-month Euribor floating rate + 8.50%	10,000	0
RTC credit collateralization(1)	1-month Euribor floating rate + 1.70%	4,333	4,432
Current bank facilities, bank credit balances		2	4
TOTAL		**24,335**	**14,646**

(1) of which accrued interest €5 thousand.
The dates indicated are those for the beginning of the repayment schedule.

- On September 20, 2018, Valneva SE announced the extension of the drawdown period for its existing European Investment Bank (EIB) loan. The €25 million loan was granted to the Company by the EIB in July 2016. Valneva has drawn down €10 million received in 2017 and benefited from an additional term of up to July 2019 to draw down the remaining €15 million. Valneva Group drew down €10 million in July 2019, increasing the final amount drawn down of €20 million. Under the terms of the agreement signed with the EIB, each credit tranche is repayable at the end of a five-year period commencing from the drawdown date. The loan will be secured by collateral over Valneva's material subsidiaries, mainly ranking behind securities in connection with the Company's existing asset-based financing.

In addition, the loan agreement provides for other undertakings such as maintaining a positive EBITDA by the Group and a minimum cash balance of €3 million.

(a) At December 31, 2019

(In € thousand)		Gross	Up to 1 year	More than 1 year	More than 5 years
TOTAL FINANCIAL DEBT		**24,335**	**4,335**	**20,000**	**0**
▪ of which loans secured during the year	14,328				
▪ of which loans repaid during the year	1,693				

The loans obtained during the year represent:

- the drawdown of the third tranche of the European Investment Bank (EIB) loan;
- the renewed collateralization of the 2016 and 2017 research tax credits (RTC);
- the collateralization of the 2018 RTC with BPI.

Repayment of these loans includes the collateralization of the 2015 RTC.

(b) At December 31, 2018

(In € thousand)		Gross	Up to 1 year	More than 1 year	More than 5 years
TOTAL FINANCIAL DEBT		**14,646**	**4,646**	**10,000**	**0**
▪ of which loans secured during the year	4,427				
▪ of which loans repaid during the year	2,143				

The loans obtained during the year represent:

- the renewed collateralization of the 2015 and 2016 research tax credits (RTC);
- the collateralization of the 2017 RTC with BPI.

Repayment of these loans includes the collateralization of the 2014 RTC.

3.15. Trade payables and related accounts

(a) At December 31, 2019

(In € thousand)	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating payables	534	534	0	0
Notes payable	0	0	0	0
Operating payables – purchase invoice accruals	1,087	1,087	0	0
TOTAL	**1,621**	**1,621**	**0**	**0**

(b) At December 31, 2018

(In € thousand)	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating payables	3,245	3,170	75	0
Notes payable	0	0	0	0
Operating payables – purchase invoice accruals	442	442	0	0
TOTAL	**3,687**	**3,612**	**75**	**0**

3.16. Tax and employee-related liabilities

(In € thousand)	December 31, 2019	December 31, 2018
VAT due	97	15
Other taxes	45	5
Wages and salaries	864	1027
Employee benefit expense	388	479
Other payables, repayable grants	0	131
TOTAL TAX AND EMPLOYEE-RELATED LIABILITIES(1)	**1,394**	**1,657**
(1) up to 1 year	*1,394*	*1,657*
More than 1 and less than 5 years	*0*	*0*
more than 5 years	*0*	*0*

3.17. Other financial liabilities

(In € thousand)	December 31, 2019	December 31, 2018
Payables on non-consolidated investments	0	0
Amounts due in respect of fixed asset purchases	11	8
Other operating payables	18,717	5,474
TOTAL OTHER LIABILITIES	**18,728**	**5,482**

The line item "Other operating liabilities" includes mainly the current account balance with Valneva Austria GmbH (€13,697 thousand) and CEPI (€4,314 thousand).

(a) At December 31, 2019

(In € thousand)	Gross	Up to 1 year	More than 1 year	More than 5 years
Payables on non-consolidated investments	0	0	0	0
Payables to fixed asset suppliers	11	11	0	0
Payables to fixed asset suppliers – purchase invoice accruals	0	0	0	0
Other financial liabilities	18,717	18,717	0	0
TOTAL	**18,728**	**18,728**	**0**	**0**

(b) As at December 31, 2018

(In € thousand)	Gross	Up to 1 year	More than 1 year	More than 5 years
Payables on non-consolidated investments	0	0	0	0
Payables to fixed asset suppliers	8	8	0	0
Payables to fixed asset suppliers – purchase invoice accruals	0	0	0	0
Other financial liabilities	5,474	5,474	0	0
TOTAL	**5,482**	**5,482**	**0**	**0**

3.18. Deferred income

(In € thousand)	December 31, 2019	December 31, 2018
Operating grants	0	0
Research services and royalties	0	0
TOTAL DEFERRED INCOME	**0**	**0**

(a) At December 31, 2019

(In € thousand)	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating grants	0	0	0	0
Research services, misc. and royalties	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

(b) At December 31, 2018

(In € thousand)	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating grants	0	0	0	0
Research services, misc. and royalties	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**

3.19. Accrued expenses

(In € thousand)	December 31, 2019	December 31, 2018
Trade payables and related accounts	1,087	442
Tax and employee-related liabilities	1,267	1,511
Borrowings and financial liabilities	5	96
Other financial liabilities	16	19
TOTAL ACCRUED EXPENSES[1]	**2,374**	**2,068**

(1) *Payables up to 1 year.*

Note 4 Notes to the income statement

4.1. Revenues

(In € thousand)	December 31, 2019	December 31, 2018
Research services	73	106
Other services	2,575	2,038
TOTAL	**2,648**	**2,144**

(In € thousand)	December 31, 2019	December 31, 2018
Sales in France	654	169
Export sales	1,995	1,975
TOTAL	**2,648**	**2,144**

4.2. Own production of goods and services capitalized

(In € thousand)	December 31, 2019	December 31, 2018
Development expenditure	88	59
TOTAL	**88**	**59**

4.3. Operating grants

(In € thousand)	December 31, 2019	December 31, 2018
FUI public grants	(58)	0
CEPI grant	1,634	0
TOTAL	**1,575**	**0**

4.4. Other income

(In € thousand)	December 31, 2019	December 31, 2018
Upfront and milestones	1,478	1,299
Translation gains on trade receivables and payables	35	18
Other	0	4
TOTAL	**1,513**	**1321**

4.5. Reversals of depreciation, amortization and provisions and expense reclassifications

(In € thousand)	December 31, 2019	December 31, 2018
Reversals of provisions for contingencies and losses	167	8
Operating expense reclassifications	22	19
TOTAL	**189**	**27**

4.6. Purchases and external expenses

Main charges

(In € thousand)	December 31, 2019	December 31, 2018
Work by various third parties	17, 426	7,987
Fees	3,076	2,223
Maintenance and repairs	316	303
Administrative services	4,107	2,249
Temporary personnel	26	30
Recruitment costs	144	83
Travel expenses	385	410
Symposiums, seminars, conferences	153	136
Post and telephone expenses	66	61
Entertainment expenses	86	130
Property leasing	164	164
Leasing expenses	70	55
Equipment leasing	24	15
Sundry transport expenses	36	52
Advertising, publications, public relations	183	152
Documentation	15	15
Insurance premiums	243	237
Waste management	34	37
Security services	10	9
Training fees	9	21
Bank services	39	42
Natural gas	22	22
Water	2	3
Electricity	102	90
Dues and related contributions	43	34
TOTAL	**26,782**	**14,560**

4.7. Taxes, duties and related amounts

(In € thousand)	December 31, 2019	December 31, 2018
Taxes on remuneration	**79**	**92**
Training	62	51
Apprentices tax	(1)	25
Other taxes/remuneration (FNAL)	17	16
Other taxes	**130**	**65**
Local taxes	50	52
CFE – CVAE regional business tax	8	(1)
Employer contribution for handicapped workers	3	3
Withholding taxes	68	9
Stamp and registration duties	0	1
Other taxes	1	2
TOTAL	**208**	**157**

4.8. Personnel

(a) Employees

average number of employees	At December 31, 2019	At December 31, 2018
Executives and higher intellectual professions	41	42
Intermediate professions	3	3
Office employees/workers	4	4
Workers	0	0
Seconded personnel	0	0
TOTAL	**48**	**49**

- Employees present at December 31, 2019: 43 employees of which 42 on permanent contracts and on 1 on fixed term contract.
- Employees present at December 31, 2018: 47 employees of which 43 on permanent contracts and on 4 on fixed term contract.

(b) Staff costs

(In € thousand)	December 31, 2019	December 31, 2018
Wages and salaries	3,683	3,947
Employee benefit expense	1,438	1,564
CICE wage tax credit	0	(44)
Other personnel expenses	149	73
TOTAL	**5,269**	**5,540**

(c) Remuneration paid to Management Board and Supervisory Board Members

(In € thousand)	December 31, 2019	December 31, 2018
Fixed compensation	584	858
Variable remuneration	286	198
Fringe benefits	13	17
ALL MANAGEMENT BOARD MEMBERS	**883**	**1,073**
Attendance fees	273	285
ALL SUPERVISORY BOARD MEMBERS	**273**	**285**
TOTAL	**1,156**	**1,358**

free shares (free ordinary shares fully vested)	December 31, 2019	December 31, 2018
Management Board Members	0	0
Supervisory Board Members	0	0

Free shares (Free convertible preferred shares fully vested)	December 31, 2019	December 31, 2018
Management Board Members	14,825	0
Supervisory Board Members	0	0

Stock options (number of shares subscribed)	December 31, 2019	December 31, 2018
Management Board Members	0	0
Supervisory Board Members	0	0

Equity warrants (BSA) (number of shares subscribed)	December 31, 2019	December 31, 2018
Management Board Members	0	0
Supervisory Board Members	6,250	0

(d) Employee benefits

Assumptions used for the valuation of pension benefits

	December 31, 2019	December 31, 2018
Discount rate	0.70%	1.60%
Salary increase rate	2%	2%
Social security charge rate	47.00%	48.00%
Employee turnover rate by age	Details below	Details below

2019 data	Supervisors	Managers	Office employees/workers
20-29 years	18.00%	33.24%	3.33%
30-29 years	9.00%	16.56%	1.68%
40-29 years	3.00%	5.52%	0.57%
50-29 years	0.00%	0.00%	0.00%
60 years and older	0.00%	0.00%	0.00%

Change in net commitments and reconciliation of the provision

(In € thousand)	December 31, 2019	December 31, 2018
Commitment at the beginning of period	**332**	**293**
Commitment at the end of period	**400**	**332**
Provision at the beginning of period	**332**	**293**
Charge for the period	68	39
Reversal of the period	0	0
Provision at the end of period	**400**	**332**

4.9. Depreciation, amortization & impairment of fixed assets

(In € thousand)	December 31, 2019	December 31, 2018
Intangible fixed assets	117	615
Property, plant and equipment	678	672
TOTAL FIXED ASSETS (A)	**795**	**1,287**
Employee commitments	67	39
Provisions for operating contingencies and losses	(4)	159
TOTAL PROVISIONS (B)	**63**	**198**
TOTAL NET CHARGES EXCLUDING CURRENT ASSETS (C=A+B)	**859**	**1,485**
Trade receivables and other current assets	0	0
TOTAL ASSETS (D)	**0**	**0**
EXCEPTIONAL AMORTIZATION (E=C+D)	**859**	**1,485**
Provisions for unrealized foreign exchange losses	(158)	92
Impairments of current account balances	0	(142)
Impairment of financial assets	(1,007)	(1,258)
TOTAL FINANCIAL ASSETS (F)	**(1,165)**	**(1,307)**
Exceptional amortization of fixed assets (G)	0	0
Impairment of fixed assets (H)	(7)	0
Accelerated tax depreciation or amortization of fixed assets (I)	0	(156)
Other provisions (J)	2,006	(14)
TOTAL EXCEPTIONAL ITEMS (K=G+H+I+J)	**1,998**	**(170)**

4.10. Net income/(loss) from financial items

(In € thousand)	December 31, 2019	December 31, 2018
Revenue from marketable securities and deposits	94	12
Interest on borrowings	(1,284)	(873)
Interest on repayable loans	(212)	(210)
Interest on current accounts	166	301
Dividends received	433	0
Translation adjustments	158	14
Losses on investment-related receivables	0	(42)
Impairment of financial assets/reversals	1,007	1,308
Misc.	0	(1)
NET FINANCIAL INCOME/(EXPENSE)	**363**	**508**

4.11. Net exceptional items

(In € thousand)	December 31, 2019	As at December 31, 2018
Net income on disposals	(91)	(59)
Depreciation and provisions, net of reversals on tangible fixed assets	7	0
Amortization and provisions, net of reversals on intangible fixed assets	0	0
Provisions for contingencies and losses net reversals	(2,006)	14
Accelerated tax depreciation and amortization charges and reversals	0	156
Share of grant transferred to income	4	38
Misc.	(20)	(2)
NET EXCEPTIONAL ITEMS	**(2,105)**	**147**

4.12. Income tax

(a) Income tax charges

Effective tax rate

(In € thousand)	December 31, 2019	December 31, 2018
Net profit/(loss)	(27,992)	(16,847)
Income tax	(1,866)	(1,728)
Net loss before tax	(29,858)	(18,575)
EFFECTIVE TAX RATE	**0**	**0**

(b) Tax losses carried forward

	December 31, 2019	December 31, 2018
Losses carried forward at the beginning of the period	145,379	122,693
Losses generated during period	31,123	22,686
Losses utilized during period	0	0
Prior losses used	0	0
Losses expired during period	0	0
LOSSES CARRIED FORWARD AT THE END OF THE PERIOD	**176,502**	**145,379**

(c) Deferred tax assets and deferred tax liabilities

(In € thousand)	December 31, 2019	December 31, 2018
Deferred tax assets (investment grants and accelerated tax depreciation or amortization)	15	60
Deferred tax liabilities		
▪ Operating grants taxable at time of allotment	0	0
▪ Unrealized gains from UCITS	0	0
▪ Employee profit-sharing	0	0
TOTAL DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES)	**15**	**60**

4.13. Earnings per share

		December 31, 2019	December 31, 2018
Basic net loss *(in euros)*	(a)	(27,991,662.49)	(16,847,324.21)
Average number of shares outstanding	(b)	92,118,084.82	82,097,818.68
Total number of potential shares	(c)	109,999,049.00	107,533,441.00
Basic net earnings per share *(in euros)*	(a)/(b)	(0.30)	(0.20)

In light of the net loss, diluted earnings per share are considered identical to basic earnings.

4.2.5. Other information

(a) Commitments and contingent liabilities

Debt guarantee by collateral

(In € thousand)	December 31, 2019	December 31, 2018
Equipment pledge	0	0
Pledges on non-consolidated investments(1)	147,876	147,876

(1) *A senior pledge of securities of Valneva Austria GmbH in connection with loan granted by the European Investment Bank.*

Off-balance-sheet commitments

	As at December 31,	
(In € thousand)	2019	2018
Commitments given		
▪ Commitment on Pharmakon/Valneva Austria GmbH loan(1)	0	14,546
▪ Financial returns on OSEO2 reimbursable loans(2)	1,209	1,106
▪ Property lease commitment	0	164
▪ Equipment financing lease	23	33
▪ Comfort letter in favor of Valneva GmbH(3)	3,667	4,644
▪ Comfort letter and guarantee for the benefit of Valneva Canada Inc. for a contract for vehicles	24	22
▪ Joint surety in favor of VGO Bureaux, lease signed for the premises of Valneva France(4)	236	
▪ Mortgage on loans	0	120
▪ Interest payable on loans	0	1
TOTAL COMMITMENTS GIVEN	**5,159**	**20,636**
COMMITMENTS RECEIVED	**0**	**0**
TOTAL COMMITMENTS RECEIVED	**0**	**0**

(1) *Principal and interest until maturity for the Pharmakon loan guaranteed by Valneva SE repaid at the beginning of January 2019.*
(2) *The maximum amount repayable of reimbursable loans under the Vivabio program was reduced to €3 million in July 2015. This amount that is repayable until 2024, was recognized in the amount of €1,795 thousand (See Note 3.12).*
(3) *On lease installments payable until the end of the property lease in 2023.*
(4) *Representing 3 years of rent excluding taxes and charges.*

Contingent liabilities

The following disputes are classified as contingent liabilities as the probability of an outflow of resources is low.

