valneva

Building
ON OUR STRENGTHS

2020 Universal Registration Document

Including the Annual Financial Report, the full Annual Management Report and the Corporate Governance Report

Contents

UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report, the full Annual Management Report and the Corporate Governance Report

2020

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 April 9, 2021 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 2019, the Universal Registration Document of the Company Valneva SE filed with the AMF on March 30, 2020 (No. D.20-0217) 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 1.4.3 of said Universal Registration Document);
- 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).

Information from the 2019 Universal Registration Document and the 2018 Registration Document that is not included in this Universal Registration Document is either not relevant for the investor, or is covered elsewhere in this Universal 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 risk 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

2020 Consolidated Financial Statements (unaudited)

February 25, 2021

2020 Consolidated and Parent Entity Financial Statements (audited)

March 24, 2021

Q1 2021 Interim Results

May 20, 2021

AGM - *Record date*

June 20, 2021, 11:59 pm Paris Time
(according to French corporate law)

Annual General Meeting

June 23, 2021

HY 2021 Financial Statements

September 2, 2021

9M 2021 Interim Results

November 18, 2021

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)[1] and are eligible for the Deferred Settlement Service.

Valneva SE joined the SBF 120 and CAC Mid 60 indices on March 22, 2021[2].

Note:

- In June 2020 and in accordance with the Company's Articles of Association in force from May 2013 to May 2020[3], the Valneva SE preferred shares (ISIN FR0011472943), which were issued in the 2013 merger with Intercell AG, were redeemed by the Company (at their par value of €0.01 per preferred share) and cancelled. These preferred shares were consequently delisted from the regulated market of Euronext Paris[4].
- On December 22, 2020, Valneva SE's shareholders granted the necessary authorizations to allow the Company to prepare for a potential listing and public offering of American Depositary Shares (each representing a number of the Company's ordinary shares) on Nasdaq in 2021 (subject to market and other conditions, consistent with the Company's previously communicated strategic plans[5]).

Valneva SE's ordinary share price performance in 2020

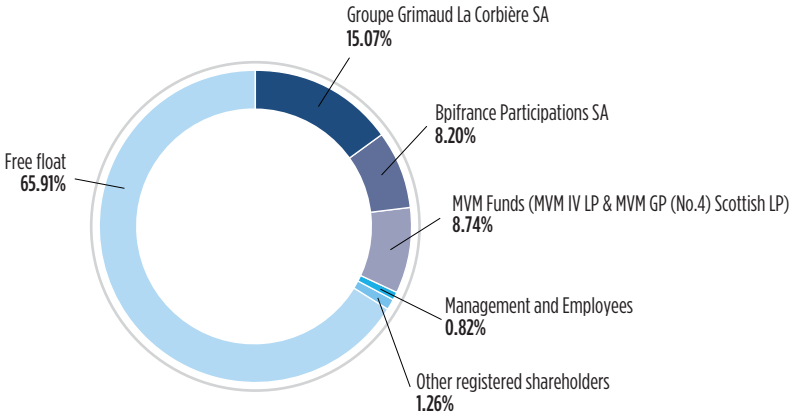
VLA. PA (Source: Euronext Paris)

	High (in euros)	Low (in euros)	Month-end closing (in euros)	Volume in the month	Transactions in the month	Transactions in equity (in euros)
January 2020	3.22	2.485	3.115	5,990,952	10,331	17,433,117
February 2020	3.475	2.675	2.81	4,054,099	7,785	12,999,002
March 2020	3.03	1.784	2.85	6,068,646	10,502	15,040,046
April 2020	4.2	2.475	4.185	8,638,582	16,028	29,180,686
May 2020	4.25	3.65	3.76	6,265,714	13,606	24,673,492
June 2020	4.73	3.71	4.34	7,408,330	16,904	31,353,362
July 2020	5.74	4.185	4.715	11,520,071	26,948	57,121,795
August 2020	5.99	4.755	5.22	9,925,047	23,026	54,208,592
September 2020	7.35	4.385	7.02	15,786,286	36,894	95,196,851
October 2020	7.13	5.76	6.09	7,522,685	24,261	48,476,889
November 2020	6.59	4.54	6.39	14,045,177	36,571	80,567,031
December 2020	9	5.97	7.75	13,335,465	39,605	100,622,683

At December 31, 2020, the Company's market capitalization on Euronext Paris amounted to approximately €705 million.

(1) The Valnena SE ordinary shares were also previously traded on the Vienna Stock Exchange until December 20, 2019 (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.
(2) See the Press Release published by the Company on March 22, 2021: https://valneva.com/media/press-releases/?y=2021
(3) Article 13.3, paragraphs 3 to 5.
(4) See Section 5.1.3 (d) of this URD.
(5) See the Press Releases published by the Company on December 22, 2020: https://valneva.com/media/press-releases/?y=2020

Shareholding structure at December 31, 2020



Share ownership calculated in reference to a total share capital of 90,950,048 Valneva SE ordinary shares with a par value of €0.15 each. The Valneva SE convertible preferred shares (20,514 shares with a par value of €0.15 each — XFCS00X0I9M1) are not taken into account in this calculation.

There have been no significant changes in the shareholder structure since December 31, 2020.

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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)	2020	2019	2018
Product sales	65,938	129,511	103,476
Revenues from collaborations, licensing and services	44,383	(3,315)	9,559
REVENUES	**110,321**	**126,196**	**113,035**
Cost of goods and services	(54,302)	(52,781)	(47,261)
Research and development expenses	(84,454)	(38,022)	(25,655)
Marketing and distribution expenses	(18,264)	(24,145)	(20,930)
General and administrative expenses	(27,539)	(18,398)	(16,932)
Other income and expense, net	19,117	6,338	4,004
OPERATING PROFIT/(LOSS)	**(55,120)**	**(811)**	**6,261**
Finance income	689	1,449	178
Finance expenses	(10,738)	(3,082)	(4,209)
Result from investments in associates	(133)	1,574	1,122
PROFIT/(LOSS) BEFORE INCOME TAX	**(65,302)**	**(870)**	**(3,351)**
Income tax income/(expense)	909	(874)	(88)
PROFIT/(LOSS) FOR THE PERIOD	**(64,393)**	**(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			
▪ Basic	(0.71)	(0.02)	0.04
▪ Diluted	(0.71)	(0.02)	0.04

Source: Audited consolidated financial statements of Valneva SE for the fiscal years ended December 31, 2018, 2019 and 2020.
In the year ended December 31, 2020, the line item "amortization and impairment of fixed assets/intangibles" in the consolidated income statement was reclassified to the line "Cost of goods and services" and "Research and development expenses". This split was made to improve the presentation of the income statement by function. The comparable periods 2019 and 2018 have been adjusted accordingly to maintain the comparability(1).

(1) See Note 2.1 to the Group's consolidated financial statements for the fiscal year 2020, in Section 4.1.5 of this URD.

Consolidated balance sheet

	Year ended December 31		
In € thousand	2020	2019	2018
ASSETS			
Non-current assets	140,737	135,561	103,934
Current assets	308,427	129,162	125,972
TOTAL ASSETS	**449,164**	**264,723**	**229,907**
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the Company's equity holders	77,422	135,153	143,186
LIABILITIES			
Non-current liabilities	195,872	88,269	43,777
Current liabilities	175,870	41,300	42,944
TOTAL LIABILITIES	**371,742**	**129,569**	**86,721**
TOTAL EQUITY AND LIABILITIES	**449,164**	**264,723**	**229,907**

Source: Audited consolidated financial statements of Valneva SE for the fiscal years ended December 31, 2018, 2019 and 2020.

Consolidated cash flow statement

	Year ended December 31		
In € thousand	2020	2019	2018
Net cash generated from/(used in) operating activities	137,738	5,529	16,306
Net cash generated from/(used in) investing activities	(19,340)	(10,685)	(2,917)
Net cash generated from/(used in) financing activities	21,740	(7,696)	30,945
Net change in cash and cash equivalents	140,138	(12,852)	44,334
Cash at end of the year	204,435	64,439	77,084
CASH, CASH EQUIVALENTS AT END OF THE YEAR	**204,435**	**64,439**	**81,725**

Source: Audited consolidated financial statements of Valneva SE for the fiscal years ended December 31, 2018, 2019 and 2020.

1.1.2. Annual operating highlights

In 2020, Valneva achieved several major milestones:

Strategic Milestones:

(a) Major COVID-19 vaccine partnership with U.K. government

On September 14, 2020, Valneva announced a vaccine partnership with the UK Government for its inactivated COVID-19 vaccine, VLA2001.

Under the agreement, if vaccine development is successful, the UK Government has the option to purchase up to 190 million doses through 2025.

Following an initial order for 60 million doses to be delivered in 2021 (with delivery now extending into the first quarter of 2022), the UK Government exercised an option in January 2021 to order 40 million doses for supply in 2022. This brings the total volume of the Valneva vaccine ordered by the UK Government to 100 million doses and the UK Government retains options over a further 90 million doses for supply between 2023 and 2025. The total value of the 190 million doses, if all options are exercised, is up to €1.4 billion.

(b) Valneva and Pfizer announced a collaboration to co-develop and commercialize Lyme disease vaccine, VLA15

On April 30, 2020, Valneva and Pfizer (NYSE: PFE) announced a collaboration to develop and commercialize Valneva's Lyme disease vaccine candidate, VLA15.

Under this collaboration, Pfizer will lead late phase development of VLA15 and, if approved, will have sole control over its commercialization.

In return, Valneva is eligible to receive a total of $308 million cash payments consisting of a $130 million upfront payment, $35 million in development milestones and $143 million in early commercialization milestones.

Valneva will fund 30% of all development costs through completion of the development program, and in return Pfizer will pay Valneva tiered royalties starting at 19%.

On June 8, 2020, Valneva announced that the antitrust-related condition precedent for its Lyme vaccine collaboration with Pfizer had been met. As a result, the agreement became effective and Valneva received the $130 million upfront payment, as reported in the Company's half-year financial results on August 4, 2020.

(c) New $85 million financing arrangement with leading US healthcare funds Deerfield and OrbiMed

On February 3, 2020, Valneva announced that it had entered into an $85 million debt financing agreement with US-based healthcare investment firms Deerfield Management Company and OrbiMed.

The transaction included an initial fixed rate straight debt of $60 million (at an interest rate of 9.95%[1]) 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 three years after the financing agreement, and the loan will mature six years after.

The intended use of proceeds was 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.

As a result of deferred recognition of revenues and the effects of COVID-19 on product sales, Valneva was previously at risk of not meeting the minimum revenue covenant under the financing agreement. In July 2020, the Company reached an agreement with its lenders that this minimum revenue covenant would not apply until December 31, 2020 in exchange for a minimum cash requirement of €75 million (instead of €35 million) during that period.

On January 15, 2021, a new amendment was executed to (i) bring the minimum liquidity covenant to the amount of €50 million in 2021 and 2022 and €35 million thereafter and (ii) modify the minimum revenue covenant to include a quarterly minimum consolidated net revenue covenant (excluding grants) representing an annual total of €64 million in 2021, €103.75 million in 2022 and €115 million thereafter.

(d) Valneva Shareholders Approved EGM Resolutions to Support Potential US IPO Plan

On December 22, 2020, Valneva announced that its shareholders approved the resolutions recommended by the Management Board at its Extraordinary General Meeting (EGM).

(1) Due to the quarterly interest calculation method, the aggregate annual interest paid is an amount equivalent to 10.09%.

Among the resolutions approved during the EGM were delegations for the management board to increase the share capital and/or to issue financial instruments.

Valneva called the EGM in order to obtain the necessary authorizations to allow the Company to prepare for a potential listing and public offering of American Depositary Shares (each representing a number of the Company's ordinary shares) on Nasdaq in 2021 (the "Offering"), subject to market and other conditions, consistent with the Company's previously communicated strategic plans.

The timing, number of securities to be offered and their price have not yet been determined. The Company announced plans to submit a confidential draft registration statement to the Securities and Exchange Commission (the "SEC") in early 2021, and the proposed Offering is expected to commence after the SEC completes its review processes, subject to market and other conditions. Shareholders and potential investors should note that the proposed Offering may or may not proceed.

R&D Milestones:

(e) Positive initial results for the two Phase 2 studies of Lyme disease vaccine candidate

Valneva reported positive initial results for the two Phase 2 studies of its Lyme disease vaccine candidate VLA15-201 and VLA15-202 in July 2020 and October 2020 respectively. Both studies met their endpoints.

Conducted in the EU and US, the two studies were investigating similar doses of the vaccine but with two different vaccination schedules (Month 0-1-2 for VLA15-201 and Month 0-2-6 for VLA15-202) in a total of approximately 800 healthy adults aged 18 to 65 years.

In both studies, the vaccine was generally safe across all doses and age groups tested and no related Serious Adverse Events (SAEs) were observed in any treatment group. Reactogenicity decreased following the first vaccination.

Compared to study VLA15-201, immunogenicity was further enhanced in VLA15-202 using a Month 0-2-6 schedule. SCRs (Seroconversion Rates) after completion of primary vaccination series, were equally distributed and ranged from 93.8% (Serotype 1) to 98.8% (Serotypes 2 and 3). Antibody responses were comparable in the two dose groups tested in both studies. The immunological response in older adults, one of the main target groups for a Lyme disease vaccine, was particularly encouraging in the two studies.

Results in both studies did not indicate that prior exposure to Borrelia spirochetes (sero-positivity) has an impact on immunogenicity or safety, as observed in VLA15-201.

A Serum Bactericidal Assay (SBA), assessing the functional immune response against Lyme disease after vaccination with VLA15, was conducted for the first time in VLA15-202 and demonstrated functionality of antibodies against all OspA serotypes. Assays, such as SBAs, are commonly used to enable a potential prediction of vaccine efficacy via the measurement of vaccine-induced functional immune responses.

(f) Acceleration of Pediatric Development for Lyme Disease Vaccine Candidate

As part of its collaboration with Pfizer, Valneva announced on December 2, 2020 that it had accelerated the pediatric development of VLA15 with an additional Phase 2 clinical trial, VLA15-221, anticipated to commence in March 2021.

On March 8, 2021, Valneva and Pfizer confirmed initiation of study VLA15-221.

(g) Initiation of Phase 3 Clinical Study for Chikungunya Vaccine Candidate VLA1553

On September 8, 2020, Valneva announced the initiation of a pivotal Phase 3 clinical trial for its single-shot chikungunya vaccine candidate VLA1553. The sponsor of the first chikungunya vaccine Biologics License Application (BLA) to be approved in the U.S. will be eligible to receive a Priority Review Voucher (PRV).

The study, VLA1553-301, is a double-blinded, placebo-controlled, multi-center study in approximately 4,000 healthy adults aged 18 or above, conducted in the U.S.

Participants have been randomized into two study groups to receive either vaccine or placebo.

A subset of participants will be tested for sero-protection based on an immunological surrogate (under the Accelerated Approval pathway). Participants will be followed for a total of six months.

The primary objective of the trial is to evaluate the immunogenicity and safety of VLA1553 at 28 days following a single immunization in approximately 4,000 participants aged 18 years or above. Valneva has also initiated a clinical lot-to-lot consistency Phase 3 trial in February 2021 to show manufacturing consistency of the vaccine. These two Phase 3 trials will run in parallel.

(h) Positive End-of-Phase 2 Chikungunya Meeting with the U.S. FDA

On March 25, 2020, Valneva announced that it successfully completed an End-of-Phase 2 meeting with the U.S. Food and Drug Administration (FDA) and agreed on the clinical development plan towards licensure for its unique, single-shot chikungunya vaccine VLA1553.

Valneva also received confirmation that it may seek licensure through the FDA's accelerated approval pathway.

Via this pathway, the Company plans to seek licensure of the vaccine based on a surrogate of protection agreed with the FDA.

(i) Valneva's Chikungunya Vaccine Candidate Awarded EMA PRIME Designation

On October 16, 2020, Valneva announced that the European Medicines Agency (EMA) had granted PRIority MEdicines (PRIME) designation for its single-shot Phase 3 chikungunya vaccine candidate VLA1553.

This new designation from the EMA complements the Fast Track designation received by the U.S. Food and Drug Administration (FDA) in December 2018.

The PRIME designation is awarded by the EMA to promising medicines that demonstrate the potential to address substantial unmet medical need based on initial clinical data. The EMA considers PRIME designations a priority and provides medicine developers with special support, including enhanced interactions and dialogue, as well as a pathway for accelerated evaluation and review.

(j) Publication in The Lancet of Complete Phase 1 Data for its Single-Shot Chikungunya Vaccine Candidate

On June 2, 2020, Valneva announced the publication of full data from the Phase 1 clinical trial of its chikungunya vaccine candidate, VLA1553, in the peer-reviewed medical journal The Lancet Infectious Diseases.

The Lancet paper provides a detailed analysis of final Phase 1 results and supports the continued clinical development of VLA1553.

(k) Valneva Initiated Phase 1/2 Clinical Study of Inactivated, Adjuvanted COVID-19 Vaccine Candidate

On December 16, 2020, Valneva announced the initiation of a Phase 1/2 clinical study for its inactivated, adjuvanted COVID-19 vaccine candidate, VLA2001.

VLA2001 is currently the only whole virus, inactivated, adjuvanted vaccine candidate in clinical trials against COVID-19 in Europe.

VLA2001 is produced on Valneva's established Vero-cell platform, leveraging the manufacturing technology for Valneva's licensed Japanese encephalitis vaccine, IXIARO®.

The VLA2001-201 study is a randomized, double-blind trial evaluating the safety and immunogenicity for three dose levels in approximately 150 healthy adults.

The study is being conducted at sites across the United Kingdom and is supported by the National Institute for Health Research (NIHR).

Commercial & Manufacturing Milestones:

(l) New IXIARO® supply contract with the US government

On September 9, 2020, Valneva announced the signing of a new contract, lasting up to three years, with the U.S. government Department of Defense (DoD) for the supply of its Japanese encephalitis (JE) vaccine, IXIARO®.

The terms of the agreement contemplate an initial base year followed by two option years, each with a range of minimum and maximum potential dose orders.

The current base year has a minimum value of approximately $53 million for 370,000 doses, and the option years have minimum values of approximately $46 million for 320,000 doses and approximately $36 million for 250,000 doses, respectively, if DLA exercises those options.

On March 8, 2020, Valneva announced that the U.S. Food and Drug Administration (FDA) had approved the extension of the shelf life of IXIARO® from 24 months to 36 months.

(m) Valneva: US DoD Exercised 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 (DoD) had 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 thereafter.

(n) Valneva and Bavarian Nordic announce marketing and distribution partnership

On June 18, 2020, Valneva and Bavarian Nordic announced that they have signed a binding term sheet to establish a partnership for the marketing and distribution of their commercial products. The partnership will provide both companies with additional critical mass, significant commercial synergies and a market leadership position in the specialty vaccine industry.

Under the agreed terms, Valneva will commercialize Bavarian Nordic's marketed vaccines leveraging its commercial infrastructure in Canada, UK, France and Austria. Valneva will also take responsibility for Belgium and the Netherlands where it will set up new commercial operations. Bavarian Nordic will commercialize Valneva's marketed products in Germany and Switzerland. The partnership includes vaccines that protect against rabies, Japanese Encephalitis, tick-borne encephalitis and cholera.

The agreement follows Bavarian Nordic's recent acquisition of two commercial vaccines from GlaxoSmithKline. The transition from current arrangements commenced in 2020 and will continue through 2021 in line with existing distribution agreements. This agreement had no material financial impact on the consolidated financial statements as of and for the year ended December 31, 2020.

(o) Valneva and Dynavax Announced a Commercial Supply Agreement for Inactivated, Adjuvanted COVID-19 Vaccine

On September 14, 2020, Valneva entered into a supply agreement with Dynavax Technologies Corporation pursuant to which Dynavax is obligated to manufacture and supply Valneva with all of its requirements for certain component materials of its proprietary SARS-CoV-2 vaccine, or the Antigen, for use in the manufacture, commercialization, and supply of a product containing or comprising the Antigen and Dynavax's proprietary adjuvant to prevent, treat, or ameliorate COVID-19 in humans, including for such use in connection with Valneva's agreement with the UK Government.

Valneva and Dynavax had previously announced on April 22, 2020 that they had entered into a collaboration to evaluate the use of Dynavax's adjuvant CpG 1018 in Valneva's COVID-19 vaccine candidate, VLA2001.

(p) Valneva Partnered with Instituto Butantan on Single-Shot Chikungunya Vaccine for Low- and Middle-Income Countries

On May 5, 2020, Valneva and Instituto Butantan announced the signing of a binding term sheet for the development, manufacturing and marketing of Valneva's single-shot chikungunya vaccine, VLA1553, in Low and Middle Income Countries (LMICs).

The definitive agreement was signed in January 2021. This collaboration falls within the framework of the $23.4 million funding agreement Valneva signed with the Coalition for Epidemic Preparedness Innovations (CEPI) in July 2019.

The agreement includes small upfront and technology transfer milestones.

(q) Valneva and Batavia Biosciences Announced Collaboration to Accelerate Access of Low-cost Inactivated Polio Vaccine

In June 2020, Valneva and Batavia Biosciences entered into a collaboration agreement to accelerate market-access of a low-cost inactivated polio vaccine (IPV).

Under the terms of the agreement, Valneva will manufacture the IPV for clinical trial purposes in its state-of-the-art GMP polio manufacturing facility operated under GAPIII polio containment in Solna, Sweden, using Batavia's process. In return, Valneva will receive an upfront payment and monthly service fees.

(r) Valneva Expanded its Commercial Operations with the Opening of its French Commercial Office

On April 22, 2020, Valneva 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 Valneva's commercial vaccines IXIARO® and DUKORAL® in France with the aim of accelerating sales growth of the vaccines.

Valneva France SAS is 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.

Organizational Milestones:

(s) Juan Carlos Jaramillo was appointed Chief Medical Officer of Valneva

On August 6, 2020, Valneva announced the appointment of Juan Carlos Jaramillo, MD as Chief Medical Officer and member of the Management Board starting October 1, 2020.

Juan Carlos Jaramillo succeeded Wolfgang Bender, MD, PhD who retired at the end of October 2020, after a hand-over period.

(t) Valneva announced retirement of Chief Financial Officer David Lawrence

On September 18, 2020, Valneva announced the retirement of its Chief Financial Officer (CFO), David Lawrence, at the end of 2020.

At the end of 2020, Valneva re-appointed David Lawrence as Acting CFO potentially until mid-2021. Mr. Lawrence will support the ongoing strategic planning, including Investor Relations, as well as key collaborations, including the COVID vaccine collaboration with the UK Government.

(u) Valneva Announced the Appointment of two new Supervisory Board Members

On June 17, 2020, Valneva announced the appointment, for a three-year term, of two new Supervisory Board members.

Ms. Johanna Willemina Pattenier, MD, PhD, based in Switzerland, and Ms. Sharon Elizabeth Tetlow, MBA, based in the U.S., were appointed to the Supervisory Board during the Company's Annual General Meeting held on the same day.

Mr. Alexander von Gabain, Ms. Lisa Shaw-Marotto and Ms. Sandra Poole stepped down from the Supervisory Board.

Alexander von Gabain was later appointed to Valneva's Scientific Advisory Board (SAB) and remains an observer to the Supervisory Board.

1.1.3. Recent events

Since the beginning of the year 2021, Valneva has made the following announcements:

(a) Valneva in Advanced Discussions with European Commission to Supply up to 60 Million Doses of Inactivated, Adjuvanted COVID-19 Vaccine Candidate

On January 12, 2021, Valneva announced it is in advanced discussions with the European Commission (EC) for the supply of up to 60 million doses of its COVID-19 vaccine, VLA2001. VLA2001 is currently the only inactivated vaccine candidate in clinical trials against COVID-19 in Europe.

(b) Valneva Announced UK Government Exercise of Option for 40 Million Doses of its Inactivated, Adjuvanted COVID-19 Vaccine

On February 1, 2021, Valneva reported that the UK Government exercised its option to order 40 million doses of its inactivated, adjuvanted COVID-19 vaccine candidate for supply in 2022. This brings the total volume of the Valneva vaccine ordered by UK Government to 100 million doses and the UK Government retains options over a further 90 million doses for supply between 2023 and 2025. The total value of the 190 million doses, if all options are exercised, is up to €1.4 billion.

(c) Valneva Commenced Manufacturing of its Inactivated, Adjuvanted COVID-19 Vaccine and Completed Phase 1/2 Study Recruitment

On January 28, 2021, Valneva announced it had commenced production of its inactivated, adjuvanted COVID-19 vaccine candidate in parallel to the ongoing clinical studies, in order to optimize the timeline for potential deliveries of the vaccine.

VLA2001 is currently the only inactivated vaccine candidate in clinical trials against COVID-19 in Europe. A total of 150 healthy adults aged 18 to 55 years have been recruited for the Phase 1/2 study which commenced mid-December 2020.

(d) Valneva Reported Positive Phase 1/2 Data for its Inactivated, Adjuvanted COVID-19 Vaccine Candidate, VLA2001

On April 6, 2021, Valneva announced positive data for Part A of the Phase 1/2 clinical trial of VLA2001.

In study VLA2001-201, three dose levels of VLA2001 (low, medium, high), based on a schedule of two doses with vaccinations three weeks apart, were evaluated in 153 healthy adults aged 18 to 55 years. VLA2001 was generally well tolerated across all dose groups tested, with no safety concerns identified by an independent Data Safety Monitoring Board.

VLA2001 was highly immunogenic with more than 90% of all study participants developing significant levels of antibodies to the SARS-CoV-2 virus spike protein across all dose groups tested. Seroconversion Rates (SCR) for S-protein binding IgG antibodies were 89.8% in the medium dose and 100% in the high dose group(1).

Based on the data assessed, the Company has decided to advance the high dose into a pivotal, comparative immunogenicity Phase 3 clinical trial by the end of April 2021, subject to regulatory approval, with the aim of making a regulatory licensure submission to the Medicines and Healthcare products Regulatory Agency (MHRA) in the United Kingdom in the autumn of 2021. Other trials, including booster trials, involving antigen sparing doses will also be evaluated. In parallel, Valneva has initiated the development of new variant based viral seed banks.

(e) Valneva and Pfizer Announced Initiation of Phase 2 Study for Lyme Disease Vaccine Candidate

On March 8, 2021, Valneva and Pfizer announced initiation of study VLA15-221. The VLA15-221 study builds on previous positive Phase 2 studies, incorporates new dose regimens and is anticipated to be the final Phase 2 study readout before a decision to progress into pivotal Phase 3 studies.

As announced in December 2020, VLA15-221 is a randomized, observer-blind, placebo-controlled Phase 2 study. It will be the first VLA15 study to include a pediatric population (aged 5-17 years). Overall, the study will enroll approximately 600 healthy participants (aged 5-65 years) who will receive VLA15 or placebo. It will compare the three-dose vaccination schedule (Month 0-2-6) with a two-dose schedule (Month 0-6).

(1) See Section 1.3.3 of this URD for additional information about the results of this clinical trial.

Under the terms of the agreement signed with Pfizer, the first subject, first dose in this study triggered a milestone payment of $10 million from Pfizer to Valneva.

(f) Valneva Initiated Phase 3 Clinical Lot Consistency Study for its Single-Shot Chikungunya Vaccine Candidate

On February 22, 2021, Valneva announced that it had initiated the clinical lot-to-lot consistency Phase 3 study for its single-shot chikungunya vaccine candidate, VLA1553.

This study runs in parallel to the ongoing, pivotal Phase 3 study, VLA1553-301, which includes the determination of seroprotection based on an immunological surrogate.

The objective of this study is to show manufacturing consistency of the vaccine by demonstrating that three consecutively manufactured lots elicit equivalent immune responses measured by neutralizing antibody titers on Day 29 after vaccination. Study volunteers will be followed for a total of six months.

(g) Valneva and Instituto Butantan Signed Final Agreement on Single-Shot Chikungunya Vaccine for Low and Middle Income Countries

On January 25, 2021, Valneva announced the signing of definitive agreements for the development, manufacturing and marketing of Valneva's single-shot chikungunya vaccine, VLA1553, in Low and Middle Income Countries (LMICs). This finalization followed the signing of a binding term sheet in May 2020. The collaboration falls within the framework of the $23.4 million funding agreement Valneva signed with the Coalition for Epidemic Preparedness Innovations (CEPI) in July 2019.

Under the collaboration, Valneva will transfer its chikungunya vaccine technology to Instituto Butantan, who will develop, manufacture and commercialize the vaccine in LMICs. In addition, Instituto Butantan will provide certain clinical and Phase 4 observational studies that Valneva will use to meet regulatory requirements. The agreement includes small upfront and technology transfer milestones.

(h) Valneva Strengthened its Management Team; Appointed Perry Celentano as Interim COO and David Lawrence as Acting CFO

On January 11, 2021, Valneva announced it had appointed Perry Celentano as Chief Operating Officer (COO) on an interim basis to support the expansion of the manufacturing sites in Livingston and Solna.

Perry Celentano has an extensive track record in the pharma and vaccines industry including roles with Merck, Novartis and Dynavax. Perry will be based at the Company's Livingston site where the primary production of VLA2001 is taking place. The Company also manufactures its JEV and chikungunya vaccines in Livingston.

Further to its September 2020 announcement that David Lawrence, CFO, would retire at the end of 2020, the Company re-appointed Mr. Lawrence as Acting Chief Financial Officer (CFO) potentially until mid-2021.

Mr. Lawrence will support the ongoing strategic planning, including Investor Relations, as well as key collaborations, including the COVID vaccine collaboration with the UK Government. The Company had previously announced that Mr. Lawrence would support the CEO in an advisory capacity in 2021 following his retirement.

(i) Valneva Announced Amendment to Deerfield and OrbiMed Debt Facility Terms

On January 15, 2021, Valneva announced an amendment to the terms of its existing debt facility with US-based healthcare investment firms Deerfield Management Company and OrbiMed.

Noting the COVID-19 pandemic impact on the travel industry, and following a temporary waiver of the revenue covenant for the second half of 2020, Valneva, Deerfield and OrbiMed agreed to modify this covenant for 2021 and 2022, replacing the twelve-month rolling €115 million with quarterly minimum revenues representing an annual total of €64 million in 2021 and an annual total of €103.75 million in 2022. The parties also agreed to modify the minimum cash requirement to €50 million for 2021 and 2022 and to €35 million for the following years.

1.2. Overview and development of the Group

1.2.1. Business overview

(a) About Valneva

Valneva is a specialty vaccine company focused on the development and commercialization of prophylactic vaccines for infectious diseases with significant unmet medical need.

The Company takes a highly specialized and targeted approach to vaccine development, beginning with the identification of deadly and debilitating infectious diseases that lack a prophylactic vaccine solution and for which there are limited therapeutic treatment options.

Valneva then applies its deep understanding of vaccine science, including its expertise across multiple vaccine modalities, as well as its established vaccine development capabilities, to develop prophylactic vaccines to address these diseases.

Valneva has leveraged its expertise and capabilities both to successfully commercialize two vaccines and to rapidly advance a broad range of vaccine candidates into and through the clinic, including candidates against Lyme disease, the chikungunya virus and COVID-19.

(b) Significant events in the development of the Group'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(1).

(c) Valneva's regulatory environment

The Valneva Group operates in a highly regulated environment. Its activities depend on numerous decisions by administrative authorities in each of the countries where it conducts research or markets its products, particularly with respect to clinical trial authorizations, marketing authorizations for vaccines, approved indications and recommended uses for marketed vaccines, as well as inspections of manufacturing and distribution sites (compliance with good practices).

The process of developing and marketing products such as Valneva's vaccine candidates therefore requires compliance with strict regulatory requirements and, as the case may be, is subject to control by the European Medicines Agency, the U.S. Food and Drug Administration, or equivalent national authorities depending on the territory concerned (such as the French *Agence Nationale de Sécurité du Médicament et des Produits de Santé*).

Preclinical studies

Preclinical studies are designed to evaluate the vaccine candidate both *in vitro* and *in vivo* in live animal organisms. These studies, which are mandatory for the preparation of a marketing authorization application file, allow obtaining initial information on the safety of the vaccine and determining the doses or ranges of doses to be administered to humans during subsequent clinical trials, taking into account the toxicity thresholds determined in animals.

Clinical Trials

When conducting clinical trials, the vaccine candidate is experimented on humans, in healthy or sick volunteers, to evaluate safety and efficacy. In order to be carried out, these clinical trials must be authorized by the relevant regulatory authorities, following the advice of independent ethics committees.

Clinical trials are performed in three Phases:

- Phase I is designed to conduct a short-term evaluation in healthy volunteers of the safety and immunogenicity (triggering of an immune response) of the experimental vaccine.
- Phase II is conducted in a limited number of sick or infected volunteers, to evaluate the safety and immunogenicity of the product and to identify the therapeutic index (ratio between the active dose and the dose that induces side effects). At this stage, if the therapeutic activity and tolerance of the vaccine are confirmed, the decision can be made to conduct Phase III clinical trials.
- Phase III is the final pre-marketing phase. Carried out on a large number of patients, it provides additional significant statistical data on clinical efficacy, safety, consistency of clinical batches, and other information based on regulatory recommendations. At the end of this Phase, the competent authority determines whether the vaccine can be marketed. If so, a Marketing Authorization is issued(2).

Note: There is also a Phase IV, which is performed after the product is marketed. Its objective is to document the vaccine over the long term (including from a safety and efficacy standpoint) under real-life conditions of use.

(1) See Sections 1.1.2, 1.1.3, 1.2.2 (b), 1.3.1, 1.3.2 (a) and 1.4.4.
(2) See hereinafter the paragraph "Marketing Authorization".

Performance of clinical trials requires compliance, in most countries, with the standards of Good Clinical Practice as promoted by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). This process is also based on a fundamental principle of patient consent, which requires, in particular, that the patient be informed of the full course and purpose of the study, as well as the expected benefits and any constraints or risks that may arise during the study.

Marketing Authorization

In order to be marketed, all pharmaceutical products must first obtain a Marketing Authorization issued by the competent national or supranational regulatory authorities.

The application for a marketing authorization is based on the submission of a file which contains manufacturing and control procedures and specifications as well as pre-clinical and clinical data from previous development phases. The objective of the authorities is then to verify, with regard to the proposed indication for treatment, to what extent the criteria of quality (aspects related to the industrial manufacture of the product), safety (*in vivo* behavior of the product in the non-human organism) and efficacy (study of the conditions of use defined for the product and assessment of the benefit/risk ratio established on the basis of clinical data) are met.

A Marketing Authorization thus granted certifies that the benefit/risk ratio, as reported in the marketing authorization file, is satisfactory, regardless of any economic considerations.

Note: there are exceptions to the usual procedures for granting Marketing Authorizations, allowing a product to be developed and marketed faster, in particular when it addresses unmet medical needs for serious or rare diseases, or if the product is of major interest from a public health point of view. This is the case, for example, with the Conditional Marketing Authorization(1) or Accelerated Assessment(2) procedure in Europe, or the Fast Track procedure in the United States(3).

Good Manufacturing Practice (GMP)

The European Union has established a system of pharmaceutical products authorized on the European market are manufactured/ imported only by authorized manufacturers, whose activities are regularly inspected by the competent authorities, using Quality Risk Management principles. Manufacturing authorizations are therefore required by all pharmaceutical manufacturers in the European Union whether the products are sold within or outside of the Union.

Good Manufacturing Practice is that part of Quality Management which ensures that products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the Marketing Authorization, Clinical Trial Authorization or product specification. In this respect, the European Commission adopted two directives laying down principles and guidelines of Good Manufacturing Practices for medicinal products, including Directive 2003/94/EC which applies to medicinal products for human use. Detailed guidelines in accordance with those principles are published in the Guide to Good Manufacturing Practice provided by the Commission(4). This Guide shall be used in assessing applications for manufacturing authorizations and as a basis for inspection of manufacturers of medicinal products.

The United States has also established rules very similar to the European GMP (GMP 21CFR Parts 210 and 211)(5).

Transparency of links

Relationships between pharmaceutical companies and Healthcare Professionals are strictly regulated, since it is necessary to ensure that these relationships do not generate conflicts of interest. A system known as "Transparency of links" has thus been put in place, notably in the United States since 2010 (U.S. Sunshine Act), but also in France since 2011.

Companies producing or marketing products for human health purposes must now, in an increasing number of countries, disclose financial information on contracts they enter into with Healthcare Professionals, indicating the compensation and benefits awarded to these Healthcare Professionals.

*

Risks related to the Group's regulatory environment - Litigation

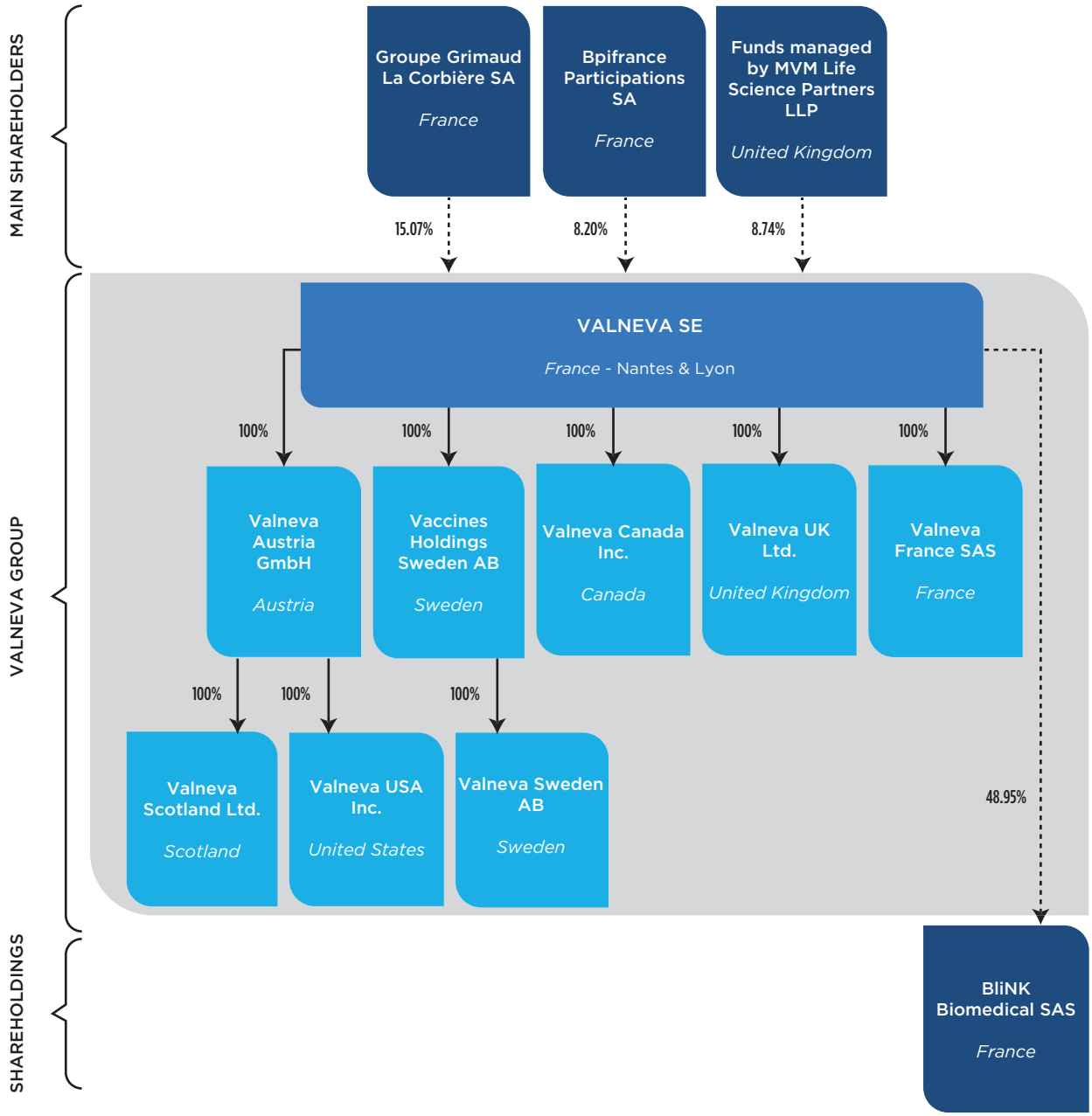
A description of the risks related to the Group's regulatory environment, as well as current litigation (or threats of litigation, as the case may be), is included in the "Risk Factors" and "Litigation" Sections of this URD(6).

(1) https://www.ema.europa.eu/en/human-regulatory/marketing-authorisation/conditional-marketing-authorisation
(2) https://www.ema.europa.eu/en/human-regulatory/marketing-authorisation/accelerated-assessment
(3) https://www.fda.gov/patients/fast-track-breakthrough-therapy-accelerated-approval-priority-review/fast-track
(4) https://ec.europa.eu/health/documents/eudralex/vol-4_en
(5) https://www.fda.gov/drugs/pharmaceutical-quality-resources/current-good-manufacturing-practice-cgmp-regulations
(6) See Sections 1.5.1 and 1.5.3.

1

1.2.2. Organization of the Group

(a) Organization at December 31, 2020



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 2020[2]. Additional financial information is also provided in the parent entity financial statements for the fiscal year 2020[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, 2020, the site had a total of 212 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™, FLUCELVAX TETRA™, ENCEPUR® and RABIPUR®[4].

The financial highlights of the subsidiary at December 31, 2020 are:

- Shareholders' equity: €236,917,351.97
- Operating result: € -22,669,201.96
- Net result: € -29,496,475.21
- Total balance sheet: €471,712,305.92

(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®, the production of the VLA1553 chikungunya vaccine and the production of the VLA2001 SARS-CoV-2 vaccine.

At December 31, 2020, the site had a total of 131 people.

The financial highlights of the subsidiary at December 31, 2020 are:

- Shareholders' equity: GBP 11,429,126.80
- Operating result: GBP 1,263,047.91
- Net result: GBP 983,363.91
- Total balance sheet: GBP 91,526,689,04

(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, 2020, the site had a total of 14 people.

The financial highlights of the subsidiary, at December 31, 2020, are:

- Shareholders' equity: USD -5,574,062.85
- Operating result: USD 1,001,880.69
- Net result: USD 333,557,29
- Total balance sheet: USD 42,430,198.09

(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, 2020, are:

- Shareholders' equity: SEK 210,367,014.09
- Operating result: SEK -5,159.04
- Net result: SEK -87,871.94
- Total balance sheet: SEK 210,367,014.09

(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. and Batavia Biosciences B.V.[6]

At December 31, 2020, the site had a total of 164 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 2020, 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, 2020, are:

- Shareholders' equity: SEK 31,529,314.55
- Operating result: SEK -93,312,059.05
- Net result: SEK -106,294,600.88
- Total balance sheet: SEK 439,215,370.38

(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®, DUKORAL®, and RABAVERT® vaccines and KAMRAB immunoglobulins.

At December 31, 2020, the site had a total of 5 people.

The financial highlights of the subsidiary, at December 31, 2020, are:

- Shareholders' equity: CAD 4,228,926.94
- Operating result: CAD 445,254.55
- Net result: CAD 260,246.97
- Total balance sheet: CAD 11,265,881.39

(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®, IXIARO® and RABIPUR® vaccines in the United Kingdom, as well as MOSKITO GUARD® products.

At December 31, 2020, the site had a total of 7 people (including a Management Board member).

The financial highlights of the subsidiary, at December 31, 2020, are:

- Shareholders' equity: GBP 893,449.36
- Operating result: GBP 64,420.73
- Net result: GBP 115,212.34
- Total balance sheet: GBP 3,305,764.50

(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. Valneva France sells the DUKORAL®, IXIARO®, ENCEPUR® and RABIPUR® vaccines in France, Belgium and the Netherlands.

At December 31, 2020, the site had a total of 4 people.

The financial highlights of the subsidiary, at December 31, 2020, are:

- Shareholders' equity: € -103,784.32
- Operating result: € -100,458.61
- Net result: € -108,146.32
- Total balance sheet: €1,118,995.07

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

(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's initial technology resulted 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 owned 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.

As of today, BliNK Biomedical SAS has ceased its activities, but remains the holder of contracts pursuant to which it has given a license to certain antibodies.

1.2.3. Property, plant and equipment

The company headquarters are located at 6 rue Alain Bombard, 44800 Saint-Herblain (France). The Group also has key manufacturing facilities located in Scotland and Sweden. The Group believes that its existing facilities are adequate for its near-term needs and that suitable additional or alternative manufacturing and office space will be available as required in the future to face the Group's needs.

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

- a 3,178 m^2 building located at 6 rue Alain Bombard in Saint-Herblain (France), used as laboratories and offices. Currently, about 90 m^2 are subleased to Vital Meat SAS, a Groupe Grimaud's affiliate;
- two neighboring facilities in Livingston, Scotland, United Kingdom, used primarily for vaccine production, storage, and offices. One of these facilities is part of the Intercell/Vivalis merger and comprises about 3,547 m^2. The other facility was added in August 2020 to allow for the expansion of activities and is currently being expanded. At the end of the work, the site will increase from 2,472 m^2 to approximately 5,000 m^2.

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

- a 10,725 m^2 building located in Vienna (Austria) used as laboratories and offices (of which 461 m^2 are currently subleased to Haplogen Bioscience GmbH);
- premises of about 315 m^2 located in Lyon (France) dedicated to sales and marketing activities. Valneva France SAS subleases around 152 m^2 to Valneva for offices;
- 12,384 m^2 located in Solna (Sweden), breaking down as follows:
  - industrial operation manufacturing: 4,974 m^2 for production activities and also housing laboratories, engineering and offices,
  - clinical trial manufacturing unit: 1,195 m^2 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: around 1,504 m^2 including pick and pack activities in addition to office space,
  - quality control: about 1,206 m^2 of laboratories and offices,
  - 2,134 m^2 of office space for commercial operations, quality assurance, administration, legal, IT and other support functions;
- since 2020, another facility is leased at Solna of around 4,000 m^2 breaking down as follows:
  - around 630 m^2 are used for industrial operation manufacturing, including fill and finish and GMP area;
  - approximately 3,370 m^2 used for Clean Not Classified areas, media production, cool rooms, goods receipt and offices for industrial operations and quality assurance;
- 72 m^2 of offices located at Fleet (UK) dedicated to sales and marketing activities;
- four office and warehouse facilities in Livingston, Scotland (UK), including a 724 m^2 warehouse with offices, a 600 m^2 warehouse with offices, a 240 m^2 office and a 1000 m^2 office and warehouse facility;
- about 136 m^2 of offices located at Kirkland, Quebec (Canada), dedicated primarily for sales and marketing activities;
- approximately 352 m^2 of offices in Gaithersburg, Maryland (USA) dedicated for sales and marketing activities.

*

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 µg of purified and inactivated proteins of the Japanese encephalitis vaccine and 250 µg 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.

In March 2020, the U.S. Food and Drug Administration (FDA) approved the extension of the shelf life of IXIARO® from 24 months to 36 months.

Marketing

IXIARO® is the only Japanese encephalitis vaccine licensed and available in the United States, Canada and Europe.

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, France, 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. In June 2020, Valneva entered into an agreement with Bavarian Nordic to commercialize its products in Germany and Switzerland.

In 2020, sales of IXIARO® were €48.5 million in 2020 compared to €94.1 million in 2019. Sales in 2020 were significantly impacted by the COVID-related decline in travel.

In September 2020, the US Defense Logistics Agency, or DLA, awarded Valneva a new contract for the supply of IXIARO®. The terms of the agreement contemplate an initial base year followed by two option years, each with a range of minimum and maximum potential dose orders. The current base year has a minimum value of approximately $53 million for 370,000 doses, and the option years have minimum values of approximately $46 million for 320,000 doses and approximately $36 million for 250,000 doses, respectively, if DLA exercises those options.

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.

(1) See Section 1.3.3 (b).

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 travelling 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.

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, and by leading local distribution partners.

In 2020, Valneva reported DUKORAL® sales of €13.3 million compared to €31.5 million in 2019. Similar to other travel vaccines, sales in 2020 were significantly impacted by ongoing COVID-19 travel restrictions.

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

Derived from duck embryonic stem cells, the EB66® vaccine production platform provides an alternative to the use of chicken eggs for large scale manufacturing of human and veterinary vaccines. More than 20 different families of viruses have been shown to efficiently propagate in EB66® cells.

Five EB66®-based vaccines have 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.

(1) See Section 1.3.3 (c).

In June 2020, Valneva and Batavia Biosciences entered into a collaboration agreement to accelerate market-access of a low-cost inactivated polio vaccine (IPV). Under the terms of the agreement, Valneva will manufacture the IPV for clinical trial purposes in its state-of-the-art GMP polio manufacturing facility operated under GAPIII polio containment in Solna, Sweden, using Batavia's process. In return, Valneva will receive an upfront payment and monthly service fees.

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, develops 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[1].

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.

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.

In addition, the COVID-19 pandemic has prompted significant demand for vaccines against SARS-CoV-2.

Travel vaccines market

A significant number of travelers journey from developed countries to regions with endemic diseases. The global travel vaccines market was worth around $5.2 billion in 2019[2]. However, the COVID-19 pandemic has significantly disrupted the travel industry and as a consequence also the market for travel vaccines. It is anticipated that the travel vaccines market will recover in parallel with the overall travel industry, though the timing of this recovery remains uncertain.

Key growth drivers in the market, once the COVID-19 pandemic is over, are anticipated to be:

- an elevation of travel health awareness amongst lay-public;
- 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.).

Vaccines market analysis

The worldwide vaccine market is dominated by four major players (Pfizer, Merck, Sanofi Pasteur, GSK) who together account for nearly 70% of revenues.

(1) See Section 1.3.3 (c).
(2) IMARC. Travel Vaccines Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2020-2025.

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 account for approximately 75% of the vaccine sales.

The DUKORAL® market can be segmented between the travelers market and the market for endemic illnesses. The endemic illness market is not currently a target market for the Group, as it currently represents less 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, including vaccines by EuBiologics (Korea), Vabiotech (Vietnam), Shanta (India) and United Biotech (China). These four vaccines are approved for local use. 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).

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. Valneva is also aware of potential non-vaccine treatments to prevent Lyme disease that are in early clinical development.

According to the U.S. Centers for Disease Control and Prevention (CDC), approximately 476,000 Americans are diagnosed and treated for Lyme disease each year with at least a further 200,000 cases in Europe.

The market for potential Lyme disease vaccine is estimated to reach a value of $1 billion globally by 2030[1].

Chikungunya vaccines

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

As of 2017, there had 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 chikungunya virus through 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. While the Group will focus its efforts on the traveler vaccine market, it has also partnered with the Instituto Butantan in Brazil, in collaboration with CEPI, to meet the needs of Low and Middle-Income Countries.

The global market potential for chikungunya vaccines is estimated to reach up to $500 million annually by 2032[4].

(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) VacZine Analytics Chikungunya virus vaccines Global demand analysis, February 2020.

COVID-19 vaccines

Over 70 COVID-19 vaccines have been tested in clinical trials[1]. As of April 1, 2021, four vaccines are already approved for emergency use in the European Union or the United Kingdom : Comirnaty from Pfizer-BioNTech, Moderna's COVID-19 vaccine, AstraZeneca's COVID-19 vaccine and Johnson & Johnson's COVID-19 vaccine. The vaccines from Pfizer-BioNTech and Moderna are based on mRNA technology. The vaccines from AstraZeneca and Johnson & Johnson use a viral vector technology. Other vaccine candidates from Curevac and Novavax may be approved for emergency use in Europe in 2021. Their technology is based on viral vector, mRNA and recombinant protein, respectively. The Group's VLA2001 vaccine candidate is the first inactivated whole virus vaccine candidate in clinical development in Europe. The inactivated vaccine is a proven approach that has been used for decades.

(b) Strategy of the Group

Mid-Term Strategy

The Group's strategy is based on an integrated business model that has allowed it to build a portfolio of differentiated clinical and pre-clinical assets as well as a robust commercial portfolio. The Group is focused on utilizing its proven and validated product development capabilities to rapidly advance its late-stage clinical programs to regulatory approval and commercialization.

The Group has historically entered into strategic partnerships with other well-established pharmaceutical companies to leverage their clinical and commercial capabilities to optimize the potential value of select assets and plans to continue to pursue opportunities for similar partnerships in the future.

As the Group advances its late stage portfolio, it also remains focused on investing in its research and development pipeline in order to develop its earlier stage assets as well as identify new targets and indications where the Group believes it can make a significant difference.

The Group plans to continue to promote sales of its proprietary products, IXIARO® and DUKORAL®. To date, sales of these products, as well as products that the Group markets for third parties, such as RABIPUR® and ENCEPUR® on behalf of Bavarian Nordic, have generated revenues that the Group has been able to reinvest in its research and development programs and use to build the necessary infrastructure to support the manufacturing of its vaccine candidates.

R&D

Valneva's research and development teams are committed to developing vaccine candidates in high medical need indications and to offering innovative solutions for the benefit of patients and society.

The Group's main R&D assets are :

- the only vaccine in clinical development against Lyme disease, the most common tick-borne infection in the northern hemisphere;
- a single injection vaccine against chikungunya, a mosquito-borne disease that is highly prevalent in tropical and subtropical regions;
- the only COVID-19 inactivated and adjuvanted whole-virus vaccine currently in clinical trials in Europe.

Valneva plans to develop its COVID-19 and chikungunya vaccines alone until they are marketed with the intention of deriving significant commercial and/or industrial synergies. It has also entered into a partnership with Pfizer for the late-stage development and commercialization of its Lyme disease vaccine.

(1) New York Times. COVID-19 Vaccine tracker.

1.3.3. Research and development, patents, licenses

(a) Research and development

Valneva's vaccine candidates

Valneva's clinical portfolio is composed of a number of highly differentiated vaccine candidates that are designed to provide preventative solutions to diseases with high unmet need. Its lead program, VLA15, is a Phase 2 vaccine candidate targeting Borrelia, the bacterium that causes Lyme disease, under development in collaboration with Pfizer, and it is the only active vaccine candidate against Lyme disease currently in clinical development.

Valneva's clinical portfolio also includes VLA1553, the first vaccine candidate in Phase 3 clinical trials targeting the chikungunya virus, which has spread to more than 100 countries and infected more than 3 million people in the Americas since first arriving there in 2013. The Company believes that VLA1553 is differentiated from other clinical stage chikungunya vaccine candidates since it is the only candidate that targets long-term protection with a single administration.

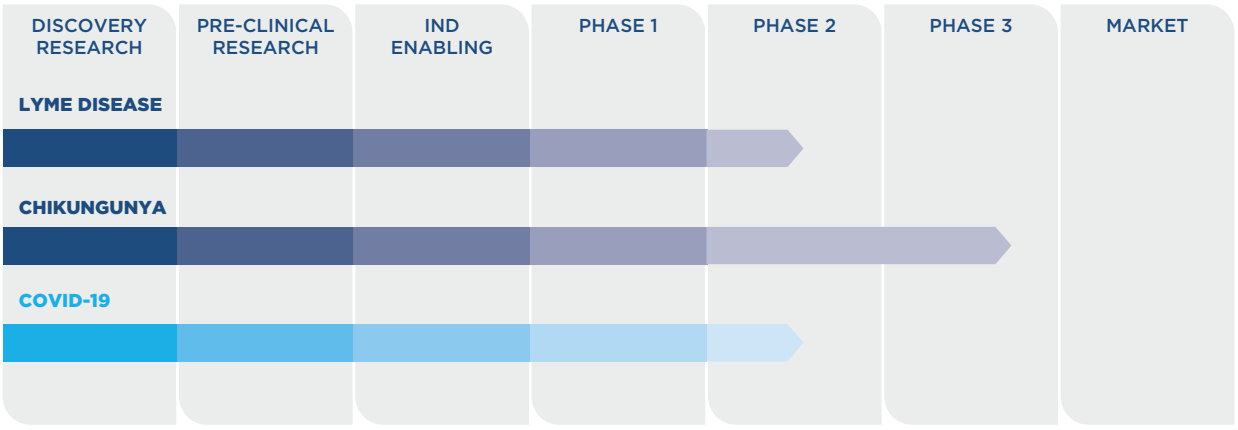
Valneva is also advancing VLA2001, a highly purified, inactivated and adjuvanted vaccine candidate against the SARS-CoV-2 virus that causes COVID-19 in order to address the urgent, global need for billions of doses of vaccines. VLA2001 is the only inactivated vaccine candidate for COVID-19 currently in clinical trials in Europe. Valneva announced positive initial results from its Phase 1/2 clinical trial in April 2021 and plans to initiate a Phase 3 clinical trial by the end of April 2021, subject to regulatory approval.

Valneva's advanced clinical portfolio is supported by its significant development, manufacturing and commercial capabilities. The Company believes that its deep understanding of the regulatory requirements in various countries and strong connections to key stakeholders in select geographies such as the United States, Europe and Canada strengthen its expertise in product development and set it up for success. The Company also has a robust manufacturing and laboratory platform in place with facilities across Europe to meet its clinical and commercial needs, including three BioSafety Level level 3 research and development facilities. Additionally, sales of its proprietary products, IXIARO® and DUKORAL®, as well as products that it commercializes on behalf of third parties have given Valneva the ability to reinvest in its research and development programs and to build the necessary infrastructure to support manufacturing of its product candidates.

Valneva's Clinical Portfolio

Valneva has a broad portfolio that consists of assets at all stages of development including late and early stage clinical assets, pre-clinical assets and commercial assets. Each of the assets in its portfolio are differentiated products that either target diseases currently lacking a preventative and effective therapeutic treatment option or that the Company believes may have meaningful therapeutic advantages relative to other existing vaccine and treatment options. The Company develops its vaccine candidates with the mechanism of action it believes will be most effective against the targeted disease. As a result of this strategy and the Company's ability to mobilize expertise to achieve rapid product candidate selection and development, Valneva believes that two of its vaccine candidates, VLA15 and VLA1553, are the leading candidates against their target diseases.

A portfolio of vaccine candidates for infectious diseases with major unmet needs:



Lyme disease vaccine candidate, VLA15

Valneva has developed VLA15, a vaccine candidate against Borrelia, the bacterium that causes Lyme disease. VLA15 is a multivalent recombinant protein vaccine that targets six serotypes of Borrelia representing the most common strains found in the United States and Europe. More specifically, VLA15 generates antibodies targeting the OspA protein on the surface of Borrelia, killing the bacteria before it can be transmitted from an infected tick. VLA15 is the only vaccine undergoing clinical trials against Lyme disease.

Valneva announced a collaboration with Pfizer for late phase development and, if approved, commercialization of VLA15. Valneva has reported positive initial results for two Phase 2 clinical trials of VLA15 in over 800 healthy adults as detailed further below.

As part of this collaboration, Valneva announced in December 2020 that it had accelerated the pediatric development of VLA15 with an additional Phase 2 clinical trial, which began in March 2021. This study, which will include approximately 600 subjects, will be the first clinical trial of VLA15 that includes a pediatric test population between 5 and 17 years old, and the Company expects to report initial data from the pediatric population in the second quarter of 2022. The trial will also include a reduced immunization schedule, at months zero and six compared to zero, two, and six, and will investigate a booster dose of VLA15 administered one year following the six-month dose. The dosing of the first subject in this trial triggered a milestone payment from Pfizer of $10 million.

Together with Pfizer, Valneva expects that its Phase 3 clinical trial will start in the third quarter of 2022 to ensure administration of VLA15 in time for the pivotal, placebo-controlled field efficacy trial that the parties are planning for the 2023 tick season. Clinical readout, based on one tick season, is projected for end of 2023. If the results from these clinical trials are positive, Valneva is targeting submitting a biologics license application, or BLA, and marketing authorization application inthe second half of 2024. VLA15 has received Fast Track designation from the U.S. Food and Drug Administration (FDA).

The planned Phase 3 clinical trial will include adults as well as pediatric patients, adolescents and adults, ages 5 and above, with approximately 16,000 participants in total. There will be a randomized 1:1 ratio of participants receiving the vaccine and placebo, with a single dose of 180 µg with alum given at the beginning of the trial and a booster vaccination given 18 months later to certain participants. Efficacy will be assessed six months after the initial dose and patients will be followed for three years to assess persistence. The planned primary endpoint for the Phase 3 clinical trial will be the efficacy of VLA15 in preventing confirmed Lyme disease in the first tick season after the primary series vaccination, with enrollment and primary dosing done from September 2022 through March 2023 and Lyme surveillance to be done from March through November 2023. The secondary endpoint is the efficacy of VLA15 in preventing confirmed Lyme disease in the second tick season after completion of the 18 month booster.

Results of clinical trials of VLA15

Phase 1 Trials

Valneva evaluated VLA15 in a partially randomized, multi-center dose escalation Phase 1 clinical trial conducted in Belgium and the United States in 179 healthy adults below 40 years of age. The first 24 subjects were included in an open-label trial in which they participated in a staggered dose escalation design. The remaining 155 subjects were enrolled in one of six blinded treatment groups, receiving VLA15 at a dose of either 12 µg, 48 µg or 90 µg, with or without alum as an adjuvant, by intramuscular injection on Days 0, 28 and 56. The trial was designed to investigate the safety and tolerability as well as immunogenicity of VLA15. The primary endpoint was safety and tolerability of VLA15 up to three months after enrollment (Day 84).

The final Phase 1 data supported the tolerability profile observed at all time-points, as reported in the interim analysis. The Phase 1 trial met its study endpoints in terms of safety and immunogenicity. The majority of adverse events were mild or moderate and there were no vaccine-related serious adverse events, allergic reactions or reactions potentially related to Lyme borreliosis observed. The most common local adverse events were injection site pain (67%) and tenderness (84.4%). Solicited systemic adverse events were reported by 58.1% (48 µg with alum group, 90 µg with alum group) to 76.7% (90 µg without alum group) of subjects. The most common solicited systemic adverse events were headache (44.7%), excessive fatigue (25.1%) and myalgia (25.1%). Adverse event rates following subsequent doses in the primary series declined compared to the first dose, indicating no enhanced reactogenicity risk with subsequent vaccinations.

Additionally, to evaluate the benefit of a booster dose, 64 subjects across the two higher dose groups (48 µg and 90 µg, both with and without alum) from the Phase 1 trial received a booster in the period 12 to 15 months after their initial dose in the primary immunization. Safety and immunogenicity of VLA15 were evaluated at month 19, with an interim analysis at month 14. These single re-vaccinations resulted in a significant immuneresponse, yielding OspA antibody titers at levels from 2.7-fold for serotype 2 and serotype 3 to 5.8- fold for serotype 1 over the initial titers observed at Day 84.

The final Phase 1 immunogenicity results indicated that the alum-adjuvanted formulations elicited higher immune responses at all time-points, confirming interim data findings as compared to respective non-adjuvanted groups of the same dose level. As expected, based on the interim Phase 1 data, antibody titers declined post Day 84 across all groups, trending towards baseline at approximately one year post initial vaccination.

Phase 2 Trials

The Company conducted two Phase 2 clinical trials of VLA15 in Europe and the United States which evaluated the safety and efficacy of VLA15 at different dosage levels and schedules. Together, these trials enrolled 818 healthy adults of 18 to 65 years of age.

VLA15-201

The first Phase 2 trial, VLA15-201, was a randomized, observer-blind, placebo-controlled, multi-center Phase 2 clinical trial conducted in Belgium, Germany and the United States, consisting of a "run-in phase" and a "main study phase." In the run-in phase, a total of 120 subjects aged 18-40 were randomized into one of four groups: a placebo group and three groups at different dosage levels of VLA15 with alum (90 µg,135 µg or 180 µg). The subjects received intramuscular injections on Days 1, 29 and 57. Based on the elicited higher antibody responses across all serotypes observed from the run-in phase, the Company selected two VLA15 dose levels to be evaluated in the main study phase. A total of 452 subjects aged 18-65 were randomized 2:2:1 to receive one of two VLA15 doses (135 µg or 180 µg) or placebo, and received intramuscular injections on Days 1, 29 and 57. The primary endpoint for the trial was geometric mean titers (GMTs) for immunoglobulin G (IgG) against each OspA serotype, one through six. GMT calculates the average antibody across a cohort of subjects. Secondary endpoints examined SCR, geometric mean fold rise (GMFR) and occurrence of adverse events.

In July 2020, the Company announced statistically significant results from the Phase 2 clinical trial of VLA15-201 in which VLA15 was observed to be immunogenic across all dose groups tested. Compared to results from the Phase 1 clinical trial, the higher doses used in the Phase 2 trial elicited higher antibody responses across all serotypes than those observed after the primary dose in the Phase 1 trial. SCR in the highest dose ranged from 81.5% (serotype 1) to 95.8% (serotype 2) on Day 85. No significant differences observed between the 135 µg and 180 µg treatment groups were observed in the GMTs for OspA-specific IgG.

In the age group comparable to the age group investigated in the Phase 1 clinical trial (18-39 years), SCRs ranged from 85.6% to 97%. The immunological response in older adults (50-65 years), one of the main target groups for a Lyme vaccine, had SCRs ranging from 71.9% to 93%. Results indicated that prior exposure to Lyme (sero-positivity) did not have an impact on immunogenicity or safety.

VLA15 was generally well tolerated across all dose and age groups tested. No serious adverse events (SAEs) related to VLA15 were observed in any treatment group. The most common solicited local adverse events were injection site pain (68.4%) and tenderness (76.6%), whereas the most common solicited systemic adverse events were headache (33.2%), fatigue (31.6%) and muscle pain (myalgia) (41.1%). The adverse events decreased with subsequent vaccinations and were transient. Overall, the tolerability profile including rates of fever appeared to be comparable to what has been observed in third-party trials of other lipidated recombinant vaccines or lipidcontaining formulations.

VLA15-202

The second Phase 2 trial, VLA15-202, was a randomized, observer-blind, placebo-controlled multi-center Phase 2 clinical trial conducted in the United States with 246 healthy volunteers aged 18-65. The subjects were randomized 2:2:1 to receive either VLA15 with alum (either 135 µg or 180 µg) or placebo, administered through intramuscular injection at month zero, two and six. The primary endpoint of the trial was GMTs for IgG against each OspA serotype, measured at month 7 to highlight the importance of further increases in OspA-specific IgG titers after the primary immunization series as well as optimized antibody persistence, which are likely necessary to achieve a successful vaccine candidate. Secondary endpoints evaluated SCR, GMFR and the occurrence of adverse events.

On October 20, 2020, Valneva reported statistically significant interim results from VLA15-202. Compared to VLA15-201, immunogenicity was further enhanced using an immunization schedule of vaccinating at zero, two and six months. SCRs, after completion of the primary vaccination series, showed similar responses and ranged from 93.8% (serotype 1) to 98.8% (serotype 2, serotype 4). Antibody responses were comparable in the two dose groups tested.

The immunological response in older adults, one of the main target groups for a Lyme vaccine, was consistent with the Company's observations in VLA15-201. Furthermore, results did not indicate that prior exposure to Lyme (sero-positivity) has an impact on immunogenicity or safety, also consistent with the Company's observations in VLA15-201.