In July 2016, the Company received an additional request for payment, accompanied by a threat of legal action, This related to the acquisition of Humalys SAS in 2009, through which Vivalis SA today Valneva SE) had acquired the technology that was subsequently combined with another antibody discovery technology and contributed to BliNK Biomedical SAS in early 2015. Humalys' former shareholders now demand additional payment pursuant to this disposal. This case is expected to be heard at the end of 2020 or the beginning of 2021.

Valneva, after consultation with its external advisors, believes that this claim is unsubstantiated and the filed litigation is not likely to succeed in court. Detailed information on the potential specific financial consequences which might result from a successful claim could adversely affect Valneva's ability to defend its interests in this case, and therefore is not provided.

No provision has moreover been recorded by the Company in respect to stock option, equity warrant and bonus share plans. In effect, the Company intends to issue new shares in connection with future grants and subscriptions.

(b) Information concerning related parties

Related parties concern relations with Groupe Grimaud La Corbière SA and companies of the Groupe Grimaud La Corbière (1), the subsidiary Valneva Austria GmbH (2), the subsidiary Valneva Canada Inc. (3), and the subsidiary Valneva UK Ltd. (4), the subsidiary Valneva USA Inc. (6) and the subsidiary Valneva France SAS.(7).

1. For the Groupe Grimaud La Corbière and Groupe Grimaud La Corbière companies, services rendered related to normal operating activities:

   a collaboration and research license agreement and a contract for the provision of premises and equipment (Vital Meat Project) signed in 2018 generated revenue of €236 thousand for the 2019 financial year (€32 thousand are included in trade receivables at December 31, 2019).
2. Valneva SE guaranteed a loan of US$41 million from the investment fund managed by Pharmakon Advisors for the benefit of Valneva Austria GmbH. The remaining capital due at December 31, 2018 of €14.5 million was repaid by Valneva Austria GmbH in the beginning of January 2019 Interest of 0.77% applied to the amount of the loan amount outstanding did not in consequence result in any invoice in 2019.

   An agreement between Valneva SE and Valneva Austria GmbH entering into effect as from May 28, 2013 sets guidelines for the re-invoicing of services between these two companies.

   Under the terms of this agreement, in 2019 Valneva SE re-invoiced €1,440 thousand and Valneva Austria GmbH re-invoiced €19,424 thousand in 2019.

   These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a credit balance for the net of €7,002 thousand at December 31, 2019).

   In October 2013, a loan agreement was executed between Valneva SE and Valneva Austria GmbH for an initial amount of €30 million subject to a rate of interest of 3-month EURIBOR plus 1 percent (€102 thousand invoiced for fiscal 2019). The amount of the loan was €12 million at December 31, 2019 with a maturity date of December 31, 2020.
3. A loan agreement, entering into effect in March 2015, was signed between Valneva SE and its subsidiary Valneva Canada Inc. The amount of this loan, subject to interest at a rate of 3-month CDOR plus 1 percent is limited to C$10 million and must be paid back before January 31, 2025 (the repayment term has been extended by 5 years as per an amendment to the agreement entered into on February 19, 2020). The loan amount represents €1.9 million at December 31, 2019 and €55 thousand for interest was invoiced in 2019.

   An agreement between Valneva SE and Valneva Canada Inc. entering into effect starting in 2015 sets guidelines for re-invoicing services by Valneva SE. The amount charged back under this agreement represented income of €52 thousand for 2019.
4. A loan agreement, entering into effect as from November 30, 2015 was signed between Valneva SE and its subsidiary Valneva UK Ltd. The amount of this loan, subject to interest at a rate of 3-month LIBOR plus 1 percent, is limited to £4 million and must be paid back before January 31, 2025 (the repayment term has been extended by 5 years as per an amendment to the agreement entered into on February 19, 2020). The loan amount represents €1.5 million at December 31, 2019 and €9 thousand for interest were invoiced in 2019.

   An agreement between Valneva SE and it subsidiaries Valneva UK Ltd. in force as from January 1, 2019 governs the provisions for re-invoicing services by Valneva UK. The amount charged back under this agreement represented income of €948 thousand for 2019.
5. An agreement between Valneva SE and Intercell USA Inc. (today Valneva USA Inc.), entering into effect in 2015 sets guidelines for the re-invoicing of services between these two companies. The amount charged back under this agreement represented income of €36 thousand and an expense of €186 thousand for Valneva SE for 2019.
6. An agreement between Valneva SE and Valneva Sweden AB entering into effect in 2015 sets guidelines for re-invoicing services by Valneva SE. The amount charged back under this agreement represented income of €466 thousand for 2019. An amendment to this agreement entering into effect on January 1, 2017 sets guidelines for the re-invoicing of services between these two companies. The amount charged back under this agreement represented an expense of €14 thousand for Valneva SE for 2019.
7. An agreement between Valneva SE and Valneva France SAS entering into effect as from February 20, 2019 sets guidelines for the re-invoicing of services between these two companies. The amount charged back under this agreement represented income of €444 thousand for 2019.

(In € thousand)	December 31, 2019	December 31, 2018
FINANCIAL ASSETS		
Equity investments[1]	166,689	166,688
Loans	0	0
RECEIVABLES		
Other receivables	23,500	24,141
PAYABLES		
Trade payables and related accounts		
Other financial liabilities	14,362	5,430
Revenues	**2,439**	**1,957**
Financial income	**166**	**301**
OPERATING EXPENSES		
Other purchases and external expenses	20,572	9,905
FINANCIAL EXPENSE		
Interest and similar expenses	0	0

(1) See Note 3.3.

(c) Valneva SE's share capital after the exercise of different dilutive instruments at December 31, 2019

Valneva SE shareholding structure before exercise or final grant of the dilutive instruments

At December 31, 2019 (to the Company's knowledge)

SHAREHOLDERS		Shares held (1) Ordinary shares	Preferred shares	Convertible preferred shares	%
Groupe Grimaud La Corbière SA (2)		**13,704,830**	**0**	**0**	**14.88**
Bpifrance Participations SA		**7,456,785**	**0**	**0**	**8.09**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**197,768**	**0**	**8.84**
Management Board members	**Total Management Board members**	**696,278**	**238**	**15,418**	**0.77**
	Mr. Franck Grimaud	485,889	0	5,668	0.53
	Mr. Thomas Lingelbach	139,983	238	8,008	0.16
	Mr. Frédéric Jacotot	10,802	0	1,742	0.01
	Mr. David Lawrence	39,802	0	0	0.04
	Mr. Wolfgang Bender	19,802	0	0	0.02
Employees (non-corporate officers)		**86,571**	**10**	**5,096**	**0.10**
Other shareholders (private individuals)		**1,189,763**	**1,469**	**0**	**1.29**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(2)		725,198	0	0	0.79
Including independant members of the Supervisory Board	Mr. James Sulat	20,992	0	0	0.02
	Mr. Alexander von Gabain	38,218	1,469	0	0.04
Other floating capital		**59,838,454**	**989,630**	**0**	**66.02**
SUBTOTAL BY CATEGORY		**90,923,298**	**1,189,115**	**20,514**	**100**
TOTAL			**92,132,927**		**100**

(1) *Percentages in this table are calculated in reference to a share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.*

(2) *The Groupe Familial Grimaud is comprised of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.*

Number of ordinary shares to be issued after exercise or final grant of the dilutive instruments

At December 31, 2019 (to the Company's knowledge)

		Dilutive instruments – Number of ordinary shares to be issued[1]				
SHAREHOLDERS		Stock-options	Equity warrants (BSA)	Preferred 3shares	Free ordinary shares	Convertible preferred shares
Groupe Grimaud La Corbière SA[2]		**0**	**0**	**0**	**0**	**0**
Bpifrance Participations SA		**0**	**0**	**0**	**0**	**0**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**0**	**0**	**1,557,425**	**0**	**0**
Management Board members	**Total Management Board members**	**330,921**	**0**	**1,876**	**1,381,947**	**1,500,400**
	Mr. Franck Grimaud	109,962	0	0	262,570	288,362
	Mr. Thomas Lingelbach	209,962	0	1,876	331,667	346,952
	Mr. Frédéric Jacotot	10,997	0	0	262,570	288,362
	Mr. David Lawrence	0	0	0	262,570	288,362
	Mr. Wolfgang Bender	0	0	0	262,570	288,362
Employees (non-corporate officers)		**4,974,479**	**0**	**85**	**810,000**	**608,654**
Other shareholders (private individuals)		**7,698**	**103,875**	**11,580**	**0**	**0**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[2]		0	27,750	0	0	0
	Mr. James Sulat	0	14,250	0	0	0
	Mr. Alexander von Gabain	0	14,250	11,575	0	0
	Ms. Anne-Marie Graffin	0	14,250	0	0	0
Other floating capital		**0**	**0**	**7,793,311**	**0**	**0**
SUBTOTAL BY CATEGORY		**5,313,098**	**103,875**	**9,364,277**	**2,191,947**	**2,109,054**
TOTAL				**19,082,251**		

(1) Ratios of conversion with respect to the different dilutive instruments are set as follows:

- *Stock-options: 1 stock option issued pursuant to plans 6 or 7 entitles to 1.099617653 Valneva SE ordinary share (then rounded up for each beneficiary), while 1 stock option issued pursuant to plans 8, 9, 10 or 11 entitles to 1 ordinary share of the Company;*
- *BSA 25 and BSA 27: 1 BSA entitles to 1 ordinary share of the Company Valneva SE;*
- *Preferred shares (ISIN FR0011472943): the ratio of conversion applicable to the number of preferred shares is 0.5246 (rounded up to 0.5250 in accordance with the Articles of Association of the Company Valneva SE);*
- *Convertible preferred shares (XFCS00X0I9M1): the conversion of convertible preferred shares into ordinary shares is set by multiplying the number of convertible preferred shares by 62 (maximum ratio of conversion in accordance with the plan).*

(2) The Groupe Familial Grimaud is comprised of the Company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS

Valneva SE shareholding structure after exercise or final grant of the dilutive instruments

At December 31, 2019 (to the Company's knowledge)

SHAREHOLDERS		Ordinary shares after exercise or final grant of all dilutive instruments	%
Groupe Grimaud La Corbière SA[1]		**13,704,830**	**12.46**
Bpifrance Participations SA		**7,456,785**	**6.78**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**9,508,042**	**8.64**
Management Board members	**Total Management Board members**	**3,911,422**	**3.56**
	Mr. Franck Grimaud	1,146,783	1.04
	Mr. Thomas Lingelbach	1,030,440	0.94
	Mr. Frédéric Jacotot	572,731	0.52
	Mr. David Lawrence	590,734	0.54
	Mr. Wolfgang Bender	570,734	0.52
Employees (non-corporate officers)		**6,479,789**	**5.89**
Other shareholders (private individuals)		**1,312,916**	**1.19**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[1]		752,948	0.68
Including independant members of the Supervisory Board	Mr. James Sulat	35,242	0.03
	Mr. Alexander von Gabain	64,043	0.06
	Ms. Anne-Marie Graffin	14,250	0.01
Other floating capital		**67,631,765**	**61,48**
TOTAL		**110,005,549**	**100**

(1) *The* Groupe Familial Grimaud *is comprised of the Company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS.*

(d) Subsidiaries and associates

Subsidiaries (more than 50 percent)

Name	Share capital / Shareholders' equity[1]	Ownership interest[2] / Dividends[3]	Gross value of securities / Net value of securities	Loans, advances[4] / Guarantees[5]	Net sales[6] / Profit or loss[7]
Valneva Austria GmbH[8]	€10,070,000	100.00%	€147,876,224	€12,000,000	€77,901,146
	€232,288,004	€0	€147,876,224	€3,667,000	€24,055,823
Vaccines Holdings Sweden AB[8]	SEK 50,000	100.00%	€9,813,136	€0	SEK 0
	SEK 210,373,558	€0	€9,813,136	€0	SEK 31,328
Valneva Canada Inc.[8]	CAD 1,000	100.00%	€731	€1,915,054	CAD 36,190,270
	CAD 2,874,437	€0	€731	€23,900	CAD 1,093,279
Valneva Scotland Ltd.[8]	GBP 100	100.00%	€136	€1,549,638	GBP 7,538,733
	GBP 569,776	€0	€136	€0	GBP 208,361
Valneva France SAS(8)	€1,000	100.00%	€1,000	€0	€0
	€0	€0	€1,000	€0	€0

Non-consolidated investments (less than 50 percent)

Name	Share capital / Shareholders' equity[1]	Ownership interest[2] / Dividends[3]	Gross value of securities / Net value of securities	Loans, advances[4] / Guarantees[5]	Net sales[6] / Profit or loss[7]
BliNK Biomedical SAS	€2,192,459	48.90%	€8,998,528	€0	€2,716,871
	€805,283	€433,200	€2,262,573	€0	€1,629,196

(1) Equity = equity other than earnings and share capital.
(2) Ownership interest = percentage held by Valneva at 12/31/2019.
(3) Dividends = dividends received by Valneva in 2019.
(4) Loans, advances = loans, financial advances, current account advances.
(5) Guarantees = outstanding balance of guarantees given by Valneva.
(6) Net sales = sales excluding tax.
(7) Profit or loss = reported net income or loss of the last financial period.
(8) 2019 IFRS data.

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(e) Market Risks

Interest rate risk

The Company is exposed to market risks in connection with hedging both of its liquid assets and of its medium and long-term indebtedness.

As far as its liquid assets are concerned, the exchange rate risk is controlled by procedures for monitoring and validation existing at the Company level. Liquid assets are also mainly invested in term deposits guaranteed on maturity offering a high degree of security (See Note 3.7).

The Company has also obtained loans to finance its investments and to support research and development. At December 31, 2019, borrowings totaled €24,335 thousand at the 3-month and 1-month Euribor floating rates. (See Note 3.14).

Exchange rate risk

The Company's exposure to exchange rate risks involving the US dollar or any other currency is limited. Therefore, at this stage of its development, the Company has taken no steps to protect its business against exchange rate risks. The Company will monitor its exchange rate exposure in relation to changes in its situation. The Company's strategy is to use the Euro as the main currency when signing contracts. The Company could enter into contracts, however, in the future to cover exchange rate fluctuations if it appeared necessary and if the risks were deemed to be material.

(f) Events after the reporting period

In February 2020, Valneva Austria GmbH signed a debt financing agreement with US Healthcare Funds Deerfield and OrbiMed. The transaction value is up to $85 million. Amortization payments and will start in 3 years, while the loan will mature in 6 years. The intended use of proceeds is to repay existing borrowings from the European Investement Bank and allow the Group to continue to advance its leading Lyme and chikungunya development programs in the short term.

4.2.6. Statutory Auditors' report on the parent entity financial statements

(For the year ended December 31, 2019)

To the Annual General Meeting

VALNEVA SE
6 rue Alain Bombard
44800 Saint-Herblain

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by European regulation and French such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Valneva SE for the year ended December 31, 2019. These financial statements were approved by the Management Board on March 30, 2020 based on information available at that date and in the evolving context of the COVID-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee and Governance.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the context described above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of investments in subsidiaries *(Notes 2.10 and 3.3 "Financial assets" and 4.9 "Depreciation, amortization & impairment of fixed assets" to the financial statements and 4.2.5 (d) "Subsidiaries and associates")* Valneva SE has investments in subsidiaries for a net amount of €159,954 thousand as of December 31, 2019. The account balance is made of the acquisition costs of each of the Company's different subsidiaries. At the end of a reporting period, management determines the carrying amount of each investment based on the Group's equity in the underlying net assets of its subsidiaries and future perspectives of these companies. When this value at the closing date is lower than the net carrying amount, an impairment is recorded for the difference. Given the significant amount of these investments and Management's judgment in assessing the future perspectives of the subsidiaries, we determined the valuation of these assets to be a key audit matter.	Based on the investment valuation made by Management, we performed the following procedures: ■ We obtained an understanding of the Group's procedures regarding the valuation of the investments in subsidiaries; ■ We examined the methodologies used to assess the carrying amount of investments; ■ We verified the accuracy of data used for the calculation based on the Group's equity in the underlying net assets of its subsidiaries with the data used during our audit of the Group's financial statements; ■ We made inquiries with the Company's Finance Department to assess the future perspectives of each subsidiary (development of acquired technologies, production and commercialization of vaccines), and corroborate this information with data used during our audit of the Group's financial statements
Provisions for risks and contingencies *(Notes 3.1.3 "Provisions for risks" and 4.2.5 (a) "Contingencies" to the financial statements)* Valneva is involved in two litigations. Firstly, the former shareholders of Humalys, a subsidiary acquired in the past by Valneva subsequently spun off to Blink Biomedical, have initiated legal proceedings questioning the amount of the earn-out payment. Secondly, the former shareholders of Intercell, entity merged with Valneva SE, have initiated legal proceedings with regards to the exchange ratio in order to obtain financial compensation following the merger. Management considered these litigations as contingent liabilities in last year financial statements, considering the probability of an outflow of resources was low, and therefore did not recognize any provision in the financial statements. In light of the current discussions on possible settlement agreements, a provision of €2.1 million has been recorded as of December 31, 2019 for the dispute relating to former shareholders of Intercell. Given the uncertainties surrounding the outcomes of these litigations, we have considered the accounting treatment, the absence of provision for the dispute with the former shareholders of Humalys and the information given in the disclosures to the financial statements to be a key audit matter.	We performed the following procedures: ■ We discussed the status of these two litigations with the Company's Management and in-house legal counsel; ■ We analyzed the documentation supporting the positions of the parties in the framework of the legal procedure; ■ We obtained and analyzed the memos and responses from lawyers to our external confirmation requests. Furthermore, we assessed the reasonableness of the absence of provision for the dispute with the former shareholders of Humalys in relation to the probability that the company will be liable. In addition, we have assessed whether Notes 3.13 "Provisions for risks" and 4.2.5 (a) "Contingencies" to the financial statements provided appropriate disclosure.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the Management Report and in the Other Documents with respect to the financial position and the financial statements provided to the Shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of Management Board approved on March 30, 2020 and in the other documents with respect to the financial position and the financial statements provided to the Shareholders. With regards to COVID-19 pandemic related events occurred, information known since the date the financial statements were approved, Management has confirmed that this will be subject to a specific communication at the Annual General Meeting called to decide on these financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment terms required by Article D. 441-4 of the French Commercial Code.

Report on Corporate Governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a public purchase offer or exchange, provided pursuant to Article L. 225-37-5 of the French Commercial Code we have verified their compliance with the source documents communicated to us. Based on our work, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Valneva SE by the annual general meeting held on June 29, 2012 for PricewaterhouseCoopers Audit and on February 22, 2007 for Deloitte & Associés.

As at December 31, 2019, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 8th year and 13th year of total uninterrupted engagement, which are the 7th year for the two firms since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee and Governance is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee and Governance

We submit to the Audit Committee and Governance a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee and Governance includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee and Governance with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee and Governance the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Bordeaux, March 30, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
French original signed by	French original signed by
Cédric Mazille	Stéphane Lemanissier

4.3. Pro forma information

The Company has no pro forma information to report with respect to the last three fiscal years.

5

Information relating to the company and its share capital

5.1. Share capital

5.1.1. Amount of share capital

A description of Valneva SE's share capital and shareholding structure at December 31, 2019 is presented in the Section "Structure of the Company's share capital at December 31, 2019" of this URD(1).

By way of comparison, at December 31, 2018, the Company's share capital stood at €13,816,042.74.

And was divided into:

- 90,917,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each;
- 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each; and
- 789 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

5.1.2. Non-equity securities

At the filing date of this URD, there are no issued or outstanding non-equity securities.

5.1.3. Share buybacks by the Company

(a) Current authorizations for buyback and cancellation programs of the Company's shares

Please refer to the Section "Current authorizations related to share buyback programs and cancellation of shares of the Company" of this URD(2).

(b) Share buyback program implemented in connection with a liquidity agreement

The Company's shareholders meeting held on June 27, 2019 authorized the implementation of a share buyback program for a period of 18 months (resolution No. 24).

Therefore, during the fiscal year 2019, Valneva SE carried out transactions on its own shares, by means of a liquidity agreement concluded with the company Oddo BHF in order to ensure the liquidity and orderly trading of the Company's shares.

Accordingly, pursuant to Article L. 225-209 of the French Commercial Code and in the context of implementing this liquidity agreement, Valneva SE purchased 406,415 ordinary shares and sold 412,203 ordinary shares of the Company at a weighted average purchase price of €3.06 per share and a weighted average sale price of €3.07 per share.

By way of comparison, for the period from January 1, 2018 to June 30, 2018, the weighted average price of the Valneva SE ordinary shares purchased under the Company's liquidity agreement (then concluded with Natixis) amounted to €3.63. The weighted average price of the Valneva SE ordinary shares sold was €3.60. For the period from July 2, 2018 to December 31, 2018, the weighted average price of the Valneva SE ordinary shares purchased under the Company's liquidity agreement (then concluded with ODDO BHF) amounted to €3.65. The weighted average price of the Valneva SE ordinary shares sold was €3.69.

Valneva SE did not pay any transaction fees.

At December 31, 2019, the Company held 67,000 Valneva SE ordinary shares (*i.e.* 0.07% of the share capital(3), compared to 0.08% at December 31, 2018) pursuant to its liquidity agreement, whose value in reference to the closing price on December 31, 2019 was €172,190 (€10,050 in par value(4)).

(c) Treasury shares held in connection with the "Exit Right" implemented at the time of the merger of May 28, 2013 with Intercell AG

At December 31, 2019, the Company held 124,332 own ordinary shares with a par value of €0.15 per share, and an equal number of preferred shares with a par value of €0.01. These shares were acquired through a combination of (a) a share buyback related to the merger with Intercell AG in May 2013 and the "Exit Right" offered to the latter's shareholders, and (b) the simultaneous implementation of consideration for the merger, as defined in Article 3 of the Merger Agreement dated December 16, 2012.

(1) See Section 27.1.
(2) See Section 2.7.8.2
(3) Rate calculated in reference to a total share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20 514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.
(4) The par value of one Valneva SE ordinary share amounting to €0,15.

Implementation of the Exit Right

In accordance with the Austrian legislation in force at that time, the shareholders of Intercell AG who, during the meeting at which they were invited to express their position on the proposed merger, opposed the resolutions relating to the approval of this merger and the related Merger Agreement, were granted a so-called "Exit Right" consisting of a financial compensation to be paid to them by the acquiring company Vivalis in exchange for their Intercell shares.

This financial compensation was set at a price of €1.69 per existing Intercell share, *i.e.* an overall potential compensation capped at €6,994,572 (for a total number of 4,138,800 Intercell shares).

The company Erste Group Bank AG was appointed as receiver such that, at the completion of the merger, it would:

- receive the shares held by exiting Intercell shareholders;
- receive the new Valneva SE ordinary shares and preferred shares to which the exiting Intercell shareholders would have been entitled if they had not exercised their Exit Right;
- sell these new ordinary shares and preferred shares to Valneva SE at a price equal to or greater than the amount of the financial compensation offered in place of said new ordinary shares and preferred shares;
- receive the proceeds from the sale of the new ordinary shares and preferred shares to Valneva SE;
- if necessary, withdraw from the bank guarantee established as security the total amount of the financial compensation requested by exiting Intercell shareholders; and
- pay the financial compensation.

At the time of the merger, Valneva SE had to buy back nearly 382,529 ordinary shares from exiting Intercell shareholders, under the share buyback program implemented pursuant to the Company's Combined General Meeting of March 7, 2013.

Terms of consideration for the merger, as defined in the Merger Agreement

As consideration for the contribution of the totality of the assets and liabilities of the acquired company to the acquiring company, the provisions of the Merger Agreement provided that the Intercell shareholders would receive upon the merger, in exchange for their shares, ordinary shares as well as preferred shares newly issued by the acquiring company, the quantity of which would be defined according to an exchange ratio calculated on the basis of the valuation of the shares of each entity taking part in the transaction.

The exchange ratio offered to the shareholders of the acquiring company and the acquired company in the context of the merger was set at 13 ordinary shares and 13 preferred shares newly issued by the acquiring company, for 40 shares of the acquired company.

As Valneva SE acquired nearly 382,529 Intercell ordinary shares following implementation of the Exit Right of exiting Intercell shareholders, the Company was thus granted a total of 124,322 Valneva SE ordinary shares, as well as 124,322 Valneva SE preferred shares.

(d) Repurchase of preferred shares related to the Pseudomonas project

In accordance with the Company's Articles of Association[(1)] and as announced in the press release published on June 2, 2016[(2)], the Valneva SE preferred shares (ISIN FR0011472943) which were issued in the 2013 merger with Intercell AG[(3)], are expected to be redeemed at their par value of €0.01 per preferred share in June 2020, as the Group no longer expects approval of the Pseudomonas *vaccine with*in their seven-year term (which would have led to conversion into Valneva SE ordinary shares at the end of this term)[(4)].

5

5.1.4. Potential share capital

(a) Company stock option plans

Please refer to the paragraph "Stock option plans history" of this URD[(5)].

(b) Free share plans (ordinary shares and convertible preferred shares)

Please refer to the paragraph "Free share plans history" of this URD[(6)].

(1) Article 13.3, subsection 3., (i).
(2) https://valneva.com/media/press-releases/?y=2016
(3) See the previous paragraph, entitled "Terms of consideration for the merger, as defined in the Merger Agreement".
(4) See Section 5.3.3 (c)of this URD.
(5) See Section 2.6.2.1 (c).
(6) *Idem*.

(c) Equity warrants (BSA)

BSA 25

Grant decision date	Management Board dated July 28, 2015
BSAs authorized by the General Meeting	Combined General Meeting dated June 26, 2014 Authorization to grant 153,000 BSA 25
BSAs issued by the Management Board	153,000
Beneficiaries and amount of BSA granted	▪ 36,000 BSA 25 to the Chair of the Supervisory Board, Mr. Frédéric Grimaud ▪ 19,500 BSA 25 for each one of the following beneficiaries: - Mr. Alain Munoz - Mr. Michel Greco - Ms. Anne-Marie Graffin - Mr. James Sulat - Mr. Alexander von Gabain - Mr. Hans Wigzell, Supervisory Board members at the time the plan was launched.
BSAs lapsed at December 31, 2019	114,750
BSAs exercised at December 31, 2019	0
Outstanding BSAs at December 31, 2019	38,250
Valneva SE ordinary shares to be issued at December 31, 2019	38,250 (1 BSA for 1 Valneva SE ordinary share)
Subscription price per share	€3.92
Expiry date of the plan	July 28, 2020

BSA 27

Grant decision date	Management Board dated December 15, 2017
BSAs authorized by the General Meeting	Combined General Meeting dated June 30, 2016 Authorization to grant 125,000 BSA 27
BSAs issued by the Management Board	87,500
Beneficiaries and amount of BSA granted	▪ 25,000 BSA 27 to the Chair of the Supervisory Board, Mr. Frédéric Grimaud ▪ 12,500 BSA 27 for each one of the following beneficiaries: - Mr. Alain Munoz - Ms. Anne-Marie Graffin - Mr. James Sulat - Mr. Alexander von Gabain - Mr. Ralf Clemens, Supervisory Board members at the time the plan was launched.
BSAs lapsed at December 31, 2019	15,625
BSAs exercised at December 31, 2019	6,250
Outstanding BSAs at December 31, 2019	65,625
Valneva SE ordinary shares to be issued at December 31, 2019	65,625 (1 BSA for 1 Valneva SE ordinary share)
Subscription price per share	€2.574
Expiry date of the plan	December 15, 2022

(d) Preferred shares

Please refer to the Section "Stipulations specific to the preferred shares" of this URD[1].

(e) Information on the fully-diluted Company's share capital

Valneva SE shareholding structure before exercise or final grant of the dilutive instruments

At December 31, 2019 (to the Company's knowledge)

SHAREHOLDERS		Shares held (*) Ordinary shares	Preferred shares	Convertible preferred shares	%
Groupe Grimaud La Corbière SA (**)		**13,704,830**	**0**	**0**	**14.88**
Bpifrance Participations SA		**7,456,785**	**0**	**0**	**8.09**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**197,768**	**0**	**8.84**
Management Board members	**Total Management Board members**	**696,278**	**238**	**15,418**	**0.77**
	Mr. Franck Grimaud	485,889	0	5,668	0.53
	Mr. Thomas Lingelbach	139,983	238	8,008	0.16
	Mr. Frédéric Jacotot	10,802	0	1,742	0.01
	Mr. David Lawrence	39,802	0	0	0.04
	Mr. Wolfgang Bender	19,802	0	0	0.02
Employees (non-corporate officers)		**86,571**	**10**	**5,096**	**0.10**
Other shareholders (private individuals)		**1,189,763**	**1,469**	**0**	**1.29**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		725,198	0	0	0.79
Including independant members of the Supervisory Board	Mr. James Sulat	20,992	0	0	0.02
	Mr. Alexander von Gabain	38,218	1,469	0	0.04
Other floating capital		**59,838,454**	**989,630**	**0**	**66.02**
SUBTOTAL BY CATEGORY		**90,923,298**	**1,189,115**	**20,514**	**100**
TOTAL			**92,132,927**		**100**

(*) Percentages in this table are calculated in reference to a share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

(**) The Groupe Familial Grimaud is comprised of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.

(1) See Section 5.3.3 (c).

At February 29, 2020 (to the Company's knowledge)

SHAREHOLDERS		Shares held (*) Ordinary shares	Preferred shares	Convertible preferred shares	%
Groupe Grimaud La Corbière SA (**)		**13,704,830**	**0**	**0**	**14.88**
Bpifrance Participations SA		**7,456,785**	**0**	**0**	**8.09**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**197,768**	**0**	**8.84**
Management Board members	**Total Management Board members**	**696,278**	**238**	**15,418**	**0.77**
	Mr. Franck Grimaud	485,889	0	5,668	0.53
	Mr. Thomas Lingelbach	139,983	238	8,008	0.16
	Mr. Frédéric Jacotot	10,802	0	1,742	0.01
	Mr. David Lawrence	39,802	0	0	0.04
	Mr. Wolfgang Bender	19,802	0	0	0.02
Employees (non-corporate officers)		**86,571**	**10**	**5,096**	**0.10**
Other shareholders (private individuals)		**1,182,205**	**1,469**	**0**	**1.29**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		725,198	0	0	0.79
Including independant members of the Supervisory Board	Mr. James Sulat	20,992	0	0	0.02
	Mr. Alexander von Gabain	38,218	1,469	0	0.04
Other floating capital		**59,846,012**	**989,630**	**0**	**66.03**
SUBTOTAL BY CATEGORY		**90,923,298**	**1,189,115**	**20,514**	**100**
TOTAL			**92,132,927**		**100**

(*) Percentages in this table are calculated in reference to a share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

(**) The Groupe Familial Grimaud is comprised of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.