Unlike the Company's previous trials of VLA15, VLA15-202 also included a Serum Bactericidal Assay (SBA) assessing the functional immune response against Lyme disease after vaccination with VLA15. Assays, such as SBAs, are commonly used to enable a potential prediction of vaccine efficacy via the measurement of vaccineinduced functional immune responses. Over the course of the trial, the SBAs demonstrated functionality of antibodies against all OspA serotypes.

VLA15 was generally well tolerated across all doses and age groups tested in VLA15-202. The tolerability profile including fever rates was comparable to what has been observed in third-party trials of other lipidated recombinant vaccines or lipid containing formulations. Overall, 232 of 246 participants (94.3%) reported any adverse event, solicited or unsolicited, up to Day 208. Rates of participants who experienced adverse events were similar in the VLA15 treatment groups: 96.9% (135 µg group) and 99% (180 µg group), compared with 80.4% in the placebo group. Most adverse events were mild or moderate in severity and no related serious adverse events were reported. A total of 6.1% of participants experienced severe related adverse events; 5.7% of participants experienced at least one severe solicited Grade 3 reactogenicity event, and as such, were considered to be related, including 6.2% in the 135 µg group, 7.1% in the 180 µg group, and 2% in the placebo group. One participant in the 135 µg group experienced a severe unsolicited adverse event of ventricular extrasystoles 13 days after the second vaccination, which was assessed as possibly related to the study vaccine by the investigator. The participant had a history of benign premature ventricular contractions, was treated with propranolol and recovered after 39 days. Six unrelated serious adverse events were reported: 3.1% in the 135 µg group (invasive ductal breast carcinoma, prostate cancer, and vertigo) and 2% in the 180 µg group (intervertebral disc protrusion, osteoarthritis). One case of LD (135 µg group) was reported as an adverse event of significant interest: erythematous rash, developed approximately two weeks after the first vaccination.

About Lyme disease

Lyme disease is a systemic infection caused by Borrelia bacteria transmitted to humans by infected Ixodes ticks[1]. It is considered the most common vector borne illness in the Northern Hemisphere. According to the US Centers for Disease Control and Prevention, approximately 476,000 Americans are diagnosed and treated for Lyme disease each year[2] with at least a further 200,000 cases in Europe[3].

Early symptoms of Lyme disease (such as a gradually expanding erythematous rash called Erythema migrans or more unspecific symptoms like fatigue, fever, headache, mildstiff 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[4]. Currently no Lyme disease vaccine is available to protect humans from this devastating illness.

Chikungunya vaccine candidate, VLA1553

VLA1553 is a vaccine candidate against the chikungunya virus, a mosquito-borne virus that has spread to more than 100 countries with the potential to rapidly expand further.

There are currently no preventive vaccines or effective treatments for the chikungunya virus available and VLA1553 is the only chikungunya vaccine candidate in Phase 3 clinical trials worldwide.

VLA1553 is a live-attenuated, single dose vaccine candidate for protection against chikungunya disease. VLA1553 has been designed by deleting a part of the chikungunya virus genome. As a live-attenuated vaccine, VLA1553 is particularly well suited to target long-lasting protection which differentiates it when compared to other chikungunya assets that are being evaluated in clinical trials.

Additionally, when compared to these other chikungunya assets, Valneva believes that VLA1553 has a number of advantages, including the fact that it is the only candidate designed to require a single administration.

Pre-clinical study

A comprehensive pre-clinical assessment of VLA1553 for advancing to clinical trials as a single administration observed the following:

- It was highly immunogenic and induced a strong and long lasting neutralizing antibody response in non-human primates, or NHPs, models after a single administration;
- It was protective in NHPs that received a high-dose of wild-type, or WT, chikungunya virus after vaccination;
- It was not observed to cause any of the clinical manifestations such as viremia, fever and rash that NHPs typically develop after infection with the WT.

Phase 1 Clinical Trial

Valneva also conducted a single blind, randomized dose escalation Phase 1 clinical trial of VLA1553 in 120 adults, at multiple centers in the United States, the results of which were published in Lancet in 2020. In this trial, the Company examined three doses of VLA1553: a low dose having a viral titer of 3.2 x 103, a medium dose of 3.2 x 104, and a high dose of 3.2 x 105. Participants in the low and medium dose cohorts and half of the patients in the high-dose cohort received a single dose of VLA1553 on Day 0 through intramuscular injection and a re-vaccination at 12 months. Half of the patients in the high-dose cohort received a re-vaccination at six months instead of 12 months.

The primary endpoint of the Phase 1 trial was evaluation of safety measures including frequency and severity of injection site and systemic reactions. Chikungunya virus neutralizing antibodies were observed in 100% of patients for 12 months at all three of the doses evaluated. A single vaccination was sufficient to induce sustaining high-titer neutralizing antibodies at twelve months post vaccination. Individuals that received a single high dose of VLA1553 did not exhibit an increase in antibody titers following subsequent re-vaccination at month six. Similarly, none of the dose levels that were re-vaccinated at month 12 exhibited an increase in antibody titers after re-vaccination. This result suggests that a single dose of VLA1553 could offer sufficient protection with no additional booster required.

The majority of adverse events across the dose group were assessed as mild or moderate and were reported after the single vaccination. No adverse event of special interest, meaning adverse events resembling a chikungunya like infection, and no vaccine-related SAEs were reported. Injection site reactogenicity was low, with less than 7% of individuals in the high-dose group reporting any local adverse event, all of which were mild in severity. Systemic adverse events were predominantly headache (32.5%), fever (26.7%) and fatigue (24.2%), followed by muscle pain (20%) and joint pain (13.3%), all of which were transient and are typical reactions after immunization and similar to those reported after vaccination with other vaccines in the general population. Severe fever (a temperature of 102.1°F or higher) was reported by seven participants.

Based on the Phase 1 data as well as its discussions with regulators, VLA1553 advanced to a Phase 3 clinical trial in September 2020.

(1) Stanek et al. 2012, The Lancet 379:461-473.
(2) https://www.cdc.gov/lyme/stats/humancases.html
(3) Estimated from available national data. Number largely underestimated based on WHO Europe Lyme Report, as case reporting is highly.
(4) New Scientist, Lyme disease is set to explode and we still don't have a vaccine ; March 29, 2017.

Phase 3 Clinical Trial and Anticipated Next Steps

The primary objective of the Phase 3 trial is to evaluate the immunogenicity and safety of VLA1553 at 28 days following a single immunization in approximately 4,000 participants aged 18 years or above. Valneva has also initiated a clinical lot-to-lot consistency Phase 3 trial in February 2021 to show manufacturing consistency of the vaccine. These two Phase 3 trials will run in parallel.

Valneva has received confirmation that it may seek licensure through the FDA's accelerated approval pathway. Via this pathway, the Company plans to seek licensure of the vaccine based on a surrogate of protection, agreed with the FDA, that is reasonably likely to predict protection from chikungunya infection, rather than executing a time-and cost-intensive field trial that observes natural rates of infection between trial participants receiving its vaccine and the placebo. Current clinical activities are affected by the ongoing pandemic but, with completion of enrollment in the study expected imminently, Valneva now projects primary endpoint read-out around mid-2021.

VLA1553 received Fast Track designation from the FDA and PRIME designation from the European Medicines Agency. The sponsor of the first chikungunya vaccine BLA to be approved in the United States will be eligible to receive a Priority Review Voucher.

To make VLA1553 also accessible to Low and Middle Income Countries, Valneva and the Butantan Institute in Brazil signed a collaboration agreement in January 2021 for the development, manufacturing and marketing of VLA1553. The collaboration falls within the framework of the $23.4 million funding agreement Valneva signed with the Coalition for Epidemic Preparedness Innovations (CEPI) in July 2019.

About Chikungunya

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

Infection leads to symptomatic disease in 72-92% of humans after 4 to 7 days following the mosquito bite.

While mortality with CHIKV is low, morbidity is high. Clinical symptoms include acute onset of fever, debilitating joint and muscle pain, headache, nausea and rash. 4.1%-78.6% of infections develop into chronic arthralgia (> 3 months).

Chikungunya virus often causes sudden large outbreaks with high attack rates, affecting one-third to three-quarters of the population in areas where the virus is circulating.

The highest risk areas of infection for travelers are places where chikungunya virus-carrying mosquitos are endemic, including the Americas, parts of Africa, and Southeast Asia. As of September 2020, there have been more than 3 million reported cases in the Americas and the economic impact is considered to be significant (e.g. Colombia outbreak 2014: $73.6 million).

The medical and economic burden is expected to grow as the 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.

COVID-19 vaccine candidate, VLA2001

VLA2001 is a vaccine candidate against SARS-CoV-2, the virus that causes COVID-19.

VLA2001 is currently the only whole virus, inactivated, adjuvanted vaccine candidate in clinical trials against COVID-19 in Europe. Valneva reported positive initial results for the Phase 1/2 clinical trial of VLA2001 in April 2021 and plans to move on to a pivotal, comparative immunogencity Phase 3 clinical trial by the end of April 2021, subject to regulatory approval, with the aim of making a regulatory submission to the MHRA in the autumn of 2021.

VLA2001 is produced on Valneva's established Vero-cell platform, leveraging the manufacturing technology for Valneva's licensed Japanese encephalitis vaccine, IXIARO®.

Valneva has commenced production in parallel to the ongoing clinical trial in order to optimize the timeline for potential deliveries of the vaccine.

Although vaccines against SARS-CoV-2 have already been approved, given the potential advantages often associated with inactivated whole virus vaccines, Valneva believes its vaccine can be incorporated into the current and future portfolio of SARS-CoV-2 vaccines to address the global need for billions of doses of vaccines to prevent further spread of the virus. Additionally, the Company believes that VLA2001, if approved, could offer clear benefits compared to other vaccines that have obtained initial regulatory approvals, taking into account considerations such as safety, cost, ease of manufacture and distribution and could be adapted to offer protection against mutations of the virus. In addition to these advantages, Valneva believes its flexible approach to the clinical and manufacturing development of VLA2001 will facilitate its ability to meet the needs of future customers, including playing a key role in providing supply for any potential booster programs.

In September 2020, Valneva announced a collaboration with the UK Government, which has the option to purchase up to 190 million doses through 2025. Following an initial order for 60 million doses to be delivered in 2021 (with a delivery schedule now extending into Q1 2022), the UK Government exercised an option in February 2021 to order 40 million doses for supply later in 2022. This brings the total volume of the Valneva vaccine ordered by the UK Government to 100 million doses and the UK Government retains options over a further 90 million doses for supply between 2023 and 2025. The total value of the 190 million doses, if all options are exercised, is up to €1.4 billion. Valneva also announced in January 2021 that it is in advanced discussions with the European Commission to supply up to 60 million doses of its COVID-19 vaccine.

Pre-clinical Trial and Results

In pre-clinical experiments, Valneva evaluated the immunogenicity of VLA2001 using female BALB/c-strain mice, which were immunized two times subcutaneously with a dose of 100 µL VLA2001 vaccine on days 0 and 21.

The mice were dosed in three groups, one that received a placebo (buffer with alum adjuvant only or buffer with alum and CpG 1018 only), one that received VLA2001 with alum in 3 different dose levels, and one that received VLA2001 with alum and CpG 1018 in the same three different dose levels.

Blood samples were collected from the mice on days 14, 28 and 35 and immune responses were measured as follows: ELISA (enzyme-linked immunosorbent assay) titers for total IgG and antibody neutralization titers by PRNT (plaque reduction neutralization test). The Th1 (IgG2a)/Th2 (IgG1) response was determined in a subclass ELISA. IgG2a is associated with a Th1 response. IgG1 is associated with a Th2 response. A strong Th1 response is important to minimize potential risks for vaccine mediated enhanced respiratory disease (VAED) or antibody disease enhancement (ADE) upon infection, as one potential cause for VAED or ADE may be a strong Th2 response.

Valneva observed that the alum+CpG 1018 adjuvant formulation of VLA2001 consistently induced higher IgG antibody titers in mice than the alum-only formulation. With regards to the functional antibody response, sera from BALB/c mice immunized with VLA2001 plus alum+CpG 1018 showed neutralization titers close to the ones present in serum from human convalescent COVID-19 patients.

When determining the ratio for IgG subclasses (amount of IgG2a/ amount of IgG1), Valneva observed that the addition of CpG 1018 led to a significant shift of the immune response towards a Th1 response (ratio >1), whereas VLA 2001 formulated with alum only induced a Th2-skewed immune response.

VLA 2001 Phase 1/2 Clinical Trial and Results

Valneva initiated VLA2001-201, its Phase 1/2 randomized, dose-finding trial to evaluate the safety, tolerability and immunogenicity of its inactivated, adjuvanted VLA2001 vaccine candidate in healthy subjects in December 2020. In January 2021, Valneva announced full enrollment in the trial; a total of 153 healthy adults between 18 and 55 years of age were recruited. Valneva has commenced the Phase 2 portion of the trial.

The trial design consists of a randomized, dose-escalation, multi-center study with three dose groups (low, medium and high dose), each with 51 subjects who received intramuscular injections three weeks apart. The study is being conducted in two parts: Part A (Day 1 to Day 36) and Part B (Day 37 to Day 208). Part A was divided into an open-label, staggered recruitment for the first 15 subjects and a blinded, randomized part of the study for all remaining 135 subjects. Part B has been initiated following positive data from Part A.

The primary safety endpoint of the study was the frequency and severity of solicited adverse events (AEs) within seven days after each vaccination. Secondary safety endpoints included frequency and severity of any unsolicited AE, any vaccine-related AE, any serious AE and any AE of special interest. Additionally, the study included various immunogenicity endpoints: immune response as measured by neutralizing antibody titers against SARS-CoV-2; proportion of participants with seroconversion (in participants negative for SARS-CoV-2 at screening); fold increase of SARS-CoV-2 neutralizing antibody titers compared with baseline; GMTs for IgG against SARS-CoV-2, determined by ELISA; proportion of subjects with seroconversion in terms of IgG antibodies against SARS-CoV-2 as determined by ELISA; and exploratory endpoints on cellular immune response parameters (e.g. T-cell responses against S-, M- and N- antigens of SARS-CoV-2).

For safety reasons, the first 15 subjects were included into the study in an open-label, not randomized manner following a staggered dose escalation of VLA2001. Dose escalation was done at a single site to ensure permanent oversight on safety data by one principal investigator during the recruitment of the 15 sentinel subjects. A Data Safety and Monitoring Board, or DSMB, reviewed the accrued safety data at Day 4 of all 15 sentinel subjects.

The remaining 135 subjects were enrolled, screened and randomized in a 1:1:1 fashion to the three dose groups in the blinded part of the study. Subjects were observed for 30 minutes post-vaccination on Day 1. An unscheduled safety telephone call was performed in case a Grade 3 adverse event or serious adverse event was reported by the subject via eDiary. All subjects were followed by eDiary for seven days post vaccination, starting on the day of vaccination. Subjects returned to the study site on Day 8 (visit 2). After approximately 20 subjects per dose group had been randomized and followed up with seven days post first vaccination, the DSMB reviewed the accrued safety data and continued to review such data periodically up to Day 36 for all randomized subjects. All subjects received their second vaccination on Day 22 (visit 3) and received follow-ups on Day 36 (visit 4), 14 days after the second vaccination. The DSMB reviewed safety and immunogenicity data up to Day 36. In Part B, participants will be invited for on-site visits on Day 106 (visit 5) and Day 208 (visit 6), six months after the second vaccination.

VLA2001 was observed to be highly immunogenic, with more than 90% of all study participants developing significant levels of antibodies to the SARS-CoV-2 virus spike protein compared to baseline across all dose groups tested. Seroconversion rates for Sprotein binding IgG antibodies were 89.8% in the medium dose and 100% in the high dose group. Two weeks after completion of the two dose schedule, Geometric Mean Fold Rise from baseline were 26 in the medium dose and 86 in the high dose group.

Of note, the IgG antibody response was highly correlated with neutralization titers in a micro-neutralization assay (MNA50) (r=0.79, p<0.001). VLA2001 induced a dose-dependent response with statistically significant higher GMTs for both IgG and neutralizing antibodies in the high dose group compared to the low and medium dose groups on Day 36. In the high dose group, the GMT of neutralizing antibody titers measured two weeks after completion of the two-dose schedule was at or above levels for a panel of convalescent sera (GMT 530.4 (95% CI: 421.49, 667.52)). The ratio of antibodies, measured by GMT, produced by VLA2001 compared to those present in convalescent sera was greater than or equal to 1, which suggests that VLA2001 induced antibodies that have a better neutralization capacity than the antibodies in those individuals who were infected naturally. Other COVID-19 vaccines that have reported 80% efficacy or higher have achieved a similar ratio.

VLA2001 also induced broad T-cell responses across participants with antigen-specific IFN-gamma producing T-cells against the S-protein, M and N protein detected in 75.6 %, 35.6% and 48.9% of study participants, respectively.

VLA2001 was generally well tolerated across all dose groups tested, with no safety concerns identified by the DSMB. There were no statistically significant differences between dose groups and no differences between first and second vaccinations in terms of reactogenicity. Overall, 85% of participants experienced an adverse event and 81.7% of adverse events were solicited. The most frequent solicited systemic adverse events were headache (46.4%), fatigue (39.2%) and muscle pain (32.7%). The majority of adverse events were mild or moderate and only two subjects reported severe solicited adverse events (headache and fatigue). All solicited adverse events were transient. Only 17.6% of unsolicited adverse events up to Day 36 were considered related to the vaccine and no severe unsolicited adverse events were reported. One adverse event of special interest was observed (chilblains) but was determined by the investigator to be unrelated to the vaccination. No serious related adverse events were reported.

In Part B of the study, which has now been initiated, all subjects will be further followed up on Day 106 (visit 5) and Day 208 (visit 6), six months after the second vaccination.

Phase 3 Trial/Anticipated Next Steps

Based on the initial data from VLA2001-201, Valneva plans to commence a pivotal, comparative immunogenicity Phase 3 clinical trial by the end of April 2021, subject to regulatory approval. This Phase 3 trial will use the high dose level from VLA2001-201. Valneva is also evaluating other possible clinical trials, including booster trials involving antigen sparing doses. Valneva has also initiated the development of new variant-based viral seed banks that could be used to adapt VLA2001 to protect against different variants of the SARS-CoV-2 virus.

About the Novel Coronavirus SARS-CoV-2 and COVID-19 Disease

SARS-CoV-2 is a new coronavirus identified in late 2019 and belongs to a family of enveloped RNA viruses that include MERS and SARS, both of which caused serious human infections of the respiratory system. The virus, which causes a disease named COVID-19, has never before been found in humans. Since this outbreak was first reported, the virus has caused over 2 million reported deaths globally. It has been declared a pandemic by the World Health Organization (WHO).

Zika vaccine candidate, VLA1601 (on hold)

Valneva has developed VLA1601, a highly purified inactivated vaccine candidate using the same manufacturing platform as IXIARO®, its approved Japanese encephalitis vaccine.

Valneva has concluded the Phase 1 trial and the results obtained will allow Valneva to design a Phase 2 trial if it chooses to continue this program.

Valneva currently has this program on hold, as cases of Zika have significantly declined since 2016. The Group has chosen to prioritize its development programs to focus on viruses that are currently a greater health crisis, but may choose to reactivate this program in the future if warranted.

Clostridium difficile vaccine candidate, VLA84 (on hold)

Valneva has developed VLA84, a vaccine candidate against *Clostridium difficile*, a leading cause of life-threatening, healthcare-associated infections worldwide. The Group has completed Phase 2 development of VLA84 and could advanceinto Phase 3 if it chooses to reactivate this program and find a suitable partner.

Other R&D assets

In addition to its clinical-stage assets, Valneva is advancing a series of pre-clinical vaccine candidates against disease targets that reflect its strategy of providing prophylactic solutions to significant diseases that lack a preventative and effective therapeutic treatment option.

Human MetaPneumoVirus (hMPV) Vaccine Candidate VLA1554

Human metapneumovirus, or hMPV, is a major worldwide respiratory pathogen that causes acute upper and lower respiratory tract infection in the pediatric population. hMPV is also a common cause of worldwidemorbidity and mortality in immunocompromised patients and older adults. Repeated infections occur often, demonstrating a heavy medical burden. However, there is currently no hMPV-specific prevention treatment. Valneva is currently in pre-clinical proof of concept studies and expects first readouts in the second half of 2021. Valneva is also considering developing a potential combination vaccine that would protect against both hMPV and respiratory syncytial virus, or RSV. Despite the high frequency of pneumoviral infections and over 50 years of research in this field, no licensed vaccine against hMPV or RSV is currently available. This lack of effective vaccine candidates against hMPV can be explained by the recent discovery of the virus, but also by the lack of asuccessful vaccine against closely related RSV that could serve as a base for vaccine design.

Parvovirus B19 program

Parvovirus B19 is a virus that infects humans with a range of symptoms depending on age and overall health. About two out of 10 people who get infected with this virus will be asymptomatic or display no symptoms. Others may have only mild, rash illness. Parvovirus B19 most commonly causes fifth disease, a mild rash illness that usually affects children and adults. Less common symptoms of parvovirus B19 infection include painful or swollen joints (polyarthropathy syndrome), which is more common in adults, and severe anemia (a condition in which the body does not have enough healthy red blood cells). In rare cases, some of these symptoms can persist for several years. Valneva is currently in an evaluation phase and working closely with external scientific experts to define next steps.

Norovirus program

Norovirus is the leading cause of acute viral gastroenteritis in all age groups in the U.S. Each year, on average, norovirus causes 19 to 21 million cases of acute gastroenteritis and leads to 56,000 to 71,000 hospitalizations and 570 to 800 deaths, mostly among young children and older adults. Typical symptoms include dehydration, vomiting, diarrhea with abdominal cramps and nausea. In a study conducted by the University of Pittsburgh and the U.S. Centers for Disease Control and Prevention in 2012, the total economic burden of norovirus in the U.S. was estimated at $5.5 billion. Valneva is currently in an evaluation phase and working closely with external scientific experts to define next steps.

Capitalized research and development expenditures

Please refer to the Group's consolidated financial statements for the fiscal year 2020[(1)].

(b) Intellectual property

Valneva's commercial success depends in part on obtaining and maintaining patent, trade secret and other intellectual property and proprietary protection of Valneva's technology, current and future products and product candidates and methods used to develop and manufacture them. Valneva cannot be sure that patents will be granted with respect to any of the pending patent applications or to any patent applications that Valneva files in the future, nor can Valneva be sure that any of Valneva's existing patents or any patents that may be granted to us in the future will be sufficient to protect Valneva's technology or will not be challenged, invalidated or circumvented. Valneva's success also depends on Valneva's ability to operate Valneva's business without infringing, misappropriating or otherwise violating any patents and other intellectual property or proprietary rights of third parties.

Valneva manages its intellectual property by:

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

(1) See Note 15, in Section 4.1.5 of this URD.

Patents and patent applications

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

As of March 31, 2021, Valneva had a portfolio of over 463 issued patents, including over 84 granted in Germany, France, United Kingdom, Spain and Italy, over 33 issued in the United States, over 118 pending patent applications, including 30 pending in Europe and 10 pending international (or PCT) patent applications.

In countries where Valneva 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. Valneva conducts ongoing checks to protect its inventions and to act against any infringement of its patents.

IXIARO®

In regards to its Japanese encephalitis marketed vaccine, IXIARO®, as of March 31, 2021, Valneva owns a patent family that includes 4 issued U.S. patents (9,884,115, 9,895,437, 9,913,898 and 10,668,146) with claims covering the aqueous composition of IXIARO® and methods for preparing IXIARO®, and one pending U.S. patent application. This patent family also includes one granted European patent with claims directed to compositions comprising IXIARO® and methods for preparing IXIARO®, and two pending European patent applications. This patent family also includes a granted European patent with claims that were directed to compositions comprising an aluminum component (with low heavy metal impurities and in particular low copper impurities) and a protein within formaldehyde inactivated virus particles, and to methods for preparing such compositions that was opposed at the EPO. In the subsequent oral hearing held in March 2020 before the EPO opposition division, Valneva was able to defend its claims to the method of preparing said composition as granted. Valneva and the opposer each filed a notice of appeal and the appeal procedure is currently pending. The appeal procedure could ultimately result in a narrower or broader scope of protection being upheld compared to that maintained by the opposition division. Patent applications, if granted, and patents in this family shall expire in 2032, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Valneva also owns a pending PCT application with claims covering the manufacturing processes of IXIARO®. Patent applications claiming the benefit of this PCT application, if granted, shall expire in 2040, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

DUKORAL®

In regards to its DUKORAL® product, as of March 31, 2021, Valneva owns a patent application with claims directed to stable pharmaceutical compositions covering DUKORAL® and methods of use thereof, where patent applications claiming priority to this application, if granted, shall expire in 2041, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees. Patents covering the composition of matter of DUKORAL® are expired.

Lyme disease vaccine candidate

In regards to its Borrelia vaccine candidate VLA15 which is currently licensed to Pfizer, as of March 31, 2021, Valneva owns a patent family which includes two issued U.S. patents with claims covering the composition of matter of VLA15, one pending U.S. patent application, one granted European patent (validated in over 35 countries) with claims covering the composition of matter of VLA15, 15 granted foreign patents, and 5 pending foreign patent applications. Patents, if granted, and patents in this family shall expire in 2035, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Valneva also owns a patent family with claims directed to immunogenic polypeptides with C-terminus domains to induce a protective immune response that includes patent applications pending in the U.S., Canada, Europe, and Hong Kong. Patents, if granted, in this family shall expire in 2038, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Valneva also owns 5 European patent applications with claims directed to compositions comprising OspA fusion proteins including uses thereof and to improved methods for producing a vaccine. Patent claiming priority to these patent applications, if granted, shall expire in 2041, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Chikungunya vaccine candidate

In regards to its chikungunya vaccine candidate, VLA1553, as of March 31, 2021, Valneva owns two patent families that include two granted U.S. patents with claims covering methods of preparing and methods of purifying VLA1553 and two pending European patent applications. Patents, if granted, and patents in this family shall expire in 2036, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Valneva also owns a patent family with claims directed to pharmaceutical compositions of VLA1553 that includes over 20 pending patent applications in such jurisdictions as the U.S., Europe, Australia, Canada, China, India, Japan, and Mexico. Patents, if granted, in this family shall expire in 2038, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Valneva also owns two pending PCT applications with claims covering formulations and manufacturing processes of VLA1553. Patent claiming the benefit of these PCT applications, if granted, shall expire in 2040, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

COVID-19 vaccine candidate

In regards to its COVID-19, SARS-CoV-2 vaccine candidate, VLA2001, as of March 31, 2021, Valneva owns 5 European patent applications with claims relating to the antigen, the adjuvant formulation and processes of preparing VLA2001. Patent applications claiming the priority of these five patent applications, if filed and ultimately granted, are expected to expire in 2041, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Valneva is developing its COVID-19 vaccine using a specific virus strain obtained from the National Institute for Infectious Diseases "Lazzaro Spallanzani" IRCCS (INMI) in Italy through a biological material transfer agreement between Valneva and INMI as the representative of the European Virus Archive goes Global. Under that agreement any use of this virus strain for commercial purposes is not permitted and conditioned on a further agreement with INMI. Valneva initiated the process of negotiating a commercial agreement in June of 2020. In November of 2020, the Italian Ministry of Health referred Valneva to the World Health Organization (WHO) as the party from which to obtain the commercial rights following the Italian government's donation of the same virus strain to the WHO's newly formed globally agreed system for sharing pathogen materials and clinical samples. Valneva contacted the WHO in December of 2020 and continues to be in contact with INMI, the WHO and the Italian Ministry of Health regarding the commercial agreement. It will take some time to determine the applicable terms, including price, for the commercial agreement and Valneva cannot predict how long this process may take. Valneva cannot provide assurance that Valneva will have obtained the required commercial agreement in time to begin commercializing the COVID-19 vaccine immediately following regulatory approval, if such approval is received.

Zika vaccine candidate

In regards to its Zika vaccine candidate VLA1601, as of March 31, 2021, Valneva owns a patent family with one granted U.S. patent with claims covering the formulation VLA1601, one pending U.S. patent application, and over 10 pending foreign patent applications. Patents, if granted, and patents in this family shall expire in 2036, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Clostridium difficile candidate

In regards to its C. difficile candidate VLA84, as of March 31, 2021, Valneva owns a patent family with three granted U.S. patents with claims covering the composition of matter of VLA84 and methods of use thereof, one pending U.S. patent application, 9 granted foreign patents in such jurisdictions as Australia, China, and Japan, and 4 pending foreign patent applications. This patent family also includes a granted European patent validated in over 35 countries that has been opposed. The European Patent Office maintained its European patent in amended form, which still covers VLA84. Valneva and the opposer each filed an appeal against this decision, and the appeal procedure is currently pending. Patents, if granted, and patents in this family shall expire in 2031, without giving effect to any potential patent term extensions and patent term adjustments and assuming payment of all appropriate maintenance, renewal, annuity or other governmental fees.

Valneva also filed an opposition in a European patent owned by a third party that has claims that might cover its *C. difficile* vaccine VLA84 candidate. The European Patent Office recently revoked this patent and an appeal has been filed and is currently pending. A further opposition was also recently filed by us against a European patent derived from the revoked patent that has claims that might cover its C. difficile vaccine VLA84 candidate and is currently pending.

EB66® cell platform

Valneva 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®

Valneva'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.

Other protection mechanisms

Valneva's core technologies, products and many of its projects for the development of products candidates depend upon the knowledge, experience and skills of its scientific and technical personnel. In order to protect its trade secrets, proprietary know-how and technologies, Valneva generally requires all employees, contractors, advisors and collaborators to enter into confidentiality agreements. These agreements prohibit the disclosure of its confidential information. Agreements with employees and consultants also require disclosure and assignment to us 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, Valneva may still continue to reap commercial benefits from its product manufacturing secrets, even when the patents for such product have expired.

Trademarks

The trademark rights Valneva holds are national, international and 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. Valneva holds the title to the names of the products used and those associated therewith.

Its 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.

Its key products, technologies and product candidates, namely IXIARO®, JESPECT®, DUKORAL®, EB66® and IC31®, and the number of trademarks related to these products held by us on March 31, 2021 are 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	186
JESPECT®	45
DUKORAL®	87
EB66®	63
IC31®	34
Valneva®, Valneva logos	212
SBL trademarks	20

Valneva also holds registrations for its different entities names, as well as the slogan and logo which constitute its graphic charter. Valneva 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.

Valneva 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.

Valneva 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

On March 31, 2021, the Group held 61 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, 2018, 2019 and 2020[1]:

	Year ended December 31,		
In € thousand	2020 (unaudited)	2019 (unaudited)	2018 (unaudited)
Lyme (VLA15)	25,948	14,783	6,305
Chikungunya (VLA1553)	31,746	14,460	6,272
COVID-19 (VLA2001)	18,962	-	-
hMPV	1,327	2,052	1,553
IXIARO	1,373	1,904	1,928
DUKORAL	1,338	1,633	1,917
Other research projects	3,760	3,188	7,681
TOTAL	**84,454**	**38,020**	**25,655**

(b) Additions to intangible assets

Additions to intangible assets in the year ended December 31, 2020 amounted to €0.5 million (2019: €0.4 million).

(c) Main current and planned investments

In the year ended December 31, 2020 the investments in tangible fixed assets amounted to €18.9 million (2019: €10.7 million) and comprised mainly investments in manufacturing buildings and manufacturing equipment as well as research equipment. At the current Group structure, the 2021 budget concerns tangible fixed assets for an amount of €113 million. Investments are mainly dedicated to construction activities and acquisition of manufacturing and laboratory equipment related to the COVID-19 vaccine. In addition, approximately €0.4 million will be invested in acquisition/development of software, mainly to update software packages used within GMP production. These investments will be financed by pre-payments related to the UK COVID-19 supply agreement and by the Group's own funds.

(1) Source: Valneva Internal information.

1.4. Analysis and comments on the activities conducted in 2020

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	2020	2019
Product Sales	65,938	129,511
Total Revenues	110,321	126,196
Net profit/(loss)	(64,393)	(1,744)
EBITDA	(45,181)	7,796
Cash	204,435	64,439

Full Year 2020 Financial review

Revenues

Valneva's total revenues in 2020 were €110.3 million compared to €126.2 million in 2019.

Product sales declined by 49.1% to €65.9 million in 2020 compared to €129.5 million in 2019. On a CER basis 2020 product sales declined by 48.2% compared to 2019 with both commercial vaccines impacted by COVID-19 related consequences on the travel market. The sales decline was caused by a 48.5% (47.2% at CER) decrease in IXIARO®/JESPECT® sales and a 57.7% (57.9% at CER) decrease in DUKORAL® sales while sales of Third Party products grew by 6.7% (8.5% at CER) compared to 2019.

Other Revenues, including revenues from collaborations, licensing and services, amounted to €44.4 million in 2020 and included revenues related to the Lyme R&D collaboration agreement with Pfizer amounting to €31.6 million. In 2019, negative Other Revenues amounted to €3.3 million, including the effect of the termination of the SAA with GSK. Excluding the termination effect, other revenues would have amounted to €7.4 million in 2019.

Operating result and EBITDA

Costs of goods and services sold (COGS) were €54.3 million in 2020. Gross margin on product sales was 36.6% compared to 63.1% in 2019, with the decline mainly related to provisions taken for excess stock driven by reduced demand (due to the COVID-19 pandemic) and idle capacity costs in both of Valneva's manufacturing sites. COGS of €24.8 million were related to IXIARO®/JESPECT® sales, yielding a product gross margin of 48.9%. COGS of €14.3 million were related to DUKORAL® sales, yielding a negative product gross margin of 7.3%. Of the remaining COGS in 2020, €2.8 million were related to the Third Party Product distribution business and €12.5 million were related to cost of services. In 2019, overall COGS were €52.8 million, of which €47.8 million related to cost of goods and €5 million related to cost of services.

Research and development investments in 2020 continued to increase as planned, more than doubling to €84.5 million compared to €38 million in 2019. This was driven by investments into Valneva's clinical stage vaccine candidates, notably Lyme and chikungunya, and was also impacted by spending related to the Company's SARS-CoV-2 vaccine candidate. Marketing and distribution expenses in 2020 amounted to €18.3 million compared to €24.1 million in 2019. The decrease was the result of lower marketing and distribution spend across all Valneva's direct markets due to reduced sales activity further to the COVID-19 pandemic. In 2020, general and administrative expenses increased to €27.5 million from €18.4 million in 2019, mainly driven by increased costs to support corporate transactions and projects as well as costs related to Valneva's employee share option program.

Other income, net of other expenses in 2020 increased to €19.1 million from €6.3 million in 2019. This increase was mainly driven by increased R&D tax credit directly resulting from increased R&D spending along with income from the CEPI funding for Valneva's chikungunya R&D program.

Valneva recorded an operating loss of €55.1 million in 2020 compared to an operating loss of €0.8 million in 2019. EBITDA loss in 2020 was €45.2 million compared to an EBITDA profit of €7.8 million in 2019.

Net result

In 2020, Valneva generated a net loss amounting to €64.4 million compared to a net loss of €1.7 million in 2019.

Finance costs and currency effects in 2020 resulted in a net finance expense of €10 million, compared to a net finance expense of €1.6 million in 2019. The increase of expenses was mainly the result of increased interest charges related to the financing arrangement with US healthcare funds Deerfield and OrbiMed entered into in 2020 as well as interest charges of €3.2 million related to the re-payment obligation to Pfizer for Valneva's contribution to the Lyme VLA15 Phase 3 costs.

Cash flow and liquidity

Net cash generated by operating activities in 2020 amounted to €137.7 million compared to €5.5 million in 2019 mainly driven by the $130 million upfront payment received from Pfizer related to the Lyme R&D collaboration agreement as well as funds received related to the COVID supply agreement concluded with the UK Government in September 2020.

Cash outflows from investing activities in 2020 amounted to €19.3 million compared to €10.7 million in 2019 mainly as a result of purchases of equipment.

Cash inflows from financing activities amounted to €21.7 million in 2020 and consisted mainly of €48.8 million net proceeds from the financing arrangement with US healthcare funds Deerfield and OrbiMed, offset by €20 million repayments of borrowings to the European Investment Bank (EIB). Cash outflows from financing activities amounted to €7.7 million in 2019, which included the repayment of the Biopharma (Pharmakon) loan of €11.3 million in early 2019.

Liquid funds on December 31, 2020 strongly increased and stood at €204.4 million compared to €64.4 million on December 31, 2019. The main changes resulted from the $130 million upfront payment related to the Lyme collaboration agreement with Pfizer, proceeds from the new debt line net of loan repayment to the EIB in March 2020 and payments made by the UK Government within the framework of the UK COVID-19 partnership.

(b) Valneva SE (French GAAP accounts)

The Company's financial statements for the fiscal year 2020 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 €7.3 million at December 31, 2020, up from €6 million for the fiscal year 2019.

Revenue amounted to €3.38 million in 2020, compared to €2.65 million in 2019.

Operating grants amounted to €0.003 million in 2020, compared to €1.6 million recorded in 2019.

Other operating income (mainly licensing income) amounted to €3.7 million in 2020, compared to €1.5 million in 2019.

Operating expenses

Operating expenses amounted to €22.4 million at December 31, 2020, compared to €34.1 million for the prior fiscal year.

Purchases of raw materials and external expenses represented €14.6 million in 2020, compared to €27.2 million in 2019. This decrease is mainly due to "intercie R&D and services expenses" item.

Staff costs amounted to €4.8 million in 2020, compared to €5.3 million in 2019.

Amortization charges amounted at €2.5 million in 2020, compared to €1 million in 2019.

Operating loss from ordinary activities

The operating loss from ordinary activities for the fiscal year 2020 was €-15.1 million, compared to €-28.1 million for the fiscal year 2019.

Net financial expense

Net financial result amounted at €-0.8 million for the fiscal year 2020, compared to €+0.4 million for the fiscal year 2019.

Net exceptional items

Net exceptional items amounted at €+0.2 million in 2020, compared with €-2.1 million in 2019.

Corporate income tax

The negative 2020 income tax corresponds to a Research Tax Credit (*Crédit d'Impôt Recherche*) charge of €1.1 million. The negative 2019 income tax corresponded to a Research Tax Credit charge of €1.9 million.

Net loss

Net loss for the fiscal year 2020 was €14.6 million, compared to €28 million in the prior fiscal year.

Fixed assets

Fixed assets increased from €164.9 million in 2019 to €165.4 million in 2020 (net value).

Current assets

Current assets amounted to €37.8 million in 2020, compared with €69.5 million in 2019.

This decrease is mainly due to the decrease in cash position for €22 million and the decrease in other receivables for €9.9 million, mainly related to the amounts recorded in current accounts with the various Group subsidiaries.

Shareholders' equity

Shareholders equity decreased from €183.8 million at December 31, 2019 to €169.1 million at December 31, 2020. A detailed description is provided in the Notes to the parent entity financial statements for the fiscal year 2020.

Liabilities

Total debt decreased by €17.7 million, from €46.1 million at December 31, 2019 to €28.4 million at December 31, 2020.

Total borrowings decreased by €20 million, from €24.3 million in 2019, to €4.3 million in 2020. This decrease corresponds to the early repayment of the loan with the European Investment Bank for €20 million.

Operating payables increased by €1.1 million, from €3 million for the fiscal years 2019 to €4.1 million in 2020. The increase is mainly due to invoices not received for major audit services performed at the end of 2020.

Other debts increased by €1.3 million, from €18.7 million at December 31, 2019 to €20 million at December 31, 2020. This change reflects the increase of the current accounts with the different Group's subsidiaries (€5.6 million) and the repayment of the advance from the CEPI grant (€4.3 million).

Cash

Total cash amounted to €15.8 million at December 31, 2020, compared to €37.8 million on the previous fiscal year. Net cash provided by operating activities represented an outflow of €-0.1 million at December 31, 2020, compared to an outflow of €-14.1 million at December 31, 2019, reflecting:

- a €12.7 million outflow in cash flows for the fiscal year 2020;
- a net inflow of €1.3 million from the increase in debt and inflow of €1.1 million from the increase of trade payable;
- a net inflow in operating receivables of €9.9 million.

Net cash used in investing activities was -€0.1 million in 2020,as well as in 2019.

The net cash generated from financing activities amounted to €-20.4 million in 2020, compared to €9.5 million in 2019. This results mainly from the early repayment of the loan with the European Investment Bank for €20 million.

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

	Year ended December 31				
Nature of items	2016	2017	2018	2019	2020
I- CAPITAL AT THE END OF THE YEAR					
Share capital *(in euros)*	11,815,935.39	11,816,042.64	13,816,042.74	13,819,938.99	13,645,584.30
Number of ordinary shares[(1)]	77,582,714	77,583,714	90,917,048	90,923,298	90,950,048
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	3,196,953.12	3,223,001.34	3,876,876	4,641,374	4,075,352
Income before tax employee profit-sharing and depreciation allowance and provisions	(12,457,638.97)	(16,241,804.98)	(18,567,302.98)	(28,166,330.72)	(13,764,375.19)
Tax on profit (income if negative)	(1,896,797)	(1,781,781)	(1,727,572)	(1,866,427)	(1,073,156)
Employee profit-sharing due for the year	0	0	0	0	0
Income after tax employee profit-sharing and depreciation allowance and provisions	(12,587,988.59)	(15,276,741.54)	(16,847,324)	(27,991,662)	(14,564,023)
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	(0.14)	(0.19)	(0.19)	(0.29)	(0.14)
Income after tax employee profit-sharing and depreciation allowance and provisions	(0.16)	(0.20)	(0.19)	(0.31)	(0.16)
Dividend per share (indicate if gross or net)	0	0	0	0	0
IV- PERSONNEL					
Average headcount for the period	48	46	49	48	42
Annual payroll *(in euros)*	3,095,286.35	3,616,368.82	3,946,840.33	3,682,931.40	3,396,356.44
Total of amounts paid for social benefits for the year (social security, social welfare programs, etc.) *(in euros)*	1,355,866.14	1,496,564.75	1,593,324.98	1,586,429.08	1,416,443.11

(1) The figures do not include the convertible preferred shares of the Company (XFCS00X0I9M1), for the total amount of 1,074 with respect to the fiscal year 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) Department of Defense Contracts

In January 2019, the U.S. Department of Defense, Defense Logistics Agency (DLA), awarded Valneva USA, Inc. a contract for the supply of its Japanese encephalitis vaccine, IXIARO®. The agreement consisted of one base year for the delivery of 420,000 doses worth $59 million, and one option to purchase an additional 80,000 doses to bring the total value of the contract to $70 million. In January 2020, DLA exercised this option.

In September 2020, DLA awarded Valneva a new contract for the supply of IXIARO®. The terms of the agreement contemplate an initial base year followed by two option years, each with a range of minimum and maximum potential dose orders. The current base year has a minimum value of approximately $53 million for 370,000 doses, and the option years have minimum values of approximately $46 million for 320,000 doses and approximately $36 million for 250,000 doses, respectively, if DLA exercises those options. Like most governmental agreements, this contract can be terminated by DLA for convenience at any time.

(b) Pfizer License Agreement

In April 2020, Valneva Austria GmbH entered into a research collaboration and license agreement (***the Pfizer License***) with Pfizer. In connection with the Pfizer License, Valneva granted to Pfizer (a) an exclusive, worldwide, sublicensable license under certain patents, know-how, and materials and (b) a non-exclusive, worldwide, sublicensable license under all patents, know-how or other intellectual property rights controlled by Valneva, in each case to use, have used, develop, have developed, manufacture, have manufactured, commercialize, have commercialized and otherwise exploit VLA15 and related products for all therapeutic, diagnostic and prophylactic human and veterinary use. Under the Pfizer License, Valneva also obtained, during the development term, a non-exclusive, royalty-free, fully paid-up, worldwide license with the right to sublicense to subcontractors under certain patents and know-how controlled by Pfizer and patents and know-how developed under the Pfizer License to perform development activities relating to VLA15 and related products.

Valneva is obligated to grant licenses or sublicenses that are consistent with the Pfizer License directly to affiliates of Pfizer upon Pfizer's written request. Each party also granted the other a non-exclusive, irrevocable, perpetual, royalty-free, fully paid-up worldwide license for research purposes with the right to sublicense to affiliates under its know-how, materials and confidential information disclosed under the agreement.

In connection with the Pfizer License, Valneva may not develop or exploit a competing product, and it must use commercially reasonable efforts to perform assigned obligations under a development plan. As partial consideration for the license grant, Pfizer paid Valneva a one-time upfront payment of $130 million. Valneva and Pfizer will each contribute towards development costs, and Pfizer is obligated to pay Valneva up to $178 million in development milestones and low double-digit tiered royalties starting at 19% on net sales of licensed products, subject to specified offsets and reductions. Royalties are payable on a licensed product-by-licensed product and country-by-country basis beginning with the first commercial sale of such licensed product in such country and ending on the last to occur of the date on which the sale, offer for sale or importation of such licensed product in such country would infringe, but for the license granted here, a valid claim covering such licensed product in such country and fifteen years after the first commercial sale of such licensed product in such country.

The Pfizer Agreement expires on a country-by-country and licensed product-by-licensed product basis upon the expiration of the last royalty term for any licensed product in such country. Pfizer may terminate the agreement (a) on a licensed product-by-licensed product and country-by-country basis or in its entirety for convenience or any uncured material breach by Valneva, (b) in whole or relevant part for certain violations of global trade control laws prior to the first regulatory approval of a licensed product, or (c) for Valneva's breach of certain representations and warranties or other failure to comply with specified laws. Valneva may terminate the agreement on a licensed product-by-licensed product and country-by-country basis for any uncured material breaches by Pfizer of any of its diligence obligations, or in its entirety for any uncured material breach of the agreement by Pfizer.

(c) UK Supply Agreement

In September 2020, Valneva SE and Valneva Austria GmbH entered into a supply agreement (***the UK Supply Agreement***) with the Secretary of State for Business, Energy and Industrial Strategy of the United Kingdom (***the UK Authority***) pursuant to which Valneva will manufacture and supply its SARS-CoV-2 vaccine to the UK Authority, including an obligation for Valneva to upgrade its manufacturing facilities in Scotland.

Valneva is obligated to use commercially reasonable efforts to develop the vaccine candidate to secure marketing authorization (and to prosecute the application for minimum viable marketing authorization) in the UK, to conduct assigned activities in accordance with the facility and manufacturing plans and to perform other activities, including working with third parties to maintain sufficient manufacturing capacity. Pursuant to the terms of the UK Supply Agreement, the UK Authority placed an initial order for 60 million doses to be delivered in 2021 (delivery now extended to Q1 2022) and was granted an option for a further 40 million doses to be delivered in 2022 and a further 90 million doses, in aggregate, from 2023 to 2025. The UK Authority was granted priority supply over any other third party orders for the first 60 million doses, and equal priority supply for the options, In February 2021, Valneva announced

that the UK Authority exercised its option to order 40 million doses for delivery in 2022. As of December 31, 2020, Valneva has received advance payments to fund certain manufacturing-related expenses and for the first installment from product order in connection with the UK Supply Agreement. The UK Authority is obligated to pay Valneva advance payments to fund certain manufacturing-related expenses over the life of the project, subject to Valneva's continued supply of product in accordance with the terms of the UK Supply Agreement. With respect to sales to non-UK customers of product manufactured using any facilities used under the UK Supply Agreement, Valneva is obligated to pay the UK Authority a low single-digit royalty on such net sales, subject to a maximum royalty payment.

The UK Supply Agreement shall continue in place until quantities of conforming product equal to the volumes ordered have been delivered to the UK Authority. The UK Authority may terminate the agreement for loss of supply, for lack of safety or efficacy of the vaccine, for convenience, for Valneva's insolvency, if Valneva ceases or threatens to cease to carry on business, if Valneva undergoes a change of control (and this change may adversely affect the performance of the agreement or the UK Government's reputation), if Valneva assigns the agreement in violation of its terms, if Valneva materially breaches its obligation to notify the UK Authority of any occasion of tax non-compliance (or fail to provide details on mitigating factors in connection therewith), if there are material consequences resulting from Valneva's material failure to comply with material environmental, social, or labor law, for violation of specified terms of the agreement, if the product presents material safety issues or significantly lacks efficacy, if the product is discontinued or withdrawn from the market in any country for safety, quality, or regulatory reasons, is not renewed or is otherwise rejected, withdrawn or suspended by the applicable licensing authority, or in the event of an uncured loss of supply or material price increase of the product. Either party may terminate the agreement in the event of a prolonged force majeure event or for an uncured breach of the material obligations of the agreement by the other party.

(d) Dynavax Supply Agreement

In September 2020, Valneva Scotland Limited and Valneva Austria GmbH entered into a supply agreement (***the Dynavax Agreement***) with Dynavax Technologies Corporation (Dynavax) pursuant to which Dynavax is obligated to manufacture and supply Valneva with all of its requirements for certain component materials of Valneva's proprietary SARS-CoV-2 vaccine (the Antigen) for use in the manufacture, commercialization, and supply of a product containing or comprising the Antigen and Dynavax's proprietary adjuvant, which together with the Antigen is referred to as the Product, to prevent, treat, or ameliorate COVID-19 in humans, including for such use in connection with the UK Supply Agreement. Valneva shall jointly own with Dynavax all patents that relate to the combination of the Antigen and Dynavax's adjuvant. Valneva obtained an exclusive (even as to Dynavax), worldwide, fully-paid-up, sublicensable (including through multiple tiers), transferable, royalty free license under these joint patents to make, use, develop, sell, and otherwise commercialize the Product or biosimilar versions thereof. The Dynavax Agreement has an initial purchase order commitment amount of up to $136.8 million.

The Dynavax Agreement has an initial term through December 31, 2025 and renews automatically thereafter until either party notifies the other upon 12 months' notice of its intention to not renew the agreement. Either party may terminate the agreement upon an uncured material breach of the agreement by or insolvency of the other party.

(e) CEPI Funding Agreement

In July 2019, Valneva SE entered into a funding agreement (***the CEPI Agreement***) with CEPI. In connection with the CEPI Agreement, Valneva was awarded up to $23.4 million in funding (paid in a series of six-month tranches) to further develop a chikungunya vaccine, or the product, and Valneva is obligated to provide equitable access to project results on the terms and conditions of the CEPI Agreement. Under the CEPI Agreement, equitable access means the regular supply of chikungunya vaccines in all Non-Traveler's Market Countries (as defined in the CEPI Agreement, covering mostly low and middle income countries) that have a demand for the vaccines at an affordable price (as defined in the CEPI Agreement) and, in the context of an outbreak or increased outbreak preparation need, means that vaccines are first available to populations in the affected territory when and where they are needed. In addition, Valneva granted CEPI a limited non-exclusive, fully paid-up, sublicensable license, referred to as the Public Health License, under the project results and other intellectual property necessary to enable CEPI or a third party designated by CEPI to develop, manufacture, market and/or supply the product worldwide solely to end users in an affected territory in preparation for or response to an outbreak. Such Public Health License shall only be effective upon specified license triggers.

Valneva is obligated to pay CEPI up to $7 million in commercial and related milestones and to supply CEPI with specified quantities of the chikungunya drug product or investigational product in case of an outbreak or increased outbreak preparation need. This includes maintaining at Valneva's cost a one-year rolling safety stock comprised of not less than 200,000 doses of chikungunya vaccines (the Safety Stock). In case the Safety Stock is used to address an outbreak or increased outbreak preparation need, and CEPI wishes to replenish such Safety Stock, CEPI shall pay Valneva the related production costs.

Either party may terminate the CEPI Agreement upon an uncured material breach of the agreement or insolvency of the other party. CEPI may also terminate the agreement if Valneva is unable to discharge its obligations, for safety, regulatory or ethical issues, if Valneva does not satisfy specified criteria for funding, if there are material changes to the development plan without CEPI's prior written consent, or during the term any affiliate to whom Valneva has assigned or transferred the agreement ceases to be its affiliate. Valneva may also terminate the agreement (in whole or with respect to certain markets) for convenience at any time after 10 years following the grant of U.S. marketing approval for the product, at any time after three years following the grant of U.S. marketing approval for the product if Valneva is unable to sell the product at a viable price, or if CEPI transfers or assigns the agreement other than to specified entities. Following the last to occur of (a) the granting of U.S. marketing approval for the product and (b) such approval in the first low income country, in the event Valneva undergoes a change of control or sells the entire chikungunya business, Valneva may also terminate the agreement. In each of these terminations by Valneva, Valneva has obligations to collaborate with CEPI for two years to find a third party supplier to whom its obligations under the CEPI Agreement will be assigned and to transfer the drug substance and drug product technology and related intellectual property (with the exception of trademarks) to such third party supplier. In lieu of such transfer, after two years following termination, the CEPI Agreement will be suspended, except for certain continuing obligations, until Valneva and CEPI agree to continue the programme appropriate to the circumstances.

In connection with its obligations under the CEPI Agreement, and following the execution of a binding termsheet in April 2020, in January 2021 Valneva Austria GmbH entered into definitive agreements with Instituto Butantan, a Brazilian public institute, and Fundacao Butantan, a Brazilian non-profitable private foundation of the Instituto Butantan, which are referred to jointly as Butantan, engaged in the research, development, manufacture and commercialization of vaccines in Brazil, pursuant to which Valneva and Butantan intend to collaborate to transfer Valneva's drug product technology to Butantan, to enable Butantan to develop, manufacture and commercialize Valneva's chikungunya vaccine in low and middle income countries and obtain WHO prequalification. In turn, Butantan will provide certain clinical and Phase 4 observational studies that Valneva will use to meet regulatory requirements with the FDA. Butantan will also have to comply with certain CEPI requirements, among others, equitable access to the product and outbreak related obligations, including maintaining a Safety Stock.

(f) GSK Distribution Agreement

In December 2015, Valneva Austria GmbH entered into a distribution agreement (***the GSK Distribution Agreement***) with GlaxoSmithKline GmbH (as a successor in interest to Novartis Vaccines and Diagnostics, Inc.) (GSK) pursuant to which Valneva granted GSK an exclusive right to import, market, promote, distribute and sell IXIARO® in Germany, including sub-distribution rights in accordance with the terms of the GSK Distribution Agreement. Valneva has a co-exclusive right to deliver, distribute, market, sell, promote, and import IXIARO® in Germany solely with respect to certain non-profit organizations. Pursuant to the GSK Distribution Agreement, GSK is required to use reasonable commercial efforts to promote, sell and distribute IXIARO® in Germany and is required to purchase an agreed upon minimum quantity of IXIARO® doses during each year of the agreement. Valneva is obligated to supply (or designate a third-party entity to supply) GSK with all of its IXIARO® supply requirements, subject to Valneva's reserved right to modify or discontinue manufacture and sale of IXIARO® at its discretion. The GSK Distribution Agreement further provides that GSK must not manufacture, market, file applications for regulatory approval, distribute, sell or promote, in Germany a directly competing product that is a generic substitute for IXIARO®.

The GSK Distribution Agreement shall continue until December 31, 2021. Either party may terminate the agreement upon (a) an uncured material breach of the agreement by, insolvency of, or change of control of the other party, or (b) withdrawal of marketing authorization for IXIARO® in Germany. GSK may terminate this agreement if Valneva fails to supply IXIARO® under a firm purchase order for a specified period of time. In addition, Valneva may terminate the agreement if GSK ceases to carry on business marketing pharmaceutical products in Germany, fails to comply with anti-corruption laws, does not achieve specified minimum purchase quantities, or breaches diligence obligations under that certain distribution agreement between the parties for the distribution of DUKORAL® and Valneva terminates such DUKORAL® agreement for this same reason.

(g) Bavarian Nordic Distribution Agreements

In November 2020, Valneva Austria GmbH (Valneva Austria) entered into a distribution agreement (***the IXIARO® Distribution Agreement***) with Bavarian Nordic A/S (BN) pursuant to which Valneva Austria granted BN an exclusive right to import, market, promote, distribute and sell IXIARO® in Germany. In parallel Valneva Sweden AB (Valneva Sweden) entered into a distribution agreement (***the DUKORAL® Distribution Agreement***) with Bavarian Nordic A/S pursuant to which Valneva Sweden granted BN an exclusive right to import, market, promote, distribute and sell DUKORAL® in Germany. The IXIARO® Distribution Agreement and the DUKORAL® Distribution Agreement together are referred to as ***the BN Distribution Agreements***.

The BN Distribution Agreements include sub-distribution rights. Each of Valneva Austria and Valneva Sweden has a co-exclusive right to deliver, distribute, market, sell, promote, and import IXIARO® and DUKORAL®, as applicable, in Germany solely with respect to certain non-profit organizations.

Pursuant to the BN Distribution Agreements, BN is required to use reasonable commercial efforts to promote, sell and distribute IXIARO® and DUKORAL® in Germany and is required to purchase an agreed upon minimum quantity of IXIARO® and DUKORAL® doses during each year of the BN Distribution Agreements.

The BN Distribution Agreements shall commence on January 1, 2022 and continue until December 31, 2024 (Initial Term). Unless terminated earlier the Initial Term will automatically extend by two years to terminate on December 31, 2026.

(h) VaccGen Sublicense Agreement

In April 2003, Valneva (through its predecessor company Intercell Biomedical Ltd.) entered into a sublicense agreement (***the VaccGen Agreement***) with VaccGen International, LLC (VaccGen.) The VaccGen Agreement was subsequently amended in October 2003, June 2004, March 2005, October 2005, April 2006, November 2006, December 2006, August 2007, and February 2010. Pursuant to this agreement, Valneva obtained (a) an exclusive, worldwide (except the Caribbean), sublicensable sublicense under a prophylactic vaccine for Japanese encephalitis, the Vaccine, related patents and other intellectual property related to improvements made during the term of the agreement to develop, gain regulatory approval for, manufacture, have manufactured, distribute, use, offer for sale, import, sell, market, and otherwise commercially exploit the Vaccine and (b) an exclusive, worldwide (except for the Caribbean), royalty-free, transferable, sublicensable right and license under VaccGen's interest in certain Vaccine information to use, reproduce, distribute, display, prepare derivative works of and otherwise modify, make, sell, offer to sell, import and otherwise use and exploit such information in connection with the foregoing license.

Valneva is obligated to use commercially reasonable efforts to develop, manufacture, gain regulatory approval for and launch the Vaccine and to maximize net sales of the Vaccine worldwide (except the Caribbean). In connection with the VaccGen Agreement, Valneva paid VaccGen an initial license fee of $350,000, a second license fee of $450,000, and $50,000 upon execution of the August 2007 amendment, pursuant to which the licensed territory was expanded to include the Republic of Korea. Additionally, Valneva paid VaccGen $3.45 million in development and regulatory milestones and is obligated to pay VaccGen mid to high single-digit royalties on net sales of the Vaccine based on the entity making such sale, subject to specified reductions, and, in each case, subject to a minimum royalty payment ranging from mid six figures to low seven figures. Royalties on net sales of the Vaccine in specified countries are payable from January 1, 2010 until fourteen years thereafter or fourteen years from the date of regulatory approval in a specified country, based on the country of sale, marketing, or distribution. Royalties on other net sales of the Vaccine where the sale does not infringe, but for the sublicense granted to Valneva under the VaccGen Agreement, a valid claim of the vaccine patents licensed to VaccGen issued in a country are payable to VaccGen until seven years from the first commercial sale of such Vaccine in such country. Royalties on other net sales of the Vaccine where the sale infringes a valid claim of the vaccine patents licensed to VaccGen issued in a country are payable to VaccGen beginning upon commercialization of such Vaccine and continue until the expiration or final determination of invalidity of the last such valid claim that would be infringed by such sale in such country. A further reduced royalty for a period of seven years from such expiration or final determination of invalidity of the last such valid claim that would be infringed by such sale in such country is due. Valneva is also obligated to pay VaccGen a low double-digit percentage within a range of ten percentage points of any sublicensing income Valneva receives.

The VaccGen Agreement expires upon the earlier of the expiration of the last royalty or payment obligation or when Valneva no longer develops, markets, or sells the Vaccine for at least twelve consecutive months. Either party may terminate the agreement upon an uncured material default of or material breach of any material condition or covenant of the agreement. VaccGen may terminate the agreement for Valneva's insolvency, if Valneva does not fund the development plan in accordance with the terms of the agreement or if Valneva acquires a competing vaccine.

(i) Vetter Supply Agreement

In March 2008, Valneva (through its predecessor company Intercell Biomedical Ltd. and Intercell AG) entered into a commercial supply agreement (***the Vetter Agreement***) with Vetter Pharma-Fertigung GmbH and Co. KG (Vetter) pursuant to which Vetter is obligated to produce and supply to Valneva vaccine-filled syringes for use in connection with Japanese encephalitis throughout the world, excluding Japan. The Vetter Agreement renews automatically until either party notifies the other of its intention to not renew the agreement. Either party may terminate the agreement upon an uncured material default of the agreement by, including insolvency of, the other party.

(j) 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®.

(k) 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(1).

(1) See the Press Release published by the Company on March 17, 2015: https://www.valneva.com/media/press-realeases/?y=2015

Among the various EB66® commercial licenses, the partnership with KM 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.

(l) 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 December 2020, Altimmune Ltd. reported that it had begun Phase 2 clinical trials 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®.

(m) Financial agreements

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%[(1)]) 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. Valneva has not drawn this additional $25 million. The loan 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.

As amended, the loan includes a quarterly minimum consolidated net revenue covenant (excluding grants) of representing an annual total of €64 million in 2021, €103.75 million in 2022 and €115 million thereafter. The loan also includes a minimum liquidity covenant in the amount of €50 million in 2021 and 2022 and €35 million thereafter.

(n) Additional distribution agreements

The Group has entered into an agreement with Seqirus UK Limited, dated July 18, 2016, for the distribution of Seqirus' flu vaccines (FLUAD®, and FLUCELVAX TETRA™) on the Austrian market and into an agreement with Kamada, dated February 12, 2018, for the distribution of Kamada's rabies vaccine KamRAB™ in Canada.

In addition to the GSK and BN agreements described above, the Group has entered into distribution agreements for IXIARO® and/or DUKORAL® with approximately 15 distributors, including (a) 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.

(o) 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 manufacturing agreement.

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 vector technologies. In return, Valneva Sweden AB receives fixed and success-based service fees. The agreement may be extended beyond three years.

(p) 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) Due to the quarterly interest calculation method, the aggregate annual interest paid is an amount equivalent to 10.09%.

1.4.3. Analysis of full-year results

Financial information presented in this Section concerns the fiscal year 2020. The 2020 consolidated financial information presented below include information relating to three fiscal years 2018, 2019 and 2020.

Please read the present analysis of the financial position and results of Valneva for the fiscal years 2018, 2019 and 2020 along with the Group's consolidated financial statements and the related Notes[1].

(a) Comparison of consolidated revenues and grants for the full years 2018, 2019 and 2020

Revenues[2]

The following table presents the major components of Valneva's revenues for the years ended December 31, 2018, 2019 and 2020:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
Product sales	65,938	129,511	103,476	(63,573)	(49.1)
Revenues from collaborations and licensing	44,383	(3,315)	9,559	47,698	(>100)
TOTAL REVENUES	**110,321**	**126,196**	**113,035**	**(15,874)**	**(12.6)**

Between 2019 and 2020: Valneva's aggregate revenues decreased by €15.9 million, or 12.6% from €126.2 million in the year ended December 31, 2019 to €110.3 million in the year ended December 31, 2020. The decrease was primarily due to a significant decrease in sales due to the impact of COVID-19 on the travel industry, offset in part by an increase in revenues from collaboration, licensing and services related to entering into our collaboration with Pfizer. The total revenues for the year ended December 31, 2019 include a negative revenue of €(10.7) million related to the June 2019 mutual agreement to end the Strategic Alliance agreement, originally agreed between Novartis and Intercell (predecessor companies of GSK and Valneva, respectively), which included recognition of negative revenues related to both current and future payment obligations. Valneva paid €9 million to GSK immediately and will pay up to a further €7 million upon the achievement of milestones related to marketing approvals of our Lyme vaccine candidate.

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.

Total revenues by business segment

The following table presents the revenues by business segment for the years ended December 31, 2018, 2019 and 2020[3]:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	Absolute	In %
Commercialized vaccines	65,939	129,674	103,650	(63,735)	(49.2)
Vaccine candidates	31,604	(10,516)	2,633	42,119	(>100)
Technologies and services	12,779	7,038	6,752	5,741	81.6
TOTAL REVENUES	**110,321**	**126,196**	**113,035**	**(15,874)**	**(12.6)**

(1) See Section 4.1 of this URD.
(2) Source: Audited annual consolidated financial statements of Valneva SE for the years ended December 31, 2018, 2019 and 2020.
(3) Source: Valneva internal information.

Product sales

Between 2019 and 2020: Product sales decreased by €63.6 million, or 49.1%, from €129.5 million in the year ended December 31, 2019 to €65.9 million in the year ended December 31, 2020. In the year ended December 31, 2020, IXIARO® product sales were €48.5 million, a decrease of €45.7 million, or 48.5%, compared to €94.1 million in the year ended December 31, 2019. For DUKORAL®, in the year ended December 31, 2020, product sales decreased to €13.3 million, a decrease of €18.2 million, or 57.7%, compared to €31.5 million generated in the year ended December 31, 2019. Sales of IXIARO® and DUKORAL® decreased primarily as a result of the COVID-19 pandemic, as travel restrictions significantly reduced demand for travel vaccines in our main markets. The decreased demand for travel vaccines was partially mitigated by continued sales of IXIARO® to the U.S. military. In the year ended December 31, 2020, third-party product sales increased to €4.2 million, an increase of €0.3 million, or 6.7%, compared to €3.9 million in the year ended December 31, 2019. This increase was primarily a result increased sales of influenza vaccines in the year ended December 31, 2020.

Between 2018 and 2019: IXARO®/JESPECT® product sales contributed €94.3 million to revenues in 2019 compared to €69.6 million in 2018, 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.

2018 – 2019 – 2020: as a percentage of total revenues, product sales represented 59.8% in the year ended December 31, 2020, 102.6% in the year ended December 31, 2019, compared to 91.5% in the year ended December 31, 2018.

The following table presents the Group's regional breakdown for product sales for the years ended December 31, 2018, 2019 and 2020[(1)].

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
France	712	1,430	1,759	(718)	(50.2)
Europe excluding France	16,462	36,165	33,585	(19,703)	(54.5)
North America(*)	45,379	88,097	63,209	(42,717)	(48.5)
Other markets(**)	3,384	3,819	4,924	(434)	(11.4)
TOTAL PRODUCT SALES	**65,938**	**129,511**	**103,476**	**(63,573)**	**(49.1)**

(*) "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 2019 and 2020:

In the year ended December 31, 2020, total revenue from collaborations, licensing and services were €44.4 million, an increase of €47.7 million compared to the prior year period in which Valneva recognized negative revenue of €(3.3) million. In the year ended December 31, 2020, the revenue from collaborations, licensing and services included €31.6 million related to the Lyme collaboration with Pfizer, which was entered into in April 2020. Technologies and services revenues increased from €7 million in the year ended December 31, 2019 to €12.8 million in the year ended December 31, 2020, primarily resulting from increases in service revenues from its Solna facility and contract manufacturing performed for third parties. In the year ended December 31, 2019, the negative revenue from collaborations, licensing and services was primarily driven by the recognition of negative revenue of €(10.7) million related to the June 2019 mutual agreement to terminate our Strategic Alliance Agreement (SAA) with GlaxoSmithKline Biologicals SA (GSK) which included recognition of negative revenue related to both current and future payment obligations. Valneva paid €9 million to GSK immediately and will pay up to a further €7 million upon the achievement of milestones related to marketing approvals of the Lyme vaccine candidate.

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.

2018 – 2019 - 2020: as a percentage of total revenues, revenues from collaborations and licensing were 40.2% in the year ended December 31, 2020, (2.6%) in the year ended December 31, 2019 and 8,5% in the year ended December 31, 2018.

(1) Source: Valneva internal information.

The following table presents the business segment breakdown of revenue from collaborations, licensing and services for the years ended December 31, 2018, 2019 and 2020[1]:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
Commercialized vaccines	1	163	174	(163)	(99.7)
Vaccine candidates	31,604	(10,516)	2,633	42,119	(>100)
Technologies and services	12,779	7,038	6,752	5,741	81.6
TOTAL REVENUES FROM COLLABORATIONS, LICENSING AND SERVICES	**44,383**	**(3,315)**	**9,559**	**47,698**	**(>100)**

The following table presents the geographic breakdown of revenue from collaborations, licensing and services for the years ended December 31, 2018, 2019 and 2020:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
France	984	435	477	549	>100
Europe excluding France	10,524	(5,097)	6,733	15,621	(>100)
North America(*)	31,945	292	1,625	31,653	>100
Other markets(**)	930	1,054	723	(124)	(11.8)
TOTAL REVENUES FROM COLLABORATIONS, LICENSING AND SERVICES	**44,383**	**(3,315)**	**9,559**	**47,698**	**(>100)**

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

(1) Source: Valneva internal information.

(b) Comparison of consolidated income statement for the full year of 2018, 2019 and 2020[1]

	Year ended December 31,					
	2020		2019		2018	
	In € thousand	% of revenues	In € thousand	% of revenues	In € thousand	% of revenues
Product sales	65,938	59.8	129,511	102.6	103,476	91.5
Revenues from collaborations, licensing and services	44,383	40.2	(3,315)	(2.6)	9,559	8.5
Revenues	**110,321**	**100.0**	**126,196**	**100.0**	**113,035**	**100.0**
Cost of goods and services	(54,302)	(49.2)	(52,782)	(41.8)	(47,261)	(41.8)
Research and development expenses	(84,454)	(76.6)	(38,020)	(30.1)	(25,655)	(22.7)
Marketing and distribution expenses	(18,264)	(16.6)	(24,145)	(19.1)	(20,930)	(18.5)
General and administrative expenses	(27,539)	(25.0)	(18,398)	(14.6)	(16,932)	(15.0)
Other income and expenses, net	19,117	17.3	6,338	5	4,004	3.5
Operating profit/(loss)	**(55,120)**	**(50.0)**	**(811)**	**(0.6)**	**6,261**	**5.5**
Financial income	689	0.6	1,449	1.1	178	0.2
Financial expense	(10,738)	(9.7)	(3,082)	(2.4)	(4,209)	(3.8)
Result from investments in associates	(133)	(0.1)	1,574	1.2	1,122	1.0
PROFIT/(LOSS) BEFORE INCOME TAX	**(65,302)**	**(59.2)**	**(870)**	**(0.7)**	**3,351**	**3.0**
Income tax income/(expense)	909	0.8	(874)	(0.7)	(88)	(0.1)
PROFIT/(LOSS) FOR THE PERIOD	**(64,393)**	**(58.4)**	**(1,744)**	**(1.4)**	**3,264**	**2.9**

(1) In 2020, the line "amortization and impairment of intangibles" in the consolidated income statement was reclassified to the line "Cost of goods and services" and "Research and devlopment expenses" to improve the disclosure per function. The comparable periods were adjusted accordingly to maintain the comparability.

Cost of goods and services (COGS)

2020: COGS amounted to € 54.3 million in 2020. Gross margin on product sales was 36.6% compared to 63.1% in 2019, with the decline mainly related to provisions taken for excess stock driven by reduced demand (due to the COVID-19 pandemic) and idle capacity costs in both of Valneva's manufacturing sites. €24.8 million are related to IXIARO® yielding a product gross margin of 48.9%. €14.3 million of COGS are related to DUKORAL® sales, yielding a negative product gross margin of 7.3%. Of the remaining 2020 COGS, €2.8 million related to the third party product distribution business and € 12.5 million related to cost of services.

2019: COGS amounted to €52.8 million in 2019 of which €31.1 million related to IXIARO® yielding a product gross margin of 67.2%. €14 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 €47.3 million in 2018 of which €26.3 million related to IXIARO® sales, yielding a product gross margin of 62.4%. €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 product distribution business and €4.8 million related to cost of services.

2018 – 2019 - 2020: as a percentage of total revenues, the Group's COGS were 49.2% in the year ended December 2020, 41.8% in the year ended December 31, 2019, and 41.8% in the year ended December 31, 2018.

Research and development expenses

Between 2019 and 2020: the Group's research and development expenses for the year 2020 €84.5 million, representing a significant increase by 122.1% from €38 million in 2019. This was driven by investments into Valneva's clinical stage vaccine candidates, notably Lyme and chikungunya, and was also impacted by spending related to the Group's SARS-CoV-2 vaccine candidate.

Between 2018 and 2019: the Group's research and development expenses for the year 2019 reached €38 million, representing a significant increase by €12.6 million or 48.2% from €25.7 million in 2018. This was driven by planned increased investments into Valneva's clinical stage vaccine candidates.

2018 – 2019 - 2020: as a percentage of total revenues, the Group's research and development expenses were 76.6% in the year ended December 2020, 30.1% in the year ended December 31, 2019, and 22.7% in the year ended December 31, 2018.

The following table presents the major components of the research and development expenses for the years ended December 31, 2018, 2019 and 2020[(1)(*)]:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
Employee benefit expense	(19,912)	(13,686)	(11,741)	(6,226)	45.5
Raw materials and consumables used	(6,788)	(2,250)	(1,659)	(4,539)	>100
Consulting and other purchased services	(50,644)	(18,741)	(10,334)	(31,903)	>100
License fees	(161)	(136)	(452)	(26)	18.9
Building and energy expenses	(6,406)	(4,935)	(4,056)	(1,471)	29.8
Depreciation, amortization and Impairment	(2,593)	(1,205)	(1,371)	(1,388)	>100
Other expenses	(3,616)	(3,493)	(2,774)	(123)	3.5
Less: amounts capitalized as inventory	5,667	6,425	6,732	(758)	(11.8)
RESEARCH AND DEVELOPMENT EXPENSES	**(84,454)**	**(38,020)**	**(25,655)**	**(46,433)**	**>100**

(*) In 2020, the line "amortization and impairment of intangibles" in the consolidated income statement was reclassified to the line "cost of goods and services" and "research and devlopment expenses" to improve the disclosure per function. The comparable periods were adjusted accordingly to maintain the comparability.

Marketing and distribution expenses

Between 2019 and 2020: marketing and distribution expenses in 2020 amounted to €18.3 million compared to €24.1 million in 2019. The decrease was the result of lower marketing and distribution spend across all Valneva's direct markets due to reduced sales activity further to the COVID-19 pandemic.

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.

2018 – 2019 - 2020: as a percentage of total revenues, the Group's marketing and distribution expenses were 16.6% in the year ended December 2020, 19.1% in the year ended December 31, 2019, and 18.5% in the year ended December 31, 2018.

(1) Source: Valneva internal information.

The following table presents a breakdown of the major marketing and distribution expenses for the years ended December 31, 2018, 2019 and 2020[1]:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
Employee benefit expense	(8,801)	(7,202)	(7,016)	(1,599)	22.2
Consulting and other purchased services	(1,773)	(2,227)	(2,156)	454	(20.4)
Marketing and advertising expense	(2,496)	(6,776)	(5,719)	4,280	(63.2)
Warehousing and distribution expense	(1,898)	(3,013)	(2,857)	1,115	(37.0)
Depreciation, amortization and Impairment	(175)	(98)	(18)	(78)	79.5
License fees	(490)	(947)	(657)	458	(48.3)
Other expenses	(2,631)	(3,882)	(2,507)	1,250	(32.2)
TOTAL MARKETING AND DISTRIBUTION EXPENSES	**(18,264)**	**(24,145)**	**(20,930)**	**5,881**	**(24.4)**

General and administrative expenses

Between 2019 and 2020: general and administrative expenses in 2020 amounted to €27.5 million compared to €18.4 million in 2019. This increase was mainly driven by increased costs to support corporate transactions and projects as well as costs related to Valneva's employee share based compensation program.

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.

2018 – 2019 - 2020: as a percentage of total revenues, the general and administrative expenses were 25% in the year ended December 31, 2020, 14.6% in the year ended December 31, 2019, and 15% in the year ended December 31, 2018.

The following table presents the major components of general and administrative expenses for the years ended December 31, 2018, 2019 and 2020[2]:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
Employee benefit expense	(16,171)	(10,950)	(9,716)	(5,221)	47.7
Consulting and other purchased services	(9,529)	(5,033)	(4,864)	(4,496)	89.3
Depreciation, amortization and Impairment	(107)	(314)	(136)	208	(66.1)
Other expenses	(1,732)	(2,101)	(2,216)	369	(17.5)
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	**(27,539)**	**(18,398)**	**(16,932)**	**(9,140)**	**49.7**

Other operating income and expenses, net

Between 2019 and 2020: the Group's other income and expenses, net, increased by €12.8 million, from €6.3 million net other income in 2019 to net other income of €19.1 million in 2020. This increase was mainly driven by increased R&D tax credit directly resulting from increased R&D spending along with income from the CEPI funding for Valneva's chikungunya R&D program.

Between 2018 and 2019: the Group's other income and expenses, net, increased by €2.3 million, from €4 million net other income in 2018 to net other income of €6.3 million in 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.

(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, 2018, 2019 and 2020[1]:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
Taxes, duties, fees, charges, other than income tax	(168)	(146)	(132)	(23)	15.5
Gains/losses on sale of fixed assets and assets for held for sale, and revaluation of lease agreements, net	1,574	(92)	(7)	1,666	(>100)
R&D tax credits and grants	17,617	8,200	4,274	9,417	114.8
Other income/(expenses)	95	(1,623)	(132)	1,718	(>100)
OTHER INCOME AND EXPENSES, NET	**19,117**	**6,338**	**4,004**	**12,779**	**>100**

Finance income/(expense), net

Between 2019 and 2020: net finance expenses increased by €8.4 million, from €1.6 million in 2019 to €10 million in 2020. The increase of expenses was mainly the result of increased interest charges related to the financing arrangement with US healthcare funds Deerfield and OrbiMed entered into in 2020 as well as interest charges of €3.3 million related to the re-payment obligation to Pfizer for Valneva's contribution to the Lyme VLA15 Phase 3 costs.

Between 2018 and 2019: net finance expenses decreased by €2.4 million, from €4 million in 2018 to €1.6 million in 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

The following table presents the major components of financial income/(expenses), net, for the years ended December 31, 2018, 2019 and 2020[2]:

	Year ended December 31,			Change 2020	
In € thousand	2020	2019	2018	In euros	In %
Financial income					
Interest income from bank deposits and other	119	199	178	(80)	(40.1)
Change in fair value of financial assets and liabilities	397	-	85	397	-
Net foreign exchange gain	173	1,250	-	(1,077)	(86.2)
	689	**1,449**	**178**	**(760)**	**(52.4)**
Finance expense					
Interest expense to banks and government agencies	(4,549)	(331)	(382)	(4,218)	>100
Interest expense to other	(5,283)	(1,376)	(3,407)	(3,907)	>100
Interest expense on RoU assets according to IFRS16	(907)	(926)	-	20	(2.1)
Change in fair value of financial assets and liabilities	-	(449)	(29)	449	(100.0)
Net foreign exchange loss	-	-	(392)	-	-
	(10,738)	**(3,082)**	**(4,209)**	**(7,656)**	**>100**
TOTAL FINANCE INCOME/(EXPENSE), NET	**(10,049)**	**(1,633)**	**(4,032)**	**(8,416)**	**>100**

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

Result from investments in associates

Between 2019 and 2020: results from investments in associates amounted to minus €0.1 million in 2020 compared to €1.6 million in 2019 and resulted from Vaneva's 48.9% shareholding in BliNK Biomedical SAS.

Between 2018 and 2019: results from investments in associates amounted to €1.6 million in 2019 compared to €1.1 million in 2018 and resulted from Valneva's 48.9% shareholding in BliNK Biomedical SAS.

Income tax income/(expense)

Between 2019 and 2020: income tax income amounted to €0.9 million in 2020, compared to €0.9 million income tax expense in 2019.

Between 2018 and 2019: income tax expense amounted to €0.9 million in 2019, compared to €0.1 million in 2018.

1.4.4. Group's business trends and outlook

(a) Trends

The factors that are most likely to have an impact on Valneva's prospects for the fiscal year 2021 are as follows:

- Valneva's COVID-19 vaccine candidate: following positive initial results from the Phase 1/2 clinical study reported in April 2021, the Phase 3 clinical study is expected to begin in April 2021 (subject to regulatory approval) and to report initial results in the third quarter of 2021[1];
- Signature of a supply agreement for Valneva's COVID-19 vaccine candidate with the European Commission (negotiations are still ongoing at the publication date of this URD)[2]; and
- Valneva's vaccine candidate against chikungunya: Phase 3 primary endpoint read-out expected around mid-2021[3].

(b) Significant post-closing events

Please refer to the Section "Recent events" of this URD[4].

(c) Financial outlook 2021

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.

Valneva is not providing guidance related to its VLA2001 revenues and program at this time. This guidance will be material to the Company and therefore needs to be based on robust information.

As far as the non – VLA2001 related business is concerned, the Company expects for 2021:

- Total revenues, excluding VLA2001, of €100 million to €115 million;
- R&D expenses, excluding VLA2001, of €65 million to €75 million.

Taking into account the ongoing COVID-19 situation, Valneva's sales could return to 2019 levels in 2023-2024 with the expected sales recovery of its two commercial products and the marketing and distribution partnership with Bavarian Nordic announced in June 2020. The successful development of a SARS-CoV-2 vaccine could accelerate that timeline.

(1) See the Press release published by the Company on April 6, 2021: https://valneva.com/media/press-releases/?y=2021 and Section 1.1.3 (d) of this URD.
(2) See the Press release published by the Company on January 12, 2021: https://valneva.com/media/press-releases/?y=2021 and Section 1.1.3 (a) of this URD.
(3) See the Press release published by the Company on February 25, 2021: https://valneva.com/media/press-releases/?y=2021 and Section 1.1.3 (f) of this URD.
(4) See Section 1.1.3.

1.4.5. Liquidity and capital resources

Liquid funds at December 31, 2020 amounted to €204.4 million (compared to €64.4 million at the end of December 2019) 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 €108.4 million, of which €53.4 million were loans, €52.1 million finance lease liabilities and €2.9 million other liabilities. €95.8 million of the Group's borrowings had a maturity of more than one year.

In December 2013, Valneva SE 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).

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.

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.

Finally, in February 2020, Valneva signed a debt financing agreement with US Healthcare Funds Deerfield and OrbiMed for an amount of up to $85 million. As of December 31, 2020, $60 million (€54.1 million) had been drawn down in two tranches.

*

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 2020[1].

(b) Cash flow

The following table sets forth the Group's condensed cash flow information for the years ended December 31, 2019 and 2020:

	Year ended at December 31,	
In € thousand	2020	2019
NET CASH USED IN OPERATING ACTIVITIES		
Net cash generated from operating activities	**137,738**	**5,529**
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash used in investing activities	**(19,340)**	**(10,685)**
NET CASH GENERATED FROM FINANCING ACTIVITIES		
Proceeds from the issuance of ordinary shares, net of costs of equity transactions	75	(2,484)
Disposal/(Purchase) of treasury shares	215	21
Proceeds from borrowings	50,266	11,781
Repayment of borrowings	(21,995)	(11,684)
Payment of lease liabilities	(2,111)	(2,709)
Interest paid	(4,711)	(2,621)
Net cash generated from/(used in) financing activities	**21,740**	**(7,696)**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**204,435**	**64,439**

(1) See Note 23 in Section 4.1.5 of this URD.

Net cash generated from operating activities in 2020 amounted to €137.7 million compared to €5.5 million in 2019. The increase was primarily due to the $130 million (€116.9 million) upfront payment received from Pfizer and related to the Lyme research collaboration and license agreement as well as funds received related to the COVID supply agreement concluded with the UK Government in September 2020.

Net cash used in investing activities amounted to €19.3 million in 2020 (compared to €10.7 million in 2019) mainly as a result of purchases of equipment.

Net cash generated from financing activities in 2020 amounted to €21.7 million (compared to net used in financing activities of €7.7 million in 2019) consisted mainly of €48.8 million net proceeds from the financing arrangement with US healthcare funds Deerfield and OrbiMed, offset by €20 million repayments of borrowings to the European Investment Bank (EIB).

For additional information on the Company's cash flow at December 31, 2020, please refer to the Group's consolidated financial statements for the fiscal year 2020[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 2020[2] show a loss of €14,564,022.50.

The Company proposes to appropriate this loss of €14,564,022.50 to the accumulated deficit that would be thus increased from € - 149,038,753.90 to € -163,602,776.40.

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 2020 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, in Section 4.1.5 of this URD.
(2) See Section 4.2 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 2020

	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	80					91	4					6
Total amount for such concerned invoices *(in euros, before tax)*	157,299.32	97,867.78	290.74	(780.00)	22,899.37	74,479.15	123,900	12,511.02	0	9,284.39	26,515.41	
Percentage of the total purchase amount (before tax) of the fiscal year	1.86%	1.16%	0%	0%	0.27%	0.88%						
Percentage of the revenues (before tax) of the fiscal year							3.16%	0.32%	0%	0.24%	0.12%	0.68%
(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
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
(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 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.					

1.4.9. Statutory disclosure of prior dividend distributions

In accordance with Article 243 *bis* of the French General Tax Code, the Company reminds that it has not paid any 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.

The most significant risks to which the Group is exposed are described below. However, this is a general and not an exhaustive 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 are classified into three categories: risks related to the Group's business, risks related to developed or marketed products, and litigation. 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) and are presented first in each category.

1.5.1. Specific risks relating to the Group's business

(a) Risks relating to the interruption of production and supply chain (M)

The Group's production sites, located in Livingston, Scotland, and Solna, Sweden, play and will play an important role in revenue growth and production cost control. The manufacture of biological materials is more delicate than that of chemical substances, particularly because the complexity of biological mechanisms leads to variability in industrial yields, and also because the biological material being manufactured is very vulnerable to contamination. The Group may experience delays, manufacturing failures or difficulties in its ability to manufacture its vaccines, meet regulatory requirements and/or satisfy market demand. The manufacture of biological materials is subject to Good Manufacturing Practices[1] and regular inspections by regulatory authorities. It is not possible to predict the changes that regulatory authorities may require during the life cycle of a new vaccine. Such changes could be costly and could affect the sales and revenue projections. Failure to comply with Good Manufacturing Practices, Good Distribution Practices or other regulatory requirements could result in potential actions or the suspension or revocation of manufacturing or distribution authorizations, and could hinder the supply of products by the Group. The risk of suspension or revocation of manufacturing or distribution authorizations 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 source for the production of the IXIARO® Japanese encephalitis vaccine and vaccine candidates against COVID-19 and chikungunya. The Group's manufacturing facility in Solna, Sweden, is the sole source of DUKORAL® vaccine production. If one of these sites were destroyed or seriously damaged by fire or other events, the Group would no longer be able to produce the vaccine concerned and could therefore suffer considerable losses. If the site of a subcontractor or a logistics distributor can no longer operate, whether because of an accident, natural disaster or regulatory failure, the Group could be unable to deliver any of its vaccines for several months, and could therefore suffer substantial losses. Numerous measures have been put in place to minimize these risks or their impact, including annual quality and safety audits, business continuity plans, on-site storage of critical spare parts, and the establishment of safety stocks for materials used in production.

(b) Risks associated with the impact of a pandemic

Impact on sales or on production (M):

As the Group's two commercial vaccines are intended for travelers, their sales were strongly affected by the COVID-19 pandemic. If the resumption of travel is later or less than the assumptions made by the Company, the Company's financial results could be adversely affected. In addition, the infection of a large number of employees with COVID-19 could suspend or delay essential operations, particularly industrial production.

Impact on clinical trials (M):

Ongoing clinical trials of chikungunya or Lyme disease vaccines could be delayed if clinical sites are contaminated or if providers have to suspend their activities.

Risks related to contractual minimum revenue and liquidity requirements:

Although the Group has renegotiated the minimum revenue clause contained in the financing agreement with Deerfield and OrbiMed, if the Group's cash position or consolidated revenues were to fall below the new thresholds[2] (quarterly threshold for sales in 2021 and 2022), Valneva would be in default, which could result in additional costs (up to 10 additional interest points over the duration of the default) and/or an early repayment obligation (payment of the principal of $60 million, increased by 8%, or $4.8 million, and of an indemnity representing the interests expected until March 2023, which for example would be approximately $6 million in case of repayment at the beginning of March 2022). Compliance with these covenants may limit the Group's flexibility in operating its business and its ability to take actions that might be advantageous to the Group and its shareholders. For example, if the Group fails to meet the minimum liquidity covenants and is unable to raise additional

(1) See Section 1.2.1 (c) of this URD.
(2) See Section 1.4.2 (m) of this URD.

funds or obtain a waiver or other amendment to the loan agreement, Valneva may be required to delay, limit, reduce or terminate certain of its clinical development efforts. The Group's business, financial condition and results of operations could be substantially harmed if this occurs.

(c) Risks of unavailability of purchased products and services

The development and success of the Group's commercial vaccines and its product candidates depend on the performance of third-party manufacturers and contractors. The quality and availability of products, equipment and services provided by these third parties are key factors in the Group's development and viability. In the biopharmaceutical industry, supplier changes require lengthy validation and regulatory approval processes.

The Group is only a customer of these suppliers. If one of them, for commercial, strategic or other reasons, no longer offers a given product or service or does not supply it in the quantity and quality requird by the Group, the manufacture or marketing of the Group's products, including product candidates, could be prevented, limited or delayed, which would have a material adverse effect on the Group's business, financial condition and results. For example, bovine fetal serum, a rare and critical product for the manufacture of the Japanese encephalitis vaccine, may not be available in sufficient quantities in the future. However, the Group has ordered and had manufactured a sufficient quantity of this serum to cover four years of production.

(d) Risks relating to safety defects in tested or marketed products

Product safety issues, including serious adverse events occurring during the clinical development or marketing of the Group's products, could be negatively perceived by investors, consumers or other market participants, and could harm the Group's reputation and contribute to a decrease in share value, or adversely affect the Group's business, sales, financial condition, results and future prospects. Valneva is a medium-sized company with a limited number of products, and is therefore more exposed than the majority of its competitors (which are large companies with many products) to the negative consequences of the possible realization of this risk.

(e) Risks related to the use of hazardous substances

As part of its research and development activities, the Group uses hazardous materials and biological materials, solvents and other potentially genotoxic chemicals, and its employees handle recombinant genetic material, genetically modified organisms and viruses. The Group is therefore required to comply with numerous legislative and regulatory provisions.

In the event of non-compliance with applicable regulations or failure to obtain or withdrawal of the necessary approvals (including, for example, those relating to the applicable biosafety level (BSL), depending on the dangerousness of the biological agents used), the Group could be subject to fines and/or the withdrawal or suspension of authorizations, and may have to suspend all or part of its R&D activities. Compliance with environmental, health and safety regulations imposes considerable costs, and the Group could be required to incur significant expenses to comply with future legislation and regulations.

Although the Group believes that the safety procedures it implements comply with applicable regulations, the risk of accidents or accidental contamination cannot be totally eliminated. In the event of an accident or contamination, the Group could be held liable, which would result in potentially significant costs for the Group in compensating victims and repairing damages, and could have a negative impact on its results and financial position.

(f) Risks relating to the departure or failure to recruit 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 "key person" insurance (a death insurance policy for Valneva Austria's benefit) 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.

(1) See Section 2.6.2.1 (c) of this URD.

(g) Risks of dependence on two products

To date, the Group has only two products on the market, namely IXIARO® 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.

(h) Financial risks

Currency risk:

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 [(1)]. In 2019 and 2020, the Group has entered into currency option and forward contracts to limit the risk of foreign exchange losses.

Liquidity risk:

Please refer to the Note 2.5 (c) of the Group's consolidated financial statements 2020, in Section 4.1.5 of this URD.

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

(a) Risks related to the Lyme disease vaccine

Risk of failure (M): 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.

Pfizer Partnership Risk[(2)] (M): The Company's strategic partnership with Pfizer to develop and commercialize Valneva's Lyme disease vaccine is of critical significance to the Company. If this partnership fails or is terminated for any reason, the Company may not be able to find another partner and will not have sufficient financial resources to pursue Phase 3 clinical development of this vaccine on its own.

(b) Risks related to the COVID-19 vaccine

Risk of development or manufacturing failure (M): Development of the COVID-19 vaccine candidate may fail for multiple reasons, including (but not limited to) technical or scientific failures, inability to enter into agreements with key suppliers, inability or unwillingness of key suppliers to provide equipment or products or materials on time, competition for patient recruitment for clinical trials, rejection by health authorities of applications for clinical trial or marketing authorization, technical difficulty in manufacturing the product on a large scale, difficulty in adapting development and manufacturing to meet customer demand (for example for booster doses or new formulations of the vaccine to protect against variants of the virus), etc. Additionally, Valneva plans to conduct a Phase 3 clinical trial for its COVID-19 vaccine candidate that involves comparing Valneva's vaccine against another authorized vaccine, and if that other vaccine were no longer available for use (for example due to supply disruption or concerns about its safety or efficacy), or if concerns about the safety or efficacy of the other vaccine deterred participant enrollment in the clinical trial, development of Valneva's COVID-19 vaccine candidate could be significant adversely impacted. Valneva could suffer financial losses as a result of the development and manufacturing expenses incurred. In addition, Valneva's share price and market capitalization have increased significantly since Valneva announced its COVID-19 program; consequently, this share price and market capitalization could be seriously affected if Valneva were to stop this development.

Commercial risk (M): The agreement entered into with the UK government could be terminated by the government, in particular (but not exclusively) if the Company is unable to supply the quantities ordered in a timely manner, due to difficulties in development (for example, delays in clinical trials), in the supply of materials, including adjuvants, or in production. The Group may fail to reach an agreement with the European Union or other customers. A commercial failure would have the same type of consequences as a development failure.

(1) See Note 2.5 (a) of the Group's consolidated financial statements 2020, in the Section 4.1.5 of this URD.

(2) See the Press Release published by the Company on April 30, 2020: https://valneva.com/media/press-releases/?y=2020

Intellectual Property Risk: Patent applications are confidential for a long period of time (typically 18 months) after filing. In addition, research and development work on COVID-19 is recent and has been concentrated over a relatively short period of time. As a result, many patent applications in the field of SARS-CoV-2 are still confidential, and Valneva cannot be certain that it was the first to apply for a patent on certain characteristics or properties of its COVID-19 vaccine candidate. If this vaccine were dependent on third-party patents, its supply to Valneva's customers could be delayed, and/or Valneva could be required to pay for a costly license that would affect the profitability of the product and the Group's financial performance.

Risk related to contractual rights to commercial use of the viral strain: See the paragraph "COVID-19 vaccine candidate" in section 1.3.3 (b) of this URD.

(c) 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 obtained a marketing authorization in Europe. The launch of this competing vaccine, if approved, will impact the sales volume of DUKORAL®.

(d) 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.

1.5.3. 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. Further, on February 8, 2021, the judicial committee in charge of these proceedings appointed an expert and requested that he give a opinion on the exchange ratio within three months.

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 in the second half 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 "Patents and patent applications, "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 1.3.3 (b) and 1.4.2 (p).

1.5.4. 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 2020 amounted to €2,317,662.73.

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, 2022)
Marine Cargo – Transport Insurance	HDI Versicherung AG	Renewed yearly unless terminated at three months' prior notice (earliest January 1, 2022)
Public and Product Liability Insurance max. coverage: €40,000,000 (per occurence, 1.5 times p.a.)(*)	XL Insurance Compa*ny SE* (part of AXA XL Insurance) et al.	Renewed yearly unless terminated at three months' prior notice (XL Insurance: earliest January 1, 2023)
D&O(**)	XL Insurance Company SE (part of AXA XL Insurance) et al.	Validity: from June 1, 2020 until May 31, 2021 (to be renewed thereafter)
Corporate Travel Insurance	Europaeische Reiseversicherungs AG	Terminated at one month's prior notice (earliest January 1, 2022)

(*) Valneva's SARS-Cov-2 vaccine is currently excluded from the scope of this policy.
(**) 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 the Groups' 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) and in particular the development of a vaccine against SARS-CoV-2 and a possible listing on the NASDAQ market, Valneva expects a very significant increase in the price of the premiums of its directors' and officers' liability insurance and product liability insurance, although it is unable to quantify such an increase at this stage.

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

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 2020[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. Juan Carlos Jaramillo, CMO;
- Mr. Frédéric Jacotot, General Counsel & Corporate Secretary;
- Mr. Perry Celentano, COO;
- Mr. Jason Golan, SVP Commercial Operations;
- Mr. Olivier Jankowitsch, VP Program Director COVID-19;
- Mr. Andreas Meinke, SVP Pre-clinical R&D;
- Mr. Michael Möhlen, VP Technical Development;
- Mr. Klaus Schwamborn, VP Scientific Alliance & Innovation;
- Ms. Frances Muir, Site Director & VP Valneva Scotland;
- Ms. Janet Hoogstraate, Chair of the Management Board of Valneva Sweden AB;
- Mr. Manfred Tiefenbacher, VP Finance;
- Mr. Gerald Strohmaier, VP Human Resources and
- Ms. Anna Ponten-Engelhardt, VP Quality

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.

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

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 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 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.

(1) See Section 1.5.

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.

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.

Material Weaknesses

In conjunction with preparing the consolidated financial statements as of and for the year ended December 31, 2020, three material weaknesses in Valneva's internal control over financial reporting were identified. The material weaknesses related to (i) a lack of formal, documented and implemented processes, controls and review procedures, (ii) insufficient controls on manual journal entries due to insufficient segregation of duties in the finance and accounting function and (iii) insufficient controls over the accuracy and completeness of information that is being processed and reported by third parties, used to recognize revenue and record inventory. These material weaknesses did not result in a material misstatement to the financial statements included herein, however these material weaknesses could result in material inaccuracies in the Group's financial statements and impair the Group's ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Valneva has begun to develop a remediation plan to address these material weaknesses and strengthen the controls in these areas. While Valneva is working to remediate the material weaknesses as quickly and efficiently as possible, at this time it is not possible to provide the expected timeline in connection with implementing a remediation plan. These remediation measures may be time-consuming and costly, and might place significant demands on the Group's financial and operational resources.

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: €13,764,564.30

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 6 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, 2020;
- the current authorizations for capital increases, and their use during the fiscal year 2020;
- 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 2020.

This Report was initially approved by the Supervisory Board on March 23, 2021, and amended on April 6, 2021.

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 (57 YEARS OLD)

First appointment to Valneva SE's Management Board by the Supervisory Board of May 10, 2013 (with effect as from May 28, 2013)

End of current term of office at the 2022 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 (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 2012 ▪ Director Since August 2008 **Valneva Scotland Ltd.** Director Since December 2006	-
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 (54 YEARS OLD)

First appointment to Vivalis SA's (now Valneva SE) Management Board by the Supervisory Board of November 29, 2002

End of current term of office at the 2022 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 (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* 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 (57 YEARS OLD)

First appointment to Valneva SE's Management Board by the Supervisory Board of March 21, 2017 (with effect as from April 1, 2017)

End of current term of office at the 2022 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 (in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
Valneva France SAS *Président du Comité de supervision* (Chair of the Supervisory Board) 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* Since September 2017	-

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

Mr. Juan Carlos Jaramillo

MEMBER OF VALNEVA SE'S MANAGEMENT BOARD — CHIEF MEDICAL OFFICER (50 YEARS OLD)

Appointment to Valneva SE's Management Board by the Supervisory Board of September 22, 2020 (with effect as from October 1, 2020)

End of term of office at the 2022 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 (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 November 2020	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Valneva Canada Inc. Member of the Board of Directors Since December 2020 **Valneva Austria GmbH** Geschäftsführer Since November 2020 **Valneva USA Inc.** Director Since November 2020 **Valneva Sweden AB** Board member Since October 2020	**Daiichi Sankyo GmbH** (*) ▪ Senior Vice President, Head of Market Access & Pricing From April 2017 to September 2020 ▪ Senior Vice President, European Head of Medical Affairs and Market Access & Pricing From April 2013 to March 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 Juan Carlos Jaramillo is located at Valneva Austria GmbH, Campus Vienna Biocenter 3, 1030, Vienna (Austria).

2.1.2. Supervisory Board

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

- Mr. Frédéric Grimaud, Chair of the Board;
- Mr. James Sulat, Vice-Chair of the Board;
- Ms. Anne-Marie Graffin;
- Ms. Sharon Tetlow; and
- Ms. Johanna Pattenier.

Supervisory Board's history since January 1, 2020

JUNE 17, 2020

Name	Title	
Ms. Louisa Shaw-Marotto	Vice-Chair of the Board	Resignation
Mr. James Sulat	Board member	Appointment as Vice-Chair of the Board (to replace Ms. Louisa Shaw-Marotto)
Mr. Alexander von Gabain	Board member	Resignation
Ms. Sandra E. Poole	Board member	Expiry of office

ORDINARY GENERAL MEETING OF JUNE 17, 2020

Name	Title	
Mr. Thomas Casdagli	Board member (cooptation)	Ratification of appointment previously made by the Supervisory Board of December 12, 2019, and reappointment(*)
Ms. Sharon Tetlow	-	Appointment as Board member(*)
Ms. Johanna Pattenier	-	Appointment as Board member (*)

(*) End of term of office at the end of the General Meeting called to approve in 2023 the financial statements of the fiscal year 2022.

MARCH 12, 2021

Name	Title	
Mr. Thomas Casdagli	Board member	Resignation

Business address

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*)

During its meeting held on June 17, 2020, the Company's Supervisory Board decided to appoint Mr. Alexander von Gabain as non-voting observer to the Board. Mr. von Gabain only takes part in meetings of the Supervisory Board in an advisory capacity and does not vote on Board decisions.

Note: under the loan agreement entered into with the investment funds OrbiMed and Deerfield(1), each of the lenders has the right to appoint a representative as "non-voting observer". This person is then authorized to attend Board meetings and to receive the related documentation. To date, only OrbiMed has exercised this right.

Cooptations

Please refer to the table above, concerning Mr. Thomas Casdagli.

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

None.

(1) See Section 1.4.2 (m) of this URD.

Mr. Frédéric Grimaud

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

First appointment to Vivalis SA's (now Valneva SE) Supervisory Board by the Extraordinary General Meeting of November 29, 2002

End of current term of office at the 2022 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	Member since June 17, 2020	-	Leader of an industrial group in the field of life sciences

Offices and positions currently held in any company other than Valneva SE[1]

COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW

Groupe Grimaud La Corbière SAS
(formerly Groupe Grimaud La Corbière SA)
President & Chief Executive Officer
(Président - Directeur Général) since January 2021
(previously Chair of the Management Board
(Président du directoire), since June 2004)

Choice Genetics SAS
- Permanent representative of the company Groupe Grimaud La Corbière SAS, in its capacity as Chair of the Board
  Since July 2020
- Nomination and Compensation Committee member
  (Membre du Comité de nomination et rémunération)
  Since November 2014

Pen Ar Lan SA
Chair of the Board *(Président du conseil d'administration)*
Since July 2020

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

Permanent representative of the company Groupe Grimaud La Corbière SAS in its capacity as President of the following companies :
- Choice Genetics SAS - Since July 2020
- Vital Meat SAS - Since December 2018
- Hubbard Holding SAS - Since December 2015
- Hypharm SAS - Since December 2015
- Filavie SAS - Since December 2015
- Novogen SAS - Since December 2015
- Blue Genetics Holding SAS - Since December 2015
- Grimaud Frères Holding SAS - Since December 2014

Permanent representative of the company Grimaud Frères Holding SAS, in its capacity as President of the company Grimaud Frères Sélection SAS
Since December 2015

Permanent representative of the company Choice Genetics France SAS, in its capacity as President of the company Choice Genetics SAS
Since December 2015

Offices and positions previously held in any company other than Valneva SE (in the last five years)

Choice Genetics SAS
Board member (*Administrateur*)
From March 2020 to July 2020

La Couvée SAS
Management and Steering Committee member
(*Membre du Comité de pilotage et de direction*)
From June 2005 to J Mo moiuly 2020

Permanent representative of the company Groupe Grimaud La Corbière SA, in its capacity as of President of the following companies:
- Galor SAS
  From December 2015 to December 2020
- Choice Genetics SAS
  From December 2015 to March 2020

Permanent representative of the company Groupe Grimaud La Corbière SA, in its capacity as 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 **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 President of the company **Hubbard SAS**
From February 2013 to February 2018

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 (in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
BMR Blue Genetics Private Limited Board member (*Administrateur*) Since July 2020	**Hubbard UK Ltd.** (Company liquidated on February 25, 2020) Director From September 2017 to February 2020
Novogen NA Inc. Chair of the Board Since September 2017	**Choice Genetics Vietnam** Chair of the Council From January 2013 to February 2019
Blue Genetics Mexico Chair of the Board Since July 2013	**Hubbard Polska Sp Zoo** Supervisory Board member From 2006 to February 2018
Grimaud Vietnam Company Limited President Since June 2009	**Blue Genetics Vietnam** Chairman of the Council From July 2014 to January 2018
Choice Genetics USA LLC Board member Since May 2008	**Hubbard LLC** Chair of the Board From March 2005 to December 2017
Grimaud (Putian) Breeding Farm Co Ltd. Chair of the Board Since December 2000	**Ovogenetics Holding BV** Director From December 2014 to May 2016
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	
OTHER POSITIONS	
Sodiaal Qualified Personality at the Office (*Personnalité Qualifiée au sein du Bureau*) Since February 2020	

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

Mr. James Sulat

VICE-PRESIDENT OF VALNEVA SE'S SUPERVISORY BOARD (70 YEARS OLD)

First appointment to Valneva SE's Supervisory Board by the Extraordinary General Meeting of March 7, 2013 (with effect as from May 28, 2013)

End of current term of office at the 2022 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 since March 23, 2021 (previously Chair, since May 31, 2013)	Member since March 23, 2021	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 other than Valneva SE (in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Exicure, Inc. (*) ▪ Member of the Board of Directors Since January 2021 ▪ Chair of the Audit Committee Since January 2021 **Arch Therapeutics, Inc.** (*) Member of the Board of Directors Since August 2015	**AMAG Pharmaceuticals, Inc.** (*) ▪ Chair of the Compensation Committee From May 2019 to November 2020 ▪ Member of the Board of Directors From April 2014 to November 2020 ▪ Transactions Committee member From April 2014 to November 2020 ▪ Audit Committee member From April 2014 to May 2019 **Momenta Pharmaceuticals Inc.** (*) ▪ Member of the Board 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

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

Ms. Anne-Marie Graffin

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD (59 YEARS OLD)

First appointment to Valneva SE's Supervisory Board by the Extraordinary General Meeting of March 7, 2013 (with effect as from July 5, 2013)

End of current term of office at the 2022 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 17, 2020	Chair since June 17, 2020	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 (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 **SMAG Consulting SAS** (formerly SARL SMAG Consulting) President since April 2021 (previously Managing Director *(Gérant)* of the SARL, since September 2011)	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
-	-

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

Ms. Sharon Tetlow

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD (61 YEARS OLD)

Appointment to Valneva SE's Supervisory Board by the Ordinary General Meeting of June 17, 2020

End of term of office at the 2023 General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2022

Independent	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
Yes	Chair since March 23, 2021 (and member since June 17, 2020)	-	Seasoned financial executive with more than three decades specializing in the life sciences 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 (in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
Altamont Pharma Acquisition Corp. Member of the Board of Directors Since February 2021 **Dice Molecules, Inc.** ▪ Member of the Nominating and Governance committee Since February 2021 ▪ Member of the Board of Directors Since November 2020 ▪ Chair of the Audit Committee Since November 2020 **Catalyst Biosciences, Inc.** (*) ▪ Member of the Board of Directors Since January 2020 ▪ Chair of the Audit Committee Since June 2020 **Potrero Hill Advisors, LLC** Managing Partner Since January 2016	**Armetheon, Inc.** ▪ Member of the Board of directors From November 2016 to September 2017 ▪ Member of the Audit Committee From November 2016 to September 2017 ▪ Member of the Transaction Committee **Danforth Advisors LLC** Managing Director From April 2013 to January 2016
OTHER POSITIONS	
Katherine Michiels School, Project Open Mind Board member Since February 2016	

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

Ms. Johanna Pattenier

MEMBER OF VALNEVA SE'S SUPERVISORY BOARD (61 YEARS OLD)

Appointment to Valneva SE's Supervisory Board by the Ordinary General Meeting of June 17, 2020

End of term of office at the 2023 General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2022

Independent	Audit and Governance Committee	Nomination and Compensation Committee	Experience and expertise
Yes	-	Member since June 17, 2020	Seasoned executive with more than two decades of market access, medical and commercial experience in the pharmaceutical 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 (in the last five years)
COMPANIES INCORPORATED UNDER AND GOVERNED BY FRENCH LAW	
-	-
COMPANIES INCORPORATED UNDER AND GOVERNED BY THE LAW OF OTHER COUNTRIES	
-	**Novartis Vaccines and Diagnostics** Site Head and General Manager From March 2015 to December 2016

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

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 duties 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. A member of the Management Board who has been put under guardianship shall also be deemed to have resigned automatically.

Compulsory retirement in accordance with the preceding paragraph shall not invalidate the discussions and decisions in which the member of the Management Board deemed to have resigned automatically took part.

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 meetings (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 *Directeur Général* 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 *Directeur Général* 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 *Directeur Général.* The Supervisory Board may abolish this power of representation by withdrawing the role of *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 *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:

- 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;

- President & CBO:
  - Corporate Development,
  - Business Development,
  - Alliance Management,
  - Commercial Operations;
- *CFO:*
  - Finance – Tax,
  - Investor Relations,
  - Corporate Communication,
  - IT;
- *CMO:*
  - Clinical Strategy and Operations,
  - Medical Affairs,
  - Pharmacovigilance,
  - Project Management;
- 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 term of office 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 term of office 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).

A member of the Supervisory Board put under guardianship shall be deemed to have resigned automatically. Such compulsory resignation shall not invalidate the discussions and decisions in which the member of the Supervisory Board deemed to have resigned automatically took part.

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.

In the event of a vacancy, due to death or resignation, of one or several positions on the Supervisory Board, the Supervisory Board may make appointments in a provisional capacity between two General Meetings. These appointments shall be submitted for the ratification of the following Ordinary General Meeting. In the absence of ratification, the decisions taken and the acts previously carried out by the Board shall nevertheless remain valid.

When the number of members of the Supervisory Board has fallen below the legal minimum, the Management Board shall call the Ordinary General Meeting within the shortest possible period, with a view to establishing a full Board.

The member appointed as a replacement for another whose mandate has not expired, shall only remain in office during the remaining time of the mandate of his predecessor.

Furthermore, the Supervisory Board may include elected members representing employees, pursuant to the provisions of Article L. 225-79 and, as appropriate, L. 225-71 of the French Commercial Code.

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 (Articles 18 and 21 of the Articles of Association)

The Board shall, among its members, appoint a Chairman and a Deputy Chairman, who are responsible for convening Board meetings and, as the case may be, directing its discussions. The Chairman shall also designate a Secretary, who may be selected outside the shareholders and, together with the Chairman and the Deputy Chairman, shall form the Board committee.

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.

Supervisory Board meetings shall be held as often as the interests of the Company require and at least once per quarter, at the request of the Chairman, the Deputy Chairman or a member of the Supervisory Board, made by any written means, including by email or even verbally.

At the same time, 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 submits 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.

Supervisory Board meetings may also be held (i) by videoconference or any other electronic means of telecommunication or remote transmission, or (ii) by written decision on the conditions and within the limits provided for by law.

In-person 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 decisions relating to verification and control of the annual financial statements and, as appropriate, of the consolidated accounts.

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.

An attendance register shall be kept at the registered office, which shall be signed by the members of the Supervisory Board who take part in the board meeting.

The production of an extract or copy of the minutes shall serve as sufficient evidence for the number of members in office and their attendance or representation.

The decisions of the Supervisory Board shall be noted in the minutes drawn up in a special register or on numbered and initialled 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.

In the event of impediment of the chairman of the session, the minutes shall be signed by at least two members of the Supervisory Board.

The copies or extracts of these minutes shall be certified by the Chairman, the Deputy Chairman, a member of the Management Board or by a proxy authorised for this purpose.

The Supervisory Board shall draw up internal regulations which may provide that with the exception of decisions relating to the verification and inspection of the annual financial statements, as well as the verification and inspection of the consolidated financial statements, for the purposes of calculating the quorum and majority, the members of the Supervisory Board shall be considered to be present who attend 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 the current legal and regulatory provisions.

The members of the Supervisory Board, as well as any person taking part in the meetings of the Supervisory Board, shall be bound to secrecy with regard to the resolutions of the Supervisory Board, as well as to the information presenting a confidential character or presented as such by the Chairman of the Supervisory Board or the Chairman of the Management Board.

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

The Supervisory Board may appoint one or several observers who only take part in meetings of the Supervisory Board and its Committees in an advisory capacity.

The observer or observers are called to attend as observer the meetings of the Supervisory Board. The observer or observers must receive the same information as the members of the Supervisory Board.

The observers may be consulted by members of the Supervisory Board, as necessary, on all questions within their competences and for which they can deliver an opinion or an advice.

The observer(s) may not be remunerated.

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 shall exercise permanent control of the management of the Company carried out by the Management Board.

It shall appoint the members of the Management Board and set their remuneration. It shall designate the Chairman of the Management Board and possibly the *Directeurs Généraux*. It may also pronounce their dismissal under the conditions provided by law and by the Articles of Association of the Company.

It shall convene the General Meeting of shareholders, in the absence of convening by the Management Board.

It shall carry out the verifications and inspections which it considers appropriate at any time of the year and may order the forwarding of documents which it considers necessary for carrying out its mission.

The Supervisory Board shall authorise the following agreements and operations, prior to their conclusion:

1. By a majority of present or represented members, pursuant to current legal and regulatory provisions:

(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].

2. With a majority representing more than half of its members in office:

(i) approval of the annual budget;

(ii) approval of the business plan;

(iii) appointment and revocation of the members of the Management Board and *Directeurs Généraux*, 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 of the Articles of Association;

(ix) acquisition and disposal of business branches, equity interests or assets for an amount exceeding €1 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) assignment of rights to, and the 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 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;

(xiv) allocation 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),* allocation 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 restructuring;

(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.

Any decision to transfer out of France the registered office and/or the research and development centre(s) operated by the Company in France shall be subject to the prior authorisation of the Supervisory Board resolving unanimously.

The Supervisory Board shall receive a report from the Management Board on the progress of the company's affairs whenever it considers it necessary and at least once a quarter.

Within the deadline of three months from the end of the financial year, the Management Board shall present the annual financial statements and its draft Management Report for the General Meeting to the Supervisory Board, for verification and control purposes.

It shall present its observations on the Report by the Management Board, as well as on the annual financial statements to the Annual Ordinary General Meeting of shareholders.

The Supervisory Board may grant all special mandates or specific missions to one or several of its members, for one or several given objects.

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**.

(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).

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 January 8, 2021, 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 express 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 best effort 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, deliberations and consultations 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 as Supervisory Board member, each member undertakes to devote the necessary time, care and attention to his or her duties, in accordance with applicable laws and regulations. Unless genuinely unable to do so, each Supervisory Board member shall attend all meetings of the Supervisory Board and the Committees he or she belongs to and shall participate in all written consultation processes.

Each 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 collegiate 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 and decisions of the Supervisory Board are made in the Company's corporate interest and recorded in meeting minutes or written decisions.

Each Supervisory Board member shall ensure that all information required in relation to the items to be discussed during Supervisory Board's meetings or to be decided by written consultation of the Supervisory Board is obtained in time.

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.

Participation by means of videoconference or telecommunications

Supervisory Board meetings may be held by any means of videoconference or telecommunications allowing the identification of the Supervisory Board member, deemed present for the calculation of a quorum and a majority, and ensuring their effective participation, except with respect to Supervisory Board meetings called to deliberate on the verification or audit of annual financial statements and, as appropriate, consolidated financial statements.

Every Supervisory Board member who participates in a Supervisory Board meeting by means of videoconference or telecommunications undertakes to obtain prior approval from the Chairman of the Supervisory Board for all those persons in his environment who may hear or see the discussions conducted by the Supervisory Board.

The Supervisory Board meeting attendance register must be signed by the Supervisory Board members taking part in in-person meetings. In the case of videoconference or other telecommunications methods, the register must specify which method is used.

In the minutes of each meeting, statements of the number of Supervisory Board members in office, their presence, including, where appropriate, by authorised videoconference, tele-transmission or telecommunications or their representation, shall be sufficient proof thereof in relation to third parties.

The minutes shall also specify the occurrence of any technical incident if that incident disrupted the meeting.

Decisions by written consultation

The following decisions of the Supervisory Board may be adopted by way of written consultation:

- decision following delegation of powers granted by the General Meetings of shareholders, amendments to the Company's Articles of Association in order to comply with laws and regulations, subject to the ratification of these amendments by the next General Meeting of shareholders;
- prior authorization of the transactions referred to in Article 19 of the Articles of Association;
- prior authorization of security interests, endorsements and guarantees;
- convening a General Meeting of shareholders to appoint Supervisory Board members if the number of Supervisory Board members falls short of the minimum required by applicable laws and regulations;
- temporary appointment of Supervisory Board members in the event of a vacancy due to the death or resignation of one or more Supervisory Board members, between two General Meetings of shareholders;
- appointment of Supervisory Board members if the number of Supervisory Board members falls short of the minimum required by the Articles of Association but meets the minimum required by applicable laws and regulations;
- temporary appointment of Supervisory Board members if the composition of the Supervisory Board no longer complies with the provisions of the first paragraph of Article L. 225-69-1 of the French Commercial Code;
- convening General or Special Meetings of shareholders; and
- changing the registered office of the Company within the same district (*département*).

The Supervisory Board members must provide answers to any written consultation within the period of time specified in the consultation documentation.

In order for a written consultation to be valid, a number of Supervisory Board members representing the quorum for meetings of the Supervisory Board as required by Article 18.2 of the Company's Articles of Association must participate in the relevant written consultation. The majority for the decisions of the Supervisory Board adopted through written consultation shall be as required by Articles 18 and 19 of the Company's Articles of Association.

The minutes of the decisions of the Supervisory Board approved by way of written consultation must specify that the decisions were approved by way of written consultation.

The Supervisory Board members undertake to take all necessary steps in order to ensure the confidentiality of the documentation provided to them in the context of a written consultation.

Committees — Common provisions

The Supervisory Board may set up its own Committees to facilitate its proper functioning and to contribute effectively to the preparation of its decisions.

A Committee's mission is to study the matters 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 such matters 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 matters that extend beyond the specific scope of its responsibilities. Committees have no decision-making power.

A Committee may be convened by any means, including verbally, by its Chairperson who shall set the agenda, or by any other member of the Committee if the Chairperson does not convene the Committee despite a member's request. Committees must be convened at least seven (7) calendar days before the meeting of the Committee (except in the event of an emergency requiring a shorter notice period; in which case a shorter period of notice shall be given to Committee members to enable them to attend the meeting).

Committee members shall be provided with relevant supporting documentation at least five (5) calendar days before the meeting of the Committee (except in the event of an emergency, provided that Committee members are given enough time to enable them to be fully aware of such documentation).

Committees meetings may be held via videoconference or telecommunications or may be consulted by way of written consultation.

To fulfil their mission, Committee members may invite and be assisted by persons of their choice, including employees of the Company and Management Board members. They shall be entitled in this respect to request that the Management Board hires experts of their choice, the fees of which shall be fully borne by the Company, up to a maximum to be set annually by the Board.

Committees may obtain any internal document and information it requires to function properly by requesting it through the Supervisory Board Secretary.

All members of a Committee are subject to a duty of confidentiality in respect of the information they receive.

The term of office of Committee members shall coincide with their term of office as Supervisory Board members, provided that the Board and/or the Committee member shall be entitled to terminate the office of the latter at any time without such termination resulting in a termination of his or her Supervisory Board membership.

Committee meetings shall be recorded in minutes. These minutes shall be made available to members of the same Committee and to the other members of the Supervisory Board. The Chairman of the Committee or the member appointed for that purpose shall draw up a report to the Board on the work of the Committee.

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 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 2020, during its meeting held on March 23, 2021. The categorization 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].

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

Except for 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 executed 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:

- Criterion 1: they must not have been, during the last five years, an employee or corporate officer of the Company or a company of the Group;
- Criterion 2: 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.);
- Criterion 3: they must not be a reference shareholder of the Company or hold a significant percentage of voting rights;

(1) See Section 2.6.2.1 (b) and (d) of this URD.

- Criterion 4 : they must not have a close relationship or close family ties with a corporate officer or a reference shareholder;
- Criterion 5 : they must not have been a Statutory Auditor of the Company in the course of the previous six years.

	Criterion No. 1	Criterion No. 2	Criterion No. 3	Criterion No. 4	Criterion No. 5
Frédéric Grimaud	✓				✓
James Sulat	✓	✓	✓	✓	✓
Anne-Marie Graffin	✓	✓	✓	✓	✓
Sharon Tetlow	✓	✓	✓	✓	✓
Johanna Pattenier	✓	✓	✓	✓	✓

In accordance with the criteria for independence defined previously, the Company considers that Mr. Sulat, as well as Ms. Graffin, Ms. Tetlow and Ms. Pattenier, 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 two 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-accumulation 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 do 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 *sociétés anonymes* 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, 2020

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 22 times in the fiscal year 2020. The average attendance rate was 94.32%. 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 is 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 was the first 12-month allocation period in which the above-mentioned assessment was performed. During its meeting on September 22, 2020, the Supervisory Board noted that the attendance rate of all Board members was at least 90% and that, consequently, there was no need to adjust compensation for service.

As the combined general shareholders' meetings of June 17, 2020 and December 22, 2020 were held in closed session due to the health crisis, the members of the Board were not able to attend. However, two of the Board members logged on to the Internet for the Meeting of June 17, 2020 to listen to the audio broadcast, and one Board member logged on for the Extraordinary Meeting of December 22, 2020. Recommendation No. 1 of the MiddleNext Code could therefore not be fully satisfied.

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 acknowledgement 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 2020, the Supervisory Board considered and/or decided on the following matters:

- Quarterly Reports from the Management Board;
- Management Board performance appraisal and bonus for 2019;
- Management Board goals and objectives for 2020;
- Management Board compensation;
- Investor relations;
- Review of consolidated and entity financial statements and management report for the year ended on December 31, 2019;
- "Points to be watched" under the MiddleNext Governance Code;
- Authorization to grant equity warrants;
- Authorization to grant free shares to Management Board and Senior Management;
- Supervisory Board report on the Company's corporate governance;
- Draft resolutions to be submitted to the shareholders;
- Annual review of regulated agreements and agreements related to ordinary transactions; adoption of a new procedure on ordinary transactions with related parties;
- Authorization for an executive officer to renew a consulting agremment;
- Authorization to extend the term of a regulated agreement (research license agreement);
- Authorization to execute a consulting agreement;
- Company policy on equal opportunity employment and salaries;
- Annual review of conflicts of interest;
- Corporate development strategy and strategic projects;
- Amendment of internal rules of the Supervisory Board;
- Review of Consolidated Half-Year Financial Statements and Management Board Report;
- 2021 budget;
- Authorizations to execute Security Agreements and parent guarantees;
- Authorization to enter into a settlement agreement in connection with merger litigation;
- Discharge of Valneva Austria GmbH's Managing Directors;
- Review of AGM results;
- Review of the COVID-19 crisis impact;
- Corporate governance development plan;
- IPO plan;
- Allocation of Supervisory Board fees on meeting attendance basis;
- IT security;
- Authorization to proceed with debt financing;
- Organization and composition of the Management Board;
- Reduction in the number of the Management Board members;
- CMO transition terms;
- Approval of termination contracts for two members of the Management Board; authorization to maintain grants of free shares;
- Post-AGM appointments: Chair, Vice-Chair, committee members and Chair;
- Appointment of a board observer.

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. It was not possible to carry out this evaluation during the first half of the year due to the many major projects that had to be dealt with during this period. As the composition of the Board was substantially changed in June 2020, it was not considered appropriate to carry out a self-assessment in the second half of 2020. A self-assessment will be conducted in 2021.

2.2.5. Committees

In compliance with Recommendation 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:

- Ms. Anne-Marie Graffin, Chair of the Committee from June 17, 2020;
- Mr. James Sulat (since March 23, 2021);
- Ms. Johanna Pattenier, from June 17, 2020;
- Ms. Louisa Shaw-Marotto, Chair of Committee until June 17, 2020;
- Mr. Alexander von Gabain, until June 17, 2020;
- Mr. Thomas Casdagli (from December 12, 2019 until March 12, 2021).

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 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 the following members:

- Ms. Sharon Tetlow, Chair of the Committee since March 23, 2021 (Committee member since June 17, 2020);
- Mr. James Sulat, member since March 23, 2021 (previously Chair, since May 31, 2013);
- Mr. Frederic Grimaud, from June 17, 2020;
- Ms. Louisa Shaw-Marotto, until June 17, 2020;
- Ms. Sandra E. Poole, until June 17, 2020;
- Ms. Anne-Marie Graffin, until June 17, 2020.

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 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.

2.3. Authorizations for capital increases

In accordance with the provisions of Article L. 225-37-4, 3°, of the French Commercial Code (as referred to in Article L. 225-68, paragraph 6 of the same 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 2020.

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.

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

Contracting party	Agreement	Purpose of the agreement
Mr. Thomas Lingelbach	**Management Agreement** entered into with Valneva Austria GmbH on July 9, 2018 (as amended, notably in March 2021(1)). Agreement in force since Valneva SE's annual General Meeting of June 27, 2019.	This agreement provides for the payment of remuneration and benefits to Mr. Thomas Lingelbach, in his capacity as Managing Director of Valneva Austria GmbH(2).
Mr. David Lawrence	**Management Agreement** entered into with Valneva UK Ltd. on December 21, 2018. Agreement effective since Valneva SE's annual General Meeting of June 27, 2019, then terminated on December 31, 2020 pursuant to the provisions of the Settlement Agreement referred to below.	This agreement provided for the payment of remuneration and benefits to Mr. David Lawrence, in his capacity as Managing Director of Valneva UK Ltd.
	Settlement Agreement entered into with Valneva UK Ltd. on September 4, 2020, and amended in January 2021.	This agreement was entered into in order to set the terms of termination of Mr. David Lawrence's employment, with effect on December 31, 2020.
Mr. Wolfgang Bender	**Management Agreement** entered into with Valneva Austria GmbH on July 9, 2018 (as amended). Agreement effective since Valneva SE's annual General Meeting of June 27, 2019, then terminated on January 31, 2021 pursuant to the provisions of the Termination Agreement referred to below.	This agreement provided for the payment of remuneration and benefits to Mr. Wolfgang Bender, in his capacity as Managing Director of Valneva Austria GmbH.
	Termination Agreement entered into with Valneva Austria GmbH on August 5, 2020.	This agreement was entered into in preparation for the retirement of Mr. Wolfgang Bender, for the purpose of setting the terms on which the Management Agreement between Mr. Bender and Valneva Austria GmbH would terminate (with effect at the close of business on January 31, 2021).
Mr. Juan Carlos Jaramillo	**Management Agreement** entered into with Valneva Austria GmbH on June 17, 2020 (as amended in March 2021(1)). Agreement effective since October 1, 2020.	This agreement provides for the payment of remuneration and benefits to Mr. Juan Carlos Jaramillo, in his capacity as Managing Director of Valneva Austria GmbH(2).

(1) This amendment notably provides for additional compensation in the event of a change of control of the Company, as well as changes to the rules governing compensation in the event of termination of the *Management Agreement* or non-renewal of the corporate officer's term of office at expiration.
(2) Detailed information on selected terms of this agreement is provided in Sections 2.6.2.1 (b) and (d) of this URD.

2.6. Remuneration of the Management Board and Supervisory Board members – Shareholding

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. The compensation policy contributes to the development and commercial strategy of the Company by setting objectives on which the variable compensation of the Management Board depends. It contributes to the Company's sustainability through the Management Board's long-term incentive programs. The Human Resources department verifies the consistency of the compensation of the Management Board with that of salaried senior managers, but the compensation of the Management Board is not determined on the basis of that of employees. 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, for compensation purposes, 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 2021 may apply to any new member of the Management Board possibly appointed in the future (including the Chair). The amounts of remuneration and benefits paid during or granted to the Management Board members for 2020[2] are presented in the Section "Remuneration paid or granted to the Management Board members" of this URD[3]. 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 (3 months, end-of-month for the Chair of the Management Board). 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[4].

Fixed, variable and special compensation

	Chair of the Management Board	Other Management Board members[5]
Fixed compensation	▪ Gross annual compensation of approximately €380,000 to €450,000, in line with the Company's practice. On the basis of a benchmarking study conducted by AON in 2020 with a view to a possible NASDAQ listing, the compensation of the Chair of the Board of Directors has been readjusted by the Board for 2021. ▪ 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 (excluding market revaluation) 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 €350,000, 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). Depending on market requirements, and in particular if the Company is listed on the NASDAQ, the range of compensation used for a future CFO could be in the range of that of the Chair of the Management Board. ▪ Annual adjustment (excluding market revaluation) 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) In accordance with the remuneration policy and components which were adopted, by a very large majority, by the Ordinary General Meeting of June 17, 2020.
(3) See Section 2.6.2.1.
(4) See Section 2.6.2.1 (d).
(5) Currently Mssrs. Grimaud, Jacotot and Jaramillo.

	Chair of the Management Board	Other Management Board members[5]
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 Company envisions granting grant bonus shares (or other long-term incentives) to the Management Board and Senior Managers at the end of 2021 or the beginning of 2022. Free share 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 subparagraphs "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. In addition, in the event of a NASDAQ listing and the success of the associated fund-raising campaign, the Company plans to pay an exceptional bonus to the managers and employees involved in the project.	
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 and Mr. Juan Carlos Jaramillo, 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 €12,000 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[5]
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, Mr. Wolfgang Bender and Mr. Juan Carlos Jaramillo 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) have paid an amount equal to 15% of Mr. David Lawrence's remuneration to a British pension fund, (b) contributed 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. From 2020, the Supervisory Board decided that the achievement of one or more specific targets may exceed 100% but that the assessment of the total of the objectives 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 was 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 2020 (bonus paid in 2021), the agreed Management Board goals, as revised during the year due to the COVID crisis, were linked to:

- financial performance, weighted in total at 20%;
- strategic corporate and business development activities, weighted in total at 15%;
- R&D progression, weighted in total at 30%;
- improved recognition of the Company's value by the financial markets at 10%;
- management of the COVID crisis and turning it into an opportunity at 20%.

For 2021 (bonus to be paid in 2022), the objectives are broken down into the following areas: commercial and financial performance (15%), progress of R&D programs (30%), development of COVID-related business opportunities (20%), success of the introduction on the Nasdaq (20%), preparation of future strategic developments (15%).

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 2020, the Company's Supervisory Board, in its meeting held on January 8, 2021, set the achievement of the Management Board's objectives at 100% and consequently determined the following bonuses:

Bonus associated with achievement of goals:

- President & CEO: €234,552;
- President & CBO: €132,691.50;
- Former CMO (Mr. Bender): €148,165;
- New CMO (Mr. Jaramillo): €35,625;
- General Counsel: €103,309.50.

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 ordinary 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. As Mr. Jaramillo is not a beneficiary of the 2017 and 2019 plans, he would in such a case receive an amount equivalent to what he would have received if he had been granted 1,403 convertible preferred shares and 188,342 bonus ordinary shares, plus the aforementioned 45% increase.

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 (achievement of goals from the prior year), 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. As Mr. Jaramillo is not a beneficiary of the 2019 plan, he would be granted in such a case an indemnity equal to what he would have received if he had been granted 188,342 bonus ordinary shares in three tranches, taking into account the performance for the tranches which, at the time of the change of control, correspond to tranches already definitively granted to the other members of the Management Board, plus the aforementioned 45% increase.

*

The payment of Bonuses and where applicable, exceptional compensation, in respect of the fiscal years 2020 and 2021, 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. 22-10-34, I 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).

The last indemnity to be paid to Mr. David Lawrence under his Settlement Agreement with Valneva UK (GBP 140,561.05 payable in July 2021) takes into account the achievement of the 2020 targets by the Management Board.

Recommendation No. 16 of the MiddleNext Code provides guidelines with regard to "golden handshakes" for corporate officers; this recommendation will be fully implemented starting in 2021.

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 2021 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(2). The amounts of remuneration paid during or granted to the Supervisory Board members for 2020(3) are presented in the Section "Remuneration paid or granted to the Supervisory Board members" of this URD(4).

(1) See Section 2.6.2.1 (d).
(2) See Section 2.1.2.
(3) In accordance with the remuneration policy and components which were adopted, by a very large majority, by the Ordinary General Meeting of June 17, 2020.
(4) See Section 2.6.2.2.

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. On the basis of a comparative study conducted by AON in 2020 with a view to a possible listing on the Nasdaq, the activity-based compensation ranges have been raised.

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:** €75,000 to €90,000 per year;
- **Vice-Chair of the Supervisory Board or Committee Chair:** €55,000 to €70,000 per year;
- **Member of the Supervisory Board and Committee Chair:** €35,000 to €45,000 per year;
- **Member of the Supervisory Board and a Committee:** €45,000 to €55,000 per year;
- **Member of the Supervisory Board (no Committee membership):** €40,000 to €50,000 per year.

The above amounts could be increased by up to 30% if necessary to attract qualified individuals in connection with the renewal or replacement of certain offices after 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.