Number of ordinary shares to be issued after exercise or final grant of the dilutive instruments

At December 31, 2019 (to the Company's knowledge)

SHAREHOLDERS		Dilutive instruments – Number of ordinary shares to be issued(*) Stock-options	Equity warrants (BSA)	Preferred 3shares	Free ordinary shares	Convertible preferred shares
Groupe Grimaud La Corbière SA(**)		**0**	**0**	**0**	**0**	**0**
Bpifrance Participations SA		**0**	**0**	**0**	**0**	**0**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**0**	**0**	**1,557,425**	**0**	**0**
Management Board members	**Total Management Board members**	**330,921**	**0**	**1,876**	**1,381,947**	**1,500,400**
	Mr. Franck Grimaud	109,962	0	0	262,570	288,362
	Mr. Thomas Lingelbach	209,962	0	1,876	331,667	346,952
	Mr. Frédéric Jacotot	10,997	0	0	262,570	288,362
	Mr. David Lawrence	0	0	0	262,570	288,362
	Mr. Wolfgang Bender	0	0	0	262,570	288,362
Employees (non-corporate officers)		**4,974,479**	**0**	**85**	**810,000**	**608,654**
Other shareholders (private individuals)		**7,698**	**103,875**	**11,580**	**0**	**0**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		0	27,750	0	0	0
	Mr. James Sulat	0	14,250	0	0	0
	Mr. Alexander von Gabain	0	14,250	11,575	0	0
	Ms. Anne-Marie Graffin	0	14,250	0	0	0
Other floating capital		**0**	**0**	**7,793,311**	**0**	**0**
SUBTOTAL BY CATEGORY		**5,313,098**	**103,875**	**9,364,277**	**2,191,947**	**2,109,054**
TOTAL				**19,082,251**		

(*) Ratios of conversion with respect to the different dilutive instruments are set as follows:
- *Stock-options: 1 stock option issued pursuant to plans 6 or 7 entitles to 1.099617653 Valneva SE ordinary share (then rounded up for each beneficiary), while 1 stock option issued pursuant to plans 8, 9, 10 or 11 entitles to 1 ordinary share of the Company;*
- *BSA 25 and BSA 27: 1 BSA entitles to 1 ordinary share of the Company Valneva SE;*
- *Preferred shares (ISIN FR0011472943): the ratio of conversion applicable to the number of preferred shares is 0.5246 (rounded up to 0.5250 in accordance with the Articles of Association of the Company Valneva SE);*
- *Convertible preferred shares (XFCS00X0I9M1): the conversion of convertible preferred shares into ordinary shares is set by multiplying the number of convertible preferred shares by 62 (maximum ratio of conversion in accordance with the plan).*

(**) The Groupe Familial Grimaud *is comprised of the Company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS*

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At February 29, 2020 (to the Company's knowledge)

SHAREHOLDERS		Dilutive instruments – Number of ordinary shares to be issued(*) Stock-options	Equity warrants (BSA)	Preferred 3shares	Free ordinary shares	Convertible preferred shares
Groupe Grimaud La Corbière SA(**)		**0**	**0**	**0**	**0**	**0**
Bpifrance Participations SA		**0**	**0**	**0**	**0**	**0**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**0**	**0**	**1,557,425**	**0**	**0**
Management Board members	**Total Management Board members**	**330,921**	**0**	**1,876**	**1,381,947**	**1,500,400**
	Mr. Franck Grimaud	109,962	0	0	262,570	288,362
	Mr. Thomas Lingelbach	209,962	0	1,876	331,667	346,952
	Mr. Frédéric Jacotot	10,997	0	0	262,570	288,362
	Mr. David Lawrence	0	0	0	262,570	288,362
	Mr. Wolfgang Bender	0	0	0	262,570	288,362
Employees (non-corporate officers)		**4,894,129**	**0**	**85**	**810,000**	**608,654**
Other shareholders (private individuals)		**7,698**	**103,875**	**11,580**	**0**	**0**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		0	27,750	0	0	0
	Mr. James Sulat	0	14,250	0	0	0
	Mr. Alexander von Gabain	0	14,250	11,575	0	0
	Ms. Anne-Marie Graffin	0	14,250	0	0	0
Other floating capital		**0**	**0**	**7,793,311**	**0**	**0**
SUBTOTAL BY CATEGORY		**5,232,748**	**103,875**	**9,364,277**	**2,191,947**	**2,109,054**
TOTAL				**19,001,901**		

(*) Ratios of conversion with respect to the different dilutive instruments are set as follows:
- *Stock-options: 1 stock option issued pursuant to plans 6 or 7 entitles to 1.099617653 Valneva SE ordinary share (then rounded up for each beneficiary), while 1 stock option issued pursuant to plans 8, 9, 10 or 11 entitles to 1 ordinary share of the Company;*
- *BSA 25 and BSA 27: 1 BSA entitles to 1 ordinary share of the Company Valneva SE;*
- *Preferred shares (ISIN FR0011472943): the ratio of conversion applicable to the number of preferred shares is 0.5246 (rounded up to 0.5250 in accordance with the Articles of Association of the Company Valneva SE);*
- *Convertible preferred shares (XFCS00X0I9M1): the conversion of convertible preferred shares into ordinary shares is set by multiplying the number of convertible preferred shares by 62 (maximum ratio of conversion in accordance with the plan).*

(**) The Groupe Familial Grimaud *is comprised of the Company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS*

Valneva SE shareholding structure after exercise or final grant of the dilutive instruments

At December 31, 2019 (to the Company's knowledge)

SHAREHOLDERS		Ordinary shares after exercise or final grant of all dilutive instruments	%
Groupe Grimaud La Corbière SA(1)		**13,704,830**	**12.46**
Bpifrance Participations SA		**7,456,785**	**6.78**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**9,508,042**	**8.64**
Management Board members	**Total Management Board members**	**3,911,422**	**3.56**
	Mr. Franck Grimaud	1,146,783	1.04
	Mr. Thomas Lingelbach	1,030,440	0.94
	Mr. Frédéric Jacotot	572,731	0.52
	Mr. David Lawrence	590,734	0.54
	Mr. Wolfgang Bender	570,734	0.52
Employees (non-corporate officers)		**6,479,789**	**5.89**
Other shareholders (private individuals)		**1,312,916**	**1.19**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(1)		752,948	0.68
Including independant members of the Supervisory Board	Mr. James Sulat	35,242	0.03
	Mr. Alexander von Gabain	64,043	0.06
	Ms. Anne-Marie Graffin	14,250	0.01
Other floating capital		**67,631,765**	**61,48**
TOTAL		**110,005,549**	**100**

(1) *The* Groupe Familial Grimaud *is comprised of the Company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS.*

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At February 29, 2020 (to the Company's knowledge)

SHAREHOLDERS		Ordinary shares after exercise or final grant of all dilutive instruments	%
Groupe Grimaud La Corbière SA[1]		**13,704,830**	**12.47**
Bpifrance Participations SA		**7,456,785**	**6.78**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**9,508,042**	**8.65**
Management Board members	**Total Management Board members**	**3,911,422**	**3.56**
	Mr. Franck Grimaud	1,146,783	1.04
	Mr. Thomas Lingelbach	1,030,440	0.94
	Mr. Frédéric Jacotot	572,731	0.52
	Mr. David Lawrence	590,734	0.54
	Mr. Wolfgang Bender	570,734	0.52
Employees (non-corporate officers)		**6,399,439**	**5.89**
Other shareholders (private individuals)		**1,305,358**	**1.19**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[1]		752,948	0.68
Including independant members of the Supervisory Board	Mr. James Sulat	35,242	0.03
	Mr. Alexander von Gabain	64,043	0.06
	Ms. Anne-Marie Graffin	14,250	0.01
Other floating capital		**67,639,323**	**61,53**
TOTAL		**109,925,199**	**100**

*(1) The **Groupe Familial Grimaud** is comprised of the Company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS.*

5.1.5. Authorized share capital

Please refer to the Sections "Current delegations in connection with stock options and free shares" and "Other current delegations" of this URD[1].

5.1.6. Share capital changes

DATE	Nature of the share capital change	Shares composing the share capital	Share capital after the capital change
05/17/2017	**Capital decrease through buyback and cancellation of convertible preferred shares** ▪ **Buyback and cancellation of 285 convertible preferred shares Valneva SE** with a par value of €0.15 each ▪ **Total amount reimbursed by the Company: €42.75**	**78,772,618 Valneva SE shares** Including: ▪ 77,582,714 ordinary shares with a par value of €0.15 each ▪ 17,836,719 preferred shares with a par value of €0.01 each ▪ 789 convertible preferred shares with a par value of €0.15 each	**€11,815,892.64**
07/24/2017	**Capital increase through capitalization of issue premium** ▪ **Issuance of 1,000 Valneva SE ordinary shares** with a par value of €0.15 each ▪ **Par value of the share capital increase: €150**	**78,773,618 Valneva SE shares** Including: ▪ 77,583,714 ordinary shares with a par value of €0.15 each ▪ 17,836,719 preferred shares with a par value of €0.01 each ▪ 789 convertible preferred shares with a par value of €0.15 each	**€11,816,042.64**
10/01/2018	**Capital increase by way of cash contribution** ▪ **Issuance of 13,333,334 Valneva SE ordinary shares** with a par value of €0.15 each ▪ **Total amount paid to the Company: €50,000,002.50** (including €2,000,000.10 in par value and €48,000,002.40 as issue premium)	**92,106,952 Valneva SE shares** Including: ▪ 90,917,048 ordinary shares with a par value of €0.15 each ▪ 17,836,719 preferred shares with a par value of €0.01 each ▪ 789 convertible preferred shares with a nominal value of €0.15 each	**€13,816,042.74**
05/03/2019	**Capital increase by way of cash contribution completed on April 24, 2019** ▪ **Issuance of 3,125 Valneva SE ordinary shares** with a par value of €0.15 each ▪ **Total amount paid to the Company: €8,043.75** (including €7,575 in par value and €468.75 as issue premium)	**92,110,077 Valneva SE shares** Including: ▪ 90,920,173 ordinary shares with a par value of €0.15 each ▪ 17,836,719 preferred shares with a par value of €0.01 each ▪ 789 convertible preferred shares with a nominal value of €0.15 each	**€13,816,511.49**
07/29/2019	**Capital increase through capitalization of issue premium** ▪ **Issuance of 19,725 Valneva SE convertible preferred shares** with a par value of €0.15 each ▪ **Par value of the share capital increase: €2,958.75**	**92,129,802 Valneva SE shares** Including: ▪ 90,920,173 ordinary shares with a par value of €0.15 each ▪ 17,836,719 preferred shares with a par value of €0.01 each ▪ 20,514 convertible preferred shares with a par value of €0.15 each	**€13,819,470.24**
11/04/2019	**Capital increase by way of cash contribution completed on October 25, 2019** ▪ **Issuance of 3,125 Valneva SE ordinary shares** with a par value of €0.15 each ▪ **Total amount paid to the Company: €8,043.75** (including €7,575 in par value and €468.75 as issue premium)	**92,132,927 Valneva SE shares** Including: ▪ 90,923,298 ordinary shares with a par value of €0.15 each ▪ 17,836,719 preferred shares with a par value of €0.01 each ▪ 789 convertible preferred shares with a nominal value of €0.15 each	**€13,819,938.99**

(1) See Sections 2.7.8.1 and 2.7.8.3.

5.1.7. Pledged share capital

SHAREHOLDERS OWNING PLEDGED SHARES	Pledge beneficiary	Number of pledged Valneva ordinary shares	Pledge starting date – Release date	Date of maturity of the pledge	Condition for the release of pledge	% of Valneva SE share capital pledged[(1)]
Groupe Grimaud La Corbière SA	Pledge given to the benefit of the shareholder's banking pool and bondholders (EURO-PP), in the context of a syndicated loan. Following the early repayment of the loan to the banking pool in 2018, the pledge remains to date only in favour of the EURO-PP bondholders.	3,284,779	05/22/2014		Pledge effective as long as the beneficiaries has claims against the shareholder in connection with the EURO-PP.	3.57
		1,644,798	12/19/2014			1.79
		48,989	02/06/2015			0.05
		419,892	04/30/2015			0.46
		(5,398,458) (Release of pledged shares)	06/30/2015			(5.86)
		7,389,162	06/30/2015			8.02
		167,513	08/17/2015			0.18
		640,046	09/08/2015			0.69
		1,178,279	10/08/2015			1.28
		(1,155,822) (Release of pledged shares)	12/15/2015			(1.25)
		983,276	/02/11/2016			1.07
		2,902,376	06/23/2016			3.15
		1,600,000	10/01/2018			1.74
		(4,500,000) (Release of pledged shares)	02/01/2019			(4.88)
SUBTOTAL		**9,204,830**				**9.99**
Groupe Grimaud La Corbière SA	Pledge given to the benefit of the shareholder's banking pool, in the context of a syndicated loan.	4,500,000	02/01/2019		Pledge effective as long as the beneficiaries has claims against the shareholder in connection with the syndicated loan agreement.	4.88
SUBTOTAL		**4,500,000**				**4.88**
TOTAL		**13,704,830**				**14.88**

(1) *This rate is calculated in reference to a share capital totaling 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (2) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.*

5.1.8. Adjustments on capital securities or securities giving access to the Company's share capital

No adjustments were made to capital securities or securities giving access to the Company's share capital during the fiscal year 2019.

5.2. Main shareholders

5.2.1. Shareholding structure

Company's shareholding structure – Voting rights at February 29, 2020

(End of business day, to the Company's knowledge)

SHAREHOLDERS		Shares held (*) Ordinary shares	Preferred shares	Convertible preferred shares	%	Theoretical voting rights	%
Groupe Grimaud La Corbière SA (**)		**13,704,830**	**0**	**0**	**14.88**	**25,809,660**	**21.87**
Bpifrance Participations SA		**7,456,785**	**0**	**0**	**8.09**	**14,913,570**	**12.64**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**197,768**	**0**	**8.84**	**13,801,756**	**11.70**
Management Board members	**Total Management Board members**	**696,278**	**238**	**15,418**	**0.77**	**1,199,051**	**1.02**
	Mr. Franck Grimaud	485,889	0	5,668	0.53	968,478	0.82
	Mr. Thomas LIngelbach	139,983	238	8,008	0.16	145,761	0.12
	Mr. Frédéric Jacotot	10,802	0	1,742	0.01	15,604	0.01
	Mr. David Lawrence	39,802	0	0	0.04	44,604	0.04
	Mr. Wolfgang Bender	19,802	0	0	0.02	24,604	0,02
Employees (non-corporate officers)		**86,571**	**10**	**5,096**	**0.10**	**173,142**	**0.15**
Other shareholders (private individuals)		**1,182,205**	**1,469**	**0**	**1.29**	**2,275,799**	**1.93**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		725,198	0	0	0.79	1,414,099	1.20
Including independant members of the Supervisory Board	Mr. James Sulat	20,992	0	0	0.02	38,859	0.03
	Mr. Alexander von Gabain	38,218	1,469	0	0.04	38,218	0.03
Other floating capital		**59,846,012**	**989,630**	**0**	**66.03**	**59,846,012**	**50.71**
SUBTOTAL BY CATEGORY		**90,923,298**	**1,189,115**	**20,514**	**100**	**118,018,990**	**100**
TOTAL			**92,132,927**		**100**	**118,018,990**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

*(**)The **Groupe Familial Grimaud** is comprised of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.*

For information, the number of registered shares thus carrying a double voting right on February 29, 2020 amounts to 27,095,692, or 29.41% of the share capital[1]. Consequently, the total number of voting rights resulting from the registered shares entitled to a double voting right is of 54,191,384, or 45.92% of the total voting rights[2].

Note: A description of Valneva SE's share capital and shareholding structure at December 31, 2019 is also presented in the Section "Structure of the Company's share capital at December 31, 2019" of this URD[3].

(1) This rate is calculated in reference to a share capital totaling 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.
(2) This rate is calculated in reference to 118,019,990 voting rights (theoretical) at February 29, 2020.
(3) See Section 2.7.1.

5.2.2. Direct or indirect shareholdings in the Company’s share capital, of which the Company has been informed in accordance with Articles L. 233-7 and L. 233-12 of the French Commercial Code

Please refer to the Section "Direct or indirect shareholdings in the Company's share capital, of which the Company has been informed in accordance with Articles L. 233-7 and L. 233-12 of the French Commercial Code[1].

5.2.3. Changes in share ownership over the past three fiscal years

Please refer to the Section "Structure of the Company's share capital at December 31, 2019" of this URD[2].

5.2.4. Shareholders’ agreement

Please refer to the Section "Shareholders’ agreements known to the Company and which may result in share transfer and voting rights restrictions" of this URD[3].

5.2.5. Control of the Company

As of the filing date of this URD, no shareholder directly or indirectly controls the Company or hold an interest likely to constitute a blocking minority, in accordance with the provisions of Article L. 233-3, I, II, III of the French Commercial Code.

5.2.6. Agreements or elements likely to result in a change of control; Agreements that are amended or terminated upon such change of control

Please refer to the Sections "Restrictions relating to double voting rights" and "Agreements executed by Valneva that may be modified or terminated in the event of a change in control of the Company" of this URD[4].