Since 2019, the price of these warrants is set by an independent third party expert.

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, due to the restricted periods associated with the knowledge of inside information or the preparation of financial statements.

For a description of the principles and applicable conditions: see the 26th resolution of the Company's Combined General Meeting of June 17, 2020 (and Section 20 of the Report by the Management Board related to that Meeting).

2.6.1.3. Table of concordance between positions, for compensation purposes, 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 2021, 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 23, 2021 and which includes, in particular, the remuneration policy for corporate officers established in accordance with Article L. 22-10-26 of the French Commercial Code, approve the remuneration policy applicable 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. 22-10-9, I of the French Commercial Code, pursuant to Article L. 22-10-34, I 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 23, 2021 and which includes, in particular, the information referred to in Article L. 22-10-9, 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).

(1) See Section 2.2.1 of this URD.

[...] 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, 2020, 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. 22-10-34 of the French Commercial Code, after considering the Report by the Supervisory Board on the Corporate Governance dated March 23, 2021 and which includes, in particular, the components referred to in Article L. 22-10-9 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, 2020, 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, 2020, 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. 22-10-34 of the French Commercial Code, after considering the Report by the Supervisory Bard on the Corporate Governance dated March 23, 2021 and which includes, in particular, the components referred to in Article L. 22-10-9 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, 2020 of 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, 2020, 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. 22-10-34 of the French Commercial Code, after considering the Report by the Supervisory Board on the Corporate Governance dated March 23, 2021 and which includes, in particular, the components referred to in Article L. 22-10-9 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, 2020, 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 2020

The information presented in this Section applies to remuneration granted or paid to the members of Valneva SE's Management Board and Supervisory Board 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	
	2020	2019	2020	2019	2020	2019
Remuneration payable for the period	€648,525.71	€622,957.47	€412,356.61	€393,501.92	€310,257.72	€262,885.94
Measurement of multi-year variable remuneration granted in the period	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)
Measurement of options granted in the period	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)
Measurement of Valneva SE free ordinary shares granted in the period	n.a. (no grant)	€845,750.85	n.a. (no grant)	€669,553.50	n.a. (no grant)	€669,553.50
Measurement of FCPS granted in the period	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)	n.a. (no grant)
TOTAL	**€648,525.71**	**€1,468 708.32**	**€412,356.61**	**€1,063,055.42**	**€310,257.72**	**€932,439.44**

Proportion of granted remunerations:

(Basis : TOTAL of the respective remunerations granted, as shown above)

	Mr. Thomas Lingelbach		Mr. Franck Grimaud		Mr. Frédéric Jacotot	
	2020	2019	2020	2019	2020	2019
Fixed remuneration	58.02%	26.17%	61.94%	24.60%	64.10%	22.14%
Variable and exceptional remuneration	36.17%	13.66%	32.18%	10.21%	33.30%	6.06%
Stock options and free shares (ordinary shares and FCPS)	0%	57.58%	0%	62.98%	0%	71.81%
Fringe benefits	5.82%	2.58%	5.88%	2.20%	2.60%	0%

	Mr. David Lawrence (Management Board member until September 30, 2020)		Mr. Wolfgang Bender (Management Board member until October 31, 2020)		Mr. Juan Carlos Jaramillo (Management Board member since October 1, 2020)	
	2020	2019	2020	2019	2020	2019
Remuneration payable for the period	€1,146,033.53	€442,810.67	€478,213.18	€464,530.13	€114,396.32	n.a.
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 Valneva SE free ordinary shares granted in the period	n.a.	€669,553.50	n.a.	€669,553.50	n.a.	n.a.
Measurement of FCPS granted in the period	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL	**€1,146,033.53**	**€1,112,364.17**	**€478,213.18**	**€1,134,083.63**	**€114,396.32**	**-**

Proportion of granted remunerations:

(Basis : TOTAL of the respective remunerations granted, as shown above)

	Mr. David Lawrence (Management Board member until September 30, 2020)		Mr. Wolfgang Bender (Management Board member until October 31, 2020)		Mr. Juan Carlos Jaramillo (Management Board member since October 1, 2020)	
	2020	2019	2020	2019	2020	2019
Fixed remuneration	23.21%	24.71%	55.55%	25.72%	62.28%	n.a.
Variable and exceptional remuneration	0%	10.26%	30.98%	11.44%	31.14%	n.a.
Stock options and free shares (ordinary shares and FCPS)	0%	60.19%	0%	59.04%	0%	n.a.
Fringe benefits	6.11%	4.84%	5.10%	3.80%	6.57%	n.a.
Other remuneration elements (resulting from Mr. Lawrence's Settlement Agreement, or from Mr. Bender's Termination Agreement entered into with Valneva Austria GmbH, as applicable)(1)	70.68%	n.a.	8.36%	n.a.	n.a.	n.a.

(1) See "Indemnities or benefits granted to the corporate officers in case of appointment, termination or change of duties", in Section 2.6.2.1 (d) of this URD.

(b) Presentation of individual remuneration[1]

Mr. Thomas Lingelbach — Chair of the Management Board, President & CEO of Valneva SE

	2020[2]		2019[3]	
	Amounts earned	**Amounts paid**	**Amounts earned**	**Amounts paid**
Fixed remuneration	€376,260.53 *(as per the decision of the Company's Supervisory Board of February 25, 2020, who increased Mr. Lingelbach's 2020 annual gross salary to €390,920 - payable in 14 equal instalments, and taking into account a partial waiver of his fixed remuneration with respect to Q2 2020)*	€376,260.53	€384,423 *(as per the decision of the Company's Supervisory Board of March 1, 2019)* *Payable in 14 equal instalments*	€384,423
Annual variable remuneration	€234,552 *(Amount granted with respect to the objectives set for the year 2020, calculated on the basis of 60% of the gross annual salary defined by the Company's Supervisory Board on February 25, 2020, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on January 8, 2021)*	€200,668.80 *(Amount paid with respect to the objectives set for the year 2019)*	€200,668.80 *(Amount granted with respect to the objectives set for the year 2019, calculated on the basis of 60% of the gross 2019 annual salary, and taking into account the validation of 87% of the objectives by the Company's Supervisory Board on February 25, 2020)*	€226,308.60 *(Amount paid with respect to the objectives set for the year 2018, calculated on the basis of 60% of the gross 2018 annual salary, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on March 1, 2019)*
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€50,000(**) *(as per the decision of the Company's Supervisory Board held on March 1, 2019)*
Fringe benefits:				
Car rental	▪ Lease fee: €1,210 per month, or €14,520 for the year 2020 ▪ Insurance: €3,452.20 for a complete year of insurance ▪ Other car related expenses (except fuel): €2,997.06	€20,969.26, including: ▪ €14,520 for the car leasing ▪ €3,452.20 for the car insurance ▪ €2,997.06 for other car related expenses	▪ 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 (except fuel): €3,048.99	€20,974.28, including: ▪ €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
Death and endowment insurance policy	Maximum €1,000 per month, or €12,000 for the year 2020	€12,000	Maximum €1,000 per month, or €12,000 for the year 2019	€12,000
Reimbursement of homeworkplace journeys made by flights and of associated costs (*)	€4,743.92	€4,743.92	€5,558.40	€5,558.40
TOTAL	**€648,525.71**	**€614,642.51**	**€622,957.47**	**€699,264.34**

(*) The current Management Agreement executed between Mr. Thomas Lingelbach and the subsidiary Valneva Austria GmbH provides that Mr. Lingelbach be reimbursed for the costs of weekend flights between hometowns in Germany and Austria and sites 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. Lingelbach and the subsidiary Valneva Austria GmbH, effective at the end of the Company's Combined General Meeting of June 27, 2019, and (b) the Company's Supervisory Board decisions, as applicable.
(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, 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.

Mr. Franck Grimaud — Management Board member, President & CBO of Valneva SE

	2020[1]		2019[2]	
	Amounts earned	**Amounts paid**	**Amounts earned**	**Amounts paid**
Fixed remuneration	€255,431.13 *(as per the decision of the Company's Supervisory Board of February 25, 2020, who increased Mr. Grimaud's 2020 annual gross salary to €265,383 - payable in 12 equal instalments, and taking into account a partial waiver of his fixed remuneration with respect to Q2 2020)*	€255,431.13	€261,564 *(as per the decision of the Company's Supervisory Board of March 1, 2019)* *Payable in 12 instalments*	€261,564
Annual variable remuneration	€132,691.50 *(Amount granted with respect to the objectives set for the year 2020, calculated on the basis of 50% of the gross annual salary defined by the Company's Supervisory Board on February 25, 2020, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on January 8, 2021)*	€108,549.06 *(Amount paid with respect to the objectives set for the year 2019)*	€108,549.06 *(Amount granted with respect to the objectives set for the year 2019, calculated on the basis of 50% of the gross 2019 annual salary, and taking into account the validation of 83% of the objectives by the Company's Supervisory Board on February 25, 2020)*	€121,010.90 *(Amount paid with respect to the objectives set for the year 2018, calculated on the basis of 50% of the gross 2018 annual salary, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on March 1, 2019)*
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€15,000[(**)] *(as per the decision of the Company's Supervisory Board held on March 1, 2019)*
Fringe benefits:				
Car rental	▪ Lease fee: €1,210 per month, or €14,520 for the year 2020 ▪ Insurance: €1,709.98 for a complete year of insurance	€11,947.54, including: ▪ €10,237.56 for the car leasing ▪ €1,709.98 for the car insurance	▪ 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 for a complete year of insurance	€11,910.22, including: ▪ €10,266.36 for the car leasing ▪ €1,643.86 for the car insurance
GSC[(*)]	€8,004	€8,004	€7,885	€7,885
TOTAL	**€412,356.61**	**€383,931.73**	**€393,501.92**	**€417,370.12**

(*) 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 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 Agreements executed between Mr. Franck Grimaud and Valneva SE, entered into force, depending on the case, at the end of the Combined General Meeting of June 30, 2016 or June 27, 2019, and (b) the Company's Supervisory Board decisions, as applicable.

Mr. Frédéric Jacotot — Management Board member, General Counsel & Corporate Secretary of Valneva SE[1]

	2020		2019[*]	
	Amounts earned	**Amounts paid**	**Amounts earned**	**Amounts paid**
Fixed remuneration	€198,870.78 *(as per the decision of the Company's Supervisory Board of February 25, 2020, who increased Mr. Jacotot's 2020 annual gross salary to €206,619 - payable in 12 equal instalments, and taking into account a partial waiver of his fixed remuneration with respect to Q2 2020)*	€193,150.12	▪ 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 (or €23,554.39 for the period), and €203,646 from June 28, 2019 onwards (or €101,166.10 for the period) *(as per the decision of the Company's Supervisory Board held on March 1, 2019)* *Payable in 12 instalments*	€206,424.26, including: ▪ €81,703.77 for the employment agreement ▪ €124,720.49 for the Management Board member office
Annual variable remuneration	€103,309.50 *(Amount granted with respect to the objectives set for the year 2020, calculated on the basis of 50% of the gross annual salary defined by the Company's Supervisory Board on February 25, 2020, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on January 8, 2021)*	€56,461.68 *(Amount paid with respect to the objectives set for the year 2019)*	€56,461.68 *(Amount granted with respect to the objectives set for the year 2019, calculated on the basis of 50% of the gross 2019 annual salary with respect to Mr. Jacotot's Management Board member office, and taking into account (i) the validation of 89% of the objectives by the Company's Supervisory Board on February 25, 2020, (ii) Mr. Jacotot's waiver to his bonus with respect to the year 2019, in connection with his employment agreement)*	▪ €43,314.75 paid with respect to his 2018 employee objectives ▪ €19,568.87 paid with respect to his 2018 Management Board objectives *(validation of 86% of the objectives by the Company's Supervisory Board on March 1, 2019)*
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€15,000[**] *(as per the decision of the Company's Supervisory Board held on March 1, 2019)*
Fringe benefits[2]:				
GSC[***]	€8,077.44	€8,077.44	€0	€0
TOTAL	**€310,257.72**	**€257,689.24**	**€262,885.94**	**€284,307.88**

(*) Amounts in the column "Amounts earned" 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 (June 27, 2019).

(**) Exceptional remuneration in connection with the private placement finalized on October 1, 2018 (operation was more successful than expected).

(***) A Social Insurance Contract for Company Directors and Managers (Convention Garantie Sociale des Chefs et Dirigeants d'Entreprise) has been granted to Mr. Frédéric Jacotot, with effect as from January 1, 2020. 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.

(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) Mr. Jacotot waived his right to a company car for 2019 and 2020, whose monthly rental amounts would have been borne by Valneva SE.

Mr. David Lawrence — *CFO* (and Valneva SE's Management Board member until September 30, 2020)

	2020[1]		2019[2]	
	Amounts earned	**Amounts paid**	**Amounts earned**	**Amounts paid**
Fixed remuneration	€265,949.19 *(as per the decision of the Company's Supervisory Board of February 25, 2020, who increased Mr. Lawrence's 2020 annual gross salary to €276,496 - payable in 12 equal instalments, and taking into account a partial waiver of his fixed remuneration with respect to Q2 2020)* *Amount taking into account an exchange rate from £ to € of 0.88471*	€265,949.19	€274,895 *(as per the decision of the Company's Supervisory Board held on March 1, 2019)* *Payable in 12 instalments*	€274,895
Annual variable remuneration	€0	€114,081.42 *(Amount paid with respect to the objectives set for the year 2019)*	€114,081.42 *(Amount granted with respect to the objectives set for the year 2019, calculated on the basis of 50% of the gross 2019 annual salary, and taking into account the validation of 83% of the objectives by the Company's Supervisory Board on February 25, 2020)*	€134,752.50 *(Amount paid with respect to the objectives set for the year 2018, calculated on the basis of 50% of the gross 2018 annual salary, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on March 1, 2019)*
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€50,000(*) *(as per the decision of the Company's Supervisory Board held on March 1, 2019)*
Termination indemnities	€776,197.65 *(Amount taking into account an exchange rate from £ to € of 0.88970)*	€412,141.17	€0	€0
Payment in lieu of accrued but untaken holidays	€33,816.34 *(Amount taking into account an exchange rate from £ to € of 0.88970)*	€33,816.34	€0	€0
Fringe benefits:				
Contribution to UK pension plan	15% of (i) the gross annual salary as set by the Supervisory Board of February 25, 2020, as adjusted pursuant to the partial waiver of Mr. Lawrence fixed remuneration with respect to Q2 2020, and (ii) the bonus paid in 2020 with respect to 2019 objectives. In total: €56,870.35 (Amount taking into account an exchange rate from £ to € of 0.88471)	€56,870.35	15% of gross annual salary, or €41,234.25	€41,234.25
Car allowance	€1,100 per month, or €13,200 for the year 2020	€13,200	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)
TOTAL	**€1,146,033.53**	**€896,058.47**	**€442,180.67**	**€513,496.05**

(*) 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. Lawrence and Valneva UK Ltd., effective at the end of the Company's Combined General Meeting of June 27, 2019, (b) the Company's Supervisory Board decisions, and (c) the provisions of the Settlement Agreement executed with Valneva UK Ltd. on September 4, 2020 (in the context of Mr. Lawrence's end of employment within Valneva), as applicable.

(2) 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 General Meeting of June 27, 2019, and (b) the Company's Supervisory Board decisions, as applicable.

Mr. Wolfgang Bender — *CMO* (and Valneva SE's Management Board member until October 31, 2020)

	2020[1]		2019[2]	
	Amounts earned	**Amounts paid**	**Amounts earned**	**Amount paid**
Fixed remuneration	€265,650.20, including: ▪ €93,434.02 with respect to the Management Agreement with Valneva SE ▪ €172,216.18 with respect to the Management Agreement with Valneva Austria GmbH *(as per the decision of the Company's Supervisory Board of February 25, 2020, who increased Mr. Bender's 2020 annual gross salary to €117,404 with respect to the Management Agreement with Valneva SE, and €178,926 with respect to the Management Agreement with Valneva Austria GmbH - payable in 12 or 14 equal instalments depending on the case, and taking into account a partial waiver of Mr. Bender's fixed remuneration with respect to Q2 2020)*	€291,667, including: ▪ €115,715 with respect to the Management Agreement with Valneva SE ▪ €175,952 with respect to the Management Agreement with Valneva Austria GmbH	€291,667, including: ▪ €115,715 with respect to the Management Agreement with Valneva SE ▪ €175,952 with respect to the Management Agreement with Valneva Austria GmbH *(as per the decision of the Company's Supervisory Board held on March 1, 2019)* *Payable in 12 or 14 equal instalments, depending on the case*	€291,667, including: ▪ €115,715 with respect to the Management Agreement with Valneva SE ▪ €175,952 with respect to the Management Agreement with Valneva Austria GmbH
Annual variable remuneration	€148,165, including: ▪ €58,702 with respect to the Management Agreement with Valneva SE ▪ €89,463 with respect to the Management Agreement with Valneva Austria GmbH *(Amount granted with respect to the objectives set for the year 2020, calculated on the basis of 50% of the gross annual salary defined by the Company's Supervisory Board on February 25, 2020, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on January 8, 2021)*	€129,791.81, including: ▪ €51,493.17 with respect to the Management Agreement with Valneva SE ▪ €78,298.64 with respect to the Management Agreement with Valneva Austria GmbH *(Amount paid with respect to the objectives set for the year 2019)*	€129,791.81, including: ▪ €51,493.17 with respect to the Management Agreement with Valneva SE ▪ €78,298.64 with respect to the Management Agreement with Valneva Austria GmbH *(Amount granted with respect to the objectives set for the year 2019, calculated on the basis of 50% of the gross 2019 annual salary, and taking into account the validation of 89% of the objectives by the Company's Supervisory Board on February 25, 2020)*	€143,270.50, including: ▪ €56,952 with respect to the Management Agreement with Valneva SE ▪ €86,318.50 with respect to the Management Agreement with Valneva Austria GmbH *(Amount paid with respect to the objectives set for the year 2018, calculated on the basis of 50% of the gross 2018 annual salary, and taking into account the validation of 100% of the objectives by the Company's Supervisory Board on March 1, 2019)*
Multi-year variable remuneration	€0	€0	€0	€0
Exceptional remuneration	€0	€0	€0	€15,000[*] *(as per the decision of the Company's Supervisory Board held on March 1, 2019)*
Retirement indemnity	€40,000	€0	€0	€0

(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, (b) the decisions of the Company's Supervisory Board, and (c) the provisions of the Termination Agreements entered into with Valneva SE and Valneva Austria GmbH on August 5, 2020, 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, 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 Company's Supervisory Board decisions, as applicable.

	2020[1]		2019[2]	
	Amounts earned	Amounts paid	Amounts earned	Amount paid
Fringe benefits:				
Contribution to German health insurance and pension plan	€6,431.95, including: ▪ €2,572.78 with respect to the Management Agreement with Valneva SE ▪ €3,859.17 with respect to the Management Agreement with Valneva Austria GmbH *(Applicable period: only from January to July 2020 inclusive)*	€6,431.95, including: ▪ €2,572.78 with respect to the Management Agreement with Valneva SE ▪ €3,859.17 with respect to the Management Agreement with Valneva Austria GmbH	From €12,000 (January to June 2019) to €24,000 (July to December 2019) per year, or a total of 18,000, including: ▪ €7,200 with respect to the Management Agreement with Valneva SE ▪ €10,800 with respect to the Management Agreement with Valneva Austria GmbH	€18,000 per year, including: ▪ €7,200 Management Agreement with Valneva SE ▪ €10,800 with respect to the Management Agreement with Valneva Austria GmbH
Reimbursement of homework place (Germany-Austria) journeys made by flights and of associated costs	€4,766.03	€4,766.03	€12,471.32	€12,471.32
Car allowance	€1,100 per month, or €13,200 for the year 2020	€13,200	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 (Additional €600 paid in March 2020)
TOTAL	**€478,213.18**	**€419,839.99**	**€464,530.13**	**€492,408.82**

(*) Exceptional remuneration in connection with the private placement finalized on October 1, 2018 (operation was more successful than expected).

Mr. Juan Carlos Jaramillo — *CMO* (and Valneva SE's Management Board member since October 1, 2020)

	2020 (1)	
	Amounts earned	Amounts paid
Fixed remuneration	€71,250 *(Prorated amount taking into account the starting date of Mr. Jaramillo's office as Management Board member. The 2020 annual gross salary was set at €285,000 by his Management Agreement)* *Payable in 14 equal instalments (12 instalments at the end of the month and 2 additional instalments, one on June 30 and the other on November 30 of each year)*	€71,250
Annual variable remuneration	€35,625 *(Amount granted with respect to the objectives set for the year 2020, calculated (i) on the basis of 50% of the 2020 gross annual salary defined for Mr. Jaramillo, and (ii) on a prorate basis, taking into account the starting date of Mr. Jaramillo's office as Management Board member. Amount set following the validation of 100% of the objectives by the Company's Supervisory Board on January 8, 2021)*	€35,625
Multi-year variable remuneration	€0	€0
Exceptional remuneration	€0	€0
Fringe benefits:		
Car allowance	€1,100 per month, or €3,300 from October to December 2020	€3,300
Death and endowment insurance policy	€3,000 *(Prorated amount taking into account the starting date of Mr. Jaramillo's office as Management Board member. The annual premium to be paid is set at €12,000, or €1,000 per month, into Mr. Jaramillo's Management Agreement)*	€3,000
Reimbursement of home workplace journeys made by flights and of associated cost[s](*)	€1,221.32	€1,221.32
TOTAL	**€114,396.32**	**€78,771.32**

(*) The current Management Agreement executed between Mr. Juan Carlos Jaramillo and the subsidiary Valneva Austria GmbH provides that Mr. Jaramillo be reimbursed for the costs of weekend flights between hometown in Spain and site of Valneva Austria, these costs including the transfers from and to the airport.

(1) Amounts defined and set in accordance with (a) the provisions of the Management Agreement entered into between Mr. Juan Carlos Jaramillo and the subsidiary Valneva Austria GmbH, effective since October 1, 2020, 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. 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 2017 Free Convertible Preferred Share program 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. Furthermore, 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.
- A percentage of free shares or shares resulting from the exercise of stock options must be retained by Valneva's corporate officers until such time as they no longer perform their duties. Accordingly, the Company's Supervisory Board has decided that the members of the Management Board who are beneficiaries of the 2017-2021 Free Convertible Preferred Share program are required to hold and retain in registered form at least 10% of the ordinary shares resulting from the conversion of these FCPS. This rate amounts to 20% of the shares granted under the 2013 and 2015 stock-option plans and of the shares granted for free under the latest 2019-2023 free share plan.
- 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 2017 free convertible share program, 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 2020

None of the Management Board members received stock options to subscribe for or purchase shares during the fiscal year 2020.

Options to subscribe for or purchase shares of the Company exercised by Management Board members in 2020

None of the Management Board members exercised stock options to subscribe for or purchase shares during the fiscal year 2020.

*

Considering the foregoing, tables 4 & 5 of Annex 2 of the AMF Position-Recommendation No. 2021-02 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, 2020, for all Company plans combined, 4,911,410 stock options were outstanding, permitting the subscription for 4,975,831 new Valneva SE ordinary shares(1), representing a potential nominal increase in the share capital of €746,374.65 (or a maximum potential dilution of 5.47%(2) of the Company's share capital).

*

Highlights of Company stock option plans in force in 2020 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
Exercise price for one new ordinary share	€4.72(*)
Option/share conversion ratio	1: 1.099617653 (then rounded-up)(**)
Stock options granted to employees and/or corporate officers by the Management Board at launch of plan	14,000
Starting date for the exercise of options	According to objectives
Stock options exercised as of December 31, 2020	0
New ordinary shares issued as of December 31, 2020 resulting from exercise of stock options	0
Outstanding stock options not yet exercised as of December 31, 2020	0
Of which outstanding stock options held by corporate officers	*0*
New ordinary shares potentially resulting from stock option exercise as of December 31, 2020	0
Stock options having lapsed as of December 31, 2020	14,000
Stock options remaining to be granted at December 31, 2020 under the General Meeting's authorization – Authorization status	0 – Authorization expired
Theoretical number of shares available for take up at December 31, 2020, if the 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.

(1) Provided that all stock options become available for exercise.
(2) Rate calculated in reference to a total share capital of 90,970,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20,514 convertible preferred shares (XFCS00X0I9M1), also with a par value of €0.15 each.

Plan 7 (ESOP 2013)

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)
Exercise price for one new ordinary share	€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 Management Board at launch of plan	1,052,950
Starting date for the exercise of options	October 2, 2015 & October 2, 2017(4)
Stock options exercised as of December 31, 2020	0
New ordinary shares issued as of December 31, 2020 resulting from exercise of stock options	0
Outstanding stock options not yet exercised as of December 31, 2020	645,900 (all available for exercise)
Of which outstanding stock options held by corporate officers	*210,000* ▪ *Mr. Thomas Lingelbach: 100,000* ▪ *Mr. Franck Grimaud: 100,000* ▪ *Mr. Frédéric Jacotot: 10,000*
New ordinary shares potentially resulting from stock option exercise as of December 31, 2020	710,321
Stock options having lapsed as of December 31, 2020	407,050
Stock options remaining to be granted at December 31, 2020 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, 2020, if the 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.

- **Changes in the plan since the end of the 2020 fiscal year:** as of March 31, 2021, no options had been exercised under this plan. The number of outstanding stock options at that time was 642,200. The number of new ordinary shares that may be issued if the remaining options are exercised amounted to 706,252. The total number of stock options that have lapsed has been increased to 410,750.

Plan 8 (ESOP 2015)

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
Exercise price for one new ordinary share	€3.92
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the 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 as of December 31, 2020	0
New ordinary shares issued as of December 31, 2020 resulting from exercise of stock options	0
Outstanding stock options not yet exercised as of December 31, 2020	533,000 (all available for exercise)
Of which outstanding stock options held by corporate officers	*100,000 (Mr. Thomas Lingelbach)*
New ordinary shares potentially resulting from stock option exercise as of December 31, 2020	533,000
Stock options having lapsed as of December 31, 2020	179,000
Stock options remaining to be granted at December 31, 2020 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, 2020, if the 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.

- **Changes in the plan since the end of the 2020 fiscal year:** as of March 31, 2021, no options had been exercised under this plan. The number of outstanding stock options at that time was 529,000 (entitling the holder to an equivalent number of new ordinary shares). The total number of stock options that have lapsed has been increased to 183,000.

Plan 9 (ESOP 2016)

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
Exercise price for one new ordinary share	€2.71
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the 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 as of December 31, 2020	0
New ordinary shares issued as of December 31, 2020 resulting from exercise of stock options	0
Outstanding stock options not yet exercised as of December 31, 2020	399,250 (all available for exercise)
Of which outstanding stock options held by corporate officers	*0*
New ordinary shares potentially resulting from stock option exercise as of December 31, 2020	399,250
Stock options having lapsed as of December 31, 2020	185,000
Stock options remaining to be granted at December 31, 2020 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, 2020, if the 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.

- **Changes in the plan since the end of the 2020 fiscal year:** as of March 31, 2021, and following the exercise of 363,050 stock options in January 2021, the number of outstanding stock options under this plan was 36,200 (entitling the holder to an equivalent number of new ordinary shares).

Plan 10 (ESOP 2017)

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
Exercise price for one new ordinary share	€2.85
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the 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 as of December 31, 2020	0
New ordinary shares issued as of December 31, 2020 resulting from exercise of stock options	0
Outstanding stock options not yet exercised as of December 31, 2020	998,000 (including 499,000 stock options available for exercise)
Of which outstanding stock options held by corporate officers	*0*
New ordinary shares potentially resulting from stock option exercise as of December 31, 2020	998,000 (including 499,000 shares which can be issued from stock options available for exercise)
Stock options having lapsed as of December 31, 2020	271,500
Stock options remaining to be granted at December 31, 2020 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, 2020, if the 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.

- **Changes in the plan since the end of the 2020 fiscal year:** as of March 31, 2021, and following the exercise of 427,025 stock options in January 2021, the number of outstanding stock options under this plan was 564,225 (entitling the holder to an equivalent number of new ordinary shares). The total number of stock options that have lapsed has been increased to 278,250.

Plan 11 (ESOP 2019)

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
Exercise price for one new ordinary share	€3.05
Option/share conversion ratio	1: 1
Stock options granted to employees and/or corporate officers by the Management Board at launch of plan	2,671,510
Starting date for the exercise of options	September 30, 2020 - September 30, 2021 - September 30, 2022(1)
Stock options exercised as of December 31, 2020	0
New ordinary shares issued as of December 31, 2020 resulting from exercise of stock options	0
Outstanding stock options not yet exercised as of December 31, 2020	2,335,260 (including 778,341 stock options available for exercise)
Of which outstanding stock options held by corporate officers	*0*
New ordinary shares potentially resulting from stock option exercise as of December 31, 2020	2,335,260 (including 778,341 shares which can be issued from stock options available for exercise)
Stock options having lapsed as of December 31, 2020	336,250
Stock options remaining to be granted at December 31, 2020 under the General Meeting's authorization – Authorization status	0 - Authorization declared null and void by the Combined General Meeting of June 17, 2020
Theoretical number of shares available for take up at December 31, 2020, if the Management Board makes use of the remainder amount under the General Meeting's authorization	0

(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.

- **Changes in the plan since the end of the 2020 fiscal year:** as of March 31, 2021, no options had been exercised under this plan. The number of outstanding stock options at that time was 2,257,760 (entitling the holder to an equivalent number of new ordinary shares). The total number of stock options that have lapsed has been increased to 413,750.

Free shares (ordinary shares or convertible preferred shares)

Valneva SE ordinary shares

Free ordinary shares granted to the Management Board members in 2020

None of the Management Board members received Valneva SE free ordinary shares during the fiscal year 2020.

Valneva SE free ordinary shares fully vested in and delivered to Management Board members in 2020

No free ordinary shares were transferred to Management Board members in the form of new Valneva SE ordinary shares during the fiscal year 2020.

Valneva SE convertible preferred shares

Free convertible preferred shares granted to the Management Board members in 2020

None of the Management Board members received Free convertible preferred shares from the Company during the fiscal year 2020.

Free convertible preferred shares fully vested in and delivered to Management Board members in 2020

No Free convertible preferred shares were transferred to Management Board members in the form of new Valneva SE ordinary shares during the fiscal year 2020.

*

Considering the foregoing, tables 6 & 7 of Annex 2 of the AMF Position-Recommendation No. 2021-02 are non-applicable.

Free share plans history

Free ordinary share plans

At December 31, 2020, 2,027,848 free ordinary shares were in vesting period, representing a potential share capital increase of €304,177.20 in par value (or a maximum potential dilution of 2.23%(1) of the Company's share capital).

A detailed description of the free share plan in force during the fiscal year 2020 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	Maximum three percent (3%) of the Company's share capital on the grant date, without exceeding the maximum legal amount applicable on the grant date.
Number of beneficiaries	14
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 whole number, 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* *Note: Following termination of their employment, Messrs. David Lawrence and Wolfgang Bender retained a portion of their free ordinary shares granted under this plan (98,471 and 77,126 respectively), in accordance with the provisions of Mr. Lawrence's Settlement Agreement (as amended), and the Termination Agreement entered into between Mr. Bender and Valneva SE(2).*
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	Following free shares vesting, no compulsory holding period will be applicable to the beneficiaries that are non-executive employees. 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.
Free ordinary shares fully vested at December 31, 2020	0

(1) Rate calculated in reference to a total share capital of 90,970,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20,514 convertible preferred shares (XFCS00X0I9MI), also with a par value of €0.15 each.
(2) See Section 2.5 of this URD.

FREE SHARE PLAN 2019-2023

Free ordinary shares being vested at December 31, 2020	2,027,848 (including 856,807 by the corporate officers)
Free ordinary shares lapsed at December 31, 2020	164,099
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. Additionally, the beneficiaries must continuously remain a 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 or any individual exemption.
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, 2021, 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 will 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 cancelled and the Company will indemnify the beneficiaries for the loss of unvested free ordinary shares granted under the cancelled 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 ordinary shares which may be granted at December 31, 2020 under the General Meeting's authorization - Authorization status	0 Authorization declared null and void by the Combined General Meeting of June 17, 2020

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 at December 7, 2017	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 at December 15, 2017	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.

(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.

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 beneficiary does not request conversion of his convertible preferred shares within 3 months from 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 from the conversion of their convertible preferred shares.

(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 First appointment to Valneva SE's Management Board by the Supervisory Board of May 10, 2013 (with effect as from May 28, 2013) End of current term of office at the 2022 General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021		x(1)		x(2)		x(4)		x(5)
Mr. Franck Grimaud First appointment to Vivalis SA's (now Valneva SE) Management Board by the Supervisory Board of November 29, 2002 End of current term of office at the 2022 General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021		x		x		x(3)(4)		x(5)
Mr. Frédéric Jacotot First appointment to Valneva SE's Management Board by the Supervisory Board of March 21, 2017 (with effect as from April 1, 2017) End of current term of office at the 2022 General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021		x		x		x(3)(4)		x(5)
Mr. David Lawrence First appointment to Valneva SE's Management Board by the Supervisory Board of August 1, 2017 (with effect as from August 7, 2017) Resignation from office at September 30, 2020		x		x		x(4)		x(5)
Mr. Wolfgang Bender First appointment to Valneva SE's Management Board by the Supervisory Board of August 1, 2017 (with effect as from September 1, 2017) Resignation from office at October 31, 2020		x(1)		x		x(4)		x(5)
Mr. Juan Carlos Jaramillo Appointment to Valneva SE's Management Board by the Supervisory Board of September 22, 2020 (with effect as from October 1, 2020) End of term of office at the 2022 General Meeting called to approve the annual financial statements for the fiscal year ending December 31, 2021		x(1)		x(2)		x(4)		x(5)

(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) Messrs. Thomas Lingelbach and Juan Carlos Jaramillo are beneficiaries of a life-insurance (savings plan type) in view of their 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 Messrs. Franck Grimaud and Frédéric Jacotot, 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" and "Contribution with respect to a pension plan and health insurance program", 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).

Indemnities payable to Mr. Thomas Lingelbach, Chair of the Management Board — President & CEO

Management Agreement entered into with Valneva Austria GmbH (as amended)

Effective as from the end of the Combined General Meeting of June 27, 2019

Authorized by the Supervisory Board on June 28, 2018

Amendment authorized by the Supervisory Board on January 15, 2021

(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 or expiry 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
(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, or
(iii) in the event the office is not renewed at the end of its term

- Payment of an indemnity equal to 12 months' fixed remuneration pursuant to Section 6.1 of the Management Agreement (as adjusted), notice period included

Estimate gross amounts to be paid by Valneva Austria GmbH, including charges, in case of event (2) occurring at December 31, 2021

Indemnities: €280,000
Costs: €32,497.38
Total: €312,497.38

(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 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 *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 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 *prorate* 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, 2021

Indemnities in case of application of the non-compete clause for a period of 12 months: €672,000
Costs: €65,910.06
Total: €737,910.06

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 entered into with Valneva SE (as amended)

Effective as from the end of the Combined General Meeting of June 27, 2019

Authorized by the Supervisory Board on June 28, 2018

Amendment authorized by the Supervisory Board on January 15, 2021

(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 or expiry 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, or
(iii) in the event the office is not renewed at the end of its term

- Payment of an indemnity equal to 12 months' fixed remuneration pursuant to Section 6.1 of the Management Agreement (as adjusted), notice period included

Estimate gross amounts to be paid by Valneva SE, including charges, in case of event (2) occurring at December 31, 2021

Indemnities: €221,152.50
Costs: €92,884.05
Total: €314,036.55

(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 *prorat*e 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 (4) occurring at December 31, 2021

Indemnities in case of application of the non-compete clause for a period of 12 months: €398,074.50
Costs: €167,191.29
Total: €565,265.79

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. Frédéric Jacotot, Management Board member — General Counsel

Management Agreement entered into with Valneva SE (as amended)

Effective as from the end of the Combined General Meeting of June 27, 2019

Authorized by the Supervisory Board on June 28, 2018

Amendment authorized by the Supervisory Board on January 15, 2021

(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 or expiry of the Management Agreement pursuant to
(i) removal of the corporate officer by Valneva SE **without good cause** (*juste motif*); or
(ii) in the event the office is not renewed at the end of its term

- Payment of an indemnity equal to 12 months' fixed remuneration pursuant to Section 6.1 of the Management Agreement (as adjusted), notice period included

Estimate gross amounts to be paid by Valneva SE, including charges, in case of event (2) occurring at December 31, 2021

Indemnities: €172,182.50
Costs: €72,316.65
Total: €244,499.15

(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 (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 waived *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 prorate 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 (4) occurring at December 31, 2021

Indemnities in case of application of the non-compete clause for a period of 12 months: €309,928.50
Costs: €130,169.97
Total: €440,098.47

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 in the context of the termination of his employment within the Valneva Group

Settlement Agreement entered into with Valneva UK Ltd. on September 4, 2020 (as amended)

Authorized by the Supervisory Board on August 5, 2020

Amendment authorized by the Supervisory Board on August 5, 2020

Termination indemnities (Article 3)
Payment by Valneva UK Ltd. of:

- £366,682 (€412,141.17) by December 31, 2020;
- £183,340 (€206,069.46) by March 31, 2021; and
- £140,561,05 (€157,987.02) by July 31, 2021.

(Amount taking into account an exchange rate from £ to € of 0.88970)

Indemnities payable to Mr. Wolfgang Bender in the context of the termination of his employment within the Valneva Group

Termination Agreement entered into with Valneva SE on August 5, 2020

Authorized by the Supervisory Board on August 5, 2020

Indemnities in case of a Change of Control of the Company

"Change of Control" shall mean that a person or entity other than Valneva SE's current shareholders has taken control of Valneva SE, "control" having the meaning set forth in Article L 233-3 of the French Commercial Code.

- Free Convertible Preferred Share Plan 2017-2021 (Articles 7 et 9 of the Termination Agreement)

In accordance with the Supervisory Board's 7th decision dated June 28, 2018 and 1st decision dated August 5, 2020, and with the Management Board's 2nd decision dated July 16, 2018, Mr. Bender kept the total number of 3,633 FCPS being vested, out of his initial allocation of 4,651 FCPS. The remainder (1,018 FCPS) forfeited.

In the event that a Change of Control takes place before December 15, 2021 (full vesting of the convertible preferred shares), Mr. Bender shall receive a cash indemnity for the loss of the unvested FCPS he kept. The gross amount of this indemnity shall be calculated as though such FCPS had been vested and converted upon the Change of Control.

Estimate gross amounts to be paid by Valneva SE in case of a Change of Control occurring before December 15, 2021, considering a share price set at €8

Indemnities : €1,801,968

- Free Share Plan 2019-2023 (Articles 8 et 9 of the Termination Agreement)

In accordance with Section 3.7 of the terms and conditions of the Free Share Plan 2019-2023 and the Supervisory Board's 1st decision dated August 5, 2020, Mr. Bender kept 35,597 free ordinary shares being vested under tranche 1, 23,731 free ordinary shares being vested under tranche 2 and 17,798 free ordinary shares being vested under tranche 3 (representing 77,126 free ordinary shares in total).

In the event that a Change of Control occurs before December 19, 2021 (vesting date of the first tranche), Mr. Bender shall receive a cash indemnity for the loss of the unvested FCPS he kept. The gross amount of this indemnity shall be calculated as though such free ordinary shares had been vested and converted upon the Change of Control.

Estimate gross amounts to be paid by Valneva SE in case of a Change of Control occurring before December 19, 2021, considering a share price set at €12

Indemnities: €925,512

Termination Agreement entered into with Valneva Austria GmbH on August 5, 2020

Authorized by the Supervisory Board on August 5, 2020

Retirement indemnities (Article 4)

- Payment by Valneva Austria GmbH of a €40,000 indemnity (at January 31, 2021).

Indemnities payable to Mr. Juan Carlos Jaramillo, CMO (and Management Board member since October 1, 2020)

Management Agreement entered into with Valneva Austria GmbH on June 17, 2020 (as amended)

Effective since October 1, 2020

Authorized by the Supervisory Board on June 17, 2020

Amendment authorized by the Supervisory Board on December 21, 2020

(1) Inability to work due to illness or accident

- Valneva Austria GmbH shall pay the difference between the health insurance allowance and Mr. Jaramillo fixed remuneration, so that the corporate officer shall receive an aggregate amount equal to 100% of his fixed remuneration as outlined in Section 6.1 of the Management *A*greement (as adjusted) for a period of three months, and 49% for an additional maximum period of three months.
- The limit for any 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 expiry or termination of the Management Agreement.

(2) Termination or expiry 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, or
(iii) in the event the office is not renewed at the end of its term

- Payment of an indemnity equal to 12 months' fixed remuneration pursuant to Section 6.1 of the Management Agreement (as adjusted), notice period included

Estimate gross amounts to be paid by Valneva Austria GmbH, including charges, in case of event (2) occurring at December 31, 2021

Indemnities: €240,350.00
Costs: €26,040.24
Total: €266,390.24

(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 2-months' notice period (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 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 *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 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 *prorate* 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, 2021

Indemnities in case of application of the non-compete clause for a period of 12 months: €432,630.00
Costs: €53,978.53
Total: €486,608.53

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. Juan Carlos Jaramillo 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. Juan Carlos Jaramillo 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

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. 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

Mr. Juan Carlos Jaramillo

- 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. Jaramillo (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 a member of a governing 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. Jaramillo: 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.

*

Note: in the context of Messrs. David Lawrence and Wolfgang Bender's termination of employment, Valneva UK Ltd., Valneva SE and Valneva Austria GmbH (as applicable) have expressly waived the non-compete obligation set forth in the Management Agreements of Mr. Lawrence and Mr. Bender. They nevertheless remain bound by the prohibition to solicit personnel, consultants or members of the Scientific Committee of Valneva UK Ltd, Valneva SE or Valneva Austria GmbH (as the case may be) for a period of 12 months from the termination of their Management Agreements.

Death and endowment insurance policy

Messrs. Thomas Lingelbach and Juan Carlos Jaramillo, in their 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 their Management Agreement.

Messrs. Lingelbach and Jaramillo may then, in their sole discretion, (a) leave the accrued savings within the insurance policy until the retirement age (such savings would then approximately amount to €182,026 for Mr. Lingelbach and €191,615 for Mr. Jaramillo[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 June 30, 2022, Mr. Lingelbach could get approximately €204,408 as a cash settlement, or €10,456 per year as a life annuity.

Mr. Jaramillo could get approximately €16,855 as a cash settlement, or €31.95 per year as a life annuity.

Contribution with respect to a pension plan and health insurance program

Messrs. David Lawrence and Wolfgang Bender, respectively CFO and CMO, as well as Management Board members until September 30, 2020 and October 31, 2020, benefited of a pension plan and a health insurance program, to which the Company or its Austrian and British subsidiary, as applicable, contributed in 2020 for the amount set forth in their Management Agreement:

- with respect to Mr. David Lawrence, Valneva SE contributed 15% of (i) the gross annual salary as set by the Supervisory Board of February 25, 2020, as adjusted pursuant to the partial waiver of Mr. Lawrence fixed remuneration with respect to Q2 2020, and (ii) the bonus paid in 2020 with respect to 2019 objectives (or in total: €56,870.35);
- concerning Mr. Wolfgang Bender, Valneva SE paid allowances in the amount of €2,572.78. Valneva Austria GmbH also paid allowances for the total amount of €3,859.17.

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

(a) Individual disclosure of fees and other remuneration to non-executive officers in office during the fiscal year 2020 (gross amounts before tax)

	Amounts earned in 2020 [1]	Amounts paid in 2020[2]	Amounts earned in 2019[3]	Amounts paid in 2019[4]
Mr. Frédéric Grimaud, Chairman of the Supervisory Board				
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 (until June 17, 2020)				
Fees	€0	€15,000	€45,000	€37,500
Other remuneration	€0	€0	€0	€0
Mr. James Sulat, Member of the Supervisory Board (Vice-President of the Supervisory Board from June 17, 2020)				
Fees	€41,331.52	€30,498.19	€35,000	€40,000
Other remuneration	€0	€0	€0	€0
Ms. Anne-Marie Graffin, Supervisory Board member				
Fees	€31,250	€24,646.74	€30,000	€30,000
Other remuneration	€0	€0	€0	€0
Mr. Alexander von Gabain, Supervisory Board member (until June 17, 2020)				
Fees	€0	€10,000	€30,000	€30,000
Other remuneration	€0	€0	€0	€0
Ms. Sandra E. Poole, Supervisory Board member (until June 17, 2020)				
Fees	€0	€10,000	€30,000	€30,000
Other remuneration	€0	€0	€0	€0
Mr. Thomas Casdagli, Supervisory Board member (from December 12, 2019 until March 12, 2021)				
Fees	€0	€0	€0	€0
Other remuneration	€0	€0	€0	€0
Mr. Balaji Muralidhar, Supervisory Board member (until December 12, 2019)				
Fees	n.a.	€986.30[5]	€30,000	€15,000
Other remuneration	n.a.	€0	€0	€0
Ms. Sharon Tetlow, Supervisory Board member (from June 17, 2020)				
Fees	€28,695.65	€13,695.65	n.a.	n.a.
Other remuneration	€0	€0	n.a.	n.a.
Ms. Johanna Pattenier, Supervisory Board member (from June 17, 2020)				
Fees	€28,695.65	€13,695.65	n.a.	n.a.
Other remuneration	€0	€0	n.a.	n.a.
TOTAL	**€179,972.82**	**€168,522.53**	**€250,000.00**	**€232,500.00**

(1) Amounts initially granted for the period from June 1, 2020 to May 31, 2021 (or from June 17, 2020 to May 31, 2021 for members appointed as of June 17, 2020), before modification for 2021 as decided by the Supervisory Board on February 9, 2021. Amounts set pursuant to a decision of the Supervisory Board on June 17, 2020, and taking into account, where applicable, the waiver by most Supervisory Board members of their fees (in particular for the second calendar quarter of 2020, due to the COVID-19 health crisis, and, in the case of Thomas Casdagli in particular, the waiver of his fees until June 30, 2021).

(2) Amounts received from January 1, 2020 to December 31, 2020, taking into account, where applicable, the waiver by most members of the Supervisory Board of their fees (in particular for the second calendar quarter of 2020, due to the COVID-19 health crisis). In the case of Mr. Thomas Casdagli, no compensation was allocated or paid to him in 2020, as he expressly waived this right.

(3) Amounts set following a decision of the Supervisory Board dated June 27, 2019 (Amounts for the period from June 1, 2019 to May 31, 2020). In the case of Mr. Thomas Casdagli, no compensation was allocated or paid to him in 2019, as he expressly waived this right.

(4) Amounts received from January 1, 2019 to December 31, 2019.

(5) Pursuant to a decision of the Supervisory Board dated February 25, 2020 - Amount paid in respect of the proportional compensation due to Mr. Balaji Muralidhar for the period from December 1 to December 12, 2019.

(b) Equity warrants (BSA)

BSA 25

Grant decision date	Management Board dated July 28, 2015
Number of BSAs authorized by the General Meeting	153,000 (Extraordinary General Meeting dated June 26, 2014)
Number of 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.
Number of BSAs lapsed at December 31, 2020	148,750
Number of BSAs exercised at December 31, 2020	4,875
Number of outstanding BSAs at December 31, 2020	0
Number of potential Valneva SE ordinary shares to be issued upon exercise of BSAs outstanding at December 31, 2020	0
Exercise price per share	€3.92
Expiry date of the plan	July 28, 2020

BSA 27

Grant decision date	Management Board dated December 15, 2017
Number of BSAs authorized by the General Meeting	125,000 (Extraordinary General Meeting dated June 30, 2016)
Number of 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.
Number of BSAs lapsed at December 31, 2020	15,625
Number of BSAs exercised at December 31, 2020	28,125
Number of outstanding BSAs at December 31, 2020	43,750
Number of potential Valneva SE ordinary shares to be issued upon exercise of outstanding BSAs at December 31, 2020	43,750 (1 BSA for 1 Valneva SE ordinary share)
Exercise price per share	€2.574
Expiry date of the plan	December 15, 2022

- **Changes in the BSA 27 plan since the end of the 2020 fiscal year**: as of March 31, 2021, and following the exercise of 3,125 BSA 27 in January 2021, the total number of exercised BSA 27 under this plan was 31,250. The number of outstanding BSA 27 was therefore 40,625 (entitling the holder to an equivalent number of new ordinary shares).

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 (a) 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 purposes of consistency in the information presented, the valuation of dilutive instruments granted to corporate officers (stock options or free shares), as the case may be, is excluded from the scope of the calculation of the equity ratios. As a reminder, for the fiscal year 2019, this valuation amounted to €845,750.85 for the Chair of the Management Board and €669,553.50 for each of the members of the Management Board (other than Mr. Juan Carlos Jaramillo), concerning the allocation of free ordinary shares. In respect of the fiscal year 2017, this valuation amounted to €559,301 for the Chair of the Management Board and €464,826 for each of the members of the Management Board (other than Mr. Juan Carlos Jaramillo), concerning the allocation of free convertible preferred shares. In addition, items corresponding to indemnities or other compensation granted in connection with the departure of a corporate officer are not taken into account in the basis for calculating the ratios. As a reminder, for the fiscal year 2020, termination indemnities were granted to Mr. David Lawrence for a total amount of €776,197.65, as well as compensation for accrued but untaken holidays for a total amount of €33,816.34. Similarly, retirement indemnities were granted to Mr. Wolfgang Bender for the fiscal year 2020 for a total amount of €40,000.

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 Chair 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.

	2016	2017	2018	2019	2020
Net result (*)	+ 28.56%	- 21.36%	- 10.28%	- 66.15%	+47.97%
Average remuneration of the non-corporate officer employees (*)	+ 18,42	+ 6,46%	+ 2,31%	- 3,52%	+4.53%
CHANGE IN THE REMUNERATION OF MANAGEMENT BOARD MEMBERS (*) - RATIOS WITH RESPECT TO NON-CORPORATE OFFICERS EMPLOYEES					
Mr. Thomas Lingelbach - Chair of the Management Board, President & CEO	+ 6.70%	+ 9.78%	+7.03%	- 10.29%	+ 4.10%
Remuneration ratio (1)	11	11	12	11	11
Remuneration ratio (2)	14	15	16	15	14
Mr. Franck Grimaud Management Board member - President & CBO	+ 8.44%	+ 2.13%	+ 2.12%	- 7.14%	+ 4.79%
Remuneration ratio (1)	8	7	7	7	7
Remuneration ratio (2)	10	10	10	9	9
Mr. Frédéric Jacotot Management Board member (since April 1, 2017) - General Counsel & Corporate Secretary	n.a.	n.a.	+ 5.79%	+ 9.05%	+ 18.02%
Remuneration ratio (1)	n.a.	5	5	5	5
Remuneration ratio (2)	n.a.	6	7	6	7
Mr. David Lawrence CFO (and Management Board member until September 30, 2020)	n.a.	n.a.	+ 9.24%	- 13.25%	- 24.12%
Remuneration ratio (1)	n.a.	8	9	8	6
Remuneration ratio (2)	n.a.	11	12	10	7
Mr. Wolfgang Bender CMO (and Management Board member until October 31, 2020)	n.a.	n.a.	+ 3.51%	- 4.40%	- 5.67%
Remuneration ratio (1)	n.a.	8	8	8	7
Remuneration ratio (2)	n.a.	11	11	11	10
Mr. Juan Carlos Jaramillo CMO (and Management Board member since October 1, 2020)	n.a.	n.a.	n.a.	n.a.	n.a.
Remuneration ratio (1)	n.a.	n.a.	n.a.	n.a.	2
Remuneration ratio (2)	n.a.	n.a.	n.a.	n.a.	3

(*) Change compared to the previous year.

	2016	2017	2018	2019	2020
CHANGE IN THE REMUNERATION OF THE CHAIR OF THE SUPERVISORY BOARD (*) - RATIOS WITH RESPECT TO NON-CORPORATE OFFICERS EMPLOYEES					
Mr. Frédéric Grimaud - Chair of the Supervisory Board	=	=	=	=	=
Remuneration ratio (1)	0.93	0.87	0.85	0.88	0.84
Remuneration ratio (2)	1.20	1.15	1.14	1.17	1,10

(*) Change compared to the previous year.

- The 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.
- The increase in Mr. Frédéric Jacotot's remuneration between the fiscal years 2019 and 2020 is mainly due to the allocation of a higher variable remuneration - linked to the achievement of objectives - for the year 2020. This resulted, on the one hand, from the validation by the Company's Supervisory Board on February 25, 2020 of 100% of the corporate officer's objectives for the year 2020 (compared to 89% for the objectives of the year 2019), and, on the other hand, from the waiver by Mr. Jacotot of his bonus for the year 2019 in connection with his employment agreement.
- The negative change in Mr. David Lawrence's remuneration between 2019 and 2020 is mainly due to the inclusion for 2020 of certain amounts equivalent to variable remuneration in the termination indemnities of his Management Agreement.
- Concerning Mr. Wolfgang Bender, the negative change in his remuneration between 2019 and 2020 is mainly due to his partial waiver of fixed remuneration for the second quarter of 2020, as well as to the payment of his pension plan allowances only for the period from January to July 2020 (whereas allowances had been paid for the entire 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 91,763,762 Valneva SE shares, divided into (a) 91,743,248 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20,514 convertible preferred shares (XFCS00X0I9M1), also with a par value of €0.15 each.

Shareholding of the Management Board members at March 31, 2021

NOM	Shares owned	Number of stock options owned and free shares being acquired
Mr. Thomas Lingelbach Chairman of the Management Board – President & CEO	**147,991 Valneva SE shares** (or 0.16% of the Company's share capital) Divided as follows: ▪ 139,983 ordinary shares ▪ 8,008 convertible preferred shares (ISIN XFCS00X0I9M1)	**+ 209,962 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** (or 0.54% 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** (or 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. Juan Carlos Jaramillo Management Board member – CMO	0	0

Shareholding of the Supervisory Board members at March 31, 2021

NAME	Shares owned	Number of equity warrants owned
Mr. Frédéric Grimaud Chair of the Supervisory Board	**264,246 Valneva SE ordinary shares** (or 0.29% of the share capital of the Company)	**12,500 BSA 27,** giving right to 12,500 Valneva SE ordinary shares in total
Mr. James Sulat Vice-President of the Supervisory Board	**24,117 Valneva SE ordinary shares** (or 0.03% of the share capital of the Company)	**6,250 BSA 27**, giving right to 6,250 Valneva SE ordinary shares in total
Ms. Anne-Marie Graffin Member of the Supervisory Board	**8,000 Valneva SE ordinary shares** (or 0.01% of the share capital of the Company)	**6,250 BSA 27**, giving right to 6,250 Valneva SE ordinary shares in total
Mr. Thomas Casdagli Member of the Supervisory Board (until March 12, 2021)	0	0
Ms. Sharon Tetlow Member of the Supervisory Board	0	0
Ms. Johanna Pattenier Member of the Supervisory Board	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 2020, 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
Anne-Marie Graffin	Supervisory Board member	July 27, 2020	Exercise of Equity Warrants (4,875 BSA 25 - T4)	3.92	4,875
		December 9, 2020	Exercise of Equity Warrants (3,125 BSA 27 - T2)	2.574	3,125

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, 2020

At December 31, 2020, the Company's share capital stood at €13,819,938.99 and was divided into:

- 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each; and
- 20,514 convertible preferred shares (XFCS00X0I9M1), also 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 119,619,986. Net voting rights amounted to 119,473,664.

Company's shareholding structure at December 31, 2020

(End of business day, to the Company's knowledge)

		Shares held (*)				
shareholders		Ordinary shares	Preferred shares	%	Theoretical voting rights	%
Groupe Grimaud La Corbière SA (**)		**13,704,830**	**0**	**15.07**	**27,409,660**	**22.91**
Bpifrance Participations SA		**7,456,785**	**0**	**8.20**	**14,913,570**	**12.47**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**0**	**8.74**	**13,801,756**	**11.55**
Management Board members	**Total Management Board members**	**636,674**	**15,418**	**0.72**	**1,129,843**	**0.94**
	Mr. Franck Grimaud	485,889	5,668	0.54	968,478	0.81
	Mr. Thomas Lingelbach	139,983	8,008	0.16	145,761	0.12
	Mr. Frédéric Jacotot	10,802	1,742	0.01	15,604	0.01
	Mr. Juan Carlos Jaramillo	0	0	0	0	0
Employees (non-corporate officers)		**106,374**	**5,096**	**0.12**	**242,351**	**0.20**
Other shareholders (private individuals)		**1,182,589**	**0**	**1.31**	**2,210,627**	**1.85**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		731,448	0	0.80	1,420,349	1.19
Including independant members of the Supervisory Board	Mr. James Sulat	24,117	0	0.03	41,984	0.04
	Ms. Anne-Marie Graffin	8,000	0	0.01	8,000	0.01
Other floating capital		**59,912,179**	**0**	**65,86**	**59,912,179**	**50.09**
SUBTOTAL BY CATEGORY		**90,950,048**	**20,514**	**100**	**119,619,986**	**100**
TOTAL			**90,970,562**	**100**	**119,619,986**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 90,970,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20,514 convertible preferred shares (XFCS00X0I9M1), also 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 2018 and 2019, the Company's shareholding structure was as follows:

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.

Company's shareholding structure at December 31, 2018

(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**	**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 independent 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 composed 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 2020 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

Caisse des Dépôts et des Consignations (CDC)

On March 5, 2020, the CDC declared that on February 28, 2020, it has crossed above the legal threshold of 10% of Valneva SE's share capital, indirectly through Bpifrance Participations SA[1] and CDC Croissance, which brought CDC indirect stake to 9,333,930 shares representing 16,790,715 voting rights, or 10.13% of the share capital and 14.23% 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	12.64
CDC Croissance	1,877,145	2.04	1,877,145	1.59
TOTAL CDC	**9,333,930**	**10.13**	**16,790,715**	**14.23**

This threshold crossing resulted from the purchase of Valneva SE shares on the market by CDC Croissance.

The following statement of intent has been made :

"In accordance with Article L. 233-7 of the French Commercial Code, CDC declares its following intentions for the next six months:

- the indirect increase in CDC's shareholding above the 10% threshold of Valneva's share capital results from the acquisition of shares on the market by CDC Croissance, [...] *[wholly]* owned by CDC;
- CDC has not entered into any shareholder agreement with a third party constituting an action in concert;
- it *[is considering]* to purchase Valneva SE shares according to market opportunities and conditions;
- it does not intend to acquire control of Valneva SE;
- it does not intend to change the strategy of Valneva SE;
- it does not plan to carry out the transactions referred to in Article 223-17, I, 6° of the AMF General Regulations;
- it is not a party to the agreements and instruments referred to in Article L. 233-9, I, 4° and 4° bis, of the French Commercial Code;
- it is not a party to any temporary transfer agreement relating to the shares or voting rights of Valneva SE;
- it does not intend to request the appointment of directors. »

Groupe Grimaud La Corbière

On July 7 and 8, 2020, Groupe Grimaud La Corbière SA declared that on June 10, 2020, it had individually and passively crossed above the legal threshold of 15% of the share capital of Valneva SE and that it individually held 13,704,830 Valneva SE shares representing 25,809,660 voting rights, or 15.07% of the share capital and 21.87% of the voting rights of the Company on that date and on July 8, 2020. This threshold was crossed as a result of the cancellation of Valneva SE preferred shares[2].

(1) Bpifrance Participations SA is controlled by Bpifrance SA, itself jointly controlled at 50% by the CDC and 50% by EPIC Bpifrance.
(2) See Section 5.1.3 (d) of this URD.
In the absence of voting rights attached to the cancelled preferred shares, Groupe Grimaud La Corbière SA has not crossed any legal or statutory threshold in terms of voting rights.

On this occasion, Groupe Familial Grimaud declared that it had not crossed any threshold and held, at June 10 and July 8, 2020, 14,430,028 Valneva SE shares representing 27,223,759 voting rights, or 15.87% of the share capital and 23.07% of the voting rights of the Company, broken down as follows:

SHAREHOLDERS	Ordinary shares	%	Voting rights (theoretical)	%
Groupe Grimaud La Corbière	13,704,830	15.07	25,809,660	21.87
Financière Grand Champ	193,977	0.21	387,954	0.33
Joseph Grimaud	137,831	0.15	244,346	0.21
Marie-Thérèse Grimaud	69,230	0.08	138,460	0.12
Frédéric Grimaud	257,996	0.28	512,940	0.43
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	779	ns	779	ns
Bruno Grimaud	66	ns	66	ns
TOTAL GROUPE FAMILIAL GRIMAUD	**14,430,028**	**15.87**	**27,223,759**	**23.07**

The following declaration of intent has been made:

"In accordance with the provisions of Article L. 233-7, VII of the French Commercial Code and following the threshold crossing of 15% of the share capital of Valneva SE by Groupe Grimaud La Corbière SA on June 10, 2020, Groupe Grimaud La Corbière SA declares :

- that the 15% threshold was crossed passively upwards as a result of the repurchase and cancellation of 17,836,719 Valneva SE preferred shares with a par value of 1 cent each, in accordance with the provisions of Article 13.3 of the Articles of Association of the company Valneva SE;
- acting in concert with the following persons:
  - Financière Grand Champ, its controlling parent company, with which it is deemed to act in concert in accordance with Article L. 233-10, II, 2° of the French Commercial Code;
  - Mr. Frédéric Grimaud, Chairman of the Management Board of Groupe Grimaud La Corbière, deemed to act in concert in accordance with Article L. 233-10, II, 2° of the French Commercial Code;
  - Mr. Joseph Grimaud, Ms. Marie-Thérèse Grimaud, Ms. Renée Grimaud, Mr. Thomas Grimaud, Ms. Odile Grimaud Chateigner, Ms. Agnès Grimaud, Ms. Anne-Marie Grimaud, Mr. Bruno Grimaud, partners of Financière Grand Champ, deemed to be acting in concert in accordance with Article L. 233-10, II, 4° of the French Commercial Code;
- that the company does not intend to continue its purchases and does not intend to acquire control of the company Valneva SE or to pursue any particular strategy with respect to the issuer;
- that none of the transactions provided for in Article 223-17, I, 6° of the AMF General Regulations is contemplated;
- not to hold any of the instruments or agreements listed in Article L. 233-9, I, 4° and 4° bis, of the French Commercial Code;
- not to have entered into any temporary transfer agreement concerning the shares or voting rights of the company Valneva SE;
- not to consider requesting the appointment of a Management or Supervisory Board member, given that Mr. Frédéric Grimaud, Chairman of the Management Board of Groupe Grimaud La Corbière, is already Chairman of the Supervisory Board of the company Valneva SE. »

On February 11 and 12, 2021, Groupe Grimaud La Corbière SAS declared that on February 5, 2021, it had individually crossed below the legal threshold of 15% of the share capital of Valneva SE and that it individually held 13,704,830 Valneva SE shares representing 27,409,660 voting rights, or 14.93% of the share capital and 22.77% of the voting rights of the Company on that date and on February 11, 2021.

This threshold was crossed as a result of an increase in Valneva SE's share capital, following the exercise of equity warrants and stock options in January 2021.

On this occasion, Groupe Familial Grimaud declared that it had not crossed any threshold and held, at January 25, 2021 and February 11, 2021, 14,436,278 Valneva SE shares representing 28,830,009 voting rights, or 15.73% of the share capital and 23.95% of the voting rights of the Company, broken down as follows:

SHAREHOLDERS	Ordinary shares	%	Voting rights (theoretical)	%
Groupe Grimaud La Corbière	13,704,830	14.93	27,409,660	22.77
Frédéric Grimaud	264,246	0.29	512,940	0.43
Financière Grand Champ	193,977	0.21	387,954	0.32
Joseph Grimaud	137,831	0.15	244,346	0.20
Marie-Thérèse Grimaud	69,230	0.08	138,460	0.12
Renée Grimaud	64,135	0.07	128,270	0.11
Agnès Grimaud	1,022	ns	1,022	ns
Anne-Marie Grimaud	779	ns	779	ns
Thomas Grimaud	100	ns	200	ns
Bruno Grimaud	66	ns	66	ns
Odile Grimaud	62	ns	62	ns
TOTAL GROUPE FAMILIAL GRIMAUD	**14,436,278**	**15.73**	**28,830,009**	**23.95**

Polar Capital LLP

On December 10 and 15, 2020, the company Polar Capital LLP, acting on behalf of funds under its management, declared that on December 9, 2020, it had crossed above the legal threshold of 5% of the Company's share capital and held, on behalf of the said funds, 4,551,602 Valneva SE shares representing the same number of voting rights, or 5.004% of the share capital and 3.81% of the voting rights of the Company.

This threshold crossing resulted from the purchase of Valneva SE shares on the market.

On March 16 and 17, 2021, the company Polar Capital LLP, acting on behalf of funds under its management, declared that on March 15, 2021, it had crossed below the legal threshold of 5% of the Company's share capital and held, on behalf of the said funds, 4,583,968 Valneva SE shares representing the same number of voting rights, or 4.99% of the share capital and 3.78% of the voting rights of the Company.

This threshold crossing resulted from the purchase of Valneva SE shares on the market.

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

There are no agreements between shareholders which may result in restrictions on the transfer of Valneva SE shares and the exercise of associated voting rights.

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.

2.7.8. 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

Combined General Meeting held on June 17, 2020

RESOLUTION 25 - 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 16, 2023 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 four percent (4%) of the Company's share capital at the date the options are granted, it being specified that this maximum amount does not include possible adjustments to protect the rights of stock option holders in accordance with applicable statutory and regulatory provisions. This maximum amount is an independent maximum for all options granted under this resolution.
Uses during the fiscal year 2020	Delegation unused.

RESOLUTION 28 - ISSUE OF FREE SHARES, CORRESPONDING GRANT OF AUTHORITY TO THE MANAGEMENT BOARD

Duration of the delegation	26 months, *i.e.* until August 16, 2022 inclusive.
Authorized amount	The total number of ordinary shares granted under this resolution (in favor of natural persons who are not employees and who are members of the Company's Management Board, and the employees of the Company or its affiliates) 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 the fiscal year 2020	Delegation unused.

2.7.8.2. Current authorizations related to share buyback programs and cancellation of shares of the Company

Combined General Meeting held on June 17, 2020

RESOLUTION 14 - AUTHORIZATION AND POWERS TO BE GIVEN TO THE MANAGEMENT BOARD 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, 2021 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 AMF General Regulations, Regulation (EU) 596/2014 of the European Parliament and Council of April 16, 2014 on market abuse (***MAR Regulation***) and 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, within the limits and in accordance with the terms and conditions defined by the laws and regulations in force, 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. However, when shares are purchased to promote liquidity under the conditions defined by the AMF 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 16th resolution below and within the limit of 10% 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. 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 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 16th resolution below authorizing the Management Board to reduce the share capital by cancelling 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 the fiscal year 2020	Delegation used in the fiscal year 2020, in the context of the implementation of the Company's liquidity agreement(1).

(1) See Section 5.1.3 (b) of this URD.

RESOLUTION 16 - AUTHORIZATION GRANTED TO THE MANAGEMENT BOARD TO CANCEL TREASURY SHARES

Duration of the delegation	18 months, *i.e.* until December 16, 2021 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 cancelling 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 14th resolution above, or buyback programs authorized previously or following the date of the Combined General Meeting of June 17, 2020, or by any other means, by charging the difference between the buyback price of the cancelled shares and their par value to additional paid-in capital and available reserves.
Uses during the fiscal year 2020	Delegation unused.

2.7.8.3. Other current delegations(1)

Combined General Meeting held on June 17, 2020

RESOLUTION 26 - ISSUE OF EQUITY WARRANTS (FOR NATURAL PERSONS WHO ARE NOT EMPLOYEES OF THE COMPANY AND WHO ARE MEMBER OF THE COMPANY'S SUPERVISORY BOARD OR WHO WERE MEMBER OF THE COMPANY'S SUPERVISORY BOARD ON JANUARY 1, 2020)

Duration of the delegation	18 months, *i.e.* until December 16, 2021 inclusive.
Authorized amount	Authorization to issue 64,000 equity warrants "BSA 31" and to increase the share capital by a maximum amount of €9,600.
Uses during the fiscal year 2020	Delegation unused.

Extraordinary General Meeting held on December 22, 2020

RESOLUTION 2 - 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 OF THE SHAREHOLDERS

Duration of the delegation	26 months, *i.e.* until February 21, 2023 inclusive.
Authorized amount	**Total nominal amount of increases in share capital which may be carried out**: maximum €4,669,500 **Maximal nominal amount of debt securities which may be issued**: €155,650,000 *(maximum applicable to resolutions 3, 4, 5, 7 and 9 described below)*
Uses during the fiscal year 2020	Delegation unused.

RESOLUTION 3 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD TO INCREASE THE CAPITAL BY ISSUING ORDINARY SHARES OR ANY SECURITIES GIVING ACCESS TO THE CAPITAL THROUGH A PUBLIC OFFERING (OTHER THAN THOSE REFERRED TO IN ARTICLE L. 411-2, 1° OF THE FRENCH MONETARY AND FINANCIAL CODE), CANCELLING PREFERENTIAL SUBSCRIPTION RIGHTS OF THE SHAREHOLDERS THOUGH INCLUDING AN OPTION FOR A PRIORITY PERIOD

Duration of the delegation	26 months, *i.e.* until February 21, 2023 inclusive.
Authorized amount	**Total nominal amount of increases in share capital which may be carried out**: maximum €4,669,500 **Maximal nominal amount of debt securities which may be issued**: €155,650,000 *(par value to be credited against the maximum nominal amount of debt securities as set out in resolution 2 above)*
Uses during the fiscal year 2020	Delegation unused.

(1) The maximum amounts indicated both in the lines "Authorized amount" does 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 giving access to the Company's capital.

RESOLUTION 4 - 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, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS OF THE SHAREHOLDERS, THROUGH A PUBLIC OFFERING REFERRED TO IN ARTICLE L. 411-2, 1° OF THE FRENCH MONETARY AND FINANCIAL CODE

Duration of the delegation	26 months, *i.e.* until February 21, 2023 inclusive.
Authorized amount	**Total amount of increases in share capital which may be carried out**: maximum twenty percent (20%) of the share capital per year (on the date of implementation of the delegation). **Maximal nominal amount of debt securities which may be issued**: €155,650,000 *(par value to be credited against the maximum nominal amount of debt securities as set out in resolution 2 above)*
Uses during the fiscal year 2020	Delegation unused.

RESOLUTION 5 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD IN THE EVENT OF AN ISSUE OF THE COMPANY'S ORDINARY SHARES AND/OR SECURITIES GIVING IMMEDIATE AND/OR LATER ACCESS TO THE COMPANY'S SHARE CAPITAL, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS OF THE SHAREHOLDERS, TO SET THE ISSUE PRICE [FOR EACH OF THE ISSUES DECIDED PURSUANT TO THE AUTHORIZATIONS GRANTED UNDER RESOLUTIONS 3 AND/OR 4 ABOVE], UP TO A LIMIT OF 10% OF THE SHARE CAPITAL PER YEAR

Duration of the delegation	26 months, *i.e.* until February 21, 2023 inclusive.
Authorized amount	The maximum nominal amount of the capital increases that may be carried out, immediately or at a later time, pursuant to this authorization, may not exceed ten percent (10%) of the Company's share capital (this limit being assessed as of the date of implementation of this delegation), within the limit of the capital increase ceiling provided for in resolution 3, or, as the case may be, resolution 4 above. The nominal amount of the debt securities that may be issued pursuant to this authorization shall be deducted from the total nominal amount of debt securities set forth in resolution 2 above.
Uses during the fiscal year 2020	Delegation unused.

RESOLUTION 6 - GRANT OF AUTHORITY TO THE MANAGEMENT BOARD TO INCREASE THE SHARE CAPITAL BY ISSUING SHARES, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS OF THE SHAREHOLDERS FOR THE BENEFIT OF CERTAIN CATEGORIES OF PERSONS MEETING SPECIFIED CHARACTERISTICS[(1)]

Duration of the delegation	18 months, *i.e.* until June 21, 2022 inclusive.
Authorized amount	**Total nominal amount of increases in share capital which may be carried out**: maximum €4,669,500
Uses during the fiscal year 2020	Delegation unused.

RESOLUTION 7 - GRANT OF AUTHORITY 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 February 21, 2023 inclusive (except in respect of resolution 6 for which the delegation is granted for eighteen (18) months, *i.e.* until June 21, 2022 inclusive).
Authorized amount	Increase the number of shares to be issued, for each issue carried out under the terms of the above resolutions 2, 3, 4 and 6, within thirty (30) days before the end of the close of the subscription period, within the limit of fifteen percent (15%) of the initial issue, and at the same price as for the initial issue. The nominal amount of capital increases that may be carried out under this delegation shall be deducted from the ceiling provided for in the resolution pursuant to which the issue is decided, as well as from the overall nominal ceiling for share capital increases provided for in resolution 10 below.
Uses during the fiscal year 2020	Delegation unused.

(1) Meaning (i) natural persons and legal entities, including companies, trusts or investment funds, organized under French or foreign law, that routinely invest in the pharmaceutical, biotechnological or medical technology sector; and/or (ii) companies, institutions or entities of any type, French or foreign, that do a significant part of their business in the pharmaceutical, cosmetic, chemical or medical devices and/or technologies or research in these sectors; and/or (iii) French or foreign investment services companies, or any foreign establishment with an equivalent status, that could guarantee to carry out an issue to be placed with the persons described in (i) and/or (ii) above, and in this context, to subscribe for securities that are issued.

RESOLUTION 8 - 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 February 21, 2023 inclusive.
Authorized amount	**Total nominal amount of increases in share capital which may be carried out**: maximum €4,669,500
Uses during the fiscal year 2020	Delegation unused.

RESOLUTION 9 - 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, WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS OF THE SHAREHOLDERS, IN CONSIDERATION FOR CONTRIBUTIONS IN KIND FOR EQUITY SECURITIES OR OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

Duration of the delegation	26 months, *i.e.* until February 21, 2023 inclusive.
Authorized amount	**Total nominal amount of increases in share capital which may be carried out**: maximum ten percent (10%) of the Company's share capital at any time, as this share capital may have been adjusted after the Extraordinary General Meeting of December 22, 2020. 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 2 above.
Uses during the fiscal year 2020	Delegation unused.

RESOLUTION 10 - 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 2 to 9 of the Extraordinary General Meeting of December 22, 2020, may not exceed €5,370,000.

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.

The SARS-CoV-2 Vaccine Supply Agreement signed by the Company with the UK Government[3] may be terminated in case of a change of control of the Company in case such change of control have a material impact on the performance of the Agreement or the reputation of the UK Government.

Further, the Group has signed various agreements for distribution of third party products by Valneva, in particular agreements relating to the distribution of Bavarian Nordic A/S' rabies vaccine RABIPUR®/RABAVERT® and tick-borne encephalitis vaccine ENCEPUR® in Austria, Canada, France, Belgium, Luxembourg and the United Kingdom, either of both vaccines or only one depending on country, and an agreement relating to the distribution of Emergent Travel Heath Inc.'s typhoid vaccine VIVOTIF® in France. 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®) can generally be terminated by distributors in case of a change in control of Valneva SE, inter alia the agreements with Seqirus (IXIARO® in Australia and New Zealand), Medic Italia S.r.l. (DUKORAL® in Italy), GSK (IXIARO® and DUKORAL® in Germany) and Bavarian Nordic Switzerland AG (IXIARO® and DUKORAL® in Switzerland).

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"[4].

(1) See Section 1.1.2 (c) of this URD.
(2) See Section 1.3.1 (c) of this URD.
(3) See Section 1.4.2 (c) of this URD.
(4) 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 2020 Combined General Meeting.	As the combined general shareholders' meetings of June 17, 2020 and December 22, 2020 were held in closed session due to the health crisis, the members of the Board were not able to attend. However, two of the Board members logged on to the Internet for the Meeting of June 17, 2020 to listen to the audio broadcast, and one Board member logged for the Extraordinary Meeting of December 22, 2020.
No. 4	The internal rules of the Supervisory Board do not specify the practical procedures for providing information to the Supervisory Board members.	The internal rules provide that each Supervisory Board member should make sure the/she receives the necessary information in a timely manner.
No. 9	The renewal of terms of office is not fully staggered (3 terms will expire in June 2022 and the other 3 will exire in June 2023)	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 three members who were appointedby the June 2017 shareholder meeting also have a 3-year term of office, but this will expire one year after expiration of the 3 other members' term of office.
No. 11	The Supervisory Board should conduct a yearly evaluation of its work.	It was not possible to carry out this evaluation during the first half of 2020 due to many major projects that had to be dealt with during that period. As the composition of the Board was substantially changed in June 2020, it was not considered appropriate to carry out a self-assessment in the second half of 2020. A self-assessment will be conducted in 2021 and this deviation will not exist anymore.
No. 18	The exercise of stock options and the vesting of free convertible preferred shares granted to corporate officers are not subject to performance conditions.	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 the 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. This conversion is subject to very demanding conditions regarding the price of the Valneva SE share. Because the program will reach maturity in December 2021, this deviation will not exist anymore in 2022.

2.10. Observations of the Supervisory Board on the Annual Management Report and the financial Statements for the fiscal year 2020

In accordance with Article L. 225-68 of the French Commercial Code, we hereby present you our observations on the parent entity and consolidated financial statements approved by the Management Board, as well as on the Annual Management Report submitted to the Ordinary General Meeting.

We inform you that the parent entity and the consolidated financial statements for the year ended December 31, 2020, as well as the Annual Management Report, 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, 2020 (French GAAP) show the following main items:

- Balance sheet: €203,498 thousand;
- Revenues: €3,378 thousand;
- Operating loss: €15,089 thousand;
- Net loss: €14,564 thousand.

The consolidated financial statements for the year ended December 31, 2020 (IFRS) show the following main items:

- Balance sheet: €449,164 thousand;
- Revenues: €110,321 thousand;
- Operating loss: €55,120 thousand;
- Net loss: €64,393 thousand.

The members of the Supervisory Board, having heard the Annual Management Report and having proceeded to a review of the parent entity and consolidated financial statements, have no particular comment to make, whether concerning the Annual Management Report or the parent entity and the consolidated financial statements for the year ended December 31, 2020.

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 Statutory Auditors were informed of these agreements. They present them to you and read you their special report.

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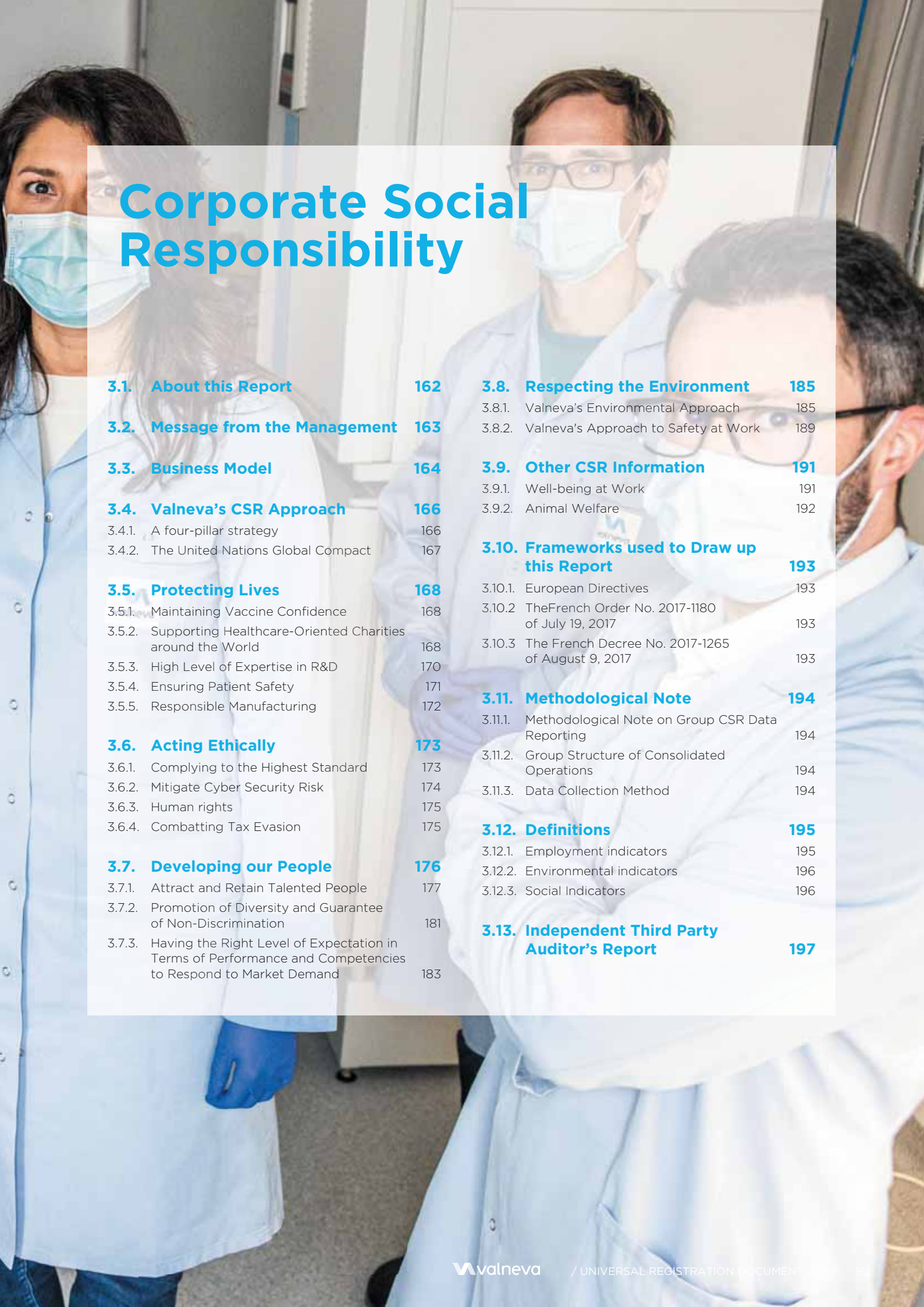


Corporate Social Responsibility

3.1. About this Report

The 2020 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.

In 2018, 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, with the Group having crossed the threshold of 500 employees, it became 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 retained in 2020 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.

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 2020.

The environmental impact of Valneva's commercial offices is not integrated into the scope of this Report.

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 them as we drive for continued growth.

In 2020, the rapid spread of COVID-19 made people around the world acutely aware of the dangers presented by epidemic emergencies. As a specialty vaccine company focused on the development and commercialization of prophylactic vaccines for infectious diseases with significant unmet medical need, Valneva immediately recognized its responsibility to work towards a potential solution. Early in the pandemic, we began developing an inactivated, whole virus vaccine candidate against SARS-CoV-2.

Since its creation in 2013, Valneva has worked to help protect the global population from dangerous illnesses such as Japanese encephalitis, cholera, Lyme disease, chikungunya and – since April 2020 – COVID-19. The Company continues 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 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 also recognizes 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 world. 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***

Juan Carlos Jaramillo, ***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 focused on the development and commercialization of prophylactic vaccines for infectious diseases with significant unmet medical need.

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

Valneva is a European company (Societas Europaea) with a Management Board and a Supervisory Board, listed on Euronext Paris.

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

Several vaccines in development including unique vaccines against:

– Lyme disease

– COVID-19

– chikungunya

Commercialization

Two commercial vaccines against:

– Japanese encephalitis

– Cholera and, in some countries, prevention of diarrhea caused by ETEC

Manufacturing

Sites in Scotland and Sweden

Quality Control function on manufacturing sites & in Vienna

Our results

Product Sales

€65.9M in 2020

Protecting Lives

Over €50,000 donated
to support research, awareness and healthcare initiatives around the world, including the Baan Dek Foundation and the Encephalitis Society

R&D Investment

€84.5M in 2020

Ethics

13 comprehensive policies
to govern our activities

People

579 employees
of 29 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 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Acting Ethically	Comply to the highest standard Mitigate cybersecurity risk	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
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 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
Respecting the Environment	Climate change and our infrastructure Maintain safe manufacturing and R&D environments	3 GOOD HEALTH AND WELL-BEING 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

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 protection 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 focused on the development and commercialization of prophylactic vaccines for infectious diseases with significant unmet medical needs. The Company provides vaccines to people around the world, 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 and, in order to effectively address 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.

Valneva's future success is substantially dependent on the successful regulatory approval and commercialization of its product candidates in a timely manner. If Valneva is not able to obtain required regulatory approvals, it will not be possible to commercialize its product candidates. Even if any product candidates receive marketing approval, they may fail to achieve market acceptance by physicians, patients, third-party payors or others in the medical community necessary for commercial success.

The Company's products must be acceptable not only to regulatory bodies, but also to health care professionals (HCPs), patients and the general public. In pursuit of their acceptance, Valneva strives to ensure that decisive stakeholders recognize the risks and public health burden represented by certain infectious diseases and that these challenges could be reduced drastically through vaccination.

Helping to maintain a base level of confidence in vaccines as a potential solution to these problems is a critical component of Valneva's work. The Company addresses the risk of waning vaccine confidence through various means and with the help of multiple actors, both within and outside the Company.

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.

Valneva's experienced commercial teams engage with healthcare professionals on a regular basis, often organizing meetings, webinars and conferences to discuss infectious, vaccine-preventable diseases.

In 2020, over 1,700 HCPs were reached via Valneva-organized meetings, webinars and conferences for the HCP community. The Company aims to maintain this level of HCP engagement over the next two years.

Valneva also 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 annual "World Immunization Week" awareness campaign in April of last year.

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 charitable organizations, Valneva aims to further protect lives via corporate giving.

The Group has chosen to work with charities that support healthcare around the world. Failing to maintain our commitments to these non-profit groups would not only impact the charities themselves, but would also negatively impact the image of the Company.

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.

After doubling the Company's annual financial commitment to Baan Dek in 2019, Valneva maintained its close ties with the Foundation throughout 2020. With the COVID-19 pandemic raging, the Company checked in regularly with Baan Dek to learn about their emergency response efforts during the crisis.

To give an additional boost to the charitable organization, Valneva ran an internal fundraiser for Baan Dek from July through September 2020. The proceeds from this online donation collection were used to purchase urgently-needed goods like mosquito nets, supplies for infant care and items for personal hygiene for the families aided by the Foundation.

At the end of the year, the fundraiser and annual donation were complemented by a supplemental corporate gift, in exchange for a digital holiday card designed by Baan Dek and shared with Valneva's business contacts.

Support of the Encephalitis Society

For four 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.

While in-person events were impossible due to the pandemic, Valneva worked with the Encephalitis Society throughout 2020, providing financial support for its various awareness-building and research initiatives, as well as providing increased visibility to the Society through participation in its World Encephalitis Day campaign.

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 volunteer in and hold fundraisers that benefit their communities.

One such local act of kindness in 2020 was a donation of personal protective equipment from Valneva's site in Nantes to the university hospital center during the first wave of the pandemic.

In 2020, Valneva donated over €50,000 to health-related charitable organizations around the world, including the Baan Dek Foundation and the Encephalitis Society.

2021 Goal: Maintain this level of engagement with these charitable partners.

Valneva also aims to increase its charitable support by 15% by 2025, as compared to 2019.

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.

On May 5, 2020, Valneva and Brazil's Instituto Butantan announced the signing of a binding term sheet for the development, manufacturing and marketing of Valneva's single-shot chikungunya vaccine, VLA1553, in LMICs. The collaboration falls within the framework of the $23.4 million in funding Valneva received from the Coalition for Epidemic Preparedness Innovations (CEPI) in July 2019.

3.5.3. High Level of Expertise in R&D

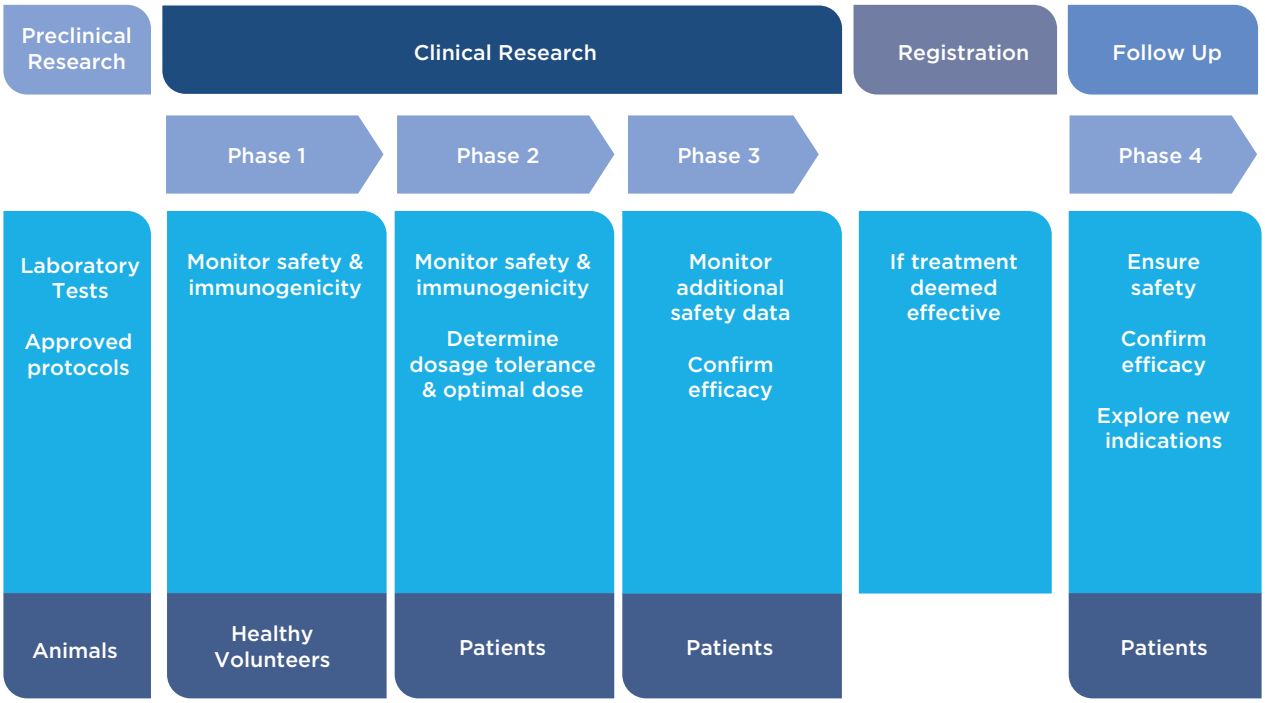
Valneva takes a highly specialized and targeted approach to vaccine development, beginning with the identification of deadly and debilitating infectious diseases that lack a prophylactic vaccine solution and for which there are limited therapeutic treatment options. Valneva then apply its deep understanding of vaccine science, including its expertise across multiple vaccine modalities, as well as its established vaccine development capabilities, to develop prophylactic vaccines to address these diseases.

However, it should be noted that success in pre-clinical studies or earlier clinical trials may not be indicative of results in future clinical trials that would be sufficient for the necessary regulatory approvals. This is one of the risks related to the development and commercialization of our product candidates.

Valneva has made large Investments in the development of its vaccine candidates. A development failure (including insufficient efficacy or safety) would result in the total loss of these investments.

To mitigate this risk, Valneva's strives for the highest research standards and oversees this work through internal committees, complemented by the strategic guidance provided by the Company's Scientific Advisory Board.

How do Clinical Trials Work?



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).

By the end of 2025, Valneva aims to launch two new vaccines, as well as have two in early clinical development.

At the end of 2020, Valneva had two products in its commercial portfolio and three programs in its clinical portfolio.

3.5.4. Ensuring Patient Safety

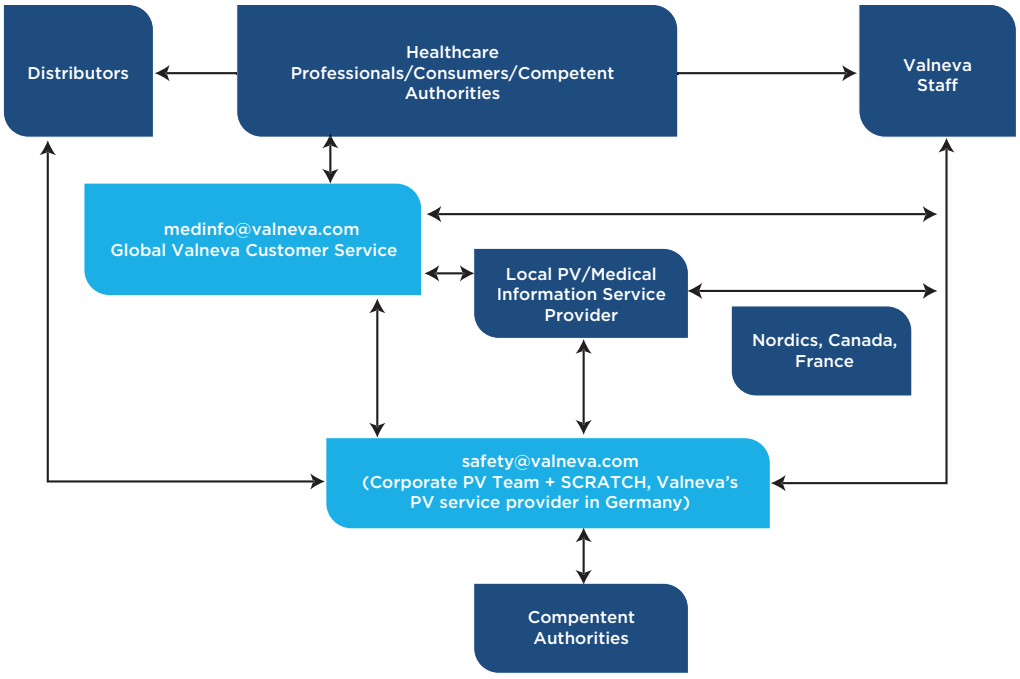
After successfully developing a product and receiving marketing approval from the relevant health authorities, the holder of a marketing authorization for a given pharmaceutical product must ensure ongoing monitoring of patient safety. This responsibility to ensure the quality and safety of its products is paramount to Valneva, who continuously monitors its products to ensure that any potential impacts to the safety profile are detected, assessed and addressed.

Product safety issues, including serious adverse events occurring during the clinical development or marketing of the Group's products, could be negatively perceived by investors, consumers or other market participants, and could harm the Group's reputation, business and prospects.

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 and Valneva standards. 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.

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 Quality & Product Safety Management Board, Valneva's internal decision making body for quality- and 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.

Valneva's primary aim as Marketing Authorization Holder and Manufacturer is to ensure patient safety. During PV audits and inspections, Valneva has proven 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 on time. This objective has been met continuously since 2018.

A rate of 99% was achieved in 2020, while the rate of 100% was met in both 2019 and 2018.

3.5.5. Responsible Manufacturing

Valneva has a robust manufacturing and laboratory platform in place with facilities across Europe to meet its clinical and commercial needs. Valneva's highly developed, nimble and sophisticated manufacturing infrastructure is one of the Company's strengths.

Any failure to comply with Good Manufacturing Practices, Good Distribution Practices or other regulatory requirements could result in possible actions or the suspension or revocation of production or distribution authorizations, and could hinder the supply of products by the Group. The risk of suspension or revocation of manufacturing or distribution authorizations also exists for third parties with whom the Group has entered into manufacturing, supply or distribution agreements.

Valneva's manufacturing base provides a long-term and sustainable industrial network to supply clinical trial material and commercial products based on objectives for delivery schedule, costs, flexibility and quality. The Company operates three manufacturing sites – in Livingston, Scotland; Solna, Sweden; and Vienna, Austria – which are qualified by various regulatory authorities.

The Company's manufacturing center in Livingston is currently being expanded to include two additional product units in connection with the Company's COVID-19 vaccine partnership with the UK government. Valneva's Solna facility is currently the Company's center of excellence for fill-finish operations; as part of the COVID-19 vaccine business, Valneva is currently expanding the existing fill-finish capacity by fitting out a nearby site for formulation, filling and packaging of the COVID-19 vaccine candidate VLA2001.

Valneva's manufacturing network has been operating and producing licensed vaccines for more than 10 years. The Company relies on its manufacturing facilities as the sole source of manufacturing for Valneva products and for certain of its product candidates.

Manufacturing of vaccines is considered one of the most complex pharmaceutical manufacturing operations. It can take between 6 to 36 months to produce, package and deliver high quality vaccines to those who need them. The rocess includes testing each batch of vaccine at every step of its journey, and repeat quality control of batches by different authorities around the world.

Valneva's Quality Control and Quality Assurance functions are thus integral parts of its manufacturing platform.

- **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 to help avoid disruption to supply and to deliver products in alignment with the Company's Master Production Schedule. Multiple 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 2020, over 15% of Valneva's annual revenues, were spent on manufacturing site improvements, versus over 6% in 2019.

The Company aims to complete the current expansions of its manufacturing sites in Scotland and Sweden in 2022.

3.6. Acting Ethically

Developing vaccines means that the Group has a responsibility to consumers and a wide range of stakeholders. 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.

Relationships with customers, healthcare providers, and third-party payors are subject, directly or indirectly, to healthcare fraud and abuse laws, false claims laws, health information privacy and security laws, and other healthcare laws and regulations. If Valneva is unable to comply, or have not fully complied, with such laws, the Group could face substantial penalties.

To help mitigate this risk, 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.

As of January 26, 2021, 85.7% of Valneva employees in scope were trained on the ABAC Policy.

Valneva aims to achieve a 100% participation rate in this training.

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;
- 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 2020, the theme of Company-wide C&E Month challenge was "Solve the Mysteries." Employees were encouraged to pull out their magnifying glasses and investigate the Company intranet to solve the mysteries of compliance, looking through Compliance documentation for answers and clues. The 2020 event garnered approximately 43% voluntary employee participation, compared to 39% in 2019.

Furthermore, Valneva has recently increased its efforts to provide ethics-related training via the implementation of an e-learning platform that measures successful participation via quizzes during and after each e-learning course.

Compliance Risk Assessment

In 2019, Valneva undertook a major assessment of all compliance risks inherent to the organization and its business. Following this Compliance Risk Assessment, specific mitigating measures and controls were identified – covering topics from Anti-Bribery & Anti-Corruption to Data Protection, Anti-Trust and more – with specific timelines for implementation.

Valneva planned five mitigating measures for Anti-Bribery & Anti-Corruption during 2020 and four of these five measures were put into place on time.

The Company aims to achieve a 100% on-time implementation rate moving forward.

3.6.2. Mitigate Cyber Security Risk

Like other companies, Valneva's internal IT systems and cloud-based computing services are potentially vulnerable to malware, computer viruses, data corruption, cyber-based attacks and other damaging events. These kinds of threats could result in damage to or the interruption or impairment of key business processes, or the loss or corruption of confidential information, including intellectual property, proprietary business information and personal information.

These cyber security 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.

Risks can arrive in 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 thus 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 attack, the Company defined a goal of recovering from potential attacks within a reasonable timeframe.

The following counter-measures were put in place to mitigate the risks associated with cyber security.

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.

In concert with the aforementioned actions, Valneva works to reduce its cyber security risk is through robust training. As a complement to the Company's existing IT & Telecommunication policy and to bolster the Company's defense against such risks, a large-scale training initiative began in 2019 and was continued into 2020.

In 2020, 90.3% of all employees completed cyber security awareness training.

The Company aims to train 100% of its workforce on cyber security every two years.

3.6.3. Human rights

Given its activities and the geographical location of its sites, Valneva is not directly facing issues of human rights violations. However, it should be noted that :

- the clinical trials that the Company conducts for its vaccine candidates are carried out in strict compliance with the informed consent of the patients involved in biological research;
- Valneva employees are all protected by respect for labor legislation in all countries where the Company operates. The set of internal policies mentioned in this report also guarantees respect for human rights for all employees.

3.6.4. 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 more than 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.

Valneva's HR Strategy

Valneva has developed a global HR strategy based on its mission, its vision and its goals.

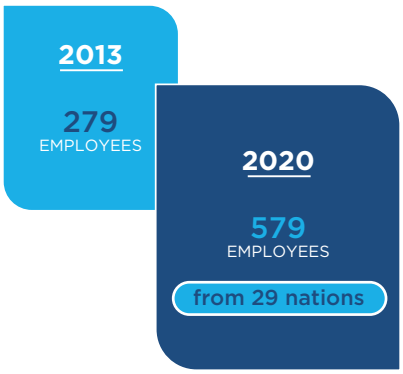
	Objectives
Pillar 1 Organisational development	1.1 HR support the strategic development of the organisation
	1.2 Valneva's employee have a positive attitude towards change and are prepared to be agile / adapt quickly thereby, supporting the overall change readiness of the organisation
	1.3 Business decisions 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

3.7.1. Attract and Retain Talented People

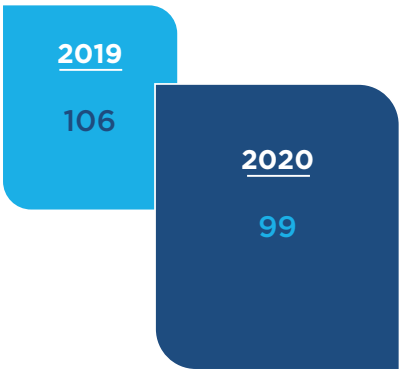
Valneva's inability to attract and retain key employees could prevent the Group from achieving its overall objectives, and thus have a significant negative impact on its business and prospects.

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



Headcount by Region

On December 31, 2020, the Group had 579 employees working in Austria, Canada, France, Sweden, the United Kingdom, and in the United States.

Valneva: A Unique Corporate Identity

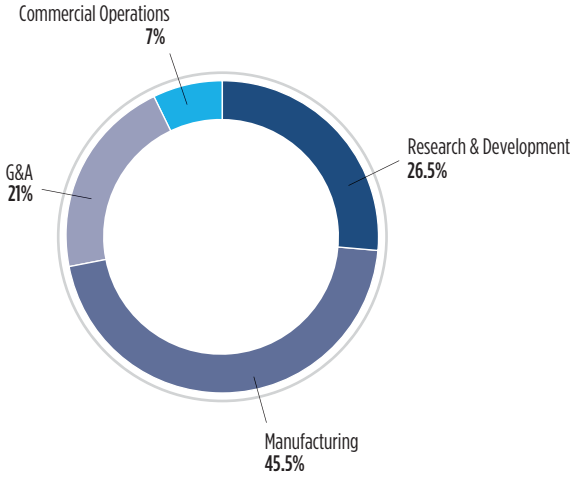
Valneva is an international and multicultural Group where enthusiasm, innovation and strong execution skills are driving forces. With operations in six countries across the globe, Valneva's teams are diverse and multidisciplinary. Enriched by the 29 nationalities represented in its workforce, Valneva is built upon a unique identity in the vaccine industry.

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.

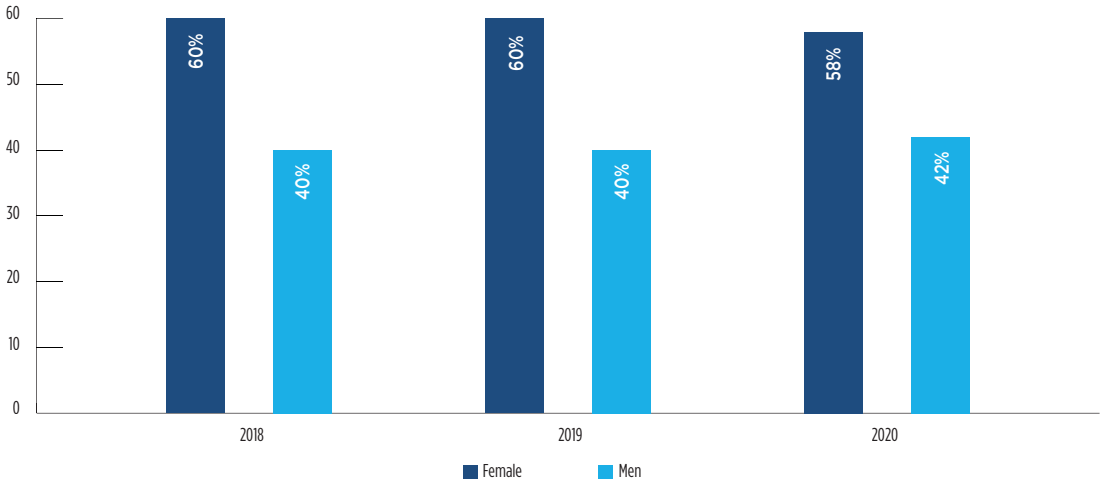
The Support functions (G&A) are mostly spread across four main sites in Austria, France, Scotland and Sweden.

Commercial Operations have been consolidated over the past five years, with teams now located in Canada, United States, United Kingdom, Austria, in the Nordic countries and, most recently, in France.



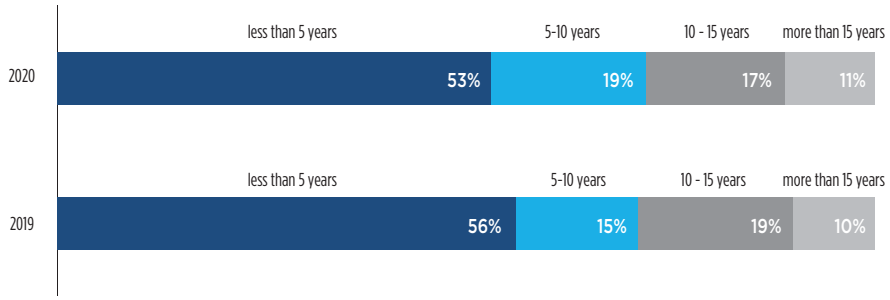
Gender Breakdown

Women are more highly represented than men at Valneva.

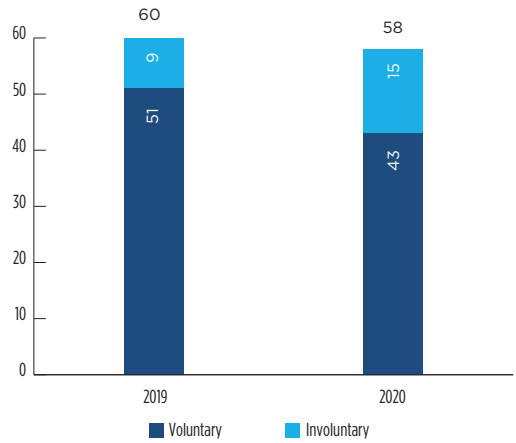


Seniority & Turnover

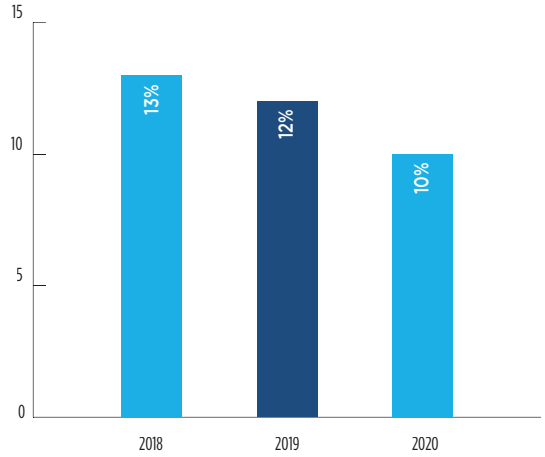
Seniority



Number of Departures



Turnover



Valneva supports its employees in maintaining a health

Valneva's voluntary turnover rate, or employee turnover rate, has decreased over the last three years. The rate achieved in 2020 indicates a healthy working environment and dynamism that allows the Company to renew its workforce and stay competitive.

2021 Objectives :

- **Adapt and enhance talent acquisition strategy across sites considering the (local) market pulse**
- **Employ all state-of-the-art instruments to approach the right talent levels for our business needs**

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.

Employee Mobility in Action

Valneva, as an international company, offers the opportunity of mobility to its employees whenever possible.

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.

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	Social and Economic Committee (CSE) Report for Nantes, Local Committees, IWC
Collective bargaining agreements	96% of the Group employees are covered by a collective bargaining agreement Labour relations in North America are not regulated by collective bargaining agreements. However, the Group guarantees a harmonised approach by considering that the minimum standards and rules in force in Europe are, by extension, applying in Canada and in the US.

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.

Since 2019, Valneva has used 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 granularity 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.

The pandemic has heavily impacted the ways that the Company organized work. A continuity plan was put in place and, in consequence, telework was intensified - as well as shift work for lab and manufacturing employees while respecting physical distance and circulation regulations. Valneva also used short-time working measures as necessary. For these reasons, Valneva redoubled its efforts to maintain the social connection at the heart of the Group, regularly organizing video calls and a special internal newsletter.

2020 Objective Reached: 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.

Any discriminatory act would expose the Group to criminal and punishable offences that would be harmful in many ways (legal, financial, image and social risks).

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 29 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

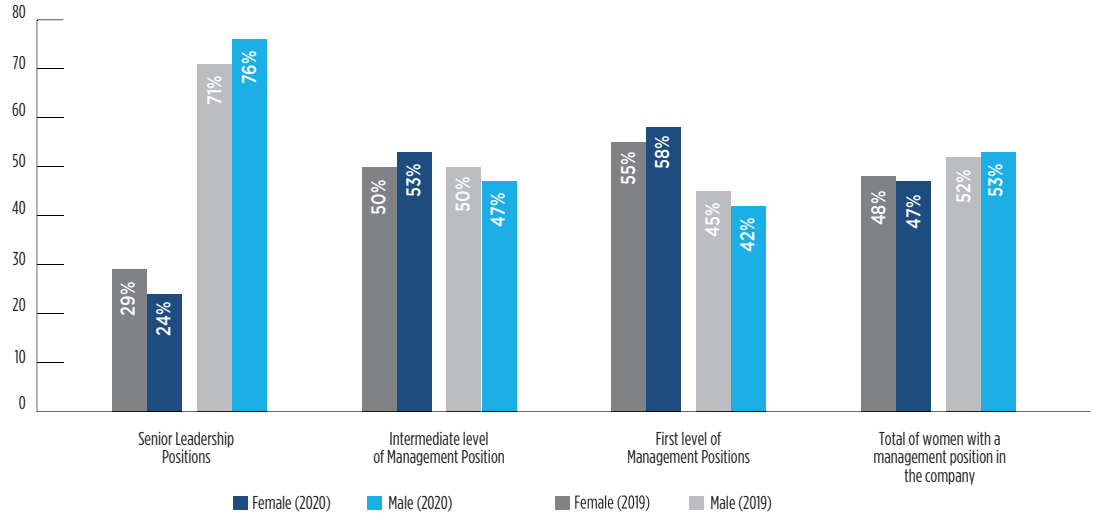
Number of Women in Management Positions

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, 4 women (among 16 members) are part of the Management Committee: the directors of Valneva's Solna and Livingston sites, which are principally dedicated to manufacturing.

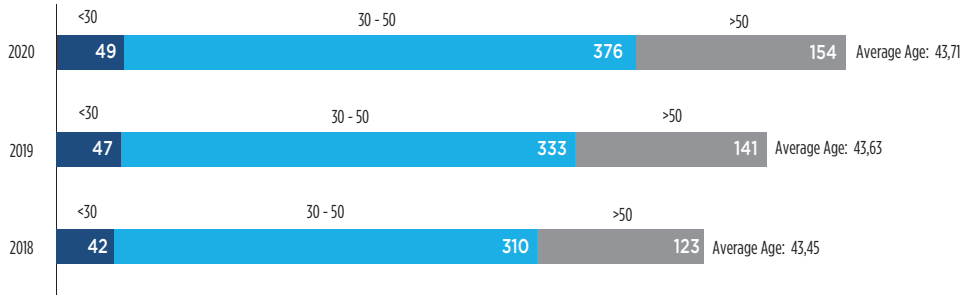
Valneva is committed to ensuring that women and men have equal opportunities to become part of the Company's corporate governance structure, notably through the development of their qualifications.



Average Age at Valneva

In 2020, the average age of Valneva employees was 44 years old. This has been stable over the last four years.

Average Age



Gender Pay Index

The European Commission reported a 14.1%(1) gender pay gap in Europe. Valneva's index is far lower.

2025 Objective : the Group is committed to reducing the gap by 2025.

2020

4.46%
GENDER PAY INDEX

(1) Source : https://ec.europa.eu

3.7.3. Having the Right Level of Expectation in Terms of Performance and Competencies to Respond to Market Demand

Valneva promotes equal opportunity and seeks to help each of its employees maximize his or her talents.

Valneva's difficulties in achieving and maintaining a certain level of performance and skills would lead to a mismatch with the Group's needs, which would ultimately affect the level of its achievements.

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.

In 2020, a cross-functional focus group dedicated to the creation of a new competency model finalized the new individual performance assessment process. The goal was to determine key behavioral competencies for Valneva based on the LEAD model (Lead, Empower, Act and Deliver). 2021 will be the pilot year for testing the tool before it is formally deployed in 2022.

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.

Valneva Corporate Training Program

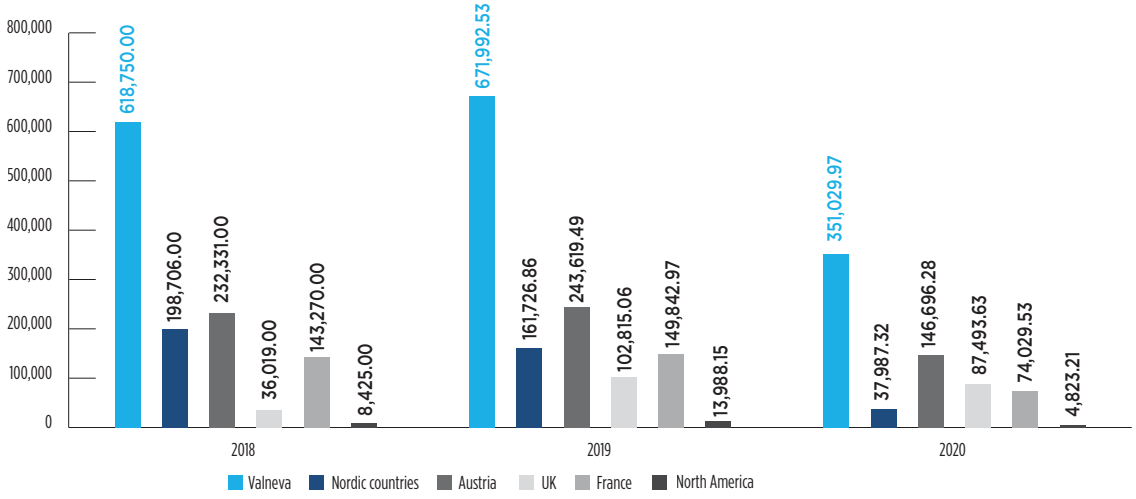
Training is a cornerstone of Valneva's HR strategy and allows the Group to maintain high working standards in all of its activities. The Company offers a broad range of training events, including sessions on ethics & compliance, risk management, biosafety and cyber security awareness.

2021 Objective : Manage the highest increase of FTE in the history of Valneva (+47%) with the highest quality level possible in regard to recruiting, on-boarding & training and managing performance.

Valneva's Training Investment

Across the Group, Valneva's total training investment was €351,029.97 for 2020, which represents an average of €606,27 per employee. The significant decrease in the training spend for 2020 is explained by the impact of the COVID-19 pandemic, which led to a reduction in the time allotted for training and a remote training offer that was less robust than in-person training.

It should also be noted that regulatory training (GMP) is excluded from the training budget presented here.



2018
average investment of
1,303 euros
per employee

2019
average investment of
1,273 euros
per employee

2020
average investment of
606.27 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. Despite the pandemic and in alignment with physical distancing rules, the Group welcomed student interns who were fully integrated into the Valneva community.

Creating New Opportunities 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 specialty vaccine company focused on prevention of infectious diseases, Valneva is aware that the environment directly affects people's health. In addition, the Group is aware that man-made or natural disasters, as well as public health pandemics or epidemics, may disrupt its business. With that in mind, Valneva recognizes the need to manage its carbon footprint, waste and consumption, taking environmental issues into account as reflected in the elements described below.

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 experiences with one another 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.

A Word on COVID-19

The COVID-19 pandemic has had an important impact on Group activities in 2020. Valneva is advancing a vaccine candidate against the SARS-CoV-2 virus that causes COVID-19, in order to address the urgent, global need for billions of doses of vaccines. This project has brought on the expansion of Valneva's manufacturing capacities; however, the expansions of the Company's production sites in Scotland and Sweden were not complete as of December 31st, 2020 and are thus not in scope for this report.

Reducing Carbon Footprint to prevent climate change

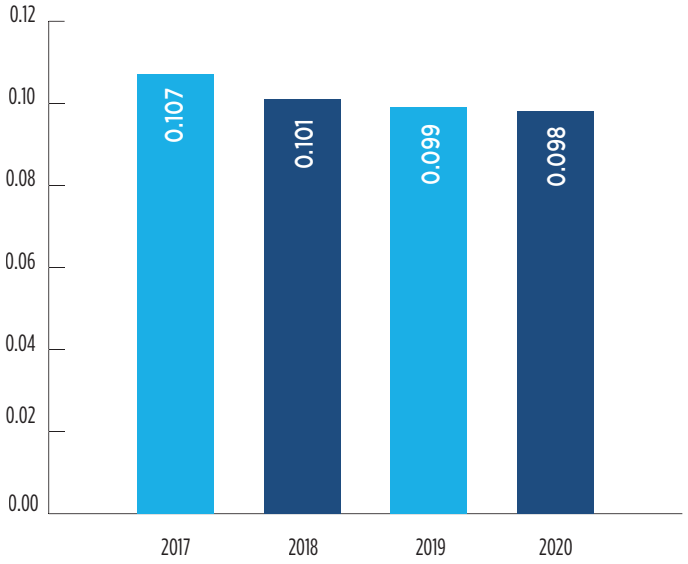
Since energy use constitutes the main source of Valneva's CO_2 emissions, the Group seeks to optimize and continuously reduce its energy consumption while ensuring energy security for all its business activities.

In line with this approach, Valneva aims to reduce its CO_2 emissions by 5% between 2016 and 2025.

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.

In order to establish a Key Performance Indicator, or KPI, for the Group's carbon footprint, Valneva chose in 2019 to begin presenting CO_2 emissions in terms of the surface area (in square meters) of its four main sites. The goal of this KPI is to show improvements in Valneva's carbon footprint year-over-year, based on a time-stable criterion for each main site.

CO_2 Emissions per Square Meter



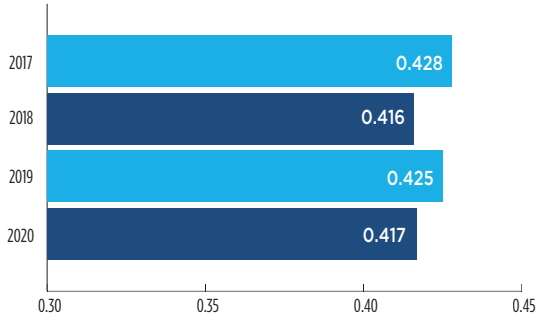
For the fifth consecutive year, CO_2 emissions from Valneva's manufacturing and R&D sites have decreased - thanks to the work of the EHS teams present at each facility. However, the impact of the pandemic has considerably slowed the Group's efforts in this area.

To further 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 each type of activity.

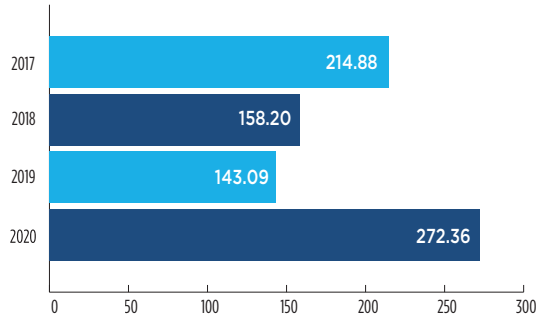
Energy consumption per square meter is the chosen KPI for R&D sites, where the activity is stable and not linked to a manufacturing process.

Energy Consumption (in MWh) per Square Meter : R&D Sites[1]



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 (in MWh)[2] per Batch Produced: Manufacturing Sites



In R&D, variations in activity have very little impact on energy consumption, which remains stable over time. When activity or the climatic conditions do have an impact, it is not clearly visible on the graph; this is due to the optimization work on energy consumption implemented by the local teams.

In 2020, the pandemic had a significant impact on Valneva's manufacturing sites, as their activity decreased drastically (by 60% in Scotland and 38% in Sweden). However, the buildings continued to be used and maintained, thus consuming energy. The modernization and expansion of these facilities - linked to Valneva's COVID-19 vaccine candidate - also affected this indicator, because energy was consumed without production on the sites.

Waste Management

Waste has an enormous impact on the environment, causing pollution and greenhouse gas emissions while generating substantial costs. 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 related environmental impacts.

To ensure effective monitoring of its commitments on waste management, the Group has set the objective of reducing the proportion of non-recyclable and landfilled waste by 5% by 2025, as compared to 2016.

Two types of waste are produced by the four sites within the reporting boundary of this Report:

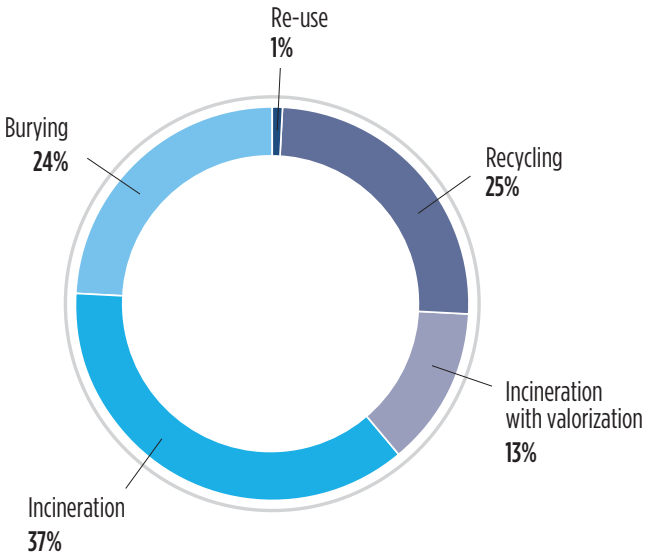
- non-hazardous waste (paper, cardboard, plastic, etc.);
- hazardous waste (used chemical products, contaminated plastic, electrical and electronic equipment waste, etc.).

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.

(1) The KPI for energy consumption at the R&D sites mentioned in 2019 had been calculated on the basis of the total surface area of the Valneva Group's sites instead of the surface area of the R&D sites only. This report presents corrected data. These corrections have no impact on the trends observed in the evolution of the KPI.

(2) The KPI for energy consumption are in MWh. The figures mentioned in the previous report was correct. Only the unit mentioned had an error (KWh instead of MWh).

Waste Repartition by Treatment Mode



Since 2019, Valneva has chosen 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 method 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 waste valorization, Valneva works with specialized companies in the sector and seeks the most well-adapted 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 provide 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 of the Group.
- Due to changes in the management of non-recyclable waste in Nantes, the part of landfilled waste decreased sharply between 2019 and 2020.

3.8.2. Valneva's Approach to Safety at Work

Valneva has a highly developed, nimble and sophisticated manufacturing infrastructure that has been operating and producing licensed vaccines for more than 10 years.

Nearly 50% of Valneva's workforce is dedicated to production and the Group invests in both its manufacturing facilities and personnel.

In order to ensure a steady rhythm of production, the Group 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 teams 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 groups have been tasked with implementing and monitoring the procedures that are necessary for managing these risks, including maintenance of the various installations and pieces of equipment at these locations.

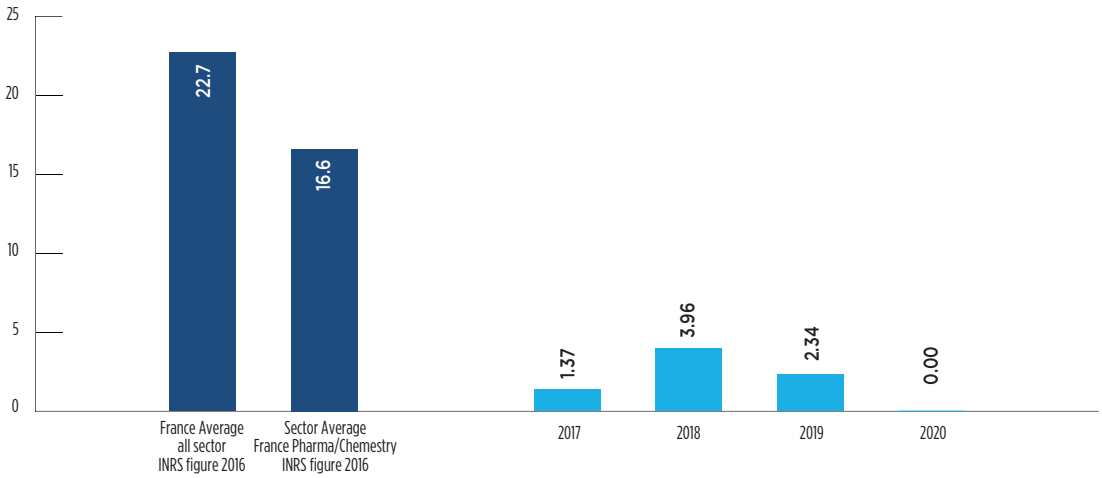
Valneva aims to maintain safety statistics at a level under the pharma/biotech industry average.

Work Accidents

The nature of Valneva's activity, together with the Group's ongoing improvement of safety-training measures, has resulted a consistently low number of work accidents that have historically been non-critical.

The **Frequency Rate** (prevalence of work accidents) and **Severity Rate** (severity of work accidents), are presented in this report, as they are a means of showing the effectiveness of the employee risk prevention work carried out by Valneva safety teams.

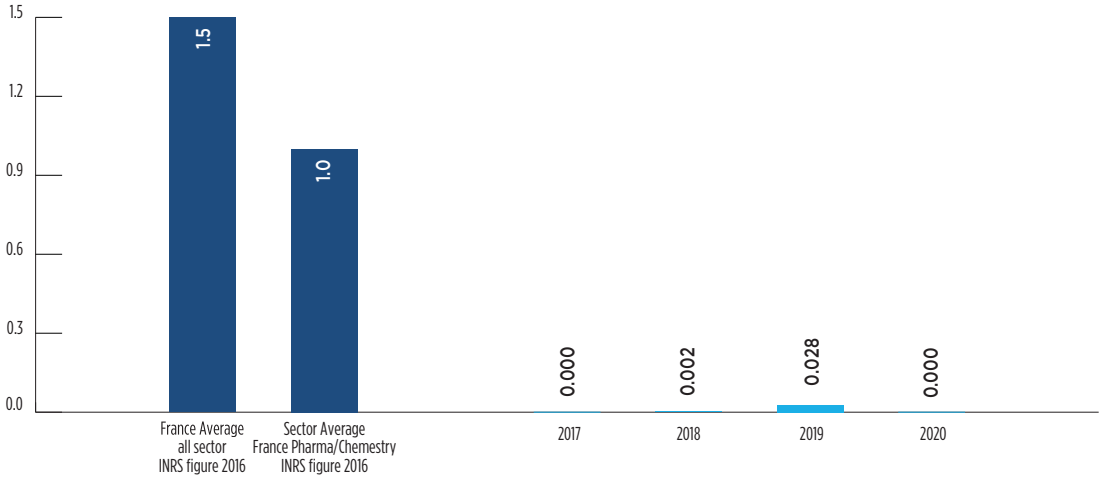
Work Accidents: Frequency Rate



Valneva's work accident frequency rate is historically low, thanks local safety teams who act as soon as a minor event occurs, thereby preventing more serious accidents.

Again this year, the frequency of work accidents within the Group was far below the average rate registered by all businesses, as well as those specifically in the pharma sector 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 typically only result in short-term work stoppages. In fact, safety teams are used to handling "near accidents" and "near misses," thereby acting on risks at the source. This has had a significant impact on the consequences of accidents.

In 2020, the group recorded zero accidents leading to a day of work stoppage.

Compared to national and sector averages, Valneva's work accident severity rate is far below those 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. 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.

In 2020, the crisis linked to the COVID-19 pandemic generated new work practices, including widespread use of telework starting in March. These new practices have also led to new issues related to isolation and distance among employees.

In the face of the pandemic, Valneva has continued its commitment to well-being.

Healthy Working Conditions

- Due to national lock downs in the multiple countries where Valneva is present, teleworking was adopted for as many employees as possible. In addition to Company-issued laptops, the Group has improved its arsenal of telework policies in order to acquire the necessary resources to implement the option more broadly.
- In an immediate response to lock down measures as soon as they were imposed, Valneva allowed employees to bring home their screens and keyboards in order to recreate a comfortable, ergonomic work environment at their home. In addition, local HSE teams regularly shared advice on ergonomics with their colleagues to ensure that they work from home in the best conditions.

  Sweden, for example, has stepped up its communication on a number of ergonomics-related topics, in addition to subjects related to physical activity and the psycho-social risks of working from home. They've even sent out a questionnaire to assess the risks for employees who've adopted telework. Scotland has also begun offering e-learning to its staff, as well as encouraging teams to keep in touch with each other through social media.
- More globally, the principal instruction for all sites was to maintain the link with employees who were required to work from home during the COVID-19 crisis.
- Valneva also quickly equipped its employees with masks adapted to the risks presented by the virus. Across the Group, those working directly on the COVID-19 vaccine candidate were immediately supplied with FFP2/FFP3 masks. Three-fold surgical and cloth masks were provided for the rest of Valneva's employees.
- Free vaccination against diseases like influenza and tick-borne encephalitis has been available to employees for many years now. In light of the current pandemic, Valneva has added new offerings related to COVID-19 testing, to ensure the health and safety of all employees.

Staying Active

- Staying active presented a major challenge to everyone during lock down. While this work is ongoing as lock down measures continue, the teams dedicated to Quality of Life at Work continue to propose actions to respect this principle. One example is the retransmission of weekly yoga lessons which were previously held on-site in Austria; now, employees in all locations can participate via web conference and watch recordings anytime.
- In 2020, employees in Nantes and Lyon took part in a digital Mobility Week challenge. For one work week, employees who were coming into the office logged their use of sustainable transportation (including cycling, walking, bus, tram and electric vehicles) and those working from home also recorded these hours. Nearly 50% of the French workforce took part in this challenge to show their efforts to commute sustainably.

Eating Healthy

- Meal vouchers in France and Austria and discounts in restaurants near the Swedish site are still offered to employees despite the pandemic.
- In 2020, the monthly in-person events usually happening in France have been transformed to respect physical distancing and barrier gestures. Events focused on the themes of healthy eating and naturopathy to combat fatigue were held via videoconference.

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 national and international 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 Directive 2010/63/EU and European Convention ETS No. 123) in regard 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 American Institute for Laboratory Animal Research (ILAR) and the German Society of Laboratory Animal Science (GV-SOLAS) are followed to create the best possible 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. This happens with special focus on the so-called '3R principle' ("Reduce, Refine, Replace"), one of the key strategies to meet our high demands for 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.

The following items are not mentioned because they are not considered significant with regard to Valneva's activity:

- Actions to fight against food waste,
- The fight against food insecurity,
- Actions for a responsible, equitable and sustainable nutrition.

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 2020. 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 2020 required application of a working method and different steps that are presented below:

1. maintaining the resource persons identified since 2016 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.

3.12. 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, 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 Management Board members.

Average age

Average age is calculated by subtracting the birthdate from 12/31/2020. For example, 12/31/2020 - 12/16/1973 = 47.04 years.

Seniority

Calculated by the difference between Entry Date and December 31, 2020, ignoring any absences due to maternity, paternity or educational leave.

Gender balance

Takes into account the total headcount.

Gender pay Index

The Gender Pay Index is a tool for advancing gender equality within the Group. It measures the pay gap between women and men by calculating the ratio of the median salary of female employees to the median salary of male employees - based on all regular active employee (permanent and limited contract) on the 31st of December.

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

$$\frac{\text{Number of employees who left during the year} \times 100}{\text{(Number of employees at the beginning of the year + number of employees at the end of the year)} / 2}$$

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, 2020

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, 2020, 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.

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 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 Information 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(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 24% and 100% of the consolidated data relating to the key performance indicators and outcomes 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 4 people between September 2020 and march 2021 and took a total of 24 weeks.

We conducted a dozen 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.

Comments

Without qualifying our conclusion, we express the following comments:

The "High level of research and development" policy does not include a key performance indicator.

Toulouse, March 22, 2021

INDEPENDANT THIRD PARTY AUDITOR (*ORGANISME TIERS INDÉPENDANT*) SAS CABINET DE SAINT FRONT

Pauline de Saint Front

President

(1) Key performance indicators and other quantitative outcomes : (i) Total amount donated per year, (ii) Rate of transmission to individual Adverse Effects Observations authorities, (iii) Percentage of employees trained on the ABAC Policy (iv) Percentage of mitigating measures and controls implemented on time, (v) Percentage of employees trained in policies: personal data protection, (vi) Turnover rate, (vii) Tons of CO_2 emitted per m^2 at the 4 main sites, (viii) Energy spent per m^2 on research and development sites, (ix) Energy spent per batch produced (production), (x) Percentage of Valneva's waste destined for landfill, (xi) Work-related accidents: severity rate, (xii) work-related accidents: frequency rate.