5.2.7. List of holders of any securities with special control rights; Description of said rights

Please refer to the Section "List of holders of any securities with special control rights; Description of said rigts" of this URD[5].

5.2.8. Control mechanisms provided for in a potential employee stock ownership system, where control rights are not exercised by the latter

Please refer to the Section "Control mechanisms provided for in a potential employee stock ownership system, where control rights are not exercised by the latter" of this URD[6].

(1) See Section 2.7.3.
(2) See Section 2.7.1.
(3) See Section 2.7.6.
(4) See Sections 2.7.2.1 (a) and 2.7.9.
(5) See Section 2.7.4.
(6) See Section 2.7.5.

5.3. Company's Articles of Association

5.3.1. Object and purpose of the Company (Article 3 of the Articles of Association)

The Company has as its object, within France and in every country:

- research and development within the field of biomedicine and pharmacology;
- the commercial exploitation of patents and know-how;
- trading in products of all kinds and the provision of services in the field of data processing and information technology;
- the production, monitoring and marketing of all products, services and research programs with applications to human and animal health, using the technologies of molecular and cellular biology and all of the associated techniques;
- the participation of the Company by all means, direct or indirect, in all operations which may be associated with its company object, through the creation of new companies, contributions, subscription or purchase of securities or company rights, mergers or otherwise, the creation, acquisition, leasing, lease management of all operating assets or facilities; the acquisition, exploitation or sale of all procedures and patents regarding these activities, within France and abroad;
- and more generally, all industrial, commercial or financial, securities or property operations, which may be directly or indirectly associated with its business object or likely to favour its exploitation, realization or development.

5.3.2. Corporate Governance

(a) Management Board

Please refer to the Section "Rules governing the Management Board" of this URD[1].

(b) Supervisory Board

Please refer to the Section "Rules governing the Supervisory Board" of this URD[2].

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5.3.3. Rights and obligations attaching to shares (Article 13 of the Articles of Association)

(a) Rights and obligations common to the shares

Each share gives the right to participate in collective decisions, as well as the right to be informed of the progress of the Company and to receive certain documents at times and under the conditions provided by law and the Articles of Association.

Shareholders shall only bear losses up to the limit of their contributions.

Subject to the provisions of the law and of the Articles of Association, no majority may impose an increase in their commitments. The rights and obligations attached to the share shall follow the security regardless of its holder.

The ownership of a share shall entail the ipso jure adhesion to the decisions of the General Meeting and to the Articles of Association.

The assignment shall include all dividends fallen due and falling due, as well as any portion of the reserve fund, unless otherwise notified to the Company.

The heirs, creditors, assignees or other representatives of a shareholder may not, under any pretext, require the sealing of the property and company documents, demand the division or the sale by auction of these assets or interfere in the administration of the Company. In order to exercise their rights, they shall refer to the Company inventories and to the decisions of the General Meeting.

Whenever it is necessary to possess a certain number of shares in order to exercise any right, in the event of an exchange, consolidation or attribution of securities or for an increase or reduction in the share capital, a merger or any other transaction, shareholders holding a number of shares less than that required shall only be able to exercise these rights provided that they personally ensure that they obtain the required number of shares.

(b) Stipulations specific to ordinary shares

Each ordinary share confers a right of ownership of the Company's assets, to profit-sharing and to the liquidation surplus, to a share proportional to the stake in the share capital which it represents, taking into account, where appropriate, amortized and unamortized, paid up and unpaid share capital, for the nominal amount of the shares and the rights of the different classes of shares.

(1) See Section 2.1.3 (a).
(2) See Section 2.1.3 (b).

Except in cases where the law provides otherwise and with the exception of the double voting right provided below, each shareholder shall have as many voting rights and express as many votes at meetings as he has ordinary shares fully paid up for all of the due payments. For the same par value, each capital or participating ordinary share shall confer one vote.

A double voting right, considering the proportion of the share capital which they represent, shall be attributed to all fully paid up ordinary shares, which shall be documented by a registration in the nominative form for at least two years, starting from the registration of the Company in the form of a European Company, in the name of the same shareholder. This right is also granted on issuance, in the event of a share capital increase through incorporation of reserves, profits or issue premiums, to the ordinary shares attributed as a bonus to a shareholder by virtue of former ordinary shares for which it has already benefited from this right.

(c) Stipulations specific to the preferred shares

1. Pecuniary rights

The pecuniary rights associated with a preferred share shall be limited under the conditions provided in Articles 34 and 39 of the Articles of Association.

2. Voting rights

Preferred shares shall be deprived of their voting right at General Meetings. This provide entitlement, under the conditions set by the law and by Article 31 of the Articles of Association, to take part in and vote at the special meetings of holders of preferred shares.

3. Right to convert preferred shares into ordinary shares subject to conditions

Condition for conversion of preferred shares into ordinary shares

Subject to any adjustments pursuant to the stipulations of the paragraph *"Protection of individual rights of holders of preferred shares"* below, all of the preferred shares shall be converted *ipso jure* into a number of ordinary shares determined according to the procedures appearing in the paragraph *"Determination of the Conversion Ratio"* below, in the event that (i) the Company (or any subsidiary, company member of the same group or successor by operation of law) obtains the marketing authorization in the United States of America or in Europe (on the basis of a centralized procedure) for the therapeutic application of the vaccine *Pseudomonas aeruginosa* against mortality from any cause for ICU patients, and (ii) that at the date of such granting either (a) the royalties received by the Company for this vaccine *Pseudomonas aeruginosa* represent at least 9.375% of the net proceeds from the sales of the vaccine, as currently stipulated in the Strategic Alliance Agreement (as modified) concluded with Novartis, or (b) the share of the profits resulting from the sales of the vaccine for Intercell remains unchanged and at least equal to 45%, in each case as currently set forth in the Novartis Strategic Alliance Agreement (as modified) (the Condition) depending on the election of Intercell Austria AG, such election by Intercell Austria AG being subject to the prior approval of the Supervisory Board of the Company at a simple majority.

This condition must be satisfied within seven (7) years starting from the date of realization of the merger between the Company and Intercell AG and shall be deemed satisfied at the date of issue of the first approval once final after expiry of the time for appeal, if any, on the part of either the Food & Drug Administration for the United States of America, or the European Medicines Agency for the countries of the European Union.

Procedures for conversion of preferred shares into ordinary shares

Determination of the Conversion Ratio

The conversion of the preferred shares into ordinary shares shall be carried out pursuant to a conversion ratio of 0.5246 ordinary share for 1 preferred share (the ***Conversion Ratio***), if necessary adjusted in accordance with provisions of paragraph *"(iii) Protection of the individual rights of holders of the preferred shares"* below.

Conversion procedures for preferred shares

The conversion of preferred shares into ordinary shares shall not require either instructions or payment by the holders of the preferred shares.

The par value of each of the ordinary shares shall be paid up by debiting the special blocked reserve account created for that purpose in the accounts (shareholders' equity) of the Company.

The conversion of preferred shares into ordinary shares and the registration in the shareholders' accounts of the Company resulting from the same shall take place ipso jure within 10 days of the realization of the Condition.

All preferred shares converted into ordinary shares shall definitively be considered as ordinary shares on the date of their conversion.

The Management Board shall be entitled to carry out any conversion transaction, amend the Articles of Association and carry out any subsequent necessary or legal formalities.

Payment of fractional shares

On conversion of the preferred shares, every holder of the preferred shares may obtain a number of ordinary shares calculated with regard to the number of preferred shares which it holds on the basis of the Conversion Ratio in effect.

When the number of ordinary shares so calculated is not a whole number, the fraction of ordinary shares forming a fractional lot shall be paid in cash. In such an event, the holder of the preferred shares shall receive an amount equal to the product (i) of the fraction of an ordinary share forming a fractional lot and (ii) an amount equal to the first recorded market price of the ordinary share for the stock exchange trading session preceding that of the *ipso jure* conversion of the preferred shares into ordinary shares.

Such amount shall be debited from the special blocked reserve account created for that purpose in the accounts (shareholders' equity) of the Company and, as the case may be, from any available reserve accounts.

Protection of the individual rights of holders of the preferred shares

Amortization of the share capital – Modification of profit-sharing – Issuance of preferred shares

The Company shall have the right to amortize its share capital, to modify the rules for sharing of its profits or the issuance of preferred shares, provided that, for as long as preferred shares are in circulation, it has taken the necessary measures to preserve the rights of the holders of the preferred shares, pursuant to the stipulations of the paragraph *"Financial Operations of the Company"* below.

Capital reduction due to losses

In the event of reduction of the share capital of the Company due to losses and carried out through a reduction in the nominal amount or number of shares comprising the share capital, the rights of the holders of the preferred shares shall consequently be reduced, as if the holders of the preferred shares had converted their preferred shares before the date on which the capital reduction had become final.

Financial operations of the Company

On conclusion of one of the following operations:

1. financial operations with a listed preferential subscription right;
2. attribution of bonus ordinary shares of the Company to shareholders, division or consolidation of shares;
3. free attribution to shareholders of any financial instruments other than the ordinary shares of the Company;
4. absorption, merger, division;
5. amortization of the share capital,

which the Company could realize starting from the date of issuance of the preferred shares, the maintenance of rights of holders of the preferred shares shall be ensured by carrying out an adjustment of the Conversion Ratio, pursuant to the following procedures (the ***Adjusted Conversion Ratio***).

This adjustment shall be carried out in such a way that it equalizes the value of the ordinary shares, to the nearest thousandth of an ordinary share, which have been obtained in the event of conversion of the preferred shares immediately after the realization of one of the above-mentioned operations, and the value of ordinary shares that would be obtained in case of conversion of preferred shares immediately after said operation.

In the event of adjustments carried out pursuant to paragraphs 1. to 5. below, the new Conversion Ratio shall be determined to the nearest thousandth (0.0005 being rounded up to the nearest thousandth, *i.e.* to 0.001). Any further adjustments shall be carried out on the basis of the preceding Conversion Ratio so calculated and rounded. At the same time, the ordinary shares shall only give rise to the delivery of a full number of ordinary shares, with the payment of partial shares being specified in the paragraph *"Payment of partial shares"* above.

1. In the case of financial operations entailing a listed preferential subscription right, the Adjusted Conversion Ratio shall be equal to the product of the current Conversion Ratio before the start of the operation in question and the ratio below:

$$\frac{\text{Value of the ordinary share after detachment of the preferential subscription right + Value of the preferential subscription right}}{\text{Value of the ordinary share after detachment of the preferential subscription right}}$$

To calculate this ratio, the value of the ordinary share after detachment of the preferential subscription right shall be determined as the arithmetic average of the first market prices on NYSE Euronext Paris exchange (or in the absence of a market price on NYSE Euronext Paris exchange, on another regulated or similar market on which the share and the subscription right are both listed) for all of the trading days included in the subscription period.

2. In the event of attribution of free shares, as well as in the event of division or consolidation of ordinary shares, the Adjusted Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the start of the operation in question and the following ratio:

$$\frac{\text{Number of ordinary shares comprising the share capital after the operation}}{\text{Number of ordinary shares comprising the share capital before the operation}}$$

3. In the event of attribution free of charge of a financial instrument/financial instruments other than the ordinary shares of the Company, the Adjusted Conversion Ratio shall be determined as follows:

(a) if the right of free attribution of the financial instrument/financial instruments is subject to a listing on NYSE Euronext Paris exchange (or in the absence of a listing on NYSE Euronext Paris exchange, on another regulated or similar market), the new Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the start of the operation in question and the following ratio:

$$\frac{\text{Value of the ordinary share ex the free bonus right + value of the free bonus right}}{\text{Value of the ordinary share ex the free bonus right}}$$

To calculate this ratio:

- the value of the ordinary share ex the free bonus right shall be determined as the average weighted by the volumes of the first market prices quoted on NYSE Euronext Paris exchange (or in the absence of a price on NYSE Euronext Paris exchange, on another regulated or similar market on which the share and the subscription right are both listed) for the ordinary share ex the free bonus right for the first three stock exchange trading sessions, starting on the date on which the ordinary shares are listed ex the free bonus right,
- the value of the free bonus right shall be determined as in the above paragraph. If the free bonus right is not listed for at least each of these three stock exchange sessions, its value shall be determined by an independent expert of international reputation, chosen by the Company;

(b) if the bonus right for the financial instrument/financial instruments is not listed on the NYSE Euronext Paris exchange (or in the absence of a price on the NYSE Euronext Paris exchange, on another regulated or similar market), the Adjusted Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the start of the operation in question and the following ratio:

$$\frac{\text{Value of the ordinary share ex free bonus right + Value of the financial instrument(s) attributed per ordinary share}}{\text{Value of the ordinary share ex free bonus right}}$$

To calculate this ratio:

- the value of the ordinary share ex the free bonus right shall be determined as in paragraph (a) above;
- if the attributed financial securities are listed or likely to be listed on the NYSE Euronext Paris exchange (or in the absence of a listing on the NYSE Euronext Paris exchange, on another regulated or similar market), for the 10-day trading period starting on the date on which the shares are listed ex-distribution, the value per share of the attributed financial security/securities shall be equal to the average weighted by the volumes of the prices of the said financial securities observed on the said market for the first three stock exchange trading sessions included in this period during which the said financial securities are listed. If the said attributed financial securities are not listed for at least each of these three stock exchange trading sessions, the per share value of the attributed financial security/securities shall be determined by an independent expert of international reputation, chosen by the Company.

4. In the event of absorption of the Company by another company or merger with one or several other companies to form a new company or a division, the preferred shares shall be exchanged for the preferred shares of the absorbing or new company or of the companies benefiting from the division and shall be converted into ordinary shares of the absorbing or new company or the companies benefiting from the division (the ***replacement shares***).

The new Conversion Ratio shall be determined by multiplying the Conversion Ratio in effect before such an event by the exchange ratio for the ordinary shares into the replacement shares.

The company or companies which are beneficiaries of the contributions or the new company/companies shall replace the Company *ipso jure* in its obligations with regard to the holders of the preferred shares.

5. In the event of amortization of the share capital, the Adjusted Conversion Ratio shall be equal to the product of the Conversion Ratio in effect before the amortization and the following ratio:

$$\frac{\text{Value of the ordinary share before the amortization}}{\text{Value of the ordinary share before the amortization – Amount of the amortization per ordinary share}}$$

To calculate this ratio, the value of the ordinary share before the amortization shall mean the average weighted by the volumes of the market prices quoted on the NYSE Euronext Paris exchange (or in the absence of a price on the NYSE Euronext Paris exchange, on another regulated or similar market) for the last three stock exchange trading sessions preceding the day on which the ordinary shares are listed ex-amortization.

In the event that the Company executes operations for which an adjustment has not been stipulated by way of paragraphs 1. to 5. above and where a further provision of law or regulation provides for an adjustment, the Company shall make this adjustment pursuant to the applicable legal or regulatory provisions, taking account of practices in the field within the French market. In the event that the ordinary share of the Company is no longer admitted to trading on the NYSE Euronext Paris exchange (or in the absence of a price on the NYSE Euronext Paris exchange, on another regulated or similar market), the values referred to above shall be determined by an independent expert of international reputation, chosen by the Company.

Permanent information regarding the preferred shares

The Company shall notify the following information by all appropriate means within France and in Austria, shall place it on-line on the Company's website and shall proceed, as the case may be, with the necessary publications in the *Bulletin des Annonces Légales Obligatoires* within the time limits set out by applicable laws:

- at the latest within two (2) working days following the realization of the Condition, the realization of said Condition, as well as a description of the modalities for granting ordinary shares issued upon conversion of preferred shares and of the cash payment of the fractional ordinary shares;
- at the latest on June 30 of each year, until the date of realization of the Condition, a special Report by the Statutory Auditors of the Company on the observance by the Company of the particular rights associated with the preferred shares;
- in the event of adjustment of the Conversion Ratio, the new Conversion Ratio within five (5) working days following the adjustment date of the Conversion Ratio;
- after the expiry of the 7 years delay within which the Condition is to be met, and if such Condition is not satisfied, the procedure to buy back the preferred shares.

4. Repurchase of the preferred shares

The Company shall buy-back:

- the preferred shares that were not allotted to the shareholders of Intercell AG, according to the conditions of Article 7.5 of the Merger Agreement entered into between the Company and Intercell AG;
- of all the preferred shares in the event that the Condition is not realized, for a price equal to their par value and payable within a ten (10) working day-period from the end of the period within which the Condition is to be met.

In any event, the repurchase of the preferred shares shall be carried out by the Company by deduction from the special blocked reserve account created for such purpose.

5. Cancellation of the preferred shares

The Company shall cancel:

- the non-converted preferred shares if the Conversion Ratio was to lead to the creation of a lower number of ordinary shares than the existing number of preferred shares as at the date of the completion of the Condition;
- the preferred shares bought back by the Company in one of the cases set out in paragraph 4 above.

The Management Board is hereby granted all powers to carry out the cancellation of the preferred shares and the subsequent amendment of the Articles of Association.

Provisions of paragraphs 4 and 5 above are applicable without prejudice of the ability for the Company to buy back, and if applicable, to cancel the preferred shares, in all other hypothesis under conditions set forth by laws and regulations.

(d) Special provisions applicable to the convertible preferred shares

1. Rights attached to the convertible preferred shares

The convertible preferred shares will not be entitled to the distribution of dividends.

The convertible preferred share does not carry voting rights in General Meeting. In accordance with the provisions set by statute and Article 32 of the Articles of Association, it confers a right to participate and vote in special shareholders meetings for holders of Convertible Preferred.

The convertible preferred shares do not carry preferential subscription rights to capital increases or any other corporate action with preferential subscription rights to ordinary shares and will not benefit from capital increases by free grants of new shares or by increasing the nominal amount of existing ordinary shares or through the capitalization of reserves, earnings or other items that may be capitalized, or through free grants of securities giving access to shares for the benefit of holders of ordinary shares.

The convertible preferred shares are non-transferable.

2. Right to convert convertible preferred shares into ordinary shares subject to conditions

Condition for conversion of preferred shares into ordinary shares

The convertible preferred shares may be converted into ordinary shares at the end of four (4) years from their issuance date or their allocation date (the ***Conversion Date***), according to a conversion ratio determined in the conditions described hereunder (the ***Conditions of convertible preferred shares***).

The number of ordinary shares that may result from the conversion will be calculated according to a conversion ratio determined by the Management Board based on the volume weighted average price of the Company's share for a period defined by the Management Board (the ***Volume Weighted Average Price***) on the Conversion Date (the ***Conversion Ratio***). It being stipulated that the Management Board will determine for this purpose on the date the convertible preferred shares are issued or awarded:

- the Volume Weighted Average Price from which the convertible preferred shares may confer a right of conversion (the ***Floor Price***) that may not, in any case be less than €4.0;
- the target price on the Conversion Date above which the ordinary shares issued from the conversion will not increase (the ***Ceiling Price***).

The convertible preferred shares may not represent more than 6% of the share capital.

Procedures for conversion of preferred shares into ordinary shares

Subject to fulfillment of the Conditions of the convertible preferred shares, the convertible preferred shares will, on the Date of Conversion, be converted by the Company into ordinary shares at the request of the holder as from the Conversion Date and up to the cut-off date determined by the Management Board after which the convertible preferred shares will automatically be converted if the holder has not requested conversion during this period.

The conversion of convertible preferred shares into ordinary shares shall not require any payment by the holders of the convertible preferred shares.

The par value of each of the ordinary shares shall be paid up by debiting the special blocked reserve account created for that purpose in the accounts (shareholders' equity) of the Company.

The conversion of convertible preferred shares into ordinary shares will constitute de facto waiver by shareholders of their preferential subscription rights resulting from new ordinary shares that will be, as applicable, issued pursuant to this conversion.

The ordinary shares resulting from the conversion of convertible preferred shares will be definitively fungible with existing ordinary shares of the Company as from the conversion date.

When the total number of ordinary shares to be received by a holder of convertible preferred shares by applying the Conversion Ratio to the number of convertible preferred shares held is not a whole number, said holder will receive the next lowest number of ordinary shares.

The Management Board must note for the record, as applicable, the number of ordinary shares resulting from the conversion of convertible preferred shares, and make the necessary modifications to the bylaws, in particular with respect to the allocation of shares per class and record the capital increase as required by law.

On conversion of the convertible preferred shares, every holder of convertible preferred shares may obtain a number of ordinary shares calculated with regard to the number of convertible preferred shares which it holds on the basis of the Conversion Ratio in effect.

When the number of ordinary shares so calculated is not a whole number, the fraction of ordinary shares forming a fractional lot shall be paid in cash. In such an event, the holder of convertible preferred shares shall receive an amount equal to the product (i) of the fraction of an ordinary share forming a fractional lot and (ii) an amount equal to the first recorded market price of the ordinary share for the stock exchange trading session preceding that of the ipso jure conversion of the preferred shares into ordinary shares.

Such amount shall be debited from the special blocked reserve account created for that purpose in the accounts (shareholders' equity) of the Company and, as the case may be, from any available reserve accounts.

Protection of the individual rights of holders of convertible preferred shares

The provisions of Article 13.3 "Special provisions applying to preferred shares", Section 3 "Right to convert preferred shares into ordinary shares subject to conditions", subsection (iii) "Protection of the individual rights of holders of preferred shares" of the Articles of Association, will also apply to convertible preferred shares, subject to the characteristics of these securities.

Repurchase of convertible preferred shares

If the functions of a holder of convertible preferred shares within the Company or its subsidiaries are terminated for one of the following reasons:

- dismissal or gross or willful misconduct or the removal as corporate officer or employee of the Company or one of its subsidiaries in similar circumstances;
- voluntary early retirement with full pension benefits, in the absence of prior written approval from the Company;
- resignation in the absence of prior written approval from the Company,

the Company will buy back the convertible preferred shares for the purpose of their cancellation.

The convertible preferred shares will be repurchased at a price corresponding to their par value per share.

The Company will inform the holder of convertible preferred shares concerned of the repurchase to be carried out by any means before the actual date of the repurchase.

All convertible preferred shares repurchased on this basis will be definitively canceled as from that repurchase date and the capital of the Company will be reduced by the corresponding amount, with the creditors possessing a right of objection.

The Management Board must note for the record, as applicable, the number of convertible preferred shares repurchased and canceled by the Company and make the necessary modifications to the Articles of Association with respect to the share capital and the number of shares making up the capital.

5.3.4. Amendment to shareholders' rights

Shareholder rights, as set forth in the Company's Articles of Association, may be changed or amended only by action taken at an Extraordinary General Meeting.

5.3.5. General Meetings

(a) Nature of General Meetings (Article 24 of the Articles of Association)

The decisions of the shareholders shall be taken at a General Meeting.

The Ordinary General Meetings shall be those which are convened on to take all of the decisions which do not modify the Articles of Association.

The Extraordinary General Meetings shall be those convened on to decide or authorize direct or indirect modifications of the Articles of Association.

The special meetings shall bring together the holders of shares of a given category to rule on a modification of the rights of the shares of this category and all other decisions provided by law or by the Articles of Association.

The resolutions of the General Meetings shall oblige all of the shareholders, even if absent, dissenting or incapable.

(b) Notice and convening of General Meetings (Article 25 of the Articles of Association)

The General Meetings shall be convened either by the Management Board or failing this, by the Supervisory Board or the Statutory Auditors or by a representative designated by the court, at the demand, either of any interested party or the Social and Economic Committee in the event of an emergency or by several shareholders representing at least 5% of the share capital.

The General Meetings shall be convened at the registered office or at any other location indicated in the notice of calling.

The Company shall be obliged, within the time limits set out in applicable laws, to publish a notice of meeting in the *Bulletin des Annonces Légales Obligatoires* containing the mentions provided by the laws in effect.

The convening of the General Meetings shall be realized by the inclusion in a newspaper authorized to receive legal announcements in the Department of the registered office and in addition, in the *Bulletin des Annonces Légales Obligatoires,* within the time limits set out in applicable laws.

When a meeting has been unable to deliberate in regular fashion, due to failure to reach the necessary quorum, the second meeting and as per the case, the second extended meeting, shall be convened, in the same forms as the first, within the time limits set out in applicable laws and the notice of calling shall recall the date of the first calling and reproduce its agenda.

(c) Agenda (Article 26 of the Articles of Association)

The agenda of the meetings shall be drawn up by the author of the calling.

One or several shareholders, representing at least the required proportion of the share capital and acting under the conditions and pursuant to the deadlines set by the law, shall be entitled to request the inclusion of draft resolutions in the agenda of the meeting by registered letter with a request for notice of receipt.

If a Social and Economic Committee exists, it may request the entering of draft resolutions on the agenda of a meeting.

These draft resolutions must be notified to the shareholders and be entered in the agenda and submitted to the vote of the meeting.

The meeting may not deliberate on an issue which is not entered on the agenda, which may not be modified at a second calling. It may nevertheless dismiss one or several members of the Supervisory Board under any circumstances and replace them.

(d) Admission to General Meetings – Powers (Article 27 of the Articles of Association)

All of the shareholders shall be entitled to take part in the meetings on providing proof of their identity, though subject to compliance with the following provisions:

- for holders of registered shares, their registration in the registered share account maintained by the Company no later than the second day preceding the meeting date;
- for holders of ordinary bearer shares, issuance of a certificate of participation (attestation de participation) by an authorized intermediary confirming they are registered in a securities account no later than the second day preceding the meeting date.

Any shareholder may vote by post through a form, a copy of which may be obtained under the conditions indicated by the notice of calling of the meeting.

A shareholder may be represented by another shareholder who provides evidence of a power of attorney, by his/her spouse or partner with whom he/she has concluded a civil solidarity pact.

A shareholder may furthermore be represented by any other natural or legal person of his/her choice and this under the conditions provided in Articles L. 225-106, L. 225-106-1 and R. 225-79 of the French Commercial Code.

In the event of existence of a Social and Economic Committee within the Company, two of its members designated by the counsel, of which one belongs to the category of technical staff and supervisors and the other to the category of employees and workers, or where appropriate, the persons mentioned in Articles L. 2323-64 and L. 2323-65 of the French Labour Code, may attend the General Meetings. They shall be heard at their request for all of the resolutions which require the unanimity of shareholders.

(e) Convening of General Meetings – Officers – Minutes (Article 28 of the Articles of Association)

An attendance sheet shall be signed by the attending shareholders and representatives, to which shall be attached the powers granted to each representative and, as appropriate, the postal voting forms. It shall be certified as accurate by the bureau of the meeting.

The meetings shall be chaired by the Chairman of the Supervisory Board or, in his absence, by the Deputy Chairman or by a member of the Supervisory Board especially appointed for this purpose. In the event of convening by a Statutory Auditor or court-appointed agent, the meeting shall be chaired by the author of the convening notice. Failing this, the meeting shall itself elect its Chairman.

The two present and accepting shareholders, representing the largest number of votes, both as themselves and as representatives, shall serve as scrutineers. The bureau so established shall designate a secretary, who may be selected from outside the members of the meeting.

The deliberations of the meetings shall be recorded in minutes signed by the members of the bureau and drawn up in a special register, in accordance with the law. Copies and extracts of these minutes shall be certified under the conditions set by law.

(f) Quorum – Vote (Article 29 of the Articles of Association)

The quorum shall be calculated on all of the shares comprising the share capital, except in the special meetings, where it shall be calculated on all of the shares for the category in question, all of which minus the shares deprived of the voting rights by virtue of the provisions of the law. In the event of a postal vote, for the calculation of the quorum, only forms duly completed and received by the Company at least three (3) days before the date of the meeting shall be considered.

Subject to the double voting right [...] referred to Article 13.2 of the Articles of Association, the voting rights attached to ordinary shares shall be proportional to the stake in the share capital which they represent.

The vote shall be expressed by a show of hands, by a roll-call or by a secret ballot, pursuant to what the bureau of the meeting or the shareholders decide. The shareholders may also vote by post.

For the purposes of calculating the quorum and majority, shareholders shall be considered to be present who take part in the meeting *via* videoconference or telecommunications media which permit their identification and guarantee their effective participation, the nature and conditions of application of which are determined by legislative and regulatory provisions in effect.

(g) Ordinary General Meeting (Article 30 of the Articles of Association)

The Ordinary General Meeting shall take all of the decisions exceeding the powers of the Management Board, which do not have the object of modifying the Articles of Association.

The Ordinary General Meeting shall meet at least once a year, within six months of the end of the financial year, to rule on the financial statements for the financial year, subject to the extension of the deadline by a court decision.

It shall only deliberate validly, on a first convening, if the present and represented shareholders, or those voting by postal vote, hold at least the number of shares set out in applicable laws.

No quorum shall be required for the second convening. It shall rule with a majority of the votes validly cast by the present or represented shareholders or shareholders voting by post. Abstention and votes blank or void shall not be considered as votes cast.

For the purposes of calculating the quorum and majority, shareholders shall be considered to be present who take part in the General Meetings *via* videoconference or telecommunications media as detailed above, albeit with the exception of resolutions relating to the approval of the Company accounts, and as per the case, the approval of the consolidated accounts.

(h) Extraordinary General Meeting (Article 31 of the Articles of Association)

The Extraordinary General Meeting may amend the Articles of Association in all of their provisions and notably decide on the conversion of the Company into a limited liability company. It may nevertheless increase the commitments of the shareholders, subject to the operations resulting from a consolidation of shares effected in regular fashion.

The Extraordinary General Meeting may only deliberate validly if the present or represented shareholders or shareholders voting by postal vote possess on the first convening or on the second convening the number of shares set out by applicable laws. In the absence of this latter quorum, the second meeting may be extended until a date two months later than the one on which it had been convened.

The Extraordinary General Meeting shall rule with a majority of two thirds of the votes validly cast by the present or represented shareholders, or voting by postal vote, unless there is a legal exemption. Abstention and votes blank or void shall not be considered as votes cast.

In constituent Extraordinary General Meetings, *i.e.* those convened to deliberate on the approval of a contribution in kind or the granting of a particular benefit, the grantor or beneficiary shall not have a vote, either for itself or as a representative.

For the purposes of calculating the quorum and majority, shareholders shall be regarded as present who take part in the General Meetings *via* videoconference or telecommunications media as detailed above, albeit with the exception of resolutions relating to a modification of the share capital, a merger, division or partial contribution of assets.

(i) Special meetings (Article 32 of the Articles of Association)

If there are several categories of share, no modification may be made to the rights of the shares in one of these categories, without a requisite vote of an Extraordinary General Meeting, open to all of the shareholders and furthermore, without an equally requisite vote of a special meeting, open only to the owners of shares of the category in question.

The special meetings may only deliberate validly if the present or represented shareholders hold on the first convening or on the second convening the number of shares of the relevant category set out by applicable laws.

Other meetings shall be convened and shall deliberate under the same conditions as the Extraordinary General Meetings, subject to the particular provisions applicable to meetings of holders of shares with a priority dividend, but without voting rights.

For the purposes of calculating the quorum and majority, shareholders shall be regarded as present who take part in the meeting *via* videoconference or telecommunications media as detailed above and for which the nature and conditions of application are determined by current legislative and regulatory provisions.

As necessary, it is hereby specified that the conversion of preferred shares into ordinary shares under the conditions provided in Article 13.3 of the Articles of Association shall not be subject to the approval of the special meeting of preferred shareholders.

(j) Shareholders' right to information (Article 33 of the Articles of Association)

Every shareholder has the right to receive, under the conditions and at times set by law, the documents required for it to be able to pronounce knowledgeably and draw up a ruling on the management and control of the Company.

The nature of these documents and the conditions of their dispatch or provision shall be determined by the law and regulations.

5.3.6. Clauses likely to affect control of the Company

Please refer to the Section "Agreements or elements that may lead to a change of control; Agreements that are amended or terminated upon such change of control" of this URD[1].

5.3.7. Threshold crossing (Article 12 of the Articles of Association)

For information on the applicable rules on threshold crossing provided in the Articles of Association, please refer to the Section "Mandatory information regarding threshold crossings" of this URD[2].