4

Annual financial statements at December 31, 2020

4.1 Consolidated financial statements at December 31, 2020

4.1.1 Consolidated statements of income (loss) and comprehensive income (loss)

Consolidated Statements of Income (Loss)

In € thousand (except per share amounts)	*Note*	Year ended December 31, 2020	2019
Product sales	*4/5*	65,938	129,511
Revenues from collaboration, licensing and services	*4/5*	44,383	(3,315)
REVENUES		**110,321**	**126,196**
Cost of goods and services		(54,302)	(52,781)
Research and development expenses	*4*	(84,454)	(38,022)
Marketing and distribution expenses	*4*	(18,264)	(24,145)
General and administrative expenses	*4*	(27,539)	(18,398)
Other income and expenses, net	*8*	19,117	6,338
OPERATING PROFIT/(LOSS)		**(55,120)**	**(811)**
Finance income	*9*	689	1,449
Finance expenses	*9*	(10,738)	(3,082)
Result from investments in associates	*15*	(133)	1,574
PROFIT/(LOSS) BEFORE INCOME TAX		**(65,302)**	**(870)**
Income tax income/(expense)	*10*	909	(874)
PROFIT/(LOSS) FOR THE PERIOD		**(64,393)**	**(1,744)**
Earnings/(Losses) per share			
for profit/loss for the period attributable to the equity holders of the Company, expressed in € per share	*11*		
▪ Basic		(0.71)	(0.02)
▪ Diluted		(0.71)	(0.02)

The accompanying notes form an integral part of these financial statements.

Comprehensive Income (Loss)

In € thousand	*Note*	Year ended December 31, 2020	2019
Profit/(Loss) for the period		**(64,393)**	**(1,744)**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Currency translation differences	*21.1*	2,438	656
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gains/(losses)	*21.1*	(78)	(13)
Other comprehensive income/(loss) for the year, net of tax		**2,360**	**644**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**(62,033)**	**(1,100)**

The accompanying notes form an integral part of these financial statements.

4.1.2 Consolidated balance sheets

		At December 31,	
in € thousand	*Note*	2020	2019
ASSETS			
Non-current assets		**140,737**	**135,561**
Intangible assets	*12*	35,409	41,813
Right of use assets	*13*	43,374	49,334
Property, plant and equipment	*14*	34,779	20,003
Equity-accounted investees	*15*	2,130	2,263
Deferred tax assets	*10.2*	5,570	4,988
Other non-current assets	*19*	19,476	17,161
Current assets		**308,427**	**129,162**
Inventories	*17*	26,933	25,772
Trade receivables	*18*	19,232	24,030
Other current assets	*19*	57,828	14,921
Cash and cash equivalents	*20*	204,435	64,439
TOTAL ASSETS		**449,164**	**264,723**
EQUITY			
Capital and reserves attributable to the Company's equity holders		**77,422**	**135,153**
Share capital	*21*	13,646	13,642
Share premium	*21*	244,984	244,912
Other reserves	*21*	52,342	45,756
Retained earnings/(Accumulated deficit)	*21*	(169,156)	(167,412)
Profit/(loss) for the period		(64,393)	(1,744)
LIABILITIES			
Non-current liabilities		**195,872**	**88,269**
Borrowings	*23*	46,375	24,317
Lease liabilities	*13/26*	49,392	56,592
Contract liabilities	*27*	58	732
Refund liabilities	*28*	97,205	6,105
Provisions	*27*	2,358	426
Deferred tax liabilities	*10.2*	412	-
Other liabilities	*30*	72	97
Current liabilities		**175,870**	**41,300**
Borrowings	*23*	6,988	1,999
Trade payables and accruals	*24*	36,212	16,567
Income tax liability	*10*	-	2,458
Tax and Employee-related liabilities	*25*	13,165	10,624
Lease liabilities	*13/26*	2,696	2,308
Contract liabilities	*27*	89,578	694
Refund liabilities	*28*	14,222	448
Provisions	*29*	10,169	2,315
Other liabilities	*30*	2,841	3,886
TOTAL LIABILITIES		**371,742**	**129,569**
TOTAL EQUITY AND LIABILITIES		**449,164**	**264,723**

The accompanying notes form an integral part of these financial statements.

4.1.3 Consolidated statements of cash flows

		Year ended December 31,	
In € thousand	*Note*	2020	2019
Cash flows from operating activities			
Profit/(Loss) for the year		(64,393)	(1,744)
Adjustments for non-cash transactions	*31*	37,941	12,704
Changes in non-current operating assets and liabilities	*31*	88,472	3,597
Changes in working capital	*31*	77,740	(6,682)
Cash generated from operations	*31*	**139,759**	**7,875**
Income tax paid		(2,021)	(2,346)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**137,738**	**5,529**
Cash flows from investing activities			
Purchases of property, plant and equipment	*14*	(18,936)	(10,502)
Purchases of intangible assets	*12*	(535)	(382)
Proceeds from sale of intangible assets		24	-
Interest received		107	199
NET CASH USED IN INVESTING ACTIVITIES		**(19,340)**	**(10,685)**
Cash flows from financing activities			
Proceeds from issuance of common stock, net of costs of equity transactions	*22*	75	(2,484)
Disposal/(Purchase) of treasury shares	*22*	215	21
Proceeds from borrowings, net of transaction costs	*23/31.2*	50,266	11,781
Repayment of borrowings	*23/31.2*	(21,995)	(11,684)
Payment of lease liabilities	*13/26*	(2,111)	(2,709)
Interest paid		(4,711)	(2,621)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**21,740**	**(7,696)**
Net change in cash and cash equivalents		**140,138**	**(12,852)**
Cash and cash equivalents at beginning of the year		64,439	77,084
Exchange gains/(losses) on cash		(183)	207
Restricted cash	*20*	41	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**204,435**	**64,439**

The accompanying notes form an integral part of these financial statements.

4.1.4 Consolidated statements of changes in equity

In € thousand (except number of shares)	Note	Number of shares issued	Share capital	Share premium	Other reserves	Retained earnings/ (Accumulated deficit)	Profit/ (loss) for the period	Total equity
BALANCE AS AT JANUARY 1, 2019 BEFORE IFRS 16 ADOPTION		**90,917,837**	**13,638**	**244,900**	**52,060**	**(170,676)**	**3,264**	**143,186**
Changes in Accounting Policy – Initial Application of IFRS 16		-	-	-	(9,474)	-	-	(9,474)
BALANCE AS AT JANUARY 1, 2019		**90,917,837**	**13,638**	**244,900**	**42,587**	**(170,676)**	**3,264**	**133,712**
Total comprehensive loss		-	-	-	644	-	(1,744)	(1,100)
Income appropriation		-	-	-	-	3,264	(3,264)	-
Share-based compensation expense:	21							
▪ value of services		-	-	-	2,504	-	-	2,504
▪ exercises		25,975	4	12	-	-	-	16
Treasury shares	21	-	-	-	21	-	-	21
BALANCE AS AT DECEMBER 31, 2019		**90,943,812**	**13,642**	**244,912**	**45,756**	**(167,412)**	**(1,744)**	**135,153**
BALANCE AS AT JANUARY 1, 2020		**90,943,812**	**13,642**	**244,912**	**45,756**	**(167,412)**	**(1,744)**	**135,153**
Total comprehensive loss		-	-	-	2,360	-	(64,393)	(62,033)
Income appropriation		-	-	-	-	(1,744)	1,744	-
Share-based compensation expense:	21							
▪ value of services		-	-	-	4,012	-	-	4,012
▪ exercises		26,750	4	71	-	-	-	75
Treasury shares	21	-	-	-	215	-	-	215
BALANCE AS AT DECEMBER 31, 2020		**90,970,562**	**13,646**	**244,984**	**52,342**	**(169,156)**	**(64,393)**	**77,422**

The accompanying notes form an integral part of these financial statements.

4.1.5 Notes to the consolidated financial statements

Note 1 General information and significant events of the period

Valneva SE ("the Company") together with its subsidiaries ("Group" or"Valneva") is a specialty vaccine company focused on prevention against diseases with major unmet needs.

The Group's portfolio includes two commercial vaccines for travelers: IXIARO® (also marketed as 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 enterotoxigenic Escherichia coli. The Group has several vaccines in development including a unique vaccine against Lyme disease, COVID-19 and chikungunya. Valneva has operations in Austria, Sweden, the United Kingdom, France, Canada and the United States with over 500 employees.

List of direct or indirect interests held by the Company

Name	Country of incorporation	Consolidation method	Interest held at December 31, 2020	Interest held at December 31, 2019
BliNK Biomedical SAS[1]	FR	Equity method	48.9%	48.9%
Vaccines Holdings Sweden AB	SE	Consolidation	100%	100%
Valneva Austria GmbH	AT	Consolidation	100%	100%
Valneva Canada Inc.	CA	Consolidation	100%	100%
Valneva France SAS	FR	Consolidation	100%	100%
Valneva Scotland Ltd.	UK	Consolidation	100%	100%
Valneva Sweden AB	SE	Consolidation	100%	100%
Valneva UK Ltd.	UK	Consolidation	100%	100%
Valneva USA Inc.	US	Consolidation	100%	100%

(1) See Note 15.

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 Austria GmH commercializes IXIARO®, DUKORAL® and third party products such as Flucelvax, Fluad, Moskito Guard, Rabipur and Encepur.

Valneva Canada Inc. (Montreal, Quebec) commercializes IXIARO®, DUKORAL® and third party products as KamRAB in 2020 and Vivotif in 2019.

Valneva France SAS (Lyon, France) was founded in February 2019 and commercializes IXIARO® and DUKORAL® since 2020.

Valneva Scotland Ltd. (Livingston, United Kingdom) is primarily involved in the production of Valneva's Japanese encephalitis vaccine, IXIARO®, as well as in the production of chikungunya and COVID-19 vaccine, which are currently in the development phase.

Valneva Sweden AB (Solna, Sweden) manufactures the DUKORAL® vaccine and commercializes DUKORAL®, IXIARO® and third party products such as Moskito Guard and Vivotif in the Nordic countries. In addition Valneva Sweden AB provides R&D services.

Valneva UK Ltd. (based nearby London, United Kingdom) commercializes DUKORAL®, IXIARO® and third party products such as Moskito Guard in the United Kingdom.

Valneva USA Inc. focuses on the commercialization of IXIARO® to the US military and the US private market.

Significant events of the period

COVID-19

The group has been and could continue to be materially adversely affected by the current COVID-19 pandemic, in regions where Valneva has significant manufacturing facilities, concentrations of clinical trial sites or other business operations. COVID-19 has adversely impacted sales of travel vaccines to the general public, with travel to endemic areas significantly reduced compared to 2019. DUKORAL® and IXIARO® are aimed at diseases that largely threaten travelers to particular regions. As a result, sales of these vaccines have decreased significantly, adversely impacting the company's financial results. The Group expects the future to continue to be impacted due to the significant reduction in international travel following the onset of the global COVID-19 pandemic. In its December 2020 report, the United Nations World Tourism Organization, or UNWTO, predicted that international travel, as measured by international arrivals,

would rebound in 2021, based on the assumptions of a gradual reversal of the pandemic, the rollout of a COVID-19 vaccine, significant improvement in traveler confidence and major lifting of travel restrictions by the middle of 2021, as well as a large pent-up demand after months of closed borders and travel bans. Recovery of international travel is forecasted by leading international travel organizations, such as the International Air Transport Association and the UNWTO, to begin in 2021 and to recover to 2019 demand levels by mid-2023 to end of 2024. If international travel does not resume as quickly or as much as planned, the company's revenues will continue to be severely affected, and Valneva may not be able to complete the development of its vaccine candidates without additional financing. Site initiation and subject enrollment have been and may be further delayed due to prioritization of hospital resources toward the COVID-19 pandemic, and some subjects may not be able or willing to comply with clinical trial protocols if quarantines impede subject movement or interrupt healthcare services. The initiation of the Phase 3 clinical trial for VLA 1553 (chikungunya) was delayed due to the impact of COVID-19. Valneva continues to closely monitor how the pandemic and related response measures are affecting the company's business. At the end of December 2020, Valneva reported cash and cash equivalents of €204.4 million. Valneva is prepared to take further cost management measures if required and has implemented a cost reduction of non-mission critical projects and expenses. Although it is difficult to predict future liquidity requirements, the Group believes that the existing cash and cash equivalents as of December 31, 2020 will be sufficient to fund the operations for at least the next 12 months from the authorization for issuance date of these consolidated financial statements. For details on liquidity risk see Note 2.5.

Impact from COVID-19 is described in following Notes as of December 31, 2020 and for the year ended on December 31, 2020:

Impact from COVID-19	Note	
COVID-19 R&D program	1/27/28	Agreement with the UK government to provide up to 190 million doses of its SARS-CoV-2 vaccine candidate €19.0 million expenses for research and development included in 2020. €87.0 million included in contract liabilities and €20.9 million in refund liabilities, as of December 31, 2020.
Revenues from contracts with customers	5	Decline of revenues of Commercialized products for non-military market from Q2 2020 onward and therefore reduced Cash-inflows.
Impairment testing	12.2	Impairment test for IXIARO Cash Generating Unit "CGU" IXIARO and CGU DUKORAL CGU performed after triggering events – no impairment in 2020
Inventories	17	€7.4 million of the write-down included in income statement due to lower sales expectations and limited shelf life of the finished goods; stop of manufacturing of IXIARO® and DUKORAL® in Q3 2020: idle capacity costs not capitalized
Trade receivables	18	Update of expected credit loss assessed – only minor impact in Group´s figures
Expenses		In H2 2020 a cost reduction of non-mission critical projects and expenses was introduced.

Brexit

The Group is of the opinion that Brexit will 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. The flow of goods between Great Britain and Europe may also be affected. 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. The manufacturing for the bulk material for Valneva's SARS-CoV-2 vaccine candidate (see below for details on the agreement with the UK Government) will be also conducted in the United Kingdom, while filling and packaging of this vaccine will take place in the EU. Furthermore, Valneva has commercial operations in the UK, distributing its own vaccines and some third party products in the local market. Valneva UK Ltd reported a revenue of €1.8 million in 2020.

Significant agreements signed in the periods

In January 2019, Valneva and the U.S. Government Department of Defense (DoD) signed a new contract for the supply of its Japanese encephalitis vaccine IXIARO® through 2019 and the beginning of 2020 with a value of $59 million guaranteed and potentially worth up to $70 million.

In June 2019, Valneva and GSK announced mutual agreement to terminate the Strategic Alliance Agreement ("SAA"), originally agreed between Novartis and Intercell (predecessor companies of GSK and Valneva, respectively). Valneva paid €9.0 million to GSK immediately and will pay up to a further €7.0 million when milestones of marketing approvals of its Lyme vaccine are fulfilled. As a result, Valneva regained control of its main research and development assets, including its Lyme vaccine candidate (VLA15). In 2019, the effect was €10.7 million negative revenues from collaboration and licensing reflecting both the current and future payment obligations (See Note 5).

In July 2019, Valneva and Coalition for Epidemic Preparedness Innovations ("CEPI") announced a new partnering agreement. CEPI will provide Valneva up to $23.4 million for vaccine manufacturing and late-stage clinical development of a single-dose, live-attenuated vaccine (VLA1553) against chikungunya, see Note 8, Note 22.5 and Note 30.

In February 2020, the Group signed a debt financing agreement with US Healthcare Funds Deerfield and OrbiMed. The transaction amount is up to $85 million. Amortization payments will start in 3 years, while the loan will mature in 6 years. The intended use of proceeds was to repay existing borrowings from the European Investment Bank ("EIB") and allow the Group to continue to advance its leading Lyme and chikungunya development programs in the short term.

In April 2020, a new collaboration to co-develop and commercialize the Group's Lyme disease vaccine (Lyme VLA15) was signed with Pfizer Inc. (NYSE: PFE). This agreement was entered into with a customer as defined by IFRS 15 guidance on revenue contracts with customers, it included a $130 million (€116.9 million) upfront payment, which was received in June 2020. Valneva will refund 30% of all development costs through completion of the development program, which is planned for 2025. Therefore, as of December 31, 2020 €81.9 million has been recognized as discounted refund liabilities. The transaction price was determined taking into account the refund obligation of Valneva. The agreement includes R&D and service performance obligations for which revenue is recognized over time as well as a license performance obligation for which revenue is recognized at a point in time when Pfizer can benefit and use the license without further involvement of Valneva. The transaction has been allocated to the various performance obligations in proportion of their standalone selling price. In 2020, €31.6 million were recognized as Revenues from collaboration, licensing and services. €2.8 million costs to obtain a contract are included in other assets as of December 31, 2020. For more details see Notes 5 and Notes 28.

In June 2020, Valneva and Bavarian Nordic A/S (OMX: BAVA) announced a marketing and distribution partnership for the marketing and distribution of their commercial products. Valneva will commercialize Bavarian Nordic's marketed vaccines leveraging its commercial infrastructure in Canada, UK, France and Austria. Valneva will also take responsibility for Belgium and the Netherlands. The partnership includes vaccines that protect against rabies, Japanese encephalitis, tick-borne encephalitis and cholera. This agreement had no material financial impact on the consolidated financial statement as of and for the year ended December 31, 2020. Revenues are recognized at a point in time when products are delivered to the customer.

In September 2020, DLA awarded Valneva a new contract for the supply of IXIARO®. The terms of the agreement contemplate an initial base year followed by two option years, each with a range of minimum and maximum potential dose orders. The current base year has a minimum value of approximately $54 million for 370,000 doses, and the option years have minimum values of $46 million for 320,000 doses and $36 million for 250,000 doses, respectively, if DLA exercises those options.

In September 2020, Valneva announced a vaccine partnership with the UK government for its inactivated COVID-19 vaccine, VLA2001. Under the agreement, if the vaccine development is successful, Valneva will provide the UK government with 60 million doses of VLA2001 in the second half of 2021. The UK Government then has options over 40 million additional doses in 2022 and a further 90 million doses, in aggregate, from 2023 to 2025. If VLA2001 is approved and the options are exercised in full, the contract has the potential to generate aggregate revenue of up to €1.4 billion. The UK government is also investing up-front in the scale up and development of the vaccine, with the investment being recouped against the vaccine supply under the collaboration. The COVID-19 vaccine candidate will be manufactured at Valneva's facilities in Livingston, Scotland. As part of broader COVID-19 response, Valneva plan to futher invest in the manufacturing facilities in Livingston, Scotland and Solna, Sweden. The UK Government is obligated to provide Valneva advance payments to fund certain manufacturing-related expenses (related to the expansion of Valneva's Livingston, Scoltland facility) over the life of the project, subject to Valneva's continued supply of product in accordance with the terms of the UK Supply Agreement. According to IFRS 15, this agreement includes two performance obligations: First is the delivery of 60 million doses, second is an option to sell an additional 40 million doses at a lower price than the expected market price and furthermore an option to sell an additional 90 million doses at the expected market price. In 2020, none of these performance obligations were satisfied, therefore no revenue was recognized in this period. In December 2020 the option period to order 40 million doses was extended from December 31, 2020 to January 31, 2021. In January 2021 the UK Government has exercised its option to order 40 million doses. As of December 31, 2020, €87.0 million are included in contract liabilities, and €20.9 million are included in refund liabilities and represented the royalty obligation part of Valneva to the UK-Government. Total expenses for research and development for the COVID-19 vaccine were €19.0 million in 2020.

In April 2020, Valneva and Dynavax announced a collaboration to advance vaccine development for COVID-19. Dynavax is providing CpG 1018, the adjuvant contained in U.S. FDA-approved HEPLISAV-B vaccine, to support the development of Valneva's COVID-19 vaccine candidate, while Valneva is leveraging its technical and platform capabilities to develop an inactivated, whole virus vaccine candidate against the current COVID-19 threat. In September 2020, Valneva and Dynavax announced a commercial partnership for the supply of Dynavax's CpG 1018 adjuvant for use in Valneva's SARS-CoV-2 vaccine candidate, VLA2001. No deliveries for commercial use took place between Dynavax and Valneva in 2020. As of December 31, 2020 Valneva has included €31.1 million in advance payments from this agreement (See Note 19). The Dynavax Agreement has a purchase order commitment amount of up to $136.8 million.

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 preparation

These 2020 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 issued by the International Accounting Standards Board ("IASB").

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 judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

In the year 2020, the line "amortization and impairment of fixed assets/intangibles" in the consolidated income statement was reclassified to the line "Cost of goods and services" and "research and development expenses". This split was made to improve the P&L disclosure per function. The comparable period was adjusted accordingly to maintain the comparability. In 2019, the amount of €3.0 million of amortization and impairment of fixed assets/intangible was reclassified to "Cost of goods and services" amounting to €2.8 million and to "research and development expenses" amounting to €0.1 million. In addition the presentation of equity changed to a more detailed presentation to provide additional information on the balance sheets as well as on the statements of changes in equity. The comparable period was adjusted accordingly to maintain the comparability.

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.

These consolidated financial statements were approved by the Management Board on March 22, 2021 and authorized for issuance by the Supervisory Board on March 23, 2021.

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
Amendments to IAS 1 and IAS 8	Definition of Material	January 1, 2020	None
Amendments to IFRS 3	Definition of a Business	January 1, 2020	None
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020	None
Revised Conceptual Framework for Financial Reporting		January 1, 2020	None

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2020, and not early adopted.

The Group did not elect for early application of the following new standards, amendments and interpretations which were issued by the IASB and which are endorsed by the EU but not mandatory as of January 1, 2020:

- amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- amendments to IFRS 4 – Insurance contracts;
- IBOR reform phase 2 – Amendments to IFRS 9 Financial instruments, IAS 39 Financial instruments: Recognition and Measurement, IFRS 7 Financial instruments: Disclosures, and IFRS 16 Leases.

Following new standards, amendments and interpretations were issued by the IASB and are not yet endorsed by the EU:

- IFRS 17 – Insurance contracts;
- amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- amendments to IFRS 3 – Reference to the Conceptual Framework;
- amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use;
- amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 First-time Adoption of IFRS, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture.

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 Valneva SE'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

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.

(a) 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.

With all other variables held constant, the impact from changes in exchange rates on the pre-tax result would be as follows:

	Year ended December 31,	
In € thousand	2020	2019
EUR/USD +10%	3,229	(3,134)
EUR/USD -10%	(3,947)	3,830
EUR/GBP +10%	(10,022)	(1,122)
EUR/GBP -10%	12,249	1,371
EUR/SEK +10%	(400)	114
EUR/SEK -10%	489	(140)
EUR/CAD +10%	(228)	(275)
EUR/CAD -10%	279	336

As of December 31, 2020, the changes in impact from an increase or a decrease in USD is mainly caused by a major increase in refund liabilities and borrowings denominated in USD in Valneva Austria GmbH.

As of December 31, 2020, the increase in the Foreign Currency Exchange Risk in GBP is caused by higher cash and cash equivalents and higher receivables within the group denominated in GBP. Both are related to the COVID-19 vaccine program (See Note 1). While the Group utilized a hedging strategy to lower its exposure to non-Euro currencies, there is business need to keep certain level of non-Euro funds available at its accounts at any time in order to cover payment obligations denominated in GBP or USD. In addition revaluation of certain non-Euro cash balances are offset by revaluation of non-Euro denominated refund liabilities on the Group's balance sheet (See Note 28).

Interest rate risks

The Group is exposed to market risks in connection with hedging both its liquid assets and its medium and long-term indebtedness and borrowings subject to variable interest rates.

Borrowings issued at variable rates expose the Group to cash flow interest rate risks, which are offset by cash and financial assets held at variable rates. During 2020, as well as 2019, the Group's investments at variable rates, 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, no material interest risk was identified. In case of increasing interest rates the positive effect from cash in banks will be higher than the negative effect from variable interest bearing liabilities, in case of decreasing interest rates there will be no material negative impact on interest from cash as long as banks do not charge negative interest for deposits. In 2019, the calculated impact on income before tax of a 0.25% shift in interest rate was an increase or decrease of €0.1 million.

(b) 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. Most of the trade receivables are receivables from governmental institutions with high credit rating (AAA-country or AA-country). The credit quality of financial assets is described in Note 16.3.

(c) 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.

Although it is difficult to predict future liquidity requirements, the Group believes that the existing cash and cash equivalents as of December 31, 2020 will be sufficient to fund the operations for at least the next 12 months from the authorization for issuance date of these consolidated financial statements. For the existing loan agreement with covenants, amendments were agreed to reduce the minimum liquidity covenant and the minimum revenue covenant to to prevent a breach of the covenants (See Note 23.2).

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, 2019 *in € thousand*	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Over 15 years	Total
Borrowings	3,850	17,010	11,644	393	-	-	32,898
Lease liabilities	3,225	6,422	27,572	10,811	11,850	7,545	67,424
Refund liabilities	448	29	7,000	-	-	-	7,477
Trade payables and accruals	16,567	-	-	-	-	-	16,567
Tax and employee-related liabilities (1)	6,570	-	-	-	-	-	6,570
Other liabilities	222	47	-	-	-	-	269
	30,882	**23,507**	**46,216**	**11,203**	**11,850**	**7,545**	**131,204**

(1) Social security and other tax payables are excluded from the tax and employee-related liabilities balance, as this analysis is required for financial instruments only.

AT DECEMBER 31, 2020 *in € thousand*	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Between 5 and 10 years	Between 10 and 15 years	Over 15 years	Total
Borrowings	7,004	25,569	37,900	5,148	-	-	75,621
Lease liabilities	3,442	28,078	3,677	9,446	9,963	3,850	58,456
Refund liabilities	20,025	82,670	48,566	-	-	-	151,260
Trade payables and accruals	36,212	-	-	-	-	-	36,212
Tax and employee-related liabilities (1)	8,300	-	-	-	-	-	8,300
Other liabilities	27	25	-	-	-	-	52
	75,010	**136,342**	**90,142**	**14,594**	**9,963**	**3,850**	**329,901**

(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.

The fair values as well as the book values of the Group's borrowings are disclosed in Note 22.5. 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 judgements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Estimates and judgements are continuously 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. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following Notes:

- Note 5: Revenue recognition of collaboration, license and service agreements: Management's judgement is required to determine the identification and separation of performance obligations (especially when determining whether the license is distinct, which is the case, when the customer can benefit from the license without further involvement), the determination of the transaction price (including the judgement of payables to customers), and allocation of the transaction price to the performance obligations on relative standalone selling price. The standalone selling price is sometimes not available or are based on hard-to-value intangible assets, so various valuation techniques are used. In addition Management's judgement is required whether revenue from collaborations and licensing is recognized over time or at a point in time;
- Notes 8 and 30: Other income: The Group receives funding from the Coalition for Epidemic Preparedness Innovations (CEPI), which include performance obligations and refund obligations. Management's judgement is required to determine whether such components of an agreement are revenues from customers or fall within the standard of accounting for government grants. CEPI has global partnership between public, private, philanthropic, and civil society organizations. Because CEPI is an NGO and is acting in a way a government organization would, it was accounted for under IAS 20. In addition the valuation of the various components need Management's judgement;
- Note 13: Lease term: When determining lease terms, the Group make judgements whether it is reasonably certain to exercise renewal or early termination options.

3.2. Assumptions and estimation uncertainties

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.

Information about assumptions and estimation uncertainties at December 31, 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following Notes:

- Note 5: Revenue recognition of product sales: estimate of expected returns;
- Note 5: Revenue recognition of collaboration, license and service agreements: likelihoods for refund liabilities; for revenues spread in accordance to the actual costs compared to the budget;
- Notes 8 and 30: Other income: estimates of income recognized and repayments from grants, measured according to cost incurred compared to the budget;
- Note 10: Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
- Note 12: Intangibles: Amortization period of development expenditures and acquired technologies;
- Note 12 and 17: Impairment test of intangible, tangible assets, and inventories: key assumptions underlying recoverable amounts;
- Note 22: Share-based payments and related expected employer contribution costs: assumption for fair value determination as well as the determination of accelerated vesting in the event of a change of control (as considered remotely);
- Notes 29 and 32: Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

3.3. Measurements of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

- level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following Notes:

- Note 16: financial instruments; and
- Note 22: share-based payment arrangements.

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' product sales on a monthly basis.

The individual segments consist of following:

- "Commercialized products" (marketed vaccines, currently the Group's vaccines IXIARO®, 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).

As of January 1, 2020, the Group changed its internal reporting process and amended the following allocation rule: general and administrative costs previously reported under Corporate Overhead have been fully allocated to the three operational segments based on estimated level of activities supporting the 3 segments. 56.0% of previously unallocated general and administrative costs were allocated to Commercialized products, 36.5% to Vaccine candidates and 7.5% to technologies and services using a combination of revenues and FTEs as the basis to allocate costs to the segments. Marketing and distribution costs previously reported under Corporate Overhead have been fully allocated to the Commercialized products. This change was done to reflect the way Valneva's chief decision makers (CODM) monitor the performance of the segments. The operating profit (loss) is the measure that is reported to the CODM.

Segment reporting information for earlier periods has been restated to conform to these changes.

4.1. Income statement by segment

Income statement by segment for the year ended December 31, 2019

In € thousand	Commer-cialized products	Vaccine candidates	Techno-logies and services	Corporate overhead	Total
Product sales	129,511	-	-	-	129,511
Revenues from collaboration, licensing and services	163	(10,516)	7,038	-	(3,315)
REVENUES	**129,674**	**(10,516)** [(1)]	**7,038**	**-**	**126,196**
Cost of goods and services	(47,789)	(1)	(4,991)	-	(52,781)
Research and development expenses	(3,928)	(32,864)	(1,229)	-	(38,022)
Marketing and distribution expenses	(22,989)	(895)	(261)	-	(24,145)
General and administrative expenses	(10,599)	(6,150)	(1,650)	-	(18,398)
Other income and expenses, net	7	7,709	484	(1,861)	6,338
OPERATING PROFIT/(LOSS)	**44,376**	**(42,717)**	**(609)**	**(1,861)**	**(811)**

(1) More information see Note 5.

Income statement by segment for the year ended December 31, 2020

In € thousand	Commer-cialized products	Vaccine candidates	Techno-logies and services	Corporate overhead	Total
Product sales	65,938	-	-	-	65,938
Revenues from collaboration, licensing and services	1	31,604	12,779	-	44,383
REVENUES	**65,939**	**31,604**	**12,779**	**-**	**110,321**
Cost of goods and services	(41,830)	(3,305)	(9,167)	-	(54,302)
Research and development expenses	(2,711)	(81,102)	(640)	-	(84,454)
Marketing and distribution expenses	(17,554)	(638)	(72)	-	(18,264)
General and administrative expenses	(16,077)	(9,376)	(2,085)	-	(27,539)
Other income and expenses, net	1,101	15,650	117	2,248	19,117
OPERATING PROFIT/(LOSS)	**(11,132)**	**(47,168)**	**931**	**2,248**	**(55,120)**

4.2. Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the final location where Valneva's distribution partner sells the product or where the customer/partner is located. Segment assets are based on the geographical location of the assets.

Product sales per geographical segment

	Year ended at December 31,	
In € thousand	2020	2019
United States	36,414	63,700
Canada	8,965	24,396
Germany	7,060	10,345
Austria	3,333	2,668
Nordics	2,866	11,027
United Kingdom	1,847	8,594
Other Europe	2,068	4,961
Rest of World	3,384	3,819
PRODUCT SALES	**65,938**	**129,511**

Non-current operating assets per geographical segment

	At December 31,	
In € thousand	2020	2019
United States	93	149
Canada	98	68
Austria	58,896	65,554
Nordics	27,540	29,334
United Kingdom	21,977	11,117
Other Europe	4,958	4,928
NON-CURRENT ASSETS	**113,562**	**111,150**

Non-current operating assets for this purpose consist of intangible assets, right of use assets and property, plant and equipment. The main non-current operating assets are allocated on sites where production and research and development activities are performed. Sales activities by distribution sites do not require major non-current operating assets. Revenues are structured where the final customer is. In some countries there are customers, but no assets.

4.3. Information about major customers

Product sales to the largest customer amounted to €33.8 million (2019: €46.7 million). Collaboration and licensing revenue from the two largest customers amounted to €31.6 million and €7.5 million (2019: €4.1 million and €0.8 million). There are no further customers with a contribution exceeding 10% of the annual revenue.

Note 5 Revenues from contracts with customers

IFRS 15 provides accounting requirements for all revenues arising from contracts with customers.

The core principle is that an entity will recognize 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. Rcognize 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, normally concluded with retailers and with the U.S. government department of Defense (DoD) ("direct product sales") as well as with distributors ("indirect sales – sales through distributors"), 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, discounts and under certain conditions return rights which give rise to variable consideration under IFRS 15. The expected rebates, discounts and considerations for product returns are recognized on an accrual basis and reported as refund liabilities in the consolidated balance sheet.

In most cases, Valneva sells the products through retailers. When more than one party is involved in providing/distributing goods or services, the standard requires an entity to determine whether itself and its retailers 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. Retailers act as agent, if a) the price to be paid to Valneva is not fixed as long as the retailer has not completed his sale; b) the retailer has extensive rights to return, or c) the retailer does not have the power to establish the price for the sales to its customers. While revenues to principals are recognized when the control is transferred to the principals, revenue from product sales to agents are recognized when the control is transferred to the final customer, when the goods are delivered to the final customer. Payables to customers are deducted from revenue for principals, costs paid to agents are recognized as "Marketing and distribution expenses".

Valneva sells products acquired from third parties. Valvena considers that the company is acting as principal given the company controls products before transferring them to the final customer. More specifically, Valneva has an inventory risk before the goods have been transferred to customers and has discretion in establishing the prices. Revenue is recognized when the product is delivered to the customers. Products purchased from third parties are recognized as "inventory" in the balance sheets and when sold as "cost of goods" in the statements of income.

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 goods or 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. 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 research and development services it needs to be analyzed whether one of following criteria met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

In this case, the revenue for these services is recognized over time otherwise the revenue is recognized at a point in time. Revenue for research and development services within the Group's contracts currently in place is recognized over time. For those contracts including constraints, once the constraint is removed the transaction price is updated and revenue is recognized in line with the revenue recognition of the corresponding performance obligation. The progress is measured on an input basis (costs incurred related to total costs expected). It is considered that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Variable considerations are included in revenues only to the extent that it 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. Amounts allocated to a satisfied performance obligation are recognized as revenue, or as a reduction of revenue, in the period in which the transaction price changes.

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 (mainly subleases), which are out of scope from IFRS 15:

YEAR ENDED DECEMBER 31, 2019 *in € thousand*	Commercialized products	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**

YEAR ENDED DECEMBER 31, 2020 *in € thousand*	Commercialized products	Vaccine candidates	Technologies and services	Total
Revenues from contracts with customers	65,939	31,604	11,814	109,357
Other revenues	-	-	965	965
REVENUES	**65,939**	**31,604**	**12,779**	**110,321**

In 2020, commercialized products revenues were affected by the worldwide reduction in travelling due to the COVID-19 pandemic.

The revenue from the new collaboration agreement with Pfizer (€31.6 million) is recognized within the segment Vaccine candidates in 2020.

Valneva's total revenues for 2019 include a negative revenue of €10.7 million related to the June 2019 mutual agreement to terminate its Strategic Alliance Agreement ("SAA"), with its customer GlaxoSmithKline Biologicals SA, or GSK (See Note 1), which included recognition of negative revenues related to both current and future payment obligation, 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 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, 2019 *in € thousand*	Commer-cialized products	Vaccine candidates	Techno-logies and services	Total
IXIARO®	94,307	-	-	94,307
DUKORAL®	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**

YEAR ENDED DECEMBER 31, 2020 *in € thousand*	Commercialized products	Vaccine candidates	Technologies and services	Total
IXIARO®	48,480	-	-	48,480
DUKORAL®	13,300	-	-	13,300
Third party products	4,158	-	-	4,158
Lyme VLA15	-	31,604	-	31,604
Others	-	-	11,814	11,814
REVENUES FROM CONTRACTS WITH CUSTOMERS	**65,939**	**31,604**	**11,814**	**109,357**

Geographical markets

YEAR ENDED DECEMBER 31, 2019 *in € thousand*	Commercialized products	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**

YEAR ENDED DECEMBER 31, 2020 *in € thousand*	Commercialized products	Vaccine candidates	Technologies and services	Total
United States	36,414	31,604	341	68,359
Austria	3,333	-	6,928	10,261
Canada	8,965	-	-	8,965
Germany	7,060	-	200	7,260
United Kingdom	1,848	-	1,038	2,886
Nordics	2,866	-	5	2,871
Switzerland	218	-	-	218
Other Europe	1,850	-	2,373	4,222
Other markets	3,384	-	930	4,314
REVENUES FROM CONTRACTS WITH CUSTOMERS	**65,939**	**31,604**	**11,814**	**109,357**

Sales channels

Commercialized products are sold via the following sales channels:

	At December 31,	
In € thousand	2020	2019
Direct product sales	54,160	110,386
Indirect product sales (Sales through distributors)	11,778	19,125
TOTAL PRODUCT SALES	**65,939**	**129,511**

5.2. Assets and liabilities related to contracts with customers

See Note 18 for details on trade receivables, Note 19 for details on costs to obtain a contract, Note 27 for details of contract liabilities and Note 28 for details of refund liabilities.

Note 6 Expenses by nature

The consolidated income statement line items cost of goods and services, research and development expenses, marketing and distribution expenses and general and administrative expenses include the following items by nature of cost:

		Year ended December 31,	
In € thousand	*Notes*	2020	2019
Employee benefit expense other than share-based compensation	*7*	58,264	46,219
Share-based compensation expense	*7*	6,328	2,552
Consulting and other purchased services		65,212	29,840
Raw materials and consumables used		12,434	9,844
Cost of services and change in inventory		10,778	5,320
Depreciation and amortization and impairment	*12/13/14*	9,939	8,607
Building and energy costs		8,140	6,995
License fees and royalties		4,384	7,553
Supply, office and IT-costs		3,333	3,281
Advertising costs		2,496	6,801
Warehousing and distribution costs		1,898	3,013
Travel and transportation costs		529	1,921
Other expenses		822	1,399
OPERATING EXPENSES		**184,558**	**133,345**

Fees charged by the Group Auditors:

	Year ended December 31,							
	Pricewater houseCoopers				Deloitte & Associés			
In € thousand	2020	%	2019	%	2020	%	2019	%
Statutory audit of separate and consolidated financial statements	**316**	**41%**	**222**	**93%**	**346**	**45%**	**231**	**100%**
Provided by the statutory auditor	*226*	-	*103*	-	*231*	-	*100*	-
Provided by the statutory auditor's network	*90*	-	*119*	-	*115*	-	*131*	-
Services other than certification of accounts	**461**	**59%**	**16**	**7%**	**416**	**55%**	**-**	**-**
Other services	461	59%	16	7%	416	55%	-	-
provided by the statutory auditor	*416*	-	-	-	*416*	-	-	-
provided by the statutory auditor's network	*45*	-	*16*	-	-	-	-	-
TOTAL	**777**	**100%**	**238**	**100%**	**762**	**100%**	**231**	**100%**

In 2020, other services included mainly the annual audit for 2019 consolidated accounts and the limited review for the nine month ended September 30, 2020 and 2019 of the financial statements under PCAOB standards for statutory auditors and the preliminary review of the Form F-1.

Note 7 Employee benefit expense

Employee benefit expenses include the following:

	Year ended December 31,	
In € thousand	2020	2019
Salaries	38,515	34,128
Social security contributions	18,555	10,621
Share-based compensation expense	6,328	2,552
Training and education	351	672
Other employee benefits	842	798
TOTAL EMPLOYEE BENEFIT EXPENSE	**64,592**	**48,771**

The social security contributions included a provision of €7.4 million (2019: nil) of employer contribution on IFRS 2 programs which is due at exercise of the programs.

During the year 2020, the Group had an average of 532 employees (2019: 508 employees).

Note 8 Other income/(expenses), net

8.1. Grants

Grants from governmental agencies and non-governmental organizations are recognized 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 repaid are recognized as borrowings (See Note 23.2).

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 CEPI. Valneva will receive up to $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 has to pay back part of the consideration, upon achievement of certain sales-milestones in the US and the EU. The consideration refundable is accounted for as loan and measured in accordance with IFRS 9 (See Note 23.2). The difference between the proceeds from CEPI and the carrying amount of the loan is treated under IAS 20 and presented as "Borrowings". In 2020, €5.8 million of grant income related to CEPI (2019: €1.8 million).

8.2. Research and development 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	2020	2019
Research and development tax credit	9,937	6,314
Grant income	7,680	1,886
Profit/(loss) on disposal of fixed assets and intangible assets, net	(10)	(92)
Profit/(loss) from revaluation of lease agreements	1,584	-
Taxes, duties, fees, charges, other than income tax	(168)	(146)
Miscellaneous income/(expenses), net	95	(1,623)
OTHER INCOME/(EXPENSES), NET	**19,117**	**6,338**

In 2019 miscellaneous income/(expenses) included €2.0 million relating to major litigations (detailed information see Note 29), and €0.6 million income mainly relating to a reimbursements of energy taxes and income from insurance claims.

More detailed information for Profit/(loss) from revaluation of lease agreements, see Note 13.1

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	2020	2019
FINANCE INCOME		
▪ Interest income from other parties	119	199
▪ Fair value gains on derivative financial instruments	397	-
▪ Foreign exchange gains, net	173	1,250
TOTAL FINANCE INCOME	**689**	**1,449**
FINANCE EXPENSE		
▪ Interest expense on loans	(6,162)	(1,588)
▪ Interest expense on refund liabilities	(3,640)	(89)
▪ Interest expenses on lease liabilities	(907)	(926)
▪ Other interest expense	(30)	(30)
▪ Fair value losses on derivative financial instruments	-	(449)
TOTAL FINANCE EXPENSES	**(10,738)**	**(3,082)**
FINANCE INCOME/(EXPENSES), NET	**(10,049)**	**(1,633)**

The net finance result amounted to minus €10.0 million for the year 2020 compared to minus €1.6 million in the year 2019. This increase in net finance expenses was mainly due to higher borrowings and the increase in non-current refund liabilities.

Note 10 Income tax income/(expense)

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 income/(expense) 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. Current income tax

Income tax income/(expense) is comprised of current and deferred tax.

	Year ended December 31,	
In € thousand	2020	2019
CURRENT TAX		
Current income tax charge	(69)	(2,849)
Adjustments in respect of current income tax of previous year	109	(258)
DEFERRED TAX		
Relating to origination and reversal of temporary differences	869	2,233
INCOME TAX INCOME/(EXPENSE)	**909**	**(874)**

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	2020	2019
Profit/(Loss) before tax	(65,302)	(870)
Tax calculated at domestic tax rates applicable to profits in the respective countries	16,675	1,431
Income not subject to tax (mainly R&D tax credit)	2,612	1,727
Expenses not deductible for tax purposes	(1,789)	(169)
Deferred tax asset not recognized	(15,852)	(7,405)
Utilization of previously unrecognized tax losses	-	5,480
Income tax credit	109	105
Effect of change in applicable tax rate	(771)	(1,708)
Exchange differences	(105)	62
Income tax of prior years	170	(256)
Minimum income tax	(141)	(142)
INCOME TAX INCOME/(EXPENSE)	**909**	**(874)**
Effective income tax rate	-	-

Despite the Group is loss making, there are profitable jurisdictions.

10.2. Deferred tax

As of December 31, 2020 the deferred tax assets of €126.3 million (2019: €110.2 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. 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.

As of December 31, 2020, the Group has tax losses carried forward of €529.5 million (2019: €457.0 million), of which €192.0 million are related to Valneva SE (2019: €176.5 million), €321.1 million are related to Valneva Austria GmbH (2019: €278.7 million), €0.4 million are related to Valneva USA Inc. (2019: €0.6 million), €3.1 million are related to Valneva Scotland, Ltd. (2019: €1.2 million) and €12.9 million are related to Valneva Sweden AB (2019: nil).

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 gross movement on the deferred income tax account is as follows:

In € thousand	2020	2019
Beginning of year	4,988	2,689
Exchange differences	(699)	66
Other adjustments due to tax changes	-	-
Income statement charge	869	2,233
END OF YEAR	**5,158**	**4,988**

The deferred tax assets and liabilities are allocable to the various balance sheet items as follows:

	At December 31,	
In € thousand	2020	2019
DEFERRED TAX ASSET FROM		
Tax losses carried forward	131,633	114,148
Fixed assets	2,033	2,270
Inventory	4,108	3,399
Borrowings and accrued interest	1,161	1,332
Provision	1,564	1,570
Other items	2,019	1,903
Non-recognition of deferred tax assets	(126,283)	(110,215)
TOTAL DEFERRED TAX ASSETS	**16,235**	**14,408**
DEFERRED TAX LIABILITY FROM		
Fixed assets	(1,187)	(246)
Intangible assets	(7,480)	(8,931)
Other items	(2,410)	(243)
TOTAL DEFERRED TAX LIABILITY	**(11,077)**	**(9,421)**
DEFERRED TAX, NET	**5,158**	**4,988**

The corporate income tax rate in the United Kingdom is 19%.

The corporate income tax rate in France will be gradually reduced over the next years to 25%. 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 the United States is 25.2%.

The deferred tax assets and liabilities presented above as of December 31, 2020 have been adjusted for these changes in tax rates.

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 Notes 21 and 22).

	Year ended December 31,	
	2020	2019
Net profit (loss) from continuing operations attributable to equity holders of the Company (€ in thousand)	(64,393)	(1,744)
Weighted average number of outstanding shares	90,757,173	91,744,268
BASIC EARNINGS (LOSSES) FROM CONTINUING OPERATIONS PER SHARE *(€ per share)*	**(0.71)**	**(0.02)**

(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,	
	2020	2019
Profit used to determine diluted earnings per share (€ in thousand)	(64,393)	(1,744)
Weighted average number of outstanding shares for diluted earnings (losses) per share [1]	90,757,173	91,744,268
DILUTED EARNINGS/(LOSSES) FROM CONTINUING OPERATIONS PER SHARE *(€ per share)*	**(0.71)**	**(0.02)**

(1) Potentially dilutive securities (2020: 5,481,763 share options; 2019: 195,515 share options) have been excluded from the computation of diluted weighted-average shares outstanding, because such securities had an antidilutive impact due to the losses reported.

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Note 12 Intangible assets

Assets that have an indefinite useful life, such as acquired research and development technology and projects and capitalized development projects not ready for use are not subject to amortization and are tested annually for impairment. Furthermore, at the end of each reporting period Valneva assesses whether there is any indication that an asset may be impaired. Indicators for the necessity of an impairment test are, among others, actual or expected declines in sales or margins and significant changes in the economic environment with an adverse effect on Valneva's business. 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). The cash-generating units correspond with the specific vaccine products and vaccine candidates. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

Acquired research and development technology and projects

Acquired research and development 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 main current acquired research and development technology project is amortized over periods of 24 years, which is based on the patent life and technological replacement of a newer vaccine generation.

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, 2019					
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**
YEAR ENDED 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**
YEAR ENDED DECEMBER 31, 2020					
Opening net book value	1,629	38,183	1,953	48	41,813
Exchange rate differences	3	(108)	(16)	3	(119)
Additions	48	401	-	86	535
Disposals	-	(3,329)	(5)	-	(3,333)
Amortization charge	(569)	(2,723)	(194)	-	(3,486)
CLOSING NET BOOK VALUE	**1,112**	**32,423**	**1,737**	**137**	**35,409**
DECEMBER 31, 2020					
Cost	5,589	80,183	9,851	137	95,759
Accumulated amortization and impairment	(4,477)	(47,759)	(8,113)	-	(60,350)
NET BOOK VALUE	**1,112**	**32,423**	**1,737**	**137**	**35,409**

The disposal of acquired R&D technology and projects in 2020 includes €3.3 million from de-recognition of the Lyme disease vaccine candidate (VLA15) (see Note 1). In April 2020, a Research Collaboration and License agreement for Lyme VLA15 was signed between Pfizer and Valneva. Under the agreement, Valneva continues performing R&D services for the VLA15-221 study and grants Pfizer an exclusive license enabling Pfizer to develop the vaccine candidate to licensure. Upon completion of the transfer of the license in December 2020, the intangible asset with a value amounting to €3.3 million was de-recognized and expensed as cost of services sold (COSS) on the Income Statement.

12.1. Acquired research and development technology and projects

As of December 31, 2019 acquired research and development technology and projects assets with a definite useful life which are not yet amortized comprise solely the Lyme disease vaccine candidate (VLA15) amounting to €3.3 million. In December 2020 this intangible asset was de-recognized (See Note 12).

Significant intangible assets with definite useful life are comprised primarily of the already commercialized vaccine against Japanese encephalitis (IXIARO) with acquisition costs amounting to €78.2 million and a net book value amounting to €33.2 million (December 31, 2019: €36.2 million). Other intangible assets with a definite useful life are comprised primarily of the IC31® technology amounting to €0.5 million (December 31, 2019: €0.5 million) and the EB66® technology amounting to €0.1 million (December 31, 2019: €0.2 million).

12.2. Impairment testing

By December 31, 2019 the Lyme disease candidate (VLA15) was the only active research and development program for which a book value was carried and reported on the balance sheet as intangible asset, which had not been amortized to date. An impairment test was performed as of December 31, 2019 resulting in no impairment charge. In 2019, the recoverable amount of this project was determined based on value-in-use calculations. The calculations used 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 different development phases (risk-adjustment) and a discount rate of 10.43% per annum. The discount rate of 10.43% was based on 0.34% risk-free rate, 8.96% market risk premium, minus 0.12% country risk premium, 0.25% currency risk, a beta of 1.19, and a peer group related equity-capital ratio. The long range business model covered a period of 16 years as well as an estimate on the perpetual annual growth rate beyond this horizon and therefore accounted 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. In December 2020, this asset was de-recognized (See Note 12). No impairment test was consequently required per December 31, 2020.

In 2020, impairment tests have been performed on the IXIARO® CGU and the DUKORAL® CGU.

Given the decrease in IXIARO® annual product sales in 2020 due to the COVID-19 crisis and travel restrictions a triggering event was identified in Q1 2020 and in addition an updated impairment test has been performed for the IXIARO® CGU per December 31st, 2020 (net book value of €46.7 million as of December 31, 2020).

	Year ended December 31st,		
In € thousand	2020	2019	% 2020 vs 2019
Product Sales			
IXIARO®	48,480	94,307	-48.6%
DUKORAL®	13,300	31,471	-57.7%

As a basis, the long range business model including product specific financial plans covering a period of 15 years was used, which is justified by the patent protection IXIARO® enjoys beyond the 5 year horizon typically applied for impairment testing. Business plan assumptions have been revised to reflect reductions in expected sales and assuming a recovery of IXIARO® sales to pre-COVID levels by 2025 to 2026. The calculation used post tax risk-adjusted cash flow projections and a discount rate of 7.55%. The discount rate of 7.55% was based on a negative risk-free rate of 0.14%, 7.00% market risk premium, minus 0.36% country risk premium, 0.82% currency risk, a levered beta of 1.19, and a peer group related equity-capital ratio.

During 2020, due to the impact of the COVID-19 pandemic situation affecting future profitability and cash generation of the DUKORAL® CGU, the group tested the related product line for impairment. While there are no material intangible assets held for DUKORAL® the carrying amount of fixed and right of use assets as well as working capital (net book value of €15.1 million as of December 31, 2020) was tested. As a basis the long-range business plan updated by Management was used and the recoverable amount of the DUKORAL® CGU was determined based on value-in-use calculations. The Group's long range business model including assumptions on market size/market share, product sales and resulting profitability. For DUKORAL® the value in use calculation is based on the plans for the next 5 years and a terminal value for the periods beyond 2025. For DUKORAL® sales recovery to pre-COVID levels is not expected, driven by the expected entry of a competitor product in some European markets within the coming years. Different scenarios were prepared and value in use was assessed using a weighted average of five scenarios. The calculations used post tax risk-adjusted cash flow projections based on the Group's long-range business plan and a discount rate of 7.30% per annum. The discount rate of 7.30% per annum was based on negative risk-free rate of -0.14%, 6.73% market risk premium, negative country risk premium of -0.40%, 0.58% currency risk, a beta of 1.09 and a peer group related equity-capital ratio.

The impairment tests resulted in no impairment charges.

No triggering event was identified for the other projects.

Sensitivity to changes in assumptions

The net present value calculations are most sensitive to the following assumptions:

- discount rate;
- reduction of expected revenues.

The net present value calculation uses a discount rate of 7.30% for DUKORAL® and 7.55% for IXIARO® (2019: 10.18%).

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows: increase in the discount rate to 10.58% would trigger an impairment loss for DUKORAL® (2019: increase of 1,071 basis points from 10.43% to 21.14%). Furthermore, an increase in the discount rate of one percentage point would result in no impairment loss.

	2020		2019		
Sensitivity analysis	IXIARO®	DUKORAL®	Lyme	IXIARO®	DUKORAL®
WACC	7.55%	7.30%	10.43%	10.18%	N/A
Break-even WACC	54.44%	10.58%	21.14%	68.76%	N/A
Impairment if WACC increases by 1%	NO	NO		NO	N/A
Impairment if sales reduce by 10%	NO	NO		NO	N/A

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% (which reflects the sensitivity to slower than currently expected recovery of the travel vaccine market assumption taken) would result in no additional impairment loss in 2020 and 2019.

Note 13 Leases

The Group leases various premises, equipment and vehicles. Rental contracts are typically made for fixed periods of a few months to five years. The rental contracts for the premises in Sweden (20 years) and Austria (15 years) include a significantly longer fixed period. Generally, the rental contracts do not include an option for early termination or prolongation of the rental period. The rental contracts for the premises in Sweden include options to terminate the agreements earlier. The notice period is between 1 and 6 years. At the commencement date, it was not reasonably certain that these early termination options are exercised, so they were not included in the valuation of the lease liabilities and right of use assets.

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.

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. Valneva uses incremental borrowing rates between 0.013% and 3.186%, depending on the currency and the remaining term until maturity. For the rental contracts for the premises in Sweden an interest rate of 2.493% was determined.

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. This includes also the major contracts for the premises in Austria and Sweden, contain variable payments based on inflation rates or on published interest rates.

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 recognized 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 exercise 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.

13.1. Development of right-of-use assets and lease liabilities

	Right-of-use assets				
In € thousand	Land, buildings and leasehold improvements	Manufac-turing and laboratory equipment	Furniture, fittings and other	Total	Lease liabilities
BALANCE AS AT JANUARY 1, 2019 BEFORE IFRS 16 ADOPTION	**-**	**-**	**-**	**-**	**26,662**
Reclass (IAS 17)	26,414	-	-	26,414	-
IFRS 16 adoption	24,095	80	347	24,523	33,997
BALANCE AS AT 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**

	Right-of-use assets				
In € thousand	Land, buildings and leasehold improvements	Manufac-turing and laboratory equipment	Furniture, fittings and other	Total	Lease liabilities
BALANCE AS AT JANUARY 1, 2020	**49,039**	**58**	**236**	**49,334**	**58,901**
Additions	177	-	151	267	267
Amortization	(2,309)	(22)	(141)	(2,471)	-
Revaluation	(4,507)	-	2	(4,505)	(6,096)
Termination of contracts	-	-	(33)	(33)	(26)
Lease payments	-	-	-	-	(2,910)
Interest expenses	-	-	-	-	800
Exchange rate differences	782	-	1	782	1,152
DECEMBER 31, 2020	**43,121**	**37**	**216**	**43,374**	**52,088**

Revaluation of right-of-use assets for land, buildings and leasehold improvements and lease liabilities mainly refers to the partial early termination of the rental contract in Sweden.

For more details on lease liabilities see Note 26.

13.2. Other amounts recognized in the consolidated income statement

	Year ended December 31,	
In € thousand	2020	2019
Expense relating to short-term leases (included in other income and expenses)	96	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
Income relating to revaluation of lease liabilities (included in other income and expenses)	1,591	-
Expenses relating to termination of lease contracts (included in other income and expenses)	(7)	-

Income relating to revaluation of lease liabilities refers to the partial early termination of the rental contract in Sweden.

13.3. Other lease commitments

In September 2020, the Group entered into a lease agreement for an additional building in Solna, Sweden. As the beginning of the lease period is in January 2021, no lease liability and right of use asset are included in the consolidated financial statements as of December 31, 2020. The non-cancellable period is 10 years. The discounted lease payments are €6.1 million over the term of the contract.

Note 14 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, 2019						
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**
YEAR ENDED DECEMBER 31, 2019						
Opening net book value as at January 1, 2019	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**
YEAR ENDED DECEMBER 31, 2020						
Opening net book value	9,248	5,944	707	313	3,791	20,003
Exchange rate differences	(87)	16	(10)	(9)	(82)	(172)
Additions	2,578	8,553	241	30	7,535	18,936
Disposals	-	(2)	(1)	(3)	-	(6)
Depreciation charge	(1,087)	(2,471)	(211)	(73)	-	(3,842)
Impairment charge	-	-	-	-	(140)	(140)
CLOSING NET BOOK VALUE	**10,651**	**12,041**	**726**	**257**	**11,105**	**34,779**
DECEMBER 31, 2020						
Cost	24,062	28,743	2,573	1,453	11,105	67,935
Accumulated depreciation and impairment	(13,411)	(16,702)	(1,847)	(1,196)	-	(33,156)
NET BOOK VALUE	**10,651**	**12,041**	**726**	**257**	**11,105**	**34,779**

From the total of €9.9 million depreciation and amortization expenses (2019: €8.5 million), €5.0 million (2019: €5.0 million) were charged to cost of goods and services, €4.1 million were charged to research and development expenses (2019: €2.5 million), €0.5 million were charged to marketing and distribution expenses (2019: €0.4 million) and €0.3 million were charged to general and administrative expenses (2019: €0.5 million). The increase in depreciation and amortization charged to research and development expenses is caused by investments in the sites in Scotland and Sweden in 2019 and 2020.

Note 15 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 28 are applied to determine whether there is any objective evidence that its net investment in the associate is impaired after the initial recognition of the net investment (a 'loss event'). When and only when, there is a loss event existing and the impact on the estimated future cash flows from the net investment can be reliably estimated, 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:

			% of ownership interest at December 31,	
Name of associate	Place of business	Measurement method	2020	2019
BliNK Biomedical SAS	FR	Equity method	48.9%	48.9%

In January 2015, the Company and the UK Company BliNK Therapeutics Ltd founded BliNK Biomedical SAS ("BliNK"), a private company specialized in the discovery of innovative monoclonal antibodies. The Company 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 the Company intends to retain a substantial ownership interest in the entity, BliNK is run as an independent business by its own management team. The Company does not have control over BliNK 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.

As of December 31, 2020, the Company recorded a loss of €0.3 million related to its share of equity in BliNK (2019: profit of €1.6 million). The total equity of BliNK amounts to €4.4 million as of December 31, 2020 (€4.6 million as of December 31, 2019).

15.1. 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).

	At December 31,	
In € thousand	2020	2019
BLINK BIOMEDICAL SAS		
Non-current assets	3	3
Current assets	4,759	6,370
Non-current liabilities	209	1,371
Current liabilities	38	217
Revenue	836	3,281
Profit/(loss) from continuing operations	(272)	1,629
Total comprehensive income	(272)	1,629

15.2. Reconciliation to the carrying amount

	At December 31,	
In € thousand	2020	2019
Net assets of associate	4,355	4,627
Proportion of the Company's ownership interest in BliNK Biomedical SAS	48.9%	48.9%
BALANCE AS AT DECEMBER 31,	**2,130**	**2,263**

Note 16 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.

16.1. Financial instruments by category

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]	-	11,670	11,670
Cash and cash equivalents	-	64,439	64,439
ASSETS	**-**	**100,139**	**100,139**

(1) Prepayments and tax receivables and other non-financial assets are excluded from the other assets balance, as this analysis is required only for financial instruments.

DECEMBER 31, 2019 *in € thousand*	Liabilities at fair value through profit and loss	Liabilities at amortized cost	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings	-	26,316	26,316
Trade payables and accruals	-	16,567	16,567
Tax and employee-related liabilities [1]	-	6,570	6,570
Lease liabilities	-	58,901	58,901
Other liabilities [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 is excluded from the other liabilities balance, as this analysis is required only for financial instruments.

DECEMBER 31, 2020 *in € thousand*	Assets at fair value through profit and loss	Assets at amortized cost	Total
ASSETS AS PER BALANCE SHEET			
Trade receivables	-	19,232	19,232
Other assets [1]	-	11,918	11,917
Cash and cash equivalents	-	204,435	204,435
ASSETS	**-**	**235,584**	**235,584**

(1) Prepayments and tax receivables and other non-financial assets are excluded from the other assets balance, as this analysis is required only for financial instruments.

DECEMBER 31, 2020 *in € thousand*	Liabilities at fair value through profit and loss	Liabilities at amortized cost	Total
LIABILITIES AS PER BALANCE SHEET			
Borrowings	-	53,363	53,363
Trade payables and accruals	-	36,212	36,212
Tax and employee-related liabilities [1]	-	8,300	8,300
Lease liabilities	-	52,088	52,088
Refund liabilities	-	111,426	111,426
Other liabilities [2]	-	51	51
LIABILITIES	**-**	**261,439**	**261,439**

(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 is excluded from the other liabilities balance, as this analysis is required only for financial instruments.

16.2. Fair value measurements

At December 31, 2020, the Company did not have assets and liabilities measured though profit and loss (2019: nil).

In 2020 and 2019, the Group entered into various foreign currency option and forward 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, 2020, the Company did not have open foreign currency options nor foreign currency forwards (2019: nil).

16.3. 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	2020	2019
TRADE RECEIVABLES		
Receivables from governmental institutions (AAA-country)	36	37
Receivables from governmental institutions (AA-country)	15,595	8,825
AA	188	-
A	787	5,519
Counterparties without external credit rating	2,631	9,650
TRADE RECEIVABLES	**19,237**	**24,030**
OTHER ASSETS		
A	11,644	11,430
Counterparties without external credit rating or rating below A	336	310
OTHER ASSETS	**11,979**	**11,740**
CASH AND CASH EQUIVALENTS		
AA	3,984	2,755
A	149,477	56,703
Counterparties without external credit rating or rating below A	50,973	4,981
CASH AND CASH EQUIVALENTS	**204,435**	**64,439**

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.

16.4. 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 Group, as all trade receivables are short term with a maturity lasting less than 12 months.

Loss allowances have to be established for each trade receivables based on the expected credit losses. Accordingly, at the end of each reporting period, trade receivables were adjusted through a loss allowance in accordance with the revised 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 forward looking information. The analysis of the historical data showed on December 31, 2020 and on December 31, 2019 that losses incurred are immaterial, taking further into account the limited number of customers as well as credit checks mentioned in Note 2.5. Therefore, loss allowance has been considered immaterial as of December 31, 2020 and as of December 31, 2019

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 and at December 31, 2020, the expected credit loss was calculated using the cumulative expected default rate based on the counterparties' ratings, and was immaterial.

Note 17 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	2020	2019
Raw materials	4,790	4,191
Work in progress	14,814	14,395
Finished goods	13,625	8,737
Purchased goods (third party products)	1,303	309
GROSS AMOUNT OF INVENTORY BEFORE WRITE-DOWN	**34,631**	**27,632**
Less: write-down	(7,698)	(1,860)
INVENTORY	**26,933**	**25,772**

The cost of inventories is recognized as an expense and is included in the position "Cost of goods and services" amounted to €27.0 million (2019: €34.6 million), of which €9.6 million (2019: €2.8 million) related to faulty products, which were written off.

Given the expected reductions in product sales related to Valneva's commercial stage vaccines IXIARO® and DUKORAL® due to the current COVID-19 pandemic, the Company has performed a review of both commercial and raw material inventories and has included write-downs in the COGS as of December 31, 2020. Commercial inventories not carrying a minimum residual shelf-life at the expected time of sale on the basis of the most current sales expectations have been written down. The write-down of €7.7 million relates €4.4 million to finished goods, €2.7 million to work in progress (thereof €0.3 million to faulty products), €0.5 million to raw materials and €0.1 million to purchased goods.

Note 18 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	2020	2019
Trade receivables	19,237	24,030
Less: loss allowance of receivables	(6)	-
TRADE RECEIVABLES, NET	**19,232**	**24,030**

During the years 2020 and 2019, no material impairment losses have been recognized. The amount of trade receivables past due in 2020 amounted to €0.4 million (2019: €2.0 million). Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Trade receivables include €18.7 million (2019: €24.0 million) receivables from contracts with customers.

Note 19 Other assets

Other assets include the following:

	At December 31,	
In € thousand	2020	2019
Advances	33,671	2,245
R&D tax credit receivables	19,637	11,323
Tax receivables	5,468	4,372
Contract costs	2,846	-
Prepaid expenses	2,544	1,798
Consumables and supplies on stock	1,061	601
Miscellaneous current assets	158	51
Other non-financial assets	**65,385**	**20,392**
Deposits	11,358	11,323
Miscellaneous financial assets	560	367
Other financial assets	**11,918**	**11,690**
OTHER ASSETS	**77,303**	**32,081**
Less non-current portion	(19,476)	(17,161)
CURRENT PORTION	**57,828**	**14,921**

Due to the short-term nature of the financial instruments included in other assets, their carrying amount is considered to be the same as their fair value.

As of December 31, 2020, the Deposits related to a deposit in connection with a lease agreement, whereas advances are mainly related to advance payments in connection to advance payments for production components.

As of December 31, 2020, the advances mainly related to the received advance payments from the collaboration agreement with Dynavax amounting to €31.1 million (See Note 1)

Contract costs relate to the collaboration with Pfizer (See Note 1) and refer to costs to obtain a contract. It will be amortized in line with the pattern of revenue recognition. In 2020, €0.1 million (2019: nil) amortization was recognized as costs.

Note 20 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.

	At December 31,	
In € thousand	2020	2019
Cash in hand	2	10
Cash at bank	173,107	39,429
Short-term bank deposits (maximum maturity of 3 months)	31,285	25,000
Restricted cash	41	-
CASH AND CASH EQUIVALENTS	**204,435**	**64,439**

As at December 31, 2020, the restricted cash was a Certificate of Deposit with restricted limited access to secure the credit limit for the Company's commercial card (December 31, 2019: nil). At December 31, 2020 the minimum liquidity requirement for the Group according to the debt financing agreement with US Healthcare Funds Deerfield and OrbiMed (See Note 23.2) is €75.0 million and was amended in January 2021 to be €50.0 million in 2021 and 2022 and €35.0 million from 2023 on. Cash and cash equivalents net of the US Healthcare Funds Deerfield and OrbiMed financial liability amounts to €158.2 million as of December 31, 2020.

Note 21 Equity

Ordinary shares and the convertible preferred shares are classified as equity.

	At December 31,	
Number of shares	2020	2019
Ordinary shares issued (€0.15 par value per share)	90,950,048	90,923,298
Convertible preferred shares registered	20,514	20,514
TOTAL SHARES ISSUED	**90,970,562**	**90,943,812**
Less Treasury shares	(146,322)	(191,322)
Outstanding shares	90,824,240	90,752,490

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.