5.3.8. Special provisions applicable to changes in share capital (Article 9 of the Articles of Association)

There are no special provisions in the Company's Articles of Association applicable to changes in its share capital. As a result, the share capital and rights attached to shares may be simply amended in accordance with conditions provided for by law.

(1) See Section 5.2.6.
(2) See Section 2.7.2.1 (b).

5.4. Information and history of the Company during the fiscal year

Registered name

Valneva

Place of incorporation and registration number, LEI code

The Company is registered in the Trade and Companies Registry in Nantes under registration number 422 497 560.

Its LEI code is 969500DIVIP5VKNW4948.

Date of incorporation and term

The Company's business sector N.A.F. code (with respect to the main establishment) is 72.11Z – Research and development in biotechnology.

The Company was incorporated on April 7, 1999 for a fixed term, unless earlier dissolved or extended, of ninety-nine years from its registration with the Trade and Companies Registry, *i.e.* until April 6, 2098.

Registered office, legal form and applicable law

Registered office: 6 rue Alain Bombard, 44800 Saint-Herblain (France)

Telephone: +33 (0) 2 28 07 37 10

Valneva is a European Company with a Management Board and a Supervisory Board, governed in particular by the provisions of Book II of the French Commercial Code.

Website[1]: www.valneva.com

Significant events in the development of the issuer's activities

Please refer to the Sections "Annual operating highlights", "Recent events", "Description of Valneva SE's subsidiaries", "Products and technologies of the Group", "Main markets" and "Group's business trends and outlooks" of this URD[2].

(1) Information provided on the Company's website are not part of this Universal Registration Document, unless it is incorporated by reference.
(2) See Sections 1.1.2, 1.1.3, 1.2.2 (b), 1.3.1, 1.3.2 (a) and 1.4.4.

5.5. Information on shareholdings

Please refer to the Section "Description of Valneva SE's shareholdings" of this URD[1], as well as to the Group's consolidated financial statements 2019[2].

(1) See Section 1.2.2 (c).
(2) See Note 16, in Section 4.1.5 of this URD.

5.6. Regulated agreements and commitments

5.6.1. List of regulated agreements and commitments

Regulated agreements and commitments authorized by the Company's Supervisory Board in 2019

During the fiscal year 2019, there were no new agreements or commitments subject to a control procedure under the legal rules applicable to regulated agreements and commitments.

Regulated agreements which remained in force during the fiscal year 2019[1]

Management Agreements executed between Mr. Franck GRIMAUD and the company Valneva SE

Management Agreement 2016-2019 authorized by the Supervisory Board on June 25, 2015
Amended by the Supervisory Board on March 20, 2018

Purpose of the agreement	The Management Agreement 2016-2019 specifies the compensation and benefits to be received by Mr. Franck GRIMAUD in his capacity as a Management Board member and Managing Director as from the end of the Combined General Meeting called on June 30, 2016 to approve the financial statements for the fiscal year ended December 31, 2015. It also includes certain commitments undertaken by the Company for the payment of indemnities or the provision of benefits in the event of termination or change in the functions of the corporate officer[2]. The agreement expired at the end of the Combined General Meeting held on June 27, 2019 for the purpose of approving the financial statements for the year ending December 31, 2018, at the time of the renewal of the term of office of the officer, leading to the signature of a new management agreement (See below).
Income and/or charges recognized in the period: (273,708.94)	
Incashments and/or payments: (350,824.77)	
Relationship between the price of the agreement and the Company's last annual profit: *n.a.*[3]	

Management Agreement 2019-2022 authorized by the Supervisory Board on June 28, 2018

Purpose of the agreement	The Management Agreement 2019-2022 specifies the compensation and benefits to be received by Mr. Franck GRIMAUD in his capacity as a Management Board member and Managing Director as from the end of the Combined General Meeting called on June 27, 2019 to approve the financial statements for the fiscal year ended December 31, 2018. It also includes certain commitments undertaken by the Company for the payment of indemnities or the provision of benefits in the event of termination or change in the functions of the corporate officer[2].
Income and/or charges recognized in the period: (359,677.62)	
Incashments and/or payments: (269,438.04)	
Relationship between the price of the agreement and the Company's last annual profit: *n.a.*	

(1) Amounts in euros – Charges and payments are presented between brackets.
(2) For a description of these commitments, please refer to the Section 2.6.2.1 (d) of this URD.
(3) No profit recorded for the Company.

Management Agreements executed between Mr. Wolfgang BENDER and the company Valneva SE

Management Agreement 2017-2019 authorized by the Supervisory Board on August 1, 2017
Amended by the Supervisory Board on March 20, 2018

Purpose of the agreement	The Management Agreement 2017-2019 specifies the compensation and benefits to be received by Mr. Wolfgang BENDER in his capacity as a Management Board member and CMO as from September 1, 2017. It also includes certain commitments undertaken by the Company for the payment of indemnities or the provision of benefits in the event of termination or change in the functions of the corporate officer(1). The agreement expired at the end of the Combined General Meeting held on June 27, 2019 for the purpose of approving the financial statements for the year ending December 31, 2018, at the time of the renewal of the term of office of the officer, leading to the signature of a new management agreement (See below).

Income and/or charges recognized in the period: (105,965.98)

Incashments and/or payments: (133,989.23)

Relationship between the price of the agreement and the Company's last annual profit: *n.a.*

Management Agreement 2019-2022 authorized by the Supervisory Board on June 28, 2018

Purpose of the agreement	The Management Agreement 2019-2022 specifies the compensation and benefits to be received by Mr. Wolfgang BENDER in his capacity as a Management Board member and Managing Director as from the end of the Combined General Meeting called on June 27, 2019 to approve the financial statements for the fiscal year ended December 31, 2018. It also includes certain commitments undertaken by the Company for the payment of indemnities or the provision of benefits in the event of termination or change in the functions of the corporate officer(1).

Income and/or charges recognized in the period: (93,706.57)

Incashments and/or payments: (64,687.19)

Relationship between the price of the agreement and the Company's last annual profit: *n.a.*

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Management Agreement executed between Mr. Frédéric JACOTOT and the company Valneva SE

Management Agreement 2019-2022 authorized by the Supervisory Board on June 28, 2018

Purpose of the agreement	This agreement specifies the compensation and benefits to be received by Mr. Frédéric JACOTOT in his capacity as a Management Board member and Managing Director as from the end of the Combined General Meeting called on June 27, 2019 to approve the financial statements for the fiscal year ended December 31, 2018. It also includes certain commitments undertaken by the Company for the payment of indemnities or the provision of benefits in the event of termination or change in the functions of the corporate officer(1).

Income and/or charges recognized in the period: (209,323.13)

Incashments and/or payments: (157,821.63)

Relationship between the price of the agreement and the Company's last annual profit: *n.a.*

These agreements above are in the best interest of the Company because they contribute to management stability in the long term, and enable the Company to be managed by recognized international leaders with diverse education, experience and skills, able to support the Company's growth, in accordance with its strategy.

The Company's commitments under these agreements, which result in the payment of indemnities or the provision of benefits in the event of termination or change in the functions of the corporate officers, contribute to management stability in the long term, reflect the Company's aim to provide for equitable solutions in the event of termination or change in the functions of the corporate officers (including in the interest of ensuring equal treatment), while making it possible to:

- limit the costs arising from terminating the Management Agreements;
- improve the predictability of these costs; and
- reduce the risks of litigation.

(1) For a descritpion of these commitments, please refer to the Section 2.6.2.1 (d) of this URD.

Biological material storage agreement with BliNK Biomedical SAS

Authorized by the Supervisory Board on January 23, 2018

Purpose of the agreement **Interest for the Company**	This agreement has been executed in the context of BliNK Biomedical SAS shutting down its laboratory in Lyon, so that it could help BliNK Biomedical SAS finalizing ongoing negotiations and entering into agreements with third parties regarding its unlicensed antibodies, which could therefore benefit Valneva SE as a large shareholder of BliNK Biomedical SAS. This agreement was terminated by mutual agreement, effective April 16, 2019, due to the fact that on that date, all of the equipment covered by the agreement had been transferred by BliNK Biomedical, outside the Company.

Income and/or charges recognized in the period: 685.57

Incashments and/or payments: 685.57

Relationship between the price of the agreement and the Company's last annual profit: *n.a.*

Collaboration and Research License Agreement & Premises and Equipment Provision Agreement (Agreements initially executed with Groupe Grimaud La Corbière SA, then transferred to Vital Meat SAS)

Authorized by the Supervisory Board on September 20, 2018

Purpose of the agreement **Interest for the Company**	The Collaboration and Research License Agreement has been executed in order to explore the possibility of using Valneva SE's avian cell lines to produce nutritional meat-like substances, not originating from animals. Under the Collaboration and Research License Agreement (CCLR) and the Premises and Equipment Provision Agreement (CMAD), the Company (i) grants Groupe Grimaud La Corbière SA a two-year non-exclusive research license to use Valneva SE's EBx platform (excluding EB66®) and conduct the above-mentioned assessment, (ii) provides Groupe Grimaud La Corbière SA with limited assistance for this purpose, and (iii) puts few offices in its premises and certain equipment at Groupe Grimaud La Corbière SA's disposal. The general benefits of the CRLA and PEPA for the Company are the following: ▪ an opportunity to potentially improve EB cell lines-related revenues by allowing the exploration of a new field without financial investment; ▪ rationalizing the use of the Nantes premises following R&D reorganization; ▪ a reemployment opportunity for an employee whose job was cut upon R&D reorganization.

Income and/or charges recognized the period concerning the CCLR: 170,480

Encashments and/or payments concerning the CCLR: 163,970

Relationship between the price of the agreement and the Company's last annual profit: *n.a.*

Income and/or charges recognized the period concerning the CMAD: 65,806.71

Encashments and/or payments concerning the CMAD: 64,693.71

Relationship between the price of the agreement and the Company's last annual profit: *n.a.*

5.6.2. Special Auditors' Report on regulated agreements and commitments

(For the year ended December 31, 2019)

To the Shareholders,

VALNEVA SE

6 rue Alain Bombard

44800 Saint-Herblain

This is a free translation into English of the Statutory Auditor's special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers.

This report on regulated agreements should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

In our capacity as Statutory Auditors of Valneva SE (or the "Company"), we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of, as well as the reasons provided for, the agreements that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R. 225-58 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements to be submitted for the approval of the Annual General Meeting

Agreements authorized and concluded during the year

Pursuant to article L. 225-86 of the French Commercial Code, no agreement authorised by the Supervisory Board and concluded during the past fiscal year has been brought to our attention.

Agreements already approved by the Annual General Meeting

Agreements approved in prior years

Pursuant to Art. R. 225-57 of the French Commercial Code, we have been informed that the following agreements, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

Management Agreement with Mr. Franck Grimaud, member of Management Board and Chief Executive Officer of Valneva SE

- **Nature and purpose:** the Management Agreement authorized by the Supervisory Board on June 25, 2015 and amended by decision of the Supervisory Board on March 20, 2018 specifies the compensation and benefits to be received by Mr. Franck Grimaud from the end of the Annual General Meeting held on June 30, 2016. The agreement ended at the end of the Annual General Meeting on June 27, 2019, in order to approve the financial statements for the year ended December 31, 2018.
- **Terms and conditions:** the expense recognized by your Company in 2019 in relation to this agreement, amounts to €273,708,94 and the amount paid to €350,824,77.

Management Agreement with Mr. Franck Grimaud, member of the Management Board and Chief Executive Officer of Valena SE

- **Nature and purpose:** the Management Agreement, authorized by the Supervisory Board on June 28, 2018 specifies the compensation and benefits to be received by Mr. Franck Grimaud from the end of the Annual General Meeting held on June 27, 2019, in order to approve the financial statements for the year ended December 31, 2018.

- **Terms and conditions:** the expense recognized by your Company in 2019 in relation to this agreement, amounts to €359,677,62 and the amount paid to €269,438,04.

Management Agreement with Mr. Wolfgang Bender, member of the Management Board and Chief Medical Officer of Valneva SE

- **Nature and purpose:** the Management Agreement authorized by the Supervisory Board on August 1, 2017 and amended by the Supervisory Board on March 20, 2018, specifies the compensation and benefits to be received by Mr. Wolfgang Bender as from September 1, 2017. The agreement ended at the end of the Annual General Meeting on June 27, 2019, in order to approve the financial statements for the year ended December 31, 2018.
- **Terms and conditions:** the expense recognized in 2019 by your Company in relation to this agreement amounts to €105,965.98 and the amount paid to €133,989.23.

Management Agreement with Mr. Wolfgang Bender, member of the Management Board and Chief Medical Officer of Valneva SE

- **Nature and purpose:** the Management Agreement, authorized by the Supervisory Board on June 28, 2018 specifies the compensation and benefits to be received by Mr. Wolfgang Bender from the end of the Annual General Meeting held on June 27, 2019, in order to approve the financial statements for the year ended December 31, 2018.
- **Terms and conditions:** the expense recognized in 2019 by your Company in relation to this agreement amounts to €93,706.57 and the amount paid to €64,687.19.

Management Agreement with Mr. Frédéric Jacotot, member of the Management Board and General Counsel of Valneva SE

- **Nature and purpose:** the Management Agreement, authorized by the Supervisory Board on June 28, 2018 specifies the compensation and benefits to be received by Mr. Frédéric Jacotot from the end of the Annual General Meeting held on June 27, 2019, in order to approve the financial statements for the year ended December 31, 2018.
- **Terms and conditions:** the expense recognized in 2019 by your Company in relation to this agreement amounts to €209,323.13 and the amount paid to €157,821.63.

Agreements with BLINK Biomedical SAS, a 48.9%-investments of Valneva SE

- **Person concerned:** Mr. Franck Grimaud, member of the Management Board of Valneva SE and member of the Supervision Committee of Blink Biomedical SAS.
- **Nature and purpose:** The temporary storage contract for biological materials (non-GMP), previously authorized by the Supervisory Board on January 23, 2018 and entered into with Blink Biomedical SAS in connection with the closing of this subsidiary's laboratory in Lyon, to assist it with the finalization of negotiations underway and the conclusion of contracts with third parties for antibodies which have not yet been licensed. The contract ended by mutual agreement on April 16, 2019.
- **Terms and conditions:** the expense and payout recorded for the 2019 financial amounted to €685.57.

Agreements with Groupe Grimaud La Corbière SA, a shareholder with more than 10% of the voting rights

- **Person concerned:** Mr. Frédéric Grimaud, Chairman of the Supervisory Board of Valena SE, and Chairman of the Management Board of Groupe Grimaud La Corbière SA.
- **Nature and purpose:** Your Company entered into a research collaboration and license agreement with Groupe Grimaud La Corbière SA, previously authorized by your Supervisory Board on September 20, 2018. The purpose of the agreement is to assess the possibility of using the avian cell lines of Valneva SE to produce nutritional substances similar to meat, but of non-animal origin as well as a contract for the provision of premises and equipment. In accordance with the terms of the Research Collaboration and License Agreement and the Provision of Premises and Equipment Agreement, the Company (i) granted to Groupe Grimaud La Corbière SA a non-exclusive research license for a period of 2 years to use the EBx platform of Valneva SE (excluding EB66®) and to carry out the aforementioned evaluation, (ii) provides for this purpose limited assistance to Groupe Grimaud La Corbière SA, and (iii) makes available to Groupe Grimaud La Corbière SA premises and certain research equipment.
- **Terms and conditions:** the revenue recorded for the 2019 financial year by your company, under this agreement for the Collaboration and Research License Agreement *(CCLR)*, amounted to €170,480 and the amount paid to €163,970. The revenue recorded for the year 2019 by your company, under this agreement for the Contract for the Provision of Premises and Equipment *(CMAD)*, amounted to €65,806.71 and the amount paid to €64,693.71.

Neuilly-sur-Seine and Bordeaux, March 30, 2020

The Statutory Auditors

PricewaterhouseCoopers	Audit Deloitte & Associés
Cédric Mazille	Stéphane Lemanissier

5.6.3. Related-party transactions

Please refer to the information provided pursuant to IAS 24 on related party disclosures, in the Notes to the Group's consolidated financial statements for the fiscal year 2019[1]. Please refer also to the information provided in the parent entity financial statements for the fiscal year 2019[2].