Conditional and authorized capital

On December 31, 2020, the Company had 9,123,251 shares of conditional capital in connection with (See Note 22):

- 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. 10 of the Extraordinary General Meeting held on December 22, 2020, the maximum aggregate amount of capital increases that may be carried out, with immediate effect or in the future, under resolutions 2 to 9 of said Meeting, may not exceed €5.37 million, it being specified that to this maximum aggregate amount will be added the additional nominal amount of shares or securities to be issued 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.

21.1. Other reserves

In € thousand	Other regulated reserves	Other comprehensive income	Treasury shares	Capital from Share-based compensation	Other revenue reserves	Total
BALANCE AS AT JANUARY 1, 2019 BEFORE IFRS 16 ADOPTION	**52,820**	**(5,479)**	**(1,133)**	**5,852**	**-**	**52,060**
Changes in Accounting Policy – Initial Application of IFRS 16	-	-	-	-	(9,474)	(9,474)
BALANCE AS AT JANUARY 1, 2019	**52,820**	**(5,479)**	**(1,133)**	**5,852**	**(9,474)**	**42,587**
Currency translation differences	-	656	-	-	-	656
Defined benefit plan actuarial losses	-	(13)	-	-	-	(13)
Share-based compensation expense:						
▪ value of services	-	-	-	2,504	-	2,504
Purchase/sale of treasury shares	-	-	21	-	-	21
BALANCE AS AT DECEMBER 31, 2019	**52,820**	**(4,836)**	**(1,112)**	**8,357**	**(9,474)**	**45,756**

In € thousand	Other regulated reserves	Other comprehensive income	Treasury shares	Capital from Share-based compensation	Other revenue reserves	Total
BALANCE AS AT JANUARY 1, 2020	**52,820**	**(4,836)**	**(1,112)**	**8,357**	**(9,474)**	**45,756**
Currency translation differences	-	2,438	-	-	-	2,438
Defined benefit plan actuarial losses	-	(78)	-	-	-	(78)
Share-based compensation expense:						
▪ value of services	-	-	-	4,012	-	4,012
Purchase/sale of treasury shares	-	-	215	-	-	215
BALANCE AS AT DECEMBER 31, 2020	**52,820**	**(2,474)**	**(898)**	**12,368**	**(9,474)**	**52,342**

Regulated non-distributable reserve relates to a mandatory legal reserve from the merger with Intercell AG.

The Company has not obtained a dividend from its subsidiaries or associates nor paid a dividend to its shareholders in the years ended December 31, 2020 and December 31, 2019.

Note 22 Share-based compensation

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	2020	2019
Stock option plans	1,182	1,177
Free convertible preferred share plans	1,266	1,198
Free ordinary shares program	1,563	130
Equity warrants	-	-
Phantom shares	2,317	74
SHARE BASED COMPENSATION EXPENSE	**6,328**	**2,578**

22.1. 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.

Since 2013, the Company granted stock options to employees and management pursuant to five successive plans.

Since 2015, the employee stock option plans have primarily been 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).

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 (forfeiture). Stock options granted from 2013 onwards vest with the effectiveness of the takeover of more than 50% of the outstanding voting rights of the Group. As this change of control event was considered remote, it has not been considered in the determination of the vesting period.

Changes in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	2020			2019		
	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	5,247,110	5,313,098	3.06	2,859,850	2,927,662	3.14
Granted	-	-	-	2,569,510	2,569,510	3.05
Forfeited	(335,700)	(337,267)	3.06	(182,250)	(184,074)	3.03
Exercised	-	-	-	-	-	-
OUTSTANDING AT YEAR END	**4,911,410**	**4,975,831**	**3.06**	**5,247,110**	**5,313,098**	**3.06**
Exercisable at year end	2,855,570	2,919,991		1,941,475	2,007,463	

No stock options have been exercised in 2019 and in 2020.

Stock options outstanding at the end of the period have the following expiry dates and exercise prices:

Expiry date	Exercise price in € per share	Exercise price 2020	Number of options at December 31, 2019
2020	4.72	-	7,000
2023	2.919	645,900	654,600
2025	3.92	533,000	543,750
2026	2.71	399,250	418,750
2027	2.85	998,000	1,053,500
2029	3.05	2,335,260	2,569,510
OUTSTANDING AT YEAR END		**4,911,410**	**5,247,110**

In 2020, no stock options were granted (2019: 2,569,510). 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.

22.2. Free ordinary shares

In accordance with the powers and authorizations granted by the Company's shareholders meeting held in 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
FREE ORDINARY SHARES GRANTED	**2,191,947**

In accordance with the foregoing, changes in the outstanding free ordinary shares are as follows:

	Number of free shares 2020	Number of free shares 2019
Outstanding at January 1	2,191,947	-
Granted	-	2,191,947
Forfeited	349,543	-
Definitively granted	-	-
OUTSTANDING AT YEAR END	**1,842,404**	**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 years after December 19, 2019, the second tranche will vest three years after December 19, 2019 and the third tranche will vest four 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, 2023. As this was considered remote at the grant date (judgement by the Management), this was not included in the determination of the vesting period. 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 (4th 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.

22.3. Free convertible preferred share plan

On June 25, 2015, the General Meeting of the Company 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 ("FCPS") 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
PAYABLE CONVERTIBLE PREFERRED SHARES GRANTED	**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
FREE CONVERTIBLE PREFERRED SHARES GRANTED	**26,850**

SPS and FCPS will be convertible into the Company's ordinary shares four 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 performance this plan lapsed without exercises in 2019.

***

In 2017, the FCPS 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 the Company's ordinary shares.

The FCPS will be convertible into the Company's ordinary shares four years after their initial granting, if the conversion conditions set out below are met.

Upon expiration of the above-mentioned four-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 six 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 €8.00, 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 €8.00.

The FCPS cannot give rights to more than 2,363,000 ordinary shares of the Company in the aggregate.

Following the full payment of the amount of personal investment required, the Management Board conditionally granted the program beneficiaries a number of FCPS:

	Number of FCPS 2017 granted to the beneficiaries
Management Board	24,200
Other Executive Managers	9,817
FREE CONVERTIBLE PREFERRED SHARES GRANTED	**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	
	2020	2019	2020	2019
Outstanding at January 1	-	789	34,017	53,742
Granted	-	-	-	-
Expired	-	(789)	(1,554)	(18,617)
OUTSTANDING AT YEAR END	**-**	**-**	**32,463**	**34,017**

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.

22.4. Phantom shares

In 2017 and 2019, phantom share plans were issued for employees who are US citizens, with the same conditions as the stock options program (see above) 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, 2020 was €2.3 million (December 31, 2019: €0.1 million).

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	2020	2019
2023	2.919	10,450	10,098
2025	3.92	14,000	14,000
2026	2.71	9,000	9,000
2027	2.85	32,000	143,000
2029	3.05	176,750	179,750
2030	-	690,000	-
OUTSTANDING AT YEAR END		**932,200**	**355,848**

In 2020, 690,000 new phantom shares were granted (2019: 176,750). The fair values of the granted options were determined on the balance sheet date December 31, 2020 and December 31, 2019 using the Black Scholes valuation model.

The significant inputs into the models were:

	2020	2019
Expected volatility *(in %)*	43.81	34.67
Expected vesting period *(term in years)*	0.25 – 5.40	0.25 – 6.42
Risk-free interest rate *(in %)*	(0.82) – (0.71)	(0.67) – (0.41)

22.5. 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.

Changes in the equity warrants outstanding are as follows:

	Number of equity warrants	
	2020	2019
Outstanding at January 1	103,875	164,000
Granted	-	-
Exercised	(26,750)	(6,250)
Forfeited	(33,375)	(53,875)
OUTSTANDING AT YEAR END	**43,750**	**103,875**

Note 23 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 year-end include the following:

	At December 31,	
In € thousand	2020	2019
NON-CURRENT		
Bank borrowings	-	19,759
Other loans	46,375	4,558
NON-CURRENT BORROWINGS	**46,375**	**24,317**
CURRENT		
Other loans	6,988	1,999
CURRENT BORROWINGS	**6,988**	**1,999**
TOTAL BORROWINGS	**53,363**	**26,316**

The maturity of non-current borrowings is as follows:

	At December 31,	
In € thousand	2020	2019
Between 1 and 2 years	5,925	2,055
Between 2 and 3 years	14,270	11,552
Between 3 and 4 years	12,559	317
Between 4 and 5 years	10,524	10,000
Over 5 years	3,097	393
NON-CURRENT BORROWINGS	**46,375**	**24,317**
Current borrowings	6,988	1,999
TOTAL BORROWINGS	**53,363**	**26,316**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	At December 31,	
In € thousand	2020	2019
EUR	4,855	25,923
USD	47,508	393
TOTAL BORROWINGS	**53,363**	**26,316**

23.1. Bank borrowings

In July 2016, the Company entered into a loan agreement with the European Investment Bank by which the Company was granted a €25.0 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 was repayable at the end of a five-year period starting from the drawing date. The loan was 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 €3.0 million at all times. In the year ended December 31, 2017, two €5.0 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 €10.0 million tranche was drawn following the same conditions as the last two tranches of this loan. In March 2020, the full loan was early repaid.

At December 31, 2020, the loan is included in the balance sheet item "Borrowings" as follows:

In € thousand	2020	2019
Balance at January 1	19,759	9,797
Proceeds of issue	-	10,000
Transaction costs	-	(40)
Accrued interests	241	1,323
Payment of interest and loan	(20,000)	(1,322)
BALANCE AT DECEMBER 31	**-**	**19,759**
Less: non-current portion	-	19,759
CURRENT PORTION	**-**	**-**

23.2. Other loans

In February 2020, Valneva Austria GmbH signed a debt financing agreement with US Healthcare Funds Deerfield and OrbiMed for an amount of up to $85.0 million. Amortization payments will start in 3 years, while the loan will mature in 6 years. The intended use of proceeds was to repay existing borrowings from the European Investment Bank and allow the Group to continue to advance its leading Lyme and chikungunya development programs in the short term. As of December 31, 2020, $60.0 million (€54.1 million) had been drawn down in two tranches. The interest rate is 9.95% on a quarterly basis (equivalent to 10.09% on an annual basis). The loan is secured substantially by all of Valneva's assets, including the intellectual property, and is guaranteed by Valneva SE and certain of its subsidiaries. Furthermore, the loan agreement contains covenants, including a minimum liquidity in the amount of €35.0 million and minimum consolidated net revenue in the amount of €115.0 million on a consecutive twelve month basis. To avoid a breach of covenants due to the decline in revenues caused by the COVID-19 pandemic, the initial agreement was amended in July 2020, to postpone the application of the minimum revenue covenant until December 31, 2020 (included) in exchange for a minimum liquidity covenant of €75.0 million (instead of €35.0 million) during that period. On January 15, 2021, a new amendment was executed to (i) bring the minimum liquidity covenant to the amount of €50.0 million from 2021 onward and to €35.0 million from 2023 onward and (ii) modify the minimum revenue covenant to include a quarterly minimum consolidated net revenue covenant (excluding grants) representing an annual total of €64.0 million in 2021, €103.8 million in 2022 and €115.0 million thereafter. If the Group's consolidated liquidity or net revenues were to fall below the covenant minimum values, Valneva would not be able to comply with the financial covenants in the financing agreement with Deerfield and OrbiMed, which could result in additional costs (up to additional 10%-points of interest over the duration of the default) and an early repayment obligation (payment of the principal increased by 8% and of an indemnity representing the interests expected until March 2023). The Group does not expect these limitations to affect its ability to meet its cash obligations.

The loan was included in the balance sheet item "Borrowings".

In € thousand	2020	2019
Balance at January 1	**-**	**-**
Proceeds of issue	52,935	-
Transaction costs	(4,162)	-
Accrued interests	1,840	-
Exchange rate difference	(4,423)	-
BALANCE AT DECEMBER 31	**46,190**	**-**
Less: non-current portion	(41,261)	-
CURRENT PORTION	**4,929**	**-**

Other loans also include borrowings related to financing of research and development expenses and CIR (R&D tax credit in France) of €5.9 million (December 31, 2019: €6.2 million).

Other loans also include the CEPI loan in amount of €1.3 million (December 31, 2019: €0.4 million), which relates to advanced payments received which are expected to be paid back in the future. For detailed information see Note 8.1.

23.3. Borrowings and other loans secured

As at December 31, 2020, €52.0 million (December 31, 2019: €26.3 million) of the outstanding borrowings and other loans are guaranteed, secured or pledged. These 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).

23.4. Fair value of borrowings and other loans

For the majority of the borrowings and other loans, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

As at December 31, 2020, material differences are identified only for guaranteed other loans. Based on an estimated arms' length interest rate of 9.41%, the fair value is €5.2 million (carrying amounts is €5.9 million).

Note 24 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	2020	2019
Trade payables	24,898	8,868
Accrued expenses	11,314	7,699
BALANCE AS AT DECEMBER 31	**36,212**	**16,567**
Less non-current portion	-	-
CURRENT PORTION	**36,212**	**16,567**

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 25 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	2020	2019
Employee-related liabilities	8,300	6,570
Social security and other taxes	4,866	4,054
BALANCE AS AT DECEMBER 31	**13,165**	**10,624**
Less non-current portion	-	-
CURRENT PORTION	**13,165**	**10,624**

Note 26 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 Note 13.

The maturity of non-current lease liabilities is as follows:

	At December 31,	
In € thousand	2020	2019
Between 1 and 2 years	2,296	2,372
Between 2 and 3 years	24,434	2,341
Between 3 and 4 years	1,280	24,618
Between 4 and 5 years	1,331	1,510
Between 5 and 10 years	7,384	8,258
Between 10 and 15 years	8,907	10,248
Over 15 years	3,759	7,245
NON-CURRENT LEASE LIABILITIES	**49,392**	**56,592**
Current lease liabilities	2,696	2,308
TOTAL LEASE LIABILITIES	**52,088**	**58,901**

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	At December 31,	
In € thousand	2020	2019
EUR	25,633	26,617
SEK	26,166	31,943
Other	289	340
TOTAL LEASE LIABILITIES	**52,088**	**58,901**

Note 27 Contract liabilities

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" and non-refundable upfront fees.

Development of contract liabilities:

	At December 31,	
In € thousand	2020	2019
Balance as at January 1	1,426	4,735
Revenue recognition	(594)	(462)
Other releases	-	(4,274)
Exchange rate differences	101	-
Addition	88,703	1,426
BALANCE AS AT DECEMBER 31	**89,636**	**1,426**
Less non-current portion	(58)	(732)
CURRENT PORTION	**89,578**	**694**

As of December 31, 2020, €87.0 million are related to the agreement with UK government to supply up to 190 million doses SARS-CoV-2 vaccine (See Note 1), €1.6 million are related to CTM services provided to different customers and €1.0 million are related to the agreement for the development, manufacturing and marketing of Valneva's single-shot chikungunya vaccine, VLA1553, in Low and Middle Income Countries (LMICs) with Instituto Butantan.

As of December 31, 2019, €1.4 million are related to CTM services provided to Hookipa.

Note 28 Refund liabilities

A refund liability has to be recognized when the customer already provided a consideration which is expected to be refunded partially or totally. It is measured at the amount of consideration received for which the Group does not expect to be entitled.

Development of refund liabilities:

	At December 31,	
In € thousand	2020	2019
Balance as at January 1	6,553	-
Additions	109,296	6,553
Payments	(477)	-
Interest expense capitalized	3,640	-
Exchange rate difference	(7,586)	-
BALANCE AS AT DECEMBER 31	**111,426**	**6,553**
Less non-current portion	(97,205)	(6,105)
CURRENT PORTION	**14,222**	**448**

As of December 31, 2020, €81.9 million (thereof €70.0 million non-current) are related to the collaboration with Pfizer Inc. (See Note 1), €20.9 million (all non-current) are related to the agreement with UK government to develop and commercialize a SARS-CoV-2 vaccine (See Note 1), €6.3 million (all non-current) are related to the expected payment to GSK related to the termination of the strategic alliance agreements in 2019 (See Note 1) and €2.3 million are related to refund liabilities to customers related to rebate programs and right to return products.

As of December 31, 2019, €6.1 million are related to the expected payment to GSK related to the termination of the strategic alliance agreements in 2019 (See Note 1) and €0.5 million are related to refund liabilities to customers related to rebate programs and right to return products.

Expected cash outflows for refund liabilities are disclosed under Note 2.5.

Note 29 Provisions

29.1. Provisions for employee commitments

	At December 31,	
In € thousand	2020	2019
Employer contribution costs on share-based compensation plans	7,351	-
Phantom shares	2,390	74
Retirement termination benefits	550	404
Leaving indemnities	112	-
BALANCE AT DECEMBER 31	**10,403**	**477**
Less non-current portion	2,358	426
CURRENT PORTION	**8,045**	**52**

a) Share-based provisions

Employer contribution costs on share-based compensation plans and Phantom shares are calculated at the balance sheet date using the share price of Valneva as of December 31, 2020: €7.75 (Dec 31, 2019: €2.57).

b) Retirement termination benefits

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,	
	2020	2019
Discount rate	0.50%	0.70%
Salary increase rate	2.00%	2.00%
Turnover rate	0%-21.35%	0%-33.24%
Social security rate	43.00%-47.00%	43.00%-47.00%
Average remaining lifespan of employees (in years)	22	22

Changes in defined benefit obligation

Present value of obligation development:

	At December 31,	
In € thousand	2020	2019
BALANCE AT JANUARY 1	**404**	**333**
Current service cost	68	59
Actuarial losses/(gains)	78	13
BALANCE AT DECEMBER 31	**550**	**404**

29.2. Other provisions

	At December 31,	
In € thousand	2020	2019
Non-current	-	-
Current	2,124	2,264
PROVISIONS	**2,124**	**2,264**

As of December 31, 2020, the position comprised of €1.8 million (December 31, 2019: €2.0 million) from a provision for expected legal and settlement costs under a court proceeding is related to the Intercell AG/Vivalis SA merger.

Furthermore, a provision for call-off goods in raw material amounted to €0.3 million in 2020 for the site in United Kingdom is included.

Note 30 Other liabilities

	At December 31,	
In € thousand	2020	2019
Deferred income	2,861	3,715
Other financial liabilities	51	220
Miscellaneous liabilities	2	49
OTHER LIABILITIES	**2,913**	**3,983**
Less non-current portion	(72)	(97)
CURRENT PORTION	**2,841**	**3,886**

Deferred income mainly includes conditional advances from government grants and a grant from CEPI (See Note 8).

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:

		Year ended at December 31,	
In € thousand	*Note*	2020	2019
Profit/(Loss) for the year		(64,393)	(1,744)
Adjustments for			
▪ Depreciation and amortization	*12/13/14*	9,799	8,532
▪ Write-off/impairment fixed assets/intangibles	*12/13/14*	140	75
▪ Share-based compensation expense	*22*	6,328	2,552
▪ Income tax expense/(income)	*10*	(909)	874
▪ Dividends received from associated companies	*15*	-	433
▪ (Profit)/loss from disposal of property, plant, equipment and intangible assets	*8*	10	92
▪ Share of (profit)/loss from associates	*15*	133	(1,574)
▪ Fair value (gains)/losses on derivative financial instruments		-	178
▪ Provision for employer contribution costs on share-based compensation plans	*29.1*	7,351	-
▪ Other non-cash (income)/expense		4,470	(892)
▪ Interest income	*9*	(119)	(199)
▪ Interest expense	*9*	10,738	2,633
Changes in non-current operating assets and liabilities (excluding the effects of acquisition and exchange rate differences on consolidation):			
▪ Other non-current assets		(2,303)	79
▪ Long term contract liabilities	*27*	(674)	(2,321)
▪ Long term refund liabilities	*28*	90,653	6,016
▪ Other non-current liabilities and provisions		795	(178)
Changes in working capital (excluding the effects of acquisition and exchange rate differences on consolidation):			
▪ Inventory		(4,196)	(2,415)
▪ Trade and other receivables		(24,023)	(17,278)
▪ Contract liabilities	*27*	88,801	(989)
▪ Refund liabilities	*28*	10,614	448
▪ Trade and other payables and provisions		6,544	13,552
CASH GENERATED FROM OPERATIONS		**139,759**	**7,875**

In 2020, other non-cash (income)/expense includes €3.3 million (2019: nil) from disposal of Lyme VLA15 (See Notes 1 and 12) and €1.6 million (2019: nil) from a revaluation of lease liabilities and right of use assets.

The following table shows the adjustments to reconcile profit/loss from the disposal of property, plant, equipment and intangible assets to proceeds from the disposal of fixed assets:

	At December 31,	
In € thousand	2020	2019
Net book value	34	92
Profit/(loss) on disposal of fixed assets	(10)	(92)
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT, EQUIPMENT AND INTANGIBLE ASSETS	**24**	**-**

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 13.

In € thousand	Bank borrowings	Other loans	Total
BALANCE AT JANUARY 1, 2019	**9,918**	**21,019**	**30,937**
Repayments	-	(11,684)	(11,684)
Additions, net of transaction costs	9,960	1,821	11,781
Foreign exchange movements	-	(1)	(1)
Other changes [1]	(119)	(4,598)	(4,717)
BALANCE AT DECEMBER 31, 2019	**19,759**	**6,557**	**26,316**
BALANCE AT JANUARY 1, 2020	**19,759**	**6,557**	**26,316**
Repayments	(20,000)	(1,995)	(21,995)
Additions, net of transaction costs	-	50,266	50,266
Foreign exchange movements	-	(4,556)	(4,556)
Other changes [1]	241	3,090	3,331
BALANCE AT DECEMBER 31, 2020	**-**	**53,363**	**53,363**

(1) Other changes include interest accruals and payments.

Note 32 Commitments and contingencies

32.1. Capital commitments

As of December 31, 2020, there are €48.0 million capital expenditure contracted, mainly related to manufacturing sites for the new COVID-19 vaccine candidate (December 31, 2019: nil).

32.2. Lease commitments

For lease commitments see Note 13.3.

32.3. Other commitments, pledges and guarantees

The other commitments relate to minimum payments consist of:

	At December 31,	
In € thousand	2020	2019
Loans and grants	1,454	1,209
Royalties	9,393	11,331
OTHER COMMITMENTS	**10,846**	**12,540**

The pledges consist of:

	At December 31,	
In € thousand	2020	2019
Pledges on consolidated investments	19,474	-
Pledges on bank accounts	150,642	-
Pledges on receivable	160,511	-
GUARANTEES AND PLEDGES	**330,626**	**-**

32.4. Contingencies and litigations

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 either the cash compensation paid to departing shareholders or the exchange ratio between Intercell and Valneva shares used in the merger. The Company has been discussing potential settlement agreements. The Company therefore holds a provision of €1.9 million of settlement costs and additional costs in connection with such potential settlements. €0.1 million of additional expenses related to this litigation is included in "other expenses" in the period ended December 31, 2020.

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, from which the Company 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 in the second half of 2021. After consultation with its external advisors the Company 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 the Company'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. Rendering of services

Services provided by Valneva to Groupe Grimaud La Corbière SAS are considered related party transactions as being shareholders of Valneva and consist of services within a Collaboration and Research License agreement and of the provision of premises and equipment.

	Year ended December 31,	
In € thousand	2020	2019
Provision of services:		
▪ Operating activities	187	236
PROVISION OF SERVICES	**187**	**236**

33.2. Key management compensation

The aggregate compensation of the members of the Company's Management Board includes the following:

	Year ended December 31,	
In € thousand	2020	2019
Salaries and other short-term employee benefits [(1)]	2,950	2,449
Other long-term benefits	18	15
Share-based payments (expense of the year)	1,786	1,174
KEY MANAGEMENT COMPENSATION	**4,755**	**3,638**

(1) In 2020 leaving indemnities of €0.9 million have been included.

33.3. Supervisory Board compensation

The aggregate compensation of the members of the Company's Supervisory Board amounts to €0.2 million (2019: €0.3 million). In the years 2015 and 2017 the Company granted equity warrants to members of the Supervisory Board. For more information, see Note 22.

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Note 34 Events after the reporting period

- In January 2021, Valneva and US-based healthcare investment firms Deerfield Management Company and OrbiMed agreed to modify the covenant for the existing debt facility. The minimum liquidity covenant is brought to the amount of €50.0 million from 2021 onward and to €35.0 million from 2023 onward and the minimum revenue covenant is modified to include a quarterly minimum consolidated net revenue covenant (excluding grants) representing an annual total of €64.0 million in 2021, €103.8 million in 2022 and €115.0 million thereafter (See Note 23.2).
- In January 2021, Valneva and Instituto Butantan, producer of immunobiologic products, announced the signing of definitive agreements for the development, manufacturing and marketing of Valneva's single-shot chikungunya vaccine, VLA1553, in Low and Middle Income Countries (LMICs). This finalization follows the signing of a binding term sheet in May 2020. The collaboration falls within the framework of the $23.4 million funding agreement Valneva signed with CEPI in July 2019 (See Note 1). Under the collaboration, Valneva will transfer its chikungunya vaccine technology to Instituto Butantan, who will develop, manufacture and commercialize the vaccine in LMICs. In addition, Instituto Butantan will provide certain clinical and Phase 4 observational studies that Valneva will use to meet regulatory requirements. The agreement includes small upfront and technology transfer milestones.
- In January 2021, the UK Government has exercised its option to order 40 million doses of its inactivated, adjuvanted COVID-19 vaccine candidate for supply in 2022 (See Note 1). This brings the total volume of the Valneva vaccine ordered by UK Government to 100 million doses and the UK Government retains options over a further 90 million doses for supply between 2023 and 2025.

4.1.6 Statutory auditor's report on the consolidated financial statements

For the purposes of this URD, the Group's consolidated financial statements for the year ended December 31, 2020 are shown with a different tree structure from that of the financial statements attached to the Statutory Auditors' report, particularly with regard to the numbering of the notes. For this reason, and for a proper understanding of the report presented below, the reader is invited to consult the following cross-reference table:

NOTE REFERRED TO IN THE STATUTORY AUDITOR'S REPORT	Corresponding Note in Section 4.1.5 of this URD
Note 5.1	Note 1
Note 5.3.1	Note 3.1
Note 5.3.2	Note 3.2
Note 5.5	Note 5
Note 5.17	Note 17

NOTE REFERRED TO IN THE STATUTORY AUDITOR'S REPORT	Corresponding Note in Section 4.1.5 of this URD
Note 5.28	Note 28
Note 5.29.2	Note 29.2
Note 5.32.4	Note 32.4

(For the year ended December 31, 2020)

To the Annual General Meeting

VALNEVA SE
6 rue Alain Bombard
44800 Saint Herblain

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in 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 ("the Group") for the year ended December 31, 2020.

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, 2020 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 requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from January 1, 2020 to the date of our report and specifically we did not provide a ny 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

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 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
Collaboration agreement with Pfizer Inc – Recognition of revenue contracts with customers (IFRS 15) *(Notes « 5.1 General information and significant events of the period », « 5.3.2 Assumptions and estimation uncertainties », « 5.3.1 Judgements », « 5.5 Revenues from contracts with customers » and « 5.28 Refund liabilities » to the consolidated financial statements)*	
Collaboration, licensing and service agreements (research, development, manufacturing and marketing), signed with biopharmaceutical, pharmaceutical companies and academic institutions, related to Valneva's vaccine candidates and its own technologies (proprietary technologies) have a significant impact on the consolidated financial statements. Revenues from these agreements represent a total of €43.4 million as of December 31, 2020 of which € 31.6 million revenue relates to the new collaboration to co-develop and commercialize a Lyme disease vaccine (Lyme VLA15), signed with Pfizer Inc in April 2020 ("technologies and services" and "Vaccine candidates" operating segments for revenues from contracts with customers). This agreement is in scope of IFRS 15 "revenue from contracts with customers". The agreement includes R&D and service performance obligations for which revenue is recognized over time as well as a license performance obligation for which revenue is recognized at a point in time when Pfizer Inc can benefit and use the license without further involvement of Valneva. The transaction has been allocated to the various performance obligations in proportion of their respective standalone selling prices. The revenue recognition for this contract requires judgements including identification of separate performance obligation, evaluation of variable and uncertain considerations, identification of significant financing components in the contract, allocation of the transaction price and assessing to which extent the performance obligation is achieved. We have therefore considered the accounting treatment of this contract as a key audit matter.	We performed procedures to assess the design of processes and controls related to the recognition of revenues from collaboration, licensing and service agreements. We obtained the contract signed between Valneva and Pfizer Inc. to assess the reasonableness of the accounting treatment applied to this contract by management. We assessed the reasonableness of key assumptions used by management considering the consistency of projected sales, probabilities of success, expected development costs and timeframes using external data and other supporting evidence obtained during our audit such as external and internal communication. We also verified that the note disclosures « 5.1 General information and significant events of the period », « 5.3.2 Assumptions and estimation uncertainties », « 5.3.1 Judgements», « 5.5 Revenues from contracts with customers » and « 5.28 Refund liabilities » to the financial statements provided an appropriate information.

KEY AUDIT MATTERS	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS

Valuation of commercial vaccines inventory
(Notes « 5.1 General information and significant events of the period » and « 5.17 Inventories » to the financial statements)

Inventory accounts for a gross value of €34.6 million as of December 31, 2020.

Due to the negative impact of the current COVID-19 pandemic on sales forecasts and limited shelf lives of the IXIARO and DUKORAL vaccines, the Group's Management performed an assessment of these commercial vaccines inventories and recorded a €7.4 millions reserve in cost of goods sold.

Given significant estimates supporting the sales forecasts assumptions, we have considered the assessment of the net realizable value of commercial vaccine inventory to be as a key audit matter.

We performed procedures to assess the design of the processes and controls related to the estimate of inventory reserves by management.
We assessed the reasonableness of sales forecasts and estimated capacity to sell vaccines considering their residual shelf lives. Our assessment was based on our understanding of the expected business forecasts for each product, inquiries with management, the consistency of the assumptions used with the forecasts derived from the strategic plans presented to the Supervisory Board and the review, per sample, of the specific clauses on residual shelf life included in contractual agreements with the customers.

We also verified that the note disclosures « 5.1 General information and significant events of the period » and « 5.17 Inventories » to the financial statements provided an appropriate information.

Other provisions and contingencies
(Notes « 5.29.2 Other provisions » and « 5.32.4 Contingencies and litigations » to the financial statements)

Valneva SE is involved in two litigations.

a) In July 2016, the Company received an additional request for payment, accompanied by a threat of legal action, 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 claim for an additional payment pursuant to this disposal. The Company's management, after consultation with its external advisors, believes that this claim has no substance and the filed litigation is very unlikely to succeed in court. The Company's management considered this litigation as a contingent liability considering the probability of an outflow of resources is low.

b) Former shareholders of Intercell, an entity that merged with Valneva SE, have 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. A provision was recorded in the amount of € 1.9 million as at December 31, 2020.

Given the uncertainties surrounding the outcomes of these litigations, we have considered the accounting treatment in the financial statements to be a key audit matter.

We gained an understanding of processes implemented by Management identify risks linked to a legal proceeding or a commercial /regulatory litigation.

We assessed the reasonableness of the estimate of the costs related to these risks by :
- reviewing the risk assessments performed by the Company's Management and in-house legal counsel;
- obtaining and analyzing the memorandums and responses from the Company's external legal advisors to our confirmation requests.

Finally, we have assessed that note disclosures « 5.29.2 Other provisions » and « 5.32.4 Contingencies and litigations » to the financial statements provided appropriate information.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verification required by laws and regulations of the Group's information given in the management report of the Management Board.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated 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 consolidated financial statements of the information contained therein.

Report on Other Legal and Regulatory Requirements

Format of the presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier)*.

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, 2020, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 9th year and 14th year of total uninterrupted engagement, which are the 8th 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 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 23, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

French original signed by
Cédric Mazille

Deloitte & Associés

French original signed by
Stéphane Lemanissier

4.2. Parent entity financial statements at December 31, 2020

4.2.1. Balance sheet

4.2.1.1. Assets

In € thousand	Note No.	Gross Value	Amortization, depreciation and provisions	December 31, 2020	December 31, 2019
INTANGIBLE FIXED ASSETS	**3.1**				
Research and development expenditures		7,540	7,434	107	167
Concessions, patents and similar rights		752	351	401	70
Goodwill		0	0	0	0
Other intangible assets in process		0	0	0	0
PROPERTY, PLANT AND EQUIPMENT	**3.2**				
Land		679	277	402	418
Constructions		5,804	3,559	2,245	2,500
Plant, machinery and equipment		4,235	3,278	958	838
Other PPE		550	452	98	112
Tangible fixed assets under construction		0	0	0	0
Prepayments		0	0	0	0
LONG-TERM INVESTMENTS	**3.3**				
Non-consolidated investments		166,690	6,869	159,821	159,954
Receivables on non-consolidated investments		0	0	0	0
Loans		187	0	187	204
Other financial assets		1,262	94	1,168	652
TOTAL NON-CURRENT ASSETS		**187,700**	**22,314**	**165,386**	**164,914**
INVENTORIES AND WORK IN PROGRESS	**3.4**				
Raw materials and supplies		137	0	137	134
Work-in-progress		0	0	0	0
RECEIVABLES					
Trade receivables and related accounts	3.5	178	0	178	50
Other receivables	3.6	21,313	0	21,313	31,166
Called up capital		0	0	0	0
OTHER CURRENT ASSETS					
Marketable securities		0	0	0	0
Cash at bank and in hand	3.7	15,836	0	15,836	37,793
ACCRUAL ACCOUNTS					
Prepaid expenses	3.8	294	0	294	326
TOTAL CURRENT ASSETS		**37,758**	**0**	**37,758**	**69,470**
Unrealized losses on foreign exchange		353	0	353	131
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**225,812**	**22,314**	**203,498**	**234,514**

4.2.1.2. Liabilities and equity

In € thousand	Note No.	December 31, 2020	December 31, 2019
Share capital or individual share		13,646	13,820
Additional paid-in capital		266,163	266,092
Regulated reserves		52,832	52,832
Retained earnings/(accumulated deficit)		(149,039)	(121,047)
Net income/(loss) for the year profit or loss		**(14,564)**	**(27,992)**
Investment grants	3.11	50	54
Tax-driven provisions		0	0
SHAREHOLDERS' EQUITY	**3.10**	**169,089**	**183,760**
Subordinated grants	3.12	1,551	1,832
OTHER EQUITY		**1,551**	**1,832**
Provisions for contingencies		2,206	2,231
Provisions for losses		2,157	563
PROVISIONS FOR CONTINGENCIES AND LOSSES	**3.13**	**4,363**	**2,794**
BORROWINGS			
Bank borrowings	3.14	4,308	24,335
OPERATING PAYABLES			
Trade payables and related accounts	3.15	2,589	1,621
Tax and employee-related liabilities	3.16	1,494	1,394
OTHER PAYABLES			
Payables on fixed assets and equivalent	3.17	7	11
Other financial liabilities	3.17	20,025	18,717
ACCRUAL ACCOUNTS			
Deferred income	3.18	0	0
TOTAL LIABILITIES		**28,423**	**46,078**
Unrealized losses on foreign exchange		72	50
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**203,498**	**234,514**

4.2.2. Income statement

In € thousand	France	Export	Note No.	As at December 31, 2020	2019
Sales of services				3,378	2,648
NET SALES			**4.1**	**3,378**	**2,648**
Change in inventory of own production of goods and services					
Own production of goods and services capitalized			4.2	0	88
Grants			4.3	3	1,575
Reversals of depreciation, amortization and provisions, expense reclassifications			4.5	188	190
Other income			4.4	3,750	1,513
OPERATING INCOME				**7,319**	**6,014**
Purchase of trade goods				0	0
Purchases of raw materials & other supplies (including customs duties)				619	423
Change in inventory (raw materials and supplies)				(3)	22
Other purchases and external expenses			4.6	14,023	26,782
Taxes other than on income and related payments			4.7	206	208
Wages and salaries			4.8	3,396	3,683
Employee benefit expense			4.8	1,416	1,586
Allowances for depreciation and amortisation, provisions					
For fixed assets			4.9	705	795
For current assets			4.9	0	0
For contingencies and losses			4.9	1,757	231
Other expenses				288	400
OPERATING EXPENSES				**22,407**	**34,130**
INCOME (LOSS) FROM ORDINARY ACTIVITIES				**(15,089)**	**(28,116)**
Joint venture operations					
Financial income					
Financial income from non-consolidated investments					599
Income from other marketable securities and receivables capitalized				77	0
Other interests and similar income				87	94
Reversals of provisions and expense reclassifications			4.9	533	1,299
Foreign exchange gains				0	0
Net proceeds from the disposal of marketable securities				0	0
FINANCIAL INCOME				**698**	**1,993**
Amortization and charges to provisions for financial items			4.9	355	134
Interest and similar expenses				1,127	1,496
Foreign exchange losses				12	0
Net charges on disposals of marketable securities				0	0
FINANCIAL EXPENSES				**1,494**	**1,631**
NET FINANCIAL INCOME (EXPENSE)			**4.10**	**(797)**	**363**
INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX AND EXCEPTIONAL ITEMS				**(15,885)**	**(27,753)**

In € thousand	France	Export	Note No.	As at December 31, 2020	2019
Exceptional income from non-capital transactions				0	0
Exceptional income from capital transactions				8	5
Reversals of provisions and expense reclassifications				247	7
EXCEPTIONAL INCOME				**255**	**12**
Exceptional expenses on non-capital transactions				0	0
Exceptional expenses on capital transactions				7	111
Exceptional depreciation, amortization and provisions				0	2,006
EXCEPTIONAL EXPENSES				**7**	**2,117**
NET EXCEPTIONAL ITEMS			**4.11**	**248**	**(2,105)**
Corporate income tax			4.12	(1,073)	(1,866)
TOTAL INCOME				**8,271**	**8,019**
TOTAL EXPENSES				**22,835**	**36,011**
PROFIT OR LOSS				**(14,564)**	**(27,992)**
Basic net earnings per share *(in euros)*			4.13	(0.16)	(0.30)
Diluted net earnings per share *(in euros)*				(0.16)	(0.30)

4.2.3. Cash flow statement

In € thousand	Note No.	2020	2019
Cash flow from operating activities			
Net profit/(loss)	Section 4.2.2	(14,564)	(27,992)
Income and expenses with no impact on cash or unrelated to operating activities			
Operating depreciation and amortization expenses	4.9	2,461	1,026
Reversals of operating depreciation and amortization expenses	4.9	(164)	(167)
Financial depreciation and amortization expenses	4.9	(178)	(1,165)
Exceptional depreciation and amortization	4.9	0	2,006
Reversals of exceptional provisions	4.9	(247)	(7)
Expense reclassifications on capitalized assets	4.2	0	(88)
Amount of grants recognized under income	4.11	(4)	(4)
(Gains)/losses on disposal of assets	4.11	6	91
Cancellation of operating/exceptional receivables			0
OPERATING CASH FLOWS		**(12,690)**	**(26,301)**
Change in other current assets and liabilities			
Inventories	3.4	(3)	22
Trade receivables and related accounts	3.5	(128)	140
Trade payables and related accounts	3.15	967	(2,066)
Other receivables	3.6	9,853	654
Prepayments and accrued income		(190)	430
Tax and employee-related liabilities	3.16	101	(263)
Other accruals and deferred income	3.17	1,307	13,243
Accruals and deferred income		22	50
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**(760)**	**(14,093)**
Cash flow from investing activities			
Purchase of intangible fixed assets:	3.1	(400)	0
Purchase of property, plant and equipment	3.2	(417)	(286)
Purchase of long-term investments	3.3	0	(17)
Net capital expenditure		34	0
Change in working capital requirements with regard to assets	3.17	(3)	3
NET CASH USED IN INVESTING ACTIVITIES		**(786)**	**(301)**
Net cash generated from financing activities			
Proceeds from borrowings	3.14	1.493	11,382
Repayment of borrowings	3.14	(21,520)	(1,693)
Subordinated grants received/repaid	3.12	(281)	(210)
Investment grants received	3.11	0	0
Capital increase	3.10	(103)	16
Transaction costs charged to merger premium	3.10	0	0
NET CASH FROM FINANCING ACTIVITIES		**(20,411)**	**9,495**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(21,957)**	**(4,898)**
Opening cash, cash equivalents and marketable securities	3.7	37,793	42,692
Closing cash, cash equivalents and marketable securities	3.7	15,836	37,793
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(21,957)**	**(4,899)**

4.2.4. Notes to the financial statements

Note 1 Events of the year

- Because of its activity, the Covid-19 crisis had no significant impact on the financial situation, the company's assets and results.
- €20 million early repayment of the loan granted by the European Investment Bank (EIB).

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 March 22, 2021 (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.

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) 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 basis of the actual 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 (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.

A provision for social security charges due in respect of share-based payments was established as at 31 December 2020 using Valneva's share price as at 31 December 2020 (€7.75).

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 2017 and 2018 will be paid back in 2021 and 2022 and for that reason have not yet been allocated to expenses.

The 2016 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 issued shares during the period.

The average number of issued 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 issued ordinary shares 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, 2020 to December 31, 2020

		Changes in the period			
In € thousand	January 1, 2020	Increase	Decrease	Other changes	At December 31, 2020
Preliminary expenses	0	0	0	0	0
Development expenditure	7,547	0	6		7,540
Goodwill	0	0	0	0	0
Concessions, patents and rights	0	400	0	0	400
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	**7,899**	**400**	**(6)**	**0**	**8,293**
Preliminary expenses	0	0	0	0	0
Development expenditure[1]	7,380	56	(2)	0	7,434
Goodwill[2]	0	0	0	0	0
Concessions, patents and rights[3]	0	44	0	0	44
Software	283	24	0	0	307
TOTAL AMORTIZATION	**7,662**	**125**	**(2)**	**0**	**7,785**
NET INTANGIBLE FIXED ASSETS	**237**	**275**	**(5)**	**0**	**508**
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	**237**	**275**	**(5)**	**0**	**508**
(1) Of which exceptional depreciation	*1,668*	*0*	*0*	*0*	*1,668*
(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 €400 thousand were capitalized in 2020 in accordance with the accounting policy described in Note 2.5.

(b) Change from January 1, 2019 to December 31, 2019

		Changes in the period			
In € thousand	January 1, 2019	Increase	Decrease	Other changes	As 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.

3.2. Net intangible fixed assets

(a) Change from January 1, 2020 to December 31, 2020

		Changes in the period			
In € thousand	January 1, 2020	Increase	Decrease	Other changes	December 31, 2020
Land	679	0	0	0	679
Buildings on own land	3,026	0	0	0	3,026
Buildings on land of third parties	0	0	0	0	0
Building installations and improvements	2,745	34	0	0	2,779
Plant, machinery and equipment	4,192	364	(321)	0	4,235
General installations, miscellaneous improvements	9	0	0	0	9
Vehicles	5	0	(5)	0	0
Office, IT equipment, furniture	550	19	(30)	0	539
Recoverable packaging	2	0	0	0	2
Tangible fixed assets under construction	0	0	0	0	0
Prepayments	0		0	0	0
GROSS INTANGIBLE FIXED ASSETS	**11,208**	**417**	**(356)**	**0**	**11,268**
Land	261	16	0	0	277
Buildings on own land	1,271	133	0	0	1,404
Buildings on land of third parties	0	0	0	0	0
Building installations and improvements	2,000	155	0	0	2,155
Plant, machinery and equipment	3,354	244	(321)	0	3,278
General installations, miscellaneous improvements	5	1	0	0	6
Vehicles	5	0	(5)	0	0
Office, IT equipment, furniture	442	31	(29)	0	444
Recoverable packaging	2	0	0	0	2
TOTAL DEPRECIATION	**7,341**	**580**	**(355)**	**0**	**7,566**
Impairment	0	0	0	0	0
Plant, machinery and equipment	0	0	0	0	0
NET INTANGIBLE FIXED ASSETS	**3,867**	**(163)**	**(1)**	**0**	**3,703**

€417 thousand in capital expenditures were incurred for fixtures, laboratory and IT equipment for the Saint-Herblain site, while equipment scrapping was carried out for €356 thousand.

(b) Change from January 1, 2019 to December 31, 2019

		Changes in the period			
In € thousand	January 1, 2019	Increase	Decrease	Other changes	As at 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	(7)	0	0
NET INTANGIBLE FIXED ASSETS	**4,332**	**(392)**	**(80)**	**0**	**3,867**

€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.

3.3. Financial assets

(a) Change from January 1, 2020 to December 31, 2020

In € thousand	January 1, 2020	Acquisitions/ Contributions/ Transformations/ Mergers	Disposals	December 31, 2020
Non-consolidated investments	166,690	0	0	166,690
Receivables on non-consolidated investments	0	0	0	0
Loans[1]	204	(16)	0	187
Deposits and bonds	33	(16)	0	17
Treasury shares	646	(1)	0	645
Liquidity agreement	600	0	0	600
GROSS VALUE	**168,173**	**(34)**	**0**	**168,139**
Impairment of equity investments	6,736	133	0	6,869
Depreciation of deposits and bonds	0	0	0	0
Treasury shares impairment	331	(331)	0	0
Liquidity agreement impairment	296	(202)	0	94
TOTAL DEPRECIATION	**7,363**	**(400)**	**0**	**6,963**
TOTAL NET LONG-TERM INVESTMENTS	**160,810**	**366**	**0**	**161,176**

(1) Long-term loans in connection with social housing levies €187 thousand.

Non-consolidated investments

Treasury shares

124,322 ordinary shares held in treasury representing €645,107 and corresponding to financial consideration the Company paid to former Intercell shareholders having exercised their exit right. 124,322 preferred shares held in treasury, amounting to 1,243 euros, were repurchased and immediately cancelled by the company in 2020.

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, 2020.

Assets held under this liquidity agreement included both cash and shares (22,000 shares at December 31, 2020). The portion in shares has been valued on the basis of the average trading price for December 2020, resulting in a reversal of the impairment charge of €202 thousand. At December 31, 2020, the remaining amount of this provision amounted to €94 thousand.

A reversal of the provision for impairment of €331 thousand for treasury shares was recorded according to this same principle of measurement at December 31, 2020. At December 31, 2020, the remaining amount of this provision amounted to €0.

Impairment of equity investments

An additional provision for impairment of BliNK Biomedical SAS securities was recorded in the amount of €133 thousand based on the net equity of this company and the earnings prospects announced on December 31, 2020.

Portfolio of shares held in treasury

In € thousand	Number of shares at December 31, 2020	Gross	Provision	Net
Liquidity agreement	22,000	253	94	159
Financial compensation:		645	0	645
▪ ordinary shares with a value of €0.15	124,322			

(b) Change from January 1, 2019 to December 31, 2019

In € thousand	January 1, 2019	Acquisitions/ Contributions/ Transformations/ Mergers	Disposals	As at 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 an 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 €187 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 intreasury 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			

3.4. Inventories and work-in-progress

(a) Change from January 1, 2020 to December 31, 2020

In € thousand	January 1, 2020	Increase	Decrease	At December 31, 2020
Raw materials and supplies	134	3		137
Impairment	0	0		0
TOTAL	**134**		**3**	**137**

(b) Change from January 1, 2019 to December 31, 2019

In € thousand	January 1, 2019	Increase	Decrease	December 31, 2019
Raw materials and supplies	156	0	(22)	134
Impairment	0	0	0	0
TOTAL	**156**	**0**	**(22)**	**134**

3.5. Trade receivables and related accounts

In € thousand	At December 31, 2020	At December 31, 2019
Trade receivables	178	50
Doubtful trade receivables	0	0
GROSS VALUE	**178**	**50**
Impairment of trade receivables	0	0
TOTAL TRADE RECEIVABLES (NET VALUE)	**178**	**50**

(a) Trade receivables by maturity at December 31, 2020

In € thousand	Gross	Up to 1 year	More than 1 year
Trade receivables	178	178	
Doubtful trade receivables	0	0	
Trade receivables – Sales invoice accruals	0	0	
TOTAL	**178**	**178**	

(b) 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**

3.6. Other receivables

In € thousand	December 31, 2020	December 31, 2019
Corporate income tax	6,544	7,418
VAT	427	240
Current account advances/subsidiaries	13,985	23,500
Other operating receivables	357	8
TOTAL OTHER RECEIVABLES (NET VALUE)	**21,313**	**31,166**

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, 2020

In € thousand	December 31, 2020	December 31, 2019
2020 RTC	1,073	0
2019 RTC	1,866	1,866
2018 RTC	1,728	1,728
2017 RTC	1,782	1,782
2016 RTC	0	1,901
2018 CICE wage tax credit	44	44
2017 CICE wage tax credit	51	51
2016 CICE wage tax credit	0	46
TOTAL CORPORATE INCOME TAX RECEIVABLES (NET VALUE)	**6,544**	**7,418**

In € thousand	Gross	Up to 1 year	More than 1 year
Corporate income tax	6,544	1,833	4,712
VAT	427	427	0
Current account advances/subsidiaries	13,985	13,985	0
Other operating receivables	357	357	0
TOTAL	**21,313**	**16,601**	**4,712**

(b) Trade receivables by maturity at December 31, 2019

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**

3.7. Net cash

In € thousand	December 31, 2020	December 31, 2019
Cash at bank and in hand[1]	10,836	12,793
Fixed term deposits	5,000	25,000
Cash assets	**15,836**	**37,793**
Bank facilities	0	0
Cash liabilities	0	0
Net cash flow	**15,836**	**37,793**
(1) Of which notes sent for collection or discounting.	*0*	*0*

3.8. Prepaid expenses

In € thousand	December 31, 2020	December 31, 2019
Office supplies	1	1
Work by various third parties	6	7
Maintenance and repairs	20	26
Insurance premiums	181	81
Documentation	5	5
Conventions	1	21
Travel expenses	0	29
Fees	40	60
Advertising, contributions	0	30
Bank services	11	10
Employee benefit expense	0	1
Site security services	2	3
Royalties, concessions, patents	27	51
TOTAL	**294**	**326**

3.9. Accrued income

In € thousand	December 31, 2020	December 31, 2019
Trade receivables and related account	0	0
Bank – Accrued interest on time deposits	0	10
TOTAL ACCRUED INCOME	**0**	**10**

3.10. Shareholders' equity

(a) Change from January 1, 2020 to December 31, 2020

In € thousand	January 1, 2020	Changes in the period			December 31, 2020
		Increase	Decrease	Other changes	
Share capital or individual share	13,820	4	(178)	0	13,646
Additional paid-in capital	266,092	71	0	0	266,163
Regulated reserves	52,832	0	0	0	52,832
Retained earnings/(accumulated deficit)	(121,047)	0	0	(27,992)	(149,039)
Net income/(loss) for the year	**(27,992)**	**0**	**(14,564)**	**27,992**	**(14,564)**
Net investment grants	54	0	(4)	0	50
Tax-driven provisions	0	0	0	0	0
TOTAL SHAREHOLDERS' EQUITY	**183,760**	**75**	**(14,746)**	**0**	**169,089**

Share capital

At December 31, 2020, the share capital in the amount of €13,646 thousand was comprised of 90,970,562 shares, of which 90,950,048 ordinary shares with a par value of €0.15 and 20,514 convertible preferred shares with a par value of €0.15.

Corporate actions in 2020:

The Management Board duly noted in 2020 :

- the exercise of 4,875 warrants (BSA 25 warrants) by one member of the Supervisory Board. The final gross proceeds of the rights issue amounted to €19,110 corresponding to the issuance of 4,875 new ordinary shares, issued at a subscription price of €3.92 per share;
- the exercise of 21,875 warrants (BSA 27 warrants) by six members of the Supervisory Board. The final gross proceeds of the rights issue amounted to €56,306.25 corresponding to the issuance of 21,875 new ordinary shares, issued at a subscription price of €2.574 per share.

This issue generated an increase in the share capital of €4,012.50 thousand and share premium of €71,403.75.

17,836,719 preference shares with a value of €0.01 each were redeemed and immediately cancelled by the company on 29th May 2020. This cancellation generated a reduction in the share capital of €178,367.19.

At December 31, 2020, the breakdown of the capital ownership structure was primarily as follows:

- 15.07% by Groupe Grimaud La Corbière SA;
- 8.20% by Bpifrance Participations SA;
- 8.74% 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:

- 0.84% held by employees and management;
- 1.30% 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 65.86% by the free float.

Rates are calculated in reference to total share capital of 90,9570,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 per share, (b) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of 0.15.

Other equity

No dividend was paid in 2020.

Equity warrants (*Bons de souscription d'actions* or "BSA")

No warrants were granted in 2020.

(b) 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**

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 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.

3.11. Investment grants

In € thousand	Dept 44
Net amount at 12/31/2019	**55**
Grant transferred to 2020 net income	4
Decrease in the grant	
NET AMOUNT AT 12/31/2020	**51**

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**
Financial returns	193	0	193
Repayment during 2020	(438)	(36)	(474)
Net amount at 12/31/2020	**1, 551**	**0**	**1,551**

3.13. Provisions for contingencies and losses

(a) Change from January 1, 2020 to December 31, 2020

		Changes in the period			
			Reversals		
In € thousand	January 1, 2020	Increase	Used	Not used	December 31, 2020
Disputes	0	0	0	0	0
Foreign exchange risks	131	222	0	0	353
Retirement severance benefits	400	137	0	0	537
Social charges due on share-based payments	0	1,620	0	0	1,620
Miscellaneous risks	2,100	0	(247)	0	1,853
Restructuring costs	164	0	(164)	0	0
TOTAL PROVISIONS FOR CONTINGENCIES AND LOSSES	**2,794**	**1,979**	**(411)**	**0**	**4,363**
▪ of which operating	575	1,757	(164)	0	2,168
▪ of which financial	131	222	0	0	353
▪ of which exceptional	2,088	0	(247)	0	1,840

A provision for restructuring costs recorded for €164 thousand relating to the Finance Department's reorganization initiated in October 2019 was reversed on December 31, 2020 following the completion of the restructuring plan.

At December 31, 2020 a provision 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 was maintained, as an agreement has not yet been reached i 2020. The reversal of the provision corresponds to the costs incurred in 2020 in managing this litigation.

A provision for social security charges due on share-based payments was established as at 31 December 2020, using Valneva's share price as at 31 December 2020. (€7.75).

(b) 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.

3.14. Borrowings

		At December 31,	
In € thousand		2020	2019
EIB €5,000 thousand loan of 04/12/2017	3-month Euribor floating rate + 8.50%	0	5,000
EIB €5,000 thousand loan of 12/11/2017	3-month Euribor floating rate + 8.50%	0	5,000
EIB €10,000 thousand loan of 07/11/2019	3-month Euribor floating rate + 8.50%	0	10,000
RTC credit collateralization[1]	1-month Euribor floating rate + 1.70%	4,304	4,333
Current bank facilities, bank credit balances		4	2
TOTAL		**4,308**	**24,335**

(1) of which accrued interest €4 thousand.
The dates indicated are those for the beginning of the repayment schedule.

The European Investment Bank (EIB) loan was totally repaid in March 2020.

(a) At December 31, 2020

In € thousand	Gross	Up to 1 year	More than 1 year	More than 5 years
TOTAL FINANCIAL DEBT	**4,308**	**4,308**		
▪ of which loans secured during the year	4, 300			
▪ of which loans repaid during the year	21, 520			

The loans obtained during the year represent:

- the renewed collateralization of the 2017 and 2018 research tax credits (RTC);
- the collateralization of the 2019 RTC with BPI.

Repayment of these loans includes the collateralization of the 2016 RTC.

(b) 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.

3.15. Trade payables and related accounts

(a) At December 31, 2020

In € thousand	Gross	Up to 1 year	More than 1 year	More than 5 years
Operating payables	291	291	0	0
Notes payable	0	0	0	0
Operating payables – purchase invoice accruals	2,298	0	0	0
TOTAL	**2,589**	**2,589**	**0**	**0**

(b) 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**

3.16. Tax and employee-related liabilities

In € thousand	December 31, 2020	December 31, 2019
VAT due	37	97
Other taxes	42	45
Wages and salaries	870	864
Employee benefit expense	545	388
Other payables, repayable grants	0	0
TOTAL TAX AND EMPLOYEE-RELATED LIABILITIES[1]	**1,494**	**1,394**
(1) up to 1 year	*1,494*	*1,394*
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, 2020	December 31, 2019
Payables on non-consolidated investments	0	0
Amounts due in respect of fixed asset purchases	7	11
Other operating payables	20,025	18,717
TOTAL OTHER LIABILITIES	**20,032**	**18,728**

The line item "Other operating liabilities" includes mainly the current account balance with Valneva Austria GmbH (€3,028 thousand) and the loan with the same affiliate (€16,500 thousand).

(a) At December 31, 2020

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	7	7	0	0
Payables to fixed asset suppliers – purchase invoice accruals	0	0	0	0
Other financial liabilities	20,025	3,525	16,500	0
TOTAL	**20,032**	**3,532**	**16,500**	**0**

(b) As 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**

3.18. Deferred income

In € thousand	December 31, 2020	December 31, 2019
Operating grants	0	0
Research services and royalties	0	0
TOTAL DEFERRED INCOME	**0**	**0**

3.19. Accrued expenses

In € thousand	December 31, 2020	December 31, 2019
Trade payables and related accounts	2,298	1,087
Tax and employee-related liabilities	1,254	1,267
Borrowings and financial liabilities	4	5
Other financial liabilities	13	16
TOTAL ACCRUED EXPENSES[1]	**3,568**	**2,374**

(1) Payables up to 1 year.

Note 4 Notes to the income statement

4.1. Revenues

In € thousand	December 31, 2020	December 31, 2019
Research services	42	73
Other services	3,336	2,575
TOTAL	**3,378**	**2,648**

In € thousand	December 31, 2020	December 31, 2019
Sales in France	296	654
Export sales	3,336	1,995
TOTAL	**3,378**	**2,648**

4.2. Own production of goods and services capitalized

In € thousand	December 31, 2020	December 31, 2019
Development expenditure	0	88
TOTAL	**0**	**88**

4.3. Operating grants

In € thousand	December 31, 2020	December 31, 2019
FUI public grants	0	(58)
CPAM	3	0
CEPI grant	0	1,634
TOTAL	**3**	**1,576**

4.4. Other income

In € thousand	December 31, 2020	December 31, 2019
Upfront and milestones	3,725	1,478
Translation gains on trade receivables and payables	25	35
TOTAL	**3,750**	**1,513**

4.5. Reversals of depreciation, amortization and provisions and expense reclassifications

In € thousand	December 31, 2020	December 31, 2019
Reversals of provisions for contingencies and losses	164	167
Operating expense reclassifications	24	22
TOTAL	**188**	**189**

4.6. Purchases and external expenses

MAIN CHARGES *in € thousand*	December 31, 2020	December 31, 2019
Work by various third parties	1,596	17,426
Fees	4,792	3,076
Maintenance and repairs	307	316
Administrative services	6,046	4,107
Temporary personnel	0	26
Recruitment costs	90	144
Travel expenses	112	385
Symposiums, seminars, conferences	34	153
Post and telephone expenses	51	66
Entertainment expenses	26	86
Property leasing	36	164
Leasing expenses	12	70
Equipment leasing	14	24
Sundry transport expenses	71	36
Advertising, publications, public relations	175	183
Documentation	22	15
Insurance premiums	395	243
Waste management	45	34
Security services	9	10
Training fees	10	9
Bank services	44	39
Natural gas	20	22
Water	2	2
Electricity	93	102
Dues and related contributions	22	43
TOTAL	**14,023**	**26,782**

Third party work was significantly lower in 2020 compared to the previous year; this decrease is due to R&D services nvoiced in 2019 on a project which is no longer carried by Valneva SE in 2020.

4.7. Taxes, duties and related amounts

In € thousand	December 31, 2020	December 31, 2019
Taxes on remuneration	**92**	**79**
Training	68	62
Apprentices tax	22	(1)
Other taxes/remuneration (FNAL)	2	17
Other taxes	**114**	**130**
Local taxes	48	50
CFE – CVAE regional business tax	3	8
Employer contribution for handicapped workers	3	3
Withholding taxes	59	68
Stamp and registration duties	0	0
Other taxes	1	1
TOTAL	**206**	**208**

4.8. Personnel

(a) Employees

Average number of employees	At December 31, 2020	At December 31, 2019
Executives and higher intellectual professions	34	41
Intermediate professions	4	3
Office employees/workers	4	4
Workers	0	0
Seconded personnel	0	0
TOTAL	**42**	**48**

- Employees present at December 31, 2020: 41 employees of which 41 on permanent contracts.
- Employees present at December 31, 2019: 43 employees of which 42 on permanent contracts and on 1 on fixed term contract.

(b) Staff costs

In € thousand	December 31, 2020	December 31, 2019
Wages and salaries	3,396	3,683
Employee benefit expense	1,332	1,438
Other personnel expenses	85	149
TOTAL	**4,813**	**5,269**

(c) Remuneration paid to Management Board and Supervisory Board Members

In € thousand	December 31, 2020	December 31, 2019
Fixed compensation	542	584
Variable remuneration	217	286
Fringe benefits	22	13
ALL MANAGEMENT BOARD MEMBERS	**780**	**883**
Attendance fees	169	273
ALL SUPERVISORY BOARD MEMBERS	**169**	**273**
TOTAL	**949**	**1,156**

Free shares (Free ordinary shares fully vested)	December 31, 2020	December 31, 2019
Management Board Members	0	0
Supervisory Board Members	0	0

Free shares (Free convertible preferred shares fully vested)	December 31, 2020	December 31, 2019
Management Board Members	0	14,825
Supervisory Board Members	0	0

Stock options (Number of shares subscribed)	December 31, 2020	December 31, 2019
Management Board Members	0	0
Supervisory Board Members	0	0

Equity warrants (BSA) (Number of shares subscribed)	December 31, 2020	December 31, 2019
Management Board Members	0	0
Supervisory Board Members	26 750	6,250

(d) Employee benefits

Assumptions used for the valuation of pension benefits

	December 31, 2020	December 31, 2019
Discount rate	0.50%	0.70%
Salary increase rate	2%	2%
Social security charge rate	Supervisors 47%- Others 43%	47.00%
Employee turnover rate by age	Details below	Details below

Annual turnover	Supervisors	Managers	Office employees/ workers
-25 years	18.00%	21.35%	3.33%
25-29 years	18.00%	21.35%	3.33%
30-34 years	9.00%	10.64%	1.68%
35-39 years	9.00%	10.64%	1.68%
40-44 years	3.00%	3.57%	0.57%
45-49 years	3.00%	3.57%	0.57%
50-54 years	0.00%	0.00%	0.00%

Change in net commitments and reconciliation of the provision

In € thousand	December 31, 2020	December 31, 2019
Commitment at the beginning of period	**400**	**332**
Commitment at the end of period	**537**	**400**
Provision at the beginning of period	**400**	**332**
Charge for the period	137	68
Reversal of the period	0	0
Provision at the end of period	**537**	**400**

4.9. Depreciation, amortization & impairment of fixed assets

In € thousand	December 31, 2020	December 31, 2019
Intangible fixed assets	125	117
Property, plant and equipment	580	678
TOTAL FIXED ASSETS (A)	**705**	**795**
Employee commitments	137	67
Provisions for operating contingencies and losses	1,456	(4)
TOTAL PROVISIONS (B)	**1,593**	**63**
TOTAL NET CHARGES EXCLUDING CURRENT ASSETS (C=A+B)	**2,298**	**859**
Trade receivables and other current assets	0	0
TOTAL ASSETS (D)	**0**	**0**
EXCEPTIONAL AMORTIZATION (E=C+D)	**2,298**	**859**
Provisions for unrealized foreign exchange losses	222	(158)
Impairments of current account balances	0	0
Impairment of financial assets	(400)	(1,007)
TOTAL FINANCIAL ASSETS (F)	**(178)**	**(1,165)**
Exceptional amortization of fixed assets (G)	0	0
Impairment of fixed assets (H)	0	(7)
Accelerated tax depreciation or amortization of fixed assets (I)	0	0
Other provisions (J)	(247)	2,006
TOTAL EXCEPTIONAL ITEMS (K=G+H+I+J)	**(247)**	**1,998**

4.10. Net income/(loss) from financial items

In € thousand	December 31, 2020	December 31, 2019
Revenue from marketable securities and deposits	87	94
Interest on borrowings	(317)	(1,284)
Interest on repayable loans	(193)	(212)
Interest on current accounts	60	166
Dividends received	0	433
Translation adjustments	(234)	158
Penalties for early repayment	(600)	0
Impairment of financial assets/reversals	400	1,007
NET FINANCIAL INCOME/(EXPENSE)	**(797)**	**363**

4.11. Net exceptional items

In € thousand	December 31, 2020	December 31, 2019
Net income on disposals	(6)	(91)
Depreciation and provisions, net of reversals on tangible fixed assets	0	7
Amortization and provisions, net of reversals on intangible fixed assets	0	0
Provisions for contingencies and losses net reversals	247	(2,006)
Accelerated tax depreciation and amortization charges and reversals	0	0
Share of grant transferred to income	7	4
Misc.	0	(20)
NET EXCEPTIONAL ITEMS	**248**	**(2,105)**

4.12. Income tax

(a) Income tax charges

Effective tax rate

In € thousand	December 31, 2020	December 31, 2019
Net profit/(loss)	(14,564)	(27,992)
Income tax	(1,073)	(1,866)
Net loss before tax	(15,637)	(29,858)
EFFECTIVE TAX RATE	**0**	**0**

(b) Tax losses carried forward

	December 31, 2020	December 31, 2019
Losses carried forward at the beginning of the period	176,502	145,379
Losses generated during period	15,513	31,123
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	**192,015**	**176,502**

(c) Deferred tax assets and deferred tax liabilities

In € thousand	December 31, 2020	December 31, 2019
Deferred tax assets (investment grants and accelerated tax depreciation or amortization)	14	15
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)	**14**	**15**

4.13. Earnings per share

		December 31, 2020	December 31, 2019
Basic net loss *(in euros)*	(a)	(14,564,022.50)	(27,991,662.49)
Average number of shares outstanding	(b)	91,385,179.46	92,118,084.82
Total number of potential shares	(c)	100,073,299.00	109,999,049.00
Basic net earnings per share *(in euros)*	(a)/(b)	(0.16)	(0.30)

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, 2020	December 31, 2019
Equipment pledge	0	0
Pledges on non-consolidated investments[1]	0	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	2020	2019
Commitments given		
▪ Commitment on Wilmington/Valneva Austria GmbH loan[1]	46,190	0
▪ Financial returns on OSEO2 reimbursable loans[2]	1,454	1,209
▪ Equipment financing lease	13	23
▪ Comfort letter in favor of Valneva GmbH[3]	2,689	3,667
▪ Joint surety in favor of VGO Bureaux, lease signed for the premises of Valneva France[4]	236	236
▪ Comfort letter and guarantee for the benefit of Valneva Canada Inc. for a contract for vehicles	50	24
▪ Parent guarantee to Valneva Sweden AB[5]	7,927	0
▪ Parent guarantee to Valneva GmbH (Supply agreement with the UK government and clinical trial agreement)[6]	14,136	0
TOTAL COMMITMENTS GIVEN	**72,694**	**5,159**
COMMITMENTS RECEIVED	**0**	**0**
TOTAL COMMITMENTS RECEIVED	**0**	**0**

(1) Principal of the loan guaranteed by Valneva SE at December 31.2020.
(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 €1,551 thousand (See Note 3.12).
(3) On lease instalments payable until the end of the property lease in 2023.
(4) Representing 3 years of rent excluding taxes and charges.
(5) On lease instalments payable until the end of the property lease in 2030
(6) Corresponding to the amount received from the British government to finance the investments.