5.6.4. Agreements entered into between a corporate officer or a shareholder holding more than 10% of the voting rights of the Company, and another corporation controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code (excluding agreements which relate to ordinary transactions and have been entered into upon customary terms & conditions)

Please refer to the Section "Agreements entered into between a corporate officer or a shareholder holding more than 10% of the voting rights of the Company, and another corporation controlled by the Company within the meaning of Article L. 233-3 of the French Commercial Code (excluding agreements which relate to ordinary transactions and have been entered into upon customary terms & conditions)" of this URD[3].

(1) See Note 33, in Section 4.1.5 of this URD.
(2) See Section 4.2.5 (b) of this URD.
(3) See Section 2.5.

5.7. Employees

5.7.1. Percentage of Company stock held by employees

At December 31, 2019, total employee stock ownership (shares in registered form) amounted to 91,677 Valneva SE shares (or 0.10%[1] of the Company's share capital), as follows:

- 86,571 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each;
- 162 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15; and
- 5,096 convertible preferred shares (XFCS00X0I9M1) with a par value of €0.15 each.

For a detailed description, as of December 31, 2019, of the stock option plans and of the free share plans to which employees are beneficiaries, please refer to the Section "Options to subscribe for or purchase shares and free shares" of this URD[2]. In addition, for a description of the phantom plans to which employees are benficiaries, please refer to the Notes to the Group's consolidated financial statements for the fiscal year 2019[3].

(a) Options to subscribe for or purchase shares

Options to subscribe for or purchase shares granted by the Company to non-officer employees of the Valneva Group in 2019

STOCK OPTIONS PLAN 2019 (« ESOP 2019 »)

General Meeting date	June 28, 2018
Management Board decision	September 30, 2019
Number of stock options granted	2,691,510
Strike price	Each new Valneva SE ordinary share will be issued at a strike price of €3.05.
Beneficiaries	The options have been proposed to all employees of the Company and its subsidiaries Valneva Austria GmbH, Valneva Canada Inc., Valneva Scotland Ltd., Valneva Sweden AB, Valneva France SAS and Valneva UK Ltd, other than employees of grade 14 or above. Notwithstanding the foregoing, a nominal amount of options was granted to grade 14 employees of the Company in order to satisfy the requirements of Article L. 225-197-6 of the French Commercial Code.
Exercise window - Conditions of exericse	Plan in force until September 30, 2029. One third (1/3) of the options allocated to the beneficiary employees would become exercisable from September 30, 2020, an additional one third (1/3) of the options allocated to the beneficiary employees would become exercisable from September 30, 2021, and the remainder would become exercisable from September 30, 2022. If one third of an allocation is not a whole number, it shall be rounded down. For each of the above-mentioned tranches, the exercise of options shall be conditioned on the relevant beneficiary employee having been rated not less than "Meet Expectations" (regardless of the sign "+", "=" or "-") in the annual performance appraisal immediately preceding the date when the relevant options become exercisable (the ***Performance Condition***). This condition shall apply to each tranche independently, *i.e.* a failure to meet the Performance Condition for a given tranche will not affect the vesting of other tranches. If the Performance Condition is not satisfied with respect to any tranche, the options held by the relevant beneficiary employee in that tranche shall lapse without compensation.

Options to subscribe for or purchase shares of the Company exercised by non-officer employees of the Valneva Group in 2019

None of non-officer employees of the Valneva Group exercised stock options to subscribe for or purchase shares during the fiscal year 2019.

(1) Rate calculated in reference to a total share capital of 92,132,927 Valneva SE shares, divided into (a) 90,923,298 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 17,836,719 preferred shares (ISIN FR0011472943) with a par value of €0.01 each, written down to a par value of €0.15, and (c) 20 514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.
(2) See Section 2.6.2.1 (c).
(3) See Note 24.5, in Section 4.1.5 of this URD.

Information relating to the 10 non-officer employees of the Group

Options to subscribe for or purchase shares granted in 2019 by the Company to the 10 non-officer employees of the Group having then being granted the highest number of options	**Total number of granted options**	**Weighted average price** (in euros) Basis: strike price for obtaining one Valneva SE ordinary share under the relevant stock plan.s
	400,000 [(1)]	3.05
Options to subscribe for or purchase shares exercised in 2019 by the 10 non-officer employees of the Group having then exercised the highest number of options	**Total number of exercised options**	**Weighted average price** (in euros)
	0	n.a.

(b) Free shares (ordinary shares or convertible preferred shares)

Valneva SE ordinary shares

Free ordinary shares granted to non-officer employees of the Group in 2019

FREE SHARE PLAN 2019-2023

General Meeting date	June 27, 2019
Management Board decision	December 19, 2019
Total number of free ordinary shares granted to the non-officer employees	810,000
Beneficiaries	The non-officer employees participating to the plan are members of the Management Committee.
Main terms & conditions that apply to the non-officer employees	The plan is divided into 3 tranches, each corresponding to 1/3 of the free ordinary shares granted by the Management Board. If one third is not a whole number, the number of free shares will be rounded down for the first two tranches and rounded up for the third tranche. The first tranche will vest and be delivered (*seront définitivement acquises*) to the participants two (2) years as from December 19, 2019, the second tranche, three (3) years as from December 19, 2019 and the third tranche, four (4) years as from December 19, 2019. The vesting (*attribution définitive*) of each tranche will therefore occur upon completion of each vesting period mentioned above, subject to employment and performance conditions, as follows: - the vesting of each tranche will be contingent upon the beneficiary's performance in the Relevant Year having been rated not lower than "Meets Expectations" (regardless of any qualifying sign), as assessed by his/her supervisor under the Company's employee performance appraisal rules. ***Relevant Year*** means 2021 for the first tranche, 2022 for the second tranche and 2023 for the third tranche. If a vesting period expires before the performance has been assessed for the Relevant Year, the vesting of the relevant tranche will be postponed until all beneficiaries have been assessed. - the beneficiaries must continuously remain a MB member, corporate officer or employee (full time or not less than 80%) of the Company or a direct or indirect subsidiary of the Company until vesting. Following the vesting of the free shares, no compulsory holding period will apply to the shares so vested. If (a) a Change of Control (as defined below) occurs not earlier than December 19, 2023, and (b) the performance condition stated above was met for the calendar year immediately preceding the year of Change of Control (or for the year of Change of Control if already assessed), all tranches will vest immediately. ***Change of Control*** means that a person or entity other than the Company's current shareholders has taken control of the Company, "control" having the meaning set forth in Article L 233-3 of the French Commercial Code. If a Change of Control takes place before December 19, 2021, and Article L. 225-197-1, III of the French Commercial Code does not apply, the plan will be canceled and the Company will indemnify the beneficiaries for the loss of unvested free ordinary shares granted under the canceled plan, subject however to the above-mentioned performance conditions. The gross amount of this indemnity will be calculated as though such free ordinary shares had been vested upon the Change of Control. The conditions and limitations set forth in the applicable plan rules will apply to this calculation, *mutatis mutandis.*

(1) The minimum number of stock options to be taken into account for each employee for calculating this value is 40,000. Six employees having been also granted 40,000 stock options each are not included in this value.

Valneva SE free ordinary shares vested in and delivered to non-officer employees of the Group in 2019

No free ordinary shares were fully vested in and delivered to non-officer employees of the Group in the form of new Valneva SE ordinary shares during the fiscal year 2019.

Information relating to the 10 non-officer employees of the Group

Free ordinary shares granted in 2019 by the Company to the 10 non-officer employees of the Group having then being granted the highest number of free ordinary shares	**Total number of free ordinary shares granted**	**Weighted average price** (in euros) Basis: opening share price of Valneva SE ordinary shares on the initial grant date
	810,000[(1)]	2.60
Free ordinary shares vested in and delivered in 2019 to the 10 non-officer employees of the Group having then been transferred of the highest number of free ordinary shares	**Total number of free ordinary shares vested in and delivered**	**Weighted average price** (in euros)
	0	n.a.

Valneva SE convertible preferred shares

Free convertible preferred shares granted to non-officer employees of the Group in 2019

There was no Valneva SE free convertible preferred shares granted to non-officer employees of the Group during the fiscal year 2019.

Free convertible preferred shares transferred to non-officer employees of the Group in 2019

During the fiscal year 2019, 4,900 free convertible preferred shares were transferred to non-officer employees of the Group. However, they were not converted into Valneva SE ordinary shares, as the conditions for such conversion set forth under the Free convertible preferred share program 2015-2019 were not met[(2)].

Information relating to the 10 non-officer employees of the Group

FCPS granted in 2019 by the Company to the 10 non-officer employees of the Group having then being granted the highest number of FCPS	**Total number of FCPS granted**	**Weighted average price** (in euros)
	0	n.a
FCPS vested in and delivered in 2019 to the 10 non-officer employees of the Group having then been transferred of the highest number of FCPS	**Total number of FCPS vested in and delivered**	**Weighted average price** (in euros) Basis: opening share price of Valneva SE ordinary shares on the vesting date
	4,900[(3)]	3.11

(1) The plan concerns only nine non-officer employees, each having being granted of 90,000 free ordinary shares.
(2) See Section 2.6.2.1 (c) of this URD.
(3) FCPS were vested in and delivered to three non-corporate officers. The minimum number of FCPS so vested to be taken into account for each employee for calculating this value is 1,550.

5.7.2. Description of any arrangements providing for employees' participation in the share capital of the Company

No agreement providing for employees' participation in the share capital of the Company has been set up so far.

5.7.3. Agreements providing for financial compensation to the benefit of the employees, in case of resignation, dismissal without real and serious grounds or if termination is due to a public offering

There is no agreement providing for financial compensation to the benefit of non-officer employees, in case of resignation, dismissal without real and serious grounds or if termination is due to a public offering.

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Additional information

6.1. Responsibility statement for the French version of the Universal Registration Document

6.1.1. Responsibility statement for the French version of the Universal Registration Document

"We hereby declare that, after having taken all reasonable care to that purpose, to the best of our knowledge, the information contained in this Universal Registration Document is in accordance with the facts and contains no omission likely to affect its import.

We hereby declare that, to the best of our knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and present a fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that the Annual Management Report, for which a table of cross-references is presented in Section 6.4.2 of this URD, provides a fair presentation of the business developments, results and financial position of the Company and all the other companies included in the scope of consolidation, as well as a description of the main risks and contingencies to which they might be exposed."

Thomas Lingelbach
President & CEO

Franck Grimaud
President & CBO

6.1.2. Person responsible for financial information

Mr. David Lawrence
CFO

Valneva SE
6 rue Alain Bombard
44800 Saint-Herblain
France

T +33 (0) 2 28 07 37 10
F +33 (0) 2 28 07 37 11

investors@valneva.com

6.1.3. Person responsible for account audit and fees

(a) Statutory Auditors

Principal Statutory Auditors

Deloitte & Associés

Represented by Mr. Stéphane Lemanissier

19 boulevard Alfred Daney

33300 Bordeaux – France

Deloitte & Associés was first appointed as principal Statutory Auditor by the Ordinary General Meeting held on January 22, 2007. This appointment was renewed a first time by the Ordinary General Meeting held on June 28, 2013 for a term of six years (*i.e.* until the end of the General Meeting called to rule on the financial statements for the fiscal year ending on December 31, 2018), then a second time for a new period of six years, by the Ordinary General Meeting held on June 27, 2019 (*i.e.* until the end of the General Meeting called to rule on the financial statements for the fiscal year ending on December 31, 2024).

Deloitte & Associés is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

PricewaterhouseCoopers Audit

Represented by Mr. Cédric Mazille

63 rue de Villiers
92200 Neuilly sur Seine – France

Pricewaterhouse Coopers Audit was first appointed as principal Statutory Auditor by the Ordinary General Meeting held on June 28, 2013. This appointment was renewed by the Ordinary General Meeting held on June 29, 2017 for a term of six years that will expire at the close of the General Meeting called to rule on the financial statements for the fiscal year ending on December 31, 2022.

PricewaterhouseCoopers Audit is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Alternate Statutory Auditors

The appointment of the alternate Statutory Auditor BEAS expired at the close of the General Meeting called to rule on the financial statements for the fiscal year ending on December 31, 2018. Its renewal was not proposed to the General Meeting of shareholders. Therefore, at the filing date of this URD, the Company does not have alternate Statutory Auditors anymore.

(b) Fees paid by the Group to the Statutory Auditors and members of their networks

Please refer to the Notes to the Group's consolidated financial statements for the fiscal year 2019[1].

6.2. Third party information, statements by experts and declaration of interests

In preparing its parent company and consolidated financial statements, the Group used an independent actuarial firm to calculate provisions for retirement benefits. The Group also used the services of an Independent Third Party Auditor to verify the Valneva Corporate Social Responsibility report.

6.3. Consultation of legal documents

During the validity period of this URD, the Company's Articles of Association, the Statutory Auditors' Reports, the annual financial statements of the past three years, as well as any Reports, letters or other documents and historical financial information of the Company and its subsidiaries over the past three years, and valuations and statements made by experts, where such documents are provided for by law and any other document provided for by law, may be consulted at the Company's registered office and on its website: **www.valneva.com**.

Copies of this URD are available free of charge at the Company's facilities located at 6 rue Alain Bombard, 44800 Saint-Herblain – France (Tel: +33 (0) 2 28 07 37 10), as well as on Valneva's website (**www.valneva.com**) and on the AMF's website (**www.amf-france.org**).

(1) See Note 6, in Section 4.1.5 of this URD.

6.4. Tables of cross-references

6.4.1. Table of cross-references with the Universal Registration Document

For the convenience of readers of this URD, this concordance table contains the information headings provided for by Appendixes I and II of the Commission Delegated Regulation (EC) 2019/980 of March, 14 2019 and refers to the Sections and pages of this URD where information relating to each of these headings is given.

REQUIRED DISCLOSURE (PURSUANT TO DELEGATED REGULATION (EC) 2019/980		Section(s) of the Universal Registration Document	Page(s)
1. RESPONSIBLE PERSONS, INFORMATION FROM THIRD PARTY, EXPERT REPORTS AND APPROVAL BY THE COMPETENT AUTHORITY			
1.1.	Persons responsible for information provided in this URD.	6.1.1 & 6.1.2	348
1.2.	Responsibility statement.	6.1.1	348
1.3. 1.4.	Third party information, expert reports and declarations of interest	6.2	349
1.5.	Approval by the competent authority.	n.a.	
2. STATUTORY AUDITORS			
2.1.	Names and addresses of the Statutory auditors.	6.1.3	348
2.2.	Changes of Statutory auditors.	6.1.3	348
3. RISK FACTORS		1.5	55
4. INFORMATION ABOUT THE ISSUER			
4.1.	Legal and commercial name of the issuer.	5.4	334
4.2.	Place of registration of the issuer and its registration number, LEI code.	5.4	334
4.3.	Date of incorporation and length of life of the issuer.	5.4	334
4.4.	Registered office (including related contact details), legal form, applicable legislation, website (and related disclaimer) of the issuer	5.4	334
5. BUSINESS OVERVIEW			
5.1.	**Principal activities**		
5.1.1.	Nature of the issuer's operations and its principal activities.	1.3.1	20
5.1.2.	Significant new products and/or services launched on the market.	1.1.2, 1.1.3 & 1.3.1	10, 13 & 20
5.2.	**Principal markets**	1.3.2 (a)	22
		Notes 4.2 and 5.1 to the Group's consolidated financial statements for the fiscal year 2019, in Section 4.1.5	218 & 220
5.3.	Significant events in the development of the issuer's activity.	1.1.2 & 1.1.3 - upon refferal by Sections 1.2.1 (b) & 5.4	10 & 13
5.4.	Goals and strategy.	1.3.2 (b), 1.4.4 (a) & 1.4.4 (c)	26 & 50
5.5.	Dependence of the Group on patents, licenses, industrial, commercial or financial agreements, or on new manufacturing processes.	1.5 - upon refferal by Section 1.3.3 (c)	55
5.6.	Competitive position.	1.3.2 (a)	22

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