Contingent liabilities

The following disputes are classified as contingent liabilities as the probability of an outflow of resources is low.

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, from which the Company 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 in the second half of 2021. After consultation with its external advisors the Company 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 the Company'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 (today Groupe Grimaud La Corbière SAS) and companies of 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 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 €187 thousand for the 2020 financial year (€24 thousand are included in trade receivables at December 31, 2020).

2. A loan agreement, entering into effect as from October 1, 2020, was signed between Valneva SE (the borrower) and its subsidiary Valneva Austria GmbH. The amount of this loan, subject to interest at a rate of 3-months EURIBOR plus 1 percent, is limited to €25 million and must be paid back before September 30, 2025. The loan amount represents € 16.5 million at December 31, 2020 and €17 thousand for interest were invoiced in 2020.

   In October 2013, a loan agreement was executed between Valneva SE (the lender) and Valneva Austria GmbH for an initial amount of €30 million, remunerated at the 3-month EURIBOR rate plus 1%. The loan of €12 million at December 31, 2019 was fully repaid in 2020.

   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 2020 Valneva SE re-invoiced €2,779 thousand and Valneva Austria GmbH re-invoiced €4,962 thousand in 2020.

   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 €1,128 thousand at December 31, 2020).

   A patent license agreement between Valneva SE and Valneva Austria GmbH, effective as of January 1, 2020 generated an income of €1,850 thousand in 2020. (invoices paid at 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 €3.630 million (C$5.7 million), at December 31, 2020 and €42 thousand for interest was invoiced in 2020.

   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 €16 thousand for 2020.

   These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a debit balance for the net of €50 thousand at December 31, 2020).

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 €1,993 million (£1.8 million) at December 31, 2020 and €22 thousand for interest were invoiced in 2020.

   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 €1,717 thousand for 2020.

   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 €195 thousand at December 31, 2020).

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 €9 thousand and an expense of €361 thousand for Valneva SE for 2020.

   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 €148 thousand at December 31, 2020).

6. A loan agreement, entering into effect as from October 1, 2020 was signed between Valneva SE and its subsidiary Valneva Sweden. The amount of this loan, subject to interest at a rate of 3-month STIBOR plus 1 percent, is limited to SEK 200 million and must be paid back before October 31, 2025. The loan amount represents €4,972 thousand (SEK 50 million) at December 31, 2020 and €6 thousand for interest were invoiced in 2020.

   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 €260 thousand for 2020. 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 €36 thousand for Valneva SE for 2020.

   These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a debit balance for the net of €22 thousand at December 31, 2020).

7. A loan agreement, entering into effect as from April 1, 2020 was signed between Valneva SE and its subsidiary Valneva France. The amount of this loan, subject to interest at a rate of 3-month EURIBOR plus 1 percent, is limited to € 3 million and must be paid back before January 31, 2025. The loan amount represents €1,250 thousand at December 31, 2020 and €6 thousand for interest were invoiced in 2020.

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 €117 thousand for 2020 and an expense of €57 thousand for Valneva SE for 2020.

These invoices were recognized in the current account which are settled by a payment at the beginning of each quarter (with a debit balance for the net of €39 thousand at December 31, 2020).

In € thousand	December 31, 2020	December 31, 2019
FINANCIAL ASSETS		
Equity investments[1]	166,690	166,689
Loans		
RECEIVABLES		
Other receivables	13,985	23,500
PAYABLES		
Trade payables and related accounts		
Other financial liabilities	19,999	14,362
OPERATING EXPENSES		
Revenues	3,180	2,439
Other income	1,850	
Financial income	77	166
OPERATING EXPENSES		
Other purchases and external expenses	7,134	20,572
FINANCIAL EXPENSE		
Interest and similar expenses	17	0

(1) See Note 3.3.

(c) Valneva SE's share capital after the exercise of different dilutive instruments at December 31, 2020

Valneva SE shareholding structure before exercise or final grant of the dilutive instruments

At December 31, 2020 (to the Company's knowledge)

		Shares held [1]		
SHAREHOLDERS		Ordinary shares	Convertible preferred shares	%
Groupe Grimaud La Corbière SA [2]		**13,704,830**	**0**	**15.07**
Bpifrance Participations SA		**7,456,785**	**0**	**8.20**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**0**	**8.74**
Management Board members	**Total Management Board members**	636,674	**15,418**	**0.72**
	Mr. Franck Grimaud	485,889	5,668	0.54
	Mr. Thomas Lingelbach	139,983	8,008	0.16
	Mr. Frédéric Jacotot	10,802	1,742	0.01
	Mr. Juan Carlos Jaramillo	0	0	0.00
Employees (non-corporate officers)		106,374	**5,096**	**0.12**
Other shareholders (private individuals)		**1,182,589**	**0**	**1.30**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[2]		731,448	0	0.80
Including independant members of the Supervisory Board	Mr. James Sulat	24,117	0	0.03
	Ms. Anne-Marie Graffin	8,000	0	0.01
Other floating capital		**59,912,179**	**0**	**65.86**
SUBTOTAL BY CATEGORY		**90,950,048**	**20,514**	**100**
TOTAL			**90,970,562**	**100**

(1) Percentages in this table are calculated in reference to a share capital of 90,970,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 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, 2020 (to the Company's knowledge)

		Dilutive instruments – Number of ordinary shares to be issued[1]			
SHAREHOLDERS		Stock-options	Equity warrants (BSA)	Free ordinary shares	Convertible preferred shares
Groupe Grimaud La Corbière SA[2]		**0**	**0**	**0**	**0**
Bpifrance Participations SA		**0**	**0**	**0**	**0**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**0**	**0**	**0**	**0**
Management Board members	**Total Management Board members**	**330,921**	**0**	**856,807**	**923,676**
	Mr. Franck Grimaud	109,962	0	262,570	288,362
	Mr. Thomas Lingelbach	209,962	0	331,667	346,952
	Mr. Frédéric Jacotot	10,997	0	262,570	288,362
	Mr. Juan Carlos Jaramillo	0	0	0	0
Employees (non-corporate officers)		**4,644,910**	**0**	**1,072,570**	**897,016**
Other shareholders (private individuals)		**0**	**43,750**	**98,471**	**255,130**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[2]		0	12,500	0	0
Including independant members of the Supervisory Board	Mr. James Sulat	0	6,250	0	0
	Ms. Anne-Marie Graffin		6,250	0	0
Other floating capital		**0**	**0**	**0**	**0**
SUBTOTAL BY CATEGORY		**4,975,831**	**43,750**	**2,027,848**	**2,075,822**
TOTAL			**9,123,251**		

(1) Ratios of conversion with respect to the different dilutive instruments are set as follows:

- *Stock-options: 1 stock option issued pursuant to plan 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 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, 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**	**13.69**
Bpifrance Participations SA		**7,456,785**	**7.45**
Fonds MVM (MVM IV LP & MVM GP (No. 4) Scottish LP)		**7,950,617**	**7.94**
Management Board members	**Total Management Board members**	**2,748,078**	**2.75**
	Mr. Franck Grimaud	1,146,783	1.15
	Mr. Thomas Lingelbach	1,030,440	1.03
	Mr. Frédéric Jacotot	572,731	0.57
	Mr. Juan Carlos Jaramillo	0	0.00
Employees (non-corporate officers)		**6,720,870**	**6.72**
Other shareholders (private individuals)		**1,579,940**	**1.58**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[1]		752,948	0.74
Including independant members of the Supervisory Board	Mr. James Sulat	30,367	0.01
	Ms. Anne-Marie Graffin	14,250	0.01
Other floating capital		**59,912,179**	**59,87**
TOTAL		**100,073,299**	**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	Ownership interest[2]	Gross value of securities	Loans, advances[4]	Net sales[6]
	Shareholders' equity[1]	Dividends[3]	Net value of securities	Guarantees[5]	Profit or loss[7]
Valneva Austria GmbH[8]	€10,070,000	100.00%	€147,876,224	€0	€82,473,512
	€256,343,827	€0	€147,876,224	€0	-€29,496,475
Vaccines Holdings Sweden AB[8]	SEK 50,000	100.00%	€9,813,136	€0	SEK 0
	SEK 210,404,886	€0	€9,813,136	€0	-SEK 87,872
Valneva Canada Inc.[8]	CAD 1,000	100.00%	€731	€3,630,342	CAD 13,303,457
	CAD 3,967,716	€0	€731	€0	CAD 260,247
Valneva Scotland Ltd.[8]	GBP 100	100.00%	€136	€1,993,201	GBP 1,605,292
	GBP 778,137	€0	€136	€0	GBP 115,212
Valneva France SAS[8]	€1,000	100.00%	€1,000	€1,250,000	€733,773
	€3,362	€0	€1,000	€0	-€108,146

Non-consolidated investments (less than 50 percent)

Name	Share capital	Ownership interest[2]	Gross value of securities	Loans, advances[4]	Net sales[6]
	Shareholders' equity[1]	Dividends[3]	Net value of securities	Guarantees[5]	Profit or loss[7]
BliNK Biomedical SAS	€2,192,459	48.90%	€8,998,528	€0	€286,358
	€2,434,479	€0	€2,129,508	€0	-€272,116

(1) Equity = equity other than earnings and share capital.
(2) Ownership interest = percentage held by Valneva at 12/31/2020.
(3) Dividends = dividends received by Valneva in 2020.
(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) 2020 IFRS data.

(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, 2020, borrowings totaled €4,308 thousand at 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

No significant events have occurred since the end of the fiscal year.

4.2.6. Statutory auditor's report on the financial statements

For the purposes of this URD, the parent entity financial statements for the year ended December 31, 2020 are shown with a different tree structure from that of the financial statements attached to the Statutory Auditors' report. For this reason, and for a proper understanding of the report presented below, the reader is invited to consult the following cross-reference table:

SECTION REFERRED TO IN THE STATUTORY AUDITORS' REPORT	Corresponding section in the URD
5 (a)	4.2.5 (a)

(For the year ended December 31, 2020)

To the Annual General Meeting of Valneva SE

VALNEVA SE
6 rue Alain Bombard
44800 Saint-Herblain

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, 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, 2020.

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, 2020 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 requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from January 1, 2020 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.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 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
Contingencies and Provisions for risks *(Notes 3.13 "Provisions for contingencies and losses" and 5(a) "Other information - Commitments and contingencies liabilities" to the financial statements).* Valneva SE is involved in two litigations. **a)** In July 2016, the Company received an additional request for payment, accompanied by a threat of legal action, 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 claim for an additional payment pursuant to this disposal. The Company's management, after consultation with its external advisors, believes that this claim has no substance and the filed litigation is very unlikely to succeed in court. The Company's management considered this litigation as a contingent liability considering the probability of an outflow of resources is low. **b)** Former shareholders of Intercell, an entity that merged with Valneva SE, have 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. A provision was recorded in the amount of €1.9 million as at December 31, 2020. Given the uncertainties surrounding the outcomes of these litigations, we have considered the accounting treatment in the financial statements to be a key audit matter.	We gained an understanding of processes implemented by Management identify risks linked to a legal proceeding or a commercial /regulatory litigation. We assessed the reasonableness of the estimate of the costs related to these risks by : ▪ reviewing the risk assessments performed by the Company's Management and in-house legal counsel; ▪ obtaining and analyzing the memorandums and responses from the Company's external legal advisors to our confirmation requests. Finally, we have assessed that notes disclosures 3.13 "Provisions for contingencies and losses" and 5(a) "Other information - Commitments and contingencies liabilities" to the financial statements provided appropriate information.

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 and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the members of the Executive Board and of the Supervisory Board 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 takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, 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 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

Format of the presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code *(Code monétaire et financier)*.

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, 2020, PricewaterhouseCoopers Audit and Deloitte & Associés were in the 9th year and 14th year of total uninterrupted engagement, which are the 8th 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 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 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 23, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

French original signed by
Cédric Mazille

Deloitte & Associés

French original signed by
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, 2020 is presented in the Section "Structure of the Company's share capital at December 31, 2020" of this URD(1).

By way of comparison, 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.

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 17, 2020 authorized the implementation of a share buyback program for a period of 18 months (resolution No. 14).

Therefore, during the fiscal year 2020, 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. 22-10-62 of the French Commercial Code and in the context of implementing this liquidity agreement, Valneva SE purchased 919,318 ordinary shares and sold 964,318 ordinary shares of the Company, at a weighted average purchase price of €4.5824 per share (€3.06 in 2019) and a weighted average sale price of €4.59 per share (€3.07 in 2019).

Valneva SE did not pay any transaction fees.

At December 31, 2020, the Company held 22,000 Valneva SE ordinary shares pursuant to its liquidity agreement (or 0.02% of the share capital(3), compared to 0.07% at December 31, 2019) , whose value in reference to the closing price on December 31, 2020 was €170,500 (€3,300 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, 2020, the Company held 124,332 own ordinary shares with a par value of €0.15 per share. 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.

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.

(1) See Section 27.1.
(2) See Section 2.7.8.2
(3) Rate calculated in reference to a total share capital of 90,970,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20 514 convertible preferred shares (XFCS00X0I9M1), also with a par value of €0.15 each.
(4) The par value of one Valneva SE ordinary share amounting to €0,15.

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[1]).

(d) Repurchase of preferred shares related to the *Pseudomonas* project

In accordance with the Company's Articles of Association in force between May 2013 and May 2020[2], and as announced in the Press Releases published on June 2, 2016, Mai 29, 2020 and June 11, 2020[3], the Valneva SE preferred shares (ISIN FR0011472943) which were issued in the 2013 merger with Intercell AG[4] have been 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 within their seven-year term (which would have led to conversion into Valneva SE ordinary shares at the end of this term).

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].

(c) Equity warrants (BSA)

For a description of the equity warrant plans issued by the Company's Management Board on July 28, 2015 and December 15, 2017, please refer to Section 2.6.2.2 (b) of this URD.

(1) These preferred shares having however been repurchased and cancelled: see Section 5.1.3 (d) of this URD.
(2) Article 13.3, subsections 3 to 5.
(3) https://valneva.com/media/press-releases/
(4) See the previous paragraph, entitled "Terms of consideration for the merger, as defined in the Merger Agreement".
(5) See Section 2.6.2.1 (c).
(6) *Idem.*

(d) 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, 2020 (to the Company's knowledge)

		Shares held (*)		
SHAREHOLDERS		Ordinary shares	Convertible preferred shares	%
Groupe Grimaud La Corbière SA (**)		**13,704,830**	**0**	**15.07**
Bpifrance Participations SA		**7,456,785**	**0**	**8.20**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**0**	**8.74**
Management Board members	**Total Management Board members**	**636,674**	**15,418**	**0.72**
	Mr. Franck Grimaud	485,889	5,668	0.54
	Mr. Thomas Lingelbach	139,983	8,008	0.16
	Mr. Frédéric Jacotot	10,802	1,742	0.01
	Mr. Juan Carlos Jaramillo	0	0	0
Employees (non-corporate officers)		**106,374**	**5,096**	**0.12**
Other shareholders (private individuals)		**1,182,589**	**0**	**1.30**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		731,448	0	0.80
Including independent members of the Supervisory Board	Mr. James Sulat	24,117	0	0.03
	Ms. Anne-Marie Graffin	8,000	0	0.01
Other floating capital		**59,912,179**	**0**	**65.86**
SUBTOTAL BY CATEGORY		**90,950,048**	**20,514**	**100**
TOTAL			**90,970,562**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 90,970,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, (b) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.

*(**) The **Groupe Familial Grimaud** is composed of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.*

At March 31, 2021 (to the Company's knowledge)

SHAREHOLDERS		Shares held (*) Ordinary shares	Convertible preferred shares	%
Groupe Grimaud La Corbière SAS (**)		**13,704,830**	**0**	**14.93**
Bpifrance Participations SA		**7,456,785**	**0**	**8.13**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**0**	**8.66**
Management Board members	**Total Management Board members**	**636,674**	**15,418**	**0.71**
	Mr. Franck Grimaud	485,889	5,668	0.54
	Mr. Thomas Lingelbach	139,983	8,008	0.16
	Mr. Frédéric Jacotot	10,802	1,742	0.01
	Mr. Juan Carlos Jaramillo	0	0	0
Employees (non-corporate officers)		**106,387**	**5,096**	**0.12**
Other shareholders (private individuals)		**1,151,770**	**0**	**1.26**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		731,448	0	0.80
Including independent members of the Supervisory Board	Mr. James Sulat	24,117	0	0.03
	Ms. Anne-Marie Graffin	8,000	0	0.01
Other floating capital		**60,736,185**	**0**	**66.19**
SUBTOTAL BY CATEGORY		**91,743,248**	**20,514**	**100**
TOTAL			**91,763,762**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 91,763,762 Valneva SE shares, divided into (a) 91,743,248 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20,514 convertible preferred shares (XFCS00X0I9M1), also with a par value of €0.15 each.

*(**) The **Groupe Familial Grimaud** is composed of the company Groupe Grimaud La Corbière SAS, the private shareholders of the Grimaud family and the company Financière Grand Champ SAS.*

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Number of ordinary shares to be issued after exercise or final grant, and, if applicable, conversion, of the dilutive instruments

At December 31, 2020 (to the Company's knowledge)

		Dilutive instruments Number of ordinary shares to be issued(*)			
SHAREHOLDERS		Stock options	Equity warrants (BSA)	Free ordinary shares	Free Convertible Preferred Shares
Groupe Grimaud La Corbière SA(**)		**0**	**0**	**0**	**0**
Bpifrance Participations SA		**0**	**0**	**0**	**0**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**0**	**0**	**0**	**0**
Management Board members	**Total Management Board members**	**330,921**	**0**	**856,807**	**923,676**
	Mr. Franck Grimaud	109,962	0	262,570	288,362
	Mr. Thomas Lingelbach	209,962	0	331,667	346,952
	Mr. Frédéric Jacotot	10,997	0	262,570	288,362
	Mr. Juan Carlos Jaramillo	0	0	0	0
Employees (non-corporate officers)		**4,644,910**	**0**	**1,072,570**	**897,016**
Other shareholders (private individuals)		**0**	**43,750**	**98,471**	**255,130**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		0	12,500	0	0
Including independent members of the Supervisory Board	Mr. James Sulat	0	6,250	0	0
	Ms. Anne-Marie Graffin	0	6,250	0	0
Other floating capital		**0**	**0**	**0**	**0**
SUBTOTAL BY CATEGORY		**4,975,831**	**43,750**	**2,027,848**	**2,075,822**
TOTAL			**9,123,251**		

(*) Ratios of conversion with respect to the different dilutive instruments are set as follows:

- *Stock-options: 1 stock option issued pursuant to plan 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 27: 1 BSA entitles to 1 ordinary share 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 composed of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS.*

At March 31, 2021 (to the Company's knowledge)

SHAREHOLDERS		Dilutive instruments Number of ordinary shares to be issued(*) Stock options	Equity warrants (BSA)	Free ordinary shares	Convertible preferred shares
Groupe Grimaud La Corbière SAS(**)		**0**	**0**	**0**	**0**
Bpifrance Participations SA		**0**	**0**	**0**	**0**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**0**	**0**	**0**	**0**
Management Board members	**Total Management Board members**	**330,921**	**0**	**856,807**	**923,676**
	Mr. Franck Grimaud	109,962	0	262,570	288,362
	Mr. Thomas Lingelbach	209,962	0	331,667	346,952
	Mr. Frédéric Jacotot	10,997	0	262,570	288,362
	Mr. Juan Carlos Jaramillo	0	0	0	0
Employees (non-corporate officers)		**3,762,516**	**0**	**982,570**	**608,654**
Other shareholders (private individuals)		**0**	**40,625**	**175,597**	**480,376**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		0	12,500	0	0
Including independent members of the Supervisory Board	Mr. James Sulat	0	6,250	0	0
	Ms. Anne-Marie Graffin	0	6,250	0	0
Other floating capital					
SUBTOTAL BY CATEGORY		**4,093,437**	**40,625**	**2,014,974**	**2,012,706**
TOTAL			**8,161,742**		

(*) Ratios of conversion with respect to the different dilutive instruments are set as follows:

- *Stock-options: 1 stock option issued pursuant to plan 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 27: 1 BSA entitles to 1 ordinary share 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 composed of the Company Groupe Grimaud La Corbière SAS, 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, 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**	**13.69**
Bpifrance Participations SA		**7,456,785**	**7.45**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**7.94**
Management Board members	**Total Management Board members**	**2,748,078**	**2.75**
	Mr. Franck Grimaud	1,146,783	1.15
	Mr. Thomas Lingelbach	1,028,564	1.03
	Mr. Frédéric Jacotot	572,731	0.57
	Mr. Juan Carlos Jaramillo	0	0
Employees (non-corporate officers)		**6,720,870**	**6.72**
Other shareholders (private individuals)		**1,579,940**	**1.58**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[1]		743,948	0.74
Including independent members of the Supervisory Board	Mr. James Sulat	30,367	0.03
	Ms. Anne-Marie Graffin	14,250	0.01
Other floating capital		**59,912,179**	**59,87**
TOTAL		**100,073,299**	**100**

*(1) The **Groupe Familial Grimaud** is composed of the company Groupe Grimaud La Corbière SA, the private shareholders of the Grimaud family and the Company Financière Grand Champ SAS.*

At March 31, 2021 (to the Company's knowledge)

SHAREHOLDERS		Ordinary shares after exercise or final grant of all dilutive instruments	%
Groupe Grimaud La Corbière SAS[1]		**13,704,830**	**13.72**
Bpifrance Participations SA		**7,456,785**	**7.46**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**7.96**
Management Board members	**Total Management Board members**	**2,748,078**	**2.75**
	Mr. Franck Grimaud	1,146,783	1.15
	Mr. Thomas Lingelbach	1,028,564	1.03
	Mr. Frédéric Jacotot	572,731	0.57
	Mr. Juan Carlos Jaramillo	0	0
Employees (non-corporate officers)		**5,460,127**	**5.47**
Other shareholders (private individuals)		**1,848,368**	**1.85**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS[1]		743,948	0.74
Including independent members of the Supervisory Board	Mr. James Sulat	30,367	0.03
	Ms. Anne-Marie Graffin	14,250	0.01
Other floating capital		**60,736,185**	**60,79**
TOTAL		**99,904,990**	**100**

*(1) The **Groupe Familial Grimaud** is composed of the company Groupe Grimaud La Corbière SAS, 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
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 €468.75 in par value and €7,575 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 €468.75 in par value and €7,575 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 ▪ 20,514 convertible preferred shares with a nominal value of €0.15 each	**€13,819,938.99**
05/15/2020	**Capital increase by way of cash contribution completed on May 12, 2020** ▪ **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 €468.75 in par value and €7,575 as issue premium)	**92,136,052 Valneva SE shares** Including: ▪ 90,926,423 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 nominal value of €0.15 each	**€13,820,407.74**
05/29/2020	**Capital decrease by way of cancelation of prefered shares on May 29, 2020** ▪ **Cancellation of 17,836,19 prefered shares Valneva SE ordinary shares** with a par value of €0.01 each ▪ **Par value of the share capital decrease: €178,367.19**	**90,946,937 Valneva SE shares** Including: ▪ 90,926,423 ordinary shares with a par value of €0.15 each ▪ 20,514 convertible preferred shares with a nominal value of €0.15 each	**€13,642,040.55**

(1) See Sections 2.7.8.1 and 2.7.8.3.

DATE	Nature of the share capital change	Shares composing the share capital	Share capital after the capital change
07/29/2020	**Capital increase by way of cash contribution completed on July 27, 2020** ■ **Issuance of 4,875 Valneva SE ordinary shares** with a par value of €0.15 each ■ **Total amount paid to the Company: €19,110** (including €731.25 in par value and €18,378.75 as issue premium)	**90,951,812 Valneva SE shares** Including: ■ 90,931,298 ordinary shares with a par value of €0.15 each ■ 20,514 convertible preferred shares with a nominal value of €0.15 each	**€13,642,771.80**
08/31/2020	**Capital increase by way of cash contribution completed on August 25, 2020** ■ **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 €468.75 in par value and €7,575 as issue premium)	**90,954,937 Valneva SE shares** Including: ■ 90,934,423 ordinary shares with a par value of €0.15 each ■ 20,514 convertible preferred shares with a nominal value of €0.15 each	**€13,643,240.55**
12/01/2020	**Capital increase by way of cash contribution completed on November 26, 2020** ■ **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 €468.75 in par value and €7,575 as issue premium)	**90,958,062 Valneva SE shares** Including: ■ 90,937,548 ordinary shares with a par value of €0.15 each ■ 20,514 convertible preferred shares with a nominal value of €0.15 each	**€13,643,709.30**
12/10/2020	**Capital increase by way of cash contribution completed on December 4, 7 and 9, 2020** ■ **Issuance of 12,500 Valneva SE ordinary shares** with a par value of €0.15 each ■ **Total amount paid to the Company: €32,175** (including €1,875 in par value and €30,300 as issue premium)	**90,970,562 Valneva SE shares** Including: ■ 90,950,048 ordinary shares with a par value of €0.15 each ■ 20,514 convertible preferred shares with a nominal value of €0.15 each	**€13,645,584.30**
01/27/2021	**Capital increase by way of cash contribution pursuant to the exercise of equity warrants (on January 22, 2021) and stock options (between January 18 and 25, 2021)**: ■ **Issuance of 793,200 Valneva SE ordinary shares** with a par value of €0.15 each ■ **Total amount paid to the Company: €2,208,930.50** (including € 118,980 in par value and €2,089,950.50 as issue premium)	**91,763,762 Valneva SE shares** Including: ■ 91,743,248 ordinary shares with a par value of €0.15 each ■ 20,514 convertible preferred shares with a nominal value of €0.15 each	**€13,764,564.30**

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 SAS	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.		3.58
		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			(5.88)
		7,389,162	06/30/2015			8.05
		167,513	08/17/2015			0.18
		640,046	09/08/2015			0.70
		1,178,279	10/08/2015			1.28
		(1,155,822) (Release of pledged shares)	12/15/2015			(1.26)
		983,276	02/11/2016			1.07
		2,902,376	06/23/2016			3.16
		1,600,000	10/01/2018			1.74
		(4,500,000) (Release of pledged shares)	02/01/2019			(4.90)
SUBTOTAL		**9,204,830**				**10.03**
Groupe Grimaud La Corbière SAS	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.		4.90
SUBTOTAL		**4,500,000**				**4.90**
TOTAL		**13,704,830**				**14.93**

(1) This rate is calculated in reference to a share capital totalling 91,763,762 Valneva SE shares, divided into (a) 91,743,248 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20,514 convertible preferred shares (XFCS00X0I9M1), also 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 2020.

5.2. Main shareholders

5.2.1. Shareholding structure

Company's shareholding structure – Voting rights at March 31, 2021

(End of business day, to the Company's knowledge)

		Shares held (*)				
SHAREHOLDERS		Ordinary shares	Convertible preferred shares	%	Theoretical voting rights	%
Groupe Grimaud La Corbière SAS (**)		**13,704,830**	**0**	**14.93**	**27,409,660**	**22.58**
Bpifrance Participations SA		**7,456,785**	**0**	**8.13**	**14,913,570**	**12.28**
Fonds MVM (MVM IV LP & MVM GP (No.4) Scottish LP)		**7,950,617**	**0**	**8.66**	**14,843,382**	**12.23**
Management Board members	**Total Management Board members**	**636,674**	**15,418**	**0.71**	**1,129,843**	**0.93**
	Mr. Franck Grimaud	485,889	5,668	0.54	968,478	0.80
	Mr. Thomas Lingelbach	139,983	8,008	0.16	145,761	0.12
	Mr. Frédéric Jacotot	10,802	1,742	0.01	15,604	0.01
	Mr. Juan Carlos Jaramillo	0	0	0.00	0	0.00
Employees (non-corporate officers)		**106,387**	**5,096**	**0.12**	**190,698**	**0.16**
Other shareholders (private individuals)		**1,151,770**	**0**	**1.26**	**2,177,529**	**1.79**
Including members of the Grimaud family (including Mr. Frédéric Grimaud, Chairman of the Supervisory Board) and Financière Grand Champ SAS(**)		731,448	0	0.80	1,420,349	1.17
Including independant members of the Supervisory Board	Mr. James Sulat	24,117	0	0.03	41,984	0.03
	Mr. Alexander von Gabain	8,000	0	0.01	8,000	0.01
Other floating capital		**60,736,185**	**0**	**66.19**	**60,736,185**	**50.03**
SUBTOTAL BY CATEGORY		**91,743,248**	**20,514**	**100**	**121,400,867**	**100**
TOTAL		**91,763,762**		**100**	**121,400,867**	**100**

(*) Percentages in this table are calculated in reference to a share capital of 91,763,762 Valneva SE shares, divided into (a) 91,743,248 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 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 SAS, 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 March 31, 2021 amounts to 29,657,619, or 32.32% 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 59,315,238, or 48.86% of the total voting rights(2).

Note: A description of Valneva SE's share capital and shareholding structure at December 31, 2020 is also presented in the Section "Structure of the Company's share capital at December 31, 2020" of this URD(3).

(1) This rate is calculated in reference to a share capital totaling 91,763,762 Valneva SE shares, divided into (a) 91,743,2488 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (c) 20,514 convertible preferred shares (XFCS00X0I9M1), with a par value of €0.15 each.
(2) This rate is calculated in reference to 121,159,241 voting rights (theoretical) at February 28, 2021.
(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 of the same title in the Report by the Supervisory Board on the Corporate Governance for the fiscal year 2020, included in this URD(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, 2020" 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 (in the meaning of Article L. 233-3 of the French Commercial Code) or hold an interest equal or above the blocking minority (33 1/3% of the total voting rights of the Company).

5.2.6. Agreements or elements likely to result in a change of control of the Company; 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 of the same title in the Report by the Supervisory Board on the Corporate Governance for the fiscal year 2020, included in 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 of the same title in the Report by the Supervisory Board on the Corporate Governance for the fiscal year 2020, included in 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).

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 Convertible Preferred Shares

1. Rights attaching 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 converting Convertible 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;
- 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 Convertible 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 nominal 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 Convertible 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

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 Convertible Preferred Shares are in circulation, it has taken the necessary measures to preserve the rights of the holders of the Convertible 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 Convertible Preferred Shares shall consequently be reduced, as if the holders of the Convertible Preferred Shares had converted their Convertible 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 Convertible Preferred Shares, the maintenance of rights of holders of the Convertible 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 Convertible 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 Convertible 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 bonus 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 Convertible 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 Convertible 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.

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 nominal 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) Calling 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.

During the liquidation period, the Meetings shall be convened by the liquidator(s).

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 General 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) Holding of General Meetings – Bureau – 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.

(j) Right of notification of the Shareholders (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 of the Company; 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 2020[2].

(1) See Section 1.2.2 (c).
(2) See Note 15, in Section 4.1.5 of this URD.

5.6. Regulated agreements

5.6.1. List of regulated agreements

Regulated agreements authorized by the Company's Supervisory Board in 2020[1]

Termination Agreements executed between Mr. Wolfgang Bender and Valneva SE

Authorized by the Supervisory Board on August 5, 2020

Purpose of the agreement	This agreement, concluded in preparation for the retirement of Mr. Wolfgang Bender, terminates the Management Agreement between Mr. Bender and Valneva SE, which came into force at the end of the Combined General Meeting of June 27, 2019, and sets the date (October 31, 2020) and conditions of such termination.

Income and/or charges recognized in the fiscal year: (59,688)

Encashments and/or payments: 0

Relationship between the price of the agreement and the Company's last annual profit: n.a.[2]

The agreement described above was entered into following the appointment of Mr. Juan Carlos Jaramillo to the Management Board by decision of the Supervisory Board on June 17, 2020, and is in the best interest of the Company as it allowed for a smooth transition between Mr. Bender and Mr. Jaramillo as CMO.

Amendments 1 and 2 to the Collaboration and Research License Agreement & Amendment 2 to the Premises and Equipment Provision Agreement, executed with Vital Meat SAS

Initial agreements entered into with the company Groupe Grimaud La Corbière SA (now a French SAS), then transferred to Vital Meat SAS (see "Regulated agreements which remained in force during the fiscal year 2020" below)

Groupe Grimaud La Corbière SAS is a shareholder holding more than 10% of the Company's voting rights. Mr. Frédéric Grimaud is President & Chief Executive Officer of Groupe Grimaud La Corbière and Chairman of the Supervisory Board of Valneva SE. Groupe Grimaud La Corbière, legal entity represented by its President & Chief Executive Officer Mr. Frédéric Grimaud, is the President of its subsidiary Vital Meat SA.

Amendments authorized by the Supervisory Board on September 22, 2020 and December 9, 2020 (with respect to the Collaboration and Research License Agreement), and by the Supervisory Board of February 25, 2020 (with respect to the Premises and Equipment Provision Agreement)

Purpose of the agreement	The aforementioned amendments were executed, depending on the case, for the purpose of extending the term of the Collaboration and Research License Agreement (***CCLR***) - at first, until December 31, 2020, and then until March 31, 2021, and for the purpose of extending the surface area of the premises leased by Valneva SE to Vital Meat SAS under the Premises and Equipment Provision Agreement (***CMAD***). These amendments are in the best interest of the Company because they enhance the benefits described for Valneva SE under the initial agreements (see "Regulated agreements which remained in force during the fiscal year 2020").

Income and/or charges recognized the fiscal year with respect to the amendments 1 and 2 to the CCLR: 30,500

Incashments and/or payments with respect to the amendments 1 and 2 to the CCLR: 24,500

Relationship between the price of the agreement and the Company's last annual profit: n.a.

Income and/or charges recognized the fiscal year with respect to the amendment 2 to the CMAD: 49,192.64

Encashments and/or payments with respect to the amendment 2 to the CMAD: 36,271.68

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) No profit recorded for the Company.

Regulated agreements which remained in force during the fiscal year 2020

Management Agreement executed between Mr. Franck Grimaud and the company Valneva SE

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(1).

Income and/or charges recognized the fiscal year: (552,266.18)

Encashments and/or payments: (550,183.95)

Relationship between the price of the agreement and the Company's last annual profit: n.a.

Management Agreements executed between Mr. Wolfgang Bender and the company Valneva SE

Management Agreement 2019-2022 authorized by the Supervisory Board on June 28, 2018
Agreement terminated with effect at the close of business on October 31, 2020 — see above "Regulated agreements authorized by the Company's Supervisory Board in 2020"

Purpose of the agreement	The Management Agreement 2019-2022 specified the compensation and benefits to be received by Mr. Wolfgang Bender in his capacity as a Management Board member and CMO 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 included 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 Mr. Bender.

Income and/or charges recognized the fiscal year: (95,858.39)

Encashments and/or payments: (153,715.89)

Relationship between the price of the agreement and the Company's last annual profit: n.a.

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 General Counsel 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 the fiscal year: (427,922.47)

Encashments and/or payments: (371,994.07)

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.

(1) For further details on these commitments, please refer to Section 2.6.2.1 (d) of this URD.

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.

Collaboration and Research License Agreement & Premises and Equipment Provision Agreement

Initial agreements entered into with the company Groupe Grimaud La Corbière SA (now a French SAS), then transferred to Vital Meat SAS

Groupe Grimaud La Corbière SAS is a shareholder holding more than 10% of the Company's voting rights. Mr. Frédéric Grimaud is President & Chief Executive Officer of Groupe Grimaud La Corbière and Chairman of the Supervisory Board of Valneva SE. Groupe Grimaud La Corbière, legal entity represented by its President & Chief Executive Officer Mr. Frédéric Grimaud, is the President of its subsidiary Vital Meat SA.

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 CCLR and CMAD 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 re-employment opportunity for an employee whose job was cut upon R&D reorganization.
Income and/or charges recognized the fiscal year concerning the CCLR: 79,800	
Encashments and/or payments concerning the CCLR: 99,900	
Relationship between the price of the agreement and the Company's last annual profit: n.a.	
Income and/or charges recognized the fiscal year concerning the CMAD: 27,151.15	
Encashments and/or payments concerning the CMAD: 32,460.51	
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

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2020

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English-speaking readers. This report on regulated agreements and commitments 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.

To the Shareholders,

In our capacity as Statutory Auditors of Valneva SE (or the "Company"), we hereby report to you on regulated agreements and commitments.

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.

5

Agreements to be submitted for the approval of the Annual General Meeting

Agreements authorized and concluded during the year

In accordance with article L. 225-88 of the French Commercial Code, we have been informed of the following agreements and commitments previously authorized by the Supervisory Board.

Termination Agreements executed between Mr. Wolfgang Bender and Valneva SE

- **Contracting Company:** Valneva SE
- **Person concerned:** M. Wolfgang Bender, Chief Medical Officer (CMO) and member of the Management Board of the Company (until October 31, 2020)
- **Nature et purpose:** The Termination Agreement, authorized by the Supervisory Board on August 5, 2020, concluded in preparation for the retirement of Mr. Wolfgang Bender, terminates the Management Agreement between Mr. Bender and Valneva SE, which came into force at the end of the Combined General Meeting of June 27, 2019, and sets the date (October 31, 2020) and terms of such termination.
- **Terms and conditions:** the expense recognized by your Company in 2020 in relation to this agreement amounts to €59,688 and the amount paid to €0.
- **Reason justifying that the agreement is in the Company's interest:** this agreement ensure a smooth transition between M. Bender et M. Jaramillo as Chief Medical Officer (CMO).

Amendments 1 et 2 to the Collaboration and Research Licence Agreement and Amendment 2 to the Premises and Equipment Provision Agreement, concluded with Vital Meat SAS

- **Contracting Company:** Valneva SE
- **Person concerned:** Frédéric Grimaud, Chairman of the Supervisory Board and President & Chief Executive Officer of Groupe Grimaud La Corbière SAS, shareholder with more than 10% of the Company's voting rights. Groupe Grimaud La Corbière, legal entity represented by its President & Chief Executive Officer, M. Frédéric Grimaud, is the President of its subsidiary Vital Meat SAS.
- **Nature and purpose:** The amendments 1 and 2, authorized by the Supervisory Board on September 22, 2020 and December 9, 2020, were executed for the purpose of extending the term of the Collaboration and Research Licence Agreement (CCLR), at first, until December 31, 2020 and then until March 31, 2021. The Amendment 2, authorized by the Supervisory Board on February 25, 2020, has been executed for the purpose of extending the surface area of the premises leased by Valneva SE to Vital Meat SAS under the Premises and Equipment Provision Agreement (CMAD).
- **Terms and conditions:** the revenue recorded for the 2020 financial year by your company, under this amendment 1 and 2 to the agreement for the Collaboration and Research License Agreement (CCLR), amounted to €30,500 and the amount received to €24,500. The revenue recorded for the year 2020 by your company, under this amendment 2 to the agreement for the Contract for the Provision of Premises and Equipment (CMAD), amounted to €49,192.64 and the amount received to €36,271.68.

- **Reasons justifying the company's interest:** These amendments are in the best interest of the Company because they enhance the benefits described for Valneva SE under the initials agreements which remained in force during the fiscal year 2020.

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 and Valneva SE

- **Contracting Company:** Valneva SE
- **Person concerned:** M. Franck Grimaud, member of the management Board and Managing Director of the Company
- **Nature and purpose:** The Management Agreement 2019-2022, authorized by the Supervisory Board on June 28, 2018, 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.
- **Terms and conditions:** the expense recognized by your Company in 2020 in relation to this agreement, amounts to €552,266.18 and the amount paid to €550,183.95.

Management Agreement with Mr. Wolfgang Bender and Valneva SE

- **Contracting Company:** Valneva SE
- **Person concerned:** M. Wolfgang Bender, Chief Medical Officer and member of the Management Board (until October 31, 2020)
- **Nature and purpose:** The Management Agreement 2019-2022, authorized by the Supervisory Board on June 28, 2018, agreement terminated with effect on October 31, 2020, specified the compensation and benefits to be received by Mr. Wolfgang Bender in his capacity as a Management Board member and CMO 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 included 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 Mr. Bender.
- **Terms and conditions:** the expense recognized by your Company in 2020 in relation to this agreement, amounts to €95,858.39 and the amount paid to €153,715.89.

Management Agreement with Mr. Frédéric Jacotot and Valneva SE

- **Contracting entity:** Valneva SE
- **Person concerned:** M. Frédéric Jacotot, member of the Management Board and General Counsel of the Company
- **Nature and purpose:** The Management Agreement 2019-2022, authorized by the Supervisory Board on June 28, 2018, specifies the compensation and benefits to be received by Mr. Frédéric Jacotot in his capacity as a Management Board member and General Counsel 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.
- **Terms and conditions:** the expense recognized by your Company in 2020 in relation to this agreement, amounts to €427,922.27 and the amount paid to €371,994.07.

Collaboration and Research License Agreement & Premises and Equipment Provision Agreement

- **Contracting Company:** Valneva SE
- **Person concerned:** Frédéric Grimaud, Chairman of the Supervisory Board and President & Chief Executive Officer of Groupe Grimaud La Corbière SAS, shareholder holding more than 10% of the Company's voting rights. The initial agreements entered into with Groupe Grimaud La Corbière SA (now a French SAS), were then transferred to Vital Meat SAS.
- **Nature and purpose:** Your Company entered into a research collaboration and license agreement with Vital Meat SAS, 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 Vital Meat SAS a two-year non-exclusive research license to use Valneva SE's EBx platform (excluding EB66®) and conduct the above-mentioned assessment,
  - (ii) provides Vital Meat SAS with limited assistance for this purpose, and
  - (iii) puts few offices in its premises and certain equipment at Vital Meat SAS's disposal.

- **Terms and conditions:** the revenue recorded for the 2020 financial year by your company, under this agreement for the Collaboration and Research License Agreement (CCLR), amounted to €79,800 and the amount received to €99,900. The revenue recorded for the year 2020 by your company, under this agreement for the Contract for the Provision of Premises and Equipment (CMAD), amounted to €27,151.15 and the amount received to €32,460.51.
- **Reason justifying that the agreement is in the Company's interest:** the general benefit of these agreements 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 re-employment opportunity for an employee whose job was cut upon R&D reorganization.

Neuilly-sur-Seine and Bordeaux, March 29, 2021

The Statutory Auditors

French original signed by

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 2020(1). Please refer also to the information provided in the parent entity financial statements for the fiscal year 2020(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

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" 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, 2020, total employee stock ownership (shares in registered form) amounted to 91,668 Valneva SE shares (or 0.10%[1] of the Company's share capital), as follows:

- 86,572 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each; and
- 5,096 convertible preferred shares (XFCS00X0I9M1), also with a par value of €0.15 each.

For a detailed description, as of December 31, 2020, 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 beneficiaries, please refer to the Notes to the Group's consolidated financial statements for the fiscal year 202[3]0.

(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 2020

During the fiscal year 2020, no stock options were granted to non-executive employees of the Group, either by the Company or by groups related to it under the terms of Article L. 225-180 of the French Commercial Code.

Options to subscribe for or purchase shares of the Company exercised by non-officer employees of the Valneva Group in 2020

None of non-officer employees of the Valneva Group exercised stock options to subscribe for or purchase shares during the fiscal year 2020.

***

As a consequence of the foregoing, Table 9 of Appendix 2 to AMF Position-Recommendation 2021-02 is not applicable.

(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 2020

During the fiscal year 2020, no Valneva SE free ordinary shares were granted to non-executive employees of the Group, either by the Company or by groups affiliated to it under the conditions provided for in Article L. 225-197-2 of the French Commercial Code.

Valneva SE free ordinary shares vested in and delivered to non-officer employees of the Group in 2020

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 2020.

***

As a consequence of the foregoing, Table 9 of Appendix 2 to AMF Position-Recommendation 2021-02 is not applicable.

(1) Rate calculated in reference to a total share capital of 90,970,562 Valneva SE shares, divided into (a) 90,950,048 ordinary shares (ISIN FR0004056851) with a par value of €0.15 each, and (b) 20 514 convertible preferred shares (XFCS00X0I9M1), also with a par value of €0.15 each.
(2) See Section 2.6.2.1 (c).
(3) See Note 22.4, in Section 4.1.5 of this URD.

Valneva SE convertible preferred shares

Free convertible preferred shares granted to non-officer employees of the Group in 2020

There was no Valneva SE free convertible preferred shares granted to non-officer employees of the Group during the fiscal year 2020.

Free convertible preferred shares transferred to non-officer employees of the Group in 2020

During the fiscal year 2020, no Free Convertible Preferred Shares were definitively transferred to non-executive employees of the Group and converted into new Valneva SE ordinary shares.

***

As a consequence of the foregoing, Table 9 of Appendix 2 to AMF Position-Recommendation 2021-02 is not applicable.

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.

6

Additional information

6.1. Persons responsible for the French version of the Universal Registration Document

6.1.1. Declaration by the persons responsible for the French version of the Universal Registration Document

"We hereby declare that 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. Manfred Tiefenbacher
VP Finance

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

PricewaterhouseCoopers 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*.

(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 2020[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. Documents publicly available

During the period of validity of this URD, the following documents may be consulted, as applicable, on the Group's website, **www.valneva.com**:

- the up-to-date Company's Articles of Association; and
- all reports, letters or other documents, valuations and statements prepared by an expert at Valneva's request, any part of which is included or referred to in this URD.

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**).

*

The information published on the websites referred to below and on pages 18, 31, 74 and 182 of this URD does not form part of this Document. As such, this information has not been reviewed or approved by the AMF.

- https://www.ema.europa.eu/en/human-regulatory/marketing-authorisation/conditional-marketing-authorisation
- https://www.ema.europa.eu/en/human-regulatory/marketing-authorisation/accelerated-assessment
- https://www.fda.gov/patients/fast-track-breakthrough-therapy-accelerated-approval-priority-review/fast-track
- https://ec.europa.eu/health/documents/eudralex/vol-4_en
- https://www.fda.gov/drugs/pharmaceutical-quality-resources/current-good-manufacturing-practice-cgmp-regulations
- https://www.cdc.gov/lyme/stats/humancases.html
- https://www.middlenext.com/spip.php?rubrique44
- https://ec.europa.eu

(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, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL			
1.1.	Persons responsible for the 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.	n.a. (no change in 2020)	348
3. RISK FACTORS		1.5	62
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, its registration number and legal entity identifier (LEI).	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	23
5.1.2.	Significant new products and/or services launched on the market.	1.1.2, 1.1.3 & 1.3.1	10, 15 & 23
5.2.	Principal markets.	1.3.2 (a) Notes 4.2 and 5.1 to the Group's consolidated financial statements for the fiscal year 2020, in Section 4.1.5	25 218 & 221
5.3.	Significant events in the development of the issuer's activity.	1.1.2, 1.1.3, 1.2.2 (b), 1.3.1, 1.3.2 (a) & 1.4.4 - upon referral by Sections 1.2.1 (b) & 5.4	10, 15, 20, 23, 25 & 57
5.4.	Strategy and objectives.	1.3.2 (b), 1.4.4 (a) & 1.4.4 (c)	27 & 57
5.5.	Dependence of the Group on patents, licenses, industrial, commercial or financial agreements, or on new manufacturing processes.	1.5 - upon referral by Section 1.3.3 (c)	62
5.6.	Competitive position.	1.3.2 (a)	25

REQUIRED DISCLOSURE (PURSUANT TO DELEGATED REGULATION (EC) 2019/980)		Section(s) of the Universal Registration Document	Page(s)
5.7.	Investments:		
5.7.1.	Material investments made by the issuer.	1.3.4 (a) & (b)	40
5.7.2.	Material investments in progress or firm commitments taken in this respect.	1.3.4 (c)	40
5.7.3.	Joint ventures and significant shareholding affecting the issuers' situation.	n.a.	
5.7.4.	Environmental issue that may affect the issuer's use of the tangible fixed assets.	3	161
6. ORGANIZATIONAL STRUCTURE			
6.1.	Summarized description of the Group.	1.2.2	19
6.2.	List of issuer's significant subsidiaries.	1.2.2 (b)	20
7. OPERATING AND FINANCIAL REVIEW			
7.1.	Financial condition:		
7.1.1.	Fair review of the development and performance of the issuer's business.	1.4.1 & 1.4.3	41 & 50
7.1.2.	Issuer's likely future development, research and development activities.	1.3.3, 1.4.4	28 & 57
7.2.	Operating results:		
7.2.1.	Significant factors materially affecting the issuer's operating results.	1.4.1 & 1.4.3	41 & 50
7.2.2.	Explanation of material changes in the financial statements.	1.4.1 & 1.4.3	41 & 50
8. CAPITAL RESOURCES			
8.1.	Issuer's capital resources (short-term and long-term).	1.4.5 (a)	58
8.2.	Sources, amounts and description of the issuer's cash flows.	1.4.5 (b)	58
8.3.	Borrowing requirements and funding structure of the issuer.	1.4.5 (a) & (c)	58 & 59
8.4.	Restriction on the use of capital resources.	1.4.5 (a)	58
8.5.	Anticipated sources of funds needed to fulfil commitments of item 5.7.2 above.	1.4.5 (c)	59
9. REGULATORY ENVIRONMENT			
9.1.	Description of the regulatory environment and of the factors having an impact on the issuer's activities.	1.2.1 (c)	17
10. INFORMATION ON TRENDS			
10.1.	Most significant recent trends. Significant changes in the Group's financial performance since end of the last fiscal year.	1.1.3 - upon referral by Section 1.4.4 (b) Note 34 to the Group's consolidated financial statements for the fiscal year 2020, in Section 4.1.5	15 259
10.2.	Information on any known trends that may have affect the issuer's prospects, for at least the current fiscal year.	1.1.3 & 1.4.4 Note 34 to the Group's consolidated financial statements for the fiscal year 2020, in Section 4.1.5	15 & 57 259
11. PROFIT FORECAST OR ESTIMATE			
11.1.	Forecast or estimate in progress, published.	n.a.	
11.2.	Principal assumptions.	n.a.	
11.3.	Statement on published forecasts or estimates.	n.a.	

REQUIRED DISCLOSURE (PURSUANT TO DELEGATED REGULATION (EC) 2019/980)		Section(s) of the Universal Registration Document	Page(s)
12. MANAGEMENT AND SUPERVISORY BODIES, EXECUTIVE MANAGEMENT			
12.1	Information on the Management and Supervisory Board members.	2.1.1, 2.1.2 & 2.1.4	75, 79 & 94
12.2.	Conflicts of interest. Arrangement or agreement for selection as a member of a management or supervisory body or as a member of executive management. Details of any agreed restrictions of their holdings in the issuer's share capital.	2.1.4	94
13. REMUNERATION AND BENEFITS			
13.1.	Remuneration and benefits paid or granted.	2.6.2	108
13.2.	Accruals to provide retirement or other similar benefits.	2.6.2.1 (b) & (d)	110 & 128
14. FUNCTIONING OF THE MANAGEMENT AND SUPERVISORY BODIES			
14.1.	Date of expiration of current terms of office.	2.1	75
14.2.	Service agreements.	2.1.3 (c)	94
14.3.	Information about the issuer's special Committees.	2.2.5	98
14.4.	Compliance with the applicable incorporation corporate governance regime.	2 (Preliminary statements)	74
14.5.	Potential significant impacts and future changes on corporate governance.	n.a. - however on the prospect of a change in governance structure, see Section 2.6.1	106
15. EMPLOYEES			
15.1.	Breakdown of employees.	1.2.2 (b) & 1.4.1 (b)	20 & 44
15.2.	Shareholdings and stock options.	2.6.2.1 (c) & 5.7.1	117 & 343
15.3.	Arrangement involving the employees in the capital of the issuer.	5.7.2	344
16. MAJOR SHAREHOLDERS			
16.1.	Shareholdings declared in accordance with Articles L. 233-7 and L. 233-12 of the French Commercial Code.	2.7.3 - upon referral by Section 5.2.2	146
16.2.	Principal shareholders of the issuer with different voting rights.	5.2.1	325
16.3.	Direct or indirect ownership or control of the issuer.	5.2.5	326
16.4.	Arrangements which could result in a change of control of the issuer.	2.7.9 - upon referral by Sections 5.2.6 & 5.3.6	155
17. RELATED PARTY TRANSACTIONS		Section 4.2.5 (b) of the parent entity financial statements for the fiscal year 2020	300
		Note 33 to the Group's consolidated financial statements for the fiscal year 2020, in Section 4.1.5 - upon referral by Section 5.6.3	258

REQUIRED DISCLOSURE (PURSUANT TO DELEGATED REGULATION (EC) 2019/980)		Section(s) of the Universal Registration Document	Page(s)
18. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES			
18.1.	Historical financial information:		
18.1.1.	Audited historical financial information.	4.1 & 4.2 Incorporation by reference of information with respect to the fiscal years 2018 and 2019	202 & 265
18.1.2.	Change of accounting reference date.	n.a. (none)	
18.1.3.	Accounting standards.	4.1 & 4.2	202 & 265
18.1.4.	Change of accounting framework.	n.a. (none)	
18.1.5.	Parent entity financial statements.	4.2	265
18.1.6.	Consolidated financial statements.	4.1	202
18.1.7.	Latest financial information.	4.1 & 4.2	202 & 265
18.2.	Interim and other financial information.	n.a.	
18.3.	Audit of historical annual financial information:		
18.3.1.	Independent audit of historical annual financial information.	4.1.6 & 4.2.6	260 & 307
18.3.2.	Other audits conducted on this URD.	n.a. - However, see Section 3.13 for the Independant Third Party Auditor's report on the CSR report	197
18.3.3	Unaudited financial information.	1.3.4 (a)	40
18.4.	Pro forma financial information.	4.3 (none)	311
18.5.	Policy on dividend:		
18.5.1.	Applicable policy and restrictions.	n.a. (See Section 1.4.9)	61
18.5.2.	Amount of dividend per share.	n.a. (See Section 1.4.9)	61
18.6.	Judicial and arbitration proceedings.	1.5.3	66
18.7	Significant change in the Group's financial position which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published.	1.1.3 - upon referral by Section 1.4.4 (b) Note 34 to the Group's consolidated statements for the fiscal year 2020, in Section 4.1.5 Section 4.2.5 (f) of the parent entity financial statements for the fiscal year 2020	15 259 306

REQUIRED DISCLOSURE (PURSUANT TO DELEGATED REGULATION (EC) 2019/980)		Section(s) of the Universal Registration Document	Page(s)
19. ADDITIONAL INFORMATION			
19.1.	Share capital:		
19.1.1.	Information of the amount of issued capital.	2.7.1 & 5.1.1 Note 22 to the Group's consolidated statements for the fiscal year 2020, in Section 4.1.5	142 & 314 243
19.1.2.	Non-equity shares.	5.1.2	314
19.1.3.	Treasury stock.	5.1.3	314
19.1.4.	Convertible securities, exchangeable securities or securities with warrants.	2.6.2.1 (c) & 2.6.2.2 (b) - upon referral by Section 5.1.4	117 & 138
19.1.5.	Information about and terms of any acquisition rights and/or obligations over authorized, but not fully paid, or an undertaking to increase the capital.	2.6.2.1 (c) - upon referral by Section 5.1.4, 2.7.8.1 & 2.7.8.3 - upon referral by Section 5.1.5	117 150 & 152
19.1.6.	Information about any capital of any member of the Group which is under option or agreed to be put under option.	2.6.2.1 (c) - upon referral by Section 5.1.4 (a)	117
19.1.7.	Share capital history.	5.1.6	322
19.2.	Memorandum and Articles of Association:		
19.2.1.	Issuer's corporate purpose.	5.3.1	327
19.2.2.	Rights, preferences and restrictions attached to each category of shares.	5.3.3	327
19.2.3.	Any provision of the issuer's articles of association that would have an effect of delaying, deferring or preventing a change in control of the issuer.	5.3.6	333
20. MATERIAL AGREEMENTS		1.4.2	45
21. AVAILABLE DOCUMENTS		6.3	349

6.4.2. Table of cross-references with the Annual Financial Report and the Management Board Report issued in accordance with the French Commercial Code

For the convenience of readers of the Annual Financial Report (AFR) and the Management Report issued pursuant to the French Commercial Code, the following table identifies the main statutory information covered in this Universal Registration Document.

HEADINGS	Information for	Section(s) of the Universal Registration Document	Page(s)
1. Parent entity financial statements	AFR	4.2	265
2. Consolidated financial statements	AFR	4.1	202
3. Management Board Report			
3.1. Group's business activities and situation			
▪ Situation during the year ended and an objective and exhaustive analysis of the development of the business, results and financial position of the Company and the Group, including its debt position, in relation to the volume and complexity of business. *Articles L. 225-100-1, I., 1°, L. 232-1, II., L. 233-6 and L. 233-26 of the French Commercial Code (applicable until December 31, 2020)* *Articles L. 225-100-1, I., 1°, L. 232–1, II, L. 233-6 and L. 233-26 of the French Commercial Code (applicable as of January 1, 2021)*		1.4.1 & 1.4.3	41 & 50
▪ Key financial performance indicators of the Company and Group. *Article L. 225-100-1 I., 2° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-100-1, I., 2° (applicable as of January 1, 2021)*	AFR	1.1.1, 1.4.1, 1.4.3	8, 41, 50
▪ Key non-financial performance indicators relating to the specific business of the Company and the Group, including information on environmental and employee matters. *Article L. 225-100-1 I., 2° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-100-1, I., 2° French Commercial Code (applicable as of January 1, 2021)*	AFR	3	161
▪ Significant events occurring between the year-end closing date and the date on which the Annual Management Report was prepared. *Articles L. 232-1-II and L. 233-26 of the French Commercial Code*		1.1.3 - upon referral by Section 1.4.4 (b) Note 34 to the Group's consolidated financial statements for the fiscal year 2020, in Section 4.1.5 Section 4.2.5 (f) to the parent entity financial statements for the fiscal year 2020	15 259 306
▪ Identity of the main shareholders and holders of voting rights at General Meetings, and changes made during the fiscal year. *Article L. 233-13 of the French Commercial Code*		2.7.1 - upon referral by Sections 5.2.1 & 5.2.3 5.2.1	142 325
▪ Existing branches. *Article L 232-1, II of the French Commercial Code*		n.a. (none)	
▪ Significant holdings in companies having their registered office in France. *Article L. 233-6, subsection 1 of the French Commercial Code*		1.2.2	19

HEADINGS	Information for	Section(s) of the Universal Registration Document	Page(s)
▪ Transfer of cross-holdings. *Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code*		n.a.	
▪ Foreseeable development of the Company and the Group and outlook. *Article L. 232-1, R. 225-102 and L. 233-26 of the French Commercial Code*		1.4.4	57
▪ Research and development activities. *Articles L. 232-1, II and L. 233-26 of the French Commercial Code*		1.3.3	28
▪ Table showing the Company's results for each of the last five fiscal years. *Article R. 225-102 of the French Commercial Code*	AFR	1.4.1 (b)	42
▪ Payment period of suppliers' and customers' debts. *Article D. 441-4 of the French Commercial Code*		1.4.8	60
▪ Amounts of inter-company loans granted and auditor's statement. *Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code*		n.a.	
3.2. Internal control and risk management			
▪ Main risks and uncertainties facing the Company and Group. *Article L. 225-100-1, I., 3° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-100-1, I., 3° of the French Commercial Code (applicable as of January 1, 2021)*	AFR	1.5.1 & 1.5.2 3.4.1	62 & 64 166
▪ Information on the financial risks related to the effects of climate change and the measures the Company is taking to reduce them by implementinga low-carbon strategy in all aspects of its business activities. *Article L. 225-100-1, I., 4° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-35, 1° of the French Commercial Code (applicable as of January 1, 2021)*		3.8.1	185
▪ Main characteristic of the internal control and risk management procedures implemented by the Company and the Group for the preparation and processing of accounting and financial information. *Article L. 225-100-1, I., 5° and II., final paragraph of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-35, 2° of the French Commercial Code (applicable as of January 1, 2021)*		1.5.5	68
▪ Information on the objectives and policy for hedging main category of transactions and on exposure to price, credit, liquidity and cash flow risks, including the use of financial instruments. *Article L. 225-100-1, I., 6° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-100-1., 4° of the French Commercial Code (applicable as of January 1, 2021)*		1.5.5 (c) Note 2.5 to the Group's consolidated financial statements for the fiscal year 2020, in Section 1.4.5 Section 4.2.5 (e) to the parent entity financial statements for the fiscal year 2020	69 213 306
▪ Anti-bribery system. *French Law n°2016-1691 of December 9, 2016 known as « Sapin 2 »*		3.6	173
▪ Monitoring plan and report on its effective implementation. *Article L. 225-102-4 of the French Commercial Code*		n.a.	

HEADINGS	Information for	Section(s) of the Universal Registration Document	Page(s)
3.3. Report by the Supervisory Board on the Corporate Governance	AFR		
3.3.1. Information on remuneration			
■ Remuneration policy for corporate officers. *Article L. 225-37-2, I., subsection 2 of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-8, I., subsection 2 of the French Commercial Code (applicable as of January 1, 2021)*		2.6.1	102
■ Remuneration and benefits of any kind paid during the fiscal year or granted in respect of the fiscal year to each corporate officer. *Article L. 225-37-3, I., 1° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 1° of the French Commercial Code (applicable as of January 1, 2021)*		2.6.2	108
■ Ratio of fixed and variable remuneration. *Article L. 225-37-3, I., 2° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 2° of the French Commercial Code (applicable as of January 1, 2021)*		2.6.2.1 (a)	108
■ Use of the possibility to ask for the restitution of a variable remuneration. *Article L. 225-37-3, I., 3° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 3° of the French Commercial Code (applicable as of January 1, 2021)*		n.a. (no use)	
■ Commitments of any kind provided to the Company's corporate officers, corresponding to remuneration, indemnities or benefits due or likely to be due as a result of the assumption, termination or change in their duties or after the exercise of their duties. *Article L. 225-37-3, I., 4° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 4° of the French Commercial Code (applicable as of January 1, 2021)*		2.6.2.1 (d) - upon referral by Section 2.7.10	128
■ Remuneration paid or granted by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code. *Article L. 225-37-3, I., 5° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 5° of the French Commercial Code (applicable as of January 1, 2021)*		2.6.2.1	108
■ Ratios between the level of remuneration of each corporate officer and the average and median remuneration of the Company's employees. *Article L. 225-37-3, I., 6° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 6° of the French Commercial Code (applicable as of January 1, 2021)*		2.6.3	139
■ Annual changes in remuneration, Company's performance, average remuneration of Company's employees and the above ratios over the five most recent fiscal years. *Article L. 225-37-3, I., 7° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 7° of the French Commercial Code (applicable as of January 1, 2021)*		2.6.3	139
■ Explanation of how the total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and how the performance criteria have been applied. *Article L. 225-37-3, I., 8° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 8° of the French Commercial Code (applicable as of January 1, 2021)*		2.6.1	102

HEADINGS	Information for	Section(s) of the Universal Registration Document	Page(s)
■ Manner by which the vote of the last Ordinary General Meeting provided for in II of Article L. 225-100 (until December 31, 2020) then in I of Art L. 22-10-34 (as of January 1, 2021) of the French Commercial Code was taken into account. *Article L. 225-37-3, 95* ■ I., 9° of the French Commercial Code (applicable until December 31, 2020) Article L. 22-10-9, I., 9° of the French Commercial Code (applicable as of January 1, 2021)		2.6.1	102
■ Deviation from the procedure for the implementation of the remuneration policy and any derogation. *Article L. 225-37-3, I., 10° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 10° of the French Commercial Code (applicable as of January 1, 2021)*		n.a. (none)	
■ Application of the provisions of the second paragraph of Article L. 225-45 of the French Commercial Code (suspension of payment of corporate officers' remuneration in the event of failure to comply with the gender mix of the Management Board). *Article L. 225-37-3, I., 11° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-9, I., 11° of the French Commercial Code (applicable as of January 1, 2021)*		n.a. (none)	
■ Stock option granting and retention by corporate officers. *Article L. 225-185 of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-185 of the French Commercial Code (applicable as of January 1, 2021)*		2.6.2.1 (c)	117
■ Free shares granting and retention by executive directors. *Article L. 225-197-1 of the French Commercial Code (applicable until December 31, 2020)* *Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code (applicable as of January 1, 2021)*		2.6.2.1 (c)	117
3.3.2. Governance information			
■ List of all duties and positions held in any company by each of the corporate officers during the fiscal year. *Article L. 225-37-4, 1° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-37-4, 1° of the French Commercial Code (applicable as of January 1, 2021)*		2.1.1 & 2.1.2	75 & 79
■ Agreements entered into between a corporate officer or a significant shareholder and a subsidiary. *Article L. 225-37-4, 2° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-37-4, 2° of the French Commercial Code (applicable as of January 1, 2021)*		2.5	101
■ Summary table of the current delegations of authority granted by the General Meeting in respect of capital increases. *Article L. 225-37-4, 3° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-37-4, 3° of the French Commercial Code (applicable as of January 1, 2021)*		2.7.2 - upon referral by Section 2.3	145
■ Choice of one of the two methods of exercising general management, in case of modification. *Article L. 225-37-4, 4° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 225-37-4, 4° of the French Commercial Code (applicable as of January 1, 2021)*		n.a. (no change)	

HEADINGS	Information for	Section(s) of the Universal Registration Document	Page(s)
■ Composition, conditions for the preparation and organization of the Supervisory Board's work. *Article L. 225-37-4, 5° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-10, 1° of the French Commercial Code (applicable as of January 1, 2021)*		2.2 & 2.1.2	96 & 79
■ Application of the principle of gender-balanced representation on the Supervisory Board. *Articles L. 225-37-4, 6° et R. 225-104 of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-10, 2° of the French Commercial Code (applicable as of January 1, 2021)*		n.a.	
■ Any limitations that the Supervisory Board may impose on the powers of the Managing Director. *Article L. 225-37-4, 7° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-10, 3° of the French Commercial Code (applicable as of January 1, 2021)*		2.1.3 (a) & (b) upon referral by Section 2.4	86 & 89
■ Reference to a corporate governance code and application of the "comply or explain" principle. *Article L. 225-37-4, 8° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-10, 4° of the French Commercial Code (applicable as of January 1, 2021*		2 (Preleminary comments)	74
■ Special terms and conditions for the participation of shareholders in the General Meeting. *Article L. 225-37-4, 9° of the French Commercial Code (applicable until December 31, 2020)* *Article L. 22-10-10, 5° of the French Commercial Code (applicable as of January 1, 2021)*		2.8 & 5.3.5	156 & 131
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